

BRITISH CHAMBERS OF COMMERCE

# QUARTERLY ECONOMIC SURVEY Q4 2017

The British Chambers of Commerce (BCC) Quarterly Economic Survey – Britain’s largest and most authoritative private sector business survey – based on more than 7,000 responses from firms across the UK in Q4 2017 – shows that growth in the UK economy remains subdued, with almost all services indicators below their pre-EU referendum levels, and the strong performance of manufacturers easing slightly in the final quarter of 2017.

“While there are many business bright spots across the UK, the evidence from the biggest private business survey in the country shows that growth and confidence remain subdued overall as we enter a new year..

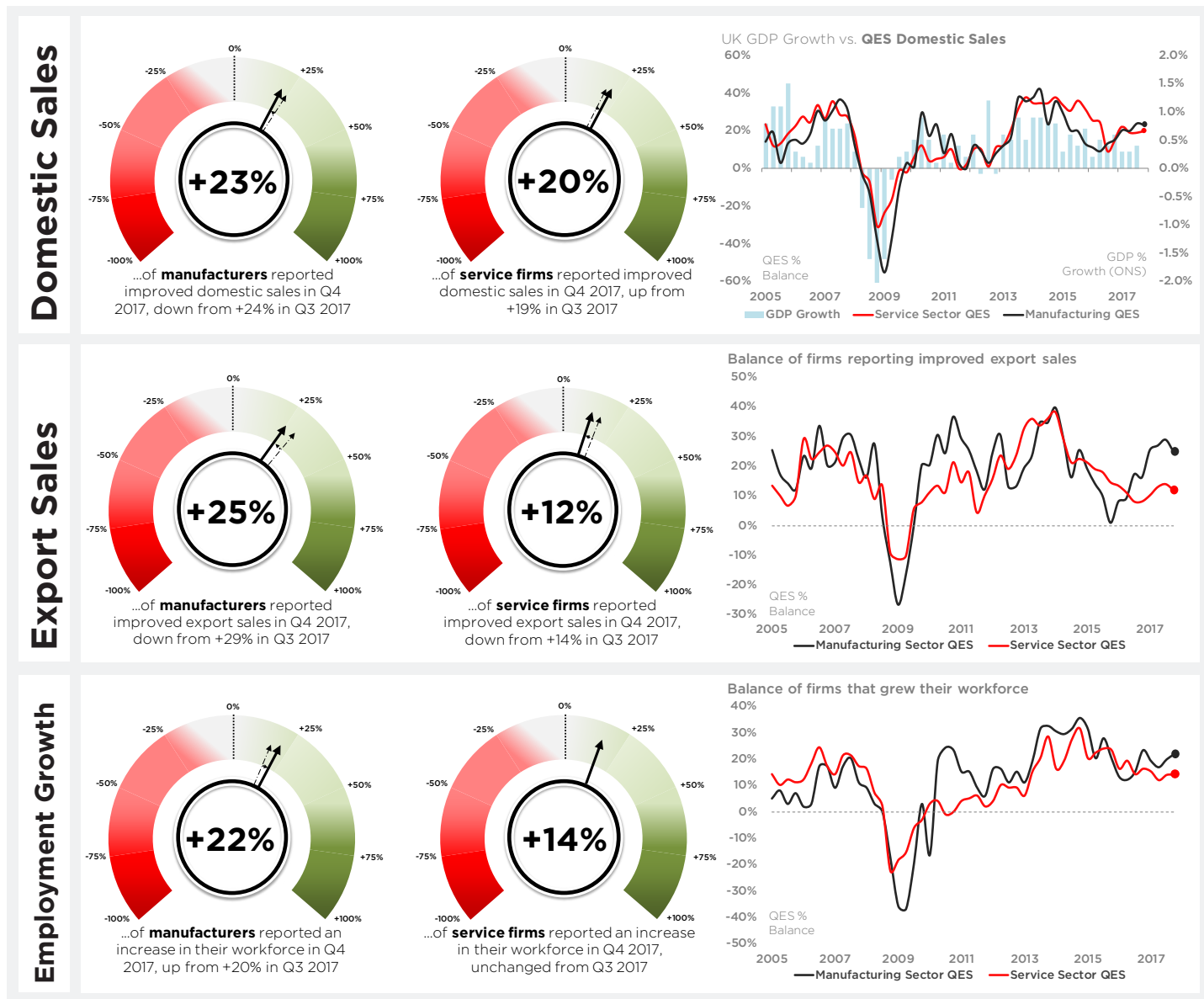
Labour and skills shortages are set to be the biggest potential drag anchor on business in 2018, since ultimately it is people that make businesses work. Business itself must do more – by training and investing wherever possible in people – but government must also give firms the confidence to put their livelihoods on the line and go for growth.

This must be the year employers act rather than just complain on skills, and the year government delivers clarity, leadership and investment in people and infrastructure. Kick-starting growth, and boosting wages and prosperity for all, depends on this. ”

**Dr Adam Marshall** Director General, British Chambers of Commerce

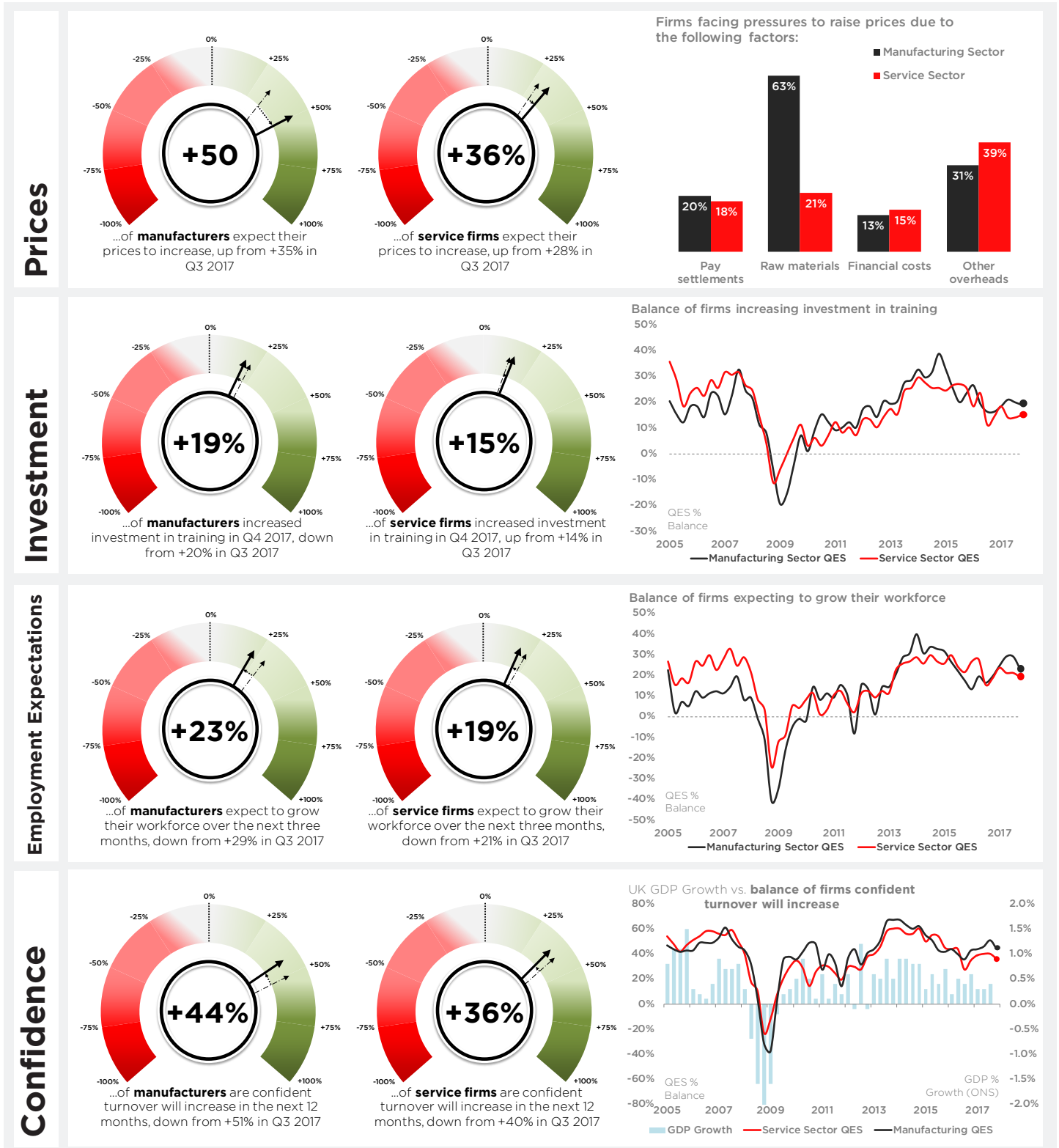
## AT A GLANCE

Positive balance (+) = **growth** | Negative balance (-) = **contraction**



# BRITISH CHAMBERS OF COMMERCE LOOKING AHEAD

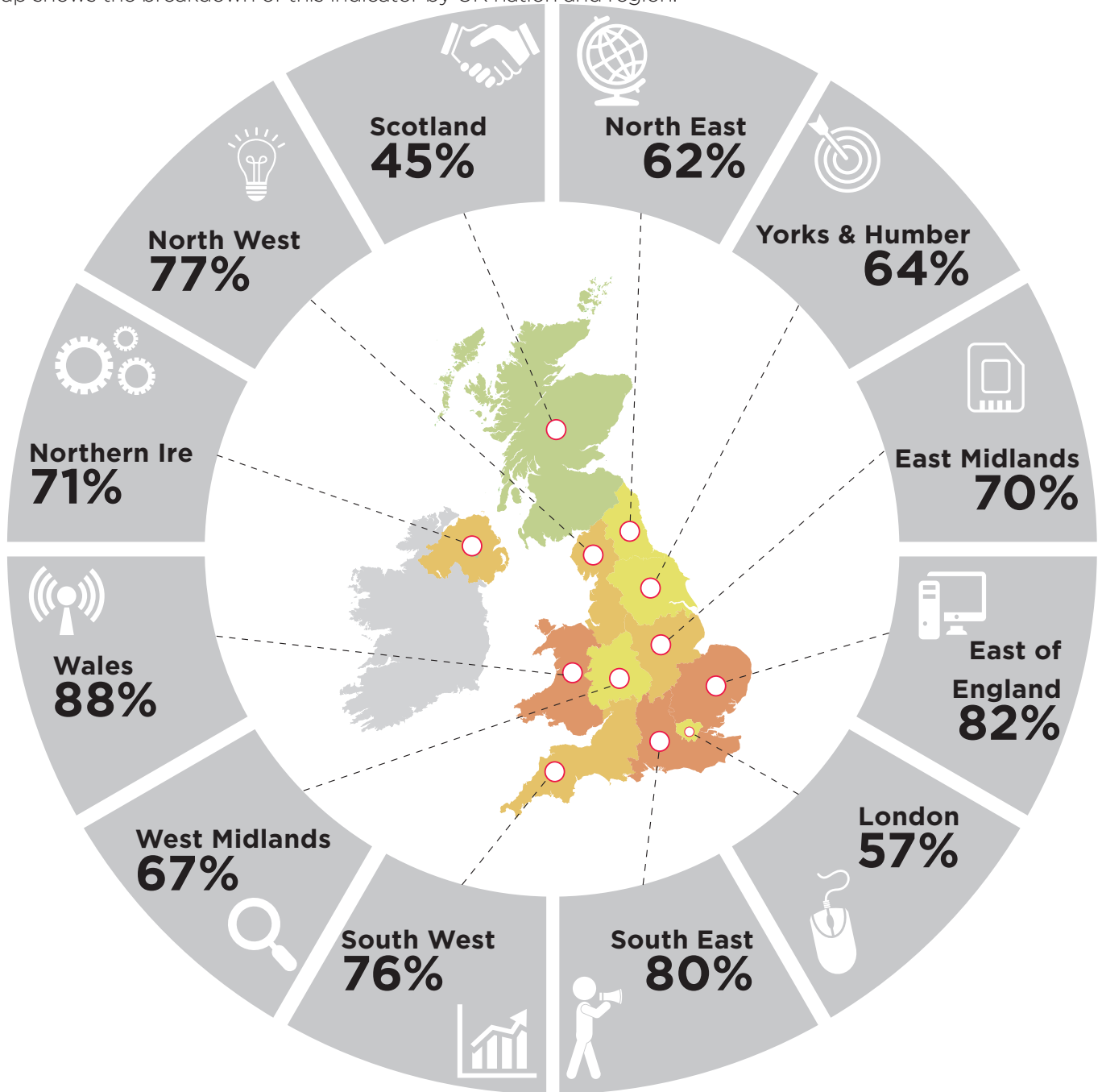
The Quarterly Economic Survey (QES) examines business sentiment on a range of forward looking indicators, including investment intentions, turnover confidence, and prices. In Q4 2017, both sectors saw considerable rises in the proportion of businesses expecting prices to increase over the next three months. Confidence that turnover will increase has also fallen back for both sectors, and investment intentions remains below historical levels.



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# RECRUITMENT DIFFICULTIES

In Q4 2017, 50% of service sector firms reported that they had attempted to recruit employees. Of these firms, 71% said they faced recruitment difficulties, the highest proportion since records began. Professional/managerial staff were the most difficult category of employee to recruit. The below heat map shows the breakdown of this indicator by UK nation and region:



The regions and nations which saw the largest percentage of service sector firms facing recruitment difficulties were Wales (88%), East of England (82%) and the South West (80%). The regions and nations which saw the fewest service firms report difficulties were Scotland (45%), London (57%) and the North East (62%).

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## ABOUT THE QES

**The Quarterly Economic Survey is the flagship economic survey from the British Chambers 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, including the Bank of England, HM Treasury, and European Commission.

The BCC Q4 2017 QES is made up of responses from more than 7,000 businesses across the UK. Firms were questioned between 6 November 2017 and 27 November 2017. In the manufacturing sector, 1,858 firms responded, employing approximately 230,000 people. 67% (1,238) of manufacturing respondents were exporters. In the services sector, 5,225 businesses responded, employing approximately 455,000 people. Of the services sector participants, 38% (1,992) were exporters.

This report has been prepared by the British Chambers of Commerce. Further information about any of the region and nation surveys may be obtained from the following:

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## Methodology

QES results are generally presented as balance figures - the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is a plus it indicates expansion of activity and if the figure is a minus it indicates contraction of activity. A figure above 0 indicates growth, while a figure below 0 indicates contraction.

For example if 50% of firms told us their sales grew and 18% said they decreased the balance for the quarter would be +32% (an expansion).

If 32% told us their sales grew and 33% said they fell the balance would be -1% (a contraction).

### South East

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