



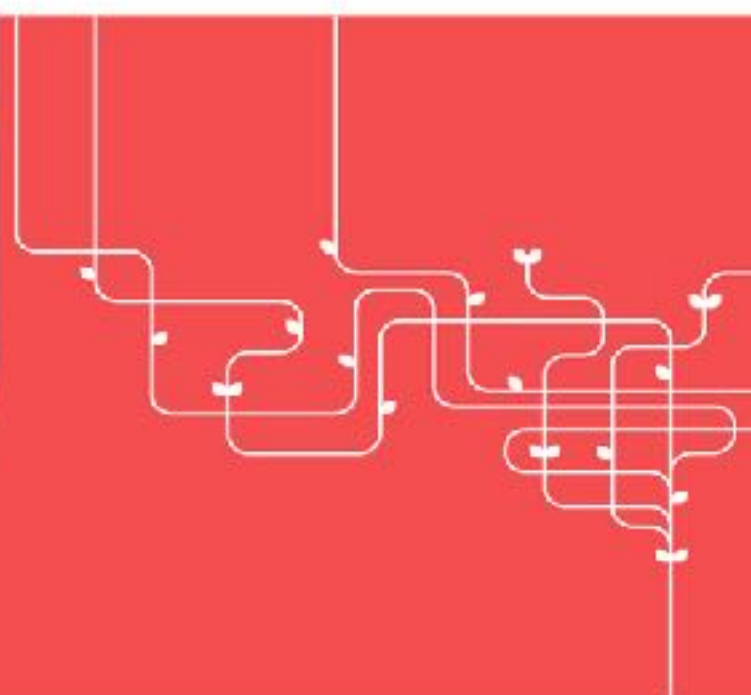


Herefordshire  
& Worcestershire  
Chamber of Commerce

Herefordshire &  
Worcestershire

Quarterly Economic Survey  
Q2 2016

Full Report & Economic  
Brief



working in partnership with

See you next quarter.

**Analysis: Gary Woodman**

**Chief Executive of Worcestershire Local Enterprise Partnership (LEP)**



We recently announced that statistics have shown that Worcestershire achieved the largest growth in workforce skills in England, in terms of higher-level occupations and educational attainment, between 2009-2014. The latest QES report demonstrates how local businesses are continuing to invest in developing skilled staff and during the last three months, a greater number of companies have also increased their investment in training, machinery, equipment and buildings, highlighting businesses' commitment to boosting workforce productivity.

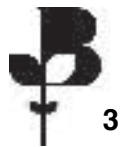
It is clear that the latest report also highlights the uncertainty in the UK economy around the EU Referendum. The latest QES report shows lowered business confidence in increasing turnover and profitability in the next 12 months. Businesses are also slightly less optimistic about increasing the size of their workforces in the next three months than they were in Q1, however, a greater number of businesses have increased the sizes of their workforces in the last three months.

Since the vote to leave the EU, we are working with partner organisations to fully understand the implications for our local businesses and to ensure the appropriate support is in place to bring further economic growth.

We remain focused on securing additional investment for Worcestershire as well as delivering the programmes which we have received funding for through the Worcestershire Growth Deal. Programmes are progressing well,

for example, the completion of improvement works on Pershore Lane to provide access to Worcester Six, a site which when complete will bring over 5,000 jobs, a new centre of excellence in Redditch for engineering apprentices and by 2017, 95% of premises will have access to Superfast Broadband by extending the original programme.

## **Domestic performance**



## Graph 2: Advanced Sales

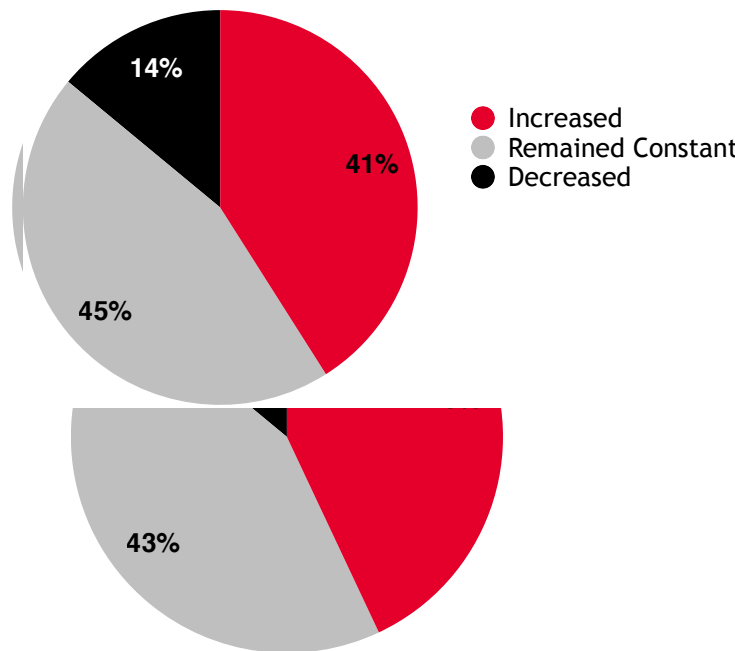
Overall the percentage of firms reporting an increase in exports was 43%, lowering 4% from 47% in Q1 2016.

14% of companies saw a decrease in their overseas sales, custom and bookings, rising 3% from the last quarter.

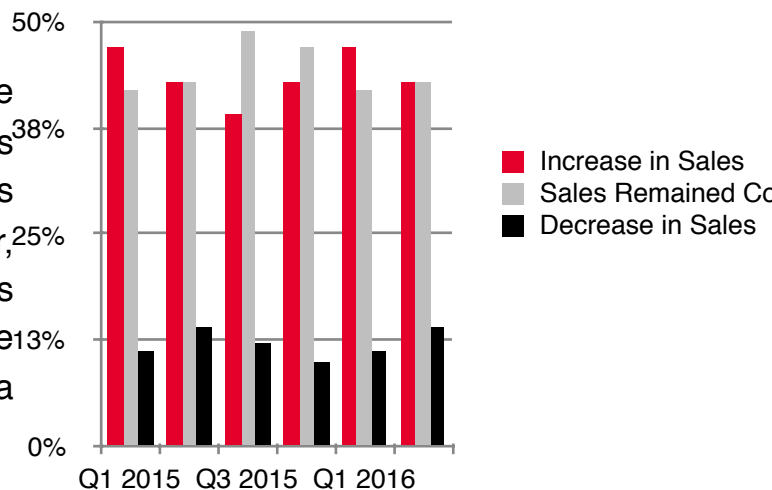
16% of businesses reported a decrease in overseas orders during the last quarter. The uncertainty of 'Brexit' could be signalled out as a factor here.

The percentage of local manufacturing firms reporting an increase in exports rose slightly to 46%. Less manufactures reported a decrease in sales (12%) with the remaining 42% of businesses experiencing constant exports.

It is disappointing to see that the service sector has seen less and less businesses reporting increased sales overseas since Q4 2015. This quarter, 39% reported an increase in sales compared to 48% last quarter. The number of businesses reporting a decrease in exports rose 5% to 14%.



## Graph 4: Export Sales Q1 2015 - Q1 2016



## Labour Force & Recruitment



The percentage of firms reporting an increase in workforce rose slightly to 28%, compared to 26% last quarter. However the majority of businesses (62%) reported no changes.

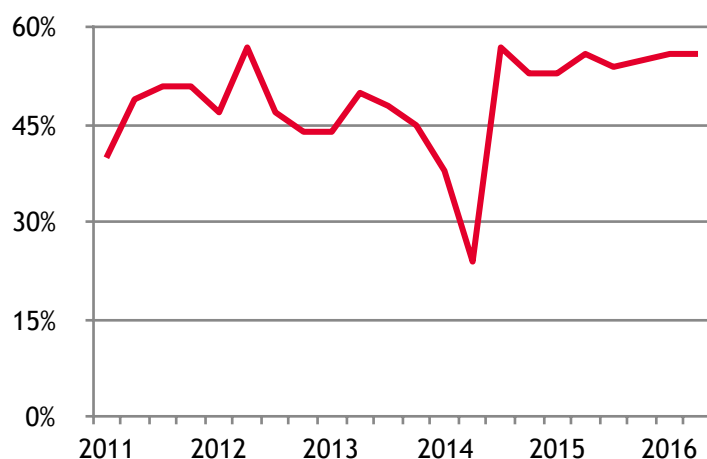
Looking to the future, less businesses are expecting to increase their workforce over the next three months. The majority (65%) expect it to remain the same, with a slight increase of businesses, at 6% expecting to reduce their workforce.

Only 50% of companies surveyed attempted to recruit in the last three months, compared to 75% in Q1 2016. Most of the recruitment was for full time roles (74%) and permanent jobs (46%).

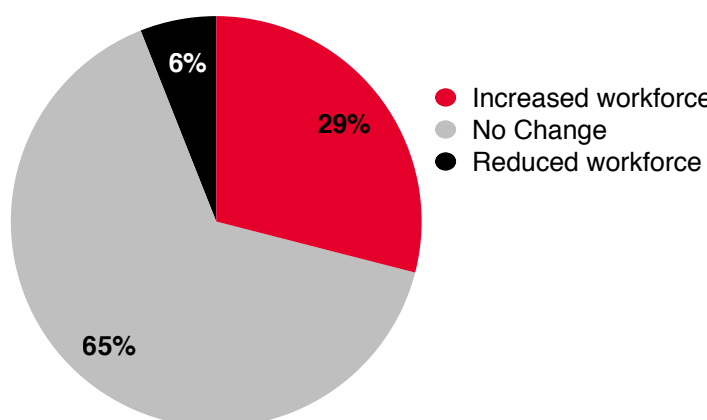
Out of these companies 56% experienced difficulties in hiring suitable staff. A continuing trend of the last few years. Of the top 100 businesses in Worcestershire, 83% experienced difficulty.

Skilled manual and technical roles remain the hardest to fill (47%), closely followed by professional and managerial (37%) and clerical roles (20%). This is further evidence of the skills shortage impacting on the two counties.

**Graph 5: % of firms having trouble to recruit**



**Graph 6: Workforce outlook for the next 3 months**



## Business Confidence, Concerns & Investment

### Pressure to raise prices

18% of companies surveyed are experiencing pressures to raise their prices, compared to 24% last quarter.

Other overheads were the most mentioned causes for price rises (56%), followed by raw material prices (33%) and pay settlements (28%).

### Turnover and Profitability

68% of local manufacturers and 69% of the service sector are expecting an increase in turnover.

64% of service sector firms expect profitability to improve, compared to only 53% of manufactures.

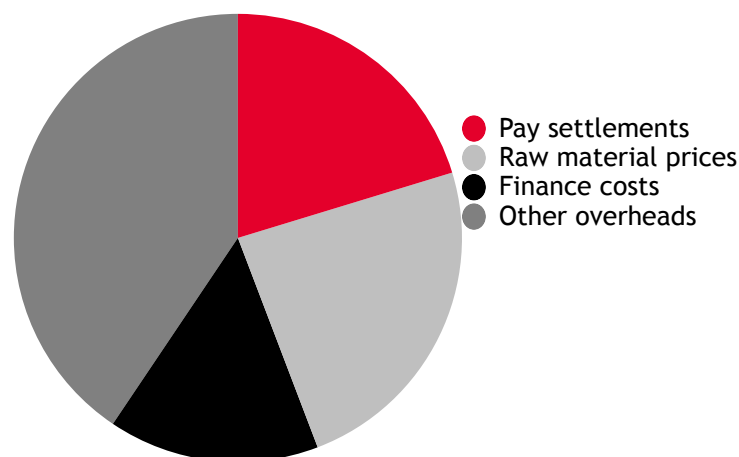
### Investment

Investment in plant machinery and equipment has risen in recent months, with 25% of businesses revising upwards, however the majority still report no change. This is a similar case for investment in training.

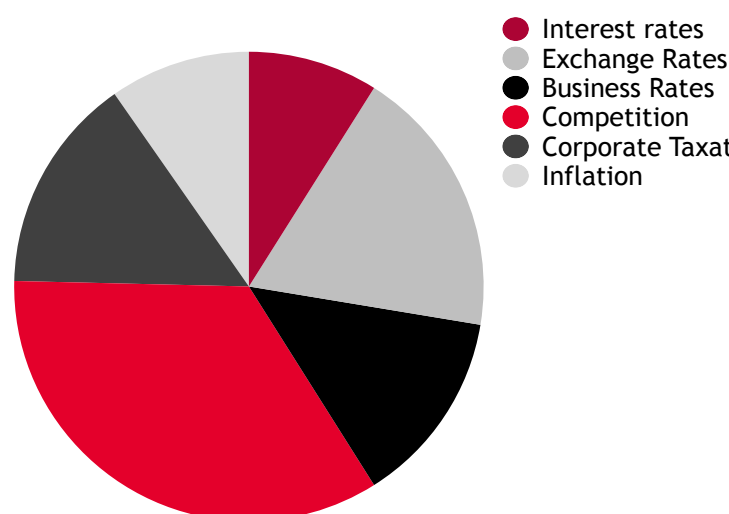
### Business Concerns

The largest concerns to business are competition (46%) and exchange rates (25%).

**Graph 7: Causes of pressures to raise prices**



**Graph 8: Factors of concern to Business**



## About the Quarterly Economic Survey

Formed in 1989, the Quarterly Economic Survey (QES) is the private sector's leading indicator of the UK economy.

At the regional level, Herefordshire & Worcestershire Chamber of Commerce conducts the QES every quarter across the two counties to assess how businesses are performing on a range of key indicators. The feedback from the survey helps to shape our business policy priorities.

Nationally, the results from the QES are monitored by the Bank of England, HM Treasury, and the European Commission as a quarterly indication of business conditions.

## About Herefordshire & Worcestershire Chamber of Commerce

Established in the 1830's during the industrial revolution, Herefordshire & Worcestershire Chamber of Commerce remains a dynamic, not for profit organisation, working hard to support the local businesses and specifically our 1400-strong network of member businesses. Our members make business connections, raise their profile and access professional expertise, knowledge and experience.

If you would like to find out more about Chamber membership please contact the team on **01905 673611** or [membership@hwchamber.co.uk](mailto:membership@hwchamber.co.uk)

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