# Rural Enterprise **Exmoor**
# Covid-19 Economic Impact Survey
# June 2020

## 1. Introduction

This report summarises a Business Impact Survey carried out online by Exmoor National Park Authority as part of the Rural Enterprise Exmoor initiative.

The purpose of the survey was to understand the impact of Covid-19 lockdown restrictions upon Exmoor businesses to inform future work on economic recovery in Exmoor National Park. The results will also feed into a supplementary report to the recently completed Rural Enterprise Exmoor Research which will consider the impact of Covid-19 on the initial data which was gathered prior to the pandemic.

138 responses were completed between 20th May and 10th June 2020, representing over 10% of the total estimated business count on Exmoor. This relatively small sample size provides results with a margin of error of 6.3% at a 90% confidence level. There is a higher margin of error where the where the data has been further filtered (for example by sectors).

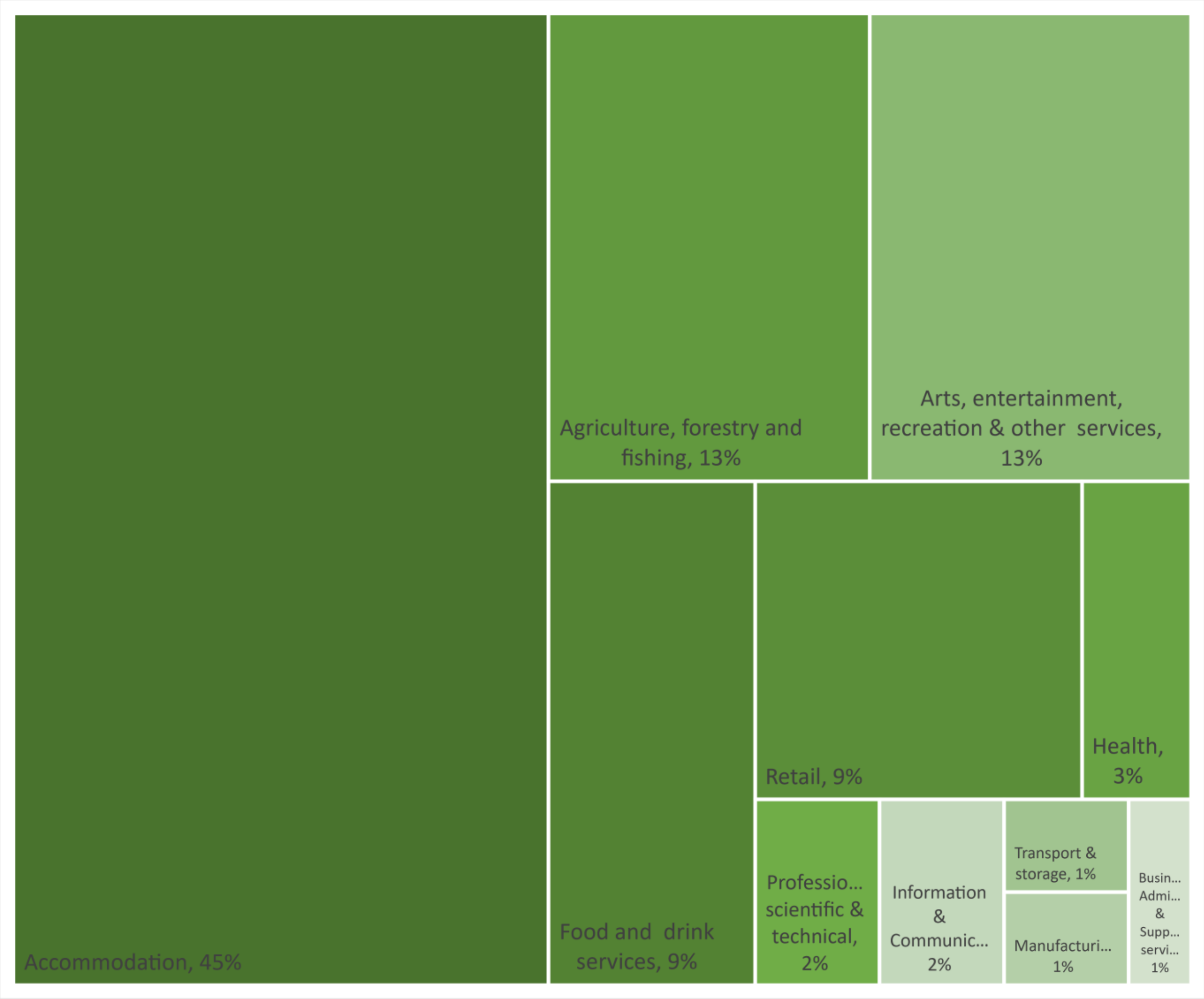
**For further information please contact ruralenterprise@exmoor-nationalpark.gov.uk**

## Key Findings:

- Almost two thirds of businesses have had to cease trading and less than twenty per cent have continued to trade as usual
- 2/3 of businesses assess the impact as severe, and over 1/5 rate the impact as negative
- 1/3 of businesses could resume trading within a month, a further third within 3 months and the remaining third suggesting it could be 3 months and in some cases over 6 months to resume trading
- The impacts have been strongest within the visitor and hospitality sector – especially accommodation and food and drink providers
- The biggest challenges facing businesses are the loss of orders/customers/contracts and cash flow
- Over seventy per cent have benefited from government grants.
- Business support and advice has mainly been obtained via trade associations, local authorities / government departments, professional financial advisors / accountants and bankers
- The most significant barriers to recovery were social distancing and lockdown restrictions, loss of seasonal income, market shrinkage / confidence and uncertainty around the ability to lawfully operate (potentially resolved through government announcements made since the survey closed)
- Some businesses were able to identify positive opportunities to take forward in recovery, whilst increased promotion and enhanced digital connectivity were the biggest issues businesses wanted addressing in the longer term

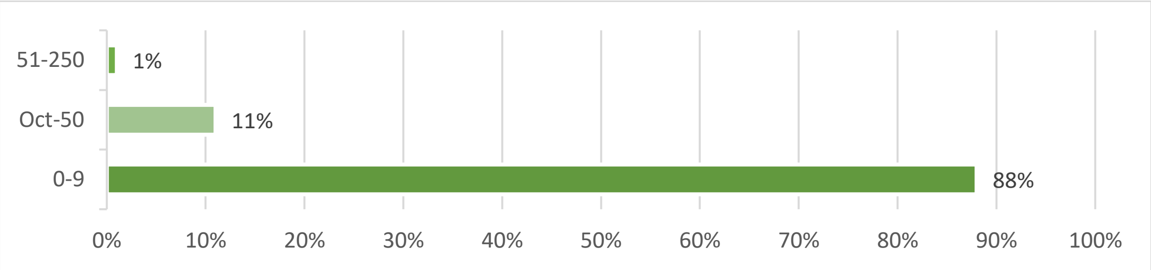
# 2. Firmographics

## 2.1 Response by sector



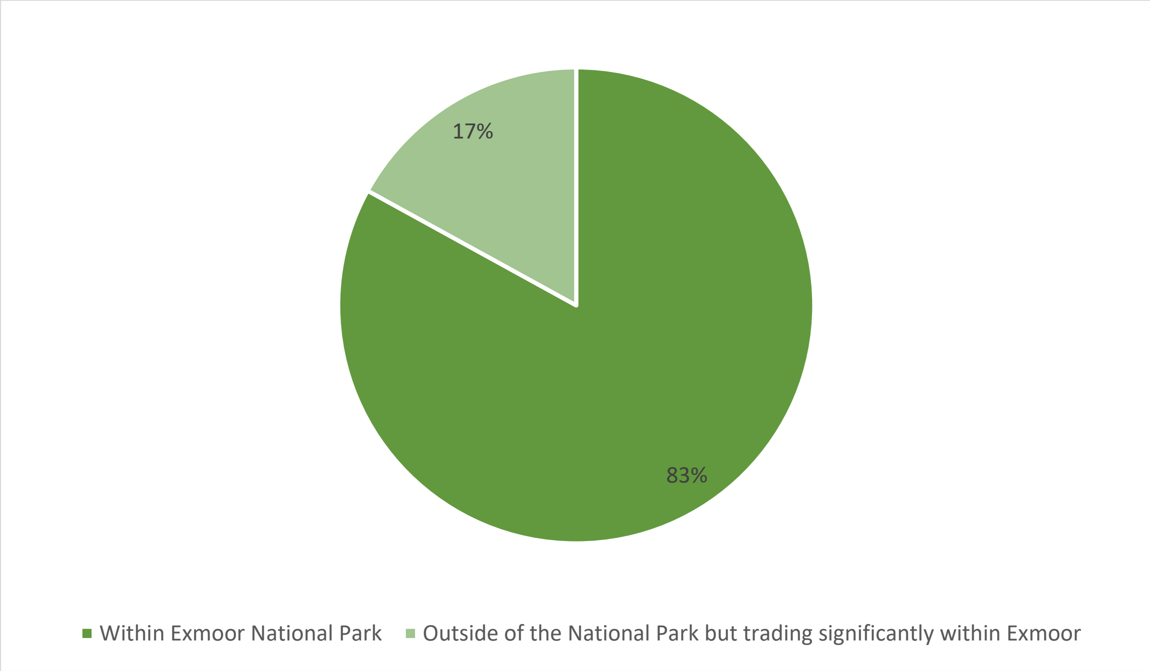

Respondents were asked to select the most relevant sector (using the ONS Companies House Standard Industrial Classification categories). As such, there is some overlap for example, an accommodation provider might also provide food and drink services and vice versa. Whilst the responses were broadly in line with the estimated make up of the Exmoor economy identified in the Rural Enterprise Exmoor Research Report (June 2020) there was a slightly higher dominance of responses from accommodation and food and drink services within this survey - possibly reflecting the sectors that had the greatest restrictions placed on them as a result of the Covid-19 outbreak.

## 2 Responses by business size




Reflective of the overall Exmoor business community the vast majority of respondents were from micro businesses employing less than 10 people including self-employed / sole traders.

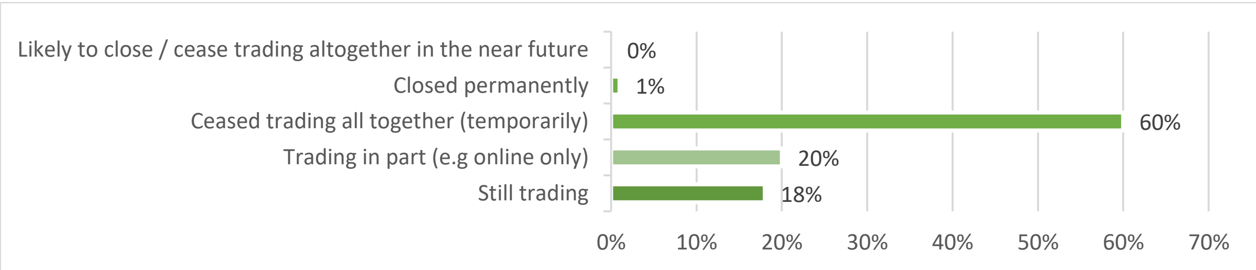
## 2.3 Location of respondents' businesses




The majority of responses came from businesses located within the National Park. Those based outside represented a range of businesses such as accommodation providers who use their proximity to Exmoor as a primary attractor to visitors, activity providers who run events / activities within the National Park and others offering services within the National Park form a base outside.

# 3. Impact of Covid-19 on trading

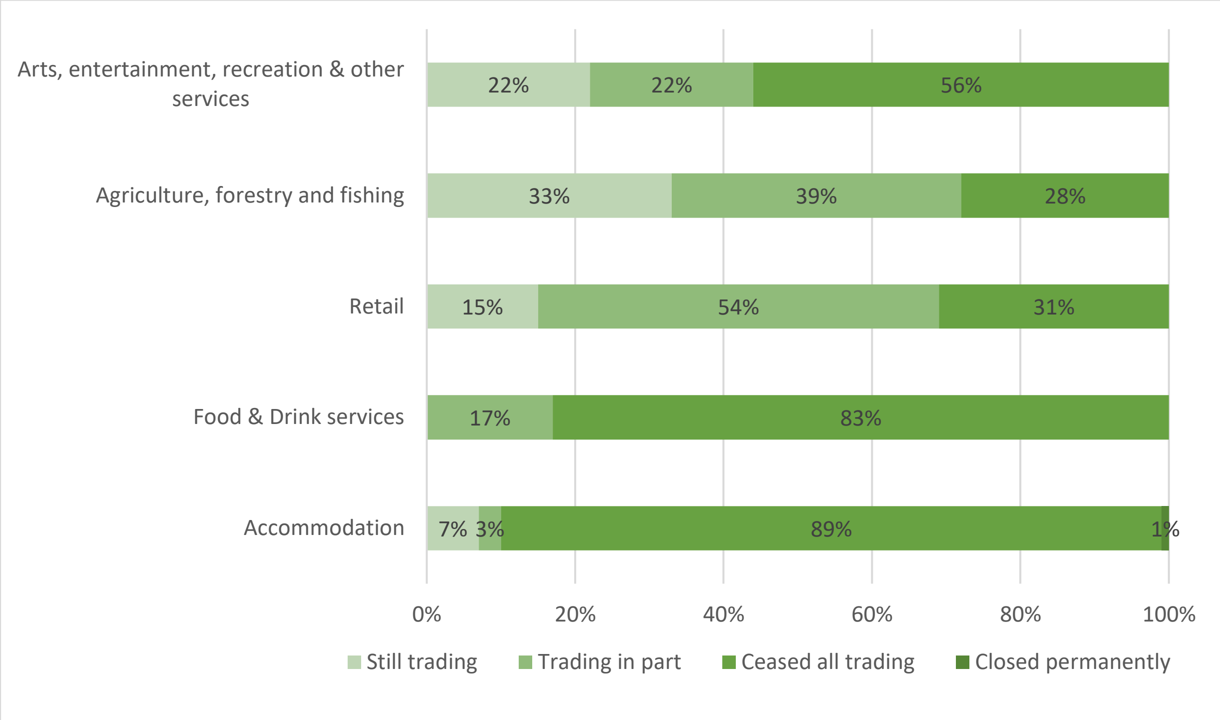
## 3.1 Trading status




Almost two thirds of businesses have temporarily ceased all trading. A fifth are trading in part – for example some retailers have moved to online platforms and some food and drink service providers have offered a takeaway service. Comments from those that were still partially trading reflected that in most circumstances this was at a very low level compared to their normal operations . A number of farm businesses commented that whilst their primary business was continuing with some changes that they had to suspend diversification (such as farm-based activities and holiday accommodation).

At this stage just 1% of businesses reported permanent closure and no respondent foresaw permanent closure in the near future. However, the impact of the recession (or depression) widely anticipated by economists is likely to further impact on businesses into the future.

## 3.2 Trading status by key sectors

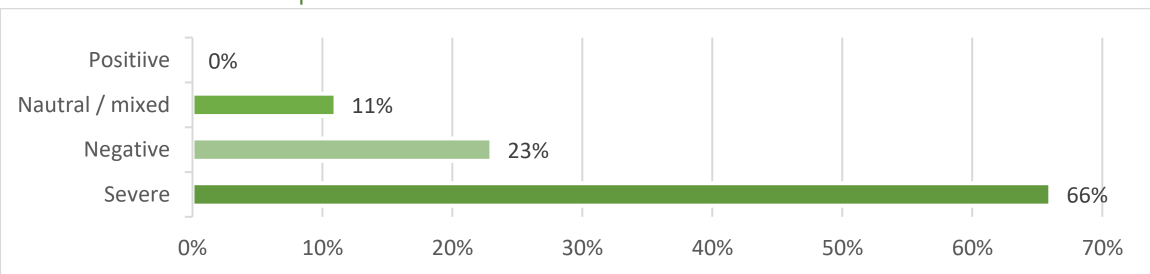



Eighty nine per cent of accommodation providers responded that they had ceased all trading (the seven per cent of accommodation providers that were continuing to trade were those providing accommodation to key workers), along with eighty three per cent of food and drink service businesses. Over half of arts recreation and entertainment services had ceased trading and around a third of agriculture / forestry / fishing and retail providers had also ceased all trading.

A number of respondents elaborated on their responses to this question. Many voiced concerns around the lack of clarity for reopening the hospitality sector and the lead in time and clarity of detail required by businesses in advance to prepare for this. Some spoke about their desire to trade further into the winter to make up for lost trading in the spring.

Several accommodation providers voiced concerns around the need to refund cancelled holidays without any support from their insurers.

## 3.3 Self-assessed impact

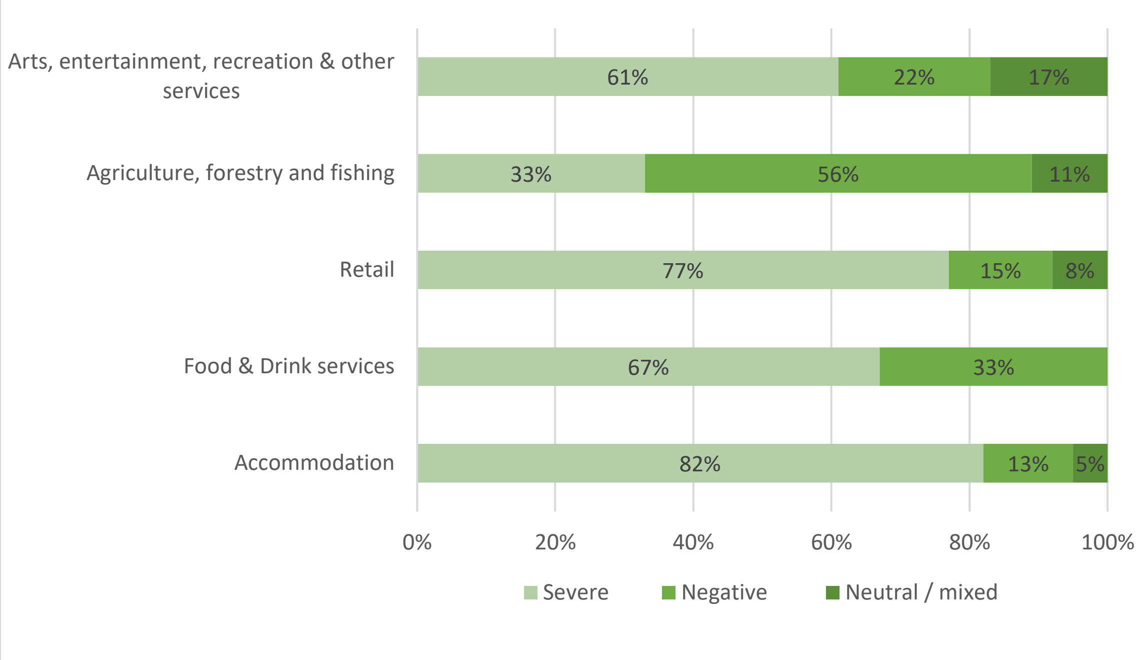



Eighty nine per cent of businesses reported an adverse impact. Two thirds of respondents assessed the impact of Covid-19 on their business as severe, twenty three per cent as negative and eleven per cent as neutral / mixed.

Many respondents made comments regarding the lock down restrictions, with a fear that even when fully lifted their trade would be affected owing to market conditions and decreased consumer confidence. Some were open about their vulnerability, with any profits from previous years ploughed back into business improvements leaving nothing to fall back on, with such an abrupt end to trading. Some businesses were relying on the government grants or bounce back loans offered to retail, hospitality and leisure businesses to get through.

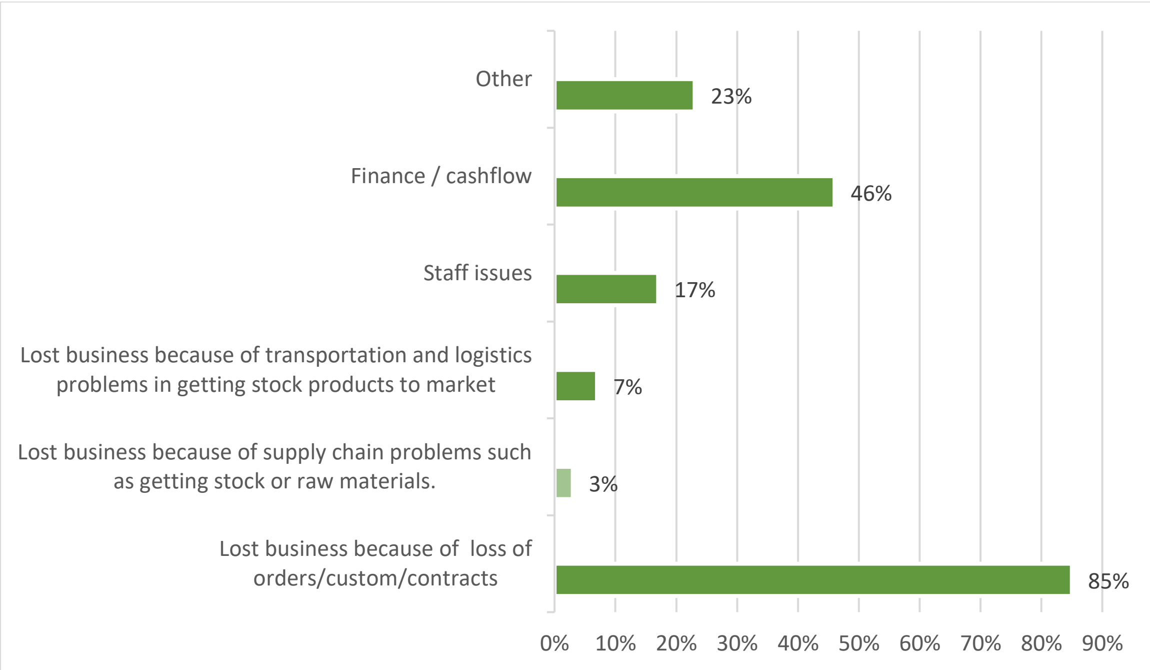
Whilst some businesses were able to effectively 'shut up shop' many commented about the ongoing running costs still incurred without any income.

### 3.4 Self-assessed impact on key sectors




## 4. Business Response

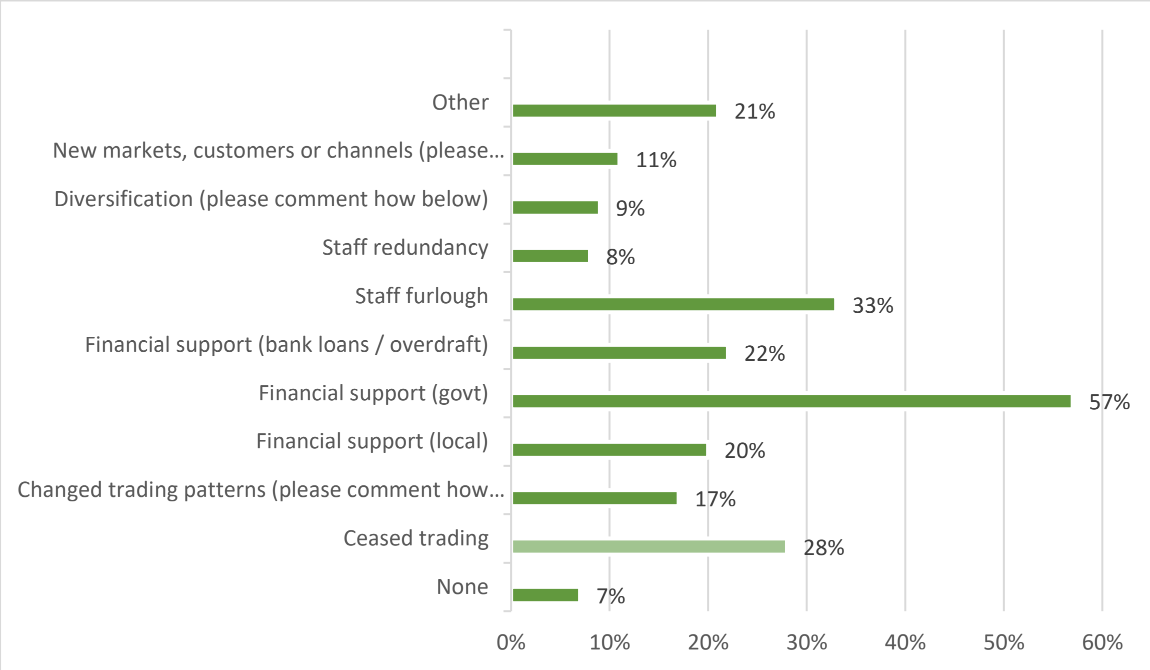
### 4.1 Key issues and impacts businesses are addressing




Respondents were asked to identify the top issues / impacts that they were currently addressing in light of the impact of Covid-19 on their businesses. Lost business due to a loss of orders, customers and / or contracts was the most often stated impact, identified by eighty five per cent of respondents, followed by forty six per cent identifying cash flow and issues around staffing at eighteen per cent.

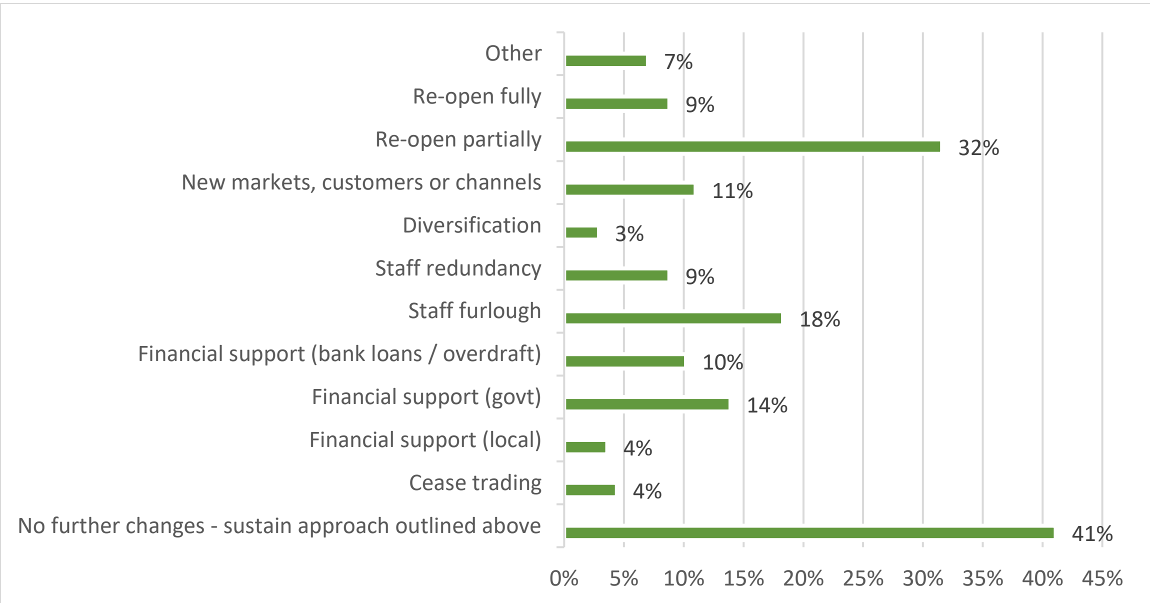
Other responses included issues around taking care of animals and property, keeping customers informed and engaged, considering how to re-establish trade, the impact of other business closures, addressing community safety fears, and dealing with insurance, refunds and cancellations. A particular concern from many in the tourism sector focused on the knock- on impact of transferring 2020 bookings to 2021.

## 4.2 Actions undertaken to date




The main actions undertaken were around accessing government funding and grants, utilising the Coronavirus Job Retention Scheme to furlough staff and ceasing trading. Seventeen per cent had changed trading patterns such as diversifying into new opportunities, developing alternative modes of operation and taking on alternative employment. Other responses included finding ways of engaging customers and potential customers often by working pro-bono and using the opportunity to complete physical improvements to premises or undertaking training to further develop the business.

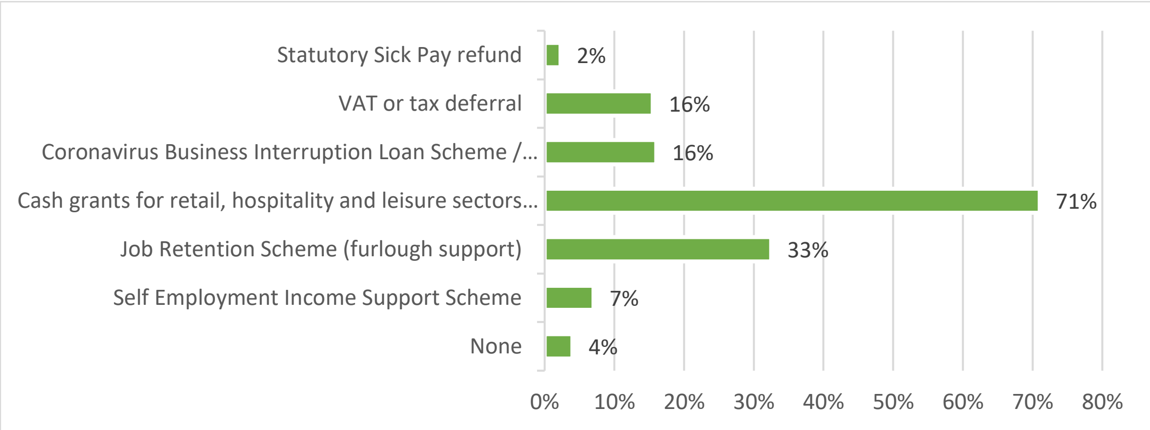
## 4.3 Further actions anticipated in the next month



Over forty per cent of respondents were not planning any major change in the coming month. Just under a third, including many retailers, were anticipating partially reopening but only eight per cent anticipated fully reopening. Eighteen per cent were considering further furloughing of staff with nine per cent considering redundancies. Whilst 11 per cent were considering new markets, customers or channels, just three per cent were anticipating any further diversification. Those responding ‘other’ included a reduction in staff hours, seeking additional outside employment, creating and participating in virtual alternative shows and events and focusing efforts on 2021 marketing.

# 5. Business Support

## 5.1 Accessing Government support



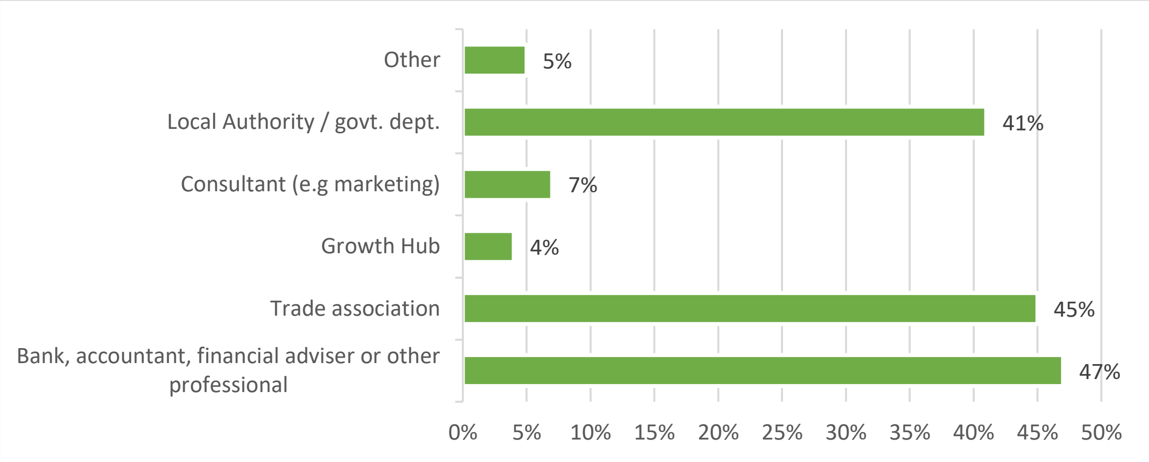

The majority of respondents had accessed the Government’s grant schemes reflecting the high level of hospitality businesses in the area. Many recipients praised the work of the District Councils setting up and turning around the business support grants for retail, hospitality and leisure sectors, given the challenging circumstances.

A third had taken advantage of the Coronavirus Job Retention Scheme. A significant number of Exmoor’s businesses are sole traders without any formal employees and this would explain the relatively lower uptake of this scheme given the high impact of Covid-19 on trading.

Whilst some had taken advantage of the VAT / tax deferral options, they did not feel this offered long term support as it would still need to be paid. There were some comments from those that ran bed and breakfasts but paid council tax as opposed to business rates – at the time of responding some had claimed self-employment income support and so weren’t initially eligible for the discretionary grants offered (eligibility guidance was later amended allowing such payments to be made).

Those that ‘fell through the gaps’ expressed their disappointment in the lack of support received from Government.

## 5.2 Access to business advice & support




Approximately seventy per cent of respondents reported receiving business support and advice from a range of channels.

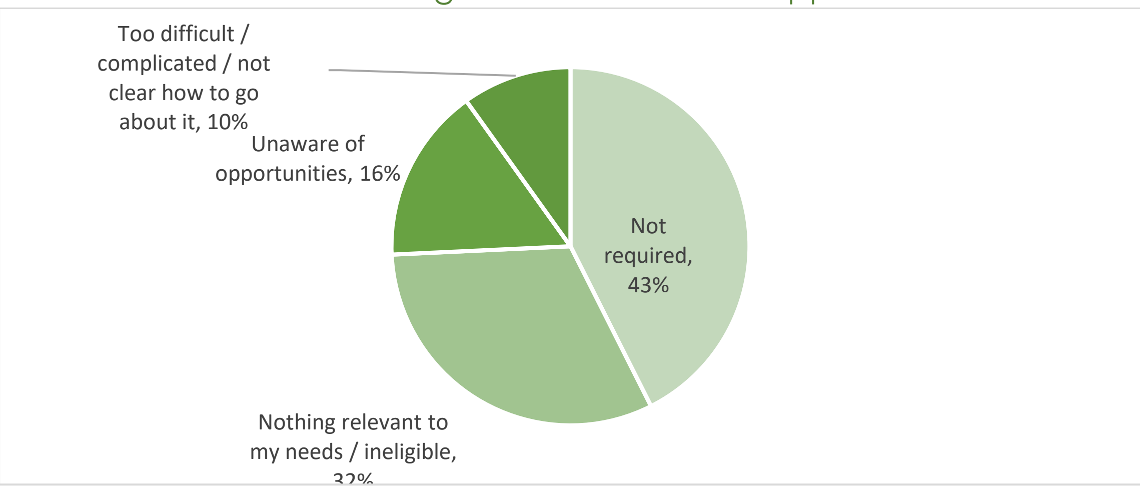
The most significant channels of business advice and support had been professional financial advisors, trade associations and Local Authorities / Government Departments. Just four per cent had utilised the Heart of the South West Growth Hub despite this being promoted as the one-stop shop for business support enquiries in the area.

Those that responded 'other' referred to seeking advice from industry peers and via politicians, including councillors and MPs.

Supporting comments were mostly positive about the value of the support and advice. For example one respondent commented that the information received from the National Park and their Destination Management Organisation was "*very detailed, quickly dispersed and accurate - psychologically also good to feel these bodies are thinking of us and trying to help in spite of their own problems - will remember them for this in the future if we survive*". Others commented that they were "*happy to have received whatever advice we could*" or were "*getting as much professional advice that can help*".

Many commented that they had taken advantage of a range of online training and webinars being offered through various channels.

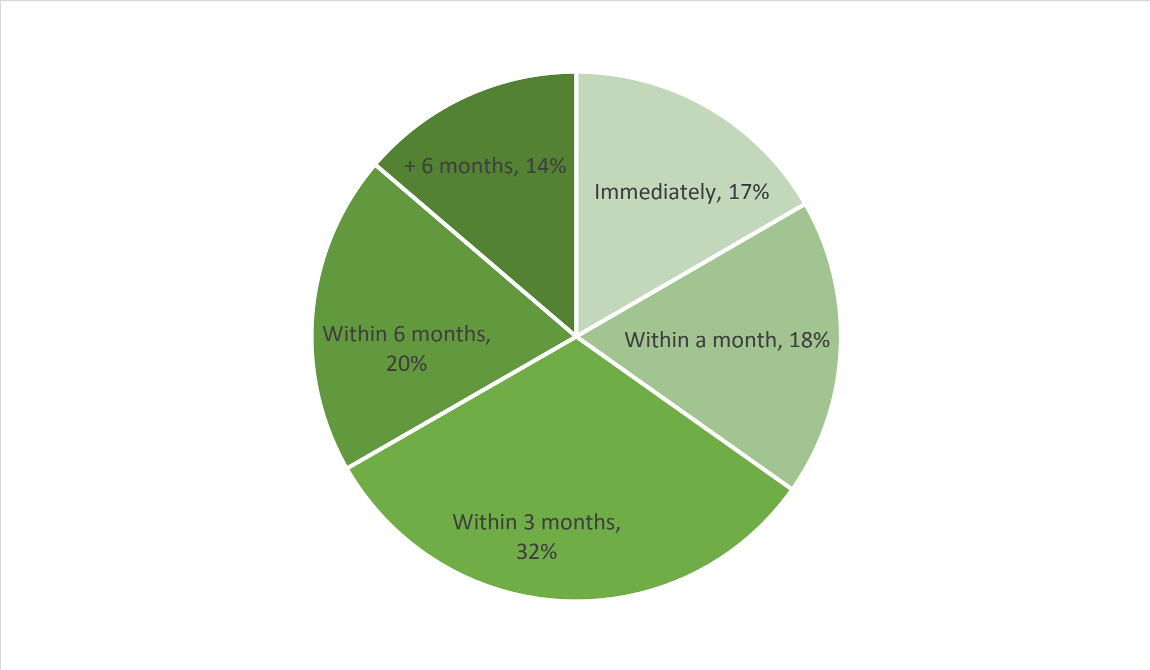
## 5.3 Reasons for not accessing business advice or support




Of these that had not accessed business support or advice the majority (forty three per cent) stated this was not required. Approximately a third however found they were ineligible or  that there was nothing relevant to their needs. Sixteen per cent were unaware of opportunities and a further ten per cent felt it was too difficult or unclear how to access.

# 6. Recovery

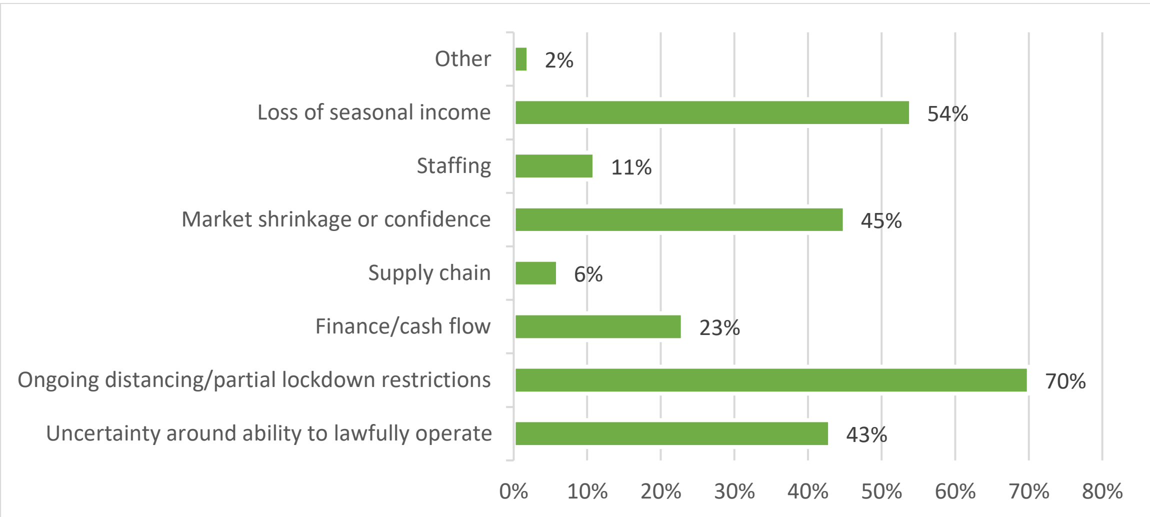
## 6.1 Time required to re-establish trading




Just over a third of respondents felt they could resume trading within a month of restrictions being lifted. A further third felt it would take up to 3 months. Of concern, the remaining third felt it would take over three months to return to ‘normal’ operations – fourteen per cent saying six months or more.

The question may have been interpreted differently by some respondents, who may have been thinking more about the length of time it might take to build business back up to pre Covid-19 levels (as opposed to being open and operational albeit with amendments to respond to social distancing for example). However, there are known examples of businesses – especially those who depend on the peak season trade - feeling that it is too late to modify and reopen for this season and will therefore be waiting until 2021 to reopen.

## 6.2 Key barriers to recovery



The single largest identified barrier to recovery was the ongoing restrictions in place. Since the survey was completed these restrictions have been lifted for non-essential retail (15 June) and announcements made that many hospitality providers should be able to reopen on 4 July. However, there are strict guidelines in place around social distancing and other necessary health protections which will continue to have an impact on the ability of many businesses to resume normal trading patterns.

A loss of seasonal income was the next greatest barrier reported – most usually by those within the visitor economy. A number commented on the potential 3-winter scenario where businesses who depend on summer trading to get through the quieter winter face the equivalent of 3 consecutive 'winter' periods before re-establishing trading in spring 2021. For example, one respondent stated a concern around *"staff costs beyond October - when we are unlikely to be able to generate income to cover costs of operating"*

Those responding 'other' referred to issues such as business owners / managers and staff having to continue to shield even once restrictions are lifted and the lack of clarity regarding the longer term situation.

A comment made by many was around the potential local opposition to reopening parts of the tourism sector owing to community safety fears.

## 6.3 Positive opportunities for recovery

Whilst clearly Covid-19 has impacted adversely virtually every business on Exmoor the survey sought to discover if businesses were able to identify any positive opportunities to carry forward into recovery. Whilst many were unable to identify any, others provided a range of answers.

Many businesses had diversified - for example, retailers offering new online services and food and drink providers offering takeaway services. Not only did these actions help to mitigate some of the impact in the short term, some saw these as a positive opportunity to reach new audiences with longer term benefits.

The single most often cited opportunity was around the potential for a surge in domestic tourism with more UK residents holidaying at home.

Many reported a growth in social media engagement as well as further developing more local markets for products. It was also stated that the situation had emphasised the loyalty of many customers to the area and its businesses.

The government grants received by some had been used to pay off creditors allowing them to start afresh when trading resumes.

Respondents also reported on the opportunity to undertake business improvements – whether to their marketing, staff training or property improvements. In the case of the latter, these were either being done by business owners themselves and thus representing a cost saving to the business or were over and above planned works.

A number of responses talked about the opportunity to reset and restart the local economy with a great emphasis on widening the scope beyond tourism and taking advantage of the opportunity to continue remote working for many sectors outside of tourism. For example, one respondent described the situation as a " *Catalyst for change - hopefully a sustainable economy can be created that isn't so heavily reliant on tourism - Professionals from all sectors are now used to working remotely".* Issues around local procurement and purchasing, especially in relation to food were also raised as positive opportunities for the future.

## 6.4 Other comments to inform Exmoor's recovery work or the ongoing economic development work

Many of the issues raised focused on areas previously known as issues from businesses such as marketing, digital connectivity and networking.

A desire for greater promotion of Exmoor was clearly stated by many respondents. For example, "Visitor confidence will be key in the coming months, visitors need to know that Exmoor is a safe place to visit, it will be open and accommodating". The issue of promoting Exmoor further as a visitor destination also raised further comments around the need to manage any concerns from communities around the safety of inviting visitors back to Exmoor.

Aligned with the desire for more marketing there was a desire to support the visitor economy to further extend the season into the autumn and winter to make up for lost business from the spring. Comments in this regard focused on utilising existing opportunities such as dark skies and game shoots through to support for new events and initiatives within communities. For example:

*"Key to balance local perception that outsiders risk creating a local spike in the virus with the acceptance that visitors need to return to support the local economy through accurate messaging and information".*

*"Encourage the tourists to walk the footpaths / visit our favourite tourism spots, show them we are still alive and look forward to welcoming them when restrictions have ended."*

*"More need to be done to manage local fears and worries and put the (small) risks in context. "*

*The constant negative comments for people to keep away is ill judged and not help full to people relying on tourism. The whole 'fear' factor has gone way out of control and will lead to all kinds of issues. Hysteria and Panic feed on Fear.*

*"Tourism will need to be managed carefully. There will be a mad rush to come down here from all over the country and I can see Exmoor getting swamped with like-minded tourist. It will be very difficult to maintain social distancing in 'hubs' such as towns and pubs and when passing on public footpaths."*

Digital connectivity was another area raised by a number of respondents as both part of the recovery work and ongoing support for the rural economy.

*"Internet access in the ENP must be available at usable speeds to all. We cannot operate with slow speeds and constant buffering"*

*"We now have a digitally dependent state and people have discovered they can work successfully from home"*

*"Improved internet connection throughout Exmoor would assist and support remote / home working - negating need to travel to towns/cities for work which in turn helps environment via reduced vehicle emissions & increases likelihood of shopping local & supporting local economies"*

In terms of recovery several comments were made about the need for greater collaboration between different businesses and areas of Exmoor.

*"The 'value chain' needs support. Too many small producers are left to figure it out on their own. Needs support for small cooperatives and clusters, which needs rediscovering skills that have not been used in England for decades."*

*"The opportunity for different businesses within the hospitality / tourism sectors getting together to provide more 'packages' in order to encourage more tourists back into the area and to help affected businesses recover. "*

Other recurrent themes raised included the need to provide specifically for the distinct needs of young people, transport, challenges around the cost of living vs low wages and a recognition of the landscape, beauty and strength of community spirit found on Exmoor.

Dan James
Sustainable Economy Manager
Exmoor National Park Authority
June 2020


*During the height of the pandemic local business, Exmoor Welding, based at Wheddon Cross, created this moving sculpture as a tribute to NHS and key workers. They went on to sell a desktop version with profits going to the NHS. In doing so they helped to keep the image of Exmoor alive with TV, radio and press coverage.*

Photo: Liz Mitchell @LizMitchellPhotogrpahyExmoor

For further information on Rural Enterprise Exmoor please visit:
*www.exmoor-nationalpark.gov.uk/living-and-working/business-and-economy/rural-enterprise-exmoor*