CHELTENHAM
BOROUGH COUNCIL

Cheltenham Business Survey – Response to Covid-19

November 2020

CHELTENHAM | ECONOMIC RECOVERY TASK FORCE

Introduction

In spring 2020 GFirst LEP carried out a survey of the top 250 businesses in Gloucestershire with a view to understanding how the Covid-19 pandemic was affecting businesses and what help these businesses required. In May 2020 it was decided that Cheltenham Borough Council should carry out a separate survey with a more local focus and concentrating on specific sectors in order to gain an understanding of impacts within smaller companies and how the services of the Council could be best utilised and adapted to respond to these.

The sectors which we decided to focus on are as follows:

- Public Administration, education and Health
- Business Services
- Retail
- Information and communication
- Production and manufacturing
- Start-ups
- Food and Drink
- Night Time Economy
- Creative Industries
- Visitor Accommodation

A number of databases were accessed to source business names within these sectors including the FAME database, and lists of relevant companies held by teams within the Council such as public health and Marketing Cheltenham. Contact details were compiled for a subset of these companies.

The survey was undertaken using Typeform software, accessible by weblink.

The survey was initially emailed to the companies with a follow up email a few weeks later. A series of direct calls were also made to companies. In addition to the targeted contact the survey was also publicised via the Council's website, promoted via the Cheltenham Chamber of Commerce and Federation of Small Businesses and through the Council's social media platforms.

Survey Response Analysis

We had a total of 64 responses from businesses around Cheltenham including businesses who responded from our email marketing and those who responded from social media channels. 206 users started the form but only 64 unique users responded, leaving a 31% completion rate.

The majority of responses to the survey were received in July and early-mid August when some businesses were starting to re-open, or putting plans in place to re-open and as such, given the time period that has passed, should they be asked again now their situation and answers may well be different.

The survey initially asked for some basic information on the company; to aid analysis the responses to this section of the survey are outlined below.

Due to the number of responses received, the survey is not statistically robust, however, it provides a snapshot at a locality based level that is helpful in adding value to the wider conversations with stakeholders across the Cheltenham business community and evidence being presented more nationally.

Business sector

62 businesses answered this question

Food and drink	14
Visitor accommodation	9
Retail	8
Leisure	7
Public administration, education & health	6
Creative industry	5
Business services	4
Beauty	2
Clubs and bars	2
Production and manufacturing	2
Consumer services	1
Information and communication	1
Childcare	1
Residential/Care home	0
Warehousing/storage	0
	62

Number of employees

Every business answered this question, with the average business having 10 employees, this is representative of the broad economy of Cheltenham that is built upon SMEs. The largest business reported having 193 employees and several businesses don't employ anyone else on a permanent basis.

Company turnover

Of the responses we received, the average turnover was £1.6 million, with the mean turnover £200,000. The average is skewed slightly by 1 large company that responded with £65million turnover, with the next highest being £7million.

Question analysis

A total of 12 questions were posed. These questions and a summary of the response received are provided below.

How is your business being affected by the COVID-19 coronavirus outbreak?

We asked businesses how they were being affected by Covid-19 at the time and were asked to respond on a scale of Severe/High, Medium, Low or Positive impact. The results are as follows:

Severe/High	30%	Positive	6%
Medium	56%	Low	8%

56% of businesses answered that Covid-19 was having a medium impact, with a further 30% reporting a severe impact, meaning that a total of 86% of the responses were in the top two categories on the survey.

Re-opening your business

We asked businesses if they had been able to re-open yet with the options of Yes, Partially opened/phased opening or No. The results are as follows:

Yes – 59%

Partially opened/phased opening – 26%

No – 15%

59% of businesses answered that they had been able to re-open at the time of the survey, with a further 26% saying that they had partially re-opened. As a follow up to this question, we asked for a potential date of re-opening if businesses had re-opened or had plans to. 38 businesses responded to this with a range of dates with the vast majority being in July and a few being as late as September. Some businesses reported that they had stayed open throughout and so haven't had to re-open.

What are your barriers to fully reopening?

We asked businesses what they considered the main barriers to them safely operating were, with a range of options and the ability for businesses to select multiple options as appropriate. 62 businesses answered this question with the main responses as follows:

Customer confidence, 54.8%, 34 responses

Cashflow, 25.8%, 16 responses

Taking staff off furlough, 14.5%, 9 responses

Supply chain, 12.9%, 8 responses

Strategic change, 9.7%, 6 responses

Staff retention, 6.5%, 4 responses

Stock management, 6.5%, 4 responses

Growth aspirations or depletions, 4.8%, 3 responses

International trading, 3.2%, 2 responses

Other, 33.9%, 21 responses

The two most selected issues are to do with perceived lack of customer confidence and the challenges of cashflow. Customer confidence may have increased in August with schemes designed to getting consumers back into high streets, such as the Eat Out to Help Out scheme.

Of the 'Other' responses, the common themes were businesses commenting on restrictions on customers/guests in their establishments being a potential issue, along with having the space to enforce distancing measures properly whilst still displaying products or having enough tables to make opening worthwhile. The main underlying theme was government guidelines and restrictions causing problems and concern.

What immediate changes have you made to your business model?

We asked businesses what changes they had made to their business model to be able to operate, with a range of options and the ability for businesses to select multiple options as appropriate.

New ways of operating, 72.3%, 47 responses

Products and service diversification, 43.1%, 28 responses

Customer and market diversification, 33.8%, 22 responses

New routes to market (comms), 20%, 13 responses

Licensing changes, 1.5%, 1 response

Other, 4.6%, 3 responses

New ways of operating was by far the most common answer, very few businesses are operating in the same way anymore with extra measures required to accommodate customers, and remote working for many office workers. Of the 3 other responses, 2 were none/little they can change, and the third response mentioning social distancing.

How long do you believe you can sustain your organisation on your existing financial reserves?

We asked businesses how long they expected to be able to survive at the time with their existing financial reserves. This was one of the few questions that every business answered in one way or another. Businesses could only provide one answer and the responses are as follows:

More than 6 months, 28.8%, 19 responses

1 to 3 months, 22.7%, 15 responses

3 to 6 months, 21.2%, 14 responses

Not sure, 21.2%, 14 responses

Less than 1 month, 3%, 2 responses

Other, 3%, 2 responses

The most popular answer was More than 6 months with 29% of the responses, although the remaining options were all quite close in their responses apart from Less than 1 month. Most businesses felt, at the time, that they could survive for at least 3 months with their existing finances, though 21% were unsure. Of the Other responses, one was from a college who were unsure of the intakes going forwards and the other answer was ‘n/a’.

Where do you need further business support and advice?

We asked businesses where they felt they needed further support or advice to operate in the current climate, with a range of options and the ability for businesses to select multiple options as appropriate. Businesses could select multiple options, with the responses as follows:

Finance (e.g. business rates, loans), 46%, 29 responses

Recovery planning, 31.7%, 20 responses

No support needed, 28.6%, 18 responses

Business plan, 11.1%, 7 responses

Licensing, 11.1%, 7 responses

Training and development, 7.9%, 5 responses

Finding alternative suppliers, 4.8%, 3 responses

Legal, 4.8%, 3 responses

Staff, 1.6%, 1 response

Other, 11.1%, 7 responses

46% of businesses selected Finance as the support needed, with some of the Other responses mentioning finance as well. There has been a number of financial incentives and schemes introduce such as the business and discretionary government grants delivered at pace by the Council's Revenues and Benefits team together with funding delivered via Gfirst LEP. However, as one of the Other businesses mentioned, a lack of guidance at the time for some businesses and lack of financial support for Events, apart from Furlough until the end of October, hit some businesses hard.

Of the Other responses, they were categorised as Finance, Guidance, Time, Marketing and Signage. The latter two may have been partly helped by Marketing Cheltenham's promotions, including We're Open campaign running since July encouraging shop local and promoting Cheltenham as a destination. There was an increase in the number of visits to the Visit Cheltenham website during the time of the survey. The number of unique visits was up by 53.5% with 'things to do' being the most popular pages viewed, closely followed by shopping and food and drink.

The Cheltenham BID has been working directly with business to support on signposting to grants available, promoting the businesses operating within the BID area and marketing. A range of webinars have been provided to provide focussed advice. Cheltenham Chamber of Commerce and Federation of Small Businesses have also been working with their members to provide guidance and advice.

Will the pandemic bring any permanent changes to your business model?

We asked businesses if they felt Covid-19 would bring about any permanent changes to the way that they operate. This was another question where all businesses responded and another where they were allowed to answer multiple questions. The responses are as follows:

New ways of working, 75.8%, 50 responses

Customer experience / management, 53%, 35 responses

New products and services, 31.8%, 21 responses

Digital transformation, 30.3%, 20 responses

New customers, 30.3%, 20 responses

Lean initiatives in terms of business processes, 28.8%, 19 responses

Increased remote working, 22.7%, 15 responses

New markets (please specify under Other), 13.6%, 9 responses

No change, 9.1%, 6 responses

Smaller premises, 9.1%, 6 responses

Review of global sourcing strategies, 3%, 2 responses

Larger premises, 1.5%, 1 response

Other, 1.5%, 1 response

The most popular answer here was New Ways of Working with 76% of the businesses choosing this option. This possibly has a crossover with Increased Remote Working, with some businesses potentially answering New Ways of Working for remote working as well. Businesses have had to change the way that they operate, with a lot of businesses also looking at future transformation, either from technology and digital transformation, the customers that they serve and business processes. The one Other response was about transitioning from being a physical retailer to an e-commerce model instead, so covering a range of the above options.

What financial changes do you expect you will make to your business as you move into the recovery phase?

We asked businesses what financial changes they expect to make going forwards, with the ability to provide multiple answers. The responses are as follows:

No change, 27.7%, 18 responses

Reduce investment, 24.6%, 16 responses

Restructure financing, 23.1%, 15 responses

Increase investment, 18.5%, 12 responses

Consolidate debt, 15.4%, 10 responses

Planned investment redirected, 12.3%, 8 responses

Other, 6.2%, 4 responses

The primary answer was for No Change, closely followed by Reduce Investment and Restructuring Financing, which might have been expected to be the top answers. All options were fairly close in their responses, highlighting the range of confidence of businesses and the effect of Covid-19 at the time of the survey. The Other responses were all about reviewing pricing and costs, mirroring the answers above.

What further changes do you expect you will make to the people and skills in your business as you move into the recovery phase?

For this question we asked businesses what changes they expect to make going forward to the people and skillsets within their business with the ability to provide multiple answers. The responses are as follows:

Reduce staffing compared to 2019, 30.8%, 20 responses

None of the above, 29.2%, 19 responses

Staff upskilling, 27.7%, 18 responses

Increased flexibility / remote working, 26.2%, 17 responses

Organisational restructure, 18.5%, 12 responses

Contractual changes, 13.8%, 9 responses

Recruitment of apprentices, 13.8%, 9 responses

Increase staffing compared to 2019, 7.7%, 5 responses

Other, 3.1%, 2 responses

Businesses looking to reduce staffing levels compared to 2019, received the highest response with 31% of the responses. However, whether this was intended to be done via reducing casual/temporary staff, redundancies or furloughing staff is unclear. Of the more positive responses, 28% of businesses are looking at upskilling staff and 26% of staff are encouraging flexibility and remote working. Of the Other responses, both answered not sure/not applicable.

Thinking about the statutory services Cheltenham Borough Council delivers, e.g. planning, licensing, public protection, are there any changes or flexibilities that would support the delivery of your recovery plan?

This question gives an idea of the perception of council services and support provided as a response to the pandemic. The majority of responses were either along the lines of 'No', or praising the response of the council for the support that they had received. There were a lot of responses related to Licensing, with businesses already engaging with the council via the Licensing and Public Protection teams, or looking for guidance from the council and Licensing/Public Protection on how to re-open and operating restrictions. There were also a lot of responses about finance, with permanent business rates help requested, rent support and support for dealing with landlords, and business grants that may be available.

As well as this there were responses that urged the council to look at ways to encourage people back into town, through promotion, transport links and removing parking charges.

All requests for assistance were fielded back through the relevant regulatory services for follow up engagement direct with the businesses.

Thinking about how your workforce and customers travel, are there any changes that you think will continue post the pandemic?

This question was aimed at looking for perceptions from businesses about how they think things may change for the public generally and workplaces and the responses here are still relevant.

Fewer car journeys, flexible and remote working, online classes & courses and potentially less people in town centres were common themes from businesses, along with less disposable income being a slight concern for some as well.

For hospitality and travel companies, staycation related businesses reported to have increased and having a positive impact, although on the flip side less business travel and the impact of that is also mentioned. Generally, businesses believe there will be less demand for public transport, with some also thinking car journeys will increase rather than decrease as the uptake for cycling isn't perceived to be permanent.

Would you like a follow up call from any of the following?

We asked businesses if they would like a follow up call from a council service, which was passed on at the time that they were received to see how the council could help. The responses were as follows:

None of the above, 68.3%, 43 responses

Growth Hub (LEP), 17.5%, 11 responses

Licensing, 12.7%, 8 responses

Planning, 12.7%, 8 responses

Public Protection, 1.6%, 1 response

Other, 3.2%, 2 responses (1 asking for financial help, 1 for EH)

All requests for help were passed onto the relevant council teams and organisations as part of this survey, so that follow up could take place directly.

Overlaying the Cheltenham Survey with wider surveys

GFirst LEP, as noted in the introduction to this report, undertook a survey of the top 250 businesses across Gloucestershire, these surveys were conducted between 20th May and 15th July 2020. The aim of this research work was to inform the local, regional and national strategic plans that were taking shape. Only a small number of businesses (30 businesses) completed the survey, but it is helpful to note the issues that arose. These included:

- The most affected business area was, undoubtedly, sales, with almost 3/4 (73%) of respondents saying it affected national sales and almost 1/2 (43%) reporting lower exports.
- Enforced changes in operations and customer-facing activities. Businesses had to immediately adapt and look for new ways of operating after the coronavirus pandemic consequences hit the world. That’s clearly reflected by the results of our survey, with almost three-quarters (73%) of respondents saying they had to find new ways of operating.
- Customer confidence is the major challenge for business recovery mentioned by the interviewees, with 6 out of 10 referring it (63%). Other challenges quoted referred to grow aspirations, international trading, cashflow issues, strategic change and supply chain, among others, but these were quite far away from customer confidence in terms of relevance. Social distancing concerns were also mentioned in the conversations with some of the companies’ executives.
- New ways of working –and, specifically remote working were the two main changes foreseen by the interviewees, with 73% and 60% of replies, respectively. Digital transformation (46%), lean initiatives (43%), and customer experience / management (33%) were other permanent changes mentioned by a significant proportion of respondents.
- Looking into the future, and focusing on their staff and skills, a majority of businesses (63%) highlighted the need for increased flexibility and remote working as the main factor to take into account once they move into the recovery phase. Unfortunately, a reduced workforce compared to the previous year was also mentioned by a significant number of respondents (43%). Upskilling their staff (43%) and restructuring their organisations (33%) were some other

key factors that these companies' executives cited, with regards to their Human Resources function.

At the outset of the Pandemic, GFirst LEP conducted a general survey across the county to aid business intelligence on the impact of Covid-19. Similar issues as raised in the Gloucestershire top 250 business survey together with the Cheltenham survey were raised as shown below. The data below is a snapshot of responses that arose from the businesses who engaged from the Cheltenham area.

Main area of the business affected	
Decreased sales	73%
Cash flow issues	59%
Access to domestic customers	45%
Conference or event cancellation	30%
Business travel to suppliers or customers	23%
Supply Chain problems	20%
Availability of staff (isolation or positive diagnosis)	14%
Increased sales	5%
Staff sick pay	4%
Other	4%

Contingency measures taken by the business	
New flexible working methods and patterns	50%
Providing additional hygiene advice and supplies	20%
Looking for alternative/new supply chains	32%
Offering sick pay to all staff as they self-isolate	11%
Stockpiling	4%
Business closed/suspended	0%
Other	45%

Concerns for the future	
Cash flow	86%
Reduced Productivity	48%
Possible cessation of trading	43%
Staff and wages	38%
Rent and Insurance cover	34%
Site premises closure	30%
Staffing reductions	14%
Other	66%

Conclusions and Recommendations

The survey was undertaken to draw together a snap shot of the issues affecting businesses as they responded to operating within a Covid-19 environment. This survey was undertaken at a time when businesses were responding to a period post national lockdown and at a period of unprecedented change. Due to the number of responses received compared to the numbers of businesses across the borough the survey is not statistically robust, however when analysed alongside surveys also undertaken by GFirst LEP and wider informal engagement with business and key stakeholders, it provides valuable intelligence and insights that can inform the Council's and Cheltenham Economic Recovery Taskforce response to Covid-19 recovery moving forward.

The recommendations in this report reflect the analysis as arisen from this survey, but also wider engagement across the business community. This report has been shared with key stakeholders including Cheltenham BID, GFirst LEP, Cheltenham Chamber of Commerce and the Gloucestershire network of Federation of Small Businesses and Gloucestershire Local Resilience Forum (Recovery Group).

Key challenges and issues raised include;

- Importance of driving customer confidence
- Understanding of Government guidelines on social distancing and safety measures
- Developing new ways of working, product and service diversification
- Importance of digital
- Impact on unemployment short term (impact of furlough/loss of casual contracts) and medium/longer term (impact of changes in business models that is reducing staffing requirements

Recommendation 1: Communications plan led by Marketing Cheltenham and Cheltenham Borough Council communications to drive public and consumer confidence

Recommendation 2: Active destination marketing campaign post lockdown focussed at the visitor economy to stimulate return to 2.5 million visitors to Cheltenham and positioning Cheltenham as a Staycation location and destination for overseas visitors

Recommendation 3: Structured dissemination of government guidance to businesses networks across the borough utilising a single adopted route to ensure clear signposting, avoid duplication and ensure consistency in advice

Recommendation 4: Review of flexibilities/lobbying to government around business rates that would aid economic recovery on vacant retail units in the town centre without negatively impacting on local government financing of local services

Recommendation 5: Review of the role of digital in supporting economic recovery

Recommendation6: Develop opportunities with key stakeholders that will stimulate footfall and visitors to the town centre

Recommendation 7: Work with key stakeholders on the reimagining of the town centre, understanding its role and function to support a 21st Century mixed economy

Recommendation 8: Lobby GFirst LEP to lead a campaign that promotes local purchasing and sourcing in and between Gloucestershire businesses

Recommendation 9: Review opportunities that will stimulate the events sector and in the context of the Cheltenham Events Strategy look as a priority at ways to ease/remove barriers to delivery of events

Recommendation10: Work with GFirst LEP to develop a local skills response to generate more apprenticeships in local businesses; deliver up-to-date information required for those seeking careers advice, opportunities to retrain and upskills to enter/re-enter the job market

Recommendation 11: Consider a further survey work Summer 2021 to understand changes to business operations, skills and diversification as we emerge from the Covid-19 pandemic.

Keep Informed

https://www.cheltenham.gov.uk/coronavirus

https://movingtocheltenham.com/ - includes Cheltenham Economic Recovery Task Force

https://www.gfirstlep.com/

https://www.gov.uk/coronavirus

https://www.visitcheltenham.com/

https://cheltenhambid.co.uk/

https://cheltenhamchamber.org.uk/

https://www.fsb.org.uk/

https://glostext.gloucestershire.gov.uk/ieListMeetings.aspx?CommitteeId=725 Gloucestershire Economic Growth Committee

https://www.visitgloucestershire.co.uk/