

Business Confidence

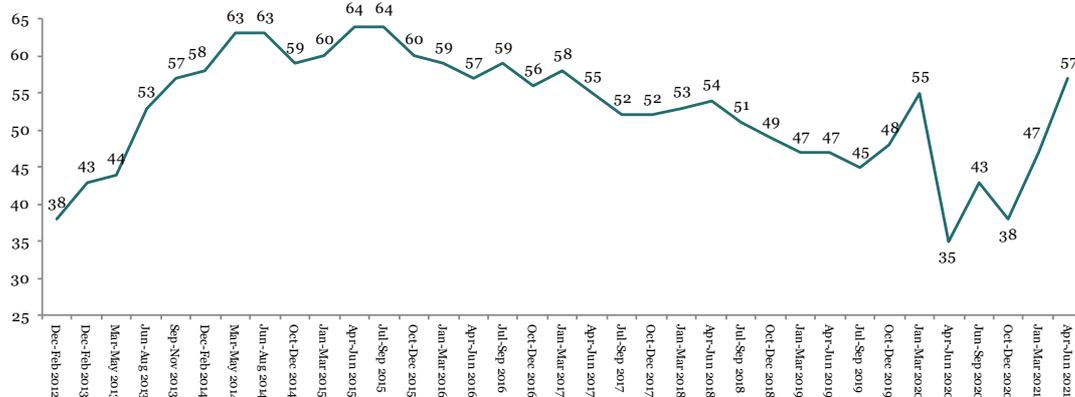
13th July 2021

Confidence booming as Britain continues to open for business

Whilst the effect of Covid on the **Savanta Business Confidence Index** is stark - an immediate fall at Q2 2020 as Covid hit, followed by a rally in summer and fall in autumn as new lockdowns were applied - 2021 brings great positivity.

Along with the successful vaccine rollout, confidence has increased significantly at both Q1 and Q2 and it now surpasses the 2019 election pre-covid high reported at Q1 2020.

MarketVue Business Confidence Index from Savanta (2012 to 2021)



2 Base: All

Savanta:

Larger businesses with annual sales above £1m are one of the most confident groups with a confidence index of 64, a significant increase in score of 15 points compared to Q1 2021, and 4 points higher than the pre-COVID Q1 2020 index of 60.

The confidence index among smaller established businesses, who represent most enterprises by number, is at 57 with the index having increased significantly by 9 points on Q1 2020. It is now 2 points higher than Q1 2020.

New start-ups are least confident with a confidence index of 53. This represents an 8 point rise in confidence over Q1 2021, but this increase is not significant. It is only 1 point higher than Q1 2020.

In terms of geographic location, confidence increased significantly across all 6 regions.

The North/North West is now the most confident region with a score of 60, representing a 12 point increase on Q1 2021, 3 points above the Q1 2020 score.

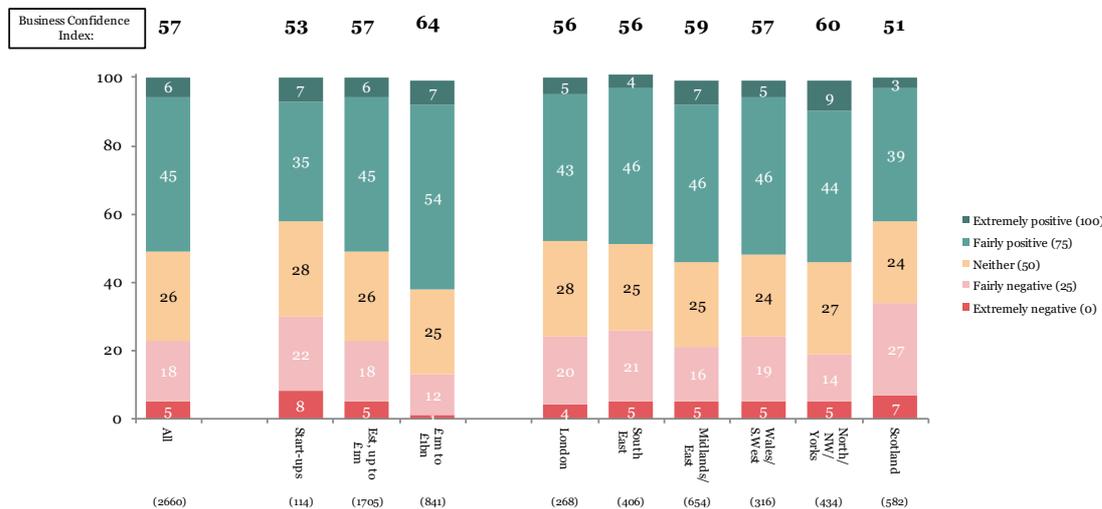
The Midlands and Wales/South West are the next most optimistic regions with indices of 59 for the Midlands and 57 for Wales/South West, increases of 12 points on Q1 2021, 2 points and 3 points above their respective Q1 2020 indices.

London and the South East are the next most optimistic regions with scores of 56 at Q2 2021, an increase in score of 2 points over Q1 2020 for London, but the same index for Q1 2020 for South West.

Scotland remains the least confident area with a confidence index of 50 this quarter, but this represents an 8 point increase in confidence index over Q1 2021 and is 1 point ahead of Q1 2020.

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

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



3 Base: All

Savanta

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 Q2 2021 confidence rose across all industry sectors and significantly so across all sectors bar Education. Indices are above Q1 2020 for all sectors bar Production and Other Services, where score is flat.

The biggest increase in score occurred in Transport, up 18 points to 56 from Q1 to Q2 and now higher than the pre-Covid Q1 2020 score of 52.

Confidence is highest in the Construction (63), Business Services (59) and Agricultural sectors (57). Confidence in the Construction sector is up 12 points from Q1 2021, Business Services is up 13 points and Agriculture up 9.

In terms of age of business owners, confidence levels are higher amongst the older age groups this quarter – those aged up to 34 score 52 (up 13 points) whilst those aged 35-64 score 57 (up 10 points) and 65+ score 61 (up 12 points). Scores for the under 35s are flat on the Q1 2020 indexes but scores for the older age groups are ahead (+2 +6 points respectively).

Commenting on the findings Sue Lewis, Director at Savanta, said *“With relaxation within touching distance, Business Confidence is up across the board. We predict confidence levels will rise again at Q3 and Q4, when businesses start reaping the reward. Perhaps this post-Covid confidence will turn to post-Covid economic boom?”*

Quarter 2 findings are from Savanta’s **MarketVue Business Confidence** programme (formerly the Charterhouse Business Confidence Survey), conducted among 2,660 British businesses from start-ups to companies with £1bn turnover, surveyed from 30th March 2021 - 18th June 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).

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