

COVID-19

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The deaths caused by the Covid-19 pandemic are now starting to plateau in many countries in Europe, and some are starting to release elements of their lockdown measures. 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.

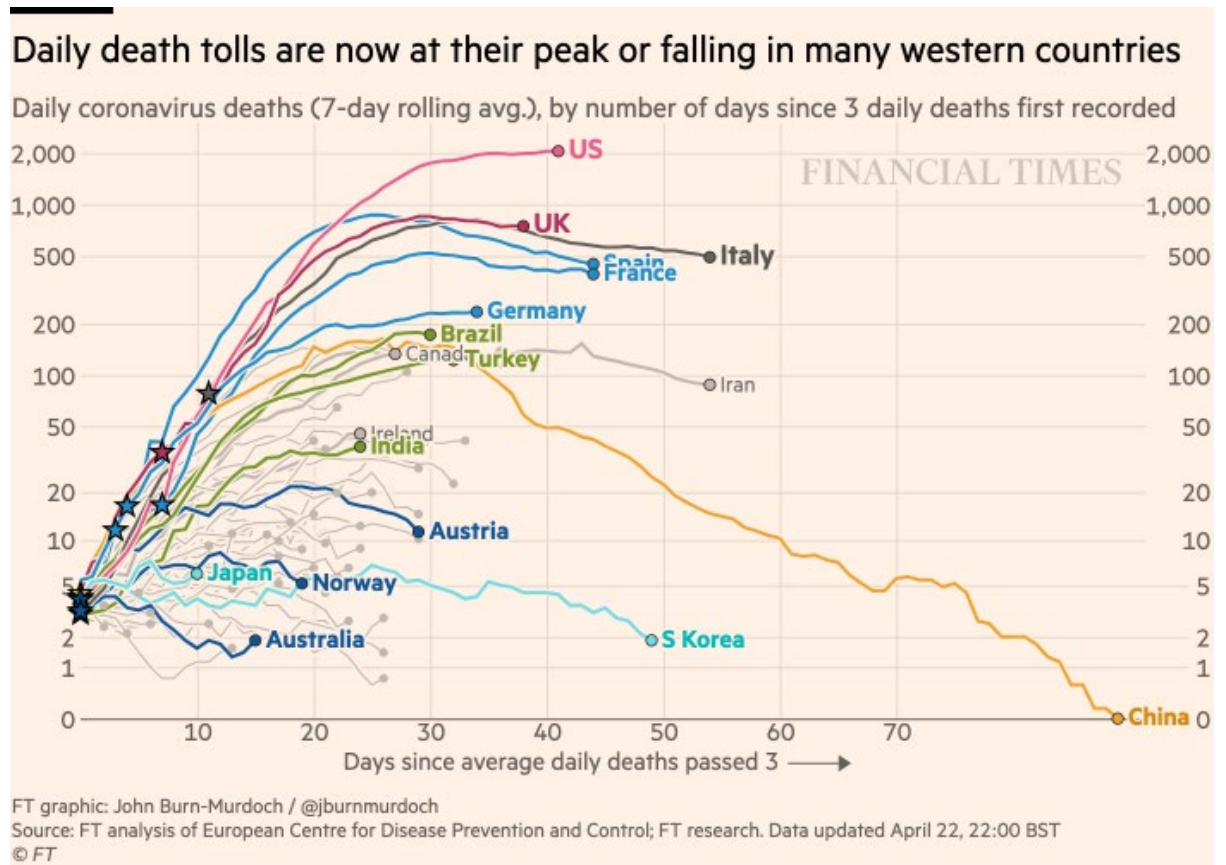
Infection rates across Europe are starting to plateau and in many countries they are now on the decline.

The UK's disease curve continues to look very similar to those of Italy, France and Spain although Germany seems to be following a very different pattern. However, all of these countries are now looking to change their lockdown measures and the UK is watching the response to these changes to help it plan their strategy for the easing of lockdown measures.

The UK continues to have problems with delivering PPE to health and care sector staff and in being able to increase its testing rates. Work is continuing on these issues and better progress is hoped for in the next week.

Work on vaccines continue to make progress and the UK Government has made funding available to two academic groups for the development and production of vaccines in the UK and human trials start today on the candidate vaccine developed by Oxford University.

The UK is starting to crystallise its staged strategy for the release of the lockdown measures. It is aimed to take the UK towards the new normal with the social distancing measures which will need to stay in place until a vaccine is developed. However, many choices within that strategy remain undecided.



Current UK situation

The UK has now moved beyond the peak of the epidemic: the evidence so far shows a decline in the death rate, which is likely to fall very gradually although the virus persists in the community. While infection rates have fallen markedly, there are still almost certainly hundreds of thousands of active cases at any one time.

The overall reduction in the death and infection figures have been driven by a steep drop in the numbers in London, once the epicentre of the disease in the UK. In other regions such as the Midlands and the North West they remain fairly flat, implying the containment measures are working. For certain areas, many of which had some of the lowest infection rates at the time the lockdown was applied, figures are rising because the infection base was very low initially.

Testing capacity, to assess whether someone currently has the virus, has increased to 40,000 per day. However, it now appears that the Government is currently using less than half this number, indicating there is a problem with the logistics of matching tests with people who need them.

Pressure is now mounting on the Government to give a better indication of its plans for relaxing the lockdown given that other countries such as Italy and Spain, whose infection curve looks very similar to the UK's albeit a week or two ahead, are already doing so.

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Parliament is also back in session and will add to that pressure. As a result of social distancing it now looks very different with only 50 MPs allowed into the chamber and sitting very spaced out. The majority of members take part in the proceedings by video link onto screens around the chamber. Business is limited to Covid-19 and all other legislation is on hold. Select committees are also continuing their Covid-19 scrutiny entirely by video conference.

This is a major break with the Parliamentary traditions, but all sides felt it was important that scrutiny of Government action was very important. These sort of extraordinary measures have been adopted in Parliaments around the world although it has not gone smoothly everywhere. In Ireland the courts have ruled that the constitution says that Parliament has to physically meet and a referendum to change the constitution will be needed to allow virtual sittings.

Supporting the economy

The Government is also pressing on with its plans to support the economy through the lockdown. The Job Retention Scheme which pays 80% of the wages of furloughed workers has now opened and the first payments are due next week. The scheme for the self-employed opens next month.

Evidence so far suggests that the Job Retention Scheme is operating smoothly, which for a scheme set up from scratch a month ago is a major achievement. However, the scheme for providing business loans has been less successful.

The Government is only providing guarantees for 80% of the loan, resulting in lenders applying conditions that have left many businesses, particularly smaller ones, unable to access the scheme. While some changes have been made to allow medium sized business better access, the

Chancellor is resisting calls for the Government to back 100% of small business loans even though the Bank of England supports the measure.

Outlook and future government action

The Government considers the major issue - that the first wave of Covid-19 might swamp the health service – solved. Despite being close to the peak of the death rate, the number of available critical care beds is actually increasing, so too is the number of ventilators. This latter development coincided with an improvement in our understanding of the disease, which has resulted in the NHS requiring fewer ventilators than previously expected.

There remains a continuing problem with the supply of personal protection equipment (PPE) to both the health and care sectors. This problem stems from the combined issues of the bulk supply of equipment and of distribution.

On the supply side, this is because up until now, the UK has not manufactured much PPE domestically and so largely depends on international suppliers, where most other countries are also procuring it.

It has been making steady progress in developing a domestic supply, and international suppliers are also increasing their capacity. The Government believes that it has secured sufficient supplies for the future and that the current shortages are due to the gap between the pandemic stock running down and re-supplies coming on stream. Internally the Government's view is that this pressure will recede in the next week.

There are still major issues in delivering PPE to social care settings as the NHS is not set up for this.

The distribution issue is more problematic. After some initial teething problems, the distribution to the healthcare system is now more or less on track. However, there are still major issues in the social care settings. This stems from the fact that the NHS is not set up to provide for these largely private providers and local councils. There are many more and smaller units so it is more of a retail rather than wholesale distribution requirement.

The Government are trying to get a better understanding of the requirement and are working with the Care Quality Commission (CQC) and local councils to achieve this. They are also accessing the army's logistics capacity to plan how it can deliver this more efficiently. Officials are acknowledging that they have a lot more work to do on this and they do not expect it to improve for several weeks.

Testing

While testing for the active virus has continued to ramp up, there has been a lot of scepticism about the ability of the Government to reach its target of 100,000 tests per day by the end of April. Kreab's contacts have led us to believe that capacity at the time of writing has increased to 40,000, and that it is on track to reach the target. There is also still high confidence in reaching this from officials and ministers.

There is an emerging problem in being able to utilise the capacity. If this cannot be resolved, the Government may be in the position of trying to say it has reached its target as the capacity is 100,000 but the stated target was 100,000 tests taking place. At present it is conducting less than half of the tests it has capacity for.

One of the issues relates to access, when the Government expanded testing it relied on large, central drive through testing centres: this resulted in logistical problems for groups, such as care workers, a group with a relatively low level of car ownership. This is especially true in London where there are only two centres set up, one in North London and one in the South, and car ownership is at its lowest.

The Government is looking to address this by providing access to testing in work situations for the care sector. This will also allow for testing of residents. The Government is piloting distributing testing kits to care homes and is working with the CQC on this as they have a better picture of the care sector than the Government.

It plans to roll this out nationwide at the start of next week, which will cause a large rise in the numbers of tests taken and enable the Government to get fairly close to its testing target.

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The issue with antibody testing is that those who have very mild or asymptomatic infections also have very low levels of antibodies afterwards. The scientific community is also carrying out research into the level to which such people have ongoing immunity to Covid-19 as they suspect that the very low level of antibodies mean that they are vulnerable to contracting the virus again.

The sample antibody testing carried out by Public Health England is continuing, but they have also found problems with low levels of antibodies in some people. Consequently, and particularly in the

early stages, they have also had problems with some of their testing. It is understood that Ministers have been taking the most optimistic end of the ranges of likely outcomes their scientific advisers are presenting to them and announcing them as what is definitely going to happen. This is what lies behind the continual backtracking on announcements and advisers have been struggling with getting them to be able to communicate levels of uncertainty.

There are other approaches to estimating the total number of infections that have been experienced in the community, for example using a big data approach based on self-reporting. Kreab has been told that there is resistance from officials to using this possibly as it is not based on specific testing of people and a mistrust of self-reporting.

For example, Kings College has been tracking symptoms from over half a million people every day and they expect to be in a position to make an accurate estimate for the proportion of the population who have had it within the next week. Their early numbers estimate it is somewhere in the region of 3 million people or around 4.5% of the population.

Vaccines

The UK continues to be at the global forefront of vaccine development. The Government has picked teams at Imperial and Oxford as the most promising options and has made £43 million available to them for both the testing of their candidate vaccines and to prepare production facilities. This means if either, or both, vaccines prove to be both safe and effective, then enough doses of vaccine can be rapidly produced.

While the search for a vaccine is global, and there are around 140 candidate vaccines worldwide, once there is one available a major effort will be required to produce it and supplies will be limited initially. Any country where the vaccine is first developed will clearly be at an advantage as it will get the first supplies.

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There will be a slow increase of the number of people in the trials once it is proven new medicines are safe for participants. This will enable researchers to test effectiveness on a larger scale. Oxford has stated that if everything goes to plan, it could be producing some quantities of vaccine by the end of September, but it is still much more likely that it will be the end of the year before a vaccine is available.

Unlocking the lockdown strategy

The Government is now starting to home in on a strategy for easing the lockdown. Their epidemiological advisors maintain it is likely there will be waves of the disease and that social control measures will probably need to be eased and tightened several times.

They also receive advice on behavioural response which is telling them that the levels of compliance with measures may drop considerably if there are too many episodes of tighter controls. This also fits well with their political instincts about maintaining support for the Government's handling of the crisis as this is likely to be a key factor in deciding their future at the next election.

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They are therefore focussed on a strategy that on average keeps the reproduction number (known as R_0 which gives an indication of the number of other people that someone with the infection on average infects) at or below 1 on average. This would allow them to stop the infection rate from growing while gradually allowing more movement and not having to tighten restrictions again.

There is some academic research to back up this approach: Canadian data shows that current lockdown measures have reduced social contact to 30% of normal levels and R_0 is around 0.7. It estimates that R_0 stays below 1 until social contact reaches 62% of normal levels.

The question governments have to answer is what does 62% less social contact look like in terms of what measures you allow. This is the reason their epidemiologists are telling them that it may be impossible to avoid a cycle of looser and tighter measures.

Nevertheless, the Government are going to pursue the gradual release of measures but they are very wary of the public rushing back to their former habits as soon as measures are relaxed. This is why the term "modified" restrictions is now being used instead of "relaxed". It is not a change in plans but rather an exercise in expectation management.

As previously discussed, measures may start to be relaxed from the end of May. One of the early changes is likely to be the reopening of schools. This has the advantage of being a measure that tightens itself again at the end of July when the summer holiday starts.

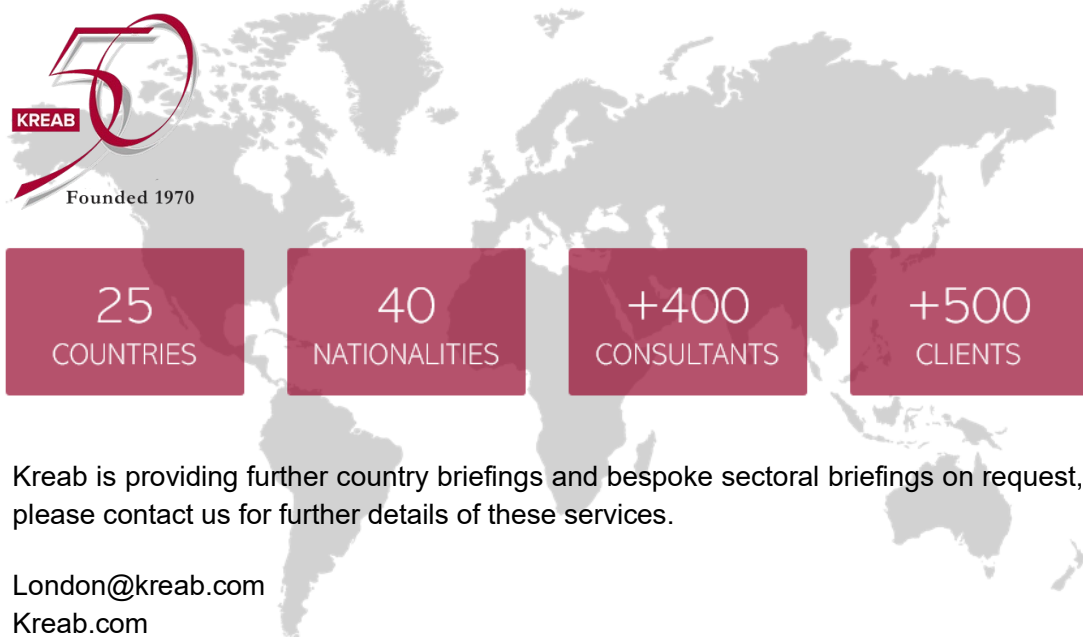
In addition to schools it is likely that construction sites will also be part of the early phase of opening. Retail should also be able to re-open implementing the social distancing measures that the supermarkets have been successfully using as people are now very used to queuing to get into shops. Some participatory sport may resume at this stage, although sports stadia will remain closed. Office-based workers will be advised to continue working from home when possible.

A second phase could see a limited reopening of restaurants, cinemas and theatres but with social distancing measures remaining in place. This would drastically reduce occupancy rates, likely by 50% or more, which is unsustainable for many businesses.

Other activities might not be able to re-start before a vaccine is available, and this includes sports stadia and pubs. The Government intends to work with these more problematic sectors to see if some form of social distancing can be achieved in order to allow a partial re-opening, however this is not a current priority.

Within this strategy there are several flash points, the largest of which is public transport. This is a major issue for all large cities and London in particular, especially as TfL is in danger of having to cut services as it is running out of money. A reduction in tubes and buses, for instance, would make the remaining services more crowded and consequently more dangerous. This will be somewhat addressed by maintaining the guidance to work from home and it may be augmented with a requirement to wear face coverings on public transport. The Mayor of London is pressing for this to be a requirement anywhere in public, a move the Government is resisting, though for public transport it may be unavoidable.

Until a vaccine is deployed it is certain that social distancing measures will be kept in place, the question is only on how great the impact will be.



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London@kreab.com
Kreab.com