

BQ2

2024



worcestershire
county council

Quarterly Economic Survey

SUMMARY

The second Quarterly Economic Survey of 2024 took place at a very interesting time for the UK Economy. Prime Minister, Rishi Sunak, announced the next General Election will take place on 4th July.

Herefordshire & Worcestershire Chamber of Commerce is a non-political organisation. We seek to represent our Members, as well as other businesses within the two counties, by communicating current economic challenges with local councils, regional bodies, and HM Government via The British Chambers of Commerce.

In this document, we will report on the findings of our Q2 survey, that took place between 13th May and 3rd June.

This survey, focuses on key aspects such as sales, order books, employment, cash flow, turnover, inflation, and business concerns, provides a snapshot of the economic climate in the UK. The findings reveal both positive trends and areas of concern, reflecting the challenges and opportunities businesses face in the current market.

Interest rates, Business rates, and inflation continue to be principal concerns for business. While cashflow makes a positive change in this quarter.



Robert Elliot

Director of Business Engagement
& Policy

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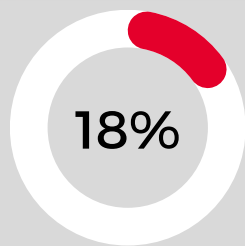
ORGANISATIONS

COMPLETED THE SURVEY

UK SALES SUMMARY



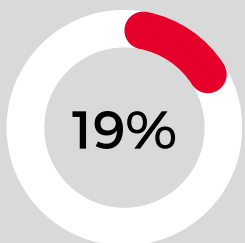
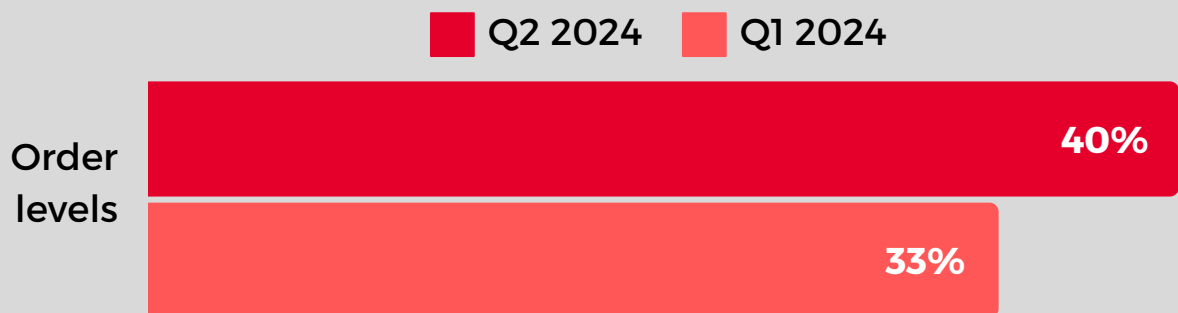
36% of businesses reported they had experienced an increase in sales in the last three months. This is up from 29% seeing an increase in sales in Q1.



18% of businesses reported sales had decreased, whilst a concern, this was an improvement on Q1 when 23% reported a decrease, the highest figure since Covid.

Recent surveys have identified a fall in advanced orders. Perhaps in correlation to the sales figures this trend has now turned.

40% of businesses reported the order levels had remained constant compared to 33% last quarter.



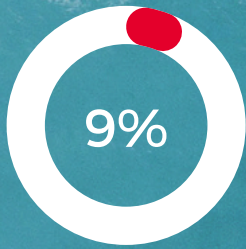
19% of businesses experienced a fall in orders, whilst still a concern, 22% reported a fall last quarter.



OVERSEAS ORDERS

SUMMARY

Our survey shows the first negative “net balance” (a figure created by analysing results of period of years rather than quarters) on overseas sales for nearly two years.



9% of businesses reported an increase in sales, down from 10% last quarter.



19% experienced similar sales, down from 23% last quarter.

CONCLUSION

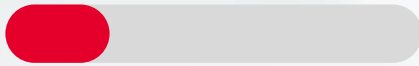
Could these figures be a result of demand, supply, legislation or operational issues? The Chamber’s International Team continue to support our businesses both operationally and with training support. The British Chambers of Commerce are lobbying Central Government on post Brexit arrangements and trade deals.

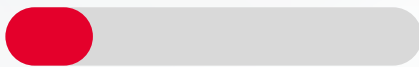




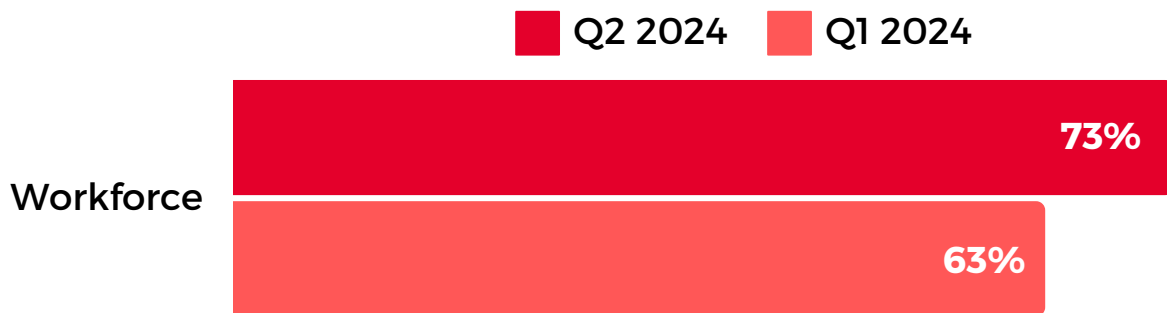
WORKFORCE

SUMMARY

 25% of respondents reported that they have increased their workforce in the last three months, compared to 22% last quarter.

 21% reported that they will be increasing their headcount in the next three months. This does correlate to the last survey as 30% were anticipating to increase in Q1.

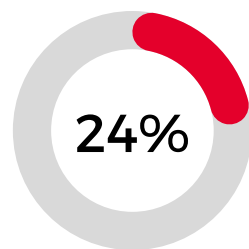
73% indicated their workforce would remain the same in next three months compared to 63% earlier in the year.



CASHFLOW

SUMMARY

 30% of businesses reported an increase in their cashflow over the last three months, compared to 26% in Q1.

 24% reported a decrease in their cashflow. This is obviously still a concern but has improved from 24% last quarter.



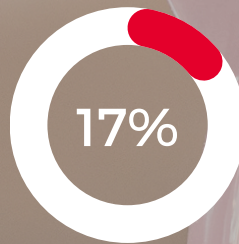
INVESTMENT IN CAPITAL EQUIPMENT

SUMMARY

Cash flow positivity may be tempered by Investment research. This is an important indicator for the health of business in years ahead.



of businesses, in the last three months, are revising their investment plans upwards, this was 22% last quarter.



of businesses reported that had revised downwards their plans for investment, this was 13% in Q1.



INVESTMENT IN TRAINING

SUMMARY

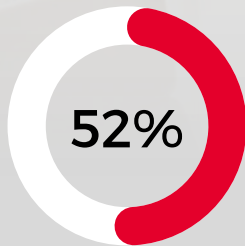
23% of businesses are revising upwards their plans to invest in training, compared to 21% last quarter.

■ Q2 2024 ■ Q1 2024

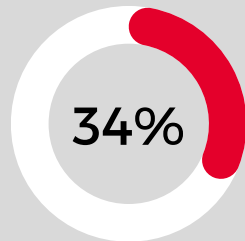


BUSINESS CONFIDENCE

SUMMARY


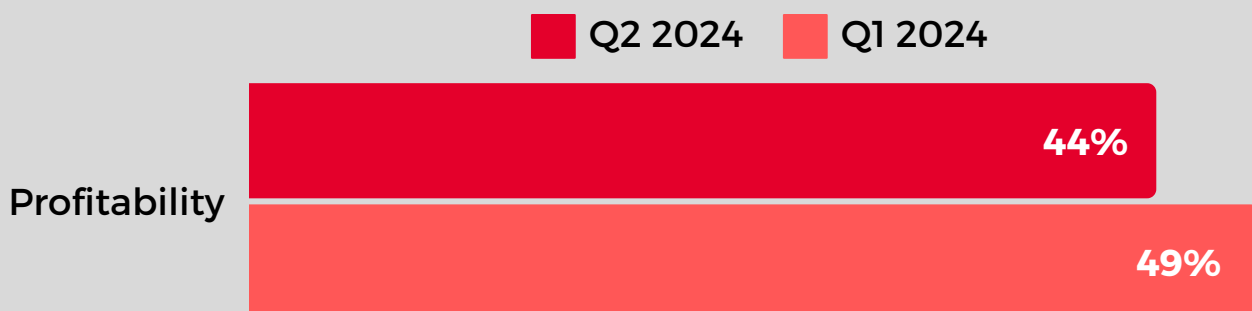


of businesses expect their turnover to increase in the months ahead. This has fallen from 57% last quarter.



expect no change, 29% felt that was the case last quarter.

44% of businesses expect their profitability to increase. This was 49% last quarter.



39% expect no change, those expecting no change was 33% in last survey.

Whether this is cost based, or sales based is different by sector. Previously we have reported increased sales.



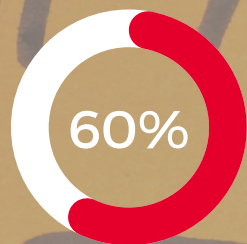
PRICE INCREASES

SUMMARY

June has seen official inflation figures fall to 2%. Businesses have reported that in certain areas of raw material and supply, inflation rates are much higher.



of businesses expect they will be increasing prices in coming months. Interestingly this was 48% last quarter.



of businesses reported that their prices would remain unchanged – the highest figure since Covid.

Labour costs remain a main factor, utility costs are at a lowest priority since energy crisis two years ago.

CONCERNS FOR BUSINESS

Interest rates, business rates, and inflation continue to be principal concerns for businesses. However, corporate taxation, as a concern for business has experienced a big upturn. The highest it has presented itself since Q1 2021. With an election right around the corner, is a possible change of government fueling this concern?

