

QUARTERLY ECONOMIC SURVEY

Q4
17

ABOUT THE QES

Carried out by the Black Country Chamber of Commerce and in partnership with the Black Country Local Enterprise Partnership (LEP), the Quarterly Economic Survey (QES) is a survey conducted each quarter, the results of which contribute towards and are compiled by the British Chambers of Commerce to form one of the largest independent economic surveys of businesses in the UK.

As the most authoritative national business confidence survey, and the first to be published each quarter, the results of the QES are closely watched by both HM Treasury and the Bank of England's Monetary Policy Committee, thereby helping to inform decisions that impact upon matters such as interest rates and business policy. The survey itself has reliably anticipated the onset

of two recessions since the early 1990s before they began and continues to act as a reliable indicator of national and regional economic performance. Moreover, fluctuations in prices or a downturn in demand are important economic indicators that are flagged up first by businesses on the ground, so the QES is an essential mechanism for decision-makers to understand the economy, not just in the City of London, but in the regions too.

The results of the survey are used to inform upon detailed economic performance and trends throughout the local region and beyond. In Q4 2017, the survey covered approximately 7,000 businesses, therein highlighting that it provides a holistically representative picture of UK commerce and industry.

METHODOLOGY

The Q4 2017 survey was conducted between **6th and 27th November 2017** and businesses from across the Black Country, including all members of the Black Country Chamber of Commerce, were invited to respond.

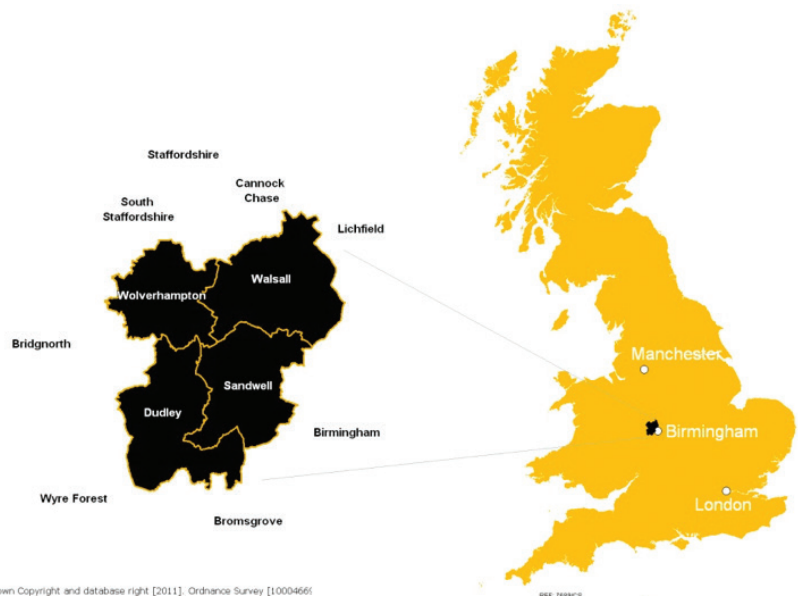
The survey was completed by **222** businesses: **90** from the manufacturing sector and **132** from the services sector.

Please note, this report is made available to all local media organisations, Black Country MPs, MEPs, local authorities and businesses.

41%
MANUFACTURING



59%
SERVICES



BLACK COUNTRY CHAMBER

OUR QUARTERLY ECONOMIC SURVEY (QES) IS A STRONG PLATFORM FOR THE LOCAL BUSINESS COMMUNITY TO ENGAGE WITH MONETARY POLICYMAKERS IN WESTMINSTER, AND WE ARE DELIGHTED TO BE PARTNERING WITH THE BLACK COUNTRY LOCAL ENTERPRISE PARTNERSHIP (LEP) ON THIS PROJECT TO FURTHER ENHANCE THE ECONOMIC REPRESENTATION OF THE REGION ON A NATIONAL SCALE.

This quarter, the results relating to recruitment difficulties have proven to be of particular significance, indicating that the current skills shortage is reaching critical levels and could have a detrimental impact upon long-term business performance throughout the region.

In recent years, both manufacturers and service sector organisations have informed us of the recruitment difficulties they have experienced, particularly when recruiting for skilled technical positions. Whilst the results of our latest QES infer positivity relating to increased levels of confidence,



the skills shortage is something that needs to be addressed as a matter of urgency if we are to ensure that the business climate is conducive towards future growth.

As a Chamber, we are actively working to increase the engagement between businesses and education providers, which we hope may help to address the skills gap. In addition, through our Making The Future campaign we aim to work closely with relevant bodies and stakeholders in order to provide clarity for businesses regarding changes to skills policy.

Corin Crane
Chief Executive, Black Country Chamber

BLACK COUNTRY LEP

IT MAKES PERFECT BUSINESS SENSE FOR THE BLACK COUNTRY LEP AND CHAMBER TO WORK TOGETHER TO SHARE EXPERTISE TO ESTABLISH A FULL AND MEANINGFUL VIEW OF THE CURRENT ECONOMIC LANDSCAPE LOCALLY AND REGIONALLY. WORKING COLLABORATIVELY WILL ENABLE US TO ENGAGE BUSINESSES ACROSS THE BLACK COUNTRY, IN TURN ENSURING



LOCAL BUSINESSES ARE ABLE TO INFLUENCE NATIONAL BUSINESS POLICY.

The Black Country economy continues to grow with the total GVA growing by 2.5% from £19.6bn in 2015 to £20.6bn in 2016. Whilst this growth is great news for the Black Country, the Quarterly Economic Survey for Q4 shows us that there is still work to do and in particular in relation to skills.

The skills shortage is a key area of on-going development for the Black Country and the LEP has been working hard through programmes such as the Black Country Skills Factory to connect schools and businesses to ensure we are addressing skills shortages across key sectors building a skilled labour force as well as providing expert career advice and pathways for young people in the Black Country.

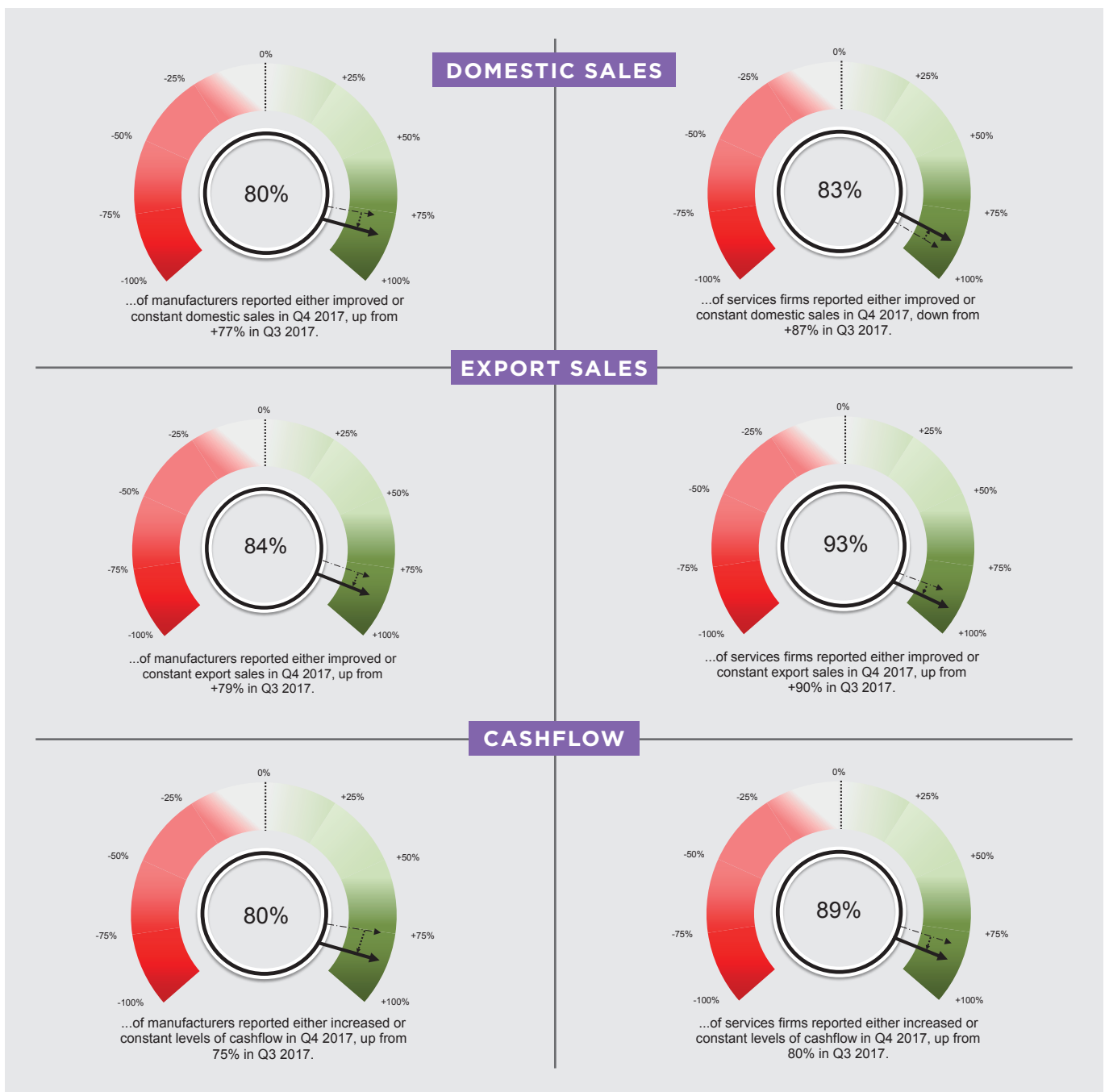
We will ensure we make the most of the data shared through the Quarterly Economic Survey to continue to drive forward economic growth across the Black Country.

Stewart Towe
Chair, Black Country Chamber LEP

QUARTERLY ECONOMIC SURVEY (QES) KEY FINDINGS Q4 2017

AT A GLANCE

In Q4 2017, we have seen an upturn in domestic sales for manufacturers, whilst export sales for both manufacturing and service sector companies have increased on the previous quarter. In a wider context, the recent strengthening of the pound could have had an impact on the rising export sales that have been documented.



LOOKING AHEAD

For Q4 2017, the forward looking indicators for Black Country manufacturers point to a dampening of investment intentions for training, whereas service providers have reported an increase. Interestingly, this fall in investment intentions for the manufacturing sector comes despite business confidence having risen since Q3. As we move into 2018, businesses throughout the region are reporting a renewed sense of confidence, which could be the result of a multitude of factors, including the freeze on business rates announced by the Chancellor in November.



FOCUS: RECRUITMENT DIFFICULTIES

COMBINED

- **82%** of those hiring reported they had difficulties with recruiting in Q4 2017 - an increase of **25%** on previous quarter and **34%** on the year
- **58%** had difficulty recruiting for skilled technical positions - up from **43%** in Q3 2017.
- **41%** had difficulty recruiting for professional or managerial roles - up **20%** on Q3 2017.
- **14%** had issues recruiting for clerical positions - up **4%** on Q4 2016.
- **26%** had difficulty recruiting for un and semi-skilled vacancies - up **10%** on Q4 2016.

SERVICE PROVIDERS

- **74%** of those hiring reported they had difficulties with recruiting in Q4 2017 - an increase of **31%** on the year.
- **34%** had difficulty recruiting for skilled technical positions - up from **28%** in Q4 2016.
- **44%** had difficulty recruiting for professional or managerial roles - up **24%** on Q4 2016.
- **16%** had issues recruiting for clerical positions - up from **14%** in Q3 2017.
- **30%** had difficulty recruiting for un and semi-skilled vacancies - up from **13%** in Q3 2017.

MANUFACTURING

- **63%** of those hiring reported they had difficulties with recruiting in Q4 2017 - an increase of **9%** on the year.
- **58%** had difficulty recruiting for skilled technical positions - up **10%** on Q4 2016.
- **27%** had difficulty recruiting for professional or managerial roles - up **16%** on Q3 2017.
- **8%** had issues recruiting for clerical positions - down from **13%** in Q3 2017.
- **18%** had difficulty recruiting for un and semi-skilled vacancies - down from **28%** in Q3 2017.



INFOGRAPHIC

222 BUSINESSES RESPONDED TO THE SURVEY DURING THE PERIOD 6TH TO 27TH NOVEMBER

41%

MANUFACTURING



59%

SERVICES

OVER THE PAST 3 MONTHS...



45%

SAID UK SALES HAD INCREASED

▲ 5% UP ON LAST QUARTER



27%

OF RESPONDANTS SAID THEIR WORKFORCE HAD INCREASED



▼ 4% DOWN ON LAST QUARTER



24%

SAID INVESTMENT PLANS FOR TRAINING HAD BEEN INCREASED

▼ 4% DOWN ON LAST QUARTER



23%

SAID INVESTMENT PLANS FOR PLANT & MACHINERY HAD BEEN INCREASED

▼ 8% DOWN ON LAST QUARTER

OVER THE NEXT 3 MONTHS...



29%

OF RESPONDANTS SAID THEIR WORKFORCE WOULD INCREASE

SAME AS LAST QUARTER



51%

EXPECT THE PRICE OF GOODS AND SERVICES TO INCREASE

▲ 17% UP ON LAST QUARTER

OVER THE NEXT 12 MONTHS...



61%

EXPECT TURNOVER TO IMPROVE

▼ 4% DOWN ON LAST QUARTER

57%

EXPECT PROFITABILITY TO IMPROVE

▼ 1% DOWN ON LAST QUARTER

CURRENTLY...

39%

ARE OPERATING AT FULL CAPACITY

SAME AS LAST QUARTER



TOP THREE EXTERNAL FACTORS AFFECTING YOUR BUSINESS



35%
COMPETITION



36%
EXCHANGE RATES



29%
INFLATION

ABOUT THE BLACK COUNTRY LEP

The Black Country LEP aligns activity across private and public sectors to create the right environment for businesses with a remit to tackle barriers to business growth and create a globally competitive local economy. The Black Country – located at the heart of the national transport network – comprises the metropolitan boroughs of Dudley, Sandwell, Walsall and the city of Wolverhampton. It is home to 1.17 million people and over 35,000 businesses.

www.blackcountrylep.co.uk



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