



Q3 2023

THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership with



Quarterly Economic Survey Introduction | TVCC

The results of the QES present a welcome decrease in the number of firms reporting hiring challenges, however the recruitment crisis still looms large and continues to be a handbrake on growth for the Thames Valley.

Local employers are making efforts to introduce greater flexibility in their work arrangements; however, they continue to grapple with the task of recruiting and retaining the right talent to navigate these economically challenging times. The situation is especially difficult in the hospitality and manufacturing sectors.

Whilst many employers are committed to investing in training, most require additional assistance in acquiring the necessary workforce skills. Implementing positive changes in the tax and skills systems to encourage workplace training and development is crucial.

Employers are prepared to co-invest in workforce development, but the time has come for Government to heed the concerns of employers and swiftly enact reforms to the apprenticeship levy, facilitating broader access to the training individuals require.

To address the ongoing issues around recruitment difficulty which has been a long-standing issue for the last seven surveys, we are also asking for Government to commit to Local Skills Improvement Plans that unite employers and providers in strategizing for future skills demands.

Looking ahead, our economic projections indicate that the next couple of years will present significant challenges for all. Resolving the recruitment crisis is pivotal to reigniting economic growth.



Paul Britton
CEO, Thames Valley Chamber of Commerce

Quarterly Economic Survey

Introduction | BDO

In the current landscape of the Thames Valley region there has been a notable surge in the number of UK sales (up from 44% to 50%) and orders (up from 37% to 42%) reflecting a positive trajectory for businesses.

However, amidst the promising look of growth, ongoing concerns about interest rates (53%) and inflation (63%) have remained prominent. It's important to highlight that there has been a shift in concern in business rates, which had been a significant worry in Q1 (75%) which has now dwindled down to just 11% in Q3.

Recruitment remains a critical challenge to over half of businesses in the region (65%), especially in acquiring professional/managerial (72%) and skilled manual/technical (49%) roles demonstrating the ongoing labour market struggle.

On a positive note, the threefold increase in temporary roles (now 20%) compared to the previous year (was 6%) signals a trend towards greater flexibility. There has also been an increased focus on investment in workforce training (up from 26% to 40%), showing businesses are investing in their workforce.

One of the most promising aspects is an increase in profitability (48%), cash flow (40%) and turnover (71%). This coupled with less price increases (64%) suggests positive changes in the economic landscape and paints a hopeful picture for continued growth and adaptability of the UK business sector.



Clare Hawthorn
Business Services and Outsourcing Director, BDO

Quarterly Economic Survey

QES Q3 - 2023

UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



50%

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

THOUGHT THAT UK ORDERS HAD **INCREASED**



42%

42% thought that **UK orders** had increased

62% reported **overseas sales** have remained constant

23% reported an increase in **overseas orders**

REPORTED OVERSEAS SALES HAVE REMAINED CONSTANT



62%

REPORTED AN **INCREASE** IN OVERSEAS ORDERS



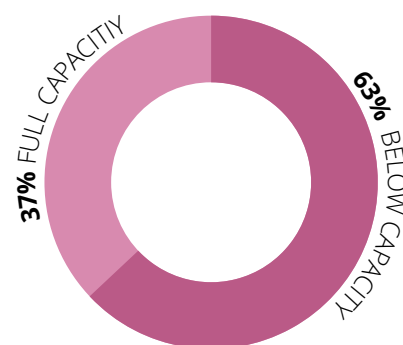
23%



Firms running at...

37% running at **full capacity**

63% running **below capacity**



OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



40%

40% said **cash flow** had increased

26% said **investment in plant and machinery** had increased

40% said **investment in training** had increased

SAID INVESTMENT IN PLANT AND MACHINERY HAD INCREASED



26%

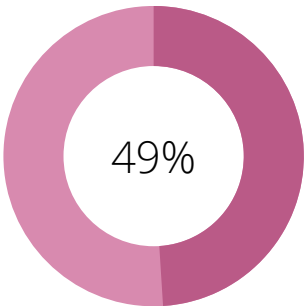
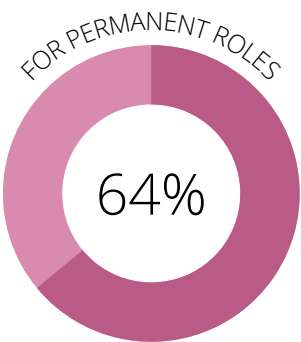
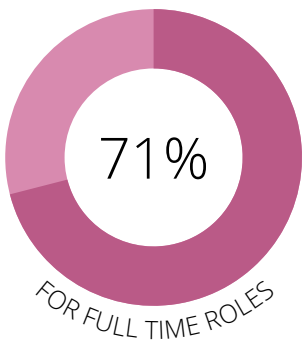
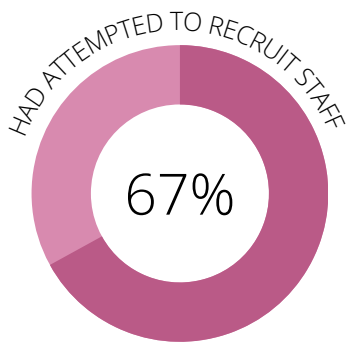
SAID INVESTMENT IN TRAINING INCREASED



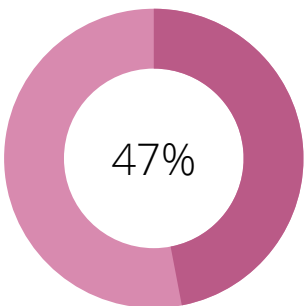
40%

OVER THE PAST 3 MONTHS

67% had **attempted to recruit** staff
71% for **full time** roles
64% for **permanent** roles



SAW THEIR
WORKFORCE INCREASE

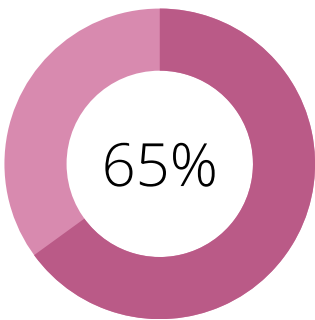


THINK THEIR
WORKFORCE WILL INCREASE

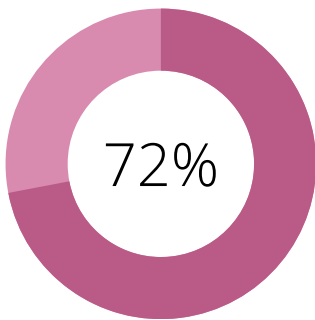
49% **saw** their workforce increase
47% **think** their workforce increase



65% experienced **difficulties** recruiting
72% experienced difficulties recruiting
professional/managerial staff



EXPERIENCED DIFFICULTIES
RECRUITING

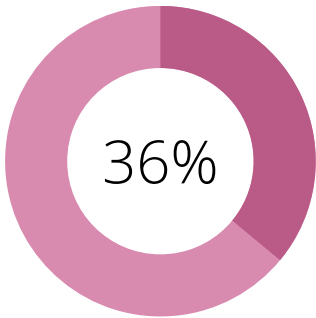


EXPERIENCED DIFFICULTIES
RECRUITING
PROFESSIONAL/MANAGERIAL STAFF

IN THE NEXT 3 MONTHS



36% felt the price of their **goods and services**
would increase



FELT THE PRICE OF THEIR
GOODS AND SERVICES
WOULD INCREASE

Quarterly Economic Survey

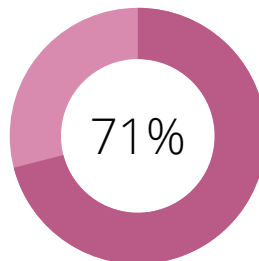
QES Q3 - 2023

OVER THE NEXT 12 MONTHS

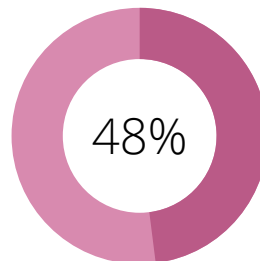


71% expect **turnover** to improve

48% expect **profitability** to improve



EXPECT TURNOVER
TO IMPROVE



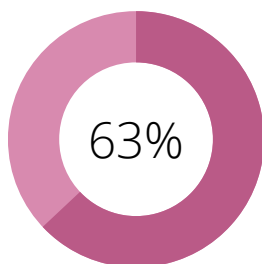
EXPECT
PROFITABILITY TO
IMPROVE

Top 3 factors affecting business

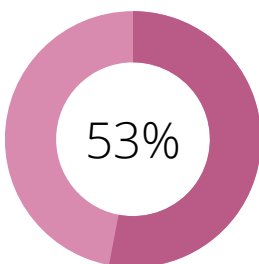
63% **inflation**

53% **interest rates**

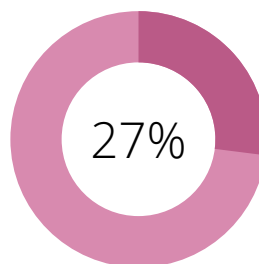
27% **competition**



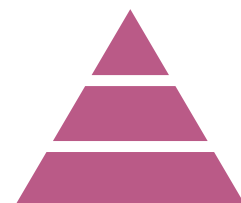
INFLATION



INTEREST RATES



COMPETITION



Price rise pressures

Pay settlements - 64%

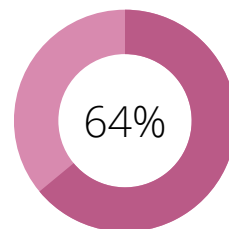
Raw materials - 29%

Fuel - 28%

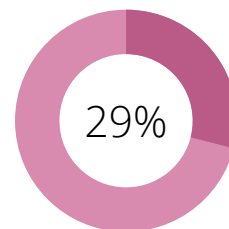
Finance costs - 39%

Utilities - 49%

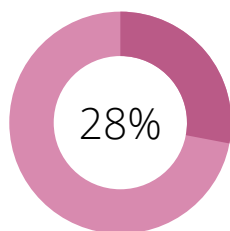
Other overheads - 32%



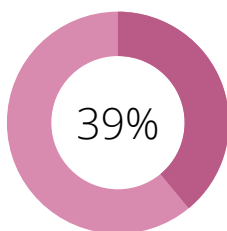
PAY SETTLEMENTS



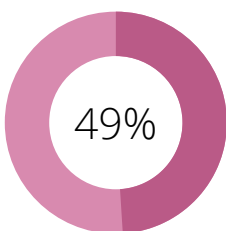
RAW MATERIAL PRICES



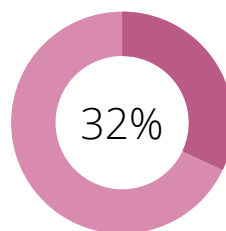
FUEL



FINANCE COSTS



UTILITIES



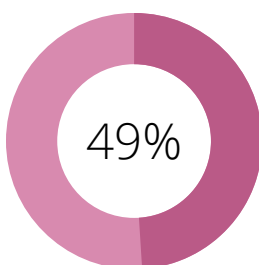
OTHER OVERHEADS

Top 3 skills shortages

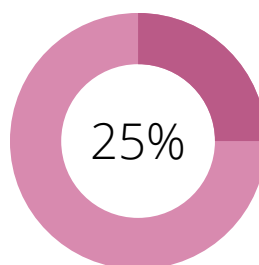
49% **skilled/manual/technical**

25% **clerical**

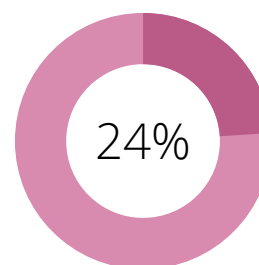
24% **semi/unskilled**



SKILLED/MANUAL/TECHNICAL



CLERICAL



SEMI/UNSKILLED

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 21st August to 14th September 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.





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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