



QES REPORT

Q3 2024



A WORD FROM OUR CEO

The economic picture continues to show we have moved away from recession at the end of 2023 as GDP growth continues to grow but at a lower rate than the previous quarter. Northamptonshire and Milton Keynes's vibrant and diverse economy has proven resilient, which is a testament to our entire business community although there will be an eye on the forthcoming Autumn Statement.

“Our latest QES continues to show increasing confidence in Northamptonshire and Milton Keynes. The survey was conducted before the general election but does indicate that firms are reporting a slightly hesitant approach to business. The last quarter has seen growing concerns from businesses around potential inflation increases together with taxation increase concerns although there has been relief for respondents with a drop in interest rates.

It's important though that we remain focused and resilient ahead of the Autumn Statement.



LOUISE WALL
CEO



INTRODUCTION

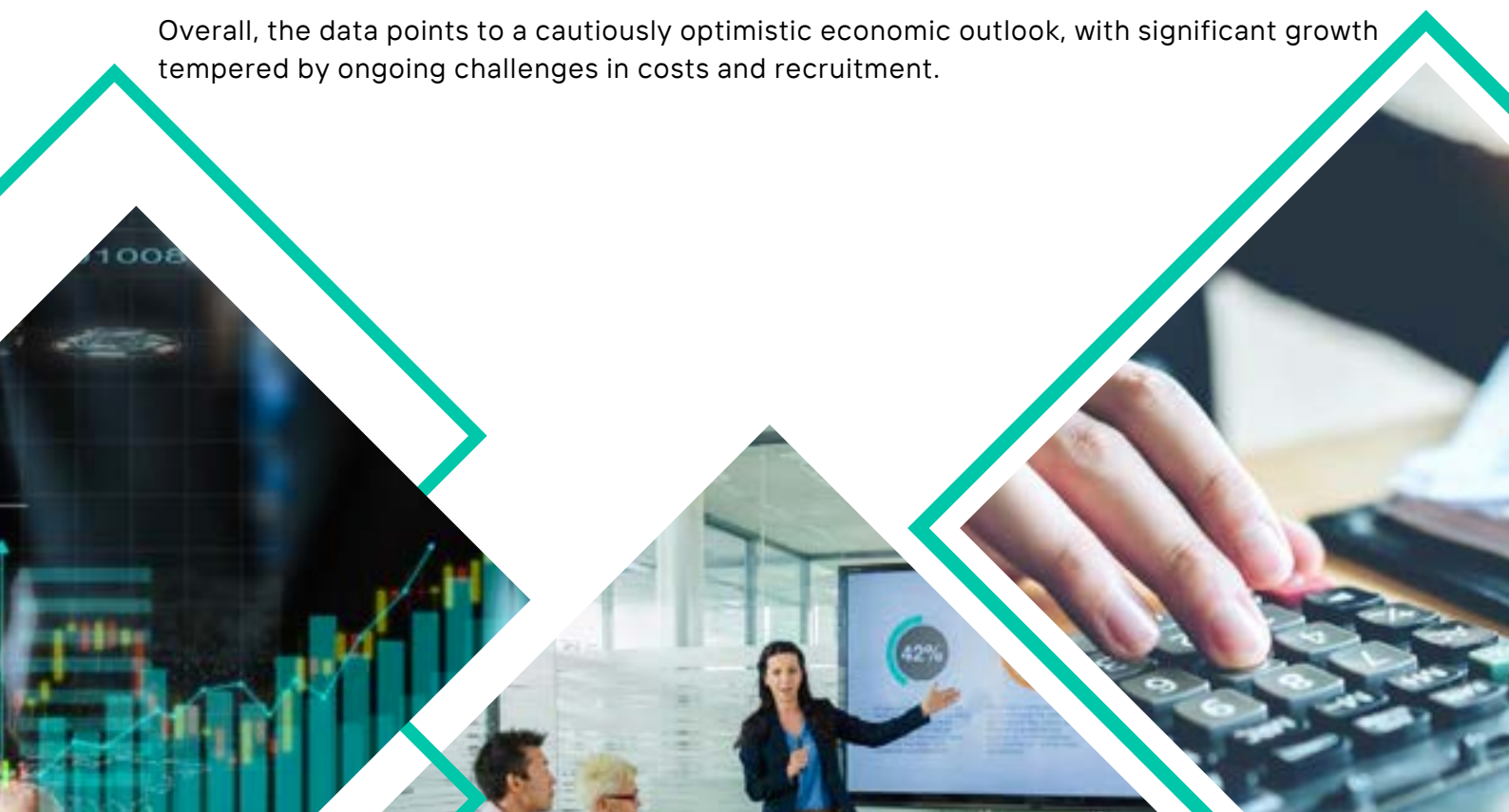
The recent QES survey data reveals a strong recovery for businesses in Northamptonshire and Milton Keynes, with, for the second quarter running, over half of respondents reporting an increase in domestic sales and orders in the past three months. Export markets have continued to thrive with over 80% of respondents recording increased or consistent sales going into Q4. This growth in both domestic and international orders indicates a very positive trend.

Again, business confidence is high, with more than two-thirds of respondents optimistic about their turnover improving in the next 12 months. However, a significant number of firms are still operating below full capacity. Concerns persist over rising labour costs, increased competition, and taxation.

Investment trends show a cautious approach: Just over a quarter of respondents plan to raise prices soon, and over three quarters of respondents are reporting an increased or consistent cashflow. Labour costs, followed by utilities costs are the biggest pressures businesses are concerned about as we head into Q4.

Recruitment efforts reveal mixed results. While a majority of businesses have attempted to recruit recently and expect workforce growth, there has been a slight increase in businesses and employers facing challenges, especially in hiring technically skilled staff.

Overall, the data points to a cautiously optimistic economic outlook, with significant growth tempered by ongoing challenges in costs and recruitment.

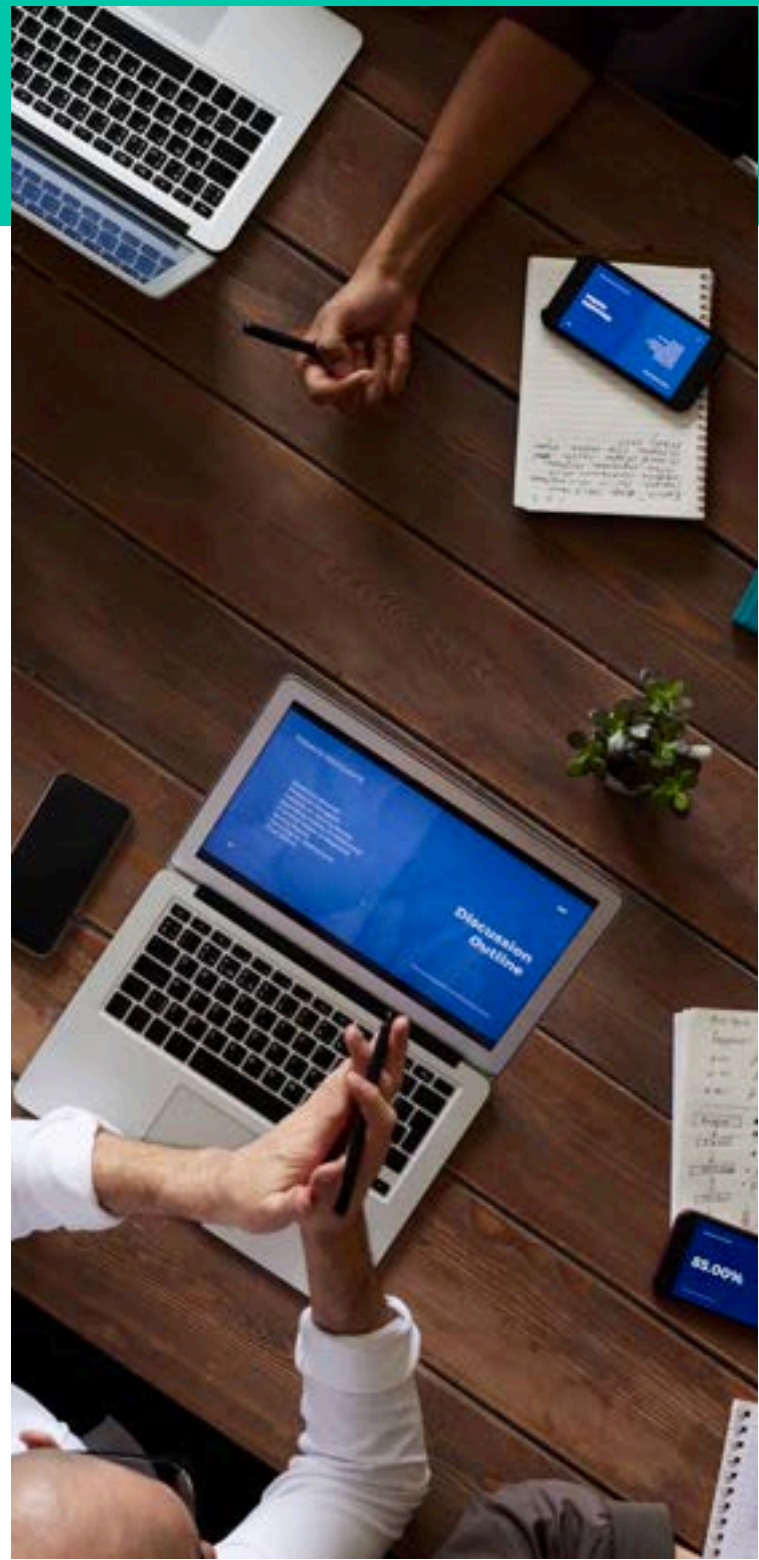


DOMESTIC ORDERS

With over half of respondents reporting that their UK sales are increasing in Q3 is a strong signal that firms are waiting for the announcement of the Autumn Statement.

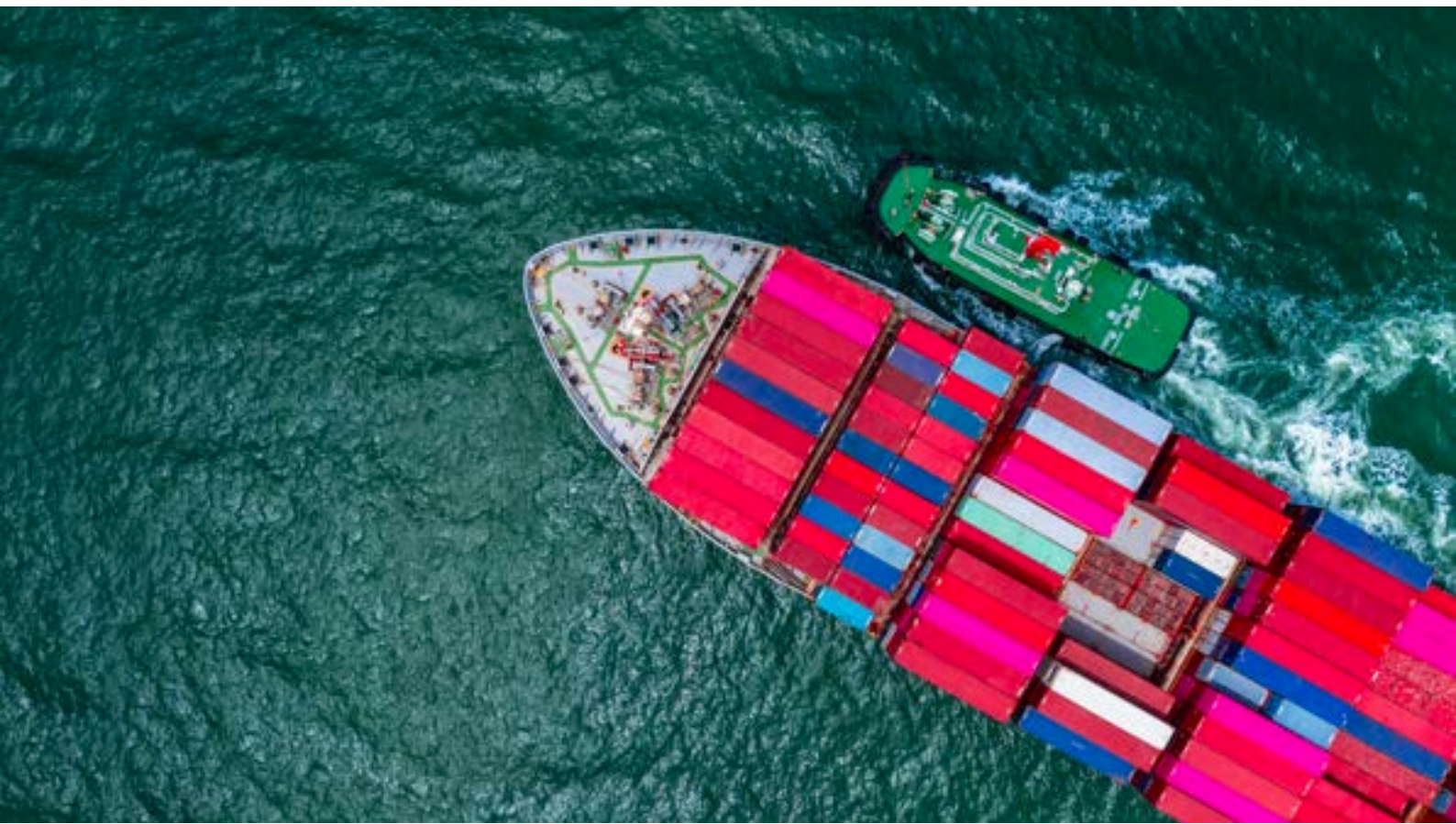
53%

of respondents have reported UK sales have increased over the past three months



OVERSEAS ORDERS

47.06% of exporters have cited they have experienced an increase in Export sales and orders compared to 29.41% in Q1. This alongside domestic sales increasing is a clear signal that businesses are on a positive footing.



BUSINESS CONFIDENCE

69% of business responses have indicated that they expect their turnover to improve over the next 12 months – this number has grown 2% since last quarter which is a sign of the confidence firms are feeling.

53% of firms have indicated that an increase in taxation is their main concern followed by inflation which was reported by 47% of firms. that labour costs are their main concern in future price rises. 50% of responders have said that competition is more of a concern to their business than 3 months ago.

Taxation is also being cited as more of a concern by 42.32% of firms in Northamptonshire and Milton Keynes.

Over 46% of firms expect their profitability will improve in the next 12 months showing that confidence in flowing for businesses in Northamptonshire and Milton Keynes.



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Good order intake and therefore optimistic for the future. Concerned about year on year increase in minimum wage driving up costs unsustainably.

**SME Manufacturing Firm -
Northamptonshire**

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69%

of respondents believe their turnover will improve over the next 12 months.

74%

of firms report they are currently operating below full capacity.

INVESTMENT & CASHFLOW

With the increase in both overseas and domestic orders in Q2 it is clear to see that higher costs are affecting firms' cash flow with just 24% of responders telling us their cashflow has improved over the past 3 months.

34.48% of businesses have said their investment in training has improved in the last 3 months. Upskilling staff has been highlighted by members of the Chamber of Commerce in recent policy roundtables.

However, 30.77% of firms have indicated a decrease in investment into equipment in the same 3-month period which is a result of higher costs in other areas such as labour costs, inflation and higher interest rates.

23.33%

of respondents have suggested they will raise their prices in the coming months.



RECRUITMENT

54.84%

of businesses have attempted to recruit in the past 3 months.

We have seen 45.16% of firms report they expect their workforce to increase in the next three months which is in line with firms who are reporting sales growth. However, of the businesses that have attempted to recruit 56.52% have experienced challenges in recruiting staff. With 'Technically Skilled' staff cited as the most difficult to recruit.

