

Written evidence submitted by Aiden Associates Limited

To what extent do Government measures protect viable jobs in the future and reduce the risk of long-term unemployment?

Whilst unprecedented sums have been made available via grants and loans I will focus on those individuals and groups who for various reasons – policy, a date, a profit level, - have been unable to access most forms of support. The risk of long-term unemployment levels is exacerbated by the (at the time of writing) ongoing refusal of support to small limited company directors. This group totals about 2 million individuals, far and away the biggest group of those who have been excluded. Very many of these are taking on personal debt to stay afloat, cashing in pensions and selling assets, including their homes. If the business owners can't keep going then many of the currently furloughed staff will have no job to go back to. The total employed by this group is 7.6 million (reflecting the fact that they are small businesses) and it is very fair to forecast that millions of these will have no business to go back to if there is no reversal of the Chancellor's policy to deny the owners parity of support.

To what extent are Government measures value for money for the taxpayer?

The monies disbursed have undoubtedly helped many businesses and individuals stay in business. We have seen that the low hurdle rate for accessing some support has, perhaps sadly inevitably, led to wide-spread fraud (BBLs and furlough especially) and vast sums given to businesses that did not need it. A small proportion of which has now been returned. Contrast this with the hurdles that small limited company directors have had put in front of them as part of the 'reasons' for non-support and you will understand that this non-support feels like policy not admin difficulties. At a time when the Country will need all its entrepreneurs fit and firing to help the recovery, deciding to consign such a large proportion of the small business sector to closure feels like a huge economic own goal to most commentators.

How effective is the Government support to businesses and individuals across different regions and sectors? Does the effectiveness of the Government support vary across different regions?

Whilst there has been no Central Government support for small limited company directors there has been a small amount disbursed from local authority grants. I am aware of a small number that have been granted, although the vast majority of the applications have been refused owing to not having a formal business premises. If you work from home or deliver your services on a clients site you have almost no chance of being awarded a grant.

What lessons can be learnt from the different approaches undertaken by the nations in the UK to combatting the coronavirus?

The cross-party support for the plight of small limited companies is represented by the APPG Gaps in Support being the largest such body ever constituted. The Northern Ireland Assembly has just made a fund available specifically to help the small limited company directors excluded from support by the Chancellor. The recognise that this is just a fraction of the amount needed to deliver parity of support, but it is reflective of the widespread incomprehension across the UK why, especially now, the Chancellor has decided to 'take out' this huge part of the small business cog of the economy.

What impact will a second lockdown have on the economy? How should the Government best support the economy if intermittent lockdowns become a feature over the next year?

What changes to the economy are now permanent?

- What difference will the discovery of a vaccine and/or treatment make?
- Will behavioural changes such as working from home necessitate structural changes, whether or not a vaccine is discovered?

How large a problem is corporate indebtedness? How effectively did the financial sector give assistance to businesses?

- Is there a need for a new state sponsored investment bank? If so, what should it do?

From a personal perspective I can advise that I am writing off 2021. As well as having no non-debt support options from the Government for 10 months I am a shielder. My latest instruction to stay at home (which means I can't earn any money) clearly incorporates a warning that the vaccine is not a 'get out of the house' event for me. So, even Government advice is not indicating any relaxation of the situation where I don't get financial support whilst being told, sorry 'advised', to stay at home. And there is no end in sight.

As noted above, with there being no parity of support for small company limited directors. Many are racking up huge personal debts in order to keep their business open so their employees (7.6 million) can get furlough. Without any grant support such as that made available to the self-employed via the SEISS many businesses that survive in the short term will, in reality, be carrying an unsustainable level of debt which will, in slow motion, kill them anyway.

What improvements can be made to institutions to ensure that responses to crises like these are more robust in the future and policy makers have the data they need? What further analysis should the Government do and make transparent?

Should parity of support not be coming for small limited company directors the Government should review the wreckage of this 'engine of the economy', the mass unemployment and determine that, next time, protecting the ambitious and entrepreneurial should be something other than viewing them as collateral damage. A generation of hopes and dreams and massive hard-work are being casually discarded. Where do they think the innovations and job-creation comes from?

What are the consequences of high national debt? What should the new fiscal rules be?

The Spending Review was originally due in the Autumn 2019 but has now been postponed for more than a year. How robust is it in times of crisis?

How effectively did the Government work with the Bank of England? Was fiscal and monetary policy well-co-ordinated? Do there need to be changes to the monetary and fiscal framework?

What are the productivity challenges in the wake of the coronavirus crisis?

- How has the crisis impacted on innovation and technological development? What problems could technology solve and what problems will it cause?

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