

Dorset Chamber of Commerce and Industry

Quarterly Economic Survey: Quarter 4 2016

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,200 respondents nationwide in Quarter 4 of this year, showed continuing growth in the manufacturing sector and more firms in the service sector experienced growth. Modest growth is expected for the coming year with business communities remaining resilient. Forward confidence and investment intentions are improving for firms across the UK and many expect prices to rise. In Dorset, whilst growth over the last quarter was largely positive, cashflow and investment intentions worsened. Confidence for the coming year remained positive.

- The survey took place from 7th to 28th November 2016.
- There were 27 respondents to the Dorset survey, down from 40 in Quarter 3 of 2016. The local results should therefore be treated with great caution as they are not statistically sound.
- Nine respondents were exporters.

Opinion

32% of Dorset respondents described the **economic climate** as good and half said it was okay.

Just over a third of the respondents said the **economic climate in their sector** was strong/positive or good.

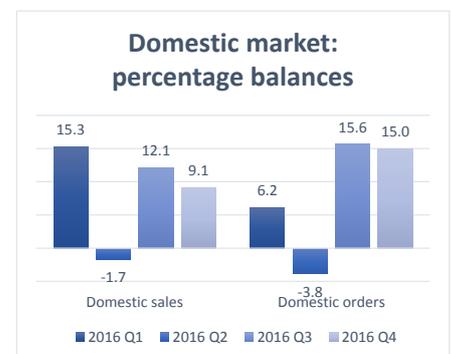
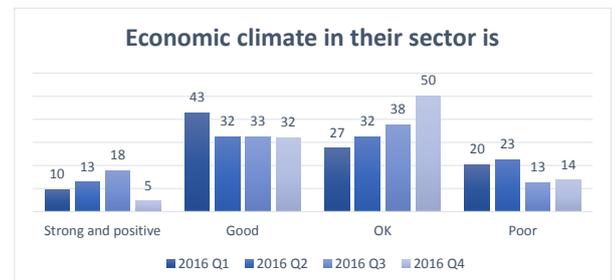
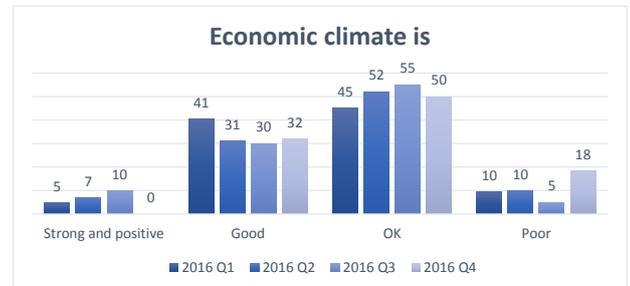
Both indicators were slightly less positive than in the previous quarter.

Respondents were asked to what extent the EU referendum result had affected investment intentions and recruitment decisions in their business. More than half said there had been no influence on investment intentions (55%) and more than a third said there had been a slight influence (35%). Three-quarters said there had been no influence on their recruitment decisions.

Performance

Domestic sales deteriorated slightly over the quarter although more respondents continued to report improving sales than worsening¹ and almost half remained static. Nationally, domestic sales continued positive and improved.

Domestic orders continued with a positive percentage balance in Dorset with more respondents reporting improving orders than worsening.



¹ QES results are mostly presented as balance figures – the percentage of firms reporting an increase minus the percentage reporting a decrease. If the balance is a plus figure then it indicates expansion of activity or

Export sales² improved in Dorset with fewer respondents reporting worsening export sales than in the last quarter. Nationally, export sales improved in both the manufacturing and service sectors. Export orders also improved in Dorset.

68% of Dorset employers **attempted to recruit** over the last quarter, up from 64% in Q3. Recruitment was largely for full time and permanent posts. Firms continued to experience recruitment difficulties, although this dropped over the quarter. Recruitment difficulties in Dorset firms were largely for professional/managerial positions.

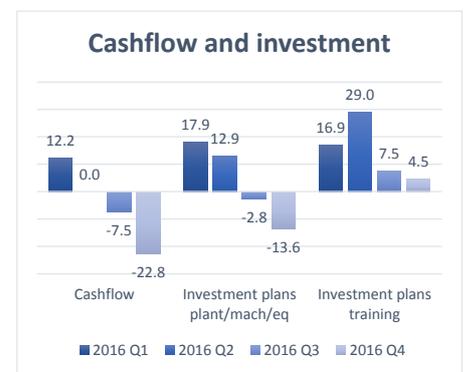
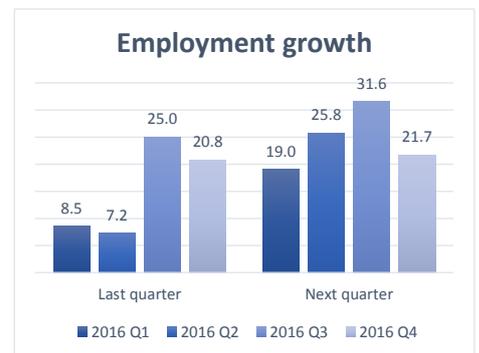
Employment remained positive with more Dorset employers reporting **employment growth** than shrinkage. There was a positive outlook locally for employment growth in the coming quarter. Nationally, firms experienced workforce growth.

Once again, a higher percentage of Dorset respondents said that their **cashflow** had worsened over the last quarter than improved, although half of the respondents remained stable.

Investment plans for plant/machinery/equipment deteriorated again, with more respondents saying they had revised their plans downwards than upwards, although half remained static.

Investment plans for training over the quarter continued positive.

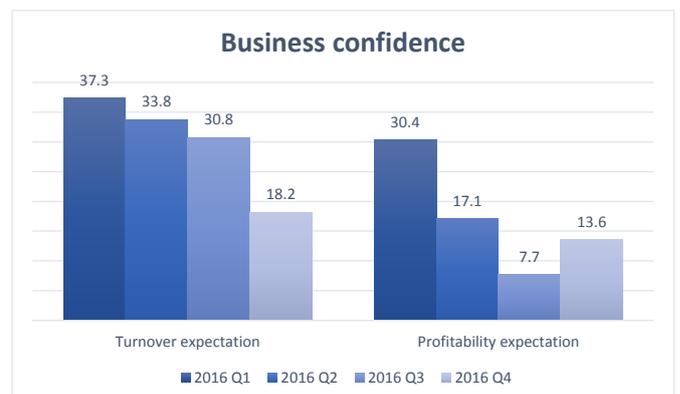
About 41% of Dorset respondents were operating at **full capacity**, up from the previous quarter.



Business confidence

As nationally, **employment expectations** for the next quarter were positive with almost a third of respondents expecting positive employment growth and nine per cent expecting growth to worsen. More than half of respondents expected employment to remain stable.

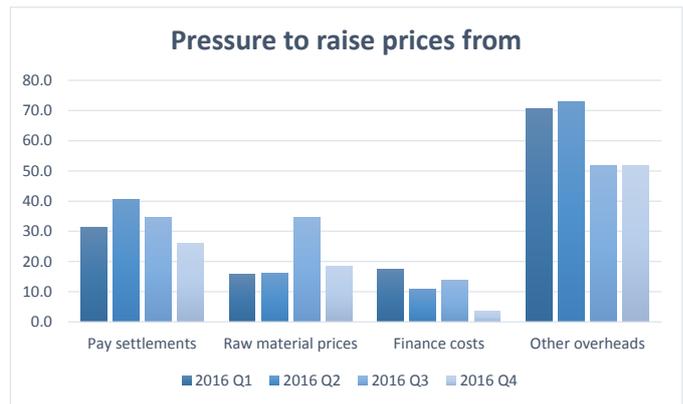
Dorset businesses had a positive outlook for the year ahead with more respondents expecting **turnover** and **profitability** to improve than decline. There was an upturn in confidence nationally that turnover would increase in the coming year.



improvement. A negative balance indicates contraction or worsening. Eg: 30% said sales improved but 50% said sales worsened gives percentage balance of -20.

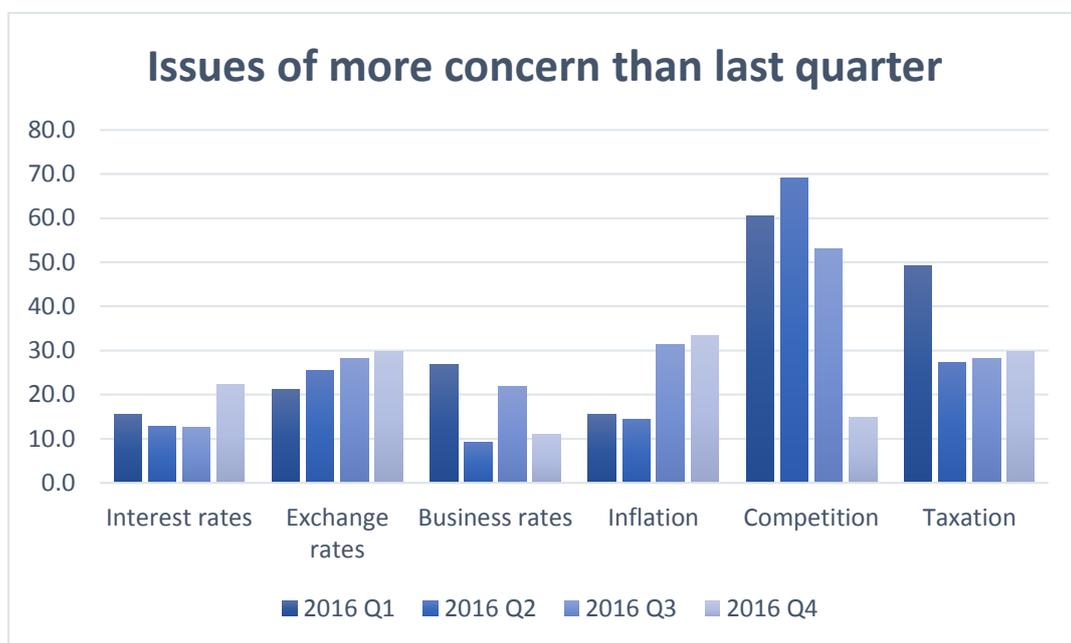
² Care: extremely small number of respondents

Over the coming year, more Dorset respondents expect that the **price of goods and services** will rise than fall. Nationally, the percentage balance of firms expecting prices to go up reached a record high.



Issues and priorities

Over the quarter, Dorset respondents indicated increased concern about interest rates, inflation, exchange rates and taxation.



Top priorities for Dorset businesses were skills, business growth and gaining customers. These have some links with the top local issues and concerns, as shown in the table below.

Top priorities (Dorset):	Developing skills in my business	Growing my business	Gaining more customers	Developing innovation in my business	Raising my profile
Local issues:	Funding	Competition	Infrastructure, i.e, roads, rail etc.		
Local concerns:	Leaving the European Union	The threat from competitors	Legislation and regulation		