

10-POINT PLAN FOR RECOVERY

TO MITIGATE THE IMPACT OF COVID-19 ON THE NI ECONOMY AND LOCAL COMMUNITIES.

Enterprise Northern Ireland.

Enterprise Northern Ireland (ENI) was established in 2000 to represent the 28 Local Enterprise Agencies across Northern Ireland. The ENI network provides tenancy (with wraparound support) to more than 1900 tenant businesses; delivers national and local support and development programmes for pre-start, start-up and establishing businesses; and manages the NI Small Business Loan Fund and the NI Start-Up Loan Fund.

During an average week, the ENI network engages directly with more than 3,000 micro and small businesses throughout Northern Ireland. During the COVID-19 crisis the ENI network continues to be the most active and potent connection with business throughout every local community across Northern Ireland.

The NI Economy (Context)

The NI economy is primarily a micro and small business economy. 99.2% of all businesses are micro or small. Prior to the pandemic there were 75,400 registered businesses and 60,00 self-employed. More than 130,000 of these operate as micro or small enterprises.

These businesses are the backbone of our economy and the lifeblood of our local communities. More than 62% of businesses in Northern Ireland are family run. Increasing the number of well-run micro and small businesses in society is proven to enhance local community prosperity, improve local health & wellbeing, build local social cohesion, increase local urban and rural regeneration, and raise the local appetite for education and self-improvement.

Northern Ireland's critically important Foreign Direct Investment businesses and increasing number of local large exporting businesses cannot survive without the vital supply lines and services provision from our indigenous micro and small business population.

To grow the number of high growth potential businesses leading to increasing the number of indigenous businesses growing internationally and the number of home-grown high value jobs, protection, support and investment must be provided to micro and small businesses.

The voice of micro, small and self-employed business.

ENI is a consistent and trusted voice for micro and small businesses. ENI completed the most comprehensive survey of small & micro businesses, for more than 10 years, during October 2019. An ENI survey last week (17/04/20) was completed by more than 500 micro and small businesses, from all sectors province wide. The findings reflect a clear view of how Northern Ireland's 130,000 micro, small and self-employed businesses are coping with the impact of COVID-19.

The ENI network continues to be the most active connection with businesses during the crisis. We have engaged with more than 5000 businesses over the past two weeks, providing survival planning support and guidance to help businesses understand and avail of the range of announced covid-19 emergency support measures.

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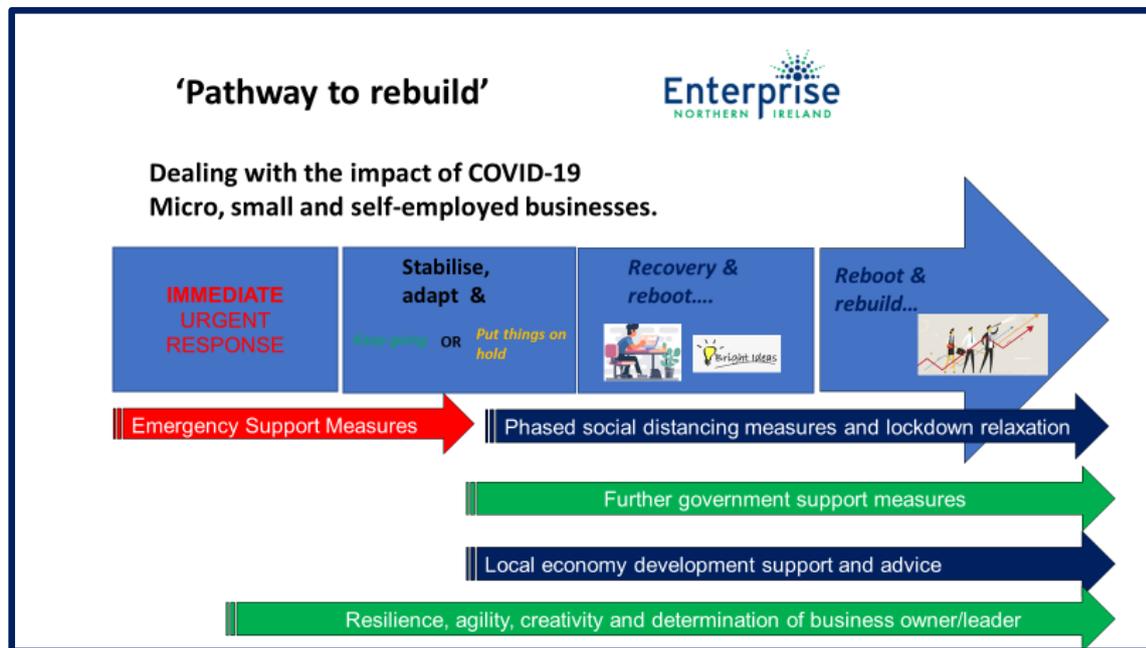
Path back to normality – 10-POINT PLAN FOR RECOVERY.

The First & Deputy First Ministers announced on Friday (17th April) the beginning of discussions around a “path back to normality” and development of a recovery plan. The ENI network is well positioned to contribute informed insights and practical solutions.

ENI has tracked how NI Executive and UK Government COVID-19 measures are working for businesses here and have shared this, in recent weeks, with colleagues in Invest NI and Department for Economy. We have now produced a list of ten critical actions to mitigate the impact of covid-19 on our economy and local communities. The ten actions are comprehensively informed by the ongoing engagement with hundreds of businesses on a daily basis throughout Northern Ireland and by last week’s survey.

Informed by the extensive engagement with self-employed, micro and small business owners and leaders in recent weeks and through working with Invest NI, councils and private sector support providers we have constructed a ‘pathway to rebuild’ schematic.

The schematic outlines the likely stages of critical business activity as businesses battle through survival back to recovery and then on to reboot and rebuild, over the coming months.



The 10-POINT PLAN FOR RECOVERY includes necessary immediate responses, to ensure as many businesses as possible can stabilise and take stock of their position. **The actions then outline what needs to be put in place to maximise the number of businesses that survive and the number of jobs that are protected.**

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Ongoing immediate response needed...

1. **More speed and simplicity with delivery & disbursement of recently introduced emergency schemes**, especially grants. The small business grants and Job Retention Scheme have been a lifeline for those businesses who have received it, introducing vital liquidity, and enabling these businesses to pay suppliers, rent and essential overheads. The unintentional gaps and delays are causing severe stress and pressure, threatening the survival of many businesses.
 - I. More resource needs to be made available to accelerate applications and disbursement.
 - II. Clarity around a simpler application/claim process must be published.

2. The **Emergency Fund (Micro & Small Business Hardship Fund)** earmarked to support businesses not currently able to access existing regional or national grant schemes must be opened immediately and cover micro and small viable businesses who are presently missing out. We have worked directly with businesses and in partnership with councils and Invest NI to identify and support businesses who have fallen between the cracks. The list below covers a significant number of micro and small viable businesses who are presently missing out.
 - I. Micro & small businesses in serviced office/flexible workspace units.
 - II. Micro & small charities and social enterprises.
 - III. Micro & small businesses occupying 3 small units or more (usually in business parks)
 - IV. Micro & small businesses in premises with NAV > £15,000.
 - V. Micro & small businesses in premises with NAV < £1590.
 - VI. Non premises based micro & small businesses.
 - VII. Start-ups and recently self-employed (during the last 12 months)
 - VIII. Individuals whose income is combined self-employed and part-time contracted.
 - IX. Directors (usually sole) of small companies who get paid through low salary and dividends.

In relation to above, we note:

- The Welsh Government recently announced a Resilience Fund to help small and micro businesses and social enterprises who were not eligible for their grant scheme

- The Scottish Government have launched an additional fund to target newly self-employed people and businesses who are ineligible for other Scottish Government or UK Government schemes. This fund (Scotland) will be channelled through local authorities and enterprise agencies.

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3. **Banks must immediately become more accessible** and provide a quick response, flexible, sensitive range of products/services to micro and small businesses.
 - I. CBILS must become 100% guaranteed by government and allow loans of between £5,000 to £25,000 to provide for thousands of micro and small businesses presently blocked from CBILS.
 - i. Across the ENI network we can provide rapid and effective funding application support for businesses in need.
 - II. Banks /other lenders must provide simple application/proposal templates for and maximum access to flexible working capital products.
 - III. Proposed short term task group established to provide information to flow between banks and business.

4. **Some LED activity must be immediately repurposed** to provide consistent NI-wide local business survival support and guidance.
 - I. There is an opportunity to very quickly repurpose existing LED programmes to provide e:mentoring and e:workshops focusing on:
 - i. Guiding businesses to/around emergency support measures
 - ii. Assisting businesses with survival and business continuity planning

Several councils have already started this. The ENI network has been involved and is well positioned to help expedite the success of this critical repurposing.

Response required now and during recovery and rebuild...

5. **A province-wide co-ordinated programme/s of recovery & rebuild support**, possibly repurposing and augmenting planned LED activity, to assist businesses re-emerge in line with reducing restrictions and then to adapt and build their business over 24 months. Enterprise Northern Ireland has designed a framework covering the key areas of support, advice and learning that needs to be included and how it can be delivered impactfully. We are designing extensive provision around 5 areas, essential for recovery and reboot:
 - I. Looking after business owners and their team – resilience, wellbeing, and livelihoods
 - II. Liquidity, cashflow and funding the reboot and rebuild phases
 - III. Adapting/imbedding new technology for process and communications improvement
 - IV. Designing & incorporating social distancing into workplace and customer interface layouts
 - V. Managing changed relationships with fractured supply lines
 - VI. Building sales as markets reopen sporadically and gradually

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6. A **Northern Ireland Business Resilience & Reboot Loan/Grant Fund** should be established, aimed primarily at micro and small businesses who have difficulty accessing support through banks. From ENI research and intel through engagement with businesses, there are a significant number of viable businesses who will need flexible and soft finance to assist and fuel their recovery, reboot, and rebuild activity. This recovery fund could be delivered through the 'Access To Finance' framework. Key elements should include:
 - Loan from £5,000 to £50,000 (ideally with a 10% grant 'business reboot' element)
 - Interest Free in Year 1
 - Repayments begin in April 2021, over 5 years.
 - 'Wraparound support' (mentoring and business rebuilding guidance) with all loans.

7. Continued and **enhanced liquidity measures introduced by NI Executive and UK Government**, during recovery, to include:
 - I. Rates cancellation for up to 12 months with specific targeting at businesses worst affected.
 - II. VAT payments for first 6 months after reopening deferred to next year.
 - III. Job Retention Scheme (JRS) extended to end of September.
 - i. If some businesses/sectors cannot reopen, the JRS should be extended for them beyond September.
 - IV. Use of Air Root Development Fund to support businesses in their development of new export markets, during recovery.
 - V. Effective use of Social Impact Bonds – to encourage and support businesses who step-in/repurpose to solve socio-economic challenges.

8. A **co-ordinated programme of support for unemployed and economically inactive** around confidence building, pathways back to employment and routes to self-employment and business start-up.

An opportunity to efficiently build on work being done by Department for Communities (DfC) around supporting those on benefits into sustained and viable self –employment whilst linking into the existing support rather than creating something new. ENI, DfC and councils through Lisburn City & Castlereagh are already working together on this.

9. Incorporate a **comprehensive programme supporting the wellbeing and health of small business owners, their teams and the unexpected unemployed** -to counteract growing health concerns directly linked to business/employment/financial pressures.

This direct-support programme must be easily accessed.

10. A **Recovery Task Team should be established to work, for up to 18 months, to inform and implement the recovery and rebuild plan**, to provide real-time response and reaction from the micro, small and self-employed business population, and to feed into and discuss other necessary measures that emerge during the months ahead.