

LLEP Business Tracker Survey

Wave 2 – June 2021



Research objectives

The Leicester and Leicestershire Partnership (LLEP) wished to conduct a Covid-19 Business Tracker survey with the purpose of understanding the needs of local businesses to inform policy-making and ensure support is appropriately targeted.

The core research objective is to provide real-time insight into key issues being faced by businesses.

Specific objectives include:

- Monitoring KPIs / business confidence / perceptions of economy;
- Identifying business support needs;
- Exploring how businesses are adapting to change following pandemic;
- Providing robust evidence to support funding bids.

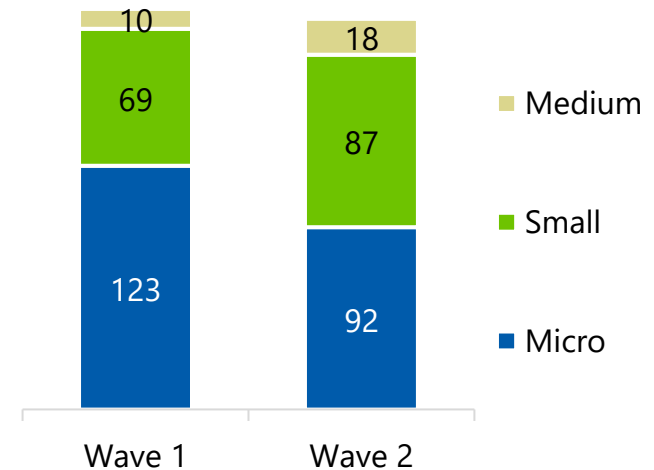
Research landscape

- This survey was the second wave of the LLEP Business Tracker
- Wave 1 - 202 businesses were interviewed by telephone (Dec 2020 – Jan 2021)
- Wave 2 used a range of approaches and took place between Mar – June 2021
 - 60 revisited businesses from Wave 1
 - 39 completed an online survey
 - 21 completed a telephone survey
 - 137 additional telephone surveys with new businesses
- The telephone interviews lasted 20 minutes and both surveys covered:
 - Training and skills
 - Recruitment
 - Digital investment
 - Environmental issues
 - Imports and export
 - Business Performance

Who we spoke to

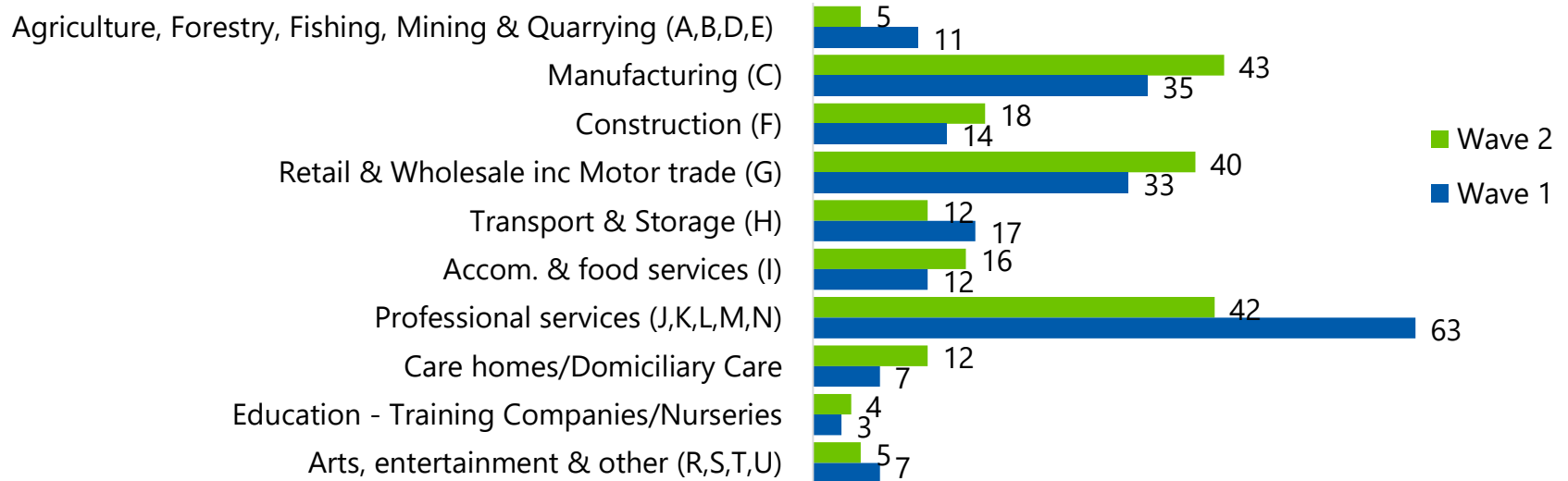
- Broad quotas were set to try and ensure a representative sample
- 20% of the interviews were in Leicester City, the remainder were in Leicestershire. (28% were in Leicester City for Wave 1)
- Businesses were categorised in three sizes:
 - Micro businesses have 2–9 employees
 - Small businesses have 10–49 employees,
 - Medium businesses have 50-199 employees.

Business size



Who we spoke to (2)

- A breakdown by sector of the sample can be seen below.

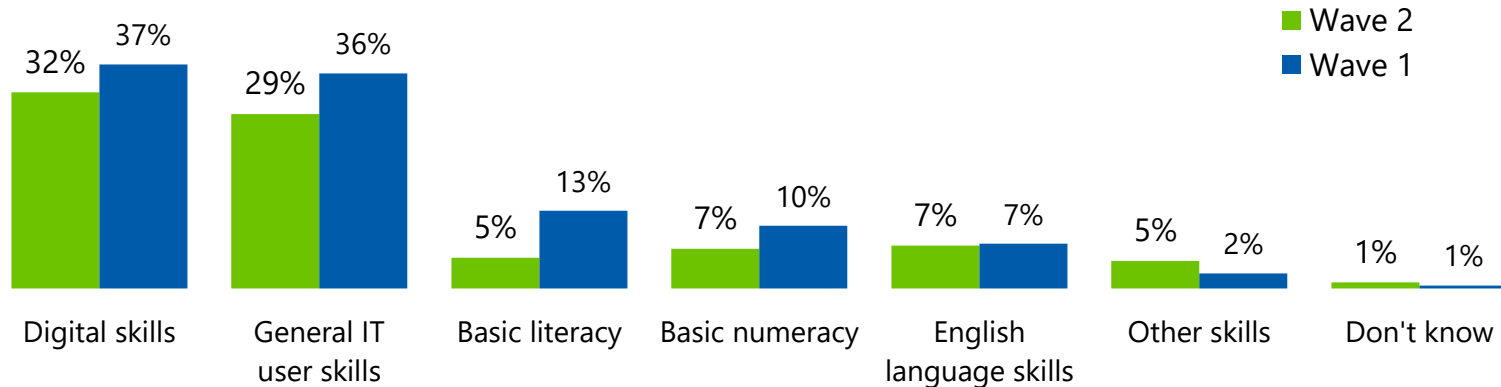


Staff – recruitment, training and skills



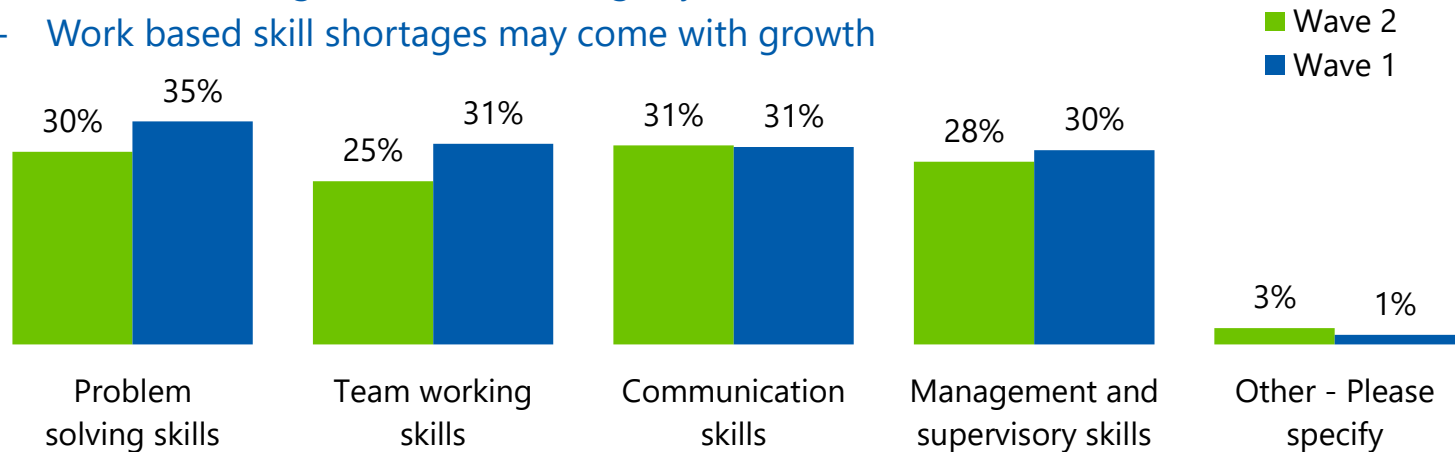
Over a third feel digital/IT skills need improving

- The changes since Wave 1 are not statistically significant and the broad pattern of responses remains the same.
- Around 4 in 10 organisations were happy with their workforce's basic skills (42% and 38% respectively)
 - Micro businesses were generally more satisfied than small businesses (48% v 39%)
- The main areas of concern were with:
 - Digital skills – such as social media, Zoom, MS Teams, Slack
 - General IT users skill



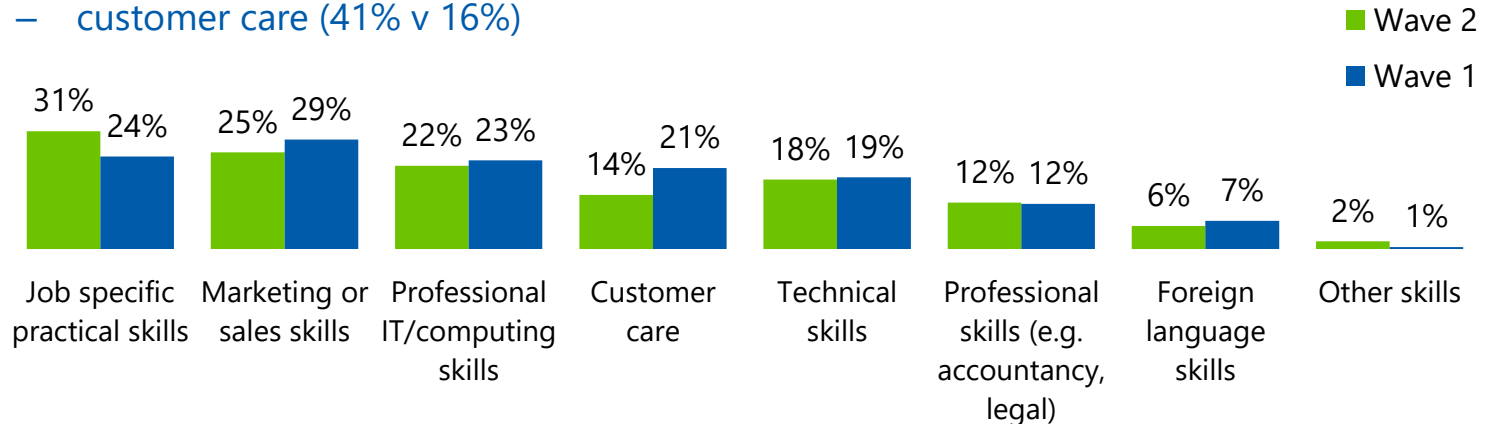
Six in ten see need for improved work based skills

- As for Wave 1, six in ten (59%) saw some need for improved work based skills
- Micro businesses were less likely to identify any skill gaps than larger businesses (47% v 70%)
 - Size may make them less likely to face challenges with communication, management and team working
 - Owner / managers are still fulfilling key roles
 - Work based skill shortages may come with growth



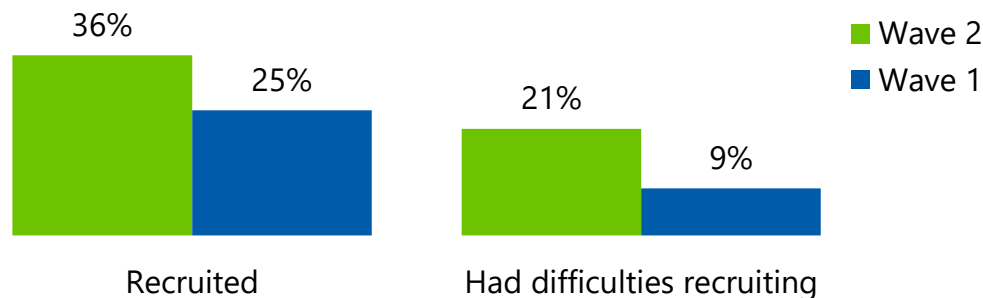
Most businesses do not need any job specific skills training

- 7 in 10 businesses do not need to improve any technical or job specific skills within their workforce. Micro business were less likely to need training than larger companies (67% v 78%)
- Growth in number of business requiring job specific practical skills (up from 24% to 31%)
 - Potentially a result of staff turnover during past year
- Small businesses more likely than micro businesses to be looking for
 - job specific practical skills (22% v 8%)
 - customer care (41% v 16%)



Experience of recruitment

- The proportion recruiting new staff has increased compared with Wave 1 (36% v 25%)
 - As with Wave 1 micro organisations are less likely to have recruited than larger organisations (20% v 50%)
- One in five (21%) of the organisations we spoke to have had difficulties recruiting staff in the last two months – an increase compared with Wave 1
 - This amounted to 42 organisations (11 micro, 25 small and 6 medium)

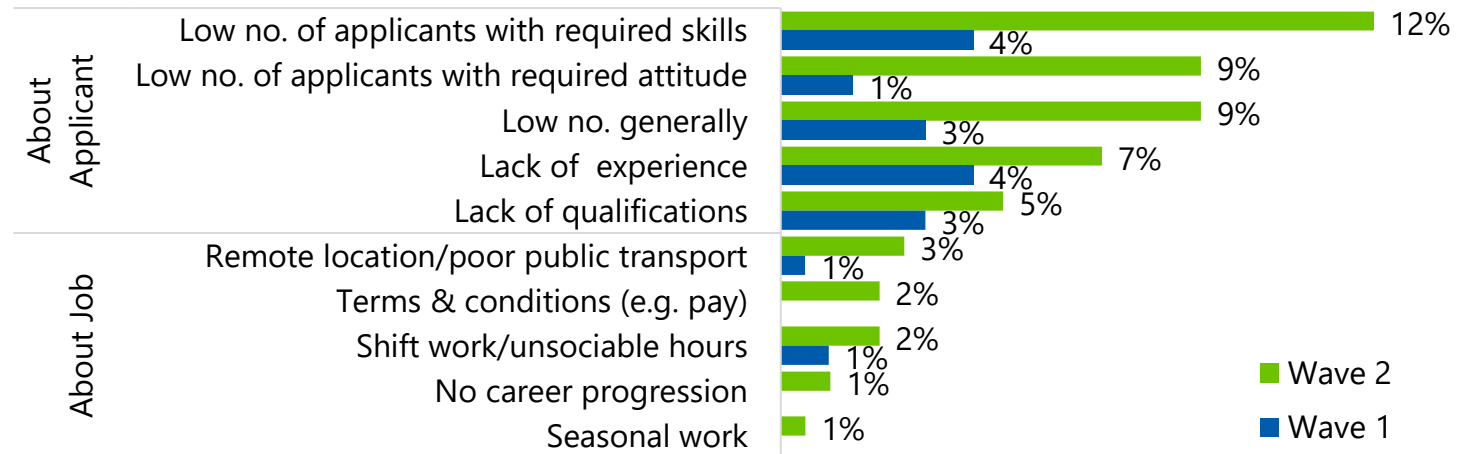


Q8 – Has your business recruited any staff who have started work in the last 2 months?

Q9 – Has your business experienced any difficulties in recruiting staff in the last 2 months?

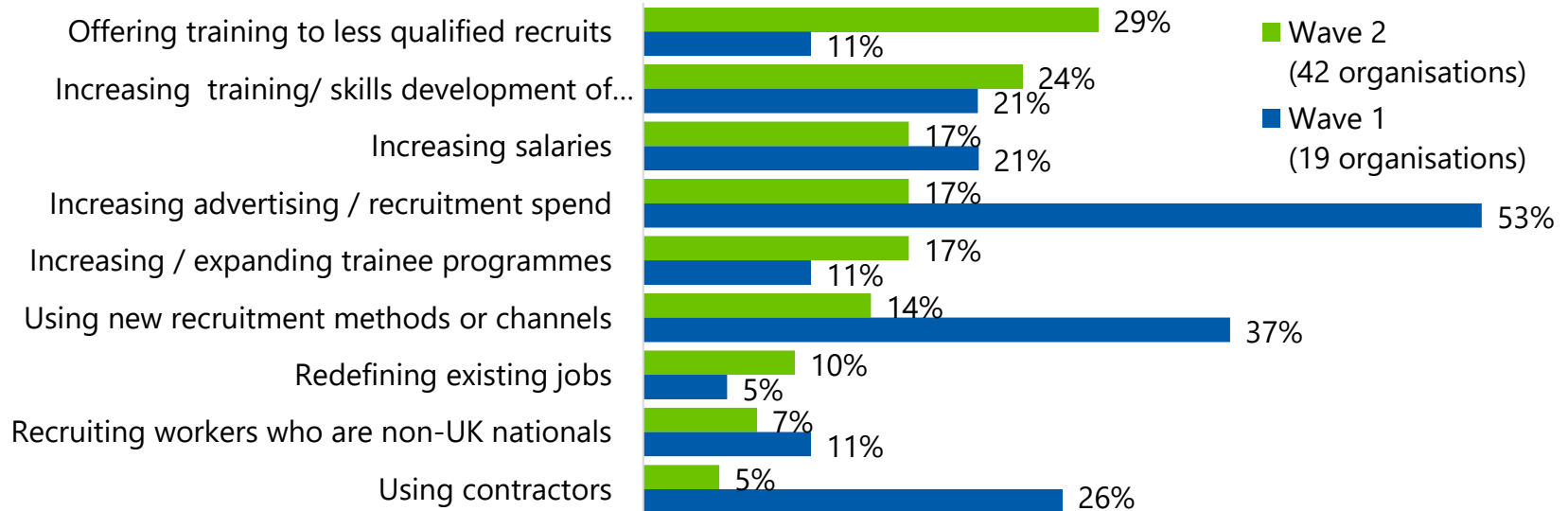
Recruitment challenges faced

- As more businesses have tried to recruit more have faced challenges
 - A lack of applicants overall and a lack of people with relevant experience and qualifications is the main challenge
- Organisations see the problems as related to applicants with far fewer believing difficulties to be related to the role or the terms and conditions offered



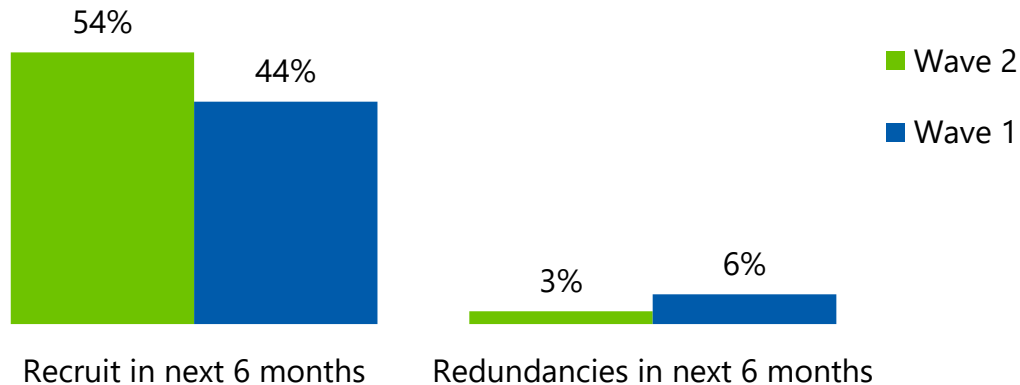
How are recruitment challenges being addressed?

- Main focus this wave is on improving training both for new and existing staff
 - In Wave 1 there was more focus on expanding recruitment or out-sourcing



Over half expect to recruit in next 6 months

- There's been an increase in proportion expecting to recruit new staff in the next 6 months
 - Increases to 63% amongst small businesses (falls to 39% in micro businesses)
- Only 3% are expecting to make redundancies – a lower proportion than for Wave 1
- This suggest a fairly optimistic approach for recovery

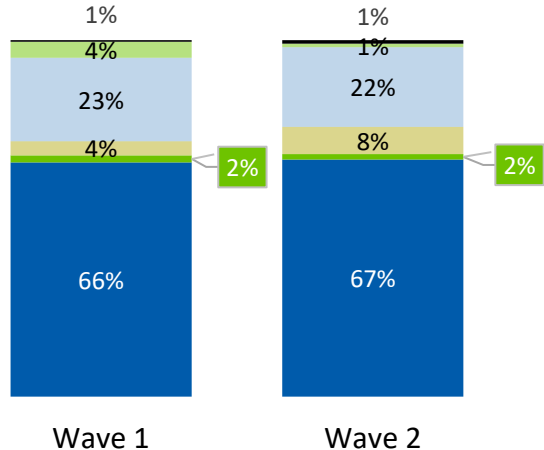


Q11 - Is your business looking to recruit in the next 6 months?

Q12 - Is your business looking to make redundancies in the next 6 months?

Employing EU nationals

- 68% of businesses currently employ EU nationals – almost exactly the same as in Wave 1
- However 9% of businesses now employ less EU nationals than a year ago
 - Just under 8% employing less than before and 2% employing none at all
 - 1% are employing more EU nationals than in the past
- 23% say the position is unchanged



■ Don't know

■ More EU nationals on the payroll now than a year ago

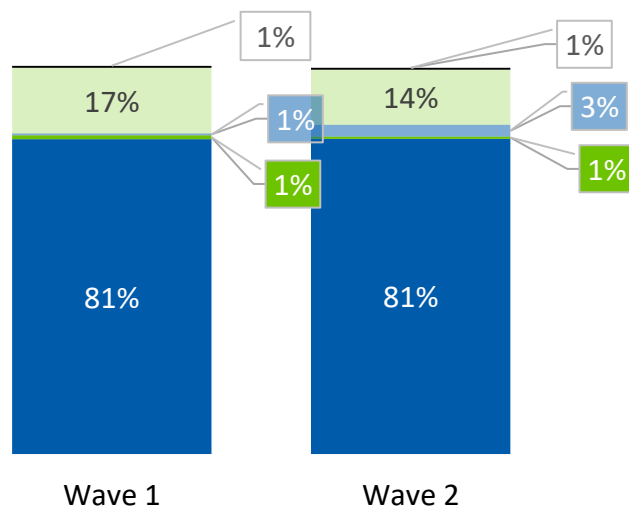
■ Same number of EU nationals on the payroll as a year ago

■ Less EU nationals on the payroll than a year ago

■ No EU nationals on the payroll now but there were a year ago

Employing staff from elsewhere

- Four in five businesses do not employ anybody from the rest of the world
- There has been a small increase in businesses saying they have less people from RoW on their payroll than a year ago
 - Considering the limits on travel during the past 12 months perhaps this is not surprising



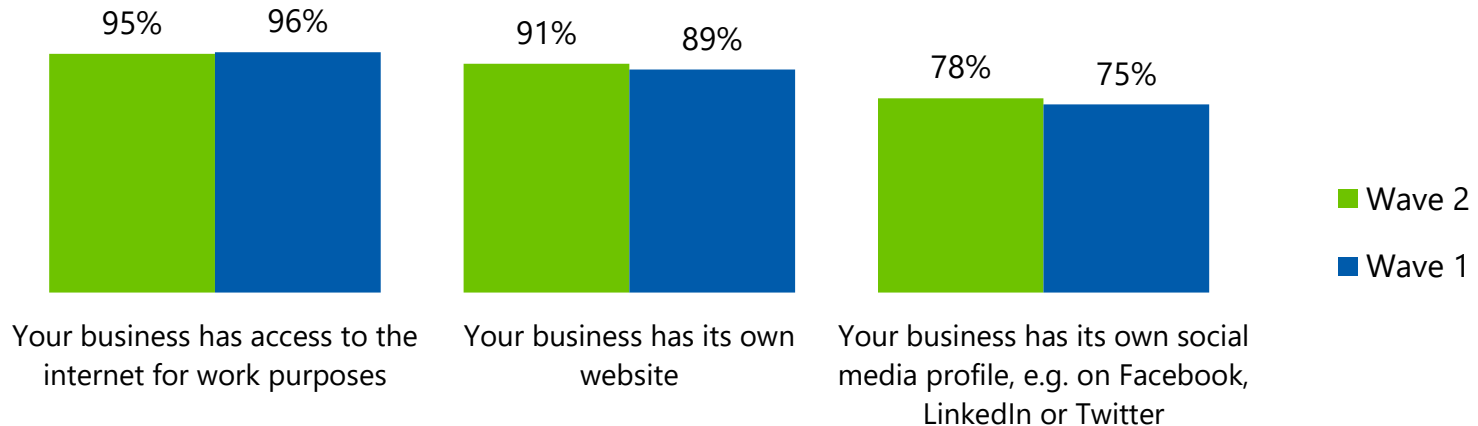
- Don't know
- We have about the same number of people from the RoW on the payroll as a year ago
- We have less people from the RoW on the payroll than a year ago
- We have nobody from the RoW on the payroll now but we did a year ago
- We have nobody from the Rest of the World on the payroll now and we didn't a year ago

Digital transformation



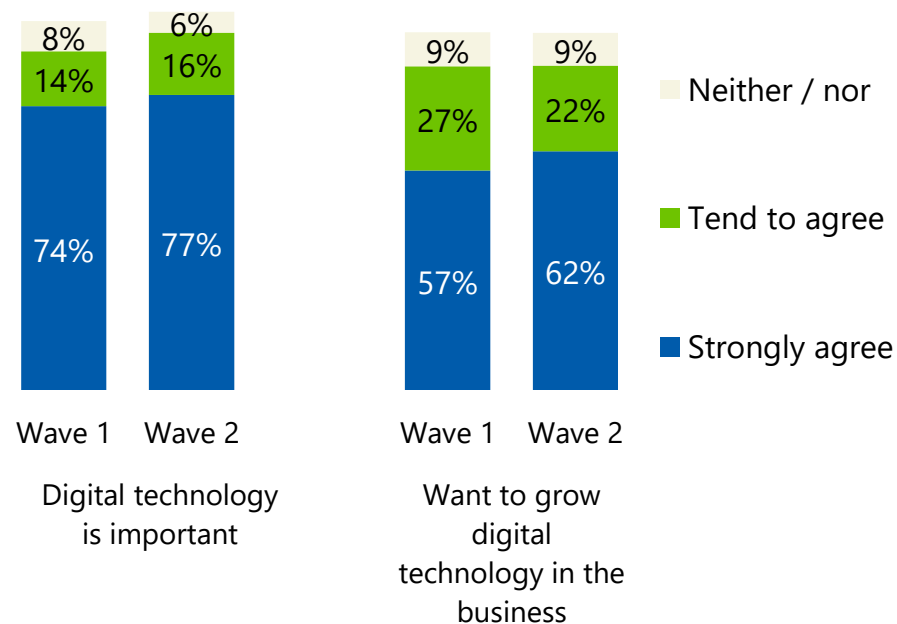
3 in 4 businesses have a social media profile

- Almost all have access to internet
- 91% have a website (+2 percentage points to Wave 1)
 - Rises to 97% for small businesses
- 78% have a social media presence (+3 percentage points to Wave 1)
- The uplifts are not statistically significant but may indicate an increased investment in digital communication during the pandemic



Most agree digital technology is important

- A small increase in the proportion considering digital technology is important – up from 89% to 93%
- The proportion agreeing they want to grow the use of digital technology has remained the same although there has been a slight increase in the strength of feeling with more businesses strongly agreeing (62% v 57%)

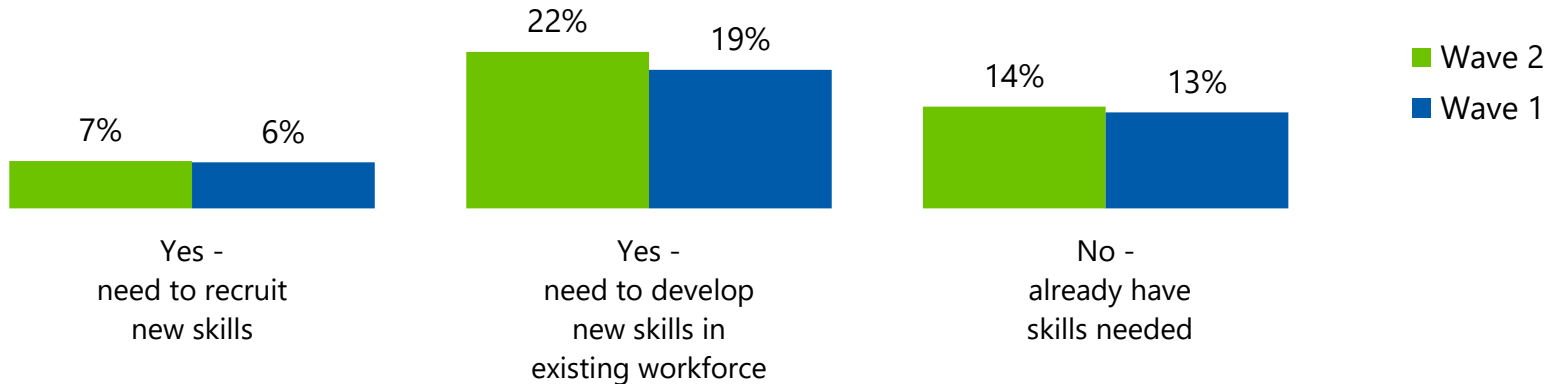


Q17a - How far do you agree or disagree that digital technology is important to your business?

Q17b - How far do you agree or disagree that you want to grow the use of digital technology within your business?

2 in 5 have invested in digital technology in last 2 months

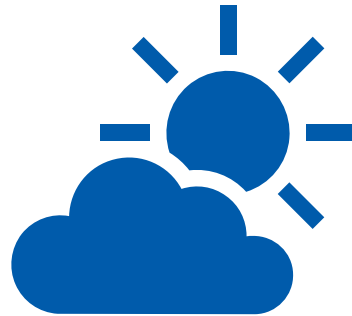
- Two in five (41%) have invested in digital technologies over last 2 months
 - A slight uplift compared with Wave 1 (35%)
- As in Wave 1 around a fifth (22%) need to develop new skills in their workforce whilst 7% are looking to recruit new skills



Q18 - Have you invested in any digital technologies (such as software, hardware, better broadband, CRM systems or specialist digital machinery) in the last 2 months?

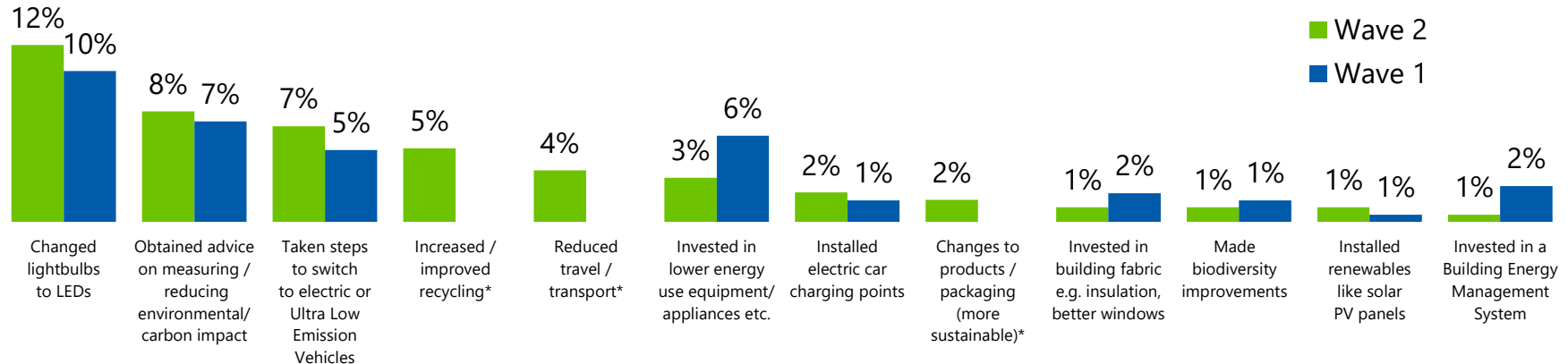
Q19 - Has this required you to recruit or develop new skills in your workforce

Environmental issues



A growth in green measures since Wave 1

- Over a third (35%) have taken action to reduce carbon impact in past 2 months compared with 27% in Wave 1
- The most frequent action was changing lightbulbs to LEDs (12%)
- Around one in 12 (8%) have obtained advice on reducing their environmental impact
- One in fourteen are exploring a switch to electric or low emission vehicles
- One in twenty have increased or improved their recycling activity

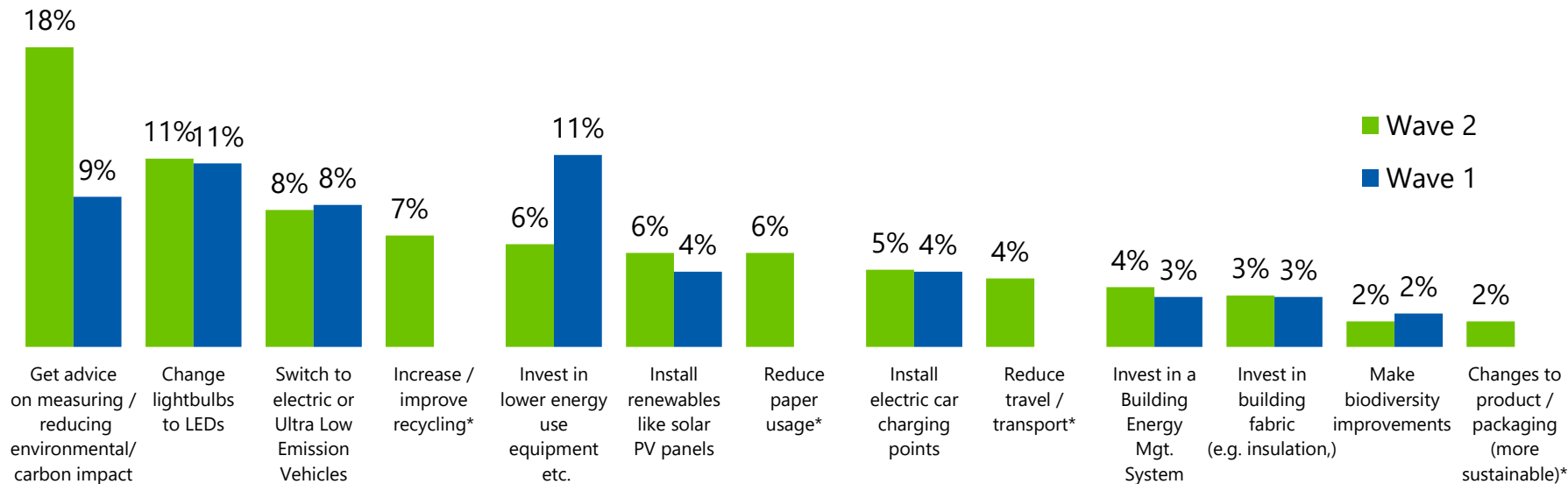


Q21 - Which of the following activities to reduce the carbon impact of your business have you undertaken in the last 2 months?

* Options not available in Wave 1

Green plans for the next 6 months

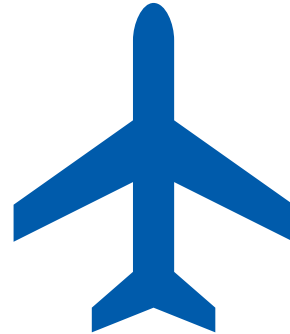
- Half (50%) plan to take action to reduce carbon impact in next 6 months (up from 44% in Wave 1)
- Increase in the proportion wanting to get advice (up from 9% to 18%)



Q23 - Which of the following activities to reduce the carbon impact of your business plan to undertake in the next 6 months?

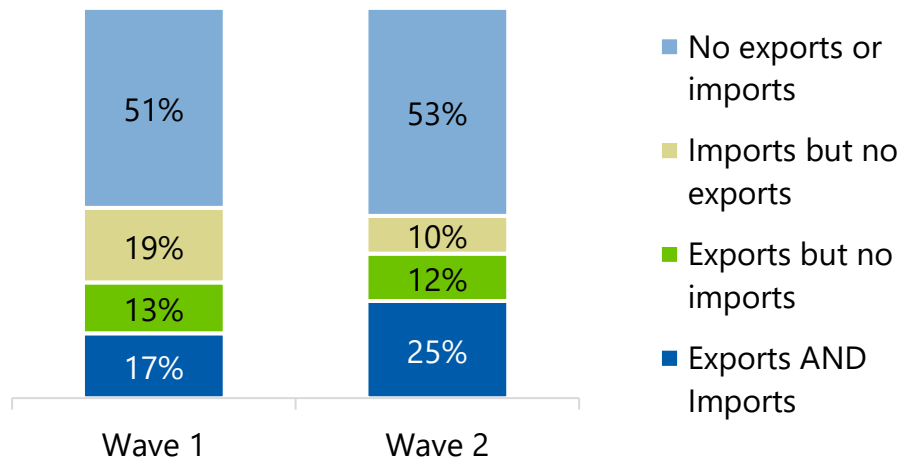
* Options not available in Wave 1

Exports and imports



Exporters and importers

- Over half of businesses we spoke to are not involved in any international trade

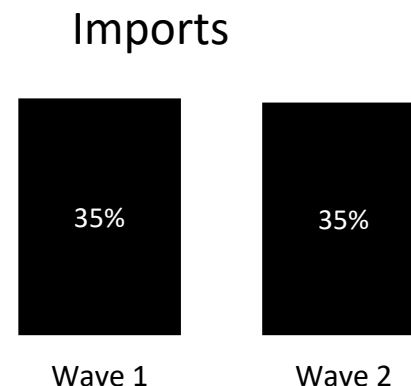
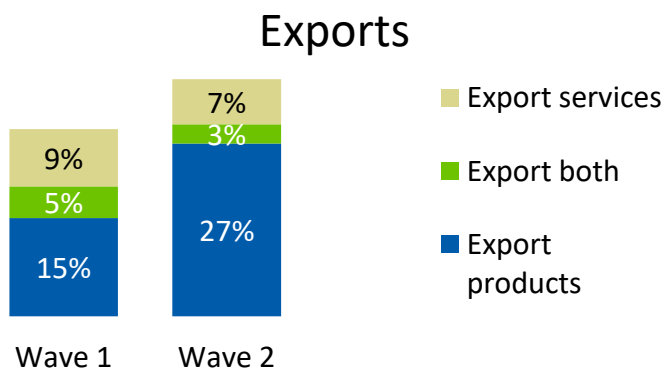


Q24 - Does your business export products or services outside the UK?

Q28 - Does your business directly purchase any physical supplies goods materials or stock from suppliers based outside the UK?

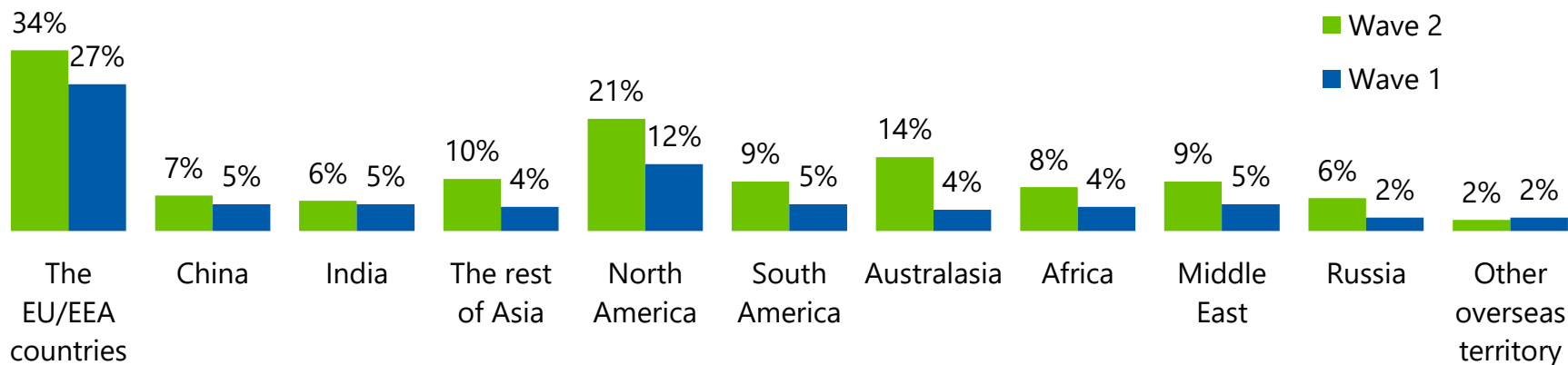
Just under 3 in 10 businesses are exporters

- This wave we spoke to more exporters (37% compared with 29%)
 - 3 in 10 (30%) are exporting products
 - 1 in 10 (10%) are exporting services
- Just over a third (35%), matching Wave 1, purchase physical supplies from outside the UK



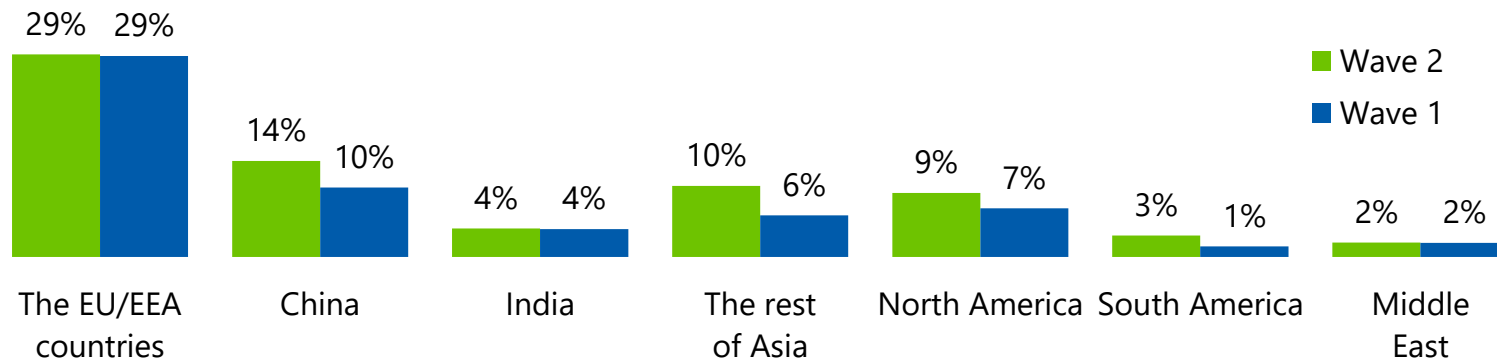
EU is most common destination for exports

- We interviewed a higher proportion of exporters in Wave 2 - EU remains the most important destination
 - 1 in 3 businesses (34%) export to the EU (almost all of those involved in export trade)
 - 15% identify EU as their main export market
- North America is the second most common area providing a market for 1 in 5 businesses (21%) but is only the main export market for 3%.



EU is most common source of exports

- Just over a third (35%) of businesses had imported physical goods – matching Wave 1
- The EU is the most common source for imports during the last 12 months
 - 29% of businesses imported from the EU – matching Wave 1
 - 10% of businesses identified the EU as their main source for imports (up slightly from Wave 1)
- 14% had imported goods from China and 4% considered it their main source

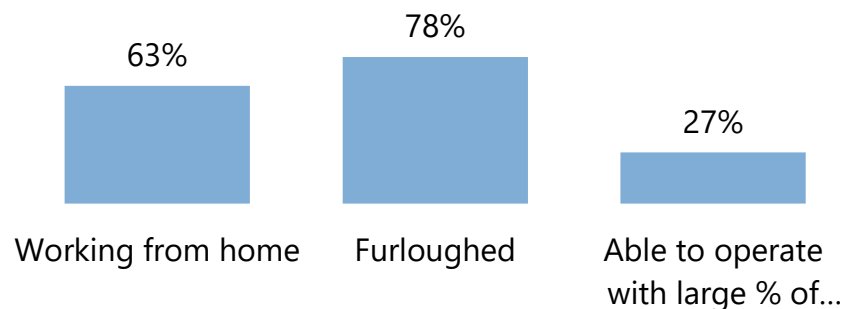


Working under Covid-19



Working through the pandemic

- If we consider the 339 companies interviewed overall (202 in Wave 1 and 137 additional companies in Wave 2)
 - Nearly 2 in 3 (63%) have had staff working from home who don't usually do so
 - More than 3 in 4 (78%) have furloughed some staff at some point since April 2020
 - Less than 3 in 10 businesses (27%) think their business can operate with a substantial proportion of the workforce working from home



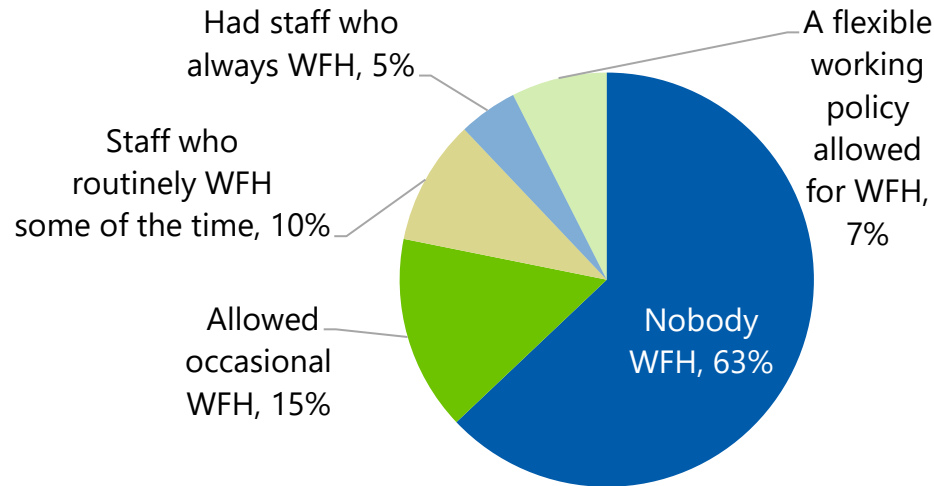
Q32a - Have any members of your workforce, who do not usually do so, been able to work from home since April 2020?

Q32b - Have any members of your workforce, been furloughed for either all or some of the time since April 2020?

Q35a - Do you consider that your organisation is the type of business that can operate with a substantial proportion of staff working from home?

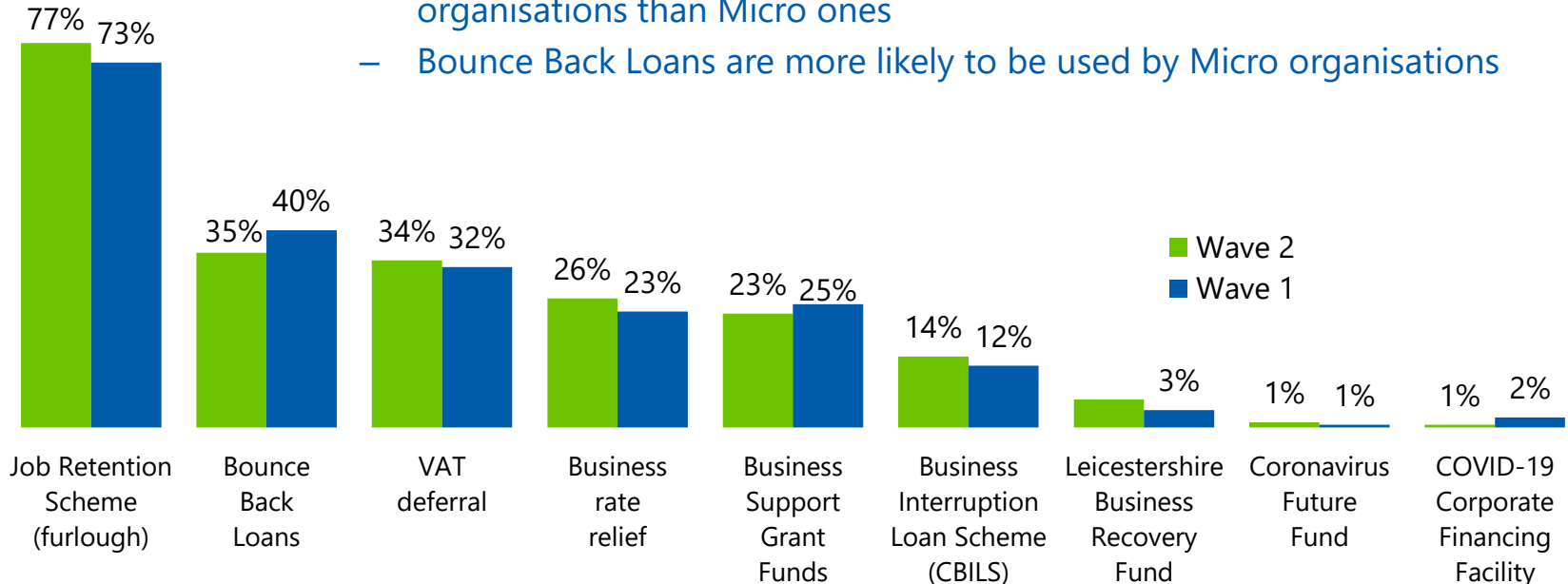
Working from home policy pre-Covid-19

- Before Covid-19 two in three businesses (63%) had no provision for staff working from home
- A tenth had staff who routinely worked from home at least some of the time
- Just 7% had a flexible working policy which allowed for home working



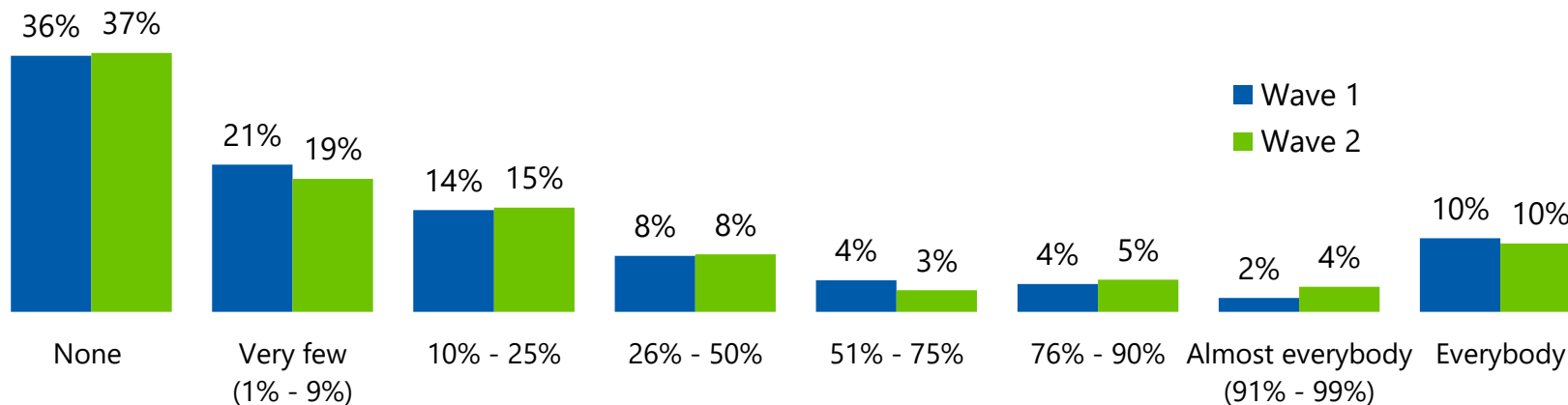
3 in 4 organisations have used furlough

- 8% have still not accessed any support (10% in Wave 1)
 - Furlough and VAT deferral are much more likely to be used by Small organisations than Micro ones
 - Bounce Back Loans are more likely to be used by Micro organisations



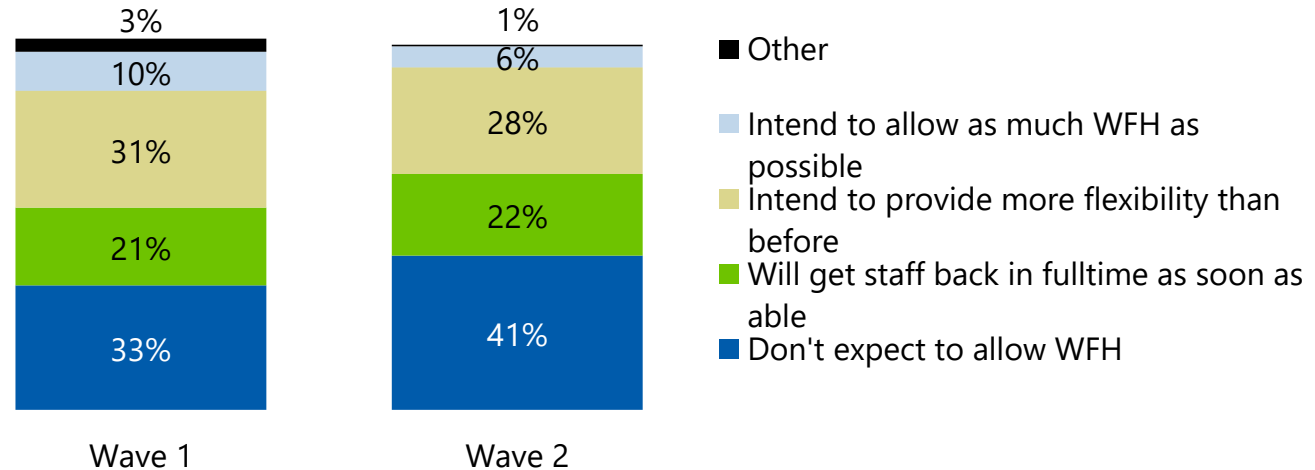
Proportion WFH over last 2 months

- The proportion of home working has not really changed since Wave 1
 - Over a third have had no staff working from home
 - A tenth have had all staff working from home
- It appears that home working patterns may be becoming settled with no 'rush back to the office' likely to occur in the short-term – if home working is possible it is continuing.



Working from home in the future

- However enthusiasm for home working seems to have fallen since Wave 1
 - Slightly smaller proportions intend to allow more WFH / flexibility than before
 - In the second wave 63% of organisation want to get staff back in the workplace (versus 54% in Wave 1)

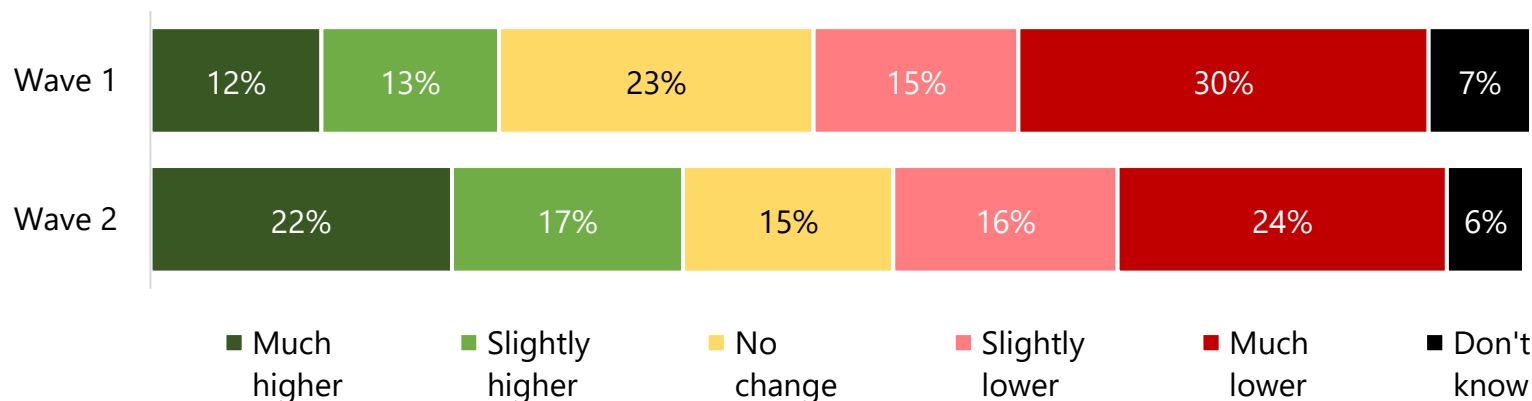


Business performance



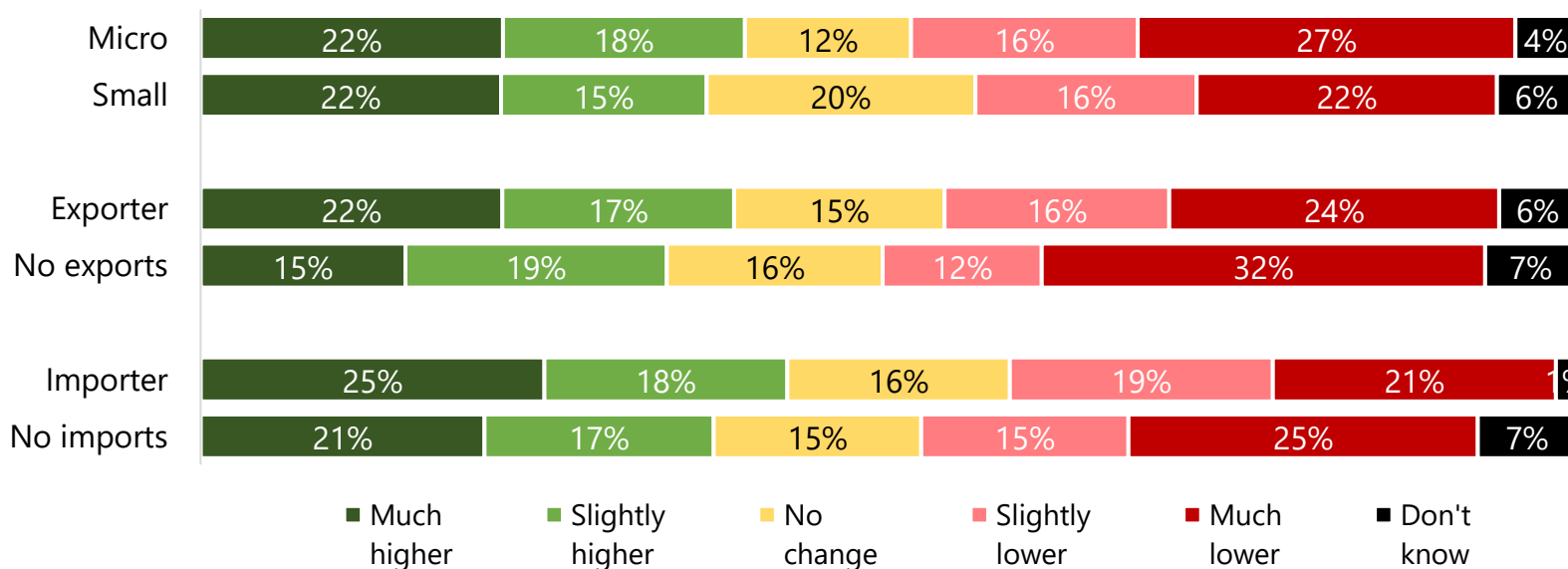
Changes to turnover

- In Wave 2, 40% have seen a fall in turnover compared with the same time last year
 - Overall the picture looks more positive than Wave 1 with 39% of companies seeing an increase
 - However, we should note that in Wave 1 comparisons were being made with pre-pandemic turnover whilst in Wave 2 most companies are comparing with the situation at the start of the pandemic.



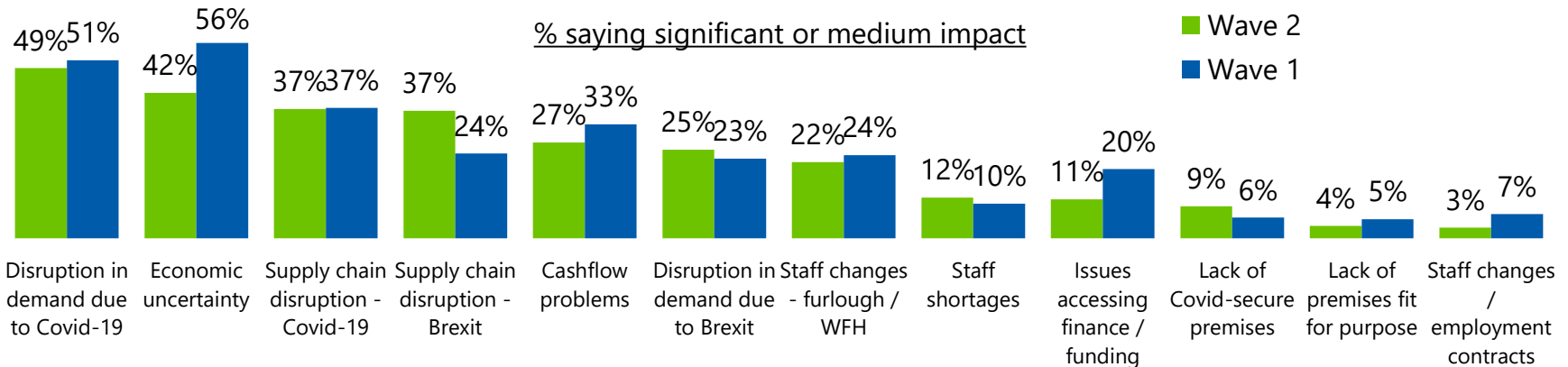
Turnover by company type

- The break down by company size does not show any clear patterns
- However, those involved in international trade do seem to be showing a slightly more positive performance



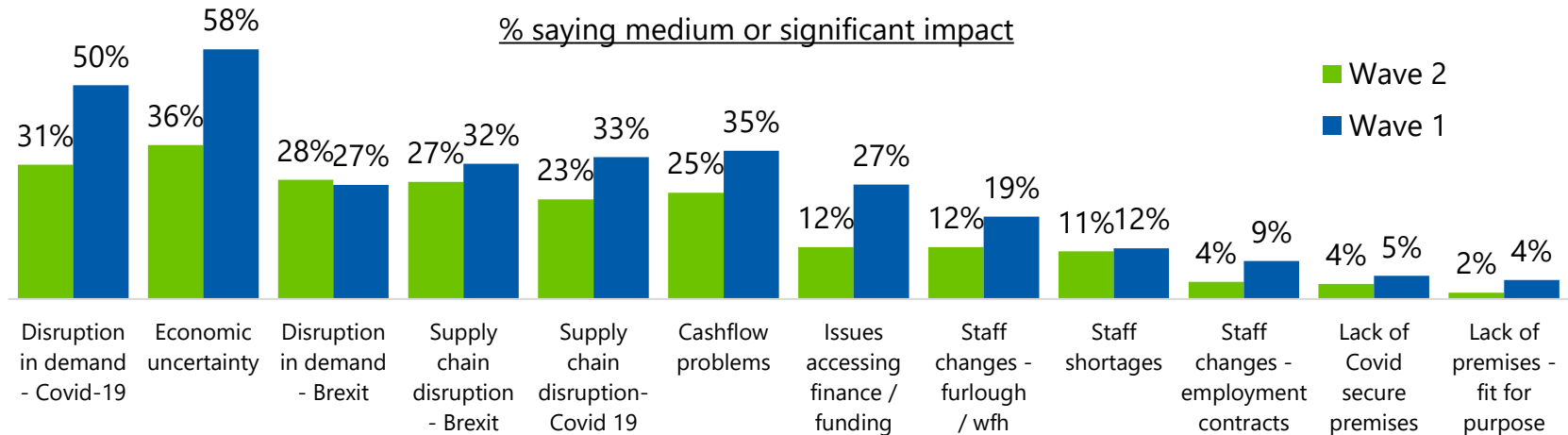
Impact on business in last 2 months

- The top three impacts (rated significant or medium) over the last 2 months were
 - Disruption in demand (Covid) – broadly matching wave 1 (49% v 51%)
 - Economic uncertainty – although this is down compared with first wave (42% v 56%)
 - Disruption in supply chain due to Covid (42% v 37%)
- Notable uplift in proportion mentioning Brexit related supply chain issues (37% v 24% during Wave 1)
- Less businesses mentioned issues accessing finance



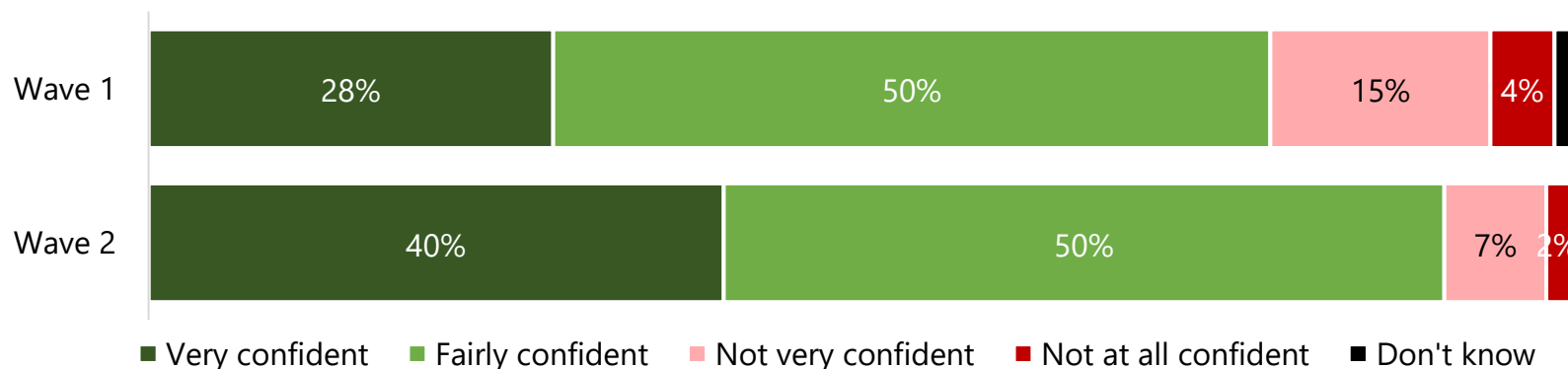
Business impacts expected in next 6 months

- Most concerns have fallen or are unchanged compared with Wave 1 suggesting businesses are feeling more positive
- Significant fall in concern around
 - economic uncertainty (36% v 58%)
 - Disruption in demand due to Covid-19 (31% v 50%)
- Only hint of an increase compared with Wave 1 is around potential for disruption in demand due to Brexit



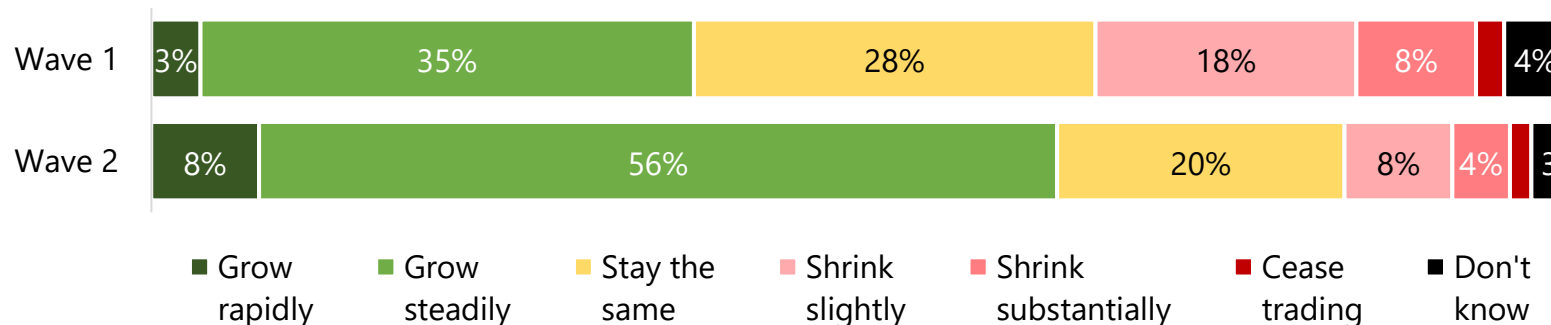
Business confidence for next 6 months

- Nine in ten businesses (90%) feel confident about the future of their business in the next 6 months
 - A significant increase on Wave 1 (90% v 78%)
- Micro businesses were notably less confident than larger ones
 - 13% were 'not very' or 'not at all' confident compared with just 6% of larger organisations



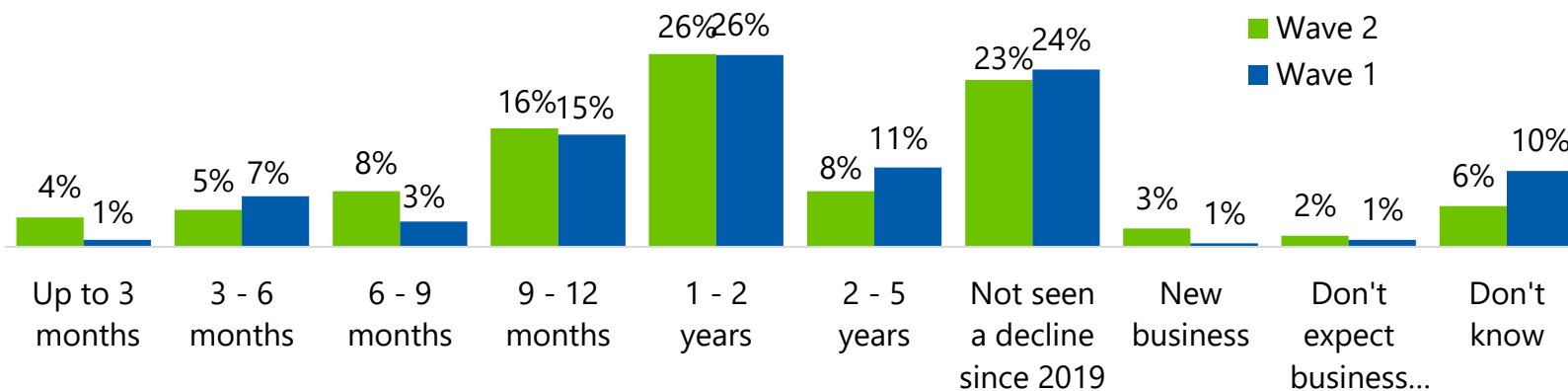
12 month forecast

- There is more optimism for the next 12 months than during the first Wave
- Two in three businesses (64%) expect to grow during the next 12 months – an significant increase compared with Wave 1 (38%)
- Fewer now expect to shrink or even cease trading (14% v 28%)
 - Micro businesses are more concerned about the next year than larger organisations (18% v 9% expect to shrink or cease trading)



Predicted time to recover to 2019 levels

- Very little change in predictions compared with Wave 1
 - Slightly more expect to recover within 12 months (33% v 27%)
 - 23% of businesses have not seen a decline in turnover
- A quarter (26%) expect to recover within 2 years
- 8% of businesses expect their recovery to take up to 5 years



Business Gateway Growth Hub



Just under a tenth have contacted the Growth Hub

- 9% of businesses we spoke to had contacted the Business Gateway Growth Hub in the last 2 months
 - 13% of small businesses and 8% of micro businesses
- The most requested support was finance or funding (4%)
- Training workforce and skills was next most popular and used by more small organisations than micro organisations
- Businesses were also asked what form of Growth Hub support they would most benefit from over the next two months:
 - The most common requirement was for advice around funding and support for grants
 - A much smaller number were looking for support with staff issues such as training and recruitment
 - A quarter said they were not interested in support from the Growth Hub

Q42 - Have you reached out to the Growth Hub in the last two months for support?

Q43 - What support did you request?

Q45 - What forms of support from the Growth Hub do you believe your business would benefit from most over the next 2 months?

Summary

- Skills - Little real change in skills needs compared with Wave 1
 - Around third feel digital and IT skills need improving
 - Six in ten see need for improved work based skills (problem-solving, team working etc)
 - Slight increase in need for job specific skills training
- Staffing – more recruitment taking place
 - Over a third recruited recently and over half are looking to recruit in next 6 months (up v Wave 1)
 - One in five had difficulty recruiting – resulting in them offering more training to fill gaps
 - As before two thirds employ no EU nationals –
 - Slight indication – those with EU nationals as staff have seen a fall in numbers.
- Digital – broadly unchanged from Wave 1
 - Small sign of uplift in businesses using social media - perhaps prompted during pandemic
 - Most agree digital technology is important and slight increase in strength of feeling on this issue
 - Two in five have invested in digital technology in past 2 months (41% v 35% in Wave 1)
- Environment – some growth in behaviours
 - Over a third have recently taken action to reduce carbon impact (35% v 27% in Wave 1)
 - Half plan to take action in next 6 months (50% v 44% in Wave 1)

Summary (2)

- Exports / Imports – EU remains key to international trade
 - As in Wave 1 half of businesses are not involved in international trade
 - The EU is the most important trading partner for both imports and exports
- Covid-19 – home working still key but many companies want staff back in
 - 8% of companies have not accessed any support
 - 3 in 4 have accessed the furlough scheme (77% in Wave 2 v 73% in Wave 1)
 - 2 in 3 (63%) have had staff working from home who wouldn't normally do so
 - Is enthusiasm for home working falling – more companies seem to want their staff back in the office (63% in Wave 2 v 54% in Wave 1)
- Performance – businesses increasingly optimistic
 - 9 in 10 businesses feel confident about the future (90% v 78% in Wave 1)
 - 2 in 3 are predicting growth in next 12 months
 - However there was an increase in number impacted by Brexit related supply chain issues in past 2 months (37% in Wave 2 v 24% in Wave 1), although only 27% expect similar problems in next 6 months

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