

Uncertainty Looms Large...



DOMESTIC SALES
...slight improvement

RISING WAGES
...having an impact

RECRUITMENT WOES
...shortages continue

PLANT SPEND
...rise in mechanisation

Future Forecasting...

The announcement of the general election has brought further uncertainty to business.

Fears of tax rises, economic turbulence and changing policies ahead has clearly led to a rise in nervousness amongst the business community.

The General Election coming sooner than many expected, may help businesses return to longer term planning by the Autumn / Winter of 2024.

“ Tax rises would stifle productivity and profitability... ”

Every election causes a degree of uncertainty, but one coming on the heels of Covid, Brexit and economic sluggishness is causing more worries than normal.



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:

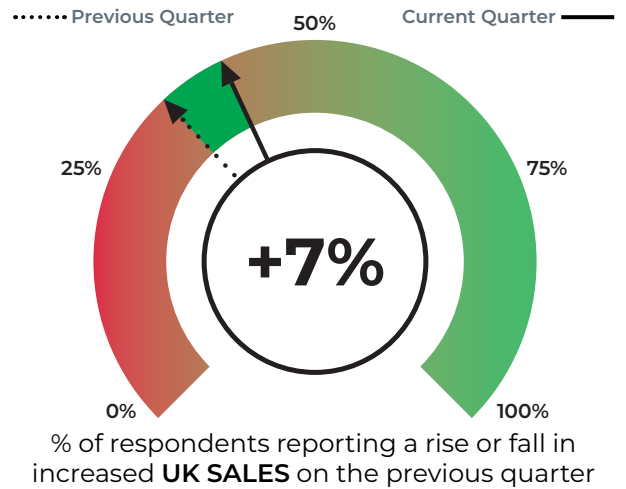
“UK services have increased hugely. We offer a service for adults with mental health disabilities, however the funding for the service is becoming more difficult to acquire.”

Public Sector

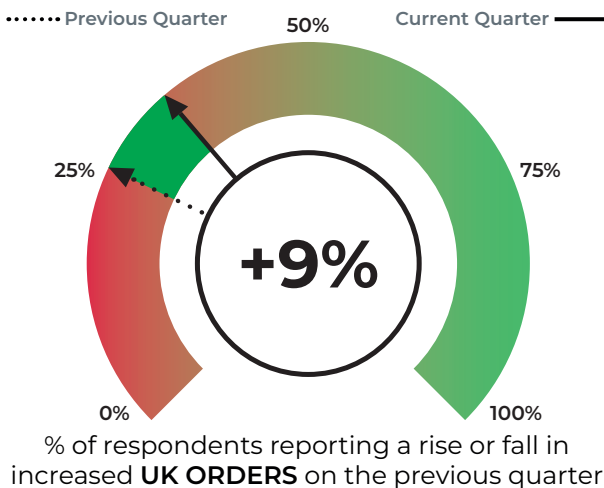
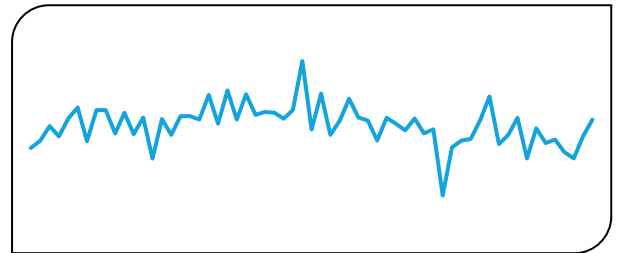
“Sales have decreased due to a downturn in the IT sector coupled with IR35 issues.”

Marketing/Media Sector

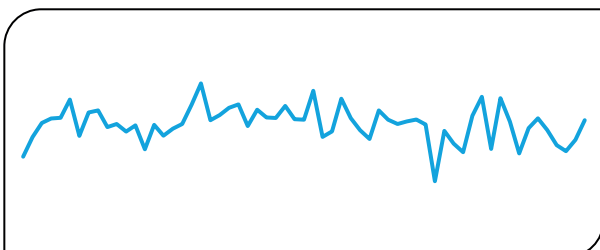
40% saw increased sales over the past quarter and a 6% drop in those seeing sales fall.



2009 UK Sales Past 2024



2009 UK Sales Future 2024



UK Sales Future:

“People are uncertain about planning too far ahead at present.”

Marketing/Media Sector

“The company is enjoying organic UK growth.”

Manufacturing Sector

“We find new business generation very challenging at the moment.”

Professional Services Sector

EXPORT SALES

INCREASES

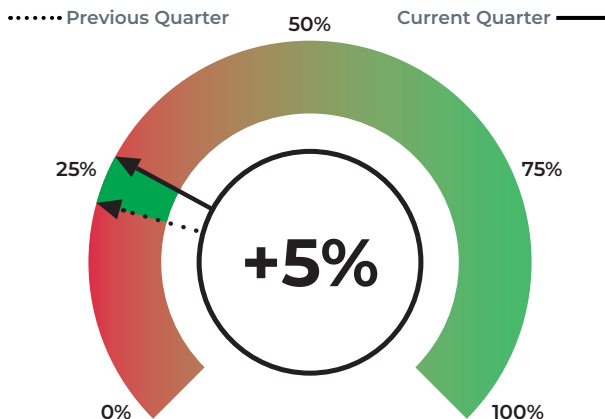
Export Sales Past:

“Brexit has significantly impacted our European sales.”

Manufacturing Sector

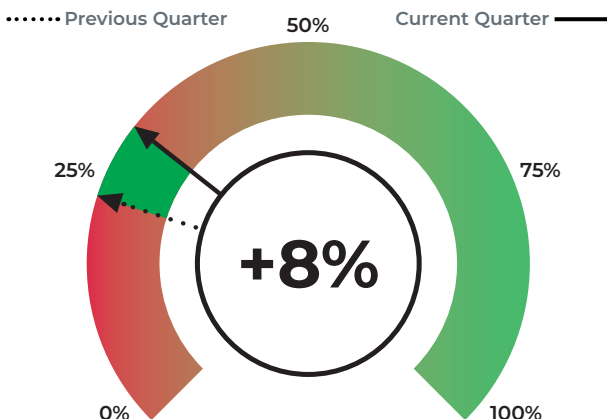
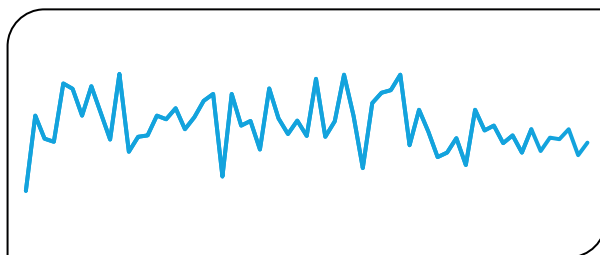
61% saw no change in the past three months to their predicted Export Sales.

12% decrease in the number of respondents saying that Export Sales were down on their prediction for orders in the last quarter.



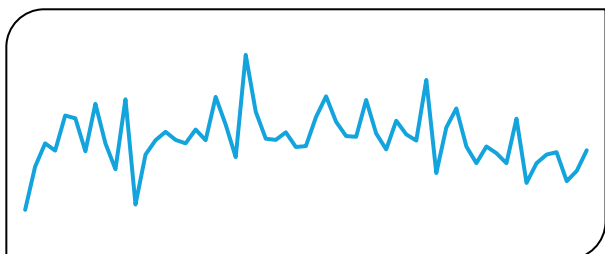
% of respondents reporting a rise or fall in increased **EXPORT SALES** on the previous quarter

2009 Export Sales Past 2024



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

2009 Export Sales Future 2024



Export Sales Future:

“The paperwork involved ,and therefore cost and delays, makes some export no longer viable sadly.”

Manufacturing Sector

30% of those who responded stated that they expect their orders to increase in the next 3 months.

A drop of 13% in those who feel their export orders will decrease in the next 3 months.

WORKFORCE PAST & FUTURE
INCREASES

Workforce Past:

"The minimum wage increase has been extremely difficult to swallow and we need more staff, but unfortunately can't now afford to employ more people!"

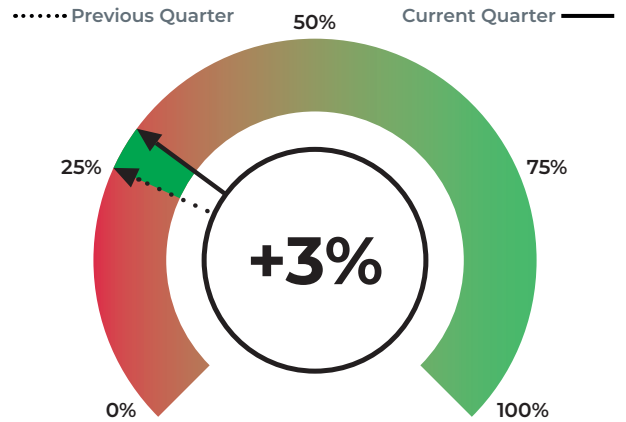
Hospitality Sector

"There is a real shortage of skilled workers in the food industry. Workers returning to EU had a negative effect."

Manufacturing Sector

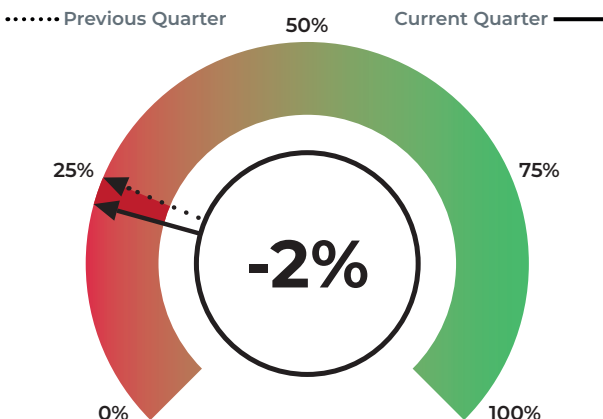
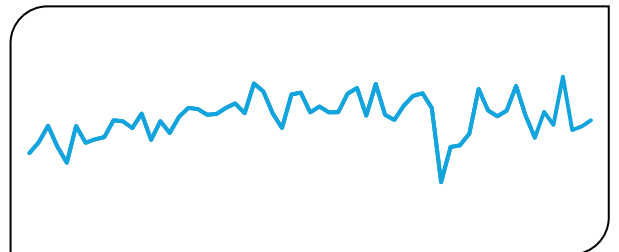
"Sales Executives prepared to work on a part-time or commission basis. They seem to have unrealistic expectations."

Marketing/Media Sector



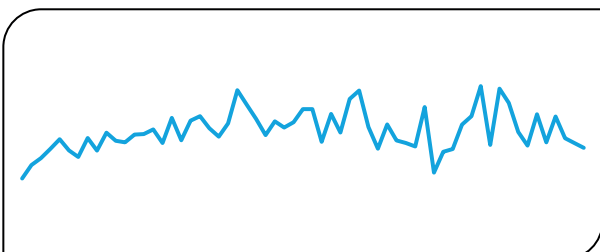
% of respondents reporting a rise or fall in **WORKFORCE** numbers on the previous quarter

2009 **Workforce Past** 2024



% of respondents expecting a rise or fall in **WORKFORCE** numbers on the previous quarter

2009 **Workforce Future** 2024



Workforce Future:

"Increase in the minimum wage is making it difficult to consider recruiting more at this point."

Professional Services Sector

"We need Electrical Engineers, Fabricators and Welders urgently."

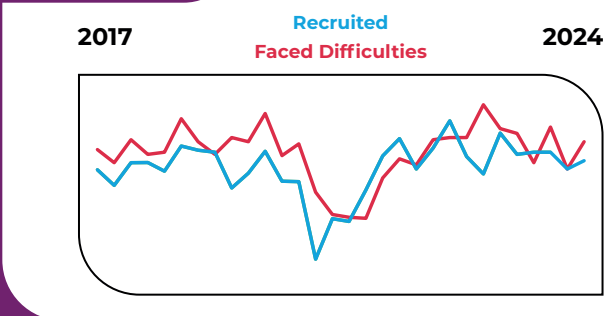
Construction Sector

"Waiters and Chefs are in very short supply which holds us back."

Hospitality Sector

SKILLS & RECRUITMENT

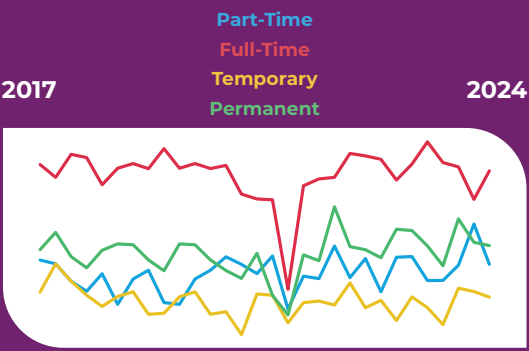
Companies Recruiting:



“We have difficulty in finding specialist legal skills especially in commercial property.”
Professional Services Sector

“We are unable to find suitable training and of a good standard, so we train in house. We are very large so can accommodate this luckily.”
Manufacturing Sector

4% rise in those recruiting in the last quarter and this is reflected in the number struggling to fill roles, though that remains stubbornly high.

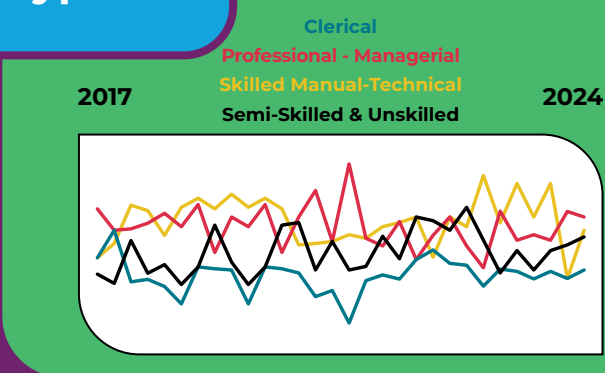


Staff Types:

“We are offering an apprenticeship role. Recruits were incredibly unreliable as the majority didn’t even turn up for their interview!”
Retail/Wholesale Sector

“Public transport across Telford isn’t great, which means staff need to drive or cycle. We do have a few cyclists now, which is great, however not so safe in the winter months.”
Manufacturing Sector

Post Types:



“Every applicant wants flexible working. We have had people start, undertake training, and leave within two weeks.”
Service Sector

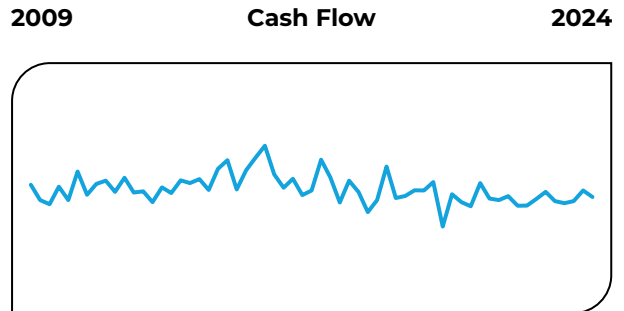
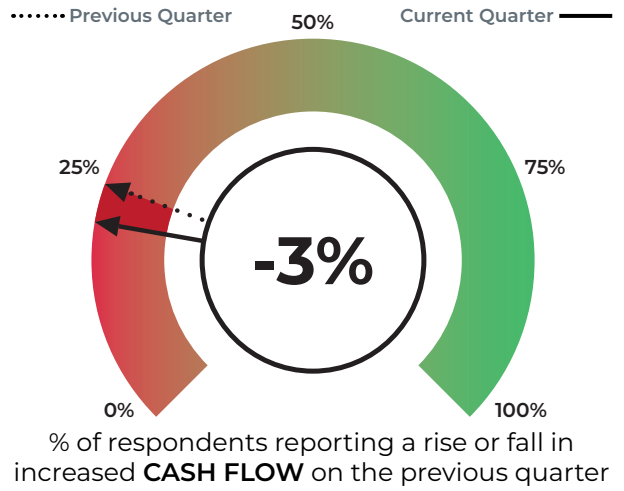
83% of employers were looking for full time workers and those with experience. The hours are a clear barrier to many experienced older workers who feel they would only want part-time or reduced hours, but bring a wealth of experience.

CASH FLOW
INCREASES

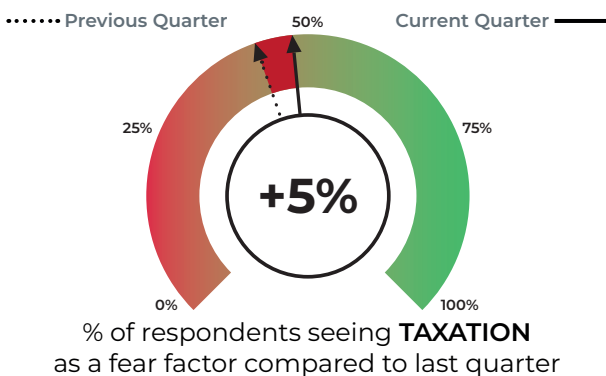
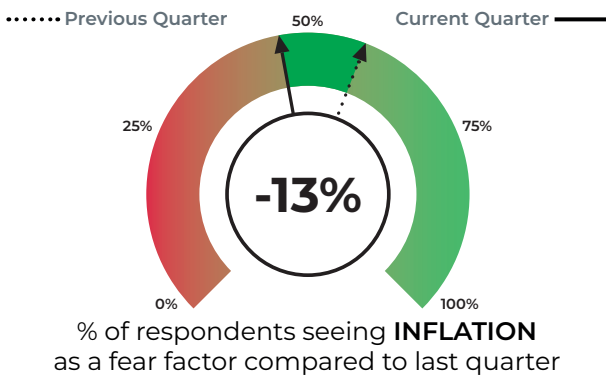
Cash Flow:

“Wages and costs of everything has eaten away at our margins for a while, but this year has taken a sharp upward curve with wage bills rocketing! If we were a restaurant only, without revenue from the weddings we host, there’s no way it would be financially viable that we could keep going.”
Hospitality Sector

21% experienced a positive increase, which is a down by 3% on the previous quarter.



FEAR FACTORS



Fear Factors:

“Corporation tax is onerous for small companies. Dividend tax for directors who work very long hours and often risk themselves and their families financially.”
Manufacturing Sector

“IR35 still remains the biggest blocker to our service offering, with large clients locked into an inside IR35 tax protection plan.”
Professional Services Sector

“Small businesses are already taxed heavily. Labour may choose to increase taxation further.”
Professional Services Sector

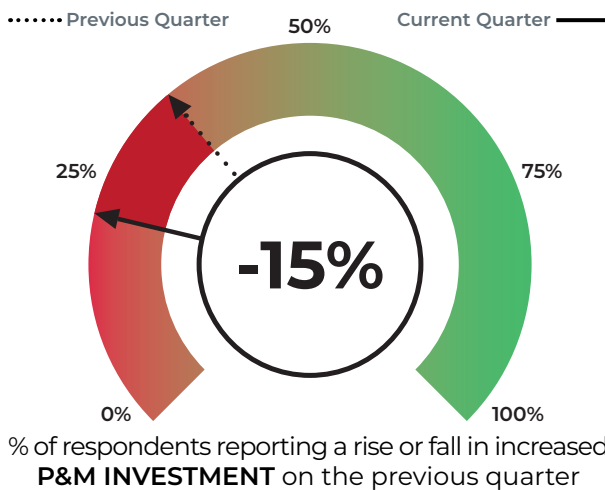
INVESTMENT INCREASES

Plant & Machinery:

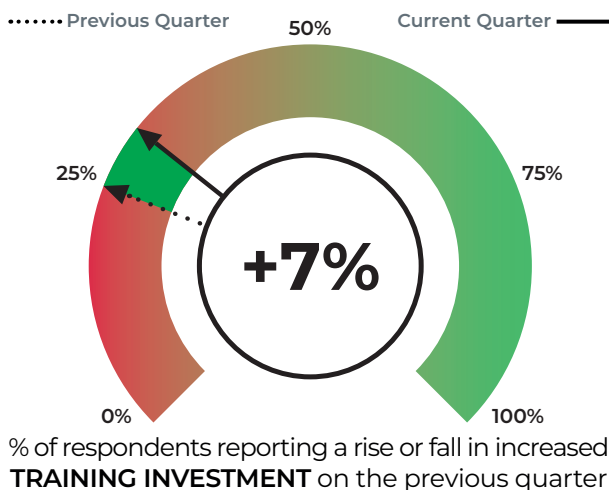
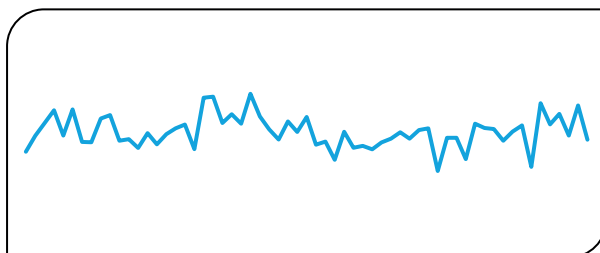
“We did consider buying a CNC machine but the only way you could get a grant was to jump through lots of hoops which involved having a Consultant spend weeks in the company to look at what we are doing and to “work with us”. We are a small team that does not have time to allocate staff for this kind of exercise. Seems to be a government funded method only larger businesses can afford to tap into.”

Manufacturing Sector

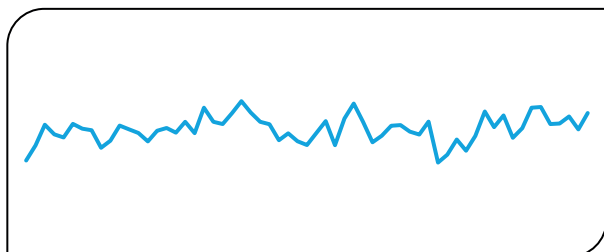
A drop in those investing in Plant & Machinery was seen this quarter, dropping by 15%.



2009 Plant & Machinery 2024



2009 Training 2024



Training:

“Our staff have attended a few courses due to other costs taking the pot for training. This is not good for productivity or growth, but no choice.”

Consumer Services Sector

“Training is becoming more important than ever, given the speed of change in the economy.”

Marketing/Media Sector

31% of those responding were increasing spend on training, up from 24% last quarter.

CONFIDENCE INCREASES

Turnover Confidence:

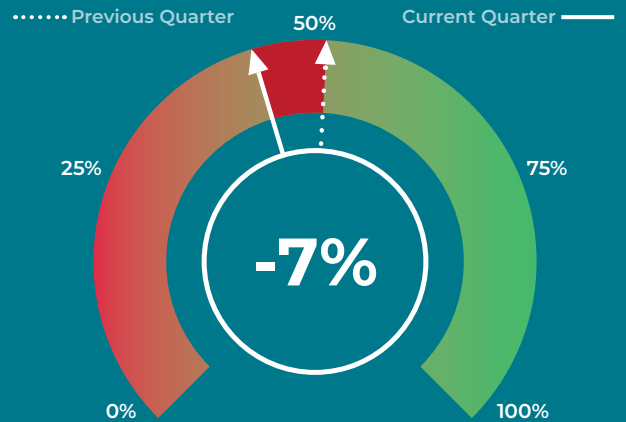
"Our investment power is being eroded by increased running costs and overheads which we can't pass onto the customer."

Marketing/Media Sector

"The upcoming election will make things even more unstable so it is impossible to plan ahead."

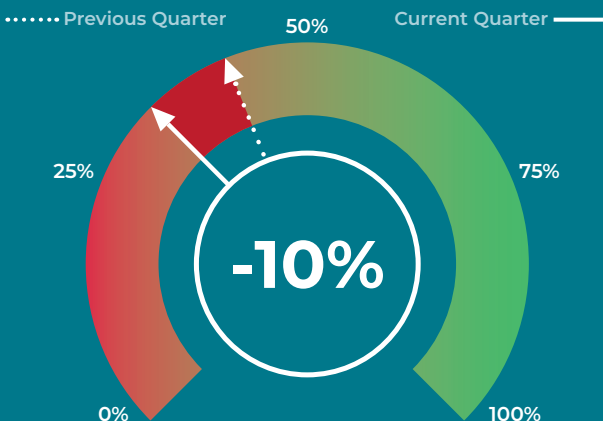
Consumer Services Sector

This quarter, 44% stated they have positive confidence in their turnover increasing, down from 51% in the previous quarter.



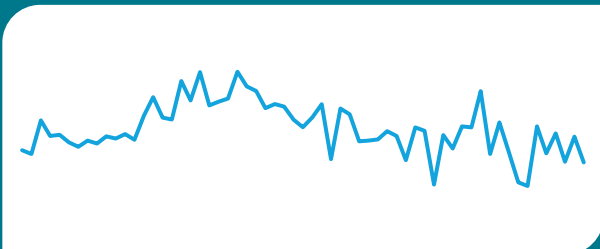
% of respondents reporting a rise or fall in increased **TURNOVER** on the previous quarter

2009 Turnover 2024



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

2009 Profitability 2024



Profitability Confidence:

"There is definitely an upward pressure on the wage bill. The impact is less profit available for growth investment - especially digital transformation."

Manufacturing Sector

"We have invested in marketing, and combined with improved sales performance - as a result of a staff change - we can see a much improved pipeline. Given we can scale, based on our fixed overheads now, without scaling our cost base, this will have a direct impact on an improved bottom-line."

Manufacturing Sector

CAPACITY | PRICE vs COST

Capacity:

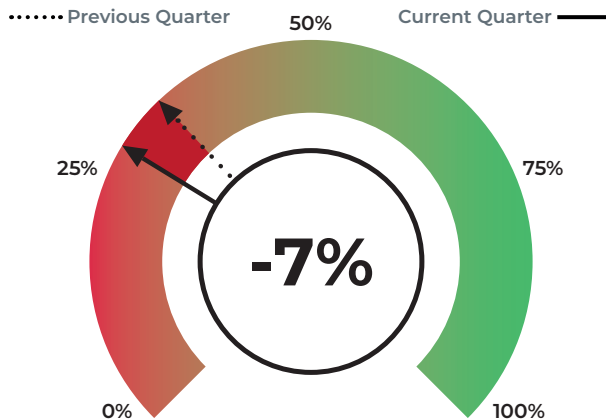
“Cost of raw materials and fees of subcontractors continue to rise at a rate which we cannot fully pass on to the customer.”

Marketing/Media Sector

“We need to find a new source of customers if we are to increase the use of our capacity.”

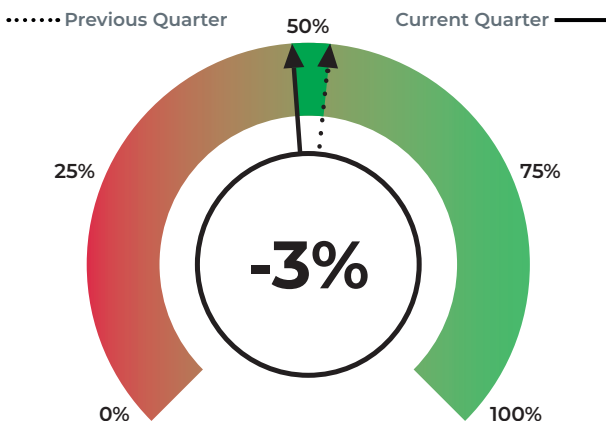
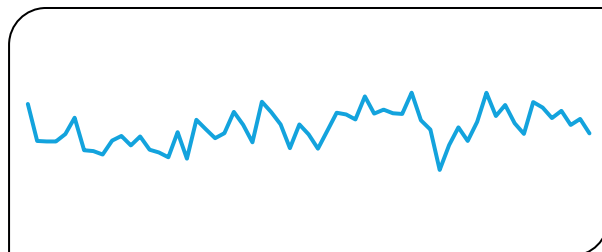
Consumer Services Sector

28% stated they were working at full capacity, a drop from the previous quarter which showed 35% at full capacity.



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

2009 Full Capacity 2024



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

Price vs Cost:

“Our business model offers great price stability. However, increased shipping costs may lead to a short term levy.”

Manufacturing Sector

50% / 50% split between those saying they expect to increase the prices of their services or goods and those who will keep prices as they currently are. Therefore, no one felt that they would be reducing prices.



ADDITIONAL QUESTIONS

Business Pressures:

1

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

2

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

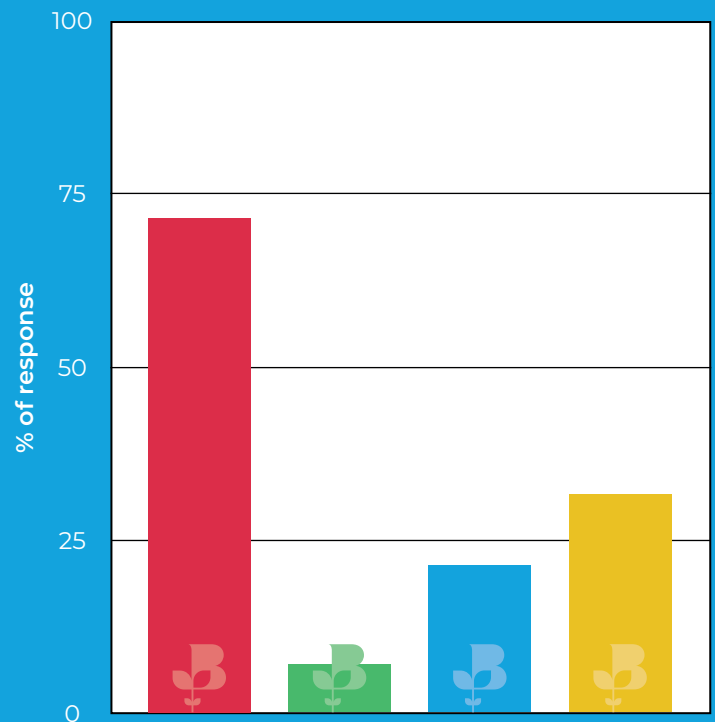
3

Are your credit terms getting worse?

4

Are bad debts increasing?

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



External Factors:

“Cheap Chinese imports being sold directly with no invoices and most likely no VAT or taxes. Heavily advertised on Social Media and less than my costs. I did purchase asking for a VAT receipt and product was delivered from a warehouse in Watford by Royal Mail with an invoice in USD and no taxes.”

Retail/Wholesale Sector

“Corporation taxation levels are a major issue for our ability to build reserves for growth and investment.”

Manufacturing 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

