

AUTUMN BUDGET 2024 IMPACT ON EAST MIDLANDS BUSINESSES

Results of a multi-sector survey
conducted by East Midlands Chamber

east midlands
chamber

Derbyshire | Leicestershire | Nottinghamshire

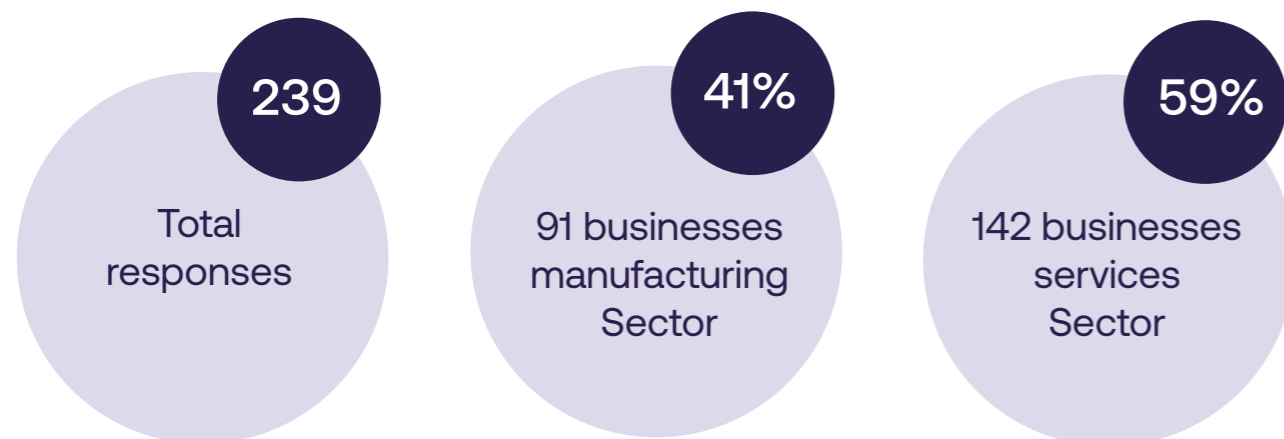
Introduction

Following the Chancellor's Autumn Budget on 30th October 2024, East Midlands Chamber conducted a snap survey of businesses based in the East Midlands.

The survey highlights the specific impact of the Budget on business sentiment, growth projections, and overall confidence.

239 businesses in the East Midlands participated in the survey. Business sectors included manufacturing, construction, retail, hospitality, transport & logistics, professional services, and the public sector through health and education.

Participants



Key survey findings

National Insurance Increases and Secondary Threshold Reduction

Overwhelmingly, responses indicated this change is viewed as a very negative development, with most businesses anticipating significant increases in operational costs. For small and medium enterprises, this burden is particularly challenging and could impact their ability to sustain workforce levels.

Impact of the National Living Wage Increase

The increase in the National Living Wage has been met with similar apprehension. Business owners expressed concerns that this hike, combined with other operational cost pressures, will further erode profit margins, and may lead to staff reductions.

Inheritance Tax Threshold Changes

Responses indicated mixed reactions regarding the changes to inheritance tax thresholds. However, a significant proportion of businesses noted that the current thresholds will inhibit future planning and generational transfers within family-run businesses, potentially deterring long-term investments and stability within the region.

Business Rates Reform

There is a clear and urgent call for comprehensive reform of the business rate system. On a scale of 1 to 10, the need for reform rated consistently high, with most respondents scoring it at 10. Many voiced concerns that the current structure is outdated and disproportionately burdens small businesses. They are asking for a system that better reflects the operational realities of today's economy, particularly considering competition from online retailers who do not share the same brick-and-mortar costs.

Support for Innovation, Research, and Development

Feedback also highlighted the inadequacy of current support for innovation, research, and development. Respondents emphasised that while they appreciate the government's intent, the existing framework falls short of creating a truly conducive environment for growth and innovation, especially for SMEs without large R&D budgets.

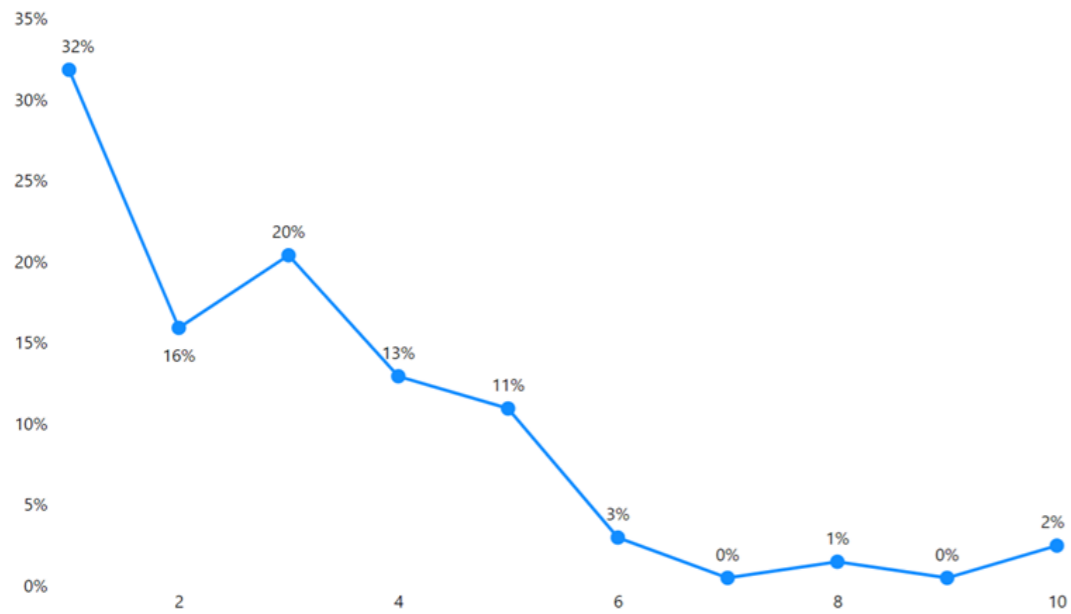
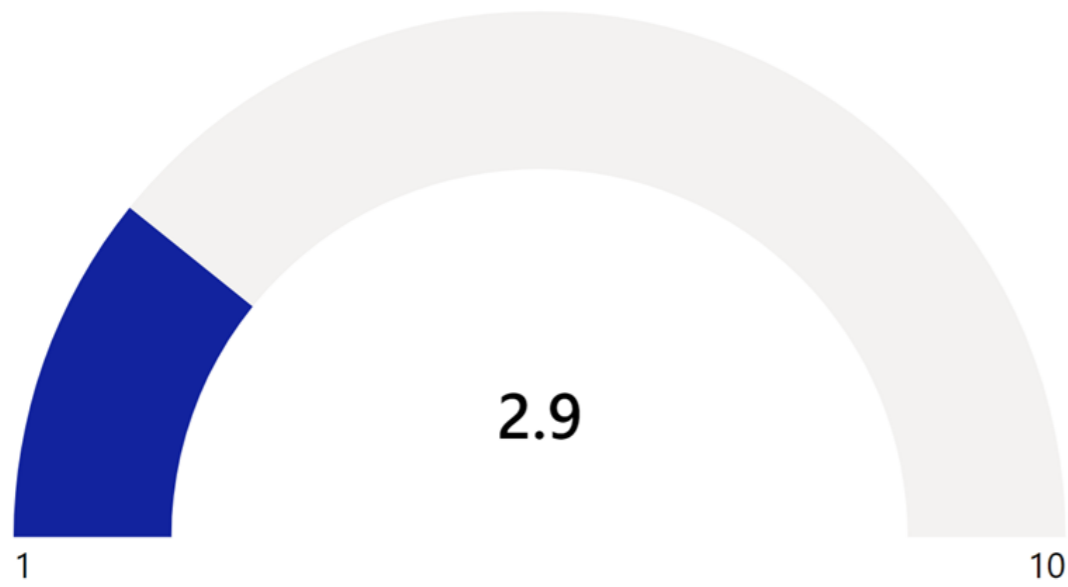
Projected Growth and Investment

Across the board, projections for growth in capital investment, training, recruitment, and profitability have been tempered by the budget changes. Many businesses foresee a need to reduce capital investment and limit hiring, as they adjust to cover the increased costs from National Insurance and wage changes.

Q1

What will the impact of the National Insurance increases and changes to the Secondary Threshold have on your business?

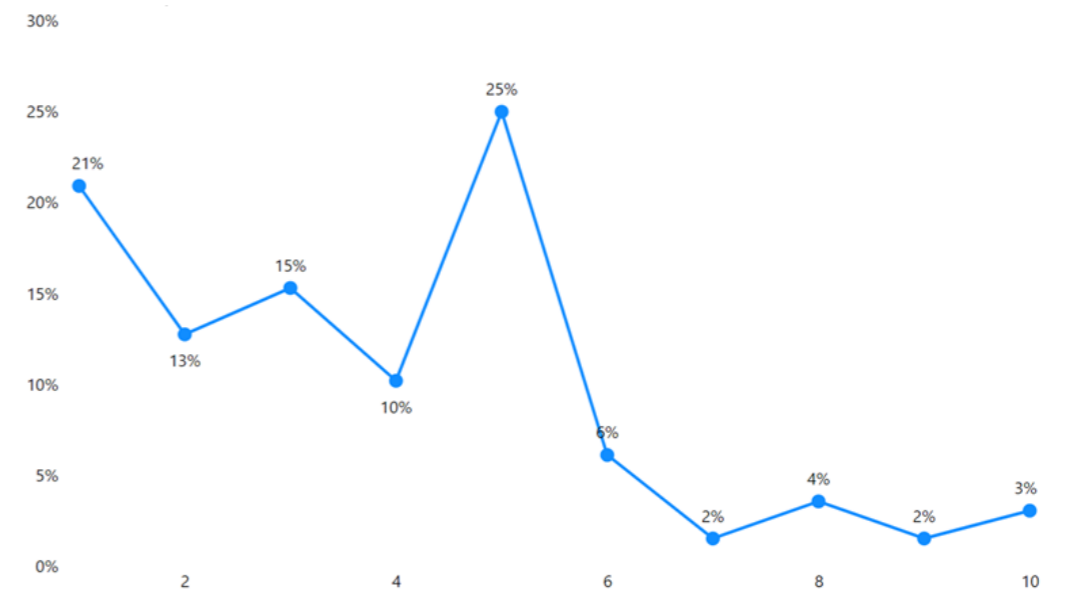
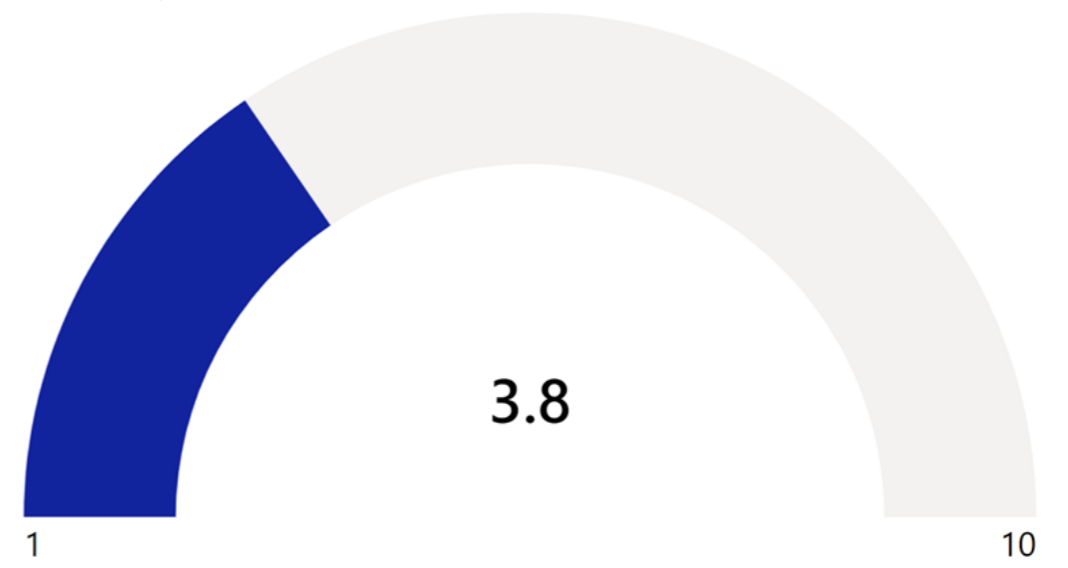
(1 – Very negative; 10 – Very positive)



Q2

What will the impact of the increase to the National Living Wage to your business?

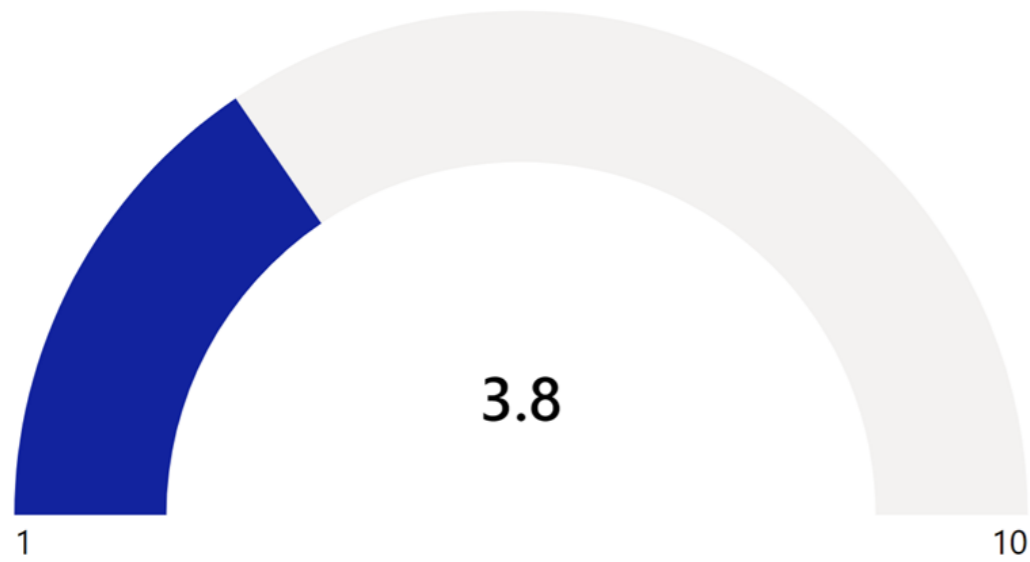
(1 – Very negative; 10 – Very positive)



Q3

What will the impact of the changes to inheritance tax thresholds be for your future plans?

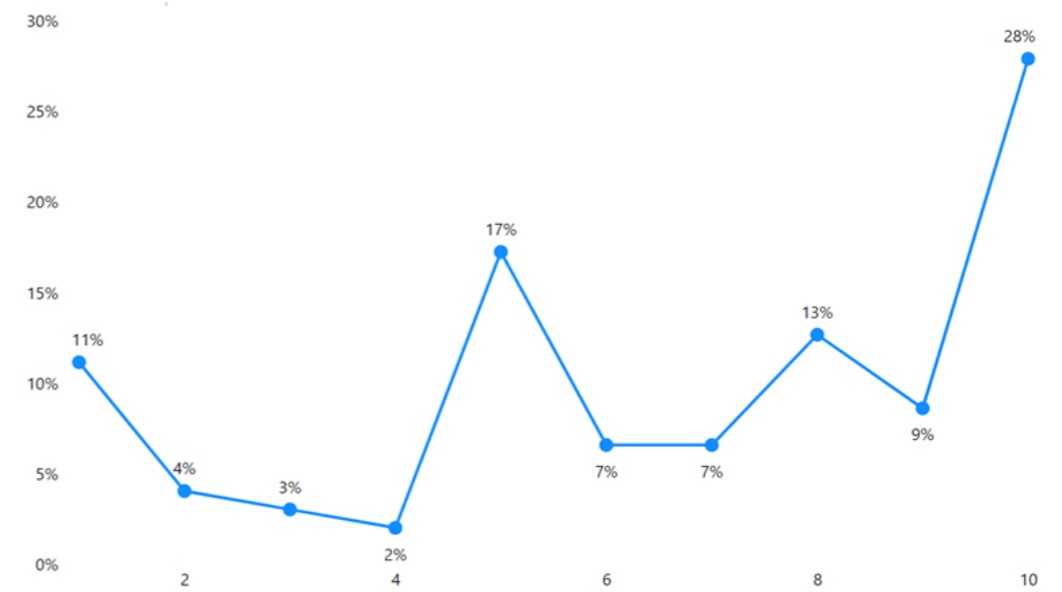
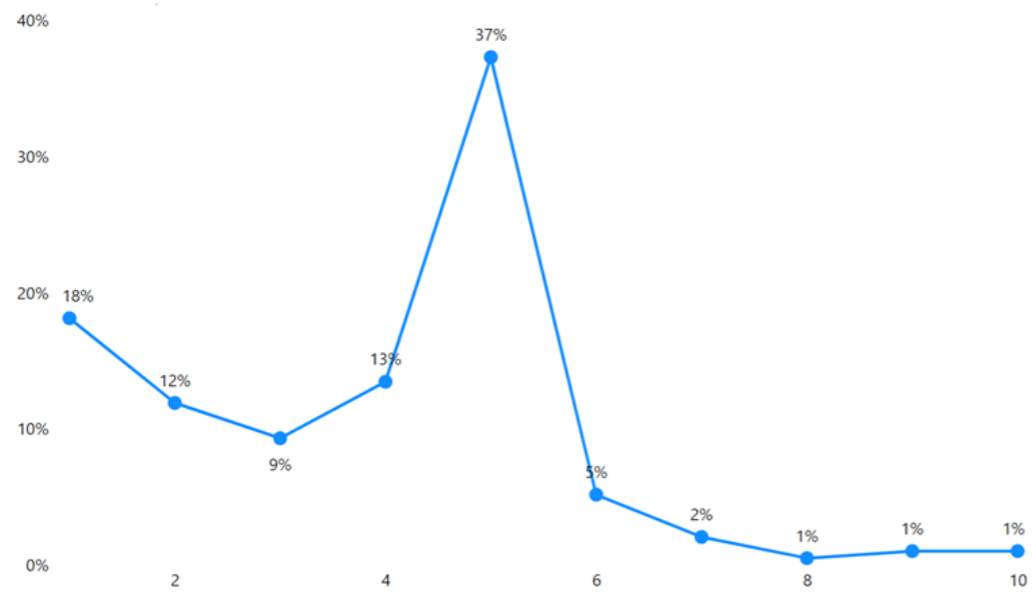
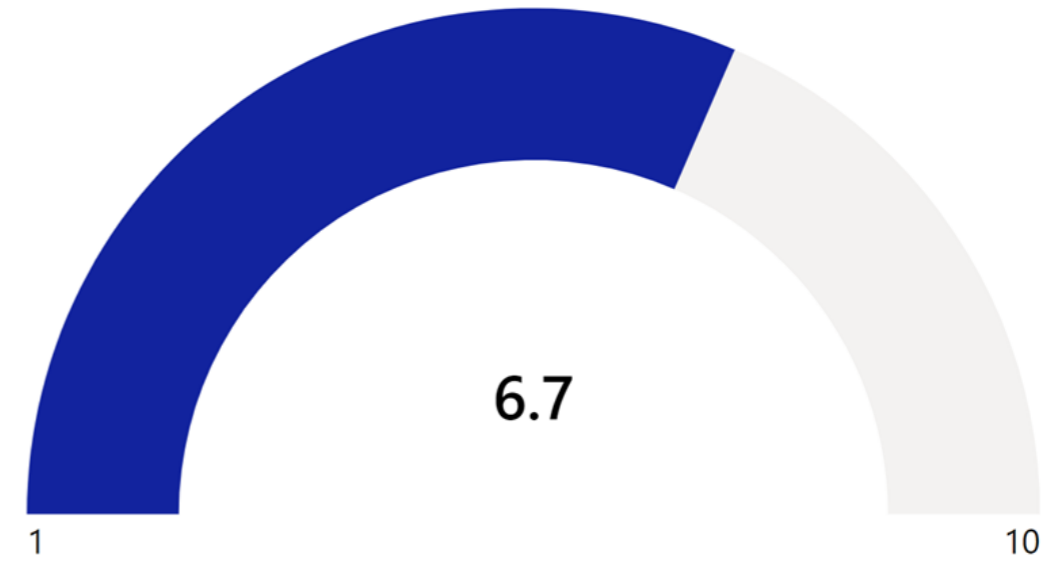
(1 – Very negative; 10 – Very positive)



Q4

Business rates – is further reform needed to the business rate system?

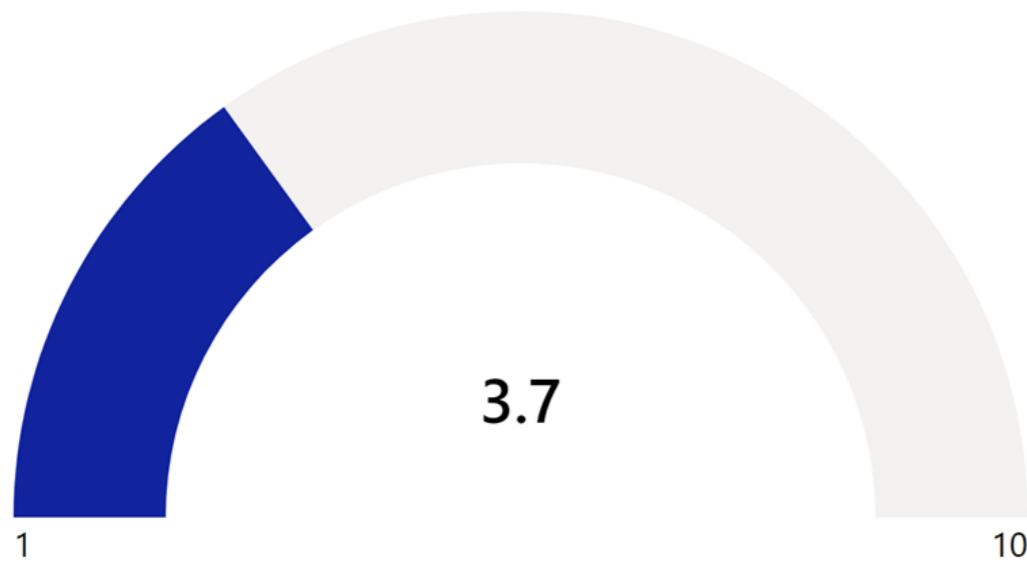
(1 – No, it is fit for purpose; 10 – Yes, very much so)



Q5

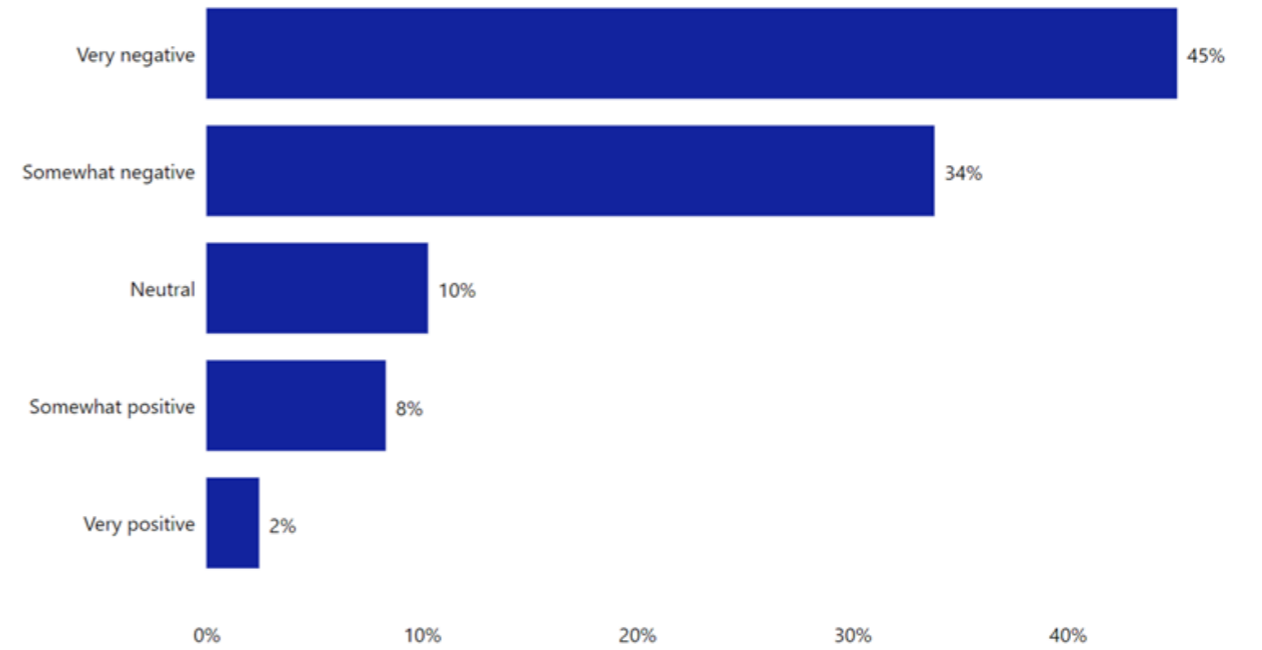
Do you think the current regime to support innovation, research and development will provide the environment for growth?

(1 – Not at all; 10 – Yes, very much so)



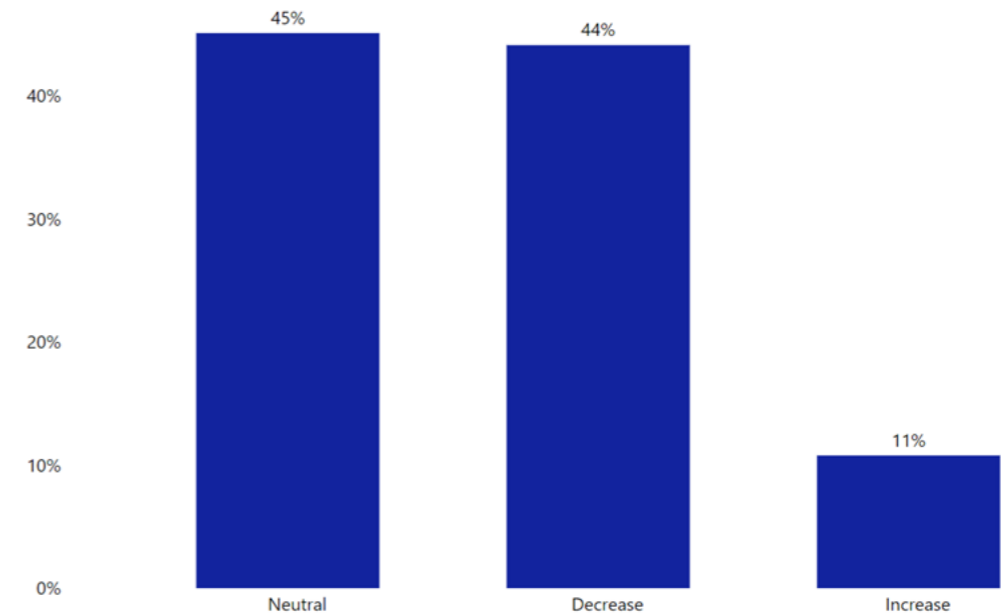
Q6

Overall, how would you rate your impression of the Autumn Statement Budget for business?



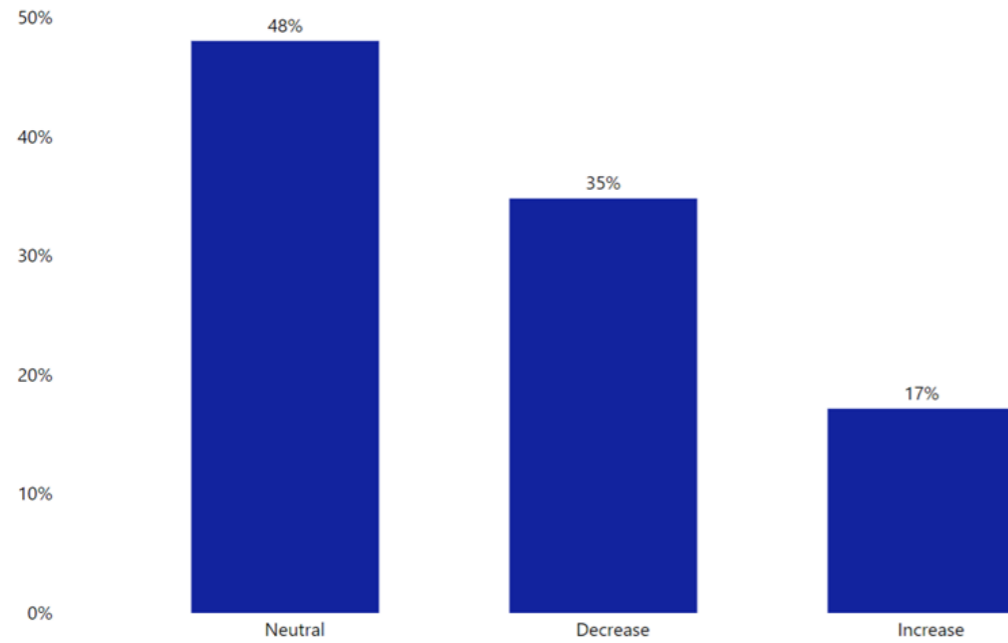
Q7

Anticipated projections of growth in the next 12 months – Capital Investment



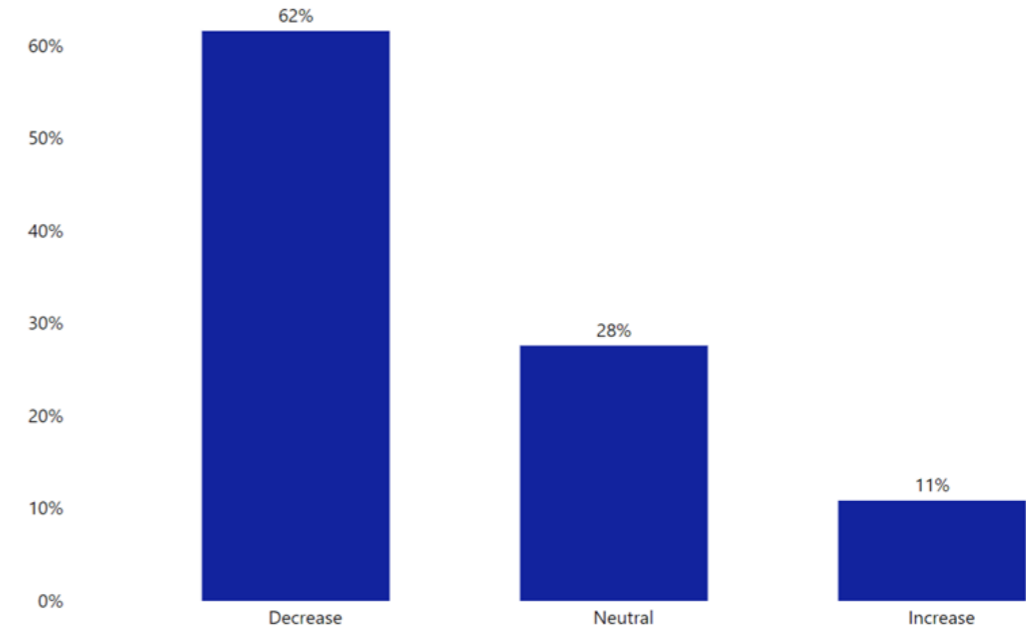
Q8

Anticipated projections of growth in the next 12 months – Investment in training



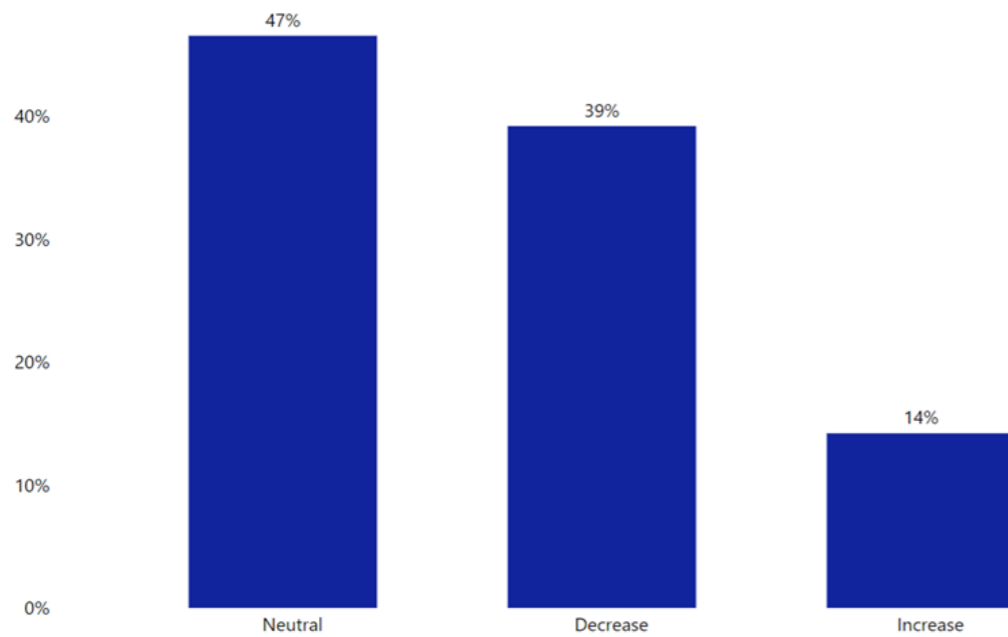
Q10

Anticipated projections of growth in the next 12 months – Profitability



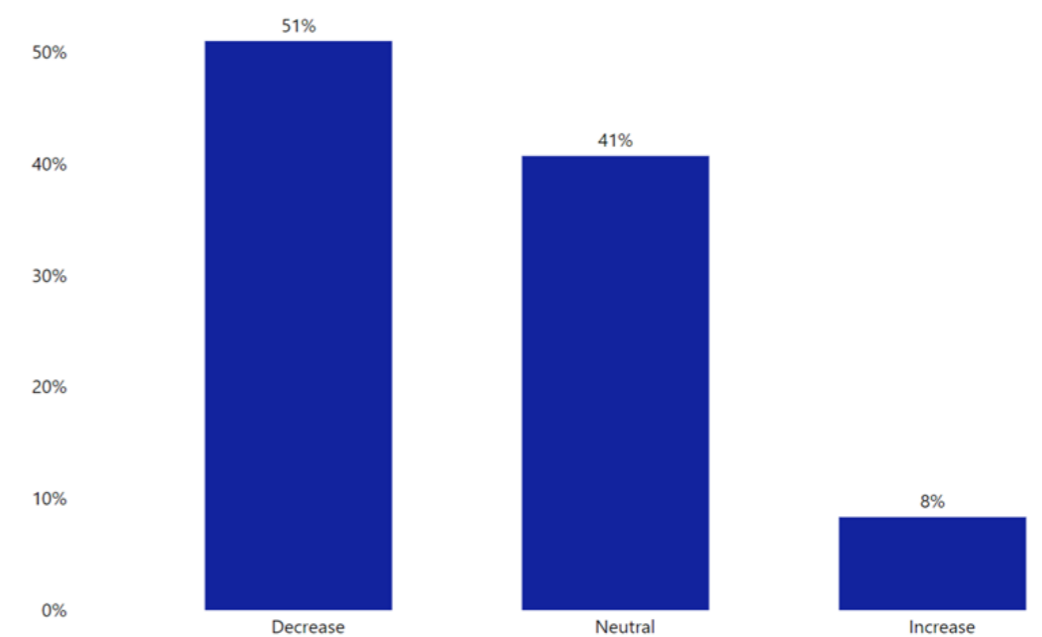
Q9

Anticipated projections of growth in the next 12 months – Number of Staff



Q11

Anticipated projections of growth in the next 12 months – Recruitment Intentions



Anticipated projections of growth in the next 12 months – Sales

