

South Yorkshire Economic Update

Results from the Q4 2021 Quarterly Economic Survey



About this report

This report sets out the results from the Q4 2021 Quarterly Economic Survey. There were 396 responses from firms across South Yorkshire, with responses collected in the period 1 - 26 November.

This quarter, firms were asked unique questions about price pressures, skills and current economic conditions.

In addition, standard questions on economic performance were asked of the respondents.

Data were collected ahead of breaking COVID developments. Experience suggests these will impact business confidence in prospects for 2022. Indeed, data collected from in Q4 showed the pandemic remained a major concern even before Omicron.

This report is set out as follows:

- Key Messages
- Results for questions on prices, skills and economic conditions
- The full results of the Q4 Quarterly Economic Survey

Key messages

On the economy. South Yorkshire's largest private survey of business sentiment suggests the economy continued to grow strongly over Q4. Domestic sales and orders increased, investment plans held solid, confidence was high, and workforces expanded.

On prices. Firms are facing price pressures on multiple fronts, with transport and energy costs being most prominent. Increasing prices, cutting costs and delaying or cancelling investment seems to be occurring before wage freezes or cuts. More than two-thirds of businesses think that they will face increased price pressures over the next six months.

On comparisons to the rest of the UK. The picture of growth and concern about prices in South Yorkshire was replicated across the rest of the country in the QES results of the British Chambers of Commerce, with the highest proportion of businesses on record (58%) expecting their prices to increase in the next three months.

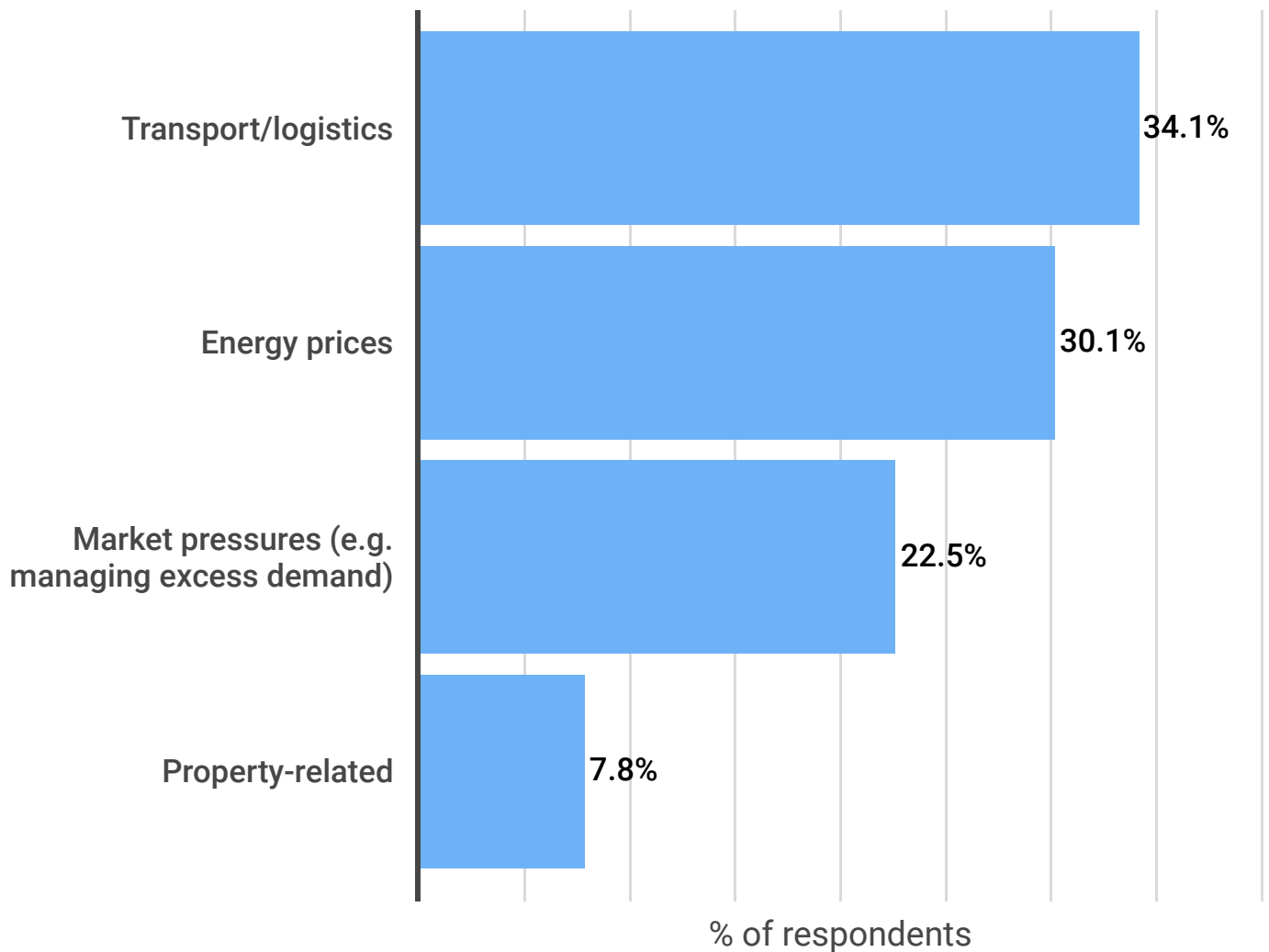
On skills. The factors hindering businesses from providing workforce skills and training opportunities are many and varied - but financing training is a big issue. Communication skills came top of the list when firms were asked about the skills that are particularly important to making their workforce effective. Firms generally thought their workforces were low in entrepreneurial skills and high in collaboration and adaptability skills.

On economic conditions. The pandemic is having a bigger impact on economic conditions than Brexit, but the combination of the two is particularly problematic. Indeed, this demonstrates that companies were feeling the impact of COVID even before the latest developments with the Omicron variant.

Prices (1)

Key message: Firms are facing price pressures on multiple fronts, with transport and energy costs being most prominent.

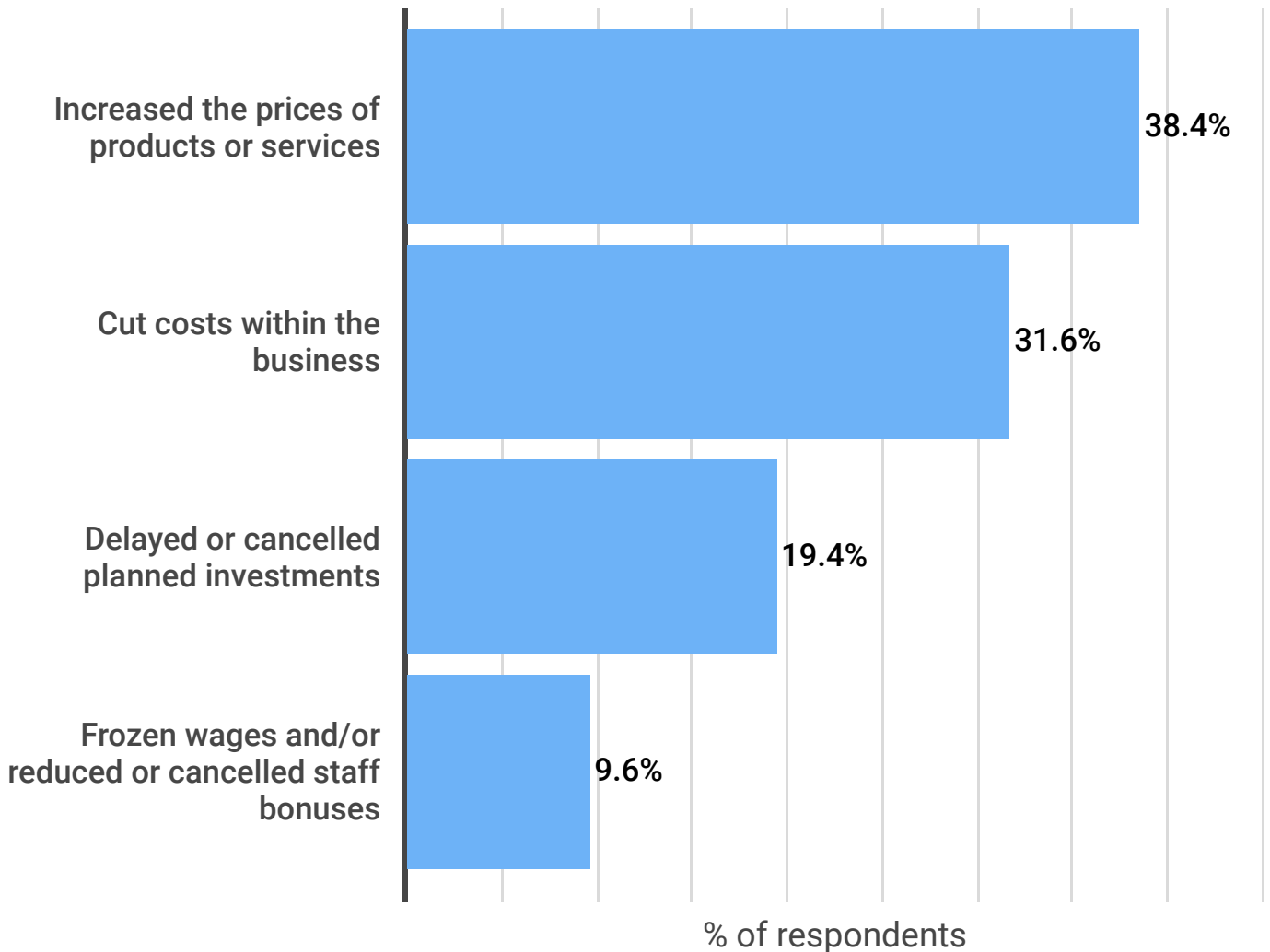
Is your business currently suffering pressures to raise its prices from any of the following? (please tick all that apply)



Prices (2)

Key message: Increasing prices, cutting costs and delaying or cancelling investment seems to be occurring before wage freezes or cuts.

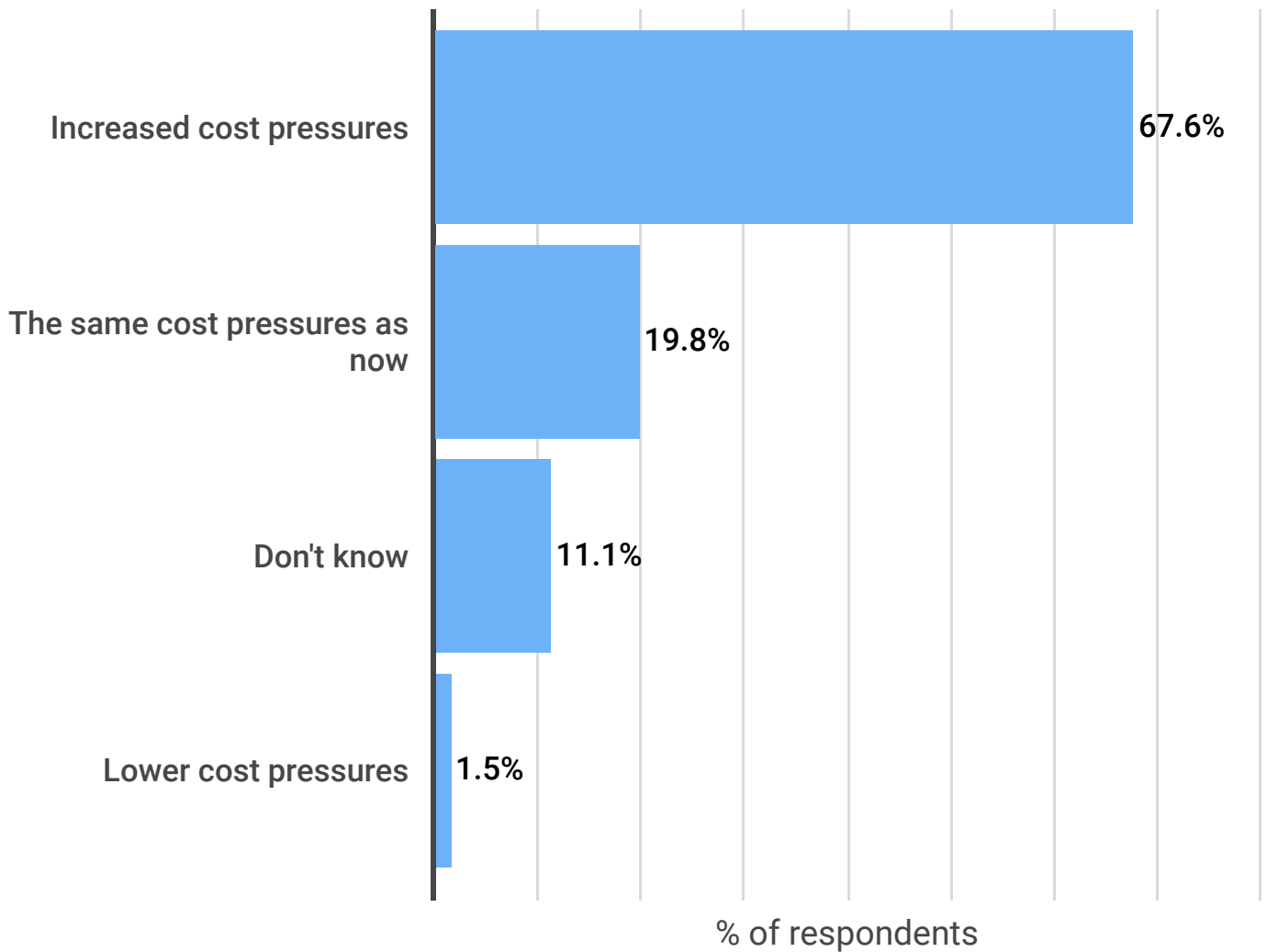
Which of the following has your business done in the last 6 months? (please tick all that apply)



Prices (3)

Key message: More than two-thirds of businesses think that they will face increased price pressures over the next six months.

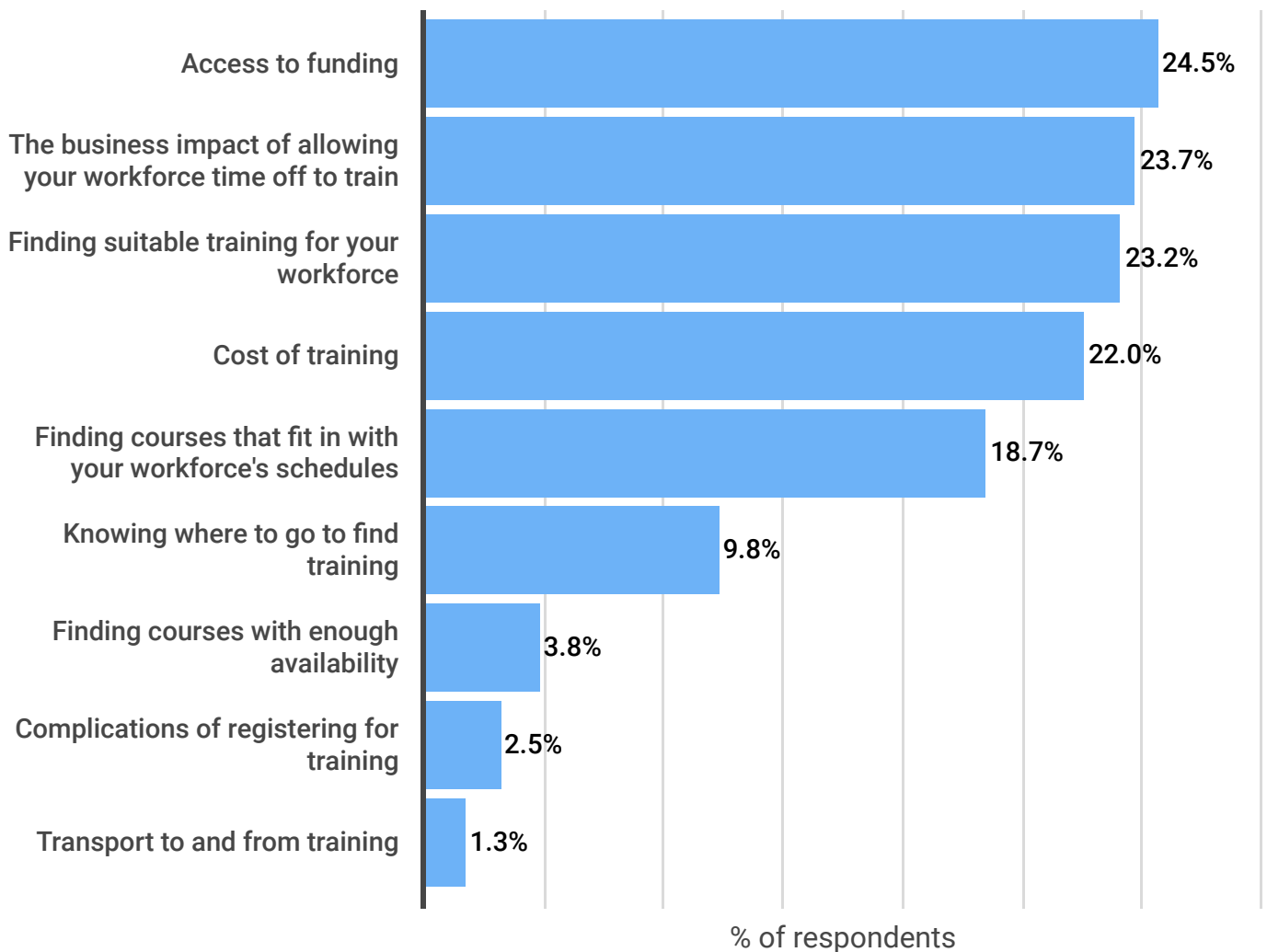
Over the next 6 months, do you think that your business will face (please tick all that apply)



Skills (1)

Key message: The factors hindering businesses from providing workforce skills and training opportunities are many and varied - but financing training is a big issue.

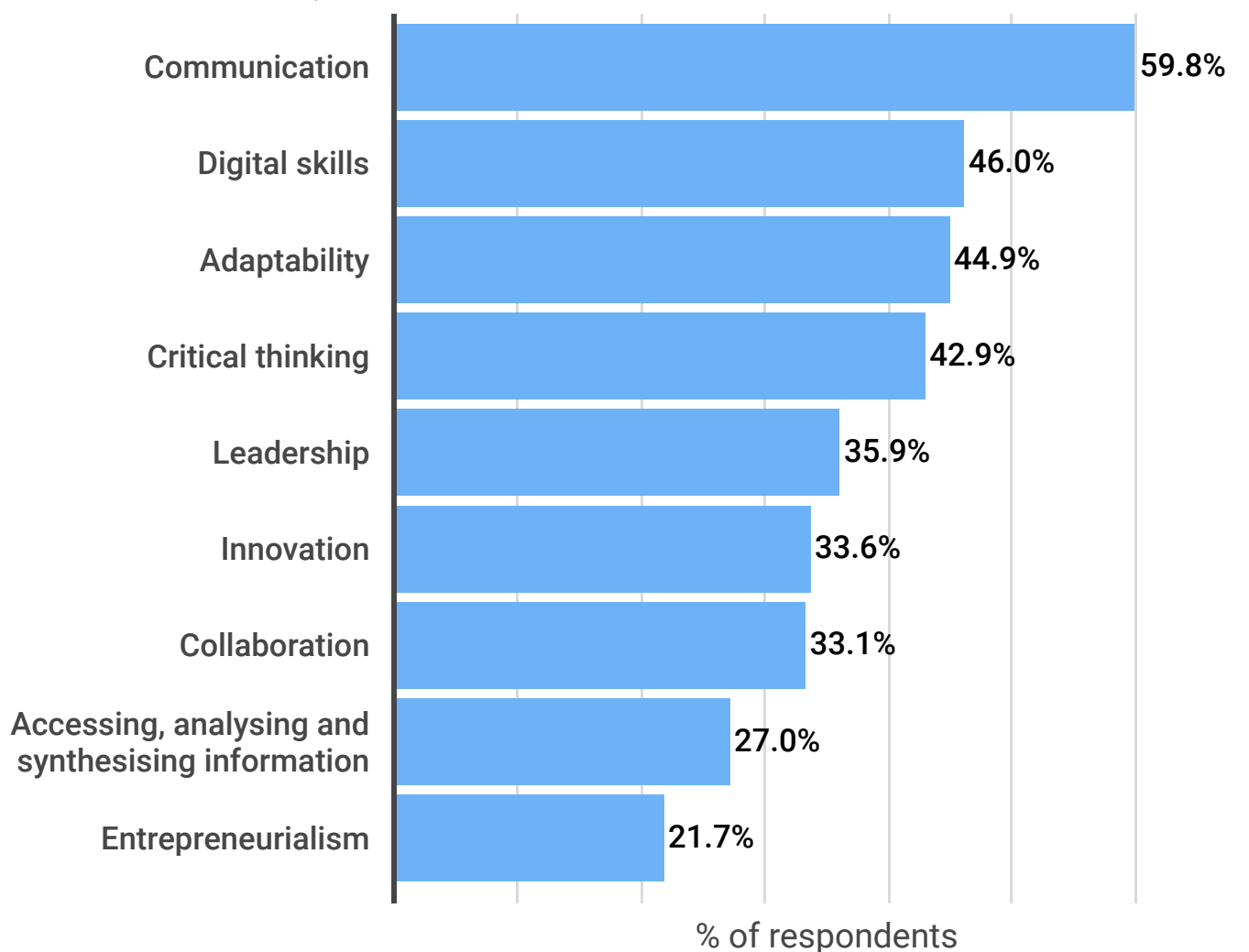
Which of the following, if any, do you believe are hindering you from providing your workforce with the skills and training opportunities they need? Please select all that apply



Skills (2)

Key message: Communication skills came top of the list when firms were asked about the skills that are particularly important to making their workforce effective.

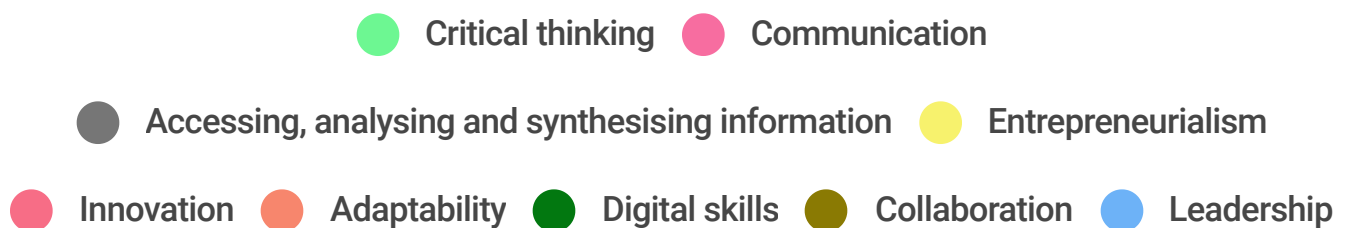
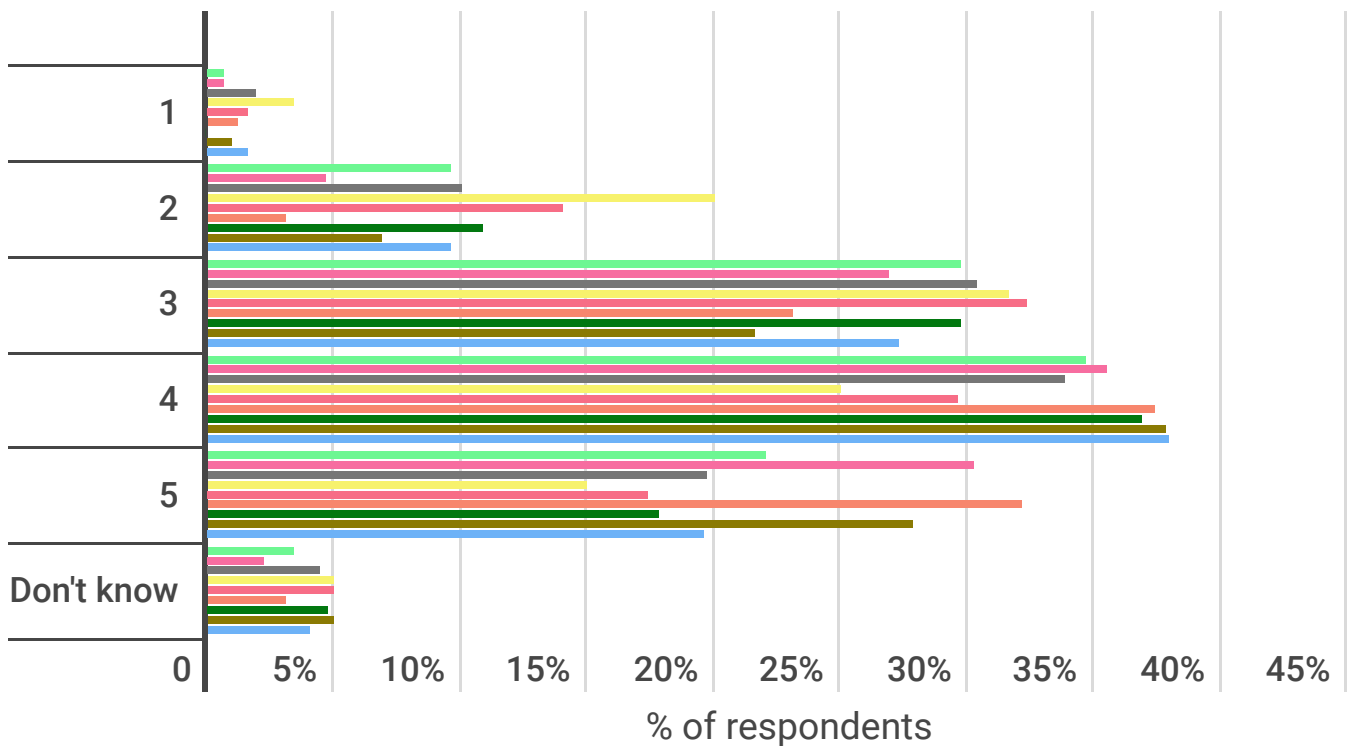
Which of the following types of skill do you consider particularly important for your current and future workforce to be effective in their work? Please select all that apply



Skills (3)

Key message: Firms generally thought their workforces were low in entrepreneurial skills and high in collaboration and adaptability skills.

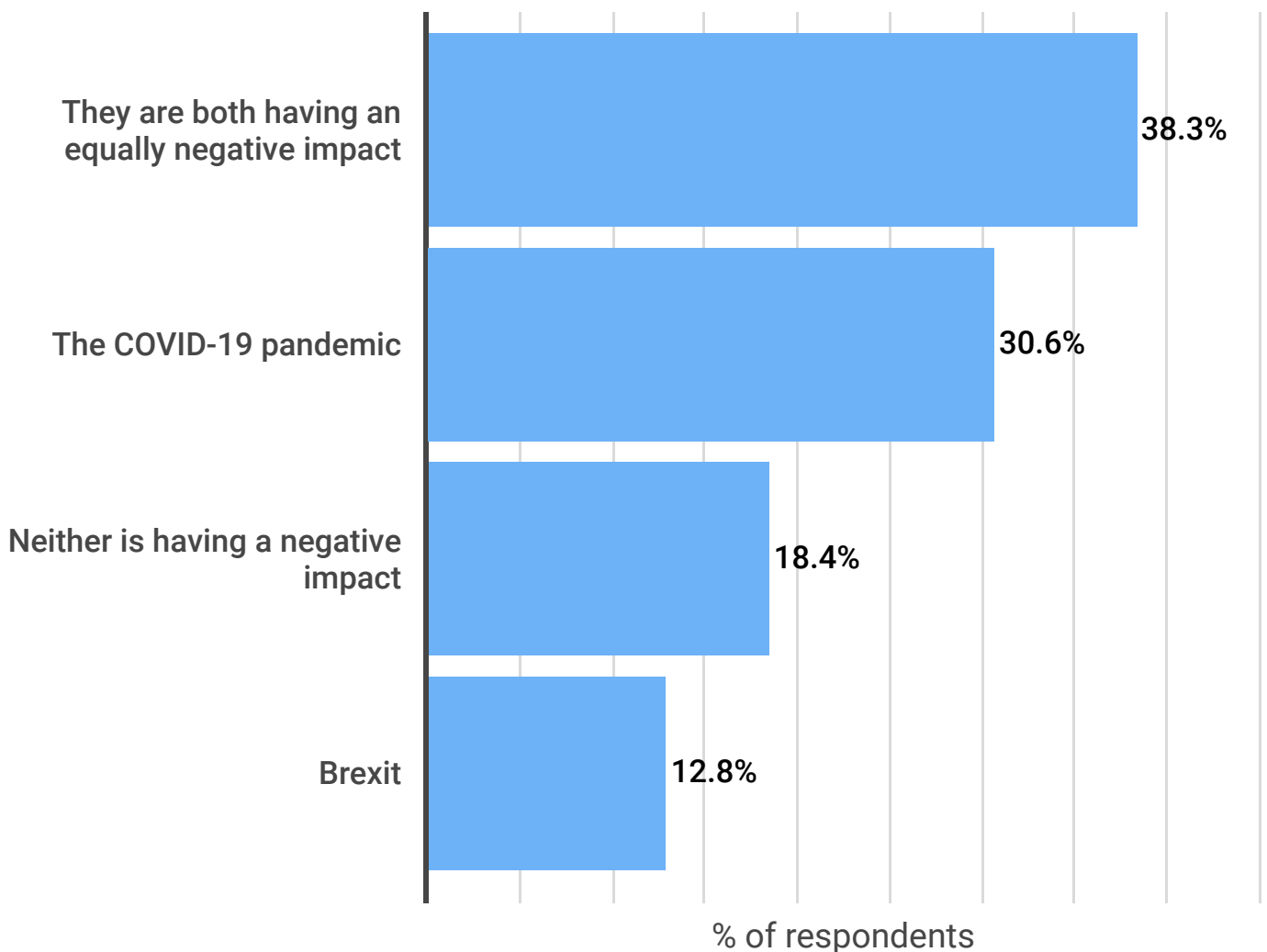
Thinking of your current workforce as a whole, how would you rate their abilities in each of the following skills?



Economic Conditions

Key message: The pandemic is having a bigger impact on economic conditions than Brexit, but the combination of the two is particularly problematic.

*In your opinion, which of the following two factors is having the greatest negative impact on the economic conditions currently facing your industry?
Please select one option only.*



Quarter 4 2021

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South Yorkshire Quarterly Economic Survey

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Key Messages

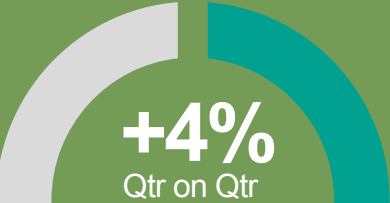
SCR Quarter 4 2021

- **Key indicators still suggest solid growth** - domestic sales and orders have expanded, investment plans are solid, confidence is high and labour forces have grown.
- **Firms are still experiencing recruitment difficulties** - 86% of firms that reported trying to find staff reported that they had had difficulty. This figure has been on the rise since Q4 2020 and throughout 2021.
- **Price rises are widely expected** - 57% of firms expect prices to increase over the next three months, with raw materials prices and other overheads contributing (much greater than the pressure to raise pay). There has been a big jump in the proportion of firms concerned about inflation, with 40% raising the issue, compared to just 28% in the last quarter.

Please note that the survey responses were collected before the current developments with Covid

Q1a. Business involved in UK Market

Over the past 3 months, sales/custom/bookings have:

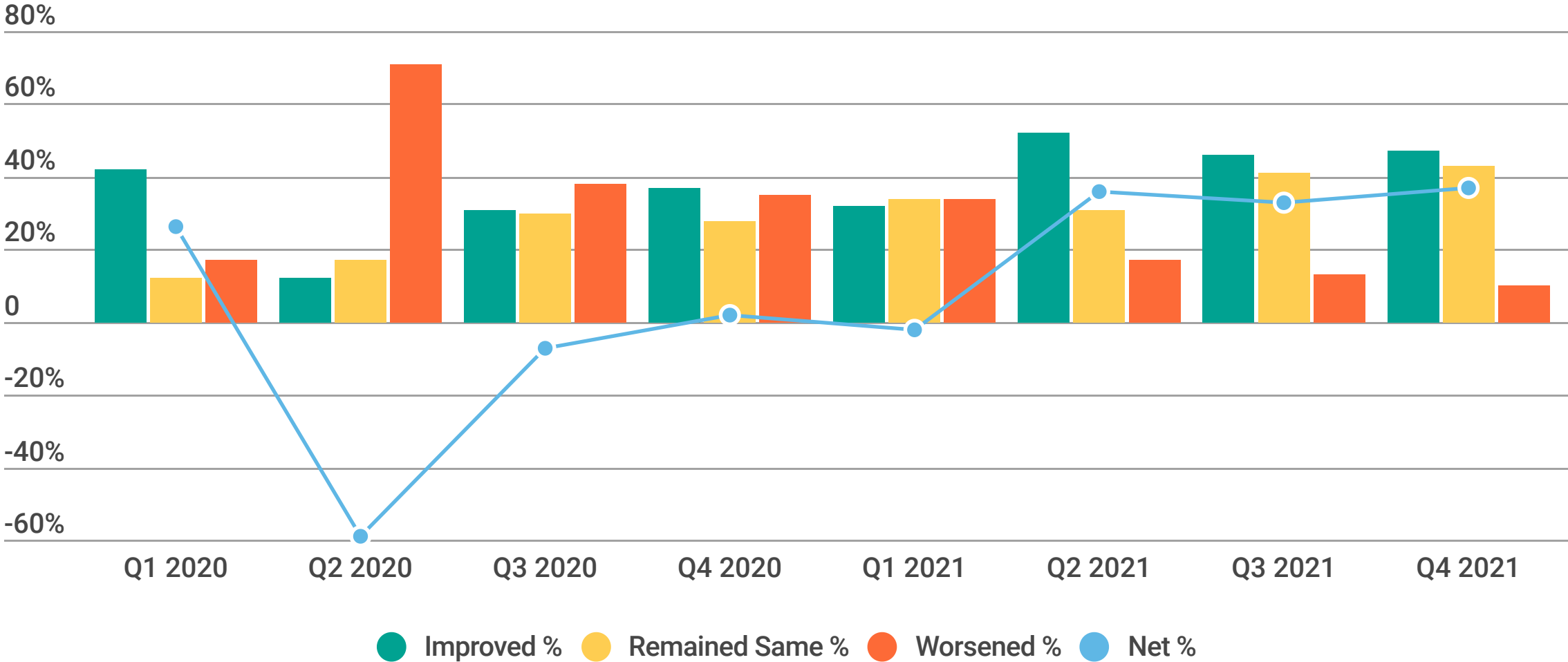


This Quarter

On balance, UK sales have marginally improved on the previous quarter.

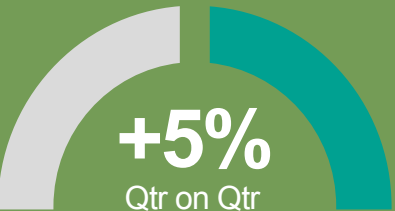
Year on Year

The balance of UK sales is significantly higher than the same period last year, in the midst of the pandemic.



Q1b. Business involved in UK Market

Over the past 3 months, orders/advance custom/bookings have:

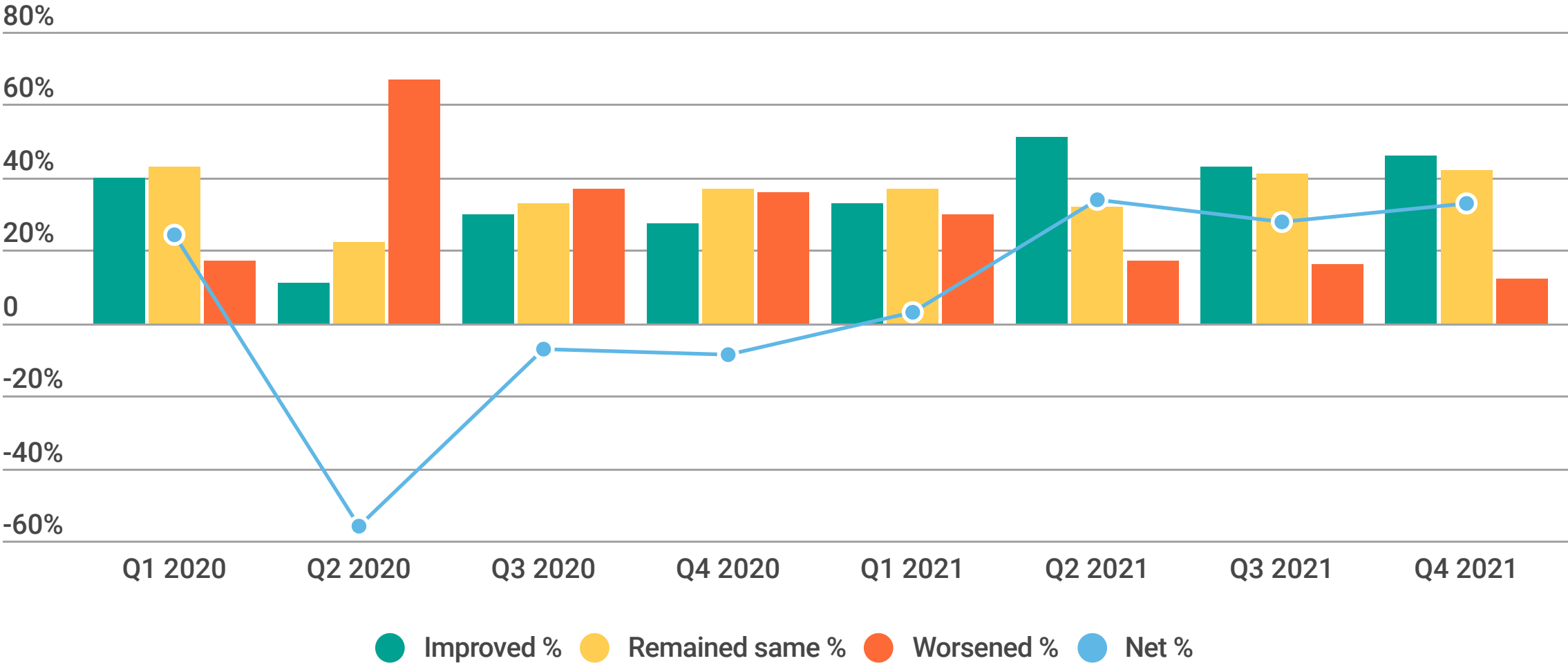


This Quarter

On balance, UK orders continue to show solid growth.

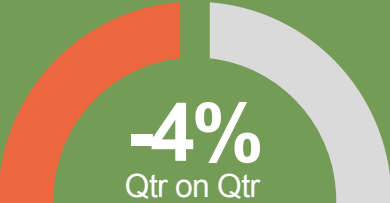
Year on Year

UK orders are markedly healthier than the same period last year, as the UK was experiencing varied pandemic-related restrictions.



Q2a. Businesses involved in overseas markets

Over the past 3 months, sales/custom/bookings have:

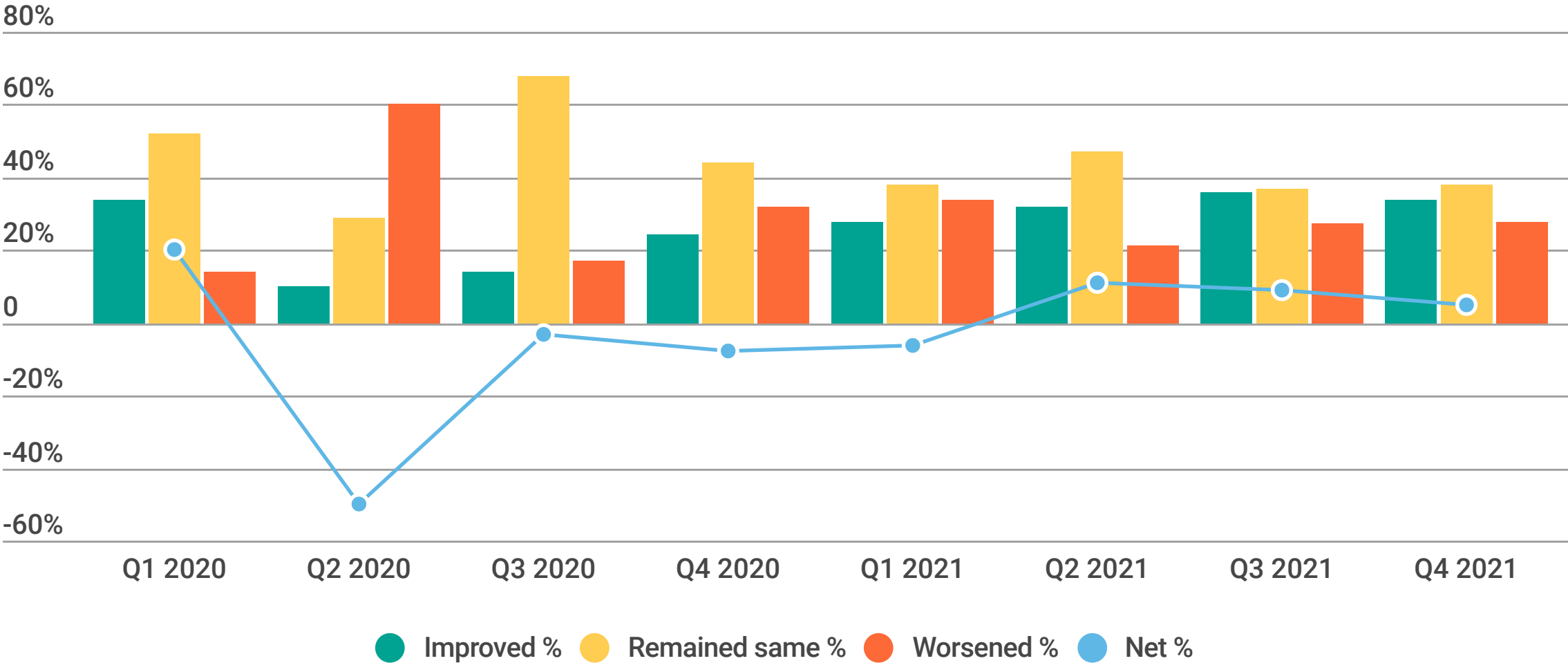


This Quarter

On balance, export sales continue to show weak growth.

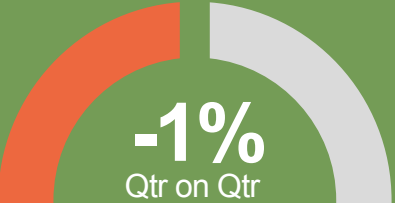
Year on Year

On balance, export sales continue to be weaker than pre pandemic.



Q2b. Businesses involved in overseas markets

Over the past 3 months, orders/advance custom/bookings have:

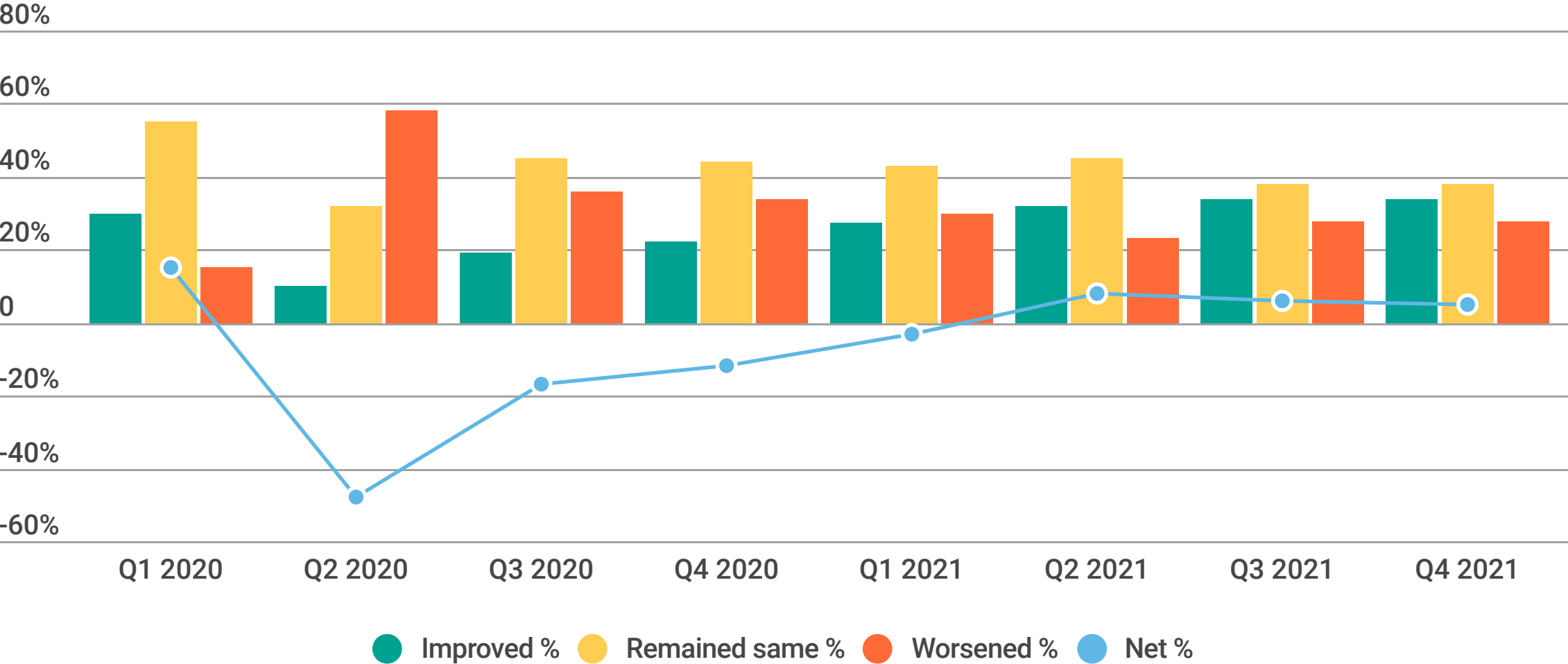


This Quarter

On balance, export orders continue to indicate weak growth.

Year on Year

On balance, export orders are still much stronger than Q4 2020, when they were continuing to contract.



Q3a. Labour Force

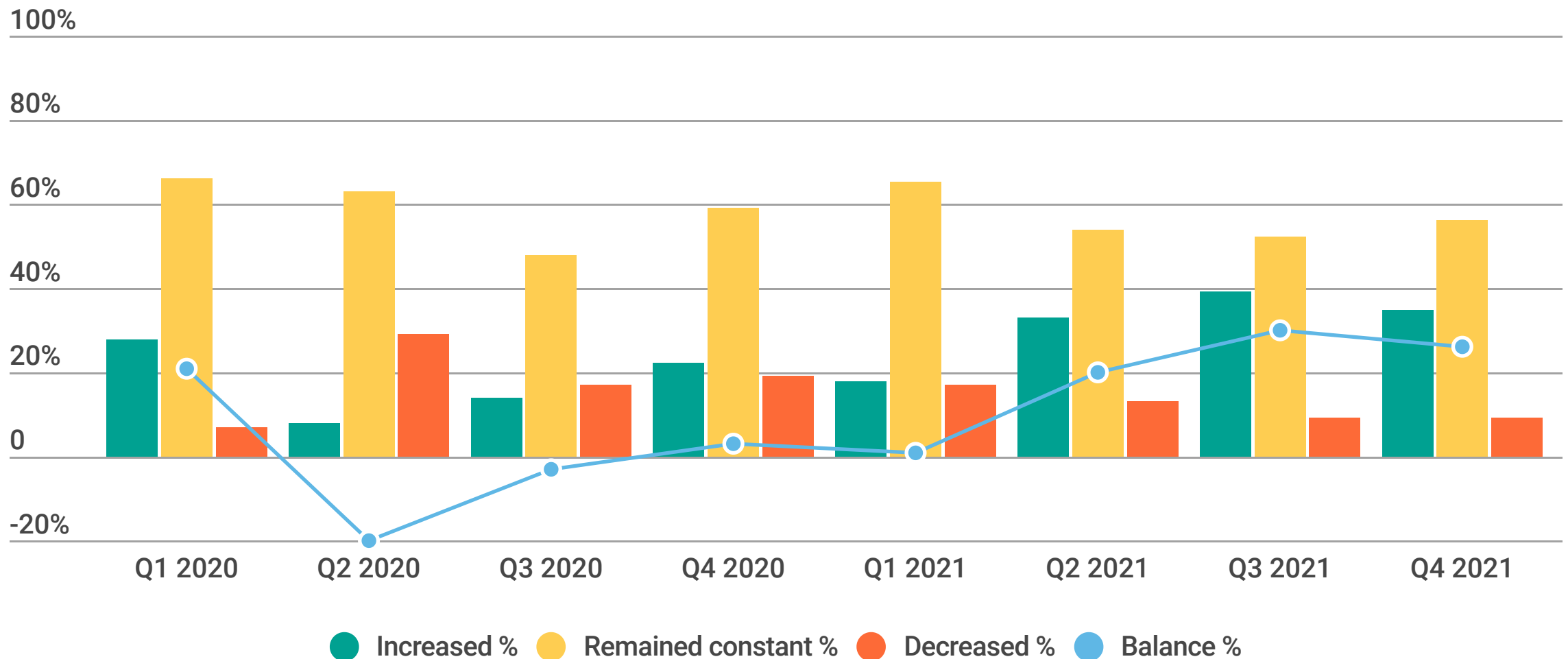
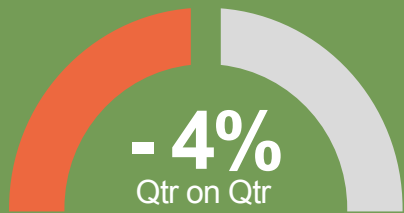
Over the last 3 months, the workforce has:

This Quarter

On balance, workforces are continuing to show robust growth.

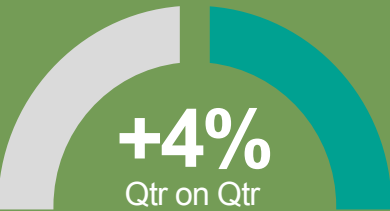
Year on Year

On balance, employment levels are much more positive (+26%) compared to Q4 2020's small positive (+3%).



Q3b. Labour Force

Percentage of businesses which have attempted to recruit:

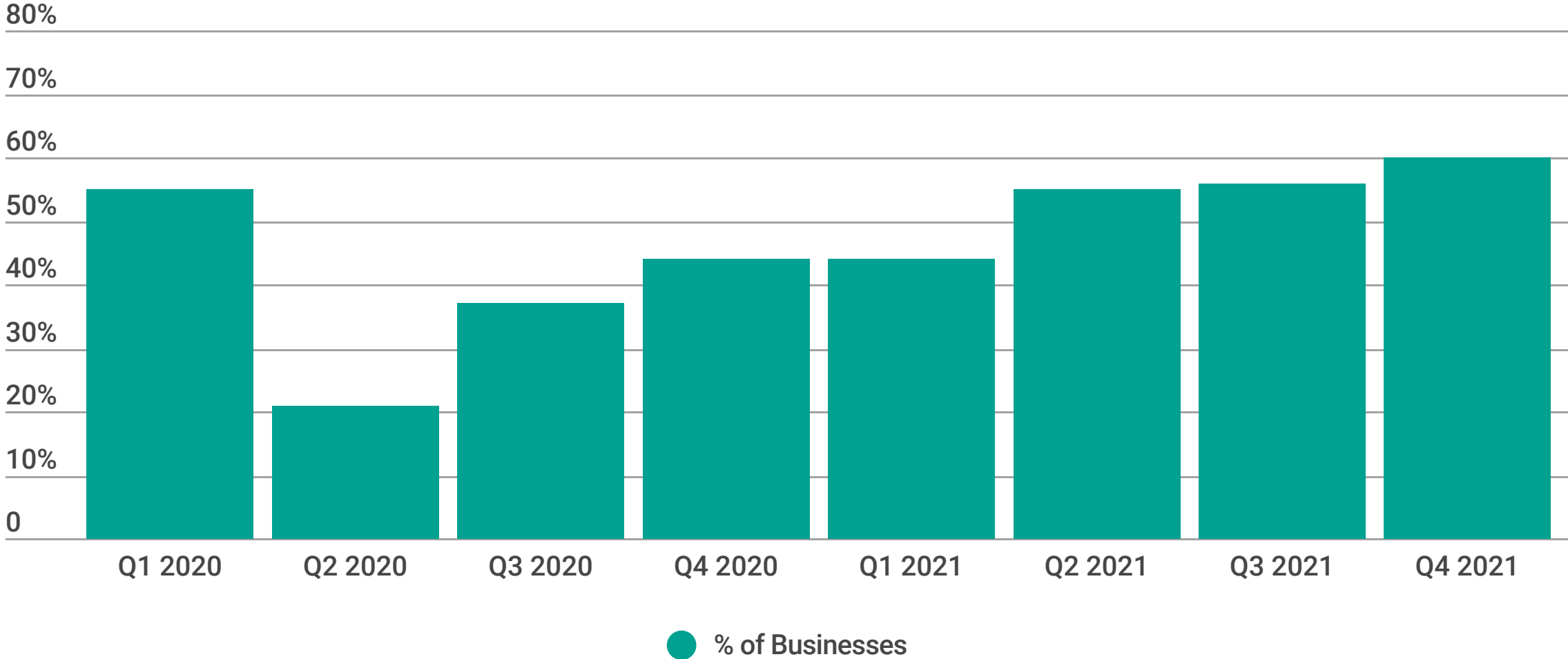


This Quarter

60% of firms looked to recruit staff this quarter, compared to 56% last quarter.

Year on Year

The percentage of firms trying to recruit staff is 16 percentage points above its level in Q4 2020.

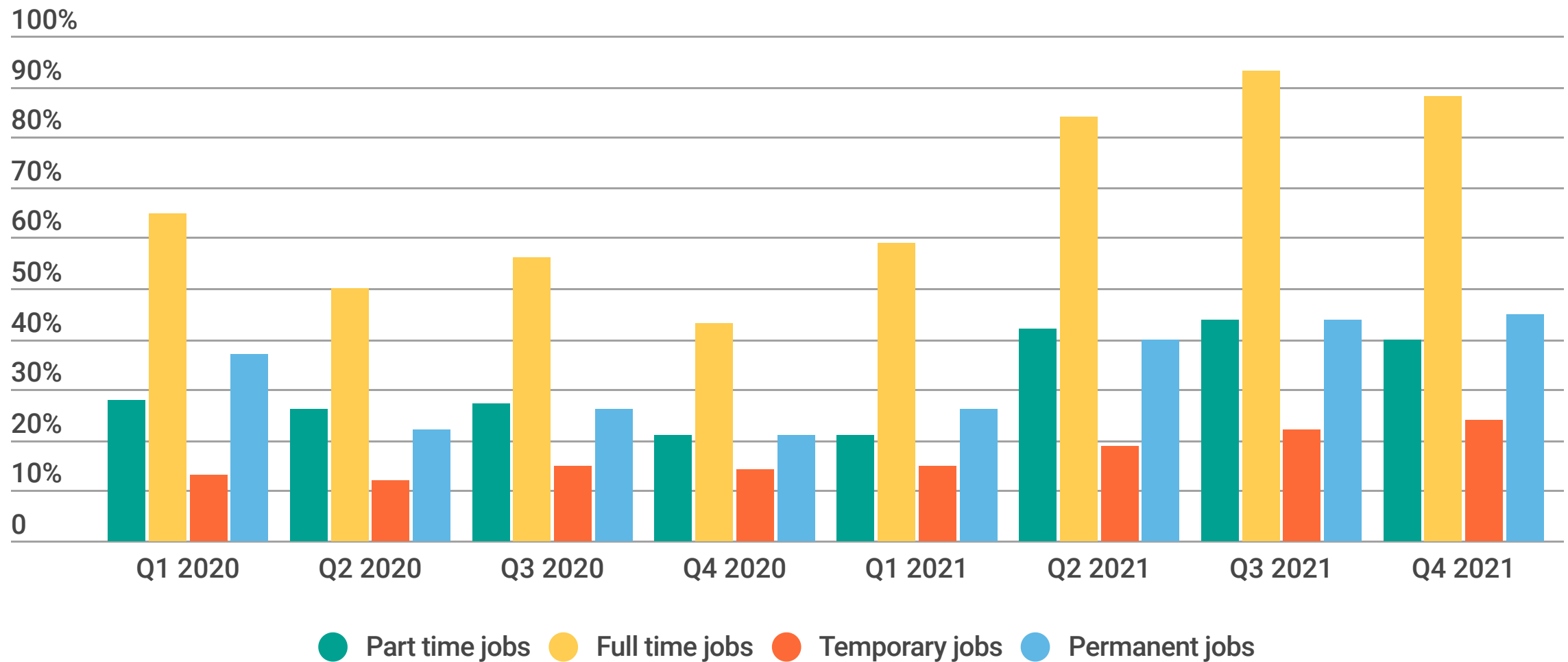


Q3c. Labour Force

Businesses have attempted to recruit the following:

This Quarter

Full-time staff remain in high demand. With 88% of firms that tried to recruit looking for this type of staff.



Q3d. Labour Force

Difficulties in recruiting have been reported by:

This Quarter

86% of firms that tried to recruit experienced recruitment difficulties in Q4 2021, a significant proportion.

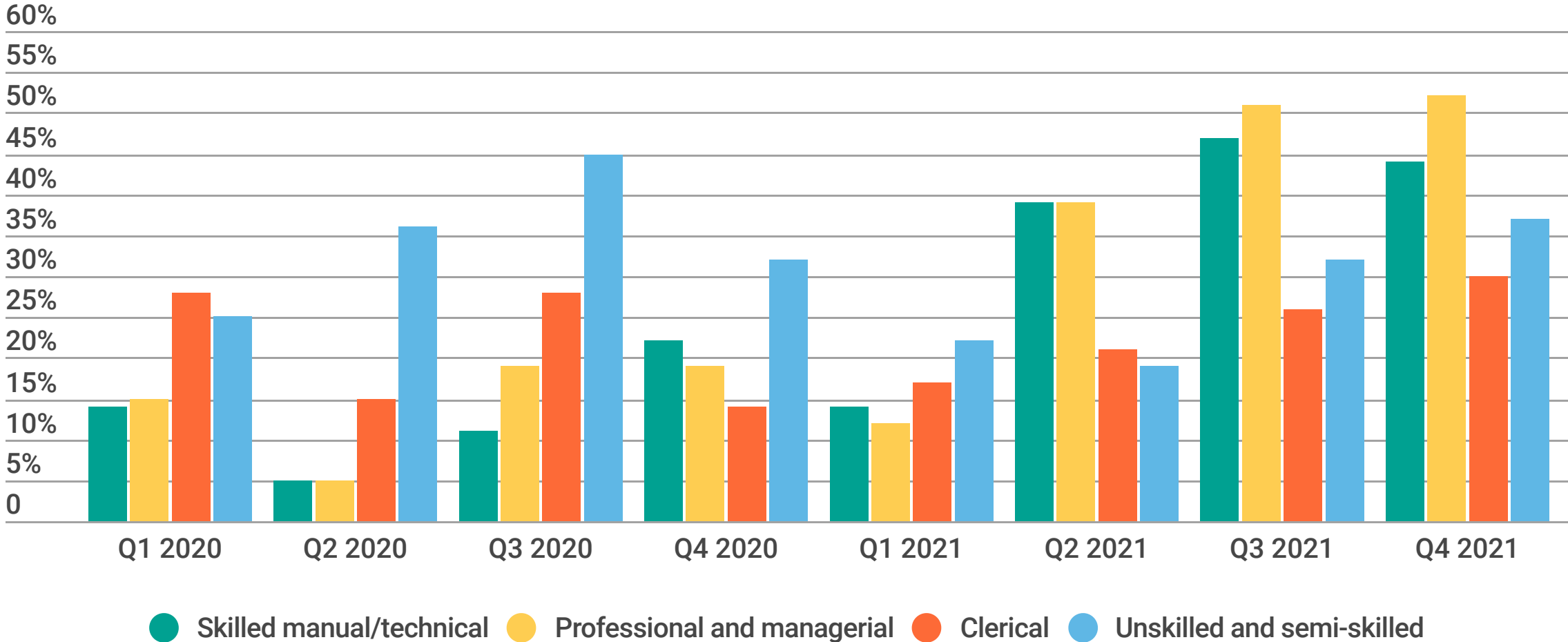


Q3e. Labour Force

In the last 3 months businesses have had difficulty in recruiting:

This Quarter

There was more difficulty in recruiting every category of worker other than those classed as skilled manual / technical.



Q3f. Labour Force

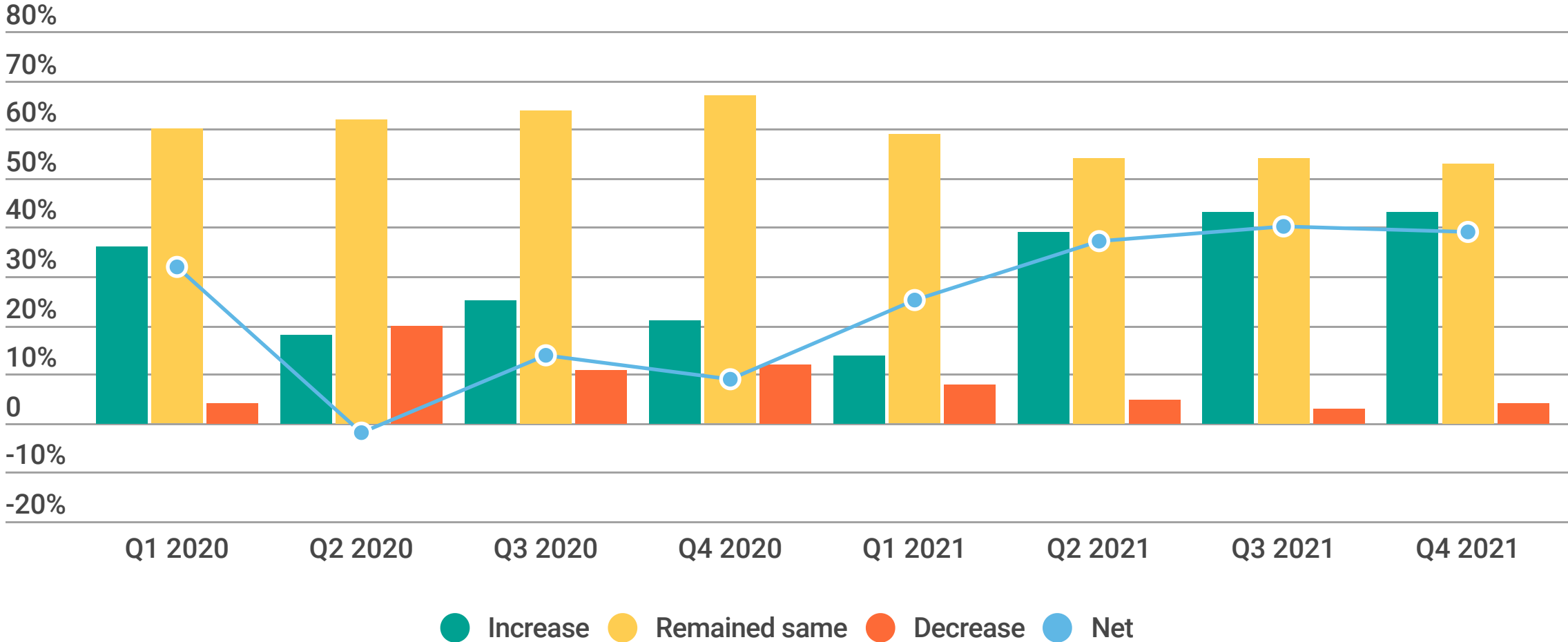
During the next 3 months, the workforce is expected to:

This Quarter

On balance, there is the strongest expectation of businesses increasing their workforce, continuing the previous quarter-on-quarter growth.

Year on Year

Employment expectations are significantly higher than they were in Q4 2020, when there was only limited growth.



Q4. Cash Flow

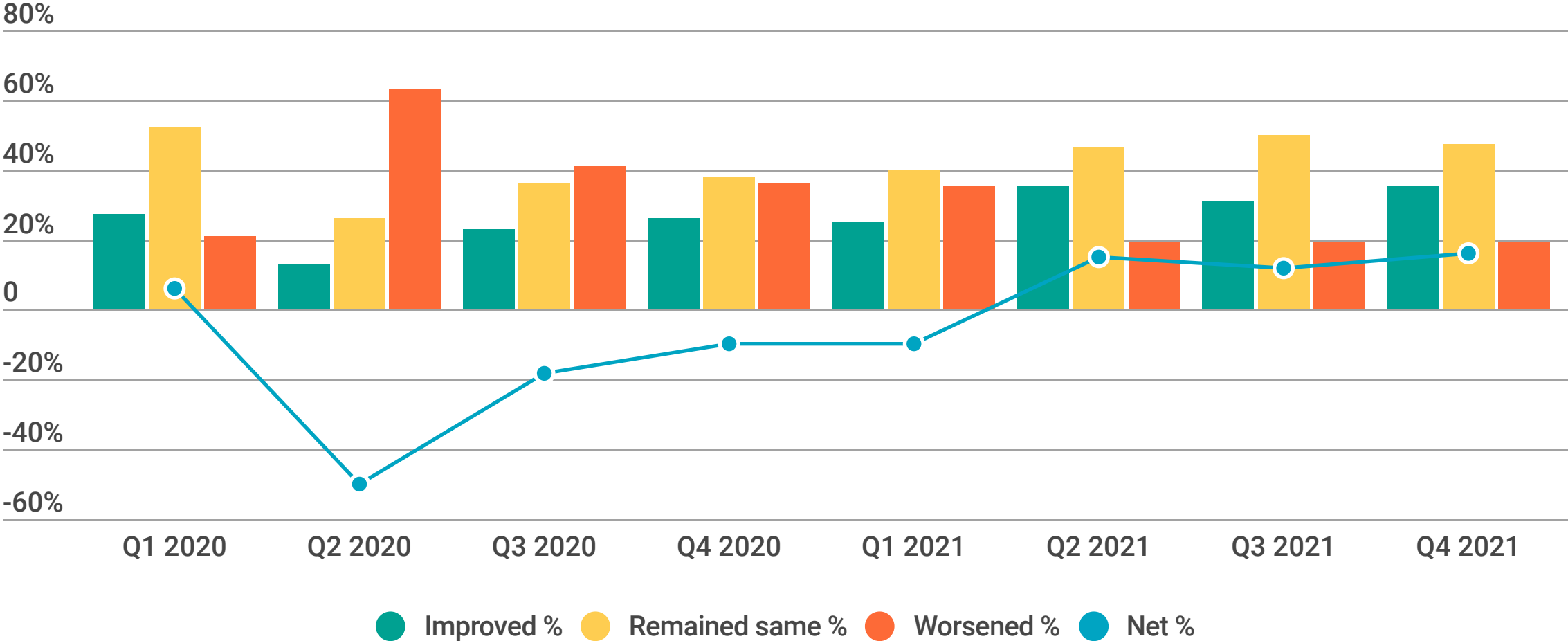
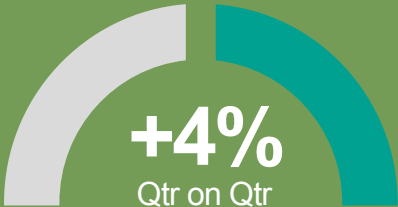
During the past 3 months, cash flow has:
Increased / Remained constant / Decreased

This Quarter

The cashflow indicator has remained positive, and is slightly up on the quarter.

Year on Year

Q4 2020 saw 36% of respondents reporting that thier cashflow position had worsened, compared to 19% in Q4 2021.



Q5a. Investment Intentions

Changes in plans in investment:
Plans for new plant/machinery/equipment have been:

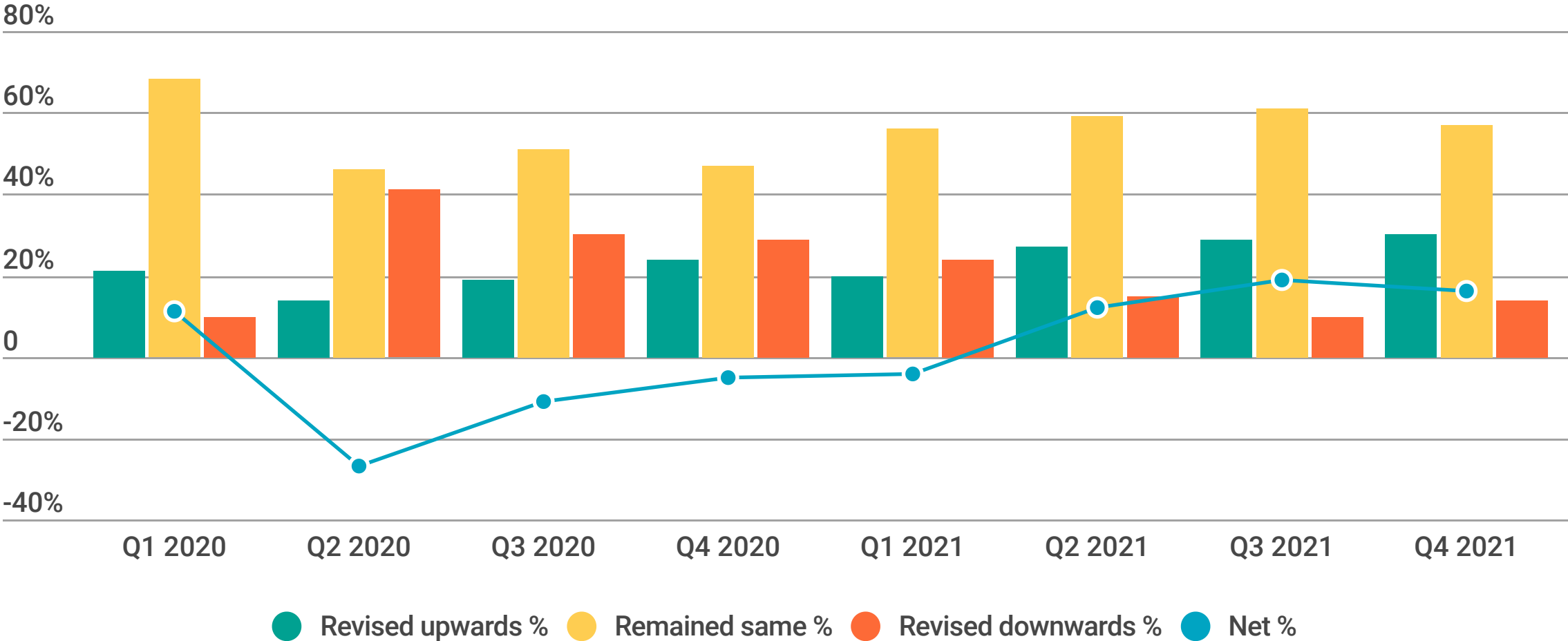


This Quarter

On balance, investment in plant, machinery and equipment remains positive, building on the growth in the previous quarter.

Year on Year

Investment in plant and machinery is significantly higher year on year, currently at +16%, up from -5% in Q4 2020.



Q5b. Investment Intentions

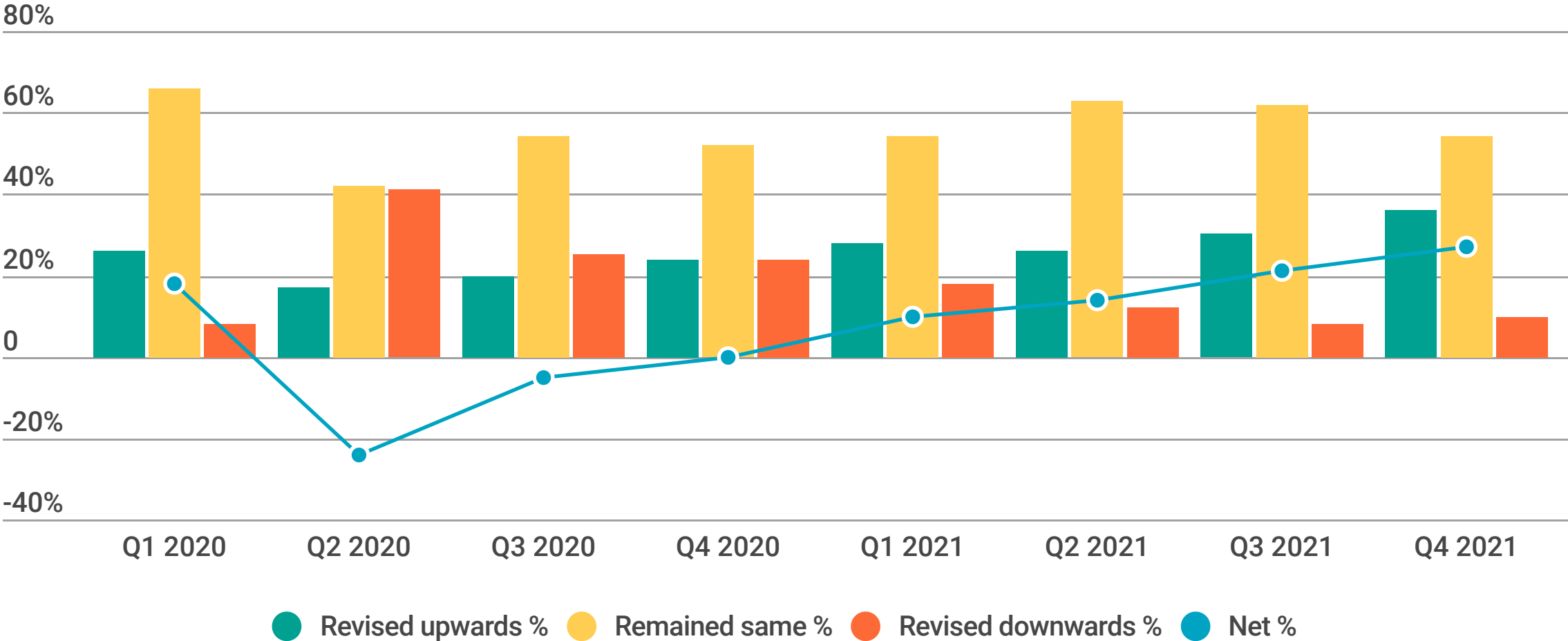
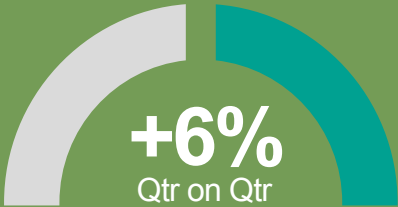
Changes in plans in investment:
Plans for training have been:

This Quarter

On balance, investment plans for training have increased by six percentage points over the last quarter.

Year on Year

On balance, compared to this time last year investment plans for training have improved by 27 percentage points.



Q6. Capacity

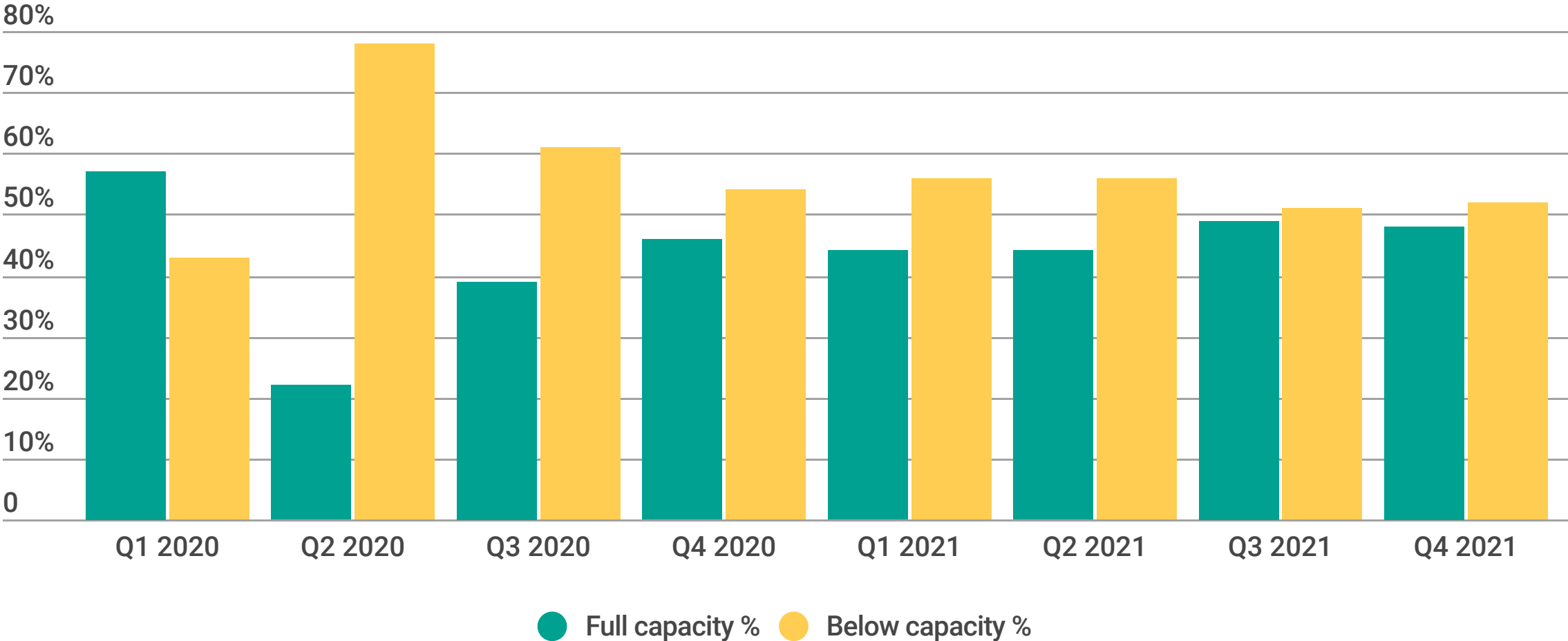
Businesses working at full capacity:

This Quarter

The proportion of businesses reporting that they are operating at full capacity has broadly stayed the same since last quarter.

Year on Year

The percentage of businesses reporting they are operating below capacity is 52% in Q4 2021, compared to 54% in Q4 2020.



Q7a. Business Confidence

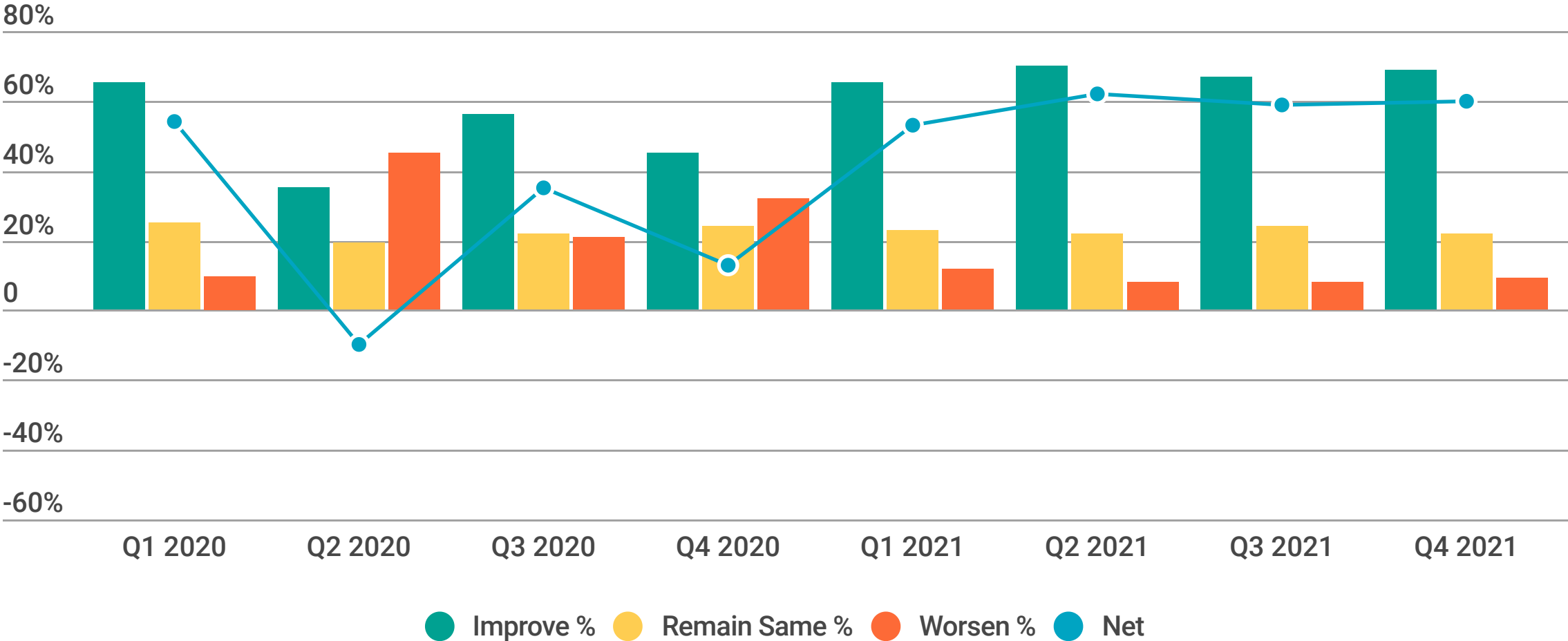
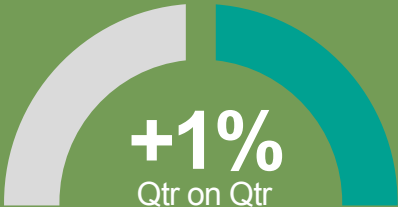
Turnover is likely to:

This Quarter

On balance, expected turnover is broadly in line with the previous quarter.

Year on Year

Expected turnover is significantly higher this quarter when compared to Q4 2020, a balance figure of 60% compared to 13%.



Q7b. Business Confidence

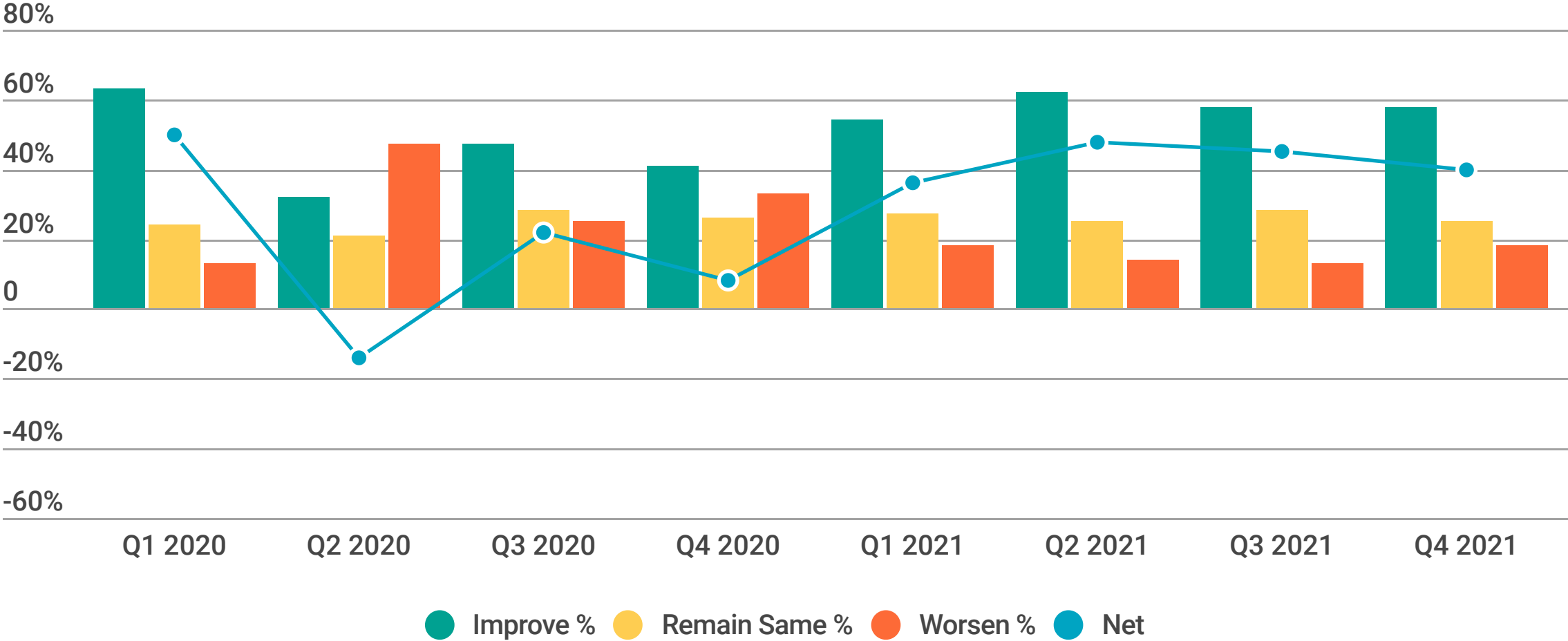
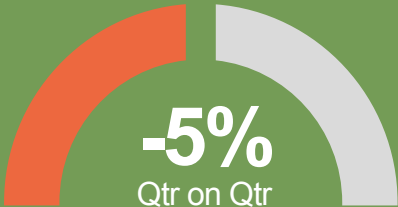
Profitability is likely to:

This Quarter

On balance, expectations of profitability have dropped slightly on last quarter.

Year on Year

Last year, the balance of firms expecting profitability to improve was +8%, compared to +40% this quarter.



Q8a. Prices/ Costs

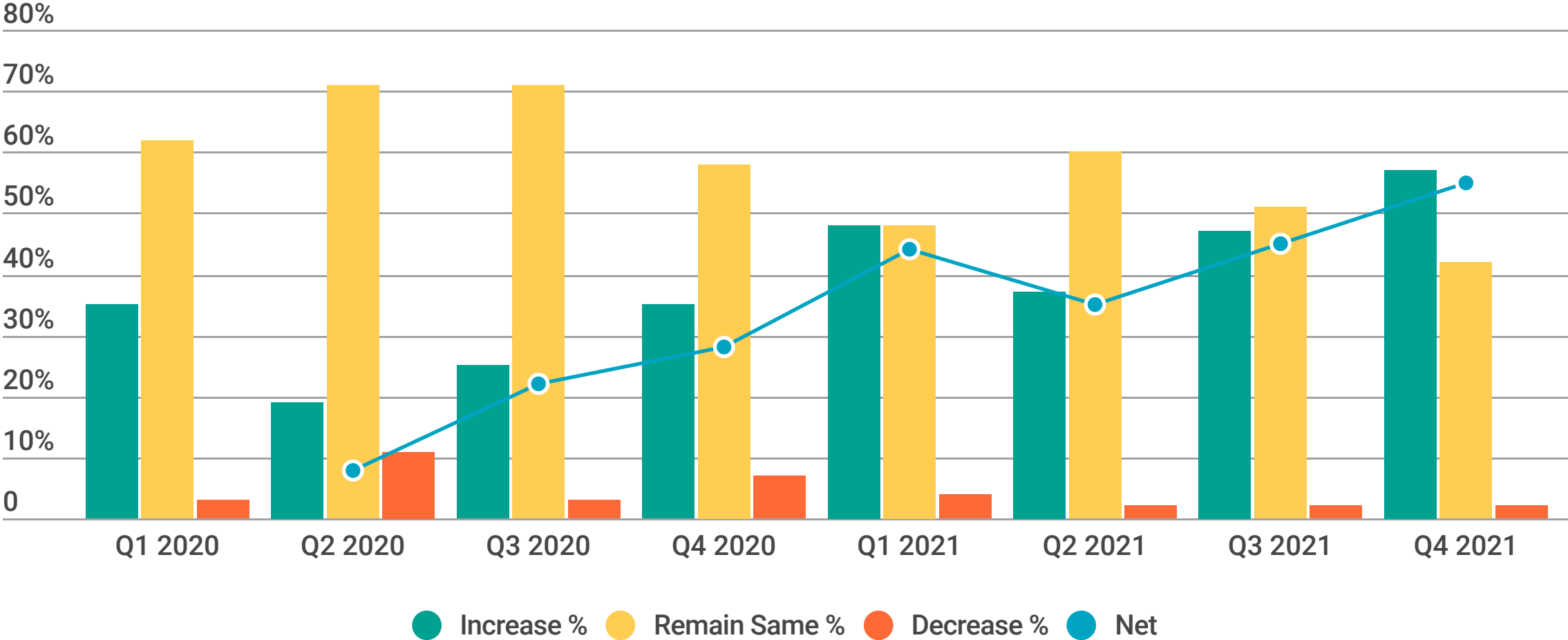
In the next 3 months businesses expect goods/services prices to:

This Quarter

Expectations of future price increases have increased since the last quarter, a balance figure of +55% compared to last quarter's +45%.

Year on Year

Only 42% of firms expected prices to remain the same in the next three months, compared to 58% in Q4 2020.

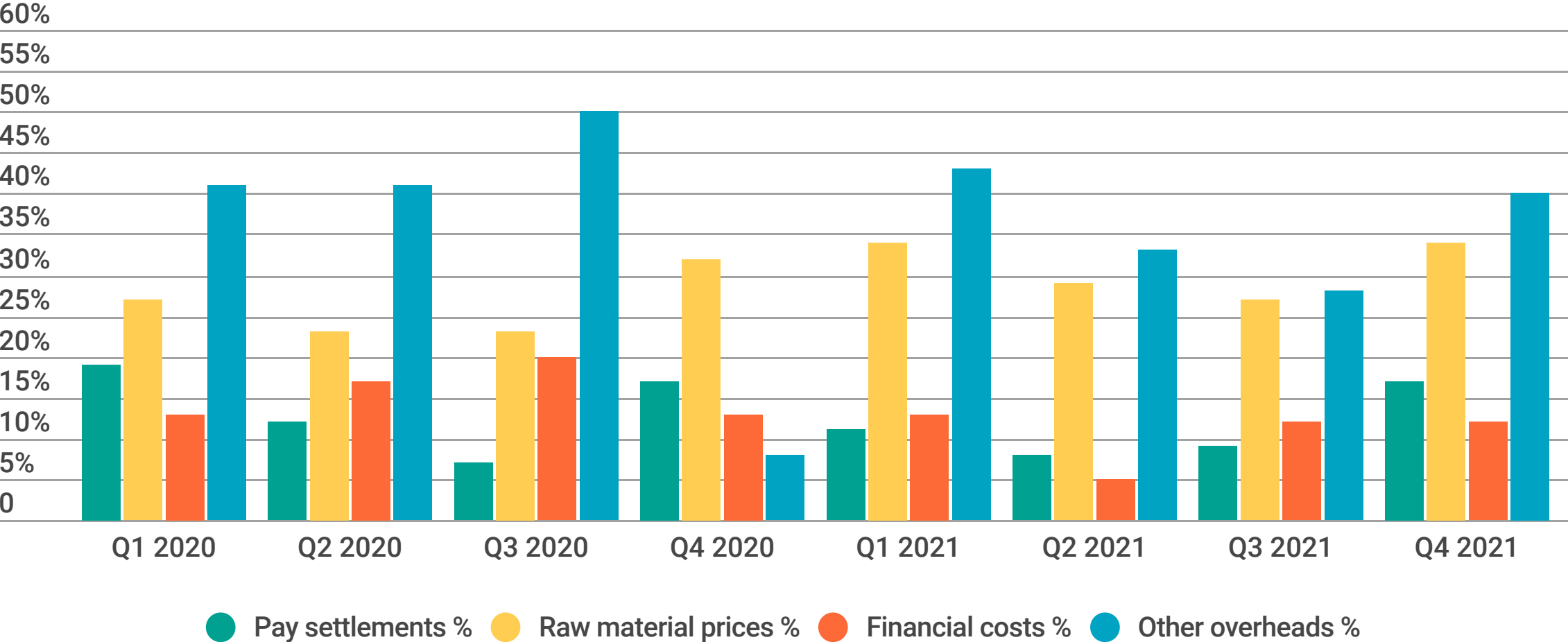


Q8b. Prices/ Costs

Businesses are under pressure to raise prices from the following:

This Quarter

As previously, raw material prices and other overheads are the factors that are creating the biggest price pressures.

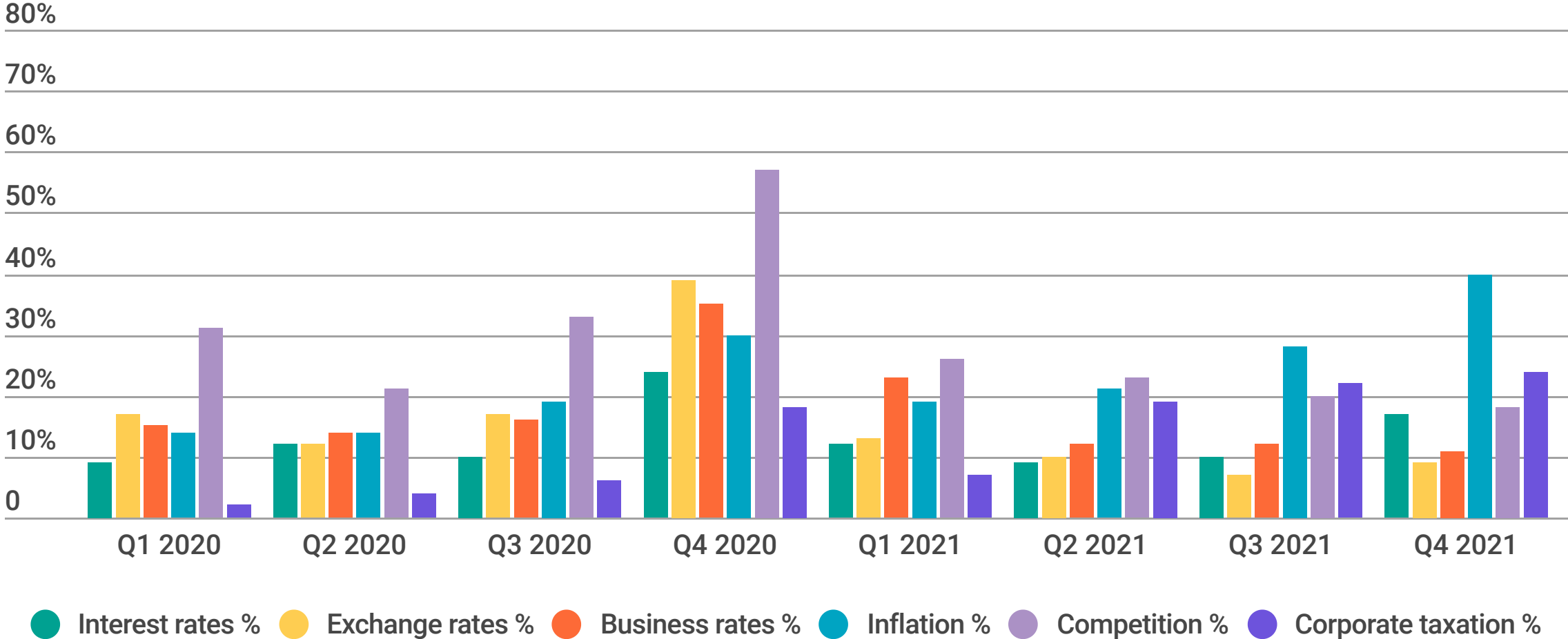


Q9. What concerns you most

Which factors were more of a concern than 3 months ago:

Results show

Inflation and tax are the biggest concerns for firms, with competition worries dropping slightly.



Quarter 4 2021

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Key Messages

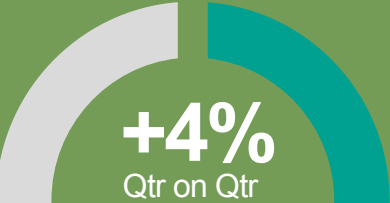
SCR Quarter 4 2021

- **Key indicators still suggest solid growth** - domestic sales and orders have expanded, investment plans are solid, confidence is high and labour forces have grown.
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- **Price rises are widely expected** - 57% of firms expect prices to increase over the next three months, with raw materials prices and other overheads contributing (much greater than the pressure to raise pay). There has been a big jump in the proportion of firms concerned about inflation, with 40% raising the issue, compared to just 28% in the last quarter.

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Q1a. Business involved in UK Market

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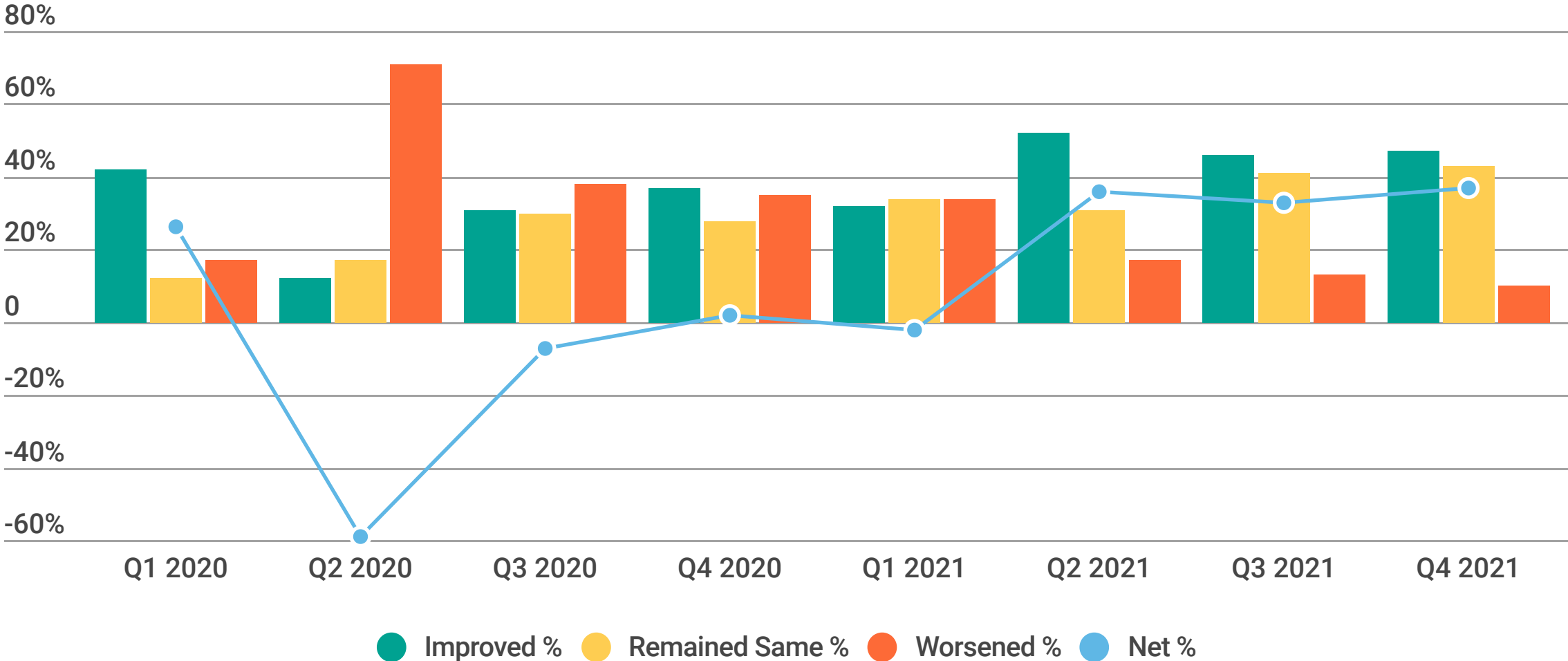


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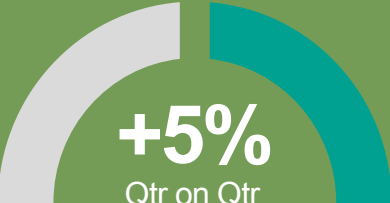
Year on Year

The balance of UK sales is significantly higher than the same period last year, in the midst of the pandemic.



Q1b. Business involved in UK Market

Over the past 3 months, orders/advance custom/bookings have:

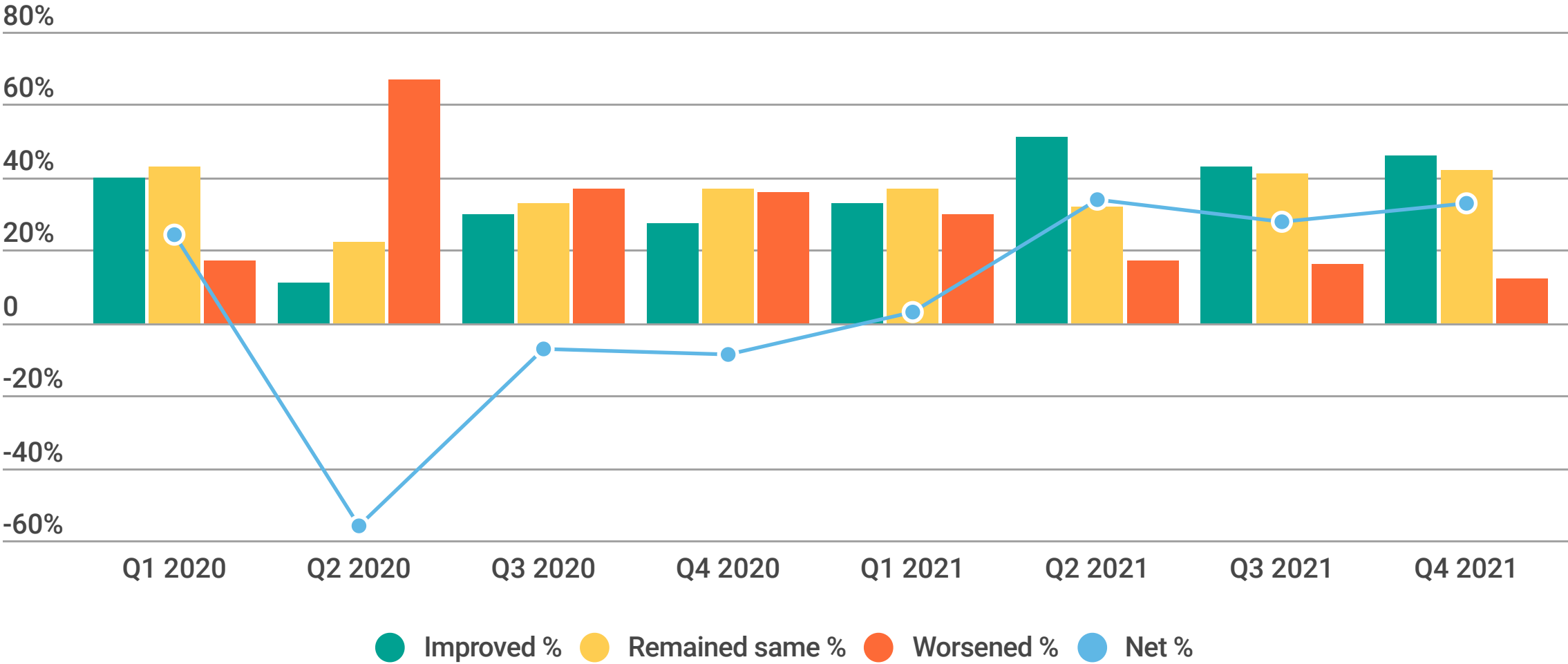


This Quarter

On balance, UK orders continue to show solid growth.

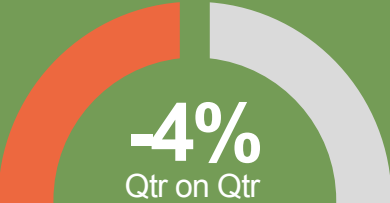
Year on Year

UK orders are markedly healthier than the same period last year, as the UK was experiencing varied pandemic-related restrictions.



Q2a. Businesses involved in overseas markets

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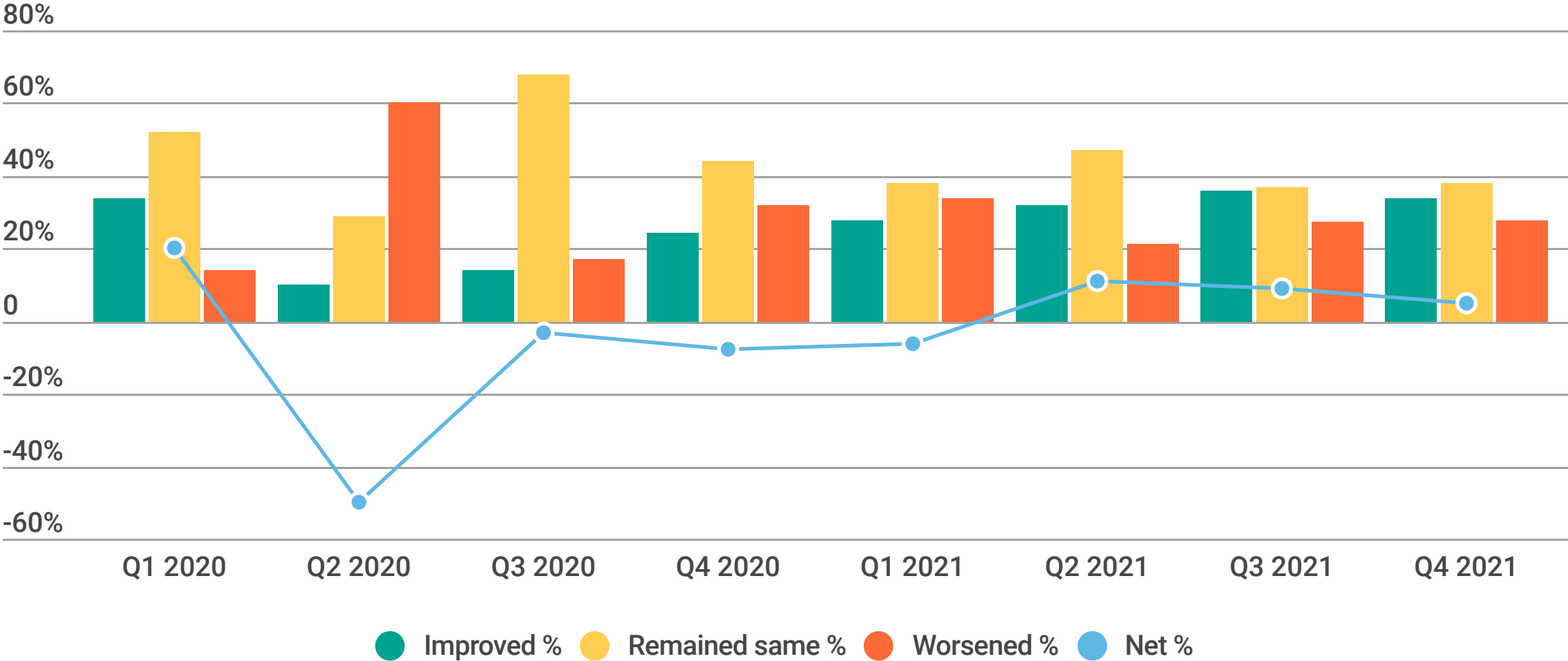


This Quarter

On balance, export sales continue to show weak growth.

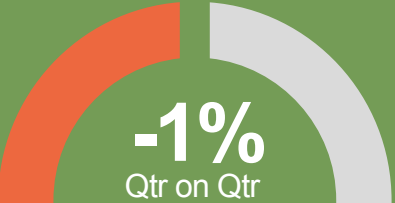
Year on Year

On balance, export sales continue to be weaker than pre pandemic.



Q2b. Businesses involved in overseas markets

Over the past 3 months, orders/advance custom/bookings have:

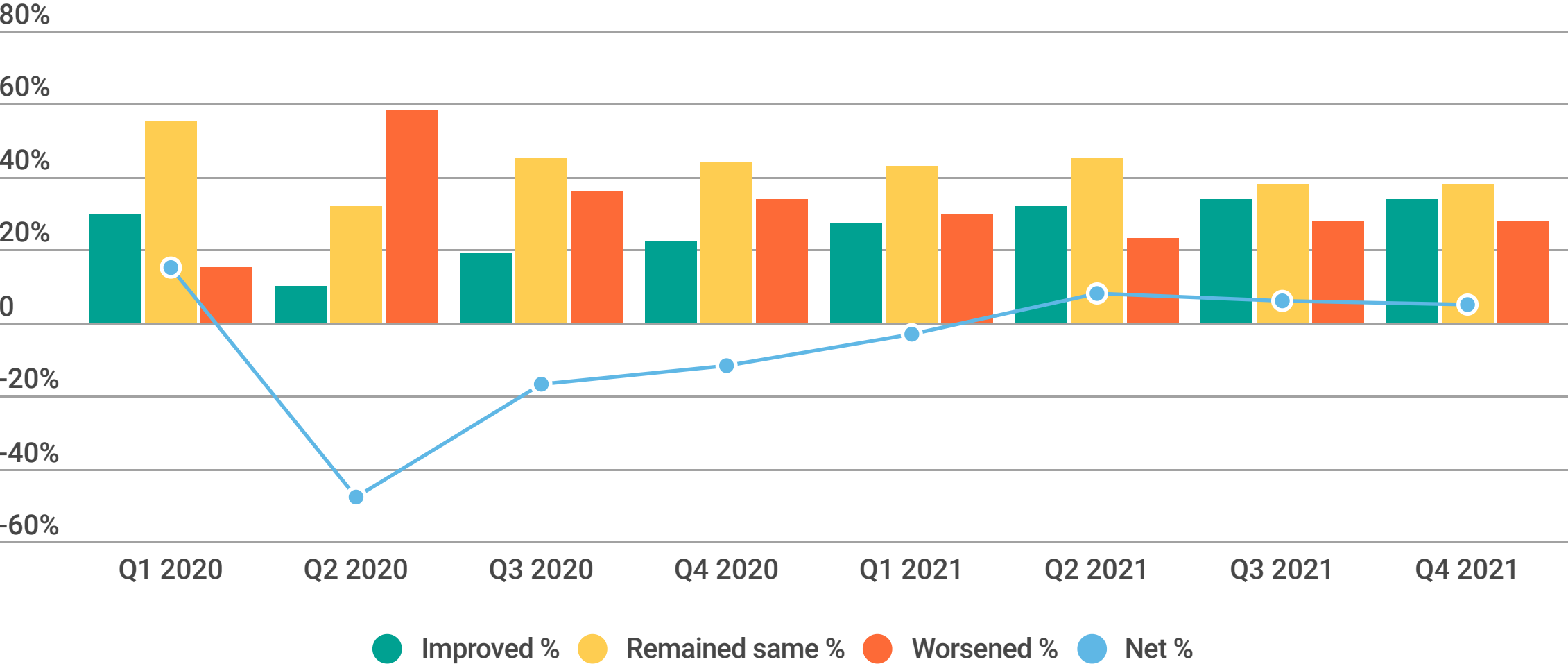


This Quarter

On balance, export orders continue to indicate weak growth.

Year on Year

On balance, export orders are still much stronger than Q4 2020, when they were continuing to contract.



Q3a. Labour Force

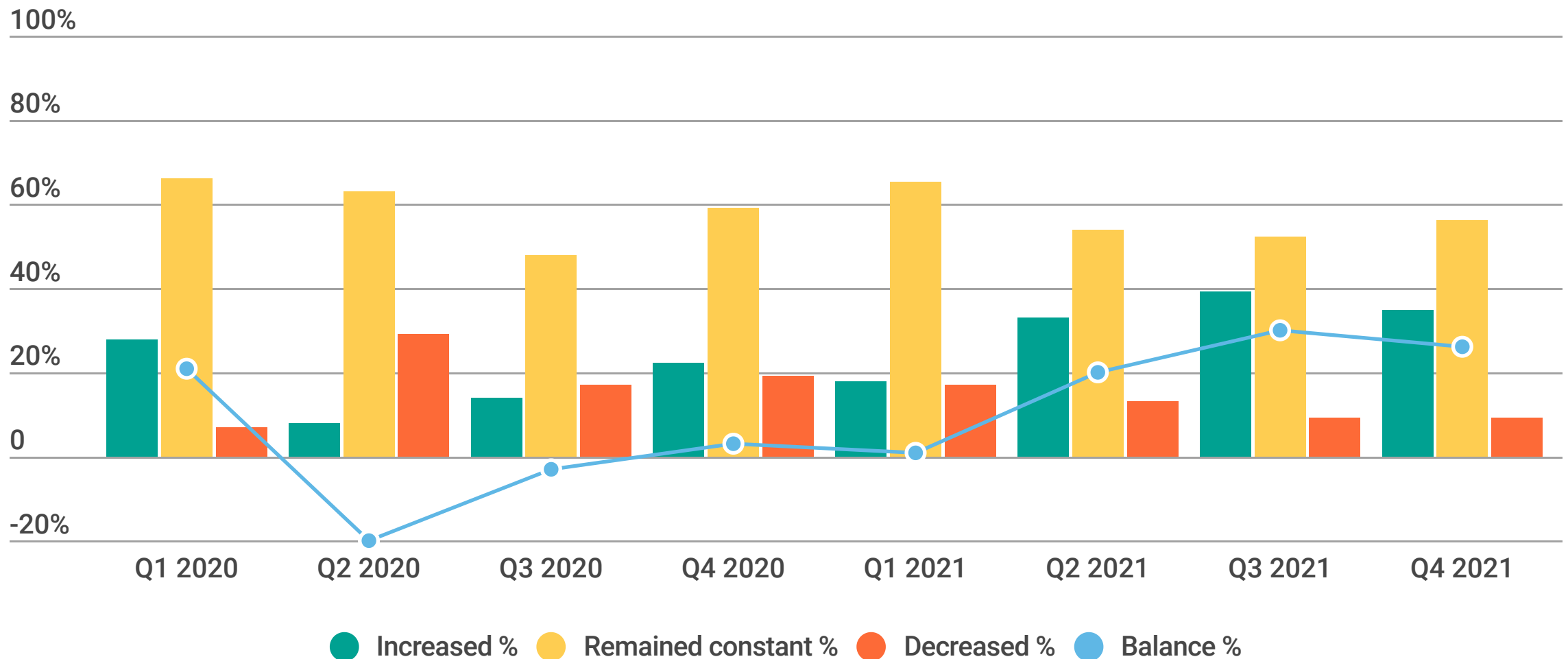
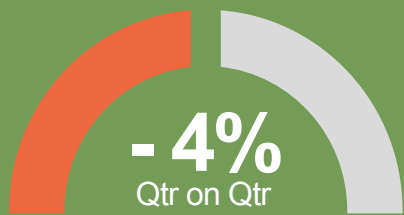
Over the last 3 months, the workforce has:

This Quarter

On balance, workforces are continuing to show robust growth.

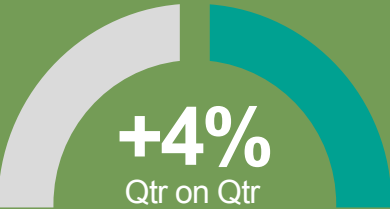
Year on Year

On balance, employment levels are much more positive (+26%) compared to Q4 2020's small positive (+3%).



Q3b. Labour Force

Percentage of businesses which have attempted to recruit:

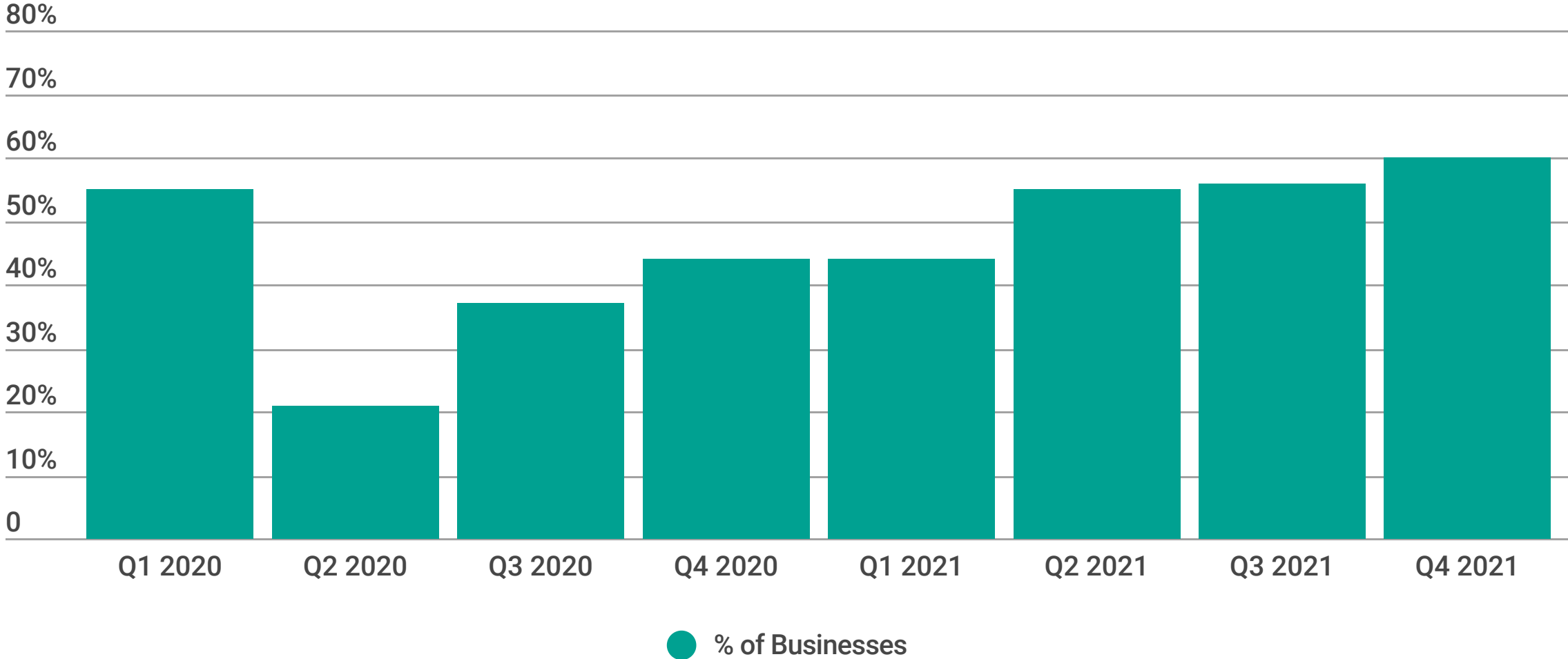


This Quarter

60% of firms looked to recruit staff this quarter, compared to 56% last quarter.

Year on Year

The percentage of firms trying to recruit staff is 16 percentage points above its level in Q4 2020.

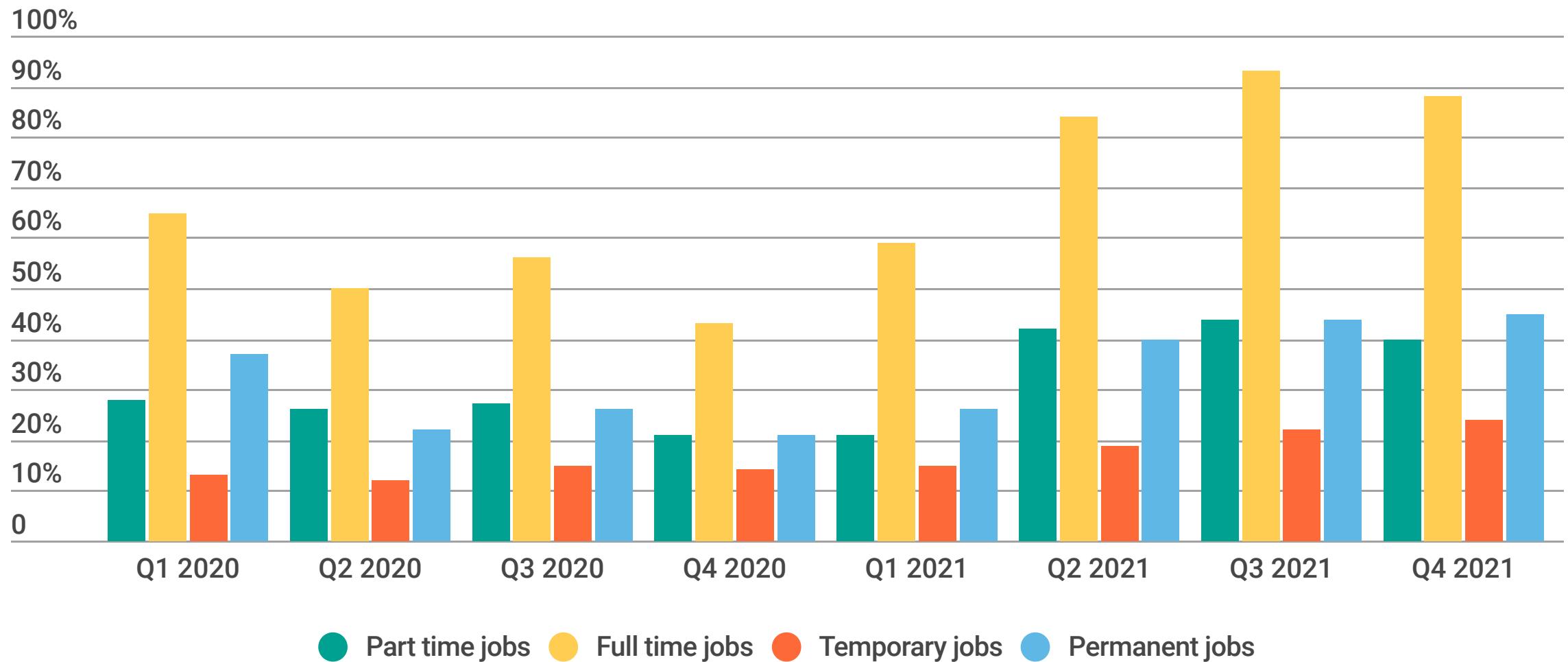


Q3c. Labour Force

Businesses have attempted to recruit the following:

This Quarter

Full-time staff remain in high demand. With 88% of firms that tried to recruit looking for this type of staff.



Q3d. Labour Force

Difficulties in recruiting have been reported by:

This Quarter

86% of firms that tried to recruit experienced recruitment difficulties in Q4 2021, a significant proportion.

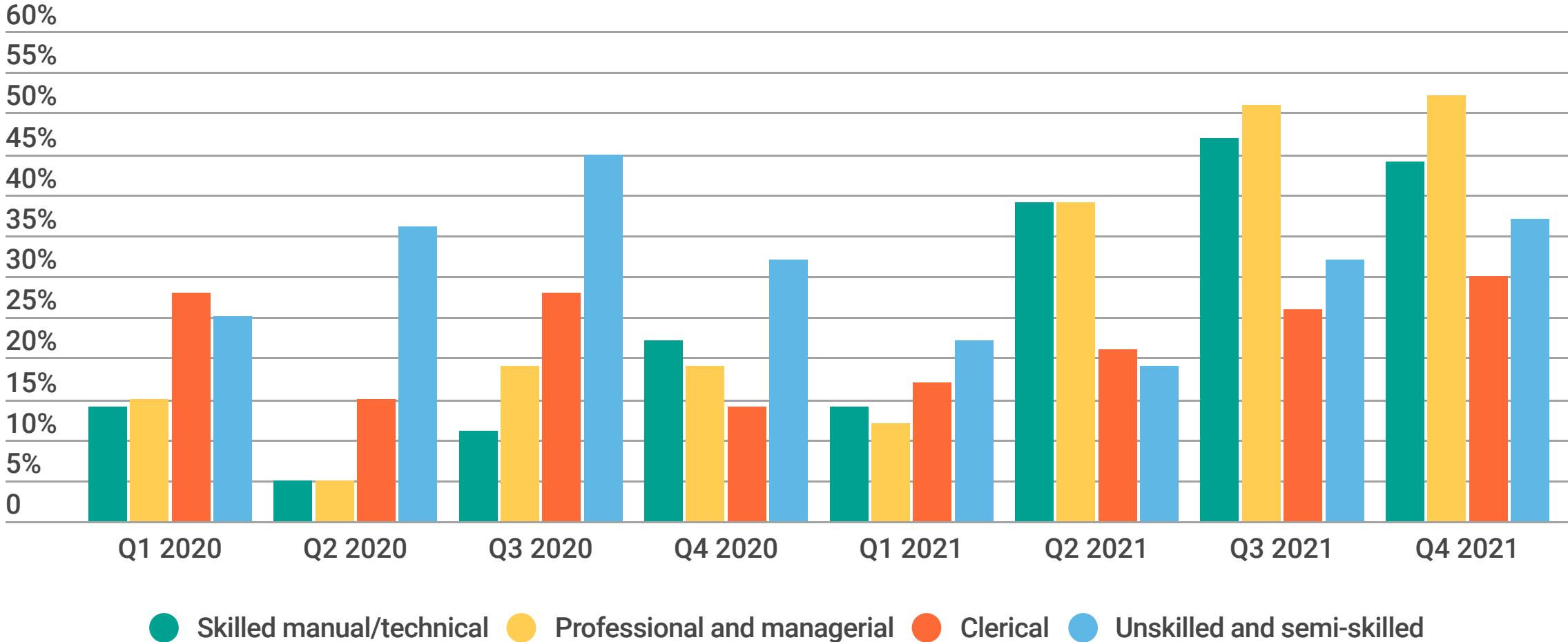


Q3e. Labour Force

In the last 3 months businesses have had difficulty in recruiting:

This Quarter

There was more difficulty in recruiting every category of worker other than those classed as skilled manual / technical.



Q3f. Labour Force

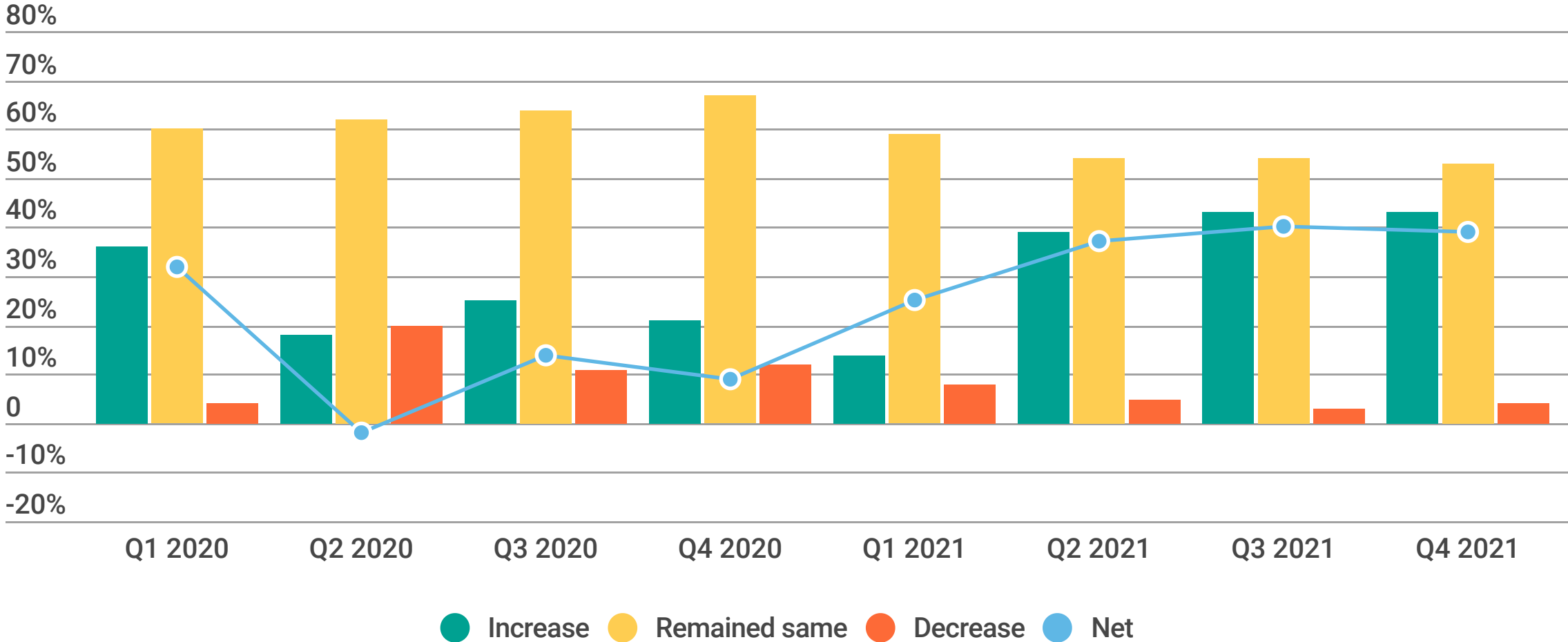
During the next 3 months, the workforce is expected to:

This Quarter

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Year on Year

Employment expectations are significantly higher than they were in Q4 2020, when there was only limited growth.



Q4. Cash Flow

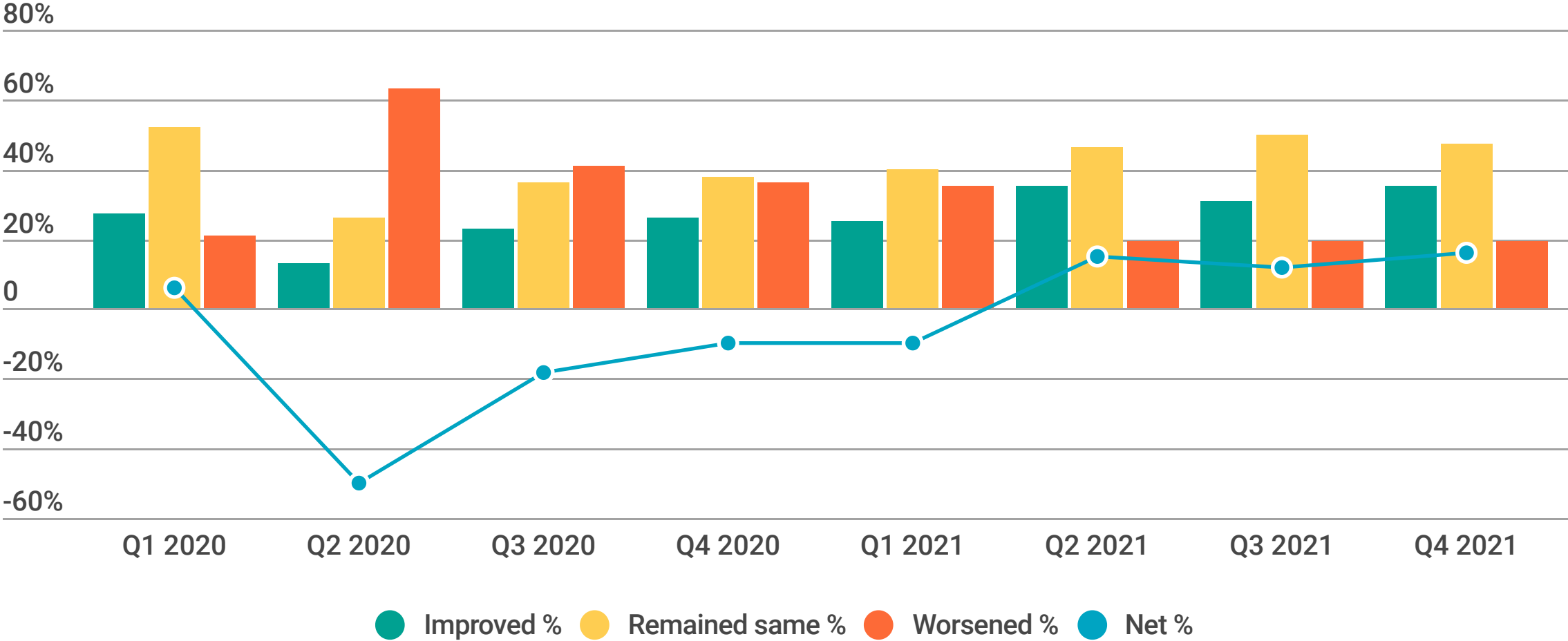
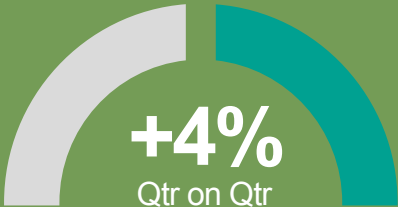
During the past 3 months, cash flow has:
Increased / Remained constant / Decreased

This Quarter

The cashflow indicator has remained positive, and is slightly up on the quarter.

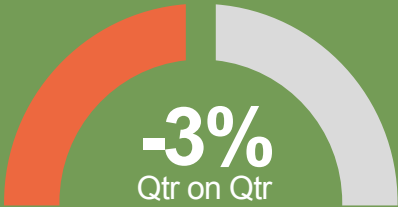
Year on Year

Q4 2020 saw 36% of respondents reporting that thier cashflow position had worsened, compared to 19% in Q4 2021.



Q5a. Investment Intentions

Changes in plans in investment:
Plans for new plant/machinery/equipment have been:

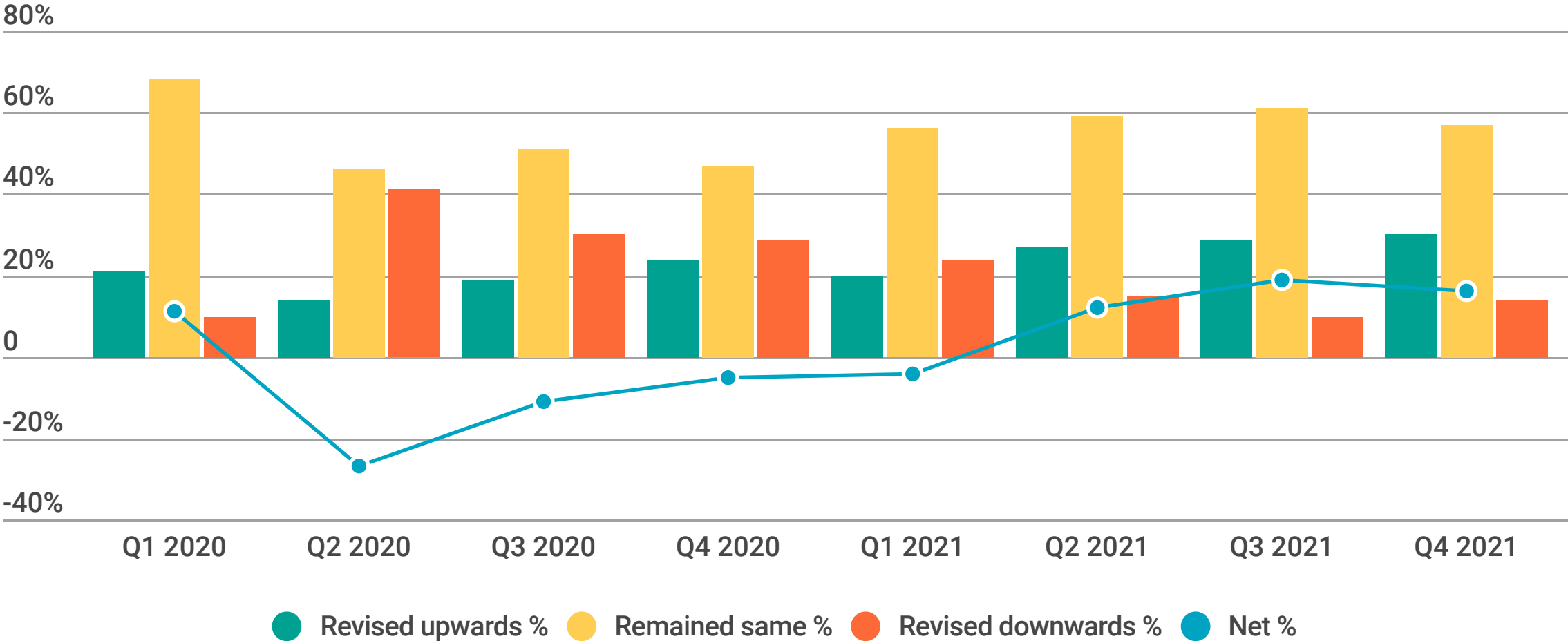


This Quarter

On balance, investment in plant, machinery and equipment remains positive, building on the growth in the previous quarter.

Year on Year

Investment in plant and machinery is significantly higher year on year, currently at +16%, up from -5% in Q4 2020.



Q5b. Investment Intentions

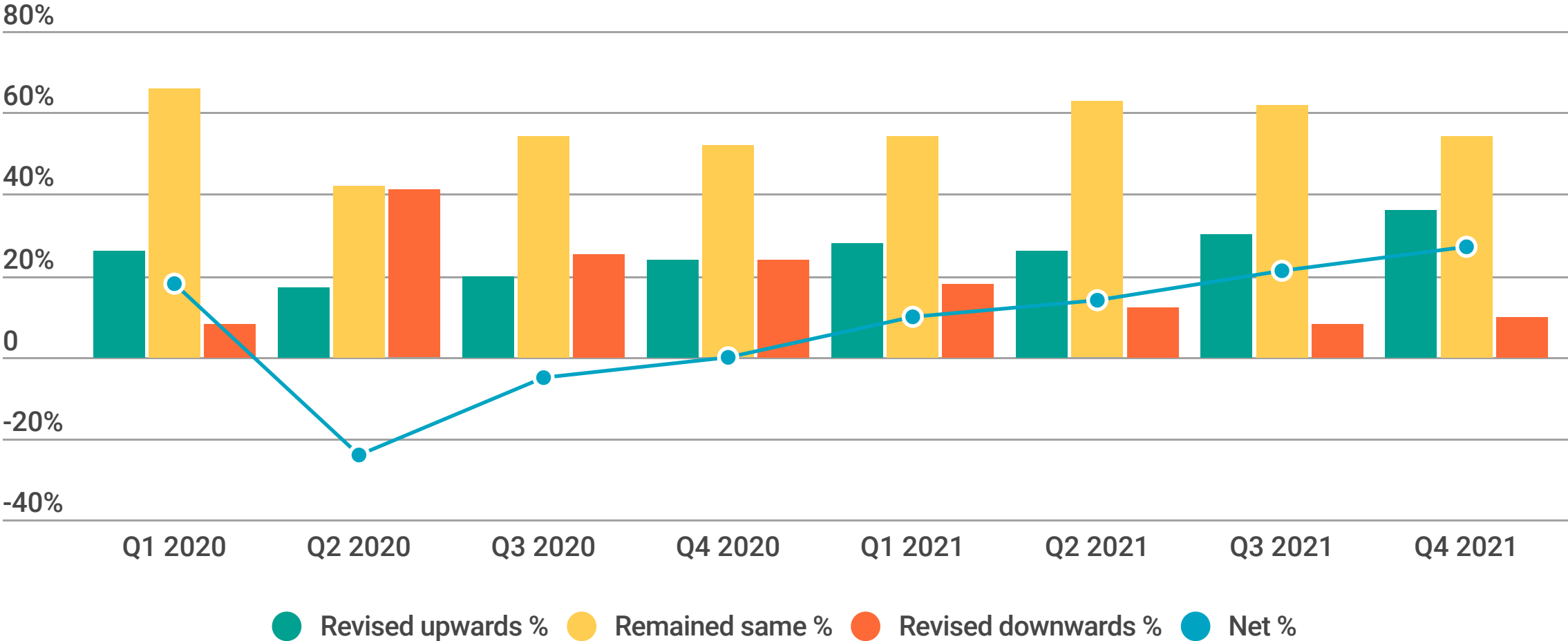
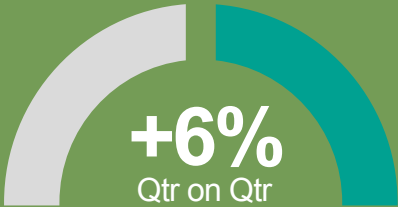
Changes in plans in investment:
Plans for training have been:

This Quarter

On balance, investment plans for training have increased by six percentage points over the last quarter.

Year on Year

On balance, compared to this time last year investment plans for training have improved by 27 percentage points.



Q6. Capacity

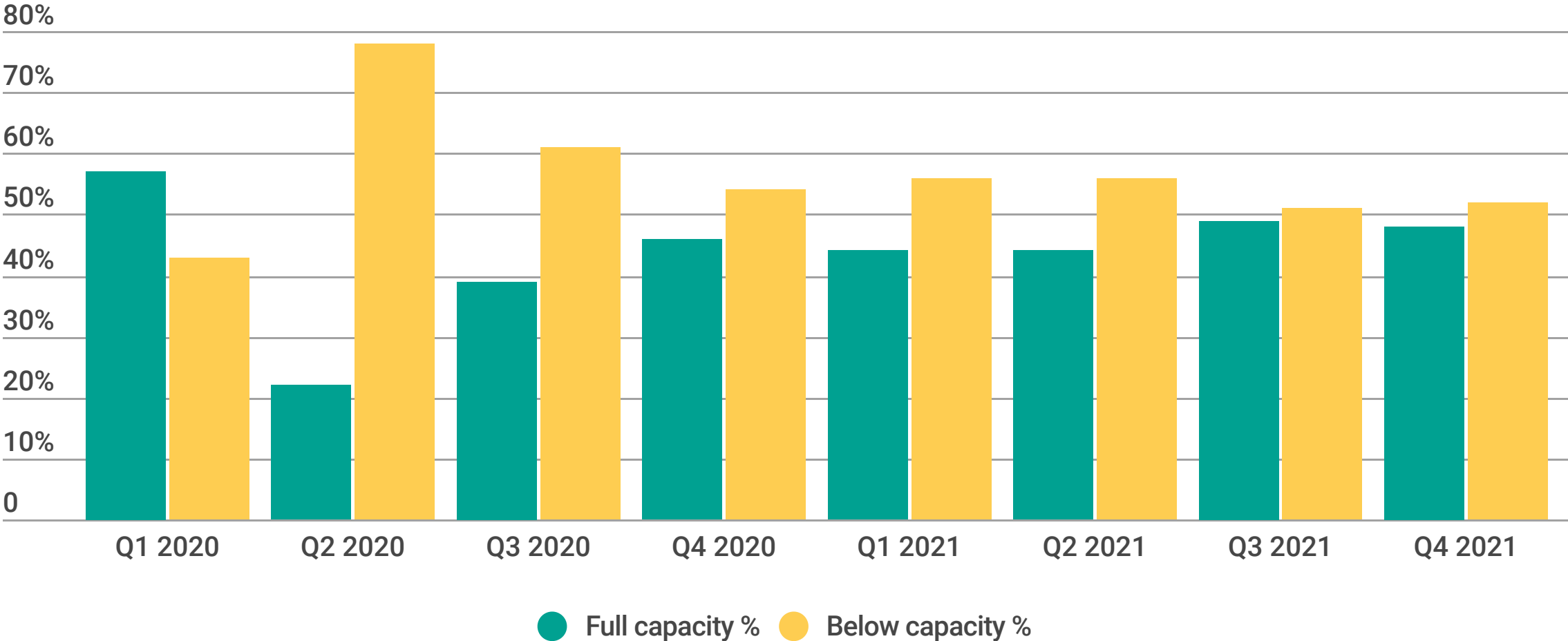
Businesses working at full capacity:

This Quarter

The proportion of businesses reporting that they are operating at full capacity has broadly stayed the same since last quarter.

Year on Year

The percentage of businesses reporting they are operating below capacity is 52% in Q4 2021, compared to 54% in Q4 2020.



Q7a. Business Confidence

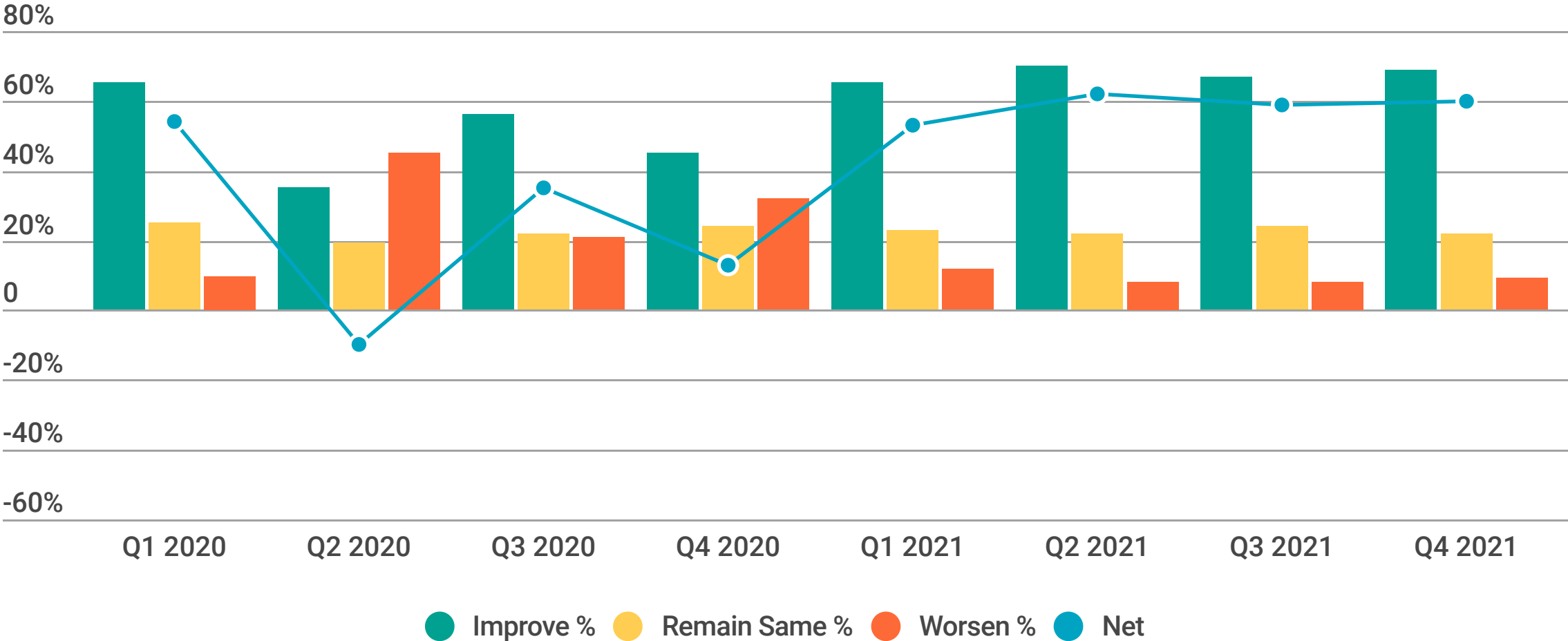
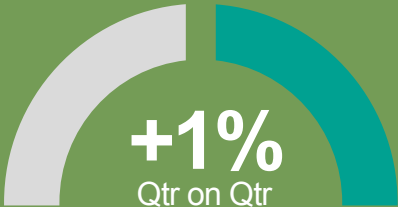
Turnover is likely to:

This Quarter

On balance, expected turnover is broadly in line with the previous quarter.

Year on Year

Expected turnover is significantly higher this quarter when compared to Q4 2020, a balance figure of 60% compared to 13%.



Q7b. Business Confidence

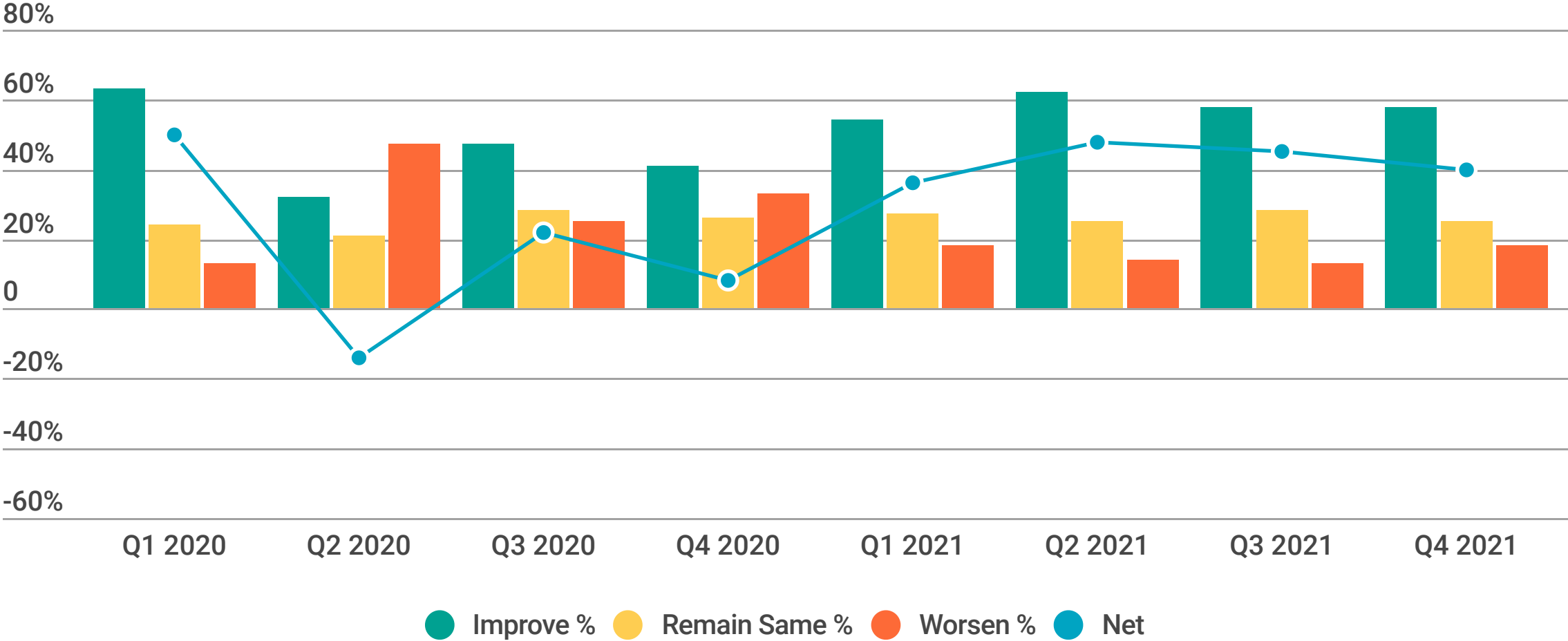
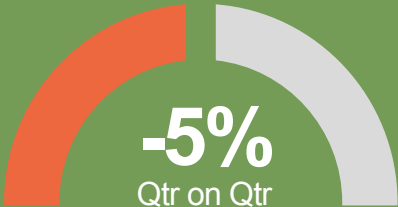
Profitability is likely to:

This Quarter

On balance, expectations of profitability have dropped slightly on last quarter.

Year on Year

Last year, the balance of firms expecting profitability to improve was +8%, compared to +40% this quarter.



Q8a. Prices/ Costs

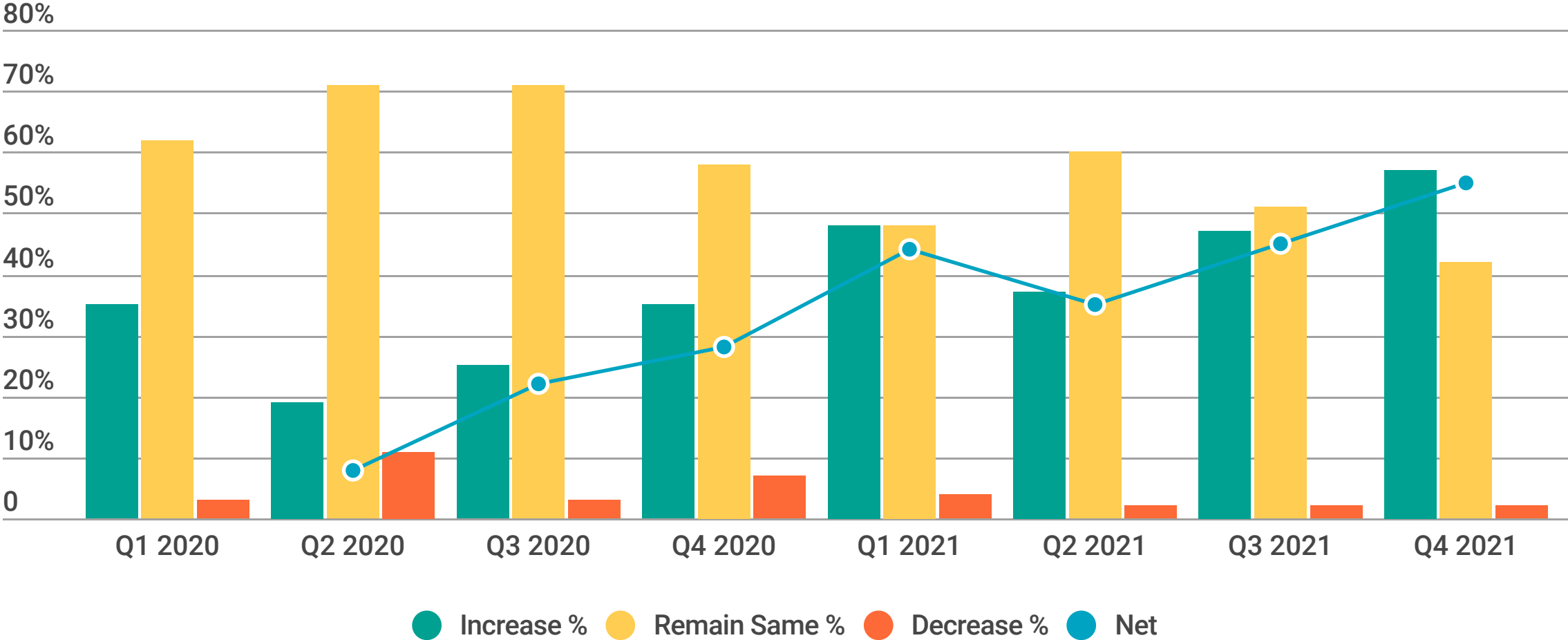
In the next 3 months businesses expect goods/services prices to:

This Quarter

Expectations of future price increases have increased since the last quarter, a balance figure of +55% compared to last quarter's +45%.

Year on Year

Only 42% of firms expected prices to remain the same in the next three months, compared to 58% in Q4 2020.

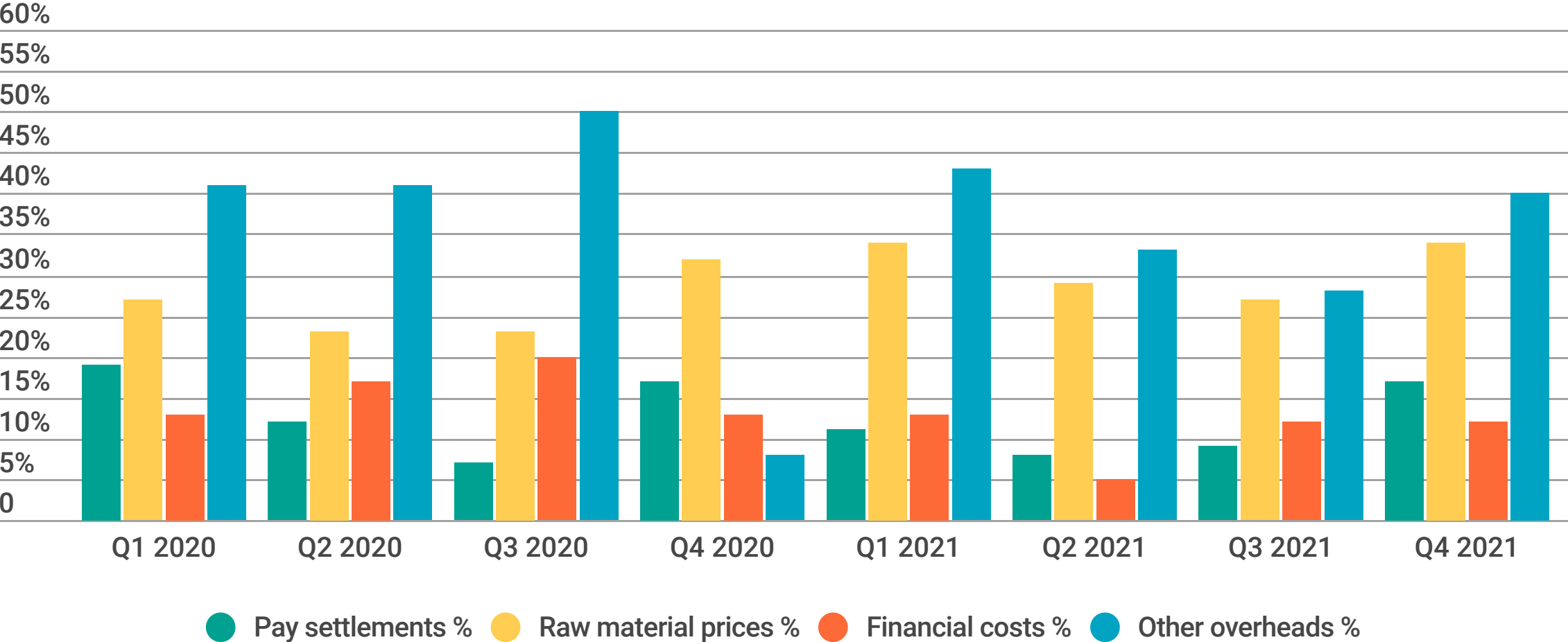


Q8b. Prices/ Costs

Businesses are under pressure to raise prices from the following:

This Quarter

As previously, raw material prices and other overheads are the factors that are creating the biggest price pressures.



Q9. What concerns you most

Which factors were more of a concern than 3 months ago:

Results show

Inflation and tax are the biggest concerns for firms, with competition worries dropping slightly.

