



Coming out of lockdown: Don't be like the Titanic!

The iceberg was on the horizon and the government responded with a variety of measures to cushion the blow for many businesses. But as those unfortunate enough to set sail on RMS Titanic in April 1912 were to find out so tragically, it's not always the visible immediate dangers that can cause the most damage.

Reaction

Various loan funding schemes have been set up, there has been reliefs in respect of business rates and time to pay arrangements from HMRC. Of course, one of the support schemes most widely taken-up was the Coronavirus Job Retention Scheme with the government paying a significant contribution to the wages of furloughed employees. So we are now largely through the initial reaction to this crisis and into the next stage, and this is where businesses need to be extra vigilant as they look forward.

Resilience and recovery

While most businesses have maintained trading activity throughout, some sectors such as hospitality and travel are only now starting to see a release of lockdown restrictions. Some have managed to thrive and identified new opportunities, but many still can't engage "normally" with staff, customers and suppliers, and this is likely to remain for some time yet.

Cash management and cost control need to remain a priority as businesses start to look ahead, but there are other dangers lurking beneath the surface and businesses need to remain vigilant to avoid the icebergs ahead.

As the lockdown is eased and government support measures start to unwind, many businesses will face some tough decisions over coming weeks and months. Those deferred payments have been kicked down the road but have not gone away. Those government loans will need repaying at some stage. Of most immediate relevance for many will be the tapering-off of the furlough scheme which will see many employees coming back to work and businesses taking back full responsibility for their payroll costs. For some organisations where income levels have yet to recover this might lead to decisions to lay-off staff.

Redundancies

Anyone considering this course of action should take legal advice to ensure they don't fall foul of employment regulations. Most businesses are unlikely to have undertaken many redundancy programmes over recent years and may not be up to speed with current legislation, and there are significant risks if you get this process wrong.

We can put you in touch with appropriate legal advisors to ensure you protect yourself, and are aware of at least one very well-respected firm offering a fixed cost option with the backing of insurance cover for any future claims that could arise. If you would like us to make an introduction please speak to your usual Beaver and Struthers contact in the first instance. If you want to discuss specific aspects of cash management and cost control contact our specialist Corporate Partners:



Charles MacMillan
Corporate Insolvency Partner
e. charles.macmillan@beeverstruthers.co.uk



John Jones
Corporate and Forensic Partner
e. john.jones@beeverstruthers.co.uk

Manchester | Blackburn | Birmingham | London - www.beeverstruthers.co.uk



**BEEVER
AND
STRUTHERS**

CHARTERED ACCOUNTANTS
AND BUSINESS ADVISORS

Disclaimer: Please note that this literature is provided for your information only. Whilst every effort has been made to ensure its accuracy, information contained in this literature may not be comprehensive and you should not act upon it without professional advice.