

Buckinghamshire Business Barometer Q4 2023

The
Results

Results

Prepared by Buckinghamshire LEP
and Buckinghamshire Business First



Introduction

The Buckinghamshire Business Barometer tracks local business confidence and performance, and gauges views on topical issues.

As with each Business Barometer survey, our aim is to establish how businesses have fared in the last few months to help build a picture of the needs and opportunities that exist in the Buckinghamshire business community.

In the latest survey we also asked the Buckinghamshire business community to share their views on how the recent announcements in the Autumn Budget will impact their business.



This valuable insight into the local economy is fed into our conversations with government and other stakeholders to ensure the voice of Buckinghamshire firms is being heard nationally.



Current trading situation

Net balance scores
(situation over the last 3 months)



About normal:

51%
(down from 59% Q1 2023)

Better than normal:

17%
(down from 20%)



Worse than normal:

32%
(up from 21%)

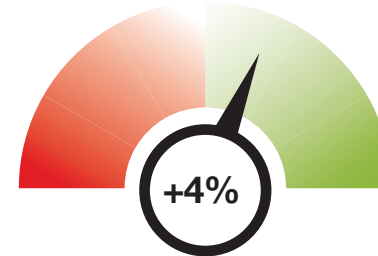
Net balance score:

-15%
(down/worse from -1%)

The net balance score is the % of firms reporting an increase minus the % reporting a decrease.

Net balance scores indicate how businesses have performed over the last three months. The net balance score is the percentage of firms reporting an increase minus the percentage reporting a decrease. For example, if 15% of firms told us their sales increased and 65% said their sales decreased, the balance for the quarter would be -50%. Alternatively, if 50% report profits have increased, and 10% report profits have decreased, the balance would be +40%. With the exception of costs, negative figures indicate a contraction and positive figures indicate growth

Sales have/custom



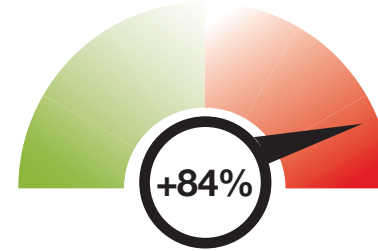
(down from +14% Q1 2023)

Order book/pipeline:



(down from +10%)

Costs have:



(up/worse from +73%)

Turnover has:



(down from +15%)

Profits have:



(down from -12%)

Workforce has:



(down from +6%)

Views on Autumn Statement

Following the announcements of the Autumn Statement, respondents anticipate that the greatest impacts to their business will primarily be from the **increase to the National Minimum Wage** and **increased corporation tax**, which will reduce competitiveness in export markets and could lead to reduced staff numbers.

The reduction in National Insurance payments for self-employed is welcome, however there was an overall **lack of support for small businesses** according to respondents.

Respondents also mentioned long-term challenges that need to be addressed including: commitment on climate change; improvements in electrical grid supply and infrastructure; digital connectivity; and a strategy on food production.

In particular, respondents felt the Autumn Statement lacked:



Autumn statement 2023

"Taxation and the mandatory 10% increase in National Minimum Wage is not an encouragement to employ more staff, but rather, a disincentive that pushes us to replace staff roles with technology, or equipment. With such large increases, it puts pressures on salaries of longer term staff, who are higher up the ladder. I have anecdotal and personal comments from staff who would rather have kept £11/hr and their job, than the promise of £12/hr and the prospect of fewer hours, or losing their job altogether."

"There really wasn't much for the SME. We are needing more business and the businesses that we are looking to for project work are postponing business decisions! Our business needs a positive business environment."

"The ability to get immediate tax relief on Capital Investment helps"

"Investment in plant & machinery is good but I would have liked to have seen investment in property improvements mentioned"

"Corporation tax increases will have the biggest impact. There was little in the Autumn statement that will help ease the tax burden on micro-SME's."

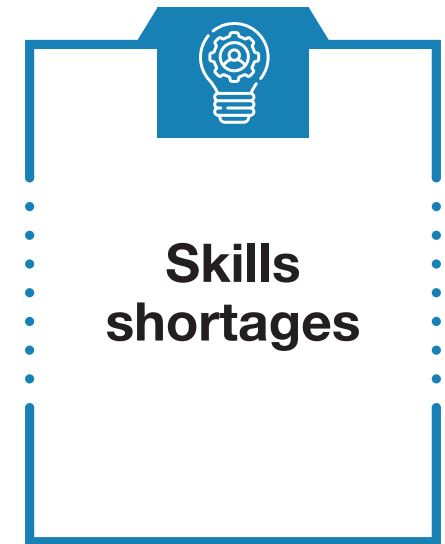
"The massive increase to NMW is going to have a serious impact on our business. We are currently modelling scenarios but reducing staff numbers is a likely outcome. I don't feel there was much support for small businesses unless you are already making significant profits to be able to reinvest. This is massively impacting hospitality and high street businesses."

Main challenges for the year ahead

A range of challenges are expected to be encountered by businesses in Buckinghamshire. The most commonly cited challenges by respondents were:

- Staff retention and recruitment
- Skills shortages
- Dealing with rising costs and maintaining cash flow
- Attracting new customers while retaining the existing customer base, with added reference to managing client demands on limited budgets.

At the macro level, businesses are concerned by the challenge of navigating through ongoing economic uncertainty, market volatility and supply chain disruption. Recognition was also given to shifts in consumer behaviour and preferences, which will make adapting to evolving market trends and expansion into new markets more of a challenge. The emergence of AI is also expected to add further difficulty in maintaining competitiveness.



What, if anything, is preventing growth?

The majority of respondents identified **reduced customer demand** linked to the cost-of-living crisis and a stagnant economy as the main barrier to growth. Consequently, **competition has increased** which has led many respondents to highlight issues concerning their ability to market their goods and services effectively when budgets are constrained.

Recruitment and retention of staff was also highlighted as a main barrier to growth, along with:

- IR35 legislation
- Transport for staff
- Aging workforce
- Electric grid capacity
- Access to finance
- Planning and procurement processes
- Supply chain disruption

“Banks that have shaved away all their direct support methods and mechanisms for small business and relationship management.”

“The capital cost of projects due to labour and material price increases combined with increase debt costs mean we have to move at a slower, more considered pace to ensure safety of cashflow.”

“Challenges in accessing grant monies to aid additional startup ventures.”

“Capacity from insurers and costs of advertising.”

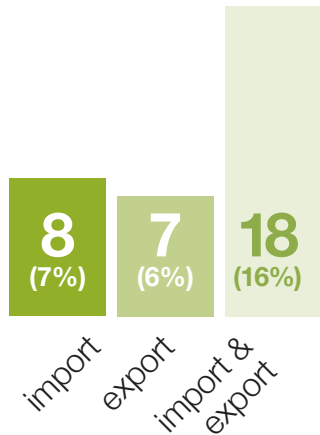
“Interest rates will prevent us from considering a loan to bridge to the next step for our company.”

Topic: Import Export



33

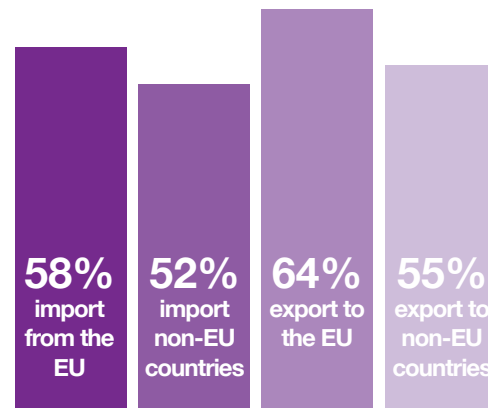
respondents (29%)
import or exports goods/
services internationally:



Of the...

33

respondents that import
or export goods/services
internationally:



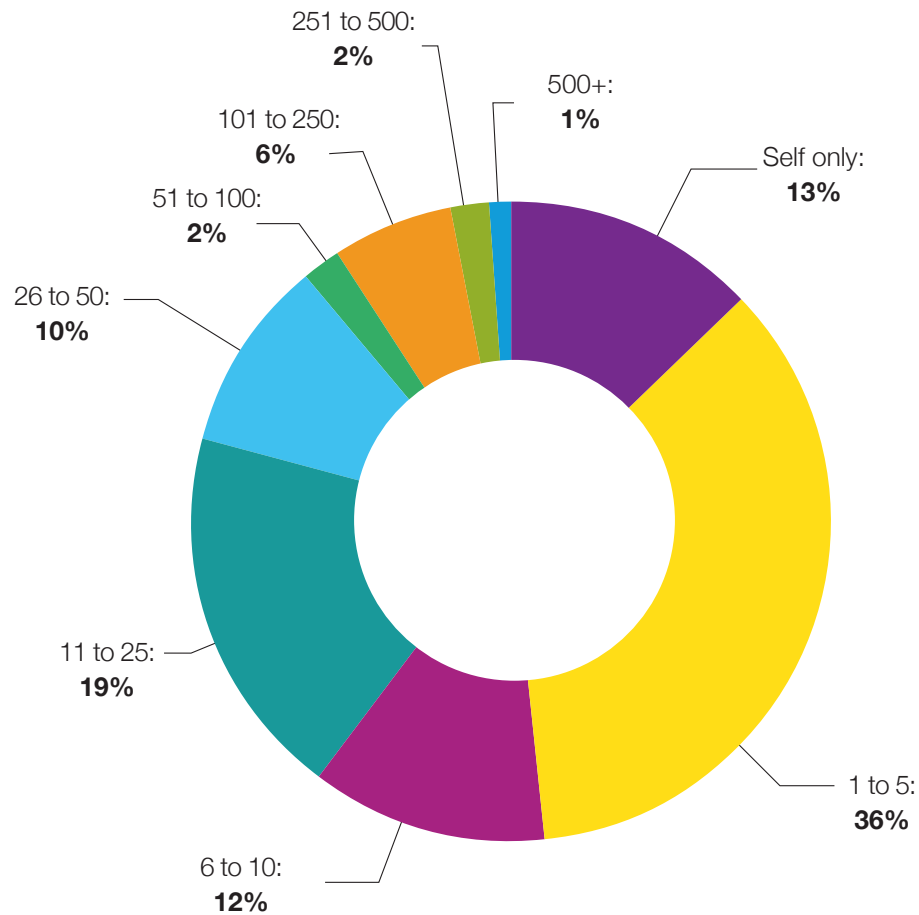
Of those who have recently made changes to their importing or exporting activity, reasons given included: additional costs and red tape; client demand including EU customers looking to source from within the EU; changing supply chain and diversifying portfolio; and sourcing suppliers that facilitate recycling to reduce carbon footprint.

6 respondents have 'on-shored'/switched from foreign to UK-based suppliers, however none have plans to switch.

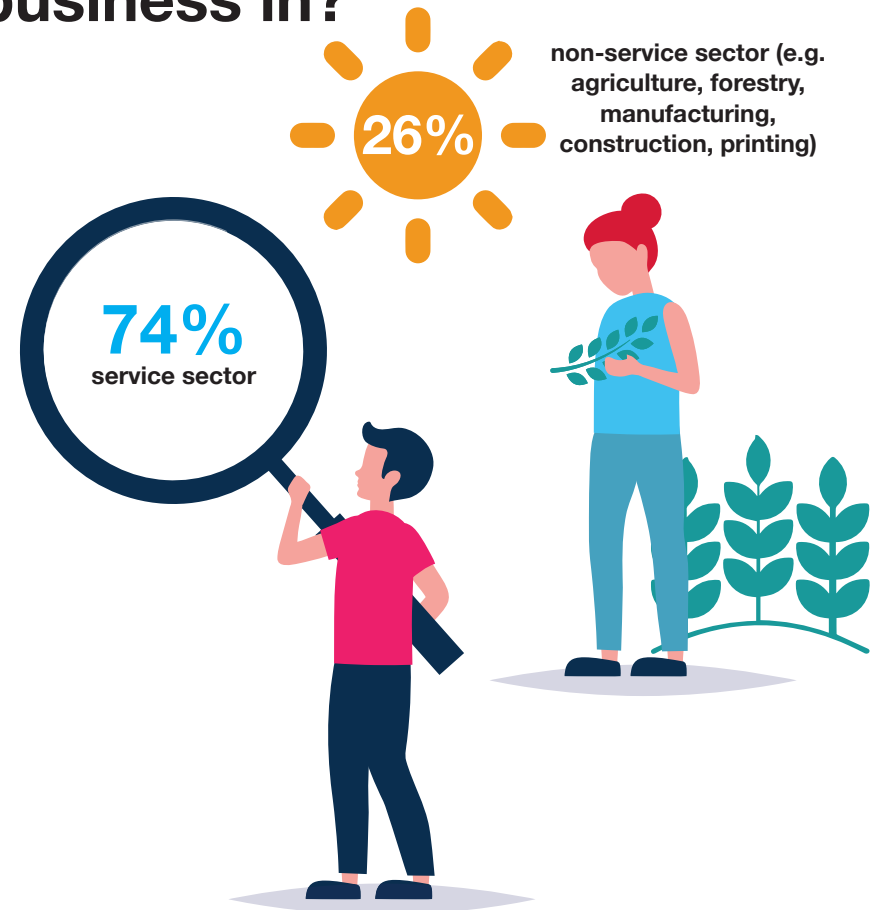
- Of those that 'on-shored', reasons for doing so included more local control, supply flexibility and price stability. However, initial inefficiency was encountered as 'onshoring' was introduced.
- Whilst there was recognition that 'onshoring' leads to improved quality and sustainability, reasons for not doing so included a lack of economic incentive linked to higher costs; a lack of suitable suppliers and qualified workers; and import regulations introduced after Brexit.

Survey respondents

How many employees does your business have:



What sector is your business in?



The Buckinghamshire Business Barometer is run by Buckinghamshire Business First (BBF) and Buckinghamshire Local Enterprise Partnership (Bucks LEP). The Barometer began in 2021 and is conducted via an online survey on a quarterly basis. The survey can be completed by any business operating within Buckinghamshire and is promoted to businesses through BBF and its partners. Respondents are self-selecting and the results are not weighted, therefore the findings should be treated as indicative rather than representative of all Buckinghamshire businesses.

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A total of 112 responses from Buckinghamshire-based businesses were gathered for the Q4 2023 Buckinghamshire Business Barometer.

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