

Greater Birmingham business make ‘remarkable recovery’ – report

Businesses in Greater Birmingham made a remarkable partial recovery in the last quarter of 2021, according to a newly published report.

Greater Birmingham Chambers of Commerce’s latest Quarterly Business Report recorded the highest proportion of businesses reporting an increase in UK sales since records began in 1997.

A total of 54 per cent of firms reported an increase and 35 per cent remaining constant, according to its analysis.

Export sales also increased, with 37 per cent reporting that they had risen and 48 per cent remaining constant but orders fell compared to the previous quarter – down to 36 per cent from 44 per cent.

However, there were severe problems in recruitment during the period. Sixty per cent of firms reported they had attempted to recruit, of which 76 per cent had difficulties recruiting – the highest total since the third quarter of 2007.

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But cashflow painted a better picture, with 35 per cent reporting that it improved over the last three months – a great leap from 15 per cent in quarter four of 2020.

A total of 50 per cent said they were expecting prices to increase over the next 12 months – rising to 77 per cent for

manufacturers.

One of the main concerns for 33 per cent of businesses was inflation which was rising alarmingly towards the end of the year.

The proportion of manufacturers decreasing the amount invested in capital expenditure rose this quarter while the services sector saw a rise in the proportion of firms that had cut the spend on training.

Confidence, however, remained strong with 71 per cent expecting an increase in turnover in the next 12 months (72 per cent for services, 67 per cent for manufacturers) but more were less certain about profitability – 57 per cent expecting an increase compared to 61 per cent in the third quarter.

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Chamber chief executive Henrietta Brealey said: "The latest data reveals an upturn in domestic and international activity as we head towards the end of another extraordinary year, with

a record number of domestic sales and an increase in export sales to a level that we haven't seen since early 2019.

“However, this is offset by the highest increase in price pressures on record, as well as a stark rise in recruitment difficulties experienced by local businesses.

“Nevertheless, with the emergence of the omicron variant, we understand that a sense of uncertainty will continue to pervade business thinking in the coming months.”

Professor Julian Beer, deputy vice-chancellor of Birmingham City University which sponsors the report, added: “The figures for the fourth quarter of 2021 provide cause for cautious optimism.

“Sales and forward orders for the majority of businesses remained stable or grew while businesses remained confident in turnover and profitability, despite growing concern about cost increases and inflation.

“The ongoing impact of the covid-19 pandemic and current government strategy such as Build Back Better, underline the vital importance of innovation.”

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