

Written evidence submitted by Martin Wood (Managing Director at Fortico Limited T/A Prima Ardelle Associates)

Job Protection Scheme and Self-employment Income Support Scheme

Background: I am a Director of a micro business. I have owned and operated a limited company for the past 20 years surviving recessions previously, in particular the banking crisis of 2007/2008 where our company supplied staff into the consumer credit industry. It has been a requirement for us to operate as limited company within the sectors we serve and had previously provided a robust audited system for us to operate. Post 2008 my company Fortico Ltd T/A Prima Ardelle Associates provide recruitment services to the UK's Property and Automotive sectors. We provide staffing solutions to Estate Agency firms and Motor Dealerships. We employ four members of local employees based in Kent. We are a corporate member of REC (Recruitment and Employment Confederation) and contribute to the economy by paying TAX, Corporation Tax and collecting VAT on behalf of the treasury. It has taken us 10 years to recover from the economic impact of the 2007/2008 banking crisis.

- What problems (if any) are individuals facing in claiming support from the Job Protection Scheme and the Self-employment Income Support Scheme?

I have been unable to access the same level of financial support that self-employed people enjoy. In short the only support that I have received is a £10k business interruption grant that covers around 1.5 weeks of my operating costs. We have been unable to trade at all since the corona virus pandemic. I would like to specifically understand from Chancellor Rishi Sunak why he feels it is acceptable to offer self employed status people up to £7,500 in government support and allowed them to continue working and why as a company director I am unable to work and unable to receive up to £7,500 in support? This effectively means that I have been discriminated against and will not be in a position to continue to operate as a ltd company, effectively making my employees redundant. The BBS loan scheme is not an acceptable form of compensation as this would mean as soon as I accessed the money to pay myself the director's loan account would be overdrawn and un-viable.

This discrimination and not putting company directors on parity with other elements of society is a massive mistake on behalf of the Treasury in as much as SME's combined represent around 99% of the UK's companies.

The treasuries response that it is "too difficult to calculate" is utter nonsense at the best.

It would be very easy to establish who needed genuine support from companies' house accounts and separating out the classification of a "micro business" compared to a large corporate entity.

- How effective have these schemes been in maintaining employment and reducing job losses?

The furlough scheme whilst on the face of it is highly regarded, in short it falls down. By extending the furlough scheme and not allowing people to return to work it will merely delay the inevitable people made redundant. Because the Treasury have NOT supported UK limited company directors, effectively these companies with no turnover and no support will not be able to re-engage with their furloughed employees once we are all open for business again. Only time will tell if the furlough scheme had been effective. In my view it was a 'chocolate fireguard' that will not reduce job losses effectively because the companies that these people work for will not be viable moving forward as they were inadequately supported during this crisis.

- Is the Government doing enough to ensure that businesses and individuals are claiming appropriately and that fraudulent claims are detected?

Absolutely not, when it is acceptable for self-employed trades people to receive £7,500 and still be able to generate an income, many working cash in hand jobs and yet bona fide limited companies are "iced" unable to trade with their directors literally making ends meet from savings.

- Has the Government struck the right balance between targeting support and making it easy to access?

I have not been able to access any support. My local MP has not responded to me on this matter. This appears to be a common issue. When I spoke to local government they either sent me a link of irrelevant support links or simply did not understand my problem. I am fed up with the Treasury and Rishi Sunak making claims that everything is okay and that he resolved all the problems when in fact you have left out major key components in the engine so to speak in making support more accessible

- Where has Government support been too generous and where has it not been generous enough?

£7,500 to self employed and allowing them to work and not recognising that company directors are also self employed is a massive "faux pas" and this question has been continually swerved by treasury and Chancellor Rishi Sunak

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- How successful has the Government been in plugging the gaps in the schemes?

Effective for around 90% with the exception of around 3,000,000 individuals who have been not able to access any support. Totally discriminated against.

- What gaps in coverage still remain and are changes required to increase their effectiveness?

Back date up to the £2,500 monthly support scheme for company directors of “micro business “ with immediate affect so that they at least stand a fighting chance of being able to re-open and re-employ their furloughed staff at best and actually put food on the table for their families at worst.

- How viable is it for the Job Protection Scheme and the Self-employment Income Support Scheme to be open for longer?

This depends on how you phase the re-opening of business and the direction you give. How is it that Tesco’s staff can swan around not wearing PPE in high human traffic areas where as Estate Agents and Car Dealerships are fully kitted out with gloves and masks? How is it possible that Covid – 19 can transmit in cafes and pubs leading to their closure and yet it’s acceptable to open up other retailers?

- How and when should the Government’s support packages be wound up?

As above

- How should the Government prioritise which continuing sectors and groups to support as time goes on and on-going support is needed?

Please extend you support to people excluded from your support schemes that support the economic growth of the country and contribute towards the UK taxation system. This group of people are company directors of UK limited companies.

- What actions does the Government need to undertake to pursue to support a successful exit strategy?

Look at other countries and establish why their rate of infection was so low and do your utmost to reduce the economic fall out which no one can afford to happen again post 20017/2008

Support to businesses and Financial services

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- How effective is the Coronavirus Corporate Finance Facility, Coronavirus Business Interruption Loan Scheme, and the Coronavirus Larger Business Interruption Loan Scheme? In particular, are these measures succeeding in preventing viable businesses from potentially going under during the Coronavirus lockdown?

The BBS loan looks attractive however it may cause issues in relation the the directors loan account becoming overdrawn in the event that the economy does not bounce back swiftly.

- How effective has the Government support been so far in terms of coverage and speed?

- What gaps are there for businesses within the schemes?

Support for limited company Directors, new starters, free lancers not obtaining support is truly negligent

- Is the financial sector supporting businesses enough? Are businesses getting the right advice on which grants/loans to access?

No

- What are the financial regulators and the financial sector doing to reduce the risk of people being taken advantage of by fraud at this time, in particular with regard to vulnerable groups?

N/A

Other government intervention

- Should the Government intervene more actively in redeploying staff and resources to certain sectors of the economy (health/food delivery)?

N/A

- Should the Government intervene more actively in terms of state aid, bailouts and its industrial strategy?

Yes

Economy, public finances and monetary policy

- What economic challenges may arise as the public health and social distancing policies are lifted and the economy begins to recover? What preparations can be made to manage these challenges? For example, could there be difficulty in restarting sectors of the economy quickly, a risk of a spike in inflation, or pressure on the UK balance of payments?

Mental health and an increase in the suicide rate are big factors in all of this

- Is the economy's recovery likely to be shallow or sharp?

Sharp if businesses are allowed to re-open swiftly.

- How long is the shock likely to last?

2/3 years of more un-employment and a business community untrusting of the current Government

- Which sectors are likely to be impacted by economic scarring?

Any sector which is face to face i.e. sales, customer service

- Which sectors are doing best?

The public sector

- What will be the economic impacts of the coronavirus outbreak and the social distancing measures in terms of sectors and regions and how temporary/permanent will they be?

Impossible to say based on what other countries are doing

- What will be the impact on inequalities within society and how should the Government address inequalities that may have been exacerbated by the crisis?

Huge inequalities and a lack of trust or understanding on how this situation was handled. The press and media continue to play a massive detrimental part in all of this.

- What will be the impact on the public finances?
 - What are the potential future implications for tax and spending? NA
- - What are the implications for the Government's "levelling up" agenda announced in the Budget/infrastructure strategy? N/A
- What will be the impact of high levels of Government debt on market interest rates, private investment, capital formation and future productivity? N/A
- What has and will be the impact on global growth and what shape is the international recovery likely to take?
 - Are there international examples of economic policymaking that we can use?
 - How is the UK Government co-ordinating with other governments to boost global growth? N/A
 - How are countries coordinating their efforts to assist the global recovery? Canada and New Zealand
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- What will be the impact of the outbreak on the Government's economic, customs and financial sector priorities in its negotiations with the European Union? N/A
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- What are the differences and similarities between this shock and the Great Financial Recession of 2008 and also the economic demand management and demand suppression policies pursued during the Second World War? What lessons can be learnt from these past shocks and the recoveries that ensued?
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- Direct quantitative bypassing the banking system by means of enterprise growth scheme grants made available to local business by local Government
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- What are the lessons that society can learn for the future e.g. reducing carbon emissions, increased home working, business resilience?

Nothing could of prepared the UK business sector for this.

Start

June 2020