

KREAB *briefing*

COVID-19

outlook 14 April 2020



The Covid-19 pandemic is now affecting every country in Europe, although it is starting to plateau in some areas. This briefing sets out developments in the last week across the continent to address the health crisis, the associated economic challenges and how recovery will be managed.

Overview

While most countries across Europe continue to enforce lockdowns to restrict the movement of people and the functioning of business, in many of them thoughts are starting to turn to how and when to ease these restrictions.

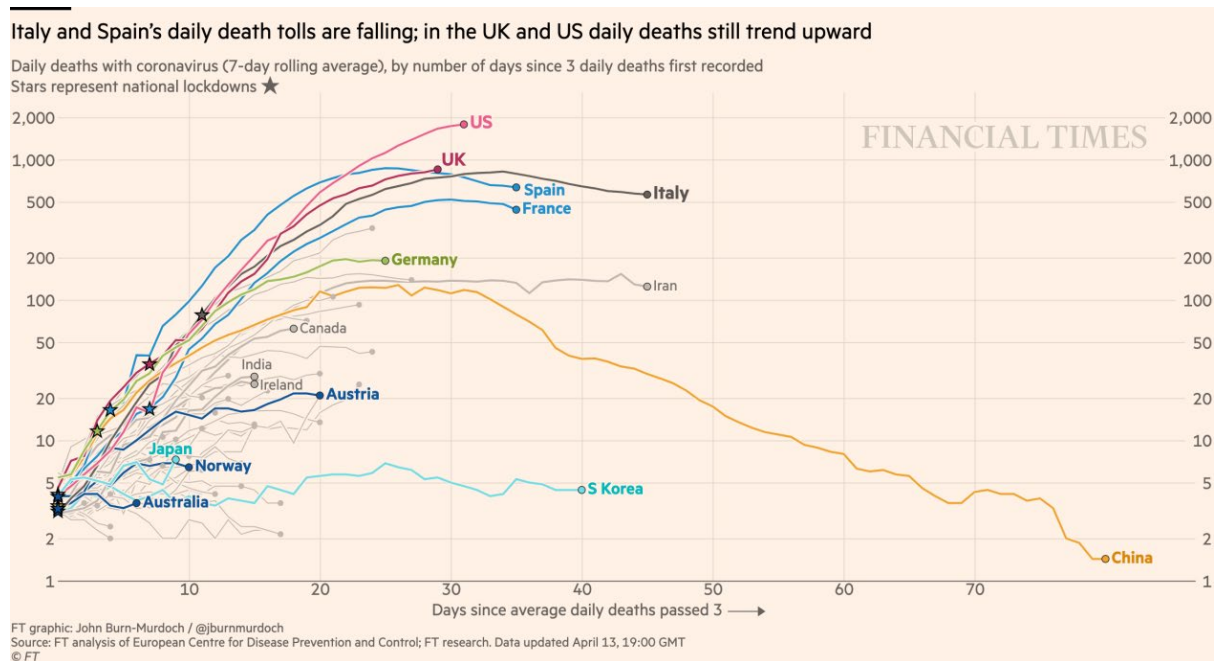
Italy and Spain, the worst effected European countries so far, are now clearly past their peak number of daily deaths and their health services, while still very stretched, are starting to recover. Others such as the UK and France are also now at or very close to the peak of their death rates.

Inevitably, close attention will be paid to how the easing of restrictions impacts on infection rates, in order to see which measures are safest and which provoke a resurgence of cases, so that lessons can be learned.

A global effort to develop and increase the range of testing continues, as does the effort to develop a vaccine for the disease.

While in the UK the NHS has been very stretched, it appears that Covid-19 will not overwhelm it, although the Government is continuing to increase capacity both in testing, equipment and staff.

Although there is no prospect of easing restrictions until towards the end of May at the earliest, the Government is now heavily focussed on planning for this as it believes it needs to be very sure footed in the implementation of the recovery to inspire both public and business confidence.



Current UK situation

The Prime Minister has now been discharged from hospital and is recovering from Covid-19. It is clear that his condition was more serious than had been admitted publicly, with reports suggesting he had at one point been close to being put on a ventilator. Consequently, Dominic Raab will continue to deputise for him while he recovers, and Johnson may not be resuming his duties for a week or more.

The UK is now rapidly approaching the peak of the epidemic. The Government's epidemiological advisors have told ministers that the likelihood is that deaths will start to decline in the next week. However, they are also telling them that they expect the decline to be gradual and significantly slower than the rise was. Thus, no early end to the lockdown measures are expected.

Within the national figures, there are still a wide variety of regional variations. London, the South East and the Midlands are peaking in line with the country-wide figures while the North West, Yorkshire and the North East are now rising rapidly. Other regions of the UK still have fairly flat death rates and epidemiologists believe this is due to those regions having had low levels of

infection when the lockdown started, meaning widespread community transmission never really took hold.

This could cause some issues in terms of relaxing lockdown measures, as there will be much lower levels of immunity in these areas. The exact level of community infection will therefore be something that the Government is very keen to understand. See below for more details on this.

The testing drive

Despite media scepticism, the Government is very confident that it can make its target for being able to deliver 100,000 daily tests for the virus. The Government's strategy for getting to this level is based on five-pillars, as reported in our last outlook paper. In summary these are:

1. Expanding NHS and Public Health England (PHE) capacity
2. Contracting with commercial testing partners to introduce 50 walk or drive in testing centres
3. Mass antibody testing to find out who has previously had the disease
4. Surveillance testing for antibodies on representative sample of the population
5. Building a new UK diagnostic testing capacity from scratch

While these pillars were announced at the same time as the 100,000 daily test target, there was never any expectation on behalf of the Government that all would make a significant contribution. Other than 5,000 under pillar 4, which the PHE laboratories at Porton Down are already set up to achieve, ministers based their commitment on scientific advice that pillars 1 and 2 can produce 95,000 tests per day by the end of the month.

The existing HSE and PHE laboratories have already increased testing to 15,000, a rate of increase which would see pillar 1 reach its 25,000 tests per day target by the end of April. The commercial partners under pillar 2 are rapidly increasing the number of tests they are performing and have nearly hit 3,000 tests per day. This is expected to ramp up very quickly as all the laboratory facilities for processing samples from the 50 testing stations open and get up to full capacity. However, ramping this up to the required 70,000 tests per day under this pillar in a little over two weeks does seem to be a difficult target to hit. But Ministers have received assurances that it can be done thus do not feel they are taking a significant political risk, especially as they believe there will not be major push back from the media and the public if they achieve somewhere within 10,000 of their target.

The fifth pillar is ambitious and is not expected to produce any results before the end of April to contribute towards the Government target. However, it is critical if the Government is to move beyond 100,000 tests and towards its long-term target of 250,000 per day.

The Government is very confident that it can reach its target for being able to deliver 100,000 tests for the virus every day

The first project under this pillar is a collaboration between AstraZeneca, GSK and Cambridge University, and is expected to be able to deliver 30,000 tests per day from May onwards.

Progress on increasing the number of ventilators available for intensive care has been slower. There are now 9,700 available, which is an increase of only 1,700 in the last two weeks, with the peak usage estimated to be in around another two weeks. While this has been the result of sourcing them from overseas, increasing UK production, and even taking them from TV sets which had used working models as props, it is likely to fall well short of the 18,000 it has predicted it needed.

However, developing medical understanding of the disease has led the NHS to believe that its ventilator requirements are likely to be lower. The patients that do need ventilation are likely to require the more sophisticated equipment rather than a simplified ventilator, which it previously thought would be equally as useful. The Government has therefore cancelled an order for thousands of a new simplified model of ventilator made by a consortium called BlueSky, as they now think it will be of limited value and will take components away from the manufacturers of conventional models.

Media under pressure

Print media has been severely affected by the pandemic, with sales nose-diving by as much as 25% as people struggle to make it to the shops to buy their favourite newspaper. While there is a clear public hunger for news, restrictions to movement have reduced public exposure to many points of sale.

However, digital subscriptions have benefitted from the lockdown. The Telegraph's online subscriptions have spiked as people look to get their news from elsewhere and websites without a paywall are also getting record traffic from readers.

Just half of a newspaper's revenue comes from cover price – the other half comes from advertising, and across the board this has taken a hit not seen since the 2008 crash. Some of the UK's biggest advertisers, such as McDonalds, have already closed all their outlets while broadcasters like Channel 4 have seen advertising revenue halve in just a month, with other channels such as ITV not doing much better.

This has led to a doom-laden prediction that as much as a third of journalism jobs could be lost during the pandemic and subsequent recession which is expected to follow. This has forced to publishers to cut reporters salaries by 10% and place a fifth of staff on furlough, although mostly not from editorial departments.

There are signs that the government appreciates the need for local as well as national newspapers to survive as a 'fourth emergency service at this time because they provide independent, verifiable news and information to the public'.

Whether the government starts giving handouts to newspapers remains to be seen. But there are already signs that ministers are prepared to go in to bat for them against advertisers who do not cooperate. This happened when it emerged that brands were using keyword blocklists to stop their adverts appearing next to stories about Covid-19, in a move that could cost news outlets up to £50m.

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The culture secretary, Oliver Dowden, wrote to the advertising industry saying: 'In this unprecedented time, there is a need for pragmatism and to do everything possible to prevent an irreversible decline in news publishing, which would have far-reaching consequences for everyone, including advertisers themselves.

'I hope that everyone would appreciate that, with limited exceptions, it cannot be right to block advertising around Covid-19 related stories given the clear public interest in people having access to reliable content on Covid-19, and given it makes up the majority output of the news industry at this time'.

Among the first casualties of coronavirus are the Jewish Chronicle and Jewish News which announced they would be closing due to the financial devastation caused by the pandemic.

Outlook and future government action

The Government's immediate priority this week is formally deciding whether to extend the lockdown measures. This is because there is a legal requirement built into the Coronavirus Act to review the measures every three weeks. However, the decision is a forgone conclusion and the measures are set to be extended for another three weeks, as all of the epidemiological advice the Government is receiving says that the number of daily deaths will be in hundreds for the period.

Beyond that, the critical decisions the Government are facing are much less clear cut and there are internal divisions regarding the route to releasing restrictions and breathing life back into the economy.

Epidemiological disagreement

There is some disagreement between the epidemiologists that are advising the Government. While all agree that the peak of Covid-19 deaths will come in the next week, there are differences over how fast the death rate will fall and, most crucially, in their estimations of the number of people who have been infected with this coronavirus and therefore the true level of population immunity. This is critical, as this level of immunity will determine how rapidly infection rates will rise in response to the lifting of lockdown restrictions.

The Government rely heavily on the epidemiologists at Imperial College and the Medical Research Council for advice on the progress of the disease and their assumptions are more conservative than others in the field, especially on the spread of the virus and the proportion of people that may have it but are asymptomatic. Imperial produce an estimate of the reproduction number for the infection on an ongoing basis, which is the number of people that the average infected person will go on to infect. So, if the reproduction number is under 1, which Imperial states it is, then the number of cases will reduce. The Government's aim is to keep this number at or below 1 as it releases lockdown controls.

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The main dispute between the different groups of epidemiologists relates to the rate of asymptomatic infection and therefore the accuracy of total infection estimates. Some studies from China, and more recently Italy, have indicated that the proportion of asymptomatic infections could be anywhere between 78% and 50%.

The Government has been using a working assumption that 10% of sufferers end up in hospital, and so based on the number of cases identified, only around 1 million people have been infected. However, if we were to assume that the 50% asymptomatic infection rate is correct, then the true figure would be around 2 million.

Kings College has been leading an effort to use widespread self-reporting to create a big data model for the spread of the virus. Their data showed that on 1 April nearly 2 million people had the disease, although this had dropped to 1.5 million a week later. The latest available data from the Kings study from the start of the month showed that 5% of users (and given the sample size this would be a good approximation for the population despite the self-selecting nature of users) have had the virus. However, when combined with even a conservative estimate of the number of asymptomatic infections, this would indicate that on 1 April around 10% of the population had had the virus and that this figure would now be significantly higher.

All of these studies feed into Government thinking on the way forward, and early last week Kreab has been made aware that advisors started to believe that the number of infections, and therefore the number of people that would be immune, was closer to 20% of the population. If this situation were accurate, then while it would not constitute “herd immunity”, where sustained community transmission would be repressed without Government intervention, it would make it easier to keep the reproduction number below 1 when lockdown restrictions are eased.

However, Kreab understands that some early numbers from antibody testing at Public Health England’s laboratories at Porton Down show that the figure is more likely to be under 10%, as some of the more conservative studies have suggested. Of course, these numbers will be significantly higher in regions like London than in others such as the South West. Testing at Porton Down will be producing statistically significant results by the end of the month, and this will be the figure the Government will use in further plans until mass antibody testing can be rolled out.

Testing

As previously reported, none of the antibody home testing kits, which will tell people if they have previously had the virus, worked sufficiently well enough to be rolled out. The Government is, however, still pinning its hopes on the use of such testing to reinvigorate business activity and restart the national economy. Further work is continuing to progress the most promising tests previously looked at, and efforts are now being made to develop alternatives which can be produced in the UK. So far, none has passed the required standard, but Health Secretary Matt Hancock has stated that they are gradually improving and the Government continues to believe a suitable test will become available before the end of May.

Recovery planning

In the last week there has been some evolution in the Government’s thinking about how it should plan its route out of the lockdown. There is consensus that reducing the number of new infections to a level where contact tracking and tracing is possible is a key priority. This will require both a large increase in testing capacity and an effective contact tracking system. In turn, this will require a level of automation to cope with the volume of cases.

As outlined above, the Government is extremely confident that its testing for the presence of the virus is reaching closer to the target and will be able to move through the 100,000 daily tests mark, increasing further through May. This would leave them with easily enough capacity to test key workers and their families with symptoms, as well as contacts of confirmed cases by the time they look to release lockdown measures, which is not expected before the end of May at the earliest.

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For contact tracing, the Government is looking to mobile device technology to provide this. Unlike in China, the Government does not have the power to mandate everyone to carry a specific app on their phone or tablet which traces their movement. Although Kreab understands some have argued for the Government to take this power, it is very much a minority view. However, they can roll out this system on a voluntary basis and they hope this is possible with

the right data safeguards and a well communicated adoption campaign promoting the narrative that making use of the app is 'the right thing to do'.

The Government is working with Apple and Google on a joint project to produce a contact tracing app which will be available on 99.4% of phones in the UK. The app will work based on recording the proximity of other phones' Bluetooth signals and anyone self-reporting as suffering from Covid-19 will automatically alert anyone they have been in contact within the proceeding two weeks.

Other governments have looked at apps that work using the position data from phones, rather than Bluetooth signals on the basis that Bluetooth can detect other phones through walls. However, the UK has decided that position data has a higher level of uncertainty and can give more false contacts, particularly in blocks of flats.

They are less certain about self-reporting as this gives options for people to deliberately or accidentally overwhelm the system with false declarations. They are therefore trialling the system to test this aspect as well as the app's overall effectiveness. These trials will be complete by the end of the month so that the app can be rolled out in May and be widely adopted before any restrictions are lifted.

Where there is a clear division within the Government as to whether there should be a differential relaxing of lockdown measures to sections of society or regions, it is widely accepted across Government that some lifting of restrictions could allow certain sectors to return to work but leave others, such as pubs and sports stadia, closed. There are some, especially in the Treasury and Cabinet Office, who think that there could be options to allow younger people more freedom to meet and work as the disease effects them less. This is

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opposed by Health officials and ministers who want to continue the lockdown as long as possible and the Home Office who think it is unenforceable.

There is also an ideological split at ministerial level with those of a more libertarian disposition, which includes the Prime Minister, being opposed to arbitrary restrictions on sections of society.

Other measures, such as earlier lifting on restrictions in regions such as London which have higher levels of immunity due to having higher infection levels, or allowing those immune to have some form of extra movement rights, also run into the same ideological debate.

However, these measures also require the rollout of large-scale antibody testing to the public, which is still uncertain as both issues are under active discussion inside Government. Kreab understands that if the Government opts for immunity certification, then it has ruled out a physical certificate, believing there is too much of a fraud and theft risk given the UK has no national ID scheme.

