



EXTERNAL CORONAVIRUS INSIGHT

1st May 2020



This paper provides an overview of COVID-19 insights and intelligence based on scanning of media and research (updated weekly).

ECONOMY

The Scottish Chambers of Commerce (SCC) has published a coronavirus tracker [survey](#) of just over 350 companies in Scotland. Highlights include:

- 48% of companies say current cashflow levels will only cover them for a period of up to or less than 3 months
- 64% believe that there are gaps in the current business support measures offered by government
- Only 17% have used it or are planning to use the Business Interruption Loan Scheme
- 50% of responses intend to furlough at least half of their staff or more, with 19% of these intending to furlough all of their staff

The EY ITEM produce quarterly economic forecasts for the UK and have published their latest forecasts for [Spring 2020](#). Some highlights:

- UK GDP is now forecast to contract 6.8% in 2020 (compared to growth of 1.2% in the Winter Forecast 2020 which was released at the end of January).
- The downgrade in forecast growth is due to both the significant hit to the economy as a result of COVID-19 but also following disappointing economic results in the first two months of 2020.
- The economy is expected to start to recover in Q3 2020 on the assumption that coronavirus peaks during the second quarter and the Government starts to relax some of the restrictions on people's movements and on business activity late on in the second quarter and then loosens them further in Q3.
- A downside risk to the outlook is coronavirus affecting the economy for longer than expected. This includes the possibility of a significant new coronavirus wave returning after restrictions have been eased.

The Institute of Economic Affairs has released a [report](#) on the history and economic impact of pandemics.

The Resolution Foundation has released a [briefing](#) on the economic impact of the coronavirus - Utilising timely economic indicators.

New blogs from the Fraser of Allander include [Scottish budget risks and uncertainties – implications of Covid-19](#)

GENERAL

Key findings from the latest British Chambers of Commerce (BCC) [Coronavirus Business Impact Tracker](#) show:

- 57% of firms did not intend to apply for CBILS or other finance
- 13% who attempted to access CBILS have been successful, while a majority are still awaiting a decision or have been unsuccessful
- Of those not applying, 30% of the most cash-strapped firms say they could not re-pay CBILS loans

The survey was conducted from 22 - 24 April, prior to the Chancellor's announcement of the micro-loans scheme and further changes to CBILS on 27 April.

The Institute for Fiscal Studies (IFS) has published [analysis](#) on the impact of coronavirus on household debt, suggesting that UK households hold around £230bn of unsecured or consumer debt – including loans, credit card debt, hire purchase agreements and overdrafts. This equates to an average £8,000 per household.

Globaldata has produced an [executive briefing](#) which looks at the COVID-19 outbreak, its impact on the global economy, and initial implications for specific sectors (last updated 27th April). **Internal only**

LABOUR MARKET

The Resolution Foundation has published a [report](#) on the impact of coronavirus on different groups of workers. It finds that working women are most likely to be bearing the health risks from coronavirus by being key workers, while young people and the low-paid are most likely to work in sectors of the economy that have been shut down.

The Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA) produced a [survey](#) looking at which UK local authorities would be impacted by coronavirus in terms of employment. Highlights include:

- Significant degree of variation across UK local authorities with rural areas in the North and South West of England most at risk. The least vulnerable areas are those in London or in its surrounding commuter belt.
- In Scotland, only 7 out of 32 local authorities are expected to be impacted less severely than the average for the UK, with the rural areas of Argyll and Bute, Perth and Kinross and the Highlands expecting to see 32% and 29% of jobs at risk respectively.
- West Lothian is expected to be least vulnerable, but nonetheless 24% of jobs are still expected to be at risk.

NEWS

The next Coronavirus/COVID-19 company news alert will be available on Monday 4th May. An archive of previous material can be found [here](#) (internal only)

SECTORS

Construction

The latest blog from the Fraser of Allander looks at [Workers in the construction sector: who are they and what support may they need now and in the future](#)

Creative sector

The latest [COVID-19 Impact on the cultural sector survey](#) results (3rd to 17th April) suggest the main concerns and issues raised can be divided into three main areas:

- Short term - issues such as cash flow, income, rent, insurance, all of which have immediate consequences for individuals and organisations.
- Medium term - strategies necessary for coming out of lockdown; a need for co-operation and communication within the creative industries; re-establishing the creative industries during a time of social distancing.
- Long term - Financial issues related to long term business closure and long term loss of income. How will the creative industries exist and function if social distancing measures are implemented, to some extent, as a long-term strategy of a year or longer?

Hospitality

A new [hospitality tracker](#) from UK Hospitality, which combines data from all areas of hospitality, shows sales declined 21.3% in the [first quarter of 2020](#) as the country and the industry moved into COVID-19 lockdown.

Horticulture

A [survey](#) from the Horticulture Trade Association (HTA) suggests that a third of UK growers will be out of business by the end of the year. “Over three-fifths of growers (62%) said that they were not eligible for [business support grants](#), while nearly four in five (79%) growers are not entitled to any kind of rates relief. The HTA said just 1% of growers had received financial support from the government's Coronavirus Business Interruption Loans scheme (CBILS)”.

Oil and Gas

[30,000 jobs](#) could be lost as a result of the coronavirus pandemic and the low oil price. In a survey of its members, Oil and Gas UK (OGUK) said many firms would struggle to survive.

Retail

A McKinsey [survey](#) on how retailers are preparing for the post coronavirus recovery suggests a delayed rebound of traffic once stores reopen, a persistent increase in e-commerce penetration, and changes to store operating models and procedures.

The CBI has published its monthly distributive trades [survey](#) for April. Findings show:

- 67% of retailers claimed that COVID-19 was having a significantly negative impact on their domestic sales, while 39% reported a total shutdown of UK activity due to the virus.
- 44% had temporarily laid off staff while a further 8% had done so permanently
- 96% reported cash flow difficulties.

Transport

A [survey](#) by transport consultants SYSTRA has found the number of people using public transport in Britain's cities could be 20% lower than normal after the end of the coronavirus lockdown. In London, commuters using buses and tubes could fall by as much as 40% from pre-lockdown levels while rail use could drop by 27%.

Tourism

The Loch Lomond & the Trossachs National Park Authority has published a [survey](#) on the impact of the coronavirus pandemic on businesses within the park. Of the 170 businesses who responded:

- Over 85% reported revenue is down by more than 80% down
- The businesses were responsible for 650 jobs and the anticipated job loss was 292 (-45%) by the end of June
- 50% said that if restrictions to trade continued after September, they were uncertain if their business would reopen in 2021
- 80% thought they would spring to life immediately if restrictions were lifted in July
- 25% were unaware of what business support was available
- 53% were unsure or did not understand what was on offer or how to engage and claim support.

The latest VisitScotland [COVID-19 update](#) suggests in terms of consumer behaviour “that the mood is improving from the start of the crisis, but whilst intent to take a UK holiday is increasing, there’s still uncertainty around timing”.

CORONAVIRUS/COVID-19 FEEDBACK

The [Coronavirus/Covid-10 feedback button](#) allows colleagues/partners to provide Coronavirus/Covid-19 related information that they have picked up from contacts with industry, associations and other networks and partners both in Scotland and beyond.