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John Collingridge Agenda

Time for politicians to give business a chance

There are moments from this crisis that will be etched on memories for years to come. Standing on the doorstep on Thursday evenings to applaud NHS workers. The Queen's evocation of the Blitz spirit when she told us "we will meet again". Rishi Sunak's carefully punctuated announcement that the government will do "whatever it takes" as he unveiled a £330bn rescue fund.

Unfortunately for business secretary Alok Sharma, none of his appearances is in danger of troubling the greatest hits catalogue. Which is more than a shame because now, more than at any time in living memory, businesses desperately need vocal, galvanising leadership.

Sharma's few public appearances so far have consisted of platitudes and little substance. Last weekend came his painful refusal to apologise on live TV for the failure to ensure medical workers have adequate personal protective equipment to do their jobs.

Let that be a low-water mark. Sharma's job is a fiendishly hard one for which he has had little preparation – the queue of trade bodies and companies pleading for support grows by the day, while the purse strings are clutched by the Treasury. But it is not a time for bureaucratic excuses and caution; it is a time for inspiration and courage.

There are particular areas that need the accountant-turned-politician's full attention. Try starting with the business support schemes that have been achingly slow to release cash to where it is needed most: the 5.8 million small businesses that are normally the blood coursing through the economy's veins.

As we have reported in depth on these pages, every day that goes by when a company cannot get access to the coronavirus business interruption loan scheme – with every rejection email from a bank, every layer of bureaucracy piled on the application process – means another firm that may never rise from the ashes.

One month into the lockdown, just 6,016 loans totalling £1.1bn had been approved. That's a damning indictment of the government's – and the business department's – handling of the scheme. Obstacles have been thrown in front of companies at every turn: banks demanding personal guarantees on loans; ministers' refusal to guarantee 100% of lending; banks rejecting applications because companies, unsurprisingly, cannot get access to credit insurance.

Then there is the long list of large companies for which the Bank of England's commercial paper scheme is not an option because they do not fit the criterion of being investment grade. The business secretary has to make the case with his Downing Street colleagues that the scheme rapidly needs enlarging, although he has been pushing the Treasury to get cash to businesses more quickly. Without it, sectors such as car-making, which has more than a million workers, will soon be in serious trouble.

Sharma's biggest job is yet to come: leading companies out of hibernation. In previous years, particularly during the Brexit negotiations, the business department was seen as a backwater that was easily brushed aside. It cannot be ignored any longer; its role is vital.

At a not-too-distant point in the weeks ahead, bosses and workers will be told to make an abrupt psychological U-turn, ditching the now-ingrained message of staying at home to return to shops, factories and offices.

That will require bosses, unions and politicians to work together in ways they have never really done before, putting aside old rivalries to get the economic engine firing again. They will need to prioritise sectors that can be restarted to get private capital flowing through the economy fast, but in a safe way.

The business department needs to be the glue that holds this unholy alliance

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together. It is a role Sharma can and must grow into.

Stelios must stop the anti-aircraft fire

Nothing will be quite the same again, at least for the foreseeable future. As my colleague Jill Treanor explains on page 2, established business norms that have been upended by the crisis are unlikely to spring back into place once the lockdown eases.

Few businesses illustrate that more clearly than airlines. Over the past two decades, the once cosy club of national flag carriers has been rent asunder by the rise of the budget airlines, which undercut prices and fuelled a battle to cut costs.

What emerged was a world where load factors – how full planes are – became arguably as important as ticket prices. The budget carriers became experts at stacking 'em high and selling 'em cheap. A relentless quest for efficiency ensued. Flying with empty seats became a cardinal sin.

Since Covid-19 arrived, cash burn has become the key measure. Staff have been sent home and planes parked. When carriers are given permission to fly again, aircraft will be far from full. Travel will be curtailed. As easyJet boss Johan Lundgren said, middle seats may have to be kept empty.

Given all that, it may seem a strange time to attempt to further disrupt an already floundering airline. But that is what Sir Stelios Haji-Ioannou, easyJet's founder and biggest shareholder, is trying to do.

He has fought a long-running battle over a giant order for Airbus A320 aircraft, signed in 2013. Covid-19 has given him cause to resume his battle, arguing that easyJet should scrap the order to preserve cash. He has gone further, calling a vote to oust Lundgren, the chairman John Barton and finance director Andrew Findlay.

Sir Stelios is justified in asking whether the airline's model of ever-increasing passenger numbers and planes was sound, but overturning the board during the worst crisis ever to hit the aviation industry will make a bad situation worse.

Oliver Shah is away