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AAT Communication Cascade – 24 April 2020

It has been almost a month since the last communication cascade and on behalf of the partnership I want to say a huge thank you to all of you for your continued resilience over the last few weeks in the face of these very challenging times.

And it is particularly important to acknowledge those of you who are currently furloughed, and to let you know that we are missing you all. Although furloughing is not ideal, you should know that the Job Retention Scheme grant is helping us to manage the short term business risks, and our cash flow, as we continue to navigate these difficult times for the business. We are extremely grateful to all you who have been furloughed and also of course to the rest of you who are working from home, particularly if you are perhaps picking up some additional temporary tasks at the moment.

Over the last few weeks we have worked on every possible opportunity to swiftly but proportionately reduce cash outflows, whilst remaining true to our wish to support staff as best we can, and that is why we enhanced the furlough scheme beyond the help offered by the government. Furloughing is just one example of the opportunities we have taken. Other actions include:

* Renegotiation of supplier payment terms
* Renegotiation of payments to creditors
* Retention of profits from previous years within the business in line with cash flow constraints
* Freezing recruitment
* Deferring payments of tax and VAT

We will continue to explore further opportunities as appropriate and this will be important as we move into a further period of lockdown.

We are keeping a close eye on our workloads and the impact of the Coronavirus on our clients. Since the last communication cascade we have seen many of our fashion based clients impose budget reductions or freezes and many of you will have seen the price of oil turning negative recently – that will have a major impact on Halliburton’s business and they have told us that this may lead to a reduction in new patent filings in the short to medium term.

Also since the last communication cascade, some temporary policy changes and additional resources have been put in place, including the temporary Furlough policy and a restricted Furlough Resources page which can be accessed through our website. We have also temporarily revised the flexible working policy to enable you to balance caring and home schooling responsibilities with homeworking, and I encourage you to speak with your line manager if you are struggling with any aspect of your current working arrangements.

At the last cascade I let you know that the policy around annual leave and carry forward leave was under review. A temporary update to the annual leave policy was published earlier this month in response to a recent change in the law, and that enables some additional annual leave to be carried forward into 2021 if there is a need for you to do that. However, I want to take this opportunity to stress that even if you can’t go away on holiday because of Coronavirus, as it has been a stressful time we want to encourage you to take some annual leave if you can and get some well-earned rest. Not only may this be helpful to you, it will is also be helpful to the firm, even if it is just for a few days at a time when your workload allows. This can provide two benefits – firstly it may enable us to prevent or delay discussions about further furloughing, and secondly it may support the business when things start to get back to normal by ensuring we have enough people working and making up for lost time rather than looking to use up their annual leave.

In terms of ongoing actions, we continue to take steps to keep functioning as a firm, and the Business Continuity team are constantly working to support everyone in this as far as possible. Karen and Vince in particular have been doing some extraordinary work for all of us, and so a massive thank you to them.

Moving on briefly to other matters, as mentioned in the February communication cascade, we have made some small changes to fee earner targets and the bonus policy for FY21.   The SQL time reports will be updated to reflect this and a revised bonus policy document will be circulated very shortly.   As we have noted in previous cascades, subject to agreed factors outside of our control, all fee earners are expected to consistently meet or exceed their targets. This, in addition to BD, will remain the firm’s key focus in FY21.

In summary, the main changes are as follows:

In order to make the bonus scheme more inclusive, trainee fee earners will now be eligible for the bonus scheme, starting in the first full month following two years of service with the firm.

The billed time target will increase to 3.75 hours per day for qualified fee earners and to 4.25 hours per day for trainees, whilst retaining the existing booked time targets.  The idea here is to help drive efficiency, we need to continue to squeeze our write offs – reducing them from an average of 19% to 13% and, ideally, lower.

The ‘threshold’ target put in place as an interim measure at the launch of the bonus policy in 2017 has now been removed.  So the bonus target will now be the same as the billed time target for the year, and the usual bonus of 15% will be paid on any time billed above this target.

We will move away from calculating the bonus using Actual days worked (which takes into account holiday and sickness leave) to calculating the bonus based on Target days (which factors in holiday and a small number of sickness absence days).

One other point for fee earners in particular to note is that, as we transition to our new accounts package during FY21, we will be looking at how the targets are calculated, to possibly move towards a financial based system based on actual charges to clients rather than an hours based system based on the time in our internal invoices. More on that in due course.

So finally, another surveymonkey should be with you now, or will be shortly. It aims to review the ongoing lockdown period and to pick up on common themes and any issues around your wellbeing and working from home arrangements. We will consider all the responses and feedback carefully and take action as appropriate, so please do take a few minutes to complete this as soon as you can, and do keep talking to your line manager about how you are doing.

All the partners thank you all again for your continued commitment and efforts, which are so crucial to the success of the firm.

That’s all for this cascade,

Stay safe and well, and see you again soon.