North East Data Hub

The North East Growth Hub Monthly Survey

February 2021

North East Local Enterprise Partnership

North East Growth Hub

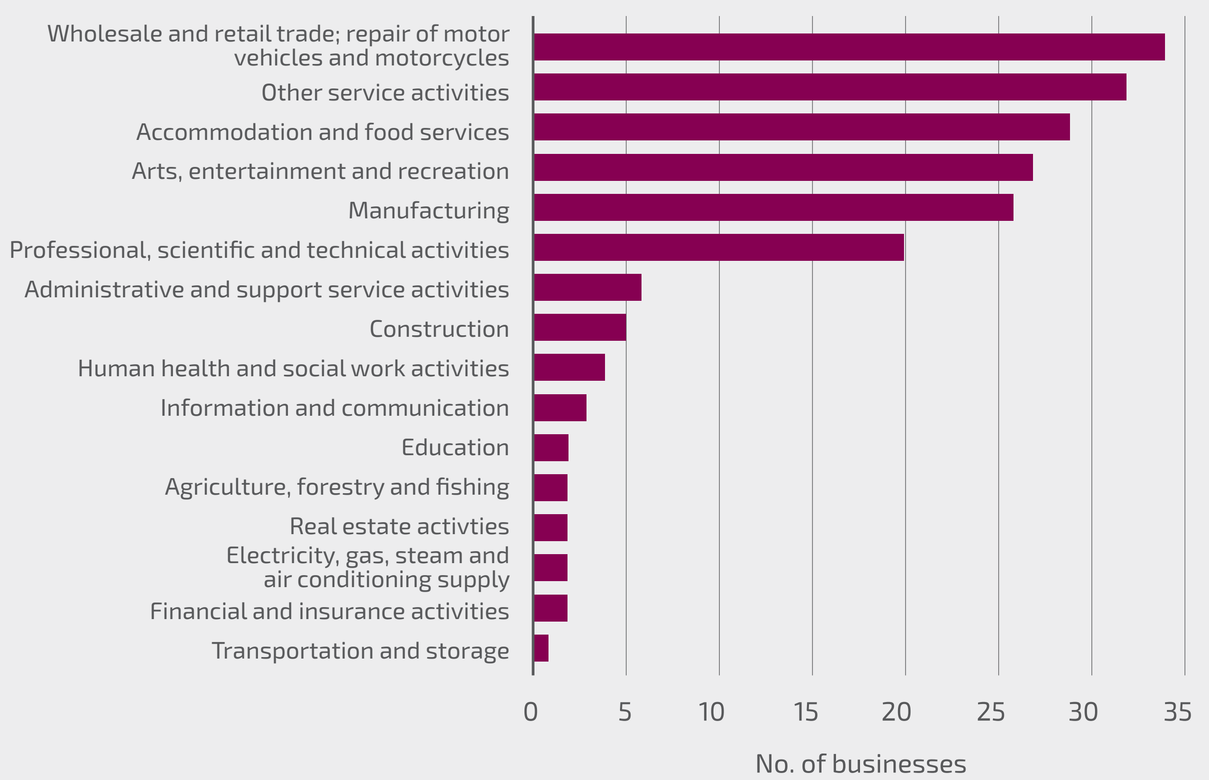
Business Demographics

For the past month, the North East Growth Hub has been gathering intelligence on Covid-19 and EU transition through telephone and online questionnaires.

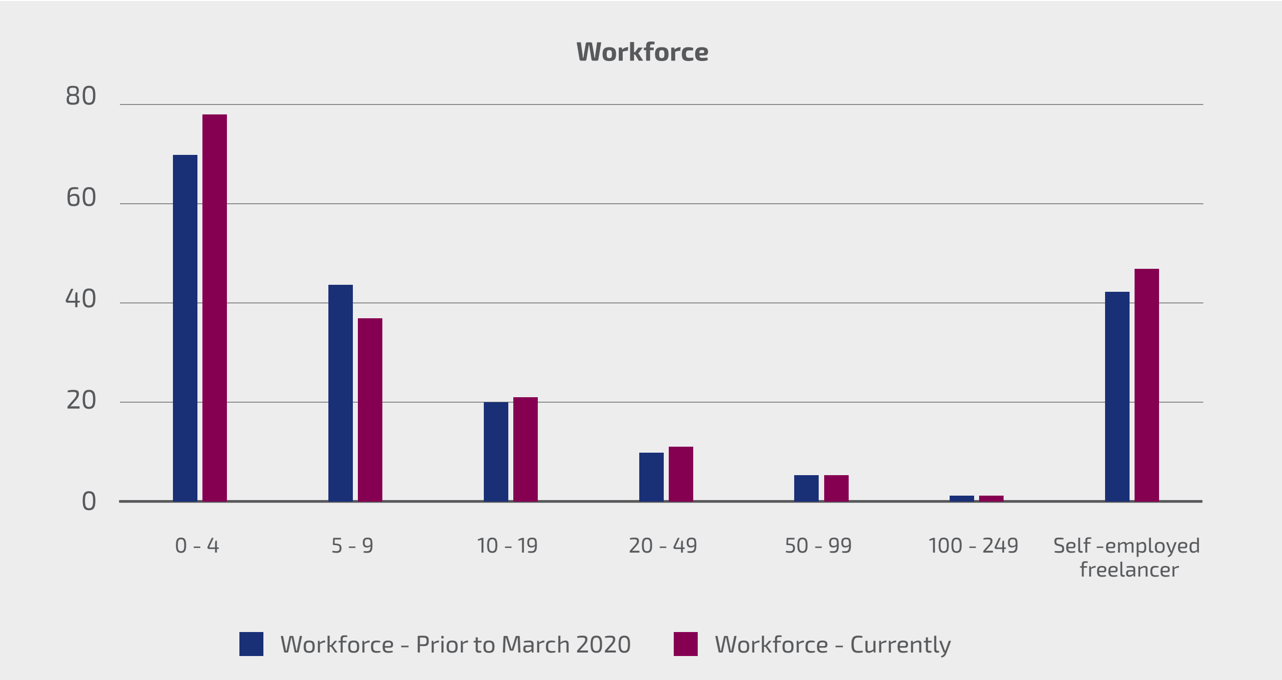
For the month of February there was a total of 204 responses from businesses in the North East LEP area.

28% of respondents were based in Newcastle
26% in Country Durham
17% Northumberland

The majority of responses were from the wholesale and retail trade industry, followed by the Other service industry and then the accommodation and food services industry.



The size of the businesses who responded are is displayed in the graph below. The most populous category across both time period is the 0-4 category making up 34% of responses. This is followed by the 5-9 category making up 23% of responses and is the only category to decreased between the two time and then the Self-employed/ freelancer category, making up 22% of responses.



Over time, there has been a slight shift in workforce numbers with an increase in the 0 – 4, 10 – 19 and 20 – 49. Furthermore, in terms of sector, we have seen changes across seven of the 11 industries, with the largest increase in the 'other service activities' industry,

EU Transition

Trading with the EU:

19%

of respondents stated they do trade with EU

58%

of manufacturing businesses

50%

of business in agriculture, forestry and fishing

38%

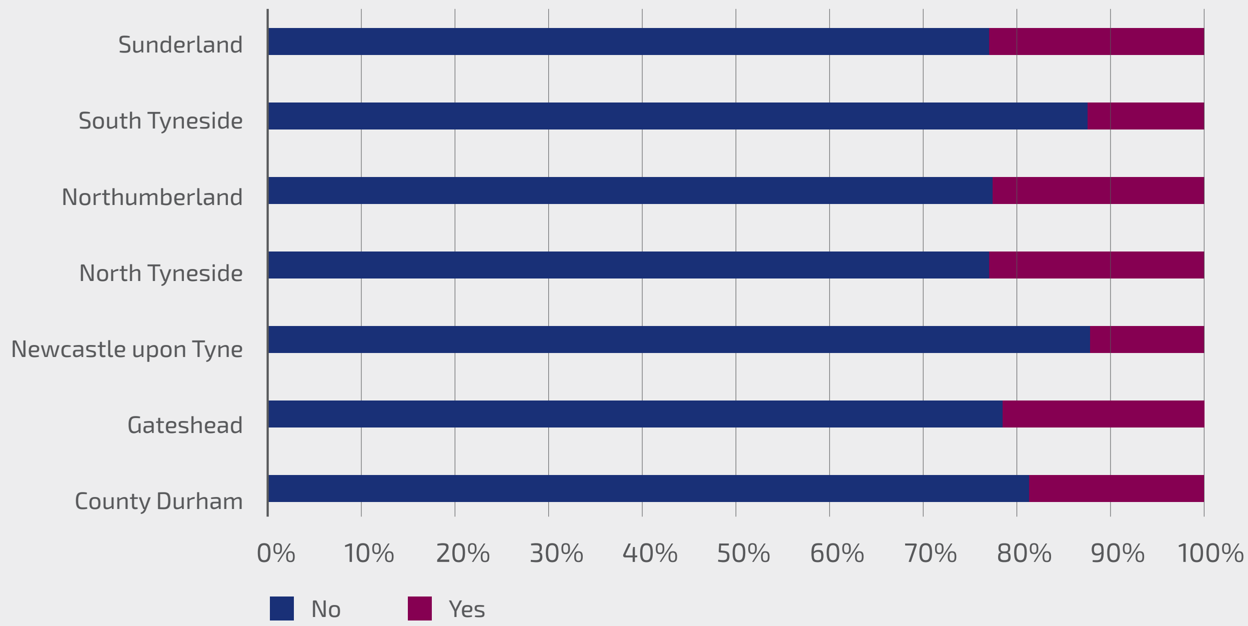
of wholesale and retail trade

20%

of construction

Respondents who trade with the EU are present in every region, with North Tyneside and Sunderland having the most respondents (23%). Newcastle upon Tyne had the least amount of survey respondents who traded with the EU as depicted in the graph below.

Breakdown of EU trade by region



When examining the impact of the EU transition on businesses:

47%

of respondents stated that their businesses had been impacted by supply chain disruptions

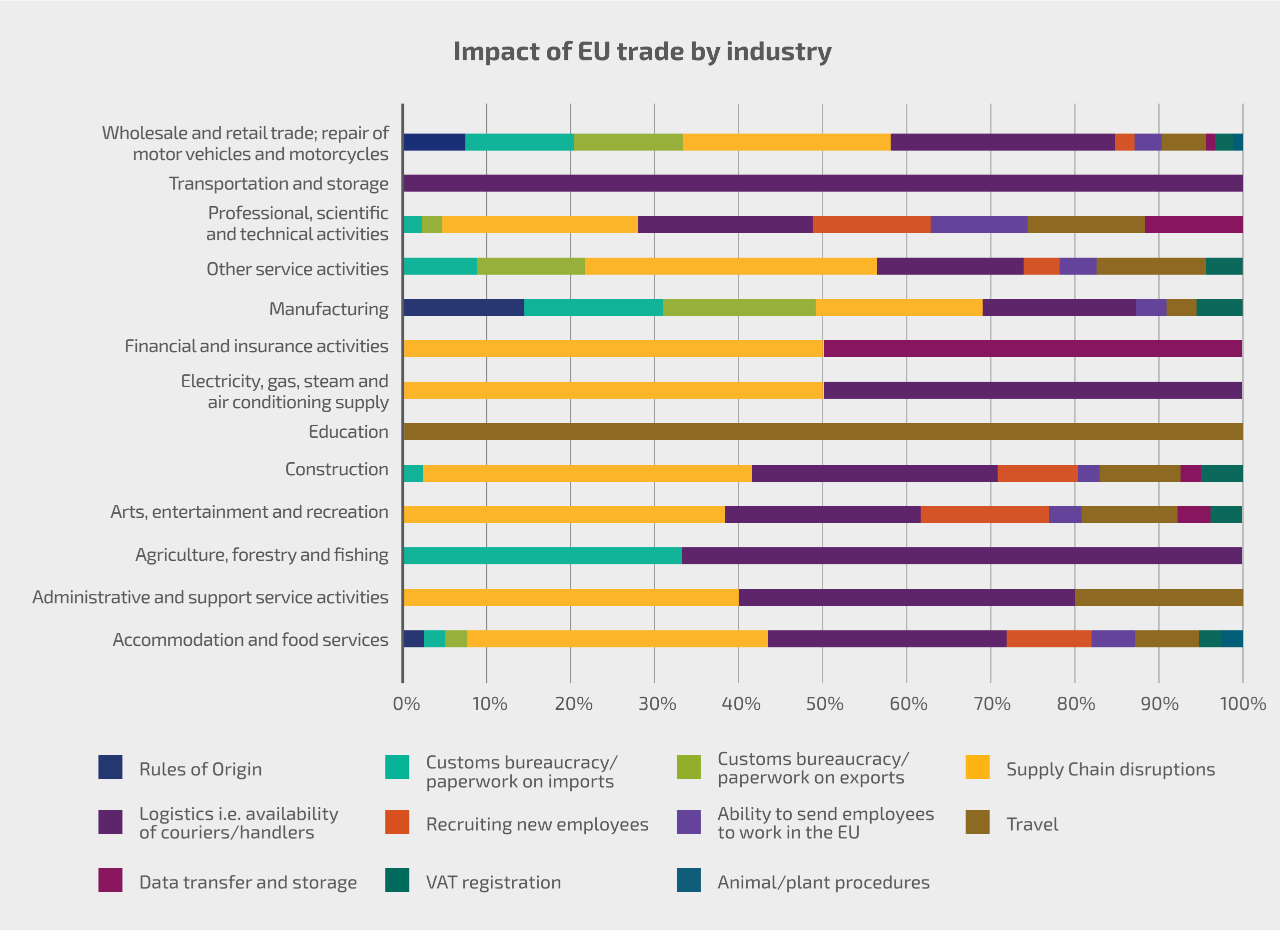
40%

stated they had been impacted upon by logistical issues

14%

had impacted their ability to travel or had experienced travel delays

When examining the impact by industry, graph below, all but four industries had seen their business impacted upon by supply chain disruptions, 11 industries had seen the EU transition impact upon their logistics, and nine industries believed it would impact upon their ability to travel.



When asked where their biggest challenges were when facing the EU transition, the most frequent answer was **over coming supply chain issues as well as overcoming delays in logistics**. Nearly half of businesses operating in 'wholesale and retail trade' had to make adjustments due to EU transitions, followed by 39% of manufacturing businesses. This was significantly higher proportion of businesses compared to other sectors like accommodation and food services and professional, scientific and technical services, where only 4% respectively have made adjustments.

Those who do not trade with the EU were asked whether they had had to make adjustments to their business regarding the EU transition. 26% of respondents who had to make adjustments where from the Wholesale and retail trade industry, followed by the arts and entertainment industry (16%) and then the accommodation and food services and the professional, scientific and technical activities industry, both making up 15% of responses.

Respondents were asked where they would need or would like support in regard to the EU transition.

1/4

of respondents would like more support regarding supply chain challenges

12%

would like support on logistics

9%

on customers bureaucracy on export/imports

COVID-19 Disruption

69%

of respondents were still able to trade through the global pandemic

30%

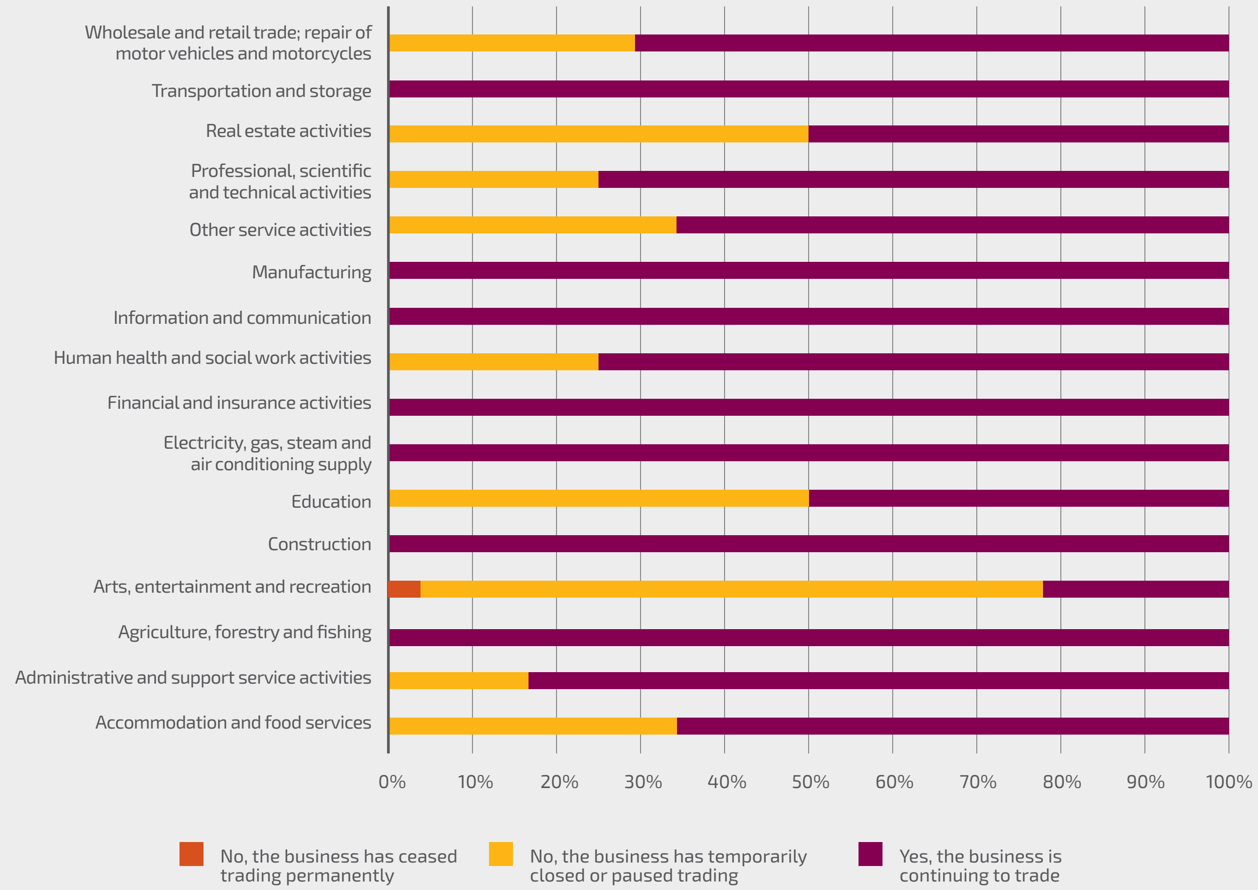
had to temporarily close or pause trading

1%

had to close permanently

When examining the impact by industry, the arts and entertainment industry has been the industry with the highest proportion of respondents having to temporarily pause trading and the only industry where businesses had had to permanently close. Six out of the 16 industries were able to stay open throughout.

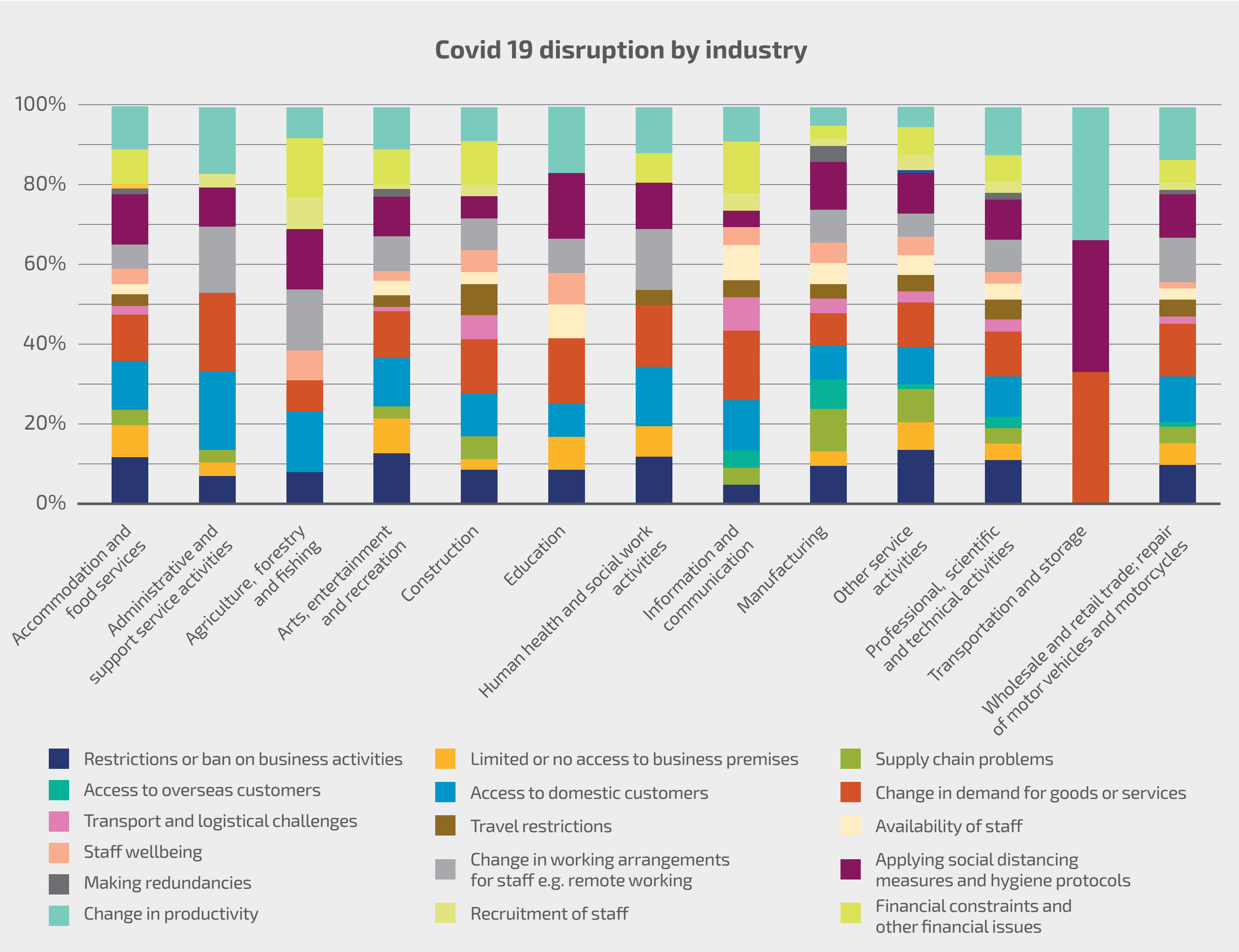
Ability to trade by industry

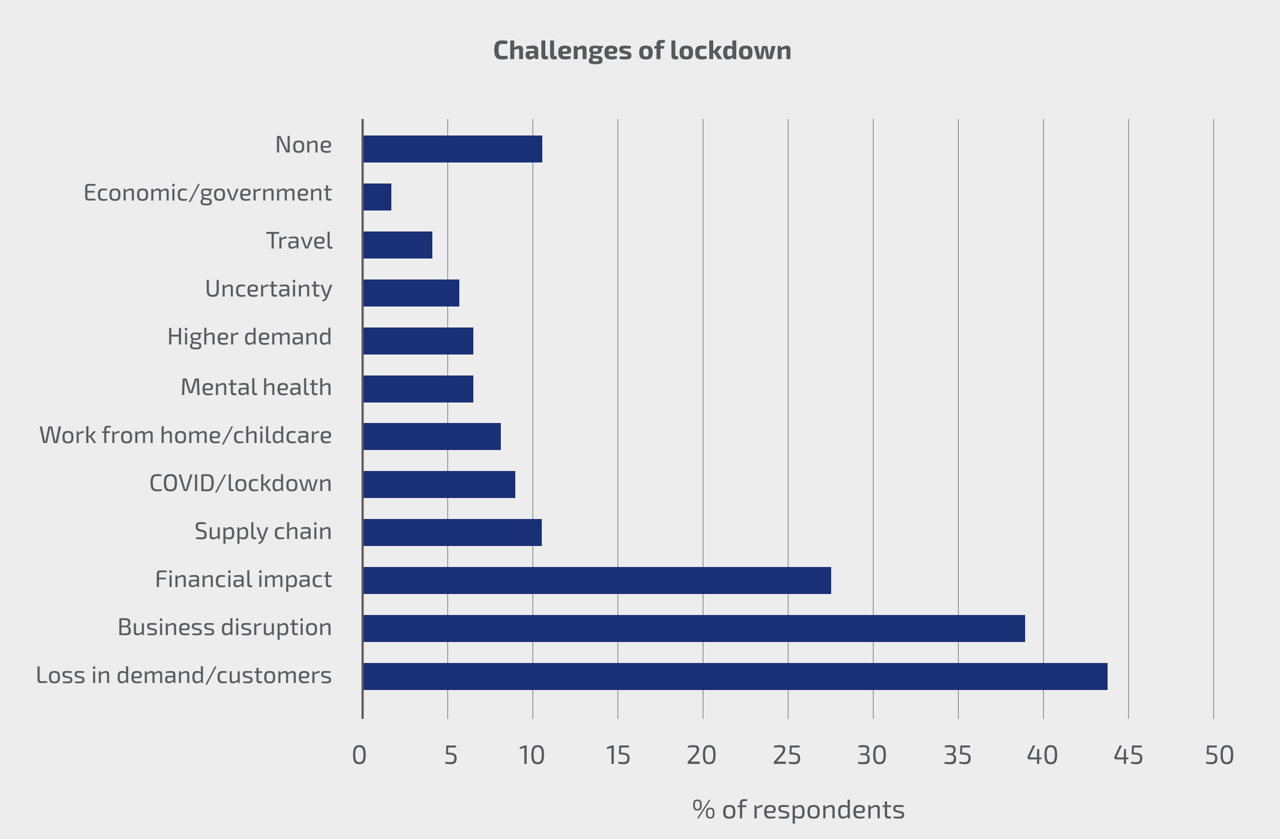


Respondents were asked how the COVID-19 pandemic had impacted upon their business.

80%	72%	70%
respondents have seen a change in demand for their goods and services	have applied social distancing measures and hygiene protocol	have been impacted by the restriction or ban on their business activities
63%	**58%**	**45%**
have seen a change in their productivity	have had to change their working practices i.e. remote working	have experienced financial constraints or issues

When examining the impact of the COVID-19 pandemic by industry, The Wholesale and retail industry, Professional services industry, Other services industry and the manufacturing industry had the most disruption to business activities (across 16 categories). This was followed by the Arts, Entertainment, and recreation industry, and Accommodation and food services industry (across 15 categories). The transportation and storage had the least number of business activities (across 3 categories).





The biggest challenge respondents faced during this most recent lockdown was the loss in **demand/customers to their business**, this was followed by **disruption to their normal business activity**, and then the financial impact, which for many were worried about having to still pay overheads (such as rent) but with a greatly reduced or non-existent income.

Respondents were asked what measures that had introduced due to COVID-19.

60%

of businesses have provided additional hygiene and supplies

46%

had offered new flexible working methods or patterns

41%

had furloughed staff

37%

had digitalised their offer

35%

adapted their business model to offer new services

29%

had decreased working hours

26%

had adapted business model to offer new products

20%

had added new products to existing offer