

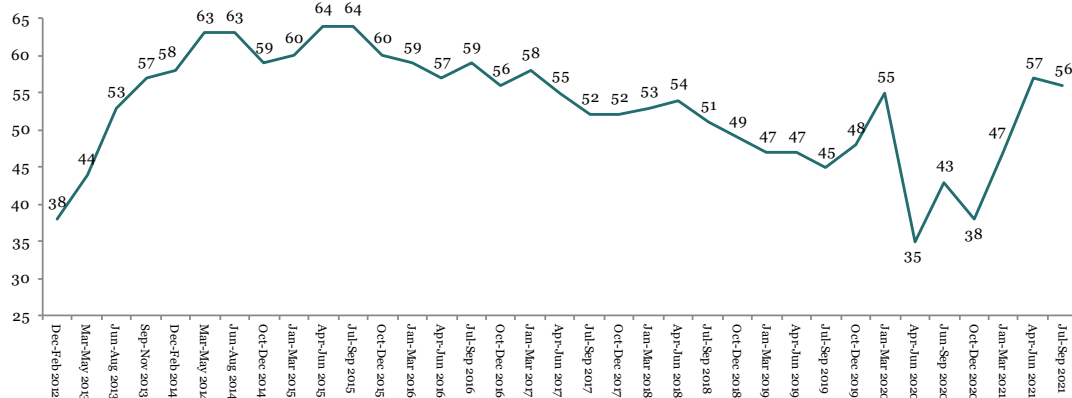
## Business Confidence

22<sup>nd</sup> October 2021

### Confidence falls marginally as businesses brace for winter

Following two extremely positive quarters the **Savanta Business Confidence Index** shows a small fall in business confidence this quarter – though the change is not significant, and the overall picture is still a positive one.

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 61, a significant decrease in score of -3 points compared to Q2 2021, and now only 1 point 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 56 with the index having decreased by 1 point on Q2 2021. It is now 1 point higher than Q1 2020.

New start-ups are least confident with a confidence index of 51. This represents a 3 point fall in confidence over Q2 2021, but this increase is not significant. The score is now 1 point lower than the pre-COVID Q1 2020.

In terms of geographic location, confidence increased in the South and decreased in the North, though most changes were not significant.

London and the South East were the only regions to see an increase in confidence and are now amongst the most optimistic regions with scores of 57 and 59 respectively at Q3 2021, an increase in score of 3 points over Q1 2020 for both regions.

The Midlands/East is the next most optimistic regions with an index of 57, a fall in score of 2 points on Q2 2021, and now an equal score to Q1 2020.

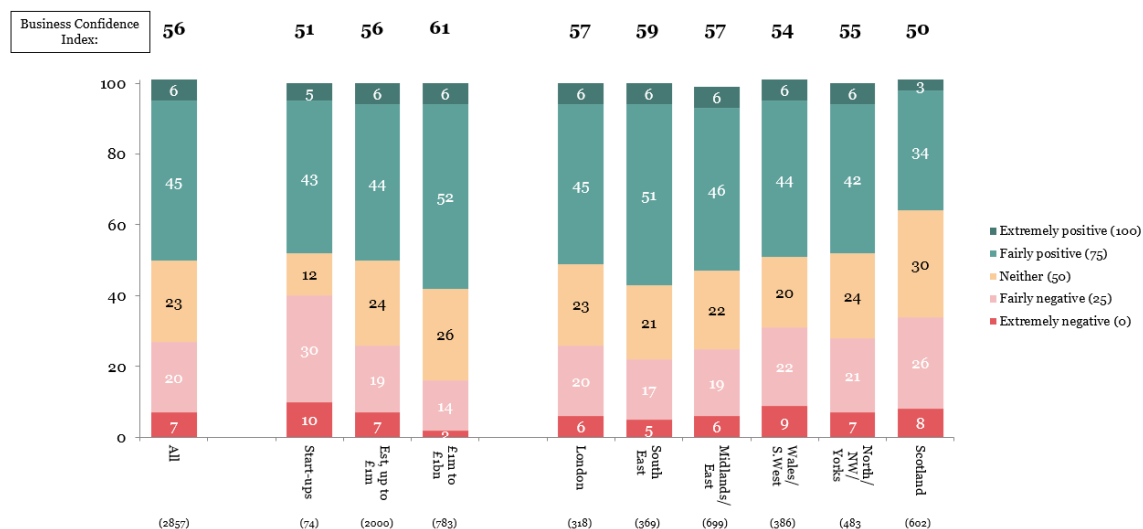
The North/North West has experienced the greatest fall in confidence. Score fell on Q2 2021 significantly, by 5 points to 55, resting 2 points below the Q1 2020 index.

Wales/South West is the next most optimistic region with an index of 54, a decrease of 3 points on Q2 2021, and now an equal score to Q1 2020.

Scotland remains the least confident area with a confidence index of 50 this quarter, 1 point less than Q2 2021, and now an equal score to 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 Q3 2021 confidence rose across 1 sector, fell amongst 5 and stayed the same in 2. No changes were significant. Scores for Accommodation, Education, Transport, Wholesale and Business Services are higher now than pre-COVID Q1 2020.

Confidence is still highest in the Construction industry (61) though the score fell 2 points on Q2 2021.

Transport becomes the second most positive sector with an increase in score of +2 to 58, with Business Services following with a decreased score of 57, down 2 points on Q2 2021.

Confidence is lowest in the Agricultural sector (51, -6 points on Q2 2021) and Other Services (50, -5 points on Q2 2021).

In terms of age of business owners, confidence levels are higher amongst the older age groups again this quarter though those in the oldest group have seen confidence fall the most. Those aged up to 34 score 51 (down 1 point) whilst those aged 35-64 score 56 (down 1 point) and those aged 65+ score 56 (down 5 points).

Commenting on the findings Sue Lewis, Senior Director at Savanta, said *“Although confidence is still high and change is relatively low, we find a division in change between London and the South East (positive) and the rest of the country (negative). Confidence amongst older business owners 65+ has fallen the most. Is this worry over what a winter of illnesses might bring or concern over possible Brexit impact and labour and supply chain issues? With our fieldwork before the petrol supply panic and Christmas shortages talk, we might expect to see confidence decline again next wave.”*

Quarter 3 findings are from Savanta’s **MarketVue Business Confidence** programme (formerly the Charterhouse Business Confidence Survey), conducted among 2857 British businesses from start-ups to companies with £1bn turnover, surveyed from 21st June 2021 - 16th September 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.