



INSTITUTE  
OF THE MOTOR  
INDUSTRY



# COVID-19 Automotive Landscape Report

Release 9



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# COVID-19 – Automotive Retail Landscape

## Introduction

The aim of this report is to outline the current landscape for businesses operating in automotive retail, highlighting the economic impact and operational challenges that the Covid-19 pandemic has created. Release 9 incorporates the most recent ONS BIC data released 27<sup>th</sup> August.

The following uses the most recent issue (27<sup>th</sup> August) of the governments **Business impacts of Covid-19 report** which is based on responses from the new voluntary fortnightly business survey. This survey captures businesses responses on how their turnover, workforce prices, trade and business resilience have been affected in the two week reference period. I have used this information and inferred the potential true numbers of those affected in the automotive sector, using data from the IMI baseline report 2019. Labour market data used to produce the IMI baseline report has been adjusted and some figures may appear higher than previous releases.

## Summary

### Key take away points

- The sector is now almost fully open. 97.8% of automotive businesses are trading. 1.8% of businesses remain temporarily closed or have paused trading and plans to reopen have significantly reduced, putting potentially a further 1,700 businesses and 14,509 jobs at risk.
- 54% businesses in the sector stated that Covid-19 had increased the risk of insolvency of their business. 8% of business stated that there was a moderate to severe risk of insolvency and 0.3% stated that they were already insolvent.
- The governments coronavirus job retention scheme (CJRS) has assisted in keeping redundancies at a low rate. Still about 1% of the sector workforce.
- 103,000 (16% of the workforce) of the automotive sector remain furloughed and the rate in which those are returning to work continues to slow.
- 16% of automotive workforce are working remotely.

## Detailed summary

### The positive news:

- 97.8% of automotive businesses are trading. This has increased each reporting period for the past 18 weeks as the sector attempts to fully reopen. 1% of businesses have reopened in the past 2 weeks.
- In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (19%). The approximate equivalent of 18,000 businesses.
- 39% of automotive businesses said that their cash reserves would last more than 6 months. This has increased by 3% since last reporting.
- Approximately 57,000 jobs have returned to work from furlough in the past 2 weeks, with an additional 31,000 planned in the next 2 weeks. This rate of return to work has slowed this reporting.
- The average number of external vacancies advertised for an automotive business is 5.1. This has increased since last reporting by 1.0. However, automotive businesses are lower than the whole industries average.

### The tough decisions:

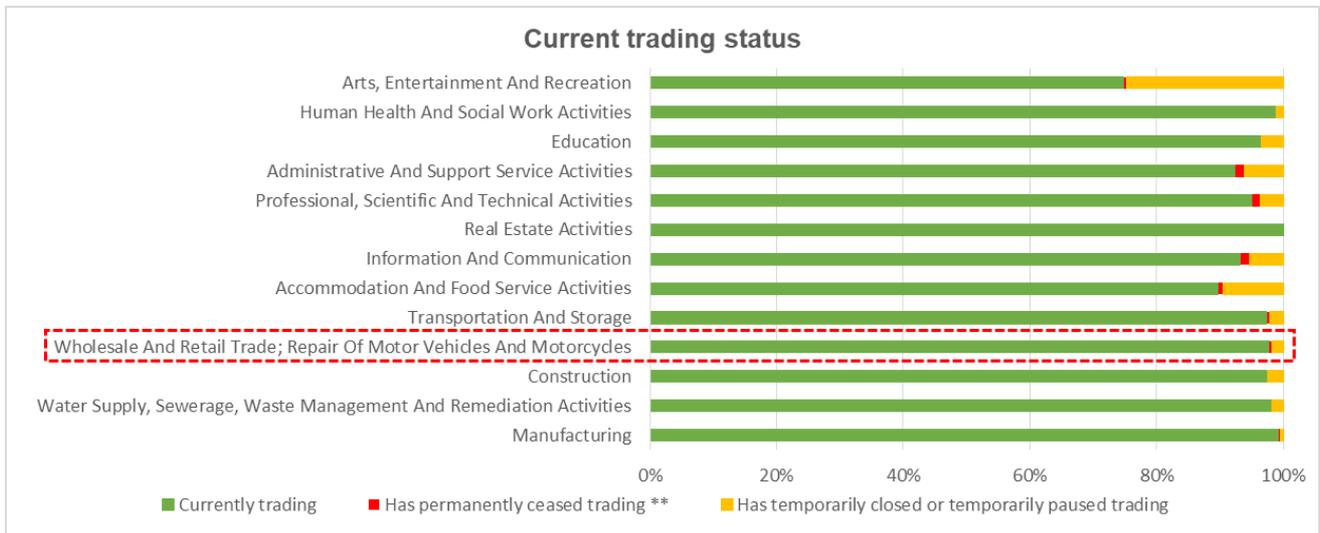
- 16% of automotive workforce are working remotely.
- 37% of businesses with a proportion of the workforce on the furlough scheme are supplying a 'top up' to their employees.

### Negative news:

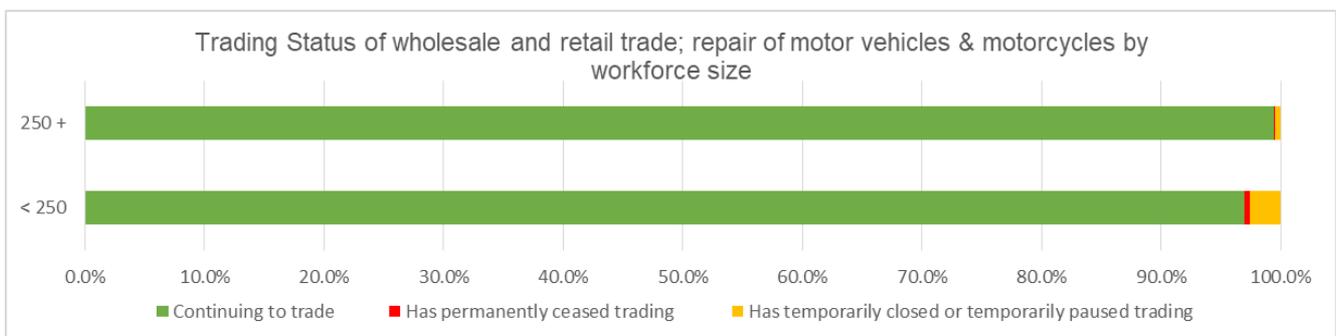
- 0.5% of businesses have permanently closed which equates to approximately 500 businesses affecting approximately 3,000 jobs.
- 1.8% of business remain temporarily closed or have paused trading and plans to reopen have significantly reduced, putting potentially a further 1,700 businesses and 14,509 jobs at risk.
- 54% businesses in the sector stated that Covid-19 had increased the risk of insolvency of their business. 8% of businesses stated that there was a moderate to severe risk of insolvency and 0.3% stated that they were already insolvent.
- Approximately 103,000 jobs remain on furlough.
- 6% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 5,700 businesses at risk.
- 76% of businesses stated that their operating costs have increased and 7% said that these costs had significantly increased.

## Economic Indicators

### Trading



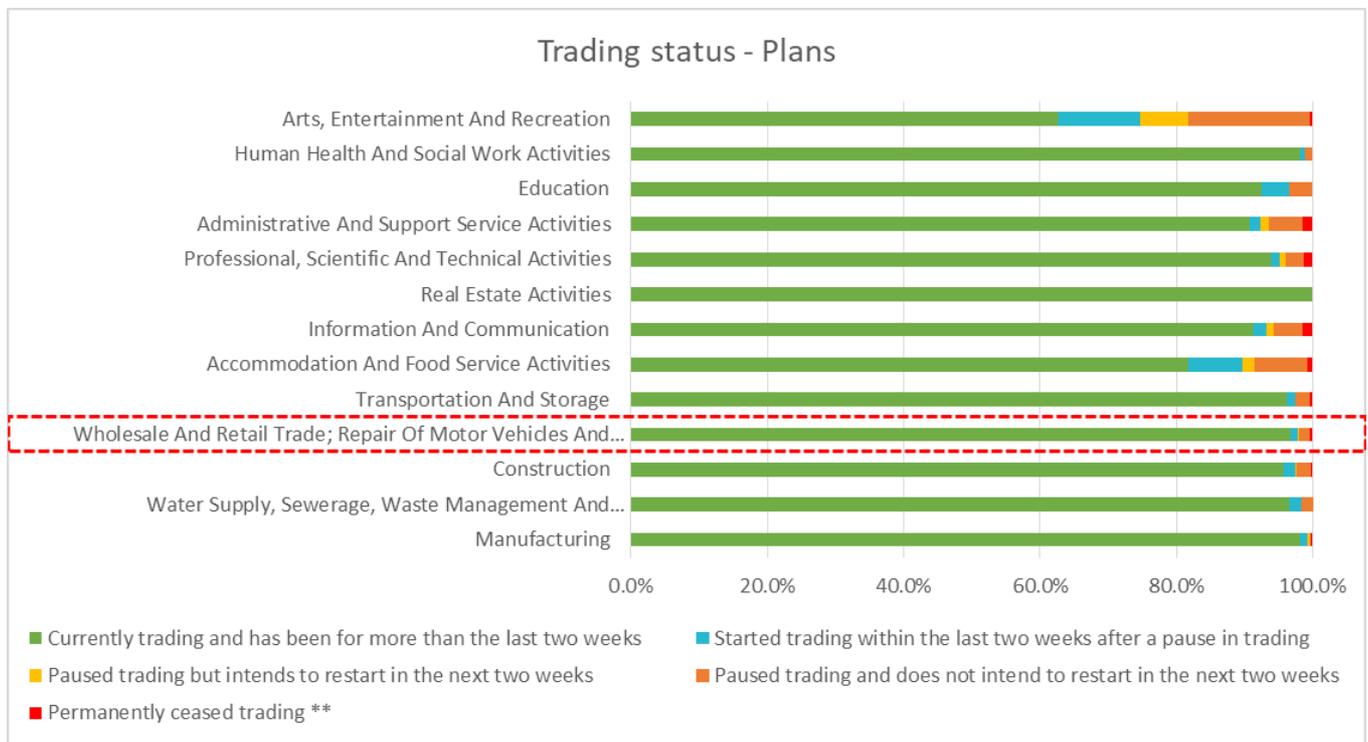
97.8% of businesses are open and trading. 1.8% of automotive businesses have temporarily closed or paused trading; this equates to approximately 1,700 businesses and 14,509 jobs. 0.5% of businesses have permanently closed which equates to approximately 500 businesses affecting approximately 3,000 jobs.



Analysis shows that larger organisations have been able to remain trading or reopen faster than smaller organisations. All but 0.5% of organisations with a workforce of greater than 250 are open and trading.

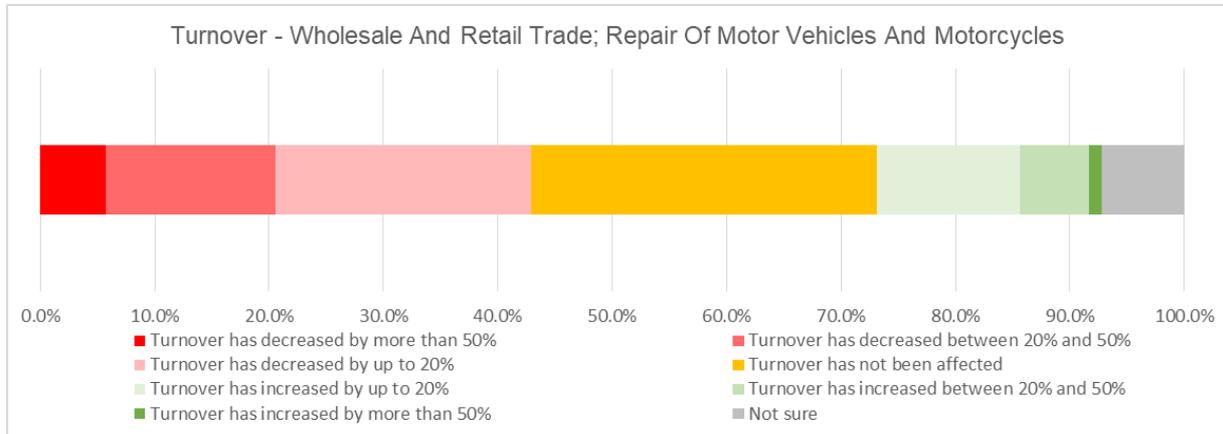


The number of businesses which have temporarily paused trading has fallen from 2.0% reported at the last BIC release to 1.8% as more establishments attempt to reopen. The number of businesses who have permanently ceased trading decreased to 0.4%.

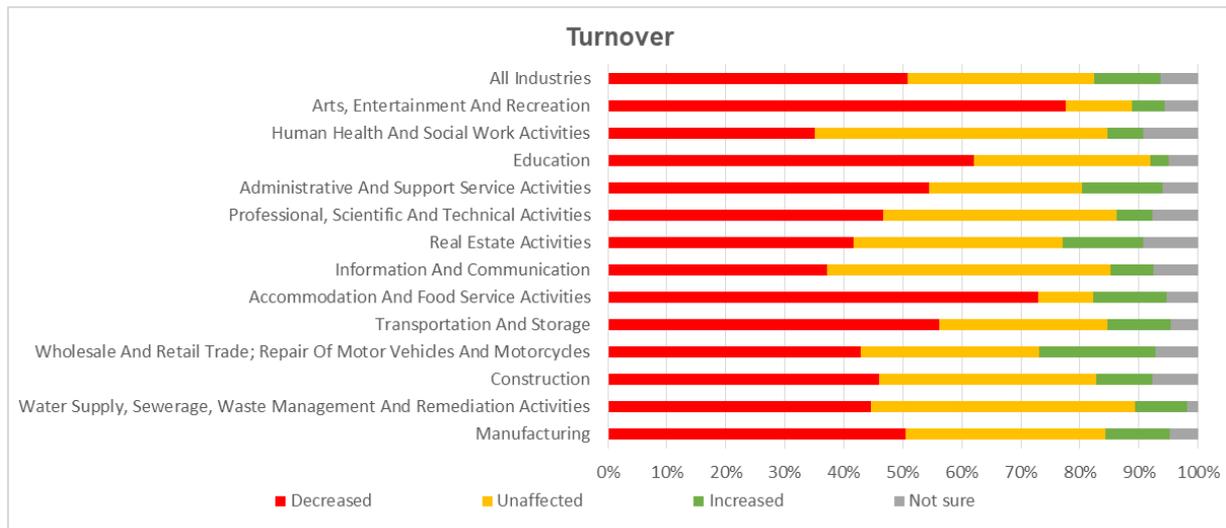


1% of businesses have reopened in the past 2 weeks, with a further 0.2% planning to reopen in the next 2 weeks.

## Turnover

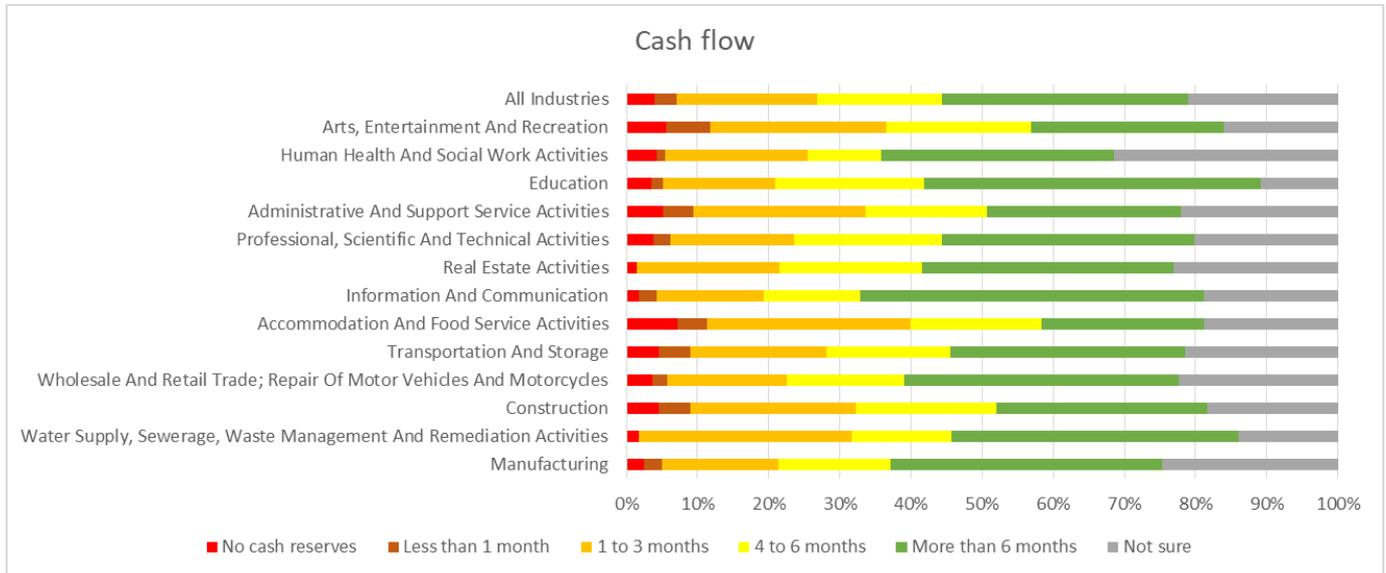


- 6% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%. This has decreased by 1% since last reporting.
- 43% of automotive businesses trading are reporting a decrease in turnover. This has decreased by 4% since last reporting.



In terms of turnover, the automotive sector is performing well compared to other sectors, having the highest % of businesses reporting an increase in turnover in the last 2 weeks (19%). The approximate equivalent of 18,000 businesses.

## Cash flow



Businesses were asked “How long do you think your enterprise's cash reserves will last?”.

- 39% of automotive businesses said that their cash reserves would last more than 6 months. This has increased by 3% since last reporting.
- 6% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 5,500 businesses at risk. This has remained the same since last reporting

## Risk of insolvency– New measure

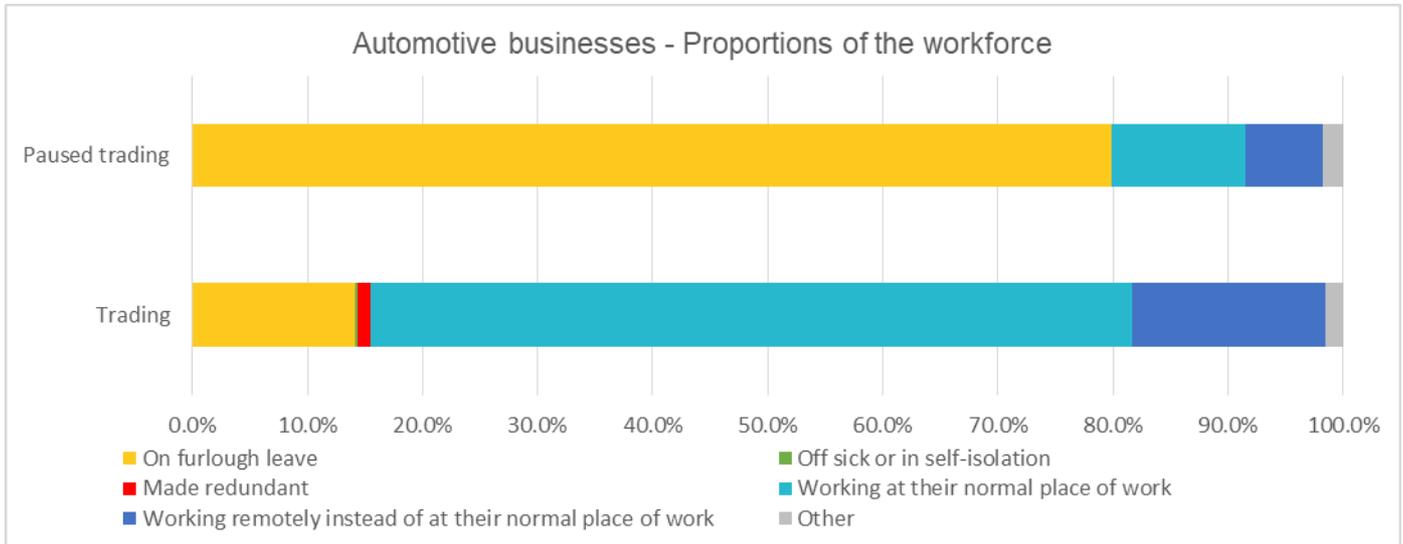


- 1% of automotive businesses stated that there was severe risk of insolvency and 0.3% stated that they are already insolvent.
- 53% stated there was some risk of insolvency.

**54%**  
Businesses in the sector stated that Covid-19 had increased the risk of insolvency of their business

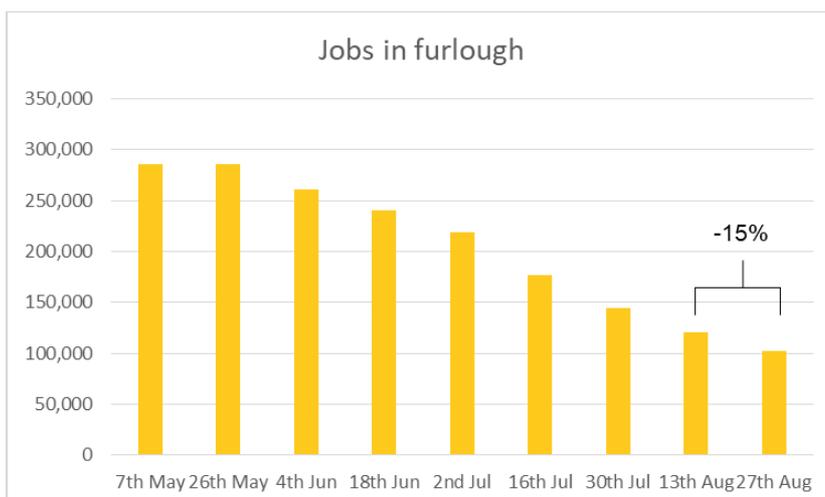
## Emerging from lockdown

### Workforce

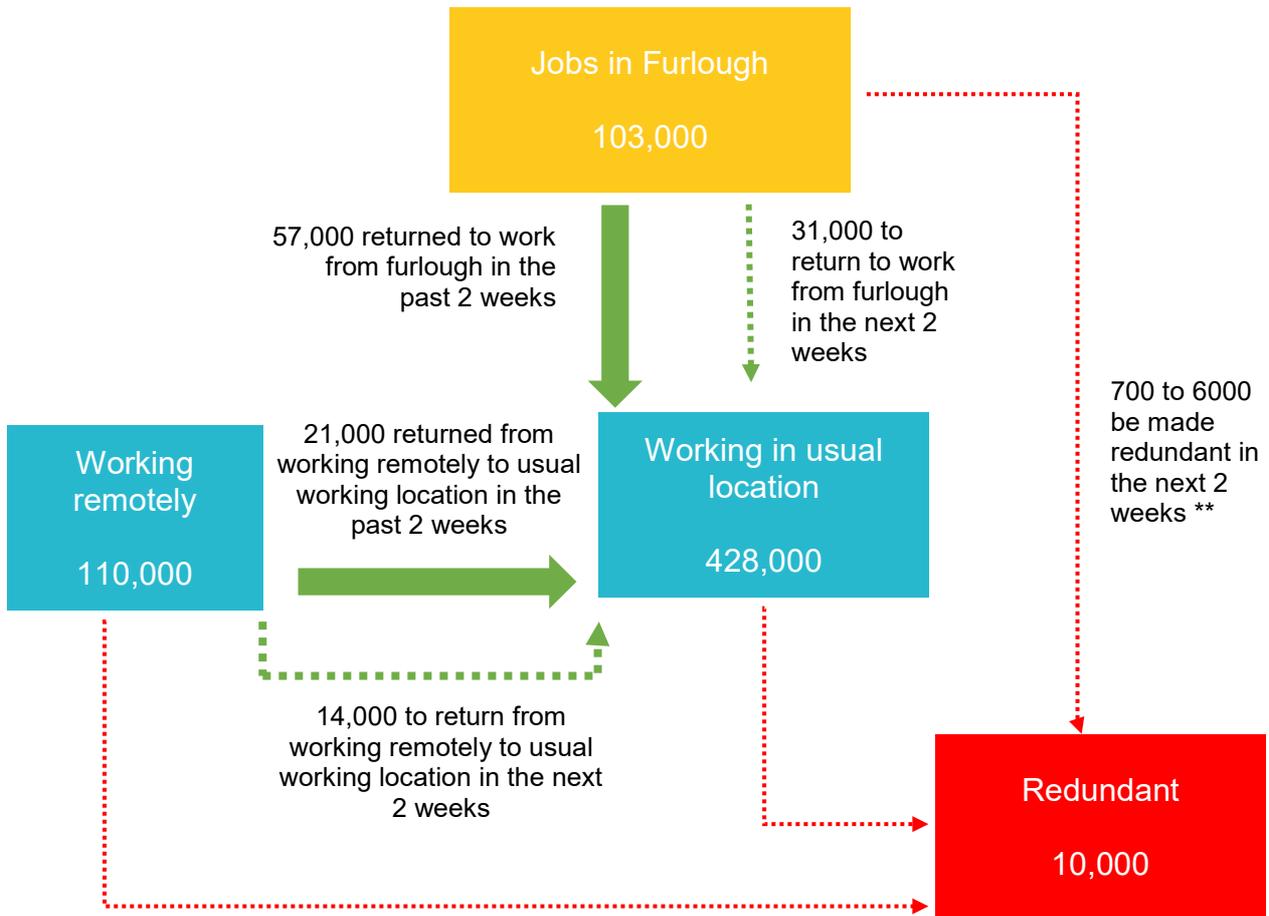


- For automotive businesses still trading, 14% of the workforce are on furlough which is approximately 91,000 jobs. This proportion has fallen by 4% since last reporting.
- 80% of the workforce of those businesses that have paused trading are on furlough. This is approximately 11,500 jobs.
- 1,900 are on sick leave or in isolation.

### Furlough

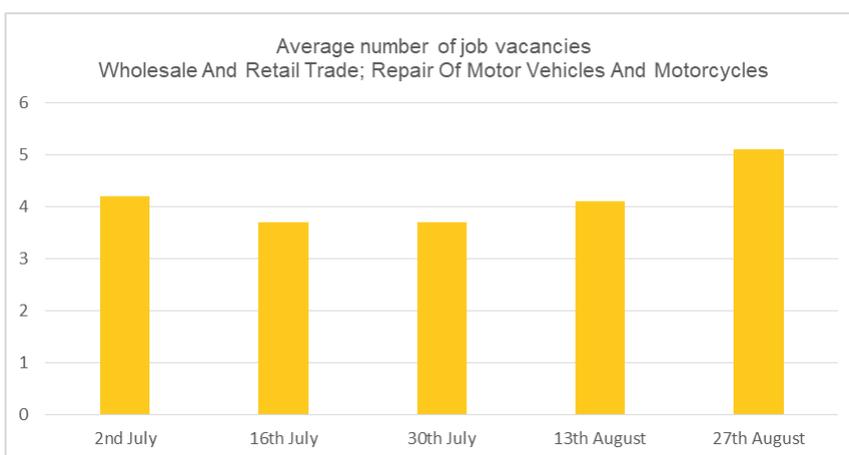


- At lockdown peak there were 286,000 jobs in furlough.
- Since 26th May, the reported numbers in furlough have been falling.
- The rate of fall in the numbers in furlough has begun to slow. 15% this reporting which is 1% less than last reporting.



\*\* Percentage below 1% and so suppressed by ONS report, estimates are 0.1% to 0.9%

### Recruitment



The average number of external vacancies advertised for an automotive business is 5.1. This has increased since last reporting by 1.0.

Automotive businesses are lower than the whole industries average.

## Operating Costs

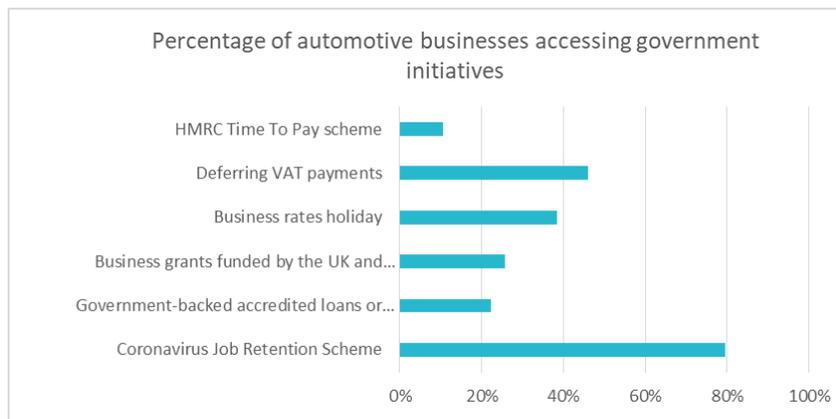
How has the implementation of these safety measures affected business operating costs?

**76%**  
Businesses stated that their operating costs have increased

**7%**  
Businesses stated that their operating costs have substantially increased

## Government Schemes and Assistance

### Government Schemes

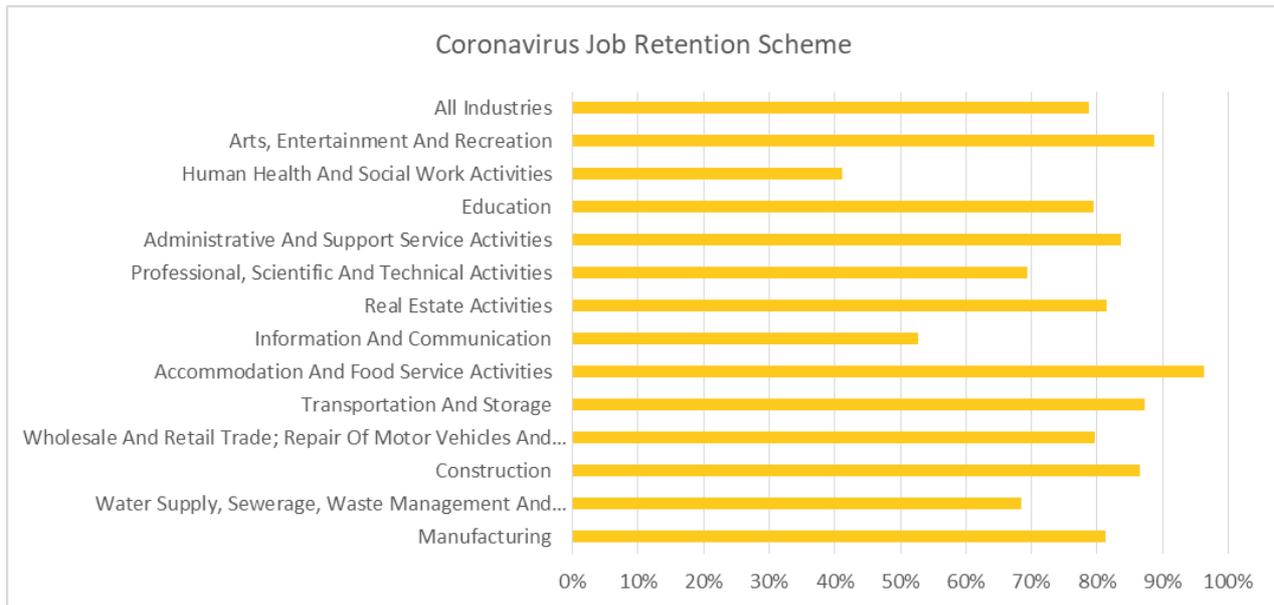


- The most popular initiative that automotive businesses have accessed during COVID-19 is the job retention scheme (furlough) at 80%.
- 46% have deferred VAT payments and 39% have taken business rates holidays.

**8,900**  
Businesses have received financial assistance from banks or building societies

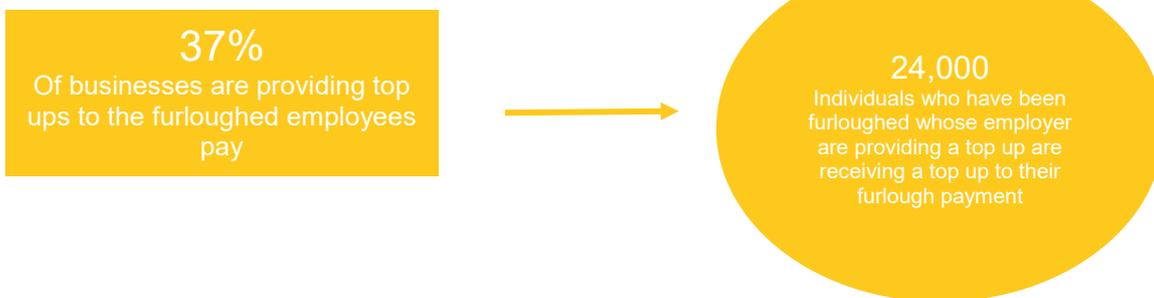


**72%**  
Stated that this assistance has helped them to continue to trade



- 80% of automotive businesses have accessed the coronavirus job retention scheme.
- This is slightly higher than the all industries average.

### Furlough – Top ups



### Data Sources

- ONS - Business impacts of COVID-19 data released 27<sup>th</sup> August 2020 [Data relates to the period 10<sup>th</sup> August 2020 to 23<sup>rd</sup> August 2020].
- EMSI 2020.1 data [All data sourced from EMSI UK Analyst, Career information taken from EMSI occupation data].
- IMI Automotive labour market baseline report – 2019 Profile revision1.