Teneo

1 July 2020

COVID-19 UK/EMEA insights briefing

This week's panel included:
– **Professor Karol Sikora,** CMO of Rutherford Health, Founding Dean and Professor of Medicine and Ex-Director of the WHO Cancer Programme
– **Claire Enders,** Founder of Enders Analysis
– **Amber Rudd,** Teneo Senior Adviser and former Home Secretary
– **Wolfango Piccoli,** Co-President of Teneo's Risk Practice

Progression of the virus and the NHS's future outlook

- Covid-19 poses unique challenges to doctors, diagnostics and the health service because of the vast symptom-spectrum of the virus.
- A large swathe of the population is asymptomatic, and although they feel fit and well, they can spread the virus. At the opposite end of the spectrum, we have the critically ill and dying.
- We do not yet understand the pathology of the virus to help us unpick why this is, which makes treatment very challenging.
- However, we do have good quality data which indicates that virus infection rates are trending in the right direction. NHS 111 is not yet pointing towards a sudden surge in new cases in a few weeks' time, which it has been very accurate in predicting in the past.
- Studies from Italy appear to show that patients who are infected now have less virus 'load'. That is hopeful – it suggests the virus is infecting people but not causing as much damage. There is no evidence it is mutating, which is also very positive for vaccine development.

Future outlook

- There are currently two camps of opinion on the future outlook of the virus. The optimistic view is that by the end of August, the NHS will be able to fully switch back to the diseases and conditions – such as cancer – it was designed to treat. Flare ups will become more infrequent, with the occasional small-scale outbreak occurring, as we are seeing in Leicester.
- The pessimistic view is that a second peak in September will coincide with winter pressures caused by the yearly influenza virus, the Nightingale Hospitals will need to be reopened, and we will head back into a full lockdown.
- The reality is, most likely, somewhere between these two scenarios. But we must trust in public health to move us forward. We must also tackle head-on the fear that the original government and public health slogans instilled in people, and these must be replaced. The public is still very scared, and that is a problem in getting society back to 'normal'.

Current state of play of the NHS

- The NHS is struggling to get back to its previous operating levels, pre-Covid 19. We are very far behind on cancer diagnoses – which on average, sit at around 30,000 a month. In May, only 5,000 biopsies were taken. This is a ticking time bomb across all healthcare settings. We will likely see a surge in demand for treatment in August and September, and it is unclear how the NHS – and GP's surgeries – will cope with that demand.
- We have extra capacity in the form of hospitals such as the Nightingale in London, but these must be kept as-is for now in case of a second wave. They cannot easily be converted for different treatment settings such as cancer – although it is not impossible.

The political situation – a focus on the economy but with challenges ahead

Predicted high levels of unemployment are a significant concern

- With expectations that companies will look to lay off workers as support schemes end, the CBI and others have called for a further extension of the furlough scheme. However this is doubtful, as Government has signalled it is coming to an end and looks to be gritting teeth, preparing for the bad news and setting out its recovery plan.
- The PM's speech this week set out his intention to build our way out of the downturn. Many questions remain, such as how 'green' any infrastructure focus will be and how government will respond on jobs and skills with suggestions there may be a form of job guarantee for young people in the offing.

- We will hear more from the Chancellor next week when he makes his own announcement (there is already some scepticism about the size of the UK intervention announced this week – the £5bn announced by the PM is just 0.2% of UK GDP, hardly equivalent to FDR’s New Deal, which was 40% of US GDP).
- Much attention will focus on encouraging people to go out and spend – unsurprising considering three million of the nine million furloughed jobs are in retail and hospitality – and attempting to reassure people that it is safe to do so. The issue however is that the more the Government offers reassurance, the more some people’s fear is ratcheted up.
- The UK Government has also put a lot of emphasis on planning reform, attempting to speed up processes, although this isn’t without political difficulty. Governments have failed to deliver change before and Conservative MPs are historically hostile, but there are signs that the PM may make progress this time given the centrality he has placed upon it.

Autumn is set to be a crunch point for governments

- The UK concern on the economy is mirrored around the world with autumn looking like a crunch point as various economic support schemes come to an end. Measures reportedly under consideration here, such as a cut in VAT, are being debated elsewhere, including Italy. One issue is that VAT cuts are very expensive and there is limited evidence of efficacy when it comes to encouraging consumer spending.
- The issue of local flare ups in Covid-19 cases and subsequent lockdowns, such as in Leicester, pose significant difficulties. Germany has shown it is possible to deal with such incidents effectively but the signs are that the UK still lags behind in its capacity to deal with such events, with the Health Secretary suggesting new legislation may be necessary given local authorities have limited powers on issues such as control of movement.
- For the government much is also riding on getting pupils back to school in September. Failure to do so will open them up to great criticism and risks letting down a whole generation. They are throwing much at this task at present, but much will depend on how the virus progresses over the summer.

Behavioural shifts resulting from the Covid-19 pandemic

- There have been a number of behavioural paradigm shifts as a result of the coronavirus pandemic. We have seen an almost permanent virtualisation of the world in terms of our media (benefitting companies like Google and Facebook), our communications (advancing Microsoft and Zoom), our streaming services (the likes of Netflix) and our commerce (with Amazon sales rocketing).
- Companies have restricted their physical operations as a result, with the majority of employers moving to online working. These chances, while semi-permanent, will be for the long-term.
- We have also seen an increase in telemedicine and virtual education. However, both these trends require high levels of equipment and technological knowledge which will be a challenge for the elderly and children from lower socio-economic backgrounds. The Government will have to mitigate and prepare for these issues moving forward.

Impact on the UK news industry

- The Conservative Party entered Government with a mission to reform public service broadcasting (PSB). This has not achieved. In many ways, the Covid-19 pandemic has in fact restored the public’s trust in PSBs, with the public accessing news content more than ever before in an attempt of reassurance.
- However, the BBC is still in peril until a new Chair is installed. They have been forced to abandon plans to reform the licence fee for over-75s, a move that has protected the Department for Work and Pensions. Commercial PSBs such as Channel 4 and ITV News are also facing challenges, in particular the significant decline in advertising revenue. However, they have experienced similar issues in the 2008 recession and will be able to survive this period.
- Most importantly is the decline in the print industry, which has significant implications on the fabric of democracy. We will see mass redundancies in the coming months resulting from significant losses of weekly sales and a near 50% drop in advertising revenue. Government support in this area has been insufficient, particularly in comparison to other countries, and this will likely solidify our reliance on digital media and the dominance of tech giants.

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