

Quarterly Business Survey

Q2: May - June 2016 Results

Introduction:

The aim of the Coventry & Warwickshire Chamber is to support businesses to grow and help create the best climate for the county to prosper. This is achieved by ensuring that those taking decisions on key issues such as skills, infrastructure, taxation and business regulation hear the voice of our members. The representation of members' views is an essential part of the Chamber service, where our mission is to nurture a winning business network that helps people connect, grow and ensure their message is heard.

The results for Coventry & Warwickshire have been collated and presented below to ensure our members receive a summary of the local view in addition to the national publication provided by the British Chambers of Commerce.



Chief Executive Summary

Louise Bennett OBE DL

The run-up to the EU referendum was a slight drag on business confidence in Coventry and Warwickshire – but the effect of Brexit and the political fall-out is still not clear.

The Coventry and Warwickshire Chamber of Commerce carried out its second quarterly economic survey of 2016 ahead of the referendum and the results have just emerged.

While more than half of businesses in both manufacturing and services still expected turnover to rise in the coming 12 months, it was down on the previous quarter.

In the service sector, 54 per cent of companies expected turnover to go up, 41.4 per cent thought it would remain the same while only 4.6 per cent felt it would decrease.

In manufacturing, 50.6 per cent of firms were anticipating a rise in turnover, 39.5 per cent said it would stay the same and 10 per cent believe it will drop.

The overall figure for the previous quarter saw 73 per cent of firms forecast a rise in turnover.

On the employment front, 25.9 per cent of businesses in service sector were expecting to increase headcount, 72.8 per cent thought it would stay the same and 1.2 per cent said it would fall.

In manufacturing, 27.5 per cent predicted taking on more people, 68.8 per cent said it would remain constant and 3.8 per cent were expecting to reduce the number of staff.

Louise Bennett, chief executive of the Coventry and Warwickshire Chamber of Commerce, said the build-up to the referendum had caused uncertainty.

She said: “We heard from members in the weeks leading up to the referendum that decisions were being put on hold until the vote had taken place and I believe that can explain the fall in the number of businesses expecting turnover and headcount to rise.

“Equally, there wasn’t too much alarm – with only a very small number of firms expecting to have to cut headcount.

“What we don’t know, yet, is the effect Brexit has had on confidence in Coventry and Warwickshire and, actually, I think for most firms it’s still too early to say.

“The political landscape is only starting to settle down and the markets are still searching for a new ‘normal’.

“Anecdotally, some companies are telling us again that the uncertainty of what our future with the EU looks like is unhelpful.

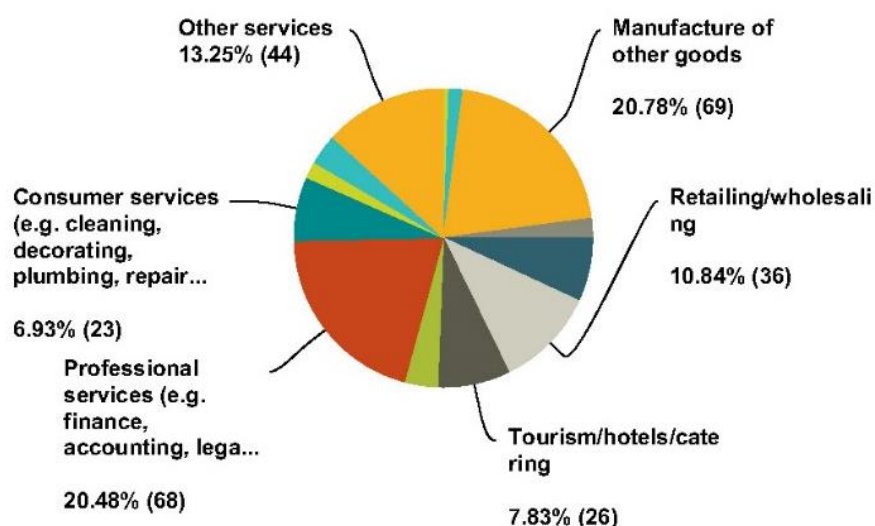
“We need strong leadership in those negotiations with the EU that satisfies the democratic decision to leave but also ensures we have the best possible trading relationship with such a hugely important market to ensure businesses can Go For Growth.

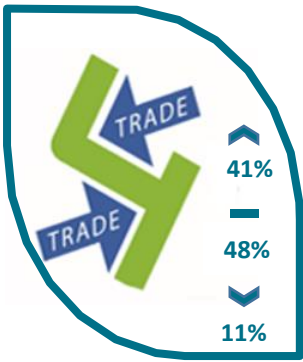
“Our next QES, therefore, will be one of the most interesting we have conducted.”

Local Results:

There were 332 respondents to the C&W Chamber Quarterly Economic Survey for Quarter 2 2016 with a combined employment of over 62,000 people. 10% of the respondents were sole traders, 40% micro businesses (2-10 employees), 35% small sized (11-50 employees), 10% medium sized (51-250 employees) and 5% large businesses (250+ employees).

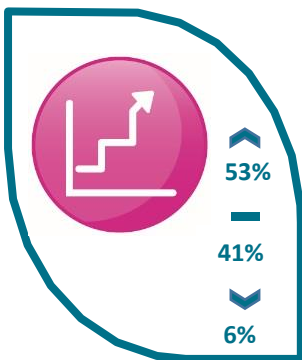
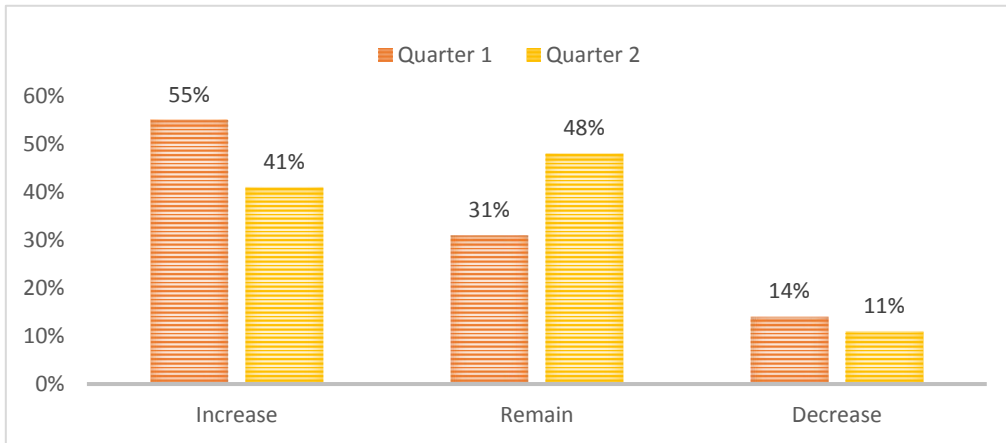
The types of businesses represented are shown below:





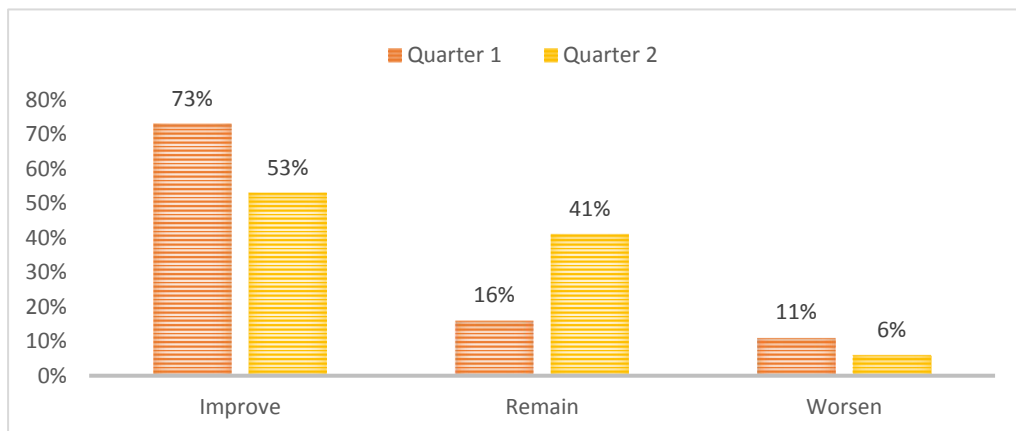
Domestic Sales

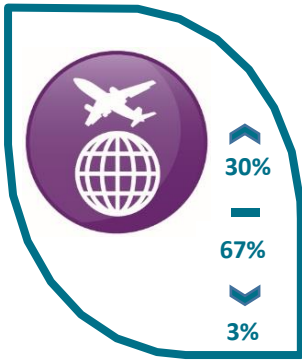
41 % businesses reported improved domestic sales in Q2, down from 55% in Q1 2016, whilst 48 % reported sales remained constant, compared to 31% in Q1 2016.



Business Confidence

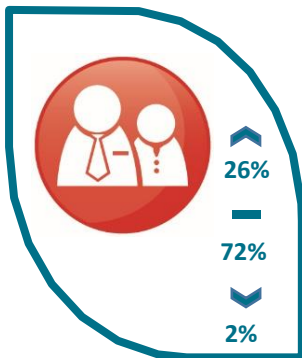
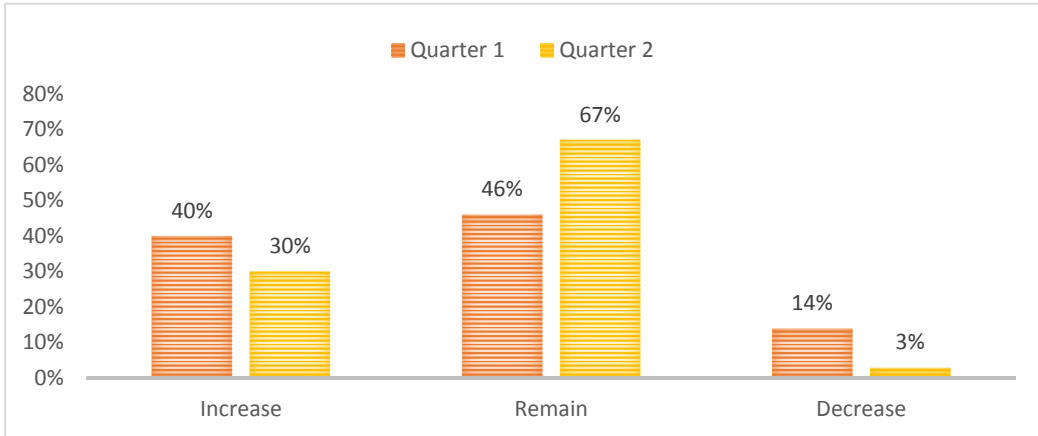
54 % businesses reported expect turnover to improve within the next 12 months, down from 73% in Q1 2016, whilst 40 % expect turnover will remained the same, compared to 16% in Q1 2016.





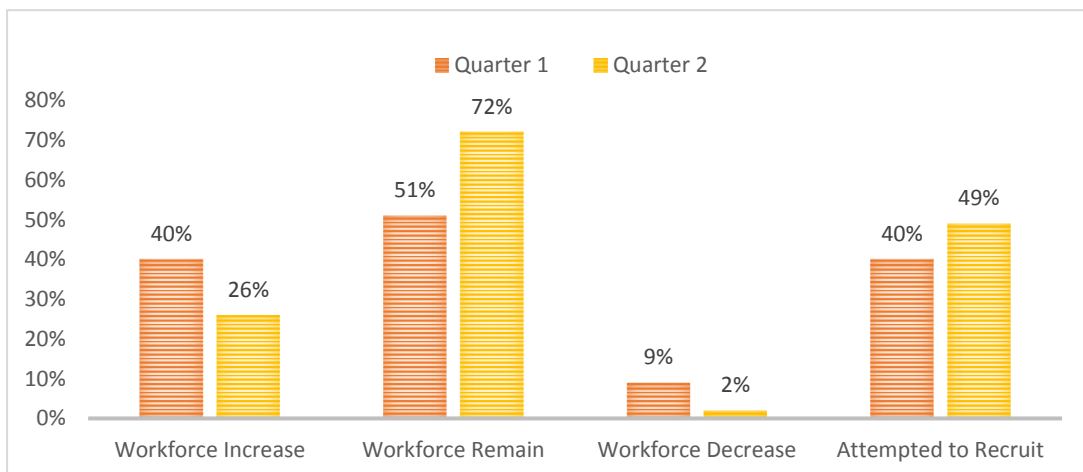
Export Sales

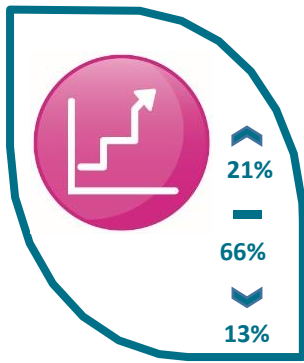
30 % businesses reported improved export sales in Q2, down from 40% in Q1 2016, whilst 67 % have remained constant, compared to 46% in Q1 2016.



Workforce & Recruitment

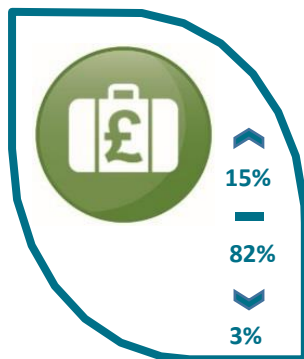
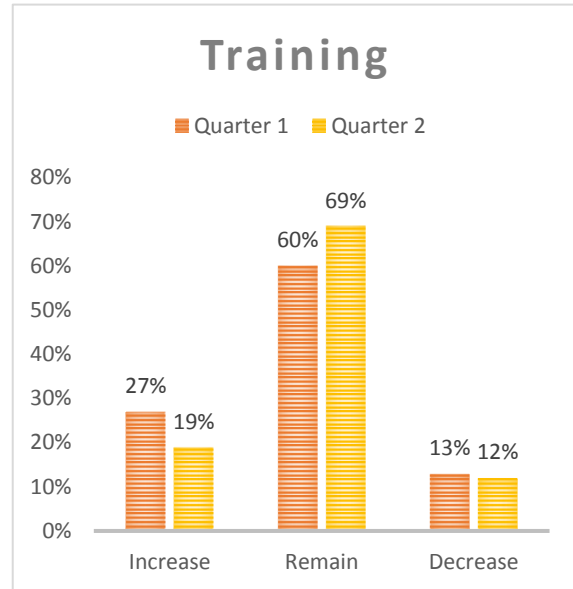
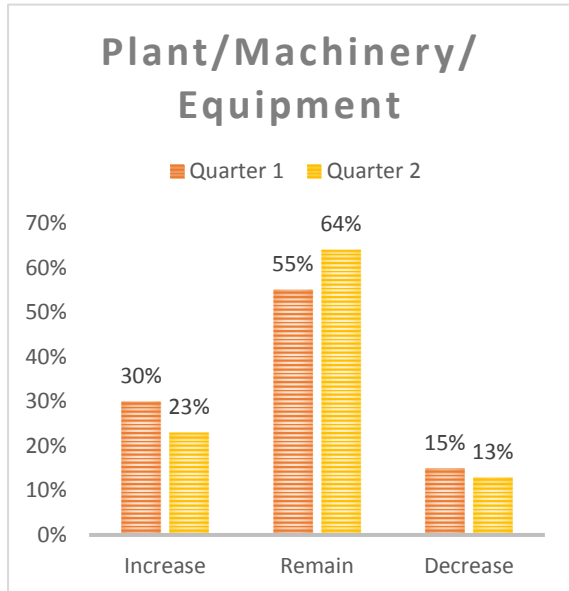
Q2 results show 26% of respondents had reported an increase to their workforce, with 49% attempting to recruit compared to 40% and 56% respectively in Q1 2016.





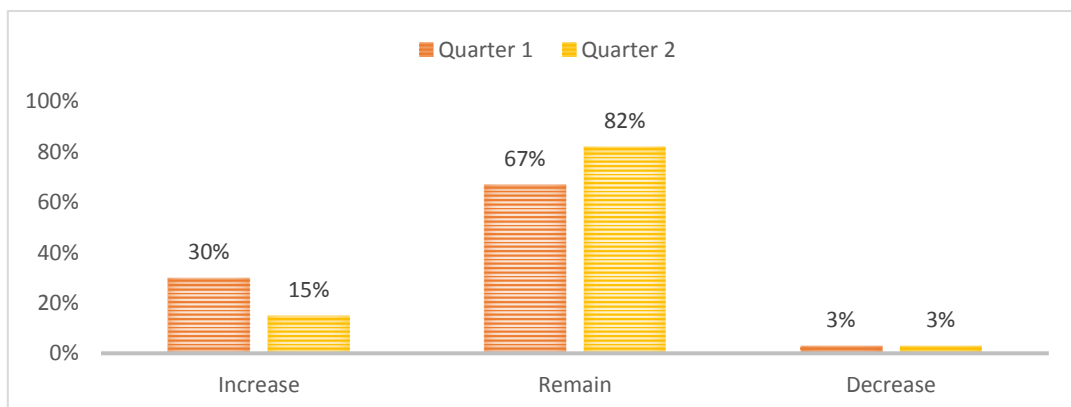
Business Investment

23% of firms reported increasing investment plans for plant/machinery/equipment compared to 30% in Q1, whilst investment in training shows 19% interested in increasing compared to 27% in Q1.

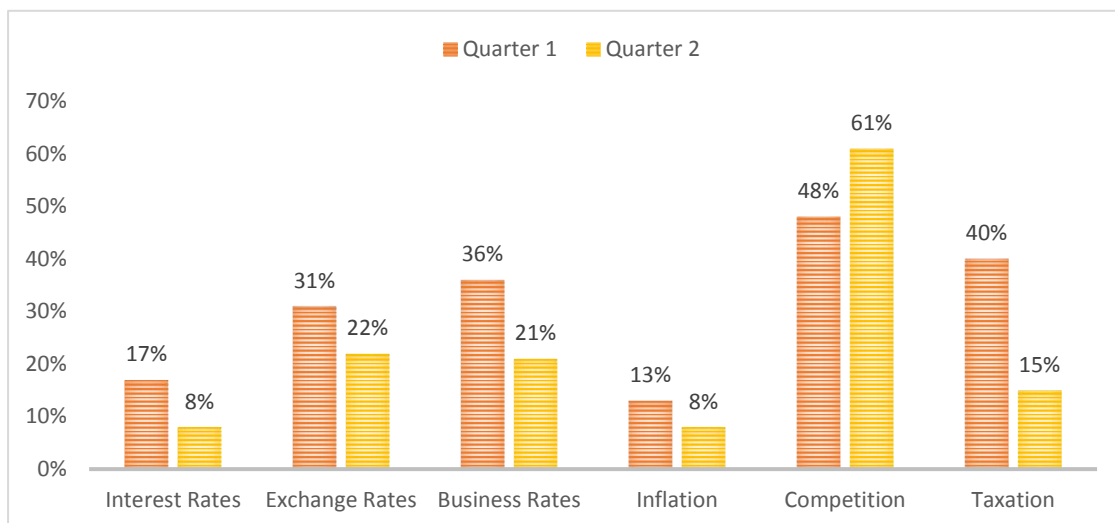


Prices & External Factors

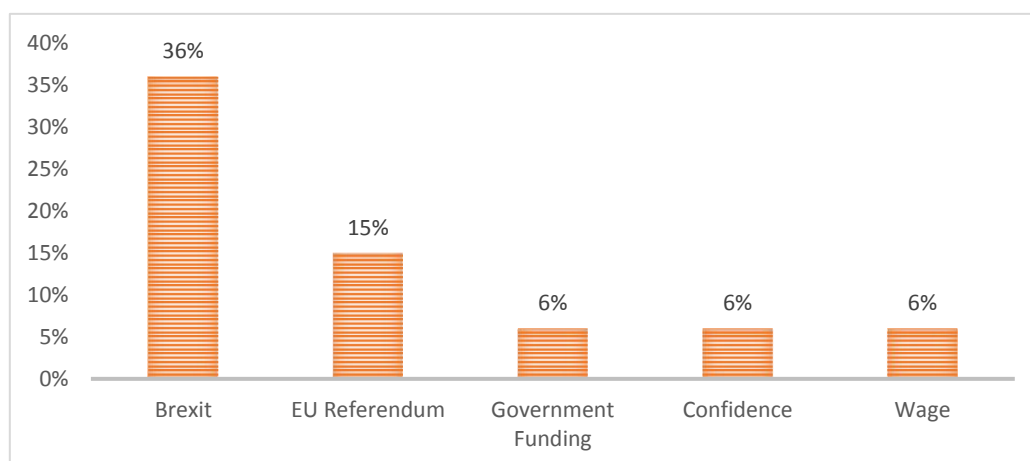
15% of business expressed they are experiencing pressures to raise prices from other overheads and raw material prices, compared to 30% in Q1.



Businesses were also asked what their current principal business concern were, with the greatest concern expressed around competition (61%), exchange rates (22%) and business rates (21%), compared to Q1 concerns around competition (48%) and taxation (40%).



Other Concerns raised in quarter 2 were:



The Quarterly Economic Survey is the flagship economic survey of the British Chamber of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations such as the Bank of England, HM Treasury, European Commission and IMF. The BCC Q2 2016 QES is made up of responses from **8,273 businesses across the UK** and can be viewed by clicking [here](#).