

KREAB *briefing*

WORLDWIDE

COVID-19

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With a second wave developing across Europe, many countries are reinstating restrictive measures to mitigate the risk. The UK Government is now focused on preventing a resurgence whilst protecting the economy from a growing recession. This briefing outlines the latest developments and looks at how the situation is likely to develop.

Overview

There has been a steady resurgence of Covid-19 cases across Europe over the past few weeks, marking the beginning of a second wave. The World Health Organisation (WHO) has now warned of “a very serious situation unfolding” in the continent. Spain and France are leading this trend, with infection rates soaring past those experienced during the first peak, although improved testing capacity is likely to be a contributing factor. Many countries appear to be following this trajectory, including the UK.

There is evidence to show that early action, ahead of any potential resurgence, is the key to keeping infections down. This has been proven to be successful in Belgium, where they managed to suppress their second wave through the introduction of a curfew in Antwerp. After this was imposed, they saw a sustained decrease in the number of new cases. For this reason, many governments have now turned their efforts towards mitigation strategies.

Current situation in the UK

Resurgence of infection and subsequent mitigation measures

The number of Covid-19 cases in the UK is rising rapidly. Whilst the breakout of hotspots continues, there is a substantial general rise in infection and the overall R rate for the nation currently sits between 1.1 and 1.4. Last week, it was estimated to be between 1.0 and 1.2, marking the first time this number has risen above 1 since early March.

SAGE, the Government's scientific advisors, now hold evidence that backs up their previous advice stating that the relaxation of lockdown has gone too far too quickly.

The Government is attempting to flatten the current resurgence by reinstating some restrictions on movement. Epidemiologists estimate that the spread of infection between family and friends, largely through interaction based in the home, accounts for 80-90% of current transmission in the UK. Consequently, the 'rule of six' has now been announced, prohibiting more than six people from gathering in social settings. Whilst this was already the advice for indoor gatherings, it has been extended to include outdoor meetings. This restriction is now legally binding, with police administering fines to those caught breaking the rules. Home Secretary Priti Patel and Crime Minister Kit Malthouse have even called on individuals to report their neighbours if they suspect that they are gathering in groups larger than six.

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However, this message has been contradicted by Prime Minister Boris Johnson, who has suggested that people should only report large parties. This is in line with his recent political strategy of not wanting to be viewed as the driving force behind restrictions on personal freedom, despite having personally authorised them.

There are some exemptions to this system, such as places of worship, weddings, funerals, and organised sports that are carried out in a 'Covid-secure' way, although they must still be limited to no more than 30 people. Additionally, this rule does not apply to work or educational settings.

Scotland, Wales and Northern Ireland have implemented similar restrictions but maintain some differences. For example, Scotland does not count children within this limit, whilst Wales allows up to 30 people to meet outdoors.

Across the nation, there are still local lockdowns in place, such as the one imposed in Leicester, and the Government intends to continue to implement localised restrictions as and when necessary

until the measures have had a substantial effect. Many lockdowns have also been expanded to a regional or sub-regional level, as seen this week in north-east England, with measures now blanketing seven council areas. The imposed restrictions include: no mixing with people outside of your household or support bubble; a 10pm-5am curfew for restaurants and bars; and mandatory table service in eateries.

The Government is still not considering a second full national lockdown, but will look at imposing specific restrictions as and when they deem them necessary. Hospitality venues may find themselves on the receiving end of this, and restrictions on hours or short closures are likely. Schools and workplaces will remain open and safeguarding this will continue to be priority.

Safeguarding winter

Whilst the winter season conventionally increases the pressure on healthcare systems, this year the strain is expected to be particularly intense. The Government are attempting to implement safeguarding policies now in order to mitigate this.

There are rising concerns that the new wave of infection is predominantly being driven by young people. In an attempt to ease this issue, as well as the general resurgence, the Government has introduced their new 'Hands. Face. Space.' campaign, urging the public to continue to 'wash their hands, cover their face and make space' to avoid a second peak.

This campaign will be rolled out just before winter and is largely thought to be aimed at the younger generations. The official press release explaining the new slogan alludes to the danger of young people who do not consider themselves as 'high-risk' and are therefore 'dismissive' of the consequences of Covid-19. Indeed, many have criticised this attempt at scapegoating, condemning the implication that a second peak is down to individual failings rather than systemic mismanagement.

In recent weeks, the rates of infection in care facilities have also been on the rise, in line with the national trend, which could lead to a large increase in death rates if this risk is not managed. Stuart Miller, Director of Adult Social Care Delivery, has sent a letter to care home providers urging them to take precautions. So far, the spread of infection has been largely concentrated in the workforce, although there have been cases of patients being infected.

It has now been announced that care facilities in England will receive £546 million of extra funding in an attempt to reduce the spread of infection during the winter. This money will help to pay workers full wages if they have to self-isolate, and ensures that carers only work in one care home, potentially reducing the spread of the virus. Additionally, Matt Hancock, Secretary of State for Health and Social Care, has allocated a further £2.7 billion to ease the pressure on the NHS as it goes into winter, as well as the extra funds allocated to PPE and testing. A substantial amount of this new budget will be directed towards expanding the capacity for urgent and emergency care.

Alongside this, Hancock has also announced that the Government intend to increase the usage of the NHS 111 service with their '111 First' campaign. This will help to reduce the number of people attending hospitals and in return, ease the pressure on the NHS and lower the risk of spreading infection. Within this, £24 million will be dedicated to increasing the capacity of call handling as well as boosting the number of clinicians on site to provide each caller with the necessary guidance. Essentially, this service will now act as a 'gateway' into the emergency care system, offering a first port of call for patients who can then be advised on the best course of action. Providing the pilots are successful, this will be rolled out nationwide in December.

Tracking app launch

After a turbulent start, the Government is now launching their NHS Covid-19 tracking app in England and Wales on 24 September.

The system will use technology from Apple and Google, and although this does not detect the proximity of individuals as accurately as the Government's original app, authorities have agreed that it performs well enough to improve the current tracing system. To improve its functionality, it will also have an additional check-in feature for venues through scannable QR codes. All hospitality venues in the UK will be advised to use the system, but they will also need to maintain the current handwritten methods in order to ensure that it logs every individual who enters, including those that may not have mobile phones.

Venue check-in data will be retained for 21 days and if an outbreak should occur at a location, its venue ID will be broadcast to all devices that have the app, with those that have recent check-ins generating a match. The app will then advise the user on what precautions they should be taking depending on the perceived level of risk.

Similarly, if a user tests positive for Covid-19, the system will alert all app users whose phone has been in close proximity to the infected individual for longer than 15 minutes.

Testing

Although testing capacity has increased considerably and is now at record levels in the UK, demand has accelerated faster, and there still remains a gap. This is the case despite the allocation of extra resources, such as mobile testing units in areas identified as hotspots.

Due to the soaring demand, which is largely being driven by parents and teachers trying to get tests now that schools have reopened, the current regime has become overburdened and is now running with considerable inefficiencies. Whilst the Government has been discrete regarding the issues affecting the testing system, it has become clear that it is experiencing structural failures. Logistical issues with the deliveries and collection of tests appears to be a pressing issue,

alongside technical problems with the booking system, which has resulted in many missed testing slots.

An additional problem is the increased result delivery times, which Baroness Dido Harding has admitted have deliberately slowed down in order to allow the system to cope. Epidemiologists have stated that this will reduce the overall effectiveness of testing due to the delayed reactionary measures, such as going into self-isolation, of those who test positive.

Simultaneously, key workers, such as teachers and hospital staff, are unable to be prioritised for tests as the system is overwhelmed. This has caused some staff shortages in various NHS units and schools, as staff with Covid-19 symptoms are unable to access testing and have to isolate as a precaution. NHS providers are concerned that this could cause a substantial slow down or stoppage in routine NHS services.

Worryingly, one of the areas that is suffering the most from low testing availability is London, where the Government is encouraging the masses to get back on public transport, largely for commuting to work. Epidemiologists have deemed this as extremely risky, even though transport usage remains low for the time being.

Kreab understands that the only area of the testing system that is working efficiently is the laboratories, although there remains a lack of capacity. Our sources have informed us that the number of current tests being processed is extremely close to the overall capacity, and the only way that this can be increased is through the establishment of more laboratories. Although two new facilities are expected to be opened by the end of the year, this will not be enough to reach the Government's new target of half a million tests per day.

The Government's strategy is now focused on fixing these internal issues and trying to offer a higher number of smaller facilities around the nation, in order to ensure that people can get tests closer to where they live.

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Outlook and future government action

Vaccines and the testing alternative

Recently, Oxford AstraZenica paused their trials for a second time due to an adverse reaction from one of their participants. This is standard for vaccine trials and progress has now resumed after a week, despite the earlier speculation that this could cause severe delays.

The scientists working on the vaccine believe that they will have the data to prove its effectiveness by the end of the year. As mentioned in our previous briefing, the conventionally lengthy process for regulatory approval is likely to be sped up in many countries, including in the UK.

Despite this optimistic prediction, the Government is preparing for the possibility that a vaccine is not available by early next year. Their alternative plan is to move to a mass testing regime, which would require every member of the public to take a Covid-19 test at home every two or three days. In order for this system to work, there needs to be three important developments. The first is the production of quicker saliva-based tests as an alternative to the swab tests currently available, which some scientists believe could happen by the end of the year. The second is enough manufacturing capability to produce the number of test kits needed, which would be around 200 million per week. Whilst there are manufacturers who believe that mass production on this scale is possible, they estimate that it may run well into next year. Lastly, the third is an effective distribution and result processing system that is linked to the tracing app. To achieve this, the Government is hoping to acquire assistance from mass distribution logistics companies, such as Amazon.

This would be an expensive system and is expected to cost the Government up to £100 billion, should it be deployed. For this reason, it will only be used if a vaccine is not developed by the end of the year or if the developed vaccine is not 100% effective. In the event of the latter, the mass testing programme will only be used for vulnerable people and those who come into regular contact with them.

Economy

The furlough scheme is now being wrapped up and will come to a complete stop by the end of October. This could result in a sharp rise in unemployment, and many companies are now focused on internal discussions around redundancies. The Institute of Employment Studies estimates that there will be 445,000 redundancies by the end of September, with a further 205,000 being likely between October and December.

Rishi Sunak is focussing his efforts on delivering a budget in October that will seek to revive the economy and mitigate the effects of soaring unemployment. He is concretely against extending the furlough scheme and will instead focus on recovery measures that will boost the economy and potentially create new jobs.

The Treasury is currently assessing the possible measures it could take to support the sectors of the economy that have not been able to resume normal functioning, including the performing arts, professional sports, exhibitions and events, and travel. This has become a more pressing issue in recent days, and it is extremely likely that these sectors will receive some help from the government in the near future.

The reduction of footfall in town and city centres also poses major challenges due to the impact on sectors such as retail and hospitality. These industries rely heavily on tourists and workers to maintain a steady flow of business, which is becoming increasingly incompatible with the current shift towards remote working. This is likely to continue in the long-term, potentially becoming a permanent fixture.

Kreab has spoken to a number of epidemiologists who broadly believe that emptier towns and city centres leads to a reduction in the spread of the virus, with London being an example of this. Figures from the Centre for Cities show that the footfall in central London, which is yet to experience a second surge in infection, has only risen by 23% from its level during the months of complete lockdown. By contrast, footfall has risen by 102% in Wigan, bringing this to a higher level than before lockdown measures were placed. Consequently, this area has now been identified as an infection hotspot.

This presents a dilemma for the Chancellor, who has to balance the objectives of reviving city centres alongside mitigating the second peak. The Government is therefore directing efforts towards developing measures to help businesses take advantage of the new homeworking market.

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