

# Research Report

## Cumbria Business Survey 2020

# Cumbria Business Survey 2020

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# 1 Executive Summary

The 2020 Cumbria Business Survey has been commissioned by Cumbria County Council, in conjunction with the Cumbria Local Enterprise Partnership (LEP), all 6 District Councils, and Cumbria Chamber of Commerce.

Areas of investigation included:

- Trading and investment
- Business performance and plans
- Barriers to trading and growth, and concerns
- Use of business support and external finance
- Skills gaps and shortages
- Innovation and growth
- Digital technology
- Low carbon activities
- Impact of 'Brexit'
- Impact of the COVID-19 pandemic

The 2020 survey has had to address widespread issues that have significantly impacted local businesses, namely the COVID-19 pandemic and the associated social and trading restrictions that have been imposed to varying extents since March 2020 in response to that, as well as the UK's departure of the EU following the transition period at the end of 2020.

In total 1,703 telephone interviews were conducted with employers within private and voluntary/non-profit sectors between October and December 2020.

Data reported is related to the establishment at which the respondent is based (in 'normal' times<sup>1</sup>). In the case of multi-site organisations, this could be a headquarters (provided that the headquarters was in Cumbria) or a branch (depending on the outcome of the survey's random sampling processes).

## Trading and Investment

Seventy-two per cent of employer establishments in Cumbria operate from just one site and, within these establishments' decisions are made at that one site and take into account local factors. Amongst multi-site establishments (28% of all establishments), decisions around recruitment and training are most likely to be made at a local level (66% and 63% respectively of multi-site establishments), while investment decisions are most likely to be taken elsewhere (41% at the Cumbria site).

However, given that the majority of establishments operate from just one site, most establishments base their decisions on local factors and needs. This attention to the local economy is necessary when we consider that a third of all establishments (35%) report that all their sales are made in Cumbria, while another third (33%) estimate that more than half their sales, but not all, are made within the county.

Four-fifths of employer establishments (80%) sell or provide services to domestic/individual customers – with half of all establishments reporting that these customers account for the highest proportion of their sales. Two-fifths of all establishments (40%) sell or provide services to tourists visiting Cumbria, with one in ten employer establishments (10%) reporting that tourists visiting Cumbria account for the highest proportion of their sales. This increases to a

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<sup>1</sup> During the COVID-19 pandemic there has been a significant increase in home-working. Where respondents were working at home they were asked to think about the site at which their business is usually based.

third of establishments based in the Lake District National Park (35%) and around half of accommodation and food services establishments (48%). This highlights where the greatest impact of COVID-19 travel restrictions is going to have been experienced. A very small minority of employer establishments who rely more heavily on sales to tourists from overseas will have been hit even harder by a huge reduction, virtual ban, of overseas travel, in and out of the UK.

Commercial and public sector customers are also significant to establishments, with more than half (57%) trading with other private sector businesses (25% report this as their largest customer group in terms of sales), and two-fifths (39%) serving public sector organisations, such as those in local government, health, education or defence. One in six employer establishments serve organisations within the nuclear industry (18%).

One in ten employer establishments in Cumbria export (10%). Manufacturing and accommodation/food services are more likely than average to trade in overseas markets.

Focusing on business performance prior to the COVID-19 pandemic; 16% of employer establishments had increased direct employment, while 7% had increased indirect employment during this period in the year leading up to Autumn 2019.

One in three employer establishments reported an increase in their sales turnover/trading in the year leading up to Autumn 2019 (35%), while a quarter reported a decrease (24%) during that period.

The COVID-19 pandemic has impacted negatively on many businesses, with some forced to close and some experiencing significant reductions in trading. As a consequence, the majority of establishments (74%), in expectation of a return to normality soon, have plans to increase sales/turnover in the next 12 months.

The introduction of new working practices is planned by nearly half of establishments (46%), some of whom may have been inspired to make changes by the need to do so during the pandemic.

In terms of other plans, 54% have plans to increase the skills of the workforce; 37% plan to develop and launch new products or services, 35% plan to increase the leadership capability of managers, and 34% have plans within their establishment to invest in capital equipment or premises.

More than a third of exporters (37%) plan to increase export sales; while 4% have plans to reduce sales overseas. Just 4% of non-exporters have plans to begin selling to new overseas markets.

## **Innovation**

Innovation has taken place within more than half of establishments over the last three years (56%). More than two-fifths of establishments have introduced new or significantly improved processes or working practices (43%), while one in three have introduced new or significantly improved services (34%) and/or goods/products (30%).

Those that have been active in reducing their carbon 'footprint' are twice as likely as average to have been involved in innovation.

More than half of establishments (53%) have plans to introduce any new or significantly improved goods, products or services, while three-fifths (60%) reported that their business has plans to introduce any new or significantly improved processes or working practices. Overall, 68% of establishments are planning some sort of innovation in the next three years.



## Business constraints

COVID-19-related issues were, as one would expect, the main preoccupation when it comes to business constraints, 93% of respondents mentioning an issue relating to the pandemic in this respect.

Overall, 31% of respondents mentioned barriers or concerns relating to the UK's exit from the EU. This most commonly concerned the potential 'difficulty in importing/sourcing goods/materials/suppliers' and 'increased costs in obtaining goods/materials including tariffs'.

## Business support

A third (31%) of respondents expect their establishment to seek external advice in the next 12 months. The most likely subjects on which establishments expect to seek advice include: accessing finance; grants or other non-repayable; borrowing, and general finance.

Around one in ten establishments (9%) had applied for any external finance (not related to COVID-19) in the last 12 months. This compares with around half of all establishments (52%) had applied for COVID-19 related financial support in the last 12 months.

The majority of establishments that applied for finance had no difficulties obtaining it. Overall, just 8% of those that applied for non-COVID-19 related external finance were unable to obtain any; compared with just 3% of those that applied for COVID-19 finance.

## Skills gaps

More than a fifth of respondents (22%) identified skill gaps within their establishment, and this represents a significantly higher proportion than in 2015/16 (14%). Reflecting the number of employees and the scope for skill shortfalls, the propensity to report skill gaps increases with establishment size from 18% where there are fewer than 10 employees to 36% where there are between 25 and 99 employees, to 46% in establishments with 100 or more employees.

In terms of where skill gaps lie, technical and practical skills, or skills specialist to sectors predominate (63% of those reporting skill gaps). Advanced IT or software skills are next most frequently mentioned as skill gaps (42%), followed by management skills (34%). While featuring heavily as skills in which the workforce is lacking, IT/computer-based skills also feature in terms of specific technical or practical skills that are needed (21% of those specifying technical or practical skills).

## Training and development

Around half of Cumbria establishments (49% overall) have either a training plan that specifies in advance the level and type of training their employees will need in the coming year in place (42%) or a budget for training expenditure (33%).

Just over half of establishments (56%) had arranged or funded staff training or development – either on- or off-the-job – for employees at their site. This is a lower proportion than in 2015/16 (61%) and 2013 (62%). Training may have been lower priority in 2020 against the challenges faced by establishments during the COVID-19 pandemic. Although some training will have been necessary for some businesses to introduce social distancing/COVID-19-safe practices, there is likely to have been fewer new starters, which will have reduced the need for induction and other preliminary training relating to job roles.

More than half of establishments (54%) plan to provide any training in the next year; 41% plan to provide off-the-job training and 48% plan to provide on-the-job training. The most frequently

mentioned reason for not planning training is that all staff are fully proficient i.e. no need for training (65%).

## Opportunities for work experience

Overall, around two-thirds of establishments plan or hope to offer work experience opportunities of any description in the next 12 months (63%).

More than a quarter plan or hope to offer apprenticeship opportunities for 16 to 24 year olds (28%), while fewer (18%) plan or hope to offer these opportunities for older people (aged 25 and over).

More than two-fifths of respondents (38%) reported that their establishment plans to offer employment opportunities for young people.

One in six respondents (18%) reported that their establishment plans to offer other technical education opportunities.

A third of all respondents (33%) reported that their establishment plans to offer higher level skills development for staff.

More than a quarter of respondents (28%) reported that their establishment plans to offer work experience/taster opportunities (including virtual formats).

Volunteering opportunities are likely to be offered within 18% of establishments.

Site visits are likely to be a feature within around a fifth of establishments (21%), with internships less common (8% of establishments are reported be planning or hoping to offer them).

Around one in six establishments reportedly plan to undertake activities in local schools or colleges or universities to promote careers in their sector in the next 12 months (17% within schools; 16% within colleges or universities).

## Digital technology

Three-quarters of employer establishments in Cumbria (75%) have a website; while, overall, 69% of establishments have a social media profile e.g. on Facebook, LinkedIn or Twitter.

More than one in five establishments with a social media profile (22%) consider it essential; and a further quarter (26%) consider it very important.

A third of establishments with a website or social media profile (32%) provide the facility for ordering and paying for goods or services via either of these platforms. A slightly higher proportion of establishments with an online presence (36%) offer a facility to make bookings or place orders via their website or social media profile, without payment at the time.

## Low carbon and environmental activities

Half of establishments (50%) always consider the environmental implications of decisions, with a further three in ten taking environmental concerns into account sometimes (30%). Of the remainder, most (14% of all establishments) deemed environmental concerns to be irrelevant to decisions made, with a minority (5%) reporting that environmental implications are never considered.

However, there is a high level of agreement with statements representing a positive attitude within the business to environmental concerns.

- 82% agree that businesses should spend more to reduce their impact on the environment (12% disagree);
- 80% agree that businesses' environmental impact should be part of the bottom line (14% disagree);
- 74% agree that businesses should prioritise protecting the environment above profitability or growth (19% disagree).

Seven in ten establishments (70%) had taken steps to minimise their environmental impact over the past year.

## The UK's exit from the EU

At the time of the survey negotiations regarding the shape of the relationship between the UK and the EU following this end date were still ongoing and it was not certain that any agreement between the UK and EU would be in place by the end of 2020.

Thus, expectations regarding the impact of the UK's exit from the EU were, at the time, likely to be based on a fair amount of uncertainty. Expectations of the impact of the EU exit move in a positive direction over time, with 31% of all respondents expecting a negative impact in the short term (in the next year), declining to 21% in the longer term (in the next two to three years). Around two-fifths of all respondents expect a neutral impact, that is, neither negative nor positive (46% in the short term; 42% in the longer term).

In terms of expectations with regard to changes arising from the UK's exit from the EU, regulatory changes (35%) and EU tariffs (32%) were most frequently mentioned. In aggregate (taking issues of a similar nature together), 36% of all respondents mentioned tariffs (either or both of EU and non-EU tariffs) and 34% mentioned standards (product and/or environmental standards) as areas of potential change.

## COVID-19 - impact

The COVID-19 pandemic and associated social and trading restrictions have significantly impacted business operation and the economy as a whole, largely negatively. Around two in five establishments that had plans in place reported delays to some planned activity as a result of the pandemic, although plans to introduce new working practices are less likely to have been impacted. If anything, the necessity to do things differently may result in longer term changes to how businesses operate.

Between around one in eight to around one in five establishments with plans have brought them forward or scaled them up as result of the pandemic. Again, the introduction of new working practices is more likely to have been brought forward or scaled up, which may reflect the fact that some have come about as a consequence of the pandemic.

Of all exporters, 5% have delayed or cancelled plans to increase their level of exports since the beginning of 2020, while 1% of non-exporters cancelled or postponed plans to begin selling to new overseas markets as a result of the pandemic. Overall, 2% of employer establishments have delayed or cancelled plans with regard to increasing exporting as a result of the pandemic.

In summary, 71% of all respondents report some plans negatively affected by the COVID-19 pandemic.

The majority of establishments have been negatively impacted by the pandemic and associated social and trading restrictions (75%; 38% reporting a large negative impact; 36% reporting some). Thus, the detrimental effects of the pandemic have been widely felt, with only a minority of establishments (9%) reporting at least some positive impact.

More than nine in ten respondents (93%) mentioned an issue relating to the pandemic as a barrier or concern for their establishment. Uncertainty with regard to forward planning related to the pandemic was most frequently mentioned of these (72%), followed by trading restrictions related to physical/social distancing as a result of the COVID-19 pandemic (67%) and a fall in demand for products/services (64%).

Around half of all establishments (52%) had applied for COVID-19 related financial support in the last 12 months.

Twenty-nine per cent of establishments had applied for a COVID-19 Government-backed accredited loan or finance agreement such as a COVID-19 Business Interruption Loan or Bounce Back Loan, and 39% had applied for a COVID-19 business grant funded by government or a local authority.

The majority of establishments that applied for COVID-19 finance had no difficulties obtaining it. Just 3% of those that applied for it were unable to obtain any.

Around one in ten respondents whose establishments provide their customers with the facility to order and pay for goods or services directly from their website or via social media report that this facility has been introduced as a direct result of the COVID-19 pandemic (9%), with another third (32%) reporting an increase in this facility in response to it.

Similarly, 9% of establishments offer bookings online as a result of the COVID-19 pandemic, although fewer have increased this facility compared with those that increased the facility to order and pay for goods or services as a result of the pandemic (24%).

The survey findings suggest that the COVID-19 pandemic is more likely to have driven a move towards online sales and bookings for establishments that serve local markets and those that do not export. Establishments heavily reliant on sales within Cumbria are more likely to have increased their direct payment ordering and booking facilities as a result of the pandemic (38%, compared with 18% that report the majority of sales made elsewhere in the UK).

Half of establishments (50%) use Zoom or Teams applications for internal and/or external meetings. This is a higher proportion of establishments than reported staff working remotely at the time of the survey (28%), suggesting that Zoom or Teams applications are used more widely than to support remote working, but having been widely adopted for this purpose are expected to continue to be part of everyday life for many.

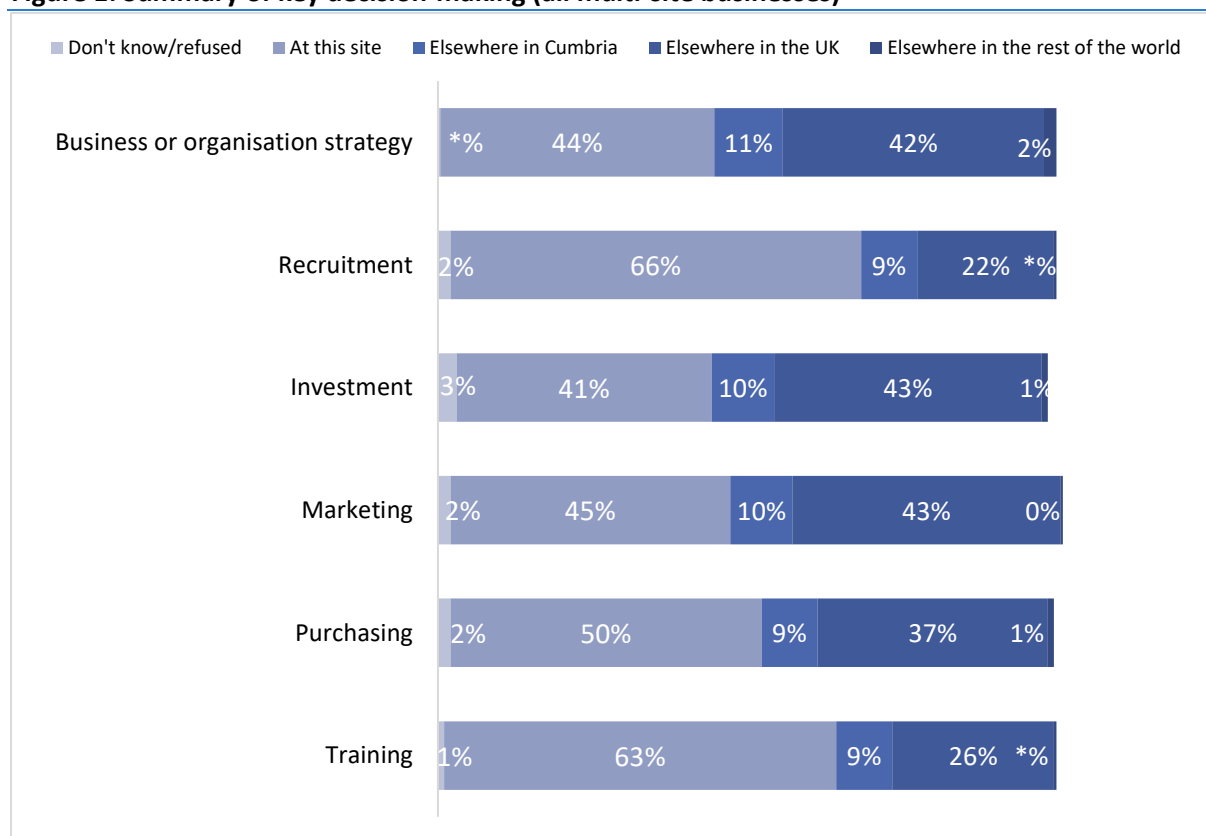
## 2 Trading and Investment

This chapter explores the geographic focus of establishments in Cumbria. It determines where decisions are made and, by implication, how closely they are attuned to the Cumbria economy. It also explores locations and types of customers that establishments are most reliant on and whether overseas markets are relevant to them. Business trends, recent and anticipated, are discussed, as well as plans that establishments have had.

### Location of key decision-making

- 1 Nearly three-quarters of employer establishments in Cumbria (72%) operate from a single site. Of the remainder, around three-fifths are branches/subsidiaries (18% of all businesses), while two-fifths are a headquarters (11% of all businesses), of a multi-site organisation.
- 2 Multi-site establishments, although they might employ only a handful of people at a site, will behave differently from single site micro and small employers. Their operations will be influenced by decisions taken at other sites, perhaps those based outside Cumbria - perhaps even outside of the UK. Furthermore, 70% of establishments with 100 or more employees at the site are part of a multi-site organisation (70%). This contrasts with 21% of establishments with 2 to 9 employees. Multi-site organisations are most likely to be found within finance (52%), wholesale/retail (43%), real estate (44%), education (41%), and health services (40%).
- 3 Respondents in employer establishments that are part of a multi-site organisation were asked about the location of key decisions affecting the business. Decisions around recruitment and training are most likely to be made at the site (66% and 63% respectively), while investment decisions are least likely to be made locally (41%), with only a slightly higher incidence of decision-making at the site with regard to business or organisation strategy (44%) and marketing (45%). Half of employer establishments make their own decisions about purchasing (50%) at their site. Around two-fifths of multi-site businesses and organisations report investment and strategy decisions being made outside of Cumbria and elsewhere in the UK (39% and 40% respectively). These findings echo those of 2015/16 and 2013.

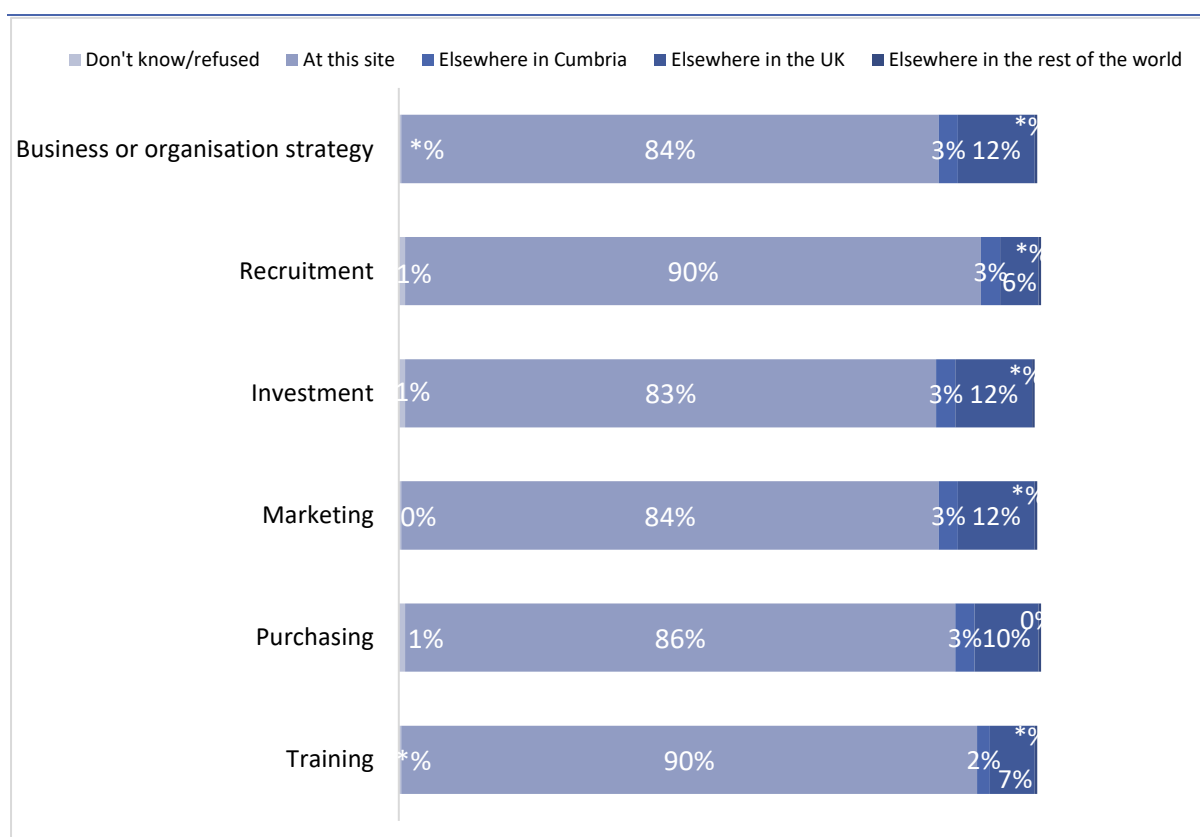
**Figure 1: Summary of key decision-making (all multi-site businesses)**



Q6 Unweighted sample base = 484 \* denotes less than 0.5%

- 4 Taking into account the abundance of single site establishments which make decisions on the basis of that site only and do not have any input from elsewhere, there is a high level of autonomy within Cumbria. The vast majority of employer establishments are able to make decisions on the basis of what is happening where they are, and to the benefit (it is assumed) of the Cumbria economy. The extent of local decision-making across all Cumbria establishments is summarised in the figure that follows.

**Figure 2: Location of key decision-making (all respondents)**



Q6 \*% denotes less than 0.5% Unweighted sample base = 1703

## Markets

### Customer types

- 5 When asked about the type of customers to whom they sell or provide services, four-fifths of employer establishments indicated that their business sells or provides services to domestic/individual customers (80%), while two in five of all employer establishments (40%) sell or provide services to tourists visiting Cumbria.
- 6 Commercial and public sector customers are also significant groups, with more than half of employer establishments (57%) trading with other private sector businesses, and two-fifths (39%) serving public sector organisations, such as those in local government, health, education or defence.
- 7 One in six employer establishments serve organisations within the nuclear industry (18%). This is a significant proportion of businesses in the area, highlighting the importance of this industry to the local economy, particularly within the districts of Copeland (41%) and Barrow in Furness (30%), and to some sectors that include education (45%), advanced manufacturing (36%) and professional/scientific/ technical activities (29%).
- 8 In terms of their *most important* customers in terms of sales value, domestic/individual customers are key for half of employer establishments (50%), with private sector businesses in second place (25%).

- 9 One in ten employer establishments (10%) cite tourists visiting Cumbria as their most important group. This increases to 35% of establishments in the Lake District National Park (35%), and 48% of accommodation and food services establishments (that is to say, the visitor economy).
- 10 Establishments in Carlisle district are significantly more likely than average to be particularly reliant on public sector organisations, with 13% citing them as their main customer group. Establishments in Copeland are most likely to be heavily reliant on the nuclear industry (13%).
- 11 Markets served and the extent to which they are considered establishments' main markets are summarised in the table below.

**Table 1: Types of customer that businesses sell or provide services to (all respondents)**

	Unweighted sample bases	Domestic/ individual consumers		Tourists visiting Cumbria		Public sector organisations		Organisations in the nuclear industry		Other private sector businesses	
		Any	Main	Any	Main	Any	Main	Any	Main	Any	Main
All	1703	80%	50%	40%	10%	39%	7%	18%	2%	57%	25%
Local authority district											
Allerdale	339	80%	51%	<b>46%</b>	16%	32%	5%	20%	2%	41%	20%
Barrow-in-Furness	125	<b>91%</b>	<b>66%</b>	41%	2%	<b>50%</b>	7%	30%	3%	58%	16%
Carlisle	346	78%	49%	36%	2%	<b>48%</b>	<b>13%</b>	15%	<0.5%	<b>63%</b>	29%
Copeland	150	74%	44%	34%	6%	42%	5%	<b>41%</b>	<b>13%</b>	64%	24%
Eden	260	74%	46%	34%	11%	32%	8%	5%	0%	59%	<b>31%</b>
South Lakeland	483	82%	48%	44%	17%	36%	5%	13%	1%	60%	27%
Industry sector											
Agriculture	150	34%	19%	11%	4%	7%	3%	2%	0%	<b>81%</b>	<b>70%</b>
Utilities	11	55%	10%	8%	0%	61%	6%	12%	0%	100%	84%
Manufacturing	86	68%	23%	27%	3%	42%	11%	23%	5%	<b>92%</b>	<b>55%</b>
Construction	70	<b>90%</b>	<b>67%</b>	12%	0%	49%	6%	5%	0%	<b>69%</b>	21%
Wholesale and retail	461	<b>92%</b>	<b>69%</b>	<b>59%</b>	7%	39%	2%	20%	2%	51%	15%
Transport, storage, logistics	63	65%	29%	39%	5%	<b>55%</b>	<b>26%</b>	16%	0%	65%	35%
Accommodation and food services	335	<b>92%</b>	40%	<b>88%</b>	<b>48%</b>	29%	1%	20%	1%	37%	6%
Information and communication	25	41%	10%	18%	0%	59%	22%	26%	0%	86%	67%
Financial intermediation~	18	98%	62%	0%	0%	15%	2%	15%	0%	66%	37%
Real estate	31	<b>95%</b>	<b>72%</b>	44%	9%	34%	0%	29%	4%	59%	15%
Professional, scientific and technical services	105	54%	31%	13%	<0.5%	45%	10%	<b>29%</b>	<b>10%</b>	<b>79%</b>	<b>47%</b>
Administrative/support	61	76%	32%	24%	3%	<b>56%</b>	<b>17%</b>	25%	<b>11%</b>	<b>73%</b>	<b>34%</b>
Education~	51	88%	49%	4%	2%	<b>61%</b>	<b>26%</b>	<b>45%</b>	0%	40%	6%
Health services	100	86%	<b>68%</b>	32%	1%	43%	<b>13%</b>	11%	2%	26%	8%
Arts and recreation~	56	90%	59%	<b>74%</b>	<b>26%</b>	36%	5%	12%	0%	44%	8%
Other services	80	<b>98%</b>	<b>92%</b>	42%	1%	24%	1%	7%	0%	24%	4%

Figures in bold are significantly greater than average minus the sub group tested \* denotes less than 0.5%

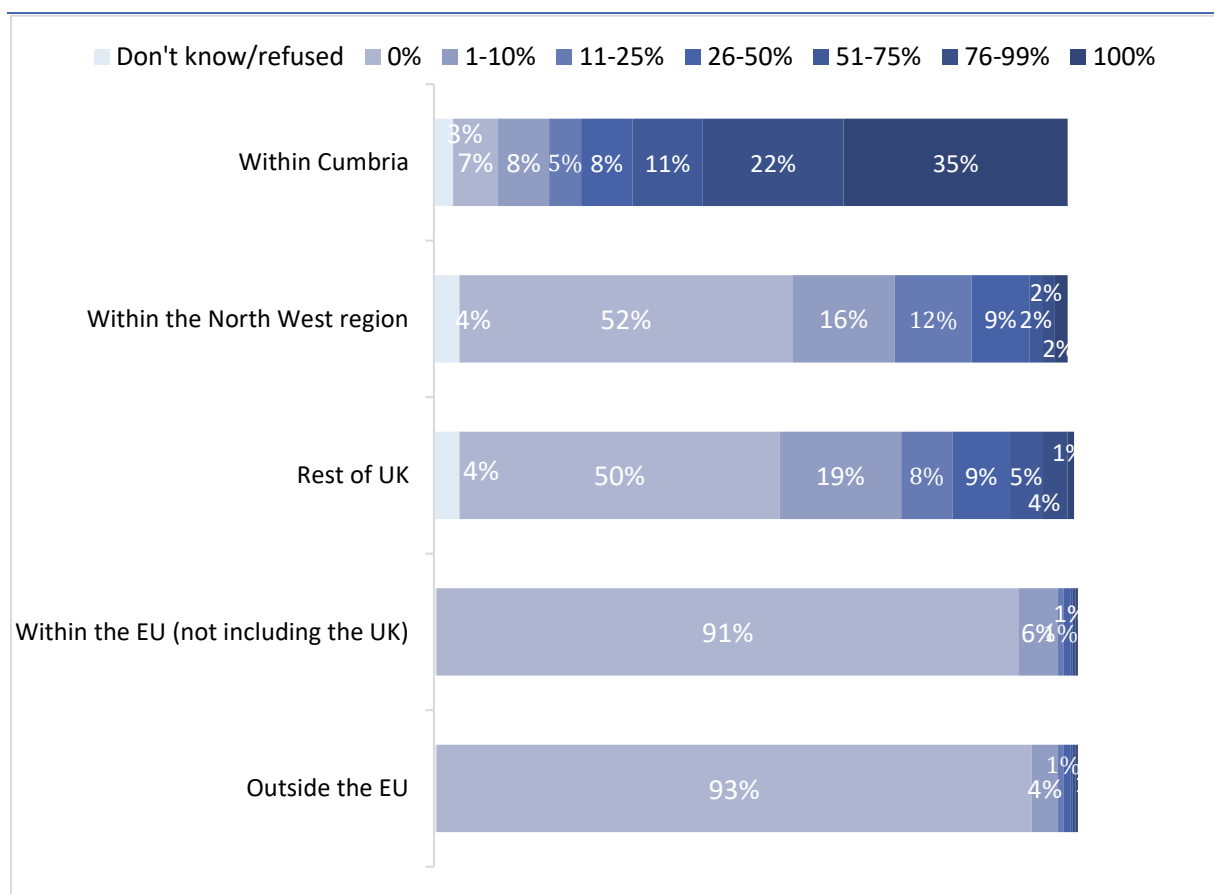


- 12 Amongst establishments that cite tourists as a customer group (40% of all), most (79%) rely on overseas tourists for only a minority of their sales (up to 25%). Just 4% estimate that more than half of their total sales (in 'normal' times i.e. pre-pandemic) are to tourists from overseas, rather than UK tourists. This proportion is higher within the Lake District National Park area than outside it (9%, compared with 2%). Given that the COVID-19 pandemic has meant travel restrictions and a reduction of income arising from UK and overseas visitors coming to the area, its impact on the Cumbria economy in this respect is likely to have been significant.

### Customer location

- 13 Respondents were asked to estimate the proportion of their sales made within specified geographical areas. One in three employer establishments (35%) report that all their sales are made in Cumbria, and a similar proportion estimate that more than half but less than all sales are within Cumbria (33%). Overall, two-thirds of employer establishments (68%) estimate that more than half their sales are made in Cumbria; with 57% of all estimating that more than three-quarters of their sales in the county.
- 14 More than two-fifths of employer establishments (44%) reported some sales outside of Cumbria but still within the North West region, and a similar proportion reported sales outside the North West region but within the UK (46%).
- 15 Only a minority of establishments reported sales outside the UK: 9% reported sales outside the UK within the EU and 7% outside the EU.
- 16 The next figure shows the proportion of establishments' sales made *within Cumbria* by district and sector. Only 7% of establishments reported having no sales within Cumbria.

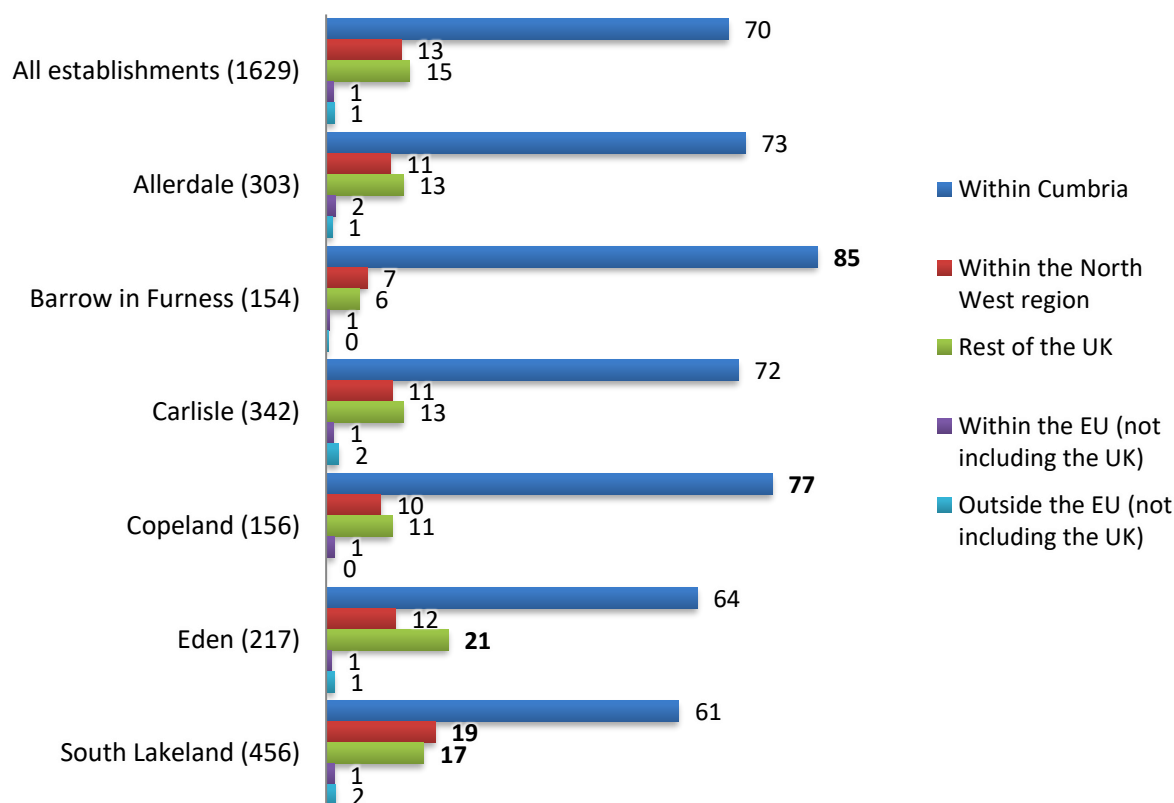
**Figure 3: Proportion of sales estimated to be within different geographical markets (all respondents)**



Q13 Unweighted sample base = 1703 %s Don't know – not shown for presentation purposes

- 17 The average proportion of sales made within geographic locations both in Cumbria and beyond was calculated where possible. This calculation provides a broad indication of where there is greater reliance on local markets and where there is a focus further afield. The share of sales across the geographic markets within each of the different districts and sectors is summarised in the figure that follows. It highlights the importance of local, i.e. within county, customers, particularly within Barrow-in-Furness and Copeland.

**Figure 4: Estimated mean share of sales (percentages) within various geographic markets, by district (all respondents providing an estimate) percentages**



Q13 Unweighted sample bases vary but do not exceed those in parentheses \* denotes less than 0.5% Figures in bold are significantly greater than average minus the sub group tested

- 18 Overall, on average sales overseas contribute a slightly higher proportion to total turnover in establishments that report turnover of £1 million or more, than in lower earning establishments: on average 3% of turnover are accounted for by sales to the EU by respondents in establishments reporting turnover in excess of £1 million, compared with around 1% of sales accounted for in establishments with lower levels of turnover; the equivalent figures for sales outside the EU are 2% across all levels of turnover. While the differences in the percentages are very small, this translates, in absolute terms, as a significantly greater contribution to turnover and to local GDP from sales in overseas market by these higher earning establishments.
- 19 Overall, 10% of employer establishments export – that is trade in overseas markets. The proportion increases to 34% of manufacturing establishments – 42% of advanced manufacturing establishments. It is also higher than average within information/communications establishments (59%) – although this is not statistically significantly higher because this sector is a very small sample base.

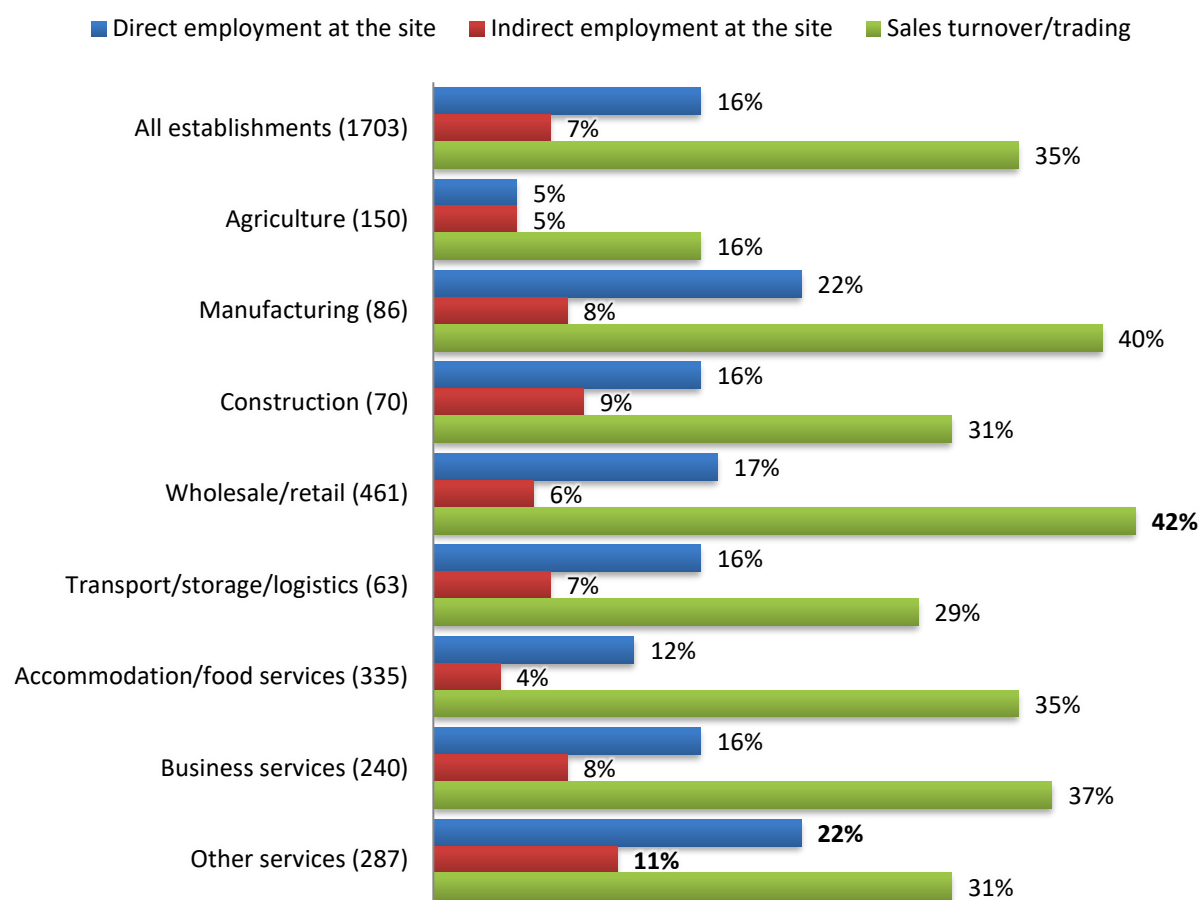
### 3 Business trends

This chapter examines recent trends and plans for the next 12 months, particularly those with regard to business growth.

#### Recent trends

- 20 Respondents were asked to think back to Autumn of 2019 (pre-COVID-19) and compare their establishment's status in terms of employment and turnover/trading then with that of Autumn 2018. This provides a benchmark of business performance prior to the pandemic.
- 21 Within one in six establishments (16%) direct employment had increased between Autumn 2018 and Autumn 2019; this is set against 12% that reported a decrease.
- 22 Indirect employment (employment of agency staff or contract workers for example) had increased in 7% of employer establishments, compared with 6% that reported a decrease.
- 23 A third of respondents reported an increase in their establishment's sales turnover/trading (35%), with a quarter (24%) reporting a decrease.
- 24 With regard to employment, there had been a greater propensity to report growth within larger establishments, with just 12% of establishments with 2 to 9 employees reporting an increase in direct employment, compared with 37% of establishments with 25 or more employees. This was also reflected in indirect employment (5% and 23% respectively).
- 25 With regard to sales turnover/trading, smaller establishments were more likely to report a positive trend in this respect than they were for employment, with 32% of establishments with 2 to 9 employees reporting an increase between Autumn 2018 and Autumn 2019, and 50% of establishments with 25 or more employees doing so.

**Figure 5: Growth in employment and sales between Autumn 2018 and Autumn 2019, by sector (all respondents)**



Q16 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

26 Prior to the pandemic, there was reported growth to a similar extent across most sectors. However, growth across all three metrics was reported by fewer respondents than average within agricultural establishments.

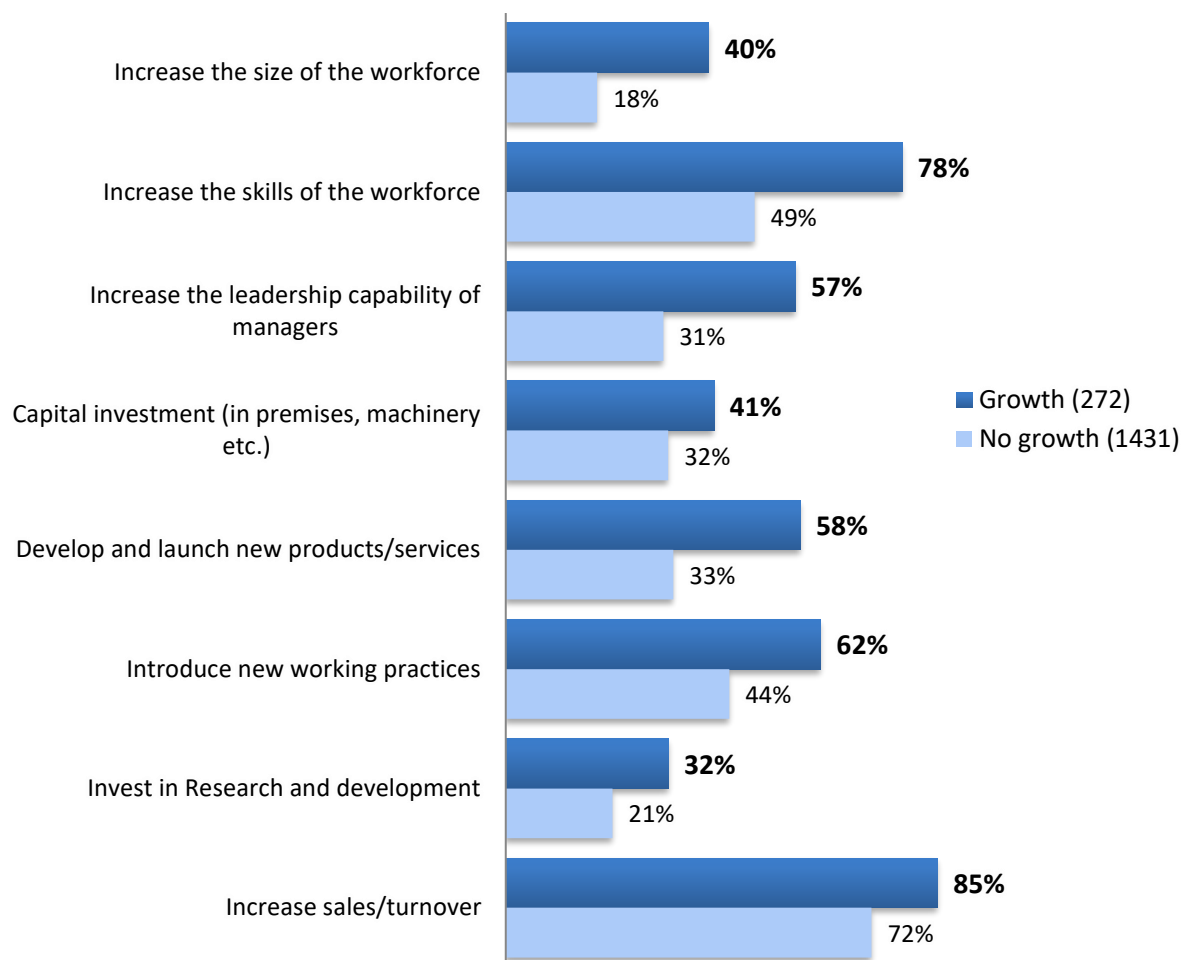
### Plans for the next 12 months

27 The COVID-19 pandemic has significantly impacted business performance and the wider economy, and trends in the 12 months preceding the emergence of COVID-19 and the ensuing economic shock are less likely to be reliable predictors of future trends. Businesses reporting positive trends in the preceding 12 months are likely to have had more resilience in 2020/21 and may be in better shape for recovery, but undoubtedly growth for many has stalled, and, when growth recommences, the benefits of it may be manifested as rebuilding or ongoing survival, rather than as increased profits and investment.

28 Looking towards the next 12 months, given the very significant negative impact of trading restrictions imposed as a consequence of the COVID-19 pandemic and the optimism surrounding the roll-out of the vaccine programme, it is not surprising that three-quarters of respondents (74%) expect to be able to reverse the downward trend and to increase sales/turnover in the next 12 months.

- 29 In areas of skills development, more than half of respondents reported that their establishment has plans to increase the skills of the workforce (54%), with a third of all respondents (35%) planning to increase the leadership capability of managers, in the next 12 months.
- 30 Around a third of respondents reported plans within their establishment to invest in capital equipment or premises (34%), and/or develop and launch new products or services (37%), while the introduction of new working practices is planned by nearly half of establishments (46%). This latter point is particularly interesting in the light of the impact on working practices that the need to work differently during the pandemic has had. It is likely to have a lasting impact on business practice going forward.
- 31 Respondents reporting employment growth within their establishment in the year leading up to Autumn 2019 are significantly more likely to report that their establishment has plans in any area, but particularly with regard to increasing the size of their workforce (40%, compared with 18% where no growth in employment had been reported in the preceding 12 months). More than three-quarters of respondents reporting employment growth report that their establishment has plans to increase the skills of the workforce (78%), compared with only half of those that reported no employment growth (49%), while more than half of establishments that have experienced fairly recent growth are planning to increase the leadership capability of managers (57%), compared with just around a third of non-growth establishments (31%).
- 32 Plans to innovate, both in terms of products and services and working practices, are more likely within establishments having experienced workforce growth in the year up to Autumn 2019, and this is supported by higher levels of planning for R&D investment.

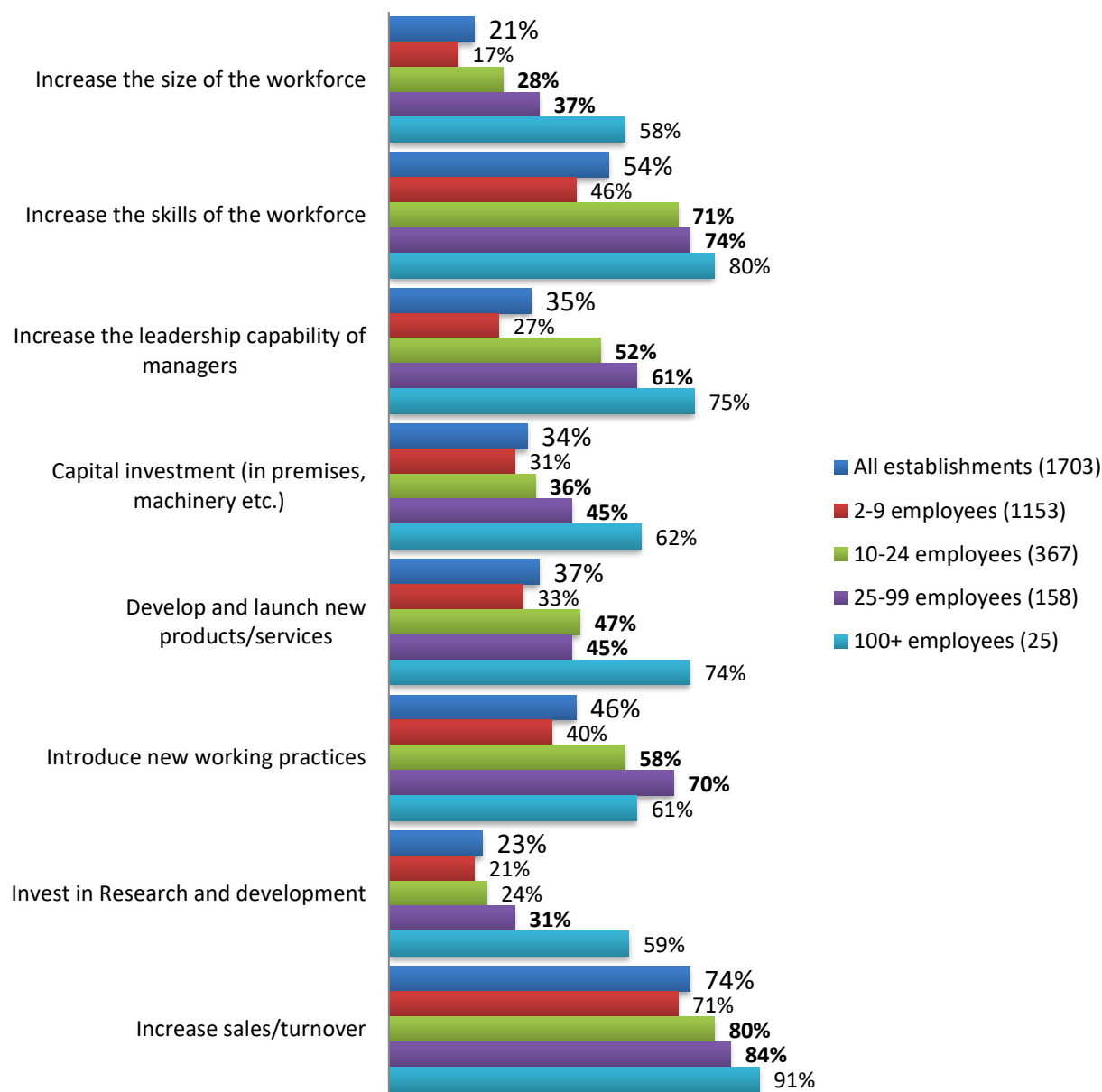
**Figure 6: Proportion of establishments that have specified plans in the next 12 months, by employment growth in the year up to Autumn 2019 (all respondents)**



*Q19 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

33 The propensity to plan any of these activities increases with establishment size, with around one in six establishments with fewer than 10 employees having none of these plans (16%), compared with only one in twenty medium/large establishments (3% where there are 25 or more employees).

**Figure 7: Proportion of establishments that have specified plans in the next 12 months, by size (all respondents)**



Q19 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

34 By sector, workforce growth in the next 12 months is more likely than average to be indicated within health services (37%) and manufacturing (32%). Health services, alongside education, are also focused on skills and working practices, while plans to invest in capital premises/machinery is more likely than average to be planned within agriculture, manufacturing and transport, storage and logistics. Establishments in the construction sector are least likely to have plans (30% do not, compared with an average of 13%). These differences are highlighted in the table that follows.



**Table 2: Proportion of establishments that have specified plans in the next 12 months, by sector (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (E)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/ Food services (I)	Business services (JKLMN)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Increase the size of the workforce	21%	8%	32%	20%	22%	15%	20%	23%	14%	<b>37%</b>	22%	15%
Increase the skills of the workforce	54%	29%	64%	43%	53%	43%	40%	65%	<b>74%</b>	<b>79%</b>	56%	51%
Increase the leadership capability of managers	35%	19%	37%	20%	39%	30%	30%	40%	45%	<b>58%</b>	39%	29%
Capital investment (in premises, machinery etc.)	34%	<b>49%</b>	<b>55%</b>	23%	29%	41%	35%	35%	17%	31%	37%	23%
Develop and launch new products/services	37%	11%	<b>67%</b>	17%	<b>49%</b>	27%	38%	36%	29%	43%	40%	44%
Introduce new working practices	46%	33%	55%	31%	<b>51%</b>	44%	47%	47%	<b>61%</b>	53%	54%	49%
Invest in Research and development	23%	20%	<b>47%</b>	19%	22%	12%	19%	27%	10%	22%	20%	23%
Increase sales/turnover	74%	62%	<b>85%</b>	57%	<b>83%</b>	75%	74%	75%	65%	72%	74%	75%
No plans in these areas	13%	<b>25%</b>	7%	<b>30%</b>	8%	14%	14%	11%	6%	5%	8%	15%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	240	51	100	56	80

Q19 Figures in bold are significantly greater than average minus the sub group tested

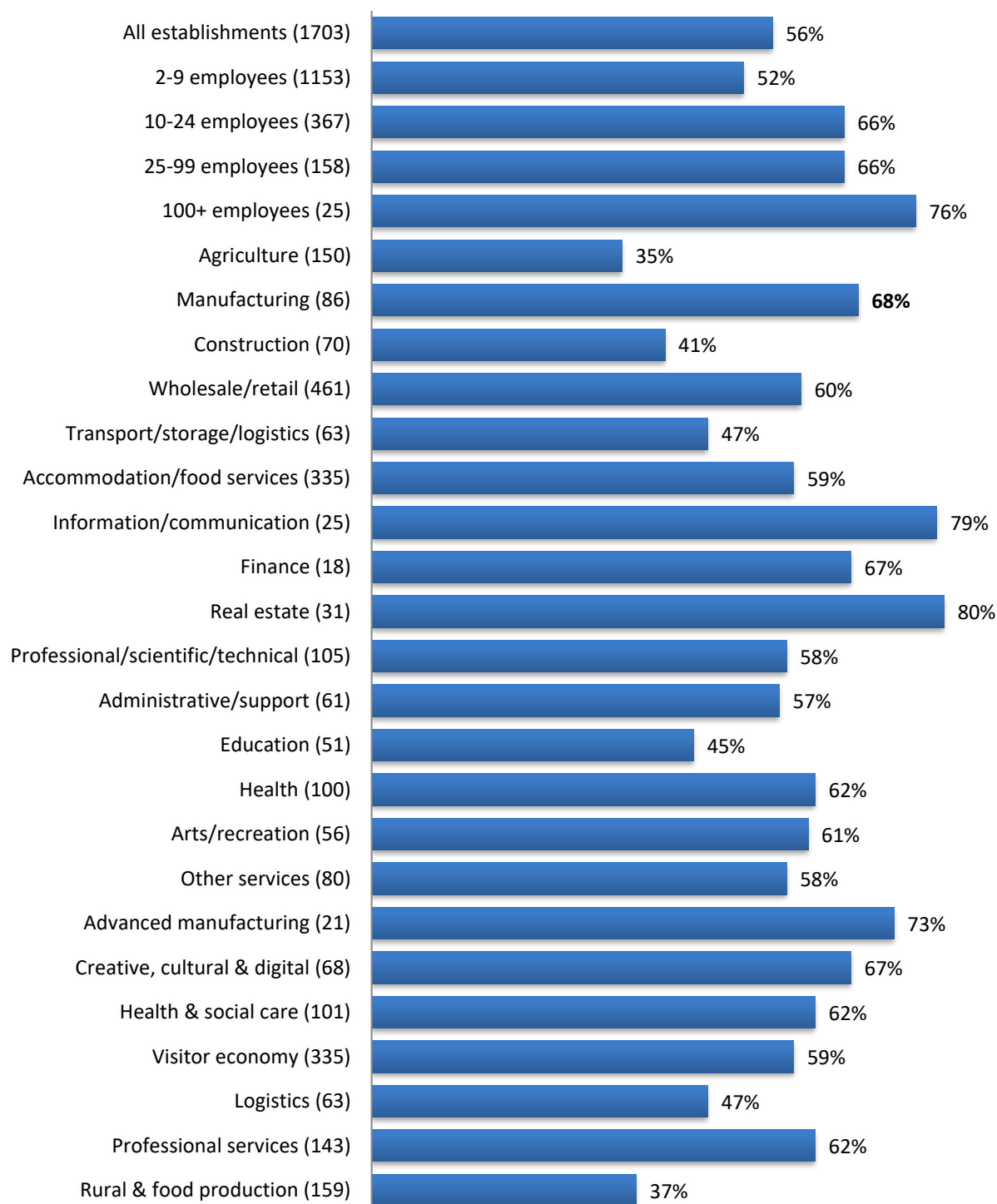
## 4 Innovation

This chapter focuses on innovation within Cumbria establishments, and determines the extent of the introduction of new or significantly improved goods, products, services, processes or working practices.

### Extent of innovation

- 35 The survey focused in more detail and over a longer time period to determine the extent to which establishments within Cumbria innovate, which is to say, whether they have a history of introducing new or significantly improved goods, products, services, processes or working practices, and whether they plan to do so.
- 36 Looking back over the last three years, more than half of respondents (56%) report some innovation within their establishment. This is most likely to have involved new or significantly improved processes or working practices (43%), with around a third having introduced new or significantly improved services (34%) and/or goods/products (30%).
- 37 The propensity to innovate increases with establishment size. This is most notably with regard to processes or working practices, and less evident with regard to goods/products.
- 38 Manufacturers (49%) and businesses within the information and communications sector (64%) are the most likely to have introduced new or significantly improved goods and services within the last three years. Service innovation is significantly more likely within, again, the information and communications sector (62%), but also within financial services (49%), and the creative, cultural and digital priority sector (50%).
- 39 The sectors in which new or significantly improved processes or working practices are most likely to have been introduced include that of real estate (63%), information and communications (61%), manufacturing (55% - increasing to 61% in advanced manufacturing), health (55%) and finance (52%).
- 40 There appears to be a relationship between low carbon activities and innovation, with establishments that have engaged with activities to reduce their carbon 'footprint' almost twice as likely to have been 'innovation-active' (65%, compared with 38%), and more than twice as likely to have introduced new or significantly improved processes or working practices in the last three years (52%, compared with 23%).
- 41 Similarly, establishments that have reported growth in the year leading up to Autumn 2019 (before the pandemic – and suggesting a pre-pandemic growth trajectory) are more likely than those that did not report growth to be innovation-active in all respects (overall 74%, compared with 53%).

**Figure 8: Proportion of establishments that have innovated in the last three years, by size and sector, including priority sector (all respondents)**



*Q29 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

42 Respondents were asked if their establishment has any plans to introduce any new or significantly improved goods, products, services, processes or working practices in the next three years. This involved looking further ahead and past the short-term restrictions (but possibly not the longer-term impacts) of the COVID-19 pandemic and the immediate impacts of

the EU exit. More than half the respondents (53%) reported that their business has plans to introduce any new or significantly improved goods, products or services, while three-fifths (60%) reported that their business has plans to introduce any new or significantly improved processes or working practices.

- 43 We see plans to innovate reflecting past innovation, with the propensity to have plans increasing with establishment size, from 49% of 2 to 9 employee establishments that plan to introduce any new or significantly improved goods, products or services and 53% of these establishments that plan to introduce any new or significantly improved processes or working practices, to 66% and 86% respectively of establishments with 25 or more employees.
- 44 Similarly, with regard to sector, innovation is something that some establishments do, past, present and future. Thus, the information and communications sector is particularly likely to have any innovation plans – with 90% of these establishments planning new or significantly improved goods, services, products and 73% planning new or significantly improved processes or working practices.
- 45 Furthermore, plans for innovation of goods, products or services are more likely than average to be in place within manufacturing (69%), creative, cultural and digital (69%), and wholesale/retail (65%) sectors. Planned innovation in processes or working practices is more likely than average to be in place within the sectors of education (81%), advanced manufacturing (71%) and health and social care (71%).
- 46 Overall, 68% of all respondents reported that their establishment was planning some sort of innovation in the next three years. This increases to 90% of establishments with 25 or more employees.

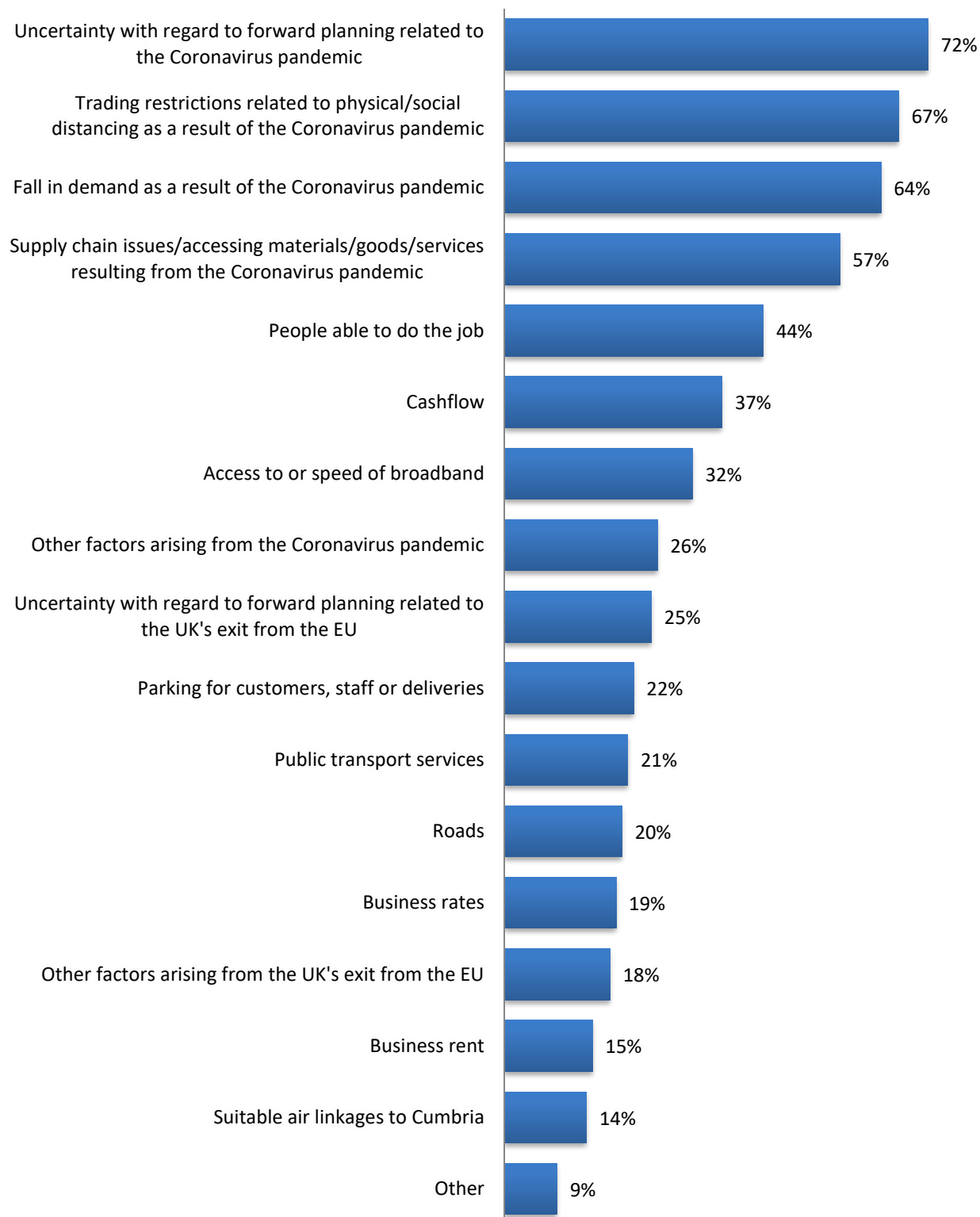
## 5 Business constraints

This chapter explores what gets in the way of business growth. The challenges that have faced businesses in 2020, and, at the time of writing still face businesses into 2021, have been extreme. It is more important than ever to understand what these challenges are in order to support businesses in overcoming them.

### Barriers to business performance and efficiency

- 47 Respondents were asked to consider a list of potential barriers to their business' performance and efficiency and to indicate which are significant as a barrier or concern for their establishment. The range of aspects that were presented to respondents, as in previous surveys, encompassed both those relating to the local area and infrastructure but the wider ranging aspects this year were dominated by the COVID-19 pandemic, as well as the UK's impending final exit from the EU.
- 48 Of the groups of issues facing businesses, COVID-19-related issues were, as one would expect, the main preoccupation. More than nine in ten respondents mentioned an aspect relating to the pandemic as a barrier or concern for their establishment. Uncertainty with regard to forward planning related to the pandemic was most frequently mentioned of these (72%), followed by trading restrictions related to physical/social distancing as a result of the COVID-19 pandemic (67%) and a fall in demand for products/services (64%).

**Figure 9: Barriers and concerns for establishments – prompted, multiple response (all respondents)**



Q23 Unweighted sample base = 1703

- 49 There are a wide range of ‘other’ factors impacting on business performance and efficiency related to the COVID-19 pandemic. Again, respondents stress general uncertainty (12% of those mentioning other factors), with other factors each mentioned by around one in twenty of those mentioning any, including:

Not having enough staff/recruitment difficulties	8%
Inability to continue trading/business closure	7%
Travel restrictions incl. being quarantined	7%
Additional costs involved	6%
Health concerns/staff being off work sick inc. mental health issues	6%
Inability to access the workplace/having to work from home	6%
Lack of access to funding/investment	5%
Loss of income/turnover/profits	5%
Effect on our customers will have a knock-on effect	5%
Lack of market/public confidence	4%
Having to furlough staff/staff redundancies	3%
Having to meet changing government policies/guidelines/rules	3%
Lack of clear advice/guidelines/information	3%
Cancellations of events/bookings	2%
Extra workload involved incl. more paperwork	2%
Difficulties in training staff	1%
Effect on the economy	1%
Lack of business support	1%

- 50 Similarly, the issues relating to the EU exit are numerous and wide ranging. Overall, 31% of respondents mentioned barriers or concerns relating to the UK’s exit from the EU. The most frequently mentioned concern for those identifying additional factors was ‘difficulty in importing/sourcing goods/materials/suppliers’ (26% of those mentioning other factors), followed closely by ‘increased costs in obtaining goods/materials including tariffs’ (23%). Other factors relating to the EU exit included:

Inability to recruit workers from the EU	7%
Export issues	6%
Lack of funding/investment incl. subsidies	6%
General uncertainty/not knowing how will affect our business	6%
Travel restrictions incl. visa issues	5%
Trading relationship with EU countries	5%
Fewer tourists/visitors	4%
Concerns about trading regulations/rules	4%
Decrease in the value of the pound/weaker exchange rates	2%
Negative effect on the economy	2%
Lack of demand/trade	2%
Longer delivery times	1%
Increase in hate crime/dislike for foreign people	1%
More paperwork/red-tape/bureaucracy	1%
Lower standard of products from abroad	1%

- 51 Focusing firstly on the challenges faced as a consequence of the COVID-19 pandemic, and examining barriers and concerns by industry sector; it can be seen that accommodation/food services establishments have been hit hard by trading restrictions related to physical/social distancing requirements (83%) and uncertainty with regard to forward planning (83%). Fall in demand cited by 81% of these establishments is less a reflection of fewer people wanting the services they offer than it is of fewer people being able to partake of them. Numbers of customers have been limited by physical/social distancing requirements when establishments are open, with establishments unable to open at all due to government-imposed restrictions on trading for much of 2020.
- 52 Arts and recreation sector establishments highlight a similar experience to those within the accommodation/food services sector, with 89% citing trading restrictions as a barrier to their business' performance and efficiency, 83% citing a fall in demand (again this is somewhat artificial as it is the consequence of trading restrictions rather than an actual decline in the demand for services) and 82% of respondents in these establishments facing uncertainty with regard to forward planning as a result of the pandemic.
- 53 The construction sector has been relatively hard hit by supply chain issues/accessing materials, goods or services as a result of the pandemic (79%). The wholesale/retail sector is also more likely than average to cite this (70%), with manufacturing establishments only slightly less likely to do so (68%).

**Table 3: Barriers and concerns relating to the coronavirus pandemic, by sector – prompted, multiple response (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/ Food services (I)	Business services (J,K,L,M,N)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Trading restrictions related to physical/social distancing as a result of the COVID-19 pandemic	67%	43%	58%	59%	67%	61%	<b>83%</b>	60%	67%	<b>79%</b>	<b>89%</b>	<b>82%</b>
Fall in demand as a result of the COVID-19 pandemic	64%	40%	67%	48%	61%	<b>76%</b>	<b>81%</b>	64%	70%	50%	<b>83%</b>	<b>84%</b>
Supply chain issues/accessing materials/goods/services resulting from the COVID-19 pandemic	57%	52%	<b>68%</b>	<b>79%</b>	<b>70%</b>	37%	50%	46%	51%	58%	48%	45%
Uncertainty with regard to forward planning related to the COVID-19 pandemic	72%	56%	76%	67%	67%	77%	<b>83%</b>	70%	76%	73%	82%	78%
Other factors arising from the COVID-19 pandemic	26%	18%	27%	19%	23%	22%	<b>34%</b>	26%	30%	31%	25%	27%



	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/ Food services (I)	Business services (JKLMN)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
<i>Summary: COVID-19-related barriers and concerns</i>	93%	78%	94%	93%	92%	94%	<b>97%</b>	92%	91%	97%	97%	95%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	240	51	100	56	80

Q23 *Figures in bold are significantly greater than average minus the sub group tested*

- 54 The information/communications sector appears to be more likely than average to be experiencing problems with forward planning as a result of uncertainty both with regard to the COVID-19 pandemic (78%) and the UK's exit from the EU (39%). Manufacturing establishments are also feeling vulnerable in this respect (76% and 38% respectively), while transport/storage/logistics firms are more likely than average to be concerned about uncertainty with regard to forward planning related to the pandemic but much less so with regard to the UK's exit from the EU (14%). To some extent the reverse is true of agriculture, forestry and fishing establishments, two thirds of whom cite uncertainty with regard to forward planning related to the UK's exit from the EU (67%), but they are less concerned it would appear with this in regard to the pandemic (56%).
- 55 Concerns relating to the UK's exit from the EU tend to reflect involvement in export activity, and, as one would expect, direct dealings with EU markets. More than two-fifths of exporters cite uncertainty with regard to forward planning related to the UK's exit from the EU as a concern (45%), increasing to 78% of establishments for whom EU markets account for more than a quarter of their income. A third of exporters cite other issues relating to the EU exit, most notably, travel restrictions including visa issues (21% of those citing other issues) and increased costs in obtaining goods or materials including tariffs (14%). Those exporting to the EU are more likely to cite these concerns (24% and 35% respectively of those citing other issues).
- 56 Non-exporters however, when asked about other factors relating to the UK's exit from the EU that are a concern, are just as likely as exporters to cite the increased costs in obtaining goods or materials (25% of those citing other issues) and more likely than exporters to cite concerns with potential difficulties in importing/sourcing goods/materials/supplies (30%). The impact on goods, materials and services is clearly a significant concern across a range of businesses.

**Table 4: Barriers and concerns relating to the UK's exit from the EU, by sector – prompted, multiple response (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/ Food services (I)	Business services (JKLMN)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Uncertainty with regard to forward planning related to the UK's exit from the EU	25%	<b>67%</b>	<b>38%</b>	15%	26%	14%	22%	27%	8%	15%	19%	17%
Other factors arising from the UK's exit from the EU	18%	<b>44%</b>	<b>30%</b>	5%	19%	10%	16%	16%	16%	18%	27%	11%
Summary: EU exit-related	31%	<b>72%</b>	<b>48%</b>	15%	32%	20%	28%	31%	20%	23%	35%	21%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	240	51	100	56	80

Q23 Figures in bold are significantly greater than average minus the sub group tested

**Table 5: Barriers and concerns relating to the UK's exit from the EU, by exporting activity – prompted, multiple response (all respondents)**

	All establishments	Export-active	EU exports >25% of turnover	Non-exporters
Uncertainty with regard to forward planning related to the UK's exit from the EU	25%	<b>45%</b>	78%	23%
Other factors arising from the UK's exit from the EU	18%	33%	44%	16%
Summary: EU exit-related	31%	<b>51%</b>	80%	29%
<i>Unweighted sample bases</i>	1703	192	20	1509

Q23 Figures in bold are significantly greater than average minus the sub group tested

- 57 The list of potential barriers and concerns has changed radically since the last time the survey was conducted, and the barriers and concerns that are carried over from previous surveys are all of less significance than they were 4 or more years ago due to the extent to which the COVID-19 pandemic in the main, and the EU exit to some extent, overshadow them.
- 58 Of these more general barriers and concerns that we are able to compare with previous years, cashflow remains an important issue, and is likely to have been a major concern for businesses that were subject to restricted trading in 2020. Access to, or speed of, broadband also remains relatively important. Broadband has enabled remote working and a move to internet-based trading for many businesses who have sought, and been able, to continue to operate during the pandemic.

- 59 Transport issues are of less concern to respondents, and this is likely to have been due to both the predominance of issues relating to the COVID-19 pandemic, but also the restrictions on movement and travel that have been imposed to varying degrees in 2020. The increase in remote working that has been a feature of the pandemic has taken a lot of traffic off roads, reduced demand for public transport and parking, as well as air travel.
- 60 Also, the business rates ‘holiday’ that has been one of the measures designed to support businesses through the economic challenges of the pandemic has pushed this usually significant concern down the list of barriers and concerns.

**Table 6: Barriers and concerns for establishments – prompted, multiple response (all private sector respondents)**

	Total 2020	Total 2015/6	Total 2013	Total 2011	Total 2010~	Total 2009~
Roads (previously - The local road network and road access)	20%	38%	26%	35%	31%	30%
Public transport services (previously - The availability of suitable bus services)	21%	30%	18%	25%	21%	21%
The availability of parking for customers, staff or deliveries	22%	28%	24%	29%	28%	32%
The availability of suitable air linkages to Cumbria	14%	25%	17%	17%	19%	17%
Access to or speed of broadband	32%	48%	39%			
Cashflow	37%	43%	48%			
Business rates	19%	34%	32%			
<i>Unweighted Bases</i>	1703	1742	1560	672	1731	2020

- 61 A review of barriers and concerns by industry sector highlights that, compared with average, manufacturing establishments are particularly likely to be concerned about there being people able to do the job (59%). This is also a relatively significant concern within construction (50%) and transport/storage/logistics (48%).
- 62 Agriculture, forestry and fishing businesses are more likely than average to feel that broadband access and speed issues are a barrier to their performance and efficiency (61%). While this issue is also highlighted to a greater degree by establishments based in rural areas compared with those in urban areas (36%, compared with 27%), it is clearly magnified in this sector.
- 63 Education establishments (remembering that these are in the private and not the public sector) are more likely than average to cite business rents (28%), rates (42%) and cash flow (55%) as issues. They are also more likely than average to consider broadband access and speed a potential barrier to efficiency and business success (44%).
- 64 Nearly half of health services establishments are concerned about the pool of people able to do the job (47%). They are more likely than average to raise issues in respect of roads (18%) and parking (28%), but less likely than average to have concerns around the cost of business premises and cash flow.
- 65 Establishments in accommodation/food services are more likely than average to be concerned about public transport services (35%) and air linkages (24%), while, alongside wholesale/retail establishments and those in other services, are particularly concerned about parking for customers, staff or deliveries (29% in accommodation/food services, 33% in wholesale/retail and 42% in other services).
- 66 Reflecting the tough time that accommodation/food services establishments have had during the pandemic, having been ordered to close on more than one occasion, they are more likely

than average to cite a number of financial barriers, including business rent (24%), business rates (30% - although business rates holidays have been granted during the pandemic), and cash flow (53%). Half of arts and recreation establishments (50%) are concerned about cash flow, reflecting the fact that this is another sector that has been impacted to a significant extent by the pandemic.

**Table 7: Barriers and concerns other than those relating to the COVID-19 pandemic and the UK's exit from the EU, by sector – prompted, multiple response (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/Retail (G)	Transport/Storage (H)	Accommodation/Food services (I)	Business services (J,K,L,M,N)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Roads	20%	25%	24%	18%	<b>24%</b>	20%	22%	17%	5%	18%	22%	19%
Public transport services	21%	14%	23%	5%	21%	16%	<b>35%</b>	20%	22%	25%	28%	24%
Suitable air linkages to Cumbria	14%	11%	16%	8%	11%	13%	<b>24%</b>	17%	4%	11%	20%	13%
Parking for customers, staff or deliveries	22%	4%	19%	11%	33%	15%	<b>29%</b>	19%	7%	28%	21%	<b>42%</b>
People able to do the job	44%	42%	<b>59%</b>	50%	40%	48%	39%	47%	40%	47%	33%	42%
Business rent	15%	7%	16%	14%	15%	13%	<b>24%</b>	10%	<b>28%</b>	9%	18%	16%
Business rates	19%	11%	26%	11%	20%	14%	<b>30%</b>	14%	<b>42%</b>	10%	22%	17%
Cashflow	37%	45%	34%	39%	26%	33%	<b>53%</b>	32%	<b>55%</b>	28%	50%	43%
Access to or speed of broadband	32%	<b>61%</b>	32%	26%	26%	26%	36%	32%	44%	24%	34%	24%
Other	9%	9%	18%	14%	7%	5%	11%	7%	3%	7%	13%	8%
<i>Summary: Transport-related</i>	<i>46%</i>	<i>36%</i>	<i>46%</i>	<i>28%</i>	<i><b>50%</b></i>	<i>42%</i>	<i><b>62%</b></i>	<i>43%</i>	<i>29%</i>	<i>44%</i>	<i>49%</i>	<i>56%</i>
<i>Unweighted sample bases</i>	<i>1703</i>	<i>150</i>	<i>86</i>	<i>70</i>	<i>461</i>	<i>63</i>	<i>335</i>	<i>240</i>	<i>51</i>	<i>100</i>	<i>56</i>	<i>80</i>

Q23 Figures in bold are significantly greater than average minus the sub group tested

- 67 Across districts there are some variations in the extent to which respondents cite issues around transport and broadband. Establishments based in Copeland are most likely to consider that roads, public transport services, air linkages and parking concerns for their business (57% in aggregate), while those in Eden and Allerdale are most likely to cite broadband access and speed as an issue (39% and 36% respectively).

**Table 8: Barriers and concerns other than those relating to the coronavirus pandemic and the UK's exit from the EU, by district – prompted, multiple response (all respondents)**

	All establishments	Allerdale	Barrow in Furness	Carlisle	Copeland	Eden	South Lakeland
Roads	20%	20%	25%	16%	<b>27%</b>	13%	<b>23%</b>
Public transport services	21%	25%	24%	16%	25%	21%	22%
Suitable air linkages to Cumbria	14%	17%	18%	14%	19%	12%	12%
Parking for customers, staff or deliveries	22%	21%	25%	17%	28%	16%	<b>27%</b>
People able to do the job	44%	47%	44%	44%	42%	47%	41%
Business rent	15%	15%	17%	17%	13%	13%	15%
Business rates	19%	16%	20%	20%	19%	17%	21%
Cashflow	37%	36%	38%	35%	32%	43%	39%
Access to or speed of broadband	32%	36%	26%	27%	31%	39%	32%
Other	9%	11%	12%	8%	5%	10%	9%
<i>Summary: Transport-related</i>	46%	50%	43%	39%	<b>57%</b>	41%	47%
<i>Unweighted sample bases</i>	1703	339	125	346	150	260	483

Q23 Figures in bold are significantly greater than average minus the sub group tested

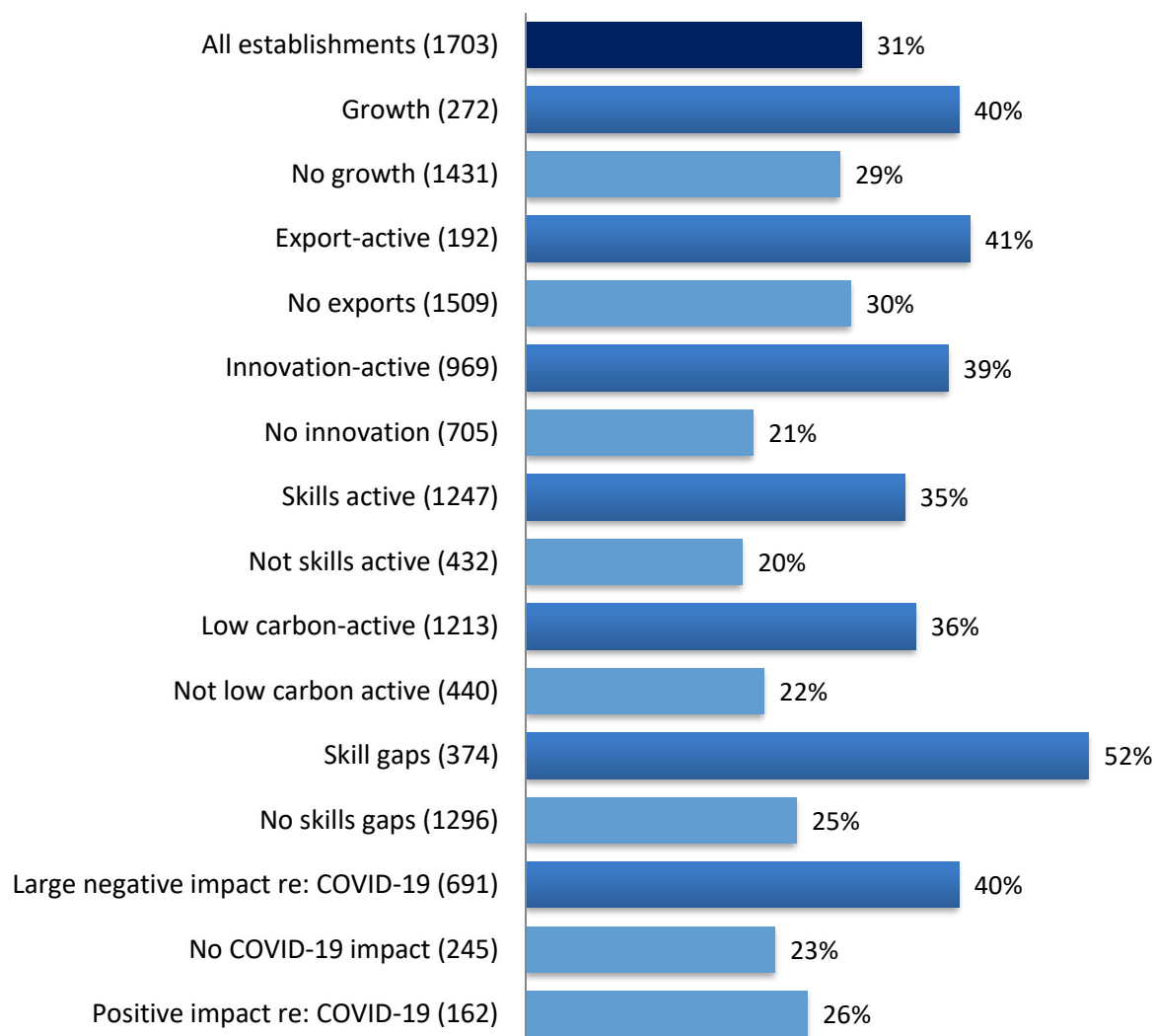
## 6 Business Support

This chapter looks at what type of business support establishments are expecting to try to source in the next 12 months, and the external finance they have applied for in the last 12 months.

### External advice

- 68 Respondents were asked if they expected their business to seek external advice in the next 12 months. A third (31%) said that they did. This proportion increases from 27% of establishments with 2 to 9 employees, to 37% of those with 10 to 24 employees, to 47% of those with 25 or more employees.
- 69 Seeking advice from outside of the organisation is clearly something more likely to happen at head office level within multi-site businesses, with 37% of respondents based at headquarters reporting that their business will seek advice in the next 12 months, compared with 20% of those based at branches. The figure amongst respondents based in single site establishments is 33%. This undoubtedly reflects the fact that decisions to obtain external support are made at top management level.
- 70 Seeking external advice for the business could be indicative of identifying problems that the business is unable to completely resolve themselves or of growth ambitions that require some additional support. There is certainly a link between seeking advice and the propensity to be active in terms of employment growth and skills development, innovation, low carbon initiatives, and negative impacts of the COVID-19 pandemic. This is summarised in the figure that follows:

**Figure 10: Proportion of respondents that expect their establishment to seek external advice in the next 12 months, by business activity – prompted, multiple response (all respondents)**



Q24 Unweighted sample bases in parentheses

- 71 Sectors in which respondents are more likely to expect their establishment to seek external advice include: agriculture, forestry, fishing (48%) – particularly within rural and food production (59%); information and communications (48%), education (41%), and health (40%).
- 72 The nature of the advice likely to be needed tends to reflect whether it is about solving a problem or driving growth.
- Within agriculture, forestry, fishing, one in five of those expecting to seek advice cite accessing finance – grants or other ‘non-repayable’ finance (20%), one in eight mention accessing finance – borrowing (12%), while advice on environmental standards and issues and reducing the environmental impact of the business is also relatively significant (12%). This suggests that advice is more about solving problems in this sector.
  - Information and communications establishments however, are most likely to cite the need for advice on growing their business (general advice) (16%), and understanding and using new technologies (15%), pointing towards a focus on growth and innovation.

- Education establishments are focused on obtaining finance – both repayable (39%) and non-repayable (grants) (45%), thus attempting to overcome financial concerns that they have expressed elsewhere in the survey. Just over a third of education establishments expecting to seek advice in the next year expect it to be about business planning and related issues (37%).
- More than a quarter of health establishments expecting to seek advice expect it to be about the COVID-19 outbreak (27%), with 16% expecting it to be about health and safety. It is not surprising that this would be the main preoccupation for establishments providing health care in the midst of a pandemic, and likely having a role to play in measures to mitigate the impact of it.

73 Expectations of seeking advice and the nature of the advice to be sought across industry sectors are summarised in the table that follows:

**Table 9: Proportion of establishments that expect to seek external advice in the next 12 months and the nature of the advice they expect to seek, by sector (all respondents/where expect to seek advice)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/food services (I)	Information/communication (J)	Finance (K)	Real estate (L)	Professional/scientific/technical activities (M)	Administrative/support (N)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Expect to seek external advice	31%	<b>48%</b>	36%	15%	24%	26%	35%	48%	6%	36%	30%	33%	41%	<b>40%</b>	35%	31%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	25	18	31	105	61	51	100	56	80
Accessing finance - grants or other 'non-repayable'	19%	20%	12%	9%	23%	24%	23%	14%	0%	18%	13%	21%	45%	17%	20%	7%
Accountancy/general finance	19%	26%	8%	45%	15%	12%	18%	30%	22%	16%	27%	19%	5%	14%	21%	17%
Accessing finance - borrowing	15%	12%	12%	12%	13%	11%	<b>23%</b>	7%	0%	0%	9%	24%	39%	4%	32%	7%
Business planning and related issues	12%	12%	6%	18%	10%	16%	7%	8%	0%	19%	8%	7%	37%	16%	11%	15%
COVID-19 outbreak - issues related to...	10%	7%	11%	6%	14%	0%	9%	0%	0%	9%	8%	6%	0%	<b>27%</b>	6%	16%
Business regulations/ red tape	8%	5%	5%	23%	6%	0%	8%	0%	0%	9%	6%	15%	2%	14%	5%	17%



	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/food services (I)	Information/communication (J)	Finance (K)	Real estate (L)	Professional/scientific/technical activities (M)	Administrative/support (N)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Growing your business (general advice)	8%	1%	9%	6%	7%	0%	7%	16%	39%	8%	9%	12%	0%	11%	30%	6%
Marketing and communications	8%	1%	13%	9%	11%	5%	13%	0%	0%	15%	5%	6%	2%	4%	14%	23%
Marketing products and services	8%	3%	20%	9%	11%	0%	11%	0%	0%	6%	2%	7%	2%	4%	19%	23%
Health and safety	7%	2%	2%	25%	7%	0%	5%	8%	22%	6%	9%	9%	0%	<b>16%</b>	0%	9%
New technologies - understanding and using	7%	4%	11%	6%	8%	15%	4%	15%	0%	0%	9%	12%	0%	2%	16%	18%
Improving the skills of your workforce	6%	0%	4%	12%	3%	0%	2%	8%	0%	0%	<b>22%</b>	12%	9%	5%	3%	0%
Legal advice - unspecified	6%	3%	3%	5%	5%	6%	5%	0%	61%	17%	1%	14%	29%	0%	0%	4%
Brexit - the UK's exit from the EU	5%	10%	12%	12%	4%	6%	1%	0%	39%	10%	8%	12%	2%	0%	0%	4%
Employment law	5%	0%	2%	6%	5%	0%	5%	8%	22%	6%	1%	13%	4%	13%	0%	3%
Website development - social media	5%	1%	11%	0%	7%	0%	7%	8%	0%	0%	0%	12%	2%	2%	11%	10%
Human resources	5%	0%	5%	6%	3%	0%	3%	0%	22%	0%	1%	14%	7%	9%	0%	6%
Developing new products or services	3%	4%	0%	6%	3%	6%	1%	8%	0%	0%	0%	14%	5%	2%	4%	6%
Environmental standards and issues and reducing the environmental impact of your business	3%	<b>12%</b>	4%	6%	1%	11%	1%	0%	0%	0%	0%	6%	2%	8%	0%	0%
Recruitment	3%	0%	6%	6%	3%	0%	3%	8%	0%	9%	1%	0%	0%	4%	0%	0%
<i>Unweighted sample bases (where expect to seek advice)</i>	549	69	30	15	112	16	116	11	3	11	37	21	17	41	20	25

Q24/Q25 Figures in bold are significantly greater than average minus the sub group tested

## External finance

- 74 Respondents were asked if their establishment had applied for any external finance (non-COVID-19 related) in the last 12 months. Around one in ten (9%) had done so. The majority, therefore, had not.
- 75 The figure of 9% compares with 12% of UK SMEs having sought external finance in the 12-month period of 2019/20<sup>2</sup> suggesting that the propensity to seek it has not been significantly affected by the COVID-19 pandemic. However, survey findings suggesting plans have been delayed or cancelled as a result of the pandemic point to the figure being lower than it would have been had businesses not had to navigate the economic shock of the pandemic.
- 76 Small/medium sized establishments (25 to 99 employees) are more likely than average to have applied for external finance in the past 12 months (16%). The proportion is also higher than average amongst establishments reporting growth pre-COVID-19 (16%) than amongst those not doing so. It is also higher than average among establishments that have innovated in the last three years (13%), and amongst those with plans to innovate in the next three years (12%).
- 77 Three-quarters of establishments that applied for finance (non-COVID-19) had no difficulties obtaining it (75%). Overall, just 8% of those that applied for non-COVID-19 related external finance were unable to obtain any.
- 78 There is a higher likelihood of failure to obtain non-COVID-19 finance amongst establishments that also applied for COVID-19 finance than amongst those that have not applied for it (10%, compared with 4%), suggesting that a few businesses weakened or at least propelled into needing support during the pandemic, may have lost out in this respect. This is further supported by the fact that only those establishments that reported being negatively impacted by the pandemic reported being unable to obtain the non-COVID-19 finance they applied for (10% of those reporting any negative impact).
- 79 When asked if their establishment had applied for a Coronavirus - COVID-19 Government-backed accredited loan or finance agreement such as a Coronavirus Business Interruption Loan or Bounce Back Loan or a Coronavirus – COVID-19 business grant funded by government or a local authority, 29% of respondents reported that their establishment had applied for a loan and 39% had applied for a grant. Taking into account 16% of all establishments that applied for both, 52% of establishments had applied for COVID-19 related finance.
- 80 Just 3% of establishments that applied for external finance relating to COVID-19 were not able to obtain it.
- 81 A further 3% of establishments did not manage to obtain all the finance they sought to help them during the pandemic, while 9% obtained all the finance they needed but experienced some problems doing so. Overall, 82% of establishments that applied for COVID-19 related loans or grants obtained it, which is higher than the proportion who were successful in applying for non-COVID-19 finance (75%).

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<sup>2</sup> Source: BEIS Longitudinal Small Business Survey 2019/20

## 7 Skills Gaps

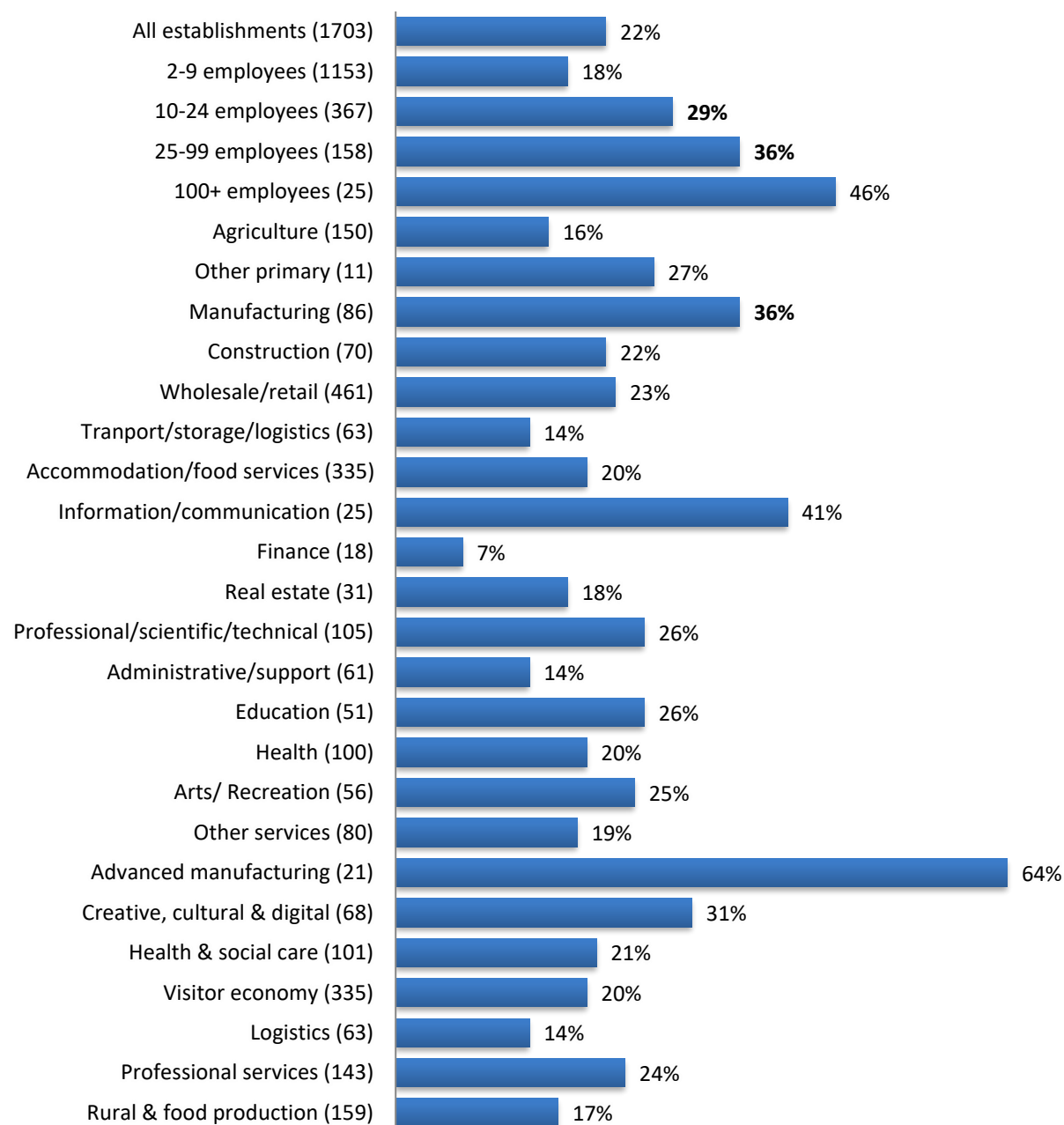
This chapter investigates skills issues being experienced by establishments within Cumbria and suggests where the greatest pressure points may be with regard to the local labour supply for private and voluntary sector organisations.

### Skill gaps

#### Presence of skill gaps

- 82 Respondents were asked if, as far as they were aware, there were people working in the establishment at any level who were not as wholly skilled for competent as the business would like. More than a fifth identified skill gaps within their establishment, and this represents a significantly higher proportion than in 2015/16 (22%, compared with 15% among private sector establishments then).
- 83 Reflecting the scope for skill shortfalls amongst both a higher number of staff and a wider range of job roles in larger establishments, the propensity to report skill gaps increases with establishment size from 18% where there are fewer than 10 employees to 36% where there are between 25 and 99 employees, to 46% in establishments with 100 or more employees.
- 84 The proportion identifying skill gaps is significantly higher than average within manufacturing (36% - increasing to 64% within advanced manufacturing) and the information and communications sector (41%). Skills gaps are more prevalent within establishments that reported employment and/or sales growth prior to the pandemic than those that did not (34%, compared with 19%), and more likely to be present within establishments that are innovation-active (29%, compared with 13%).
- 85 The extent to which skill gaps are reported by establishment size and sector is presented in the figure that follows.

**Figure 11: Proportion of establishments within which skill gaps were reported, by size and sector, including priority sector (all respondents)**

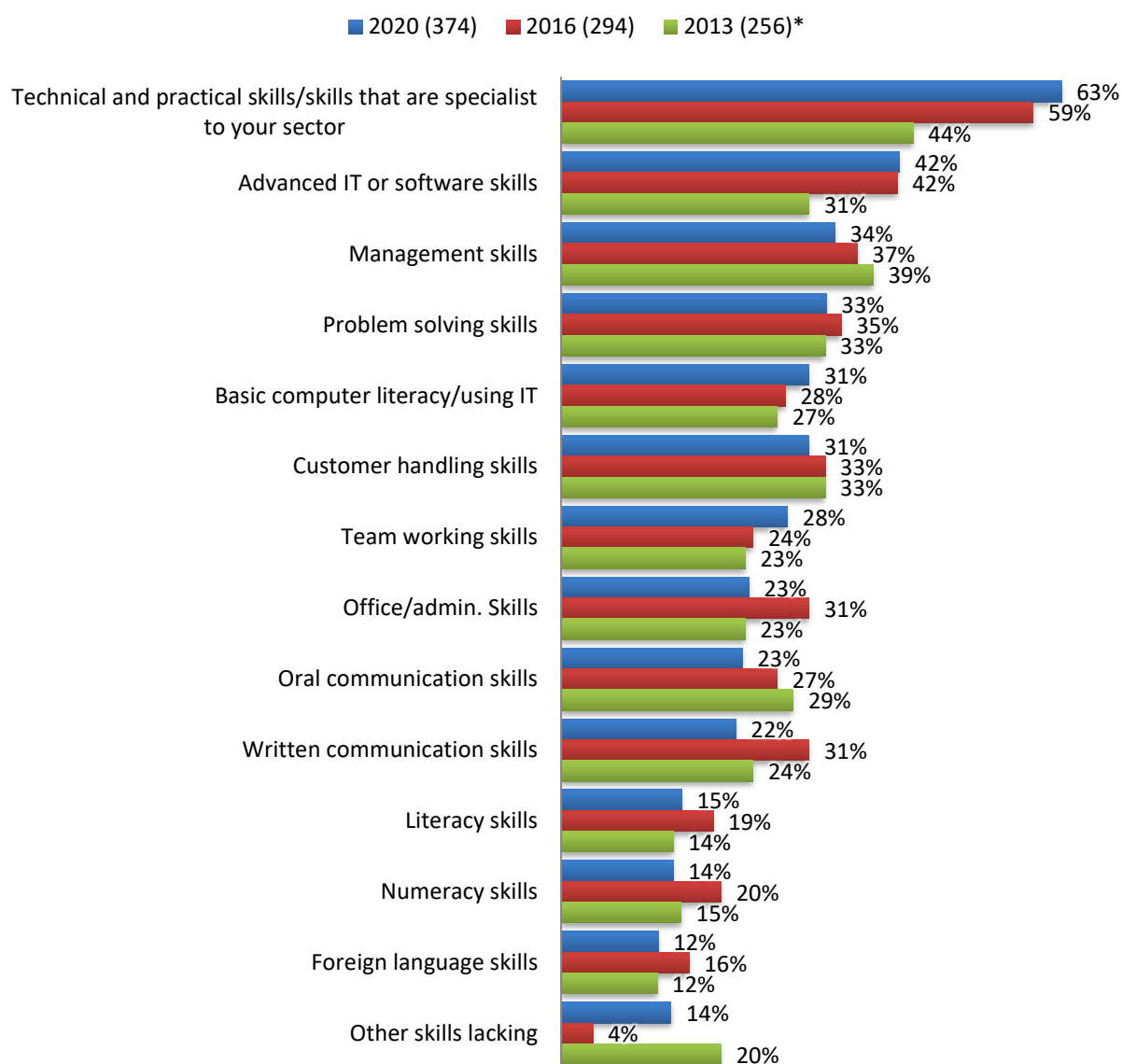


*Q31 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

86 Establishments that have a training plan and/or training budget in place, fund/arrange any training or offer work placement and skills development opportunities to young people or new entrants are deemed to be 'skills-active'. These skills-active establishments are more likely than those not skills-active to identify skills gaps (26%, compared with 10%), but this is largely driven by the fact that the propensity to train and have a focus on staff training and skills development within the establishment increases with establishment size, and the likelihood of there being skill gaps increases with the number of employees.

- 87 In terms of where skill gaps lie, technical and practical skills, or skills specialist to sectors, predominate (63% of those reporting skill gaps). The specific skills that are lacking are wide ranging and often niche in the context of the labour market as a whole. Resolving these skills issues tends to necessitate a commitment to training and skills development within individual establishments. From a local policy planning perspective, addressing these skill gaps requires a more general response involving facilitating training within establishments, as opposed to directly working to improve the availability to employers of training in these specific skills areas across the county.
- 88 Advanced IT or software skills are next most frequently mentioned as skill gaps (42%), with this particularly evident within financial services (50%), wholesale and retail (49%) information and communications (47%) and professional, scientific and technical (46%) sectors.
- 89 Management skills are another key area in which skill gaps are reported (34% of those reporting skill gaps), and are more likely than average to be mentioned by, again, financial services (50%) and information and communications (40%) establishments, but also to a significant extent by establishments in other services (62%) and administration/support (47%) sectors.
- 90 A comparison of areas in which there are skills gaps with the two previous surveys highlights a growing need for technical and practical skills and less of a focus on basic skills as an area in which the workforce is deficient.

**Figure 12: Skills areas in which skill gaps are reported, a year on year comparison – prompted, multiple response (where report skill gaps)**



Q32 Unweighted sample bases in parentheses \*includes public sector organisations; 2016 based on private sector only

91 While featuring heavily as skills in which the workforce is lacking, IT/computer-based skills also feature in terms of specific technical or practical skills that are needed (21% of those specifying technical or practical skills). Other most frequently mentioned include (each mentioned by between 3% and 7% of those specifying technical or practical skills):

- Health/medical/nursing
- Soft skills incl. communication, team work, work ethics
- Leadership/management/supervision
- Road vehicle driving (HGV, PSV)
- Building/construction
- Electronics/electrical
- Catering/cooking/baking
- Machine operation incl. CNC

- Sales/marketing/social media
- Product knowledge
- Engineering (general)
- Industry/sector specific (general)

## 8 Training and development

As mentioned in relation to skill gaps, the specificity of the nature of many of the skills lacking in workforces necessitates employers taking steps to resolve them, mainly through funding or arranging ad hoc training. This chapter explores the extent to which establishments in Cumbria are involved in skills development and training.

### Training infrastructure

- 92 The extent to which establishments contribute towards training and skills development of working age people across Cumbria is a key metric. Maintaining an appropriately skilled workforce and labour pool is an important element of a successful local economy which can attract inward investment.
- 93 Planning and budgeting for training suggests a structured approach to developing the skills of employees. It implies that an establishment has an awareness of the need to provide employees with opportunities to build on skills and that these opportunities will be offered on an on-going, or at least regular, basis.
- 94 Around half of Cumbria establishments (49% overall) have either a training plan that specifies in advance the level and type of training their employees will need in the coming year in place (42%) or a budget for training expenditure (33%). The propensity to have either/or increases with establishment size, with 77% of establishments with 25 or more employees having a training plan, and 60% of these establishments having a training budget.
- 95 Multi-site establishments are also more likely than single sites to report having this infrastructure in place (63% with a training plan; 48% with a budget, compared with 33% and 27% respectively).
- 96 Establishment/organisation size tends to be the main determinant of training activity, but it is useful to note the sectors in which there is more or less likely to be attention paid to training and skills development. Training plans are more prevalent than average within the sectors of education (64%), health (75%), and finance (57%). Training budgets follow a similar pattern; 56% in education, 66% in health; but diverge from training plans in that information and communication establishments are more likely to report them than those in finance (47% and 40% respectively).
- 97 The importance of training plans and budgets to the delivery of training is apparent when we note that just 21% of establishments that have not provided training in the last 12 months have a training plan in place and just 14% have a training budget. This compares with 61% and 54% respectively of establishments that have provided off the job training in the last 12 months.

### Training provision

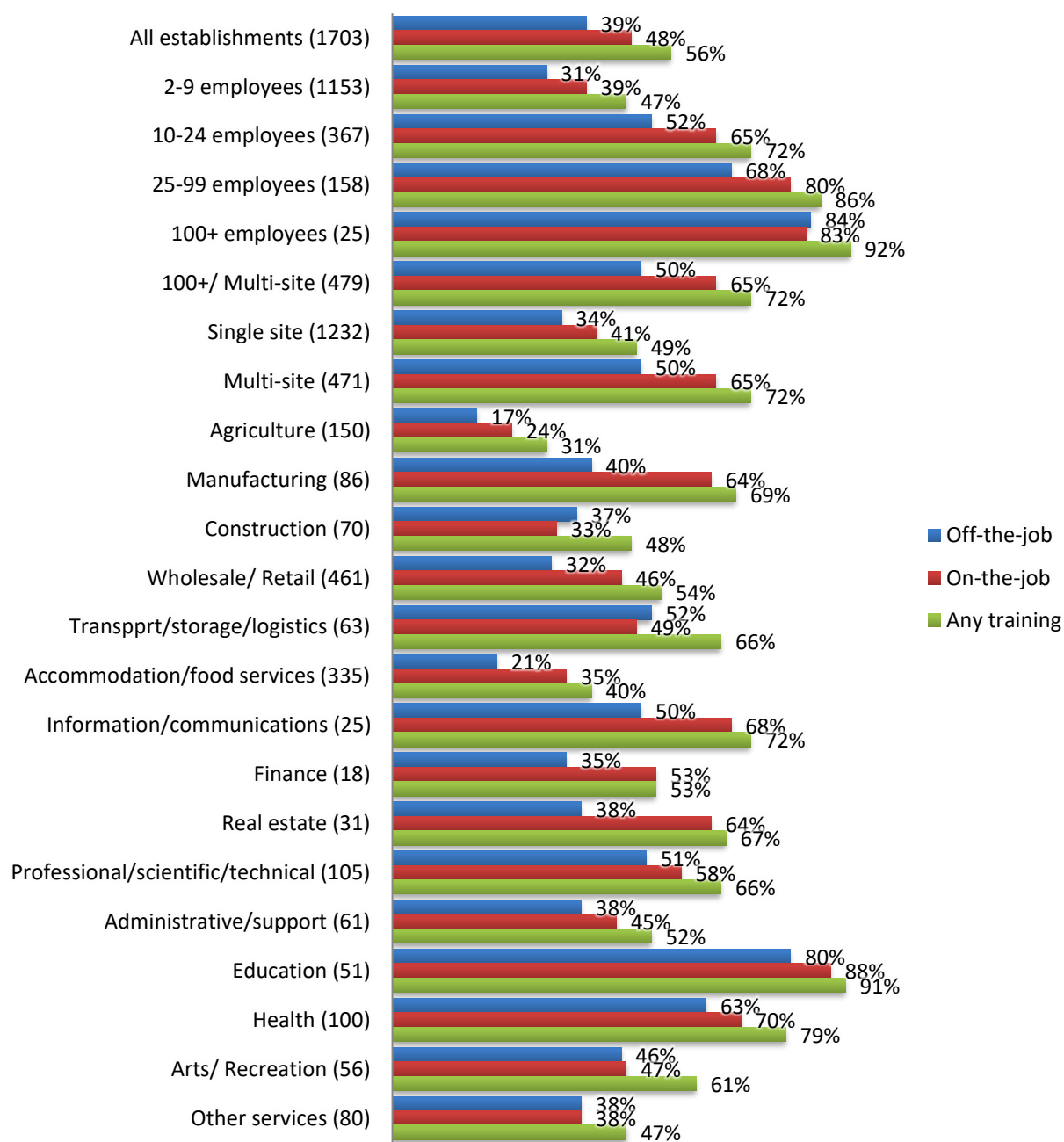
- 98 Just over half the respondents (56%) reported that their establishment has arranged or funded staff training or development – either on- or off-the-job – for employees at their site in the last 12 months. This is a lower proportion than in 2015/16 (61%) and 2013 (62%). It is important to note the context in 2020 and that, with the challenges facing businesses during the pandemic, training may have been lower priority. Although some training will have been necessary for some businesses to adapt to social distancing/COVID-safe practices, there is likely to have been fewer new starters, which will have reduced the need for training.
- 99 Similarly to patterns observed with regard to the training infrastructure, the propensity to have arranged or funded training increases with establishment size, from 47% amongst establishments with fewer than 10 employees to 87% of establishments with 25 or more, and



92% of those with 100 or more employees. Establishments that are part of a multi-site organisation are more likely than those operating from just one site to have arranged or funded any training (72%, compared with 49%).

100 The variability in training activity is mostly about whether or not off-the-job training is provided, with the proportions offering only on-the-job training similar across all sizes of establishment. The figure that follows summarises these findings and highlights the extent to which the incidence of off-the-job training increases in larger establishments or organisations.

**Figure 13: Training arranged and funded in the last 12 months, by establishment size, number of sites and sector (all respondents)**



Q35 Unweighted sample bases in parentheses

- 101 The propensity to plan to arrange or fund any training in the next 12 months reflects recent training activity, suggesting that there is little prospect of improvement in this key metric in the near future. More than half of establishments (54%) plan to provide any in the next year; 41% plan to provide off-the-job training and 48% plan to provide on-the-job training. At the time of the survey there was sure to be some uncertainty, with the pandemic on-going and businesses still subject to short term closures and reduced capacity.
- 102 Plans to train increase in prevalence by establishment size, although larger establishments are more cautious, with 81% of those with 25 or more employees planning training, compared with 87% that arranged or funded any in the last 12 months. The proportion amongst 100+ employee establishments is 84%, compared with 92% in the last 12 months. This is unlikely to mean a real reduction in training in the next year. It may just reflect that the respondents in these establishments do not know what is coming down the line.
- 103 The most frequently mentioned reason for not planning training is that all staff are fully proficient i.e. there is no need for training (65%). While this is more likely to be the case in small establishments not planning training, where the range of skills required may be narrower (68% of establishments with between 2 and 9 employees, reducing to 53% of those with 10 to 24 employees and 20% of those with 25-99 employees), establishments with 100 or more employees are as likely to mention this as a reason (63%). Uncertainty increases with establishment size, with activities in different parts of a larger establishment or wider organisation more difficult for respondents to accurately track.
- 104 There are a wide range of other reasons for not planning training, including that the establishment is small (12%); that there is no money for training (8%); COVID-19 issues (7%); it being low priority at present (5%); general uncertainty (3%), and that no training is available in the relevant subject area (2%). Most reasons given reflect circumstances, sometimes constraints, within the business rather than supply issues.

## Opportunities for employment and work experience

- 105 Respondents were asked about the types of opportunities their establishments plan or hope to offer people with regard to work experience, apprenticeship and higher-level skills development and technical education in the next 12 months.
- 106 Taking apprenticeship opportunities first, more than a quarter of respondents (28%) reported that their establishment plans or hopes to offer apprenticeship opportunities for 16 to 24 year olds. Fewer (18%) have such intentions with regard to these opportunities for older people (aged 25 and over).
- 107 Sectors in which establishments most commonly plan or hope to offer Apprenticeship opportunities for young people include information and communications (41%), education (40%) and arts and recreation (37%). Around a third of manufacturing (34%) and construction (35%).
- 108 Opportunities for older apprentices are most likely to be offered in during the next 12 months in utilities (55%) and transport, storage and logistics (24%) establishments.
- 109 Advanced manufacturing businesses are particularly likely to plan or hope to offer apprenticeship opportunities to under and over 25 year olds (50% and 30% respectively).
- 110 More than two-fifths of respondents (38%) reported that their establishment plans or hopes to offer employment opportunities for young people. This increases to 54% within the education sector. Generally, across the majority of sectors, around three in five establishments do not plan to offer these employment opportunities for young people, which suggests a significant obstacle to young people entering work going forward.

- 111 Aside from apprenticeships, one in six respondents (18%) reported that their establishment plans or hopes to offer other technical education opportunities. This proportion increases to over a quarter within the sectors of real estate (28%), education (27%), health (27%) and professional, scientific and technical activities (26%). A third of advanced manufacturing establishments (35%) plan or hope to offer these opportunities.
- 112 A third of all respondents (33%) reported that their establishment plans or hopes to offer higher level skills development for staff. This increases to 59% within the health sector, 58% within the information and communications sector and 53% within education. This is less associated with production and construction sectors than with service sectors.
- 113 Examining now the provision of work experience type opportunities, including volunteering, site visits and internships; more than a quarter of respondents (28%) reported that their establishment plans or hopes to offer work experience/taster opportunities (including virtual formats). This increases to a third of manufacturers (33%) and is higher than average across a number of service sectors, most notably professional, scientific and technical activities (43%), education (42%) and other services (41%).
- 114 Volunteering, which 18% of establishments plan or hope to offer, is particularly likely within arts and recreation (48%) and education (45%).
- 115 Site visits are likely to be a feature within around a fifth of establishments (21%), increasing to around a third of those within the health (36%), information and communications (33%) and education (31%) sectors.
- 116 Internships are less common (8% of establishments are reported to plan or hope to offer these), and most common within education (19%), information and communications (14%) and professional, scientific and technical activities (14%) sectors.
- 117 Around one in six establishments reportedly plan to undertake activities in local schools or colleges or universities to promote careers in their sector (17% within schools; 16% within colleges or universities). Establishments within the service sectors of finance (30% in both cases), education (37% within schools; 39% within colleges or universities), health (31% and 24% respectively), professional, scientific and technical activities (31% in both cases) and real estate activities (30% and 24% respectively) are most likely to be planning to undertake these activities.
- 118 Opportunities likely to be offered across industry sectors are summarised in the table that follows:

**Table 10: Work experience and employment opportunities establishments plan or hope to offer in the next 12 months, by sector – prompted, multiple response (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (E)	Wholesale/retail (G)	Transport/storage/logistics (H)	Accommodation/food services (I)	Information/communication (J)	Finance (K)	Real estate (L)	Professional/scientific/technical activities (M)	Administrative/support (N)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Apprenticeship opportunities for 16-24 year olds	28%	18%	34%	35%	29%	17%	24%	41%	8%	25%	26%	26%	40%	33%	37%	29%
Adult apprenticeship opportunities, for those aged 25 and over	18%	5%	17%	18%	18%	24%	14%	15%	5%	21%	18%	20%	20%	<b>25%</b>	26%	16%
Employment opportunities for young people	38%	26%	42%	33%	40%	27%	<b>44%</b>	30%	27%	36%	33%	40%	<b>54%</b>	36%	45%	34%
Other technical education opportunities	18%	7%	22%	15%	17%	13%	12%	22%	5%	28%	<b>26%</b>	20%	27%	<b>27%</b>	11%	19%
Higher level skills development for staff	33%	12%	<b>43%</b>	20%	31%	20%	21%	58%	40%	46%	<b>46%</b>	35%	<b>53%</b>	<b>59%</b>	23%	30%
Work experience/taster opportunities including virtual	28%	25%	33%	17%	27%	20%	22%	22%	13%	29%	<b>43%</b>	21%	<b>42%</b>	<b>40%</b>	36%	<b>41%</b>
Volunteering	18%	14%	19%	5%	15%	11%	12%	15%	16%	25%	19%	16%	<b>45%</b>	<b>35%</b>	<b>48%</b>	22%
Site visits	21%	22%	29%	16%	17%	14%	14%	33%	16%	29%	27%	24%	31%	<b>36%</b>	22%	16%
Internships	8%	3%	7%	2%	6%	9%	5%	14%	2%	11%	<b>14%</b>	8%	<b>19%</b>	12%	9%	9%
Activities in local schools to promote careers in your sector	17%	12%	18%	6%	12%	12%	11%	7%	30%	30%	<b>31%</b>	14%	<b>37%</b>	<b>31%</b>	20%	18%
Activities in local colleges or universities to promote careers in your sector	16%	8%	19%	3%	10%	7%	12%	3%	30%	24%	<b>31%</b>	15%	<b>39%</b>	<b>24%</b>	19%	19%
None of these	35%	<b>52%</b>	30%	44%	33%	<b>52%</b>	<b>43%</b>	27%	37%	46%	23%	43%	24%	14%	23%	34%
Don't know	2%	1%	1%	4%	4%	0%	2%	0%	3%	0%	1%	0%	0%	2%	2%	2%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	25	18	31	105	61	51	100	56	80

Q38 Figures in bold are significantly greater than average minus the sub group tested

119 Overall, around two-thirds of respondents reported that their establishment plan or hope to offer any of these opportunities (63%). The propensity to plan to do so increases with establishment size and is more likely within multi-site businesses and organisations. Thus, the opportunities for employment and work experience and to gain a perspective on working within a sector are weighted towards larger employers. This is summarised in the table that follows.

**Table 11: Work experience and employment opportunities planned by establishments, by size and number of sites – prompted, multiple response (all respondents)**

	All establishments	2-9 employees	10-24 employees	25-99 employees	100+ employees	Single site	Multi-site
Apprenticeship opportunities for 16-24 year olds	28%	22%	<b>40%</b>	<b>52%</b>	62%	25%	<b>36%</b>
Adult apprenticeship opportunities, for those aged 25 and over	18%	13%	<b>25%</b>	<b>38%</b>	39%	16%	<b>23%</b>
Employment opportunities for young people	38%	29%	<b>55%</b>	<b>68%</b>	73%	34%	<b>48%</b>
Other technical education opportunities	18%	13%	<b>23%</b>	<b>38%</b>	45%	14%	<b>27%</b>
Higher level skills development for staff	33%	25%	<b>44%</b>	<b>60%</b>	78%	27%	<b>46%</b>
Work experience/taster opportunities including virtual	28%	23%	<b>39%</b>	<b>43%</b>	61%	25%	<b>35%</b>
Volunteering	18%	15%	20%	<b>35%</b>	66%	16%	<b>24%</b>
Site visits	21%	17%	23%	<b>45%</b>	49%	17%	<b>31%</b>
Internships	8%	5%	10%	<b>19%</b>	29%	5%	<b>14%</b>
Activities in local schools to promote careers in your sector	17%	12%	21%	<b>42%</b>	46%	14%	<b>26%</b>
Activities in local colleges or universities to promote careers in your sector	16%	11%	17%	<b>42%</b>	37%	12%	<b>25%</b>
None of these	35%	<b>43%</b>	18%	14%	3%	<b>41%</b>	21%
Don't know	2%	2%	2%	1%	2%	1%	4%
<i>Unweighted sample bases</i>	1703	1153	367	158	25	1232	471

Q38 Figures in bold are significantly greater than average minus the sub group tested

## 9 Digital Technology

The COVID-19 pandemic has, as has been noted elsewhere in this report, impacted on working practices. Remote-working has been adopted by many establishments that previously had not offered this as an option for workers, while trading online has been adopted or expanded to compensate for ‘bricks and mortar’ sales that have been lost as a consequence of site closures and reduced customer traffic. ‘Lockdowns’ that have been imposed on the UK population, at various times and in various regions, during which people have been strongly discouraged from non-essential outings, have driven an increase in online sales.

### IT and internet usage

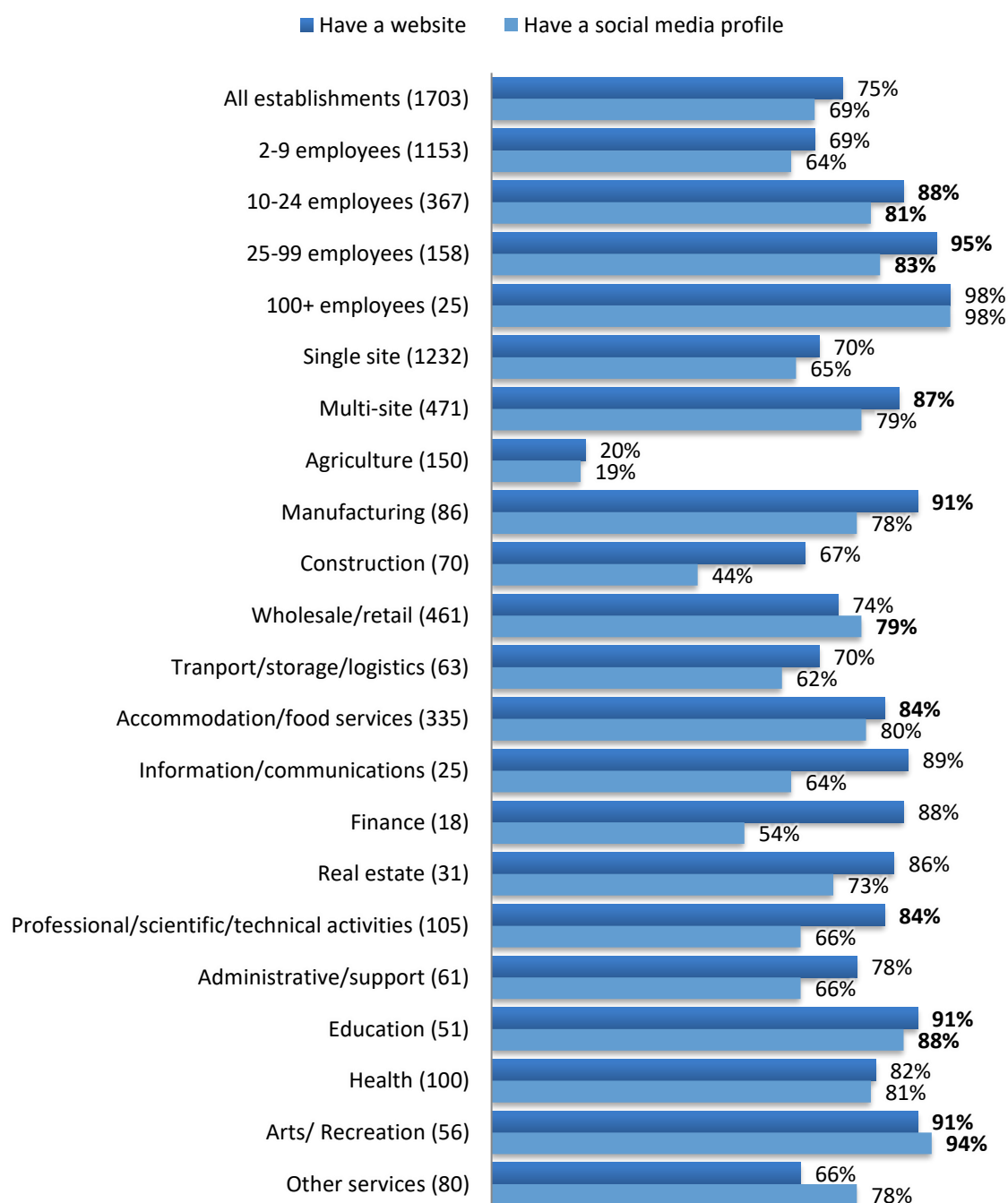
- 120 As a result of the COVID-19 pandemic and the associated restrictions on ‘bricks and mortar’ trading, the trend towards online trading has been accelerated, with many businesses moving to online sales or rapidly expanding their online offer. The last 12 months has seen businesses that have been behind the curve in this respect experiencing extreme financial difficulties, or even failing completely. In 2019 the share of retail sales in the UK that were online was 19%; in 2020 it is expected to be 26%<sup>3</sup>. This survey determined that 75% of employer establishments in Cumbria have a website; while slightly fewer (69%) have a social media profile e.g. on Facebook, LinkedIn or Twitter. Social media as a format for online trading has become increasingly important in the last five years, and within the wholesale/retail sector within Cumbria a higher proportion of establishments have a social media profile than a website (79%, compared with 74%).
- 121 Establishments with fewer than 10 employees and those that are single site establishments are still less likely than average to have either a website and/or a social media profile. Both are nearly universal amongst establishments with 100 or more employees (98% in each case).
- 122 By sector, establishments within construction, transport/storage/logistics and administration/support are less likely than average to have an online presence, while the majority of establishments in other sectors, driven either by their size (larger establishments more likely to have both a website and a social media profile) or by the product or service they offer and the market they serve, have one.
- 123 Establishments serving markets that are further afield – across the UK or overseas – are more likely to have an online presence. Where respondents report that more than 50% of their sales are outside of Cumbria, 83% have a website and 71% have a social media profile. The proportion of those with the majority of their sales within Cumbria with a website is significantly lower at 72%, and slightly lower with regard to a social media profile (69%). Similarly, 89% of exporters have a website, 79% of them have a social media profile; compared with 74% and 68% respectively of non-exporters. This reflects establishment size as well as market reach. Larger establishments are more likely to trade across a wider geographic area.
- 124 Also more likely than average to have an online presence are establishments that reported employment growth in the year leading up to Autumn 2019: 86% have their own website, compared with 73% of establishments not reporting employment growth; 85% have a social media profile, compared with 66%; 74% use Zoom or Teams, compared with 45%. Overall, 97% of establishments that were growing prior to the pandemic have an online presence, compared with 86% of those not reporting growth during that period. Adopting an online presence may

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<sup>3</sup> Source: [statista.com/statistics/315520/online-share-of-retail-sales-in-the-uk/](https://www.statista.com/statistics/315520/online-share-of-retail-sales-in-the-uk/)

be directly associated with growth or it may reflect other establishment characteristics, such as workforce size and the general growth trajectory of the sector in which establishments operate.

**Figure 14: Online presence, by establishment size, number of sites and sector (all respondents)**



Q39 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

125 Having an online presence does not necessarily mean that establishments directly sell their products or services online. For some it is a 'shop window', promoting the business in general and inviting enquiries. A third of establishments with a website or social media profile (32%) provide the facility for ordering and paying for goods or services via either of these platforms. This proportion varies little by establishment size and it is sector that is the predominant factor

in this respect. Around half of wholesale/retail, accommodation/food services, and creative, cultural and digital establishments with a website or social media profile offer this facility (48%, 52% and 49% respectively).

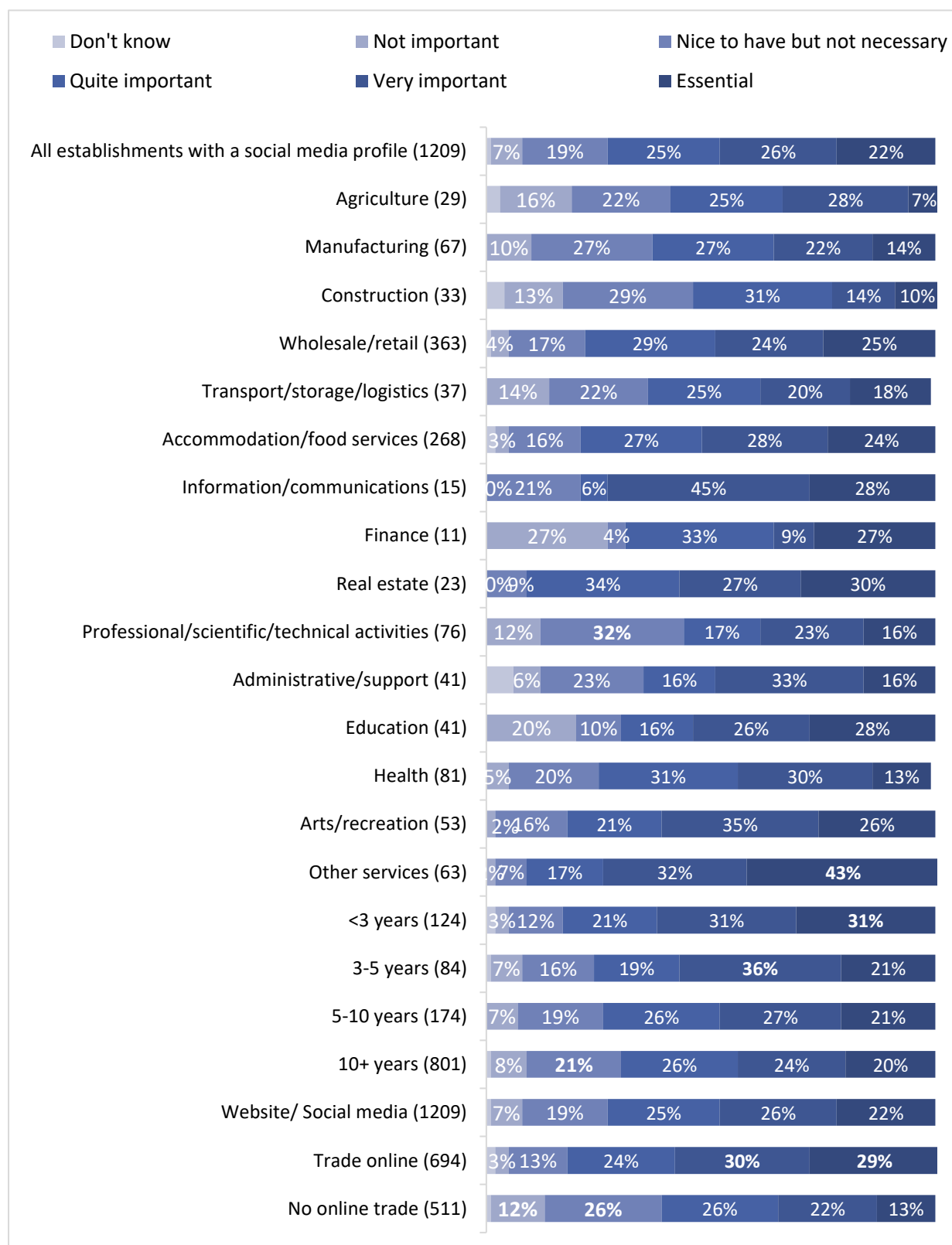
- 126 A slightly higher proportion of establishments with an online presence (36%) offer a facility to make bookings or place orders via their website or social media profile, without payment at the time. This increases to 57% of accommodation/food services establishments, and 44% of wholesale/retail establishments.
- 127 Exporters and establishments trading further afield across the UK that have an online presence are more likely than those that have a more local focus to provide the facility for ordering and paying for goods or services online:
- 49% of exporters, compared with 30% of non-exporters;
  - 40% of establishments with more than 50% of sales outside of Cumbria elsewhere in the UK, compared with 27% of those with the majority of sales in Cumbria.
- 128 In terms of exporters and establishments trading further afield with an online presence enabling customers to make bookings and place orders, there is less of a difference between them and their counterparts that predominantly trade closer to home:
- 36% of both exporters and non-exporters;
  - 39% of establishments with more than 50% of sales outside of Cumbria elsewhere in the UK, compared with 36% of those with the majority of sales in Cumbria.
- 129 Around one in ten respondents whose establishments provide their customers with the facility to order and pay for goods or services directly from their website or via social media report that this facility has been introduced as direct result of the COVID-19 pandemic (9%), with another third (32%) reporting an increase in this facility in response to it.
- 130 The same proportion report that their establishments offer bookings online as a result of the COVID-19 pandemic (9%), with a further quarter (24%) having increased this facility as a result.

## Importance of social media

- 131 Overall, 69% of respondents reported that their establishment has a social media profile. As already mentioned, this proportion increases with establishment size and is higher amongst multi-site than single site establishments. Those established in the last 5 years are significantly more likely than average to have a social media profile (88%, compared with 64% of those established in 10 or more years ago).
- 132 Respondents attach a great deal of importance to social media in terms of their establishment's communications with customers. More than one in five of those whose establishment has a social media profile (22%) consider it essential; with more than one in four further respondents (26%) considering it very important.
- 133 While establishment size is major driver of having a social media profile, it is sector that drives the importance attached to having one. Sectors in which having a profile is most likely to be considered essential include other services (43%) – which includes personal services activities in hair and beauty; real estate (30%); information/communications (28%); education (28%); and finance (27%).
- 134 Respondents that consider a social media profile as a 'nice to have but not essential' account for around one in five of those in an establishment with a social media profile (19%). This proportion is higher than average within professional, scientific, technical activities (32%), construction (29%) and manufacturing (27%).



**Figure 15: Importance of social media to businesses' communications with customers, by sector, years established and whether trade online or not (where have a social media profile)**



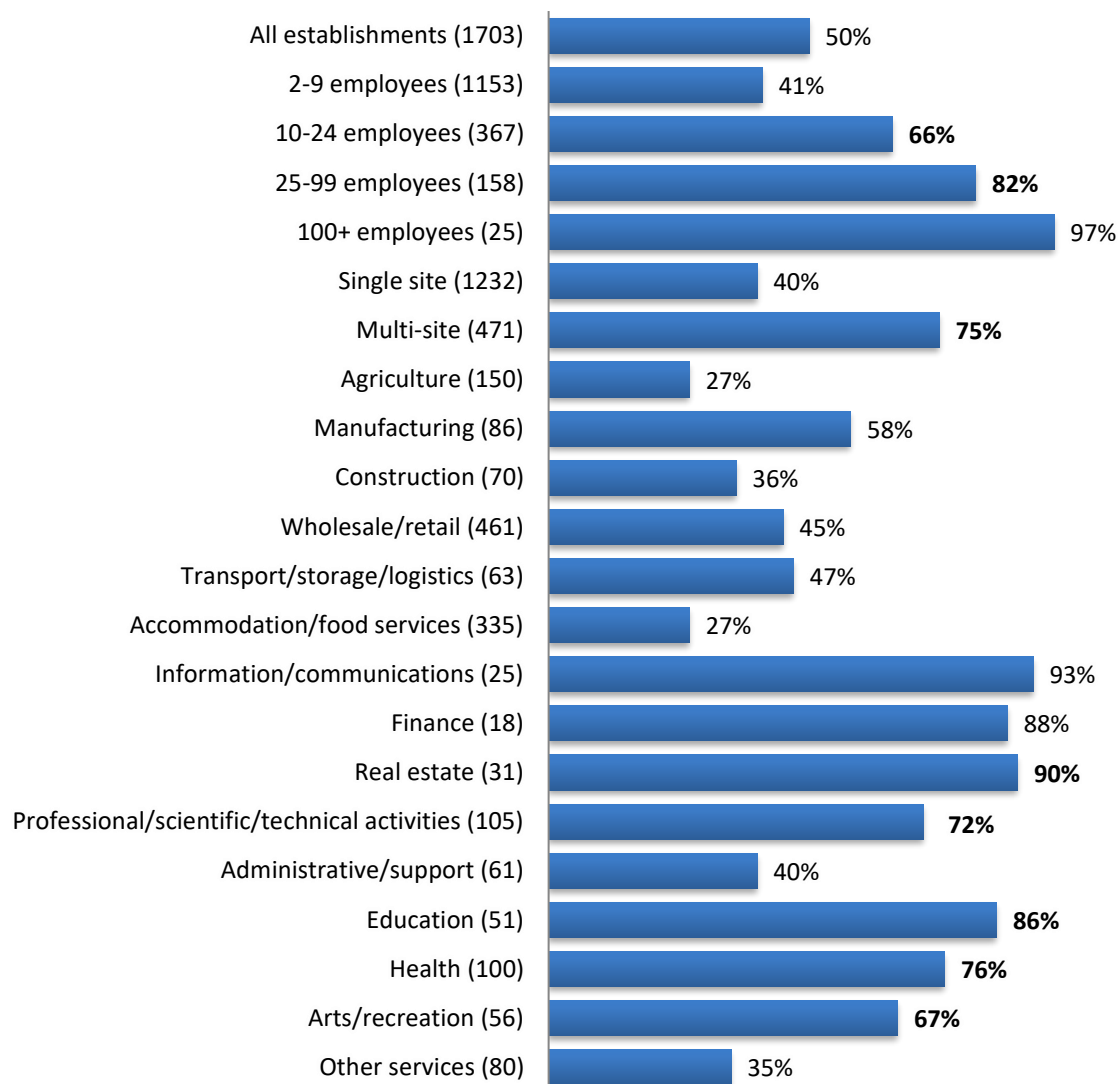
Q44 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

- 135 Not surprisingly, respondents within establishments that do not trade online are significantly less likely than those that do to consider a social media profile merely a 'nice to have' (26%, compared with 13% of those that do trade online) or not important (12%, compared with 3%). However, one in eight respondents whose establishment does not trade online still considers a social media profile to be essential (13%).
- 136 Respondents in younger establishments are more likely than average to consider a social media profile essential/very important (31%/31% of those established for less than 3 years). This may reflect the types of business that are being set up now, compared with more than 10 years ago. They may be businesses that have come into being as a consequence of the digital economy, or it is a case of a new business model more easily building into a digital marketing strategy.

## Zoom or Teams

- 137 With many, generally office, staff forced to work at home as a consequence of the social distancing guidelines to reduce the spread of COVID-19, 'virtual' meetings via Zoom or Teams, or similar, have become an everyday part of working life for many people. Half the respondents (50%) report that their establishment uses these applications for internal and/or external meetings. This proportion increases with establishment size, from 41% within establishments that have between 2 and 9 employees to 66% where there are 10 to 24 employees, 82% where there are 25-99 employees and 97% of establishments with 100 or more employees.
- 138 Use of Zoom or Teams or similar is significantly more common in multi-site than single site establishments (75%, compared with 45%), reflecting the use of these applications for internal meetings across different business sites.
- 139 Respondents within establishments in service sectors dominated by office-based activities (as opposed to service sectors where activities are customer-facing, such as wholesale/retail and accommodation/food services) are more likely than average to use Zoom or Teams or similar. This includes information/communications (93%), real estate (90%) and finance (88%). Establishments in education are also particularly high users (86%).

**Figure 16: Use of Zoom, Teams, or similar, by establishment size, number of sites and sector (all respondents)**



*Q39 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

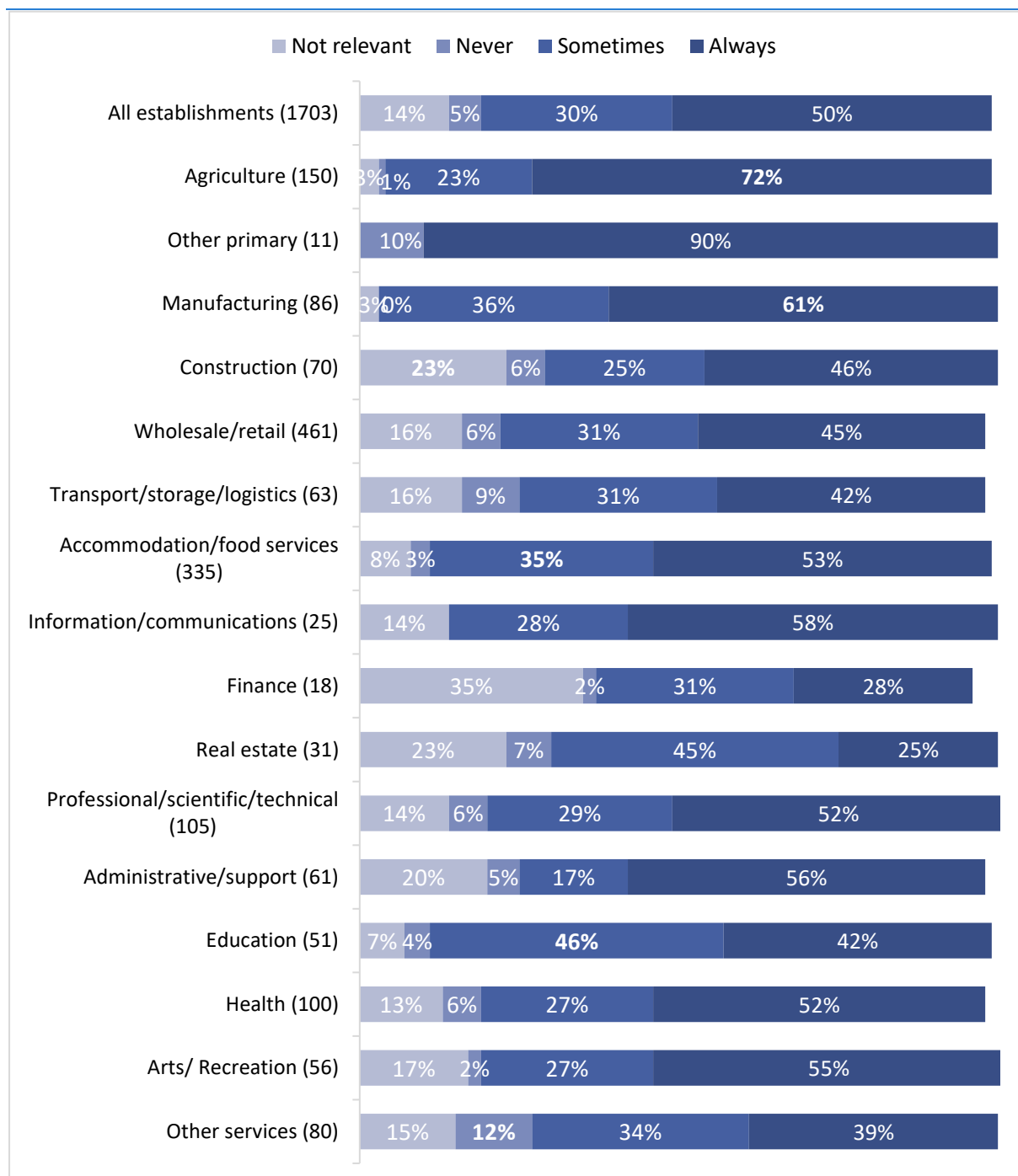
## 10 Low Carbon and Environmental Activities

This chapter examines establishments' attitudes towards environmental issues and explores the actions that establishments in Cumbria have taken to reduce their carbon 'footprint'.

### Environmental awareness

- 140 Respondents were asked about their establishments' attitudes towards environmental issues. Initially they were asked about the extent to which their establishment considers the environmental implications of decisions it makes.
- 141 Eighty per cent of respondents reported that their establishment considers the environmental implications of decisions sometimes (30%) or always (50%). Of the remainder, most (14% of all respondents) deemed environmental concerns to be irrelevant to decisions made, with a minority (5% of all respondents) reporting that environmental implications are never considered (1% refusing to answer).
- 142 Responses varied little by establishment size, but there is some variation by sector, with a higher proportion than average of respondents within the sectors of finance, real estate and construction considering environmental implications irrelevant to decisions made within the establishment (35%, 23% and 23% respectively). A higher proportion than average of respondents within other services (12%) and transport, storage and logistics (9%) reported that their establishments never consider the environmental implications of decisions.
- 143 For most there is a varying balance between sometimes considering the environmental implications, and always considering them. The balance swings more in favour of always within agriculture (72%) and other primary industries (90%) and, to a lesser extent, manufacturing (61%). Sectors in which the balance is more towards establishments sometimes considering the environmental implications of decisions include real estate (45% versus 25% always), education (46% v 42%) and finance (31% v 28%).

**Figure 17: Extent to which establishments consider the environmental implications of decisions, by sector (all respondents)**

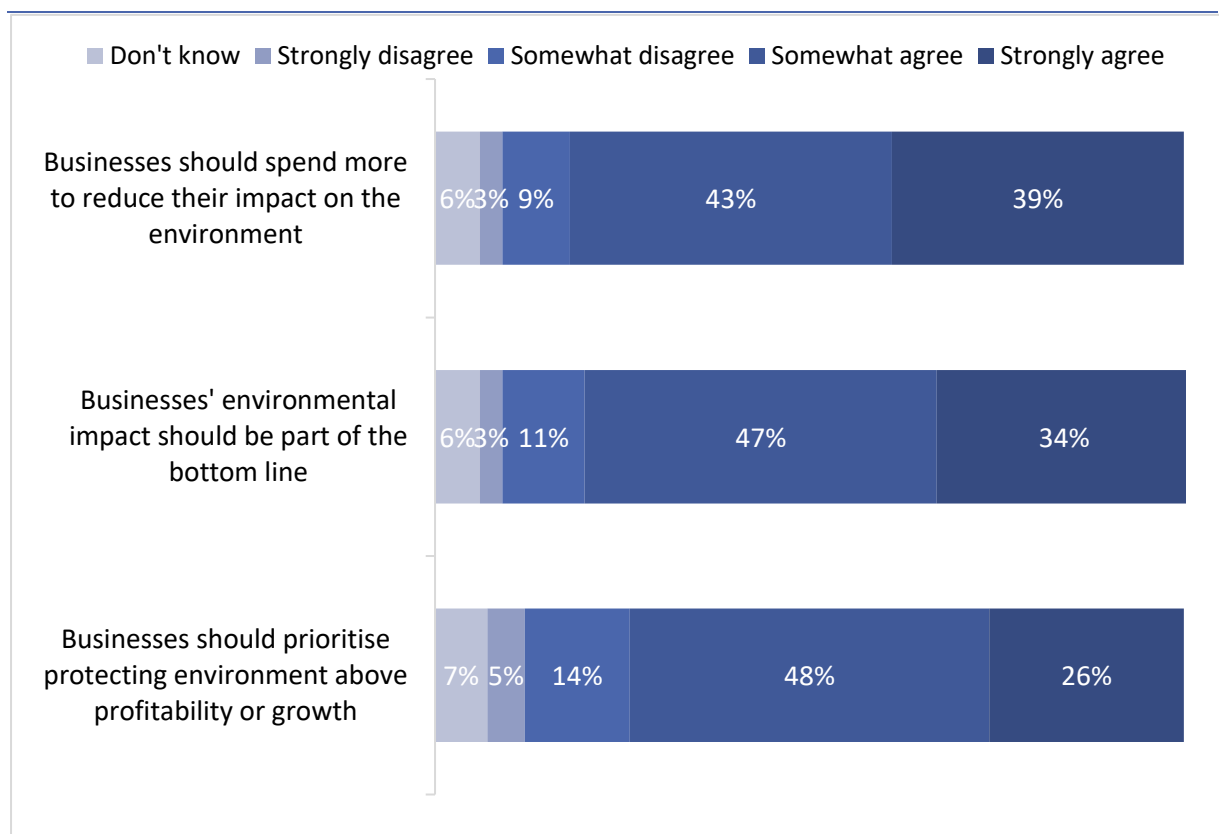


*Q46 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

144 Respondents were then asked about their establishments' attitudes to environmental issues. Whether they agreed or disagreed that their establishments were of the opinion that they should spend more to reduce their impact on the environment; if their environmental impact should be part of the 'bottom line'; and if their business feels it should prioritise protecting the environment above profitability or growth.

- 145 Overall, there is a high level of agreement with each of these statements. However, this is slightly lower with regard to businesses prioritising protecting the environment above profitability or growth: 74% agree, compared with 80% that agree that businesses’ environmental impact should be part of the bottom line and 82% that agree that businesses should spend more to reduce their impact on the environment.
- 146 Fewer than one in five disagree that these statements reflect their establishment’s point of view, with the proportion that do highest with regard to businesses prioritising protecting the environment above profitability or growth (19%), compared with 14% that disagree that businesses’ environmental impact should be part of the bottom line and 12% that disagree that businesses’ should spend more to reduce their impact on the environment.

**Figure 18: Extent to which respondents agree or disagree that statements about their business’s attitude to environmental issues reflect their business’s point of view (all respondents)**

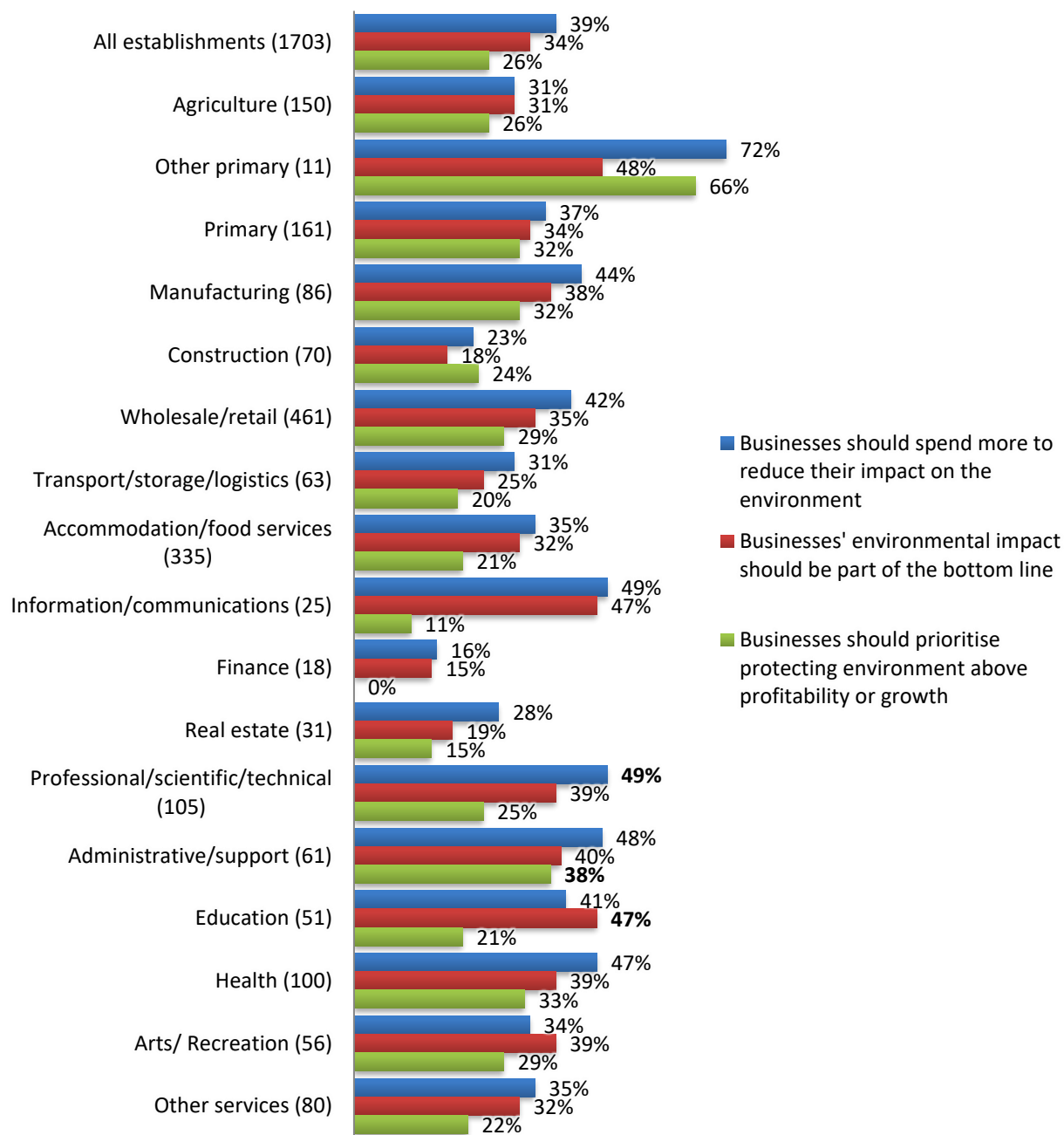


Q47 Unweighted sample base = 1703

- 147 The views of respondents across the different industry sectors reflect views previously expressed about the extent to which their establishments consider environmental implications in decision-making. Clearly, the environment is a higher priority in some sectors than others and environmental concerns are not always considered relevant to business activities. There are lower levels of agreement; higher levels of disagreement, with the statements, businesses’ environmental impact should be part of the bottom line, and businesses should prioritise protecting the environment above profitability or growth, within transport, storage, logistics; finance; real estate. Accommodation/food services establishments are also less likely than average to agree that businesses should prioritise protecting the environment above profitability or growth. However, there is much less variation across industry sectors with regard to the statement that businesses should spend more to reduce their impact on the environment.

148 The figure that follows focuses on the proportion of respondents that strongly agree that each of the statements reflects their establishment’s point of view. This more effectively identifies the sectors in which there is greater than average support for environmental concerns.

**Figure 19: Proportion of respondents that strongly agree with statements about their establishment’s attitude to environmental issues, by sector (all respondents)**



Q47 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

## Energy saving measures undertaken

- 149 Seven in ten respondents (70%) reported that their establishment had taken steps to minimise its environmental impact over the past year. This included having undertaken energy saving measures, measures to reduce carbon emissions, and/or introducing more efficient machinery.
- 150 This proportion increases gradually with establishment size to 90% of those with 100 or more employees, and is higher within multi-site organisations than in single site establishments (74%, compared with 68%).
- 151 Establishment size appears to be the main determining factor for this activity, most probably reflecting the higher level of energy consumption (and costs) of larger establishments. There is a greater financial incentive for these establishments to take action as increasing efficiency, and introducing energy saving measures will ultimately reduce the size of energy bills.
- 152 There is some correlation suggested between taking action to minimise environment impact and business growth (as defined by changes to the size of the workforce), propensity to innovate, and have an online presence. However, these factors are also associated with larger establishments. It highlights a gap between micro/small, mainly single site establishments that are happy to stay as they are and are slow to change, and larger establishments that are active in a number of areas which overlap each other to some extent; activity in one area potentially inspiring or benefiting activity in another.
- 153 Thus, to summarise, the proportion of establishments that have been active in other areas that taken any steps to minimise their environmental impact in the last year are as follows:
- Innovators (in the last 3 years), 80%; those planning innovation, 78%; non-innovators, 58%
  - Trade online, 77%; do not trade online, 66%
  - Experienced growth in workforce in the year up to Autumn 2019, 79%; did not experience workforce growth, 68%.



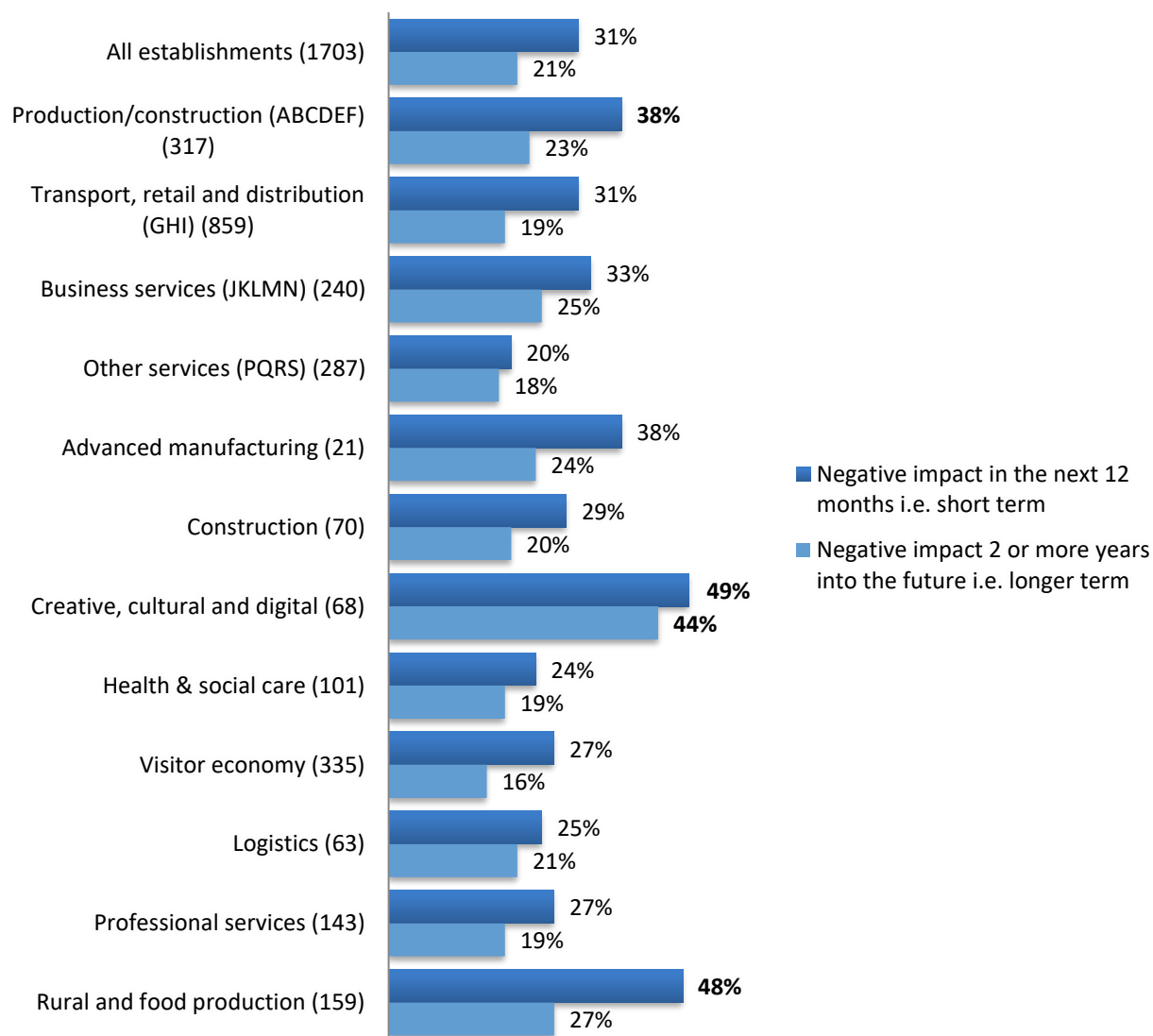
## 11 The UK's Exit from the EU

The UK's exit from the EU is a significant event and, at the time the survey was conducted, the shape of the UK's ongoing relationship with the EU was unclear. This chapter examines the anticipated impact of 'Brexit', as it is widely known. To some extent events have overtaken some of these findings and the views of establishments reported here will be of interest mainly as a point of reference for assessing how the reality has measured up against expectations. It is too early for this assessment at the time of writing.

### Anticipated impact of the UK's exit from the EU

- 154 At the time at which the survey was conducted the transition period - the period between the end of the UK's membership of the European Union, and the end of interim, transitional arrangements - was still in force, with the transition end date of 31 December 2020 looming. Negotiations regarding the shape of the relationship between the UK and the EU following this end date were still ongoing and it was not certain that any agreement would be in place by the end of 2020.
- 155 Thus, expectations regarding the impact of the UK's exit from the EU were, at the time, likely to be based on a fair amount of uncertainty. Respondents were asked about the short term (in the next 12 months) and the longer term (2 or more years into the future). Expectations of the impact tend to move in a more positive direction over time, with 31% of all respondents expecting a negative impact in the short term, decreasing to 21% in the longer term.
- 156 Around two-fifths of all respondents expect a neutral impact; neither negative nor positive (46% in the short term; 42% in the longer term). Although this proportion is lower amongst significant exporters to the EU (36% and 32% respectively of those for whom EU markets account for more than a quarter of turnover), it still suggests that one in three EU exporters do not anticipate any real impact, either positive or negative. Where some impact is expected in the short term amongst EU exporters, it is likely to be negative (49%, compared with 10% that expect a positive impact). This compares with 30% and 10% respectively of non-exporters.
- 157 Over the longer term, the differences in perspectives between exporters to the EU and non-exporters narrow, with 36% of EU exporters anticipating a negative impact, compared with 20% of non-exporters.
- 158 In terms of differences in perspectives by sector, the most significant variations are across priority sectors, with those respondents representing establishments involved in creative, cultural and digital activities most likely to expect the UK's exit from the EU to have a negative impact in both the short term (49%) and the longer term (44%). Respondents in establishments in rural and food production are significantly more likely than average to expect there to be a negative impact in the short term (48% - 20% expecting a largely negative impact), and the proportion is also higher than average amongst respondents within advanced manufacturing (38%). Longer term, respondents in these two priority sectors are more optimistic, with just 27% of those in rural and food production and 24% of those in advanced manufacturing expecting the UK's exit from the EU to have a negative impact in two or more years' time.

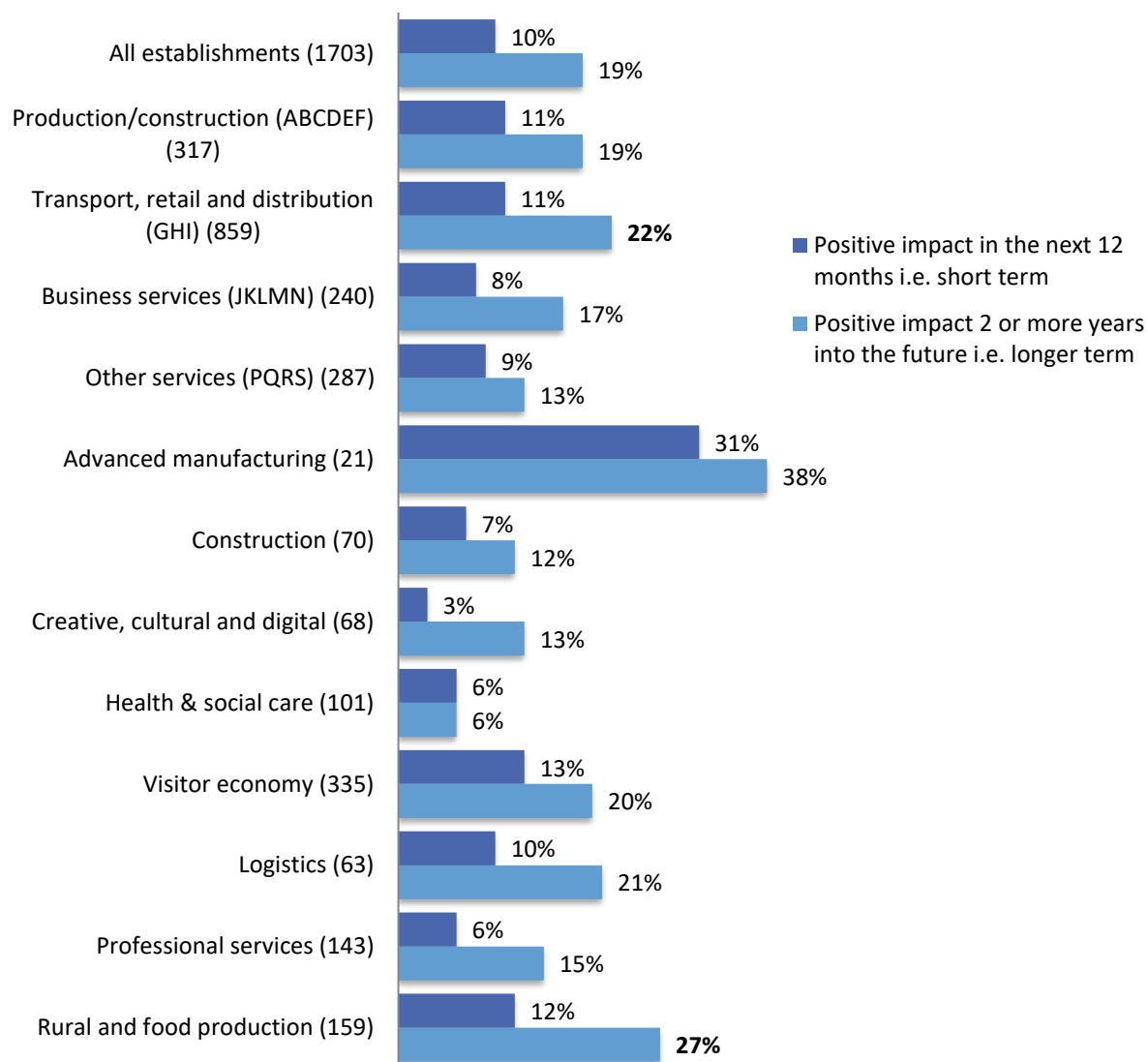
**Figure 20: Proportion of respondents that expect the UK's exit from the EU to have a negative impact on their business, by grouped and priority sector (all respondents)**



*Q49 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

159 The swing towards more positive expectations over the next couple of years is as evident in the following figure as the swing away from a negative perspective is the previous one.

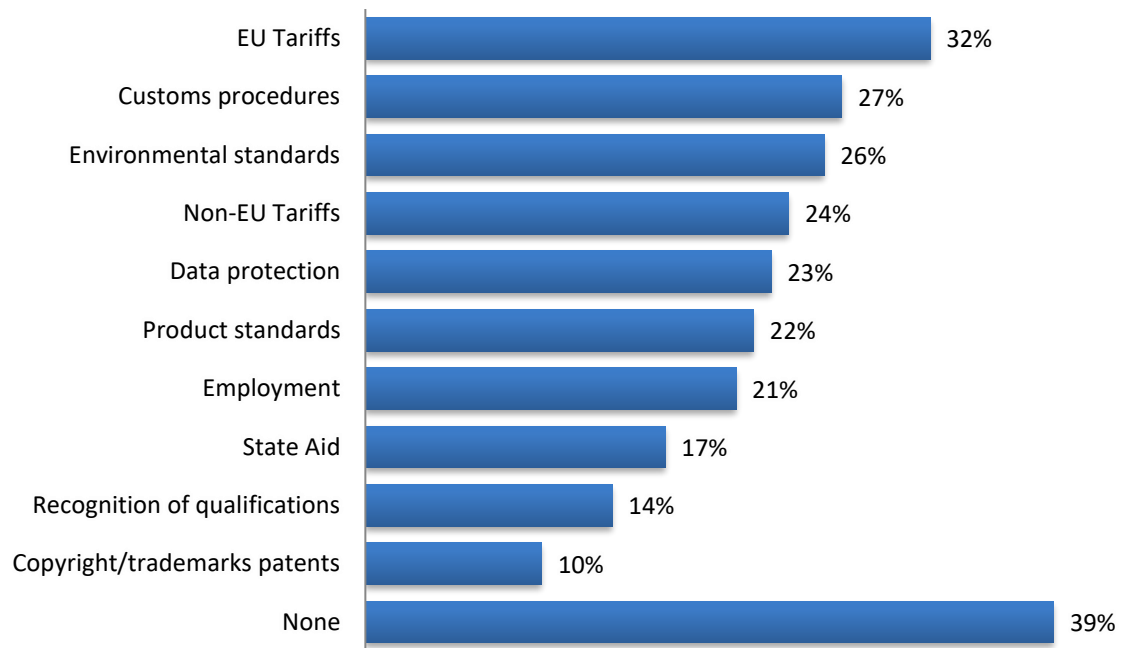
**Figure 21: Proportion of respondents that expect the UK's exit from the EU to have a positive impact on their business, by grouped and priority sector (all respondents)**



*Q49 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

160 When presented with a list of areas in which potential changes arising from the UK's exit from the EU is likely impact on businesses (remembering that this was prior to a departure deal being agreed), respondents were most likely to highlight regulatory changes (35%) and EU tariffs (32%). In aggregate (taking issues of a similar nature together), 36% of all respondents mentioned tariffs (either or both of EU and non-EU tariffs) and 34% mentioned standards (product and/or environmental standards).

**Figure 22: Areas in which potential changes are expected to have an impact on sales, supply chains and costs (all respondents)**



Q50 Unweighted sample base = 1703

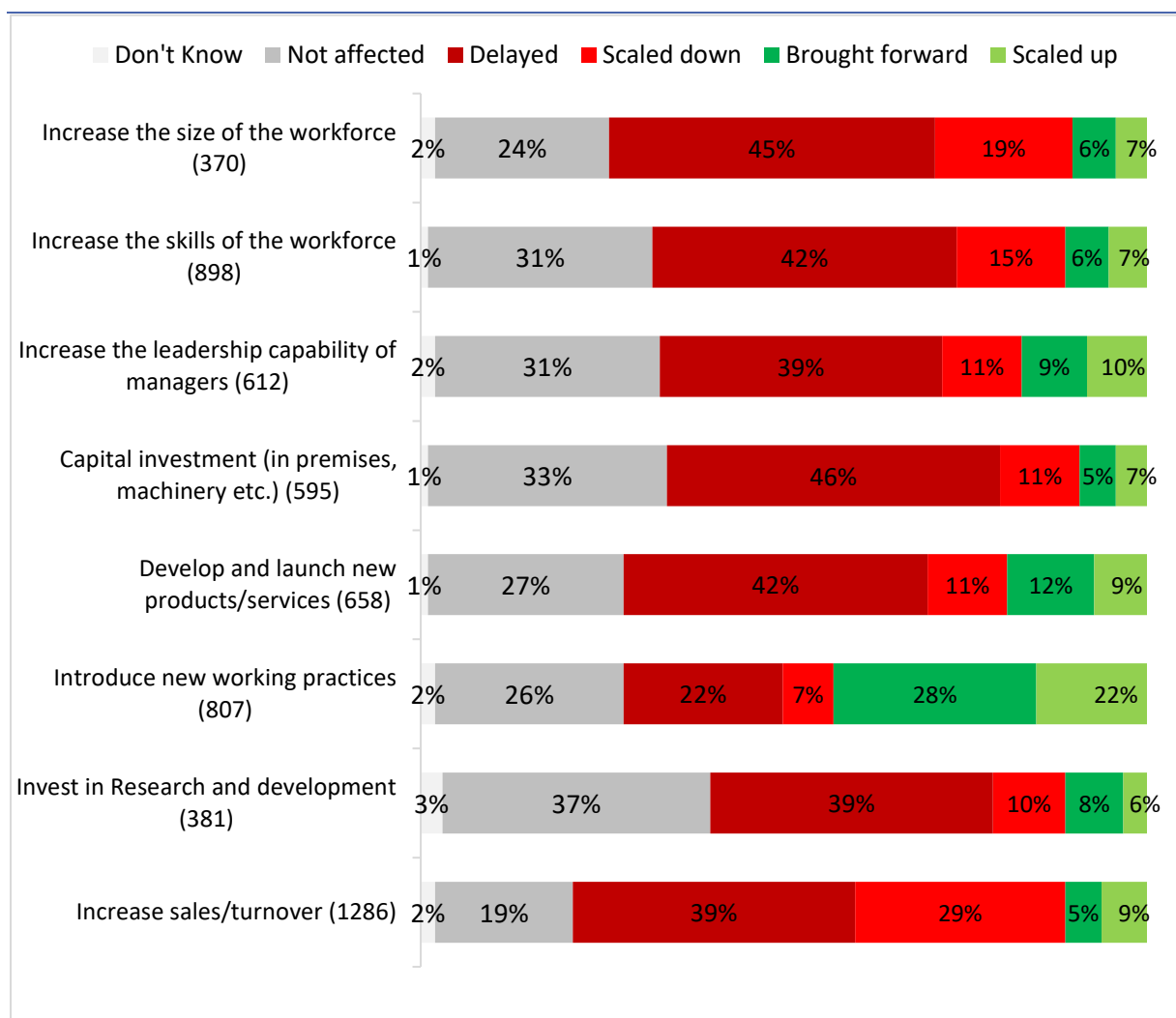
## 12 COVID-19

This chapter summarises the impact of, and responses to, the COVID-19 pandemic and the associated social distancing and trading restrictions that were in place from March 2020 onwards and to varying degrees through the survey period. The timeline of the pandemic and the government support measures that were provided to individuals and businesses to mitigate the negative economic impacts are detailed in the Appendix to this report.

### The pandemic's impact on plans

- 161 Prior to the pandemic, one in six establishments (16%) reported an increase in direct employment between Autumn 2018 and Autumn 2019; while indirect employment (employment of agency staff or contract workers for example) had increased in 7% of employer establishments. A third of respondents (35%) reported an increase in their establishment's sales turnover/trading, during this period.
- 162 The COVID-19 pandemic will have curtailed much of this growth, with restrictions on social interaction, movement and trading resulting in a reduction in sales at 'bricks and mortar' outlets or reduction in production due to social distancing requirements, and some businesses temporarily closing due to government guidelines. However, when asked about plans for the next 12 months, three-quarters of respondents (74%) reported that their establishments plan to increase sales/turnover; to reverse their 2020 misfortune.
- 163 Nearly half the respondents (46%) reported that their establishment is planning to introduce new working practices in the next 12 months, and this suggests some lasting impact from operational and behavioural changes during the COVID-19 pandemic.
- 164 Two-fifths of respondents reporting plans within their establishments cited delays in the implementation of planned activity as a result of the COVID-19 pandemic. Plans to introduce new working practices are less likely to have been negatively impacted (around a fifth of cases) than other plans. For between around one in eight and around one in five employer establishments, the pandemic has led to plans being brought forward or scaled up and this increases to half of employer establishments that plan to introduce new working practices. Either these new working practices were genuinely planned prior to the COVID-19 pandemic and have then fitted in with the pandemic environment, or they have grown out of the need to do things differently as a result of the pandemic.

**Figure 23: How plans have been affected by the COVID-19 pandemic (where activities are planned)**

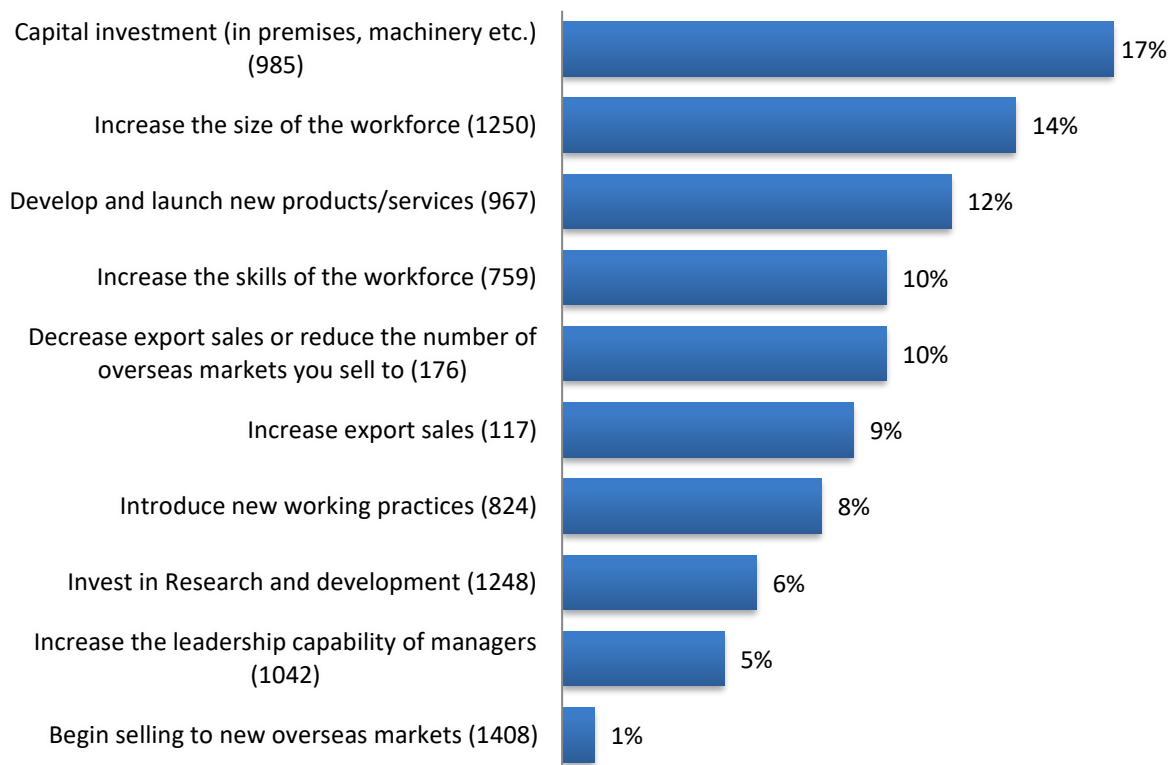


Q20 Unweighted sample bases in parentheses

- 165 More than a third of respondents (38%) reported that their establishment had plans prior to the COVID-19 pandemic that it subsequently decided not to go ahead with or decided to postpone. This is where plans had not got off the starting block, or were completely shelved for the time being.
- 166 The proportion of establishments that cancelled or postponed plans is significantly higher than average within the arts and recreation (57%), education (54%), other services (51%) and accommodation/food services (50%) sectors. By markets served, it is highest amongst those serving tourists (46%). Furthermore, cancelled or postponed plans were more in evidence within establishments that had previously experienced growth (51%) than not (35%), and higher than average where there were expectations of seeking business support in the next 12 months (54%).
- 167 As proportions of establishments that reported no plans in the different areas of business activity, those that cancelled or postponed planned activity were in the minority. One in seven of those with no plans to increase the size of their workforce had cancelled or postponed plans in this respect as a result of the pandemic (14%), while the incidence of cancelled or postponed plans with regard to capital investment was slightly higher (17%). Slightly fewer cancelled or

postponed plans to develop and launch new products or services (12%). The figure that follows summarises the extent to which the pandemic has negatively impacted plans in these areas.

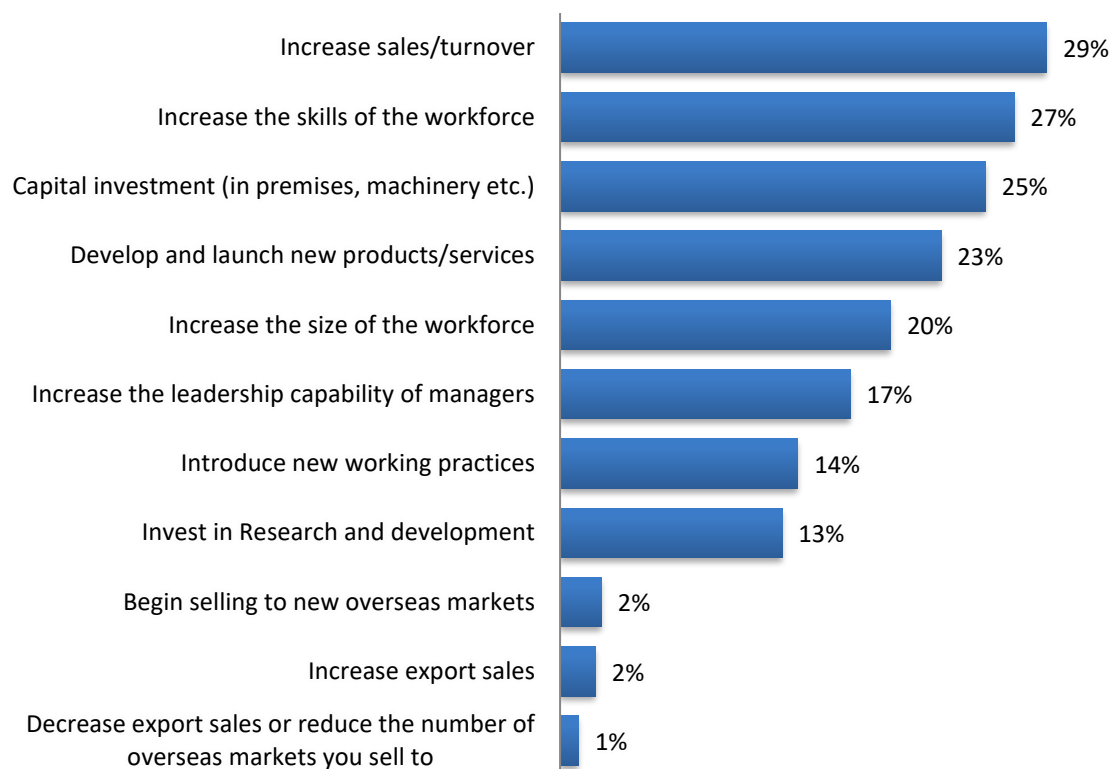
**Figure 24: Plans cancelled or postponed as a result of the COVID-19 pandemic (where no plans for each aspect)**



Q22 Unweighted sample bases in parentheses

168 Overall, around a quarter of all establishments delayed planned activity, or reported having cancelled or postponed planned activity to the extent that it was no longer foreseen in the next year in a number of areas, including increasing sales/turnover (29%), increasing the skills of the workforce (27%), capital investment (25%) and developing and launching new products or services (23%). The aggregated figures for each activity are presented in the figure that follows:

**Figure 25: Planned activity delayed, and activities cancelled or postponed as a result of the COVID-19 pandemic (all respondents)**



Q20/Q22 Unweighted sample base = 1703

- 169 Focusing on establishments' plans with regard to exporting, which only concerns a minority (10% of all establishments export), more than a third of exporters have plans to increase export sales (37%), while just 4% have plans to reduce sales to overseas markets. Among non-exporters, just 4% have plans to begin selling to new overseas markets.
- 170 Of those exporters planning to increase export sales, 41% have delayed these plans due to the pandemic, with a further 20% scaling their plans down. More positively, 10% have brought forward these plans, with 2% scaling them up. It is a similar picture amongst non-exporters in terms of plans to begin selling in overseas markets. Of these 40% have delayed their plans; 10% have scaled their plans down, while 7% have brought their plans to begin exporting forward and 5% have scaled their plans up.
- 171 A further 9% of exporters cancelled or postponed plans to increase export sales as a result of the pandemic, meaning that of all exporters, 20% have delayed or cancelled plans to increase their level of exports since the beginning of 2020.
- 172 While 2% of non-exporters have delayed plans to begin selling to new overseas markets, a further 1% of non-exporters cancelled or postponed such plans altogether. This suggests that, 3% of all non-exporters have delayed or cancelled plans to begin exporting as a result of the pandemic.
- 173 Overall, taking both exporters and non-exporters together to obtain a view on how plans with regard to exporting have been affected by the pandemic, 5% of all establishments have delayed or cancelled plans with regard to exporting as a result of the pandemic.

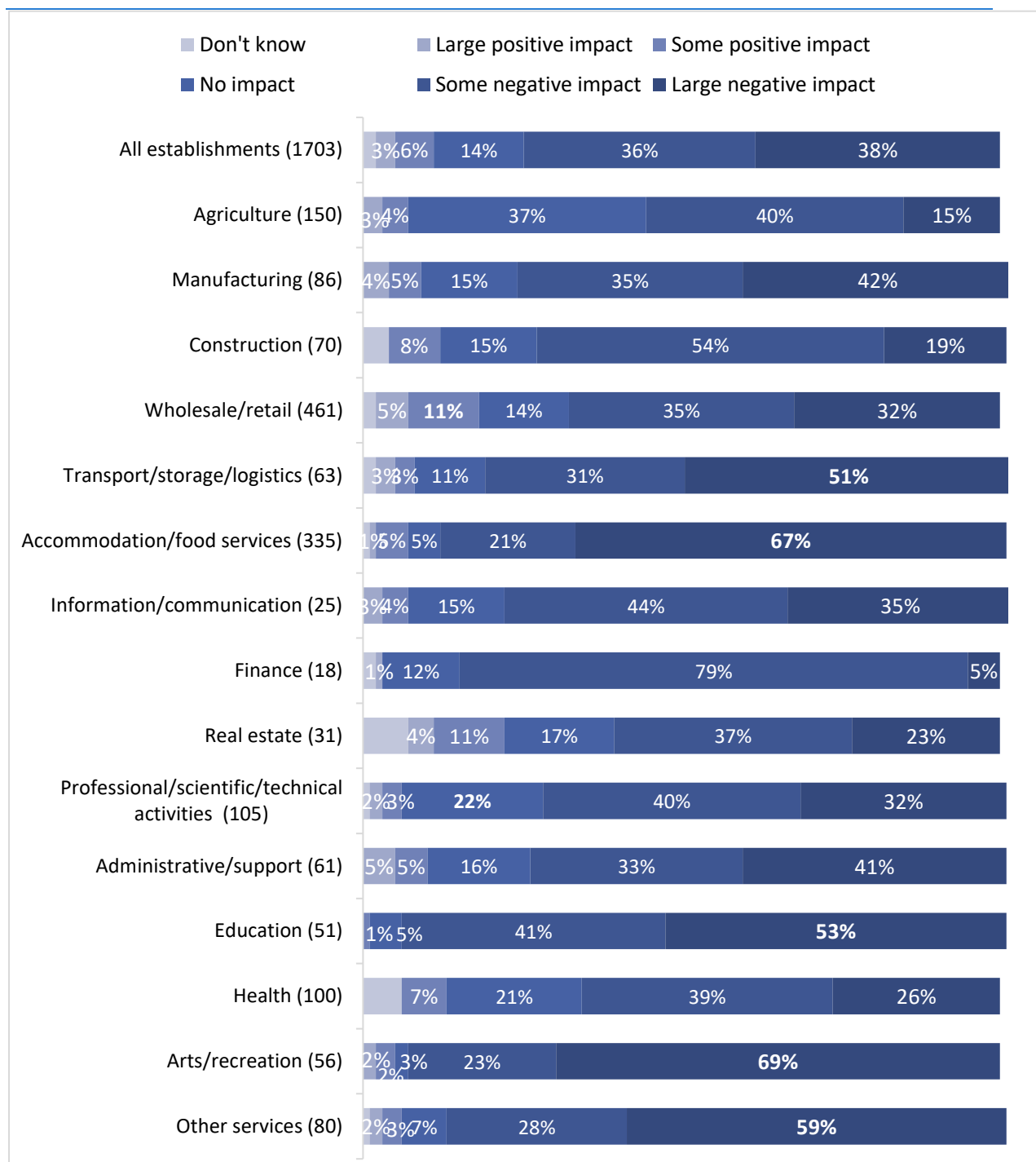


- 174 In summary, 71% of all establishments have had plans negatively affected by the COVID-19 pandemic. This increases to 87% of establishments with 25 or more employees, and is highest within the sectors of education (89%), information and communication (86%), other services (81%), and creative, cultural and digital activities (81%).

### **Financial impact of the pandemic**

- 175 When asked directly about the financial impact of the pandemic and its associated social and trading restrictions, the majority of respondents reported that their establishments have been negatively impacted (75%; 38% reporting a large negative impact; 36% reporting some). The detrimental effect of the pandemic has been widely felt, with only a minority (9%) reporting some positive impact.
- 176 Positive financial impacts do not appear to be focused in any particular sectors, but are likely to revolve around increased demand for certain products or services and, perhaps, a growth in online sales or ordering and/or a move towards buying locally. Since the negative financial impact has been so widespread, the analysis of where it has been particularly felt will focus on where it has been very significant, i.e. a large negative impact.
- 177 The sectors most heavily impacted – as generally reported by respondents - include arts and recreation (69% stating a large negative impact - creative, cultural and digital, 56%), accommodation/food services (visitor economy) (67%); education (53%), and transport, storage and logistics (51%).

**Figure 26: Extent to which establishments have been financially impacted by the pandemic and associated social and trading restrictions, by sector (all respondents)**



Q51 Unweighted sample bases in parentheses Don't know %s not shown for purposes of clear presentation Figures in bold are significantly greater than average minus the sub group tested

## COVID-19 as a barrier to business success

178 The list of potential barriers to business performance and efficiency that respondents were asked to consider as significant to their establishment included a number of aspects relating to the COVID-19 pandemic. COVID-19-related issues, as one would expect, feature strongly with regard to barriers and concerns for establishments, with more than nine in ten respondents (93%) in aggregate mentioning an aspect relating to the pandemic as a barrier or concern for their establishment. Uncertainty with regard to forward planning related to the pandemic was most frequently mentioned of these (72%), followed by trading restrictions related to physical/social distancing as a result of the COVID-19 pandemic (67%) and a fall in demand for products/services (64%).

179 The wide range of 'other' factors – spontaneously mentioned - impacting on business performance and efficiency related to the COVID-19 pandemic are as follows:

General uncertainty	12%
Not having enough staff/recruitment difficulties	8%
Inability to continue trading/business closure	7%
Travel restrictions incl. being quarantined	7%
Additional costs involved	6%
Health concerns/staff being off work sick inc. mental health issues	6%
Inability to access the workplace/having to work from home	6%
Lack of access to funding/investment	5%
Loss of income/turnover/profits	5%
Effect on our customers will have a knock-on effect	5%
Lack of market/public confidence	4%
Having to furlough staff/staff redundancies	3%
Having to meet changing government policies/guidelines/rules	3%
Lack of clear advice/guidelines/information	3%
Cancellations of events/bookings	2%
Extra workload involved incl. more paperwork	2%
Difficulties in training staff	1%
Effect on the economy	1%
Lack of business support	1%

180 Focusing on the challenges faced as a consequence of the COVID-19 pandemic, and examining barriers and concerns by industry sector; accommodation/food services establishments have been hit hard by trading restrictions related to physical/social distancing requirements (83%) and uncertainty with regard to forward planning (83%). Fall in demand cited by 81% of these establishments is less a reflection of fewer people wanting the services they offer than it is of fewer people being able to partake of them. Numbers of customers have been limited by physical/social distancing requirements when establishments are open, with establishments unable to open at all due to government-imposed restrictions on trading for much of 2020.

181 Arts and recreation sector establishments highlight a similar experience to those within the accommodation/food services sector, with 89% citing trading restrictions as a barrier to their business' performance and efficiency, 83% citing a fall in demand (again this is somewhat artificial as it is the consequence of trading restrictions rather than an actual decline in the demand for services) and 82% of respondents in these establishments facing uncertainty with regard to forward planning as a result of the pandemic.

182 The construction sector has been relatively hard hit by supply chain issues/accessing materials, goods or services as a result of the pandemic (79%). The wholesale/retail sector is also more likely than average to cite this (70%), with manufacturing establishments only slightly less likely to do so (68%).

183 Sectors more likely than average to be experiencing problems with forward planning as a result of uncertainty with regard to the COVID-19 pandemic include the information/communications sector (78%), transport/storage/logistics (77%) and manufacturing (76%).

**Table 12: Barriers and concerns relating to the COVID-19 pandemic, by sector – prompted, multiple response (all respondents)**

	All establishments	Agriculture (A)	Manufacturing (C)	Construction (F)	Wholesale/ Retail (G)	Transport/ Storage (H)	Accommodation/ Food services (I)	Business services (JKLMN)	Education (P)	Health services (Q)	Arts & recreation (R)	Other services (S)
Trading restrictions related to physical/social distancing as a result of the COVID-19 pandemic	67%	43%	58%	59%	67%	61%	<b>83%</b>	60%	67%	<b>79%</b>	<b>89%</b>	<b>82%</b>
Fall in demand as a result of the COVID-19 pandemic	64%	40%	67%	48%	61%	<b>76%</b>	<b>81%</b>	64%	70%	50%	<b>83%</b>	<b>84%</b>
Supply chain issues/accessing materials/goods/services resulting from the COVID-19 pandemic	57%	52%	<b>68%</b>	<b>79%</b>	<b>70%</b>	37%	50%	46%	51%	58%	48%	45%
Uncertainty with regard to forward planning related to the COVID-19 pandemic	72%	56%	76%	67%	67%	77%	<b>83%</b>	70%	76%	73%	82%	78%
Other factors arising from the COVID-19 pandemic	26%	18%	27%	19%	23%	22%	<b>34%</b>	26%	30%	31%	25%	27%
<i>Summary: COVID-19-related barriers and concerns</i>	93%	78%	94%	93%	92%	94%	<b>97%</b>	92%	91%	97%	97%	95%
<i>Unweighted sample bases</i>	1703	150	86	70	461	63	335	240	51	100	56	80

Q23 Figures in bold are significantly greater than average minus the sub group tested

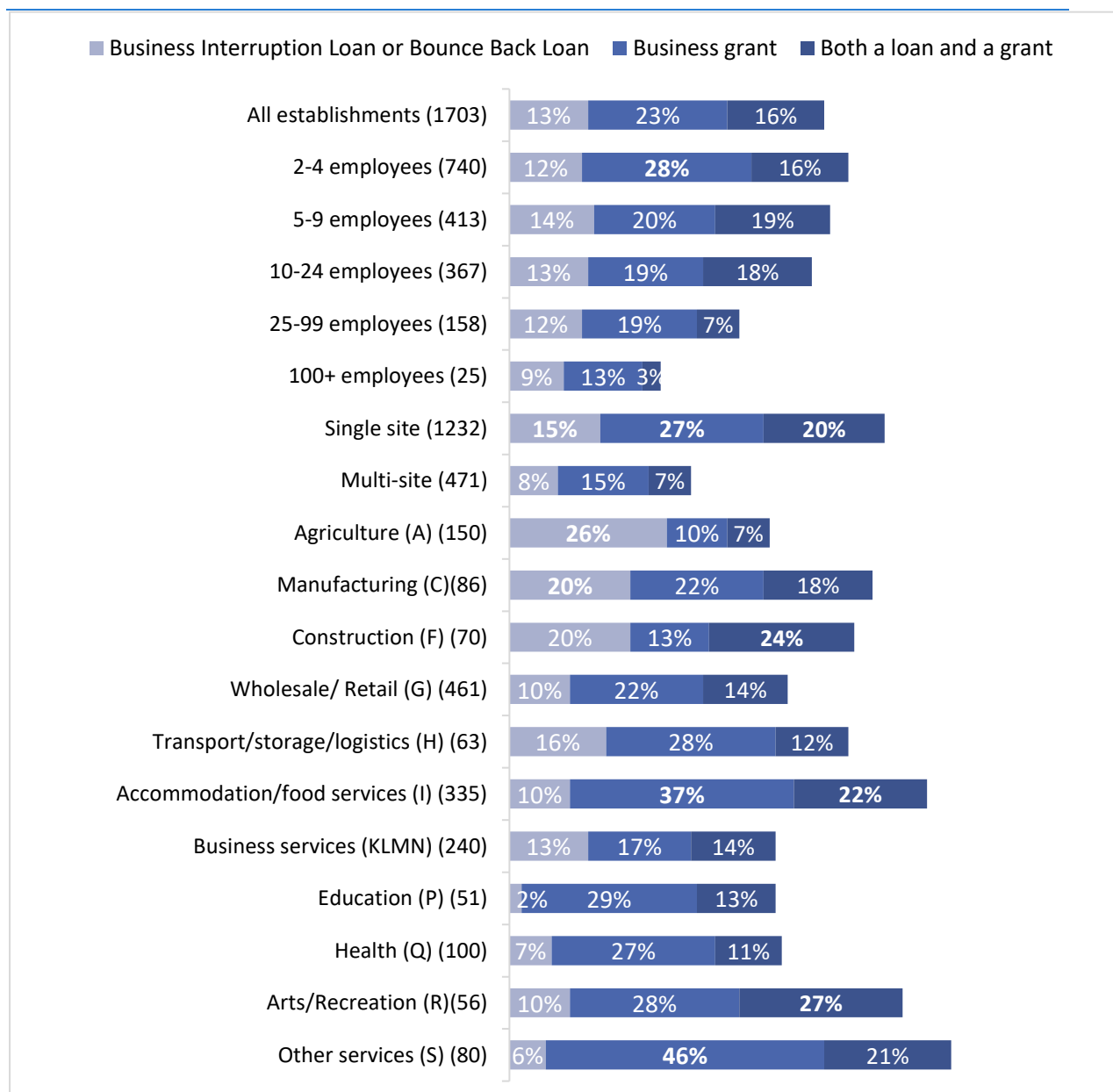
## COVID-19 related finance

184 Around half of all establishments (52%) had applied for COVID-19 related finance: a Coronavirus - COVID-19 Government-backed accredited loan or finance agreement such as a Coronavirus Business Interruption Loan or Bounce Back Loan or a Coronavirus – COVID-19 business grant funded by government or a local authority.

185 Twenty-nine per cent of respondents reported that their establishment had applied for a loan and 39% had applied for a grant, with 16% of all establishments having applied for both.

186 The propensity to have applied for COVID-19 government/local authority backed finance decreases as establishment size increases, suggesting that the pandemic and its associated impact put disproportionately more pressure on smaller than large establishments, although this may also reflect the fact that larger establishments did not have the same level of access to grants as smaller establishments and had to borrow, perhaps then sourcing financial support from elsewhere. This is further underlined by the fact that 62% of single site establishments applied for this financial support, compared with 30% of establishments that were part of a multi-site organisation. The figure below summarises these variations, as well as sector differences, in take up of COVID-19 related finance.

**Figure 27: Proportion of establishments that applied for COVID-19-related government or local authority backed loans or grants (all respondents)**



Q26 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

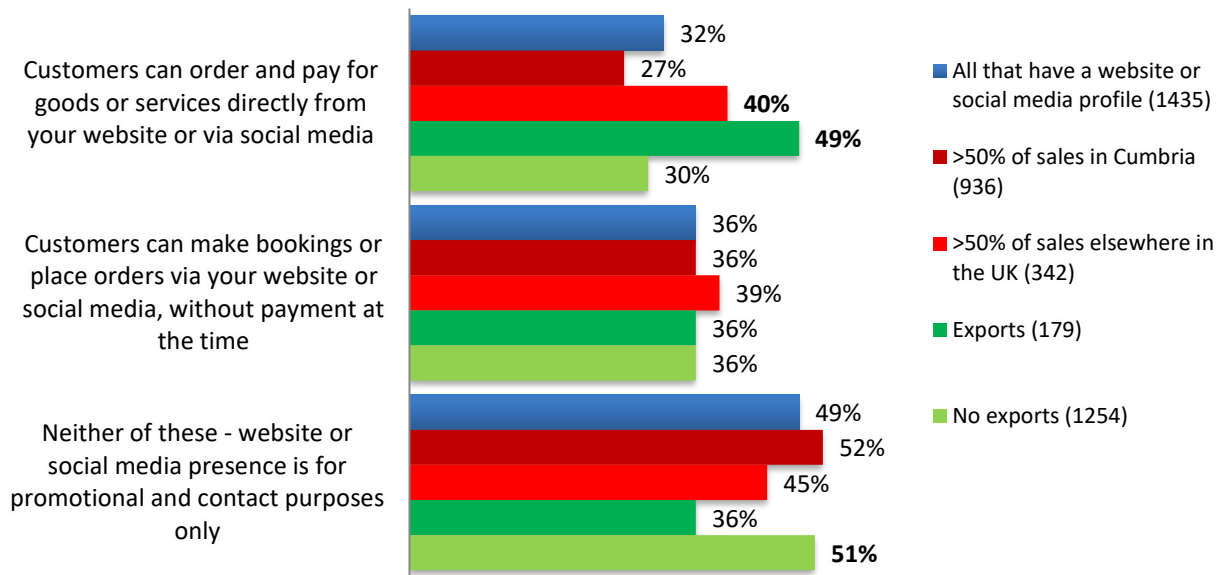
- 187 A key factor with regard to whether or not establishments were in need of support through the pandemic is likely to have been the extent of reserves held by them, particularly as there were a range of other supportive measures available to enable establishments to reduce their outgoings while operating at reduced capacity or while temporarily closed for trading. Many establishments were able to take advantage of the Staff Retention (furlough) Scheme to reduce their payroll expenses, while business rates holidays, deferrals for tax and VAT payments and other credit-related payment breaks were available. Some smaller businesses, however, may have had less flexibility with regard to staff, with, perhaps, a need to keep paying a small number of people – a skeleton workforce - whose salaries probably represented a higher proportion of the normal payroll than would be the case for larger establishments.
- 188 Just 3% of establishments that applied for external finance relating to COVID-19 were not able to obtain it. This proportion was higher than average amongst small/medium sized (25 to 99 employees) businesses (11%), and may reflect the fact that larger i.e. more than 25 employees, establishments are less likely to have succeeded in accessing discretionary grants as these were aimed at smaller businesses.
- 189 A further 3% of establishments did not manage to obtain all the finance they sought to help them during the pandemic, while 9% obtained all the finance they needed but experienced some problems doing so. Overall, 82% of establishments that applied for COVID-19 related loans or grants obtained it.

## Online trading

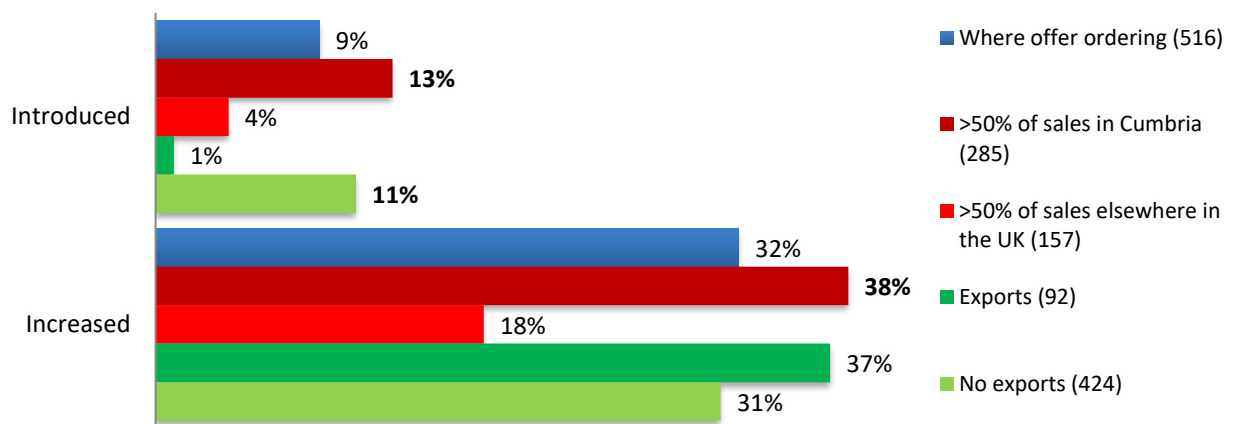
- 190 Around one in ten respondents whose establishments provide their customers with the facility to order and pay for goods or services directly from their website or via social media report that this facility has been introduced as direct result of the COVID-19 pandemic (9%), with another third (32%) reporting an increase in this facility in response to it.
- 191 The same proportion report that their establishments offer bookings online as a result of the COVID-19 pandemic (9%), with a further quarter (24%) having increased this facility as a result.
- 192 The survey findings suggest that the COVID-19 pandemic is more likely to have impacted on online sales and bookings for establishments that serve local markets, and those that do not export. In particular, establishments reporting the majority of their sales within Cumbria are much more likely to have increased their direct payment ordering and booking facilities as a result of the pandemic (38%, compared with 18% that report the majority of their sales elsewhere in the UK).
- 193 These findings are summarised in the figures that follow:

**Figure 28: Online ordering and booking, by geographical markets served (relevant respondents)**

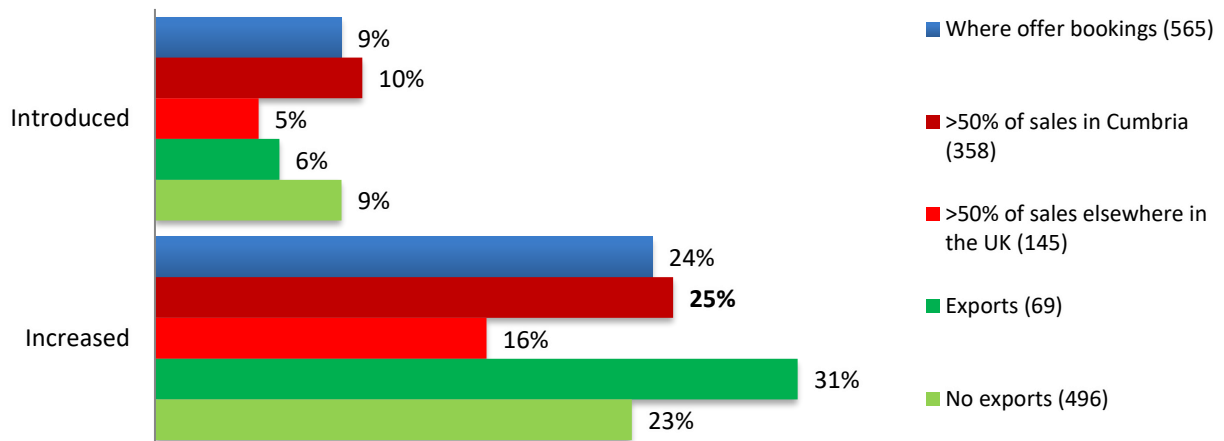
**Online ordering and booking facilities**



**Whether online ordering and payment facilities have been introduced or increased due to the COVID-19 pandemic**



**Whether online booking facilities have been introduced or increased due to the COVID-19 pandemic**



Q41 Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested

## Remote working

- 194 At the time at which the survey was conducted, more than a quarter of respondents reported that some staff were working remotely (28%). One in twelve (8%) reported that all their staff were working at home, while for 16% it was less than half and for 4% it was more than half but not all.
- 195 All staff working remotely was significantly more likely in the very smallest establishments (16%). By sector, the proportion was highest in the technical services sectors of information/communications (50%), professional, technical and scientific activities (17%). It was also significantly more likely than average within creative, cultural and digital establishments (30%).
- 196 Sectors in which remote working was at very low levels, and where there was less likely to be any remote working included the wholesale and retail (86% none), accommodation/food services (84%) and other services (91%) sectors.
- 197 Of course, many agricultural businesses are home-based, which is not the same thing. Remote working was at higher-than-average levels in this sector (29% reported all staff working remotely).
- 198 Among establishments that reported some remote working, two-thirds (68%) expect some staff to be working remotely in the Autumn of 2021. Twenty-two per cent of these establishments expect all staff to be doing so, increasing to 41% of establishments with fewer than 5 employees.
- 199 Within this context, half of establishments (50%) reported that they use Zoom or Teams applications for internal and/or external meetings. This is a higher proportion than report having any staff remote working, which suggests that use of these applications extends beyond the changes to working practices resulting from the pandemic.
- 200 Indeed, use of Zoom or Teams is significantly more common in multi-site than single site establishments (75%, compared with 45%), highlighting their use in facilitating communication between sites. However, Zoom or Teams are now widely used, and that this is expected to continue, as businesses realise they can provide an alternative to costly and time-consuming travel to meetings.



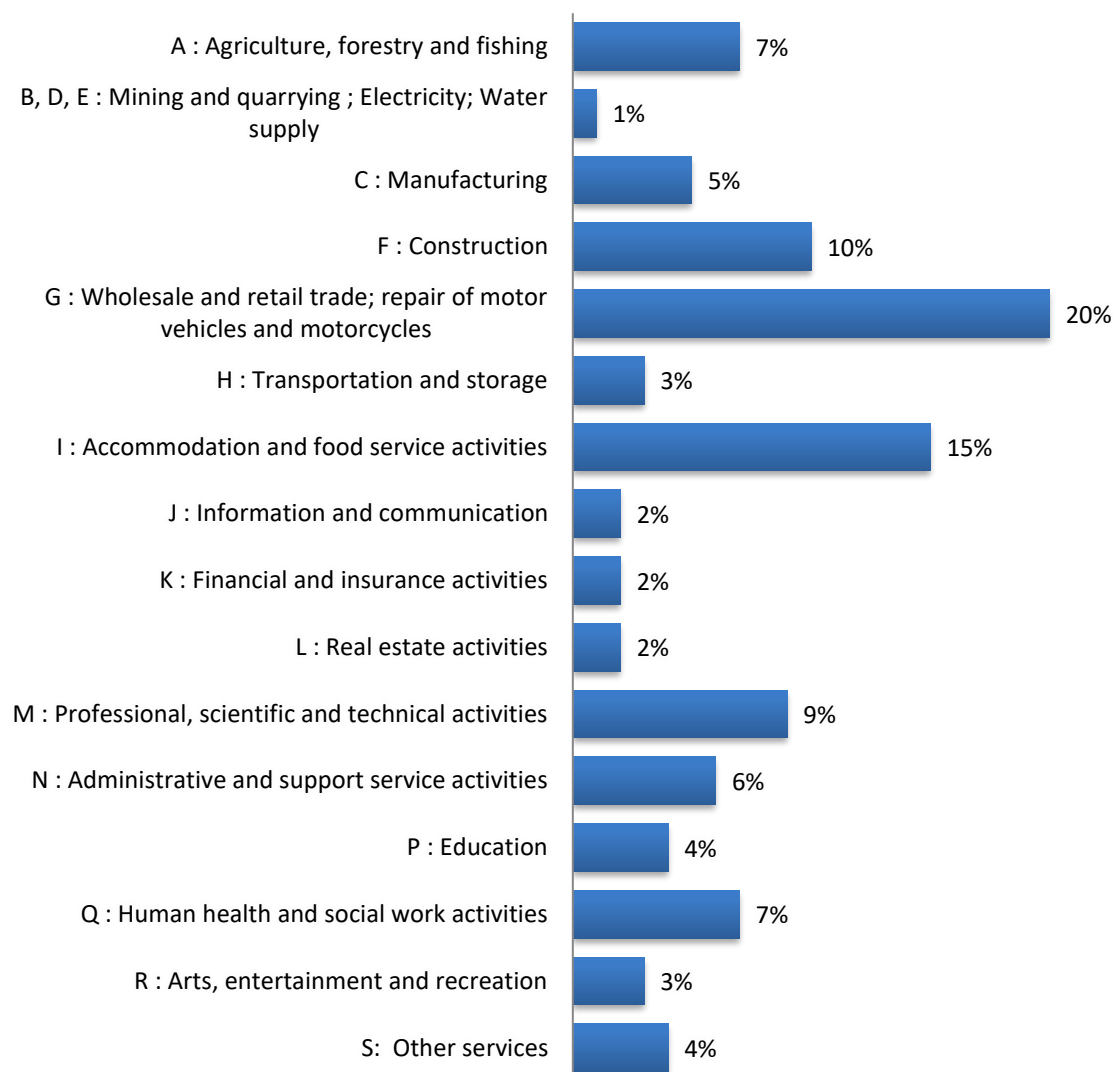
## 13 Business/Organisation Profile

This chapter summarises the profile of the employer population within Cumbria. As the data is weighted to ONS employer population statistics, it can be considered to reliably describe the employer profile. The sample base does not include public sector organisations but includes private sector establishments and only includes voluntary/non-profit sector establishments with 50% or more of their income derived from trading.

### Industry

- 201 The industrial profile of the sample reflects that of the Cumbria employer (private/voluntary sector) population. This is ensured by weighting the sample data using actual employer population data. As the survey timing largely avoided periods of strict 'lockdown' and businesses in most industrial sectors were open, albeit trading at much reduced levels in some cases, the interviews achieved across sectors were broadly in line with the population profile.
- 202 The following figure summarises the detailed industrial profile, based on employers in private/voluntary sectors. Wholesale/retail/repair of motor vehicles is highlighted as the largest sector in terms of local establishments (20%), followed by accommodation and food services (15%). Agriculture, forestry and fishing accounts for 7% of establishments in Cumbria. The proportion would be significantly higher if businesses without employees had been included, as these make up the majority within this sector.
- 203 Construction accounts for one in ten businesses (10%), while professional, scientific and technical activities account for a similar proportion (9%).

**Figure 29: Standard Industrial Classification of Businesses (SIC 2007)**

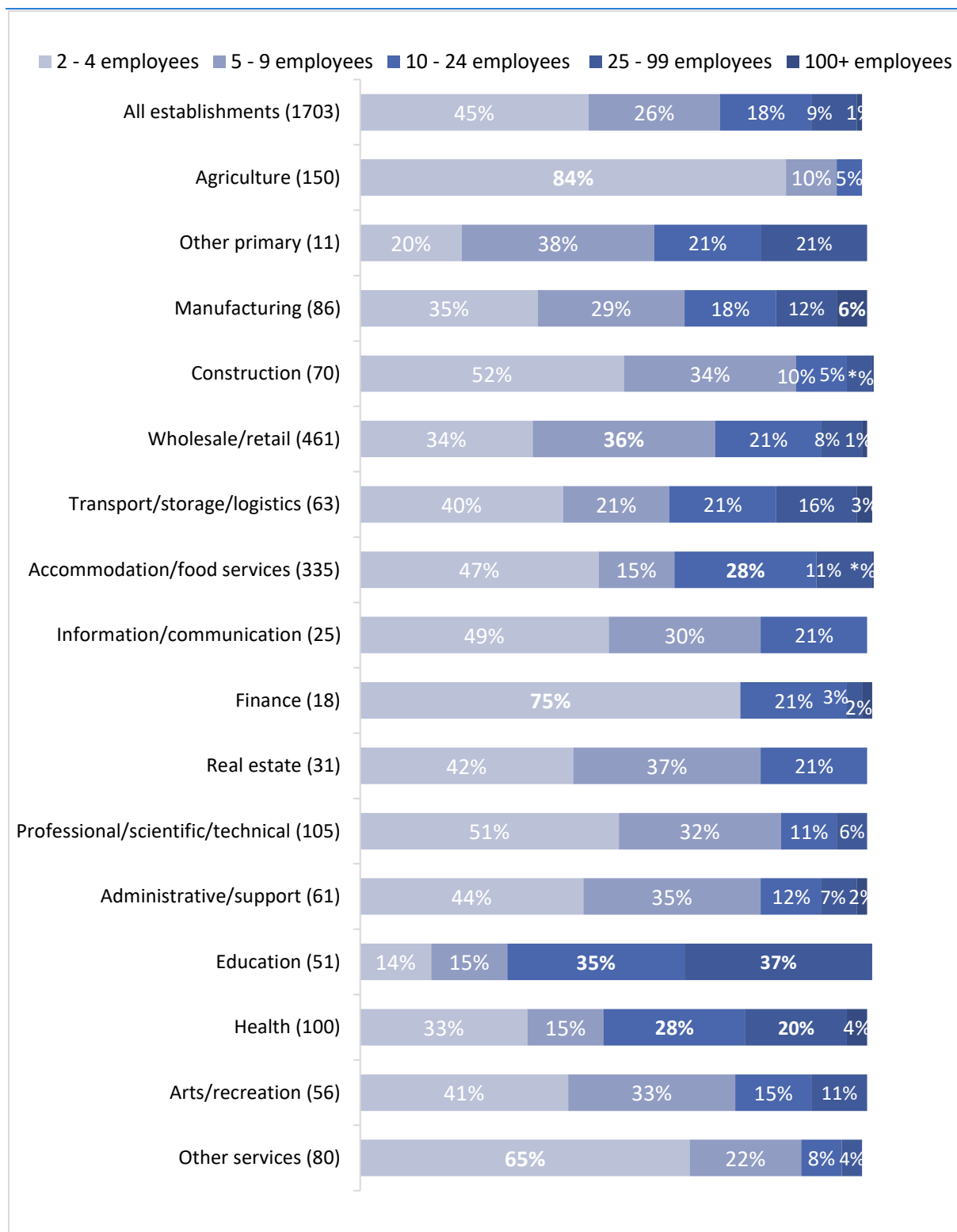


Q3 unweighted sample base = 1703

## Employment profile

- 204 Reflecting the actual employer population profile (which it does because the data is weighted in order to do so) the majority of employer establishments (71%) in the sample employ fewer than ten staff.
- 205 One in ten employer establishments (10%) have 25 or more staff. This proportion increases significantly within the education (37%) and health services (24%) sectors, while around one in five establishments in transport/storage/logistics, manufacturing and utilities employ 25 or more staff (19%, 18% and 21% respectively).
- 206 One in six employer establishments (18%) have between 10 and 24 employees, and this proportion is significantly higher than average in education (35%), health services (28%) and accommodation and food services (28%)

**Figure 30: Number of staff employed (All respondents)**



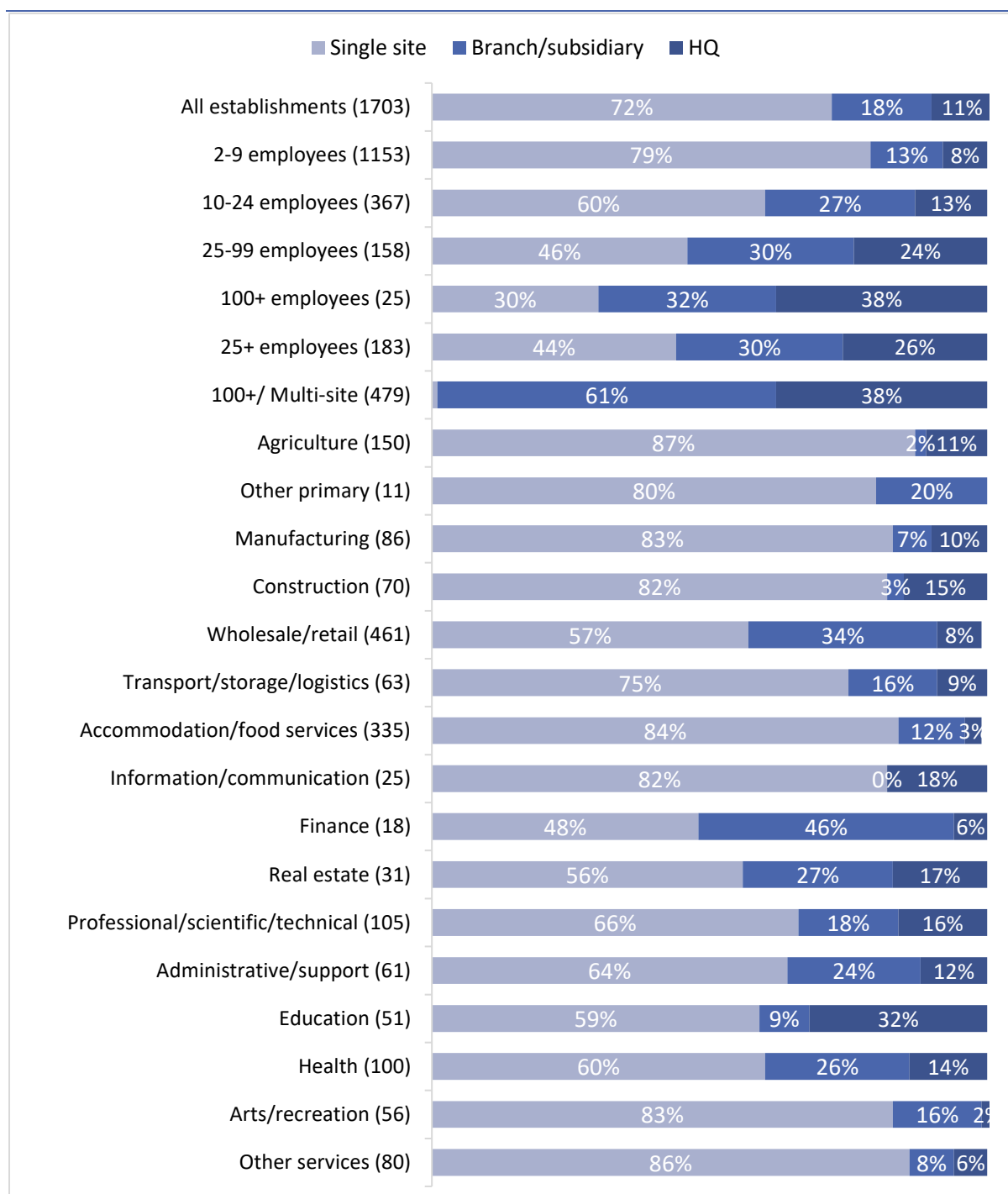
Q1 Unweighted sample bases in parentheses \*% denotes less than 0.5% Figures in bold are significantly greater than average minus the sub group tested

207 One in nine respondents (11%) report some staff employed on zero hours contracts within their establishment. This proportion is higher in accommodation/food services (24%), health (21%) and arts and recreation (22%) sectors. The propensity to employ staff on zero hours contracts increases with establishment size to 18% of those with 25 or more staff.

## Number of sites

- 208 Nearly three-quarters of employer establishments (72%) operate from a single site. Of the remainder, most are branches/subsidiaries of a multi-site organisation (18% of all businesses), while 11% are a headquarters, increasing to 13% of charities/voluntary organisations.
- 209 Multi-site establishments, although they might employ only a handful of people at a site, will behave differently from single site small employers. Their operations will be influenced by decisions taken at other sites, perhaps those based outside Cumbria, perhaps outside of the UK. Being part of a larger organisation is something that will impact on business planning and performance.
- 210 Multi-site organisations are most likely to be found within finance (52%), wholesale/retail (43%), real estate (44%), education (41%), and health services (40%).
- 211 Seven in ten establishments with 100 or more employees at the site are part of a multi-site organisation (70%). This contrasts with 21% of establishments with 2 to 9 employees.

**Figure 31: Number of sites, by size and sector (all respondents)**



*Unweighted sample bases in parentheses Figures in bold are significantly greater than average minus the sub group tested*

212 Across all employer establishments, 29% are a branch/subsidiary or headquarters of a multi-site organisation, and/or employ 100 people at their site. These are establishments that are more likely than average to trade more widely geographically speaking, to have formal planning structures in place, to train and to have established human resources practices in place.

## Age of business

- 213 The majority of employer establishments (72%) have been established for more than ten years. Of these, most have been established for more than 20 years (45% of all).
- 214 Just 2% of employer establishments have been established for less than a year, with a further 6% that could be classed as young businesses, having been established for between 1 and 3 years.
- 215 Agriculture and other primary industry establishments are particularly likely to be long-established; 86% and 77% respectively have been established for more than 20 years.
- 216 The accommodation and food services sector has a higher than average proportion of young businesses, with 6% established in the last year, and 29% within the last 5 years.

**Table 13: Age of business by sector (all respondents)**

	All establishments	Agriculture	Other primary	Manufacturing	Construction	Wholesale & Retail	Transport, storage and logistics	Accommodation and food services	Information and communications	Finance	Real estate	Professional, science and technical services	Administrative/support services	Education	Health	Arts and recreation	Other services
Less than 1 year	2%	0%	9%	4%	0%	2%	1%	6%	4%	0%	0%	1%	0%	1%	5%	0%	2%
1 up to 3 years	6%	1%	0%	6%	5%	7%	8%	12%	0%	4%	0%	4%	5%	1%	6%	4%	2%
3 up to 5 years	5%	0%	0%	5%	5%	6%	5%	11%	0%	2%	11%	1%	2%	2%	8%	7%	9%
5 up to 10 years	13%	2%	25%	8%	5%	13%	17%	16%	11%	24%	20%	21%	11%	0%	17%	8%	15%
10 up to 20 years	27%	11%	43%	19%	38%	20%	23%	27%	38%	19%	15%	33%	23%	73%	31%	16%	31%
More than 20 years	45%	86%	22%	57%	47%	49%	42%	28%	43%	51%	54%	39%	58%	23%	31%	63%	42%
<i>Unweighted Bases</i>	1703	150	11	86	70	461	63	335	25	18	31	105	61	51	100	56	806

Q5 Figures in bold are significantly greater than average minus the sub group tested \*denotes less than 0.5%

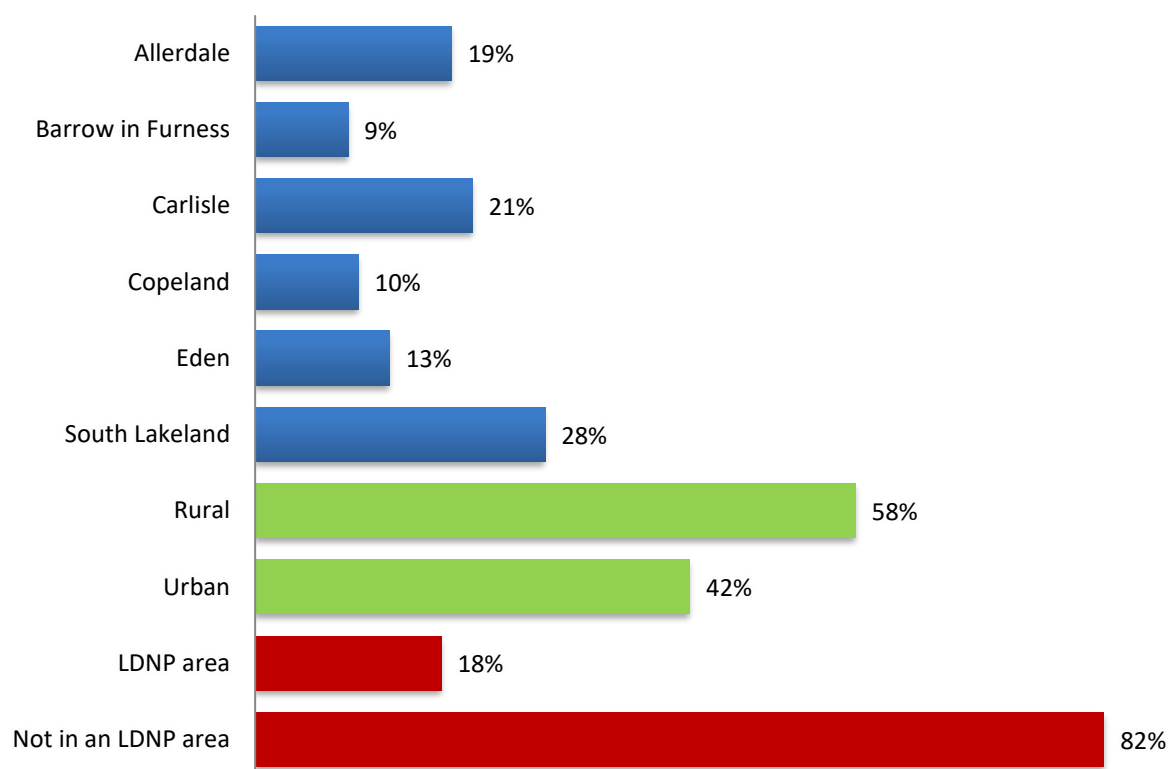
## Geographical distribution

217 South Lakeland is home to more than a quarter of establishments within Cumbria (28%), with around one in five each based in Carlisle (21%) and Allerdale (19%). One in eight is based in Eden district (13%), while one in ten is in Copeland (10%) and a similar proportion in Barrow-in-Furness (9%).

218 Nearly three in five establishments are located in a rural area (58%), and one in six (18%) are located within the Lake District National Park.

**Figure 32: Geographical distribution of businesses (all respondents)**

*Please note that rural/urban, LDNP/not in an LDNP area are also counted within their relevant district*



*Unweighted sample bases = 1703*

## 14 Survey background

- 219 The 2020 Cumbria Business Survey has been commissioned by a working group of local organisations, led by Cumbria County Council, and which includes the Cumbria Local Enterprise Partnership (LEP), the 6 District Councils and Cumbria Chamber of Commerce. The survey has been undertaken on a fairly regular basis since 1998 and generally serves to obtain updated information on the local economy, exploring a range of business and employment issues. However, the previous survey in 2015/16 had to change direction after it had launched, to address issues facing the local economy caused by extreme weather conditions in parts of Cumbria, while the 2020 Survey has had to address different, more widespread issues that have significantly impacted local businesses, namely the COVID-19 pandemic and the associated social and training restrictions that have been imposed to varying extents since March 2020, and the UK's departure of the EU following the transition period at the end of 2020.
- 220 Areas of investigation covered in the 2020 survey include:
- Trading and investment
  - Business performance and plans
  - Barriers to trading and growth, and concerns
  - Use of business support and external finance
  - Skills gaps and shortages
  - Innovation and growth
  - Digital technology
  - Low carbon activities
  - Impact of 'Brexit'
  - Impact of the COVID-19 pandemic
- 221 The 2020 Business Survey was conducted by BMG Research Ltd, which has carried out the business survey since 1998.

### Method

- 222 Telephone interviews, with an average interview length of about 25 minutes, were conducted with 1,703 employers in October, November and December 2020.
- 223 Respondents included directors or proprietors or other senior managers with knowledge of the issues investigated.
- 224 The 2020 survey included private and voluntary/non-profit organisations, but not public sector organisations, and not organisations without employees. In respect of the survey scope the 2020 deviated from the 2013 and 2015/16 surveys. These previous surveys included public sector organisations and organisations without employees. Those undertaken prior to 2013 were amongst private sector organisations only.
- 225 Data reported is related to the establishment at which the respondent is based (in 'normal' times<sup>4</sup>). In the case of multi-site organisations, this could be a headquarters (provided that the HQ was in Cumbria) or a branch (depending on the outcome of the survey's random sampling processes).

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<sup>4</sup> During the Coronavirus pandemic there has been a significant increase in home-working. Where respondents were working at home they were asked to think about the site at which their business is usually based.



- 226 A quota sample was designed, based on the local economy's sectors (SIC 2007), its distribution of workplaces of different sizes (in terms of their employment), and Local Authority Districts. The quotas for sector and size were interlocking. Quotas by district were independent of the sector and size quotas.
- 227 The survey data has been weighted (using information about the local economy from the Office for National Statistics – IDBR data) so that the findings are fully representative of Cumbria's employers.
- 228 The structure of the unweighted sample achieved by the survey and its weighted profile by sector, size and district are summarised in the following table:

**Table 14: Sample profile**

	Achieved interviews no.	Unweighted sample %	Weighted no.	Weighted/ sample %
ABDE: Primary (agriculture, forestry, fishing, mining, quarrying, electricity, water supply)	161	9%	131	8%
C: Manufacturing	86	5%	84	5%
F: Construction	70	4%	171	10%
G: Wholesale and retail	461	27%	348	20%
H: Transport and storage	63	4%	59	3%
I: Accommodation and food services	335	20%	248	15%
J: Information and communication	25	1%	36	2%
K: Financial and insurance activities	18	1%	28	2%
L: Real estate activities	31	2%	39	2%
M: Professional, scientific and technical activities	105	6%	149	9%
N: Administrative and support service activities	61	4%	103	6%
P: Education	51	3%	65	4%
Q: Human health and social work activities	100	6%	116	7%
R: Arts, entertainment and recreation	556	33%	53	3%
S: Other services	80	5%	71	4%
<hr/>				
1-9 employees	1153	68%	1212	71%
10-24 employees	367	22%	314	18%
25-99 employees	158	9%	157	9%
100+ employees	25	1%	20	1%

	Achieved interviews no.	Unweighted sample %	Weighted no.	Weighted/ sample %
Allerdale	339	20%	320	19%
Barrow in Furness	125	7%	161	9%
Carlisle	346	20%	351	21%
Copeland	150	9%	172	10%
Eden	260	15%	227	13%
South Lakeland	483	28%	473	28%
Total	1703	100%	1703	100%

- 229 Results from the total sample may be presumed accurate (with a 95% confidence level) within a maximum sample error of +/-2.4%. The margin of error on sub-sets of the total sample is larger, depending on the unweighted number of respondents.
- 230 Throughout this report, significant differences between sub-samples and significant year-on-year differences are highlighted. However, in terms of comparisons with previous surveys, it should be noted that sample sizes have changed significantly from year to year and that the 2015/16 and 2013 surveys also included public sector organisations and organisations without employees. Prior to the 2013 survey, the survey included private sector businesses only. Furthermore, the questionnaires employed has altered significantly from year to year and as a result there are limited reliable opportunities for trend analysis.

## 15 Context

- 231 It is important to note the economic, social and political context to the 2020 business survey. There have been two disruptive issues that have had to be addressed in the survey. These are the UK's departure from the EU and the COVID-19 pandemic. Firstly, the UK's departure from the EU:
- 232 The 2016 referendum on whether the UK should remain in the EU or not resulted in a vote by the UK electorate to leave. The Government invoked Article 50, the mechanism for triggering a member's departure from the EU in March 2017. Following that action, the Government began a long process of negotiating the transition or 'divorce' terms (stage 1) and it was deemed necessary for Parliament to approve the deal that was agreed. The process of obtaining Parliamentary approval was a long and difficult one, particularly once the Conservative Government lost its majority in the House of Commons in the June 2017 election. Parliament voted against the negotiated transition terms again and again, until a new Conservative Government, now with a significant majority in the House of Commons, was elected in December 2019. A departure date was set for January 31<sup>st</sup>, 2020 and the UK was able to leave the EU on that date with a Transition Deal in place.
- 233 The Transition Deal largely maintained the status quo with regard to the UK's trading agreements with the EU, free movement between the UK and the EU, and the necessity for the UK to adhere to EU rules and regulations. At the time the survey was conducted, the longer-term relationship that the UK will have with the EU (stage 2) was still to be negotiated, approved by Parliament, and finally ratified by the remaining 27 EU member states. In the last week of December 2020 agreement was reached, which prevented the UK's departure without a deal. However, during the 2020 business survey fieldwork period there was still a great deal of uncertainty as to whether arrangements would be in place at the end of 2020, or whether World Trade Organisation rules would come into force on at 2301 hrs on 31<sup>st</sup> December 2020.
- 234 The considerable uncertainty that still existed in the Autumn of 2020 meant that business leaders were unlikely to have been able to provide clear and reliable forward projections with regard to growth, investment, export and recruitment into 2020 and beyond.
- 235 Secondly, the COVID-19 pandemic precipitated a global public health crisis which, during March 2020 resulted in an unprecedented shutdown of businesses and restrictions placed on free movement across the UK. The timeline for the COVID-19 outbreak within the UK has been as follows:

January 31<sup>st</sup> – First cases reported in England

February 27<sup>th</sup> – First case reported in Northern Ireland

February 28<sup>th</sup> – First case reported in Wales

March 1<sup>st</sup> – First case reported in Scotland. The Prime Minister, Boris Johnson unveiled the Coronavirus Action Plan and the Government declared the outbreak a 'level 4 incident'

March 11<sup>th</sup> – The World Health Organisation (WHO) declared the outbreak a pandemic. There were some school closures; airlines announced a number of flight cancellations and supermarkets and some online retailers reported customers buying/ordering unusually large quantities of some items.

March 12<sup>th</sup> – The UK risk level was raised from moderate to high.

March 16<sup>th</sup> – The Government advised on measures on social distancing and advised people in the UK against 'non-essential' travel and contact with others. It suggested that people should avoid pubs, clubs and theatres and work from home if possible. Pregnant women, people over the age of 70 and those with certain health conditions were urged to 'self-isolate'.

March 18<sup>th</sup> – The Government announced the closure of all schools in the UK, except for children of key workers and vulnerable children.

March 20<sup>th</sup> – All restaurants, pubs, clubs and indoor sport and leisure facilities were ordered to close; delivery and take-out chains remained open.

March 23<sup>rd</sup> – The Government announced that these measures were to be tightened still further with wide-ranging restrictions on freedom of movement, enforceable in law, resulting in the Coronavirus Act 2020, the Health Protection Regulations 2020 and other similar statutory instruments across each of the home nations. All shops selling non-essential goods were told to close, gatherings of more than two people in public were banned, events – including weddings (but not funerals) were cancelled.

March 26<sup>th</sup> – a support package for the self-employed was announced – covering an average of 80 per cent of earnings over the past three years.

May 10<sup>th</sup> – First easing of the ‘lockdown’ in England announced. People allowed to go to parks and leave the house to exercise more than once a day.

May 11<sup>th</sup> – Garden centres allowed to reopen and unlimited outdoors exercise allowed. (Social distancing – 2m rule and face coverings apply)

May 12<sup>th</sup> – The Job Retention (Furlough) Scheme is extended until the end of October, but employers will have to contribute more to salaries from August onwards.

May 28<sup>th</sup> – NHS Test and Trace officially launches across England but the accompanying app is delayed by several weeks.

June 1<sup>st</sup> – Elite sports events allowed to resume behind closed doors. School children in Reception, Year 1 and Year 6 return to the classroom.

June 15<sup>th</sup> – England’s retail parks, high streets and shopping centres, as well as zoos and safari parks, are allowed to open. Places of worship reopen for private prayers, while some secondary school pupils begin returning to classrooms.

June 29<sup>th</sup> – A local lockdown is imposed on Leicester and Oadby and Wigston by Central Government following a spike in coronavirus cases in the city.

July 4<sup>th</sup> – Pubs and restaurants reopen. Weddings are now allowed.

July 13<sup>th</sup> – Beauty salons, nail bars and tattoo shops in England reopen.

July 24<sup>th</sup> – Face coverings become mandatory in shops across England – subject to £100 fines.

August 3<sup>rd</sup> – The Government’s ‘Eat Out to Help Out’ scheme is launched, with restaurants, pubs and cafes offering half-price meals to diners Monday to Wednesday during August.

Following the Government’s encouraging people to go back to their workplaces in late August, the advice was reversed in mid-September, with the ‘work at home if you can’ message reinstalled.

September 14<sup>th</sup> – Social gatherings of more than six people made illegal in England.

September 24<sup>th</sup> – a 10pm curfew on pubs, bars and restaurants in England, further extension of the scenarios in which face coverings are mandatory and limits to weddings and receptions are cut from 30 to 15 people.

October 12<sup>th</sup> – The Government announces ‘local Covid alert levels’: medium (tier 1), high (tier 2), very high (tier 3). By the end of October, more than half the UK population were living under one of the two highest-level tiers.

November 1<sup>st</sup> – England goes into a second lockdown, a status that lasted until December 2<sup>nd</sup>

December 19<sup>th</sup> – A new Tier 4 is announced and London, South East and the East of England go into this tier the following day. Tier 4 restrictions reflect those imposed during ‘lockdowns’.

December 25<sup>th</sup> – After originally granting a 5-day relaxation of restrictions to enable families from different households to celebrate Christmas together, restrictions are relaxed only on Christmas day.

December 26<sup>th</sup> – A number of areas in England are moved up tiers, with more areas placed in Tier 4.

December 31<sup>st</sup> – More areas in England enter Tier 4 restrictions.

January 7<sup>th</sup> – The third national lockdown comes into force.

236 As of January 2021, three COVID-19 vaccines have been approved and are being rolled out across the UK population, prioritising vulnerable groups. As a result, although COVID-19 cases,

including fatalities, are at their highest level since the pandemic began, it is widely expected that something like normal conditions will return in the next six to nine months.

237 In order to minimise the impact of restrictions (referred to as the 'lockdown') on businesses and employment during the pandemic, the Government put in place a vast array of financial support measures. These fall broadly into two categories – those aimed at business and those aimed at people. In addition to this direct support, the Bank of England, the UK's central bank, is taking action to help ensure businesses have access to low-interest loans. These measures are detailed, for information, in the Appendix. In brief they covered:

- Providing businesses with low-interest loans
- Ensuring that the market for UK Government bonds continues to function
- Business rates holidays
- Cash grants
- Boosting statutory sick pay
- Provision of employee wage subsidies to enable employees to be furloughed rather than to be made redundant
- Increasing support available to self-employed people, including provision of income on the same basis as PAYE staff
- Tax payment deferrals

## 16 Appendix I

### Covid-19 financial support measures

In order to minimise the impact of restrictions (referred to as the 'lockdown') on businesses and employment, the Government put in place an array of financial support measures. These fell broadly into two categories – those aimed at business and those aimed at people. In addition to this direct support, the Bank of England, the UK's central bank, took action to help ensure businesses had access to low-interest loans.

For businesses, the Government provided assistance by:

- paying grants or cancelling tax liabilities – with businesses never being required to repay the money or pay the tax at a later date
- deferring tax payments
- providing businesses with low-interest loans.

**Further measures aimed at people who might fall ill, lose income or lose their job included:**

- increasing the generosity and ease of access to statutory sick pay for those required to take time off work due to Covid-19
- increasing the generosity of benefits for those out of work or on low incomes
- increasing support available to self-employed people.

**The Bank of England supported the Government's policies by:**

- ensuring that businesses have access to new loans at low cost
- ensuring that the market for UK Government bonds continues to function
- ensuring that those who struggle to pay their debts will be given 'repayment holidays'.

**Help for businesses that experienced a sharp fall in revenues because they were temporarily closed, had experienced a major loss of custom or had their supply chains disrupted included:**

- *Business rates holidays:* The Government cancelled business rates payments for 2020/21 for businesses in England in the retail, hospitality and leisure industries, and for nurseries.
- *Cash grants:* Even before the Covid-19 crisis, many businesses were due to receive a discount on their business rates in 2020/21 and to help further, the Government provided a cash grant businesses based on their rateable value, sector and lockdown status.
- *Reduced rate of VAT:* The rate of VAT was reduced from 20% to 5% for hospitality, visitor accommodation and attractions and this has been extended up to 31<sup>st</sup> March 2021.
- *Statutory sick pay:* The Government reimbursed small and medium size employers (SMEs; those with fewer than 250 employees) for up to 14 days of Covid-19-related sick pay per employee from the *first* day of absence. This included periods when an employee was off work because they were self-isolating.
- *Employee wages:* On 20 March, the Chancellor of the Exchequer announced a new coronavirus job-retention scheme, aimed at encouraging businesses to keep workers on their payroll, even if there was no work for them to carry out during the Covid-19 outbreak. The Government paid businesses up to 80% of the wage costs for workers who were furloughed. Payments could be backdated to 1 March 2020 and were capped at £2,500 a month for each worker. This scheme was initially in place for three months but was extended to the end of October 2020. There was no limit to the amount of funding available.

- *Tax payment deferrals:* VAT payments that were due to be made in March 2020 (estimated to total £30bn) were deferred to the end of June, giving businesses longer to pay this tax bill. Businesses and self-employed people in financial distress were also eligible to receive support through HMRC's Time to Pay scheme. This gave struggling taxpayers longer to pay their tax bills.
- *Low-interest loans: Covid-19 Corporate Financing Facility (CCFF)* - The Government supported large (non-financial) businesses by buying unsecured short-term corporate debt (known as 'commercial paper'). Effectively, this meant providing short-term loans so that companies had easy access to cash. The CCFF offered finance at a rate "comparable to those prevailing in markets in the period before the Covid-19 economic shock". The scheme was set to operate "for at least 12 months and for as long as steps are needed to relieve cash flow pressures on firms". The BoE was to provide six months' notice of the CCFF's withdrawal. *Business interruption loan scheme* - The Government also made it easier for SMEs to access low-cost loans. The Government guaranteed 80% of the value of loans made to SMEs through the British Business Bank (BBB) – a public-sector body that invests private sector funds (from a set of partners that mainly includes banks) in SMEs. Loans were up to a value of £5m, and the Government also paid the first 12 months' interest.
- *Other business support:* The Emergency Coronavirus Bill also contained measures to prevent commercial tenants being evicted if they fell behind on their rent between March and June.
- *Support for self-employed people:* For self-employed people, the Government announced a similar scheme to that available for furloughed employees. Qualifying self-employed people were to receive 80% of their average monthly profits over the last three years (or shorter if they had not been trading that long) up to a cap of £2,500 per month. The scheme ran until the end of October 2020. Payments could be backdated to the beginning of March.

**For individuals the following assistance was put in place:**

- *For people who are entitled to statutory sick pay (SSP):* Employees with sufficiently high earnings can normally claim SSP from the fourth day of any illness, but the rules were amended so that anyone having to take time off work due to Covid-19 qualified for SSP from the *first* day of absence. This applied to anyone who had to take time off due to Covid-19, whether through illness or self-isolation.
- *For people who were not entitled to statutory sick pay:* Low earners (those on less than £118 week) and the self-employed do not qualify for SSP. This group would ordinarily have been able to claim employment and support allowance (ESA) if they were unable to work due to illness. However, this is normally only available from the eighth day of illness. The Government announced that this would be available also from the *first* day for those affected by Covid-19. ESA is worth £74.10 per week for the first 13 weeks.
- *Universal Credit:* Universal Credit payments were increased by £1,000 a year for the next 12 months (with the same increase applied to the basic element of tax credits). For those who were self-employed, the 'minimum income floor' (MIF) in Universal Credit would cease to apply for as long as the outbreak lasts. Ordinarily the MIF meant that self-employed people are assumed to earn as much as they would in a full-time job paying the minimum wage, even if their income is lower than that. The Chancellor said that removing the MIF meant those who are self-employed would be entitled to receive an income from Universal Credit equal to the income from SSP that employees received.
- *Housing benefit:* The Government offered more generous support to meet rent payments for those who received housing benefit, by increasing the housing allowance. Renters receiving housing benefit would now get an amount that was enough to cover the cheapest 30% of properties in their area.

- *Other support:* The Chancellor also allocated £500m to a hardship fund, which would be used by local authorities to support vulnerable people. This would mainly be delivered in the form of reductions in the amount of council tax that people owe.
- People who pay tax via self-assessment – mainly but not exclusively the self-employed – were also be given an extra six months to make their next payment for self-assessment income tax. The next payments, which were due at the end of July 2020, would now be deferred to the end of January 2021.
- The Government and the Financial Conduct Authority also encouraged mortgage lenders to offer payment holidays for people who were in financial distress due to Covid-19. The Government encouraged landlords to do the same for renters. The Emergency Coronavirus Bill included provision for tenants to be given three months' grace before being evicted.



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