

CHARTING A COURSE FOR THE ECONOMY - OUR FIRST STEPS

1. The Northern Ireland Executive has published its approach to Coronavirus decision making, which includes a five step pathway for us to emerge from lockdown in a safe and sustainable way. This paper sets out how we propose to take the first steps in this pathway to get the economy moving again.
2. This is the first in a series of communications on how our economy will recover from the pandemic. This series will include:
 - the further steps we will be taking on the pathway to recovery;
 - how we will support our people who become unemployed to retrain, upskill and keep close to the labour market (with the Minister for Communities); and
 - how we will deliver on our long term commitment for a strong, competitive and regionally balanced economy with more people working in better jobs in these challenging times.
3. At every stage we will work with the Minister for Health to ensure the steps we are taking are cognisant of the scientific advice.

Our first steps

4. The Executive's Approach to Decision Making committed to enhancing our messaging on work. The course we have charted starts with this commitment, and looks to new evidence and developments that support us now adapting our communications. This evidence points to us building confidence in our construction and manufacturing sectors to move out of lockdown, and our financial, professional services and IT sectors continuing to work from home. Both of these communication initiatives can be taken within the Current Position of the Executive's pathway
5. The pathway sets out five steps that will be taken when the time is right. We have already made changes in Step 1 to open garden centres, and this can now be extended to other outdoor retailers (e.g., car retailers).
6. In Step 2 the pathway has signalled that non-food retail can open where numbers are limited and social distancing can be maintained. This paper sets out how initial relaxations in Step 2 can be taken for those in lower frequency retail activities (e.g., household appliances and furniture).
7. We will come back to wider sectors where social distancing and other mitigating measures are harder to maintain at future review points.
8. A set of guiding principles for restarting the economy are provided within this paper. These principles build on those set out in the Executive's Approach to Decision-Making, and reiterate that progress in restarting the economy is reliant on controlling the rate of transmission.

Economic Impacts

9. We have all been affected by the Coronavirus pandemic and the measures needed to control it. For our economy these effects have been unprecedented. Our latest assessment puts the overall output within the NI economy at around 25% to 30% below normal. A similar assessment, produced for the whole of the UK by the Office for Budget Responsibility (OBR) suggests that output could be 35% below normal.¹ At these rates, every month of lockdown will reduce annual output at the end of the year by around 2% to 3%. In simple terms, on its own, each month of shutdown is akin to a large recession.
10. The UK economy shrank by 2% in the first three months of 2020, falling by 5.8% in March alone, with the Office for National Statistics (ONS) stating there had been "widespread" declines across the services, manufacturing and construction sectors.² However, the second quarter of 2020 is expected to be much worse.
11. This collapse in business activity is also demonstrated in Ulster Bank's Purchasing Managers' Index (PMI) which sank to an unprecedented low of 8.3 in April. This followed from a record low of 29.1 in March.³ By way of comparison, the pre COVID-19 low point for the PMI occurred during the financial crisis when the PMI reading for business activity was 32.1 in January 2009.
12. The shutdown of many industries in Northern Ireland has resulted in the widespread furloughing of workers. The latest available figures from HMRC indicate that some 8.4 million workers across the UK are on furlough and we estimate that around 200,000 or more jobs or people will could well be furloughed in Northern Ireland. That is a huge dependency on temporary support and on top of this, there will be a number of workers in Northern Ireland who will have availed of the Self-Employment Income Support Scheme – perhaps tens of thousands.
13. While furloughing has been widespread there have been fewer examples of large scale redundancies by firms, and that is a sign that the furlough policy is working. However, in spite of the absence of a surge in large scale redundancies there has been a considerable spike in Universal Credit applications and this points to initial impacts of the crisis being disproportionately concentrated in certain categories. This could include the young, the self-employed, those on temporary or on zero-hours contracts and those who have only been with their employers for a short time, and this would be in line with emerging research⁴.
14. While the furloughing of workers under the Job Retention Scheme has provided some 'breathing room' for businesses, it can only limit, or slow the damage temporarily. The Bank of England forecasts a UK-wide unemployment rate

¹ <https://obr.uk/coronavirus-analysis/>

² <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/march2020>

³ <https://ulstereconomix.com/tag/pmi/>

⁴ For example: [Cambridge-INET Working Paper Series No: 2020/10](#)

increase of 5 percentage points for Q2 2020⁵ when compared to the unemployment rate just before this outbreak. For Northern Ireland, this could mean an increase in unemployment of around 50,000. Even if only a fraction of this materialised, it would still be a massive setback for the region.

15. Unfortunately, it is now apparent that initial data feeding through on claimant count makes those unemployment forecasts appear on the optimistic side. In April 2020 alone, the seasonally adjusted number of people on the claimant count was 56,200 (6.1% of the workforce). This represented an increase of 26,500 (89%) from the previous month's revised figure, and is the highest monthly increase on record.
16. It is not clear how many job losses we will see in the next few months – a lot will depend on how soon the economic recovery can start. However, all the scientific evidence points towards an elongated health management challenge, measured in months and years; and all the economic evidence points to the duration of the key fiscal supports being measured in weeks and months. These pressures present a real risk that the level of unemployment could again surge at a future crunch point.
17. Taking our first steps and putting our pathway to recovery into action can help mitigate some of these stark economic warning signs, and provide “Forward Guidance” to businesses and employees to reduce uncertainty and facilitate planning.

International Evidence and Experience

18. In charting the course for our economy we will learn from their experiences and take the appropriate steps we need to for our economy. A summary of the steps others have taken in restarting their economies is provided at Annex A.
19. We see that most countries around the world have commenced an easing of lockdown, and most governments have published roadmaps of a phased approach to easing lockdown restrictions to keep the level of transmission low but increase economic and social activity. Countries have taken a phased approach which means certain sectors cannot reopen until a previous phase has been successful in keeping transmission levels low. In addition, closer to home, the UK Government and Republic of Ireland have taken similar steps and produced their own roadmaps around potential stages of re-opening.
20. Other common characteristics in how international economies have approached easing their restrictions include:

⁵ <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2020/may/monetary-policy-report-may-2020.pdf>

- Most countries have commenced an easing of lockdown. Federal countries have taken a more varied approach with different states having different timelines for easing restrictions.
- Most countries have balanced economic and societal easing, and have produced economic stimulus packages to help stimulate economic growth after lockdown.
- Most countries have focused on allowing the construction and manufacturing sectors to reopen first with social distancing measures in place, retail has been the next sector to reopen followed by bars and restaurants in a later phase.
- The hospitality sector is within the last stages of reopening.
- There is significant concentration of timings commencing in May 2020, and also in many cases running into June 2020.

21. More detail on these international comparisons is provided in a separate paper on the international evidence and experience.

Guiding Principles

22. The overall guiding principles for [decision-making](#) within the Executive revolve around Controlling Transmission, Protecting Healthcare Capacity, Necessity, Proportionality and Reliance on Evidence. It sets out the approach the Executive will adopt in the regular reviews of the Coronavirus Regulations while also recognising that in the event of a deterioration in the health context, that restrictions could be reintroduced.
23. In terms of learning from the international context above and reflecting that in our planning, our approach to restarting the economy will also be grounded in the below starting assumptions and guiding principles:
- Progress on the recovery pathway depends on controlling the rate of transmission.
 - We will do everything we can to protect individuals and livelihoods which support families and communities across Northern Ireland.
 - Action will be gradual and in stages as set out in the five step pathway.
 - Work that can take place at home should be done at home.
 - Social distancing measures will remain in place over time.
 - Employers have a duty to assess and manage risks to safety in the workplace, and need to be aware of the concerns of staff returning to work.
 - We recognise that the vast majority of people are committed to ensuring best practice and will act responsibly but, where this does not take place, there are legally enforceable measures in place.
 - A coordinated approach across the Executive will be required to help our businesses get back up and running and workplaces operating safely.

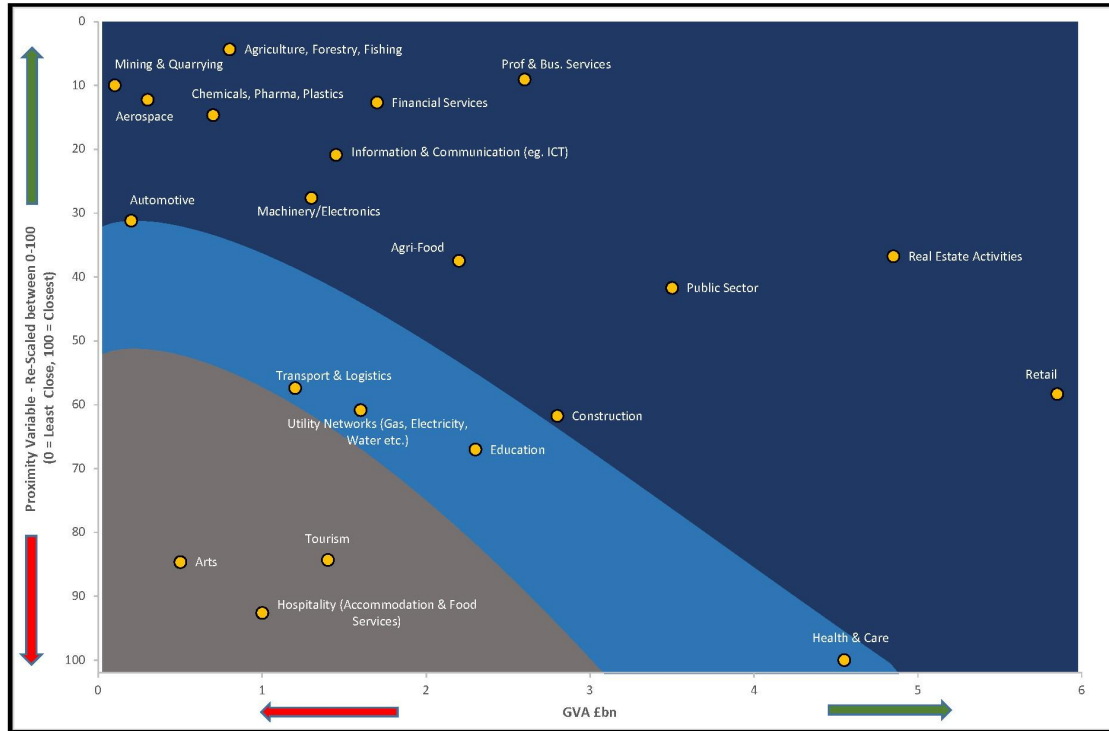
- Where the Regulations restrict a specific activity this will only be retained as long as it is considered necessary to prevent, protect against, control, or provide a public health response to the incidence or spread of Coronavirus.
- We all have a role in building confidence in returning to work when it is safe to do so.

Charting a Course for the Economy

24. The longer damaging economic impacts are felt and the longer people are removed from the labour market, the greater the risk of long-term scarring on our economy and society. Conversely, the more of our economy that can restart and adjust to the new normal now, the less likely it is that we will be facing large scale redundancies in the near future.
25. In charting a course for our economy it is important to assess the risks to social distancing and the relative economic importance of each sector to identify those sectors of the economy that could be restarted the earliest. The chart below maps sectoral Gross Value Added (GVA)⁶ in £bn against the risk to social distancing, which is displayed by the extent that a sector requires employees to perform tasks in close physical proximity to other people.

⁶ Data is intended to be indicative of the sector size, and some of the data is from alternative sources and years; therefore in some cases overlaps or omissions are possible at the sectoral / sub-sectoral level. For example, Tourism output is already captured within the GVA of some other sectors and is only shown for indicative purposes only. It should also be noted for example, that Professional & Business Services is a subset of sectors (with greater combined output than shown in the graph).

Figure 1: NI's Economic Sectors, their size, and general proximity to people ^{7 8}



26. This chart shows construction, manufacturing, retail, financial services and professional business services as clear candidates for increased activity. We are already seeing evidence from some of these sectors that they are gearing up to move out of lockdown, and in some cases those restarts have already occurred. Some 230 of Invest NI client companies are signalling a return to work, representing 16% of furloughed staff within all of the Invest NI client base.
27. These sectors cover a broad range of activities and workplaces, and our approach needs to reflect these different requirements. Construction, manufacturing and retail have limited scope for working from home as an alternative approach to continuing to trade. In addition, Retail is a large employer, an industry that underpins our town centres. The pressures on this sector are exacerbated by online competition and large supermarkets selling goods which may normally be purchased in a specialist retailer.
28. The plans in this paper around non-food retail are cautious and modest ⁷, and at this early stage do not involve reopening of high density shopping outlets in high density areas – such as clothing retailers or shopping centres. However, our plans will have to look at these in the future and so, increasingly, planning needs to be taken forward on transport which will be an important enabler. Specifically, in

⁷ <https://www.onetonline.org/find/descriptor/result/4.C.2.a.3>

⁸ The proximity values displayed on the y-axis (vertical) show the average level across each sector – with individual occupations within each industry being accounted for as best as possible. The values range depending on the various occupations within each industry and the final proximity value is only meant as a general approximation.

relation to public transport, the issue is likely to be one of capacity which could be reduced to as little as 15%.

29. That is also why it continues to be important for those that can work from home to continue to do so where feasible, and that our messaging reinforces this. Work in financial services and professional business services can and should be done from home, and so avoid taking up capacity on public transport. But planning will be needed to ensure that returning workers and shoppers do not take this capacity to the detriment of key workers.
30. It will be important that we work across all levels of government and stakeholders to re-imagine our town and city centres, and consider appropriate measures to support more walking and cycling lanes.

Charting a Course: Construction & Manufacturing

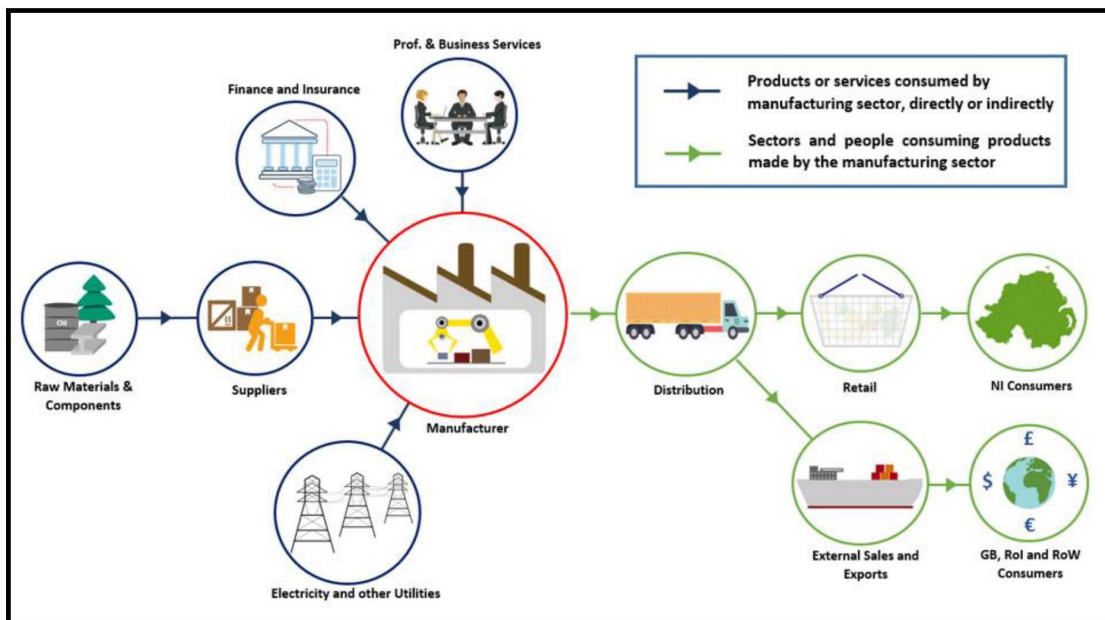
31. Construction activity has been affected severely with Construction Information Services (CIS) figures showing that the restrictions stopped the construction of some 5,000 houses and 1,500 apartments in Northern Ireland.⁹ This pause in construction is going to hit the supply of homes for those who will need them, including those who rely upon social and affordable housing.
32. Our Pathway to Recovery recognised that the Executive has a vital role to play in building public confidence in returning to work when it is safe to do so. For the construction and manufacturing sectors our message is now focussed on 'Stay Safe' and 'Work Safe'.
33. Our guidance to industry will sit alongside our communications and messaging will be at the centre of this. Significant work has been done on these issues by business and trade union representatives under the Engagement Forum chaired by the Labour Relations Agency (LRA) which resulted in the Workplace Safety Guide. This sets out principles and practical steps to keep workplaces safe.
34. On the ground many firms have taken steps to adapt workplaces and working practices, sourcing protective equipment, changing shift patterns and reorienting production lines. But is also important that we set out our expectations of employers in terms of workplace practices and protective equipment. The Minister for the Economy has asked the Engagement Forum to consider the guidance recently published by UK Government¹⁰, and to assess whether this would improve on the practical advice we already have in place to help our employers, employees and the self-employed understand how to work safely during the coronavirus pandemic.

⁹ <https://www.theplanner.co.uk/news/work-stalls-on-developments-in-northern-ireland>

¹⁰ This includes guidance on: Construction and outdoor work; Factories, plants and warehouses; Labs and research facilities; Offices and contact centres; Other peoples' homes; Restaurants offering takeaway or delivery; Shops and branches; and Vehicles.

35. Businesses themselves and their trade bodies will also need to take steps to coordinate restarting operations with suppliers and customers, taking account of their integrated supply chains and lead-in times. It may take weeks or months for businesses to fully restart production due to the complex supply chains. Furthermore, the wages of these workers and the workers in companies within the supply chains all drive further economic activity. These interdependencies are further detailed graphically below.

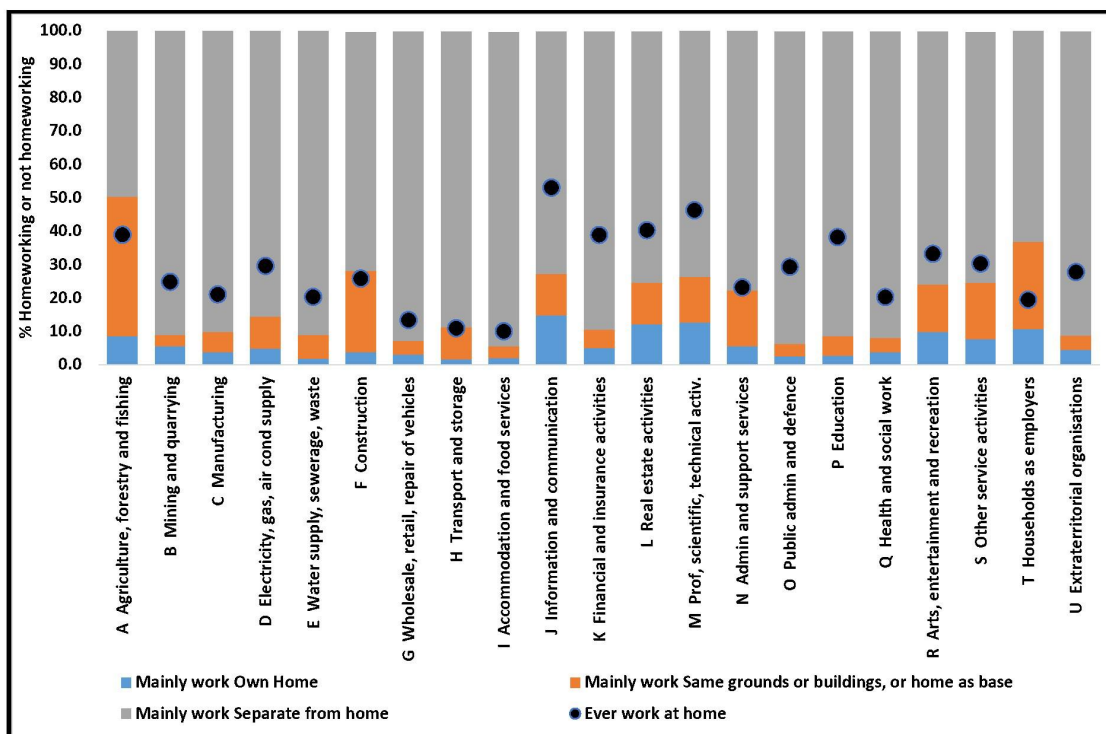
Figure 2: Stylised Example of Inputs and Outputs for Manufacturing



Charting a Course: Financial Services, Professional Business Services and Information Communication Technology

36. The Current Position of our pathway includes remote working as the default position. Financial Services, Professional Business Services and Information Communication Technology (ICT) are all relatively well suited to adapting to working from home arrangements.

Figure 3: Homeworking in the UK (by DfE, using ONS data from Jan to Dec 2019) ¹¹



37. While homeworking can and did occur before the lockdown, the current crisis has seen a surge occurring almost overnight in response to the circumstances. The above graph shows the percentage of workers who tend to work from home pre COVID-19, while the dots in the graph above show the proportions of people in each industry that have “ever worked at home”.

38. In a unique situation such as this, there is clearly scope for accelerating the trend to greater home working, and the emerging evidence shows this is happening where it is possible. A recent YouGov poll showed the IT and Telecoms sector are the most likely to now be working at home, with three-quarters (75%) saying they could. Media, marketing, PR and sales is close behind with 73% of workers capable of working remotely, followed by 72% of those employed in the financial sector¹².

39. Changing the way that firms operate would also be necessary, especially in the short-run before any vaccine has been fully developed. Some types of face-to-face communication can be replaced by online meetings, but there may be requirements or occasions for some of these activities to take place in the office, and businesses will be thinking about how to prepare for when office working returns. To help build confidence in these areas the Engagement Forum will consider guidance on how to work safely in an office environment.

¹¹<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/homeworkingintheuklabourmarket>

¹²<https://yougov.co.uk/topics/politics/articles-reports/2020/04/07/who-are-britons-working-from-home>

Charting a Course: Non-Food Retail

40. Non-Food Retail is subject to the Coronavirus Regulations and is not permitted to host customers on premises, effectively closing those premises outside of on-line or delivery services. Non-Food Retail is important for consumers to access products which they need, as well as being the end of supply chain for many businesses, including local manufacturers and service providers. The wages from these stores support many families across Northern Ireland and the sector will provide a direct, indirect and induced effect on the local economy.
41. Non-Food Retail is typically included at the earlier stages of others' plans, often in their first or second steps but always on a phased or staged basis. Many countries are already commencing those steps or are earmarking those steps for May or June 2020 as can be seen from Annex B. In Northern Ireland garden centres have reopened subject to social distancing measure being in place, and the pathway sets out the steps for the remaining sector.
42. While there is no one uniform approach taken by countries to the re-opening of Non-Food Retail, there is scope to take a sub-sectoral approach or an approach based upon size, or upon location or some combination of all of these different factors. Location is important in that social distancing needs to be manageable in the public spaces outside of stores and not just inside, while store workers may need to assist in maintaining social distancing and encouraging good hygiene practices upon entry and then inside the stores.
43. The associated document to this paper "Non-Food Retail: Learning from International Practice & Planning Ahead" looks at the approaches that have been taken around the world, and draws out the factors that are most often at play in those international roadmaps.
44. This evidence underpins us taking action in Step 1 and Step 2 of the Executive's pathway. These are:
 - i). Extending Step 1's relaxation of the restrictions on garden centres to include other outdoor retailers, e.g., New & Used Car Retailers, Retailers of Light Motor Vehicles, Lorries Trailers, Retailers of Caravans or Motorhomes, and Retailers of Agricultural or Other Large Machinery.
 - ii). Starting Step 2 in June to open Non-Food Retail with lower frequency customer visits and / or with a greater propensity for larger store areas, but only where those outlets have the locational characteristics of having direct street access or that direct access within a retail park lower frequency retail activities. This would include household electrical appliances, computer and electronic equipment, mobile phones, and furniture and furnishing stores. This step will be dependent on controlling the rate of transmission.

Steps to restarting

45. On the ground many firms have taken or are preparing to develop working practices and protocols, particularly across the wider manufacturing and food production sectors. Such proposals include:
- Adjusted layouts such as moving from “U” shaped lines to straight production lines to facilitate 2 metre distancing;
 - Adding Perspex walkways and reorganising inventory to eliminate crossover points;
 - Facilitating working side-by-side/back-to-back and reduced production lines;
 - Emphasising that those with symptoms of coronavirus (a new continuous cough, a high temperature, a loss of, or change in, your normal sense of taste or smell (anosmia)) are expected to self-isolate at home;¹³
 - Splitting work patterns and sittings in canteens, renting marquees and extra toilets; and
 - Appropriate protection equipment (such as face covering) and increasing sanitisation/cleaning of premises.
46. For businesses with staff working from home while juggling many other responsibilities there has also been investment in the mental health of their staff. In many cases this will be in addition to employers investing in the equipment and services needed by workers to operate working from home safely and effectively for what is likely to be an extended period. Project Stratum will also make a significant contribution to improving broadband connectivity across Northern Ireland.¹⁴

Putting the Pathway to Recovery into Action

47. Putting our pathway to recovery into action can help mitigate some of these stark economic warning signs, and provide “Forward Guidance” to businesses and employees to reduce uncertainty and facilitate planning.
48. These scenarios around easing the lockdown will also help us in anticipating how businesses will be impacted in the future, pinpoint the people and the places at different level of risk, and allow us to prioritise and plan a response around targeted support in terms of job matching services, retraining and other forms of economic development.
49. There are also dependencies across the Executive. For example, transport will be required for people to get to work, and people will need to feel safe to use it;

¹³ <https://www.nidirect.gov.uk/articles/coronavirus-covid-19-staying-home-and-self-isolation>
<https://www.gov.uk/government/publications/covid-19-stay-at-home-guidance/stay-at-home-guidance-for-households-with-possible-coronavirus-covid-19-infection>

¹⁴ <https://www.economy-ni.gov.uk/topics/telecoms/project-stratum>

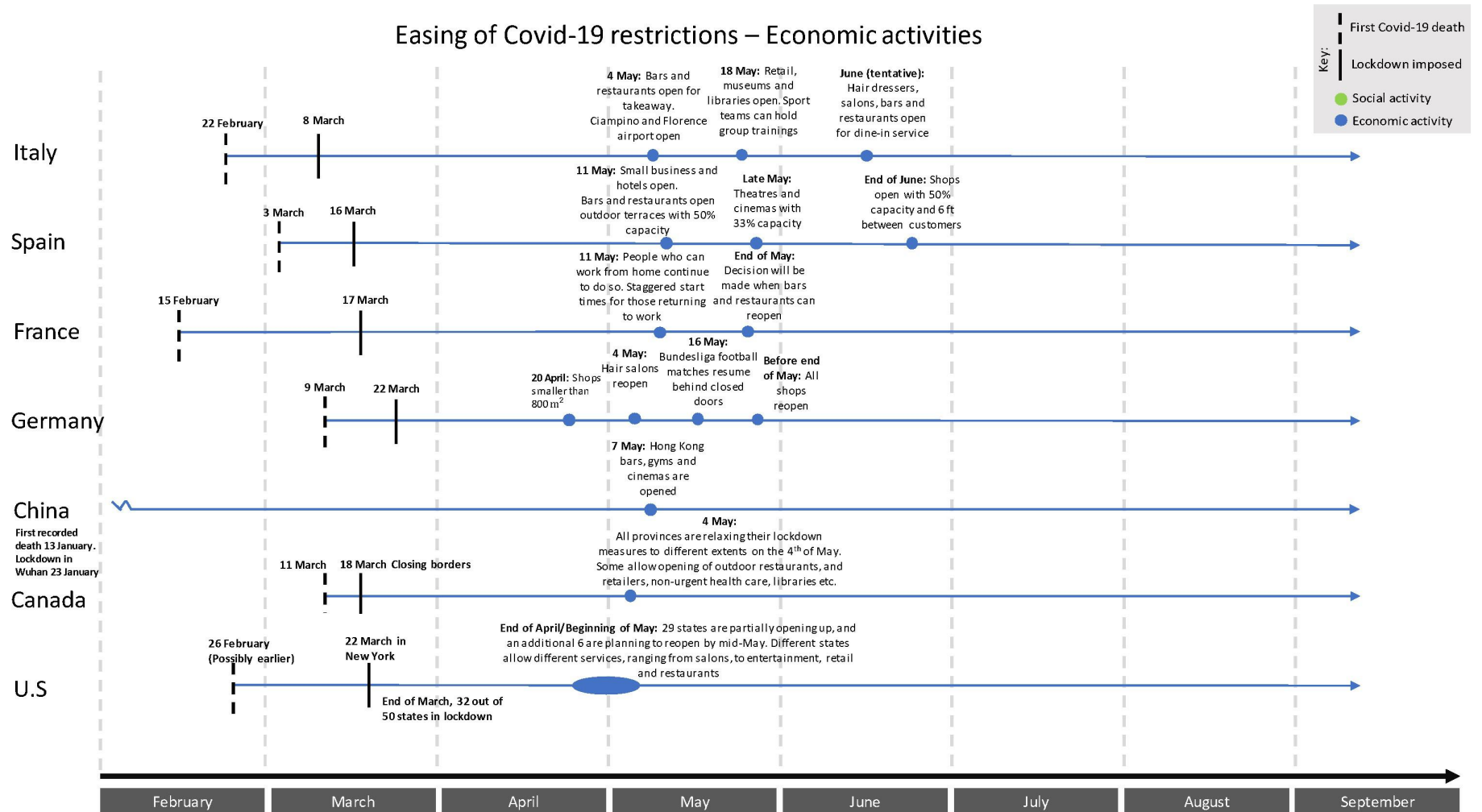
schools and childcare arrangements will support the process for getting people back to work; and public spaces, e.g., car parks and high streets, will need to be made as safe as possible. The Department for the Economy is fully committed to working with the lead Departments in these areas to ensure the steps we are taking in getting the economy moving again and in lockstep with arrangements for transport, education, childcare and public spaces.

50. The very high levels of compliance with the restrictions has shown that the most effective response is a whole of society approach and collective effort. The same will be true for our recovery. At every stage we will be working to achieve buy-in from all sections of society and we must look for this consensus in emerging from lockdown, just as we sought it in going into lockdown.

DEPARTMENT FOR THE ECONOMY
May 2020

Evidence Pack: International Timetables for Economic Activities

Easing of Covid-19 restrictions – Economic activities



International Timetables for Economic Activities

