

Q1
2022

THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership



Quarterly Economic Survey

Introduction | TVCC

Our latest survey points to a solid first quarter for the Thames Valley economy, following the end of Plan B restrictions and reduced consumer concerns over Omicron helped support activity in the quarter. This is highlighted with 56% of businesses reporting an increase in UK sales and 28% reporting an increase in overseas sales. It is also positive to see businesses looking to recruit and expand their workforce at a faster pace than we have seen in recent months, while investment in capital equipment and training has increased.

However, there are growing concerns that the first quarter may be the high point for the economy with activity likely to stall in subsequent quarters as inflation surges. In the Q1 results inflation is cited as the top factor affecting business, with 68% of respondents indicating this as their number one concern.

The percentage of firms citing skills shortages and ongoing recruitment difficulties continues to persist. While it is positive to see that many firms (45%) reported their workforce increased over the last quarter, a remarkable proportion of businesses (73%) experienced difficulties in the recruitment process.

Those seeking employment will welcome the fact that many businesses are continuing to seek new capacity and grow their staff base, but policymakers should be alarmed that skills shortages and continue to impact firms – particularly in the skilled roles that will be needed to drive growth for the Thames Valley.

Quarterly Economic Survey

Introduction | BDO

The first quarter of 2022 has been eventful with the year starting with uncertainty over the impact the Omicron, and fears eased as the Government signified plans to lift restrictions. One could be forgiven for believing that this could mark the end of a long period of uncertainty. Well reported challenges such as inflation and recruitment struggles remained, but businesses had been aware of these for some time.

However, as 24 February marked the end of restrictions it was also the day that Russia entered Ukraine, introducing a new volatile period to our economy. A difficult phase became more challenging as businesses were left facing another period of uncertainty. When added to the increase to the national minimum and living wages, as well as the introduction of the Health and Social Care Levy, expectation would be for business sentiment to be towards the lower end of the scale.

Nevertheless, the Thames Valley continues to produce relatively strong figures, with the majority of businesses seeing an increase in domestic sales and orders, and over a quarter stating the same for international markets. Despite significant recruitment challenges, workforces are increasing, with half of the businesses surveyed expecting this to continue over the next three months.

So, the positive results which have been reported throughout 2021 have continued, but this comes with a caveat. Nearly two thirds of businesses reported that they expect to have to increase their prices over the next three months (compared to just over half of businesses in the previous quarter) and inflation continues to be the top factor that businesses are concerned about. With improvement still to be made and uncertainty remaining, the stability we were expecting in 2022, may still be some time away yet.



A handwritten signature in black ink that reads "Paul Britton".

Paul Britton
CEO, Thames Valley Chamber of Commerce



A handwritten signature in black ink that reads "Christine Francis".

Christine Francis
Director – Business Restructuring, BDO LLP

Quarterly Economic Survey

Q1 2022 | Report

UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



56% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



52% thought that **UK orders** had increased

REPORTED AN **INCREASE** IN OVERSEAS SALES



28% reported an increase in **overseas sales**

REPORTED AN **INCREASE** IN OVERSEAS ORDERS



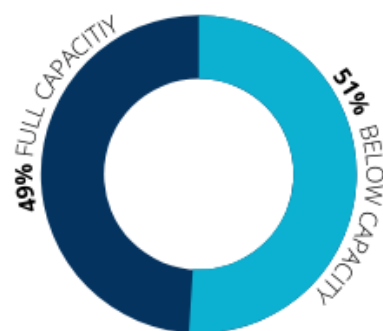
27% reported an increase in **overseas orders**



Firms running at...

49% running at **full capacity**

51% running **below capacity**



OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



39% said **cash flow** had increased

33% said investment in **plant and machinery** had increased

SAID INVESTMENT IN PLANT AND MACHINERY HAD **INCREASED**



39% said investment in **training** had increased

SAID INVESTMENT IN TRAINING **INCREASED**

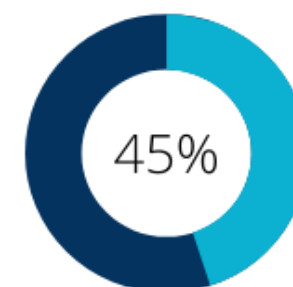
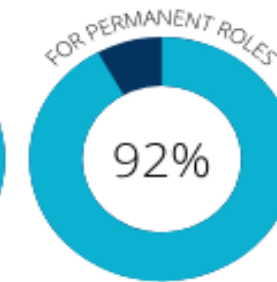
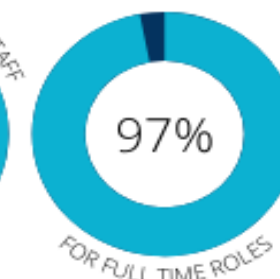


OVER THE PAST 3 MONTHS

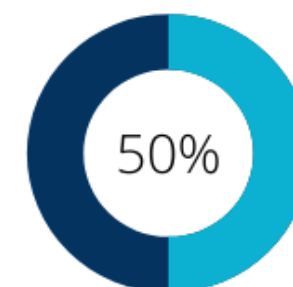
68% had attempted to **recruit** staff

97% for **full-time** roles

92% for **permanent** roles



SAW THEIR WORKFORCE INCREASE



THINK THEIR WORKFORCE WILL INCREASE

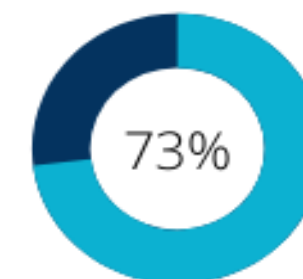
45% saw their **workforce** increase

50% think their **workforce** will increase

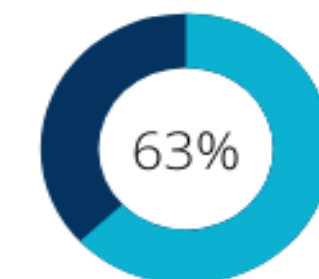


73% experienced difficulties **recruiting**

63% experienced difficulties recruiting **professional/managerial staff**

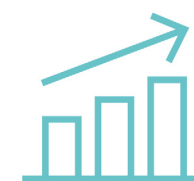


EXPERIENCED DIFFICULTIES RECRUITING

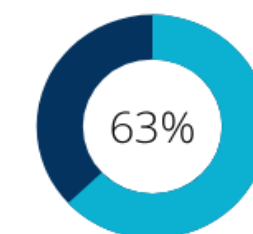


EXPERIENCED DIFFICULTIES RECRUITING PROFESSIONAL/MANAGERIAL STAFF

IN THE NEXT 3 MONTHS



63% felt the price of their **goods** and **services** would increase



FELT THE PRICE OF THEIR GOODS AND SERVICES WOULD INCREASE

Quarterly Economic Survey

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The Quarterly Business Survey (QES) is established as Britain's biggest and longest-running private business survey and has provided data since 1989. The survey, a leading indicator, often picks up changes in the economy long before other surveys and official statistics and consistently mirrors trends in official data. It remains closely watched by both UK Government and the Bank of England.

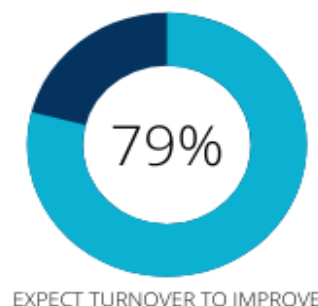
Since the Covid-19 crisis, the QES has demonstrated the scale of impact on UK business. The survey has been essential in understanding the short and long-term impacts on business of different sectors and sizes.

This survey ran from 14th February to 10th March 2022 and asked businesses a series of questions on key economic indicators. We would like to thank all of those members who completed the survey and also the following members for their valuable contribution to this report and briefing event.

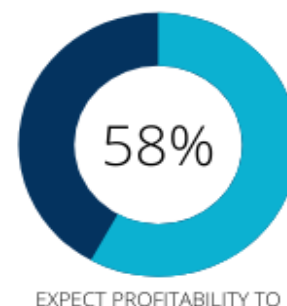
OVER THE NEXT 12 MONTHS



79% expect **turnover** to improve
58% expect **profitability** to improve



EXPECT TURNOVER TO IMPROVE



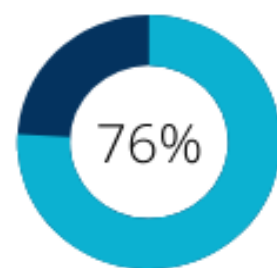
EXPECT PROFITABILITY TO IMPROVE

Top 3 factors affecting business

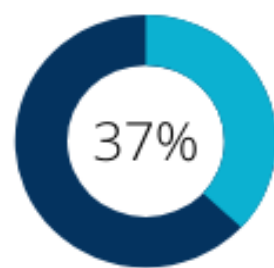
76% **inflation**

37% **taxation**

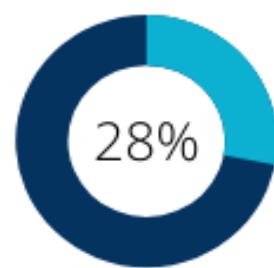
28% **competition**



INFLATION



TAXATION



COMPETITION



Price rise pressures

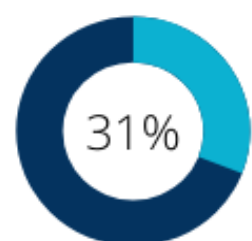


Pay settlements – 31%

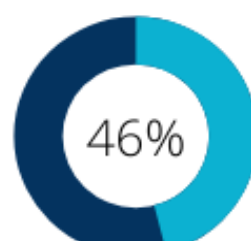
Raw material prices – 46%

Finance costs – 25%

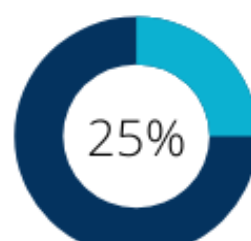
Other overheads – 56%



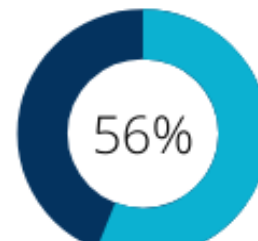
PAYMENT SETTLEMENTS



RAW MATERIAL PRICES



FINANCE COSTS



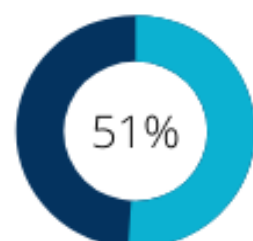
OTHER OVERHEADS

Top 3 skills shortages

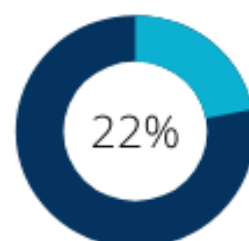
51% **Skilled/manual/technical**

22% **Clerical**

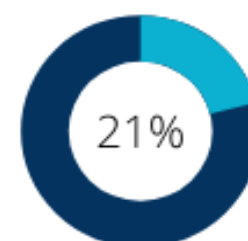
21% **Semi/unskilled**



SKILLED/MANUAL/TECHNICAL



CLERICAL



SEMI/UNSKILLED





Published: April 2022

If you are interested in getting involved or would like to find out more about the QES report please contact: **TimMajor@tvchamber.co.uk**

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