DUNCAN & TOPLIS

CHARTERED ACCOUNTANTS AND BUSINESS ADVISERS

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Lincolnshire Economic Survey

in association with

Lincolnshire Chamber of Commerce

2012

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1. Introduction

This survey was completed at a time when the local (and national) economy faced a period of suppressed economic activity. The objective of the survey was to gather information on the views of Lincolnshire based businesses as to the outlook for their business. Topical issues affecting business were also covered along with issues specific to the County.

It is hoped that this survey will prove to be of use to those tasked with business planning and also for those supporting the needs of business in the County.

2. Methodology

The survey was completed during the first quarter of 2012. The information was gathered as a result of a structured questionnaire, completed by telephone with prime decision makers within Lincolnshire businesses.
The calls were completed by senior personnel from Duncan & Toplis using data drawn from the membership list of the Lincolnshire Chamber of Commerce and the client base of Duncan & Toplis.

In total 103 surveys were completed.
On occasion respondents expressed no view in relation to a particular question and these responses have been included in the survey and are shown separately, typically as N/A.

Duncan & Toplis would like to thank Lincolnshire Chamber of Commerce and all those who participated in the survey.

Section 1.
Business Position

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This section focused on the business position of respondents.

1.1 What do you expect to happen to the turnover of your business in the next 12 months?

IMPROVE	STATIC	DECLINE	N/A
65%	26%	8%	1%

A surprisingly optimistic response with a considerable majority of respondents expecting an increase in turnover in the coming year.

1.2 What do you expect to happen to the profitability of your organisation?

IMPROVE	STATIC	DECLINE	N/A
52%	31%	16%	1%

Another positive response although slightly less people anticipated increases in profitability as compared to turnover.

1.3 What do you expect to happen to your employee headcount?

INCREASE	STATIC	DECREASE	N/A
34%	50%	7%	9%

The above findings suggest that some organisations anticipate growth in turnover and profit without increasing headcount indicating that there is perhaps spare capacity within businesses at this stage.

1.4 Do you anticipate launching any new products or services in the next twelve months?

YES	NO	UNSURE	N/A
45%	45%	7%	3%

An equal split between those looking to launch new products and services as compared to those who do not.

1.5.0 Do you think you will be awarding pay increases in the coming year?

YES	NO	UNSURE	N/A
34%	35%	21%	10%

Again another fairly equal split, all be it with a relatively large amount of unsure responses.

1.5.1 If yes what percentage increase do you anticipate awarding?

(Only those respondents who answered positively to section 1.5.0 were asked this question.)

1%	2%	3%	4%	5%	5+%
0%	26%	47%	3%	18%	6%

The majority of employers are either unsure as to whether or not they will increases salaries or have no plans to increase levels. Of those that are planning increases the majority anticipate increases of 2-3% although there is a surprising percentage anticipating higher increases.

1.6 Are you more hopeful of the economic outlook for your business in the next 12 months than you were in the last 12 months?

YES	NO	UNSURE	N/A
51%	27%	22%	0%

Only 27% are negative about the economic outlook of their business although there remains a degree of uncertainty amongst some.

1.7.0 Do you anticipate increasing your prices in the coming year?

YES	NO	UNSURE	N/A
45%	51%	4%	0%

A fairly even split between those who will be increasing prices and those who will not.

1.7.1 If yes what percentage increase do you anticipate?

(Only those respondents who answered positively to section 1.7.0 were asked this question.)

1%	2%	3%	4%	5%	5+%
4%	11%	28%	11%	24%	22%

Given the general economic climate a surprisingly high number of respondents anticipate increasing prices more than current inflation levels. It is however worth noting that this section only includes those who answered positively to section 1.7.0.

1.8 Do you think your bank has been supportive, passive or disinterested?

SUPPORTIVE	36%
PASSIVE	40%
DISINTERESTED	23%
N/A	1%

Given the generally bad press the banks have received it is perhaps surprising to see that more respondents think that their bank has been supportive as opposed to disinterested.

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The Economy in General

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2.1 Do you think the coalition Government's economic policy is about right, too harsh, not sure?

ABOUT RIGHT	TOO HARSH	NOT SURE	N/A
55%	17%	24%	4%

A relatively positive endorsement for the Government's economic policy with the majority of respondents regarding the economic policy as being about right and only 17% seeing it as being too harsh.

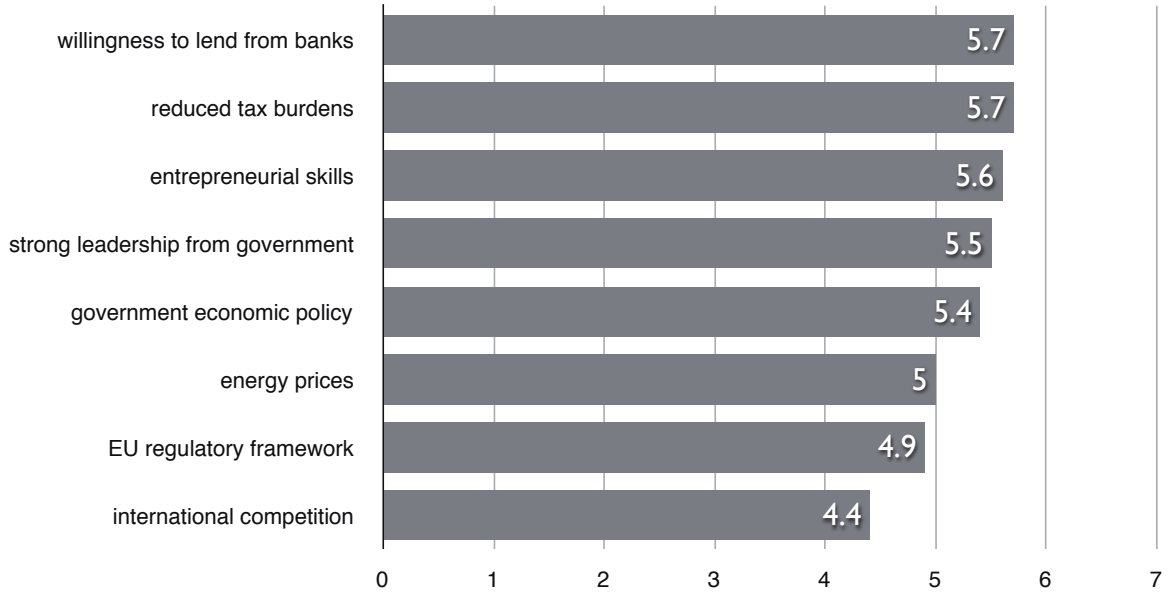
2.2 Do you think the coalition Government's economic policy is well directed, badly directed, not sure?

WELL DIRECTED	BADLY DIRECTED	NOT SURE	N/A
31%	19%	46%	4%

When asked about the direction of Government policy many respondents are still unsure as to whether it is well directed. The percentage of those who think it is well directed does however, significantly outstrip those who think it is badly directed.

2.3 What factors will influence the recovery of the UK economy?
(Scored on a scale of 1-7 with 1 being low importance and 7 high importance.)

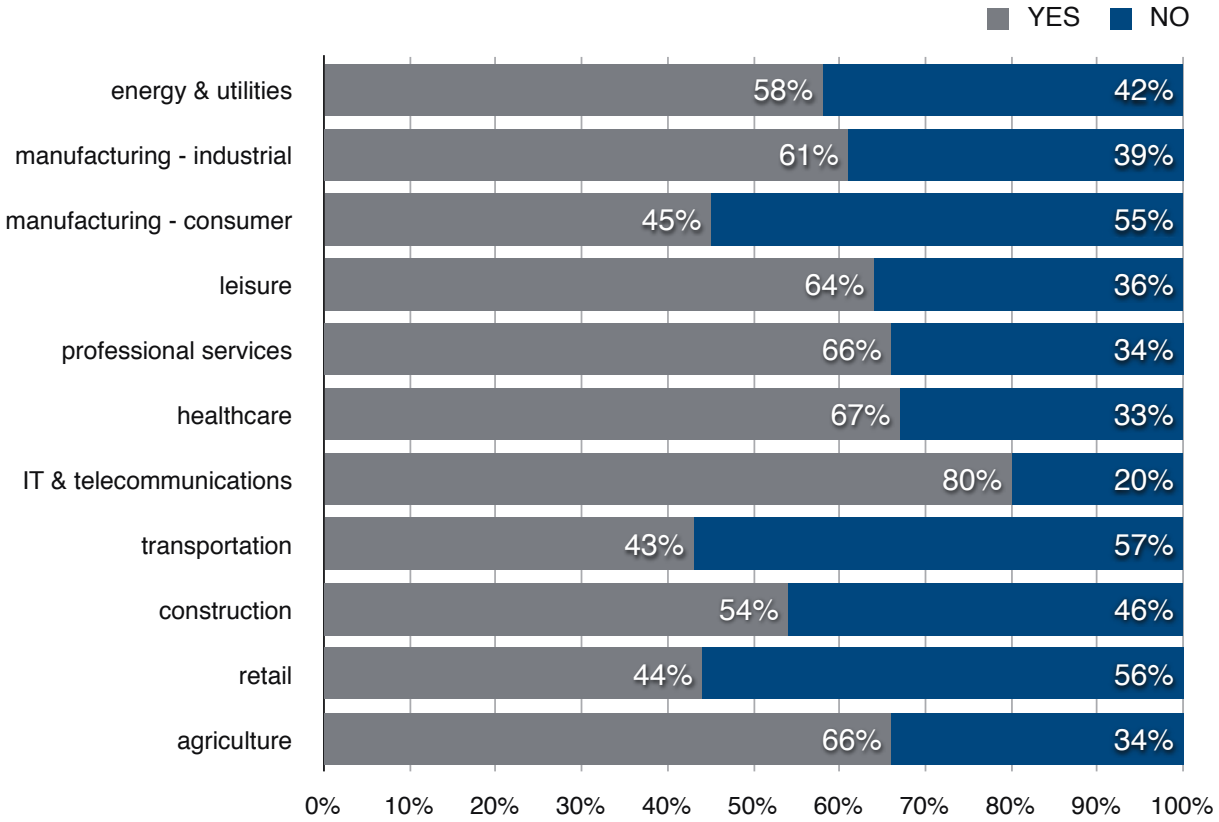
The chart below shows the average scores for each of the areas respondents were asked to score.



The results show that the highest scoring areas were the willingness to lend from banks and reducing the tax burden on business.

Other factors mentioned by respondents included the Eurozone/European crisis which was mentioned by 10 people, training issues were mentioned by 4 people and 3 commented on the impact of fuel prices.

2.4 What sectors of the economy do you feel offer opportunities at this stage in the economic cycle?



It is interesting to see that the IT and telecommunications sector is seen as offering opportunities by most respondents. The results for consumer based manufacturing, transport and retail are perhaps a little worrying.

2.5.0 Business Culture

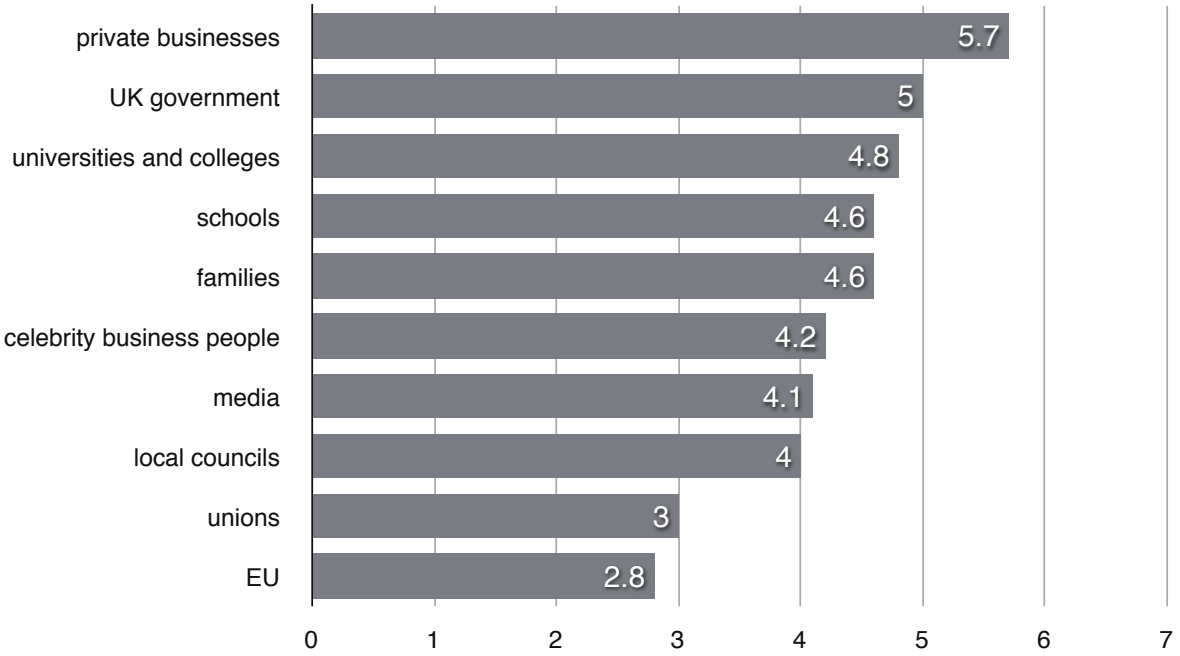
Do you think society values the role of business people?

YES	NO	UNSURE	N/A
27%	58%	12%	3%

An interesting finding that perhaps suggests that society needs to value the role of business more than it currently does.

2.5.1 How important do you think the following bodies are in creating a society that values business and entrepreneurialism?

(Scored on a scale of 1-7 with 1 being low importance and 7 high importance.)



It is interesting to note that businesses in Lincolnshire see business itself as having a role to play in relation to society valuing business and entrepreneurialism and this is somewhat ahead of the Government. Educational establishments are also seen to play a key role.

2.6.0 Do you think Base Rates are likely to increase in the next 12 months?

YES	NO	UNSURE	N/A
35%	60%	0%	5%

2.6.1 If so by how much? (Only those respondents who answered positively to section 2.6.0 were asked this question.)

0.25%	0.5%	0.75%	1.0%
31%	58%	8%	3%

Section 3.
The Lincolnshire Economy

3.1 Do you think there is adequate business support provided by Central or Local Government in this area?

YES	NO	UNSURE
22%	51%	27%

It seems that there is a perceived need for more support for business from Government. Further investigation is required as to what that support should be comprised of and the split between Central and Local Government.

3.2 Do you think local business is well served by private sector professional advisers such as accountants, lawyers, consultants, etc?

YES	NO	UNSURE
90%	1%	9%

3.3 How would you describe the following transport links in the County as compared with other Counties?

	GOOD	AVERAGE	POOR
Road links	13%	40%	47%
Rail links	7%	33%	60%
Access to airports	13%	38%	49%

It would seem that there is a perception that the transport infrastructure of the County could be improved, although it should be noted that the geography of the County could play a role here.

3.4 Do you think that Lincolnshire is a good place to start a business?

YES	NO	UNSURE
63%	18%	19%

Despite earlier concerns about the transport infrastructure a resounding majority believe that Lincolnshire is a good place to start a business.

3.5 Do you think that Local Councils are supportive of local business?

YES	NO	UNSURE
23%	42%	35%

These findings suggest that Local Councils could perhaps be more supportive of business although there is a relatively high unsure score here which might suggest that Local Council communications with business could be improved.

3.6 If there were one thing that Lincolnshire Chamber of Commerce could do for businesses what would that be?

This question produced no clear consensus. Issues relating to business rates were mentioned by seven respondents. There were also several comments relating to helping businesses promote or market themselves.

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Other Issues

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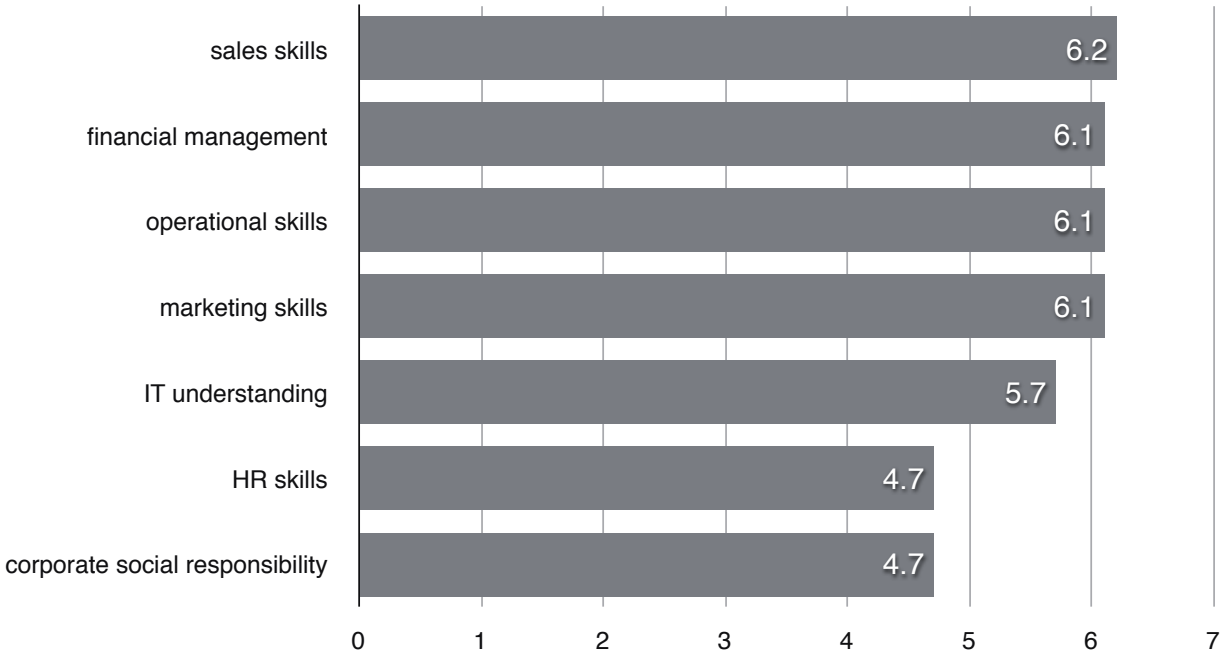
4.1 **How important do you think the following skill sets will be for your business in the coming year?**

(Scored on a scale of 1-7 with 1 being low importance and 7 high importance.)



Whilst most of these skill sets scored relatively highly there was a clear emphasis on skill sets that have a direct link with new business generation. This is perhaps not surprising given the economic backdrop for the survey.

Section 5.
Conclusions

As ever a note of caution should be sounded when making general observations about a survey. This survey captured the views of some 103 respondents at a particular moment in time. Views obviously change in response to a host of internal and external factors.

Given this caveat there does appear to be some cause for optimism here. The majority of respondents anticipate an increase in turnover in the next twelve months, a majority anticipate profit margins to improve and those planning to increase their headcount substantially outstrip those looking to decrease their headcount.

The survey suggests an emphasis on cost constraint with only 34% of businesses looking at increasing pay levels. Surprisingly nearly half of the businesses anticipate a rise in their selling prices. Price increases could be driven by necessity after a period of sustained cost control or perhaps through increased confidence?

There is some support for the coalition Government here with only 17% of respondents seeing economic policy as being too harsh.

The banks do not get quite the negative feedback one might expect however, their willingness to lend is seen as central to the recovery of the UK economy.

There is some good news for Lincolnshire here with a clear majority seeing it as being a good place to start a business. This is a positive message that should help attract new business to the County and perhaps be used by various bodies in their attempts to encourage new business start-ups and attract inward investment into the area.

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