

CUMBRIA FLOODS 2015

Summary report from initial online business survey

1.0 Introduction

The floods of December 2015 had a major impact on Cumbrian businesses of all sizes and across all sectors. A Business & Economy Recovery Group was quickly established and an online survey was launched to capture the immediate nature, spread and severity of the impact on business throughout Cumbria. The survey was widely promoted by Cumbria Business Growth Hub Advisers, local authority staff and via social media and remained open until mid-February, achieving 673 responses. The sample was self-selecting and therefore results should not be regarded as being representative of the business community as a whole. However, the results did provide an extremely valuable insight into the immediate issues faced by businesses in the area and were instrumental in shaping the recovery response.

2.0 Key findings

- 673 businesses responded to the survey;
- 97.5% of respondents had experienced some impact, over half of these were located outside an Environment Agency flood extent area;
- 57.4% of respondents had suffered flood/storm damage;
- 73.1% of respondents said their customers had been affected and 58.4% that access to their business was restricted;
- Only 43% of respondents were fully trading from their original premises, 23% were partially trading but 29% had ceased trading temporarily;
- The majority of those not fully trading at the time of the survey expected to be doing so within 6 months but 1 in 10 felt it would take longer and 3 planned to close the business completely;
- The total cost of the floods to those in the sample able to provide a figure was estimated to be £8.8m;
- The average cost of repairs was estimated to be £34,241 and contents £23,791 whilst the estimated cost of lost trade was estimated to be £15,045;
- 1 in 6 businesses has no buildings or contents insurance cover and a third has no business interruption insurance;
- 52.9% of respondents said they needed financial assistance in the form of grants or loans;
- 36.0% wanted to see infrastructure repairs, especially to the A591;
- 35.3% wanted a positive PR/marketing campaign for Cumbria.

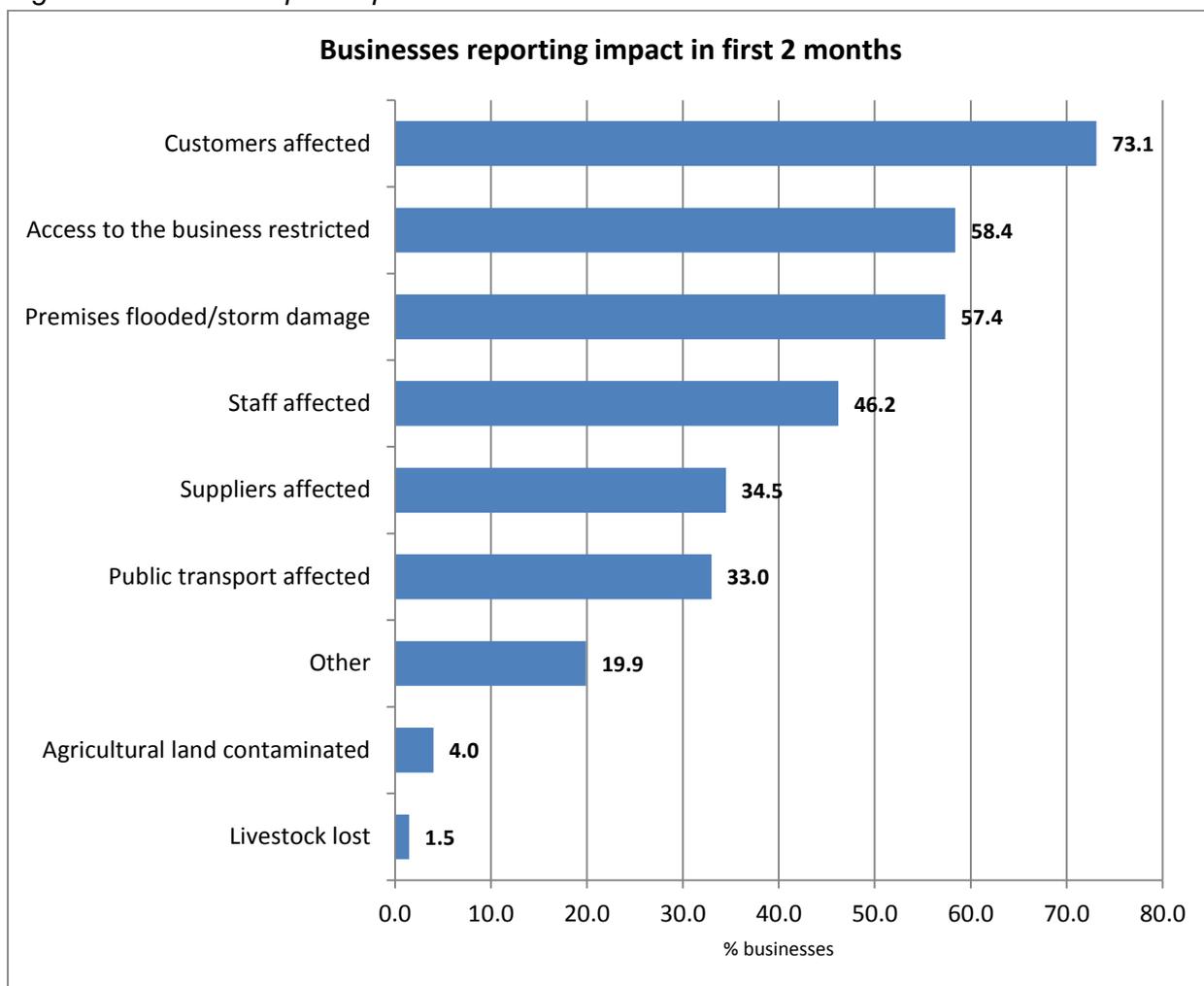
3.0 Nature of impact

The vast majority of respondents to the survey, 656 out of 673 (97.5%), had experienced some impact, either directly through being flooded or indirectly from other impacts.

Almost three quarters of businesses (73.1%) said their customers had been affected and more than half (58.4%) said access to their business had been restricted. A similar proportion (57.4%) had experienced flooding or storm damage and nearly half (46.2%) said their staff had been affected. A third of respondents (34.5%) said their suppliers had been affected and a similar proportion that public transport was affected (33.0%).

A fifth of respondents mentioned other impacts including loss of electricity and water, telephone lines and broadband being down, vehicles being damaged or written off and stock being destroyed.

Figure 1: Nature of impact reported

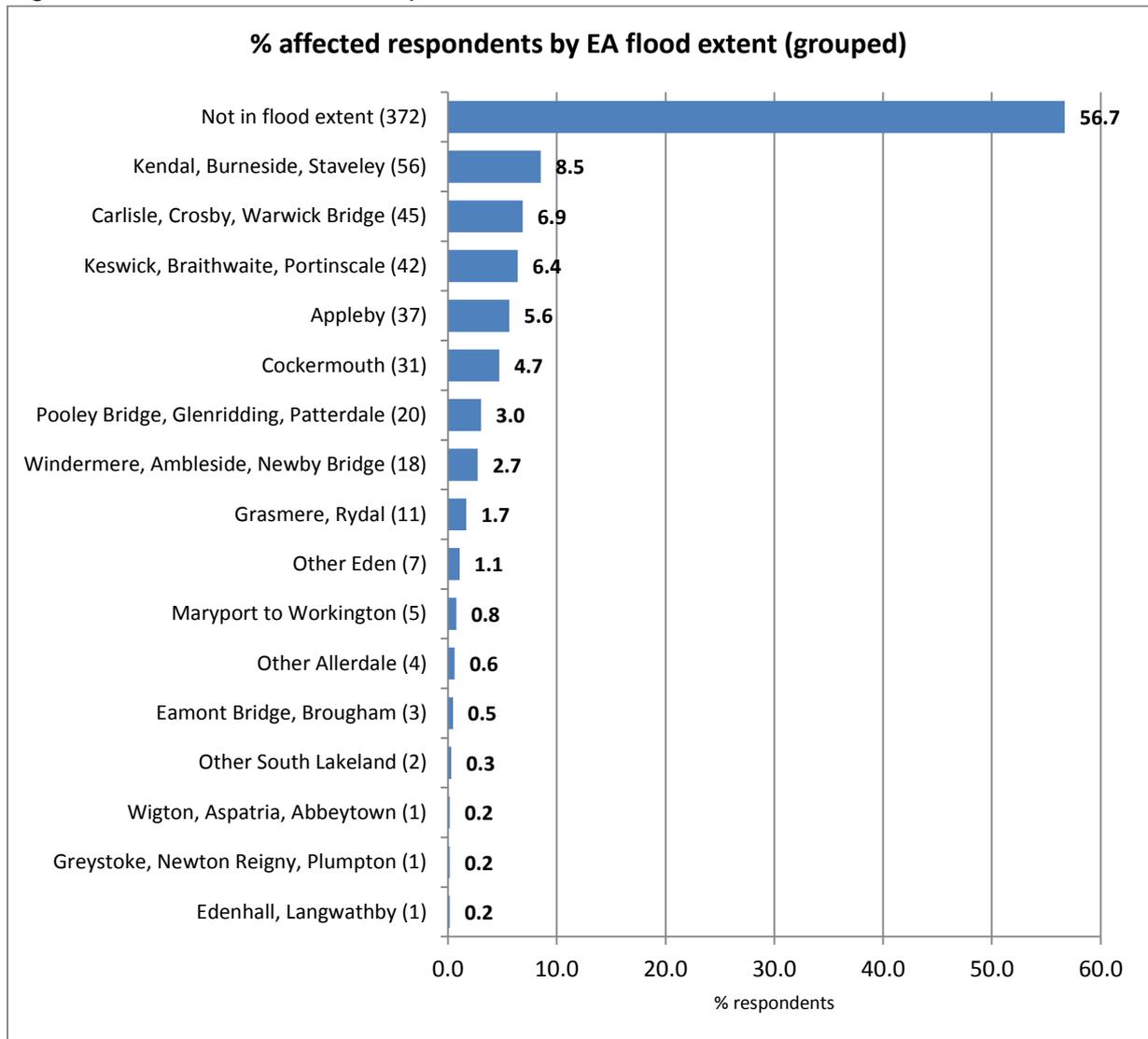


Source: Business & Economy Recovery Group online survey

4.0 Location of affected respondents

The survey gave a very early indication of the widespread extent of the impact on Cumbrian businesses with more than half (56.7%) of the respondents that reported an impact being located outside one of the 85 Environment Agency flood extent areas. Within the EA flood extents, the highest numbers of respondents were in the extents around Kendal, Carlisle, Keswick, Appleby and Cockermouth.

Figure 2: Location of affected respondents

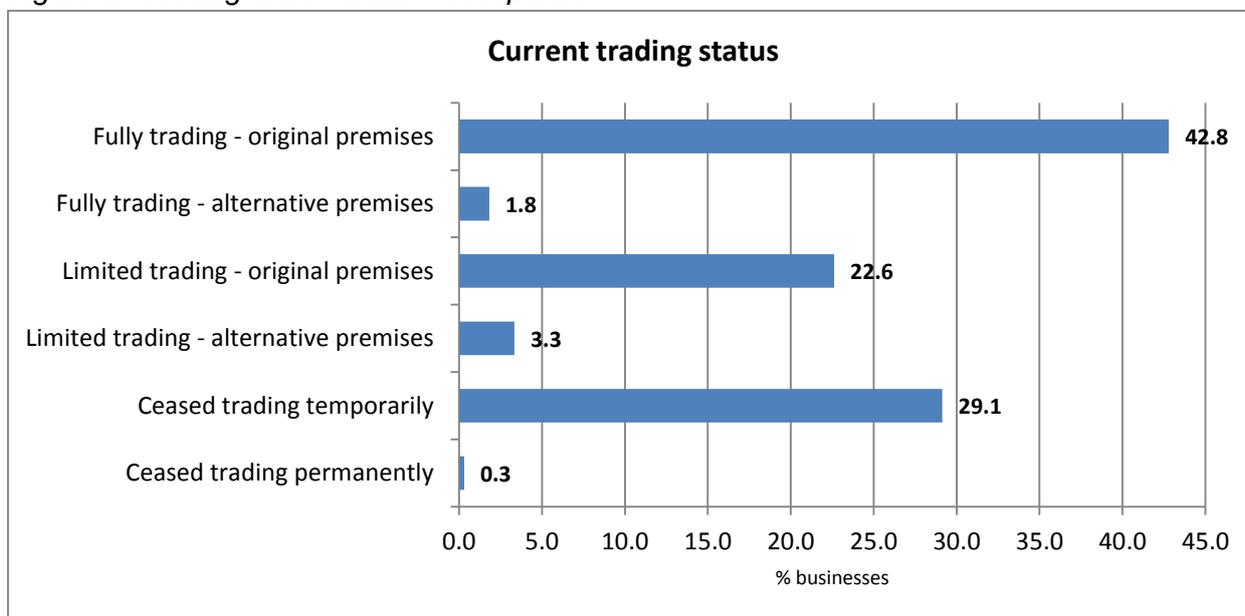


Source: Business & Economy Recovery Group online survey / EA flood extents

5.0 Trading Status

Fewer than half of respondents (43%) were fully trading from their original premises at the time of the survey, 29% had ceased trading temporarily and 23% were only able to trade partially from their original premises. A small number were trading, either fully or partially, from alternative premises. Two respondents said they had closed permanently.

Figure 3: Trading status at time of response



Source: Business & Economy Recovery Group online survey

Of those businesses which were not fully trading at the time they completed the survey, 37.2% expected to be doing so within the next month and a further 29.3% with 2-3 months. 23.2% believed it would take up to 6 months before they were trading fully and 7.6% that it would take up to a year. Three respondents expected to close their business.

Figure 4: When expect to be trading fully

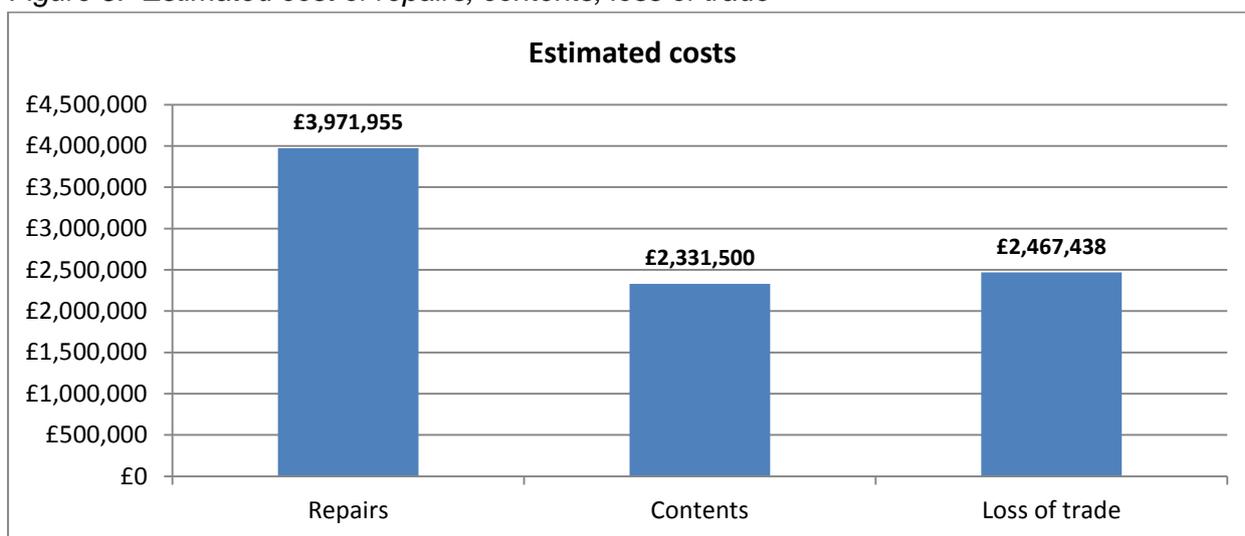


Source: Business & Economy Recovery Group online survey

6.0 Cost to business

The survey was conducted in the immediate aftermath of the storms when many businesses would not have had a chance to assess the cost but a number were able to provide estimates. In total, these businesses estimated that the cost of repairs, contents and lost trade would be around £8.8m. By far the biggest cost was likely to be repairs, estimated to be £4m (for the 116 businesses which provided an estimate), while the estimated cost of lost contents was £2.3m (98 businesses) and the cost of lost trade was £2.5m (198 businesses).

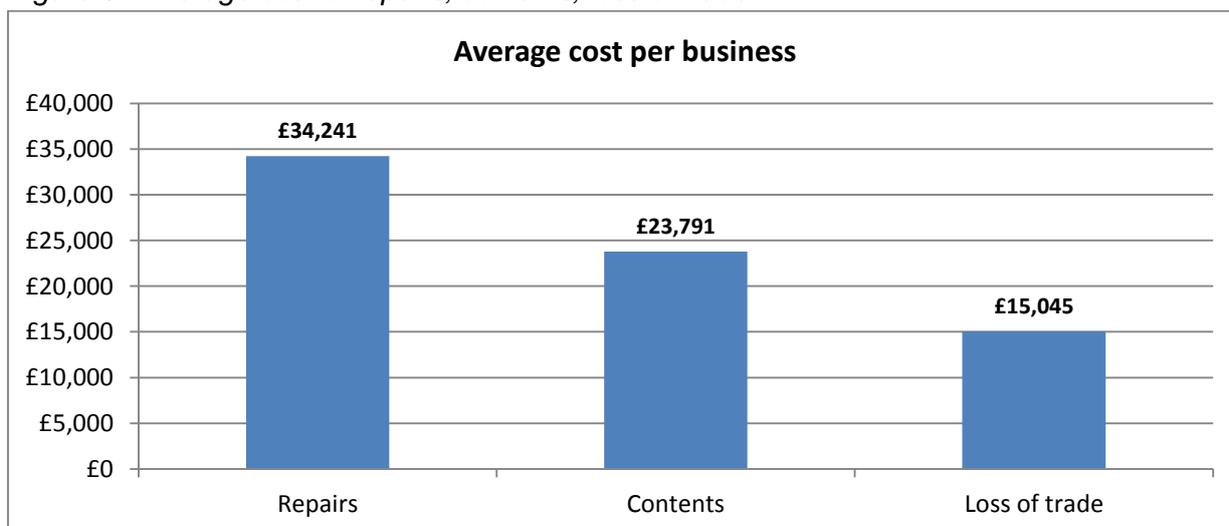
Figure 5: Estimated cost of repairs, contents, loss of trade



Source: Business & Economy Recovery Group online survey

Not surprisingly there was a wide variation in the estimated costs – two respondents estimated that repairs would be more than £0.5m and for most others it was between £5,000 and £50,000 giving an average for repairs of £34,241. Two respondents estimated the cost of lost/damaged contents would be over £0.25m and the average for contents was £23,791. The average cost of loss of trade was estimated to be £15,045 with 2 businesses saying it would be more than £0.25m.

Figure 6: Average cost of repairs, contents, loss of trade

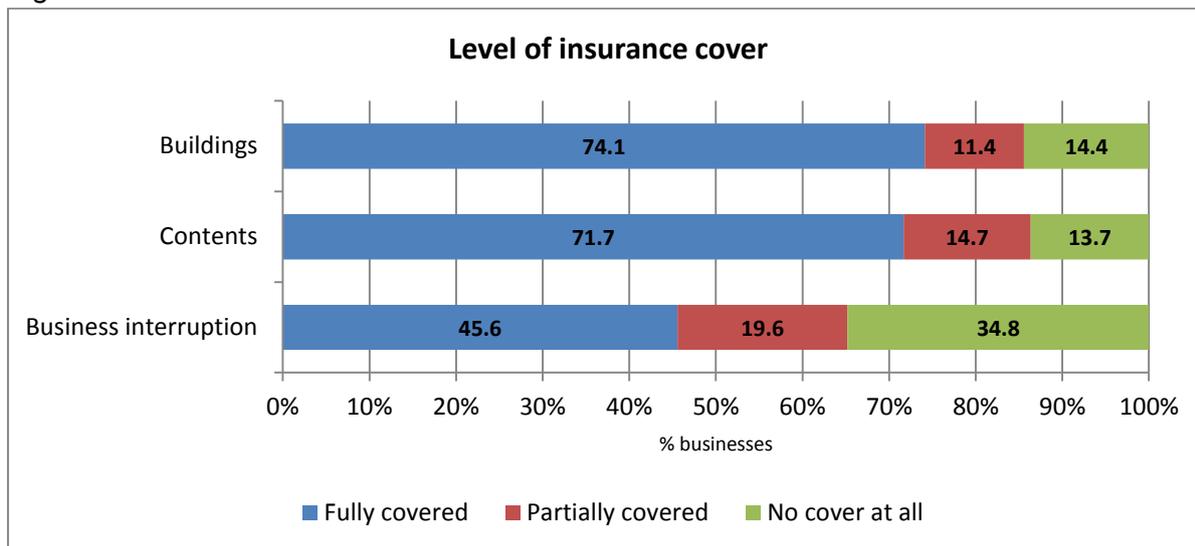


Source: Business & Economy Recovery Group online survey

7.0 Level of Insurance Cover

Whilst the majority of businesses said they were fully insured for buildings (74.1%) and contents (71.7%), a significant proportion were only partially covered (11.4% buildings, 14.7% contents) or had no cover at all (14.4% buildings, 13.7% contents). Fewer than half (45.6%) were fully covered for business interruption, 19.6% had some cover but 34.8% said they had no cover at all.

Figure 7: Level of insurance cover held

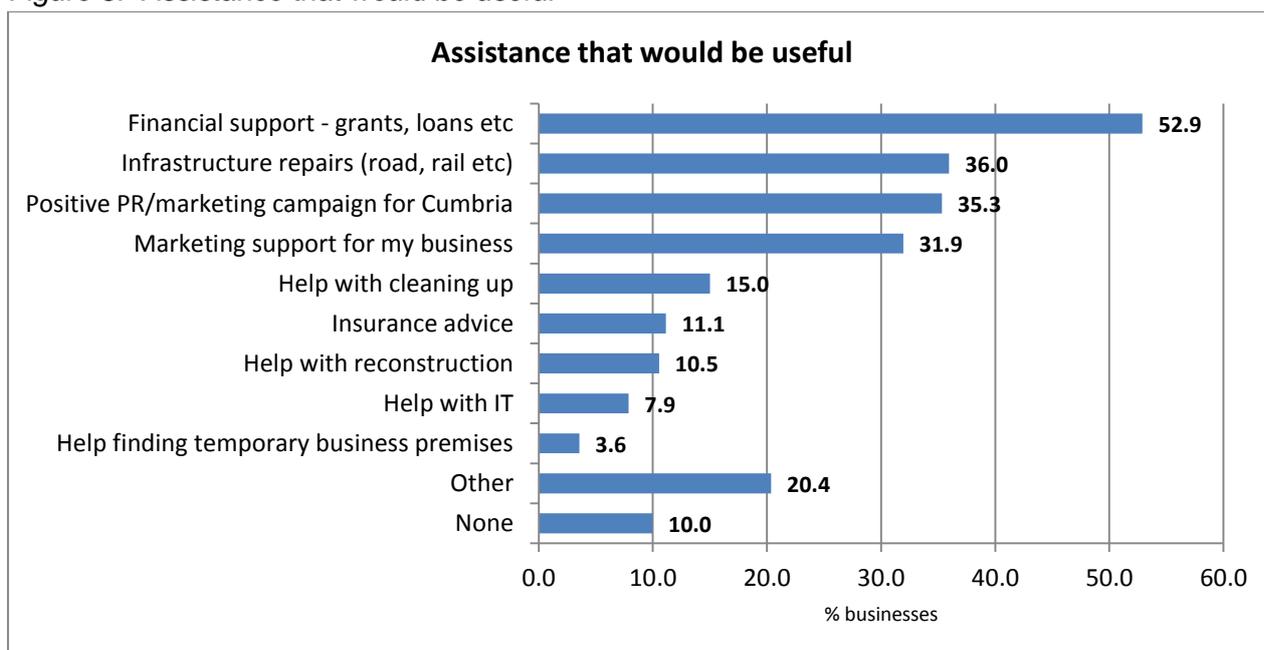


Source: Business & Economy Recovery Group online survey

8.0 Assistance & Support Required

Just over half of respondents (52.9%) said they needed financial support whilst over a third said infrastructure repairs (36.0%) and positive PR/marketing for Cumbria (35.3%). Most of the additional comments in this section related to the issues of road access, particularly the A591 and the difficulties its closure was having on customers, suppliers and staff.

Figure 8: Assistance that would be useful

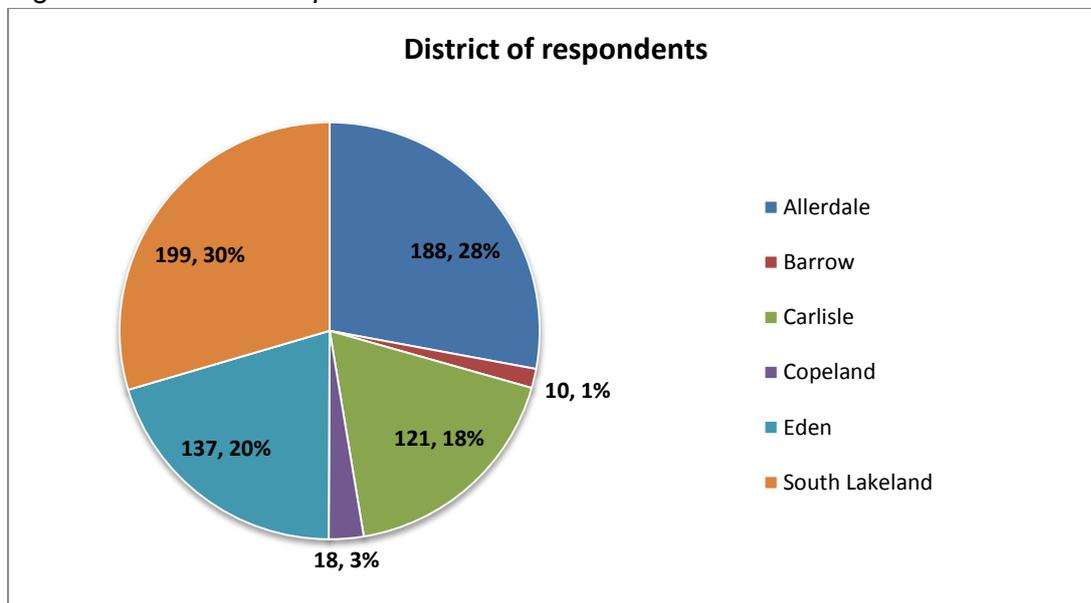


Source: Business & Economy Recovery Group online survey

Appendix A: Profile of respondents

The largest number of respondents was from South Lakeland and Allerdale (30% and 28% respectively). There was a small number of respondents from Barrow and Copeland, although neither area experienced flooding.

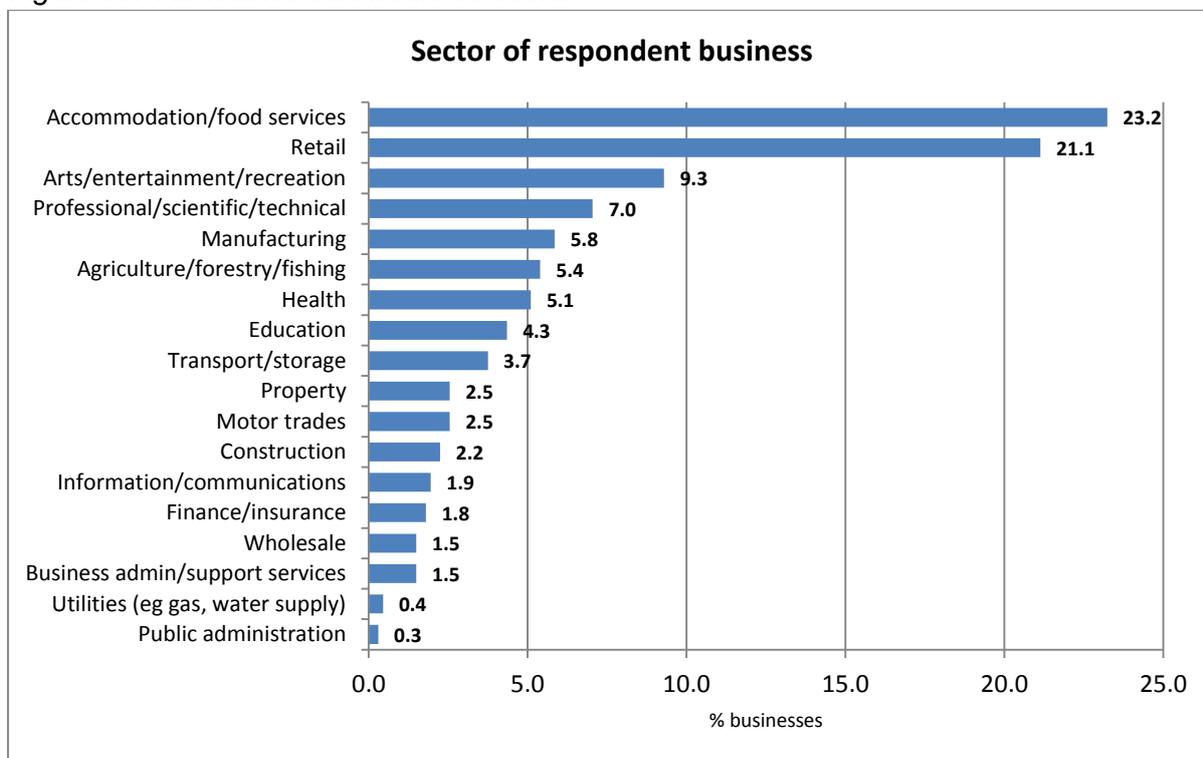
Figure 9: District of respondent



Source: Business & Economy Recovery Group online survey

Almost a quarter of all respondents were in the accommodation/food services sector and a fifth in retail. No other sector accounted for more than 10% of respondents.

Figure 10: Assistance that would be useful

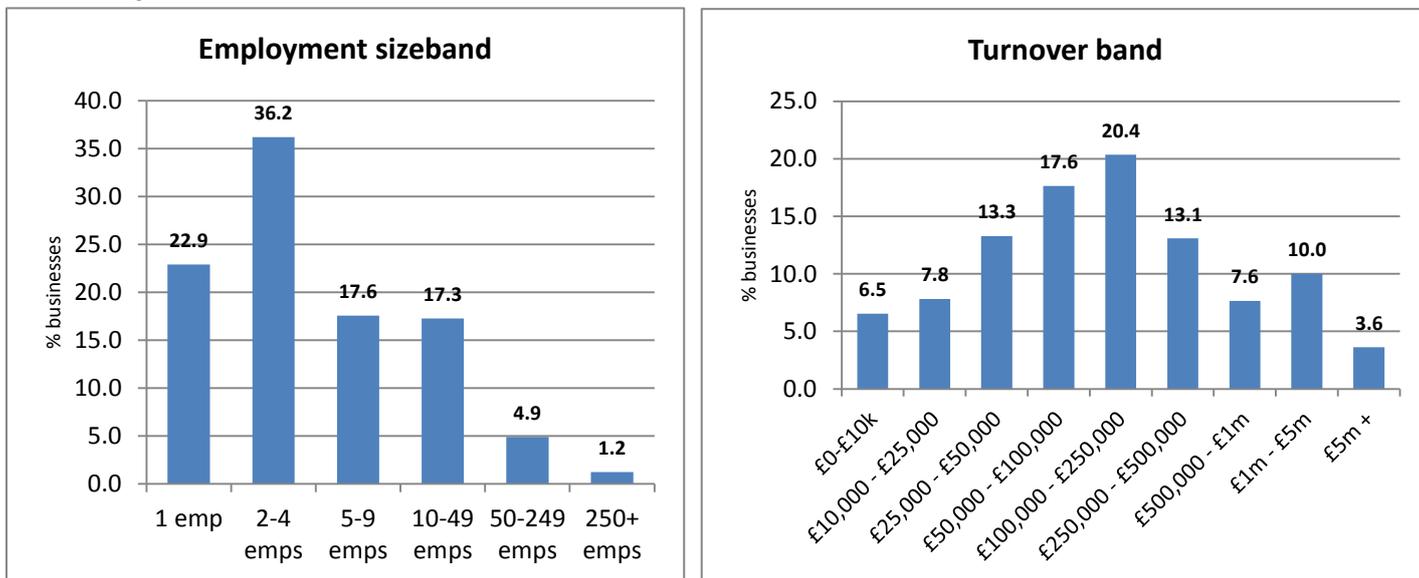


Source: Business & Economy Recovery Group online survey

Three quarters of respondents (76.7%) were small businesses employing fewer than 10 people, a further 17.4% employed between 10 and 49 people and 6.1% employed more than 50 people.

Almost half of respondents (45.2%) had normal annual turnover below £100k whilst at the other end of the scale, 13.6% had turnover of more than £1m.

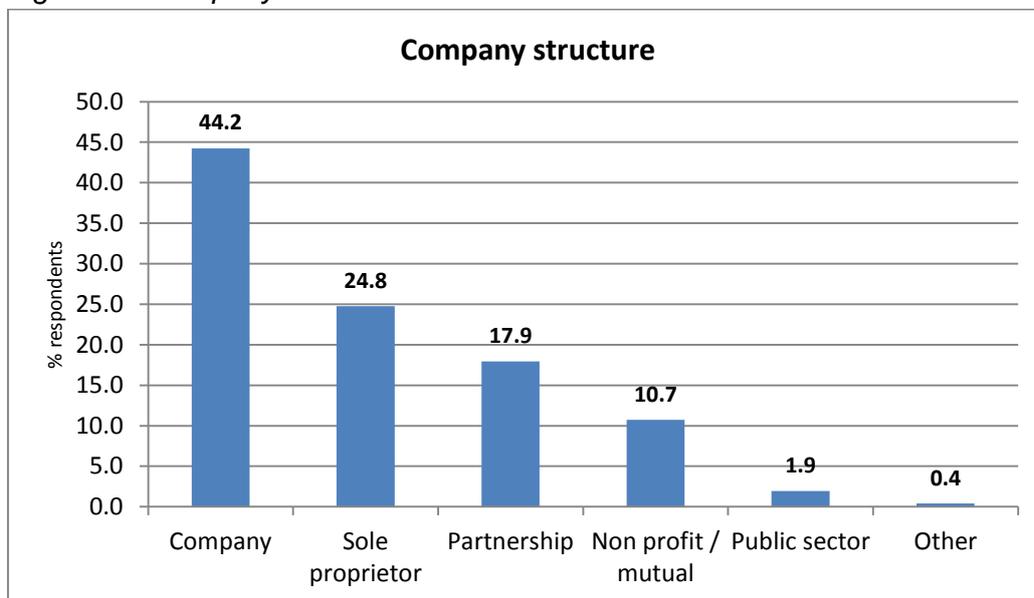
Figures 11 & 12: Sizeband and turnover band



Source: Business & Economy Recovery Group online survey

Two thirds of respondents were companies or sole traders and a fifth were partnership. A small number were non-profit / mutual organisations.

Figure 13: Company structure



Source: Business & Economy Recovery Group online survey

Appendix B: Extracts of Respondent Comments

"We don't know where to start. There is so much damage we are still in a state of shock"

"The floods hit many communities in Cumbria very directly. However, even those, like ours, that escaped the worst damage were still very badly hit. The damage to roads in the county as a whole means that transport links that businesses here need to operate are no longer in place. This is potentially disastrous for small rural communities like ours that are already under significant stress."

"Our main concern is the A591 collapse just North of Grasmere and without urgent reinstatement the knock on effect on trade and employment is frightening!"

"Many coach parties travel through the Lakes en-route to Scotland. Closure of the A591 is likely to result in them by-passing Grasmere in favour of the M6."

"Our main concern is the impact on our business due to the closure of the A591 and road bridges throughout Cumbria. These closures discourage visitors and subsequently tourist and local trade from Cumbria and dramatically increase the costs of our business operation."

"This happened on the weekend of our Village Christmas Fair. I and many of the other businesses in the village were expecting/hoping for a good fair to pay the bills."

"We supply the catering industry throughout Cumbria and SW Scotland. Many of our customers have been affected in one way or another. As well as the loss of trade, our operational expenses have considerably risen due to road/bridge closures that will not be resolved for a number of months."

"The factory of our main customer is now closed due to flooding. Struggling to find alternative work in the area. Currently lost work worth around £12,000 per week."

"We will obviously lose business because of the floods, however to claim we must be closed."

"The closure of the A591 is a big problem for us. Staff have to add 150 miles per day to their commute to work and customers can't reach us from the north of the Lake District."

"Slight flooding but no permanent damage but impact from breakdown of telephone, internet and mobile networks and road closure."

"I normally supply a café in Cockermouth with cakes, we also supply corporate lunches on a daily basis which now are not going ahead because of the shut down. I have come to realise that the floods are really going to impact my small business enormously."

"The major effect on trade has been a drop in footfall and bookings. Potential customers have been put off. In particular the A591 needs to be reopened without delay - the closure of this road affects transport costs and number of clients booking."

"We have had cancellations of all holiday weeks booked up until Christmas and January and February 2016 are also totally empty, where normally we can expect most weeks to have some part bookings with short breaks in the winter season. All our finances are geared to our holiday business income and we do not know how we are going to manage to keep going without it."

"The message needs to be spread nationally that Cumbria is open for business and that by staying away people are making the effects of the floods worse and deeper."

“Local support has been overwhelming, but we now need finance to stay trading.”

“Everyone seems to be doing sterling work to get Cumbria functioning as soon and as safely as possible. Thank you very much and well done.”

“I can only praise the multi-agency response that was seen here in Keswick by the various services, agencies, councils and volunteers.”

For further information, please contact:

Ginny Murphy, Senior Analyst

Cumbria County Council

Tel: 07826 859026 Email: ginny.murphy@cumbria.gov.uk