



Quarterly Economic Survey Report

Quarter 4 2024

Cambridgeshire, Peterborough and Stamford

Produced by



Cambridgeshire
Chambers of
Commerce



Quarterly Economic Survey

Introduction

BUDGET TAX HIKE BURSTS BUSINESS CONFIDENCE

A message from Charlotte Horobin, CEO, Cambridgeshire Chambers of Commerce:



Charlotte Horobin
CEO, Cambridgeshire
Chamber of Commerce

The British Chambers of Commerce (BCC) Quarterly Economic Survey (QES) is the largest independent business survey in the UK and provides valuable insights into the health of the UK economy. It gauges business confidence, sales performance, recruitment efforts, and future financial expectations. This survey plays a critical role in informing policymakers and businesses alike, helping to shape economic policy and business decisions for the future. This quarter 166 businesses participated, with 67 per cent of respondents from the services sector and the remaining 33 per cent representing the manufacturing sector. This is the first QES since the Autumn Budget and it demonstrates the negative impact it has had on business confidence.

This quarter 70 per cent of respondents report taxation as more of a concern than three months ago and 45 per cent felt that inflation was also a growing concern. When asked what pressures may cause them to raise their prices 85 per cent of businesses reported that labour costs were the greatest concern. Over the past three months the majority of businesses have reported that their sales and orders, both for UK and overseas, have either remained constant or have decreased. The majority of businesses who responded to the survey expect their workforce to remain the same but of the 58 per cent of businesses who attempted to recruit 81 per cent found difficulties in doing so. It is clear this quarter that businesses are feeling the pinch of the Autumn Budget.

This report delves into both Local and National data collected over Quarter 4.

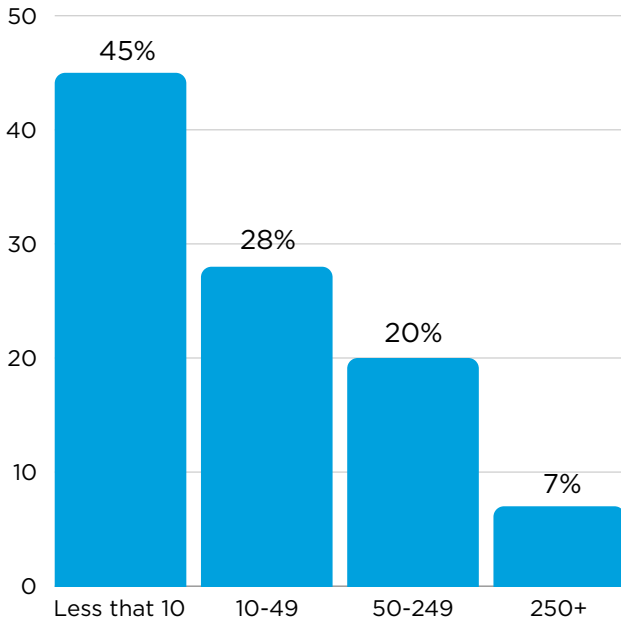
Shevaun Haviland, Director General of the British Chambers of Commerce said:

“The worrying reverberations of the Budget are clear to see in our survey data. Businesses confidence has slumped in a pressure cooker of rising costs and taxes. Without urgent Government action to ease the pain on businesses, the challenging economic landscape will get worse before it gets better.”

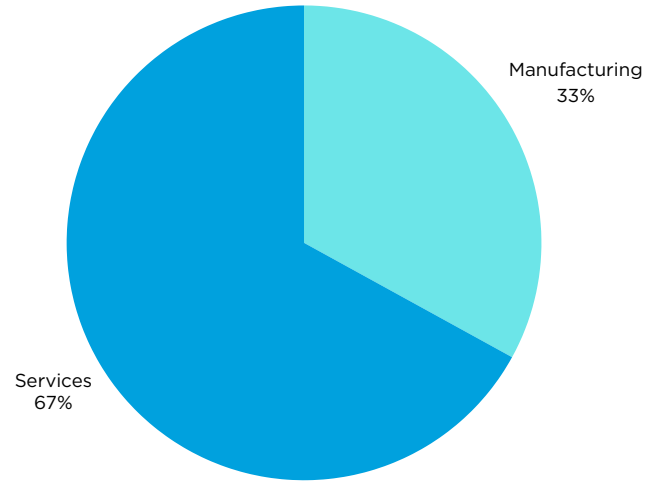
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Quarter 4 - 2024

EMPLOYMENT SIZE

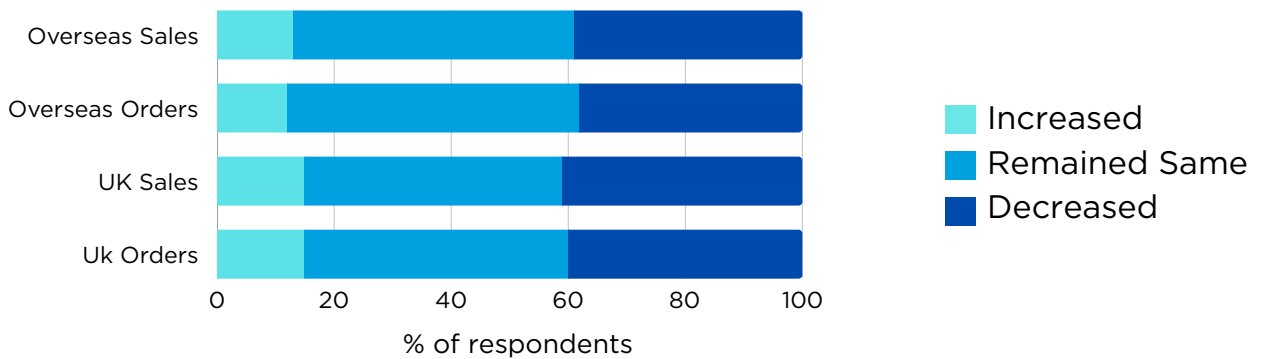


BUSINESS SECTOR



SALES AND ORDERS

-PAST 3 MONTHS



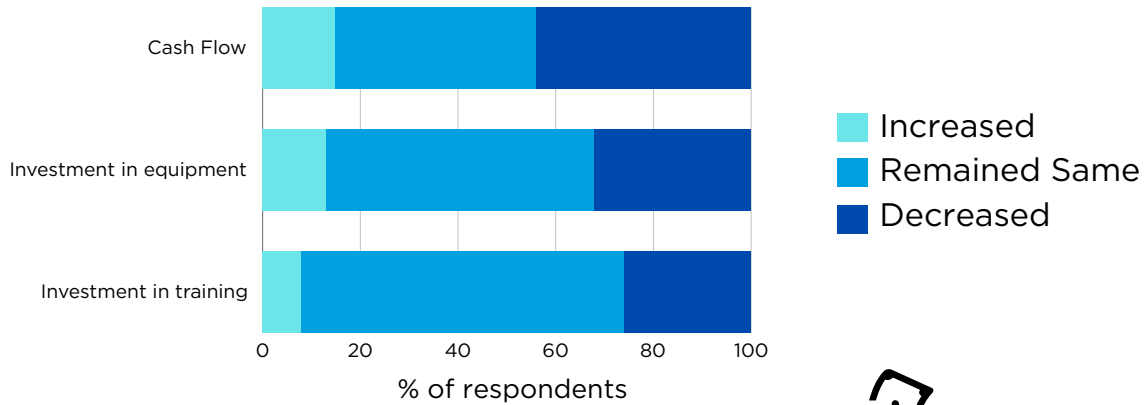
15% thought that **UK sales** had increased
15% thought that **UK orders** had increased

39% relayed a decrease in **overseas sales**
38% relayed a decrease in **overseas orders**



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Business Conditions



44% said **cash flow** has decreased compared to Q3



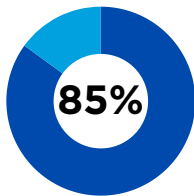
OVER THE NEXT 12 MONTHS



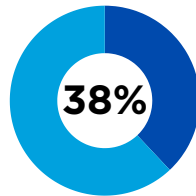
36% believe their **business turnover** will **improve**

51% believe their **business profitability** will **worsen**

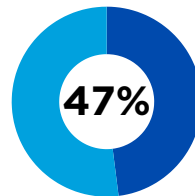
Price rise pressures



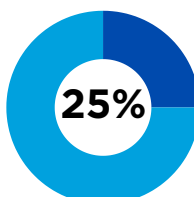
Labour costs



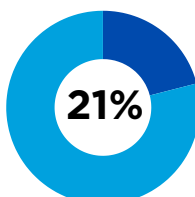
Raw material prices



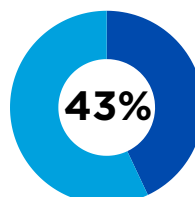
Utilities



Fuel



Finance costs

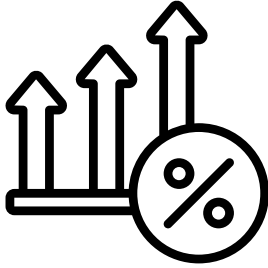


Other overheads

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Labour Market

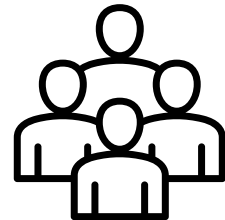
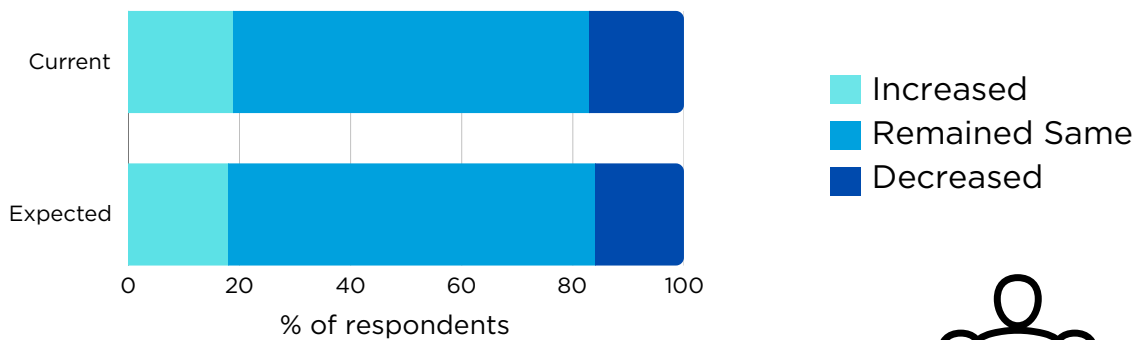
TOP FACTORS AFFECTING BUSINESSES



20% **Interest Rates**
14% **Exchange Rates**
36% **Business Rates**

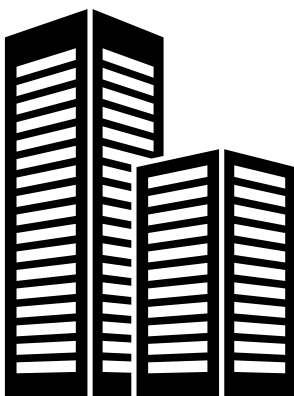
45% **Inflation**
34% **Competition**
70% **Taxation**

WORKFORCE -PAST 3 MONTHS

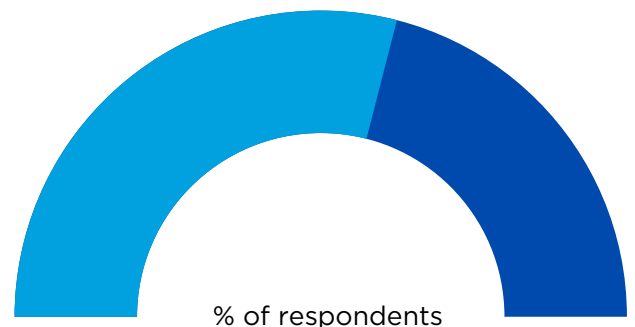


19% saw their **workforce** increase
66% believe their **workforce** will remain the same over the next three months

RECRUITMENT



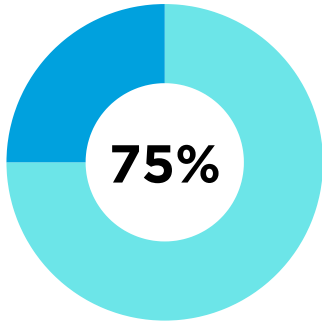
■ Yes
■ No



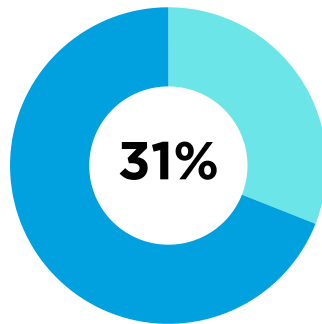
In the past 3 months...
58% of businesses **have tried** recruiting
42% of businesses **have not tried** recruiting

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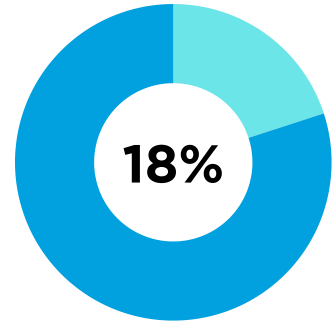
Labour Market



For full-time roles



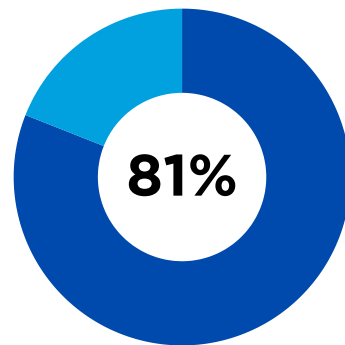
For part-time roles



For temporary roles



■ Yes
■ No



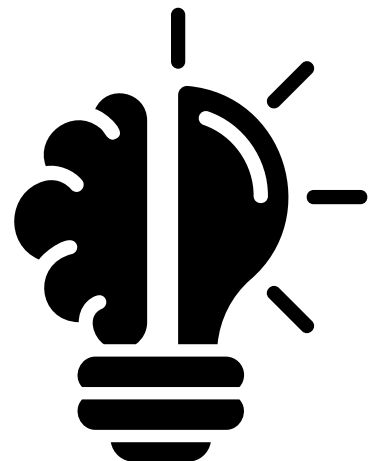
Experienced difficulties recruiting

60% had difficulties with recruiting in **skilled manual/technical**

45% struggled with recruiting in **professional/managerial**

20% struggled with **clerical** staff

21% experienced difficulties with **semi/unskilled** staffing



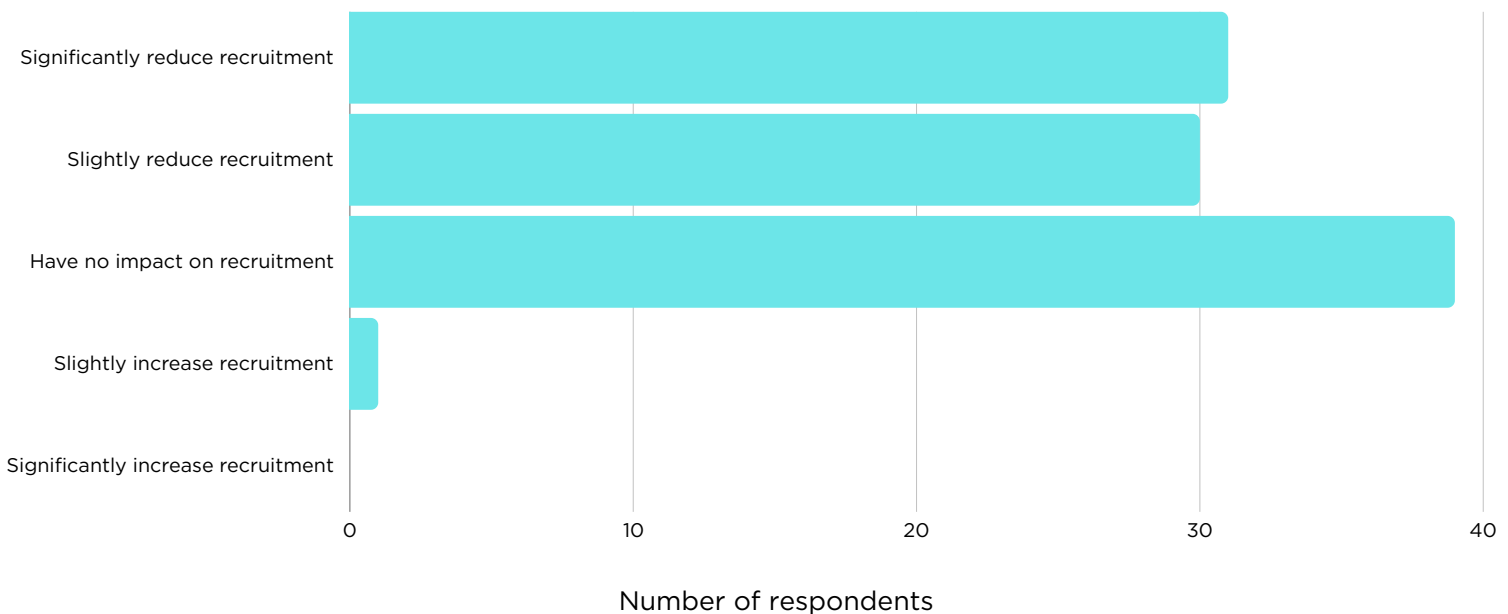
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Labour Market

WHAT SKILLS SHORTAGES ARE IN YOUR AREA?



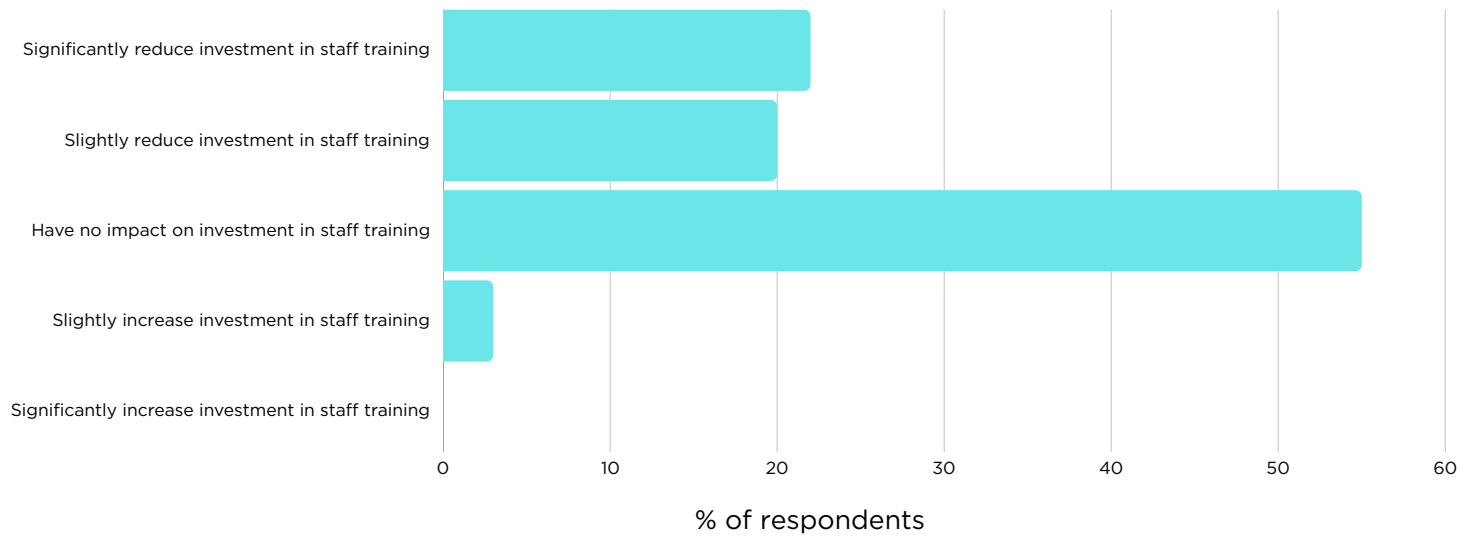
FROM THE AUTUMN BUDGET, HOW DO YOU EXPECT THE CHANGES IN NATIONAL INSURANCE AND MINIMUM WAGE TO AFFECT HIRING DECISIONS MADE BY YOUR BUSINESS, IF AT ALL?



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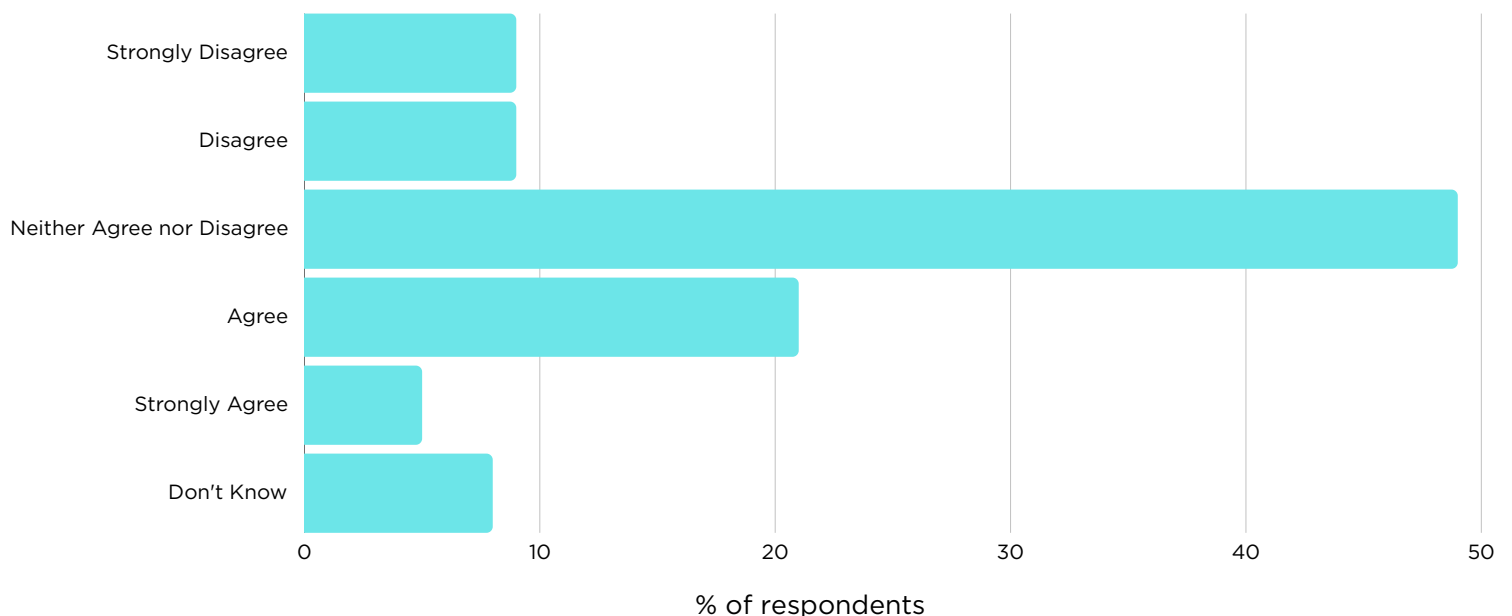
Labour Market

HOW DO YOU EXPECT THESE CHANGES TO NATIONAL INSURANCE AND THE MINIMUM WAGE WILL AFFECT INVESTMENT IN STAFF TRAINING BY YOUR BUSINESS, IF AT ALL?



THINKING ABOUT YOUR BUSINESS, HOW FAR DO YOU AGREE WITH THE FOLLOWING STATEMENT, IF AT ALL?

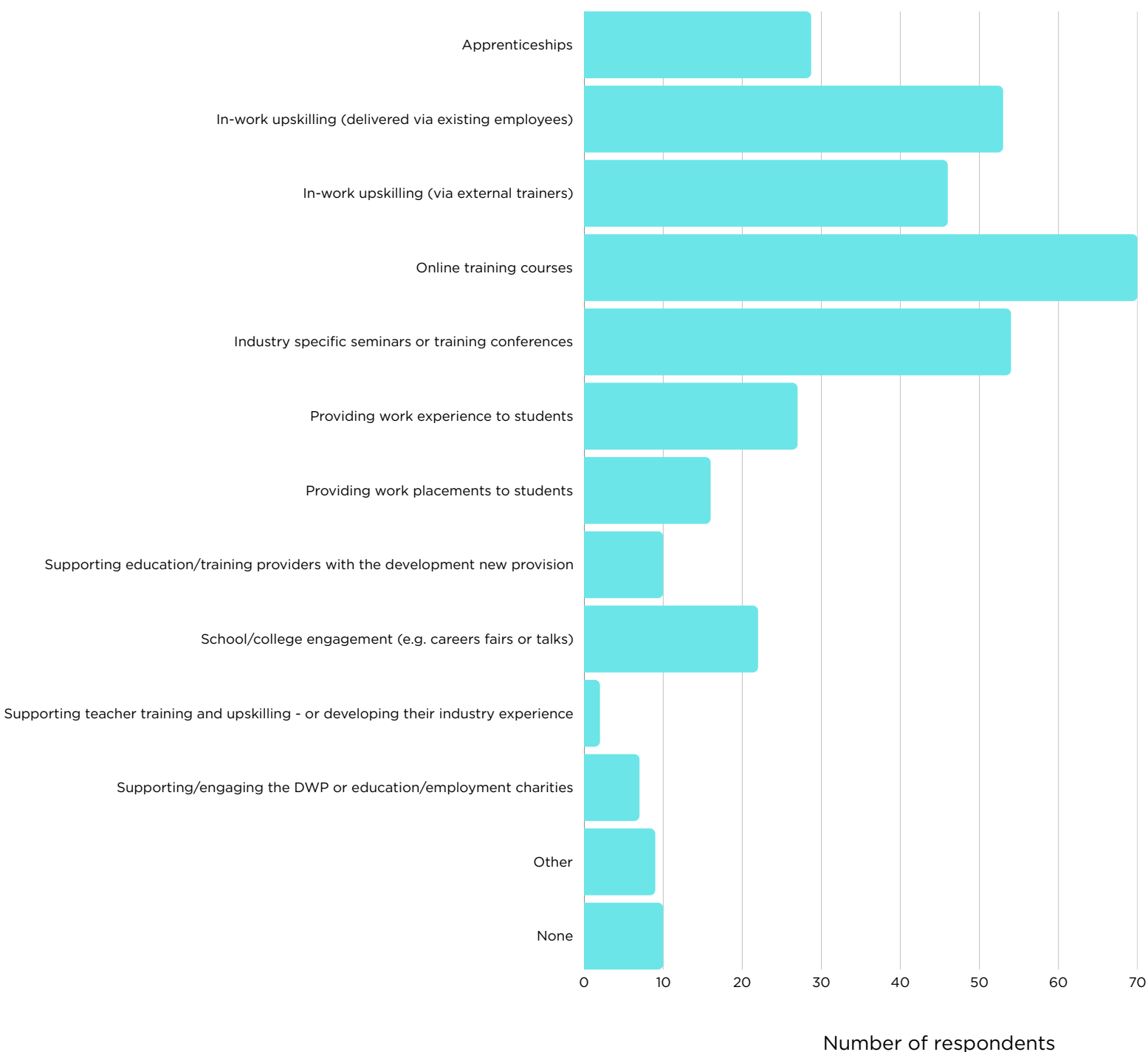
'THE OPTION TO RECRUIT YOUNG APPRENTICES WHO WILL COMPLETE THEIR APPRENTICESHIP IN LESS TIME THAN THE CURRENT STANDARD, MAKES IT MORE LIKELY THAT WE WILL RECRUIT THEM.'



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Labour Market

PLEASE INDICATE THE EDUCATION OR TRAINING ACTIVITIES YOUR BUSINESS/EMPLOYEES HAVE ENGAGED IN WITHIN THE LAST 12 MONTHS



BRITISH CHAMBERS OF COMMERCE - NATIONAL

Business confidence falls following UK Budget announcements. The BCC's Quarterly Economic Survey (QES) for Q4 2024 – the UK's largest independent survey of business sentiment, made up of 91% SMEs – shows concern about tax, including national insurance, has spiked. Business confidence has slipped to its lowest level since the aftermath of the mini-Budget in Autumn 2022.

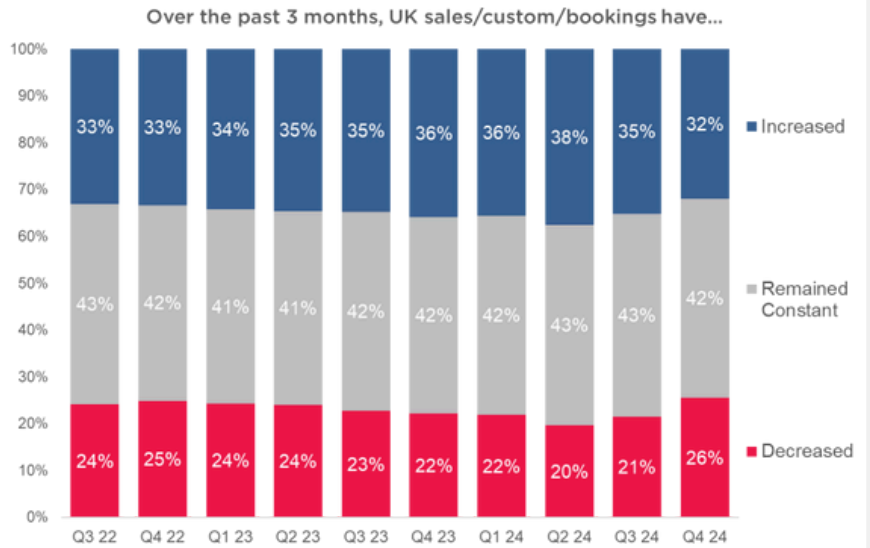
Taxation is the top external factor of concern, cited by 63% of respondents

55% of firms expect prices to go up, with labour costs the biggest driver

Fewer firms report increased sales, investment and confidence

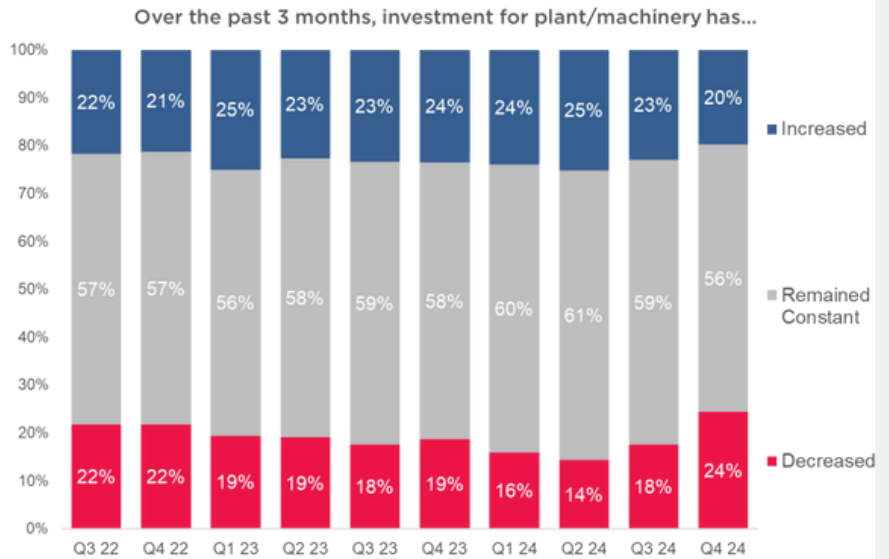
Domestic Sales

The percentage of respondents reporting increased domestic sales has fallen to 32%, compared to 35% in Q3. 42% reported no change and 26% of firms said they had seen a decrease in sales. Confidence that turnover will grow in the next twelve months has also ticked down to 49% from 56% last quarter.



Investment

Overall, 20% of respondents reported an increase to plant/equipment investment in the past three months, while 56% reported no change, and 24% reported a decrease. The issue is more marked in certain sectors, with 42% of retail and hospitality firms reporting a scaling back of investment and 30% of manufacturers.

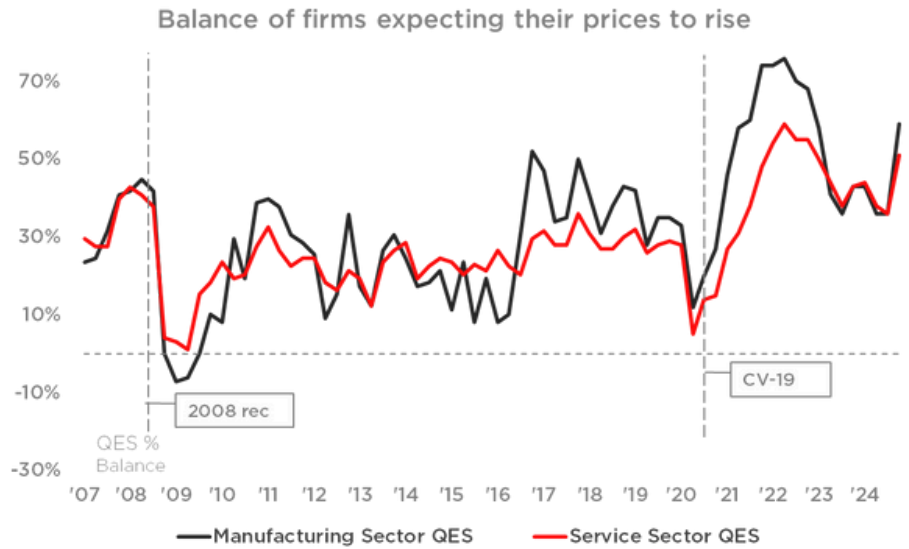


BRITISH CHAMBERS OF COMMERCE - NATIONAL



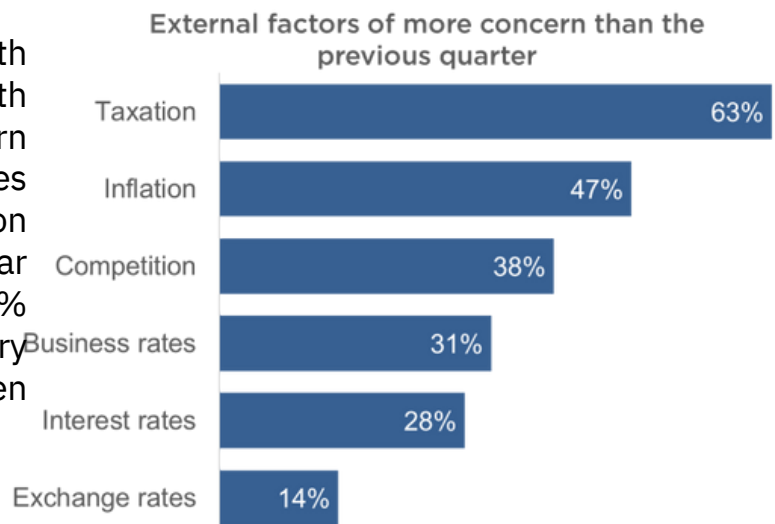
Prices

The percentage of firms expecting their prices to rise increased to 55%, a rise compared to 39% in Q3. As measured as a percentage balance, the services sector stands at +51% while the manufacturing sector stands at +59%.



External factors

Taxation is now the top concern for respondents, with 63% citing this, compared with 48% of businesses in Q3. Concern about other external issues continues to ease. Inflation concerns remain broadly similar to the previous quarter - 47% compared to 46% in Q3. Worry about interest rates has fallen slightly to 28% (29% in Q3).



The view from businesses

"The budget has been devastating, the failure to introduce the promised business rate reform while costs which as a price taker we are unable to pass on to customers so this will hit our impact on the high street and the wider economy" *Large manufacturing firm in Northern Ireland*

"Labour's decision to increase National Insurance for businesses has been a hammer blow to business confidence & has caused reversal in plans to increase investment." *Small Construction Firm in Scotland*

"The NI increase is a real concern for us. We are a hospice. It will add £225k to our payroll, and we cannot afford it." *Medium public sector firm in East of England*



Cambridgeshire Chambers of Commerce

Every quarter, we ask businesses to take part in our Quarterly Economic Survey (QES), where the findings are shared with the British Chambers of Commerce (BCC) to contribute to one of the UK's largest and most reputable barometers of business opinion.

QES findings are vital in the BCC's and Cambridgeshire Chamber's lobbying efforts because they are broken down to individual accredited Chamber-level, making sure your voice is properly heard both nationally and locally on the issues that matter.

This survey is used to form a picture of the local economic prospects as well as contribute to the regional analysis which is known to be held in high regard by the government, Bank of England and economic commentators

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If you are interested in participating or finding out more about the QES report, please contact Phoebe at: marketing@cambscci.co.uk

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<https://www.cambridgeshirechamber.co.uk/>

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