

# Inflation Remains Stubbornly High...

“  
**WAGE  
RATES**  
...Continue to rise

“  
**FUEL  
COSTS**  
...still remain high

“  
**STAFF  
VACANCIES**  
...hard to fill

“  
**UK  
ORDERS**  
...at pre-Covid  
levels

# Staff & Inflation

## Getting the right staff is still proving difficult.

Qualifications not meeting employer expectations and recruitment shortages are causing issues for businesses in all sectors.

Salary demands remain high which is putting pressure on profitability. Interview no-shows or younger recruits not even completing their first week is hampering the manufacturing industries, with some employers no longer recruiting anyone under 21 years of age.



## “When will pressures on the business community ease?”

Inflation is expected to fall quickly this year as consumer consumption demand weakens, goods shortages start to ease and the wholesale energy prices remain lower. Inflation is already falling from the highs of last winter, currently sitting at around 8.7%.



## 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](mailto: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.**

© Shropshire Chamber 2009-2023. Survey carried out over 3 weeks during May and June 2023.

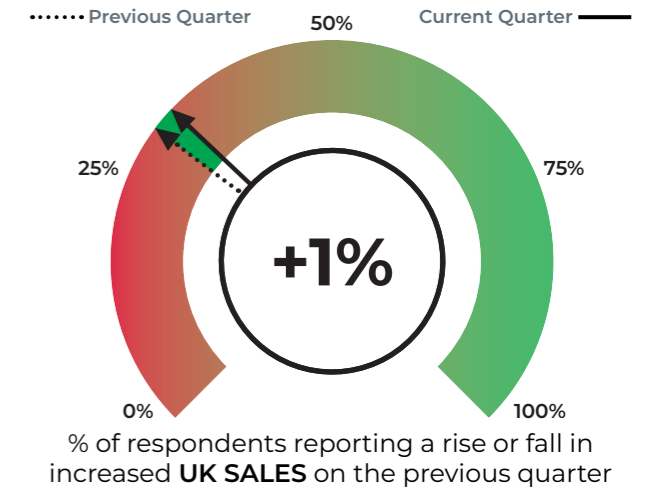
## DOMESTIC (UK) SALES INCREASES

### UK Sales Past:

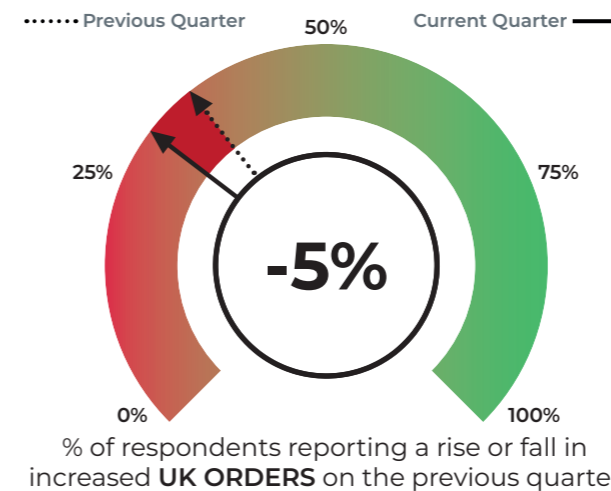
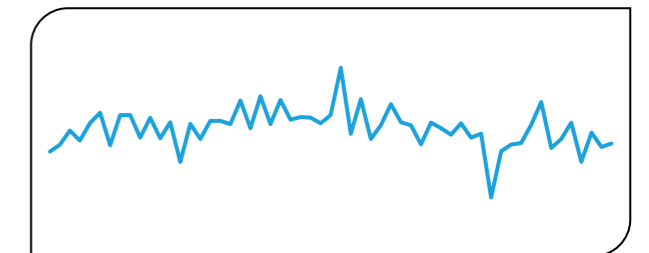
*“March and April have been slow in the independent retail sector.”*  
Retail/Wholesale Sector

*“Clients are leaving things far more last-minute before committing to orders.”*  
Marketing/Media Sector

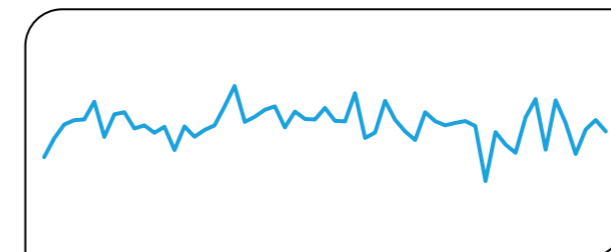
*41% stated they had seen no change either way in domestic sales in Q2.*



2009      UK Sales Past      2023



2009      UK Sales Future      2023



### UK Sales Future:

*Anticipated orders for domestic sales faltered slightly with a greater number saying they expect no change. No expected change up 7% this quarter.*

*“Web design orders have increased.”*  
Marketing/Media Sector

*“Orders seem to be largely holding up against a more pessimistic background two quarters ago.”*  
Manufacturing Sector

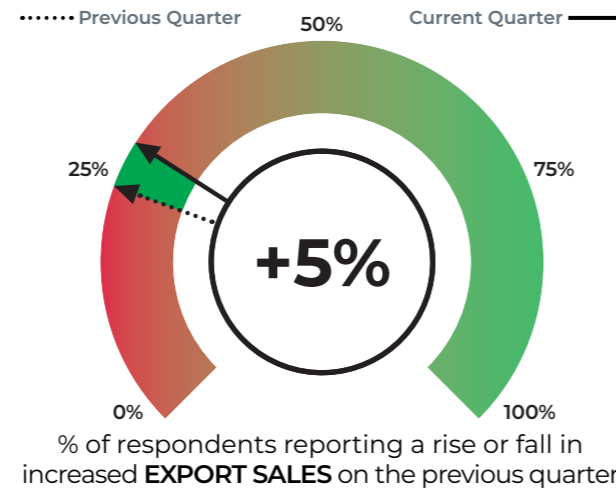
EXPORT SALES  
INCREASES

Export Sales Past:

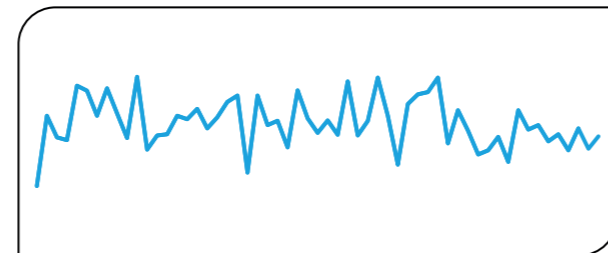
*"The market we source from has become much more chaotic. It is unclear when cars will arrive in the UK, where, and when they will become available. UK appears a real afterthought when it comes to the large non-UK manufacturers."*  
Automotive Sector

*Those seeing a decrease in export sales this quarter doubled, from 19% Q1 to 38% this quarter.*

*"Sales impacted by sea freight supply interruptions from the United States."*  
Retail/Wholesale Sector



2009 Export Sales Past 2023



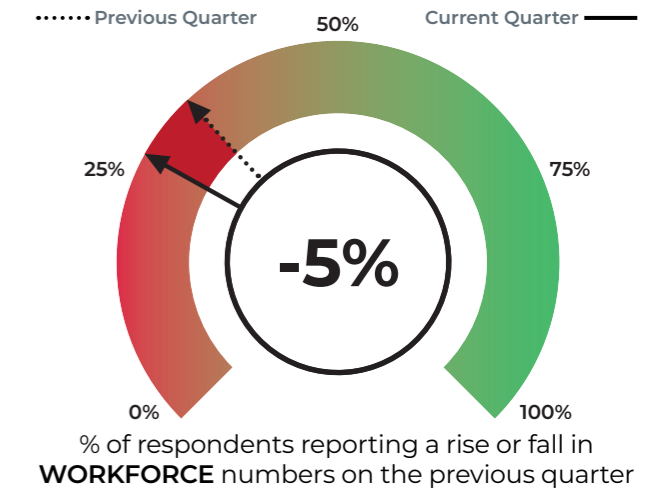
WORKFORCE PAST & FUTURE  
INCREASES

Workforce Past:

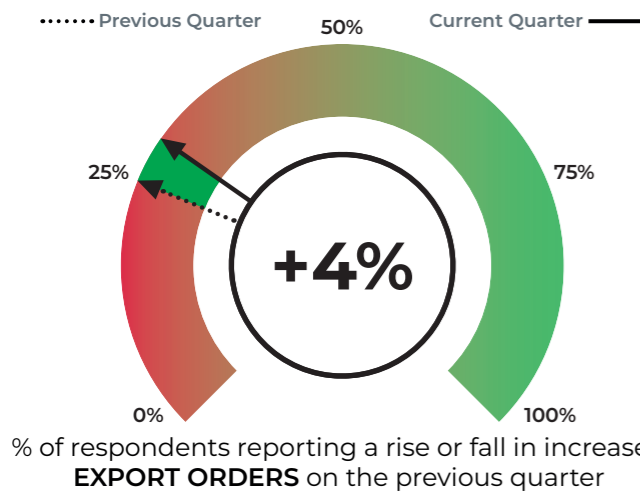
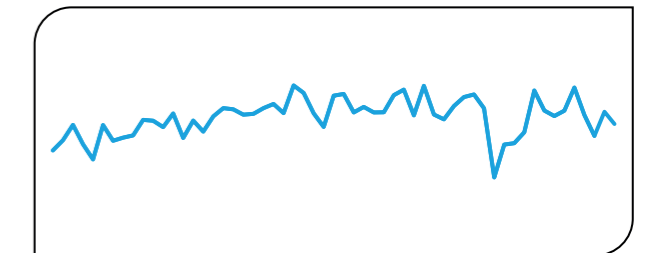
*Workforce numbers stabilised, despite unfilled vacancies, with 64% saying they had not increased or decreased their workforce in the last 3 months.*

*Machine operators, fabrication welders, project managers, warehouse staff, trades and engineers are high on the list of needs from across the sectors again this quarter.*

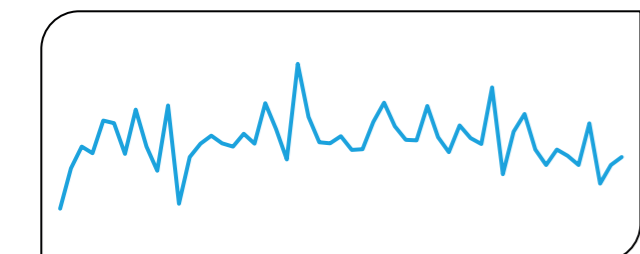
*"Hardware & mechanical engineers, they are all preferring to work freelance which is not ideal."*  
Manufacturing Sector



2009 Workforce Past 2023



2009 Export Sales Future 2023

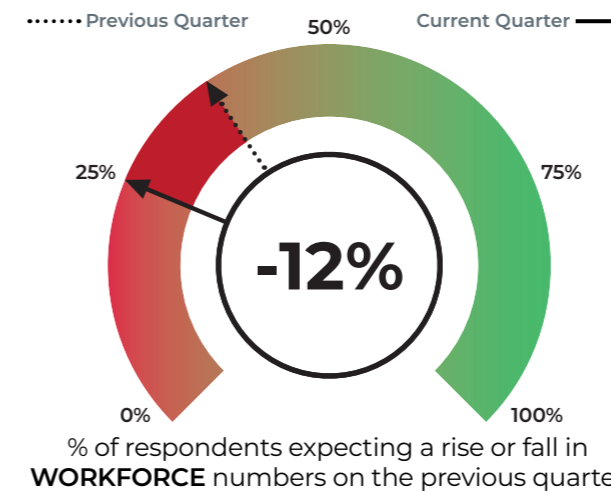


Export Sales Future:

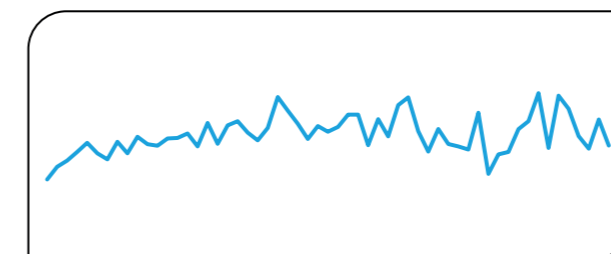
*"New orders from export activities are up."*  
Retail/Wholesale Sector

*"While we are seeing an increase in sales and orders across the board, there are indications that in some sectors that we will start to see a slow down in the second half of the year."*  
Manufacturing Sector

*Q2 saw a 4% increase in predicted export orders, from 25% in Q1 to 29% in Q2.*



2009 Workforce Future 2023



Workforce Future:

*"To meet the anticipated increase in capacity we will need to increase our workforce."*  
Manufacturing Sector

*The construction sector is still in need of all trades and the manufacturing sector needs skilled engineers.*

*"We have had a number of staff go back to Romania so haven't had to cut staff, we may have had to if they hadn't left."*  
Manufacturing Sector

## SKILLS & RECRUITMENT

### Companies Recruiting:

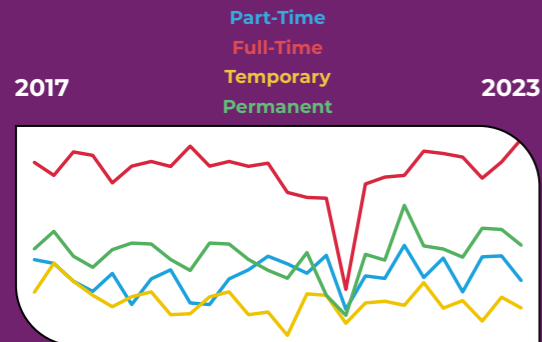


*“The number of exits is matched by the number of new starters.”*  
Construction Sector

*“We have started an apprentice program but it is not encouraging. If the number of candidates who apply and then get through the interview remain at this level, then we will drop the program as not worthwhile. We work hard with apprentices but we are not a parenting organisation.”*  
Service Sector



### Staff Types:



*“Software developers are in high demand. Skills / experience do not match expectations.”*  
Professional Services Sector

*“We offer flexibility of working at home or in the office. New staff need to start in the office and some positions are office bound in general, but we are always flexible.”*  
Service Sector

### Post Types:



*“Recruiting trained admin staff is very difficult.”*  
Customer Services Sector

*“Competition for staff keeps the wage expectation very high, we are a living wage employer but some rates expected are unrealistic and not sustainable.”*  
Manufacturing Sector

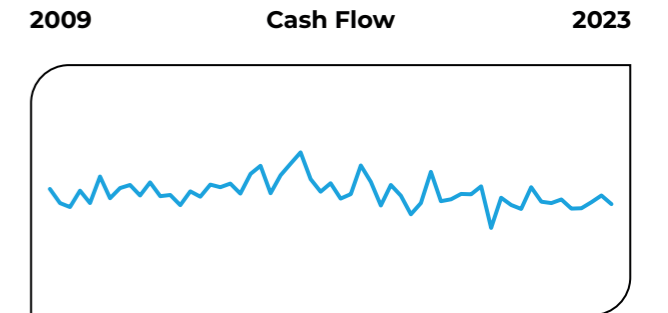
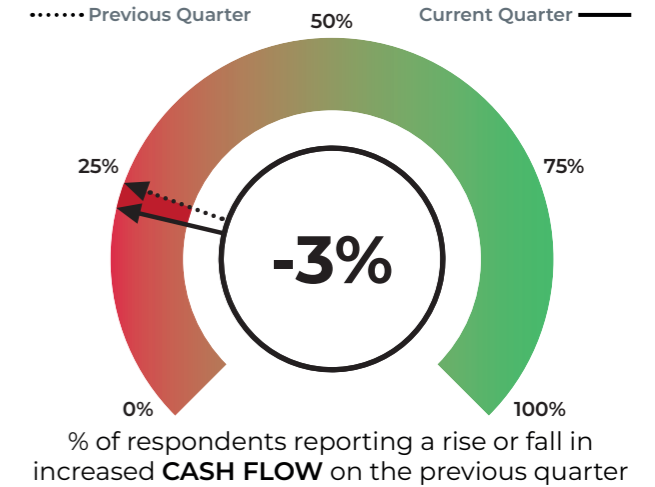
## CASH FLOW INCREASES

### Cash Flow:

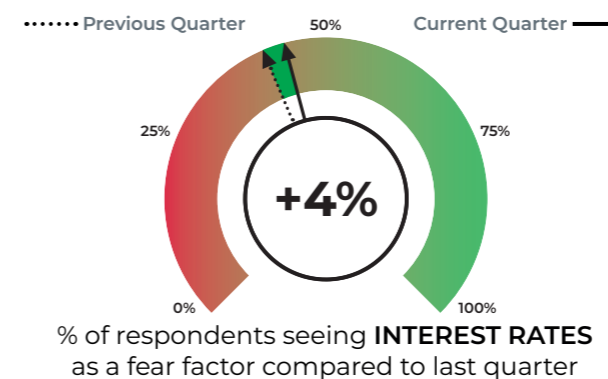
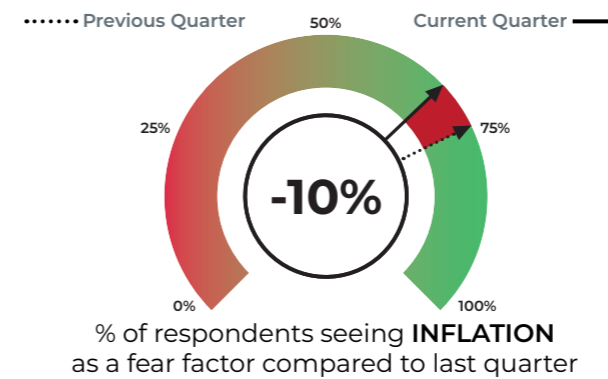
*“Cash flow suffering due to slow payments.”*  
Retail/Wholesale Sector

*“We have seen customers taking longer to pay and some suppliers wanting payment sooner.”*  
Professional Services Sector

*52% reported no change to their cash flow in Q2, however only 20% saw increased cash flow.*



## FEAR FACTORS



### Fear Factors:

*“Our market is very price sensitive so any increase in business costs is most unwelcome as it wholly or partially undoes the benefits that should accrue from previous productivity / efficiency measures taken.”*  
Manufacturing Sector

*70% saw both utilities and pay settlements as a fear this quarter.*

*“Interest rates keep rising, yet they are not helping the situation. They are making the situation worse because there is less money in a persons pocket to spend, that affects every business in the country.”* Professional Services Sector

INVESTMENT  
INCREASES

Plant & Machinery:

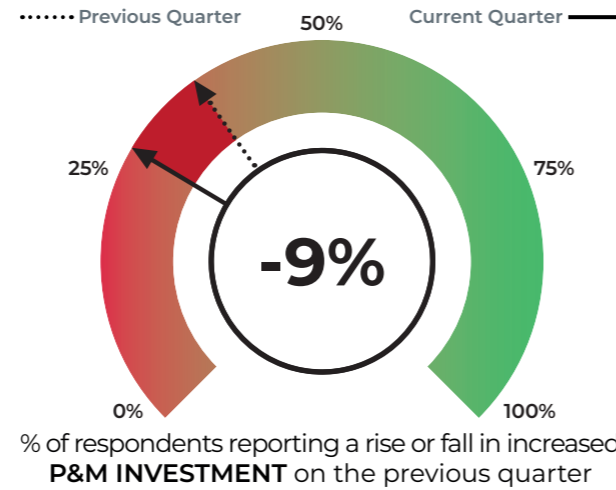
*"Recruiting is difficult locally. As a result, we are turning more to better machinery."*

Manufacturing Sector

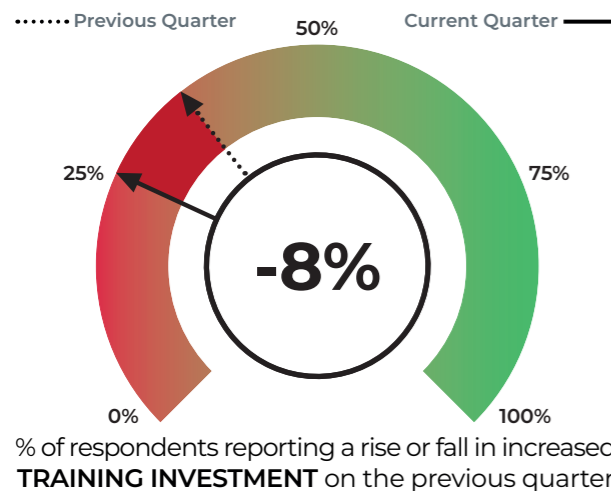
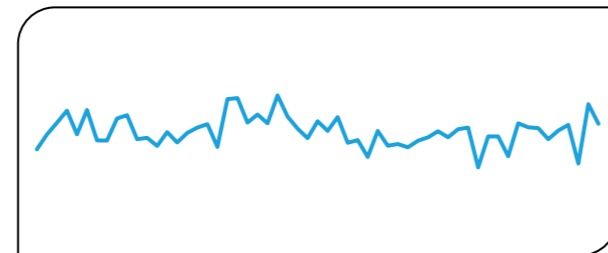
*"We are in the middle of an investment programme designed to reduce our dependence on skilled labour and still allow us to take on additional business competitively."*

Manufacturing Sector

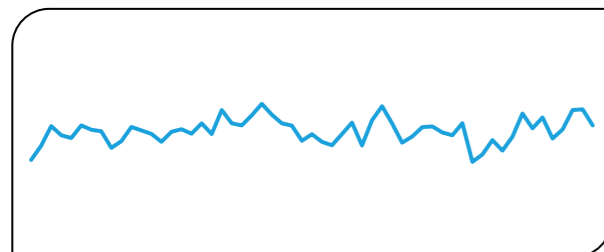
*56% of survey respondents stated that they had not changed their plans with regards to investment in plant or machinery.*



2009 Plant & Machinery 2023



2009 Training 2023



Training:

*"Our debtors have increased slowing cashflow therefore no training can take place due to cashflow issues."*

Marketing/Media Sector

*A drop in the % of interviewees who plan to increase investment in training. Dropping from 34% in Q1 to 26% in Q2.*

*"Our professional body requires hours of annual CPD training, which is getting more difficult to achieve, due to cost hikes by accredited trainers."*

Service Sector

CONFIDENCE  
INCREASES

Turnover Confidence:

*"We are seeing strong opportunities coming through."*

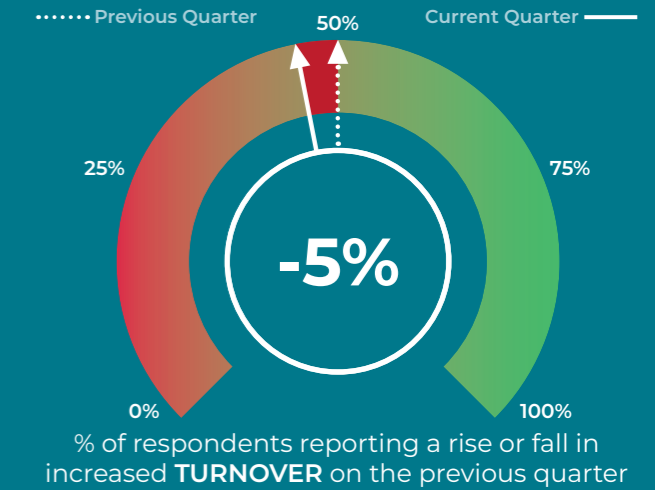
Manufacturing Sector

*"Customers won't accept the price hikes required, to simply cover energy costs!"*

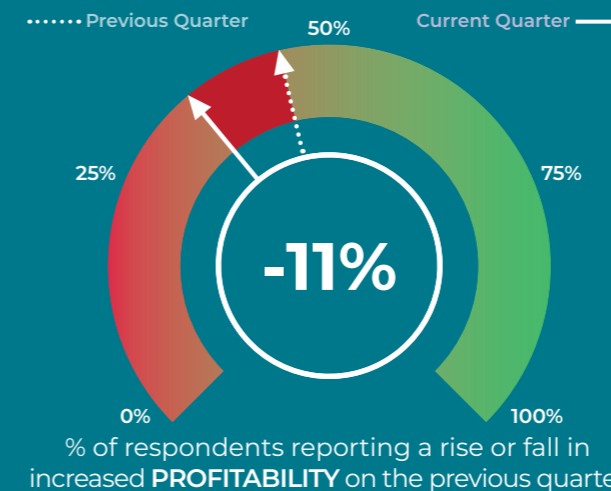
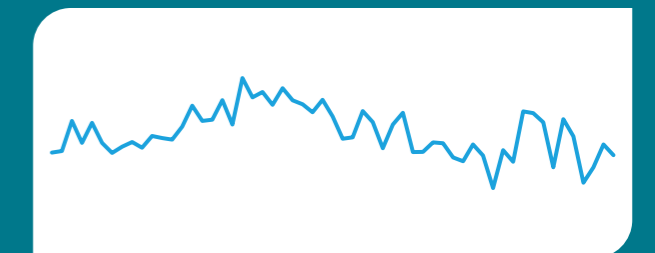
Service Sector

*"We've had to reduce numbers of children we take because of staff shortages, which has impacted on turnover."*

Service Sector



2009 Turnover 2023



2009 Profitability 2023



Profitability Confidence:

*"Material costs are continuing to spiral."*

Marketing/Media Sector

*"Profitability - Vehicle prices are increasing on a regular basis and the majority of consumers buy using credit. It is likely that as supply improves our business will need to use margin to compete"*

Automotive Sector

*"We are charging more for our services but not in line with increased staff costs. We also have increased food, wine and tax costs so not ideal for a restaurant."*

Hospitality Sector

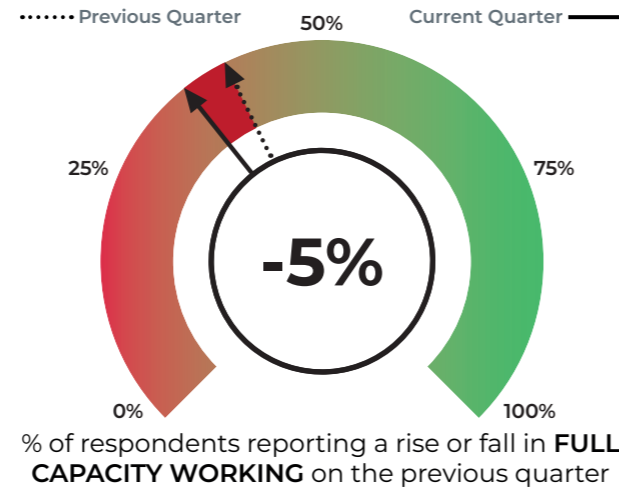
CAPACITY | PRICE vs COST

Capacity:

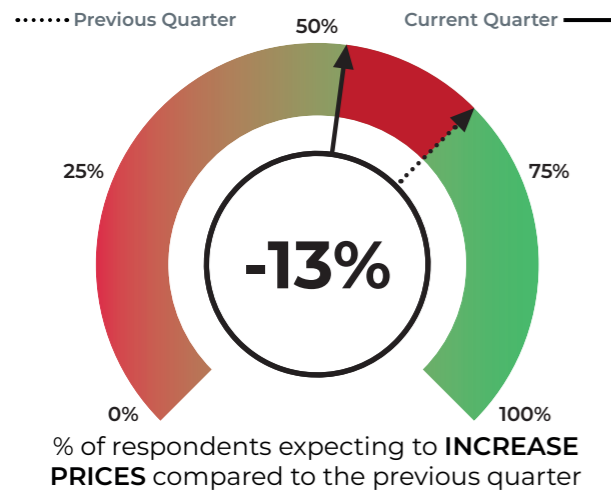
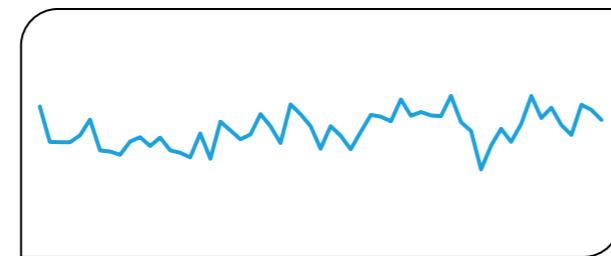
*"Held back by post Brexit increase in admin and costs."*  
Retail/Wholesale Sector

*"Could increase capacity but can't recruit the skilled technicians we need which means taking on apprentices and growing our own."*  
Retail/Wholesale Sector

*"We are just below full capacity and obviously if more customers were to come on then we would need to re-evaluate and consider employing more staff."*  
Professional Services Sector



2009      Full Capacity      2023



Price vs Cost:

*"Interest rates on business loans have significantly increased. Inflation is driving costs of essential commodities higher, yet customers won't pay higher prices. Income is now zero. Not sustainable!"*  
Service Sector

*"Taxation will heavily impact on our ability to expand and inflation will be a further depreciation in our purchasing power."*  
Manufacturing Sector

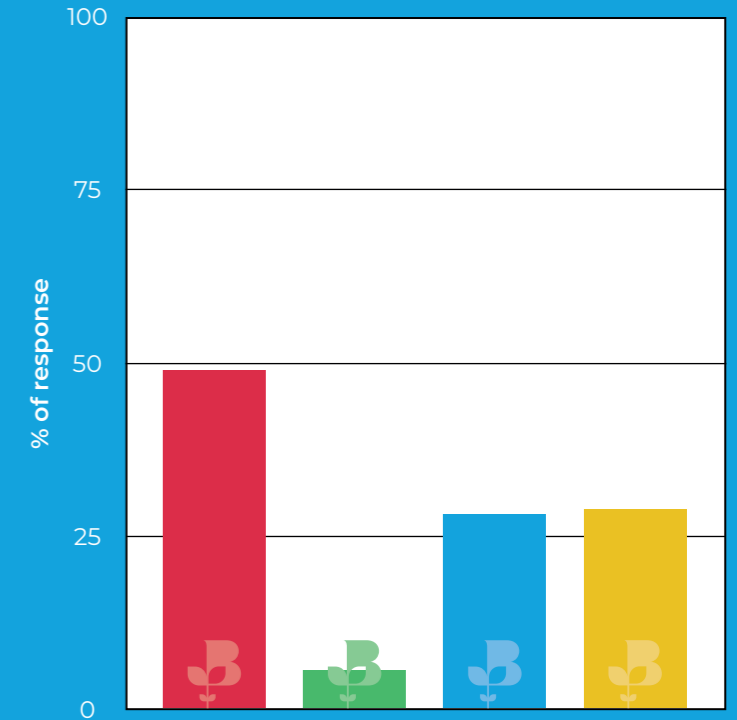
*"As raw material costs are falling slightly this counteracts increase in labour and energy."*  
Manufacturing Sector

ADDITIONAL QUESTIONS

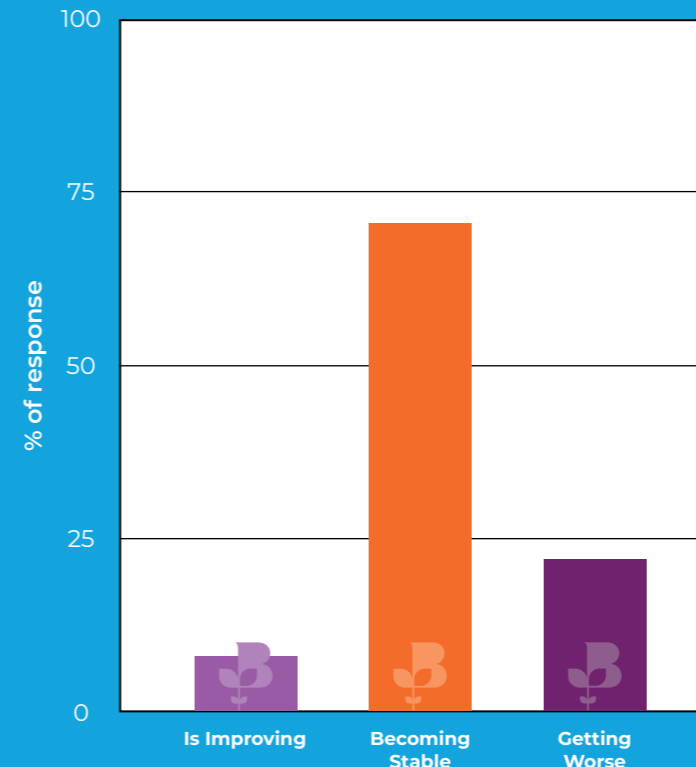
Business Pressures:

- 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:

*"Still seeing long delays in some supply chains."*  
Public Sector

*"In terms of supply chain it is between stable and getting worse, you will have a period with some suppliers being stable then it drops off."*  
Retail/Wholesale Sector

*"Importing from EU is slower and more expensive."*  
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](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 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](mailto:r.ross@shropshire-chamber.co.uk)

