



25 June 2013

Cllr Nicholas Heslop
 Leader of the Council
 Tonbridge & Malling Borough Council
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Dear Cllr Heslop

Small business confidence reaches three-year high

Confidence among small businesses rose to its highest level in three years according to the latest Small Business Index from the Federation of Small Businesses (FSB), with confidence rising across all parts of the UK and in most sectors.

The Small Business Index – the FSB's measure of confidence – reached 15.9 points in the second quarter; 9.6 points higher than at the start of 2013 and the second highest reading since the Index began in 2010.

Financial services firms report the highest confidence levels, possibly reflecting the recent peak of the FTSE 100. And despite recent output contractions in the manufacturing sector, small manufacturers are more optimistic about their prospects, suggesting that conditions in the sector are improving.

Other key findings from the report show:

- More firms expect turnover to increase in the coming three months and more firms expect to grow their business in the coming year
- A larger number of firms expect to increase staffing levels in the coming three months, which should be further helped by the Enterprise Allowance announcement made at the Budget and due to come into force next year
- More small firms report rising exports, despite slow world trade growth, and export growth is expected to pick up further in the coming three months
- Retail businesses remain least confident, highlighting again why the FSB's Keep Trade Local campaign is so important
- Inflationary pressures from rising energy prices are the main driver of increased business costs, underlining why it is essential to ensure energy suppliers are forced to put an end to rollover contracts and pass on falls in the wholesale price of energy to small business consumers
- There are signs that overall profitability remains under pressure. This quarter, a net balance of 13% of small firms reported that their gross profits were lower than three months ago.

After five consecutive quarters of year-on-year growth, confidence is moving in the right direction. Small firms want to employ more people and grow their business. They want to export and expect turnover levels to increase. This is all good news, but we must not be complacent.

We know inflation is likely to remain high for the coming 12 months, largely due to rising energy costs. This is why reform of the banking sector is so important and why it must provide transparency for small firms to choose the best tariff for them.

The FSB 'Voice of Small Business' Index is a quarterly macro-economic report analysing the trends of small businesses in the UK market. To view the 'FSB Voice of Small Business' Index please go to www.fsb.org.uk/small-business-index. This report has been produced by the centre for economic and business research (cebr) for the FSB. The figures are based on a survey of FSB members, carried out by Research by Design, between 7 and 21 May 2013 and received 2,402 responses. To find out more visit www.fsb.org.uk/survey-panel

Small businesses in Kent and Medway remain positive about future trading according to the FSB Kent Spring 2013 Barometer. 264 responses were received between 26 April and 08 May 2013. One in three small firms in the county responding to the survey forecast improved prospects in 2013 compared to one in four expecting a decline in their performance. Sales compared to last year improved for 38% of small businesses in the county, down from 44% last November. Profits sustained or improved for six in ten small firms with operating costs remaining as the issue of most concern.

Should you have any questions or require additional information, please do not hesitate to contact me or Andrew Aves, FSB Development Manager (01227 365711). andrew.aves@fsb.org.uk).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roger', with a small dot at the end.

Roger House,
Kent and Medway Regional Chairman
Federation of Small Businesses