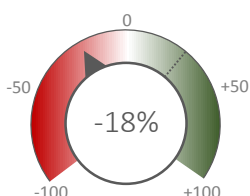


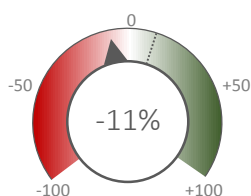
When interpreting these latest results from the Quarterly Economic Survey (QES) we need to keep in mind that the survey closed a week before the referendum vote. As such, while information on conditions and performance based on the past 3 months is still valid (and shows signs of uncertainty), businesses may have had a view of the future when responding to the survey that might have changed post the referendum result. It will be the next quarter's results which will provide a clearer picture of business views on Brexit. With the current uncertain economic and political outlook, there is a vital opportunity for local businesses to provide their views and concerns about conditions in Lincolnshire now, and going forward, through the QES, influencing local and national policy from the Bank of England to Local Government.

HEADLINES... + Positive Balance (growth) - Negative Balance (contraction)Previous Quarter's Balance

DOMESTIC SALES AND ORDERS DOWN

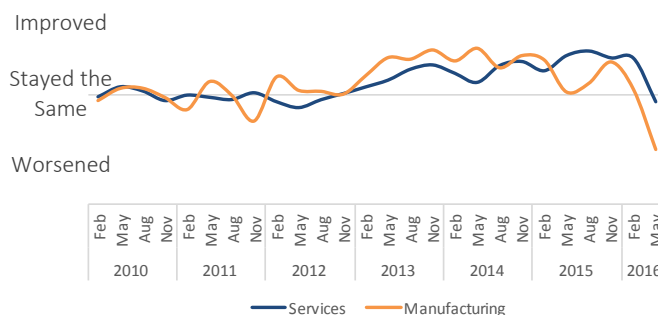


...the balance of respondents reporting improvements in **domestic sales**, down from 23%

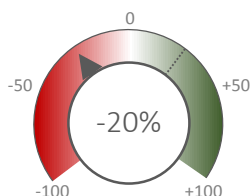


...the balance of respondents reporting improvements in **domestic orders**, down from 13%

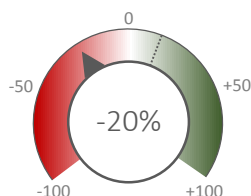
Sales Performance Last 3 months – UK Market



OVERSEAS SALES AND ORDERS DOWN

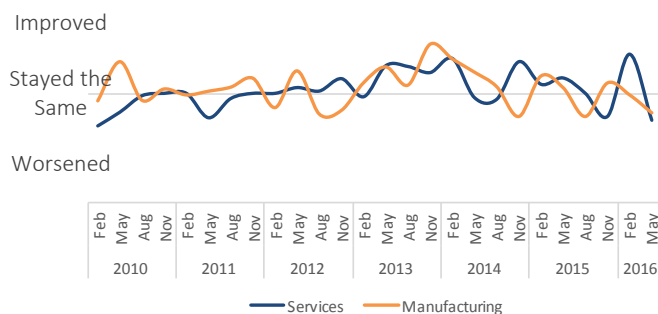


...the balance of respondents reporting improvements in **export sales**, down from 19%

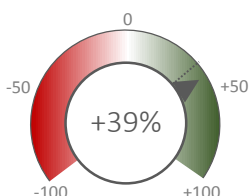


...the balance of respondents reporting improvements in **export orders**, down from 10%

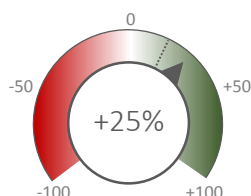
Sales Performance Last 3 months – Overseas Market



BUT BUSINESS CONFIDENT FOR THE FUTURE

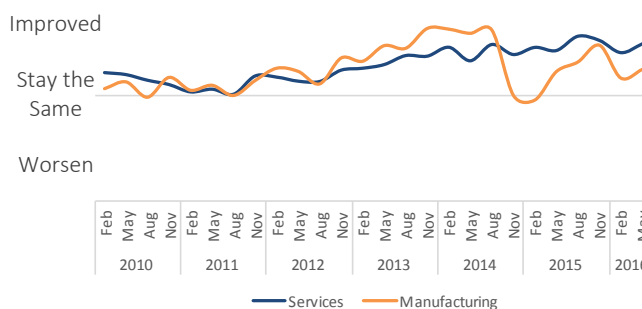


...the balance of respondents confident of increases in **turnover** in the **next 12 months**, up from 33%



...the balance of respondents confident of increases in **profits** in the **next 12 months**, up from 18%

Turnover Next 12 Months

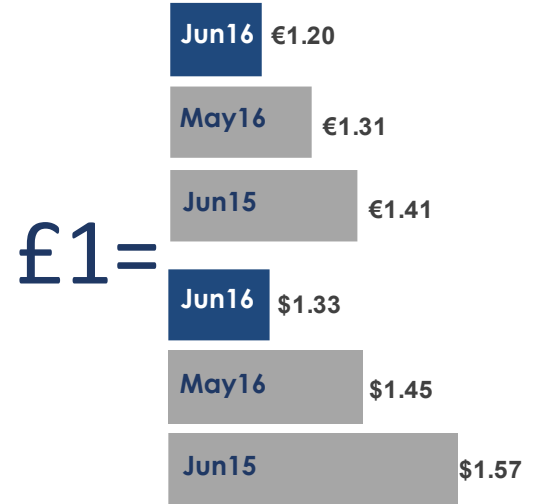


BEHIND THE HEADLINES...

Given the timing of the referendum announcement half-way through Q1 and the build-up to the vote coinciding with the Q2 QES survey, much of the latest survey and economic data to hand makes it difficult to come to any firm conclusions regarding both the current local and national picture. As it stands, data from the stock and currency markets provide us with the most up-to-date information on the economic “reaction”.

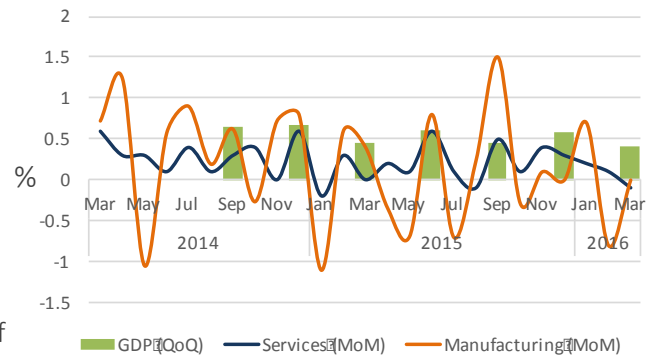
POUND DROPS FOLLOWING REFERENDUM RESULT

In light of the referendum result in favour of a “Brexit” then the currency markets reacted immediately with sharp drops in the value of the pound against both the dollar and the euro. Since that point the pound briefly rallied but still remains below its pre-referendum value against these currencies with various experts expecting it to fall further during 2016. This should apply some inflationary pressure as goods that we import become more expensive. Both fuel prices and food prices (coming after long periods of deflation on these two goods) are likely to drive up inflation in the short term. On the flip side we should see improvements next quarter in the performance of those businesses that export as the downward pressure on the pound makes exports cheaper and therefore become more attractive to overseas buyers.



GDP UNREVISED BUT GROWTH FORECASTS DOWN

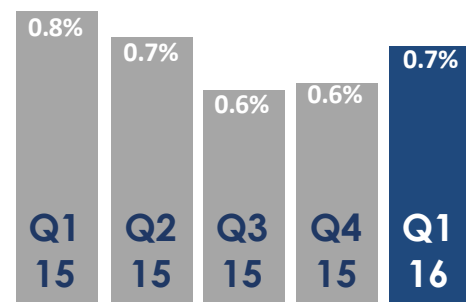
Latest GDP growth figures relating to the period Jan-Mar 2016 remain unrevised at 0.4%. The Office for National Statistics stress that “there is very little evidence of a ‘referendum effect’ in the data, though the vote was not called until more than half-way through the quarter.” This latest quarter’s growth marks an easing in the pace of growth in recent quarters which averaged 0.5% per quarter during 2015. Latest independent forecasts for UK GDP post Brexit are being lowered due to the perceived risk of lower investment prospects, both domestic and foreign.



CONSUMERS STILL CONFIDENT?

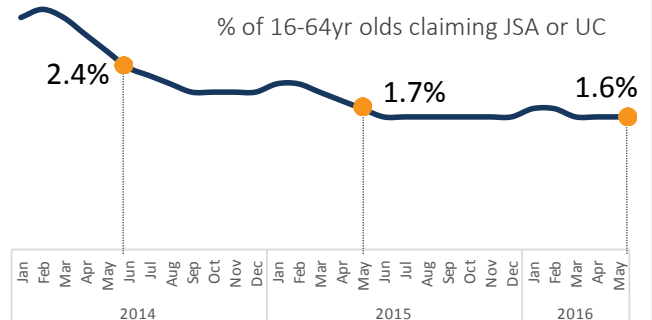
Latest figures on consumer spending from the Office for National Statistics show that consumer spending remained strong during quarter 1 of 2016, albeit slightly down on the same period last year. Again, as with the figures on GDP, this is a lagging indicator. With imports becoming more expensive as the pound falls then this is likely to impact on consumer spending in the next quarter’s figures, as will the squeeze on real incomes. However, we could also see a corresponding rise in demand for domestic products and services.

Consumer Spending Growth QonQ



UNEMPLOYMENT LATEST

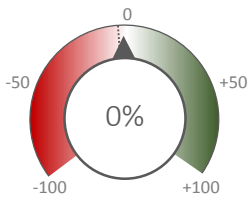
Unemployment has continued to fall in Lincolnshire, albeit slightly, from 1.7% (of the resident population aged 16-64) during quarter 1 to 1.6% at the end of quarter 2. This equates to approximately 6,930 people claiming Job Seekers Allowance (JSA) or Universal Credit and who are out of work. Of those claiming JSA, 970 are aged 18-24 whilst 2,925 have been claiming for over six months.



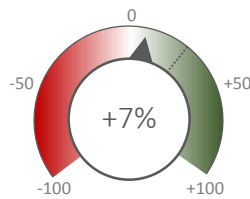
OTHER RESULTS...

+ Positive Balance (growth)
 - Negative Balance (contraction)
Previous Quarter's Balance

WORKFORCE UNCHANGED BUT FUTURE GROWTH DOWN

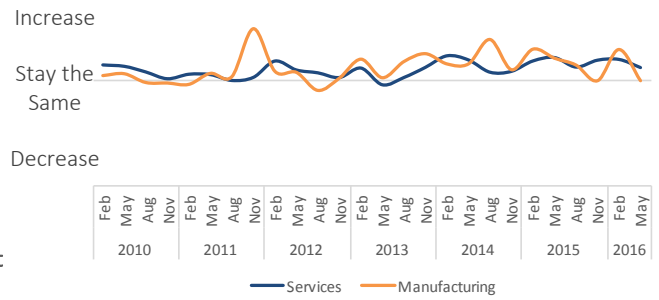


...the balance of respondents reporting an increase in their **workforce** in the **last 3 months**

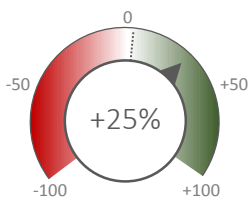


...the balance of respondents expecting to increase their **workforce** over the **next 3 months**, down from 21%

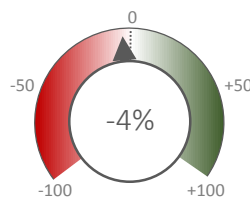
Workforce Next 3 Months



CAPITAL INVESTMENT PLANS UP

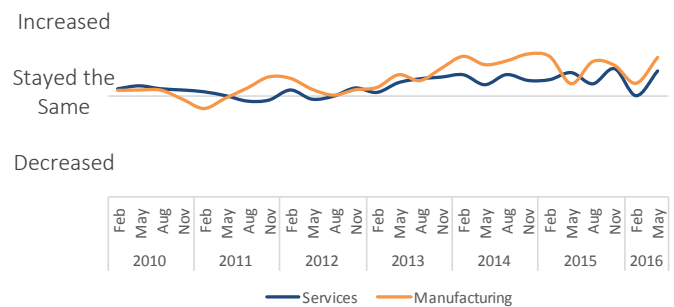


...the balance of respondents reporting an increase in their **investment plans for plant / machinery / equipment** in the last 3 months



...the balance of respondents reporting an increase in their **investment plans for training** in the last 3 months

Investment Plans for Plant / Machinery / Equipment in the Last 3 Months



IN OTHER NEWS...

The Business Lincolnshire Growth Hub is a one-stop shop for businesses looking for support to grow and become more competitive. The hub provides easy access to a package of information, diagnostics, advice and development programmes for businesses across the Greater Lincolnshire area.

Now, thanks to new funding from the BIS, the hub is offering its own strategic and comprehensive business growth support programme Growth Lincolnshire, tailored to meet the specific needs of eligible SMEs.

There are five types of fully funded support available:

- **Growth advice service**, offering face to face diagnostics, action planning and brokerage support
- **Supply chain development**, helping firms procure and trade locally, strengthen their own supply chains, and increase their business through these supply chains
- **Resource efficiency**, making businesses more competitive while also reducing their carbon footprint and safeguarding the environment
- **Access to finance support / investment readiness**, ensuring businesses are equipped to access the full range of funding solutions for growth finance
- **Digital development**, supporting businesses in utilising more digital technology

There are also two grant pots available – a business growth grant and a digital grant. The support will be available over the next three years, beginning in August. It is open to small and medium-sized enterprises in Lincolnshire, and can also be accessed by businesses in North and North East Lincolnshire.

The Business Lincolnshire Growth Hub is led by Lincolnshire County Council and the Greater Lincolnshire Local Enterprise Partnership. For more information, visit www.businesslincolnshire.com To sign up for updates on new programmes, funding and events please register at <http://www.businesslincolnshire.com/register>.

USEFUL CONTACTS...

Business Lincolnshire - The local website linking you to schemes and services to help you start or grow your business.

www.businesslincolnshire.com

Greater Lincolnshire Employment and Skills Board -

Giving employers opportunities to lead and influence local training provision to have access to skills needed to grow their business.

tel: 01522 550545

email: clare.hughes@lincolnshire.gov.uk

Greater Lincolnshire Local Enterprise Partnership -

Supporting business in the region; aiming to improve infrastructure and conditions for doing business from the Humber to the Wash.

www.greaterlincolnshirelep.co.uk

email: GLLEPsecretariat@lincolnshire.gov.uk

Jobcentre Plus - Providing services that support people of working age from welfare into work, helping employers fill their vacancies.

www.gov.uk/jobs-jobsearch

www.gov.uk/advertise-job

Select Lincolnshire - Raising the profile of Lincolnshire, promoting and attracting investment into the county, signposting to local produce within the County and promoting food and drink across the UK.

www.selectlincolnshire.com

tel: 01522 550618

email: select@lincolnshire.gov.uk

Lincolnshire Chamber of Commerce - A membership organisation providing business -support advice and benefits.

www.lincs-chamber.co.uk

tel: 01522 523333

email: enquiries@lincs-chamber.co.uk

Trading Standards business advice - Giving support and encouragement to businesses by giving advice and information to help them get it right first time.

www.lincolnshire.gov.uk

tel: 01522 782341

email: TradingStandards@lincolnshire.gov.uk

Federation of Small Businesses - A non-profit making membership group promoting the interests of the self-employed and owners of small businesses

www.fsb.org.uk

email: david.thorpe@fsb.org.uk

m: 07917 628927

tel: 01522 688070 (Lincoln Office)

ABOUT THE QES AND BRIEFING...

The Quarterly Economic Survey (QES) is the flagship economic survey of the British Chambers of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, such as the Bank of England, HM Treasury, European Commission, and IMF.

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 is +32% (an expansion). If 32% told us their sales grew and 33% said they fell the balance is -1% (a contraction).

The analysis for this briefing has been produced by **Codename Consulting Ltd** on behalf of Lincolnshire County Council, and published on the Lincolnshire Research Observatory (LRO) website.

All information contained in this briefing is the most up-to-date available at time of publication (11th July 2016).

