



Shropshire
Chamber of
Commerce



QUARTER **FOUR** RESULTS 2021

SHROPSHIRE CHAMBER

Q4

QUARTERLY
ECONOMIC
SURVEY RESULTS

2. QES Q4 RESULTS

QUARTERLY ECONOMIC SURVEY

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 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.



SHROPSHIRE QUARTERLY ECONOMIC UPDATE

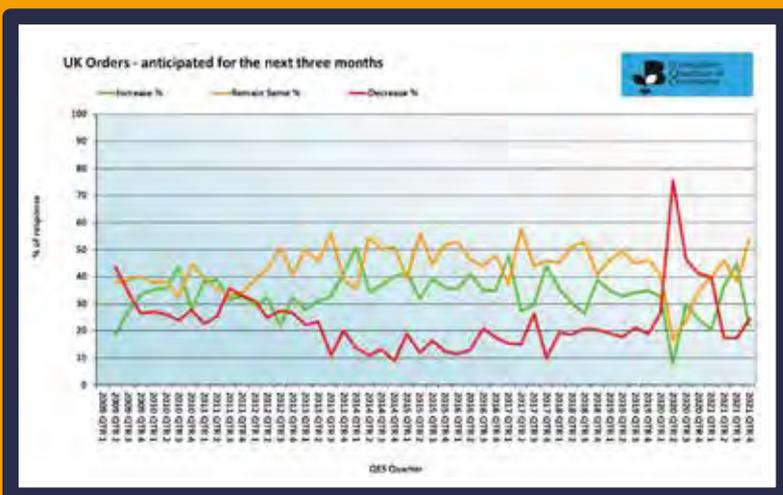
UNCERTAINTY AND RISING PRICE PRESSURES STAND OUT, COUPLED WITH SUPPLY CHAIN DIFFICULTIES.

After the buoyancy of the past two quarters, this quarter is rather subdued as inflation creeps in and settlement takes place. High energy costs, material shortages and price hikes, coupled with a rise in Covid in mainland Europe have dampened expectations and plans.

UK SALES & ORDERS



- Sales past - Sales stabilised with 44% seeing no change in sales levels.
- (Manufacturing) – “We have had a solid quarter and have won several new customers.”
- Sales improvements levels are back to those of Quarters 3 & 4 2020.



- Sales future - Over 50% expect that sales will remain at the same level.
- The expectation of improved sales has dropped back to 22% from 45% the previous quarter.
- The decline in the expectation of improved sales mirrors the results in Quarter 1 2021, except that then 40% felt that sales would drop, whereas this quarter only 24%.

4. QES Q4 RESULTS

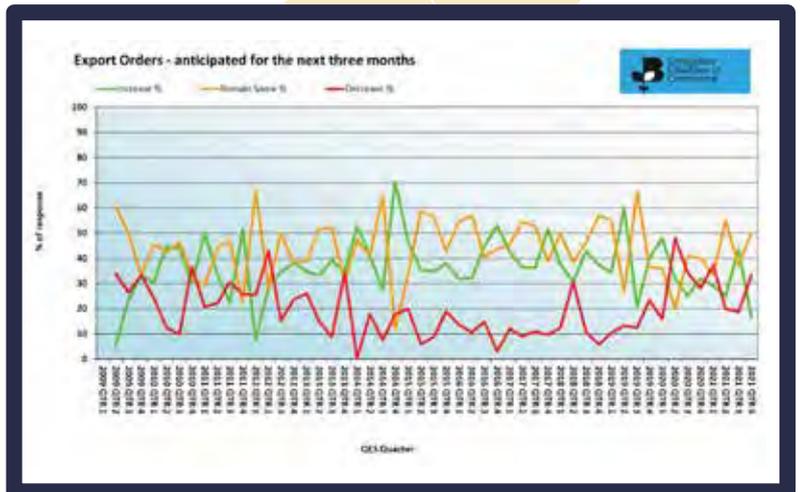
SHROPSHIRE QUARTERLY ECONOMIC UPDATE

EXPORTS

- Export past - Very little change, Brexit & supply chain issues have dampened sales.
- (Manufacturing) – “Due to difficulties in vehicle supply due to the semiconductor issue our turnover is down.”
- Exports decline numbers have levelled off for the past 3 Quarters, a great improvement on the 1st Quarter of 2021.



- Export future - 50% are not expecting any change to levels of export and 33% a drop in sales.
- (Service Sector) – “We used to supply material to Ireland and other destinations abroad but since Brexit we have now given up the export side of our business.”
- Exports forward orders remains fairly volatile, stifled by Brexit, Covid and transport issues.



STAFFING SNAPSHOT

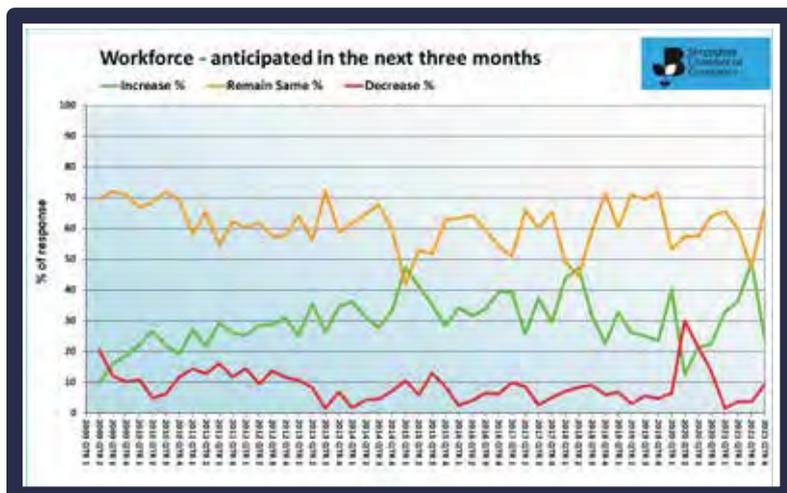
ON STAFF - 91% stated they would not make any redundancies due to rising costs. Outsourcing and non replacement of staff were stated as the preferred method to counteract the rising price pressures

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

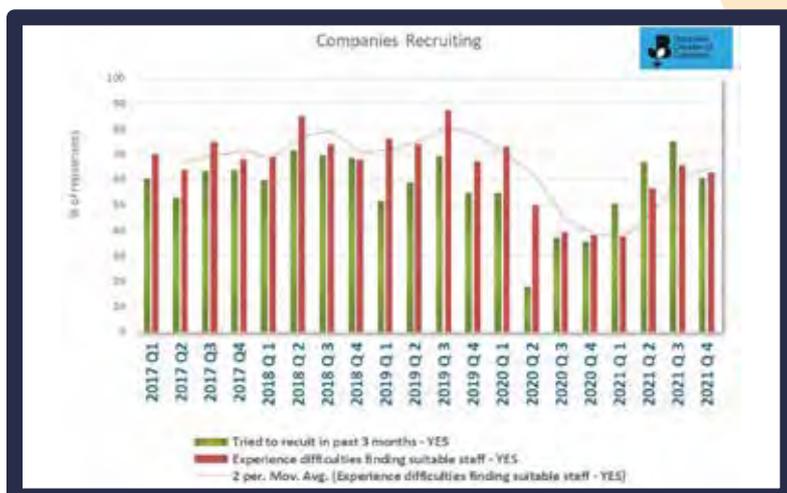
STAFF, SKILLS & RECRUITMENT



- Staff past - As things levelled out, we saw a fall in staff numbers, but unemployment is low.
- Numbers settled as some business did not survive Covid, others lost staff and either decided not to replace, struggled to replace, or now embrace outsourcing.
- Home working allowed staff in the service sectors, especially legal and accountancy, to move to higher paid jobs in with city firms, attracted by the fact these employers will allow them to work from home permanently.



- Staff future – 67% see no change to their work force numbers.
- Accrued holidays have been an issue for some employers, compounded by Furlough, especially affecting the hospitality industry.
- Those expecting to reduce their workforce has remained very low throughout 2021.



- After we came out of the major lockdowns, recruitment rose dramatically as business re-opened.
- During the first three quarters of 2021 recruiting outstripped the difficulties employers faced finding the right candidate, this quarter we see the issue start to overtake once again.
- Most common skills shortage complaints are for technical skills. However, new staff, including graduates, not having the right attitude to work or far less knowledge than would be expected from their qualifications is a major factor. These complaints cover all sectors.

- Outsourcing / freelancers / subcontracting outside IR35 is becoming more common, allowing companies to acquire the skills and the loyalty they require without the employment issues.
- Larger companies are starting to look to draw older staff back, full-time, part-time or job share as they have the skills, employment discipline and knowledge. However, the current recruitment methods often bar these skilled workers from being considered.

6. QES Q4 RESULTS

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

WHAT BARRIERS DO YOU FEEL STOP PEOPLE COMING TO WORK IN SHROPSHIRE?

Low wages
and cost of
travel as rural

Poor
transport
links/services

House
prices
vs
level of
wages

Location
not attractive
for younger
employees



People
never heard
of Shropshire

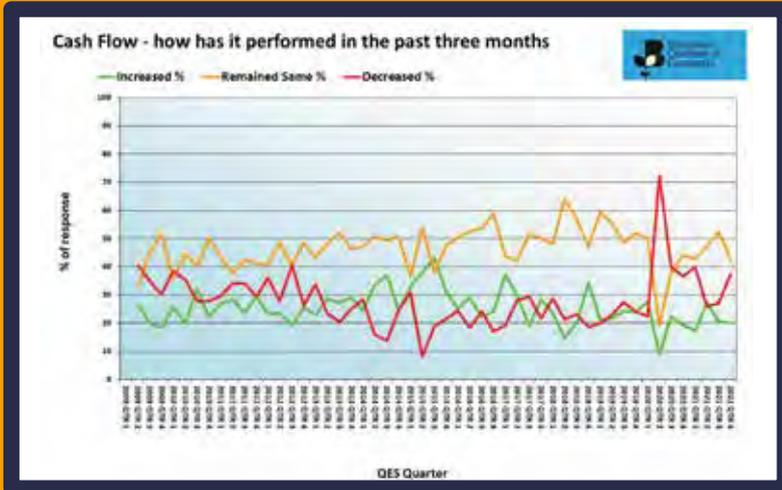
Lack
of opportunity
with bigger
companies



Extracted from the comments of those
who completed the survey

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

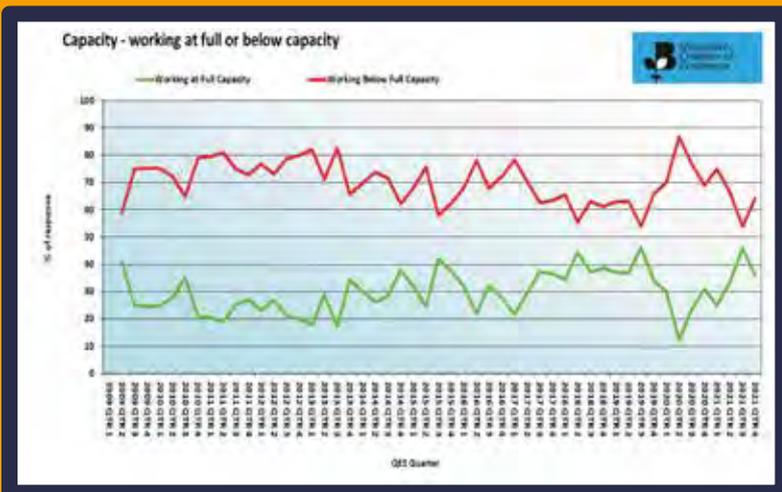
CASH and CAPACITY



- Cashflow – 38% saw a decline in their cashflow.

- Companies state that their cash flow is being effected by the fact they have to keep staff on to retain skills despite reduced orders during Covid, this will soon become unsustainable.

- Price increases that cannot be passed on to the customer are having a negative effect on cash flow right across the sectors.



- Capacity – this is now settling out to pre-pandemic levels.

- (Manufacturing) - “There is a current skills gap and this is causing production to run more slowly than optimum. Over the next six months, we will be addressing this with more equipment that takes the skill set out of some of the processes.”

- (Hospitality) – “Rooms were operating at full capacity but there is still further capacity available in the restaurant and bistro with additional staffing.”

STAFFING SNAPSHOT

ON STAFF - 70% of those recruiting stated that they were having to increase wages to attract staff to fill vacancies.

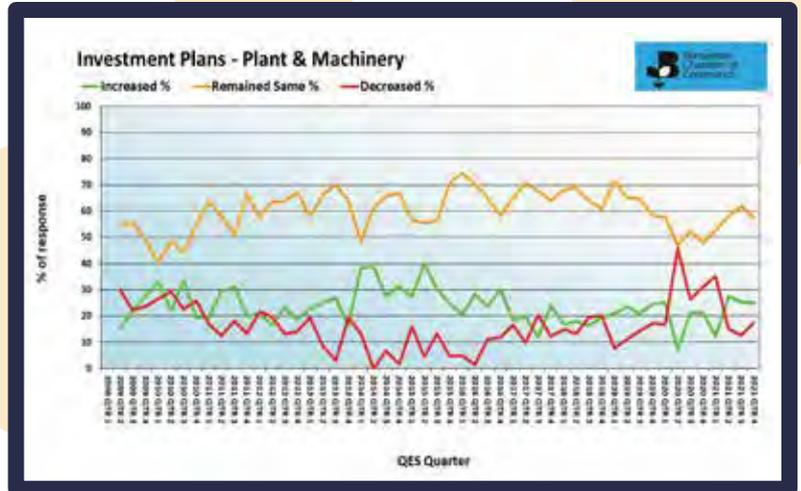
This was across all sectors

8. QES Q4 RESULTS

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

INVESTMENT

- Investment – Investment in plant & machinery levelled off with the majority stating that their plans remain static.
- (Manufacturing) -“ We are actively seeking ways to improve production and lower unit costs of production.”
- (Hospitality) – “We have been putting off purchases until we could be more sure footed about the future of the business.”

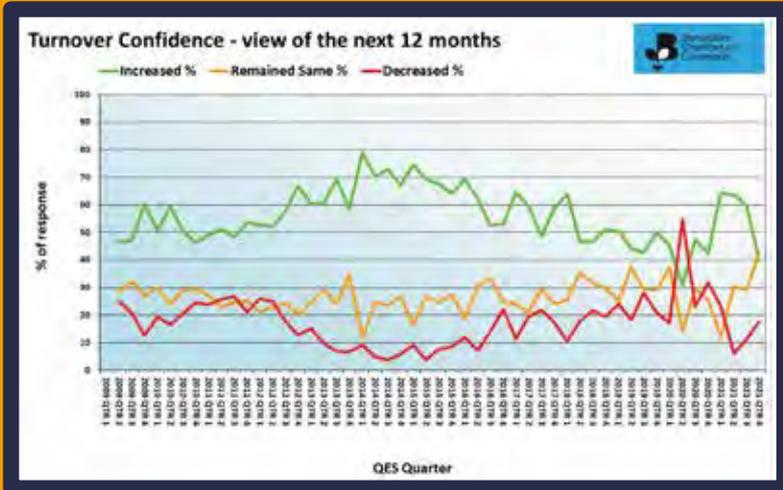


- Investment – Investment in Training levelled off with 60% stating that their plans remain static.
- (Manufacturing) -“ As well as looking for technical people to train further, we are also planning additional training for existing staff in order to improve efficiencies on the Administrative and Sales front”
- (Service Sector) – “At present all plans on hold”



SHROPSHIRE QUARTERLY ECONOMIC UPDATE

CONFIDENCE

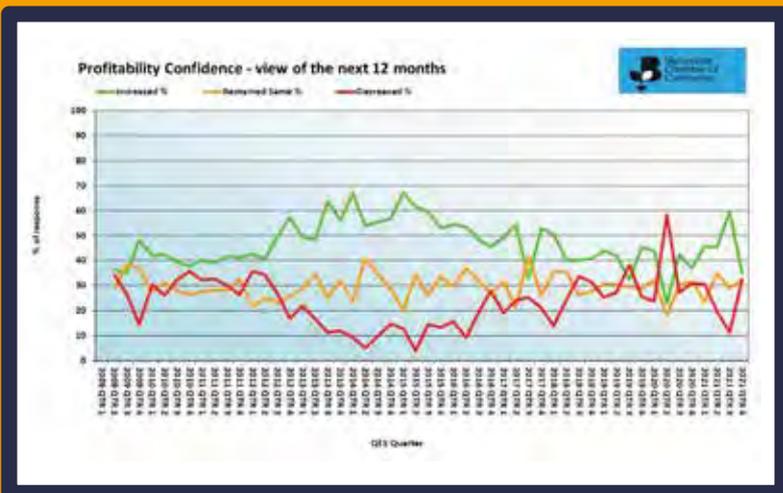


• Confidence – understandably with the perfect storm of Brexit, Covid and supply issues there is now a drop back in confidence from the adrenaline rush we saw in Quarters 2 and 3 of 2021, as we came out of various lockdowns and regulations and life appearing to return very much to normal. The onset of winter, the gloomy Covid news reports from Europe and the rising prices have driven down business confidence this quarter.

• (Service Sector) – “It will improve on the last 18 months but we won’t be where we were 36 months ago.”

• (Retailing) – “We have made a lot of investment in the business over the past 6 months, we have to see growth as a result of that!”

• (Manufacture) – “We have taken the opportunity during the past 18 months to work on our processes and we believe we will become a more profitable company once turnover increases to a normal level.”

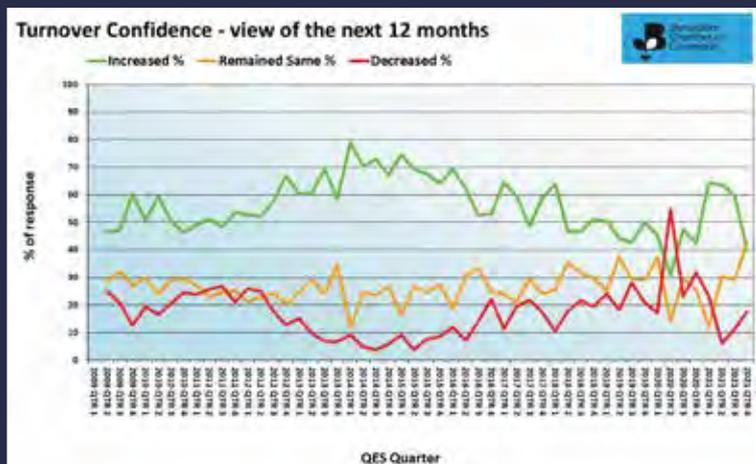


FEAR FACTORS

• Fears – the old fears of competition and exchange rates are heavily outweighed by inflation 50% and taxes 40% this quarter.

• (Manufacture) – “Inflation of raw material prices that we know are pending. Our competitors are sourcing product from overseas at lower cost and pending increases in Corporation Tax, National Insurance and freezing of Personal Allowances will not be helpful to businesses like ours.”

• (Service Sector) – “Taxation - IR35 - if contracts outside of IR35 cannot be sourced, the business will close and personnel will lose their jobs.”



• (Service Sector) – “Inflation could squash demand.”

• (Hospitality) – “We are a business that relies on people having discretionary income [to spend].”

10. QES Q4 RESULTS

SHROPSHIRE QUARTERLY ECONOMIC UPDATE

BUSINESS PRESSURES

- Pressures – raw materials and fuel are adding to the pressures felt by businesses along with the need to raise wages to attract the right staff or keep current staff.

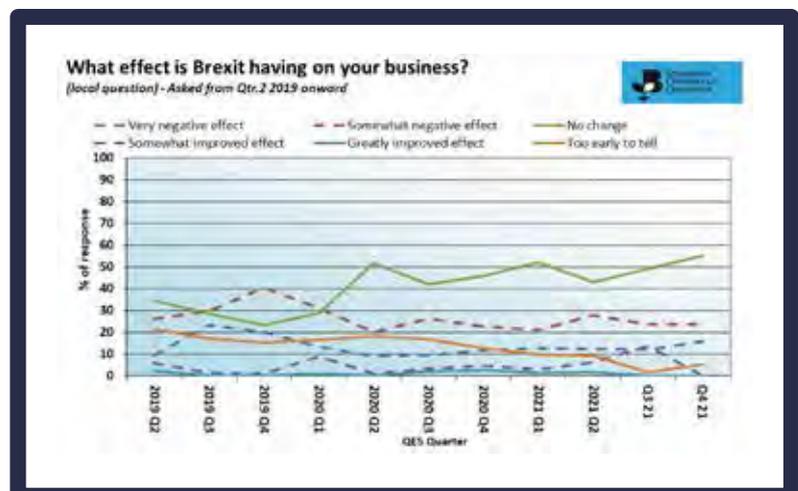
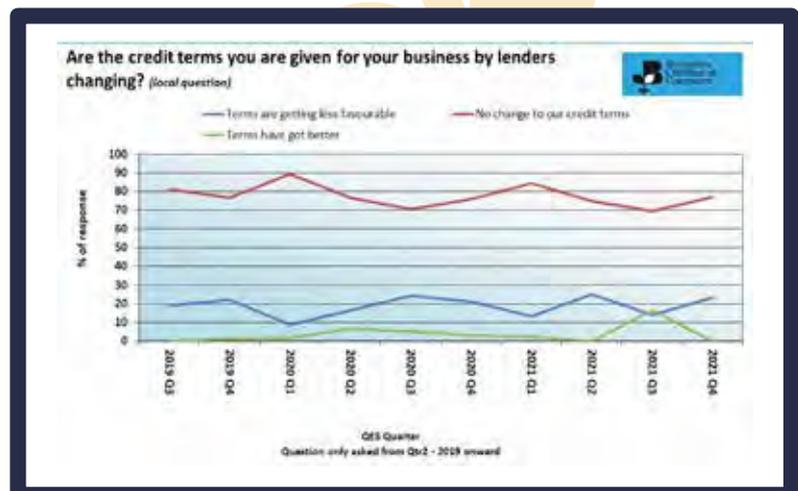
- Four items were mentioned many times in the comments – wage rises, fuel, transport and raw materials – as having the greatest impact on businesses.

- Credit terms are very stable and this is helping to support businesses through Covid

- (Manufacture) – “[Brexit effect] Less in terms of orders but more in terms of paperwork.”

- (Horticulture) – “We can no longer send our plants abroad [due to Brexit].”

- (Hospitality) – “Coronavirus has blurred the lines of what impact Brexit might have had.”



QUARTERLY ECONOMIC SURVEY

ABOUT THE QES

The Quarterly Economic Survey is the flagship economic survey from the British Chambers of Commerce. It is a prominent tool used to measure the state of business sentiment and is monitored by a range of national and international organisations, including the Bank of England, HM Treasury, and the European Commission.

ABOUT THE BRITISH CHAMBERS OF COMMERCE

The British Chambers of Commerce sits at the heart of a unique network of businesses across the UK and around the world.

The 53 Accredited Chambers which make up our UK network are trusted champions of businesses, places, and global trade. Together, we represent tens of thousands of businesses of all shapes and sizes, which employ almost six million people across the UK.

We also have a powerful international Network with over 70 British Chambers of Commerce and business groups located in every continent of the world and directly linked to UK-based Chambers of Commerce.

Working together, we help firms of all sizes to achieve more. We believe it's our relationships with others that lead us to achieve goals beyond those we could ever achieve alone. We're the only organisation that helps British businesses to build relationships on every level, in every region and nation of the UK.

ADDITIONAL SOURCES OF INFORMATION

British Chambers of Commerce – Economic Reports

<https://www.britishchambers.org.uk/page/economic-data>

The British Chambers of Commerce has a high-profile policy and lobbying team that represents the interests of members in Westminster, Whitehall and in Brussels.

The Bank of England - Quarterly Bulletin / Monetary Policy Report / Inflation Briefings

<https://www.bankofengland.co.uk/news/publications>

Office for National Statistics – Employment / Inflation / GDP

<https://www.ons.gov.uk/>



QUARTER **ONE** RESULTS 2022

COULD BE DISTRIBUTED
IN PARTNERSHIP WITH
YOUR BUSINESS

**YOUR BUSINESS LOGO
COULD GO HERE**

YOUR **DETAILS** COULD BE DISPLAYED HERE

YOU ARE ALLOCATED **ONE PAGE** INSIDE ALSO



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

shropshire-chamber.co.uk

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