



Q2 2023

THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership with



Quarterly Economic Survey

Introduction | TVCC

The results of the Q2 survey reflect that we are not yet seeing a sustained improvement in the confidence of businesses to invest and a continuing divergence in business indicators for business sectors such as hospitality and retail. SME's in particular are facing further pressures following interest rate rises, and subsequently borrowing rates increase.

Inflationary pressures show signs of abating, however it is crucial for the Government and the Bank of England carefully consider the findings of this research which highlight the persistent concerns surrounding labour costs which have now overtaken raw materials and utilities as the primary concern amongst rising costs.

Additionally, upcoming alterations in trade with the EU, involving the introduction of new customs prerequisites and import levies will amplify the inflationary impact on prices. We must exercise prudence in introducing additional expenses on businesses, particularly when they are already grappling with these substantial challenges. More information on the asks by the British Chamber of Commerce regarding Trade and the impact on local businesses are in the new Manifesto [here](#).



Paul Britton
CEO, Thames Valley Chamber of Commerce

Quarterly Economic Survey

Introduction | BDO

The main challenges facing businesses this quarter should come as no surprise, both in the region and throughout the UK. Concerns over interest rates (47%) have increased since last quarter (36%), and since Q2 2022 (31%). Inflation concerns have almost tripled (75%) since Q1 (26%), coinciding with record price rises.

Workforce issues also persist, with three quarters of businesses experiencing difficulty in recruiting. While professional/managerial roles remain the hardest to recruit (66%), skilled manual/technical roles (49%) have seen an increase in frustration since Q1 (28%). There is optimism however, as over a third have still managed to increase their workforce, with just under a quarter expecting their workforce to increase over the next three months.

Positivity in turnover (73%) and cash flow (35%) can also be seen this quarter as both had increased, and investment plans for training has also risen (now 35%) from the previous quarter, showing investment from businesses in upskilling existing employees.

UK sales (48%) and orders (39%) are expected to increase over the last 3 months, alongside overseas sales (32%) and orders (31%). Only a small number of Thames Valley businesses had seen a decrease in their UK or overseas orders.

Although some challenges have remained this quarter, it is positive to see that the brighter perspective seen in Q1 on regional performance, has continued into Q2.



Clare Hawthorn
Business Services and Outsourcing Director, BDO

Quarterly Economic Survey

QES Q2 - 2023

UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



48% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



39% thought that **UK orders** had increased

REPORTED AN **INCREASE** IN OVERSEAS SALES



32% reported an increase in **overseas sales**

REPORTED AN **INCREASE** IN OVERSEAS ORDERS



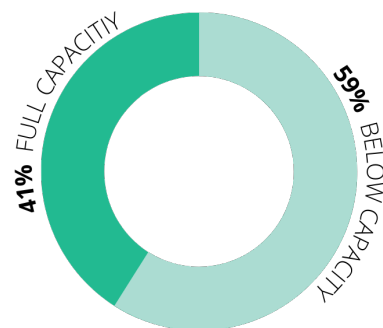
31% reported an increase in **overseas orders**



Firms running at...

41% running at **full capacity**

59% running **below capacity**



OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



35% said **cash flow** had increased

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

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



35% said investment in **training** had increased

SAID INVESTMENT IN TRAINING **INCREASED**

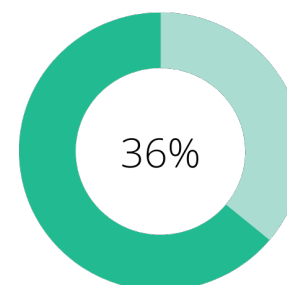
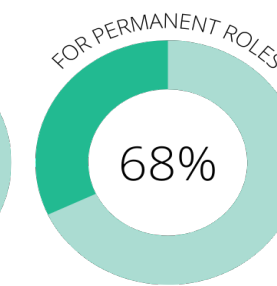
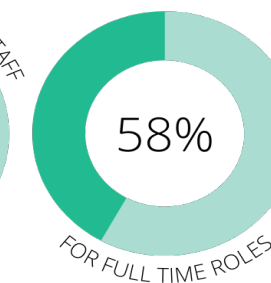
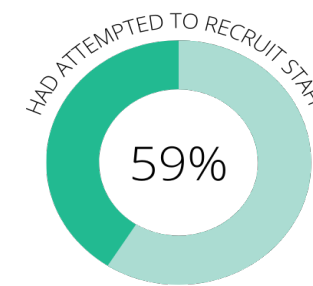


OVER THE PAST 3 MONTHS

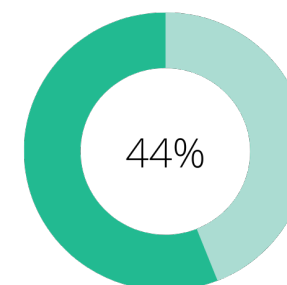
59% had attempted to **recruit** staff

58% for **full-time** roles

68% for **permanent** roles



SAW THEIR WORKFORCE INCREASE



THINK THEIR WORKFORCE WILL INCREASE

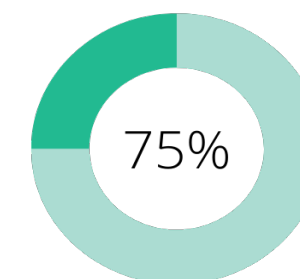
36% saw their **workforce** increase

44% think their **workforce** will increase

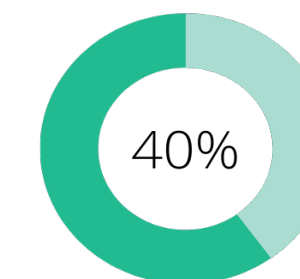


75% experienced difficulties **recruiting**

66% experienced difficulties recruiting **professional/managerial staff**

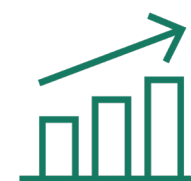


EXPERIENCED DIFFICULTIES RECRUITING

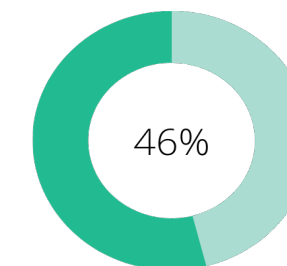


EXPERIENCED DIFFICULTIES RECRUITING PROFESSIONAL/MANAGERIAL STAFF

IN THE NEXT 3 MONTHS



46% felt the price of their **goods and services** would increase



FELT THE PRICE OF THEIR GOODS AND SERVICES WOULD INCREASE

Quarterly Economic Survey

QES Q2 - 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.

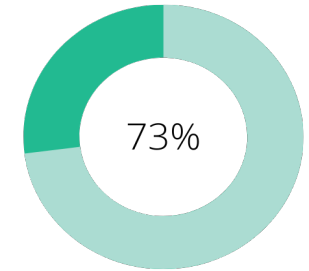
Since the Covid-19 crisis, the QES has demonstrated the scale of impact on UK business. The survey has been essential in understanding the short and long-term impacts on business of different sectors and sizes.

This survey ran from 15th May to the 8th June 2023 and we 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.

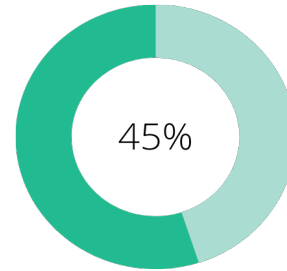
OVER THE NEXT 12 MONTHS



73% expect **turnover** to improve
45% expect **profitability** to improve



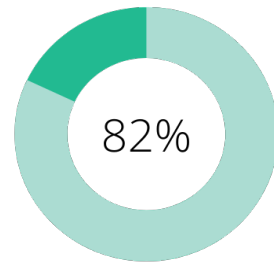
EXPECT TURNOVER TO IMPROVE



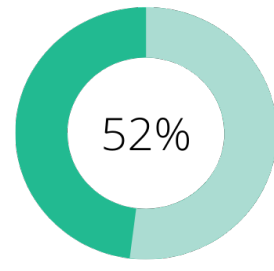
EXPECT PROFITABILITY TO IMPROVE

Top 3 factors affecting business

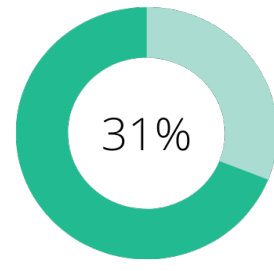
75% **inflation**
47% **interest rates**
28% **business rates**



INFLATION



INTEREST RATES

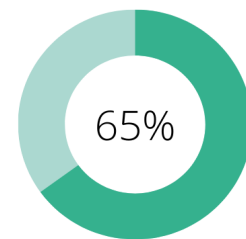


BUSINESS RATES

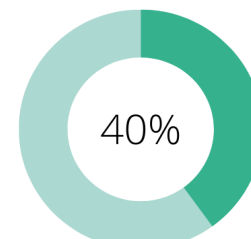


Price rise pressures

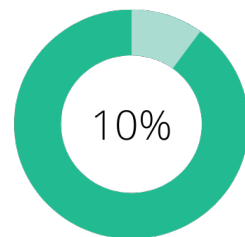
Pay settlements – 65% **Raw material prices** – 40% **Fuel** – 27%
Finance costs – 30% **Other overheads** – 31% **Utilities** – 63%



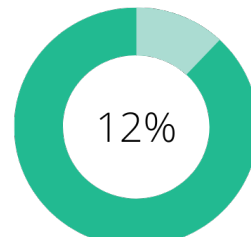
PAYMENT SETTLEMENTS



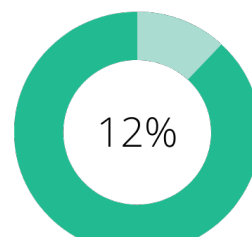
RAW MATERIAL PRICES



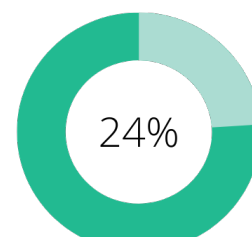
FUEL



FINANCE COSTS



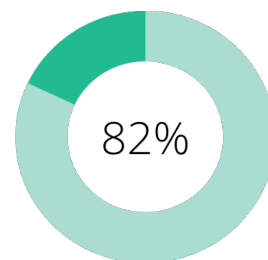
OTHER OVERHEADS



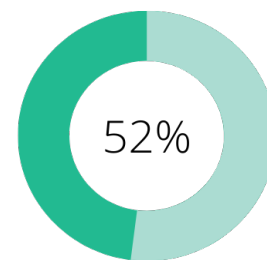
UTILITIES

Top 3 skills shortages

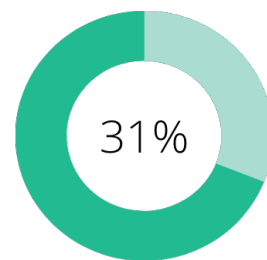
75% **Skilled/manual/technical**
47% **Clerical**
28% **Semi/unskilled**



INFLATION



INTEREST RATES



BUSINESS RATES





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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