



Shropshire  
Chamber of  
Commerce



QUARTER **THREE** RESULTS 2022

# SHROPSHIRE CHAMBER

## Q3

QUARTERLY  
**ECONOMIC**  
SURVEY RESULTS

## 2. QES Q3 2022 RESULTS

# QUARTERLY ECONOMIC SURVEY

## ENERGY COSTS ARE THE KEY FOCUS AS THE RUSSIAN INVASION OF UKRAINE WREAKS HAVOC WITH WORLD SUPPLY OF GAS AND GLOBAL ECONOMIES.

Inflation continues to rise pushed mainly by the unthinkable increased cost of fuel, that cost creating a knock-on effect that increases every aspect of spend. The transition to a new Government was not as swift as businesses would have hoped, delaying much needed actions. Uncertainty and delay around fuel cost support for both businesses and the consumer is adding to the pressure. Skill shortages couple with the continued Brexit disruption and the Covid shadow are still weighing heavy on the UK economy. A very tough uncertain time for all businesses, making the Quarterly Economic Survey more important than ever, as strong evidence is what the BCC need to be able to lobby on behalf of the business community.

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.

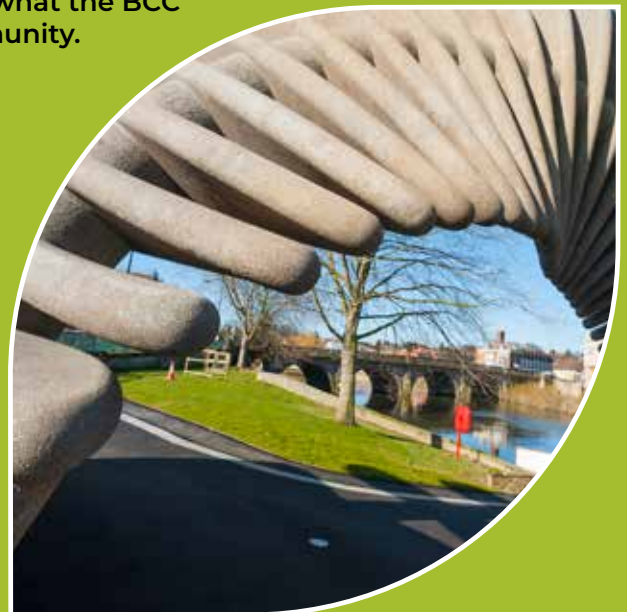
This survey is open to businesses from all sectors including public sector and third sector. The survey is open to any size of business from micro's, who employ no staff, to the very largest businesses.

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 August/September 2022

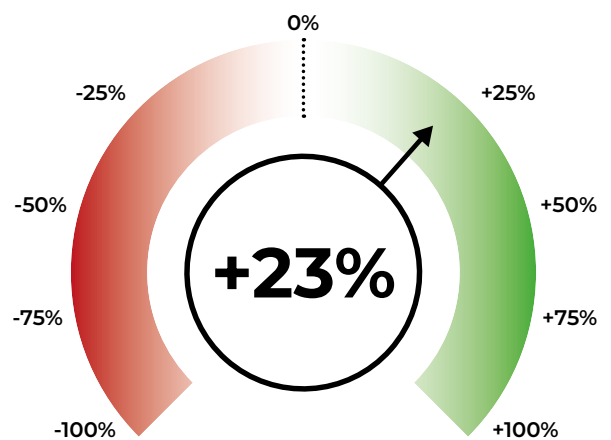
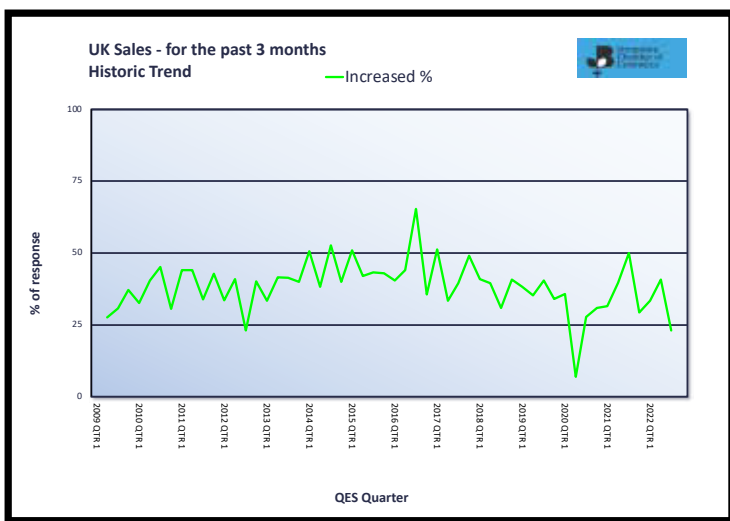


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## DOMESTIC (UK) SALES & ORDERS

### UK Sales Past:

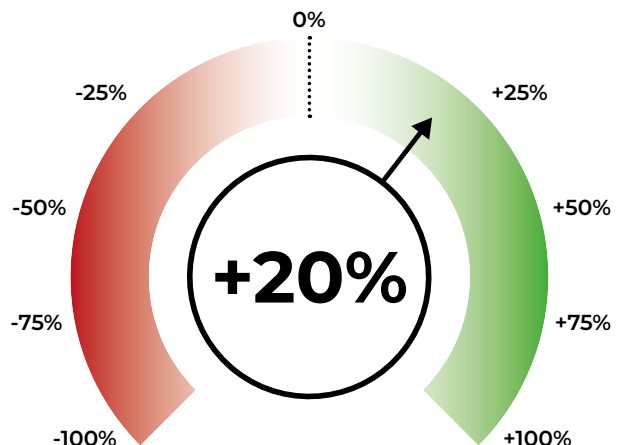
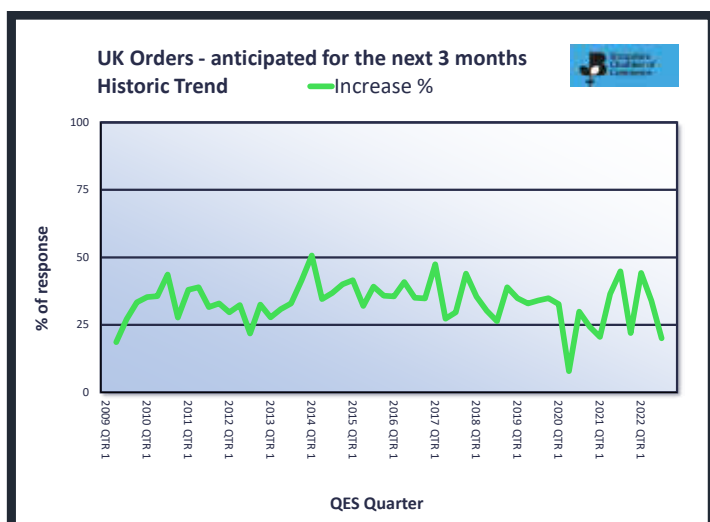
- (UK Sales Comment) “We are noticing a fall in demand and new work in the UK.” Other Services Sector
- (UK Sales Comment) “Noticeable decrease in new clients over the past 3 months.” Professional Services Sector
- (UK Sales Facts) Those seeing an increase in sales has fallen to just 23% from 41% in the previous quarter, however 49% said there has been no change from the previous quarter.



...of **respondents** reported increased domestic sales in Q3 2022, down from +41% Q2 2022

### UK Sales Future:

- (UK Orders Comment) “In General our customer base has increased, and orders have increased. We have been struggling to get the raw materials to satisfy the increased orders, though.” Manufacturing Sector
- (UK Orders Facts) Just 20% of respondents expect an increase in orders this quarter, but the vast majority 58% state that they expect their orders to continue at the same level as the previous quarter.



...of **respondents** reported increased domestic orders in Q3 2022, down from +34% Q2 2022

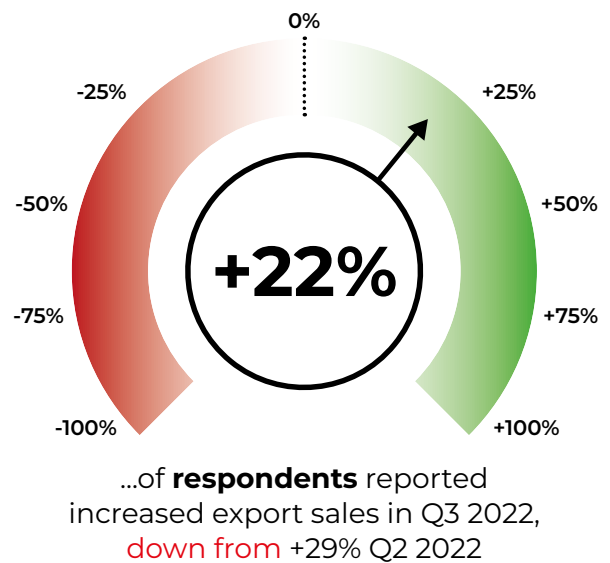
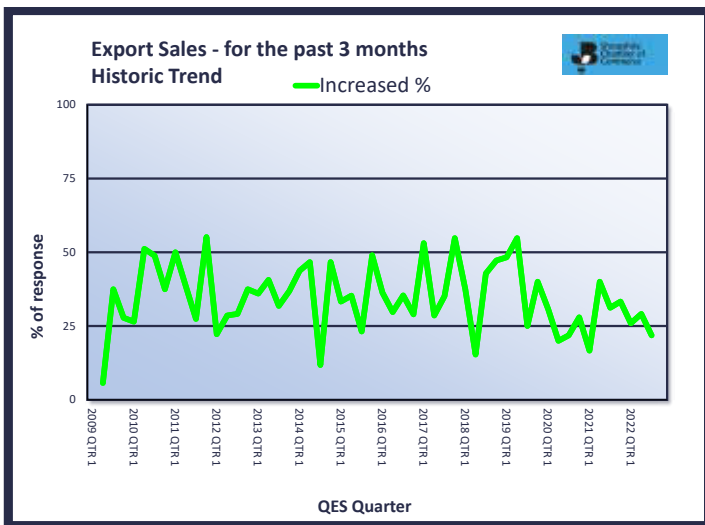
## 4. QES Q3 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## EXPORT SALES & ORDERS

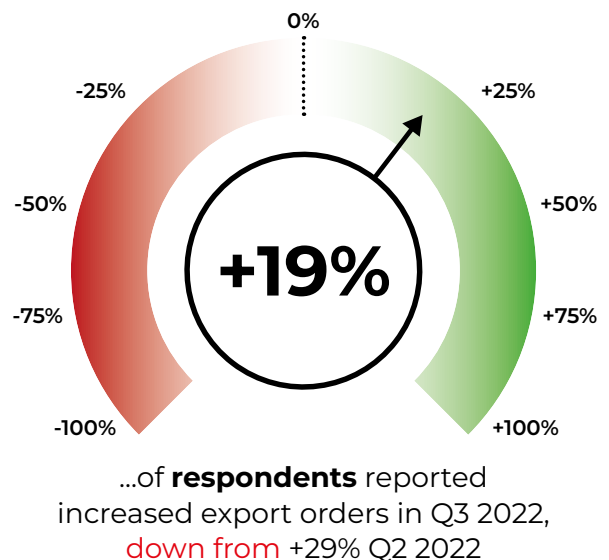
### Export Sales Past:

- (Export Sales Comment) “Brexit has created huge problems and the bureaucracy has stopped exports to Europe.” Hospitality, Catering & Tourism Sector
- (Export Sales Comment) “Overall sales are decreasing. Exports have dropped [by] around 80%.” Retail & Wholesale Sector
- (Export Sales Facts) Export sales increases have dropped for the 4th consecutive quarter. However, the number stating that sales are staying at the same level as the previous quarter has risen to 44%, from only 33% in Quarter 2.



### Export Sales Future:

- (Export Orders Comment) “We had a good European market that doesn’t want to play as readily now (Export Orders Comment) “Export sales (our largest market) should have increased. For the 7th successive quarter, they have remained constant with 2019 figures. This is caused by Brexit - we were unaffected by Covid. .” Manufacturing Sector
- (Export Orders Facts) Only 19% expect to see a rise in orders in the next three months, compared to the same quarter last year when the numbers expecting a rise in forward sales was at 44%.

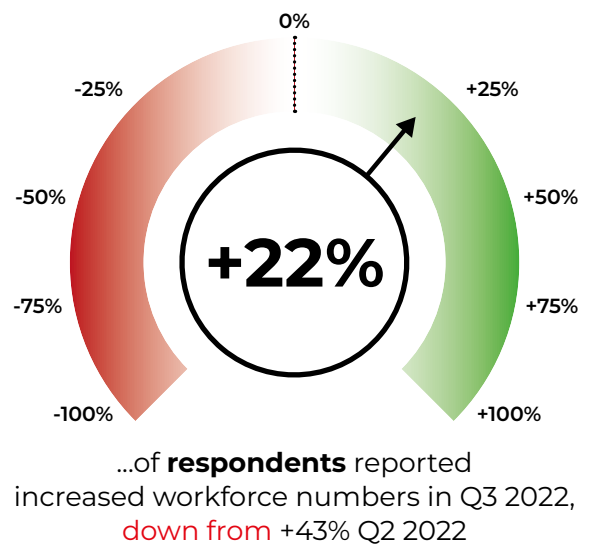
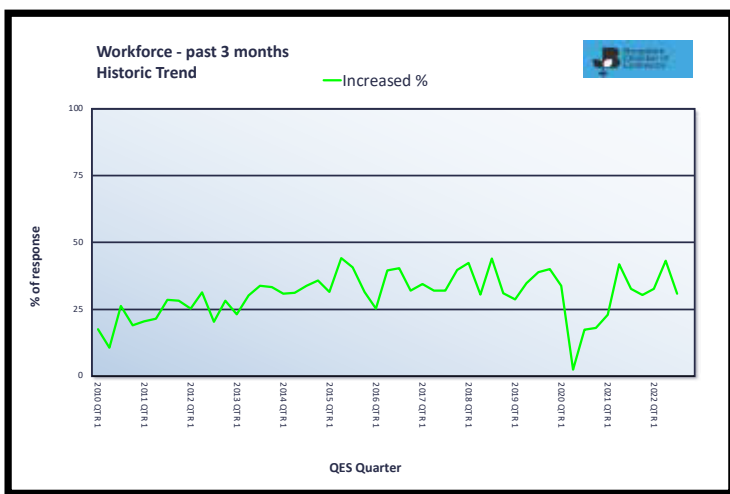


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## WORKFORCE PAST & FUTURE

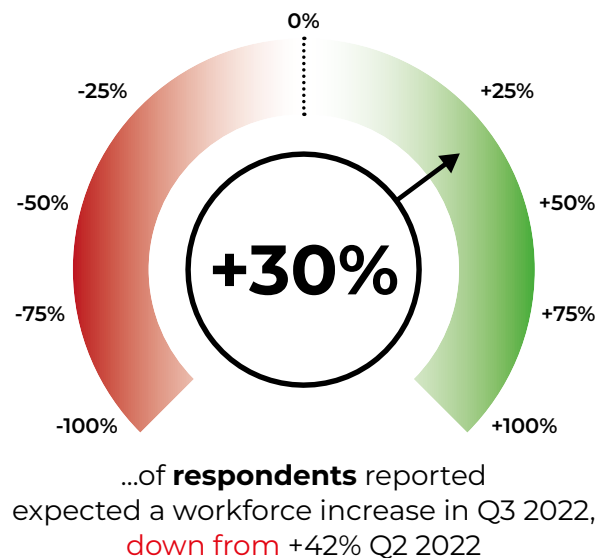
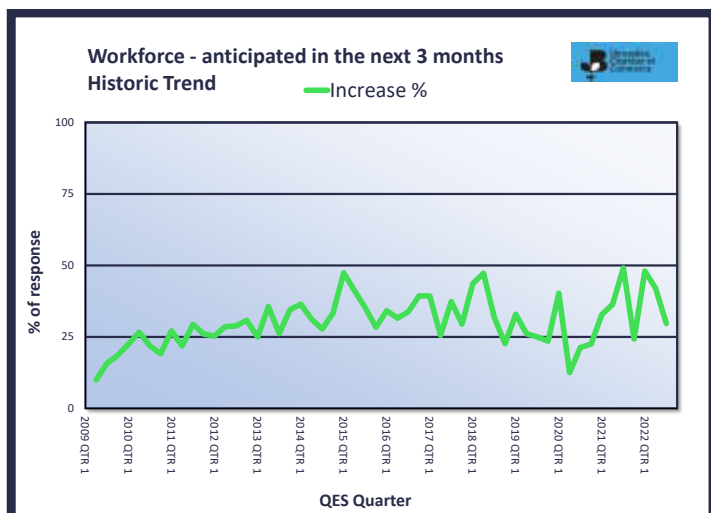
### Workforce Past:

- (Workforce Current Comment) “Workforce has reduced due to retirement and staff moving to new jobs. We are not planning on replacing at the moment as we cannot afford this with reduced sales.” Retail & Wholesale Sector
- (Workforce Current Facts) “There is a major shortage of skilled construction workers at present.” Construction & Engineering Sector
- (Workforce Current Facts) 54% said their workforce has remained at the same level as the previous quarter.



### Workforce Future:

- (Workforce Future Comment) “Rises in energy prices mean that we will have to at least look at reducing the workforce and possibly our service levels to the market over the next three to six months.” Manufacturing Sector
- (Workforce Future Comment) “If the current trend continues, I will have to lay people off. We cannot survive how we are with the current decrease.” Professional Services Sector
- (Workforce Future Facts) Despite the business pressures at this time, 61% feel that over the next three months their workforce numbers will not alter.



## 6. QES Q3 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

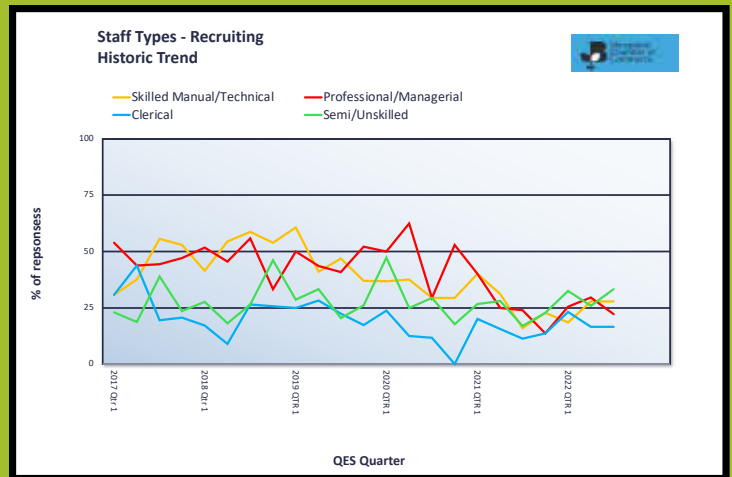
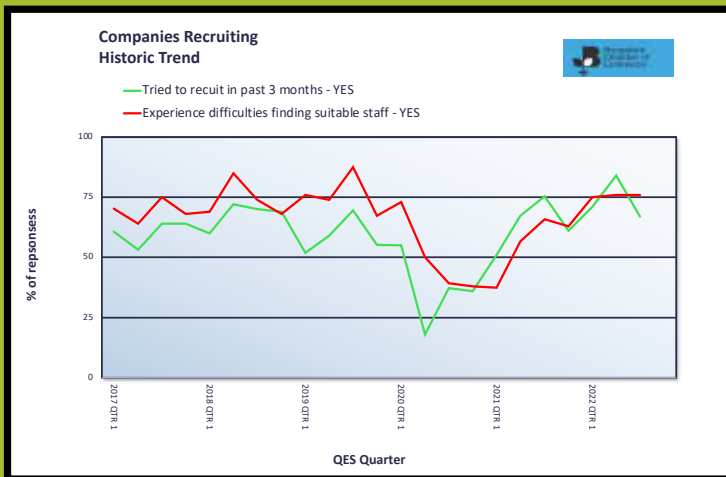
## SKILLS & RECRUITMENT

### Companies Recruiting:

- (Recruiting Facts) In the past quarter 67% who employ had tried to recruit, with 76% of those experiencing difficulties.
- (Recruiting Comment) "Struggled to recruit for all areas." Manufacturing Sector
- (Recruiting Comment) "We train as required. Applicants are much more likely to work for a specific period and move on. Retention rate 60% from 100% previously." Manufacturing Sector

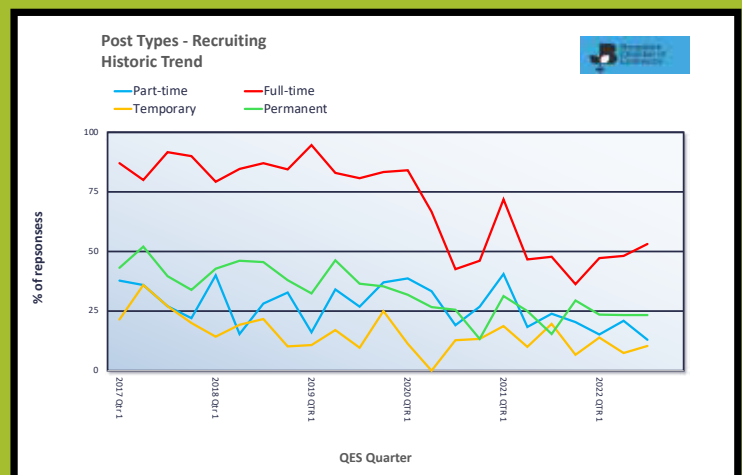
### Staff Types:

- (Recruiting – Staff Types Comment) "Overall, availability of candidates is poor. Younger applicants do not want to learn, older candidates are looking for less responsible positions." Retail & Wholesale Sector
- (Recruiting – Staff Types Comment) "[The] remote nature of our location means that to get the skill we need people have to travel further but are not always willing to do so." Other Services Sector



### Post Types:

- (Recruiting - Post Types Comment) "Lack of experience and knowledge." Marketing, Media, Advertising & Communications Sector
- (Recruiting - Post Types Comment) "Hybrid or remote working as a top preference for candidates has significantly increased." Professional Services Sector
- (Recruiting - Post Types Facts) The greatest number of positions being offered, by the respondents who employ, were for full-time roles at 53%. Semi/Unskilled positions were 33% of those on offer, followed by skilled manual/technical at 28%.



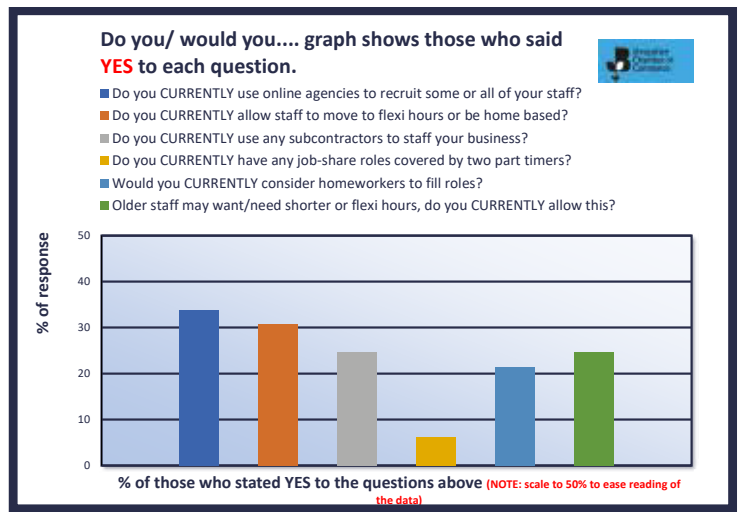
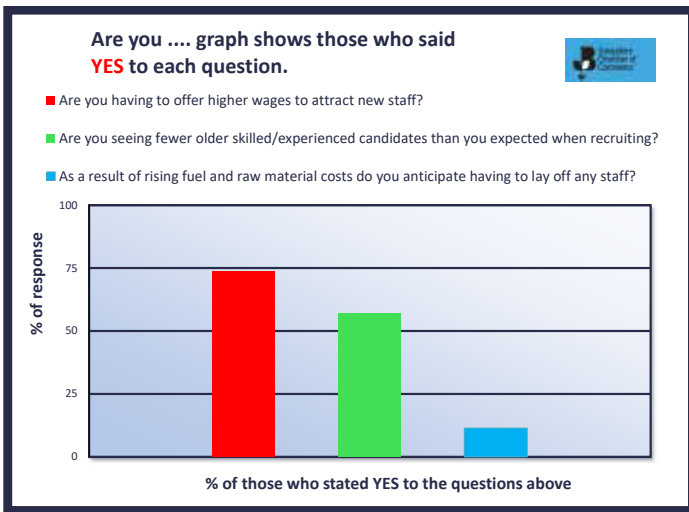


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## SKILLS & RECRUITMENT CONTINUED

### Recruiting:

• (Recruitment Comment) “9 interviews arranged in the last week - 2 didn’t turn up, 2 looked at the work & said no, 2 liked the work, but not the hours - 3 offered the jobs - 2 of which didn’t turn up on the start day, so 1 started.” Transport & Logistics Sector

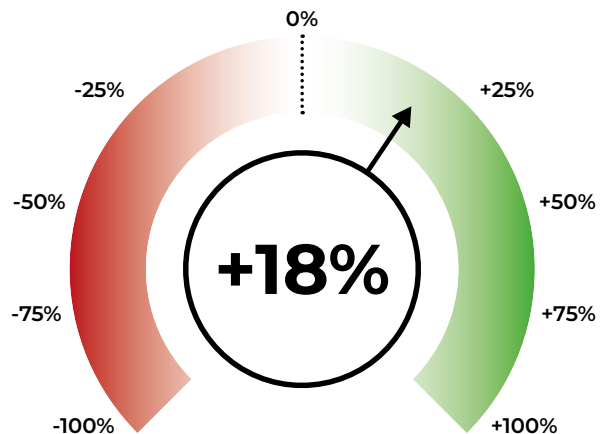
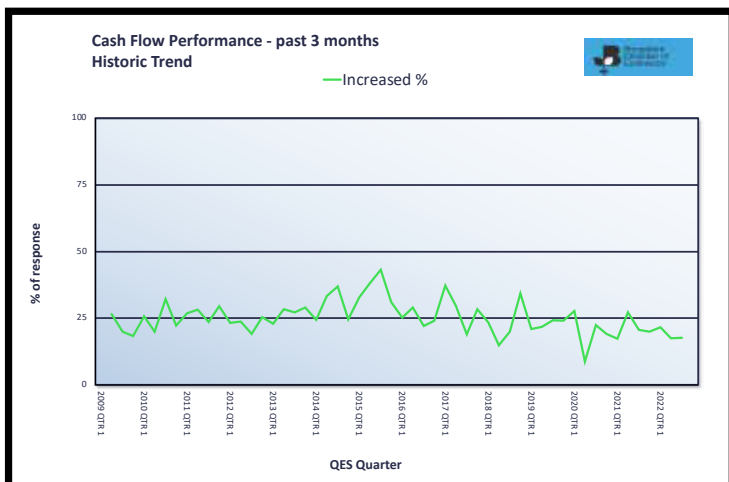


## CASH FLOW

### Cash Flow:

• (Cash Flow Facts) 49% state their cash flow remains the same in the quarter.

• (Cash Flow Comment) “Cash flow is an issue as VAT is charged up front on imports and is only claimed back when VAT return is done.” Manufacturing Sector



...of **respondents** reported a cash flow increase in Q3 2022, remaining the same as +18% Q2 2022

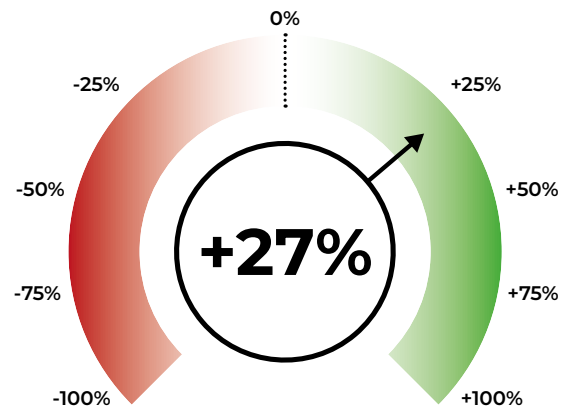
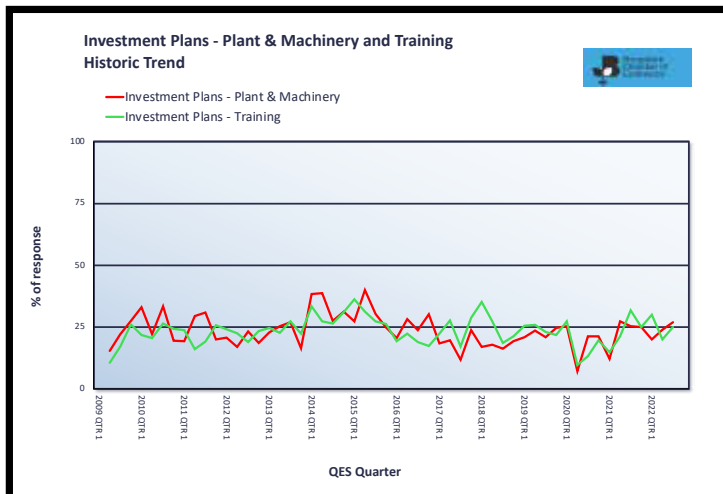
## 8. QES Q3 2022 RESULTS

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## INVESTMENT

### Investment - Plant & Machinery:

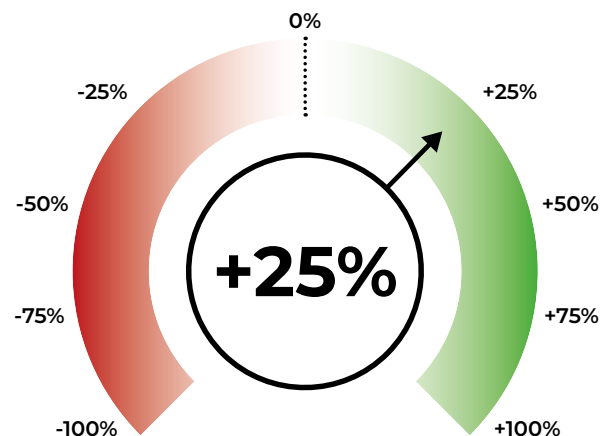
- (Investment in Plant & Machinery Facts) 27% said they expect to invest more in plant and machinery, possibly driven by the need to automate to counteract the skills shortages and become more efficient and cost effective.
- (Investment in Plant & Machinery Comment) "IT spending has increased significantly." Professional Services Sector
- (Investment in Plant & Machinery Comment) "We are having to look at improving throughput via investing in and installing the latest technology while we can still afford to. However, our markets are somewhat hit and miss in the volumes that they order and better and faster equipment might well mean that we can maintain an adequate level of activity on lower employee numbers and reduced power consumption." Manufacturing Sector



...of **respondents** reported an increase in plant & machinery investment in Q3 2022, **up from** +24% Q2 2022

### Investment - Training :

- (Investment in Training Facts) Slight improvement this quarter with 25% saying they will increase their investment in training, up from 20% of respondents in Quarter 2, 2022.
- (Investment in Training Comment) "It's just myself in the business. I do my best to learn new skills. My biggest barrier is time. Online courses would be useful (and videos)." Professional Services Sector
- (Investment in Training Comment) "We multi skill all of our workforce and offer job promotions internally." Manufacturing Sector



...of **respondents** reported an increase in training investment in Q3 2022, **up from** +20% Q2 2022

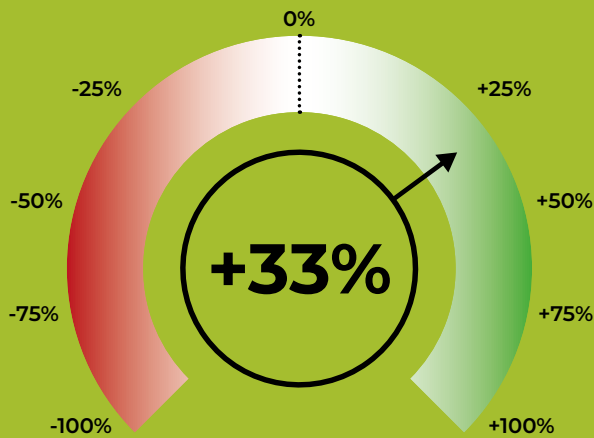
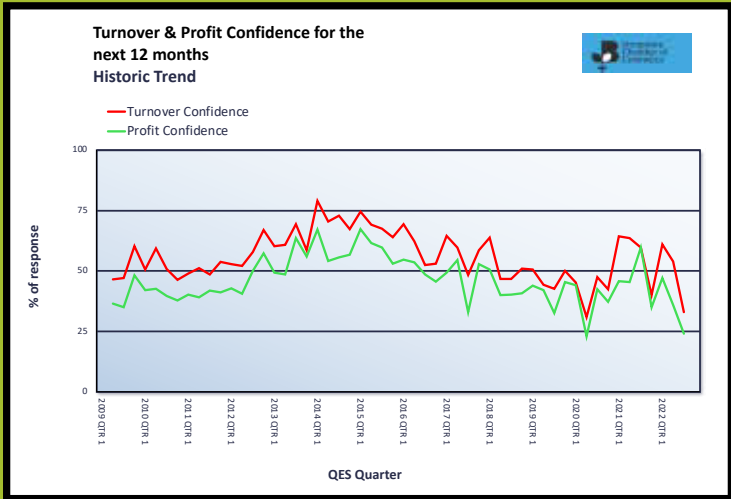


# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

## BUSINESS CONFIDENCE

### Confidence - Turnover:

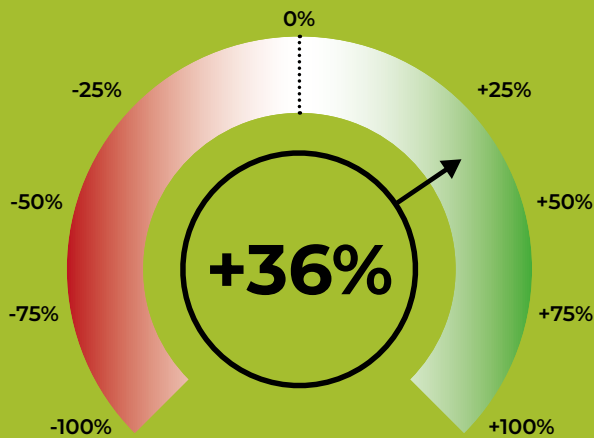
- (Turnover Confidence Facts) Those seeing improved confidence in turnover dropped back to 33% of those responding, down from 54% in Q2 and 61% in Q1 2022. Confidence always rides high above reality so this is a stark downward shift. The lowest since records began in 2009.
- (Turnover Confidence Comment) “Turnover is predicted to drop but costs (especially wage costs) have increased.” Professional Services Sector



...of **respondents** reported an increase in turnover confidence in Q3 2022, **down from** +54% Q2 2022

### Confidence - Profitability:

- (Profitability Confidence Comment) “We are being asked to carry out some fairly major additional workloads for net zero/sustainability, pay four times as much for energy and incur inflationary prices in raw materials while our market seems to believe that they can still enjoy ever progressive price reductions.” Manufacturing Sector
- (Profitability Confidence Comment) “Tendering for construction work remains exceptionally competitive and as such margins are miniscule. Pressure on materials and energy costs are extreme and we are pricing to try to ensure we can recoup these, but the goalposts are ever moving.” Construction & Engineering Sector



...of **respondents** reported an increase in profitability confidence in Q2 2022, **down from** +47% Q1 2022

# SHROPSHIRE QUARTERLY ECONOMIC UPDATE

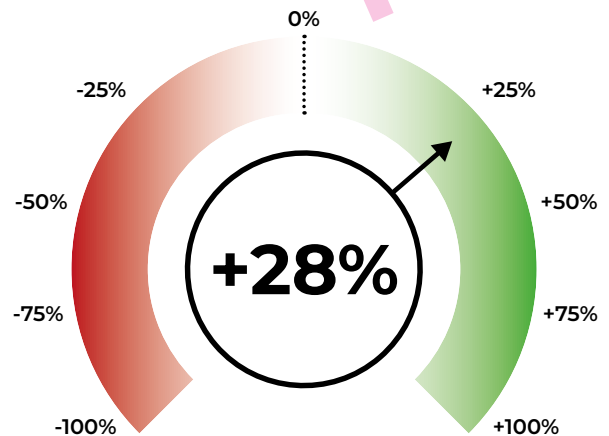
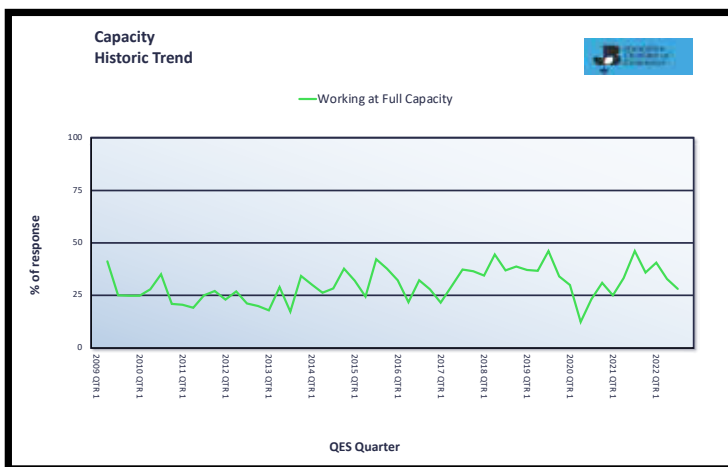
## CAPACITY & PRICE vs COST

### Capacity:

• (Capacity Comment) “Full capacity has been reached with current personnel and equipment largely due to resignations and long-term illnesses among a few staff.” Manufacturing Sector

“Staffing issues are limiting capacity.” Transport, Logistics, & Storage Sector

• (Capacity Facts) Currently 72% of respondents said they were working below full capacity.



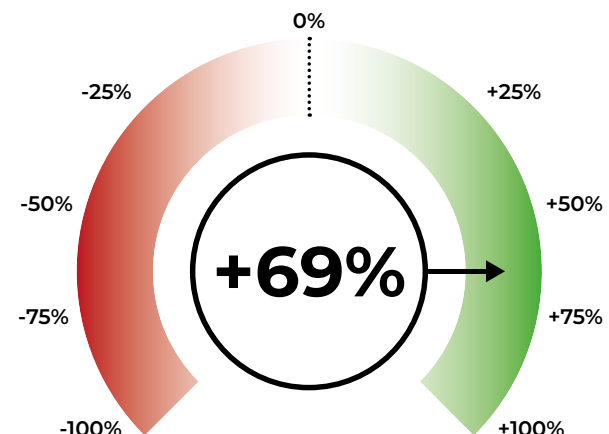
...of **respondents** reported working at full capacity in Q3 2022, **down from** +33% Q2 2022

### Price vs. Cost:

• (Prices vs. Cost Comment) “It’s easier to increase prices, because of raw material changes to new work and new customers. But a lot more difficult to existing customers who have regular work with us.” Marketing, Media, Advertising & Communications Sector

• (Prices vs. Cost Comment) “We can see that all energy, parts and labour costs will dramatically increase in the near future.” Manufacturing Sector

• (Prices vs. Cost Comment) “We can see that all energy, parts and labour costs will dramatically increase in the near future.” Marketing, Media, Advertising & Communications Sector

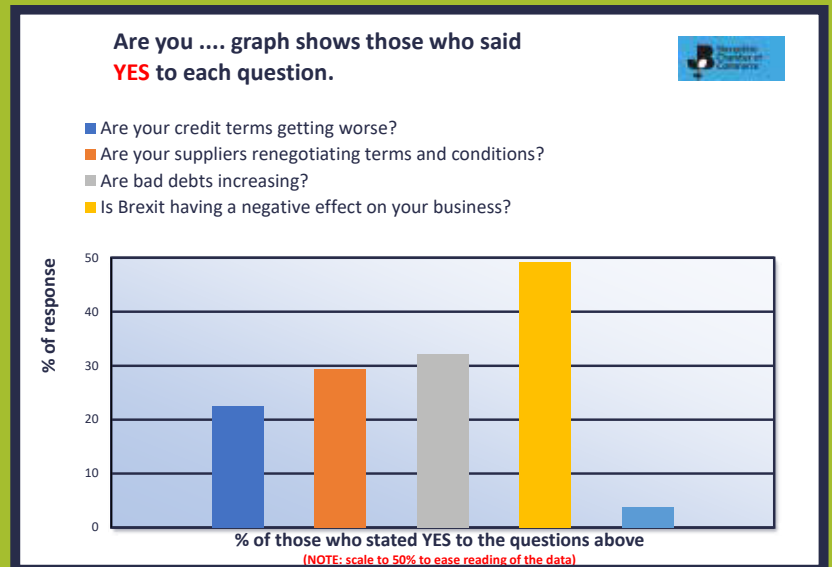


...of **respondents** reported an expectation to raise their prices in Q3 2022, **down from** +72% Q2 2022

# QUARTERLY ECONOMIC SURVEY

## BUSINESS PRESSURES

- (Credit Terms Facts) Unlike previous economic downturns credit terms around 3/4 of respondents are not facing worse terms.
- (Suppliers Renegotiating Terms Facts) This continues to be around a 1/3 of companies facing renewed terms, this will include those having to agree new fuel contracts.
- (Bad Debt Comment) “Debts are increasing as people can’t afford to pay.” Marketing, Media, Advertising & Communications Sector

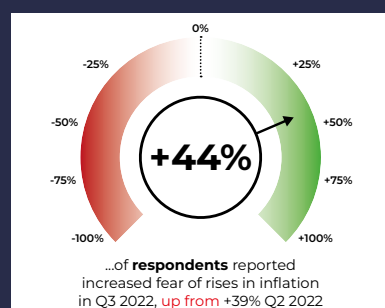
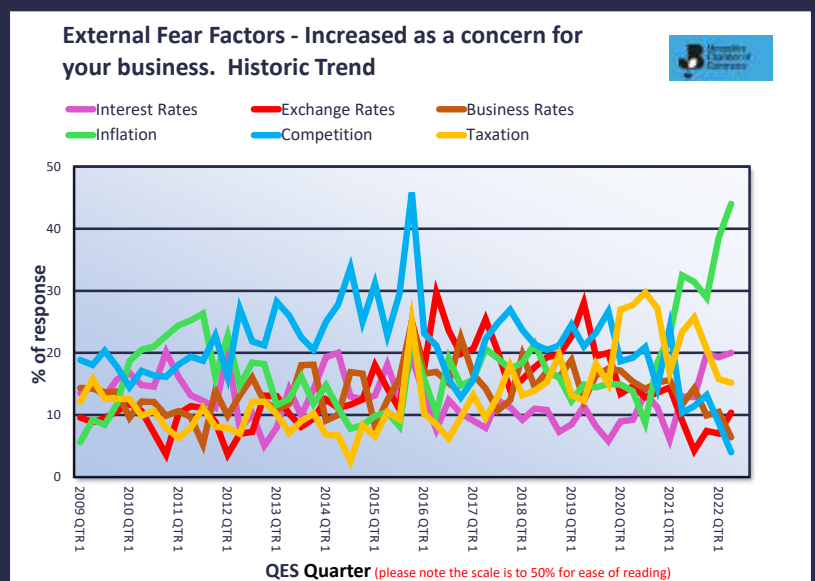


- (Brexit Comment) “Brexit has increased the cost of business both in terms of monetary cost and time in filling in forms that we didn’t need previously. It has affected our access to EU consumer markets. Since 2016 sterling has fallen against the Euro making our products more expensive (we work with EU suppliers and manufactures) for our UK customers, while making it more difficult to sell to a major export market for us.” Manufacturing Sector
- (Brexit Comment) “Brexit = a trade war that the UK is waging against itself.” Manufacturing Sector

## FEAR FACTORS

### Fear Factors:

- (Fears Factors Facts) Pre Covid the norm was for competition to be the biggest worry for business, during the height of Covid it was the fear of taxation, but now the worry is inflation, which stands out head and shoulders above all other fears.
- (Fear Factors Facts) “Inflation is always a factor, but energy costs will be by far the biggest worry going forward.” Marketing, Media, Advertising & Communications Sector
- (Fear Factors Facts) “Taxation, Exchange Rates and uncertain inflation rates [are the greatest fears].” Manufacturing Sector
- (Fear Factors Facts) “Unless the government takes drastic intervention particularly regarding energy costs, it’s going to be an extremely challenging 2023.” Professional Services



**WE  
WANT  
YOU!**



# Do it for Shropshire!

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

**[shropshire-chamber.co.uk](http://shropshire-chamber.co.uk)**

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