



# Scottish Chambers' Business Survey

June 2010  
Quarter 2

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**The Scottish Chambers' of Commerce  
Business Survey, conducted by  
Strathclyde University's Fraser of  
Allander Institute is the largest and most  
comprehensive regular survey of the  
Scottish Business Community.**

Almost 300 firms responded to the present  
survey, which was conducted during June  
2010.

## BUSINESS PERFORMANCE

### Summary Points

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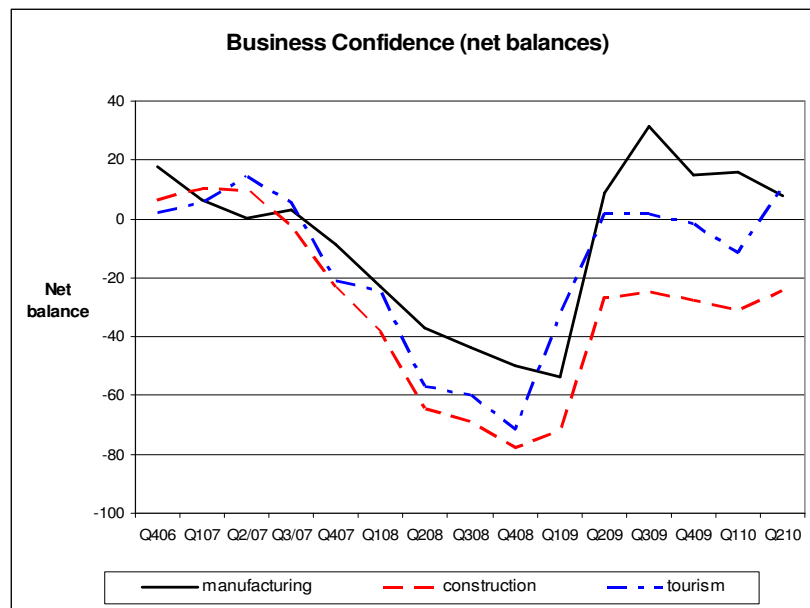
#### Overall

A complex and apparently contradictory set of results reflecting a combination of modest growth in manufacturing, some slight signs of improvement in construction, weak consumer confidence in retail and a seasonal upturn in tourism. However, the growth in manufacturing and improvement in construction is expected to weaken in the third quarter, retail spending is expected to remain flat and in tourism overseas and business demand is expected to remain weak. The extent to which Scottish firms are beginning to factor in the forthcoming significant reductions in public sector expenditure is uncertain, but increasingly these will influence activity and business confidence, and following on from the recession will contribute to harsh trading conditions for some firms.

Evidence of a more sustained recovery in the Scottish economy continues to remain elusive; the current signs of improvement have to contend with rising cost pressures, increased market uncertainty and the onset of reduced public sector capital and operating expenditure.

#### Business confidence

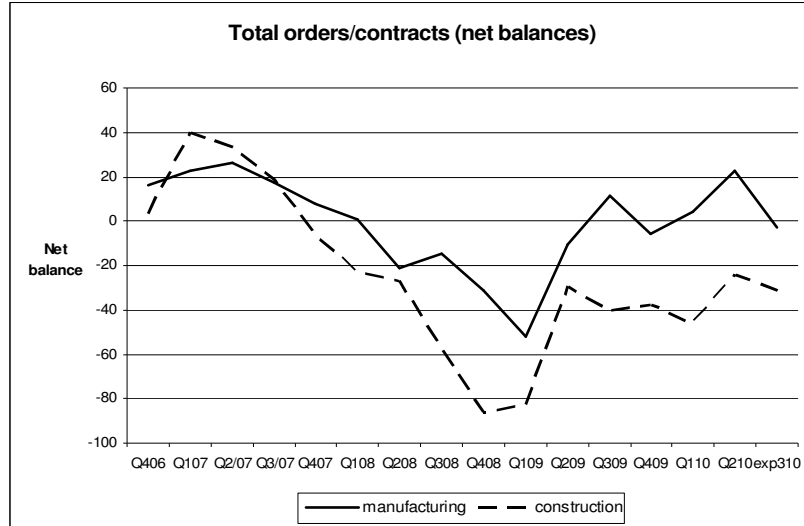
Net rising trends in business confidence were reported in manufacturing and tourism, and in construction and retail the declining trends were less than in the first quarter.



#### Demand/sales

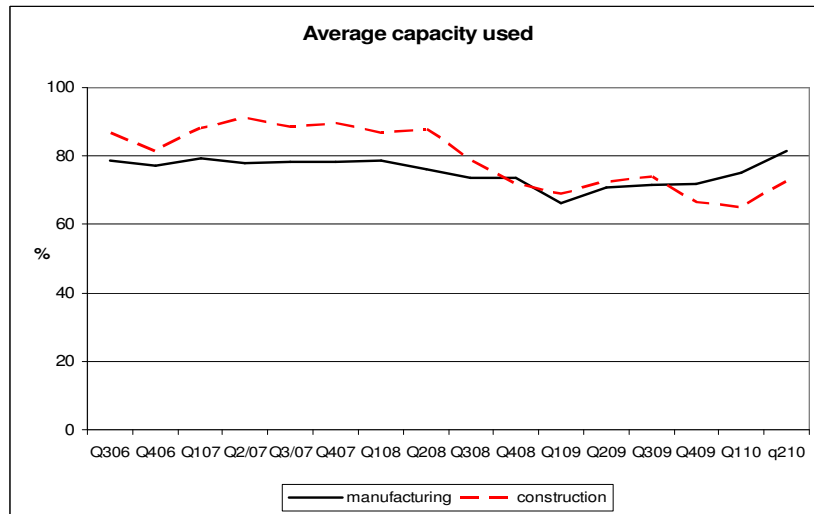
In manufacturing, rising export and rest of UK trends underpinned the improvement in total orders, Scottish demand remained weak. Overall in manufacturing demand remained weak but less so than in the previous quarter. The declining trends in the levels of work ended, but this improvement is only seen to be temporary. In construction demand remained depressed with 48% again reporting downward trends in total new orders and 60% declining levels of domestic/house build contracts. Nevertheless, the overall trends, although weak and negative, were better than a year ago.

Retail sales trends remained weak, reflecting weak consumer confidence, although the major multiple retailers continued to report rising sales. In tourism the outturn for Q2 was slightly better than anticipated but the declining net trends in visitor numbers were better than in Q2 2009; once again the trend in demand for accommodation and conference facilities remained weak.



Capacity/work in progress

Average capacity used in manufacturing rose by 6.3 percentage points and in construction by 7.3 percentage points over the past quarter, although seasonality is a factor with respect to the construction figures.



In construction the proportion reporting working below optimum levels eased slightly from a net of 80% in Q1 to 62% in Q2. In tourism occupancy in Q2, was at the same level as in Q2 2009. Discounting of room rates remained evident.

Cost pressures

Raw material/suppliers prices and transport costs were more widely reported in the second quarter. 80% of manufacturing, 75% of wholesale and 65% of retail respondents reported pressures to raise prices due to rising raw material/suppliers' prices. 75% of wholesale, 51% of

manufacturing and 47% of retail respondents reported rising transport costs.

Pay and employment

Labour market activity outside of tourism remained subdued, recruitment activity and recruitment difficulties likewise remained at much lower levels. Pay increases ranged from 2.6% to 3.6% (wholesale distribution) and remain at historically low levels.

Outlook

There are some signs that the recovery in manufacturing may stall in the second half of 2010. Activity in construction is set to remain weak, but the expectations for the year ahead are less depressed than in previous quarters. In the service sector consumer confidence remains weak and continues to depress retail sales trends. Activity and occupancy in tourism remains at broadly the same levels as a year ago. The trends for 2010 and the first half of 2011 remain uncertain; the pace and extent to which business activity and consumer confidence are adversely affected by the forthcoming reductions in public sector expenditure and employment will become increasingly clearer over the rest of the year, and it remains uncertain as to the extent to which the emerging 'age of public sector austerity' in the UK and in much of Europe will halt and possibly reverse the current frail economic recovery.

## MANUFACTURING

### Optimism

Respondents reported being more confident than a year ago and more optimistic than in the first quarter. However, the rate of increase in business confidence eased.

### Orders and Sales

Average capacity utilisation rose by more than 6 percentage points, positive trends in work in progress were reported and rising trends in orders and sales were reported.

However, respondents anticipate some weakening in these trends in the third quarter, with the net trend in total orders turning negative and the rising trend in total sales and work in progress levelling out.

Cost pressures, especially raw material and to a lesser extent transport costs are more evident than in previous quarters. Nevertheless, the net turnover and profitability trends over the next twelve months remain positive

### Investment

Trends in investment of equipment strengthened, with investment mainly directed towards replacement. Investment for R & D and introducing new products/developing new markets remained low.

### Employment

Overall rising trends in employment and hours worked were reported, but expenditure on training eased. Recruitment activity remained subdued and few recruitment difficulties were reported.

	Up	Q2 2010			Net Balances		
		Level	Down		Q2/10	Q1/10	Q409
<b>Business Optimism</b>	21.5	64.6	13.8		7.7	15.9	14.9
<b>Trends in actual orders</b>							
Total new orders	42.4	37.9	19.7		22.7	4.3	-5.6
Scottish orders	18	60.7	21.3		-3.3	-7.5	-2.1
Rest of UK orders	24.6	57.9	17.5		7.0	-8.3	-6.5
Export orders [35% = N/A]	25.8	31.8	7.6		18.2	8.7	3.6
<b>Trends in expected orders</b>							
Total new orders	20.3	56.3	23.4		-3.1	20.9	8.3
Scottish orders	6.8	69.5	23.7		-16.9	7.8	0.8
Rest of UK orders	10.9	72.7	16.4		-5.5	6.9	-2.1
Export orders (36% = N/A]	14.1	375	12.5		1.6	19.1	10.2
Av Capacity used	81.4				81.4	75.1	71.9
Invest in plant/equip.	23	59	18		4.9	-6.3	4.2
Cash flow past 3 moths	30.3	54.5	15.2		15.2	0	0.5
Turnover next 12 moths	45.5	31.8	22.7		22.7	22.9	16.8
Profitability next 12 moths	36.4	34.6	28.8		7.6	-5.8	2.9
Price change next 3 moths	42.4	53.0	4.5		37.9	28.6	33.1
<b>Pressures to raise prices from</b>							
Pay settlements	22.7				22.7	27.1	29.8
Raw material costs	80.3				80.3	64.3	72.9
Finance costs	12.1				12.1	14.3	10.5
Other overheads	39.4				39.4	41.4	46.6
Transport costs	51.5				51.5	37.1	27.9
<b>Employment trends</b>							
Total actual employment	16.7	71.2	12.1		4.5	-8.6	14.6
Total expected next 3 months	15.4	69.2	15.4		0	-6.1	-0.7
Average pay increase	2.7				2.7	2.9	2.8

## CONSTRUCTION

### Optimism

The trends in confidence, although weak, are better than those reported for the previous nine quarters.

### Contracts

Demand remains weak, 62% report working below optimum levels (38% at optimum levels), 86% report the low level of contracts and new work as the main factor affecting business activity (and 35% reported problems with mortgages, credit and finance) Whilst 19% reported rising trends in work in progress 48% reported weakening trends.

Expectations as to contracts over the next three months and turnover, tender margins and profitability over the next twelve months remain weak and there is much to suggest expectations are influenced, on the one hand, by some improvement in activity but equally by recent announcements as to reductions in public sector capital projects.

Average capacity rose to 73%, the same as a year ago, but remains some 12 percentage points lower than in 2008.

### Employment

Employment levels continued to decline and little change is anticipated. Recruitment activity and average pay increases remain at historically low levels, few recruitment difficulties are reported.

	Q2 2010			Net Balances		
	Up	Level	Down	Q2/10	Q1/10	Q4/09
<b>Business Optimism</b>	13.8	48.3	37.9	-24.1	-30.8	-27.5
<b>Trends in actual contracts</b>						
Total new contracts	24.1	27.6	48.3	-24.1	-46.2	-37.5
Public sector orders	17.4	30.4	52.2	-34.8	-70.0	-25.8
Private commercial	16.7	33.3	50.0	-33.3	-47.8	-61.8
Domestic/house build	15.0	25.0	60.0	-45.0	-54.2	-50.0
<b>Trends in expected contracts</b>						
Total new orders	6.9	55.2	37.9	-31.0	-38.5	-39.5
Public sector orders	0	43.5	56.5	-56.5	-38.1	-43.3
Private commercial	8.3	54.2	37.5	-29.2	-47.8	-61.3
Domestic/house build	10.0	35.0	55.0	-45.0	-37.5	-45.5
<b>Trends in work in progress</b>						
Actual	18.5	33.3	48.1	-29.6	-20.0	-55.0
Expected	0.0	57.1	42.9	-42.9	-41.6	-30.0
<b>Capacity used</b>	72.6			72.6	65.3	66.5
<b>Invest in plant/equip.</b>					-41.7	
<b>Leasing in plant/equipment.</b>					-33.3	
<b>Employment trends</b>						
Total actual employment	3.4	62.1	34.5	-31	-44.0	-41.0
Total expected next 3 months	6.9	58.6	34.5	-27.6	-32.0	-42.1
<b>Average pay increase</b>	2.7			2.7	4.0	2.0
Percent recruiting staff	17.9			17.9	20.0	15.0
Recruitment difficulties increasing	6.3			6.3	0.0	0.0

## WHOLESALE DISTRIBUTION

### Optimism

Overall business optimism amongst Scottish wholesale respondents remained weak, although there was considerable volatility in the trends.

### Sales

Overall two thirds reported increasing or level sales and 60% expect either rising or level sales trends in the third quarter. Once again uncertainty as to future demand is evident in the expectations for the third quarter.

Pressures to raise prices are increasingly evident as respondents report rising transport costs, supplier prices and rising overheads.

Once again over the next twelve months wholesale firms, on balance, expect turnover to remain unchanged. However there are marked differences as to expectations as to profitability over the next twelve months. Whilst 50% now expect profitability to increase whilst 44% expect profitability to decline over the twelve months to end June 2011.

### Finance

A quarter reported revising upwards investment trends.

### Employment

More than half sought to recruit staff, much higher than in previous quarters, and difficulties in recruiting suitable staff were limited, 31% of firms increased pay during quarter two by an average of 3.6%.

	Q2 2010			Net Balances		
	Up	Level	Down	Q2/10	Q1/10	Q4/09
<b>Business Optimism</b>	25.0	37.5	37.5	-12.5	-7.7	-23.5
<b>Trend in actual sales</b>	25.0	43.8	31.2	-6.8	7.7	-35.3
<b>Trend in expected sales</b>	40.0	20.0	40.0	0.0	12.5	-37.5
<b>Investment plans</b>	25.0	68.75	6.25	18.75	-42	-35.3
<b>Cash flow past 3 months</b>	25.0	37.5	37.5	-12.5	0.0	-35.3
Turnover next 12 months	43.8	12.5	43.8	0	0.0	11.8
Profitability next 12 months	50.0	6.25	43.8	6.2	-7.7	-11.8
Price change next 3 months	75.0	25.0	0	75	38.5	58.8
<b>Pressures to raise prices from</b>						
<b>Pay settlements</b>	32.0			32.0	30.8	11.8
<b>Raw material costs</b>	68.8			68.8	61.5	64.7
<b>Finance costs</b>	25			25	7.7	35.3
<b>Other overheads</b>	56.3			56.3	38.5	41.2
<b>Transport costs</b>	75.0			75.0	76.9	64.7
<b>Employment trends</b>						
Total actual employment	18.8	62.5	18.8	0.0	-9.1	-35.3
Expected next 3 months	0.0	68.8	31.3	-31.3	-9.1	-13.3
<b>Average pay increase</b>	3.62			3.62	3.5	1.5
Percent recruiting staff	56.3			56.3	36.4	29.4
Recruitment difficulties inc	7.7			7.7	9.1	0.0

## RETAIL DISTRIBUTION

### *Optimism*

Weak consumer demand, consumer uncertainty, the continued growth of the major multiples and rising price pressures underpin the weak trends in business optimism. The net trends in retail confidence in the second quarter were weaker than in the comparable quarters for the past five years.

### *Sales*

The trend in sales remained weak with only 14% reporting increased sales, and continued concerns as to consumer confidence are moderating expectations as to sales trends in the third quarter.

Cost pressures, especially suppliers' prices are significant and pressures to increase prices remain high, but with anticipated weakening trends in turnover and profitability over the next year pressures on margins look inevitable.

### *Finance*

For a further quarter both turnover and profitability are expected to decline further for a net of retailers over the twelve months to June 2011.

### *Employment*

Labour market activity remains at low levels with almost 70% of retailers reporting and 75% expecting no change to overall employment levels. Recruitment activity in the second quarter, whilst slightly strong than a year ago, remains at historically low levels. Only a slight increase in part time employment is forecast for the third quarter. Almost a quarter reported increasing pay, and the average increase in 2010 remains at 2.5% - much lower than in previous years.

	Q2 2010			Net Balances		
	Up	Level	Down	Q2/10	Q1/10	Q4/09
<b>Business Optimism</b>	7.0	39.5	53.5	-46.5	-54.5	-34.9
<b>Trend in actual sales</b>	14.0	25.6	60.5	-46.5	-48.5	-34.1
<b>Trend in expected sales</b>	2.4	51.2	46.3	-43.9	-45.5	-35.7
<b>Cash flow past 3 months</b>	11.9	61.9	26.2	-14.3	-9.1	-2.4
Turnover next 12 months	9.3	44.2	46.5	-37.2	-15.2	-18.6
Profitability next 12 months	16.3	20.9	62.8	-46.5	-40.6	-47.6
Price change next 3 months	72.1	23.3	4.7	67.4	69.7	62.8
<b>Pressures to raise prices from</b>						
<b>Pay settlements</b>	20.9			20.9	18.2	22.7
<b>Raw material costs</b>	65.1			65.1	63.6	72.7
<b>Finance costs</b>	25.6			25.6	24.2	29.5
<b>Other overheads</b>	16.3			16.3	33.3	13.6
<b>Transport costs</b>	46.5			46.5	45.5	36.4
<b>Utility costs</b>	32.6			32.6	48.5	31.8
<b>Regulation costs</b>	37.2			37.2	39.4	31.8
<b>Employment trends</b>						
Total actual employment	9.3	69.8	20.9	-11.6	-25.0	-11.9
Expected next 3 months	2.5	75.0	22.5	-20.0	-13.3	-2.9
<b>Average pay increase</b>	2.56			2.56	2.5	2.43
Percent recruiting staff	23.3			23.3	28.1	32.6
Recruitment difficulties inc	14.3			14.3	23.1	33.3

## TOURISM

### *Optimism*

A combination of good weather in May and June, increased levels of 'staycations' and slightly better than anticipated outturn in visitor numbers underpinned the improvement in net business confidence in the second quarter and overall trends, although weak, are better than in the same quarter in 2009 and 2008.

### *Demand*

Average occupancy rose to 71.4%, broadly the same as a year ago, but trends in bar/restaurant trade and in conference/function facilities remained weak. Nevertheless, the trends in visitor numbers were better than in q2 2009. Overall local and business demand accounted for 55.2% of total demand and tourist demand accounted for 44.8% of total demand in the second quarter.

More than a third reported reducing average room rates and the discounting of rates is set to continue in the three months to the end of September.

### *Business constraints*

64% reported the lack of tourist demand remained the primary business constraint but once again a third reported concerns with competition and 32% of hotels felt that their area had suffered due to poor marketing.

### *Employment*

Two thirds sought to recruit staff, mainly for replacement as net declining trends in employment continued. Some increase in the demand for seasonal staffs is expected for the third quarter. Notwithstanding the weak demand for staff difficulties in recruiting suitable chefs were evident.

	Q2 2010			Net Balances		
	Up	Level	Down	Q2/10	Q1/10	Q4/09
<b>Business Optimism</b>	30.4	50.0	19.6	10.7	-11.6	-1.6
<b>Trends in demand/visitors</b>						
Total demand/visitors	29.8	29.8	40.4	-10.5	-39.5	8.3
Demand from Scotland	17.9	53.6	28.6	-10.7	-34.9	8.6
Demand from Rest of UK	25.5	41.8	32.7	-7.3	-34.9	8.5
Demand from abroad	19.6	42.9	37.5	-17.9	-58.1	-15.8
Business Trade	29.6	22.2	48.1	-18.5	-46.5	-31.0
<b>Trends in expected demand</b>						
Total demand/visitors	34.6	40.4	25.0	9.6	-13.2	-18.8
Demand from Scotland	38.0	44.0	18.0	20.0	-13.5	-8.3
Demand from Rest of UK	37.3	39.2	23.5	13.7	-8.1	-13.0
Demand from abroad	29.4	39.4	31.4	-2.0	-19.4	-30.4
Business Trade	24.5	34.7	40.8	-16.3	-25.0	-23.4
<b>Occupancy</b>	71.4				46.6	61.7
Average daily rate	16.1	46.4	37.5	-21.4	-48.8	-33.3
Expected average daily rate	21.2	51.9	26.9	-5.8	-9.7	-23.6
<b>Employment trends</b>						
Total actual employment	13.0	59.3	27.8	-14.8	-15.0	-28.1
Expected next 3 months	13.7	70.6	15.7	-2.0	5.0	-27.3
<b>Average pay increase</b>	3.0			3.0	5.5	4.3
Percent recruiting staff	66.1			66.1	50.0	58.6
Recruitment difficulties	29.4			29.4	15.4	27.3

**MANUFACTURING ALL CHAMBERS**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>
Optimism compared to 3 months ago	22	65	14
Optimism compared to year ago	38	42	20
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total value of new orders	42	38	20
Expected trend next 3 months in total value of new orders	20	56	23
Actual trend in value of Scottish orders	18	61	21
Expected trend next 3 months in total value of Scottish orders	7	69	24
Actual trend in value of RUK orders	25	58	18
Expected trend next 3 months in total value of RUK orders	11	73	16
Actual trend in value of export orders	26	32	8
Expected trend next 3 months in total value of export orders	14	38	13
<b>Trend in</b>			
Actual trend in value of total sales	48	33	18
Expected trend next 3 months in total value of new sales	19	63	17
Actual trend in value of Scottish sales	21	58	21
Expected trend next 3 months in value of Scottish sales	10	71	19
Actual trend in value of RUK sales	25	58	18
Expected trend next 3 months in value of RUK sales	11	75	15
Actual trend in value of export sales	28	28	9
Expected trend next 3 months in value of Export sales	12	42	11
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend of work in progress	26	49	25
Expected trend next 3 months of work in progress	11	65	24
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>
Stocks of raw materials/components	11	65	25
Stocks of finished goods	11	63	26
Average capacity utilisation	81.4%		
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>
Is capacity used above/below preferred levels	11	41	48
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Investment in plant/equipment next 12 months	23	59	18
Leasing of plant/equipment next 12 months	5	71	23
<b>Reason for investment</b>			
Replacement	34		
Expand capacity	13		
Increase efficiency	30		
R & D new products/processes	11		
Introduce new products/develop new markets	9		
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>
Trend in cash flow last 3 months	30	55	15
Turnover expected trend next 12 months	45	32	23
Profits expected trend next 12 months	36	35	29
Total orders expected trend next 12 months	39	41	20
Scottish/Rest of UK orders expected trend next 12 months	28	51	22
Export orders expected trend next 12 months	24	39	3
Prices over next 3 months	42	53	5

**Pressure to raise prices from**

Pay settlements	23
Raw material costs	80
Finance costs	12
Other costs	39
Transport costs	52

**More of a concern than 3 months ago**

Interest rates	21
Exchange rates	24
Business rates	21
Inflation	15
Competition	30
Taxation	33
Orders and sales	35
Labour shortages	11
Capacity	23

**Trend in**

	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	17	71	12
Expected trend in total employment	15	69	15
Actual trend in full time	15	72	12
Expected trend in full time	16	71	13
Actual trend in temporary employment	14	73	12
Expected trend in temporary employment	8	80	12
Actual trend in total hours worked	25	57	17
Expected trend in total hours worked	18	66	16
Actual expenditure on training	14	63	23
Expected expenditure on training	13	71	16

	<b>YES</b>	<b>NO</b>	
Increased pay last 3 months	26	74	
Average increase	2.7%		

	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Attempted to recruit last 3 months	39	61	

**Difficulties recruiting**

Professional and managerial	6	20	74
Technical	6	20	74
Clerical	0	24	76
Skilled manual	8	24	68
Other manual	3	27	70
Young workers	2	26	73

	<b>YES</b>	<b>NO</b>
Difficulties in recruiting employees in particular occupations	17	83

Difficulties in retaining employees in particular occupations	6	94
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## CONSTRUCTION ALL CHAMBERS

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in:</b>	%	%	%
Optimism three months ago	14	48	38
Optimism in the same period a year ago	21	21	59
<b>Trend in:</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total value new contracts	24	28	48
Expected value new contracts	7	55	38
Actual public sector work	17	30	52
Expected public sector work	0	43	57
Actual private commercial work	17	33	50
Expected private commercial work	8	54	38
Actual domestic/house build	15	25	60
Expected domestic/house build	10	35	55
<b>Trend in:</b>			
Actual work in progress	19	33	48
Expected work in progress next 6 months	0	57	43
Working at optimum levels	0	38	62
Average Capacity Utilisation	72.7%		
<b>Limits to output</b>			
Level of contracts & new work	86		
Shortages skilled labour	10		
Planning delays	21		
Cost/availability of materials	21		
Credit/mortgage/finance	34		
Business capacity	14		
Availability/quality of sub contractors	7		
<b>Trend in</b>	<b>IMPROVED</b>	<b>LEVEL</b>	<b>EASED</b>
cash flow past 3 months	17	59	24
turnover next 12 months	14	45	41
profitability next 12 months	10	24	66
tender margins next 12 months	7	28	66
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	3	62	34
Expected total employment	7	59	34
Actual full time	4	67	30
Expected full time	7	59	33
Actual sub contract	9	41	50
Expected sub contract	5	45	50
Actual self employed	0	65	35
Expected self employed	0	63	37
Actual overtime	8	46	46
Expected overtime	13	38	50
Firms increasing wages	7	93	0
Average increase	2.7%		

recruited past 3 months	<b>YES</b> 18	<b>NO</b> 82	
<b>Experienced difficulties</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruiting professional/managerial	0	21	79
Recruiting technical	0	21	79
Recruiting skilled	7	14	79
Recruiting other manual	0	18	82
Recruiting young workers & trainees	0	21	79
Recruitment difficulties	<b>INCREASED</b> 6	<b>NO CHANGE</b> 94	<b>EASED</b> 0
Retention difficulties	<b>YES</b> 8	<b>NO</b> 92	

**WHOLESALE DISTRIBUTION ALL CHAMBERS**

<b>Trend in</b>	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
Optimism (last 3 months)	25	38	38
Optimism a year ago	50	19	31
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	25	44	31
Expected trend in sales	40	20	40
<b>Trend in</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Investment intentions	25	6	69
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	25	38	38
Turnover trend next 12 months	44	13	44
Profitability next 12 months	50	6	44
<b>During next 3 months</b>	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	75	25	0
<b>Pressure from</b>			
Pay settlements	31		
Raw material costs	69		
Finance costs	25		
Other overheads	56		
Transport costs	75		
<b>Business concerns</b>			
Interest rates	19		
Exchange rates	38		
Business rates	50		
Inflation	31		
Competition	44		
Corporate taxation	25		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Actual total employment	19	63	19
Expected total employment	0	69	31
Actual full time employment	14	71	14
Expected full time employment	0	85	15
Actual part time employment	17	83	0
Expected part time employment	0	91	9
Actual temporary employment	30	60	10
Expected temporary employment	0	100	0
Actual permanent employment	20	70	10
Expected permanent	0	89	11
Actual overtime	14	43	43
Expected overtime working	0	62	38
<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	31	69	
Average increase	3.6%		

<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	13	75	13
<b>Over last 3 months</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
recruited staff past 3 months	56	44	
<b>Difficulties recruiting</b>			
Professional and managerial	6	13	81
Technical	13	19	69
Clerical workers	6	13	81
Skilled manual	13	6	81
Other manual	6	19	75
Part time	6	6	88
Temporary	6	6	88
16 - 24 year olds	6	31	63
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	8	92	0
	<b>YES</b>	<b>NO</b>	
Recruitment problems	47	53	
Retention problems	7	93	
	<b>YES</b>	<b>NO</b>	
<b>Do you have</b>	<b>%</b>	<b>%</b>	
E mail address	100	0	
Web site	88	13	
	<b>YES</b>	<b>NO</b>	
<b>Do you use them for</b>			
Communication	94	6	
Publicity	81	19	
Ordering goods/services	75	25	
Receive payment	19	81	

**RETAIL DISTRIBUTION ALL CHAMBERS**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>
Optimism (last 3 months)	7	40	53
Optimism a year ago	14	31	55
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	14	26	60
Expected trend in sales	2	51	46
Actual value of sales	14	23	63
Expected value of sales	2	44	54
<b>Trend in investment intentions for:</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Premises	12	26	63
I.T.	23	30	48
Vehicles	13	38	49
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	12	62	26
Turnover trend next 12 months	9	44	47
Profitability next 12 months	16	21	63
During next 3 months	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	72	23	5
<b>Pressure from</b>			
Pay settlements	21		
Raw material/supplier prices	65		
Finance costs	26		
Other overheads	16		
Transport costs	47		
Utility (gas, electricity, water) charges	33		
Regulation	37		
<b>Business concerns</b>			
Interest rates	33		
Exchange rates	23		
Business rates	28		
Inflation	26		
Competition	63		
Corporate taxation	16		
Legislation/regulation	30		
Planning/building regulations	7		
Transport infrastructure	14		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Actual total employment	9	70	21
Expected total employment	3	75	23
Actual full time employment	8	69	22
Expected full time employment	3	70	27
Actual part time employment	8	73	19
Expected part time employment	13	77	10
Actual temporary employment	9	74	17
Expected temporary employment	5	82	14
Actual permanent employment	0	69	31
Expected permanent	0	76	24
Actual overtime	3	55	41
Expected overtime working	4	61	36

<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	24	76	
Average increase	2.6%		
<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	19	69	12
Over last 3 months recruited staff past 3 months	<b>YES</b>	<b>NO</b>	<b>N/A</b>
	23	77	
<b>Difficulties recruiting</b>			
Professional and managerial	12	9	79
Skilled	9	14	77
Full time	9	14	77
Part time	2	17	81
16 - 24 year olds	5	17	78
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties			
	<b>YES</b>	<b>NO</b>	
Recruitment problems	50	50	
Retention problems	15	85	
<b>Is the business</b>	<b>Yes</b>		
An independent store	93		
Part of a national/international group	7		
<b>Type of shopping area</b>			
Shopping centre	0		
High/main street	73		
Other	24		
Retail park	3		
<b>Location</b>			
Out of town shopping centre	8		
City/town centre	48		
City/town suburbs	13		
Village/rural	33		

**TOURISM LEISURE ALL CHAMBERS**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	30	50	20
Optimism	25	49	25
Optimism now compared to current season			

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total number of guests	30	30	40
Expected total number of guests	35	40	25
Guests from Scotland	18	54	29
Expected guests from Scotland	38	44	18
Guests from the rest of the UK	25	42	33
Expected guests from the rest of the UK	37	39	24
Guests from abroad	20	43	38
Expected guests from abroad	29	39	31
Business trade	30	22	48
Expected business trade	24	35	41
Actual demand for accommodation	27	37	37
Expected demand for accommodation	35	35	30
Actual use of bar/restaurant staff	18	48	34
Expected use of bar/restaurant staff	28	55	18
Actual use of function/conference facilities	8	24	68
Expected use of function/conference facilities	9	55	36

**Limits to sales**

Lack of demand	64
Insufficient space	20
Lack of local amenities	14
Shortage of labour	11
Poor transport infrastructure	21
Competition	34
Poor internet service	5
High exchange rate	20
Weak marketing of area	32
Problems with booking service	9

Average occupancy 71.4%

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual in turnover	36	20	45
Expected turnover	42	26	32
Actual margins	17	41	43
Expected margins	24	43	33
Average room rate	16	46	38
Expected room rate	21	52	27

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	13	59	28
Expected total employment	14	71	16
Actual full time employment	10	67	22
Expected full time employment	8	79	13
Actual part time	14	63	24
Expected part time	8	75	17
Actual seasonal	8	68	25
Expected seasonal	23	62	15
Actual overtime	9	46	46

Expected overtime	12	50	38
	<b>YES</b>	<b>NO</b>	
Increased pay	23	77	
Average increase	3.0%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruited staff past 3 months	66	34	
<b>Difficulties recruiting</b>			
Managerial, clerical & front of house staffs	20	21	59
Skilled e.g. Chefs/cooks	38	9	54
Bar, waiting & cleaning staff	27	34	39
Part time staff	13	38	50
Temporary staffs	13	25	63
	<b>YES</b>	<b>YES &amp; INC</b>	<b>NO</b>
Recruitment difficulties	29	20	51
Staff retention difficulties	9	11	80
	<b>YES</b>	<b>NO</b>	
Email address	100	0	
Web site	100	0	
Communications within company	86	14	
Publicity/marketing	82	18	
Ordering	84	16	
Payments	35	65	

# **ABERDEEN, GRAMPIAN & HIGHLAND**



**MANUFACTURING ABERDEEN, GRAMPIAN & HIGHLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>	
Optimism compared to 3 months ago	22	78	0	
Optimism compared to year ago	44	56	0	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	33	67	0	
Expected trend next 3 months in total value of new orders	33	67	0	
Actual trend in value of Scottish orders	0	100	0	
Expected trend next 3 months in total value of Scottish orders	11	89	0	
Actual trend in value of RUK orders	0	100	0	
Expected trend next 3 months in total value of RUK orders	0	100	0	
Actual trend in value of export orders	33	22	0	44
Expected trend next 3 months in total value of export orders	22	33	0	44
<b>Trend in</b>				
Actual trend in value of total sales	33	67	0	
Expected trend next 3 months in total value of new sales	33	67	0	
Actual trend in value of Scottish sales	0	100	0	
Expected trend next 3 months in value of Scottish sales	11	89	0	
Actual trend in value of RUK sales	0	100	0	
Expected trend next 3 months in value of RUK sales	0	100	0	
Actual trend in value of export sales	33	22	0	44
Expected trend next 3 months in value of Export sales	22	33	0	44
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Actual trend of work in progress	0	88	13	
Expected trend next 3 months of work in progress	0	88	13	
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Stocks of raw materials/components	0	75	25	
Stocks of finished goods	0	75	25	
Average capacity utilisation	76.6%			
	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Is capacity used above/below preferred levels	0	43	57	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Investment in plant/equipment next 12 months	29	71	0	
Leasing of plant/equipment next 12 months	0	80	20	
<b>Reason for investment</b>				
Replacement	50			
Expand capacity	0			
Increase efficiency	38			
R & D new products/processes	0			
Introduce new products/develop new markets	0			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	22	56	22	
Turnover expected trend next 12 months	56	33	11	
Profits expected trend next 12 months	44	56	0	
Total orders expected trend next 12 months	33	67	0	
Scottish/Rest of UK orders expected trend next 12 months	22	78	0	
Export orders expected trend next 12 months	11	56	0	33
Prices over next 3 months	33	67	0	

**Pressure to raise prices from**

Pay settlements	11
Raw material costs	56
Finance costs	11
Other costs	56
Transport costs	67

**More of a concern than 3 months ago**

Interest rates	22
Exchange rates	33
Business rates	44
Inflation	22
Competition	22
Taxation	22
Orders and sales	11
Labour shortages	22
Capacity	11

**Trend in**

	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	22	67	11
Expected trend in total employment	0	100	0
Actual trend in full time	22	56	22
Expected trend in full time	11	78	11
Actual trend in temporary employment	33	67	0
Expected trend in temporary employment	14	86	0
Actual trend in total hours worked	25	63	13
Expected trend in total hours worked	13	88	0
Actual expenditure on training	17	67	17
Expected expenditure on training	33	67	0

**YES NO**

Increased pay last 3 months	33	67
Average increase	2.7%	

**YES NO N/A**

Attempted to recruit last 3 months	56	44	
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**Difficulties recruiting**

Professional and managerial	22	22	56
Technical	33	22	44
Clerical	0	33	67
Skilled manual	11	56	33
Other manual	11	33	56
Young workers	0	56	44

**YES NO**

Difficulties in recruiting employees in particular occupations	38	63
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Difficulties in retaining employees in particular occupations	0	100
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**CONSTRUCTION ABERDEEN, GRAMPIAN & HIGHLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in:</b>	<b>%</b>	<b>%</b>	<b>%</b>
Optimism three months ago	0	63	38
Optimism in the same period a year ago	38	13	50
<b>Trend in:</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total value new contracts	13	25	63
Expected value new contracts	0	38	63
Actual public sector work	0	29	71
Expected public sector work	0	29	71
Actual private commercial work	17	17	67
Expected private commercial work	0	33	67
Actual domestic/house build	0	14	86
Expected domestic/house build	0	14	86
<b>Trend in:</b>			
Actual work in progress	29	14	57
Expected work in progress next 6 months	0	38	63
Working at optimum levels	0	25	75
Average Capacity Utilisation	72.7		
<b>Limits to output</b>			
Level of contracts & new work	88		
Shortages skilled labour	0		
Planning delays	25		
Cost/availability of materials	25		
Credit/mortgage/finance	50		
Business capacity	0		
Availability/quality of sub contractors	0		
<b>Trend in</b>	<b>IMPROVED</b>	<b>LEVEL</b>	<b>EASED</b>
cash flow past 3 months	25	63	13
turnover next 12 months	13	50	38
profitability next 12 months	13	13	75
tender margins next 12 months	13	25	63
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	13	63	25
Expected total employment	13	38	50
Actual full time	13	63	25
Expected full time	13	38	50
Actual sub contract	0	50	50
Expected sub contract	0	33	67
Actual self employed	0	60	40
Expected self employed	0	60	40
Actual overtime	13	38	50
Expected overtime	14	14	71
	<b>YES</b>	<b>NO</b>	
Firms increasing wages	13	88	
Average increase	5.0%		

	<b>YES</b>	<b>NO</b>	
recruited past 3 months	13	88	
<b>Experienced difficulties</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruiting professional/managerial	0	25	75
Recruiting technical	0	25	75
Recruiting skilled	0	25	75
Recruiting other manual	0	25	75
Recruiting young workers & trainees	0	25	75
Recruitment difficulties	<b>INCREASED</b>	<b>NO CHANGE</b>	<b>EASED</b>
	0	100	0
	<b>YES</b>	<b>NO</b>	
Retention difficulties	0	100	

**RETAIL DISTRIBUTION ABERDEEN, GRAMPIAN & HIGHLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	%	%	%
Optimism (last 3 months)	7	47	47
Optimism a year ago	14	21	64
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	13	40	47
Expected trend in sales	0	64	36
Actual value of sales	13	33	53
Expected value of sales	0	64	36
<b>Trend in investment intentions for:</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Premises	0	27	73
I.T.	8	31	62
Vehicles	7	29	64
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	0	60	40
Turnover trend next 12 months	7	47	47
Profitability next 12 months	13	20	67
During next 3 months	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	67	27	7
<b>Pressure from</b>			
Pay settlements	40		
Raw material/supplier prices	53		
Finance costs	33		
Other overheads	20		
Transport costs	67		
Utility (gas, electricity, water) charges	40		
Regulation	40		
<b>Business concerns</b>			
Interest rates	40		
Exchange rates	20		
Business rates	33		
Inflation	33		
Competition	67		
Corporate taxation	27		
Legislation/regulation	20		
Planning/building regulations	0		
Transport infrastructure	20		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	%	%	%
Actual total employment	0	100	0
Expected total employment	0	92	8
Actual full time employment	0	100	0
Expected full time employment	0	91	9
Actual part time employment	8	92	0
Expected part time employment	11	89	0
Actual temporary employment	14	71	14
Expected temporary employment	0	80	20
Actual permanent employment	0	100	0
Expected permanent	0	100	0
Actual overtime	0	63	38
Expected overtime working	0	57	43

<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	36	64	
Average increase	2.53%		
<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	7	71	21
Over last 3 months recruited staff past 3 months	<b>YES</b>	<b>NO</b>	<b>N/A</b>
	13	86	
<b>Difficulties recruiting</b>			
Professional and managerial	0	0	100
Skilled	0	0	100
Full time	7	0	93
Part time	0	0	100
16 - 24 year olds	8	0	92
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	0	0	100
	<b>YES</b>	<b>NO</b>	
Recruitment problems	33	67	
Retention problems	0	100	
<b>Is the business</b>	<b>Yes</b>		
An independent store	100		
Part of a national/international group	0		
<b>Type of shopping area</b>			
Shopping centre	0		
High/main street	67		
Other	33		
Retail park	0		
<b>Location</b>			
Out of town shopping centre	0		
City/town centre	36		
City/town suburbs	14		
Village/rural	50		

**TOURISM LEISURE ABERDEEN, GRAMPIAN & HIGHLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	29	53	18
Optimism	19	56	25
Optimism now compared to current season			
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total number of guests	41	24	35
Expected total number of guests	56	31	13
Guests from Scotland	24	53	24
Expected guests from Scotland	56	31	13
Guests from the rest of the UK	35	41	24
Expected guests from the rest of the UK	63	19	19
Guests from abroad	24	41	35
Expected guests from abroad	38	31	31
Business trade	44	38	19
Expected business trade	40	40	20
Actual demand for accommodation	38	44	19
Expected demand for accommodation	69	23	8
Actual use of bar/restaurant staff	40	50	10
Expected use of bar/restaurant staff	70	30	0
Actual use of function/conference facilities	13	25	63
Expected use of function/conference facilities	29	29	43
<b>Limits to sales</b>			
Lack of demand	35		
Insufficient space	29		
Lack of local amenities	0		
Shortage of labour	12		
Poor transport infrastructure	24		
Competition	18		
Poor internet service	0		
High exchange rate	12		
Weak marketing of area	29		
Problems with booking service	6		
Average occupancy	81.3%		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual in turnover	35	24	41
Expected turnover	47	27	27
Actual margins	24	41	35
Expected margins	43	29	29
Average room rate	24	53	24
Expected room rate	29	57	14
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	19	63	19
Expected total employment	29	64	7
Actual full time employment	8	85	8
Expected full time employment	8	83	8
Actual part time	20	67	13
Expected part time	8	85	8
Actual seasonal	8	67	25
Expected seasonal	45	45	9
Actual overtime	13	38	50
Expected overtime	43	14	43

	<b>YES</b>	<b>NO</b>	
Increased pay	35	65	
Average increase	3.0%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruited staff past 3 months	53	47	
<b>Difficulties recruiting</b>			
Managerial, clerical & front of house staffs	18	18	65
Skilled e.g. Chefs/cooks	35	0	65
Bar, waiting & cleaning staff	18	29	53
Part time staff	6	29	65
Temporary staffs	6	29	65
	<b>YES</b>	<b>YES &amp; INC</b>	<b>NO</b>
Recruitment difficulties	14	7	79
Staff retention difficulties	7	7	86
	<b>YES</b>	<b>NO</b>	
Email address	100	0	
Web site	100	0	
Communications within company	88	12	
Publicity/marketing	76	24	
Ordering	82	18	
Payments	24	76	

# FORTH VALLEY



**MANUFACTURING FORTH VALLEY**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	%	%	%	
Optimism compared to 3 months ago	33	50	17	
Optimism compared to year ago	50	17	33	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	50	17	33	
Expected trend next 3 months in total value of new orders	33	50	17	
Actual trend in value of Scottish orders	50	25	25	
Expected trend next 3 months in total value of Scottish orders	0	75	25	
Actual trend in value of RUK orders	25	50	25	
Expected trend next 3 months in total value of RUK orders	0	75	25	
Actual trend in value of export orders	0	33	17	50
Expected trend next 3 months in total value of export orders	17	33	0	50
<b>Trend in</b>				
Actual trend in value of total sales	50	17	33	
Expected trend next 3 months in total value of new sales	33	50	17	
Actual trend in value of Scottish sales	50	25	25	
Expected trend next 3 months in value of Scottish sales	0	75	25	
Actual trend in value of RUK sales	25	50	25	
Expected trend next 3 months in value of RUK sales	0	75	25	
Actual trend in value of export sales	0	33	17	50
Expected trend next 3 months in value of Export sales	17	33	0	50
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Actual trend of work in progress	50	33	17	
Expected trend next 3 months of work in progress	0	83	17	
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Stocks of raw materials/components	0	33	67	
Stocks of finished goods	17	17	67	
Average capacity utilisation	87.5%			
	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Is capacity used above/below preferred levels	0	50	50	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Investment in plant/equipment next 12 months	17	67	17	
Leasing of plant/equipment next 12 months	0	80	20	
<b>Reason for investment</b>				
Replacement	50			
Expand capacity	33			
Increase efficiency	33			
R & D new products/processes	0			
Introduce new products/develop new markets	17			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	17	67	17	
Turnover expected trend next 12 months	67	17	17	
Profits expected trend next 12 months	50	33	17	
Total orders expected trend next 12 months	67	17	17	
Scottish/Rest of UK orders expected trend next 12 months	50	33	17	
Export orders expected trend next 12 months	17	50	0	33
Prices over next 3 months	50	50	0	

**Pressure to raise prices from**

Pay settlements	33
Raw material costs	100
Finance costs	0
Other costs	17
Transport costs	67

**More of a concern than 3 months ago**

Interest rates	50
Exchange rates	0
Business rates	0
Inflation	0
Competition	17
Taxation	50
Orders and sales	17
Labour shortages	17
Capacity	50

**Trend in**

	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	17	83	0
Expected trend in total employment	33	67	0
Actual trend in full time	17	83	0
Expected trend in full time	40	60	0
Actual trend in temporary employment	0	100	0
Expected trend in temporary employment	0	100	0
Actual trend in total hours worked	20	80	0
Expected trend in total hours worked	20	60	20
Actual expenditure on training	20	80	0
Expected expenditure on training	20	80	0

**YES NO**

Increased pay last 3 months	33	67
Average increase	3.8%	

**YES NO N/A**

Attempted to recruit last 3 months	50	50	
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**Difficulties recruiting**

Professional and managerial	0	33	67
Technical	0	33	67
Clerical	0	17	83
Skilled manual	0	33	67
Other manual	0	33	67
Young workers	0	17	83

**YES NO**

Difficulties in recruiting employees in particular occupations	0	100
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Difficulties in retaining employees in particular occupations	0	100
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# DUNDEE & TAYSIDE



**MANUFACTURING DUNDEE & TAYSIDE**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	%	%	%	
Optimism compared to 3 months ago	18	73	9	
Optimism compared to year ago	36	55	9	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	18	64	18	
Expected trend next 3 months in total value of new orders	10	80	10	
Actual trend in value of Scottish orders	0	82	18	
Expected trend next 3 months in total value of Scottish orders	0	90	10	
Actual trend in value of RUK orders	30	60	10	
Expected trend next 3 months in total value of RUK orders	20	80	0	
Actual trend in value of export orders	9	55	9	27
Expected trend next 3 months in total value of export orders	9	55	9	27
<b>Trend in</b>				
Actual trend in value of total sales	27	55	18	
Expected trend next 3 months in total value of new sales	11	78	11	
Actual trend in value of Scottish sales	9	73	18	
Expected trend next 3 months in value of Scottish sales	10	80	10	
Actual trend in value of RUK sales	30	50	20	
Expected trend next 3 months in value of RUK sales	20	70	10	
Actual trend in value of export sales	9	55	9	27
Expected trend next 3 months in value of Export sales	9	55	9	27
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Actual trend of work in progress	27	55	18	
Expected trend next 3 months of work in progress	10	80	10	
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Stocks of raw materials/components	9	82	9	
Stocks of finished goods	9	82	9	
Average capacity utilisation	84.0%			
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Is capacity used above/below preferred levels	0	55	45	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Investment in plant/equipment next 12 months	27	64	9	
Leasing of plant/equipment next 12 months	0	91	9	
<b>Reason for investment</b>				
Replacement	9			
Expand capacity	18			
Increase efficiency	27			
R & D new products/processes	18			
Introduce new products/develop new markets	0			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	27	73	0	
Turnover expected trend next 12 months	9	64	27	
Profits expected trend next 12 months	9	55	36	
Total orders expected trend next 12 months	18	64	18	
Scottish/Rest of UK orders expected trend next 12 months	0	90	10	
Export orders expected trend next 12 months	9	55	0	36
Prices over next 3 months	18	73	9	

**Pressure to raise prices from**

Pay settlements	18
Raw material costs	73
Finance costs	0
Other costs	45
Transport costs	27

**More of a concern than 3 months ago**

Interest rates	9
Exchange rates	0
Business rates	9
Inflation	18
Competition	18
Taxation	27
Orders and sales	36
Labour shortages	9
Capacity	18

**Trend in**

	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	18	73	9
Expected trend in total employment	36	64	0
Actual trend in full time	27	64	9
Expected trend in full time	36	64	0
Actual trend in temporary employment	11	78	11
Expected trend in temporary employment	11	89	0
Actual trend in total hours worked	20	70	10
Expected trend in total hours worked	20	60	20
Actual expenditure on training	22	67	11
Expected expenditure on training	22	67	11

	<b>YES</b>	<b>NO</b>	
Increased pay last 3 months	27	73	
Average increase	2.3%		

	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Attempted to recruit last 3 months	45	55	

**Difficulties recruiting**

Professional and managerial	9	9	82
Technical	9	27	64
Clerical	0	27	73
Skilled manual	18	18	64
Other manual	0	36	64
Young workers	0	18	82

	<b>YES</b>	<b>NO</b>
Difficulties in recruiting employees in particular occupations	33	67

Difficulties in retaining employees in particular occupations	0	100
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**CONSTRUCTION DUNDEE & TAYSIDE**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in:</b>	%	%	%
Optimism three months ago	0	100	0
Optimism in the same period a year ago	0	67	33
<b>Trend in:</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total value new contracts	0	67	33
Expected value new contracts	0	67	33
Actual public sector work	0	67	33
Expected public sector work	0	33	67
Actual private commercial work	0	100	0
Expected private commercial work	0	100	0
Actual domestic/house build	0	100	0
Expected domestic/house build	0	100	0
<b>Trend in:</b>			
Actual work in progress	0	100	0
Expected work in progress next 6 months	0	67	33
Working at optimum levels	0	67	33
	85.0%		
Average Capacity Utilisation			
<b>Limits to output</b>			
Level of contracts & new work	100		
Shortages skilled labour	0		
Planning delays	0		
Cost/availability of materials	0		
Credit/mortgage/finance	0		
Business capacity	0		
Availability/quality of sub contractors	0		
	<b>IMPROVED</b>	<b>LEVEL</b>	<b>EASED</b>
<b>Trend in</b>			
cash flow past 3 months	0	100	0
turnover next 12 months	0	0	100
profitability next 12 months	0	33	67
tender margins next 12 months	0	33	67
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	0	67	33
Expected total employment	0	67	33
Actual full time	0	67	33
Expected full time	0	67	33
Actual sub contract	0	100	0
Expected sub contract	0	50	50
Actual self employed	0	100	0
Expected self employed	0	50	50
Actual overtime	0	100	0
Expected overtime	0	50	50
	<b>YES</b>	<b>NO</b>	
Firms increasing wages	0	100	
Average increase	n/a		

recruited past 3 months	<b>YES</b> 33	<b>NO</b> 67	
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
<b>Experienced difficulties</b>			
Recruiting professional/managerial	0	33	67
Recruiting technical	0	33	67
Recruiting skilled	0	33	67
Recruiting other manual	0	33	67
Recruiting young workers & trainees	0	33	67
	<b>INCREASED</b>	<b>NO CHANGE</b>	<b>EASED</b>
Recruitment difficulties	0	100	0
	<b>YES</b>	<b>NO</b>	
Retention difficulties	0	100	

**RETAIL DISTRIBUTION DUNDEE & TAYSIDE**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>
Optimism (last 3 months)	11	11	78
Optimism a year ago	11	11	78
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	11	11	78
Expected trend in sales	11	22	67
	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Actual value of sales	11	11	78
Expected value of sales	11	22	67
<b>Trend in investment intentions for:</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Premises	11	33	56
I.T.	33	33	33
Vehicles	38	25	38
<b>Trend in</b>	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Cash flow trend past 3 months	22	56	22
Turnover trend next 12 months	11	33	56
Profitability next 12 months	11	22	67
During next 3 months	78	22	0
Anticipate prices to			
<b>Pressure from</b>			
Pay settlements	11		
Raw material/supplier prices	78		
Finance costs	22		
Other overheads	0		
Transport costs	44		
Utility (gas, electricity, water) charges	22		
Regulation	33		
<b>Business concerns</b>			
Interest rates	0		
Exchange rates	11		
Business rates	22		
Inflation	0		
Competition	89		
Corporate taxation	22		
Legislation/regulation	22		
Planning/building regulations	0		
Transport infrastructure	0		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	22	44	33
Expected total employment	0	88	13
Actual full time employment	13	75	13
Expected full time employment	0	86	14
Actual part time employment	25	38	38
Expected part time employment	0	83	17
Actual temporary employment	25	50	25
Expected temporary employment	20	60	20
Actual permanent employment	0	60	40
Expected permanent	0	83	17
Actual overtime	0	50	50
Expected overtime working	0	57	43

<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	22	78	
Average increase	3.25%		
	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
<b>During next 3 months</b>			
Trend in training provision	44	56	0
Over last 3 months	<b>YES</b>	<b>NO</b>	<b>N/A</b>
recruited staff past 3 months	22	78	
<b>Difficulties recruiting</b>			
Professional and managerial	11	11	78
Skilled	22	11	67
Full time	11	22	67
Part time	0	22	78
16 - 24 year olds	0	22	78
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	33	67	0
	<b>YES</b>	<b>NO</b>	
Recruitment problems	67	33	
Retention problems	25	75	
	<b>Yes</b>		
<b>Is the business</b>	89		
An independent store	11		
Part of a national/international group			
<b>Type of shopping area</b>			
Shopping centre	0		
High/main street	88		
Other	0		
Retail park	12		
<b>Location</b>			
Out of town shopping centre	22		
City/town centre	67		
City/town suburbs	0		
Village/rural	11		

**TOURISM LEISURE DUNDEE & TAYSIDE**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	30	50	20
Optimism	30	60	10
Optimism now compared to current season			
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total number of guests	9	64	27
Expected total number of guests	18	55	27
Guests from Scotland	0	73	27
Expected guests from Scotland	27	55	18
Guests from the rest of the UK	0	73	27
Expected guests from the rest of the UK	18	55	27
Guests from abroad	18	55	27
Expected guests from abroad	27	36	36
Business trade	20	20	60
Expected business trade	10	40	50
Actual demand for accommodation	9	64	27
Expected demand for accommodation	18	36	45
Actual use of bar/restaurant staff	0	78	22
Expected use of bar/restaurant staff	0	89	11
Actual use of function/conference facilities	0	43	57
Expected use of function/conference facilities	0	86	14
<b>Limits to sales</b>			
Lack of demand	82		
Insufficient space	0		
Lack of local amenities	27		
Shortage of labour	27		
Poor transport infrastructure	9		
Competition	55		
Poor internet service	0		
High exchange rate	18		
Weak marketing of area	36		
Problems with booking service	9		
Average occupancy	66.1%		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual in turnover	36	27	36
Expected turnover	60	10	30
Actual margins	10	50	40
Expected margins	20	50	30
Average room rate	18	55	27
Expected room rate	20	60	20
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	0	80	20
Expected total employment	20	70	10
Actual full time employment	0	80	20
Expected full time employment	10	80	10
Actual part time	0	80	20
Expected part time	20	70	10
Actual seasonal	0	80	20
Expected seasonal	30	60	10
Actual overtime	0	67	33
Expected overtime	11	56	33

	<b>YES</b>	<b>NO</b>	
Increased pay	20	80	
Average increase	4.5%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruited staff past 3 months	50	50	
<b>Difficulties recruiting</b>			
Managerial, clerical & front of house staffs	20	0	80
Skilled e.g. Chefs/cooks	20	0	80
Bar, waiting & cleaning staff	30	10	60
Part time staff	20	20	60
Temporary staffs	20	10	70
	<b>YES</b>	<b>YES &amp; INC</b>	<b>NO</b>
Recruitment difficulties	50	10	40
Staff retention difficulties	13	0	88
	<b>YES</b>	<b>NO</b>	
Email address	100	0	
Web site	100	0	
Communications within company	73	27	
Publicity/marketing	82	18	
Ordering	91	9	
Payments	27	73	

# **EDINBURGH & THE BORDERS**



**MANUFACTURING EDINBURGH & THE BORDERS**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	%	%	%	
Optimism compared to 3 months ago	25	50	25	
Optimism compared to year ago	25	50	25	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	38	38	25	
Expected trend next 3 months in total value of new orders	14	57	29	
Actual trend in value of Scottish orders	13	38	50	
Expected trend next 3 months in total value of Scottish orders	0	71	29	
Actual trend in value of RUK orders	25	25	50	
Expected trend next 3 months in total value of RUK orders	0	71	29	
Actual trend in value of export orders	38	38	13	13
Expected trend next 3 months in total value of export orders	14	57	14	14
<b>Trend in</b>				
Actual trend in value of total sales	50	38	13	
Expected trend next 3 months in total value of new sales	0	86	14	
Actual trend in value of Scottish sales	25	38	38	
Expected trend next 3 months in value of Scottish sales	0	71	29	
Actual trend in value of RUK sales	38	25	38	
Expected trend next 3 months in value of RUK sales	0	83	17	
Actual trend in value of export sales	43	29	14	14
Expected trend next 3 months in value of Export sales	0	71	14	14
<b>Trend in</b>				
Actual trend of work in progress	25	38	38	
Expected trend next 3 months of work in progress	0	71	29	
<b>Trend in</b>				
Stocks of raw materials/components	38	38	25	
Stocks of finished goods	50	38	13	
Average capacity utilisation	80.6%			
Is capacity used above/below preferred levels	13	38	50	
<b>Trend in</b>				
Investment in plant/equipment next 12 months	25	38	38	
Leasing of plant/equipment next 12 months	13	50	38	
<b>Reason for investment</b>				
Replacement	25			
Expand capacity	0			
Increase efficiency	25			
R & D new products/processes	13			
Introduce new products/develop new markets	13			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	38	50	13	
Turnover expected trend next 12 months	50	38	13	
Profits expected trend next 12 months	25	25	50	
Total orders expected trend next 12 months	38	38	25	
Scottish/Rest of UK orders expected trend next 12 months	38	25	38	
Export orders expected trend next 12 months	50	38	0	13
Prices over next 3 months	88	13	0	

**Pressure to raise prices from**

Pay settlements	50
Raw material costs	88
Finance costs	38
Other costs	63
Transport costs	50

**More of a concern than 3 months ago**

Interest rates	25
Exchange rates	50
Business rates	38
Inflation	38
Competition	63
Taxation	38
Orders and sales	13
Labour shortages	0
Capacity	25

**Trend in**

	UP	LEVEL	DOWN
Actual trend in total employment	25	50	25
Expected trend in total employment	14	57	29
Actual trend in full time	25	50	25
Expected trend in full time	14	71	14
Actual trend in temporary employment	14	43	43
Expected trend in temporary employment	0	80	20
Actual trend in total hours worked	25	50	25
Expected trend in total hours worked	14	86	0
Actual expenditure on training	13	50	38
Expected expenditure on training	0	86	14

Increased pay last 3 months	43	57
Average increase	1.8%	

Attempted to recruit last 3 months	38	63
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**Difficulties recruiting**

	UP	LEVEL	DOWN
Professional and managerial	0	25	75
Technical	0	13	88
Clerical	0	38	63
Skilled manual	0	38	63
Other manual	0	25	75
Young workers	0	13	88

	YES	NO
Difficulties in recruiting employees in particular occupations	0	100

Difficulties in retaining employees in particular occupations	13	88
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**RETAIL DISTRIBUTION EDINBURGH & THE BORDERS**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>
Optimism (last 3 months)	0	45	55
Optimism a year ago	9	55	36
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	9	18	73
Expected trend in sales	0	55	45
Actual value of sales	9	9	82
Expected value of sales	0	36	64
<b>Trend in investment intentions for:</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Premises	27	27	45
I.T.	45	27	27
Vehicles	10	60	30
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	18	64	18
Turnover trend next 12 months	18	36	45
Profitability next 12 months	18	18	64
<b>During next 3 months</b>	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	64	27	9
<b>Pressure from</b>			
Pay settlements	9		
Raw material/supplier prices	45		
Finance costs	18		
Other overheads	27		
Transport costs	36		
Utility (gas, electricity, water) charges	27		
Regulation	18		
<b>Business concerns</b>			
Interest rates	45		
Exchange rates	27		
Business rates	18		
Inflation	18		
Competition	55		
Corporate taxation	9		
Legislation/regulation	27		
Planning/building regulations	9		
Transport infrastructure	18		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Actual total employment	18	55	27
Expected total employment	9	55	36
Actual full time employment	22	33	44
Expected full time employment	13	38	50
Actual part time employment	0	78	22
Expected part time employment	38	50	13
Actual temporary employment	0	86	14
Expected temporary employment	0	86	14
Actual permanent employment	0	57	43
Expected permanent	0	71	29
Actual overtime	14	57	29
Expected overtime working	13	63	25

<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	27	73	
Average increase	2.17%		
<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	27	64	9
Over last 3 months	<b>YES</b>	<b>NO</b>	<b>N/A</b>
recruited staff past 3 months	45	55	
<b>Difficulties recruiting</b>			
Professional and managerial	27	18	55
Skilled	18	36	45
Full time	9	27	64
Part time	9	27	64
16 - 24 year olds	9	27	64
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	14	86	0
	<b>YES</b>	<b>NO</b>	
Recruitment problems	57	43	
Retention problems	22	78	
<b>Is the business</b>	<b>Yes</b>		
An independent store	91		
Part of a national/international group	9		
<b>Type of shopping area</b>			
Shopping centre	0		
High/main street	80		
Other	20		
Retail park	0		
<b>Location</b>			
Out of town shopping centre	0		
City/town centre	70		
City/town suburbs	20		
Village/rural	10		

## TOURISM LEISURE EDINBURGH & THE BORDERS

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	22	56	22
Optimism	22	56	22
Optimism now compared to current season			

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total number of guests	22	44	33
Expected total number of guests	33	56	11
Guests from Scotland	22	67	11
Expected guests from Scotland	22	67	11
Guests from the rest of the UK	33	33	33
Expected guests from the rest of the UK	33	56	11
Guests from abroad	22	56	22
Expected guests from abroad	33	44	22
Business trade	33	11	56
Expected business trade	33	11	56
Actual demand for accommodation	25	25	50
Expected demand for accommodation	29	43	29
Actual use of bar/restaurant staff	0	50	50
Expected use of bar/restaurant staff	0	71	29
Actual use of function/conference facilities	0	14	86
Expected use of function/conference facilities	0	50	50

### Limits to sales

Lack of demand	67
Insufficient space	22
Lack of local amenities	0
Shortage of labour	0
Poor transport infrastructure	11
Competition	56
Poor internet service	22
High exchange rate	33
Weak marketing of area	22
Problems with booking service	0

Average occupancy 83.9%

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual in turnover	22	33	44
Expected turnover	33	33	33
Actual margins	0	50	50
Expected margins	25	38	38
Average room rate	0	56	44
Expected room rate	22	44	33

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	11	67	22
Expected total employment	0	88	13
Actual full time employment	13	63	25
Expected full time employment	0	88	13
Actual part time	25	63	13
Expected part time	0	86	14
Actual seasonal	25	50	25
Expected seasonal	0	75	25
Actual overtime	0	25	75
Expected overtime	0	50	50
	<b>YES</b>	<b>NO</b>	
Increased pay	11	89	
Average increase	2.0%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruited staff past 3 months	100	0	
<b>Difficulties recruiting</b>			
Managerial, clerical & front of house staffs	11	56	33
Skilled e.g. Chefs/cooks	44	33	22
Bar, waiting & cleaning staff	22	67	11
Part time staff	11	56	33
Temporary staffs	22	22	56
	<b>YES</b>	<b>YES &amp; INC</b>	<b>NO</b>
Recruitment difficulties	33	33	33
Staff retention difficulties	17	33	50
	<b>YES</b>	<b>NO</b>	
Email address	100	0	
Web site	100	0	
Communications within company	100	0	
Publicity/marketing	100	0	
Ordering	100	0	
Payments	56	44	

# FIFE



**MANUFACTURING FIFE**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	<b>%</b>	<b>%</b>	<b>%</b>	
Optimism compared to 3 months ago	0	100	0	
Optimism compared to year ago	33	33	33	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	33	0	67	
Expected trend next 3 months in total value of new orders	0	33	67	
Actual trend in value of Scottish orders	0	100	0	
Expected trend next 3 months in total value of Scottish orders	0	67	33	
Actual trend in value of RUK orders	50	0	50	
Expected trend next 3 months in total value of RUK orders	0	50	50	
Actual trend in value of export orders	33	33	0	33
Expected trend next 3 months in total value of export orders	0	33	33	33
<b>Trend in</b>				
Actual trend in value of total sales	67	0	33	
Expected trend next 3 months in total value of new sales	0	33	67	
Actual trend in value of Scottish sales	0	67	33	
Expected trend next 3 months in value of Scottish sales	0	67	33	
Actual trend in value of RUK sales	50	0	50	
Expected trend next 3 months in value of RUK sales	0	50	50	
Actual trend in value of export sales	67	0	0	33
Expected trend next 3 months in value of Export sales	0	33	33	33
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Actual trend of work in progress	33	67	0	
Expected trend next 3 months of work in progress	33	33	33	
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Stocks of raw materials/components	0	100	0	
Stocks of finished goods	0	100	0	
Average capacity utilisation	85.0%			
<b>Is capacity used above/below preferred levels</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
	0	33	67	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Investment in plant/equipment next 12 months	50	0	50	
Leasing of plant/equipment next 12 months	0	50	50	
<b>Reason for investment</b>				
Replacement	67			
Expand capacity	0			
Increase efficiency	67			
R & D new products/processes	33			
Introduce new products/develop new markets	0			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	67	0	33	
Turnover expected trend next 12 months	33	33	33	
Profits expected trend next 12 months	33	0	67	
Total orders expected trend next 12 months	0	67	33	
Scottish/Rest of UK orders expected trend next 12 months	0	33	67	
Export orders expected trend next 12 months	33	33	0	33
Prices over next 3 months	67	33	0	

**Pressure to raise prices from**

Pay settlements	0
Raw material costs	67
Finance costs	0
Other costs	33
Transport costs	67

**More of a concern than 3 months ago**

Interest rates	33
Exchange rates	67
Business rates	33
Inflation	0
Competition	67
Taxation	0
Orders and sales	33
Labour shortages	0
Capacity	0

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	0	100	0
Expected trend in total employment	0	67	33
Actual trend in full time	0	100	0
Expected trend in full time	0	67	33
Actual trend in temporary employment	0	100	0
Expected trend in temporary employment	0	100	0
Actual trend in total hours worked	0	100	0
Expected trend in total hours worked	0	100	0
Actual expenditure on training	33	33	33
Expected expenditure on training	33	67	0
	<b>YES</b>	<b>NO</b>	
Increased pay last 3 months	33	67	
Average increase	2.0%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Attempted to recruit last 3 months	33	67	
<b>Difficulties recruiting</b>			
Professional and managerial	33	0	67
Technical	0	0	100
Clerical	0	33	67
Skilled manual	0	0	100
Other manual	0	33	67
Young workers	0	33	67
	<b>YES</b>	<b>NO</b>	
Difficulties in recruiting employees in particular occupations	0	100	
Difficulties in retaining employees in particular occupations	0	100	

## CONSTRUCTION FIFE

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in:</b>	%	%	%
Optimism three months ago	20	60	20
Optimism in the same period a year ago	20	40	40
<b>Trend in:</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total value new contracts	40	20	40
Expected value new contracts	20	40	40
Actual public sector work	40	20	40
Expected public sector work	0	80	20
Actual private commercial work	20	40	40
Expected private commercial work	20	60	20
Actual domestic/house build	33	67	0
Expected domestic/house build	67	33	0
<b>Trend in:</b>			
Actual work in progress	25	25	50
Expected work in progress next 6 months	0	100	0
Working at optimum levels	0	20	80
Average Capacity Utilisation	85.0%		
<b>Limits to output</b>			
Level of contracts & new work	80		
Shortages skilled labour	20		
Planning delays	40		
Cost/availability of materials	40		
Credit/mortgage/finance	20		
Business capacity	20		
Availability/quality of sub contractors	0		
<b>Trend in</b>	<b>IMPROVED</b>	<b>LEVEL</b>	<b>EASED</b>
cash flow past 3 months	20	60	20
turnover next 12 months	20	80	0
profitability next 12 months	20	0	80
tender margins next 12 months	20	20	60
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	0	80	20
Expected total employment	20	80	0
Actual full time	0	80	20
Expected full time	20	80	0
Actual sub contract	50	0	50
Expected sub contract	25	50	25
Actual self employed	0	0	100
Expected self employed	0	33	67
Actual overtime	0	80	20
Expected overtime	20	80	0
	<b>YES</b>	<b>NO</b>	
Firms increasing wages	0	100	
Average increase	n/a		

	<b>YES</b>	<b>NO</b>	
recruited past 3 months	20	80	
<b>Experienced difficulties</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruiting professional/managerial	0	0	100
Recruiting technical	0	0	100
Recruiting skilled	20	0	80
Recruiting other manual	0	0	100
Recruiting young workers & trainees	0	0	100
Recruitment difficulties	<b>INCREASED</b>	<b>NO CHANGE</b>	<b>EASED</b>
	50	50	0
	<b>YES</b>	<b>NO</b>	
Retention difficulties	25	75	

# **GLASGOW & THE WEST OF SCOTLAND**



**MANUFACTURING GLASGOW & THE WEST OF SCOTLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>	
<b>Trend in</b>	%	%	%	
Optimism compared to 3 months ago	19	63	19	
Optimism compared to year ago	33	41	26	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	<b>N/A</b>
Actual trend in total value of new orders	52	30	19	
Expected trend next 3 months in total value of new orders	22	48	30	
Actual trend in value of Scottish orders	33	42	25	
Expected trend next 3 months in total value of Scottish orders	13	50	38	
Actual trend in value of RUK orders	27	59	14	
Expected trend next 3 months in total value of RUK orders	19	57	24	
Actual trend in value of export orders	30	26	7	37
Expected trend next 3 months in total value of export orders	15	31	15	38
<b>Trend in</b>				
Actual trend in value of total sales	59	19	22	
Expected trend next 3 months in total value of new sales	22	56	22	
Actual trend in value of Scottish sales	32	44	24	
Expected trend next 3 months in value of Scottish sales	17	58	25	
Actual trend in value of RUK sales	27	59	14	
Expected trend next 3 months in value of RUK sales	18	64	18	
Actual trend in value of export sales	30	22	11	37
Expected trend next 3 months in value of Export sales	15	33	15	37
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Actual trend of work in progress	30	37	33	
Expected trend next 3 months of work in progress	19	48	33	
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Stocks of raw materials/components	11	63	26	
Stocks of finished goods	4	67	30	
Average capacity utilisation	81.0%			
<b>Trend in</b>	<b>ABOVE</b>	<b>LEVEL</b>	<b>BELOW</b>	
Is capacity used above/below preferred levels	22	30	48	
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>	
Investment in plant/equipment next 12 months	16	64	20	
Leasing of plant/equipment next 12 months	9	70	22	
<b>Reason for investment</b>				
Replacement	31			
Expand capacity	15			
Increase efficiency	23			
R & D new products/processes	12			
Introduce new products/develop new markets	15			
<b>Trend in</b>	<b>IMPROVE</b>	<b>REMAIN LEVEL</b>	<b>WORSEN</b>	<b>N/A</b>
Trend in cash flow last 3 months	26	56	19	
Turnover expected trend next 12 months	48	22	30	
Profits expected trend next 12 months	41	30	30	
Total orders expected trend next 12 months	44	30	26	
Scottish/Rest of UK orders expected trend next 12 months	33	41	26	
Export orders expected trend next 12 months	26	30	7	37
Prices over next 3 months	37	56	7	

**Pressure to raise prices from**

Pay settlements	19
Raw material costs	89
Finance costs	15
Other costs	33
Transport costs	56

**More of a concern than 3 months ago**

Interest rates	19
Exchange rates	26
Business rates	19
Inflation	7
Competition	30
Taxation	37
Orders and sales	56
Labour shortages	11
Capacity	26

**Trend in**

	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in total employment	15	70	15
Expected trend in total employment	11	63	26
Actual trend in full time	8	81	12
Expected trend in full time	8	73	19
Actual trend in temporary employment	16	74	11
Expected trend in temporary employment	11	63	26
Actual trend in total hours worked	30	44	26
Expected trend in total hours worked	23	50	27
Actual expenditure on training	8	63	29
Expected expenditure on training	4	65	30

	<b>YES</b>	<b>NO</b>
Increased pay last 3 months	15	85
Average increase	3.0%	

	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Attempted to recruit last 3 months	33	67	

**Difficulties recruiting**

Professional and managerial	0	22	78
Technical	0	19	81
Clerical	0	19	81
Skilled manual	7	15	78
Other manual	4	22	74
Young workers	4	26	70

	<b>YES</b>	<b>NO</b>
Difficulties in recruiting employees in particular occupations	11	89

Difficulties in retaining employees in particular occupations	12	88
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**CONSTRUCTION GLASGOW & THE WEST OF SCOTLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in:</b>	%	%	%
Optimism three months ago	30	20	50
Optimism in the same period a year ago	20	10	70
<b>Trend in:</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Total value new contracts	40	20	40
Expected value new contracts	10	70	20
Actual public sector work	40	20	40
Expected public sector work	0	40	60
Actual private commercial work	29	14	57
Expected private commercial work	14	57	29
Actual domestic/house build	33	17	50
Expected domestic/house build	0	50	50
<b>Trend in:</b>			
Actual work in progress	20	40	40
Expected work in progress next 6 months	0	60	40
Working at optimum levels	0	50	50
Average Capacity Utilisation	71.1%		
<b>Limits to output</b>			
Level of contracts & new work	90		
Shortages skilled labour	0		
Planning delays	10		
Cost/availability of materials	20		
Credit/mortgage/finance	40		
Business capacity	10		
Availability/quality of sub contractors	20		
<b>Trend in</b>	<b>IMPROVED</b>	<b>LEVEL</b>	<b>EASED</b>
cash flow past 3 months	20	50	30
turnover next 12 months	20	40	40
profitability next 12 months	10	40	50
tender margins next 12 months	0	40	60
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	0	70	30
Expected total employment	0	70	30
Actual full time	0	75	25
Expected full time	0	75	25
Actual sub contract	0	43	57
Expected sub contract	0	57	43
Actual self employed	0	88	13
Expected self employed	0	86	14
Actual overtime	17	17	67
Expected overtime	14	43	43
	<b>YES</b>	<b>NO</b>	
Firms increasing wages	11	89	
Average increase	1.0%		

	<b>YES</b>	<b>NO</b>	
recruited past 3 months	22	78	
<b>Experienced difficulties</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruiting professional/managerial	0	22	78
Recruiting technical	0	33	67
Recruiting skilled	11	11	78
Recruiting other manual	0	22	78
Recruiting young workers & trainees	0	22	78
Recruitment difficulties	<b>INCREASED</b>	<b>NO CHANGE</b>	<b>EASED</b>
	0	100	0
	<b>YES</b>	<b>NO</b>	
Retention difficulties	13	88	

**WHOLESALE DISTRIBUTION GLASGOW & THE WEST OF SCOTLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	%	%	%
Optimism (last 3 months)	29	14	57
Optimism a year ago	43	14	43
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	14	43	43
Expected trend in sales	29	14	57
<b>Trend in</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Investment intentions	14	14	71
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	14	57	29
Turnover trend next 12 months	43	0	57
Profitability next 12 months	43	0	57
<b>During next 3 months</b>	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	86	14	0
<b>Pressure from</b>			
Pay settlements	14		
Raw material costs	71		
Finance costs	29		
Other overheads	57		
Transport costs	71		
<b>Business concerns</b>			
Interest rates	14		
Exchange rates	43		
Business rates	14		
Inflation	43		
Competition	57		
Corporate taxation	0		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	%	%	%
Actual total employment	0	71	29
Expected total employment	0	71	29
Actual full time employment	0	86	14
Expected full time employment	0	86	14
Actual part time employment	0	100	0
Expected part time employment	0	100	0
Actual temporary employment	0	80	20
Expected temporary employment	0	100	0
Actual permanent employment	0	100	0
Expected permanent	0	80	20
Actual overtime	0	67	33
Expected overtime working	0	67	33
<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	29	71	
Average increase	5.0%		

<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	14	57	29
<b>Over last 3 months</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
recruited staff past 3 months	43	57	
<b>Difficulties recruiting</b>			
Professional and managerial	0	0	100
Technical	14	0	86
Clerical workers	14	0	86
Skilled manual	0	0	100
Other manual	14	0	86
Part time	14	0	86
Temporary	14	0	86
16 - 24 year olds	14	0	86
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	0	100	0
	<b>YES</b>	<b>NO</b>	
Recruitment problems	67	33	
Retention problems	17	83	
<b>Do you have</b>	<b>YES</b>	<b>NO</b>	
E mail address	100	0	
Web site	86	14	
<b>Do you use them for</b>	<b>YES</b>	<b>NO</b>	
Communication	100	0	
Publicity	71	29	
Ordering goods/services	86	14	
Receive payment	0	100	

**RETAIL DISTRIBUTION GLASGOW & THE WEST OF SCOTLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>	%	%	%
Optimism (last 3 months)	20	60	20
Optimism a year ago	20	60	20
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual trend in sales	40	20	40
Expected trend in sales	0	75	25
Actual value of sales	40	20	40
Expected value of sales	0	50	50
<b>Trend in investment intentions for:</b>	<b>UP</b>	<b>DOWN</b>	<b>UNCHANGED</b>
Premises	20	0	80
I.T.	0	0	100
Vehicles	0	50	50
<b>Trend in</b>	<b>IMPROVE</b>	<b>NOT CHANGE</b>	<b>WORSEN</b>
Cash flow trend past 3 months	25	75	0
Turnover trend next 12 months	0	80	20
Profitability next 12 months	40	40	20
During next 3 months	<b>INCREASE</b>	<b>NOT CHANGE</b>	<b>DECREASE</b>
Anticipate prices to	80	20	0
<b>Pressure from</b>			
Pay settlements	0		
Raw material/supplier prices	100		
Finance costs	20		
Other overheads	0		
Transport costs	20		
Utility (gas, electricity, water) charges	40		
Regulation	60		
<b>Business concerns</b>			
Interest rates	40		
Exchange rates	60		
Business rates	40		
Inflation	40		
Competition	20		
Corporate taxation	0		
Legislation/regulation	60		
Planning/building regulations	40		
Transport infrastructure	0		
<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
	%	%	%
Actual total employment	0	60	40
Expected total employment	0	60	40
Actual full time employment	0	60	40
Expected full time employment	0	60	40
Actual part time employment	0	80	20
Expected part time employment	0	100	0
Actual temporary employment	0	80	20
Expected temporary employment	0	100	0
Actual permanent employment	0	60	40
Expected permanent	0	60	40
Actual overtime	0	60	40
Expected overtime working	0	80	20

<b>During last 3 months</b>	<b>YES</b>	<b>NO</b>	
Increased pay	0	100	
Average increase	n/a		
<b>During next 3 months</b>	<b>INCREASE</b>	<b>EASED</b>	<b>DECREASE</b>
Trend in training provision	0	100	0
Over last 3 months	<b>YES</b>	<b>NO</b>	<b>N/A</b>
recruited staff past 3 months	20	80	
<b>Difficulties recruiting</b>			
Professional and managerial	20	20	60
Skilled	0	20	80
Full time	20	20	60
Part time	0	40	60
16 - 24 year olds	0	40	60
	<b>INCREASED</b>	<b>NOT CHANGED</b>	<b>EASED</b>
Recruitment difficulties	0	100	0
	<b>YES</b>	<b>NO</b>	
Recruitment problems	50	50	
Retention problems	20	80	
<b>Is the business</b>	<b>Yes</b>		
An independent store	80		
Part of a national/international group	20		
<b>Type of shopping area</b>			
Shopping centre	0		
High/main street	60		
Other	40		
Retail park	0		
<b>Location</b>			
Out of town shopping centre	20		
City/town centre	20		
City/town suburbs	20		
Village/rural	40		

**TOURISM LEISURE GLASGOW & THE WEST OF SCOTLAND**

	<b>MORE</b>	<b>SAME</b>	<b>LESS</b>
<b>Trend in</b>			
Optimism	19	56	25
Optimism now compared to current season	13	44	44
	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
<b>Trend in</b>			
Total number of guests	25	6	69
Expected total number of guests	8	38	54
Guests from Scotland	13	40	47
Expected guests from Scotland	18	45	36
Guests from the rest of the UK	14	29	57
Expected guests from the rest of the UK	8	50	42
Guests from abroad	13	20	67
Expected guests from abroad	8	50	42
Business trade	13	13	73
Expected business trade	0	42	58
Actual demand for accommodation	21	14	64
Expected demand for accommodation	0	50	50
Actual use of bar/restaurant staff	15	31	54
Expected use of bar/restaurant staff	18	45	36
Actual use of function/conference facilities	8	17	75
Expected use of function/conference facilities	0	50	50
<b>Limits to sales</b>			
Lack of demand	75		
Insufficient space	25		
Lack of local amenities	25		
Shortage of labour	6		
Poor transport infrastructure	31		
Competition	19		
Poor internet service	6		
High exchange rate	19		
Weak marketing of area	31		
Problems with booking service	19		
Average occupancy	54.1%		
	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
<b>Trend in</b>			
Actual in turnover	27	7	67
Expected turnover	13	40	47
Actual margins	7	33	60
Expected margins	7	47	47
Average room rate	7	33	60
Expected room rate	7	47	47

<b>Trend in</b>	<b>UP</b>	<b>LEVEL</b>	<b>DOWN</b>
Actual total employment	7	47	47
Expected total employment	0	67	33
Actual full time employment	7	50	43
Expected full time employment	7	71	21
Actual part time	7	50	43
Expected part time	0	64	36
Actual seasonal	0	70	30
Expected seasonal	0	70	30
Actual overtime	18	36	45
Expected overtime	0	64	36
	<b>YES</b>	<b>NO</b>	
Increased pay	13	88	
Average increase	2.0%		
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
Recruited staff past 3 months	63	38	
<b>Difficulties recruiting</b>			
Managerial, clerical & front of house staffs	25	19	56
Skilled e.g. Chefs/cooks	44	13	44
Bar, waiting & cleaning staff	31	31	38
Part time staff	6	44	50
Temporary staffs	0	31	69
	<b>YES</b>	<b>YES &amp; INC</b>	<b>NO</b>
Recruitment difficulties	21	36	43
Staff retention difficulties	8	17	75
	<b>YES</b>	<b>NO</b>	
Email address	100	0	
Web site	100	0	
Communications within company	81	19	
Publicity/marketing	75	25	
Ordering	69	31	
Payments	50	50	