



# QUARTERLY ECONOMIC REPORT

November - December 2024





**TUDOR PRICE**  
Chief Executive

Kent Invicta Chamber of Commerce



GET INVOLVED



2024 presented a complex economic landscape for businesses in Kent, as highlighted by the Quarterly Economic Survey (QES). The year was marked by challenges, including declining domestic demand, fluctuating export markets, volatile labour conditions, and rising costs, all of which underscored the difficult environment faced by the local business community.

While there were several notable achievements, the QES demonstrates and our members have told us that this year was also marked by significant challenges for business. Across the 4 quarters, the QES shows that the economic environment was dynamic, characterised by high recruitment activity alongside persistent inflation concerns, rising labour and utility costs, and fluctuating market conditions.

Recruitment activity remained robust throughout the year, with a significant portion of businesses actively seeking to recruit even in the later stages of the year. This demonstrates an appetite by businesses in Kent to continue to grow despite the challenging economic environment, however investment in training saw a notable decline over the year.

2024's challenges included persistent inflationary pressures, with a considerable number of businesses expressing concerns about inflation, rising labour and utility costs added to the financial strain and cashflow and investment in plant and equipment also showed a downward trend. Business confidence deteriorated, with fewer businesses expecting profitability improvement by the end of the year.

The first quarter of 2025 is likely to remain depressed as business confidence wains under these conditions and it will be vital the Government make the right noises in the New Year to bolster optimism.

At the Kent Invicta Chamber of Commerce, we have enjoyed supporting you through 2024, through networking opportunities, our advocacy at regional and national level and our services. We look forward to supporting and working with you throughout 2025 and beyond.

**Tudor Price**

*Chief Executive, Kent Invicta Chamber of Commerce*

**WHERE  
BUSINESS  
BELONGS**  
BE IN GOOD COMPANY

### ABOUT THE QUARTERLY ECONOMIC SURVEY (QES)

Kent Invicta is one of six Chambers in the South East that are accredited by the British Chambers of Commerce (BCC). It regularly contributes to 30%-50% of the South East's responses to the Quarterly Economic Survey, the largest UK survey of its kind, which is administered on behalf of the BCC by every accredited Chamber.

The questionnaire, honed over many years to gather a wealth of information, takes only about 3 minutes for a business Proprietor / Managing Director / Chief Executive, to complete.

For further information: To get full data or any further clarification please contact Lucy Druesne - [lucy@kentinvictachamber.co.uk](mailto:lucy@kentinvictachamber.co.uk)



**-5%**

is the net balance of **domestic sales** for Kent Businesses in the last quarter



**-21%**

is the net balance of **domestic orders** for Kent Businesses in the last quarter

## DOMESTIC DEMAND



The graph indicates a continuation of the decline in domestic orders and domestic sales. After a steady recovery since the drop in Q2 2022, this quarter shows a continued decline in domestic sales and orders that began last quarter. Despite this, 24% of businesses reported an increase in UK sales, but 29% reported a decrease, resulting in a net balance of -5%.

As with last quarter, the Service sector's performance lowered the overall domestic sales figure, with a net balance of domestic sales at -4%, compared to 13% for the Manufacturing sector.

Domestic orders are down significantly from last quarter, with a net balance of -21%. Specifically, 14% of businesses reported an increase in UK orders, while 35% reported a decrease, with the net balance far continuing the downward trend from last quarter.

*"It is clear that our Corporate customers have held back on making bookings due to market instability and the negative perception promoted by the current Government."*

Kent Manufacturer



20%

is the net balance of **export sales** for Kent Businesses in the last quarter



4%

is the net balance of **export orders** for Kent Businesses in the last quarter

## EXPORT DEMAND



Export demand continues to show the upward trajectory from the last 2 quarters. Export sales and Export Orders show slight growth, which shows a small improvement from last quarter, which also showed growth.

The net balance for export sales is 20% for this quarter, which continues the increase in figures from last quarter's net balance of 3%.

In detail, 36% of firms reported an increase in export sales, 16% reported a decrease, resulting in an overall net balance of 20%. It's notable that despite this growth Manufacturing showed negative net figures, with a net growth of -11% this quarter. Service sector growth was up a net 38%,

For export orders, the net balance is up slightly with a change of 4% from 3% last quarter and remains fairly slow to grow. 27% of firms reported an increase in export orders, at the same time 23% reported a decrease as well, leading to the small rise in net orders.

*"International relations - EU and beyond - are a major concern."*

Professional Services Kent Business



**-9%**

is the net balance of **Employment Expectation** for Kent Businesses in coming quarter



**1%**

is the net balance of **Employment Levels** for Kent Businesses in the last quarter

## LABOUR MARKET



The unemployment rate in Kent currently is 3.5%. The labour market continues to show some signs of recovery currently. The reported employment levels over the last three months increased whereas the reported employment expectations show a -9% net figure.

15% of firms said that the employment levels of the firm increased in the last three months, down 5% net from last quarter.

17% of firms said that they expected their workforce to increase in size over the coming three months, the same as last quarter, but more companies expected their staffing levels to drop from last quarter, with 26% of respondents reporting this.

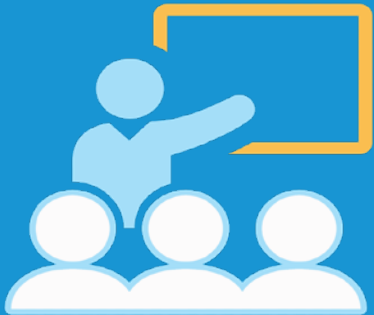
*"Employers NI is a problem and will slow down recruitment along with the minimum wage costs."*

Kent Based Accountant



72%

of Kent businesses reported that they had looked to **recruit** in the last quarter



-17%

is the net balance of **Investment in Training** for Kent Businesses in the last quarter.

## RECRUITMENT AND TRAINING



The firms who have attempted to recruit staff over the past 3 months are up from 71% last quarter to 72%. This is in line with the Manufacturing and Service sector who this quarter reported comparable levels of active recruitment, showing figures of 71% and 73% respectively. This shows that other sectors are in line with other sectors in Kent.

Business investment in training has again decreased this quarter, from -1% net last quarter to -17% net this quarter. This shows a continuation of the decline in the last three quarters and remains very low. This seems to be a sector wide issue though Manufacturing only decreased by a net of -5% showing slightly less impact in this sector.

*"The recent budget have removed any prospects for growth and are likely to lead to lower employment and less investment."*

Property Service Kent Business



35%

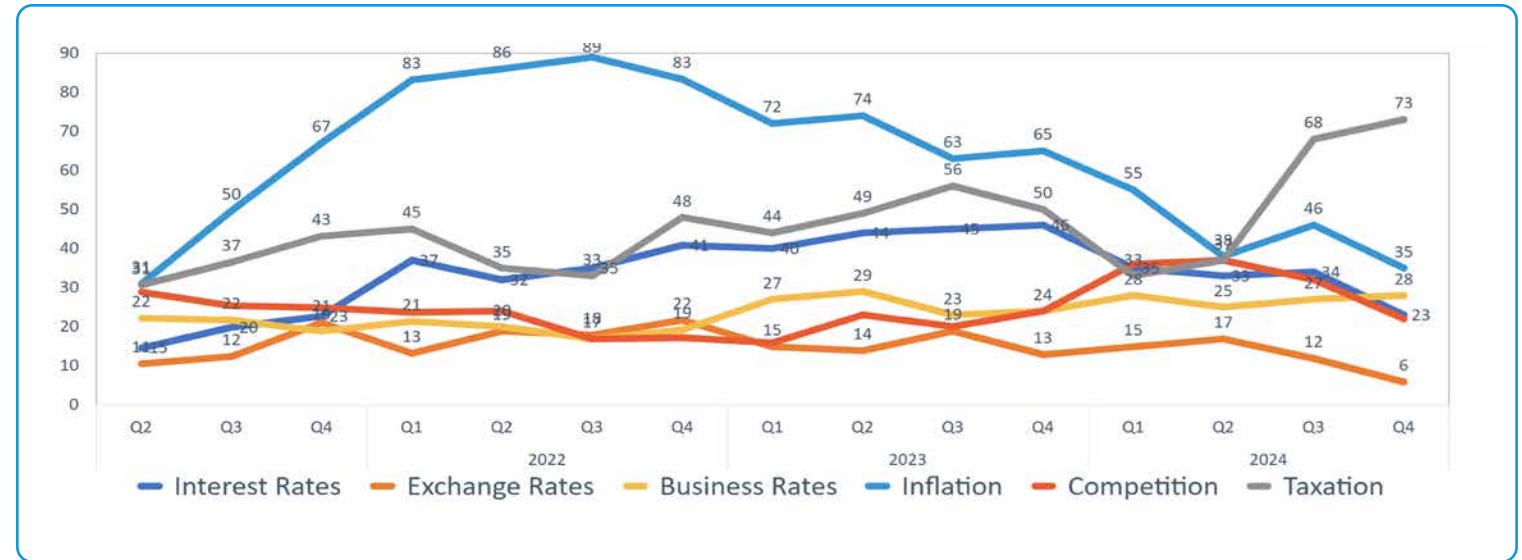
of Kent Businesses reported that **inflation** is more of a concern to business than 3 months ago



73%

of Kent Businesses reported that **corporate tax** is more of a concern to business than 3 months ago

## INFLATIONARY PRESSURES



Inflation concerns continue to reduce following the general trajectory from Q3 2022, but have been surpassed now with Taxation as the main financial concern. Measures for inflation are now around the levels in Q2 2021. 73% of firms say Tax is a growing concern for them. 35% of businesses are concerned about Interest rates. The proportion of businesses are worried about competition has fallen from last quarter to 22%.

Concerns about business rates were an issue for 28% of respondents which is consistent with the figures reported for past 8 quarters. Exchange rates was the issue with the least amount of concern with just 6% of respondents reporting this down to almost negligible levels.

*"Unreliable employees are causing productivity and quality issues. The increase in minimum wage levels has put increasing pressure on the need to raise prices, in a market that is not willing to pay more. We are experiencing more late payments than ever before. The constant rise in minimum wage rates devalues more experienced employees salaries. They also mean that we will have to consider how we fund training (which we have always fully funded until now) because we have to pay such a lot to staff who have absolutely no knowledge or experience and on top of that offer full training packages. We simply will not be able to afford to do it and will have to find other ways of managing it, which will be less beneficial to us and to the staff."*

Kent Based Accountant





46%

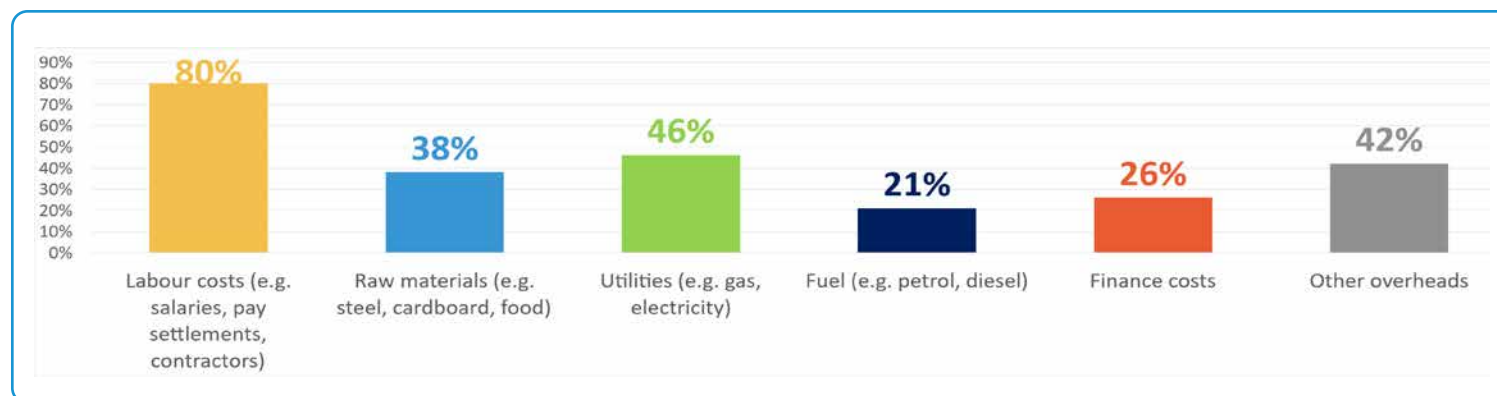
of Kent businesses reported an **increase** in their utility's costs last quarter



80%

of Kent businesses reported an **increase** in their labour costs

## BUSINESS COSTS



Consistent with the last three quarters, labour costs, utilities remain and other overheads the main price pressure. This is then followed by raw materials costs, then finance costs and then fuel costs, consistent with the last 2 quarters.

The number of businesses reporting Labour cost as an increased cost was 80%, which was up from 74% last quarter.

Utility costs had 46% of businesses reporting this as an increased cost, up 1% from last quarter.

Other overhead costs were cited by 3% more businesses from last quarter, which was at 42%.

Companies reporting Raw materials as a cost increase from 34% last quarter to 38% this quarter.

Finance costs were the same as last quarter with 26% reporting this as increasing.

Fuel costs were reported by 1% fewer businesses than last quarter as being an issue with 21% respondents citing this.

Overall, all areas of cost increase remain at levels as the same as last quarter.

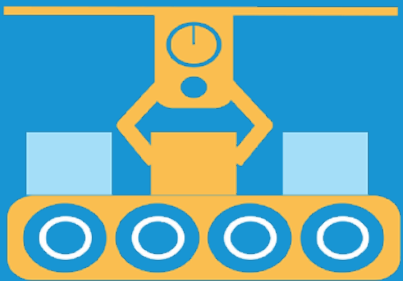
*"NIC & minimum wage increases could wipe us out."*

Kent Based Brewer





**-32%** is the net balance of **Cashflow** for Kent Businesses in the last quarter



**-27%** is the net balance of **Investment in Plant and Equipment** for Kent Businesses in the last quarter

## CASHFLOW AND INVESTMENT



Cash flow in the past three months fallen from last quarter, continuing a downward trend.

12% say their cash flow has improved over the last 3 months, 44% say it remained the same and 44% say it has worsened. This is consistent with the Service sector outcomes, but the Manufacturing sector reported a slightly lower net drop in cash flow, which was -35%, compared to the Service sector which reported a -31% net figure. These figures as similar for manufacturing from last quarter but Service sector had a -13% decrease from last quarter.

Investment in plant and equipment has dropped from last quarter and are at -27% this quarter. 91% of the firms reported either remained constant or decreased investment in plant and equipment, with only 9% of respondents saying they are investing in this area.

*"Lots of projects have been paused due to economic climate and although we have lots of projects on our books, we are unable to work on some of these and therefore invoice for work undertaken. Our cashflow is then influenced by this."*

Professional Sector Kent Business



5%

is the net balance of Kent Businesses who expect their **turnover** to improve



-39%

is the net balance of Kent Businesses who expect their **profitability** to improve

## BUSINESS CONFIDENCE



Business confidence continues to fall from Q1 2024 with no obvious signs of improvement. The dip from Q2 2024 has meant that business confidence has reached a state of decline after and period of increase from the very low levels in Q2 2023.

The net balance of businesses' profitability expectation in the next year decreased from 15% to -36%, marking a sharp drop and showing a continued downward trajectory. This fall in profitability expectations isn't driven by one particular sector and seems more driven by increased tax and labour costs across all sectors. The net profitability expectations for businesses in the Manufacturing sector were at -35% with the Service sector at -40%.

Turnover expectations fell from 36% last quarter down to 5%, showing a large drop off here too.

*"The budget has not helped by increasing the likelihood that interest rates will stay higher for longer."*

Kent Professional Services Firm

*"The recent budget appears to be a kick in the teeth for small leisure concerns, especially following the impact on the sector from Covid and the cost of living. It's unlikely that we will be able to afford the employer NI and minimum wage increases without a substantial increases in price of our products."*

Kent Based Leisure Business

# Q4 QUARTERLY ECONOMIC REPORT

November - December 2024

## CONTACT US

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## USEFUL LINKS

Register your interest to participate in a future QES survey: [www.kentinvictachamber.co.uk/qes](http://www.kentinvictachamber.co.uk/qes)  
Local Skills Improvement Plan (LSIP): [www.kentemployersskillsplan.org](http://www.kentemployersskillsplan.org)  
Kent & Medway Growth Hub: [www.kentandmedwaygrowthhub.org.uk](http://www.kentandmedwaygrowthhub.org.uk)

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