

Q4 2022

THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership with



Quarterly Economic Survey

Introduction | TVCC

Once again, the Thames Valley results of the latest QES, which ran from 7th November to 5th December 2022, captures an important regional economic snapshot of where our businesses find themselves. Results feed directly into the British Chambers of Commerce once again and form part of the national outlook, and response, from the British Chamber of Commerce.

Previous reports throughout 2022 highlight recruitment as an issue for businesses of all sizes and from all sectors, so it comes as no surprise that this issue features prominently in the latest results, with 80% of businesses having experienced difficulties in recruiting.

Coupled with the result that only 42% of those surveyed are running at full capacity and 54% saying that the top skills shortage is for skilled/manual/technical personnel, we will continue to support businesses where and when we can with this on-going issue

It will come as no surprise that inflation, interest rates and business rates are the top 3 factors affecting business. 63% indicate that they are under price rise pressures from payment settlements, with 47% highlighting raw material prices as a concern.

Utilities (59%) and fuel (42%) also remain high on the list of those factors and this is further evidence to support the [lobbying of BCC Director-General Shevaun Havilland](#), who attended the launch of the Thames Valley previous Q3 results.



Paul Britton
CEO, Thames Valley Chamber of Commerce

Quarterly Economic Survey

Introduction | BDO

The regions resilience and undeniable optimism over the last few years started to be tested towards the end of the year, with statistics continuing to show a downward turn. Costs have risen rapidly in the UK over the past year, and inflation is once again the top factor affecting businesses in the Thames Valley, with 73% stating this as being of greater concern in Q4 than it was in the prior quarter. This is on top of 89% saying the same in Q3 as compared to Q2, and this has clearly been a growing concern for businesses over the last few quarters.

Over the next three months, 60% of businesses stated they expect the price of their goods and services to increase and are currently suffering pressures to raise its prices for labour costs (63%), utilities (59%) and raw materials (47%). It will take time for businesses to negotiate increased sales prices to consider the impact of rising costs.

In that context, over half (63%) of businesses expect their turnover to improve (an increase of 5% from Q3), with in fact a little over a third (44%) believing profitability will also improve (a 5% increase from the previous quarter). Businesses in the region also reported cash flow had either increased (33%) or remained constant (56%).

Ongoing recruitment difficulties continue to persist, with 80% of businesses reporting difficulties in finding suitable staff, a substantial jump of 14% when compared with Q4 2021 (66%). There is some optimism however, as a third of businesses (33%) have seen an increase in their workforce, with a further 43% expecting their workforce to increase over the next few months.

The level of resilience shown across the Thames Valley in recent years has been admirable. Looking ahead to 2023, businesses will continue to navigate a challenging economic and political landscape, particularly given the possibility of the UK entering a recession. It is essential that these challenges are planned for and managed effectively, and if they are, the Thames Valley should remain optimistic for success over the next year.



Carole Le Page
Partner of BDO in the Thames Valley

Quarterly Economic Survey

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UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



43%

43% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



37%

37% thought that **UK orders** had increased

REPORTED AN **INCREASE** IN OVERSEAS SALES



25%

25% reported an increase in **overseas sales**

24% reported an increase in **overseas orders**

REPORTED AN **INCREASE** IN OVERSEAS ORDERS



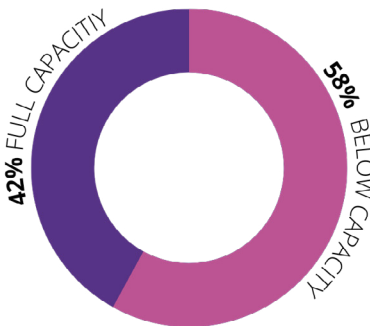
24%



Firms running at...

42% running at **full capacity**

58% running **below capacity**



42% FULL CAPACITY

58% BELOW CAPACITY

OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



34%

34% said **cash flow** had increased

27% said investment in **plant and machinery** had increased

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



27%

28% said investment in **training** had increased

SAID INVESTMENT IN TRAINING **INCREASED**



28%

OVER THE PAST 3 MONTHS

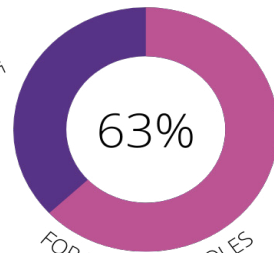
63% had attempted to **recruit** staff

63% for **full-time** roles

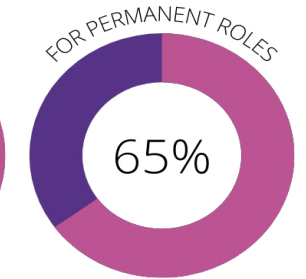
65% for **permanent** roles



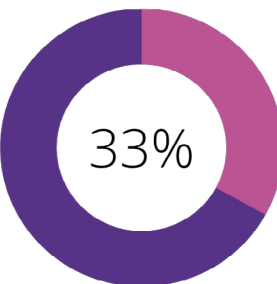
63%



63%

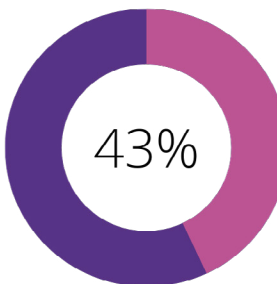


65%



33%

SAW THEIR WORKFORCE INCREASE



43%

THINK THEIR WORKFORCE WILL INCREASE

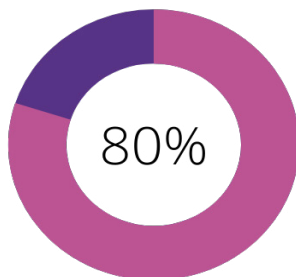
33% saw their **workforce** increase

43% think their **workforce** will increase



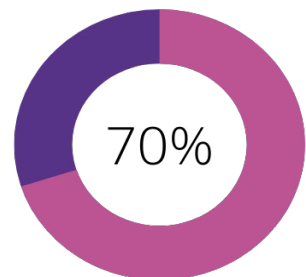
80% experienced difficulties **recruiting**

70% experienced difficulties recruiting **professional/managerial staff**



80%

EXPERIENCED DIFFICULTIES RECRUITING



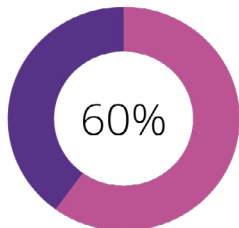
70%

EXPERIENCED DIFFICULTIES RECRUITING PROFESSIONAL/MANAGERIAL STAFF

IN THE NEXT 3 MONTHS



60% felt the price of their **goods and services** would increase



60%

FELT THE PRICE OF THEIR GOODS AND SERVICES WOULD INCREASE

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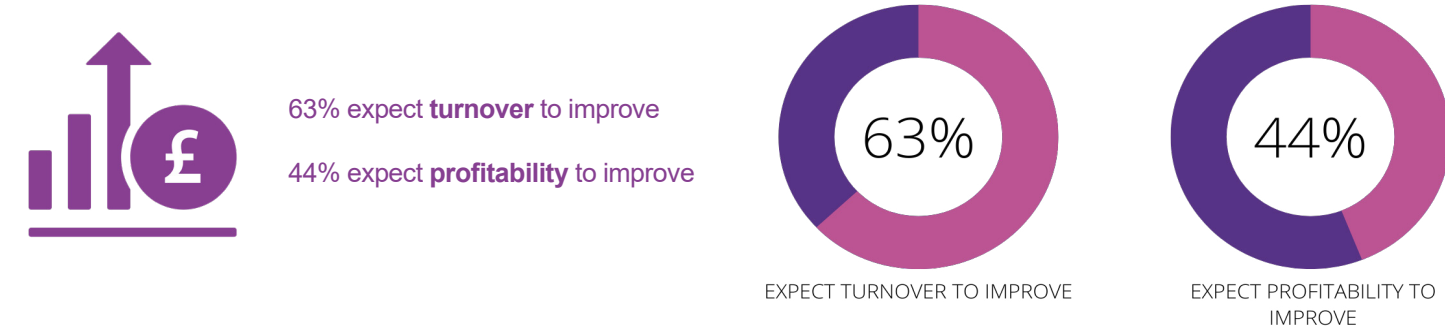
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The Quarterly Business Survey (QES) is established as Britain's biggest and longest-running private business survey and has provided data since 1989. The survey, a leading indicator, often picks up changes in the economy long before other surveys and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

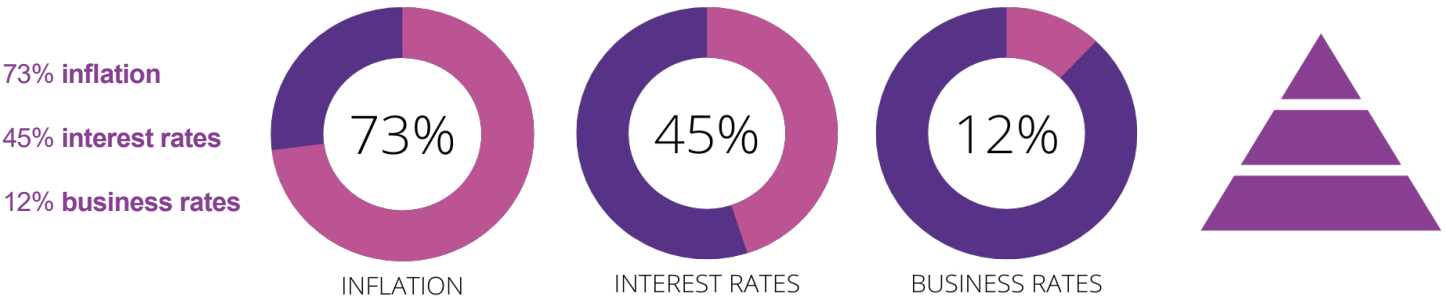
Since the Covid-19 crisis, the QES has demonstrated the scale of impact on UK business. The survey has been essential in understanding the short and long-term impacts on business of different sectors and sizes.

This survey ran from 7th November 2022 to 5th December 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.

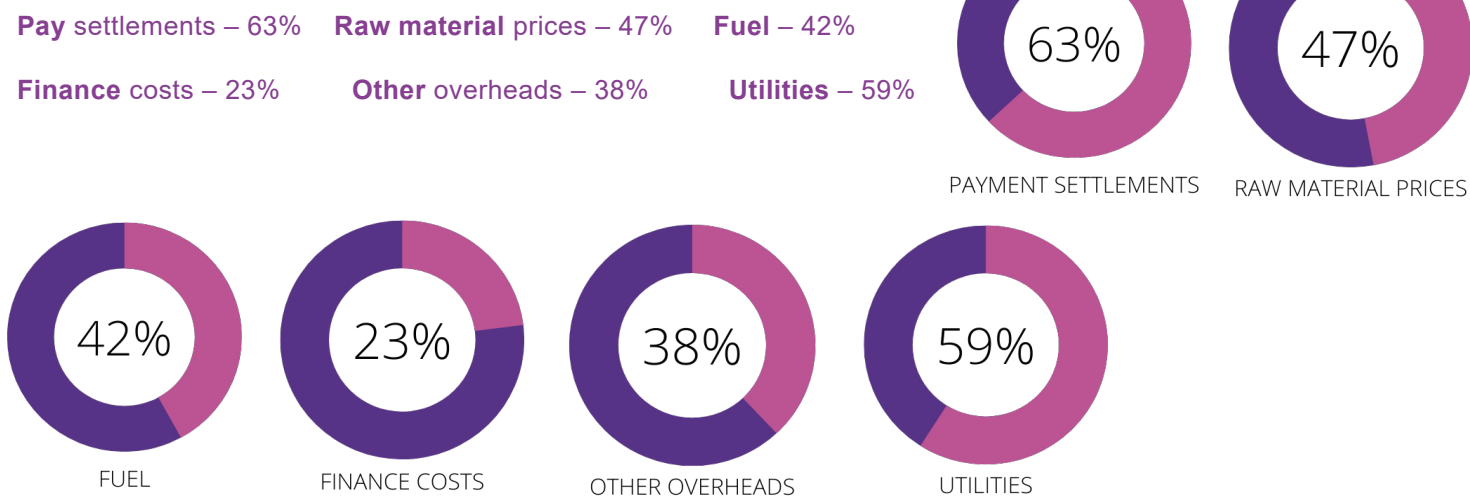
OVER THE NEXT 12 MONTHS



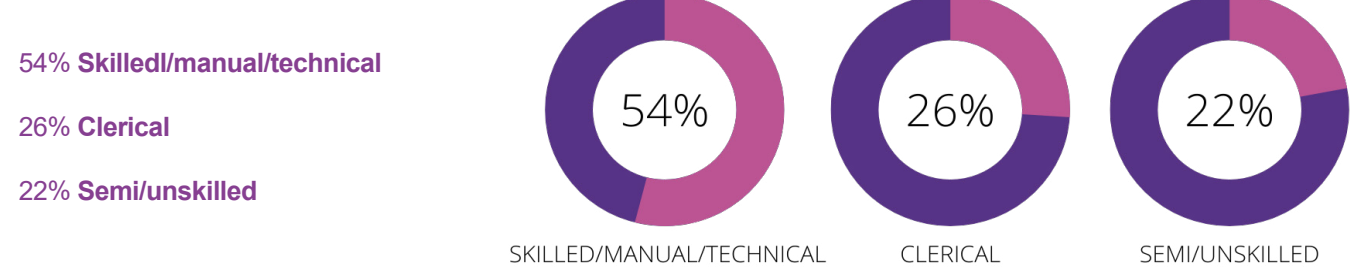
Top 3 factors affecting business



Price rise pressures



Top 3 skills shortages





THAMES VALLEY
**CHAMBER OF
COMMERCE**
GROUP

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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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