

Fuel Cost Uncertainty Continues...

“
**STAFF
SHORTAGES**
*...holding
business back*

“
**INFLATION
WORRIES**
*...still looms
large*

“
**DOMESTIC
ORDERS**
*...expected to
pick up*

“
**BREXIT
WOES**
*...still creating
export barriers*

INFLATION & FUEL

Inflation driven by high fuel costs is damaging.

The large increases in fuel costs weighs heavy on every sector, keeping inflation firmly in focus.

The inflationary fall out has crept into every corner of business. Wage rise demands continue, as staff struggle with rising prices of food and fuel.

Business mortgages have become more expensive along with borrowing. Loans are having to be repaid when cash flow is weakened by cost rises. Raw materials, transport and services have all had to increase prices to meet their commitments and this passes on to businesses further up the chain.

“When will the inflationary pressures ease?”

This is a common question, and though prices will remain high, inflation will start to fall quickly this year according to the **Bank of England February 2023 Monetary Policy Report**, which will come as good news to businesses large and small.



We want to hear your views...

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.

DOMESTIC (UK) SALES INCREASES

UK Sales Past:

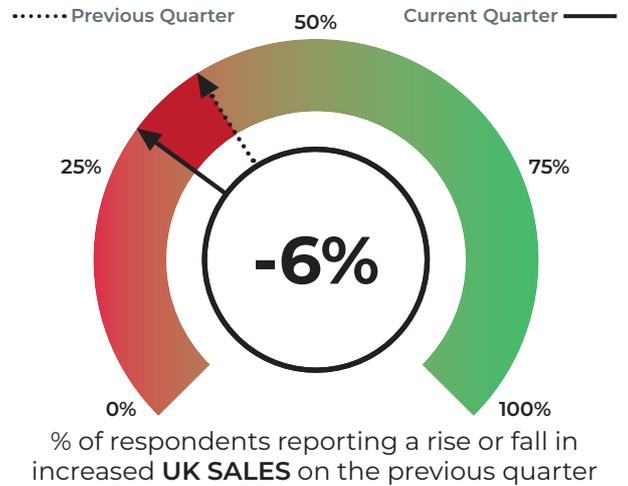
“The increase in sales is due to playing catch up after Covid and is not as much as we need.”

Agri/Energy Sector

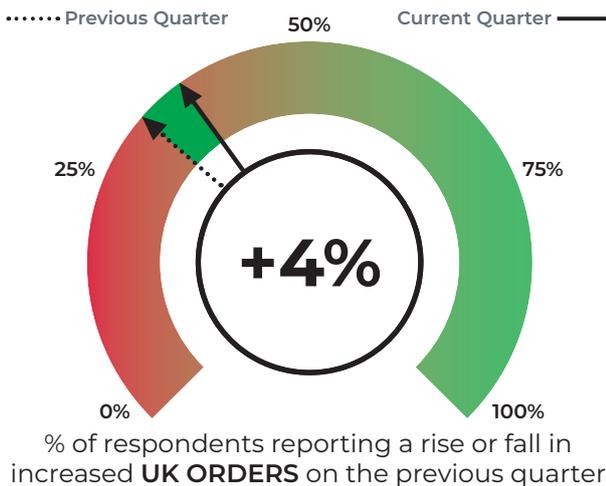
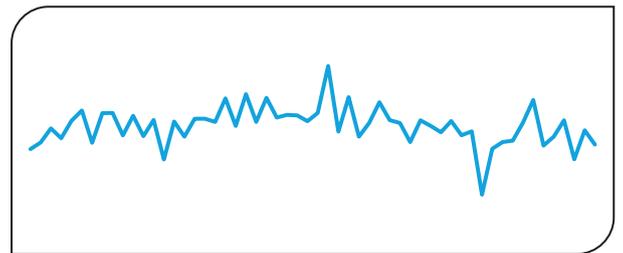
“Strong forward order book despite the pessimistic economic outlook. Suspect this partially as a result of pent-up Covid demand.”

Construction/Engineering Sector

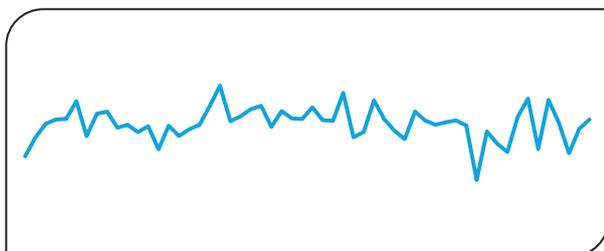
Sales increases are still subdued. Those seeing increased UK sales was 30%, down from Q1 2022 which was 33%.



2009 UK Sales Past 2023



2009 UK Sales Future 2023



UK Sales Future:

“Demand for our services & products remain steady.”

Consumer Services Sector

Despite inflation and other pressures businesses expect sales increases to rise in the next 3 months.

The 35% who expect a rise in UK orders is the highest figure in the last 4 quarters.

EXPORT SALES INCREASES

Export Sales Past:

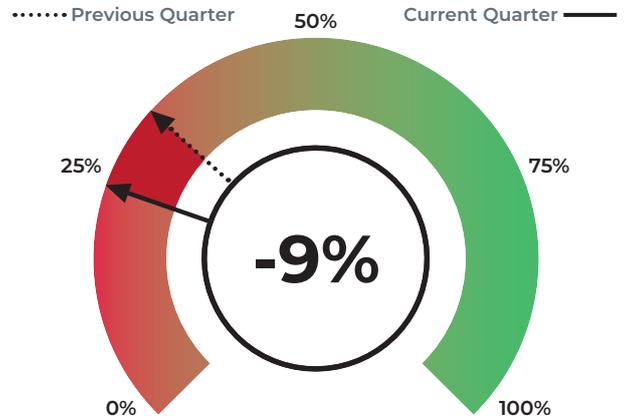
"I do not export at all now due to post Brexit red tape."

Marketing/Media Sector

"Because of the paperwork, delays and import taxes many of our European customers are not buying from us anymore, enquiries are right down."

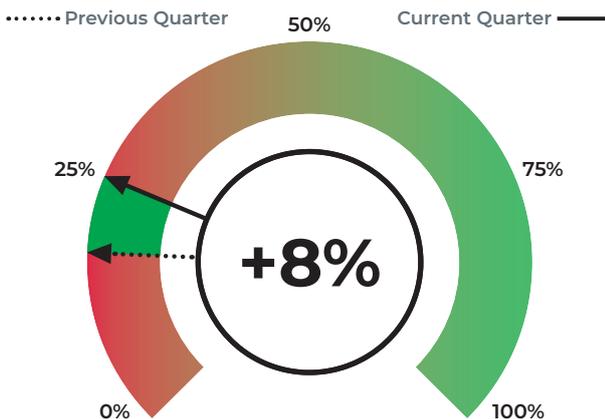
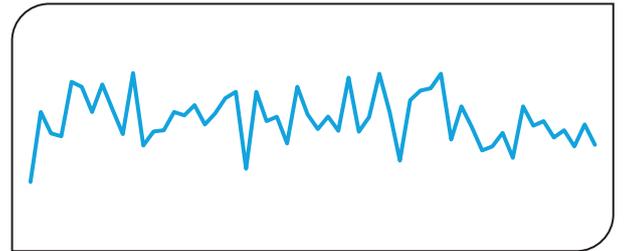
Manufacturing Sector

Those expecting increased export sales fell away by 9% from the previous quarter.



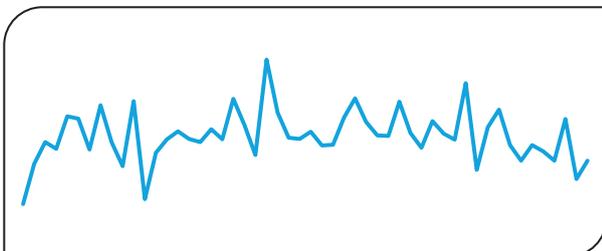
% of respondents reporting a rise or fall in increased **EXPORT SALES** on the previous quarter

2009 Export Sales Past 2023



% of respondents reporting a rise or fall in increased **EXPORT ORDERS** on the previous quarter

2009 Export Sales Future 2023



Export Sales Future:

Though the expected sale increases are low there is a marked pick up this quarter.

"Our exports, while never large, have dropped following Brexit, we now have one customer in the States who is 95% of exports by volume."

Retail/Wholesale Sector

"It's much more difficult to deal with the EU now."

Retail/Wholesale Sector

WORKFORCE PAST & FUTURE

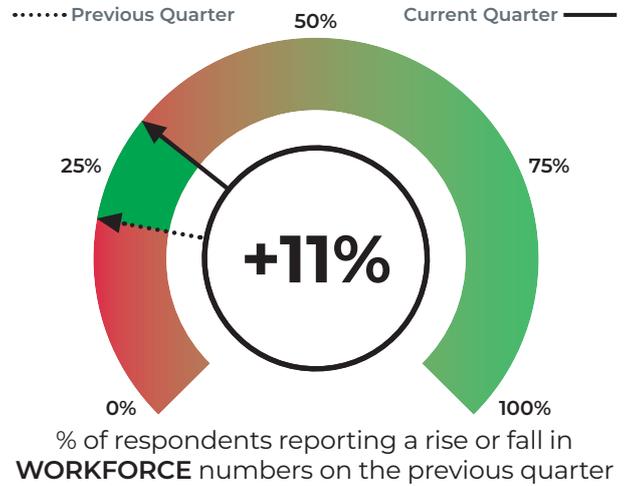
INCREASES

Workforce Past:

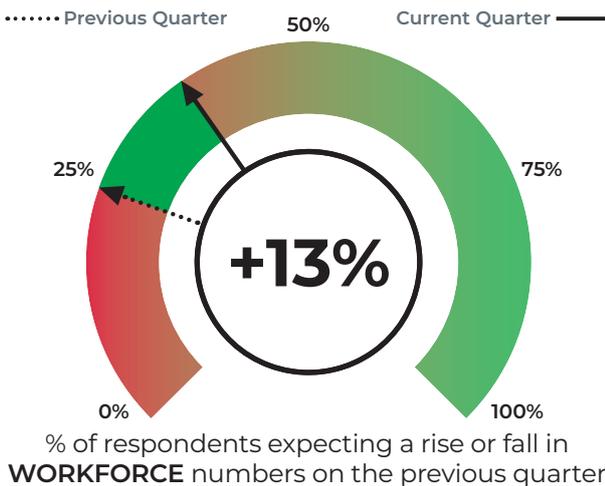
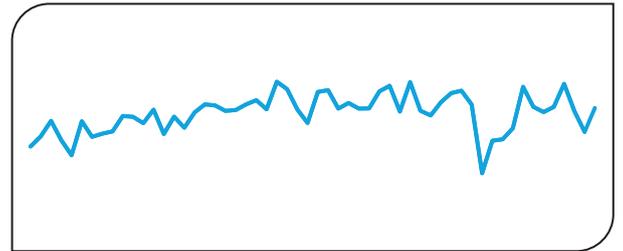
“Difficult to employ anyone although we pay well and look after our staff.”
Manufacturing Sector

“Our workforce has remained constant. We would like to take on another employee but the cost of our energy has increased too much to be able to afford to.”
Manufacturing Sector

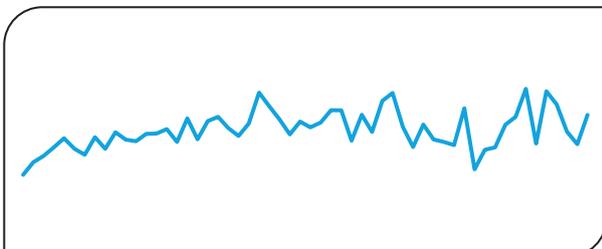
Recruitment issues still dominate workforce woes.



2009 **Workforce Past** 2023



2009 **Workforce Future** 2023



Workforce Future:

“Cost of living crisis making it harder to retain staff at current wage. Impact of Brexit, inflation, etc.”
Other Services Sector

“Some of our staff are now on reduced time!”
Professional Services Sector

The workforce continues to be very transient, which is not supportive of business.

SKILLS & RECRUITMENT

“Experienced construction managers are still in very short supply. Regular site personnel becoming a little more readily available due to a slow down in the new housing market.”

Construction/Engineering Sector

Companies Recruiting:



“Hard to find reliable housekeeping and event staff willing to work, even above the minimum wage.”

Hospitality/Tourism Sector

Recruitment often brings staff who are qualified but still do not have the skills expected from their qualifications.



Staff Types:



Despite the drive to flexi working and part-time, the figures show that most vacancies are full-time.

“We get a lot with not enough experience for the role applied for.”

Construction/Engineering Sector

Post Types:



“A lack of work ethic and range of skills, is an issue.”

Professional Services Sector

“Very few applications, but those who have contacted us want ultimate flexibility without being prepared to make any commitment.”

Marketing/Media Sector

CASH FLOW INCREASES

Cash Flow:

"We are investing in automation equipment in order to reduce reliance on production staff but this has not helped with cash flow."

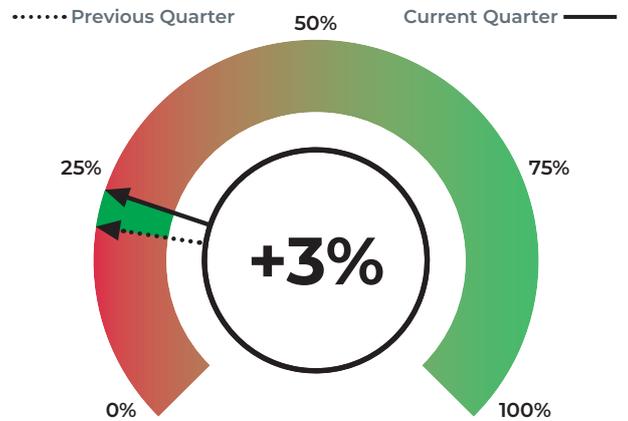
Manufacturing Sector

"Because 80% of our costs are wage related cutting staff can help cashflow."

Service Sector

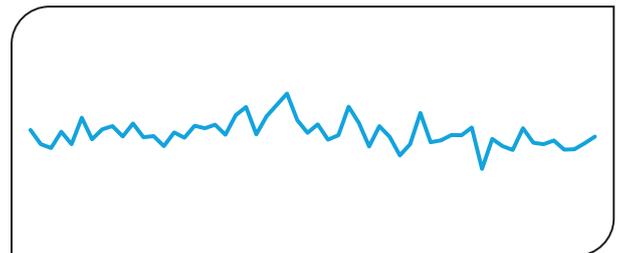
"Payment timings have slowed but we are aware of this and are changing our credit policy to protect cash flow."

Professional Services Sector

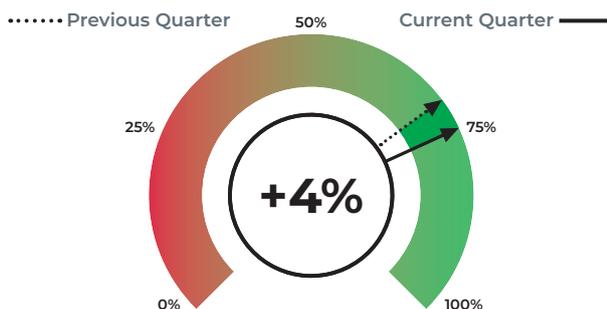


% of respondents reporting a rise or fall in increased **CASH FLOW** on the previous quarter

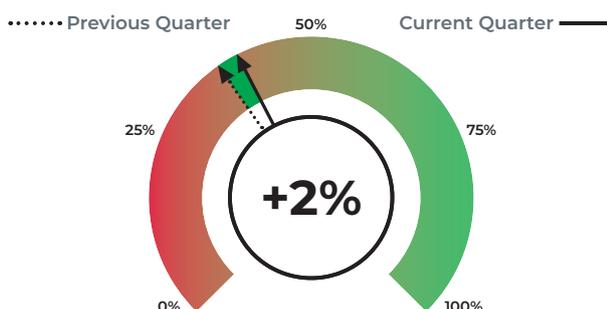
2009 Cash Flow 2023



FEAR FACTORS



% of respondents seeing **INFLATION** as a fear factor compared to last quarter



% of respondents seeing **INTEREST RATES** as a fear factor compared to last quarter

Fear Factors:

Hot on the heels of interest rate worries is taxation, with 32% saying they fear taxation will affect their business.

The old front runner, pre pandemic, was always competition, whereas now it resides in 2nd to bottom place as a fear.

70% see labour costs as a worry for their business.

INVESTMENT INCREASES

Plant & Machinery

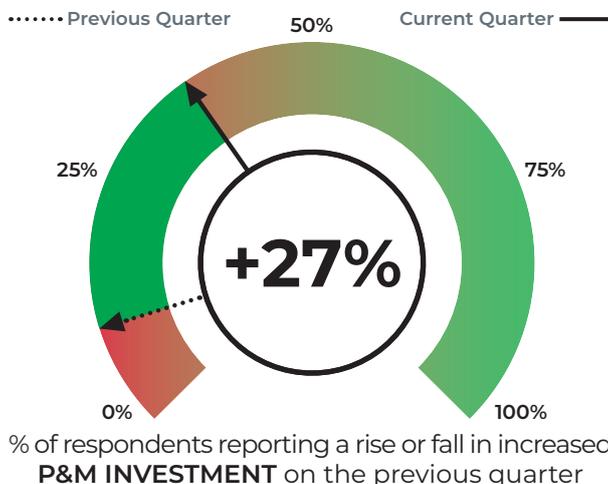
“Due to the lack of availability and reliability (and expense) of staff, the Company has been investing disproportionately in automation equipment in order to reduce reliance on production staff.”

Manufacturing Sector

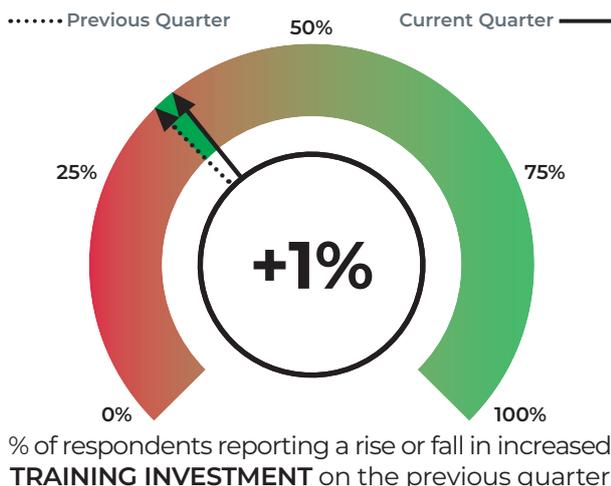
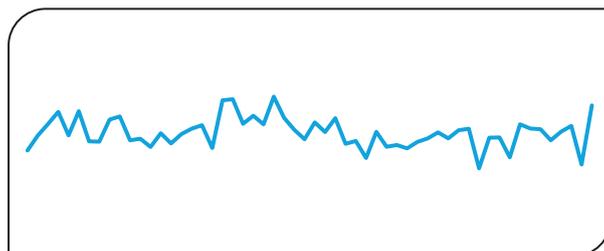
“At the moment we are not looking at buying any new equipment due to concerns about business rates which are due and rising energy costs.”

Consumer Service Sector

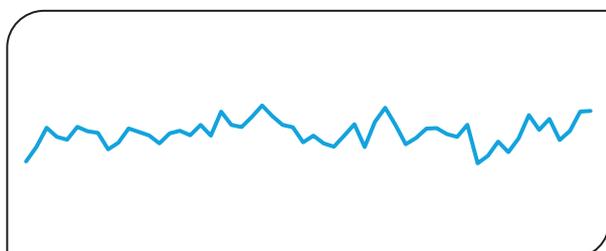
This quarter sees a marked rise in those saying that they intend to invest more, the best quarter since pre-pandemic.



2009 Plant & Machinery 2023



2009 Training 2023



Training

“Cash flow has remained constant only due to cut back measures which includes training.”

Consumer Service Sector

“We have increased our training as we see this as a long-term money saving solution.”

Professional Services Sector

Training spend increases inched up but only by 1% on last quarter. Employers are having to upskill current staff to manage staff shortages.

CONFIDENCE INCREASES

Turnover:

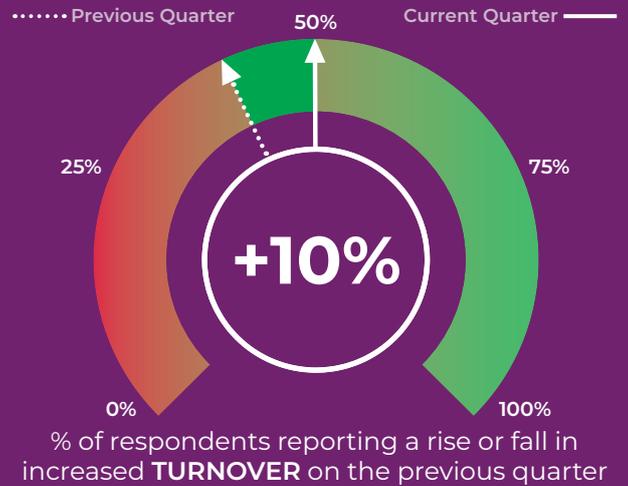
“Business Confidence - More cautious clients makes it difficult to predict future revenues.”

Hospitality/Tourism Sector

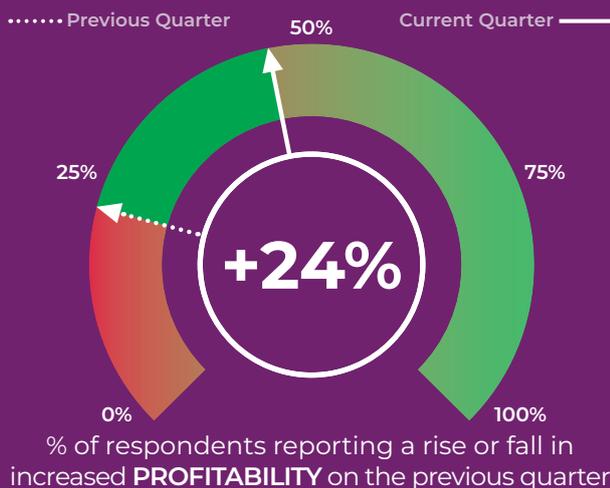
“Our B2C and B2B customers are all being cautious about spending.”

Manufacturing Sector

Turnover confidence got a boost this quarter after the fears of last winter quarters eased.



2009 Turnover 2023



2009 Profitability 2023



Profitability:

“Our turnover will remain the same, I am not expecting higher numbers of clients, however due to increased costs, our profitability can only go downwards.”

Professional Services Sector

“Due to the fact we are funding through Government and Council Tax our budgets remain pretty constant in terms of what is coming in. However, with rising costs across the board (cost of living, non-pay costs, pay costs) we are already reviewing our capital and revenue expenditure.”

Public Sector

CAPACITY | PRICE vs COST

Capacity:

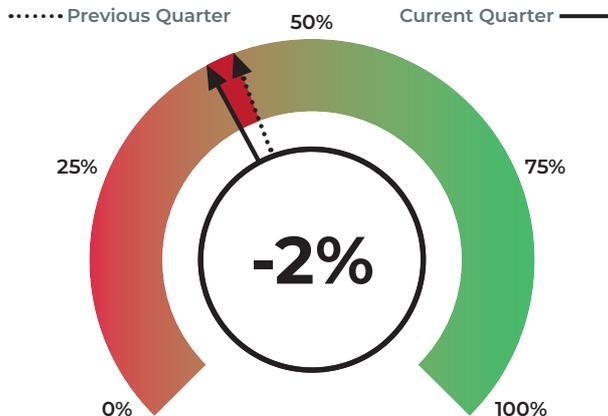
“Currently struggling to get orders out due to lack of staff.”

Manufacturing Sector

“We are currently expanding capacity.”

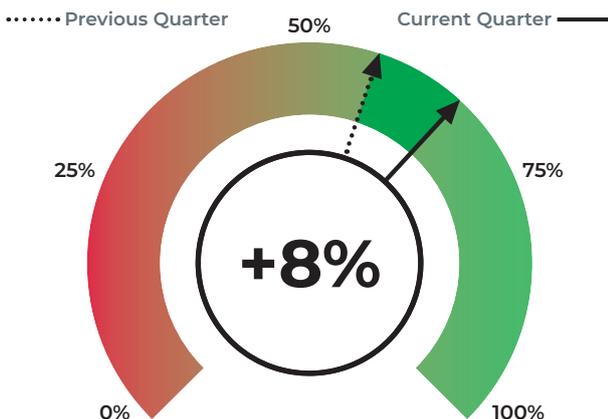
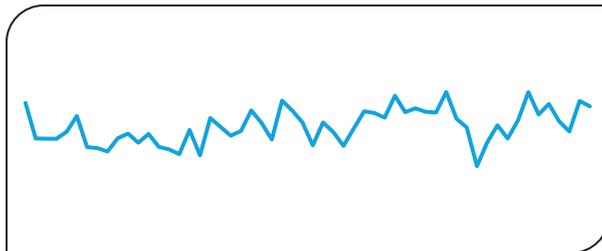
Consumer Services Sector

Those working at full capacity dipped very slightly but is still very much in the norm for capacity.



% of respondents reporting a rise or fall in **FULL CAPACITY WORKING** on the previous quarter

2009 Full Capacity 2023



% of respondents expecting to **INCREASE PRICES** compared to the previous quarter

Price vs Cost:

81% said that they are having to offer higher wages to attract staff!

“There was never going to be a good Brexit - a good Brexit was always unachievable. We rely on the hospitality industry for a lot of our trade customers - they are closing or reducing days open due to lack of staff (all gone home because of Brexit) and unreliable supplier issues (no longer in the Single Market and Customs Union). Our EU customers have vanished due to high or unexpected import duties.”

Manufacturing Sector



ADDITIONAL QUESTIONS

Business Pressures

1

Are you having to offer higher wages to attract new staff?

2

As a result of higher cost do you anticipate having to lay off any staff?

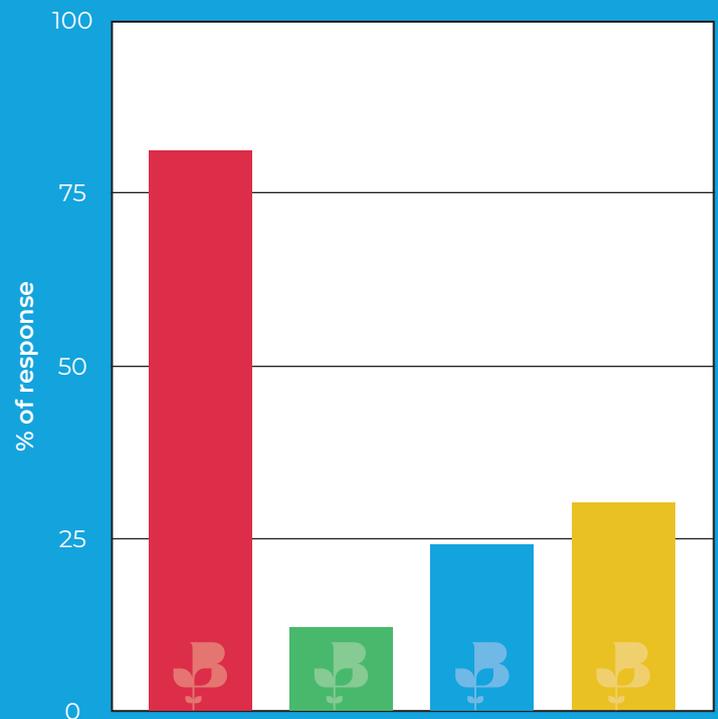
3

Are your credit terms getting worse?

4

Are bad debts increasing?

Graph shows the % of those who said YES to each question



Comments:

"With the rising cost of living we have found more returning to work which is creating a continuous flow of applicants."

Transport/Logistics Sector

"Whilst increased, we struggle to recruit staff of the calibre we are requiring. Countless fail to turn up for interview. Recruitment platforms are expensive for little benefit."

Services Sector

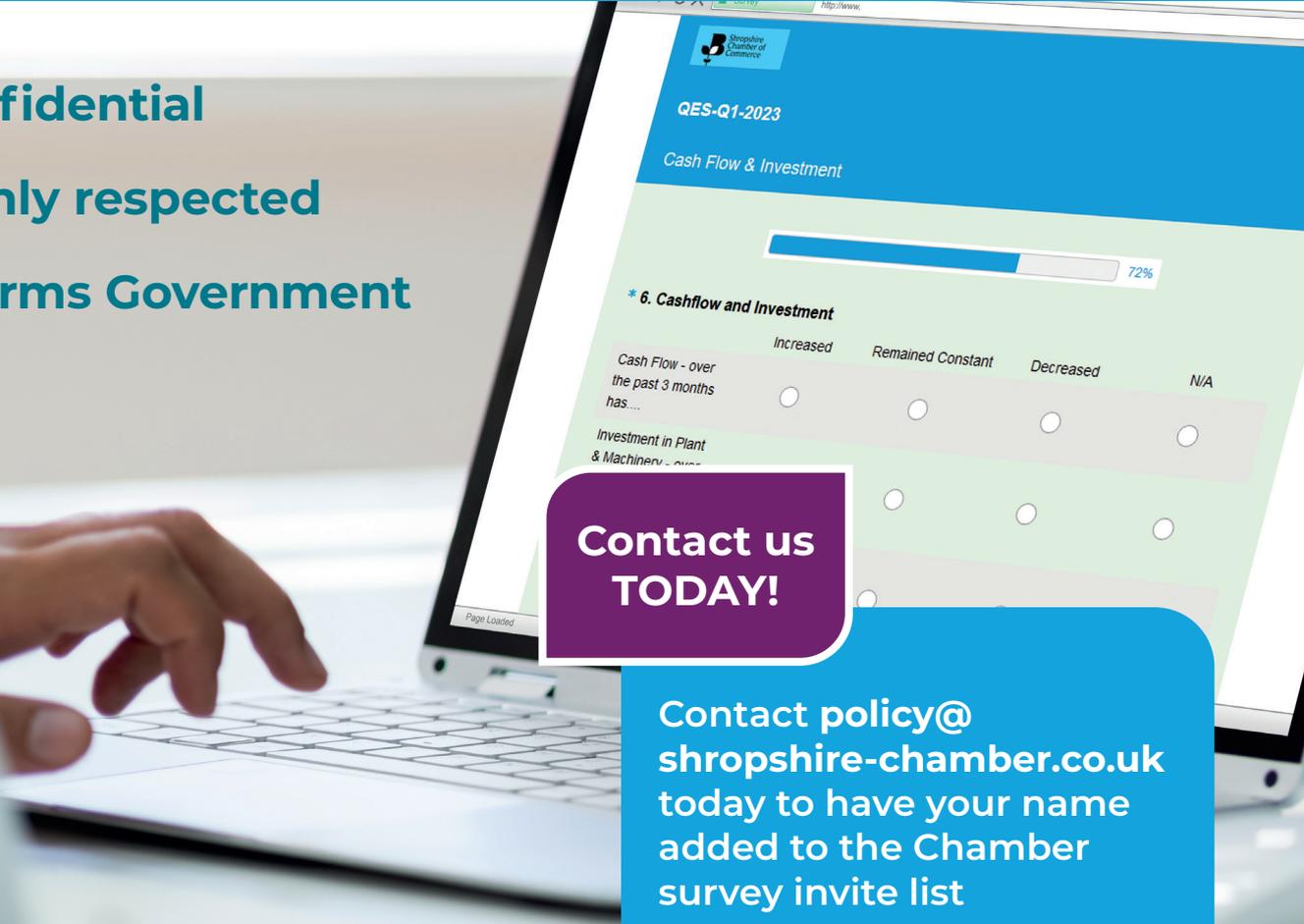
"Time management, communication skills and motivation are what many candidates lack!"

Services Sector

your voice MATTERS!

The greater the voice, the greater the influence we can have to support you

- ✓ Confidential
- ✓ Highly respected
- ✓ Informs Government



Contact us
TODAY!

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 are 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

