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Covid-19 - Coming back to life?

What businesses think about the covid lockdown



In the months since March 2020, the UK and much of the world has had to deal with a business crisis caused by the coronavirus (covid-19) pandemic. The human tragedy of the disease will be counted in the hundreds of thousands, with countless families around the world having to come to terms with the loss of loved ones, many wondering who they should blame. The lockdowns which were introduced in many countries may have prevented the disease from uncontrolled spread, but came at a monumental cost of economic inactivity which has started to bring its own consequences. The tragedies suffered by relatives of those who have died are multiplied by lost income, increased poverty, untreated medical issues, loss of education and mental health problems. Attitudes have changed and the impact of covid-19 on our lives is far from being evaluated.

During the summer, Hillier Hopkins, Chartered Accountants reached out to businesses to try to understand their stories so far and how they assess the future. Covering more than two hundred businesses, we consider in this paper what they had to say.

Independent member of



Executive Summary

The Covid-19 (coronavirus) pandemic is not unprecedented, but the precedents were in very different times when life was cheaper and people's expectations were far lower. There was, in past pandemics, nothing to do but wait and pray, while now we expect science to find the solutions. Social media echoes each mistake and twenty-four hour news investigates and reports in detail. Politicians are under more scrutiny than ever.

In the UK, we have just been through a year (or three) of political turmoil in which the unthinkable is now possible and where politicians on both sides of the political spectrum have been at once adored and vilified. Politics are polarised more than ever and the gulf between the views of young and old is at least as great as it was in the 1960's. Perhaps it is more so as each side of middle-age seems to blame the other for all that is wrong.

Feeding the age divide, covid seems to have little effect on the young and healthy and kills those older and more vulnerable. The many mistakes by government have been reported by the media, yet our survey showed that 64% of those who had an opinion rated the response as 'excellent or good'. There remained, however, a ubiquitous criticism that the government only shuts the gate after the horse has bolted.

Our survey was of people in business whose views are likely to take into account economic as well as social measures, as they too wrestle with how to keep their own micro-economic environment alive through the pandemic.

Although the number sampled is too small to draw any authoritative conclusions, at a time when the government actions and inactions have impacted hardest on businesses, the community we sampled has a special and important perspective. Damage to business, and the changes our survey suggest will result, will have major longer term implications on the economy, and therefore on society, health and the well-being of the nation. The small number of overseas responses we received gave us an indication that such concerns are not unique to the UK.

During the lockdown

Some 12% of businesses who responded told us that they can no longer operate. Most of these do not expect to re-open and if this were reflected across the economy, it would result in a dramatic permanent loss in economic activity, not to mention the human cost.

An overwhelming majority of businesses who took part were able to operate using remote working, including 48% who managed to retain their entire workforce active in that way. Setting aside those businesses able to continue as normal, 84% of our survey were able to continue using some element of remote working. The success of home-working was most apparent in micro and large business, with small businesses finding it more difficult to operate in this way.

Despite the apparent success of remote working, 70% of businesses saw a reduction in turnover, and for 47%, this was significant. At the same time, 49% felt that their supply chains were resilient. Although a significant minority, these two factors indicate overall, businesses are nervous about their environment. This did not, however, extend to concerns about costs, where 76% did not expect costs to increase as a result of the pandemic.

During lockdown, 62% of businesses who used the Coronavirus Job Retention Scheme at all in our survey furloughed more than half their workforce. This scheme was considered to be the most important government support package yet only 52% of the businesses actually used it, demonstrating, perhaps that, contrary to reports in the press, it was not being abused and only those businesses who needed it applied.

In general, it seems that the extent to which all forms of government assistance was utilised was much less than might be expected. Although this might be considered a very positive outcome, it appears that with each scheme, the restrictions and difficulties imposed rendered accessing help impossible or too difficult for many businesses needing help.

Exiting lockdown

With a great many concerns about the exit from lockdown, few mentioned the most frightening of all: a second one. Despite all the uncertainty expressed in comments, 74% of businesses had, or were developing, a plan for coming out of lockdown. Despite this, only 36% of businesses expected turnover to return to previous levels.

Over half of businesses taking part believe that they will have almost their entire workforce working from home even after lockdown, representing an enormous shift in attitudes toward home working, and posing a significant set of difficulties to our existing economic and social structures.

Despite all the doom and gloom, 64% of our survey expect to make no redundancies, and a total of 80% expect between zero and two. We found this counter-intuitive to a situation where forecast turnover is mainly expected to drop and we can only conclude that at the time of the survey, businesses were cautiously waiting to see what happens, and avoiding difficult decisions while the furlough arrangements were available.

The Government

With many criticisms of government in the media and in our survey, it came as something of a surprise that 51% told us that they thought the government in the UK had done more good things than bad. Of course this must be seen in the context of the timing of our survey, just before the end of lockdown, while things seemed to be looking good. At the date of writing, it all seems to be going rather wrong, and we will be asking those surveyed to answer our questions on government again to see if there has been a shift.

Conclusions

This survey is not sufficiently extensive to be authoritative, but it gives us an indication that businesses are optimistic. It is fairly well established that entrepreneurs (to whom our survey was addressed) are usually and fundamentally optimistic.

Throughout, we noted a resilience among those surveyed. They accepted that turnover and capacity has fallen, even that demand may well fall. Yet there is a degree of determination which is very encouraging.

The main concern of all the businesses was that of uncertainty. This was amplified by significant criticism of government information and clarity. It is likely that no certainty can be given to anyone concerning covid-19, except that we do not want it, but businesses are identifying ways to reduce cost exposure and increase resilience by opting for home-working policies, for example.

There will doubtless be business casualties, and it is more than likely that those who do best are those who adapt to a changed environment. Despite a degree of bitterness over the accessibility of government help and a view that much of it was show and headline grabbing, businesses are adapting and many do believe that they can fully recover from the illness that has caused so much grief around the world.

We are very grateful to every person who took part in this survey, which we hope will at least shed some light on how other businesses are doing in this crisis.

Hillier Hopkins LLP

August 2020

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Background

We surveyed businesses both within our own client base and externally. In order to inform the results we requested certain data as to the activities, size and location of the businesses responding.

A total of 216 businesses responded to our questions. Although this number is not statistically definitive by any means, it is significant and gives a considerable insight into the behaviours and views of businesses during this crisis. Many of those taking part had business interests across the UK, and while biased towards London, Hertfordshire and Buckinghamshire, we consider our results indicative of views across the UK. Several overseas businesses provided us with useful insight into the challenges overseas.

A wide range of sectors participated, including financial services, professionals, media, hotel and leisure, and property sectors.

Our objective was to obtain and report on a general picture. We strongly believe that each business is unique, and statistics can only go so far in informing our understanding of what is happening. We focused on several key areas:

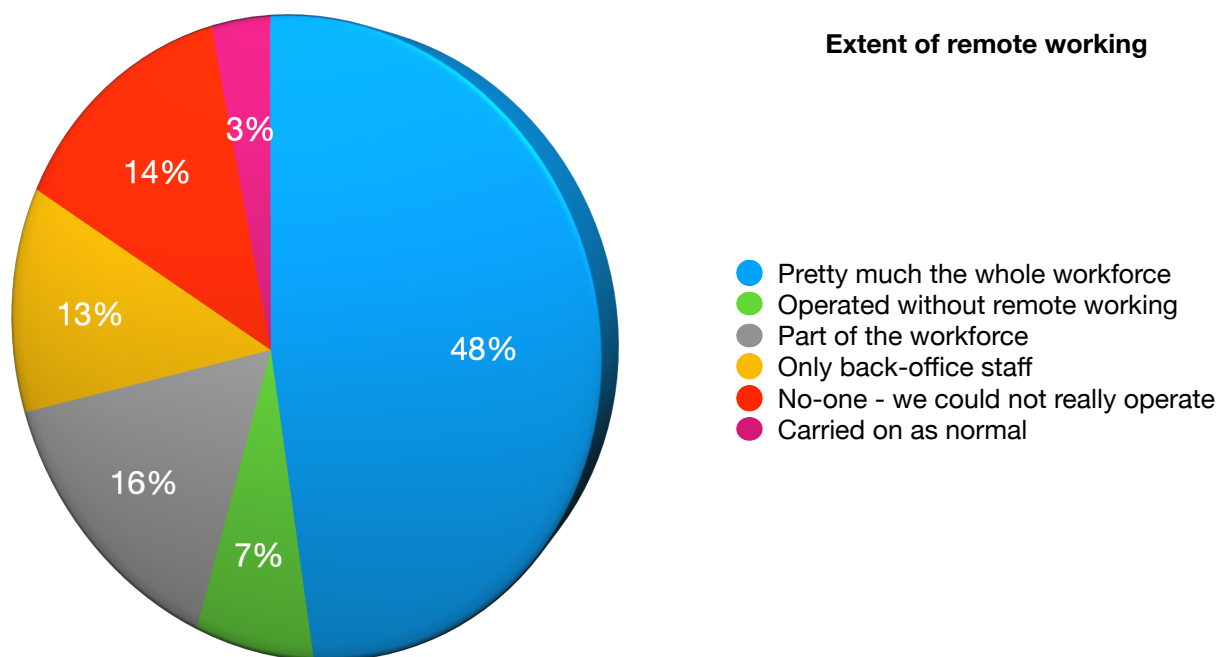
- Remote working
- The impact of lockdown on turnover and what is expected post-lockdown;
- Supply chains
- Reliance on government assistance
- The Coronavirus Job Retention Scheme ('CJRS')
- The Coronavirus Business Interruption Loan Scheme ('CBILS')
- Planning for emerging from lockdown
- Redundancies
- Views on the government response

This report considers the detailed responses.

We would like to thank each person who took the time to participate in this study. Although its results are not authoritative because of the limitations on the numbers of participants, we hope you will find it interesting.

Remote Working

Overall, 48% of businesses were able to operate with almost their entire workforce operating remotely, while a further 16% were able (for a variety of reasons) to continue to operate without remote working. Although, they may have been able to work remotely, of those firms whose workforce was fully, or almost fully, remote, 23% saw a significant reduction in turnover, while 19% saw only a small reduction in turnover and 20% expect to see reduced turnover in the future or are concerned that customer behavioural changes will impact on their businesses.



A similar picture appears for businesses where part of the workforce or only back-office staff worked remotely, though in these cases 27% saw a significant reduction in turnover.

Of businesses which could continue to operate without remote working, a greater percentage, 33.33%, saw a significant fall in turnover. However, the small number of businesses in this category renders it unsafe to draw any conclusions.

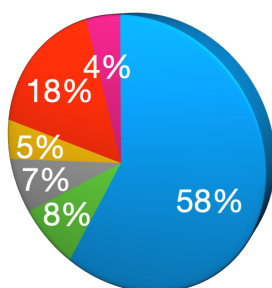
Remote working was more prevalent in micro businesses and medium/large businesses than in the small business sectors. Those who could operate as normal represented a similar proportion across all business sizes, whereas on 7% of medium and large businesses could not operate at all, compared to 17% to 18% of small and micro-sized businesses. Those businesses which could not operate at all tended to be in the hotel, leisure and retail sectors as well as in property development.

Remote working by size of business

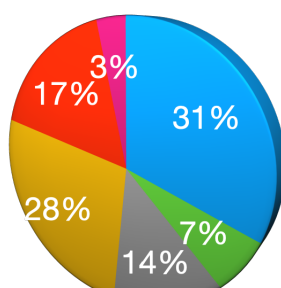
The following charts show the prevalence of remote working according to business size. The high proportion of micro businesses operating remotely arises because of the nature of their business. Such businesses, comprising up to five people, often have each person operating independently, and many of them work from home or in remote locations as convenient already.

What we observe is that as the size of a business increases the variety within the workforce increases, but the step-change to the type of sophisticated systems required to operate a complex businesses remains out of reach until sufficient critical mass is achieved for investment in those systems.

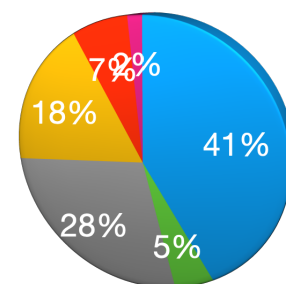
Micro Businesses



Small Businesses



Medium and Large Businesses



- Pretty much the whole workforce
- Part of the workforce
- No-one - we could not really operate
- Operated without remote working
- Only back-office staff
- Carried on as normal

While micro businesses often do not require simplex systems or have already migrated to cloud-based computer environments, small businesses are likely to be still using desktop applications which do not lend themselves to remote working. The larger businesses will either be operating on cloud-based systems or will have IT infrastructure (such as Citrix servers) which allow them to use desktop applications remotely.

Other factors also come in to play, including the type of activity that lends itself to the Micro environment. Consultants and professionals are usually able to work remotely, while those involved with sales and more face to face services would have no ability to do so.

Cost of remote working

In the main, few reported specific costs of remote working except for additional computer equipment in some cases, and better broadband services. For micro businesses in particular, this represented a significant outlay, while several larger businesses had to entirely change their methods of operation with significant outlay on equipment to allow staff to work from home.

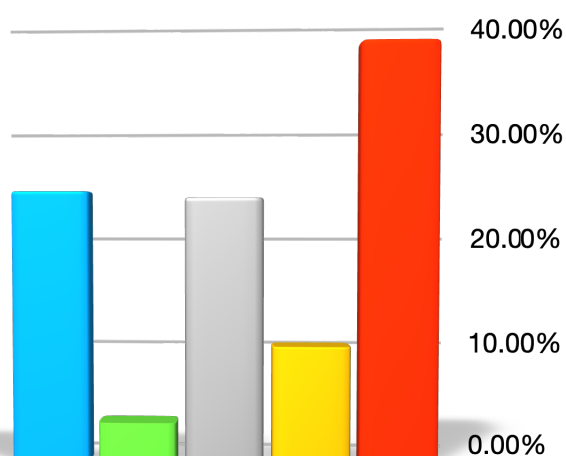
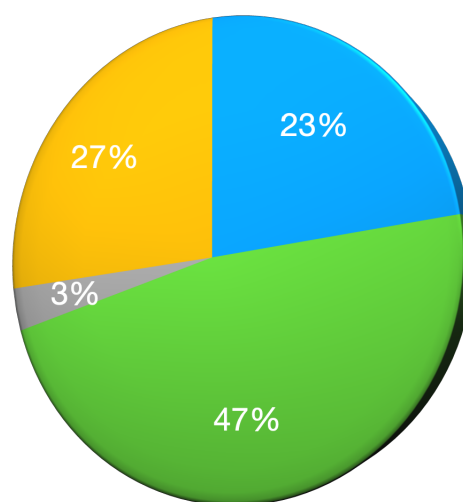
Impact on Business

Turnover

Some 47% of businesses reported that turnover reduced during lockdown significantly, while 23% reported only a slight reduction. Of our survey, 3% considered that their business was no longer viable. On a positive note, the remaining 27% found either that growth continued or was as normal. Although the initial comment that 47% saw a significant fall in turnover is a worrying headline, we do see that some 50% of businesses were not badly affected.

This may reflect the ability of very many businesses to work remotely. We questioned whether our results may have been biased towards a high number of responses from the services sectors, but further analysis showed a fairly even spread of responses across sectors, and the results were similar in the services and non-services sectors.

- Turnover slightly reduced
- Turnover significantly reduced
- Business no longer viable
- No significant change

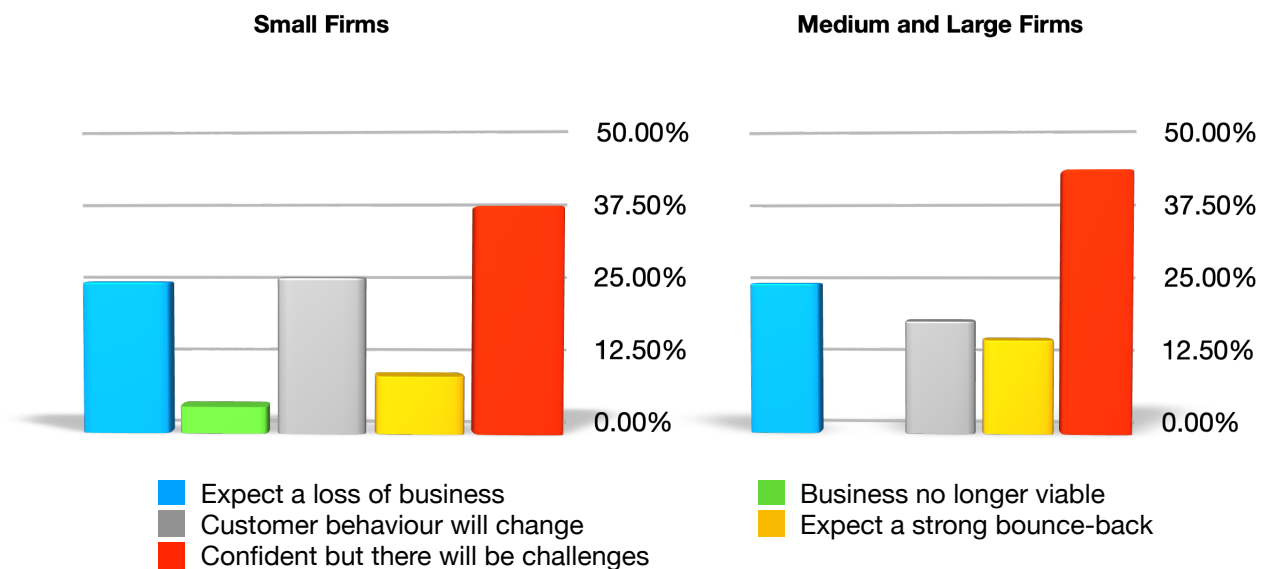


- Expect a loss of business
- Business no longer viable
- Customer behaviour will change
- Expect a strong bounce-back
- Confident but there will be challenges

Turning to the future, only 10% expected a strong bounce-back, while 24% anticipate a permanent loss of business. A similar percentage of businesses appear to expect that customer behaviour will change.

Overall, there was some little comfort in 37% of replies indicating that they were confident subject to challenges, while 63% were not confident. In the leisure sectors, this confidence reduced to 30%.

A similar pattern was seen across different sizes of business. Medium and large businesses tended to see themselves as more resilient, perhaps because of better resources, marginally more able to face the challenges needed to achieve the return to business they desire. However, there was a similar



expectation by 25% of respondents that business will be lost in the longer term. A greater number of small businesses think that customer behaviour will change in the future, and similarly, smaller businesses had more doubts about a strong bounce-back.

A stoical set of responses from the leisure sector, including hotels, restaurants, travel and other leisure businesses, indicated that many felt that they could face the challenges to restore their businesses.

Perhaps the most noticeable statistic is hidden in these numbers, however. The questions we asked were not alternatives and allowed businesses to respond to each question individually. We can conclude, then, that in respect of each of these possible outcomes, the vast majority simply do not know and face considerable uncertainty.

“the vast majority simply do not know and face considerable uncertainty”

The comments received from participants indicated over and over again that they felt they lacked a clear understanding of what was happening, how long it would last and what the end-game was likely to be. We focus more on these comments in our Executive Commentary, however, it is well established that businesses do not fair well in uncertain environments.

Suppliers and Supply Chains

It is much forgotten that business success is as much dependent on supply as it is upon demand. Many service businesses had no shortage of supply because their main trading stock is people. At stages of the lockdown reports were indicating that even those businesses that were operating could not get supplies. Supermarkets were a highly visible example of supply difficulties, but equally businesses selling and perhaps importing manufactured goods could not obtain supplies due to factory closures. We wanted to examine how this affected our participants.

Concern about supply chains is clearly present, but not as dire as we had expected, with 48.8% saying that they considered their supply chains to be resilient. Based on news reports, we had also expected a large number of businesses to be seeking local suppliers to protect supply chain resilience, but only 7.9% reported doing so.

Supply Chains

	Yes	No
Resilient supply chains	48.8%	51.2%
Seeking local suppliers	7.9%	92.1%
Just-in-time supplies threatened	1.7%	98.3%
Unconcerned by supply chains	6.1%	93.9%
Costs will increase	17.1%	82.9%

Few of those surveyed had concerns arising from 'just in time' supply chains. In many cases, this is because their level of activity had reduced in line with supplies and therefore this was not their main concern. Indeed, most surprising, was that only 17.1% of businesses were expecting the cost of their supplies to increase.

Within the leisure sector, the situation was slightly different. Resilience of supply chains was of greater concern, and there is a significantly larger number of businesses focusing more on local suppliers, which may be helpful to many UK businesses. This sector was also more pessimistic about their cost of supplies. People are a key supply in this industry, and of course availability of this resource has reduced.

Suppliers to the leisure sector

	Yes	No
Resilient supply chains	38.1%	61.9%
Seeking local suppliers	21.4%	78.6%
Just-in-time supplies threatened	4.7%	95.3%
Unconcerned by supply chains	7.1%	92.9%
Costs will increase	23.8%	76.2%

However, it is also the case that within this sector, we include businesses such as tour operators supplying hotel holidays, which are expected to be more focused in the UK, and this is consistent with the focus on local supplies. Likewise, restaurants may well find themselves sourcing produce from local areas instead of imported food products.

Government Assistance Packages

The government offered a number of assistance packages to businesses. The main intention was to prevent mass redundancies where businesses could not operate, but for some businesses grants were available to merely keep the businesses alive. This was especially the case in the leisure and retail sectors which had little choice but to pause their activity. Discussion about the appropriateness of some of the offerings is a matter for a different paper.

Coronavirus Job Retention Scheme

This scheme allowed, subject to employment law, businesses to effectively lay-off staff during lockdown at a minimum of 80% of pay, and receive that employment cost from government subject to a maximum of £2,500 per person per month.

Overall, 52.3% of businesses surveyed used this scheme. Within the services sector excluding leisure, 46.6% used it, doubtless because of the ability to work remotely. In the hospitality and retail sector, use rose to 82.7% of businesses. Those in those sectors who did not use it were generally engaged in essential services which remained open and active, such as pharmacies.

Among small businesses use was also 46.7%, whereas medium-sized and larger businesses responded that 73.1% made use of the scheme.

None of these results are surprising. Among those who used the scheme, the proportion of the workforce furloughed is shown in the chart.

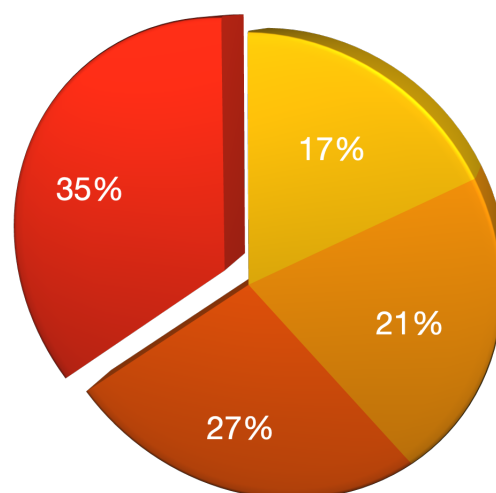
35% of businesses which furloughed anyone, furloughed almost their entire workforce, while 62% furloughed more than half.

A very significant number of businesses clearly identified elements of their workforce which could not continue to work, but did not have to do a blanket lay-off. It is also noteworthy that despite the widespread availability of CJRS, included in the lower segments of this chart are several business which made redundancies on the assumption that the employees concerned would not be able to be re-employed.

It should be noted that some 47.7% made no furlough claims at all. Overall, those who responded did not appear to take CJRS lightly, as some reports have indicated, but used it only where it was needed.



Percentage of workforce furloughed



As would be expected, within the leisure sector, 92% furloughed more than half of their workforce.

There was no particular variation based on size of business, although the proportions become more extreme as the number of employees falls, which is to be expected. Many commented that the scheme was too complicated for them to operate, and used the services of their accountant, such as ourselves, to handle the work.

Self-Employed Income Support Scheme

Under this scheme, self-employed people whose earnings were less than £50,000 per annum received a support grant of 80% of average monthly income up to £2,500 per month. This scheme was not as straightforward as CJRS, and in our sample, 7.2% believed they were entitled to the grant but failed to receive it. In context, of those who thought they were entitled to SEISS, about 40% obtained it and 60% did not. The vast majority of self-employed people who replied to us did not claim SEISS.

Part of the problem with this grant was the limit on self-employed income, the fact that self-employed income needed to be the majority of the income of a self-employed person and importantly, people's understanding of the term 'self-employed'.

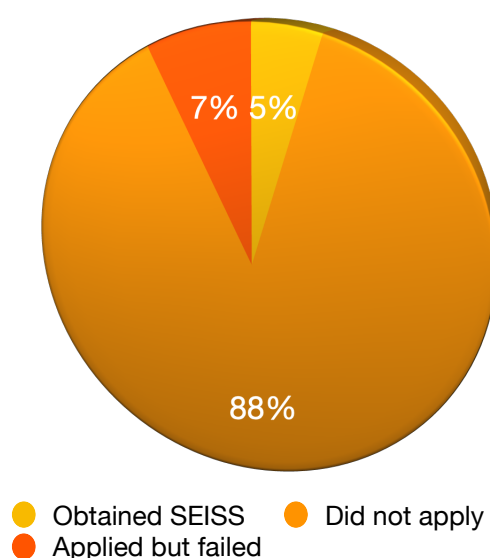
Many owner managers in small businesses were unable to claim any assistance even though they considered themselves to be self-employed, technically, they are not. In addition, comments indicate that many self-employed people were in fact able to do reduced work and found the rules too restrictive and complicated. They were also put off because they could not ask their accountant to make the claim for them.

Overall this scheme was welcome but far less well received than CJRS.

Coronavirus Business Interruption Loan Scheme

Hailed as a centrepiece of the government strategy to assist businesses, CBILS turned out to be something of a failure. Government backed loan schemes have rarely been successful because they are administered by banks and the extent of the government guarantee is too restricted to be practically helpful. The rules focus on preventing the banks from abusing the government's guarantees and taking risks they would not take with their own money. They make good headlines,

Self-employed SEISS claims



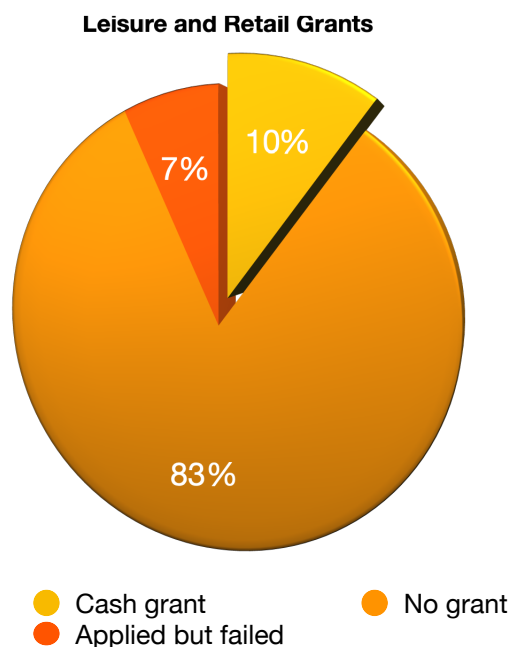
but our finding was that only 7.7% of businesses participating in our survey successfully applied for a CBILS loan. A similar number, 5.6% applied but were rejected, while 86.7% did not apply at all.

Of medium and larger businesses, 14.6% successfully applied for loans under CBILS.

Grants for the Hospitality/Retail Industries

Focusing only on the hospitality industry, grants were available based on properties and property rateable values. All such businesses received an automatic business rates holiday, but cash payments depended on rateable value of the properties occupied. Given that most participants in our survey are based in the South-East UK, where values are generally high, it is no surprise that 82.7% of businesses in this industry did not receive any grant, and only 10% did.

Elsewhere in the country, where rateable values varied considerably, these grants cause some animosity. One pub owner, the Bath Pub Company, which has some excellent pubs, published a YouTube video complaining of the treatment they received at <http://www.youtube.com/watch?v=MZHKJw2RhBs&feature=youtu.be>



This sector is struggling to come back to life for the simple reason that its offering is fundamentally social, and therefore counter-productive to social distancing. For many of the smaller operators, we think this will have been welcome assistance, but whether it allows them to create 'Covid-Secure' environments allowing them to operate going forward is less clear.

This sector covers many types of businesses. Retailers have largely been able to open since lockdown, but very many restaurants have had at best mixed experience. The requirement for 'covid-security' is much easier said than done, especially in smaller restaurants, and comes at a considerable cost. This is very much the case also as regards hotels. The 'eat out to help out' campaign did boost sales, but as with most of the hastily designed support packages introduced during this crisis, it was something of a blunt instrument, and time will tell whether it was good value for taxpayers.

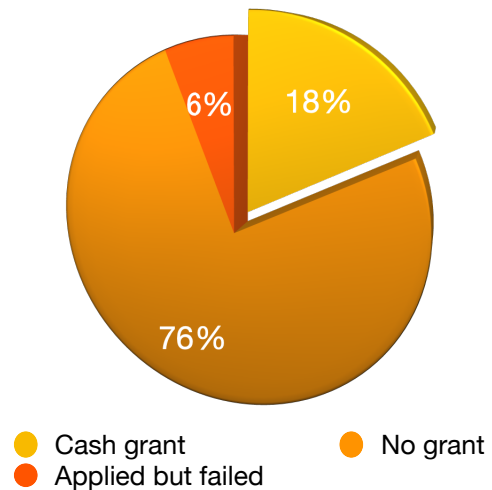


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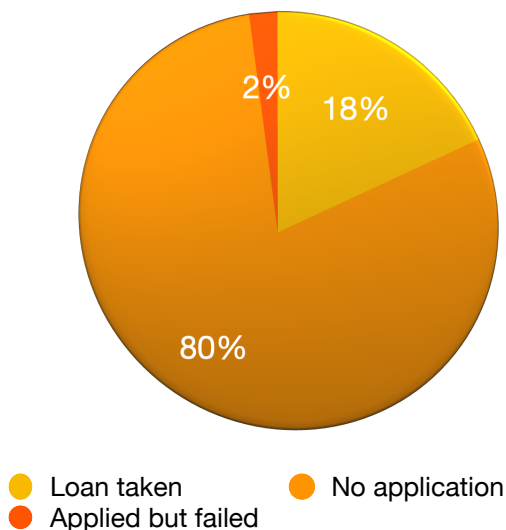
Small Business Grants

As with the retail and hospitality, small businesses of all sort were entitled to a grant of £10,000 if they were also entitled to small business rates relief. This, of course, precluded many businesses from the support either because they did not pay rates at all (perhaps because they used serviced offices or workspaces), or because they were not eligible as a consequence of their property type. For many who received this grant it was a welcome help in difficult times.

Small Business Grants



Bounce-Back Loans



Bounce-Back Loans

This support measure was hailed as highly significant because it was an unsecured borrowing facility which is both interest free and fee free. The applications were direct and simple and did not require bank due diligence.

It was surprising that relatively few businesses told us that they had taken these loans. The reasons seemed to vary considerably but the reason appears to have been simply prudence. This measure is a loan which must be repaid, and sheer uncertainty as to the future was the main barrier.

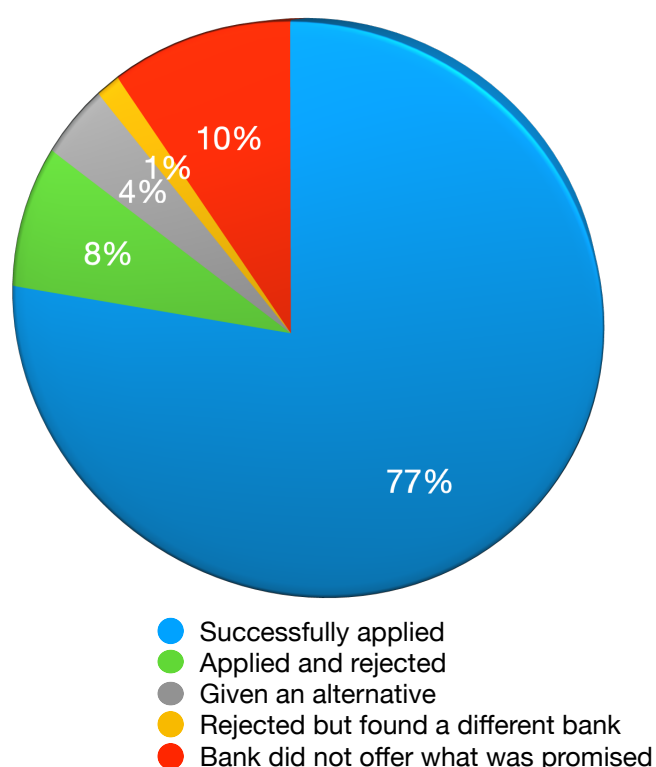
Businesses generally commented that the package of grants and low-cost loans was a good thing. They criticised the practicalities of access to them, the rather arbitrary cut-off points and the fact that they were not what the government had announced. Bounce-back loans were the closest to being what was promised but the feeling was still that forcing companies into borrowing merely meant that it avoided the government borrowing; it was all the same, the only difference is, who pays it back.

Experience of Obtaining Supported Finance

Most respondents who commented told us that they found the process of applying under the government schemes difficult and felt that the banks were often unsupportive. There were exceptions.

Of those who applied for loans, 77% told us that their application was successful, but 10% felt that their bank did not offer them what they believed the government had promised. This disconnect may be as much a failure of government communication as a fault by the banks, but that is not clear.

Of those who applied for finance of some type or other:



Almost all comments claimed that the process was far more difficult than government had suggested.

Notably, 74% of successful applicants for loans were not warned by banks that the government support given may restrict other forms of government support in the future, and may impact the view of the bank on their business in the future.

Comments were generally negative about the loan schemes which were felt to be inadequate.

Coming Out of Lockdown

The burning question was whether businesses had a plan for coming out of lockdown. The survey was taken towards the latter part of lockdown and many businesses had, or were developing, a plan. The plans themselves, which some people shared with us, often involved down-sizing and were generally defensive.

Many complained that the government had been too slow in producing guidance, or that the guidance was unclear. Others were building for what they perceived as increased demand. Among the most recurring comments were those which indicated that, since we really do not know what will happen (irrespective of what government may choose to tell us), planning is not feasible. Commonly, responses stated that many businesses are planning to be resilient through a future lockdown.

Numerous concerns were raised, and featuring among these were:

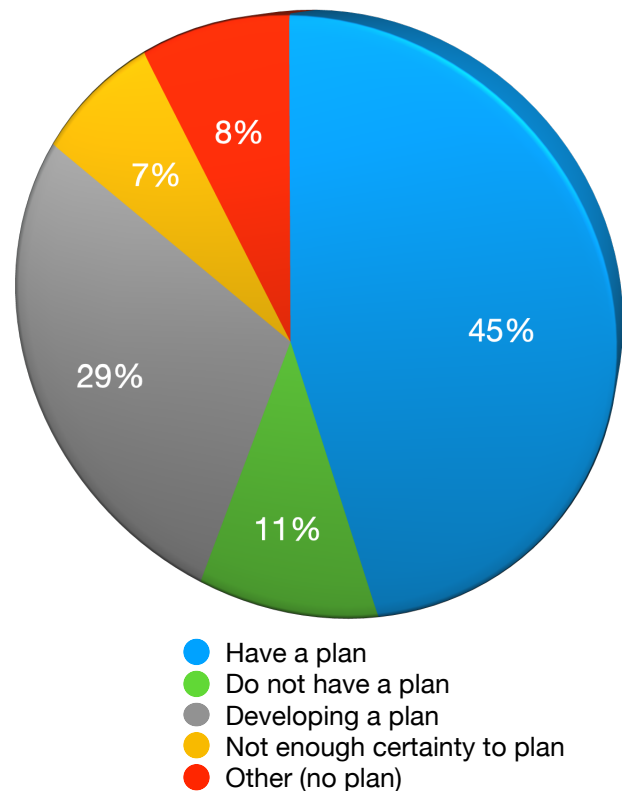
- Concerns over international travel;
- Accommodating sufficient people safely;
- Moving to permanent remote working;
- Inadequate guidance for hospitality;
- Lack of certainty.

Turning to selected industry sectors, the leisure sector the number with plans or preparing their plans was above 80%, with many responding that they were still unclear as to what will happen. Those not engaged in services were clearly finding it more difficult to plan.

Medium and larger businesses were, as might be expected, planning for lockdown to end, with 69% having already developed plans, and 26% developing plans. The remaining 5% were already active in putting in place various plans.

When we focused on specific areas we found some interesting, if somewhat uncomfortable results.

Do you have a plan?



Footfall and Customer Throughput

As with many issues that arise in considering the impact of Covid-19, the glass is either half-empty or half-full. Almost 5% of businesses said that they do not think they will be able to manage any throughput as we come out of lockdown.

On the other hand, 36% would be fully operational. It can be seen in the table opposite that 59% of businesses expect significant reductions in turnover as we exit lockdown, with one-third of businesses anticipating less than 50% throughput. Within sectors, the hospitality sector obviously expect a significant reduction, while construction expects to operate at full output. Other sectors reflected these statistics fairly evenly.

Expectations after Lockdown

	Capacity	Turnover
Full	36%	36%
Around 75%	24%	27%
Less than 50%	34%	32%
None	5%	5%

Businesses are pessimistic about turnover in the short term but hope of a rapid upturn in trade.

The implication reflects a very serious economic concern, however unsurprising the results may be. Without making significant adjustments, few businesses can sustain a fall in turnover to 75% or below 50% for any length of time. We therefore considered these results in the context of anticipated redundancies (below) and the results were surprising because only 7% of businesses anticipated significant redundancies. The conclusion we drew is that while businesses are pessimistic in relation to turnover in the short term but are either confident that the downturn will be short-lived or are adopting a 'wait and see' approach.

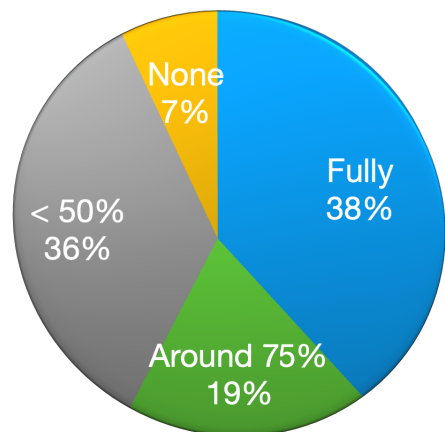
Combining this with the extent of adoption of the coronavirus job retention scheme and the comments many made about their business prospects, it is likely that CJRS has allowed businesses to see how things turn out before determining their next actions. This approach demonstrates sound business thinking, but raises the prospect that the views below on redundancies are rather optimistic.

Staffing at Premises

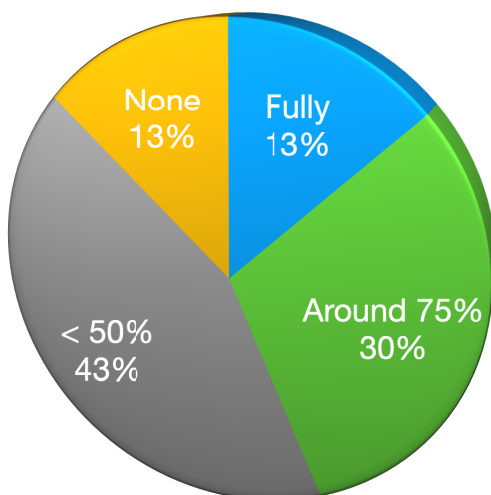
When it came to staff returning to their workplace, the figures seemed to correlate. Businesses, in general, which were putting their staff back in the workplace were often the same firms expecting strong turnover. A little over one-third are expecting their full workforce to be back on business premises, and a similar number expect less than 50%. This latter statistic indicates the problems that businesses expect to experience with 'covid-secure' environments in offices.

The story in the leisure and hospitality sectors was of greater concern. Here we observed that only 13% would be fully back on site, compared to 38% overall. Almost double the proportion of those across all businesses would not be able to be on site at all. Although this sector is broad, covering many different types of businesses, it is clear that, for example, restaurants did not expect to fully re-open, and retailers would partially open.

**Staff back on Premises
All Businesses**



Hospitality and Retail back on Premises



Anecdotally, the subsequent impact of 'Eat Out to Help Out' was significant. We are aware that many restaurants found themselves at full (covid-secure) capacity during this scheme, but as soon as it stopped, turnover dropped significantly. It appears that the public has a desire to use the facilities of the hospitality sector and are shockingly driven by small financial incentives, but otherwise they are unwilling to return to 'normality'.

There can be no doubt that this sector represents the greatest challenge, as is seen within the statistics. Several comments endorsed the targeting of financial assistance from government with a view to keeping travel and hospitality businesses alive while restrictions remain in place. At present, government policy has only truly directed itself to industries in terms of small additional grants dependent on property values and a business rates holiday for this sector.



HillierHopkins

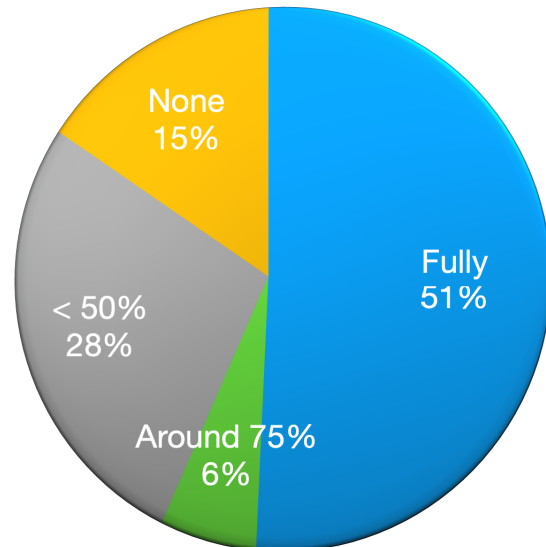
In the meantime, across all businesses, there seems to be a dramatic change in opinion regarding working from home. Some 51% of businesses expect all of their employees will continue to work from home as lockdown eases and into the future. Indeed 85% of all businesses taking part believe that the future looks like there will be at least 50% of their people working from home in the medium term.

This shift towards home-working has arisen because covid-19 has resulted in a proof of concept.

The impact across the wider economy and society is potentially dramatic. Although it is unsafe to extrapolate across the total population of businesses, we already know that many large businesses are considering home-working for many or all of their staff, whether partial or fully.

A large scale shift of this type may well lead to a fall in demand for commercial property and thus property values, alongside a shift in demand for residential property as home-workers may prefer to live in larger properties at a farther distance from their workplace. This may have negative implications for pension schemes invested in commercial property and many developments which may need to find alternative functionality. We can expect many businesses which exist to service office workers to suffer and possibly fail, in turn creating a spiral of lack of desire to work in the office. Such a shift even has implications on society, as people do not meet co-workers so often, a common source of personal relationships. The cycle could be extended then, and we could see positive outcomes of closer family life, improved local facilities, and new types of social activities to allow people to socialise.

Staff continuing at home



Redundancies

It is a sad but obvious result of all of the above that we had to ask questions about redundancies. The government schemes were intended to avoid this becoming a reality, but based on the answers above, it does seem that redundancies may be inevitable. The results were more optimistic than expected.

An unfortunate number - some 12% - stated that they are considering closing or had plans to change their operational structure. These comprised primarily small consultancies and one-man bands worried that there will be no future for their businesses.

Yet the vast majority (64%) planned to lose either no staff or one or two. Many commented that it is too early to tell yet because we cannot really be sure of the longer term outcomes, but had no immediate plans. The hospitality sector, on the other hand, expected to lose significant numbers, with only 25% of answers in that sector indicating no redundancies at all.

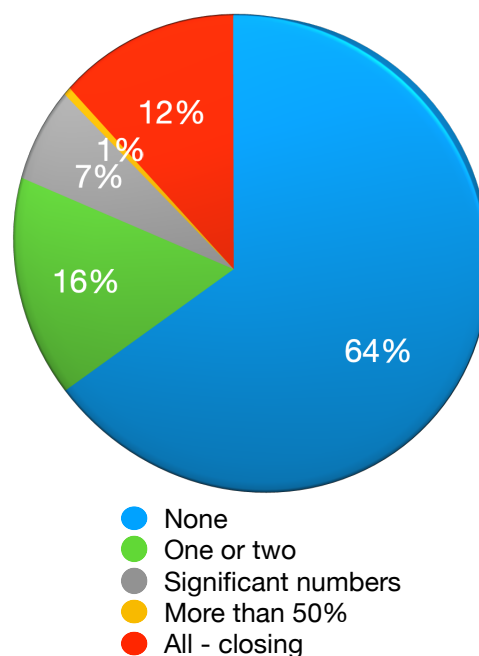
We asked participants to comment on what they felt were the most important measures that could be put in place to avoid redundancies. There was a diverse set of responses, but by far the most chosen options were (a) continuation of the CJRS scheme, especially one focused on those businesses which could not fully operate under partial or eased social distancing, and (b) a vaccine.

The latter is clearly a critical solution. One restaurateur eloquently commented that for them, because eating is a primal activity for human beings, human instinct requires us to feel safe while doing so. That can only be achieved by successfully eliminating any significant risk of contracting covid-19, and no amount of economic measures will change it.

The desire for a continuation of CJRS was caveated by several as needing to be focused on the businesses which could not continue to operate normally rather than it being made available to every business.

Other key comments sought help with rent. Tenants understood that landlords need to keep charging them rent, but sought government help with meeting it in the short term. Public transport safety was fairly high on the list along with better availability of funds through the loan schemes.

Expectations of redundancies



Lockdown Practicalities

The practicalities of lockdown are specific to each business and each person. The difficulties faced coming out of lockdown are similarly specific. We have extracted in this section a few of the recurring themes from participants in this survey.

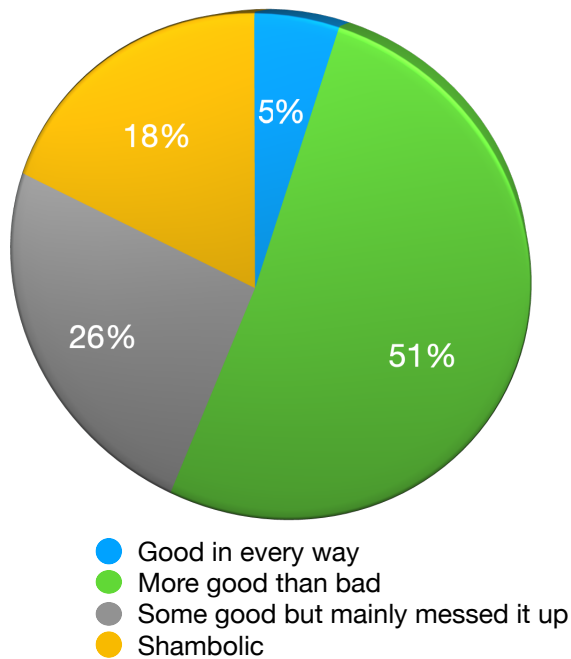
- Landlords are concerned that residential tenants who have not paid their rent during lockdown have little prospect of catching up with it;
- A second wave of infection is likely as people become careless and get used to normal life;
- Travel operators fear that it will be a long time before travel restarts on any useful scale;
- The cost and complications of creating a Covid-secure environment is impractical;
- Transport to London, and especially the increased congestion charge which is counter-intuitive when you want people to get back to work but they fear using public transport;
- Both landlords and tenants are concerned that social distancing means that the economic usefulness and therefore the value of commercial property should diminish;
- Guidance from government is too woolly, and not really thought through;
- Businesses which work internationally are concerned that it will be difficult to move from one country to another as rules are different in each country.

One of the main themes is that there has been a fundamental point missed: this virus is not going to go away and until people feel safe, business will suffer. Business does not operate well under the shadow of fear.

We have not attempted to reproduce all of the comments but we found them very interesting and do express our thanks for the many useful thoughts set out in them.

The Government

How has the government done?



Few people indicated that the government has got everything right so far, indeed only 5% would go that far. The comments, however, were sympathetic to the difficulties faced and noted that hindsight makes it easy to judge. Of course we do not yet have the luxury of true hindsight and there is plenty of time to get things right or wrong in the future.

There was, however, a small majority (51%) who felt that the government got more right than it got wrong. Among those who thought this, some commented on specific matters they got wrong in their opinion. These included going ahead, albeit delayed, with changes to IR35 and also with Brexit.

Although the government might take some comfort in that, there were 26%

who thought they got some things right but mainly got it wrong. Pressing ahead with the Brexit deadline when the EU offered to postpone featured a lot in these comments, but most of the references were to do with matters unrelated to business directly: care homes, lack of PPE, lack of testing, confused and poor messaging all featured.

18% thought the government response was shambolic. Comments such as “too little too late”, “lack of clarity”, “third highest death rate and slowest lockdown”, “confusing advice” featured among these people. Even among those who voted positively, references were made to the failures regarding PPE, delays to lockdown, care homes, test and trace.

However, among the many comments (and we did ask people to not hold back) were also notes of sympathy that this was uncharted waters and few people would have wanted to be in charge in this situation. As with most political matters, views were often polarised.

Some praise was given to the Chancellor, and some criticism too especially relating to the failure of the CJRS scheme to target the businesses that really needed help, as well as problems relating to CBILS.

Percentage who thought government performance

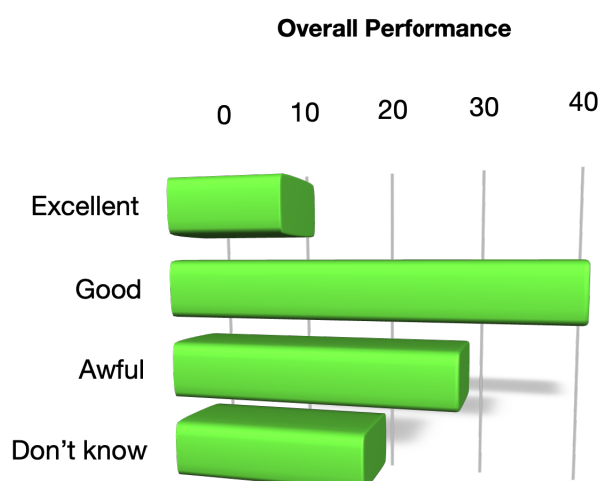
	Excellent	Good	Awful	Don't know	
Lockdown Timing	5%	34%	52%	9%	100%
CJRS (furlough)	46%	42%	2%	10%	100%
SEISS (self-employed)	9%	29%	25%	37%	100%
CIBLS (loan scheme)	10%	32%	11%	47%	100%
Bounce back loans	15%	31%	5%	49%	100%
Small Business Grants	17%	31%	12%	40%	100%
Easing Timing	4%	48%	34%	14%	100%
Keeping us safe	9%	56%	28%	7%	100%
Protecting vulnerable	11%	45%	34%	10%	100%
Finding solutions	6%	49%	34%	11%	100%
Leadership	8%	41%	43%	8%	100%
Public messaging	7%	35%	52%	6%	100%
Guidance clarity and timeliness	4%	41%	47%	8%	100%
Overall	12%	40%	29%	20%	100%

In order to understand these comments we asked about specific matters for comment. The overall verdict chosen from Excellent, Good, Awful and don't know was that overall, the performance by government was good.

The table shows the percentages of those who cast a vote in each selection.

The highlights are difficult to interpret. On the timing of lockdown, a majority sufficient to exit the EU felt it was awful, but a very fair number (39% though it was good or excellent. Few did not have a view. Aside from CJRS, where 46% felt it was excellent and 88% thought it was good or excellent, few elements are considered excellent by many.

On most matters, the combined 'good or excellent' outweighs the 'awful'. Although it may be that if we offered an option of 'mediocre' we may have had a very different pattern, based on the answers given, by and large the view of government's response was more positive than negative.



The overall scores illustrate this. There is a fairly clear, positive view of the government's performance.

As things have moved on rapidly, we will be asking those who replied if and how their views have moved on as well.