



Buckinghamshire Business Barometer April 2021

**SUPPORTING
BUSINESSES
IN BUCKINGHAMSHIRE**

Buckinghamshire
LOCAL ENTERPRISE
PARTNERSHIP
THE ENTREPRENEURIAL HEART OF BRITAIN



**YOUR LOCAL
GROWTH HUB**

Introduction

The Buckinghamshire Business Barometer is a quarterly survey of Buckinghamshire businesses run by [Buckinghamshire Business First](#) and [Buckinghamshire Local Enterprise Partnership](#).

It was established in January 2021 as a means of:

- Tracking local business confidence and performance as the economy emerges from the shock of the Covid-19 pandemic
- Gauging local businesses views on topical issues.

This report presents the findings of the first survey which ran between January and March 2021.

The findings will be shared with the Department for Business, Energy and Industrial Strategy (BEIS) to help inform central government policy decisions.



Key findings

The first quarter of 2021 was a difficult time for many Buckinghamshire businesses as the country entered a third national lockdown and trading difficulties due to the UK exiting the EU began to emerge.

Three quarters of those responding to the Buckinghamshire Business Barometer between January and March 2021 described trading conditions as 'worse than normal' for the time of year (**chart 1**).

The majority of firms responding to the survey experienced declines in profit, turnover, order books / pipeline and sales in the first quarter of 2021.

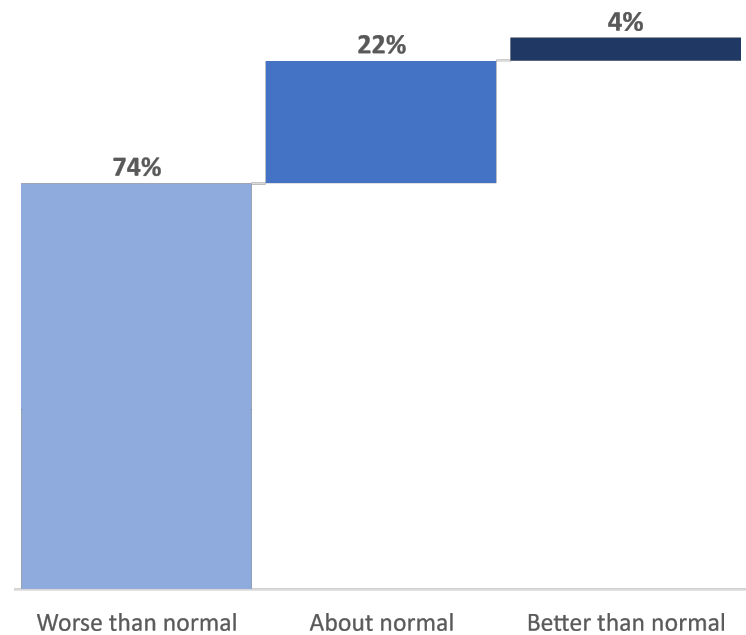
Overall, **85%** of respondents said that they had be negatively impacted by the Covid-19 pandemic. The focus for many firms over the last 12 months has been to maintain financial viability. With most firms stating that reducing costs and introducing new processes, products, services and technologies have all become more of priority over the last 12 months. Reducing environmental impact and investing in R&D have become less important for some.

Looking ahead, whilst **42%** of respondents anticipate returning to pre-pandemic levels of profitability in 2021, the majority believe it will take longer, with **13%** not anticipating that they will 'bounce-back' before 2023.

The end of the EU transition period has led to trading difficulties for some firms. Difficulties include additional costs related to rules-of-origin checks; the implications of new EU legislation regarding food containing animal products and the implications of new labelling rules.

In terms of immediate plans, **57%** of respondents plan to invest in marketing or advertising over the next three months, **46%** in training and development and **44%** in digital technology.

Chart 1: Compared to normal for this time of year, how would you describe current trading conditions for your business?



How's business?

Situation over the last 3 months.

1. Sales have / custom has...



2. Order book / pipeline has...



3. Costs have...



4. Turnover has...



5. Profits have...



6. Workforce has...



The six dials to the left indicate how businesses have performed over the last three months. The figures presented are net balance scores. The net balance score is the percentage of firms reporting an increase minus the percentage reporting a decrease. For example, if 15% of firms told us their sales increased and 65% said their sales decreased, the balance for the quarter would be -50%. Alternatively, if 50% report profits have increased, and 10% report profits have decreased, the balance would be +40%. With the exception of costs, negative figures indicate a contraction and positive figures indicate growth.

The net balance business performance scores for Q1 2021 reflect the negative impact Covid-19 has had on respondent's businesses, particularly in relation to profits, turnover, orders and sales.

A net balance score of **-19%** in workforce size would likely have been made worse had the Job Retention Scheme not been extended.

Costs have remained stable on balance which is concerning due to the comparative declines in income and business generation. It is therefore likely that many businesses have had to rely on Covid-19 support grants and loans to cover their costs and to prevent defaulting on existing loans. The ability of businesses to repay loans will depend largely on when revenues recover.

How's business?

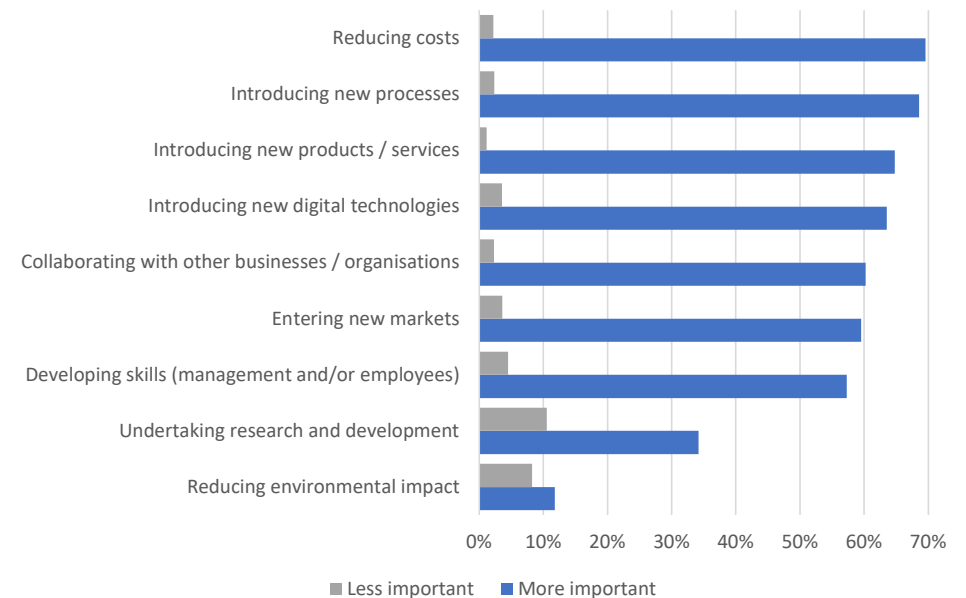
The focus for many firms over the last 12 months has been to maintain financial viability. Most survey respondents state that reducing costs and introducing new processes, products, services and digital technologies have become more of a priority over the last year.

The results reflect the extent to which firms have had to adapt and / or pivot to deal with the fall out of the Covid-19 pandemic. Changes have included:

- Setting up Covid-19 safe workplaces and work practices
- Delivering services in different ways (e.g. shift to on-line trading, establishing delivery services, virtual meetings and events, outdoor dining)
- Changing markets
- Shortening supply chains

Reducing environmental impact and investing in R&D have become less important for some, although, on balance, more report that these issues have become more important than report that these issues have become less important.

Chart 2: Have any of the following become more or less of a priority over the last 12 months?



How's business?

"Our export markets are currently very depressed. Until these recover we do not expect to see a recovery in our business."
(manufacturing business)

"Due to the impact of Covid, companies/organisations are not wanting to plan too far in advance until they have a concrete assurance things will be available (maybe due to loss of deposits)."
(creative industries business)

"Brexit has had a disastrous impact on our repair business coming from the EU because of customs issues in the country of despatch."
(electronics business)

"Currently closed but expect after restart that business will be extremely good"
(sports business)

"It's tough out there, SMEs are not spending."
(digital media business)

"Online sales significantly increased due to shops being shut, which meant my sales increased so I have been extremely busy. I decided to come out of supplying trade and other businesses to concentrate on my own sales through my own online platforms. It still gets too busy for me to manage on my own and at Christmas I have to close my online platforms much earlier than I would like, as I can't keep up with demand, so I need to think about how to manage this at peak periods to make the most of the busy periods and keep up with demand."
(retail sole trader)

"Our model (run primarily by volunteers - so no staff costs, products created by local craftspeople, so little to no stock) has allowed us to be very resilient, but once Business Rates are reinstated, we will struggle. As always, we hope that there will be Business Rates reform very soon".
(retail business)

"Well, it is tough going that is for sure. One key problem is the lack of time. As a small business, doing everything to survive it is very difficult to find enough time to research and explore the available schemes and grants that may or not be available. I received an email this morning from.. BBF suggesting they are taking a proactive approach and as such contacting businesses directly to see how they can advise on what might be available. This, in my opinion, could be the best email I've had in months, and hopefully will be a huge help."
(education business)

Spotlight – impact of Covid-19

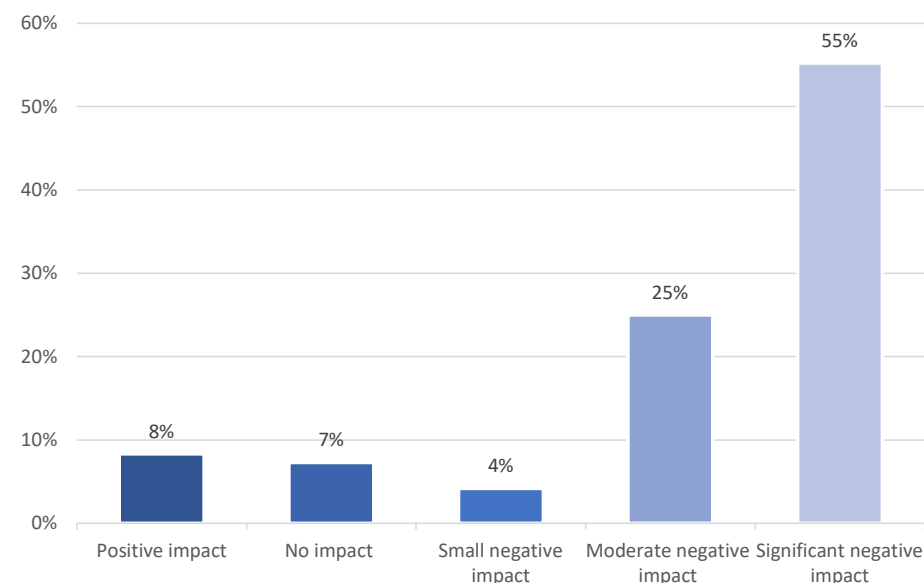
This quarter we asked respondents how Covid-19 had affected their business, about their use of government support schemes and, for those negatively impacted, how long it would take to 'bounce-back'.

Firstly, in terms of impact, the vast majority of respondents had been negatively impacted (**84%**). Just over half (**55%**) believe the negative impact of Covid-19 on their business has been significant, and a quarter moderate. Only **7%** of respondents experienced no impact on their business, and **9%** experienced a positive impact.

Three quarters had used a Covid-19 financial support scheme. On average, businesses used two different Covid-19 financial support schemes. Of those that used a financial support scheme, the most used were:

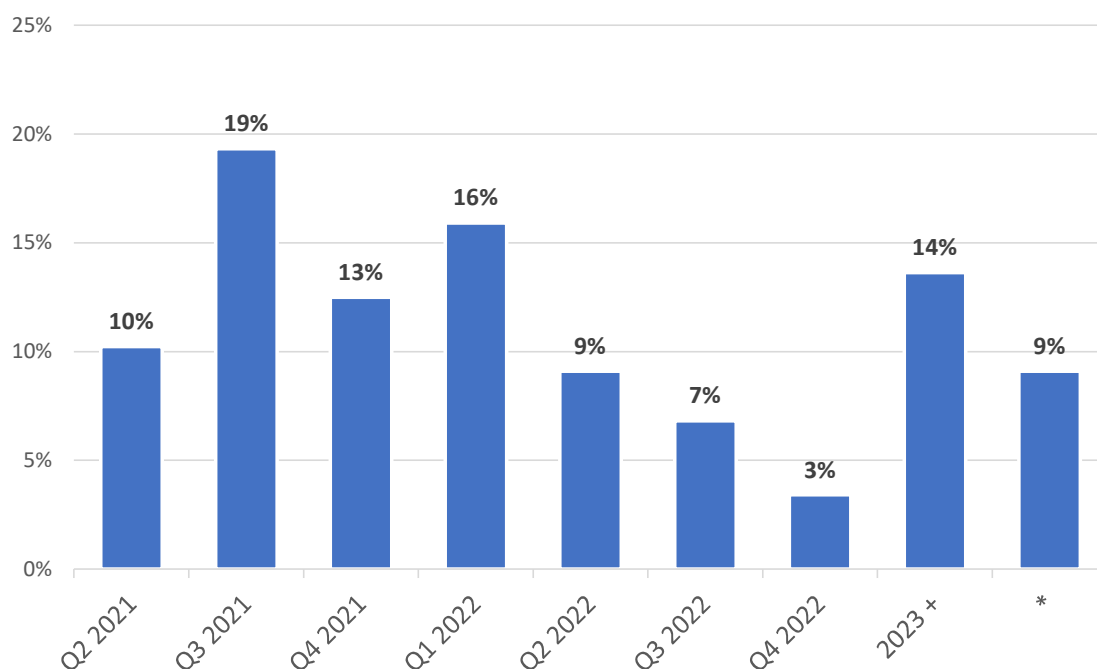
- The Job Retention Scheme (**58%**)
- Bounce-back loans (**45%**)
- Small Business Grant Fund (SBGF) (Buckinghamshire Council) (**34%**)
- Self-Employed Income Support Scheme (any round) (**27%**)
- Business rates relief (Buckinghamshire Council) (**26%**)

Chart 3: To what extent has Covid-19 impacted your business?



Spotlight – impact of Covid-19

Chart 4: When do you anticipate returning to pre-pandemic levels of profitability?



* - N/A (e.g. not operating/profitable pre-pandemic)

42% of respondents anticipate a return to pre-pandemic levels of profitability at some point in 2021. **35%** anticipate a return sometime in 2022, with **16%** believing it to be in the first quarter. **14%** believe they won't return to pre-pandemic levels of profitability until at least 2023 or longer.

"InBound business (our main sector) will be zero...again this year as last. Where is the government funding? Unlike pubs...who have been able to at least trade part of the time, we now have a 2nd year with NO income from InBound tourism. We needed furlough for 4 yrs to help us as we won't get back to 2019 business levels until at least 2024."
(tour operator business)

"I work in live events. We were the first to feel the effects of Covid-19 and unfortunately, we will be the last to come back. We desperately need the insurance companies to cover us for any future events as they do with film and TV production. This way the industry will be able to start planning and working on pre-production, knowing that any costs expended will at least be covered."
(event business)

Looking ahead..

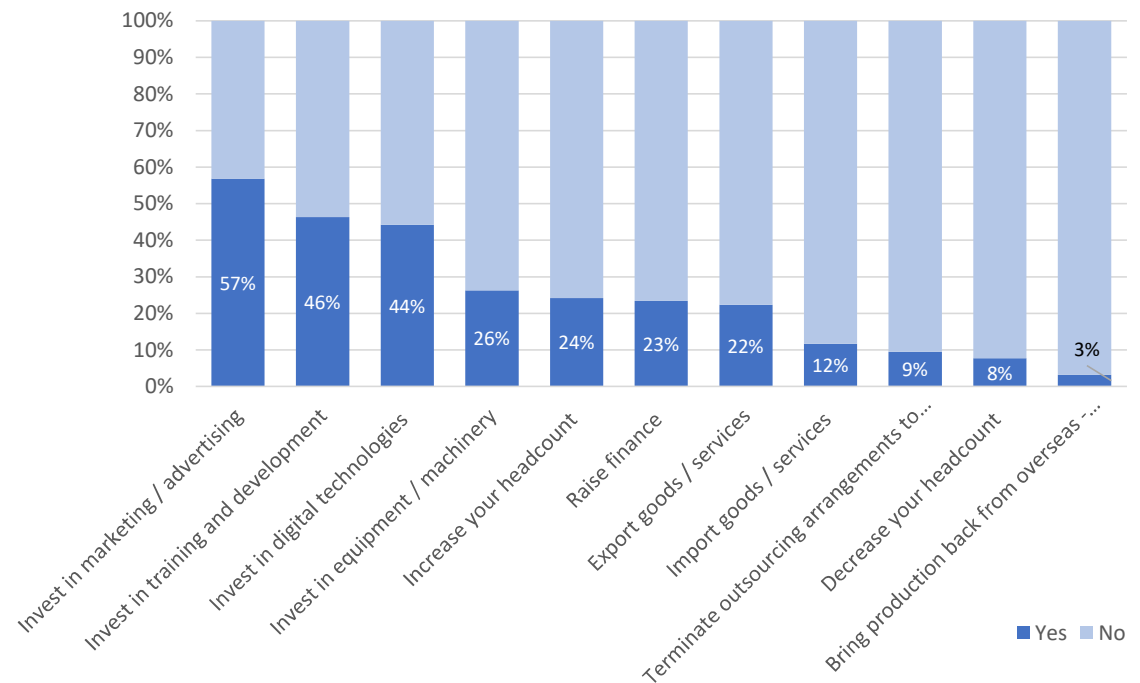
Looking ahead, the Barometer findings regarding plans for the next three months are encouraging.

A sizeable proportion of firms report that they plan to invest in their business during the next quarter. **57%** plan to invest in marketing and / or advertising, whilst just under half of all respondents report plans to invest in training and development, and in digital technologies (**46%** and **44%** respectively). Furthermore, just over a quarter report plans to invest in equipment and / or machinery.

Encouragingly, more respondents plan to increase their employee headcount (**24%**) than to decrease their headcount (**8%**). This could be related to the opening up of the 'closed' section of the economy from 12 April 2021 onwards.

22% of respondents plan to export good or services over the next three months and **12%** plan to import goods or services.

Chart 5: Over the next three months do you intend to..



Methodology

Background

The Buckinghamshire Business Barometer is run by [Buckinghamshire Business First](#) (BBF) and [Buckinghamshire Local Enterprise Partnership](#) (Bucks LEP). The Barometer began in 2021 and is conducted via an online survey on a quarterly basis. The survey can be completed by any business operating within Buckinghamshire and is promoted to businesses through BBF and its partners. Respondents are self-selecting and the results are not weighted, therefore the findings should be treated as indicative rather than representative of all Buckinghamshire businesses. The first Barometer survey (Q1 2021) was conducted between January and March 2021. The next survey (Q2 2021) will be conducted in May / June 2021.

Net balance scores

Some Barometer findings are presented as net balance scores (see slide 4). The net balance scores are the percentage of firms reporting an increase minus the percentage reporting a decrease. For example, if 15% of firms told us their sales increased and 65% said their sales decreased, the balance for the quarter would be - 50% (an overall contraction). Alternatively, if 50% report profits have increased, and 10% report profits have decreased, the balance would be +40% (an overall expansion). This method is used by other business tracking surveys, including the [British Chamber of Commerce Quarterly Economic Survey](#).

Survey respondents (Q1, 2021)

A total of 97 Buckinghamshire businesses responded to the Q1 2021 Buckinghamshire Business Barometer. The majority of respondents operate in the service sector (87%) with the remainder (13%) operating in the non-service sector (e.g. agriculture, forestry, manufacturing, construction, printing). The majority of respondents were micro businesses, with 72% employing fewer than five people. 3% of respondents were large (employing more than 100 people) with the remainder (20%) employing between 6 and 50 people. This is broadly representative of Buckinghamshire's business population as a whole, which comprises 78% micro firms, 20% small firms (6-50 employees), and 2% medium and large firms employing more than 50 people. Responses were received from businesses operating across the county. 40% of respondents operate in the former Aylesbury Vale local authority district, 35% in Wycombe, 13% in Chiltern and 10% in South Bucks.

Contact details

For further information about the
Buckinghamshire Business Barometer

James Moorhouse

Economic and Labour Market Analyst
Buckinghamshire LEP

01494 418415

james.moorhouse@buckslep.co.uk



For further information about Buckinghamshire Business First

Buckinghamshire Business First

Claydon House

1 Edison Road

Rabans Lane Industrial Area

Aylesbury

HP19 8TE

01494 927130

For Business advice - BusinessSupport@bbf.uk.com

For Membership advice - Membership@bbf.uk.com

For General Enquires - Info@bbf.uk.com
