



BRITISH CHAMBERS OF COMMERCE  
**QUARTERLY  
ECONOMIC  
SURVEY**

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# About us

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The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK, a network that directly serves not only its member businesses, but the wider business community. Representing thousands of businesses of all sizes and within all sectors, the British Chambers of Commerce is the voice of the 'real economy'. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how. No other organisation makes such a difference to business as the British Chambers of Commerce.

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The interactive British Chambers of Commerce

Quarterly Economic Survey is available at

[www.economicsurvey.org.uk](http://www.economicsurvey.org.uk)

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# Introduction

**This Quarterly Economic Survey (QES) brings together results obtained from surveys carried out within the nations and regions of the United Kingdom by individual Chambers of Commerce.**

Those wishing to obtain a more detailed survey of economic conditions in a particular nation or region as perceived by individual businesses are invited to contact the representatives listed on the closing page of this survey report. Historical data for each nation and region is available on the website [www.economicsurvey.org.uk](http://www.economicsurvey.org.uk).

While the figures conveyed in this summary derive from the Chambers' respective enquiries, the interpretation is the responsibility of the British Chambers of Commerce, and should not be regarded as necessarily representing the view of any contributing Chamber.

**NB: Balance figures, referred to throughout this report, are determined by subtracting the percentage of companies reporting decreases in a factor from the percentage of companies reporting increases.**

**Construction firms are included in the manufacturing total.**

# Methodology

The British Chambers of Commerce Quarterly Economic Survey for the 4th Quarter 2015 received almost 7,500 business responses. The respondents cover the entire United Kingdom, and were surveyed by postal and online questionnaires over the period 9 November to 30 November.

In the manufacturing sector, 1,882 firms, employing approximately 279,000 people, responded. 1,218 (65%) of manufacturing respondents were exporters. In the services sector, 5,590 businesses with approximately 454,000 employees responded. Of the services sector participants, 2,124 (38%) were exporters. While the majority of respondents employ fewer than 500 people, the sample included many large businesses.

Total responses are weighted according to the actual distribution of companies by size within each region and nation, and each region and nation is similarly weighted within the national aggregates to ensure that the sample provides a truly representative picture of UK commerce and industry.

The survey is the largest and most representative of its kind in the UK.

Number of responses	7,472
Manufacturing Firms	1,882 (25% of total)
Services Firms	5,590 (75% of total)
Number of Exporters	3,342
Manufacturing Exporters	1,218 (65% of manufacturers)
Services Exporters	2,124 (38% of services firms)



# Summary

## 4th Quarter 2015

Although the key national balances remained positive in Q4 2015, pointing to continued growth, they confirm that the UK economy is facing challenges. In both the manufacturing and services sectors, most key balances were weaker in Q4 2015 than in Q3, with the manufacturing results suffering to a greater degree. The domestic and export manufacturing balances for both sales and orders are now well below their pre-recession levels in 2007. The sharp decline in the Q4 export manufacturing balances, to levels approaching stagnation, is particularly disturbing. However, there were some positive results in the Q4 survey, as the balances for investment in plant & machinery rose for both the manufacturing and services sectors. Capacity utilisation was high in both sectors, in spite of the falls in the domestic and export balances. The need to build new capacity, as labour costs increase, may explain the increase in Q4 investment balances at a time of slowing demand. Intentions to increase prices rose markedly in manufacturing and fell slightly in services. Both manufacturing and service firms also report sharply increased pressures for higher pay settlements.

### Domestic Market

The domestic balances fell in Q4 2015 for both manufacturing and services. In the manufacturing sector, the domestic balances dropped further below their pre-recession levels in 2007. The balance of manufacturing firms reporting improved domestic sales was +13% in Q4 2015, down from +20% in Q3 2015, and is now at the lowest level since Q1 2013. The balance for manufacturers' domestic orders was +10% in Q4, down from +18% in Q3, and is at the lowest level since Q4 2012. The service sector's balance for domestic sales fell from +36% in Q3 2015 to +32% in Q4 2015, the lowest level since Q3 2013. The service balance for domestic orders was +23% in Q4, down from +29% in Q3, the lowest level since Q2 2013.

### Export Market

The national export balances weakened in Q4 2015 for both manufacturing and services. The balance of manufacturers reporting improved export sales fell by nine points in Q4 2015, to +1%, the lowest level since Q3 2009. The manufacturing sector balance for export orders also fell to +1%. The service sector balance for export sales fell by three points in Q4 2015 to +15%, the lowest level since Q4 2011. The service balance for export orders fell by seven points in Q4 to +9%, also the lowest level since Q4 2011.

### Employment

The national employment balances weakened in Q4 2015 for both manufacturing and services. In the manufacturing sector, the balance of firms reporting an increase in their labour force over the last three months fell to +20%. The balance of manufacturers expecting their labour force to expand in the next three months fell five points to +17%, the lowest level since Q1 2013. In the service sector, the backward-looking employment balance fell one point in Q4 2015, to +23%. The forward-looking service employment expectations balance fell by three points in Q4 to +21%, the lowest level since Q1 2013.

### Investment

The balance of manufacturing firms that have revised upwards their plans to invest in plant & machinery rose by six points in Q4 2015 to +24%. The balance of manufacturers that have revised upwards their plans to invest in training rose by three points in Q4 to +23%. The balance of service firms that have revised upwards their plans to invest in plant & machinery rose three points in Q4 2015 to +20%. The balance of service firms that have revised upwards their plans to invest in training fell by one point in Q4 to +26%.

The domestic sales balance fell for both the **manufacturing** and **services** sectors



The balance of firms who increased their workforce in Q4 fell for both **manufacturers** (+20%) and **service firms** (+23%)



### Business Confidence

The national manufacturing confidence balances, after falling in Q3, were broadly stable in Q4 2015, recording very small divergent movements. The balance of manufacturing firms confident that turnover will improve in the next 12 months fell from +43% in Q3 to +42% in Q4, the lowest level since Q4 2012. The balance of manufacturing firms confident that profitability will improve in the next 12 months rose from +32% in Q3 to +33% in Q4. The balance of service sector firms expecting turnover to improve in the next 12 months fell markedly from +54% in Q3 to +45% in Q4, the lowest level since Q1 2013. The balance of service sector firms expecting profitability to improve in the next 12 months fell from +42% in Q3 to +41% in Q4.

### Capacity Utilisation

Capacity utilisation in Q4 2015 rose in the manufacturing sector and was unchanged in the service sector. The percentage of manufacturing firms operating at full capacity increased by five points in Q4 to 41%, joint highest level since Q4 2014. The percentage of service firms operating at full capacity was unchanged in Q4 at +48%, an all-time high for our survey.

### Cashflow

The balance of firms reporting improvements in cashflow recorded divergent movements in Q4 2015, rising for manufacturing and falling for services. The balance of manufacturers reporting improved cashflow rose from +9% in Q3 to +12% in Q4, still slightly lower than its average 2007 pre recession level. The balance of service sector firms reporting improved cashflow fell two point in Q4, to +14%, the same as the average 2007 level.

### Prices

Intentions to increase prices rose markedly in the manufacturing sector and fell slightly for service firms. The balance of manufacturing firms reporting an intention to raise prices rose by eleven points in Q4 2015 to +19. The balance of service firms expecting to raise prices fell two points in Q4 to +21%. Both manufacturing and service firms report sharply increased pressures for higher pay settlements.

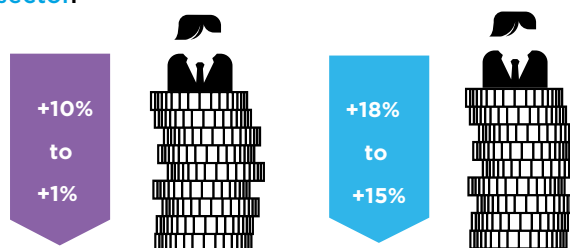
## A view from BCC Chief Economist David Kern

Coming after relatively weak figures in our Q3 survey, the falling balances in Q4 highlight the risk that the pace of growth may slow further in the short term. The results also underscore the serious obstacles that the UK will face when trying to rebalance the economy towards net exports. While worsening global circumstances are the main impediment, the domestic drive towards boosting net exports is also inadequate. Though vibrant and resilient services will remain the UK's main growth driver, the Q4 results indicate that the service sector is also losing some of its momentum. However, the challenges facing manufacturing are much more serious. The fall in the manufacturing export balances to levels approaching stagnation are a stark reminder that designing a national exports strategy, and placing greater emphasis on promoting exports in services, must be major priorities. While we must not forget the strengths of the UK economy, with higher growth than in most G7 economies and a dynamic and flexible labour market, the recovery is still fragile. Given the global uncertainties, it is important to avoid unnecessary risks. Though wage pressures are rising, inflation is likely to remain below target over the next 18 months. The MPC should therefore keep interest rates at their current low for the time being.

The balance of **manufacturers** expecting prices to rise increased sharply to +19%



The QES balance for exports sales fell to +1% in the **manufacturing sector** and +15% for the **service sector**.

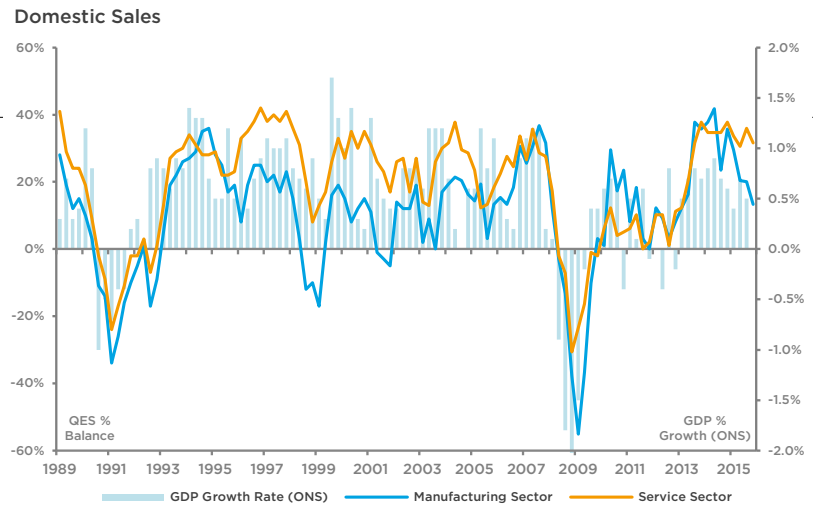


# Domestic sales and orders

**Q. Excluding seasonal variation, domestic sales over the past 3 months are:**  
Up/Same/Down

**Q. Excluding seasonal variation, domestic orders over the past 3 months are:**  
Up/Same/Down

In each section, the above indicates the questions asked to businesses in the survey



## Both sectors see slower growth in domestic sales

### The National Perspective

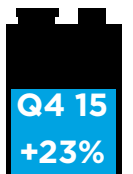
The domestic sales balances fell in Q4 2015, for both the manufacturing and services sectors. The balance of manufacturers reporting an increase in domestic sales was +13% in Q4 2015, down from +20% in Q3 2015, and the lowest level since Q1 2013. The balance of manufacturers reporting improved domestic orders over the next three months was +10% in Q4 2015, down from +18% in Q3 2015 and the lowest level since Q4 2012.

In the service sector, the balance of firms reporting improved domestic sales fell from +36% in Q3 2015 to +32% in Q4 2015, the lowest level since Q2 2013. The balance of service firms reporting improved domestic orders was +23% in Q4 2015, down from +29% in Q3 2015, the lowest level since Q2 2013.

### The Regions and Nations Perspective

The Q4 2015 manufacturing balances for domestic deliveries were in positive territory in ten regions and nations, while two balances were negative. Comparing the manufacturing sector's domestic performance across the various regions and nations, the strongest Q4 2015 domestic manufacturing balances were in Yorkshire & Humberside for domestic sales, at +23%, and in Scotland for domestic orders, at +37%. At the other extreme, the weakest Q4 balances were in Wales, at -14% for domestic sales and at -14% for domestic orders.

**Services sector domestic orders balance fell to +23% in Q4 2015 from +29%**



**The balance of manufacturers' who reported improved domestic orders fell to +10%**

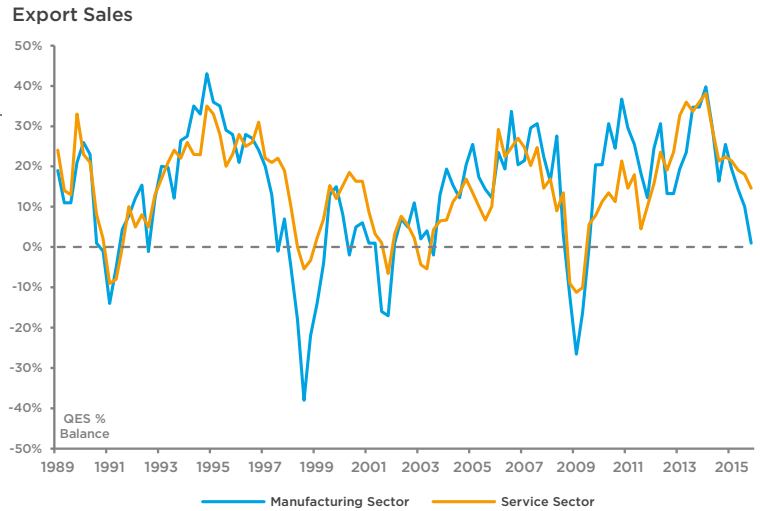


The Q4 2015 service sector's balances for domestic sales were in positive territory in eleven regions and nations, while one balance was negative in Q4. Comparing the service sector's domestic performance across the various regions and nations, the strongest Q4 2015 balances for domestic sales were in the East Midlands, the West Midlands and the South West, all at +44%. At the other extreme, the weakest Q4 service sector balances were in Scotland, at -7% for domestic sales, and at 0% for domestic orders.

# Export sales and orders

Q. Excluding seasonal variation, export sales over the past 3 months are:  
Up/Same/Down

Q. Excluding seasonal variation, export orders over the past 3 months are:  
Up/Same/Down



## Far fewer manufacturers report improved export performance

### The National Perspective

The national export balances weakened in Q4 2015 for both the manufacturing and services sectors. In the manufacturing sector, the export balances fell to levels approaching stagnation; they are now not only well below their pre-recession levels in 2007, but also below their long term historical averages. The manufacturing balance for export sales fell by nine points in Q4 2015 to +1%, the lowest level since Q3 2009. The manufacturing balance for export orders also fell by nine points in Q4 2015 to +1%, also the lowest level since Q3 2009.

The service balance for export sales fell by three points in Q4 2015 to +15%, the lowest level since Q4 2011. The balance of service firms reporting improved export orders fell by seven points in Q4 to +9%, also the lowest level since Q4 2011.

### The Regions and Nations Perspective

The Q4 2015 manufacturing balances for export sales were in positive territory in seven regions and nations, while five balances were negative. Comparing the manufacturing export balances across the various regions and nations, the strongest Q4 2015 balances were in the Wales for export sales at +21%, and in Scotland for export orders at +28%. By contrast, the weakest Q4 manufacturing balances were in the South East at -18% for export sales, and at -17% for export orders.

Manufacturers' export sales balance decreased by nine points to +1%



Services sector export sales balance decreased to +15% in Q4 from +18% in Q3 15



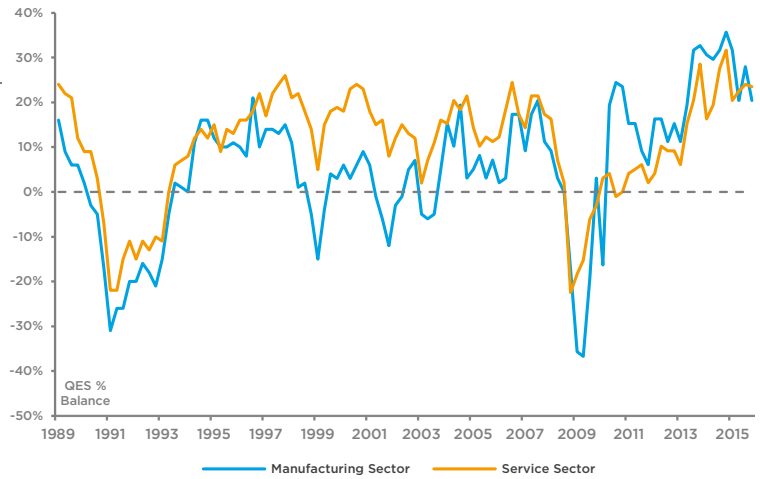
The Q4 2015 service sector balances for export sales were in positive territory in eleven regions and nations, while one balance was negative. Comparing service sector export performance across the various regions and nations, the strongest Q4 2015 balances were in the South West for export deliveries at +24% and in the South West and the West Midlands for export orders, both at +16%. Conversely, the weakest Q4 service balances were in Scotland for export sales at -22% and in Yorkshire & Humber for export orders at -10%.

# Employment

**Q. Over the past 3 months your workforce has:** Increased/Remained Constant/Decreased

**Q. What changes do you expect to your workforce over the next 3 months:** Increase/Remain Constant/Decrease

Employment Growth



## Employment indicators weaken for services and manufacturers

### The National Perspective

The balance of manufacturing firms which expanded their workforce in the previous three months fell to +20% in Q4 2015, down from +28% in Q3. For the service sector, the balance of firms who expanded their workforce fell slightly to +23% in Q4, compared to +24% in Q3.

The balance of manufacturing firms expecting their workforce to increase over the next three months decreased to +17% in Q4 2015, down from +22% in Q3 2015. The services sector employment expectations balance fell to +21% in Q4 2015 from +24% in Q3. Both balances are at their lowest level since Q1 2013.

The balance of manufacturers expecting their workforce to expand in the next three months fell to +17%



### The Regions and Nations Perspective

Scotland (+45%) recorded the highest manufacturing sector balance of firms who reported that their workforce had increased, followed by Northern Ireland (+37%). In contrast, the North East recorded the only negative balance (-6%). Scotland also recorded the strongest employment expectations balance of +36%, followed by the South West (+34%). By contrast, Wales (-24%) and Yorkshire and Humber (-7%) recorded the only negative employment expectations balances in the manufacturing sector.

The balance of firms in the service sector which expanded their workforce over the previous three months was highest in the North East (+39%), followed by the East Midlands (+31%). Scotland recorded the smallest balance (+3%). The South West (+31%) recorded the largest positive employment expectations balance among services firms, while Scotland also recorded the lowest balance for employment expectations at +7%.

The balance of firms in the services sector who expanded their workforce in Q3 fell to +23%





# Recruitment difficulties

**Q. Have you attempted to recruit staff over the past 3 months: Yes/No**

**Q. If yes, were they for:**

**a) Part-time jobs/Full-time jobs**

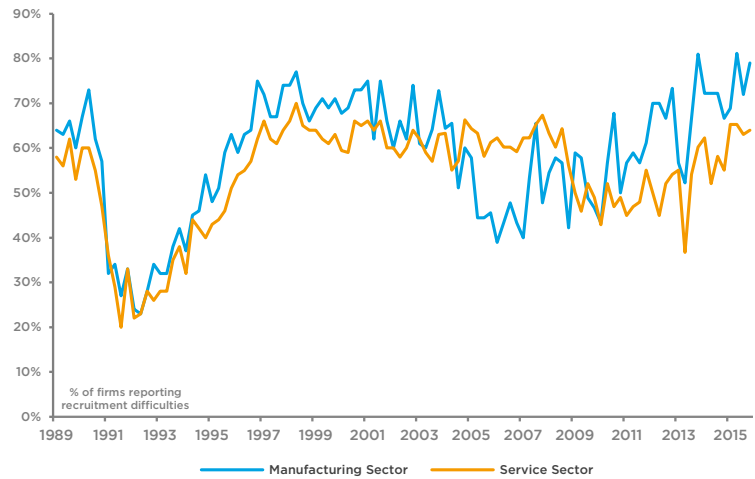
**b) Temporary jobs/Permanent jobs**

**Q. Did you experience any difficulties finding suitable staff? Yes/No**

**Q. If yes, for which of the following categories:**

**Skilled manual and technical/Professional and managerial/Clerical/Un- and semi-skilled**

Recruitment Difficulties



## Attempted recruitment rises in the manufacturing sector, but falls for services firms

### The National Perspective

The percentage of firms in the manufacturing sector that attempted to hire rose to 80% in Q4 2015 from 78% in Q3. Of these firms, 91% attempted to recruit full-time staff, the highest proportion on record. The percentage of manufacturing firms trying to recruit part-time staff fell to 16% in Q4 from 18% in Q3. The percentage of firms in the manufacturing sector that ran into difficulties when trying to hire rose to 79% in Q4 2015 from 72% in Q3 2015.

In the service sector, the percentage of firms that attempted to recruit new staff fell in the fourth quarter of 2015, from 72% in Q3 2015 to 70% in Q4 2015. The percentage of firms that tried to hire full-time staff fell from a record high of 79% in Q3 2015 to 76% in Q4 2015. The percentage of firms trying to recruit part-time staff rose from 31% to 34%.

**The share of manufacturing firms that experienced recruitment difficulties rose to 79% in Q4**

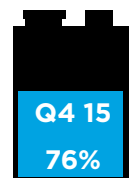


The percentage of service sector firms looking to hire on a permanent basis decreased from a record high of 73% in Q3 2015 to 66% in Q4 2015. The percentage of firms trying to recruit temporary staff fell from 36% in Q3 2015 to 35% in Q4 2015. More service sector firms experienced difficulties in recruiting, with the percentage rising from 63% in Q3 2015 to 64% in Q4 2015.

### The Regions and Nations Perspective

Within the manufacturing sector, the East of England had the highest percentage of firms that tried to hire in Q4 2015, with 91% of firms looking to take on new staff, followed by the South East (88%). London had the lowest percentage with just 32% of manufacturing firms looking to take on new employees. Firms based in the East of England (89%) also experienced the greatest difficulties when trying to recruit staff. They were followed by the South West and the South East (both 87%).

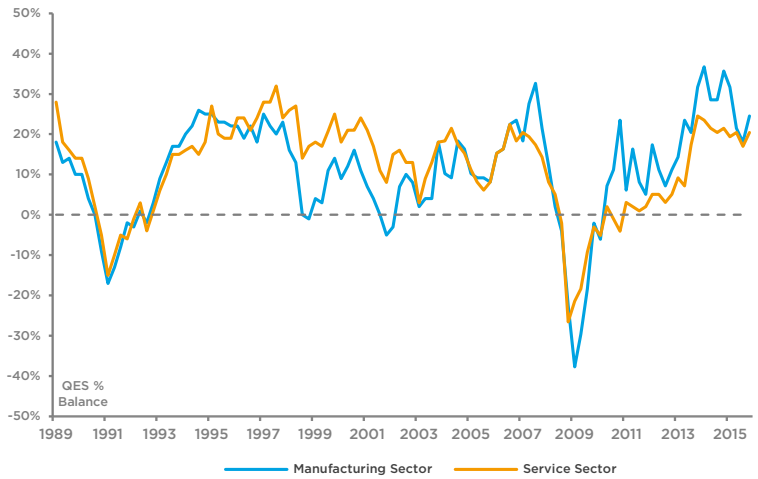
**The percentage of firms in the services sector that tried to recruit full-time staff fell to 76%**



Within the services sector, the East Midlands and the East of England had the highest percentage of firms that tried to recruit in Q4 2015, with 77% of firms in both regions reporting that they are looking to recruit. They were followed by the North East (76%). Wales and Scotland recorded the lowest figure with 61% of firms in both regions attempting to hire. In contrast, service sector firms in Wales also experienced the greatest difficulties in hiring new staff with 82% of companies reporting problems. They were followed by the East of England and the South East (both 80%). Firms based in London (33%) experienced the fewest difficulties in hiring staff.

# Investment

Investment in Plant & Machinery



- Q. Over the past 3 months, what changes have you made to your investment plans:**
- a) For Plant & Machinery: Revised upwards/  
Revised downwards/No change
  - b) For Training: Revised upwards/  
Revised downwards/No change

## Growth in plant & machinery investment increases

### The National Perspective

The balance of firms reporting that their investment intentions had been revised upwards in Q4 broadly increased in both sectors. The balance of manufacturing firms planning to increase investment in plant & machinery rose to +24% from +18% in the previous quarter. Manufacturers' intentions to invest in training also rose to +23%.

**The manufacturing sector balance for plant & machinery investment increased to +24%**



The balance of service firms planning to increase investment in plant & machinery increased by three points to +20%, while the service sector's intentions to invest in training fell one point to +26%.

### The Regions and Nations Perspective

In the manufacturing sector, the percentage balance of firms investing in plants & machinery remained positive across all regions. The strongest results were recorded in Wales (+48%) followed by Northern Ireland (+44%) and the North East (+34%). For investment in training, the highest results were recorded in Scotland (+41%) followed by the North West (+38%), and Northern Ireland and the North East (both at +37%).

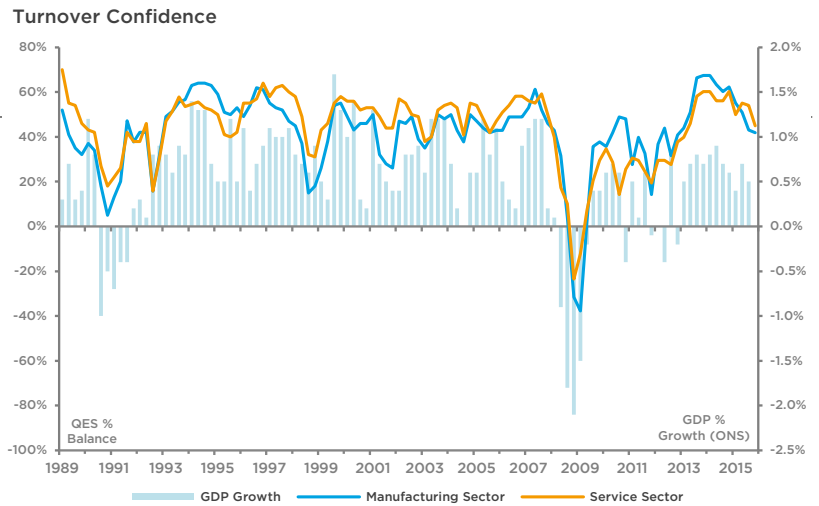
In the service sector, all regions recorded a positive balance for investment in plant & machinery. The strongest balance was recorded in the South West at +30%, with the weakest recorded in Scotland at +9%. The balance for investment in training was also positive for all regions. The strongest result at +35% was recorded for the South West, followed by the West Midlands (+32%). Scotland recorded the lowest at +13%.

**The services sector balance for training investment fell one point to +26%**



# Business confidence

- Q. Do you believe that over the next 12 months:**
- a) Turnover will: Improve/Remain the same/ Worsen**
  - b) Profitability will: Improve/Remain the same/Worsen**



## Turnover and profitability confidence stabilises for both sectors

### The National Perspective

The balance of manufacturers confident that turnover will improve in the next 12 months fell from +43% in Q3 to +42% in Q4. The balance of manufacturers confident that profitability will improve in the next 12 months rose from +32% in Q3 to +33% in Q4.

The balance of service sector firms confident that turnover will improve in the next 12 months fell markedly from +54% in Q3 to +45% in Q4, the lowest level since Q1 2013. The balance of service sector firms confident that profitability will improve in the next 12 months fell from +42% in Q3 to +41% in Q4.

### The Regions and Nations Perspective

The Q4 2015 balances for manufacturing turnover and profitability confidence were in positive territory in ten regions and nations. Comparing confidence levels across the various UK regions and nations, the strongest Q4 2015 manufacturing balances for turnover confidence were in the North West, Northern Ireland and the South West, all at +55%. The strongest Q4 manufacturing balance for profitability confidence was in the South East at +47%. Conversely, the weakest Q4 2015 manufacturing balances were in Wales at -7% for turnover confidence, and at -13% for profitability confidence.

Manufacturers' confidence that profitability will improve rose slightly to +33% for Q4 2015



The service sector confidence that profitability will improve fell to +41% in Q4 2015



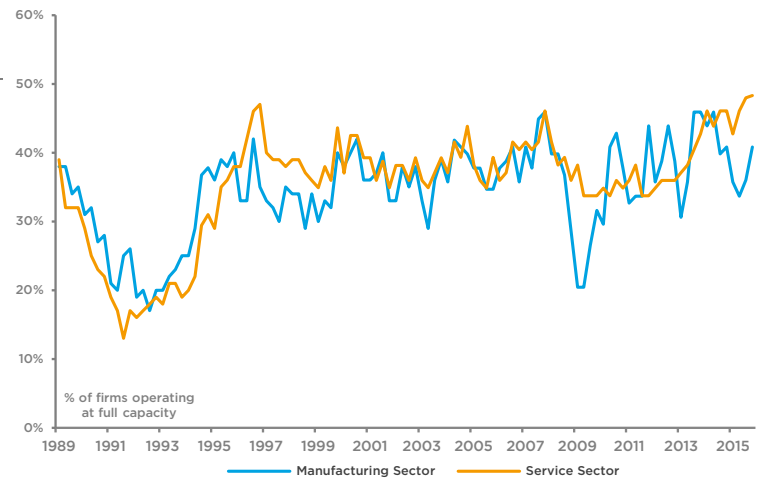
In the service sector, the Q4 2015 balances for turnover confidence were in positive territory in 11 regions and nations. Comparing service sector confidence across the various UK regions and nations, the strongest Q4 balances were in the North East for turnover confidence at +69%, and in London for profitability confidence at +58%. By contrast, the weakest Q4 2015 service balance for turnover was in London, at +32%, and the weakest profitability confidence balance was recorded in Northern Ireland at +24%.

# Capacity utilisation and cashflow

**Q. Are you currently operating:**  
At full capacity/Below full capacity

**Q. During the last 3 months how**  
has your cashflow changed:  
Improved/Same/Worsened

Percentage of firms operating at full capacity



## The percentage of manufacturers at full capacity continues to rise

## The number of firms reporting improved cashflow remains low

### CAPACITY UTILISATION

#### The National Perspective

In the manufacturing sector, the percentage of firms operating at full capacity stood at 41%, up from 36% in the previous quarter.

In the services sector, the percentage of firms stating that they were operating at full capacity remained unchanged from the previous quarter at 48%. The percentage of firms stating that they were operating at full capacity has averaged 46% throughout 2015.

#### The Regions and Nations Perspective

In the manufacturing sector the highest proportion of firms reporting that they were operating at full capacity was recorded in the East Midlands (57%), followed Northern Ireland (56%) and Yorkshire & Humber (41%). The region with the lowest capacity utilisation figure was Scotland (23%).

In the services sector, the region reporting the highest capacity utilisation was the East Midlands (70%), followed by London (54%) and Northern Ireland (49%). The lowest figure was recorded in Scotland (15%).

The percentage of manufacturers operating at full capacity rose five points to 41%

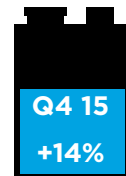


### CASHFLOW

#### The National Perspective

In the manufacturing sector the percentage balance of firms reporting improvements in cashflow rose to +12% from +9% in the previous quarter. By contrast, the balance of service sector firms reporting improved cashflow decreased to +14%.

The balance of service sector firms reporting improved cashflow decreased by two points to +14% in Q3 2015



#### The Regions and Nations Perspective

In the manufacturing sector, the highest balances for improvements in cashflow were recorded in the South West (+32%) and the East Midlands (+30%). Negative balances were recorded in Wales (-20%) and the North East (-13%).

In the services sector, the highest balance was recorded in the North East (+24%), Northern Ireland and the East Midlands (both at +23%). The lowest balance was recorded in Scotland (-13%).

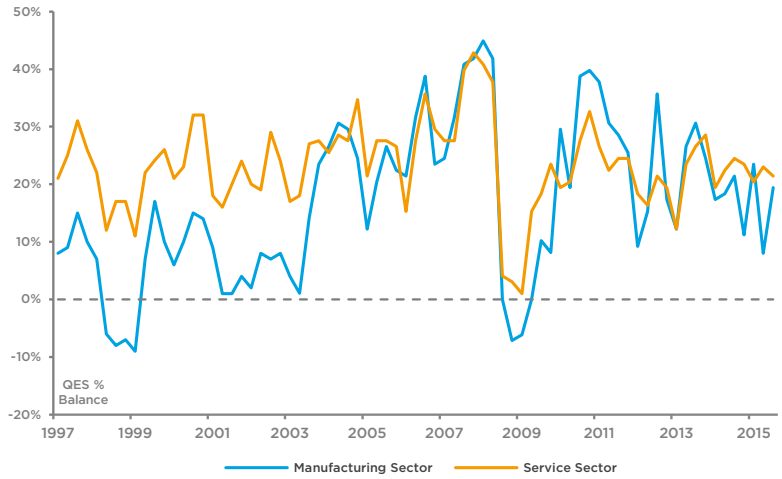
# Prices

**Q. Over the next 3 months, do you expect the price of your goods/services to: Increase/Remain the same/Decrease**

**Q. Is your business currently suffering pressures to raise prices from any of the following:**

**Pay settlements/Raw material prices/ Finance costs/Other overheads**

Expectation that Prices will Increase



## An increasing proportion of manufacturers expect prices to rise

### The National Perspective

In the manufacturing sector, the balance of firms expecting prices to rise increased from a five-year low of +8% in Q3 2015 to +19% in Q4. Of the factors contributing to price pressures, there was an increase in the share of manufacturing firms which identified raw material costs (38%) as the key driver. Other factors included pay settlements (up nine percentage points to 37%) other overheads (up three points to 29%), and finance costs (up two points to 11%).

For service firms, the percentage balance of firms expecting prices to rise fell by two points to +21%. Of the factors identified as contributing to price pressures, 32% identified pay settlements, up from 22% in Q3 2015. There was a slight fall in the share of firms which identified other overheads (31%), and increases in the percentage of firms reporting that raw material prices and finance costs (both 13%) were the biggest drivers in price rises.

**For the manufacturing sector, the balance of firms expecting prices to rise increased to +19% from +8% in Q3**



### The Regions and Nations Perspective

In the manufacturing sector, regions with the largest number of firms expecting prices to increase included Scotland (+49%), West Midlands (+27%) and Northern Ireland (+25%). A negative balance was recorded in the North East (-29%).

In the services sector, the percentage balance of firms expecting prices to rise was positive across all the UK nations and regions. The highest balance was recorded in Wales (+33%). This was followed by Northern Ireland (+27%), the South West and the East of England (both at +26%). The lowest balance was recorded in London at +12%.

**For the services sector the price balance figure decreased by two to points to +21%**

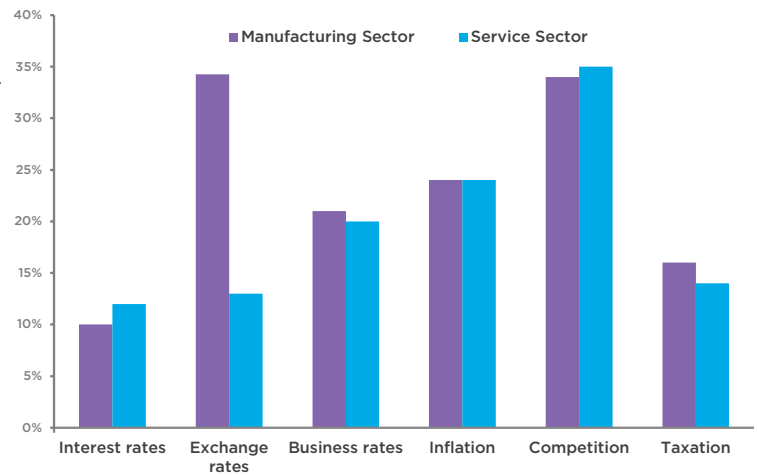


# External factors

Q. Please indicate which of the following factors are more of a concern to your business than 3 months ago:

Interest Rates/Exchange Rates/  
Business Rates/Inflation/Competition/Tax

External factors of greater concern to businesses



## Exchange rates are of concern to manufacturers

### Manufacturing

Among the external factors affecting their business, the majority of manufacturers, 34%, reported that exchange rates were their biggest concern, unchanged from the previous quarter. 34% of manufacturers also saw competition as a concern, up from 31% in Q3 2015. A further 24% of manufacturers reported that inflation was the biggest concern, up from 21% in the previous quarter.

The region which saw exchange rates as the biggest external factor was the North East, with 55% of firms citing this as the biggest concern. This was followed by Northern Ireland (41%) and the East of England (36%). The regions citing competition as the biggest concern were the North West and London (both 49%), followed by the North East (45%).

### Services

Service sector firms at the national level reported competition as the key external factor, with 35% reporting this as the biggest concern, up from 32% in the previous quarter. This was followed by inflation (24%), and business rates (20%).

Service sector firms in the North West cited competition as the biggest concern (51%). This was followed by the North East (39%) and the West Midlands (38%). Inflation was the biggest concern for service sector firms in Northern Ireland and Yorkshire & Humber (both at 44%). This was followed the South East (41%) and the South West (37%).

	Manufacturing		Services	
	Unweighted		Unweighted	
	Q3 15	Q4 15	Q3 15	Q4 15
% Interest rates	17	10	17	12
% Exchange rates	34	34	13	13
% Business rates	18	21	17	20
% Inflation	21	24	23	24
% Competition	31	34	32	35
% Tax	13	16	16	14

## National Totals

	Manufacturing											
	1-19		20-199		200-499		500+		All (Unweighted)		All (weighted)	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	21	8	19	16	12	8	20	13	22	12	20	13
Domestic orders	16	4	10	12	14	1	24	12	17	11	18	10
Export sales	2	10	5	1	11	-3	17	5	6	2	10	1
Export orders	1	3	3	-5	17	-1	14	8	5	0	10	1
Employment last 3 months	15	13	27	19	30	15	26	23	27	21	28	20
Employment next 3 months	22	15	23	19	21	8	14	18	28	20	22	17
% Tried to recruit	47	39	79	72	86	85	72	88	69	66	78	80
% Part-time	25	32	15	11	21	20	16	11	20	19	18	16
% Full-time	99	92	95	99	82	84	64	87	91	92	83	91
% Temporary	42	43	33	37	22	38	39	52	53	67	32	43
% Permanent	75	57	71	67	57	57	39	47	58	44	61	59
% Recruitment difficulties	57	66	78	77	63	75	57	69	77	79	72	79
% Skilled manual	44	46	47	48	50	51	54	54	48	50	48	48
% Professional/managerial	24	14	31	32	36	38	36	32	27	27	35	31
% Clerical	16	14	12	10	11	6	14	6	14	8	13	8
% Semi and unskilled	20	26	22	17	13	22	16	12	15	19	17	17
Cashflow	9	1	9	8	12	15	8	31	10	5	9	12
Investment - plant/machinery	20	11	28	23	22	39	8	18	22	15	18	24
Investment - training	15	13	21	23	22	24	16	17	22	22	20	23
Confidence - turnover	34	36	47	47	46	29	23	35	44	46	43	42
Confidence - profitability	27	28	40	38	39	31	27	33	33	35	32	33
% Full capacity	36	41	37	44	27	17	31	53	36	38	36	41
Prices	14	24	16	23	4	6	-3	23	15	23	8	19
% Pay settlements	21	23	24	35	37	37	24	40	23	32	28	37
% Raw materials	46	49	39	38	32	33	26	34	39	40	36	38
% Financial costs	15	14	12	17	6	12	9	6	10	12	9	11
% Other overheads	28	34	22	32	23	21	19	22	31	34	26	29
Number of companies	824	844	831	870	113	98	60	70	1828	1882		
Number of employees	5605	5812	43354	48188	28011	25770	670648	199251	747618	279021		
Number of exporters	476	469	606	617	93	81	45	51	1220	1218		

## National Totals

	Services											
	1-19		20-199		200-499		500+		All (Unweighted)		All (weighted)	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	22	20	32	29	45	53	57	36	24	24	36	32
Domestic orders	15	16	23	25	37	24	56	23	18	20	29	23
Export sales	12	6	16	11	-1	20	38	26	17	11	18	15
Export orders	4	3	14	11	9	7	39	9	10	9	16	9
Employment last 3 months	10	10	28	28	47	31	21	27	13	14	24	23
Employment next 3 months	18	16	27	29	41	23	19	12	18	17	24	21
% Tried to recruit	37	33	77	74	86	89	87	87	46	43	72	70
% Part-time	43	43	33	37	44	35	31	36	39	42	31	34
% Full-time	70	70	83	78	62	71	76	71	72	70	79	76
% Temporary	45	39	39	41	49	36	30	37	45	42	36	35
% Permanent	62	67	76	75	56	46	77	39	65	69	73	66
% Recruitment difficulties	67	65	64	68	72	64	52	55	66	66	63	64
% Skilled manual	23	23	30	28	36	23	24	22	23	24	27	24
% Professional/managerial	29	30	34	34	49	37	38	34	32	34	35	34
% Clerical	16	16	15	18	14	14	20	11	21	19	17	16
% Semi and unskilled	14	13	12	14	17	16	15	11	14	13	14	14
Cashflow	10	7	16	15	20	15	19	21	15	10	16	14
Investment - plant/machinery	10	10	20	21	28	28	15	29	14	13	17	20
Investment - training	15	13	24	28	18	23	54	34	18	18	27	26
Confidence - turnover	45	46	54	47	50	41	70	40	46	46	54	45
Confidence - profitability	37	36	39	39	41	51	55	43	37	37	42	41
% Full capacity	38	37	47	49	53	63	61	57	42	40	48	48
Prices	19	21	21	24	21	21	41	16	18	21	23	21
% Pay settlements	14	15	26	31	32	59	18	37	17	21	22	32
% Raw materials	11	11	15	18	8	11	8	11	11	13	11	13
% Financial costs	11	11	13	13	12	9	12	21	12	11	12	13
% Other overheads	28	30	30	32	24	26	44	33	29	30	32	31
Number of companies	3954	3847	1381	1394	192	181	129	168	5656	5590		
Number of employees	18228	16724	64871	69741	48433	46054	400317	322039	531849	454558		
Number of exporters	1417	1354	812	552	75	78	71	70	2423	2124		



## Regions and Nations Disaggregation

	Manufacturing												
	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	Nat
Domestic sales	19	12	18	23	18	22	-14	5	8	-2	18	9	13
Domestic orders	37	-2	18	15	13	2	-14	-1	10	5	12	9	10
Export sales	-2	19	-2	-7	6	8	21	3	16	-18	8	-4	1
Export orders	28	3	-2	-13	2	10	16	0	11	-17	6	-4	1
Employment last 3 months	45	-6	24	5	27	26	16	37	20	19	0	2	20
Employment next 3 months	36	8	22	-7	20	14	-24	16	18	25	34	10	17
% Tried to recruit	84	87	73	62	80	72	72	69	91	88	75	32	80
% Part-time	20	6	11	8	21	11	26	13	17	7	19	26	16
% Full-time	80	94	89	92	79	89	74	87	83	93	81	31	91
% Temporary	26	39	47	35	46	43	50	31	40	43	24	27	43
% Permanent	53	61	53	65	54	57	50	49	60	57	76	0	59
% Recruitment difficulties	34	83	77	54	55	70	55	63	89	87	87	37	79
% Skilled manual	27	73	52	32	52	56	38	45	65	62	49	12	48
% Professional/managerial	2	28	16	27	77	35	27	31	52	33	45	0	31
% Clerical	0	7	29	6	5	6	6	1	7	4	14	0	8
% Semi and unskilled	6	23	18	14	11	19	15	5	14	29	14	13	17
Cashflow	4	-13	16	11	30	22	-20	2	0	10	32	10	12
Investment - plant/machinery	28	34	14	16	21	31	48	44	10	12	16	16	24
Investment - training	41	37	38	7	22	25	20	37	15	2	34	-2	23
Confidence - turnover	0	39	55	34	44	36	-7	55	50	50	55	15	42
Confidence - profitability	0	4	43	25	42	38	-13	43	26	47	32	15	33
% Full capacity	23	38	35	41	57	31	29	56	35	35	37	33	41
Prices	49	-29	22	20	16	27	3	25	6	17	11	19	19
% Pay settlements	52	22	29	28	30	38	15	37	43	42	41	23	37
% Raw materials	40	31	36	29	30	33	39	53	33	40	17	27	38
% Financial costs	0	7	8	3	12	12	20	7	13	13	5	23	11
% Other overheads	0	32	34	9	37	32	13	47	52	22	20	27	29

### Key

SC	Scotland
NE	North East
NW	North West
YH	Yorkshire and the Humber
EM	East Midlands
WM	West Midlands
W	Wales
NI	Northern Ireland
EA	East of England
SE	South East
SW	South West
L	London
Nat	National

## Regions and Nations Disaggregation

	Services												
	SC	NE	NW	YH	EM	WM	W	NI	EA	SE	SW	L	Nat
Domestic sales	-7	32	37	32	44	44	32	9	38	27	44	37	32
Domestic orders	-	23	32	28	35	38	26	8	25	24	37	10	23
Export sales	-22	2	14	18	19	15	7	3	9	20	24	18	15
Export orders	-	3	8	15	-10	16	0	9	8	14	16	6	9
Employment last 3 months	3	39	24	29	31	27	11	15	26	22	25	23	23
Employment next 3 months	7	16	26	29	29	28	16	9	30	25	31	10	21
% Tried to recruit	61	76	73	69	77	75	61	64	77	73	66	65	70
% Part-time	23	37	33	27	38	36	21	28	35	34	35	22	34
% Full-time	77	63	67	73	62	64	49	72	65	66	65	78	76
% Temporary	23	41	32	29	33	32	11	43	32	35	37	28	35
% Permanent	77	59	68	71	67	68	28	57	68	65	63	34	66
% Recruitment difficulties	49	71	71	62	78	66	82	62	80	80	73	33	64
% Skilled manual	14	33	29	17	32	26	36	25	26	33	19	15	24
% Professional/managerial	11	50	22	38	44	41	45	26	48	55	39	13	34
% Clerical	5	16	39	15	16	14	20	6	20	22	16	5	16
% Semi and unskilled	18	9	16	9	14	16	23	13	21	17	15	6	14
Cashflow	-13	24	13	14	23	22	5	23	16	18	16	18	14
Investment - plant/machinery	9	19	20	17	20	22	16	24	22	21	30	21	20
Investment - training	13	21	30	30	21	32	22	21	24	24	35	22	26
Confidence - turnover	-	69	51	48	62	59	42	41	56	50	59	32	45
Confidence - profitability	-	46	42	43	42	48	30	24	45	37	41	58	41
% Full capacity	15	42	39	43	70	43	38	49	44	42	39	54	48
Prices	16	15	19	24	25	20	33	27	26	31	26	12	21
% Pay settlements	51	31	24	27	29	22	28	24	28	29	27	39	32
% Raw materials	23	16	13	11	12	10	17	21	12	9	15	12	13
% Financial costs	-	13	11	13	11	14	19	9	7	13	9	24	13
% Other overheads	-	38	32	20	29	34	23	30	38	43	43	30	31

### Key

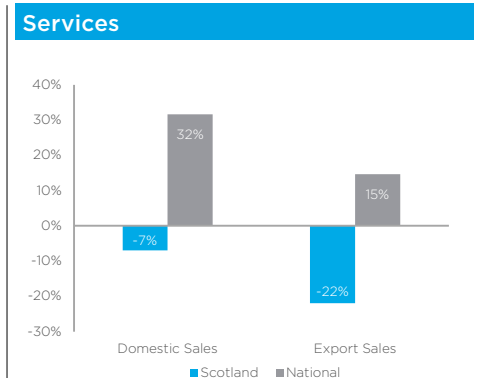
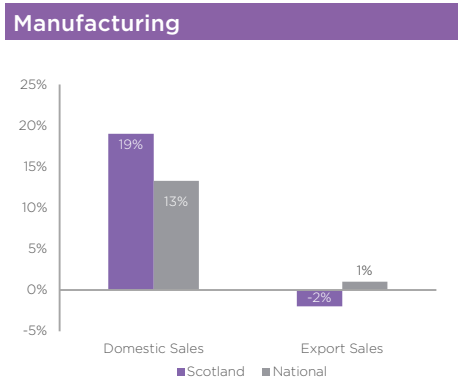
SC	Scotland
NE	North East
NW	North West
YH	Yorkshire and the Humber
EM	East Midlands
WM	West Midlands
W	Wales
NI	Northern Ireland
EA	East of England
SE	South East
SW	South West
L	London
Nat	National

# Scotland

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	17	12	12	19	20	-8	10	-7
Domestic orders	11	18	29	37	-	-	-	-
Export sales	17	10	11	-2	10	-27	2	-22
Export orders	24	15	40	28	-	-	-	-
Employment last 3 months	21	24	30	45	5	-1	1	3
Employment next 3 months	32	24	36	36	3	9	-2	7
% Tried to recruit	76	67	85	84	55	52	66	61
% Part-time	13	12	15	20	26	22	21	23
% Full-time	87	88	85	80	74	78	79	77
% Temporary	18	27	32	26	19	21	20	23
% Permanent	82	73	47	53	81	79	80	77
% Recruitment difficulties	42	30	38	34	41	44	42	49
% Skilled manual	34	18	31	27	12	13	15	14
% Professional/managerial	4	3	4	2	7	11	10	11
% Clerical	1	0	2	0	1	5	1	5
% Semi and unskilled	3	9	1	6	5	13	4	18
Cashflow	6	-2	-6	4	7	-15	0	-13
Investment - plant/machinery	22	18	24	28	8	8	-3	9
Investment - training	29	24	32	41	12	12	7	13
Confidence - turnover	-	-	-	-	-	-	-	-
Confidence - profitability	-	-	-	-	-	-	-	-
% Full capacity	11	16	5	23	10	12	11	15
Prices	23	31	10	49	14	16	2	16
% Pay settlements	49	44	47	52	40	43	42	51
% Raw materials	40	32	34	40	20	23	18	23
% Financial costs	-	-	-	-	-	-	-	-
% Other overheads	-	-	-	-	-	-	-	-
Number of companies	105	50			367	404		
Number of employees	-	-			-	-		
Number of exporters	47	47			126	126		

Results for Scotland in the fourth quarter of 2015 present a mixed picture with regard to economic growth. Although there are positive sales trends for the domestic and export markets in the manufacturing sector, the service sector experienced a decline in terms in the domestic and export market. Disappointing exports highlight the need for the UK and Scottish Governments to co-operate more effectively to help businesses to export, for example through private sector led mentoring.

Positive recruitment trends continued in the final quarter of 2015, with more than half of firms in both the manufacturing and service sector recruiting staff, the majority of which were permanent, full-time positions. This follows recent unemployment figures for Scotland which revealed falling trends in unemployment.



# North East

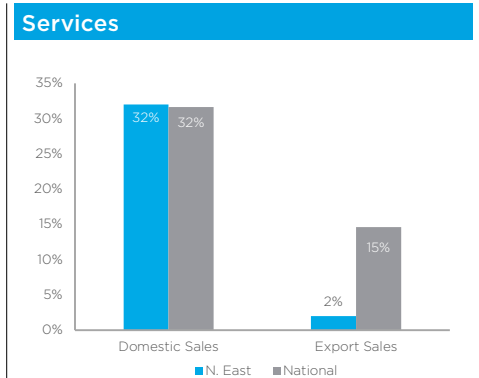
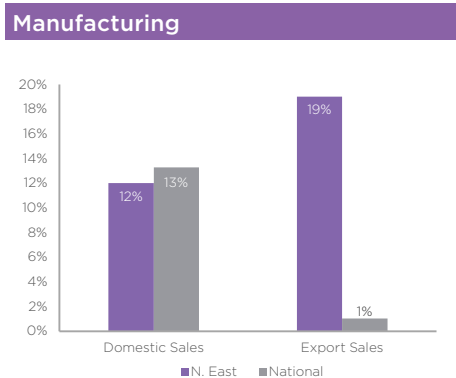
	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	-3	-14	7	12	28	14	34	32
Domestic orders	5	-16	13	-2	22	13	26	23
Export sales	5	10	-3	19	12	1	13	2
Export orders	0	0	-5	3	10	1	10	3
Employment last 3 months	18	14	16	-6	16	20	17	39
Employment next 3 months	20	20	25	8	25	27	26	16
% Tried to recruit	70	68	71	87	61	63	77	76
% Part-time	12	7	13	6	35	35	43	37
% Full-time	88	93	105	94	65	65	73	63
% Temporary	100	100	37	39	40	40	48	41
% Permanent	0	0	56	61	60	60	68	59
% Recruitment difficulties	75	90	86	83	64	75	61	71
% Skilled manual	57	77	93	73	29	39	30	33
% Professional/managerial	39	30	73	28	49	48	47	50
% Clerical	11	7	10	7	10	19	9	16
% Semi and unskilled	21	13	34	23	13	10	13	9
Cashflow	-5	-23	0	-13	3	0	2	24
Investment - plant/machinery	21	16	17	34	11	5	9	19
Investment - training	26	2	35	37	12	9	15	21
Confidence - turnover	54	39	58	39	58	56	54	69
Confidence - profitability	46	16	42	4	50	36	49	46
% Full capacity	20	32	37	38	39	40	39	42
Prices	-18	-7	-8	-29	11	16	9	15
% Pay settlements	14	23	8	22	16	27	21	31
% Raw materials	34	32	44	31	14	17	17	16
% Financial costs	11	17	18	7	16	16	17	13
% Other overheads	39	36	43	32	36	39	36	38
Number of companies	44	47			225	166		
Number of employees	6400	5178			26001	14111		
Number of exporters	37	40			57	45		

“The North East has seen some difficult headlines in recent weeks, with the continuing fallout from the closure of the SSI steel plant, and further major job cuts announced. In addition, our strong international trade record is not being helped by exchange rates, and our important offshore industries are challenged by the low oil price.

Beneath the surface, however, we continue to see businesses around our region thrive, and the labour market clearly remains strong. NECC members are optimistic for growth in 2016, but this cannot be taken for granted by policy makers.

”

**Ross Smith, Director of Policy,  
North East Chamber of Commerce**



# North West

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	16	17	28	18	25	29	31	37
Domestic orders	11	12	21	18	21	23	26	32
Export sales	5	-2	13	-2	9	7	17	14
Export orders	2	-7	8	-2	5	2	13	8
Employment last 3 months	18	12	34	24	18	19	24	24
Employment next 3 months	19	17	32	22	25	25	28	26
% Tried to recruit	58	56	72	73	51	51	72	73
% Part-time	11	11	15	11	29	33	30	33
% Full-time	89	89	85	89	71	67	70	67
% Temporary	36	42	31	47	30	32	31	32
% Permanent	64	58	69	53	70	68	69	68
% Recruitment difficulties	70	75	74	77	77	70	80	71
% Skilled manual	47	48	55	52	31	31	29	29
% Professional/managerial	16	15	15	16	27	21	27	22
% Clerical	33	28	39	29	39	35	46	39
% Semi and unskilled	24	24	18	18	20	17	21	16
Cashflow	4	6	10	16	11	12	22	13
Investment - plant/machinery	21	20	20	14	15	14	18	20
Investment - training	21	29	28	38	26	23	32	30
Confidence - turnover	47	54	50	55	56	51	62	51
Confidence - profitability	36	38	34	43	44	41	47	42
% Full capacity	34	37	36	35	37	37	44	39
Prices	14	20	19	22	20	18	20	19
% Pay settlements	21	24	24	29	15	18	19	24
% Raw materials	33	35	34	36	11	12	10	13
% Financial costs	9	11	7	8	11	11	11	11
% Other overheads	32	36	39	34	33	33	35	32
Number of companies	299	327			749	635		
Number of employees	106853	100833			167260	73717		
Number of exporters	203	196			287	244		



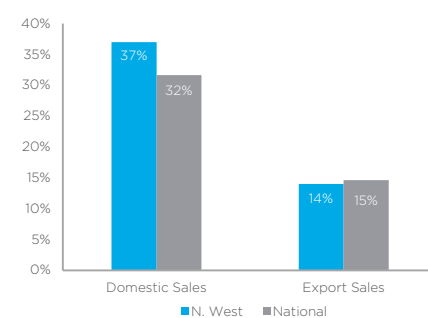
The latest QES results for the region show growth above the national average. Output for the manufacturing sector in the region rose slightly, and the strong recovery in the construction sector continues, with North West figures for new housing and infrastructure higher than their pre-recession peak.

Output in the services sector is still strong, with a slowdown predicted in 2016 returning the figures to historic levels of growth. Retail sales also continue to rise, with consumer demand driving the recovery. Overall, the outlook remains positive for businesses in the North West and investment intentions remain high for both the manufacturing and service sectors.

## Manufacturing



## Services



**Christian Spence, Head of Research and Business Intelligence, Greater Manchester Chamber of Commerce**

# Yorkshire & the Humber

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	10	22	15	23	29	30	39	32
Domestic orders	2	13	10	15	24	26	32	28
Export sales	0	6	-4	-7	25	16	30	18
Export orders	-6	-3	3	-13	19	9	23	15
Employment last 3 months	16	16	-5	5	18	21	25	29
Employment next 3 months	14	9	-5	-7	22	25	28	29
% Tried to recruit	58	49	79	62	47	47	70	69
% Part-time	17	7	19	8	33	25	35	27
% Full-time	83	93	81	92	67	75	65	73
% Temporary	32	33	29	35	33	28	32	29
% Permanent	68	67	71	65	67	72	68	71
% Recruitment difficulties	57	63	57	54	64	60	65	62
% Skilled manual	43	40	38	32	21	16	21	17
% Professional/managerial	15	32	19	27	35	36	39	38
% Clerical	5	10	3	6	12	15	11	15
% Semi and unskilled	9	16	10	14	15	10	14	9
Cashflow	-6	8	-13	11	12	10	21	14
Investment - plant/machinery	14	18	5	16	20	17	26	17
Investment - training	18	19	8	7	24	26	34	30
Confidence - turnover	46	45	46	34	54	54	53	48
Confidence - profitability	27	29	28	25	44	43	43	43
% Full capacity	36	34	42	41	40	42	45	43
Prices	10	20	-11	20	17	22	18	24
% Pay settlements	22	24	31	28	17	19	21	27
% Raw materials	33	36	19	29	11	11	13	11
% Financial costs	12	8	9	3	8	13	7	13
% Other overheads	17	15	17	9	23	19	23	20
Number of companies	202	182			571	446		
Number of employees	521827	56439			110397	81775		
Number of exporters	122	117			169	121		

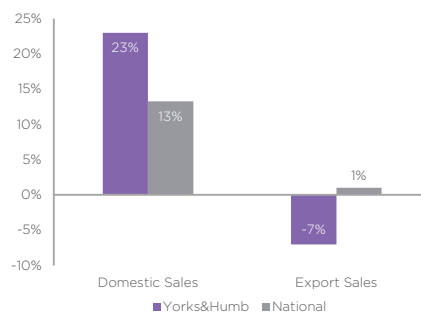


The 2015 global slowdown and the continued concerns over emerging market economies remains a genuine challenge for this region's manufacturers, many of whom trade internationally or are part of global supply chains.

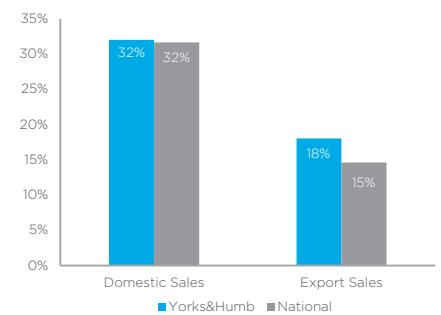
Despite the slowing in world trade there are some positive signs of growth in domestic markets as sales moved back to exceed anything reported before 2013. More companies reported increases in forward orders too, following six months of slowing growth.



## Manufacturing



## Services



# East Midlands

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	18	12	24	18	41	34	50	44
Domestic orders	18	8	32	13	32	26	42	35
Export sales	2	-3	-2	6	12	14	27	19
Export orders	2	-7	1	2	6	-6	19	-10
Employment last 3 months	22	14	43	27	24	22	32	31
Employment next 3 months	23	12	32	20	24	24	29	29
% Tried to recruit	67	56	82	80	53	54	74	77
% Part-time	12	15	20	21	37	40	37	38
% Full-time	88	85	80	79	63	60	63	62
% Temporary	100	100	34	46	36	34	35	33
% Permanent	0	0	66	54	64	66	65	67
% Recruitment difficulties	66	67	65	55	64	76	64	78
% Skilled manual	51	44	53	52	24	31	28	32
% Professional/managerial	28	35	37	77	46	40	52	44
% Clerical	16	8	18	5	18	19	17	16
% Semi and unskilled	15	13	22	11	10	16	9	14
Cashflow	5	-1	18	30	14	22	18	23
Investment - plant/machinery	12	18	4	21	13	17	16	20
Investment - training	17	13	13	22	16	21	19	21
Confidence - turnover	52	45	56	44	61	63	65	62
Confidence - profitability	36	30	41	42	44	50	43	42
% Full capacity	35	60	35	57	37	63	42	70
Prices	16	26	22	16	21	25	30	25
% Pay settlements	20	23	19	30	10	20	11	29
% Raw materials	38	41	41	30	10	9	10	12
% Financial costs	15	16	10	12	9	12	11	11
% Other overheads	33	33	39	37	24	29	22	29
Number of companies	178	187			466	347		
Number of employees	33689	20847			19575	33826		
Number of exporters	106	118			391	95		

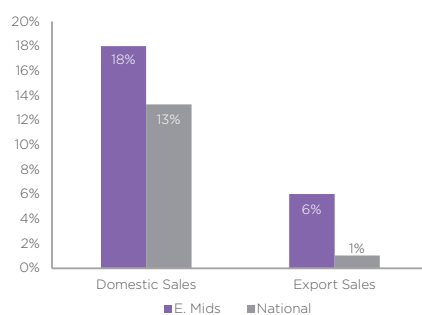


The fourth quarter in the East Midlands saw a continuation of the slight slowdown in growth experienced in the previous quarter, a trend that was particularly marked for businesses active in overseas market. While businesses continue to recruit at pace, the problems in finding suitable staff, which have characterized the past 18 months, remain.

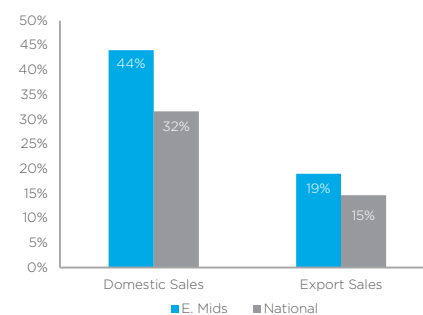
Despite this, confidence levels for the coming year remain broadly positive and encouragingly, as we move into 2016, there was a slight quarter-on-quarter upturn in intentions to invest in both training and equipment.



## Manufacturing



## Services



**Chris Hobson, Director of Policy and External Affairs, East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire)**

# West Midlands

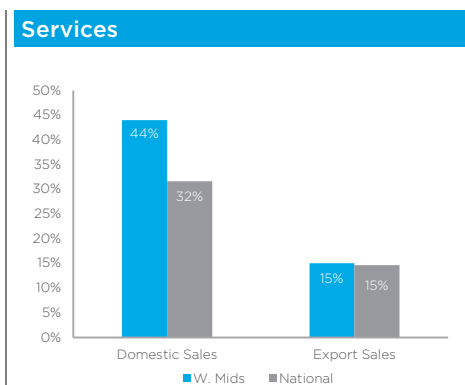
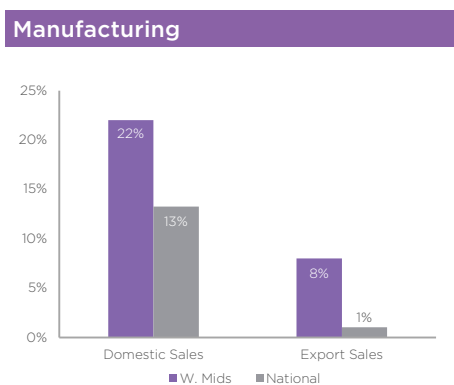
	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	23	10	24	22	33	38	38	44
Domestic orders	16	8	22	2	21	31	24	38
Export sales	1	9	14	8	11	15	7	15
Export orders	4	6	15	10	9	16	8	16
Employment last 3 months	20	20	26	26	24	21	26	27
Employment next 3 months	22	15	6	14	28	25	27	28
% Tried to recruit	60	55	79	72	53	51	74	75
% Part-time	18	15	20	11	36	34	34	36
% Full-time	82	85	80	89	64	66	66	64
% Temporary	100	100	39	43	38	31	37	32
% Permanent	0	0	61	57	62	69	63	68
% Recruitment difficulties	76	72	79	70	62	68	64	66
% Skilled manual	61	59	75	56	26	26	29	26
% Professional/managerial	30	28	37	35	31	38	35	41
% Clerical	9	8	16	6	18	16	20	14
% Semi and unskilled	16	22	19	19	14	17	15	16
Cashflow	19	9	27	22	18	17	17	22
Investment - plant/machinery	29	18	34	31	18	14	22	22
Investment - training	20	13	24	25	24	23	23	32
Confidence - turnover	41	37	37	36	60	61	54	59
Confidence - profitability	33	31	36	38	49	50	44	48
% Full capacity	25	30	26	31	40	36	41	43
Prices	14	14	2	27	20	21	16	20
% Pay settlements	22	25	34	38	14	17	23	22
% Raw materials	35	34	38	33	12	10	10	10
% Financial costs	12	11	15	12	11	14	10	14
% Other overheads	36	32	29	32	34	35	35	34
Number of companies	430	441			962	1098		
Number of employees	25226	32230			90094	79511		
Number of exporters	339	321			504	538		

“ The service sector in the West Midlands has a positive outlook with the majority of businesses predicting increased turnover. However, the outlook for manufacturing is more disappointing with a far fewer number of firms anticipating an increase.

Looking to the future the majority of businesses workforce has remained the same and also expect their workforces to remain constant, with fewer businesses looking to take on new staff than in the previous quarter. As in the third quarter, businesses in the West Midlands have had difficulty with recruiting staff - skilled staff in particular - and this remains a key issue which needs to be addressed seriously in 2016.

”

**Mike Ashton, Chief Executive,  
Herefordshire and Worcestershire  
Chamber of Commerce**





# Wales

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	35	15	36	-14	21	23	42	32
Domestic orders	32	15	35	-14	16	19	39	26
Export sales	6	26	5	21	10	12	9	7
Export orders	9	17	6	16	-3	7	-5	0
Employment last 3 months	48	15	72	16	11	10	19	11
Employment next 3 months	15	15	38	-24	12	13	26	16
% Tried to recruit	72	47	90	72	49	41	62	61
% Part-time	16	11	12	26	33	29	32	21
% Full-time	84	89	88	74	67	71	56	49
% Temporary	26	26	19	50	32	29	15	11
% Permanent	74	74	81	50	68	71	38	28
% Recruitment difficulties	76	78	68	55	87	83	89	82
% Skilled manual	45	51	37	38	35	35	46	36
% Professional/managerial	45	30	48	27	40	42	50	45
% Clerical	16	10	8	6	28	20	40	20
% Semi and unskilled	27	23	30	15	24	22	20	23
Cashflow	9	15	3	-20	11	8	31	5
Investment - plant/machinery	35	26	21	48	18	15	32	16
Investment - training	35	25	51	20	18	13	27	22
Confidence - turnover	45	38	67	-7	41	38	49	42
Confidence - profitability	21	26	10	-13	25	28	27	30
% Full capacity	49	38	71	29	36	38	33	38
Prices	19	16	20	3	24	24	27	33
% Pay settlements	28	25	30	15	22	19	26	28
% Raw materials	45	37	28	39	21	16	19	17
% Financial costs	11	8	7	20	15	15	19	19
% Other overheads	24	18	31	13	29	22	23	23
Number of companies	71	179			278	525		
Number of employees	4579	9842			11505	23817		
Number of exporters	47	100			72	122		

“Businesses in Wales are feeling confident for the New Year with all indicators showing growth, and an improvement on the last quarter, particularly in export sales and orders.

Growth in employment continues at a steady pace. However the majority of businesses recruiting have found it difficult to find the right people. We would like to see the skills gap in Wales at the heart of the political agenda at the upcoming Welsh Assembly election.

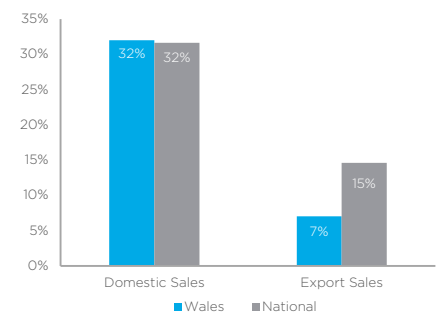
”

**Gemma Bafico, Head of Operations,  
South Wales Chamber of Commerce**

## Manufacturing



## Services



# East of England

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	17	11	22	8	30	36	38	38
Domestic orders	7	5	11	10	24	26	34	25
Export sales	0	14	5	16	9	10	9	9
Export orders	-4	4	-8	11	10	11	13	8
Employment last 3 months	20	5	28	20	17	21	31	26
Employment next 3 months	25	21	32	18	24	25	28	30
% Tried to recruit	76	72	82	91	61	60	80	77
% Part-time	16	17	24	17	28	35	30	35
% Full-time	84	83	76	83	72	65	70	65
% Temporary	37	37	39	40	31	32	31	32
% Permanent	63	63	61	60	69	68	69	68
% Recruitment difficulties	74	90	79	89	75	79	71	80
% Skilled manual	61	61	64	65	31	27	27	26
% Professional/managerial	32	39	45	52	41	45	43	48
% Clerical	15	12	17	7	19	20	18	20
% Semi and unskilled	15	16	17	14	18	19	21	21
Cashflow	6	-4	4	0	6	17	13	16
Investment - plant/machinery	27	5	23	10	10	15	15	22
Investment - training	24	11	23	15	16	20	19	24
Confidence - turnover	45	46	49	50	56	58	58	56
Confidence - profitability	31	23	39	26	41	47	40	45
% Full capacity	30	36	24	35	38	37	42	44
Prices	22	20	21	6	21	26	25	26
% Pay settlements	23	30	38	43	15	20	19	28
% Raw materials	41	40	39	33	8	10	6	12
% Financial costs	12	13	9	13	10	10	10	7
% Other overheads	40	48	38	52	39	36	40	38
Number of companies	102	97			401	380		
Number of employees	27526	24861			18648	62459		
Number of exporters	71	70			149	143		

2015 has been a tough year for the manufacturing sector in the South, who have found challenges in UK and export sales. Although, the service sector continued to produce robust figures throughout the year, they too finished with lower results than at the start of the year.

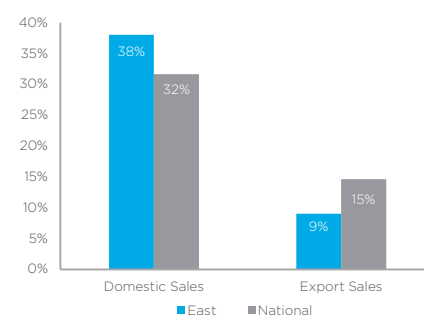
However, looking forward to 2016, the business community is open to new opportunities to enable them to grow their organisations and will be doing all they can retain and create new jobs.

**Caroline Williams, Chief Executive, Norfolk Chamber of Commerce**

## Manufacturing



## Services

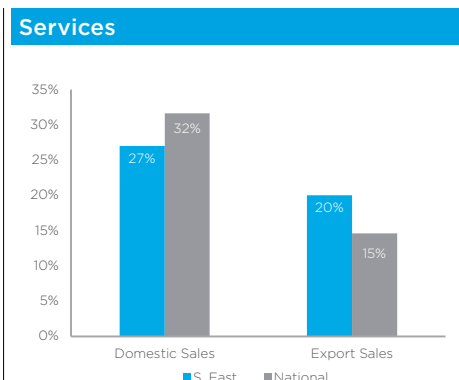
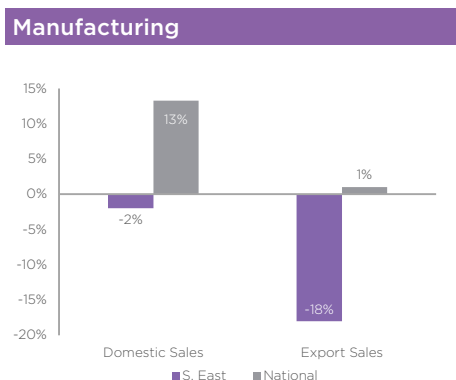


## South East

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	18	10	9	-2	33	27	37	27
Domestic orders	14	14	6	5	26	22	29	24
Export sales	3	-18	21	-18	13	11	0	20
Export orders	3	-16	20	-17	3	5	-6	14
Employment last 3 months	19	21	21	19	17	18	32	22
Employment next 3 months	27	25	33	25	24	20	25	25
% Tried to recruit	72	75	59	88	63	56	83	73
% Part-time	13	12	12	7	31	34	30	34
% Full-time	87	88	58	93	69	66	70	66
% Temporary	24	39	12	43	34	35	34	35
% Permanent	76	61	39	57	66	65	66	65
% Recruitment difficulties	82	78	51	87	79	78	76	80
% Skilled manual	39	48	29	62	24	31	21	33
% Professional/managerial	39	32	29	33	40	50	47	55
% Clerical	11	6	6	4	22	22	24	22
% Semi and unskilled	20	28	11	29	20	17	24	17
Cashflow	12	3	16	10	17	17	17	18
Investment - plant/machinery	21	16	22	12	10	16	20	21
Investment - training	10	19	7	2	18	19	24	24
Confidence - turnover	40	61	41	50	58	53	63	50
Confidence - profitability	38	48	42	47	46	42	46	37
% Full capacity	48	35	24	35	39	33	45	42
Prices	14	22	6	17	24	32	27	31
% Pay settlements	19	38	12	42	19	22	23	29
% Raw materials	33	36	25	40	9	8	9	9
% Financial costs	7	8	3	13	14	12	16	13
% Other overheads	35	32	28	22	39	41	42	43
Number of companies	88	72			359	407		
Number of employees	4113	12848			16441	44590		
Number of exporters	61	44			134	140		

Most South East businesses have seen a gradual decline in growth rate since their relatively strong performance in Q2. This applies to exports even more than domestic sales, which have been affected by the long term strengthening of sterling, especially against the euro; and by China's well publicised difficulties since early summer, which have affected the global economy.

Whilst these pressures have been mitigated by cheaper oil (travel/transport and energy), inflation remains the top concern, mentioned by four in ten businesses, joined in Q4 by pay settlements (up from two in ten in Q3) ahead of April's compulsory living wage.



# South West

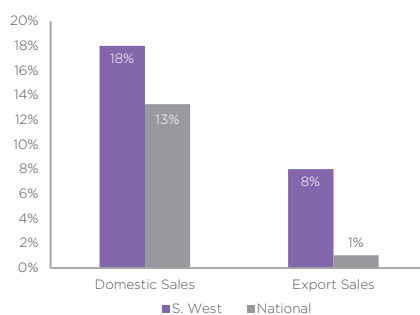
	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	14	22	5	18	29	34	33	44
Domestic orders	6	10	0	12	25	27	30	37
Export sales	-3	10	4	8	11	16	12	24
Export orders	-11	0	-31	6	8	10	14	16
Employment last 3 months	14	8	38	0	21	18	30	25
Employment next 3 months	18	23	3	34	24	23	27	31
% Tried to recruit	55	49	79	75	47	40	71	66
% Part-time	15	17	14	19	32	33	31	35
% Full-time	85	83	86	81	68	67	69	65
% Temporary	35	32	38	24	29	36	29	37
% Permanent	65	68	62	76	71	64	71	63
% Recruitment difficulties	72	71	80	87	68	68	70	73
% Skilled manual	49	45	65	49	25	19	27	19
% Professional/managerial	33	35	55	45	41	32	46	39
% Clerical	10	9	20	14	19	14	20	16
% Semi and unskilled	13	13	7	14	19	14	21	15
Cashflow	4	14	24	32	24	14	26	16
Investment - plant/machinery	7	14	7	16	19	20	26	30
Investment - training	9	17	9	34	19	22	23	35
Confidence - turnover	50	54	32	55	56	58	54	59
Confidence - profitability	40	40	21	32	46	43	40	41
% Full capacity	34	39	47	37	38	35	44	39
Prices	19	24	9	11	21	24	19	26
% Pay settlements	26	27	44	41	16	16	25	27
% Raw materials	33	35	25	17	9	12	9	15
% Financial costs	10	10	3	5	8	8	8	9
% Other overheads	7	38	4	20	10	39	14	43
Number of companies	183	161			639	507		
Number of employees	11056	6550			47525	19602		
Number of exporters	100	81			181	157		

“ As 2015 draws to a close, these results paint a more encouraging picture for our region’s businesses with increases in the last three months in domestic sales and orders, international sales and cashflow.

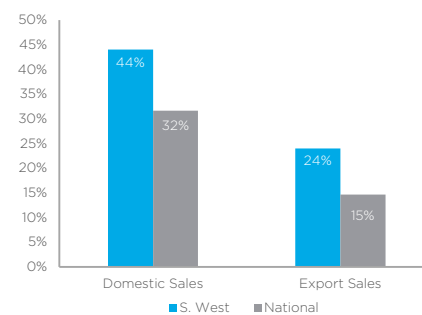
However, with less positive recruitment figures and most major indicators down compared to 12 months ago, challenges still lie ahead for south west firms. And although business confidence has not yet returned to its peak at the start of the year, it has stabilised since the summer leaving businesses well set for the trials of 2016.

**Phil Smith, Managing Director,  
Business West**

## Manufacturing



## Services



# London

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	14	2	26	9	2	9	46	37
Domestic orders	15	2	15	9	-1	6	39	10
Export sales	0	-14	11	-4	10	13	40	18
Export orders	0	-14	17	-4	6	10	46	6
Employment last 3 months	5	7	13	2	0	2	24	23
Employment next 3 months	15	5	15	10	9	6	28	10
% Tried to recruit	20	27	27	32	15	15	66	65
% Part-time	44	64	27	26	32	41	21	22
% Full-time	56	36	30	31	68	59	79	78
% Temporary	50	100	23	27	52	39	37	28
% Permanent	50	0	8	0	48	61	63	34
% Recruitment difficulties	38	64	25	37	50	51	42	33
% Skilled manual	0	9	0	12	24	21	30	15
% Professional/managerial	13	0	18	0	19	23	20	13
% Clerical	0	0	0	0	7	6	2	5
% Semi and unskilled	25	45	22	13	9	10	2	6
Cashflow	-2	7	-1	10	1	6	17	18
Investment - plant/machinery	15	-5	21	16	4	1	14	21
Investment - training	2	-10	1	-2	3	3	39	22
Confidence - turnover	22	26	28	15	25	29	64	32
Confidence - profitability	10	29	20	15	19	23	57	58
% Full capacity	21	33	16	33	37	37	61	54
Prices	7	33	13	19	16	14	42	12
% Pay settlements	12	24	3	23	9	10	15	39
% Raw materials	41	41	32	27	10	13	10	12
% Financial costs	12	27	3	23	17	15	19	24
% Other overheads	32	44	7	27	34	29	48	30
Number of companies	41	41			473	470		
Number of employees	308	1390			4524	6821		
Number of exporters	21	14			187	188		

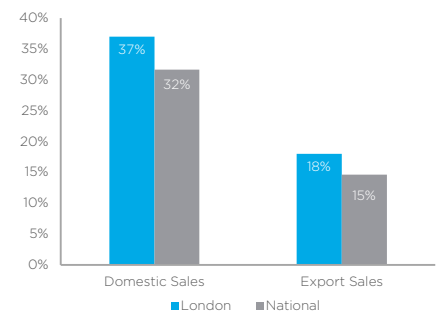
“ The final Capital 500 Quarterly Economic Survey of 2015 shows that London businesses are performing well amid a growing business consensus that UK economic growth is stabilising. Notable increases in domestic demand paint this quarter's figures in a particularly positive light and underline strong performance in terms of cashflow, revenue and profitability. London businesses will hope these trends continue well into 2016.

However, while these signals are encouraging, in order to protect the capital's position as a world-leading place to do business Government must now look to cement a strong London economy for the medium and longer-term. This has to include realistic investment in the capital's strategic transport infrastructure, practical steps to tackle the skills gap and, ultimately, enhanced devolution as London surges toward being a city of nine million people by 2020.

## Manufacturing



## Services



**Colin Stanbridge, Chief Executive, London Chamber of Commerce and Industry**

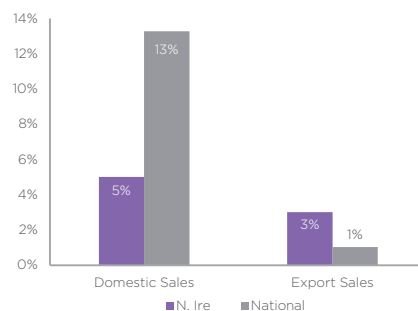
# Northern Ireland

	Manufacturing				Services			
	Unweighted		Weighted		Unweighted		Weighted	
	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15	Q3 15	Q4 15
Domestic sales	11	4	17	5	-4	8	4	9
Domestic orders	12	0	10	-1	-11	5	-4	8
Export Sales	5	-3	19	3	-13	15	-10	3
Export orders	5	-6	17	0	-19	13	-15	9
Employment last 3 months	18	22	15	37	12	18	22	15
Employment next 3 months	10	6	4	16	20	15	25	9
% Tried to recruit	51	49	68	69	57	52	65	64
% Part-time	8	10	6	13	22	24	24	28
% Full-time	92	90	94	87	78	76	76	72
% Temporary	50	38	31	31	35	43	41	43
% Permanent	50	63	42	49	65	58	59	57
% Recruitment difficulties	63	51	60	63	56	61	49	62
% Skilled manual	34	37	38	45	21	23	19	25
% Professional/managerial	16	23	11	31	29	28	25	26
% Clerical	5	2	4	1	14	8	12	6
% Semi and unskilled	18	5	14	5	7	10	7	13
Cashflow	9	-4	-2	2	-8	4	5	23
Investment - plant/machinery	14	22	2	44	4	17	14	24
Investment - training	19	28	19	37	10	18	16	21
Confidence - turnover	36	43	23	55	17	32	30	41
Confidence - profitability	23	30	12	43	2	20	8	24
% Full capacity	37	48	46	56	40	48	38	49
Prices	5	18	-3	25	6	21	12	27
% Pay settlements	19	24	26	37	20	21	31	24
% Raw materials	46	43	41	53	16	16	16	21
% Financial costs	13	13	15	7	16	12	15	9
% Other overheads	-	42	-	47	-	33	-	30
Number of companies	85	98			166	205		
Number of employees	6041	8003			19879	14329		
Number of exporters	66	70			85	93		

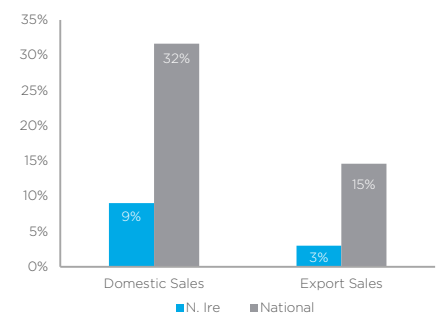
There was a slightly more positive outlook to the Q4 2015 QES for both Northern Ireland manufacturing and services sectors. Most key balances remain positive and the majority recorded increases after what had been a relatively poor performance in Q3.

However, both sectors face challenges. The continuing slow down in domestic and export sales particularly stands out for manufacturing. The service sector sales indicators are now quite substantially below the national average. The Q4 results still point to some economic growth and a sense that businesses are feeling more positive about prospects going forward. However, this has not translated into any significant growth in sales and exports as yet, particularly for Northern Ireland's manufacturers.

## Manufacturing



## Services



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# Further Enquiries

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