



Shropshire  
Chamber of  
Commerce



QUARTER **TWO** RESULTS 2022

# SHROPSHIRE CHAMBER Q2

QUARTERLY  
**ECONOMIC**  
SURVEY RESULTS

## 2. QES Q2 2022 RESULTS

# QUARTERLY ECONOMIC SURVEY

## THE RUSSIAN INVASION, CHINA LOCKDOWNS AND BREXIT ARE ALL HAVING AN EFFECT ON BUSINESS MORALE AND CONSUMER SPEND DESPITE UK COVID NUMBERS DROPPING.

The Russian invasion of Ukraine has caused vast price rises in fuel and certain key commodities. These prices are now forcing increases across the board, making inflation rise at an alarming rate and starting to subdue consumer spend. The Chinese lockdowns have meant shortages in a wide range of goods including medicines, while airlines struggle to recruit staff to match demand. Employment and construction, for now, remain the two positives in a troubled picture.

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](mailto: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.

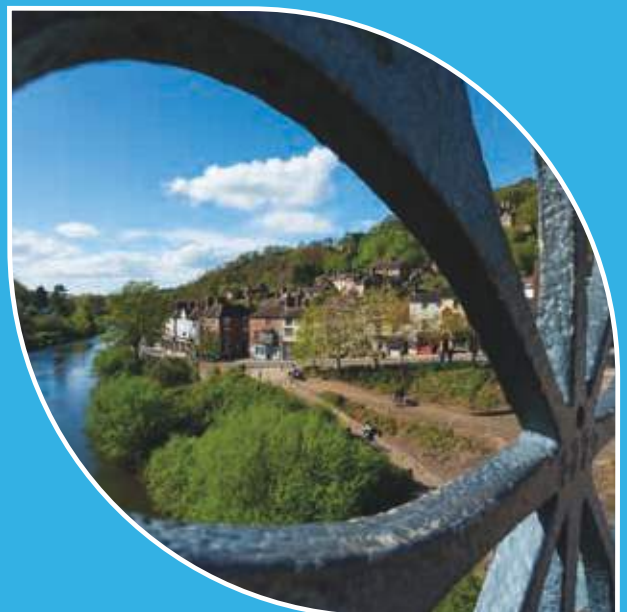
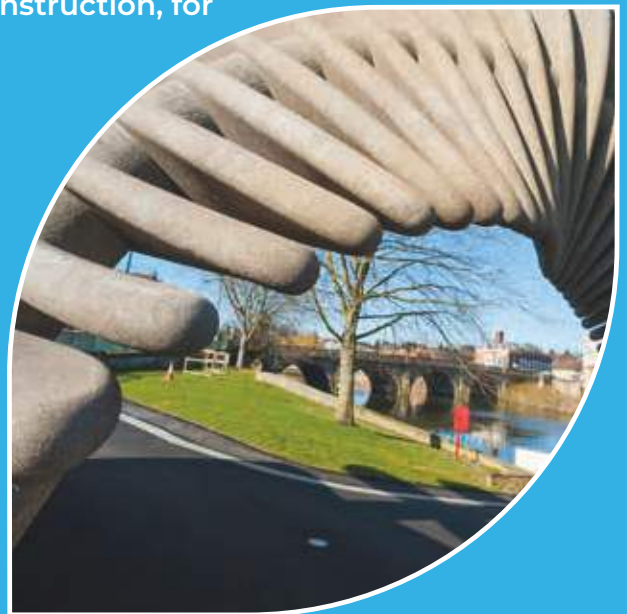
This survey is open to businesses from all sectors including public sector and third sector. The survey is open to any size of business from micro's, who employ no staff, to the very largest businesses.

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 May/June 2022

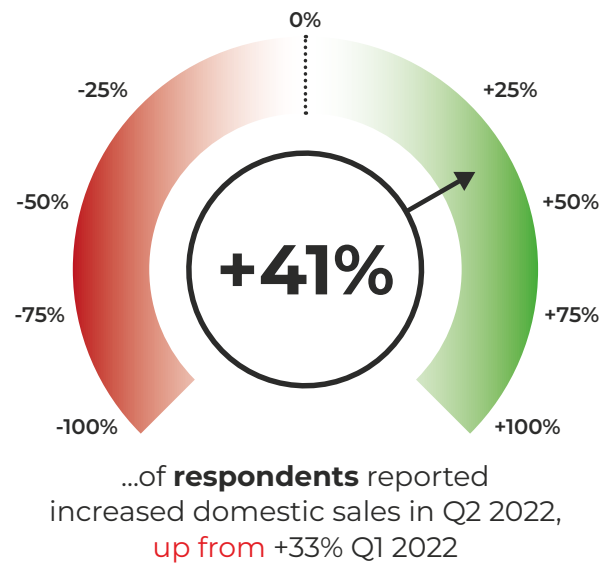
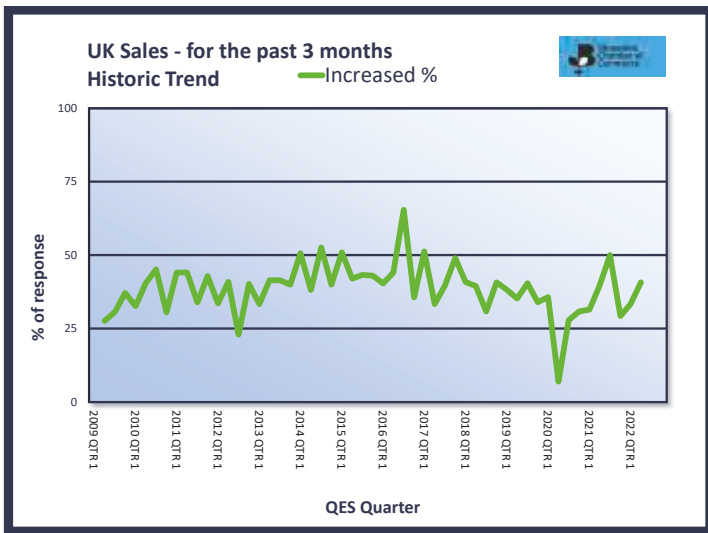


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## DOMESTIC (UK) SALES & ORDERS

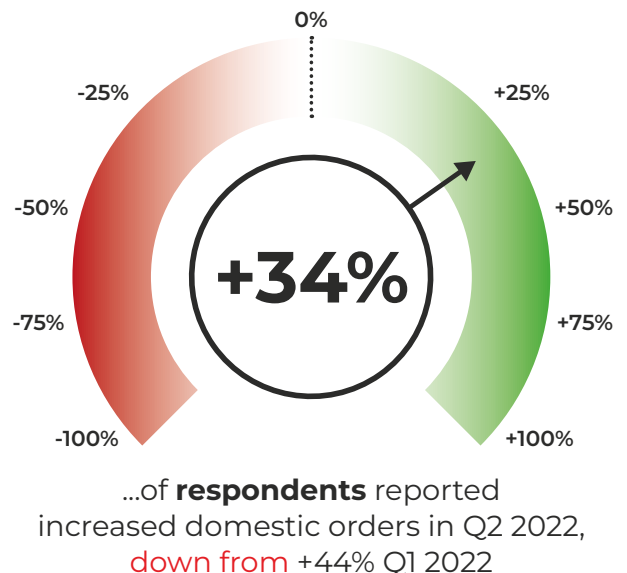
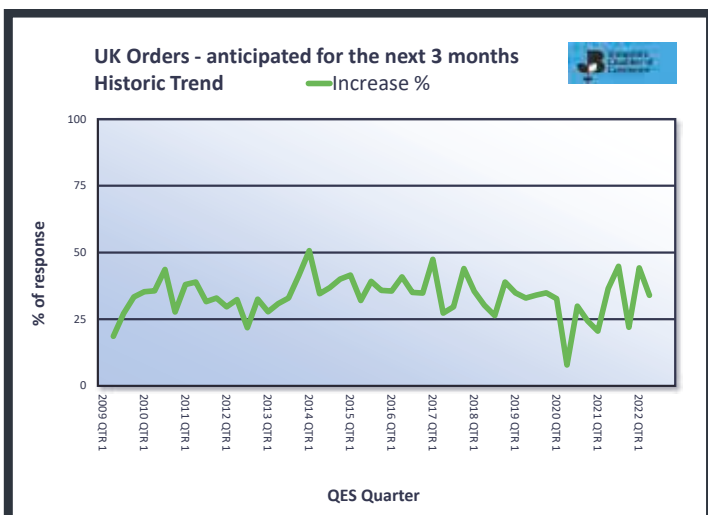
### UK Sales Past:

- (UK Sales Comment) “We don’t get the enquiries since Brexit but this could be blamed on Covid as well.” Manufacturing Sector
- (UK Sales Comment) “We have taken on dedicated salesperson and interest in our products has increased” Manufacturing Sector
- (UK Sales Facts) Those stating an increase in sales stood at 41% this quarter, which is in line with Q2 a year ago when it was 40%.



### UK Sales Future:

- (UK Orders Comment) “We have been increasing our UK customer base due to the regulations since Brexit, as customers that normally import from Europe struggle and so turn to us.” Manufacturing Sector
- (UK Orders Facts) Future order books have weakened to only 34% expecting increased sales.
- (UK Orders Facts) Uncertainty about the future, the depth of any recession, import issues and the conflict in Russia have all played a part in dampening sales expectation this quarter.



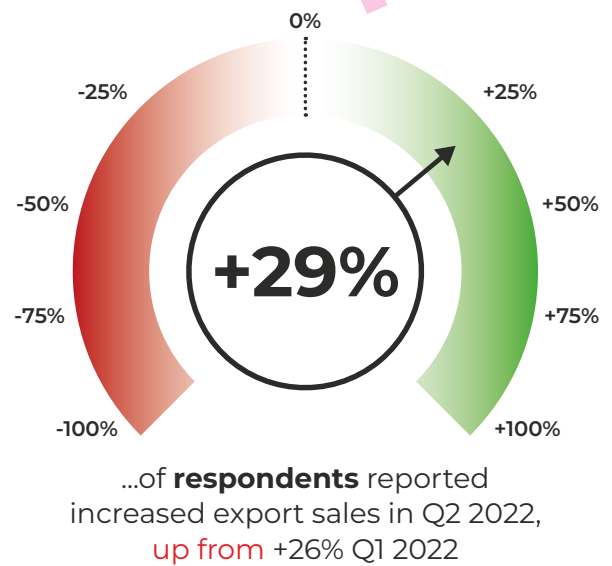
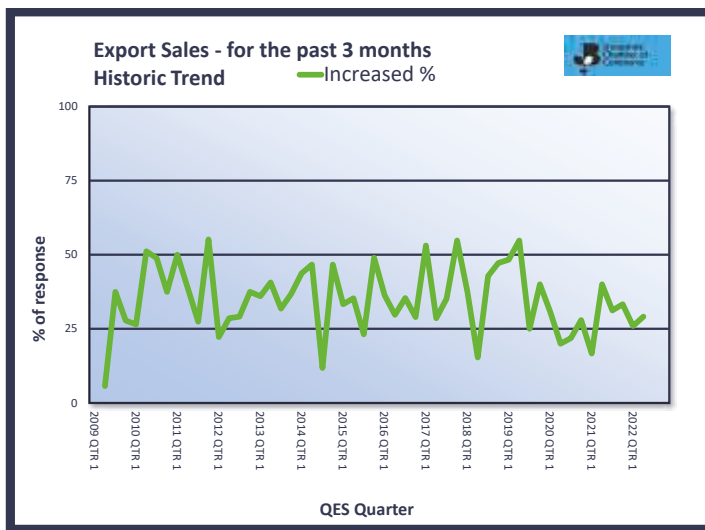
## 4. QES Q2 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## EXPORT SALES & ORDERS

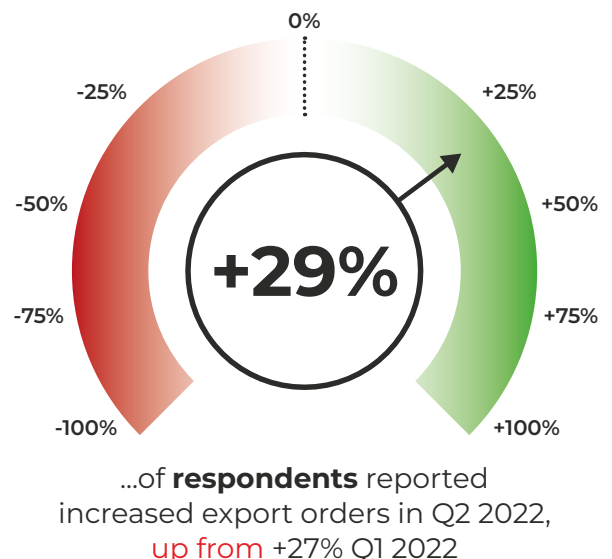
### Export Sales Past:

- (Export Sales Comment) “Export paperwork into the EU is still a nightmare.” Manufacturing Sector
- (Export Sales Comment) “Export sales have slowed down due to the conflicts at this time.” Retail & Wholesale Sector
- (Export Sales Facts) There was a slight upturn in this quarter with 29% saying they had seen improved export sales, but this is still down on a year ago when 40% reported an improvement.



### Export Sales Future:

- (Export Orders Comment) “We had a good European market that doesn’t want to play as readily now [post Brexit] and the customs delays are bad too.” Manufacturing Sector
- (Export Orders Facts) The expectation of higher forward export orders is 29% which is an improvement on the previous quarter which reported 27%.
- (Export Orders Facts) However, those expecting a downturn in future export orders jumped to 46%, only Q2 2020, in the depth of the first lockdown, reported a higher downturn figure that of 48%.

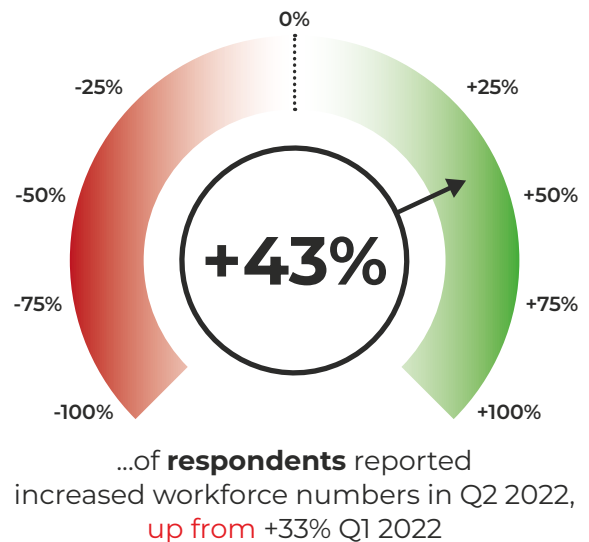
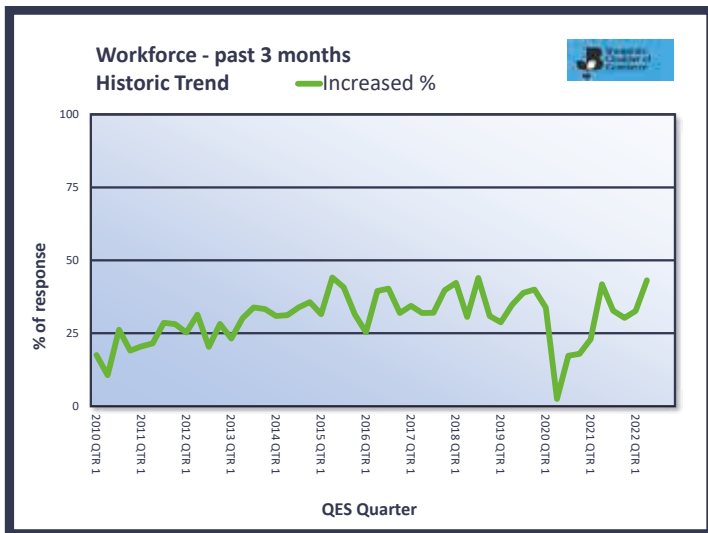


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## WORKFORCE PAST & FUTURE

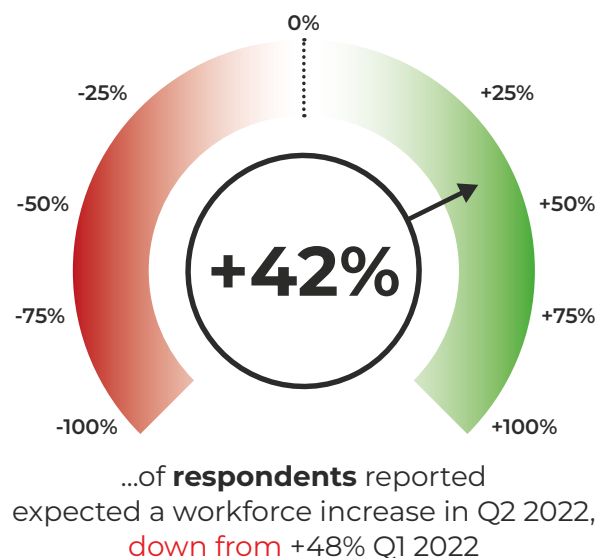
### Workforce Past:

- (Workforce Current Comment) “Biggest issue is recruitment of the right people.” Professional Services
- (Workforce Current Facts) This quarter saw a significant rise in the number of companies trying to recruit, of those in the survey who employ, 84% had tried to recruit staff.
- (Workforce Current Facts) Of the 84% of employers who recruited, 75% face issues finding suitable staff.



### Workforce Future:

- (Workforce Future Comment) “Although having increased our workforce we are now going into a period of stability.” Construction & Engineering Sector
- (Workforce Future Comment) “It is becoming increasingly difficult to recruit staff.” Manufacturing Sector
- (Workforce Future Facts) The number expecting to be recruiting staff in the next three months fell from 48% Q1 to 42% in Q2 2022.



## 6. QES Q2 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## SKILLS & RECRUITMENT

### Companies Recruiting:

(Recruiting Facts) There are shortages of suitable staff across the board, with all sectors reporting difficulties. There is a mismatch with companies wanting staff on site, and candidates hoping for home, hybrid or part-time/flexi working arrangements in industries where this is possible.

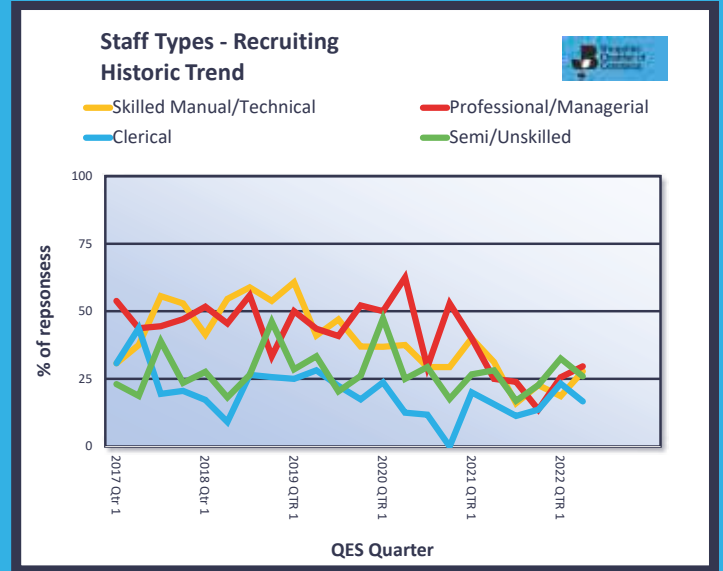
(Recruiting Comment) “We were ghosted several times (i.e. failed to run up for interview; submitted an application but didn’t even respond; left after 1 month).” Professional Services

### Staff Types:

• (Recruiting – Staff Types Comment) “Poor attitude, unwilling to complete work they feel is boring.” Manufacturing Sector

• (Recruiting – Staff Types Comment) “Rural areas are even worse to recruit from due to reduced transport options, age profile and [poor] connectivity.” Professional Services

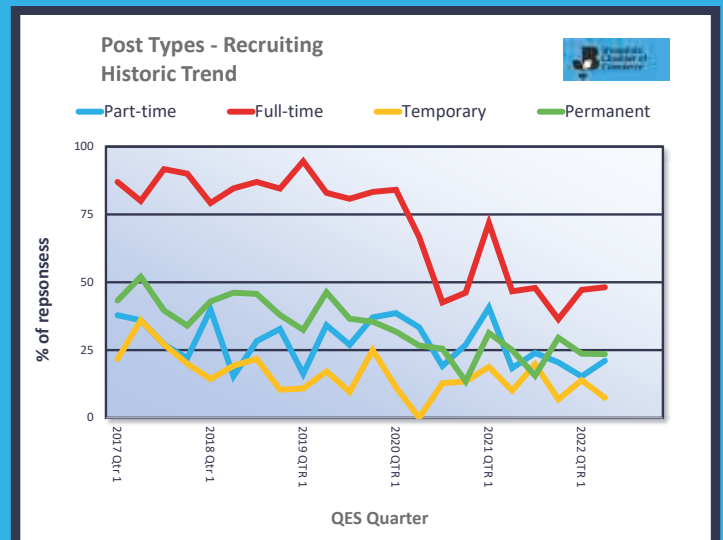
• (Recruiting – Staff Types Facts) Of those employing Q2 saw 48% requiring full time staff, 30% professional or managerial staff and 17% looking for clerical staff.



### Post Types:

• (Recruiting - Post Types Comment) “Applicants with relevant skills & experience in short supply and salary expectations are very high.” Construction & Engineering Sector

• (Recruiting - Post Types Facts) All types of staff and in all sectors are proving hard to find. Expectations on salaries are high, reliability low and modern qualifications are often masking the actual ability of the candidate, which is often well below employer’s expectations.

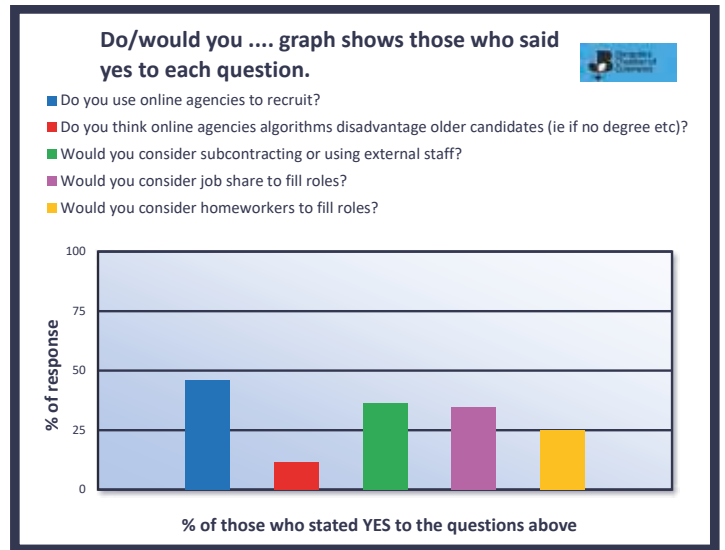
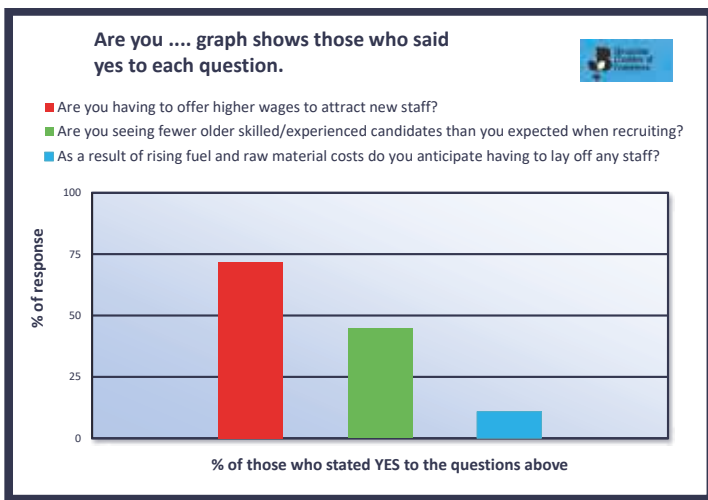


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## SKILLS & RECRUITMENT CONTINUED

### Recruiting:

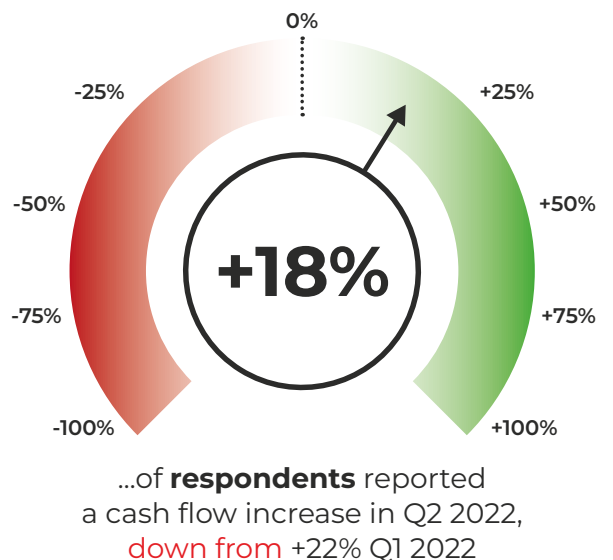
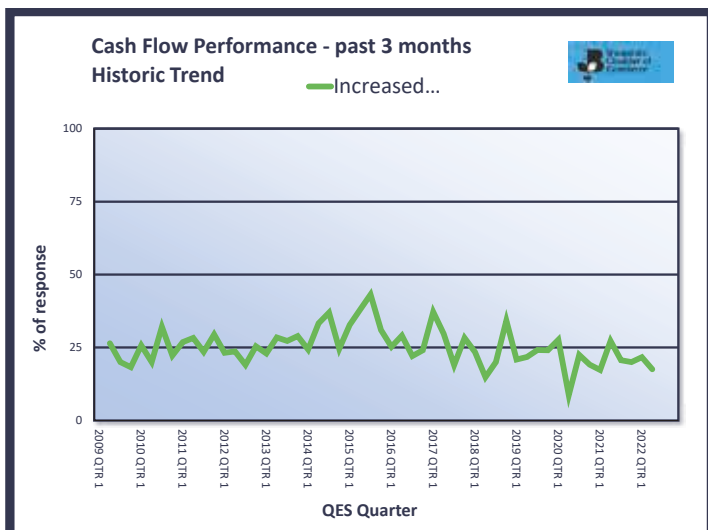
- (Recruitment Comment) “Looking for salespeople, struggle to find people despite salary higher than we usually pay.” Professional Services
- (Recruiting – Facts) There is a significant part of the 50-70 age group who are being shown as inactive, a large rise since Covid. Some may have decided to retire; however, others appear to be finding obtaining work difficult despite skills and experience. Many reasons are given, employers unwilling to embrace flexi, part time or home working, older style qualifications not being understood by younger recruiters and HR staff etc.



## CASH FLOW

### Cash Flow:

- (Cash Flow Facts) Q2 saw 47% expecting their cash flow to remain static. With the increase in costs and the nervousness of consumers it is likely that we will see a dip in cash flow prediction in the next quarter.
- (Cash Flow Comment) “Cashflow is critical to the functioning of any business and is something to which we continually monitor.” Construction & Engineering Sector



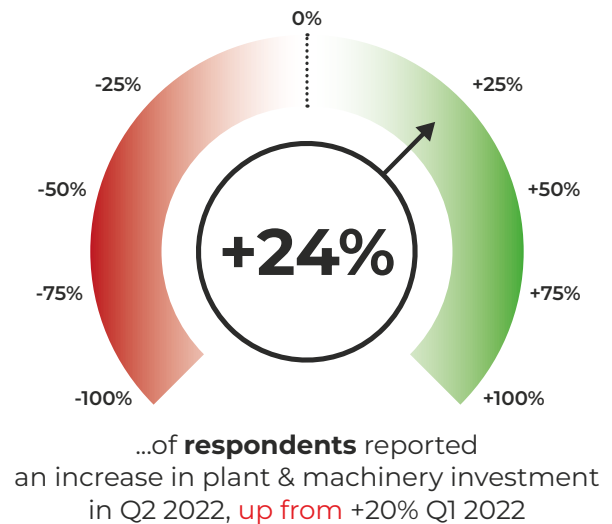
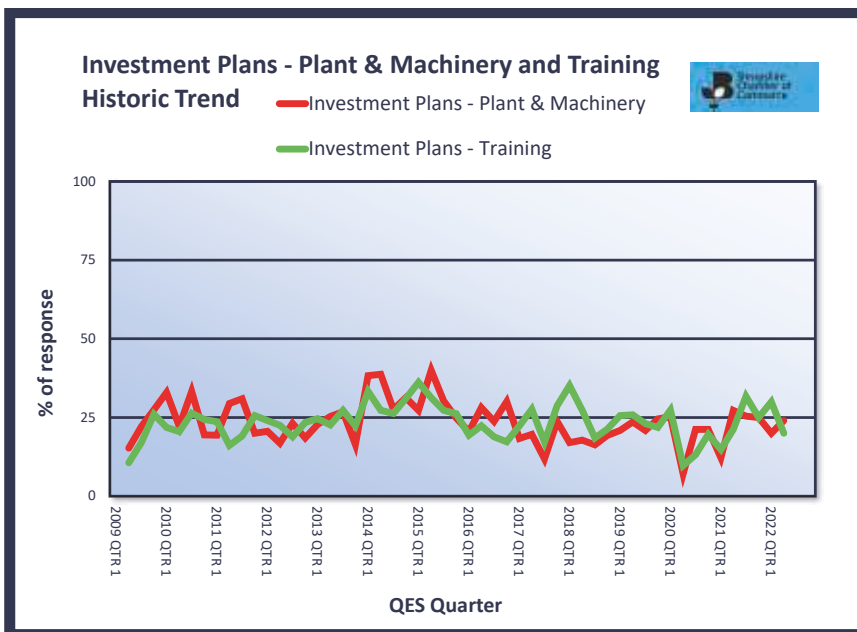
## 8. QES Q2 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## INVESTMENT

### Investment - Plant & Machinery:

- (Investment in Plant & Machinery Facts) 60% have not changed their plans on investment in Plant & Machinery in this quarter, up from 55% last quarter.
- (Investment in Plant & Machinery Comment) “We are applying for funding to assist with buying new machinery to reduce our energy consumption and increase output.” Services Sector
- (Investment in Plant & Machinery Comment) “Difficult to justify investment into capital equipment in current economic environment. Ironically where recruitment pressures and productivity could be improved through automation.” Manufacturing Sector



### Investment - Training :

- (Investment in Training Facts) Due to the difficulties of getting staff, the fluidity of the workforce and rising costs there is little reference to increased training in the narrative.
- (Investment in Training Facts) Only 20% of respondents felt that they would increase their training budget, down from 30% in the previous quarter.
- (Investment in Training Comment) “Profitability will decrease due to inflation and extra training of staff.” Manufacturing Sector



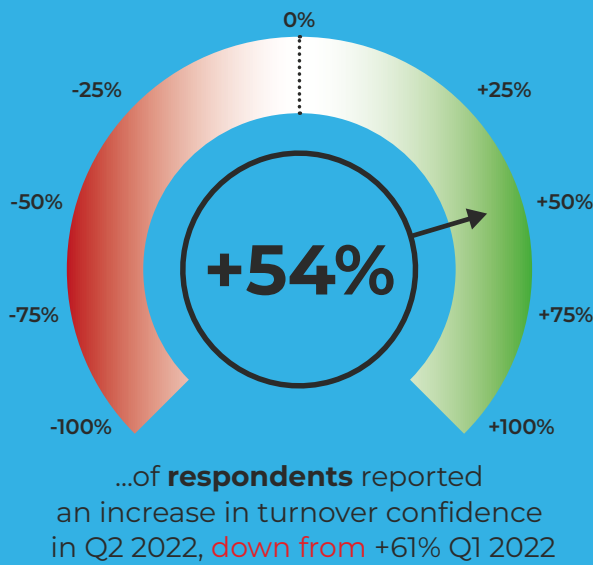
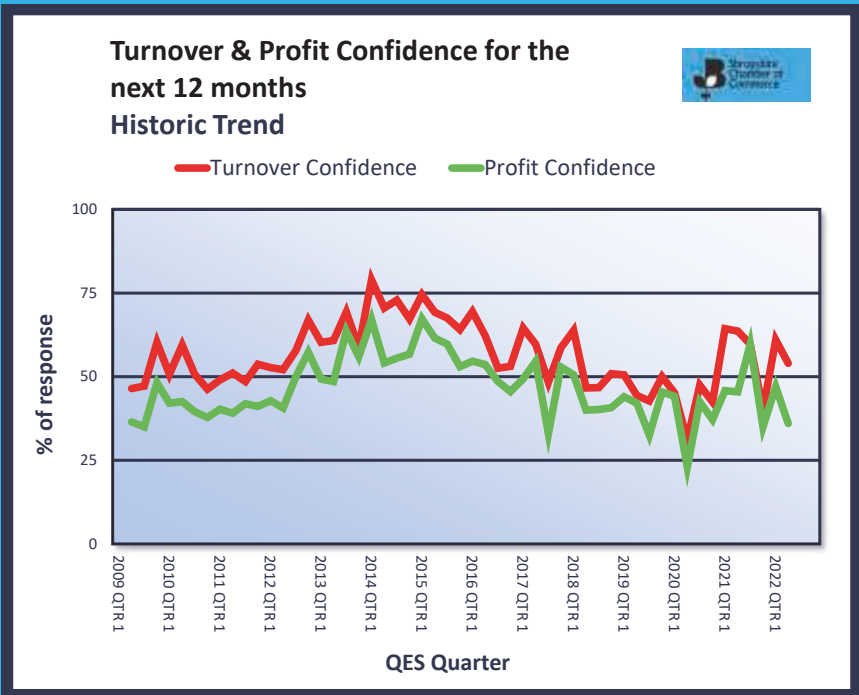


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## BUSINESS CONFIDENCE

### Confidence - Turnover:

- (Turnover Confidence Facts) Confidence always outweighs reality; this has always been the case but we are starting to see a decline in confidence. 54% felt confidence in their turnover increasing in the next 12 months, whereas 61% in Q1 felt an increase would happen.
- (Turnover Confidence Comment) “We expect that economics and environmental will make our new customers continue to use recycled product, improving turnover.” Service Sector



### Confidence - Profitability:

- (Profitability Confidence Comment) “Although we hope for business stabilisation, we fear that profitability will be pressured by inflation / rising costs.” Construction and Engineering
- (Profitability Confidence Comment) “We think that price increases, interest rate increases and the possibility of a faltering economy will have a negative impact on our profitability.” Construction and Engineering
- (Profitability Confidence Facts) Here we see a steeper decline in that 45% in Q2 felt that their profitability in the next 12 months would decrease, whereas in Q1 2022 only 28% felt a decline would happen.



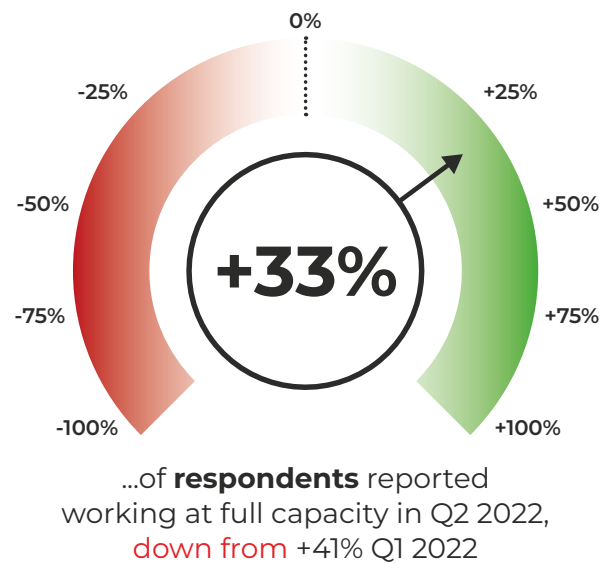
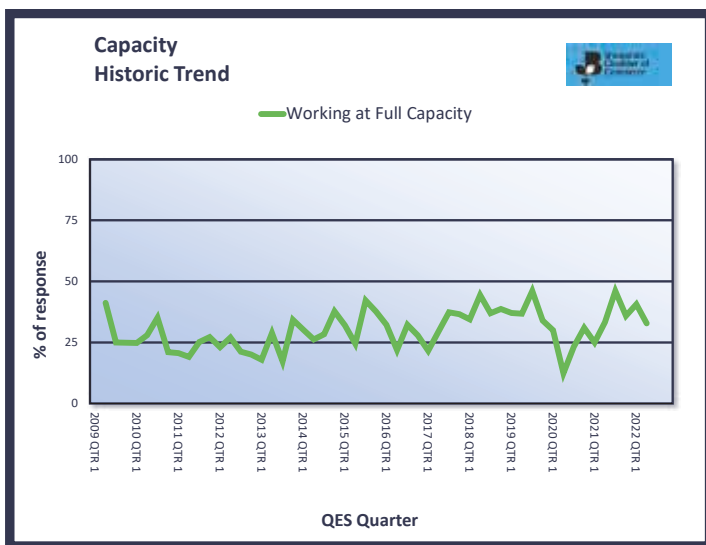
## 10. QES Q2 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## CAPACITY & PRICE vs COST

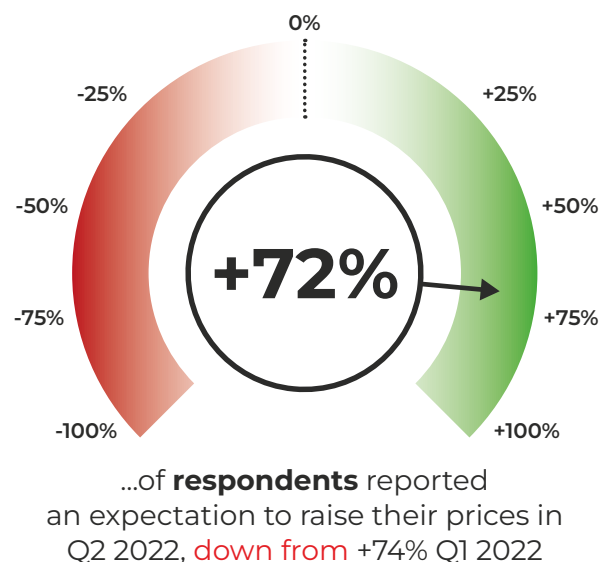
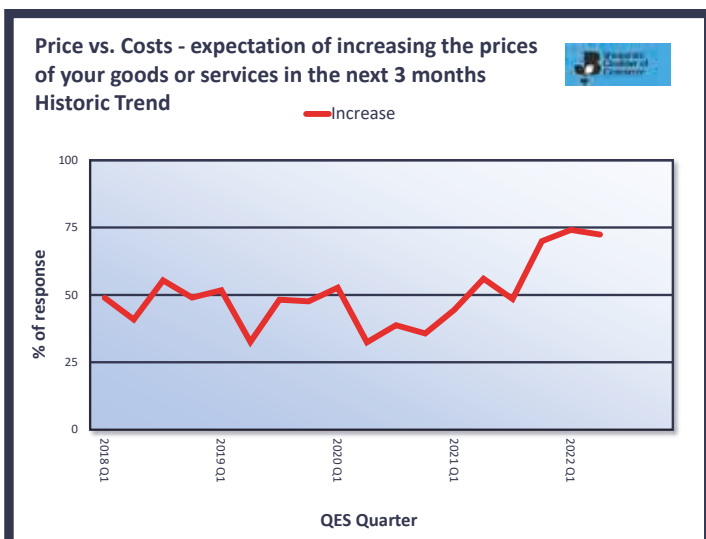
### Capacity:

- (Capacity Facts) Q2 2022 saw those at full capacity down to 33%, a mirror image of the same quarter in 2021, but a fall back from Q1 2022 when it was 41%.
- (Capacity Facts) However, the 33% rate of those at full capacity is pretty much in line with pre-pandemic levels. The average between 2009 and 2019 was 30% in Shropshire.
- (Capacity Comment) “[What is affecting our capacity] is due to issues with supply, but mainly consumer confidence is poor.” Retail & Wholesale Sector



### Price vs. Cost:

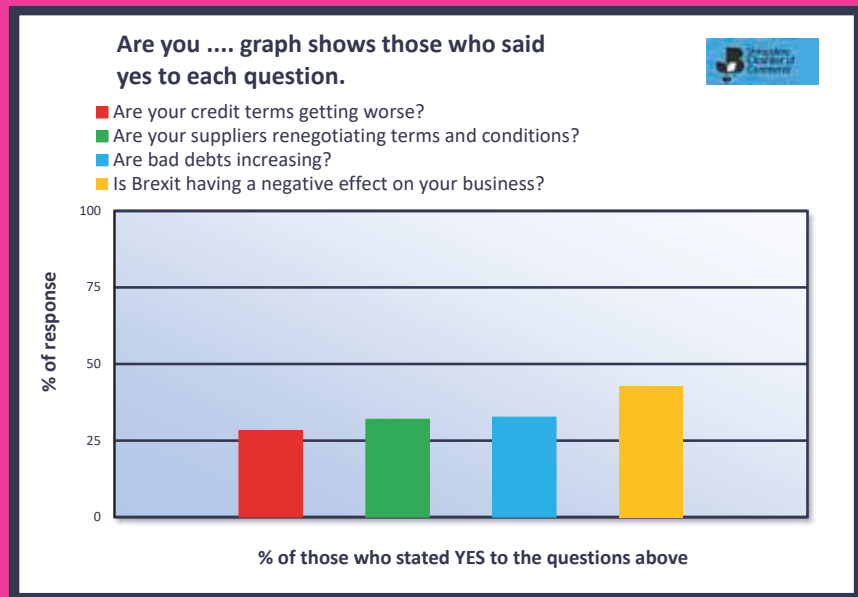
- (Prices vs. Cost Comment) “Energy policies by this and previous governments have been disastrous.” Hospitality, Catering & Tourism Sector
- (Prices vs. Cost Comment) “Costs are rocketing. This affects everything and will definitely slow down industrial growth / hence orders.” Manufacturing Sector
- (Prices vs. Cost Facts) 72% of respondents stated that they would be increasing pricing of their goods or services due to the rising cost of doing business.



# QUARTERLY ECONOMIC SURVEY

## BUSINESS PRESSURES

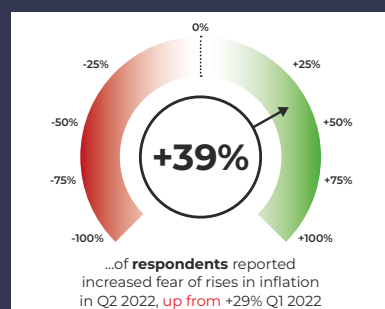
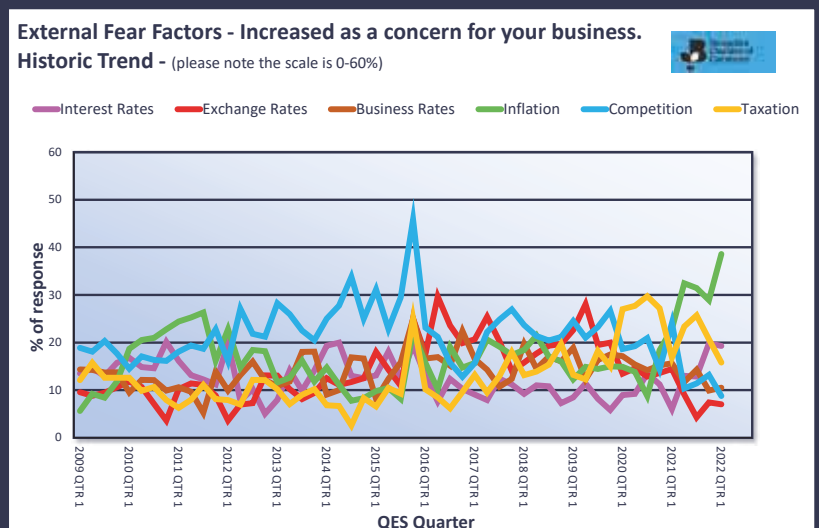
- (Credit Terms Facts) Q2 2022 28% stated that their credit terms had got worse, in Q1 the figure was 18%.
- (Suppliers Renegotiating Terms Facts) Q2 2022 32% stated that suppliers were renegotiating terms, in Q1 the figure was 30%.
- (Bad Debt Facts) Q2 2022 33% stated bad debts had increased, in Q1 the figure was 21%
- (Brexit Facts) Q2 2022 43% felt that Brexit was having a negative effect on their business, in Q1 the figure was 58%



## FEAR FACTORS

### Fear Factors:

- (Fears Factors Facts) Not unsurprisingly the highest-ranking fear factor was inflation, where 39% in Q2 2022 felt it was affecting their business, up from 29% in Q1
- (Fear Factors Facts) “Like most businesses we are experiencing the effects of the usual external factors which is something that we have to live with.” Construction & Engineering
- (Fear Factors Facts) “Increased raw material costs.” Manufacturing Sector



# QUARTER **THREE** RESULTS 2022

COULD BE DISTRIBUTED  
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COULD GO HERE**

YOUR **DETAILS** COULD BE DISPLAYED HERE

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[r.ross@shropshire-chamber.co.uk](mailto:r.ross@shropshire-chamber.co.uk)**

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