

Dorset Chamber of Commerce and Industry

Quarterly Economic Survey: Quarter 4 2017

The British Chambers of Commerce (BCC) Quarterly Economic Survey, with more than 7,000 respondents nationwide in Quarter 4 of 2017, showed subdued growth continuing in the wider economy. Most service sector indicators remained below the pre-EU referendum levels and the stronger performance seen in the manufacturing sector eased at the end of the year. Over the coming year, forward looking indicators suggest manufacturers nationally showed less confidence in improving turnover but confidence in profitability remained steady. In the service sector, confidence in both turnover and profitability fell.

In Dorset¹, employers continue to be positive about the economy with the domestic market performing well. Employment grew, as did recruitment difficulties, and the employment outlook for the coming quarter looks steady. Cashflow and investment intentions showed improvement. Confidence in turnover and profitability for the next 12 months continued steadily.

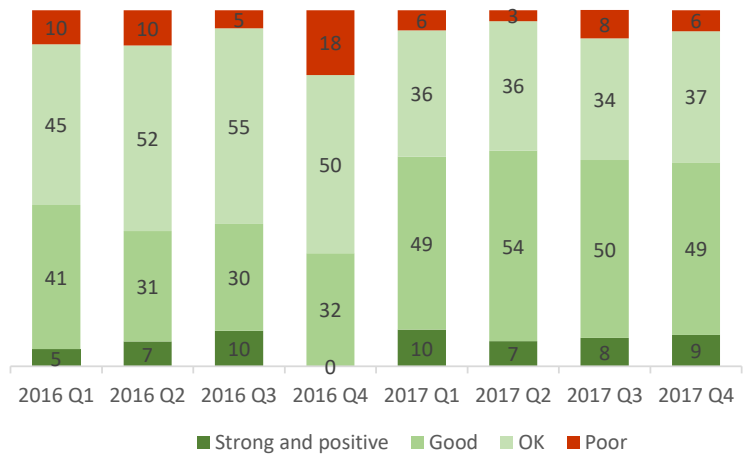
- The survey took place from 6th November to 27th November 2017.
- There were 68 respondents to the Dorset survey, down from 92 in quarter 3.
- 24 respondents were exporters (manufacturers and service sector).

Opinion

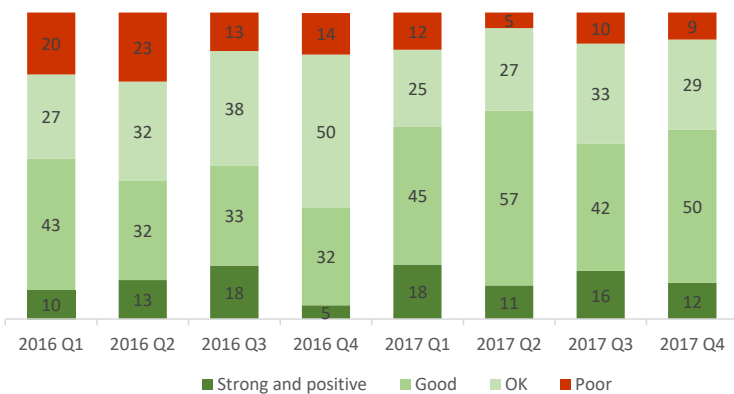
Dorset respondents remained positive about the **economic climate** with 57% describing it as good or strong and positive, down slightly on quarter 3.

More than a third said the economic climate was okay.

Economic climate is



Economic climate in their sector is



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

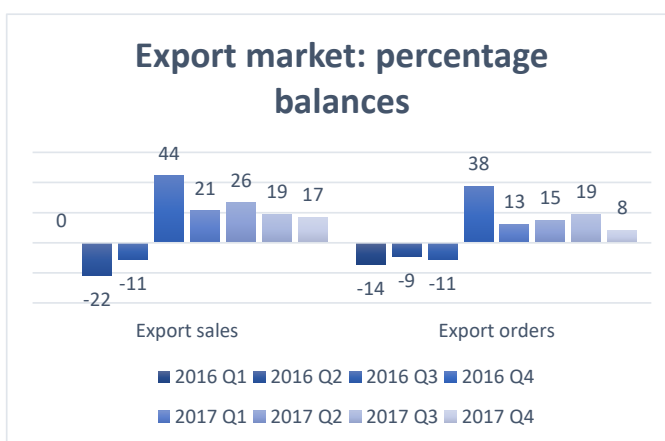
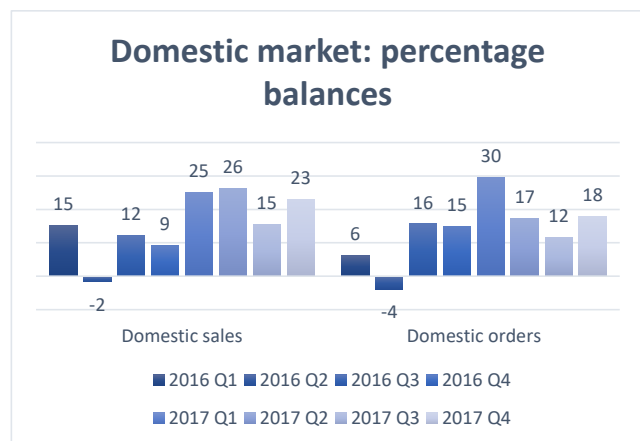
This was marginally more positive than in the previous quarter.

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

Performance

Domestic sales continued to grow in Dorset with more respondents reporting improved sales over the quarter than worsening² and the percentage balance rose over the quarter. Nationally, domestic sales continued to see growth.

Domestic orders remained positive in Dorset with more respondents reporting improved orders than worsening and the percentage balance rose over the quarter. Nationally, domestic orders continued to see growth, but fell back over the quarter.

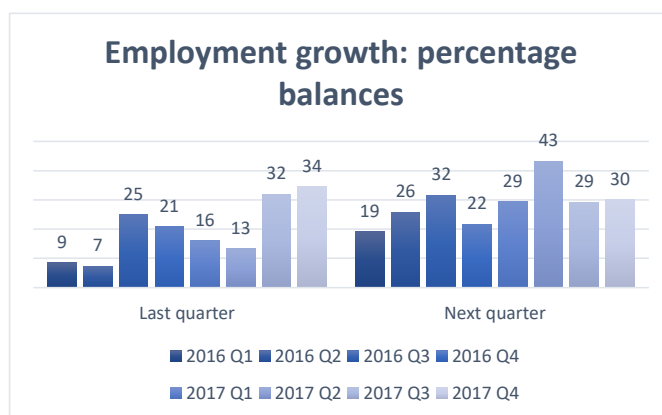


Export sales continued positive in Dorset with more respondents reporting improving export sales than worsening. Nationally, export sales and orders remained positive, but fell back over the quarter, in both the manufacturing and service sectors. Export orders were also positive in Dorset.

73% of Dorset employers **attempted to recruit** over the last quarter, down from 76% in quarter 3. 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. Nationally, recruitment also dropped a little and recruitment difficulties rose.

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 improved marginally over the quarter.

The local outlook for employment growth in the coming quarter remained positive. Nationally, employment expectations remained positive, but dropped.



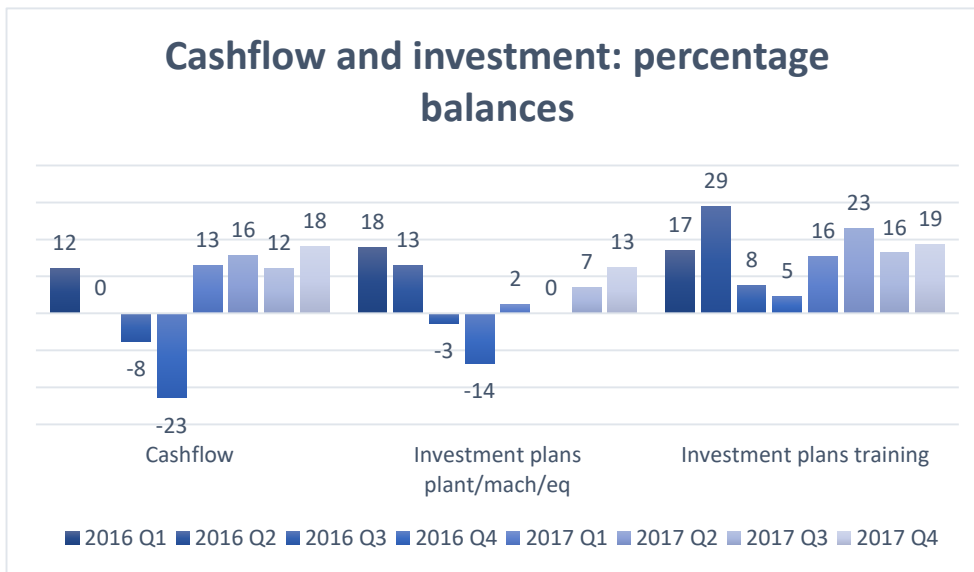
Cashflow remained positive and improved over the quarter in Dorset as fewer respondents said it had worsened. Two-thirds of the respondents remained stable.

There was more confidence around **investment plans for plant/machinery/equipment**. The percentage balance rose over the quarter, although the majority remained static. Nationally, investment intentions remained subdued.

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 and the percentage balance rose over the quarter. However, most businesses remained stable (neither increasing nor decreasing investment). Nationally, investment intentions remained positive, but little changed over the quarter.

43% of Dorset respondents were operating at **full capacity**, a slight fall on the previous quarter.



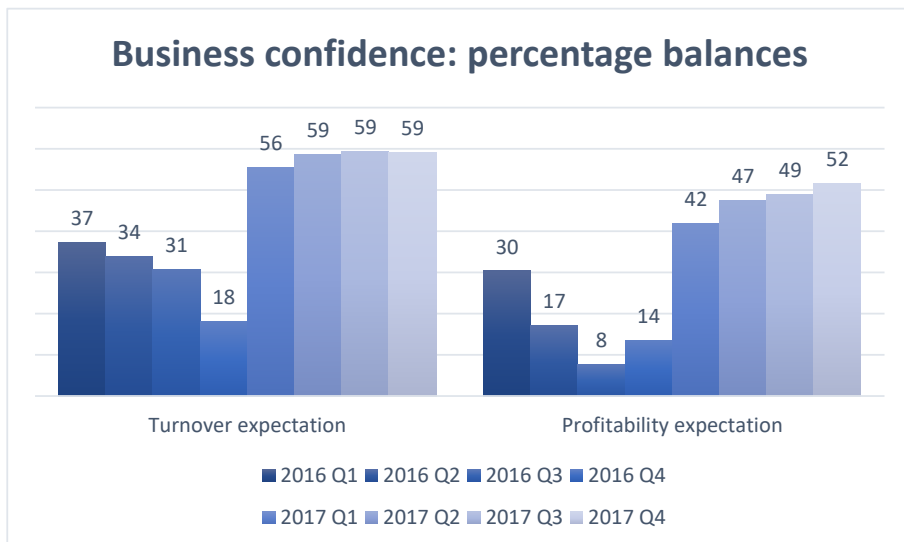
Business confidence

Employment expectations for the next quarter were little changed locally with a third of respondents expecting positive employment growth and three per cent expecting worsening. 64% of the respondents expected employment to remain unchanged. Nationally, employment expectations continued to be positive but fell over the quarter.

Dorset business confidence for the coming year continued positive with more respondents expecting **turnover** and **profitability** to improve than decline.

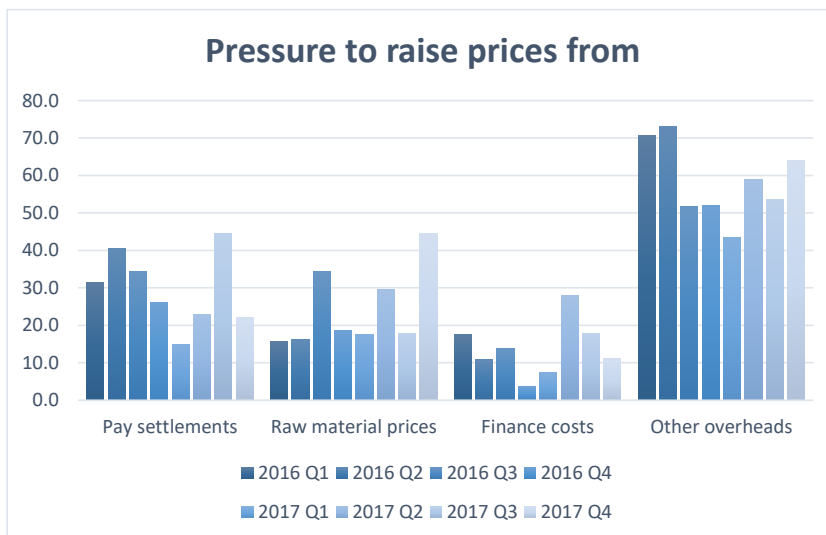
There was a slight improvement in profitability expectations but turnover was much unchanged.

Nationally, confidence in turnover remained positive but dropped over the quarter.



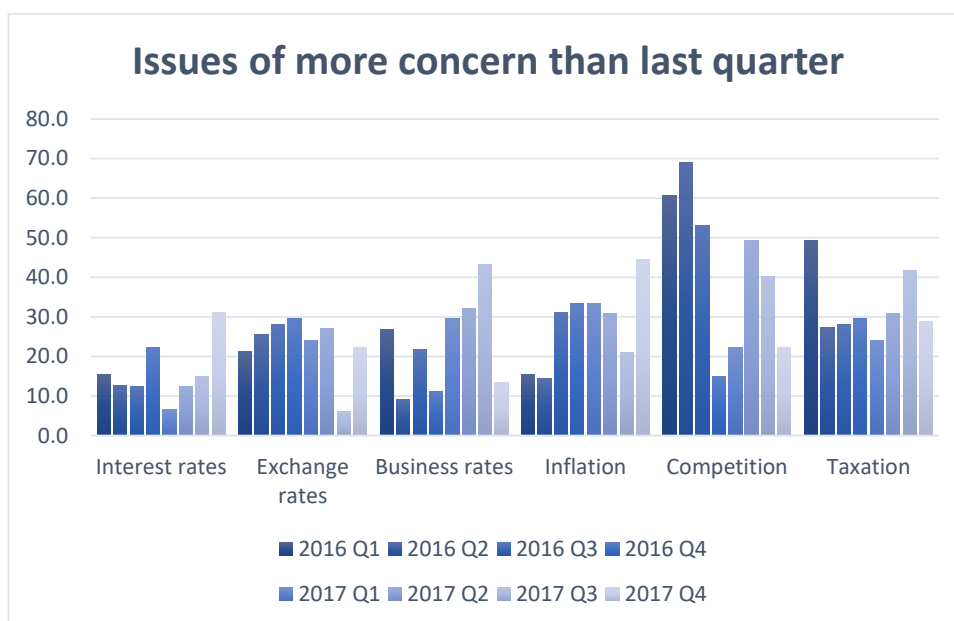
In the coming year, more Dorset respondents expect that the **price of goods and services** will rise than fall, with the percentage balance up over the quarter. Pressure is largely from 'other overheads', but there was a notable increase in reported pressure from raw materials.

Nationally, the percentage balance of firms expecting prices to go up rose for both manufacturers and service sector firms. The cost of raw materials was by far the main price pressure for manufacturers with 'other' the most important for service sector firms.



Issues and priorities

More than two-fifths of Dorset respondents said that inflation was of more concern than in the previous quarter.



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	Raising my profile	Recruiting good staff	Developing skills in my business
Local issues:	Competition	Skills gaps	Legislation & compliance	Infrastructure	Local regeneration
Local concerns:	The threat from competitors	Staffing problems	Legislation and regulation	Leaving the European Union	

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 (43%) of the respondents agreed that the high cost of housing is a barrier to business growth in terms of attracting skilled staff into Dorset. 31% were unsure and a quarter disagreed.

Migrant workers

Just over 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?

Two-fifths of the respondents indicated that this would have either a significant (10%) or some impact (31%). The remainder were unsure.