LLEP Business and Economic Intelligence Update

14 April 2020

Activity Summary

Small Business Grant Fund (SBGF) and Retail Hospitality and Leisure Grant Fund (RHLGF)

District and City Councils are reporting a high level of interest in the SBGF and RHLGF.

Further information can be found at: https://bizgateway.org.uk/our-services/support/coronavirus-covid-19/local-authority-support/

PPE

Donations are coming in for the **#ppe4nhs campaign** which is seeking donations of unused PPE from local businesses, particularly those in the engineering, manufacturing and construction sectors to provide equipment for the NHS and other care settings. To donate, e-mail ppe4nhs@hotmail.com to arrange a delivery location and time.

Job Matching Service

The LLEP is finalising detail on a **Redeployment Triage Service**, with National Careers Service provider, Futures, to match those recently made redundant with jobs sectors experiencing a surge in employment demand. These include food retail; social care; and logistics and distribution. The service will engage with employers to help those facing redundancy make a smooth transition into new work.

A number of partners will be contributors to the triage service including the Department for Work and Pensions (DWP), Leicester Employment Hub, the Skills Support for Redundancy programme managed by SERCO all of which , will further enhance the offer. In addition to redundancy support, people who already unemployed, or who are thinking of changing career can tap into free careers advice and access to vacancies. People with multiple barriers to work will be signposted for support via the existing ESF programme of support in the LLEP area.

The service will launch on Monday April 20.

Growth Hub

Where businesses that you are working with are looking for support, please provide them with this link: Access Growth Hub Business Support this will take them to a dedicated page on the Business Gateway Growth Hub site. The page provides a wealth of up to date information and in addition details of how to access support through our team of Business Advisers, the service is fully funded

A new Business Hub has been created on GOV.UK https://www.gov.uk/coronavirus/business-support to provide an improved experience for businesses seeking financial support through government funded schemes.

Collation of Business Intelligence

In order to be able to escalate any key business issues to central government within the report submitted by the Growth Hub each week the LLEP is asking partners to forward any intelligence to Business-intelligence@llep.org.uk by midday each Friday. Examples of the kind of information we are looking for relate to, business activity, closures, job losses or new recruitment opportunities, business confidence etc. It would also be helpful to detail specifics such as locality and or sectors affected.

Recovery Coordinating Group

The Strategic Coordination Group (SCG) has convened as part of the ongoing COVID 19 response a **Recovery Coordinating Group (RCG)** as set out in the LLR Prepared Multi-agency Incident Response Framework. Helen Miller, LLEP Head of Operations will represent the LLEP on the RCG Steering Group.

RCG will consider impacts across the following five key thematic areas:

- Humanitarian Impacts
- Economic Impacts
- Infrastructure Impacts
- Environmental Impacts
- Community Impacts

Business Survey

The biennial Business Survey conducted by BMG on behalf of the LLEP, Leicester City Council and Leicestershire County Council was due to commence in Autumn 2019 but was delayed due to uncertainty surrounding the UKs exit from the EU. Instead, the survey commenced at the end of January 2020. This followed the passing of its EU withdrawal agreement and had a target of surveying 1000+ businesses from across the Leicester and Leicestershire area. Three hundred and fifty interviews had taken place prior to Government restrictions being imposed as a result of COVID-19. To avoid a scenario where survey data became unreliable a decision was made to segment the findings of the research into pre and post COVID-19 responses. However, due to the Government's lockdown and the pressures this placed on businesses, the number of businesses available and willing to participate reduced dramatically and therefore the survey was halted when 400 post-COVID responses had been received (750 in total).

An initial summary of the findings will be available within the next few weeks.

Business Intelligence

The following analysis is of data captured by the Growth Hub using the online COVID19 form which went live w/c 30/03/2020. A total of 103 businesses have directly completed the form as of 14/04/2020. The COVID 19 form is just one of the may routes businesses are coming into the Growth hub. In the last two weeks over 300 businesses have been supported through the Growth hub advisor team. The responses from the COVID 19 form are therefore a sample of the support from the Growth Hub and therefore interpretation is not necessarily reflective of the whole support from the Growth hub or the wider business community across the LLEP area.

A sixth (13%) operate in the manufacturing industry, while a similar proportion operate in wholesale and retail trade business, with just over a tenth (12%) operating in the arts/entertainment/recreation sector. Over half (54%) of companies that have submitted information are micro-businesses with 2-9 employees, whilst a sixth (15%) have only one employee. A similar proportion (14%) are smaller businesses with 10-49 employees, whilst a tenth (11%) have zero employees.

Three out of five businesses (62%) have been forced to close temporarily due to the ongoing situation regarding COVID-19. This is either because the business operates in an environment where adhering to social distancing guidelines is not possible (e.g. manufacturing companies) or because consumer demand has dropped so significantly that it has become unsustainable to continue operating in the current climate (e.g. companies operating in the tourism sector). A sixth (16%) have adapted operations in order to work from home, while 14% continue to operate as normal. Worryingly, almost a tenth of businesses (8%) have been forced to close indefinitely as the unpredictable nature of the current situation making it difficult to plan forward. Unsurprisingly, almost all businesses have seen a negative impact on sales and bookings as people adhere to social distancing guidelines and follow the lockdown protocol introduced by the government.

Five out of six businesses anticipate the ongoing epidemic will have a negative impact on future sales and bookings, with only 12% anticipating no impact, and an even smaller proportion of 3% having a positive outlook on the future. The unpredictability of the current situation, and subsequently the government's response to it may be a contributing factor to this negative outlook.

On average, businesses had 13.1 full-time employees prior to the pandemic, though this has fallen to an average of 4.5 employees currently. An average of 5.1 employees have been forced to take unpaid leave, and an identical number have been furloughed (the data on furloughed numbers is based on a sample of 52 as this measure was added to the data collection form at a later date). On average, there have been 0.6 job losses per firm. Focussing on micro-businesses with 2-9 employees, this subgroup had an average of 2.8 full-time employees prior to the COVID-19 pandemic, though this has fallen significantly to only 0.6 full time employees currently. Firms within this subgroup have been forced to put on average 0.8 employees on unpaid leave, with an average of 1.5 employees furloughed (the base size here is 26 due to the later introduction of the furlough measure). On average, there have been 0.3 job losses per business within this sector.

The data collection tool allows businesses to discuss some of the key issues they face. The most common issue facing businesses in the LEP area is surrounding finances, with three-quarters (77%) raising this as an issue. The nature of these issues can be broken down further:

- Two-fifths (43%) of this subgroup have experienced issues accessing grant funding. This includes ineligibility and unclear information on how to apply for this funding.
- Three out of ten (30%) from this subgroup are unsure of the financial support that is available. These are generally micro-businesses with 2-9 employees who believe that their business structure does not allow them to apply for any of the existing financial support schemes.
- A sixth of this subgroup (13%) have experienced issues accessing the Coronavirus Business Interruption Loan Scheme (CBILS). Banks have been too slow to respond, and with cashflow particularly tight this has meant that businesses are fearing going bust before the support becomes available.

Generally, businesses reaching out for financial support favour grant funding and see the loan schemes as an alternative should their grant application fail.

A fifth (19%) of businesses also discuss issues around order cancellations. As the lockdown period continues, more customers are cutting back on expenditure, leaving businesses with unsold orders gathering on shop floors. One small business discussed having over £40,000 of stock in their warehouse due to cancellations.

Just under a sixth (13%) discuss having issues accessing the Coronavirus Job Retention Scheme. These issues are surrounding a lack of clarity on how to access the scheme, and long response times for applications.

Businesses are keen to access general information and guidance, with over three quarters (77%) seeking this type of support. Assistance with short-term working capital is also key for businesses, with over half (58%) searching for support to help finance their business in the immediate future. A quarter (26%) are seeking support with business rates, whilst a similar proportion (25%) are keen to understand the assistance available regarding long term financial support. A fifth (20%) are keen to access support around dealing with employees and sick pay. There is a similar pattern amongst micro-businesses, although a slightly larger proportion amongst this subgroup (33%) require support meeting business rates obligations.

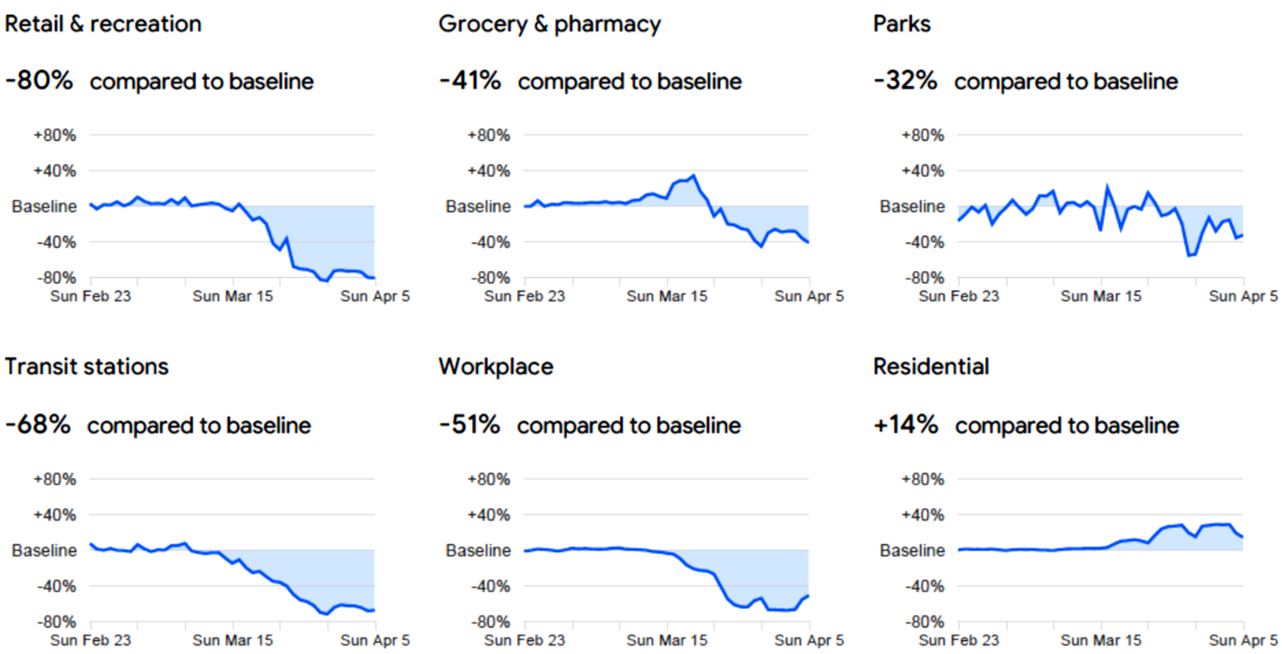
To aid the collection of business intelligence the Growth Hub has developed an electronic COVID-19 Business Impact Form that will allow our businesses to report their key concerns and while we appreciate that there are a number of websites that have support information, we feel it is really important that we drive traffic to the Gateway website. In this way we can provide to Government a collaborative account of the impact that the COVID-19 virus is having on individuals and businesses across Leicester and Leicestershire.

Economic Landscape

Google Mobility

Google has published data and statistics on the changing levels of people visiting different types of locations. These insights are created with aggregated, anonymised sets of data from users who have turned on the Location History setting (off by default). Levels of mobility are compared against a baseline period from 3 January and 6 February and activity is measured as a percentage change from this.

Leicestershire



Source: Google, COVID-19 Community Mobility Report, United Kingdom April 5, 2020

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