



Shropshire
Chamber of
Commerce



QUARTER **FOUR** RESULTS 2022

SHROPSHIRE CHAMBER

Q4

QUARTERLY
ECONOMIC
SURVEY RESULTS

2. QES Q4 2022 RESULTS

QUARTERLY ECONOMIC SURVEY

COLD WINDS FROM THE EAST COUPLED WITH STAFF SHORTAGES, WAGE INFLATION AND INCREASED TAXES ARE PUTTING IMMENSE PRESSURE ON BUSINESSES. THE UNKNOWN FUTURE OF FUEL COSTS WEIGHS HEAVY. 2023 OFFERS A BUMPY RIDE FOR BUSINESS..

The Chancellors Autumn Statement did little to comfort business, with no clear future support on fuel prices and the increased burden of taxes. Staffing issues still dominate, employers struggling to find staff, and when they do many turn out to lack competency despite qualifications. Investment has decreased in plant and machinery as businesses raid that pot to bolster cash flow.

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 invitations 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.

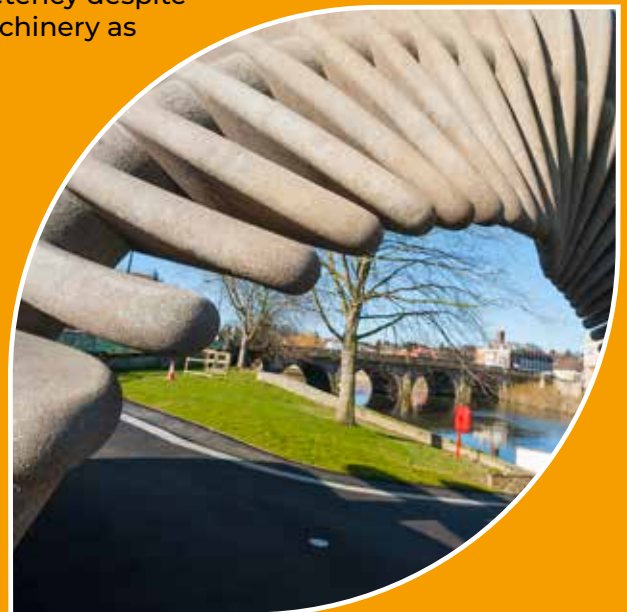
This survey is open to businesses from all sectors including public sector and the third sector. The survey is open to any size of business from micro's, who employ no staff, to the very largest businesses.

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 November 2022

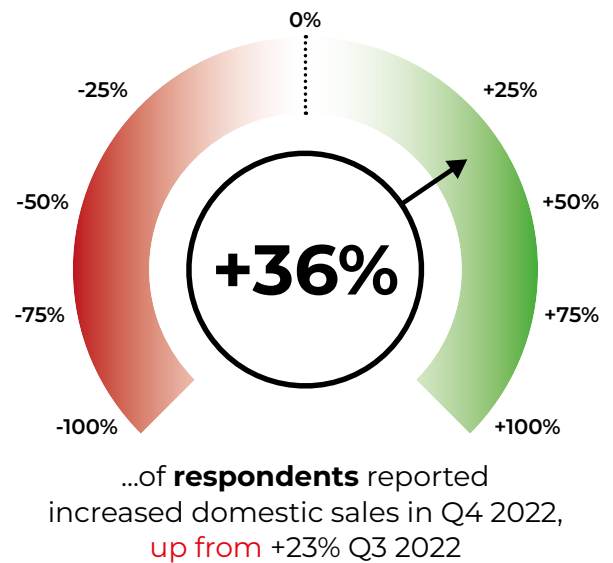
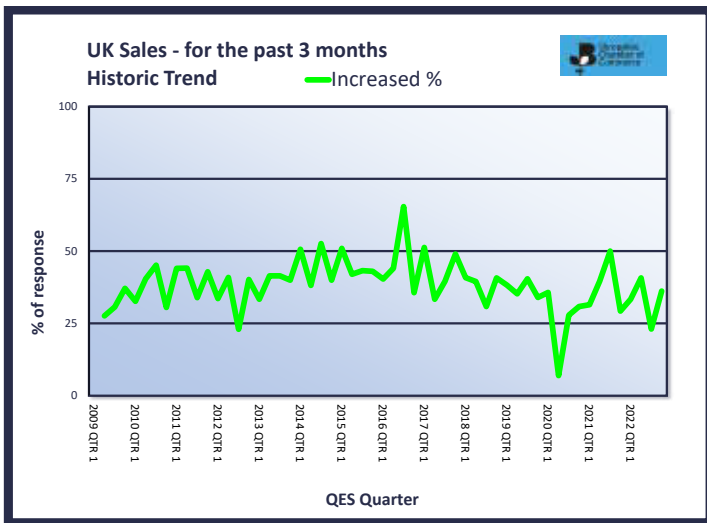


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

DOMESTIC (UK) SALES & ORDERS

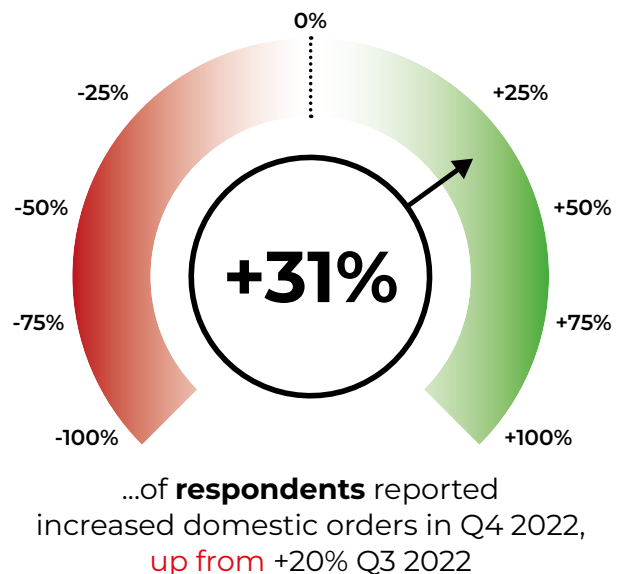
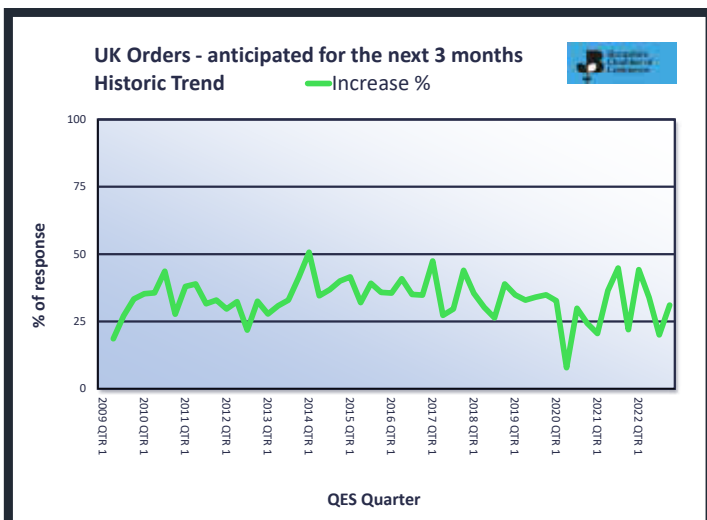
UK Sales Past:

- (UK Sales Comment) "People don't want to commit [to buy] because they are fearful of what 2023 has in store." *Marketing & Media Sector*
- (UK Sales Facts). Despite the current climate 36% of all those interviewed saw a rise in sales, up from 23% last quarter.



UK Sales Future:

- (UK Orders Comment) "We have grave concerns about the next six months." *Retail & Wholesale Sector*
- (UK Orders Facts) 42% do not expect to see any increase or decrease in their orders in the next three months.
- (UK Orders Comment) "We have been advised in advance from current clients that services required will be falling [due] to cost." *Professional Services Sector*



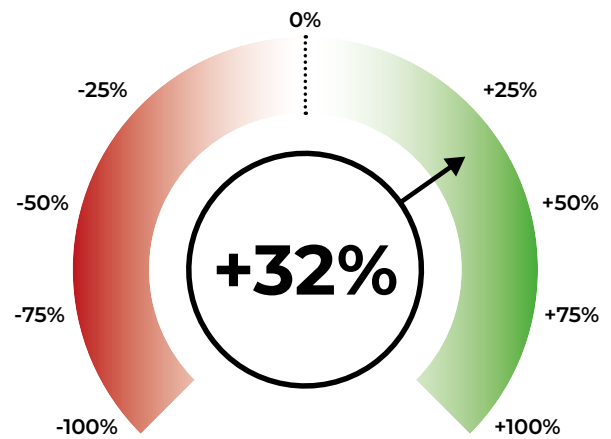
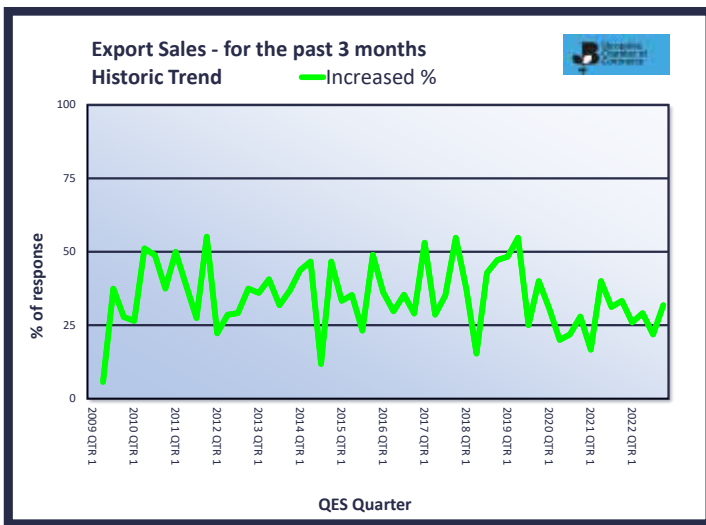
4. QES Q4 2022 RESULTS

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

EXPORT SALES & ORDERS

Export Sales Past:

- (Export Sales Comment) “The impact of container freight prices both importing and exporting have considerably impacted export sales. The increased costs of both have meant sales have reduced and new product development with customers postponed or shelved.” *Manufacturing Sector*
- (Export Sales Facts) 50% of those exporting saw decreased export sales.

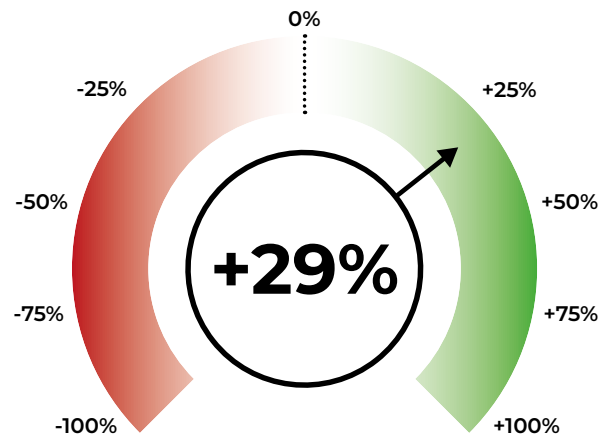


...of **respondents** reported increased export sales in Q4 2022, up from +22% Q3 2022

Export Sales Future:

- (Export Orders Comment) “Future orders decreased as Brexit barriers make EU business less attractive for both parties.” *Retail & Wholesale Sector*

(Export Orders Facts) 52% of those in the study who export felt that export orders would reduce in the next 3 months.



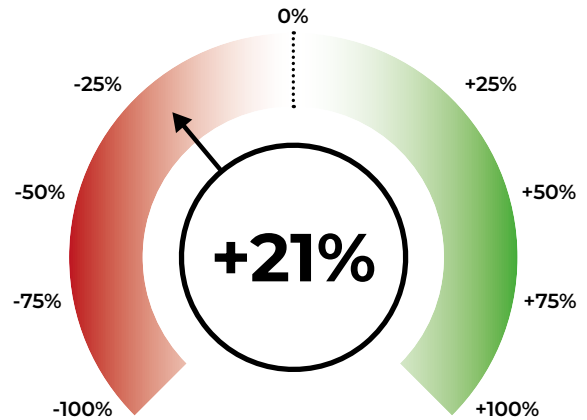
...of **respondents** reported increased export orders in Q4 2022, up from +19% Q3 2022

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

WORKFORCE PAST & FUTURE

Workforce Past:

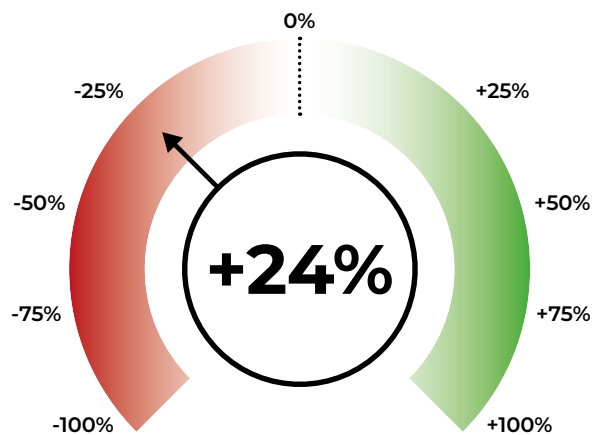
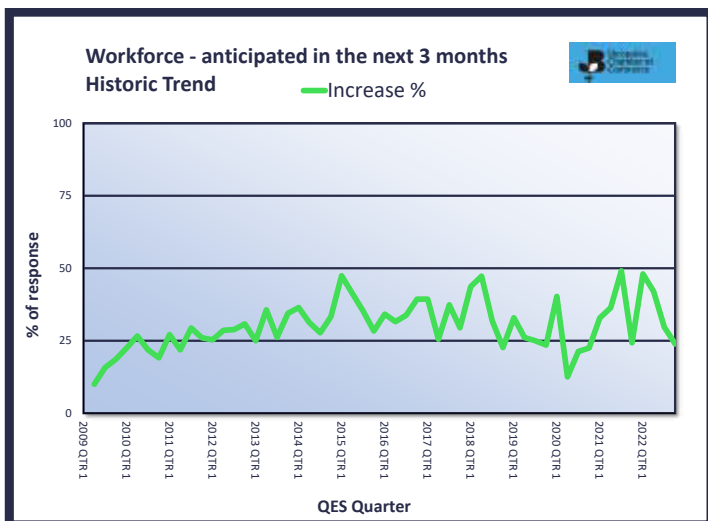
- (Workforce Current Comment) “Very difficult to recruit at this current time.” *Services Sector*
- (Workforce Current Facts) 66% of respondents had not seen any decrease or increase in their work force in the past 3 months.



...of **respondents** reported increased workforce numbers in Q4 2022, down from +31% Q3 2022

Workforce Future:

- (Workforce Future Comment) “What we understand to be the pending corporation tax increases mean that economies will have to be made unfortunately.” *Manufacturing Sector*
- (Workforce Future Comment) “Currently reviewing funding for 23/24 and expecting decreasing revenue and staff implications.” *Public & Voluntary Sectors*
- (Workforce Future Facts) Just 9% feel they will shed staff in the next quarter, well down from 30% in the first lock down.



...of **respondents** reported expected a workforce increase in Q4 2022, down from +30% Q3 2022

6. QES Q4 2022 RESULTS

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

SKILLS & RECRUITMENT

Companies Recruiting:

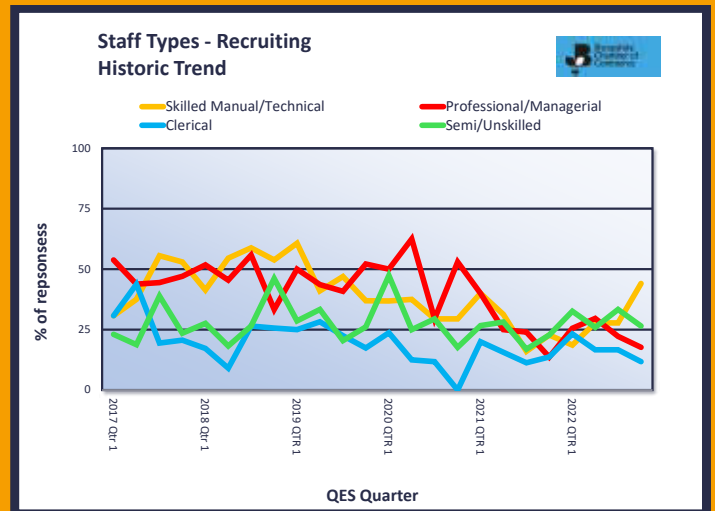
- (Recruiting Facts) Recruitment difficulties are still a major issue. Many employers saying they cannot compete with city wages, attract to rural area jobs due to transport costs or lack of transport. Applicants have qualifications but not the competency to match those qualifications. No sector seems unaffected.

- (Recruiting Comment) "Struggled to recruit for all levels." *Manufacturing Sector*

Staff Types:

- (Recruiting – Staff Types Comment) "Lack of responses to our adverts and CV's received with no experience at all." *Service Sector*

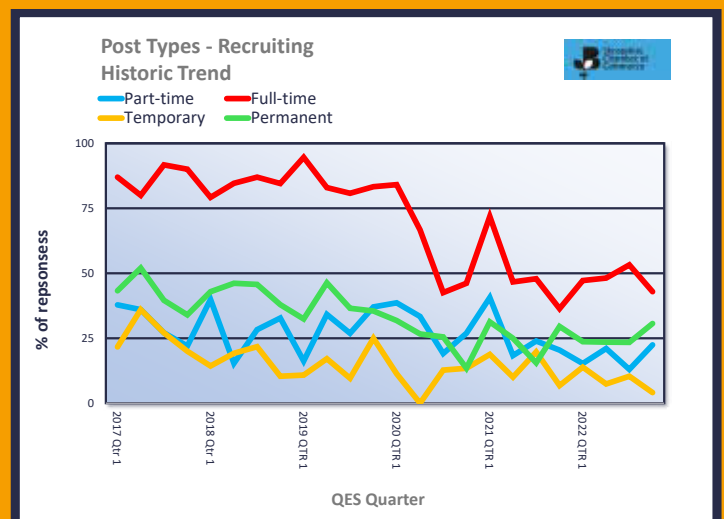
- (Recruiting – Staff Types Comment) "Some have even accepted job offers then have not turned up for work." *Manufacturing Sector*



Post Types:

- (Recruiting - Post Types Comment) "We are situated in a rural location. The lack of public transport makes recruiting staff difficult." *Manufacturing Sector*

- (Recruiting - Post Types Facts) The greatest number of positions being offered, by the respondents who employ, were for full-time roles at 43%. Unskilled positions were 26% of those on offer, but the greatest demand was for skilled manual/technical at 44%.

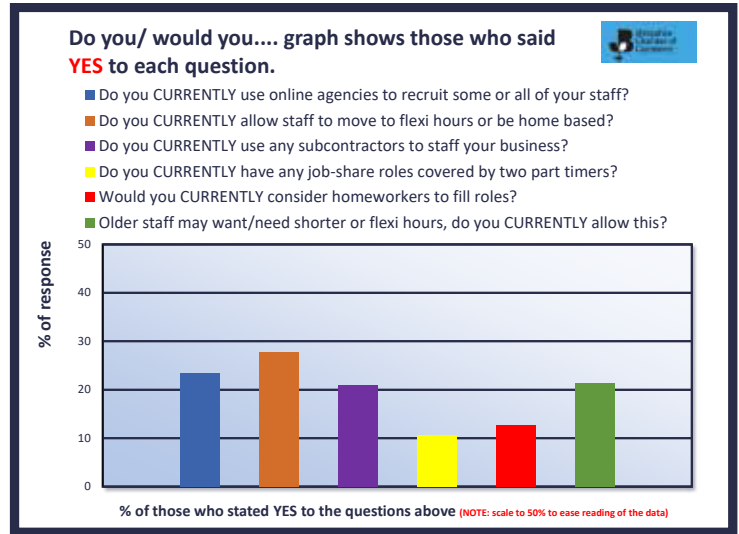
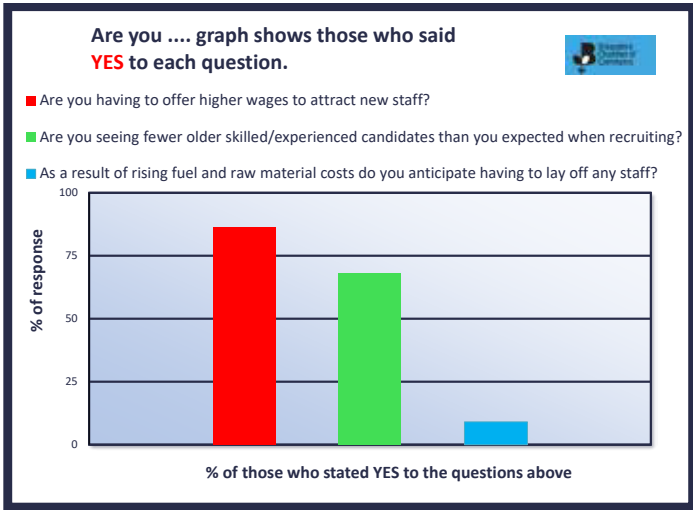


SHROPSHIRE QUARTERLY ECONOMIC UPDATE

SKILLS & RECRUITMENT CONTINUED

Recruiting:

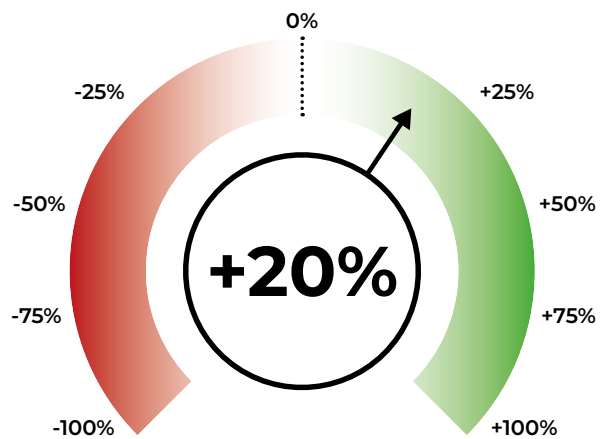
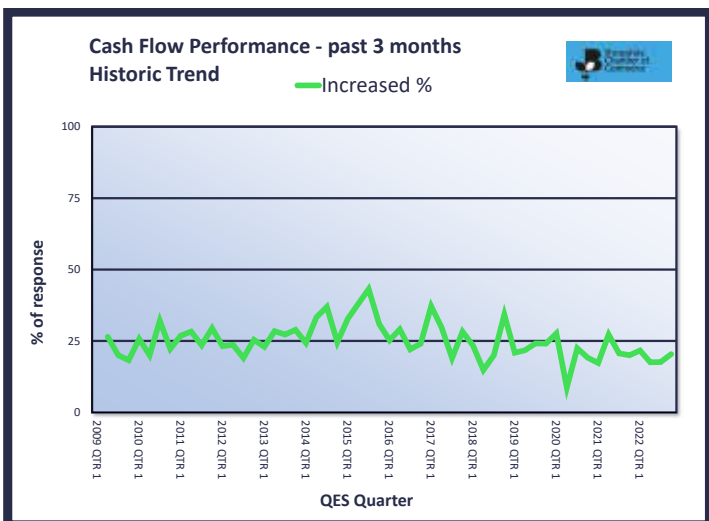
• (Recruitment Comment) “Available applicants have been unsuccessful, due to poor standard of work and technical ability.” *Manufacturing Sector*



CASH FLOW

Cash Flow:

• (Cash Flow Facts) Very slight improvement on cash flow this quarter as 20% said it has improved, whereas last quarter it was 18%.



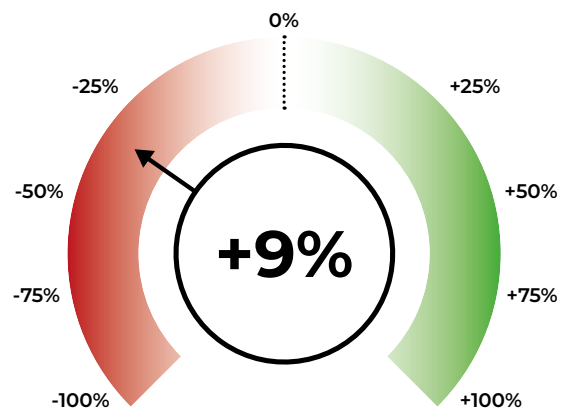
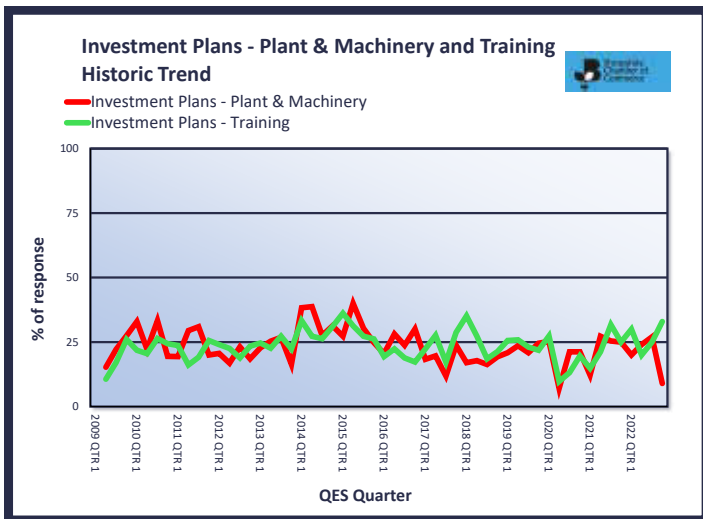
...of respondents reported a cash flow increase in Q4 2022, up from +18% Q3 2022

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

INVESTMENT

Investment - Plant & Machinery:

• (Investment in Plant & Machinery Comment) “We are investing in capital equipment as staff are essentially impossible to recruit and we need automated equipment to fill the gap. However, in the current climate with demand levels at best static, future investments are now doubtful.” *Manufacturing Sector*

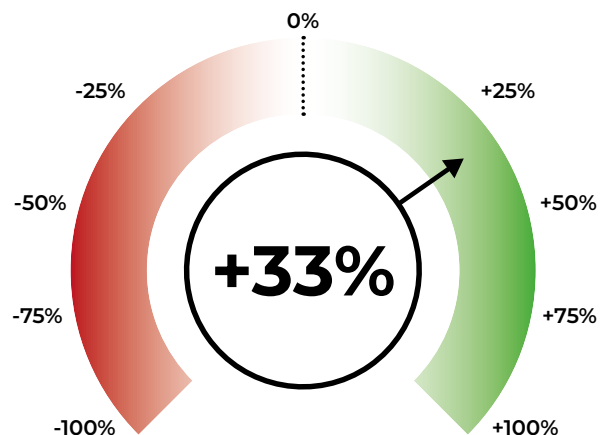


...of **respondents** reported an increase in plant & machinery investment in Q4 2022, **down from** +27% Q3 2022

Investment - Training :

• (Investment in Training Facts) This quarter saw quite a jump in those planning to increase investment in training, possibly driven by skills shortages, rising to 33% of respondents, up from 25% last quarter increasing investment.

• (Investment in Training Comment) “The key is to invest back into the business and motivate staff through training and career progression and ultimately money.” *Manufacturing Sector*



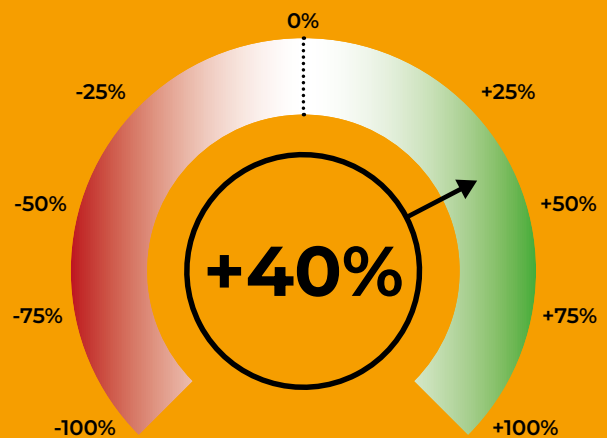
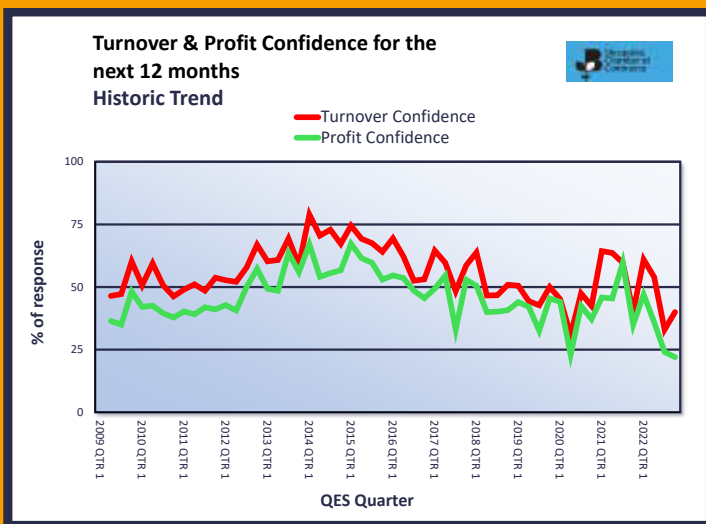
...of **respondents** reported an increase in training investment in Q4 2022, **up from** +25% Q3 2022

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

BUSINESS CONFIDENCE

Confidence - Turnover:

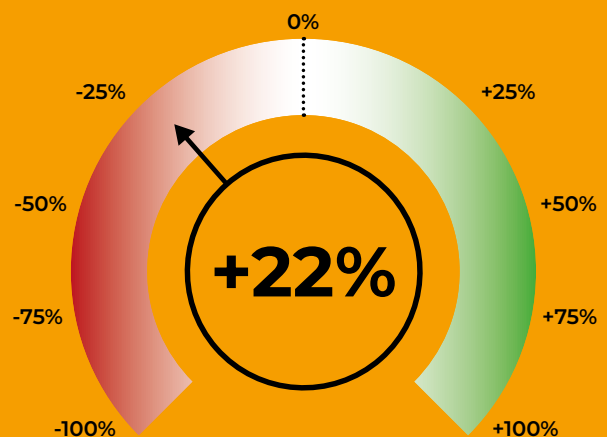
- (Turnover Confidence Facts) A slight improvement in turnover confidence saw 40% having a positive view.
- (Turnover Confidence Comment) “Increased operating costs against stable turnover will lead to lower profitability.” *Wholesale & Retail Sector*



...of **respondents** reported an increase in turnover confidence in Q4 2022, **up from** +33% Q3 2022

Confidence - Profitability:

- (Profitability Confidence Comment) “Our pricing is such that increasing ours to maintain GP £/% would result in us losing projects/sales. We will have to absorb increases which lowers our profitability reducing our potential investment strategies.” *Manufacturing Sector*
- (Profitability Confidence Comment) “Gas & Electricity 283% increase, minimum wage 9.7% increase not including continued increases in food, beverage items having a major impact.” *Hospitality & Tourism Sector*



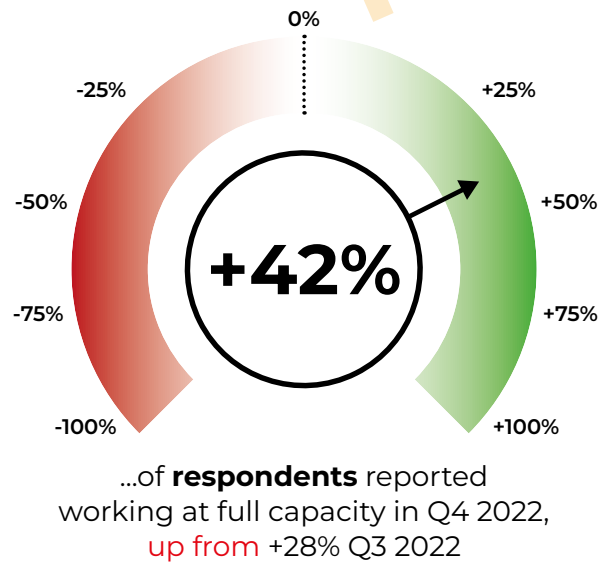
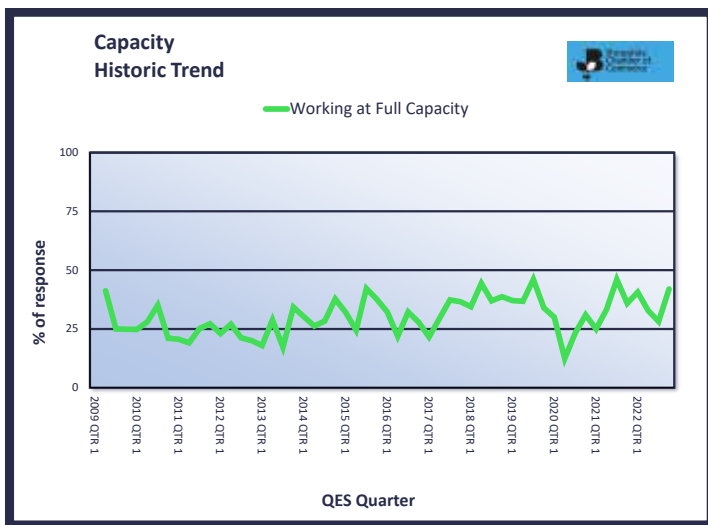
...of **respondents** reported an increase in profitability confidence in Q4 2022, **down from** +24% Q3 2022

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

CAPACITY & PRICE vs COST

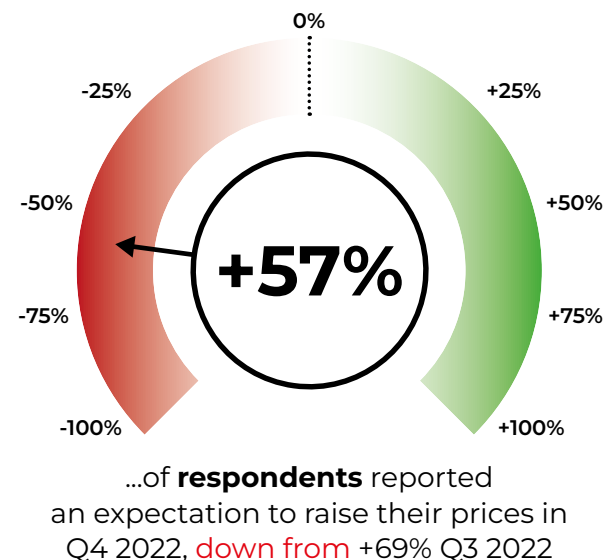
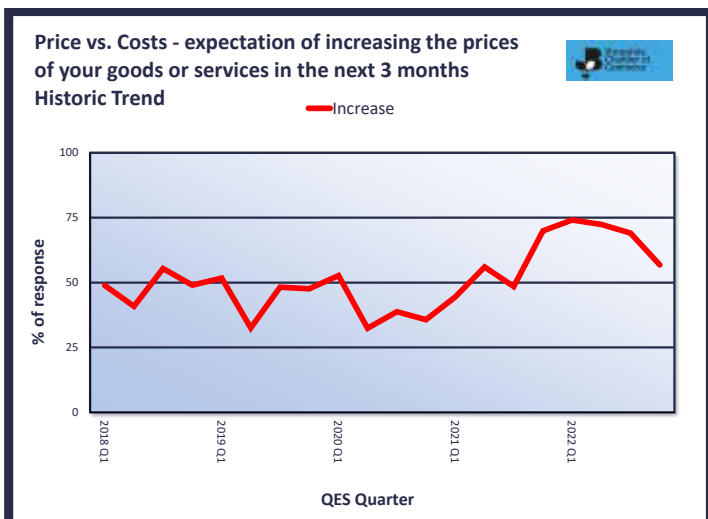
Capacity:

- (Capacity Comment) “We can increase the number of shifts to increase capacity but that is dependent on recruitment.” *Manufacturing Sector*
- “We’ve recently invested in a new manufacturing facility to cover our growing demand.” *Manufacturing Sector*



Price vs. Cost:

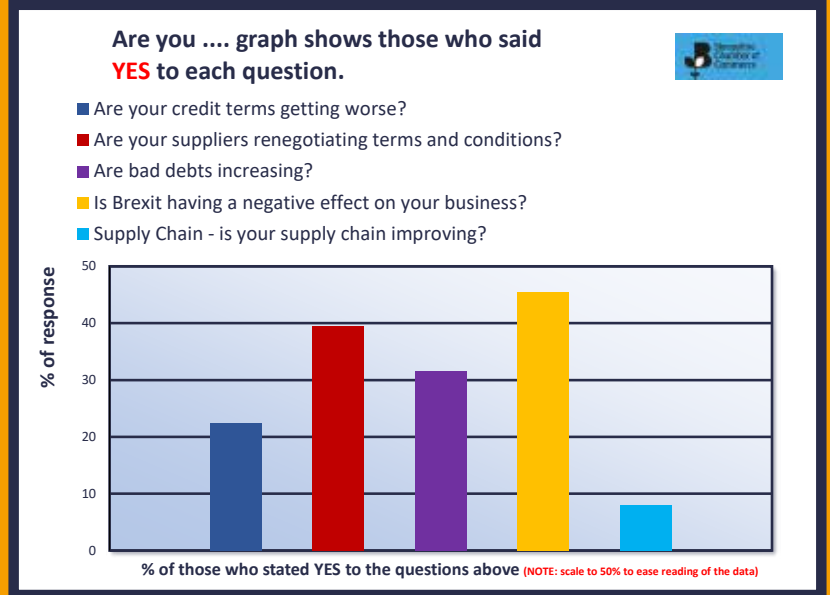
- (Prices vs. Cost Comment) “The cost of the main raw materials we use has come down in price and therefore while we have been passing on price increases this year, we may need to adjust some of our prices down to remain competitive.” *Manufacturing Sector*
- (Prices vs. Cost Comment) “[Prices will increase] due to wages, raw materials and FX rate.” *Manufacturing Sector*



QUARTERLY ECONOMIC SURVEY

BUSINESS PRESSURES

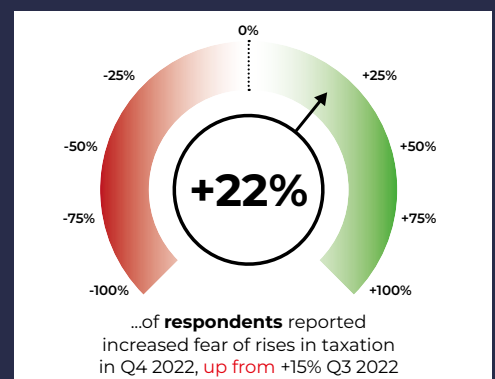
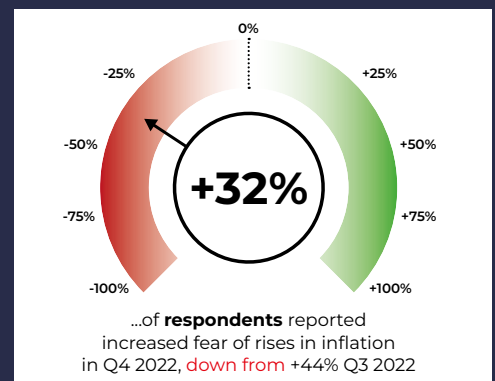
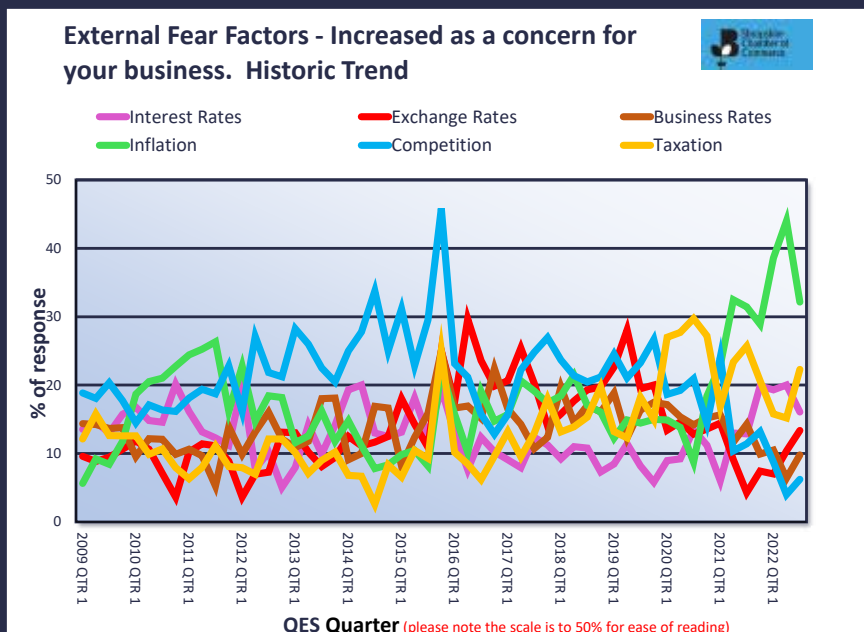
• (Pressures Comment) “Brexit has destroyed confidence, particularly amongst engineering clients. There have been myriad problems and ZERO benefits.”
Professional Services Sector



FEAR FACTORS

Fear Factors:

• (Fear Comment) “When corporation tax was to be reduced there seemed to be a reward for all the hard work to keep the business alive and people employed through covid and beyond, now with dividend tax to reduce and no increase in personal allowances it is completely demotivating.”
Professional Services



**WE
WANT
YOU!**



Do it for Shropshire!

**CONTACT policy@shropshire-chamber.co.uk TODAY
to have your name added to the Chamber survey invite list**

ABOUT THE QES

The Quarterly Economic Survey (QES) is the flagship economic survey from the British Chambers of Commerce. Shropshire Chamber is responsible for the collection of data, for the survey, in both Shropshire and Telford & Wrekin. The data gives Shropshire Chamber vital economic indicators, facts which are used to lobby, inform Chamber strategy as well as to support the local business community.

The national collated data, the largest and most highly respected survey of its type, is used to inform and lobby Government departments, assist the Bank of England, and inform a wide variety of other relevant bodies and economists. The survey happens four times per year.

EVERY SINGLE BUSINESS VOICE MATTERS. The greater the voice, the greater the influence we can have to support you and your business. All businesses from Shropshire / Telford & Wrekin welcome, Chamber member or not, sole trader to multinational. It is anonymous to ensure you can speak freely.



**If you would like to discuss partnering with us
for the next Quarterly Economic Survey,
please contact Ruth Ross on
r.ross@shropshire-chamber.co.uk**

shropshire-chamber.co.uk

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