

KREAB *briefing*

WORLDWIDE

COVID-19

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With the largest relaxation of lockdown measures to date now in force, the Government is turning its attention to supporting the economy in its return to some form of normality. This briefing outlines the developments over the past week and builds on our previous briefings to look at how the situation in the UK is likely to develop.

Overview

The UK is now clearly in the next phase of its epidemic response, moving towards a “new normal” with most of the economy open but with many long-term restrictions in place. Having set up support schemes to prevent economic collapse as the country went into lockdown, the Government is now turning its attention to weaning the economy off these support measures.

The Chancellor's latest support measures, as announced last week, provide a further £30 billion funding to support the economy which, while extremely large, is significantly smaller than the £90 billion it released in the initial schemes.

The updated public health costs of the epidemic from the Treasury also show the Test and Trace system will cost £10 billion this year. However, now both new infections and death rates are at a much lower level and continue to fall slowly, the Government regards this system as its key tool to prevent a second wave of the disease and a further nationwide lockdown which would be devastating for the economy.

The system will need to have the capacity to rapidly identify and counteract hotspots of infection, as many countries, notably Iran, Japan, Australia and, in Europe, Serbia and Slovakia, are showing clear signs of a second wave of infection. In the USA, a second wave started even before the first wave ended and its infection rates are even higher than they were at the height of the initial epidemic.

[For the full background, click here.](#)

Current UK situation

Last week saw the biggest lockdown relaxation yet, with pubs, restaurants and hairdressers re-opening. While the mitigation measures against spread of the virus are generally thought to be going well, there have been several incidents where all attempts at social distancing have been abandoned and large crowds have formed.

The next two or three weeks will be pivotal in the Government's attempts to return the economy to some form of normality whilst being able to control the spread of the virus. In particular, this is a crucial moment for the Test and Trace system as the number of contacts being processed are increasing substantially, with some pubs already reporting positive tests from customers and placing lists of all those present into the system.

While the effect of this change will not be seen through the testing system for two weeks, majority opinion among epidemiologists, including those on the Government's own SAGE advisory committee, is that this relaxation was premature and the chance of a second wave is now very high. Their particular concern is the opening of the interior areas of pubs, where they believe the increased risk of transmission cannot be mitigated against.

**Epidemiologists think
the chance of a second
wave is now high**

The strong epidemiological advice to the Government is to pause the process and take a few weeks to fully understand the effects of this relaxation on the R rate of infection. The scientists' view is the likely result will be a rolling series of local lockdowns such as the one imposed on Leicester.

Despite this, Ministers are determined to press on with further relaxation measures. While the return of recreational cricket this weekend saw around half a million people take to the pitches across the country, the epidemiologists ranked it as a very safe. However, Boris Johnson has indicated he intends to give indoor gyms the green light to re-open later this month, disregarding scientific advice that the risk is too high when combined with pubs being re-opened.

Test and Trace beds in

The Test and Trace system had a slow start due to being highly centralised and taking a top down approach. While the system does need to be centrally coordinated, the Government has historically interpreted 'coordination' as 'control', as they have never recognised the competences of local government.

While much attention has been paid to the unsuccessful tracing app, which again was a centralised system, the key failing was in fact the attempt to create a centralised human operated tracing system whilst ignoring existing expertise. The UK has a large cohort of environmental health officers that have extensive experience of contact tracing, but because they are local council officers, they were regarded by Government as a useful source of labour but not of expertise.

It became apparent when implementing the local lockdown in Leicester that central government was withholding information that local public health officials needed to effectively counter the spread of the virus.

This has been an incentive to better integrate environmental health officers into the system and provide them with testing data down to individual postcode level. The aim is to use their knowledge of each local community to provide a better understanding of the mechanisms of spread in local communities so they can better control the virus. However, councils are still unhappy they are getting data on positive tests but not demographic information which they need in order to gain a proper understanding of risk.

Financial statement

Chancellor Rishi Sunak has announced the Government's latest proposals for supporting the economy through the pandemic. The aim of these proposals is to help the sectors of the economy that are only now re-opening to return to profitability via a combination of direct support and stimulating demand, as well as hoping to enable a smooth transition as the furlough support scheme is phased out.

The key announcements are:

- Companies will be paid £1,000 for every furloughed employee kept on payroll until January.
- Those dining out from Monday to Wednesday in August will have 50% of their bill subsidised by the Government.
- VAT on eating out, takeaways, accommodation and visitor attractions will be cut from 20% to 5% for the next six months.
- Subsidised six-month work placements for 16-24 year olds.
- House purchases up to £500,000 will be exempt from Stamp Duty until 31 March 2021.
- Grants of up to £5,000 per household for energy saving improvements which homeowners, other than the least well off, have to contribute too.
- Doubling the number of staff at Job Centres.
- A package of £1.6 billion in grants and loans for the arts and heritage sector, although some smaller venues have expressed concern that they may miss out under the terms of the package.

It is noteworthy the statement contained no support for sports stadia which are still closed and may remain closed when the value of the furlough scheme starts to reduce in September. The arts and heritage package will also not be sufficient to keep most businesses afloat, should they be forced to stay closed into next year. The Chancellor understands those sectors are significant elements of the economy and the Treasury cannot allow them to fail. However, it still wants to wait until it is sure it needs to put some longer-term support in place before doing so.

Therefore, this will not be the Chancellor's last financial statement to manage the transition out of lockdown and he and his officials are anticipating another one shortly after the Summer Recess.

Quarantine becomes risk based

The changes to the quarantine system outlined in our last report came into force on Friday 10 July, which was five days later than initially planned due to delays in producing the list of quarantine free countries. This was mainly a result of the Government's desire to have all parts of the UK operate with the same quarantine list, but despite the border being under the control of Westminster, the devolved regions are responsible for quarantine measures. However, with the leaders of the devolved nations wanting more time to consider the details, the Government decided to delay

publishing the list. Despite the delay, Scotland ultimately decided that while it would accept most of the list proposed by the UK Government, it would not allow quarantine free travel from Spain.

The other cause of the delay was a late decision to expand the initial list beyond countries in Europe, where the majority were in the EU. This was partly a political decision, as Government advisors were unhappy with a process that prioritised the EU, but also due to pressure from travel and business bodies, who were calling for the UK's air links to be widened across the world as far as possible.

The nuances of the new one
metre plus rule have
already been lost on the
public

Outlook and future Government action

Having announced its latest plans to support and stimulate the economy, the Government's short to medium term priority is further improving the Test and Trace system to rapidly find and suppress any hotspots of Covid-19 infection. It is the Government's intention to deploy this "whack a mole" strategy, as it has been dubbed by the Prime Minister, until a vaccine or treatment becomes available. Separately, it is also preparing for the difficulties the health system will face in winter should a vaccine not be available by then. Further details on this are set out below.

The Government's ambition to try to rapidly return the economy to as normal as possible increasingly conflicts with epidemiological advice. Ministers are focused on finding mitigation measures they can take which will offset potential increases in the rate of infection from opening up the economy. One of these is whether or not to mandate the wearing of face masks in places such as shops, a measure already used in Scotland. There is an active debate between ministers on this issue, as for many with a more libertarian outlook this should remain an issue of personal choice. This would normally include Boris Johnson, but he has shown that in handling Covid-19 he is prepared to take a more interventionist stance towards disease control.

This tension played out in the way in which the Government finally announced that the wearing of face coverings in shops would be a legal requirement from 24 July.

After the Prime Minister floated the idea of making masks compulsory at the end of last week several Ministers spent the weekend pushing back against the idea. This led Johnson to propose a compromise position where the Government would issue guidance that face coverings should be worn in shops but not make it a legal requirement. Subsequently, the Government's media

operation became concerned that the policy would be come under sustained attack from the media and opposition. They also worried shops themselves would refuse to cooperate with it without the force of law. This then led to the late-night announcement that face coverings would be a legal requirement.

As part of the Government's push towards normality, Boris Johnson wants to encourage everyone to return to their workplaces, but for cities with a heavy reliance on public transport, like London, this remains problematic. This is where a phone app for contact tracing would be especially valuable, but in its absence, the Government needs to try to manage this in a way that keeps the number of travellers on public transport low.

For this reason, the advice has not changed for workplaces where working from home is undisruptive, with remote working continuing to be the recommendation. However, the Government is preparing a shift in messaging to encourage companies that need employees at work to achieve maximum productivity to return people to their workplaces. For those workers, the message from the Government will be to walk, cycle or drive if possible and to work modified hours so that they do not travel at rush hour, especially on public transport.

Focussing Test and Trace

To be really effective, the Government needs the Test and Trace system to be able to identify developing hotspots of infection within days of their emergence and then be able to rapidly identify and isolate anyone who has been potentially exposed to infection.

As outlined above, local government is now better integrated within the national testing and tracing regime and environmental health officers now have better access to testing data. The aim is to improve that data so hotspots can be identified earlier.

While all of Leicester has been locked down to counter the city's growing infection rate, the Government's epidemiologists have advised if the hotspot had been spotted earlier, the lockdown could potentially have been much more localised, covering only a few workplaces or neighbourhoods.

Public Health England is looking at using data sources other than the testing regime to provide a more detailed picture of where the virus spread is accelerating. This includes looking at patterns of worker absences, testing wastewater for the presence of the virus in sewers and analysing data from the Kings College self-diagnosis app.

Local government is now better integrated with the national test and trace regime.

At present, the Government is hoping this increased surveillance will help them avoid any further lockdowns that involve a whole town, but this cannot be guaranteed. Concerns remain about the local R number in Bradford and areas in the West Midlands, such as Dudley and Wolverhampton.

Focussing advice

As we have previously reported, the Government established the Joint Biosecurity Centre (JBC) to advise on infection rates and control measures. The Government now intends for the JBC to take the lead on all aspects of advice regarding the management of the epidemic in the UK. The Government's main scientific advice body, SAGE, will now meet less frequently and concentrate on the longer-term issue of ensuring the disease stays under control this winter.

The JBC is formally part of the Government's Test and Trace operation and reports to its Head, Conservative Peer Baroness Dido Harding. The JBC's decision-making structures include the four chief medical officers and also has its own scientific advisors.

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The Government's rationale for this change is SAGE is only supposed to provide advice in emergencies, and it now views the current situation as a long-term management operation. However, the underlying reason for this change is the fact the JBC has less advisors and a more streamlined decision-making process. Dominic Cummings, the Government's chief advisor who is responsible for the structure of government, has a fundamental distrust of committee-based decision making and believes it should be centralised. Consequently, he has long viewed SAGE as an inadequate tool for handling the epidemic.

Next to unlock?

The leisure sector, representing gyms and swimming pools, has been heavily lobbying Government to be allowed to re-open and is backed by many influential Conservative MPs. The Prime Minister is very keen to allow them to resume operations this month, partly because of the link between Covid-19 mortality and obesity as well as the health benefits that these services provide.

The epidemiologists on SAGE are very unhappy with the idea of doing this during July, as they regard it as a higher risk activity and dangerously close to the decision to allow pubs and restaurants to open their indoor areas. Ministers are still divided on this issue, and the scientists had hoped the World Health Organisation's recognition that Covid-19 can be spread via airborne infection, although it is clearly not the main route, would help them to persuade Boris Johnson to delay.

Johnson decided to overrule the objections and order that gyms and indoor swimming pools should re-open, but has delayed this until the end of the month (25 July) and will impose tight conditions. The restrictions imposed will be difficult for many gyms as it will heavily limit the number of people that can use each facility. A programme has also been set out for other sectors which can open this month:

- Outdoor swimming pools will be able to re-open from 11 July
- Grassroots outdoor sport will be able to return once their governing bodies have adopted guidance and had it approved by Government, joining cricket which starts this weekend
- Outdoor theatres will be able to start up from Saturday
- Beauticians, tattooists, spas, tanning salons and other close-contact services can reopen "subject to some restrictions on particularly high-risk services" from 13 July

There is still no prospect of indoor live performance venues or sports stadia re-opening. Government officials are working closely with the theatre sector to try to find a way forward for them and they will conduct some limited trials to see what is possible.

Winter is coming!

As highlighted above, SAGE has now been tasked with providing advice to Government on how it should best prepare for handling Covid-19 during the autumn and winter when the NHS is normally under a greater strain due to flu. The most likely scenario on which the Government is basing its plans is there will be no vaccine available for Covid-19 until early next year, and it is concerned a second peak of Covid-19 could coincide with a high incidence of flu.

To help alleviate some of this risk, the Government is planning an increased flu vaccination programme for this year. SAGE is recommending the whole population is vaccinated, but with other countries also aiming to increase flu vaccination, the Government believes it will not be able to secure enough doses of vaccine to do this. One plan currently being discussed is to drop the age at which people are eligible for the vaccine from 65 to 50.

The Government is planning to increase the flu vaccination programme for this year.

Another issue that comes with increasing the number of vaccinations is the infrastructure to deliver them, especially with social distancing measures in place. However, it is also an opportunity to trial

what will potentially be needed once a Covid-19 vaccine becomes available, and Government has allocated considerable resources for planning the operation.

This planning process also aims to ensure routine treatments can continue throughout the winter, even if there is a resurgence of Covid-19. This will include the option to use the Nightingale Hospitals which were initially set up to handle the first wave of Covid-19 patients and are consequently being held in a mothballed state rather than being dismantled so they can be rapidly brought back into use in the autumn or winter.

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