

09.02.21

Dear Scrutiny,

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Please see my comments below:-

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When closure was announced in March 2020 panic quickly set in for many SMEs. The initial announcement regarding payroll co funding was very welcome however as closure extended it became clear that this wasn't going to be sufficient.

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At the time of closure I had 5 members of staff and had to top up everyone's wages by 20%. 26.5% when you include social security. I wasn't aware that I could claim special circumstances and waive the top up. I was aware that I could defer S/S but didn't want to accrue a debt.

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The waving of the 20% payroll top up wasn't communicated effectively and I continued to pay staff in full throughout the closure.

This was fulfilled by the money I received through co funding. I used my share to top up staff wages yet I have three children to provide for. I didn't want to lose staff so felt I had no option.

This was the situation many business owners found themselves in.

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Moving forward, when we were allowed to trade we could continue to claim co-funding support providing we had a 30% detriment. There was an option to choose either a monthly or three monthly detriment. Throughout the summer I chose 3 monthly. I miscalculated by 1% which means I have to pay back over £4000 yet my business is down by £70000 from the previous year. This is a similar story for many in the SME community and feels really unfair.

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On another note, two members of my team left just before we could reopen. I paid them in full throughout closure yet when we reopened and I could recoup the money paid I had no protection. As a responsible employer I feel there should have been something in place that would have pre-empted this situation. I think in the event that a member of staff left perhaps they should have had to pay back a percentage of the employer top up. Employers have no protection in this scenario.

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Finally, businesses could defer social security payments but this effectively is another debt that accrues and had to be paid, alongside mounting fixed costs and repayment of co funding.

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The Government may feel that SMEs have been well supported but I feel that we have received the minimum. There will be many casualties of this pandemic and right now many businesses are having to pay loans, deferred social security, payroll co funding, mounting fixed costs.

They may have managed to scrape through to this point but it's not sustainable, right now it feels like there is little incentive to continue.