



DATA GARDENER
Manage Risk. Grow Faster.

August 2022

What's happening in the UK

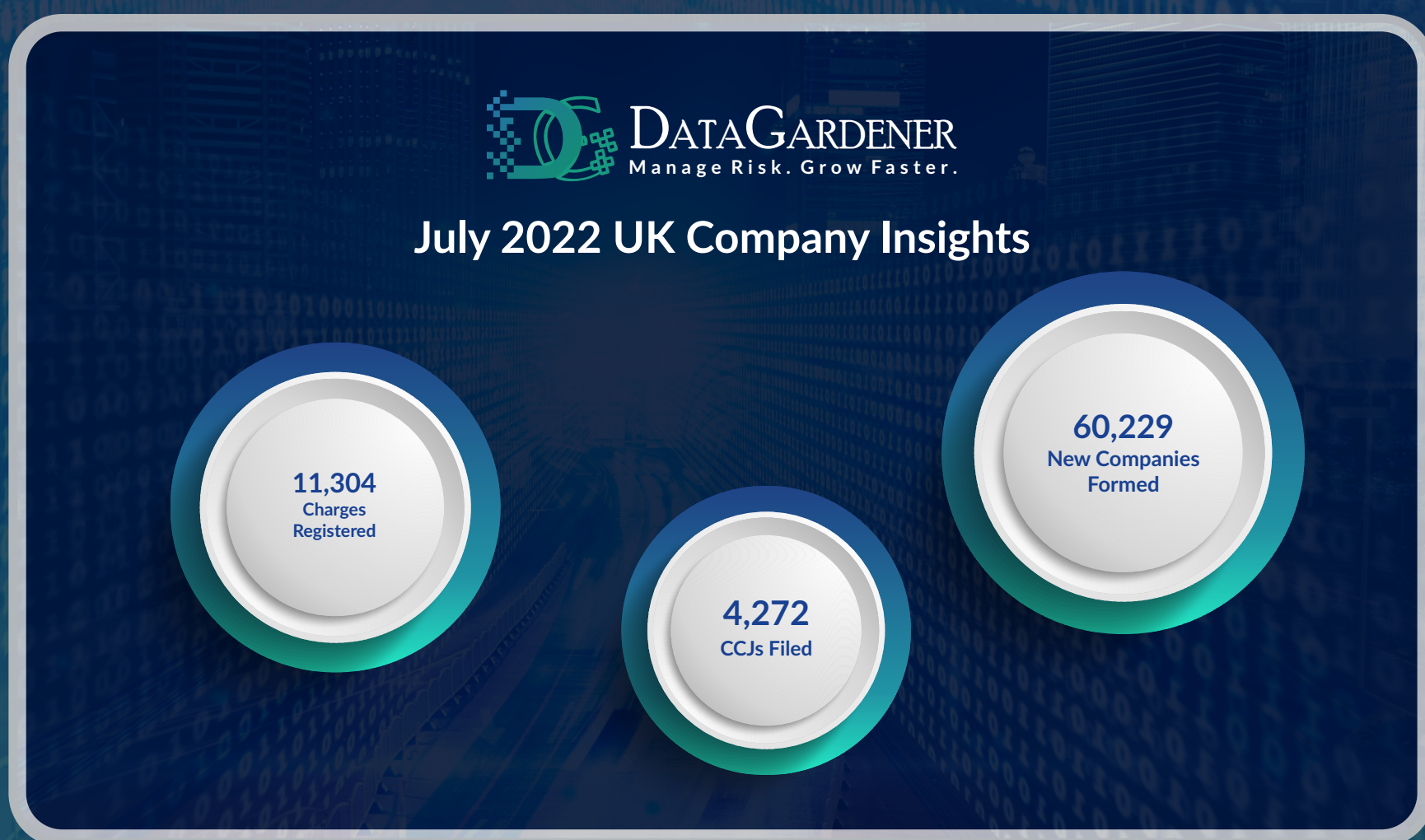
Our Perspective



Key Events of the Month

In a continuing trend from recent months, July of this year saw further reductions in UK companies formed, a **continual increase in inflation** and further political instability with the Conservative Party Elections. Furthermore, there have been talks of an incoming recession in the US which seems to have worried many. So much so that Wikipedia recently had to block users from editing their page on the definition of recession, since people kept changing the definition. Regardless, there is undoubtedly some economic trouble on the horizon, especially with the ongoing war in Ukraine. However, this situation may be improving after the first Ukrainian grain ship was allowed to sail from the Black Sea.

In total, the month of July saw around **60,229 new companies formed**, **4,272 CCJs filed**, and **11,304 charges registered**.



Overall, it seems to be a slow start for Q3 of 2022, and particularly underwhelming when it comes to companies formed. Although Q2 saw a substantial uplift in this area, July seems to be heading back to the hesitant trend seen in Q1 of lower confidence in the UK business economy.

Despite the overall reduction, the number of companies registered in the Electricity, Gas, Steam and Air Conditioning Supply sector actually increased by around 17%.



This is perhaps expected due to the volatility of the market making room for potential new niches for businesses to fill – especially since it seems traditional suppliers are struggling to balance high demand with reasonable prices.

Q2 Roundup

Q2 of 2022 signalled a strong return to form for the UK economy, especially after such a ropery start and continual pressure from inflation and costs of living crises. In total, 200,286 companies were formed and 198,602 were dissolved. This equates to a net gain of 1,684 companies across the country. Additionally, 20,564 CCJs were filed, and 32,169 charges were registered.

In terms of economic indicators, the **FTSE 500 recovered from its low point in Q1 of 6,959.48 to end June at a still slightly lower 7,169.28**. Once again, this is in spite of rising inflation and recession worries across the western world.

ESG News

ESG investing and accounting remains one of the greater topics of interest this month, but perhaps for a more sinister reason. Although the movement started out as an attempt at making 'moral money' – as named by the Financial Times – questions have been raised surrounding where ESG companies are buying their goods from.

The Chinese province of Xinjiang has been in the news for multiple human rights violations, including so-called 're-education' camps for Uyghur Muslims. However, this same province also provides massive amounts of materials for solar panels. In light of this information, sanctions from various countries including the US have been placed on the province to make these materials less attractive to buyers. Despite this, a recent report from the University of Nottingham suggests that these sanctions are having little effect on the economy of the region, and they certainly won't be enough to prevent the human rights abuses from carrying on within the region. The report from the university stated that just because western sanctions had been placed on the region does not mean that prices would go up from buyers in Asia and the rest of the world, essentially meaning the sanctions will have little impact.

Fintech News

In UK fintech news, Starling Bank – one of the largest fintech start-ups in the UK – reported their first annual profit after over 5 years of losses. The profit of around £32.1 million was hailed as an excellent step in the right direction, but questions have since arisen over how exactly the company managed this sudden turn-around.

Since Starling was around during the COVID pandemic, the bank gave out large amounts of 'Bounce-Back' loans to small businesses. On the face of it, this doesn't seem like too much of a problem. However, it has since been found that many loans approved by banks have been to fraudulent businesses. This is by far not a trivial small problem either, since of the £47 billion issued to businesses, an estimated £5 billion could potentially be lost to fraud. Since Starling was one of the major banks providing these loans to businesses, questions have been raised surrounding the strength of the company's anti-fraud checks. Lord Theodore Agnew who was the government's anti-fraud minister earlier this year is on record stating that Starling was one of the worst banks on this front. It remains to be seen whether any investigations will take place.

Economy News

Finally, it seems to be going from bad to worse in long outlooks for the UK economy. Although the brunt of the pandemic may be over, a recent report from the Institute for Fiscal Studies suggests that Long Covid is costing the UK workforce around £1.5 billion per month in lost earnings. At current levels, around 110,000 people are missing out on work at any one time in the UK. This puts further pressure on the UK economy, especially with scientific research into Long Covid being in its infancy and no potential therapy in sight just yet. Some have suggested that this is the key reason why the UK workforce overall remains smaller than it was before the pandemic.

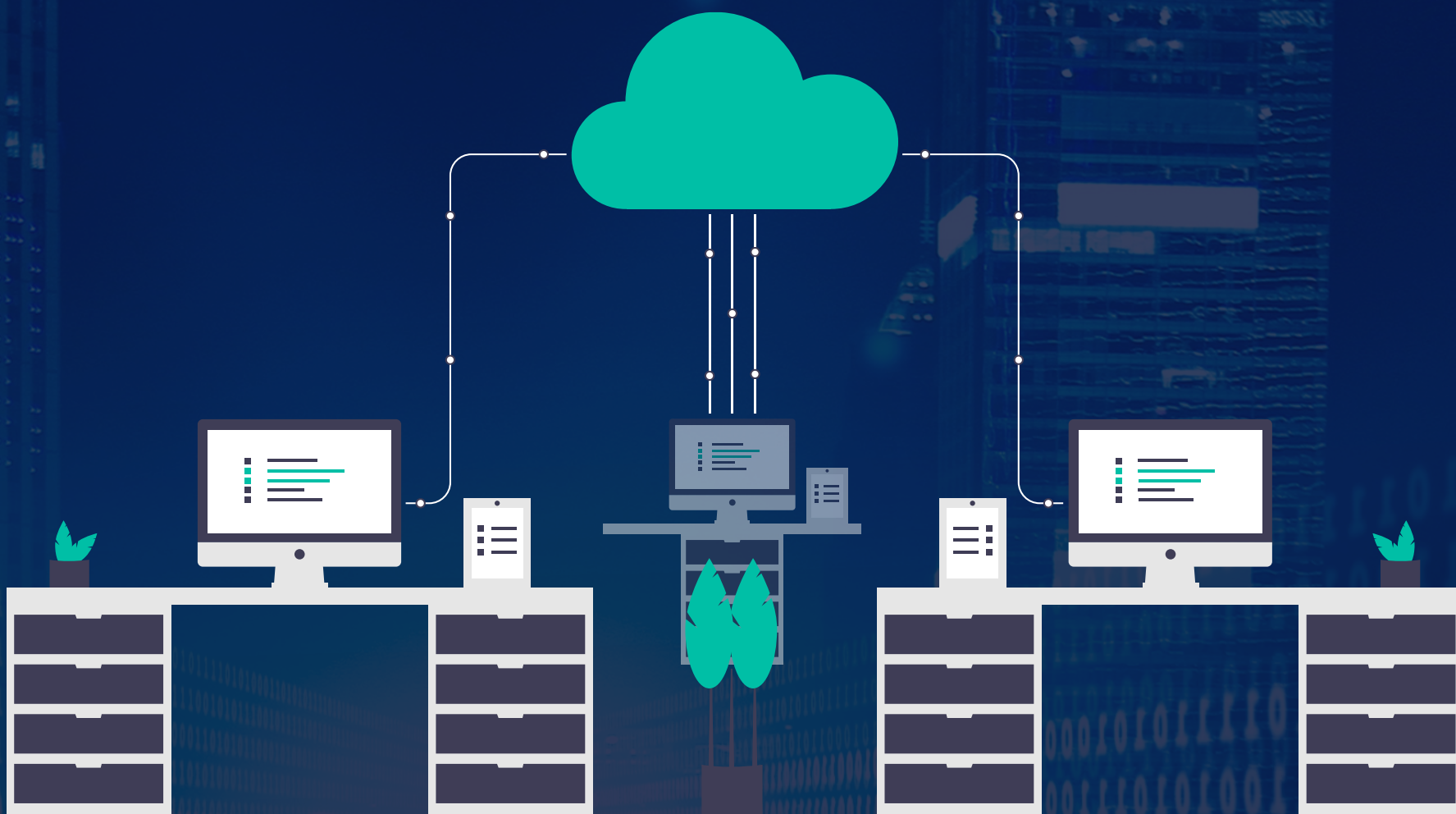
What's happening at DataGardener?

During the 5th Annual Southern Enterprise Awards hosted by SME news, DataGardener was awarded the prize for Business Intelligence Innovation of the Year 2022! We are so proud to have been recognised by such a prestigious organisation, and we're looking forward to building on this even more in the near future.



WINNER
**Business Intelligence
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