

Press Release

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SCC Coronavirus Business Recovery Survey

Scottish companies seek guidance as government support schemes take effect

- 87% of firms said lost income is their highest concern if the economy does not begin to open back up over the next two months
- The number of companies fearing imminent collapse has reduced showing signs government support is taking effect
- More than half of businesses (58%) surveyed said they would need a week or less to get back up and running under a partial or complete end of the lockdown.
- 69% of firms say they need clear government guidance & support to help them come out of lockdown: Over half of responses indicated the need for further direct financial support (54%) and half of responses also highlighted a need for contingency plans for potential further lockdown

Scottish businesses hit by the Covid-19 lockdown could be ready to hit the ground running once they are given clear guidance from the Scottish Government on returning to work, according to a new survey by the Scottish Chambers of Commerce.

The poll shows that while the vast majority of businesses in Scotland continue to fear for their survival, there are signs companies are benefitting from access to a range of government support schemes.

More than half of businesses (58%) surveyed said they would need a week or less to get back up and running under a partial or complete end of the lockdown. However, the vast majority (69%) said they would need clear advice and guidance from government to make a recovery. This need outstripped calls for further financial support, which was still deemed necessary by 54% of respondents.

Up to 87% of businesses have said loss of income is their chief risk to survival while a further 63% cite declines in cash flow as their most significant threat.

Over one in five businesses (22%) said they face imminent collapse in the next two months while 43% fear they won't be able to survive if lock down conditions persist.

These figures represent a small decrease in risk compared to previous survey data which found that catastrophic declines in income and cash caused by lock down conditions meant almost half (48%) of companies faced collapse in the upcoming quarter.

Dr Liz Cameron, Chief Executive of the Scottish Chambers of Commerce said:

“Scottish businesses are bruised and it is still the case some are likely to fail. But those that are ready and able to get back to work are showing some signs of confidence they could make it through.

“What is clearly needed now is guidance, specific to sectors, on how to return to work in a way that is safe for employees, customers and the wider population.

“This survey shows that support from the range of schemes launched by both the Scottish and UK governments are having an impact. However, as well as need for guidelines there is still demand for continued support to ensure that businesses lead us out of this economic collapse as soon as conditions permit. Direct support to ensure employment doesn’t collapse is important but government should also be focused on areas such as infrastructure investment, childcare and skills development as a means of supporting business in the recovery period.”

The survey showed that the Coronavirus Job Retention Scheme was by far the most used scheme with 65% of businesses in Scotland surveyed having accessed it.

Dr Cameron added: “Recent moves to extend the popular furlough scheme were welcome but there are still concerns for businesses, particularly those in rural areas or those reliant on tourism, whether the extension is enough. There’s still the risk the scheme will run out before businesses have enough income to pay staff.”

ENDS

KEY FINDINGS

Confidence of businesses returning to work:

- 43% of firms are not confident that their business will survive the crisis, if there are further prolonged lockdown periods + sustained social distancing measures. However, just over half (52%) are confident that they would survive even in the same scenario.

Concerns if the current lockdown is prolonged over the next two months:

- The chief concern is lost income, with 87% of businesses highlighting this as a potential risk
- 63% indicated cashflow as such as concern in this scenario
- 36% highlighted reduced levels of productivity

Support needed to come out of lockdown, to comply with current guidance:

- Clear guidance & support for implementing social distancing measures was pinpointed by over half of responses (58%) for what they would need going forward
- Half of responses pointed to a need for increased financial support towards employment costs, highlighting the importance of the recently extended furlough scheme to many Scottish firms
- 41% of responses cited a need for sector-specific guidance and support plans
- 39% of responses indicated a need for access to Personal Protective Equipment (PPE)

Time needed to come out of lockdown:

- 38% of responses indicated that they would only need less than a week if a date for the lifting, or partial lifting of some lockdown measures was put in place by the Scottish Government
- 33% have responded saying that they would need 1-3 weeks
- 20% said that they would need no time at all

Life after Covid-19:

- Almost half (48%) are saying that they will need to adapt their business to a post Covid-19 environment, 21% are saying that they only discussing how to potentially adapt at this stage, and 15% see opportunity in a post Covid-19 world
- 41% of firms are planning to make some changes to their business models for post Covid-19, 35% say that their models will probably stay similar as they were before Covid-19

Actions needed by government to support an economic recovery:

- The highest trend here was that 69% of responses emphasised the need for clear advice & guidance going forward
- Over half (54%) pinpointed a need for further direct financial support
- Half of responses have also indicated that they feel a need for contingency plans for potential further lockdown periods
- Almost half (49%) highlighted a need for a further reduction in the cost of doing business, with a further 48% calling for further economic stimulus measures to be put into place to get the economy restarted

What government support measures have been used so far:

- The majority of responses (65%) have used the Treasury furlough scheme to support their business through this crisis
- 37% of firms have used the Scottish Government business support grant funds, with 24% taking advantage of business rates reliefs
- 36% have utilised the deferring of VAT by HMRC, 19% have used HMRC Time to Pay
- 14% have used the new Bounce Back Loans scheme recently offered by the UK Government, but only 6% have used the Coronavirus Business Interruption Loan Scheme
- Only 4% have managed to use the new Scottish Government Pivotal Enterprise Resilience Fund

NOTES TO EDITORS

- This tracker survey had 444 responses
- Fieldwork was conducted from 06/05/2020 – 14/05/2020
- 30 per cent of respondents are in the business services sector, 25 per cent of respondents are in the retail, hospitality or tourism sector.
- 95% of respondents are SMEs (firms with fewer than 250 employees).

Press Office:

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- The Scottish Chambers of Commerce is Scotland's largest business network with over 12,000 business members, across a network of 30 regional Chambers of Commerce, providing business support, business intelligence and business connections: <https://www.scottishchambers.org.uk/>
- In response to the Covid-19 pandemic, SCC has created a new [Covid-19 Support Hub](#) with access to resources, support and advice, designed to support business communities with the effects of the global pandemic