



# Coronavirus:

The impact on UK owner managed businesses

LubbockFine  
Chartered Accountants

## Introduction

The research report uses a representative sample of the aspirations and concerns of owner managed businesses as well as a snap shot of how these businesses have had to adapt. The findings are intended to help policy makers take informed, evidenced-based decisions about where business support should now be prioritised.

## The Association of Practising Accountants (APA)

The Association of Practising Accountants (APA) is a network of leading business advisory firms, meeting the needs of owner managed businesses and the real economy. APA members collectively advise and support well over 14,000 businesses with turnover up to the hundreds of millions.

## Comment from Mark Turner, Managing Partner, Lubbock Fine

"After a turbulent year, these research findings indicate light at the end of the tunnel for owner managed businesses, but also show the substantial challenges they face on the road to recovery.

As accountants and business advisers, we have seen first-hand the impact on these businesses and the difficult decisions faced by leaders. It's now essential for owner managers to remain vigilant and agile over the coming months, not only by setting out plans for business recovery, but also making contingency plans for further lockdown measures."

## What do the findings suggest?

The research suggests businesses that have been able to survive these last six months are generally in a more resilient position than when they were surveyed in April. In particular:

- 82% are confident that they have the access to finance they need to get back up and running
- 72% are either confident, or somewhat confident, they will be able to retain furloughed staff once Government funding ends while 69% think it is unlikely they will have to make redundancies in the next 3-6 months
- Only 7% see Government support being withdrawn as their biggest challenge (perhaps unsurprisingly, in this category, 78% cite uncertain trading conditions)



However, a significant number still face real hardship:

- 18% are not confident they have the access to finance they need to get back up and running
- 31% think it likely they will have to make redundancies in the next 3-6 months
- 16% have turnover of between 70% and 100% lower than before the lockdown was introduced

What is also clear from the research is that businesses are having to adapt:

- 49% are likely to make home working a permanent option for at least some of their staff while
- 56% see virtual meetings as the default option going forward.

Across professional and financial services the numbers are higher with 76% of respondents likely to make home working a permanent option for at least some of their staff.

### **How does this differ to previous results?**

A comparison of our August results with the research we carried out in April underscores the increased resilience we are seeing since the height of the pandemic:

- 55% of owner managed businesses have at least three months cash in the bank, up from 41% in April
- 28% report that they have less than 8 weeks cash in the bank, down from 38% in April
- 23% reported turnover at lower than 50% of pre-lockdown levels, down from 43% in April.

Views were mixed on the impact of Government interventions:

- 54% of respondents felt that the Chancellor's Summer Statement addressed the immediate needs of their business while 46% did not.

Of the various measures introduced to help support business since the lockdown:

- 52% of respondents identified either an extension of the furlough scheme beyond October 31st (26%) or an extension of the business rate relief scheme beyond the 2020/21 tax year (26%) as the policy measures that would make most difference to their business.



## Coronavirus Business Interruption Loan Scheme (CBILS)

Owner managed business were generally a lot more positive about the Government's Coronavirus Business Interruption Loan Scheme (CBILS) than in April.

- 23% of respondents had applied for CBILS funding by the end of August, of whom 63% felt the scheme had worked well. This was in contrast to those who had applied by April of whom only 33% were positive and 67% negative.
- 36% of those who applied for funding by the end of August remained negative about the scheme. Of those 21% cited their frustration at unacceptable delays in the application process, 13% were confused by the lending criteria and 8% felt there was confusion with more conventional sources of bank finance.
- Anecdotal feedback from those who had applied by August, suggested that delays in the appeals process, a failure on the part of their bank to understand or administer the scheme effectively and only being offered a percentage of the amount applied for had also caused frustration.

## Summary

Many owner managed businesses are emerging from the lockdown in better shape than they were at the peak of the crisis. However, there is a significant way to go before this important sector is fully back up and running.

Over the next few months Government, policy makers, business bodies and funding providers have a vital role to play in helping businesses of all sizes get back up and running.

In particular we think Government should consider:

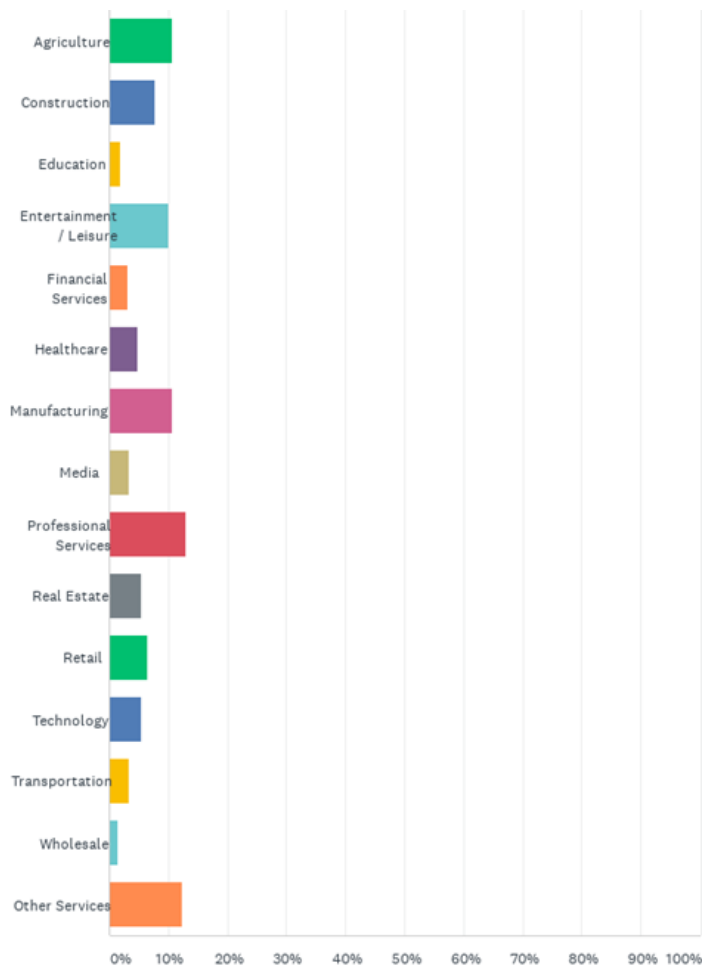
- Extending the CBILS scheme for another 6 months, to give those sectors who are still struggling because of exceptional external factors, time to get back up and running.
- Giving serious consideration to an extension of the Government Furlough scheme for another six months to a year for those sectors most impacted by Covid-19
- Taking a more nuanced approach to a return to the workplace reflecting sectoral variation

This is a moving situation and the APA will continue to monitor the landscape for owner managed businesses over the coming months as the economy gets back up and running.



## Findings from APA client survey

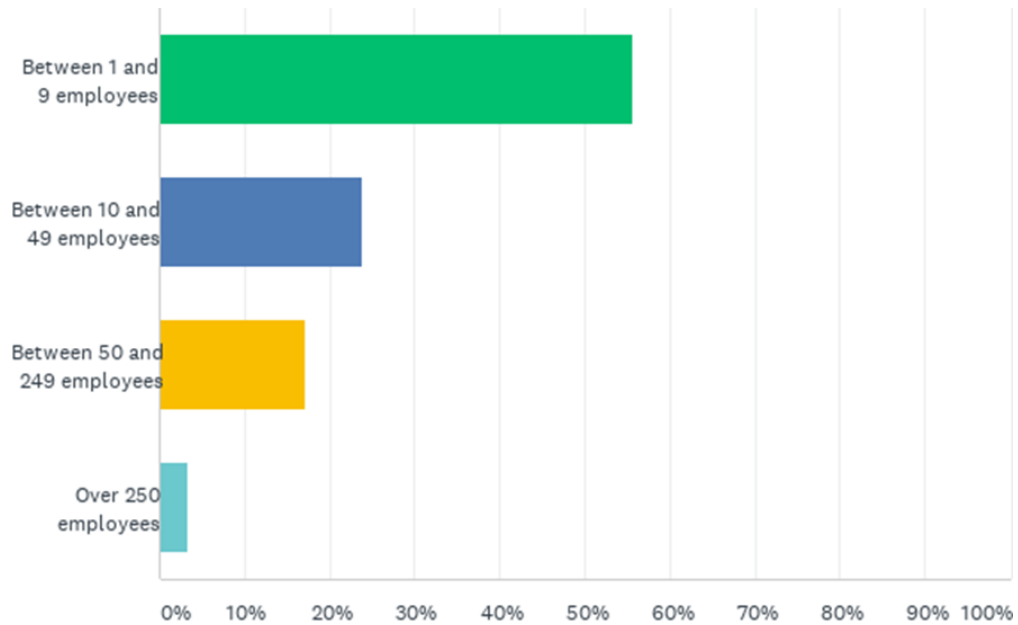
### Q1: How would you classify your business?



ANSWER CHOICES	RESPONSES
Agriculture	10.73% 66
Construction	7.80% 48
Education	1.79% 11
Entertainment / Leisure	10.08% 62
Financial Services	3.09% 19
Healthcare	4.72% 29
Manufacturing	10.73% 66
Media	3.41% 21
Professional Services	13.01% 80
Real Estate	5.37% 33
Retail	6.50% 40
Technology	5.53% 34
Transportation	3.41% 21
Wholesale	1.46% 9
Other Services	12.36% 76
TOTAL	615



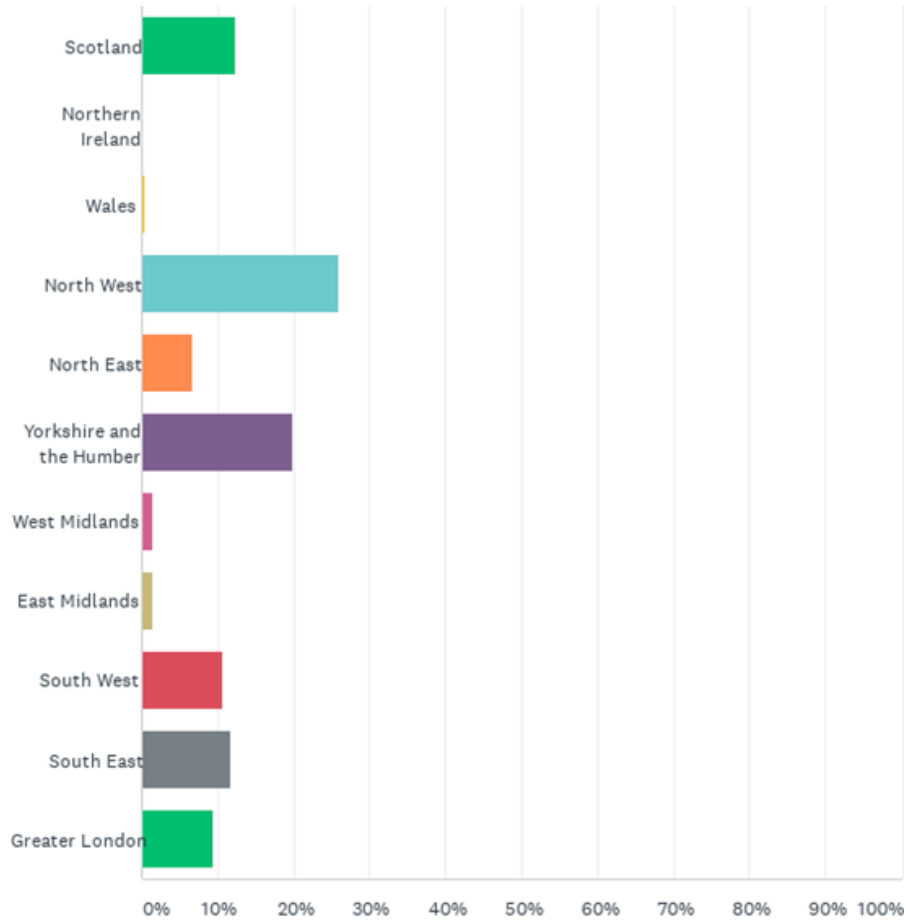
## Q2: What size is your business?



ANSWER CHOICES	RESPONSES	
Between 1 and 9 employees	55.57%	339
Between 10 and 49 employees	23.93%	146
Between 50 and 249 employees	17.21%	105
Over 250 employees	3.28%	20
<b>TOTAL</b>		<b>610</b>



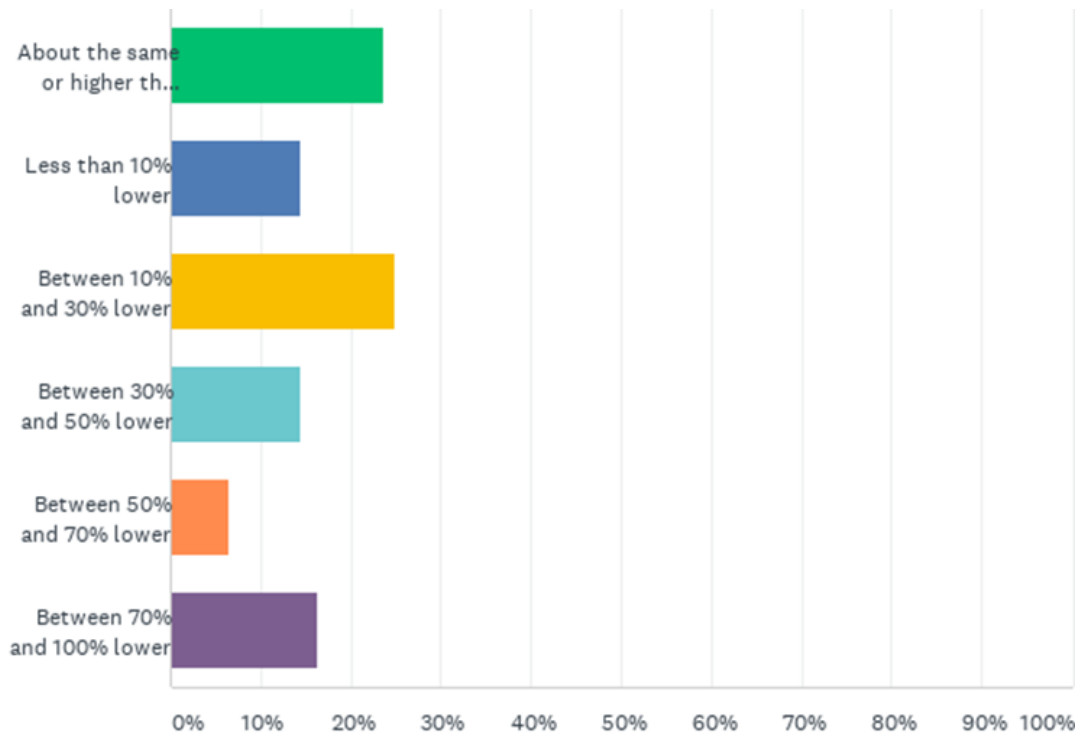
### Q3: In which region of the UK are you headquartered?



ANSWER CHOICES	RESPONSES	
Scotland	12.38%	76
Northern Ireland	0.00%	0
Wales	0.49%	3
North West	25.90%	159
North East	6.68%	41
Yorkshire and the Humber	19.87%	122
West Midlands	1.47%	9
East Midlands	1.47%	9
South West	10.59%	65
South East	11.73%	72
Greater London	9.45%	58
<b>TOTAL</b>		<b>614</b>



## Q4: How has your turnover been affected since public health measures were introduced to tackle the Coronavirus?

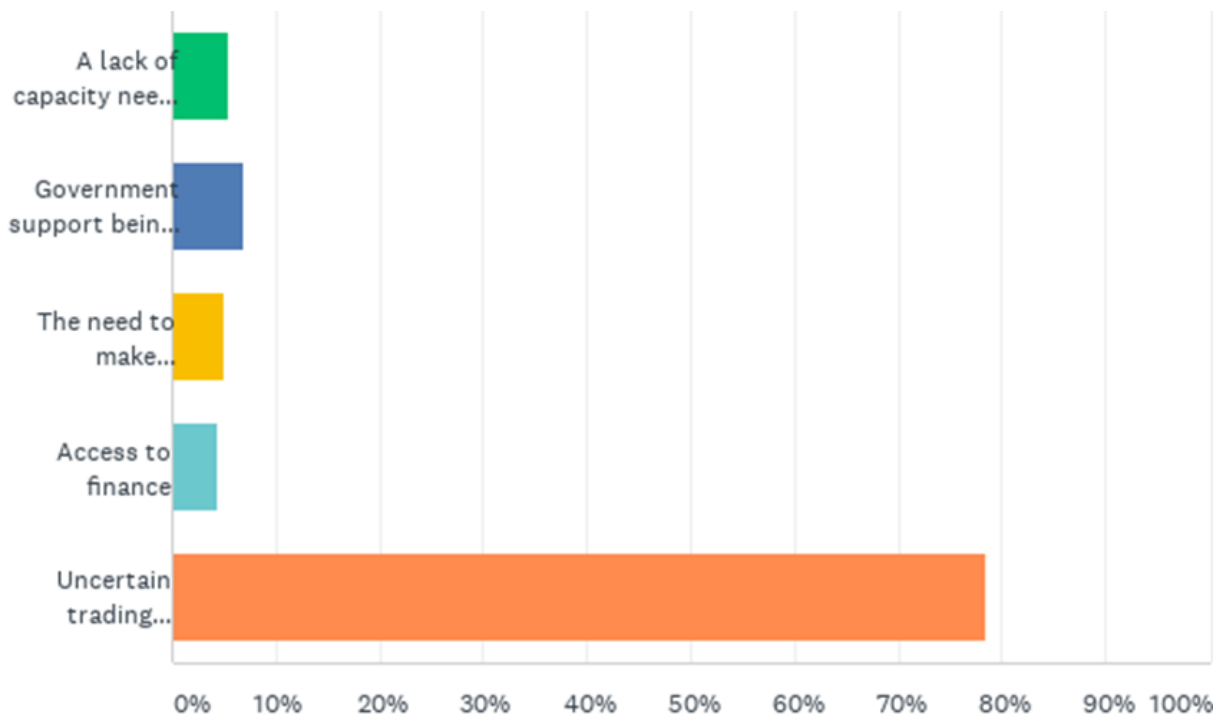


ANSWER CHOICES	RESPONSES	
About the same or higher than before the lockdown	23.56%	143
Less than 10% lower	14.33%	87
Between 10% and 30% lower	24.88%	151
Between 30% and 50% lower	14.33%	87
Between 50% and 70% lower	6.59%	40
Between 70% and 100% lower	16.31%	99
<b>TOTAL</b>		<b>607</b>





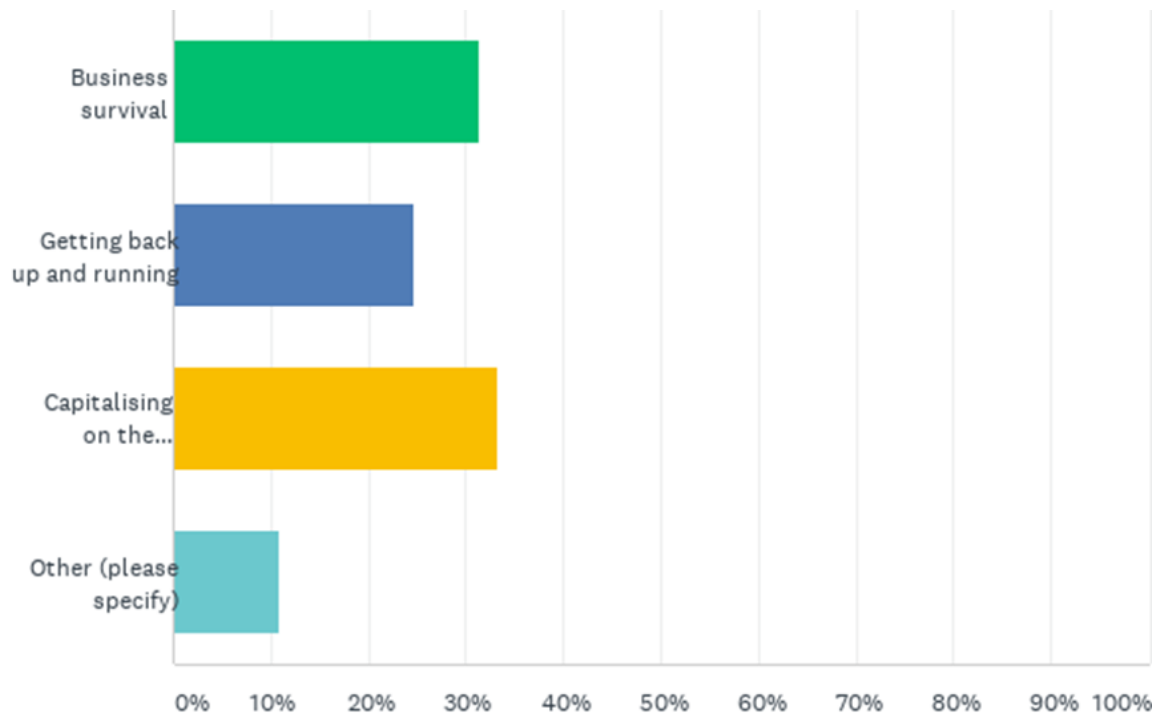
## Q5: What is the biggest challenge you face now that the lockdown is being eased?



ANSWER CHOICES	RESPONSES	
A lack of capacity needed to get back up and running	5.34%	28
Government support being withdrawn	6.87%	36
The need to make redundancies once the furlough scheme ends	4.96%	26
Access to finance	4.39%	23
Uncertain trading conditions	78.44%	411
<b>TOTAL</b>		<b>524</b>



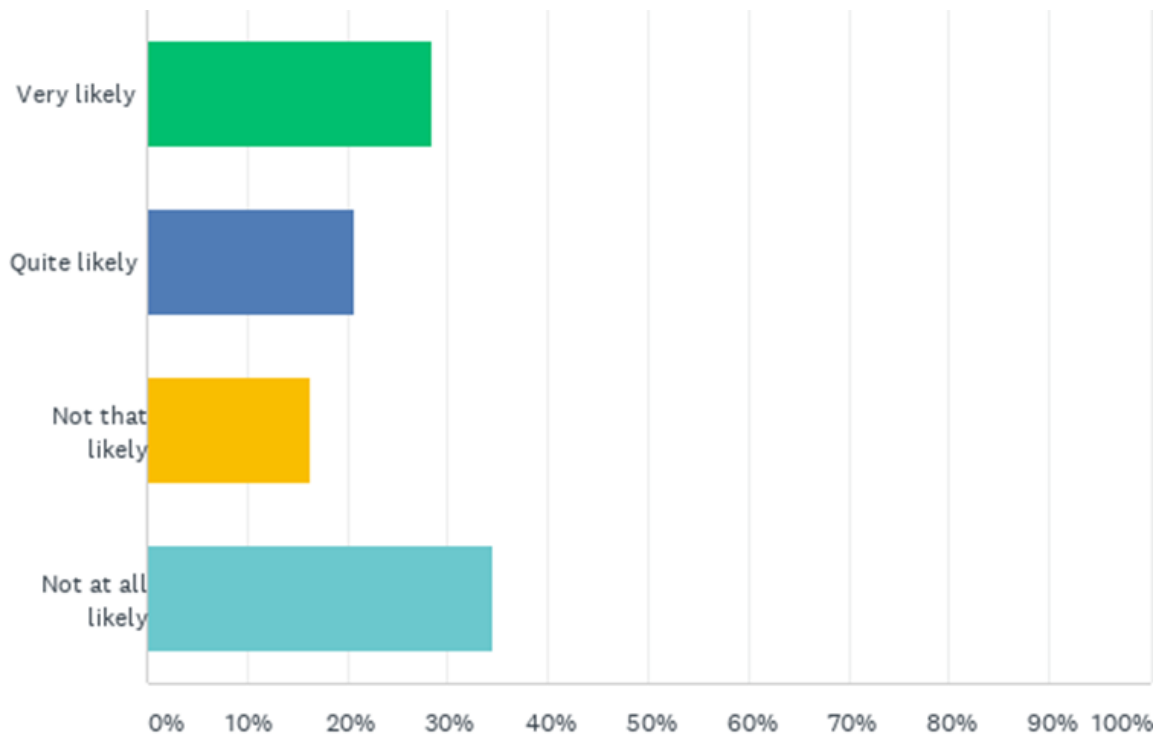
## Q6: What is likely to be your main priority over the next 3-6 months?



ANSWER CHOICES	RESPONSES	
Business survival	31.40%	189
Getting back up and running	24.58%	148
Capitalising on the opportunities of a post-lockdown economy	33.22%	200
Other (please specify)	10.80%	65
<b>TOTAL</b>		<b>602</b>



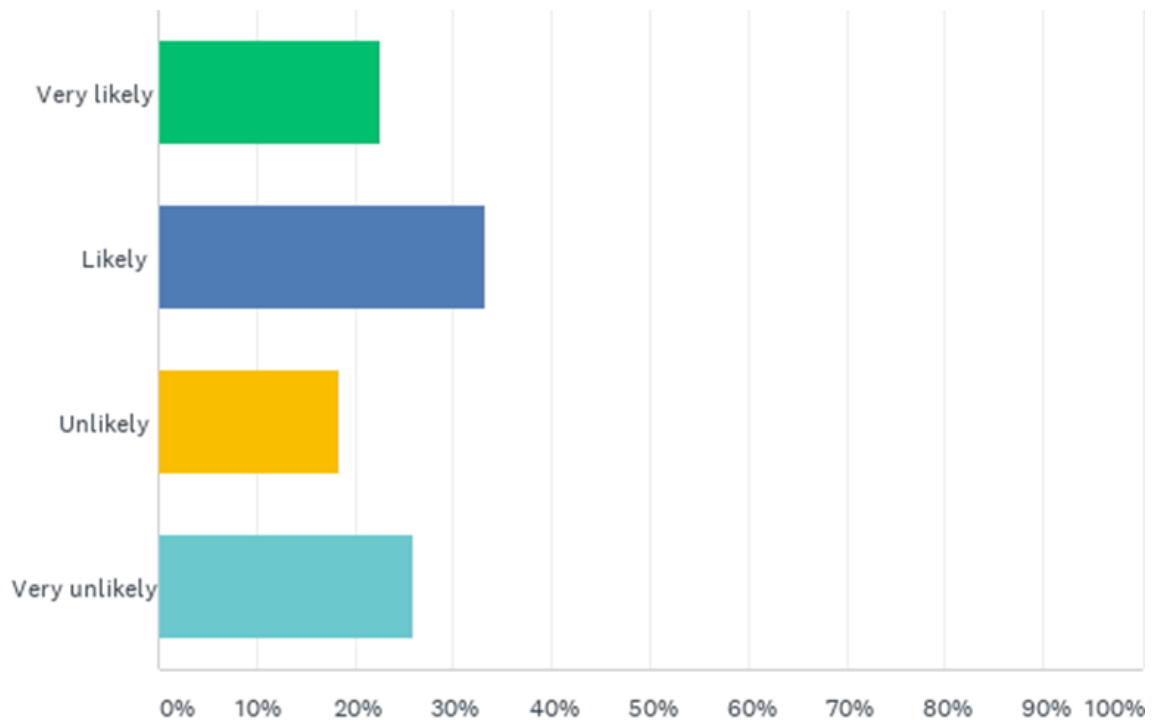
## Q7: How likely is it that home working will be made a permanent option for at least some of your staff as they return to work full



ANSWER CHOICES	RESPONSES	
Very likely	28.48%	170
Quite likely	20.77%	124
Not that likely	16.25%	97
Not at all likely	34.51%	206
<b>TOTAL</b>		<b>597</b>



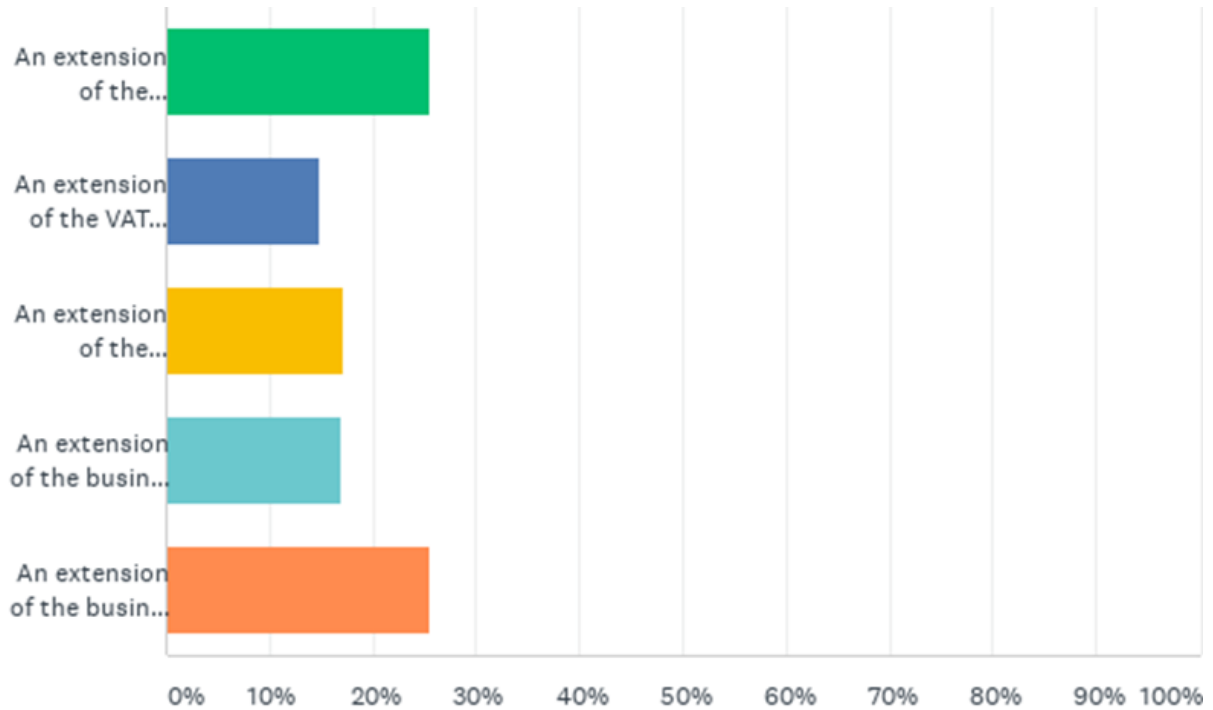
## Q8: How likely is it that virtual meetings will replace physical meetings as the default option for your staff going forward?



ANSWER CHOICES	RESPONSES	
Very likely	22.55%	136
Likely	33.17%	200
Unlikely	18.41%	111
Very unlikely	25.87%	156
<b>TOTAL</b>		<b>603</b>



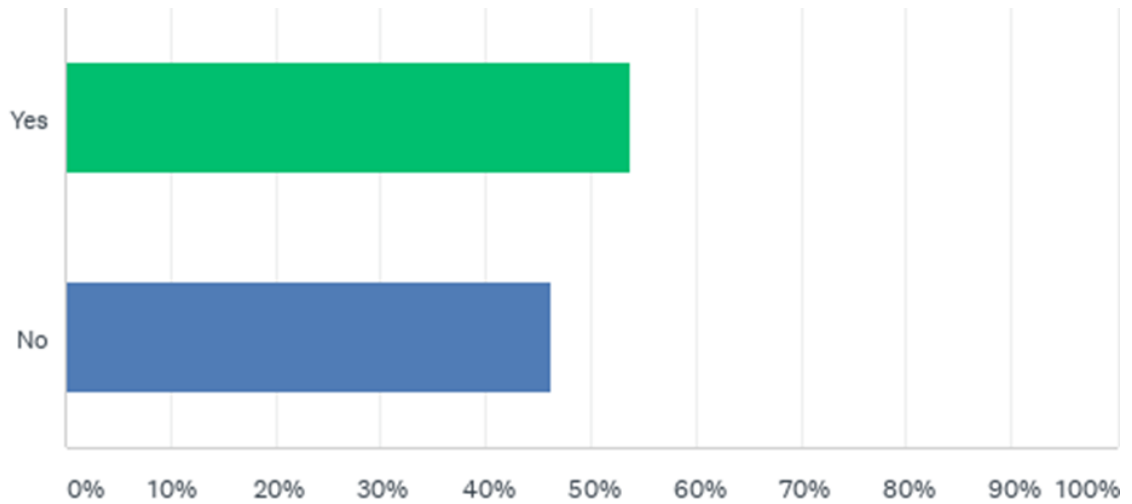
## Q9: What one policy measure would make the most difference to your business over the next 3-6 months?



ANSWER CHOICES	RESPONSES	
An extension of the Government furlough scheme beyond 31st October 2020	25.50%	141
An extension of the VAT deferral scheme beyond 31 March 2021	14.83%	82
An extension of the Self-Assessment deferral scheme beyond 31 January 2021	17.18%	95
An extension of the business rate relief to other sectors	17.00%	94
An extension of the business rate relief scheme beyond the 2020/21 tax year	25.50%	141
<b>TOTAL</b>		<b>553</b>



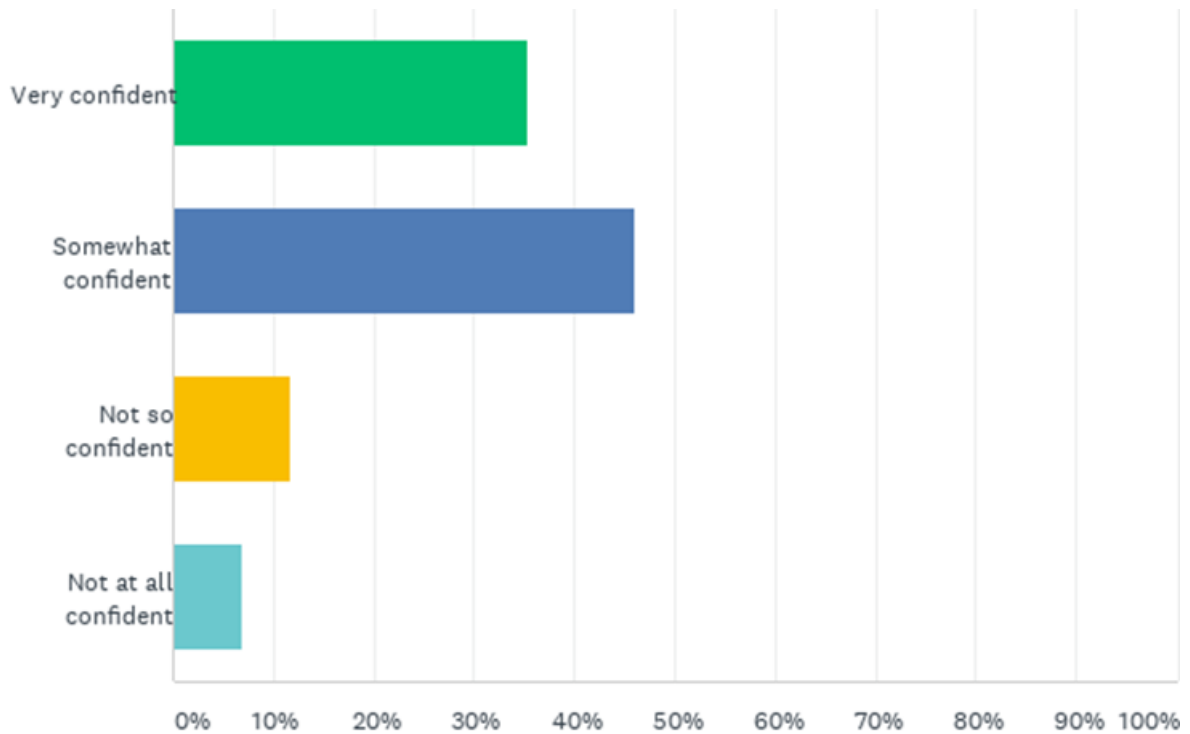
## Q10: Did the measures included in the Summer Statement address the needs of your business over the next 3-6 months?



ANSWER CHOICES	RESPONSES	
Yes	53.81%	318
No	46.19%	273
<b>TOTAL</b>		<b>591</b>



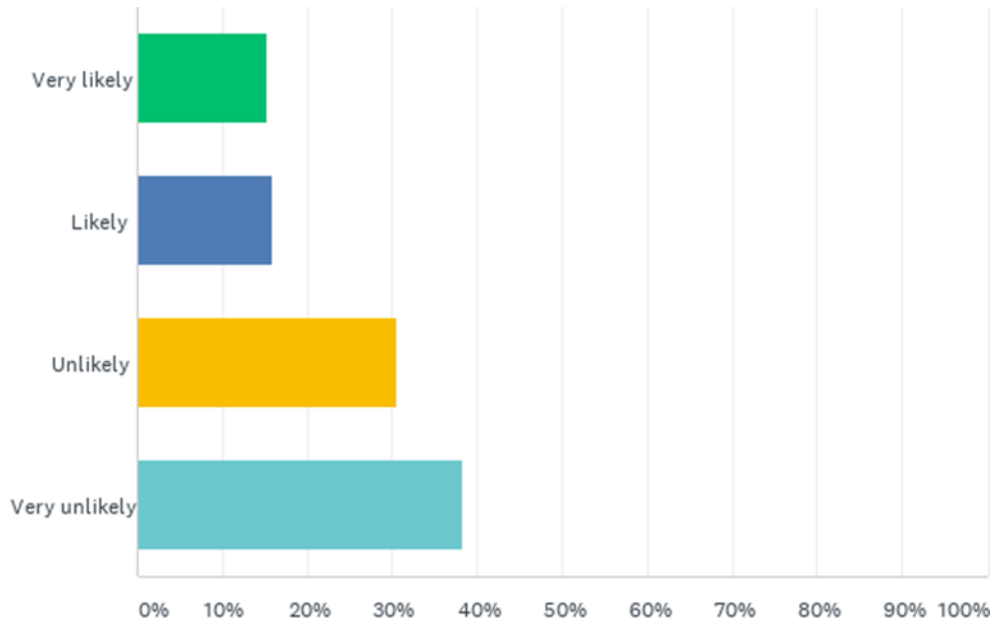
## Q11: How confident are you that you will be able to access the finance you need to get your business up and running over the next 3-6 months?



ANSWER CHOICES	RESPONSES	
Very confident	35.44%	213
Somewhat confident	46.09%	277
Not so confident	11.65%	70
Not at all confident	6.82%	41
<b>TOTAL</b>		<b>601</b>



## Q12: How likely is it that you will have to make redundancies in the next 3-6 months?

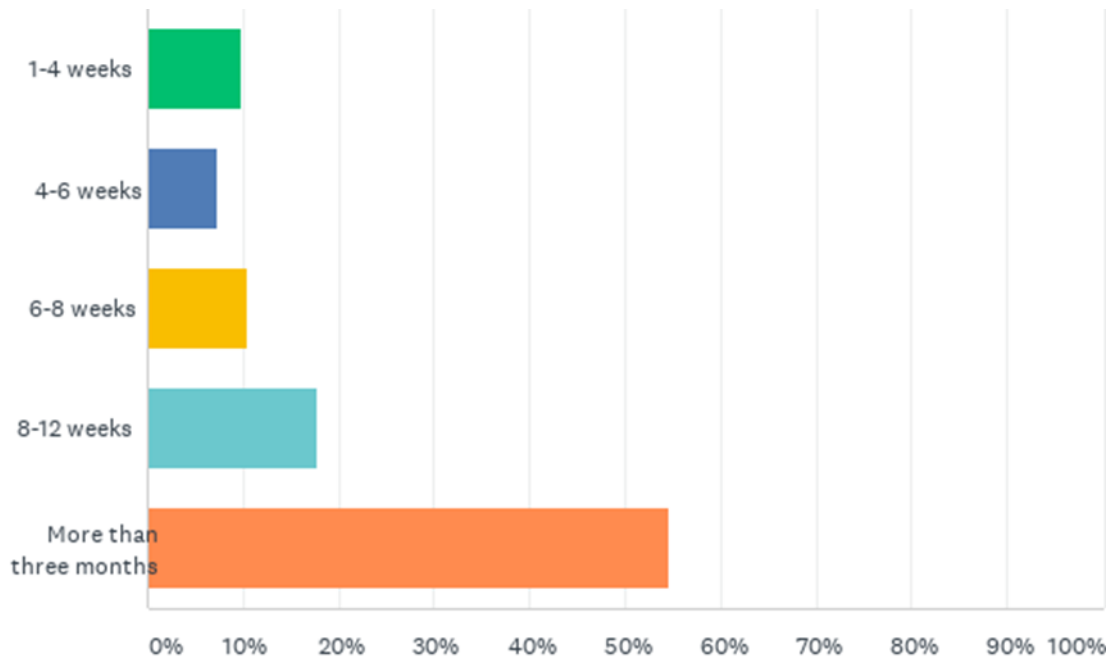


ANSWER CHOICES	RESPONSES	
Very likely	15.31%	92
Likely	15.97%	96
Unlikely	30.45%	183
Very unlikely	38.27%	230
<b>TOTAL</b>		<b>601</b>





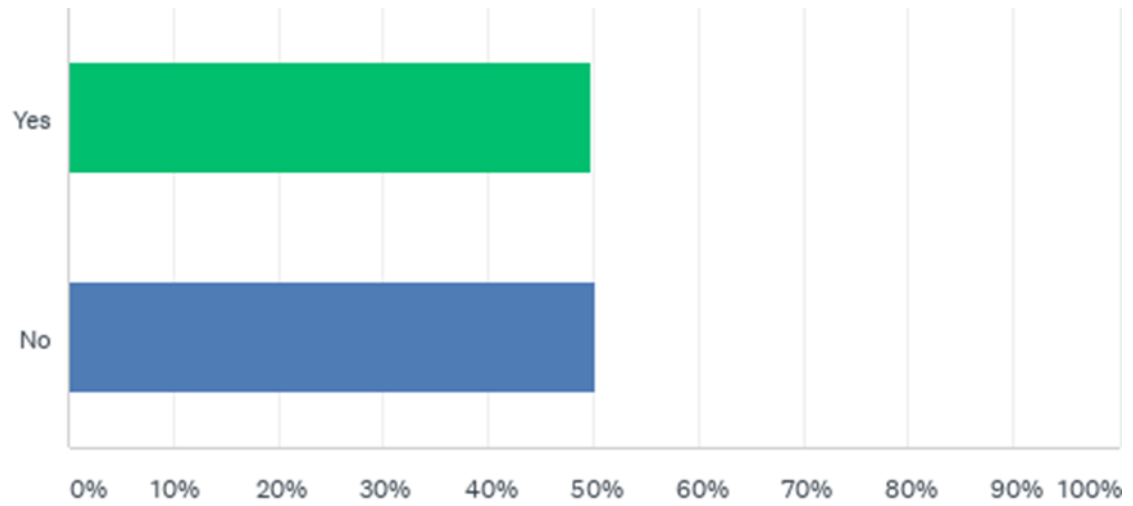
## Q13: How many weeks 'cash in the bank' do you have?



ANSWER CHOICES	RESPONSES
1-4 weeks	9.88% 60
4-6 weeks	7.41% 45
6-8 weeks	10.38% 63
8-12 weeks	17.79% 108
More than three months	54.53% 331
TOTAL	607



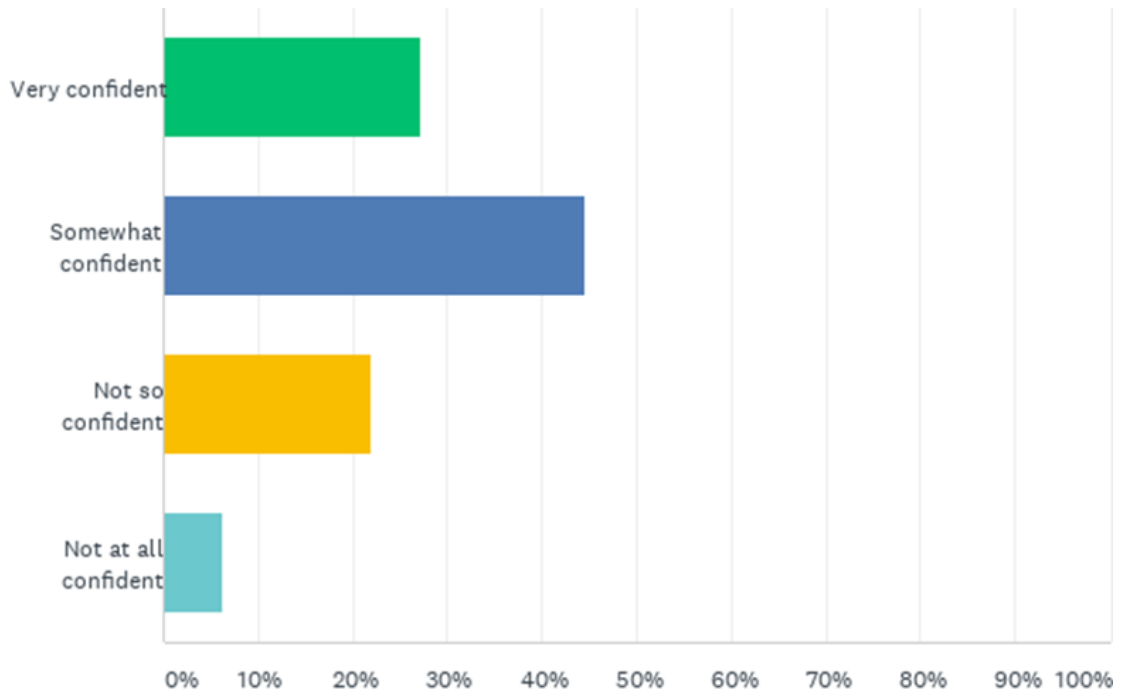
## Q14: Are you using the Government's Coronavirus Job Retention (furlough) Scheme?



ANSWER CHOICES	RESPONSES	
Yes	49.84%	304
No	50.16%	306
TOTAL		610



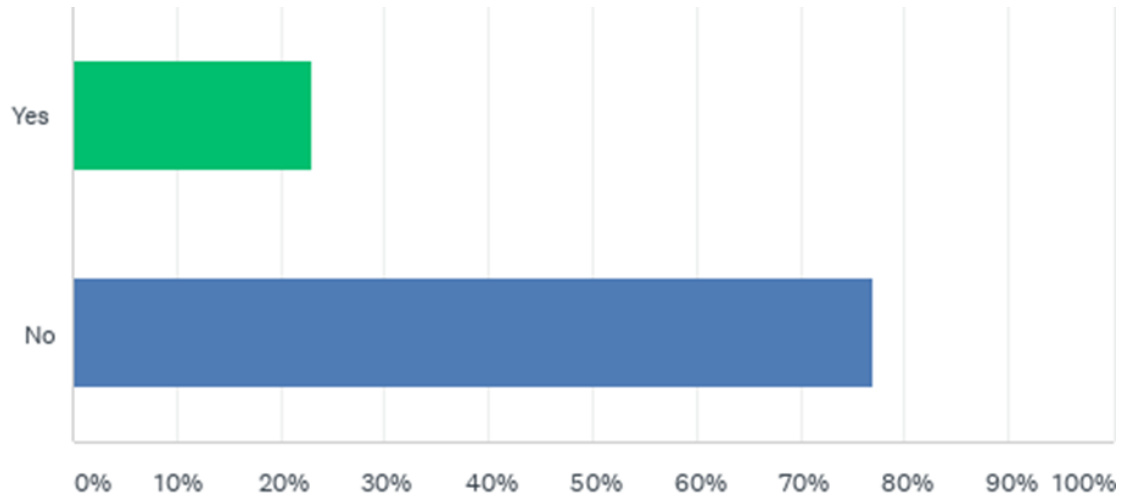
## Q15: If so how confident are you that you will be able to retain furloughed staff once the scheme ends?



ANSWER CHOICES	RESPONSES	
Very confident	27.24%	82
Somewhat confident	44.52%	134
Not so confident	21.93%	66
Not at all confident	6.31%	19
<b>TOTAL</b>		<b>301</b>



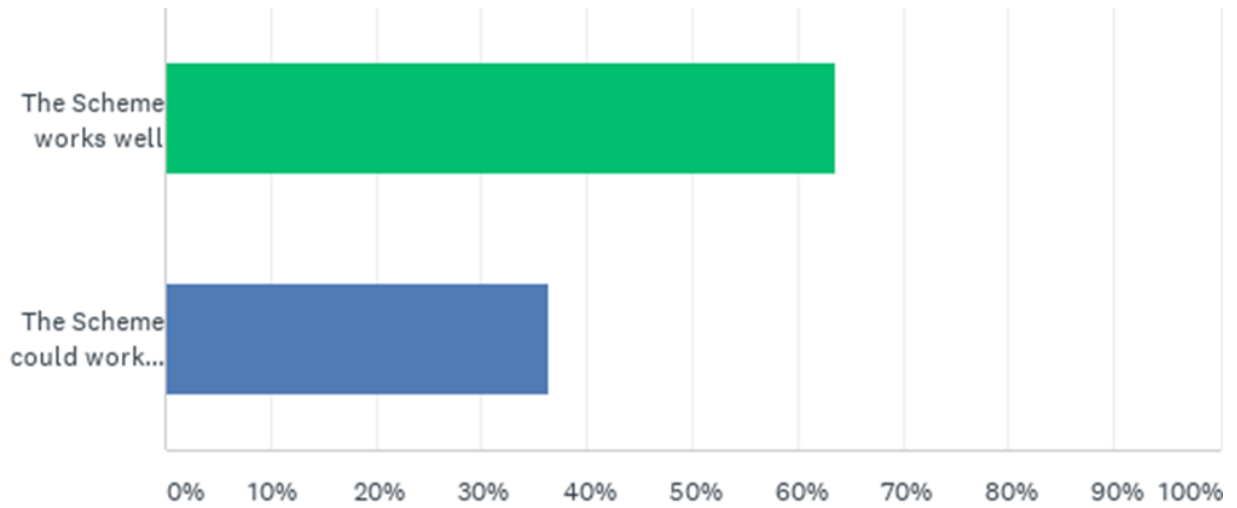
## Q16: Have you applied for funding under the Coronavirus Business Interruption Loan Scheme (CBILS)?



ANSWER CHOICES	RESPONSES	
Yes	23.01%	139
No	76.99%	465
TOTAL		604



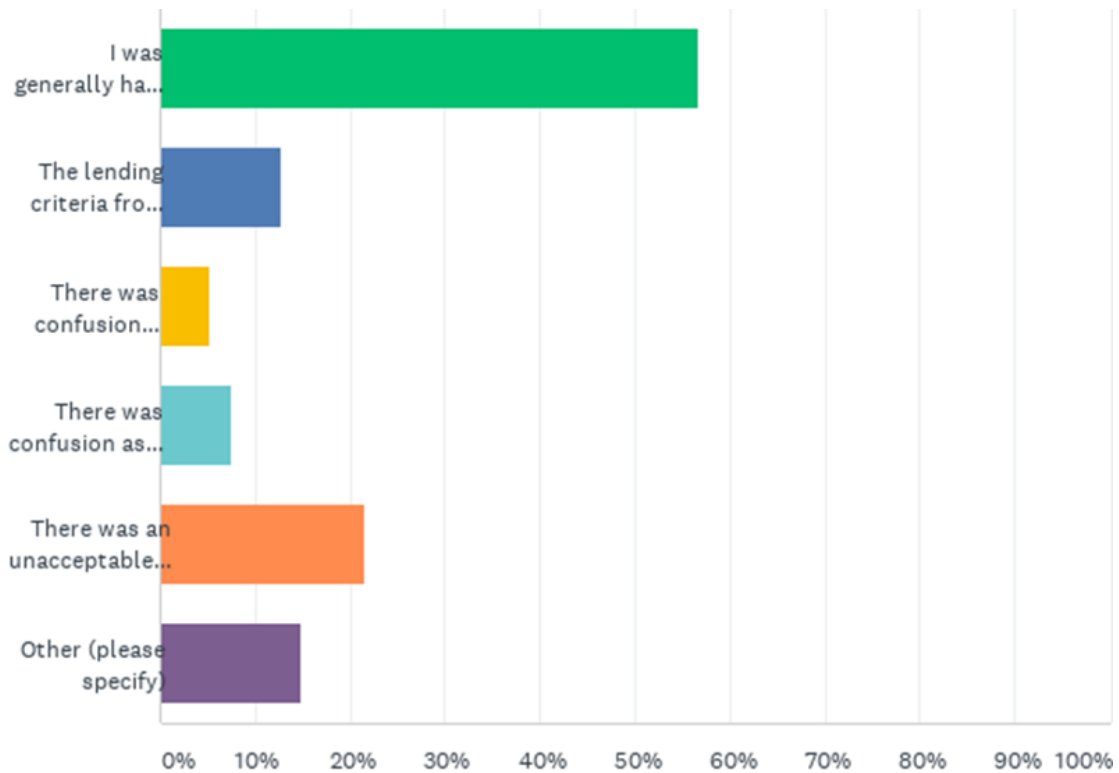
## Q17: If so what has your experience been like?



ANSWER CHOICES	RESPONSES	
The Scheme works well	63.50%	87
The Scheme could work better	36.50%	50
TOTAL		137



## Q18: If so what has your experience been like?



ANSWER CHOICES	RESPONSES	
I was generally happy with the way the scheme worked	56.72%	76
The lending criteria from my bank was not clear	12.69%	17
There was confusion around the level of personal guarantee that would be required	5.22%	7
There was confusion as to whether this was an alternative to more conventional funding	7.46%	10
There was an unacceptable delay in the application process	21.64%	29
Other (please specify)	14.93%	20
Total Respondents: 134		



# Get in touch

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