

LLEP Business Tracker Survey

Wave 3 – Jan 2022



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 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.

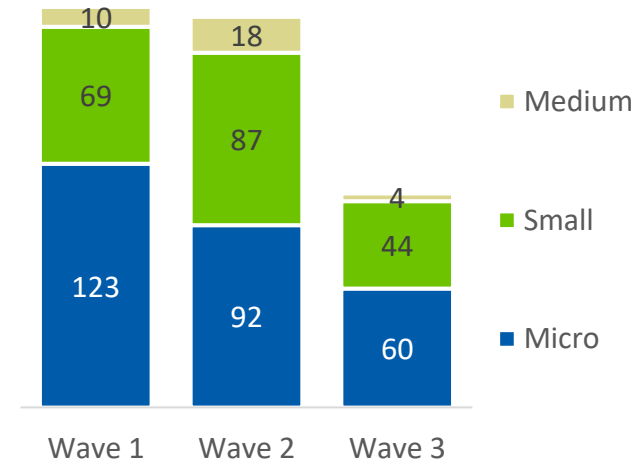
Research landscape

- This survey was the third 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 online 21 telephone)
 - 137 additional telephone surveys with new businesses
- Wave 3 contacted the 339 businesses (Oct – Dec 2021)
 - 37 completed an online survey – (3 email invitations were sent out before non responders were contacted by phone)
 - 71 completed a telephone survey (5 call attempts were made to each non-responder followed by 2 further emails)
- 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

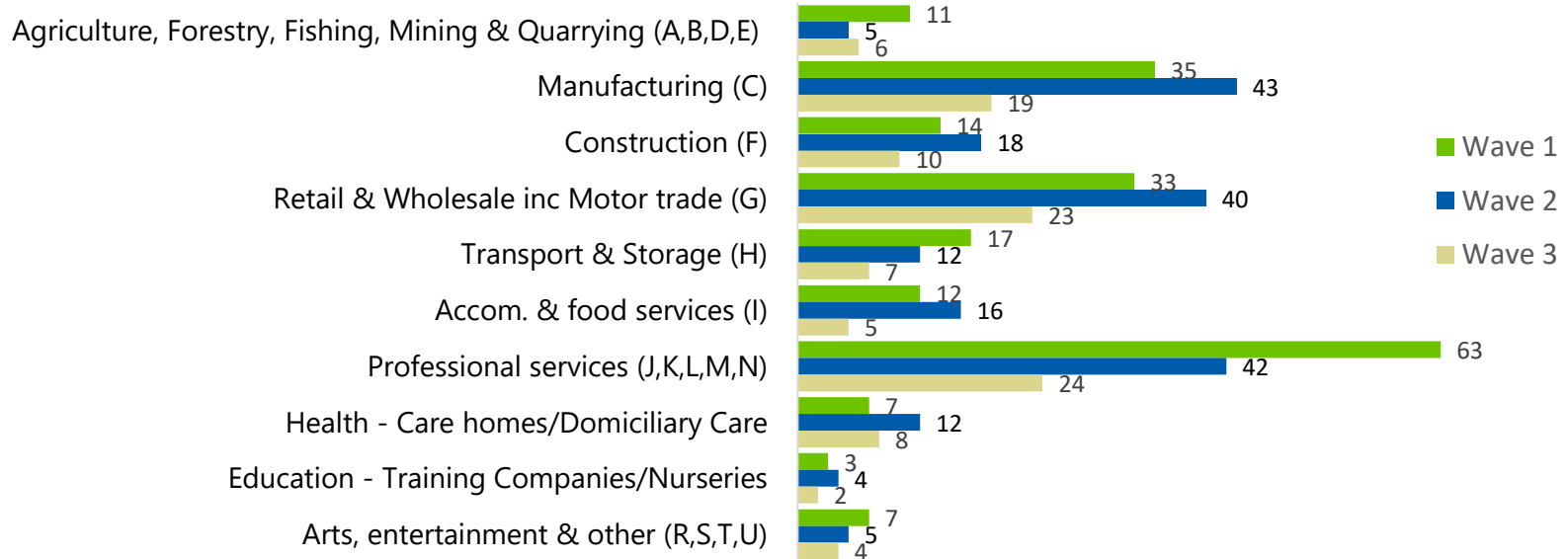
- Broad quotas were set in Wave 1 to try and ensure a representative sample
- 27% of the interviews were in Leicester City, the remainder were in Leicestershire. (28% were in Leicester City for Wave 1, 20% for Wave 2)
- Businesses were categorised in three sizes:
 - Micro businesses have 2–9 employees
 - Small businesses have 10–49 employees,
 - Medium businesses have 50-199 employees.

Business size



Who we spoke to (2)

- The number of businesses interviewed by SIC code is shown below

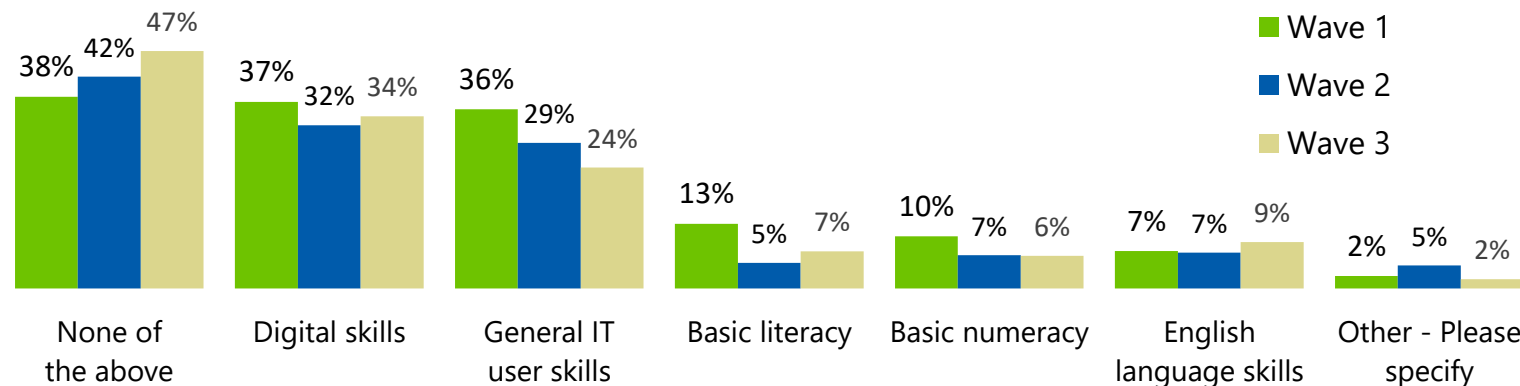


Staff – recruitment, training and skills



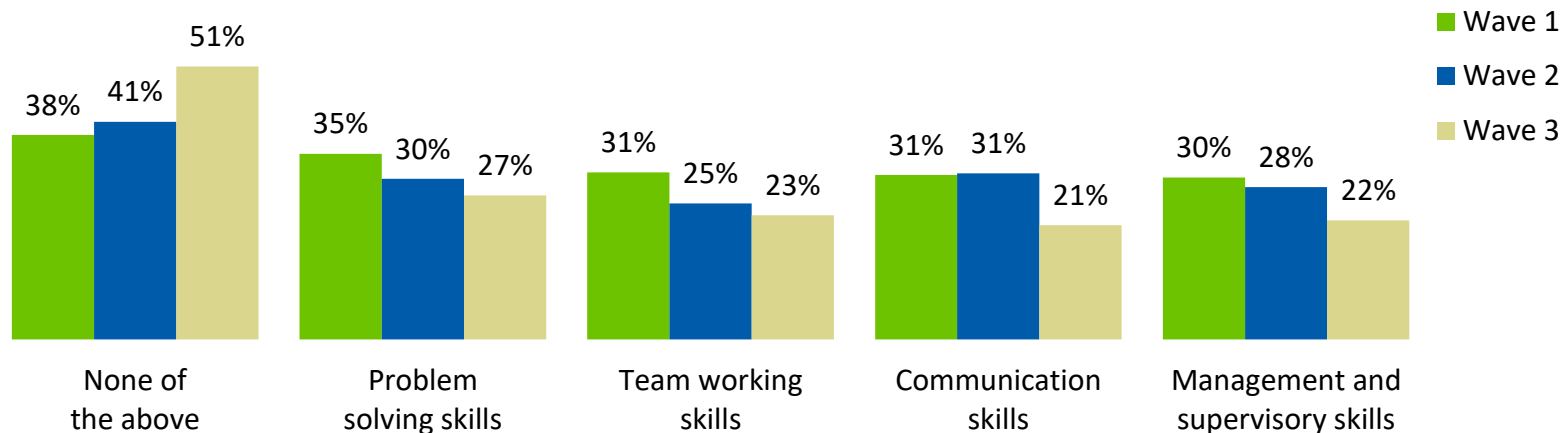
Around a third feel digital/IT skills need improving

- Almost half (47%) the organisations were happy with their workforce’s basic skills – this seems to be showing an upward trend since the first wave (38% and 42% respectively)
- The main area of concern is with Digital skills – such as social media, Zoom, MS Teams, Slack – this is a concern for around a third of businesses – 34% in Wave 3
- The concern around general IT skills seems to be showing a downward trend (mirroring the growth in organisations with no concerns around basic skills). This may be a result of the self-selecting aspect of this survey or could indicate that basic IT user skills have been addressed and are causing less problems for businesses.



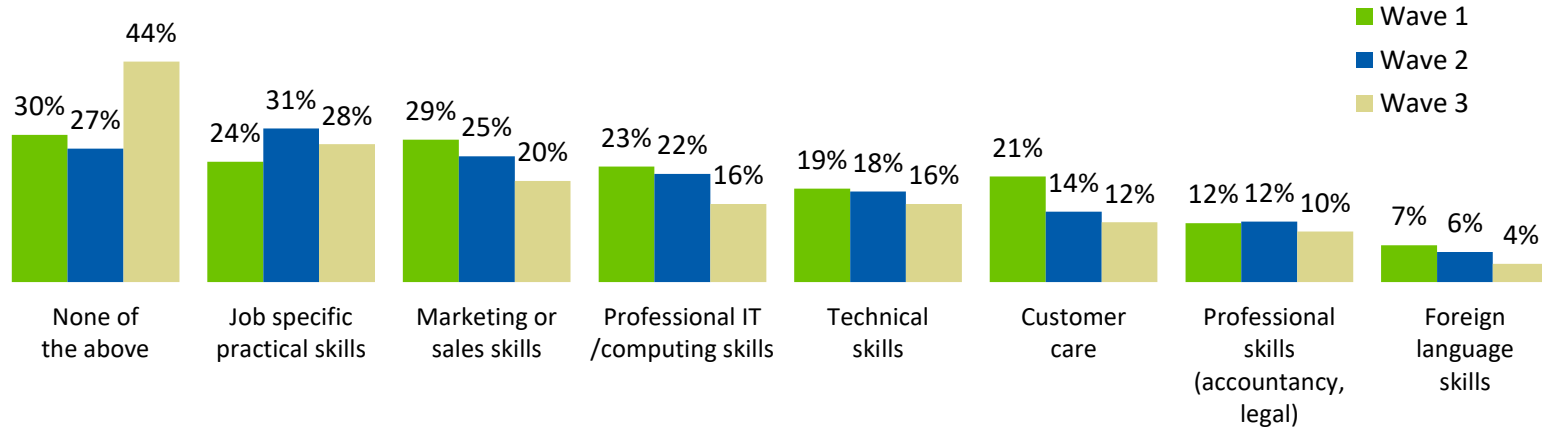
Half have a need for improved work based skills

- In Wave 3, only half (49%) of organisations saw some need for improved work based skills
 - This is lower than previous waves
- As in earlier waves micro businesses were less likely to identify any skill gaps than larger businesses (39% v 60%)
 - Small size may reduce need for some of these work based skills (communication, team working)
 - Owner / managers are still fulfilling key roles



Over half have technical or job specific skill needs

- More than half of businesses (56%) identified a technical or job specific skill they'd like to see improved. However this is less than in both previous waves (73% and 70% respectively)
- The greatest requirement is from businesses requiring job specific practical skills (28%)
- One in five (20%) businesses would like to see marketing or sales skills improved



Experience of recruitment

- More than a third (35%) of organisations had experienced difficulties with recruitment in the last 2 months. This is an upward trend compared with 9% and 21% respectively in waves 1 & 2
- 14% of organisation felt Brexit had increased recruitment challenges
- 19% of organisations felt Covid had increased recruitment challenges



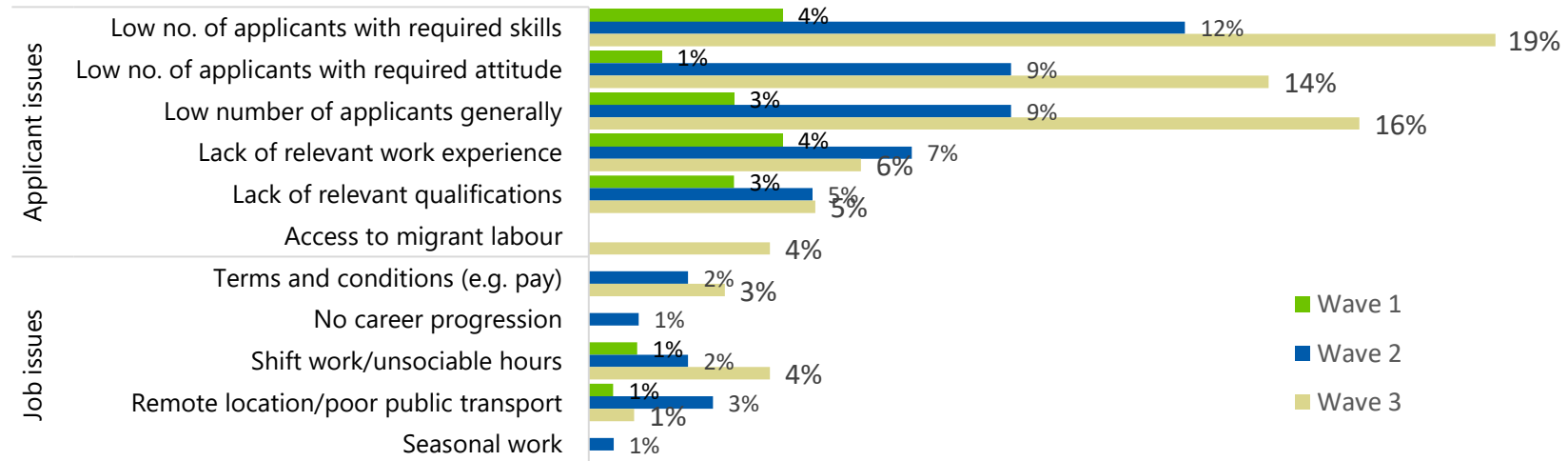
Q7 – Has your business recruited any staff who have started work in the last 2 months?

Q8 – Has your business experienced any difficulties in recruiting staff in the last 2 months?

NQ1 / NQ3 – Has Brexit or Covid-19 made recruitment more difficult?

Recruitment challenges faced

- In Wave 3 organisations are identifying a lack of applicants with the required skills (19%), required attitude (14%) or just low numbers overall (16%). All up compared with last wave
- Few felt the issue to be related to terms & conditions (3%) although open-ended comments indicate this is a factor
- 4% mentioned access to migrant labour – this was not selected by anybody in the 2 previous waves



Brexit challenges identified

EU nationals

- British people are less likely to want to do the manual jobs which EU nationals had no problem with.
- Lack of applicants with the skills required - we used to have EU workers before.
- We had non-UK nationals who have gone back home.
- We lost a significant amount of Eastern European migrant labour, that is not easily replaceable
- Lack of applicants -used to have EU applicants but since Covid & Brexit we have very few.
- Less European workers applying.
- Harder to get hold of EU staff.
- Fewer experienced EU vets want to work in UK since Brexit.

Less people

- Labour market has dried up.
- Lack of workforce.
- No people to work.

HGV Drivers

- Reduced the numbers of eligible drivers within the country.
- Shortage of HGV drivers.
- The increase in salary. Lorry drivers are expecting a higher wage due to Brexit and the demand for drivers in the industry but we cannot afford those wages.

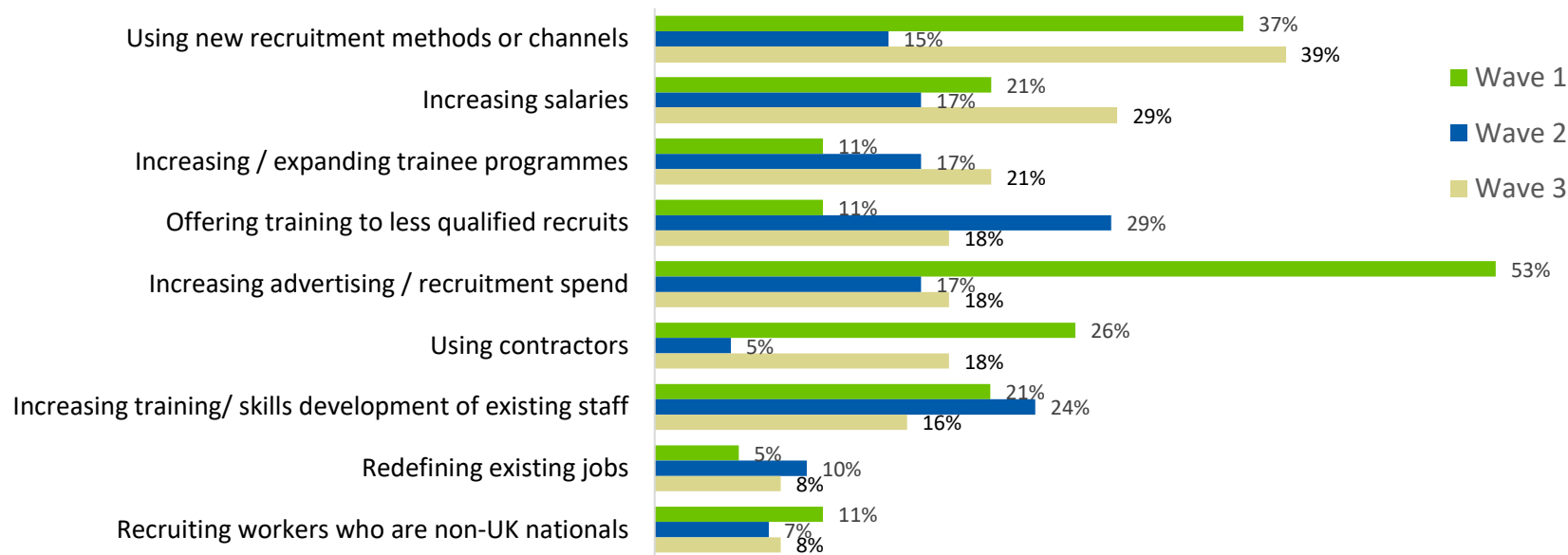
Miscellaneous

- Harder to get the right staff as people seem to have higher demands as a result of Brexit and the government support.



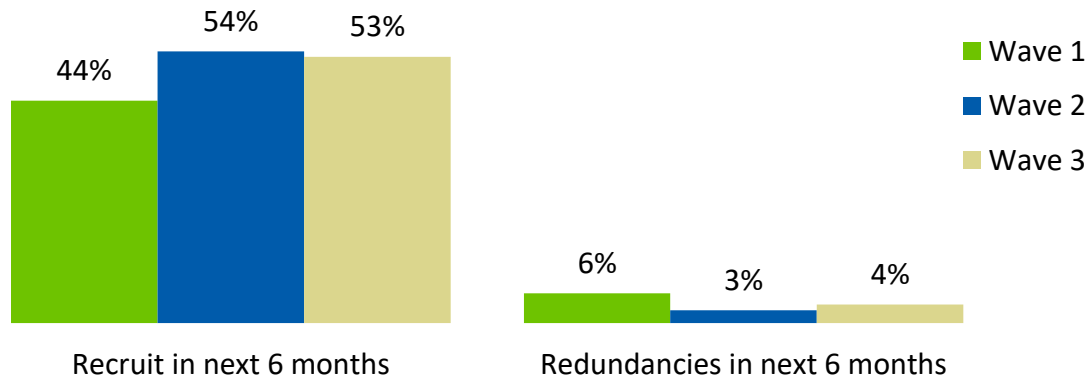
How recruitment challenges are being addressed?

- The most common approach is to use new recruitment methods or channels (39%)
- In addition almost three in ten (29%) are increasing salaries – more than in previous waves



Over half expect to recruit in next 6 months

- Just over half (53%) expect to recruit in the next 6 months –
 - Increases to 79% amongst small/ medium businesses (falls to 36% in micro businesses)
- Only 4% are expecting to make redundancies – similar to Wave 2
- This suggests a continuous optimism for recovery

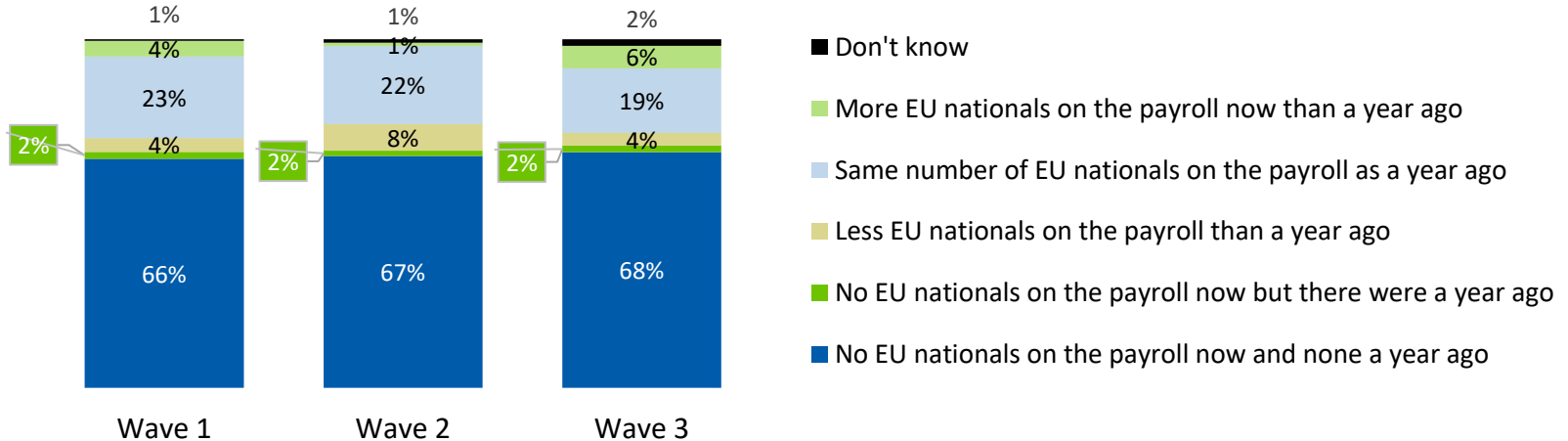


Q11 - Is your business looking to recruit in the next 6 months?

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

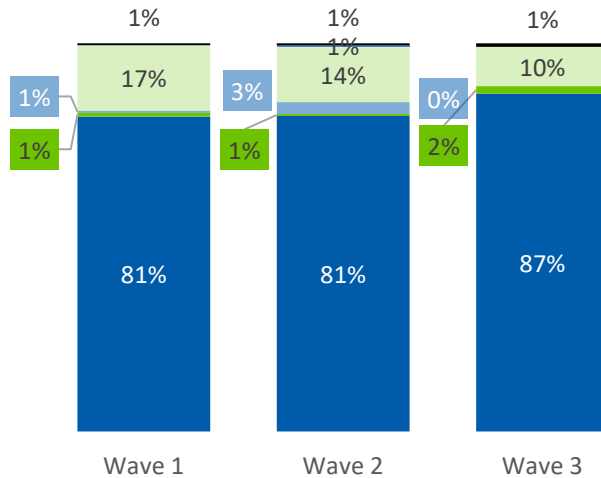
Employing EU nationals

- 68% of businesses employ no EU nationals – no real change across the research period
- Around 1 in 5 (19%) businesses say the position is unchanged compared with a year ago
- There is perhaps some growth in the proportion of companies with more EU nationals on the payroll that a year ago – after a lower level in Wave 2 (mid 2021)



Employing staff from elsewhere

- Almost nine in ten (87%) businesses do not employ anybody from the rest of the world*
- There appears to be a downward trend in employing people from the rest of the world
 - Considering the limits on travel during the past 12 months perhaps this is not surprising



- Don't know
- We have more people from the RoW on the payroll now than a year ago
- 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

Q15 - And does your business employ more or less people from elsewhere than a year ago?

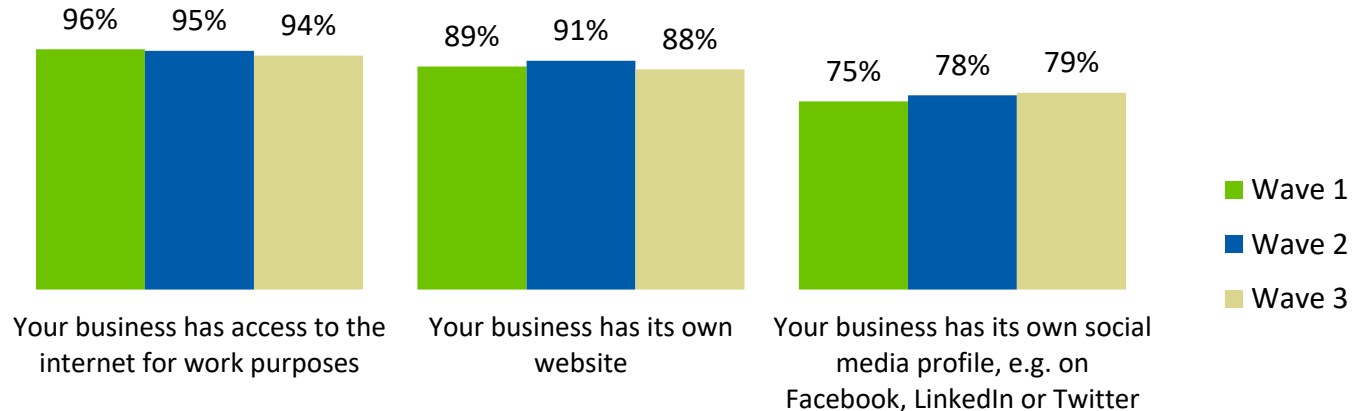
*Rest of the World = anywhere outside EU and the UK

Digital transformation



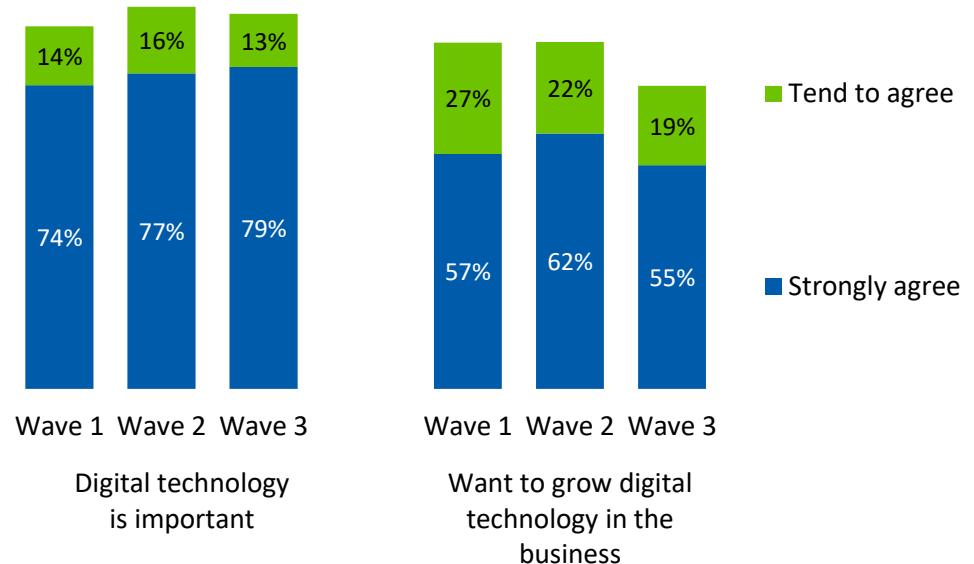
3 in 4 businesses have a social media profile

- Almost all have access to internet
- 88% have a website with micro businesses less likely to do so
 - 83% of micro businesses and 94% of small / medium businesses
- 79% have a social media presence (+4 percentage points to Wave 1) –
 - Social media presence is equally likely for micro (78%) or small/medium businesses (79%)



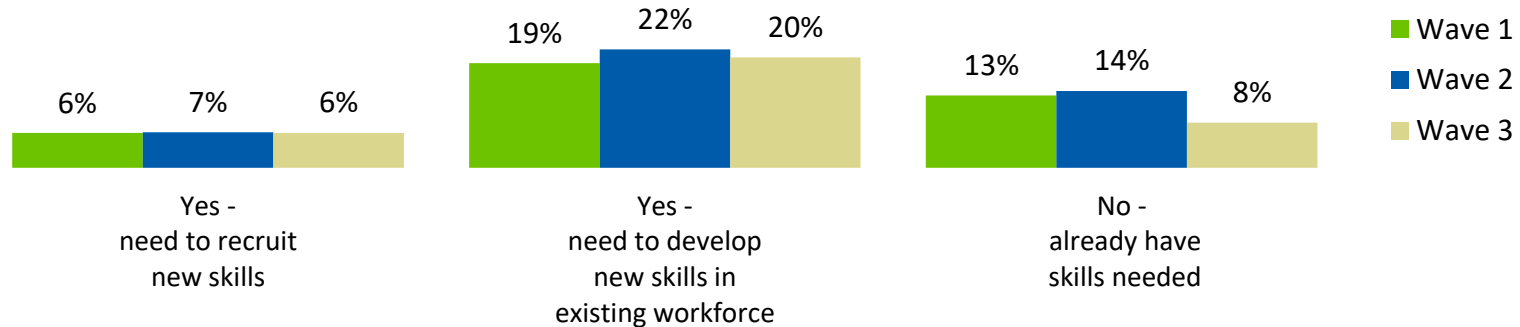
Most agree digital technology is important

- Most (92%) agree that digital technology is important – broadly unchanged
- The proportion agreeing they want to grow the use of digital technology has fallen slightly to 74% down from 85% in both Wave 1 and Wave 2



One in three have invested in digital technology in last 2 months

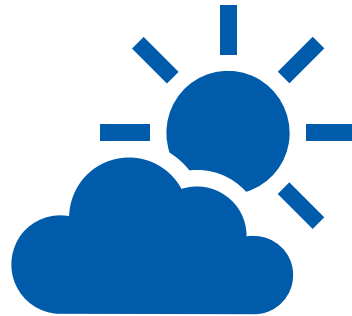
- One in three (33%) have invested in digital technologies over last 2 months
 - A slight fall compared with Wave 2 (41%) but similar to Wave 1 (35%)
- Similar to previous waves around one in five (20%) need to develop new skills in their workforce to use these new technologies
- Just 8% felt they already had the skills needed in their organisation a fall compared with previous waves



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

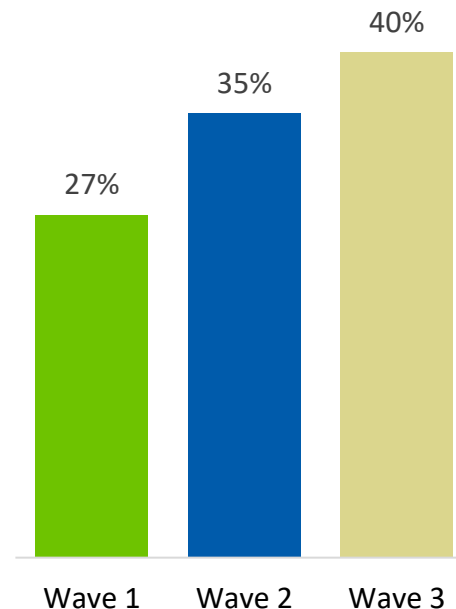
Environmental issues



A growth in environmental action

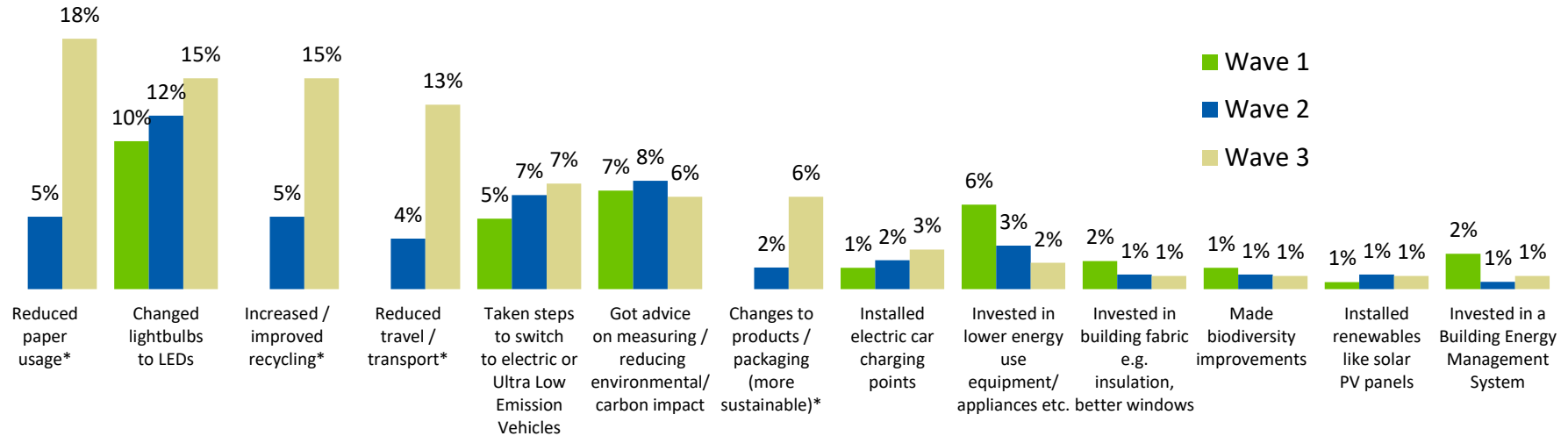
Two in five (40%) say they have taken action in the last two months

- An upward trend since wave 1



A growth in green measures since Wave 1

- The most frequent actions were reducing paper usage (18%), changing lightbulbs to LEDs (15%) and increased / improved recycling (15%)
- An increased number of organisations (13%) have reduced travel and transport

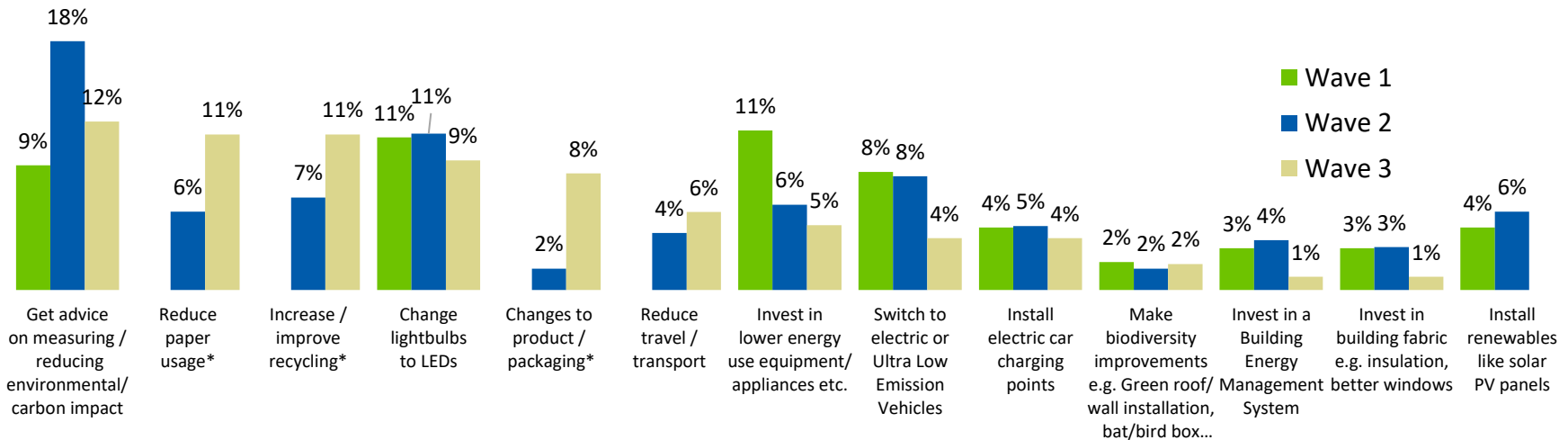


Q21 - Which of the following activities to reduce the carbon impact of your business have you undertaken in the last 2 months?

* Answer not available as pre-coded response option in Wave 1

Green plans for the next 6 months

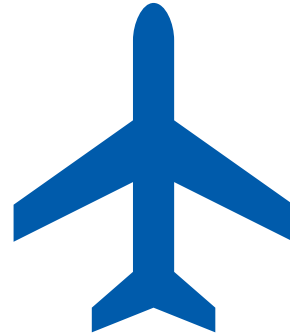
- More than a third (36%) plan to take action to reduce carbon impact in next 6 months
 - This is lower than both previous waves (50% and 44% in Wave 2 and Wave 1 respectively)
 - Potentially this is the converse of the increase in the number of people who have taken action
- 12% plan to get advice on reducing their carbon impact and almost as many plan to reduce paper usage (11%) and increase or improve recycling (11%)



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

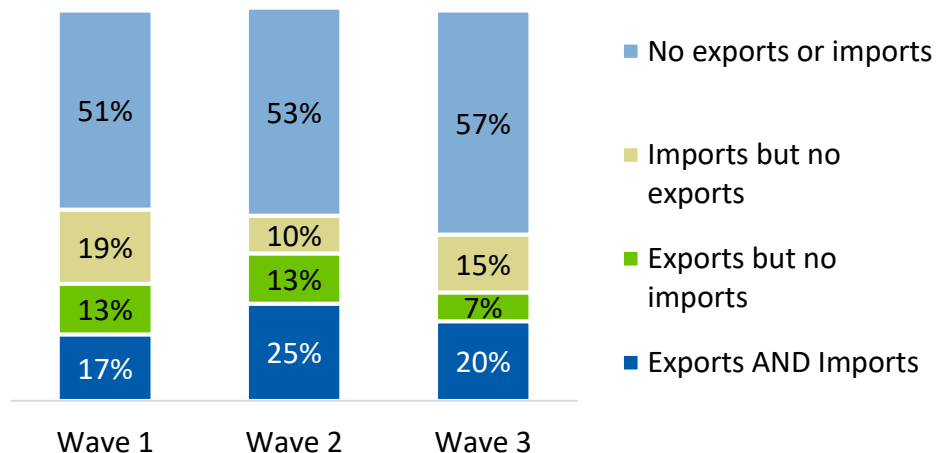
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Exports and imports



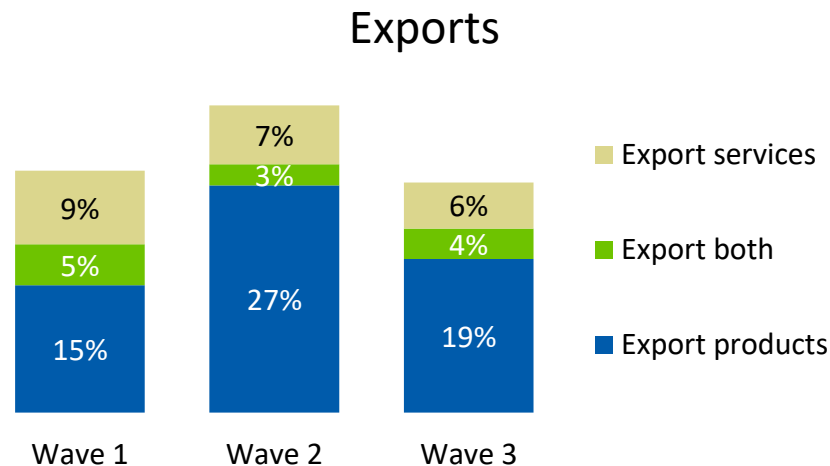
Exporters and importers

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



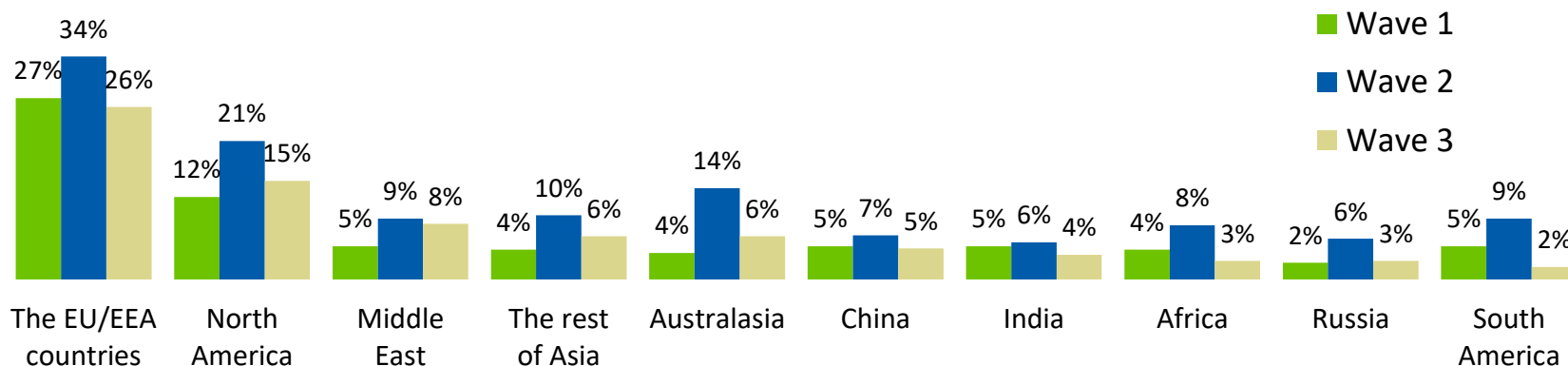
Just under 3 in 10 businesses are exporters

- This wave 28% of the businesses we spoke to were exporters
 - 22% were exporting products
 - 9% were exporting services



EU is most common destination for exports

- We interviewed a higher proportion of exporters in Wave 2 than Wave 1 or Wave 3
 - EU remains the most important destination in all three waves
- 1 in 4 businesses (26%) export to the EU (almost all of those involved in export trade)
 - 10% identify EU as their main export market
- North America is the second most common area providing a market for 15% of businesses but is only the main export market for 3% (similar to Wave 2)



New exporting challenges

- 20% (22 companies) had experienced challenges with exporting recently
- The majority believed Brexit to be the main cause although a proportion also mentioned Covid
 - 5 companies blamed Brexit & Covid
 - 15 companies blamed Brexit
 - 2 companies blamed Covid



Export challenges

Miscellaneous

- Beginning of the year we had loads of issues related to Brexit but now it's bottle necked and is still having an effect and Covid isn't helping with the delays.
- We now do a customs clearance as a result of shipping for our customers.
- EU duty.
- European customers have stopped ordering because of Covid, and European companies are choosing suppliers closer to them as it's cheaper than getting it from the UK with all the customs fees and delivery times.
- Parcel carriers have been slow adapting their software.

Shipping

- Availability of shipping containers - delays at ports worldwide.
- Price of shipping.
- Delays in shipping.
- Freight costs.
- The impacts of the shipping container shortage and also the impacts of deliveries due to the shortage of drivers

Paperwork

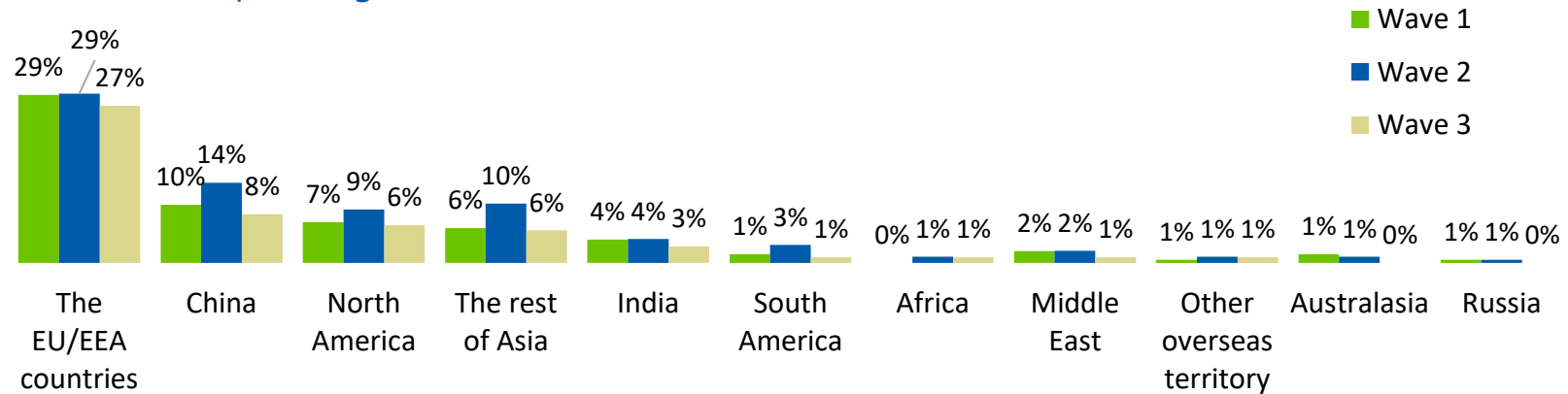
- Extra paperwork to export the products.
- Getting products to Germany through the ports with all the new customs paperwork.
- The additional paperwork and adhering to new policies.
- The additional paperwork
- The time & effort that goes into export paperwork doesn't really make it worth while as we export very little to Europe.
- The time & frustration spent arranging export. Now takes two members of staff & a lot of time to sort out an export.
- Trying to get goods there in a timely manner as customs paperwork takes forever to get
- Learning all the required customs information.
- More of a cost to import goods.

Customs issues

- Incompetent or untrained customs officials either rejecting goods with correct paperwork or adding incorrect taxes.
- Customs clearance in Ireland - despite all the paperwork being correct. Suffered by carrier and by post.
- Issues with post: customers being charged VAT for delivery of their parcels.
- Total lack of consistency and understanding of the procedures required for export by the freight/shipping companies due to poor directives from government

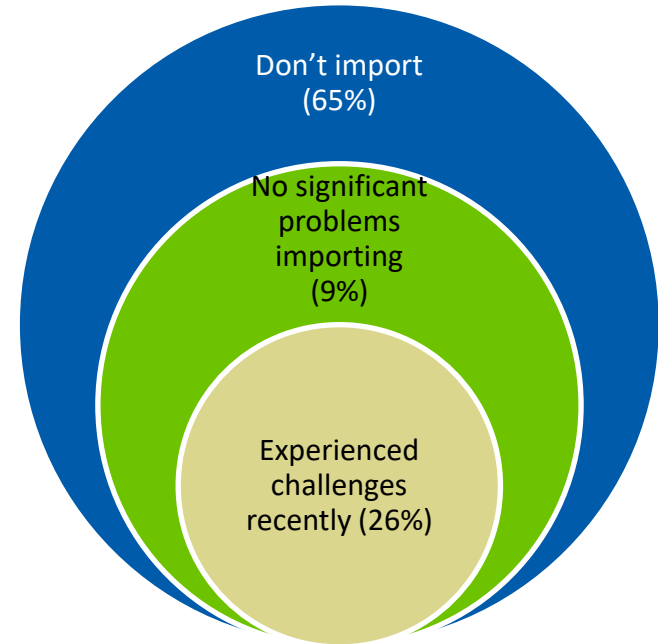
EU is most common source of imports

- Just over a third (35%) of businesses had imported physical goods – (the same for all 3 waves)
- The EU is the most common source for imports during the last 12 months
 - 27% of businesses imported from the EU – slightly down on both previous waves
 - 12% of businesses identified the EU as their main source for imports (up slightly from previous waves of 8% and 10% respectively)
- 8% had imported goods from China and 3% considered it their main source



New importing challenges

- 26% (28 companies) had experienced challenges with importing recently
- Brexit and Covid were almost equally felt to be to blame
 - 19 companies blamed Brexit
 - 15 companies blamed Covid



Import challenges

Shipping

- Cost of shipping.
- Cost of shipping/products.
- Cost of the import and also the time of the shipping and actually receiving the delivery.
- Delays and increases in costs in shipments.
- Freight costs.
- Shipping costs.
- The cost of shipping and general haulage from the port to our customers.
- Price increases, on product and massively on transport.

Paperwork

- Delays in getting the products in and all the paperwork for the customs clearances.
- Due to Brexit, the customs fees have increased and the lead times have also increased which causes a knock on effect in the production and manufacturing of the products we make.
- Covid has had an impact because some suppliers are still not operating 100% which also has a knock-on effect onto us
- Insurmountable paper trails with poorly defined procedures and lack of clarity in terms of information available to answer queries..

Customs

- Due to the shortage of personnel at the docks for processing goods out against the customs paperwork that goes along with it.
- Late shipments due to customs checks.
- Our products are 0 rated for vat and yet every delivery we get has erroneous import VAT added. This is the same across all couriers and the blame is put squarely on border force.
- The extra customs clearance checks which then results in later deliveries.

Shortages of goods

- Generally getting hold of materials and supplies is a struggle.
- All my suppliers have not got the normal stock that we require from them as a result Brexit and covid.
- Due to lockdowns and also less containers being shipped.
- Material availability and lead-time.
- Unable to get stock.

Increased costs and lack of capacity.

- Lack of drivers.
- Late deliveries, shortage of stuff.
- More demand and material shortages due to Covid meant increased prices and less availability, and it has been harder getting materials to the UK because of Brexit, which has led to longer lead times.
- One of our main suppliers in Germany has gone into receivership.

Lead times getting longer

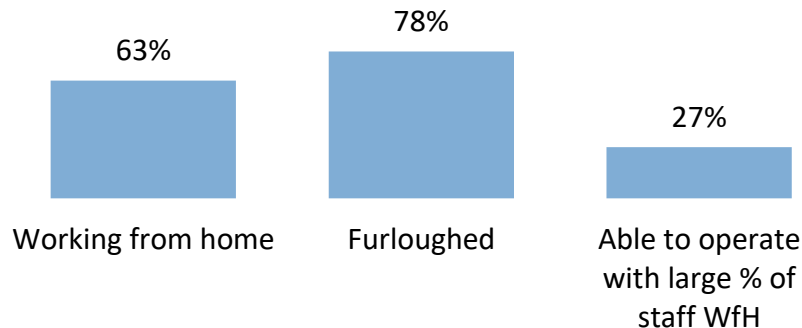
- The lead time of the deliveries we are importing.
- Longer delivery times.
- The lead times on deliveries. We cannot rely on them most of the time we have to chase the order

Working under Covid-19



Working through the pandemic

- Of 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



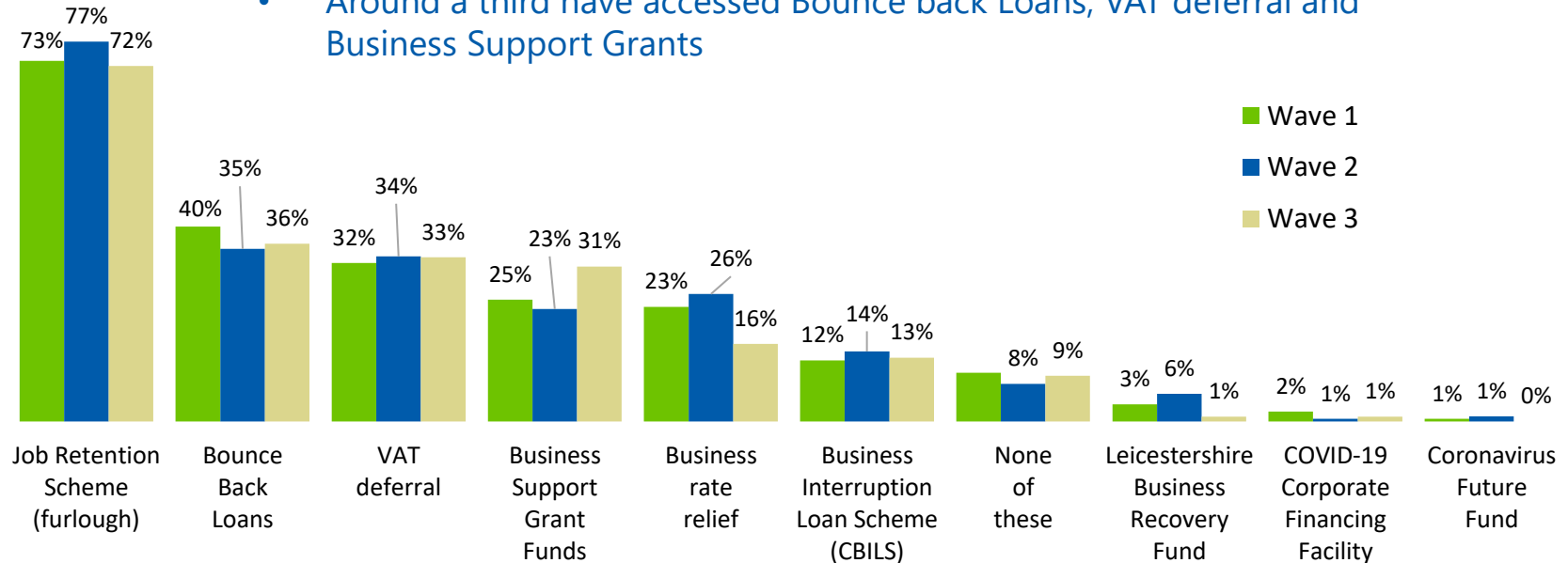
Q32a - Have any members of your workforce, who do not usually do so, been able to work from home since April 2020?

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?

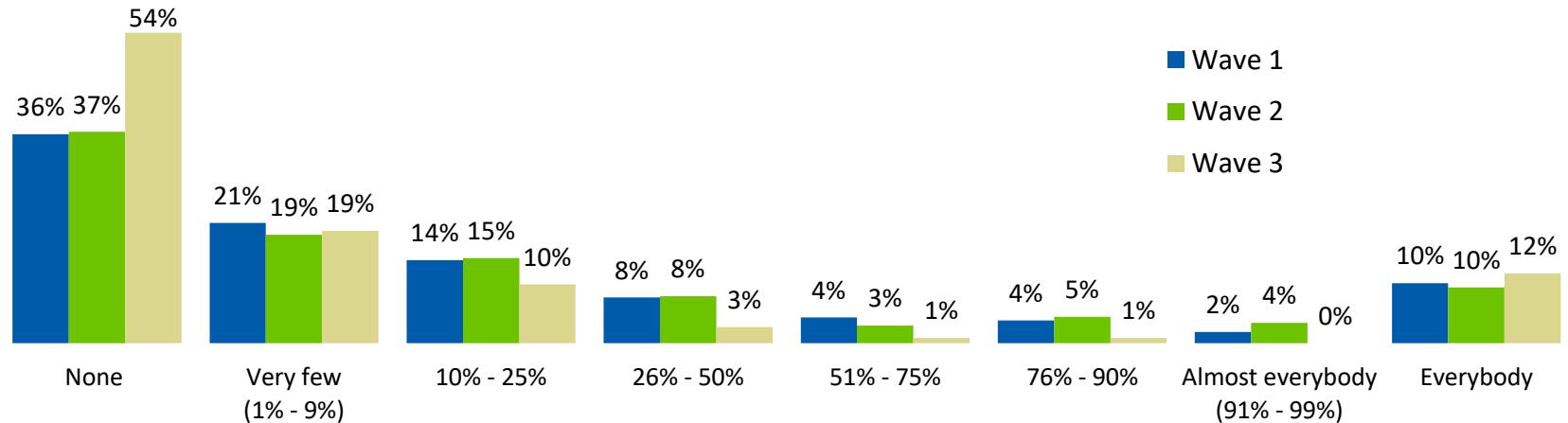
9% have not accessed any support

- Wave 3 shows a higher proportion accessing Business Support Grant Funds (31%) than in previous waves
- Around a third have accessed Bounce back Loans, VAT deferral and Business Support Grants



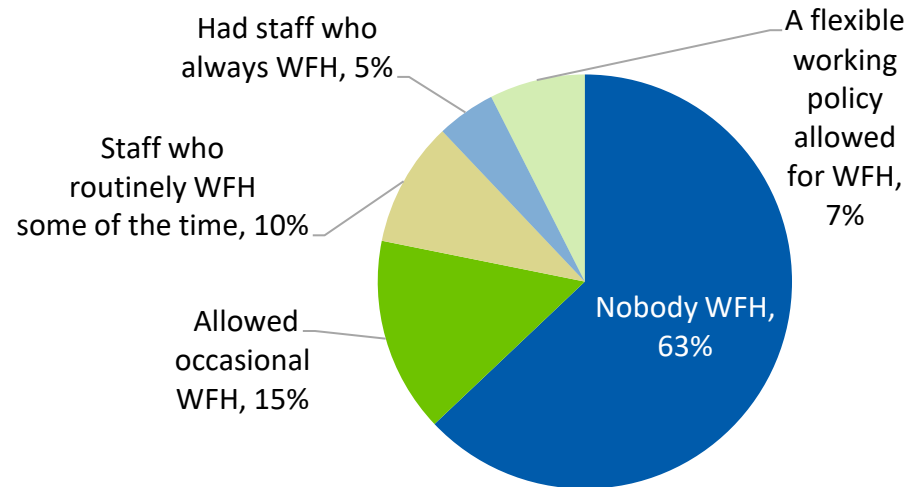
Proportion WFH over last 2 months

- This fieldwork took place primarily in October / November 2021 prior to the Omicron variant. This followed a period of reduced restrictions which had clearly seen an increase in returns to the workplace
 - Over half (54%) have had no staff working from home in the previous 2 months
 - But over a tenth (12%) have had all staff working from home
- The move back to the office was clearly underway in late 2021 but a significant number were still using a mixed approach.



WFH policy pre-Covid-19

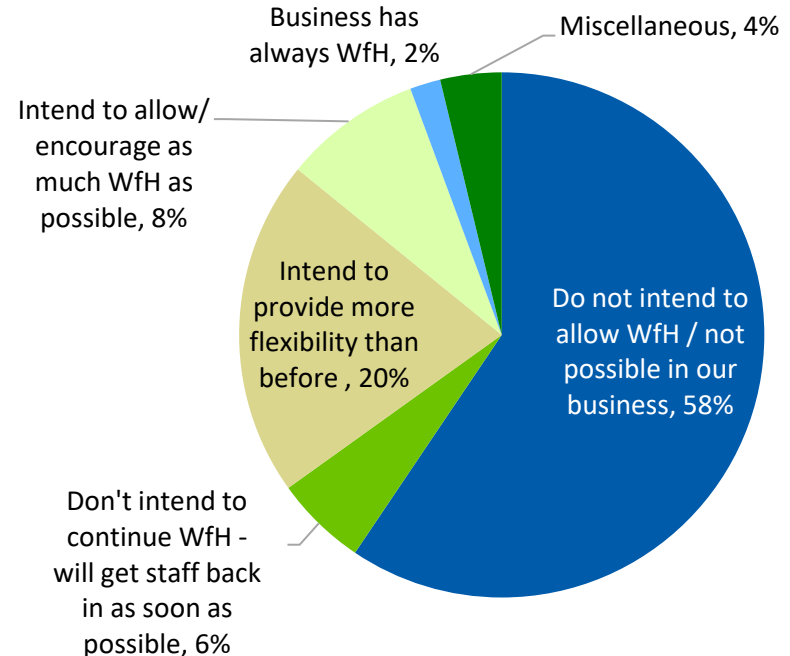
- Before Covid-19 two in three businesses (63%) had no provision for staff working from home
- A tenth had staff who routinely worked from home at least some of the time
- Just 7% had a flexible working policy which allowed for home working



More than a quarter will increase WFH

- This wave asked businesses to think about their long term attitudes to home working rather than the next 6 months
- One in five (20%) plan to provide more flexibility than before
- 8% will be encouraging as much WFH as possible
- One business had shifted entirely to home working

"We have closed our 2 offices and now work from home full time. We see no reason to return to having an office full time."



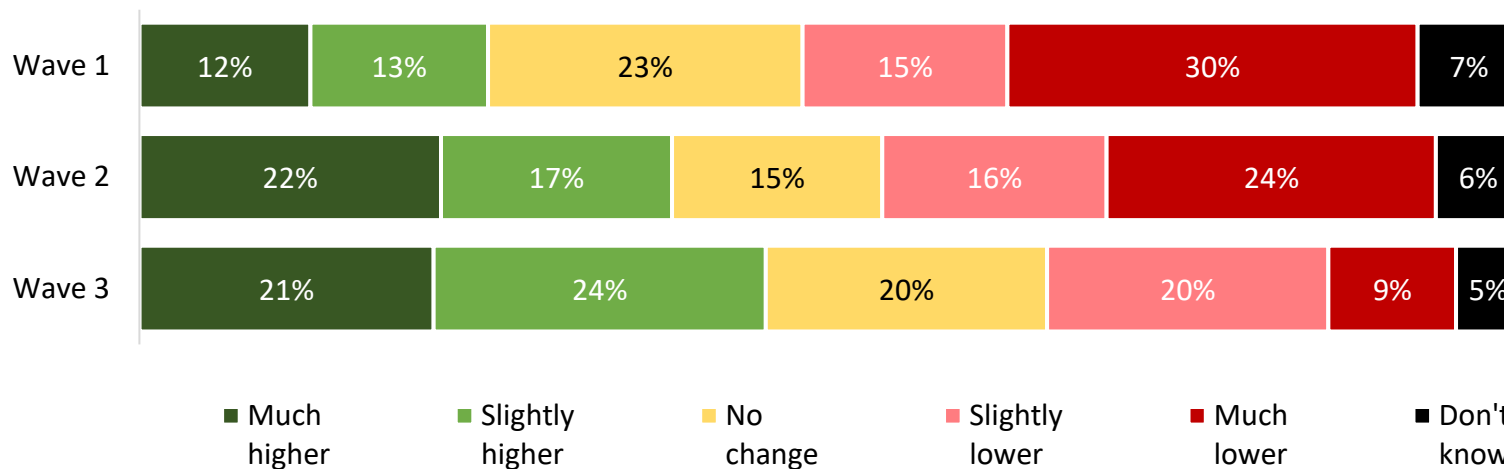
Business performance



Changes to turnover

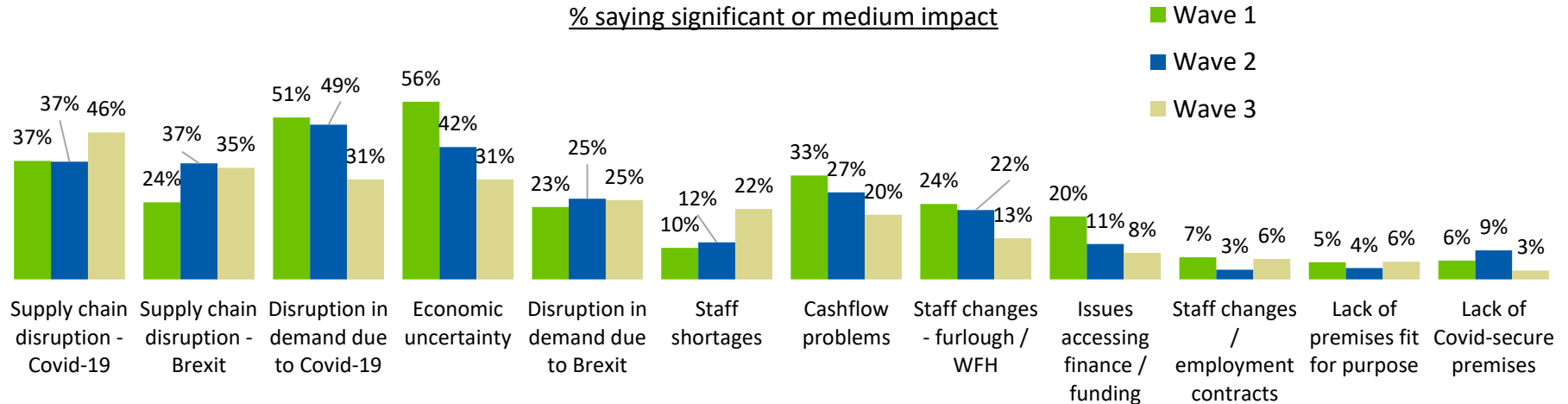
In Wave 3, 45% have seen an increase in turnover compared with the same time last year

- Overall the picture looks more positive than the last wave with just 30% of companies seeing a fall.
- Note that in Wave 3 comparisons were being made between Oct / Nov 2021 and Oct / Nov 2020.



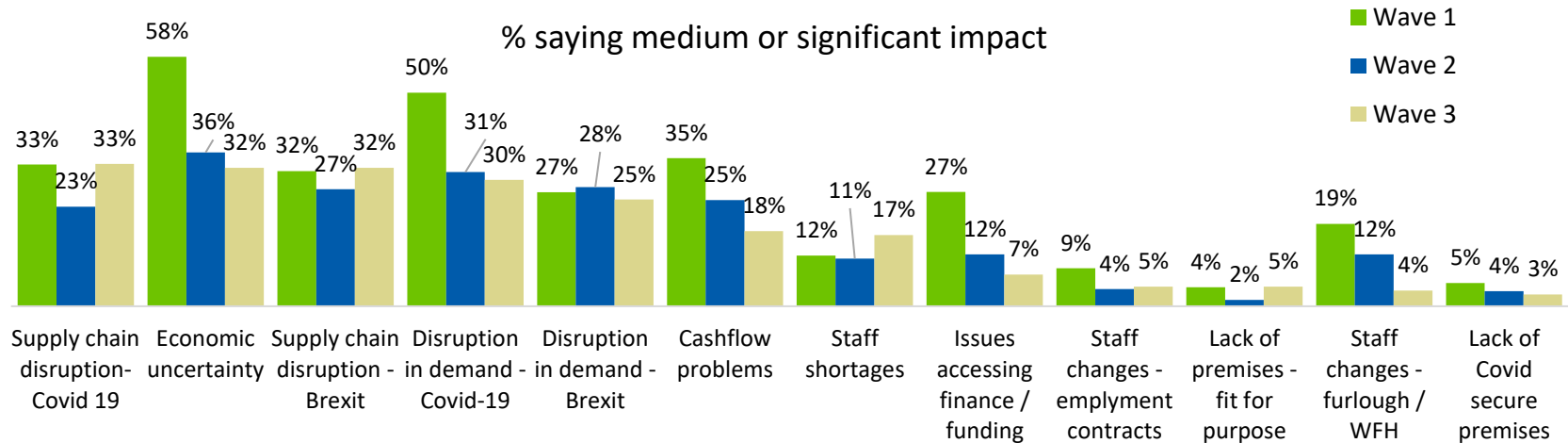
Impact on business in last 2 months

- The top four impacts (rated significant or medium) over the last 2 months were
 - Supply chain disruption due to Covid (46%) up compared with previous waves (37% on both previous waves)
Note: the survey was conducted when HGV driver shortages were being highlighted
 - Supply Chain disruption due to Brexit (35%) – similar to Wave 2
 - Disruption in demand due to Covid (31%) – down compared with previous waves (51% and 49% respectively)
 - Economic uncertainty (31%) – a downward trend compared with first wave (56% and 42% respectively)
- Notable uplift in proportion mentioning Staff shortages – now at 22%



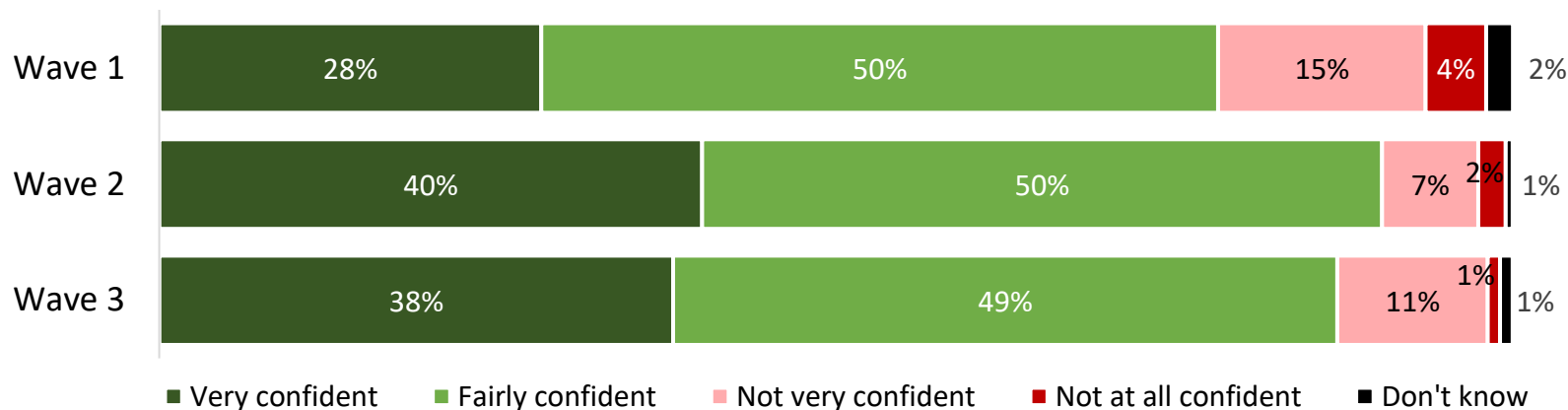
Business impacts expected in next 6 months

- Concerns around economic uncertainty, cashflow and difficulties accessing finance are markedly lower than during wave 1 although economic uncertainty is still a key concern for 32%
- Supply and demand disruption caused by both Covid and Brexit remain key and causing concern for between a quarter and a third of businesses



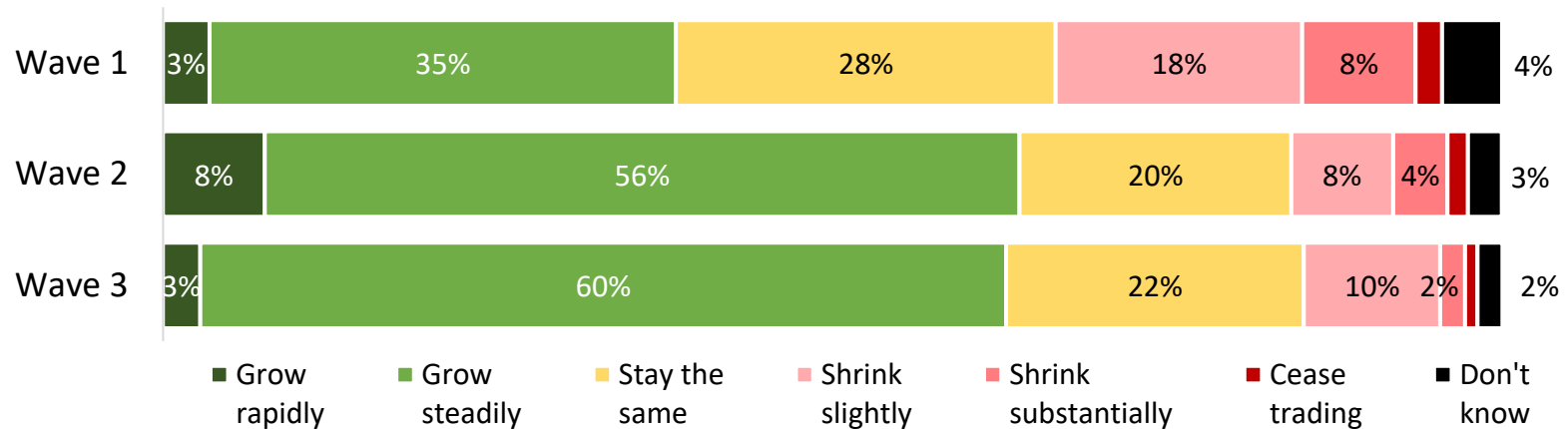
Business confidence for next 6 months

- 87% feel very or fairly confident about the future of their business in the next 6 months
 - Similar to Wave 2 and up compared with Wave 1
- Micro businesses were notably less confident than larger ones



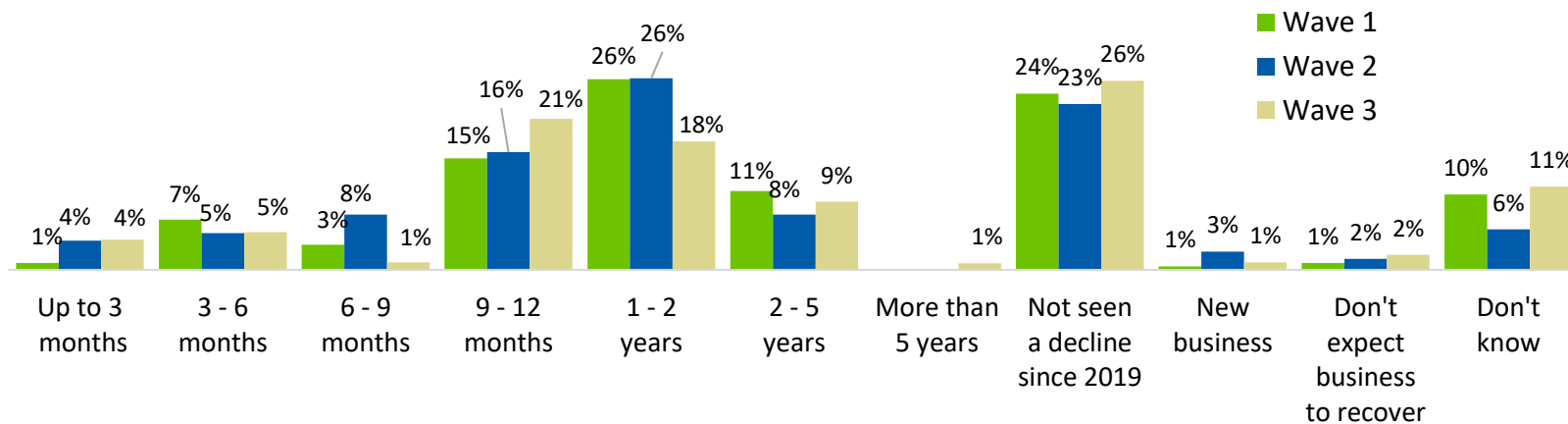
12 month forecast

- There is similar optimism to that shown during Wave 2
- Around two in three businesses (63%) expect to grow during the next 12 months – similar to Wave 2 (64%) and an uplift on Wave 1 (38%)
- Micro businesses remain more pessimistic than small/medium businesses



Predicted time to recover to 2019 levels

- Around a third of businesses expect to recover within a year
- A fairly consistent 1 in 4 have not seen a decline in business
- Just under a tenth (9%) of businesses expect their recovery to take between 2 to 5 years – this has also been a fairly consistent proportion since Wave 1



Business Gateway Growth Hub



Just under a tenth have contacted the Growth Hub

- Just two businesses we spoke to had contacted the Business Gateway Growth Hub in the last 2 months (Wave 1 = 9% and Wave 2=10%)
- One business had discussed Brexit support, International trade and Business planning & growth but did not rate the support received as useful
- The other business did not share the support accessed

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

Q43 - What support did you request?

Q44 – How useful was this support?

Summary



Summary (1)

- Skills
 - Slight decrease in demand for work based, technical and job specific skills
- Staffing
 - More than a third of organisations had experienced difficulties with recruitment
 - Brexit and Covid were felt to have contributed to the challenges
 - There was a shortage of good applicants whilst several businesses felt applicants were expecting too much either in pay or flexible working
 - Similar to Wave 2 over half expect to recruit more staff in the next 6 months
- Digital
 - Most agree digital technology is important
 - One in three have invested in digital technology in past 2 months
 - One in five need to develop new skills in the workforce
- Environment
 - Two in five have taken environmental action in last six months – an upward trend since wave 1
 - Energy reduction through reduced paper usage, LED lightbulbs, reduced travel and transport are key
 - 12% are keen to get advice on Carbon reduction in the next 6 months

Summary (2)

- Exports / Imports – EU remains key to international trade
 - The EU remains the most important trading partner for both imports and exports
 - 3 in 4 of those involved in exporting were experiencing challenges which most blamed on Brexit
 - Additional paperwork, customs errors and shipping costs were all cited
 - Import challenges were blamed more equally on Brexit and Covid with shortages of goods affecting deliveries
- Covid-19 – home working still key but many companies want staff back in
 - 9% of companies have not accessed any support
 - 3 in 4 have accessed the furlough scheme
 - More than a quarter expect to increase the amount of remote working as part of their long term planning
- Performance – businesses remain optimistic
 - Almost 9 in 10 businesses feel confident about the future (87%)
 - Almost 2 in 3 are predicting growth in next 12 months (63%)
 - Almost half (46%) have suffered supply chain disruption due to Covid in last 2 months – more than in previous waves
 - Supply and demand disruption caused by both Covid and Brexit are key expectations in next 6 months and are causing concern for between a quarter and a third of businesses

Findings from this survey are subject to
Opinion Research Services' Standard Terms and Conditions of Contract.

Any press release or publication of the findings of this survey requires
the advance approval of ORS. Such approval will only be refused on the grounds of inaccuracy or misrepresentation

This version of the report will be deemed to have been accepted by the client if ORS has not been informed of any
amendments within a reasonable period of time (1 month).

This study was conducted in accordance with ISO 20252:2019

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