

Quarter 2 2023



# The Cost of Living Survey

Powered by  
**South Yorkshire**  
Quarterly Economic Survey

Sponsored by

**ProAktive** **unLTD**



# Key Messages

## Subdued economic activity continues in South Yorkshire

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Low or weak growth has been recorded in the South Yorkshire QES since Q2 2022, with respondents suggesting that sales and orders (both domestic and overseas) are not growing strongly, but are not deteriorating rapidly either.

## Hiring conditions remain challenging

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Workforces continue to grow, but widespread recruitment difficulties continue to be reported (particularly for skilled workers).

# Key Messages

## Tentative signs that financial pressures are easing (but are still a problem)

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Cashflow positions are worsening for a lower proportion of firms than in recent quarters. Expectations of future price increases are at their lowest level since mid-2021, and concerns about inflation were reported by the lowest proportion of firms since the end of 2021. Nevertheless, indicators of financial pressure remain historically high, and are only easing from a weak base.

## Some positive signs for the future

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Firms have spare capacity that they can use if activity picks up (meaning increased activity may not contribute still further to inflation), and - on the whole - investment plans are not being revised down, while turnover and profitability are both expected to increase in the coming months.

# Key Messages

## The cost of energy is the largest contributor to price pressures

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Half of firms (50%) responded that Energy Prices were a pressure, followed by Transport / Logistics (23%), Market Pressures (18%) and Property-Related Costs (13%).

## The large majority of employers have discussed the cost of utilities, food and petrol with their employees in the last six months

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85% of employers said that the cost of utilities had been discussed; 76% said the cost of food and other essentials had been discussed; 61% said the cost of petrol had been discussed.

# Key Messages

## Employers are offering wage increases and mental health support to assist with the rising cost of living

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In response to the cost of living, 70% of employers increased wages, and 47% are offering mental health support. No other form of support (such as financial advice and non-wage benefits) polled more than 18%.

## South Yorkshire is a good place to do business

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Only 7% of firms disagreed that South Yorkshire is a good place to do business. However, only around a fifth of respondents (22%) strongly agreed, with the rest (71%) agreeing.

# Key Messages

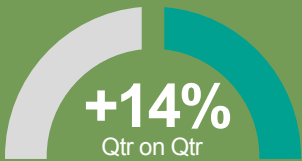
## Firms were asked the 'one-thing' that councils, the Mayor, the Chambers and the Government could do to support business

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While answers were many and varied, some themes emerged. Firms wanted financial support from their council, with a common request being to reduce the burden of business rates. Firms wanted the South Yorkshire Mayor to improve the business environment, including representing South Yorkshire to attract investment and making a difference in the provision of skills. Firms wanted the local Chambers of Commerce to undertake advocacy and campaigning activity, as well as offering networking opportunities. Firms wanted the Government to alleviate financial pressures with tax cuts (of several different types), and improve the business environment by tackling inflation and ensuring interest rates reduce. It was also notable that, while improving the quality of local infrastructure was highlighted several times as a job for the councils, it was not mentioned that often as being a priority for the Mayor, Chambers of Commerce or Government

# Q1a. Businesses involved in the UK market

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

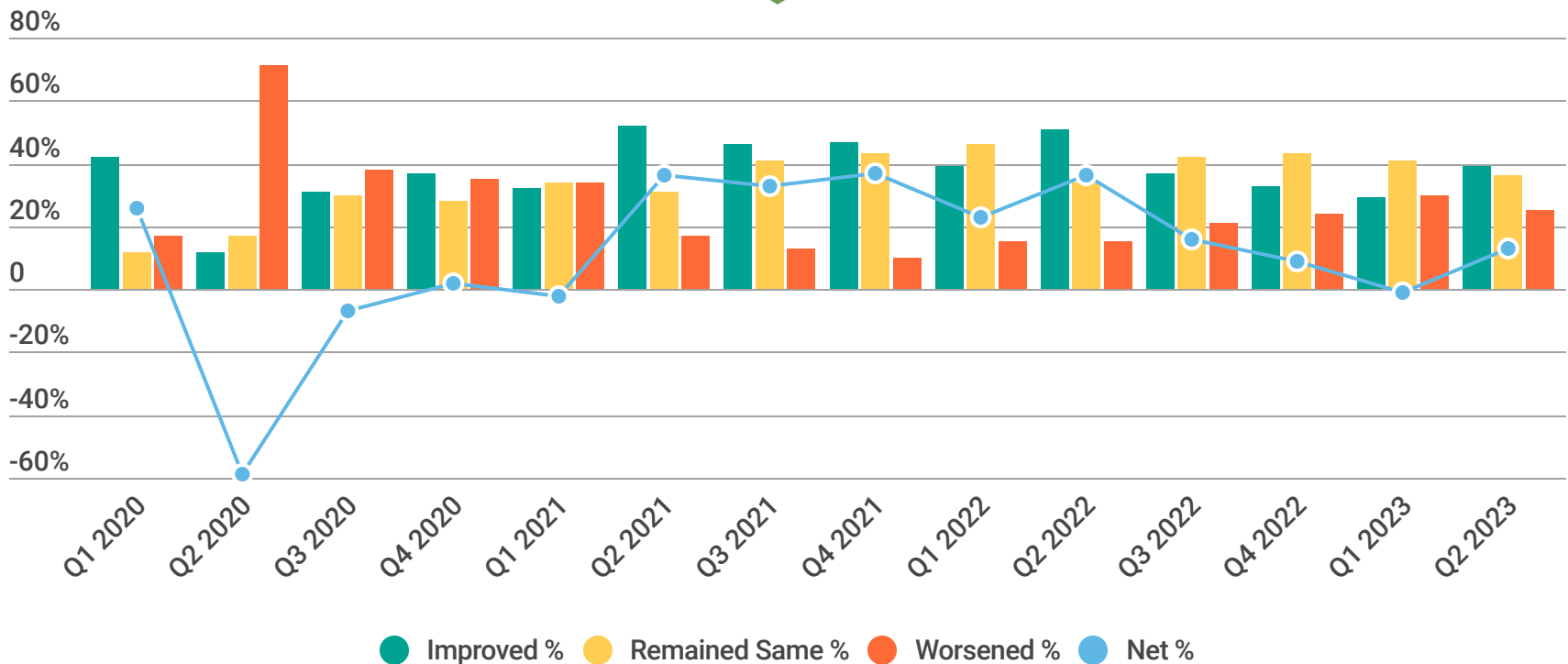


## This Quarter

Results indicate a return to sales growth, following results indicating a small contraction in Q1 2023.

## Year on Year

The growth in UK sales is much weaker than the same period in 2022 (+13% vs. +36%).



# Q1b. Businesses involved in the UK market

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

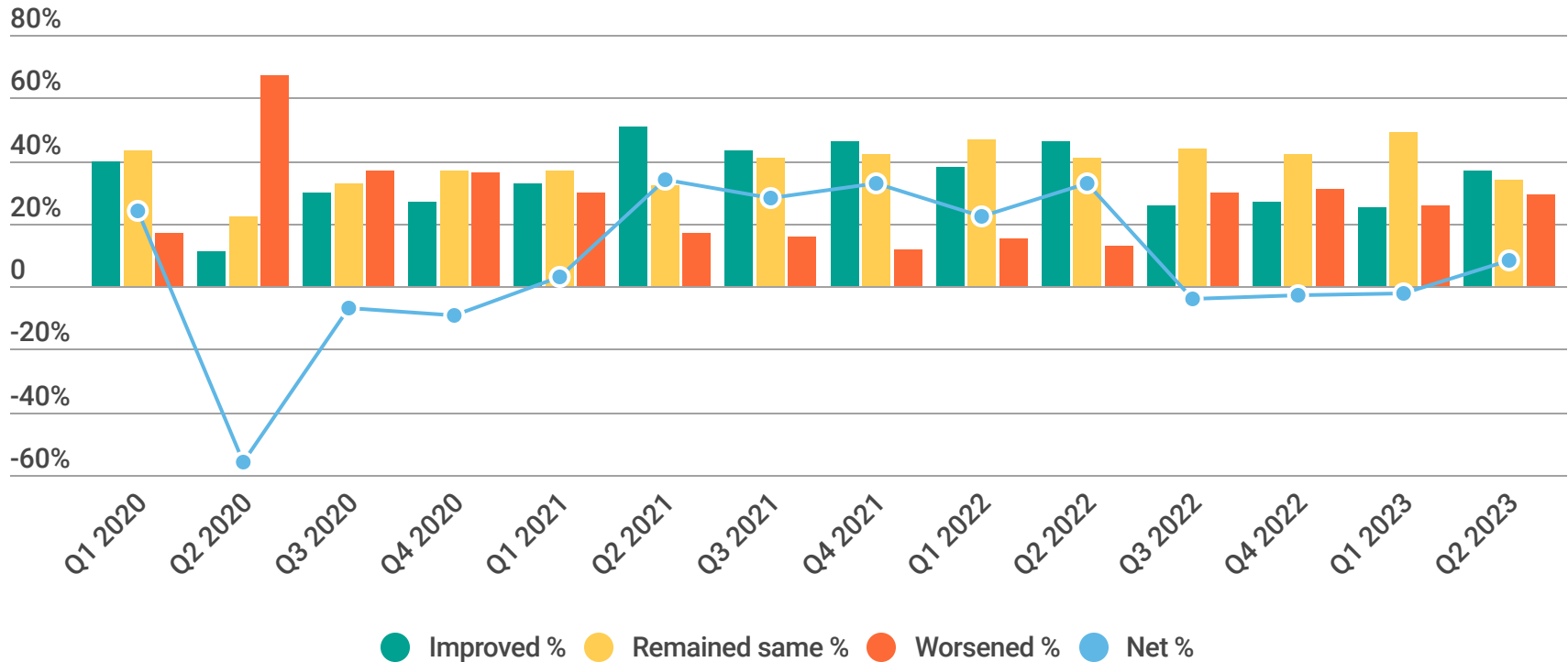


## This Quarter

Results indicate growth in orders, after three successive quarters of results indicating contraction.

## Year on Year

Results are much weaker than the same period in 2022, when results suggested strong order books (+8% vs. +33%).





# Q2a. Businesses involved in overseas markets

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

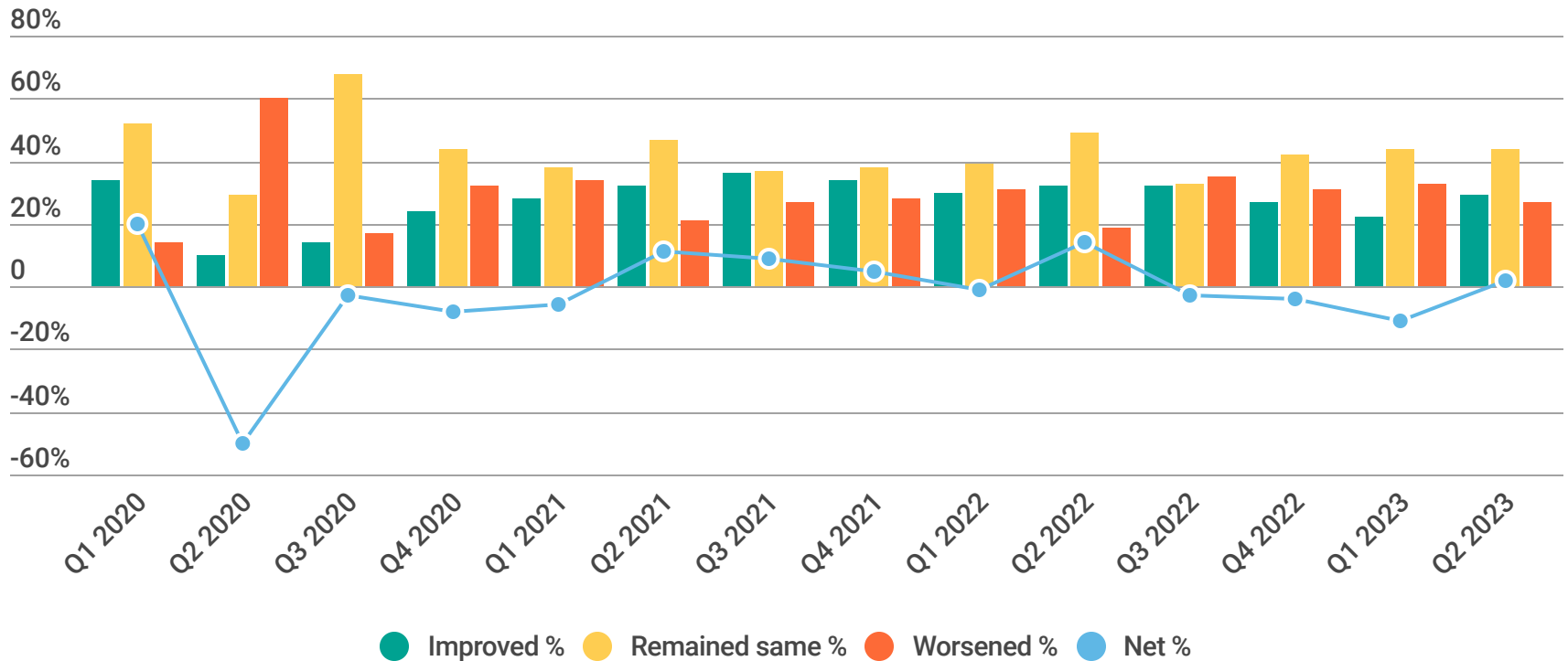


## This Quarter

Results indicating growth in export sales has been recorded for the first time since Q2 2022, albeit they results suggest very weak growth.

## Year on Year

The results are much weaker than the same period in 2022 (+2% vs. +14%)



# Q2b. Businesses involved in overseas markets

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

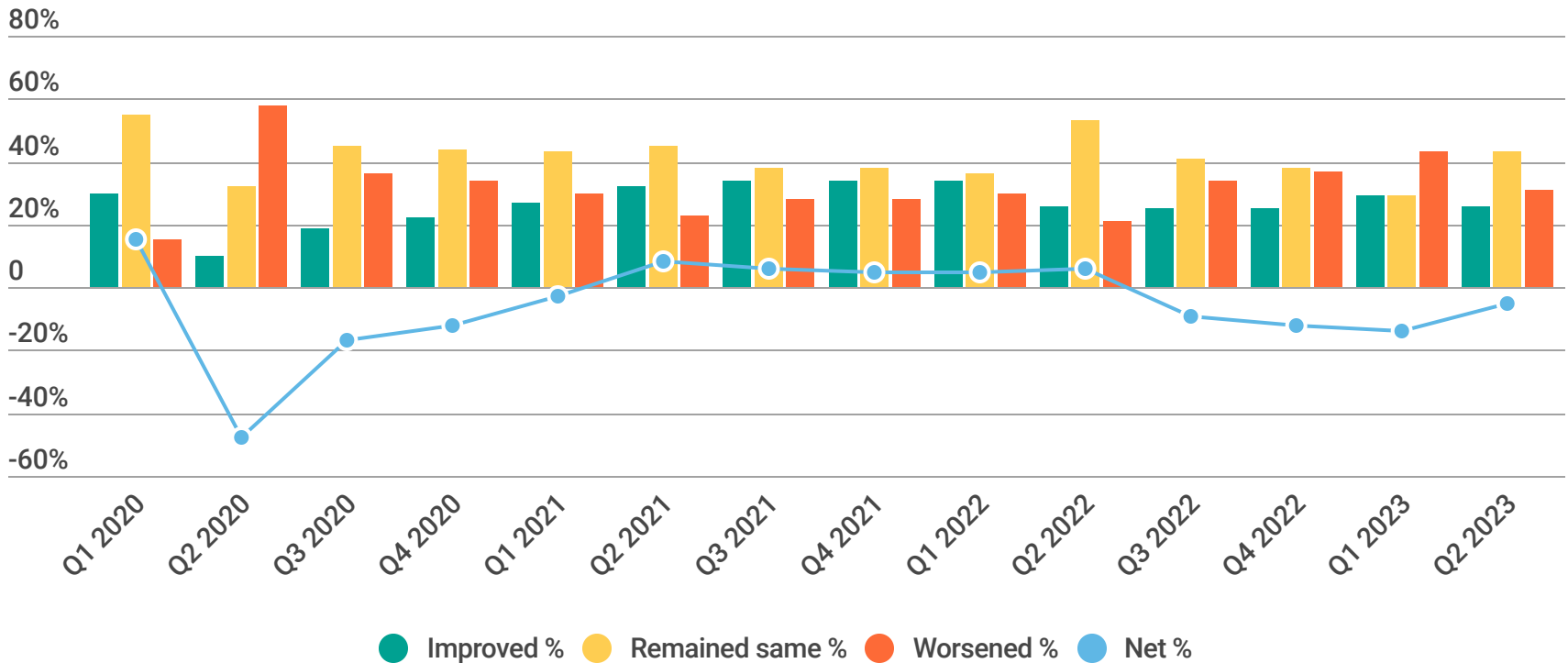


## This Quarter

Results indicate a contraction in export orders for the fourth quarter in a row.

## Year on Year

Results suggested small growth in export orders in Q2 2022 (+6%), compared to a small contraction in Q2 2023 (-5%).



# Q3a. Labour Force

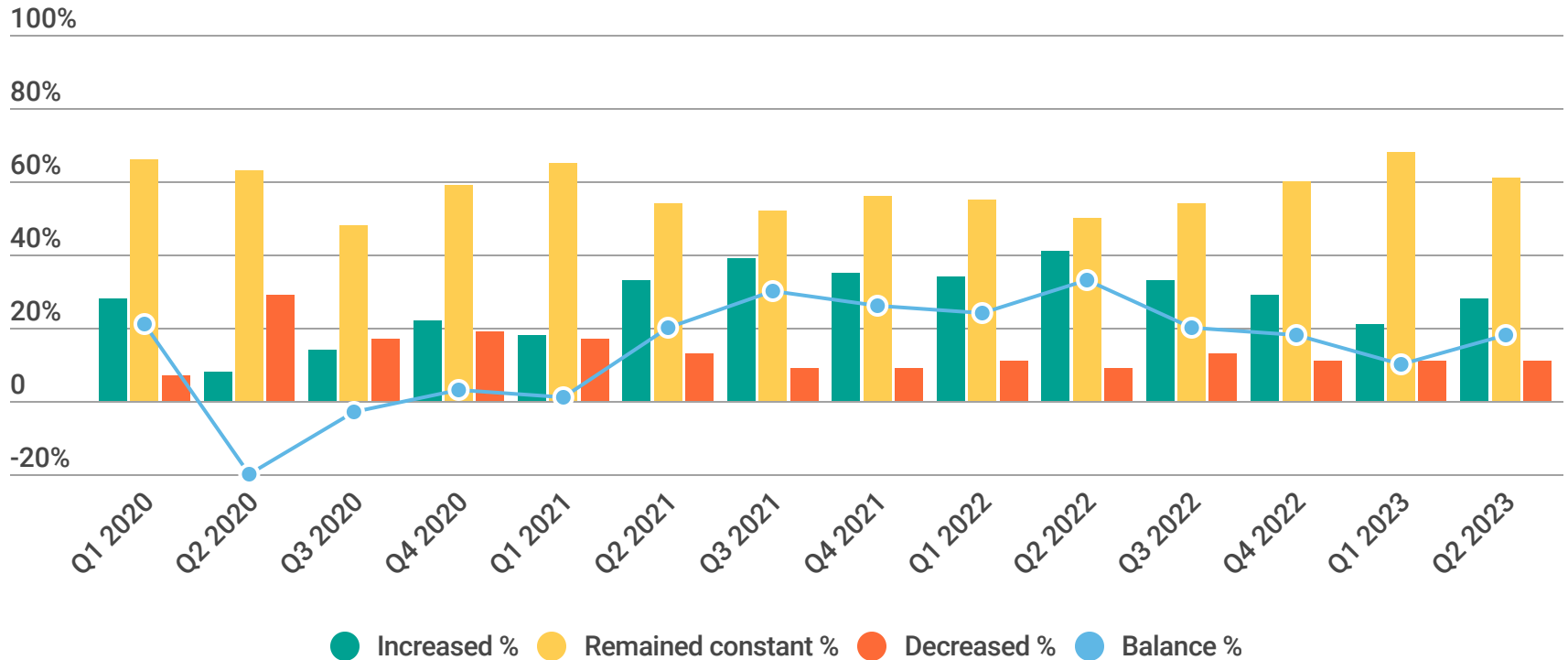
Over the last 3 months, the workforce has:

## This Quarter

On balance, firms reported that workforces continued to grow in Q2 2023.

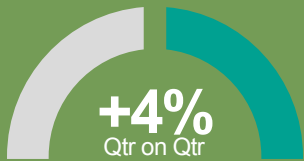
## Year on Year

Results indicate weaker workforce growth when compared to Q2 2022 (+18% vs. +33%).



## Q3b. Labour Force

Percentage of businesses which have attempted to recruit:

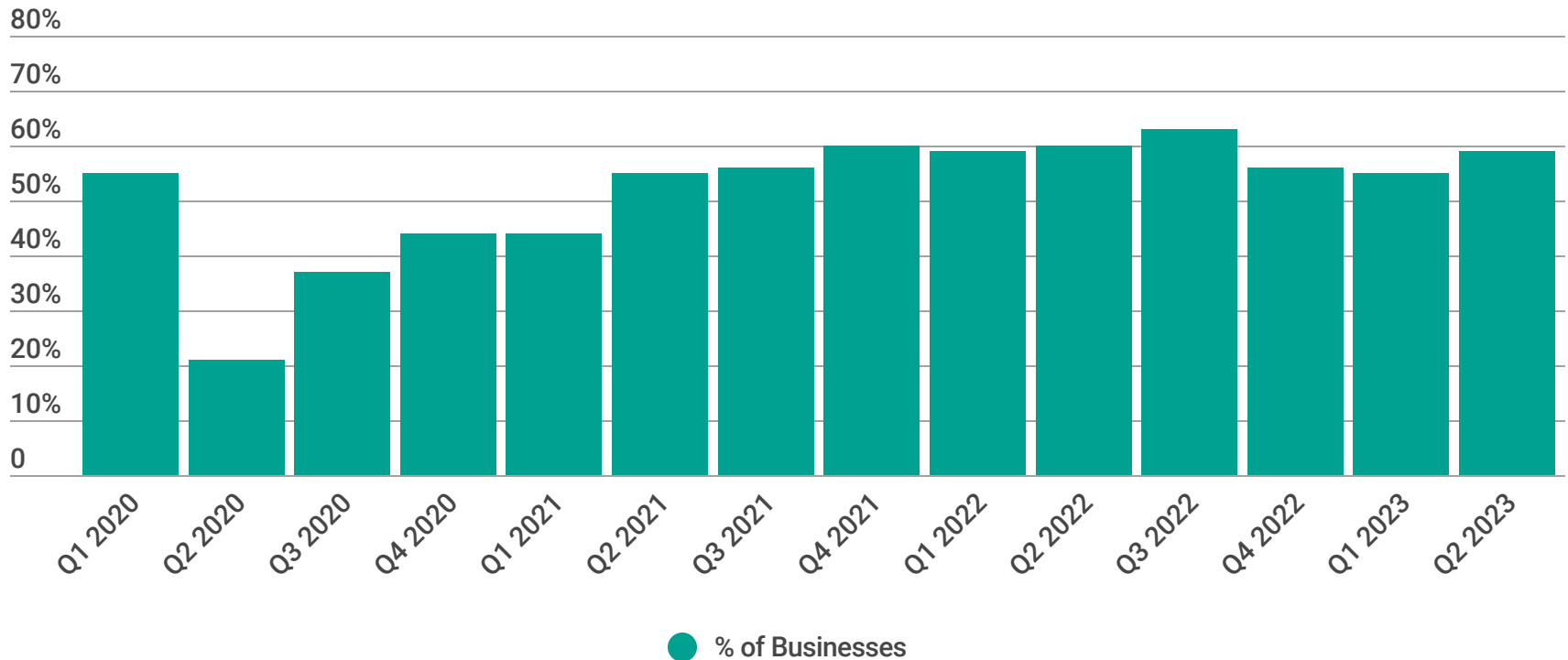


### This Quarter

59% of firms looked to recruit staff in Q2 2023, compared to 55% in Q1 2023.

### Year on Year

The percentage of firms trying to recruit in Q2 2023 is roughly in line with the figure for Q2 2022 (59% vs. 60%).



## Q3c. Labour Force

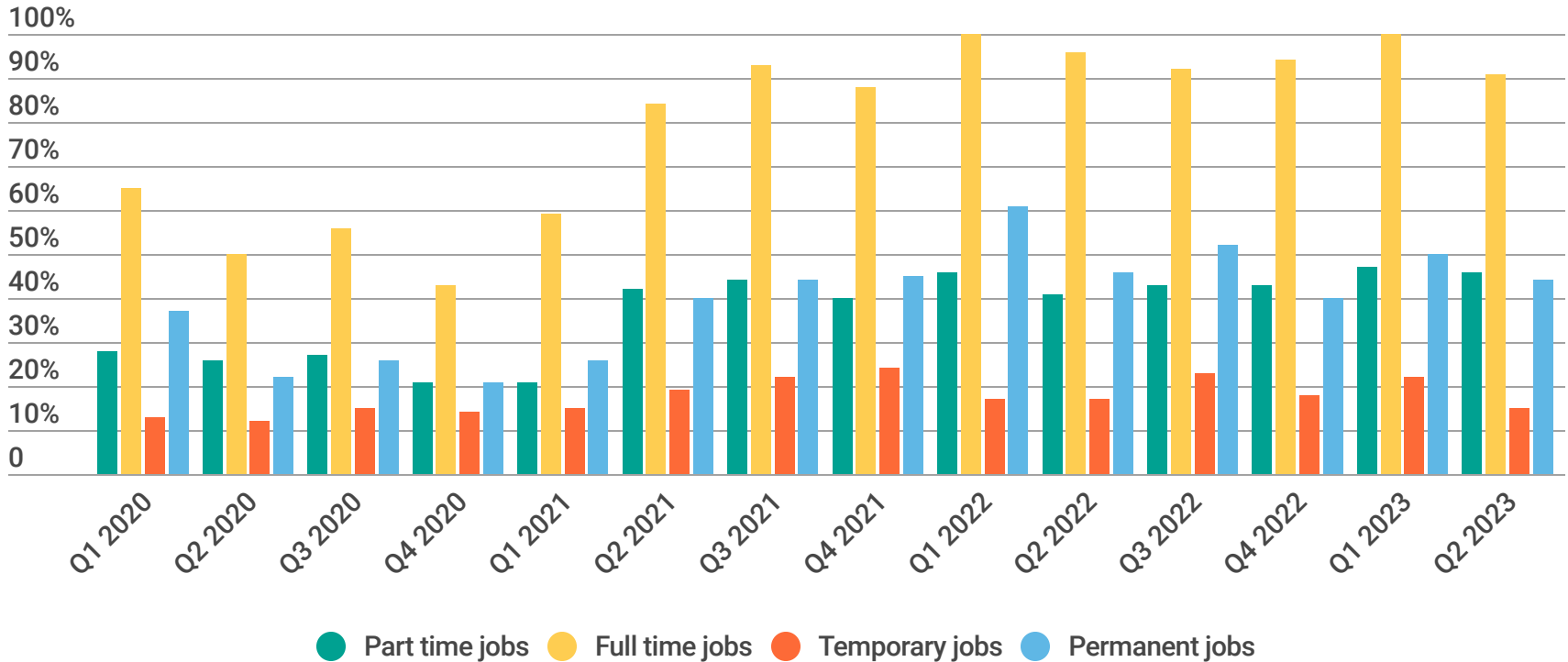
Businesses have attempted to recruit the following:

### This Quarter

Full-time staff remain in high demand, but the proportion of firms recruiting for temporary roles is at its lowest level since Q1 2021.

### Year on Year

A greater proportion of firms were recruiting for Part-time roles in Q2 2023 than in Q2 2022, but across the other three categories of work, the proportions were lower than Q2 2022.



## Q3d. Labour Force

**Difficulties in recruiting have been reported by:**



### This Quarter

94% of firms that tried to recruit experienced recruitment difficulties, the highest figure since Q1 2020.

### Year on Year

Reported recruitment difficulties are greater than a year ago (94% vs 87%).



## Q3e. Labour Force

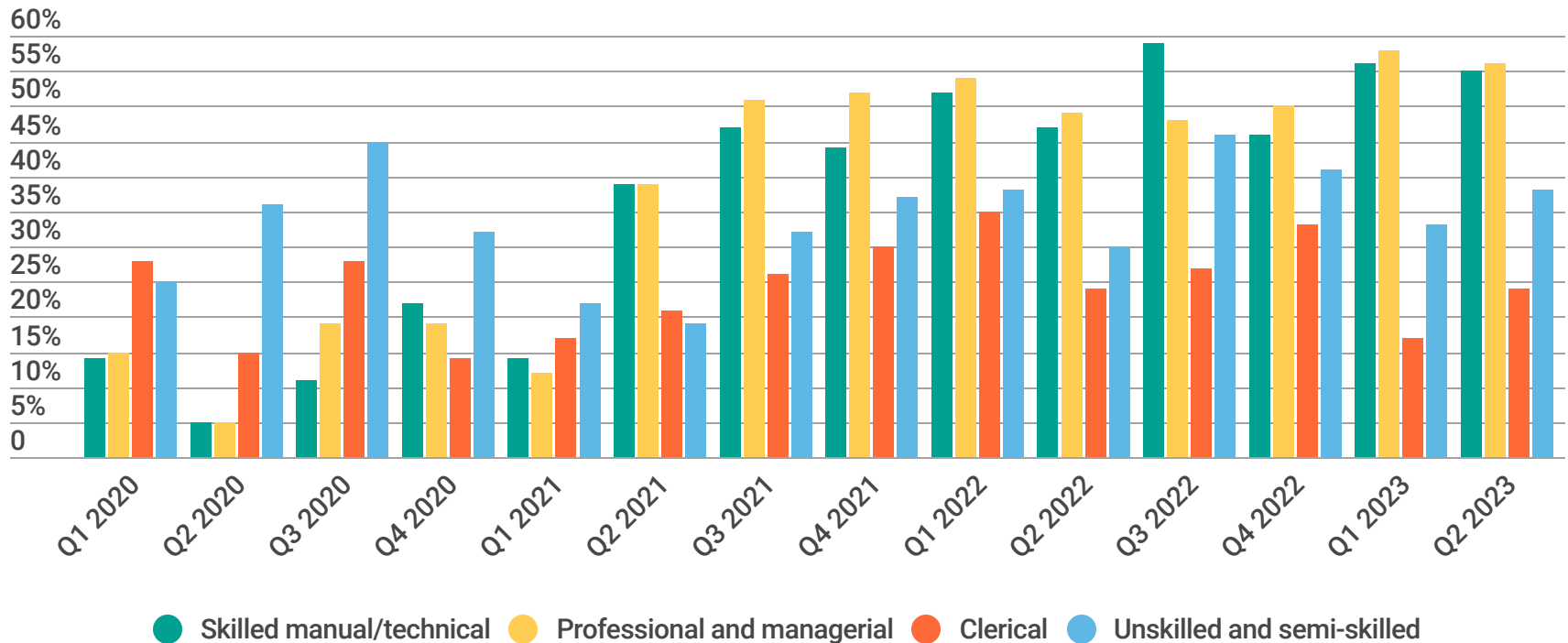
In the last 3 months businesses have had difficulty in recruiting:

### This Quarter

The greatest recruitment difficulties were reported for hiring 'Skilled manual/technical' and 'Professional and managerial' workers.

### Year on Year

Recruitment difficulties for hiring 'Clerical' and 'Unskilled and semi-skilled' workers were broadly the same as Q2 2022. But recruitment difficulties for 'Skilled manual / technical' and 'Professional and managerial' workers were noticeably higher than Q2 2022.



# Q3f. Labour Force

The balance of businesses expecting to grow their workforces:

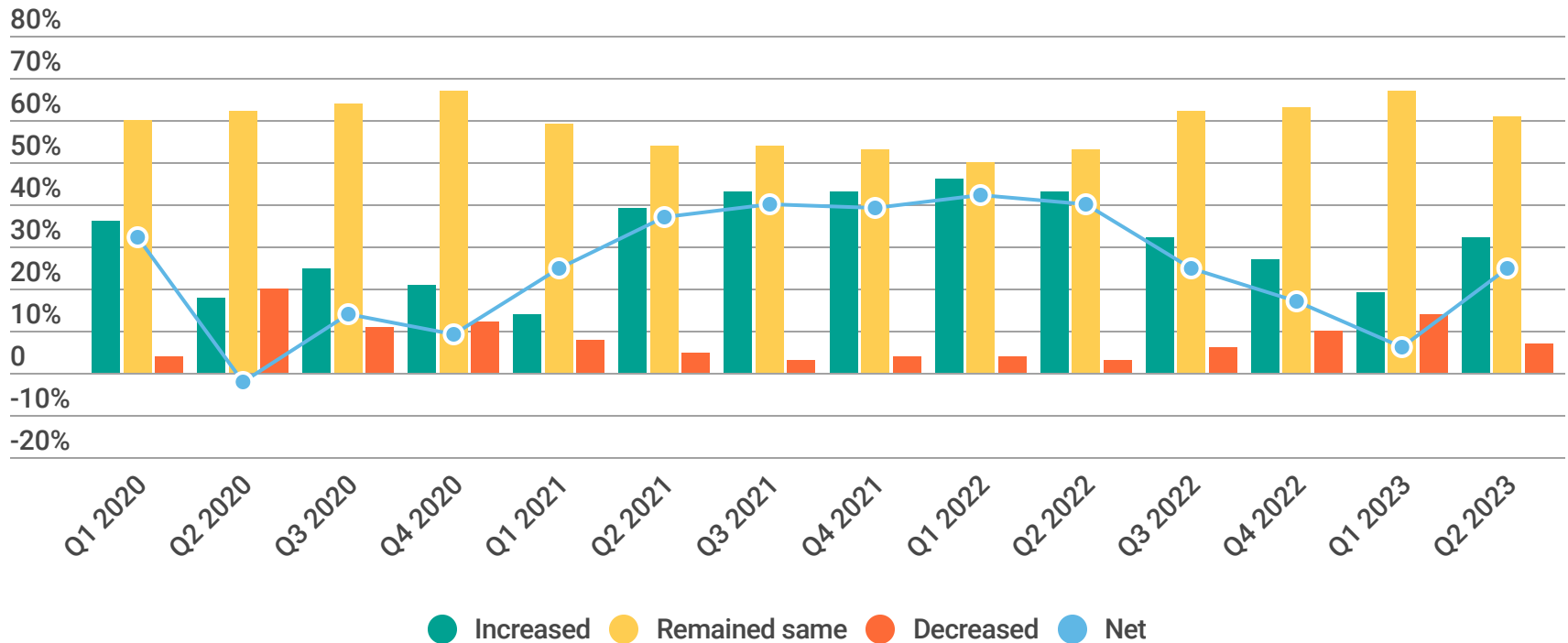


## This Quarter

Expectations of firms increasing their workforce has increased markedly on the quarter (+25% vs. +6%).

## Year on Year

Expectations of workforce growth are significantly lower than a year ago (+25% vs. +40%).





# Q4. Cash Flow

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

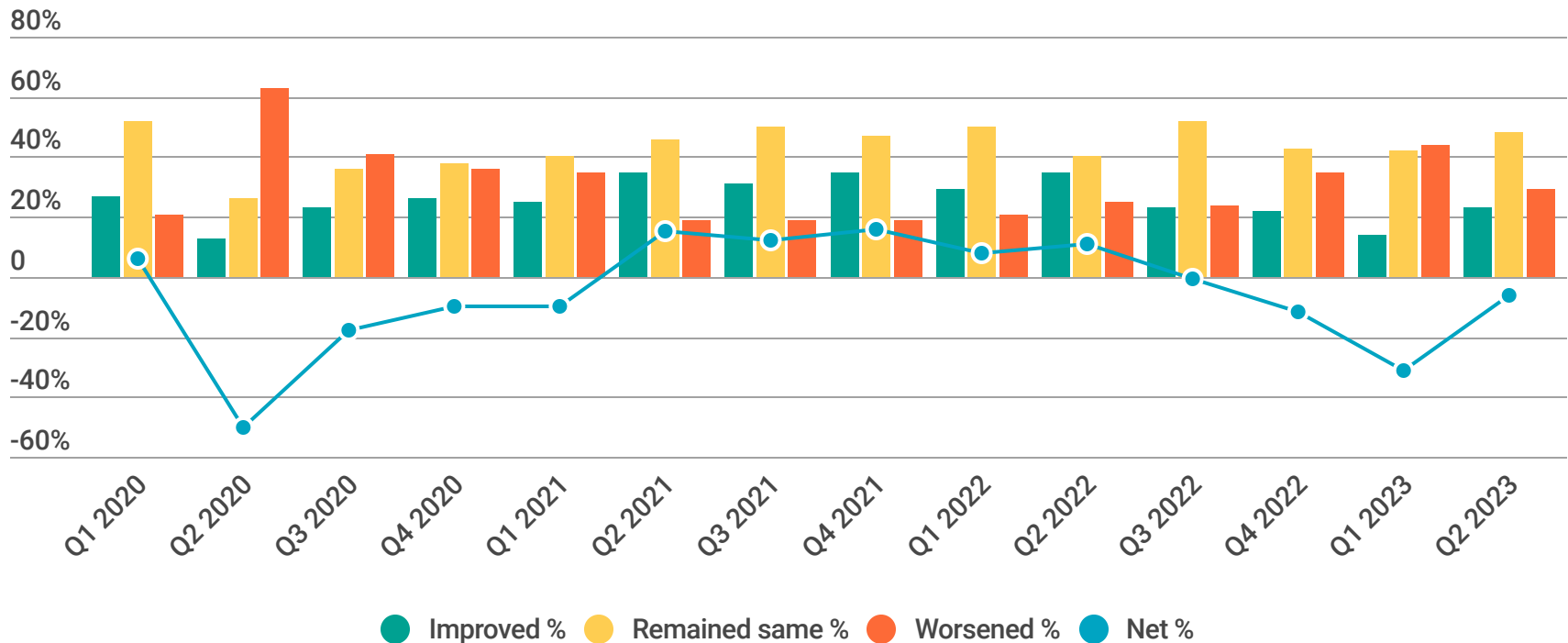


## This Quarter

The cashflow indicator suggests an overall worsening of cashflow positions, although it has improved on Q1 2023 when a particularly acute deterioration was recorded.

## Year on Year

Q2 2022 saw 35% of respondents reporting that improved cashflow positions, compared to 23% this quarter.



# Q5a. Investment Intentions

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

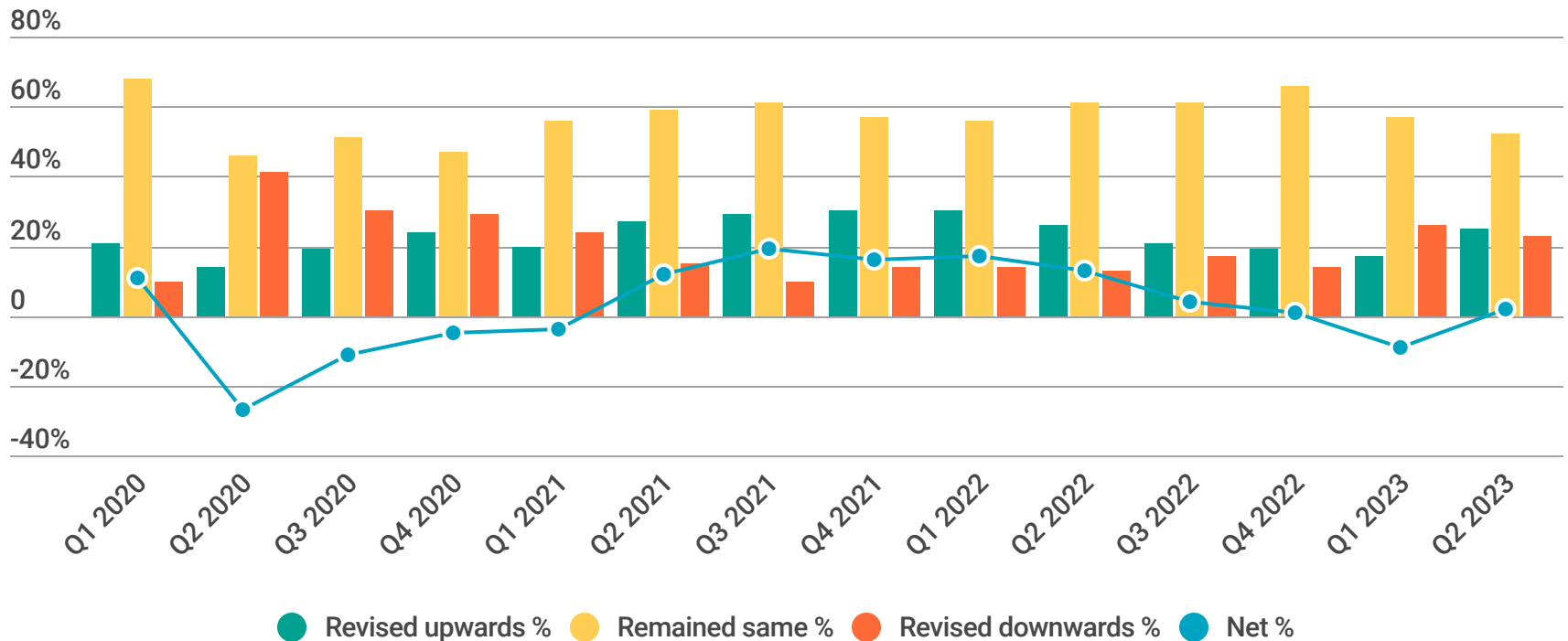


## This Quarter

On balance, investment in plant, machinery and equipment turned to a weak positive (+2%), up from a negative in the last quarter (-9%).

## Year on Year

Investment in plant and machinery was revised down by 23% of respondents in Q2 2023, compared to only 13% in Q2 2022.



# Q5b. Investment Intentions

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

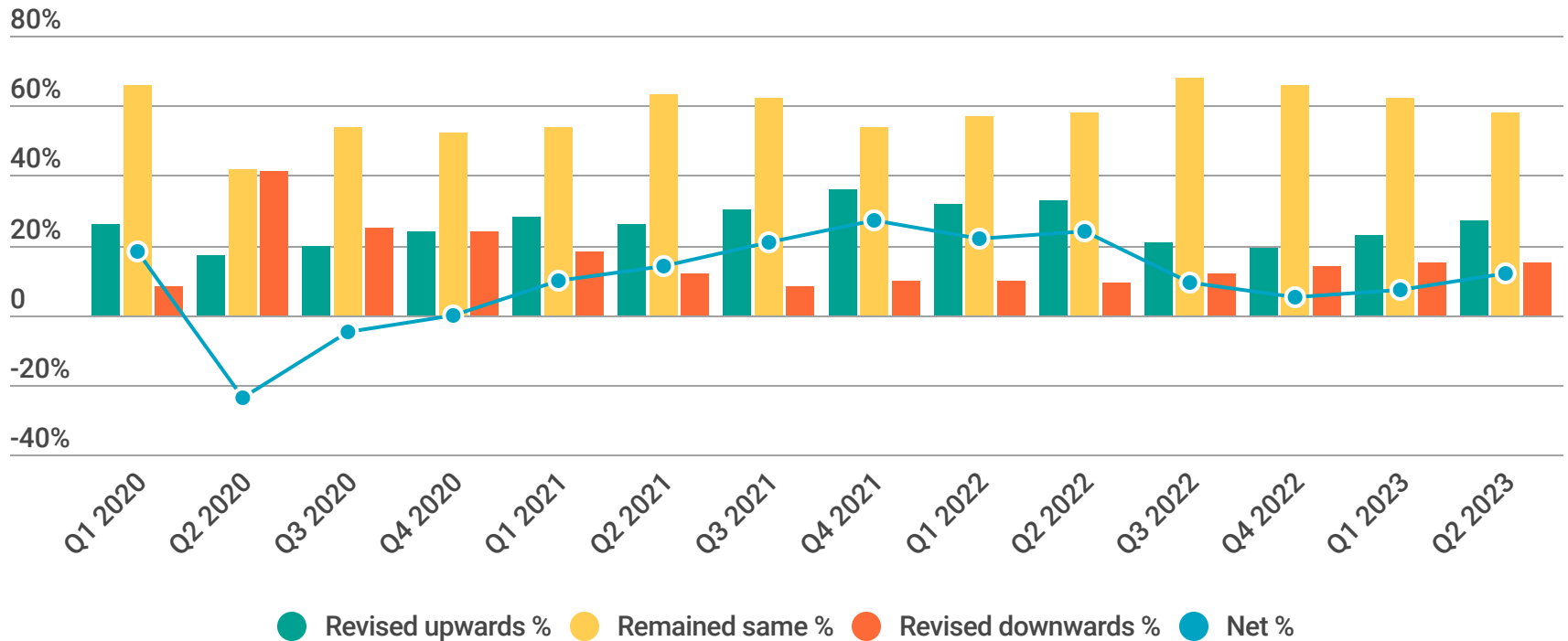


## This Quarter

On balance, plans for investment in training marginally increased on the last quarter (+12% vs. +7%).

## Year on Year

Plans to invest in training were down significantly on the same period a year ago (+12% vs. +24%)



# Q6. Capacity

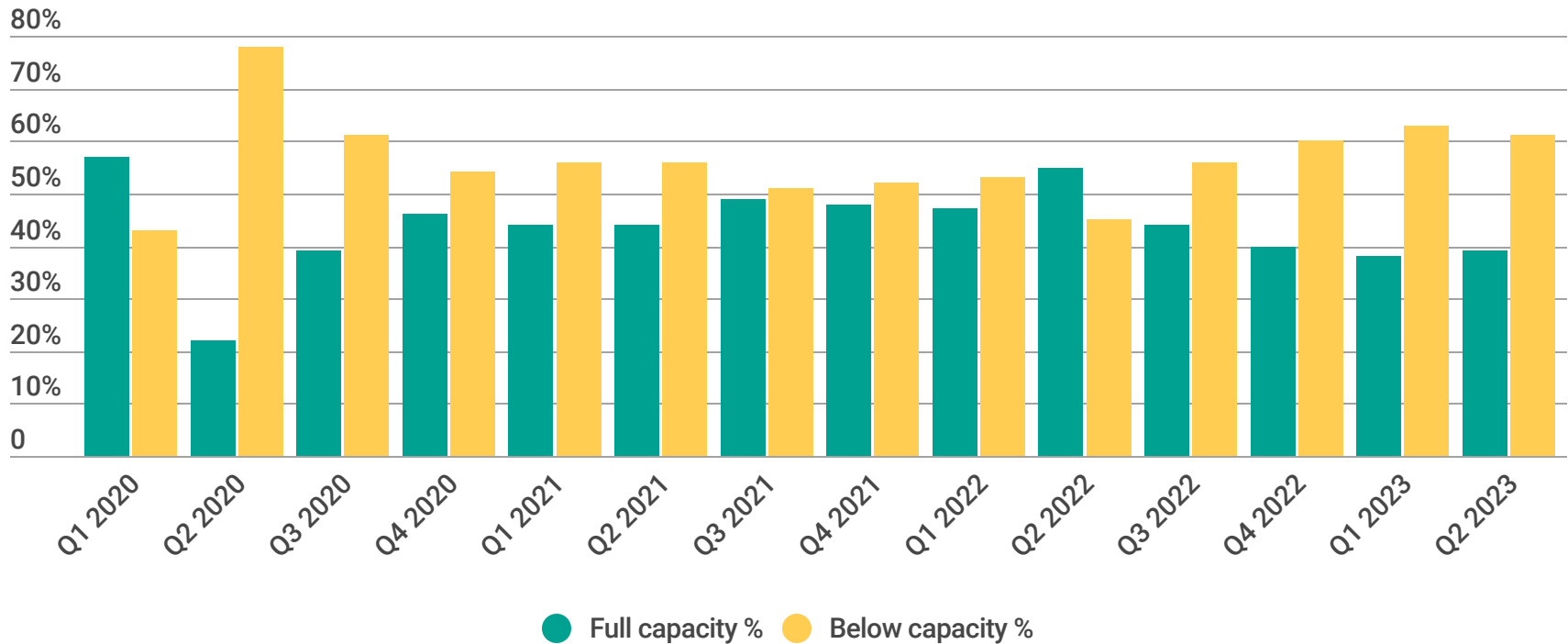
## Businesses working at full capacity:

### This Quarter

The proportion of businesses reporting that they are operating at full capacity is marginally higher than last quarter, but is still very low by historical standards.

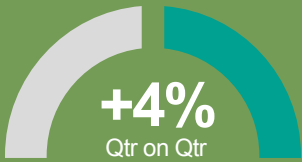
### Year on Year

The percentage of businesses reporting that they are operating below capacity was 61% in Q2 2023, compared to 45% in Q2 2022.



# Q7a. Business Confidence

Turnover is likely to:

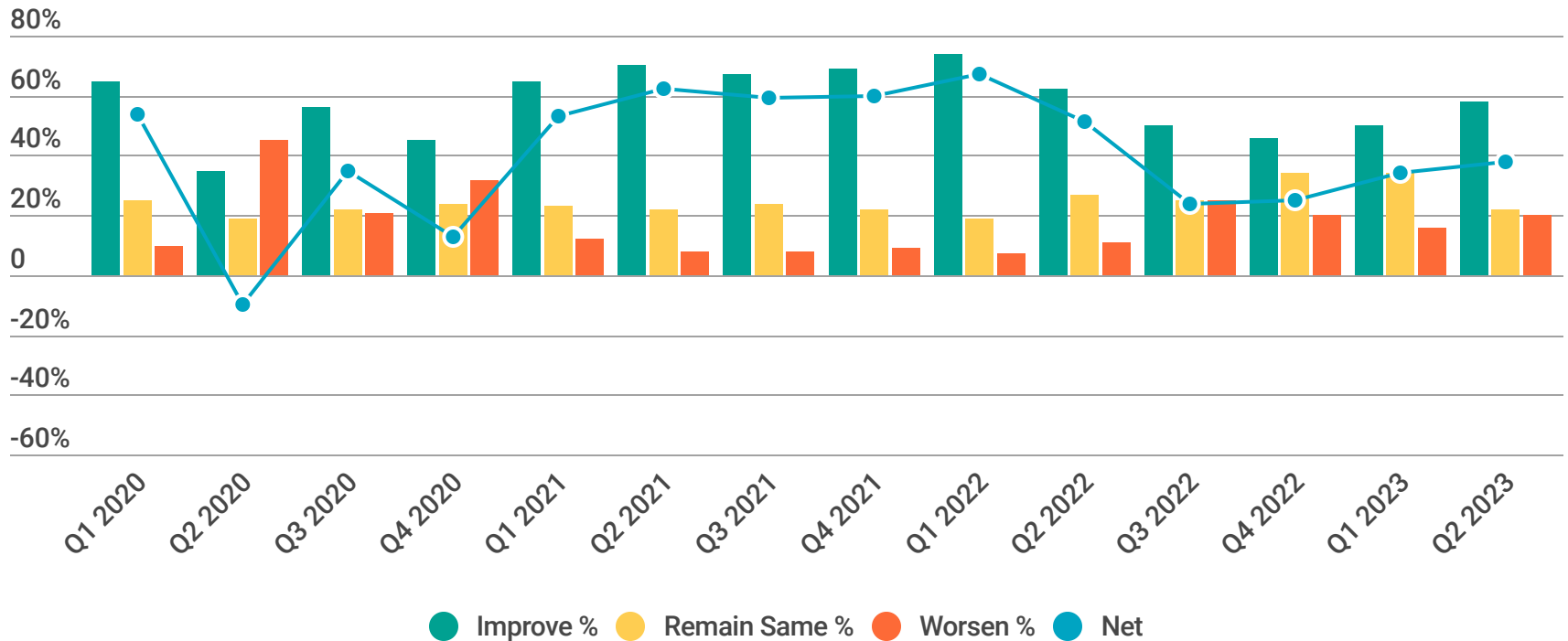


## This Quarter

Expectations of improved turnover have continued to increase, the third consecutive quarterly improvement on the indicator.

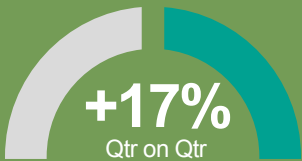
## Year on Year

The overall expectations of turnover improvements is significantly lower in Q2 2023 when compared to Q2 2022 (+38% vs. +51%)



# Q7b. Business Confidence

Profitability is likely to:

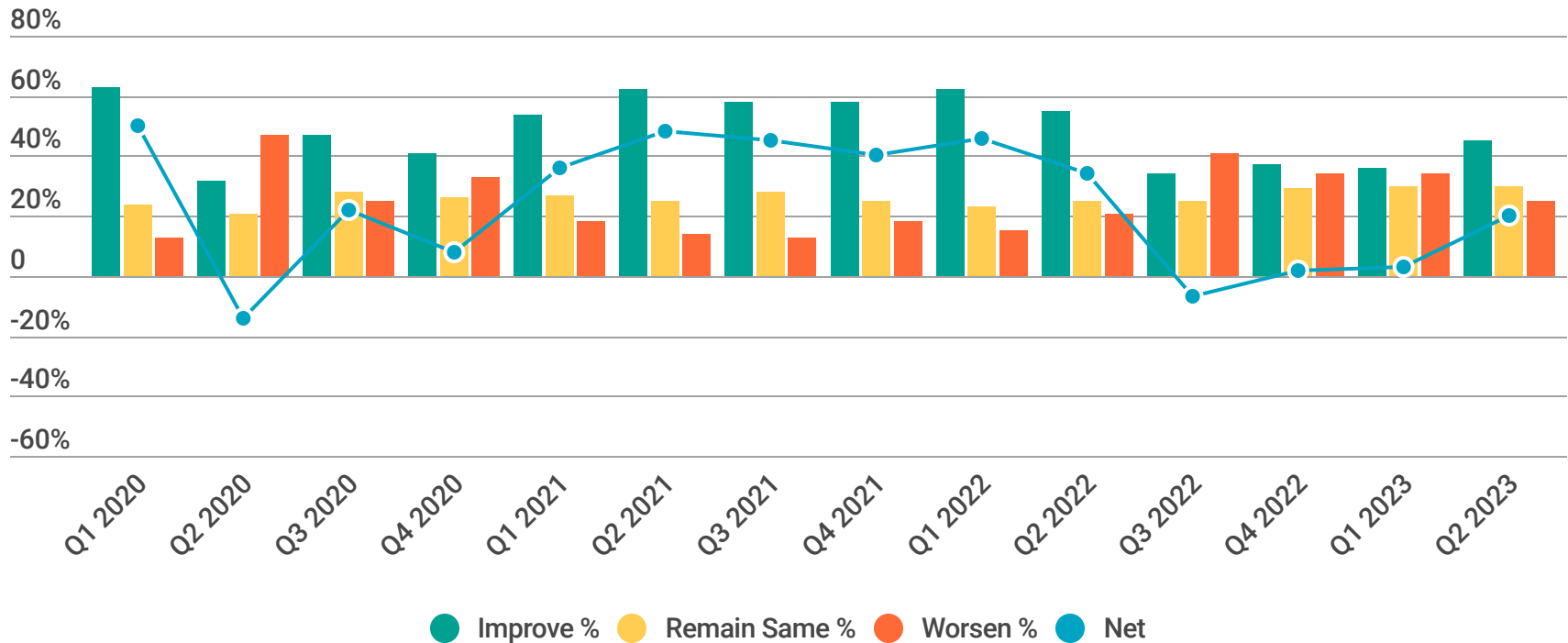


## This Quarter

Expectations of improved profitability have risen significantly (+20% vs. +3%).

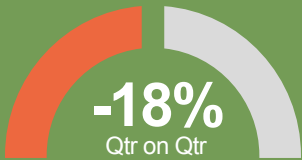
## Year on Year

In Q2 2022, the balance of firms expecting profitability to improve was +34%, compared to +20% in Q2 2023.



## Q8a. Prices/ Costs

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

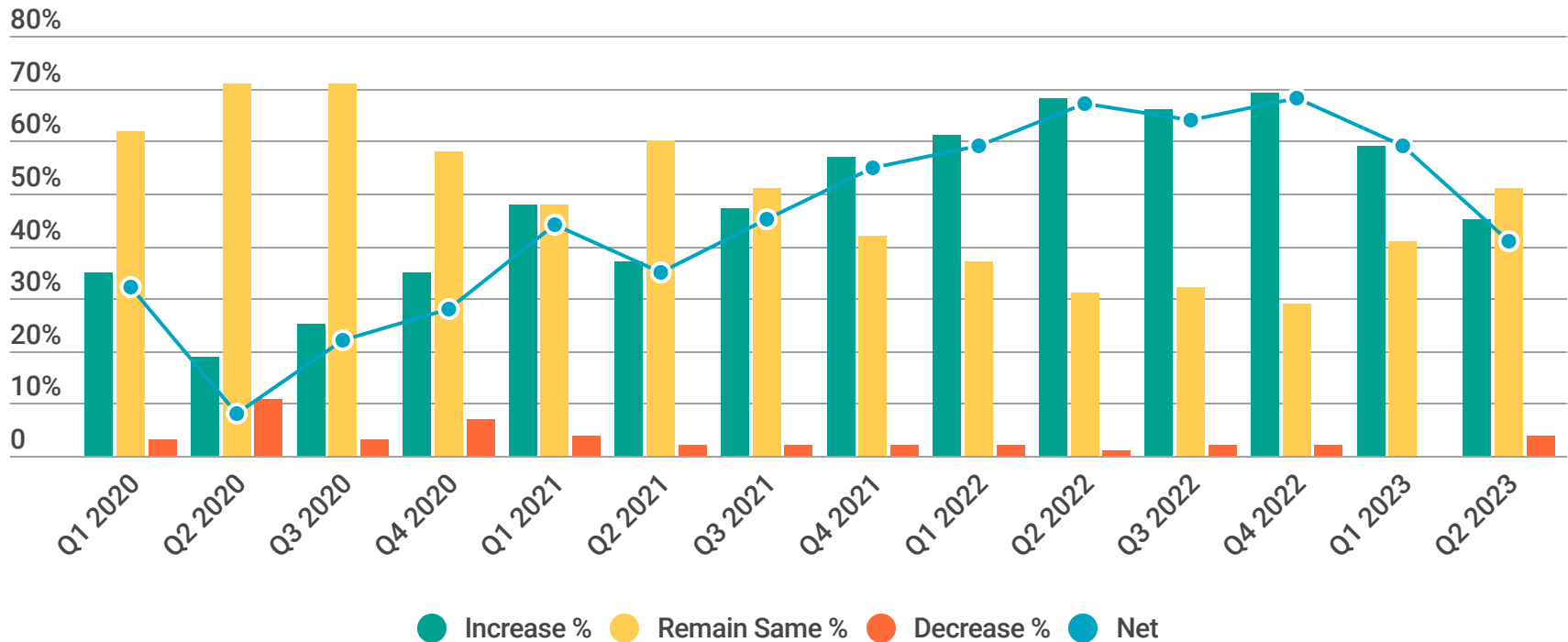


### This Quarter

Expectations of future price increases have eased since the first three months of the year (+41% vs. +59%), with the latest figure the lowest recorded result since Q2 2021.

### Year on Year

51% of firms expected prices to remain the same in the next three months (and the highest figure since Q3 2021), when compared to 31% in Q2 2022.

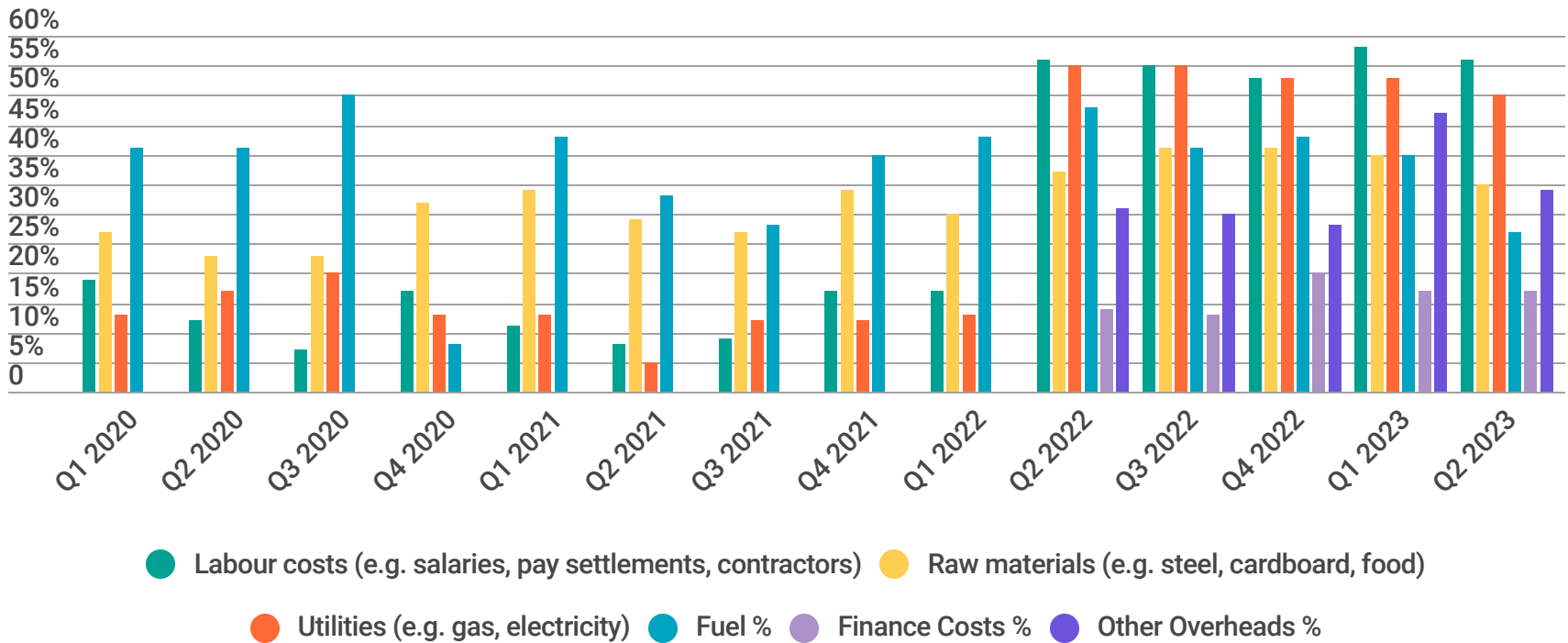


## Q8b. Prices/ Costs

**Businesses are under pressure to raise prices from the following:**

### This Quarter

Price pressures have eased across all measures (although are still very high historically, particularly for labour costs).



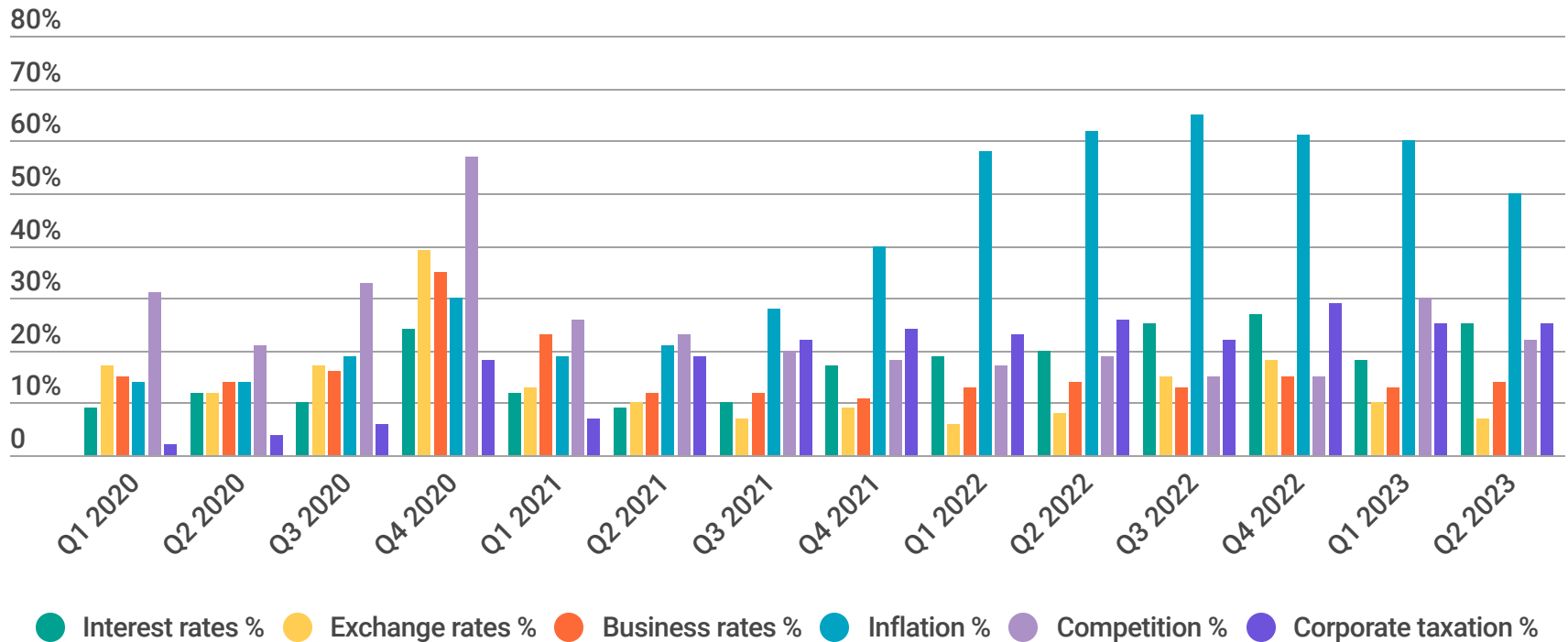


# Q9. What concerns you most

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

## Results show

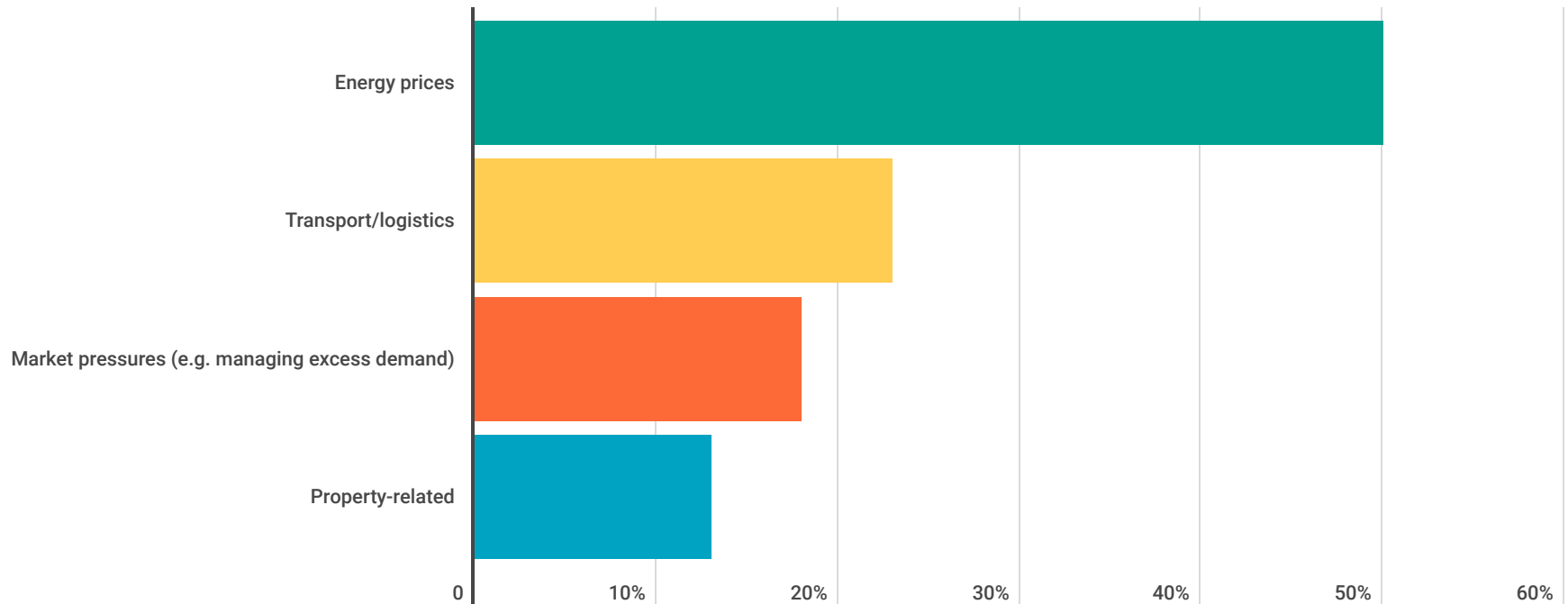
Inflation has eased as a concern (although is still historically high, and by far the biggest concern for business).



# Price pressures

**Is your business currently suffering pressures to raise its prices from any of the following?**

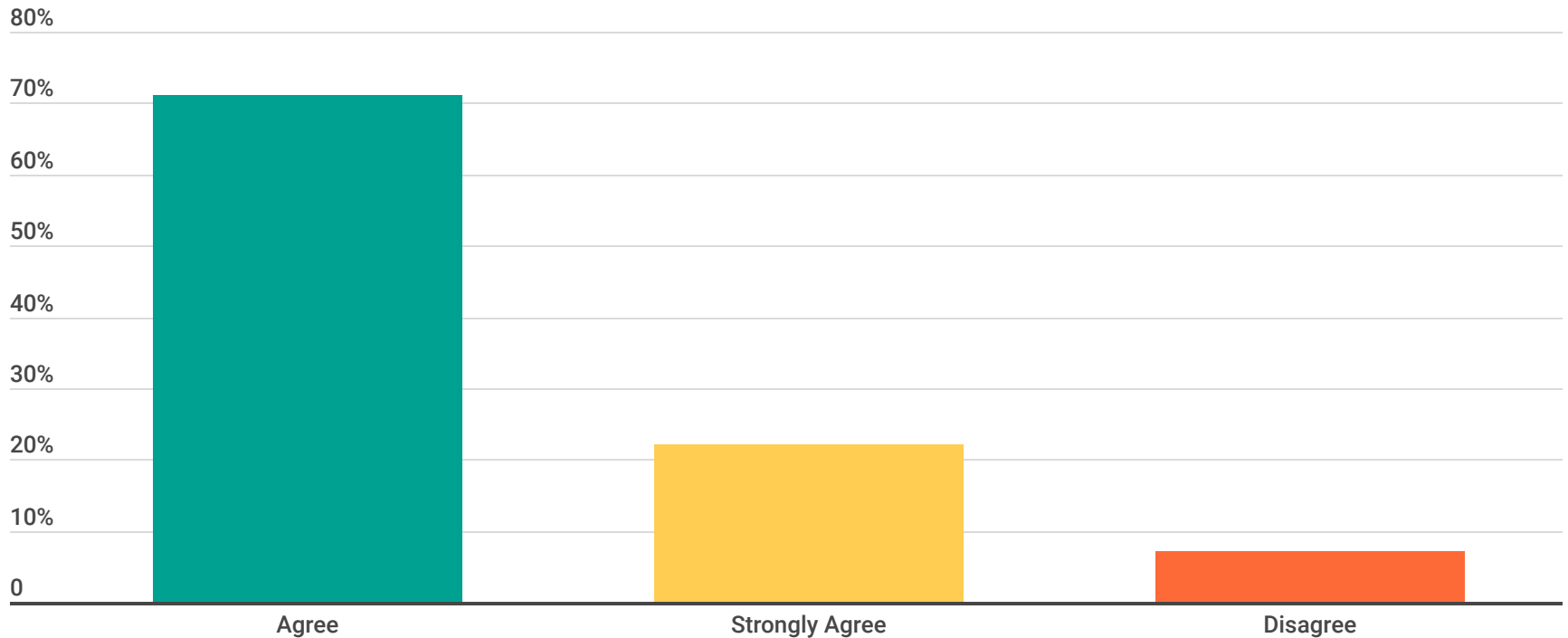
Half of firms (50%) responded that Energy Prices were a pressure, followed by Transport / Logistics (23%), Market Pressures (18%) and Property-Related Costs (13%).



# Doing business in South Yorkshire

**Please rate your level of agreement with the following statement: South Yorkshire is a good place to do business.**

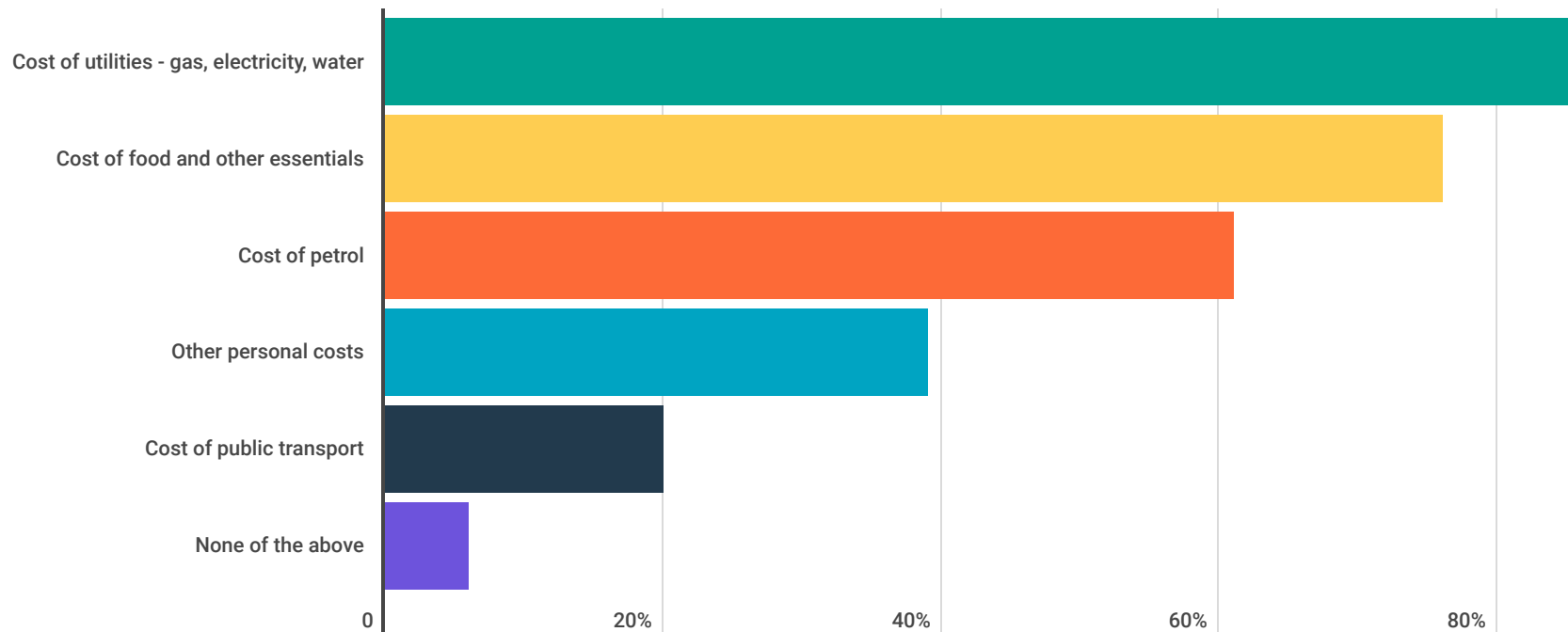
Only 7% of firms disagreed that South Yorkshire is a good place to do business. However, only around a fifth of respondents (22%) strongly agreed, with the rest (71%) only agreeing.



# Employee engagement on the cost of living

**Which, if any, of the following have come up in discussions with your employees in the last 6 months, either formally or informally?**

The cost of utilities, food and petrol are the cost of living issues most discussed between employer and employee.



# Employer on the cost of living

**Which, if any, of the following have you implemented in the last 6 months, or are you planning to implement in the next 6 months, to assist employees with the rising cost of living?**

Increased wages and mental health support have been the main response from employers to the cost of living crisis

