

## **Deloitte Webinar**

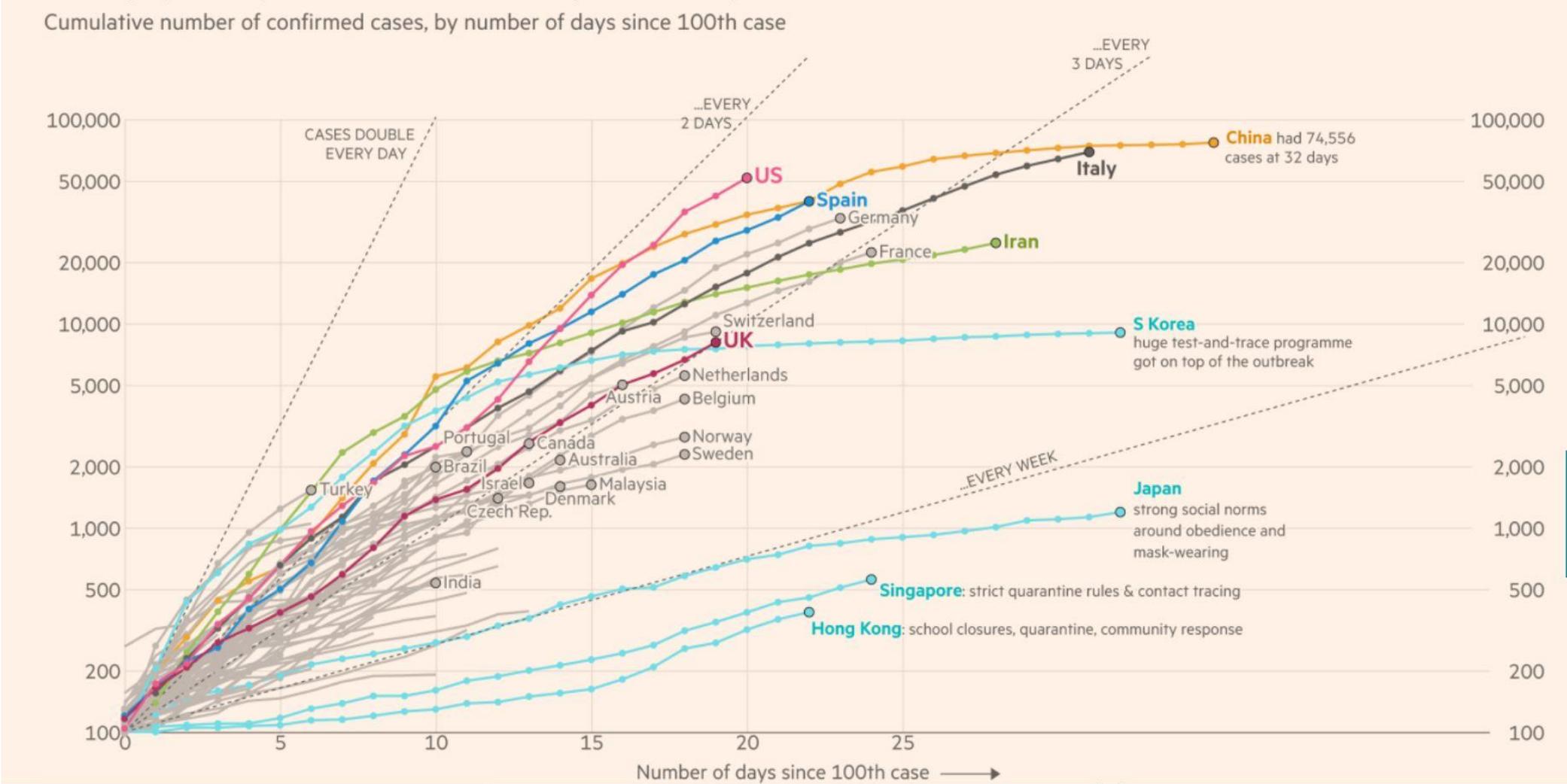
Responding to COVID-19: Updates and practical steps

# **COVID-19: current picture**

Dr Jane Halpin, Clinical Lead, Deloitte

# Coronavirus case trajectories, by country

## Impact of different suppression strategies

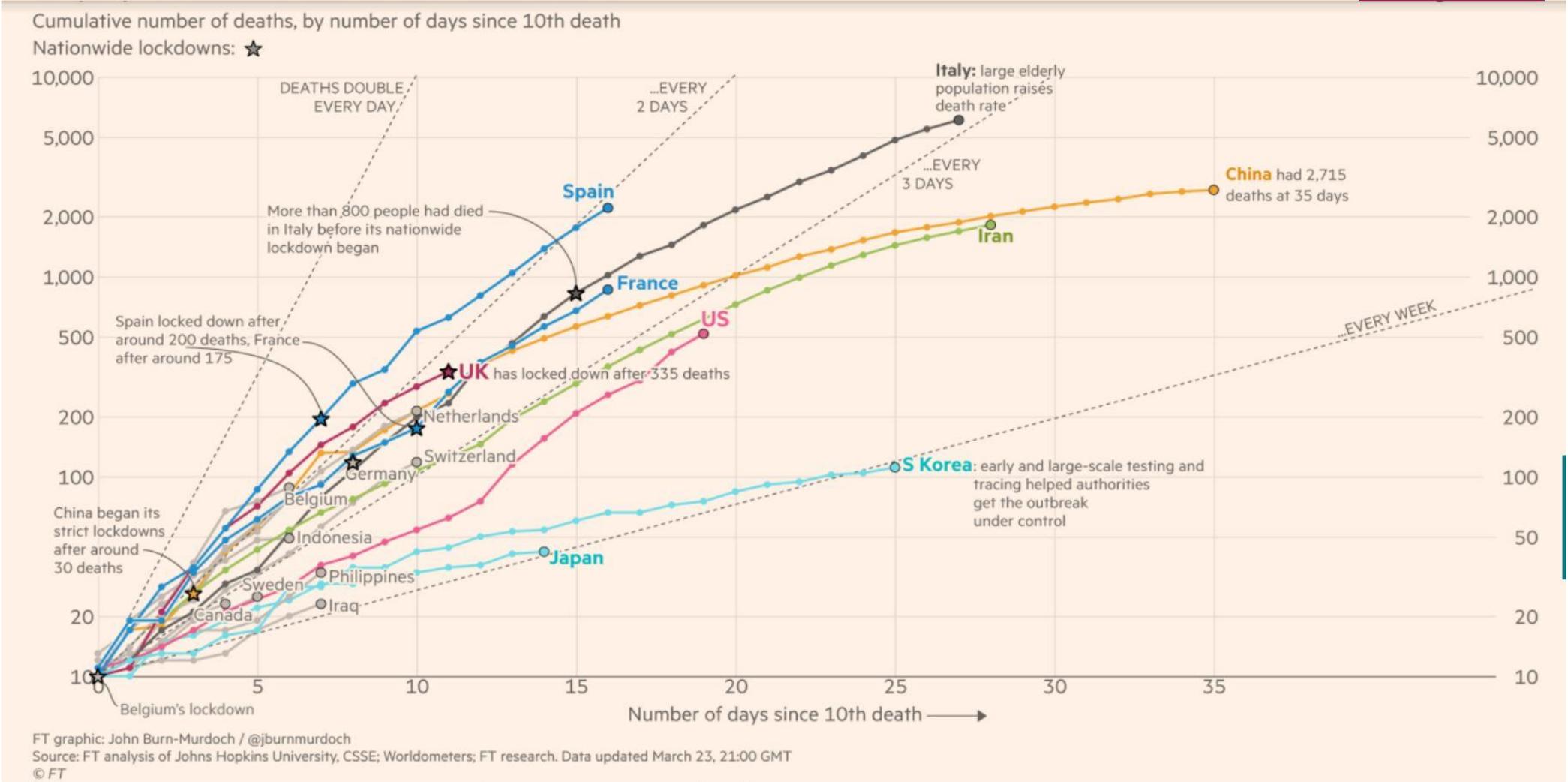


FT graphic John Burn-Murdoch / @jburnmurdoch

Source: FT analysis of Johns Hopkins University, CSSE; Worldometers; FT Research. Data updated 24 March 19.00 GMT

# Coronavirus cumulative deaths, by country

## Impact of different suppression strategies



FT graphic John Burn-Murdoch / @jburnmurdoch

Source: FT analysis of Johns Hopkins University, CSSE; Worldometers; FT Research. Data updated 24 March 19.00 GMT

# **Markets and economy**

Maximilien Lambertson, Deloitte  
Economist

# Monetary policy seems to be having an effect

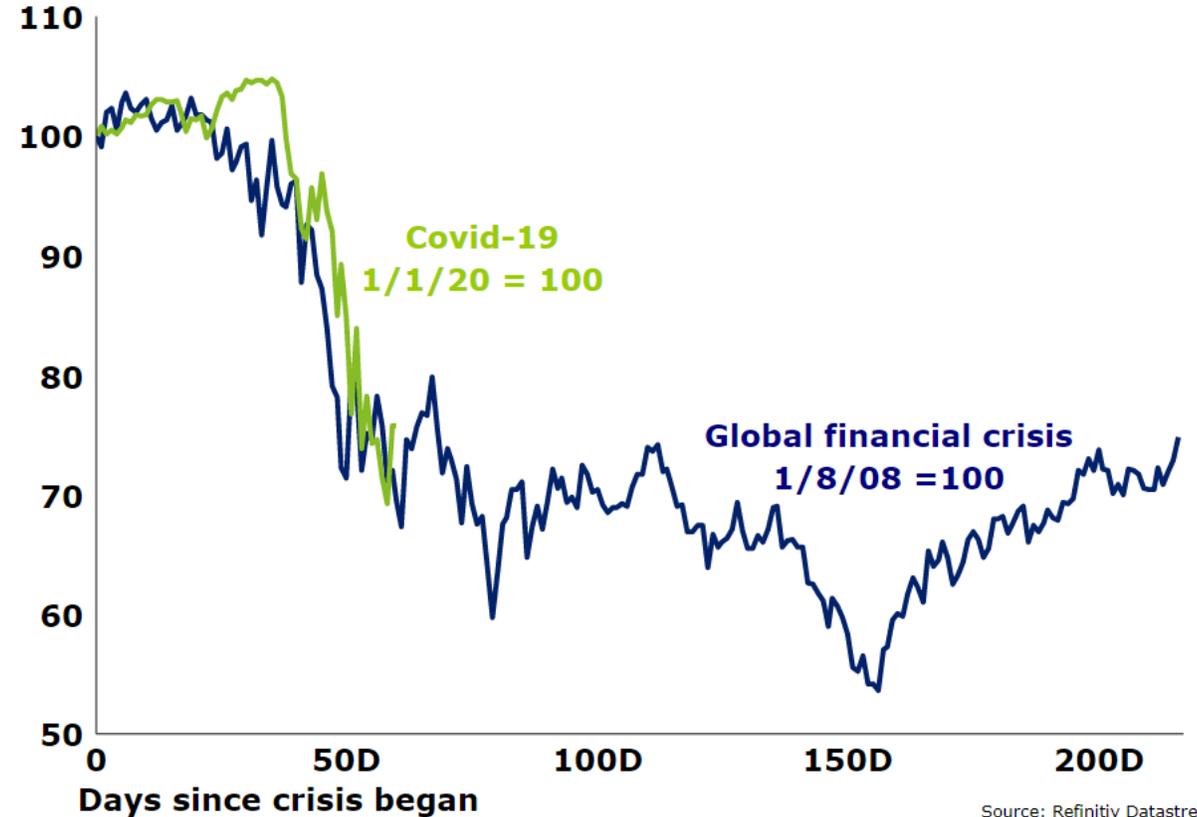
## Spread between Italian and German bond yields

10-year government bond yields, %



## S&P 500, 2008 vs 2020

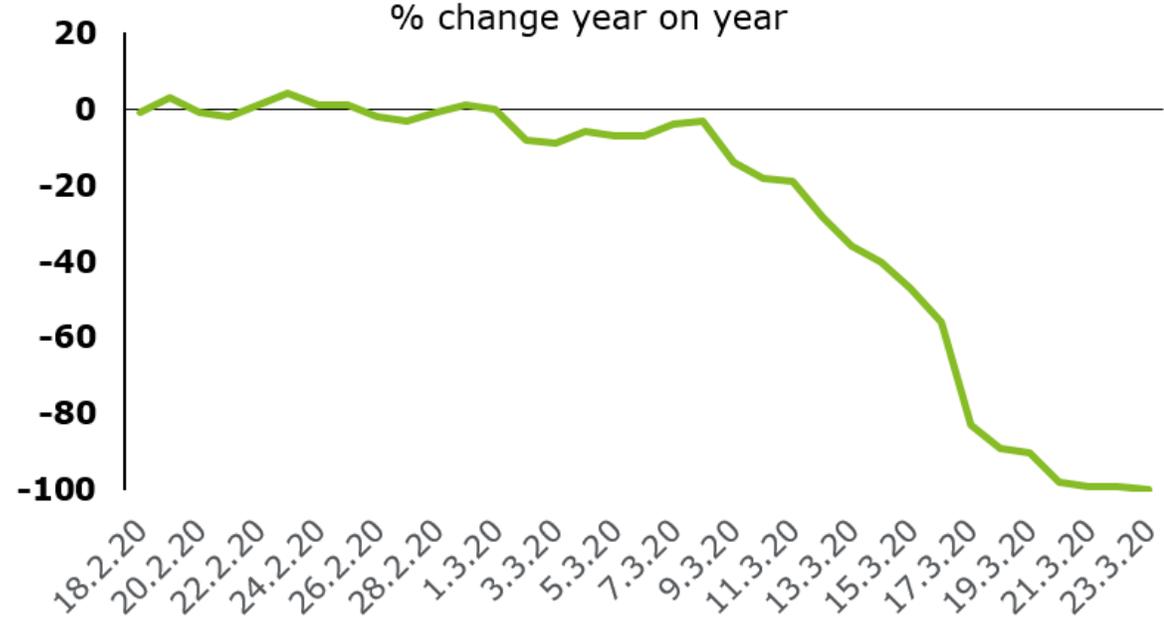
Rebased, 100 = crisis start date



Source: Refinitiv Datastream

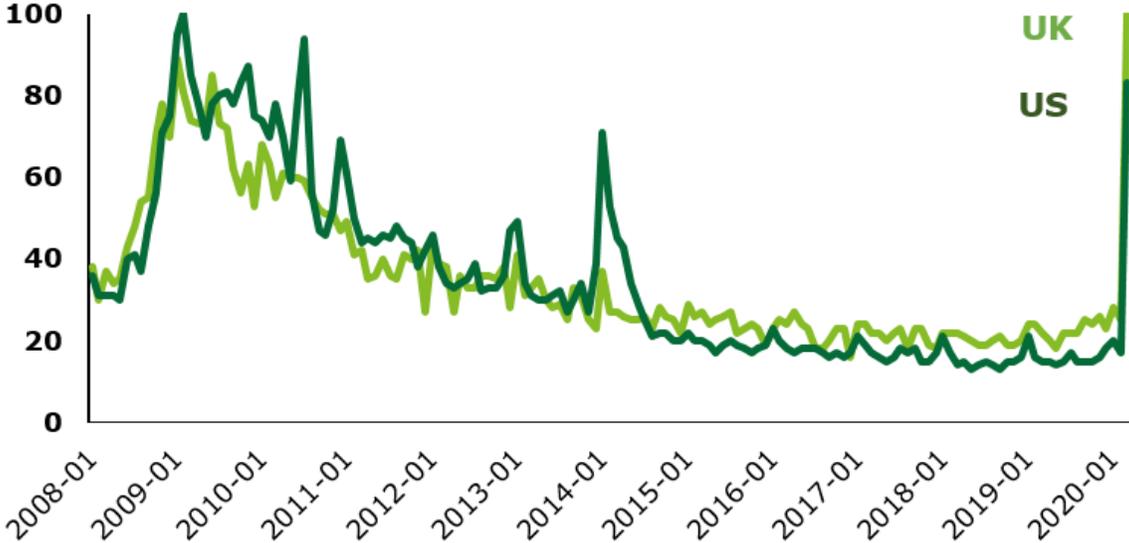
# High frequency data highlight scale of shock to real economy

## Seated diners at restaurants



Source: OpenTable data covering restaurants in Australia, Canada, Germany, Ireland, Mexico, UK and US

## Google search trends for "unemployment benefits"



## Policy response aimed at preserving capacity

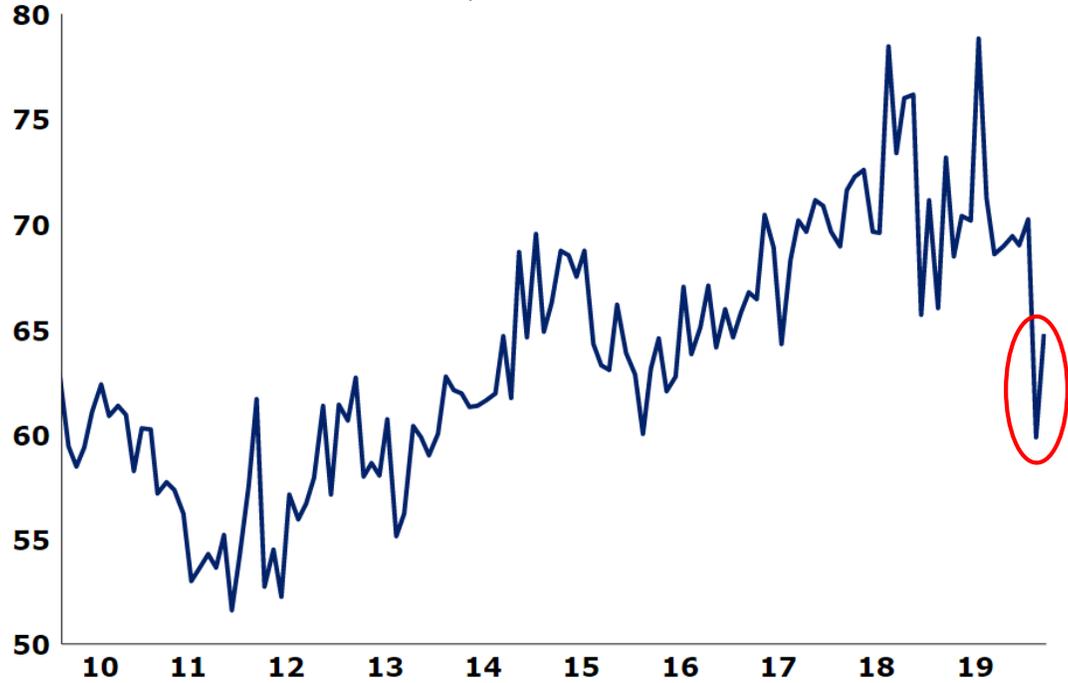
Key policy responses in a selection of developed economies:

	Monetary policy		Fiscal policy		
	Rate cuts	Asset purchases and liquidity support	Lending for businesses	Tax relief for businesses	Job/income support scheme
<b>US</b>	Yes	Unlimited QE, corporate bond purchases, short-term loans to banks	TBA	TBA	TBA
<b>UK</b>	Yes	Expanded QE, schemes targeting banks and corporates	Yes	Yes	Yes
<b>France</b>	No	ECB sovereign and corporate bond purchases	Yes	Yes	Yes
<b>Germany</b>	No	ECB sovereign and corporate bond purchases	Yes	Yes	Yes
<b>Denmark</b>	No (Rate rise)	Macro-prudential easing	Yes	Yes	Yes
<b>Korea</b>	Yes	Short-term loans to banks	Yes	Yes	Yes

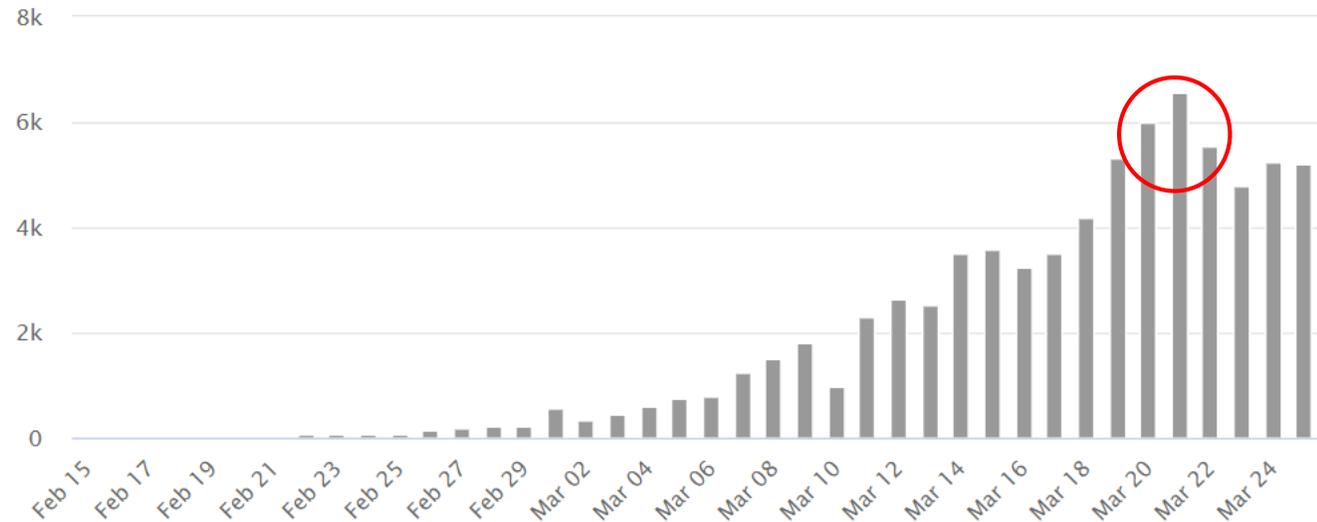
# Where to look for green shoots?

## China consumer sentiment

Thomson Reuters / Ipsos consumer sentiment index



## New daily Covid-19 cases in Italy



Source: Worldometers.info

# Overview of government funding initiatives for businesses

Jodi Birkett

# Government funding

## Coronavirus Job Retention Scheme (“CJRS”)

Funding category	What is it?	Eligibility	Amount	Go live date	Access	Recommendations
<b>Coronavirus Job Retention Scheme</b>	<ul style="list-style-type: none"> <li>Employers designate employees as ‘furloughed workers’</li> <li>Employer pays the workers</li> <li>Employer claims reimbursement from the government</li> </ul>	<ul style="list-style-type: none"> <li>All UK employers with a PAYE scheme</li> <li>Uncertainty whether agency workers on PAYE are included</li> <li>Employees must not work during furlough</li> </ul>	HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month per employee	Workers ‘furloughed’ from 1 March 2020  First payments expected by end of April	New online portal being built by HMRC to make applications	<ul style="list-style-type: none"> <li>Check further guidance when released</li> <li>Consider contractual re-negotiations now</li> <li>Take care making promises of what salary payments the grant can fund until clarity over how the calculations will work (e.g. in relation to Employer NIC)</li> <li>Furloughing some workers may be favourable to reduced hours for all, but beware discrimination risks</li> </ul>

# Government funding

## Funding packages

Funding category	What is it?	Eligibility	Amount	Go live date	Access	Recommendations
<b>Coronavirus Business Interruption Loan Scheme (CBILS)</b>	<ul style="list-style-type: none"> <li>Bank loan</li> <li>80% guaranteed by Government</li> </ul>	<ul style="list-style-type: none"> <li>Borrower is UK-based in its business activity;</li> <li>Annual turnover &lt; £45m; and</li> <li>Requirements:               <ul style="list-style-type: none"> <li>Supportable business model, were it not for the current pandemic; and</li> <li>the provision of finance will enable the business to trade out of any short-to-medium term difficulty</li> </ul> </li> </ul>	c.£5k-£5m	23 March 2020	<ul style="list-style-type: none"> <li>One of the 40+ banks listed by the British Business Bank</li> <li>“Normal” application to the lender</li> <li>The lender should consider whether it will extend finance and if not, whether the support of the CBIL scheme would change that decision</li> </ul>	<ul style="list-style-type: none"> <li>Details are being published by individual lenders</li> <li>Potential borrowers should engage with their current lender (in the first instance)</li> </ul>
<p>There is currently no provision for Companies with Turnover &gt;£45m but sitting below the scale / financial position required to be equivalent to an investment grade rating</p>						
<b>Covid Corporate Financing Facility (CCFF)</b>	<ul style="list-style-type: none"> <li>Commercial paper issued through a bank, purchased by the Bank of England</li> </ul>	<ul style="list-style-type: none"> <li>Make a <b>material contribution to the UK economy</b></li> <li>Business must be of “<b>Sound financial health</b>” (determined by credit rating)</li> <li>Where a Company does not have a rating, then the BOE <b>may be able to use your current lenders internal rating as evidence</b></li> <li><b>Cannot be a Bank, Building Society or Insurer</b> or other sector regulated by the FCA</li> </ul>	£1m+	23 March 2020	<ul style="list-style-type: none"> <li>Any bank which can issue commercial paper</li> <li>Application forms available on the BoE website</li> <li>Once eligibility is confirmed by the BOE, it should be possible to issue paper quickly (following working day)</li> </ul>	<ul style="list-style-type: none"> <li>If a Company has a sufficient rating in place (prior to 1 March 2020), it can apply for funding</li> <li>If not, a Company should speak to its existing lenders to understand if their internal rating may be sufficient</li> <li>Look at BoE website, with further details on process and required documentation</li> </ul>

# Government funding

## Overview of key packages

### **Grants for retail, hospitality and leisure businesses**

£25,000 grant per property (with rateable value between £15,000 and £51,000)

**Recommendation:**

Contact Economic Development Officer at local town or city council

### **Rates relief**

100% business rates discount for retail, hospitality and leisure businesses  
Empty rates property tax exemption

**Recommendation:**

100% business rates relief: no action required, should be automatically applied  
Empty rates: needs to be applied

### **Ban on evictions for commercial tenants who miss rent payments**

Protection for 3 months if due to Coronavirus

**Recommendation:**

No application is necessary  
Commercial tenants should engage with landlords

### **Time to pay arrangements (TTP)**

Defer current tax debts to instalments over a 3-12 month period

**Recommendation:**

Contact CCM / ring helpline  
Be prepared

### **Deferral of VAT**

Next quarter's VAT payments are deferred

**Recommendation:**

Suspend direct debit arrangements for VAT payments for the period of deferral

### **Income tax payment deferral**

Income tax payments due on 31 July 2020 can be deferred to 31 Jan 2021

**Recommendation:**

Payments to be deferred only where payments cannot be reached

## **For more information**

[deloitte.co.uk/covid19govfunding](https://deloitte.co.uk/covid19govfunding)  
[businesssupport.gov.uk](https://businesssupport.gov.uk)

# Questions

**[ukpages.deloitte.com/COVID-19-task-force-and-Deloitte-Intelligence-Registration.html](https://www.deloitte.com/uk/pages/deloitte-intelligence-registration.html)**

For further information...



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