



INSTITUTE  
OF THE MOTOR  
INDUSTRY



# COVID-19 Automotive Landscape Report

Release 14



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# COVID-19 – Automotive Retail Landscape

## Introduction

The aim of this report is to outline the current landscape for businesses operating in automotive retail, highlighting the economic impact and operational challenges that the Covid-19 pandemic has created. Release 14 incorporates the most recent ONS BIC data released 5<sup>th</sup> November.

Please note that the data used in this report relates to the second half of October, and therefore before the second England lockdown and prior to the announcement of the Furlough scheme extension. However, it's worth noting that in this time period Wales were in their lockdown and local restrictions were in place across many regions in England and Scotland.

## Summary

### Key take away points

- Although the data within this report relates to a period prior to England's second lockdown, local restrictions have had a significant impact on the sector. 11% of the sector has temporarily closed or paused trading. This has increased by 5% since last reporting.
- Unfortunately, 1.2% of businesses are reporting to have permanently ceased trading - approximately 1,000 establishments.
- Probably the most significant output from this release is that the sector have outlined that approximately 11.7% of the workforce could be made redundant over the next three months. This could mean redundancies in the region of 76,000. Respondents also outlined that 22% (16,500) of these would be within the next month. However this does relate to a time period prior to the announcement of the extension of the furlough scheme to March and so it will be interesting to see how these numbers could potentially change as businesses have other options.
- Positive news is that the proportion of the sectors workforce on furlough has significantly dropped again, a fall of 20% and currently only 6% of the workforce are still on furlough. The proportions of the workforce that have been made redundant to date also remains below 1%, meaning that those returning from furlough are returning to work. Again, please note, this data relates to a period prior to the extension of the furlough scheme.

## Detailed summary

### Negative news:

- Unfortunately, it is being reported that 1.2% of business have permanently ceased trading - approximately 1,100 establishments.
- The sector has outlined that approximately 11.7% of the workforce could be made redundant over the next three months. This could mean redundancies in the region of 76,000. Respondents also outlined that 22% (16,500) of these would be within the next month.
- 6% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%. This has increased by 3% since last reporting.
- 41% of automotive businesses trading are reporting a decrease in turnover.
- 5.7% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 5,300 businesses at risk.

### Tough decisions and ways of operating:

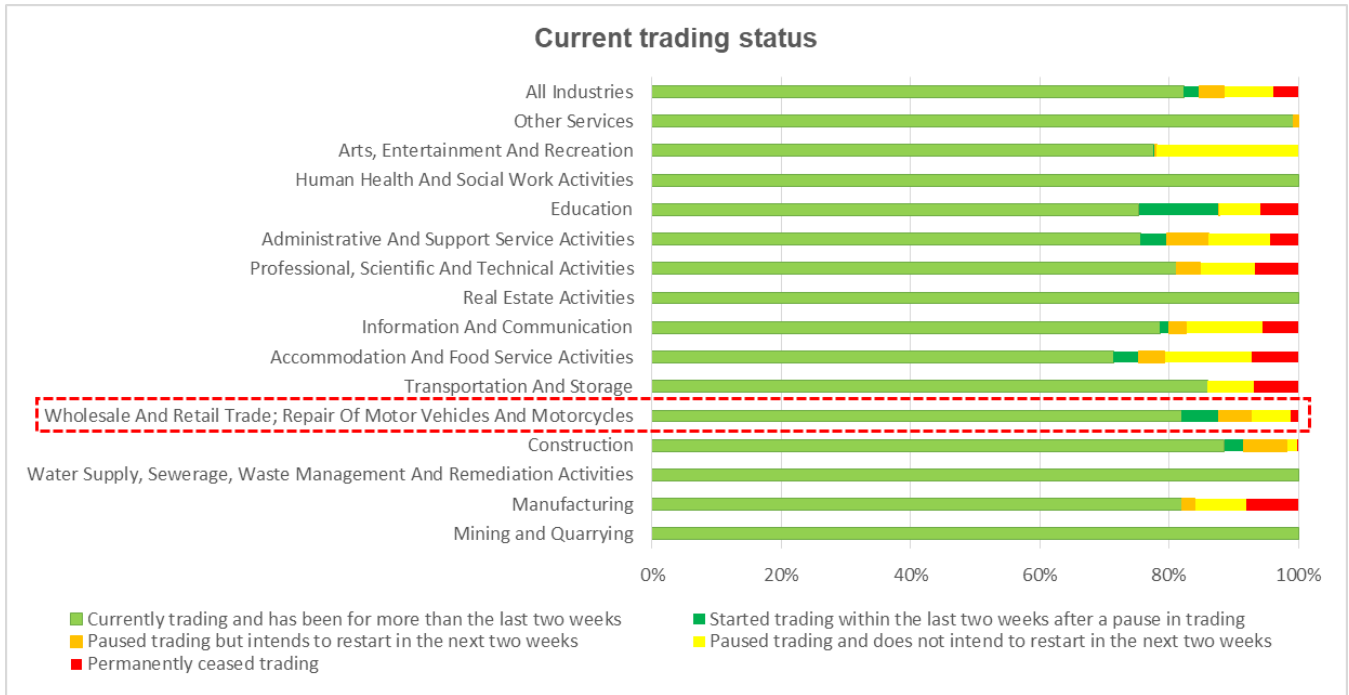
- 88% of automotive businesses are open and trading, this has decreased by 6% since last reporting as more businesses have temporarily closed or paused trading due to restrictions.
- 11% of automotive businesses have temporarily closed or paused trading. This has increased by 5% since last reporting.
- 36% of automotive businesses said that their cash reserves would last more than 6 months however this has fallen by 8% since last reporting.
- 10% stated that they had low or no confidence that their business will survive the next 3 months, potentially putting 9,000 businesses at risk.

### The positive news:

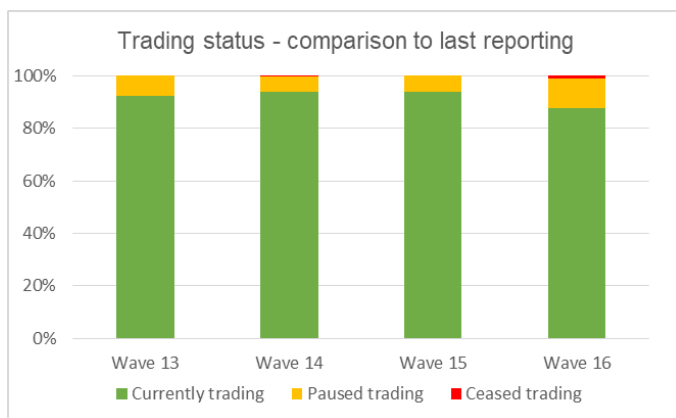
- The proportion of the sectors workforce on furlough has significantly dropped again, a fall of 20% and currently only 6% of the workforce are still on furlough. The proportion of the workforce that has been made redundant to date has also remained below 1%.

## Economic Indicators

### Trading



Note: This measure has been adjusted by ONS and is now a weighted count. Weighting by count scales up responses in BICS to be representative of all businesses in the UK. It scales up responses for all businesses that have between 0 and 249 employees, to the point where the counts of all businesses of this size in the UK are represented. The size band of greater than 250 employees is completely enumerated, so no weighting is applied.

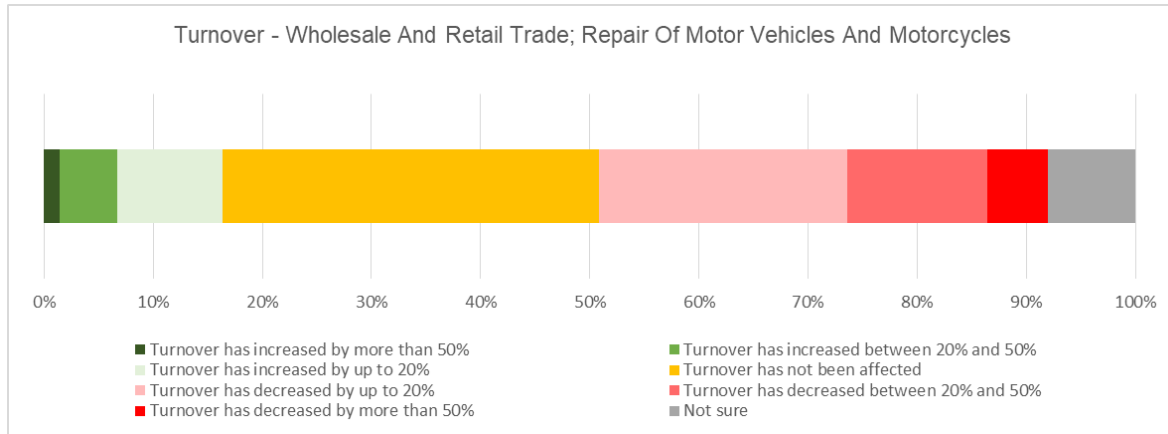


88% of automotive businesses are open and trading, this has decreased by 6% since last reporting as more businesses have temporarily closed or paused trading due to restrictions.

11% of automotive businesses have temporarily closed or paused trading. This has increased by 5% since last reporting.

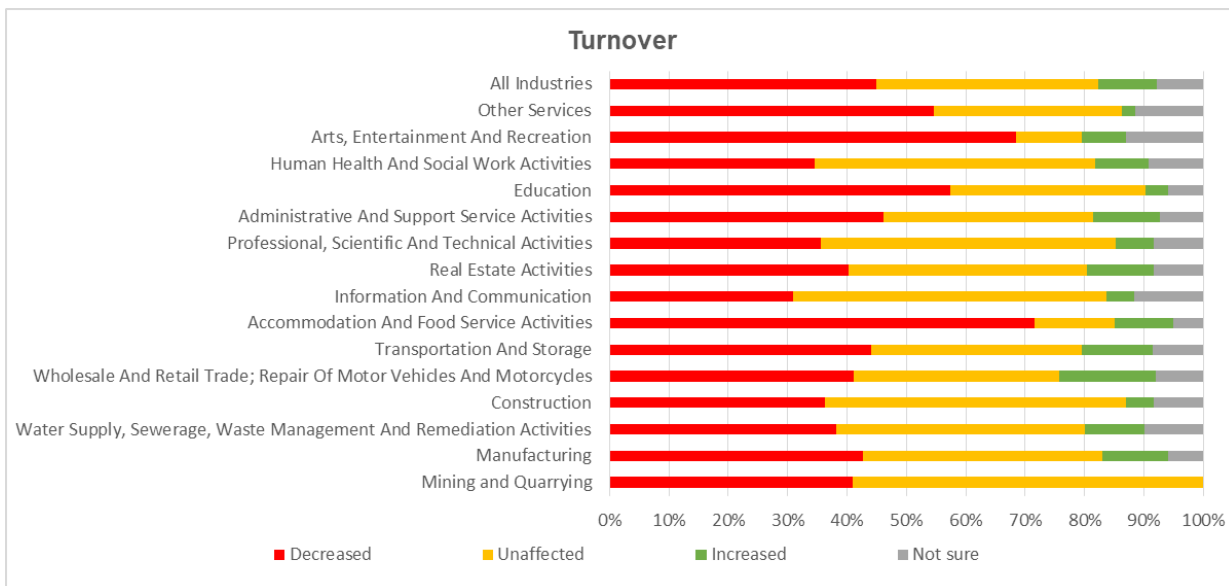
Unfortunately, it is being reported that 1.2% of businesses have permanently ceased trading - approximately 1,100 establishments.

## Turnover



*Note: This measure has been adjusted by ONS and is now weighted by turnover. The value of turnover is derived using the percentage of questions asked on the BICS and registered turnover in the Inter-Departmental Business Register (IDBR), which is used to construct the BICS sampling frame. In effect, businesses with larger turnover are given greater emphasis in results. Due to this adjustment this cannot be compared to previous reporting.*

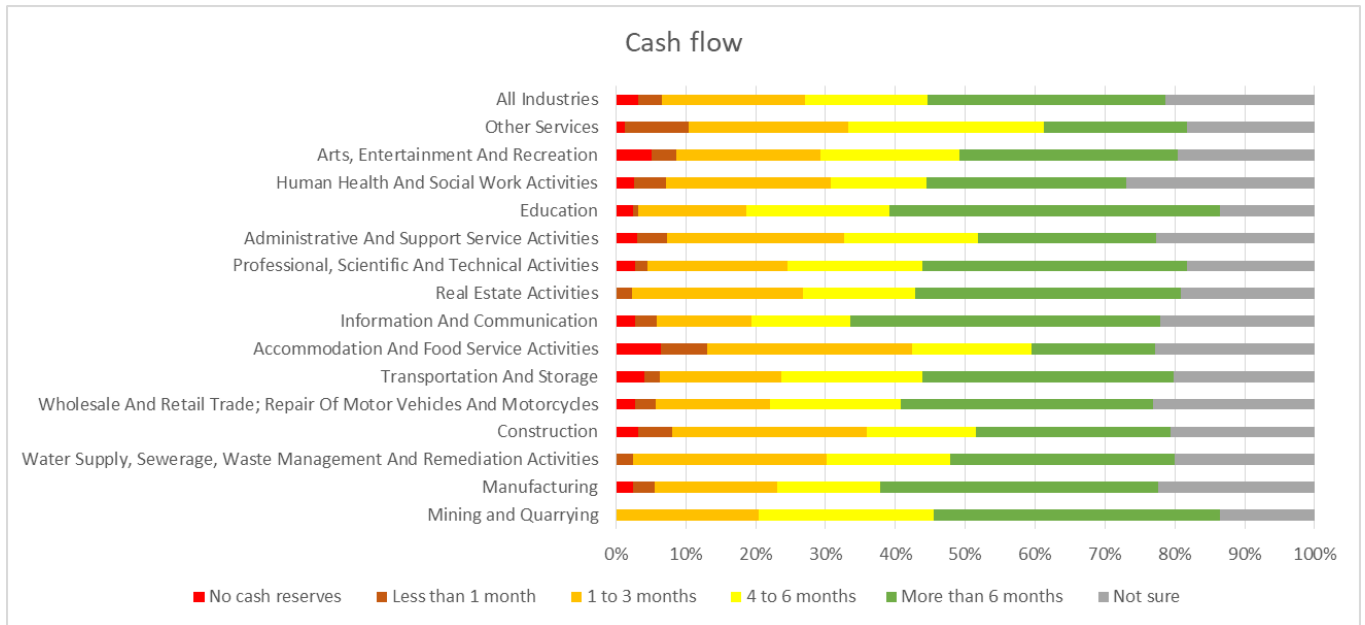
- 6% of automotive businesses who are continuing to trade are reporting turnover has decreased by more than 50%. This has increased by 3% since last reporting.
- 41% of automotive businesses trading are reporting a decrease in turnover.



In terms of turnover, the automotive sector is performing well compared to other sectors having the highest % of businesses reporting an increase in turnover in the last 2 weeks (16%).

## Cash flow

### How long do you think your enterprise's cash reserves will last?

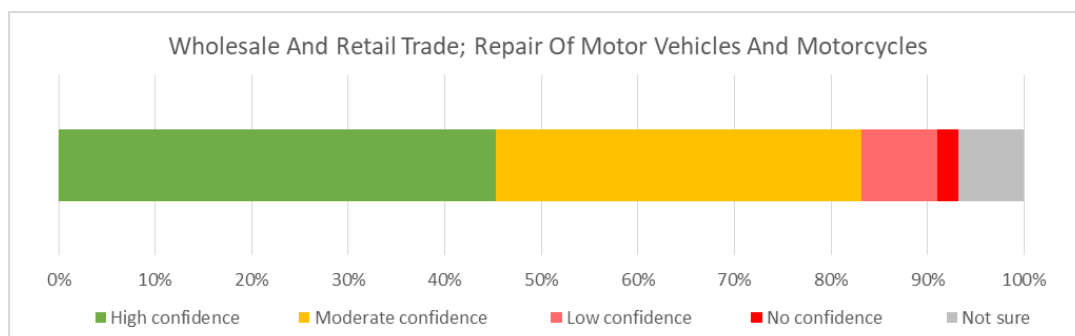


Note: This measure has been adjusted by ONS and is now weighted by turnover. The value of turnover is derived using the percentage of questions asked on the BICS and registered turnover in the Inter-Departmental Business Register (IDBR), which is used to construct the BICS sampling frame. In effect, businesses with larger turnover are given greater emphasis in results. Due to this adjustment this cannot be compared to previous reporting.

- 36% of automotive businesses said that their cash reserves would last more than 6 months.
- 5.7% of automotive businesses said that they either had no cash reserves or less than a month, potentially putting 5,300 businesses at risk.

## Business confidence

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

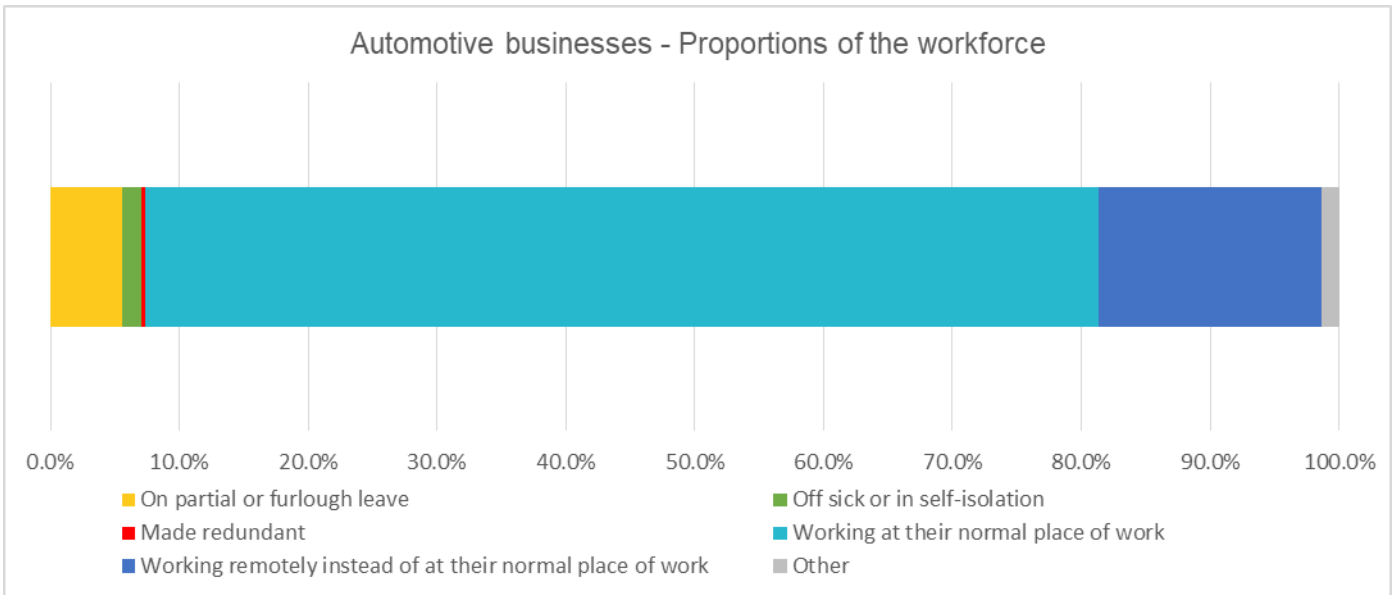


- 45% of automotive businesses said that their confidence was high that their business will survive the next three months.

- 10% stated that they had low or no confidence that their business will survive the next 3 months, potentially putting 9,000 businesses at risk.

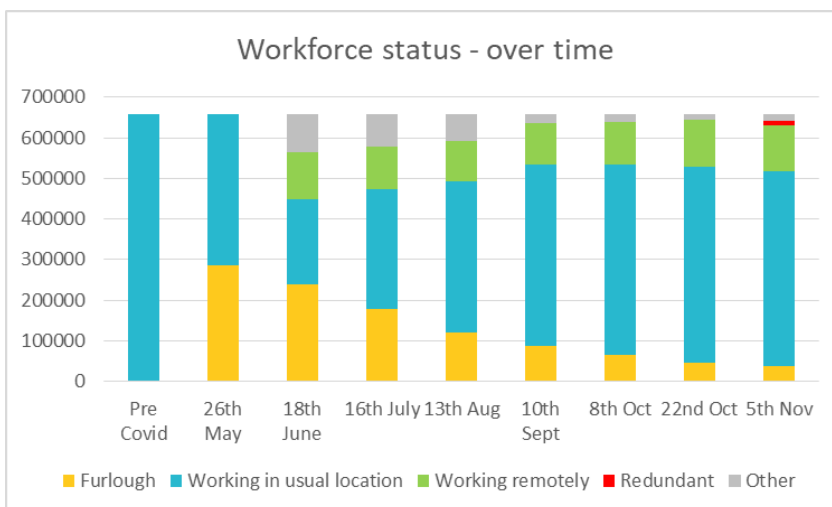
## Workforce

### Proportions



- For automotive businesses still trading, 6% of the workforce are on partial leave or furlough. This proportion has fallen by 1% since last reporting.
- 9,800 are on sick leave or in isolation.

### Workforce over time

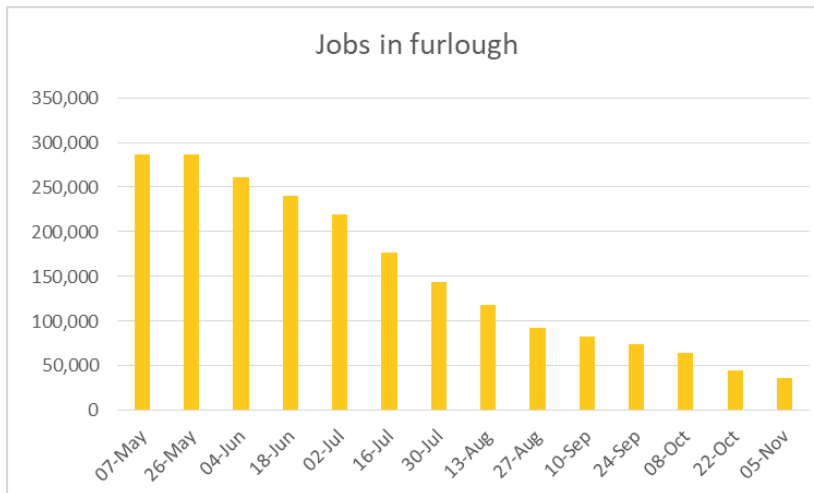


In the sector there are currently:

- 36,500 jobs on furlough.
- 112,700 jobs working remotely.
- 481,400 jobs working in the usual location.
- 9,800 redundancies.

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

## Furlough



The numbers on furlough fell again, by 20% this reporting.

## Redundancies

**11.7%**

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

In its truest sense, this could mean redundancies in the region of 76,000. Respondents also outlined that 22% of these would be within the next month (16,500).

## Data

### Sources

- ONS - Business impacts of COVID-19 data released 5<sup>th</sup> November 2020 [Data relates to the period 19<sup>th</sup> October 2020 to 1<sup>st</sup> November 2020].
- EMSI 2020.1 data [All data sourced from EMSI UK Analyst and Career information taken from EMSI occupation data].
- IMI Automotive labour market baseline report – 2019 Profile revision1.

### Note

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