

# Lancashire Quarterly Economic Survey Report

Quarter 1 2025  
(January to March)



North & Western  
Lancashire  
Chamber of Commerce

In partnership with  
**Brabners**

# Forewords



## Robert White

Chief Executive, Brabners  
Sponsors of the Lancashire Quarterly Economic Survey

The results of the latest Quarterly Economic Survey paint a slightly more optimistic picture than in Q4 2024, when perhaps the immediate impact on confidence resulting from the government's inaugural budget, which included plans to increase the tax on business, were in sharp focus.

However, longer-term issues for the Lancashire economy appear to be influencing these latest results, with investment intentions declining and recruitment difficulties remaining stubbornly high – particularly for manufacturers.

Perhaps most worryingly, 94 per cent of manufacturers cited difficulties hiring skilled manual workers, up from 80 per cent. Which, given manufacturing is consistently one of Lancashire's largest sectors both in terms of economic contribution and employment, clearly illustrates a mismatch between the county's business need and its skills provision.

This mismatch is consistent with that identified by our True North network – a community of over 400 businesses, business leaders and others organisations dedicated to helping unlock the true potential of the Northern economy. The network identified availability of skills as the overarching challenge in our latest report Scaling Northern Ambition.

As Lancashire's own devolution journey continues to move forward, the QES results – again – question whether there is a 'branding' problem with how it is viewed by the business community in the county.

Since Brabners began its sponsorship of the QES in Q3 2024, there have been several important devolution milestones in Lancashire, including the first meeting of the Combined County Authority in March. In that time – covering three surveys – we have asked the same three questions, including one on devolution. The answer to this suggests business confidence in the process is at an all-time low.

Just one per cent of firms strongly believe devolution can improve business conditions (down from almost six per cent in Q3 2024) which, when twinned with a rise in those businesses who 'strongly disagree' that it can improve conditions, is evident that despite the high-profile political milestones, the county's business community is still yet to be convinced of the benefits devolution can bring.

A key takeaway from last month's Convention of the North in Preston (a great coup for Lancashire!) was that pushing more decision-making and funding locally will be a key government policy in this parliament. As Jim McMahon, minister of state for local government and English devolution, said at a dinner at the event, this is an opportunity 'not to be wasted'.

We agree – and would go even further by saying it is an opportunity we simply cannot afford to waste. Devolving key economic policy decision-making and supporting it with appropriate funding is an integral part of improving the North's productivity and prosperity. Doing the same for skills provision – where the muscle memory still tends towards centralised decision-making, simply must form part of the answer too.

What's more, there is a real danger that Lancashire could be left behind by its counterparts in other regions of the North, where increasing evidence – such as rising new company creations – clearly illustrates that the business community is starting to reap the benefits from devolution.

It is vital that, over the coming years, Lancashire's political leaders grasp this generational opportunity with both hands, by engaging with the business community in a way that clearly illustrates the potential benefits of devolution and allows us all to work together – in collaboration – to co-create a more productive and prosperous economic future for the county as a whole.

**Robert White**



## Babs Murphy

Chief Executive,  
North & Western Lancashire Chamber of Commerce

The latest Quarterly Economic Survey results present a picture of cautious optimism tempered by significant challenges. While there are some encouraging signs—particularly in sales performance—businesses across Lancashire are preparing for what could be a tough year ahead. Many are taking a pragmatic approach, battening down the hatches in the face of continued uncertainty.

One of the most pressing concerns remains the skills gap, which continues to hinder growth. Despite the demand for talent, businesses are struggling to find workers with the right skills, limiting their ability to scale and innovate. This ongoing issue, if left unaddressed, will only exacerbate long-term economic pressures.

Investment plans also remain on hold for many businesses, as uncertainty around the economy, inflation, and ongoing operational costs forces leaders to take a cautious approach. While some sectors are seeing stronger sales figures, others are feeling the pinch, with confidence remaining fragile. The fear for many is that the worst may still be ahead, with cost pressures and sluggish economic growth weighing heavily on decision-making.

It is clear that while Lancashire's business community is resilient, it needs continued support to navigate these uncertain times.

The Chamber will continue to champion the interests of businesses, pushing for policies that provide stability, encourage investment, and address the ongoing skills crisis. The months ahead will be crucial, and it is more important than ever that we listen to the voices of businesses and work collectively to secure a stronger future for our local economy.

**Babs Murphy**

# About this quarter's survey

The Q1 2025 Survey was conducted by the North & Western Lancashire Chamber of Commerce; East Lancashire Chamber of Commerce and Lancaster & Morecambe Chamber in conjunction with Brabners LLP.

- The survey collection period was from 10th February to 7th March 2025.
- Responses were received from 174 companies across Lancashire employing 15,640 people.
- From the manufacturing sector, 41 business employing 4,634 people responded to the survey.
- From the service sector, 133 businesses employing 11,006 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



# Findings



## Key findings

# Manufacturing sector



- The balance of firms reporting increased domestic sales rose from -40 to -10; with domestic orders rising slightly from -25 to -21.
- The balance of firms reporting increased export sales rose by 15 points on the last quarter from -18 to -3. Export orders rose significantly from -21 to 6.
- The balance of firms reporting an increase in their workforce over the past three months increased from -13 to -2, with employment expectations also being given a boost from -5 to 7.
- While there are still issues in the labour market, attempts to recruit skilled labour have risen in the past quarter (80 to 94) and this is also true when hiring managerial positions (40 to 67). There are also slight rises when businesses tried to recruit clerical and unskilled workers.
- Cashflow is up on the last quarter – largely due to businesses tightening their purse strings – but the balance has risen 17 points from -32 to -15.
- However, investment has slipped back into negative terms with less manufacturers willing to put money into machinery and training its workforce.
- Salaries too have taken a hit with pay the biggest faller, mainly due, in part to budget constraints imposed by recent and forthcoming government policies.

## Key findings

# Services sector



- The balance of firms reporting increased domestic sales was buoyant for the first quarter of the year, rising from -4 to 12, while the balance reporting improved domestic orders rose slightly from -11 to -6.
- Export sales rose slightly in the last three months by eight points, as did export orders, with both sectors enjoying a more encouraging quarter.
- However, on the employment front it's a slightly worse picture with the last three months seeing a dip by six points but more encouraging news for the next three with firms hoping to recruit more, particularly when it comes to temporary staff.
- The balance of firms reporting increased cashflow contracted further, down from -10 to -13
- The balance of firms reporting increases in investment in equipment has plateaued for the first time in years with both machinery and training staying the same as the last quarter.
- The balance of firms expecting turnover to improve in the next 12 months continues to fall, from 31 to 23; however, confidence that profitability will improve over the next quarter has improved, albeit slightly on the last set of results.



## Key findings

# UK sales and orders

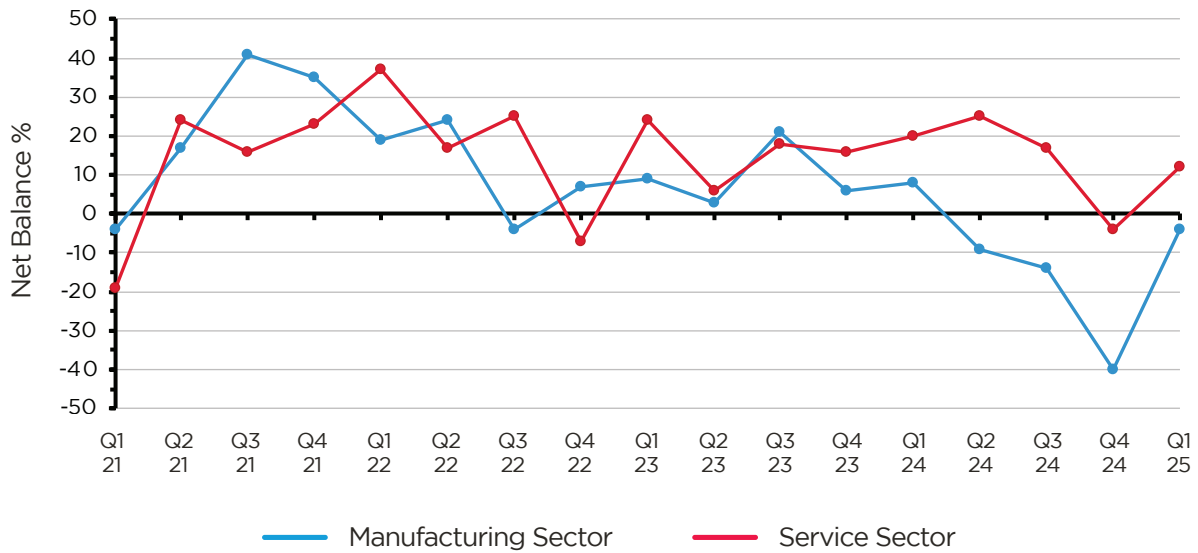


Following last quarter's sobering results, there's an air of optimism for Q1 with sales mostly remaining constant in the main, with 23% of manufacturers saying sales have increased – up from just 10% in Q4 and a third saying they have decreased – down from half. For services, a third said sales have increased – compared to a quarter in Q4 while 21% of the 109 respondents say they have fallen.

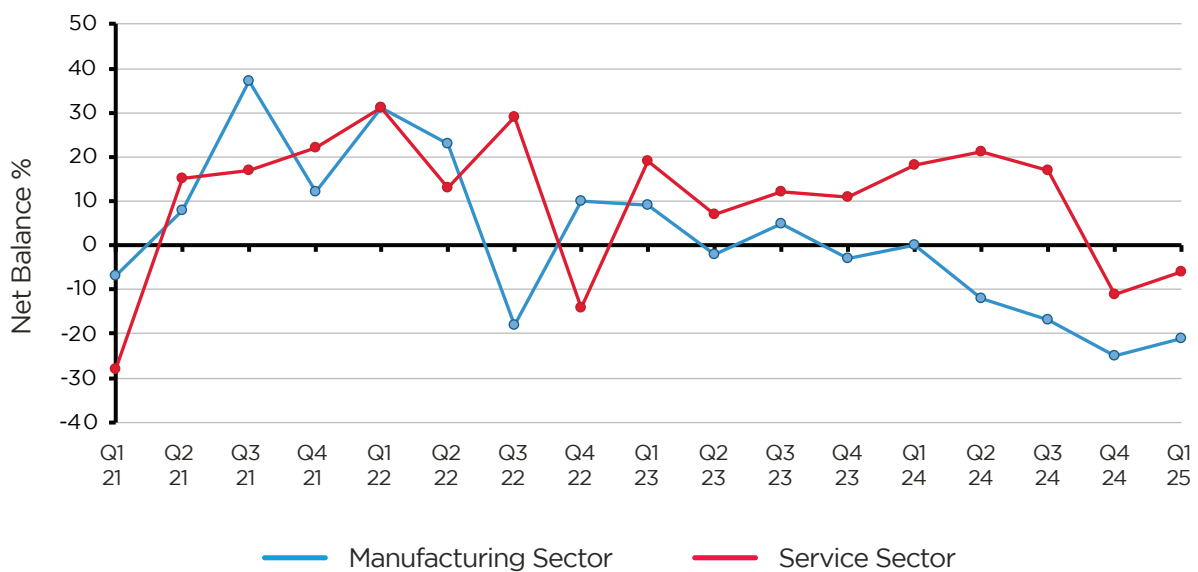
Historically, Q1 results from any year do see a slight rise in sales and orders in the run up to Christmas and optimism going into a new year and while these results don't show huge growth they do represent resilience in the Lancashire economy despite the uncertainty heading into 2025.

# Key findings

## UK Sales



## UK Orders



## Key findings

# Export sales and orders

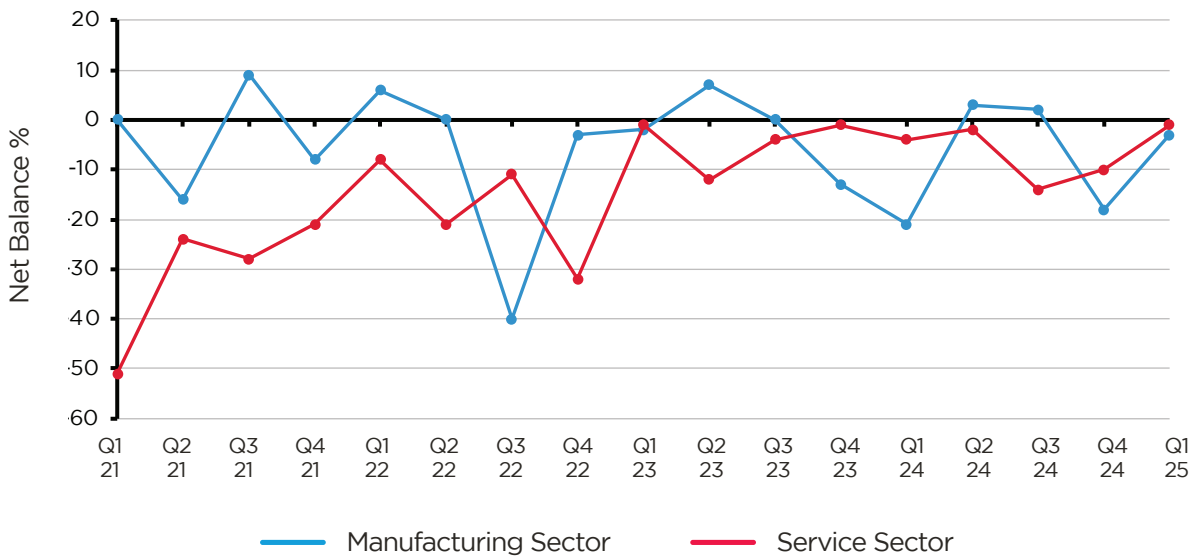


While domestic sales have improved, there's more caution on the export front with both sectors plateauing as overseas sales remaining largely constant for manufacturing (50%) and services (70%). There has been slight increases in orders but on the whole it stays pretty much fluid following last quarter's results.

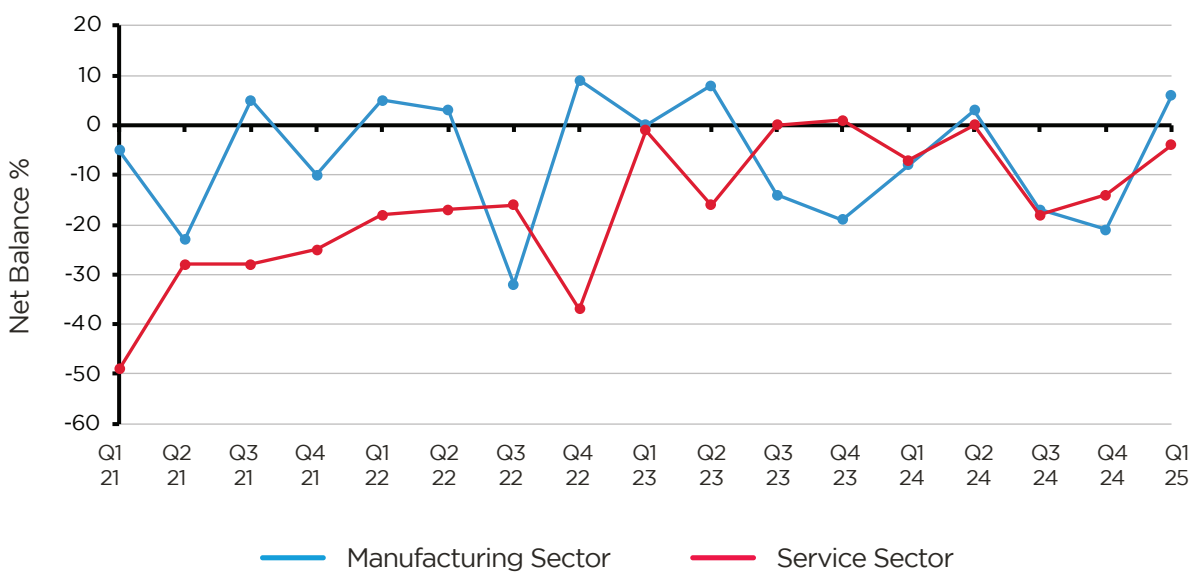
For orders it's a more encouraging picture with over a quarter of manufacturers reporting an increase in orders, compared to less than 10% in Q4 of 2024. Though, like sales, the pattern remains constant for both sectors. This could be due to the uncertainty over US tariffs being imposed but there will be a better picture of this in Q2 of 2025.

# Key findings

## Export Sales



## Export Orders



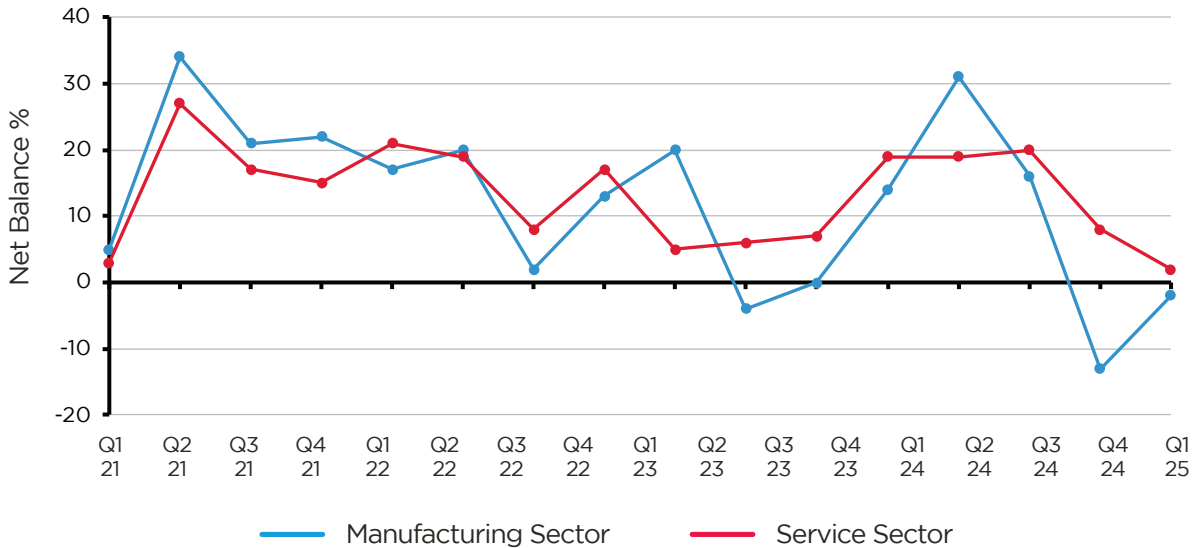
## Key findings

# Employment

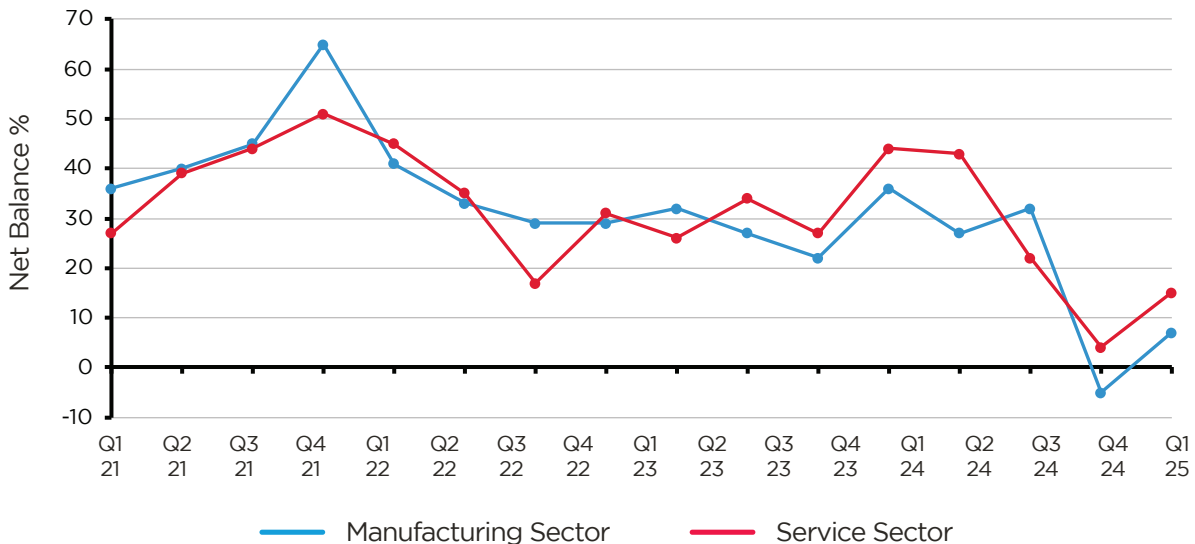
The labour market shows very little in the way of movement for both sectors with the onset of a hike in national insurance and the cost of taking on new employees appearing on the horizon. Though these policies won't take effect until you are reading this report, businesses are already showing signs of pausing plans and taking stock of their current staff.

Both sectors are not committing to bringing in new recruits to their businesses with over half (54%) of manufacturers and 60% of the service sector sticking with current numbers. There isn't much movement predicted over the next quarter either with just 22% of manufacturers and 29% of services expected to dip their toes into the market.

### Employment in the last 3 months



### Employment in the next 3 months



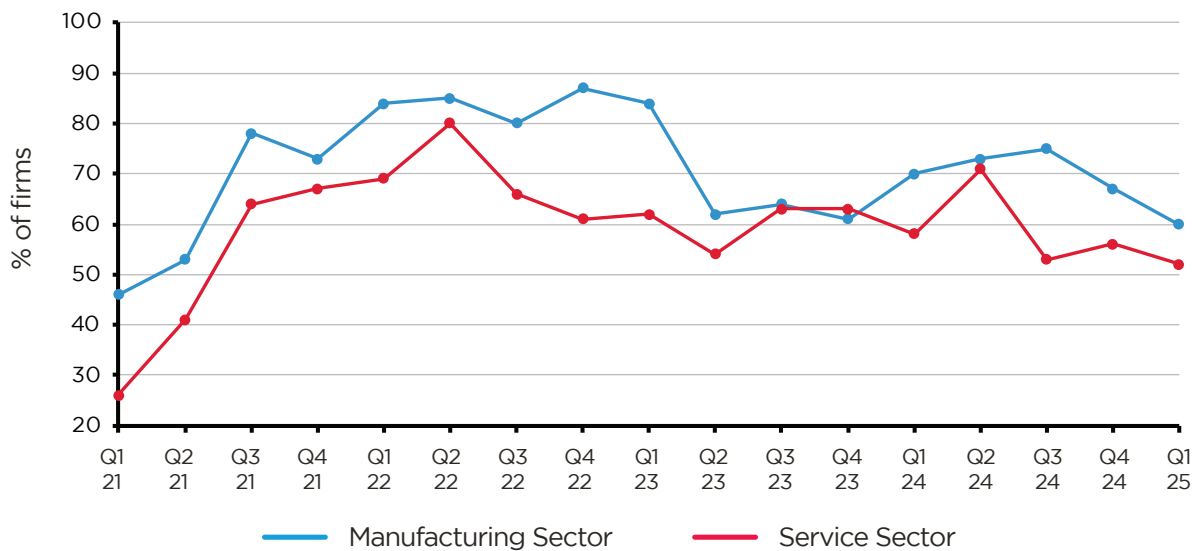
## Key findings

# Recruitment

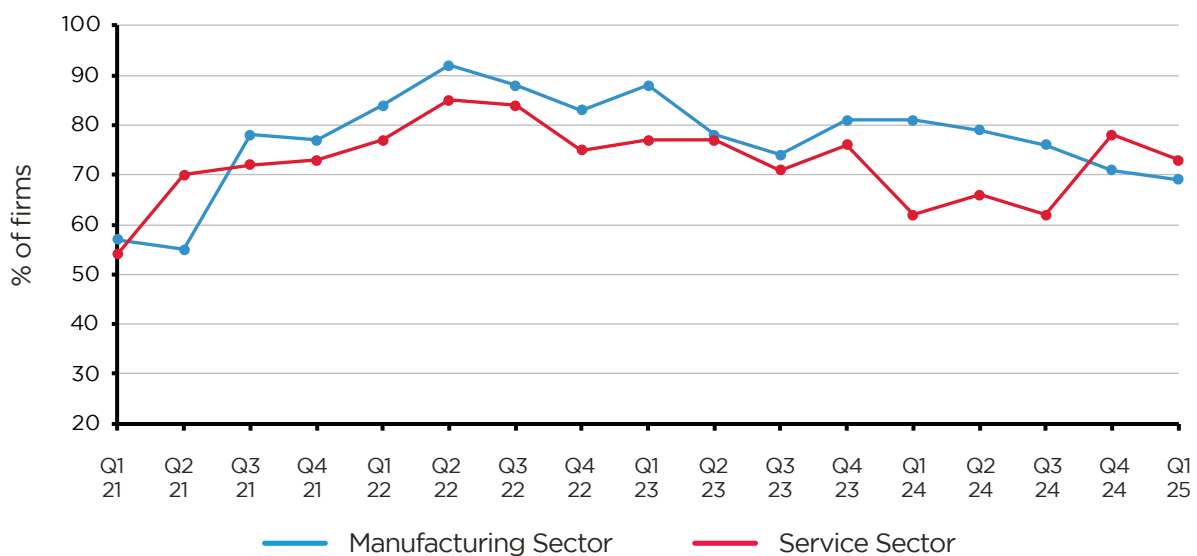
There's slightly more encouraging news when it comes to recruiting staff - but not much. 60% of manufacturers have attempted to bring in new staff with just over half on the service sector and of these, all of them were full time for manufacturers with 72% of service jobs being permanent as well.

However, that's where the good news ends as 69% of manufacturers and 73% of service businesses are still experiencing difficulties to find suitable staff, mainly in skills and management. This is a worrying trend across not only Lancashire but the rest of the UK with the skills sector continuing to struggle.

% tried to recruit in the last 3 months



Recruitment difficulties in the last 3 months



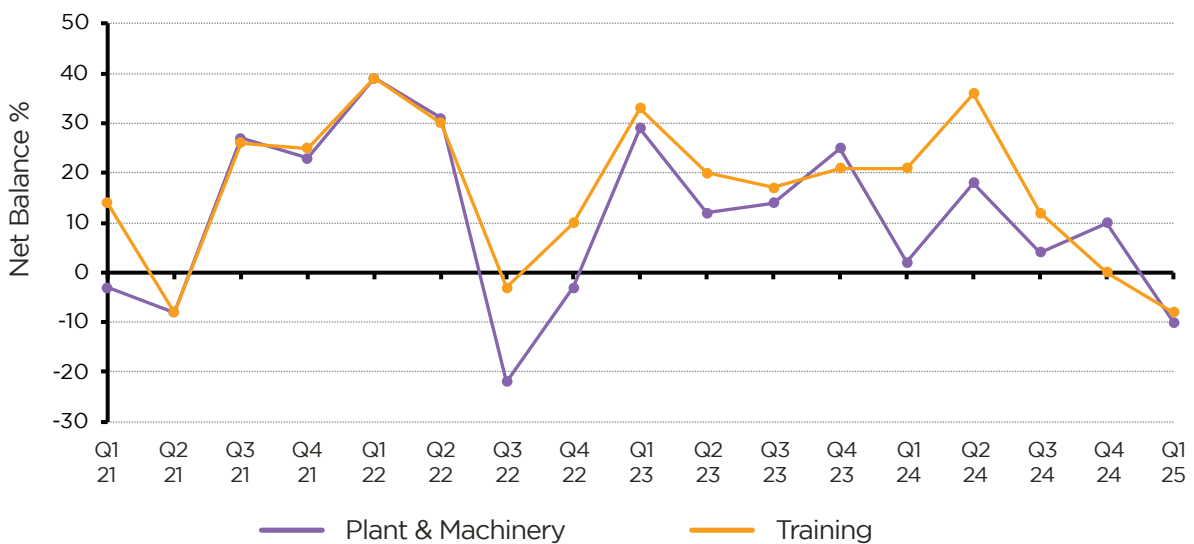
## Key findings

# Investment intentions

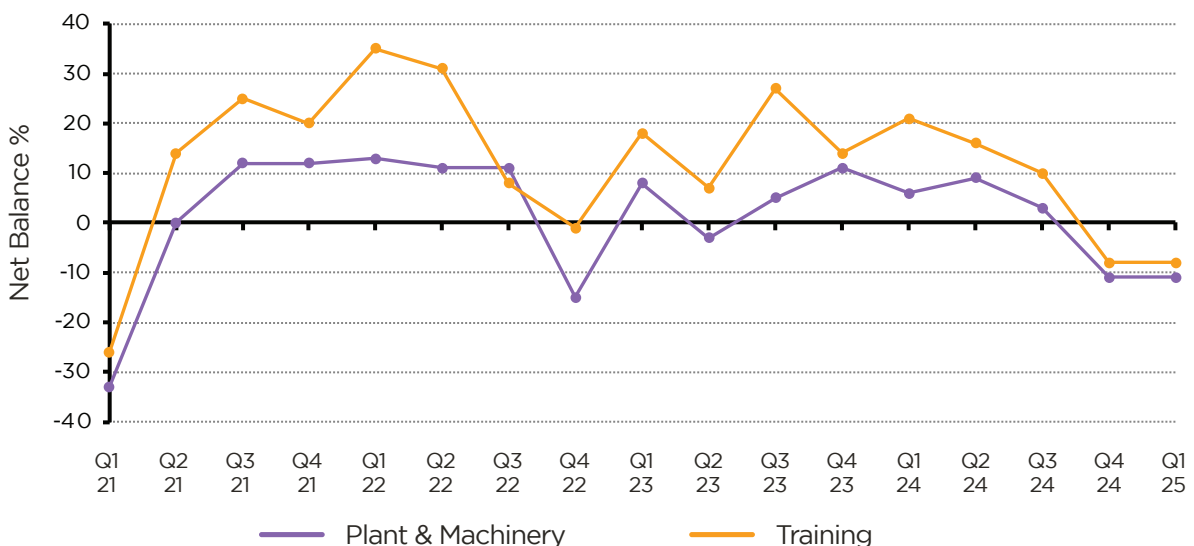
With the much talked about hikes on the horizon, investment for both the manufacturing and service sector remains sluggish with just 15% of the former and 16% of the latter willing to invest in machinery and it's a sadder story for training with neither sector upping their budget.

Both sectors are tightening their respective belts in terms of investment plans, with many Chamber members saying the rise in NI is the main reason for this. Business is becoming too expensive with more organisations looking to retain what they have before committing to future plans.

### Manufacturing investment plans



### Service sector investment plans



## Key findings

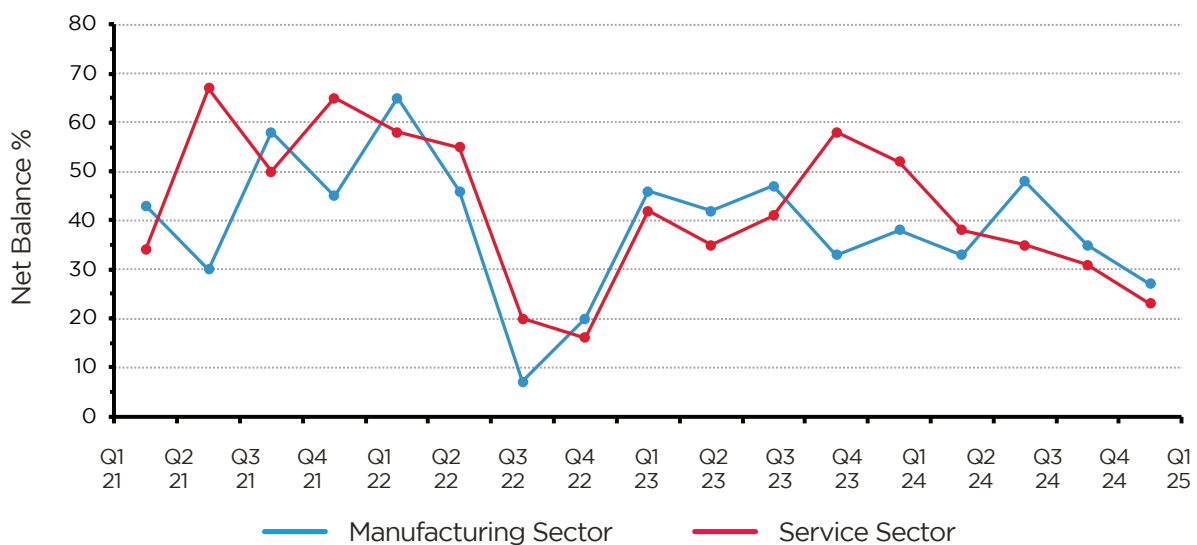
# Business confidence

This mixed bag of results for Q1 – rises in domestic sales/ orders and a stalemate in recruitment – means confidence remains cautious. Manufacturers believe turnover will improve with 54% of the 41 respondees agreeing, while 44% of service sector businesses have the same confidence. When it comes to making a profit, it's a slightly different story with 41% of manufacturers expecting more and just over a third (35%) of services having that confidence. Worryingly, just over a third of both sectors do not expect to make a profit.

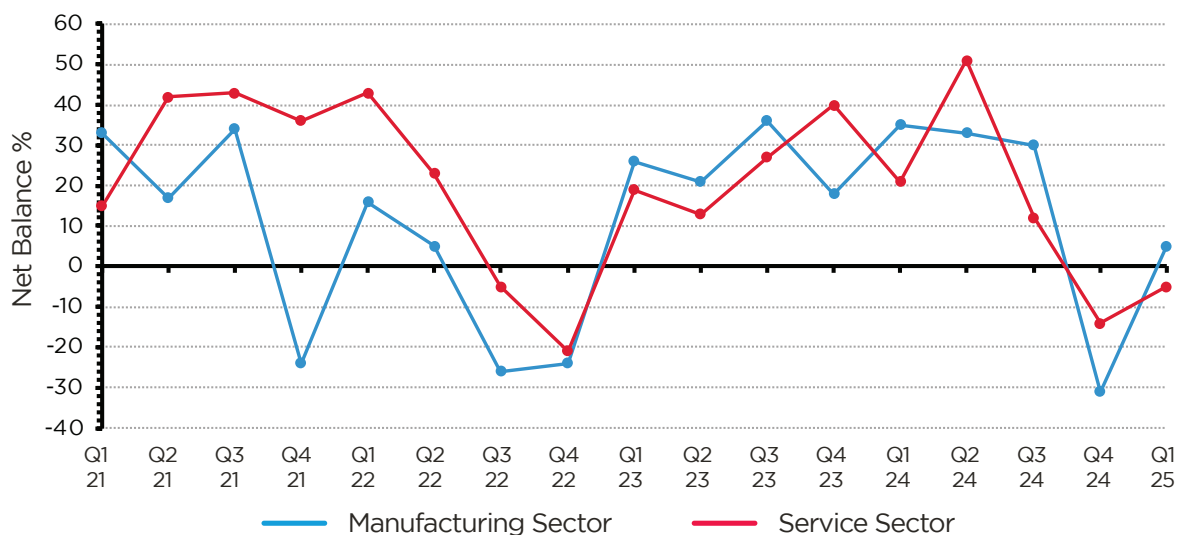
This could be down to a number of factors; a lack of optimism from whispers coming out of Whitehall of more “tax anxiety” on the horizon, the cost of business continuing to rise following NI and employment hikes, inflation fears, tariff troubles from the Trump administration and a lack of clarity from the current government on its much-heralded growth plans.

Whatever the reason, it's clear that growth remains stagnant and not in line with the rest of the UK's neighbours and businesses need more encouragement and less worries in order to make this happen.

Business confidence - turnover



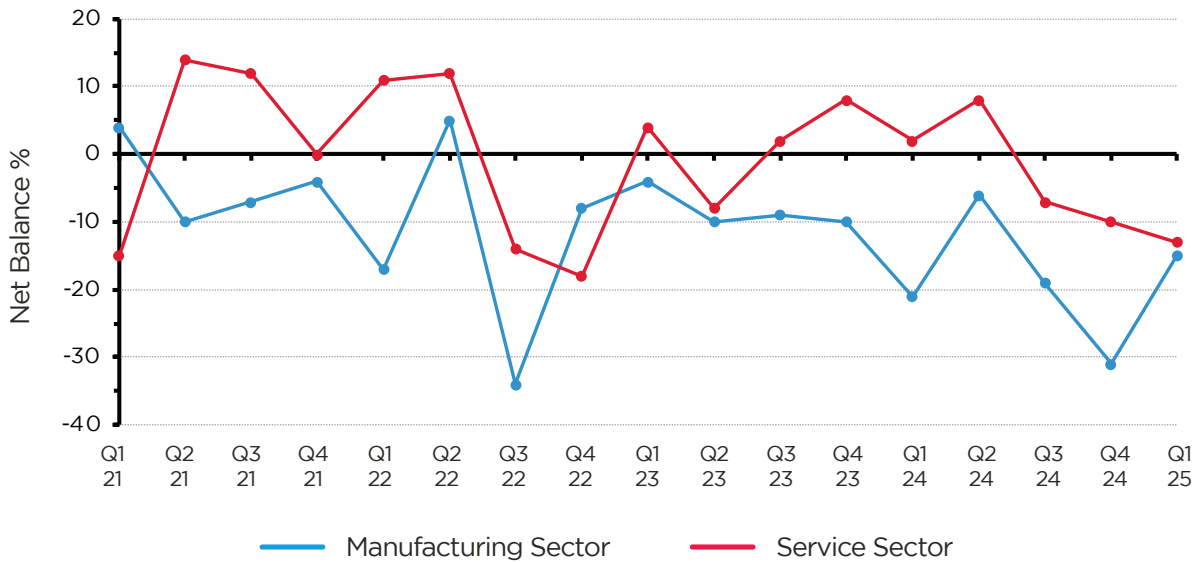
Business confidence – profitability





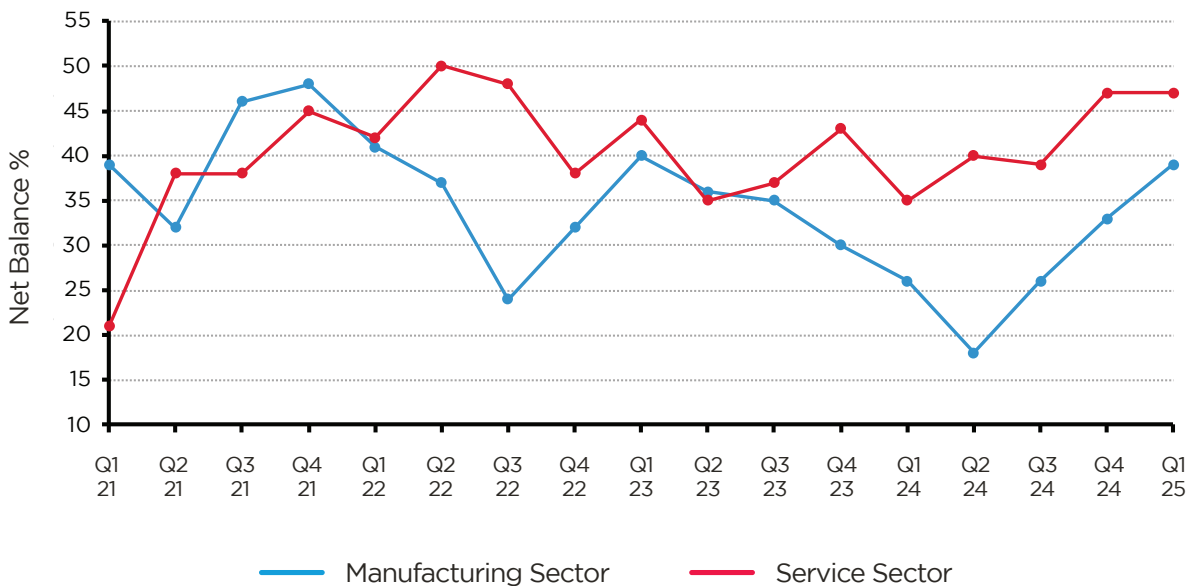
# Key findings

## Business confidence - cashflow



— Manufacturing Sector      — Service Sector

## Business confidence - capacity utilisation



— Manufacturing Sector      — Service Sector

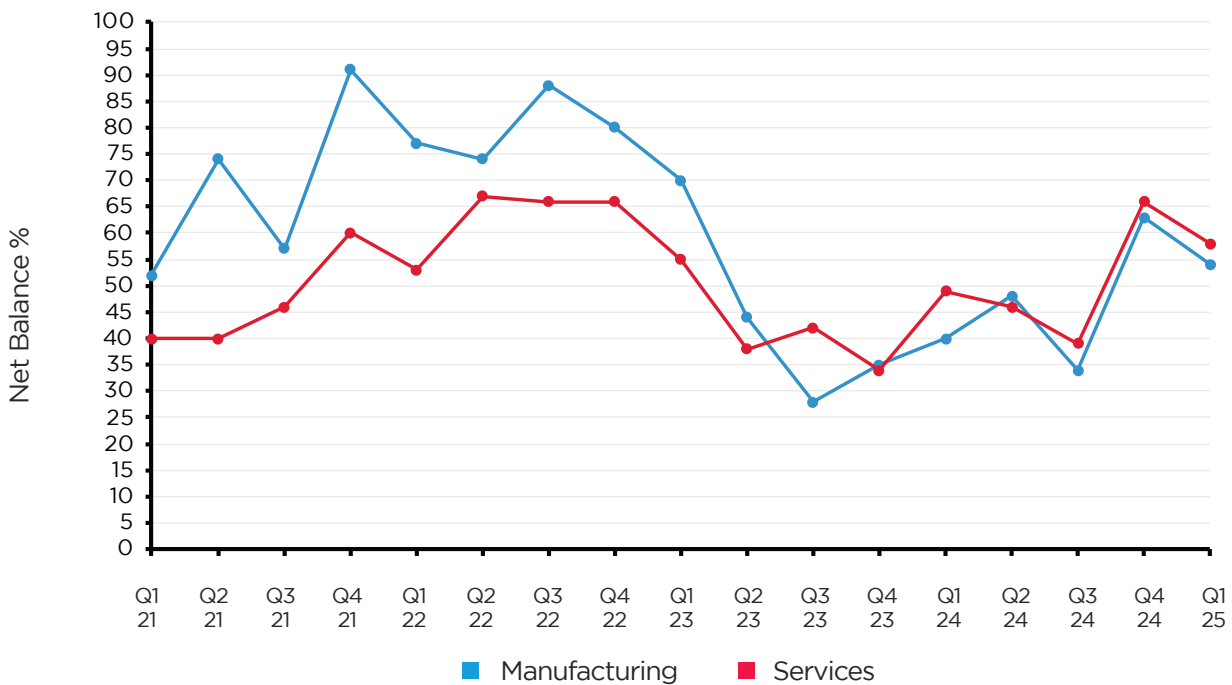
## Key findings

# Prices

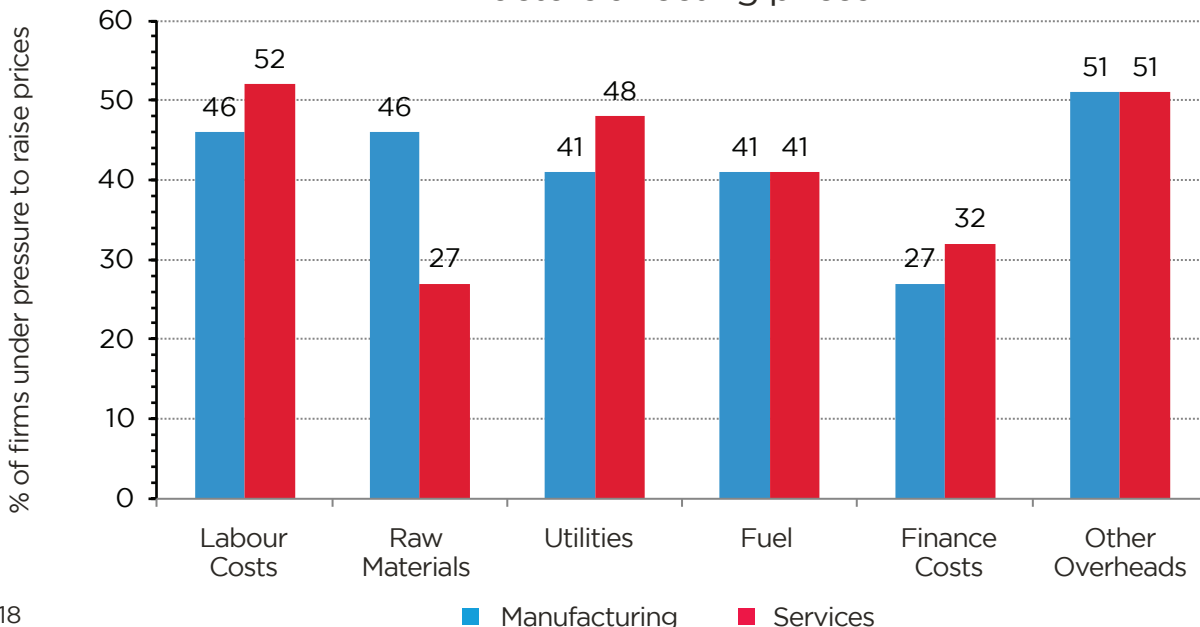
Businesses across Lancashire are expecting to put their prices up over the next quarter with customers expected to shoulder the burden of the price of doing business rising. 60% of both sectors says prices will go up and only 5% of manufacturers and 2% of services say they will reduce prices.

As expected, salaries and pay settlements are top of the list where businesses are feeling the pressure with half of both sectors saying the reason for price rises is to give their staff an increase in pay. Raw materials have also risen, though there is a drop in fuel costs, reflecting the global market.

Price of goods and services over next three months



Factors affecting prices



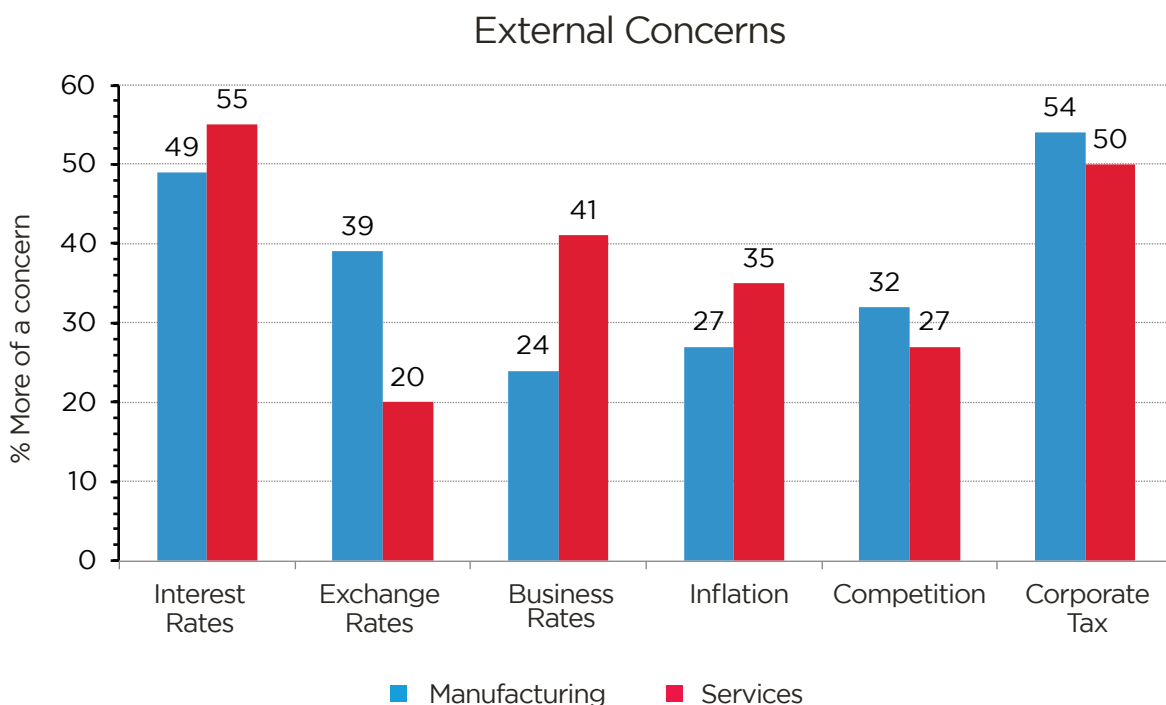
## Key findings

# External factors | manufacturing

In a similar scene to the past quarter, tax features heavily on the minds of decision makers across the manufacturing sector with both business rates and corporation tax increasing for external factors. Interest rates remain the biggest concern for manufacturers while competition and business rates remain a worry.

# External factors | services

Like manufacturing, the uncertainty surrounding corporation tax remains a headache for the service sector, though competition is a concern, rising slightly on the last quarter. Similarly, interest rates remain the highest concern, alongside the constant battle with business rates, though inflation concerns have decreased slightly.



## Additional Questions

As part of Brabners’ sponsorship of this and the previous two economic surveys, we asked respondents the same three additional questions on the firm’s behalf about devolution, skills and investment intentions over the next 12 months.

		Q3	Q4	Q1
<b>To what extent do you think devolution will improve conditions for business growth in Lancashire?</b>	Strongly Agree	5.83%	3.28%	1.11%
	Agree	16.50%	21.31%	20%
	Neither agree nor disagree	69.90%	62.30%	67.78%
	Disagree	3.88%	9.84%	5.56%
	Strongly Disagree	3.88%	3.28%	5.56%
<b>Do you feel your workforce has the skills needed to support the growth of your business over the next three years?</b>	Yes	66.02%	72.13%	78.89%
	No	33.98%	27.87%	21.11%
<b>Are you planning on increasing investment in digital infrastructure and/or skills to grow your business in the next 12 months?</b>	Yes to both	40.78%	34.43%	22.22%
	Yes to digital infrastructure	13.59%	19.67%	21.11%
	Yes to skills	16.50%	16.39%	22.22%
	No to both	29.13%	29.51%	34.44%



# 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.

**Call our membership team today on  
01772 653000 or visit our website  
[lancschamber.co.uk](http://lancschamber.co.uk).**

# Net balances

	Manufacturing		Services	
	Q4 2024	Q1 2025	Q4 2024	Q1 2025
Domestic Sales	-40	<b>-10</b>	-4	<b>12</b>
Domestic Orders	-25	<b>-21</b>	-11	<b>-6</b>
Export Sales	-18	<b>-3</b>	-10	<b>-1</b>
Export Orders	-21	<b>6</b>	-14	<b>-4</b>
Employment last 3 months	-13	<b>-2</b>	8	<b>2</b>
Employment next 3 months	-5	<b>7</b>	4	<b>15</b>
% Tried to recruit	67	<b>60</b>	56	<b>52</b>
% Part-time	0	<b>4</b>	32	<b>29</b>
% Full-time	85	<b>100</b>	88	<b>72</b>
% Temporary	15	<b>8</b>	10	<b>17</b>
% Permanent	58	<b>50</b>	43	<b>33</b>
% Recruitment difficulties	71	<b>69</b>	78	<b>73</b>
% Skilled manual	80	<b>94</b>	41	<b>42</b>
% Professional/Managerial	40	<b>67</b>	63	<b>51</b>
% Clerical	35	<b>39</b>	29	<b>29</b>
% Semi and unskilled	25	<b>33</b>	51	<b>22</b>
Cashflow	-32	<b>-15</b>	-10	<b>-13</b>
Investment - plant/machinery	10	<b>-10</b>	-11	<b>-11</b>
Investment - training	0	<b>-8</b>	-8	<b>-8</b>
Confidence - turnover	35	<b>27</b>	31	<b>23</b>
Confidence - profitability	-31	<b>5</b>	-14	<b>-5</b>
% Full capacity	33	<b>39</b>	47	<b>47</b>
Prices	63	<b>54</b>	66	<b>58</b>
% Pay Settlements	88	<b>46</b>	73	<b>52</b>
% Raw materials	63	<b>46</b>	25	<b>27</b>
% Utilities	49	<b>41</b>	40	<b>48</b>
% Fuel	24	<b>41</b>	19	<b>41</b>
% Financial costs	20	<b>27</b>	20	<b>32</b>
% Other overheads	41	<b>51</b>	33	<b>51</b>

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

% Interest rates	22	<b>49</b>	23	<b>55</b>
% Exchange rates	29	<b>39</b>	9	<b>20</b>
% Business rates	32	<b>24</b>	30	<b>41</b>
% Inflation	39	<b>27</b>	40	<b>35</b>
% Competition	29	<b>32</b>	16	<b>27</b>
% Tax	76	<b>54</b>	69	<b>50</b>

# Quarterly Change

Manufacturing	Services
<b>Q1 2025</b>	<b>Q1 2025</b>
30	16
4	5
15	8
26	9
10	-6
12	11
-7	-4
4	-3
15	-16
-7	7
-8	-10
-2	-4
14	1
27	-12
4	1
8	-29
17	-3
-20	-1
-8	0
-9	-9
36	9
7	0
-9	-8
-41	-22
-17	2
-7	8
17	21
7	11
10	18
27	32
10	11
-7	10
-12	-6
2	11
-22	-18

**The Lancashire Quarterly Economic Survey (QES) is brought to you by the North & Western Lancashire Chamber of Commerce, in partnership with Brabners.**

### **Contact us**

9-10 Eastway Business Village  
Olivers Place, Fulwood  
Preston  
Lancashire  
PR2 9WT

01772 653000  
[info@lancschamber.co.uk](mailto:info@lancschamber.co.uk)  
[www.lancschamber.co.uk](http://www.lancschamber.co.uk)