



# **GROWTH COMPANY COVID-19 IMPACT SURVEY**

**RESULTS FROM SURVEY INCEPTION TO DATE  
AND FOR THE WEEK 19TH TO 25TH MAY**

[www.growthco.uk](http://www.growthco.uk)

# SUMMARY AND ECONOMIC CONTEXT

## Economy and business

- **Global economic announcements over the past week have provided some “really tough” news.** The World Trade Organisation has predicted a fall in trade between 12 and 32% this year. ONS data on UK GDP showed a 2% decline in the first quarter of the year and a sharp monthly decline in March.
- **Data from the Office for National Statistics published last week shows a substantial decline in the number of job vacancies available in the UK.** Preliminary labour market data shows there were around 350,000 unfilled positions across the economy in April, a decrease from 750,000 in March. Particularly, large reductions in vacancies were recorded in Hospitality, Leisure and Tourism, and the Wholesale and Retail sectors.
- **The ONS also released unemployment data last week which shows that the number of people on Universal Credit in Greater Manchester increased by 65,820 in April 2020,** a 38% increase from March 2020, lower than the UK average increase over the same period (40%). However, given the number of people on furlough across the UK, labour market figures arguably disguise the true picture on unemployment. The reduction in hours worked and record increases in people claiming unemployment benefit give better indications of the seriousness of the levels of unemployment to come.
- **The UK's inflation rate fell in April to its lowest since August 2016.** The consumer price index measure of inflation fell from 1.5% in March to 0.8%. Falling petrol and diesel prices, plus lower energy bills, were the main drivers pushing inflation lower.
- **Residential property sales in the UK in April hit their lowest monthly level since comparable records began in 2005.** There were 38,060 transactions in April, according to provisional numbers from HM Revenue and Customs. This was less than half the level seen in the same month last year. The total number of property sales is slightly less than the previous low seen at the height of the financial crisis in January 2009.
- **British retail sales fell by a record amount in April.** The Office for National Statistics said that the amount of goods sold fell by 18.1% last month. Clothing sales fell by a half as high street shops closed for lockdown. Online shopping as a proportion of retail reached a record high of 30.7%, however this did not offset the fall in high street sales.
- **Results from the latest BCC Business Tracker reveal that the majority of UK firms surveyed are in a position to partially restart operations as lockdown restrictions are eased.** 83 per cent of respondents report that they know some or a lot of details about government guidance on working safely, 37% of firms report they can implement the guidance and fully restart, 45 per cent report they can partially restart.
- **On Monday 25th May, the Prime Minister announced that all non-essential retailers will be able to reopen in England from 15 June,** as part of plans to further ease the lockdown. However, the move is "contingent on progress in the fight against coronavirus", and retailers will have to adhere to new guidelines to protect shoppers and workers, the PM added.
- **Also this Monday, the UK government indicated that it is prepared to rescue large British companies severely affected by the coronavirus crisis.** The Treasury said "last-resort" support could be made available if a firm's failure would "disproportionately harm the UK economy". The move follows indications that a number of big firms are seeking government help to survive the crisis. The plan is titled 'Project Birch' and could involve the state taking stakes in companies, although extending existing loans would be preferable.
- **This report represents the views of just over 2,500 businesses since the Growth Company Covid-19 survey began in early March, and over 250 firms last week.** The results of the GC survey show impacts across all the economy. This weeks results suggest a rise in firms reporting decreased sales to the worst position recorded by the survey to date. Cash reserves remain under pressure, but the latest survey results suggest stabilisation in the short-term compared with the survey results from the last 3 weeks.
- **Employee impacts suggest furlough of staff still prevalent. However there is little change in the proportion of firms stating they intend to make redundancies –** just over 4% of firms last week, and 3% in all survey respondents to date since March. Future business support requirements are still focussed upon financial support and advice, with a slight rise this week in firms wanting support with staffing issues.

*This report is produced by a cross organisational team, with input and support from Growth Company, Business Growth Hub, MIDAS, Trade North West, Marketing Manchester & CityCo/Manchester BID, and the GMCA research team. For more information, please contact: [Sabirah.chowdhury@growthco.uk](mailto:Sabirah.chowdhury@growthco.uk)*

*The findings of this report are fed into the **Greater Manchester Resilience Forum**, which continues to meet weekly to share intelligence, and to co-ordinate a response to the crisis.*

# LOCAL BUSINESS SURVEY SUMMARY

## *Response rate and survey boost*

- This week's report includes a boosted survey response which is based the views of businesses not actively working with the Growth Company, as well as current clients of GC. There were 250 firms responding from 19 to 25 May, of which 145 were leads/enquiries captured through the #HereForBusiness telephone campaign - rather than firms that had an existing business support 'account' with GC. It is also important to note that the analysis this week excludes detail by Local Authority, size and sector. This is due to the shorter working week (Bank Holiday) and reduced project team available to work on the analysis.

## *This weeks results suggest a rise in firms reporting decreased sales to the worst position recorded by the survey to date*

- Decreased sales and cashflow remain the main impacts reported by business. 79.5% of firms reported decreased sales this week (68.1% of all respondents since March). This represents an increase from 66.7% last week, and is significantly higher than the 35% of respondents reported in early March. 30.7% of respondents reported cashflow issues (34.8% of all respondents since March), similar to levels reported 2 weeks ago (34.4%); and 28.4% of firms reported difficulties visiting clients, down from 39.1% the previous week, and down from the level reported two weeks ago 32.8%.

## *Cash reserves remain under pressure, but the latest results suggest stabilisation in the short-term compared with survey results from the last 3 weeks*

- 14.6% of firms from this weeks survey (21.2% of all respondents since March) said they can sustain their organisation on reserves for up to 3 months, compared to 14.3% last week, and 21.7% two weeks ago. However, there was a marked fall in firms reporting they had reserves to last over 6 months (31.8% vs 39.6% last week), and a rise in firms saying that they were uncertain how long their reserves would last (32.8% vs 23.1% last week).

## *Employee impacts suggest furlough of staff still prevalent throughout the local economy. However there is little change in the (low) proportion of firms stating they intend to make redundancies*

- 69.0% of all respondents this week said that they had furloughed staff, compared with 51.1% last week. (and 51.4% from all surveys to date). Of those firms furloughing staff, 58.2% said they had: **'more than half their staff furloughed'** (equivalent figure is 49.9% for all surveys to date). However, few companies to date report that they have / or intend to make redundancies. 4.5% of respondents this week said they were making redundancies, similar to 4.4% last week (3.2% all surveys).

## *Future business support requirements are still focussed upon financial support and advice, with slight rise this week in firms wanting support with staffing issues*

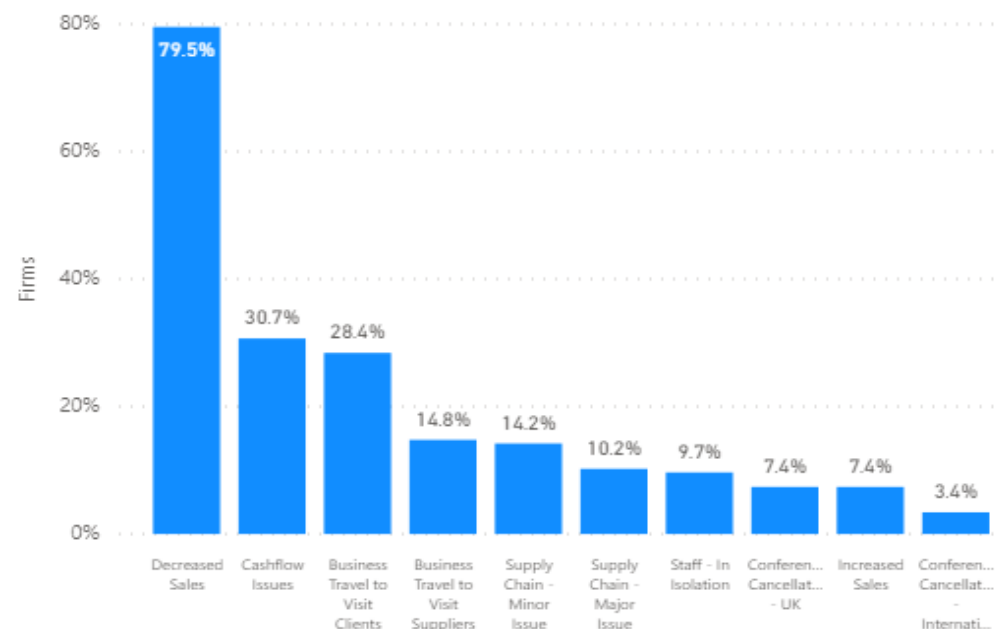
- Finance Support and Advice: 41.0% (44.4% last week), remains the main area of support suggested by respondents, followed by 37.9% of firms that suggested other support (including having direct contact with Government, and money to support the purchase of new equipment), 31.1% said Business Planning (similar to 32.2% last week), and 9.3% said support with staffing issues, up from 6.7% last week.

## **Survey of International Trade clients**

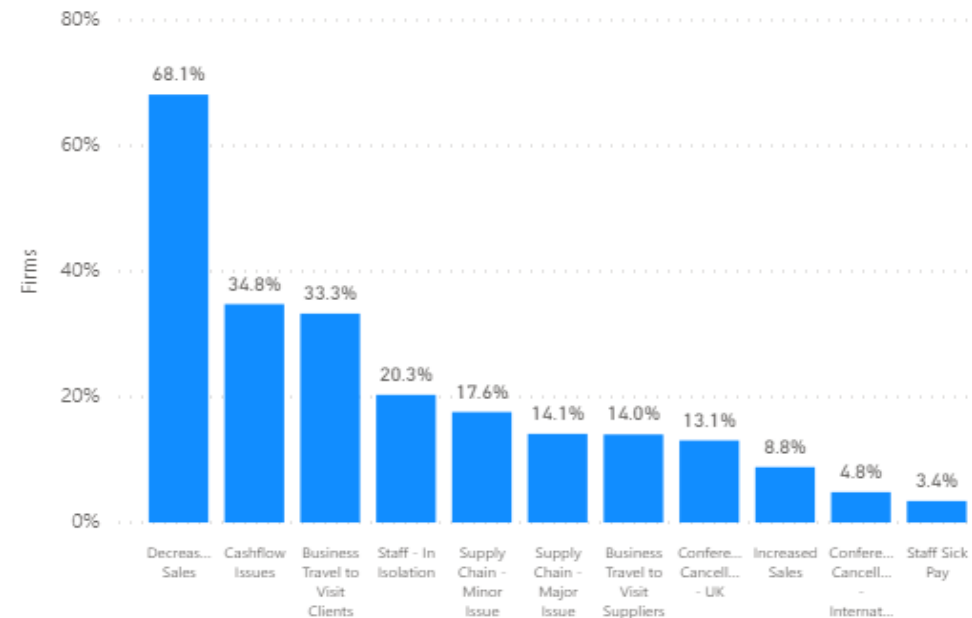
**Additional analysis of a further 816 firms surveyed by the North West International Trade team (during the last 2 months) shows that over three-quarters 76% of firms reported a negative impact from the C19-crisis.** The main impacts being decreased sales, supply chain disruption, cashflow issues, and disruption to operations. 11.5% reported positive impacts, and of these the majority related to increasing sales. Sectors more likely to report increasing sales included Food and Drink Manufacturing , Chemicals and Pharmaceuticals, Healthcare and Medical goods, and Business Services. (Data to end of 22 May 2020)

# LOCAL BUSINESS SURVEY – HEADLINE IMPACTS (FURTHER RESULTS IN APPENDICES)

*In week figures (19 to 25 May)*



*All respondents from start of survey (since 12 March)*



**What are the main impacts on your business? Top issues ranked (previous figures in brackets\*)**

- Decreased sales: 79.5% (66.7%)
- Cashflow issues: 30.7% (16.1%\*, and 2 weeks previous figure 34.4%)
- Business travel to visit clients: 28.4% (39.1%\*, and 2 weeks previous figure 32.8%)
- Business travel to visit suppliers: 14.8% (12.6%)
- Minor supply chain impacts 14.2% (25.3%)
- Major supply chain impacts 10.2% (9.2%)
- Staff in isolation 9.7% (16.1%)

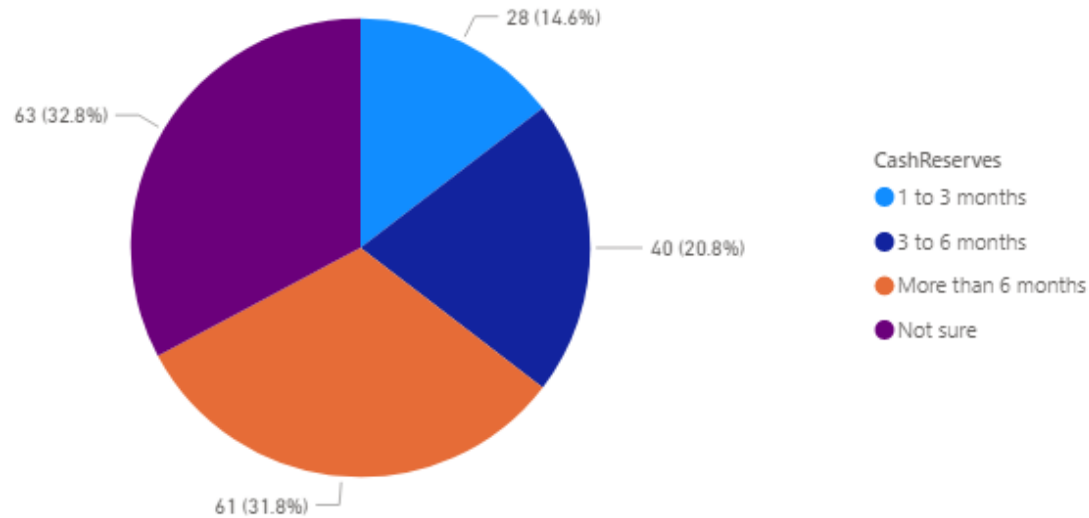
**What are the main impacts on your business? Top issues ranked (previous figures in brackets)**

- Decreased sales: 68.1% (66.4%)
- Cashflow issues: 34.8% (34.7%)
- Business travel to visit clients: 33.3% (34.0%)
- Staff in isolation 20.3% (21.9%)
- Minor supply chain impacts 17.6% (18.3%)
- Major supply chain impacts 14.1%
- Business travel to visit suppliers: 14.0% (14.1%)

\* Notes: Figures based on number of respondents stating an impact in their business, previous figure in brackets. In week figure possibly anomaly to tend to figure from 2 weeks previous given also.

# LOCAL BUSINESS INTELLIGENCE – CASH RESERVES IMPACTS

*In week figures (19 to 25 May)*

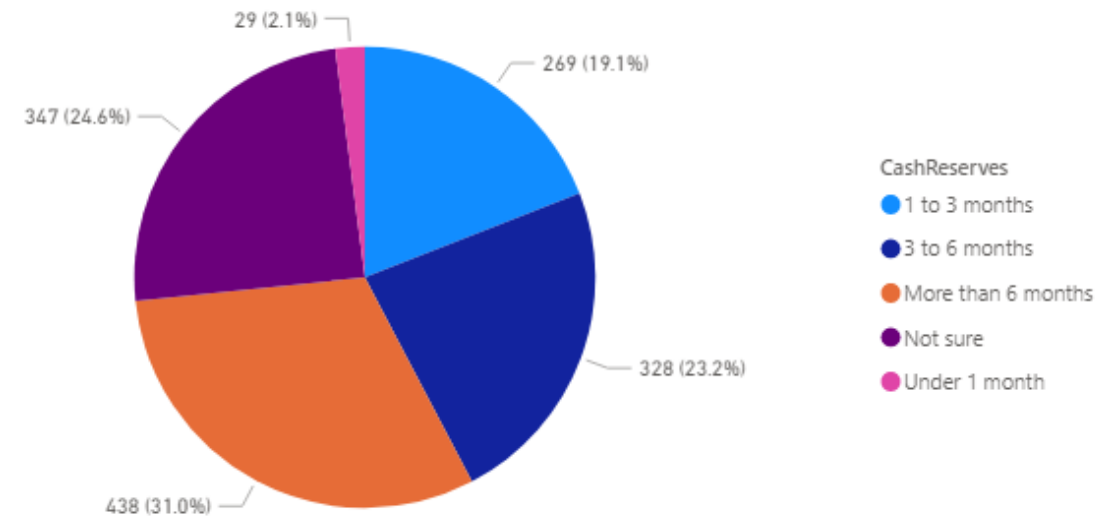


**How long do you believe you can sustain your organisation on your existing financial reserves?**

- **<1 Month: 0.0% (0.0%)**
- **1-3 Months: 14.6% (14.3%)**
- **3-6 Months: 20.8% (23.1%)**
- **6+ Months: 31.8% (39.6%)**
- **Not Sure: 32.8% (23.1%)**

➤ **46.0% (35.9%)** of firms said they had applied for or intended to access loans or grants

*All respondents from start of survey (since 12 March)*



**How long do you believe you can sustain your organisation on your existing financial reserves?**

- **<1 Month: 2.1% (2.0%)**
- **1-3 Months: 19.1% (20.0%)**
- **3-6 Months: 23.2% (24.0%)**
- **6+ Months: 31.0% (31.0%) (20% figure 4 weeks previous)**
- **Not Sure: 24.6% (23.0%)**

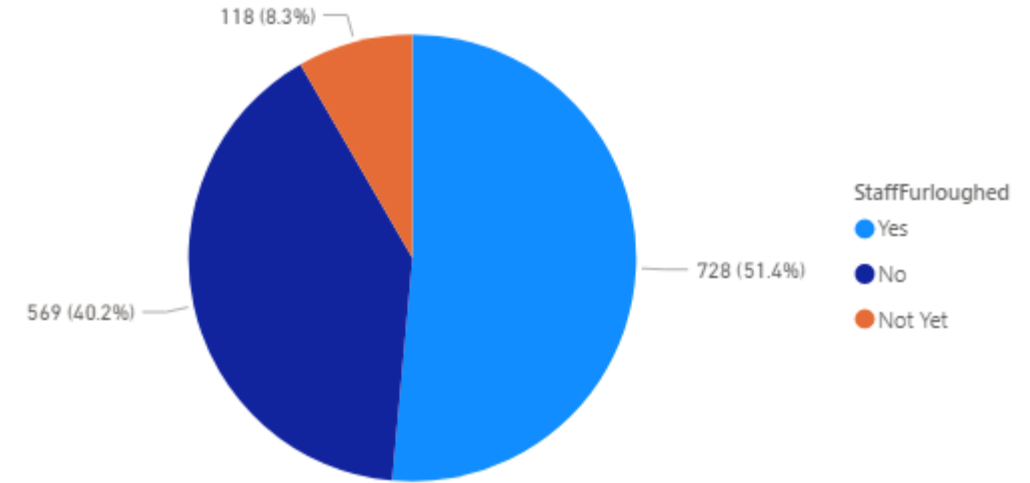
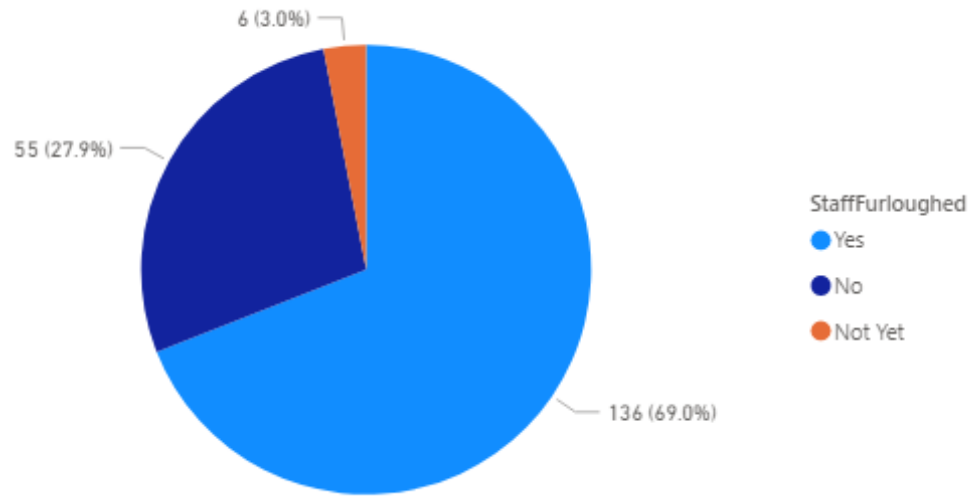
➤ **37.7% (35.0)** of firms said they had applied for or intended to access loans or grants

*Notes: Figures based on number of respondents, previous figure in brackets.*

# LOCAL BUSINESS INTELLIGENCE – STAFF IMPACTS

*In week figures (19 to 25 May)*

*All respondents from start of survey (since 12 March)*



**What are the main impacts on your business? Top five issues (previous figures in brackets)**

**Have you furloughed staff?**

- **Yes: 69.0% (51.1%).**
- Not Yet: 3.0% (4.3%).
- No: 27.9% (44.6%).

**How many employees have you / do you anticipate having to furlough?**

- **Yes: 58.2% (41.1%)** of firms this week said that they have furloughed more than half their staff.

**Do you plan to make redundancies?**

- **4.5% (4.4%)** of respondents in the last week said that they planned to make redundancies.

**Have you furloughed staff?**

- **Yes: 51.4% (46.1%).**
- Not Yet: 8.3% (9.8%).
- No: 40.2% (44.1%)

**How many employees have you / do you anticipate having to furlough?**

- **Yes: 49.9% (47.2%)** of firms said that they have furloughed more than half their staff

**Do you plan to make redundancies?**

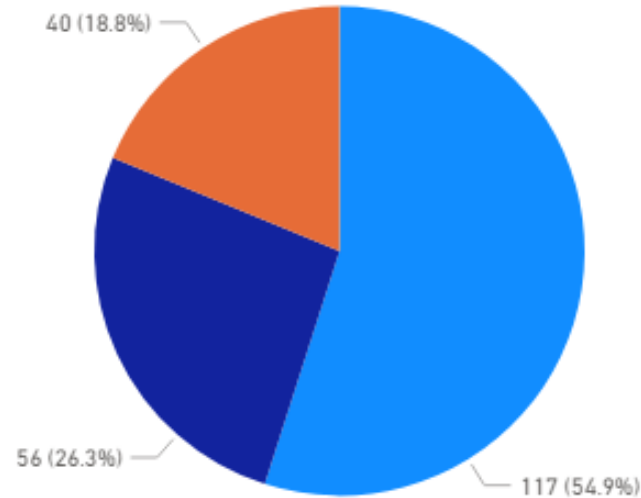
- **3.2% (2.6%)** of respondents said that they planned to make redundancies to date.

*Notes: Figures based on number of respondents, previous figure in brackets.*

# LOCAL BUSINESS INTELLIGENCE – OVERALL IMPACTS (SEVERITY)

*In week figures (19 to 25 May)*

● Medium - business will ... ● Low - continuing t... ● High - immediat...

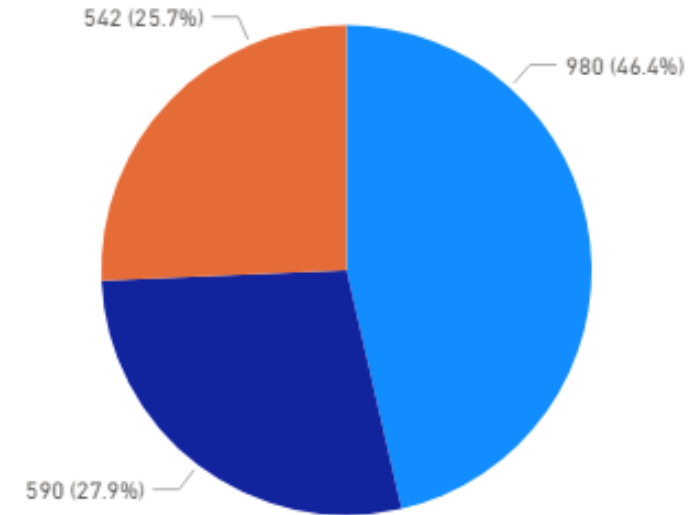


**What is the overall impact on your business? (advisor judgement based on interview content)**

- **High: (Immediate risks of employees being lost / businesses cease trading) 18.8% (16.3%)**
- **Medium: (Businesses likely to continue to trade but at reduced sales and staffing) 54.9% (56.5%)**
- **Low: (Businesses likely to continue to trade without major risks) 26.3% (27.2%)**

*All respondents from start of survey (since 12 March)*

● Medium - business will ... ● Low - continuing t... ● High - immediat...



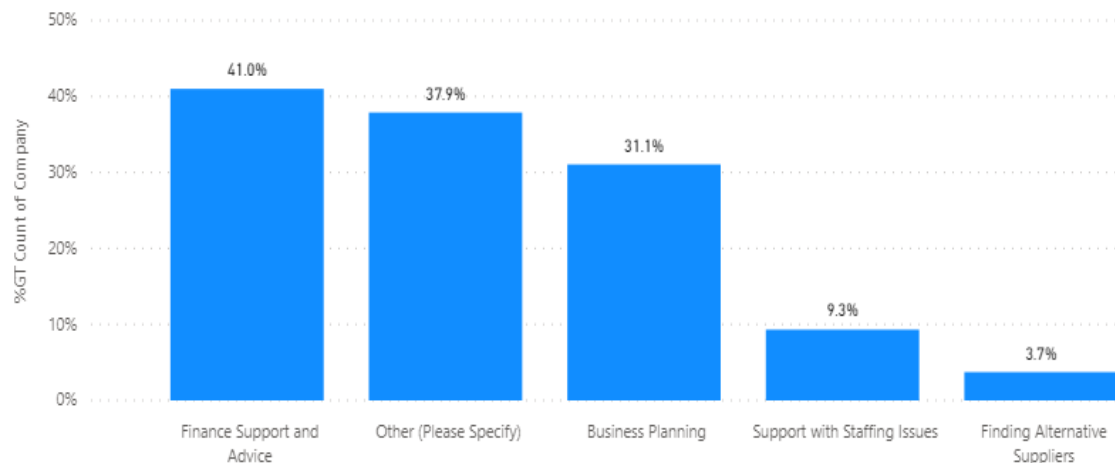
**What is the overall impact on your business? (advisor judgement based on interview content)**

- **High: (Immediate risks of employees being lost / businesses cease trading) 25.7%**
- **Medium: (Businesses likely to continue to trade but at reduced sales and staffing) 46.4%**
- **Low: (Businesses likely to continue to trade without major risks) 27.9%**

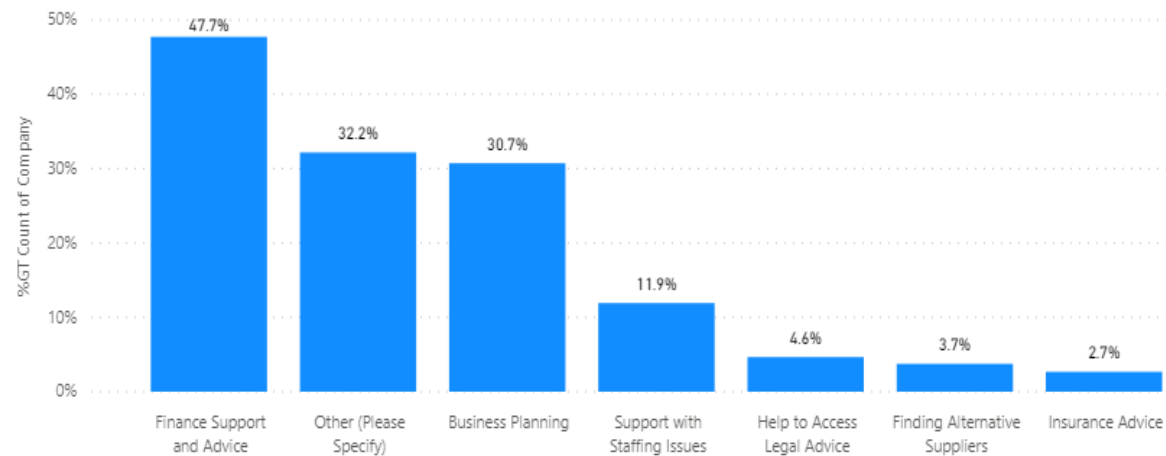
Notes: Figures based on number of respondents, previous figure in brackets.

# LOCAL BUSINESS INTELLIGENCE – BUSINESS SUPPORT

*In week figures (19 to 25 May)*



*All respondents from start of survey (since 12 March)*



**Where would you appreciate further business support and information?**

- **Finance Support and Advice: 41.0% (44.4%)**
- **Other: 37.9% (44.4%).** Of these, the main issues flagged this week are:
  - Direct contact with Government.
  - Purchase of new equipment.
- **Business Planning: 31.1% (32.2%)**
- **Support with staffing issues 9.3% (6.7%)**
- **Finding alternative suppliers 3.7% (2.2%)**

**Where would you appreciate further business support and information?**

- **Finance Support and Advice: 47.7% (48.5%)**
- **Other: 32.2% (31.3%)** Of these, the main issues flagged since the survey began are:
  - Advice on company access to finance and grants
  - Supporting businesses in how to operate safely once open again
- **Business Planning: 30.7% (31.3%)**
- **Support with staffing issues 11.9% (12.3%)**
- **Help to access legal advice 4.6% (5.1%)**

*Notes: Figures based on number of respondents, previous figure in brackets.*