



LLOYDS BANK

PRESS RELEASE

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MANUFACTURERS ADAPTING SUPPLY CHAIN RESILIENCE AMID COVID UNCERTAINTY

- Two-thirds (67%) of large manufacturers' revenues hit by Covid-19, with a third (33%) losing more than a quarter of revenues
- Pandemic prompts nearly half (46%) to make their supply chains more focused on Britain
- Three-quarters (74%) are using Covid-19 as opportunity to become more efficient

Covid-19 has hit the revenues of the majority (67%) of the UK's large manufacturers according to data released by Lloyds Bank today. A third (33%) have seen the pandemic reduce revenues by more than a quarter.

Over half (55%) of those surveyed say the pandemic remains one of the biggest threats to their business for the next twelve months when asked to rank their top three. This is followed by economic recession (48%) and increased trade barriers if we end the transition period without a free trade deal (43%).

In response to the pandemic, almost half (46%) are making their supply chains more focused on Britain. Meanwhile, a third (33%) are making their supply chains more global, including a fifth (20%) who are increasing the number of international locations in their supply chain to help them better operate around Covid-related lockdowns. The choice to 're-shore' or diversify may be one of the long-term virus impacts as businesses take steps to insulate themselves against future disruption.

A third (33%) of manufacturers have plans to bring their overseas production back to Britain. Of those, 35% say the pandemic has been a catalyst behind the decision, and 42% say it's because of Brexit. Nearly a fifth (17%) plan to bring production back to British shores within 12 months.

Manufacturers are also responding to the virus by making changes to how their businesses operate, with three-quarters (74%) saying they have become more efficient. They have done this by increasing use of automation (54%), altering manufacturing practices (57%) and simplifying supply chains (50%).

The Lloyds Bank Business in Britain Manufacturing report – which surveyed 200 large manufacturers, half (53%) of whom have annual revenues of over £500m – explores the impact of coronavirus on the sector.

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Two-thirds (66%) of those surveyed accessed the Chancellor's furlough scheme and half (48%) used at least one of the government's Covid-19 emergency funding schemes. Of those which used the furlough scheme, nine in 10 (91%) furloughed up to three quarters (75%) of their staff.

The UK's manufacturing sector accounts for £191bn of output and supports 2.7m jobs, according to trade body Make UK.

Huw Howells, head of manufacturing and industrials at Lloyds Bank, said: "The coronavirus pandemic has presented new and additional challenges for many UK manufacturers, something underlined by the proportion of businesses that accessed the government's emergency support measures.

"Yet the sector is resilient – after all it has overcome a number of hurdles in its long history – and, as we would expect, many are innovating to help them respond to the pandemic. The use of automation has been much talked about in recent years but it seems the Covid disruption has spurred many more to adopt it as part of a drive for efficiencies. It may also be helping some to keep production lines rolling as social distancing rules remain in place."

Notes to editors

About Lloyds Bank's Business in Britain Report:

The Lloyds Bank Business in Britain Manufacturing report provides a temperature check of key sections of the economy's health.

Methodology: To gather representative data, the Lloyds Bank Business in Britain Manufacturing Report surveyed financial decision makers at a cross-section of 200 manufacturing businesses with an annual turnover of £50m+ in England, Scotland, and Wales.

You can [view the full report online](#).

About Lloyds Bank:

- Lloyds Bank Commercial Banking provides comprehensive expert financial services for small businesses, mid-sized businesses and multinational corporations.
- Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support to its clients.
- Lloyds Bank Commercial Banking offers a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services.