

The focus of our roundtable discussion was “Financing the Recovery” which looked at the financial challenges the pandemic has presented to the manufacturing sector. We discussed the role of the government support schemes, the withdrawal of those schemes and other financial challenges on the horizon for the remainder of this calendar year and beyond. We also explored what role the government can play to help the sector in meeting those challenges and what alternative sources of finance may be available.

During our discussion, we conducted a straw poll and the results were as follows:

- 86% found the Government funding/support schemes to be adequate for your business needs.
- 71% experienced delays or obstacles in accessing these Government funding schemes.
- 71% did not have concerns with the level of debt your business has.
- 57% anticipate its furloughed employees will be in the scope of redundancy consultations.



Key Points from the Discussion

- The recovery phase after recessions is the riskiest in terms of cash flow management.
- Latest economic data from Make UK on how COVID-19 is affecting the manufacturing sector shows that:
 - Sales and orders took a nosedive but are slowly starting to recover.
 - Operating levels have taken a hit.
 - Redundancies are still on the horizon (in the next 6 months).
 - Expectations for the future look brighter.
 - It will be some time (in some cases over 12 months) before we return to normal trading conditions.
- Initial issues with Government funding scheme (CBILs) around tight criteria but working better now that restrictions have been relaxed.
- Most manufacturers have used the Government’s job retention scheme, which needed lots of iterating over the months and has been extended. Many employees remain on furlough.
- Employers would welcome a further extension of the scheme to the end of the year, although this is highly unlikely unless there is a second wave of infections. Tapering of the scheme to October will leave many businesses in a highly precarious place over the next four months.
- The Prompt Payment Code establishes a “good practice framework”, where signatories to the Code commit to paying their suppliers invoices within 60 days, and commit to ensuring there is a proper process for dealing with any payment disputes, which may arise. Government support for business should be conditional on meeting the requirements of the PPC. Businesses should keep regular dialogue with customers/ suppliers.
- Investment in infrastructure is far down the line and will not benefit the industry for at least three years.
- We are in this for the long haul and the use of video conferencing technology will be the new normal for businesses.
- Brexit is in the background with the deadline for the extension of the transition period now passing.
- The financial challenges as they currently present and look set to develop, to the role of the government and finance providers as we move through this crisis towards what we all wish to be a solid and lasting recovery are very significant for the sector.
- We plan to reconvene this group and compare notes when that recovery is well underway.