



# QES REPORT

Q2 2024



# A WORD FROM OUR CEO

The economic picture is improving with GDP growth pulling us out of recession at the end of 2023. Northamptonshire and Milton Keynes's vibrant and diverse economy has proven resilient, which is a testament to our entire business community.

Our latest QES shows increasing confidence on the back of a slight improvement in the economic picture in 2024. The survey was conducted before the general election but does indicate that firms are anticipating greater stability moving forward. With inflation falling significantly and interest rates likely to follow, optimism is rising. However, challenges remain, and we need the new Government's support to overcome barriers to growth.

**LOUISE WALL**  
CEO



# INTRODUCTION

The recent QES survey data reveals a strong recovery for businesses in Northamptonshire and Milton Keynes, with over half of respondents reporting an increase in domestic sales and orders in the past three months. Export markets are also thriving, with nearly half of exporters experiencing a rise in overseas sales, up from less than a third in Q1. This growth in both domestic and international orders indicates a very positive trend.

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: a quarter of respondents plan to raise prices soon, and only a small fraction report improved cash flow. Nevertheless, there has been an increase in investment in staff training, although spending on equipment has decreased due to higher costs and interest rates.

Recruitment efforts reveal mixed results. While a majority of businesses have attempted to recruit recently and expect workforce growth, over half have faced 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.

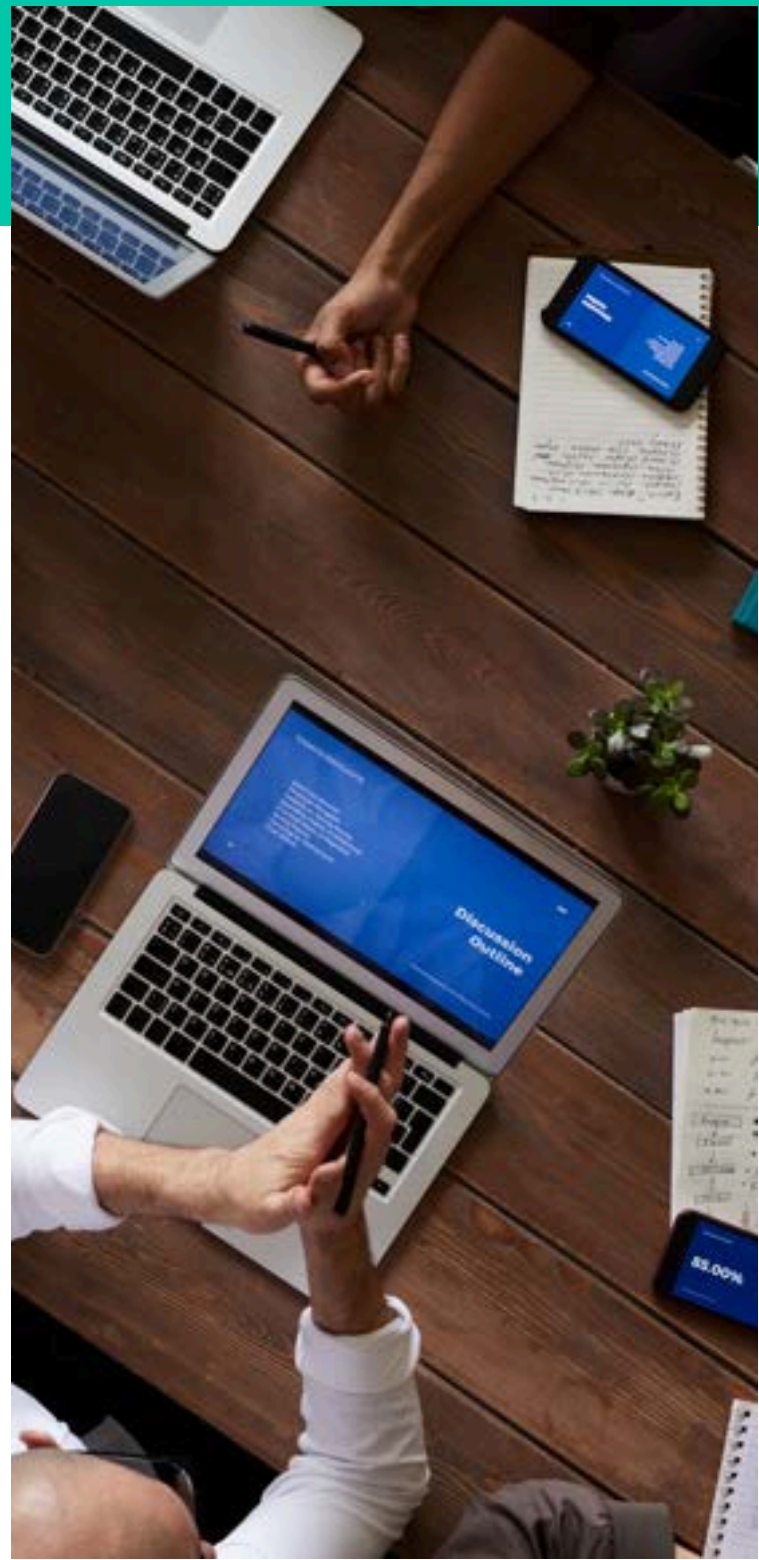


# DOMESTIC ORDERS

With over half of respondents reporting that their UK sales are increasing in Q2 is a strong signal that firms are returning back to growth.

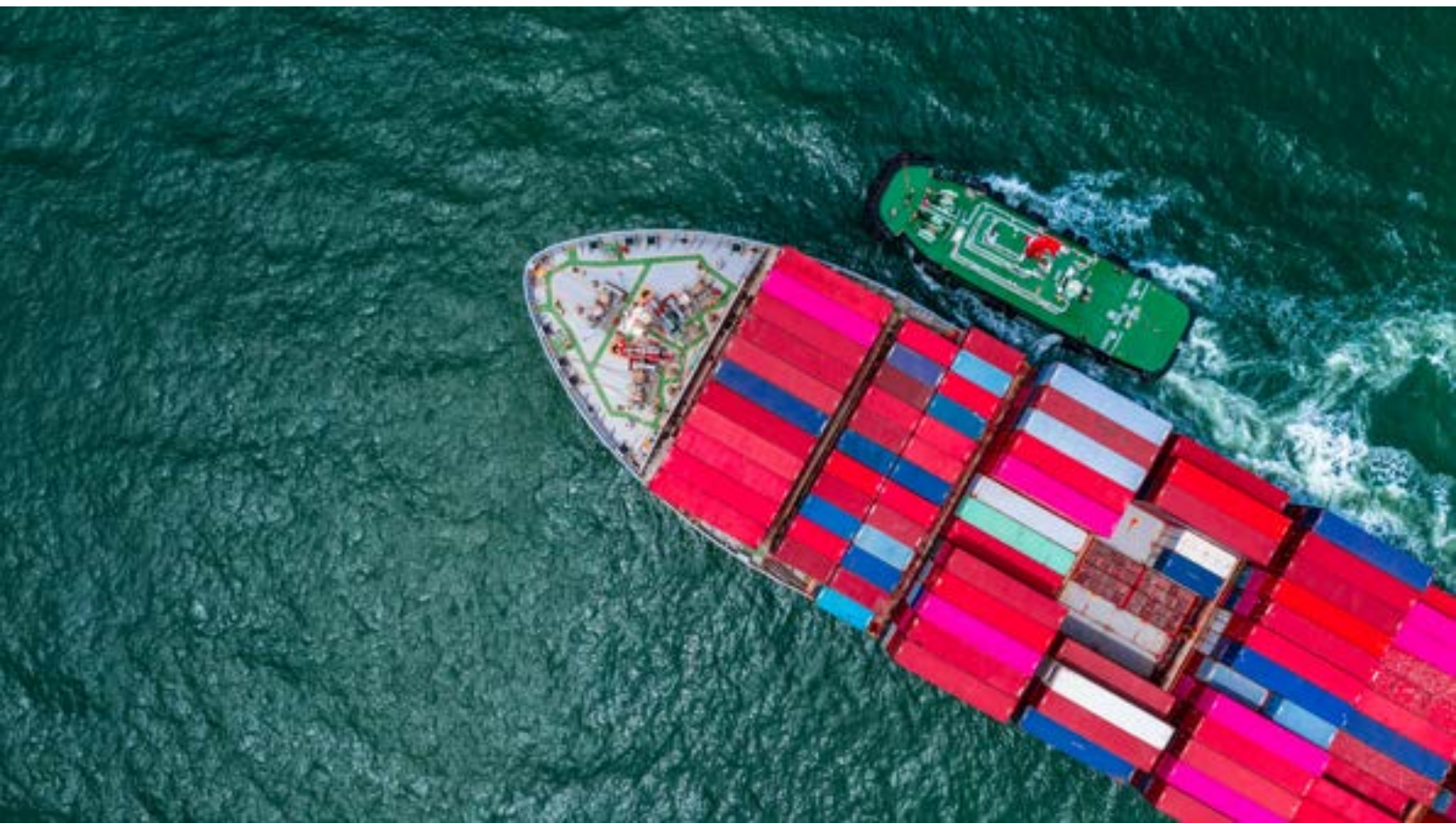
# 54.84%

of respondents have reported UK sales and orders 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

67.74% of business responses have indicated that they expect their turnover to improve over the next 12 months – this number has grown over 20% since last quarter which is a sign of the confidence firms are feeling.

44% of firms have indicated 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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# 67.74%

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

# 64.52%

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.

