

GETTING THE RETAIL, ENTERTAINMENT AND LEISURE SECTORS BACK UP AND RUNNING

A POLICY BRIEFING FROM THE APA

Introduction

The retail, entertainment and leisure sectors have been particularly hard hit by the impact of Covid-19. Recent research we carried across these sectors suggests that:

- Over 71% have seen their turnover reduced by between 70-100% since the lockdown
- 65% have less than 12 weeks 'cash in the bank'
- 70% are dependent upon the Coronavirus job retention scheme of whom 75% view it as absolutely critical to their ability to maintain staff

Businesses in these sectors that have been able to survive the lockdown now face the prospect of getting back up and running in exceptionally challenging trading conditions. As the Government takes steps to reopen the economy it is vital that they get the support they need to get back up and running. This short policy briefing provides a snapshot of what we are seeing together with a number of recommendations to Government based on this feedback.

What are these businesses telling us?

The APA asked 174 owner managed businesses operating across the entertainment, leisure and retail sectors what additional help they would need over the coming months. The following verbatim quotes are indicative of the general feedback we received:

“Reassurance that banks will be flexible whilst this turmoil exists and provide a speedy level of support to viable businesses.”

“An extension of the furlough scheme until hotels are open and get above 40% occupancy.”

“A possible increase to our business grant coupled with support for local high streets (longer term) once trading resumes.”

“The extension of the CJRS to businesses like theatres, that will continue to be affected by social distancing for the foreseeable future.”

“Our small business grant is likely to cover basic fixed operating costs necessary to maintain our operation but the vast majority of our income for the year is generated in the summer. We will need something to help in readiness for 2021 as we will have not generated the required cash flow for investment in the winter months.”

“We need (help) to adapt our business to enable people to engage in a different way on the assumption that even when restrictions are relaxed, the public will be reluctant to gather in the large groups and potential confined spaces.”

“The ability to be able to further furlough employees, to avoid redundancies. As a pub/brewery/restaurant/hotel some other incentive to stop mounting debts.”

“A proper forward plan from Government to enable us to plan.”

“Rent free periods until we can open again.”

“Loans and grants to be sanctioned much quicker.”

“Exchange rates against USD to improve!”

“Advice on how to move forward after this – and in particular what Government regulations are going to be put in place and how this will affect my business.”

“Possibly tax write offs as it is going to be very tough paying our way in the medium term – could this include temporary changes to allow caravans to be used for permanent accommodation?”

“We need the CBILS to be available to businesses that can show profitable trading but do not have a 2-3 year trading history.”

“A miracle.”

What is clear from our research is that there are number of challenges that are distinct to these sectors and which require a distinct response from Government.

In particular these businesses need:

- Continued financial support to reflect the fact that many of them are dependent on seasonal peaks while others are going to be constricted in what they can offer while Covid-19 still poses a threat.
- A joined up sectoral strategy from Government that allows them to plan ahead.

- The ability to tax plan to a longer deadline with HMRC.

Five recommendations to help the entertainment, leisure and retail sectors

Our clients are operating in exceptional circumstances where basic business continuity is no longer a given. The APA calls on Government and policy makers to take the following practical steps to help them survive:

- 1) Extend the Government furlough scheme to these sectors until the end of 2020
- 2) Provide clear sectoral guidance and effective signposting to Government support
- 3) Delay VAT and business rate repayments for these sectors until summer 2021
- 4) Recognise that Covid-19 has exacerbated existing challenges across the retail sector and ensure that policy measures that are put in place respond to this underlying challenge as well as the immediate crisis
- 5) Continue to invest in Government backed campaigns such as the recently announced dining out scheme to encourage the UK public to get out and spend across these sectors

About the APA

The APA is a CEO led network of professional service firms who collectively advise and support well over 14,000 owner managed businesses across the UK. We advise a significant proportion of the real economy from SMEs to the AIM market. Our clients include businesses from start-ups to those with turnover up to the hundreds of millions who are also major employers and drivers of growth.

For more information please go to: <https://www.apa-uk.co.uk/members/public-policy/>