

Results of the Business West Quarterly Economic Survey Q1, 2015

Business West, working with the British Chambers of Commerce, undertakes a quarterly economic survey of businesses. The results presented below reflect the position of over 800 businesses surveyed between 23rd February and 18th March in the West of England, Gloucestershire, Swindon and Wiltshire.

Business West Comment on the Key Findings

Commenting on the local business survey results for quarter 1, Phil Smith, Managing Director of Business West, said:

“Our first poll of local businesses this year has found that confidence has soared, but a decrease in most other major indicators illustrates that the speed of the recovery is moderating ahead of a time of political uncertainty. With 76% of firms confident about the year ahead the temptation is to presume that the General Election has come at a time of business buoyancy, but our figures suggest a need for caution. With sales, recruitment and cashflow down on the year this is not the time for a fresh batch of politicians to take continued recovery for granted.

“From the outside looking in you could be forgiven for thinking that the local economy should be in good stead, especially given the feel good stories in the press recently with the FTSE 100 reaching an all time high and signs of some faster growth in the Eurozone. However, our findings illustrate that behind these headlines challenges still lie ahead for many firms in the South West.

“Confidence may have jumped in the last three months but ahead of the General Election the business community will be asking what the next government will do to address pressing issues such as a skills gap and burdensome regulation. The message from business as party campaigning intensifies is: yes we are more confident, but 7th May must mark the start of a new drive to secure long term prosperity.”

Key Economic Indicators Q1 (February – March 2015)

The table below shows the percentage of survey respondents reporting increases against the following key indicators:

Indicator	Q1 2015	Change on Quarter (Q4 2014)	Change on Year (Q1 2014)
UK sales	48%	-1%	-6%
UK orders	45%	+1%	-5%
Export sales	32%	-5%	-9%
Export orders	28%	-7%	-12%
Current workforce	25%	-6%	-6%
Future workforce	29%	0%	-5%
Business confidence	76%	+11%	+3%
Cashflow	37%	0%	-9%

National Picture

Our local business survey feeds into the national British Chamber of Commerce (BCC) Quarterly Economic Survey which is closely watched by the Bank of England and the Treasury. The results indicated that national growth continued, but pace has slackened in Q1 2015.

- Manufacturing and services firms reported somewhat weaker Q1 results in most areas (including exports, domestic markets and investment), but this follows very strong findings in Q4 2014.
- Domestic sales were down in both the manufacturing (30%) and service (34%) sectors over the last three months.
- Most export balances weakened this quarter; manufacturing export sales fell by 7 points to 19%, while service export sales fell only slightly by 1 point to 21%.
- Both manufacturing and services firms have lowered their investment intentions for training, as well as plant and machinery.

Commenting on the results, John Longworth, Director General of the BCC, said:

"It is not a huge surprise to see slightly weaker numbers at the start of the year, after a very strong fourth quarter for many firms. Crucially, our survey demonstrates that businesses remain optimistic, though they expect to grow at a slightly slower rate over the coming months.

"Our conclusions are by no means a cause for alarm, but they are a salutary reminder that the UK still faces obstacles on the path to sustainable, long-term growth. With these results in hand, our message to the politicians is simple: the national interest must come before short-term political point scoring."

Additional Questions

Broadband

In a globally connected world, digital connectivity has never been more important for business with increasing demand for web-based services and access to information. Here in the South West, broadband connectivity is vital given the rural context, and we decided to poll local firms to access how digital connectivity impacts their day to day business.

The results were profoundly positive with 95% of firms believing the internet is an integral part of business function both generally speaking and specific to their business. We also found that 47% of firms do not believe that current government targets for broadband speeds are ambitious enough, compared to 26% that thought they were.

The Green Agenda

2015 promises to be the 'Year for Green' as the international eyes turn to the South West in light of Bristol's status as European Green Capital. This promises to be a historic year for both Bristol and the wider region, and we wanted to gauge how this will impact the local economy and attitudes towards sustainability.

The results found that over half (52%) of businesses believe that Bristol's status as European Green Capital is positive for the South West economy, compared to only 9% that disagree, with 55% thinking it will improve the international profile of our region. However, we also found that only 17% of firms believe it has made them think differently about their day to day business function and just 35% plan to incorporate any 'greener' measures to improve the sustainability of their business over the coming year.