

Lack of Soft Skills is holding business back...



“
**RECRUITING
ISSUES**
...still common

“
**INFLATION
PRESSURES**
...still loom large

“
**WAGE
INFLATION**
...squeezing budgets

“
**COMPETITION
WORRIES**
...are on the rise

Cost vs Sales...

Sales slowing, while costs continue to rise.

Some businesses are starting to look at layoffs or short time working due to a decline in sales in the last few months.

Inflation, fuel costs and the heavy pressure from ever increasing wage demands have started to take their toll. Stock piles remaining from Covid and supply chain issues easing are making buyers slower to place orders, or only placing smaller orders.

“Cash flow will be king at this point...”

Brexit is still making European trade difficult at a time when expanding your customer base may be a partial solution to sluggish sales and layoffs.



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:

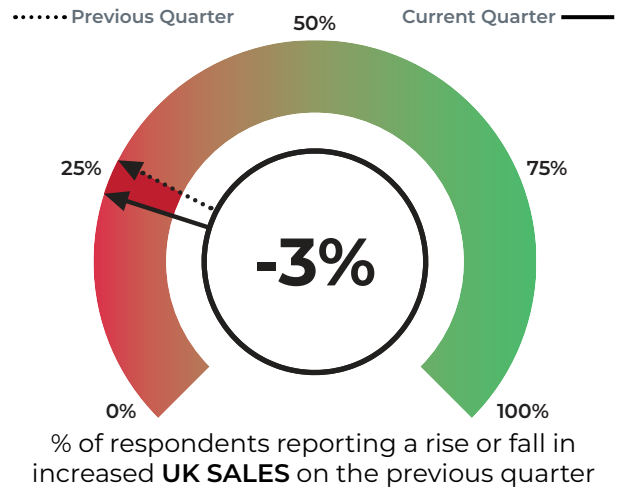
“Since the government withdrew HS2 [north of Birmingham] and the decline in construction trade due to excessive houses being built but not selling, there has been a knock on effect on our business, which is plastic recycling. Prices worldwide plummeted as soon as the government made the decision.”

Manufacturing Sector

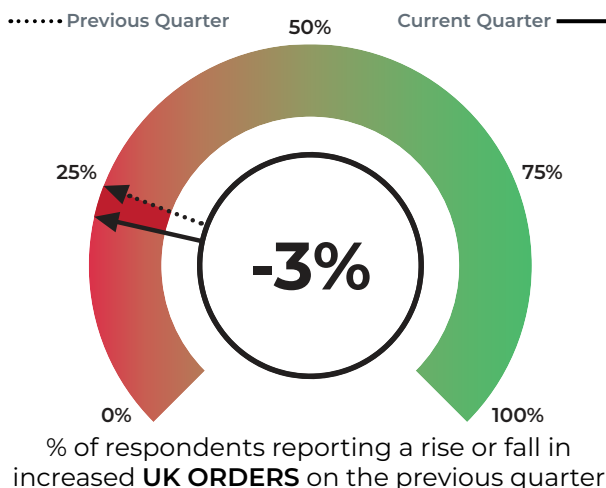
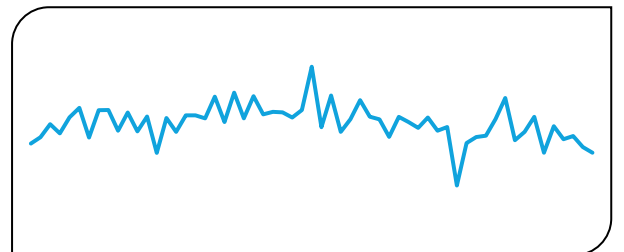
“Germany has more customers for our products than all of the combined rest of the world and so Brexit is causing us many lost sales!”

Manufacturing Sector

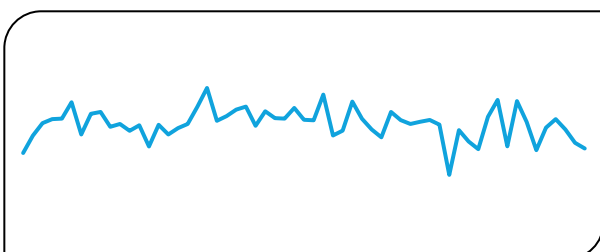
Those seeing sales declining remained the same as last quarter at 31%.



2009 UK Sales Past 2023



2009 UK Sales Future 2023



UK Sales Future:

“Confidence is stabilising as interest rates hold and turn down.”

Public Sector

“Domestic demand for business support is at the highest levels I’ve seen in 5 years. Owners are willing to pay for the support after years of battling through external forces like Covid, Brexit, Ukraine and inflation/interest rate rises.”

Professional Services Sector

56% of respondents saw no increase in forward orders, a higher number than in Qtr.3 when it was 47%.

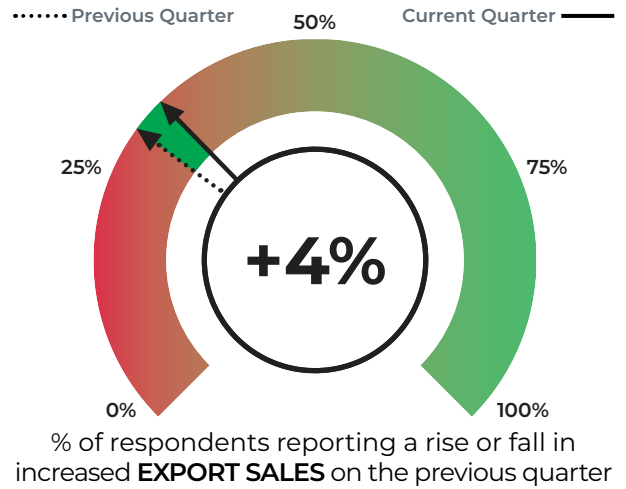
EXPORT SALES INCREASES

Export Sales Past:

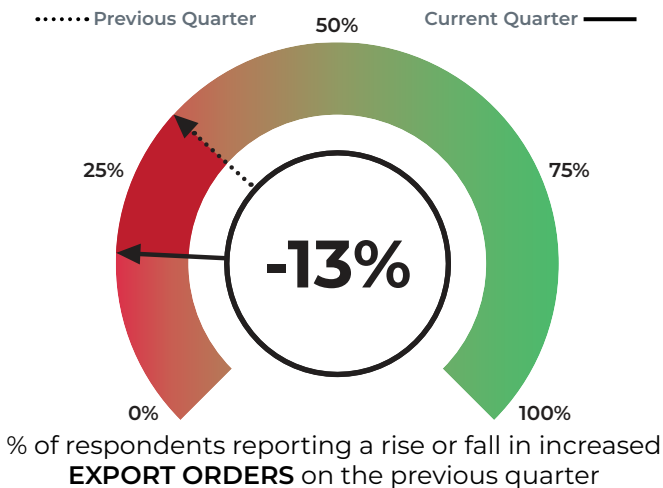
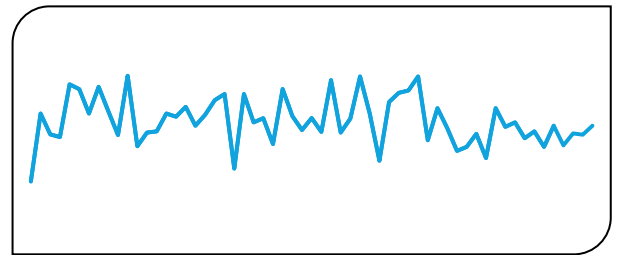
"All sales have continued to decrease month on month for the last 6 months."
Retail/Wholesale Sector

"Brexit is still causing issues."
Professional Services Sector

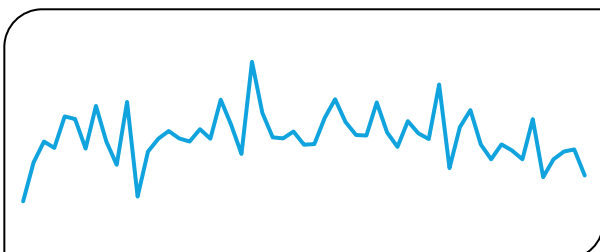
This quarter 41% of exporting respondents stated a drop in sales, which is unchanged from Qtr.3.



2009 Export Sales Past 2023



2009 Export Sales Future 2023



Export Sales Future:

"There is no way of exporting/importing [to Europe] many of our products and services. What bit we still do, costs us lots of labour and fees!"
Manufacturing Sector

"The problem is that with lower overheads, competitors overseas are at a very distinct advantage. With the pound weak, our raw materials are also expensive so we get burned at both ends."
Manufacturing Sector

In Qtr.3 31% of exporters stated a decline in future export orders, whereas in Qtr.4 37% of respondents reported a decline.

WORKFORCE PAST & FUTURE

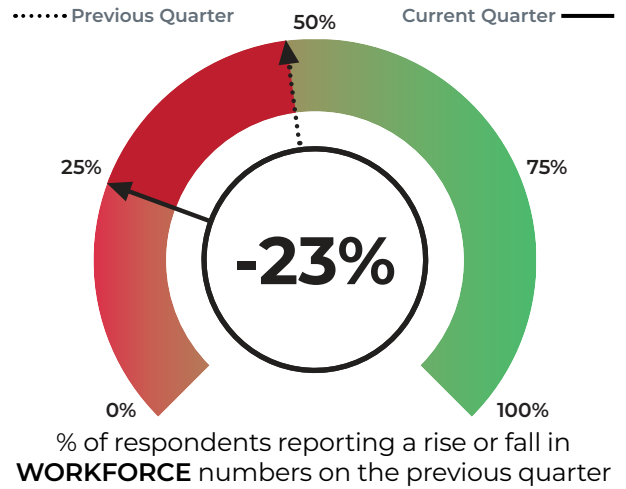
INCREASES

Workforce Past:

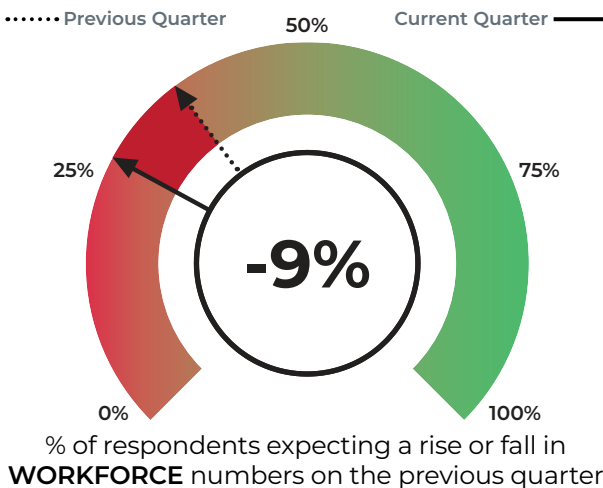
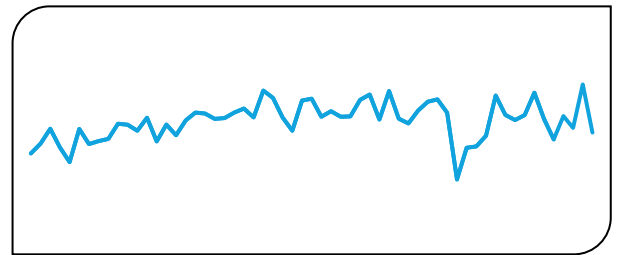
"We are having to reduce staff overheads due to lack of sales."
Retail/Wholesale Sector

"Our IT manager left so we are looking to outsource."
Services Sector

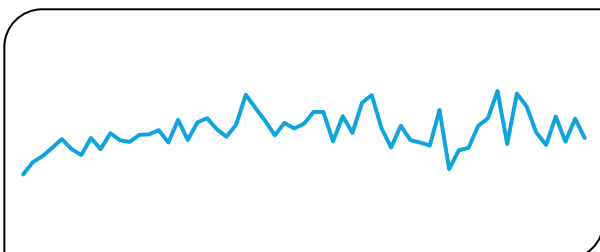
There has been a 10% rise this quarter in the number saying they had reduced workforce numbers compared to the previous quarter.



2009 **Workforce Past** 2023



2009 **Workforce Future** 2023



Workforce Future:

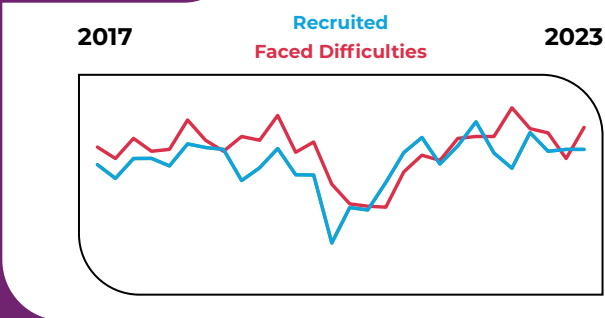
"We are shortly going to be making redundancies due to a 50% decline in our commercial training offer and a 25% decline in our apprenticeship training."
Professional Services Sector

"We are recruiting for engineers and engineering managers."
Construction & Engineering Sector

16% rise in the number of respondents saying they expect to reduce their workforce in the next 3 months, however the % remains low at 19%.

SKILLS & RECRUITMENT

Companies Recruiting:



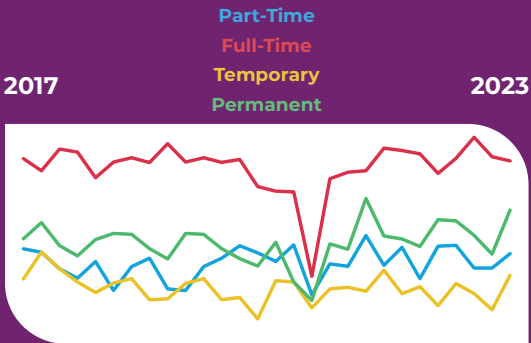
“38% stated that they are still having to continue to raise wage rates to attract staff, just 1% lower than last quarter.”

Though a slight reduction in those attempting to recruit, the numbers are still substantial, and the difficulties in finding the right candidates remains.

Full time roles are still the greater part of the recruitment landscape, despite employees holding out for flexi or part time working.



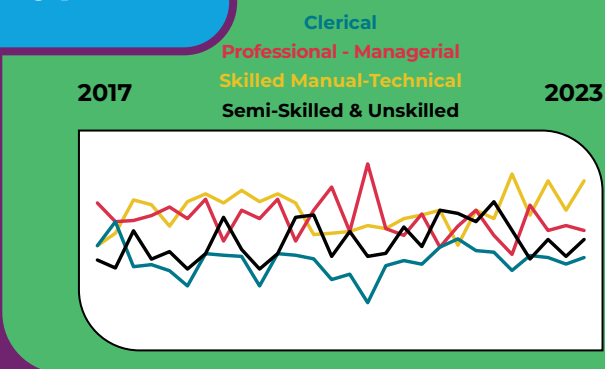
Staff Types:



“Qualified Solicitors in short supply.”
Professional Services Sector

“Struggled to find Estimators for the construction industry or Bricklayers with suitable experience.”
Construction & Engineering Sector

Post Types:



“Trying to recruit Fabricators and Welders.”
Construction & Engineering Sector

“Given the higher cost of living, people are staying in roles they don’t like for personal financial security. This is why we need to develop better leaders and managers to develop that talent or to attract that talent.”
Professional Services Sector

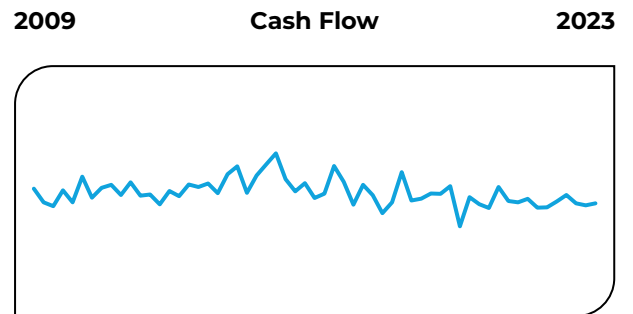
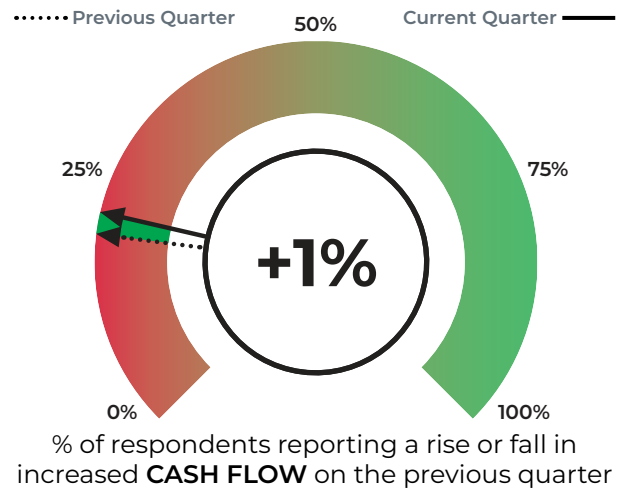
CASH FLOW
INCREASES

Cash Flow:

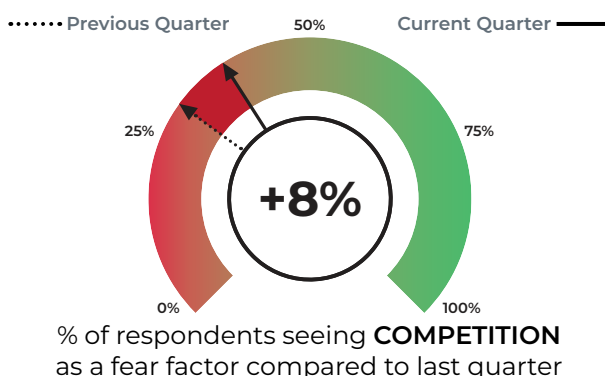
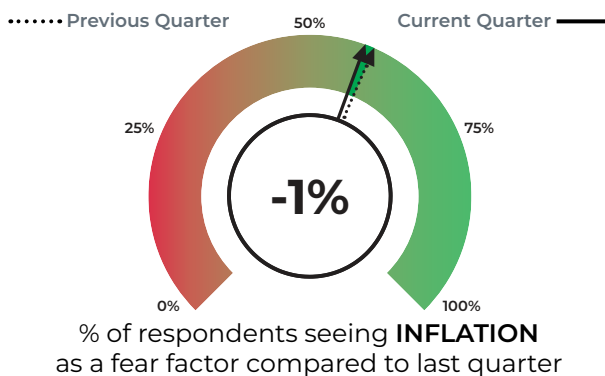
“There is now no money to invest, its more about survival at this time.”
Manufacturing Sector

“We are noticing a general trend of customers taking longer to pay their invoices, and having to be chased.”
Marketing & Media Sector

56% stated in Qtr.4 that there had been no change in cash flow, where as that figure was 59% in Qtr.3.



FEAR FACTORS



Fear Factors:

“Rates. Green measures; Plastic Tax + Enhanced Producer Responsibility Costs - increased regulation. Corporation Tax increasing is another increase that will affect us in the future.”
Retail/Wholesale Sector

“We are still carrying large amounts of debt from the lockdown periods. e.g. backdated taxes, higher finance costs etc.”
Hospitality Sector

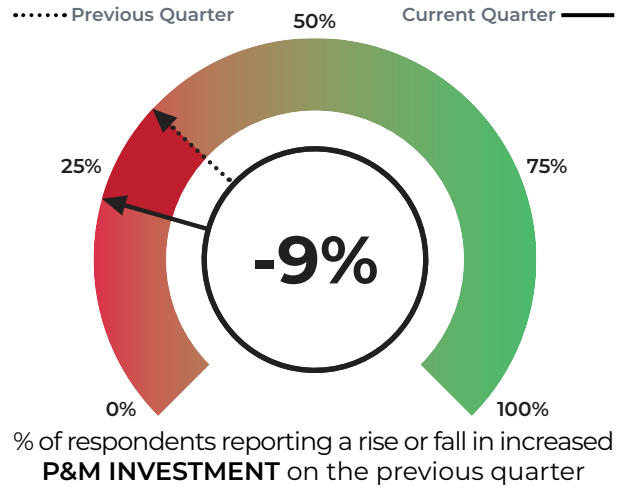
Labour costs are still seen as the greatest worry, with 72% stating this as a fear.

INVESTMENT INCREASES

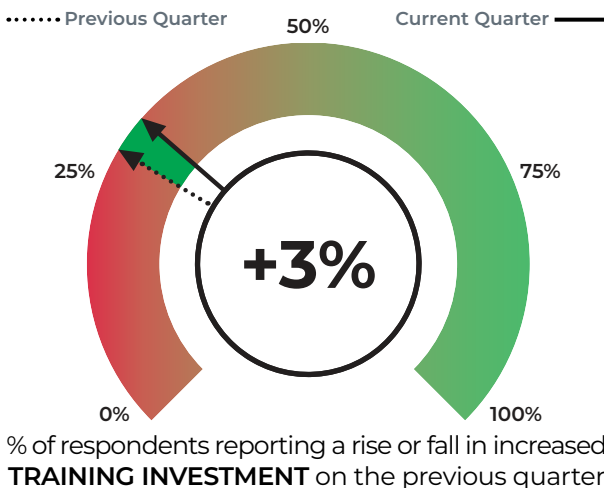
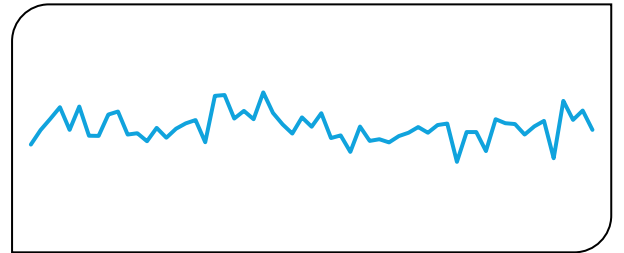
Plant & Machinery:

“Capital expenditure, repairs and renewals will cost more than budget.”
Services Sector

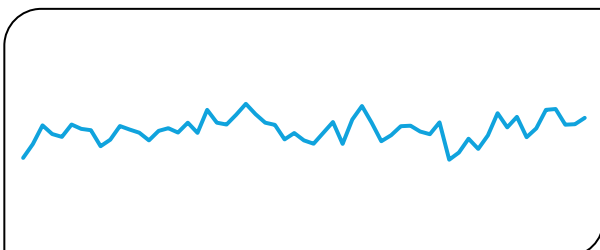
“Fuel and energy prices have irrationally increased due to the companies capitalising from a crisis with very little intervention from government. This has had significant impact on staffing as well as running the business overall, having to cut back on things like investing in new technologies, IT systems and reducing advertising spend.”
Professional Services Sector



2009 Plant & Machinery 2023



2009 Training 2023



Training:

“We cannot invest in training due to low sales and cash flow is at its worst I have ever seen it.”
Retail/Wholesale Sector

“80% of our revenue comes from apprenticeships. The funding for these is capped by the government and has been since 2017. This means we have a real terms reduction of 25% of the revenues.”
Professional Services Sector

CONFIDENCE
INCREASES

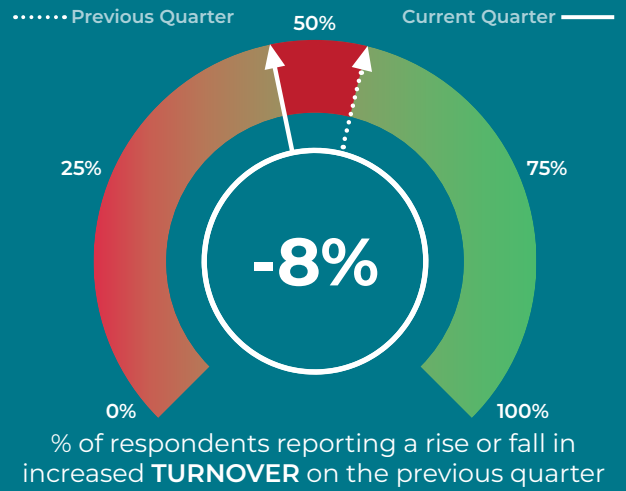
Turnover Confidence:

“The stopping of HS2 had an immediate impact on our trade because customers had stock to use on the project and that is now excess to requirements which means prices have slumped. The machinery is worth less than half of normal prices which demonstrates that we are not the only industry in recession.”

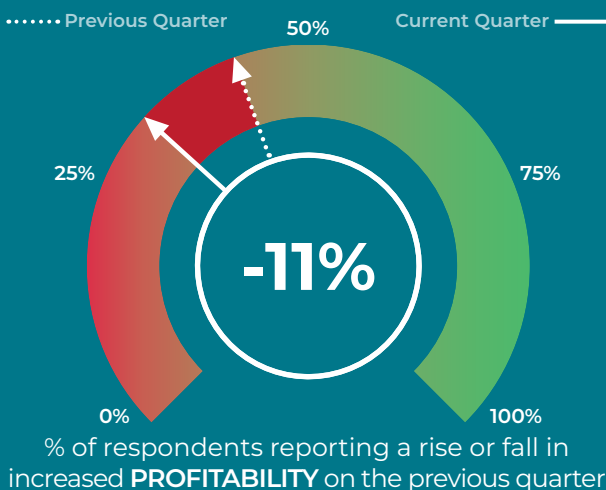
Manufacturing Sector

“We ultimately have to pass on at least some price increases.”

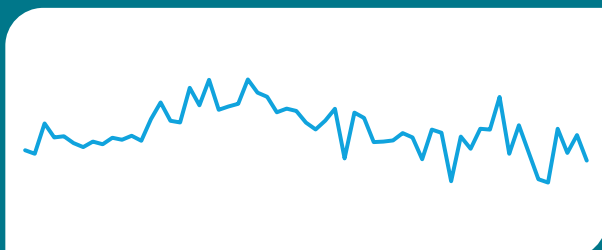
Manufacturing Sector



2009 Turnover 2023



2009 Profitability 2023



Profitability Confidence:

“The National Living Wage increases are impacting on our business.”

Manufacturing Sector

“Cannot afford to pass on the price increases to our customers so having to absorb this in terms of having lower profits.”

Professional Services Sector

CAPACITY | PRICE vs COST

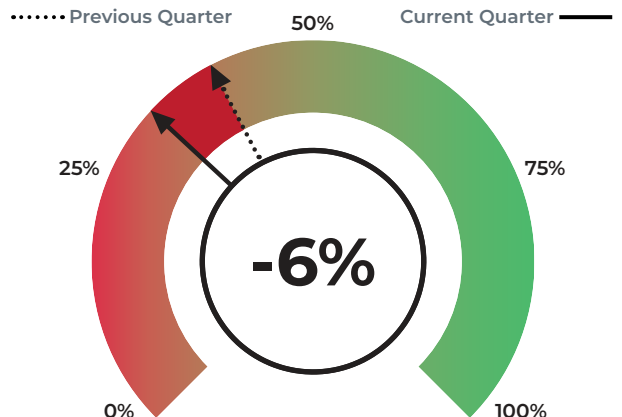
Capacity:

“As a business centre providing office space, we anticipate that as offices become vacant naturally the re-let cycle will increase from 1-3 months to 3-6 months.”

Professional Services Sector

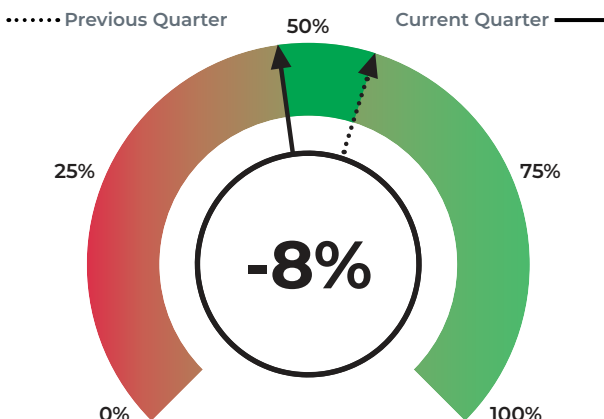
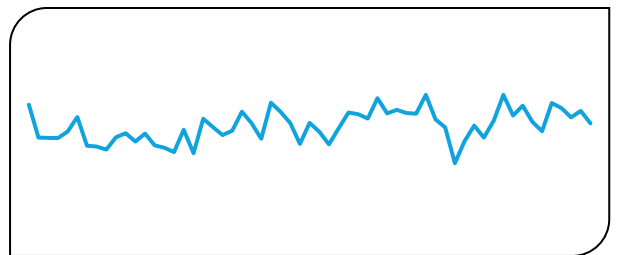
“Our customers and suppliers seem to feel generally unsure of what lies ahead for us in 2024.”

Marketing & Media Sector



% 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:

“Annual price increase will have to take place.”

Manufacturing Sector

“Our prices are already set to rise for the 3rd time this year.”

Retail/Wholesale Sector

Though some costs such as container shipping have decreased, many have not, such as wages and fuel, keeping the need to increase prices at the forefront.



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?

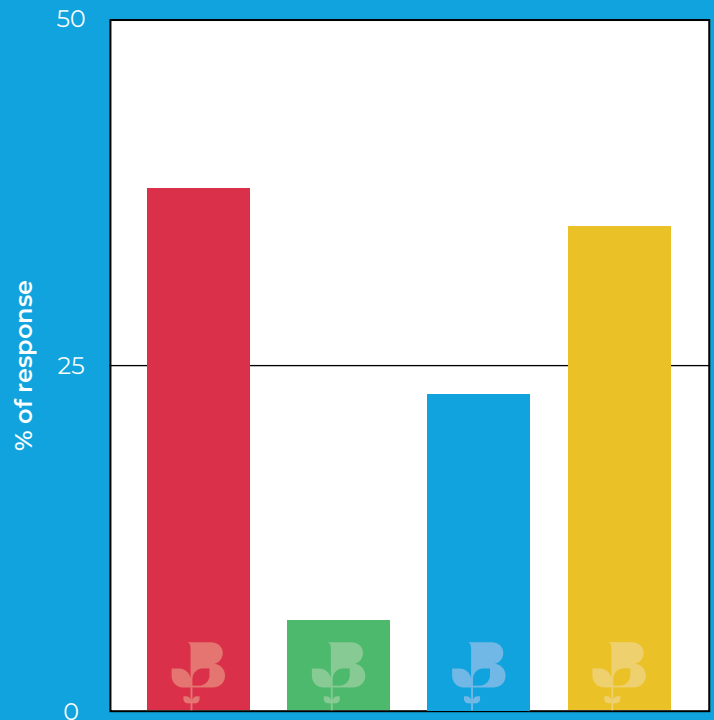
3

Are your credit terms getting worse?

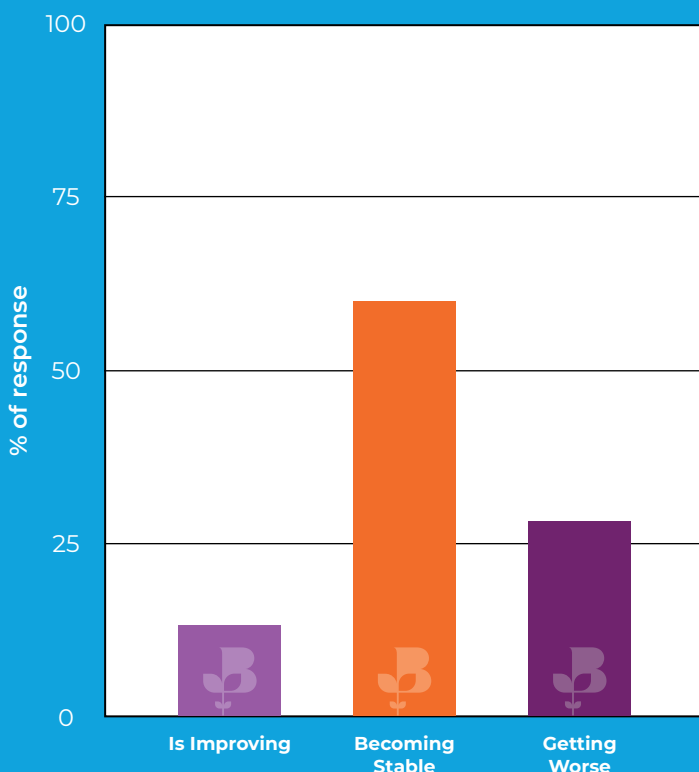
4

Are bad debts increasing?

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



Graph shows the % of responses regarding the current Supply Chain situation



Supply Chain:

"Brexit has improved supply chain in the UK with new suppliers manufacturing some of our key products here now, shortening our lead times."

Service Sector

"The global wars are affecting import of goods and prices."

Retail/Wholesale 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

