



QUARTERLY ECONOMIC SURVEY

Q3 2021

The economic survey results from the third quarter of 2021 have reflected a general continuation in the improvements to business conditions we saw last quarter. However recruitment difficulties, concerns over inflation and trade disruption, continue to impact on the improvements needed for long-term indicators.

Improvements in indicators for immediate business activity:

- 41% report an increase in domestic sales (up from 32% in Q2)
- 30% report an increase in overseas sales (up from 25% in Q2)
- 36% attempted to recruit (up from 31% in Q2)

Ongoing weaknesses in indicators for structural conditions:

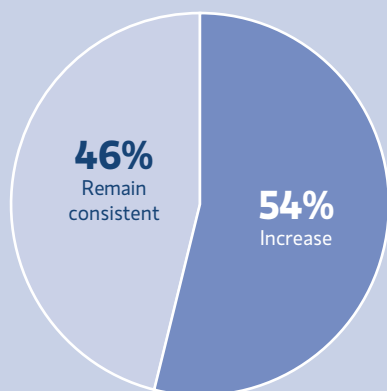
- A growing number of firms (36%) report a decrease in cashflow (up from 34% in Q2)
- The number of firms reporting increases to investments in capital expenditure or training remains static from Q2 – with both measures remaining below 20%

Inflation concerns and recruitment difficulties continue to cause concern:

- 53% expect to need to raise prices in the next quarter. This has fallen slightly from 59% in Q2 but is still exceptionally high.
- 86% of businesses who attempted to recruit reported difficulties in finding suitable staff (up from 75% in Q2).

PRICING

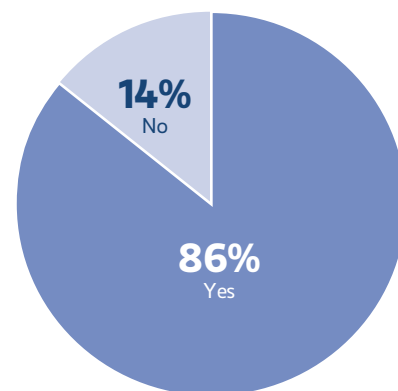
Over the next 3 months, businesses expect the prices of their goods/services to...



The majority of businesses remain under pressure to raise their prices due to inflationary pressures. The cost of raw materials is by far the greatest contributing factor to this, with 70% of businesses reporting it as a key factor.

WORKFORCE & RECRUITMENT

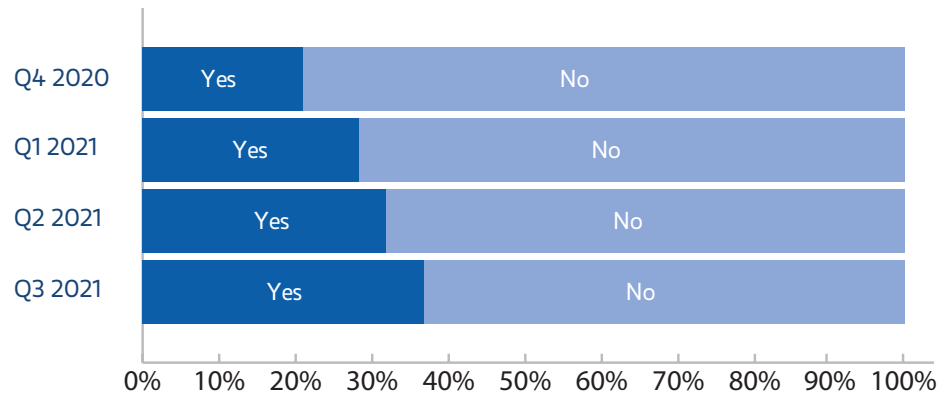
If you attempted to recruit, did you experience any difficulties finding suitable staff?



Recruitment difficulties have worsened this quarter with 86% of businesses who attempted to recruit struggling to find the right staff.

Have you attempted to recruit staff over the past 3 months?

These difficulties are now being felt across the board, with firms struggling to fill all kinds of vacancies, from unskilled through to managerial roles. Nationally the number of vacancies is at a new record high, with Brexit and the pandemic driving a deep-seated decline in labour supply. Looking ahead to the final quarter of 2021 almost 25% of firms plan to attempt to recruit.

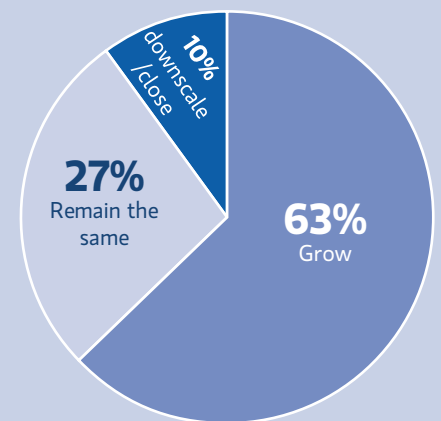


LOOKING AHEAD

Despite the difficult backdrop of the last 18 months, businesses generally remain positive about the future with 63% anticipating growth in the next 12 months. 27% expect things to remain about the same and only 10% expect to either downscale or close the business.

Firms are less optimistic over profitability however, with 45% expecting profits to improve in the next 12 months, 27% expecting them to remain the same and 28% expecting them to worsen.

Over the next 12 months, businesses expect to:

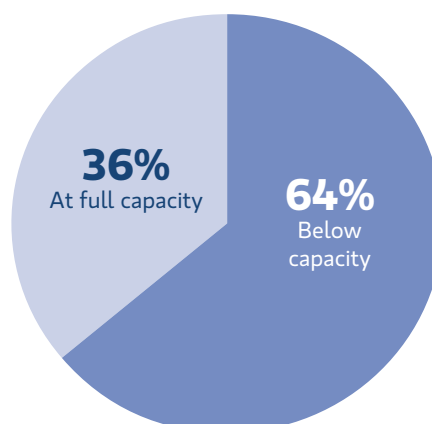


SUMMARY OF OTHER Q3 KEY FINDINGS

Biggest concern

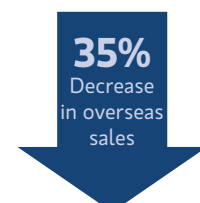
There is growing concern amongst businesses over rises in taxation. This is now the leading concern, above inflation with 54% of local businesses citing it as a worry.

Operating capacity



Export sales and orders

Export sales and orders are stagnating, with 35% of exporters reporting a decrease in overseas sales and 31% reporting a decrease in orders and future bookings.





“It is hugely encouraging to see so many firms feeling positive about the future. The reported increases in sales and rises number of firms attempting to recruit are also encouraging, but there remain some very real difficulties that need to be addressed.

Labour market challenges, rising cost pressures and the increasingly onerous tax burden, highlight just how urgently businesses need to see Government action to improve business conditions.

The Chamber network is calling on the government to resist any policy measures that increase business costs. If they can instead focus on creating the best possible environment for businesses to grow and thrive and supporting them through the difficult months ahead, then they can begin to generate wealth, continuing to create jobs and support their communities and the wider economy.”

ABOUT THE QES

56 businesses representing 3540 employees completed the St Helens QES in Quarter 3.

34% of businesses were from the Manufacturing, Construction and Logistics industries. 66% represented the Services sector.

Fieldwork took place between 23rd August 2021 and 13th September 2021.

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