AZETS

The Greater Peterborough Business Survey 2021

2021 survey results at a glance

Overview

Business Performance

47%

of businesses saw an improvement in performance in the last 12 months (higher than 44% last year but below 50% for the third year running)

65%

of businesses expect to see a stronger business performance next year (significantly higher than 49% a year ago)

40%

of businesses saw a decline in performance in the last 12 months (up significantly from a fairly consistent 22-24% in recent years)

Business Impact

43%

of businesses expect to increase staffing levels (34% in 2020) and 33% increase investment in capital projects (24% in 2020)

37%

of businesses stated that the COVID-19 had a positive impact on business performance

25%

of businesses said that Brexit has a negative impact on their expectations (down from 38% last year)

Business Obstacles

22%

of businesses say finding the right people is an obstacle to business growth

Recruitment

63%

of businesses find it challenging to recruit the right staff (up from 53% last year), the most difficult area being mid-managers

Premises

22%

of businesses anticipate needing to move premises in the next 5 years (29% in 2020)

About the survey

Thank you to those who responded to this survey looking at business confidence and performance across our business community here in Greater Peterborough.

We are all perhaps overloaded with data and information and yet we are often asked how businesses locally are performing. That is why this annual survey was instigated 8 years ago by Rawlinsons, who have since become part of Azets, in association with Opportunity Peterborough.

The survey results represent a snapshot in time, with participants responding during March 2021. Over the eight-year period of the survey we have built up a picture of performance and expectations enabling us to see how confidence is moving as the economy changes and as events in our nation and across the world impact on us.

Last year's survey was launched on 31 January 2020, the day the UK ceased to be a member of the European Union. We launched with confidence in the belief that 'the big unknown' was now known and that business could begin to plan for what Brexit would actually mean and therefore would be much clearer in their responses to the survey questions.

Little did we know – as part way through the period of last year's survey being open COVID-19 hit us from nowhere, resulting in the Brexit debate, at least for a time, paling into insignificance in terms of impact of the economic health of Peterborough, the nation and indeed across the world. Responses to last year's survey fell firmly in two very different camps: the 'early responders' and the 'later responders'. Two opposing pictures being painted: one of optimism and one of uncertainty and concern.

This year's report highlights how the year actually turned out, maybe some of the lessons learned as well as challenges and opportunities as the lockdown continues to unwind and as the Brexit deal struck at the end of 2020 takes effect.

In recent years we have included 'expert opinions' on some of the issues contained within the questions and your responses, giving their professional view of what is happening in their particular field. These provide valuable insight into specific areas and we take this opportunity of thanking each of the contributors for their time and input into this report.

We always value your responses to the 'free format' questions as they provide an additional insight into the mind of business leaders and invariably provide food for thought. This report includes those comments in full whether, or not, the views expressed coincide with the views of either Azets or Opportunity Peterborough.

If you have any comments on the survey please do get in touch. Similarly, if you have any thoughts about what next year's survey should include, again let us know – although we do of course wish to keep the survey as quick and simple to complete as possible.

Overview of the results

Mark Jackson
Partner
Azets

The last year seems to have been full of opposites:

- Those furloughed or having lost their jobs v. those who have been busier than ever and stretched to their limits;
- Those who love been able to work from home v. those who have struggled;
- Those who have not been able to see those closest to them v. those who have had more contact (albeit via video call) with some than ever before… and so the list could go on.

Your responses to this survey reflect how COVID-19 has impacted on businesses in completely opposite ways: some having the best year ever, others with no income and struggling to survive. There was little positive expectation in the later responders last year, but the actual results demonstrate that actually more businesses had a stronger performance last year (47%) than the year before (44%). The COVID-19 impact is shown by a significant swing in those showing a weaker performance nearly doubling to 40%. Businesses with little or no impact were in the minority.

As we dare to look forward in the hope that we will emerge from lockdown, business looks forward as well, with nearly two-thirds expecting to achieve a stronger performance in the next 12 months and growing proportions of respondents indicating higher staffing levels next year and a greater investment in capital projects.

Businesses across Greater Peterborough cover a wide variety of sectors and perhaps that is part of how we manage to be more resilient that other cities and, as Tom Hennessy highlights, it is great to hear some of the results of recent Centre for Cities reports.

Businesses are now dealing with the realities of Brexit and the deal that has been struck. It is interesting to see how our view of the impact of Brexit has changed over the years and whose views have ended up not too far from where we were at the start, with a large majority saying there will be no impact, but one quarter of you indicating a negative impact.

The main change is that now very few suggest a positive impact. The impact on supply chains and the complications of customs duty and VAT are perhaps some of the challenges that remain.

Issues with recruitment and finding the right skills continue to be one of the major challenges faced by businesses and the work being done by many in our city to continue to develop education and skills remains so important for the future.

It is good to see that the understanding of the circular economy and business involvement in addressing climate change continues to make progress.

Approximately 22% of businesses expect to need larger premises in the next 5 years, similar to recent years and with all the talk about what the future of home working might be, in response to a new question this year, 29% of respondents indicated they might be reducing office space going forward.

Perhaps many lessons have been learned over the last year and I was waiting with eager anticipation how our new question about what we have learned would be answered. As I started to read the responses, the same message kept coming out, that businesses can adapt and respond as circumstances around them change. Some respondents seem to express this was a surprise – as if they had not realised just what can be achieved when it needs to be. This ability to adapt is perhaps amongst the most important skills needed by leaders of any organisation. Hopefully we will not need to adapt to anything remotely like COVID-19 again – but we will continue to need to adapt to a changing economy, adapt to changing customer needs, adapt to a changing workforce with different needs and expectations, adapt to new technology and so the list goes on.

No doubt there are things we want to leave behind from the last year but we also move forward with those lessons learned and look forward to those improving expectations for next year coming to fruition.

Overview of the results

Tom Hennessy
Chief Executive
Opportunity Peterborough

It's safe to say this year's survey results are more eagerly anticipated than ever.

From the outset of 2020, the UK's exit from the EU was expected to test our economy, but as respondents have stated, the unexpected disruption from COVID-19 has been a bigger challenge.

Nearly every business has been impacted by lockdowns and remote working, but the effect on performance has been disparate. Tracking performance against the previous year, respondents were at a near even split across the five categories spanning much weaker performance through to much stronger.

Retail is a good example of how varied the impact has been. The high street's evolution was accelerated by lockdowns as large retailers who already faced financial challenges closed. However, digital retailers have grown and some retailers, like Debenhams, have been acquired by digital counterparts – in this case, Boohoo - who are keen to capitalise on well-established customer bases, and operational and logistical infrastructure.

We've seen first-hand how important digital infrastructure is to resilience. For businesses that had already moved towards integrated and smart digital systems the adjustment may have been smoother, but even investments made after the pandemic began will continue to support businesses' income and resilience long after they reopen their physical stores and offices.

Although the government put in numerous schemes to incentivise businesses to keep staff on their payroll, the jobs market has taken a knock. However, in a promising sign of recovery, and more good news for those actively seeking employment, Peterborough has posted the 8th highest recovery in job postings in the UK in April 2021 when compared to February 2020. The analysis from the thinktank, Centre for Cities, also showed Peterborough was one of just nine cities to see growth in their local jobs markets. This trend is reflected in the survey results too with 40% of respondents expecting a slight increase in staffing levels with very few organisations considering operating with fewer staff and nearly 50% expecting no change.

Nationally, youth employment has been a huge talking point and it's reassuring to see that many organisations are keen to engage with schools, and either recruit straight from education or create apprenticeships and traineeships – perhaps, in part, due to government incentives.

The proportion of people aged 16-24 not in education, employment, or training (NEET) in Peterborough has remained higher than average over the last few years and our Skills Service team is working with local employers, educators, and the national charity, Youth Employment UK to develop a comprehensive support network for young people to help them find and apply for work and support their early professional development.

In amongst the many changes that businesses have made, there was a concern that sustainability would be a poor relation. The results show a good proportion of businesses are still moving ahead with progressing circular economy principles, but not as prevalent as last year. Now we're rebuilding the economy, sustainable principles could be the key.

They can help businesses become more resilient, strengthen their local supply chains, improve operating margins and productivity by helping them extract the full value from resources and find productive uses for waste streams. Our team will continue to work alongside businesses to encourage the adoption of sustainable practices and overcome financial, infrastructure, skills, or technological challenges to achieve their sustainability and growth objectives.

It's been an unpredictable period, but I think one of the most promising takeaways is that 65% of respondents expect to achieve stronger, or much stronger performance over the next twelve months. For some it will be tough, but Opportunity Peterborough will be here to support your recovery with free, impartial, and expert support.

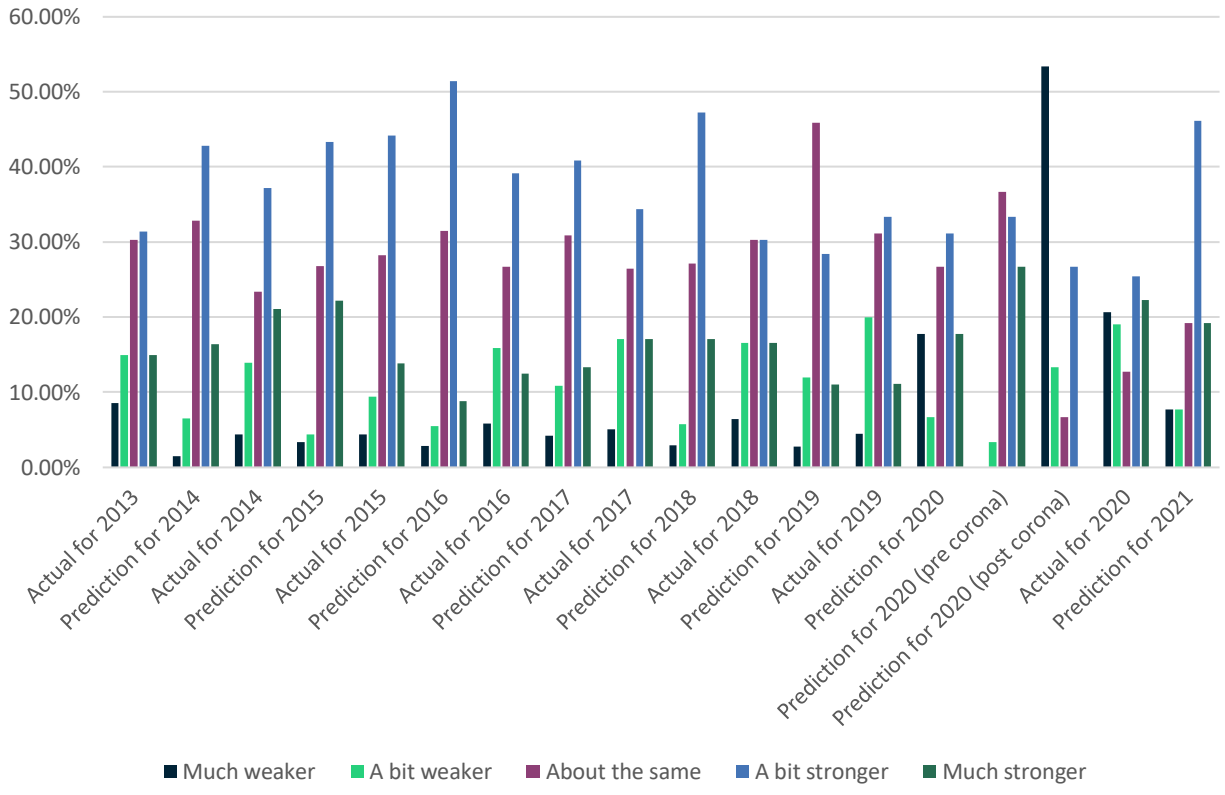
Business performance

Overview

Respondents were asked to review their business performance over the last twelve months as well as predicting the next twelve months. The graph below summarises this, showing the percentage of respondents' views of business performance split between those that performed worse, about the same or stronger than the previous year.

The source data for last year's responses are split between responses prior to the first mention of COVID-19 in the survey responses and those after that.

Predicted v. Actual Business Performance: % of respondents

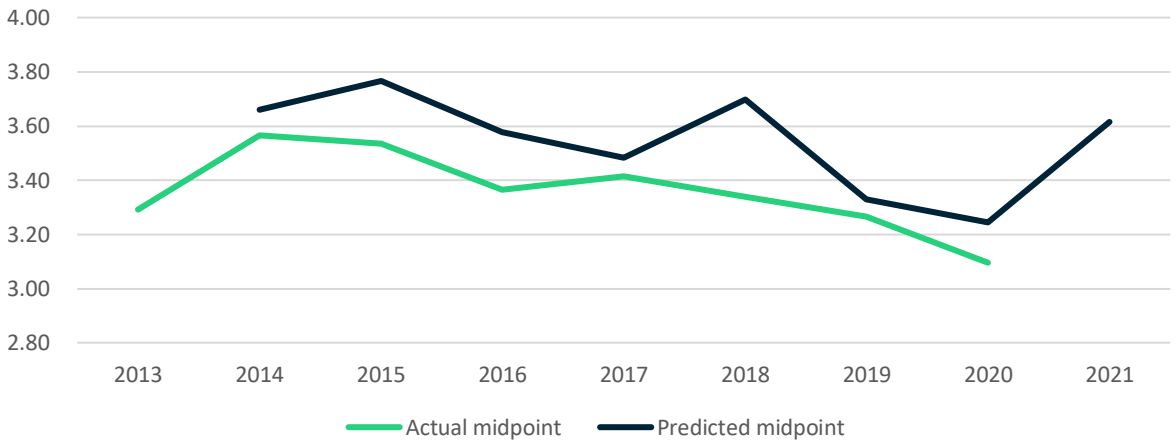


Overview *continued*

The graph below represents the same data as above but in a different format. Performance identified as 'about the same' is identified as a '3' on the Y axis, 2 being 'a bit weaker' and 4 being 'a bit stronger etc.

The graph lines identify the midpoint of all responses for actual performance and predicted performance.

Predicted v. Actual Business Performance: % of respondents

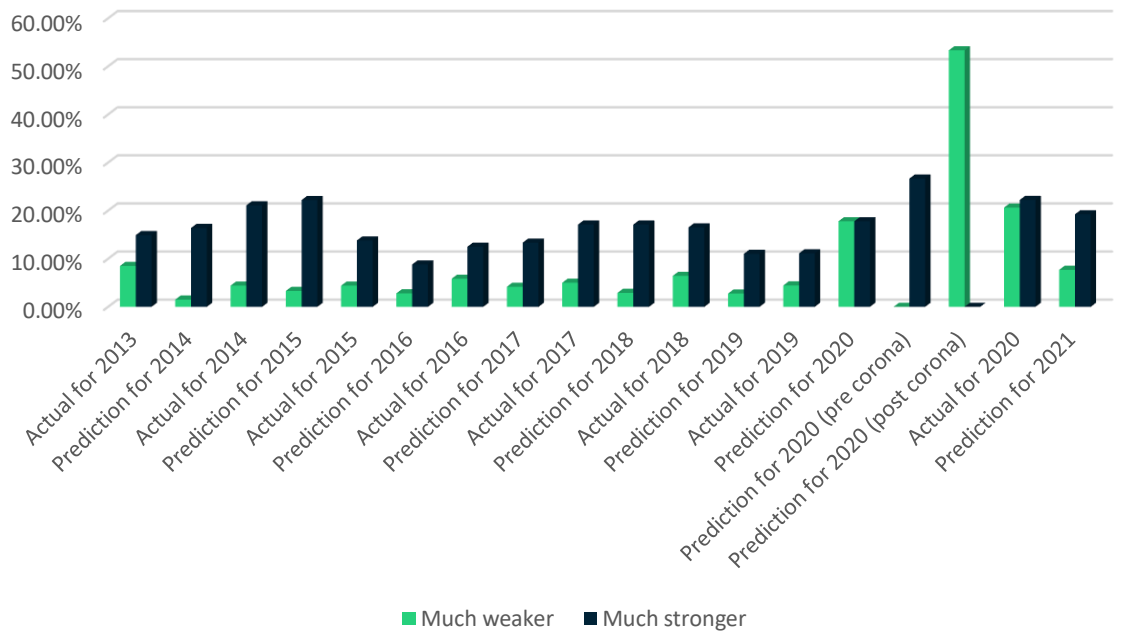


Business performance *continued*

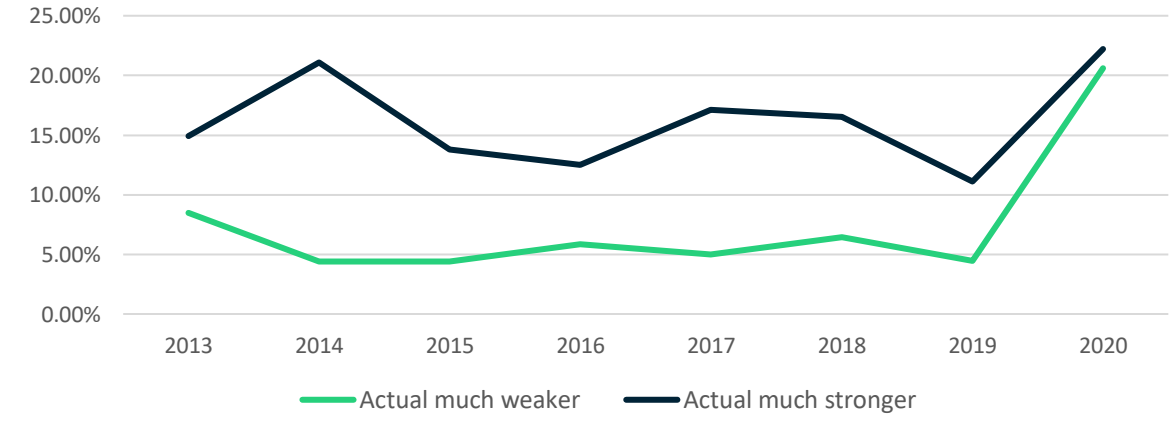
The extremes

The survey split the ‘weaker’ and ‘stronger’ elements into ‘much weaker / stronger’ or ‘a little weaker / stronger’. The graph below looks at respondents at those extremes.

Predicted v. Actual Business Performance: % of respondents



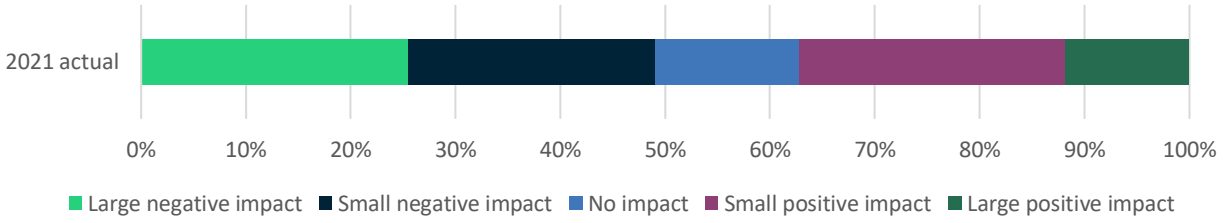
The graph below represents the ‘actual’ figures from the same data as above but in a different format, identifying how the extremes have moved over time.



Impact of COVID-19

We asked how last year's actual performance had been affected by COVID-19. Below is a chart showing the impact.

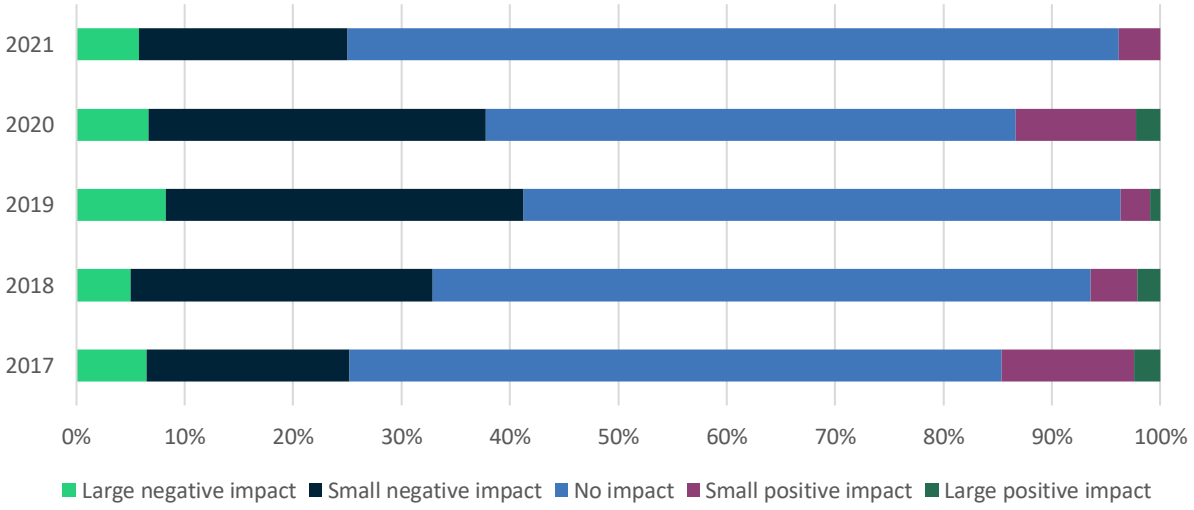
Impact of COVID-19: % of respondents



Impact of Brexit

We also asked whether the future predictions of business performance noted above had been affected by the decision to leave the EU. Below is a graph showing the anticipated impact in each of the last five years.

Impact of Brexit: % of respondents



Summary of the results

The results demonstrate the following:

1. Historically, between 50% and 60% of businesses have reported an improved business performance each year, with predictions generally proving to be more optimistic than actual performance. However, this fell below 50% for the first time in 2018 and has remained there since.

2. This year 47% of businesses reported an improvement in their performance in the last 12 months, staying below the 50% level for the third year running, but slightly higher than last year's 44%.

3. For the last four years the proportion of businesses with weaker performance had remained fairly consistent at between 22% and 24%. In the last 12 months however, this increased significantly to 40%, the highest proportion by far since the survey began.

4. Predictions this time last year were very split between the early and later responders. Actual results fall in between those extremes and proved not to be as negative as the later responders were fearing.

5. Future expectations are more positive, with 65% expecting an improvement in performance, almost at the highest level since the survey began. However, a relatively high 15% are predicting a weaker performance.

6. The graph showing the midpoint of actual performance shows a steady decline since 2014 through the uncertainty of our exit from the EU and COVID-19. The midpoint of predicted performance broadly shows a similar trend but with some optimistic spikes that historically have not materialised.

7. The graph showing the extremes highlights that the impact of COVID-19 on different businesses varies significantly, with those with a much weaker performance actually slightly outweighed by those with a much stronger performance.

8. The survey asked about how much COVID-19 had impacted on last year's performance:
   - This shows a negative impact for 49% of businesses, split evenly between those with a large impact and those with a small impact.
   - The impact of COVID-19 had a positive impact on 37% of businesses.
   - Only 14% of respondents were not impacted.

9. The survey also considered whether expectations for 2021 had been affected by our exit from the EU:
   - The largest proportion of businesses continue to predict that the decision will have no impact on their business. After a steady decline from 60% to 49% between 2017 and 2020, a much higher 71% are now predicting no impact.
   - Those anticipating a negative impact have fallen back to the level of 25% initially reported in 2017 after reaching 41% in 2019.
   - The proportion of respondents expecting a positive impact has fluctuated considerably and is now down to its lowest point of 4% with nobody predicting a large positive impact. This level was showing at 14% at its height.

10. In terms of the sector analysis, manufacturing companies and charities are indicating an improved performance last year, but expecting that to drop back down in the next 12 months.

11. Financial services and food and drink show the reverse with a worse performance last year but significant improvement next year.

12. Younger businesses are indicating that they performed better than older businesses last year and that is set to continue next year, with less likelihood of being impacted by Brexit or COVID-19.

13. The correlation is not quite as clear, but generally business performance of larger businesses has been more positive than smaller ones last year with the outlook remaining positive.

Positive impact

The survey asked respondents to name one thing that you have started doing in the last two years that has had the biggest positive impact on your business. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Focus

- Nothing different just carried on with original plan.
- Re-focusing on our core offering.
- Being organised and following values taught when working for other companies.
- Concentrating all our efforts on our construction business by letting go other arms of the business.
- Taking more time for myself and trying not to over book the work.
- Unfortunately - it's the pandemic as more people are starting to realise how important their weight is and a healthy BMI to help them stay healthy.

People

- Creating a working environment that attracts and retains the right type of employee, and by knock on, the best customers.
- Changing and overhauling the management structure.
- Working a four day week. We close on Monday's and pay our people 100% of salary for 80% of hours worked working flexibly Tuesday to Friday.
- Working from home.
- Working from home as opposed to client offices.
- Employed an office manager.
- Getting in an excellent FD.

Customer

- Strong marketplace post covid has had a positive impact.
- We have had to seek ways to diversify since COVID-19 struck and we have been able to open new markets particularly co-packing for manufacturers in the healthy snacking marking and also offering the same service to companies launching new products plus offering them a route to the hospitality market in which we are quite strong.
- We have transitioned our revenue streams to create new clients in new areas to deal with the loss of exhibition and event work.
- Increased product range.
- Engage more with our tenants and try to help resolve cash flow problems to suit both parties.
- Moving our face-to-face training courses online.
- Moving our training courses online.
- Switching to online provision.
- Virtual event hosting.

Projects

- Adding value to my properties.
- Animation projects.
- Starting the cinema development (£60m investment).

Positive impact *continued*

Marketing and networking

- No change, word of mouth is having greatest impact.
- More active social media presence.
- Substantial low-level & below-the-line marketing aimed at building our reputation as the place for local pre-start ups, start-ups, micro businesses (sole and ltd).
- We are also developing our website to include sales direct to consumer.
- Targeted marketing and being a part of local communities.
- Web marketing and the Peterborough Biscuit Business Event.
- We've launched into new markets and grown our sales team.
- Being involved in the local business community.
- Industry specific networking.

Finance

- Better financial management.
- Controlling and reducing debtor days - having bills paid more promptly has been essential during the pandemic.
- Gone after debtors without exception.
- Tighter control of overheads.
- Improved purchasing.
- Applying for grant funding.
- We have looked to diversify our income from more charitable grants to more service delivery, including R&D projects.
- Relational fundraising.
- Successfully found private external investment funds.

Systems and technology

- Streamlined the business to be more productive.
- Focus on efficiency improvements.
- Rebuilding process post covid put more emphasis in productivity per person.
- Enhanced our IT systems to be more flexible and robust.
- Invest in technology to allow staff to work remotely.
- Remote working and introduction of MS Teams.

Comment

Last year was a very mixed year with some businesses having their best year ever while others were struggling to survive. The numbers above demonstrate a significant shift away from the 'about the same' responses to extremes at both ends.

Thankfully actual performance for the majority was not as bad as feared by the later responders in last year's survey but it would be wrong not to acknowledge the huge struggles faced by many in simply trying to survive and those for whom the drastic loss of income has meant they have been unable to survive.

It is perhaps important to note that for those who have had a really tough year in 2020, they may be starting from a low position and therefore 'things can only get better'. Similarly, the reverse may be true: for those who had a really good 2020, the high may not be sustainable and therefore will be expecting a lower performance in 2021.

Despite the numbers being lower than we would hope for, they generally remain higher than those indicated by the ICAEW Business Confidence Monitor reports that come out each quarter, implying that Peterborough is outperforming many other areas in the country, perhaps reflecting in part the very diverse nature of business in Greater Peterborough.

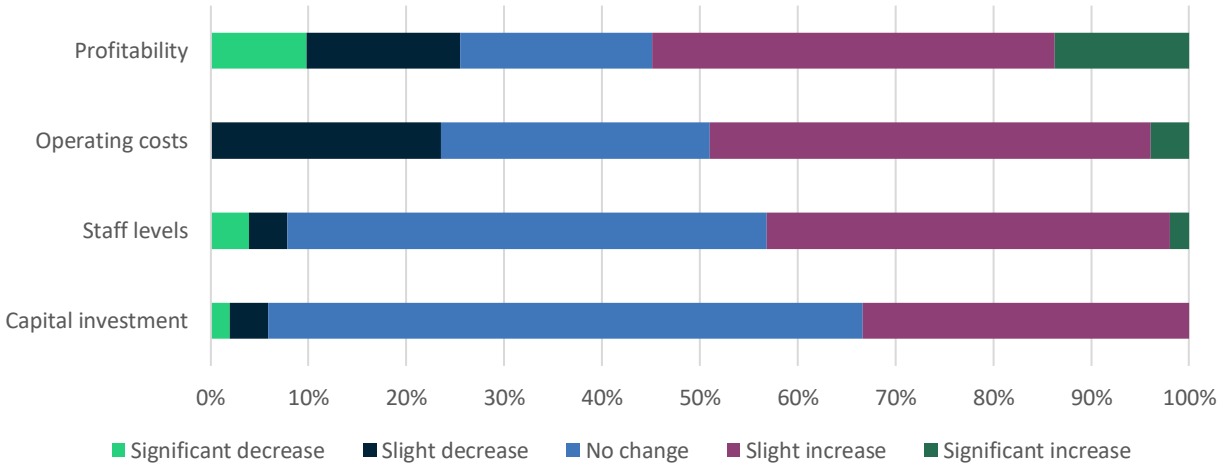
In last year's report we highlighted that it was too early to assess the longer-term impact of COVID-19, but we did not envisage we might be writing the same message a year later. At the time of writing, shops have just reopened, the vaccine has been offered to everyone over the age of 50 and cautious optimism is perhaps growing, but we do not know how quickly business will bounce back or indeed how long some form of restrictions may continue to be necessary.

It is also important to note that, while Brexit has moved away from the headlines it is still having an impact. Until this year this has perhaps been due to uncertainty but now it's the actual impact on supply chains and the need to understand the rules and paperwork, particularly around Customs Duty and VAT that is most important.

Expectations for the next 12 months

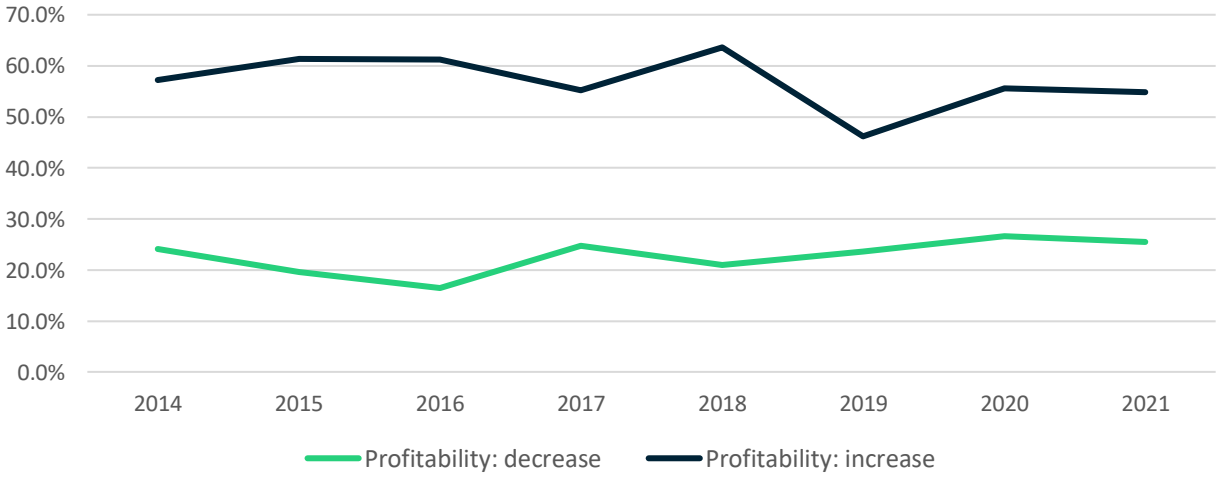
As we delve deeper into business performance, the survey reviews four separate areas of future expectations: profitability, operating costs, staff levels and capital investment.

Future Expectations: % of respondents

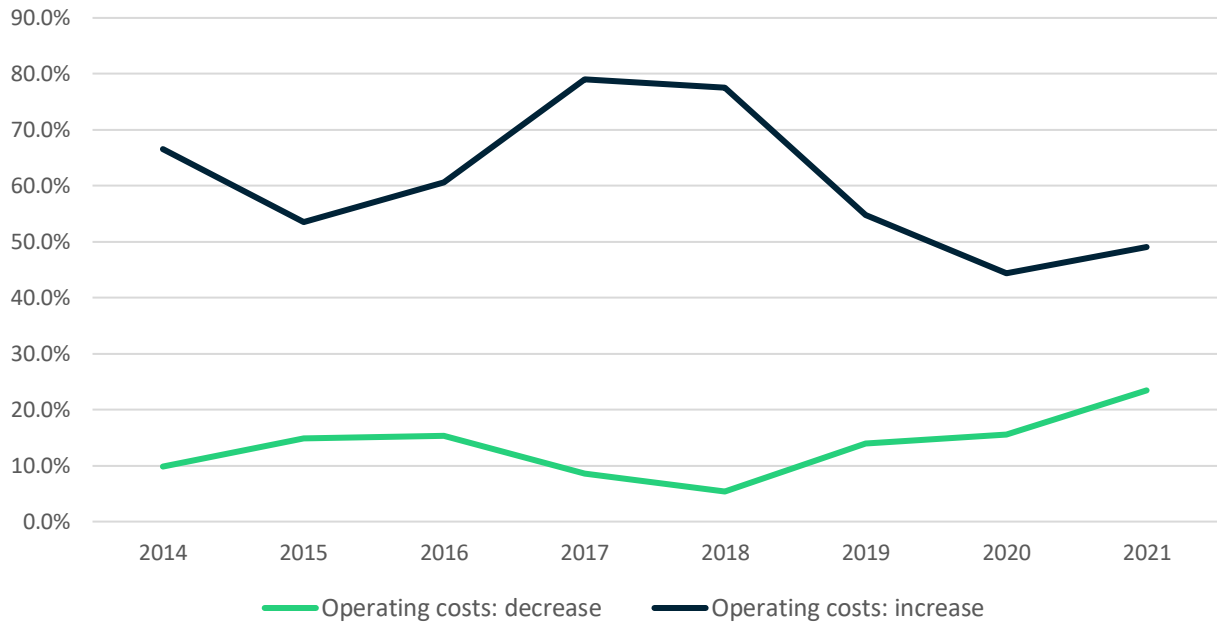


The graphs below indicate the trends in each of the four categories noted above across the years. They highlight the percentage of respondents indicating an increase or decrease in each category, ignoring the 'no changes'

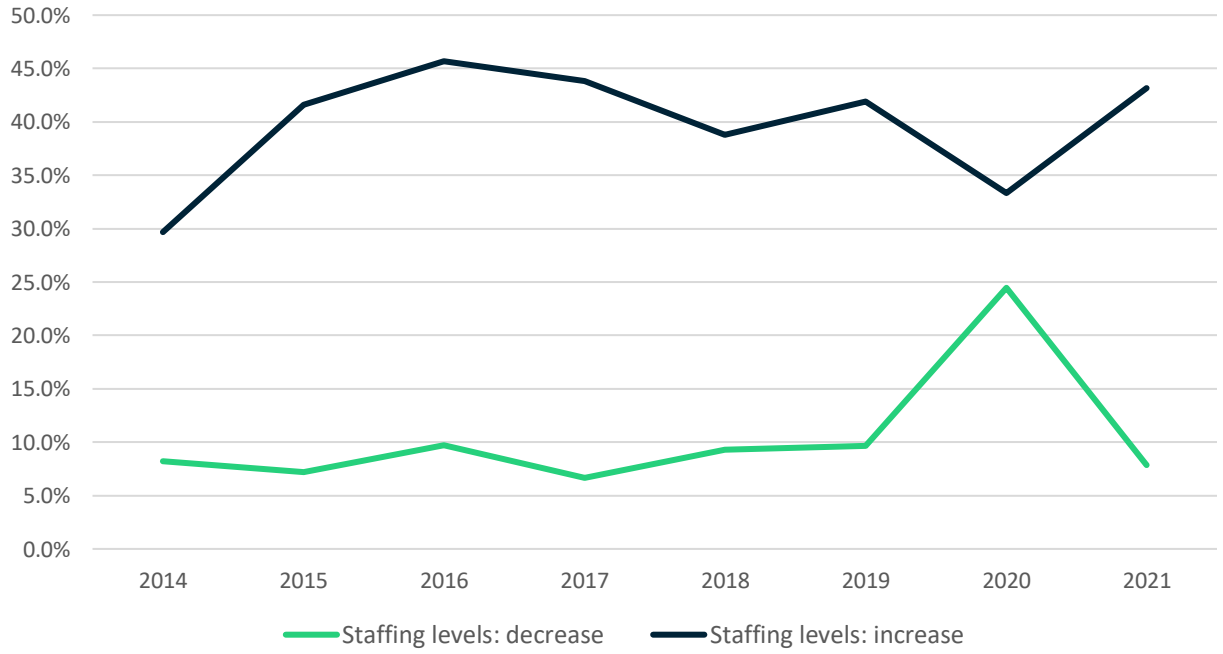
Profitability: % of respondents over time



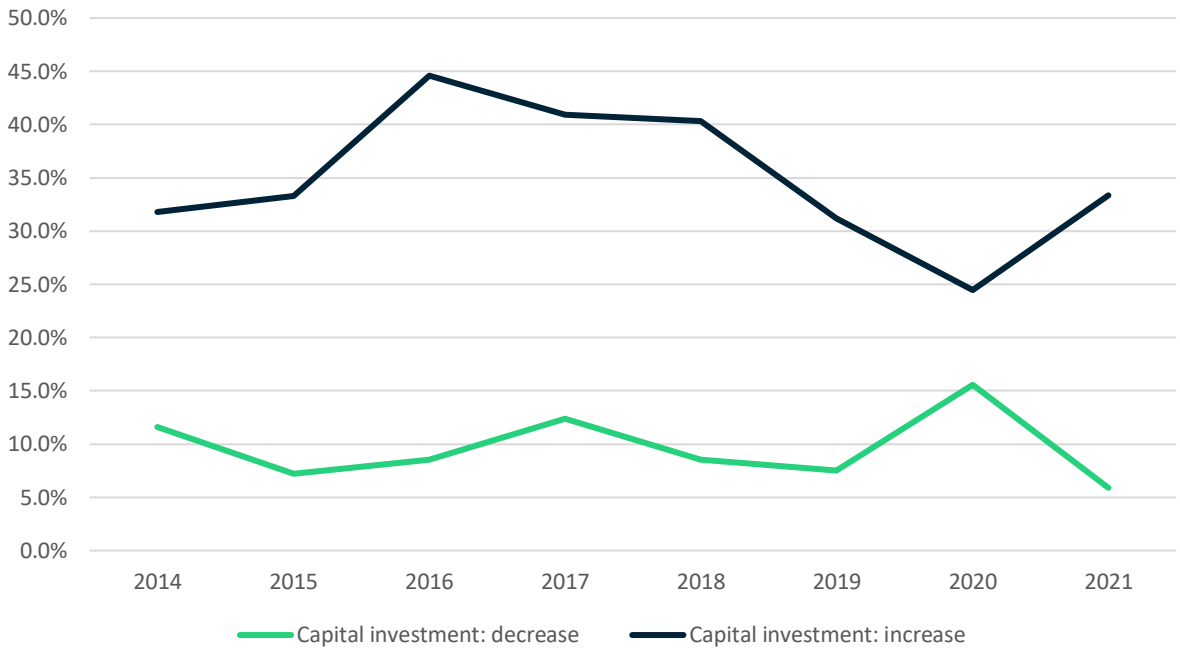
Operating Costs: % of respondents over time



Staffing Levels: % of respondents over time



Capital Investment: % of respondents over time



Summary of results

Profitability

- 55% of respondents are expecting an improvement in profitability in the next 12 months, similar to the 56% average last year, and bouncing back up after the dip from 64% to 46% in 2019, which was the lowest since the survey began. It is perhaps important to note that last year's average of 56% comprised of 70% from early responders with a low of 27% from the later responders.
- The proportion of businesses anticipating a decrease in profitability is 26% remains similar to the 27% average last year. Again, breaking down the average, only 10% of early responders were predicting a decline and 60% of later responders.

Operating costs

- The proportion of businesses expecting an increase in operating costs had fallen significantly between 2017 and 2020, down to 45% from a high of 77%. This year the figure has risen slightly to 49%.
- The proportion of businesses expecting operating costs to fall has risen from 16% to 24%, with no one anticipating a significant decrease in either year.

Staff levels

- 43% of businesses are expecting to grow staff levels in 2021, up from 34% last year and back up to a similar level shown in 2019.
- The proportion of businesses expecting staff levels to decline has decreased significantly from 24% to 8% back down to levels similar to those pre COVID-19.

Capital investment

- 33% of businesses are expecting to increase investment in capital projects next year, up from 24% last year. This takes us back to levels in 2019 but not as high as those shown between 2016 and 2018.
- For the first time in the history of the survey nobody is predicting a significant increase.
- Those expecting a decrease in the level of investment has fallen back to 6% from a high of 16% last year and back to levels seen in previous years.

Comment

Given the predictions on overall business performance, it is not unexpected that expectations in each of the categories have bounced back to pre-COVID-19 levels.

For some there has been so much to think about in the last twelve months, that time to think about future investment has been limited and, particularly with capital investment, it appears that an element of caution remains, perhaps as business waits to see the speed and scale of recovery in their own finances as well as that of their customers.

Obstacles to growth

The survey asks respondents to select up to three choices of what they consider to be the main obstacles to growth for their business. Last year we decided to refocus the question and listed some fairly specific obstacles which were grouped within six general categories.

The percentage of respondents who cited an obstacle within each of the general categories is noted below:

	2020	2021
Marketplace	74%	38%
People & skills	58%	38%
Business environment	37%	31%
Finance	26%	38%
Systems & process	29%	9%
Leadership	18%	13%

Each category was further subdivided within the survey and the full list of obstacles, together with the percentage of respondents who cited those obstacles is below:

Obstacle	2020	2021
Finance: Cash flow management	11%	8%
Finance: Accessing new finance	11%	16%
Finance: other	0%	5%
Marketplace: Growing domestic trade	11%	10%
Marketplace: Accessing international markets	4%	0%
Marketplace: Keeping up with market changes	11%	3%
Marketplace: Predicting market changes	11%	6%
Marketplace: Responding to competition	7%	5%
Marketplace: Telling your story	7%	2%
Marketplace: Understanding how to get the most out of marketing	7%	2%
Marketplace: Other	4%	5%

Obstacles to growth *continued*

Obstacle	2020	2021
Systems & process: Poor data on customers and potential customers	7%	2%
Systems & process: disparate systems	0%	3%
Systems & process: Identifying future technology	0%	0%
Systems & process: Adopting new technology	11%	3%
Systems & process: Improving productivity	4%	5%
Systems & process: other	0%	0%
Business environment: Planning or local government bureaucracy	9%	6%
Business environment: Premises - finding or adapting	2%	0%
Business environment: Licensing & regulation	2%	6%
Business environment: Incubation space	0%	2%
Business environment: Accelerator programs	0%	0%
Business environment: Digital infrastructure	2%	5%
Business environment: Power infrastructure		0%
Business environment: Transport infrastructure (road / rail)	0%	0%
Business environment: Availability of sector networks	2%	3%
Business environment: other	13%	5%
People & skills: Finding the right people	27%	22%
People & skills: Retaining the right people	13%	6%
People & skills: Nurturing the right culture	4%	6%
People & skills: Availability of appropriate training	0%	0%

Obstacles to growth *continued*

Obstacle	2020	2021
People & skills: Affordability of appropriate training	2%	3%
People & skills: Access to knowledge transfer partnerships	0%	0%
People & skills: other	2%	0%
Leadership: Finding time to do everything	9%	8%
Leadership: Learning when to delegate and when to get involved	2%	3%
Leadership: Deciding when to change strategy	4%	5%
Leadership: other	0%	2%

Comments in the 'other' categories noted above include:

Marketplace

- Marketplace - competition markets authority

Finance

- Finance - deciding priorities
- Identifying new funding streams with the exit from Europe for R&D.
- Finance availability to my tenants

Business environment

- Confusion over IR35
- No one in our industry knows when, if ever, events will be allowed to return and, if they are, in what form. Planning, at the moment, is impossible.
- Possible lockdowns and more restrictions for the hospitality industry.

People & skills

- I am a one person business so quality control is down to me alone, I do not want to expand. I do not need to expand.

Leadership

- Leadership and priorities of other organisations.

Summary of results

Whilst the detail of the question changed last year, the general nature of the responses did not change, with both the marketplace and people and skills at the top of the list of obstacles again. This year, finance has joined them in the top position.

Within the detail 'finding the right people' continues to be by far the highest individual score, with 22% (2020 – 27%) of respondents putting that in their top 3 obstacles. The next highest is 'accessing new finance' up from 11% to 16%.

Support required

Respondents were asked what type of support would make the biggest difference to overcoming the obstacles noted above. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Finance

- More income.
- Government funding.
- Access to what I call large-scale public sector funding (but in the scheme of things is not that large). We have proven that we can operate successfully and deliver results for the Peterborough community. We are hindered by our narrow profit margin which means we cannot easily expand the service to help more people/businesses. We are operating at 96% capacity and cannot increase our capacity without access to another facility / premises.
- An injection of investment, with reduced interest and long-term payback. This would allow us to increase the salesforce - but they are a COST for at least 12 months, until they are in a position to quote and sell confidently and efficiently. Training is constant.
- Banks showing more balls to lend and doing so much quicker than the appalling rate at the moment.
- Better access to finance.
- Cheaper finance.
- Grants rather than loans to SME's.

People

- Recruitment.
- Help with finding suitably qualified and experienced staff.
- Increased funding for developing the skills of existing personnel.
- Training in financial risk assessment.
- High profile of the relationship between investment in staff wellbeing and profitability, especially in a post-Covid environment.
- We are in new territory with respect to de merger, hence we will be learning as we go.
- Wider range of skill set on charitable board.

Regulation

- Stop trying to make huge profits for your cronies and start investing in proper training.
- The Government actually providing a proper training system for those 18-24.

Marketing

- Finding ways to have our story and background reach a wider audience.
- A focus on the benefits of shopping local and investing in the community by buying services from charities instead of just going with the big global players.

Regulation

- Government clarity. The flip flopping of Covid policy changes and endless sound bites isn't helping.
- Information that can be acted upon.
- Planning and local government helping us to accelerate planning applications.
- Business rate relief, reduction in property taxation.

Other

- Probably seeking the right advice and receiving same.
- Introduction of fibre to the premises to rural office in Cambridgeshire (proposed 2022). Support from Connecting Cambridgeshire and anyone else who wants to try to make it work for us.

Comment

This analysis clearly shows the consistency in the main obstacles facing businesses, reflecting the fact that people and customers are key to the success of any organisation. Finance has been a particular challenge for many in the last year and so again, it is not surprising that it joins the others at the top this year. The finance industry would suggest that more finance has been provided to business in the last twelve months than ever before, but scope to benefit from that, for some, remains difficult.

Finding the right people for any organisation continues to be a particularly interesting topic. Many recognise that as technology impacts more and more on the workplace, the type of skills needed is shifting. Perhaps one of the biggest skills needed is that of being able and willing to adapt and learn quickly as circumstances change around us. Interpersonal skills must also never be forgotten and indeed many argue that this will become more important over time.

Business challenges

Respondents were asked to say what the greatest challenges are for their business in the coming year. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Focus

- Getting the business back up and running again after a 3 month lockdown.
- The demerger of the organization.
- Business uncertainty & confidence.
- Lots of uncertainty.
- Surviving.
- Lack of the wider business confidence over Brexit which will filter down in time.

People

- Personal barriers.
- Recruitment.
- Recruitment.
- Finding additional, suitably qualified and experienced staff for growth.
- Recruitment and retention of skilled and trained staff.
- Shortages of skilled personnel.
- Attract the right talent.
- More agile working - enabling staff to work from home, as a matter of choice, and still creating the team / firm culture.
- People pivot away from flexible, low-cost serviced workspaces to work-from -home workspaces. Either the spare room or garage/shed or have a purpose built space created.
- Remote working and so team cohesiveness.
- Returning to the office.

Customers

- To maintain our growth.
- Inability to access customer sites for new equipment.
- People working from home has reduced our corporate income by about 20-25%. At the start of lockdown we had a period of no income whatsoever. We rely on income from other businesses, so if they are struggling, we struggle. If they are working remotely, they do not use our services as widely. Many of our services, although now offered online, are preferred in a face to face environment.
- The greatest challenge is Covid-19. I'm a specialist in the hospitality sector so the lockdowns and restrictions have had a massive impact. If we have more of the same it will be a disaster having had little financial support over the last year.

Business challenges *continued*

- Building new services for the post pandemic world of world.
- Customer confidence to return to a shopping environment and the increasing use of the internet .
- Identifying the biggest challenges for our clients so that we can help them overcome these - there is so much uncertainty with our clients currently that they don't know where to begin.
- The timeline of a transaction from initial enquiry to completion has been extended significantly due to uncertainty in the market.
- Events being allowed to return in any realistic form.
- Continued delivery of projects around the uncertainly of the Covid restrictions.
- Acquisition of new corporate clients.
- Competitive pressure.
- Ensuring clients pay the correct rate for our services.
- Keeping all tenants happy.

Supply chain

- Recession affecting suppliers.
- The supply chain.
- Sourcing materials was most difficult issue but appears to be getting easier.
- Export and import of spare parts from EU.
- Brexit effects on EU fresh produce import business.
- Brexit WILL haver a detrimental effect - we are beginning to see delays on European deliveries, so the impact will be seen this year and it will be Brexit and not Covid that causes any problems.

Finance

- Cash flow.
- Cash flow and sales.
- Income generation and sustainability into the future.
- Many small charities bidding for the same funding.
- Certain funders unable to take bids due to the impact COVID has had on their finances.
- The Covid impact on the business we work with through B2B activities and sponsorship / donation we receive.
- Funding for helplines.

Regulatory

- Legislation changes.
- Resistance of the local councils to recognise the need for schemes that will help the country build out of the covid damaged economy.
- Slowness of the public sector to keep pace with plans e.g. the lack of speed and accountability in the planning department.
- Change in IR35 legislation.

Other

- Moving offices in London.
- Looking to upgrade IT platform.

Business opportunities

Similarly, respondents were asked to say what the greatest opportunities are for their business in the coming year.

This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Customers

- Further expansion.
- Moving out to other locations within 1 hour of Peterborough.
- Continuing our growth in the USA.
- We are eventually getting known.
- Continued development of the cinema project and the increased PR that will create as we near completion.
- Increasing rents due to inflation.
- Re-establishing within the healthcare sector as a smaller (and much more successful) unit of healthcare delivery unit.
- The food and beverage Industries will continue to be buoyant and they have always been a large portion of our core business.

Customer - new opportunities

- Coming out of lockdown.
- Global economic recovery.
- Getting the business back to it pre covid days in the quantity of work.
- New businesses opening post pandemic UK.
- The boom which will inevitably come once the economy opens up.
- Buy British campaign following the difficulties of importing non-British foods to UK means more manufacturers are looking for machines, UK appears to be moving focus on food to UK suppliers.
- Businesses 'bouncing back' require refinance and new finance to grow their business so expecting more demand.
- Demand is there from start ups and businesses that want to expand but the challenge is getting the building schemes agreed in a timescale that keeps continuity of employment for our team.
- Focus on delivery of virtual services to appeal to people and businesses that do not want a permanent bricks and mortar premises.
- Growth in number of people wanting large building extensions / conversions.
- Helping clients move to new ways of working, new ways of leading and new ways of managing their people.

Business opportunities *continued*

- Holiday in the UK will increase demand for our business.
- If mental health is on the agenda and businesses recognise the benefits of early intervention and investing in staff wellbeing, this will positively affect our income. Raising awareness and advertising the benefits of this will be high on our priority list for the rest of this year.
- Lots of construction projects are being accelerated by the government.
- Many health networks now resourcing externally to the NHS.
- More people want to be outside so will need horticultural services.
- New revenue streams from an alternative product range.
- Opportunities in our largest sector, which is new build social housing.
- The political and social agenda around climate change is having an increase in demand for our expertise.
- Virtual events.
- Virtual, price competitive offerings.

Competition

- Business growth as competition has been hollowed out.
- The only other competition in our area has sold to a company further away, so we are the only local city presence for compressed air.
- Will be my competitors retiring due to the lack of work over the last year.
- Increasing market share.

People

- Being able to service the growing demand of works through being able to have skilled and experienced personnel available.
- Flexible working.
- Embracing the pro's as well as cons of remote working.
- People's mental health and wellbeing.
- Growth through new joiners who are seeking a work life balance which a Peterborough location can offer and which London cannot.

Other

- Working in partnership with statutory services.
- New insurance contracts and improved supply chain.
- To learn the lessons from Covid, moving towards being more digital.

Comment

As we would expect, the lists above contain some very general comments as well as some that are very specific to an organisation's particular circumstances.

Over the last year we have seen leadership skills tested to the limit with the volume and speed of changes that have needed to be made. In one sense the general nature of the challenges faces by business are always likely to remain similar but many faced all of them at the same time in 2020.

Personal wellbeing receives a brief mention in some of the responses and many leaders will have been working at a greater pace in 2020 than ever before, without proper breaks and time away on holiday. Many conversations with clients at the start of this year reflected a weariness and a dwindling of energy and maybe some of us will need to re-learn how to 'stop the week' and allow the body and the brain to recover.

While, for some, it may still be difficult to even begin to contemplate what the future might hold, many will be seeing new opportunities. The longest list in the analysis above relates to new opportunities with customers – new ways of working and demand for skills, products and services that were not previously available.

So the need to free up time to look ahead and adapt to the needs of customers has perhaps never been so great for those who want to thrive in years to come.

Expert opinion

Banking and Finance

Mark Barrie
Director of Banking & Finance
Azets

A year like no other!

When my colleague, Mark Huddlestone, wrote his expert opinion a year ago, none of us could have truly envisaged what would lie ahead in the next 12 months.

The last 12 months have truly been a challenge for the UK Economy, businesses and business owners. The COVID-19 pandemic has changed our daily lives, both from a business and personal perspective. There is only one word that springs to mind here and that is **Remote**!

Not only has the UK (and the World for that matter) had to deal with the pandemic but we have also had Brexit to contend with. Somehow, Brexit seems to have taken somewhat of a backseat during these uncertain and unsettling times. However, I do understand and recognise that Brexit has of course brought new challenges (and will continue to), especially around costs and controls, affecting importers & exporters and associated trades.

Turning to the banking and finance landscape; COVID-19 funding, more commonly recognised as Bounce Back Loans (BBLs) and CBILS loans amongst SMEs, have been a great help to UK businesses but not everyone was able to access them, nor to the level of financing that they would have necessarily liked to.

BBLs and CBILS loan schemes have now closed, with the deadline passing on 31 March.2021.

The new Recovery Loan Scheme (RLS) has been announced, coming into effect on 4 April 2021, with further details being found at the British Business Bank website https://www.british-business-bank.co.uk/

At the time of writing, only 23 lenders have been Accredited for RLS, with many more expected to be Accredited over the coming weeks and months. The feedback from the major high street banks and other lenders, is that they are still going through the finer detail of the scheme and time will tell how beneficial this new initiative will be for UK businesses.

The principal of the RLS scheme though, should be to promote businesses recommencing trade and hopefully see a return to pre-COVID-19 trading conditions.

Businesses will need assistance to get back on their feet, bring back employees from furlough, adhere to any COVID-19 protocols and working conditions, whilst also looking to the future, to provide funding support for growth and expansion.

RLS has some similar features (to those of the BBLs & CBILS) i.e. no personal guarantees for lending below £250,000, maximum term of any financing will be six years (loans and asset finance) – this does reduce to three years if an RLS overdraft or invoice finance is taken. However, interest payments must be serviced immediately (unlike the 12 months holiday that came with BBLs and CBILS).

In summary, it's early days for RLS but hopefully banks and other participating lenders will positively look to support UK businesses, as restrictions are lifted, and the economy begins to revive and thrive once more. Time will tell.

The months and year ahead…

We have seen many of the high street banks restricting their sector lending policies, especially to those hit hardest by the pandemic. These include but are not limited to; retail, hospitality, leisure and commercial investment related trading activities.

The road ahead will undoubtedly by difficult to navigate and there will be bumps along the way for sure, so now is the time for businesses to review costs and I'd specifically urge those with finance facilities to look at what it's costing to have these arrangements in place.

I've seen many clients save thousands of pounds, when they've switched providers, especially those that use invoice finance facilities and term related funding (such as commercial mortgages and loans).

Expert opinion *continued*

In addition, now is the time to closely monitor foreign currency conversion, particularly those that export their goods / products or import raw materials / finished goods etc. There are potentially huge savings to be made by using the right currency provider.

The Chancellor did report some positive news in the Budget, back in March 2021, in the form of 'super-deduction'. The new capital allowances offer means that businesses will now benefit from four significant capital allowance measures:

- The super-deduction – which offers 130% first-year relief on qualifying main rate plant and machinery investments until 31 March 2023 for companies
- The 50% first-year allowance (FYA) for special rate (including long-life) assets until 31 March 2023 for companies
- Annual Investment Allowance (AIA) providing 100% relief for plant and machinery investments up to its highest ever £1 million threshold, until 31 December 2021
- Within Freeport tax sites, companies can access new enhanced capital allowances (ECA+) and companies, individuals and partnerships can benefit from an increased level of structures & buildings allowance (SBA+) for investments until 30 September 2026

In the next 12 months we fully expect to see more businesses acquire new assets, seek financing for these purchases and we also anticipate many others will look at other ways of replenishing cash, by refinancing existing assets, such as plant and machinery.

To close, the year ahead will all be about cash (flow), where "cash is king" as the old saying goes. I expect many business owners to re-evaluate the working capital needs of their business and seek finance to aide their business recovery, revival and expansion.

Expert opinion

Brexit and Customs Duty

Lucy Sutcliffe
Director of National Customs Duty
Azets

The International Trade Environment in a Post-Brexit World

During the second half of 2020, UK businesses were facing different challenges in addition to what would have been their usual anticipated and planned 'business as usual' considerations.

These challenges centered around the developing grip of COVID-19 and the associated operating restrictions faced by many businesses across sectors, together with the uncertainty around the UK's post-Brexit position following its withdrawal from the EU's Customs Union and Single Market.

For many businesses, the initial customs and trade focus was to seek to preserve and protect the longevity of their business, their livelihoods, and the livelihoods of those individuals who they employed.

The commonality between all businesses was that their supply chains, pricing policies, costs, future expansion, or the contraction of emerging and existing markets would be impacted. The level and degree of this impact may have been felt more immediately by some, for other it may take some time to truly come to the fore.

By December 2020, the subject of the then still ongoing EU-UK trade negotiations grew and grew, with a great deal of speculation from different sources – in the UK and the EU – around the ultimate unanswered question - 'will they' or 'won't they' - agree a deal in time for the end of the Brexit Transition Period. This pivotal unanswered question created even more uncertainty as the end date of 31st December 2020 loomed.

Finally, a trade agreement was struck between the UK and the EU just 7 days before the end of the transition period, although the agreement has not yet been formally ratified by the EU and its members.

With such late notice of the trade agreement, businesses had to deal with many post-Brexit hurdles connected to their individual supply chains at considerable pace and perhaps without really understanding the longer term implications.

From 1st January 2021, the EU-UK trade agreement and other related changes already announced by the government were introduced. There was no hotly anticipated 'implementation period' or 'settling in period' for the changes to take effect.

Businesses have had to get to grips with the changes and digest, interpret and implement procedures to meet the new customs obligations and rules, connected with the movement of goods and the supply of services between the UK and the EU.

Obviously, the new year did bring with it some fundamental changes for many businesses which has resulted in many having to make some very difficult decisions and revise their financial projections and costing exposure.

These included the introduction of:

- Customs formalities for goods moving between the UK and the EU in the form of the requirement to submit import and export declarations.
- The misconception that the EU-UK Trade and Cooperation Agreement (TCA) is a 'tariff free' trade agreement, when in fact it is a 'tariff preference' agreement.
- The interpretation and application of the rules of origin associated with the EU-UK TCA, which has created and continues to create some serious hurdles for businesses which use the UK as a 'distribution centre'.
- The introduction of import duties for the secondary onward movements of goods from the UK to the EU, where there has been no substantial transformation of the goods in the UK.
- The introduction of other UK-EU non-tariff barriers, such as import and export licences, health certificates etc.

continued....

Expert opinion *continued*

- The removal of some of the VAT simplifications such as 'triangulation' and the potential requirement to be VAT registered in the EU, if you are deemed to have made a supply there.
- The Northern Ireland Protocol, which presented additional provisions connected to the treatment of goods and services supplied to the Island of Ireland. This resulted in Northern Ireland being aligned with both the customs territories of the EU and UK simultaneously and a corresponding 'dual tariff' position.

The overarching concern for many businesses appears to be the perceived lack of concise, consolidated information such as a process map which could explain – in layman's terms - the changes which may impact their individual supply chains. This would allow business to cut through the 'white noise' of information and procedures which would not be relevant to their supply chain operations.

Whilst it would be easy to concentrate on what may be perceived as the negative effect of a post-Brexit trade environment. The new year did bring with it some often overlooked positive trade changes and respite from unexpected quarters.

These included the introduction of:

- The implementation of trade deals with other countries which had been negotiated in the margins in anticipation of the end of the Brexit Transition Period, coupled with negotiations with other countries which are still ongoing.
- The UK's own UK Global Tariff which – in many cases – 'undercuts' the EU Common External Tariff.
- The introduction of Postponed VAT Accounting which allows import VAT to be accounted for through the businesses VAT return, without having to pay this element at the UK border to clear goods. This represents a 20% cash flow saving for many businesses.
- The UK's withdrawal from the EU's Common Agricultural Policy (CAP), which translates to no additional duties levied on certain agricultural goods imported into the UK.
- The deferral and postponement of some of the new customs obligations and associated trade requirements for goods imported into the UK under the Border Operating Model.
- The extension of Customs Special Procedures such as Inward Processing to include EU imports. With the added bonus of the removal of financial guarantees (in most cases) as a prerequisite to obtaining an authorisation.
- Confirmation of the establishment of 8 Freeports which are due to be operational in late 2021.

As the practicality of applying and complying with some of the new customs and trade requirements continue to create daily challenges for businesses. The PM's desire for a 'Single Market lite' to mirror the uninhibited and seamless flow of goods under our previous intra-EU arrangement may be hard to achieve.

If we are to believe what has been written in the press within the first few weeks of the new year, the flow of goods seems to be running as 'normal' without any major disruptions or hiccups. There was a time where products including food products were seasonal. We became used to strawberries or parsnips in the 'wrong season', and we may have had three varieties to choose from instead of six. This scenario may return in the medium term.

The question for businesses is really whether they will look back at the post-Brexit trade changes as 'bumps in the road' which they will overcome or hurdles which they weren't able to successfully negotiate.

Whatever your initial thoughts on the matter, you could consider this as an opportunity to help your business to take on a different shape going forward. You could consider adapting your product lines, diversifying with government support or exploring new emerging supply chain markets and employing some reinvigorated horizon planning. Whatever the outcome, perhaps only time will provide some answers.

Expert opinion

Corporate Finance

Mark Selby
National Head of
Corporate Finance
Azets

It is difficult to summarise and assess the last year and, at the same time, sound like a fresh voice delivering new and not previously expressed opinions and thoughts. So, I won't try and do that. It has, frankly, been a pretty awful year for almost everyone. The impact of COVID-19 and the repeating cycles of lockdowns have certainly persisted for longer than most of us would have anticipated and I dare say that most people – like me – are well and truly fed up with it now!

However, as I write this in April 2021, there is very much a cause for optimism in the world of business acquisitions and business sales. More of that shortly. Firstly though, what have the last 12 months been like for deals?

A year ago, when the first national lock-down took place, professional advisors, accountants and lawyers all rapidly set up their computers at home and – in my experience – were well equipped to be able to use technology such as Teams or Zoom to be able to move transactions forwards at a pace.

However, if you cast your minds back to March 2020, you may recall that there were strong rumours that Entrepreneur's Relief might be impacted in the Spring budget. And indeed it was - with the individual lifetime allowance reducing from £10m to £1m.

Those rumours, though, led to an acceleration of deals getting done ahead of the budget. So, as we headed into April, May and June 2020, there were a reduced number of potential deals in the pipeline.

Then, when the national lockdown hit, business owners had – frankly – more important matters to focus on (closing premises, facilitating homeworking, furloughing staff and managing cash-flow to name just a few) and big strategic matters such as buying or selling businesses simply got put on hold.

The consequence of the above dynamics and market conditions was that in the SME and owner-managed space, deal volumes reduced fairly significantly from the period after the March 2020 Budget and persisted for many months.

Then, two things happened.

Firstly, business owners who could, reacted positively. For some this was simply a reaction to sectors that have actually performed exceptionally strongly throughout the last 12 months such as home improvements, building materials or businesses involved in the consumer goods supply chain. For others, it was a determination to return to business as usual as fast as possible.

Then, secondly, the rumours of further reforms to the Capital Gains Tax regime started (again). Initially, this was ahead of the planned Autumn Statement, although that was eventually cancelled, but the rumours persisted right up to the Spring budget a few weeks ago.

These two factors also combined with the fact that deal activity had generally been low throughout Spring and Summer 2020 and so, as we headed into late 2020 and early 2021, deal activity rocketed.

At Azets, where we would typically advise on around 100 deals in a year, we completed 50 deals in the 10 weeks running up to the March 2021 budget.

So, in the end, deal activity over the last 12 months has been very concentrated into short periods of time, but in overall volume terms, it has been a pretty strong year.

It probably didn't escape your attention, however, that this time round the Chancellor didn't make any reforms to the Capital Gains Tax landscape. So, what might that mean for the future?

Increasing Capital Gains Tax on share sales for business owners is, politically, a relatively soft target and so it feels like there is an inevitability that the rates will rise sooner rather than later. Perhaps in the Autumn of 2021, or perhaps in the Spring 2022 Budget.

continued…

Expert opinion *continued*

Right now, many businesses are fortunate to operate in sectors that have proven to be resilient throughout COVID-19 and, for the owners of such businesses, now would appear to be a very good time to speak to Corporate Finance advisers such as myself.

Borrowing remains at historically cheap levels, the banks are now more willing to consider acquisition finance lending than at any time in the last 12 months, and private equity funds are awash with cash looking for a good home.

In our experience business owners have also shifted their value expectations slightly – with the last year teaching us that, if nothing else, nothing in life is guaranteed. At Azets, therefore, we are optimistic that the market for business sales and business acquisitions will be buoyant this year.

But, a word of warning. Time flies. The window to conclude acquisitions or sales ahead of the Autumn is starting to close already.

The Autumn Statement could be as soon as only six months away, and the ability to complete a trade sale in that timeframe is starting to become limited.

There are other, potentially more rapidly achieved, options, such as the use of Employee Ownership Trusts or Management Buy-Outs, but nonetheless, time remains of the essence.

Conclusion

It has been a very strange last 12 months, but right now the dynamics suggest that we can expect a buoyant year ahead – as long as business owners don't look to try and launch a process too late in the day and as long as the Chancellor doesn't do anything too draconian when the time eventually comes.

New technology

A new question was introduced into the survey three years ago regarding technology and its ever-increasing impact in each of our lives and businesses. The question asked whether your business is going to be introducing, or enhancing its use of any of the following smart technologies within the next twelve months?

The table below summarises the responses.

Obstacle	2018	2019	2020	2021
Robotics	1%	2%	5%	0%
Internet of things	5%	29%	16%	20%
Enhanced connectivity (e.g. 5G, Gigabit connectivity)	2%	10%	13%	10%
Smart / Green energy (e.g. Solar panels)	3%	14%	13%	15%
Electric vehicles	1%	6%	13%	34%
Voice recognition	3%	18%	8%	5%
Artificial intelligence	3%	16%	21%	10%
3D printing				5%
Machine learning				2%
Other	18%	6%	11%	0%
% of respondents who noted at last one new technology	14%	25%	49%	40%

New technology *continued*

The support that would be most useful to access and develop these technologies included:

Finance
Funding.
Grant to support the installation of the infrastructure.
Grants.
Ease of input on all our sites.
Fibre broadband with speeds of more than 6 mbps - we need fibre to the premises to be installed as soon as possible.
We have a very good IT infrastructure that captures a lot of the above a lot of the items are not applicable to our business.
We intend to invest in an E Commerce platform for the business.
Networks to promote to.
At this point in time, we feel that there are more important matters to attend to and when those are hopefully overcome and we are trading at pre-pandemic levels, then we will consider the above.

Comment

When this question was first introduced this report expressed surprise at the relatively small proportion of respondents indicating that they were actively looking at least one of the new technologies.

That proportion then grew significantly to last year's high of 49% but has taken a dip this year to 40%, maybe reflecting the final comment on the list about the ongoing workload and finance pressures?

Many businesses will have used a new form of technology in some form over the last year, if only to manage remote working. There will always be more to do and more support that is needed but clearly some positive work is being done.

Circular economy

Opportunity Peterborough has been promoting the circular economy for a number of years and is internationally recognised as a world leader in this area. In its Industrial Strategy White Paper over three years ago, the Government committed to moving the UK towards a circular economy.

So, an additional question was introduced two years ago to ascertain at what stage businesses were in understanding or adopting circular economy practices. The table below summarises the answers from those who responded to the question.

State of understanding / adoption	% of replies (2018)	% of replies (2019)	% of replies (2020)	% of replies (2021)
9. Circular economy is now business as usual and we're exploring circular opportunities with our supply chain	6%	2%	4%	8%
8. Scaling up circular economy pilot projects	2%	0%	2%	4%
7. Capturing and communicating the results, impacts and learnings from circular economy pilot projects or other activities	2%	0%	2%	2%
6. Planning and/or beginning to implement circular economy pilot projects	3%	2%	5%	10%
5. Developing a business case for identified circular opportunities	1%	2%	2%	6%
4. Identifying circular opportunities in our workplace(s), processes and waste streams	10%	12%	18%	
3. Making a commitment to change current practices and design out waste	6%	10%	20%	20%
2. We haven't started looking at implementing circular economy practices	26%	30%	31%	26%
1. Unsure what circular economy means	44%	42%	16%	6%

Summary of results

In the first two years of this question the midpoint was somewhere between points 2 and 3 on the scale, perhaps summarised as 'a growing awareness but little action'. In 2020 that rose to between points 3 and 4 on the scale, where a commitment to change their organisation's current practice had been made.

This year's survey indicates a very slight improvement in that midpoint, but still in the same area.

Expert opinion

Circular economy

Trevor Gibson
Smart City Leadership Manager
Opportunity Peterborough

Circular economy is becoming a widely used term, but what does it mean in practice for Peterborough businesses?

In simple terms, a circular economy maximises the lifespan and value of resources already in use through, for example, re-use, recycling, recovering and re-engineering at the end of a product's initial life cycle. This means that resources stay in use for as long as possible, creating a more robust economy. It provides a more sustainable alternative to the traditional linear model of consumption typically described as "take, make and dispose".

So, in reality, many of the initiatives already being adopted by businesses to reduce energy and water use, switching to renewable energy sources and reducing waste all contribute the transition from linear to more circular economic models. But there is always more that we can do.

This year's survey results are very encouraging for our city and, more importantly, for the local and global environment. The overall trends since 2018 show a growing interest in the Circular Economy.

The percentage of businesses reporting that they are unsure of what circular economy is has fallen from 44% to 6% over that period.

Whilst the percentage reporting that they now regard circular economy as "business as usual" has doubled since 2020 this represents a small proportion of the total responses received. In short, awareness continues to rise but businesses may still be unsure of what action to take to embed circular economy principles within their organisation.

Through the Circular Peterborough initiative, Opportunity Peterborough in partnership with Peterborough City Council and PECT, is able to provide advice and support to businesses wishing to play their part in helping Peterborough achieve its Net-Zero Carbon ambition by 2030.

The knock-on benefits for businesses "going circular" has multiple, knock on benefits including reduced long-term material supply and disposal costs, improved production efficiency, shortened (more local) supply chains and many opportunities to innovate and diversify. There are plenty of examples locally of businesses doing just that.

As we all work to rebuild an economy after the Covid-19 pandemic, it is worth noting that circular approaches have a proven track record of helping businesses build resilience through reduced outgoings, more efficient supply chains, and improved resource efficiency. This could enable Peterborough's economy to recover more swiftly through 2021 and beyond.

For more information visit **www.futurepeterborough.com** or contact the Opportunity Peterborough team.

Climate emergency

In July 2019, Peterborough City Council voted unanimously to declare a climate emergency and to commit the council and the city to becoming net zero carbon by 2030.

One of the specific actions coming from this declaration was the March Forth For the Environment event held on Wednesday 4 March 2020, where all city residents and businesses were asked to make a personal pledge to 'march forth' for the environment, by taking part in the city's first ever Climate Action Day.

Many have commented that this is a very ambitious target, others that it is not ambitious enough. Due to the significance and growing profile of this issue we introduced a new question this year for organisations to self-declare their level of commitment to this by answering the question: On a scale of 1 to 10 how much has your business considered its impact on the environment? The responses are summarised in the table below:

Level of commitment	% of replies (2020)	% of replies (2021)
10	13%	10%
9	11%	8%
8	27%	24%
7	13%	20%
6	16%	14%
5	16%	16%
4	0%	0%
3	4%	4%
2	0%	2%
1	0%	2%

The midpoint of the self-assessed level of commitment remains around level 7.

In addition to the work being undertaken at the Council and within many organisations across the city, PECT, a Peterborough-based charity that works to protect and enhance the environment, issued a challenge to us in 2020, as individuals and organisations, to consider signing up to one or more of four pledges that can be implemented in response to the climate emergency.

The four pledges are:

- Share Peterborough: How much could you share and save?
- Single use plastic free: Can your workplace become single use plastic free?
- Doubling nature: How much space for nature can you create?
- Zero waste: Could your business send nothing to landfill?

Expert opinion

Climate emergency

Carly Leonard
Chief Executive
PECT

The UK government recently announced that it is to set in law the world's most ambitious climate change target, cutting emissions by 78% by 2035 compared to 1990 levels.

These commitments put Britain on track to end its contribution to climate change while remaining consistent with the Paris Agreement temperature goal to limit global warming to well below 2°C and pursue efforts towards 1.5°C.

Even still, in the coming years, companies around the world are likely to witness more catastrophic events and extreme weather conditions, that disrupt the operation of businesses. From severe weather conditions to reduced agricultural yields and serious health impacts, climate change is an evident risk to business, society and the economy.

PECT welcome the new commitments from government and the spotlight they put on us to lead change here in the UK. However, commitments are nothing without action. Meeting these targets will require transformative change, innovation in all areas of life and the economy, and crucially, the knowledge and support to get on and make things happen.

At PECT we are known for getting stuck in and supporting people to take real action, here in Peterborough and further afield. We are always looking at new ways of working and how to make lasting changes through our work, whether that's practical steps to reduce energy, engaging people to create space for nature, changing the way we think about food or helping the move towards a circular economy.

In common with every organisation, we have had to rethink some of our work this year and adapt our delivery. COVID-19 has brought tragic consequences and we have all been affected to some degree.

As we start to see signs of normality in our daily lives we are hopeful for a more thoughtful and appreciative society coming out of the pandemic. We have learnt that unthinkable change on a global scale is possible. We have also learnt about resilience and about how important it is to look after what is important, and that includes working together and looking after each other.

PECT continue to work with organisations to help them recognise the urgent need to speed up action on climate change, and discover how to achieve their desired results. Through our national green accreditation scheme, Investors in the Environment (iiE), we aim to set the standard for sustainable business practices across the UK. We work with organisations to understand their strategic aims and build a plan together.

This year we are also working on some exciting projects to both assist the transition to a circular economy and accelerate the take up of low carbon food options across England and France.

In order to prepare and adapt to the environment of the future, business leaders need to start implementing climate action. We would love to hear from you to see how your organisation is adapting for the future. Together we can create real change.

For more information visit **www.pect.org.uk** and **www.iie.uk.com**.

Recruitment

Finding the right people has been highlighted throughout the history of the survey as, not only a high priority for businesses, but also a major challenge.

The percentage of respondents who find it challenging to recruit for certain job levels within their organisations are noted below.

	% of replies (2017)	% of replies (2018)	% of replies (2019)	% of replies (2020)	% of replies (2021)
Entry level	20%	25%	18%	11%	35%
Mid level	31%	35%	30%	31%	40%
Senior level	21%	26%	22%	24%	33%
Those with an issue at one level	56%	57%	39%	42%	28%
Those with an issue at more than one level			14%	11%	35%
Those with no issues	44%	43%	47%	47%	37%

In order to understand business engagement with the education sector and recruitment needs further an additional question was included this year about recruitment strategy and expectations for the next twelve months for opportunities in a number of areas. The responses are summarised in the table below.

	2020	2021
Engaging with schools on work experience or careers education		
Work experience	31%	42%
Engaging with schools on careers education	31%	16%
Subtotal: those working in one or both ways	31%	47%
Recruitment from education		
School leavers	13%	12%
T-levels	0%	5%
Apprenticeships	29%	23%
Undergraduates	27%	35%
Subtotal: those expecting to recruit in one of more category	44%	63%

Recruitment *continued*

An additional question has also been added this year about various training schemes and how much businesses are using them or plan to use them.

	Started to use in 2020/21	Plan to use in 2021/22
Kick start schemes	6%	26%
Traineeships	4%	18%
National retraining scheme	0%	0%
Apprenticeship levy	23%	42%
Mentioned at least one thing	30%	51%

Summary of results

The overall split between the percentage of organisations that do find it challenging to recruit staff and those who have no issues had remained remarkably consistent in previous years with just over half of respondents experiencing issues. However, this rose from 53% to 63% last year and this increase was reflected across all three categories of staff with each category being at the highest rate since the survey began.

The percentages from the levels of job in the first three lines of the first table add up to a figure greater than the total for 'those with issues' as some respondents identified issues in more than one area. This year 35% of respondents identified challenges in more than one category, significantly lower than the 11% last year.

Approximately 63% (2020 - 44%) of respondents expect to recruit new employees direct from education in the next twelve months, with many looking at more than one of those areas.
Most of those who expect to be recruiting are also engaging with students on work experience or careers education, with many undertaking both activities.

The anticipated update of the various training schemes is expected to rise in the coming year.

Expert opinion

Recruitment

Anne Corder
Owner
Anne Corder Recruitment

Recruitment rollercoaster takes another turn

The recruitment sector is often considered to be the barometer of what is happening in the economy. It tends to feel the effects of a downturn or upturn first – putting it simply, companies and organisations only recruit additional staff if they have the work/business!

So as soon as Boris made his announcement in March 2020, the vacancies we were working on were either cancelled or paused and new instructions largely dried up.

This situation summed up what was happening to the economy both locally and nationally. Initially there was a feeling of shock before certain sectors - such as the parts of the food sector - realised they needed additional staff to cope with the demand, deliveries etc. But generally the market was very flat.

We have been running virtual HR forums over the past 14 months – bringing our popular sessions on-line and it has been a great way to keep in touch with the HR community and what is happening across a wide range of businesses in the local area.

In general, what came across was that the need to immediately implement home working in the majority of businesses put a lot of pressure on HR and the management teams – and initially employees enjoyed the novelty element of this adjustment.

Over the following months, many found working from home 100% of the time not so attractive – some people experiencing mental health, domestic and logistical issues. Add on the additional home-schooling requirement in more recent months and many people reached their limit!

Companies report that overall most employees have come to the conclusion that they welcome the flexibility but would like a more 'blended' approach – a mix of home and office-based working. The best of both worlds really.

We are hearing this loudly from candidates too – when discussing what they want from their next role, flexibility is very high on the wish list – regardless of what stage they are at in their career.

As we see an easing of the lockdown restrictions and a move to the new 'normal', companies have started recruiting again – with the number of instructions increasing dramatically month on month.

Those companies embracing the fast-forwarded change to 'flexibility' will be those who are both able to attract and retain the best talent – at all levels.

Whether companies want this or not, the 'genie is out of the bottle' and if they want to recruit and retain the best talent they have no choice but to embrace it and make it work for them.

Expert opinion

Skills

Sarah Anstiss
Skills Lead
Opportunity Peterborough

There's encouraging economic news from the survey that 63% of employers are looking to recruit this year, however, many are still finding it challenging to find the right candidates, which warrants further investigation if the issue is to be addressed locally.

The mismatch between jobs available and applicant qualification levels may be one barrier given that Peterborough is behind the rest of the East and GB, as outlined in the most recent data from NOMIS. The difference between qualification levels in the city compared with national averages was around 3% at Level 1 NVQ or equivalent, but going up to Level 4 or above, the gap grows to 12%.

However, the recent release of the government's Skills for Jobs White Paper and the Lifetime Skills Guarantee is enabling the local further and higher education community to adapt and evolve to meet local business skills needs.

This is already evident with the new **ARU Peterborough** currently planning curriculum with local business and the exciting developments at **City College Peterborough and Peterborough College** who have joined forces to create New Start, a series of support programmes designed specifically for people looking for work, at risk of redundancy, furloughed, or individuals who simply wish to improve their career prospects.

The agenda for The Skills Service going into 2021/22 is driven by the focussed support young people need to establish themselves in jobs and careers for the future post pandemic, which inevitably will safeguard growth in the local economy.

We will continue to champion the youth agenda through our work to establish Peterborough as a **Youth Employment Friendly City**, made more significant given the young demographic of the city and the building body of evidence that the young have been the hardest hit by the pandemic in terms of development and job prospects.

Local employers have recognised the value of building a talent pipeline from this source and 63% have indicated they are planning to employ young people straight from school or university into work or a training programme this year.

Peterborough has an excellent record of supporting work experience and schools with career education as we have seen first-hand over the last 10 years through our work with schools and work experience support service.

Two excellent students from **University Centre Peterborough** have been supporting our marketing team recently, and it is really heartening to see 47% of employers can see the value in this and are planning to work with education, with 42% saying they will look to be taking work experience students in the next 12 months.

We are looking forward to continuing our work with the businesses in Peterborough and the local schools and education providers to broker stronger, lasting relationships that support the local economy and communities to recover, so we can better underpin Peterborough's rapid growth.

Expert opinion

Skills

Rachel Nicholls
Deputy CEO
Peterborough College

The improvement shown in the recent Business Survey is a testament to the hard work and collaboration that is emerging and developing in the city, at a time of increased pressures as a result of the pandemic. This collaboration has always been part of how the city works and exists between education establishments, businesses, charities and other stakeholders. However, COVID-19 has resulted in a seismic shift in further strengthening the collaboration between organisations. We have demonstrated that through the hardest of times people can work together to bring about positive change.

COVID-19 has presented social and economic challenges. Some businesses have fared well dependant on the sector in which they operate and whether they have been able to adapt and change. For others, the extent of the damage has resulted in redundancies, and in some cases closure.

Peterborough College and the wider Inspire Education Group are determined to support the city's businesses and the community as a whole. We have worked with Opportunity Peterborough (OP) when redundancies were announced at Debenhams and John Lewis with details of our support listed on the OP website. Innovation funding from the Cambridgeshire and Peterborough Combined Authority has allowed us to reach out to local community groups to offer support where barriers to employment have been identified.

We are also working collaboratively with City College Peterborough on a project called 'New Start' which will set up a city centre Skills Shop and will launch in June 21. We are also setting up a similar service at our main Peterborough College campus opening in April 21, to support our students and the unemployed in finding and securing work, looking at retraining options and career development.

We recognise that 22% of businesses say that finding the right staff is an obstacle to business growth, the College wants to work with employers to understand the skills they are looking for to ensure prospective applicants are suitably trained.

The business survey also gives us reasons to be hopeful, with over 60% of those surveyed saying their business is likely to perform stronger in the next 12 months. In addition, 63% of businesses are indicating that they are likely to recruit to their workforce in the coming twelve months. We are seeing this confidence as businesses are now able to offer increasing numbers of apprenticeship opportunities. We are keen to support prospective candidates with CVs, applications and interview skills to ensure employers have excellent candidates to support their business.

As an education provider our job is to work with employers and ensure they have the skilled workforce that they need. We know there is more work for us to do in this space and we want to engage with employers to ensure that we deliver. Our mission is to transform lives through inspirational education and training and our focus is on careers not just courses.

We want our students to leave us not only with qualifications but to have the wider skills employers need and so that they can be economically prosperous. We need employers to work with us by participating in employer forums and co-designing curriculum, by offering work experience and live project briefs so that students are prepared for the world of work and by employing more apprentices so that together we can shape the future workforce.

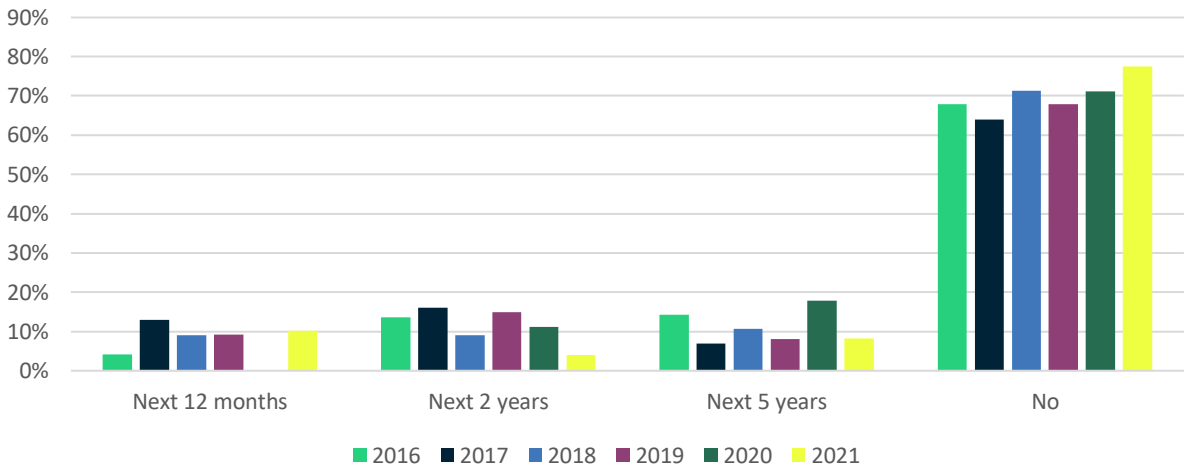
Finally, the government has recently published the Skills for Jobs White Paper and we are starting to see an increased political focus and attention given to technical education. We need this to be more than soundbites and rhetoric it must be backed up by funding. Further Education has suffered approximately 30% real terms funding cuts over the last decade in particular adult education has been drastically impacted.

This has led to reduced opportunities for adults to retrain. It is vital that the government reverses this trend and invests in technical education. We need to start having tough conversations about the value of technical education and the value of skills. We must readdress the landscape and ensure there is parity with the more traditional academic route.

Premises

The survey includes a question regarding business property requirements. The percentage of respondents who foresee moving in the coming years are as follows:

% of respondents envisaging moving premises



A detailed breakdown of the numbers responding by type and size of property required is noted below:

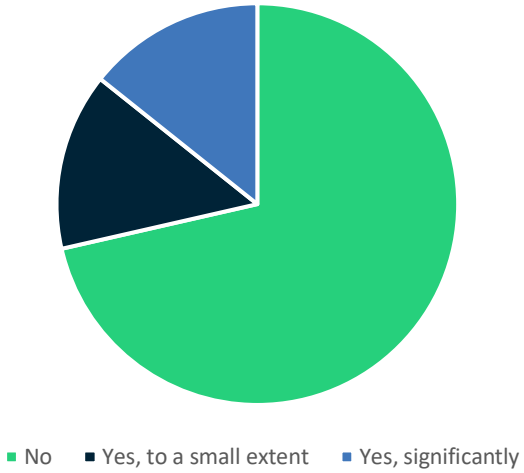
	2018	2019	2020	2021
Office				
< 2000 sq ft	13	10	8	5
2 - 4,000 sq ft	7	6	3	2
4 - 10,000 sq ft	2	3	2	2
10 - 40,000 sq ft	2	1	1	0
40 - 50,000 sq ft	1	1	0	0
> 50,000 sq ft	0	0	0	0
	25	21	14	9

	2018	2019	2020	2021
Warehouse				
< 2000 sq ft	3	3	1	1
2 - 4,000 sq ft	2	0	0	2
4 - 10,000 sq ft	2	2	1	3
10 - 40,000 sq ft	1	0	0	0
40 - 50,000 sq ft	1	1	0	0
> 50,000 sq ft	0	1	0	0
	9	7	2	6
Retail				
< 2000 sq ft	1	3	1	0
2 - 4,000 sq ft	0	1	0	0
4 - 10,000 sq ft	1	1	0	0
10 - 40,000 sq ft	0	1	0	0
40 - 50,000 sq ft	0	0	0	0
> 50,000 sq ft	0	0	2	0
	2	6	3	0
Factory				
< 2000 sq ft	1	1	0	0
2 - 4,000 sq ft	1	1	1	0
4 - 10,000 sq ft	0	1	1	1
10 - 40,000 sq ft	1	0	0	0
40 - 50,000 sq ft	2	1	0	0
> 50,000 sq ft	1	0	0	0
	6	4	2	1
Totals				
< 2000 sq ft	18	17	10	6
2 - 4,000 sq ft	10	8	4	4
4 - 10,000 sq ft	5	7	4	6
10 - 40,000 sq ft	4	2	1	0
40 - 50,000 sq ft	4	3	0	0
> 50,000 sq ft	1	1	2	0
	42	38	21	16

Premises *continued*

There has been much talk of whether working from home is here to stay and therefore whether there will be a migration away from office space and so we introduced a new question this year about whether businesses envisaged reducing office space because of flexible / home working and here are the responses:

% of respondents envisaging reducing office space due to home working



Summary of results

The proportion of respondents anticipating a move within the next five years fell last year from 32% to 29% and has fallen again this year to 22%.

The proportion looking to move in the short term (within 12 months) fell to zero last year but is at 10%, back up to levels similar to 2019 and before.

The main type of property for which respondents will be looking is office space with smaller, rather than larger, units being sought.

29% of businesses are anticipating a reduction of office space due to flexible / home working, with half of those expecting a significant reduction and half a minor reduction.

Expert opinion

Julian Welch
Director
Eddisons

Commercial Property Sector

2020 was a year that many of us were keen to see the back of for obvious reasons. 'Pandemic' was and still is the word on everyone's lips, used it would seem in pretty much every sentence, and cited as a reason for any effect on any element of our lives, whether personal or business related.

That said, the commercial property sector has proved to be remarkably resilient throughout this period, with activity levels as high as they have ever been. In particular, significant growth and demand continues to be seen in the industrial and logistics sectors. With the online retail sector seeing significant growth throughout the lockdown periods, we have seen a consequent upshift in demand for anything related to storage and distribution of goods.

Equally, whilst Brexit has faded from the headlines, continued increases in the cost of shipping combined with ever growing delivery times from overseas suppliers has extended the pre-brexit trend of the stockpiling of goods. We have seen increases in domestic manufacturing also as a result of Brexit (and of course due to supplies needed to combat the Pandemic) which again brings further demand for industrial stock.

This high level of demand has of course resulted in an upwards pressure on the cost of accommodation, with very small industrial units fetching up to £11 per sq ft leasehold / £165 per sq ft freehold and even larger 'big warehouse' stock pushing up to £7 per sq ft leasehold / £125 per sq ft freehold. These are levels never before seen in Peterborough.

Perhaps less surprisingly, the retail sector remains muted at best. There have of course been several high profile failures over the past 12 months and more are bound to come forward once central Government support in the form of grants, loans and (importantly) furlough come to an end.

Peterborough is in no way immune to this issue, and of course the decision by John Lewis not to re-open their store here can only be seen as a significant blow for the central retail area. That said the retail sector is used to adapting and changing and we can expect to see a good deal of repurposing taking place in the next 12 – 18 months with more of a focus on leisure-led activities as opposed to pure retail in city centre high street locations.

Conversely, the 'local' high street is in fact seeing strong growth in demand. With more people working from home and not travelling into large urban centres, small local convenience stores, coffee shops, take-aways, hairdressers and so on are seeing strong levels of demand from customers who previously might have spent all week in London (for example).

The biggest 'unknown' at present is the Office sector. Significant numbers of the office-based workforce continue to work from home and as such many office locations continue to look like wastelands at present.

There is no doubt that the way we use offices will shift over the next 12 months, but it is clear there is still a place for them.

Colleagues miss the 'interaction' that office working brings, the ability to network, to bounce ideas off each other and importantly the ability to train less experienced staff by just 'being there'. In some cases of course the office can be a safe haven. So we should not write them off just yet.

continued…

Expert opinion *continued*

What we are already seeing is office occupiers using lease events such as breaks or lease ends to reconsider their space needs; it is clear that flexible working is here to stay (some would say not before time) and that the majority of occupiers are now calculating space needs on a '2-3 days per week in the office' basis.

In addition, we are starting to see more 'national' office occupiers looking to re-open smaller regional offices rather than the previous trend towards mega-offices in the larger urban centres.

The reduction in demand for office space is however simply a continuation of a trend that we had begun to see 3 to 4 years ago in Peterborough and indeed many other similar urban centres. The Pandemic has of course hastened this trend, but is not the causation.

A year of change

In 2020 most businesses saw more change in a short period of time than ever before and so we asked one more question in this year's survey: Please tell us what you have learned about yourself / your team / your business during the pandemic that will be of benefit moving forward.

Here are your responses which we have sought to categorise as best we can:

Ability to adapt

- Ability to quickly adapt to change.
- Adaptable, flexible, resilient and focussed on survival.
- Agililty.
- As a small business, we can and have reacted quickly to challenges. Recognising this skill, we should look into how we can turn this into a proactive skill not reactive.
- Everyone has the ability to adapt more than they think.
- How adaptable and resourceful our team is.
- I can copy with anything.
- Our ability to adapt and resilience.
- Resilience.
- Resilience.
- Resourcefulness / agility / embedded need for the service.
- That whilst we may have been considered ahead of the game in many areas, the forced changes as a result of COVID have quickly catapulted our clients into thinking and leading differently.
- That you can't stand still. I have done jobs that I didn't think I would simply to pay the bills.
- The ability to adapt on a regular basis to meet the demands of a constantly changing work environment.
- The team is extremely versatile and able to adapt to any situation.
- Very resilient, good at being agile and flexible from a business stand point.
- The business has to be open to new opportunities and be able to respond in a quick and agile manner.
- We have learned that we have the capacity, ability and determination to move forward, and adaptability to meet most challenges, and roll with them.
- We have proved that our business contingency plan works and that we can be flexible and accommodating of changing and challenging market conditions. We will continue to use this adaptability in our future business strategy.
- We needed to change our mindset to support a new client base.
- We are proactive.

Home working

- Most of us can pretty much work from home full time.
- Working from home does not work effectively for new or junior staff.
- How to work remotely, but this is not great for a retail environment as without the customers to drive businesses we have seen national and local businesses fail.
- My team have risen and excelled at the challenge of working from home.
- We can work efficiently from home and so many will take this up.

People

- Organisational skills along with people management.
- Staying connected is key.
- That we have incredible supporters and staff.
- There is a strong team ethic.
- We have a focussed and resilient team who have kept going throughout covid. Investment in their training really paid off.
- We have a good team around us and have discovered those who were not willing to pull together and they have subsequently left the business. The team is now a bit lean but recruitment is a real challenge.
- We have a resilient team and it has been more important than ever to look after the staff team's wellbeing.
- Fortunate to have been able to trade. 70% do a good job 30% don't. But we don't seem to get to a point where we can get to 100% and 0%.
- proactive.

Customers

- We have brought on more new business during the last 12 months than we have over 5 years.
- To make more time being confident about your pricing and the quality service you offer.
- It accelerated our need for a strong social media presence which we have achieved.

Technology

- We have trained a team of 80 on our systems via MS Teams which we never would have thought was possible. With amazing feedback. Saving lots of time travelling etc.
- That I don't need two screens to work!
- That Teams meetings can be more productive than face to face in certain cases.

Other

- Be more interactive.
- It has been a challenge for business owners which the Government have recognised and have the aspiration to build back better. We just need that sentiment to filter down to local councils so that red tape doesn`t smoother enterprise.
- We are very vulnerable to factors which negatively affect the economy in general.
- Nothing.

A year of change: HR lessons learned from lockdown

H-J Dobbie
Head of HR Consultancy
Azets

HR has been at the centre of much of what has affected the workplace during the pandemic; we have learned to navigate change at a pace faster than ever. We have learned new words such as 'furlough' and to adapt, in many cases, to having a remote work force; we have adopted new technology and made it work for us; we have changed our recruitment processes to make sure we can still attract and onboard new talent; we have learned how to communicate remotely; we have had to let our employees work from home, to allow them more flexibility and accommodate the juggling of children, pets and home- schooling; we have had to consider innovative ways of supporting our teams; we have taken a leap of faith and learned to trust!

We have all learnt a great deal about our people, our processes, and our culture over the past year; we have had to adapt and overcome obstacles we never thought we would have to, but we have also had a huge opportunity in HR to showcase our flexibility, our ingenuity, and our expertise!

We are now coming out 'the other side' but what does this look like? What is the new normal? What have we learned, and what lessons are we going to take on board for the future? The impact of the pandemic on HR is potentially transformational and we need to harness our ability to continue to adapt and innovate in order to keep moving forwards. My five key learning points are below:

1. Trust

We have placed our trust in technology. Meetings via Zoom and Teams do work, and video conferencing is the next best thing to being together in person. Some teams are communicating even better remotely than when they are in the same location, they make their time together count, and meetings work harder for them. We have proven we can run assessment centres, interview and onboard new employees by embracing technology.

Many employers had doubts about whether employees could be trusted to manage workloads remotely but we've had to count on employees to just get on with their work, around other commitments like childcare and home-schooling.

Many employees have felt valued and empowered working from home. We need to ensure we maintain this culture and atmosphere of trust whether or not we return to a physical work environment.

2. Flexibility

There will no doubt be a huge rise in the number of employees requesting to work from home on at least a part time basis; work life balance has perhaps been achieved like never before and some employees will be keen to maintain this.

Not everyone likes working remotely however, and in reality, not all jobs are suited to be carried out from home either. We need to be mindful of those who have struggled to work from home and ease them back gently into the office.

Flexible work requests will need careful handling; now more than ever we need to allow employees to choose their working hours to fit what else is going on in their lives but we still need to be able to say 'no' if it really is to the detriment of the business. It is going to be much harder to refuse a request now and we need to avoid any suggestion of discrimination and to ensure there is equality rather than just equity applied to the consideration of each and every request.

3. Authenticity

We want real and authentic people working for us; we are now closer as colleagues having seen inside each other's homes and met children, partners and pets on our video calls.

We may not be suited and booted up at home, we have adopted a more relaxed dress code too! Authenticity doesn't mean unprofessional and maybe we can bring some more of that relaxed and positive authenticity back to the office environment with us. It is vital not to lose sight of who we really are, not least as people are at the heart of most of our businesses.

continued…

4. Health & wellbeing

Most employers had already realised that mental health needs to be treated with the same importance as physical health but promoting mental wellness in the workplace has seen a real increase during lockdown. Checking in with employees and offering forums and outlets to help them overcome any issues has been crucial to maintaining good mental health. We need to continue to invest more time and resources in improving the health and wellbeing of our employees; this topic needs to remain firmly on the priority list and on everybody's agenda.

5. Camaraderie

We have had the opportunity to work with and speak to colleagues and customers we may not otherwise have had the opportunity to do so. This has all been driven by technology but the sense of solidarity and being part of a virtual team with a common purpose has really enhanced our opportunities, our ability to work with a more diverse range of people and ultimately our network. We have ALL been in this together, and if we can get through a pandemic together, we can get through anything, can't we?

I believe that we have come so far in recent months that we cannot afford to go backwards; we need to take note of what has worked well and continue with it, and we need to heed what has not worked so well and find a way to adapt and overcome it. We need to learn our lessons well!

Comment

As we reflect on what has happened over the last year we will have perhaps learnt some hard lessons but also some new skills and ways of working. There may be some that we hope we will never need to think about again – others we will need to hone and continue to adapt as we move our respective businesses forward.

Just before Christmas we reflected on 2020 with our own local team at Azets. It would have been easy to simply say that we had 'survived the year' and 'come crawling over the Christmas Eve finishing line of 2020'. Instead we focussed on how much we had achieved and how much each and every member of the team had contributed to that:

- Supporting our clients through difficult times and on many occasions simply being someone on the end of a phone through the most challenging of times.
- New ways of working (and a new dress code!).
- Transitioning of IT systems to remote working.
- New ways of communicating.
- Reduced travel times (including travelling to Denmark, having a meeting and being back within the hour!).
- New ways of looking after each other.

The list could go on but that will no doubt resonate with many.

Similarly on the anniversary of lockdown in March our team spent some time talking about what we wanted to celebrate about the year and what we wanted to leave behind. Some very diverse thoughts came out – and the things some people wanted to celebrate were the same as those that others wanted to leave behind.

By far the biggest response to the question was based around the ability to adapt and perhaps this is amongst the most important skills needed by leaders of any organisation and, as some of your comments suggest, many leaders have proven to themselves that what had previously thought to be impossible, is actually possible – we simply needed a catalyst to get us going – and to echo H-J's closing comment on the previous page, we need to learn our lessons well.

Appendix: Analysis of respondents

The data tables below indicate the percentage of respondents in each category:

In which sector do you currently work?								
	Percentage of respondents							
	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture and horticulture	4	1	2	1	3	2	0	3
Charitable sector	3	6	11	10	9	14	17	13
Distribution and logistics	3	2	2	1	1	3	2	0
Education and skills							9	0
Financial services	4	8	7	6	7	13	2	6
Food & drink	3	2	1	2	1	3	2	6
Green / environmental	0	1	1	2	1	0	0	3
Healthcare & medical								3
Hospitality and leisure	3	2	0	2	2	3	4	0
Manufacturing and engineering	10	8	8	3	7	4	7	10
Media, communications and digital	9	6	6	10	7	8	11	5
Property & contruction	6	6	8	10	6	8	2	21
Professional services	24	26	24	22	22	26	40	24
Retail	6	4	3	6	14	3	4	3
Other (including education & skills)	25	28	27	25	20	13		3
Total	100	100	100	100	100	100	100	100

How long has your business been operating in the Greater Peterborough area?								
	Percentage of respondents							
	2014	2015	2016	2017	2018	2019	2020	2021
0-2 years	12	12	9	14	13	15	9	6
2-5 years	12	14	15	11	11	10	9	11
5-15 years	23	19	20	20	24	29	36	22
15+ years	53	55	56	55	52	46	46	61
	100	100	100	100	100	100	100	100
Average	13	14	14	14	13	13	13	15

This is estimated by taking mid point for the ranges and, say, 20 years for the 15+ years category

How many staff do you currently employ?								
	Percentage of respondents							
	2014	2015	2016	2017	2018	2019	2020	2021
Self employed with no staff	18	15	13	16	9	16	11	10
1 - 5 staff	33	30	29	24	20	22	31	19
6 - 20 staff	23	23	22	25	32	21	24	37
21 - 50 staff	11	12	14	10	11	13	2	9
51 - 100 staff	10	7	10	10	15	10	0	9
100 - 250 staff	5	13	6	10	8	12	16	14
251+			6	5	5	6	16	2
	100	100	100	100	100	100	100	100
Average	24	36	45	47	49	54	81	46
This is estimated by taking mid point for the ranges and, say, 300 employees for the 251+ category								

What is your approximate business turnover?								
	Percentage of respondents							
	2014	2015	2016	2017	2018	2019	2020	2021
< £100k	27	22	19	16	16	23	29	10
£100 - £250k	18	14	18	24	9	13	16	9
£250 - £500k	9	7	10	25	12	9	2	13
£500k - £1m	12	17	9	10	12	12	11	21
£1m - £5m	16	16	21	10	22	14	13	14
£5m - 10m	6	6	7	10	12	7	2	8
£10m +	5	9	12	5	11	13	18	17
Prefer not to say	7	9	4	0	6	9	9	8
	100	100	100	100	100	100	100	100
Average	1,987,903	2,713,462	3,230,208	2,018,750	3,583,777	3,354,945	3,706,044	4,127,174
This is estimated by taking mid point for the ranges and, say, £15m for the £10m+ category								
Average turnover by number of employees	82,554	75,186	72,378	42,527	73,348	61,626	45,895	90,152

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