



THAMES VALLEY  
**CHAMBER OF  
COMMERCE**  
GROUP

# THAMES VALLEY QUARTERLY ECONOMIC SURVEY 2021

Produced by



THAMES VALLEY  
**CHAMBER OF  
COMMERCE**  
GROUP

In partnership with



# Quarterly Economic Survey

## Q4 | 2021

The economy starts the year by facing some key challenges, including staff shortages triggered by the Omicron variant and a renewed reluctance among consumers to spend. The presence of Plan B may mean that UK GDP falls in the near term, however the PMs stance at this stage seems to be to ride out the current wave of infection with escalation in restrictions.

This latest QES survey – the UK's largest independent survey of business sentiment and a leading indicator of UK GDP growth – sets out a challenging and uncertain picture as 2022 begins. Results show that in the fourth quarter of last year, there is concern over higher interest rates, with the percentage of manufacturers citing interest rates as of concern standing at 28% in Q4, which is the highest seen since the metric was first collected in Q4 2009 and up from 21% in Q3.

There are also growing concerns about cashflow, indebtedness and how all these pressures can be passed onto customers and consumers, whilst energy and cost of living rises hit us all.

From this survey it is obvious that many of our members and businesses across the Thames Valley are working through familiar challenges and continue to grapple with the impact of BREXIT. And yet the Thames Valley has shown remarkable resilience and I put that down to the ability of the business community to plan, to adapt and to work together.

Our role continues to be to lobby to ensure that businesses have the right environment in which to create jobs and growth, which is by far the best means of expediting and sustaining recovery in our local communities.



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

# Quarterly Economic Survey

## Q4 | 2021

After seeing consistent results throughout the last six months, the first question for this quarter was if that consistency would continue. Looking at the results, there is very little difference when compared to the previous two quarters. Domestic sales and orders remained strong, although there was a small drop in the number of businesses seeing an increase. From an international perspective, this drop was more significant but the number reporting a decrease was minimal, so performance levels are remaining stable.

In terms of workforce, 42% have seen this increase over the last three months, and 45% expect the same over the next quarter, pretty much identical figures to what we saw in Q3. The majority of businesses (59%) have attempted to recruit staff, but again, this remains a challenge, with two thirds of businesses reporting this, a figure which has grown consistently since Q2.

Perhaps unsurprisingly, the majority of businesses (59%) stated that inflation was a growing concern, with taxation (30%) and competition (36%) also continuing to score highly, and exchange rates also now appearing to be an additional concern (25%). So, it appears that challenges may also be growing in number as well as in size.

Despite this, optimism remains around future performance, with the majority expecting turnover (71%) and profitability (53%) to increase over the next 12 months. However, it is important to note that this survey was conducted before the emergence of Omicron and given the uncertainty which arose throughout the Christmas period, it is difficult to determine what impact this would have had on the results.

So, as with previous quarters, optimism remains and businesses are continuing to see growth. However, the same challenges are still being faced and it appears they are potentially becoming a greater threat. The early months of 2022 therefore may play a decisive role in this journey to recovery.



**Danny Dartnaill**  
Partner, Licensed Insolvency Practitioner of BDO





# Q4 | 2021 Question Analysis

## UK SALES



THOUGHT THAT UK SALES HAD **INCREASED**



52% thought that **UK sales** had increased

THOUGHT THAT UK ORDERS HAD **INCREASED**



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



REPORTED AN **INCREASE** IN OVERSEAS SALES

16% reported an increase in **overseas sales**



16% reported an increase in **overseas orders**

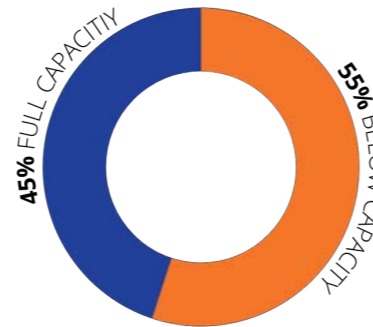
REPORTED AN **INCREASE** IN OVERSEAS ORDERS



Firms running at...

45% running at **full capacity**

55% running **below capacity**



## OVER THE PAST 3 MONTHS



Cash flow...

SAID CASH FLOW HAD **INCREASED**



33% said **cash flow** had increased



28% said investment in **plant and machinery** had increased

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



33% said investment in **training** had increased

SAID INVESTMENT IN TRAINING **INCREASED**



# Q4 | 2021 Question Analysis

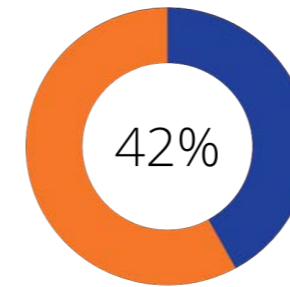
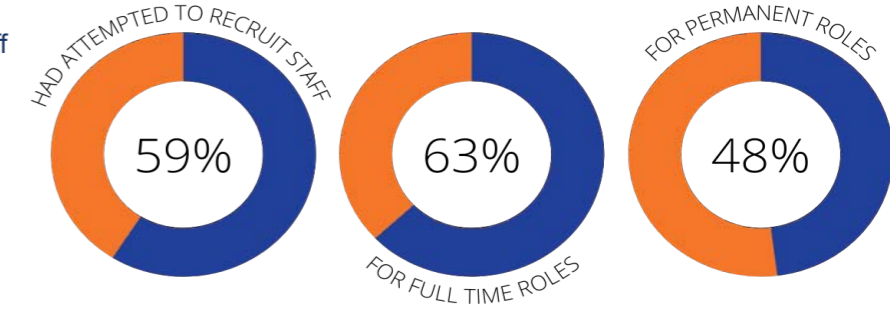
## OVER THE PAST 3 MONTHS



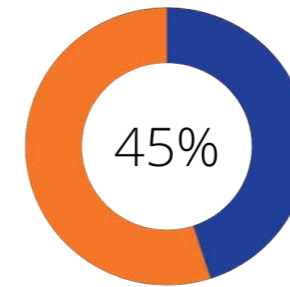
59% had attempted to **recruit staff**

63% for **full-time** roles

48% for **permanent** roles



SAW THEIR WORKFORCE INCREASE



THINK THEIR WORKFORCE WILL INCREASE

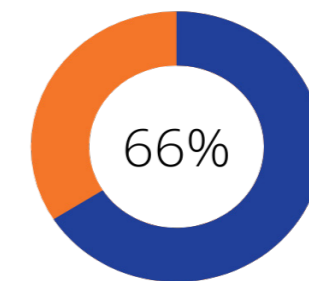
42% saw their **workforce** increase

45% think their **workforce** will increase

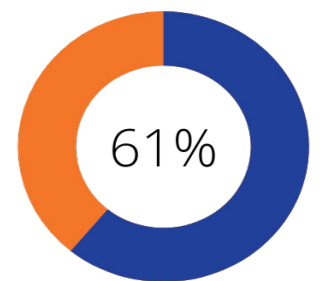


66% experienced difficulties **recruiting**

61% experienced difficulties recruiting **professional/managerial staff**



EXPERIENCED DIFFICULTIES RECRUITING

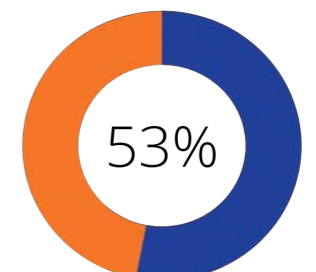


EXPERIENCED DIFFICULTIES RECRUITING PROFESSIONAL/MANAGERIAL STAFF

## 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

# Q4 | 2021 Question Analysis

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.

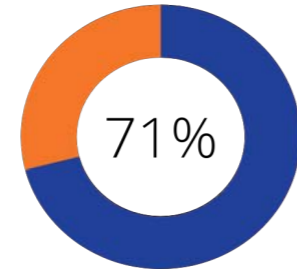
Since the Covid-19 crisis, the QES has demonstrated the scale of impact on UK business. The survey has been essential in understanding the short and long-term impacts on business of different sectors and sizes.

This survey ran from 1st November to 22nd November 2021 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.

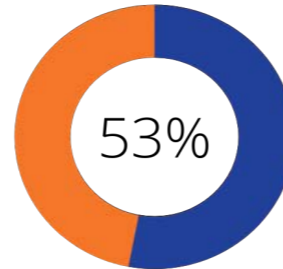
## OVER THE NEXT 12 MONTHS



71% expect **turnover** to improve  
53% expect **profitability** to improve

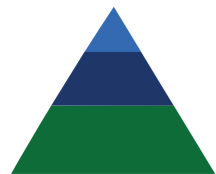


EXPECT TURNOVER TO IMPROVE

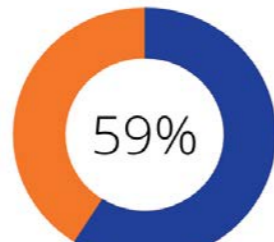


EXPECT PROFITABILITY TO IMPROVE

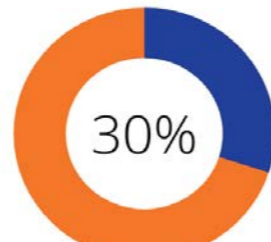
## Top 3 factors affecting business



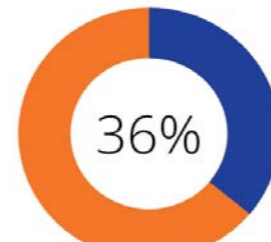
59% **inflation**  
30% **taxation**  
36% **competition**



INFLATION



TAXATION

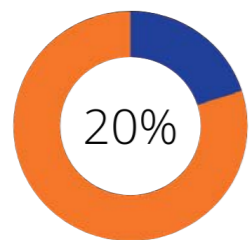


COMPETITION

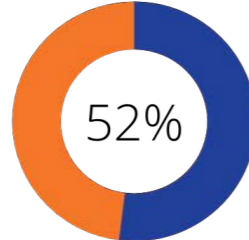
## Price rise pressures



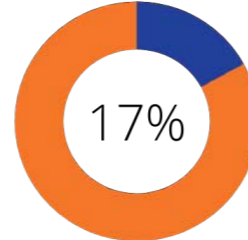
Pay settlements – 20%    Raw material prices – 52%  
Finance costs – 17%    Other overheads – 49%



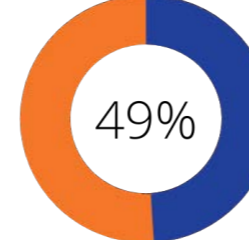
PAYMENT SETTLEMENTS



RAW MATERIAL PRICES



FINANCE COSTS

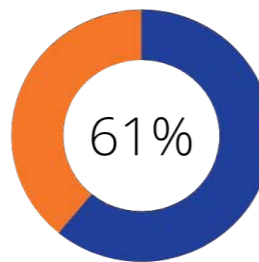


OTHER OVERHEADS

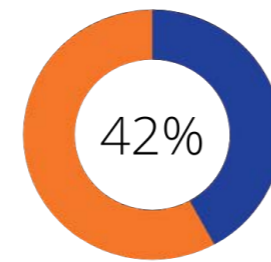
## Top 3 skills shortages



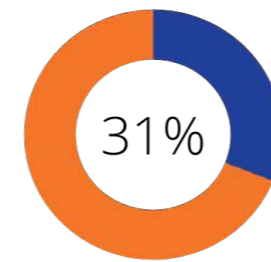
61% **Professional/managerial**  
42% **Skilled/manual technical**  
31% **Clerical**



PROFESSIONAL/MANAGERIAL



SKILLED/MANUAL TECHNICAL



CLERICAL







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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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