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ANNEX M: ANALYSING THE TRADE-OFF BETWEEN CONTINUING COVID19 SOCIAL DISTANCING AND MINIMISING FOREGONE ECONOMIC ACTIVITY AND OTHER COSTS

Introduction

This note sets out proposals for the analytical work that should accompany and complement the strategy work that has begun ahead of the 7 May review point on social distancing.

The **objective of this work** is to answer two broad sets of questions:

- 1) Timing choice: when and pace of easing current set of social distancing measures;
- 2) Choice of relative weight to give economic and wider health, wellbeing impacts vs life years saved by maintaining the current set of social distancing measures.

Do you agree with these objectives?

Sub-questions we will look to answer:

- I. Whether there is a case for lifting some measures, particularly in some places/sectors sooner than others depending on their respective benefits and costs
- II. Whether there is a case for lifting some measures sooner for some age / other segmented groups than others depending on their respective costs and benefits
- III. The timing of the lifting of the lockdown under different scenarios

Elements of analysis:

- Benefits of social distancing measures, including:
 - o The Covid19 lives / "life years" saved
 - o The Covid19- related ill-health prevented
 - o Improved wellbeing through pain, grief and suffering avoided; and public confidence in the government supporting them to avoid infection
- Costs of social distancing measures, including:
 - o The current and projected output lost as a direct result of the social distancing measures, across different sectors.
 - o The projected scarring effects caused by the economic effects of the social distancing measures over the longer term, including:
 - Damage to people's longer term life chances because they become long-term unemployed/economically inactive; and
 - Damage to the life chances of vulnerable groups such as disadvantaged children because (e.g.) they receive a poorer education than they otherwise would.
 - o Adverse impacts on longer term health, including mental health, as a result of the scarring effects
 - o Adverse impacts on health and wellbeing due to poorer treatment of non-Covid19 related conditions

This work will not take into account (in any detail) measures that could be taken to reduce the risks of lifting social distancing (e.g. tracking & tracing people etc.), as these are considered as supporting measures rather than direct ones but will be considered so far as possible where they alter the benefit/cost trade-off or timing of lifting measures.

Analytical tool

The aim is to capture the elements above in a tool that sets out:

1. A base case – with no social distancing
2. The current position – with all current social distancing measures in place
3. Intermediate options (much more challenging) – relaxing some but not all measures or at least not to the same timescale

Data that needs to be brought together through new commissions and/or available information:

- QALYs: modelling of the virus and then expressed in monetary terms through the use of quality-adjusted life-year analysis (QALYs).
- Macroeconomic analysis i.e. effects of the crisis through considering current impacts and different forward scenarios e.g. V, U, L shaped recessions etc. using:
 - o current data on impact from ONS, wider surveys and business intelligence e.g. BCC, CBI and ONS
 - o relevant economic literature and analysis including OBR, Bank of England, Resolution Foundation, IMF, OECD and World Bank analysis
 - o wage data
 - o sector/regional analysis: vulnerability matrix
- Intelligence from businesses and sectors on how lifting certain measures or combinations of measures might impact on their ability to operate
- Health scenario analysis: NHS capacity/use from DHSC

To the extent that we cannot establish quantitative analysis in the time available, these will need to be taken into account in non-monetary or qualitative terms. The unprecedented nature of the crisis, and speed of assessment will mean that in many cases there will be considerable uncertainty around this assessment. However, we will not let perfect be the enemy of the good and will ensure all analysis is provided – so far as possible - with an assessment of confidence and certainty.

Products that should be delivered in time to inform the decisions for the 7 May Social Distancing review point:

1. An **analytical tool that brings together the elements of the cost and benefit analysis** of the measures; and which translates these into monetised variables as far as possible
2. A table that maps these monetised and non-monetised variables against the **options of packages / measures for easing** i.e. showing how they will impact in different packages of easements
3. An analysis of the monetised and non-monetised variables against the overall options of easement packages to provide **illustrative timing choices** under different scenarios:
 - a. **hard suppression now followed by later but faster easement** - a hard lockdown for another, say, 6-8 weeks followed by a fuller, quicker, more expansive easement back towards greater economic activity and wider normalcy; and

- b. **earlier but more gradual easing** - a shorter lockdown, followed by an earlier, more gradual, longer easing back to greater economic activity and wider normalcy

Do you agree with these outputs?

It will be challenging to deliver such an analytical tool in the time available and to do so will require a strong focus on the key elements. The work would be undertaken in close collaboration with DHSC, Treasury and other departments, whose timely input will be absolutely critical.

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