An Analysis of the Impact of COVID-19 on Carmarthenshire

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Contents

Section 1 – Introduction

1.1 Purpose and Context

The COVID-19 pandemic is considered one of the most significant global events in recent history. Its effects have been felt across the world and has resulted in the most significant disruption to normal life in peace time. The ferocity and complicated nature of the virus has meant that people are unable to exercise their fundamental rights of freedom and free movement, resulting in substantial global economic downturns.

As national and local governments attempt to plan for a rapid and flexible recovery, it has never been more imperative that decisions are informed by accurate and timely intelligence. This report is therefore intended to provide an analysis of the effects of the COVID-19 pandemic on the county of Carmarthenshire. It has been developed with the aim of providing some context on such areas as the economy and labour market, people, businesses, education and skills.

1.2 Process and Methodology

This report draws on several data sources of both a primary and secondary nature. The most recently available secondary labour market information has been analysed to provide information regarding the economy, labour market, people and skills. This information has mainly been accessed via an economic modelling package known as EMSI. The data provided through this package is derived from a collection of nine government sources and recognises itself as a complete, accurate and reliable source of labour market information.

Primary evidence has been gathered via an electronic survey disseminated to businesses operating within the county, this has subsequently been analysed to inform the business intelligence section of this report. The survey includes a mix of both closed and open-ended questions, which has provided robust quantitative and qualitative information through which analysis has determined several reliable conclusions.

1.3 Limitations and Factors for Consideration

When reading this report the following factors should be considered;

- The COVID-19 pandemic progresses at pace, and as such its effects are changeable and substantial. In response; policy matters, interventions and labour market information are also changeable, in a bid to offer as flexible a response as possible to the ever-changing situation. This report should therefore be considered a 'snap-shot' in time and was correct at the time of writing.

- The business analyses are only representative of those businesses surveyed and are therefore not representative of the entirety of the business demography in Carmarthenshire.

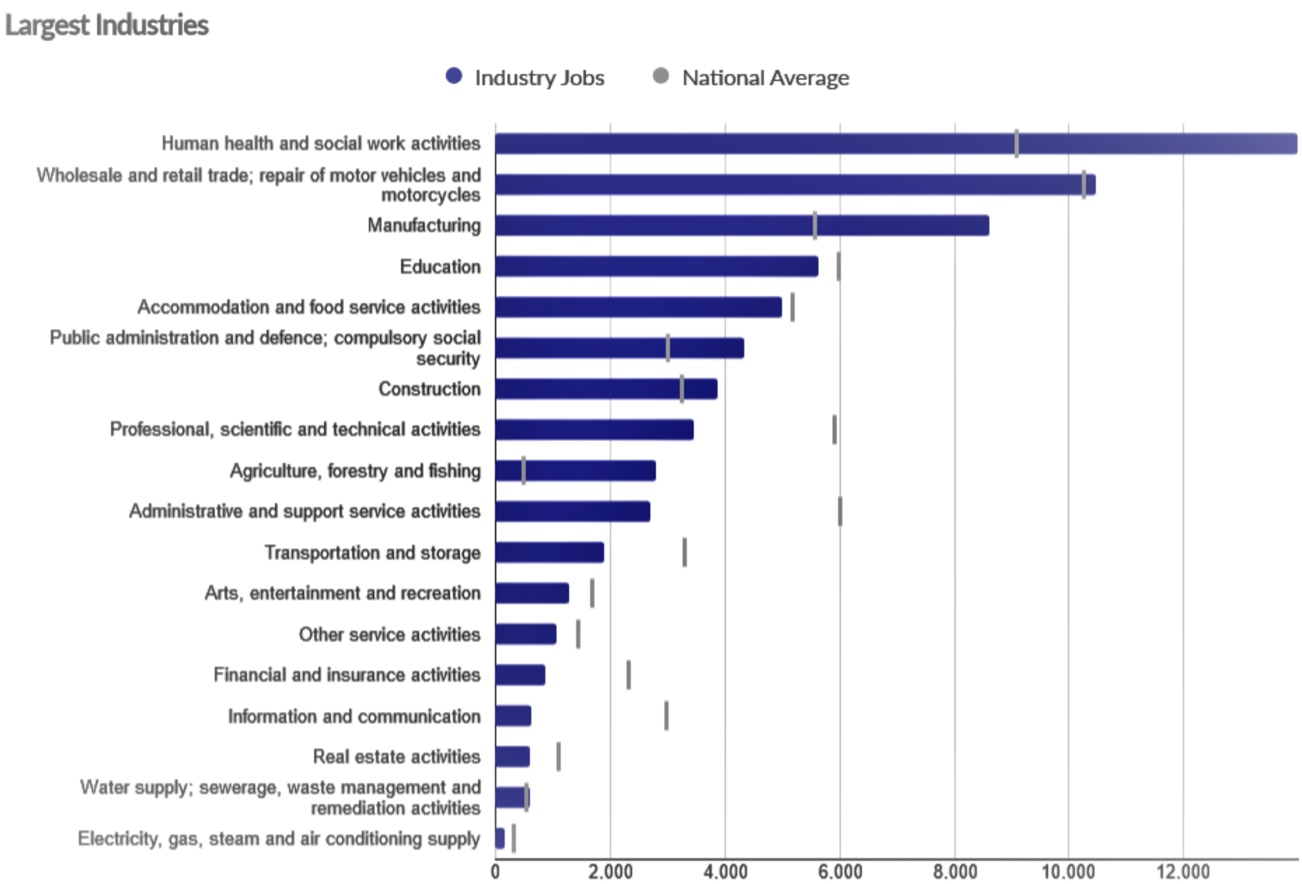
Section 2 – Policy Landscape & Labour Market Intelligence

2.1 The Economy

2.1.1 Employment and Unemployment

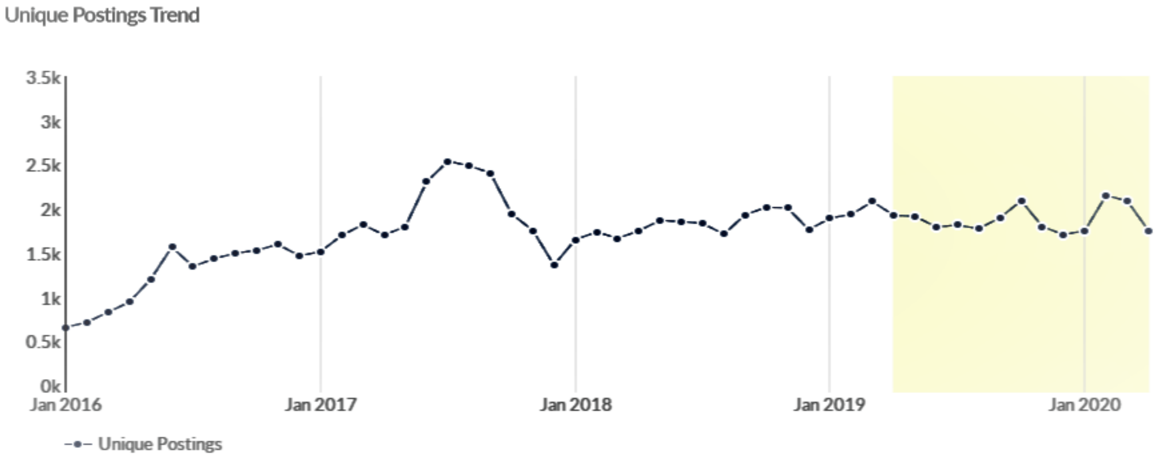
Prior to the outbreak, Carmarthenshire compared positively with national averages with regards to unemployment, showing lower levels compared with national averages. Whilst it is almost a certainty that unemployment levels will have risen over the last three months, it remains unclear by how much. Recent information released by the Department for Work and Pensions states that in a two-week period (between mid-March and the beginning of April), there were 950,000 successful applications for Universal Credit made at a UK level. Comparatively, a two-week period under normal circumstances would see approximately 100,000 claims made. This is a stark indicator of the true scale of the economic emergency posed to many as a result of the pandemic.

The largest industry in terms of employment in the county is ‘Human health and social work activities’, which bodes well in terms of the increased pressure on the health sector in light of recent events. However, this is followed by industries which could be deemed more susceptible to the effects of the virus as a result of their reduced capability to social distance and work from home. These include; ‘Wholesale and retail trade’, ‘Manufacturing’, ‘Education’ and ‘Accommodation and food service activities.’ This is explored in more detail further in the report.



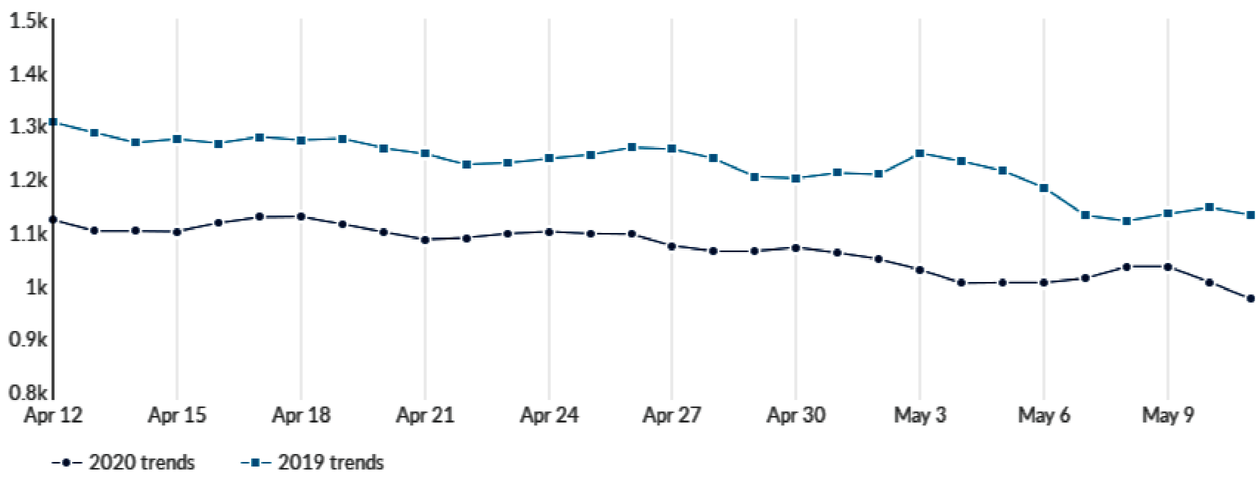
2.1.2 Recruitment Patterns

The following chart details how job posting trends have changed since January 2016 in Carmarthenshire.



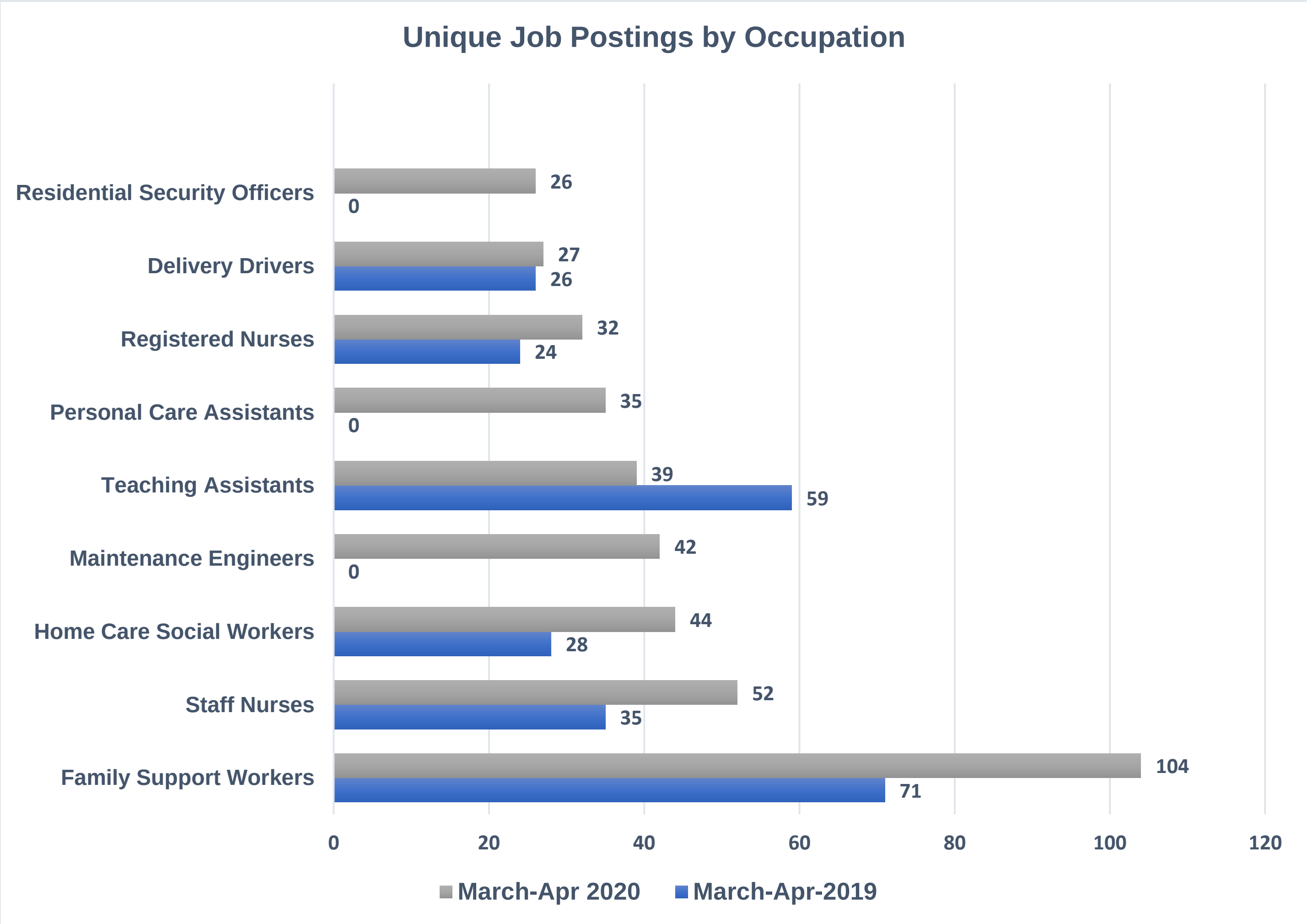
It is evident from the chart above that restrictions introduced as a result of the pandemic have had a dramatic effect on recruitment demand when we consider the labour market in its totality. We see a dramatic rise in recruitment demand between December 2019 and February 2020 which is consistent with patterns exhibited in previous years. We would expect to see this increase continue at a steady pace through the subsequent months, however this year's trends show a sharp decline in recruitment demand from February onwards, which looks set to continue. This is almost certainly attributed to the introduction of stricter measures, i.e. social distancing and lockdown which undoubtedly make recruitment a more challenging prospect for employers.

The chart below, further substantiates the trends previously highlighted. Closer inference of recruitment patterns for the last month show that recruitment is down an average 8.7% on figures for the same time period in 2019. On May the 11th we see the most significant disparity with recruitment levels down 19.3% in comparison to the same time last year.



2.1.3 Occupational Demand

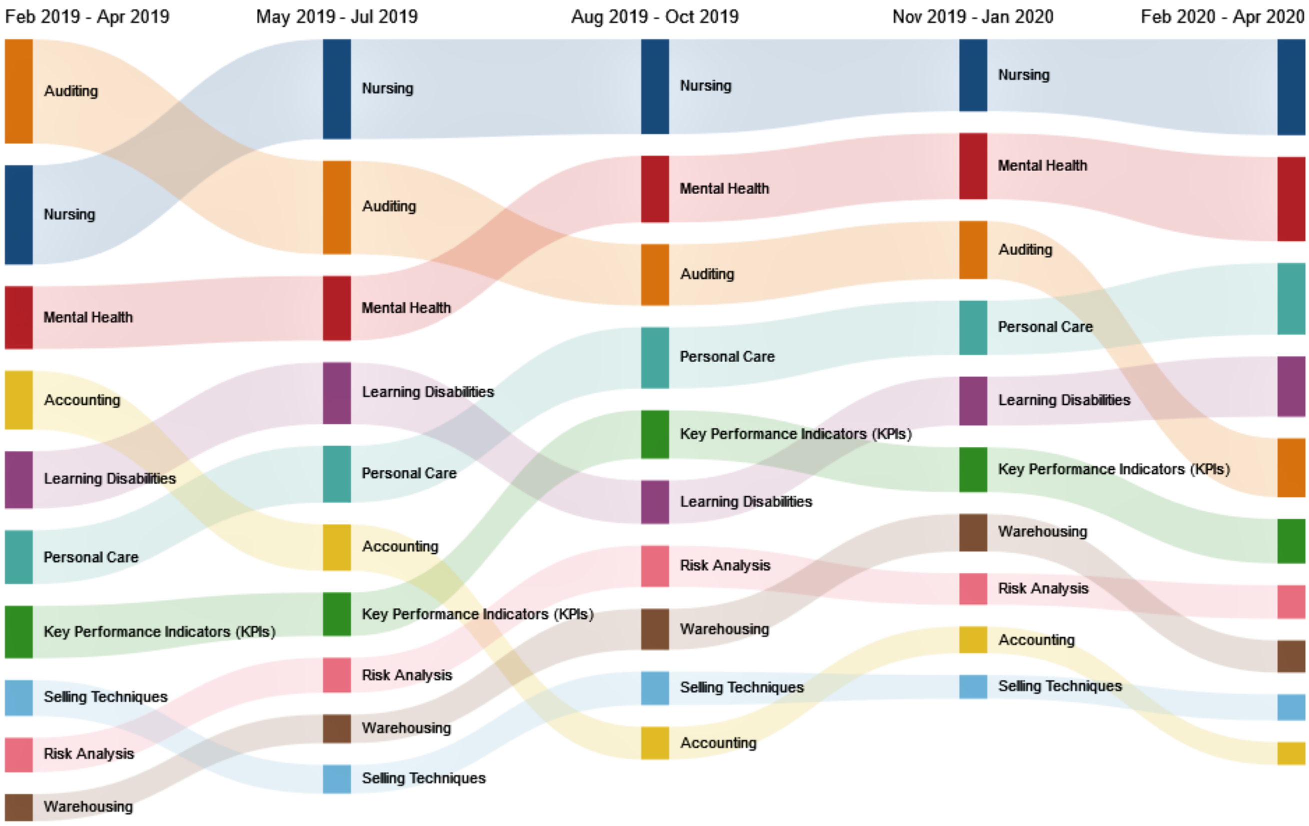
Whilst recruitment demand is down in its totality, the demand for certain occupations has increased. The following chart depicts these fluctuations.



It is evident from the chart that recruitment demand for what are considered health and social care-based occupations has increased, particularly ‘family support workers’, ‘home care workers’, ‘personal care assistants’ and ‘registered nurses’. This is not surprising given the increased pressure that has been placed on these sectors as the country tries to react and respond effectively to the serious health and social effects of the COVID-19 virus. In addition, the demand for ‘maintenance engineers’ has risen, this could be reflective of the growing demand for manufacturing businesses (and similar) to invest in maintaining their machinery, equipment, systems and infrastructures whilst they are not operating at full capacity or at all. This ensures that once restrictions are lifted work can continue quickly and with ease.

2.1.4 Skills Demands

The following infographic indicates how skills demands have fluctuated over the course of the last year in Carmarthenshire.



The infographic above gives an indication that nursing has consistently remained the most sought-after skill in the Carmarthenshire over the last year. This trend is likely to continue given the current pressures on the National Health Service. There has been little fluctuation over the course of the year, with the exception that skills related to mental health, personal care and learning disabilities have increased. Skills related to auditing and accounting have seen decreases.[1]

How the skills landscape on the whole will be affected as a result of the pandemic is not easily identifiable. The majority of job losses are likely to be at a lower skills level as these jobs tend to be part-time, low paid and more unstable. This could result in a further widening of the already prevalent skills gap between the highest and lowest skilled in the labour market. Crucial to addressing this skill gap is understanding exactly what skills people have as well as understanding how these skills are transferrable to other sectors. In accordance with this, employers and businesses need to be able to identify the skills that they need, and providers need to define the skills that they need to teach. Local Government and organisations such as the Regional Learning and Skills Partnership have a crucial role to play in supporting businesses and providers to meet these challenges.

[1] Analysis of EMSI data

2.1.5 Gross Value Added (GVA)[2]

National debt levels have been, and are likely to continue to rise sharply as Governments attempt to react to the wide-reaching effects of the virus. The impacts of this substantial rise in Government spending are likely to be felt for some time with the global economy contracting quicker and deeper than ever before. According to the International Monetary Fund many advanced economies are expected to enter recession this year, these include the UK and US. Many social and economic commentators predict that Wales will be one of the hardest hit due to its social and economic landscape.

It is not yet possible to project the impact of the pandemic on local economies such as Carmarthenshire, however it is possible to identify which sectors of the economy are most pertinent in the area and subsequently identify those at most risk. The following table highlights Carmarthenshire's position in this respect.

Industry	% Change of Jobs (2010-2020)	Location Quotient[3]	GVA (2016)	% Total of GVA
Health and Care	31.6%	1.68	£338,593,817	14.46%
Government	-17.5%	1.46	£180,433,101	7.70%
Education and Childcare	-16.5%	1.03	£161,793,225	6.91%
Property Development	25.7%	0.96	£158,204,355	6.75%
Food and Beverage	7.8%	1.04	£131,036,234	5.59%
Vehicle & Defence Technology	258.1%	2.76	£88,913,493	3.80%
Building Services	19.8%	1.01	£88,168,094	3.76%
Personal Services	15.1%	1.08	£87,668,872	3.74%
Commercial Services	8.8%	0.41	£83,489,309	3.56%
Civil Engineering	7.6%	1.06	£77,754,314	3.32%
Financial & Legal Services	70.4%	0.52	£76,634,986	3.27%
Upstream Metal	29.6%	5.62	£73,367,054	3.13%
Household Goods and Services	-4.3%	1.05	£71,141,102	3.04%
Utility	22.7%	0.70	£62,968,246	2.69%
Agricultural Inputs & Services	26.1%	5.64	£62,697,940	2.68%
Automotive Services	-9.0%	0.93	£60,923,907	2.60%
Food & Drink Production	82.6%	2.14	£50,809,331	2.17%
Logistics & Ecommerce	-8.7%	0.57	£43,540,715	1.86%
Sports & Leisure	23.5%	0.80	£41,275,156	1.76%
Visitor Economy	38.0%	1.01	£38,855,577	1.66%
Education & Knowledge Creation	62.8%	0.45	£35,019,478	1.50%
Production Technology	-16.2%	0.60	£34,916,246	1.49%
Retail	-28.5%	1.06	£29,575,074	1.26%
Downstream Metal	26.8%	1.76	£26,968,760	1.15%
Business Services	23.7%	0.52	£26,774,717	1.14%
Professional Services	-9.1%	0.33	£24,903,786	1.06%

[2] GVA is the value generated by any unit engaged in the production of goods and services.
[3] A figure higher than 1 indicates that the given sector is considered a strength for the county.

Digital	-2.7%	0.17	£24,374,404	1.04%
Creative	-2.3%	0.32	£20,999,494	0.90%
Precision Technology	-56.5%	0.26	£19,200,481	0.82%
Forestry	5.7%	4.48	£17,548,391	0.75%
Metalworking Technology	74.5%	1.24	£17,066,892	0.73%
Plastics & Vulcanised Products	152.2%	2.29	£16,936,226	0.72%
Local Transport	-30.2%	0.45	£12,724,822	0.54%
Passenger Transport	73.3%	0.67	£11,717,079	0.50%
Local Envrionemntal Services	86.7%	1.30	£8,852,909	0.38%
Fishing	-59.7%	1.01	£8,613,708	0.37%

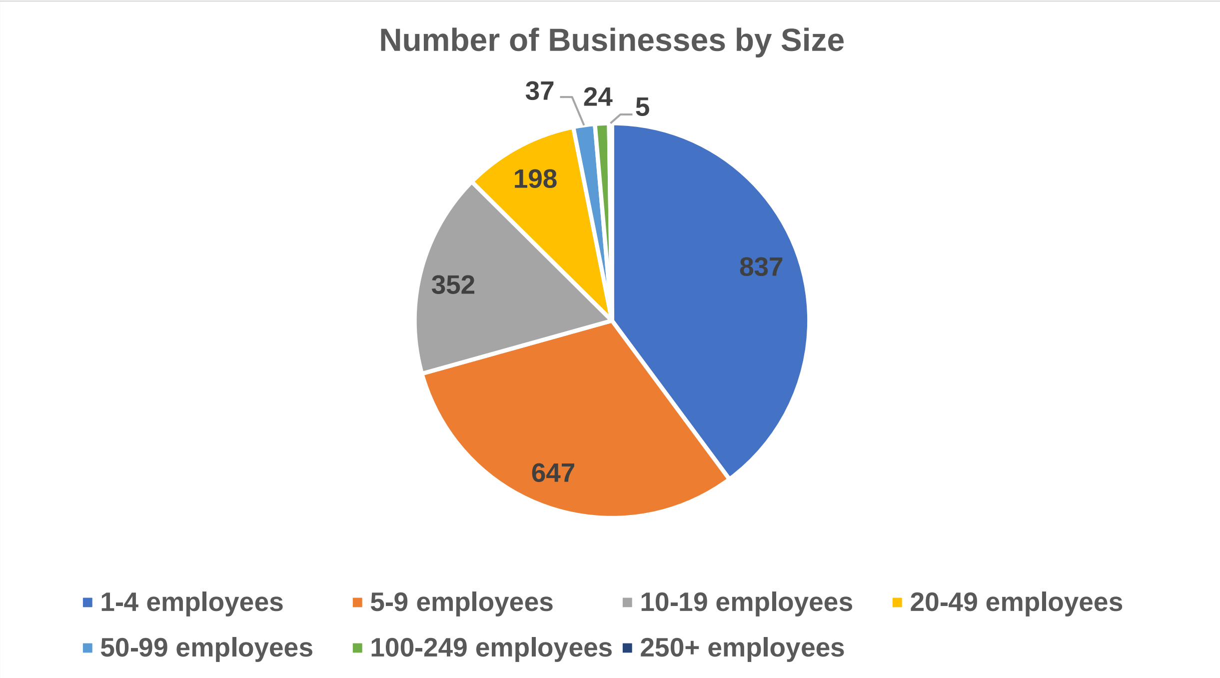
Although it could be argued that all sectors shown in the table above have suffered some adverse effects, highlighted in Blue are those industries which have essentially suffered 'sector shutdowns' as a result of the pandemic[4]. Three of these are in Carmarthenshire's top ten industries in terms of GVA creation, and in totality the industries highlighted account for 24% of Carmarthenshire's total GVA, totalling £552,730,549. As a guide, in the worst-case scenario this would mean that GVA in Carmarthenshire could see a possible deficit of approximately £500 million.[5]

There are opportunities to support these sectors specifically, but also others which are either of specific pertinence to Carmarthenshire (i.e. those with a location quotient above 1) or those that are deemed high value sectors in terms of GVA.

[4] With the exception of some elements of the education sector
[5] Analysis of EMSI – (2016)

2.1.6 Business

In Carmarthenshire there are approximately 3,175 businesses operating within those sectors deemed most susceptible to the pandemic. The following chart provides a breakdown of the size of these businesses in terms of the number of people they employ:



Whilst it is not possible to determine the exact proportion of self-employed individuals affected by the pandemic, this data does suggest that the greatest proportion of businesses at highest risk are those employing less than 4 people. It is reasonable to suggest therefore, that a large proportion of the 837 are self-employed.[6]

Taking account of all businesses irrespective of the sector they operate in, at a UK level 39% of small and medium sized enterprises have either closed down or are planning to do so in the near future. The research also found that the type of support that businesses are looking for varies according to size;

- 'For micro-businesses (those with fewer than 10 employees), cashflow is crucial, with 40% stating they need advice on this,
- Small businesses (10-49 employees) are looking for support to access grants and government loans (31%),
- Medium-sized firms (50-249 employees) want the most guidance with supporting staff from a wellbeing perspective (44%).'[7]

What this means from a Carmarthenshire perspective is explored in section 3.

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[6] Analysis of EMSI – Inter Departmental Business Register (2018)
[7] https://smallbusiness.co.uk/two-in-five-small-businesses-face-closure-because-of-coronavirus-2550068/

2.2 People

The virus has been described by some as a ‘great leveller’ however this is not strictly accurate. Whilst it’s true that the virus can affect anybody in a transmission sense, it is apparent that individuals from certain socio-economic groups are more susceptible to its wider implications.

2.2.1 Workers in shutdown sectors

Analysis shows that approximately 24,925 people in Carmarthenshire work in ‘shutdown sectors’, this accounts for 37% of the total workforce. This is consistent with the average for Wales and compares positively with UK averages (42%).
It is not possible to identify precisely how many of these individuals have been furloughed through the job retention scheme, however at a UK level it is expected that around 9 million workers will be furloughed[8] with 50% of all companies putting most of their staff into the scheme. Further analysis indicates that the 9 million account for 29% of the total workforce in the UK. Applying the same logic to Carmarthenshire figures would suggest that around 7,500 individuals are benefitting from the scheme.[9] This clearly leaves a significant short fall whereby it’s likely that many individuals will solely be relying on unemployment benefits, having (in many circumstances) suffered notable drops in their usual incomes.

This undeniably poses economic challenges for Carmarthenshire, the effects of which will be evident long after the pandemic ends. It may take months for household income to recover to pre-pandemic levels resulting in lower levels of disposable income which feeds the local economy. In this situation, individuals are less likely to purchase items that they deem non-essential, it would therefore be prudent to promote a ‘buy local’ message for essential items. This would stimulate growth at a local level, resulting in a steadier economic future for local businesses and their staff.

Analysis of the demographic of those working in these ‘shutdown sectors’ indicates that the majority are female, with the largest proportion aged between 25 and 34. A significant number (20.3%) are also aged between 16 and 24. The average wage for jobs in these sectors is £18,801, which is significantly lower than the Carmarthenshire average for all jobs which is £23,800. This substantiates the fact that from a socio-economic perspective those most likely to experience negative effects as a result of measures put in place are low earners, women and the younger generation.

2.2.2 Deprivation

The effects of the virus have been shown to disproportionately affect areas experiencing severe deprivation. Analysis has shown that deprived areas are experiencing higher death rates, seeing more severe financial effects and experiencing the largest negative effects to over-all wellbeing. Positively, there are no small areas of deep-rooted deprivation in

[8] According to analysis by the Resolution Foundation, using latest figures on take-up from the British Chamber of Commerce
[9] A guide based on a model approach

Carmarthenshire. Of the county's 112 LSOA's[10] only 4.5% are considered in the most-deprived 10% in Wales, these areas are Tyisha 2, Bigyn 4, Tyisha 3, Llwynhendy 3 and Glanymor 1.[11] Particular attention should be paid to these areas to ensure that interventions meet the needs of these communities as they are more likely to be hit hardest.

2.2.3 Social Impacts

The virus has resulted in a momentous and challenging change to lifestyle and working practices. At a Wales level 78% of adults are 'very or somewhat worried' about the effect of COVID-19 on their life right now. 48% feel that their wellbeing is being affected and 47% report feeling high levels of anxiety. There are many contributing factors to this increased anxiety with most reporting; 'worry about relatives and friends', 'financial concerns' and 'uncertainty about education'.

For context, at a UK level 73% of households reported that they have seen a reduction in their income. 16% reported that they have no income at all and a further 20% reported that they are providing financial support to friends and family.

30% of survey respondents indicated that they are feeling uncertain about exams and qualifications, with a further 40% reporting concerns that the quality of education is being affected.[12]

2.3 Education

At a UK level it is believed that approximately 15.4 million learners have been affected by school and institution closures as a result of the pandemic.[13] It is thought that almost 500,000 children in Wales have suddenly found themselves unable to attend school and have subsequently been cut-off from the social and educational benefits that attendance brings. Most worryingly, is the probable exacerbation of existing inequalities that some 28% of learners in Wales face. These existing inequalities relate to;

- Falling educational attainment and possible larger effects on their labour market outcomes,
- Access to adequate learning resources and support,
- Access to adequate nutrition and warmth.[14]

These factors are undoubtedly magnified in the current situation, whereby home schooling and a greater reliance on home life have become prevalent.

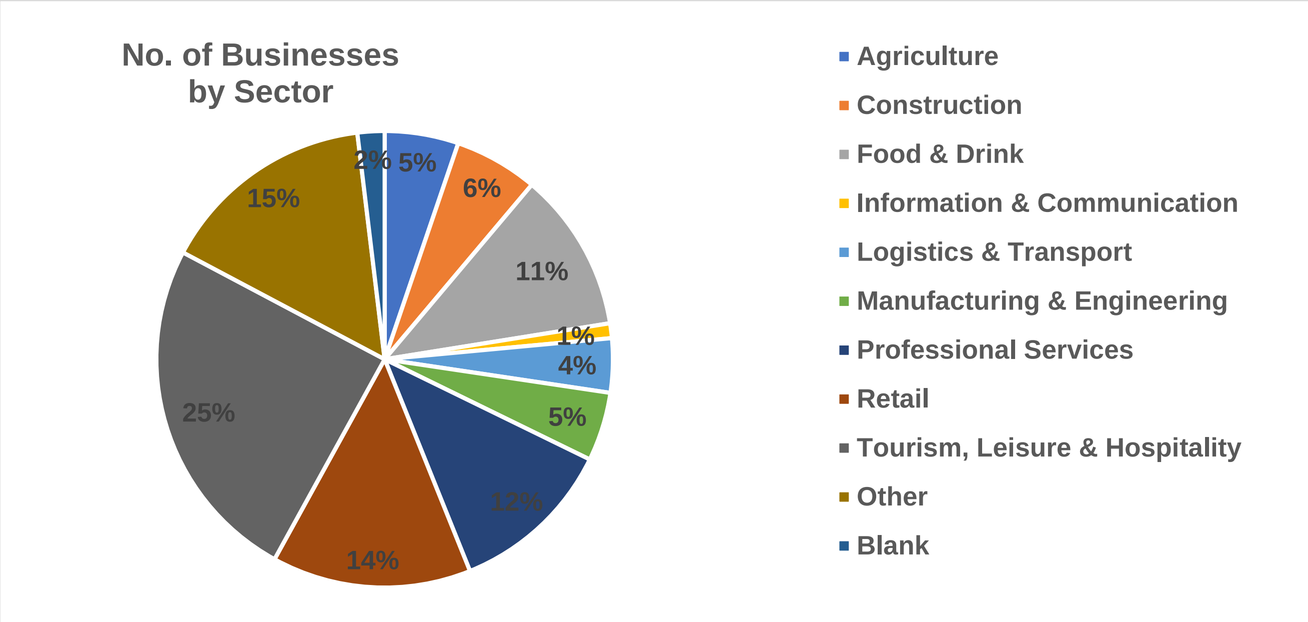
[10] Lower Super Output Areas
[11] https://gov.wales/welsh-index-multiple-deprivation-full-index-update-ranks-2019
[12] https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/datasets/coronavirusandthesocialimpactsongreatbritaindata
[13] https://en.unesco.org/covid19/educationresponse
[14] https://cpag.org.uk/news-blogs/news-listings/impact-school-closures-children-living-poverty-wales

Section 3 – Business Intelligence

The data discussed in this section has been derived from the analysis of the COVID-19 Business Impact Survey.

3.1 Respondent Demography

A total of 574 businesses from across the county responded to the survey, a breakdown by sector and business size of these respondents is provided below;



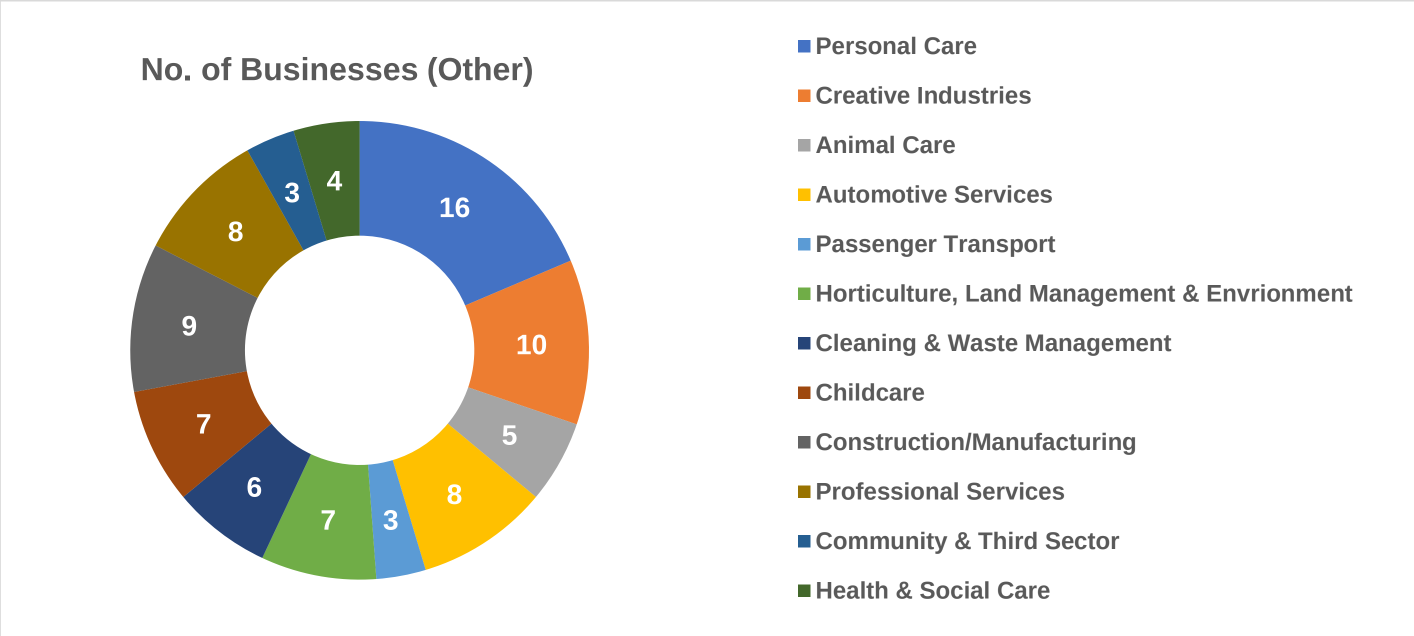
3.1.1 Breakdown by Sector

The majority of businesses (142) identified as operating within the 'Tourism, Leisure and Hospitality' sector which is positive as it is arguably one of the sector's that has suffered some of the most devastating effects of the crisis. A further 11 businesses failed to answer the question and have therefore been recorded as 'blank'.

The 'Retail' sector saw 81 responses, followed by 'Professional Services' (67), 'Food and Drink' (65), 'Construction' (34) and 'Agriculture' (30). The smallest representations are seen from the 'Manufacturing and Engineering' sector (28), 'Logistics and Transport' (22) and 'Information and Communication' sectors (6).

88 businesses felt that they did not identify with the pre-determined sectors within the survey and have therefore categorised themselves as 'other'. These responses have been analysed and subsequently allocated sectors (where possible), a breakdown of which is provided below[15];

[15] **Personal Care**: Barbers, hairdressers, beauty salons; **Creative Industries**: Artists, photographers, crafts, musicians, media & music, video production; **Animal Care**: Boarding kennels/catteries, Dog grooming/breeding; **Automotive Services**: Repair garages, valeting garages; Passenger Transport: Taxi services; **Horticulture, Land Management & Environment**: Recycling, Renewable Energy, Garden



3.1.2 Breakdown by Sector and Size

The chart below indicates that the majority of respondents identify as sole traders (216) or employ between 1 and 4 people (199). These account for 74% of the total returns. The largest proportion of sole traders operate within the 'Tourism, Leisure and Hospitality' and 'Retail' sectors, with the exception of the 'other' category.[16]

66 respondents employ between 5 and 9 people with the largest proportion of these seen in the 'Food and Drink' sector. The smallest return was seen from businesses employing over 100 people accounting for only 2.6% of the total responses. The sectors where the largest businesses were most prevalent are 'Construction', 'Manufacturing and Engineering' and 'Professional Services'.

What is pertinent to note is that the response demography largely aligns with Carmarthenshire's business demography as a whole. We would expect to see this response pattern as it is directly representative of the business landscape in the county, whereby the county is characterised by micro and small sized enterprises.

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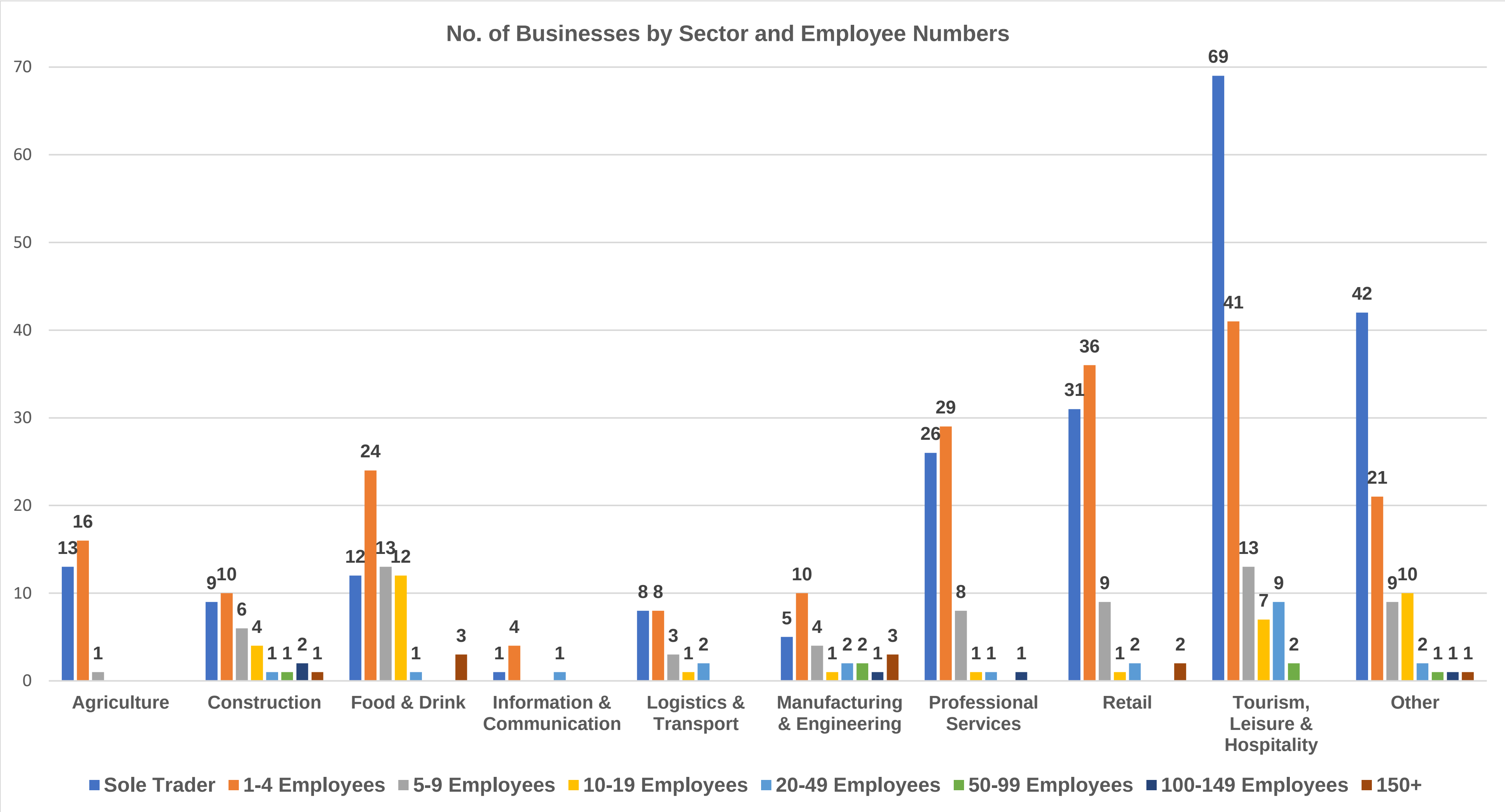
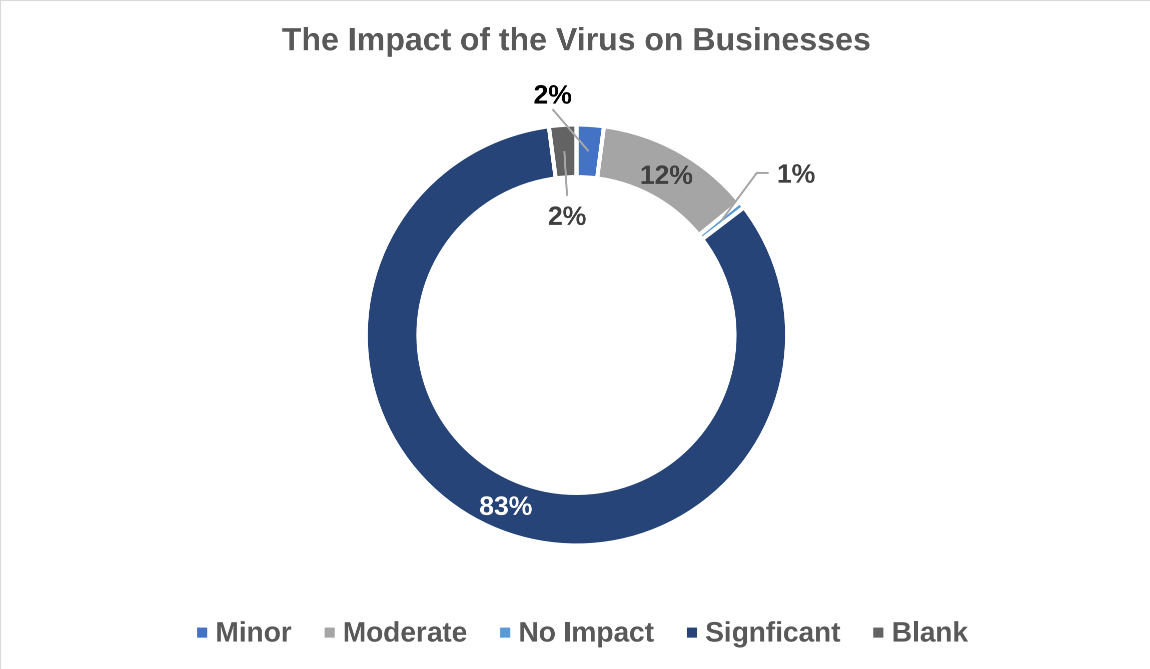
landscaping/maintenance, plant grower/retailer; **Cleaning & Waste Management**: Domestic/commercial cleaners, waste management services; **Childcare**: Childminders, nurseries; **Construction/Manufacturing**: Flooring supply, LPG supply, plumber, painter, pet food manufacturer; **Professional Services**: Marketing & sales, online retailer, storage, service industry; **Community & Third Sector**: Community halls/centres, conservation charity; **Health & Social Care**: Care, Care training.

[16] This of course could be directly attributable to the fact that the largest number of returns in totality were from the 'Tourism, Leisure and Hospitality' sector.


No. of Businesses by Sector and Employee Numbers
Agriculture
Construction
Food & Drink
Information & Communication
Logistics & Transport
Manufacturing & Engineering
Professional Services
Retail
Tourism, Leisure & Hospitality
Other
Sole Trader
1-4 Employees
5-9 Employees
10-19 Employees
20-49 Employees
50-99 Employees
100-149 Employees
150+

3.2 The Impact of the Crisis

Businesses were asked how they would gauge the impact of the Coronavirus on their business. The results are conclusive and substantiate anecdotal evidence that many of us are already aware of. The chart below provides further insight;



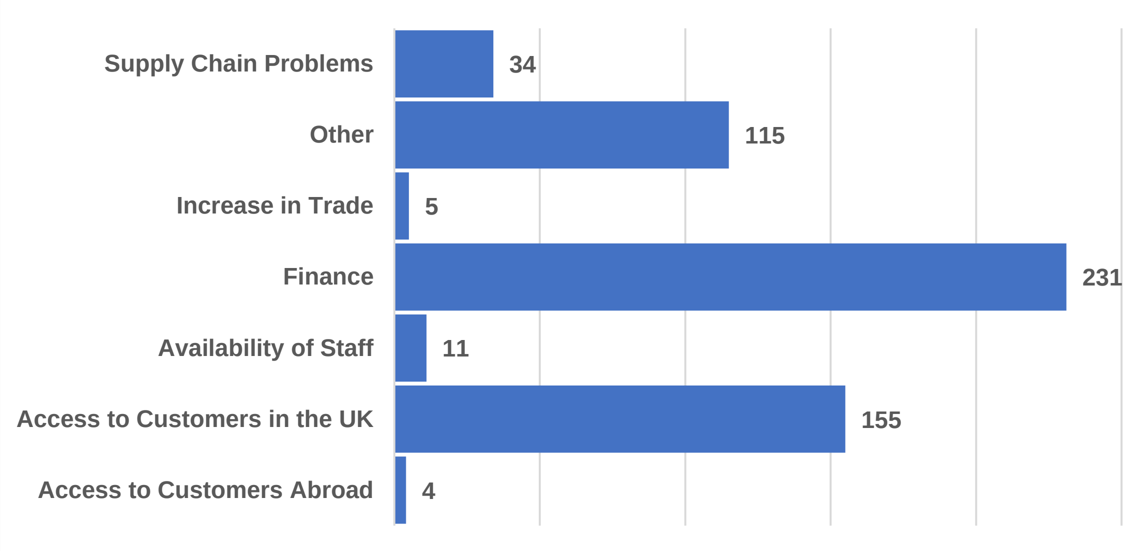
It is evident from the data that very few businesses have experienced ‘no impact’ as a result of the crisis with only 1% of respondents reporting this through the survey. It is clear that the vast majority of businesses have experienced some impact with 83% describing it as being ‘significant’.

Further inference of the data indicates that those reporting ‘no impact’ are within the ‘Retail’ and ‘Manufacturing and Engineering’ sectors, employing between 1 and 4 employees and 5-9 employees respectively. This likely relates to the specific nature of their businesses whereby they may have diversified to meet the changing needs of society, or they operate in sub-sectors where they have been able to continue operations whilst abiding by social distancing and lockdown measures.

The data largely indicates that businesses of all types have suffered similar levels of impact irrespective of the sector they operate within or their size. Although, it is evident that most of the businesses reporting minor impacts are either sole traders or employ between 1 and 4 people.

3.2.1 Categorising the Impact

Those who reported having experienced an impact were asked to categorise this impact, the broad results of which are indicated in the chart below:



Perhaps most crucial to note from the data above is the fact that only 0.8% of businesses have seen an increase in trade as a result of the crisis. Whilst this is positive for these businesses it is apparent that the picture is far bleaker for the remaining majority. A significant 40% are reporting that finance is an issue, corroborating national intelligence which indicates that cash-flow is one of the fundamental issues facing businesses at the moment.

Many of these issues are inter-dependent and the success of one can be determined by the other. For instance, difficulty accessing customers whether locally or abroad and supply chain issues negatively affect the ability to generate income. This puts into perspective the unprecedented nature of the crisis and the complicated and uncertain recovery route for the economy and the businesses which are its very foundation.

A large proportion of respondents reported ‘other’, following further inference these responses have been categorised as follows;

Impact	No. of Businesses
Reduced access to customers or falling demand for services/product	47
Forced closure/unable to open	54
Devaluing price of milk	4
Business owner having to shield	2
Health and Safety	2
Supply chain issues	6

3.2.2 Impact by Sector

Agriculture (Including Support Services)

A number of agricultural businesses within the county appear to be facing challenges related to bringing their product to market. This is especially true for milk producers with respondents stating that the price at which they sell continues to fall with the devaluation of produce continuing at pace. This is resulting in significant levels of wastage with some having to sell at a lower price than it costs to produce. This is also true for beef and lamb produce. One such respondent stated;

'Reduction to the value of our milk, it is due to reduce further, and we are now selling below the cost of production. As all farms, we have a contract and have no control over the price our milk is bought at and have no negotiating powers. Increase in feed costs due to issues with feed companies having issues purchasing raw materials. The value of our beef cattle has also reduced.'

These issues are exacerbated by supply chain problems and reduced access to customers which culminate into significant issues with finance and income.

Construction

Finance and a lack of access to customers in the UK were reported most consistently by the Construction sector when asked about impacts. These are directly related to a reduction in trade and income which were reported by many others. One respondent indicated that staff are afraid and concerned about working with a lack of appropriate PPE worsening these fears.

Food and Drink

In alignment with the Construction sector, finance and a lack of access to customers in the UK are proving challenging for the Food and Drink sector. One respondent however, noted an increase in trade. A vast majority of these businesses have had to completely shut down their operations as per Government instructions which means many are without an income.

Information and Communication

Access to customers was reported as the main issue for businesses operating within this sector. It is interesting to note that given the perceived highly digital nature of this sector that many businesses are still facing challenges. This once again substantiates how far reaching the impact of the pandemic have been.

Logistics and Transport

Although there has been a growth in demand for services offered by the Logistics and Transport sector at a national level, the data indicates that some Carmarthenshire businesses in this sector are feeling negative impacts. A number of these operations seem to be directly impacted by school closures, with the majority indicating that these are directly related to finance.

Manufacturing and Engineering

Supply chain issues are a key consideration for many businesses operating within this sector. This has resulted in complete shutdowns for some which has obviously negatively affected income generation. Access to customers both in the UK and abroad has also been reported, with this also reducing the businesses ability to operate at the level they are accustomed to. To corroborate, two respondents indicated;

‘Customers in the EU and the UK cancelling orders leading to a plant closure of 8 weeks’

‘The shutdown has caused both supply chain problems and shut down customer sites which in turn has cut off my source of income’

Professional Services

Similarly to other sectors businesses within the professional services sector report that finance and access to customers in the UK are their main issues. It appears that many respondents operate within the service sub-sector which has been negatively affected by the reducing income levels of customers. In conjunction with this, some have reported that they are awaiting payments for works already completed. Several have been directly affected by the shutdown with face to face elements of their operations becoming impossible.

‘*Significant drop in new clients and existing clients not paying their invoices’*

‘An increasing number of customers are suffering reduced income levels.’

Retail

A significant proportion of respondents have had to cease trading and close their operations completely due to lockdown and social distancing restrictions. It is apparent also, that these businesses are directly feeling the effects of a customer base whose disposable income have seen reductions. A small portion of businesses indicated that supply chain issues were problematic.

Tourism, Leisure and Hospitality

Of the 142 businesses that responded to the survey, nearly half reported that finance is a key concern for them. Contributing factors to this lack of finance is evident through further inference of the data which indicates many have lost access to customers in the UK and abroad. The nature of the sector means that it is reliant on the free movement of people and a face to face approach, these of course are not possible at the moment which poses significant challenges for the sector.

‘All bookings have been cancelled and no new bookings, no income as a result’

3.3 Actions Taken as a Result of the Crisis

In response to the crisis businesses have had to make unprecedented changes to the way that they operate. A broad indication of what these measures have been for some is provided in the table below;

Measure	Number of Businesses	% (will not total 100 as respondents were able to select multiple responses)
Implemented furlough	206	36%
Reduced hours of operation	171	30%
Other	164	29%
Adapted business operating arrangements	150	26%
Changed access arrangements for customers and/or suppliers	90	16%
Laid off staff	66	12%
Diversified product or approach	52	9%
Put staff on short time working	39	7%
Stockpiled good/ services	36	6%
Implemented or increased flexible working for staff	27	5%
Increased the number of staff	2	0.3%

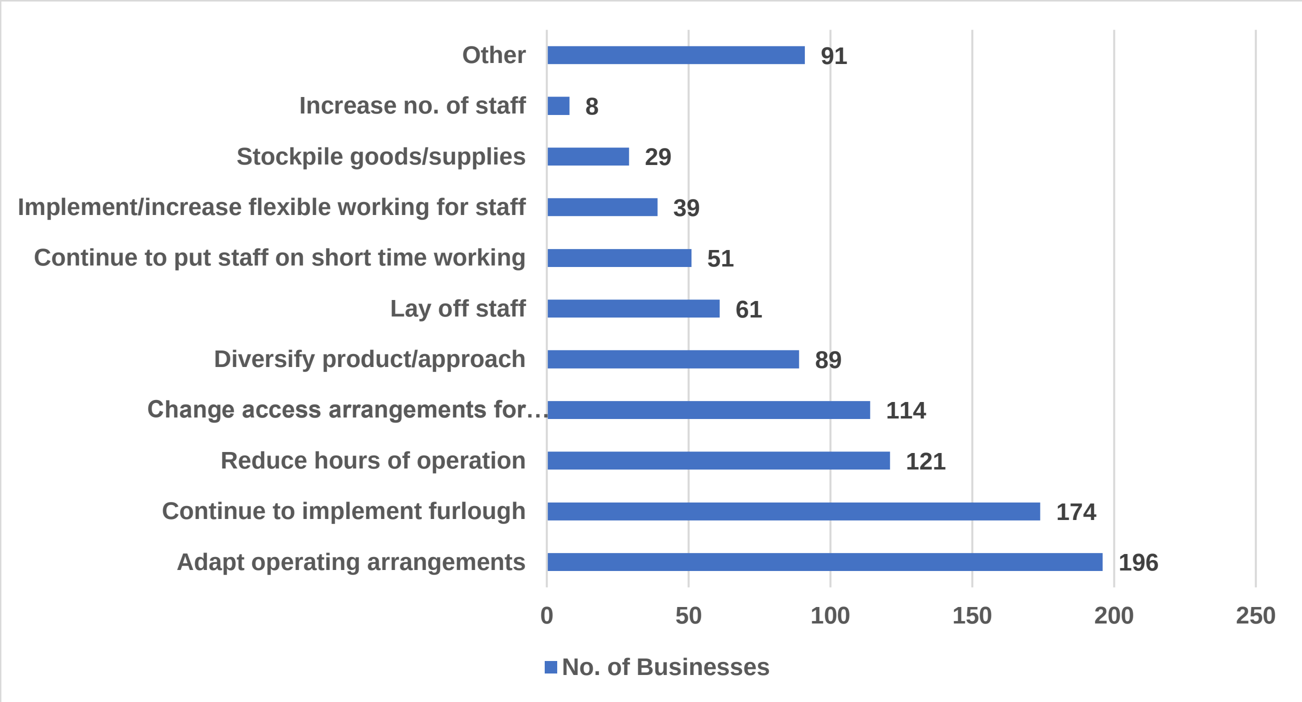
It is positive to see that a large proportion of businesses have furloughed their staff, taking advantage of the Government's Job Retention Scheme. However, in contrast, 66 stated that they have 'laid off staff' which is unfortunate given the availability of such a scheme. A broad analysis indicates that based on the number of people these businesses employ, in the worst-case scenario 994 people have lost their jobs directly as a result of the crisis. This is only representative of the businesses that have responded to the survey, therefore the true figure is unfortunately likely to be higher.

It seems many businesses have attempted to react to the crisis by diversifying or adapting their working practices, hopefully meaning that they have reduced the risk of having to lay off staff or cease trading.

Positively, two businesses have had to employ more people to meet growing demand.

3.3.1 Continuing Actions Taken

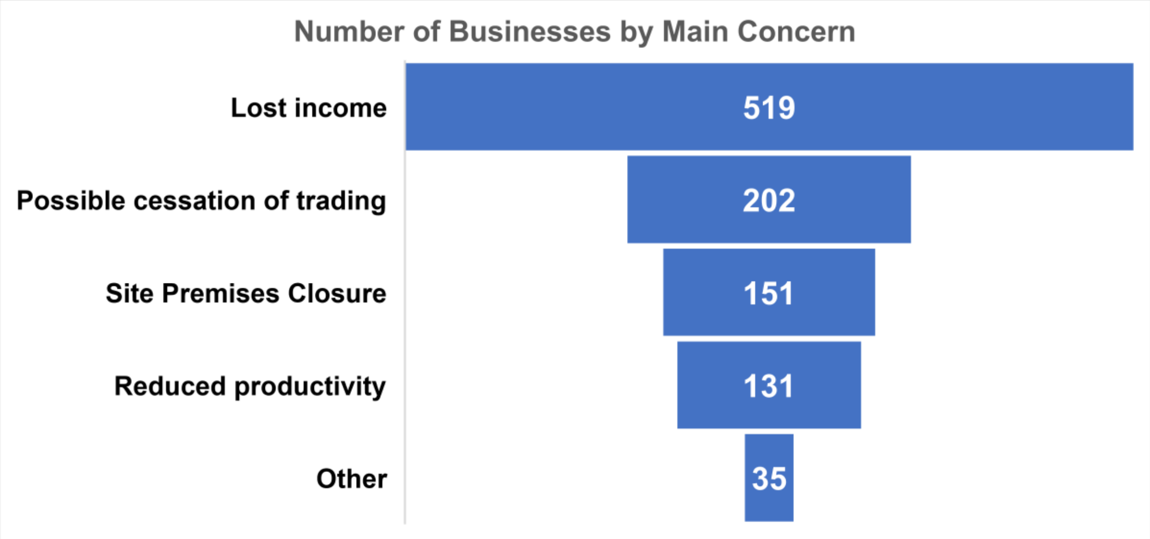
Arguably the pandemic has provided an opportunity to diversify business operations or make changes to working practices. Whilst this has been challenging for the vast majority, some of these forced actions may be positive for businesses moving forward. In an attempt to quantify this, businesses were asked whether they anticipate continuing any actions after restrictions are lifted. The evidence gathered in relation to this is provided below;



A large proportion (196) of businesses foresee that they will continue with the adapted operating arrangements introduced, which hopefully means that they will be able to generate some sort of income. The continuation of the implementation of furlough by 174 businesses is positive also, allowing employees to benefit from at least 80% of their usual income up to £2,500, until a time whereby they will hopefully return to receiving full pay. A likely reduction in the demand for some services or products will result in the introduction of reduced hours of operation for 114 businesses with a further 89 looking to continue with the diversification of their product or approach to meet the needs of a changing labour market.

3.4 Primary Concerns

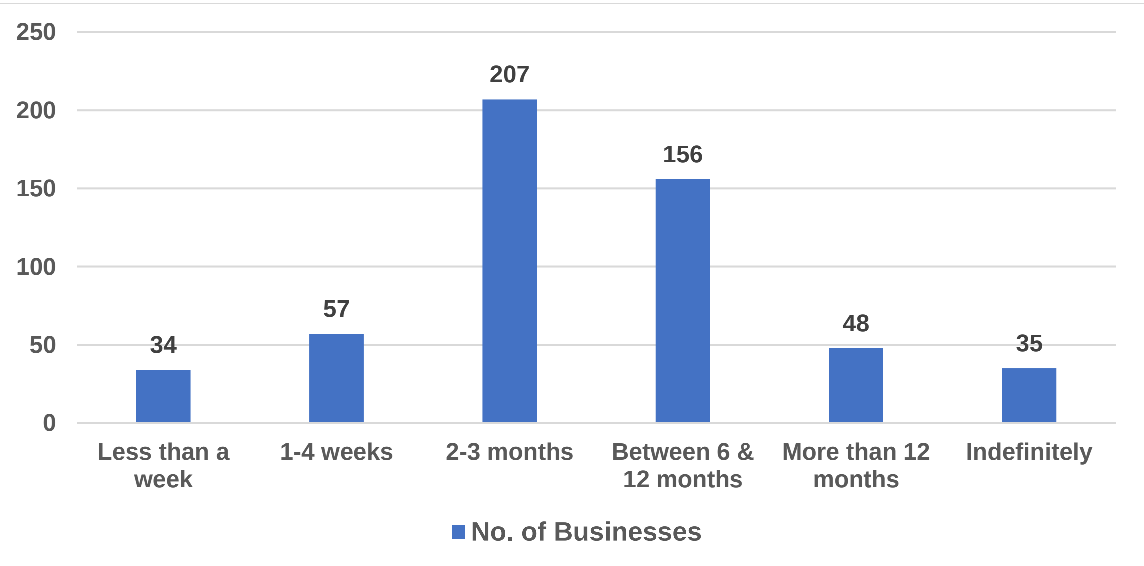
The chart below details the main concerns for businesses at the moment.



This data substantiates themes and trends already highlighted whereby income is reported as the main concern (directly related to challenges with finance). Sadly, 202 businesses indicate that they feel that the cessation of trading is a possibility for them with reduced productivity seemingly less of a concern for many.

3.4.1 The Future

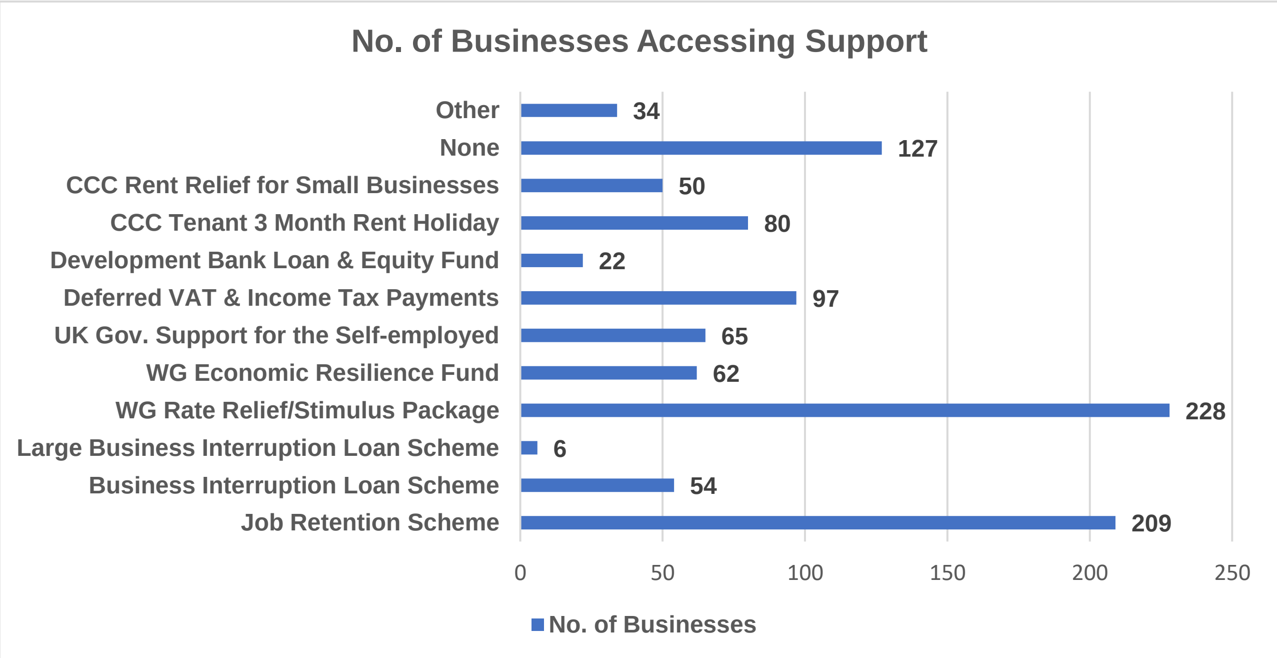
Businesses were asked to state how long they believe they can continue to operate if current restrictions continue. Sadly, 34 businesses reported that they foresee being able to operate for less than a week in the current situation, with a further 57 indicating that they foresee being able to continue operating for between 1 and 4 weeks.



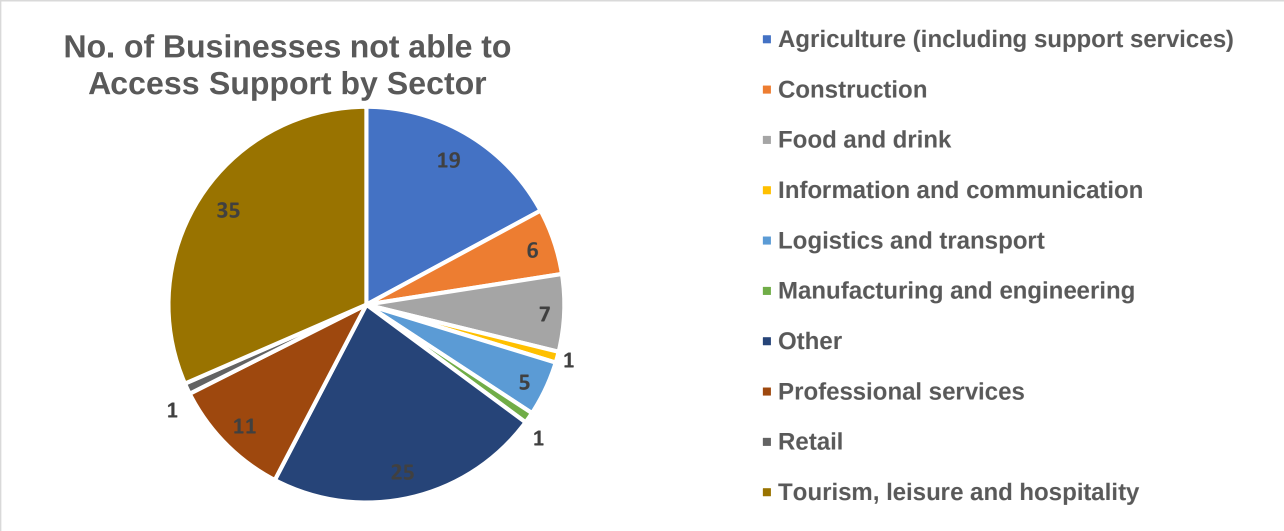
It appears that 35 businesses feel that they will be able to operate indefinitely in the current climate. This is positive and is likely due to the nature of the service/product provided by those businesses, it of course could also mean that they have reacted quickly to the changing circumstances and have been able to diversify their operation to meet the growing demand for certain essential products and services.

3.5 Support Accessed

The majority of respondents have been able to access some sort of support as a result of the pandemic. A large proportion have taken advantage of the Welsh Government Rate Relief/Stimulus Package and the Coronavirus Job Retention Scheme. A breakdown is provided below;



Unfortunately, 127 businesses have not taken advantage of any support schemes. Contributing factors to this could be the sector that they operate in or their business size i.e. how many people they employ. Further inference of the data indicates that 88% of the 126 that haven't accessed support consider themselves self-employed or freelance. A breakdown of the sectors these individuals operate within is provided below;



3.5.1 Barriers to Accessing Support

The current pandemic has seen the introduction and roll out of a number of complicated support mechanisms with reduced resources and very little notice. It would be expected therefore that some will have experienced barriers in terms of processes and communication, which was reported by some as challenges in accessing support. Specifically, time lags were mentioned by several and some deemed the process of applying for grants a complicated and arduous one.

Unfortunately, many indicated that they have experienced barriers in accessing any financial support. This primarily relates to businesses that have seemingly not been eligible for any of the support packages due to various reasons, the majority of these being self-employed or freelance.

A small minority indicated that they have not received any information regarding what support is available to them or they find the information difficult to access.

A large proportion are early on in the process of applying for support and therefore felt that they could not answer the question fully.

Positively, 20% of those that answered the question indicated that they had experienced no barriers to accessing support.

3.6 Skills

Businesses were asked what skills implications they foresee in the future as a result of the pandemic. The majority reported that they feel that their business type would not allow for any diversification or change to working practices and as a result believe that there would be no skills implications for them.

Of those that do, the majority (84) stated that they will need support with IT and digital skills in a bid to further their online presence or move towards selling online. Many made specific reference to website development and social media use. In addition, a further 8 businesses indicated that support to develop marketing skills would be beneficial. 16 businesses indicated that they will be looking to diversify and therefore would benefit from support relating to amending working practices or new product development. A further 8 made specific to reference to the need for enhanced marketing skills.

Given the current climate it is not surprising that an overwhelming majority of 216 businesses indicated that they would like to receive any training required via online platforms. A further 35 indicated that in-work training would be their desired approach and a further 32 indicated that they would benefit from training at a local college.

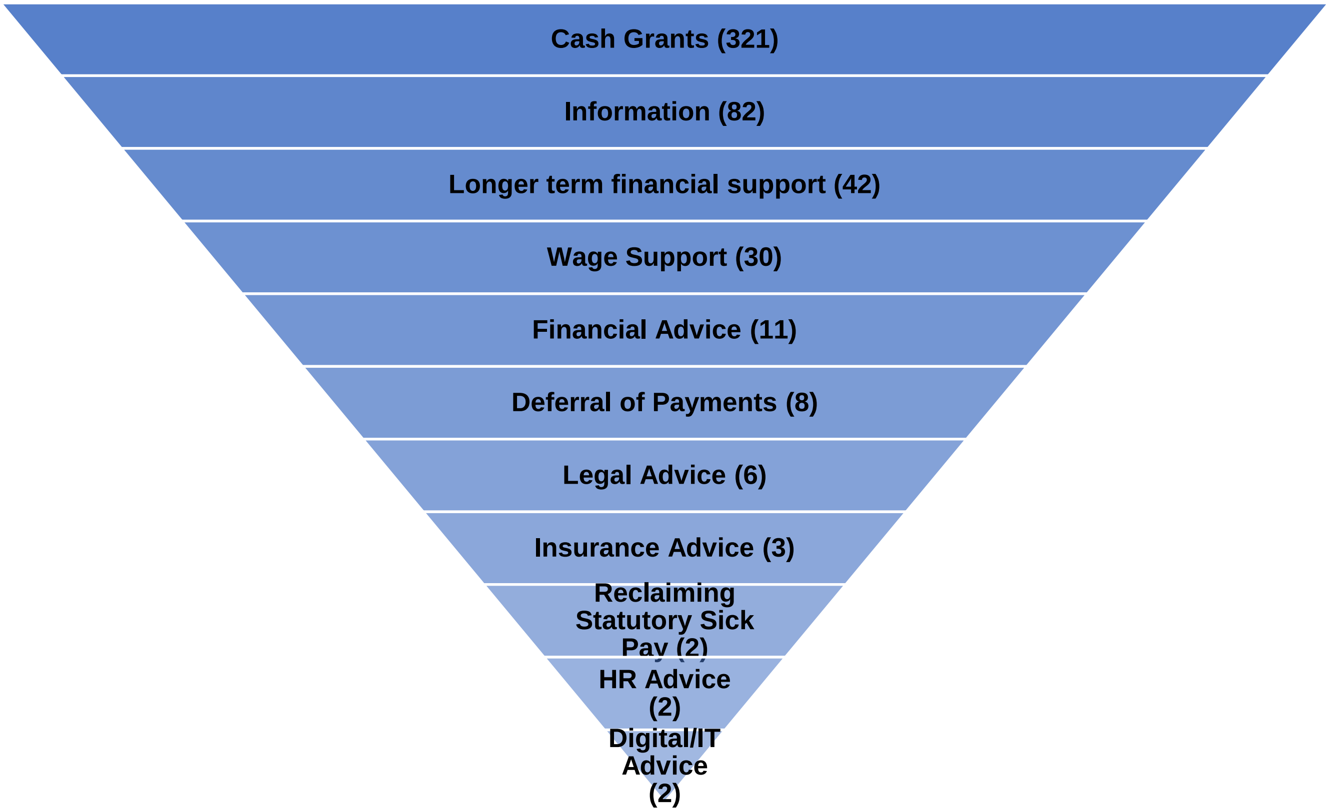
There is some scope here for local governments to utilise the expertise within their own organisations i.e. business support teams, marketing and media and IT departments to develop online training resources to support businesses with these issues. Of course, there is also a wealth of accredited provision available through local colleges and private training providers, but these courses would be at a cost to the business. A cost which many are unlikely to be able to afford at the moment.

An additional option to explore following the relaxation of restrictions would be to develop shared apprenticeship schemes within the sectors of Tourism, Leisure and Hospitality, Health and Social Care and Manufacturing and Engineering. This would be building on the already very successful shared apprenticeship model delivered in the county within the Construction sector[17]. For those businesses that cannot diversify or change their business models this could be an attractive option whereby they share the risk of employing an individual and also provide the training to develop the skills that they need. It would also serve to meet the needs of those requesting ‘in-work training’.

[17] Cyfle Building Skills - http://cyflebuilding.co.uk/

3.7 Support Required

A broad analysis of the data indicates that 321 of survey respondents ranked 'cash grants' as the support mechanism that would be most beneficial to them. This was followed by 'information' and 'longer term financial support'. 'HR' and 'Digital/IT Advice' were ranked as the most beneficial by the fewest number of respondents.[18]



3.7.1 Support over the next 3-6 Months

Respondents were asked what support could be provided by the Council in the short term (over the next 3-6 months) to assist them. The vast majority (287), reported that financial assistance in the form of a grant would be most beneficial, especially for those that have not been eligible for any of the financial support initiatives currently available. In accordance with this, a further 75 respondents indicated that an extension to or introduction of payment holidays would support them greatly. Many made specific reference to an extension of the 3-month rent holiday currently in place.

It is apparent that the uncertainty around how much longer restrictions will remain in place is causing financial concern for several businesses. Many indicate that the financial provision would support them to such a time when restrictions are lifted, and they can operate as

[18] Figures will not total the sample size as a number of respondents skipped the question

normal. This is substantiated by the further 23 respondents who made pleas for restrictions to be lifted enough for them to be able to either open their business or start operating in accordance with social distancing guidelines.

Furthermore, 40 respondents referred to the continuation of the advice and information already being relayed. A further 18 indicated that some level of promotion or advertising for their business or sector would be valuable. This includes, promoting the tourism sector, promoting local produce and promoting the services of individual businesses.

3.7.2 Support over the next 6-12 Months

The same pattern of desired support is evident in the longer term. Many (90) reiterated the desire and need for cash grants or interest free loans, with a further 49 requesting the deferral of rent, rates or tax payments. 30 respondents indicated that the sharing and dissemination of key information relevant to businesses would be welcomed. A further 28 reiterated that free promotion and marketing would support them to recover.

Section 4 – Main Findings and Conclusions

1. **The negative effects of the COVID-19 pandemic have been significant and wide reaching for Carmarthenshire's businesses.**

   A wide-ranging spectrum of business types and corresponding industries have been negatively impacted by the pandemic. These effects mainly relate to a significant reduction in income, reduced access to customers, problems with supply chains and the possible cessation of trading.

2. **Many of the businesses worst affected are within those sectors deemed of significant importance to Carmarthenshire in terms of employment and/or GVA.**

   The visitor economy and food and beverage sectors alone are worth almost £169 million to Carmarthenshire's economy and are therefore sectors of great pertinence to the county. We have also heard first-hand through the survey the challenges being experienced by the Agricultural sector. With a location quotient of 5.64 (showing substantial strength) and a GVA of almost £63 million, adequate support should be offered to support this vitally important sector.

3. **Many businesses (mainly those that are self-employed or freelance), have been unable to access any financial support.**

   Analysis has shown that many businesses have faced barriers in accessing support, having been deemed ineligible for the current offer. It could be argued that should any further financial support mechanisms be developed then these businesses should be the first to benefit, especially if any of these businesses align to those sectors deemed high value.

4. **The majority of businesses will not be able to operate longer than three months if the current situation continues.**

   Support developed to date has been done quickly and with depleted resources in many instances. Given the precarious position many businesses find themselves in, should any further support mechanisms be developed then they too will need to be actioned quickly, with the aim of stemming the 'snow-ball' affect that are the impacts of this pandemic.

5. **The most sought-after type of support both in the short and longer term is financial in the form of grants, loans or payment deferrals/holidays.**

   These findings present a challenge in itself owing to the fact that it is currently difficult to ascertain how much longer restrictions will be in place. In light of this, it could be argued that whilst a financial injection of support would be beneficial for many in the immediate term, if restrictions continue or are reintroduced in the short-term following a reprieve, then many businesses would unfortunately find themselves in a worrying predicament once again. The sustainability of this financial support would then become uncertain. In conjunction with this, local and national governments could develop a more sustainable and less cost intensive package of support with the aim of supporting businesses to diversify their operations i.e. moving to online selling, re-training staff, product development or aiding with marketing.

6. **Some businesses would find promotion and advertising support from the Council beneficial.**

   Businesses primarily operating within the Tourism, Leisure and Hospitality sectors indicated that they would find free advertising and promotion beneficial to their recovery. This is an example of a relatively low-cost and non-resource intensive offer of support placing the Council further at the forefront of assisting businesses to recover. This offer of support could be extended to all businesses irrespective of the sector that they operate in. This also aligns with the ‘buy local’ marketing message that could be promoted to the county’s residents in the hope of providing a much-needed boost to the local companies who are the very foundation of our economy.

7. **There are small areas of deprivation in the county where the effects of the pandemic could be felt more acutely.**

   Community support initiatives should be focussed first and foremost in the areas highlighted as experiencing increased levels of deprivation. With many people feeling more isolated than ever before it is imperative that the Council continues its support and outreach work, to ensure that those most vulnerable in our communities receive the support that they need.

8. **Some businesses foresee that they will experience skills challenges as a result of the pandemic, with the majority stating that these skills deficits will relate to digital and IT skills.**

   With the vast majority of respondents indicating that they would benefit from online training in the fields of IT/digital skills, marketing and diversification there is scope to offer subsidised training through provision that is already in existence as an alternative to cash grants. There is also scope to utilise the wealth of expertise readily available within the organisation to offer non-accredited online training resources.

9. **The skills landscape will undoubtedly suffer as a result of the pandemic. The majority of job losses are likely to be at a lower skills level as these jobs tend to be part-time, low paid and more unstable. They are also often aligned with the identified ‘shutdown’ sectors’.**

   Local Government and organisations such as the Regional Learning and Skills Partnership have a crucial role to play in assisting employers and businesses to identify the skills that they need and ensuring that suitable provision exists to meet these demands.