Cost of Doing Business Briefing

December 2022

Contents

Context/Background

Rising inflation, rising energy costs, political tensions and fiscal uncertainty has resulted in strained budgets for many individuals across the UK. While support has been made available for households and businesses alike through central government schemes such as the Energy Price Guarantee for domestic energy bills and Energy Bill Relief Scheme for businesses, it was announced in November by the Treasury as part of their Autumn Fiscal Plan that this support will be reduced after the 31st of March 2023.

As of the 9th of January 2023, it was announced by central government that for the 2023/24 financial year eligible businesses will be able to receive support under a new "Energy Bills Discount Scheme"[1]. UK businesses, charities and other non-domestic energy users will receive a discount on high energy bills until 31 March 2024. A unit discount of up to £6.97/MWh will be automatically applied to gas bills and a unit discount of up to £19.61/MWh applied to electricity bills. This will not apply to those benefitting from lower energy prices.

High energy consumption industries such as manufacturing will receive more support in the form of a gas and electricity bill discount based on a supported price which will be capped by a maximum unit discount of £40.0/MWh for gas and £89.1/MWh for electricity.

The following document aims to shed light on the impact previous events such as rising inflation, rising energy costs and political tensions may have had on businesses so far nationally, regionally and locally. Data has been compiled and reported on from a variety of publicly available sources such as The Office for National Statistics, The British Chambers of Commerce and the Federation of Small Businesses.

NOTE: The sources of data used in this report are updated frequently, with content being accurate and up to date at the time of production (December 2022). Please check the most up to date position using the references provided.

[1] Energy Bills Discount Scheme, HM Treasury, January 2023

Key Messages

Business Activity (growth)

Index of Business Activity tracks the monthly change in the output of goods and services. In August ’22, the East of England region experienced a decline in business activity for the 3rd month in a row.

According to ONS and FSB surveys, turnover, energy prices, raw material prices, labour costs all appear to be concerns for many businesses currently trading, with many expecting the prices of goods or services sold to increase.

However, over 60% of businesses expected performance to stay the same or increase over the next 12 months.

Business Confidence

Overall, for the UK, business confidence is falling.

The Business Confidence Index for the East of England has fallen for the fifth successive quarter (to -17.4 in Q4 2022, slightly below the UK national figure of -16.9).

Problems with skill availability and staff turnover, along with modest sales growth, probably underpin the muted employment growth (1.8%) over the year to Q4 2022

The Norfolk Chambers of Commerce commented on the results for Norfolk from the Q3 2022 survey, noting that in both the manufacturing and the service sector, 42% of the QES indicators were down on the previous quarter, with the last quarter’s results particularly subdued.

Redundancies

As of the Jul-Sep 2022 quarter, the East of England had a redundancy rate of 1.3 compared to 5.6 during the same period in 2021.

The East of England’s redundancy rate has been lower than the national rate for this year’s available data and it experienced a decline from 5.6 in Jul-Sep 2021 to 1.0 in Jan-Mar 2022 matching a similar, less pronounced trend across England.

Vacancies and job postings

Data is available at District level in this dataset. The increase in postings across all industries during 2021 would appear to be levelling out through 2022.

Although Norwich has particularly higher postings than all other districts, Norfolk’s districts seem to have experienced very similar trends.

Sectors showing higher job postings are Human Health & Social Work and Wholesale & Retail.

Great Yarmouth experienced a large increase in job postings within the Accommodation & Food industry (although the rate of increase is now slowing).

Insolvencies

Company insolvencies across England and Wales were in decline between Jan 2020 and March 2021, partly attributable to the financial support offered during the pandemic. Since April 2021 they have been increasing, peaking in March 2022.

Individual insolvency data is available at district level. In 2021, the district with the highest count of individual insolvencies was Norwich with 340. The district with the lowest count was North Norfolk with 169 (9.6%).

The Norfolk rate of individual insolvencies per 10,000 adults exceeds the rate for the East of England, England and for England and Wales. Time trends since 2011 suggest that this trend has persisted over the last decade.

The three industries recording the highest number of business insolvencies in the first half of 2022 were construction, wholesale and retail trade, and accommodation and food service activities. Collectively, these industries accounted for 53% of company insolvencies in England and Wales.

Business Activity

Key Points:

- Only a quarter of UK regions recorded a rise in business activity in August 2022.
- The sharpest declines observed in the North East and East of England regions.
- Almost all regions recorded a rise in employment in August. The East of England region ranked only second behind London in terms of employment growth from the previous month.
- As for future activity, most regions of the UK expressed a drop in business confidence in August. The East of England ranked 6th out of the 12 monitored regions for this measure.
- The latest NatWest East of England Business Activity Index figure signalled a third consecutive month of contraction in private sector activity.
- Turnover, energy prices, raw material prices, labour costs all appear to be concerns for many businesses currently trading, with many expecting the prices of goods or services sold to increase.
- However, businesses were reportedly generally confident in their performance over the next 12 months – 18.7% said they think performance will increase, 41.5% said they think it will stay the same and 16.1% said they think performance will decrease.
- 96% of all small businesses responding to the Federation of Businesses reported that they were concerned about rising energy costs with 38% claiming that they were extremely concerned.
- Small firms in accommodation and food (68%), wholesale and retail (45%) and manufacturing (43%) sectors reported high levels of extreme concern.
- 6% of small firms have acquired business debt to cover rising costs, with small firms in food and beverage service activities (15%) and retail (12%) reporting the highest rates of debt acquisition.

Natwest Purchasing Manager's Index (PMI)

The PMI Business Activity Index is an indicator of regional economic health published each month, tracking the monthly change in the output of goods and services across the private sector. A reading above 50 signals growth, and the further above the 50 level, the faster the expansion signalled.

According to the September release of the index, only a quarter of UK regions recorded a rise in business activity in August 2022. While some areas reportedly demonstrated solid growth (London), others demonstrated only modest expansion

(North West, Yorkshire and the Humber). Business Activity reportedly fell elsewhere – with the sharpest declines observed in the North East and East of England regions.

In terms of employment, almost all regions recorded a rise in employment in August. The East of England region ranked only second behind London in terms of employment growth from the previous month. As for future activity, most regions of the UK expressed a drop in business confidence in August. The East of England ranked 6th out of the 12 monitored regions for this measure, indicative of moderate business confidence moving forward for the next 12 months.

Figure 1: Regional Comparisons for PMI Business Activity Index

* Coverage in Northern Ireland also includes retail and construction, alongside manufacturing and services.

Source: https://www.natwest.com/content/dam/natwest/business-insights/documents/pmi/aug-2022/East-England.pdf

Figure 2: East of England Index Summary

Index summary

East of England

sa, 50 = no change over previous month. *50 = no change over next 12 months.

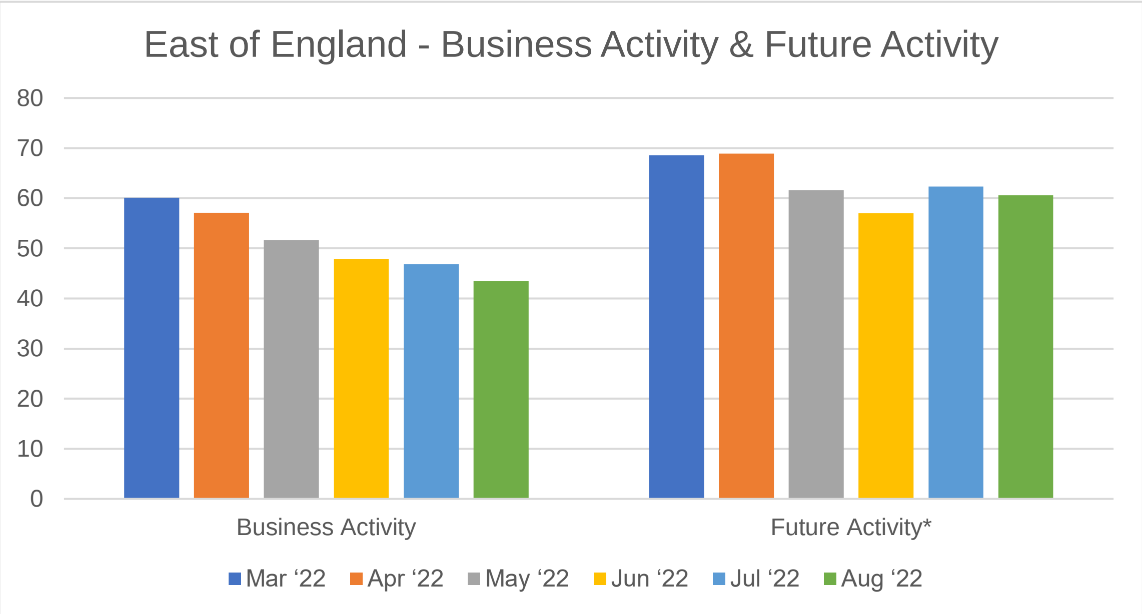
	Business Activity	New Business	Export Climate	Future Activity*	Employment	Outstanding Business	Input Prices	Prices Charged
Mar '22	60.1	58.2	53.4	68.6	58.3	51.7	82.0	67.0
Apr '22	57.1	53.8	53.3	68.9	57.4	50.8	82.7	67.3
May '22	51.7	51.1	52.9	61.6	55.5	49.0	82.3	66.3
Jun '22	47.9	47.6	52.6	57.0	56.5	48.9	82.3	64.3
Jul '22	46.8	49.3	50.4	62.3	57.1	47.1	76.3	61.7
Aug '22	43.5	46.8	49.0	60.6	56.2	44.7	75.3	63.3

Source: https://www.natwest.com/content/dam/natwest/business-insights/documents/pmi/aug-2022/East-England.pdf

The East of England Business Activity Index is the headline NatWest PMI Business Activity Index for the East of England and is a seasonally adjusted index that measures the month-on-month change in the combined output of the region's manufacturing and service sectors. Overall, in August 2022 this index reported a reading of 43.5. This was down from a reading of 46.8 in July. The latest figure signalled a third consecutive month of contraction in private sector activity, and the rate of decrease was the joint fastest since May 2020. According to anecdotal evidence, weak client demand and cautious customer spending resulted to fewer sales and a further drop in inflows of new business. Regarding the accompanying indices:

Future Activity Index – remained subdued as fears of recession and lower sales in the coming 12 months weighed on the level of positive sentiment which slipped from July's three month high.

Figure 3: Business Activity & Future Activity Index Readings – March '22 – August '22



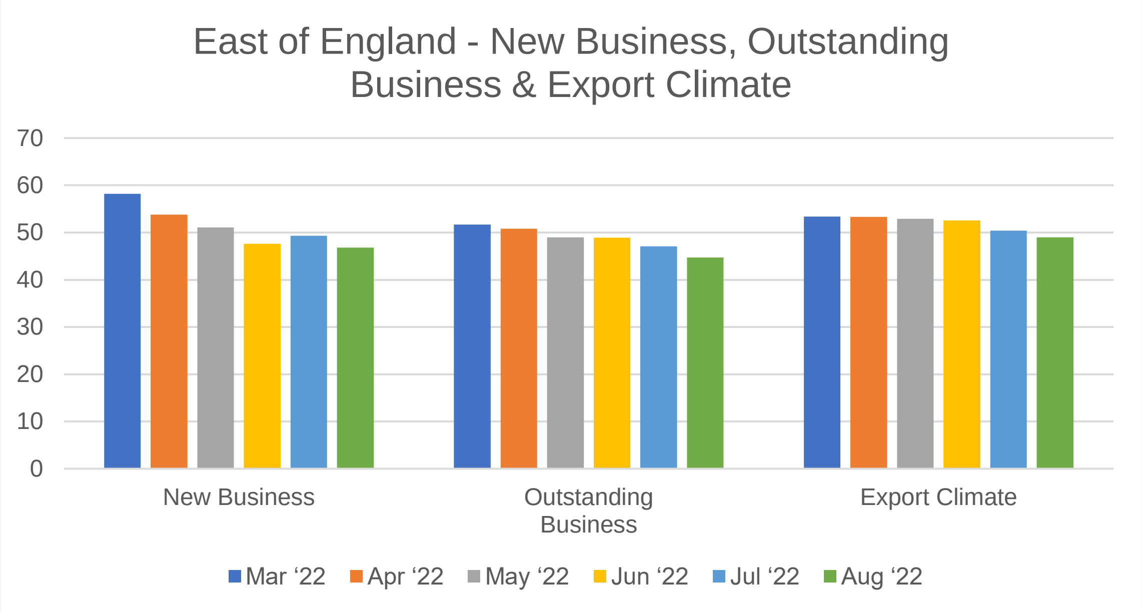
Source: https://www.natwest.com/content/dam/natwest/business-insights/documents/pmi/aug-2022/East-England.pdf

New Business Index – For the third successive month, new orders placed at private sector firms across the East of England fell during August.

Outstanding Business Index – For the fourth month running, capacity pressures eased across the East of England's private sector as backlogs of unfinished work fell sharply during August.

Export Climate Index – fell below the no change mark of 50.0 for the first time in 26 months, to 49.0 in August, signalling a mild deterioration in the overall health of the East of England's export markets.

Figure 4: New Business, Outstanding Business & Export Climate Index Readings March '22 – August '22



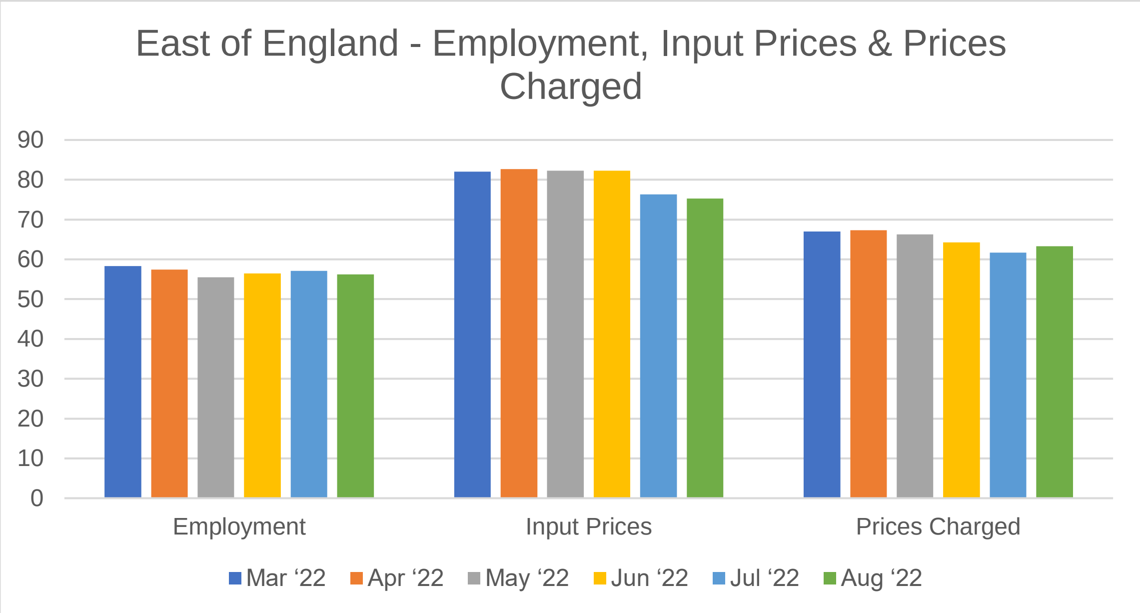
Source: https://www.natwest.com/content/dam/natwest/business-insights/documents/pmi/aug-2022/East-England.pdf

Employment Index – increase in employment at private sector firms in the East of England, thereby, extending the run of expansion to 19 months.

Input Prices Index – Private sector companies across the East of England reported a rise in average cost burdens during August, thereby, stretching the current bout of inflation to 27 months.

Prices Charged Index – As has been the case for the last 26 months, private sector firms in the East of England passed on higher input prices to their clients by way of increased output charges during August.

Figure 5: Employment, Input Prices and Charged Prices Index Readings March ’22 -August ‘22



Source: https://www.natwest.com/content/dam/natwest/business-insights/documents/pmi/aug-2022/East-England.pdf

Overall Summary:

The overall sentiment in the East of England in August 2022 is that business activity has declined month on month. While only three regions saw growth since the previous month, the East of England saw the second largest decline in business activity – behind only the North East.

New business is down, businesses are paying more for inward purchases and in turn passing on higher prices to their customers. Looking forward there is fear of recession, but the main positive is that the employment rate in the East of England remains strong.

ONS Business Insights and Conditions (BICS)

The Business Insights and Conditions Survey (BICS) is a fortnightly voluntary survey conducted by the Office for National Statistics (ONS) and completed by businesses. The survey captures information relating to business resilience, financial performance, trade and workforce.

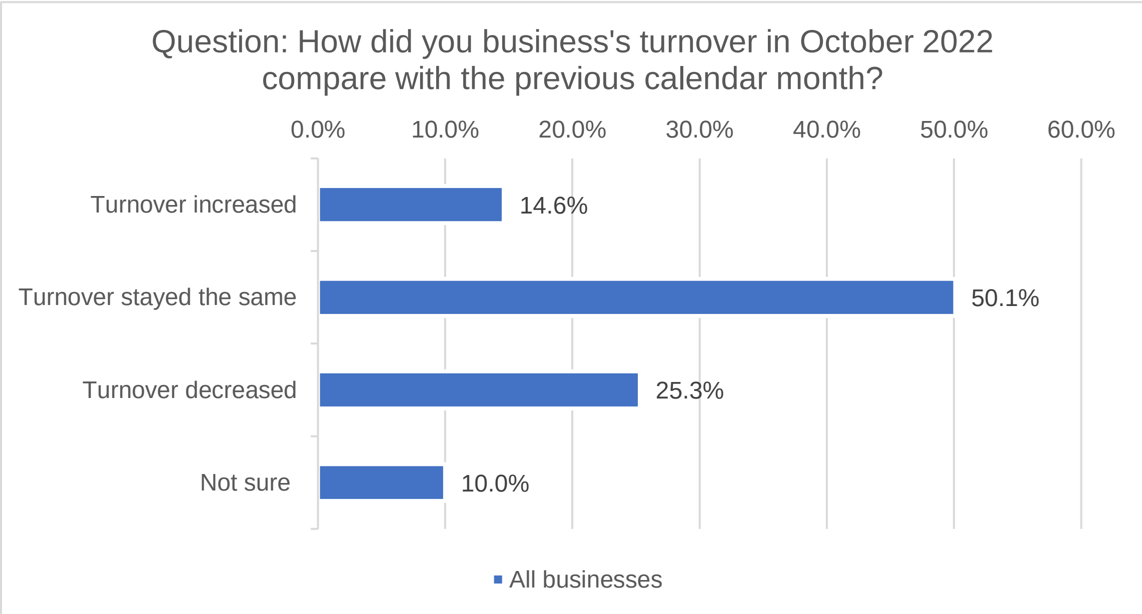
The survey from which the following findings are derived was distributed to approximately 39,000 UK businesses, and results presented in this release are based on a limited number of responses, around 24.5% (9,583) of all businesses surveyed who responded. The survey was live between 31st October 2022 and 13th

November 2022 and made reference to “in the last month” – the period of 1st October 2022 to 31st October 2022.

For the purpose of this report, data that has been ‘weighted by count’ has been selected. This is data that is weighted to be representative of the national business landscape. Further information about the weighting process can be found here.

Survey results indicated at 25.3% of businesses reported that turnover decreased in October 2022, compared to the previous calendar month.

Figure 6: Reported Changes in Turnover between Sept ’22 and October ‘22



Source: ONS, BICS

Furthermore, 45.9% of businesses currently trading reported that the prices of goods or services bought by their business increased in October 2022 compared with the previous calendar month.

19.8% of businesses currently trading reported that the prices of goods or services sold by their business increased in October 2022 compared with the previous calendar month. Additionally, 22.2% of businesses currently trading reported that they expect the prices of goods or services sold in December 2022 to increase.

Energy prices (cited by 37.6% of businesses currently trading), raw material prices (26.8%) and labour costs (21.4%) were the most common reasons causing businesses to consider raising prices in December 2022. 55.1% of businesses have passed through higher costs to prices.

Survey findings also indicated that demand, both domestic and international, was more likely to have decreased than increased in October 2022 compared with the previous calendar month (domestic 18.9% decrease vs 9.6% increase, international 4.9% decrease vs. 2.4% increase).

72.9% of businesses have been affected in some way by recent energy price increases. When asked how they have been affected by price rises, 39.0% of businesses said they have had to absorb costs and 27.7% said they have had to pass on price increases to customers.

Employee numbers were more likely to have decreased than increased in October 2022 compared with the previous calendar month (6.8% decrease vs 4.3% increase). 61.8% of businesses say they have some risk of insolvency (although 36.8% say it is a low risk). When asked for their business's overall performance in October 2022, compared with this calendar month last year, 22.9% said performance had decreased (compared to 15.9% who said performance had increased).

However, businesses were reportedly generally confident in their performance over the next 12 months – 18.7% said they think performance will increase, 41.5% said they think it will stay the same and 16.1% said they think performance will decrease.

Federation of Small Businesses (FSB) – "Out in the Cold Report"

The Federation of Small Businesses (FSB) is a non-profit making, grassroots and non-party political business organisation. In September 2022, the FSB produced their "Out in the Cold Report"[2] outlining the impact of rising energy costs on small businesses. The survey was completed nationwide and was administered from 5th of May to the 19th of May 2022. It should be noted that these sentiments were captured prior to the announcement of Government support regarding energy costs and prior to the Treasury's mini budget/Autumn fiscal plan. The survey questionnaire was completed by a total of 1,284 small businesses.

It was found that 96% of all small businesses reported that they were concerned about rising energy costs with 38% claiming that they were extremely concerned. Small firms in accommodation and food (68%), wholesale and retail (45%) and manufacturing (43%) sectors reported high levels of extreme concern.

Other key findings included 63% of all small firms reporting that their energy costs have increased compared to last year. 39% of small businesses claimed their energy costs had increased by double, triple or higher in the last year. Looking again to the accommodation and food services sectors, where 77% of small businesses have seen energy costs increase.

72% of small firms in Scotland report an increase in their energy prices in the last year and only 16% of small businesses say their costs have not increased because they renewed their contract before August 2021. When asked about their energy supplier, 4% of small businesses claimed that their provider ceased trading from

[2] Federation of Small Businesses, Out In The Cold: Helping small businesses through the energy crisis, September 2022

August 2021 to May 2022 and of those that said their provider ceased trading between August 2021 and May 2022, 73% reported that their energy costs have increased by double, triple or higher (compared to 39% of all small businesses). In terms of how businesses are behaving in response to rising energy costs, 45% of small firms have raised their prices to mitigate the impact of rising energy costs for their business, 40% say they have reduced their energy consumption and 24% have cancelled or scaled down plans for investing in or expanding their business. Furthermore, 6% of small firms have acquired business debt to cover rising costs, with small firms in food and beverage service activities (15%) and retail (12%) reporting the highest rates of debt acquisition.

Lastly, it was also found that the majority of small businesses (51%) are on a fixed energy tariff for their business and almost 1 in 5 small businesses (18%) have no control over who provides their energy.

Contact: [Jonathan Eagle (Economic Analyst, NODA)]

Business Confidence

Key Points:

- There have been significant declines for indicators of business sales, cashflow, and profit expectations across the UK.
- Four in ten (39%) businesses believe their profitability will reduce over the next 12 months. Fewer businesses are reporting increased sales; only 33% of firms reported increased domestic sales.
- The Norfolk Chambers of Commerce commented on the results for Norfolk from the Q3 2022 survey, noting that in both the manufacturing and the service sector, 42% of the QES indicators were down on the previous quarter, with the last quarter's results particularly subdued.
- Many firms are caught in the pincer movement of soaring inflation and rising interest rates. The devaluation of the pound has also added a huge cost base for businesses reliant on imports.
- Overall, for the UK, the BCM analysis shows business confidence falling further across the UK as difficult economic conditions combine with political turmoil. The latter has seriously unsettled financial markets, and although some stability has been restored, recent events are likely to result in higher interest rates, taxes and government borrowing, and lower government spending, than previously expected. This has adversely affected business sentiment.
- Results for the East of England region from the Q4 2022 survey show that business confidence weakens as sales and investment outlook dims. The Business Confidence Index for the East of England has fallen for the fifth successive quarter and now stands at -17.9 in Q4 2022, which is slightly below the UK national figure of -16.9.

- Businesses face many growing challenges. The availability of non-management skills and staff turnover remain the most widespread problems,
- Beyond the labour market, access to capital is now one of the more prominent issues for businesses.
- Problems with skill availability and staff turnover, along with modest sales growth, probably underpin the muted employment growth (1.8%) over the year to Q4 2022
- East of England companies also have the weakest employment growth expectations (1.3%) for the next year across all the UK.

British Chambers of Commerce (BCC) Quarterly Economic Survey (QES)

The British Chambers of Commerce (BCC) Quarterly Economic Survey (QES) is the UK's largest independent survey of business sentiment and a leading indicator of UK GDP growth. The QES for Q3 2022 took place between 22 August and 16 September 2022, which was before the Government's energy support package for firms and the mini-budget announcement. For Q3 2022, over 5,200 firms – 92% of which are SMEs – across the UK were surveyed.[3]

The survey reveals that there have been significant declines for indicators of business sales, cashflow, and profit expectations across the UK. Four in ten (39%) businesses believe their profitability will reduce over the next 12 months. Fewer businesses are reporting increased sales; only 33% of firms reported increased domestic sales, down from 41% last quarter. Measures for inflation remain at record highs as more than four in five (84%) firms say it is a growing concern for them.

The Norfolk Chambers of Commerce commented on the results for Norfolk from the Q3 2022 survey, noting that in both the manufacturing and the service sector, 42% of the QES indicators were down on the previous quarter, with the last quarter's results particularly subdued.

Manufacturing export sales and orders are in negative territory and have fallen every quarter since this time last year; a likely result of Brexit and the increased costs of exporting – it is estimated that the cost of exporting has increased by approximately 40%.

For our service sector, we saw UK sales increase slightly from the last quarter, however, UK orders have been falling since the start of 2021 and continuing to do so. Since the start of 2021, Export sales and orders are negative and are still falling.

Recruitment difficulties are being reported by both the manufacturing and the service sector.

[3] https://www.norfolkchamber.co.uk/news/chambers-qes-q3-business-confidence-declines-significantly/

Confidence in cashflow and turnover are both low and falling. Investment in plant and machinery and training continues to be weak and indicators are dropping, particularly in the service sector.

Both sectors are deeply into negative results when asked about their profitability.

Similarly, the service sector dropped in Q2 2021 and then further in this quarter. We can conclude that the cost of living, inflation and fuel and utility costs are biting hard across all our sectors.

49% of manufacturers and 40% of the services sector are at full capacity. However, 83% of manufacturers and 56% of service industries are expecting their prices to rise in the next three months. For manufacturing, pay settlements, raw material prices, utility bills and fuel costs are the key challenges and for the service sector it is fuel costs and utilities. Both sectors stated their biggest concern was inflation.

Many firms are caught in the pincer movement of soaring inflation and rising interest rates. The devaluation of the pound has also added a huge cost base for businesses reliant on imports. Businesses now desperately need to see economic stability in order to rebuild the confidence to invest.

Institute of Chartered Accountants in England and Wales (ICAEW) UK Business Confidence Monitor (BCM)

The Institute of Chartered Accountants in England and Wales (ICAEW) runs a UK Business Confidence Monitor (BCM), which is a quarterly analysis on each UK region covering growth, investment, and business confidence. It is one of the largest and most comprehensive quarterly surveys of UK business confidence, based on 1,000 member interviews. The latest findings for Q4 2022 are based on telephone interviews with ICAEW Chartered Accountants that took place between 25 July and 14 October 2022.[4]

Overall, for the UK, the BCM analysis shows business confidence falling further across the UK as difficult economic conditions combine with political turmoil. The latter has seriously unsettled financial markets, and although some stability has been restored, recent events are likely to result in higher interest rates, taxes and government borrowing, and lower government spending, than previously expected. This has adversely affected business sentiment. The Business Confidence Index (-16.9) has fallen further into negative territory. All sectors, regions and types of companies are affected. Difficult economic conditions are the reason, compounded by recent political and policy disarray.

Results for the East of England region from the Q4 2022 survey show that business confidence weakens as sales and investment outlook dims. The Business Confidence Index for the East of England has fallen for the fifth successive quarter

[4] https://www.icaew.com/technical/economy/economic-insight/business-confidence-monitor-regional

and now stands at -17.9 in Q4 2022, which is slightly below the UK national figure of -16.9.

Sales performance is underwhelming when placed in the UK context. For domestic sales, annual growth peaked in Q3 2022 and is now starting to ease. In Q4, domestic sales are up 4.4%, one percentage point lower than the UK average. And over the next 12 months, domestic sales are expected to rise by the more modest rate of 4.1%. In terms of exports, growth has been subdued. A rise of just 2.3%, year-on-year, in Q4 2022 is the second weakest outturn across the UK, with companies in the East Midlands seeing only slightly weaker growth. Much of the same is expected for next year, with exports forecast to, again, rise by 2.3%. Only companies in Wales have weaker growth expectations.

Businesses face many growing challenges. The availability of non-management skills and staff turnover remain the most widespread problems, with 44% citing the former and 33% the latter. Part of the explanation is the departure of workers from the labour market before and during the pandemic, although restrictions on the movement and hiring of workers from the EU following Brexit may also be a factor. However, neither challenge is quite as widespread as in recent quarters.

Beyond the labour market, access to capital is now one of the more prominent issues for businesses. Indeed, 22% are challenged by this, the highest rate in almost a decade. A similar story is also apparent for bank charges, which are a growing problem for 16% of businesses. This may reflect companies needing to borrow at short notice or in difficult circumstances and incurring higher charges as a result.

The tax burden has also become a more widespread concern. In Q4 2022, 22% of businesses cite this as a growing challenge which, although below the record rate of last quarter, is still nearly double the historical rate for the region. This probably reflects the aftermath of September's "mini-Budget" and the urgent need for the government to find additional revenue.

Difficulties in recruitment help to explain why average total salaries are rising sharply. In the year to Q4 2022, these are up by 3.6%, the fastest rate since mid-2007. And a further 3.1% rise is planned for the coming 12 months, implying that businesses do not expect current labour market disruptions to quickly dissipate.

Problems with skill availability and staff turnover, along with modest sales growth, probably underpin the muted employment growth (1.8%) over the year to Q4 2022. Only companies in the East Midlands expanded their staff levels at a slower pace. East of England companies also have the weakest employment growth expectations (1.3%) for the next year across all the UK.

In addition to rising labour costs, businesses are facing considerable input cost pressures, underpinned by the surge in global energy prices and ongoing disruptions to supply chains. Annual input price inflation in Q4 2022 of 4.8% is only just below the record rate from last quarter. And this rate of increase is expected to hold firm in the year to Q4 2023.

Businesses have responded to these cost rises by lifting selling prices by 3.3%, year-on-year, in Q4 2022. This is by far the sharpest increase since the survey began in 2004. Another record rise of 3.5% is planned over the coming year.

The marked rises in labour and input costs mean that profits growth is easing. An increase of 2.7% in Q4 2022 is considerably weaker than the UK average. A similar 3.2% is forecast for next year, a rate that trails the UK outlook.

Reflecting modest sales and profits growth, and also the difficult macroeconomic setting, investment spending is being moderated. Annual capital investment growth in Q4 2022 stands at 2.2%, a markedly slower rate than the 5.1% increase from last quarter. And it is concerning that businesses plan only a 0.6% rise in the 12 months ahead. With the exception of Scotland, this is the weakest projection across the UK.

A similar story is apparent for Research & Development (R&D) budgets. Growth in Q4 2022 stands at 1.7%, but businesses plan barely any increase (0.3%) from current levels over the year ahead. Not only is this the weakest outlook across the UK but, if this were to materialise, it would be the slowest rise in the region since Q4 2009. Any moderation of investment growth is a worrying development for businesses in the region, given the importance of both capital investment and R&D budgets for productivity gains and, thus, improvements in competitiveness within domestic and foreign markets.

Contact: Andrew Brownsell (Analyst, NODA)

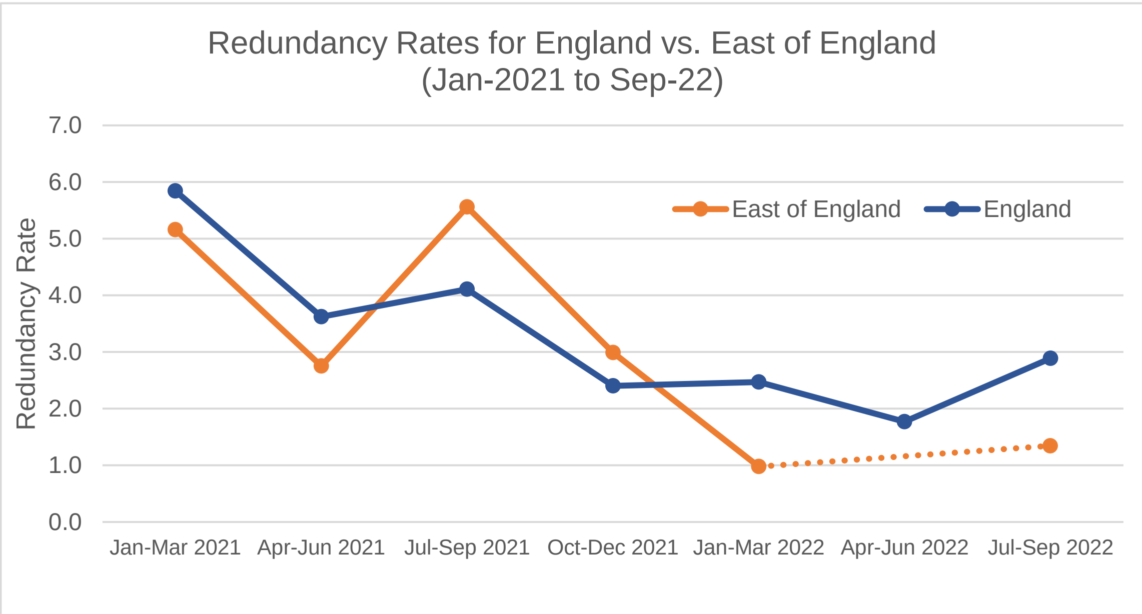
Redundancies

Key Points:

- As of the Jul-Sep 2022 quarter, the East of England had a redundancy rate of 1.3 compared to 5.6 during the same period last year. The East of England's rate has been lower than the national rate for this year's available data and it experienced a decline from 5.6 in Jul-Sep 2021 to 1.0 in Jan-Mar 2022 matching a similar, less pronounced trend across England.

Figure 7 shows the rates of redundancy, as reported by ONS[5], by region of residence for those aged 16 and over against the rate for England. These values are a ratio of the redundancy level for a given quarter to the number of employees in the previous quarter multiplied by 1000. As of the Jul-Sep 2022 quarter, the East of England had a redundancy rate of 1.3 compared to 5.6 during the same period last year. The East of England's rate has been lower than the national rate for this year's available data (the Apr-Jun 2022 value was suppressed on release due to disclosure grounds) and it experienced a decline from 5.6 in Jul-Sep 2021 to 1.0 in Jan-Mar 2022 matching a similar, less pronounced trend across England.

Figure 7: National Versus Regional Redundancy Rates



Source: Office for National Statistics, Redundancies by age, industry and region, October 2022

[5] Office for National Statistics: Redundancies by age, industry and region: January 2009 to September 2022

Vacancies/Job Postings

Key Points:

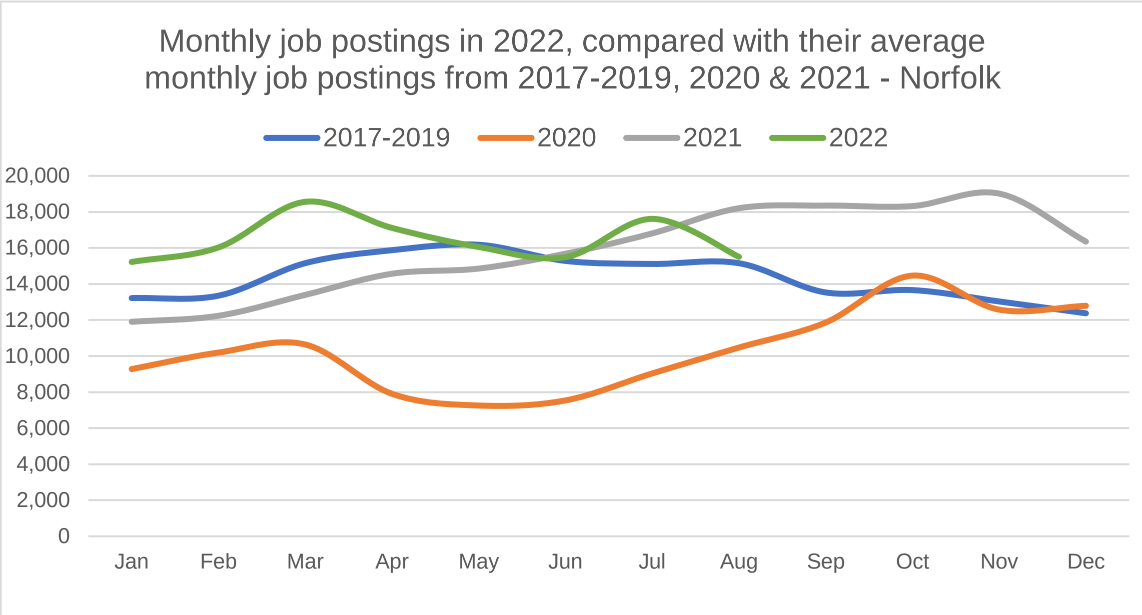
- As of August 2022, the job postings within Norfolk are approximately 15,500 compared to over 18,200 during the same month in 2021.
- Human Health & Social Work shows particularly high job postings relative to the other displayed industries.
- Wholesale & Retail has also experienced higher postings relative to the majority of other industries.
- The increase in postings across all industries during 2021 would appear to be levelling out through 2022.
- Although Norwich has particularly higher postings than all other districts, Norfolk's districts seem to have experienced very similar trends especially during 2020.
- In terms of the impact to industries within each district, the trend within Norfolk is broadly applicable across all districts.
- However, Breckland and Norwich (and to a lesser extent North Norfolk) show signs that the increase in job postings is not isolated to the Human Health & Social Work industry.
- Great Yarmouth has experienced a large increase in job postings within the Accommodation & Food industry from around 150 postings to over 300. Though this increase, which started at the beginning of 2022, has reduced slightly in the latest months figures.

Norfolk

Figure 8 shows the Lightcast monthly job postings data from 2017-2022. As of August 2022, the job postings within Norfolk are approximately 15,500 compared to over 18,200 during the same month in 2021. Throughout the January to May period of 2022, the number of job postings has been consistently higher than the same time in 2021. However, as previously stated the latest months data has fallen below last years rates.

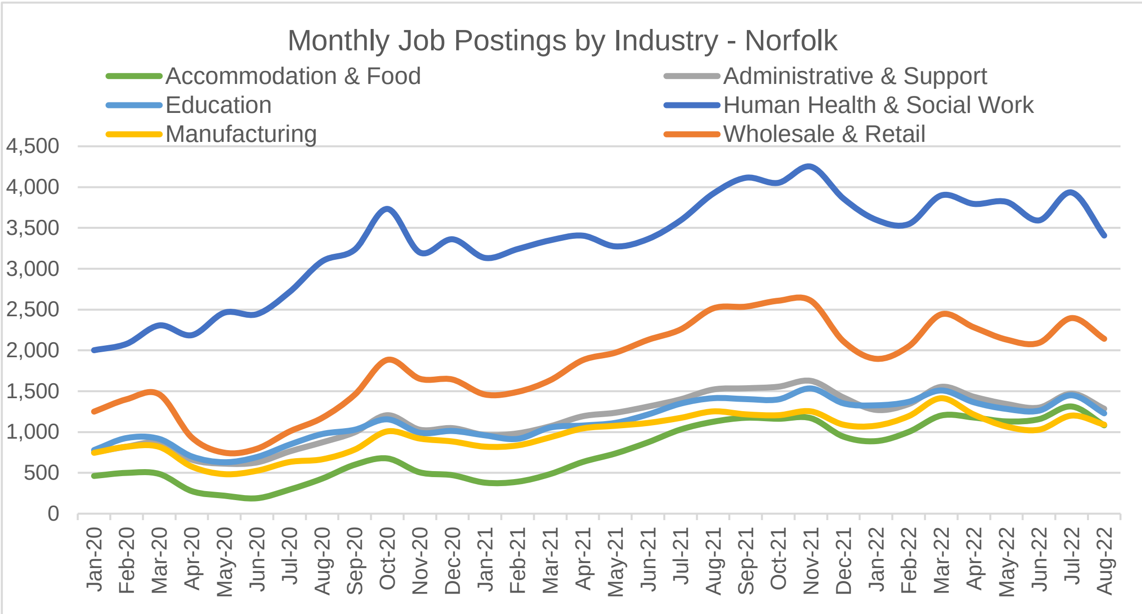
As shown in **figure 9**, Human Health & Social Work shows particularly high job postings relative to the other displayed industries, being consistently around 2,000 above the majority. Where other industries experienced a reduction of postings during the pandemic in 2020, Human Health & Social Work showed a consistent increase in postings. This increase has not only persisted but been exacerbated through 2021 and well into 2022, with only a slight down tick across all industries in the latest August data. Wholesale & Retail has also experienced higher postings relative to the majority of other industries, being around 500-1,000 above the majority. The increase in postings across all industries during 2021 seems to be levelling out through 2022.

Figure 8: Norfolk Monthly Job Postings by Year



Source: Lightcast Job Postings

Figure 9: Norfolk Monthly Job Postings by Industry

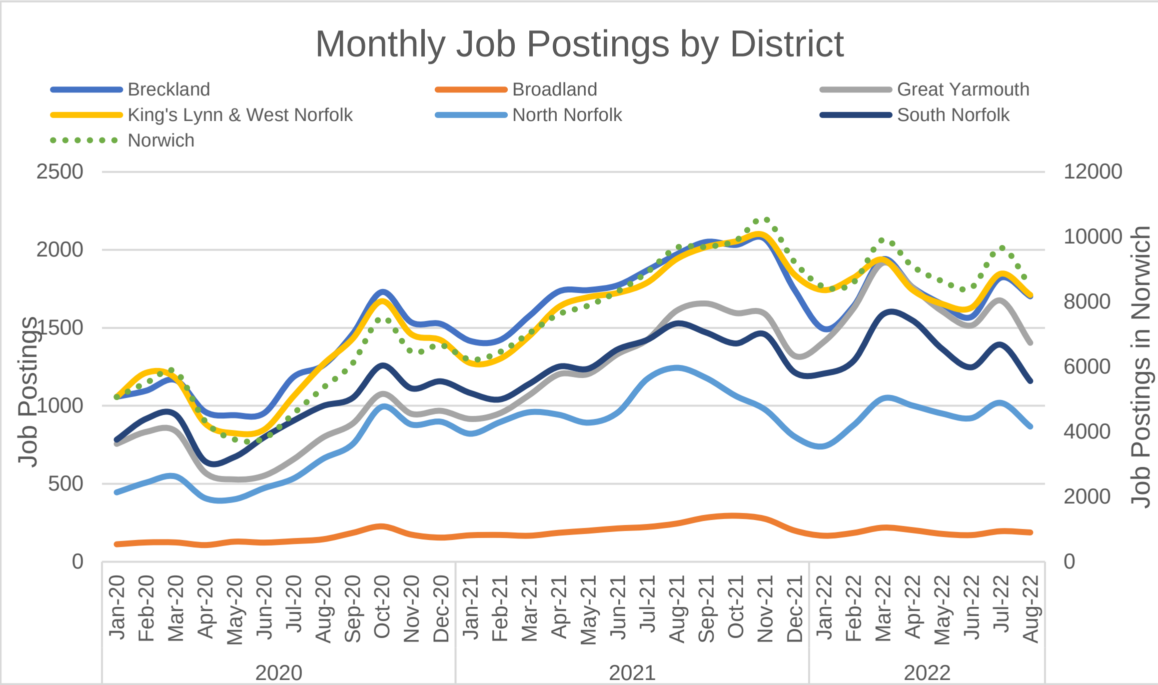


Source: Lightcast Job Postings

Districts

Figure 10 shows the monthly job postings from Jan 2020 to Aug 2022 by district. Although Norwich has particularly higher postings than all other districts as shown by the secondary axis, Norfolk's districts seem to have experienced very similar trends especially during 2020. With a relative decline from Mar to Jun 2022 followed by a peak in July. While Broadland experiences significantly lower job postings than the rest of Norfolk, it follows a similar, less pronounced trend through 2022. All districts, have recorded a decline in the most recent month of Aug 2022.

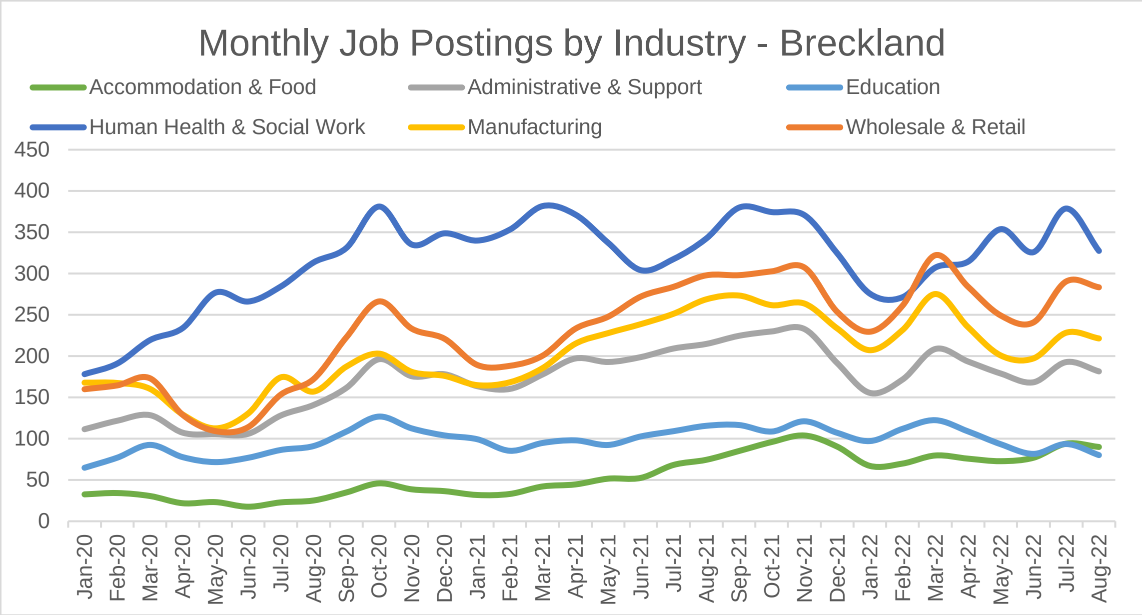
Figure 10: Monthly Job Postings by District from Jan 2020 to Aug 2022



Source: Lightcast Job Postings

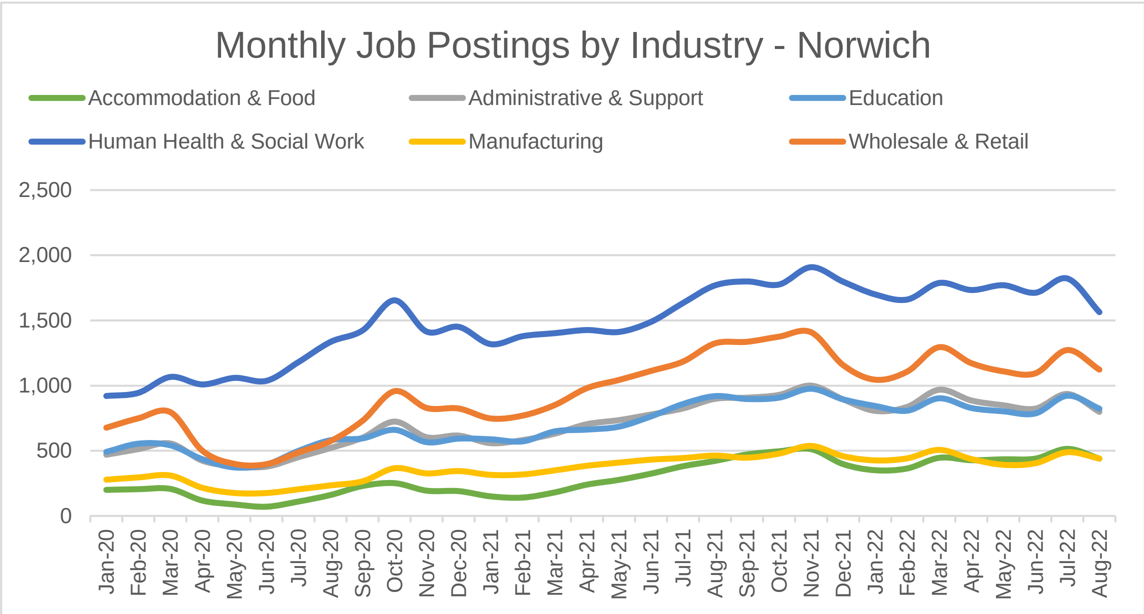
In terms of the impact to industries within each district, the trend within Norfolk, shown in figure 9, is broadly applicable across all districts, though there are some areas worth highlighting. Both Breckland and Norwich (and to a lesser extent North Norfolk) show signs that the increase in job postings is not isolated to the Human Health & Social Work industry. In these areas, as shown in figures 11 & 12¸ while the relative increase in postings within the Human Health & Social Work may be less pronounced than other districts, Wholesale & Retail shows particularly high job posting as well. Moreover, the spread of industries is much broader in these areas, suggesting that the posting increase is not unique to Human Health & Social Work. A final point worth noting, Great Yarmouth has experienced a large increase in job postings within the Accommodation & Food industry from around 150 postings to over 300 as shown in figure 13. Though this increase, which started at the beginning of 2022, has reduced slightly in the latest months figures.

Figure 11: Monthly Job Postings by Industry in Breckland from Jan 2020 to Aug 2022



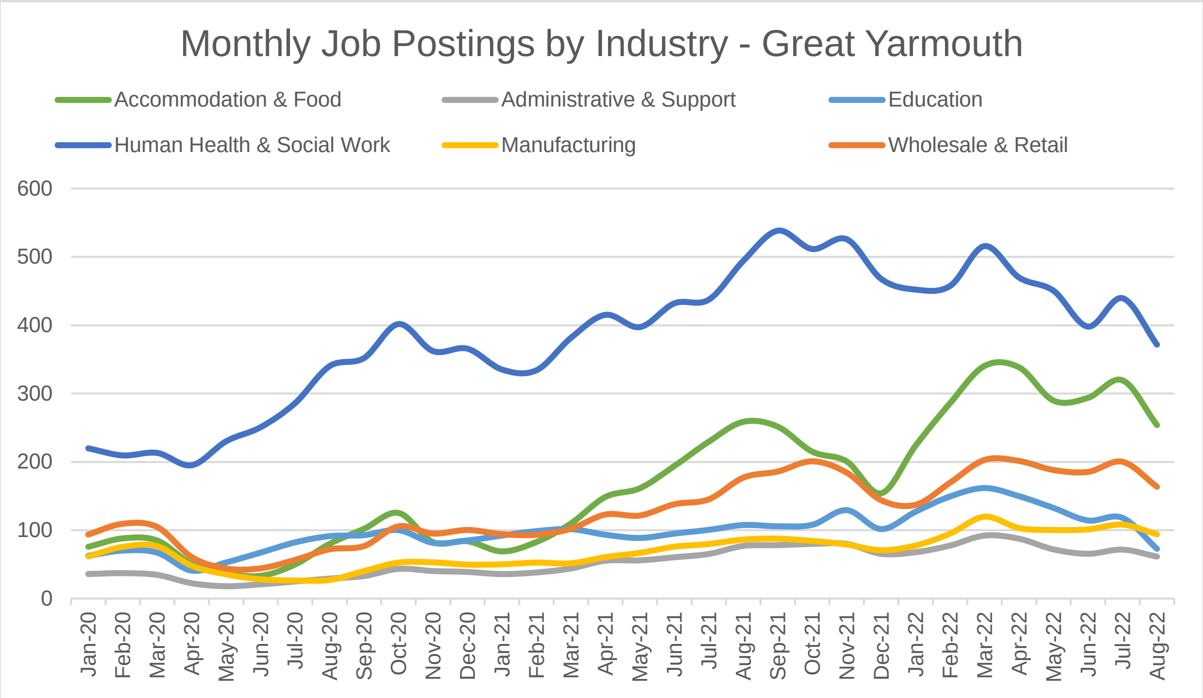
Source: Lightcast Job Postings

Figure 12: Monthly Job Postings by Industry in Norwich from Jan 2020 to Aug 2022



Source: Lightcast Job Postings

Figure 13: Monthly Job Postings by Industry in Great Yarmouth from Jan 2020 to Aug 2022



Source: Lightcast Job Postings

Contact: [Harry Giles]() (Apprentice Information Assistant, NODA)

Insolvencies

- In October 2022 there were 1,948 registered company insolvencies in England and Wales.
- The number of company insolvencies in England and Wales in October 2022 was 38% higher than in October 2021 and 32% higher than October 2019.
- In 2021 there were approximately 1,796 individual insolvencies in Norfolk.
- When comparing the Norfolk rate of individual insolvencies per 10,000 adults with other areas, Norfolk exceeds the rate for the East of England region, the whole of England and for England and Wales.
- Time trends since 2011 suggest that this trend has persisted over the last decade.
- Among other counties in the East of England region, Norfolk ranked second highest, outranked only by Suffolk (25 per 10,000). This pattern has also persisted throughout the past ten years.
- According to latest releases, there were 531 declared bankruptcies in England and Wales in October 2022.
- In 2021 there were 147 registered individual bankruptcies in Norfolk
- When comparing the Norfolk rate of individual bankruptcies per 10,000 adults with other areas, the rate exceeds that of the rates for England, the East of England region and the rates for England and Wales. Among other East of England counties, Norfolk ranked second highest, outranked only by Essex.
- Around 1 in 10 respondents to the BICS survey across the all businesses saw a moderate-to-severe risk of insolvency (survey period 8th to 21st August 2022). It was also noted that small businesses (those with fewer than 50 employees) were more likely to report a moderate-to-severe risk of insolvency than larger businesses.
- The recent rise in insolvencies was attributed to persistently high energy prices, difficulties in meeting debt obligations, rising costs of raw materials, and supply chain disruptions. It is also possible that the growth observed since 2021 represents a level of natural adjustment in trends following the reduction observed in 2020.
- Construction, Wholesale and Retail, Accommodation and Food Services, and Manufacturing were highlighted as industries experiencing high levels of insolvency.

The Insolvency Service is a government agency that helps to deliver economic confidence by supporting those in financial distress, tackling financial wrongdoing and maximising returns to creditors. The Insolvency Service publishes monthly figures regarding the number and type of insolvencies registered across the UK[6].

[6] The Insolvency Service, Monthly Insolvency Statistics, October 2022

According to the Insolvency Service, a company is insolvent when it can't pay its debts. This could mean either it can't pay bills when they become due or has more liabilities than assets on its balance sheet. A company that is insolvent is in danger of being closed down. However, company directors may be able to take action that allows the company to continue trading.

Company Insolvencies

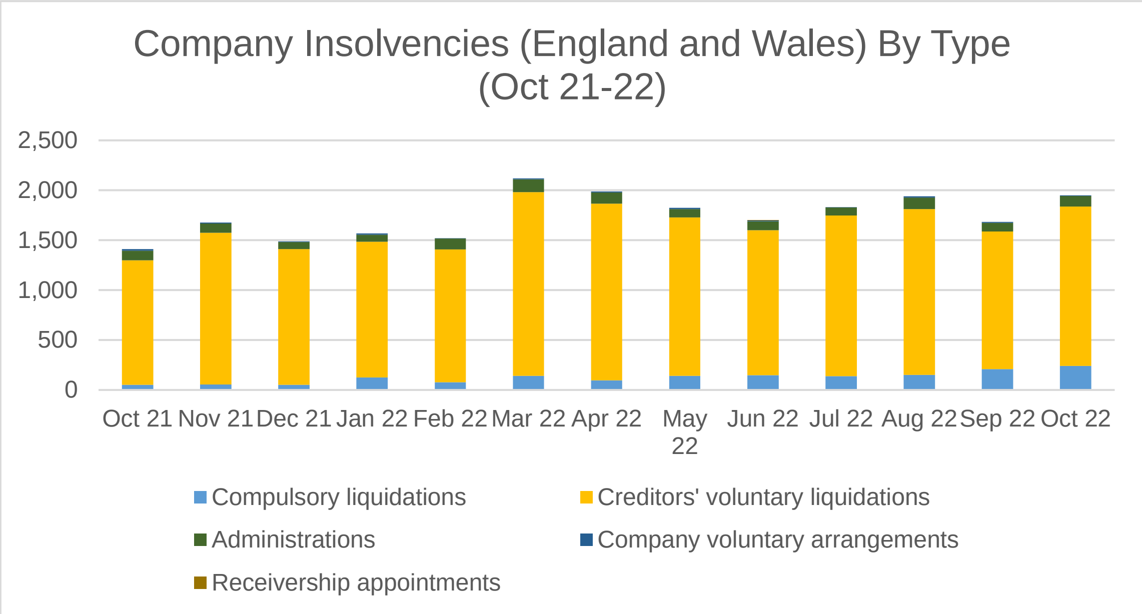
England and Wales

According to latest releases, in October 2022 there were 1,948 registered company insolvencies in England and Wales. 242 (12.4%) of these were Compulsory Liquidations where a winding-up order has been obtained from the court by a creditor, shareholder or director. 1,594 (81.8%) were Creditors' Voluntary Liquidations, where shareholders of a company have passed a resolution that the company be wound up voluntarily. 107 (5.5%) were Administrations where the aim is to rescue the company or obtain a better result for creditors than would be likely if the company were to be wound up. 5 (0.3%) were Company Voluntary Arrangements, this is a voluntary means of repaying creditors some or all of what they are owed. Figure 14 provides a breakdown of the total number of insolvencies by type between October 2021 and October 2022. Creditors' Voluntary Liquidation consistently accounts for the highest proportion of company insolvencies. Furthermore, the number of company insolvencies in England and Wales in October 2022 was 38% higher than in October 2021 and 32% higher than October 2019.

Historically speaking, the number of company insolvencies in England and Wales entered a period of decline circa January 2020 and remained comparatively low during the first year of the Covid-19 pandemic (March 2020-March 2021). Company insolvencies reached their lowest point in February 2021 with only 685 insolvencies recorded for that month. This may be partly attributed to financial support provided to businesses by central government throughout during early stages the pandemic.

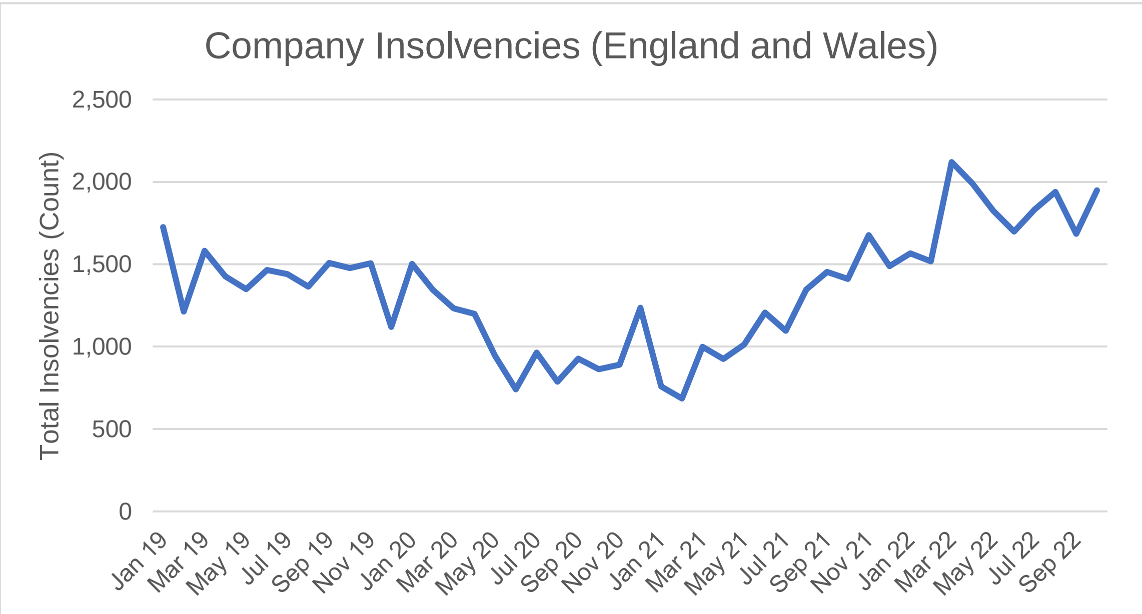
Beginning in April 2021 the number of company insolvencies recorded each month began to increase throughout the rest of the financial year, peaking at 2,120 in March 2022, see figure 15.

Figure 14: Company Insolvencies in England and Wales by Type (Oct 21-22)



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Figure 15: Total Company Insolvencies for England and Wales Jan ’19–Oct ‘22



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Individual Insolvencies

Norfolk

The Insolvency Service also provides insight into individual insolvencies at the local authority (district) level[7][8]. Data at this geographical level is updated on an annual basis, therefore the latest statistical release relates to registered individual insolvencies in 2021. Figures for 2022 are due to be released in the spring of 2023.

In 2021 there were approximately 1,796 individual insolvencies in Norfolk. The district that accounted for the highest count of individual insolvencies was Norwich with 340 (19.2%). The district presenting the lowest number of insolvencies was North Norfolk with 169 (9.6%). When comparing the Norfolk rate of individual insolvencies per 10,000 adults with other areas, Norfolk exceeds the rate for the East of England region, the whole of England and for England and Wales. Time trends since 2011 suggest that this trend has persisted over the last decade. Among other counties in the East of England region, Norfolk ranked second highest, outranked only by Suffolk (25 per 10,000). This pattern has also persisted throughout the past ten years.

Figure 16: Comparison of Individual Insolvency rates per 10,000 adults (2021)

Area	Individual Insolvency Rate (per 10,000)
England and Wales	23.4
England	23.3
East of England	23.1
Norfolk	**23.8**
Cambridgeshire	21.0
Essex	22.7
Hertfordshire	21.0
Suffolk	25.0

Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Within Norfolk, the rate of individual insolvencies varied from 16.8 to 29.8 per 10,000. The district with the highest rate of insolvencies was Great Yarmouth. Conversely, the district with the lowest rate was Broadland.

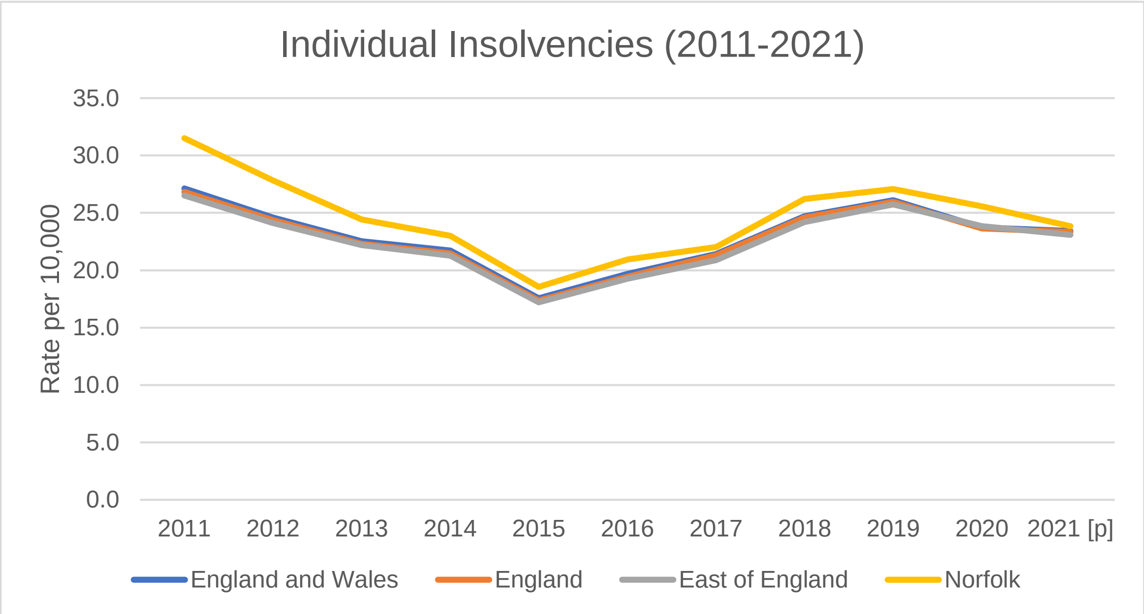
[7] The Insolvency Service, Individual Insolvencies by Location, Age and Gender, England and Wales, 2021
[8] The Insolvency Service, Individual Insolvencies by Location, Age and Gender, England and Wales 2011-2021

Figure 17: Comparison of Individual Insolvency rates per 10,000 adults (2021)

District	Individual Insolvency Rate (per 10,000)
Breckland	25.6
Broadland	16.8
Great Yarmouth	29.8
King’s Lynn and West Norfolk	25.6
North Norfolk	19.0
Norwich	29.3
South Norfolk	20.9

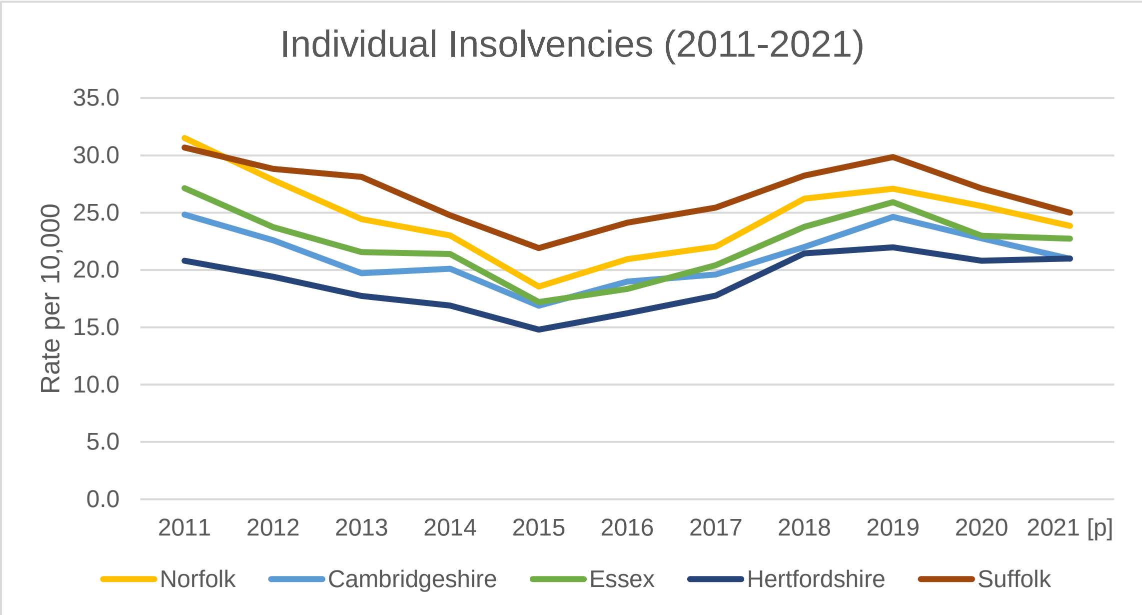
Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Figure 18: Individual Insolvencies per 10,000 adults (2011-2021)



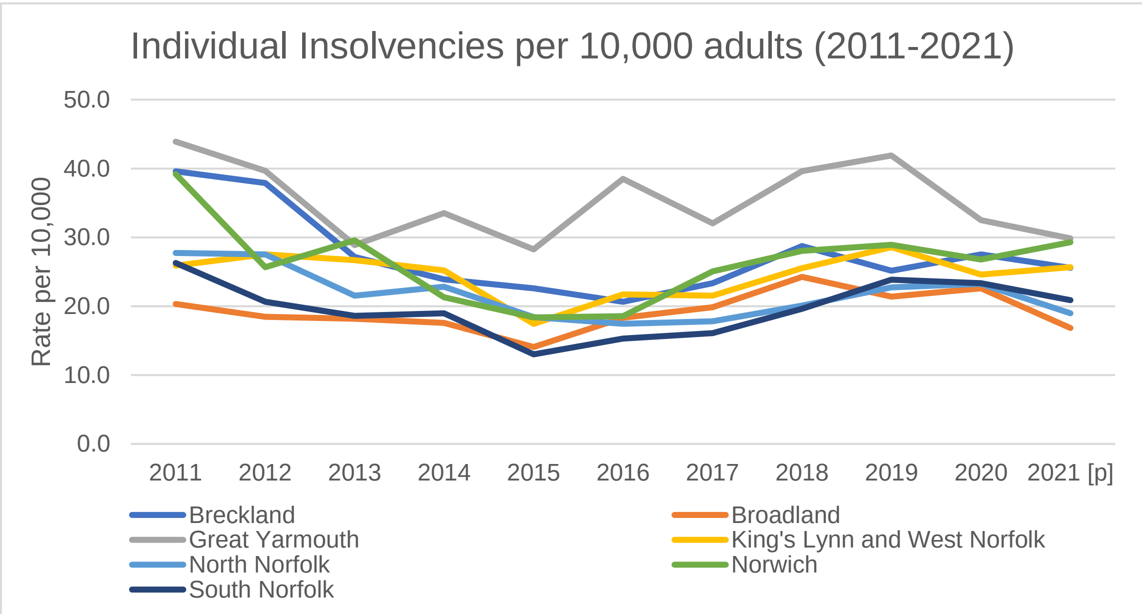
Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Figure 19: Individual Insolvencies per 10,000 adults (2011-2021)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Figure 20: Individual Insolvencies per 10,000 (2011-2021)



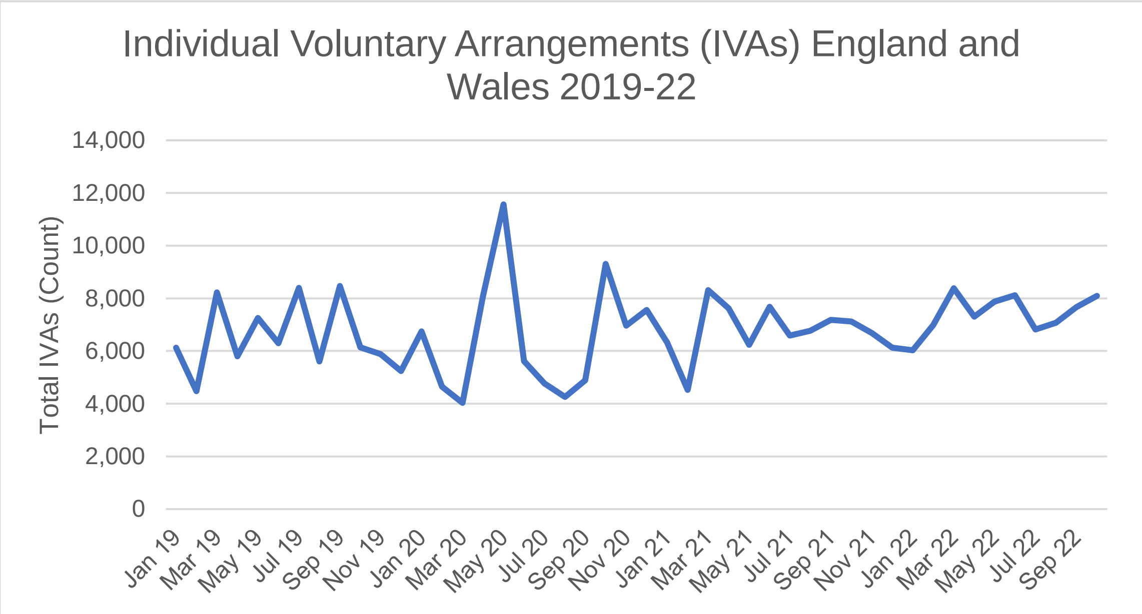
Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Individual Voluntary Agreements

England and Wales

Statistical releases from the Insolvency Service also include numbers of Individual Voluntary Agreements (IVAs), a voluntary method of repaying creditors some or all of what they are owed. In October 2022, there were 8,089 IVAs in England and Wales. This is 13% higher than in October 2021 and 32% higher than October 2019.

Figure 21: Individual Voluntary Arrangements for England and Wales 2019-22



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Norfolk

The Insolvency Service also provides information relating to IVAs at the local authority (district) level. Data at this geographical level is updated on an annual basis, therefore the latest statistical release relates to registered individual insolvencies in 2021. Figures for 2022 are due to be released in the spring of 2023

In 2021 there were 1,284 IVAs in Norfolk. The district accounting for the most IVAs in Norfolk by count was Norwich with 237 (18.5%). The second highest count of IVAs in Norfolk was associated with King’s Lynn and West Norfolk with 233 (18.1%). The district accounting for the lowest count of IVAs was North Norfolk with 120 (9.3%).

When comparing the Norfolk rate for IVAs per 10,000 with rates for other areas, Norfolk would appear to be in line with the rate for England and Wales. Compared to other East of England counties, in 2021, Norfolk had the joint second highest rate, being outranked only by Essex.

Figure 22: Comparison of Individual Voluntary Agreements per 10,000 adults (2021)

Area	Rate per 10,000
England and Wales	17.3
England	17.2
East of England	17.2
Norfolk	**17.3**
Cambridgeshire	15.1
Essex	17.5
Hertfordshire	14.9
Suffolk	17.3

Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

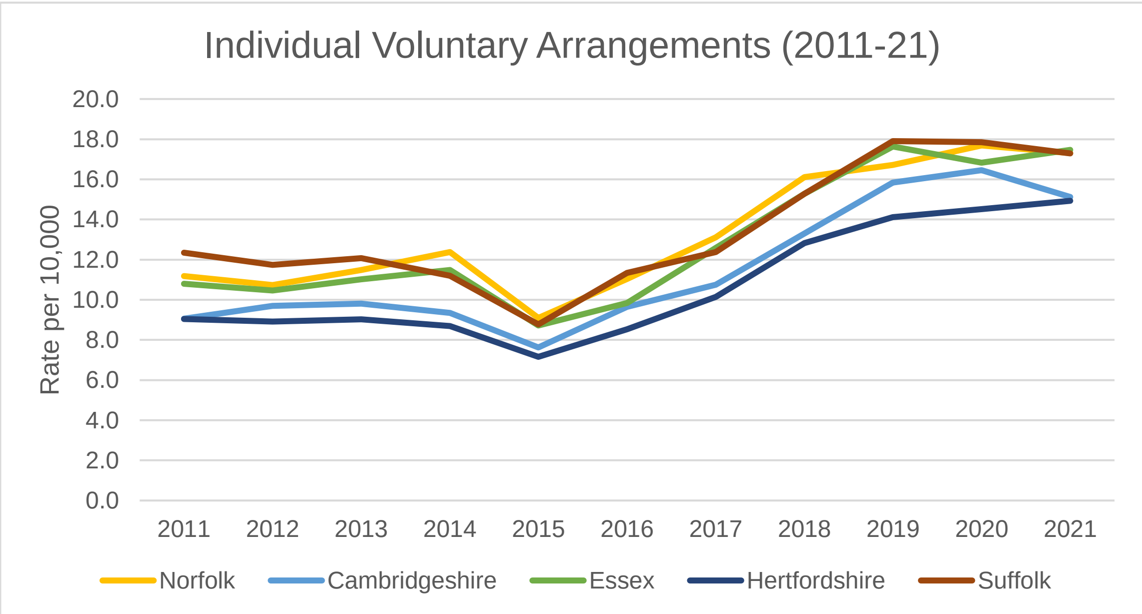
In 2021, the IVA rate per 10,000 within Norfolk ranged from 11.5 to 21.9. The district with the highest rate of IVAs per 10,000 was Great Yarmouth. Conversely, the district with the lowest rate was Broadland.

Figure 23: Comparison of Individual Voluntary Agreements per 10,000 adults (2021)

District	Rate per 10,000
Breckland	19.7
Broadland	11.5
Great Yarmouth	21.9
King's Lynn and West Norfolk	19.2
North Norfolk	13.5
Norwich	20.4
South Norfolk	15.0

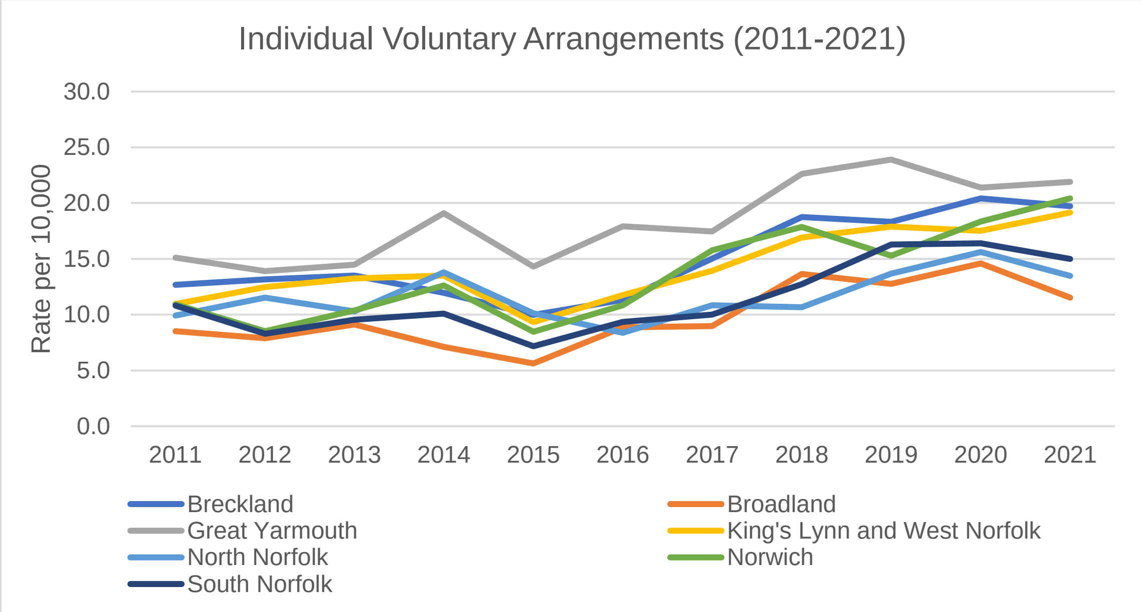
Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Figure 24: Comparison of Individual Voluntary Agreements per 10,000 (2011-21)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Figure 25: Comparison of Individual Voluntary Agreements per 10,000 adults (2011-21)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Company Bankruptcies

England and Wales

The Insolvency Service also publishes monthly figures regarding the numbers and types of bankruptcies across the UK. Bankruptcy is form of debt relief available for anyone who is unable to pay their debts. Assets owned will vest in a trustee in bankruptcy, who will sell them and distribute the proceeds to creditors. Bankruptcies result from either Debtor application – where the individual is unable to pay their debts, and applies online to make themselves bankrupt, or Creditor petition – if a creditor is owed £5,000 or more, they can apply to the court to make an individual bankrupt. These statistics relate to petitions where a court order was made as a result, although not all petitions to court result in a bankruptcy order.

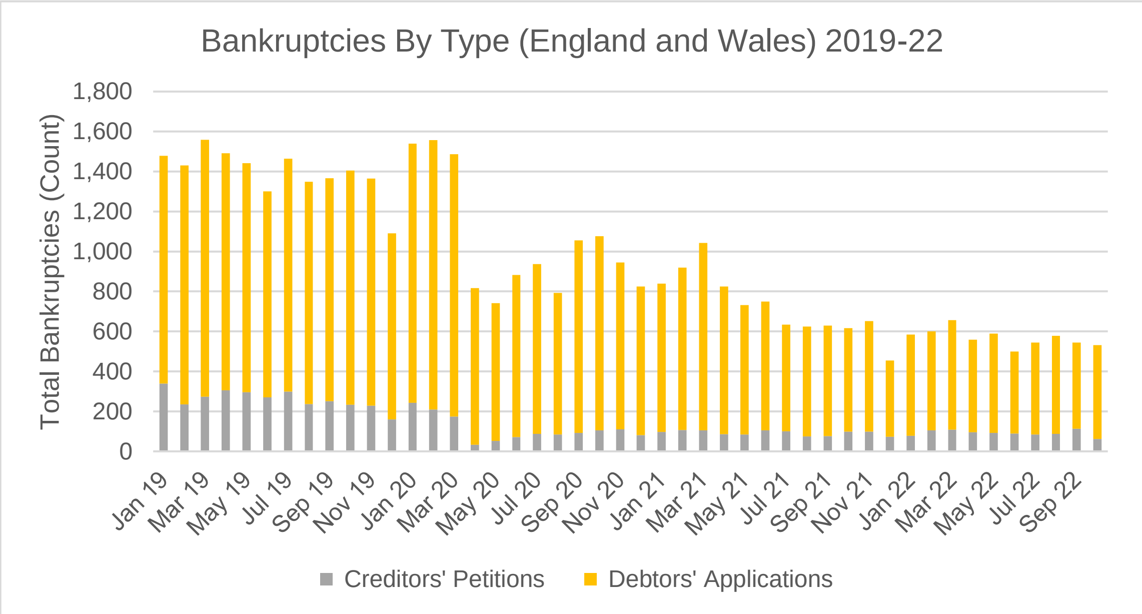
According to latest releases, there were 531 declared bankruptcies in England and Wales in October 2022. 62 (11.7%) of these were Creditors Petitions where an application has been made to the court by a creditor, typically after several unsuccessful attempts have been made to recover their debt. 469 (88.3%) were Debtors Applications where the debtor themselves declare their inability to pay their debts to the court.

Figure 26 outlines the total number of company bankruptcies between January 2019 and October 2022 by type and highlights that Debtors' Applications consistently account for a greater proportion of company bankruptcies than Creditors' Petitions.

In terms of how the October 2022 figures compare to those of previous years, the number of bankruptcies in England and Wales in October 2022 was 14% lower than in October 2021 and 62% lower than October 2019. Between January 2019 and

October 2022, the number of monthly registered bankruptcies in England and Wales has steady declined with a significant decline occurring between March 2020 and April 2020. After the first year of the Covid-19 pandemic the monthly registered company bankruptcies continued to decline.

Figure 26: Company Bankruptcies by Type for England and Wales (Jan '19 – Oct '22)



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Individual Bankruptcies

Norfolk

The Insolvency Service also provides insight into individual bankruptcies at the local authority (district) level. Data at this geographical level is updated on an annual basis, therefore the latest statistical release relates to registered individual insolvencies in 2021. Figures for 2022 are due to be released in the spring of 2023.

In 2021 there were 147 registered bankruptcies in Norfolk. The district accounting for the highest number of bankruptcies was Norwich with 31 (21.1%). The district presenting the lowest number of bankruptcies was South Norfolk with 14 (9.5%).

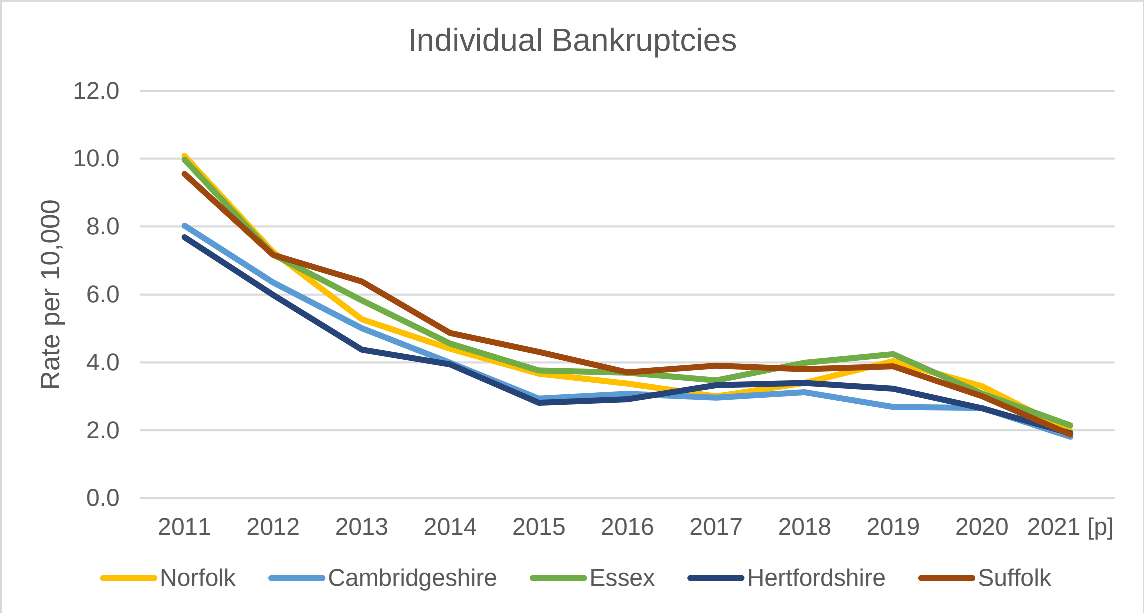
When comparing the Norfolk rate of bankruptcies per 10,000 adults with other areas, the rate exceeds that of the rates for England, the East of England region and the rates for England and Wales. Among other East of England counties, Norfolk ranked second highest, outranked only by Essex.

Figure 27: Comparison of bankruptcy rates per 10,000 (2021)

Area	Rate per 10,000
England and Wales	1.8
England	1.8
East of England	1.9
Norfolk	2.0
Cambridgeshire	1.8
Essex	2.1
Hertfordshire	1.9
Suffolk	1.9

Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Figure 28: Comparison of Individual Bankruptcy rates per 10,000 adults (2011-21)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

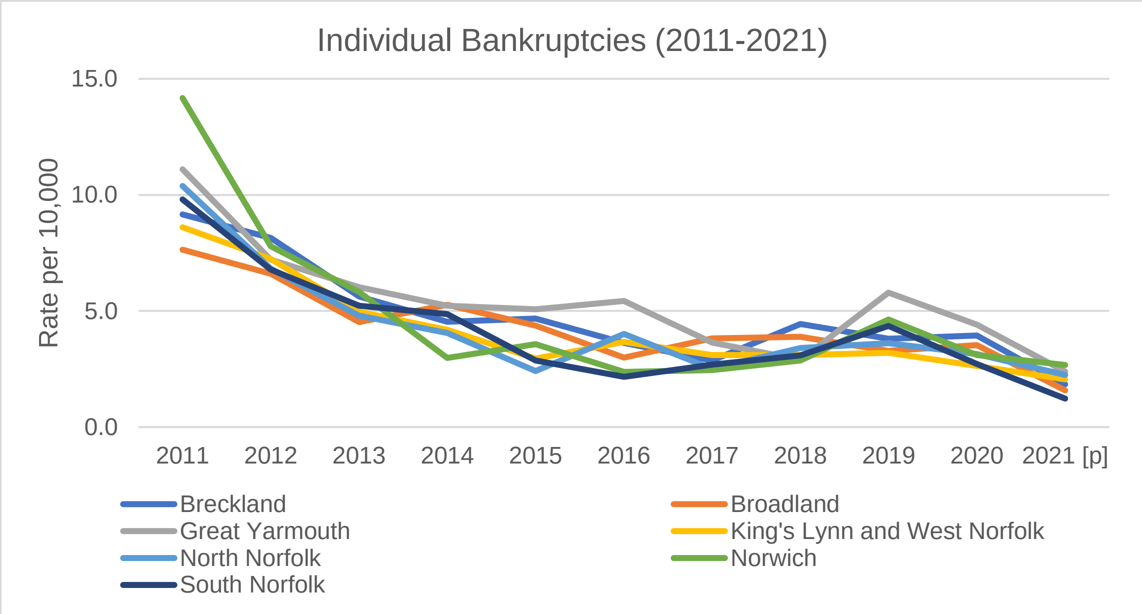
Within Norfolk, in 2021 the rate of bankruptcies per 10,000 ranged from 1.2 to 2.7. The district with the highest rate of bankruptcies was Norwich. Conversely, the district with the lowest rate was South Norfolk.

Figure 29: Comparison of Individual Bankruptcy rates per 10,000 adults (2021)

District	Rate per 10,000
Breckland	1.8
Broadland	1.6
Great Yarmouth	2.4
King’s Lynn and West Norfolk	2.1
North Norfolk	2.2
Norwich	2.7
South Norfolk	1.2

Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Figure 30: Comparison of Individual Bankruptcy rates per 10,000 adults (2011-21)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

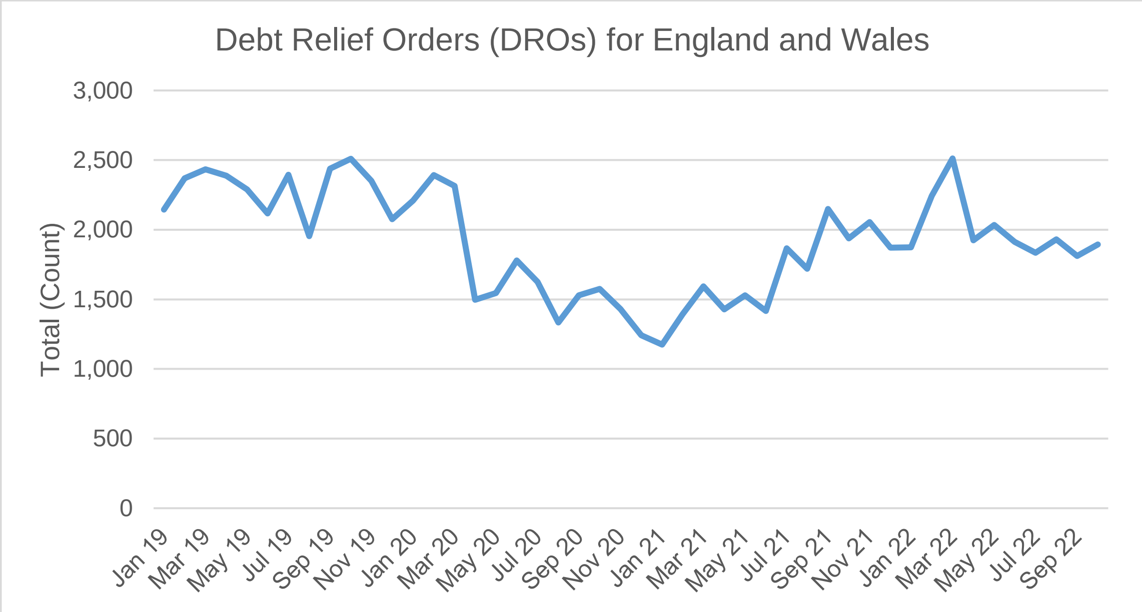
Debt Relief Orders

England and Wales

In October 2022, there were also 1,894 Debt Relief Orders in England and Wales. This is a form of debt relief available to those who have a low income, low assets, and debt no more than a specified value. This figure for October 2022 reflects a 2% decrease in the number of DROs compared to October 2021 and a 25% decrease compared to October 2019.

A significant decrease in the number of DROs was observed in April 2020, continuing through to June 2021. The number of DROs registered each month then entered a period of gradual increase peaking in March 2022 with 2,512 registered DROs. Between April 2022 and October 2022, the number of DROs has remained relatively consistent.

Figure 31: Total Debt Relief Orders for England Wales Jan '19 – Oct '22



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Norfolk

In Norfolk in 2021 there were 338 Debt Relief Orders. The district accounting for the most Debt Relief Orders was Norwich with 72 (21.3%). The district presenting the next highest proportion of DROs was King's Lynn and West Norfolk with 54 (16%). The district accounting for the least number of DROs was North Norfolk with 29 (8.6%).

When comparing the Norfolk rate of DROs per 10,000 with rates from other areas, the Norfolk rate in 2021 exceeded that of England and Wales, England alone, and the East of England region. When contrasted with its East of England counterparts, Norfolk ranked second highest, outranked only by Suffolk.

Figure 32: Comparison of Debt Relief Order rates per 10,000 adults (2021)

Area	Rate per 10,000
England and Wales	4.3
England	4.2
East of England	4.0
Norfolk	4.6
Cambridgeshire	4.0
Essex	3.1
Hertfordshire	4.2
Suffolk	5.8

Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

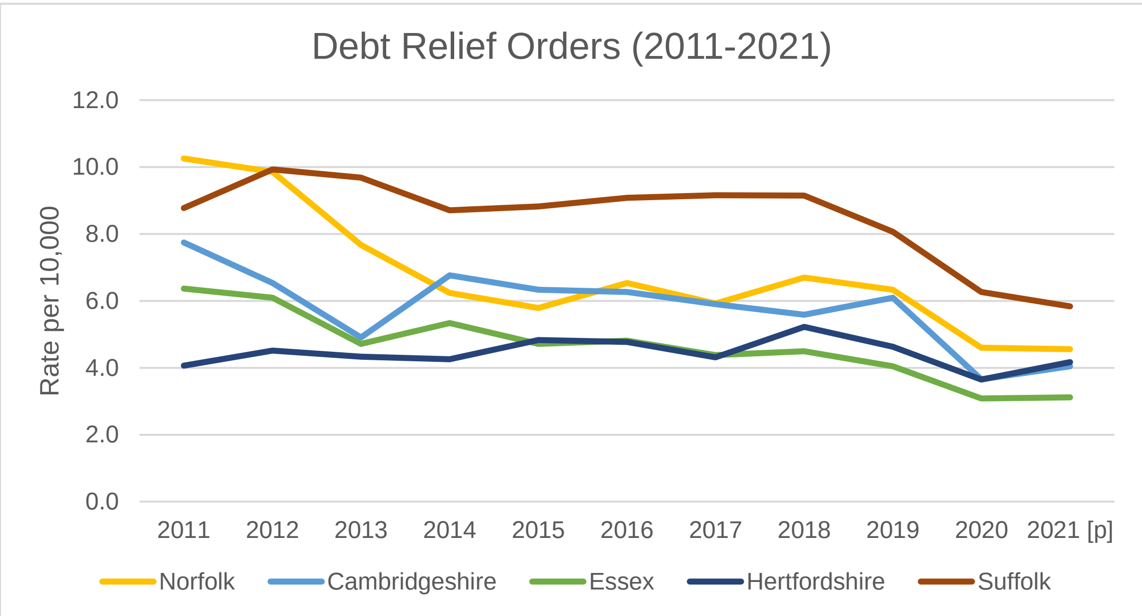
Within Norfolk, the rate of DROs per 10,000 in 2021 ranged from 3.3 to 6.2 per 10,000. The district associated with the highest rate of DROs was Norwich. Conversely, the district with the lowest rate was North Norfolk.

Figure 33: Comparison of Debt Relief Order rates per 10,000 adults (2021)

District	Rate per 10,000
Breckland	4.0
Broadland	3.7
Great Yarmouth	5.5
King's Lynn and West Norfolk	4.4
North Norfolk	3.3
Norwich	6.2
South Norfolk	4.6

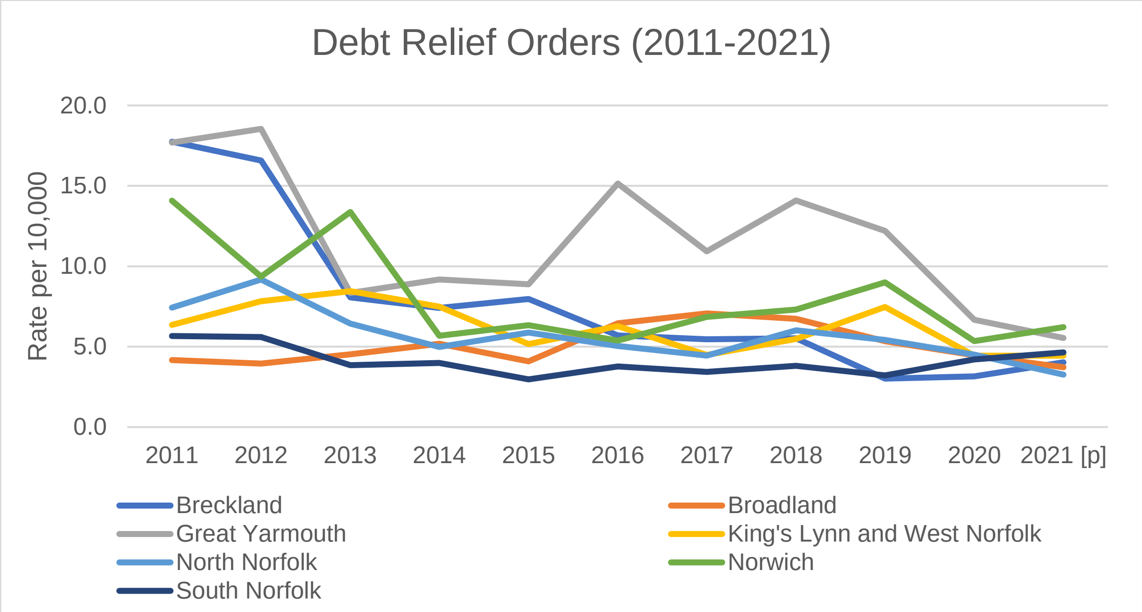
Source: The Insolvency Service, Individual Insolvencies by Location, Age and Gender 2021

Figure 34: Rate of Debt Relief Orders per 10,000 adults (2011-2021)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

Figure 35: Rate of Debt Relief Orders per 10,000 adults (2011-2021)



Source: The Insolvency Service, Individual Insolvencies by Location, England and Wales (2011-2021)

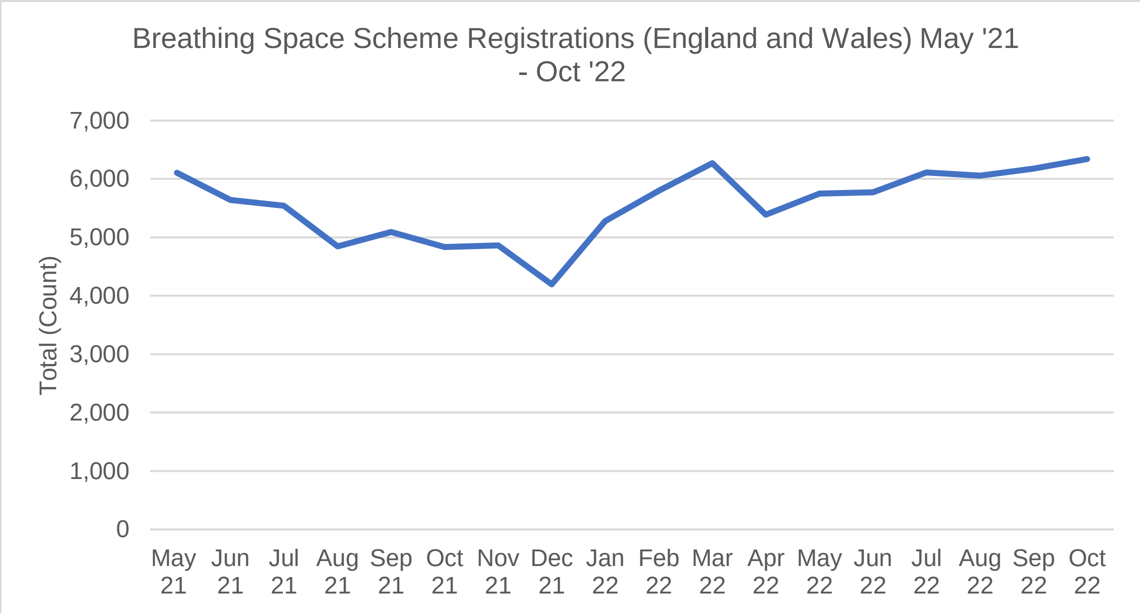
Individual Breathing Spaces

England and Wales

For individuals, the Breathing Space scheme, launched in May 2021, provides legal protections from their creditors for 60 days, with most interest and penalty charges frozen, and enforcement action paused. Because problem debt can be linked to mental health issues, these protections are also available for people in mental health crisis treatment – for the full duration of their crisis treatment plus a further 30 days.

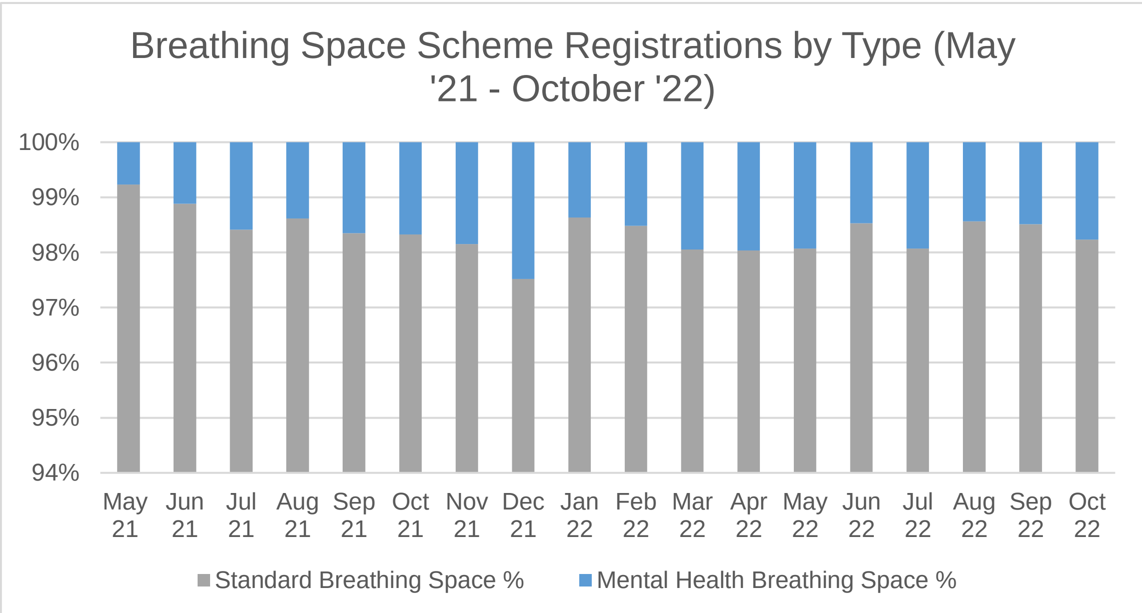
In October 2022 there were 6,342 registrations to the Breathing Space Scheme in England and Wales. 6,230 (98.2%) were Standard Breathing Rate Registrations and 112 (1.8%) were Mental Health Breathing Space Registrations. In October 2022, the total number of registrations to the scheme were 31% higher than a year prior (Oct 2021). The current financial year has seen a gradual increase in the number of monthly registrations to the scheme in England and Wales. For example, the total number of scheme registrations in the month of October was 17.7% higher than at the start of the financial year (April 2022). Furthermore, October also marked the highest total registrations in a single month since the scheme began.

Figure 36: Breathing Space Scheme Registrations (England and Wales) May '21 - Oct '22



Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Figure 37: Breathing Space Scheme Registrations by Type for England and Wales



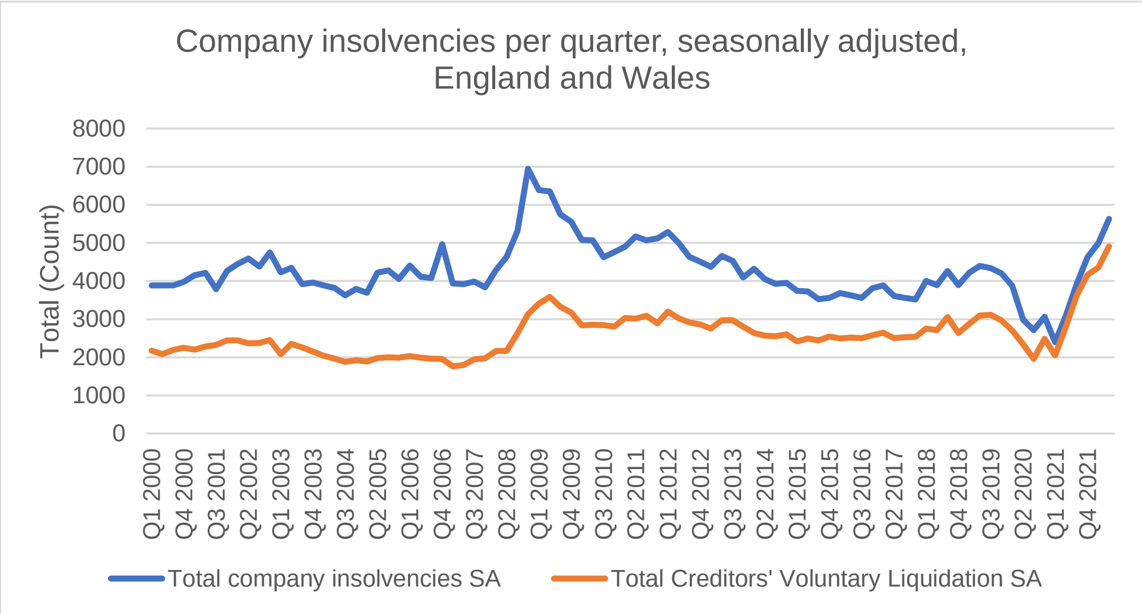
Source: The Insolvency Service, Monthly Insolvency Statistics January 2019 – October 2022

Data referring to Breathing Spaces is not available at the local authority (district) level.

Energy Costs and Company Insolvencies

In October 2022 the Office for National Statistics (ONS) published an article outlining the impact of recent rising energy costs on the rates of company insolvencies in England and Wales[9]. According to this release, in Q2 of 2022 Company insolvencies in England and Wales reached their highest quarterly level since Q3 2009.

Figure 38: Total company insolvencies per quarter, seasonally adjusted, England & Wales



Source: ONS, Rising Business Insolvencies and High Energy Prices (2022)

Company insolvencies in Q2 of 2022 totalled 5,629, however this was still lower than the peak of 6,943 reached in Q4 2008 during the global financial crisis.

Between Q2 of 2020 and Q1 of 2021 the number of recorded company insolvencies decreased. This was when government support to businesses was in place during the coronavirus (COVID-19) pandemic. The government has gradually lifted key support measures since Q2 2021.

It was also acknowledged by the ONS that company insolvencies only account for a small proportion of business deaths. For instance, between Q1 of 2017 and Q2 of 2022, company insolvencies accounted for less than 5% of business deaths.

The recent rise in company insolvencies was reportedly driven by Creditors' Voluntary Liquidations (CVLs). CVLs accounted for 89% of all company insolvencies in England and Wales between Q1 2021 and Q2 2022. While CVL numbers are now higher than pre-pandemic levels, numbers for other insolvency procedures, such as

[9] The Office for National Statistics, Rising business insolvencies and high energy prices (October 2022)

compulsory liquidations for companies and bankruptcies for individuals, remain lower.

Commenting on recent findings from the ONS' Business Insights and Conditions survey, it was reported that around 1 in 10 (11%) respondents across the all businesses saw a moderate-to-severe risk of insolvency (survey period 8th to 21st August 2022). It was also noted that small businesses (those with fewer than 50 employees) were more likely to report a moderate-to-severe risk of insolvency than larger businesses.

On average, around 15% of respondents from the 0 to 9 employees and 10 to 49 employees categories reported a moderate-to-severe risk of business insolvency between mid-November 2020 to late August 2022. It is also worth noting that businesses employing between 10 and 49 individuals have been the most worried about energy prices.

The recent rise in insolvencies was attributed to persistently high energy prices, difficulties in meeting debt obligations, rising costs of raw materials, and supply chain disruptions. It is also possible that the growth observed since 2021 represents a level of natural adjustment in trends following the reduction observed in 2020.

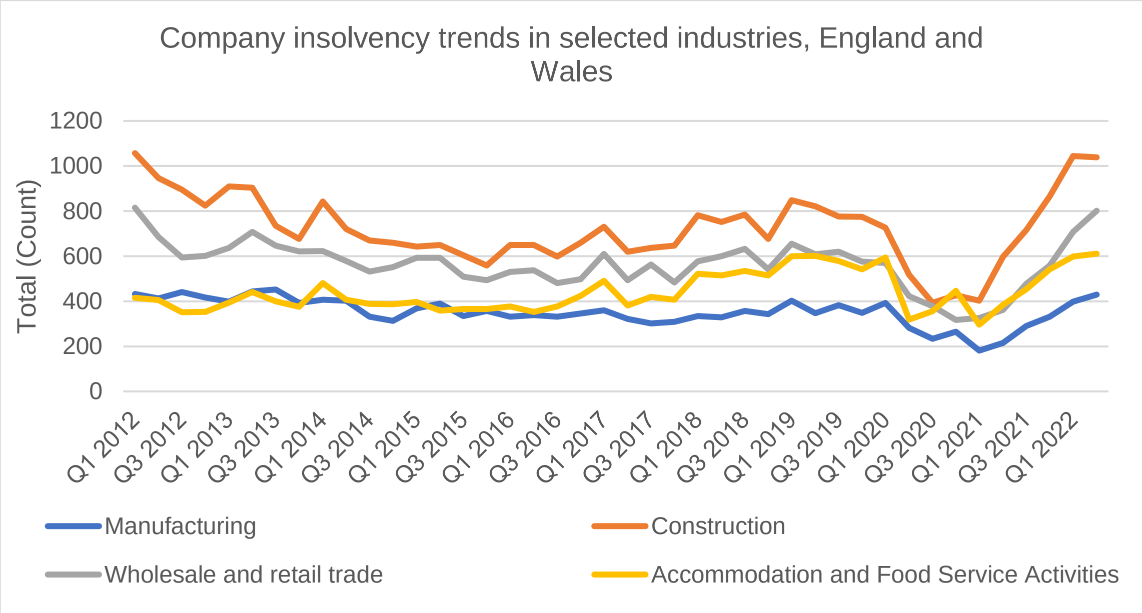
According to BICS, on average, almost 20% of respondents from the "all businesses" category between 21 February and 2 October 2022 reported that energy prices were the main concern for their business. This number was said to have risen from 15% in late February to around 23% in early October for this category. Businesses employing between 10 and 49 employees are the most worried about energy prices with approximately 27% of businesses in this category reporting this as their primary concern between late February and early October.

Energy costs were also reported as the main factor resulting in businesses considering raising prices. Almost 46% of currently trading businesses between 5 and 18 September 2022 reported that they would consider doing so in October in light of higher energy prices. This is reportedly the highest percentage reported since this question was first introduced to BICS in April 2022.

The ONS considered the price of energy to likely remain a key concern for businesses, especially during winter months when energy usage for many businesses increases.

The three industries recording the highest number of business insolvencies in the first half of 2022 were construction, wholesale and retail trade, and accommodation and food service activities. Collectively, these industries accounted for 53% of company insolvencies in England and Wales in the first half of 2022.

Figure 39: Company insolvency trends, England and Wales, Q1 2012 to Q2 2022



Source: ONS, Rising Business Insolvencies and High Energy Prices (2022)

Construction

Construction has provided the largest contribution towards total company insolvencies in England and Wales so far in 2022, registering 2,083 insolvencies in the first half of 2022. This reflects around 20% of the total. The construction industry had 1,044 insolvencies in Q1 of 2022, its highest level since Q1 2012.

Between late February and early October, around 12% of BICS respondents from the construction industry reportedly perceived energy prices as the main concern for their business. Even though this figure is lower than the average for the all businesses category, for the construction industry it has increased from 7% in late February to around 12% in early October.

Wholesale and Retail

Business insolvencies have also risen in the wholesale and retail trade industry. It has been the second biggest industry, after construction, in terms of its contribution towards total business insolvencies. The industry accounted for 14% of total company insolvencies for England and Wales in the first half of 2022. It registered 802 company insolvencies in Q2 2022 – its highest level since Q1 2012.

In early October 2022, almost 28% of businesses in this industry expected energy prices to be their main concern, according to data from BICS. This is also higher than 23% figure for the "all businesses" category in early October.

Accommodation and Food Service

Accommodation and food service activities has also recorded high levels of business insolvencies in recent quarters. The industry accounted for 611 company insolvencies in Q2 of 2022 – its highest level for which industry-level data are publicly available from the Insolvency Service, starting from Q1 2012. Incidence of insolvencies for this industry was 1.3% for the four quarters to Q1 2022, which is higher than the average 0.7% for all industries.

In early October, around 41% of respondents to the BICS from the accommodation and food service industry perceived energy prices as the main concern, which is higher than the 34% figure in late February 2022. This is also much higher than the 23% from the “all businesses” category in early October 2022.

Company insolvencies in the food and beverage service activities division have increased since the start of 2021 to 567 in Q1 2022 – its highest level for which division-level data are publicly available from the Insolvency Service, starting from Q1 2012. This division is also the biggest contributor towards company insolvencies in the accommodation and food service activities industry.

Manufacturing

The manufacturing industry reportedly accounted for almost 8% of the total company insolvencies in England and Wales in the first half of 2022. It registered 430 company insolvencies in Q2 2022, marking its highest level since Q3 2013. Energy prices were the biggest concern for businesses from this industry that responded to the BICS survey ending in early October 2022. Only 14% of respondents perceived energy prices as a concern in late February and the figure increased to 29% in early October.

Contact: Sophie Bitten (Information Assistant, NODA)

Concluding Remarks

In terms of business activity the overall sentiment in the East of England as of August 2022 is that business activity has declined month on month with the region experiencing the second largest decline in business activity – behind only the North East. New business is reportedly down and businesses are paying more for inward purchases and in turn passing on higher prices to their customers. Looking forward there is fear of recession, but the main positive is that the employment rate in the East of England remains strong.

Turnover, energy prices, raw material prices, labour costs all appear to be concerns for many businesses currently trading, with many expecting the prices of goods or services sold to increase. However, businesses were reportedly generally confident in their performance over the next 12 months.

Overall, for the UK, business confidence is falling further as difficult economic conditions combine with political turmoil. The latter has unsettled financial markets, and although some stability has been restored, recent events are likely to result in higher interest rates, taxes and government borrowing, and lower government spending, than previously expected. This has adversely affected business sentiment. Business confidence in the East of England weakens as sales and investment outlook dims. The Business Confidence Index for the East of England has fallen for the fifth successive quarter.

As of the Jul-Sep 2022 quarter, the East of England had a redundancy rate of 1.3 compared to 5.6 during the same period last year. The East of England's rate has been lower than the national rate for this year's available data. As for vacancies, in August 2022, job postings within Norfolk are slightly lower compared to a year prior (15,500 vs 18,200). Human Health and Social Work, and Wholesale and Retail industries have also experienced higher postings relative to most other industries.

A recent rise in insolvencies has been attributed to persistently high energy prices, difficulties in meeting debt obligations, rising costs of raw materials, and supply chain disruptions. It is also possible that the growth observed since 2021 represents a level of natural adjustment in trends following the reduction observed in 2020. Construction, Wholesale and Retail, Accommodation and Food Services, and Manufacturing industries were highlighted as industries experiencing high levels of insolvency.