

British Chambers of Commerce – COVID-19 Business Tracker: West Midlands Results (Week Four)

Introduction

In response to the unprecedented crisis caused by the advent of Coronavirus, the British Chambers of Commerce has developed a Covid-19 Business Impacts Tracker which will serve as a barometer of business' response to the measures introduced by the Government to help firms navigate this exceptional landscape. The tracker will explore weekly business conditions to help understand the scale of the challenges that companies across the country are facing right now and in a bid to gauge the awareness and usage of government support measures amongst the business community. The results listed below are based on responses received from 102 firms in the West Midlands and cover the period from 15th to 17th April.

98% of respondents employed less than 250 staff members and of those, 46% employed between 1 to 4 members of staff and 4% identified themselves as sole traders. 52% of businesses surveyed did not export their goods & services (and similarly, 33% did not engage in importing activities). Of those firms that were involved in exporting, 33% distributed their products and services to countries both inside and outside the European Union. Just over a quarter of businesses that took part in the survey operated in the professional services sector and 22% were listed as manufacturers.

Changes to Trading Conditions & the Workforce

In comparison to the previous week (w/c 6th April) 79% of businesses witnessed a fall in UK revenue (with 60% citing a significant decrease). 57% of firms saw a drop in international revenue (with 37% suggesting it was significant) and 79% had also seen a decline in cash reserves. 60% of companies reported that their ability to access credit or finance remained unchanged and 50% noted that import levels had stayed the same. 45% of respondents also suggested the time it took to receive payment from customers had increased (18% stated it had gone up significantly). In terms of developments related to employment, 65% cited constancy in the size of their workforce along with a 61% fall in the number of hours worked by staff. 45% of businesses reported a drop in the use of contractors/agency workers and 71% stated that the level of unpaid leave taken by their staff members had remained constant in comparison to the week commencing 6th April. Over the course of the following week, 28% of businesses said they would not furlough any of their staff members and 21% expected to furlough their entire workforce.

47% of businesses expected their cash reserves to cover their trading activity for one to three months, 20% suggested their reserves would be able to cover them for three to six months, whereas 11% estimated that they would only be covered for less than a month. Five percent of respondents reported that they had no cash reserves whatsoever. Businesses had attempted to maintain continuity in a number of different ways; 59% had proceeded with the use of remote working, 11% had explored changing products and services and 13% had made use of delivery services. However, 28% of businesses had closed operations temporarily and, for the second consecutive week, one percent of respondents had closed business operations permanently.

Support Measures Introduced by Government –feedback from the business community

In terms of the measures implemented by the Government to support businesses affected by COVID-19, 13% had already secured a business rates holiday (of those firms based in the leisure, hospitality or retail sector) which was an increase of five percent compared to the previous week. 60% were aware of this particular measure but currently were not planning to apply. Only two percent of firms had made a successful application to the Coronavirus Business Interruption Loan Scheme (CBILs) and a further 22% were planning to apply. Additionally, only eight percent of firms were planning to use the Self-employment income support scheme. 3% of businesses had deferred VAT payments for three months (the highest take up of any of the measures listed) and an additional 36% expected to do the same. 15% were planning to apply to the grant scheme available for small businesses and 17% so far had made a submission for this particular scheme (an increase of seven percent compared to the previous week). 7% of respondents had applied for SSP refunds and 24% of businesses were preparing to apply to HMRC's Time to Pay extension scheme.

Of those businesses unable to use the support measures listed above, the majority of firms did not meet the stipulated eligibility criteria for each of the policies. In relation to the CBILs scheme, 22% of businesses reported that they faced either a slow or complete lack of response. A third of these businesses also felt there was insufficient information or guidance available in relation to the Self-employment income support scheme and 100% of firms that failed in their attempts to defer VAT payments for three months also felt this was down to a lack of information or help on hand to guide them through the process.