



The Impact of Covid-19 on Northern Ireland Business Activity

September 2020

Dr Karen Bonner, Dr Eoin Magennis & Anastasia Desmond



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Table of Abbreviations

Abbreviation	Definition
BBLs	Bounce Back Loan Scheme
BICS	Business Impact of Covid-19 Survey
CBILS	Coronavirus Business Interruption Loan Scheme
CJRS	Coronavirus Job Retention Scheme
DMP	Decision Maker Panel
FF	Future Fund
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GVA	Gross Value Added
HMRC	HM Revenue and Customs
IDBR	Inter-Departmental Business Register
LGD	Local Government District
LQ	Location Quotient
NAV	Net Annual Value
NI	NI
NIC	National Insurance Contributions
ONS	Office for National Statistics
PAYE	Pay As You Earn
PPE	Personal Protective Equipment
SEISS	Self-Employed Income Support Scheme
SME	Small and Medium-sized Enterprise
UK	United Kingdom
UUEPC	Ulster University Economic Policy Centre
VAT	Value Added Tax

1 Introduction

1. The Covid-19 pandemic has resulted in a level of disruption to the economy beyond that experienced at any time during the last century. In terms of scale, the 20.4% contraction in the UK economy between April-June alone is the largest contraction on record and indications are that the decline in GDP in 2020 will be the largest in the post-War era¹. The impact of Covid-19 has been felt across the whole economy, with disruption arising from both supply and demand shocks. Uniquely, due to human health concerns, businesses were forced to temporarily shut down and employees made to stay at home. This, combined with supply chain interruptions and changes in consumer behaviour, has substantially affected business operations and their viability.
2. In an unprecedented series of fiscal interventions the UK Government, and Northern Ireland (NI) Executive, have sought to support businesses through the crisis, including offering assistance towards key costs in an attempt to reduce immediate cashflow problems. The medium to long term viability of businesses remains a concern as the temporary halt in business activity and subsequent social distancing requirements, coinciding with drops in supply and demand, has and will affect businesses' ability to remain operational in the longer term.
3. There are already indications that the sectoral impact of Covid-19 has been uneven²; consequently, this has implications for NI's sub-regions. This paper aims to further identify the effects and vulnerabilities of firms arising from Covid-19 in terms of the initial lockdown and, as economic activity resumes. The paper demonstrates the impact of Covid-19 on firms from both a sectoral and sub-regional viewpoint. It examines the impact of lockdown on business activity in Quarter 2; assesses the level of uptake and value of the existing support measures and highlights the medium to longer term challenges for sectors as the recovery phase begins.

¹ Harari, D., Keep, M. and Brien, P. (2020). Coronavirus: Effect on the economy and public finances, House of Commons Library Briefing Paper Number 8866

² Magill, M. and McPeake, M. (2020). Labour market implications of COVID-19 How have restrictions on work impacted different types of workers in NI? Ulster University Economic Policy Centre

2 Impact on NI Business Activity, Quarter 2 2020

1. In response to the increasing coronavirus threat the UK government advised, on the 16th March 2020, that non-essential travel should be avoided and that employees should work from home where possible³. These measures were subsequently strengthened on 21st March with regulations enforcing the closure of certain businesses and a partial lockdown on movement coming into effect. A full lockdown was enforced from 26th March onwards, with these stringent restrictions on movement enforced in NI on the 28th March⁴.
2. The regulations had an immediate impact on businesses, forcing some to close immediately with employees retained, or furloughed, through the Coronavirus Job Retention Scheme (CJRS). Where businesses could remain open, the restrictions on freedom of movement meant that employees had to work from home. Combined, these measures had consequences on sales and income, as well as impacting on the supply and demand of goods and services.

2.1 Trading Status

3. The Office for National Statistics (ONS) Business Interruption Coronavirus Survey (BICS) has tracked the impact on businesses since the 9th March⁵. The following presents the impacts for NI over Quarter 2.
4. Over the two-week period from 6-19th April, it is estimated that 73% of businesses in NI continued to trade with the remaining 27% temporarily closed or paused. The NI Chamber of Commerce⁶ reported that 36% of businesses in NI were temporarily closed during the 1-3rd April. Taking an average of both figures indicates that within weeks of lockdown being enforced around one in three businesses in NI were temporarily closed.
5. Figure 2.1 tracks the proportion of businesses continuing to trade between April and June⁷. The proportion trading increased in line with the easing of restrictions, particularly during May and June. By June 28th, exactly three months after the lockdown enforcement, the share of businesses in NI not yet trading had fallen to one in ten. Extrapolating this to business population numbers suggests that just under 6,000 (non-agricultural) businesses in NI were not yet trading by end of June⁸.

³ <https://www.bbc.co.uk/news/uk-51917562>

⁴ <https://www.bbc.co.uk/news/uk-northern-ireland-52079959>

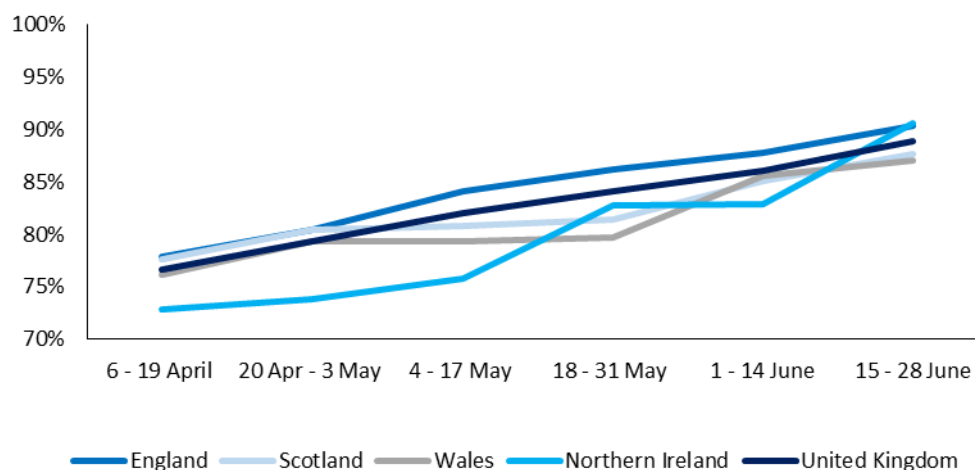
⁵ <https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults>

⁶ NI Chamber of Commerce and BDO (2020). Quarterly Economic Survey and Covid-19 Business Impact Tracker, April 2020

⁷ Note that the BICS is a voluntary survey and the number of responses vary across waves. The number of responses in NI was low for some waves as a result the differences between NI and the UK are unlikely to be statistically significant.

⁸ Business population estimates are based on the number of VAT and PAYE registered businesses in NI as per the IDBR.

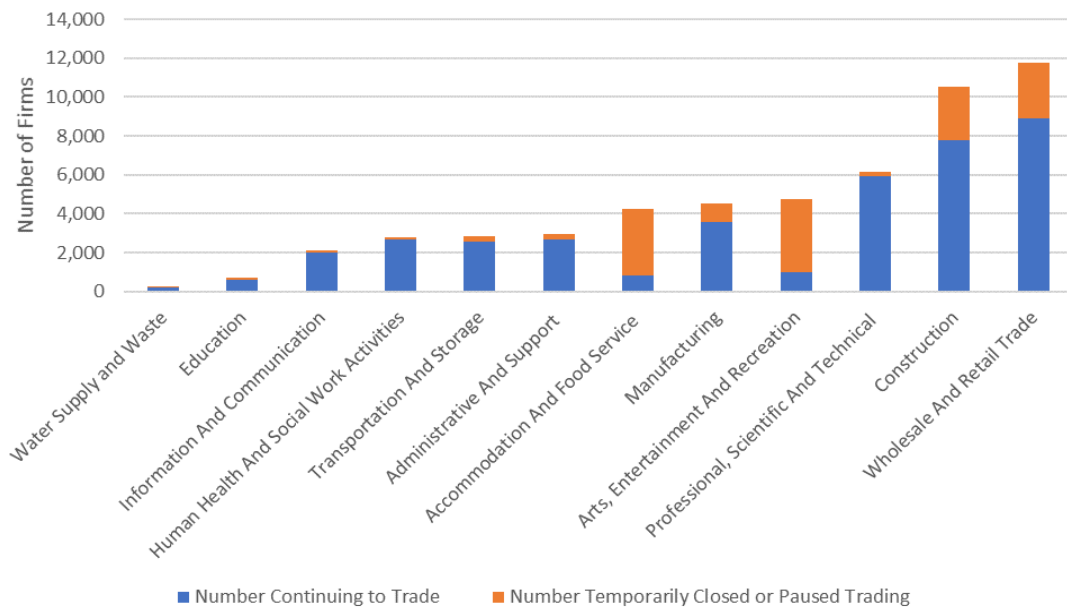
Figure 2.1: Businesses Continuing to Trade (%), United Kingdom, April – June 2020



Source: BICS, ONS

6. The impact of Covid-19 on trading status varied, in large part, due to the Government requirements regarding shutdown. Using UK estimates of the sectoral share of businesses trading, versus those closed or paused by sector, and translating them to NI business numbers, provides an estimation of the differential impacts.
7. Figure 2.2 shows that during the early stage of the lockdown the two largest sectors in terms of number of firms, Wholesale and Retail, and Construction, both had around one quarter of firms temporarily closed. In total this equated to around 5,600 firms in NI.
8. The two sectors most impacted, in terms of inability to operate, were Arts, Entertainment and Recreation, and the Accommodation and Food Service sector. Four fifths of firms in each of these sectors were temporarily closed, with just over 7,100 firms affected.

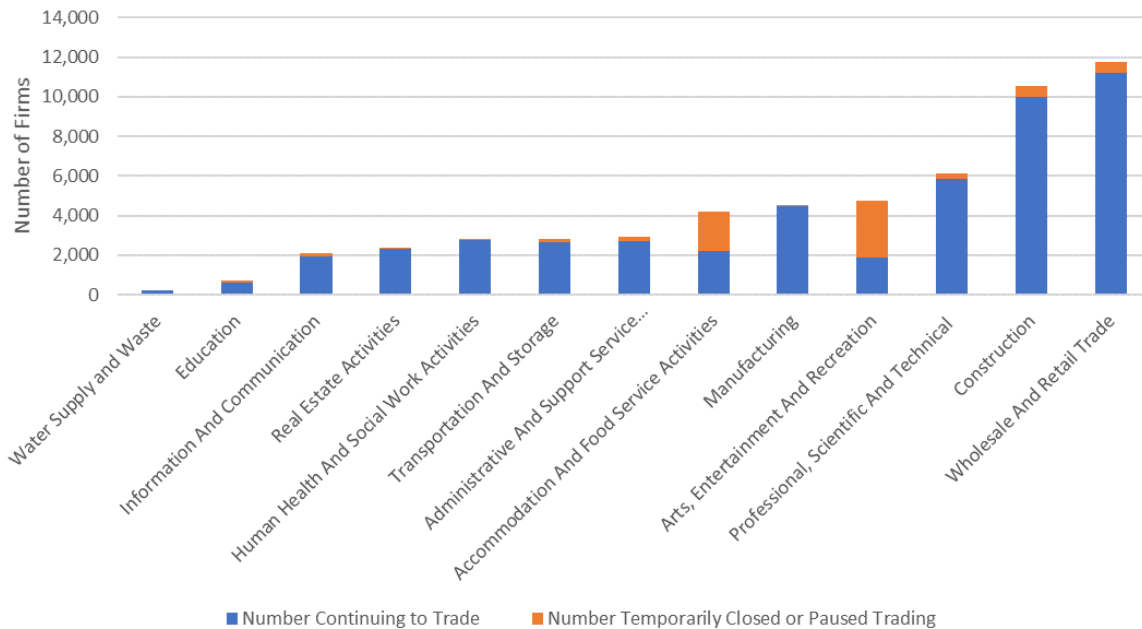
Figure 2.2: Trading Status by Sector, Northern Ireland, April 6th-19th 2020



Source: UUEPC estimates based on BICS, ONS and IDBR

- By the end of June, and into early July, the trading position of most sectors had reverted to almost pre-Covid levels (Figure 2.3). The Accommodation and Food, and Arts, Entertainment and Recreation sectors were obvious exceptions with 60% of Arts businesses and almost half of Accommodation businesses remaining temporary closed or with trading paused, equating to just under 5,000 businesses in total.

Figure 2.3: Trading Status by Sector, Northern Ireland, 29th June – 12th July⁹ 2020



Source: UUEPC estimates based on BICS, ONS and IDBR

⁹ Businesses in wave 8 of the BICS were asked for their trading status for period 29 June to 12 July 2020, and not for the survey reference period 15 June to 28 June 2020.

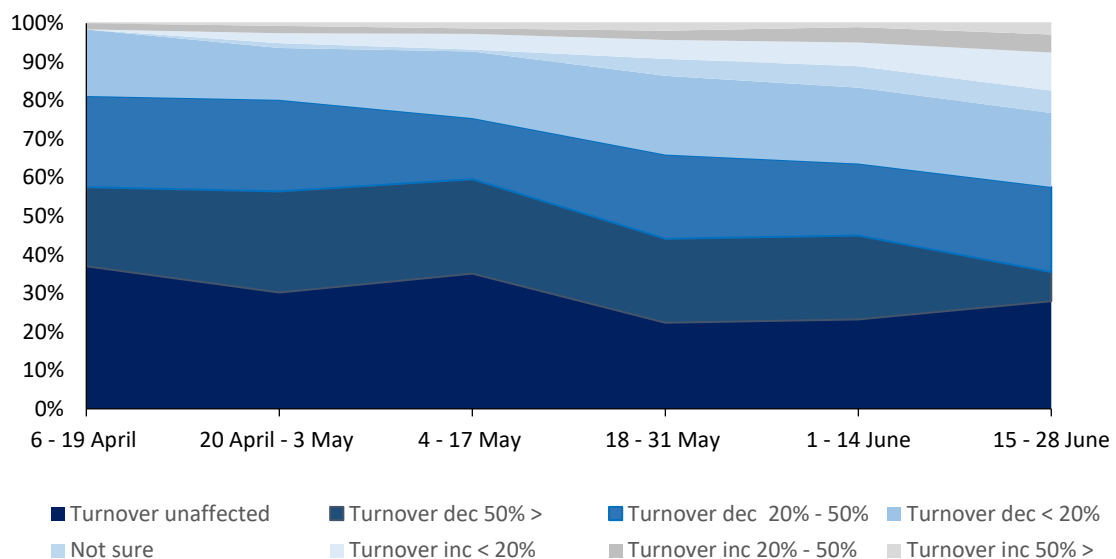
2.2 Turnover Impacts

10. The temporary closure of businesses combined with the restrictions on movement impacted negatively on business income. The NI Chamber of Commerce Survey reported a significant fall in revenue for most of their members in early April¹⁰. Amongst firms continuing to trade, the ONS BICS survey estimate that 57% of firms in NI experienced a decrease in turnover between 6-19th April, compared to the previous two weeks. Of the total, 41% had a drop in turnover of more than 20%, around half of which had a drop of 50% or more. Equating that to business numbers it suggests that in early April approximately 8,000 firms in NI, that continued to trade, saw turnover fall by at least half.

11. Although an estimated 90% of firms were back trading by end of June the turnover position of firms in NI had improved only marginally (Figure 2.4). Between 15th-28th June half of businesses were still experiencing a decrease in turnover compared to what would normally be expected with the share experiencing more than a 50% drop in turnover was just 8% at that stage. Less than one fifth of firms experienced an increase in turnover during that two-week period.

12. Data from the Decision Makers Panel (DMP) for the UK as a whole indicates that sales in Quarter 2 2020 declined by around 40% on average compared to what they would otherwise have been¹¹. If this picture holds for NI, the decline follows a 3.2% decrease in production output and a 4.2% decrease in service sector output in Quarter 1 2020¹².

Figure 2.4: Change in Business Turnover (%) Northern Ireland, April – June 2020



Source: BICS, ONS

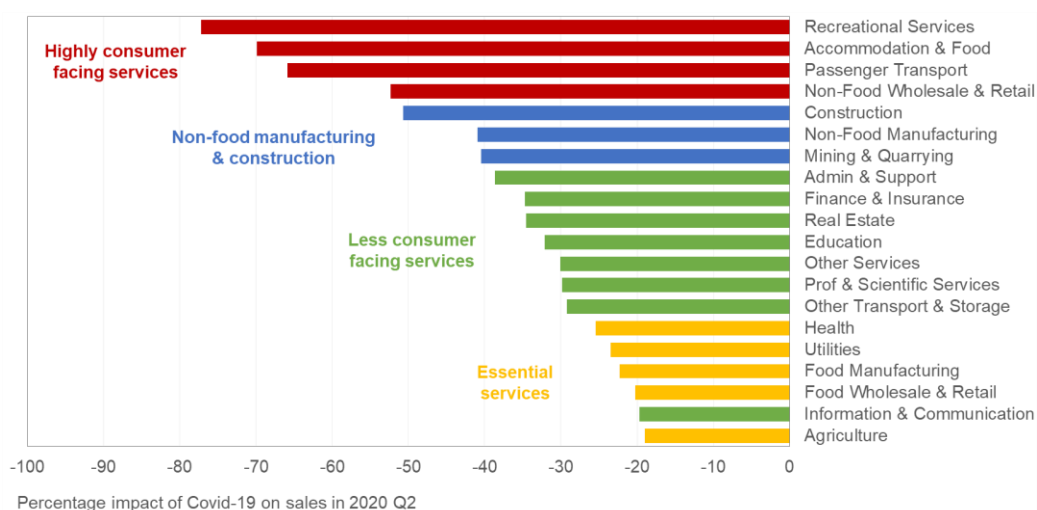
¹⁰ NI Chamber of Commerce and BDO (2020). Quarterly Economic Survey and Covid-19 Business Impact Tracker, April 2020

¹¹ <https://decisionmakerpanel.co.uk/data/>

¹² <https://www.economy-ni.gov.uk/news/economic-output-statistics-4>

13. As would be expected, the Covid-19 impact on turnover hasn't been uniform across all sectors, with those forced to close temporarily most heavily impacted. Data from the DMP, for the UK, indicates that the most highly consumer-facing sectors such as Recreation; Accommodation and Food; Passenger Transport, and Non-Food Wholesale and Retail were most impacted during Quarter 2 with sales down between 50 - 80% compared to normal expectations (Figure 2.5). The Accommodation and Food, and Arts, Entertainment and Recreation sectors also consistently had the highest share of firms (more than half) reporting turnover declines of more than 50% across all the BICS survey waves between March and June.
14. Survey data for the NI Tourism and Hospitality sector¹³, and separately, the Arts sector¹⁴ corroborates the scale of the effect with the financial impact deemed severe. Data for the Arts sector further suggests an estimated average loss of income of £36,714 per organisation between March and May.
15. Despite the uneven impact on sales it is noteworthy that all sectors, even those providing essential services, saw a decrease in sales of at least 20% compared to normal expected trading conditions.

Figure 2.5: Impact of Covid-19 on Sales by Industry (%), United Kingdom, Q2 2020



Source: Bank of England Agents' Summary of Business Conditions 2020 Q2 based on Decision Makers Panel data

2.3 Cashflow Impacts

16. Businesses in NI were exposed to cashflow problems during the lockdown, with many overhead costs still being incurred even while businesses were temporarily closed. The outflow of money with no, or reduced, income to redress the balance substantially impacted the viability of businesses to remain in operation. In fact, cash flow has been identified as a critical component of firms' ability to withstand economic crises¹⁵.

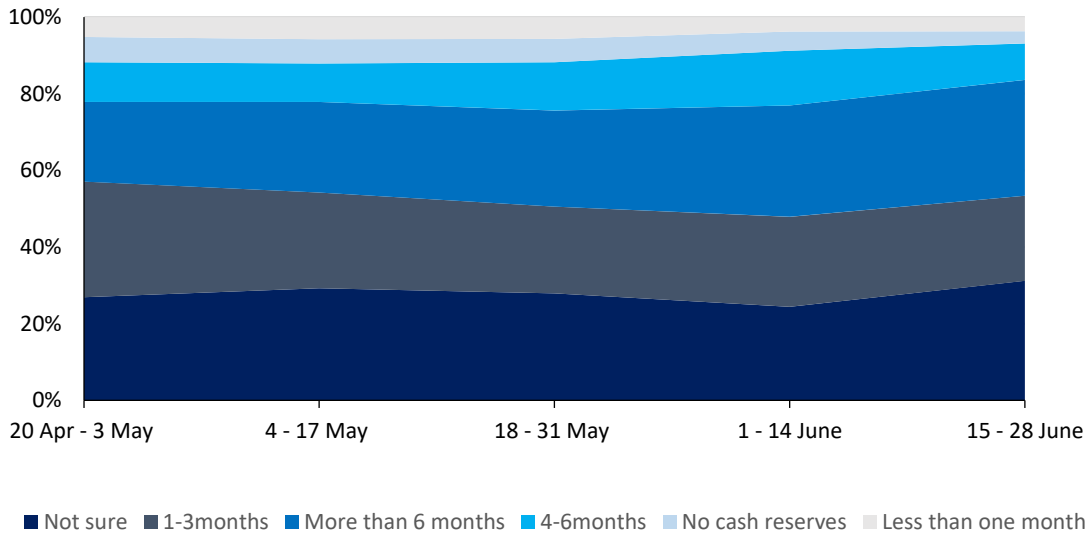
¹³ Tourism NI, (2020). Covid-19 Industry Survey, April 2020

¹⁴ Arts Council of NI, (2020). Impact of the Coronavirus on the NI Arts Sector: Findings of survey of artists and arts organisations, April 2020

¹⁵ Hallward-Driemeier, M., Dwor-Frécaut D. and Colaço F.X. (2000). Asian Corporate Recovery: findings from firm-level surveys in five countries. World Bank: Washington DC

17. Cash reserves were relatively tight with just one in five businesses in NI having reserves of six months or more at the end of April. At that stage around one in ten businesses had either no, or less than one months, cash reserves (Figure 2.6). By the end of June 7% of businesses were still in that extreme vulnerable position and only one in three had at least 6 months' worth of cash reserves.

Figure 2.6: Cash reserves of Businesses (%), Northern Ireland, April – June 2020



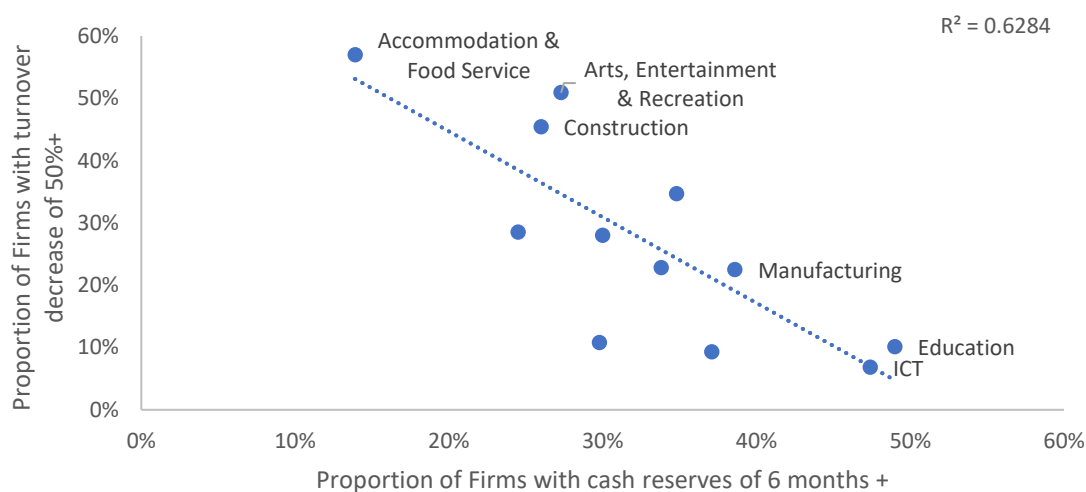
Source: BICS, ONS

18. The sectors most heavily impacted in terms of turnover loss were also those with a low share of at least 6 months cash reserves (Figure 2.7). These sectors were in a particularly vulnerable position with less of a cushion to remain viable during the lockdown phase. By June, with half of all firms still experiencing a decrease in sales and hence a reduced income, and two-thirds of firms having less than 6 months of reserves, it suggests some 30,000-40,000 businesses in NI remained financially vulnerable.

19. The impact of this may not be fully seen until the Coronavirus Job Retention Scheme comes to an end in October 2020, with employers fully responsible for employee wages and salaries at that point¹⁶.

¹⁶ The Job Support Scheme will come into effect in November and run for six months. Given the increased employer contribution, particularly for hours not worked, it is unclear as yet as to whether this will mitigate the impact.

Figure 2.7: Proportion of Businesses with Turnover Decreases of 50% or more versus Businesses with Cash Reserves of 6 months or more (%), Northern Ireland, 6th-19th April 2020

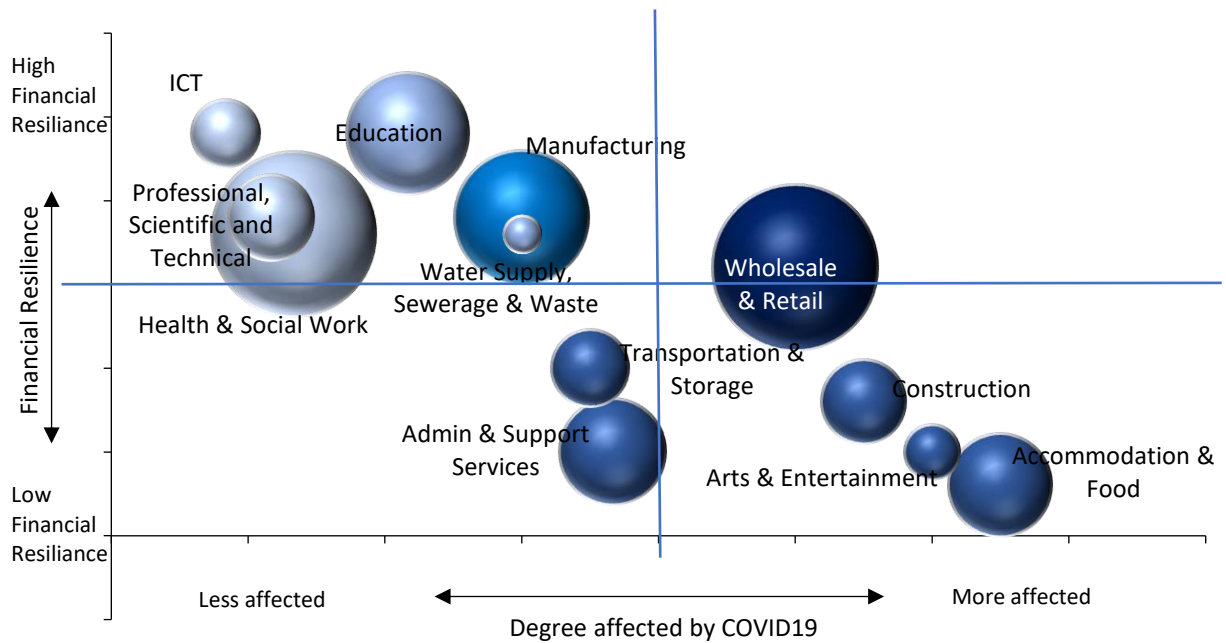


Source: BICS, ONS

2.4 Vulnerability

20. Combining factors relating to financial resilience with those representing the business activity impact of Covid-19 provides an idea of the overall vulnerability of sectors to the effects of the pandemic.
21. Figure 2.8 displays the sectoral exposure to the impacts of Covid based on data from 6th-19th April; the size of the orb demonstrates the size of the sector in terms of employment in NI. Those in the upper left-hand quadrant are the most secure based on a high degree of financial resilience and less impacted by the pandemic. Those in the lower right quadrant are most threatened as they have a low financial resilience and have been most affected in terms of impacts on workforce, turnover and trading status.
22. In early-mid April, Accommodation and Food services, and Arts and Entertainment were the most threatened sectors, followed by Construction. Wholesale and Retail straddled the lower quadrant, most likely due to part of the sector (Food Wholesale and Retail) deemed to be essential services and so less impacted compared to the Non-Food part of the sector (Figure 2.8).

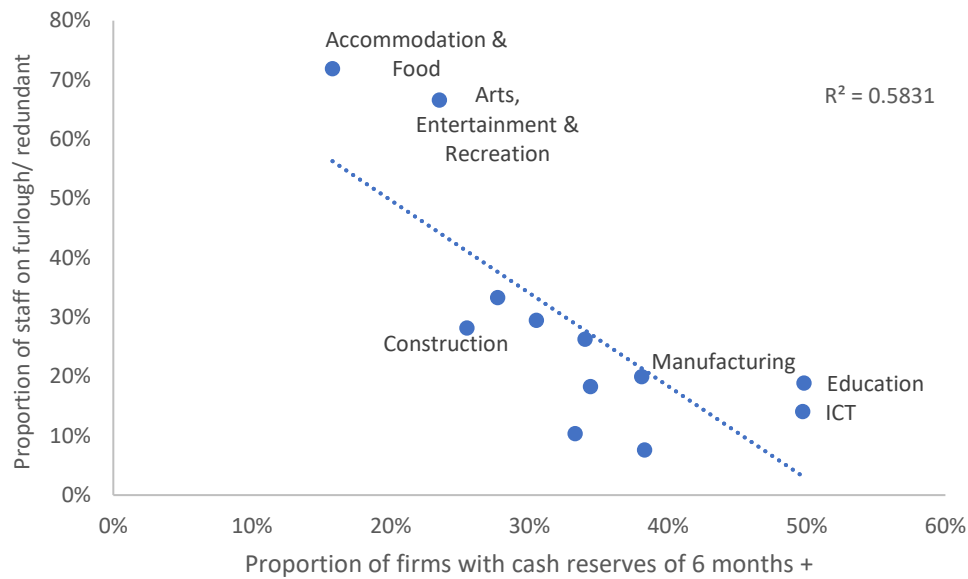
Figure 2.8: Sectoral Vulnerability to Covid-19, Northern Ireland, 6th-19th April 2020



Source: UUEPC estimates based on BICS and ONS Workforce Jobs

23. By the end of June, the negative impact on business activity had reduced for most sectors with businesses re-opening and staff returning either fully, or partially from furlough. As mentioned above negative turnover impacts were still being felt, although at a reduced level compared to April. Two sectors which bucked this trend were the Accommodation and Food, and the Arts sectors.
24. Figure 2.9 is representative of the differential impacts still being felt in these sectors compared to others. At that point more than 60% of employees remained on furlough for both sectors and the cash reserves position remained weak.

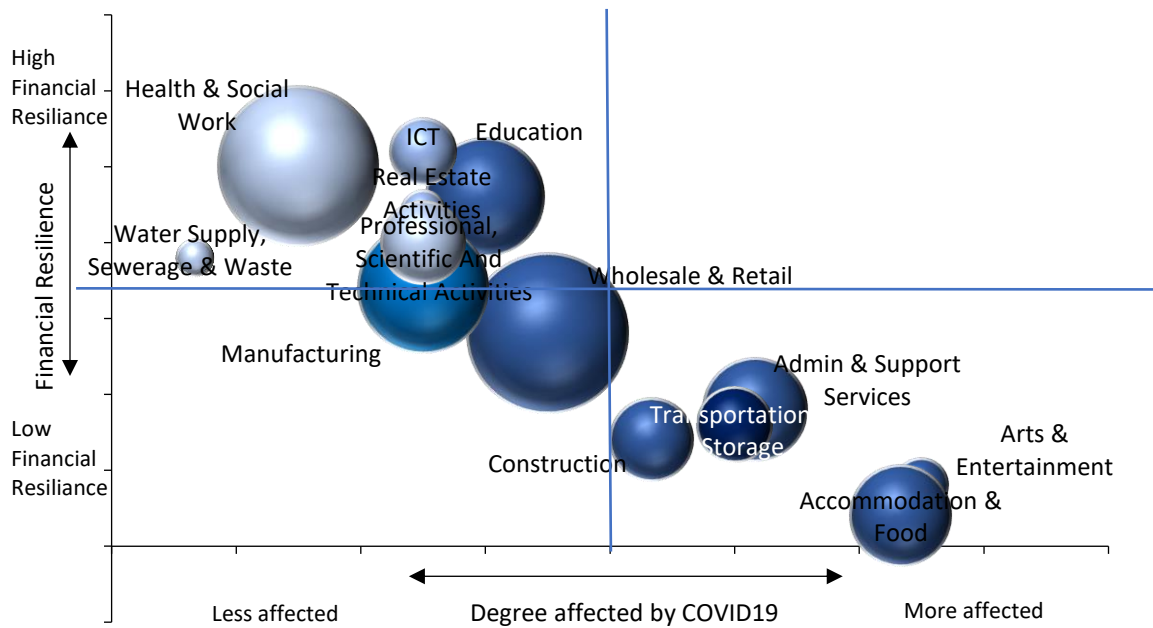
Figure 2.9: Proportion of Businesses with Staff on Furlough or Redundant versus Businesses with Cash Reserves of 6 months or more (%), Northern Ireland, 15th-28th June 2020



Source: UUEPC estimates based on BICS

25. Assessing overall sectoral vulnerability at the end of June (Figure 2.10) suggests three distinct groupings. The exposed position of the Arts and Entertainment, and the Accommodation and Food sector is highlighted, both having a low financial resilience and most affected by Covid-19. Other sectors with a low financial resilience and affected by the pandemic, although to a lesser degree than Arts and Accommodation, include Administration and Support, Transportation and Storage, and Construction.
26. The sectors proving most resilient financially were also those least impacted in terms of business activity and included public sector activity, ICT and the majority of Professional Services.

Figure 2.10: Sectoral Vulnerability to Covid-19, Northern Ireland, 15th-28th June 2020



Source: UUEPC estimates based on BICS and ONS Workforce Jobs

27. Translating the above diagram into four risk quadrants (Figure 2.11) shows the degree of vulnerability, or resilience to the pandemic and demonstrates the exposure in terms of number of firms, micro-firms, employees and GVA. The share of micro-firms is included in the measure as resource and capability constraints are frequently characterised as obstacles to resilience and are linked to firm size, with smaller firms more exposed^{17,18}.
28. Sectors are categorised into the quadrant in which their respective orb, or where the majority of the orb, sits. Wholesale and Retail and Manufacturing straddle quadrants; for the purposes of the exercise they are classified into the bottom left “less affected, lower financial resistance” category. It should be noted that less affected means relative to other sectors.
29. Those sectors in the lower right quadrant of Figure 2.11 are the most exposed to the effects of the pandemic with low financial resilience and heavily impacted in terms of business activity. Focusing solely on that quadrant suggests that around 25,000 firms (around one third of all firms) are vulnerable, the majority of which are micro-firms. Based on 2020 estimates more than 200,000 jobs (around one quarter of the total) are in firms in the most vulnerable category with a GVA exposure to the tune of £7bn (17% of the total).

¹⁷ Wishart, M. (2018). Business resilience in an SME context: A literature review, Enterprise Research Centre, July 2018

¹⁸ InterTradeIreland (2019). Shock Absorption Capacity of Firms in Ireland and NI, January 2019

Figure 2.11: Vulnerability of Firms, Employees and GVA to Covid-19, Northern Ireland, 2020

No. of Firms		Share of Micro Firms		No. of Employees		GVA (£m)	
LESS AFFECTED, HIGHER FINANCIAL RESILIENCE	MORE AFFECTED, HIGHER FINANCIAL RESILIENCE	LESS AFFECTED, HIGHER FINANCIAL RESILIENCE	MORE AFFECTED, HIGHER FINANCIAL RESILIENCE	LESS AFFECTED, HIGHER FINANCIAL RESILIENCE	MORE AFFECTED, HIGHER FINANCIAL RESILIENCE	LESS AFFECTED, HIGHER FINANCIAL RESILIENCE	MORE AFFECTED, HIGHER FINANCIAL RESILIENCE
14,400	N/A	84%	N/A	306,000	N/A	15,500	N/A
LESS AFFECTED, LOWER FINANCIAL RESILIENCE	MORE AFFECTED, LOWER FINANCIAL RESILIENCE	LESS AFFECTED, LOWER FINANCIAL RESILIENCE	MORE AFFECTED, LOWER FINANCIAL RESILIENCE	LESS AFFECTED, LOWER FINANCIAL RESILIENCE	MORE AFFECTED, LOWER FINANCIAL RESILIENCE	LESS AFFECTED, LOWER FINANCIAL RESILIENCE	MORE AFFECTED, LOWER FINANCIAL RESILIENCE
16,200	25,300	64%	89%	242,000	233,000	12,200	7,300

Source: UUEPC estimates based on IDBR, ONS Workforce Jobs and GVA estimates

30. The concentration of employees within the most vulnerable sectors can be analysed by Local Government District (LGD) area using Location Quotient (LQ) analysis.
31. LQs are used to provide a broad illustration of the extent to which a particular activity is over- or under-represented in each area relative to the national average. It is calculated as the ratio between the share of employees in a sector within an LGD and the share of employees in that sector in NI. If the LQ for an activity is less than 1, the LGD has a smaller share of employees than the NI average; if the LQ for an activity is greater than 1, the LGD has a larger share of employees in that sector than the NI average.
32. Table 2.1 shows the LQs by LGD for those sectors estimated as most vulnerable. The LQs greater than 1 are shaded in blue. While every LGD has an over-representation in at least one of the sectors, two LGDs are particularly affected. Causeway Coast and Glens and Newry, Mourne and Down have higher employee concentrations in three of the five vulnerable sectors. Antrim and Newtownabbey and Ards and North Down are also relatively exposed. The former has proportionately more than twice as many employees in the Transport and Storage sector as the NI average. Ards and North Down has a share in Arts and Entertainment twice as high as the average.

Table 2.1: Location Quotient Analysis by Local Government District of the Most Vulnerable Sectors, June 2020

	Administration services	Transportation and Storage	Construction	Accommodation and Food	Arts and Entertainment
Antrim & Newtownabbey	1.4	2.4	0.9	0.8	0.5
Ards & North Down	0.6	0.6	1.0	1.4	2.1
Armagh, Banbridge & Craigavon	0.9	1.5	1.1	0.7	0.9
Belfast	1.7	0.7	0.4	1.0	0.9
Causeway Coast & Glens	0.6	0.8	1.4	1.5	1.1
Derry & Strabane	1.0	0.7	1.0	1.0	1.2
Fermanagh & Omagh	0.3	0.9	1.3	1.0	0.9
Lisburn & Castlereagh	0.9	0.6	1.2	0.8	1.2
Mid & East Antrim	0.8	1.4	1.0	1.3	0.9
Mid Ulster	0.3	0.9	1.8	0.7	0.7
Newry, Mourne & Down	0.5	0.8	1.4	1.1	1.2

Source: UUEPC estimates based on Workforce Jobs

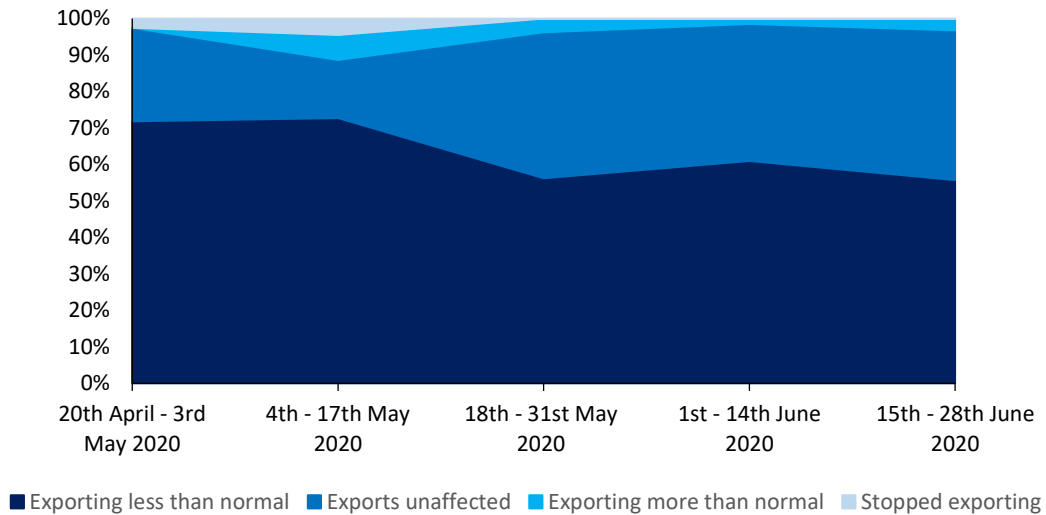
2.5 Exports and Imports

33. NI firms are heavily reliant on the local and Great Britain markets with just 9,000 firms, or 12% of the total, engaged in exporting. In value terms exports represent over £11bn in sales, just under one quarter of GDP. Two sectors, Manufacturing and Wholesale and Retail account for three quarters of all export sales, with Manufacturing alone comprising 60%.
34. The concentration of exporting within few sectors, and a relatively small number of firms, insulates the economy on one hand to the worldwide drop in demand due to Covid-19. But, due to the small size of the local market, it also exposes the economy if these sectors are unable to sustain export orders.
35. Aircraft manufacturing is one such affected sector in NI, and is particularly vulnerable due to the worldwide drop in travel, with BICS data showing that 79% of UK firms engaged in the manufacture and repair of aircraft machinery had applied for the CJRS scheme. In NI a number of redundancies, to the scale of 2,000 jobs have already been announced by three firms in this sector, Bombardier Aerospace, Thompson Aero and Collin Aerospace¹⁹.
36. Exporting firms across all sectors were particularly affected by the lockdown with almost 70% of firms exporting less than normal in late April (Figure 2.12) and just one quarter with export sales unaffected. By the end of June this situation had improved, but only to a degree, with just over half of NI exporting firms still experiencing a decline in export sales compared to normal.

¹⁹ <https://www.belfasttelegraph.co.uk/business/jobs/ni-firms-rack-up-9000-job-cuts-in-past-year-as-covid-wrecks-economy-39442840.html>

37. HMRC data confirms a 24% quarterly decrease in exports in Q2 2020 and a 31% decrease on the year. Exports to the EU, which comprise three fifths of the total, were down 23% in Q2 and those to non-EU countries down by 27% (Figure 2.13).

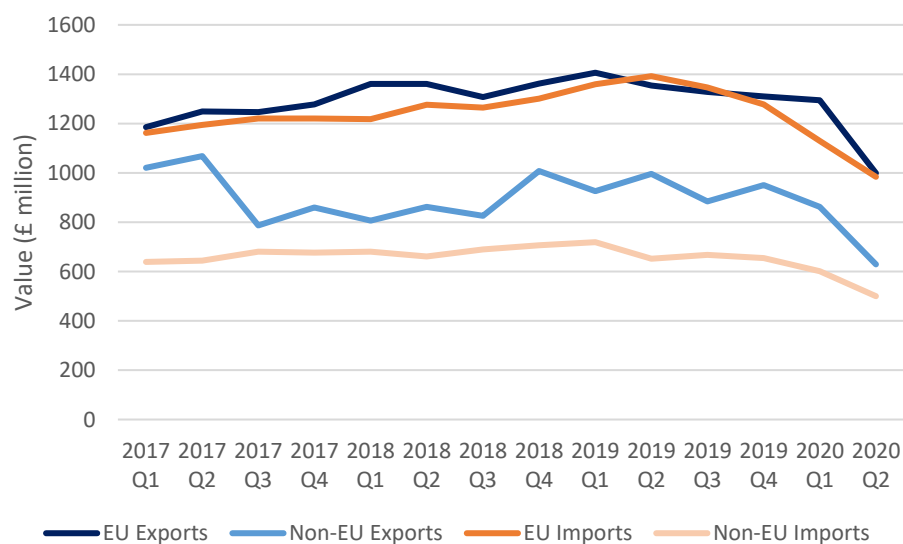
Figure 2.12: Change in Business Exports, Northern Ireland, April- June 2020



Source: BICS, ONS

38. Export sales fell for all commodities except Chemicals (+8%) over Q2. Machinery and Transport, which comprises 30% of exports, saw sales fall by 36% over the quarter. Food and Live animals, which accounts for one fifth of exports, had a 9% decrease in export sales.

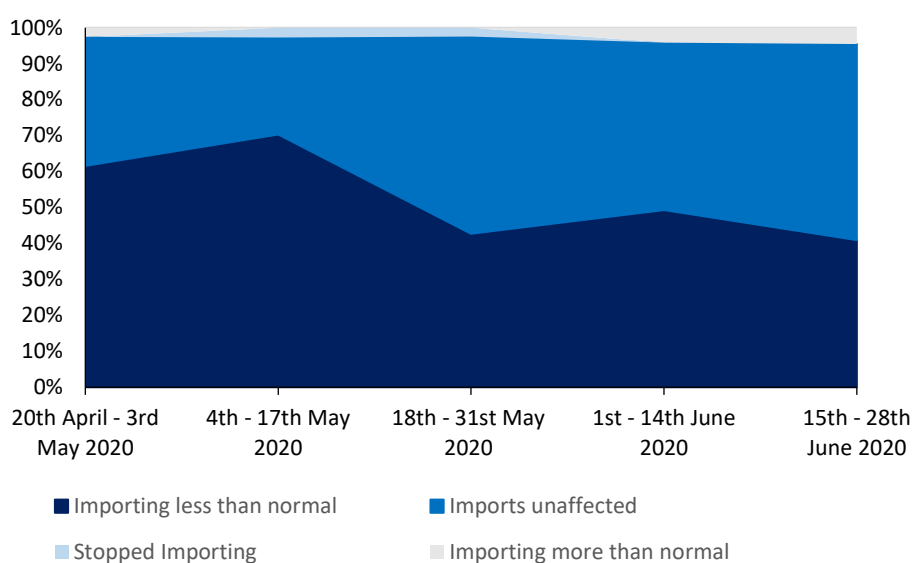
Figure 2.13: Value of Northern Ireland Exports and Imports, Q1 2017 – Q2 2020



Source: HMRC

39. In NI there are around £8bn in import sales. The two largest exporting sectors, Manufacturing and Wholesale and Retail, are also the two largest importers, each accounting for 40% of the total. Importing was affected to a lesser degree than exporting during Quarter 2 with 60% of importers in NI importing less than normal in April (Figure 2.14). By end of June this had dropped substantially, with 37% importing less than normal at that stage.
40. According to HMRC, imports fell by 14% in Q2 and were down 27% compared to Q2 2019. Machinery and Transport and Food and Live Animals each comprise 22% of imports in Q2. The former saw imports fall by 24% during Q2 while the latter had a 3% increase.

Figure 2.14: Change in Business Imports, Northern Ireland, April- June 2020



Source: BICS, ONS

2.6 Redundancies

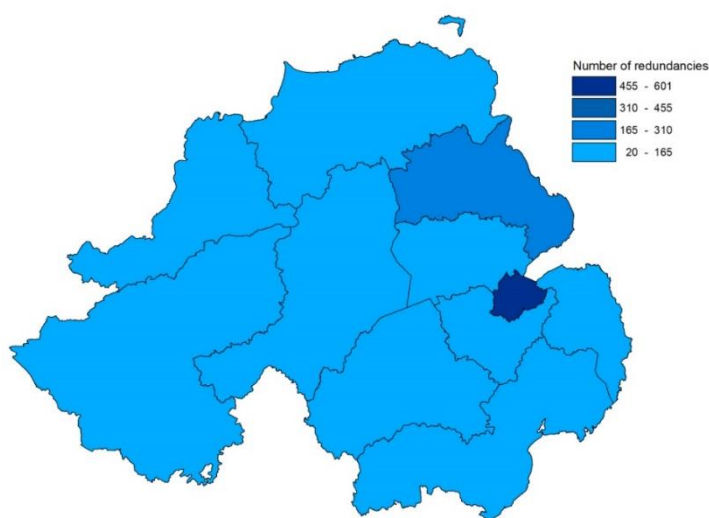
41. There has been a total of 1,227 confirmed redundancies in NI to July 2020²⁰. Of the total, one quarter occurred between April and June with a further half in July alone. The numbers are comparable to the 1,315 confirmed redundancies between January and July 2019.
42. Figure 2.15 shows that redundancies in 2020 were concentrated in the Belfast City LGD, in fact accounting for half of all redundancies confirmed. Of the total redundancies in Belfast 40% were in East Belfast and 36% in South Belfast. Job losses due to redundancy represent less than 1% of jobs in each LGD area.
43. Notifications of redundancy show a high correlation between proposed and confirmed redundancies and in the year to end of August 2020, 9,160 redundancies were proposed in NI²¹. This was higher than at any stage in the previous 15 years, including the peak 5,941

²⁰ Companies are only legally required to notify the Department for the Economy of impending redundancies of 20 or more employees; as a result total job losses are likely to be underestimated.

²¹ NISRA (2020). NI Labour Market Report, September 2020.

recorded in 2008/09. Of the total proposed redundancies over 6,000, or 70%, were notified between March and July. Of further concern is that 700 were proposed in August and a further 880 proposed redundancies were notified in the first two weeks of September alone. It is likely that the scale of redundancies has been deferred due to the Coronavirus Job Retention Scheme. As the scheme moves to closure in October it is likely that the confirmed number of redundancies will increase in line with proposed numbers.

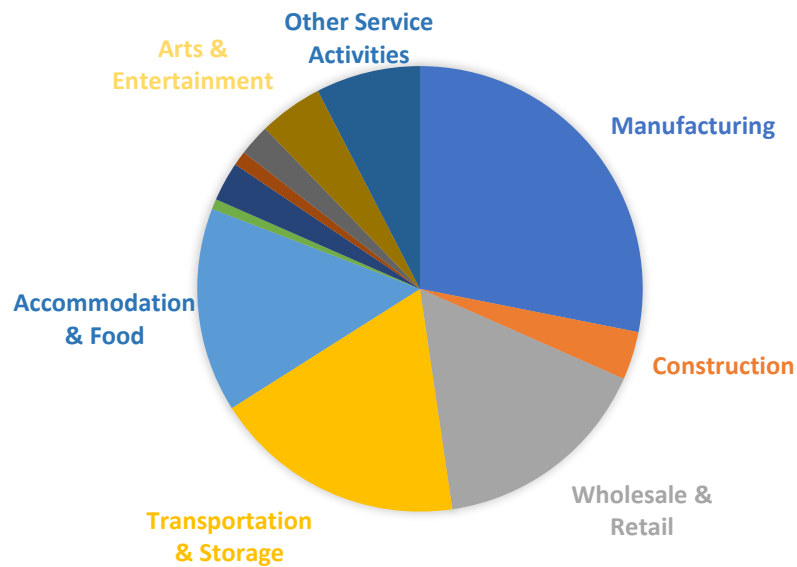
Figure 2.15: Confirmed Redundancies in Northern Ireland by Local Government District, January – July 2020



Source: NISRA

44. The confirmed redundancies to July 2020 were spread across a number of sectors with just over one quarter in Manufacturing (Figure 2.16). The Accommodation and Food; Transport and Storage, and Wholesale and Retail sectors also accounted for just under 20% each. These four sectors also account for the majority of proposed redundancies, and in fact 90% of the total proposed between March and June.

Figure 2.16: Confirmed Redundancies by Sector, Northern Ireland, January – July 2020



Source: NISRA

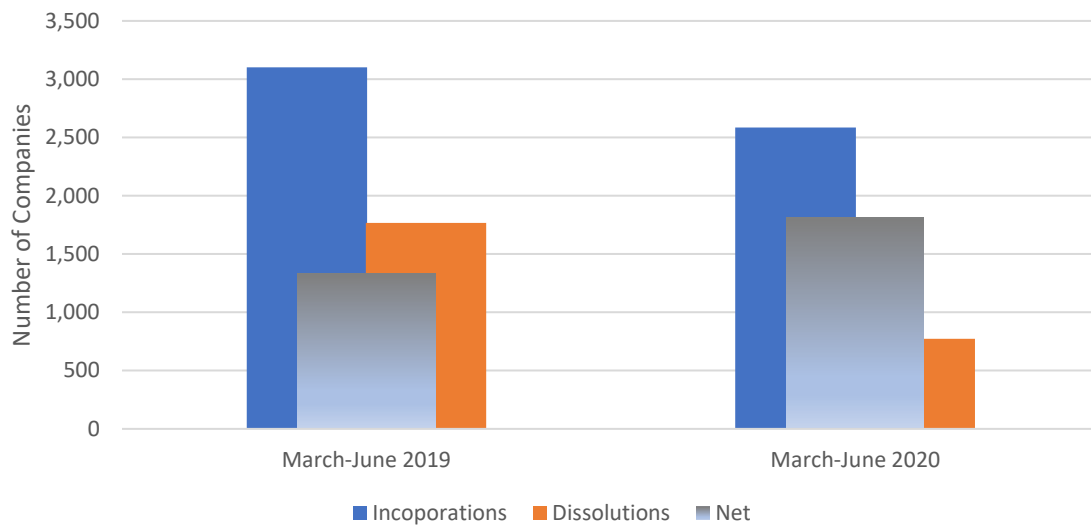
2.7 Business Demographics

45. Using the number of businesses incorporated and dissolved, as a measure of business creation and destruction, provides an indication of the dynamism of the economy. It does not provide a complete overview of business opening and closure as not all businesses register with Companies House. In addition, the process of incorporating a business is much quicker than that of dissolution. Nevertheless, the scale of business births and deaths, as measured in this way, can indicate early effects of the pandemic on the business population.
46. There were 2,585 business incorporations registered in NI between 1st March and 30th June 2020, which was a decrease of 17% on the same period during 2019. The number of business dissolutions during the same period in 2020 was 774. Notably, the number of dissolutions also decreased, by 56%, compared to the same period in 2019. It is perhaps expected that the number of dissolutions would have increased, given the previously discussed impacts on business activity, however in March it was announced that Companies House would give businesses a 3-month extension to file their accounts²².
47. This deferral, along with the CJRS scheme and the other business supports and payment deferrals, has no doubt reduced the number of dissolutions during the period, even compared to normal expectations. A similar pattern has been observed in the UK and elsewhere²³. As a result of the lower number of dissolutions, the net number of new businesses created between March and June 2020 was up by 500 on the previous year, at 1,811. This is despite the falling number of incorporations (Figure 2.17).

²² <https://www.gov.uk/government/news/companies-to-receive-3-month-extension-period-to-file-accounts-during-covid-19>

²³ <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemographyquarterlyexperimentalstatisticsuk/apriltojune2020>

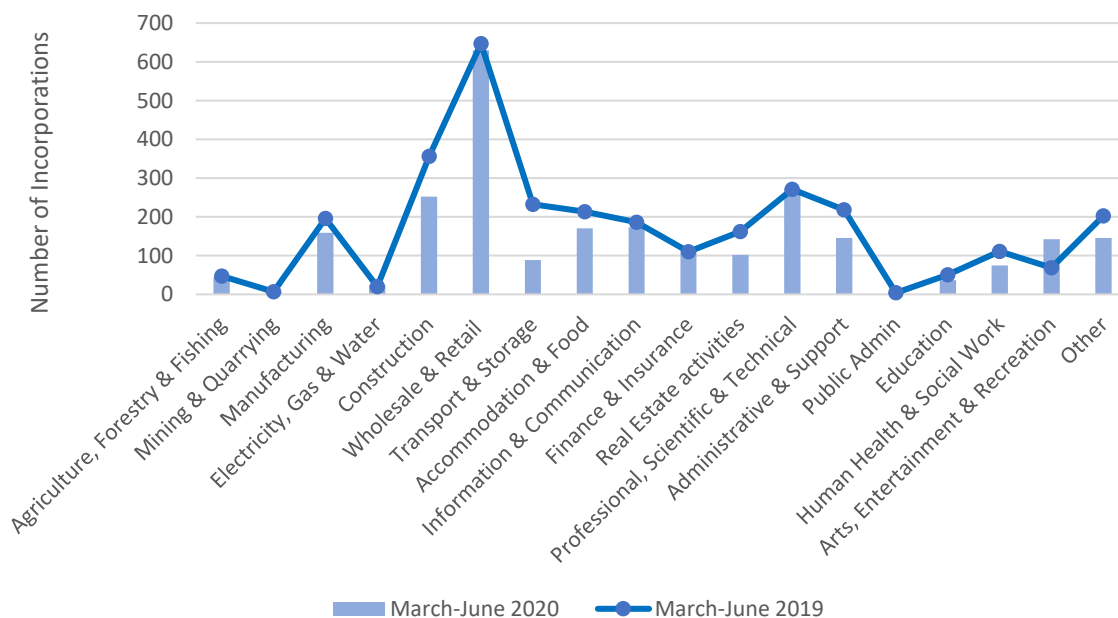
Figure 2.17: Company Incorporations and Dissolutions, Northern Ireland, March-June 2019 & 2020



Source: FAME

48. The number of company incorporations by sector broadly followed the same trend during March-June 2020 as was the case for 2019 (Figure 2.18). One quarter of all incorporations were in Wholesale and Retail and one tenth in each of the Construction and Professional and Scientific sectors. Of these three, Construction saw the only notable decrease compared to 2019, with a 29% drop in incorporations. Between the two periods the largest drop in incorporations was in the Transport and Storage sector with the number down by 62% on 2019.

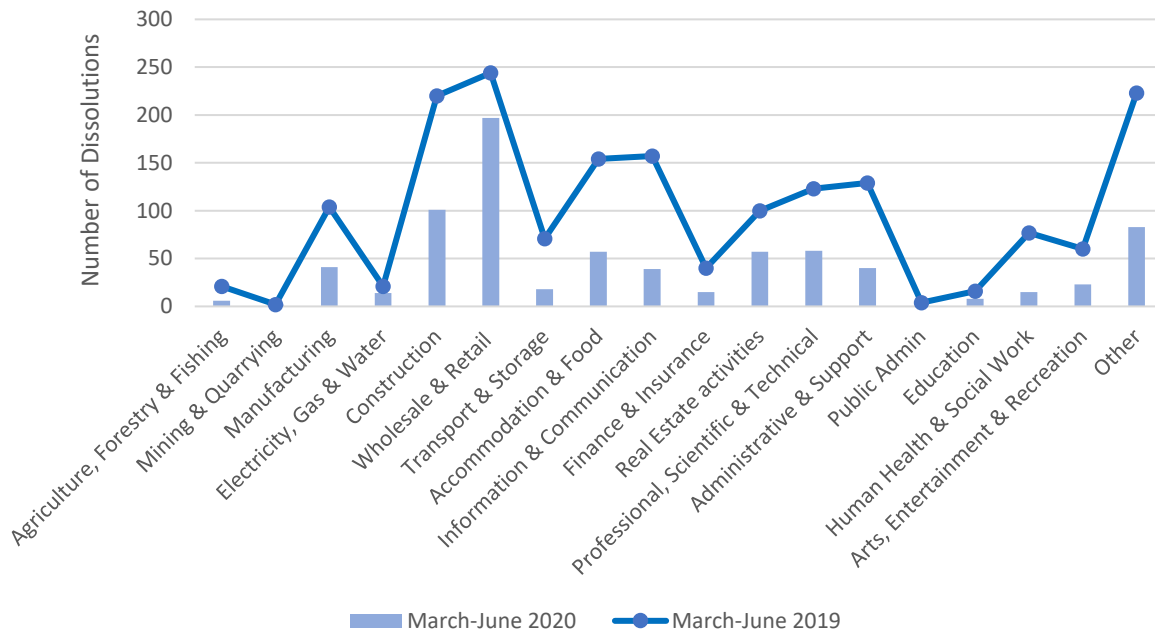
Figure 2.18: Company Incorporations by Sector, Northern Ireland, March-June 2019 & 2020



Source: FAME

49. Company dissolutions in March-June 2020 were down for almost all sectors compared to the same period in 2019 (Figure 2.19). Despite this, the trend by sector remained quite stable with the largest number of dissolutions occurring in the Wholesale and Retail, Construction and Other Services sectors, as per 2019. In March-June 2020, Wholesale and Retail saw 200 dissolutions which was double that of Construction, the second largest sector in terms of dissolution numbers. In March-June 2019 both sectors had a relatively similar numbers of dissolutions.

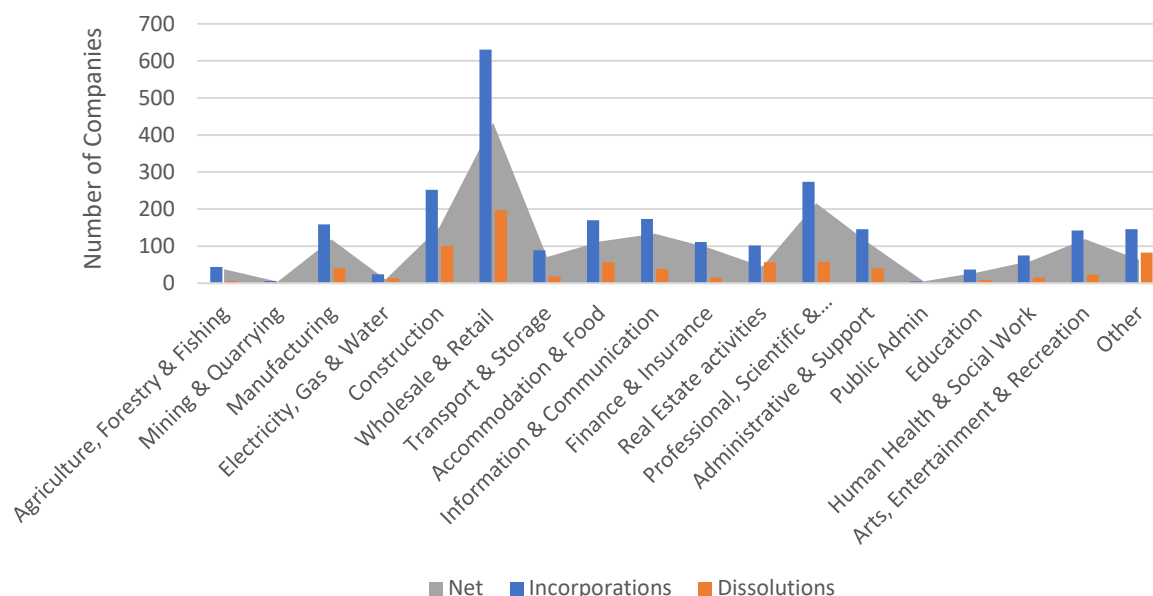
Figure 2.19: Company Dissolutions by Sector, Northern Ireland, March-June 2019 & 2020



Source: FAME

50. Figure 2.20 shows the net contribution by sector to the NI business population. In March-June 2020 the largest increase came from the Wholesale and Retail sector, accounting for 24% of net new companies. Professional, Scientific and Technical accounted for a further 12%.

Figure 2.20: Company Incorporations and Dissolutions by Sector, Northern Ireland, March-June 2020



Source: FAME

2.8 Business Outlook

51. Along with the specific impacts on cashflow, trade and sales, there were also wider effects on viability. A business sentiment survey²⁴ undertaken in May shows that 74% of businesses in the devolved regions of the UK had been impacted by Covid-19, with just 66% of firms confident of survival.
52. An InterTrade Ireland survey²⁵ indicates that 53% of NI SME businesses were in decline in Quarter 2 and just 13% in growth. Pre-Covid the respective figures were 9% in decline and 41% in growth.
53. The outlook for recovery is mixed; the business sentiment survey suggests that just 59% of firms in the devolved regions believe things will have returned to normality by Q4 2020. For the UK as a whole, 42% of firms believe the worst is yet to come, which is 7 percentage points higher than the view of consumers.
54. Firms in the service sector were most confident of survival, as were firms aged 20+; only 54% of firms aged less than 5 were confident they would survive. There was no difference by size of firm.
55. Maintaining social distancing is cited by the InterTrade survey as the biggest barrier to recovery for SMEs, particularly in dealing with customers. Lack of demand was also highlighted by just under a third of firms. A similar share of Manufacturing firms (37%) identified this as a constraint, with Brexit (55%) and Covid-19 (45%) concerns also identified as the biggest

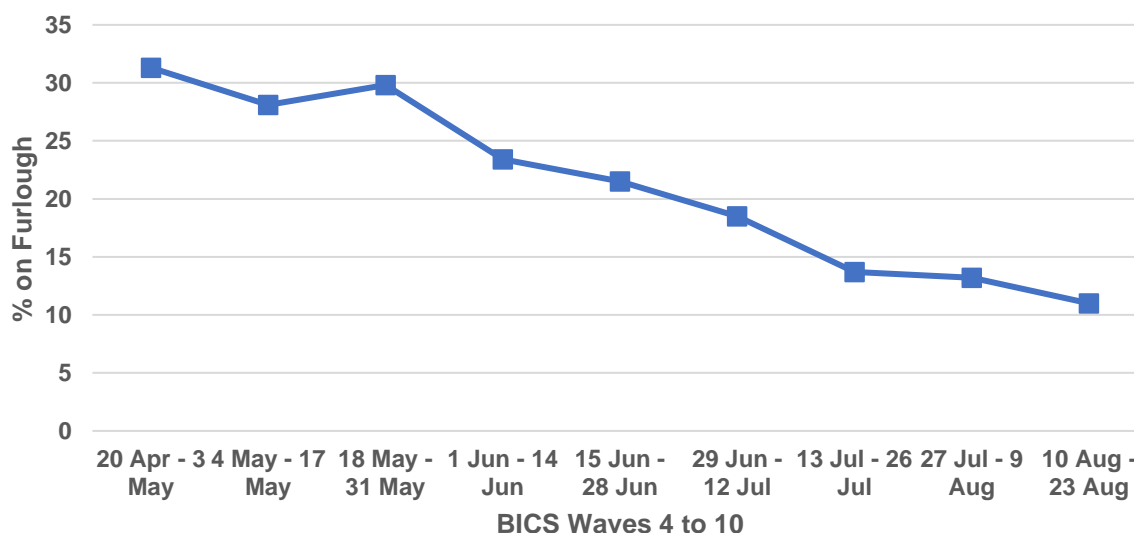
²⁴ BVA, BDRC (2020) Tracking Business Sentiment on the Impact of COVID-19, 22 May 2020

²⁵ <https://intertradeireland.com/insights/business-monitor>

threats to businesses²⁶. For Construction firms the lack of a visible pipeline of publicly funded work, public procurement and unreasonable risk transfer all contributed to their top three concerns²⁷.

56. Despite the challenges, firms were confident of rehiring furloughed employees, with surveys suggesting that between half to three quarters of firms indicated that they were planning to rehire all. Using time-series data on furloughing rather than cumulative figures, reveals that on the 30th June there were 6.8m employees in the UK still on furlough, which although down from the peak of 8.9m on the 8th May was still 22% of all eligible employees. Applying the equivalent proportion to NI suggests a total of around 174,000 still on furlough by end of Quarter 2.
57. By end of July, the number of employees on furlough in the UK had dropped to 4.8m, or 16% of those eligible. At that point, 102,600 employments in NI were on furlough, 13% of those eligible. Of those, three quarters were fully furloughed and the remainder partially furloughed.
58. Those furloughed in NI were evenly split between males and females. Although more females were eligible to be furloughed the take-up rate was lower than males at 12% compared to 14%. The NI female rate was lowest of the UK regions, with a UK average of 15%.
59. BICS survey data, which has closely tracked real trends, further shows that by 23rd August the share of furloughed employees in the UK had dropped to 11% (Figure 2.21). Applying this to NI indicates 80-85000 on furlough by end of summer.

Figure 2.21: Proportion of Staff Furloughed in Businesses Still Trading, United Kingdom, 20th April – 23rd August 2020



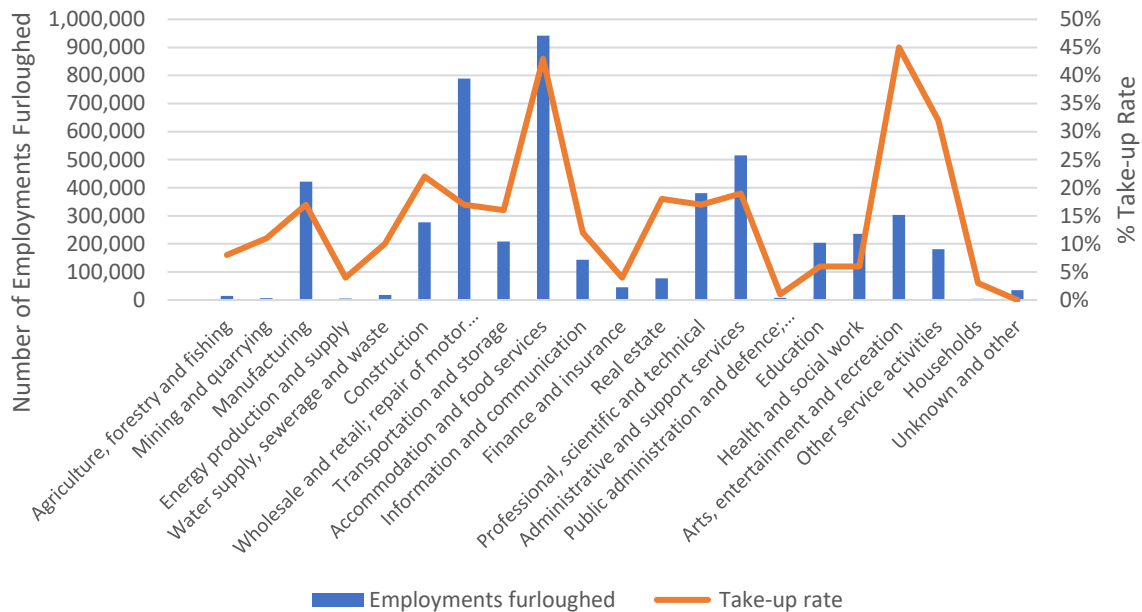
Source: ONS BICS; UUEPC

²⁶ Perceptive Insight (2020) Findings from a survey of businesses in the manufacturing industry, Manufacturing NI, Tughans, July 2020

²⁷ Construction Employers Federation, Survey of Employers, July 2020

60. Although referring to UK data, Figure 2.22 shows that in numeric terms, Wholesale and Retail and Accommodation and Food accounted for 1.7m, or 36%, of all furloughed employees on the 31st July. In terms of share of all eligible employees, Accommodation and Food and the Arts, Entertainment and Recreation sectors both still had 45% of employees on furlough, 4 months after the initial lockdown. The furloughed jobs in each of these sectors are highly exposed to the ending of the CJRS scheme.

Figure 2.22: Number of Employments Furloughed by Sector, United Kingdom, on 31st July 2020

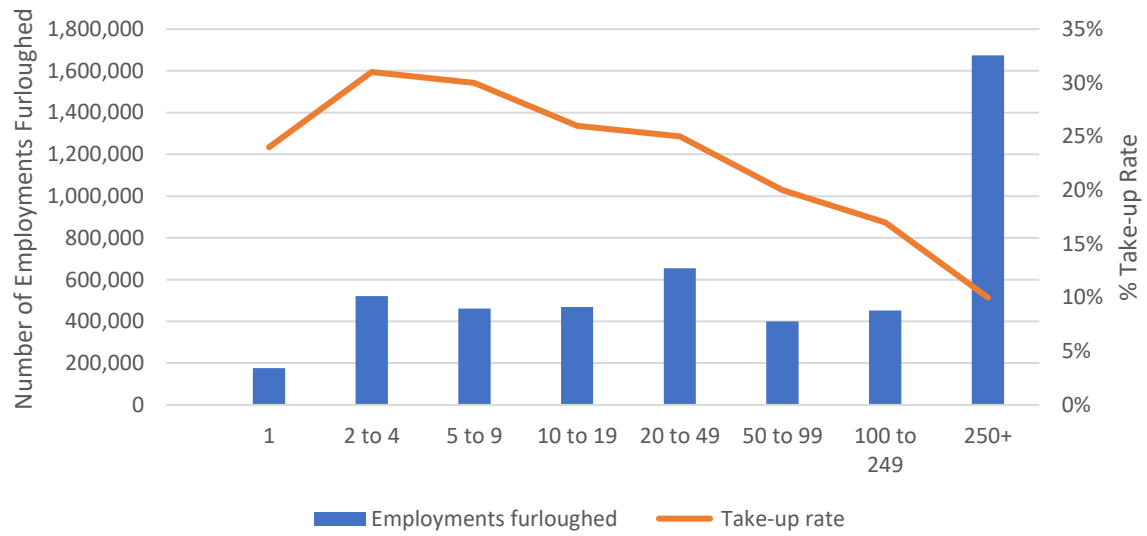


Source: CJRS statistics, HMRC

61. There is little available data on the impact of Covid-19 by size of firm but assessing the furlough data on 31st July (Figure 2.23) shows a 65/35 split in furlough numbers between SMEs and large firms; 24% of furloughed staff are in micro-firms (1-9 employees); 23% in small firms (10-49 employees) 18% in medium sized firms (50-249 employees); and 35% of furloughed staff are in large employers (250+ employees). The take-up rate decreases by employer size with a take-up of 29% for micro-firms compared to 10% for the largest employers.

62. Based on this differential, it is difficult to assess which size of firm will be most affected if these furloughed employees are not retained post October. Large firms may be more resilient due to the lower share of staff on furlough but the scale of losses, in terms of numbers may be higher.

Figure 2.23: Number of Employments Furloughed by Employment Size of Firm, United Kingdom, on 3^{1st} July 2020



Source: CJRS statistics, HMRC

3 The Uptake and Value of Existing Support Measures

1. The UK Government put in place a substantial set of fiscal measures to support businesses through the pandemic, including a range of loan, equity and grant funding supports as well as measures to defer payments (see Appendix One for a full list).
2. Beginning in March, announcements were made of a £330bn package for loan guarantees, under the Coronavirus Business Interruption Loan Scheme (CBILS). A Coronavirus Job Retention Scheme (CJRS) was announced with the Government covering 80% of the wages of employees (up to a max of £2,500 per month) to enable employers to furlough their staff rather than lay them off. VAT payments, worth an estimated £30bn²⁸, were deferred to the end of the financial year. In England and Wales, business rates were abolished for the Hospitality, Retail and Leisure sectors and cash grants of £25,000 were provided to smaller businesses.
3. These measures were subsequently enhanced with the announcement of the Self-Employed Income Support Scheme (SEISS), giving the self-employed a taxable grant worth 80% of their average monthly profits (over the previous three years, up to £2,500 a month) and the deferral of self-assessment income tax payments until January 2021.
4. A £750m package of funding for the charity sector was also announced and a £750m fund for innovative new businesses under the Future Fund. A Bounce Back Loan Scheme (BBLs) was set up, a 100% government-backed guaranteed loan enabling small businesses to borrow up to £50,000 with no repayments for 12 months.
5. The devolved nations added to these measures with their own supports, tailored to the needs of their economies. Based on Barnett formula calculations the NI Department for the Economy was allocated £410m in total additional funding with £270m allocated to the £10,000 Small Business Support Grant Scheme; £100m allocated for a one-off grant of £25,000 to eligible businesses in the Retail, Hospitality, Tourism and Leisure sectors and £40m to the Micro-business Hardship Fund²⁹. Each devolved nation also had their own Covid Business Rates Relief Scheme; in NI the scheme was worth £213m to businesses.
6. The Chancellor's 8th July statement³⁰ announced a further set of measures to support jobs and the economy as it re-opens. As the CJRS scheme would end in October a Job Retention bonus was announced, giving UK employers a one-off payment of £1,000 for every furloughed employee who remains continuously employed through to the end of January 2021.

²⁸ <https://www.gov.uk/government/speeches/the-chancellor-rishi-sunak-provides-an-updated-statement-on-coronavirus>

²⁹ Department for the Economy (2020). Covid-19 and the NI Economy Macroeconomic & Sectoral Assessment, DFE

³⁰ <https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020#fnref:4>

7. A £2bn Kickstart Scheme was announced for Great Britain with the aim of creating high quality 6-month work placements aimed at young people at risk of long-term unemployment. The highly affected Hospitality sector was also given targeted help in the form of temporary VAT cuts in food, non-alcoholic drinks and in accommodation and attractions.
8. An 'Eat Out to Help Out' scheme was also announced to drive demand in the sector with customers receiving a 50% discount on their meal (with a max £10 per head) on Mon-Wed across August. As of July 2020, the OBR has estimated the total costs of these policy measures to be £192bn³¹³².

3.1 Take Up and Usage

9. As of 2nd August, the total claimed in the UK across the six main employment and loan support schemes, is estimated at £93bn, with the total rising to £115bn with the inclusion of the smaller grant schemes and the rates relief³³ (Table 3.1). The BBLs and the CJRS are the two largest interventions in terms of value, with more than £30 billion claimed in each scheme. Of the loan schemes alone, the BBLs accounted for 68% of the total and the number of firms claiming, at 1.4m, is more than ten times that of the CBILS loans combined.
10. In addition to these schemes a total of £27.5bn of VAT deferrals had accrued in the UK between April and June and £19bn of commercial paper had been purchased through the Corporate Covid Financing Facility (by 22nd July). The 'Eat Out to Help Out' scheme, which came into effect in August, saw claims valuing £54m by 9th August.
11. The estimated total claimed under the main schemes in NI is £2.7bn, around 2% of the UK total and 6% of NI GVA. As in the UK, the BBLs and CJRS were the two largest schemes, accounting for over £800m each; the amount claimed under BBLs three times that of the CBILS.

³¹ <https://obr.uk/coronavirus-analysis/>

³² The Chancellor's Winter Economy Plan of the 24th September announced subsequent measures, not covered here, including a Job Support Scheme and extensions to existing measures.

³³ Note that the £10k and £25k grant schemes and business rates relief totals relate to England only.

Table 3.1: Main Coronavirus Business Support Schemes, United Kingdom and Northern Ireland, to 2nd August³⁴ 2020

Scheme	UK		NI
	Total Number of Firms/Applications	Total Claimed (£)	Total Claimed (£)
Coronavirus Job Retention Scheme (CJRS)	1.1m	34.2bn	890m ³⁵
Self-employment Income Support Scheme (SEISS)	2.6m	7.6bn	223m
Coronavirus Business Interruption Loan Scheme (CBILS)	119,248	13.1bn	238m
Coronavirus Large Business Interruption Loan Scheme (CBILS)	887	3.3bn	Not Available
Bounce Back Loan Scheme (BBLS)	1.4m	£34.3bn	809m
Future Fund (FF)	839	0.53bn	2.5m
£10k Grant [†]	889,809	10.9bn	239m
£25k Grant [†]			72m
Business Rates Relief [†]	382,209	10.8bn	213m
Micro-business Hardship Fund	-	-	22m
Total		115bn	2.7bn

† UK data relates to England only

Source: HMRC Coronavirus (Covid-19) Statistics; British Business Bank, Department for the Economy, Department of Finance, Ministry of Housing, Communities and Local Government, UUEPC estimates

3.2 The Coronavirus Job Retention Scheme

12. The CJRS was launched on the 20th April with the purpose of protecting jobs by providing grants to employers to ensure that they could retain and continue to pay staff while their business was closed or operating at a reduced capacity.
13. The grant covered the lower of 80% of an employee's regular wage or £2,500 per month, plus the associated employer National Insurance contribution (NIC) and a minimum 3% automatic enrolment employer pension contribution on that subsidised wage. The scheme was open to all UK businesses that created and registered a PAYE payroll scheme on or before 19th March, were enrolled for PAYE online and had a UK bank account.
14. Payments under the scheme were made in this way until July with a gradual phasing out continuing until October 31st 2020. The scheme closed to new entrants on June 30th. From August, employers were responsible for NICs and pension contributions, with the Government continuing to pay 80% of employee salaries. From September, the Government payment reduced to 70% of salaries up to £2,187 with employers paying the remaining 10% alongside NICs and pensions contributions. In October, the government payment further reduces to 60%

³⁴ CJRS and SEISS data relates to 31st July

³⁵ This is an estimate based on the average value of claims made per furloughed employee in the UK at the end of July. It is potentially an overestimate given that NI median wages are around 90% of the UK rate.

of wages up to £1,875. Employers will be expected to top up wages to a maximum of £2,500. The scheme will end 31st October 2020.

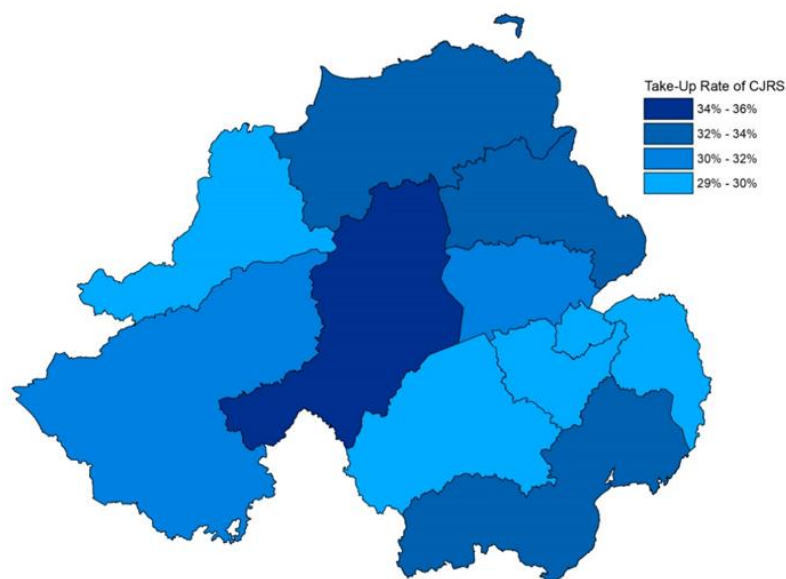
15. By end of July a total of 249,600 employments in total had been furloughed in NI since the scheme opened, representing a take-up rate of 32% of all eligible employees. Estimating the total value of claims made, based on the UK average, suggests a total in the region of £890m.
16. The total number of employments furloughed varied across NI, influenced by its sectoral composition. Belfast City Council area had the largest number of employments furloughed, at 44,100 (Table 3.2), with just 14,400 furloughed in Fermanagh and Omagh. Based, on share of employees in the region (Figure 3.1), Mid Ulster had the highest share of employees furloughed, at 36%, followed by Causeway Coast and Glens, and Newry, Mourne and Down, at 34% each respectively. Derry City and Strabane had the lowest take-up rate at 29%.

Table 3.2: Number of Employments Furloughed under the Coronavirus Job Retention Scheme, Northern Ireland Local Government District, to 31st July 2020

County and district / unitary authority	Total number of employments furloughed
Belfast	44,100
Armagh City, Banbridge and Craigavon	28,800
Newry, Mourne and Down	24,300
Mid Ulster	23,100
Antrim and Newtownabbey	20,900
Lisburn and Castlereagh	19,800
Ards and North Down	19,700
Mid and East Antrim	19,400
Causeway Coast and Glens	18,200
Derry City and Strabane	17,000
Fermanagh and Omagh	14,400
NI	249,600

Source: HMRC CJRS and PAYE Real Time Information

Figure 3.1: Take-up of Coronavirus Job Retention Scheme, Northern Ireland Local Government District, to 31st July 2020



Source: HMRC CJRS and PAYE Real Time Information

17. At the Parliamentary Constituency level, the largest number of employees furloughed was in Upper Bann at 17,300, with just 11,000 furloughed in North Down (Table 3.3). Based on all eligible employments, the take-up rate was highest in Mid-Ulster with 38% of all eligible jobs furloughed. Belfast South had the lowest take-up rate at just 26%³⁶.

³⁶ CJRS claims are based on an employee's last known address to HMRC and do not directly translate to the employee's usual place of work, or where their employer has a base of operations.

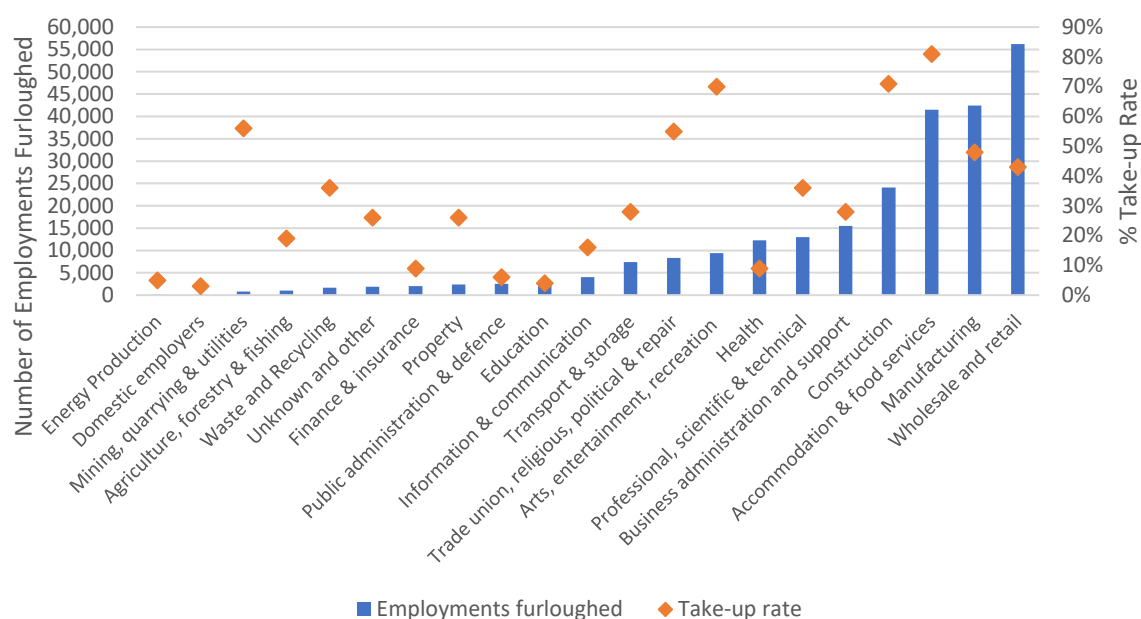
Table 3.3: Number of Employments Furloughed under the Coronavirus Job Retention Scheme, Northern Ireland Parliamentary Constituency, to 31st July 2020

	Number of employments furloughed	Eligible employments	Take up rate
Belfast East	12,900	43,600	30%
Belfast North	14,500	44,900	32%
Belfast South	13,500	51,100	26%
Belfast West	12,600	40,400	31%
East Antrim	12,100	38,400	32%
East Londonderry	12,500	37,200	34%
Fermanagh and South Tyrone	13,800	45,100	31%
Foyle	11,400	41,400	27%
Lagan Valley	15,400	48,100	32%
Mid Ulster	16,800	44,300	38%
Newry and Armagh	15,500	48,000	32%
North Antrim	15,600	46,300	34%
North Down	11,000	36,700	30%
South Antrim	15,400	47,800	32%
South Down	15,700	45,700	34%
Strangford	11,700	37,600	31%
Upper Bann	17,300	57,700	30%
West Tyrone	12,000	36,900	33%

Source: HMRC CJRS and PAYE Real Time Information

18. Sectorally, the largest number of employments furloughed in NI was in the Wholesale and Retail sector at a total of 56,200, representing 43% of all eligible jobs (Figure 3.2). Manufacturing, and Accommodation and Food each had around 42,000 jobs furloughed; the latter most reliant on the scheme with 81% of all jobs furloughed compared to 48% in Manufacturing. The Arts, Entertainment and Recreation sector, and Construction also furloughed the majority of their employees with take-up rates of 70% and 71% respectively.

Figure 3.2: Number of Employments Furloughed and Take-up Rate of Coronavirus Job Retention Scheme by Sector, Northern Ireland, to 31st July 2020



Source: HMRC CJRS and PAYE Real Time Information

3.3 The Self-Employed Income Support Scheme

19. Claims for the SEISS began on 13th May 2020 to support the self-employed or a member of a partnership that had lost income due to coronavirus. The scheme provided a taxable grant equating to 80% of average monthly profits over the previous 3 years, up to an amount of £2,500 per month. Those eligible for the scheme were required to gain more than half of their total income from self-employment; be currently trading with a tax return for 2018/19 and have trading profits up to £50,000 per annum.

20. The first tranche of the scheme ended on 13th July, the second tranche opened on the 17th August and closes on the 19th October. In this second phase the grant is worth up to 70% of trading profits up to £2,190 a month. Eligibility remains the same as the first phase except that the adverse effect of Coronavirus had to occur after July 14th.

21. By end of July a total of 78,000 claims had been made in NI to the SEISS scheme. The total eligible³⁷ population was 96,000, with claims made representing an 81% take-up rate. The total value of claims made was £223m, with an average claim of £2,900.

22. Table 3.4 shows that the largest number of SEISS claims were made in Newry, Mourne and Down with a total of 10,200. This was more than double that of Antrim and Newtownabbey, where just 4,800 claims were made. Take-up rates across NI were generally high, ranging from

³⁷ The SEISS potentially eligible population are those who HMRC identified based on the information held on their self-assessment returns relating to the tax years; 2016-17, 2017-18 and 2018-19. The eligible self-employed population in NI was estimated as 96,000 which is lower than the 154,000 assessed by HMRC for eligibility. The 58,000 deemed ineligible for SEISS in NI equates to 38% of the total which corresponds to IFS estimates that 38% of those with self-employment income in the UK will not be eligible for SEISS due to not meeting the criteria.

79-83% of the eligible population. Newry, Mourne and Down, where 83% of the eligible self-employed claimed, had the largest share in value terms with £30.2m claimed, 14% of the NI total. The amount claimed equated to around 1% of GVA in the LGD area. Claims in Causeway Coast and Glens also accounted for 1% of their GVA.

Table 3.4: Claims made under the Self-Employed Income Support Scheme, Northern Ireland Local Government District, to 31st July 2020

County and district / unitary authority	Total potentially eligible population	Total no. of claims made to 31/7/20	Take-Up Rate	Total value of claims made to 31/7/20 (£000)	Average value of claims made to 31/7/20 (£)
Antrim and Newtownabbey	5,900	4,800	81%	13,600	2,900
Ards and North Down	7,500	6,000	80%	17,700	2,900
Armagh City, Banbridge and Craigavon	11,300	9,300	82%	27,300	2,900
Belfast	11,200	8,900	80%	23,300	2,600
Causeway Coast and Glens	9,400	7,700	82%	22,900	3,000
Derry City and Strabane	7,600	6,100	79%	15,600	2,600
Fermanagh and Omagh	7,800	6,400	82%	17,700	2,800
Lisburn and Castlereagh	6,300	5,100	81%	15,200	3,000
Mid and East Antrim	6,600	5,200	79%	14,900	2,800
Mid Ulster	10,000	8,300	83%	24,500	3,000
Newry, Mourne and Down	12,200	10,200	83%	30,200	3,000
NI	96,000	78,000	81%	223,000	2,900

Source: SEISS, HMRC

23. The largest number of SEISS claims by parliamentary constituency were made in South Down with a total of 7,500 which was 84% of the eligible population (Table 3.5). In total £22.8m was claimed in South Down, 10% of the NI total, with an average claim of £3,000. Belfast East had the lowest number of claims at 2,600 which represented a 78% take-up rate. Belfast North had the lowest overall value of claims at £6.5m, 3% of the NI total and an average of £2,400 per claim. Belfast South had the lowest take-up rate with 76% of the eligible population claiming.

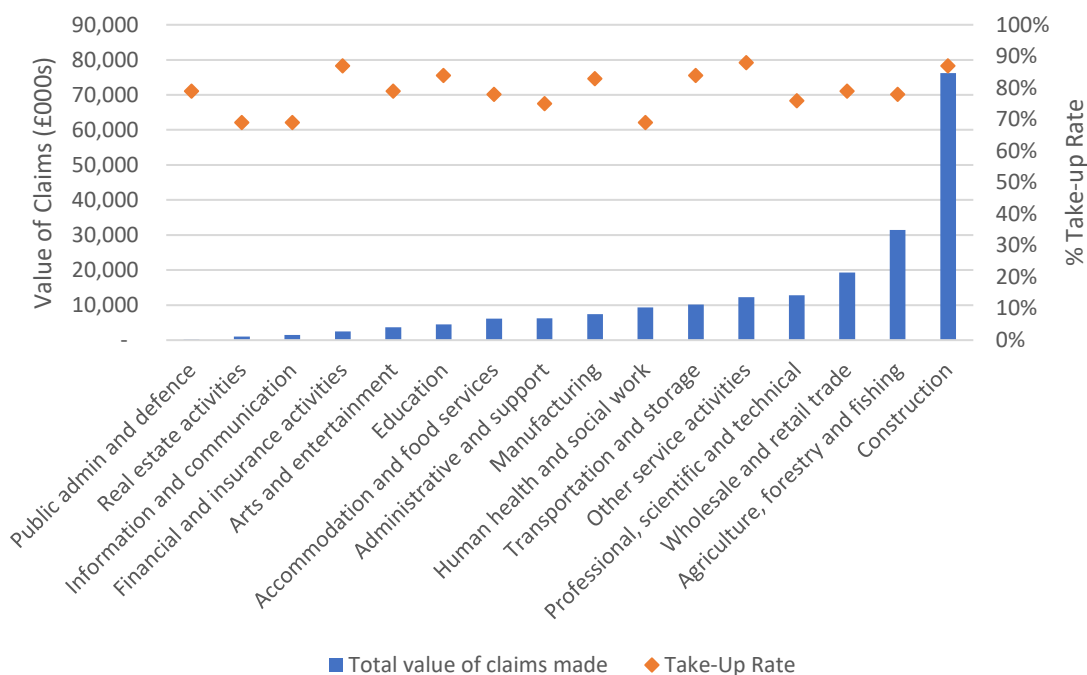
Table 3.5: Claims made under the Self-Employed Income Support Scheme, Northern Ireland Parliamentary Constituency, to 31st July 2020

Parliamentary Constituency	Total potentially eligible population	Total no. of claims made to 31/7/20	Take-Up Rate	Total value of claims made to 31/7/20 ² (£000)	Average value of claims made to 31/7/20 (£)
Belfast East	3,300	2,600	78%	7,100	2,700
Belfast North	3,300	2,700	82%	6,500	2,400
Belfast South	3,500	2,700	76%	7,700	2,900
Belfast West	3,500	2,900	85%	7,400	2,500
East Antrim	3,700	3,000	79%	8,100	2,700
East Londonderry	6,200	5,100	82%	15,200	3,000
Fermanagh and South Tyrone	6,700	5,400	81%	14,800	2,700
Foyle	4,400	3,400	77%	7,900	2,300
Lagan Valley	5,100	4,100	80%	12,100	3,000
Mid Ulster	7,500	6,200	83%	18,400	3,000
Newry and Armagh	7,100	5,800	81%	16,600	2,900
North Antrim	7,200	5,800	81%	17,400	3,000
North Down	3,800	3,000	79%	8,400	2,800
South Antrim	4,900	4,000	81%	11,800	3,000
South Down	8,900	7,500	84%	22,800	3,000
Strangford	5,100	4,200	81%	12,600	3,000
Upper Bann	5,400	4,500	83%	13,100	2,900
West Tyrone	6,300	5,300	83%	15,000	2,900

Source: SEISS, HMRC

24. The sectoral composition of the SEISS (Figure 3.3) shows the heavy reliance of the Construction sector on the scheme. Construction represents 28% of the total eligible population for SEISS in NI. By end of July 23,600 claims with a total value of £76.2m had been claimed by the sector, representing 34% of the total value.
25. Agriculture, Forestry and Fishing made 10,300 claims to a value of £31.4m, 14% of the total. The remaining sectors each claimed less than 10% of the total value. Take-up rates ranged from 69% in to 88% across all sectors, with an 87% take-up rate in Construction and 78% in Agriculture, Forestry and Fishing.

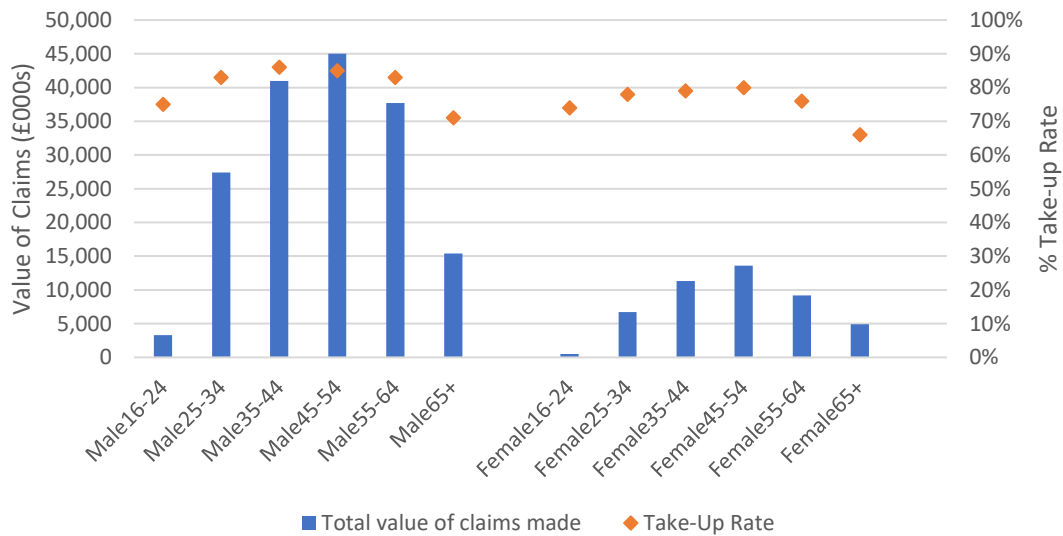
Figure 3.3: Value of Claims Made and Take-up of Self-Employed Income Support Scheme by Sector, Northern Ireland, to 31st July 2020



Source: SEISS, HMRC

26. Males comprised 73% of the total eligible population for SEISS claims in NI. They were over-represented in terms of claims, accounting for 79% of the total amount and 75% of the total claims. In total they claimed £58.2m compared to £19.7m for females. Figure 3.4 shows the scale of the difference in the value claimed by males and females in NI. A lower share of females claimed than were eligible, with an average take-up rate of 77% compared to 83% for males. The average amount claimed was also lower, at £2,400 compared to £3,000 for males. The highest value claimed by age group was for those aged 45-54; males in this age band claimed £45m in total compared to £14m for females.

Figure 3.4: Value of Claims made and Take-up of Self-Employed Income Support Scheme by Gender and Age, Northern Ireland, to 31st July 2020



Source: SEISS, HMRC

3.4 Coronavirus Business Interruption Loan Scheme

27. The CBILS scheme launched on 23 March 2020 with the purpose of supporting businesses that were viable before the Coronavirus outbreak but who faced significant cash flow difficulties as a result of the pandemic, making their business unviable in the short term.
28. The scheme supported small and medium-sized businesses and provided access to loans, overdrafts, invoice and asset finance of up to £5m for a term up to 6 years. Under the scheme the Government covered the first 12 months of interest payments and any lender-levied fees and also provided lenders with a guarantee of 80% on each loan. Businesses eligible for the scheme had to be based in the UK, with a turnover up to £45m. They had to self-certify that the business has been adversely impacted by Coronavirus and had to have a borrowing proposal which the lender would consider viable, if not for the pandemic.
29. There was an additional version of the scheme launched for mid-cap and larger businesses with a turnover of £45m or more. These firms could access finance up to £25m for up to 3 years although those with a turnover of more than £250m could apply for up to £50m of finance. Businesses were 100% liable for all repayments and interest, except in cases where the lender paid a fee to access the Government's 80% guarantee.
30. By 2nd August there had been 836 CBILS³⁸ loans granted in NI to the value of £238m (Table 3.6). The average per loan in NI was £284, 471, higher than all other regions, and around £50k or 24% higher than the average for the UK. NI's share of loans offered, at 2%, was equal to its share of the UK business population.

³⁸ There is currently no NI data available on the Large CBIL scheme.

Table 3.6: CBILS Loans, UK Region, to 2nd August 2020

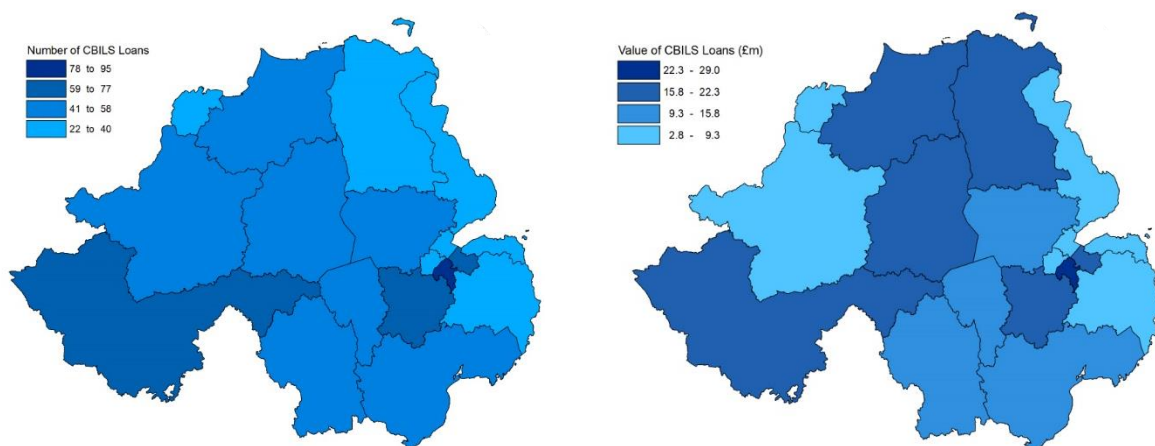
Region	Number of CBILS Loans	Volume of finance under CBILS (£m)	% of offered facilities	% of business population	Average value of loan (£)
East Midlands	3,325	777	7%	6%	233,670
East of England	4,669	1,020	11%	10%	218,470
London	7,790	2,002	17%	19%	256,988
North East	1,233	264	3%	3%	214,067
North West	4,699	1,130	10%	10%	240,435
NI	836	238	2%	2%	284,471
Scotland	2,693	588	5%	6%	218,210
South East	7,376	1,585	16%	16%	214,893
South West	4,283	927	9%	10%	216,481
Unknown	137	40	0%	0%	291,957
Wales	1,391	303	3%	4%	217,977
West Midlands	3,770	871	9%	8%	231,131
Yorkshire and The Humber	3,419	742	8%	7%	216,919
UK	45,621	10,487	100%	100%	229,863

Source: British Business Bank

31. The largest number of CBILS loans made by NI parliamentary constituency (Figure 3.5) was in Belfast South with 94 loans made to the value of £29m, an average of £308,305 per loan. Belfast West and East Antrim had just 22 CBILS loans each, with a total value of £2.9m and £3.9m respectively.

32. The average value of loans in Belfast West was lowest of all constituencies at £129,378. The largest loans, by average size, were made in North Antrim with 39 loans made at an average value of £539,189.

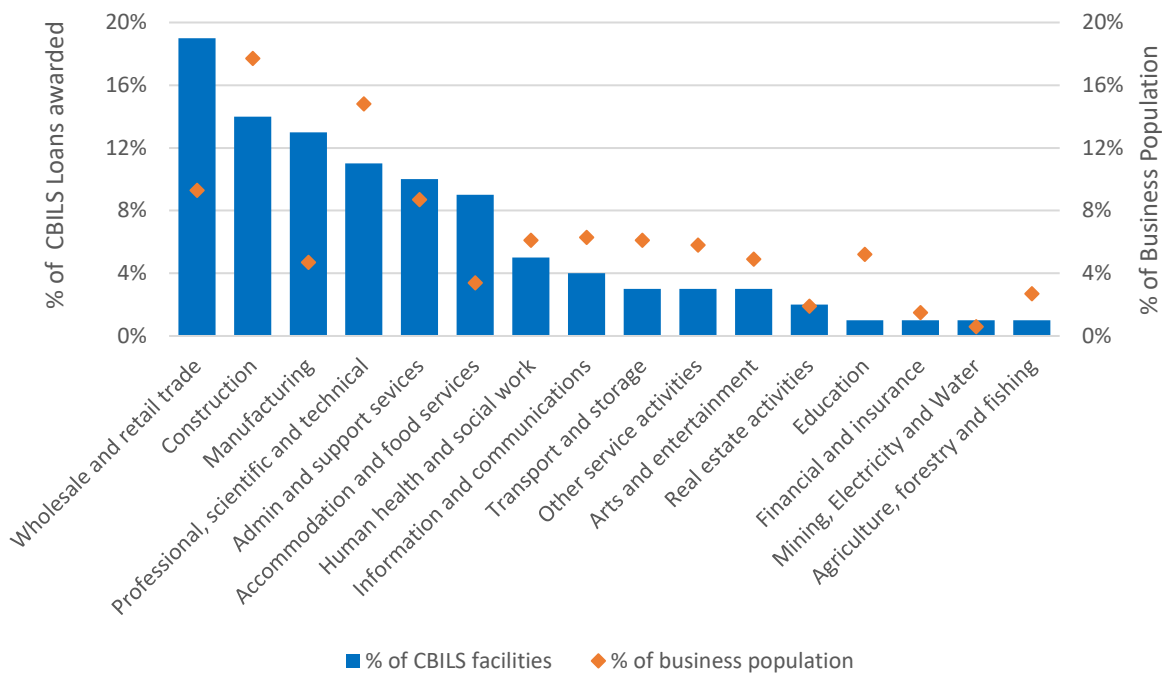
Figure 3.5: Number and Value of CBILS Loans, Northern Ireland Parliamentary Constituency, 2020



Source: British Business Bank

33. Although not available for NI the breakdown of CBILS loans by sector for the UK (Figure 3.6) shows that almost one fifth of total loans went to the Wholesale and Retail sector; 14% to Construction and 13% to Manufacturing.
34. Compared to their share of the business population, the share of loans for Wholesale and Retail, and Manufacturing, were higher than their share of businesses, the former accounting for just 9% of UK businesses and the latter 5%. Accommodation and Food Services also had a higher share of loans than their share of the business population, accounting for 9% of all CBILS loans but just 3% of businesses.

Figure 3.6: Proportion of CBILS loans awarded by sector, United Kingdom, to 2nd August 2020



Source: British Business Bank

3.5 Bounce Back Loan Scheme

35. The BBLs scheme opened for applications on the 4th May and was designed to help small and medium-sized businesses borrow between £2,000 and £50,000 for a term up to 6 years. The Government guaranteed 100% of the loan with no fees or interest to pay for the first 12 months, with a 2.5% interest rate thereafter, and no repayments due in the first 12 months.
36. To be eligible for the scheme businesses had to be based in the UK; to have been negatively affected by the coronavirus and not classed as ‘undertaking in difficulty’ on 31 December 2019. Businesses were ineligible if they had claimed for CBILS.
37. By 2nd August there had been 25,491 BBLs loans granted in NI to the value of £809m (Table 3.7). The average value per loan in NI was £31,738, around 4% higher than the average for the UK. NI’s share of loans offered, at 2%, was again equal to its share of the UK business population.

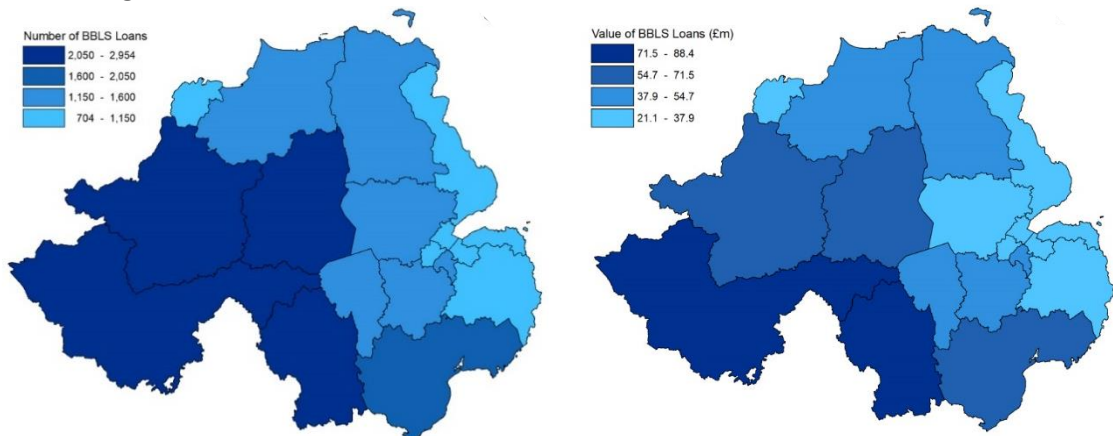
Table 3.7: BBLs Loans, UK Region, to 2nd August 2020

Region	Number of BBL facilities	Volume of finance under BBLs (£m)	% of offered facilities	% of business population	Average value of loan (£)
East Midlands	67,515	1,983	6%	6%	29,371
East of England	100,476	3,061	10%	10%	30,464
London	210,102	6,983	20%	19%	33,237
North East	33,651	939	3%	3%	27,918
North West	112,444	3,338	11%	10%	29,686
NI	25,491	809	2%	2%	31,738
Scotland	63,649	1,844	6%	6%	28,978
South East	144,152	4,347	14%	16%	30,157
South West	84,593	2,408	8%	10%	28,471
Wales	40,195	1,116	4%	4%	27,761
West Midlands	84,773	2,593	8%	8%	30,591
Yorkshire & the Humber	73,962	2,185	7%	7%	29,544
Unknown	1,665	52	0%	0%	31,088
UK	1,042,668	31,660	100%	100%	30,364

Source: British Business Bank

38. The largest number of BBLs loans made by NI parliamentary constituency was in Newry and Armagh with 2,497 loans made (11% of the total) to the value of £88.3m, an average of £35,366 per loan (Figure 3.7). They were the largest loans on average across all constituencies. The lowest number of loans made were in Belfast West at 704 and Belfast North at 725. Both had a total value of £21.2m; the average value of the loans made were £30,100 in Belfast West and £29,222 in Belfast North.

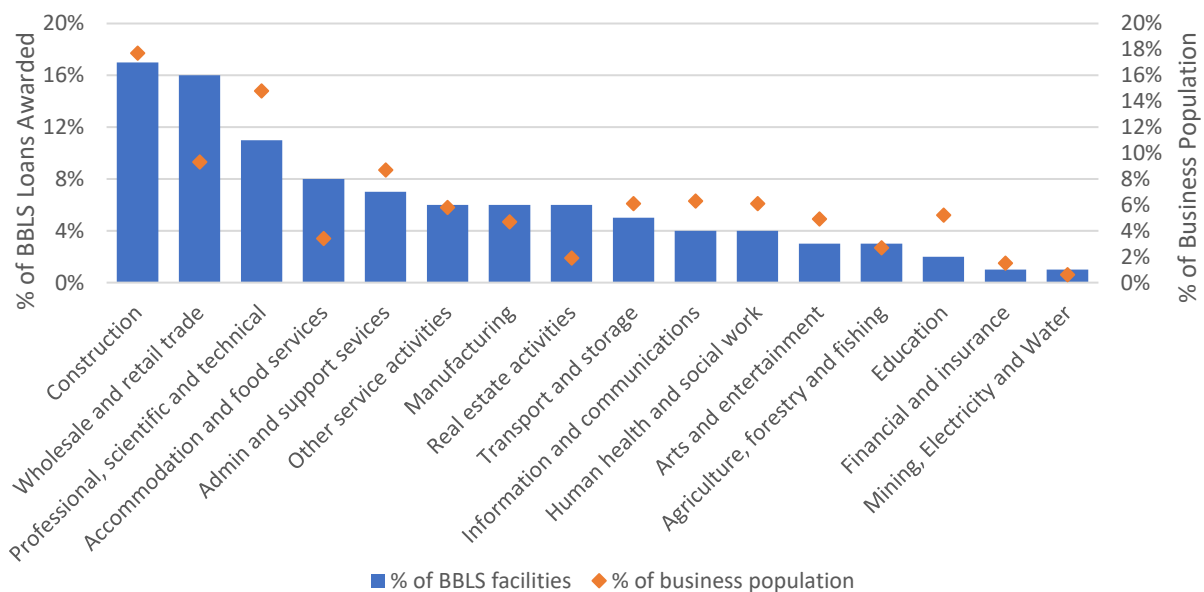
Figure 3.7: Number and Value of BBLs Loans, Northern Ireland Parliamentary constituency, to 2nd August 2020



Source: British Business Bank

39. Sectoral BBLs data is not available for NI but the sectoral distribution of loans for the UK (Figure 3.8) shows that 17% went to the Construction sector; 16% to Wholesale and Retail and 11% to Professional, Scientific and Technical Services. Compared to their share of the business population the share of loans to Wholesale and Retail, at 16%, exceeded that of their 9% share of the business population. Likewise, Accommodation and Food Services, and the Real Estate sector also had a share of loans at least twice their share of the business population.

Figure 3.8: Proportion of BBLs loans awarded by sector, United Kingdom, to 2nd August 2020



Source: British Business Bank

3.6 NI Schemes

40. In addition to the above UK-announced schemes NI firms were also eligible for a number of grants and relief schemes offered by the NI Executive.

41. The £10,000 Small Business Grant scheme provided a one-off grant to small businesses with a rateable value of £15,000 or below who were eligible for the Small Business Rate Relief Scheme or benefit from Industrial Derating. The £25,000 Retail, Hospitality, Tourism and

Leisure Grant provided a one-off grant to businesses in those sectors with a rateable vale of between £15,001 and £51,000.

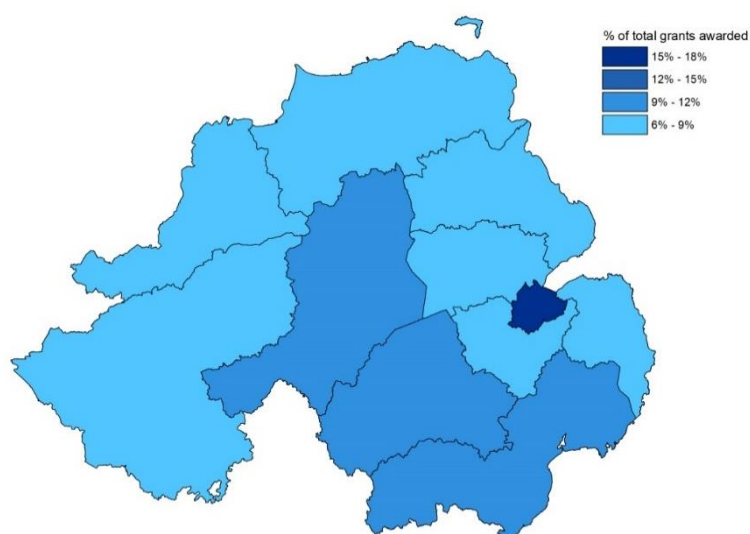
42. The Micro-business Hardship Fund of £40m was set up to support micro-businesses and social enterprises that had been unable to access the £10K and £25k schemes. By early August approx. £22m had been claimed from this fund. In addition, there were a number of further targeted schemes announced with varying levels of support offered (see Appendix One).
43. In addition to the grants all businesses paying rates were given a four-month rates holiday between April and July. Rate paying businesses in the Retail (with exceptions), Hospitality, Tourism, Leisure and Childcare sectors were also given a full year’s rate holiday until the financial year end of March 31st 2021. These reliefs were worth an estimated £213m to businesses.
44. By July 2020 a total of 23,909 grants had been given out via the £10,000 Small Business Grant Scheme (Table 3.8). The total value was £239m. The number of grants awarded ranged from 1,453 in Antrim and Newtownabbey to 4,339 in Belfast. Figure 3.9 shows that grants awarded in Belfast accounted for 18% of the total, with the share of grants by LGD broadly in line with their share of small firms. As a proportion of GVA, the grants in Belfast equated to 0.4% of GVA but almost 1% of the GVA in Causeway Coast and Glens.

Table 3.8: Number and Value of £10,000 Small Business Grant Awards, Northern Ireland Local Government District, to 6th July 2020

County	Number of grants awarded	Value of Grants (£000s)
Antrim and Newtownabbey	1,453	14,530
Ards and North Down	1,770	17,700
Armagh, Banbridge and Craigavon	2,567	25,670
Belfast	4,339	43,390
Causeway Coast and Glens	2,092	20,920
Derry City and Strabane	1,810	18,100
Fermanagh and Omagh	1,933	19,330
Lisburn and Castlereagh	1,487	14,870
Mid and East Antrim	1,669	16,690
Mid Ulster	2,297	22,970
Newry, Mourne and Down	2,407	24,070
Unknown	85	850
NI	23,909	239,090

Source: Department of Finance

Figure 3.9: Proportion of £10,000 Small Business Grant Awards, Northern Ireland Local Government District, to 6th July 2020



Source: Department of Finance

45. By June 2020 there were 2,943 grants awarded under the £25k Retail, Hospitality and Leisure scheme which represented 81% of applications (Table 3.9). The total value of grants awarded was £72.3m³⁹. The largest number of grants awarded was in Belfast at 694, representing £17.2m in value. Approval rates were generally high ranging from 78% to 85%.

Table 3.9: Number and Value of £25,000 Retail, Hospitality and Leisure Grant, Northern Ireland Local Government District, to June 2020

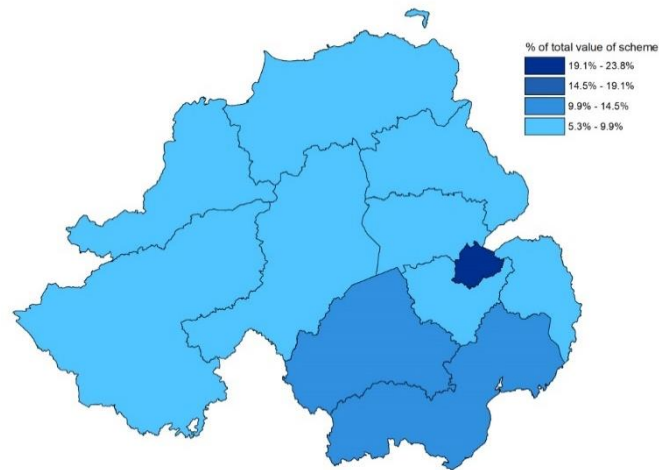
County	Number of applications	Number of approved grants	Value of grants (£000)
Antrim and Newtownabbey	202	157	£3,845
Ards and North Down	294	241	£5,885
Armagh, Banbridge and Craigavon	388	310	£7,630
Belfast	884	694	£17,160
Causeway Coast and Glens	233	197	£4,795
Derry City and Strabane	231	189	£4,635
Fermanagh and Omagh	264	219	£5,365
Lisburn and Castlereagh	251	209	£5,145
Mid and East Antrim	211	178	£4,360
Mid Ulster	299	236	£5,800
Newry, Mourne and Down	390	313	£7,705
NI	3,647	2,943	£72,325

Source: Department for the Economy

³⁹ Note that a number of businesses received £15k under this scheme, having been 'upgraded' from the £10k grant.

46. Just under one quarter of the grants were awarded in Belfast (Figure 3.10) and a further 10% each to Armagh, Banbridge and Craigavon and Newry, Mourne and Down. The distribution of grants across LGDs is aligned to the share of firms in these sectors by LGD.

Figure 3.10: Proportion of £25,000 Retail, Hospitality and Leisure Grant Award Value by Northern Ireland Local Government District, to June 2020

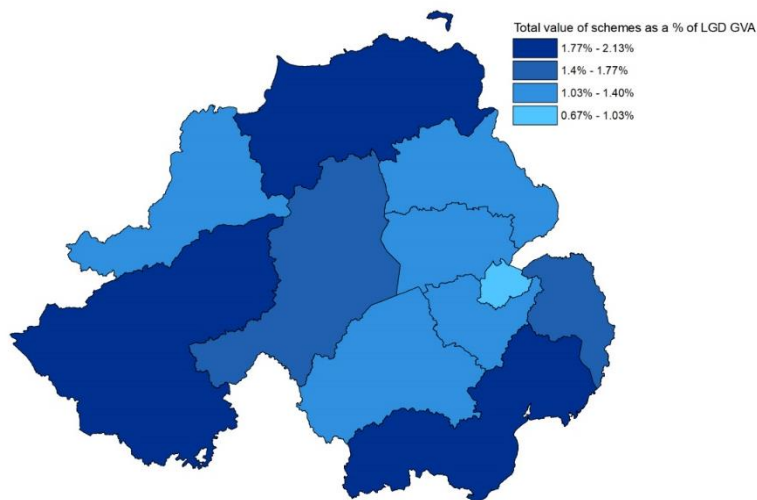


Source: Department for the Economy

47. Combining values for the SEISS, and local £10k and £25k schemes at LGD level provides an estimate of the extent of reliance of smaller firms on the support schemes. These schemes alone accounted for £533m in grants to local businesses, around 1% of NI GVA. They contributed £84m in Belfast, which was 16% of the total value, but accounted for just 0.7% of GVA in the area.

48. The highest contribution, in GVA terms, was in Causeway Coast and Glens, with the schemes accounting for 2.1% of GVA in the area, or £48.6m in value. The total value of the schemes in Newry, Mourne and Down (£62m) and Fermanagh and Omagh (£42m) also accounted for just under 2% of local GVA.

Figure 3.11: Combined Value of SEISS, £10k and £25k Schemes as a % of GVA (2018) by Northern Ireland Local Government District, 2020



Source: SEISS, HMRC, Department of Finance, Department for the Economy

4 Sectoral and Regional Consultations

1. A series of consultations were carried out with sectoral and wider business representative organisations over July and August 2020 to assess the impact of Covid-19 on businesses, and the supports which may be necessary both for re-opening and for longer-term sustainability. A summary of the key findings is presented below, followed by more detailed responses by sector.
2. The main costs for all businesses (across sectors and business size), were associated with re-opening, this includes spend on alterations to premises to meet social distancing requirements and PPE. There were some sectoral nuances, for example industries such as Construction, Manufacturing and Agri-Food had specific requirements around creating a safe environment for staff, but consumer-facing businesses also had to consider the additional requirements of meeting public health obligations for customers. Typically, the behaviour and movement of staff on premises is more easily controlled than that of customers.
3. Re-opening clearly allows for a return to trading and therefore the process of recouping these costs can begin, but it raises a separate issue in terms of the impact on businesses if greater restrictions or (in a worst case scenario) a second lockdown is enforced. In some instances, businesses have stayed closed after restrictions were lifted to avoid the prospect of incurring significant re-opening costs only to face the prospect of closing their business again.
4. Several consultees, across all sectors indicated that demand has been suppressed and that the business supports would not cover that lost income. In many instances business owners could not see “a pipeline of work” moving forward. This was particularly prevalent in Construction, Manufacturing and Agri-Food.
5. Furthermore, social distancing requirements in sectors like Accommodation and Food and Arts and Entertainment will continue to impact demand (or constrain supply) as long as the public health crisis remains. The need for continued supports – such as the ‘Eat Out to Help Out’ scheme – was raised in the consultations. In addition, the need for ‘place-based’ strategies were raised for locations reliant on high levels of footfall and congregation of people (for example, high streets).
6. Businesses innovated during lockdown and many switched to online channels and increased use of technology in an attempt to stimulate demand, however, this was not uniform across all types of business activity. For example, it is very difficult to monetise and/or provide the same level of service in sectors such as Arts and Entertainment. This is important when considering the suite of interventions to ‘build back better’. In many instances, supporting businesses to return to their pre-COVID business models will be inappropriate, but in other cases the alternatives are limited.
7. Covid-19 has also represented a challenge to supply chains, several consultees indicated their vulnerability and the issues associated with restarting/ re-establishing supplies that were immediately shut down in the wake of the pandemic. It is also recognised that this creates a potential opportunity as firms seek to shorten and simplify their supply chains and create greater resilience by sourcing inputs closer to home.

8. The outlook for a recovery from Covid-19 varied across sectors. After an initial burst of re-opening activity, very few are anticipating a sharp or 'V-shaped' recovery in 2020-21. This is, in large part, due to a dampening of demand and, as a consequence, reduced investment intentions. In some sectors (such as Childcare, Arts & Entertainment and parts of Manufacturing), concerns about employees being laid off and the skills lost to businesses was more pronounced.
9. Business support interventions generally were welcomed and the CJRS scheme was the most extensively used. By July staff were returning to work in large numbers in some sectors (such as Manufacturing and Construction), but there is concern about the longer-term future of some jobs when the furlough scheme ends. Under the new Job Support Scheme, the government will subsidise the salaries of employees who are working reduced hours because of lower demand. To be eligible staff have to work at least a third of their usual hours and for the hours employees can't work, the government and the employer will each cover one third of the lost pay. The aim of this scheme is to protect viable jobs but, given the one-third employer contribution for hours not worked, there is a risk that firms may retain full-time staff and let part-time staff go. This will only become clear in November and December.
10. Consultees indicated a mixed picture in terms of loans. The BBL was easier to access and popular but there were concerns expressed about ability to repay from April 2021. This was particularly relevant to firms in the Hospitality sector.
11. The consultations also supported other evidence of a relatively low uptake of the CBILS. The main reasons expressed were the cost of the debt and a reluctance to take on debt in an environment when demand is so uncertain (particularly prevalent in sectors such as Construction and Wholesale & Retail).
12. Grants and payment holidays and deferrals have removed key costs at a critical time, but the end dates of support schemes and due dates of deferred payments are coinciding with the end of the Brexit transition period. There is also uncertainty about the prospects of a Free Trade Deal with the EU and many businesses remain unclear about the requirements of the NI Protocol. This all points to a very challenging 2021 for all sectors.
13. The consultations indicated a recognition of the challenges ahead and an understanding that individual sectors often have specific needs (some of which will be addressed at a national rather than a devolved level). There was praise for the quick response in terms of Covid-specific supports for businesses (e.g. rates relief) but there was a concern about the lack of firm plans agreed at the Executive level for a longer-term response.
14. There was a recognition that Covid-19 has not changed the fundamental issues facing firms but has increased the need to have these speedily addressed. In particular, consultees highlighted how a shock such as Covid-19 reinforced the need to re-skill both staff and business leaders. This improves the ability of firms to respond to change and challenge and also re-purpose activity to future areas of growth (e.g. through the increased adoption of technology).

Business Consultations

4.1 Food and Accommodation

Introduction

15. The Food and Accommodation sector accounts for more than 50,000 employees in NI (6% of the total) and 3% of GVA. According to the preceding analysis it has been one of the most impacted by Covid-19, with turnover severely impacted and relatively low cashflow reserves. An April survey undertaken by Tourism NI further showed that 63% of businesses believed the Covid-19 impact would be long-term.
16. The sector faced one of the longest lockdown periods with initial reopening deferred until July 3rd. The sector has already lost jobs and made redundancies, particularly for those involved in banqueting and conferencing with those activities completely curtailed. The Tourism NI survey indicated that half of businesses had reduced staff numbers by April, the equivalent figure for accommodation providers was 41%. Redundancy figures from the Department for the Economy further showed 182 redundancies in the sector in July 2020, which was 30% of all redundancies that month and 14% of the total redundancies from January to July 2020. The following focuses on hotels, a sub-group of the entire sector.

Financial Costs and Challenges

17. Lockdown was a particular challenge for the hotel sector with many overhead, debt and security costs continuing to require payment while businesses were closed. The sector further incurred extensive costs as its geared up to re-opening. Due to its highly consumer-facing role, major costs included investment in physical changes to buildings to meet social distancing requirements, additional signage, and PPE.
18. Digital costs were also a significant factor, particularly where changes were required to the methodologies of booking and ordering systems and to ensure that any new digital or contactless methods could be incorporated within existing IT systems. In cases where staff were re-assigned, or brought back from furlough, there were additional staff training costs regarding the increased cleaning and hygiene safety requirements. Social distancing requirements also meant that many were operating at reduced capacity.
19. Along with ensuring compliance to the new safety requirements the main challenges to re-opening the sector were attracting guests and ensuring they felt confident to visit. As such there was an onus on the hotel sector to ensure they were not complicit in transferring the virus, so effective safety and hygiene measures along with effective communication of these measures were essential to reassure guests and the local communities in which they operate.

Opportunities

20. The pandemic halted, or certainly substantially reduced, the ability for NI residents to take foreign holidays, so the summer months presented an increased market opportunity for local hotels as people sought to holiday at home. With enforced lockdown coming to an end and a desire amongst a portion of the population to be outside the confines of their home or local area, pointed to a potential short-term bounce for the local hotel sector. It is thought that this

would keep the sector afloat over the summer months and into Autumn but 2021 is likely to be more challenging, particularly when deferred costs are due.

21. The pandemic is said to have accelerated the use of technology adoption amongst businesses. The hotel sector is already a large tech user with most booking systems online. The pandemic has increased the move towards further use of technology, for example the use of apps to order food and drink. While this helps to deal with the hygiene and safety aspects of the pandemic it also has the potential to take away from the personal service aspect, so the sector is potentially facing a new era in terms of service delivery and hospitality.

Existing Business Support

22. The key fiscal support measures used by the sector were the rates exemption scheme and the CJRS scheme. Many hotels did not meet requirements for the other business supports, for example for many their NAV is above £51k, therefore rendering them ineligible for the local grants based on rateable values. The rates exemption scheme was regarded as a highly effective intervention and was seen to be preferable to a financial handout.
23. The CJRS scheme was widely used in the sector and acted as a lifeline; without furlough the majority of hotels would have let staff go, and due to contractual obligations redundancy payments would have run into the millions. The flexible furlough scheme will continue to be used as the economy re-opens, particularly as a means of keeping skills in the sector. With this, there is likely to be re-deployment of some staff and the additional costs around increased levels of housekeeping will continue.
24. The CBILS was successfully accessed by individual hotels within the sector, and to a lesser degree the BBLs. These were essential in offering liquidity, although many banks had offered extended facilities in advance of the CBILS and BBLs initiatives. There is a concern that those accessing increasing debt now have a higher debt burden which, combined with a lower valued business, increases their gearing ratios. This has an impact on the ability to access further credit if required in the event of a prolonged downturn in activity.

Future Business Support

25. The challenges for this sector are likely to be longer-term, particularly once the initial summer bounce fades, and not least if there is a second wave. October through to March, which is normally a quieter period, is likely to be quite challenging for the sector particularly with events and conferences cancelled.
26. The winter months typically rely on passing footfall and local residents for casual dining and drinks which will be further affected if offices remain closed and city centre footfall remains suppressed. The Christmas period may offer some respite, but this will be tied to the rest of the economy. If, for example, there is a further lockdown or there are large-scale economy-wide redundancies once the CJRS scheme ends, then the sector will face reduced local demand, increasing its own level of redundancies.
27. For the hotel sector the period from March 2021 will also be particularly difficult, as payments previously deferred will be required, rates bills will be issued and CBILS re-payments start. Many in the sector will have used up reserves during the lockdown period so the window to build those back up will be relatively short.

28. It is likely that further support for the sector will need to come through the Treasury, with the VAT announcement in the Chancellor's July statement a welcome intervention. For 2021, when the impact is likely to be most felt, a further rates relief or exemption, and continuing VAT rates reduction, are seen to be necessary supporting measures to sustain the sector.
29. Support for the increased and changing demands related to the health and safety aspects of Covid-19 would also be welcomed. For employees this could take the form of a Covid-champion, whereby support is given to help inform and train staff as to the latest requirements. For owner-managers, mentoring support would be effective. The sector has already changed over time in terms of the legal and health and safety framework in which it operates. For owner managers, particularly of small to medium sized hotels, Covid-19 has exerted further pressures which could be more easily navigated with effective mentoring.
30. To deal with the demand-side, a fund to assist the effective marketing of NI to external visitors is deemed essential particularly into 2021. The tourism sector will continue to be highly competitive, with many countries offering voucher systems or other incentives for residents to holiday at home. The NI domestic market is unlikely to be sufficiently large enough to sustain the sector on its own therefore effective marketing further afield is required. The hotels sector is tied with the wider tourism offering so there also needs to be a range of activities available for tourists for the sector to work effectively.
31. The most challenging period for the sector is likely to be 2021 which coincides with the end of the Brexit transition period. The island of Ireland is marketed overseas as a single island identity therefore differing regulations regarding both Brexit and Covid-19 are likely to have an impact, particularly any barriers to traveling. Alternatively, favourable currency fluctuations and/or a relaxation of regulation or VAT rates arising from Brexit could be beneficial to the sector in the medium to longer term.
32. *In summary, the hotels sector is likely to face its biggest challenges in 2021. Key supports which would help to sustain the sector include:*
- *Reduction/exemption in rates*
 - *Reduced VAT*
 - *Training and health and safety support for employees*
 - *Mentoring support for owner-managers*
 - *A NI tourism marketing campaign*
 - *Extension or a return of the 'Eat Out to Help Out' scheme during Autumn*

4.2 Manufacturing

Introduction

33. The Manufacturing sector comprises more than 5,500 registered businesses in NI; more than £5 billion in GVA (14% of the total), and around 90,000 workplace jobs (11% of the total). Traditionally, Manufacturing has a larger share of employment, GVA and exports in the NI economy than the UK averages with particular strengths in Agri-Food, Engineering & Advanced Materials and parts of Life Sciences.
34. The Agri-Food sub-sector is dealt with separately in the consultation findings, as there are slightly different impacts for this part of manufacturing, particularly when much of that sub-sector remained open, being regarded as an essential product. So, this section of the consultation findings deals with the non-food element of Manufacturing.
35. The Manufacturing sector is tied to global economic trends, given that 71% of its turnover is sold outside NI and 42% outside the UK. The collapse in global trade in the first stages of the pandemic was likely to have a huge impact on the sector. In March the Manufacturing sector faced a partial shutdown, in tandem with much of the rest of the NI economy, the exception being those firms which were regarded as producing essential products and which re-purposed to this line of work.
36. As a result, analysis undertaken by Manufacturing NI in April and again in July indicated a significant impact on Manufacturing businesses. As an initial response 1 in 5 Manufacturing businesses placed their entire workforce on furlough and two thirds had 75% or more on the CJRS. By the end of July more than 42,000 Manufacturing jobs in NI had been furloughed at some stage with a steady return to work from June onwards. Survey results were pointing to a growing proportion of businesses reporting their position being one of 'Contraction' rather than 'Growth' with cashflow positions tight and cash reserves becoming depleted.

Financial Costs and Challenges

37. Re-opening of the Manufacturing sector posed a significant cost (and human resource) challenge to all of the businesses in the sector, beginning in the £10,000s and rising to more than £100,000 in some cases. The public health guidelines and regulations on social distancing were well-received for the certainty they offered, but they required a lot of alterations to the business premises, including re-organising/re-creating catering facilities and traffic management system to enable staff to safely interact.
38. The usual provision of PPE, perspex dividers, and other cleaning and hygiene requirements created further significant capital costs. These costs have largely been taken from cash reserves in Manufacturing businesses, a challenge made more difficult given the reduced income in March-May in particular.
39. However, the key reported challenge is one of demand. The fear is that lower demand will not only continue in the short term but could worsen towards the end of 2020 and into 2021. The global downturn in production and trade in both intermediates and most consumer goods – with the exception of healthcare-related sectors such as pharmaceuticals and medical devices

– has eased since May but remains well below the February level.⁴⁰ One consequence of this has been a knock-on effect on local supply chains as exporting firms placed local suppliers on stop as demand dried up.

40. There is evidence of re-purposing and media stories of this allocation of capacity towards new products. More than a third (35%) in a survey of NI Manufacturers report pivoting to new product lines, though most continue to do this within their normal area of expertise so that this should not be over-emphasised as half of the firms had not pivoted either to new lines or new markets.
41. As with other sectors Manufacturing firms have and are facing the ‘demand gap’ between re-opening production with the re-opening of the economy and increase in demand more widely. The ‘gap’ differs across the Manufacturing sub-sectors with construction-related producers more concerned than other segments. In summary, the expected continued dampening of demand meant that there is little expectation of a V-shaped recovery for the sector.
42. Related to this was the continuing concerns around the challenge posed by Brexit. Though this was, in July, not the primary challenge faced it has remained a consistent one, linked to uncertainty of what to plan for in terms of future trading relationships both between NI and GB (and the costs of working the NI Protocol) and more widely with EU markets, in particular the cross-border one.

Opportunities

43. Covid-19 has highlighted the essential nature of Manufacturing as a supplier of key products to the local economy and society. The sector has also shown an ability to make decisions quickly and this may have bred a confidence among business owners in terms of their ability to weather shocks, in partnership with the supports they have accessed.
44. The changing work patterns brought by the pandemic – whereby significant numbers of staff have worked from home – has also been seen in the Manufacturing businesses. Although there may be a concern that employees have ‘banked’ that flexibility, the initial worries about lost productivity have not been fully borne out. This would mean a challenging environment for more traditional manufacturing firms – in terms of attracting staff – but also necessitates a significant improvement in ICT infrastructure in rural areas where many firms are located.

Existing Business Support

45. Similar to other sectors, the key fiscal support measure was the CJRS scheme. Manufacturing was a sector where less than half of all staff (48%) were furloughed during the lockdown period. The £10k Small Business support grant was initially not accessed by many firms due to eligibility issues, but with a broadening of the scheme another 2,500 firms were able to access it.
46. With relation to the CBILS, there were very few applicants for this (although Manufacturing firms were probably among the key recipients). There were some concerns voiced that local banks were keener to work with their own products but became more creative over time

⁴⁰ Figures from Eurostat report industrial production in the EU 7% lower than in February, despite increases in May, June and July. See https://ec.europa.eu/eurostat/statistics-explained/index.php/Impact_of_Covid-19_crisis_on_industrial_production accessed 18 September 2020.

when working with businesses. The other important support was the HMRC payments deferral.

47. The consultation and other survey results suggest that, leaving the CJRS aside, a majority of businesses in the Manufacturing sector may not have accessed the available supports. Either the supports were regarded as unsuitable, or there is a concern about future repayment. However, it should also be borne in mind that many of the firms work against shocks like Covid-19 through use of cash reserves. Thus, the concern turns to how to replenish these reserves and, if demand remains slack, how to reduce operating costs through redundancies, wage cuts, etc.

Future Business Support

48. Much of the discussion around future support centred on how to stimulate demand (including accessing export markets) and repurposing local supply chains. The idea of a stronger and more consistent pipeline for construction-related projects and thus demand for products is a good example of this. There is a sense where a combination of travel restrictions and the need to be able to rely on a bank of local suppliers may mean that the global market may take some time to recover as a growth area for NI manufacturers.
49. The broader issue of public procurement and the development of essential local suppliers in key areas such as medical devices and PPE is also under discussion as an area ripe for localising supply chains. There is a recognition that set-up costs would be initially associated with any moves to match public sector buying power with local suppliers (in an area such as PPE supplies), but the view that such goods are essential might outweigh these concerns.
50. The issue of a loss of skills – both through potential redundancies and a question mark whether some of the foreign national employed locally might return home – was raised as an issue requiring urgent attention and support. Apprenticeships and the reluctance to bring these on during a recession is an area where future supports could be targeted.
51. *In summary, the non-food Manufacturing sector is located across NI and serves the local market but is just as much tied to wider global economic trends. Supports which would help to sustain the sector as one of NI's key sectors, and retain staff, include:*
- *Support for workforce development and for managerial capability*
 - *Investment in ICT/broadband infrastructure, in particular in rural blackspots*
 - *Close attention to be paid to ways in which public sector procurement can support the local sector*
 - *Recognition for how the sector is essential not only to the wider NI economy but also as a provider of goods which are key to health and wellbeing locally.*

4.3 Construction

Introduction

52. The Construction sector which is made up of a combination of smaller firms focussed on house-building and a cohort of businesses working in the commercial sector, often as much outside NI as in the local market. The sector comprises more than 10,000 registered businesses in NI (a quarter of which are sole traders); 7% of total GVA and around 58,000 employees (6.5% of the total).
53. The sector closed as the restrictions were imposed on 23 March – and even before then as many sites had shut down – and slowly began to re-open in May. The initial concerns centred around the shutting down of sites, their safety and what the contractual impacts might be of shutting down.

Financial Costs and Challenges

54. The re-opening of the Construction sector proved an expensive undertaking for businesses. Given the nature of the work – and the length of journeys to work on sites – the need to build the confidence of staff to return (through temperature tests, health checks and provision of PPE) all provided a significant challenge for many businesses. There were optimistic references at the UK level by early June of close to 90% of sites being back to work but this was by value of work and highlighted how the largest sites returned first with the ability to fund the return. Medium-sized sites returned much more slowly (leading to some anger among house-building firms in particular), while smaller house-building projects with fewer staff were able to quickly get back to work.
55. The Construction sector identified a number of areas where additional costs (clearly unanticipated in some cases) arose because of the pandemic. Most of these came with the usual provision of PPE and health and safety equipment, but equally important has been the knock-on effects on productivity resulting from social distancing on sites. A related challenge and cost was the need to upgrade IT equipment to allow staff to initially work from home and then to continue this into the medium term.
56. However, the most important challenge is one of demand. The initial fear about contractual costs arising from closed sites and work running behind schedule has turned into a worry about an ‘airlock’ in demand when current jobs are finished. This is a reflection of the broader worry about the economy and investment decisions being postponed, in particular in the commercial sector, or re-priced making margins tighter than before. The future of the Retail sector and of city centre investment in general is cited as a particular worry. Given uncertainty about the direction of house prices and therefore demand in the housing market also there is a belief that the worst may be yet to come in the Construction sector.

Opportunities

57. The stated opportunities centre on public sector investment in infrastructure with the Construction sector hoping that stimulus in this space will drive recovery and give confidence to a wider investment in building, particularly for the commercial sector.
58. There is a belief that a pipeline of projects can be stimulated with public money, in the short term at least, if prioritisation can be agreed. The need for a NI Infrastructure Commission,

alongside the Strategic Investment Board, is mentioned by the sector not least to assist an effort to expedite spending decisions. In addition, the need for smaller schemes – public realm and energy efficiency being cited – is seen as an opportunity to create a pipeline and avoid the feared ‘airlock’.

Existing Business Support

59. Unsurprisingly given the closure of sites the CJRS was critically important to the sector in the early months of the pandemic. As the sector began to prepare for re-opening in May survey results suggested 82% of businesses had furloughed more than half their staff and of this number 17% had furloughed all staff. The official statistics support the picture where 71% of construction jobs in NI were furloughed at some point up to the end of July. Equally important was the SEISS with the Construction sector making up more than a quarter (28%) of the eligible population and comprising more than 23,000 claims and 34% of the total value claimed in NI by the end of July.
60. The consultations suggested that the CBILS was used by a small number of Construction businesses, with the BBLS being important to a larger number of firms (something which the UK statistics attest to: 17% of total BBLS loans being accessed by the sector, well above the share of firms).

Future Business Support

61. The Construction sector seems to be focused on what the demand is likely to look like in the medium and longer term in the different commercial, public and housing segments, as well as the delivery of projects – specifically public projects – in the short term. There is an understanding that demand will be uncertain and plenty of discussion within the sector – and a need for outside advice – on what the future looks like for Retail, Commercial Office Space and, indeed, Manufacturing facilities. Given the size of the NI market for all of these is small, the market intelligence needs to be for the various UK regions and the Republic of Ireland more than the local plans.
62. The implementation of public sector investment, in particular the shape of priorities and the procurement process, are a large bone of contention for the Construction sector. Greater certainty around spending plans and the consequent pipeline of work is one point made repeatedly and especially if other segments are less buoyant. Some ideas to ensure the spending of capital budget in 2020/21 include a focus on urban regeneration work, capital-intensive retrofitting of buildings, moving ahead of already-planned water and sewerage works, etc.
63. There is also a lack of confidence in the sector in the procurement process, whether deserved or not. Ideas to address this include the use of ‘narrow averages’, average of lowest three and other ways of achieving Value for Money, and the client setting the fees at a reasonable level allowing bidders to bid on quality alone. Greater confidence, the sector believes, would prevent both the ‘race to the bottom’ and also lengthy delays due to legal challenges.
64. The availability of skills would not have the same pressing priority as before Covid-19, but the Construction sector still sees particular areas – many related to digital and wider ICT skills – where businesses remain quite short of people. The work of CITBNI and the recent DfE

announcement in support of apprentices are both praised but the needs for improvements in skills for design inputs are highlighted.

65. One other point made is the need for supports for the smaller Construction firms, particularly family firms. Two supports highlighted are the financial planning – from cashflow management to pricing work – and measures to support well-being, particularly mental health, at a time of recession.

66. *In summary, the Construction sector is very closely tied to the fortunes of the wider NI economy and the subsequent spending decisions. The vast majority of businesses operate in very local markets with only the largest (and some of their sub-contractors) working outside the NI market. The sector has a business model of high flexibility to respond to demand but tight margins both of which necessitate consistent investment by other businesses, public bodies and households to ensure survival. Supports which would help the sector include:*

- *A fresh look at the process (and structures) of procuring public work to avoid below-cost pricing and other unsustainable practices*
- *Support for workforce development, in particular the ability to bring the next generation of employees into the sector*
- *Continued support for the sector to deal with current and any further Covid-19 compliance requirements given the impact on present productivity and future investment plans*

4.4 Childcare

Introduction

67. The Childcare sector which includes nurseries, childminders, playgroups and out-of-school clubs comprises more than 4,000 registered businesses in NI; 28,000 childcare places and around 7,000 employees.
68. The sector falls within the broader Health and Social Work Category making it difficult to distinguish the specific impact of Covid-19 in the Business Impact statistics, particularly when the remainder of the sector has primarily remained open and been central to activities regarding the health aspect of the pandemic.
69. The Childcare sector is tied to economic activity across the economy, with the demand for childcare heavily linked to job activity elsewhere. In March the sector faced an immediate lockdown, in tandem with the educational sector, with limited facilities remaining open for the children of key workers. As a result, analysis undertaken by the Early Years Organisation indicates that, due to the pandemic, between 95-100% of staff were furloughed within individual settings with a 95% reduction in income common across the sector. Cashflow positions were extremely tight, with limited reserves to sustain ongoing disruption.

Financial Costs and Challenges

70. Childcare providers are significant employers and were under substantial financial pressure during the lockdown period with ongoing fixed costs to be paid coupled with an immediate loss in income. The sector operates within tight profit margins, so the abrupt changes were difficult to mitigate against. As a result, a number of nursery settings that closed on an initial temporary basis during the pandemic subsequently permanently closed.
71. Re-opening of the sector posed a number of specific challenges due to the nature of the activities within childcare settings. Department of Health guidelines and regulations on social distancing required alterations to rooms and outdoor spaces to enable small pods of children to safely interact. Due to the ratio-based staffing upon which the sector operates any such changes subsequently impacted levels of staffing required.
72. Further significant capital costs included the purchase of PPE, perspex dividers, and other cleaning and hygiene requirements. The challenge was made more difficult due to the lack of working capital prevalent in the sector and the immediate and significant decreases in income since March.
73. Further challenges to the sector arose on the demand side and will continue to do so for the medium term. A major challenge to the sector is aligning re-opening with the re-opening of the economy more widely. Working from home may reduce the need for previous levels of childcare. Additionally, a lack of parental confidence in returning their children to group based settings may have the same impact.
74. More widely, job losses across the economy would further decrease the need for the same level of capacity in the sector. Together this represents a wider challenge in that the loss of qualified employees within the sector would be difficult to recoup or replace in the longer

term due to a combination of the qualifications required and the relatively low pay and conditions. The loss of expertise in the sector would therefore likely represent a permanent loss.

Opportunities

75. Although badly affected, the pandemic has highlighted the importance of the sector to the wider economy. Reduced capacity in the sector halts parent's ability to be active in the labour market, with wider evidence showing that this has a disproportionate impact on women⁴¹. Investment in the early years of a child's life has been shown to be vital for subsequent health and life outcomes which, in the longer term, benefits the economy. The pandemic has therefore provided the impetus for society to invest more in the capacity, quality and infrastructure of childcare services.
76. Technology can be utilised for certain activities within the sector, and during lockdown, training and development of staff and some interaction children with was undertaken remotely and online. Due to the nature of the sector technology can't replace its core business activity so there is limited scope for alternative technology-based methods of delivery in the longer term.

Existing Business Support

77. The key fiscal support measure used by the sector was the CJRS scheme, with most staff (95%+) furloughed during the lockdown period. The £10k Small Business support grant was also accessed by many although the sector fell outside the eligibility for the £25k Hospitality and Retail grant. If the application of this scheme had been extended to the Childcare sector it is estimated that it would have supported around half of all businesses.
78. There were some initial difficulties accessing the CBILS, although such loans were less preferable due to the pressure exerted on childcare facilities to increase fees once repayments of the loans are required.
79. An initial £12m Childcare Support Package was set up by the NI Executive to support the sector however difficulties with access meant that it was subsequently scrapped with just 5% of the total allocated. It was replaced in July by the Childcare Recovery Support scheme which operates until 31st August and is backdated to 1st July. Separate funding streams have been put in place within the scheme, with payments dependent on pre-pandemic registration numbers and the date of reopening.

Future Business Support

80. The sector requires a long-term strategy to ensure its viability and survival, particularly in light of the increasing unit costs of delivery. The sector is labour intensive in nature and, due to its reliance on furloughing, is heavily exposed to the changes in the CJRS scheme. If the sector is operating at a reduced capacity once the scheme ends it would be financially difficult to bring back all furloughed employees. This then has implications for redundancy payments and, as previously mentioned, for the permanent loss of expertise in the sector.

⁴¹ Wilson, L. (2020). Employment, dependent children and access to childcare during the Covid-19 crisis, Research InBrief No. 76, Nevin Economic Research Institute

81. Due to its core role in enabling the remainder of the economy to operate, longer term approaches which would help to support the sector would include investment in workforce development to support jobs, skills and career development in the sector. A review of rates would also be welcomed to ensure the sector remains a cost-effective and quality option for parents. A rates relief scheme for the sector, in particular, would remove a key cost and bring the sector in line with Scotland and Wales.
82. Further support may be required on an ongoing and flexible basis to help ensure childcare settings continue to be Covid-19 regulation and indemnity compliant particularly in relation to any subsequent Covid waves/lockdowns.
83. *In summary, the Childcare sector is inextricably tied to the wider economy with demand based on labour market activity elsewhere. The sector operates on a labour intensive, low wage basis which requires a long-term strategy and investment to ensure its economic viability. Supports which would help to sustain the sector, place it centrally as a key economic sector, and retain and attract employees, include:*
- *Reduction/exemption in rates*
 - *Support for workforce development*
 - *Flexible and immediate support for further Covid-19 compliance requirements/lockdowns*
 - *A childcare strategy to support and recognise the key role of the sector*

4.5 Social Enterprise

Introduction

84. The Social Enterprise sector comprises just over 800 organisations in NI with around 25,000 employees. The estimated contribution to the NI economy is £625m (1.5% of GVA). As trading businesses, organisations within the sector have faced the same issues related to the pandemic as the wider SME base, including the impacts on cashflow and liquidity. The impacts have not been uniform, however, due to the range of business activities undertaken within the sector including retail, manufacturing and hospitality, amongst others.
85. The sector has also faced unique challenges in that, due to their business model, cash surpluses are primarily used to address the social purpose for which they are set up. This creates somewhat of a trade-off between building up reserves and addressing the social mission effectively. Insufficient cash reserves to mitigate against such abrupt changes as brought about by the lockdown are therefore common within the sector.

Financial Costs and Challenges

86. The sector has been increasingly reliant on trading income, rather than grants, to operate. As such, this has exacerbated the position during lockdown in which income was down significantly. An internal survey within the sector pointed to a reduction in turnover of 50% or more for two thirds of businesses with nine of out ten having just 3 months or less of cash reserves.
87. Reopening of the economy posed similar challenges to the sector as to the SME sector in general. Main financial costs included the purchasing of equipment and PPE to make premises Covid-19 friendly and or/socially distanced. Those providing hospitality faced the challenge of ensuring sufficient footfall to keep the business viable. Specific challenges also arose for those organisations that employ, or provide services, for those in shielding groups, including the disabled and elderly. It was acknowledged that the re-opening of the sector would also be tied to the availability of childcare more widely.

Opportunities

88. The social enterprise sector was in a good position to further utilise its resources to help and support local communities during the pandemic. There was also evidence of businesses offering new products and services to create new income streams in reaction to the shutdown of many of their main business activities.
89. The sector typically supports statutory agencies and the demand for its services is likely to increase as a result of the pandemic, particularly regarding engagement with disadvantaged and marginal groups. During the pandemic there was a move by the public towards buying locally and increased community collaboration suggesting that the social enterprise model will continue to be supported by the public for the longer term.

Existing Business Support

90. The CJRS furlough scheme was an important intervention to the sector with over half of those surveyed making use of the scheme.

91. Due to the diverse legal structure of organisations in the sector many were ineligible for the NI £10k and 25k business support grants. Organisations with registered charitable status are exempt from paying rates and hence were ineligible for these schemes which are based on rateable value. Similarly, those with charitable status, or with less than 60% revenue from trade, were ineligible for the Micro-business Hardship Fund. Some organisations were eligible to access the Charity Fund.
92. The sector is not typically financed via debt, and the NI banking sector is perhaps less exposed to social enterprises seeking finance than traditional SMEs. As a result, there was a general reluctance by the sector to make use of the Covid Loans schemes. There was take-up of the BBLS by some organisations for cash reserves rather than investment purposes, with the deferral in repayments seen to be a benefit.
93. Separately from the government Covid-related grants and supports, some organisations in the sector already in receipt of grants had those topped up and/or were permitted to use the grants for a wider range of purposes than initially specified. In cases where grants had been used to fund specific employee jobs, these were not permitted to be furloughed.

Future Business Support

94. Due to the financial hardship incurred and the ineligibility to access some of the existing support schemes, an estimated £7m was required to help support the sector. A Covid Social Enterprise Fund was subsequently announced in mid-August aimed at covering losses and supporting liquidity in the sector.
95. As with the business sector more broadly, social enterprises will continue to be affected by the pandemic with particular fears that as the employer contribution to the CJRS scheme gradually increases, that redundancies will also rise.
96. The sector is central to inclusive growth and its activities addressing societal issues will become increasingly important in the recovery period. As such, the sector is likely to contribute to policy goals across a number of areas.
97. To do so effectively there is a need for improved access to appropriate supports for social enterprises. A Social Enterprise Strategy would provide an effective mechanism to support the sector's framework, help with awareness, grow the sector and align policy across government departments. A Social Value bill in which social value is included in public procurement would also bring NI in line with the rest of the UK and would help to maximise wider social, economic and environmental benefits.
98. *In summary, the Social Enterprise sector will play a central role in the recovery period due to its role in addressing societal issues and its engagement with marginalised and disadvantaged groups. Supports which would help to sustain the sector and recognise its contribution, and alignment with policy goals more formally include:*
 - *A Social Enterprise strategy*
 - *The enactment of a Social Value Bill*

4.6 Professional and Financial Services

Introduction

99. The Professional Services sector comprises a broad range of industries including Legal and Accounting, Consultancy, Architecture, Scientific Research, and Advertising. The sector accounts for around 45,000 employees in NI and contributes 4% of GVA. Financial Services accounts for a further 20,000 employees and also contributes 4% of GVA.
100. According to the preceding analysis both sectors have been somewhat sheltered from the effects of Covid-19 due to the ability of many businesses to continue to trade during lockdown and the use of, and relative ease of, switching to homeworking. Due to its diverse range of business activities, not all firms easily made this transition with around one third of employees in the sector furloughed. An InterTrade Ireland survey further showed that 31% of SMEs in Professional Services identify social distancing measures as a barrier to providing a profitable service during recovery. The following discussion relates to employers in the narrower legal, accounting and associated financial services elements of the sectors.

Financial Costs and Challenges

101. Larger firms, particularly multinationals, were well equipped to deal with remote working and many companies had made the transition to do so before officially required. In some cases there was a move towards 100% remote working, with little to no impact on productivity. Recruiting was also continuing to take place.
102. Those more affected companies were typically business-to-business operations who were providing services to more impacted sectors. In the longer term there may be a reduction in the number of firms seeking or willing to pay for professional services, due to cost-cutting, so the full impact of this may not yet be felt.
103. Due to the ability to work remotely the main financial costs incurred by the sector were the purchase of computer and IT equipment to facilitate homeworking. Access to high speed broadband from home was a challenge for some where employees lived more remotely. A wider concern was ensuring the physical and mental well-being of employees due to the move to continuous home working
104. There will be a phased return to the office for the sector so future challenges will mainly lie with ensuring socially distanced and safe return to offices.

Opportunities

105. The IT and communications infrastructure in NI was seen to provide the sector with an advantage compared to other global regions whose infrastructure could not manage remote working to the same level. Investment in broadband and digital infrastructure would further help to grow opportunities within this sector.
106. The move to remote working enabled businesses to deal with clients and customers efficiently which also offered business development opportunities for local smaller firms, with client meetings taking place remotely rather than involving costly travel. For larger firms, due to the

links with London, any longer-term impacts on accessibility into and out of NI may prove a barrier to their further business development.

107. FDI is a large part of the sector and as yet has not been unduly affected. The effective use of remote working suggests that, operationally, in future the sector may look different with an alternative approach regarding the need for extensive property and offices. Remote working is likely to be a longer-term feature.

Existing Business Support

108. Due to the ability to work remotely and the continuation of trading, particularly among the larger FDI firms, there was limited requirement for government support in the sector. The CJRS scheme was used by some smaller firms to furlough employees, and where used it was seen as effective. Some smaller businesses also accessed the Micro-business Hardship fund.

109. The Future Fund was also welcomed although the original eligibility criteria ruled out many firms in NI compared to elsewhere. Those for whom business support was largely inaccessible were pre-trading firms without premises or revenue; their status rendering them ineligible for supports based on rateable value and/or revenue history.

Future Business Support

110. There is optimism that the sector will continue to grow so rather than any specific financial interventions, future business need will be around re-skilling, particularly for those losing jobs in other sectors. If there are widespread redundancies across the economy an effective reskilling programme at scale, will be required. This will ensure a continued pipeline of talent into this and other growing sectors, ensuring that any growth opportunities are not missed.

111. There may be some impact from Brexit to the sector although this will depend on London's status as an international financial services centre, as well as how services are treated in any subsequent agreement. If the status quo remains, any future challenge to business activity is likely to be amongst locally-owned firms in terms of accessing finance to start and the ability to develop business opportunities during any recovery or downturn in the economy.

112. *In summary, the Professional and Financial Services sectors have been less impacted by the pandemic due to the ability to move to remote working and continuing to trade. Supports which would help to support further growth in the sector include:*

- *Investment in broadband and digital infrastructure*
- *An economy-wide reskilling programme for those affected by redundancy elsewhere*
- *Ensuring access to finance for start-ups*

4.7 Arts

Introduction

113. The Arts, Entertainment and Recreation sector accounts for 20,000 employees in NI (2% of the total) and 1% of GVA. According to the preceding analysis it has been one of the most impacted by Covid-19, with 60% of employees furloughed and 60% of businesses still not trading by end of June. An April survey undertaken by the Arts Council for NI found the impact of Covid-19 to be immediate and severe particularly for individual artists and freelancers, and those reliant on box office income.
114. On average, there was an estimated earnings loss of £3,756 for individual artists between March and May and £36,714 for organisations. The survey indicated that many existing contracts had been terminated. Furthermore, the inability to deliver planned activity would have a severe impact on their ability to recruit and retain artists.

Financial Costs and Challenges

115. The sector faced an immediate lockdown in March, the loss of income making the cost of re-opening challenging. As a consumer-facing sector its re-opening involves considerable and necessary costs regarding facilities management, including the acquisition and use of PPE, perspex, signage and structural adjustments to make spaces socially distanced. Added to this is ensuring that the public is confident to return to venues therefore an additional cost involves the creation of effective marketing and communications to reassure staff and customers about the implemented safety measures. The latter is challenging but essential to ensure longer-term confidence.
116. There is evidence that the demand for attending performances is still there however meeting social distancing requirements without losing the atmosphere associated with live performances is tricky. Remaining financially viable while also operating at reduced capacity, due to social distancing, will also be a difficult balance.

Opportunities

117. Large scale events in the sector are unlikely to take place until January at the earliest to ensure that re-opening is done correctly and safely while also allowing for the lead time for the promotion and ticketing of events. Although social distancing will be challenging there are opportunities for larger-scale events to be reduced and made more structured including moving them to smaller venues. This will enable smaller venues to keep operating, although downsizing of events will involve a loss in terms of unearned potential income.
118. There is goodwill towards the sector and therefore there is opportunity to move some events online, or to do hybrid events, but this is hard to monetise. Online events do not have the same ambience as a live venue and cannot generate the same revenue either in direct ticket costs or ancillary spending that would occur in a venue. Online events can help keep the brand and reputation in people's conscious, but it is unlikely that it would pay for itself or represent a longer-term option.
119. As restrictions are lifted there may be opportunities for new entrants in the sector over the longer term but existing businesses typically operate on very low margins and with low cash

reserves so it is unlikely that there will be profitable opportunities for new businesses in the coming years.

Existing Business Support

120. The main business support intervention used has been the CJRS scheme with the majority of contracted staff across the sector believed to be on furlough. The VAT deferral scheme was also found to be a helpful and effective support. Due to the funding structure of the larger event venues the rates relief scheme was inapplicable.
121. There are also many self-employed in the industry including those acting as a vital supply chain for larger events. The self-employed are eligible for the Income Support scheme although there is a concern that in the longer-term talented people will be lost to the industry due to the sustained lack of income. The loss of promoters will affect the sector and many of the freelance creative and technical experts will be difficult to recruit again due to cost and reduced availability due to those exiting the sector.

Future Business Support

122. Businesses in the sector will require further intervention. Those that can open will not be operating at full capacity so are likely to run at a loss for 2020 and 2021. Donations and private sector engagement to help support local artists may be a potential avenue for support but reach could be limited due to the scale of support required.
123. The CJRS scheme was very effective at covering costs and helping to retain contracted staff however there is a concern about the end date of the scheme and the re-opening of the sector.
124. It is anticipated that the sector will re-open, albeit at a reduced capacity, in January 2021. The gap between October (when CJRS ends) and January, combined with the loss of income since March and reduced future capacity, presents a very real challenge. It is unlikely, as a result, that all staff will be brought back from furlough. Widespread redundancies will also only be avoided if there is forthcoming support to provide a bridge between the CJRS ending and the sector re-opening. An extension to the scheme, or equivalent, would be required to help bridge the gap⁴².
125. The sector is tied to the re-opening of towns and cities, particularly in Belfast for the larger events venues. With offices still largely closed, or partially staffed, and the hospitality sector not fully re-opened quiet town and city centres make it more difficult to open and sustain arts venues. Any business support tailored to the re-opening of cities should therefore include the Arts sector, rather than it being considered a separate entity. Similarly, the sector should be viewed as part of a wider tourism strategy, with arts, hospitality and tourism offerings combined to attract tourists and residents into city and town centres. There may be more scope for less central venues to operate, particularly with the move towards shopping and socialising locally, although with reduced capacity events may not be financially viable.

⁴² Note that the consultation took place over the summer, in advance of the Chancellor's announcement of the Job Support Scheme.

126. *In summary, the Arts sector has been particularly negatively impacted by Covid with requirements for social distancing making live events more challenging. Opening with reduced capacity, for a sector that operates on low cash reserves and profit margins will be difficult. Interventions which would help to sustain the sector would include:*

- *An extended or bridging furlough scheme between October and January*
- *Funding as part of an initiative for town and city centres*
- *Inclusion of the sector within a multi-disciplinary tourism strategy*

4.8 Small and Micro-businesses

Introduction

127. In NI small firms (less than 50 employees) account for 98% of all firms and 29% of all employees. Micro-businesses (less than 10 employees), a subset of small firms, comprising 89% of all businesses and 12% of employees.
128. A Covid-19 impact survey of micro-businesses undertaken in April⁴³ showed that around half of firms were concerned with survival with 37% indicating that they could only survive for between 1-6 months. The main concerns related to cashflow, with decreased or stalled sales, continuing costs and lack of payment from debtors or customers all major issues. At that point there were also difficulties accessing some of the support schemes. Aside from financial support there were also calls for flexibility from banks; mentoring support and guidance, and mental health and well-being support.

Financial Costs and Challenges

129. The main financial costs of re-opening, for small and micro firms, related to the practical costs regarding the implementation of Covid safety measures, such as installing perspex, sanitisers and physical adjustments including one-way systems. These requirements differed across sectors and were also dependent on whether the business was customer-facing or not. For those opening at reduced capacity there were additional challenges around staffing and resourcing, with a balance to be struck between the costs of reopening versus the ability to do business in light of the requirements and restrictions. Those selling outside NI were also faced with additional costs including knowledge sourcing on the markets they sell into as not all re-opened at the same pace.
130. Financing costs e.g. for leasing or debt repayment were required to be paid during lockdown which was challenging for businesses with no or reduced income, and in particular for those that had made investments prior to the lockdown.

Opportunities

131. There has been a rapid acceleration of technology usage amongst small businesses, particularly around communication technology and e-commerce. Many that had previously not sold online made the transition to do so during lockdown, moving to a hybrid physical and online model. This increased use of technology will be maintained in the longer term due to the resultant time-savings, cost-effectiveness and productivity increases that have arisen.
132. More widely, the pandemic has provided the opportunity to reassess the nature of the economy. Already some of the local economic development support programmes have been re-purposed to aid the survival of firms to include support for embracing technology, e-commerce and the professionalisation of firms' online presence. This need will continue along with requirements for the development of sales capabilities and the capabilities of business owners and leaders to take their businesses through the recovery.

⁴³ <https://www.enterpriseni.com/covid-19/covid-19-survey-results>

133. There is also a further opportunity to have a more joined up approach to a leaner, cleaner and greener economy with all businesses encouraged to adopt these practices rather than a narrow sectoral approach to achieve these aims. A cross-departmental body to manage this through recovery planning would also help avoid duplication of effort.

Existing Business Support

134. The business supports offered to date have been a necessary and welcome intervention and provided a lifeline to businesses where survival was about cashflow. The biggest uptake has been the CJRS scheme with a high proportion of small businesses still availing of the flexible furloughing scheme moving into the summer months.
135. There is a concern over the ending of the scheme in October. It is estimated that about 10% of businesses will remain closed but the scale of employees that will be brought back versus those made redundant is unknown at present. It is likely that this will differ across sectors.
136. The rates relief support was effective and also removed a key cost for businesses, particularly for those in hospitality where the scheme was extended. The small business grants of £10k and £25k were also welcomed and enabled businesses to remain operational.
137. The loan schemes were of mixed benefit to small and micro firms. The CBILS was seen as a responsible lending scheme, but small firms, particularly those in the early-stage or start-up phases are not seen as an attractive lending proposition by banks, so there was less take-up from those groups. The BBLs was effective at getting cash into smaller businesses, and for many extending their runway, but there is concern over the ease of access to the scheme and therefore the ability of firms to service the debt once repayment starts in April 2021.

Future Business Support

138. Although the business support schemes were vital and welcomed there is a significant proportion of small and micro businesses that have fallen through the cracks and were not eligible for any of the business supports. These included sole traders, single director companies, certain self-employed groups and early-stage start-ups. If not addressed this will have an impact on the business population for the longer term, particularly if there is a drop off in the number of pre-start or early-stage start-ups.
139. There is also a wider economic and social impact if businesses close, with the social and health impact difficult to measure. There needs to be a focus on mental health, well-being and resilience support for business owners which should be NI-wide and across sectors. Effective business support on these issues can help to reduce the number of business terminations and avoid stunted growth amongst surviving firms.
140. Now also presents a good opportunity for an effective and joined-up start-up framework or ecosystem for entrepreneurs. This should be comprehensive and attuned to needs of individuals and businesses during the start-up phase. Rather than a linear approach it should be progressive in a way that enables start-ups to access support as they need it, allowing businesses to be nimble and adaptive as they establish themselves.
141. Overall there is a need to ensure that support over the next year focuses on entrepreneurship and better run businesses, with the latter leading to more sustainable jobs in local

communities. Developing the capability of business owners and leaders, across all sectors, is therefore as important as developing skills for employees.

142. On the demand side confidence building measures are required to increase consumer trust but there remains a sensitive balance between getting the economy up and running and health protection measures. Certain sectors may require specific help, for example the hospitality industry which has been most affected by social distancing requirements. Likewise, Retail was facing challenges prior to Covid-19 due to increasing online competition which the pandemic has accelerated. This sector therefore requires structural support with joined-up thinking around town centre development strategies required for the longer term.

143. *In summary, survival is crucial for micro and small businesses as they form the backbone of the economy. Although there will be some specific sectoral requirements, further support should be across all sectors and include measures to make businesses better and more resilient as this will result in local community development and more sustainable and higher value-added jobs. The approach to recovery should be joined up, economy-wide, and include:*

- *Support for enhancing the capabilities of owners and business leaders, particularly in a changing global market*
- *Support for technology adoption and sales capabilities*
- *Mental health and well-being support for business owners*
- *An entrepreneurship framework and accompanying support measures which are adaptable and progressive*

4.9 The sub-regional picture

Introduction

144. In NI the economy has the same uneven distribution of economic activity as in other parts of the island of Ireland and other UK regions. Belfast accounts for 14% of registered businesses, 30% of those with a turnover of more than £5 million and over 40% of NI's total GVA. Despite this concentration of activity in Belfast there are vibrant local economies across NI. There are different sectoral concentrations in different parts of NI (see Table 2.1 for an indication of the concentration of vulnerable sectors by LGD) and research from the UUEPC showed that the impact of Covid-19 would vary from place to place, with Mid Ulster, Newry, Mourne & Down, and Causeway Coast & Glens all being at particular risk in terms of impacts on GVA and high levels of furloughing in Q2.⁴⁴
145. To assess the regional impact on businesses of Covid-19 a number of the Chambers of Commerce in other parts of NI (including Newry, Causeway Coast and Enniskillen) were consulted in July. The Chambers of Commerce have been strongly involved in the local business responses to Covid-19, acting both as clearing-houses for guidelines and public health advice, and as a lobby for local supports from Central and Local Government partners. Four Chambers (Belfast, Newry, Londonderry and Causeway) also surveyed their members back in April and again in July to get a sense of the impacts that the pandemic was having and how they were accessing support to survive the shutdown and re-opening periods.⁴⁵
146. The initial survey, at the height of the shutdown, is striking about the expected fall in turnover with many of the local businesses expecting a 50% drop over the three months of Q2 and 15% reporting they had only one month of cash reserves (this reduced by July to 9%). Fundamentally, there was a sense of a severe and unexpected shock with a great deal of uncertainty about when, or if for many firms, it would pass.

Financial Costs and Challenges

147. The July consultations with the Chambers suggested that the initial crisis had passed and the conversation had reverted, for many of their Retail and Hospitality members, to coping with the re-opening which had occurred or was due to. Indeed, the consultations were focused – when it came to financial costs and challenges – to the costs of re-opening. In local town centres outside Belfast the average cost of re-opening businesses was estimated to be £15,000 on the basis of signage, plastic screens, sanitiser stations, staff deployed to deal with entry of customers and PPE for staff.
148. One significant challenge reported in several consultations was typical of a local economy, where re-opening posed a question about whether this would be worth doing. This was a conversation happening among many family-run businesses, in particular those in tourism-related, hospitality and retail, where an additional level of uncertainty about future demand and, indeed, what the local high streets would look like. For these essentially customer-facing

⁴⁴ UUEPC, 'The potential economic impact of Covid-19: Revised estimates and a Council-level view' (1 June 2020).

⁴⁵ <https://www.causewaychamber.com/post/impact-of-covid-19-on-businesses-is-deep-and-long-lasting-warn-local-chamber-of-commerce-chiefs>

businesses the question of size of cash reserves and savings versus re-opening costs and short-term demand loomed very large. The local Chambers reported a keen concern about what this could mean, in turn, for the appearance of local towns, especially those serving rural hinterlands (the traditional ‘market towns’).

Opportunities

149. Repurposing – both into new lines of activity and also new modes of operating – took place across the various local economies as the Covid-19 crisis struck. In terms of the new products each of the Chambers had local examples of PPE being produced and items such as foot pumps and sanitisers being a short-term response to the closures. The strong sense of this was not that all of these new products would become a permanent fixture for the businesses, but that they instilled a sense of resilience and ability to innovate in the face of a severe shock and that this was as useful as the addition to the bottom line. In case where entire markets – particularly those related to travel and transport – had gone into a sudden stop, the consultees doubted the ability of businesses to respond without strategic sectoral support by government.
150. The other opportunity area from repurposing – that of shifting business models – may be longer lasting and according to consultees was a case of catching up to trends already in evidence before the beginning of 2020. The shift online is a case in point for any business which sells mostly to local customers, notably Retail and Hospitality. While the support available from local government and agencies such as Invest NI and InterTradeIreland was appreciated, there remains a nervousness about the level of investment needed by family-run businesses in particular and the pay-back possible without successful ‘buy local’ campaigns. The continuation in food service in different ways – albeit that not all local markets responded (enthusiastically) in the same way – such as take-away, food kits and making menus available all highlighted the role of the social media platforms and the need for digital skills to be enhanced in many smaller businesses.
151. Another opportunity area is the consequence of flexible working for areas outside Belfast. The Chamber consultees all noted that this would have a significant impact on lifestyles, reducing commuting, and potentially providing additional weekday customers in towns and cities outside Belfast. However, the requirement for sufficient broadband infrastructure, in particular in rural areas makes this opportunity a double-edged one as the expectation of businesses will be that their staff are able to match current productivity in a remote working situation.

Existing business support

152. The sub-regional picture does not vary greatly from the NI-wide one where CJRS, BBLS and the rate reliefs were all seen as the critical supports for business. The consultees, with the exception of the Londonderry Chamber, are all located in council areas where higher-than-average eligibility shares were seen for the CJRS, supporting the view of how important the furlough scheme has been. For example, in Newry the view was that few non-essential businesses had not furloughed more than two-thirds of their staff and that the scheme had provide ‘a safety blanket at a time when wholesale moth-balling has been taking place’. The concern expressed by consultees was what would come after the furlough scheme comes to an end. The view was that tapering of the scheme or replacement by one where the burden

fell onto businesses – at a time when they continued to operate under public health restrictions – could mean firms reducing hours and staff by up to a third.

153. The BBLs were regarded as a critical support by many firms, particularly family-owned ones worried by the re-opening costs. The consultees expressed a concern which appears to be shared by many businesses that a message has gone out about this being ‘free money’ and that this could have a negative effect on the willingness of government and other lenders to expend effort on future supports.

Future business support

154. There was widespread support for the efforts made by government other agencies including local Councils, to provide support and guidance to firms during the crisis. However, from the perspective of the local Chambers, the need to better coordinate the supports and provide easy access to them was key.

155. A slightly contradictory note was struck by consultees with regard to their awareness of scarcer resources for future supports, but a hope or expectation that the furlough scheme – in its current form or a sectorally-targeted one – should continue after the end of October. Also, that the BBLs and rates relief would continue beyond their current cut-off points.

156. More broadly, the Chambers see recovery as strongly tied to infrastructure spending – and particularly smaller, local regeneration, road and waste-water schemes which could support local firms – and investment in skills.

157. *In summary, the sub-regional picture is marked less by a distinct variation across local areas (though some exists) and more by the importance of particular sectors – such as tourist-related ones – in local economies. The argument was made for specific sectoral requirements to be met, but with regard to stimulating local economies through investment in towns and rural infrastructures in particular.*

5 Summary and Policy Suggestions

1. As we entered the summer period business activity remained suppressed; half of businesses were trading below normal expectations and only one in three had more than six months of cash reserves. In addition, one in ten businesses remained closed and an estimated 174k employees may have been on furlough before the return to work began in earnest in July, dropping to 80-85k towards the end of summer.
2. Business start-up activity was showing signs of a slowdown although the support schemes and deferrals had likely postponed business closure. A similar lag was observed for redundancies, with proposed redundancies rather than confirmed, the highest on record.
3. The sectors most highly vulnerable are those typically least financially resilient, operating on low margins and limited cash reserves. Two of the most affected sectors, Accommodation and Food, and Arts and Entertainment, were also still heavily reliant on furloughing by summer due to restrictions preventing re-opening.
4. Business support schemes were a welcome intervention providing cash injections and relief, to the value of £2.7bn, at a time when trading income was severely diminished. There is recognition that further funding cannot sustain every struggling business therefore support for recovery requires additional alternative measures, not least to support the business owner as well as the business.
5. The following policy suggestions have been identified to support medium- and longer-term recovery
 - **Encouraging entrepreneurship through a discretionary fund to support new business starts** – strong business start-up activity is an important foundation to any economic recovery but given the current higher levels of economic uncertainty, accessing finance is very challenging. In addition, it is estimated that 38% of UK self-employed were not eligible for the SEISS, including those recently self-employed. Ineligibility from accessing grant schemes alongside the other accessing finance issues could have a detrimental impact on encouraging future entrepreneurial activity. Therefore, a discretionary fund to support new starts, who have thus far been ineligible to access existing schemes could encourage a pipeline of new business activity.

- **Supporting local businesses and social enterprises through government procurement and delivery of public services** – issuing grants to businesses was the appropriate policy response in the immediate aftermath of the pandemic, but this is not sustainable in the longer term and does not support economic recovery. One of the key concerns expressed by businesses was a lack of demand and a lack of a visible pipeline for publicly procured work. Therefore, an opportunity exists to create demand through public procurement as an alternative means to support businesses and social enterprises.

‘Buying local’ plays an important role in economic recovery as the money is retained within the local economy and supporting employment. Given the increased demand for public services (which went unmet because of the interruption caused by Covid-19) and the scale of government purchases generally, encouraging and supporting local businesses and social enterprises to engage in government procurement exercises and public service delivery could support broader economic recovery as well as meet the demand for public services.

- **Supporting demand more generally** – the consultations identified the need for a comprehensive approach to recovery, particularly when addressing the issues faced by the sectors most impacted by the pandemic – Accommodation & Food, and Arts & Entertainment. The biggest issue these sectors currently face is lack of demand (particularly in urban centres) and this could be supported for example with a voucher or reimbursement scheme (following the success of the ‘Eat Out to Help Out’ scheme).

Other measures such as providing support to help businesses with their marketing to boost demand, particularly in developing online offerings to enter new markets. Finally, facilitating staff to return to their offices, perhaps on a 2 to 3 days per week basis initially, will be important but it is recognised this may still be some time away as any changes need to be guided by the current health advice and applied only when appropriate to do so.

- **A need to reconsider who and what to tax** – the initial four-month blanket business rates holiday, followed by a further eight months of targeted relief for specific sectors was only ever intended as a short-term measure to assist businesses through the initial impacts of the pandemic. However, the move to increased working from home and greater online retail activity has significantly accelerated trends (and challenges) already established pre-Covid.

Moving forward, many businesses are likely to question the need for large offices, particularly given the increased discussion of a shift to a hybrid home-office working future. This suggests an acceleration in the change of use of town/ city centre properties from office and retail to other uses such as residential, leisure, tourism, hospitality and the arts.

In addition, the changes in consumer and worker behaviour will have significant implications for non-domestic rates and rent regimes. Consequently, governments’ approach to raising revenue from property taxes needs to be reconsidered to align with the future strategic vision for urban centres.

Reducing the non-domestic rates burden would require an increase elsewhere. This could include increasing the domestic rates burden and/ or other alternatives

have previously been mooted – these include an increased sales tax, profit tax, energy tax, land value tax, or digital tax. Each of these ideas also have negative consequences which need to be considered in the round, and may require intervention at the national level, but the challenges with business rates which existed pre-Covid, have only been exacerbated by the pandemic.

- **Place-based solutions** – following on from the point above, in addition to sectoral-based analyses to identify those in need of greatest support, a better understanding of the geographical areas most impacted is also important. There is a lot of anecdotal evidence that suggests local/ sub-urban ‘high streets’ have seen a much stronger recovery than the large urban centres as people are working and staying closer to home. This raises the prospect of a longer-term geographical shift in demand and a potential re-think in the areas identified as being in need.
- **Develop business leadership skills** – equip business leaders with the skills to adapt, innovate, adopt new technologies, create new income streams, develop new markets and improve staff management.

The development of business leadership and management skills would have longer term impacts on the economy in terms of creating more sustainable businesses (and hence employment) and embedding resilience into the business owner mindset. An equivalent to the Small Business Leadership and Peer Networks programme, as announced in England, would help to develop strategic leadership skills and give business owners the confidence to make informed decisions to aid survival and improve business performance.

- **Deciding which sectors to support in future** – whilst issuing grants across the board is not sustainable in the long term, conditions may exist where targeted support may be justified:
 - Sectors which are still subject to significant public health restrictions; and
 - Sectors which are of long-term strategic importance to the local and national economy and where barriers to entry are high. In many cases if a business closes because of a lack of demand, a new business will take its place when demand returns, but in some sectors, due to barriers of entry, if the business closes it is highly unlikely to re-open when demand returns (e.g. aerospace).
- **Supporting business to deal with challenges highlighted in the age of Covid-19** – businesses have faced a challenging 6 months already and will continue to do so moving into 2021 with payment deferral periods ending and loan repayments due. While businesses will be focused on day-to-day operations for survival, the consultations regularly referred to some issues and challenges which, while ever-present in businesses, have been further highlighted by Covid-19. For example, consultations highlighted how the shocks associated with Covid-19 had brought new challenges around managing teams remotely and had pushed mental health among business owners and general health and safety for employees higher up the agenda. Support for businesses to address some of these less obvious Covid-related challenges could further underpin recovery.

Appendix 1 – Business Support Schemes

Name of Scheme	Purpose	Eligibility
Artists Emergency Programme NI Only	The programme individual artists, creative practitioners and performers up to £5,000 expecting that in the future it will result in meaningful public engagement and/or other forms of public access opportunity.	Open to all freelance individual artists and creative practitioners and performer Excludes: Companies, broadcasters, local authorities, central government, those who have not contributed to artistic activities in NI within the last five years. Applicants who have broken the conditions of any previous award within the last 4 years and those who remain in breach of any previous letters of offer.
Bounce Back Loan Scheme (BBLS) UK Wide	The scheme helps small and medium-sized businesses to borrow between £2,000 and £50,000. The government will guarantee 100% of the loan and there will not be any fees or interest to pay for the first 12 months. <ul style="list-style-type: none"> • Loan terms will be up to six years and the government will work with lenders to agree a low rate of interest for the remaining period of the loan. 	Businesses must be based in the UK and been negatively affected by Coronavirus. The business must not have applied for CBILS and must not be classified as ‘undertaking in difficulty’ in December 2019. Excludes: Banks, insurers and reinsurers (but not insurance brokers), public-sector bodies, grant funded further education establishments and state funded primary and secondary schools.
Business Rates Holiday NI Only	A three-month rates holiday for all NI business ratepayers. This will be shown as a 25% discount on the 2020/2021 annual rate bill for business ratepayers.	All NI businesses that pay rates.
Business Rates Relief for Retail, Hospitality, Tourism, Leisure and Childcare Sectors NI Only	Business rates exemption for full financial year of 2020-21 for sectors affected the most by Coronavirus.	Businesses within the hospitality, retail, leisure, childcare sectors. Airports are also included. Excludes: Supermarkets and off-licenses

<p style="text-align: center;">Coronavirus Job Retention Scheme (CJRS)</p> <p style="text-align: center;">UK Wide</p>	<p>The purpose of the Scheme is to protect jobs by providing grants to employers to ensure that they can retain and continue to pay staff, but the employee is not provided with any work.</p> <p>HMRC will pay a grant to cover the lower of 80% of an employee's regular wage as in their last pay period prior to 19 March 2020 or £2,500 per month, plus the associated employer NIC and a minimum 3% employer pension.</p> <p>From September, the government will pay 70% of salaries up to £2,187 with employers paying the remaining 10% alongside NICs and pensions contributions.</p> <p>In October, the government will pay 60% of wages up to £1,875. Employers will be expected to top up wages to a maximum of £2,500 alongside NICs and pensions contributions.</p>	<p>Eligible entities include businesses, charities, not-for-profit organisations, recruitment agencies, single director companies and public authorities.</p> <p>Businesses must have a UK bank account and created and registered a PAYE payroll scheme on or before 19 March 2020, the must also have a PAYE online account. Businesses must have furloughed employees that were already paid via RTI payroll.</p> <p>Excludes: Fees, tips, bonuses and discretionary commissions will not be included in salary calculation. Personal service companies paying their director in both salary and dividends will only be able to claim a grant for the salary element for the furloughed director.</p>
<p style="text-align: center;">Coronavirus Business Interruption Loan Scheme (CBILS)</p> <p style="text-align: center;">UK Wide</p>	<p>The scheme supports previously viable small and medium-sized businesses that are now facing cash flow problems that make the business non-viable in the short term.</p> <p>Supports include loans, overdrafts, invoice finance and asset finance of up to £5 million for up to 6 years.</p> <p>The government will guarantee 80% of the loan and will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees.</p>	<p>Businesses must be UK based and have a turnover of less than £45million per year. Businesses must have been negatively impacted by Coronavirus and has a borrowing proposal which the lender would consider viable, if not for the pandemic.</p> <p>Excludes: Banks, insurers and reinsurers (but not insurance brokers), building societies, public-sector bodies, grant funded further education establishments and state funded primary and secondary schools.</p>
<p style="text-align: center;">Childcare Recovery Support Fund</p> <p style="text-align: center;">NI Only</p>	<p>A £10.5million fund for the childcare sector to help eligible childcare providers to reopen, or remain open, post-lockdown in July and August.</p>	<p>Open to Day Care - including School-Aged Childcare (SAC), stand Alone School Age Childcare, playgroups (other than those offering Pre-School Education Programme places only), playgroups offering Pre-School Education Programme Places only, childminders and COVID-19 Bespoke Approved Home Childcare.</p>

<p>Coronavirus Large Business Interruption Loan Scheme (CLBILS)</p> <p>UK Wide</p>	<p>The scheme supports previously viable medium and large-sized businesses that are now facing cash flow problems that make the business non-viable in the short term.</p> <p>Supports include loans, asset finance facilities, revolving credit facilities and invoice finance facilities up to £25million for up to 3 years. For facilities above £250,000, personal guarantees may still be required, but claims cannot exceed 20% of losses after all other recoveries have been applied. Businesses will still be 100% responsible for paying the facility back, and interest and fees charged by the lender.</p> <p>Accredited Lenders making use of the scheme will pay a small fee in order to benefit from a partial (80%) government guarantee on each CLBILS facility. Fees for Lenders under the scheme will vary according to the length of the facility.</p>	<p>Businesses must be UK based and have a turnover of more than £45million per year. Businesses must have been negatively impacted by Coronavirus and has a borrowing proposal which the lender would consider viable, if not for the pandemic. Firms must not have applied for CCFE.</p> <p>Excludes: Banks, insurers and reinsurers (but not insurance brokers), building societies, public-sector bodies, grant funded further education establishments and state funded primary and secondary schools.</p>
<p>Coronavirus Future Fund</p> <p>UK Wide</p>	<p>This scheme will issue convertible loans between £125,000 to £5 million to innovative companies which are facing financing difficulties due to the coronavirus outbreak.</p>	<p>Businesses must be based in the UK and unlisted. Business has previously raised at least £250,000 in equity investment from third-party investors in the last 5 years and be able to attract the equivalent match funding from third-party private investors and institutions. At least 50% of employees or sales must be UK based.</p>
<p>Coronavirus Corporate Financing Facility (CCFF)</p> <p>UK Wide</p>	<p>This scheme helps large businesses affected by Coronavirus through the purchase of their short-term debt. The minimum size of an individual security that the Fund will purchase from an individual participant is £1 million nominal.</p>	<p>Open to all non-financial companies and their finance subsidiaries that make a material contribution to the UK economy. Businesses must have short or long-term rating of investment grade, as of 1 March 2020, or equivalent.</p>
<p>Coronavirus Statutory Sick Pay Rebate</p> <p>UK Wide</p>	<p>To repay SME employers up to two weeks current rate of SSP that they pay to current or former employees for periods of sickness starting on or after 13 March 2020 due to Covid-19.</p>	<p>Have less than 250 employees and a PAYE payroll scheme that was created and started on or before 28 February 2020.</p>
<p>COVID-19 Charities Fund</p> <p>NI Only</p>	<p>This scheme provides grants to local charities that have been negatively impacted by coronavirus are at risk of collapse due to unavoidable costs.</p>	<p>Open to charities whose fundraising or trading income has reduced due to coronavirus. They must also be experiencing costs.</p>

		<p>unavoidable cost that cannot be covered by existing grants or public funding.</p> <p>Excludes: those eligible for other financial support measures.</p>
<p>COVID-19 Childcare Support Scheme</p> <p>NI Only</p>	<p>A £12 million fund to support the childcare sector open to eligible childcare providers.</p>	<p>Open to registered day-care settings, school-age childcare settings and childminders that remain open for vulnerable children and those of key workers as well as day-care and school-age childcare settings which remained closed and were unable to reopen.</p>
<p>COVID-19 Digital Selling Capability Grant</p> <p>NI Only</p>	<p>A grant of up to £20,000 to support 50% of projects with a minimum eligible expenditure of £10,000. This is aimed at small to medium-sized retail and wholesale businesses prepare for growth by growing online sales, develop their customer base and find new markets by enhancing their digital offering, building e-commerce capability, strengthen supply chains, develop new products and accessing finance.</p>	<p>NI based small or medium-sized retailer or wholesaler employing 10 or more full-time equivalent staff. The business must have an existing online presence and physical products. In the recent financial year prior to 29 February 2020, more than 50% of revenue has come from offline sales instead of online sales. The project cannot be receiving any other public funding and businesses must be able to deliver your project, pay the costs in full and submit your claim to Invest NI before 26 March 2021.</p> <p>Excludes: businesses outside wholesale and retail sectors, franchisees of retailers, businesses involved in activities such as gambling, adult entertainment, tobacco products and cannabis-based products, which are not, authorised as medicines and businesses that cannot demonstrate they have a viable and profitable operation.</p>
<p>COVID-19 Equity Investment Fund (CEIF)</p> <p>NI Only</p>	<p>CEIF aims to help early stage high-growth potential businesses in NI who are unable to access institutional investors, private investors, the Future Fund and Invest NI's Access to Finance funds. The fund helps businesses access financing to progress their business plans and prepare for recovery and growth.</p> <p>Support, up to a maximum of 50% of the funding round, is available through equity investment or convertible loan notes up to £700,000 on pari passu terms of other investors in the funding round. Support in excess of £700,000 may be available by way of a commercial loan.</p>	<p>Open to majority NI based businesses that are innovative and technological. They must be unlisted SME's that have been operating for less than seven years since their first commercial sale, not be in financial difficulty on 31 December 2019, but is adversely impacted by COVID-19. The impact CEIF will have on the business must be quantifiable. The business must have international market opportunity, export growth prospects, credible promoters and a scalable business model.</p>

		<p>Investment must already be sources from other investors but still have a shortfall in what needed to achieve the business plan.</p> <p>Excludes: businesses in agriculture education, refurbishment, synthetic fibres, safety and defence, banking and insurance, coal, steel or shipbuilding, nuclear power stations, processing and marketing of tobacco, investing in airport infrastructure unless related to environmental protection. Businesses facing difficulty in June 2020.</p>
<p>Eat Out to Help Out</p> <p>UK Wide</p>	<p>Eat Out to Help Out Scheme offers a discount to diners and encourages restaurant visitation by offer a 50% discount on food or non-alcoholic drinks to eat or drink in (up to a maximum of £10 discount per diner), Monday, Tuesday and Wednesday throughout August.</p> <p>Establishments can then claim the money back from the government. There is no limit to the number of times customers can use the offer.</p>	<p>Open to businesses that sell food for immediate consumption on the premises, provides its own dining area or shares a dining area with another establishment for eat-in meals and was registered as a food business with the relevant local council on or before 7 July 2020.</p> <p>Excludes: an establishment that only offers takeaway food or drink, catering services for private functions, hotel room service, dining services (such as packaged dinner cruises) and mobile food vans or trailers.</p>
<p>HMRC Deferral of Self-Assessment Payment</p> <p>UK Wide</p>	<p>An optional six-month delay in self-Assessment payment due to HMRC by July 2020</p>	<p>Those due to make a self-assessment payment</p>
<p>HMRC Time to Pay: Self-employed Income Tax Deferral</p> <p>UK Wide</p>	<p>Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021. Late payment penalties will not be charged in the deferral period.</p>	<p>All self-employed individuals</p>
<p>HMRC Time to Pay: VAT Payments Deferral</p> <p>UK Wide</p>	<p>Business payments for VAT payments will be deferred, applying from 20 March to 30 June 2020. VAT refunds and reclaims will be paid by the government as normal.</p>	<p>All VAT registered businesses</p>

<p>Individuals Resilience Emergency Programme</p> <p>NI Only</p>	<p>A £1million fund offers individuals working in the creative arts sectors the opportunity to apply for grants of £1,200, £3,000 or £5,000 each.</p>	<p>Open to those aged over 18 that can provide an independent source to verify their line of work. Includes freelance workers.</p>
<p>NI Micro-business Hardship Fund</p> <p>NI Only</p>	<p>£40million fund to support micro-businesses unable to access the 10K and 25k schemes.</p>	<p>Businesses must be based in NI, employ between 1-9 PAYE registered employees and have experienced at least a 40% reduction in turnover. Excludes: agricultural producers, businesses eligible for other schemes, charities or social enterprises with charitable status and social enterprises that receive less than 60% of revenue from trade in goods and/or services.</p>
<p>Organisations Emergency Programme</p> <p>NI Only</p>	<p>A rolling programme that will provide £500,000 to support arts organisations with individual grants of up to £25,000 to develop new projects or re-arrange events which have had to be cancelled during the Coronavirus period.</p>	<p>Open to arts or cultural organisations specialising in dance, drama, literature, music, arts and festivals, museum and independent libraries that have a record of public engagement supported by public funding at least once in the last 3 years. Excludes: broadcasters, sole traders, central or local government, unaccredited museums, public libraries, proposals which breach Coronavirus social distancing and organisations who cannot evidence public funding in the last 3 years.</p>
<p>Self-Employed Income Support Scheme</p> <p>UK Wide</p>	<p>This scheme is for the self-employed or a member of a partnership in the UK that has lost income due to coronavirus. The scheme consists of a taxable grant equating to 80% of average monthly profits over the last 3 years, up to an amount of £2,500 per month.</p>	<p>Open to those who are self-employed or in trading partnership in the UK making less than £50,000 profits. More than half of total income gained from self-employment and they must be trading in the 2020/2021 tax year.</p>
<p>Sports Hardship Fund</p> <p>NI Only</p>	<p>£2,000 grant for sports clubs and sporting organisations within the voluntary and community sector to cover obligations (e.g. rent/lease, utility costs, ground maintenance, insurances) that are no longer supported with revenue as a result of coronavirus.</p>	<p>Must be a governing body or constituted local club recognised by sport NI within the community and voluntary sector organisations that deliver or enable sport and/or physical recreation. Small charitable trusts that do not qualify for financial help elsewhere.</p>

<p>Time to Pay</p> <p>UK Wide</p>	<p>An HMRC Support line for businesses that have missed a tax payment due to Coronavirus. Businesses may be given a range of options including being allowed more time to pay or to paying in agreed instalments.</p>	<p>All UK businesses paying tax.</p>
<p>£25,000 Retail, Hospitality, Tourism and Leisure Grant</p> <p>NI Only</p>	<p>A one-off £25,000 grant to ratepayers within the retail, hospitality, tourism and leisure sectors.</p>	<p>Businesses must pay rates on a property with a Net Annual Value (NAV) of between £15,001 and £51,000 within the retail, hospitality, tourism and leisure sectors. Excludes: vacant properties, public bodies, manufacturing premises, businesses that are insolvent, dissolved or dormant and properties with a NAV of under £15,001 or over £51,000.</p>
<p>£25,000 Retail, Hospitality, Tourism and Leisure Grant: Rental Properties</p> <p>NI Only</p>	<p>£25,000 grant for rental properties with a sole tenant that meet the eligibility criteria for the £10,000 and £25,000 Business Support Grant Schemes and/or properties with a Total Net Annual Value (NAV) of £1,590 or below.</p>	<p>Available for renting businesses withing the specified sectors with a total NAV below £1,590.</p>
<p>£10,000 Small Business Support Grant (SBSG)</p> <p>NI Only</p>	<p>A one-off £10,000 grant for businesses with a rateable value of £15,000 or below, who are eligible for the Small Business Rate Relief Scheme or currently benefit from Industrial Derating.</p>	<p>Open to all NI businesses with a rateable value of £15,000 or below. Excludes: vacant properties, MP and MLA offices and businesses with more than 3 premises.</p>
<p>£10,000 Small Business Grant: Rental Properties</p> <p>NI Only</p>	<p>£10,000 grant for sole tenants of a rental property or owner of a business property with a total NAV of £1,590 or below.</p>	<p>Business is the sole tenant of a rental property where the landlord receives the rate bill. Business owns the property that it occupies, and the property has a Total NAV of £1,590 or below. For renting businesses that are not eligible for the standard £10,000 grant.</p>