

# BCC: Currency volatility compounding cost pressures for many businesses

The British Chambers of Commerce (BCC) today releases the results of its survey, in partnership with American Express, which finds the majority of businesses expect the fall in sterling to increase their costs.

The survey of over 1,300 businesses found that 63% of businesses expect their costs to increase in the next 12 months as a result of the devaluation in sterling, including a quarter (24%) who expect costs to rise significantly. In comparison, only 6% of firms expect their costs to decrease.

Over 70% of manufacturers (73%) and business-to-consumer firms (71%) anticipate costs increases, compared to 55% of business-to-business firms, according to the results.

The survey also found that many businesses trading abroad are leaving themselves exposed to currency fluctuations, with nearly half (46%) of UK firms not taking proactive steps to manage currency risk. Smaller firms are less likely than their larger counterparts to be managing risk (44% of firms with 1-9 employees, compared to 70% of those with 50-249). Manufacturers have the highest proportion of businesses managing currency risk (76%), compared to B2C (57%) and B2B (39%).

The findings of the survey highlight the extent to which the depreciation in sterling is expected to compound the price pressures on firms, underlining the need to ease the domestic cost of doing business. There is also a clear need for more support and information for exporting businesses on the importance of managing currency risk.

## **Other key findings in the survey are:**

- The most common forms of managing currency risk are invoicing in sterling (27%), opening foreign currency accounts (15%), and waiting for an advantageous rate and buying using the spot market (15%)
- Less than a quarter (24%) of businesses say they have a complete understanding of the types of international payment methods available, with 23% saying somewhat and 13% none at all
- The biggest challenges businesses face in making or receiving international payments are delays (21%), bad or misleading exchange rates (16%) and hidden fees (16%)

**Dr Adam Marshall, Director General at the British Chambers of Commerce (BCC), said:**

“Weak sterling reflects the current climate of political uncertainty and lack of clarity on the Brexit process. A clear and firm strategy from government about the nature of the UK’s future trading relationship with the EU would go a long way to reassure and stabilise markets.

“While businesses await answers on Brexit, and a return to a stronger currency, they must take the necessary steps to prepare for potential risks. It’s concerning to see the proportion of UK companies not actively managing currency risk. For those trading internationally, it makes good business sense to explore the options available to insure against currency fluctuations.

“Companies are clearly feeling price pressure from the depreciation in sterling. The government made a crucial first step in the Budget with action on business rates, but further steps need to be taken on the upfront cost of doing business, so that firms can mitigate currency pressures and grow their business.”

**Karen Penney, Vice President & General Manager, Global Commercial Payments and Small Business Services UK, said:**

“Whilst managing currency fluctuations can seem daunting, technology is rapidly lowering these barriers, helping to streamline the payment process and granting added layers of security to businesses. At American Express we know that simple currency tools such as forward contracts can effectively protect a business from exchange rate volatility by guaranteeing a fixed rate. Not only will this protect margins, it will enable more accurate forecasting and budgeting. With the right tools and resources, businesses can unlock growth opportunities both at home and abroad.”

**Ends**

**Notes to editors:**

In September and October 2017, the BCC surveyed over 1,300 business people from all regions of the UK online to understand how the devaluation of sterling is impacting on businesses, and whether they are taking action to mitigate currency risk.

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American Express

At American Express we’re dedicated to offering commercial payment and lending solutions to businesses and organisations of all sizes, ranging from tools to manage everyday business and travel spending through to global currency solutions and business financing services.

We work with businesses to help them identify where our payment tools can be applied to help them control spending, achieve savings and drive efficiency, underpinned by exceptional service.

This includes our international payment capabilities, which can help facilitate streamlined cross-border payments and manage currency risk.

Whether you need to pay your supplier in China or protect your margins from currency volatility, we can put together an international payments solution tailored to your business.

To learn more about American Express International Payment Solutions visit [www.americanexpress.co.uk/internationalpayments](http://www.americanexpress.co.uk/internationalpayments)

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## **Business groups and TUC issue joint statement on EU citizens' rights**

The British Chambers of Commerce, CBI, TUC, FSB and EEF have made a joint plea to guarantee the rights of EU and UK citizens before Christmas.

Four million EU and UK citizens face a second Christmas of uncertainty about their right to remain in the countries they now call home. Despite signs that negotiators have made progress on this issue, they are being treated as bargaining chips and are left unsure of their position, especially if there is no deal between the UK and the EU.

Trade unions and businesses are deeply concerned that our friends, colleagues and workers continue to be in limbo. They deserve better treatment, given their vital contribution to our communities, businesses and public services.

The right to remain of the four million must be resolved. There must be certainty whatever the outcome of the Brexit negotiations. The UK government and EU27 should unilaterally guarantee their status and future rights before Christmas. Neither side need wait for the other to do this. If many who go home for holidays simply do not come back, this would have a damaging impact on critical public services and growth.

Adam Marshall, Director General – British Chambers of Commerce

Carolyn Fairbairn, Director General – CBI

Frances O'Grady, General Secretary – TUC

Mike Cherry, National Chairman – Federation of Small Businesses

Stephen Phipson, Chief Executive – EEF

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## **BCC comments on today's Brexit statements**

Commenting following Prime Minister Theresa May's meeting with European Commission President Jean-Claude Juncker, and wider developments in the Brexit negotiations, Dr Adam Marshall, Director General of the British Chambers of Commerce, said:

"Business communities on both sides of the Channel have long been urging negotiators to reach a pragmatic agreement on withdrawal issues, so that we can move on swiftly to transition and trade talks.

"Today's statements enhance the prospects of finally securing a much-needed transition deal and moving on to the issues that are most important to business, investment and economic well-being on all sides.

"It is imperative to keep up the momentum, as it's high time to answer the huge practical questions on regulation, customs, standards, tariffs and taxes that lie at the heart of what businesses need to know in order to plan for the future."

### **Ends**

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# **BCC: Planning system must work better for business**

The planning system in England is more complex, costly and difficult for business than it was five years ago, according to a major report published today (Monday) by the British Chambers of Commerce.

The BCC report says that five years after the introduction of the National Planning Policy Framework (NPPF), which was designed to make the system less complex and more accessible, businesses are experiencing too many delays and barriers to investment.

The report finds that the government's focus on new homes is leading to increased pressure on the availability of employment land and premises. A BCC survey of over 900 businesses across the country revealed that one in five firms are struggling to find the land and premises they need.

The report says the government's pre-occupation with housing at the expense of other land uses is also leading to localised tensions. New homes are being built adjacent to long-established businesses in towns and cities and causing serious problems, both for new residents and businesses.

The report urges the government to review the NPPF to ensure that the needs of business are on an equal footing with other stakeholders.

## **Key recommendations include:**

- Employment land and uses should be given equal priority to housing, so that people can access jobs and businesses have the space they need to grow and compete.
- Where shops and offices have been converted to homes, councils should ensure there is an alternative supply of quality commercial office space available elsewhere.
- Where there is high demand for new housing and jobs, there should be intelligent use of the green belt to ensure local communities benefit from the delivery of new homes and infrastructure.

**Jane Gratton, Head of Business Environment at the British Chambers of Commerce (BCC), said:**

"Access to affordable employment land and premises is essential for business innovation, expansion, and long-term competitiveness. Too many firms are now unable to find the land and premises they need. We risk creating big problems for the future if we don't get the right balance of jobs and homes.

“Firms still face too many barriers, costs and delays as they negotiate the planning system. We need to find a way to make it work better, to provide the strategic certainty for businesses to make their own investment decisions and the freedom and flexibility they need to innovate, grow and compete globally.

“Planning for jobs and homes, together with up-front government investment in modern infrastructure, will give people better access to employment opportunities. It will help businesses access a skilled workforce and provide the platform to compete globally. The planning system must be looked into as part of plans to make the UK Brexit-ready.”

**Ends**

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## **[Chamber Business Awards 2017: Best of British Business](#)**

The very best of British business was celebrated at the British Chamber of Commerce’s annual Chamber Business Awards ceremony last night.

The Chamber Business Awards, which is now in its 14th year, is one of the showpiece events in the business calendar, highlighting the role of business in delivering growth and prosperity for the UK and local communities.

Businesses from across the country came together at the gala dinner, hosted by TV presenter Kate Thornton, to mark the outstanding achievements of both UK firms and Chambers of Commerce.

**The award winners in full:**

- Best Use of Technology – **AnyJunk**, a London based bulk waste collector for business and homes, is using technology to change the productivity and efficiency of the waste disposal industry
- Export Business of the Year – **Linwoods**, a bakers and health food business based in Armagh, has made excellent use of consumer and market research and sells its products to retailers in over 30 countries
- High Growth Business of the Year – **ICON Aerospace Technology Ltd**, a world leader in highly engineered polymer-based products for aerospace and defence applications, has increased turnover by 30% and created 150 jobs in less than two years
- Excellence in Customer Service – **Stockport Homes**, delivers affordable housing and accommodation solutions, and has driven customer satisfaction through the implementation of a Continuous Improvement Framework
- Small Business of the Year – **DNA Worldwide**, providers of DNA, drug and alcohol testing, has used state of the art technology to develop a range of new services, and has ambitious plans to expand
- Commitment to People Development – **Manchester & Cheshire Construction Co. Ltd**, has shown impressive commitment to the training and development of staff, participating in 252 training days last year
- Business and Education Partnership – **Ahead Partnership**, based in Leeds, has worked to address the soft skills gap, and brings together teachers and employers to create bespoke programmes of learning
- Best Use of Social Media – **JC Social Media Limited**, began trading from a spare bedroom in Birmingham in 2011, and use social media to help clients connect with new customers, gaining 28.9m impressions for over a four-month period for a client's event
- Health and Wellbeing – **Flynn**, a building and maintenance business based in Northern Ireland, developed a 'Boost' initiative to improve moral, mental wellbeing and communication
- Chamber of the Year – **Greater Manchester Chamber of Commerce**, has grown by 11% in the last three years and worked closely with other chambers in the region to share best practice
- Excellence in International Trade – **Northamptonshire Chamber (incorporating Milton Keynes Chamber of Commerce)** offers members a wide portfolio of services relating to trade, including International Trade Forums and regular workshops
- Most Effective Campaigning – **North & Western Lancashire Chamber of Commerce**, has shown determination and a dedication to the local business community in its campaign for energy exploration in the county
- Excellence in Membership Services – **Staffordshire Chambers of Commerce** has grown by 12% over the last two years, and an impressive 20% of Staffordshire's workforce are in membership

AnyJunk also won the award for Business of the Year, and as a prize will be invited to open the London Stock Exchange on March 1<sup>st</sup> 2018, the day the Chamber Business Awards 2018 are launched.

**Commenting on this year's awards, Francis Martin, President of the British Chambers of Commerce (BCC), said:**

“These awards are the perfect opportunity to celebrate the best of British business. I never cease to be surprised by the innovation and ambition of UK companies, and the contribution firms of every size and sector make to their local communities. I look forward to seeing the finalists and winners of our award continue to blaze the trail and create jobs and opportunities for our nation.”

**Ends**

**Notes to editors:**

The British Chambers of Commerce (BCC) Chamber Business Awards took place on Thursday 30<sup>th</sup> November at the Brewery, London, and was supported by Bibby Financial Services, DHL, Legal and General, London Stock Exchange Group, Moneycorp. RADA in Business, Qdos Consulting and Westfield Health.

If you are interested in speaking to any of the winners or finalists, please contact the BCC press office.

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