



The
Growth
Company

Growth Company Business Survey

Results for 4 Weeks up to the 30th July

www.growthco.uk

GC Business Survey

The main survey findings reported by businesses in Greater Manchester during July 2021

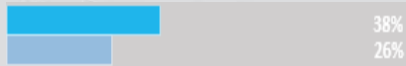
The Growth Company exists to enable growth, create jobs, and improve lives. To inform how we support GM businesses and the economy, we continually monitor a range of data and intelligence to understand the impact of Covid-19, and other economic risks and opportunities.

A total of **223** businesses participated in our GC Business Survey between **25th June and 30th July**. The findings are presented in this report.

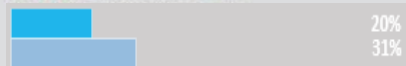
The main impacts of the current economic climate on GM Business



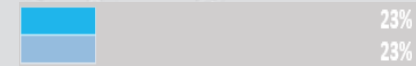
Reporting decreased sales



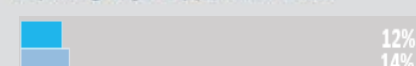
Reporting increased sales



Reporting minor supply chain issues



Reporting major supply chain issues



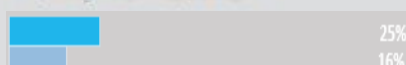
Reporting increase in profit in next 12 months



Optimism score out of ten



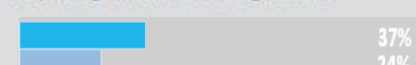
Reporting cashflow problems



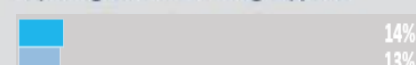
Reporting reserves to last (at least) 6 months



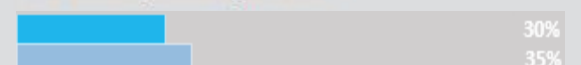
Reporting difficulties seeing clients



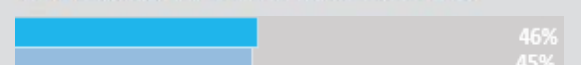
Reporting difficulties seeing suppliers



Firms currently recruiting new staff



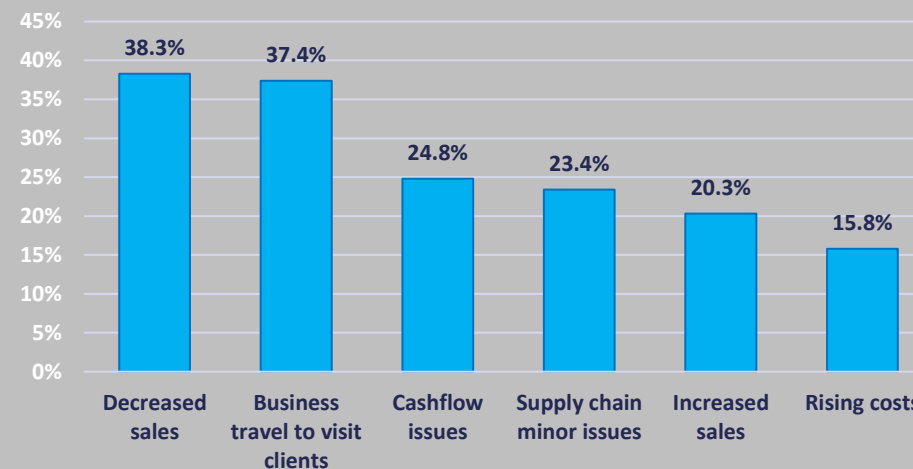
Firms reporting they have the right workforce skills



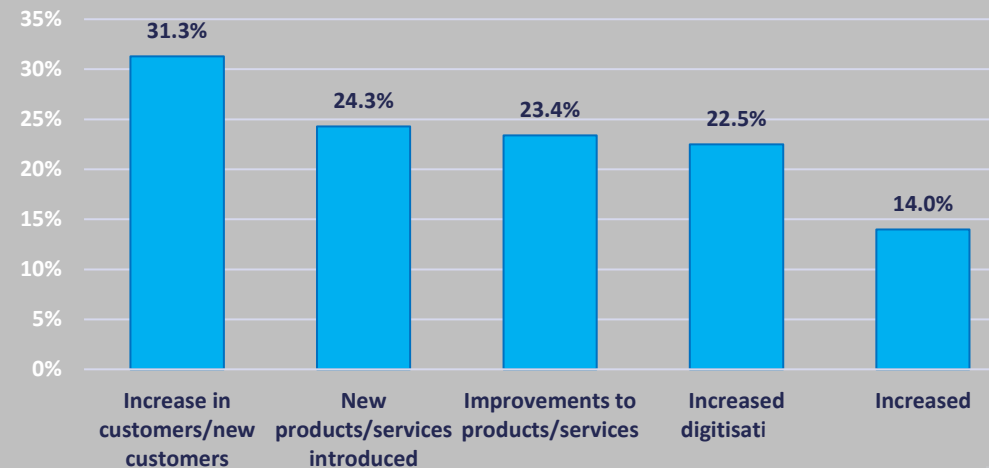
■ Current ■ Previous (June-21)

- UK forecasts upgraded by the IMF, but recent ONS data shows growth slower than expected.** In the latest World Economic Outlook, the IMF upgraded its forecast for the UK economy in 2021 and expects it to grow by 7% in 2021 following a contraction of -9.8% in 2020. The UK is now predicted to have the joint fastest growth of the G7 leading rich countries along with the USA; and this is reflected by the current strong position of PMI data in manufacturing and construction. Despite the IMF forecast revisions, ONS data recorded that the economy grew slower than expected in May, by 0.8%, as coronavirus restrictions eased to allow pubs and restaurants to serve indoors. While that was the fourth consecutive month of growth, it was less than the 2% growth seen in April, and the economy is still 3.1% below pre-pandemic levels.
- Consumer spending is on the rebound, but still has some way to go to reach pre-pandemic levels.** ONS figures show that the pandemic caused the UK to suffer its steepest decline in consumer spending in 80 years (since 1940), with the collapse in spending accounting for two-thirds of the -9.8% fall in GDP (ONS); the latest data (Q1 2021) shows consumer spending is still 13.4% below the Q4-2019 pre-pandemic level. These results reflect that the UK has implemented some of the most stringent restrictions in most advanced economies – due to successive waves of Covid cases. Indoor hospitality venues have remained closed for almost 9 months, and non-essential retail remained closed for over 6 months.
- The GC Survey highlights parts of the economy are still at risk (tourism, hospitality & leisure and parts of retail).** The GC Business Survey shows that the proportion of all firms reporting decreased sales rose to 38% vs 26% last month, and the sectors most likely to report decreasing sales are tourism, hospitality and leisure, business, retail and other personal service activities, and business services (mostly reflecting the risks to consumer spending). The other main impacts reported in the last 4 weeks are business travel to visit clients (37% vs 24% previously), and cashflow issues – showing a slight uptick compared to the previous report (25% vs 16%). Despite this, there has been continued improvement in firms reporting cash reserves lasting over 6 months (67% vs 62% previously).
- Innovation and adapting to new business models are amongst the main challenges facing businesses (now and in the year ahead).** As private sector activity continues to increase in line with the continuous removal of social restrictions, so does the prevalence of associated issues and risks faced by businesses. The main challenges faced by firms include growing new sales opportunities (66%), developing new products and services (40%), and developing new business models (36%).
- Redundancy risk remains low, however labour and skills shortages are increasing, particularly in the tourism, hospitality and leisure, construction, and transport/logistics industries.** 30% of firms are currently recruiting new staff (down from 35% in the previous report). However, almost half (47%) of survey respondents think that their current workforce skills are only 'partly' at the level to meet their business plan objectives for the year ahead. The main areas employers are reporting issues within their current workforce mostly relate to: digital skills (in particular, those linked to digital transformation), marketing and sales skills (often linked to specialist areas such as digital sales), and management & leadership skills.
- Optimism for growth and profits in the year ahead continues to remain strong, despite growing risks around inflationary pressures and skills shortages.** Two-thirds of firms still expect profits to increase in the year ahead, with just 3% reporting they expect profits to decrease. The manufacturing and digital technology sectors are the most likely to report an increase in profits. In terms of future investment plans, 45% of firms expect to increase Capex in the year ahead. 57% of firms expect to increase their allocation towards investing in innovation, followed by workforce development and skills (53%), and digital transformation (47%). For the time being inflationary pressures are confined to the manufacturing sector, and parts of both digital and construction. Nationally, according to the CBI (and mirrored in the survey) the percentage of manufacturers citing skilled labour shortages in their survey as a factor limiting production is the highest since 1974.
- The return to workplace intentions remain weighted towards the majority of firms (56%) expecting their employees to be back in the office this year, however 19% of firms are still undecided.** Around 19% of firms expect to adopt a hybrid approach indefinitely with both on-premises and home-based working for employees, and just 5% of firms will expect most staff to work from home. The main challenges to implementing agile working include risks of social isolation and staff wellbeing (10%), implementing knowledge sharing and developing team relationships (5%), and 5% reporting managing work-life balance / boundaries between home and work.

Main Impacts

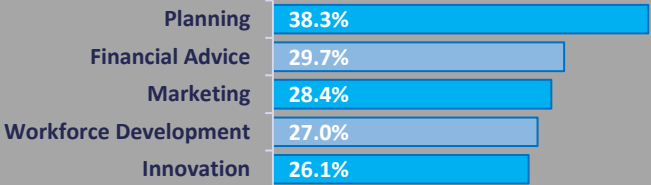


Positive Impacts

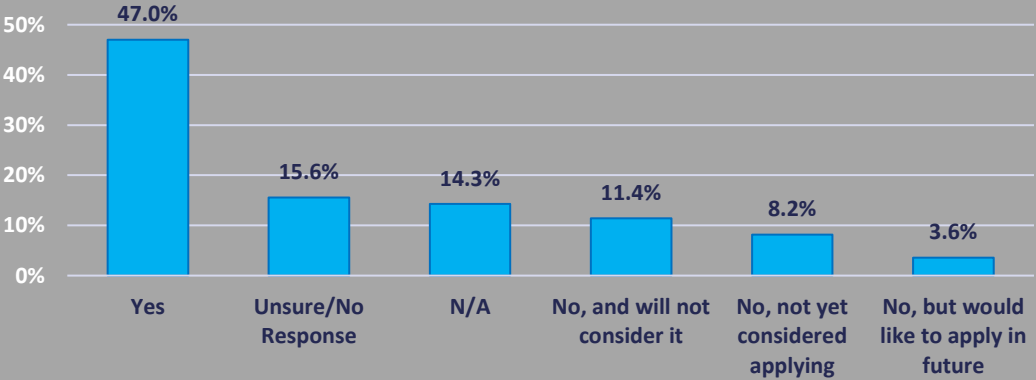


Areas of interest and business support

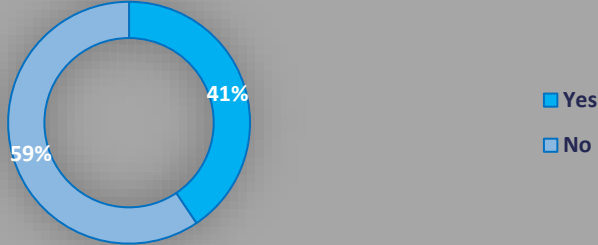
Top 5 areas for business support in the future



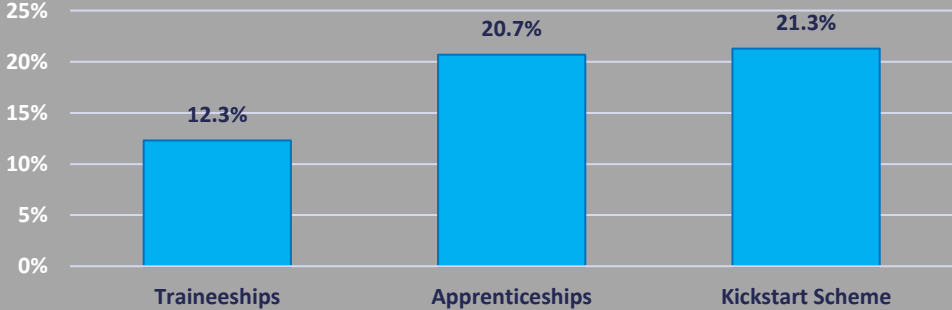
Firms accessing government loans and grants for assistance



% of respondents furloughing staff



% of respondents interested in the following 3 initiatives



Access support from the Growth Company

As a market leader in business and economy surveys, the Growth Company has engaged with firms throughout the pandemic and remains uniquely placed to provide invaluable intelligence on the challenges faced by business. Our survey intelligence reports provide regular weekly input to central Government, as well as supporting a variety of local stakeholders in planning their response. Here are some of the ways we can support you:

- Advice and support on navigating Covid-19 business challenges: www.businessgrowthhub.com/coronavirus

- Guidance and practical business support on EU Exit: www.businessgrowthhub.com/eu-exit
- Support for businesses and individuals within the hospitality, leisure and tourism industry across GM through skills, training and recruitment: www.talenthub.growthco.uk

For more information on the results presented here, or to take part in future surveys, please contact: Sabirah.Chowdhury@growthco.uk

