



# Q4 2023

## THAMES VALLEY QUARTERLY ECONOMIC SURVEY REPORT

Produced by



In partnership with



# Quarterly Economic Survey Introduction | TVCC

As we welcome in a new year, 2024 is anticipated to be marked by a general election at home and in many countries across the world, and this Quarterly Economic Survey (QES) takes on new significance to inform party manifestos and pledges. This sentiment survey measures the appetite to invest and what our local businesses seek from a new Government by way of support and interventions.

In this, our most recent QES, trading conditions remain tough for many but highlight a slight but notable rise in confidence among UK small and medium-sized enterprises (SMEs). This marks a notable shift from the same period last year, characterised by a substantial energy price shock and a media spotlight on weeks of significant political instability.

Despite this improvement, the trajectory doesn't guarantee the UK's avoidance of a technical recession. Instead, these results underscore a persistent environment of minimal growth. Most SMEs report stagnant sales, cash flow, and investment. This makes for difficult reading, but the data exposes an unequal impact of pressures for different business sectors. Manufacturers, for instance, face continuous and heightened exposure to trade barriers arising from agreements with Europe. Meanwhile, some of our retail and hospitality respondents describe conditions akin to a recession.

The message that we are hearing across the Thames Valley is that businesses yearn for a comprehensive, long-term growth strategy from the government and Chambers are taking every opportunity locally and nationally to ensure that message is heard. The Chancellor's recent decision to permanently institute full expensing in the Autumn Statement was welcome. However, 2024 demands further measures to support companies, and this will be our call to action for the Chancellor in the run up to the Spring Budget on March 6th, to support local business and in their investment endeavours.



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

# Quarterly Economic Survey

## Introduction | BDO

In the Thames Valley region, there has been a slight decline in UK sales, with 16% of businesses reporting a decrease in the quarter and only 45% reporting an increase. This compares to 10% and 50% respectively in Q3, although there was a notable surge in UK sales evident in that quarter, and the Q4 data suggests this has now stabilised, with the position broadly in line with Q4 2022. Similarly, UK orders have also seen a slight decrease compared to Q3 and reflect a similar position to Q4 2022. However, overseas sales have remained relatively consistent, showing resilience in the international market. Also, orders from overseas have increased slightly, with 29% reporting increased overseas orders, compared to 23% in Q3 and 24% in Q4 2022.

Despite fluctuations in sales and orders, most companies (93%) have had a consistent or increased workforce over the past quarter and the majority expect their workforce to remain stable in the next three months. Notably, there has been an increase in part-time and temporary roles, showcasing a trend toward greater flexibility from employers.

The challenge in recruitment continues and now extends across all sectors, including, skilled manual/technical, professional/managerial, clerical, and semi/unskilled positions. But the recruitment struggle is particularly pronounced in professional/managerial roles (with 53% reporting difficulties recruiting in that sector), though there has been a 10% improvement from the same quarter last year.

Looking ahead, a significant portion of companies anticipate turnover increases (70%) and improved profitability (54%). However, regarding pricing, 60% of businesses expect the cost of services to remain the same, while only 40% anticipate an increase, suggesting some positive growth. Companies are still grappling with pressures to raise prices, though, primarily driven by labour costs (58%) and utilities (44%). Inflation is also still of increasing concern to 57% of businesses, although this is a reduction from both Q3 (63%) and Q4 2022 (73%) levels.



**Carole Le Page**  
**Partner of BDO in the Thames Valley**



# Quarterly Economic Survey

## Introduction | BDO

### UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



45% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



38% thought that **UK orders** had increased

57% reported **overseas sales** have remained constant

29% reported an increase in **overseas orders**

REPORTED OVERSEAS SALES HAVE REMAINED CONSTANT



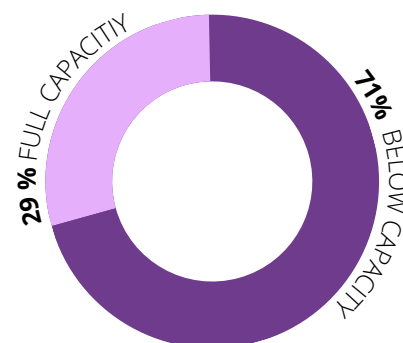
REPORTED AN **INCREASE** IN OVERSEAS ORDERS



**Firms running at...**

29% running at **full capacity**

71% running **below capacity**



### OVER THE PAST 3 MONTHS



SAID CASH FLOW HAD **INCREASED**



33% said **cash flow** had increased

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

34% said **investment in training** had increased

SAID INVESTMENT IN PLANT AND MACHINERY HAD INCREASED

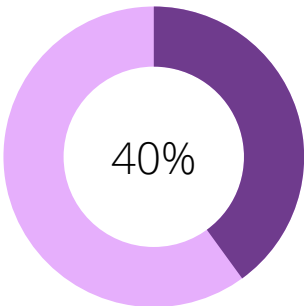
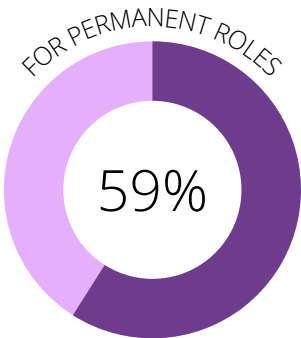
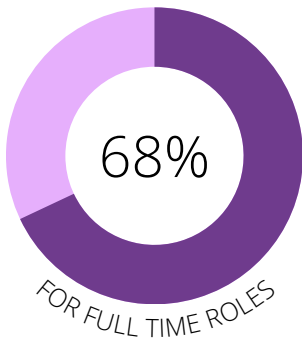
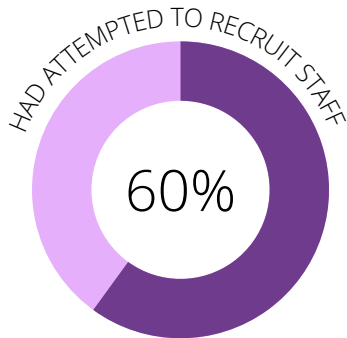


SAID INVESTMENT IN TRAINING INCREASED

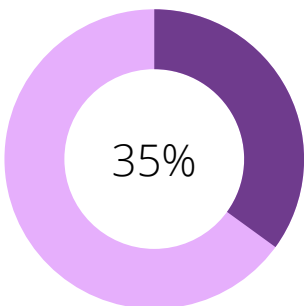


OVER THE PAST 3 MONTHS

60% had **attempted to recruit** staff  
68% for **full time** roles  
59% for **permanent** roles



SAW THEIR  
WORKFORCE INCREASE

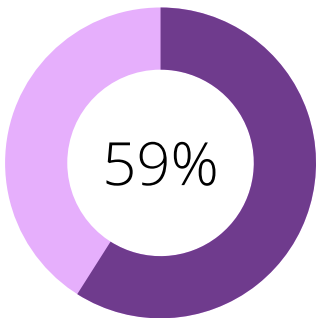


THINK THEIR  
WORKFORCE WILL INCREASE

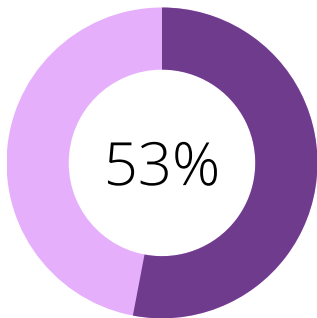
40% **saw** their workforce increase  
35% **think** their workforce increase



59% experienced **difficulties** recruiting  
53% experienced difficulties recruiting  
**professional/managerial** staff



EXPERIENCED DIFFICULTIES  
RECRUITING

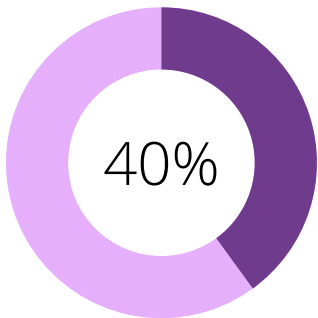


EXPERIENCED DIFFICULTIES  
RECRUITING  
PROFESSIONAL/MANAGERIAL STAFF

IN THE NEXT 3 MONTHS



40% felt the price of their **goods and services**  
would increase



FELT THE PRICE OF THEIR  
GOODS AND SERVICES  
WOULD INCREASE

# Quarterly Economic Survey

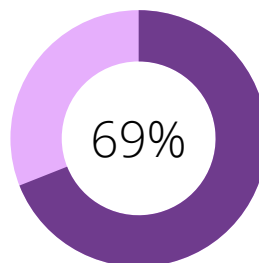
## QES Q4 - 2023

### OVER THE NEXT 12 MONTHS

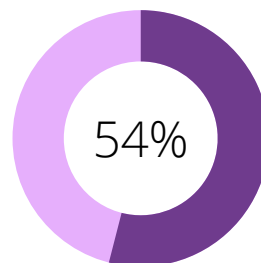


69% expect **turnover** to improve

54% expect **profitability** to improve



EXPECT TURNOVER  
TO IMPROVE



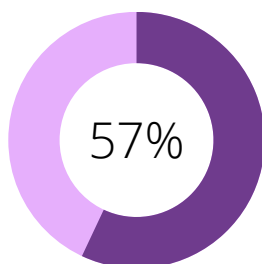
EXPECT PROFITABILITY  
TO IMPROVE

### Top 3 factors affecting business

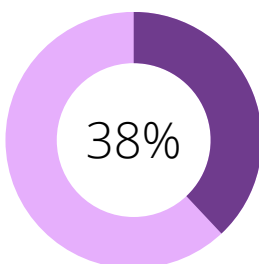
57% **inflation**

38% **interest rates**

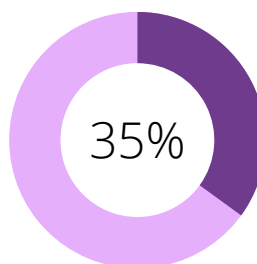
35% **competition**



INFLATION



INTEREST RATES



COMPETITION



### Price rise pressures

**Pay settlements** - 58%

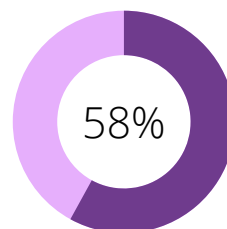
**Raw materials** - 23%

**Fuel** - 18%

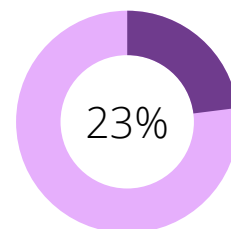
**Finance costs** - 30%

**Utilities** - 44%

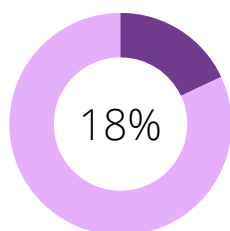
**Other overheads** - 40%



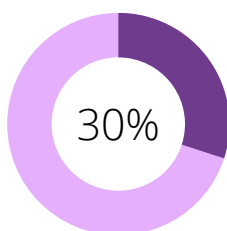
PAY SETTLEMENTS



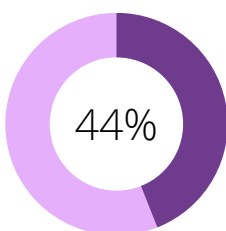
RAW MATERIAL PRICES



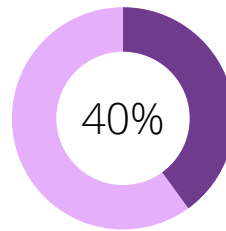
FUEL



FINANCE COSTS



UTILITIES



OTHER OVERHEADS

### Top 3 skills shortages

53% **professional/managerial**

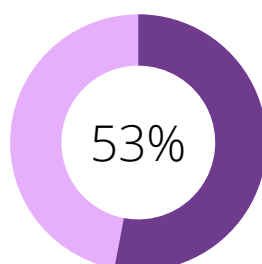
41% **skilled/manual/technical**

23% **clerical**

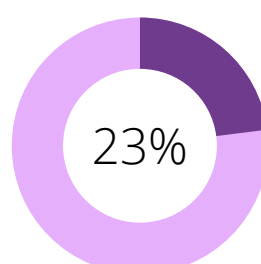
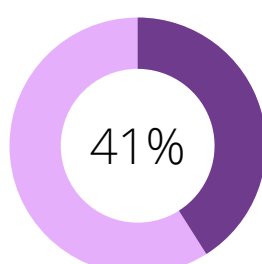
23% **semi/unskilled**

SKILLED/MANUAL/TECHNICAL

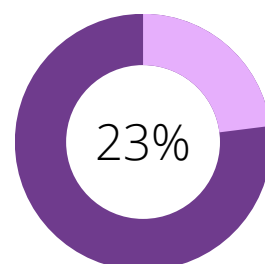
SEMI/UNSKILLED



PROFESSIONAL/MANAGERIAL



CLERICAL



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 6th November to the 30th November 2023 and we asked businesses a series of questions on key economic indicators. We would like to thank all of those businesses who completed the survey.





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)**

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