

Quarter 4 2023

SOUTH YORKSHIRE
SYMCA
MAYORAL
COMBINED
AUTHORITY



The
**Infrastructure
Survey**

Powered by
**South Yorkshire
Quarterly Economic Survey**

Sponsored by

ProAktive unLTD.



About the Survey

There were 285 respondents to the survey. Fieldwork was conducted between 6 November and 5 December 2023

Key Messages

Business conditions in South Yorkshire

Weak growth continues in South Yorkshire. The results show overall improvements in sales figures and order books, for both domestic and overseas markets. Workforces are expanding and future investment in physical capital and training is being revised upwards. Nevertheless, the results do not suggest a local economy firing on all cylinders, but one that is moving forward despite headwinds.

Several factors are putting upwards pressure on the cost of doing business. The high levels of inflation, rising interest rates and corporate taxation are the top three concerns for South Yorkshire firms. The cost of labour and utilities are contributing to inflationary concerns, with the majority of respondents expecting goods and services prices to increase in the coming months.

Recruitment problems are showing no sign of receding. Acute difficulties in hiring have now been reported by firms for over two years. This is particularly true for professional and managerial jobs and for skilled manual/technical jobs. This could be feeding into the reduced capacity that firms are reporting.

Key Quotes

The local economy

“Lack of staff is restricting growth and driving wage inflation.”

“Inflationary costs, especially energy costs, are deeply impactful for the business.”

“Feeling positive, but still feeling the pinch.”

“Costs seem to be rising faster than headline inflation...which is causing some delay in closing deals due to uncertainty around the economy.”

Key Messages

A focus on transport infrastructure

South Yorkshire's transport infrastructure is not meeting business needs. Only a small minority of respondents agree that that public transport, the rail network and the road network supports their relationships with customers, suppliers and employees.

Transport delays can have a significant business impact. Almost two-thirds of firms reported that they have faced frequent delays on the road network. More than a third of firms reported that they frequently faced delays on the rail network. The largest consequence of these delays is increased travel costs.

South Yorkshire firms want across-the-board improvements to transport infrastructure. Asked which types of transport infrastructure should be a priority for investment, a large majority of firms highlighted road, rail and public transport infrastructure.

Key Quotes

Transport Infrastructure

“More buses to high employment sites is critical.”

“Buses need more help to speed their progress through congestion to deliver faster and more consistent journey times.”

“It is very difficult to get to our premises by public transport...Improved public transport, particularly the tram network and cycle lanes would be very beneficial in the short term and absolutely essential in the long term.”

“We could recruit from a wider geography if transport links into our offices were better.”

“Having the airport back would help in taking contracts abroad and support business travel for existing contracts.”

Q1a. Businesses involved in the UK market

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

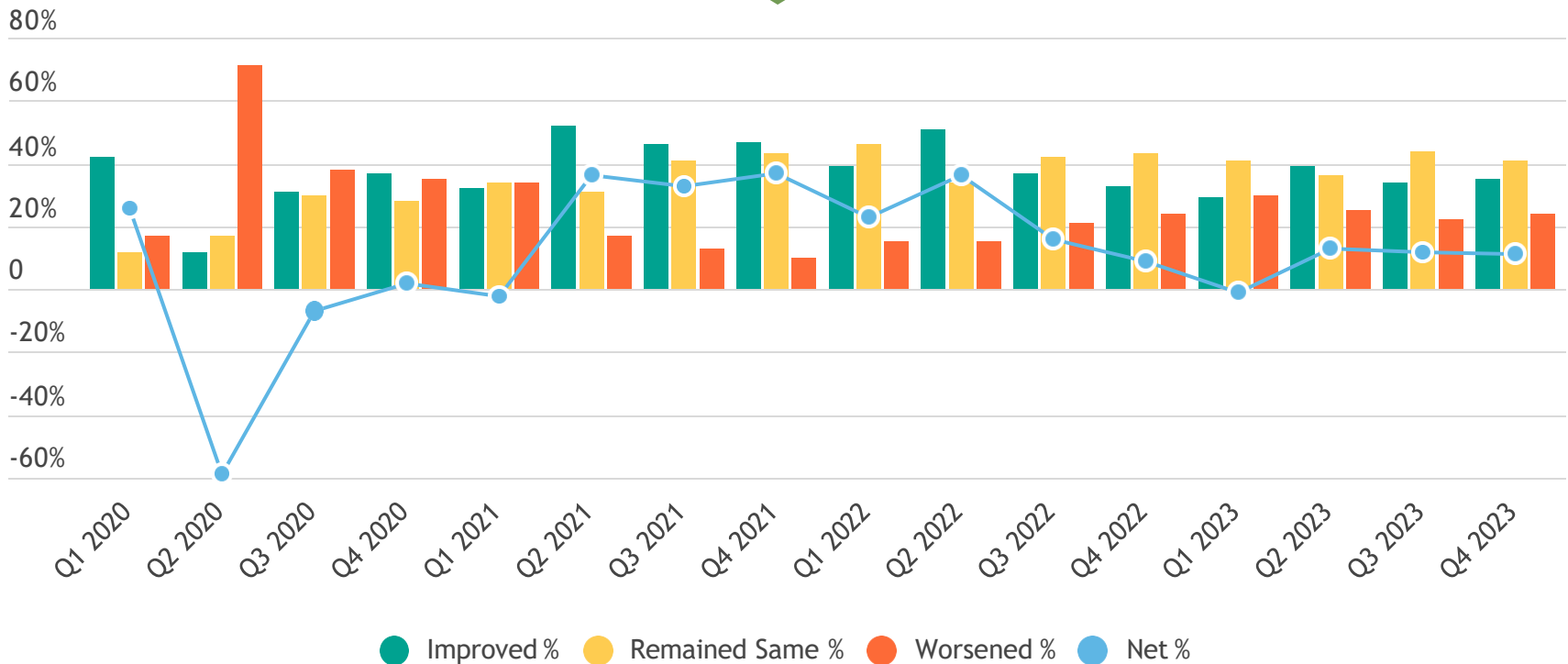


This Quarter

Domestic sales growth continued for a third successive quarter.

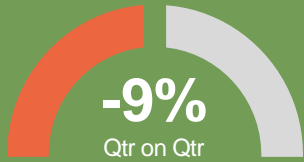
Year on Year

There was marginally higher domestic sales growth when compared to Q4 2022 (+11% vs. +9%).



Q1b. Businesses involved in the UK market

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

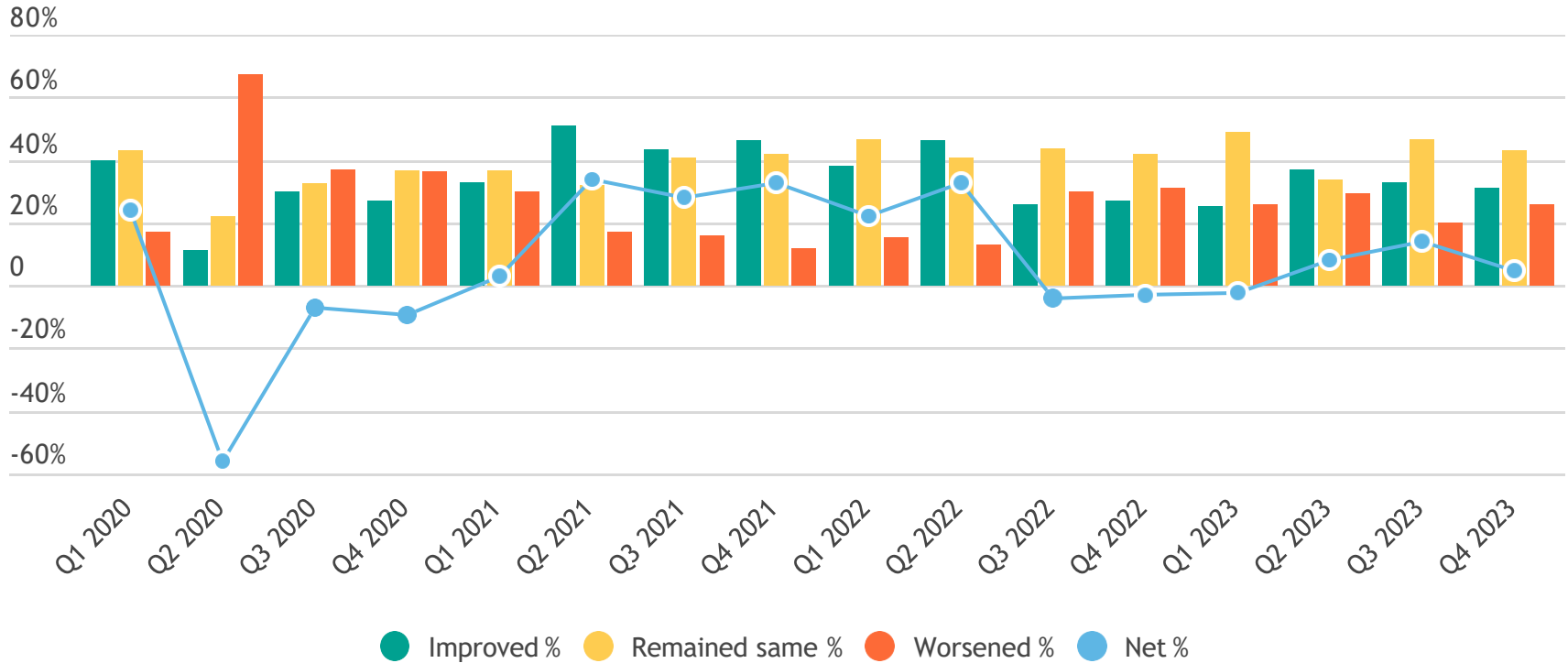


This Quarter

Domestic orders were weaker than Q3 2023 (+5% vs. +14%), although still indicate growth overall.

Year on Year

Results are stronger than Q4 2022, when domestic order books were contracting (+5% vs. -3%).



Q2a. Businesses involved in overseas markets

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

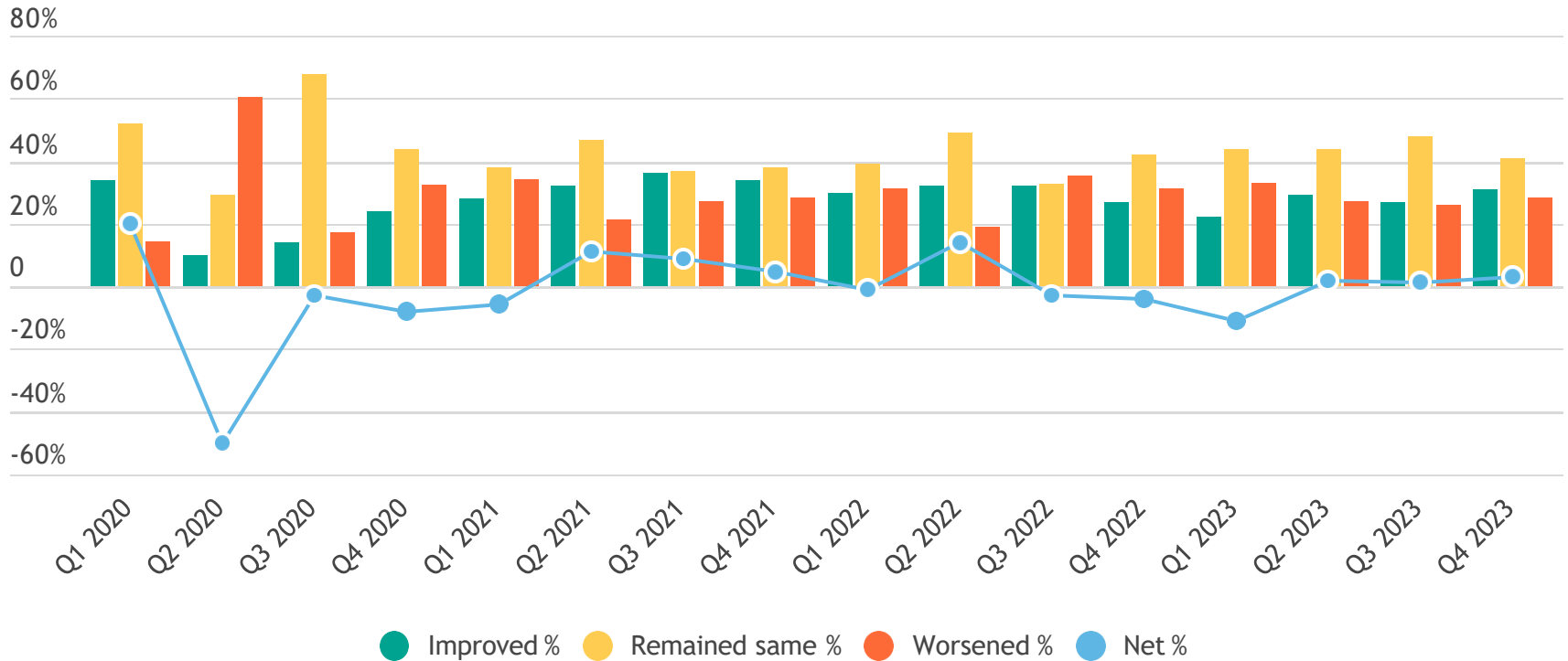


This Quarter

Weak growth in export sales continued for the third successive quarter.

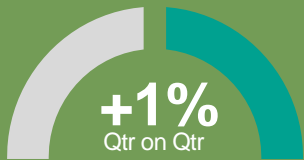
Year on Year

The results in Q4 2022 indicated a slight contraction, compared to this quarter's weak growth (+3% vs. -4%).



Q2b. Businesses involved in overseas markets

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

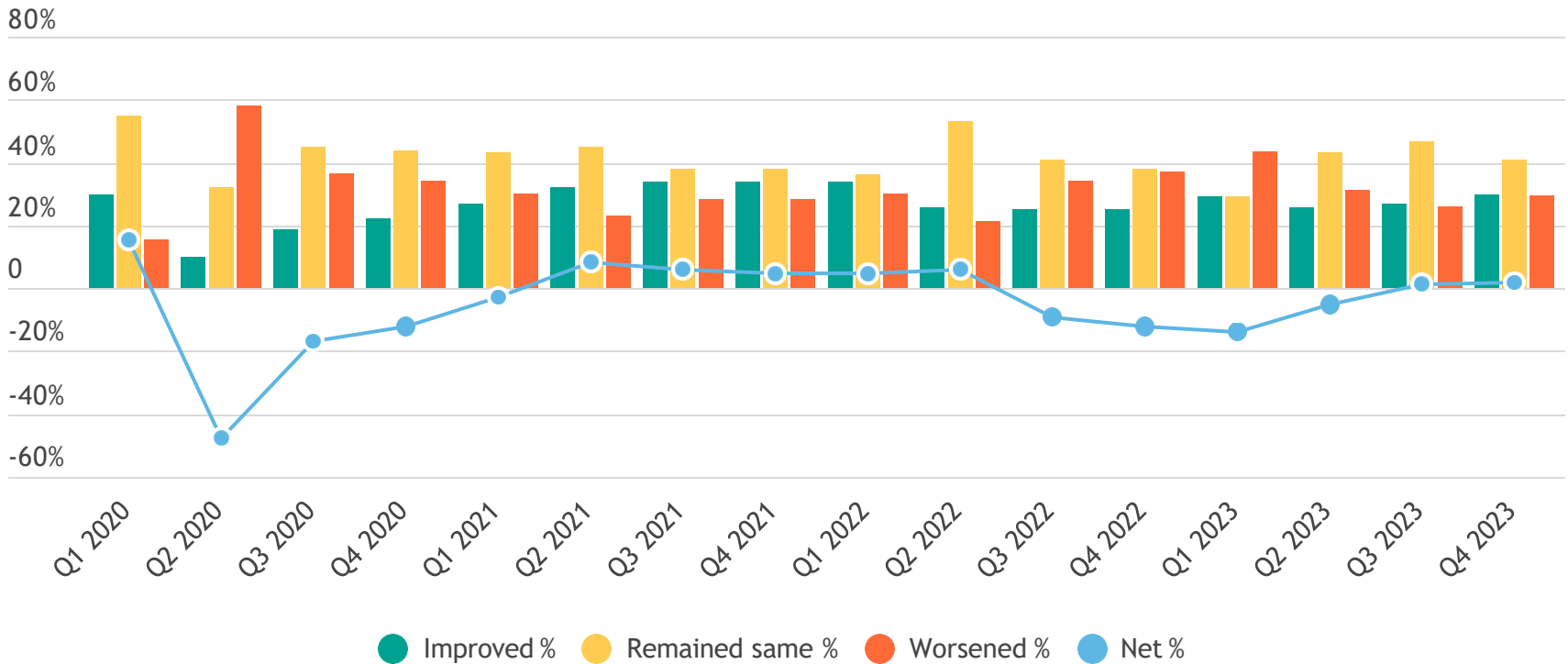


This Quarter

Weak growth in export orders was recorded for the second consecutive quarter.

Year on Year

Q4 2022 saw a contraction in export orders (-12%), compared to weak growth in Q4 2023 (+2%).



Q3a. Labour Force

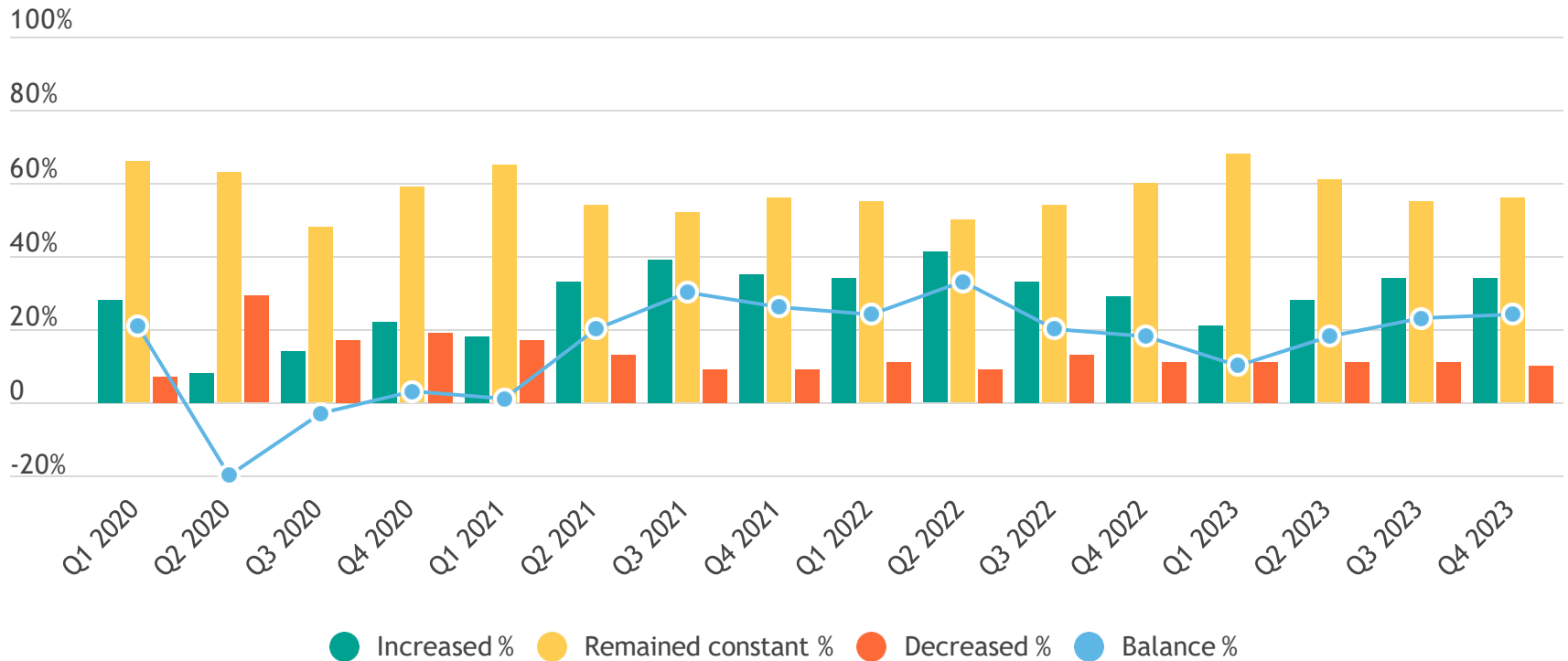
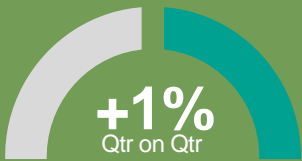
Over the last 3 months, the workforce has:

This Quarter

Workforces continued to grow overall in Q4 2023, with the strongest recorded growth since Q2 2022.

Year on Year

Workforce growth was higher in Q4 2023 than in Q4 2022 (+24% vs. +18%).



Q3b. Labour Force

Percentage of businesses which have attempted to recruit:

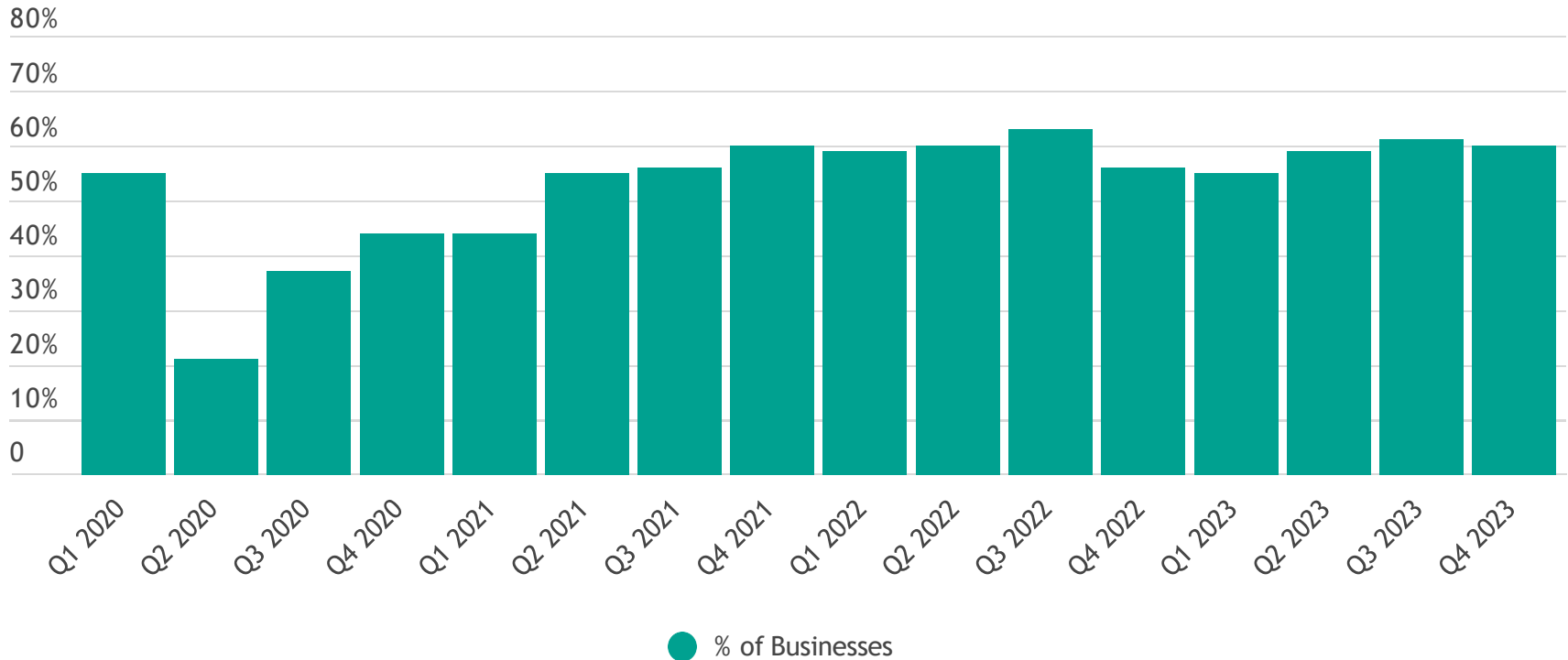


This Quarter

60% of firms tried to recruit staff in Q4 2023, in line with the results recorded in Q2 and Q3.

Year on Year

The percentage of firms that tried to recruit in Q4 2023 is marginally higher than the percentage of firms that tried to recruit in Q4 2022 (60% vs. 56%).



Q3c. Labour Force

Businesses have attempted to recruit the following:

This Quarter

Full-time staff remain in high demand, with 93% of firms attempting to recruit full-timers.

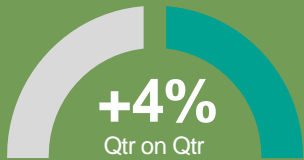
Year on Year

The proportion of businesses attempting to recruit for part-time, full-time and temporary jobs were all lower than Q4 2022, but there was an increase in the proportion of firms attempting to recruit for permanent roles (49% vs. 40%)



Q3d. Labour Force

Difficulties in recruiting have been reported by:



This Quarter

85% of firms that tried to recruit experienced difficulties, up from 81% in Q3.

Year on Year

Recruitment difficulties are lower than Q4 2022 (85% vs 90%).



Q3e. Labour Force

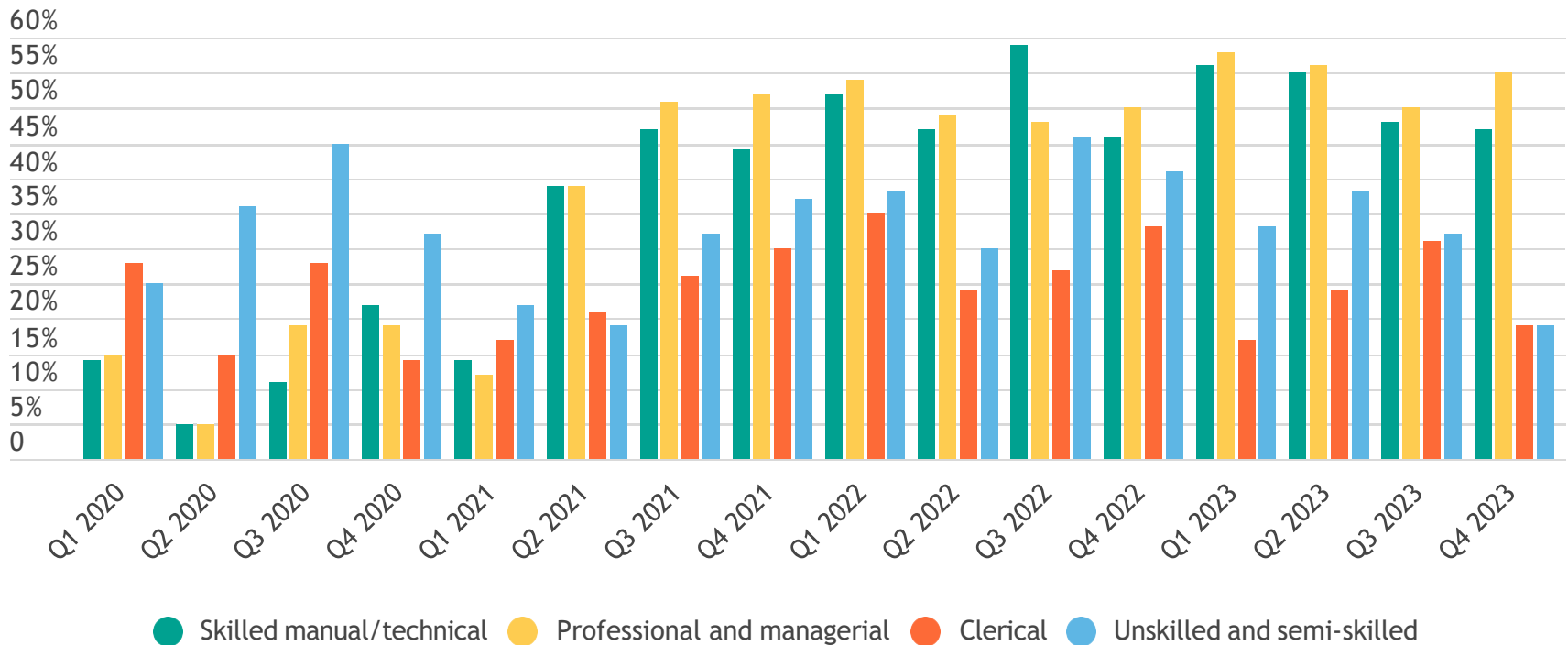
In the last 3 months businesses have had difficulty in recruiting:

This Quarter

Difficulties in recruiting 'Clerical' and 'Unskilled and semi-skilled' workers fell from Q3. Difficulties in recruiting 'Professional and managerial' workers increased from 50% to 55%.

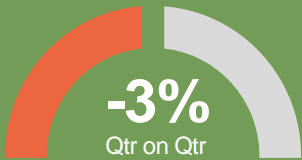
Year on Year

Difficulties in recruiting 'Clerical' and 'Unskilled and semi-skilled' workers are significantly lower than Q4 2022. Difficulties in recruiting 'Professional and managerial' workers were higher (55% compared to 50%) and difficulties recruiting 'Skilled manual/technical' workers were broadly the same.



Q3f. Labour Force

The balance of businesses expecting to grow their workforces:



This Quarter

Firms continue to report that their workforces will grow overall in the next three months, albeit growth was slightly weaker than last quarter (+29% vs. +32%).

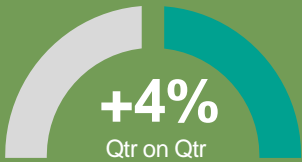
Year on Year

Expectations of workforce growth are significantly higher than Q4 2022 (+29% vs. +17%).



Q4. Cashflow

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

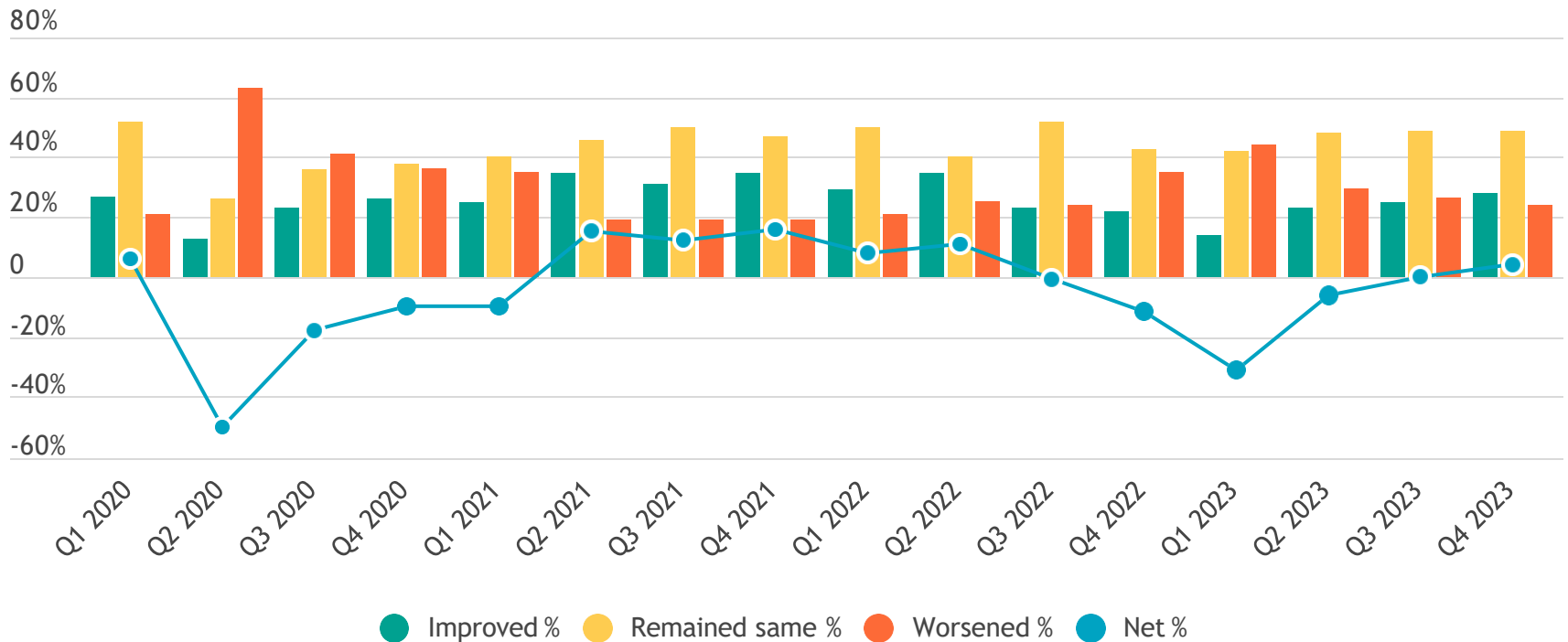


This Quarter

Cashflow positions are the strongest they have been since Q2 2022, but the improvement is not rapid, and the indicator is still weak.

Year on Year

Cashflow positions in Q4 2023 are much stronger than in Q4 2022, when over a third of correspondents reported that cashflow positions were worsening.



Q5a. Investment Intentions

Changes in plans in investment:

Plans for new plant/machinery/equipment have been:

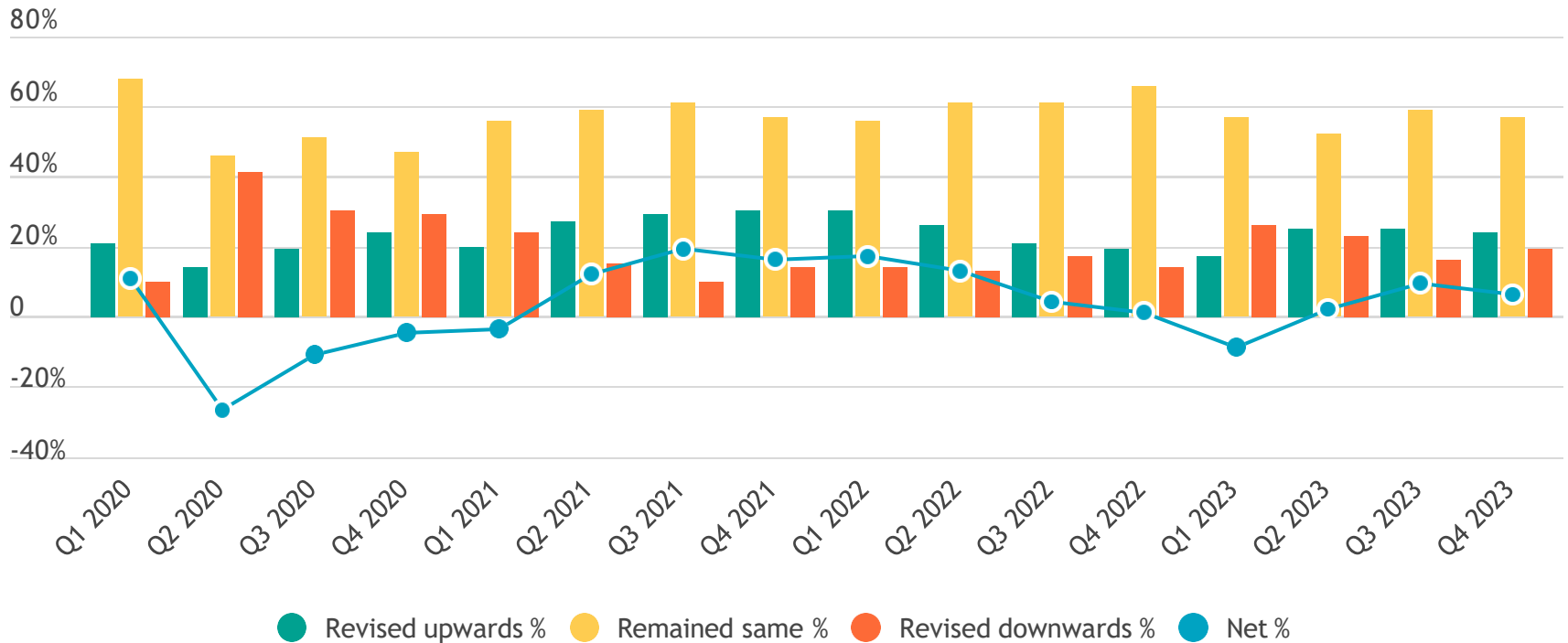


This Quarter

Results indicate overall growth in investment in plant, machinery and equipment for the third successive quarter.

Year on Year

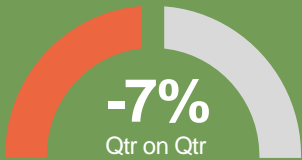
Plans for investment in plant and machinery were higher in Q4 2023 than in Q4 2022 (+6% vs. +1%).



Q5b. Investment Intentions

Changes in plans in investment:

Plans for training have been:

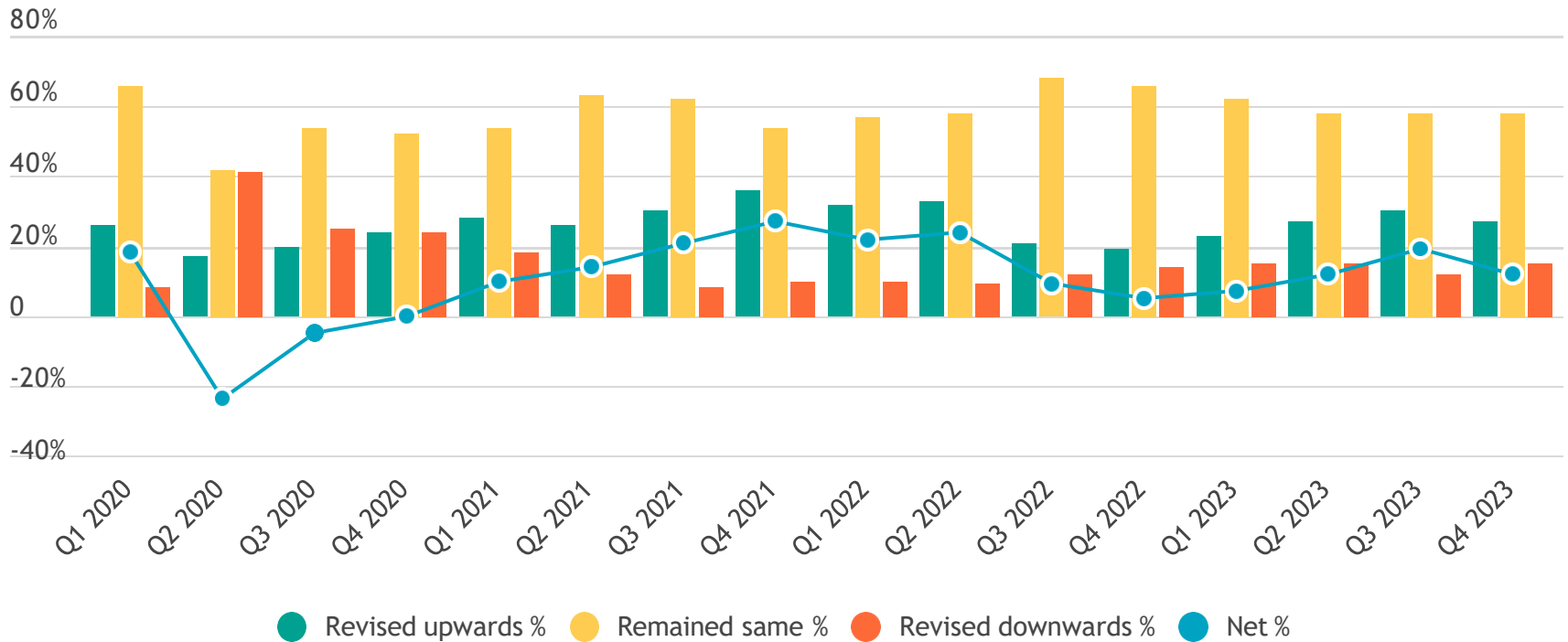


This Quarter

Plans for investment in training had been revised upwards overall, although upward revisions were not as strong as they were in the previous quarter.

Year on Year

Plans to invest in training were higher than Q4 2022 (+12% vs. +5%)



Q6. Capacity

Businesses working at full capacity:

This Quarter

The proportion of businesses reporting that they are operating at full capacity has grown since last quarter (48% vs. 43%).

Year on Year

The percentage of businesses reporting that they were operating below capacity was 52% in Q4 2023, compared to 60% in Q4 2022.



Q7a. Business Confidence

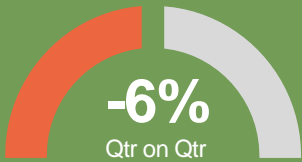
Turnover is likely to:

This Quarter

Expectations of improved turnover fell slightly on the quarter (+44% vs. +50%).

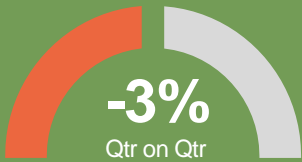
Year on Year

The expectations of turnover improvement was significantly higher in Q4 2023 than they were in Q4 2022 (+44% vs. +25%).



Q7b. Business Confidence

Profitability is likely to:

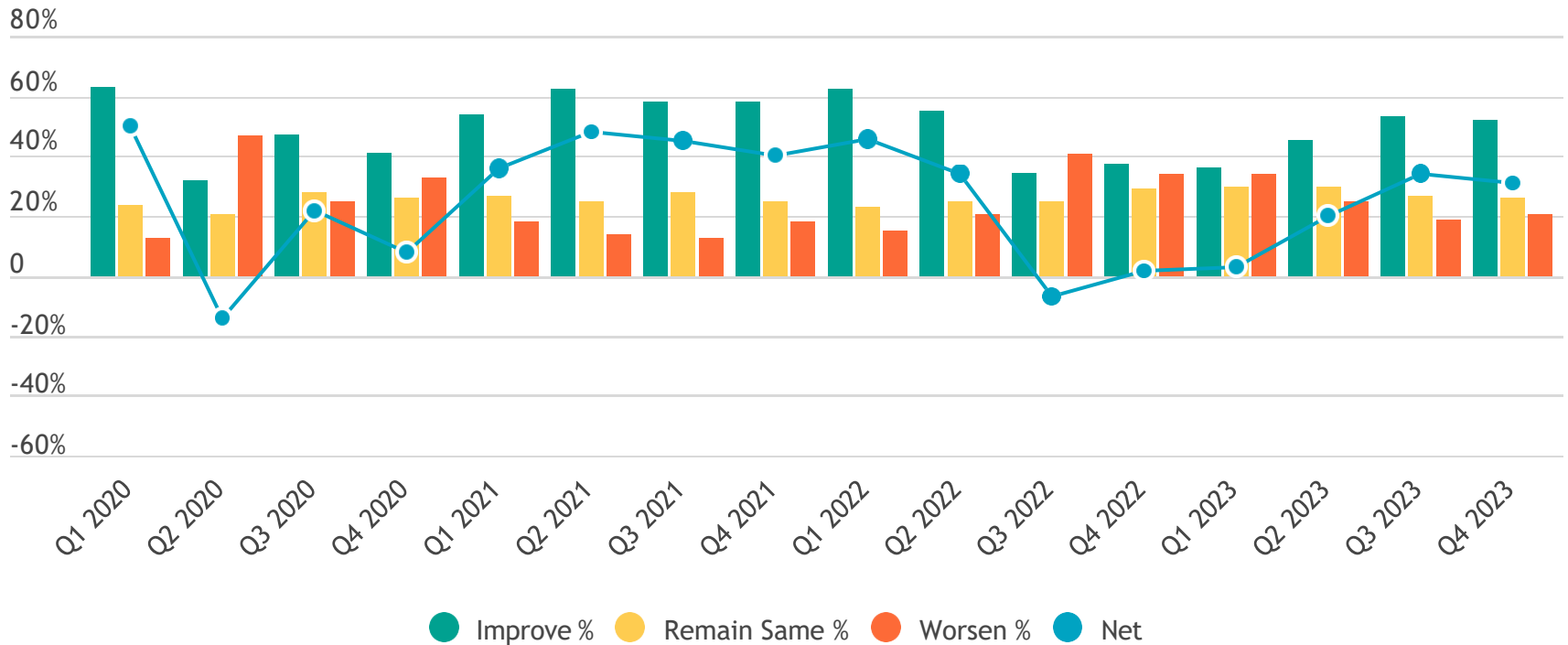


This Quarter

Expectations of improved profitability fell slightly on the quarter (+31% vs. +34%).

Year on Year

Expectations of improved profitability were much higher in Q4 2023 than in Q4 2022 (+31% vs. +2%).



Q8a. Prices/ Costs

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

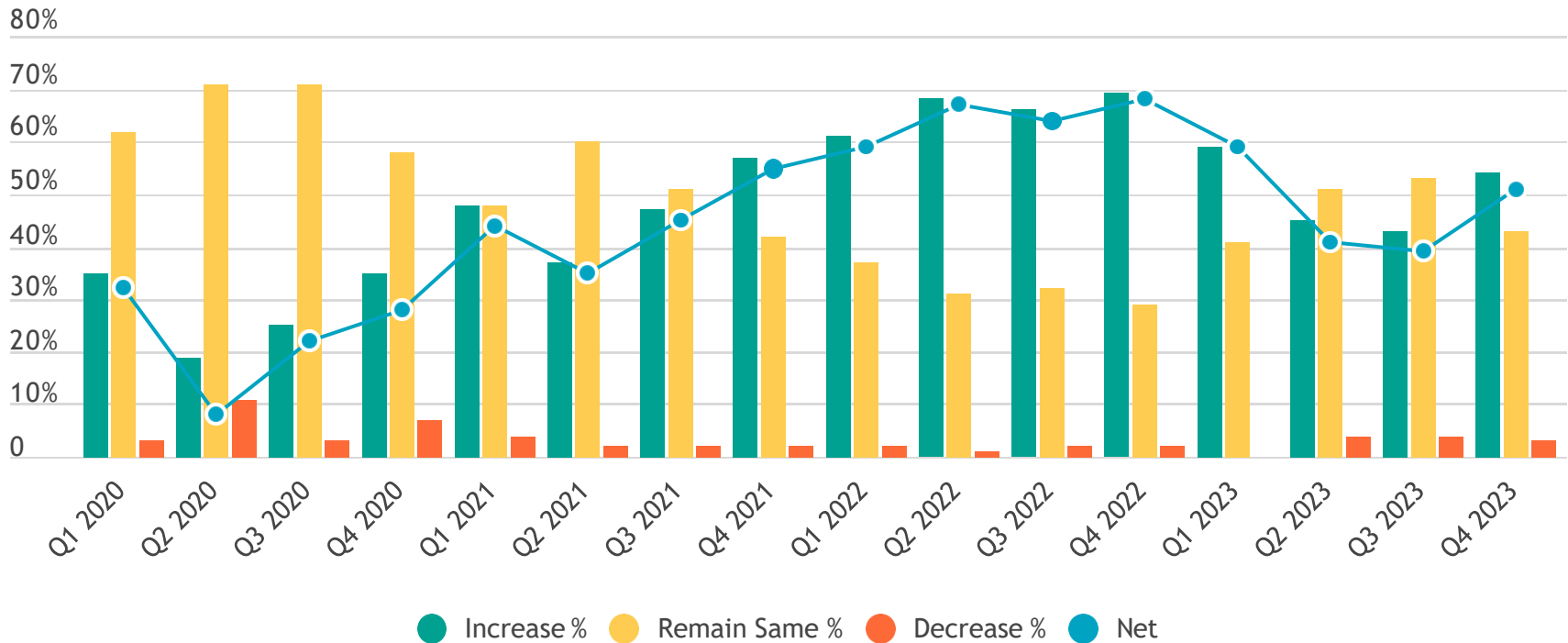


This Quarter

Expectations of future price increases have risen after three successive quarters of falls, and is still extremely high in a historical context.

Year on Year

43% of firms expected prices to remain the same in the next three months, compared to 29% in Q4 2023.

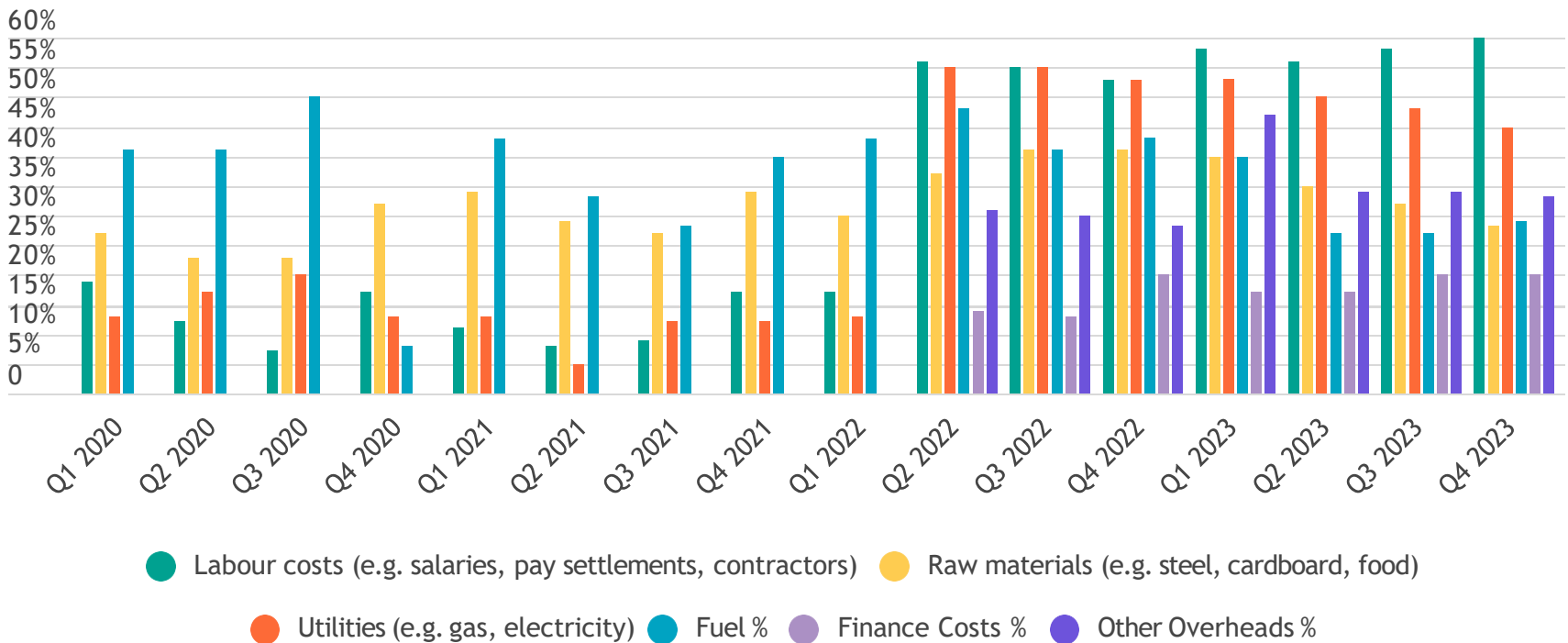


Q8b. Prices/ Costs

Businesses are under pressure to raise prices from the following:

This Quarter

Drivers of price pressures are broadly the same quarter-on-quarter, but are still very high historically. The cost of labour and utilities are the largest contributors to price pressures.

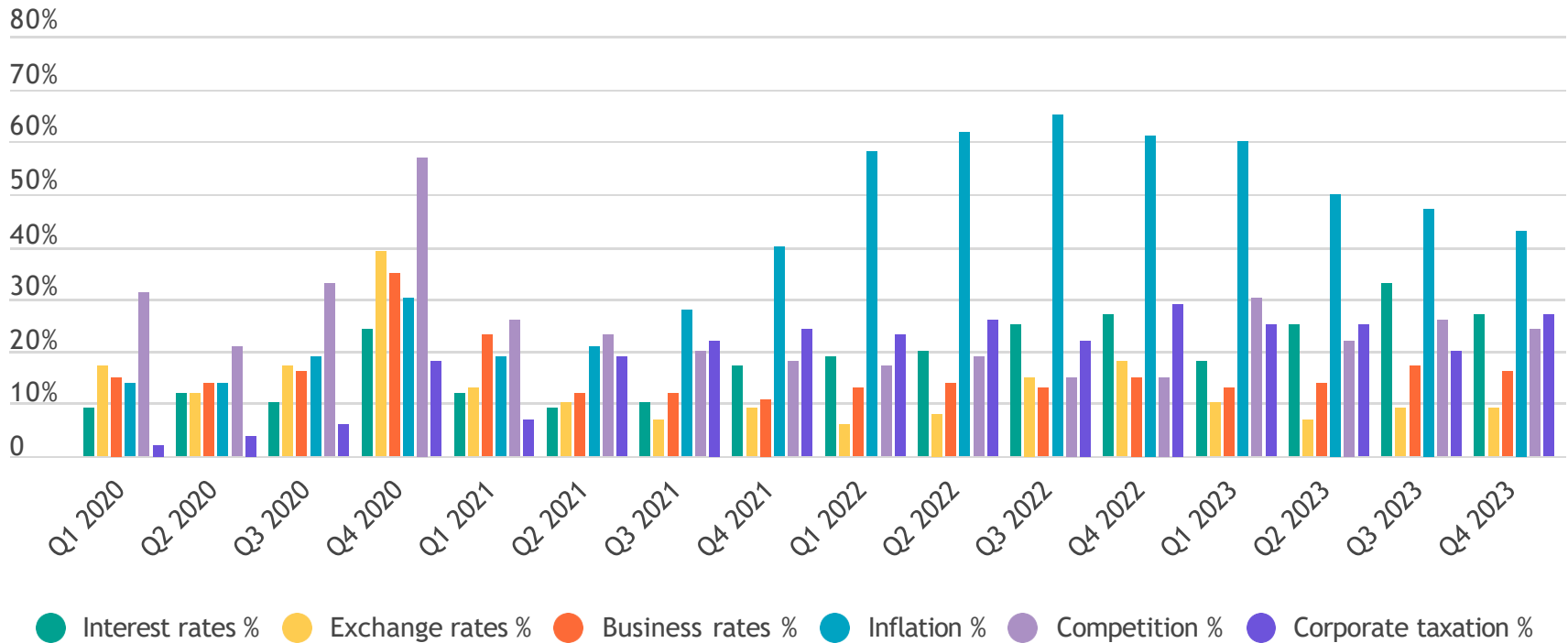


Q9. What concerns you most

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

Results show

Inflation is still the biggest business concern, but that is concern has been gradually easing. Concerns over corporate taxation have risen to 27%, up from 20% in the previous quarter.

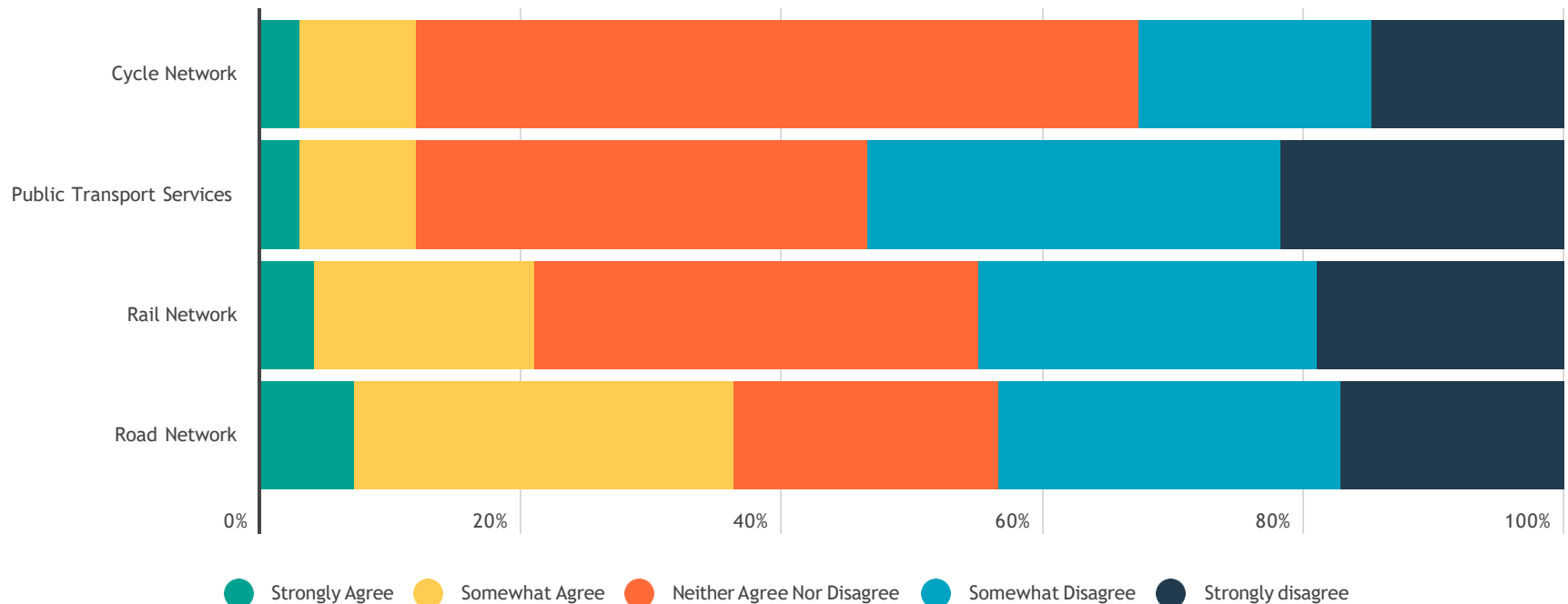


Business needs from South Yorkshire transport infrastructure

We'd like you to think about South Yorkshire's transport infrastructure. To what extent do you agree or disagree that each of the following meets your business's needs in accessing new and existing customers, suppliers, and employees?

A minority of firms agree that South Yorkshire's transport infrastructure meets their business needs:

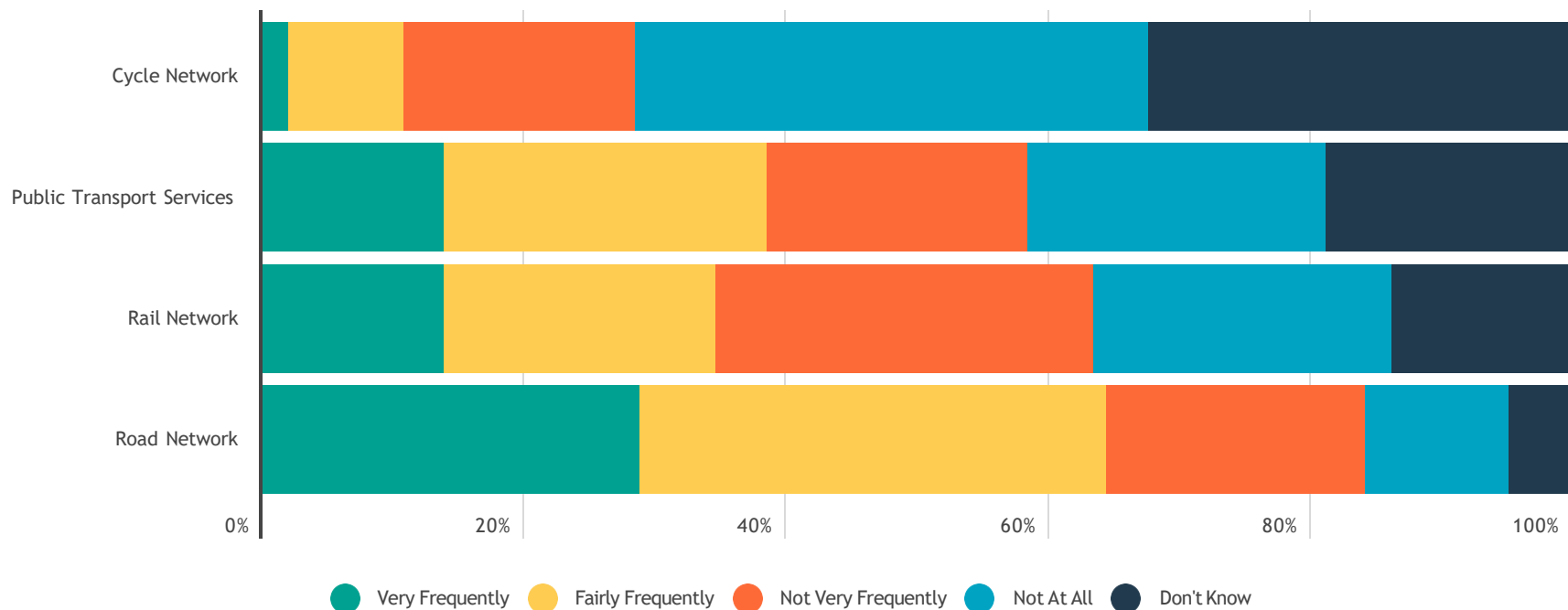
- Only one in ten (12%) South Yorkshire businesses agree that public transport meet their business needs.
- Only one in ten (12%) South Yorkshire businesses agree that the cycle network meets their business needs, although more than half (56%) neither agree nor disagree.
- Only one in five (21%) South Yorkshire businesses agree that the rail network meets their business needs.
- 36% of South Yorkshire businesses agree that the road network meets their business needs, making it the infrastructure type with the most positive results.



Delays and problems associated with South Yorkshire transport infrastructure

In the last 12 months, how frequently has your business faced delays or other problems which relate to the following elements of South Yorkshire's transport infrastructure?

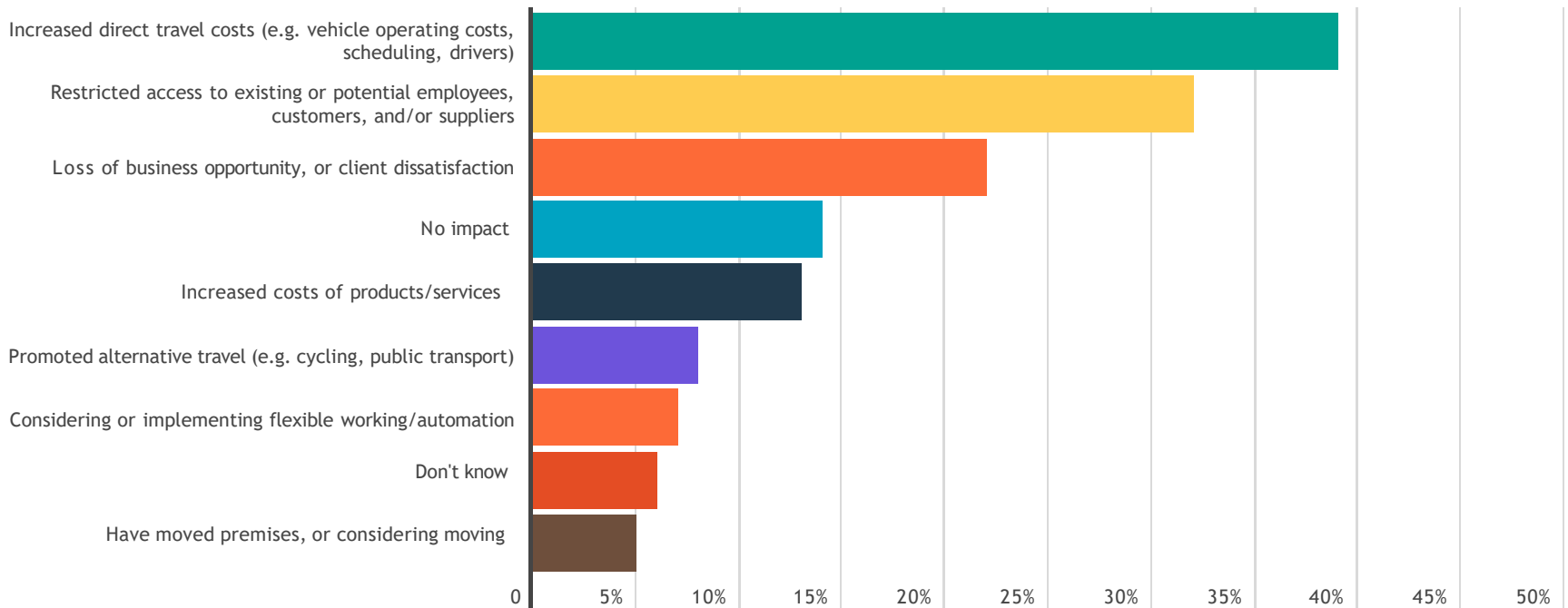
- Almost two-thirds of firms (65%) frequently face delays or other problems relating to the road network.
- This compares to 39% facing delays or problems with public transport services and 35% facing delays or problems with the rail network.



The impact of problems with South Yorkshire's transport infrastructure

In the last 12 months, what impact (if any) have problems with South Yorkshire's transport infrastructure had on your business? Please tick as many as apply

- Increased travel costs and restricted access to employees, customers and suppliers are the biggest problems relating to problems with South Yorkshire's transport infrastructure.
- One in five (22%) South Yorkshire businesses state that poor transport infrastructure leads to loss of business opportunity or client dissatisfaction.



Priorities for investment in South Yorkshire's transport infrastructure

What priority do you think local and national government should put on improving the following elements of South Yorkshire's transport infrastructure?

- Road and rail network improvements are South Yorkshire businesses highest priority for improving South Yorkshire's transport infrastructure.
- The cycle network is seen as a low priority for transport infrastructure by 43% of South Yorkshire businesses.

