



Q1  
2023

# THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership with



# Quarterly Economic Survey

## Introduction | TVCC

While trading conditions remain very challenging for many of our members, our first QES of 2023 is pointing to a slight uptick in business confidence, all be it from a low base in 2022. While it may be too early to talk of rebounds, a combination of easing inflationary pressures and a more stable political environment are helping our members sentiment towards longer term growth expectations.

We note a wide (and widening) difference in reported confidence between our key sectors, but the cross-sector issue of recruitment in a tight labour market prevails, reflected in that 65% of Thames Valley businesses have attempted to recruit staff over the last 3 months, with 76% experiencing difficulties. Notably 45% of those businesses surveyed say that they are running at full capacity.

Our work through the Local Skills Improvement Plans (LSIP's) for Berkshire and Oxfordshire has already seen valuable work being done with employers, large and small, on the issue of skills. With 28% of respondents saying their top skills shortage is skilled/manual/technical, a focus for us is to find out if the existing education and training provisions align with employer's skills needs.

We continue to lobby Government through the British Chambers of Commerce on a number of measures, including the recent announcement of the new energy support package, which represents an 85% drop in the financial help available to businesses.

# Quarterly Economic Survey

## Introduction | BDO

The familiar challenges facing UK businesses have remained broadly consistent in Q1 2023. However, some of this quarter's results show us that business leaders in the Thames Valley are maintaining an optimistic and forward-looking stance.

Cost pressures continue to be a concern across the UK, and the Thames Valley is no anomaly. For example, 53% of business owners felt the price of their goods and services would increase in the next 3 months. Similarly, businesses are experiencing some pressure to increase prices, in particular as a result of labour costs, utilities and fuel. Perhaps unsurprisingly, 74% of businesses also felt that business rates are now a greater concern in Q1 2023 (compared with 12% in the previous quarter). This is likely due to the significant increase in rates in the Thames Valley compared with other regions.

Similarly, the labour market remains challenging. Whilst 65% have attempted to recruit over the quarter, over 75% of businesses have experienced difficulties in finding the right people, in particular in managerial and skilled manual roles. Despite this, a third of businesses have still managed to increase their workforce. A brighter outlook is maintained on recruitment as 45% of business owners expect their workforce to increase during the next quarter.

UK sales was a positive sign - exactly half of business owners (50%) reported an increase over the past 3 months. This is the highest it has been since Q1 2022. Moreover, a third reported an increase in overseas sales and a combined 80% have seen cashflow increase, or remain constant. Very few Thames Valley businesses have seen a decrease in their UK or overseas sales and orders.

The challenges above are unlikely to go away in 2023 but it is pleasing to see from the survey results that there is still some sense of optimism, and in some cases a brighter outlook on regional performance.



**Paul Britton**  
CEO, Thames Valley Chamber of Commerce



**Rosalind Payne**  
Partner, BDO

# Quarterly Economic Survey

## QES Q1 - 2023

### UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



50% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



40% thought that **UK orders** had increased

REPORTED AN **INCREASE** IN OVERSEAS SALES



33% reported an increase in **overseas sales**

REPORTED AN **INCREASE** IN OVERSEAS ORDERS



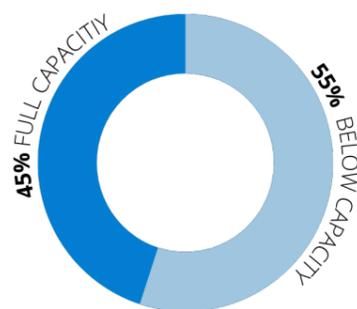
26% reported an increase in **overseas orders**



Firms running at...

45% running at **full capacity**

55% running **below capacity**



### OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



33% said **cash flow** had increased

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

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



29% said investment in **training** had increased

SAID INVESTMENT IN TRAINING **INCREASED**

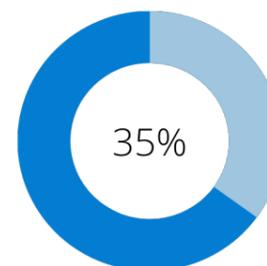
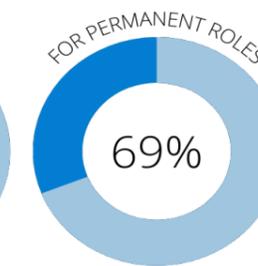
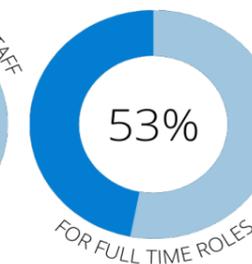


### OVER THE PAST 3 MONTHS

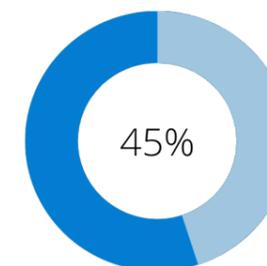
65% had attempted to **recruit** staff

53% for **full-time** roles

69% for **permanent** roles



SAW THEIR WORKFORCE INCREASE



THINK THEIR WORKFORCE WILL INCREASE

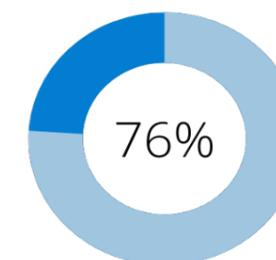
35% saw their **workforce** increase

45% think their **workforce** will increase

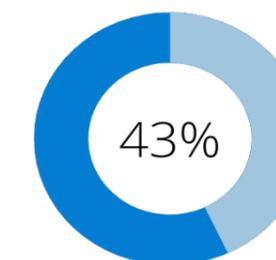


76% experienced difficulties **recruiting**

43% experienced difficulties recruiting **professional/managerial staff**

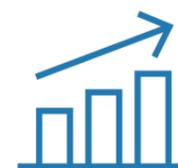


EXPERIENCED DIFFICULTIES RECRUITING

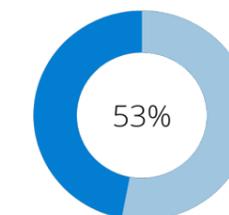


EXPERIENCED DIFFICULTIES RECRUITING PROFESSIONAL/MANAGERIAL STAFF

### IN THE NEXT 3 MONTHS



53% felt the price of their **goods and services** would increase



FELT THE PRICE OF THEIR GOODS AND SERVICES WOULD INCREASE

# Quarterly Economic Survey

## QES Q1 - 2023

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.

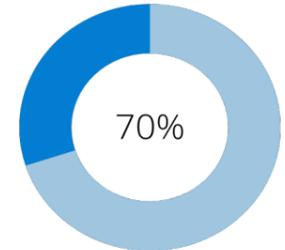
Since the Covid-19 crisis, the QES has demonstrated the scale of impact on UK business. The survey has been essential in understanding the short and long-term impacts on business of different sectors and sizes.

This survey ran from 13th February 2023 to 9th March 2023 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.

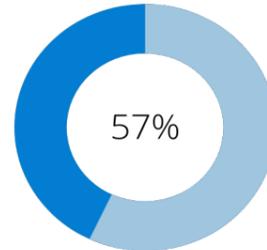
### OVER THE NEXT 12 MONTHS



70% expect **turnover** to improve  
57% expect **profitability** to improve



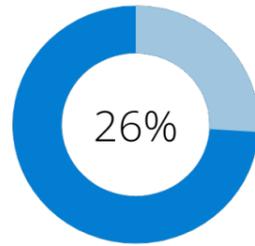
EXPECT TURNOVER TO IMPROVE



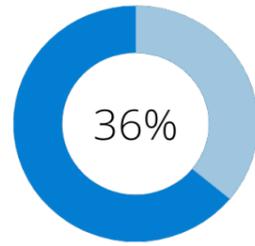
EXPECT PROFITABILITY TO IMPROVE

### Top 3 factors affecting business

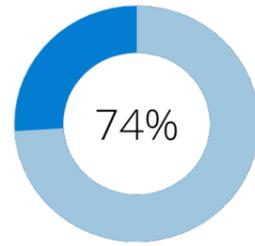
26% **inflation**  
36% **interest rates**  
74% **business rates**



INFLATION



INTEREST RATES

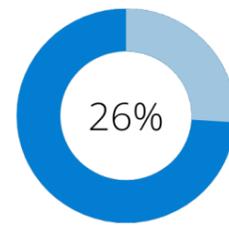


BUSINESS RATES

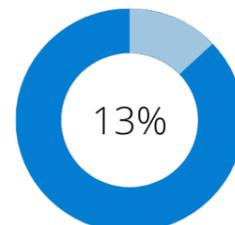


### Price rise pressures

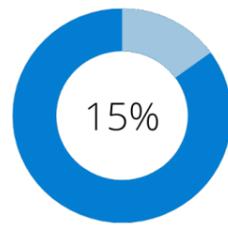
Pay settlements – 26%   Raw material prices – 13%   Fuel – 15%  
Finance costs – 10%   Other overheads – 11%   Utilities – 24%



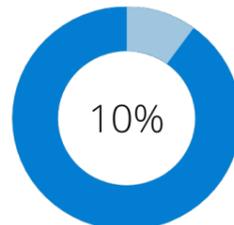
PAYMENT SETTLEMENTS



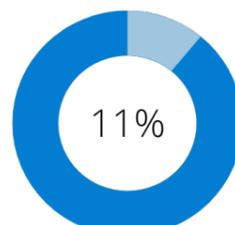
RAW MATERIAL PRICES



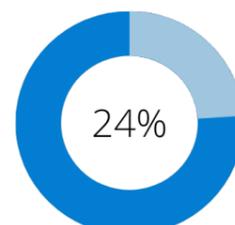
FUEL



FINANCE COSTS



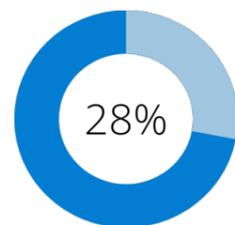
OTHER OVERHEADS



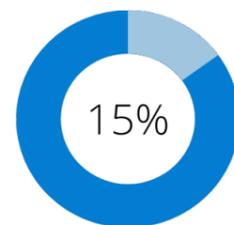
UTILITIES

### Top 3 skills shortages

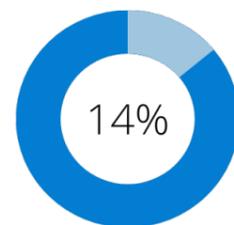
28% **Skilled/manual/technical**  
15% **Clerical**  
14% **Semi/unskilled**



SKILLED/MANUAL/TECHNICAL



CLERICAL



SEMI/UNSKILLED





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](mailto:TimMajor@tvchamber.co.uk)**

**Tel: +44 (0)1753 870500**

**[www.thamesvalleychamber.co.uk](http://www.thamesvalleychamber.co.uk)**

Thames Valley Chamber of Commerce Group | 150 Edinburgh Avenue | Slough | Berkshire | SL1 4SS