

BCC comments on public sector finances for January 2017

Commenting on the public sector finances for January 2017, published today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“The slight improvement to the UK’s fiscal position in January confirms that the government remains on track to meet the Office for Budget Responsibility’s forecast for 2016/17. The public finances in January typically show a surplus, as it tends to be a strong month for tax receipts due to the timing of self-assessment tax returns.

“Stronger than expected growth over recent quarters has boosted UK tax revenue, which means that the Chancellor is likely to report lower short-term borrowing forecasts in next month’s Budget.

“However, over the long-term, the task of restoring public finances remains significant. If UK growth becomes more sluggish, as we expect, the UK will find it increasingly challenging to generate the tax receipts needed to deliver real progress in cutting the deficit.

“The only sustainable way to boost tax receipts is for the government to create the conditions to support long-term business investment. Next month’s Budget should tackle the increasing burden of up-front costs for businesses, including action on business rates. This will help firms to deliver the type of job creation and growth needed to achieve a real strengthening of the UK’s tax base.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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BCC: UK labour market in good health

Commenting on the labour market statistics for February 2017, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

“Overall, with employment levels rising and unemployment still falling, the latest figures confirm that the UK jobs market is in good health.

“It remains likely that even if economic conditions become more subdued over the near-term, the underlying resilience of the UK’s jobs market will help ensure that we don’t see a marked deterioration in recruitment. Our own survey data suggests that hiring expectations have improved, although firms continue to report considerable difficulties in recruiting the right staff.

“With pay growth slowing slightly, the differential between price increases and wage growth continues to close. If this trend persists earnings in real terms could be squeezed, stifling consumer spending, which is an important determinant of UK growth.

“A key priority for the upcoming Budget must be to support firms looking to recruit and grow their business. This includes tackling the high up-front taxes and costs of doing business in the UK, which weigh heavily on companies regardless of their stage in the economic cycle, performance or ability to pay.”

Ends

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BCC: Inflationary pressures intensifying for businesses

Commenting on the inflation statistics for January 2017, published today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce, said:

“While the rise was slightly less than expected, UK inflation remains firmly on course to breach the 2% inflation target, possibly as early as next month. Although most categories of goods and services contributed to the increase, it was primarily driven by rising food and fuel prices.

“The continued rise in factory gate prices confirms that inflationary pressures in the supply chain are intensifying, and a sustained period of materially above target inflation looks increasingly probable. However, the uncertainty over future economic conditions is likely to limit the extent to which the expected higher inflation becomes embedded in stronger wage growth. This means that consumer spending power is likely to come under increasing pressure in the coming months.

“Higher inflation is a major headache for businesses as it increases their cost base and weighs on investment decisions. Therefore, next month’s Budget must be used to ease the burden of up-front costs faced by firms including further, more fundamental reform of business rates.”

Ends

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BCC: UK exporters put in strong performance in final quarter of 2016

Commenting on the UK trade statistics for December 2016, released today by the Office for National Statistics, Mike Spicer, Director of Economics at the British Chambers of Commerce (BCC), said:

“The narrowing in the UK’s trade deficit in the final months of last year is a welcome improvement from the weaker performance in the previous quarter, and reflects a growing number of goods being exported to non-EU countries. As Brexit dominates the headlines, the results are an important reminder that UK companies take advantage of trading opportunities in every part of the world.

“This performance comes despite the mixed reaction of exporters to the depreciation in Sterling – which our research has found is hurting as many as it is helping. Looking ahead, the continued weakness of the pound and the expected slowdown in economic growth will likely dampen demand for consumer imports.

“In order to keep UK businesses trading with the world, companies need more direct support from government such as more investment in trade show access. But with margins under pressure, we need to see action at the Budget to reduce the upfront costs of doing business, particularly business rates. This will free up resource for businesses to invest in people and product development – absolutely necessary to taking full advantage of the growth opportunities in overseas markets.”

Ends

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BCC: Dash for housing must not sacrifice business land

Commenting on the release of the housing white paper by the Communities Secretary, Sajid Javid, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

“Business communities around England want to see housebuilding on the rise – as it supports construction and property businesses locally, and increases confidence across the board. The government’s renewed commitment to raising our poor record on housebuilding is to be welcomed. So too is a drive to build homes for rent, as well as homes for sale, as they represent an important mix in many areas where businesses are seeking staff.

“Yet a dash for housing that leaves no room in our towns and cities for offices, depots, laboratories, workshops and factories would be a huge mistake. Ministers must ensure there are enough well-connected sites for commerce and industry across England, where far too much prime business land has been sacrificed to housing development in recent years. Building homes without leaving room for workplaces would be a mistake that takes a generation to correct.”

Ends

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