

Half a statement

Yesterday the Health Secretary explained the government's approach to the virus, going a long way to cut contacts between people to slow or prevent contagion. The measures mean the effective closure of a huge part of our economy in sport, leisure, culture, hospitality and transport.

There was no complementary statement from the Chancellor explaining how they will help the many businesses that will struggle as a result. Cash flow dries up with no customers. Many employees will be made redundant, and many businesses will fold.

We need the government to help, to prevent large scale loss of good businesses which will result from this policy. Individuals losing their job or their self employed work will need Income support. I asked about the scheme in yesterday's blog in the Commons and got various MPs to voice the need for some such relief.

Issues with coaches

I have recently heard from a local coach company of the difficulties imposed by new government regulations on coach operators.

The company concerned had bought a new coach fleet to comply with low emissions standards, only to be told that there is now an additional requirement to make all coaches accessible for wheelchair users. The company concerned on contract work supplies a coach that is wheelchair compatible when that is needed but does not have this capability on all coaches as many contract routes do not need it.

The coach industry also tells me that electric coaches are around one third dearer than diesel coaches, and have limited range. There are concerns that these will become compulsory before the range and recharging issues are properly resolved. This would make it difficult for coach companies to carry out certain return routes or excursions, given the mileage involved. It also places some services at risk were a coach to be delayed in a traffic jam, using up power on air conditioning, windscreen wipers, radio, lights etc.

Cushioning the economic impact of the virus measures

It s time to take stronger economic action to offset the impact government measures against the virus around the world, along with consumer behaviour is now having on jobs and business.

It is clear that as the virus spreads so people cancel travel plans, hotels, restaurants and pubs lose clients, cultural and sporting events are stopped, business and academic conferences abandoned and discretionary shopping and tourism fall substantially.

Let us take a bad case of what could happen. Let us suppose that the 20% of our economy most exposed to these activities that lose out from closures and loss of customers are in trouble for four months. Let us guess that they lose a large 50% of their revenue on average. They are likely to lose more turnover than businesses do in a typical recession, as in some cases what they do is simply banned and in other cases consumers walk away from them in big numbers.

This would mean a fall of 3.3% in annual GDP just from the impact on the most vulnerable 20% of the economy. There would then be second round effects. These businesses would shed labour quickly as they try to stem their cash losses. Some will go bust with every employee losing their job. This then means lower incomes for people to spend on other things, and a further loss of consumer and investment confidence.

What could be done to reduce this bad outcome? The government could step in with temporary help for employees working for basically sound businesses that have experienced a big loss of turnover thanks only to the special circumstances of the virus. It could be like the German temporary reduced working scheme which has got through state aid tests.

The terms might be that the government will pay a specified quite high percentage of the wage bill for a company that was profitable up to the end of January, but has faced a fall of more than say 15% of turnover since thanks either to the virus putting off customers or from bans and closures required by law. This would be a grant, available for a limited period related to the progress of the virus. It would be conditional on the business not taking on any extra employees during that period, and not making anyone redundant. The business would otherwise be loss making.

It is most important that say a good hotel in a town or city can keep its core staff together during a period of much reduced bookings to be available again for the recovery once we have an all clear from the virus. Putting more businesses through bankruptcy is not a good idea if they are sound businesses for the future damaged by this one off extraordinary event. Bankruptcy puts the costs of the employees onto the state anyway when they lose their jobs, and makes recovery for them and for business more difficult afterwards.

The new facilities to lend to business, and the capacity of the Treasury to delay tax payments are both very helpful to many businesses hit by the virus slowdown. They will not be sufficient for the businesses at the sharp edge of the problems, as their revenues fall too much to survive just on more loans and deferred tax.

Supermarket stocks

I visited a couple of supermarkets in Wokingham on thursday and today, both to do my usual shopping and to talk to the staff about the pressures they are experiencing.

The shops were busier than usual with car parks full. More people were opting for the very large trolleys and filling them. There has been as reported unusually high demand for toilet rolls, cleaning fluids and gels, pasta and rice and some tinned goods.

The supermarkets assure us there is plenty of food available, and they have so far done a good job replenishing stocks of most items even where under unusually high demand. In other countries that have entered more severe lock downs, people have still been allowed out to shop or have benefitted from on line deliveries. The aim of policy is to keep good supplies available.

It would be helpful not to buy unusual quantities of some items and to be conscious that there need be no shortages if we stick to more normal home stock levels. Even longer life food does deteriorate so it is best to buy when you have a need in the next few weeks for the product you are purchasing.

I thanked the staff I talked to for handling the rush. The shelf stackers have been particularly busy lately.

Local Resilience Forum

Under The Civil Contingencies Act 2004 Local Resilience Forums meet regularly to assess risks of emergencies and ensure plans are in place to respond. Wokingham falls under the Thames Valley Forum, as they are organised around Police Authority boundaries outside London.

They have been working with the NHS on plans for handling the virus. Parliament is likely to be asked to approve wider emergency powers in the next fortnight to assist in tackling the virus.

I have talked to the Royal Berkshire Hospital and senior management in the local NHS about providing sufficient capacity of care should need arise from the spread of the virus . They tell me they have made more ward space available as a contingency and can convert further wards to virus care if needed.