

Greater Manchester Business Monitor

Sixth Weekly Tracker: Impact of COVID-19

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GM Business Monitor : Impact of COVID-19

The results of the sixth Business Monitor survey conducted by Greater Manchester Chamber of Commerce with the support of pro-manchester, Manchester Law Society and North West Business Leadership Team show further stabilisation of customer demand and business confidence albeit at very low levels. Employers wait to obtain further clarity on relaxation of the lockdown restrictions.

The economic fallout from this pandemic is affecting all sectors and all parts of Greater Manchester (GM) and the wider North West. Although the full economic impact of this epidemic is still unknown, the shock is likely to have adversely affected liquidity for most businesses.

Fieldwork for the sixth Business Monitor tracker was conducted between Monday, 4th May and Friday, 15th May and captured the views of around 100 businesses. The survey results for the GM city region itself were published on Monday, 18th May. This report presents a view of the tracker results broken down by groups of GM local authorities. For the purpose of this report, GM North is made of Bolton, Bury, Oldham, Rochdale and Wigan. GM South is made up of Salford, Stockport, Tameside and Trafford where Manchester makes up GM Central.



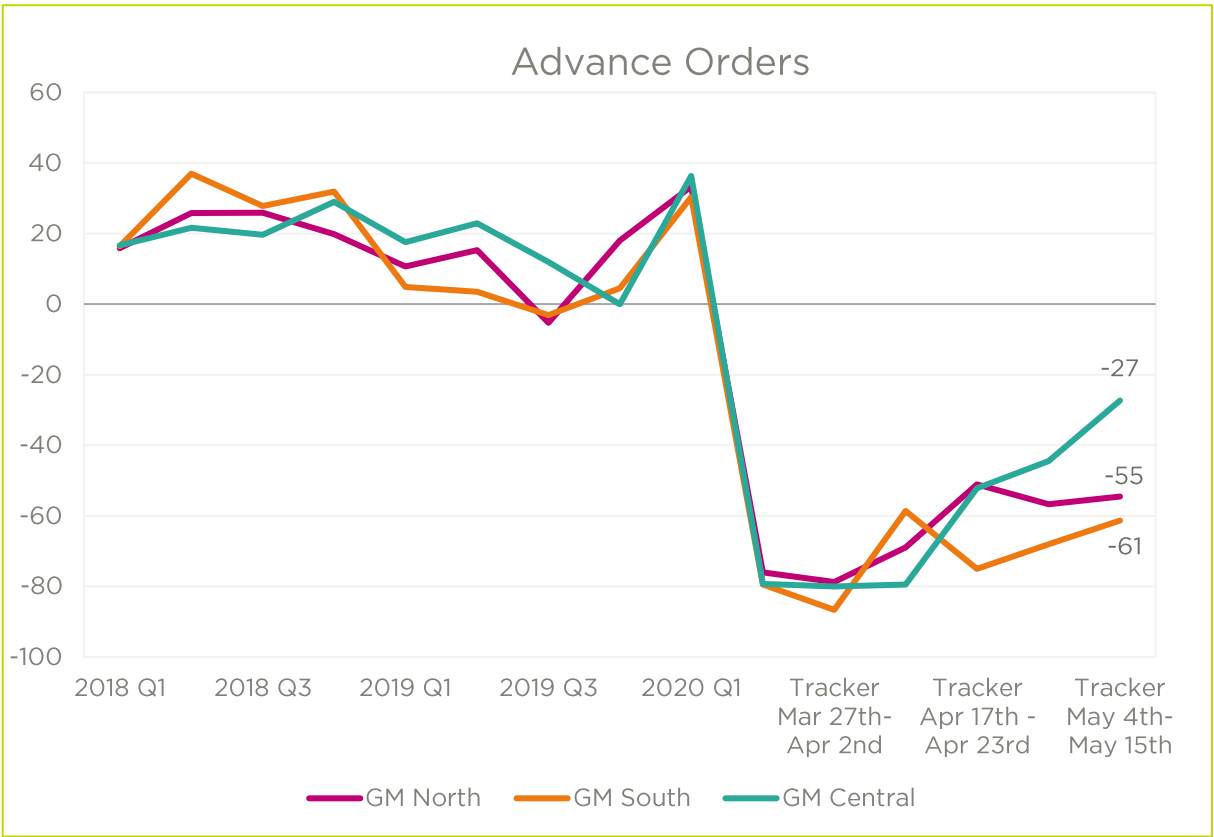
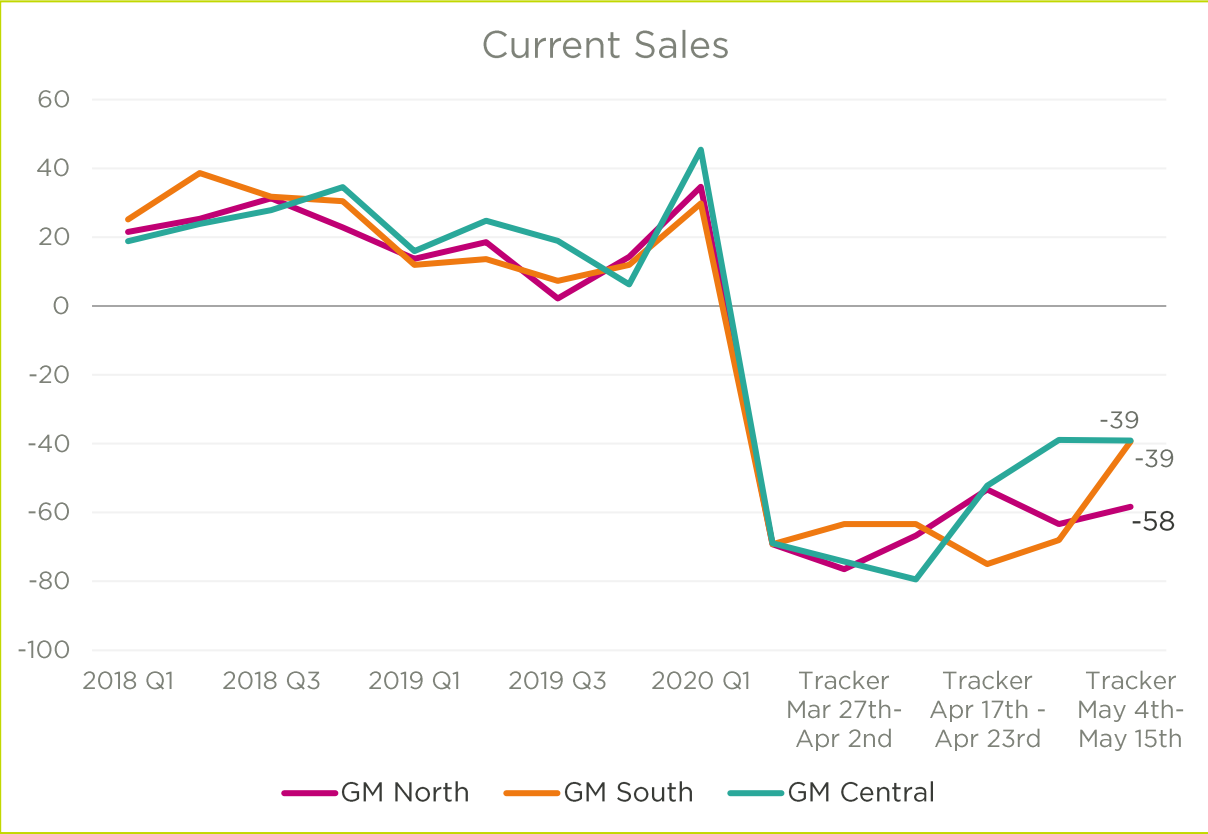


Business Monitor: topics covered

- Customer demand – current sales and advance orders
- Changes to workforce
- Cash flow position
- Business confidence
- Issues of concern
- Business support measures



GM Business Monitor: Customer Demand

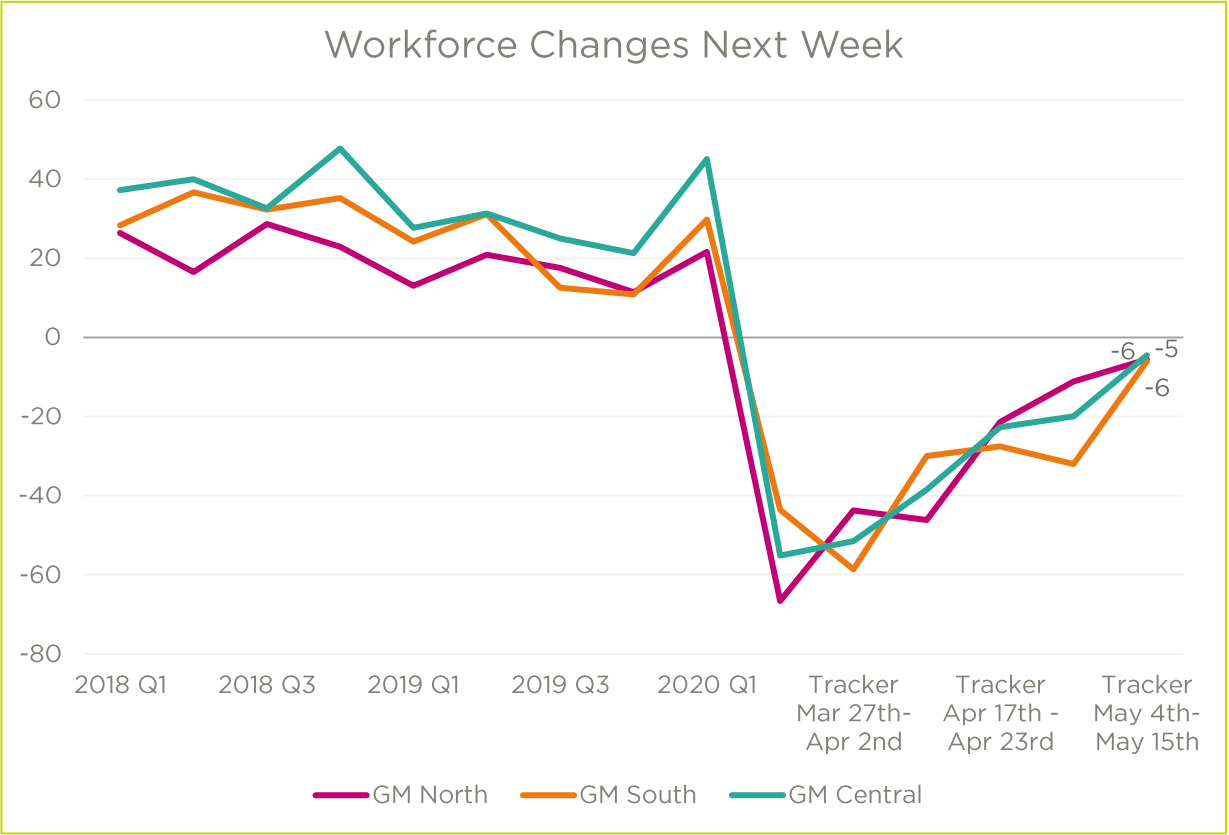
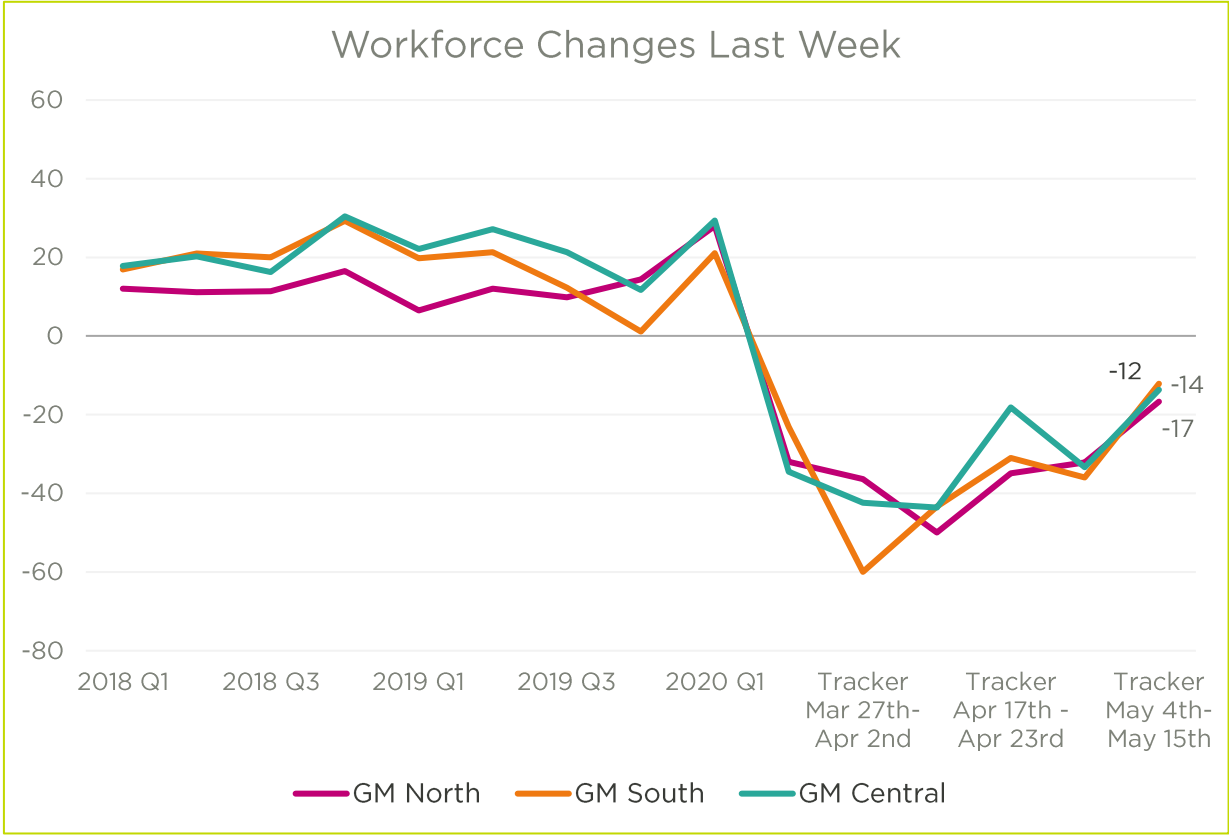


After a historic reduction in customer demand, business activity levels seem to be stabilizing. There is no evidence of any improvement in demand and the balances of firms reporting on current sales and advance orders were both below zero for all three regions, meaning a lot more respondents reported a decline in sales than those reporting an increase or sales remaining at similar levels. But there hasn't been further deterioration in demand in the first two weeks of May.

Source: GMCC QES and GM Business Monitor



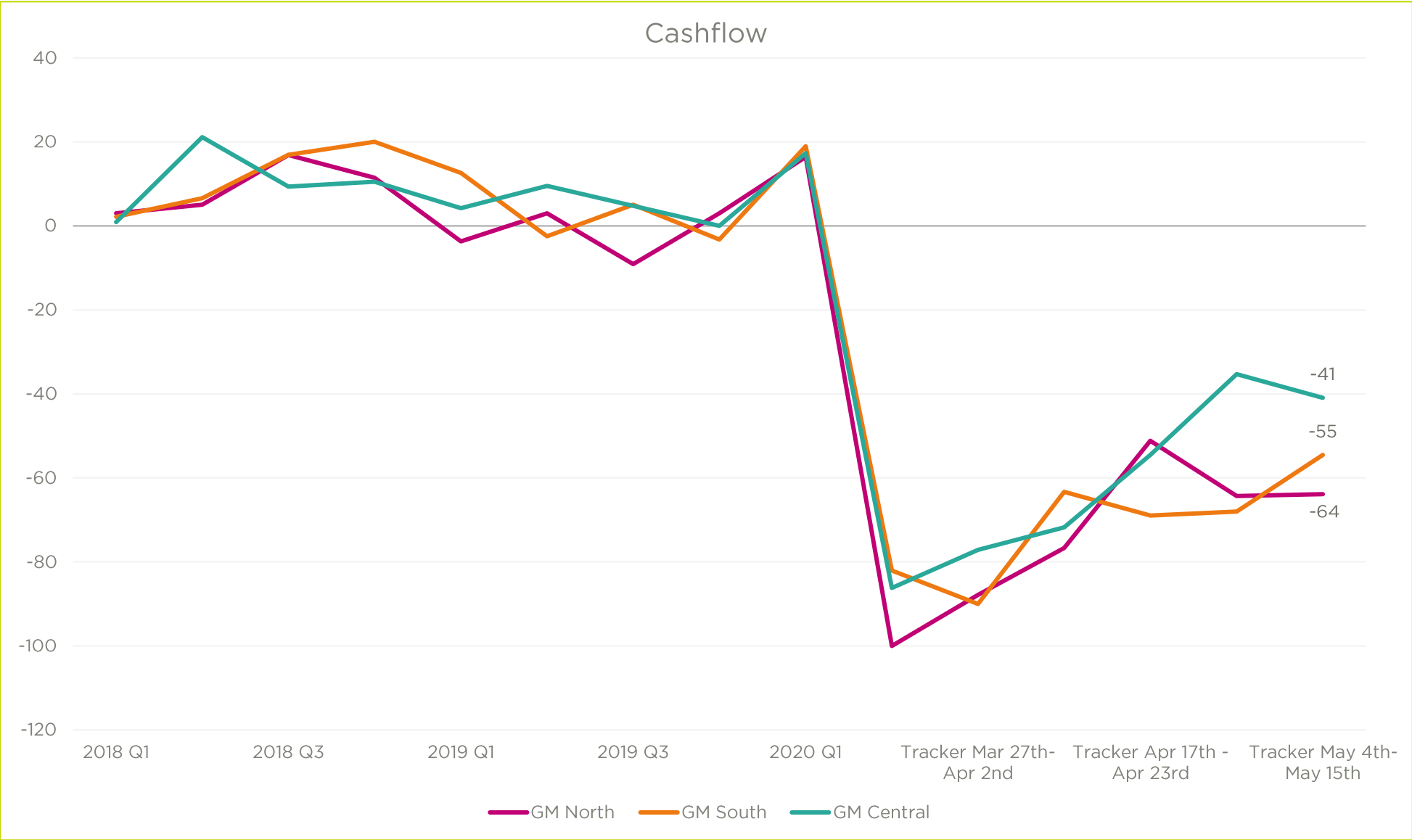
GM Business Monitor: Employment and workforce



In all three regions, more than half of the respondents reported that there have been no weekly reduction in their workforce. Even then the balance of firms reporting on labour market questions is in negative territory. Recently released labour market data shows that many businesses have chosen to furlough rather than layoff staff. Since furloughed staff are treated as employees, overall employment numbers have held steady. Decisions about staff furlough would already have been taken and as a result, a very high proportion expect no further reductions in their workforce in the next few days.



GM Business Monitor: Cashflow



Businesses based in Manchester are reporting a slight reduction in cash flow positions compared to businesses in other GM local authority areas. In Manchester, the balance of firms reporting cash flow problems is -41 (-35 in the previous tracker). Overall, most GM businesses have been affected by reduced cashflow. Only a handful of businesses have reported improved cashflow - it is likely that Job Retention Scheme payments from HMRC have temporarily improved cash positions.

Source: GMCC QES and GM Business Monitor



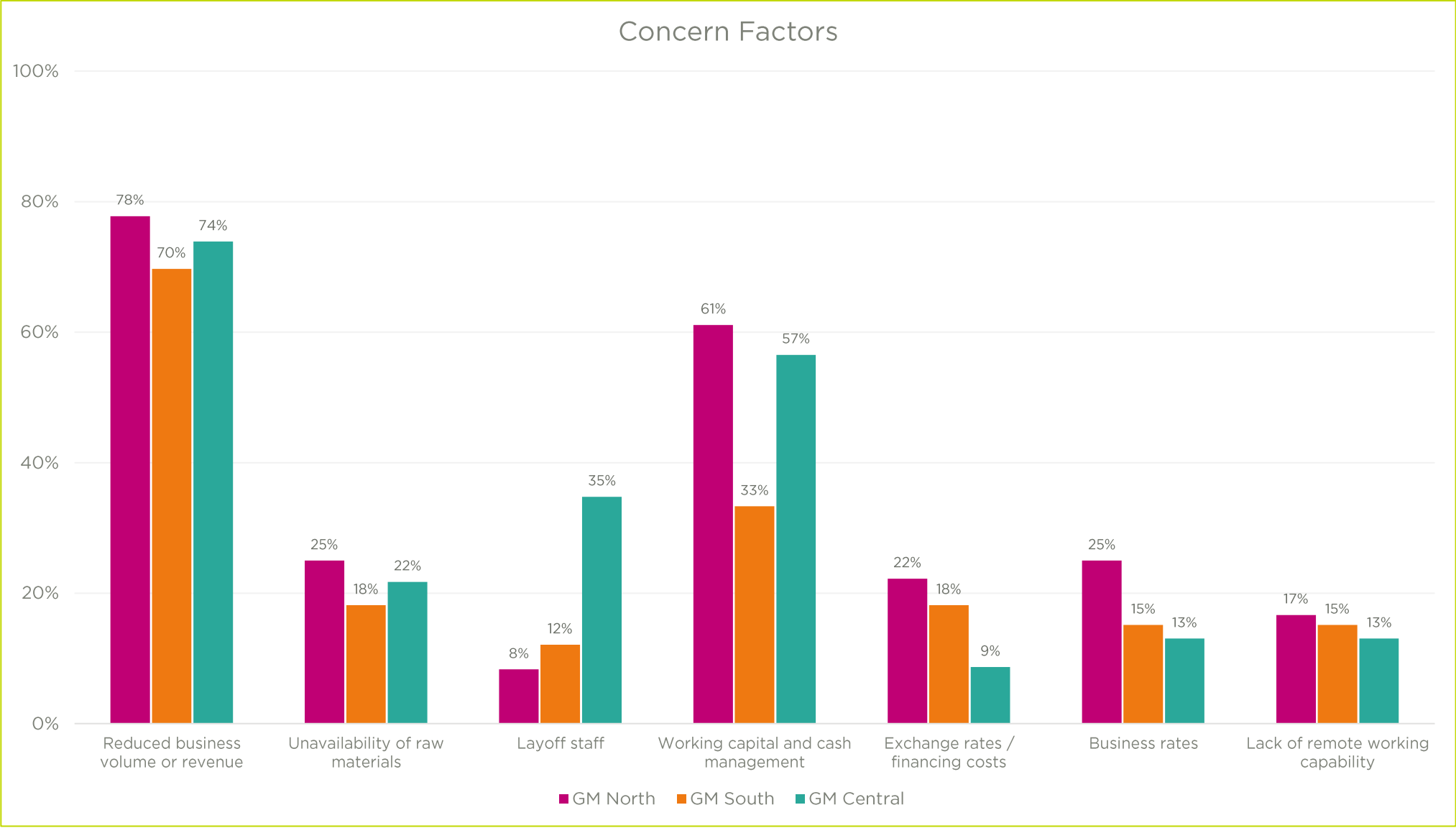
GM Business Monitor: Business Confidence



In all three regions, no respondent has reported being very confident under the current circumstances although a small proportion of businesses in all three regions are somewhat confident of maintaining revenues and profitability in the next few weeks. The decline in positive sentiment is understandable given the sharp decline in customer demand and precarious cash positions.



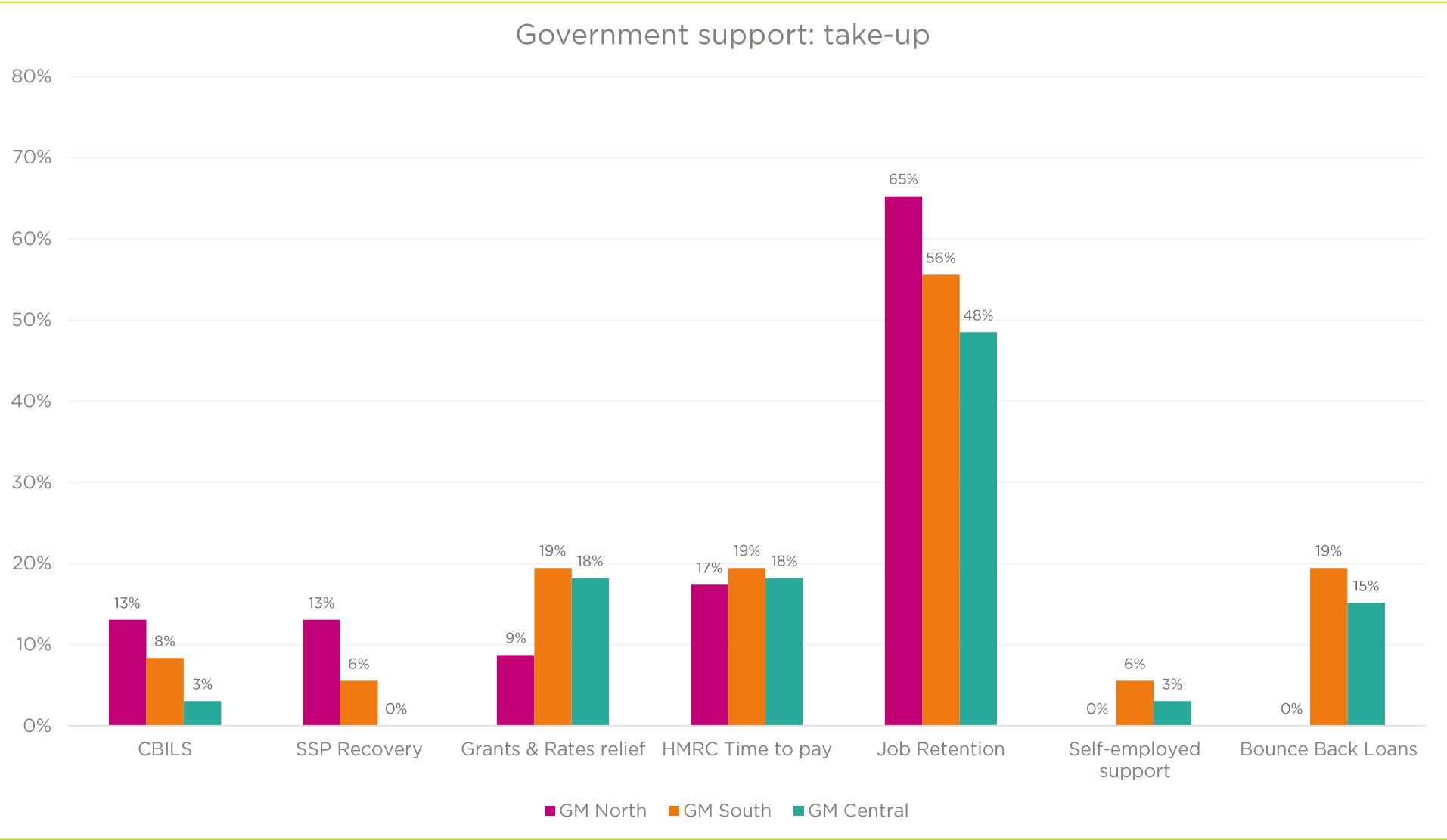
GM Business Monitor: Issues of concern



Understandably, most businesses are concerned about the fall in customer demand and the consequent impact on cash management. Businesses in Manchester have expressed some fears about having to lay off staff. The extended lockdown is likely to have played a part in this. The recently announced extension to the Job Retention Scheme will offer some assurance but for workers in the worst affected sectors, further support is needed for a few weeks after the lockdown is relaxed.



GM Business Monitor: Applying for and/or using support



Although awareness of support measures is high, not as many businesses are currently applying for government support. That trend remains the same in all of GM. The past few weeks' survey results have shown that around 60% of GM businesses are using the Job Retention Scheme. Interest in the Bounce Back loans is high and there has been a sharp increase in its usage compared to the previous week.



Summary

- The economic impact of the COVID-19 pandemic is being felt by businesses in all sectors and across all GM regions.
- Most businesses are reliant on one or more of the support schemes announced by Government.
- Businesses are thinking of recovery and the latest survey is seeking business views on their awareness and ability to implement the workplace specific guidance issued by Government

