



Sub-Regional Covid-19 Business Intelligence

19th May – 8th June 2020

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1. Executive Summary

The recommendations and findings of this week's report are based on intelligence gathered across the CWLEP Growth Hub's business engagements and survey data, and information provided by Coventry City Council, Warwickshire County Council and CWLEP. Sources include the Warwickshire County Council's Weekly Business and Economic Update and other reports by WCC's Warwickshire Economics, Coventry City Council's Business and Economy briefing, Coventry & Warwickshire Champions, the FSB, the Business Improvement Districts and WCC's Warwickshire Town Centre and Highstreet Taskforce teams.

This report focuses on intelligence gathered since 19th May 2020. Our sector spotlight will be the retail sector. As per government guidelines 15th June marks the date as retailers are set to reopen. This sector has also made up xx% of the survey responses and business engagements of the CWLEP Growth Hub. Based on solid business insights and intelligence from retail organisations and working groups, we are pleased to present key findings and recommendations to support this sector towards recovery.

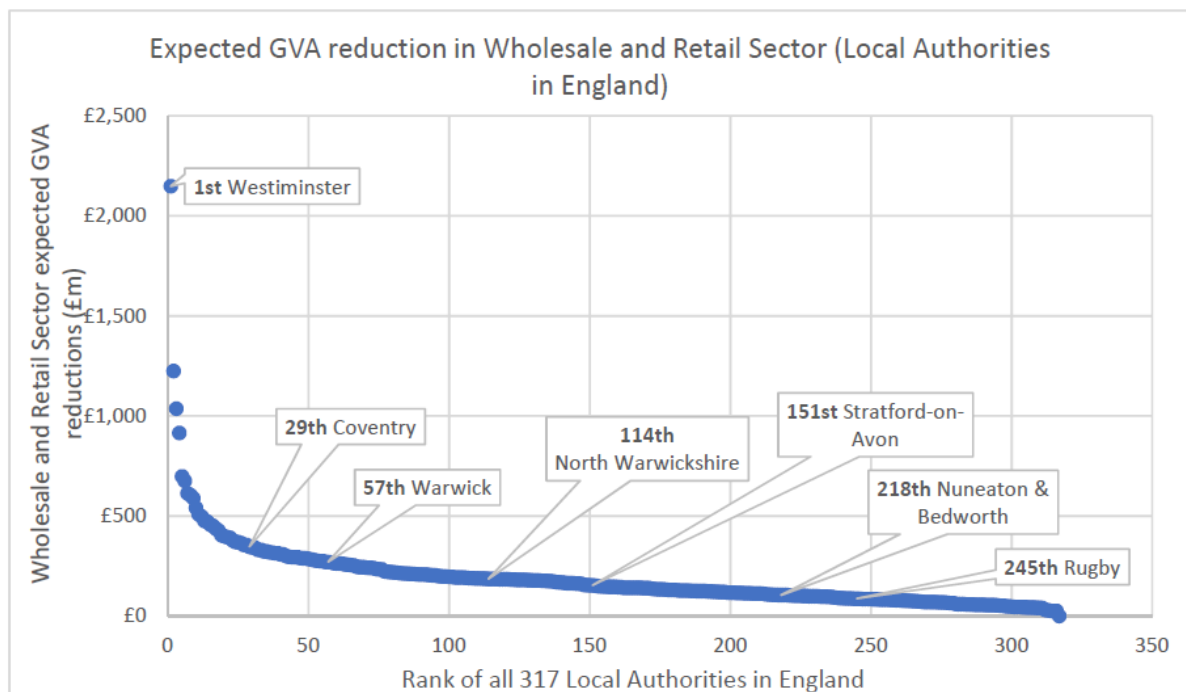
Key Findings

- The retail sector is complex, and its performance during the pandemic has differed immensely by sub-sector, with some areas showing strong growth whilst other areas have collapsed. Many online shopping, supermarket, and local convenience markets **have shown growth over the past three months, whilst most remaining retail markets have had to close**, furlough staff, and struggle with shop unit and shopping centre rents.
- The wholesale and retail sector accounts for 11.7% of Coventry & Warwickshire total GVA (£) as of 2018 and given the OBR expected GVA reduction, **the value of the local sector's output is expected to decrease by roughly £1.14bn by Q2 2020.**
- WCC conducted a survey within the retail sector and **52 of 76 (68%) respondents said they anticipated being open after the Covid-19 emergency.**
- **Wholesale and Retail Trade has been the second most supported industry, at 18%**, by the CWLEP Growth Hub in the last few months in relation to Covid-19.
- **Consumer Confidence in the United Kingdom stood at -34 points in May 2020. It was the lowest point since February 2009**, as restrictions to curb Covid-19 infections and gradual reopening expectations dented confidence further.

2. Macroeconomic Insights - Retail

The most recent report by WCC's Warwickshire Economics has revealed findings from the Office of Budget Responsibilities (OBR) on broad sectoral GVA declines expected due to Covid-19 were utilised in order to explore the potential local impact of the lockdown measures on the output of the retail sector in Q2 2020. The OBR assumed a -35% effect on output (GVA) relative to the baseline for the whole and retail sector. Key findings from our analysis suggest:

- **Coventry & Warwickshire's wholesale and retail sector is worth £3.285bn** as of 2018 and accounts for approximately **2% of the overall wholesale and retail sector nationally**.
- The wholesale and retail sector accounts for **11.7% of Coventry & Warwickshire total GVA (£)** as of 2018 and given the OBR expected GVA reduction, the value of the local sector's output is **expected to decrease by roughly £1.14bn by Q2 2020**.
- **Warwickshire** alone accounts for **approximately 70% of the total wholesale and retail** value across the Coventry & Warwickshire region and its **GVA is expected to decrease by £802m by Q2 2020**.



Source: ONS, 2020, OBR, 2020, Warwickshire Economics, 2020

- **Coventry (30.1%) and Warwick (23.1%)** contribute the most towards overall GVA of the wholesale and retail sector within the C&W region and are expected to see the largest reductions in their sectoral GVA by way of **£347m** and **£247m respectively in Q2**.

- When comparing the expected wholesale and retail sector reductions in Q2 across 317 local authorities in England:
 - **Coventry** is expected to see a **£347.2m reduction, placing 29th** out of 317 local authorities in England.
 - **Warwick** is expected to see a **£270.9m reduction, placing 57th** out of 317 local authorities in England.
 - **North Warwickshire** is expected to see a **£185.8m reduction, placing 114th** out of 317 local authorities in England.
 - **Stratford-on-Avon** is expected to see a **£154m reduction, placing 151st** out of 317 local authorities in England.
 - **Nuneaton & Bedworth** is expected to see a **£104.6m reduction, placing 218th** out of 317 local authorities in England.
 - **Rugby** is expected to see a **£87.1m reduction, placing 245th** out of 317 local authorities in England.

3. Business Insights

This week's business insights are taken from intelligence gathered from supported businesses since 19th May 2020.

3.1 CWLEP Growth Hub – Weekly trends

To date **the Growth Hub has supported 2,676 businesses since 1st March and has had substantive discussions with 961 businesses.** 64 responses were received over a week's period between 19th May – 8th June.

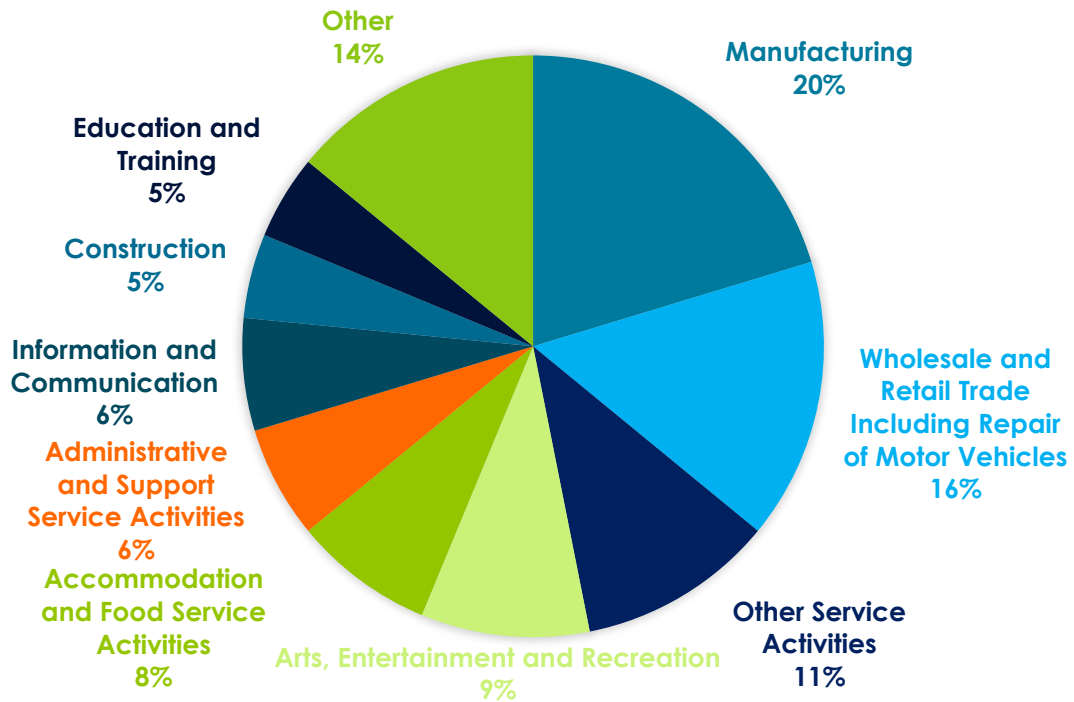
The top sectors supported by the Growth Hub over this time frame were Manufacturing, Wholesale and Retail Trade, and Other Service Activities. Businesses show an **increasing need for support in Business Continuity planning (incl. New projects and diversification) and Employment support.** Financial and Funding support needs as well as support requirements in operational activities (including Supply Chain and stock issues) are still the key business support needs. The size profile of the businesses supported this week consisted of **32% of Sole Employees, 31% of micro businesses (2-9 employees), 26% Small (10-49), 8% medium (50-249) and 3% large businesses (250+).**

Out of the businesses that have provided detail on how long their **cash reserves will last them, 31% of businesses have stated 1-2 months,** 23% of businesses have less than 1 months' worth of cash reserves left. **39% of businesses that the Growth Hub engaged with had to furlough staff.**

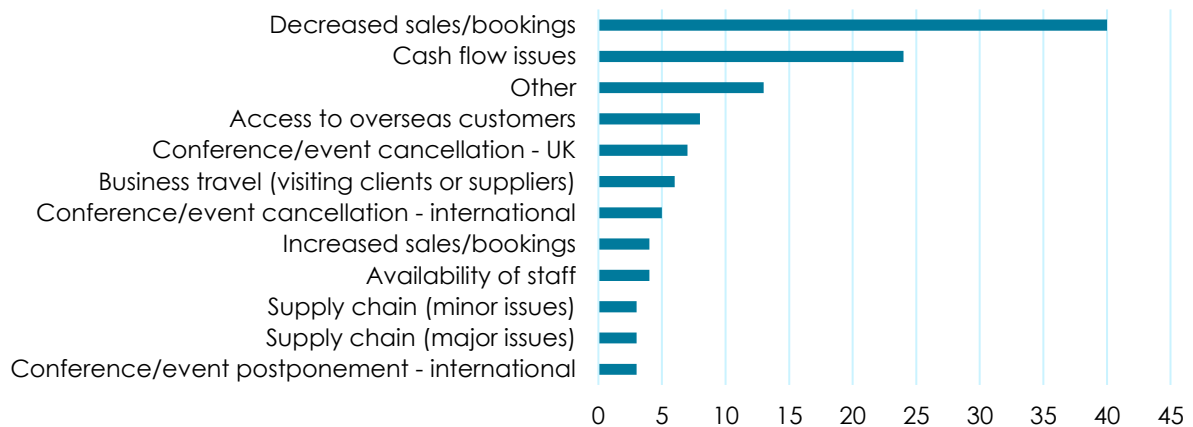
Conversations with businesses have been diverse. Businesses have fed back on the **positive impact of the loan scheme and the Government grants.** It is notable however that there has been **an increased number of enquiries seemingly unrelated to the impacts of COVID-19.** These include enquiries around innovation, sales & marketing, training and recruitment.

However, there has still been **many businesses that have struggled to access the government support and bank loans** and hence have been continuing to struggle. The opening of the discretionary grants scheme has been welcomed. As these schemes go live across Coventry & Warwickshire it is likely that the demand outgrows the availability.

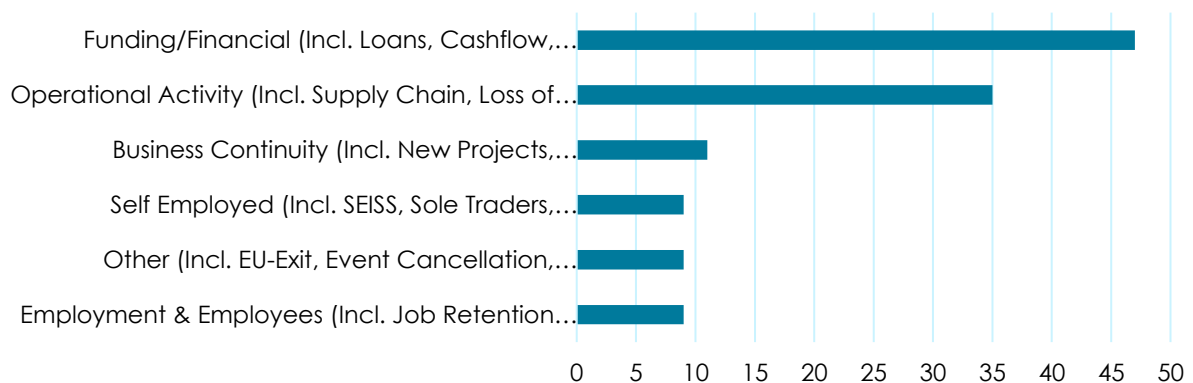
BUSINESS SUPPORTED BY INDUSTRY



How is COVID19 Affecting your Business?



What Support Does The Business Need?



Case Studies



FarGo Village – One of Coventry's favourite retail and leisure destinations will be reopening for business very soon. FarGo Village has revealed details of when it will be reopening with special social distancing measures in place. The reopening has been described as a "soft opening".

FarGo Village stated: "For now, this will be a soft reopening while we adjust to our new normal, but we will have all sorts of new safety and social distancing measures in place to make it safe for you to come and shop. More details will follow over the next two weeks, as well as the latest information about individual businesses. But for now take a look at what some of our traders have been up to and what you have been missing! We can't wait to see you soon."

It will also be phased, taking place between Thursday, June 18, and Saturday, June 20. Asked whether people who visit will need to wear masks, **FarGo Village** replied: "No, we are not enforcing masks in the common areas. Some retailers may request you wear one in their shops as space is limited. It will be worth having a face covering with you."



Petshop.co.uk – One of the UK's largest online pet stores based in Stratford-upon-Avon has tripled its workforce to cope with a rising demand from animal owners across the UK during Covid-19. The Government's lockdown advice in the Coronavirus pandemic has led to a 300 per cent increase in sales mainly from cat and dog owners buying food and having it delivered to their door. Adam Taylor, who co-founded the business with his wife, Lexi, in 2010, said they had had to adapt their working practices quickly to cope with demand.

"We've had to very quickly adjust our shifts because previously we had one 12-hour shift and now our warehouse is open 24-7.

"We have taken on three times more people and now employ just under 70 staff in the warehouse as well as our regular ten staff in the office. We made the decision to keep our telephone lines open to help mainly elderly people who don't have access to the internet but the majority of these staff are working from home."

PetShop.co.uk has invested £164,000 as part of a £400,000 grant from the RPDE Growth Programme which identifies businesses with growth potential who can improve productivity and create full-time jobs. The company has also received £35,000 from Warwickshire County Council's Growth Fund after adding £125,000 itself to focus on future-proofing the business and investing in software systems.

(Photo taken prior to social distancing measures)

4. Sector Spotlight – Retail

As we are approaching the 15th June, retailers are preparing to reopen. In previous reports we have seen that **retailers are concerned on the one hand over managing footfall in their shops**, whilst maintaining social distancing, on the other hand over the potential **lack of consumer confidence in the high street experience**. As a sector that has played a vital role for local people and organisations in **supporting the provision of essentials, PPE, hand sanitiser and providing delivery services** – we are looking at identifying ways in which they can be supported going forward as we are seeing their potential return back to the high streets.

Away from the high street there is an opportunity for [corner shops and local convenience stores](#) to **convert “lifeline shoppers” that have been picked up during the COVID-19 crisis into “lifelong customers”**, based on a national review of Costcutter stores. The convenience sector has **increased in value for local communities** – as stores have been looking to offer bigger ranges and trying to keep up with the increased demand, as there has been a **general increase of minimum 20% in sales with an overall improved performance across the stores’ supply chains**.

The next couple of weeks will also see major local shopping parks reopen, [including Elliott’s Field in Rugby](#). Whilst food and beverage brands will remain shut or only open for takeaway, **the shopping park has been able to provide signage, enhanced cleaning processes, clear queuing instructions and a PPE requirement for customer-facing staff**.

The FSB has issued their [New Horizons. How Small Firms are Navigating the COVID-19 Crisis](#). Report. This includes some national intelligence gathered from small businesses and some recommendations that are relevant retailers, which are quoted in section 5 of this report as they echo the local sentiment.

4.1 CWLEP Growth Hub Business Insights – Retail

For the purpose of this sector spotlight analysis we have included CWLEP Growth Hub’s business engagements from the **Wholesale and Retail Trade Including Repair of Motor Vehicles industry**.

Around **18% of business engagements** that were conducted by the CWLEP Growth Hub, Warwickshire County Council and Coventry City Council since 1st March 2020 were with businesses in the retail industries. **20% of these businesses are Sole Employees, 48% are micro businesses (2-9 employees), 29% are small businesses (10-49), 1% are medium-sized (50-249) and 2% are large**.

Decreased sales/booking is impacting businesses in this sector the most, alongside cash flow issues and minor supply chain issues. Trends for this sector show that next to Funding and Financial support, businesses are seeking support for operational activity (Incl. Supply Chain, Loss of Sales, Increase of Sales, Stock Issues) and Business Continuity (Incl. New Projects, Diversification).

We have heard less of retailers providing what is classed as essential goods. Retailers that had to close the business and could not continue trading however have **reported the furloughing of staff and fears of not being able to reopen**. The reopening under social distancing measures has been deemed not profitable enough for some small retail businesses to open as the perception of consumer confidence is very low. Some retailers are therefore considering **a solution of reduced staff and working days** to enable them to trade at least partially.

Some retailers have been continuing throughout the lockdown period by providing delivery and products. In particular, **retailers that are also manufacturing products have been in the majority carrying on and providing products through delivery**. This includes some of the case study examples we provided in past reports, including MOR Bakery, that was on the verge of opening when the lockdown started and now deliver freshly baked breads, and the Warwickshire Gin Distillery, that have been conducting home deliveries and also have started to manufacture hand sanitisers.

There is also **a recognition that the Highstreet depends increasingly on hospitality and food and drink services as part of the experience**. The inclination of consumers to visit the local shops depends on how well prepared the local food and drink providers are in reopening their premises.

The **CWLEP Growth Hub planning team** has in addition picked up on the acknowledgement that town and district centres in the C&W sub-region are changing and are exploring a proposal **to regenerate vacant retail units into other, small scale affordable uses**. The initiative is based on bringing together two streams of work that include

- **Identifying shortages on a smaller scale, e.g. “grow on” space for SMEs**. A recent CWLEP /Local Authority study has highlighted the shortages of smaller “affordable” premises to facilitate business expansion
- The **potential surplus of retail units in town and district shopping centres** and the search to find alternative uses for these retail units. A wide range of initiatives ranging from Government led grant support to more local initiatives are already in place across many areas

The availability and accessibility of **vacant retail space in town centres could unlock opportunities both for local businesses outside of the retail sectors, as well as neighbouring retailers and businesses on high streets and town centres**, attracting more businesses and trade into the local shops. This will introduce the opportunity to **restore declining or redundant retail frontages**, thus improving the appearance and experience of previously vacant retail areas in towns to create a shared space. (cf. Recommendations, 5.2.a)

4.2 Warwickshire County Council Business Insights - Retail

Warwickshire County Council have been delivering activities to support the local retail sector. These include:

- WCC has launched a new **“Buy and Eat Local” campaign** has been launched with the aim of making sure local businesses are supported with

promoting their offers to the local community. One click on a dedicated page on WCC's web site will **take visitors straight to a directory of all businesses involved in the campaign in that town**. Like all directories, this will grow as residents and visitors realise that they can play their part in boosting the local economy if they Buy and Eat Local.

<https://www.warwickshire.gov.uk/homepage/234/buy-eatlocal>

- A panel made up of WCC and its local authority partners is taking place online from 1pm-2pm on Wednesday 10th June to discuss and field questions on '**COVID Secure in the Workplace – Retail and Shop Branches**'. This is timed to coincide with the opening of further retail businesses from 15th June. A **further panel on 'Hospitality & Personal Care' is planned**.
- WCC has also set up a **loan fund to support the Business Improvement Districts** across the county. Loans of up to £40,000 are available to each BID to allow them to keep supporting their towns **whilst the levy payers are less able to pay their bills**.
- Approved a loan **of £1 million to support small businesses as part of the Government backed Coronavirus Business Interruption Loan scheme**. The loans are available via Coventry and Warwickshire Reinvestment Trust – a not-for-profit, FCA accredited finance provider and one of the approved lenders.
- WCC is also working proactively with the District and Boroughs, BIDs and key partners such as the Chamber of Commerce, FSB and Growth Hub to explore how we further help our town centres. We have **established a Warwickshire Town Centre Taskforce** to co-ordinate this work at the county level.

WCC – Warwickshire's Covid-19 Retailers Survey

WCC conducted a Covid-19 impact survey on the retail sector across the county which **received 76 respondents in the second half of April**. Despite this survey now being slightly out-of-date with regards to the rapidly changing Covid-19 economic landscape, it serves as an insightful purpose on how retailers within the county were impacted by the crisis. Key findings show:

- **46% (35) of businesses were still trading** with 51% (39) being closed at the time the survey was conducted. The other two business considered themselves to be partly trading.
- Of the 37 open trading businesses, **96% (35) of them are undertaking deliveries, 2% (7) were trading face-to-face and 2% (7) were undertaking click and collect**.
- When asked "Which COVID 19 support scheme they had accessed"
 - **54 (71%) said the small business grants funding (10k)**.
 - **47 (62%) said the Coronavirus Job Retention Scheme**.
 - 24 (32%) said the VAT holiday.
 - 23 (30%) said the business rates holiday for retail, hospitality and leisure.
- A promising survey result of **52 (68%) said they anticipated being open after the Covid-19 emergency**.

It is important to note that the majority of respondents were from the south of the county.

4.3 Coventry City Council – Business Insights

Within Coventry, like many city centres, many retail outlets have remained closed since 23/3/2020; however, many city centre retail outlets, such as West Orchards, are planning to re-open on 15/6/2020. To support these businesses during closure, **Coventry City Council has awarded grants to 1,500 retail, leisure & hospitality businesses, totalling £22m.** In addition, whilst a small number of traders in Coventry Market have remained open, a high proportion have been delivering to local residents that are in isolation since lockdown commenced. All Market stalls are due to reopen on 15/6/2020.

To support the reopening of retail outlets and markets, Coventry Business Improvement District (BID) has been active in providing information and guidance to city centre retailers to support the transition to reopening and following new health & safety guidance. **During lockdown, footfall levels in Coventry city centre have been 40% of those prior to lockdown,** which further suggests that city centre retailers could have a foundation for recovery. To support a successful reopening of city centre businesses, Coventry BID is adopting a **three phased approach:**

- *ReMobilisation* – getting areas planned for spacing for social distancing.
- *ReStarting* – ensuring internal COVID-19 plans are in place, including window signage
- *ReOpening* – working with the Food & Drink Sector for external dining.

In addition, **city centre public realm construction projects have resumed, ensuring ongoing COVID-19 safety across the city centre** and also preparing the city to host UK City of Culture in 2021. Other preparations, including one-way walkways, have been carried out in the main shopping precinct to provide a safe environment for city centre retailers reopening.

The [findings of a 150-year-old hidden mosaic](#) in Coventry city centre has brought further positive news as the mosaic will support Coventry's ambition for the Upper Precinct to "build a space to bring vibrancy and add interest, but also to reflect on the history".

The redevelopment of Coventry **station** has continued during the lockdown period. This will continue to **support the city's retail industry** post lockdown, particularly in servicing the increased number of visitors that are expected in Coventry in 2021 and beyond.

Although these are positive enablers, there are continued challenges, with some stores still unable to reopen, and many bars and restaurants unable to reopen in any

form until July 2020 at the earliest, which will may impact on footfall. As a result, there is a **need to monitor performance trends on an ongoing basis** and support retailers to overcome any individual barriers they may be facing to reopening fully or realising expected performance figures. This could include support with **making premises “COVID-19 safe” and in accessing protective equipment and support with improving their digital presence**. There will also be a need for wider PR to help build consumer confidence as this and associated sectors reopen.

4.4 Business Improvement Districts

Business Improvement Districts (BIDs) (Locally, this includes: Coventry BID, BID Leamington, Rugby First and Stratford BID) have been working throughout the lockdown phase to **continue supporting the city and town centre businesses**. This included support to **promoting businesses that were still trading and providing delivery and collection**.

The BIDs are currently supporting the **preparations for the reopening of retail businesses in the town and city centres on the 15th June**. The approach is diverse and sensitive to respective town centres. The social media posts included in this section by the local BID leads only show a snapshot of how the **BIDs have been responding to the needs of businesses in town centres**. The BIDs across Coventry & Warwickshire are **working in a collaborative approach** as The **Warwickshire Highstreet Taskforce** and **Warwickshire Town Centres** provide a forum for a joined-up approach in helping restart retailers across the region.

Feedback from retailers via BIDs have been mixed and primarily focused on **enabling a trade during social distancing**. Retailers face uncertainty around how **customers will pick up the “shopping experience” again**, that may include queuing and limited shop opening hours.

Retailers are concerned around adhering to the guidelines and **having ongoing access to PPE for their staff**. The “2-metre-rule” has been quoted by Rugby First’s Operations director Rich Warren as one of the major concerns as maintaining this impacts on retailer’s profitability and customer experience.

There is **further concern around the lack of trade implied by office workers** not rushing back to working in offices and spending their lunchtime with or a browse through local shops and food outlets. This is likely an ongoing concern as there are signs **that return to office-based work is likely to be very phased** with some offices adopting a working from home approach in the long haul.

Further feedback provided also indicates that the **demographic of town centre users during the day are people that could be classed as vulnerable to infection**. As residents aged 60 plus may be more inclined to visit the town centre and its businesses, this is unlikely to return to pre-COVID- numbers as long as there is still a risk of infection.

Trish Willetts • 1st
Fellow at Institute of Place Management
1d • 🌐

Seeing our main Shopping Precincts getting ready for their openings' next week is a really positive start to the week. Safety in #CovBid is paramount as we gain the confidence of our customers. We are really looking forward to welcoming everyone back soon.

Photo courtesy of @CovHour

#thisiscoventry #citycentre #staysafesavelives #confidenceincoventry



Figure 2 Coventry BID preparing for 15th June

Stephanie Kerr • 1st
Placemaking, Planning, Policy and Projects | Executive Director - BID Leamington | B...
3d • Edited • 🌐

We've just shared this with our Leam Facebook family ... we loved making it and it reminded me to offer MASSIVE thanks and best wishes to those working to open our towns. The collaboration and creation I see going on is inspiring. I am sure this week has been HUGE so take a moment to celebrate the work you are doing for the communities we are so privileged to support 🌸

Here is what we shared ...

We know we have a journey to take together and preparations are underway for a gradual transition to reopening our town starting from June 15th.

We also know that inspiration and hope have a big role to play and this is just the beginning. We want to ensure our community is safe and supported as we all continue to be impacted by this in many different ways.

Reflecting this, please enjoy this little video we made ... it celebrates how far we've come and some of the special ingredients, people, businesses and community that will light the path forwards.

We will be back, it will take time, kindness, cooperation, patience and understanding. We will get there and can't wait for you to join us 🌸

#FridayInspiration #LoveLeam #WeWillBeBack #StaySafe



Figure 1 Leamington BID developed video to showcase how local town centre businesses have supported local people to support the "re-launch" on 15th June

Coventry BID Ltd
551 followers
1mo • 🌐

Coventry BID – Social Distancing Solutions

The government have confirmed their intention to communicate a plan to help us all understand the next phase of this pandemic.

Here at Coventry BID, we are also making plans. Many businesses have mentioned the need for social distancing solutions within their premises to keep everyone safe.

Working with our business partners we have put together a number of solutions to provide you with all the elements you require.

Click the link below to view mock design examples of floor vinyl stickers, hand sanitizer stations and acrylic sneeze guard screen dividers.

You can order a generic or branded version, whichever you prefer.

#CoventryBID #ConfidenceInCoventry

Coventry BID – Social Distancing Solutions

Rich Warren • 1st
Operations Director Rugby First - The Town Centre BID Company
1mo • 🌐

Rugby First
39 followers
1mo • 🌐

Stay at home and let #Rugby retailers come to you is our latest news story <https://wp.me/pa4g2J-k7> on how to #shoplocal and support local businesses during lockdown.

2

Like Comment Share

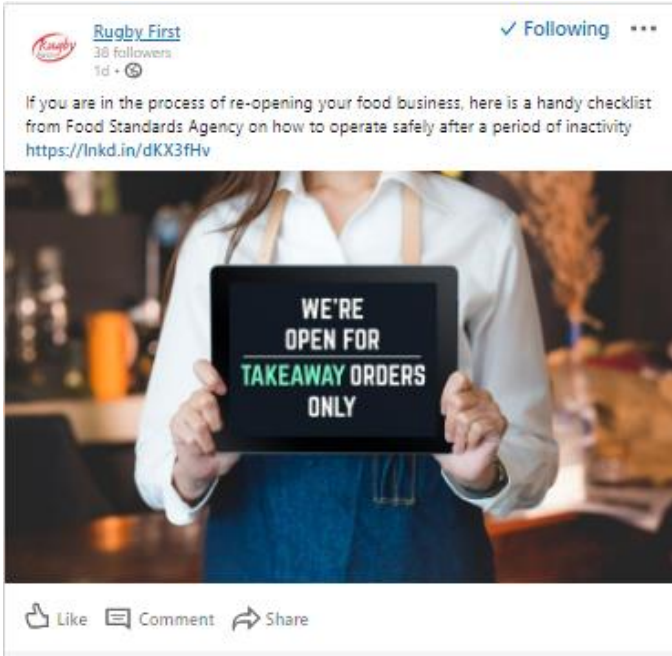


Figure 4 Rugby First provides information and support around PPE and hand sanitiser provision for town centre businesses



Figure 3 Stratford BID are communicating traffic improvements as part of enabling social distancing measures throughout the town centre



5. Recommendations

The following recommendations have been derived off the back of careful analysis of macro-economic and business-level data that we have collated from Coventry & Warwickshire-based stakeholders.

5.1 Short Term

5.1.a

Retailers and town centres should be supported over the coming weeks and months. Further guidance has already been issued by Government on [safe reopening practices](#). Additional initiatives that would benefit retailers could be led by Government and could include

- Local Authorities should be encouraged to **develop parking schemes to encourage the consumer to come into the town centre, such as reduced rate or free parking.**
- **Further flexible grants for retailers to support:**
 - Changes to premises where required
 - Purchase of PPE and hand sanitiser stations
 - Investment in retailer's online presence and eCommerce offering
- Recognising the **interdependency of retail with the hospitality & leisure / food & drink, and arts & culture sectors.** Any delays to supporting the restart of these sectors, will put retailers at risk.
- Support retailers through the **building of digital skills, including digitisation and ICT training to build their web presence.** E.g. following the example of how the heritage sector is supported to go digital through initiatives such as “Digital Skills for Heritage” to promote digital skills and leadership and supporting digital skills development
- **Support consumer confidence through messaging, for example issuing “Do’s and Don’t’s” and encourage retailers to communicate guidelines for visitors, both through signage and online to create a comfortable visitor experience.**

5.1.b

- Locally, retailers and town centres could continue with **making the shopping experience pleasing, including reassuring and positive temporary signage.** This could include positive messaging and could be supported and created by local artists or in collaboration with local schools. E.g. bringing rainbows and other community emblems into town centres to put a positive spin on necessary COVID-19 secure guidelines and signage
- **Double down on efforts to ensure public sector procurement is fully accessible to small businesses during the recovery.** The demand for Personal Protective Equipment (PPE) and hand sanitiser will remain high for the remainder of the year. If a small firm is in a position to support the national effort by providing PPE that meets all necessary standards, and in sufficient numbers, then public procurement processes need to be accessible to them. The public sector has made important progress in disaggregating large contracts into smaller lots

and this work needs to continue at pace. (cf. FSB) → On a local scale stakeholders should endorse the use of local procurement, [FinditinCW platform](#) could support these areas.

5.2 Medium Term

5.2.a

Local Authorities of Coventry & Warwickshire to support initiatives that **pilot change of use of redundant vacant retail units into other business case uses**. Authorities to work with CWLEP to explore opportunities to increase start-ups and business use classes to create a blend of uses within town centres

5.2.b

Retailers should receive ongoing support, whereas in the past retail was excluded from many business support programmes, in the medium to long term, businesses would benefit from ongoing support and recognition of their contribution to the economy:

- **Support LEP areas through a nuanced approach not a blanket approach** – to support areas play towards their retailing strengths
- Support retailers through the **building of digital skills**. E.g. following the example of how the heritage sector is supported to go digital through
- **Support local businesses through the Business Improvement Districts to encourage local trading**. This would have a significant positive impact on small businesses and their communities and help with the recovery after the coronavirus crisis. The funding announced for the Business Improvement Districts should be used to help smaller businesses to bounce back by delivering services and selling goods locally (cf. FSB report)
- **Ensure business support is prioritised in the upcoming Spending Review with urgent engagement on the shape of the UK Shared Prosperity Fund**. It is vital that business support in England is revitalised and no longer seen as the poor relation of public policy support. The current crisis will have brought into sharp relief whether there is a sufficiently strong delivery mechanism for the provision of meaningful business support. As we move from the crisis phase towards recovery, it is essential that local authorities, devolved agencies, Local Enterprise Partnerships and local growth hubs have the wherewithal to support small businesses to rebuild and to improve their resilience. For example, this could mean supporting the development of digital skills and the adoption of digital technologies (cf. FSB report).
- Promote digital leadership → **Support small businesses who adopted and would like to adopt new digital technologies by widening the definition of 'R&D' and introducing digital vouchers for small businesses**. Currently there are a plethora of initiatives to support new-to-market innovation such as the R&D tax credit and Innovate UK grant programmes but very little financial support for new-to-firm innovation. The Business Basics Scheme is a step in the right direction but the current crisis requires an intervention of a different order of magnitude. As our research shows new to firm digital innovation will be even more important to enable smaller businesses to adapt to social distancing and to recover. That is why we need to see both a widening of the definition of the scope of 'development' within R&D tax credits and the

introduction of digital vouchers for smaller businesses seeking to enhance their adoption of digital technologies. On the former the Government announced in March that it would consult on whether expenditure on data and cloud computing should qualify for R&D tax credits. Changes to the tax system are welcome but it is also essential that immediate support is made available to small businesses that need to adopt digital technologies in the here and now. (cf. FSB report)

- Increase financial and practical support for local authorities in relation to high street retail
- **Support small businesses to manage employment costs.** We have welcomed both the extension of the Job Retention Scheme until the end of October 2020 and the introduction of part-time furloughing from the 1st of August. This will prevent avoidable redundancies and enable small business employers to stagger back the return of furloughed employees. However, it is clear that as we enter into the predicted recession, once the Job Retention Scheme has come to an end, smaller businesses will need further help in relation to employment costs. We welcomed the recent increase in the Employment Allowance from £3000 to £4000. Small business employers will need further help in the upcoming Budget. (cf. FSB report)

5.3 Long Term

5.3.a

Retailers would benefit from long-term support and backing from Government. This could include:

- **Use digital vouchers to help smaller businesses to tackle cybercrime.** Cybercrime has emerged as a major threat over the past 20 years because of the exponential growth in the use of digital networked technology. The widespread use of digital networked technologies has increased the vulnerability of many small firms to criminals who – with ever-growing sophistication – are exploiting the weaknesses in common technologies and the lack of knowledge/experience of those operating them. There are concerns that the coronavirus crisis will increase the number of cyber-attacks on small businesses. FSB research shows that around one in five (20%) smaller firms across England and Wales say they were victims of cybercrime at least once in the previous two years. Of those smaller businesses that experienced cybercrime in the previous two years, the most frequently-reported types are: phishing – including spear phishing (51%), malware (36%) and processing fraudulent payment online (29%). (cf FSB report)
- **Support small businesses to trade on online platforms, where it could help to improve performance and safeguard jobs.** Many businesses moved to operating online over trading platforms during the coronavirus lockdown. The Government should support small businesses by closely examining the practices and policies of platforms towards their small business users and rectifying current barriers, for example, in relation to fake reviews. It should also address the issue of fair competition across digital platforms, with the CMA reporting an exponential increase in reports of price hiking on online platforms with some suspicion that this has also occurred in supply chains. FSB

research found that small firms suffered from malicious or fake reviews (20%), sudden changes to terms and conditions (19%), and infringement of intellectual property (13%) when trading over online platforms. Increased online trading due to the lockdown will exacerbate these challenges. The recent developments on fake reviews in response to the work carried out by the Competition and Markets Authority is welcome but more needs to be done. (cf FSB report)

- **Deliver full fibre connectivity to all premises as soon as possible given the new circumstances or gigabit capability if that is not possible in some of the most remote areas and accelerate the planned increase in mobile coverage.** Smaller firms struggle with poor broadband and mobile connectivity. Prior to the outbreak, FSB research found that 41 per cent of small businesses reported that their broadband is often unreliable and almost half (47%) of small businesses said that they experience unreliable mobile data connectivity. This is worse in rural areas where 39 per cent of small businesses consider their broadband speeds to be insufficient for their current needs. The Government, industry and regulators should work together to deliver full fibre connectivity to all premises as soon as possible. If that is not possible in some of the most remote areas, those premises should be made gigabit capable, which widens the scope of technologies available to achieve such a connection. This is especially important in light of the increase in the number of small businesses operating online. (cf FSB report)
- **Allow a greater regulatory freedom for small businesses to stimulate economic growth and help businesses to innovate.** A more flexible regulatory framework fosters and stimulates innovation. The regulatory sandbox created by the Financial Conduct Authority allowed new products and services to come to market. Similar to the sandbox, but not necessarily regulator-led approaches could be adopted to give small businesses a greater regulatory freedom to innovate. Such initiatives could help entrepreneurs to start new firms, invest in R&D or create new products much quicker.