

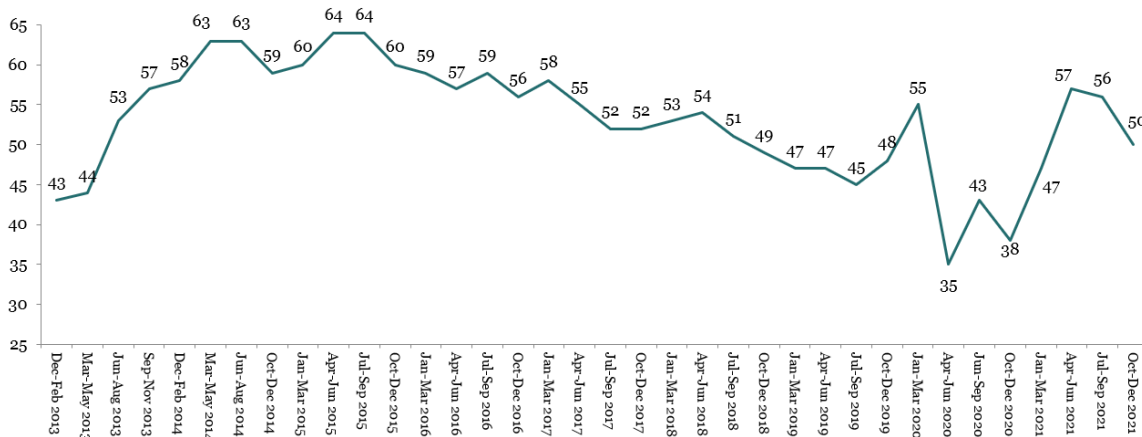
## Business Confidence

28<sup>th</sup> January 2022

### Confidence falls significantly in the winter quarter

Following a small fall in business confidence at Q3, the **Savanta Business Confidence Index** shows a significant fall in confidence at Q4 2021.

**MarketVue Business Confidence Index from Savanta (2012 to 2021)**



Larger businesses with annual sales above £1m are one of the most confident groups with a confidence index of 56, a significant decrease in score of -5 points compared to Q3 2021, and now 4 points lower than the pre-COVID Q1 2020 index of 60.

The confidence index among smaller established businesses, who represent most enterprises by number, is at 48 with the index having decreased significantly by 8 points on Q3 2021. It is now 7 points lower than the Q1 2020 index of 55.

New start-ups have a confidence index of 55. This represents a 4 point increase in confidence over Q3 2021, but this increase is not significant. The score is now 3 points higher than the pre-COVID Q1 2020 score of 52.

In terms of geographic location, confidence fell significantly in all regions.

Confidence was highest in the North/North West with score at 51 (6 points below the Q1 2020 index of 57), London 51 (3 points below the Q1 2020 index of 54) and the South East at 51 (5 points below the Q1 2020 index of 56).

Scores fell significantly for all regions in Q4 2021. The South East, North/North West and London have the highest optimism, with indices of 51, but fell by 8, 4 and 6 points compared to Q3 2021. Scores are now 5, 6 and 3 points lower than Q1 2020.

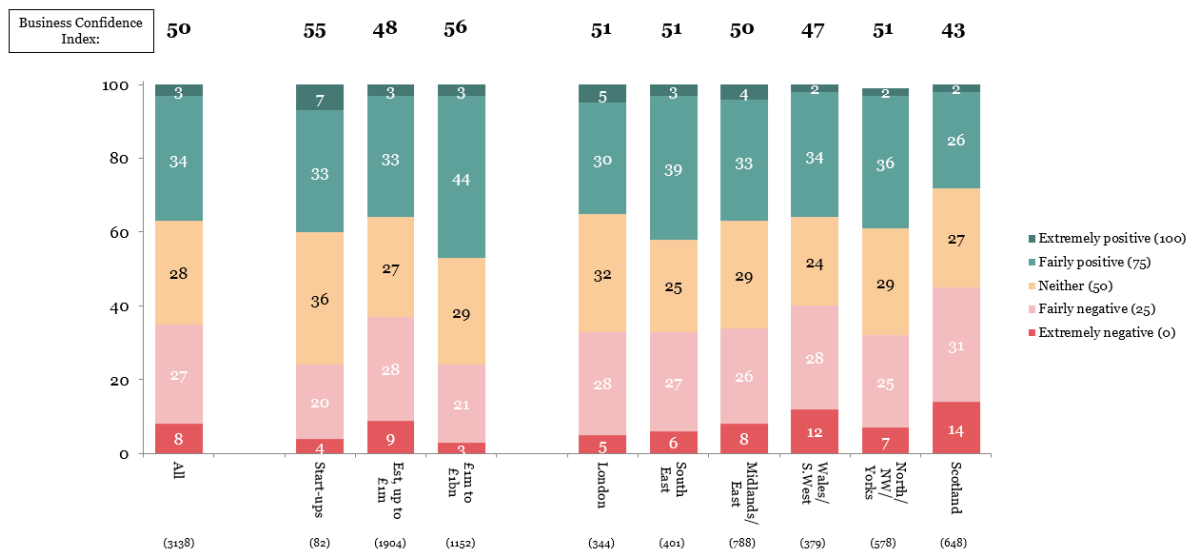
The Midlands/East is the next most optimistic regions with an index of 50, a fall in score of 7 points on Q3 2021, and now 7 points behind the Q1 2020 index of 57.

Wales/South West has an index of 47, a fall in score of 7 points on Q3 2021, and now 7 points behind the Q1 2020 index of 54.

Scotland remains the least confident area with a confidence index of 43 this quarter, 7 points less than Q3 2021, and 6 points behind the Q1 2020 index of 49.

An index of less than 50 means, perhaps unsurprisingly, more businesses are pessimistic rather than optimistic about the current state of the economy.

## How do you feel about the current health of the UK Economy?



Industry sector continues to be a stronger differentiator of sentiment than region, both in terms of the size of the quarterly shifts within a given sector and the degree of variation from one sector to another.

At Q4 2021 confidence fell significantly across all sectors.

Confidence is still highest in the Construction industry (52) though the score fell 9 points on Q3 2021.

Wholesale and Accommodation were the second most positive sectors with a score of 51. But this score represents a -5 and -4 decrease in score from Q3 2021.

Confidence is lowest in Other Services sector (46) but the Transport sector has the largest drop in confidence (47, -11 points on Q3 2021).

In terms of age of business owners, confidence levels are highest amongst the older age groups again this quarter, with the lowest drop for this group. Those aged up to 34 score 47 (down 4 points), those aged 35-64 score 48 (down 8 points) and those aged 65+ score 53 (down 3 points).

Commenting on the findings Sue Lewis, Senior Director at Savanta, said

*“With our fieldwork covering the winter period - petrol supply panics, Christmas shortages talk and of course the big one, Omicron and the move to Plan B and regional restrictions - it is perhaps not surprising that we see confidence falling for the end of year quarter. With the success of vaccines, relaxation of restrictions and spring on the horizon, we predict a rise in confidence at Q1 2022.”*

Quarter 4 findings are from Savanta’s **MarketVue Business Confidence** programme (formerly the Charterhouse Business Confidence Survey), conducted among GB businesses from start-ups to companies with £1bn turnover, surveyed from 17th September 2021 - 17th December 2021. Indices are mean scores based on a scale of ‘extremely positive’ (100), ‘fairly positive’ (75), ‘neither positive nor negative’ (50), ‘fairly negative’ (25) and ‘extremely negative’ (0).

For more information contact Sue Lewis, Senior Director, Financial Services at [sue.lewis@savanta.com](mailto:sue.lewis@savanta.com) or on 07813 717153.