



Timber Trade Federation  
growing the use of wood

# COVID-19 MEMBERS SURVEY REPORT

08 April 2020

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## EXECUTIVE SUMMARY

The timber trade is facing a significant decrease in demand for products and services as most respondents believe the COVID-19 pandemic is a high to severe level threat to their company and sector.

The impact from the pandemic has been immediate as respondents have reported a decrease to their cash flow and many customers and suppliers have already asked for an extension to their payment. Although, the full effects are too early to be measured for some of the respondents, most believe that this will have long-term implications on their company and the whole supply chain as they expect to be facing disruption for at least six months. This reflects construction sites closing around the country, with the new build sector particularly impacted as major house builders, such as [Persimmons, choosing to temporarily close most sites](#).

Most respondents have reacted positively to the Government's support so far, with almost three quarters saying that it was helpful. Many of the respondents have declared that they have sought to pursue the Government mechanisms available, with 63% applying for the Coronavirus Job Retention Scheme according to this survey, conducted in the first week of April.

To provide greater support to the timber industry, we recommend that the Government provide the industry with additional financial measures.

This includes:

- Provide temporary holidays on employment taxes, such as National Insurance.
- Temporary holiday on other bills, for example rent, mortgage payments and energy bills.
- Support to pay staff or introduce a short-term work scheme, beyond the option of furloughing.

These measures would not only provide companies within the timber industry the financial assistance they need but enable them to flourish as a business once the supply chain gets moving again.

## INTRODUCTION

The UK has been on lockdown since the 23 March 2020 in order to stem the progression of the COVID-19 pandemic that has spread across the globe. The survey was to assess the financial impact the lockdown was having on our members and what support they require from the Timber Trade Federation and the Government.

The survey gathered a total of 31 responses across our membership between the 27 March to the 3 April 2020.

## SECTION 1: Immediate impact COVID-19 has had on TTF members

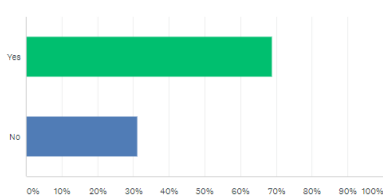
The financial impact COVID-19 has had on the timber industry has been immediate, with 42% of respondents declaring that the pandemic is a high threat to their company and 26% stating it is a moderate threat.

The pandemic's threat is perceived to be more dangerous to the timber sector with over half (51%) believing that this is a high to severe threat to the timber sector. This is deemed to impact the UK economy the most, with 73% affirming that it is a severe threat to the UK economy.

### **Figure 1.**

Have you seen any changes to payment practices from customers or suppliers since the outbreak began? Eg customers asking for extra time to pay?"

Answered: 32 Skipped: 0



One of the major reasons why the pandemic is perceived as a high to severe threat to their companies and the sector is because of the lockdown it entails, which has already caused a rapid change of payment practices from customers and suppliers since the outbreak began. This has caused our respondents customers and suppliers to ask for a payment extension, customers withholding payments and businesses closing.

This is compounded by respondents' answers when asked *'what is your greatest concern arising directly from the*

*Coronavirus outbreak?'* Respondents overwhelmingly underlined the uncertainty generated from the pandemic as 59% believe that this is their greatest concern for their company. This could be due to the confusion caused by Government of whether they should remain open or close as some of our respondents have decided to remain open but only with a skeleton staff, some have closed for a few days whilst they contact the Government for greater clarity and others have remained open.

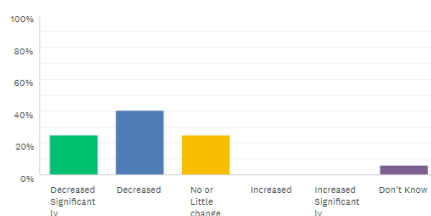
This is further highlighted when asked about their greatest concerns. Over 64% are concerned with the uncertainty this has caused the timber supply chain and 64% are concerned with the financial stability of the sector. This is having a detrimental impact on our respondents businesses as they are unsure of how long the lockdown will last, or how other companies within the supply chain will react to the developing situation as they struggle to decide whether they should remain open or to close. Some customers and suppliers are also asking for a payment extension until their business reopens.

The immediate impact of the lockdown and pandemic across the world is an affect on respondents' cash flow, with 40% having seen a decrease in their cash flow, with 25% noting a significant decrease. This is because businesses have closed and companies throughout the supply chain are running out of cash, causing incredible financial strain on our respondents.

## Figure 2.

What impact has the Coronavirus outbreak had so far on your cash flow?

Answered: 32 Skipped: 0



However, 25% have responded that they have seen little to no impact at all to their cash flow. This could be due to the lockdown only recently being implemented by the Government. Respondents did comment that there has been **“no impact now - but I do expect this to become adversely affected in the coming weeks”**. Thus, the longer the lockdown continues, the greater negative financial impact this will have on our respondents and throughout the sector.

## Section 2: Predicting the longer-term impact

Our members future will depend on the length of the lockdown. The Prime Minister in an address on Monday 23 March declared that the lockdown measures would be in place for three weeks until April 13 before being reviewed.

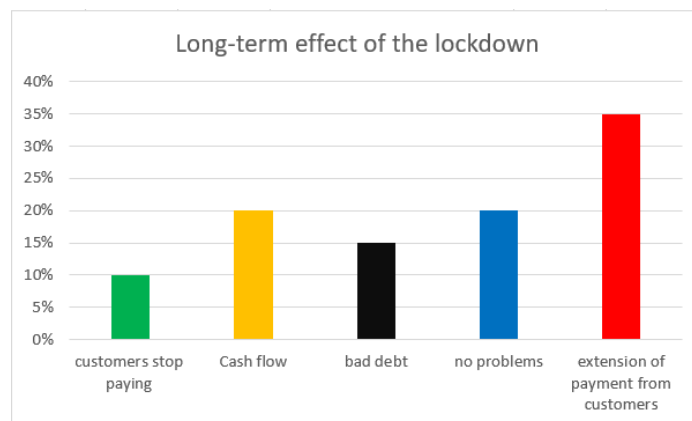
Respondents are forecasting that the lockdown will continue for a long period of time as 71% predict that this will be a long-term response to the pandemic. However, given the expected trajectory of the pandemic, and the decisions taken by other countries, who are ahead of Britain in terms of virus progression, it is unlikely the

restrictions will be lifted by then. Most reports estimate that the lockdown could be lifted in May/early June, however others estimate it could be longer.

A longer-term lockdown would be more concerning to our respondents. In section 1, respondents highlighted the immediate impact they have felt with customers and suppliers asking for a deferred extension to payment. This would be exacerbated if the lockdown continued beyond June, with 35% stating that customers would want an extension and 10% believing that customers would stop paying them altogether.

Not only this, but respondents believe that the longer this continues, the more severe their cash flows will be affected.

## Figure3.



One member remarked **“I think some of the larger organisations will ask for extended payment terms, and this puts smaller organisations in jeopardy.”** And another stating that this will have **“at least a 6-month negative impact on the economy and cash flow. Expect a quick return but probably not to levels pre Covid for some while.”**

Therefore, the long-term implications will have a severe knock on effect throughout the timber supply chain as extended pay term requests become normalised, cash flows become disrupted and bad debt builds.

Overall the implications the lockdown would have on their financial viability is still too early to tell as 31% reported they will be **“fine in the short-term but we would have to manage the situation as it develops”**, with another commenting that it **“depends on the duration of the lockdown, four to six weeks will pose moderate issues but beyond that it will cause significant damage.”**

**Figure 4.**

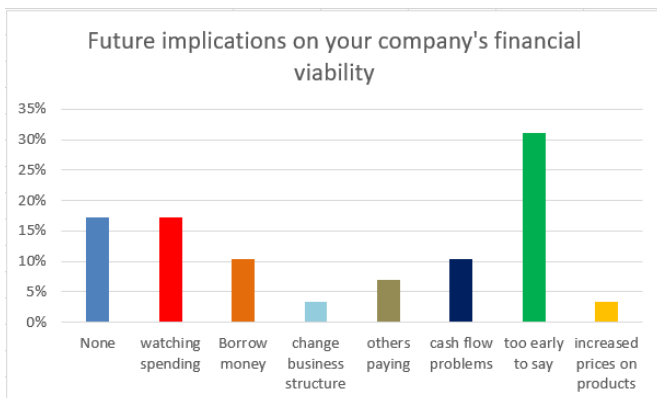


Figure 4, shows that others have already taken steps to watch their spending, with 17% managing their costs, **“we will have to manage costs very closely until some certainty returns”**. Whilst 17% have stated that this will have no effect on their financial viability, but **“investment will be put on hold”** and others believing that once the lockdown is lifted and businesses return to normal they **“can take full advantage of the upsurge”**.

For the time being it is too early to report the future financial viability the lockdown

will have on the timber sector, but the longer this continues, the more difficult it will be for the timber supply chain and our respondents to remain financially viable, especially for SME’s within the sector.

### SECTION 3: Government support

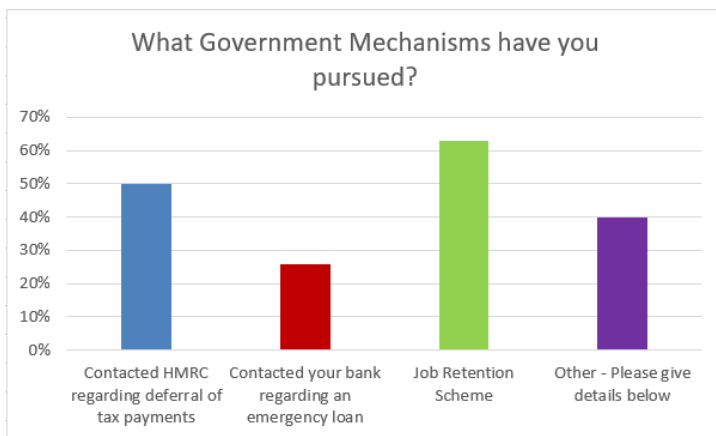
The Government has provided a lot of support to SME’s and large businesses, self-employed and workers to prevent companies from going bust, protect workers from becoming unemployed and ensure British businesses remain financially viable once the lockdown is lifted.

Overwhelmingly, respondents have expressed that the Government has been extremely supportive of their business, with 46% declaring that the Government has been very helpful and 28% believing they have been slightly helpful, with one member stating that **“guaranteeing all of these jobs is an amazing thing they have done.”**

Despite this, some have voiced their concerns about the lack of clarity of these schemes, the lack of industry specific advice as to whether they should remain open or close and the difficulty of accessing the mechanisms, such as the [Coronavirus Business Interruption Loan Scheme](#).

The mechanisms that our respondents have indicated they are pursuing is the Coronavirus Job Retention Scheme (63%) and deferring tax payments (50%). Some have commented that they have yet to take up a mechanism as they wait to gain greater clarity from the Government before accessing a scheme.

**Figure 5.**



Although, the Government has provided financial support to our members most affected by the pandemic, there is more that could be done to support their businesses.

Most of the respondents would like to see a temporary holiday on employment taxes, such as National Insurance (56%) and 53% would like a temporary holiday on other bills, including rent, mortgage repayments and energy bills. In addition, 53% want greater support to pay staff or for the Government to implement a short-term work scheme for employees.

Therefore, there is more that can be done to support businesses in the timber industry to ensure that they will be financially viable after this unprecedented pandemic is over.

## CONCLUSION

The implications of the lockdown on our member remains dependent on how long the shutdown continues, as this will impact demand, and cash flow, with some customers and suppliers asking to extend payments or accumulating debt.

The Government must find a way to continue to support businesses and guarantee the timber supply chain will be able to thrive as an industry once the lockdown is lifted. That is why we are recommending the Government to:

- Provide temporary holidays on employment taxes, such as National Insurance
- Temporary holiday on other bills, for example rent, mortgage payments and energy bills.
- Support to pay staff or introduce a short-term work scheme.

These measures would not only provide companies within the timber industry the financial assistance they need but enable them to flourish as a business once the supply chain gets moving again.