

# Lancashire Quarterly Economic Survey Report

Quarter three 2024  
(July to September)



North & Western  
Lancashire  
Chamber of Commerce

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**Brabners**  
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# Forewords



## Robert White

Chief Executive, Brabners  
Sponsors of the Lancashire Quarterly Economic Survey

The publication of this survey comes at a hugely significant time for Lancashire. The county's devolution journey took an important step forward last month, with the new government signalling it was happy to proceed with plans to create a Combined County Authority.

With Lancashire standing to gain more control than ever over its own economic decisions, responses to this survey indicate there is currently apathy in the business community about devolution's ability to materially impact operations (69.9% neither agreed nor disagreed devolution would improve Lancashire's business growth conditions).

This, combined with the fact businesses currently see external factors such as business rates and tax having a greater impact than in the previous quarter, shows there is a real need for political leaders to collaborate with the business community to create a two-way conversation that inspires confidence in Lancashire's future political framework and economy.

Brabners is the purpose-led independent law firm with over 520 staff across four offices in the North of England. Our True North network - of over 300 organisations committed to supporting the North's future - was established to unite the region's most influential and purpose-driven voices to unlock the true potential of the Northern economy.

The Lancashire members of our network, as well as members of our Lancashire networking groups including the Brabners Lancashire Business Circle and Fylde Executive Club, have repeatedly emphasised their desire to work closely with the public sector, particularly in the critical areas of skills development and digital infrastructure, where they remain poised to increase investment as a route to driving productivity and future prosperity.

So, there is no better time to begin the conversation.

### Robert White

*Learn more about how True North is giving a voice to businesses across Lancashire and the North at: [brabners.com/true-north](https://brabners.com/true-north).*



## Babs Murphy

Chief Executive,  
North & Western Lancashire Chamber of Commerce

As we present the latest results from the Lancashire Quarterly Economic Survey, it's clear that our business community is navigating challenging waters. Both domestic sales and exports have seen a downturn over the past quarter, reflecting broader concerns about the stability of the economy. With global uncertainties and ongoing disruptions, Lancashire's businesses are feeling the strain of a slowing demand both at home and overseas.

Employment figures tell a mixed story. While some sectors report continued hiring and a positive outlook, others are facing difficult decisions about staffing levels. These variances highlight the uneven impact of the current economic climate, with some industries bouncing back while others continue to face significant obstacles.

What is most concerning, however, is the sentiment expressed by many Lancashire businesses about the future. Uncertainty over economic policy, market conditions, and the potential for further disruptions is weighing heavily on confidence. Businesses are calling for clarity and support as they attempt to plan for the months ahead.

Despite these challenges, Lancashire's business community remains resilient. The drive and determination that characterise our region are still very much in evidence. We will continue to work closely with businesses and policymakers to provide the support and guidance needed during these uncertain times.

As always, the Chamber will ensure the voices of our businesses are heard, advocating for the stability and resources they need to thrive once more.

**Babs Murphy**

# About this Quarter's survey

The Q3 2024 survey was conducted by the North & Western Lancashire Chamber of Commerce; Chamber of Commerce East Lancashire; and Lancaster & Morecambe Chamber in conjunction with Brabners.

- The survey collection period was from 19th August to 11th September
- Responses were received from 161 companies across Lancashire employing 13,169 people.
- From the manufacturing sector, 49 business employing 5,361 people responded to the survey.
- From the service sector, 112 businesses employing 7,808 people responded to the survey



## 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).

# Summary

*Any change of government is bound to see contrasting opinions and the first Labour government in 14 years is no different. Its “doom and gloom” messages have certainly resonated with respondents to Q3 of the Quarterly Economic Survey.*

*In short, while the economy continued to plateau during the dying embers of the Conservative government – despite its efforts to bring down inflation and cut interest rates – there is not a lot of room for optimism in this quarter, with businesses across Lancashire preparing for a Budget which might not deliver the answers they require.*

# Findings



## Key findings

# Manufacturing sector

- The balance of firms reporting increased domestic sales decreased from -9 to -14; with domestic orders balance also decreasing by five points from -12 to -17.
- The balance of firms reporting increased export sales decreased by one point from 3 to 2. Though export sales orders witnessed a huge decrease by 20 points from 3 to -17.
- The balance of firms reporting an increase in their workforce over the past three months decreased from +31 to +16, however, the balance of employment expectations in the next 3 months increased from +27 to +32.
- Manufacturers who tried to recruit increased from 73 to 75% over the last 3 months. 92% of those businesses tried to recruit people in full-time positions. There was also an decrease in those finding it difficult to recruit, from 79% to 76%. While 75% of those who had difficulties saying this was in Skilled Manual roles this figure has remained static. The growth in difficulty has been in Professional/Managerial and Clerical roles.
- The balance of firms reporting increased cashflow decreased significantly from -6 to -19
- The balances of manufacturers reporting planned increases in investment weakened for both plant/machinery (+18 to +4) and training (+36 to +12).
- 73% of manufacturers are currently suffering cost pressures due to raw materials.

## Key findings

# Services sector



- The balance of firms reporting increased domestic sales went down from +25 to +17, while the balance reporting improved domestic orders worsened, from +21 to +17.
- The balance of firms reporting increased export sales fell, going up from -2 to -14. The balance reporting improved export orders also weakened, from 0 to -18.
- The balance of firms reporting an increase in their workforce over the past three months did increase slightly from +19 to +20. However, employment expectations balance went down, from +43 to +22.
- The balance of firms reporting increased cashflow contracted further, down from 8 to -7.
- The balance of firms reporting increases in investment in equipment fell, from +9 to +3; while the balance in investment in training also dropped; from +16 to +10.
- The balance of firms expecting turnover to improve in the next 12 months decreased, from +38 to +35; confidence that profitability will improve over the next twelve months also decreased dramatically, from +51 to +12.



## Key findings

# UK sales and orders



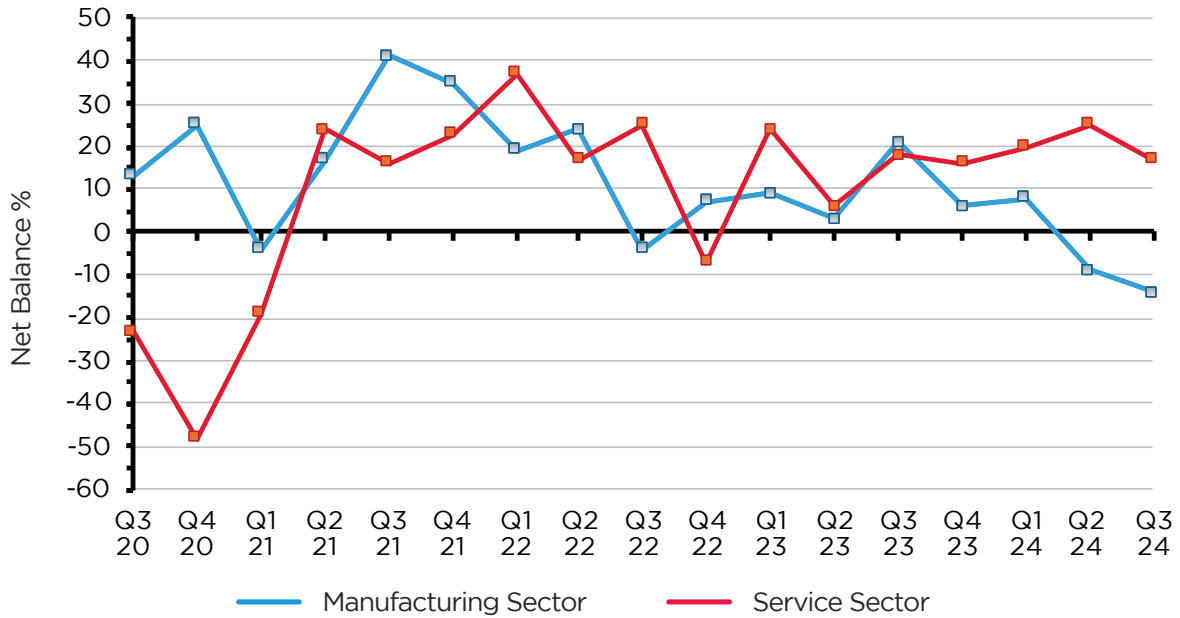
Over the past quarter, both the manufacturing and services sectors within Lancashire have taken a sizeable hit with the former fairing slightly better than the latter. Manufacturing fell by a further 5% while services by eight - the second slump in two quarters, very much against what is happening nationally where at least there has been a slight growth.

Worryingly, the same is happening in UK orders with the county on a downward trend following a slight improvement on Q2. Both sectors have fallen following a slight upturn towards the end of last year. This could be down to the

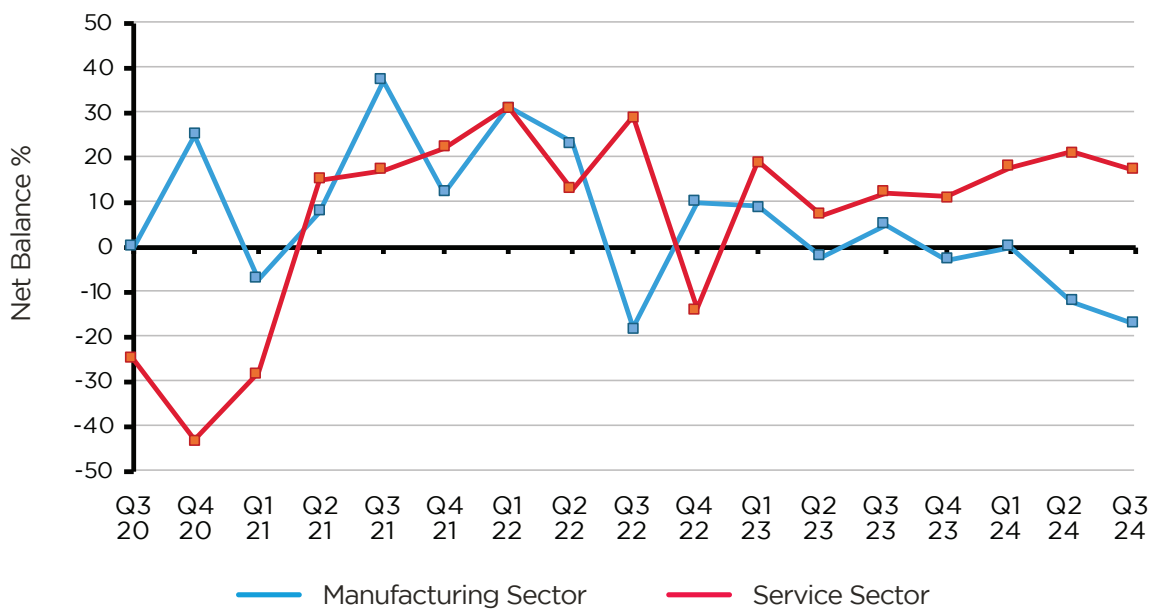
uncertainty of a new government in place and its “blame game” approach to finding the economic “black holes” from the previous administration. Whatever the reasoning, businesses need some good news come October 30th to install some good feelings back into the home-grown order book.

# Key findings

## UK Sales



## UK Orders



## Key findings

# Export sales and orders

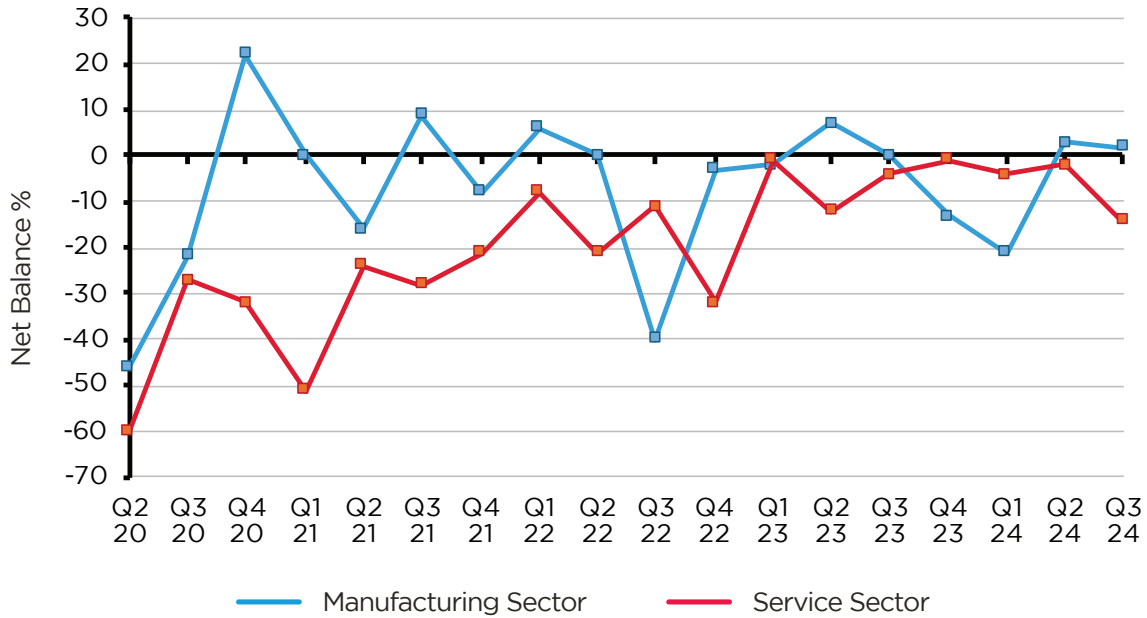


Just when it was starting to look brighter on the export front, the winds of change over the summer have seen both manufacturing and services slump to figures not seen since this time last year. Although not as dramatic as domestic sales, export sales were showing signs of recovery following the pandemic and Brexit uncertainty. This summer – with trade routes damaged by geopolitical tensions, both sectors have suffered.

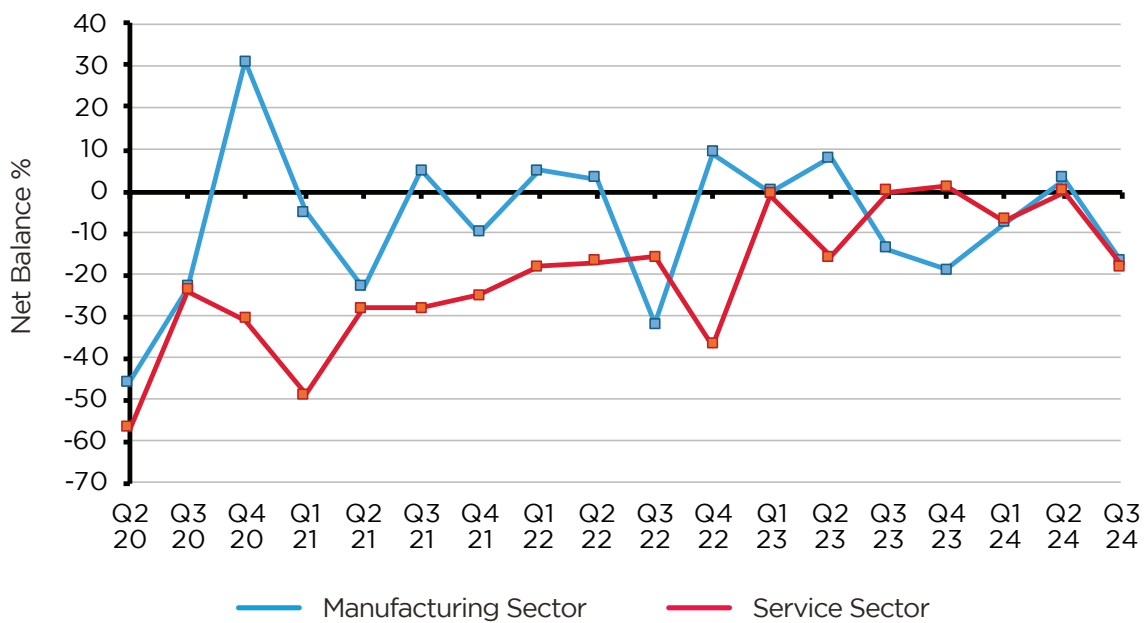
Order books are down dramatically for manufacturing – by 20 points on Q2 – and services are fairing on slightly better by minus 18 points. Worrying times for both sectors who will be hoping the situation on the international front changes for the better soon.

# Key findings

## Export Sales



## Export Orders



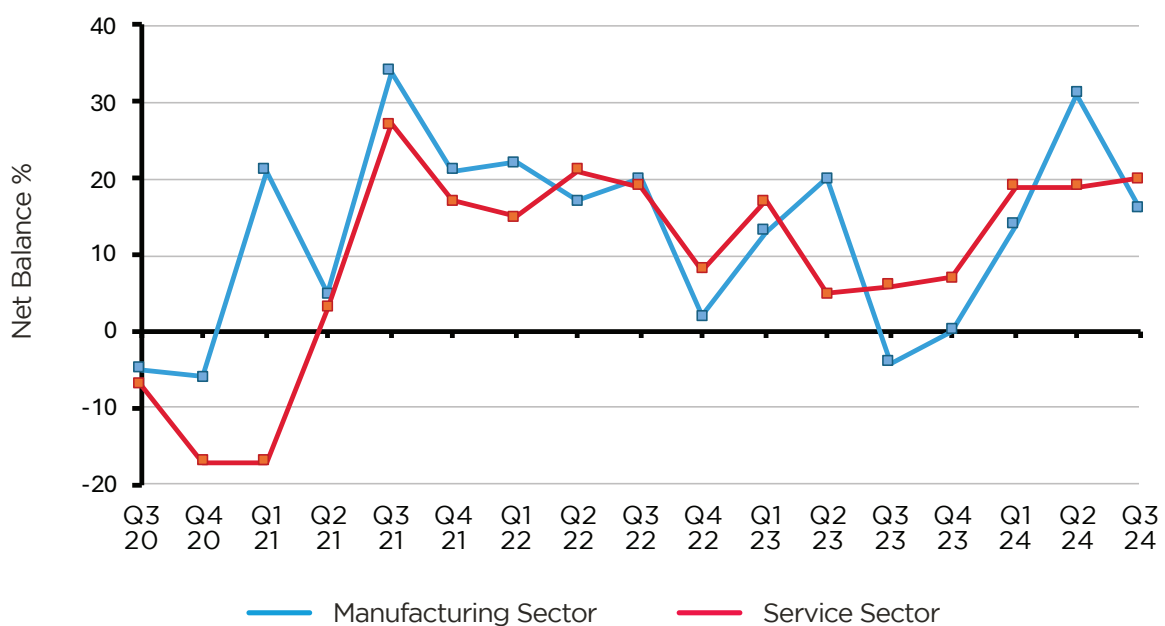
## Key findings

# Employment in last three months

While there's bad news on the manufacturing front – down 15 points on Q2 – and a slight improvement for services, albeit up one point. Of all the respondents to Q3, 10% say their workforce has decreased in the past three months, while the vast majority has remained constant, so there are peaks and troughs. Around a third of both sectors have increased their workforce, though this can be down to seasonal jobs.

There is some good news for manufacturing moving towards the end of the year with over a third expecting to increase employment – due to the demands of Christmas, though the service sector expects its numbers to dip.

Employment in the last 3 months



## Key findings

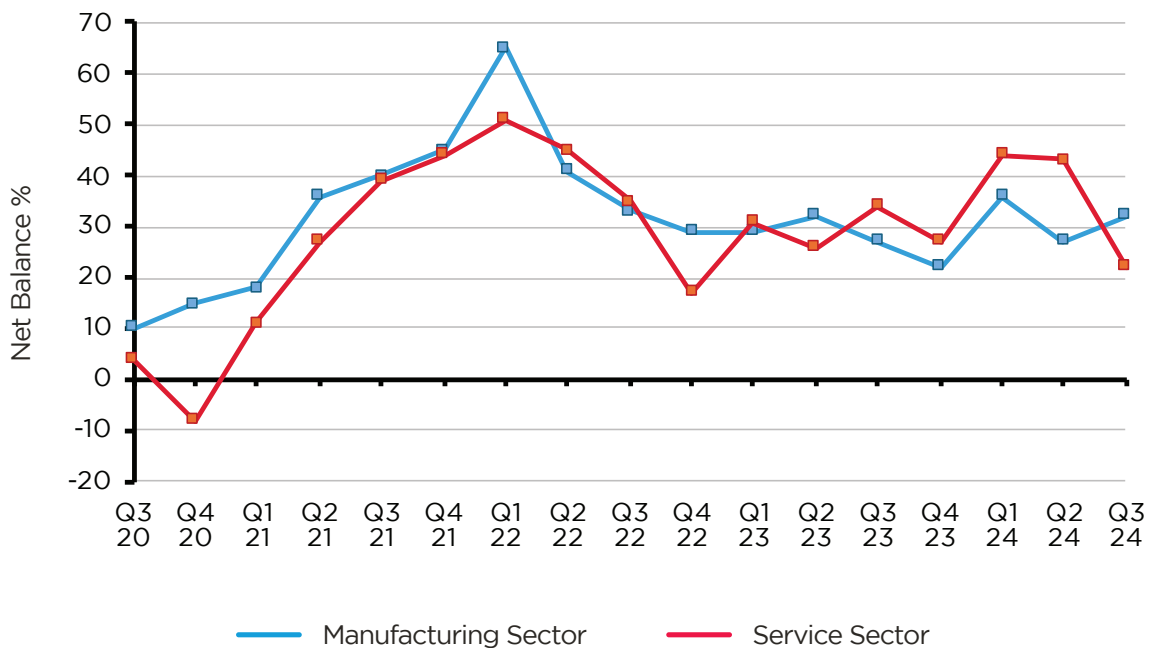
# Recruitment in next three months

Bit of a mixed bag on the recruitment front for the sectors with 36% of responders from manufacturing sector saying they plan to recruit, while services has taken a dip with more than 20% saying the don't plan on recruiting staff.

67% of firms from both sectors attempting to recruit said they experienced difficulties finding suitable staff. There is still some way to go when it comes to filling the gaps in the labour market in Lancashire.

Of all firms attempting to recruit, 47% were seeking to fill permanent vacancies (up 12%), with 4% looking to take on temporary workers. 39% of manufacturing firms attempted to recruit for full-time positions, whilst 14% were looking to fill part-time roles.

Recruitment in the next 3 months



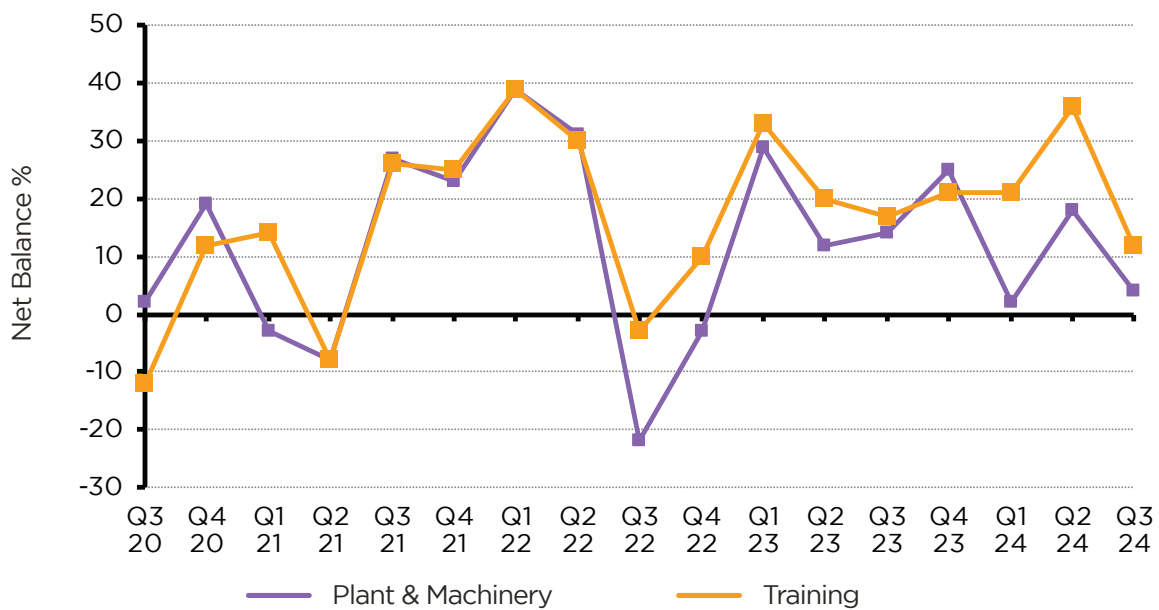
## Key findings

# Investment intentions

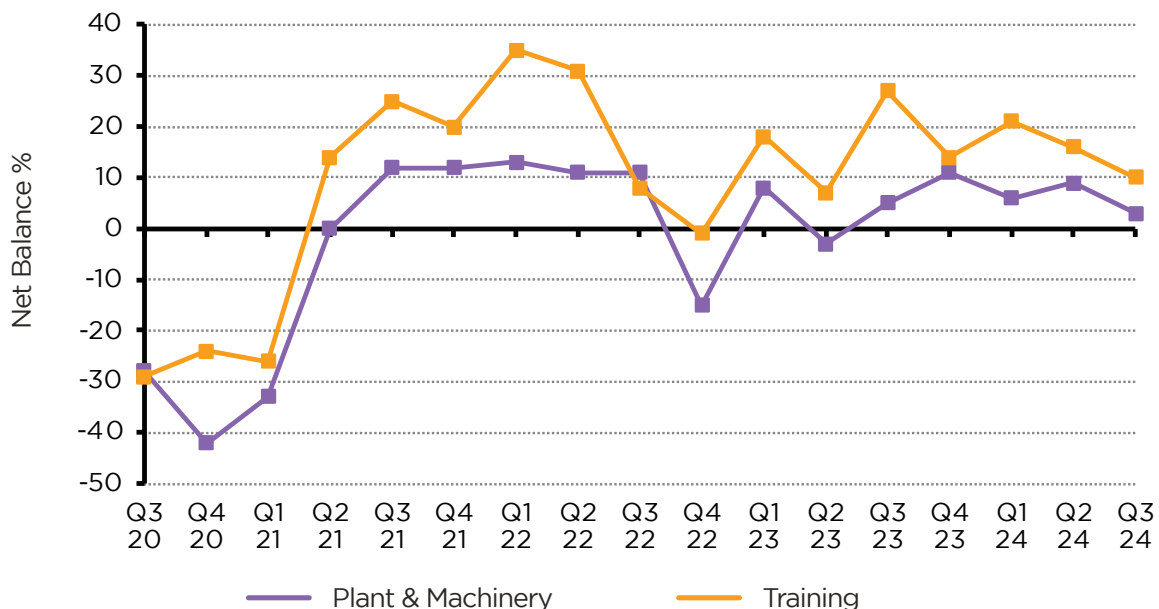
With the current doom and gloom messages coming out of the Treasury, it is to be expected that both sectors are not planning any investment in machinery or training over the coming months.

Manufacturing have lowered their expectations by 14 points on Q2 (30% to 18%) when it comes to machinery and by 24 points in training (42% to 10%). Services are down minus 14 and minus 6 respectively.

### Manufacturing investment intentions



### Service sector investment intentions



## Key findings

# Business confidence

While the past few pages don't make great reading for the Lancashire economy this is where it gets interesting. There is a stark difference between the two sectors when looking at measures of confidence. The picture for manufacturing is increasingly optimistic while the opposite is true of the service sector.

The net balance of manufacturing companies expecting turnover to improve in the next quarter strengthened by 15 points (up 18% from 12% in the past quarter) while services predict a fall by 3 points on their net balance (21% from 17%)

However, when it comes to making a profit, the expectations are not quite so rosy with both sectors expecting a dip over the next quarter. Manufacturing fair slightly better than services though both are down on the last quarter - minus 4 and minus 38 respectively.

Cashflow continues to be an issue - as it has all year - with both sectors reporting expected drops in the run up to the final quarter. This is the first time the service sector has dipped into mi nus figures since the Q3 last year.

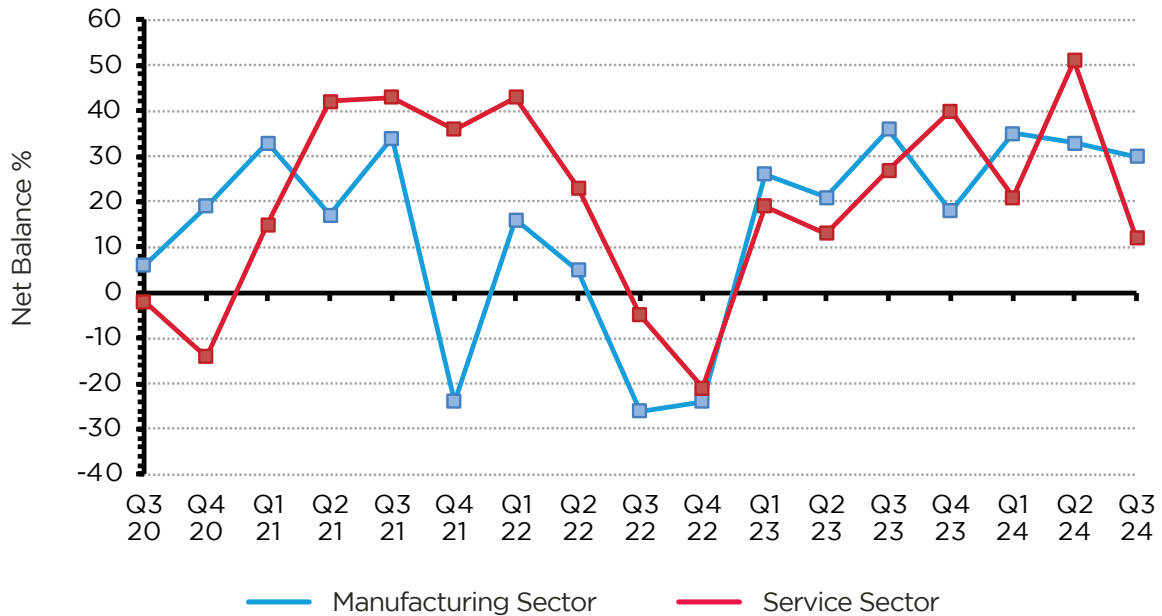
Business confidence - turnover



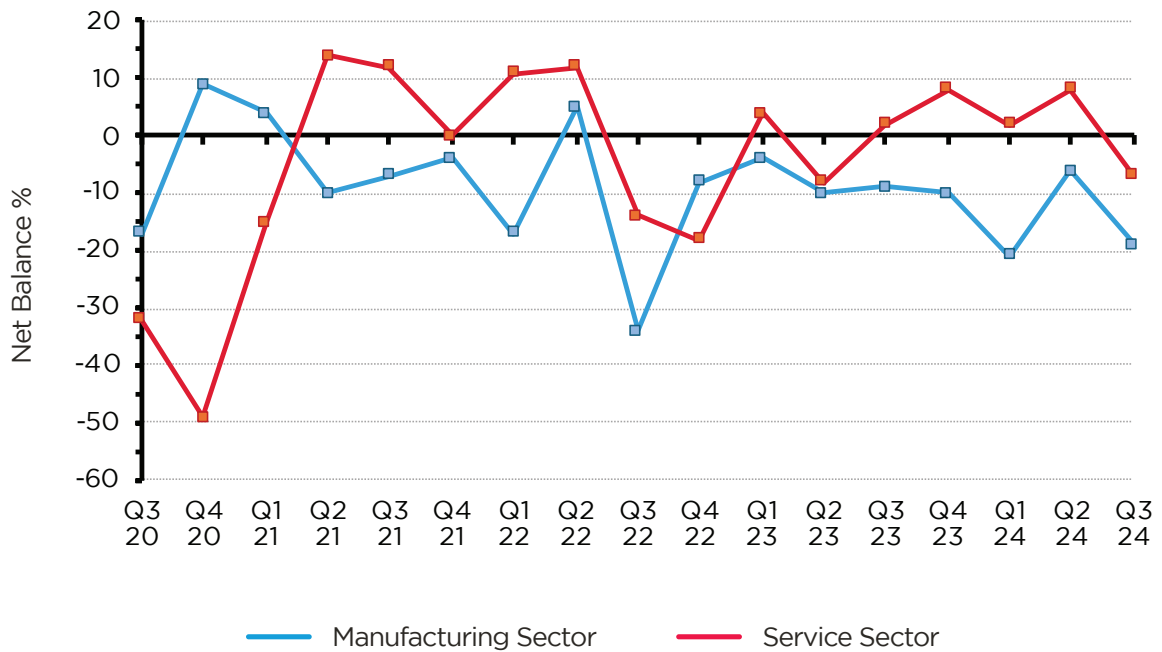


# Key findings

## Business confidence - profitability



## Business confidence - cashflow



## Key findings

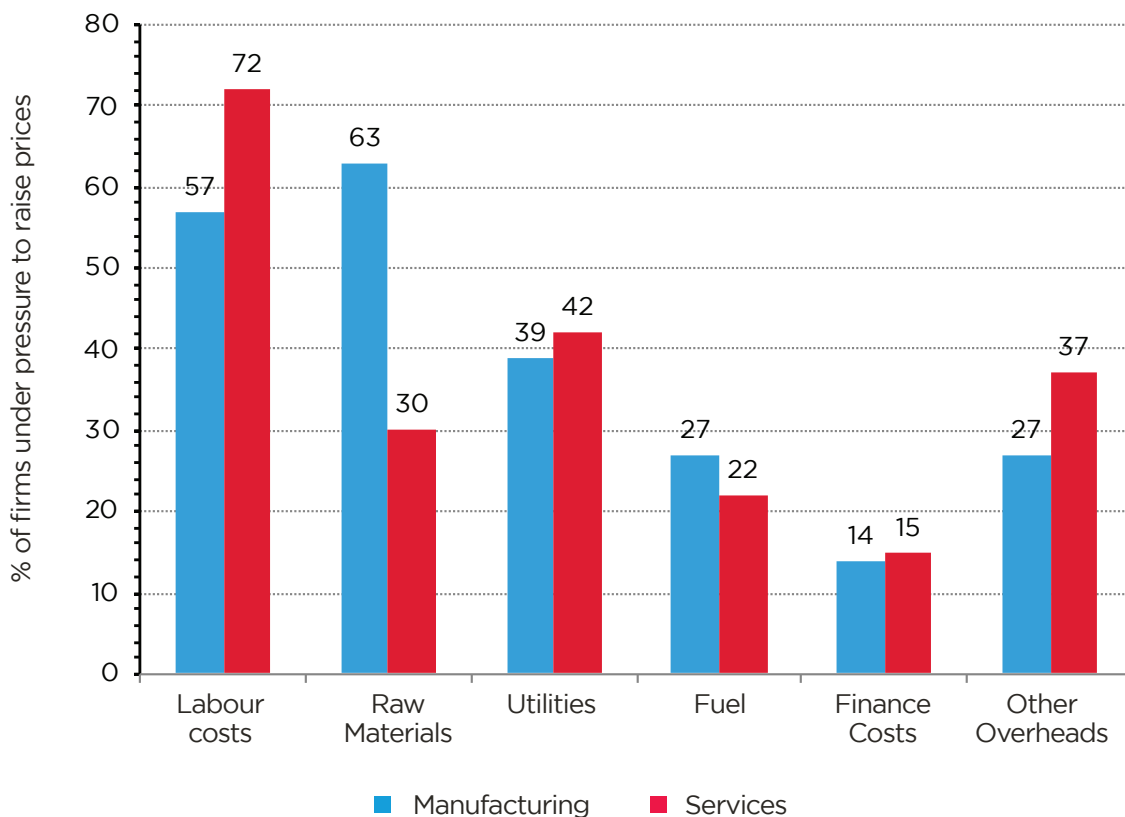
# Prices

In manufacturing, the percentage balance of firms expecting their prices to rise reduced by 14 points (+36%, down from +52%). In the services sector, the percentage balance of firms expecting their prices to increase in the next three months fell by 7 points (+40%, down from 46%). This shows that more firms expect prices to reduce over the next year than to go up.

In terms of factors affecting the price of goods and services, 63% of manufacturers said raw material costs were a factor behind the need to raise prices. The pressure from other overhead costs pay settlement decreased by 6 points (30%, up from 27%).

Other overhead costs remained the biggest pressure in prices for service sector firms and this increased by 6 points (37%, up from 33%). Other factors saw an easing of pressure with the largest change being in pay settlements which increased by 6 points (+72%, down from 66%).

Factors affecting pricing



# Key findings

Price of goods and services over next three months



## Key findings

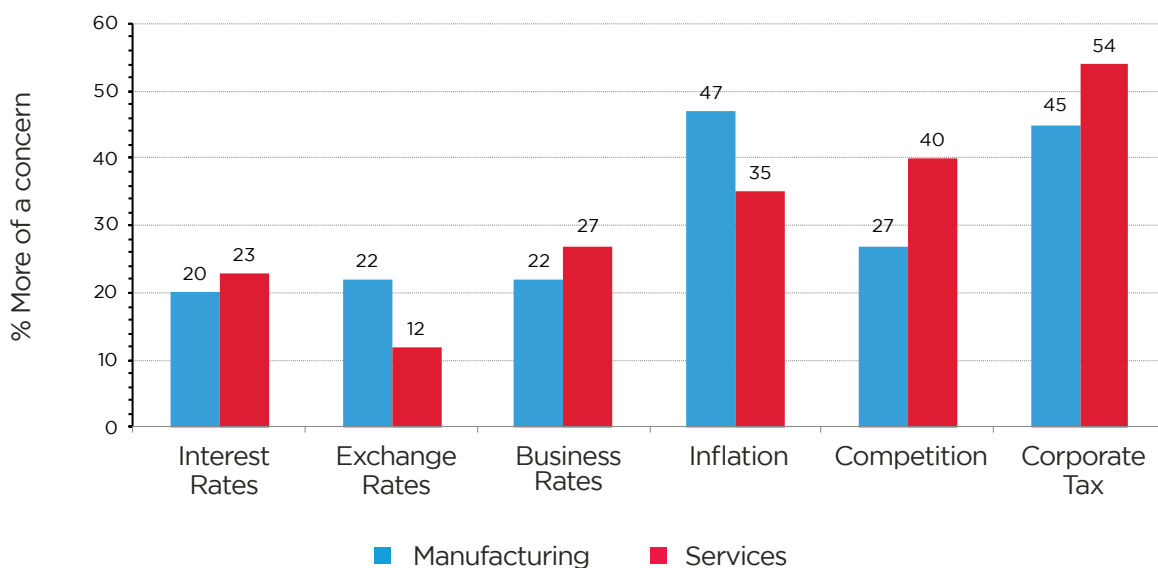
# External concerns | manufacturing

The easing of interest rates over the past six months has seen the manufacturing sector less concerned by this external factor (20% from 42%) though corporation tax continues to be a headache, up 9 points in the past quarter with business rates down 2 points and competition continuing to be level - as it has been pretty much all year.

# External concerns | services

The easing of interest rates over the past six months has seen the manufacturing sector less concerned by this external factor (20% from 42%) though corporation tax continues to be a headache, up 9 points in the past quarter with business rates down 2 points and competition continuing to be level - as it has been pretty much all year.

External Concerns





# COUNT ON THE CHAMBER TO SUPPORT, GROW AND REPRESENT YOUR BUSINESS

The North & Western Lancashire Chamber of Commerce is an independent membership organisation. We support, grow and represent over 1,600 businesses in Lancashire and drive the economic wellbeing of the county.

We are part of the British Chambers of Commerce (BCC) which represents 75,000 businesses in the UK, employing over five million people. Our members range from large organisations with over 300 employees to early-stage businesses.

They count on the Chamber for a range of services including growth and development, protection, training, international trade, representation, events and networking, start-up advice, carbon reduction programmes and exclusive discounts.

We're also part of a global network of Chambers operating in all major industrial nations.

Whatever your business needs, you can count on the Chamber for support, growth and representation.

Join today and reap the benefits.



North & Western  
Lancashire  
Chamber of Commerce

**Call our membership team today on  
01772 653000.**

# Net balances

	Manufacturing		Services	
	Q2 2024	Q3 2024	Q2 2024	Q3 2024
Domestic Sales	-9	<b>-14</b>	25	<b>17</b>
Domestic Orders	-12	<b>-17</b>	21	<b>17</b>
Export Sales	3	<b>2</b>	-2	<b>-14</b>
Export Orders	3	<b>-17</b>	0	<b>-18</b>
Employment last 3 months	31	<b>16</b>	19	<b>20</b>
Employment next 3 months	27	<b>32</b>	43	<b>22</b>
% Tried to recruit	73	<b>75</b>	71	<b>53</b>
% Part-time	4	<b>14</b>	39	<b>34</b>
% Full-time	92	<b>92</b>	83	<b>91</b>
% Temporary	21	<b>11</b>	10	<b>12</b>
% Permanent	63	<b>39</b>	38	<b>48</b>
% Recruitment difficulties	79	<b>76</b>	66	<b>62</b>
% Skilled manual	89	<b>75</b>	53	<b>56</b>
% Professional/Managerial	53	<b>21</b>	72	<b>56</b>
% Clerical	37	<b>21</b>	51	<b>36</b>
% Semi and unskilled	47	<b>39</b>	36	<b>44</b>
Cashflow	-6	<b>-19</b>	8	<b>-7</b>
Investment - plant/machinery	18	<b>4</b>	9	<b>3</b>
Investment - training	36	<b>12</b>	16	<b>10</b>
Confidence - turnover	33	<b>48</b>	38	<b>35</b>
Confidence - profitability	33	<b>30</b>	51	<b>12</b>
% Full capacity	18	<b>26</b>	40	<b>39</b>
Prices	48	<b>34</b>	46	<b>39</b>
% Pay Settlements	64	<b>57</b>	66	<b>72</b>
% Raw materials	73	<b>63</b>	32	<b>30</b>
% Utilities	42	<b>39</b>	42	<b>42</b>
% Fuel	24	<b>27</b>	26	<b>22</b>
% Financial costs	21	<b>14</b>	22	<b>15</b>
% Other overheads	30	<b>27</b>	33	<b>37</b>

## *External Factors of more concern than 3 months ago*

% Interest rates	42	<b>20</b>	22	<b>23</b>
% Exchange rates	33	<b>22</b>	15	<b>12</b>
% Business rates	24	<b>22</b>	19	<b>27</b>
% Inflation	52	<b>47</b>	34	<b>35</b>
% Competition	27	<b>27</b>	33	<b>40</b>
% Tax	36	<b>45</b>	33	<b>54</b>

# Quarterly Change

Manufacturing	Services
<b>Q3 2024</b>	<b>Q3 2024</b>
-5	-8
-5	-4
-1	-12
-20	-18
-15	2
5	-21
2	-18
10	-5
0	9
-10	2
-24	11
-3	-4
-14	3
-31	-16
-15	-15
-8	7
-13	-15
-14	-6
-24	-5
14	-3
-4	-38
7	-2
-14	-7
-6	6
-9	-2
-4	0
2	-3
-7	-6
-4	4
-22	2
-11	-4
-2	8
-5	1
-1	7
9	21

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