

NOVEMBER 2020

THE IMPACT OF A COVID WORLD

Introduction



The impact of Covid 19 on local areas in 2020 has been significant. Rossendale in Lancashire has experienced both national lockdowns and periods of local lockdown. In August Rossendale became one of a number of areas nationally which experienced greater local restrictions. We came out of this at the end of August but during September we saw an increase in cases, which resulted in the Government tier 3 status in October, followed quickly by the second national lockdown in early November.

The impact on the national economy and the health and wellbeing of residents has been widely reported, and authorities like Rossendale have borne the brunt of this impact. However, there is a less clear, evidence based, understanding nationally of the impact on local communities and businesses. If the Rossendale local economy is to make a strong recovery from the impact of Covid-19, existing businesses need further support to survive the pandemic and be equipped to recover strongly. Similarly, if the health of the local community is to be sustained local people must respond appropriately to contain and reduce the number of coronavirus cases until a viable vaccine is available.

As a result, the council commissioned research to explore the impact of Covid-19 on local businesses and the attitudes of local people.

For 82% of Rossendale businesses Covid-19 has had a significant effect on their business. Two thirds of businesses had seen at least a 25% reduction in their annual turnover this year. Businesses employing less than 5 staff have been notably affected, streamlining their already vulnerable staff levels.

In terms of recovery, 53% of businesses have moderate confidence in the business environment but need solid financial support to stabilise their business as a springboard to make a strong recovery.

The Government's current financial support schemes have made an impact in stabilising a large number of local businesses. However, 68% of businesses are at risk of collapse if sufficient financial support is not sustained until a full recovery is made. They need the existing financial support to remain in place whilst national lockdown/tier 3 equivalent lockdown restrictions are in place.



82% OF ROSSENDALE BUSINESSES HAVE SEEN A SIGNIFIGANT EFFECT ON THEIR BUSINESSES AS A RESULT OF COVID-19



Micro and small businesses who either do not pay business rates (due to their size) or have seen notable reductions in customer demand also need support. This could be available if the Government gave local authorities greater discretion over the local usage of the current grant schemes and expanded the size of the grant funding.



68%

OF ROSSENDALE BUSINESSES
ARE AT RISK OF COLLAPSE

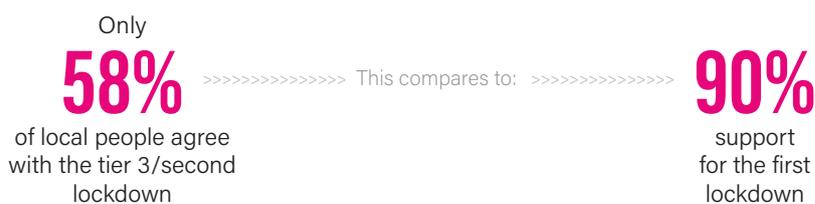
Locally, the leisure/cultural sector plays a significant part in both the economy and improving resident's health and wellbeing. Rossendale's Leisure Trust has not been eligible for Government financial support during the Summer.

The process to allocate the Government's £100m fund to support the leisure sector must be accelerated to give the leisure sector confidence and to manage cash flow. Local cultural institutions such as the Whitaker Museum, East Lancashire Railway and our vibrant local theatres need more financial support to safeguard their future.





LOCKDOWN



The response to Covid-19 will only be effective if the public play their part. Whilst the first national lockdown had a significant effect on the lives of local people the public largely accepted the need for such restrictions. However, local public attitudes have changed since the Summer.

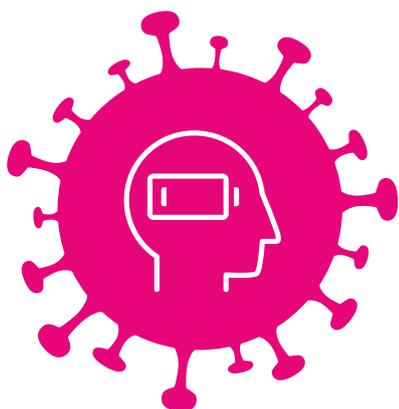
Only 58% of local people agreed with the tier 3/second national lockdown measures. This compares to over 90% support for the first lockdown measures and 69% of people think the measures will probably not significantly halt the current high rate of infection in Rossendale. Measures must be appropriate and effective.

There is a need for a fully effective test and trace system in place locally. Our local provision is tracing 70% of “untraceable” cases identified through NHS Test and Trace. There should be increased investment in local tracing not just the national system. Although additional testing capacity has been introduced in Rossendale from the start of November this has been too slow to be established and the tracing approach is not strong enough. The local approach has been demonstrated to be effective.

There is strong evidence that the public have become less concerned about the perception of risk associated with the second wave of infections. There is also considerable confusion amongst the public as a result of regularly changing Government guidance. For example, 37% of people thought that you could not meet anyone outdoors under the tier 3 regulations in October, when at the time you were able to.

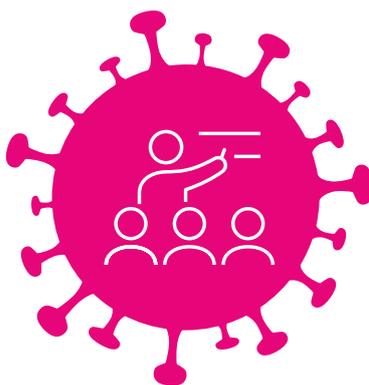
Four out of five people locally think the recent rise in Covid-19 cases are most likely due to people getting tired of the rules. 71% attribute the rise in cases to the reopening of schools in September and over half of them feel the rules are not clear enough or are confusing. There is a growing feeling that significant proportions of people will break the rules, most commonly through a desire to see their family, for mental health reasons and to go to work.

When the national lockdown ends in December any national or localised replacement must create an environment where the public have clarity about the rules and create the environment where people are more likely to comply. This has become challenging in Rossendale to the point where under current circumstances and restrictions, it is increasingly apparent it will not be possible to reduce the number of Covid-19 cases to the national average or lower.



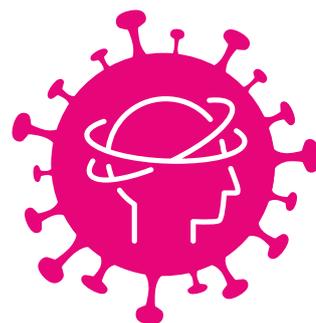
79%

People getting tired of the rules



71%

Reopening of schools/colleges



52%

The rules not being clear

What are we seeking?

- The Government to provide the sustained additional business grant funding of £10m to £15m for the duration of any national or local lockdown, on the assumption some form of restrictions will be in place until the end of March 2021
 - The Government to enable the local council to target business grant support at those businesses that most need the financial support, especially micro and small businesses and those businesses not required to close
 - Local discretion provided to councils, working with businesses, to determine the businesses most in need of support - the national system and guidance is too restrictive
 - £3m of financial support for the local leisure and cultural sector to ensure their future can be safeguarded and they can play an active part in the economic recovery
 - £2m of local growth funding to accelerate local economic recovery
 - Redoubling national and local communication efforts to clarify the rules around social distancing, face covering and gatherings indoors and outdoors
 - Acceptance that the current national approach to Covid-19 compliance has lost the 'hearts' of residents to comply sufficiently with social distancing and indoor social mixing
 - Local communications to emphasize the high level of cases locally, and more emphasis on a 'call to arms to work together'
 - Acknowledgement that areas will struggle to significantly reduce cases in a sustainable way while schools and colleges remain fully open
 - Greater local promotion of testing to increase public take up
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Methodology

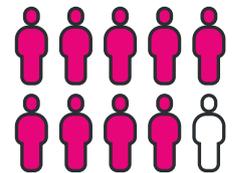




2 ONLINE SURVEYS



115 BUSINESS RESPONSES



935 RESIDENT RESPONSES

The results explored in this report are based on primary research undertaken through two online surveys. The business survey received responses from 115 Rossendale businesses. The resident survey received 935 responses. Both surveys were undertaken between 16 October and 6 November 2020.

The research was intended to better understand the impact of Covid-19 and how support should be best targeted to help businesses recover. It also aimed to understand current public attitudes to the Covid-19 restrictions in order to better interpret actions which are likely to have a strong positive impact on containing and then reducing the number of cases.

The research is complemented by publicly available statistics from Public Health England on the number of cases and the Office for National Statistics on business registrations and insolvencies.

An overview of business in Rossendale



AT THE START OF THE PANDEMIC:

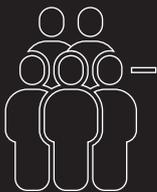


2,710

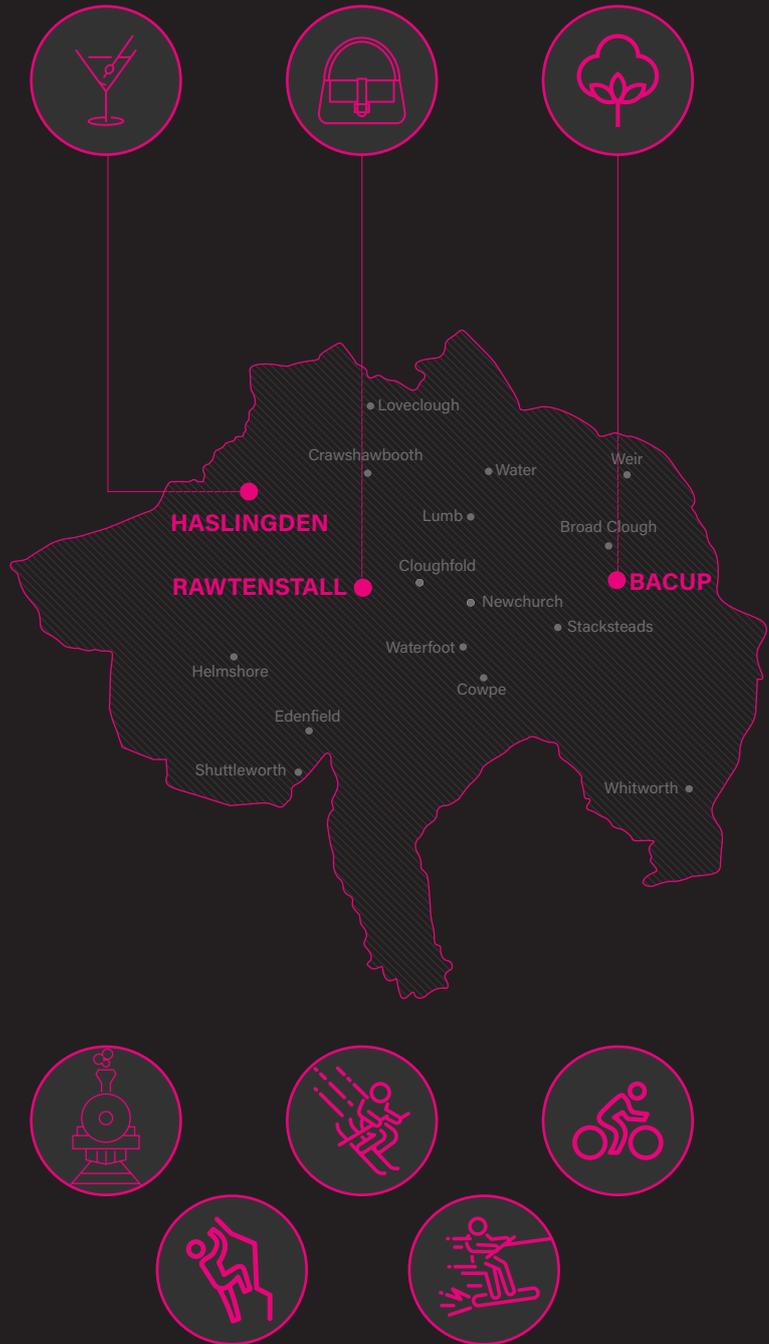
VAT REGISTERED BUSINESSES

90%

ARE MICRO BUSINESSES



EMPLOYING LESS THAN 5 PEOPLE



Rossendale occupies a strategic location, as the 'bridge' in to Lancashire from Greater Manchester.

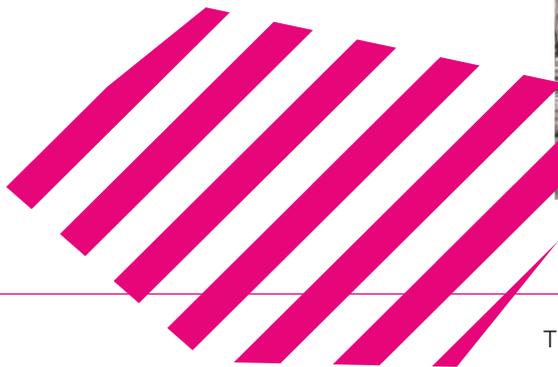
At the start of the pandemic there were around 2,710 VAT registered businesses in Rossendale. 90% of these are micro-businesses, employing less than 5 people. In the past 12 months we have seen 497 new businesses incorporated, showing the strong entrepreneurial base in Rossendale.

Our key industrial sectors are advanced manufacturing, retail/services and creative industries. Unlike other districts in Lancashire, Rossendale has a relatively high number of private sector jobs which are at a greater risk during the pandemic when compared to the public sector. Rossendale has three distinctive market towns - Rawtenstall, providing individual specialist shops with a high end offer, Bacup with a reputation as the best preserved cotton town in England, and Haslingden which pre-pandemic has an emphasis on food and drink in the evening economy.

Rossendale's visitor, cultural and leisure offer is significant. We are home to the famous East Lancashire Railway and the Rossendale Valley which supports 'adrenaline' outdoor active pursuits; with Ski Rossendale, Lee Quarry Mountain Bike Trails, 'Grip and Go' climbing facility and Whitworth Water Ski Academy.

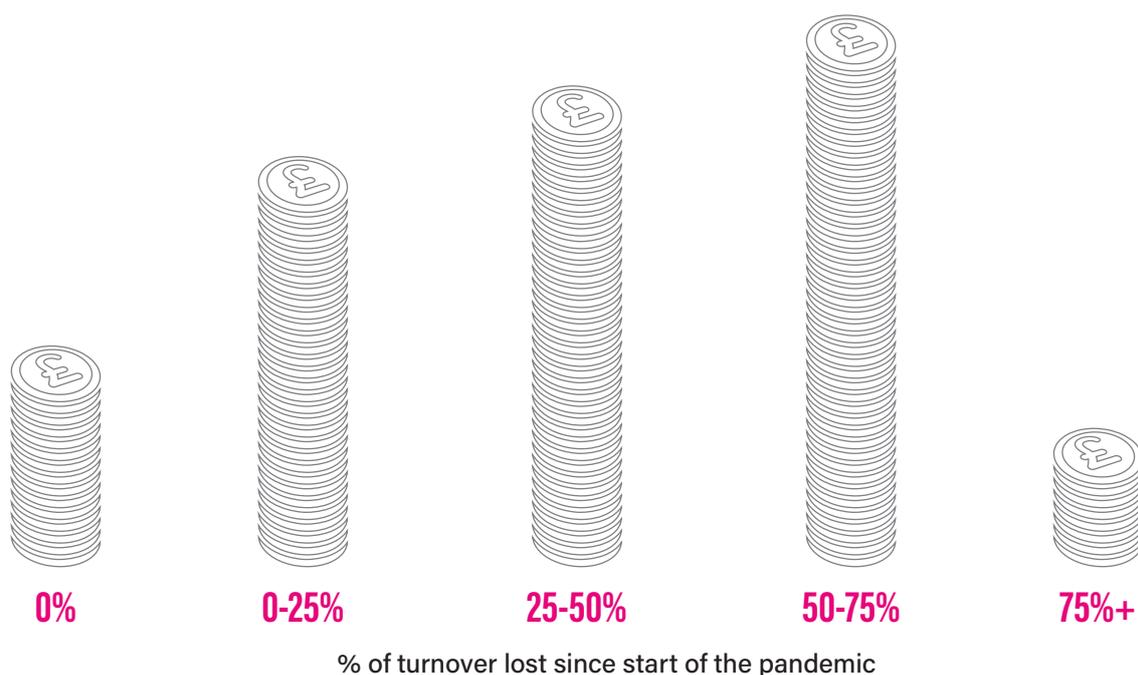
The borough has a clear economic growth plan. This places emphasis on growing the visitor economy, remodelling the borough's three town centres, supporting the manufacturing sector by growing employment sites and developing a small but burgeoning green economy sector.

Pre pandemic Rossendale was building a strong track record of economic growth. 73% of local businesses experienced up to a 10% growth in their turnover in 2019/20 (the year before the pandemic). In the last three years, town centre redevelopment proposals have been completed and major funding bids submitted, a heritage action zone has been established and new employment sites have been brought forward enabling both local businesses to expand and attracting other businesses to Rossendale. Rossendale is keen to grow economically and a modest injection of Government local growth funding would act as a good catalyst for business recovery.



How has Covid-19 affected businesses?

- 82% of businesses stated that Covid-19 has had a significant or hugely significant effect on their business
- The biggest effects for businesses were significantly reduced customer footfall and financial instability
- 77% of businesses had seen a 25% or greater reduction in their annual turnover this year (and 38% had seen a reduction greater than 50% of turnover)
- 422 business have become insolvent in the first 11 months of financial year - a 24% increase on the same period last year
- Businesses employing less than 5 staff have had to streamline their staffing by an average of 1-2 staff members over the last 12 months
- Larger businesses, employing more than 10 staff, have shown more resilience in their staffing levels especially because of the national furlough scheme.



The Government's business grant financial support has helped 1,599 Rossendale businesses so far, with £16.7m of funding. This was mainly concentrated on hospitality businesses. Similarly, the Self Employed Income Support Scheme and furlough scheme has been available to businesses to support their income (or cover a proportion of staffing costs).

At the start of the second national lockdown closed businesses (and those where demand is significantly reduced) have access to the Local Restrictions grant and a further £1.4m of funding the council is distributing on behalf of the Government.

Looking ahead to recovery, 53% of businesses have moderate confidence in the business environment. They are showing resilience and looking to the future, but in the meantime they need solid financial support to stabilise their business as a springboard to make a recovery. Hospitality and other businesses made to close are struggling but have access to some limited financial funding support. However, the following key business types are really struggling and need further sustained Government financial support:

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- **Supply chain businesses dependent on the hospitality sector experiencing significantly reduced demand**
 - **Leisure and cultural businesses dependent on the visitor and leisure economy - these remain closed and are likely to do so (or face restrictions) following the end of the national lockdown**
 - **Micro and small businesses not on the ratings list - 68% of businesses are at risk of collapse if sufficient financial support is not sustained. They need the existing financial support to remain in place whilst national lockdown/tier 3 equivalent lockdown restrictions are in place.**

68% of businesses are at risk of collapse if sufficient financial support is not sustained. They need the existing financial support to remain in place whilst national lockdown/tier 3 equivalent lockdown restrictions are in place.

We are asking the Government to provide sustained additional business grant funding of between £10m and £15m for the duration of any national or local lockdown. It is a strong probability Rossendale will remain in some form of restrictions up to the end of March 2021 or possibly beyond.

Locally, the leisure/cultural sector plays a significant part in both the local economy and improving resident's health and wellbeing.

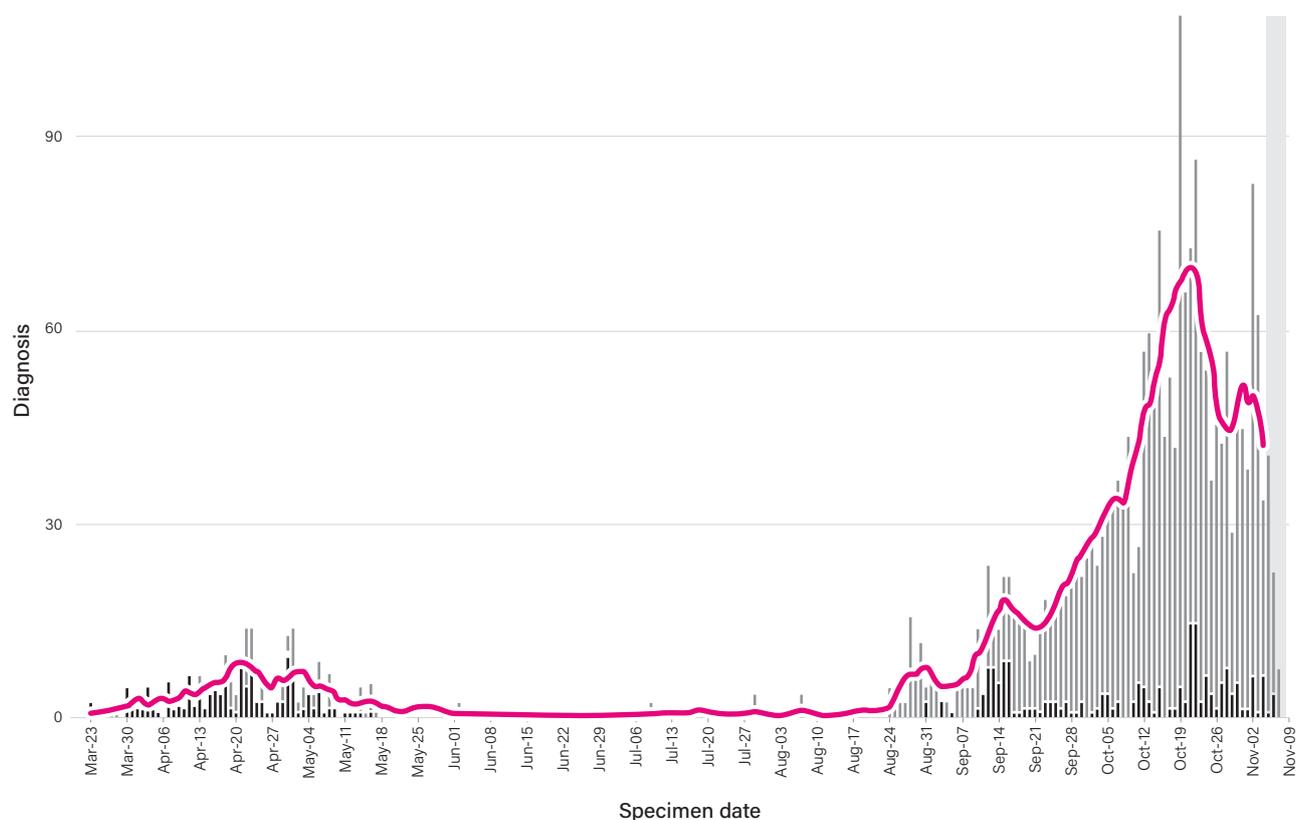
Rossendale's Leisure Trust has not been eligible for Government financial support since their first forced closure in March. The Government have indicated a decision on funding support for leisure trusts will not take place until sometime in January and will not cover retrospective losses for the first half of 2020/21. This process must be accelerated urgently to give the leisure sector confidence and to manage practical considerations such as cash flow.

Local cultural institutions such as the Whitaker Museum, East Lancashire Railway and our vibrant local theatres need financial support, in addition to funding schemes like the cultural recovery fund, to safeguard their future.

We are now asking the Government to give local authorities greater discretion over the local usage of the current grant schemes to help these three key local business sectors and an additional £3m to cover the projected losses for these leisure and cultural institutions for 2020/21.

How has Covid-19 affected local people?

The number of Covid-19 cases since the end of August 2020 have been significantly higher than during the first national lockdown. Rossendale, along with other parts of the North West, have experienced some of the highest number of Covid-19 cases nationally during the 'second wave.' This peaked at 430 cases per 100,000 population in a 7 day period in late October. The profile of cases is summarised below since the start of the pandemic.

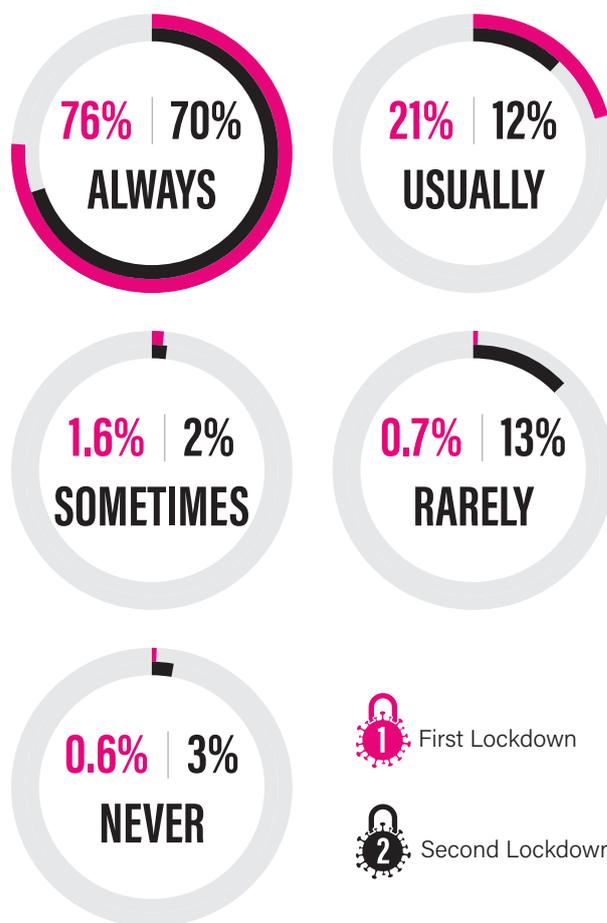


- **91% of people are still concerned in some way about the national Covid-19 situation**
- **90% of people are equally concerned about the local situation in Rossendale. A significant proportion of local people did not realise that case numbers in Rossendale are much higher than the national average**
- **75% of people stated they complied absolutely with Government distancing and working from home guidance during the first lockdown (with a further 20% 'usually complying')**
- **3% of people stated they undertook 'little compliance' during the first national lockdown.**

This reflects the generally strong support for the first national lockdown. However, residents' attitudes have changed.

- Only 58% agreed in some way with the tier 3/ second national lockdown measures
- 87% state they will always comply with social distancing guidelines
- 94% state they will wear a face covering
- 91% state they will use public transport only for essential journeys
- 84% state they comply with not meeting others outside their social bubble indoors
- There is considerable confusion amongst the public as a result of regularly changing Government guidance - 37% of people thought that you could not meet anyone outdoors under the tier 3 regulations when at the time you were able to
- 69% think the measures will probably or definitely not significantly halt the rate of infections.

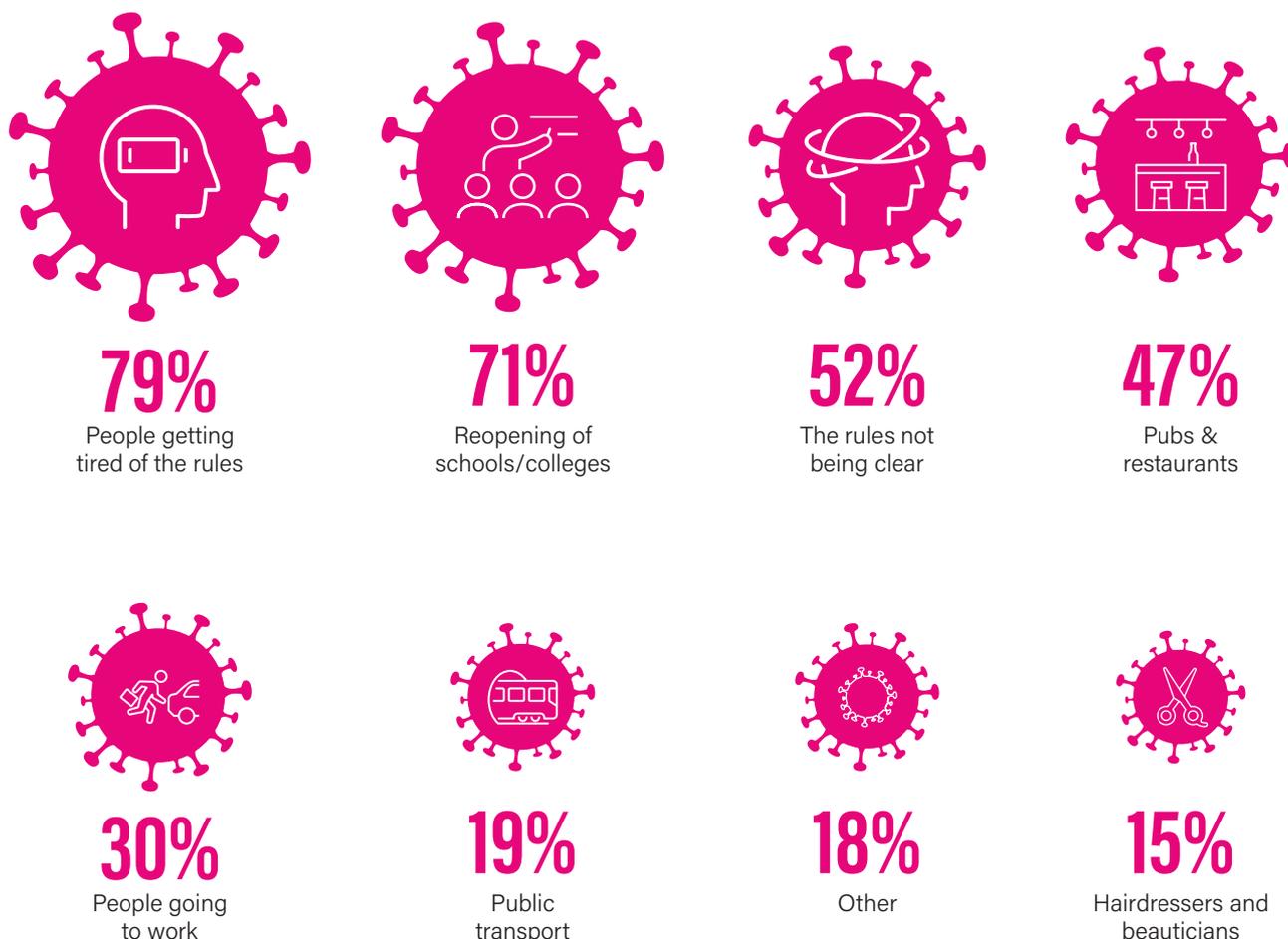
Adherence to the lockdown restrictions



Future lessons on community attitudes to Covid-19

Declining resident support for the second national lockdown restrictions has lessons for the relevance of restrictions and residents' likelihood to comply in the future. A range of reasons were given by local people for the increase in the number of cases:

What has contributed to the increase in the number of Covid cases



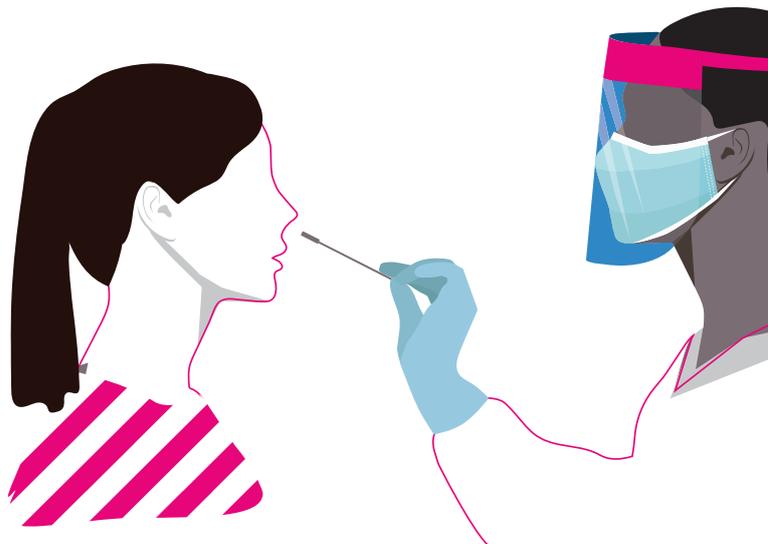
- **79% of people thought the recent rise in Covid-19 cases (second wave) are most likely due to people getting tired of the rules**
- **71% attribute the rise in cases to the reopening of schools/colleges in September**

The response to Covid-19 will only be effective if the public play their part. Most concerning of all, 10% of local people think the October very high level of cases 'just isn't that bad'. This reflects the growing public fatigue with the duration and restrictive nature of the tier 3 and second national lockdown.

There is a need for a fully effective test and trace system in place locally. A new local testing unit was established in Rossendale from 1 November. This complements the periodic siting of a military testing unit. Testing levels have been considerably higher than the national average since early September.

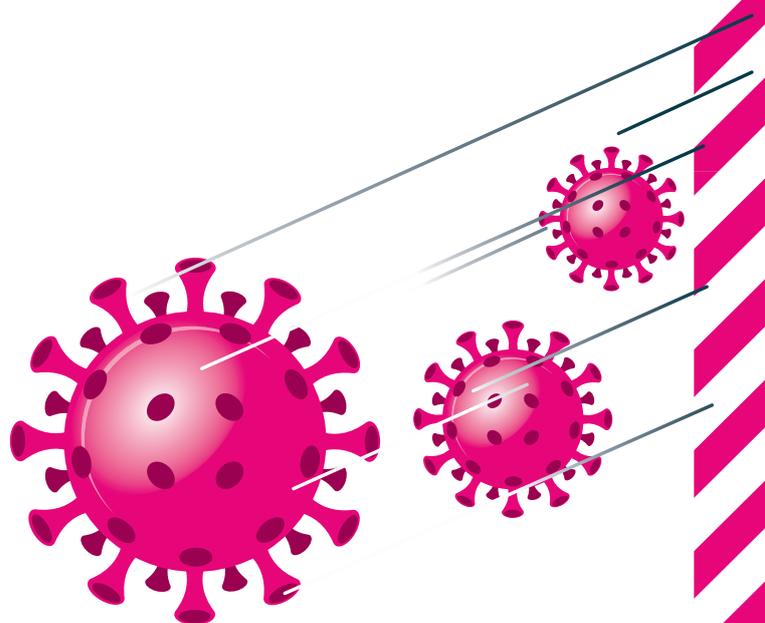
- **52% state the rise is due to the rules not being clear enough or confusing**
- **People are most likely to break the rules through a desire to see their family (54%), mental health reasons (46%) and the need to work (28%)**

Although the additional testing capacity has been introduced this has been slow to be established, lagging behind the increase in cases. Take up of testing is well within capacity. Testing in the first 10 days of opening showed only 51% of testing capacity was being used. The council took on additional tracing responsibility from early November which is helping. However, the tracing approach is still not strong enough and requires additional Government capacity or devolving to the more effective local model.



Actions already underway

- The Government's business grant financial support has helped 1,599 local businesses
- £1.4m of further Government funding to be distributed to businesses
- A range of smaller grant funding used to support hardship issues
- Council appointed a Covid-19 business advisor which has already supported over 60 businesses with advice and funding signposting
- The Rossendale Connected Hub has supported over 2,000 local people since the start of the pandemic, galvanising over 60 community groups to co-ordinate support.
- Local testing unit established in Rawtenstall from 1 November
- Council supporting the tracing approach with 70% effectiveness in tracing difficult to trace cases
- Extensive local communications activity across print, radio and social media
- Council and police enforcement on non-compliant businesses and residents



Conclusions

The impact of Covid-19 on Rossendale has been significant and this is likely to continue well into 2021.

It is essential that the Rossendale local economy makes a strong recovery from Covid-19. To do this, businesses need sufficient support to survive the pandemic and be equipped strongly to recover. The scale of the impact on local businesses has been significant. This is especially true of supply chain businesses dependent on the hospitality sector, leisure and cultural businesses and micro/small businesses who do not pay business rates.



The current financial support is welcome but not sufficient. Over two thirds of local businesses are at risk of collapse if sufficient financial support is not sustained. We need the existing financial support to remain in place whilst national lockdown/tier 3 equivalent lockdown restrictions are in place. Furthermore, we are in a position to maximise additional capital funding to accelerate local economic recovery, with significant recovery projects ready to go.

Rossendale Leisure Trust has not been eligible for Government financial support during the Summer. The process to allocate Government funding to support the leisure sector must be accelerated to give the leisure sector confidence and to manage cash flow. Local cultural institutions need financial support to safeguard their future.

Similarly, if the health of the local community is to be sustained local people must respond appropriately to contain and reduce the number of coronavirus cases until a vaccine is widely available. Measures to restrict interaction must also be appropriate and likely to engender public support. Local public attitudes have changed since the Summer. A high proportion of residents are not likely to comply enough with the current national lockdown restrictions. Measures must be appropriate and effective and extended periods of national or local lockdown are not likely to be sustainable in Rossendale.

There is a need for a fully effective test and trace system in place locally. Although additional testing capacity has been introduced in Rossendale the current approach needs to be scaled up and local take up of tests needs to be increased.

When the national lockdown ends in December any replacement restrictions must create an environment where the public have clarity about the rules and create the environment where people are more likely to comply. This has become challenging in Rossendale to the point where it is increasingly apparent it will not be possible to reduce the number of Covid-19 cases to the national average or lower if the current approach continues.

Rossendale

BOROUGH COUNCIL

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