

Senedd Cymru
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Effeithiau COVID-19: Galwad Agored am
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Ymateb gan: Ffederasiwn Busnesau Bach Cymru

Welsh Parliament
Economy, Infrastructure and Skills Committee
Impacts of COVID-19: Open Call for
evidence and experiences
Response from: Federation of Small Businesses Wales

REOPENING WALES

May 2020

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INTRODUCTION



The Coronavirus pandemic has challenged every part of society; from the health and social care services on the frontline of the health crisis, businesses closing their doors to help prevent the spread of the disease, to us all as individuals staying at home to help protect the NHS. Our whole way of life has been dramatically changed.

Wales entered in to lockdown on 16th March. Thankfully, the evidence suggests this has had an impact on the spread of the virus and has helped the NHS to protect lives. Thoughts will begin to turn to how we exit lockdown and slowly start to move towards resuming aspects of our previous way of life or at least move to a 'new normal'. The first priority in this regard must be to protect the health and wellbeing of the people of Wales.

Whilst the move towards lockdown was incredibly fast, we expect the measures to be eased slowly over a much longer period of time. This will require considerable thought, particularly on the part of businesses and government on how to safely resume activities in a way which not only protects public health but also instils trust, confidence and reassurance on the part of individuals and businesses. In this document we make some suggestions on how to help businesses make this transition safely, and how we can support businesses to reopen Wales.

BUSINESSES SUPPORTING THEIR COMMUNITIES

As our ability to go about our normal lives has changed immeasurably, new pressures have been felt across civil society, with the most pressing being on the NHS and frontline workers.

At the same time, businesses have found themselves unable to continue with 'business as usual' in a myriad number of ways. In response to these changes, many firms have adapted their usual way of doing business to give something back to their communities and support key workers and organisations at such a difficult and important time.

Whilst there are countless examples of Welsh firms that are finding innovative ways to serve their communities, we have included three examples of how businesses are adapting in order to give back. This highlights the extent to which Welsh firms are so intrinsically interwoven into their communities and how their resilience is supporting our society to keep functioning through unprecedented events.



Barry Kirby, K Sharp

Llanelli-based Human Sciences Research firm K Sharp has completely adapted its business as usual model to support frontline NHS workers at this time.

When lockdown was announced, Managing Director, Barry moved his 3D printers from his office to his living room, and has joined with the Amman Valley Makerspace on their “Frontline 3D Print Farm” initiative which is printing vital Personal Protective Equipment (PPE) to the NHS.

This is a complete change in direction for the business which usually works with frontline military personnel, but it was important for the team behind K Sharp to feel like they were contributing to the efforts to support the NHS and be proactive against Covid-19 as well as continue to deliver to his customers in defence.

Jo Ashburner, Red Dragon Flagmakers

Red Dragon Flagmakers are a micro manufacturing business in Clydach, Swansea who design, manufacture and export custom flags around the world.

As with many Welsh businesses the outbreak of the Covid-19 pandemic has brought significant change. Although still producing flags on a smaller scale, Jo and her team have diversified to manufacture navy scrubs for the NHS through the Welsh Government supply chain. The team have also launched their own SCRUBS FOR WALES fundraiser which covers the cost of materials for volunteer staff and the local community to make scrubs which are donated out to care homes and other front lines workers free of charge.

Anna and Tom Burke, Animated Technologies

Based on Anglesey, this business focuses on innovation in the digital sphere, producing animated explainer videos that help market products and services for their clients.

Now working from home and home schooling two young sons, the husband and wife team wanted to put their skills to good use as communities come together to tackle coronavirus.

Animated Technologies are now offering free social media animations to any official bodies, public health organisations or charities that need to grab the attention of the public or promote a cause.

Offering some services for free is an important means of helping get the right messages out to the public, at a time when accurate, timely information has never been more important.

HELPING BUSINESSES TO REOPEN WALES

Business Wales providing advice and guidance on the 2 metre rule

Uniquely for the nations of the United Kingdom, the Welsh Government has legislated for the '2 metre rule' requiring Welsh workplaces to take every step reasonable to ensure social distancing in the workplace. This has practical consequences in that workplaces that aren't compliant are subject to fines and possibly closure. At present the majority of businesses are closed and as such have not had to consider the 2 metre rule in practice. As we move to reopen Wales this will change as the rule becomes of significance to every business.

In order to ensure compliance with the rule and to protect public safety, **Welsh Government should provide advice and guidance on the 2 metre rule through Business Wales giving practical and specific advice to businesses on how they can adapt their business model to make social distancing in the workplace a reality. It should be backed up with a business-facing information campaign to ensure the greatest possible awareness.** This could include on issues such as best practice HR, how to rotate staff members in the workplace and remote working.



Helping those with challenging properties adapt to social distancing

Whilst many businesses will be able to introduce social distancing practices without too much difficulty, there will be some businesses that can't adapt their premises or business model to operate through social distancing without support.

Welsh Government should introduce a Social Distancing Grant Fund that would target those businesses that are struggling most to make adaptations to their property or infrastructure to allow them to reopen with appropriate social distancing models.

Furthermore, Welsh Government should consider what further support might be required for businesses, such as restaurants, which might be significantly impacted by reluctance of consumers to use these services because of concerns over social distancing.



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A Tourism Hibernation Scheme

Tourism is the area of the economy that has been most affected, and is likely to continue to be affected by, the crisis. The tourist season has already been curtailed, is likely to continue to be so, and it is difficult to tell at present what the demand will be when the season finally opens. There is real concern within the sector as to whether there will be a viable season at all in 2020 and whether movement restrictions and social distancing will limit the viability of any season this year. At the very least businesses will have less time to make up the money to ensure their viability into the 2021 season and the timing of the COVID19 outbreak has also had an effect on the seasonal work force available.

Welsh Government should introduce a Tourism Hibernation Scheme that ensures that businesses are able to make the best of the 2020 season that remains, where that is possible, but are able to survive until the 2021 season. This could be an extension of the existing Development Bank of Wales Covid-19 Fund for tourism businesses with a low interest rate, a fixed term and repayment holidays until March 2021.

Similarly Welsh Government should develop the *Visit Wales...Later* campaign that aims to brand Wales as a safe, responsible and resilient place to visit for the future. This would require close collaboration with tourism businesses to highlight social distancing practices and visitor safety.



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Refocusing funding for town centre regeneration

Our towns are a crucial part of everyday life in Wales. Now, more than ever, our local community has become essential to our social and economic wellbeing. Many town centre businesses such as butchers, bakers and grocery stores have adapted their businesses to help vulnerable or shielded people get their essentials delivered to their door. Towns are also where we access public services, from GP surgeries to libraries or foundational economy businesses like childcare. Businesses are a key part of what makes a town tick in the good times and the bad.



As we exit lockdown and restrictions ease, our towns will need to play a different role to the ones they have in the past. Whereas before, increasing footfall was a sign of a healthy high street, now towns will need to be smarter and more cohesive to support their broader community. Our work on the *Future of Towns in Wales* highlighted the vital role SMEs play as embedded parts of the local economy. It is vital that initiatives such as the Business Improvement Districts (BIDs) are given sufficient resources to guide this process.

Welsh Government should use its £90m Transforming Towns programme to help reshape our towns for the recovery. This should mean helping our towns to adapt to social distancing rules, protecting Business Improvement Districts that are already established and helping towns to create a vision of their future in the recovery phase.

A cybersecurity campaign to keep businesses safe online

With many businesses moving to remote working with very little warning, the risk of cybercrime and threats to their cybersecurity has increased exponentially. Given that remote and home working are likely to remain as social distancing remains in place, it is important that this matter is addressed urgently.

Police have had to deal with many pressures at this uncertain time, with a focus also on community policing and guidance as much as on enforcement. This role will continue to be essential as we move from full lockdown, and we believe that engagement with business will be essential, and an area where Police and Crime Commissioners can add real value and help with the transition period.

Police and Crime Commissioners should lead a cybersecurity awareness campaign that would help businesses who have transitioned towards online working. This would also provide a good entry to discussion on wider regulatory issues and understanding the issues for business in the transition to a different economic and regulatory regime.



Helping SMEs with return to work HR guidance

Many will be looking forward to a return to working life post-lockdown. However, we should not underestimate the huge social shock that the lockdown has had on people, including in terms of employment practice. SMEs often face challenges in this area as they lack the capacity to have a specialist HR department.

It is vitally important that employers have the necessary support to re-induct staff into working life, in what may be drastically different circumstance. This includes an awareness of how both employers and employees should view expectations around health and safety when adapting to working life post lockdown and while the coronavirus is still an issue facing us all. Employees should feel safe and employers should understand how to best accommodate this. This will require a good understanding of best practice from both employees and employers.

Welsh Government should support a programme of leadership and management training, perhaps working with organisations such as the Chartered Institute of Professional Development, to help SMEs understand expectations of them in a clear way, and provide support for employees to transition back into working life during the coronavirus pandemic.



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Addressing Late Payments

Late payments have long been an issue for SME's financial stability, and we are concerned that the Coronavirus crisis could exacerbate the situation, with many payments being late as a result of the crisis when SMEs are at their most vulnerable. We are aware of instances of good practice, such as Wrexham Glyndwr University moving their payments from monthly to weekly payments, and would wish to see best practice shared, and this to be seen as a matter for corporate responsibility.

Welsh Government should direct the public sector and anchor organisations to ensure prompt payment terms are standard practice. This should also form part of conversation around support for larger companies, using the economic contract.

FUNDING FOR REOPENING WALES

Secretary of State for Wales should relax Welsh Government's borrowing limits

As a recent report from Cardiff University pointed out¹, Welsh Government has limited capacity to borrow more to deal with day-to-day spending increases or for longer-term investment programmes. Wales already has significant and disproportionate economic challenges, and our demographic profile means the public health challenge from Covid19 will similarly be higher than elsewhere.

With fiscal devolution now a reality, **limits on borrowing powers should be relaxed to allow Welsh Government to manage its budget better in response to the crisis.** Furthermore, in the longer term a fiscal stimulus package to boost economic growth and recovery in Wales could be considered using additional capital borrowing capacity.

UK Government to provide clarity on Shared Prosperity Fund

Organisations such as the Development Bank of Wales and Business Wales have proved to be a crucial lifeline for many businesses in Wales as they respond to the Coronavirus crisis. Now more than ever, Wales needed an effective business support ecosystem and both have proven their worth. However, their future funding is uncertain beyond our exit from the European Union at the end of this year and the current crisis has further impacted an already regrettably-delayed conversation about the future of available funding for these vital services.

SMEs will continue to face challenges from the Coronavirus crisis for many years to come. In light of this, **UK Government should provide reassurance and a clear statement that Wales will not receive any less funding through the proposed Shared Prosperity Fund.**



¹ https://www.cardiff.ac.uk/__data/assets/pdf_file/0005/2146478/COVID19_Welsh_Budget_FINAL.pdf

REOPENING WALES

Wales faces many challenges as we look to emerge from lockdown and the immediate crisis caused by the coronavirus. Despite this, it's clear from our citizens and our businesses that we are a nation that values community, looks after each other and cherishes our local businesses. Wales' smaller businesses have and will continue to demonstrate their importance to local communities and will undoubtedly prove to have played an important part in helping steer Wales through this very difficult time when we look back on this period.

Welsh SMEs are in their communities, for their communities. In this paper we've tried to provide some suggestions to help us return to our normal life in a safe and supported way and explored how SMEs might play a part in this. We look forward to working closely with Welsh and UK governments in making this a reality.



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