



The
Growth
Company

Growth Company Business Survey

Results for 4 Weeks up to the 4th October

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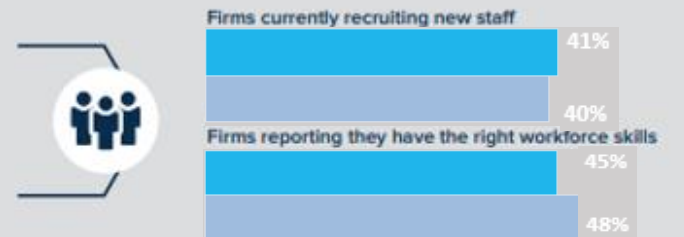
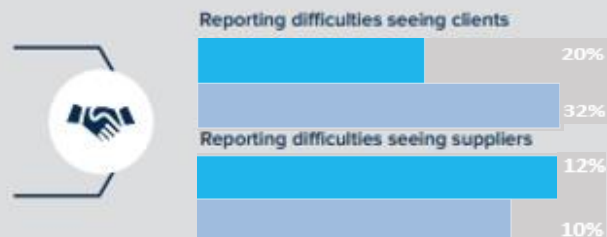
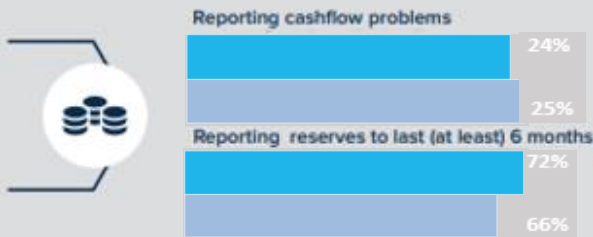
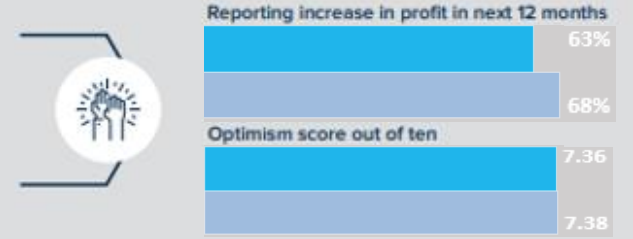
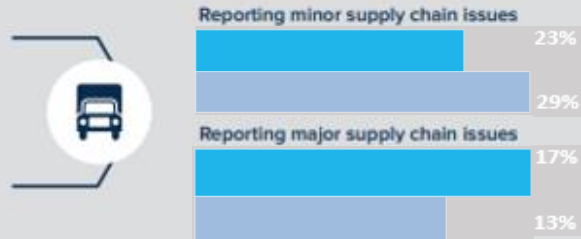
GC Business Survey

The main survey findings reported by businesses in Greater Manchester during September 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 155 businesses participated in our GC Business Survey between 6th September and 4th October. The findings are presented in this report.

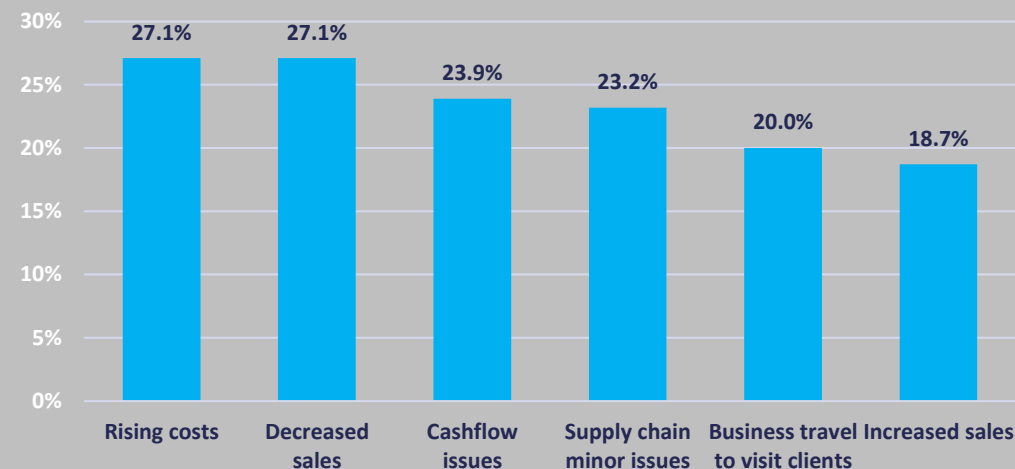
The main impacts of the current economic climate on GM Business



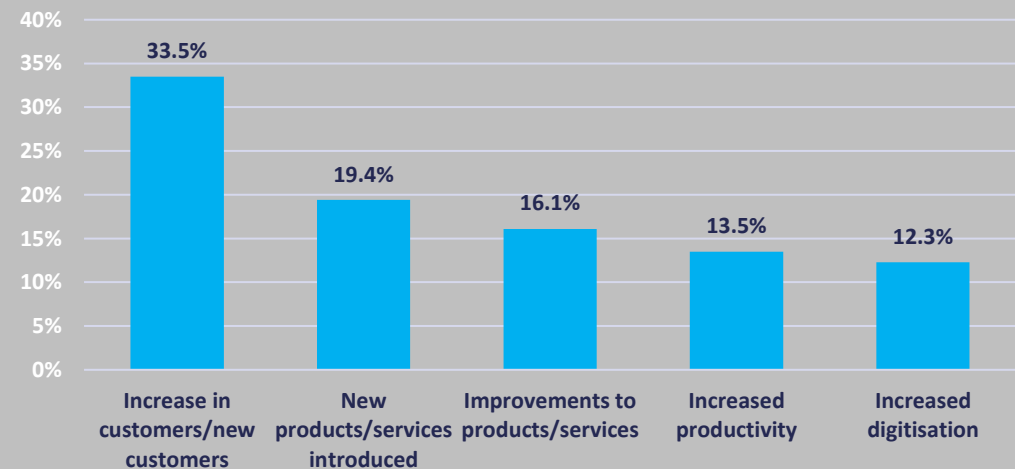
■ Current ■ Previous (Aug-21)

- GC Business Survey Results (6th September – 4th October, n=155).** The latest findings from the GC survey shows businesses remain confident about the year ahead despite a significant rise in the challenges of supply constraints, labour shortages (and energy costs) which are contributing to escalating inflationary pressures and a fall in sales mirroring national surveys that show the slowest rise in new orders since the end of the winter lockdown. ‘Rising costs’ is now the second most significant risk reported (after ‘decreased sales’) mentioned by 27% of survey respondents, the highest since the survey started tracking the economic impacts of COVID began in March 2020. **The main current challenges facing business remain the same, and include access to new sales opportunities, managing finances, and developing the workforce.** The latter has risen significantly as a key challenge these last 4 weeks, cited by 47% of firms compared with 27% previously; and 45% said that the skills of their workforce are only ‘partly-right’ against what they needed for future success.
- The good news from the survey, is that redundancy risk remains suppressed, with just 1% stating that they had plans to make redundancies – despite the current cessation of furlough at the end of September.** Looking to the next 12 months, 63% of firms expect profits to increase, and investment intentions remain solid. Just under half of firms said they plan to invest more in workforce development – the most popular investment choice by businesses, followed by 41% increasing investment in digital transformation, and 38% increasing investment in innovation. **The themes of business planning, recruitment support and skills development are now the most popular choices for future business support amongst survey respondents.** Further, 25% of firms said they were also actively looking to develop a plan to minimise their environmental impact.
- Finally, in terms of the future ways of working, the survey shows a continued rise in the proportion of firms stating that the majority of staff will be back at their usual place of work – rather than working from home -** 64% of firms stating that this was their preference, whereas 12% said there would be a shift to mixed / hybrid ways of working from home and usual workplace, and 5% saying that there had already been a permanent shift to home working. 19% of firms said they were undecided – down from 25% in the previous survey. The main benefits from changes to agile working practices were an increase in productivity and ‘avoiding the commute’.
- The UK economy grew by 5.5% between April and June, higher than the previously estimated 4.8%, according to the Office for National Statistics (ONS).** However, the UK economy was still 3.3% smaller than in the final quarter of 2019, before the pandemic hit. Household spending was the biggest contributor to the economic boost, which came after restrictions eased to allow outdoor dining in April. Health services and the arts also performed better than expected. Some economists are concerned that the recovery is now being hampered by supply chain problems affecting sectors from fuel supply to supermarkets. There are also concerns that soaring inflation will see consumers rein in their spending. Growth was just 0.1% in July, down from 1.4% in June.
- Inflation reached 3.2% in the year to August 2021, according to data from the Office for National Statistics (ONS).** Higher prices in restaurants and recreation were behind the increase, up from 2% in July. However, the ONS urged caution in reading too much into August’s price increases, which it described as “temporary”. Eating and drinking out cost more last month in comparison with August last year, during the Eat Out to Help Out Scheme, where diners could claim a state-backed 50% discount on meals up to £10 each on Mondays, Tuesdays and Wednesdays. However, a new report by the OECD predicts that the UK will have inflation running at about 3% until the end of 2022 and would be the highest of the G20 economies.
- The IHS Markit/CIPS UK Manufacturing PMI** was revised higher to 57.1 in September 2021, from a preliminary estimate of 56.3 and compared to August’s final 60.3. The latest reading signals the weakest pace of expansion in the sector since February, although a strong one, due to supply chain delays, slower new order growth and rising material and labour shortages.
- The IHS Markit/CIPS UK Services PMI** increased to 55.4 in September of 2021 from 55 in August, slightly above forecasts of 55. The reading pointed to continued strong recovery in the sector but there has been severe supply constraints, which has contributed to a surge in price inflation and the slowest rise in new orders since the winter lockdown. Supply chain difficulties further contributed to the input price inflation and an increase in average cost burdens This has been coupled with labour shortages and lengthy wait times for supplier deliveries further increasing backlogs of work in the sector.

Main Impacts

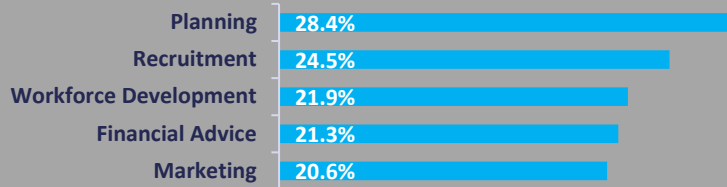


Positive Impacts

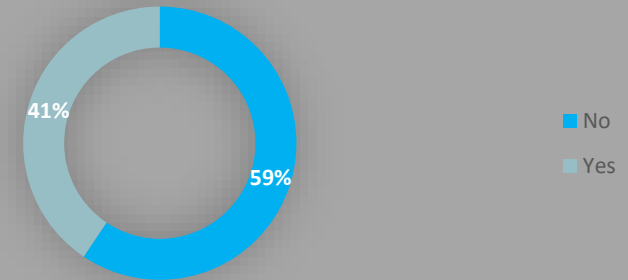


Areas of interest and business support

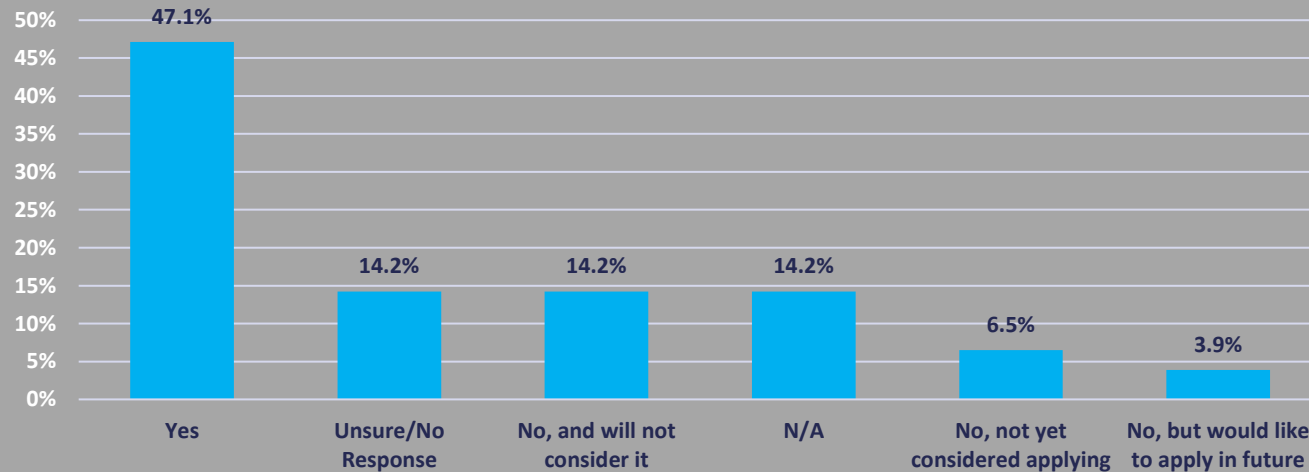
Top 5 areas for business support in the future



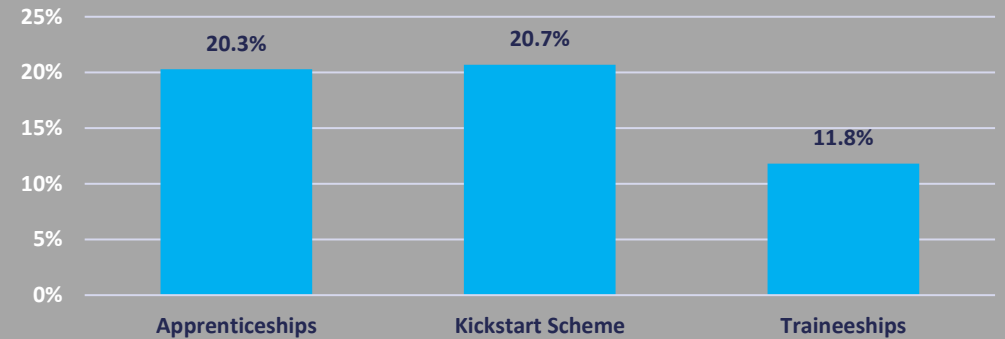
% of respondents furloughing staff



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

