



The
Growth
Company

Growth Company Business Survey

Results for 4 Weeks up to the 3rd September

www.growthco.uk

GC Business Survey

The main survey findings reported by businesses in Greater Manchester during August 2021

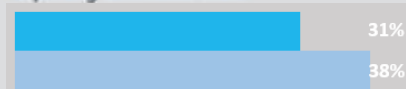
The Growth Company exists to enable growth, create jobs, and improve lives. To inform how we support GM businesses and the economy, we continually monitor a range of data and intelligence to understand the impact of Covid-19, and other economic risks and opportunities.

A total of 122 businesses participated in our GC Business Survey between **29th July and 3rd September**. The findings are presented in this report.

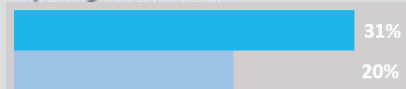
The main impacts of the current economic climate on GM Business



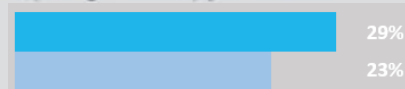
Reporting decreased sales



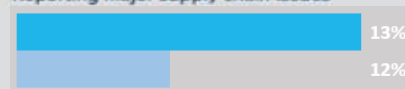
Reporting increased sales



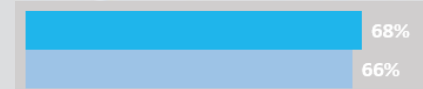
Reporting minor supply chain issues



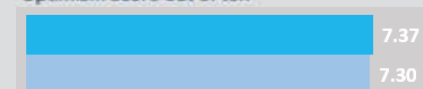
Reporting major supply chain issues



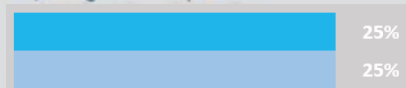
Reporting increase in profit in next 12 months



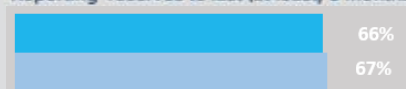
Optimism score out of ten



Reporting cashflow problems



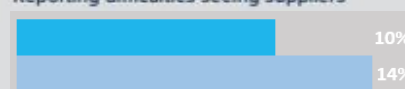
Reporting reserves to last (at least) 6 months



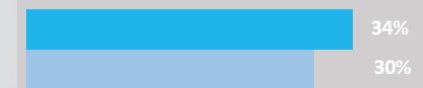
Reporting difficulties seeing clients



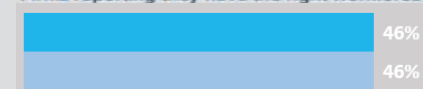
Reporting difficulties seeing suppliers



Firms currently recruiting new staff



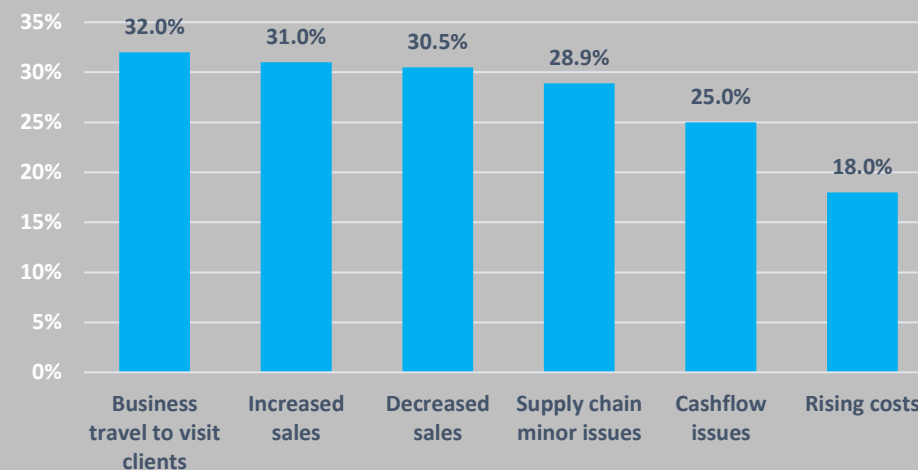
Firms reporting they have the right workforce skills



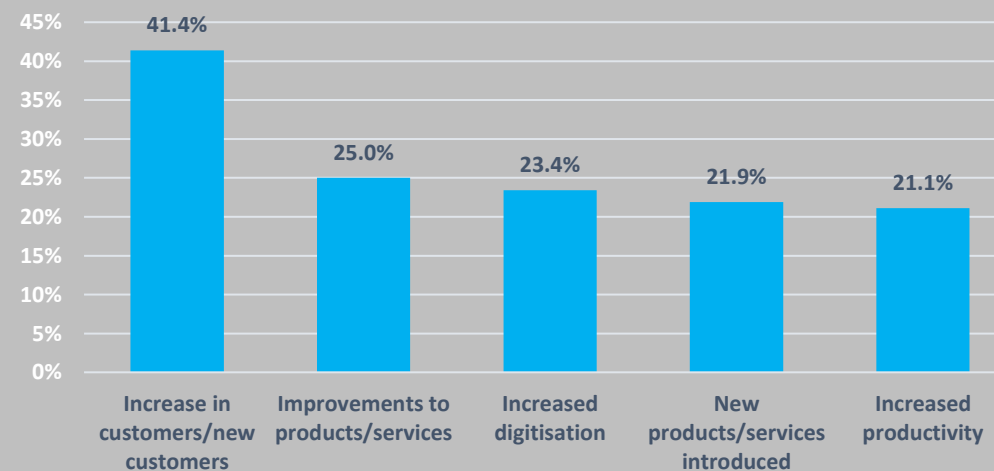
■ Current ■ Previous (June-21)

- GC Business Survey Results (29th July – 3rd September).** Overall, the results of the GC Business Survey over the past 4 weeks indicate a continued positive outlook in terms of economic resilience and financial stability of firms across GM. This is evidenced by lower levels of reports of decreased sales (down by 7% to 31%) and increases in reports of increased sales (up to 31% from 20%), consistent maintenance of cash reserve levels (66% have more than 6-months' worth), a stable level of expected redundancies (87% not planning any) and finally, an increase in business optimism to 7.37, the second-highest level recorded.
- However, it is clear that supply chain issues** (29%, the highest ever level), caused both by self-isolation of staff as well as Brexit and pandemic-related supply disruption, continue to cause issues in terms of raw materials shortages (18% also the highest level seen) as well as price inflation and delays to production, output and supply. For some firms this has resulted in a slight increase in suspended investment (7% up from 5% previously). These supply chain issues have also been exacerbated by labour shortages in logistics, global transportation issues and recruitment difficulties; although, there was a decrease in the number of firms stating that their staff were self-isolating (6% down from 14% previously), therefore, it is possible that some of these supply and shortage issues may be temporary.
- Specific skills shortages** in these areas include construction/manufacturing skilled-trades (including retrofit/installation), logistics drivers/hauliers and THL front of house staff. Certain sectors remain at higher levels of risk, such as THL and Creative Industries. However most sectors are seeing boosts in investment and confidence, with firms most interested in investing in Innovation 51% and Workforce Development 51%. Moreover, firms willingness to increase capital expenditure (43%) has also increased, further emphasising future confidence.
- In terms of employment and skills**, 44% of firms are still reporting their workforce is skilled only partly correctly and 34% said that they were currently hiring staff, a 4% increase on the previous month. Firms are clearly prioritising getting access to new markets and developing new products and services, which are both key challenges (64% and 41% respectively). The recent skills intelligence data reinforces this, as businesses expect that future skills gaps will emerge due to these priorities, in areas such as digital marketing, sales (social media and ecommerce) and specific-management skills (HR, finance, technical IT and sales).
- The UK economy grew by 4.8% between April and June, according to data from the Office for National Statistics (ONS).** The data showed that the growth was fuelled by retail, restaurants and hotels. Education also contributed to growth as schools reopened in the second quarter. However, the figure was slightly below the 5% growth the Bank of England had predicted. The UK economy is currently 4.4% smaller than it was before the pandemic. Growth in the second quarter contrasts with the first three months of the year, when the economy shrank by 1.6% while restrictions were still in place.
- The IHS Markit/CIPS UK Manufacturing PMI came in at 60.3 in August 2021, showing minimal change from July's final reading of 60.4.** The latest figure signalled the slowest pace of expansion in the sector since March, although it remained strong overall, amid reports of shortages of inputs and delivery delays. Manufacturing output grew the least since February, while incoming new business and export orders continued to rise at solid rates. Employment rose for the eighth month in a row and to one of the greatest extents in the survey history, albeit also the slowest since April.
- The IHS Markit/CIPS UK Services PMI was revised lower to 55.0 in August 2021, below the previous month's 59.6.** The latest reading pointed to the worst month for business activity growth since the current phase of recovery began in March, as new business growth lost momentum due to the end of the full stamp duty holiday and a subsequent cooling in consumer demand arising from residential property transactions. The pace of job creation picked up to its strongest since the survey began in July 1996, despite reports of staff shortages and amid a solid increase in backlogs of work. Meanwhile, the overall rate of cost inflation eased on last month.

Main Impacts

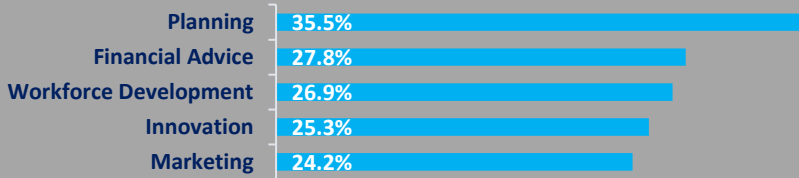


Positive Impacts

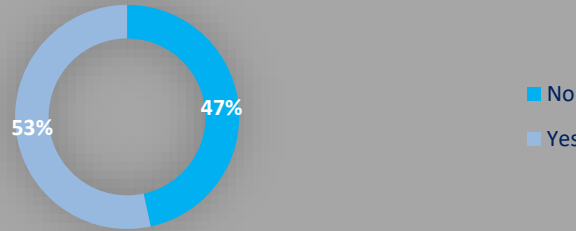


Areas of interest and business support

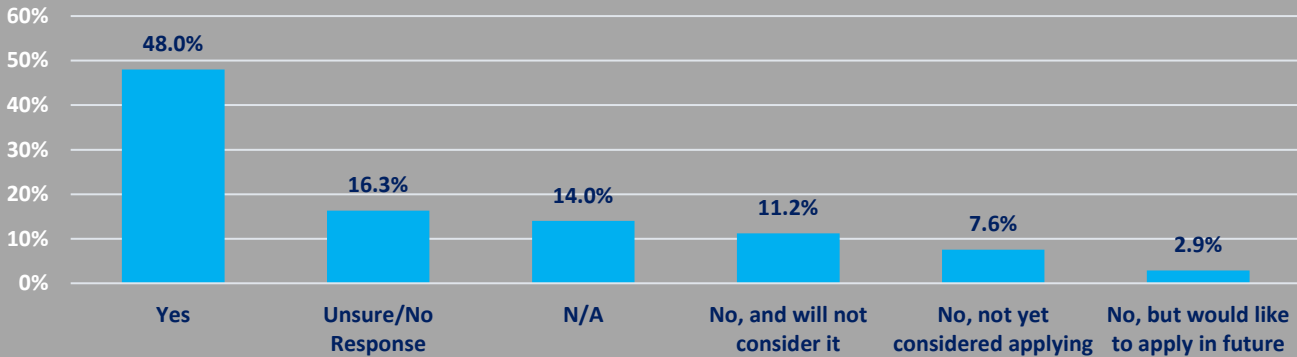
Top 5 areas for business support in the future



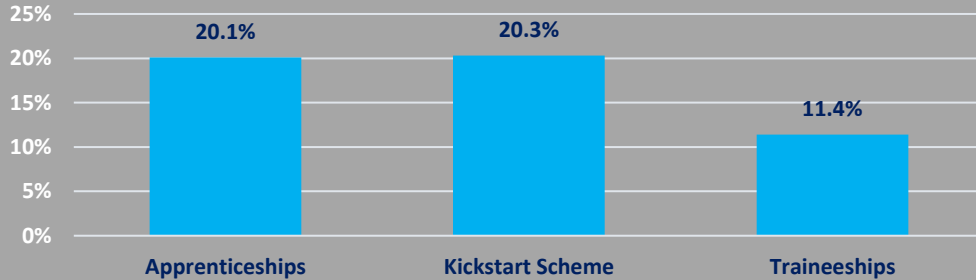
% of respondents furloughing staff



Firms accessing government loans and grants for assistance



% of respondents interested in the following 3 initiatives



Access support from the Growth Company

As a market leader in business and economy surveys, the Growth Company has engaged with firms throughout the pandemic and remains uniquely placed to provide invaluable intelligence on the challenges faced by business. Our survey intelligence reports provide regular weekly input to central Government, as well as supporting a variety of local stakeholders in planning their response. Here are some of the ways we can support you:

- Advice and support on navigating Covid-19 business challenges: www.businessgrowthhub.com/coronavirus

- Guidance and practical business support on EU Exit: www.businessgrowthhub.com/eu-exit
- Support for businesses and individuals within the hospitality, leisure and tourism industry across GM through skills, training and recruitment: www.talenthub.growthco.uk

For more information on the results presented here, or to take part in future surveys, please contact: Sabirah.Chowdhury@growthco.uk

