



# BQ2 2026



worcestershire  
county council



Herefordshire  
& Worcestershire  
Chamber of Commerce

**Quarterly Economic Survey**

# INTRODUCTION

Conducted between 11 May and 1 June 2026, this edition of the Quarterly Economic Survey provides an in-depth assessment of business conditions across Herefordshire and Worcestershire. Drawing on feedback from organisations operating across a broad range of sectors, the survey explores key areas including business performance, innovation, sustainability, international trade, workforce skills, digital transformation, and market resilience.

Against a backdrop of ongoing global economic uncertainty and accelerating technological change, the findings offer a timely insight into how businesses are adapting to shifting market conditions, reassessing priorities, and responding to emerging challenges and opportunities. This quarter's survey also includes a dedicated focus on work experience provision and engagement across the region.

The results serve as an important measure of business confidence and form part of the evidence base shared with our strategic partners and the British Chambers of Commerce. They provide valuable insight into the factors influencing business decision-making, with particular attention given to persistent challenges surrounding the availability, reliability, and performance of digital infrastructure and connectivity.

We would like to thank all organisations that participated in the survey. Your contributions are instrumental in shaping informed discussions, supporting policy development, and driving sustainable economic growth and innovation. We hope this report will encourage continued collaboration and help strengthen a resilient, adaptable, and forward-looking business community across Herefordshire and Worcestershire.

## **Robert Elliot**

Director of Business Engagement & Policy



**226**   
**ORGANISATIONS**  
**COMPLETED THE SURVEY**

# METHODOLOGY

## SUMMARY



A total of 226 businesses from across Herefordshire and Worcestershire participated in the Quarter 2 (Q2) 2026 Quarterly Economic Survey. Responses were collected between 11 May and 1 June 2026. References to Quarter 1 (Q1) 2026 throughout this report relate to survey data gathered between 9 February and 2 March 2026.

Where appropriate, survey findings are presented as balance figures. These are calculated by subtracting the percentage of businesses reporting a decrease in a particular measure from the percentage reporting an increase. A positive balance indicates that more businesses experienced growth than decline compared with the previous quarter, while a negative balance suggests that more businesses reported a reduction in activity.

### Example:

- If 50% of respondents reported increased sales and 18% reported a decrease, the balance figure would be +32%, indicating an overall expansion.
- If 32% reported increased sales and 33% reported a decrease, the balance would be -1%, indicating a slight contraction.

To provide meaningful comparisons, results are broken down by business sector. These are defined as follows:

### **MANUFACTURING SECTOR**

Includes businesses primarily involved in the production of goods—such as electronics or IT hardware—as well as raw material processing, construction, agriculture, fishing, mining, or utilities.

### **SERVICE SECTOR**

Includes businesses that deliver services to other businesses or consumers, such as retail, wholesale, professional services, marketing, and other support-based industries.

# WHAT OUR MEMBERS SAY

## SUMMARY



“The market remains highly competitive and price sensitive, but we have managed to win some big deals to achieve growth.” - **Professional Services Business**

“The lack of Government support for small businesses is a major concern. There appear to be no policies to support the growth of small business entrepreneurs in this country, especially if we want to expand and take on more staff.” - **Professional Services Business**

“Geo political pressures and disruption are creating uncertainty and affecting prices of fuel and raw materials. All of these costs are being passed to end users via surcharges and price rises. This makes forecasting and planning very difficult with so much cost volatility.” - **Business Process Outsourcing (BPO)**

“Steel prices biggest worry but the Chamber have been very supportive.” - **Construction and Engineering**

“Current gov policy with regard to NI and NLW and recent changes to the Employment Rights Act are driving significant cost and stress into our business. Payment of wages on day one for sick pay is especially damaging.” - **Agriculture, fishing, mining, energy, or utilities**

“Hospitality industry needs a break from the burden of archaic business rates valuations and VAT” - **Hospitality**



# UK MARKET SUMMARY

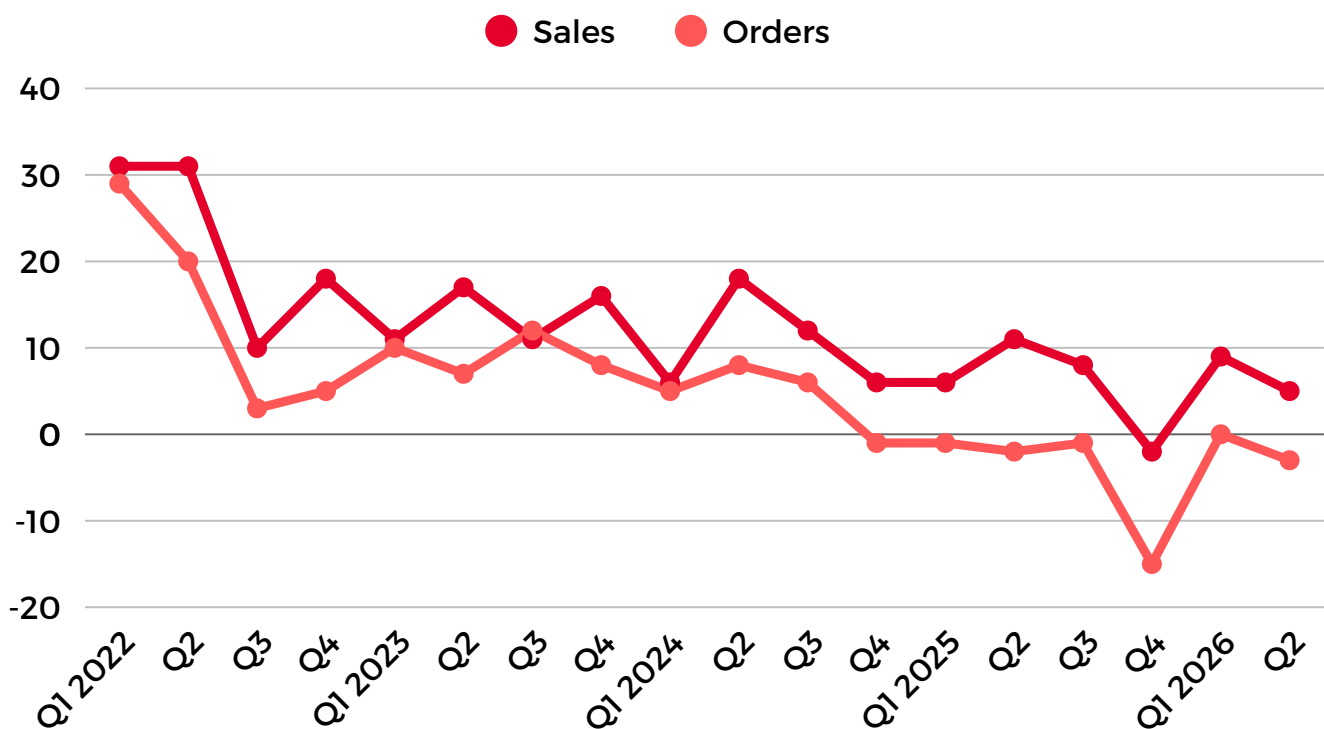


## UK SALES SUMMARY

Confidence in UK sales weakened during Q2, with the net balance falling to 5%, down from 9% in Q1. This decline was driven by a reduction in the proportion of businesses reporting increased sales (30%), alongside a rise in those experiencing lower sales (25%, up from 22% in the previous quarter). Collectively, these changes point to a softening in sales performance and suggest growing pressure on demand across the market.

## UK ORDERS SUMMARY

UK orders also weakened in Q2, with the net balance declining from 0% in Q1 to -3%. This reflects a fall in the proportion of businesses reporting increased orders (21%, down from 23%), alongside 24% reporting a decrease in orders. Taken together, these findings point to softer order activity and suggest that demand conditions became more subdued during the quarter.



## CONCLUSION

Overall, the Q2 findings suggest a softening in domestic demand, with both sales and orders declining compared with the previous quarter. While many businesses continued to report growth, the increase in firms experiencing weaker performance points to a more challenging trading environment.



# OVERSEAS ORDERS SUMMARY

## OVERSEAS SALES SUMMARY

Overseas sales remained relatively stable during Q2, with the net balance unchanged at +3%, matching the position recorded in Q1. While the overall balance remained steady, there were some modest shifts beneath the surface. The proportion of businesses reporting an increase in overseas sales rose slightly to 11%, while the share experiencing a decline also increased, from 8% to 10%. In addition, 18% of businesses reported no change in overseas sales. Overall, the findings suggest that international demand remained broadly resilient, with trading conditions in overseas markets showing little change compared with the previous quarter.

## OVERSEAS ORDERS SUMMARY

Overseas orders improved slightly during Q2, with the net balance increasing from -2% in Q1 to -1%, although it remained below zero. This modest improvement was driven by a small increase in the proportion of businesses reporting higher overseas orders (9%, up from 8%), while the share reporting a decline remained unchanged at 10%. In addition, 19% of firms reported no change in overseas orders. Overall, the findings suggest that international demand remained subdued but showed tentative signs of stabilisation during the quarter.



# CASHFLOW SUMMARY



The Quarterly Economic Survey collects essential data on business cash flow, enabling us to assess performance over the past three months and compare it with the previous quarter.



29% of businesses reported their cash flow has increased in the last three months, compared to 25% in the previous quarter.

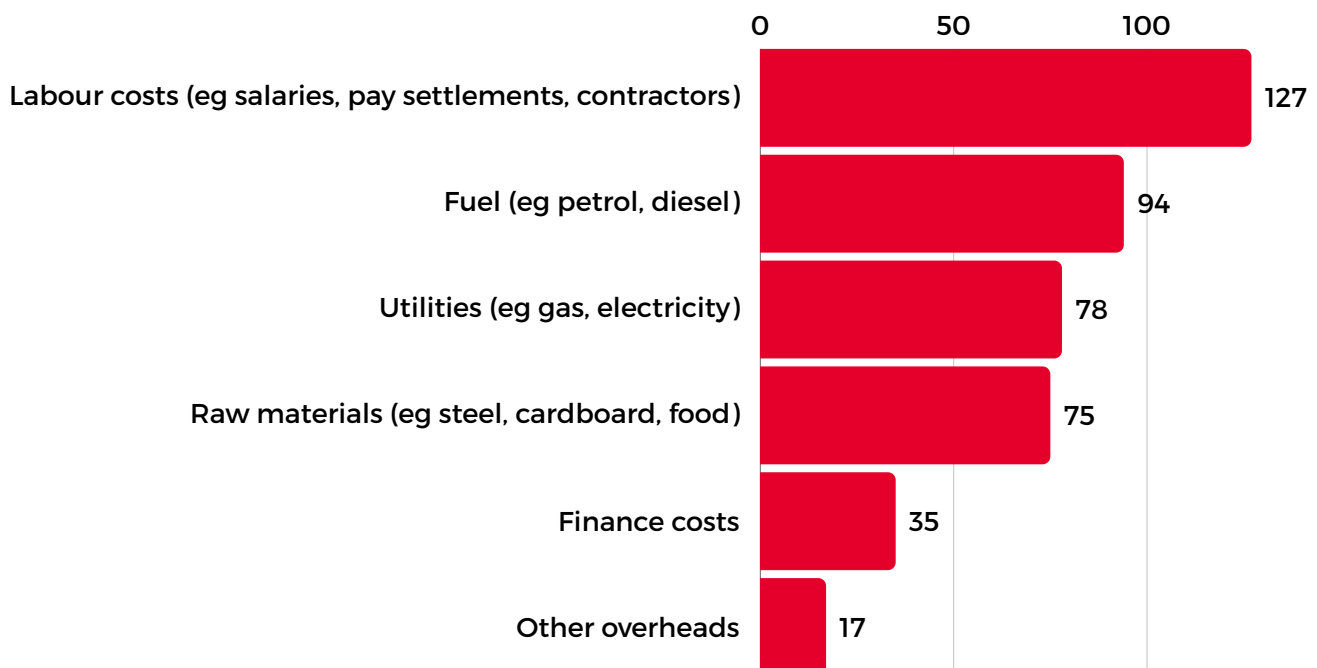


26% reported their cashflow has worsened in the last three months, in contrast to 30% in Q1.



45% reported their cashflow has remained the same. Therefore, cashflow has indicated a net balance of 3%.

The primary factors driving trading businesses to consider raising their prices were:



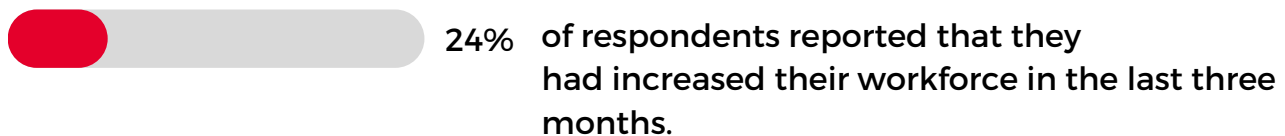
# EMPLOYMENT & RECRUITMENT SUMMARY



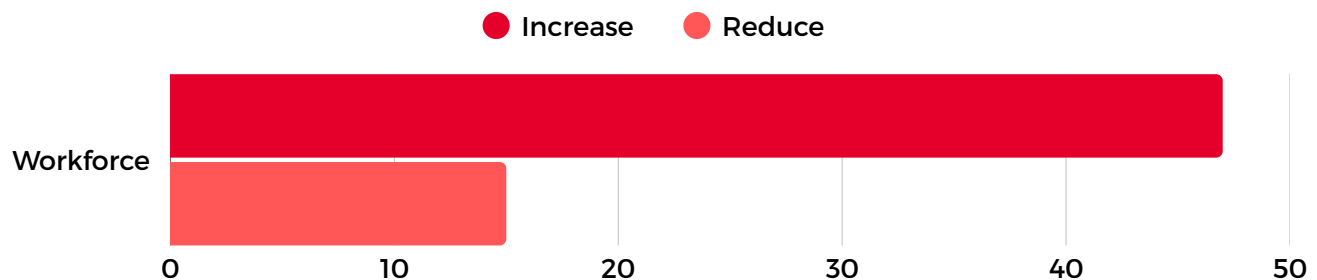
Half of responding businesses sought to recruit staff during the quarter, with 43% reporting difficulties in filling vacancies. This suggests that recruitment challenges remain a significant issue for many employers despite ongoing hiring activity.

**43% of businesses reported that skilled manual/technical roles were the most difficult to recruit for.**

Businesses have also reported on their workforce changes.



Looking ahead, 23% of businesses expect to increase their workforce over the next three months, broadly in line with Q1. Meanwhile, the proportion anticipating a reduction in staff has edged down to 7% (from 10%), suggesting slightly fewer businesses are planning cutbacks. With 70% expecting no change, the overall outlook points to a largely stable employment picture.





# WORKFORCE HEALTH & WELLBEING SUMMARY

Firstly, thank you for the opportunity to reflect on the findings from the Quarterly Economic Survey, Q2 2026, and what they tell us about the health, resilience and ambition of our local economy. What comes through strongly is the resilience and determination of our business community. Across sectors, organisations continue to adapt, maintain their position and plan ahead despite pressures around costs, capacity and workforce availability. Many are operating below full capacity, yet continue to invest, recruit where possible and look forward with cautious confidence. That resilience matters deeply to the NHS because a strong local economy and a healthy population are closely connected.

The survey also reinforces a challenge that employers, including the NHS, are working hard to address. Recruitment remains difficult, particularly in skilled and professional roles, and for many organisations this is a structural rather than short-term issue. It is not only about attracting the right people, but also supporting, retaining and sustaining the workforce we already have across Herefordshire and Worcestershire. That means creating the conditions for people to stay well, engaged and in work.

That is why the health and wellbeing data in this survey is so important. It is encouraging to see many organisations embedding health and wellbeing within their people strategies, moving beyond compliance towards more proactive and preventative approaches. Early supportive conversations, flexible working, access to wellbeing support and thoughtful role design all help people remain healthy, productive and confident in their work.

However, the data also shows there is more to do. While progress is being made, many approaches remain fragmented or reactive. Fewer organisations have fully embedded workforce health across the employee lifecycle, from recruitment and induction through to career development, later working life and leaving well. This is where the NHS and its partners can help employers move from good intent to practical, joined-up action.

This reflects the challenge set out in the Keep Britain Working Review from HM Government: shifting from responding when problems arise to designing work and workplaces that actively protect and promote health throughout a person's career.

For the NHS and our partners, this is a shared mission and opportunity. We see every day that health is shaped not only in hospitals and clinics, but also in workplaces and communities. Good work is good for health, and good health is essential for a productive and resilient economy. By working with employers, we can support earlier intervention, clearer routes into help and more consistent approaches that keep people well and able to contribute.

The opportunity ahead is clear. By building on the commitment already shown by businesses and bringing together health, skills, employment and economic partners, we can make workforce health a foundation for growth, resilience and inclusive prosperity across Herefordshire and Worcestershire. If you would like a conversation about Work and Health in your workplace, please reach out to us at [hwicb.workwell@nhs.net](mailto:hwicb.workwell@nhs.net).



NHS Coventry and Warwickshire  
NHS Herefordshire and Worcestershire

**Simon Trickett, Chief Executive**

NHS Herefordshire & Worcestershire and Coventry & Warwickshire ICBs



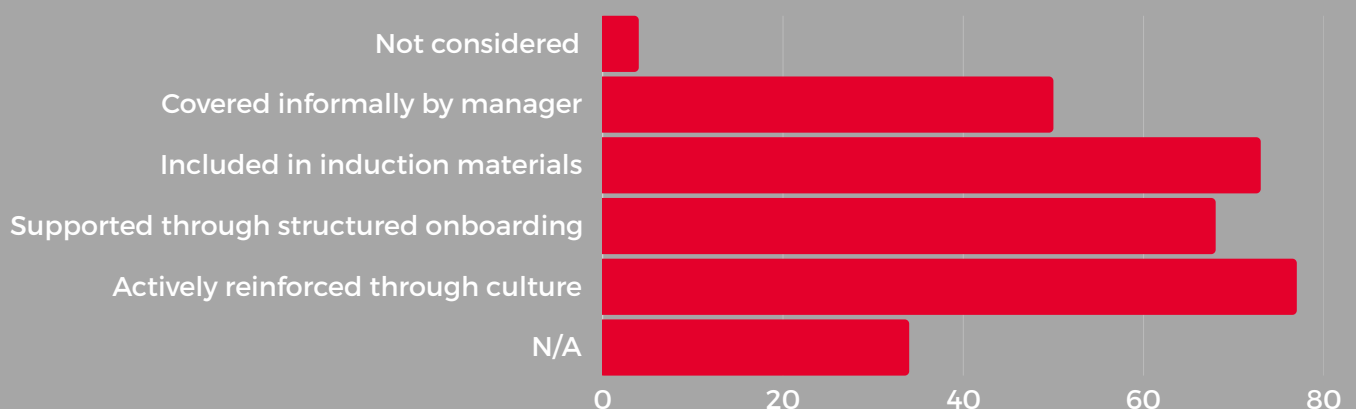
# WORKFORCE HEALTH & WELLBEING SUMMARY

## HOW IS WORKFORCE HEALTH AND WELLBEING POSITIONED WITHIN YOUR ORGANISATION?



The findings show that workforce health and wellbeing is increasingly embedded in organisational strategy, with most businesses incorporating it into HR, people, or business planning. However, some organisations still focus mainly on compliance (14.98%) or do not currently prioritise wellbeing (8.70%). Overall, the results indicate a shift towards more strategic approaches, although levels of maturity vary.

## HOW ARE EXPECTATIONS AROUND HEALTHY WORKING (SUCH AS WELLBEING, WORK PATTERNS AND SUPPORT) INTRODUCED AND REINFORCED FOR NEW STARTERS?



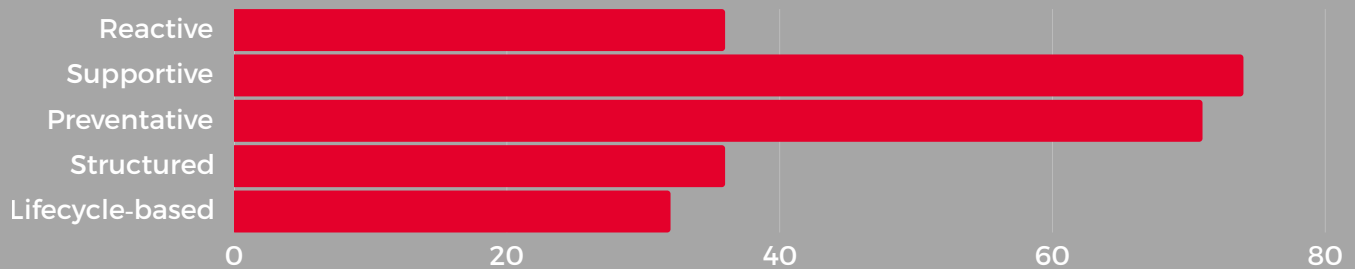
Results indicate that healthy working expectations are commonly introduced through induction materials (35.27%), onboarding and manager training (32.85%), and reinforced through organisational culture (37.20%).

While 24.15% of businesses communicate these expectations informally through managers, only 1.93% do not currently address them. Overall, healthy working expectations are increasingly embedded in organisational practice, although approaches vary.



# WORKFORCE HEALTH & WELLBEING SUMMARY

## WHICH BEST DESCRIBES YOUR ORGANISATION'S CURRENT APPROACH?



Most organisations adopt supportive (35.75%) or preventative (34.30%) approaches to workforce health and wellbeing. Fewer use structured or reactive models (17.39% each), while 15.46% take a lifecycle-based approach. Overall, wellbeing is widely recognised, but levels of integration vary across organisations.

## HOW DO YOU SUPPORT EMPLOYEES TO REMAIN HEALTHY AND PRODUCTIVE?

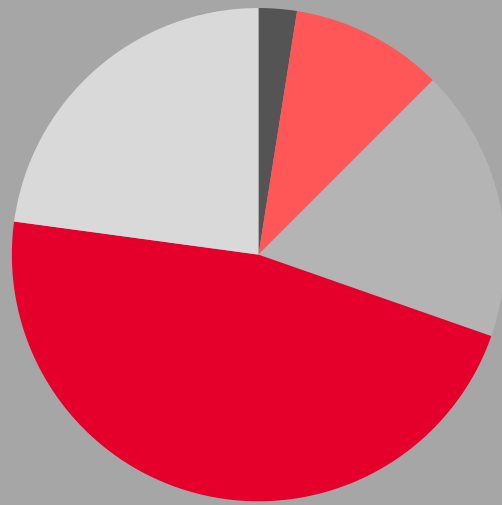
- No specific approach
- Ad hoc adjustments when issues arise
- Access to wellbeing and health benefits
- Support through flexibility/role review
- Systematic job design/progression



Overall, proactive support for employee health and productivity is widely used, particularly through flexible working and wellbeing benefits, although a significant proportion of organisations still rely on more reactive approaches.

## WHEN AN EMPLOYEE STARTS TO STRUGGLE, WHAT TYPICALLY HAPPENS?

- Action only once absence occurs
- Depends on individual manager
- HR support after problems escalate
- Early supportive conversations
- Early intervention is standard



Overall, early intervention is widely used when employees begin to struggle, although the consistency and timing of support still varies across organisations, with some more reactive approaches remaining in place.



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