

# COVID-19 UK/EMEA insights briefing

This week's panel included **Mark Weinberger**, Teneo Senior Advisor and former Global Chairman & CEO, EY; **Lord Mervyn Davies**, Teneo Senior Advisor, former CEO of Standard Chartered, and Minister for Trade; **Amber Rudd**, Teneo Senior Advisor and former Home Secretary; and **Wolfgang Piccoli**, Co-president of Teneo's Risk Practice and was chaired by Principal of Teneo's Situations and Politics practice and former Downing Street Director of Politics and Communications, **Craig Oliver**

## Next steps and challenges for the UK

### What we can expect from Government's announcement on Sunday, May 10<sup>th</sup>

- Boris Johnson is set to announce the UK Government's plans for easing lockdown on Sunday May 10<sup>th</sup>, but it's important not to call this an exit plan. The guidance expected this week will focus on buying the UK Government more time: it will be an easing of lockdown, rather than an ending of it.
- 26<sup>th</sup> May has been penciled in as the date some people may return to work, but this has not been finalised. The loosening of lockdown measures will likely be phased in approach, and the return to work is expected to be staggered across businesses.
- There is growing pressure on Government to balance the economic and health impact of the virus, with the severity of the economic impact deepening every week. The ability to deliver an effective test, track and trace system may help to ease the health pressure and focus more on the economy.
- In addition to external pressure, striking the right economy vs. health balance is creating divisions within Government.
- Exiting lockdown was always going to be a greater challenge than entering it. Already, we're seeing public frustration at calls to return to work across Europe (France, Italy and Spain) and the cultural buy in required to implement the lockdown in the UK makes it all the more difficult for it to be lifted.
- All of this makes restoring public confidence the top priority for Sunday. It is likely Government will spell out more clearly what businesses and individuals are allowed to do as we begin to transition, rather than focusing on what is not allowed.

### Looking ahead

- Longer term, the biggest barrier to a return to work remains the issue of public transport. It is unlikely the UK Government will go into detail about how public transport can operate while upholding social distancing in Sunday's announcement.
- Media will be looking for the Government to deliver certainty throughout the stages of exit but this will be extremely difficult as decisions and planned actions may have to be rolled back or changed in line with the evolving global situation. Balancing transparency and accountability will remain a key challenge.
- It appears that the grace period during the Prime Minister's illness and family news is now wearing off. The media and public are scrutinising Government action with a renewed energy.

### NHS

- The role of the NHS during the crisis puts it in a strong position to better protect itself in the future.
- The Home Office has already treated NHS employees differently to others. Looking beyond the crisis, it is likely the public will demand greater protection of the service, and greater funding to mitigate against the risk of future pandemics.

## Looking internationally, what can we learn from others?

- **No one is going back to normal. We are all going to a somewhat 'abnormal' state.**
- It is not just about social distancing, wearing a mask and hygiene rules. Ever since lockdown was imposed weeks ago, governments have taken away individual liberties and kept citizens in their homes to save lives. Now a subtle shift is happening, in which confinement orders are giving way, which ultimately places more responsibility on individuals.

- Governments will still communicate public-health directives and decide how and when to reopen businesses and schools, but millions of people will have to make millions of small and large decisions about how to go about their daily life - balancing their own risk tolerance, mental health and need for income. It is massive social experiment.

## Europe

- Most EU countries have observed decreases in the daily number of newly reported cases over the last two weeks. However, while the number of Covid-19 cases had fallen in 26 European countries, the number of cases was still increasing in one country, Bulgaria.
- Four countries are not showing signs of a major decrease and hovering on a plateau: Romania, Poland, Sweden, Russia and the UK.
- The varying opening approaches underline how much we still don't know about the virus and how it spreads, even as we loosen our protections against it. There are two themes of challenges that are worth noting and learning from:

### 1) The easing of restrictions is greatly political

- Overall, the Covid-19 pandemic is putting the concept of a 'nation' at risk, as regions, states, districts and in some cases, towns, implement their own, sometimes contrasting, recovery and exit plans. This is very challenging for businesses and governments are facing pressure at each step.
- *Italy*: In March, approval for Conte's measures to combat the virus stood at 94 percent, and his personal ratings climbed to 71 percent. Regional governments, industrial lobbies and the Catholic church are revolting against the government's plans to slowly lift Italy's lockdown restrictions, accusing Conte of moving too slowly and standing in the way of the country's recovery.
- *Spain*: The government of Prime Minister Pedro Sanchez grapples with the need to extend the national state of emergency for the fourth time, as the coalition shows sign of instability.
- *France*: More than 300 mayors have protested about the planned reopening of schools from next week when the lockdown is relaxed.

### 2) Governments across the board have failed to instil confidence in the public

- People are simply not ready to trust any decisions. In France for example, 60% say they are not going to take their children back to school on 11 May despite Government guidance. Moreover, 78% declare to be worried about having to use public transport once the lockdown is lifted in their area, and almost 50% have also declared concerns about going to work
- Data from an Ipsos survey of 14 countries indicates that only in four countries (China, India, Italy, Russia) does a majority favour restarting the economy with Covid-19 still uncontained; in only two countries (Germany, Italy) are the majority not "very nervous" about leaving their homes.
- Interestingly, the majority of those who say they want their economies to restart before the virus has been contained also report being "very nervous" about leaving home — including 72% of people in Japan and 82% of people in India. This suggests that even those economies that consider restarting may find a paucity of willing participants.

## Learning from the '08 financial crisis and considerations for businesses

### Economy

- The speed at which the Covid-19 crisis spread across the world, combined with the magnitude of potential outcomes increases the economic threat of this crisis – even in relation to the 2008 financial crash.
- The damage already done to the aviation, automotive and creative industries in itself will have a profound impact on the ability of the global economy to recover in the long-term.

- However, our collective memories about crises are short-lived. In 2008, the levels of debt were so deep that any return to lending seemed absurd, flying post 9-11 seemed an impossibility and home ownership was a distant prospect for many. However, all these points have been proven wrong as the economy rebounded.
- In 2020, we need to remember that every cost is someone else's revenue and that is why economies will slowly recover.

## Business

- At the moment, every CEO, every company and every board is juggling a dual challenge: managing the current situation and scanning the horizon.
- Right now, it is the time to begin transitioning from operational challenges to reassessment of future steps by thoroughly understanding the expectations of each of your key stakeholders.
- This data is what companies will rely on to scenario plan aggressively and begin to rebuild their businesses. The boards have a critical role to analyse the data and challenge the management with questions about assumptions made and the scenarios that have informed their planning.
- Businesses should not lose sight of the long-term patterns. With so much short-term disruption, it is important leaders focus on the signal, not the noise.
- While the Covid-19 pandemic is catalysing long-term business trends such as automation and agile working. Instead of looking at these factors as threats, think about how automation and agility can help your business overcome the crisis. Can they be used to ensure social distancing in your supply chain? Can they be applied to evolve your business model?
- Your employees and your core purpose should remain your true North.

## The need for transparency

- Business leaders should focus on authenticity. Authenticity is a true leader's superpower to manage the myriad of decisions that are being made, rolled back or abandoned as the next few months play out.
- Communicating with credibility and grace will be the buffer for the inevitable scrutiny that will be triggered with each decision.
- There is a real threat of litigation from employees in the US, but scrutiny and pressure in the UK is rising, too. There is a very real need to engage employees at every level of the business to ensure they understand decisions made around your return to work strategy and fiscal measures taken to protect the business.
- Leave a paper trail of your decision-making. Unions, Government and the public will come back and question business decisions made through this period. Documenting this detail will protect your business in the long-term, and help mitigate hindsight risk.

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