



INSTITUTE  
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# COVID-19 Automotive Landscape Report

Release 15

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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 15 incorporates the most recent ONS BIC data released 3<sup>rd</sup> December.

Please note that throughout this report, 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' is the nearest proxy to represent the automotive sector. However, the data used for this report does include other sectors which may not be strictly automotive, and it is likely that other 'retail sectors' may have effected some measures disproportionately.

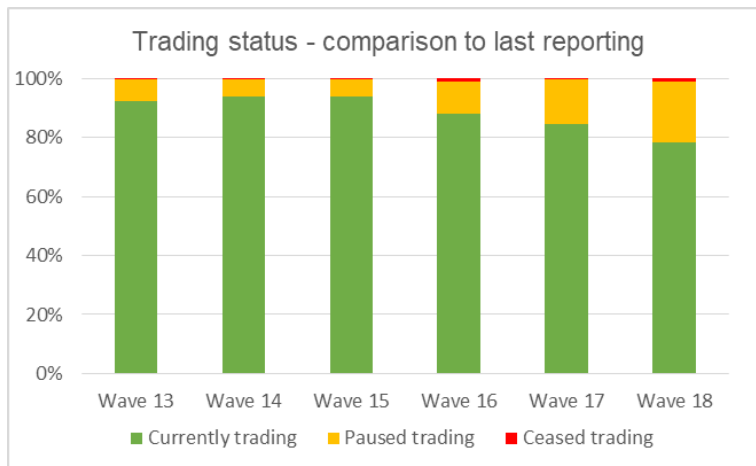
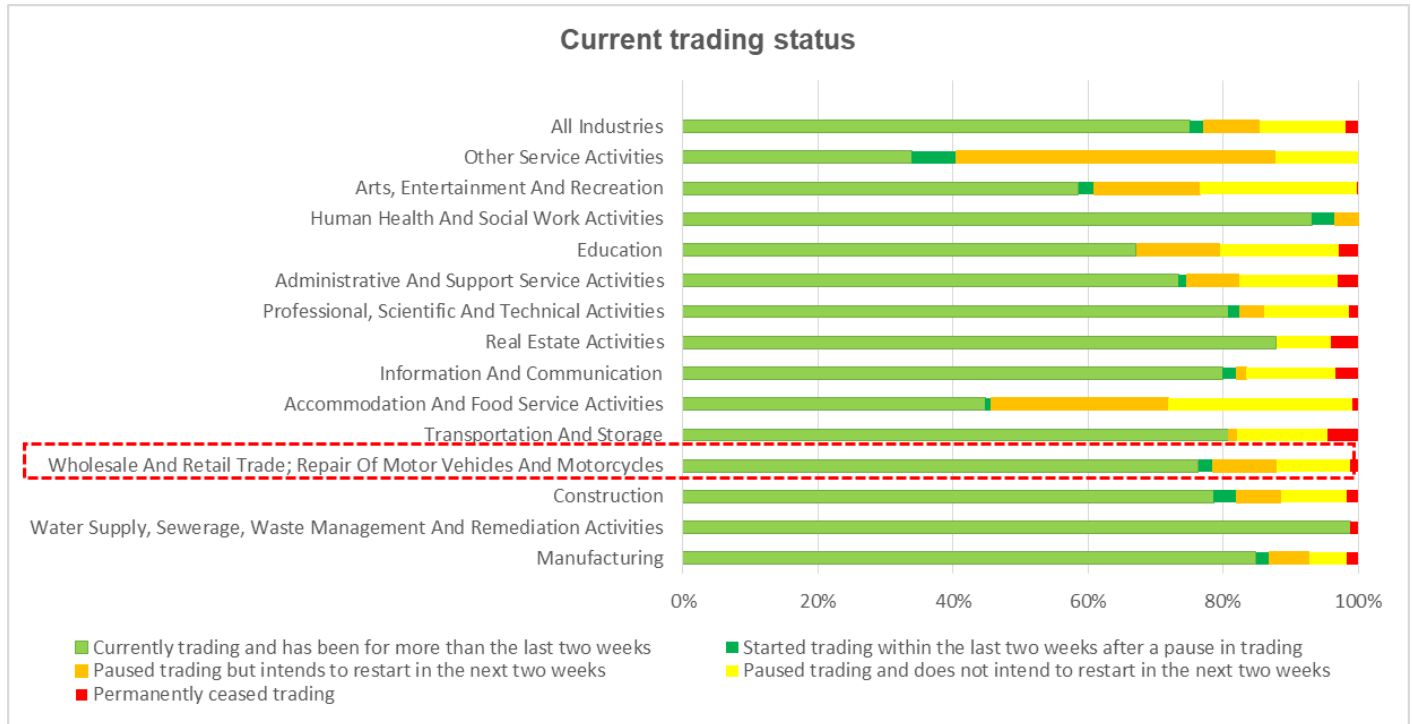
## Summary

### Key take away points

- The impact of England's second countrywide lockdown and tighter restrictions across the other nations are starting to show. 20% of automotive businesses have temporarily closed or paused trading, an increase of 9% since last reporting.
- Unfortunately, it is being reported that 1.2% of businesses have permanently ceased trading, approximately 1,100 establishments.
- There are some concerning warning signs as 3% of automotive businesses stated that they are at severe risk of insolvency and 13% at a moderate risk. Also, 14% stated that they had low or no confidence that their business will survive the next 3 months, potentially putting 13,000 businesses at risk.
- Since the extension of the furlough scheme (beginning of November), the proportions of those on furlough have been increasing in line with the tightening of restrictions across the UK including the English lockdown 2. Currently, proportions on furlough are at similar levels to August (17%), but are significantly lower than the first national lockdown.
- In the last release it was reported that the sector had outlined that approximately 11.7% (76,000) of the workforce could be made redundant over the next three months, and that 22% (16,500) of these would be within the next month. This release reports that redundancies are in the region of 1% of the workforce (10,500) which is significantly lower than the sector had feared. The report the sector has outlined states that approximately 5.2% of the workforce could be made redundant over the next three months. This could mean redundancies in the region of 33,500. Respondents also outlined that 6% (2,000) of these would be within the next month.

## Economic Indicators

### Trading

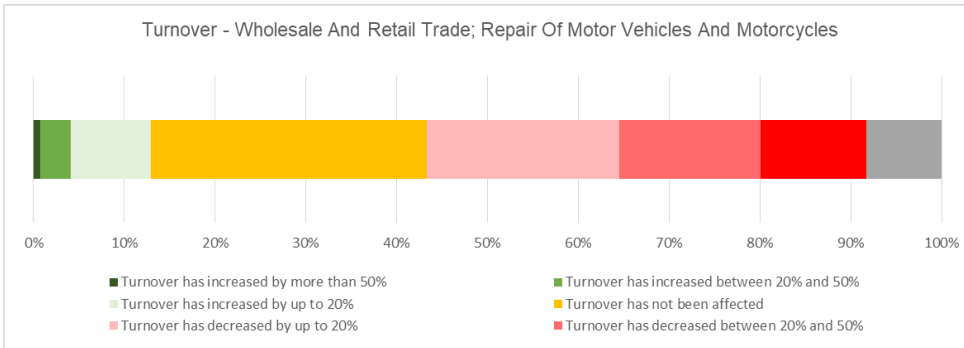


79% of automotive businesses are open and trading. This has decreased by 6% since last reporting as more businesses have temporarily closed or paused trading due to restrictions and full effects of the English lockdown 2..

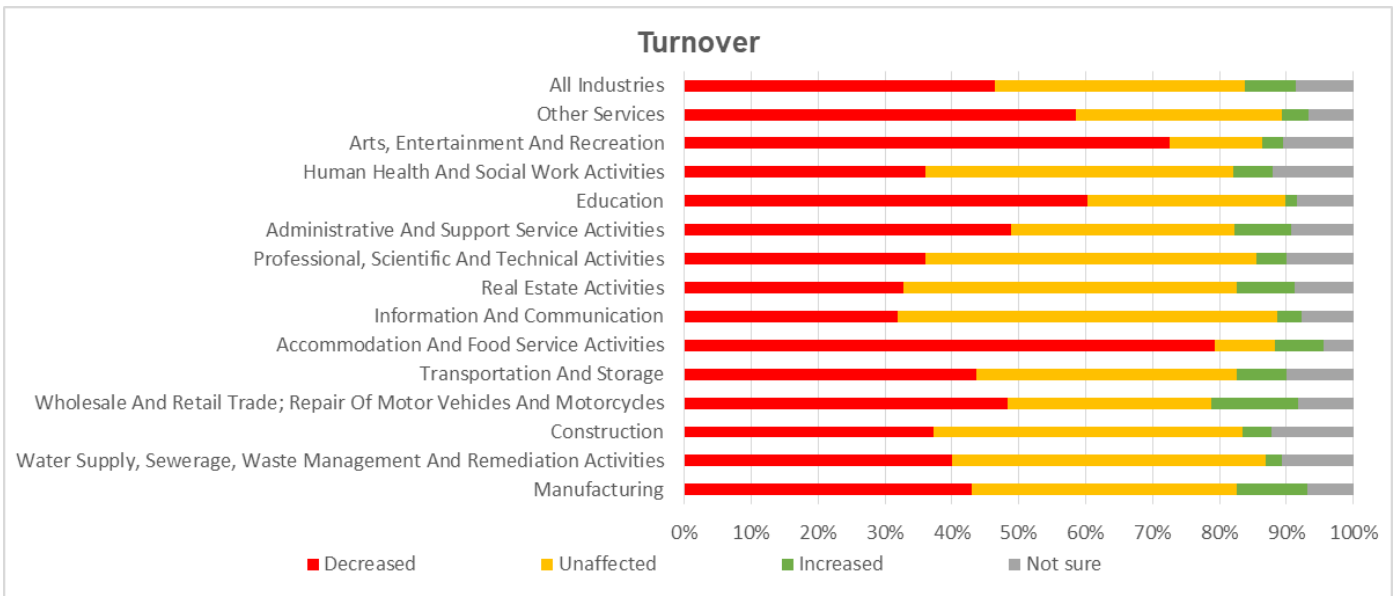
20% of automotive businesses have temporarily closed or paused trading.

Unfortunately, it is being reported that 1.2% of businesses have permanently ceased trading - approximately 1,100 establishments.

## Turnover

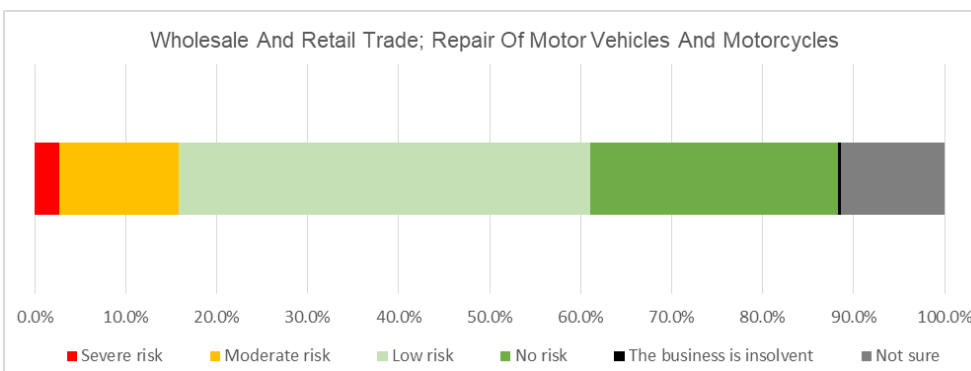


48% of automotive businesses trading are reporting a decrease in turnover. 12% of which are reporting turnover has decreased by more than 50%.



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 (13%). However, this increase is likely due to the other 'retail sectors' included in the 'Wholesale and Retail Trade; Repair of Vehicles and Motorcycles' sector.

## Risk of insolvency



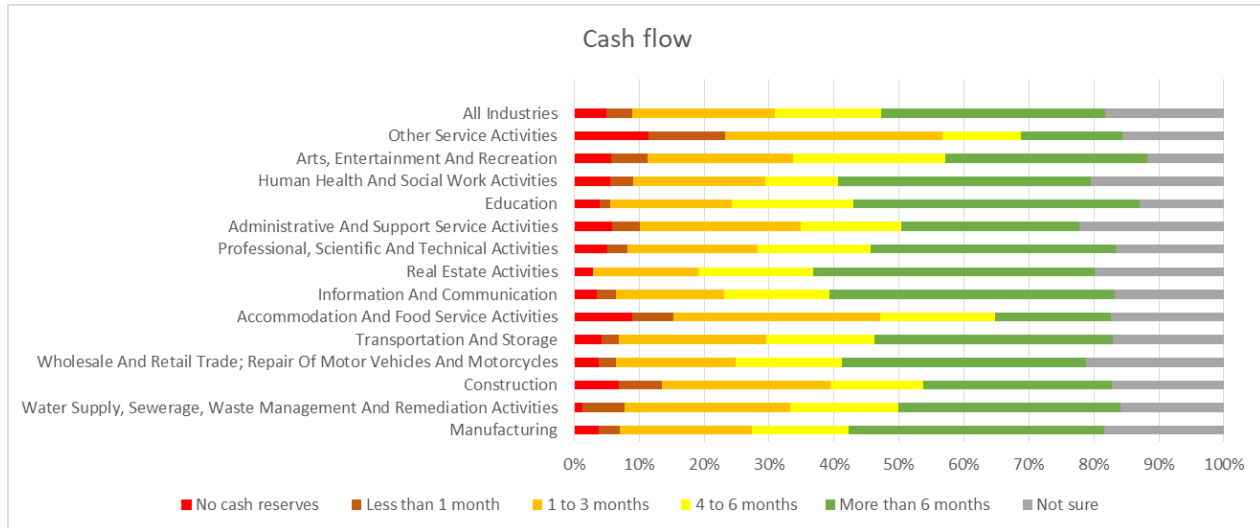
3% of automotive businesses stated that they are at severe risk of insolvency and 13% at a moderate risk of insolvency.

Less than 1% stated that they were already insolvent.

61% stated there was some risk of insolvency.

**44%**  
Businesses in the sector stated that Covid-19 had increased the risk of insolvency to their business.

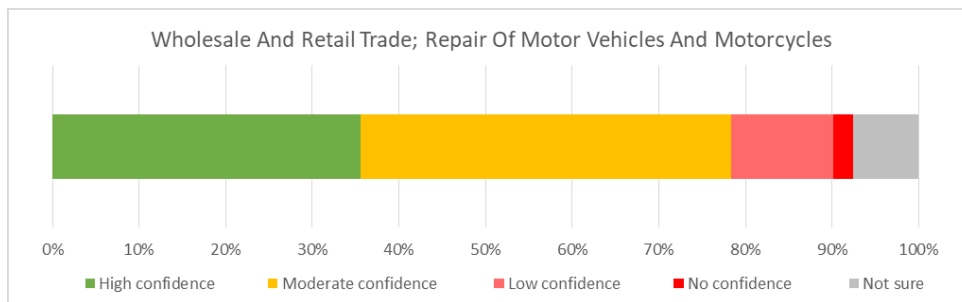
## Cash flow



36% of automotive businesses said that their cash reserves would last more than 6 months. 6.4% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 6,000 businesses at risk.

## Business confidence

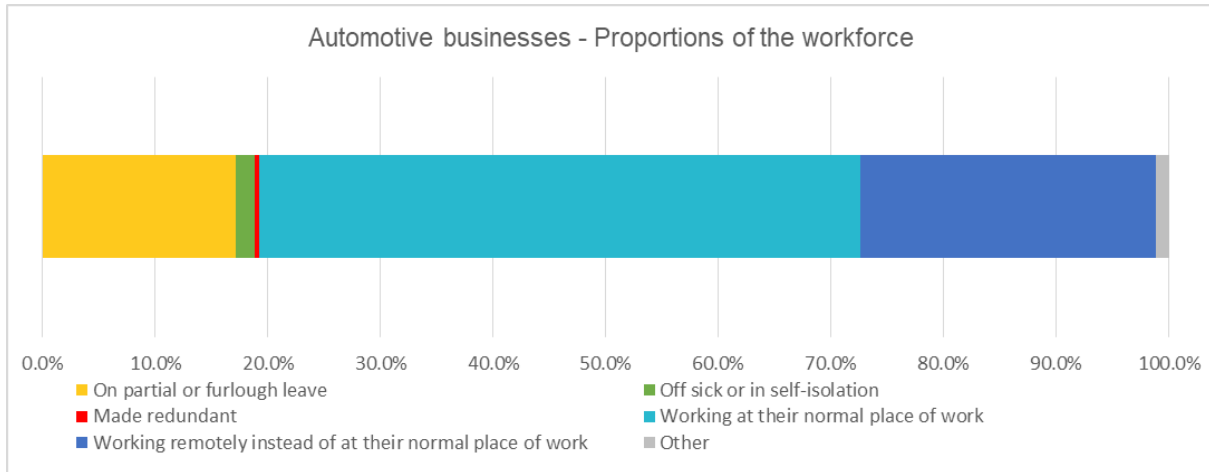
How much confidence does your business have that it will survive the next three months?



14% stated that they had low or no confidence that their business will survive the next 3 months, potentially putting 13,000 businesses at risk.

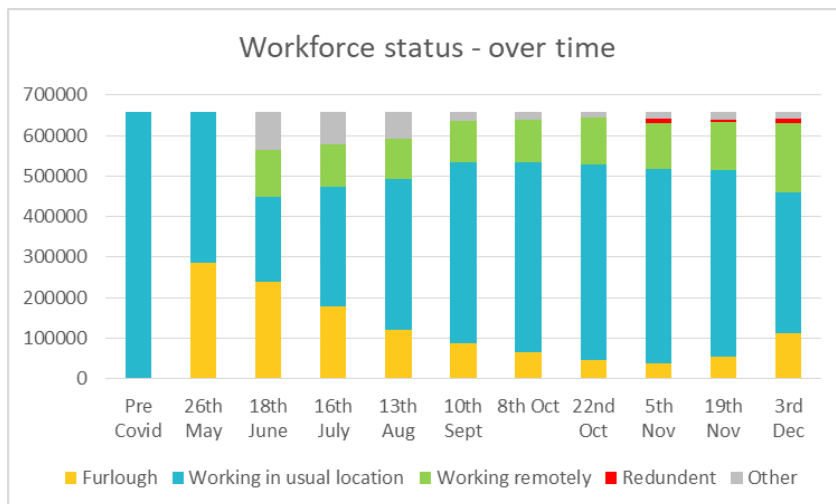
## Workforce

### Proportions



For automotive businesses still trading, 17% of the workforce are on partial leave or furlough. This proportion has increased by 11% since last reporting. More than a quarter of the workforce are working remotely instead of at their normal place of work. 11,000 are on sick leave or in isolation.

### Workforce over time

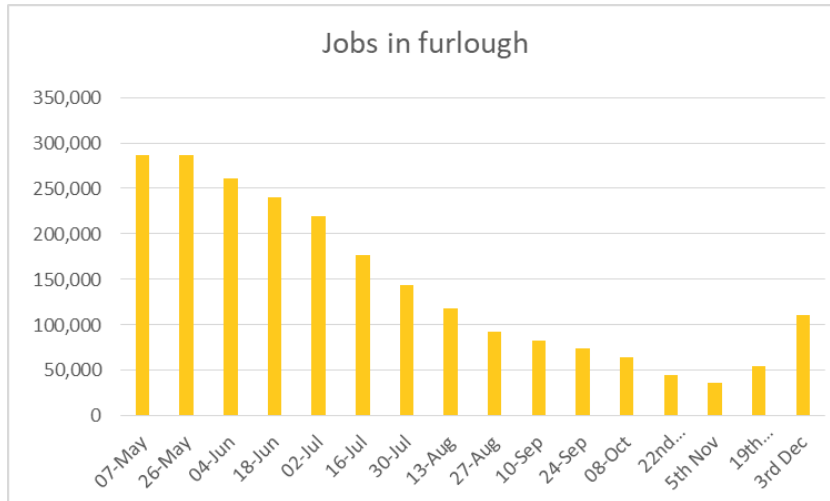


In the sector there are currently:

- 111,400 jobs on furlough.
- 170,700 jobs working remotely.
- 460,583 jobs working in the usual location.
- 10,500 redundancies.

Note: before June, remote working was not recorded. Other includes: those sick or in isolation and unknown.

## Furlough



Since the beginning of November, the proportions of those on furlough has been increasing in line with the tightening of restrictions across the UK, including the English lockdown 2. Currently, proportions on furlough are at similar levels to August, and are significantly lower than the first national lockdown.

## Redundancies

**5.2%**

The approximate percentage of automotive businesses workforce they expect to be made redundant over the next three months.

In its truest sense, this could mean redundancies in the region of 33,500. Respondents also outlined that 6% of these would be within the next month (2,000).

## Data

- ONS - Business impacts of COVID-19 data released 3<sup>rd</sup> December 2020 [Data relates to the period 16<sup>th</sup> November 2020 to 29<sup>th</sup> November 2020].
- EMSI 2020.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].
- IMI Automotive labour market baseline report – 2019 Profile revision1.

## Note

ONS have adjusted a number of their measures to weighted variable. Although this now gives a true reflection of the current situation, it also means that there are some variables that we will not be able to examine historically, this is an explanation of some of the weightings applied:

- **Weighted count.** Weighting by count scales up responses in BICS to be representative of all businesses in the UK. It scales up responses for all businesses that have between 0 and 249 employees, to the point where the counts of all businesses of this size in the UK are represented. The size band of greater than 250 employees is completely enumerated, so no weighting is applied
- **Weighted by turnover.** The value of turnover is derived using the percentage of questions asked on the BICS and registered turnover in the Inter-Departmental Business Register (IDBR), which is used to construct the BICS sampling frame. In effect, businesses with larger turnover are given greater emphasis in results.