Greater Birmingham Chambers of Commerce

Keep Business Moving II

Areas for Urgent Government Action on COVID-19 Business Support

April 2021

#KEEPBUSINESSMOVING

Connect. Support. Grow.

Foreword

Henrietta Brealey
Chief Executive
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Stage 2 of the roadmap has got the go-ahead, the vaccination rollout continues at pace and with the country emerging into the Spring it feels as though the end is finally in sight.

However, while there is much to be hopeful for and positive about we know the COVID-19 pandemic is not over. There are still many businesses in the hardest hit sectors that have not been able to operate fully, or at all, in over a year. The support provided by the Government to date has been unprecedented but gaps still remain, as set out in this document.

The light at the end of the tunnel is almost within reach; impacted businesses just need the Government to keep laying down the track.

As the Prime Minister said himself recently; “a stitch in time saves nine” and saving previously viable businesses & jobs through this short-term dramatic disruption will result a stronger economic and social outlook (and associated higher tax returns and lower defaults on Government backed loans) for many years to come.

Over the coming months the Chamber will continue to stand side by side with our membership. We will champion, celebrate and promote them as impacted businesses reopen at each stage of the roadmap. We will continue to fight their corner and lobby on their behalf. And of course, we will continue to help Connect, Support and Grow our fantastic local business community whatever COVID-19, or beyond, may bring.

Raj Kandola
Head of Policy
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Chambers of Commerce

Data from our latest Quarterly Business Report underlines the precarious situation many businesses in the region find themselves currently operating in. Both domestic and export sales have steadily increased over the last six months, but remain someway short of the levels we saw recorded prior to the pandemic. Investment in capital expenditure and staff training remains understandably subdued given the continuing uncertainty which is generated by the pandemic and 41% of businesses reported that their cash flow position was worse than in comparison to three months ago.

It was also concerning to see that just over a third of businesses in the region expect the price of their goods and services to go up over the next three months, with 30% of firms citing the increasing cost of sourcing materials as a key factor - a development in part likely to have been exacerbated by the additional costs that businesses are incurring in attempting to import goods from the European Union.

Whilst the Chancellor recently made a number of welcome policy announcements aimed at helping businesses navigate the next few crucial months, clearly more direct action needs to be taken if we are to avoid any long term scarring for our regional economy.

For example, effective reform of the business rates system in order to make it more efficient and less of a drag on investment will not only help to alleviate the crippling cost pressures that businesses are currently facing but also free up cash to allow businesses to invest in their people and products as we emerge from the crisis.

On a brighter note, just under half of the businesses surveyed expect their profits to increase over the next 12 months – no doubt buoyed by the success of the vaccination programme and plans afoot to unlock large parts of our economy. The challenge for both national and local stakeholders is to ensure this positive momentum is maintained and structures are put in place which will allow our businesses to once again flourish in due course.

Budget Wins & Gaps In Support

On the 3rd March 2021, the Chancellor revealed his Spring Budget. Ahead of the budget, the GBCC, alongside the British Chambers of Commerce, called for action on a number of business critical areas. You can read the GBCC's lobbying documents here and here.

What did we call for?	What was announced?
Extending the Coronavirus Job Retention Scheme for the duration of significant COVID restrictions & extend access to the more recently employed	CJRS extended until September and opened to employees PAYE registered by 2nd March 2021 for claims from 1st May 2021
Extend the Self Employed Income Support Scheme for the duration of significant COVID restrictions & extend access to the more recently self employed	Fourth and fifth SEISS grants announced (April-June and July-September) and opened to those who become self employed in the 2019-20 tax year
Enhance cash support for businesses, including discretionary support available at local level	Restart grant scheme and a "top up" to local authority managed Additional Restrictions Grants announced
Extend business rates relief through 2021/22	100% business rates holiday for key sectors to June, followed by two thirds discount for remainder of 2021/22
Extend VAT reliefs through 2021/22	Extended at 5% until 30 September 2021 Rising to 12.5% from 1 October 2021 to 31 March 2022
Deliver new lending scheme to succeed CBILS and BBLS and support businesses through to recovery	The Recovery Loan Scheme available from April with 80% government guarantee on loans of up to £10 million
Introduce Investment incentives to encourage businesses to invest	Introduction of the "Super Deduction" 130% capital allowances on qualifying investments for the next two years
Support life long learning through investing in and incentivising key schemes	Apprenticeship incentives increased to £3,000 to September 2021, Help To Grow Scheme subsidised executive development and digital skills training introduced
Additional support for Airports	Airport and Ground Operations Support scheme extended for a further six months for 21/22

What's missing?

- **Sector Specific Interventions:** including a Government backed insurance scheme for live events, enhanced support for airports, removing the requirement to pay NI & pension contributions on furloughed staff for closed businesses and messaging to restore confidence in key sectors
- **Further Action on Access to Finance:** including extending the interest free period for the CBILS and ensure all borrowers with CBILS facilities have the option of extending repayment terms to 10 years
- **Enhanced investment incentives:** to incentivise a wider range of businesses investments such as investment in technology and upgrading commercial premises to improve environmental sustainability
- **Business Rates Reform:** fundamental reforms on this outdated tax on brick & mortar
- **Support for the Excluded:** including directors of limited companies, significantly impacted supply chain companies and freelancers unable to access current schemes
- **Enhanced Support for Impacted Businesses with High Overheads:** to address significant cash shortfalls in meeting essential costs while unable to operate due to COVID-19 including addressing commercial rent arrears
- **Full clarity on the roadmap and employer obligations:** including future role and availability on workplace testing, vaccination requirements, COVID status certification, specific guidance on live events, further on campus university teaching, the conditions under which social distancing will finally end and air travel
- **Beyond the roadmap:** continuing to pivot, adapt and introduce support for businesses in line with the reality of how the COVID-19 situation evolves through Autumn/Winter 2021

Source: British Chambers of Commerce *Chamber Network Budget Wins 2021* and GBCC lobbying activity

Our Message for Local Stakeholders

While much of this document focuses on national Government interventions, significant action is also required at a regional and local level.

Collectively, the region is home to significant opportunities, resource and expertise. It must be effectively coordinated and targeted to maximise every opportunity to support local businesses and jobs.

The challenges facing businesses, citizens and the region on COVID-19 and Brexit are huge. Many regional stakeholders are managing through their own challenges on tackling the spread of the virus, managing the impact of costs on delayed projects and disrupted service delivery. But it has never been more essential to look outwards and be united in our approaches to tackling this crisis.

Through meaningful collaboration and an unrelenting focus on making a positive difference we can harness the collective resources of the region, make the most of huge opportunities such as HS2 and Birmingham 2022 Commonwealth Games and improve outcomes for businesses & citizens.

Business Survival:

- **Put Aside Party Politics:** the GBCC is fiercely apolitical. Along with many local citizens and businesses we want and need to see local stakeholders coming together and taking a collective approach to championing their needs and tackling the issues they face
- **Find Solutions:** work with businesses to overcome challenges to proposals such as outdoor dining, innovative COVID-19 secure activities and creative solutions to supporting jobs and the economy
- **Collaborate:** where there is the potential for activity to significantly benefit local businesses but your organisation lacks the resources to deliver it, reach out to regional partners including business organisations such as the Chamber, to try and find a way forward collaboratively
- **Target Resource:** 1) ensure local discretionary grant schemes are available directly to business owners (rather than rate payers alone) & delivered with absolute minimal bureaucracy to get cash out quickly 2) review programmes, staff and resource allocation and (while continuing to work on key areas of long term benefit) refocus where appropriate on urgent needs around COVID-19 and Brexit
- **Local Procurement:** maximise the impact of every penny spent by prioritising 1) breaking down contracts (where viable) in the units more suitable for SMEs, 2) meaningfully utilising social value criteria to encourage procurement from firms making a local employment and social impact and to ensure larger contractors work with local businesses, social enterprises and charities in their supply chains 3) improving transparency of opportunities by requiring significant contractors to advertise supply chain opportunities locally, 4) working with partners on supply chain development activity such as meet the buyer events and SME training, 5) meaningfully engaging local SMEs to understand barriers to accessing procurement opportunities and taking steps to overcome them

Economic Revival:

- **Enable the Future of Highstreets & Centres:** work with BIDs, Chambers & others to understand emerging impacts alongside wider trends & build longer term plans for restoring growth to urban centres
- **Support & Maximise The Impact of HS2:** this is the largest investment in infrastructure for a generation and the region is set to benefit from 2 stations; 1) continue to support calls for the continued delivery of all phases of the projects, 2) maximise opportunities for local businesses around supply chain opportunities and local people on employment and skills development and 3) support projects delivering further social and economic benefit using HS2 as a catalyst for delivering further social, economic and environmental benefits
- **Maximise the benefits from B2022**: follow the recommendations set out in the GBCC's *A Game Changer for Businesses? Birmingham 2022 Commonwealth Games Business Legacy Manifesto**
- **Back Regionally Transformative Infrastructure Investments:** including championing the investment case for key projects such as the Arden Cross development, Midlands Rail Hub and a potential electric vehicle battery gigafactory
- **Provide A Springboard For Innovation:** build on the success of securing the 5G testbeds, growing investment in electric vehicle technology & health innovation and exceptional university base to support knowledge transfer, pivoting business models and incentivise the commercialisation of R&D to ensure the region remains competitive for the future

**Click here for the GBCC's B2022 Business Legacy Manifesto*

"Our business operates within the live events sector and has now been closed for more than 12 months as a result of government restrictions. We cannot legitimately generate any income from our sector until 21st June earliest and the reality is this will be more like September 2021 and well into 2022 before we return to any where near the levels of pre-pandemic income.

We have been grateful for the JRS scheme and whilst this has enabled to us to retain approximately 50% of our team the longer they remain on furlough the greater the effect on them not only financially but also mentally and as a result we fear we will lose our remaining talent not out of choice but out of necessity from them to work.

We are also grateful for the £39k we have received from Birmingham City Council in the form of Discretionary and Additional Restrictions Grant but this only goes part of the way to the £78k we have paid out in rates since lockdown began.

We desperately need more specific government financial help and a clear road map to re-opening to enable our business to operate and focus on the future, to get our team back to work and to enable live events to help kick start the economy The alternative is the further collapse of our industry supply chain, millions unemployed and the untold consequences on employees and business owners mental health."

Marija Ezren, Co-Founder, Solutions 2

"Covid-19 has not affected all businesses equally, there are clear winners and losers. Small and medium-sized bricks and mortar businesses, with high rents, business rates and other overheads in the hospitality sector, have been particularly hard hit.

We have been saddled with a huge CBILS loan to cover outgoings while being unable to trade. We can only fully re-open on 17 May and after a year of losses, we are expected to begin hefty loan repayments in July.

We would like to see a fairer way of spreading the cost of Covid and fully support the Chamber's proposals"

Tracey Stephenson, co-founder and joint managing director of serviced apartment operator Staying Cool

"The Arts and Cultural Sector is thankful for the vital support as part of the Cultural Recovery Fund, but as one of the first sectors to close and last to open and with long lead in times for organisation, programming and planning the financial risk associated with cancelled events could put parts our sector at serious risk of failure without a Government backed insurance scheme.

We would also like to see regional and local public confidence campaigns focussed on culture to support the return of audiences and participants."

Erica Love, Director, Culture Central

Sector Specific Interventions

Action: Introduce a live events sector-specific, Government-backed insurance scheme - giving the sector (and their customers and suppliers) the confidence to plan effectively for reopening in a changeable environment

Bring forward a Government-endorsed, proven testing and trace programme that allows venues to offer enhanced safety and speed up their reopening

Explore the possibility of introducing lateral flow testing as a cheaper alternative to PCR tests for those travelling by air

Extend the AGOSS Scheme for six months beyond September if the intended summer restart programme for air travel is delayed

Remove the responsibility for paying National Insurance and pension contributions for furloughed staff from businesses required to close

Bring forward Government backed campaigns at appropriate stages in the roadmap to champion the safe return to hospitality, events, cultural and wider visitor economy activity and restore customer confidence

Background: Key sectors such as the hospitality, tourism, travel and live events industries have been among those hardest hit by COVID-19 restrictions. They will also face the most stringent ongoing restrictions for the most significant period based on the Prime Minister's roadmap to recovery.

This has been recognised to some degree by the introduction of Restart Grants at higher levels for those industries last to unlock. However, significant further sector specific intervention is required if as many previously viable businesses in these sectors as possible are to survive through the pandemic and in due course, thrive.

Large scale live events such as exhibitions and major performances take many months of preparation in order to be logistically and commercially viable. The COVID-19 situation can change within weeks, as seen over autumn/winter 2020. Major events organisers, and the many hundreds of primarily SMEs and freelancers in their supply chains, have little to no reserves left following over 12 months of being unable to operate. Investing in preparing for a significant event is a major risk in this environment, potentially a catastrophic one for their business should COVID measures change and the event be unable to go ahead. As a result, we are calling on the Government to support this sector that makes a significant contribution to the regional and UK economy through a sector specific Government backed insurance scheme to de-risk reopening. We are also calling for the Government to support a safe reopening by bringing forward an endorsed test and trace programme or guidance specifically for this sector.

The Government's Global Travel Taskforce has offered guidance on how air travel could resume in mid May with the introduction of a traffic light system, which categorises countries based on risk and is designed to protect the public from new overseas variants of Covid-19 with passengers expected to a number of PCR tests in order to minimise any outbreaks. However, we would urge the Government to make testing cheaper and more accessible for those intending to travel.

The CJRS has been a lifeline for many businesses – and their employees – facing weak and fluctuating demand during this challenging period. The decision to extend the CJRS to the 30th September 2021 is welcome.

However, for businesses required to close to the public, the requirement of paying national insurance and pension contributions on furloughed staff is unsustainable. The majority of these businesses are not bringing in income remotely comparable to pre-COVID-19 levels (even where they've been able to adapt to takeaway or online services) if they are able to bring in any income at all. The current exponential rise in COVID-19 cases suggests that strict measures will be in place for these sectors for some months yet.

Removing this overhead short-term will save jobs and businesses, in turn leading to a stronger economic outlook, higher tax receipts and quicker "bounce back" when conditions improve over the mid to long term.

Statistics:

- Only 39% of available rooms were occupied in open accommodation businesses in the West Midlands during October 2020 compared with 79% the previous year (source ONS)
- 90% of venues, hotels and suppliers believe they cannot survive beyond the next two years without any additional government support, after enduring average revenue losses of over £2,560,000 to date (source Meetings Industry Association events survey, January 2021)
- 61% of eligible employments in the accommodation and food services sector and 55% of eligible employments in the arts, entertainment and recreation sector were furloughed as of the 31st January 2021 (source gov.uk)
- 11.4m unique jobs have been supported by the Coronavirus Job Retention Scheme since it was introduced (source gov.uk)
- 1.3m employers have furloughed employees with claims totalling £57.7bn as of the 15 March (source gov.uk)
- 308,000 people were made redundant between November 2020 and January 2021 – an increase of 202,000 on the same period the previous year (source ONS)

Further Action on Access to Finance

Action: Remove any unnecessary red tape from the administration of the new Recovery Loan Scheme to ensure credit flows to firms that need it the most

Regularly review the viability of the repayment terms of the Recovery Loan Scheme especially as businesses are expected to repay the interest and fees from the outset (many of which will still be struggling to deal with the longer term impact of Covid-19 on their output)

Explore innovative options for freeing up finance for growth while ensuring prudent use of government guarantees such as:

- Converting CBILS debt into a form of a Government backed equity fund for organisations with viable growth potential
- Allowing partial or complete write off of CBILS debt against investment in growth and new employment
- Enabling the release or subordinating of security of CBILS loans by banks in favour of new commercial loans for funding business and employment growth
- Introducing a surcharge on taxable profits and shareholder salaries which would allow businesses to pay down their debt over a longer period

Background: The CBILs and BBLs have been a much welcomed and essential source of finance for businesses whose cash flow has been dramatically hit by short-term pandemic conditions. Whilst the announcements made last September offered more flexible options to manage the repayments on BBLs, the levels of debt building in the business community are becoming unsustainable and risk choking recovery and future growth.

At the recent Budget, the Chancellor released details of a Recovery Loan Scheme which replaced the CBILs and BBLs in early April. The maximum value provided under the new Plan will be £10m per business. The scheme allows businesses to use funding to manage cash flow, investment and growth. Facility sizes will vary, starting at £1,000 for asset & invoice financing and £25,001 for term loans and overdrafts. The Government announced that turnover restrictions will not be in place for businesses accessing the programme; term loans and asset finance facilities are available for up to six years and overdrafts and invoice finance available up to three years.

Unlike the BBLs, interest and fees are to be paid by the business from the outset and those firms that have taken out a CBILs, CLBILs or BBL will be able to access the new scheme, however the maximum they are allowed to borrow will depend on their lender's initial assessment and affordability requirements. The maximum the Government will guarantee is 80% of the loan amounts (regardless of the size) which is line with what was offered for CBILs but not as high as the 100% guarantee on BBLs. Industry experts are wary that this could limit the successful take up of the loans from businesses that need them the most.

Statistics:

- As of March 2021, £75bn worth of CBILs, CLBILs and BBLs facilities have been approved (HMT COVID-19 Business Loans Statistics)
- According to research published by the British Business Bank in January 2021, the construction sector has received highest proportion of total loans (17%), followed by wholesale and retail (15%)
- As of January 2021, 114,715 CBILs and BBLs have been offered to businesses in the West Midlands to the value of £5.3bn

Enhanced investment incentives

Action: Incentivise a wider range of businesses investments such as investment in technology and upgrading commercial premises to improve environmental sustainability

Extend the Super Deduction Tax policy beyond those businesses that invest in plant & machinery in order to support firms that are investing digitally in data, cloud computing and AI tools

Ensure that sole traders and businesses operating as partnerships can also benefit from similar tax deduction policies which encourage greater investment

Offer a VAT reduction on energy saving materials in order to improve energy efficiency in buildings

Background: Data from our latest Quarterly Business Report showed that 25% of businesses were more concerned around the impact of taxation on their output compared to three months ago (the highest figure on record since the end of 2017). The GBCC have long campaigned for a reform of the corporate tax system in order to encourage greater businesses investment and it was pleasing to see the Chancellor use the Budget to announce plans related to an enhanced tax deduction equal to 130% for expenditure in certain items of plant & machinery.

The deduction will apply to capital expenditure on "main pool" plant & machinery incurred by companies between 1st April and 31st March 2023 so those investing in digital technology would not be able to directly benefit from this initiative. The deduction is also only available to companies which pay corporation tax (hence sole traders and partnerships will not benefit from this policy) and is not available for special rate pool items (such as solar panels). For special rate pool items, a temporary first year allowance of 50% will be introduced for expenditure on the items.

Nevertheless a number of barriers remain in place which prevent better energy efficiency and use of renewables in buildings. As a result, we would encourage the Government to review existing capital allowances, the current use of the Structures and Building Allowance (SBA) along with offering a VAT reduction on energy saving materials in a bid to overcome these barriers.

Statistics:

- The Super Deduction Policy is expected to have a major impact on an estimated 2.8m companies across the country that incur qualifying expenditure on plant and machinery (Gov UK)
- According to the British Chambers of Commerce 2020 Net Zero Survey, 33% of businesses surveyed in the West Midlands cited financial circumstances as the key barrier which prevents a transition to net zero in their own business

Business Rates Reform

Action: Reform the structure of the business rates system in order to free up funds for cash strapped businesses. Specific areas include:

- Reducing the level of the current multiplier (50p in the pound) to a percentage equitable to the current market conditions firms are operating in
- Removing plant & machinery from the ratings systems in a bid to free up cash to allow businesses to invest in their people and products
- Increasing the frequency of valuations in order to create a more transparent system
- Remove the excess bureaucracy from the CCA system in order to make the appeals process more streamlined

Background: Whilst business rate relief was extended for those operating in the leisure, hospitality and retail sectors in the Chancellor's budget, the GBCC has long called for the structural reform of the outdated business rates system in a bid to strengthen the foundations of the domestic economy which in turn, will help to drive productivity levels across the board. High business rates have a direct impact on cash flow levels and the severe overheads that many firms across the country are facing right now, which in turn has an indirect impact on recruitment activity. A number of retail giants wrote to the Chancellor in February to spell out the burden that business rates is creating for shops on the high street and ultimately, putting thousands of jobs at risk.

In Autumn 2019, the Treasury Select Committee produced a report with a number of practical recommendations to reform the system which have subsequently been ignored. It was also disappointing to see that the Government used its recent Tax Day to announce a series of consultations in relation the business rates system without any real action related to meaningful reform. The longer the Chancellor delays making a decision on reform, the longer businesses will suffer the consequences and ultimately, more job losses and closures are likely to be on the horizon.

Statistics:

- Approximately £874m in additional business rates relief was granted by West Midlands local authorities under COVID-19 schemes in 2020/21
- Nationally, over £10.8bn in in additional business rates relief was granted by local authorities under COVID-19 schemes in 2020/21

Support for the Excluded

Action: Ensure that directors of limited companies, significantly impacted supply chain companies and charities, and those without commercial premises are meaningfully supported through COVID-19 grants and policy.

Background: Businesses and individuals are falling through the gaps between existing Government support schemes, namely:

- Significantly impacted supply chain companies and charities, and those without commercial premises
- Directors of limited companies
- PAYE freelancers who earn less than 50% of their income from self-employment

The primary Government led grant schemes (excluding CJRS) have been highly sector and rateable value specific. The discretionary support available to local authorities for all other businesses (including supply chain firms, those in shared premises where they are not responsible for business rates and those without commercial premises) and charities that have not benefitted from national schemes, is highly limited by comparison. Further discretionary support to widen access to schemes for impacted businesses and charities is required.

The Self-Employment Income support scheme does not cover the 1.8m who are owner-managers of their companies, paying themselves mostly through dividends. Nor can many PAYE freelancers who earn less than 50% of their income from self-employment access it.

Statistics:

- The latest available data (up until the 18 January) shows that local authorities in the Greater Birmingham Area had distributed c.£13.7m through the Local Restrictions Grant Schemes Support Grant (Open and Closed) schemes (source gov.uk)
- C. £4.9m has been issued to businesses in the Greater Birmingham area through the Additional Restrictions Grant (source gov.uk)
- It is estimated that around 0.7m limited company directors paid through dividends and 0.4m short-term contractors moving between jobs are not eligible for support under the Coronavirus Job Retention Scheme (source NAO)
- HMRC estimates that 1.4m self-employed people do not qualify for the Self-Employment Income Support Scheme because their trading profit is less than their non-trading income; 0.2m people are ineligible because their trading profits exceed £50,000 (source NAO)

Enhanced Support for Impacted Businesses with High Overheads

Action: Bring forward enhanced grant support for the most impacted 'closed' businesses with high overheads

Offer the equivalent support to those non-rate paying businesses that are not eligible to access the Restart Grants

Introduce tax credits or explore options for partial rent grants to support landlords in offering rent waivers or reductions to businesses in genuine difficulty.

Bring forward short-term payment holidays for domestic mortgages and capital payment holidays for landlords.

Background: Previously viable businesses are experiencing critical, short-term cash flow issues. This has arisen from a combination of forced temporary closures, plummeting customer demand, investing in COVID-secure premises and restricted capacity due to Government policy aimed at stopping the spread of COVID-19. Loans alone are not viable due to high levels of debt already accruing in the business community. Action must be taken to get cash to businesses in need to prevent a wave of business failures in the most impacted sectors.

The national grant schemes (Local Restrictions Support Grant to the end of March, a one off Restart Grant thereafter) cannot cover the overheads for many businesses, particularly those with high cost premises. The discretionary grants available for distribution by local authorities are calculated using a formula largely based on per head of the population – not number of businesses or the overheads businesses within a local authority face. Rents and business rate vary wildly between LA areas, resulting in effectively disproportionately low value support for high cost areas with a significant business population.

Protections from eviction for commercial tenants have been a lifeline to many. However, enormous cash flow disruption arising from businesses being required to close or severely restrict activities is resulting in high levels of rental debt building up in the business community. Impacted businesses will face further challenges over the coming weeks during the third national lockdown. Action is needed to address the unpaid rents time bomb and support businesses and landlords.

Under the terms of the Coronavirus Act, no business unable to pay their rent should be automatically evicted if they miss a payment. Tenants remain liable for the rent and must still pay after this date. These protections from eviction for commercial tenants have been extended several times and are now set to end at the end of June 2021.

Under the Corporate Insolvency & Governance Bill statutory demands and winding up petitions issued to commercial tenants will be temporarily voided and changes will be made to the use of Commercial Rent Arrears Recovery.

Landlords are businesses too with their own significant challenges, costs and overheads to manage. While many have negotiated temporary rent reductions with the most severely impacted tenants in hard hit industries, for some further reductions are simply not a financially viable option.

Statistics:

- It is estimated that commercial property landlords in the UK will have experienced a total shortfall in their incomes of around £5.5bn by the end of March 2021 (source Remit Consulting)
- Owners of commercial property investments have, overall, seen a shortfall in their income of around 20-25% each quarter since the start of the pandemic (source Remit Consulting)
- 40% of hospitality operators have not reached an agreement on rent reductions or deferrals (UK Hospitality)
- 41% of Greater Birmingham businesses reported that their cash flow position had worsened between Q4 2020 and Q1 2021 (source GBCC QBR Q1)
- The number of company dissolutions in Q4 2020 increased by 29.4% compared with Q4 2019 (source Gov.uk)

Full clarity on the roadmap and employer obligations

Action: Clarify how government will assess their four tests and provide regular updates on progress in-between steps to help businesses plan ahead

Confirm when the outcomes of the government's various reviews will be released and ensure that businesses are given sufficient notice of any changes to enable them to plan accordingly

Urgently consult and engage with businesses on proposals regarding COVID status certification

Publish specific guidance for businesses on the return of live events and potential legal issues arising from the vaccination process

Confirm the government's plans in relation to the future role and availability of workplace testing beyond the end of June

Urgently bring forward a return to on campus teaching for all university students, in line with schools

Background: Before proceeding with each step of the roadmap, the government's decision will be based on four tests to determine whether it is safe to continue easing restrictions. Firms will only receive a week's notice of the restrictions that are set to be eased and there is very little detail currently in terms of how the government will assess that their four tests have been met. This makes it very difficult for businesses to forward plan.

The government has also committed to undertaking a series of reviews around social distancing, COVID status certification and the Events Research Programme which will guide decision making on the return of live events. The outcome of these reviews will have a major bearing on how businesses will be able to operate (if at all) and many firms will be waiting for confirmation on what is required of them before making any preparations to re-open. Businesses will be looking for clarity in particular on the government's criteria for ending social distancing measures.

There is some concern amongst the business community in regard to plans to potentially introduce Covid status certification at some point in the future. The government has said that Covid status certificates could play a role in allowing people to return to mass events and venues such as nightclubs and theatres. However, firms are understandably concerned around the discriminatory nature of vaccine passports and the intrusiveness of having to ask people for sensitive health information. They are worried that this could have a detrimental impact on trade by deterring customers from going to these venues. Therefore, it is critical that the government consults with business and sets out how the certification process could work in practice.

As the vaccine rollout continues, firms are also looking for clarity from government around potential legal issues that may arise from employees that refuse vaccination. Under UK health and safety law, employers have an obligation to reduce health risks to employees as low as possible and may wish to introduce measures such as restricting unvaccinated employees from returning to the workplace to protect their workforce. However, measures such as this will leave employers open to claims for indirect discrimination and there is also the matter of those who are unable to get the vaccine (e.g. someone with a medical condition).

The government has been encouraging businesses to set up workplace testing sites on their premises to test employees who cannot work from home. Firms are being provided with free testing kits by government and this is currently set to continue until the end of June. Workplace testing is expensive and many organisations will be unable to continue offering workplace testing beyond June if they are required to take on the additional costs involved.

Higher education students in England are currently unable to return to campus for in-person teaching with the only exceptions being those students taking practical and priority courses. The government has yet to set out plans for re-opening university campuses as part of their roadmap for easing lockdown restrictions. Schools and colleges in England re-opened for face-to-face education on the 8 March.

Statistics:

- As of the 28 March, 60,000 businesses had registered for the government's workplace testing programme (source gov.uk)

Beyond the roadmap

Action: Continuing to pivot, adapt and introduce support for businesses in line with the reality of how the COVID-19 situation evolves through Autumn/Winter 2021

An effective Test & Trace system providing live, granular data on cases and transmission is essential for meaningful, targeted interventions and enabling the safe reopening of the economy

Apply the British Chambers of Commerce 5 business tests and review existing measures on a regular basis to ensure that they continue to reflect the latest evidence:

The British Chambers of Commerce 5 Business Tests:

1. EVIDENCE: Are the restrictions evidence-based and targeted effectively?
2. CLARITY: Are the restrictions clear and do businesses have time to prepare?
3. SUPPORT: Is support for businesses commensurate with the impact on them?
4. TESTING: How will the time be used to fix the Test, Trace and Isolate system?
5. EXIT STRATEGY: Is there a clear process for increasing and decreasing restrictions?

Background: The UK's vaccination programme roll out has been impressive and we are all hopeful for full implementation of the roadmap to recovery broadly within the anticipated timescales.

However, the business community along with the rest of the world is alert to the risk of new variants potentially undermining the effectiveness of the vaccination programme alongside the sharp rise in cases across significant parts of Europe. The situation remains changeable.

It is also well documented that respiratory infections such as COVID-19 see significant increases in transmission through the winter months.

It is critical that the Government plans ahead beyond the roadmap and continues to adapt its support for businesses, as well as plans for future increases in Corporation tax, in line with the pandemic and economic reality.

Statistics:

- As of April 6 2021, 31,707,594 people have received a first dose COVID-19 vaccination in the UK (source gov.uk)

- As of April 6 2021, the number of COVID-19 vaccine doses administered per 100 people is significantly higher in the UK (55.08) than comparable European countries such as Italy (19.12), France (18.77) and Germany (18.41) (source Our Wold Data)
- As of April 6 2021, the biweekly growth rate in confirmed COVID-19 cases is -27% in the UK compared to a 39% increase in France, a 18% increase in Germany and an 16% decrease in Italy (source Our Wold Data)
- UK corporation tax is set to rise from the current rate of 19% to 25% from 1 April 2023. By comparison, France (26.5%) and Germany (30%) currently have higher rates than the proposed tax rate increase with Italy slightly lower on 24% (source KPMG)

Greater Birmingham Chambers of Commerce

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Keep Business Moving II is the latest in series of GBCC publications on the impact of COVID-19 on the local businesses community & recommendations for stakeholders to address this. Previous publications include:

- #BackOurBusinesses (January 2021, click here)
- *Keep Business Moving: A GBCC Action Plan* (November 2020, click here)
- *Unprecedented Times* (July 2020, click here)
- *Mind The Gap* (six versions issued between April and June 2020, click here)

#KEEPBUSINESSMOVING

About the Greater Birmingham Chambers of Commerce

We have been in business, for business since 1813. Today's GBCC exists to connect, support and grow local businesses. We offer an array of services and initiatives to businesses across six geographical regions and four themed divisions. From our wide range of events, international trade services, policy and marketing campaigns, to networking opportunities and media exposure, the Chamber has something for business of all sizes and from all sectors.

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