

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

### **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 29<sup>th</sup> April to 1<sup>st</sup> May.

98% of respondents employed less than 250 staff members and of those, 40% employed between 1 to 9 members of staff and 11% identified themselves as sole traders. 54% of businesses surveyed did not export their goods & services (and similarly, 47% did not engage in importing activities). Of those firms that were involved in exporting, 31% distributed their products and services to countries both inside and outside the European Union. 23% of businesses that took part in the survey operated in the professional services sector and 32% were listed as manufacturers.

### **Changes to Trading Conditions & the Workforce**

In comparison to the previous week (w/c 27th April) 62% of businesses witnessed a fall in UK revenue (with 40% citing a significant decrease). 63% of firms saw a drop in international revenue (with 32% suggesting it was significant) and 77% had also seen a decline in cash reserves. In terms of developments related to employment, 68% cited constancy in the size of their workforce along with a 47% fall in the number of hours worked by staff. 32% 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 13% 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 63% had submitted a claim and received payment from HMRC. 13% submitted a claim more than six working days ago and were yet to receive a payment.

44% of businesses expected their cash reserves to cover their trading activity for one to three months, 21% suggested their reserves would be able to cover them for three to six months, whereas 16% estimated that they would only be covered for less than a month. One 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, 13% had already secured a business rates holiday (of those firms based in the leisure, hospitality or retail sector). 55% were aware of this particular measure but currently were not planning to apply. Additionally, a third of firms were planning to use the Self-employment income support scheme (the second consecutive week this number had gone up). 33% of businesses had deferred VAT payments for three months (the highest take up of any of the measures listed) and an additional 21% expected to do the same. 5% were planning to apply to the grant scheme available for small businesses and 14% so far had made a submission for this particular scheme (an increase

of one percent compared to the previous week). 11% of respondents had applied for SSP refunds and 14% of businesses were preparing to apply to HMRC's Time to Pay extension scheme. One percent of firms were currently using the Bounce Back Scheme and 16% planned to apply for it; 13% had never heard of the scheme. 10% faced either a slow or no response at all when applying for grant funding and 70% of businesses were told they didn't meet the criteria required to access this particular scheme.

23% of businesses had attempted to access finance via CBILs and 59% had no plans to apply for this particular scheme. Of those businesses that didn't apply, 46% already had the prerequisite levels of cash or funding, 18% wanted to gain clarity on the length of lockdown before applying and 23% felt that they would not be able to pay back the loan. Of those firms attempting to secure finance via CBILs, 86% of businesses said they would use the finance for everyday operations and 23% suggested the money would be used to pay off debts. On average, firms were offered an interest of 5% for the CBILs loan (after the initial 12 month interest free period). 27% of businesses said they had secured the required finance and 41% were still waiting for a decision. 50% of firms said the application process (from starting it to receiving a decision from the Bank) had taken 14 days. Participants were also asked how much time they would need to prepare for either a partial or complete end of the lockdown – 41% said they would need less than a week, 24% said they would need between one to three weeks and 9% said they would require no preparation time at all.