

Dorset Chamber of Commerce and Industry

Quarterly Economic Survey: Quarter 3 2017

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,100 respondents nationwide in Quarter 3 of 2017, showed more subdued growth with some improvement in the manufacturing sector, but largely no change in the service sector over the quarter. Over the coming year, forward looking indicators suggest manufacturers nationally have growing confidence that turnover will increase but there is a continued expectation of low growth in the service sector.

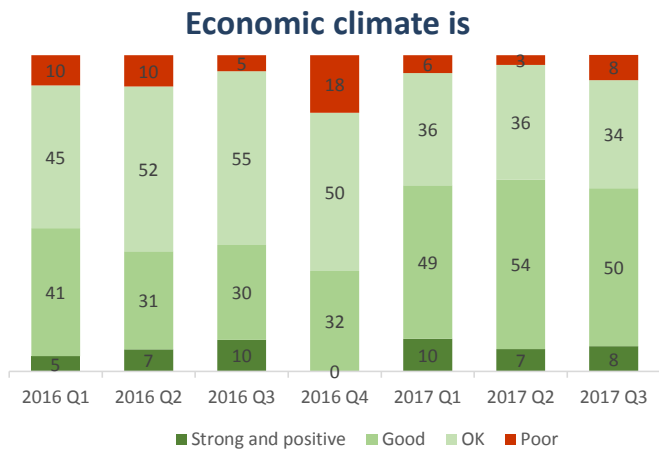
In Dorset¹, employers remain positive about the economy with the domestic market performing well but slowing. Employment grew, as did recruitment difficulties, and the employment outlook for the coming quarter looks less positive than previously. Cashflow remained positive and investment intentions were subdued. However, the outlook for turnover and profitability over the next 12 months improved again.

- The survey took place from 21st August to 11th September 2017.
- There were 92 respondents to the Dorset survey, down slightly from 100 in quarter 2.
- 16 respondents were exporters.

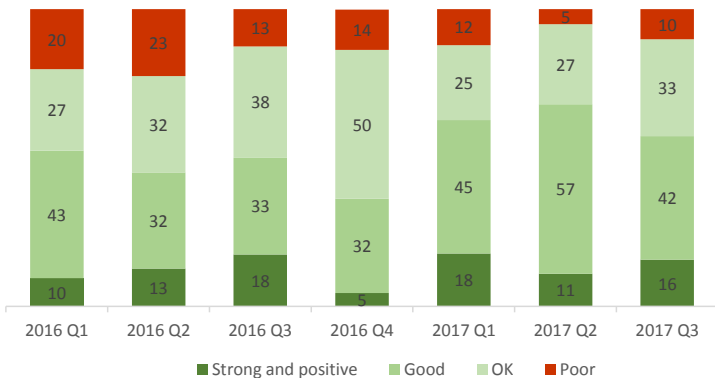
Opinion

Dorset respondents remained positive about the **economic climate** with 58% describing it as good or strong and positive, down slightly on quarter 2.

Just over a third said the economic climate was okay.



Economic climate in their sector is



Almost three-fifths of the respondents said the **economic climate in their sector** was strong/positive or good.

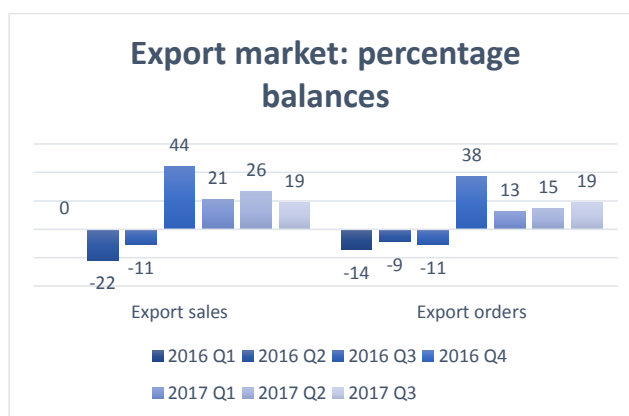
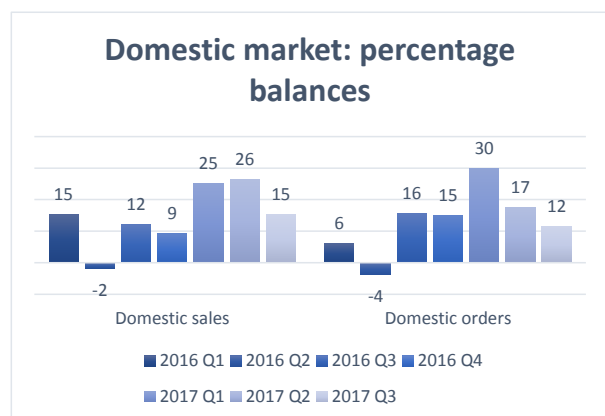
Both indicators were less positive than in the previous quarter.

¹¹ In this report, 'Dorset' means Bournemouth, Dorset and Poole

Performance

Domestic sales remained positive over the quarter in Dorset with more respondents reporting improved sales than worsening², but the percentage balance dropped, as might be expected following the fall in orders in quarter 2. Nationally, domestic sales continued positive, showing improvement in the manufacturing sector but remaining static for services.

Domestic orders remained positive in Dorset with more respondents reporting improved orders than worsening, but over the quarter there was a further fall in the percentage balance. Almost two-thirds remained static.

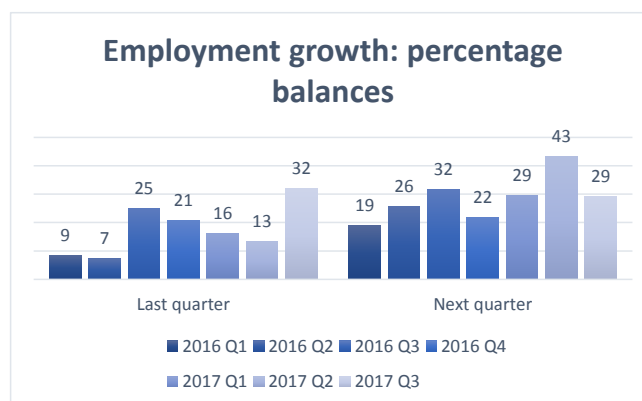


Export sales continued positive in Dorset with more respondents reporting improving export sales than worsening. Nationally, export sales improved in both the manufacturing and service sectors. Export orders were also positive in Dorset.

76% of Dorset employers **attempted to recruit** over the last quarter, up from 71% in quarter 2. Recruitment was largely for permanent and full time posts. Firms continued to experience recruitment difficulties and this was up over the quarter. Recruitment difficulties in Dorset firms were largely for professional/managerial positions.

Employment remained positive with many more Dorset employers reporting **employment growth** than shrinkage. The percentage balance improved over the quarter as fewer employers shed jobs. Nationally, employment growth also improved over the quarter.

However, whilst remaining positive, the local outlook for employment growth in the coming quarter fell considerably with fewer employers expecting to recruit. Nationally, employment expectations remained positive, but static.



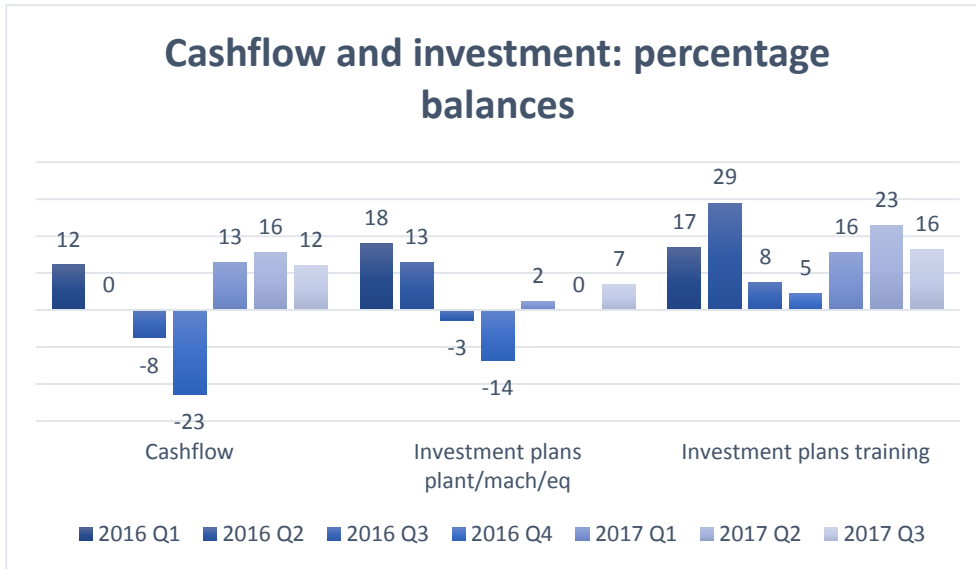
Cashflow remained positive but deteriorated slightly in Dorset as a growing percentage of respondents said it had worsened over the last quarter. However, more than half of the respondents remained stable.

There was budding confidence around **investment plans for plant/machinery/equipment**. The percentage balance rose over the quarter, although the majority remained static. Nationally, investment intentions remain below the average over the last three years.

² 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 improvement. A negative balance indicates contraction or worsening. Eg: 30% said sales improved but 50% said sales worsened gives percentage balance of -20.

Investment plans for training over the quarter continued positive in Dorset but fell over the quarter. Nationally, investment intentions remained positive, static in the service sector but dropping back in the manufacturing sector.

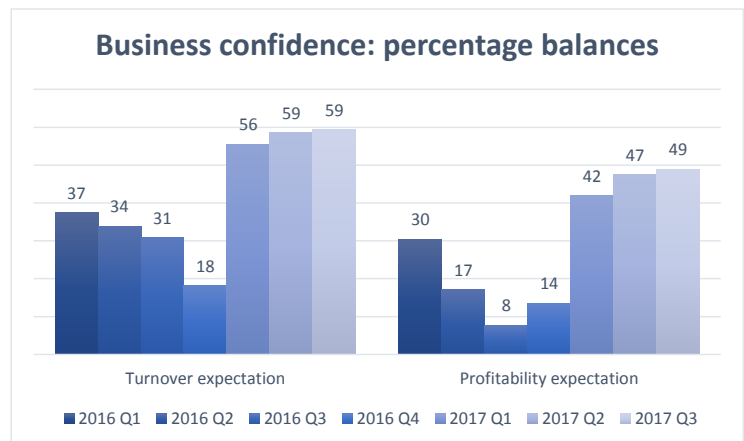
45% of Dorset respondents were operating at **full capacity**, the highest level for some time.



Business confidence

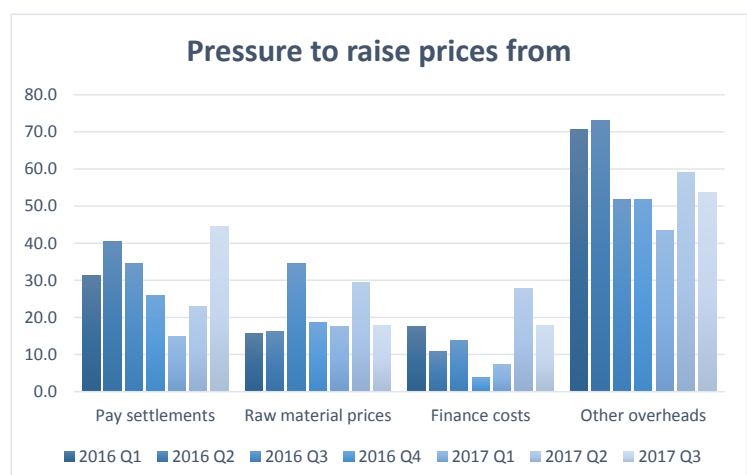
Employment expectations for the next quarter fell back locally with a third of respondents expecting positive employment growth and four per cent expecting worsening. 62% of the respondents expected employment to remain unchanged. Nationally, employment expectations continued to be positive but static over the quarter.

However, Dorset business confidence for the coming year continued to grow with more respondents expecting **turnover** and **profitability** to improve than decline. Nationally, confidence in turnover remained positive with manufacturers becoming more confident than in the last quarter.

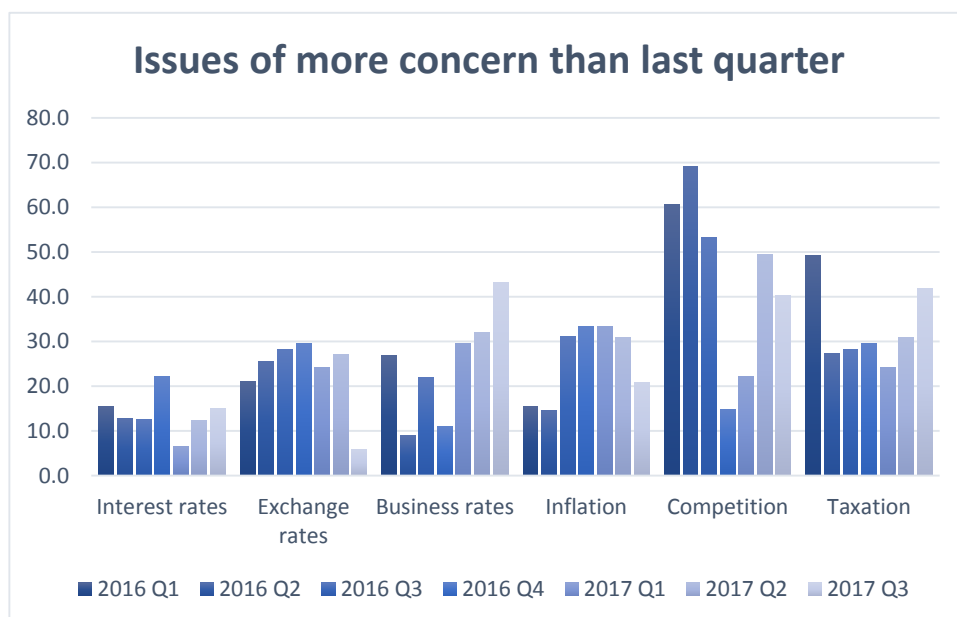


In the coming year, more Dorset respondents expect that the **price of goods and services** will rise than fall, although the percentage balance fell again. Pressure is largely from 'other overheads', but there was a notable increase in reported pressure from pay settlements.

Nationally, the percentage balance of firms expecting prices to go up remained positive with manufacturers seeing an increase over the quarter. The cost of raw materials was by far the main price pressure for manufacturers.



Issues and priorities



More than two-fifths of Dorset respondents said that business rates were of more concern than in the previous quarter.

Concerns about taxation and competition rose for almost the same proportion of respondents.

Top priorities for Dorset businesses were: gaining more customers, growing the business, recruiting good staff, raising business profile and developing skills. There are some links between these priorities and top local issues and concerns, as shown in the table below.

Top priorities (Dorset):	Gaining more customers	Growing my business	Recruiting good staff	Raising my profile	Developing skills in my business
Local issues:	Competition	Business rates	Development on a local level	Legislation & compliance	Skills gaps
Local concerns:	The threat from competitors	Leaving the European Union	Legislation and regulation	Recruitment	

Additional questions

Do you believe that the high cost of housing in Dorset is a barrier to business growth in terms of attracting skilled staff into Dorset?

Two-fifths (44%) of the respondents agreed that the high cost of housing is a barrier to business growth in terms of attracting skilled staff into Dorset. A further fifth were unsure and 35% disagreed. In the same quarter in 2016, 35% of Dorset respondents agreed that housing cost was a barrier.

Migrant workers

A fifth of the respondents indicated that they employ migrant workers with `Polish` being a frequently occurring nationality. In most cases, migrants accounted for less than a quarter of the workforce.

Do you believe that restricting access to migrant workers once the UK leaves the EU would have a negative impact on your business?

Just over half the respondents indicated that this would have either a significant (16%) or some impact (34%). The remainder were unsure.