

COVID-19 UK/EMEA insights briefing

This week's panel included:


- **Richard Curtis CBE**, one of Britain's best loved writers and directors
- **Danny Sriskandarajah**, CEO of Oxfam GB
- **David Isaac CBE**, partner at Pinsent Masons and chair of the Equality and Human Rights Commission
- **Claire Perry O'Neill**, former Minister for Business, Energy and Industrial Strategy

The political and economic situation in the UK

- All eyes are on the Chancellor's statement today.
- The government is rightly obsessed with preventing unemployment hitting the 15 per cent spike the OECD said was possible. For that reason, the 'kickstart' scheme for young people which was trailed earlier this week has been welcomed by many. Of course, these things are often easy to announce and difficult to implement – the coalition government scrapped a similar scheme in 2010 as it wasn't achieving what it set out to. But this creates an opportunity for business to play an important role in shaping what that scheme looks like, and Government will welcome business engagement around this.
- Many also welcomed the Government's announcement that it has earmarked £3billion to improve the energy efficiency of homes and public buildings -this will be an essential part of decarbonising the UK. It is worth noting that in the past it has been difficult to convince people to actually get this work done. While grants are a better incentive than loans, in France, President Macron is considering legislation which would force homeowners to upgrade energy efficiency before they can sell a property. It may the UK should also consider a better balance between the 'stick and carrot' approach.
- While the government has focused almost exclusively on jobs, we are ignoring some of the longer-term issues the COVID-19 crisis has created, not least for the NHS. In Parliament, there are increasing questions about whether the huge sums of money spent on PPE acquisition was wisely spent and about the volume of excess deaths caused by people being deterred from engaging with the NHS during the crisis. We are also seeing wider calls for increases in public sector pay.
- All of this provides Keir Starmer with an opportunity to show a clear and positive difference between Labour and the Conservatives, particularly in regard to its treatment of the NHS where the Conservatives have traditionally struggled.
- This summer statement from the Chancellor is the 'appetiser' for the Autumn Budget, when we can expect a much clearer focus on tax and spend and longer-term policy implications. The government is going to find it has difficulties balancing the views of traditional low-tax, low-spend Conservatives, with the new red wall Conservative MPs, who think more like traditional Labour MPs on public spending. Balancing these two groups' interests ahead of the autumn will be increasingly tricky.


The impact of Covid-19 on the developing world

- Although the impact of Covid-19 has been concentrated on the developed world until now, we are beginning to see the real impact that it will have on developing countries between now and the end of the year.
- Infection rates and deaths are rising dramatically in India and Brazil, and the WHO predicts that by the end of the crisis, more people will die in Africa from Covid-19 than in North America. Countries with poorer health systems and weaker infrastructure will be disproportionately affected.

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- In addition to the impact of Covid-19 on global health, the strict lockdown measures imposed on countries to reduce the spread of the virus are having a detrimental impact on societies across the world. Europe and North America have weathered much of the economic storm so far, mainly thanks to strong government intervention and the significant savings of individuals.
 - However, many countries in the developing world don't have access to these fiscal support mechanisms. People living in countries with more informal economies face the very real prospect of extreme poverty and hunger as a result of lockdown restrictions. Some fear they will die from starvation, rather than infection from the virus itself.
 - This is supported by the findings of a new report called 'The Hunger Virus', which estimates that the number of additional people who will die from the indirect impact of lockdown measures will match if not exceed the number of people who will die as a result of infection.
 - Aid groups predict that half a billion more people will be pushed into poverty as a result of Covid-19, reversing the huge gains of the last decade in trying to eradicate global poverty.
 - Countries that rely heavily on the global economy, especially through trade and tourism, will endure a particularly slow recovery.
 - It is clear the work of charities is needed now more than ever, both in the UK and abroad. Unfortunately, this demand for support is happening at a time when charities themselves face significant drops in fundraising as major fundraising events are cancelled, and direct fundraising is made difficult due to lockdown measures. UK charities estimate they have lost around £4 billion in income during the Covid-19 crisis. This is a figure that could increase as the economic impact of the crisis hits both traditional donors and the general public.

The role of business in driving a positive change

- As Governments across the world begin to look at rebuilding societies and economies post-COVID, we should move beyond the rhetoric of 'being in this together' and towards thinking about the specific role different groups, namely Government, corporates and civil society must play in shaping the future.
- Businesses can no longer afford to be modest or silent about the change they want to see. After all, they are often listened to more by Government than NGOs and experts.
- It is clear there is desire from within the private sector for businesses to be an agent of change. Many have already taken leadership on sustainability by announcing net-zero targets and clear plans to achieve that ambition, pledging to offshore and shorten supply chains, and by committing to reducing water or plastics usage. The UN Secretary General has commented the biggest surprise about the SDGs is that businesses have been the biggest proponents and supporters of them because they have the money, the workforce and supply chains, and the ability to plan.
- Meanwhile, businesses are also making improvements in towards delivering workplace equality. Whilst the public sector is subject to public sector equality duty where the private sector is not, the latter has achieved more in recent years when it comes to tackling this issue.
- There is a clear opportunity for business here. When it comes to diversity, for example, research from BEIS estimates improving the participation and progression of ethnic minorities at work would add £24 billion a year to the economy.

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- The risk of not taking action is also too great for business to ignore. Boohoo's troubles just today are a reminder that businesses which do not act in favour of their people and of the planet will be penalised. Meanwhile, employees could lose faith in businesses which fail to show leadership on these issues. 'Make My Money Matter', a new "people-powered campaign" backed by Richard Curtis and which is looking to ramp up public demand for investments that do good has found over 50% of people would assume that their pension fund is, and would and want it to be, ESG consistent and sustainable. There is also a more compelling business case to invest more ethically. Indeed, 94% of ESG funds have done better during COVID.

A cause for optimism in the months ahead

- It's clear there is a drumbeat of excitement in the business world to seize the opportunity to deliver a sustainable form of development and become leaders in the green recovery.
- That same momentum behind positive, sustainable change can be felt across civil society too.
- The COVID-19 crisis has created an opportunity for recalibration. For society as a whole to re-evaluate the way it treats people, how our workplaces operate, what contribution low-paid workers make to the economy, and how seriously we need to take the next global threats we face including the climate crisis.
- The agenda items are clearly set and the spark has been lit. Young people will not be patient in the way previous generations have been, and so change appears inevitable.
- We must hope it will be for the better.

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