

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

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 98 firms in the West Midlands and cover the period from 5th May to 7th May.

97% of respondents employed less than 250 staff members and of those, 38% employed between 1 to 9 members of staff and 12% identified themselves as sole traders. 58% of businesses surveyed did not export their goods & services (and similarly, 53% did not engage in importing activities). Of those firms that were involved in exporting, 29% distributed their products and services to countries both inside and outside the European Union. 27% of businesses that took part in the survey operated in the professional services sector and 27% were listed as manufacturers.

Changes to Trading Conditions & the Workforce

In comparison to the previous week, 59% of businesses witnessed a fall in UK revenue (with 42% citing a significant decrease). 53% of firms saw a drop in international revenue (with 45% suggesting it was significant) and 63% had also seen a decline in cash reserves. In terms of developments related to employment, 60% cited constancy in the size of their workforce along with a 31% fall in the number of hours worked by staff. 22% reported a drop in training or apprenticeship activity. Over the course of the following week, 23% of businesses said they would not furlough any of their staff members and 10% expected to furlough their entire workforce. On 20 April, HMRC opened the portal for employers to claim payments for furloughed employees through the Coronavirus Job Retention Scheme and 76% had submitted a claim and received payment from HMRC (an increase of 13% compared to last week). 6% submitted a claim more than six working days ago and were yet to receive a payment (a decrease of 7% compared to last week).

A third of businesses expected their cash reserves to cover their trading activity for one to three months, 29% suggested their reserves would be able to cover them for three to six months, whereas 13% estimated that they would only be covered for less than a month. Four percent of respondents reported that they had no cash reserves whatsoever.

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, 19% had already secured a business rates holiday (of those firms based in the leisure, hospitality or retail sector). 18% were aware of this particular measure but currently were not planning to apply. Additionally, 8% were planning to use the Self-employment income support scheme. 39% of businesses had deferred VAT payments for three months (an increase of six percent in comparison to the previous week and the highest take up of any of the measures listed) and an additional 13% expected to do the same. 7% were planning to apply to the grant scheme available

for small businesses and 16% so far had made a submission for this particular scheme). Just under half of those businesses that completed the survey said they were unable to use the grant funding scheme and of those, 87% were told that their business didn't meet the criteria and 4% found the application process too complicated. 12% of respondents had applied for SSP refunds and 19% of businesses were preparing to apply to HMRC's Time to Pay extension scheme.

12% percent of firms had attempted to access the Bounce Back Loans Scheme (BBLs) and 22% were planning to apply. 63% of businesses had no plans to apply to this particular scheme, and of those, 49% felt they had sufficient levels of cash/funding, 19% wanted clarity on the length of lockdown and 17% were concerned about being able to pay back the loan beyond the initial 12 months. 55% said they would use the money secured via the BBLs to finance everyday operations and 45% said they use it to pay off existing debts. In total, 18% of businesses had successfully secured a BBL and 64% were awaiting a decision.

21% of firms have Business Interruption (BI) Insurance but were unable to make a claim on interruption caused by Coronavirus. 22% have an existing BI Insurance Policy and have not made a claim and overall, 47% do not have BI Insurance. Not one single business that completed the survey had made a successful claim in relation to interruption caused by the outbreak of Covid-19. Participants were also asked how much time they would need to prepare for either a partial or complete end of the lockdown – 42% said they would need less than a week, 27% said they would need between one to three weeks and 20% said they would require no preparation time at all (an increase of 11% compared to the previous week).

On a related topic, just over half of respondents felt they would be in a position to make provisions for Personal Protective Equipment (PPE) available for staff members upon their return to the workplace. 77% of business believed they would be in a position to introduce measures for social distancing at premises and 24% strongly agreed with the suggestion that they could introduce staggered travel arrangements for staff. 47% also strongly agreed that they would be able to make provisions for remote working (and only 4% strongly disagreed with this statement). Two thirds of firms also felt they would be in a position to un-furlough their staff as and when required (13% strongly disagreed with this statement).