

Pressure within the Government to accelerate the relaxation of lockdown is building, and it is now considering the speed of progress. 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

After falling steadily for three months, there is increasing evidence that the number of infections across the UK has now stabilised. The Office for National Statistics (ONS) surveys, based on Covid-19 tests, are still showing a small decrease, but data from Kings College's self-diagnosis app, which picks up changes in infection rates around a week in advance of the ONS survey, is showing that rates are flat. This implies that the R rate is now around one nationally.

Within that national picture, all data sources are showing that the Midlands has the highest rate of infection and is likely to have an R number above one. Leicester is currently experiencing a spike in infections, which is having a strong influence on the overall R number in this region due to the low overall level of disease.

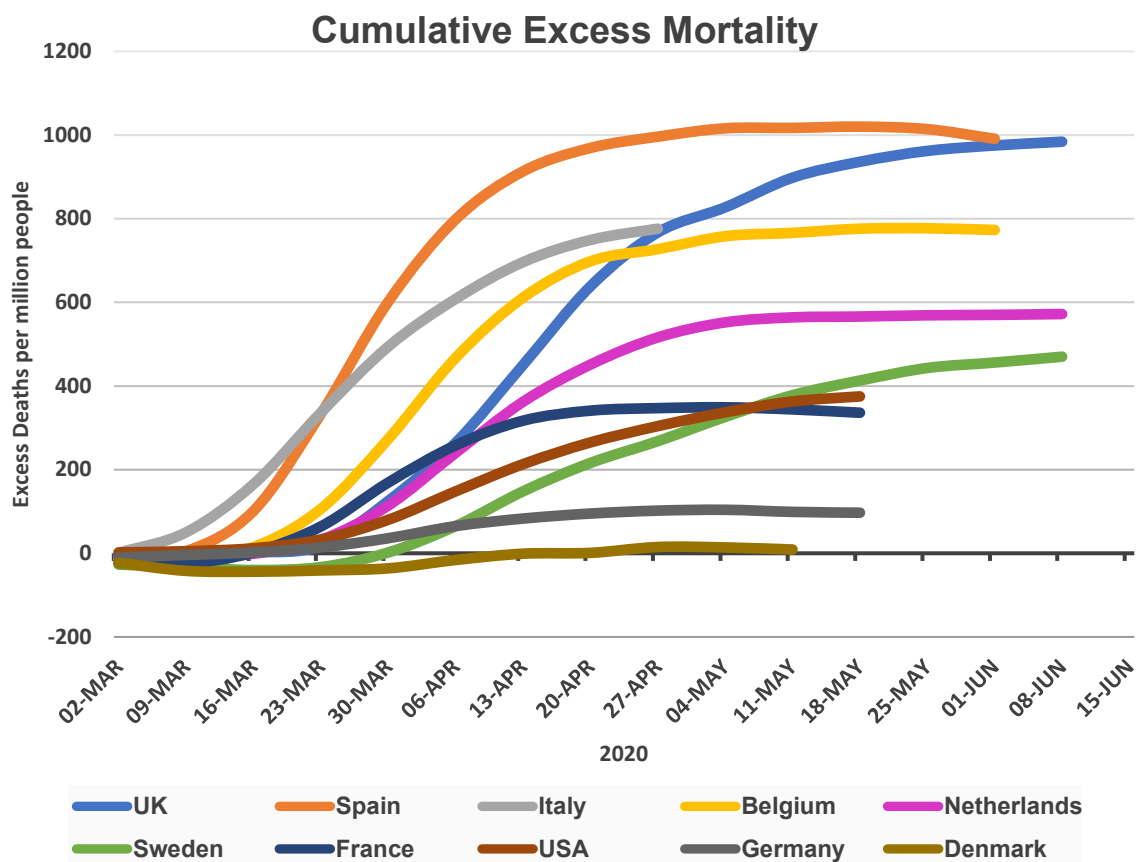
As the Government has pursued its policy of progressively relaxing the lockdown measures in England, which is directly controlled by the Government in Westminster, those in Scotland, Wales and Northern Ireland have increasingly diverged.

One example of this relates to quarantine measures, where the regional differences are complex. Ultimately the national Government controls the border and they have decided from 6 July, measures will be relaxed for certain exempt countries. However, the devolved governments can decide if arrivals should go into quarantine in their region. This could lead to possible conflict where they have arrivals from an exempt country, as no data will be collected at the border, making it difficult for them to impose any restrictions if they want to.

Overall, these differences are likely to increase over time until the pandemic is over. However, this report focusses on the arrangements in England, given this represents 84% of the population and 88% of the UK economy.

The pandemic is still receding across Europe, however infection rates are growing rapidly across the Americas. In Asia, there are also some individual countries which are showing large infection rates, notably India. Iran also continues to show evidence that a second wave of the virus is developing.

Latest Kreab analysis of excess mortality figures for the countries we have tracked through this report series are shown below. The Spanish authorities have released a revision to its figures which now puts its cumulative excess deaths slightly above the UK's.



## Current UK situation

The Government has now announced the measures it will take to relax the lockdown from 4 July. The changes are major and will mean that most of the economy is now able to operate, albeit with modifications.

For some sectors, such as pubs and restaurants, the new measures give many business owners everything they had hoped for to resume operations. There are others, however, notably gyms, who have been taken aback by their complete exclusion to the new easing of lockdown measures.

As we have previously reported, there has been a keen debate between the Government's advisors, which could broadly be summarised as the epidemiologists arguing for a risk based approach to each situation, while the sociologists argue for a single simple message. So while the epidemiologists would argue for a larger social distance in the interior of a pub to that in a garden or terrace area, sociologists would argue for a single measure of distance as it will be easier to communicate and therefore have better public compliance.

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

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The current social distance outcome is a product of this tension. The term 'one metre plus' is now advocated as the general message for everyone in all situations, but it does not mean that a single distance should apply for all situations. As set out by the Government, the one metre plus rule still stipulates that companies should enforce two metre social distancing where possible and only consider one metre where this is not logistically possible. So, supermarkets that have been operating with two metre rules throughout lockdown should continue to use this distance, as should non-essential retail which has re-opened this month. It is only the sectors being allowed to re-open next month that should look to use one metre, and only then if they cannot operate with two metres.

This is a very nuanced approach but much of this detail has already been lost, with the media and public interpreting this as the Government universally reducing the two metre distance to one metre in all situations.

## The left behind

While businesses such as night clubs, live entertainment venues and sports stadia had no expectation of being allowed to re-open at this stage, others had been planning and spending money in preparation to re-open on 4 July, and many have been shocked to be left off the list.

Topping this list is the leisure sector, where gyms and swimming pools had expected to be allowed to re-open, with Government officials informally reassuring industry bodies that this was the case until this weekend. It appears that the advice from SAGE against the opening of these businesses

was stronger than Ministers expected, and so they felt they had no choice but to leave them off the list.

Community sport had also anticipated more leeway to restart than has been the case, with cricket being especially surprised. The England and Wales Cricket Board (ECB) had been told by DCMS officials that it was regarded as a socially distanced sport, and it had therefore taken a low profile in pushing for the re-opening of club level cricket. Consequently, Ministers felt comfortable in leaving it off the list when SAGE expressed concern about the ball transferring disease, even though basketball, which is a contact sport, is allowed outdoors, as is tennis. The ECB is now having to belatedly take a more aggressive stance with the Government, but it may be too late as hundreds of clubs are now facing bankruptcy as a result.

Some have pointed to the apparent contradictions in the relaxation regulations, where some activities with similar risks have been treated differently. However, what some industries have failed to understand is the Government is not seeking to determine how Covid-safe an individual activity is, but rather how much risk there is across society as a whole. Thus, if it allows a riskier and large impact activity such as opening pubs, then it means that several other activities such as swimming or cricket, which may be less risky, cannot be allowed to re-open.

Government is picking sectors to resume business based on its perceived impact on the economy and society. Therefore, at this stage, industries need a strong communication strategy to ensure that they are not overlooked.

## Quarantine eases too

As expected, the Government has announced that it is modifying its quarantine regime and is now taking a risk-based approach towards deciding which countries people arriving from should be put into self-isolation. This replaces the previous blanket approach, where only arrivals from Ireland were able to avoid quarantine.

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**A risk-based approach will now be taken to which countries will be on the quarantine list**

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The system will act on advice from the UK's Biosecurity Centre, which the Government has newly established. The centre will allocate each country a rating of red, amber or green depending on the level of infection and the strength of control measures in each country, with red being for countries in a worse position to the UK; amber equivalent; and green for those in a better position. People arriving from green and amber countries will not have to self-isolate under this system, whereas those from red

countries will now have to self-isolate for two weeks.

The changes take effect from 6 July and will allow most European countries to have travellers enter freely without self-isolating, except for those coming from Portugal and Sweden, where the level of infection remains higher than in the UK. The Government expects these to change over time,

with more countries moving towards green. Although, as second waves develop around the globe, there will be other countries that move back to red and see quarantine restrictions reimposed.

The EU is also planning to lift restrictions on travel between its Member States, and at this stage the UK is included due to the Brexit transition period. It will also allow citizens from several other countries to have access without quarantine measures, however the list will not be released until later this week.

While these measures are being agreed at an EU level, Member States have the right to determine who enters their territory during emergencies. So, in this case, each Member State has agreed not to admit anyone from a country not on the permitted list, but they can also take more stringent measures and restrict entry from countries which are on the EU's permitted list, including other EU Member States. Greece will use this provision to block entry to people from Sweden and the UK until at least 15 July.

## Outlook and future Government action

The Government intends to continue with a policy of being able to make further announcements, relaxing lockdown measures every week to maintain the feeling of a progressive return to normal. This means that the actions outlined above coming into force at the start of July will not be the last for the month.

There continues to be some misunderstanding of the Government's strategy, with some pointing to inconsistencies in the risk levels of activities that are allowed and those which are not. For example, from 4 July it will be legal to open the inside areas of pubs, albeit with restrictions, but swimming pools, which have a lower risk of spreading the virus, must remain closed.

The advice provided to Government from epidemiologists has consistently stated that each action taken to open up the economy will have an effect on the R rate. It is crucial that the total effect of all measures taken are not sufficient to push the R over one, which does give the Government choices about what to include rather than just implementing the least risky options.

The Government is therefore looking to prioritise measures that have the greatest effect on reviving the economy while keeping the cumulative effect below the point at which R would exceed one.

Opening the interior areas of bars, even with the extra measures to minimise the possibilities for the virus to spread, is a fairly high-risk step which will increase the R level but also have a significant positive impact on the economy. Therefore, as a direct result of having made this change, there is far less scope for other activities to be allowed to restart. This also means that many activities which are

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considerably less risky cannot yet be allowed until there is more evidence of the effect of previous measures.

## Prospects for other sectors

Despite the disappointment that some sectors of the economy have expressed in response to not being given the go ahead to re-open, many will receive better news during the course of July, as the Government wishes to make further announcements to show continued progress.

The time frame of continued restrictions on various sectors will, to a certain extent, depend on the general response of the R number across the country to the measures already announced. The Government will still have to place some reliance on the predictions of their epidemiologists for this, as it is not possible to see the effect of a relaxation measure in terms of infection rates for two weeks. So, in looking at what further sectors should be allowed to re-open, the Government will be assessing the effect of the measures enacted in May rather than those taken at the start of July.

The key priorities for the Government for the next wave of re-opening will be the indoor sport and leisure sector, with emphasis on gyms and swimming pools. These are of major importance to the economy but also to health and fitness, which in itself is a way to protect against the effects of the disease. However, while these are lower risk environments than pubs, they still have a high potential to increase the R rate.

## Theatres and live entertainment venues

All theatres and entertainment venues, other than nightclubs, which are still prohibited, will be allowed to re-open from 4 July if they can adhere to social distancing measures. However, for some of these businesses, it will not be financially viable to re-open, even with the one metre plus rule. This is because in order to breakeven for their operations, they need a much higher occupation rate than other entertainment venues such as cinemas, who will be able to take advantage of their new freedom to open.

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### The Government recognises the capacity reductions from social distancing rules mean cinemas may be commercially viable, but theatres are unlikely to be

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The Government recognises the capacity reductions from social distancing rules mean cinemas may be commercially viable, but theatres are unlikely to be, and they are keen to find solutions as the alternative would be long-term reliance on Government support.

Culture Secretary Oliver Dowden has publicly stated he knows the new rules the Government has set out will not allow theatres to re-open, and he is aware of the long-term damage this may do.

Officials within his department have been working on options for the re-opening of live venues for months but are yet to come up with a solution. Indeed, Dowden has also asked for those in the sector who have suggestions to bring them forward.

Conservative Peer and musical composer Lord Lloyd-Webber wants to pilot some ideas he has used to keep shows open in South Korea. He does acknowledge that it might not be possible to make them work in the UK, but the Government is prepared to allow more leeway on social distancing if there are other safety measures to offset against it. So, for example, one measure that is under consideration is full ID checks for people entering premises such as theatres, so that there is an accurate record of those in attendance. This would mean that if anyone who had been in the venue tests positive for Covid-19, then everyone who has been there can immediately be notified to self-isolate. For restaurants and pubs, this is also now a recommendation.

While the Treasury intend to end financial support to the economy by the end of October, they understand that there are sectors which may need continued assistance until either a vaccine or treatment is widely available. Live entertainment venues are likely to be at the top of the list of such sectors, but Ministers will not make any decisions until the end of the Summer, once it is clear which sectors will not be able to operate even with relaxed social distancing measures.

## Finding the hotspots

As we have previously outlined, the Government strategy for future management of Covid-19, as with most countries globally, will be the rapid identification and suppression of hotspots of infection as they occur.

The Government has suffered a setback with the decision that it cannot make its track and trace smartphone app work efficiently. The issue is that while it was returning data and picking up contacts to the accuracy required, Apple would not allow the app to run correctly other than when it was in active use, which led to it missing many contacts.

In an ideal situation the Government would prefer to have a working app, not least because the epidemiologists have told it public transport cannot fully resume without one. However, the Government is now planning to operate without it until at least the end of the year. Whilst it intends to use the system jointly developed by Apple and Google, which is now in operation in Germany, this app currently does not have the accuracy which the UK requires, leading to fears there will be

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too many false positive results that may swamp the system. All efforts are now focussed on trying to integrate the Government's very effective proximity detecting software into the Apple-Google system, however this is likely to take many months, if it is even possible at all.

As a result, the Government is starting a renewed drive to increase mobile testing, so any evidence of a possible hotspot emerging can enter the test and trace system to verify whether or not there is an increase in local

transmission. If the hotspot is confirmed, then the mobile testing units will stay in the area to conduct random testing, as well as testing known contacts of infected people to ensure those with the disease are put into isolation as rapidly as possible.

Epidemiologists are confident that if this is combined with locally increased lockdown measures, then it will be able to prevent such hotspots escalating into a generalised community spread of the infection. The Government has been looking to trial local lockdown measures in a major urban area when the opportunity arises, and it has now implemented this in Leicester due to the increased level of transmission in the City.

Epidemiologists are less confident that the system will work in the largest cities where public transport use is much more common, particularly in London. In these conditions, they believe a working phone app is vital before people can return to work on a large scale. It is therefore likely that advice to work from home where possible will remain in place until such an app or a vaccine is available.



Kreab is providing further country briefings and bespoke sectoral briefings on request, please contact us for further details of these services.

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