



St Helens Chamber

QUARTERLY ECONOMIC SURVEY

Q4 2021

The economic survey results from the fourth quarter of 2021 suggest that recovery slowed as mounting pressures increasingly limited key activity indicators.

The rise in price pressures suggests that a substantial inflationary surge is likely in the coming months. Rising raw material costs, higher energy prices and the reversal of the VAT reduction for hospitality are likely to push inflation above 6% by April.

- 66% of firms expect their prices to increase in the next three months, with 67% of businesses citing inflation as a concern.
- Over half of firms (56%) shared concern over increasing taxation, and 1 in 5 (21%) firms were worried about rising interest rates, as fears over rate hikes among manufacturers reach record highs across the UK.
- Just under a third of firms (31%) reported increased domestic sales in Q4, compared to 41% in Q3.

Improvements in indicators for immediate business activity:

- The number of firms reporting increases to investments in capital expenditure or training improved from Q2 and Q3 – with both measures reaching 30% and 29% respectively.

- The number of firms (32%) reporting a decrease in cashflow slowed (down from 36% in Q3).

Ongoing weaknesses in indicators for structural conditions:

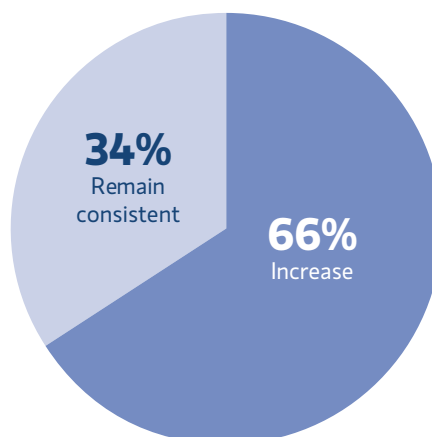
- 31% report an increase in domestic sales (down from 41% in Q3 and 32% in Q2).
- 20% report an increase in overseas sales (down from 30% in Q3 and 25% in Q2).
- 30% attempted to recruit in Q4 (down from 36% in Q3 and 31% in Q2).

Inflation concerns and recruitment challenges continue to cause concern:

- 66% expect to need to raise prices in the next quarter. This has risen sharply from 54% in Q3 and 59% in Q2 which is exceptionally high.
- 71% of businesses who attempted to recruit reported difficulties in finding suitable staff (down from 86% in Q3).

PRICING

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

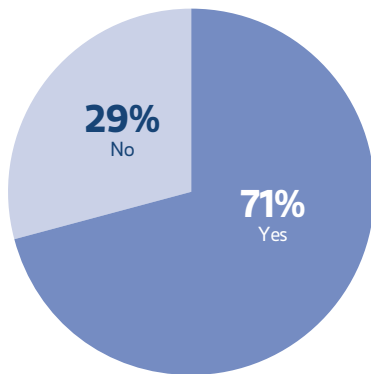


The majority of businesses remain under pressure to raise their prices due to inflationary and taxation pressures. The cost of raw materials and overheads are the greatest contributing factors to this, with 67% and 70% of businesses reporting as key factors respectively.

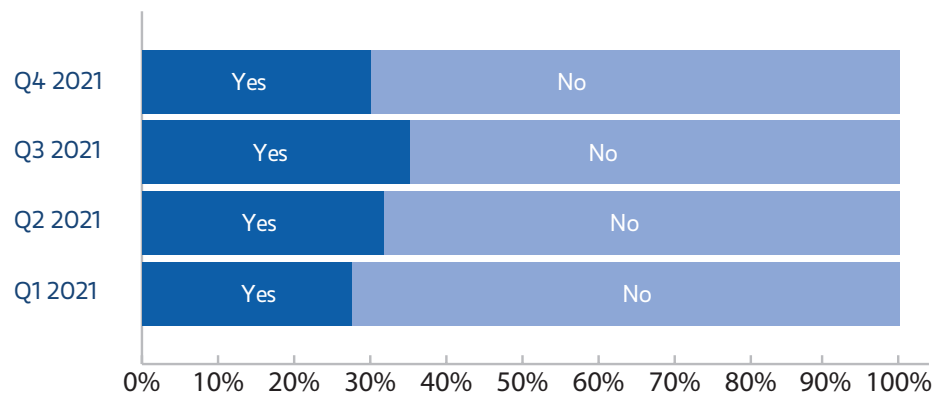
WORKFORCE & RECRUITMENT

Recruitment difficulties continue to be experienced, with firms struggling to fill all kinds of vacancies, from unskilled through to managerial roles. Looking ahead to the first quarter of 2022 almost 24% of firms plan to attempt to recruit.

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



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

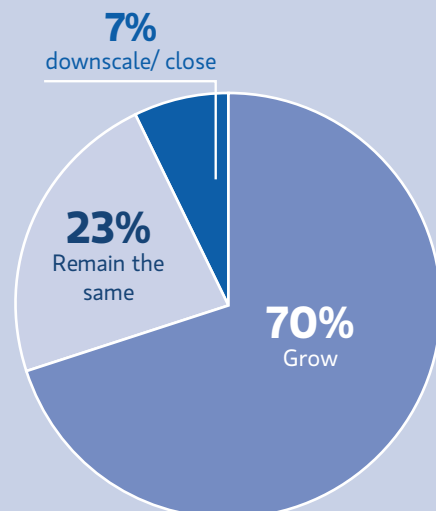


LOOKING AHEAD

Despite the continued difficult backdrop, businesses remain positive about the future with 70% anticipating growth in the next 12 months. 23% expect things to remain about the same and only 7% expect to either downscale or close the business.

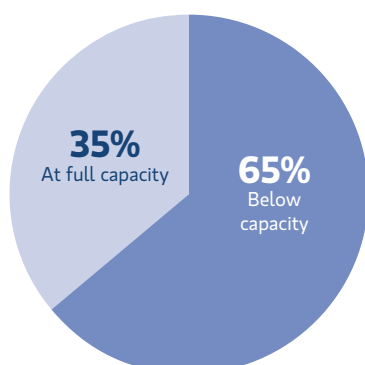
Firms are less optimistic over profitability however, with 48% expecting profits to improve in the next 12 months, 23% expecting them to remain the same and 29% expecting them to worsen.

Over the next 12 months, businesses expect to:



SUMMARY OF OTHER Q4 KEY FINDINGS

Operating capacity



Export sales and orders



Export sales and orders continue to stagnate, with 30% of exports reporting a decrease in overseas sales and 24% reporting a decrease in orders and future bookings.



Our latest survey results paint a challenging picture for the St Helens economy as we start 2022. With inflation soaring, and rising energy costs firms are presented with a huge challenge whilst also grappling with the impact of Omicron and Plan B.

The Government has listened to previous calls for support from the collective voice of the British Chambers of Commerce, and it must do all it can to steady the ship and steer the economy through these uncertain times.

If the current restrictions persist or are tightened further then a more comprehensive support package that matches the scale of any new measures, will need to be put in place. By supporting firms, they can begin to generate wealth, create jobs and support communities.



Rachel Willacy, Head of Business Services

ABOUT THE QES

44 businesses representing 6,876 employees completed the St Helens QES in Quarter 4.

23% of businesses were from the Manufacturing, Construction and Logistics industries. 77% represented the Services sector.

Fieldwork took place between 1st November 2021 and 22nd November 2021.

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Chamber**