

Internationale Auswirkungen der Corona-Pandemie: im Gespräch mit Andrew Whitehead von Shakespeare Martineau

Categories : [Arbeitsrecht](#), [Energie](#), [Kommunen](#)

Tagged as : [aid package](#), [Corona-Pandemie](#), [Coronavirus Business Interruption Loan Scheme](#), [Coronavirus Job Retention Scheme](#), [Coronavirus Large Business Interruption Loan Scheme](#), [Covid Corporate Financing Facility](#)

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Auf die Corona-Pandemie reagieren Politik und Wirtschaft in den betroffenen Ländern unterschiedlich. Wir möchten mit unserer [Blog-Reihe](#) internationalen Gesprächspartnern die Gelegenheit bieten, zu berichten, welche Erfahrungen sie in den letzten Wochen und Monaten gesammelt haben und wie sie die Situation vor Ort einschätzen. Heute sprechen wir mit Andrew Whitehead, der bei der britischen Kanzlei [Shakespeare Martineau](#) den Fachbereich Energie verantwortet. Wir veröffentlichen das Gespräch im englischen Original.

BBH-Blog: Each country has its own strategies in place to contain the spread of coronavirus. How does the UK economy respond to the pandemic?

Whitehead: The UK's first response strategy was to create a "herd immunity" by allowing a sufficient number of people to become infected and then recover. The government abruptly changed to a strategy of social distancing for the whole population (which is more in line with the European approach) after a report from Imperial College, London indicated that it could lead to more than 250,000 deaths with demand for intensive care beds outstripping supply by a factor of eight to one.

The lockdown strategy has been in place since late March. Right now (early May), the government is coming under pressure to reveal its strategy for a return to work. We are aware of businesses setting up call centres to operate "track and trace" contact centres. A mobile phone app is being trialled in the Isle of Wight (an island just off the UK mainland with a population of around 150,000).

Draft recommendations to support a partial return to work have been published and the government has committed to review the lockdown policy every three weeks.

BBH-Blog: Germany has swiftly launched an extensive aid package to support the economy. Are there similar measures in your country?

Whitehead: The UK has also launched an extensive aid package to support businesses and the economy. Key measures include the Coronavirus Job Retention Scheme (CJRS), a number of government loan schemes – the most important of which are the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Covid Corporate Financing Facility (CCF) – as well as a series of tax payment deferrals to aid cash flow for businesses. Grants are also available, but mainly to smaller businesses.

The CJRS allows employers to "furlough" employees (i.e. where the employee takes a leave of absence from work, but still gets paid) and the government will pay 80 percent of the employee's salary up to a limit of £2,500 per month. The salary is first paid by the employer and then reclaimed through a government online payments system. The scheme is currently scheduled to run until June 2020 but may

be extended further. More than six million workers are furloughed under the scheme.

The CBILS and CLBILS schemes are government guarantees of commercial loans. They are available through conventional banks (subject to qualifying criteria). The CCF scheme is aimed at investment grade businesses and is facilitated by the issue of commercial paper which is purchased by the Bank of England.

BBH-Blog: How would you assess the UK crisis management?

Whitehead: The Boris Johnson government appears still to carry a majority of popular support in the UK. Many commentators criticise the government for a lack of adequate testing of the population and a lack of personal protective equipment for health workers. The government can also be criticised for adopting its “herd immunity” policy at the start of the crisis which was contrary to many other countries and which had to be changed abruptly after the Imperial College report was presented. The response in Germany is frequently held up by comparison as a more successful reaction to the crisis.

The UK only recently started to include Covid-19 deaths occurring outside of hospitals, for example in social care facilities. Since changing the counting methodology, the official mortality rate has become one of the highest in the world but this may also be a feature of the low testing rates.

On April 4, Kier Starmer became the leader of the opposition Labour Party. Starmer is generally seen to be a credible politician and the opposition is likely to be better placed to hold the government to account effectively.

BBH-Blog: Do you think companies are well prepared for such a crisis and thus able to continue operations?

Whitehead: Very few companies seem to have had formal plans in place to deal with a pandemic crisis of this nature, which typically did not feature on companies’ risk registers. Office based businesses have adapted remarkably quickly to home working, and the IT infrastructure needed to support this form of work has held up remarkably well. In our own law firm, we quickly moved to home working for nearly all of our people, across all of our UK offices, and this has now become the “new normal” for us. We do not expect to be back in our offices in the same way as before any time soon, and will definitely look at this experience as a trigger for embedding new and more efficient ways of working.

Most businesses are utilising the government business support schemes. More than 800,000 employers are making use of the Coronavirus Job Retention Scheme and more than six million employees are currently furloughed. Many people expect that there will be significant redundancies in the economy once the CJRS comes to an end.

Many manufacturing businesses have been able to continue operations, albeit at a reduced level as capacity is constrained by social distancing requirements in the workplace. The construction industry was completely shut down for a period but there are indications of a small scale return to work. Shop based retail has been badly affected but retailers able to offer home delivery have done well in many sectors.

Businesses appear to have held together the infrastructure needed to operate but the medium and long term economic outlook will be the decisive factor in continuing operations.

BBH-Blog: The energy supply sector is one of the particularly sensitive infrastructures. An energy supply failure would seriously jeopardize the common good. How is the energy sector handling the current situation?

Whitehead: The GB energy supply sector is characterised by five larger companies who make up 70

percent of market share, including Eon, and other suppliers including Shell and Octopus who are both active in Germany.

Suppliers are heavily regulated by Ofgem, and are also required to collect consumer levies to support UK government social and environmental policies including renewable subsidies and the capacity market. Few suppliers have been able profitable in recent years, due in part to trading costs, intense competition and (paradoxically) the UK government's price cap. As a result, many suppliers have failed, following a struggle to maintain both customer service standards and cash flows.

Covid-19 is adding extra pressure. Consumption levels in parts of the UK economy have dropped by 80 percent, causing problems for suppliers with forward wholesale positions and seeing unusually low market prices. Those offering "flex" contracts (allowing consumers to nominate volumes for forward purchase on the markets) are seeing significant trading losses from offloading surplus power, which they have been seeking to pass back to consumers who are often unable or unwilling to pay. Suppliers are also seeing cancellation of regular fixed monthly payments by domestic consumers anxious to reduce outgoings, which has hit cashflows just at the time when suppliers need to rebuild credit balances ahead of the winter. And with consumer debt levels increasing, suppliers are under added pressure to allow extended payment terms to support households faced with job insecurity and reduced income.

For many, this situation was foreseen, because licensing rules in GB have not included a "financial strength" test and many new entrant suppliers have been very thinly capitalised. Ofgem has recently addressed this with new tougher rules, but it is too late for some, and we expect to see more market consolidation and company failures in coming months.

BBH-Blog: Presently, companies are faced with the challenge of maintaining "normal operations" as far as possible while being forced to react in a very flexible, creative and innovative manner according to the situation at hand to minimize the risk of infection. Could you give us an example of how companies respond to this challenge?

Whitehead: An interesting example of a company reacting creatively to the crisis is a client operating a call centre in the north of the UK. There will be little call for the business's usual services during the pandemic. However, they were approached to provide call centre services for the National Health Service. Within a few days they were able to acquire and set up the IT equipment to allow half of the employees to work from home which allowed for proper social distancing in the workplace as well as the other measures that are necessary.

The company was subsequently asked to supply more workers which meant increasing the number of employees by 50 percent. The additional workers needed to be trained on site. The business was able to set up home working facilities for the remaining half of its employees who were still attending the office whilst adding sufficient additional telephone lines and IT systems to bring in 250 new people.

The business is now operating in a new sector, having temporarily increased its workforce by 50 percent and having all of its original employees working from home.

BBH-Blog: Dear Mr Whitehead, thank you very much for your time.