



Shropshire
Chamber of
Commerce



QUARTER **ONE** RESULTS 2022

SHROPSHIRE CHAMBER

Q1

QUARTERLY
ECONOMIC
SURVEY RESULTS

2. QES Q1 2022 RESULTS

QUARTERLY ECONOMIC SURVEY

UNCERTAINTY STILL HINDERING RECOVERY FROM THE RAVAGES OF COVID AND BREXIT WHICH IS NOW COUPLED WITH THE RUSSIAN INVASION OF UKRAINE.

Prior to the invasion the economy was proving sluggish and businesses were taking time to readjust but the progress was in a positive direction, for many sectors. However, the issues caused by the Russian invasion of Ukraine were only just starting to become clear towards the very end of the survey fieldwork. Next quarter will allow us to see the full impact on the economy as high fuel prices, scarcity of materials and stock all take their toll.

Each quarter Shropshire Chamber takes part in the British Chambers of Commerce national economic survey. In this report, you will see the results for Shropshire, trending from as far back as 2009.

If you and your company would like to take part in these surveys, please contact policy@shropshire-chamber.co.uk giving your name, company name and the email to which reminders should be sent.

Please note this is only open to businesses in Shropshire and Telford & Wrekin, and Chamber Membership is not required to take part. Those in neighbouring counties should approach the British Chambers of Commerce to locate their nearest BCC accredited chamber.

This survey is open to businesses from all sectors including public sector and third sector. The survey is open to any size of business from micro's, who employ no staff, to the very largest businesses.

The data is used both locally and nationally to lobby those in power on the main topics of concern. The national survey is highly respected and is used by Central Government and the Bank of England to understand the economic situation and pressures facing businesses in the UK.

The greater our business voice, the more valuable the information becomes, so we want to encourage every business, Chamber member or not, to add their voice to this vital survey.

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Survey carried out over 3 weeks during February/March 2022

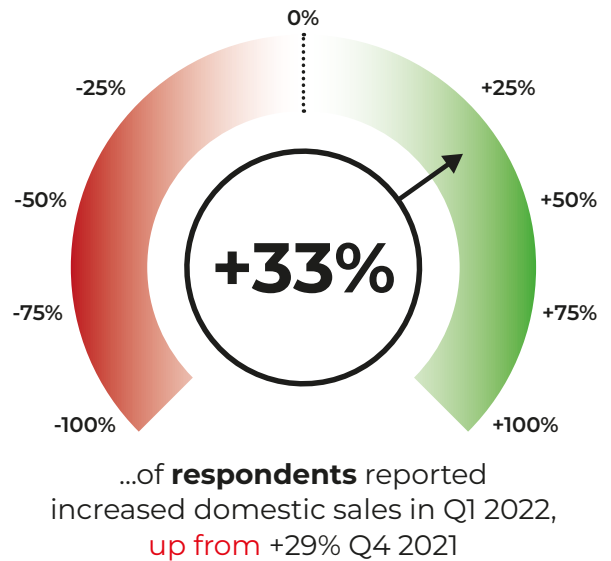
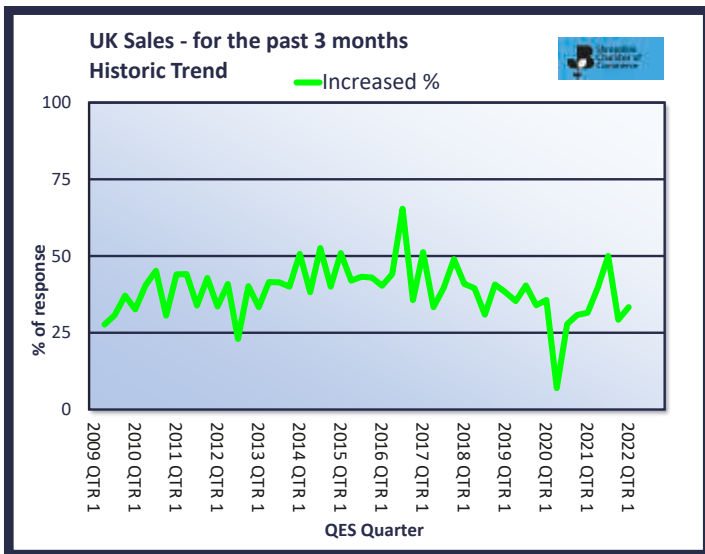


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

DOMESTIC (UK) SALES & ORDERS

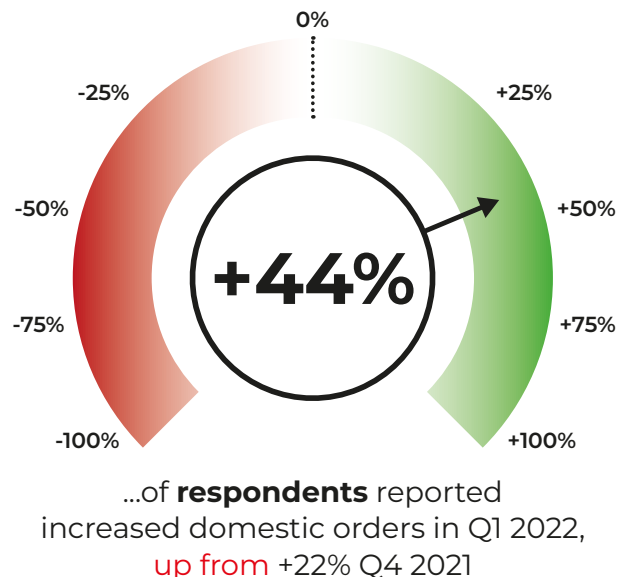
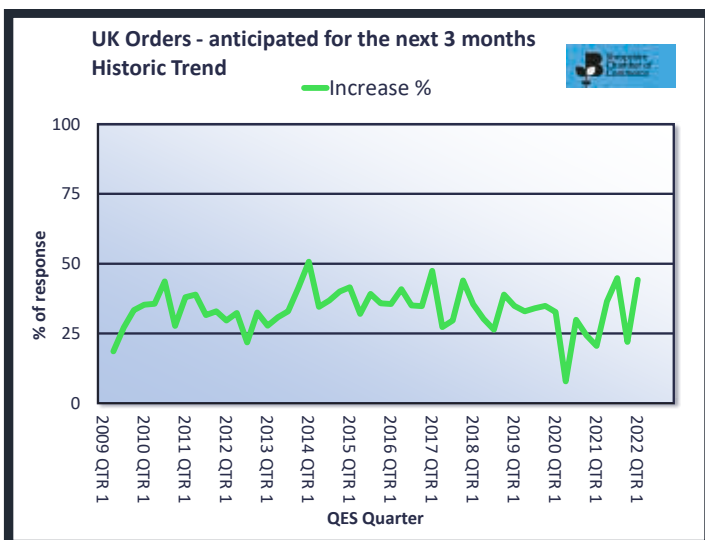
UK Sales Past:

- (UK Sales Comment) “Based on the recent pandemic, enquiries and sales have diminished. Prior to the pandemic there was a definite increase in sales. With a potential recession on the horizon, we are understandably concerned for the lack of trade.” Manufacturing Sector
- (UK Sales Facts) Only 20% saw a downturn in trade, and improvement on the same quarter last year where 41% stated they had seen a downturn over the past three months.
- (UK Sales Facts) 33% of respondents stated they saw a rise in sales this quarter, which mirrors the rise seen in quarter one 2021.



UK Sales Future:

- (UK Orders Comment) “We are seeing increased in at once demand, but our customers seem reluctant to forward plan. We are getting more smaller orders and less bulk buys.” Retail & Wholesale Sector
- (UK Orders Facts) Projected sales for the next three months are the second-best quarter since the start of the pandemic, with 44% expecting increased sales over the next three months, only beaten by quarter three 2021 at 45%.
- (UK Orders Facts) Those expecting a downturn in sales dropped back to 19% of the responses.

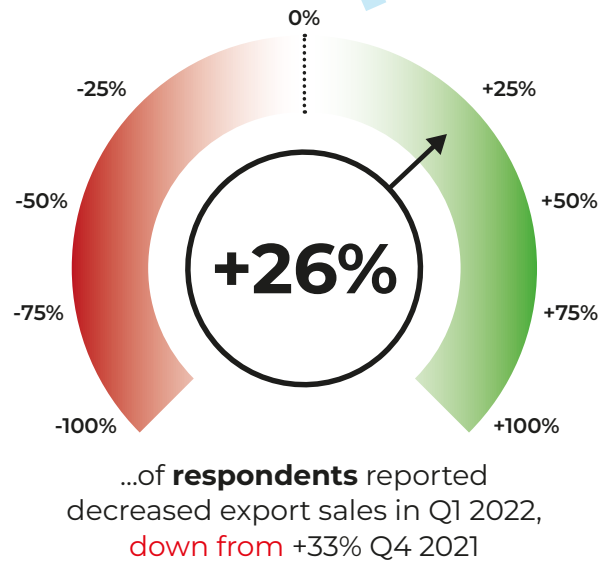
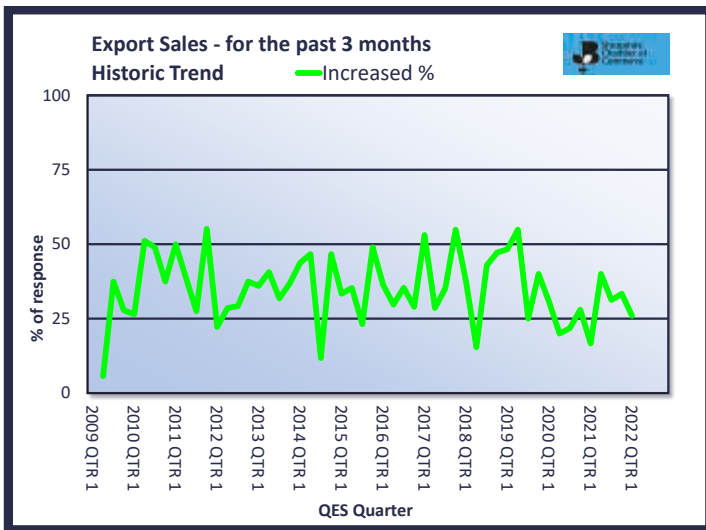


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

EXPORT SALES & ORDERS

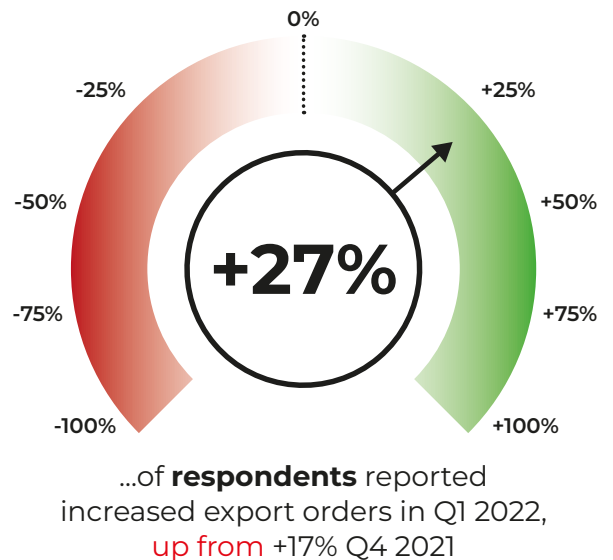
Export Sales Past:

- (Export Sales Comment) “We can no longer offer any export, including even to Northern Ireland due to CITES processes.” Retail & Wholesale Sector
- (Export Sales Comment) “Export sales lost primarily due to impact of Brexit and difficulties with export process.” Retail & Wholesale Sector
- (Export Sales Facts) 33% of exporters said that they had seen a decrease in sales.



Export Sales Future:

- (Export Orders Comment) “The cost of exporting goods has increased. Customers are looking for suppliers closer to them [and] as a result impacting our order book.” Manufacturing Sector
- (Export Orders Facts) The number of those seeing export forward orders was 27%, exactly the same percentage as those expecting a decrease in sales.
- (Export Orders Facts) Many have seen export orders remain pretty static for the past two quarters.

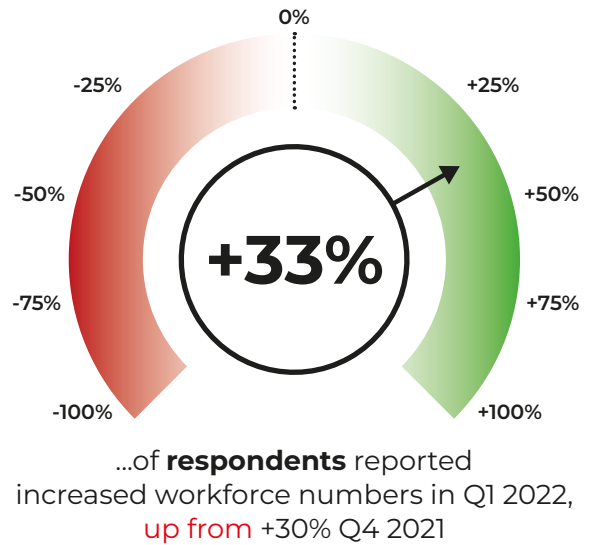
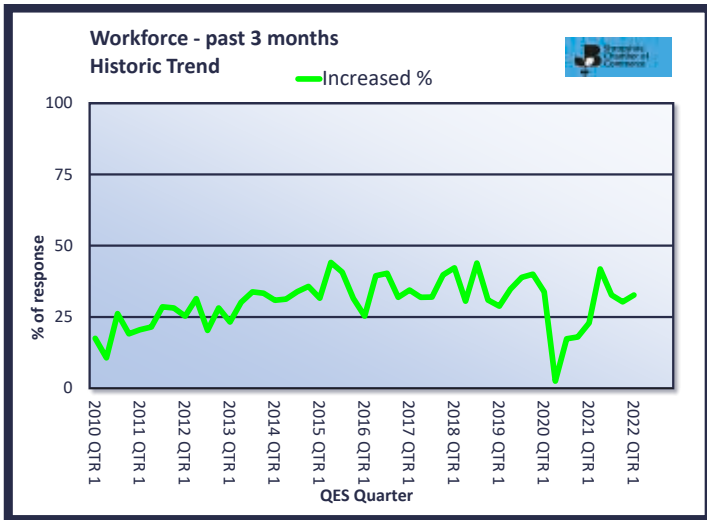


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

WORKFORCE PAST & FUTURE

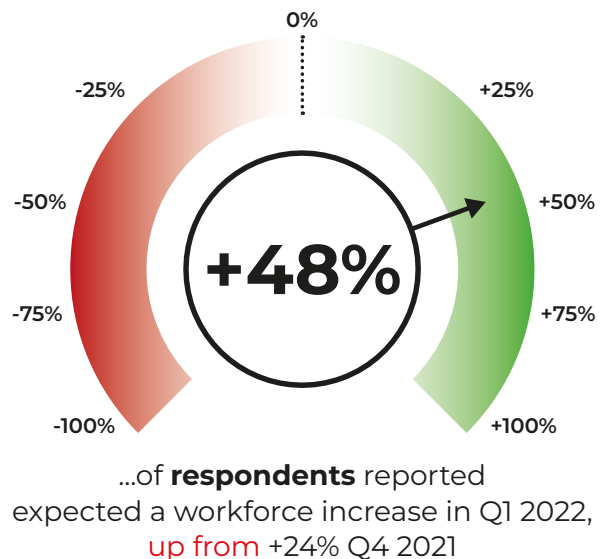
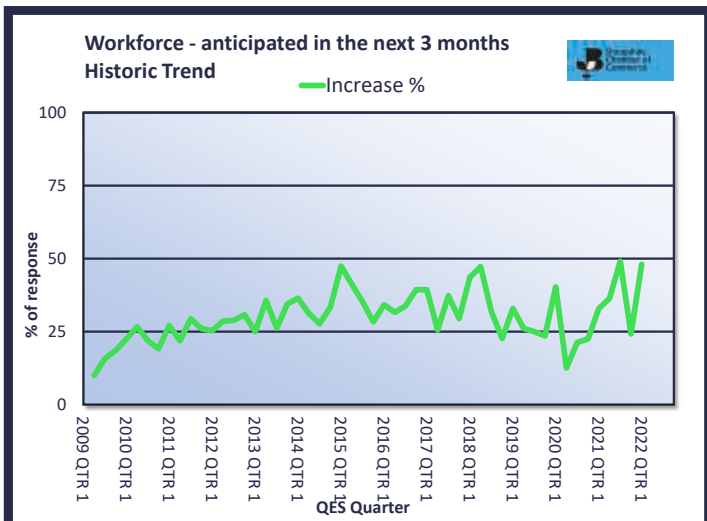
Workforce Past:

- (Workforce Current Comment) “We have lost as many staff as we have taken on at this time.” Professional Services
- (Workforce Current Facts) 33% of those who employ stated that their workforce had increased in the past three months.
- (Workforce Current Facts) Less than 20% stated that their workforce has decreased.



Workforce Future:

- (Workforce Future Comment) “We have been looking to recruit but cannot find staff. Shortage of applicants to the point we don’t have anyone applying for roles in the business.” Retail & Wholesale Sector
- (Workforce Future Comment) “Cannot risk employing a further employee as no signs of sustainable improvement as yet” Professional Services
- (Workforce Future Facts) 48% are expecting to increase their workforce numbers in the three months ahead.



SHROPSHIRE QUARTERLY ECONOMIC UPDATE

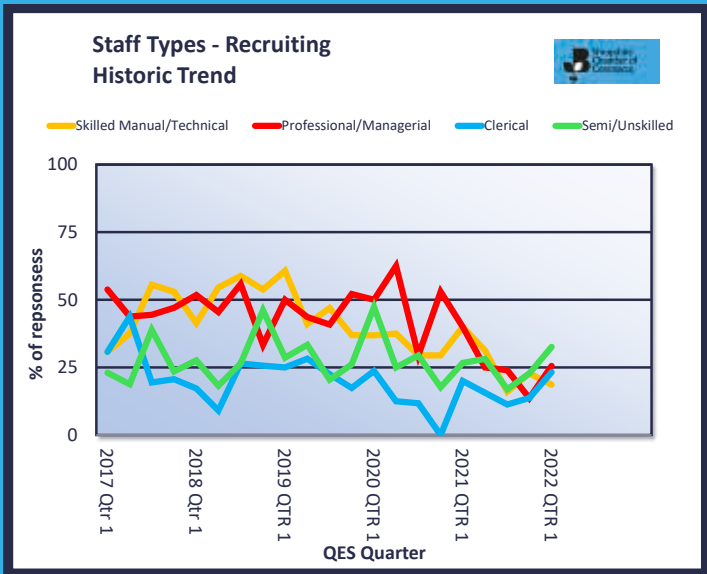
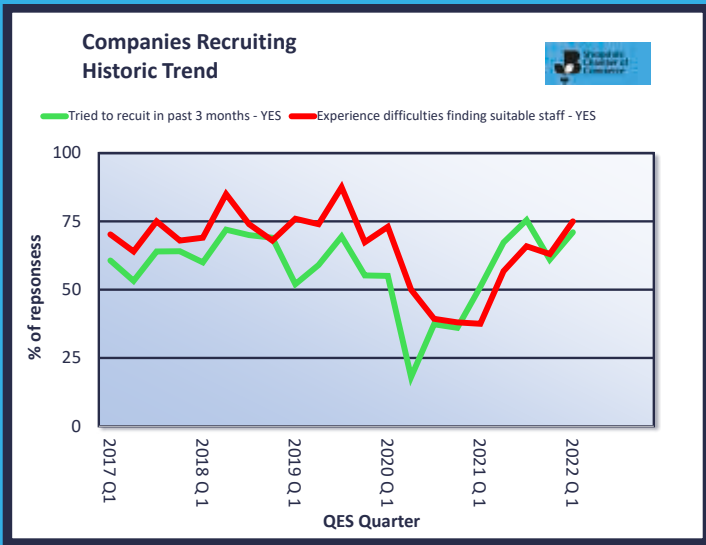
SKILLS & RECRUITMENT

Companies Recruiting:

- (Recruiting Facts) 75% of companies recruiting this quarter struggled or failed to find the right staff, suitably experienced or qualified and with the right work ethic.
- (Recruiting Comment) “We have always struggle to recruit for niche roles but even required agency assistance with an admin role.” Professional Services

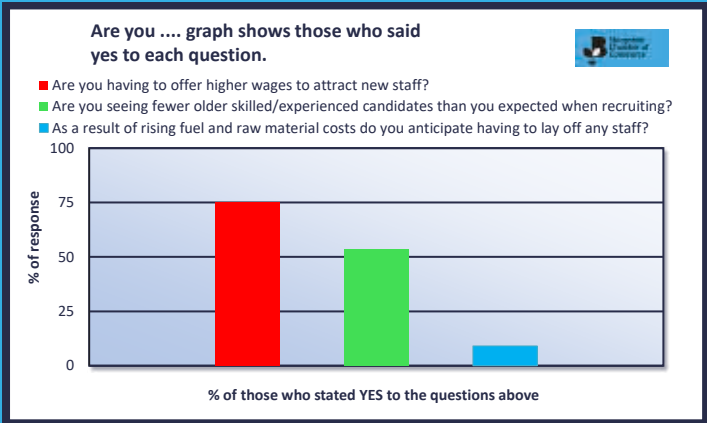
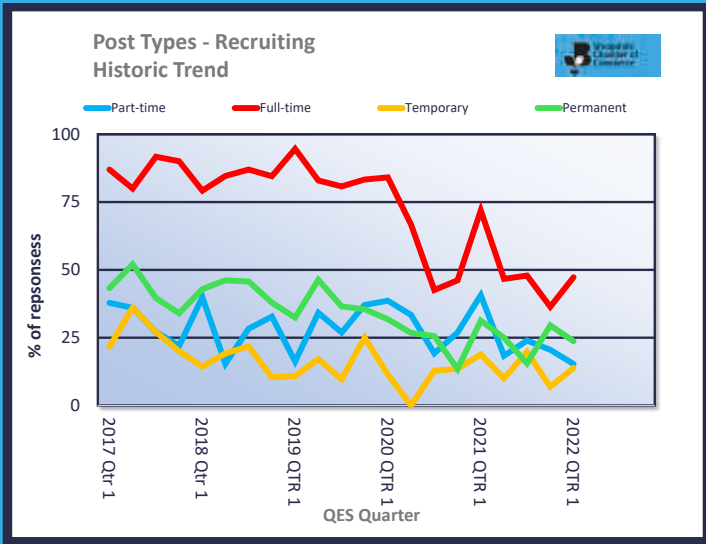
Staff Types:

- (Recruiting – Staff Types Comment) “[Looking for] Skilled engineers for site installation. Hydraulic and diesel engine skilled fitters.” Manufacturing Sector
- (Recruiting – Staff Types Facts) In the survey respondents indicated that they were trying to fill a wide range of posts, at many skill levels and in many sectors. Semi / Unskilled was the largest proportion at 33%.



Post Types:

- (Recruiting - Post Types Comment) “With so much choice at the moment, some won’t stop long.” Manufacturing Sector
- (Recruiting - Post Types Facts) 47% of those employing, were attempting to fill full-time roles.



Recruitment comment:

“With rising fuel costs, raw material costs and general interest rate increases, we are finding it difficult to compete with larger competitors, who buy in bulk. This could have an impact on workforce numbers.”

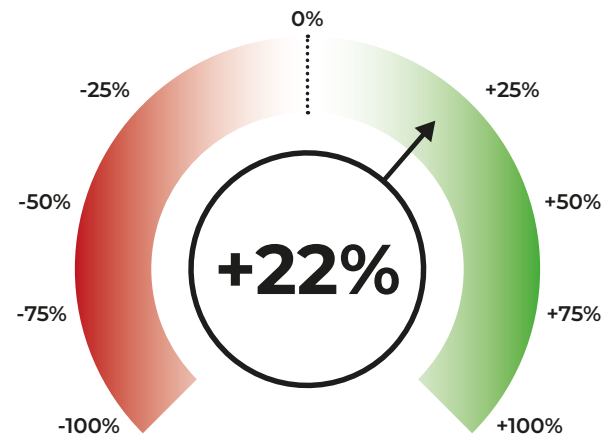
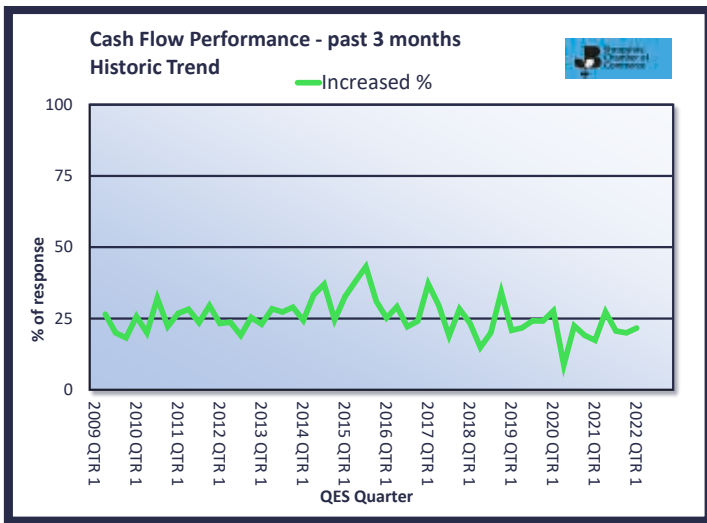
Manufacturing Sector

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

CASH FLOW

Cash Flow:

- (Cash Flow Facts) 22% of companies stated that their cash flow had increased but just over 30% stated that it had decreased.
- (Cash Flow Comment) “Every month, after wages are paid out, we see a reduced balance in our bank. It is not a cash flow problem as such because our payments are regular, it is rather incomings are less than outgoings.” Service Sector

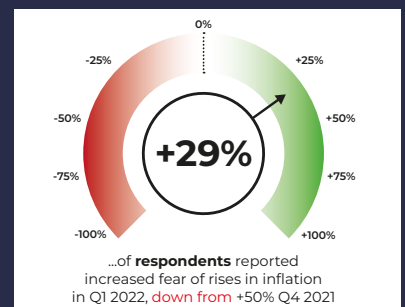
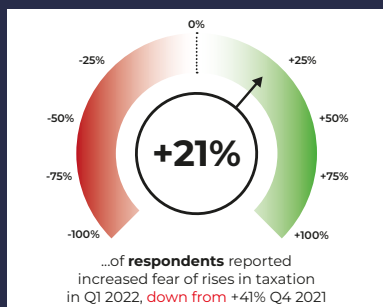
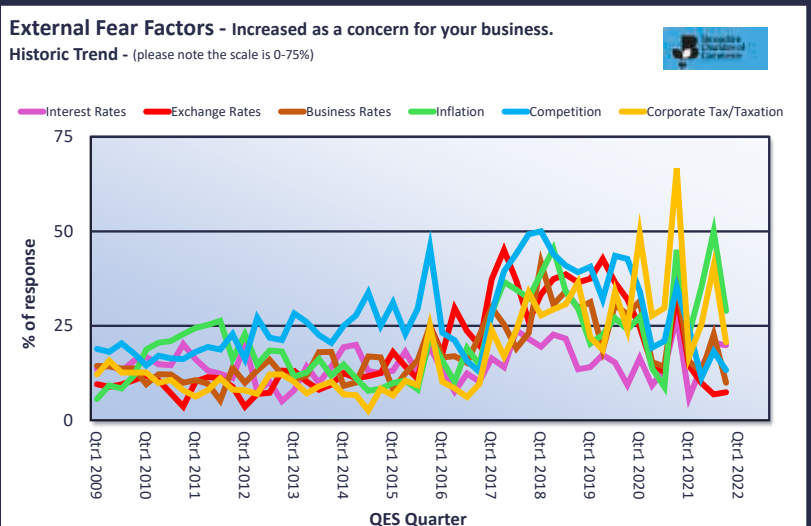


...of **respondents** reported a cash flow increase in Q1 2022, up from +20% Q4 2021

FEAR FACTORS

Fear Factors:

- (Fears Factors Facts) This quarter saw 29% state that their greatest fear was that of Inflation, with Tax in second place. This is a turnaround as pre Covid competition was normally the front runner, now just second to bottom of the fear’s businesses have.
- (Fear Factors Facts) “Utilities and other inflation related increases.” Public & Voluntary Sector
- (Fear Factors Facts) “Post Brexit fall out, Covid, Russian aggression and the resultant price hikes.” Manufacturing Sector
- (Fear Factors Facts) “Brexit. It continues to be the biggest issue facing my business by making importing much harder and more costly and exporting impossible.” Retail & Wholesale Sector



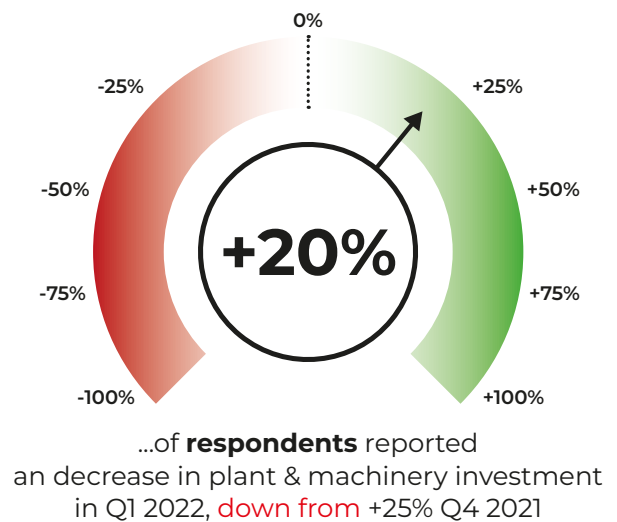
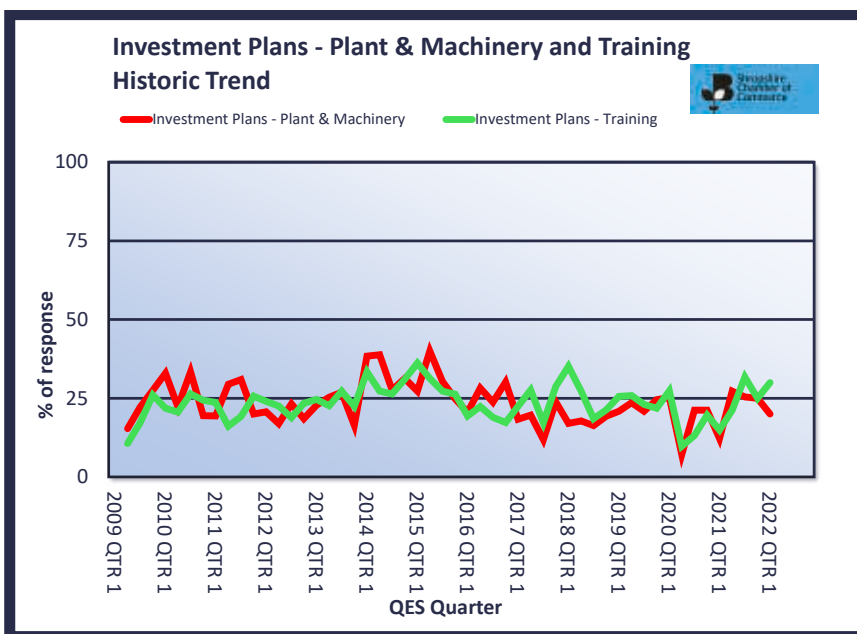
SHROPSHIRE QUARTERLY ECONOMIC UPDATE

INVESTMENT

Investment - Plant & Machinery:

• (Investment in Plant & Machinery Facts) Only 20% said they would increase their investment in plant and machinery. Interestingly, Q1 2021 also had a very low number, 12%, saying they would increase investment in plant and machinery but the 2nd, 3rd and 4th quarters of 2021 saw improvements with 25% or above stating they would invest more.

• (Investment in Plant & Machinery Comment) “Due to difficulties in recruitment, we are having to invest in new and better equipment that substantially reduces the required skill set. We are having to do this while we still can.” Manufacturing Sector



Investment - Training :

• (Investment in Training Comment) “Training has been a focus as an area of cost-cutting as we search for cheaper courses and also reducing the amount of courses attended.” Manufacturing Sector

• (Investment in Training Comment) “As a start-up I am investing in my own personal development and a variety of sources of information that will support business growth.” Professional Services sector

• (Investment in Training Facts) 30% said that they expected to increase their budget for staff training, a vast improvement on the Q1 a year earlier where only 15% said they would increase spending on training.



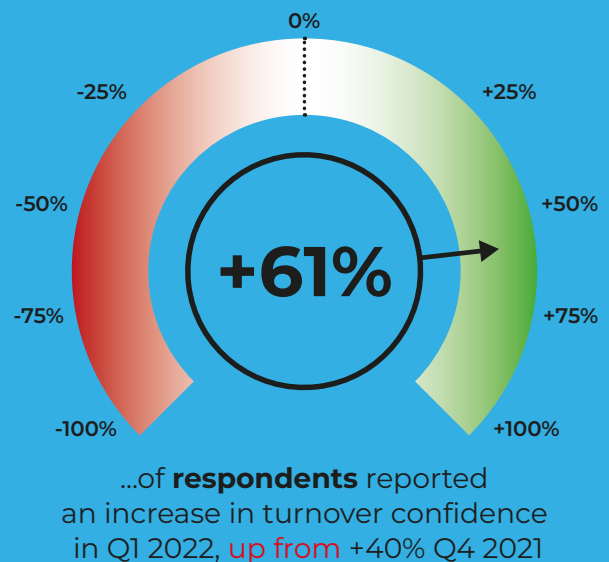
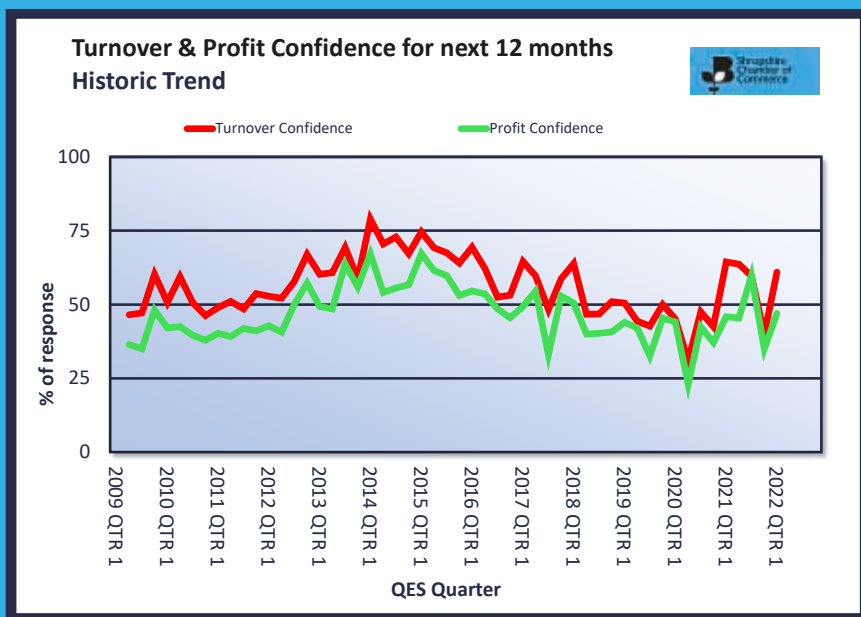
SHROPSHIRE QUARTERLY ECONOMIC UPDATE

CONFIDENCE

Confidence - Turnover:

• (Turnover Confidence Facts) Confidence all ways outstrips the level of sales and exports that businesses report, this is normal and traditional. Positivity is an important part of running a successful business. This quarter is no different seeing those feeling turnover will increase at 61%, which is substantially higher than we saw in quarter 3, 2019 when 43% though it would improve, this was of course before Covid but with Brexit looming large dampening confidence.

• (Turnover Confidence Comment) “We are changing our focus markets to those with better payment records. With the introduction of new equipment, we should be able to increase turnover while reducing costs.” Manufacturing Sector



Confidence - Profitability:

• (Profitability Confidence Comment) “Only due to our business strategy, not due to trading environment.” Retail & Wholesale Sector

• (Profitability Confidence Comment) “Customers no longer have the finances to apportion to our type of product. Increasing costs reduce profitability. Overall, not confident for coming 12-24 months.” Retail & Wholesale Sector

• (Profitability Confidence Comment) “The company has recently been bought and many changes are being made to improve profitability” Consumer Services sector

• (Profitability Confidence Comment) “Changes to NI and living wage will depress profitability.” Service Sector

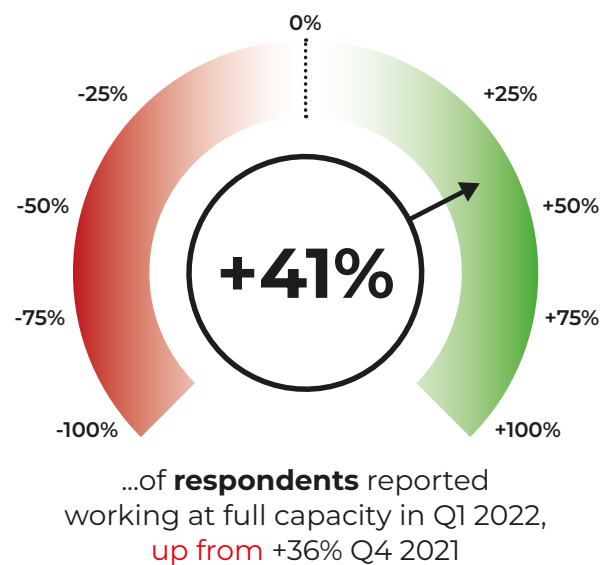
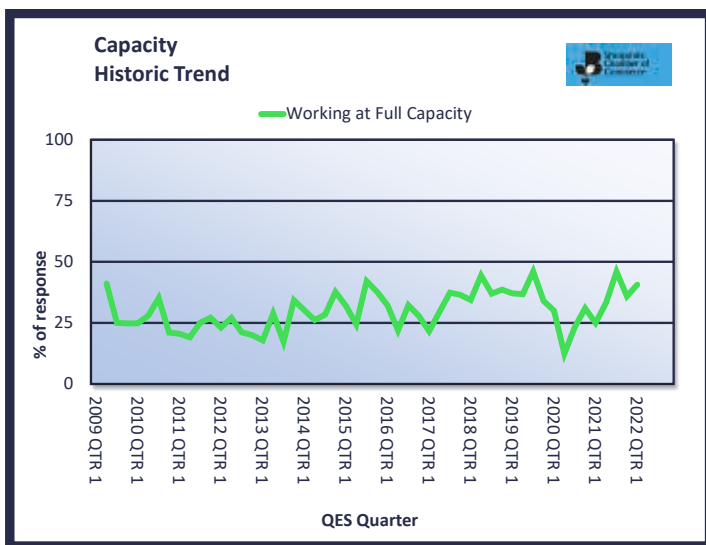


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

CAPACITY PRICE vs COST

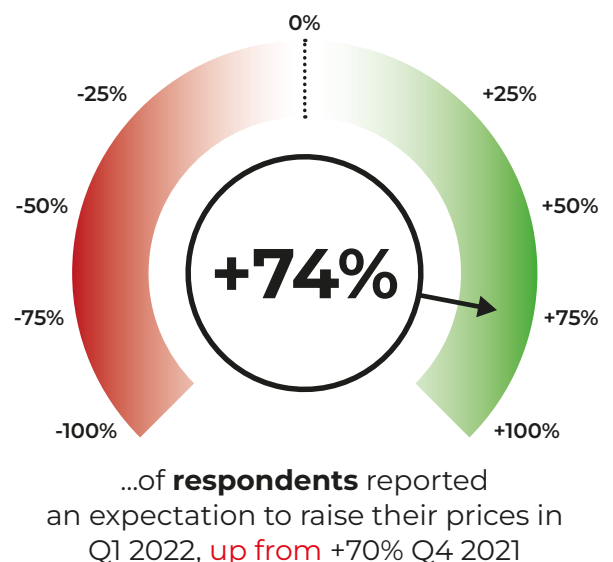
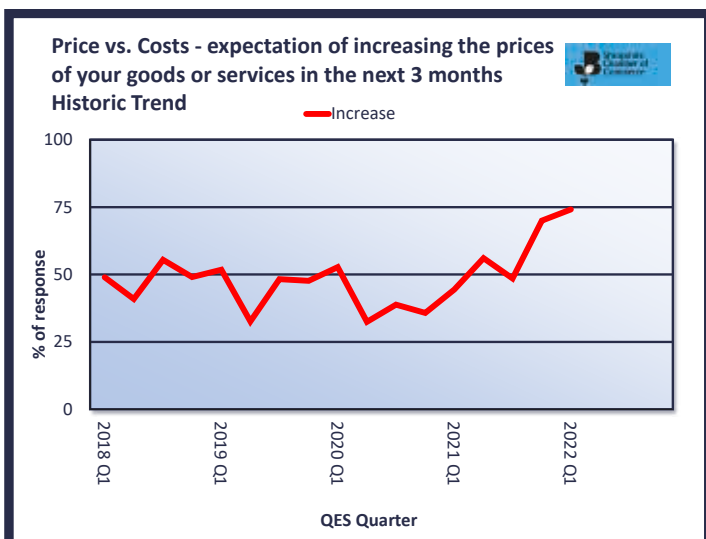
Capacity:

- (Capacity Facts) This quarter saw 41% state they were working at full capacity, where as a year before it was only 25%. Back to levels more akin to pre-Covid but not pre the big crash of 2008.
- (Capacity Facts) Excess capacity can indicate healthy growth in an economy, but too much excess capacity can hurt an economy. Normally measured mainly through outputs vs. capacity of the UK's manufacturing sector.
- (Capacity Comment) "Due to people leaving/retiring, we are at roughly full capacity. However, capacity will increase going forward as new equipment is installed." Manufacturing Sector



Price vs Cost:

- (Prices vs. Cost Comment) "Our services to the public are all free of charge, however, commissioned services will need to be uplifted to meet the demands of the cost of living and staff wages." Voluntary Sector
- (Prices vs. Cost Facts) One of the highest rises seen in this quarter's statistics. With just under 75% saying that they will increase the prices of their goods or services due to rising costs. Normally running at an average of 45% post the big crash. Next quarter will reveal what impact the Russian invasion has added to this pressure.

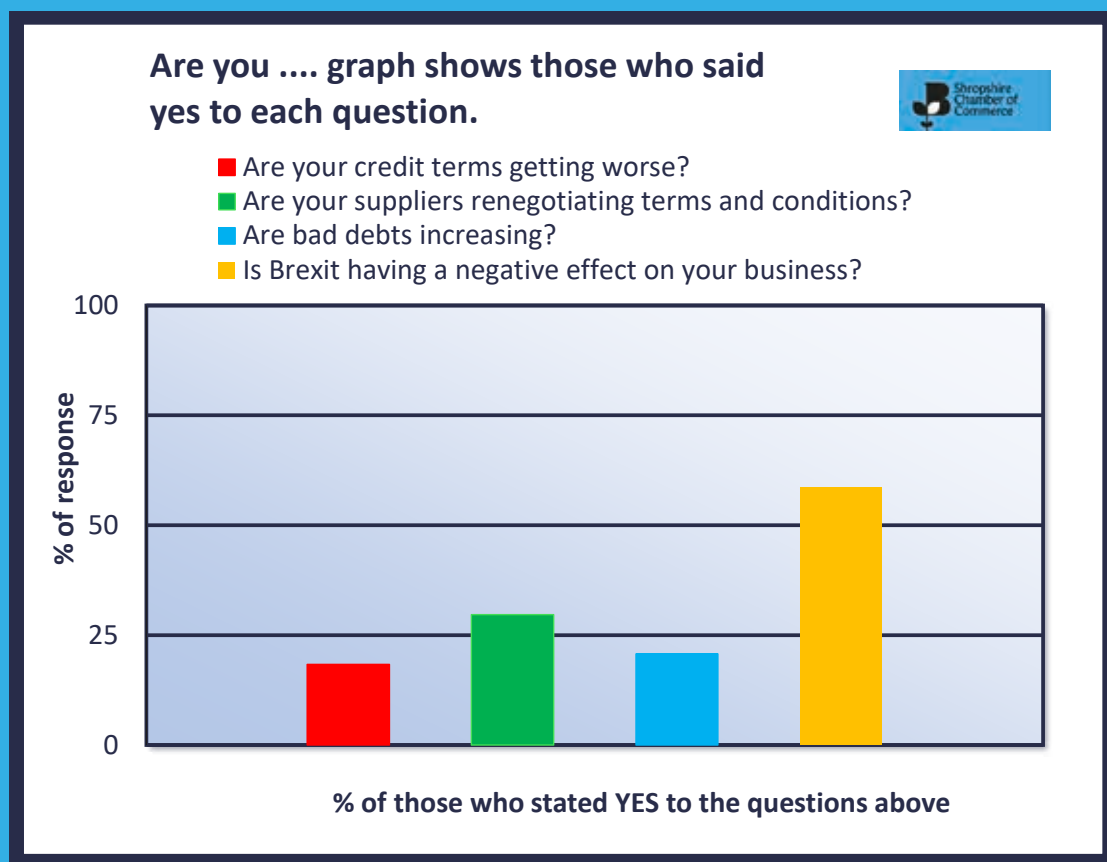


QUARTERLY ECONOMIC SURVEY

ADDITIONAL LOCAL QUESTIONS

Business Pressures:

1. Are your credit terms getting worse?
2. Are your suppliers' renegotiating terms and conditions?
3. Are bad debts increasing?
4. Is Brexit having a negative effect on your business?



- (Credit Terms Comment) "The only renegotiated contract is the photocopier, which has been to our benefit, as it is now cheaper!" Public & Voluntary Sector
- (Credit Terms Comment) "Unlike most business who are able to increase the cost of their product if required i.e., the baker charging more for bread if the price of flour goes up. We are dictated by local council as to what they will pay." Services Sector
- (Brexit) "Increasing regulation and red tape and forecast to double regulation means no time to actually produce" Professional Services
- (Brexit) "Brexit is adding 20% on prices and increasing delivery times from France from 3 days to 3 weeks. Still waiting to hear the first positive consequence of Brexit." Retail & Wholesale Sector

QUARTER **ONE** RESULTS 2022

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IN PARTNERSHIP WITH
YOUR BUSINESS

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COULD GO HERE**

YOUR **DETAILS** COULD BE DISPLAYED HERE

YOU ARE ALLOCATED **ONE PAGE** INSIDE ALSO



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r.ross@shropshire-chamber.co.uk**

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