

FROM THE OFFICE OF THE MINISTER
Diane Dodds MLA



From: Diane Dodds MLA
Minister for the Economy

Netherleigh
Massey Avenue
Belfast BT4 2JP
Tel: **I&S**
email: private.office@economy-ni.gov.uk

Date: 30 September 2020

To: Executive Colleagues

THE ECONOMIC IMPACTS OF NON-PHARMACEUTICAL INTERVENTIONS AND THE WAY FORWARD

The Executive is scheduled to consider a suite of options to respond to the recent rise in Covid-19 cases across Northern Ireland, including the potential reintroduction of 'lockdown'. To support Executive colleagues' consideration of these options I have attached three papers on the economic impacts of any such interventions. These supplement the contributions my officials have made to the cross departmental exercise in preparing papers for the meeting.

The key message on the economic impacts of the virus remain stark (see Annex A). Forecasts for the economy from spring onwards painted a bleak picture, but these were predicated on a bounce back in the second half of the year as opposed to even more economic blows. As such, the economic outcome in the short term is set to deteriorate further. In reality, this means over 100,000 people without work, thousands of business failures, and many livelihoods blighted by the long term social, economic and non-Covid health scarring of recessions.

We have already seen these impacts materialise across Northern Ireland. The pandemic has resulted in six years of labour market progress being undone overnight, with unemployment figures to well over 60,000. These statistics are more than economic alarm bells, they are the start of widespread and multidimensional issues that will impact on welfare and wellbeing of our society.

These impacts would have been many times more damaging without the support of the UK Government, particularly the Coronavirus Job Retention Scheme (the 'furlough scheme'). Some 250,000 employees in Northern Ireland were furloughed during the spring, helping around 30,000 of our business stay afloat and reportedly costing HM Treasury some c. £75m a week. In considering the options for the months ahead it is essential that Executive colleagues recognise that this life support is not now available; its replacement (the Job Support Scheme) does not provide any support for jobs and industries that are not able to work; and as an Executive we do

not have the finances or access to the necessary data to replicate the furlough scheme at a local level.

With the policy environment having shifted markedly, so must our own thinking shift as we endeavour to join up the health response with the policy mitigations to help our people and businesses through what will be a very difficult six months.

There are alternatives to lockdowns that we should consider. I have set these out at Annex B and hope to see these included in the discussion on Thursday. The benefits of these alternative approaches are they can be maintained. I have seen a wide range of estimates on the length of time we will be living with the virus, all of them point to an immediate need for us to adapt to the new normal. This adjustment has to include an open and robust economy, where our people feel confident and safe, and our businesses can do what they do best. Short term fixes and constantly changing advice will not help us manage the next six months. Instead, we should be setting clear guidance, communicating the rationale for these steps and keeping our people with us.

At the same time we need to be supporting our economy to make these adjustments. There have been some major achievements over the past six months but there is still more we can do. I have attached a further paper at Annex C which sets out how we can take further steps to rebuild a more competitive, inclusive and greener economy. It is essential that these interventions are partnered with the absolute capacity and capability of the Executive, and I welcome Executive colleagues' contributions on how their departments can collaborate and complement with this response. I trust this analysis is helpful in supporting the difficult decisions we face, and I look forward to the discussion at the Executive on Thursday.

I am copying this to the Attorney General and Departmental Solicitor and to First Legislative Counsel and the Executive Secretariat.

Yours sincerely

Personal Data

DIANE DODDS MLA
Minister for the Economy

ANNEX A - THE POSSIBLE ECONOMIC IMPACT OF NEW COVID-19 RESTRICTIONS

BACKGROUND

Over the past six months countries around the world have worked at pace to respond to the largest health and economic crisis in a generation brought on by the spread of COVID-19 across the globe. Governments have imposed stringent national and regional lockdowns, expanded the capacity of healthcare systems to monitor and manage the disease and created and maintained numerous economic support packages to sustain impacted economies. The wait for an effective COVID-19 vaccine continues but even as the uncertainties of the crisis continue to grow the goal is to rebuild for the longer term.

The Northern Ireland Executive published its phased five-stage coronavirus recovery plan in May 2020ⁱ. This set out the approach the Executive would take when deciding how to ease coronavirus restrictions in the months ahead. Any relaxation of the restrictions would be led by science and not by the calendar and based on the following criteria:

- Evidence and analysis, including latest medical / scientific advice, the level of transmission and the impact of relaxations on the future trajectory of the pandemic;
- Capacity of the health and social care services to deal with COVID-19 cases as well as the need to resume normal services; and
- Assessment of the wider health, societal and economic impacts, including identifying the areas where greatest benefit and lowest risk would result from relaxation.

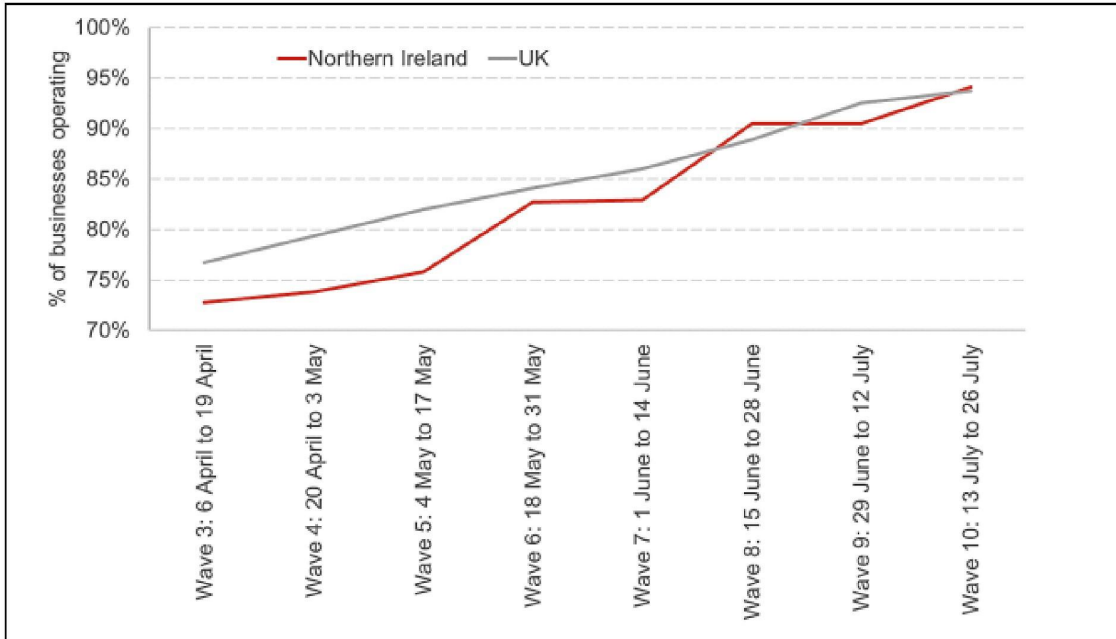
Many of the restrictive measures that characterised lockdown (no mixing with other households, closure of non-essential businesses, avoiding all but essential travel etc) have been eased. However, at the start of September restrictions on visiting other households were reintroduced in parts of Northern Ireland (NI) after a rise in cases of coronavirusⁱⁱ. The new rules affected people in Ballymena town, those in the Belfast council area and addresses with postcodes BT43, BT28 and BT29 (in areas north east of Ballymena, and parts of Glenavy, Lisburn and Crumlin). The restrictions were later extended to parts of the BT60 postcode, which covers parts of County Armaghⁱⁱⁱ.

More recently the Stormont Executive has imposed a new set of restrictions which came into effect from 18:00 BST on Tuesday 22 September, these are an extension of the localised restrictions imposed on 10 September and covered new rules on meeting up, travel, weddings, baptisms, funerals, schools and shopping etc^{iv}.

CHARTING RECOVERY

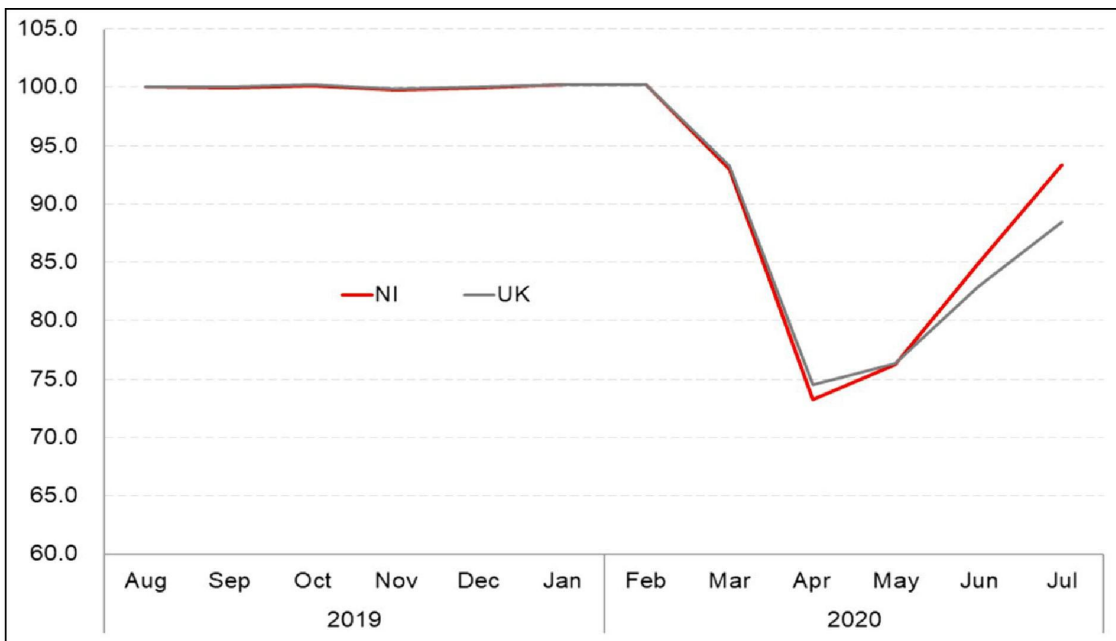
The Department for the Economy commissioned the Fraser of Allander Institute (FAI) to examine the potential impact of the coronavirus pandemic on the Northern Ireland economy. Whilst in broad terms, the experience of countries and regions in the UK tracks the UK pattern, some regional disparities are to be expected.

Proportion of Businesses Operating, Early April to Late July



Source: FAI Analysis of ONS BICS Survey

UK and NI (Modelled) Monthly GDP (June 2019=100)



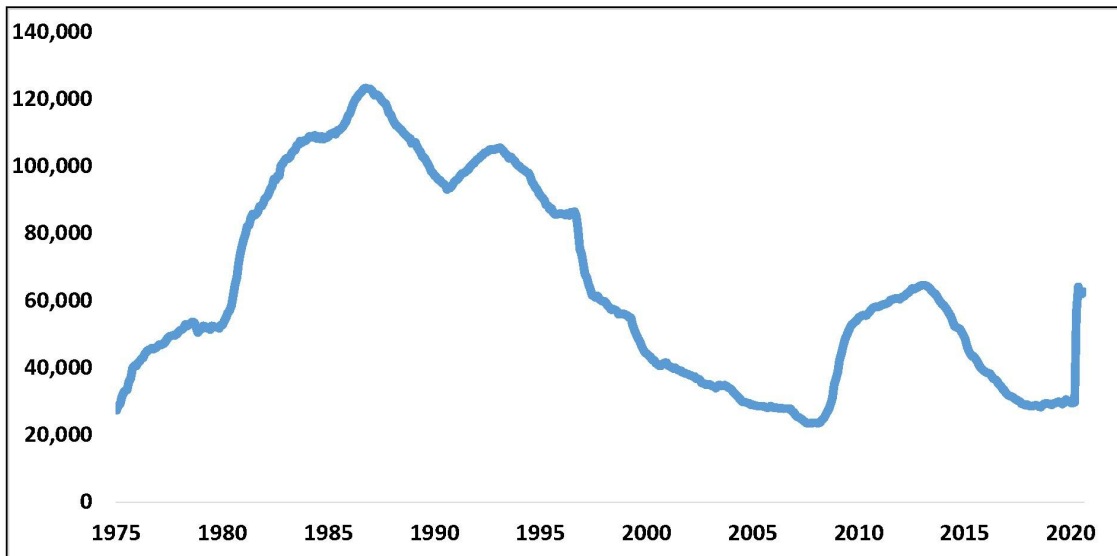
Source: FAI Analysis

The researchers at FAI also modelled the pathway of monthly GDP based on the UK sectoral pathways for Northern Ireland, which shows a larger fall in Northern Ireland during March and April, with an overall larger “peak to trough” fall of 27.8% compared to 25.6% across the UK. However, the modelled results suggest that the recovery has been a little more rapid for this lower base in NI, with higher growth than the UK average in May and June.

While the reduction in output has been sharp, it must be stressed that unemployment tends to be a lagging indicator in most recessions. Therefore, job losses may continue even as output recovers, and more so as key supports end.

The Claimant Count has already doubled from its pre-pandemic level of around 30,000 to almost 63,000 in the latest figures released for August^v. Further job losses and the planned ending of the furlough scheme could mean that the Claimant Count could plausibly exceed 100,000 before the end of 2020 or shortly afterwards. This would see the 100,000 mark exceeded for the first time since January 1994.

Claimant Count 1975-2020

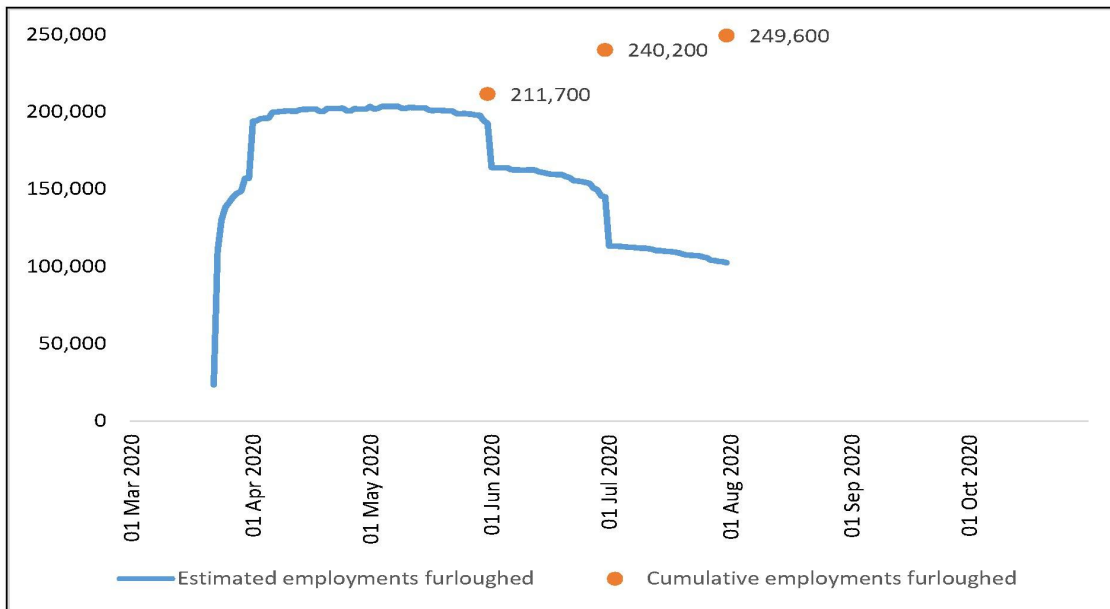


Source: NISRA

HMRC’s Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) have both been instrumental in avoiding widespread job losses^{vi}.

Over 9 million have used the CJRS UK-wide, while over 2 million have claimed from SEISS. In Northern Ireland, as of 31 July 2020, a total of almost 250,000 employments were furloughed on CJRS, while the latest figures indicate that 58,000 claims were made for SEISS to 31 August 2020. While these are cumulative figures, HMRC has also released data showing that, as at 31 July 2020, 102,600 employments were claiming CJRS in Northern Ireland, with some of these on ‘flexible furlough’. HMRC has released UK-wide data on the number of employments furloughed on each given day and ASD has used this data to estimate for Northern Ireland, as shown in the figure below. The Job Retention Scheme will close on 31 October 2020.

Estimates of NI CJRS Claims (Cumulative Claims and Usage at Point in Time)



Source: DfE calculations from HMRC data

OUTLOOK FOR 2020 AS A WHOLE

Even though three quarters of 2020 have now passed there still exists a high degree of uncertainty for output for the year as a whole and as to how long it will be before it recovers to its pre-pandemic levels.

The Ulster University Economic Policy Centre (UUEPC) has estimated that output in Northern Ireland, measured by GVA, will decline by 11.6%. This estimate, in July, suggested that the contraction may be less severe than was initially expected as shutdowns started to unwind more quickly than first anticipated. However, it remains to be seen how any new restrictions may affect this estimate.

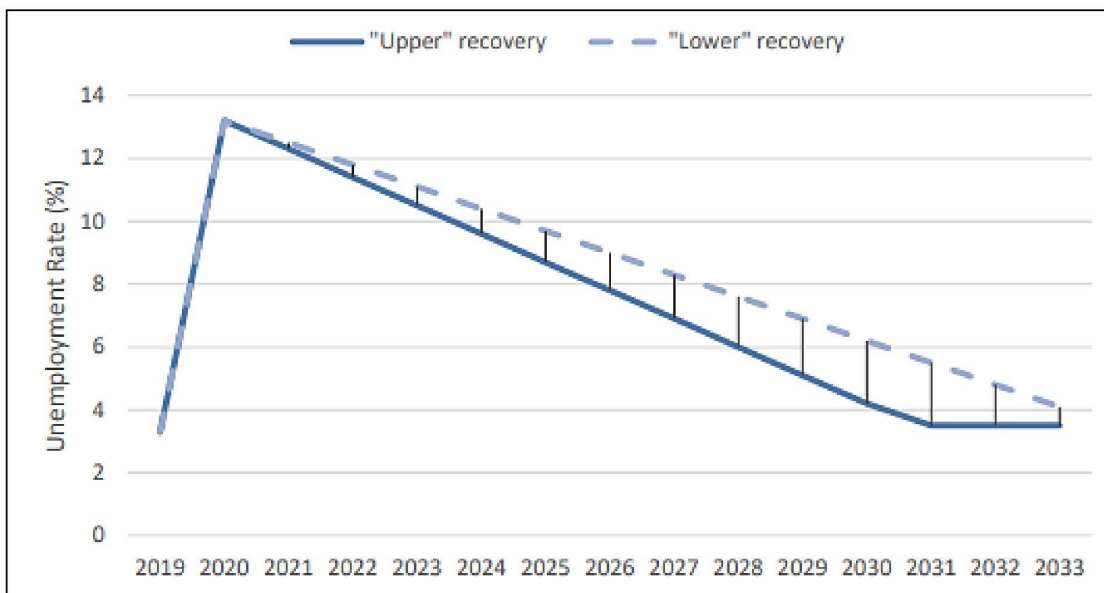
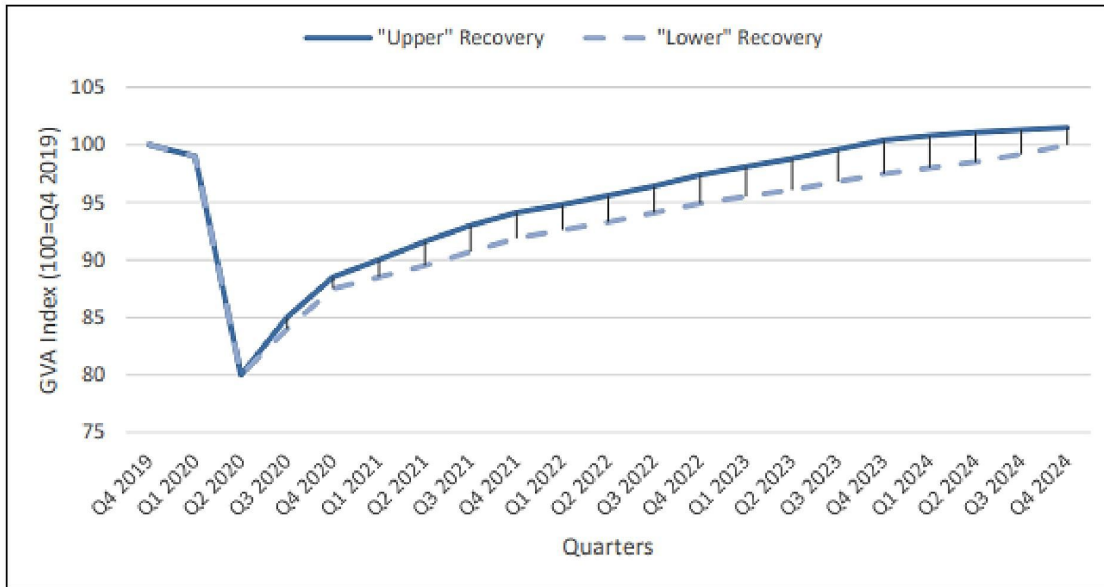
The table below illustrates forecasts on how Northern Ireland's output will be affected in 2020, by UUEPC, Danske Bank, EY and KPMG. These estimates are predicated on a recovery in the latter stages of 2020 – something that now surely won't occur.

Estimates of Output Growth for Northern Ireland in 2020

Organisation	Forecast (& Date)	Assumptions for Q3 and Q4 2020
UUEPC	-11.6% (July 2020)	Reduction in output in Q1 2020, followed by a further sharp decline in Q2, but growth returning in Q3 and Q4, but from a very low base set in Q2
Danske Bank	-11.0% (July 2020)	Given the easing of restrictions during Q3, Danske Bank expects the economy to return to growth in the later stages of 2020, but expects the recovery to be gradual.
EY	-10.4% (Aug 2020)	In the Base Case Scenario output is expected to recover later in the year, with no nationwide shutdowns assumed. However, a more pessimistic scenario from EY will see higher job losses and an even worse downturn, with growth of -15.2%.
KPMG	-9.0% (Sep 2020)	The gradual reopening of the economy in Q3 led to a sharp uptick in activity following the severe recession in the first half of the year caused by lockdown. Continued uncertainty about the pandemic's evolution and the winding down of CJRS will mean more muted growth in Q4.

The figure below illustrates UUEPC's upper and lower scenarios for recovery in Northern Ireland. The upper scenario indicates that the NI economy will reach its previous output peak by Q4 2023, while the lower scenario indicates that this peak will take a further year to achieve (Q4 2024). The upper and lower recovery scenarios for the NI labour market are also illustrated – showing the recovery path from a peak unemployment rate in late 2020 of just over 13%.

UUEPC Pathways for the NI Economic Recovery, GVA and Unemployment



EY Estimates of 2020 GDP, Job Impacts and Possible Recovery Dates

	GDP and job impacts for 2020 under illustrative scenarios					
	Base case		Late year surge		Worried world	
	GDP	Jobs	GDP	Jobs	GDP	Jobs
Republic of Ireland	-10.8%	-225K	-5.5%	-156K	-15.3%	-272K
Back to 2019 levels	2023	2023	2021	2022	2025	2027
Northern Ireland	-10.4%	-38K	-6.1%	-29K	-15.2%	-56K
Back to 2019 levels	2025	2024	2022	2022	2028	2029

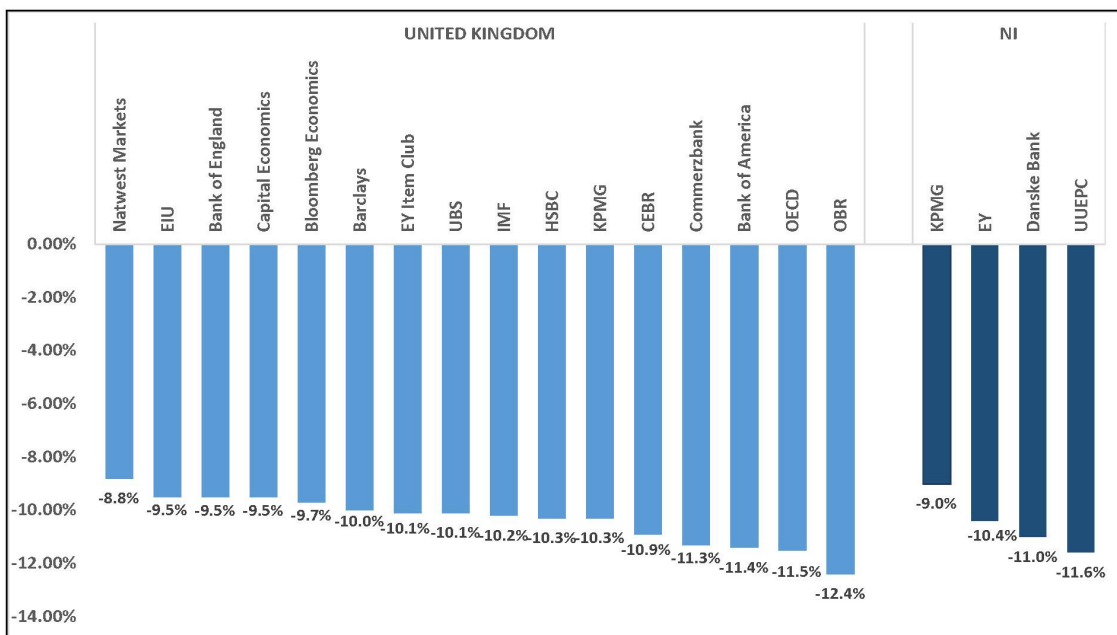
Source: EY Economic Eye

	Job sector forecasts	
	ROI	NI
	Back to 2019 levels	Back to 2019 levels
Agriculture	2025+	2025+
Mining and quarrying	2025	2025+
Manufacturing	2023	2025
Utilities	2022	2023
Construction	2024	2025
Retail	2025+	2025+
Transport and storage	2025	2025+
Accommodation and food	2025	2025
ICT	2020	2022
Finance	2023	2025+
Real estate	2023	2025+
Professional services	2022	2023
Admin services	2023	2025
Public admin	2022	2024
Education	2022	2025+
Health	2021	2023
Arts	2025	2025+
Other services	2025	2024
Whole economy	2023	2024

Source: EY Economic Eye; shaded sectors are expected to take five years or more to recover to 2019 levels

A summary of recent economic forecasts for the UK and for Northern Ireland is provided in the graph below. It should be noted that these forecasts are assumptions-based, with many factoring a recovery towards the end of the year.

Recent Estimates of UK and NI Economic Growth for 2020



Sources: HM Treasury Independent Forecasts, BoE, KPMG, EY, Danske Bank and UUEPC

DoH OPTIONS FOR NON-PHARMACEUTICAL INTERVENTIONS

The Department of Health has identified a number of potential Non-Pharmaceutical Interventions (NPIs) options. These are outlined below:

Measures relating to personal contacts

Options outlined below:

- a) Stay at home order (“lockdown”)
- b) Planned, short stay at home order (“circuit breaker”)
- c) Reducing contacts between members of different households within the home
- d) Restrictions on outdoor gatherings and prohibiting large events

Measures Related To Business Settings

Options outlined below:

- a) Encouragement to work from home wherever possible
- b) Alternating week-in week-out
- c) Closure of bars, clubs, cafes and restaurants
- d) Closure of indoor gyms, leisure centres, fitness etc.
- e) Closure of places of worship / community centres
- f) Closure of non-essential retail
- g) Closure of close contact personal services

Measures Aimed At Educational Settings

Options outlined below:

- a) Reactive closure of class/year group when outbreak detected
- b) Reactive school closure
- c) Mass school closure
- d) Alternative week-on week-off with half class sizes
- e) Closure of further education
- f) Closure of higher education
- g) Quarantine new students in higher education
- h) Closure of childcare

Measures Aimed At High-Risk Settings and Individuals E.G. Hospitals And Care Homes

Options considered below:

- a) Prohibition of visitors
- b) Shielding high risk individuals

Environmental Measures

Options considered below:

- a) Increasing covid-19 security in workplaces and settings
- b) Use of face coverings outdoors
- c) Use of face coverings indoors

Measures Relating to Internal Travel

Options considered below:

- a) Restrict public transport to key workers
- b) Local travel restrictions e.g. 5 mile
- c) Restrict travel between UK nations

ECONOMIC IMPACT OF MEASURES RELATED TO PERSONAL CONTACTS

The emerging outturn economic data from lockdown (which began in March 2020 and gradually unwound from May 2020) has enabled analysts to better ascertain the likely economic impact of further measures on the Northern Ireland economy.

Based on the outturn of recent economic data we can conclude:

- The NI economy was running at 25% to 30% below normal levels of output at the height of lockdown.
- The shock to the labour market was severe. The Claimant Count doubled in just a few months, to over 60,000. The Job Retention Scheme and Self Employment Income Support Schemes from HMRC together received hundreds of thousands of Northern Ireland claimants, otherwise unemployment would have been much higher.
- While Q2 of 2020 experienced an unprecedented fall in economic activity, Q3 has witnessed the beginning of a recovery. However, this recovery has been largely based upon pent-up demand, in addition to various economic stimulus measures (such as the Eat Out to Help Out Scheme), and even this has only partially recovered the output lost.
- Many economic forecasters still believe that output over the whole 2020 year will be substantially lower than 2019 levels. These estimates are predicated on a second half recovery profile factored in to Q3 and Q4 of 2020. If this recovery is delayed, or hampered, then further economic damage will result.
- It is worth noting that even though the local economy is currently 'in recovery', with many sectors improving, it may take years before economic activity overall is ever fully back to its pre-pandemic levels.

Any further industry restrictions or shutdowns on businesses will detrimentally impact economic activity, thus lowering Northern Ireland's 2020 output even further than these unprecedented declines, which have already been factored in by KPMG, EY, Danske Bank and UUEPC in their gloomy, but increasingly realistic forecasts.

For example, EY's Base Case scenario estimates a fall of GDP of 10.4% in 2020 for Northern Ireland, with output to only recover to pre-pandemic levels in 2025. However, if consumers and businesses hold back on spending and investment due to continued waves of infection, this has the potential to create a very challenging spiral, in which less spending drives more layoffs, which in turn curbs spending further. Government would be unable to provide sufficient spending to offset this confidence slump. EY's more pessimistic outlook under this scenario estimates a fall of GDP of 15.2% in 2020 for Northern Ireland, with output to only recover to pre-pandemic levels in 2028. Job losses under the pessimistic scenario would increase even further from the job losses already factored into the very challenging Base Case, and the labour market may not recover until 2029.

a) Stay at home order (“lockdown”)

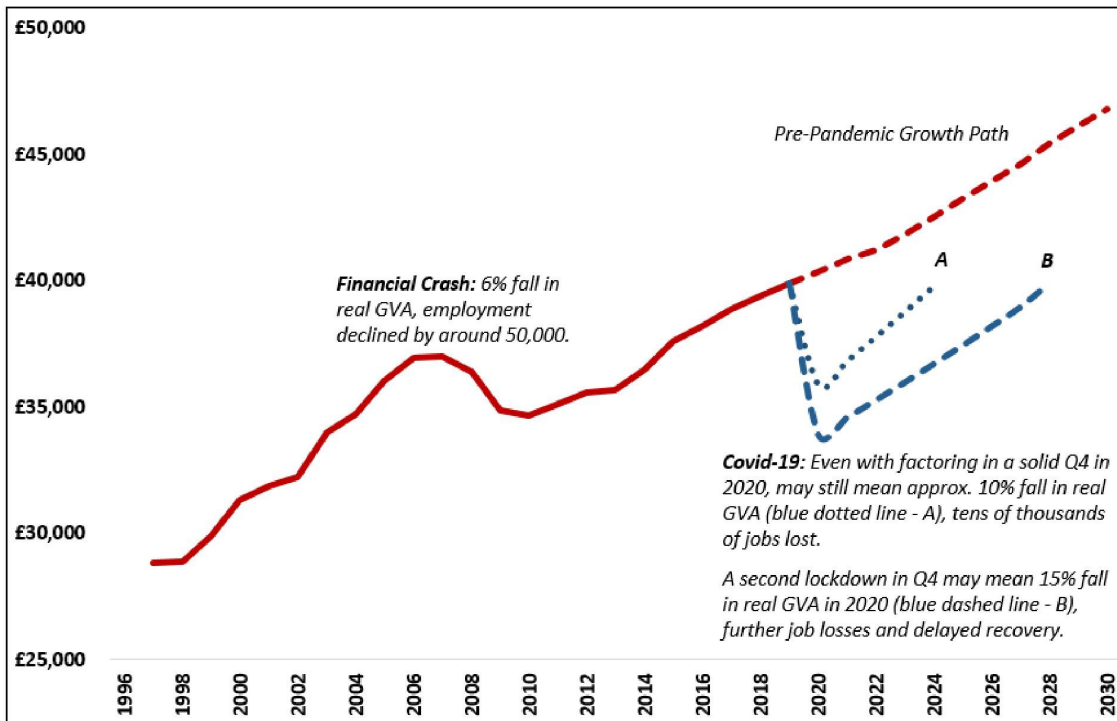
In a non-health related recessionary period, it would be prudent to ‘kick-start’ a recovery and maintain momentum, to create continued growth and share this economic wealth. Stimulus measures to increase activity would normally be enacted.

Given that around three-quarters of 2020 has passed and the outturn data (thus far) has been dire, we can safely state that the decline in output this calendar year will be one of the greatest since records began. Even with factoring in a relatively strong Q3 and Q4, something in the region of a 10% fall in output seems likely. Latest forecasts from UUEPC, EY, Danske Bank and KPMG triangulate around this outcome. In addition, like UUEPC, we assume that 2019 levels of output will only be reached around the end of 2023. See Point A in graph below.

However, we consider that a Q4 lockdown for 2020 would be devastating, further increasing the economic pain for businesses, employees and society as a whole, in what has been an already abysmal year economically. Those enterprises which were only recently back trading would be dealt another blow and others may shut their doors permanently.

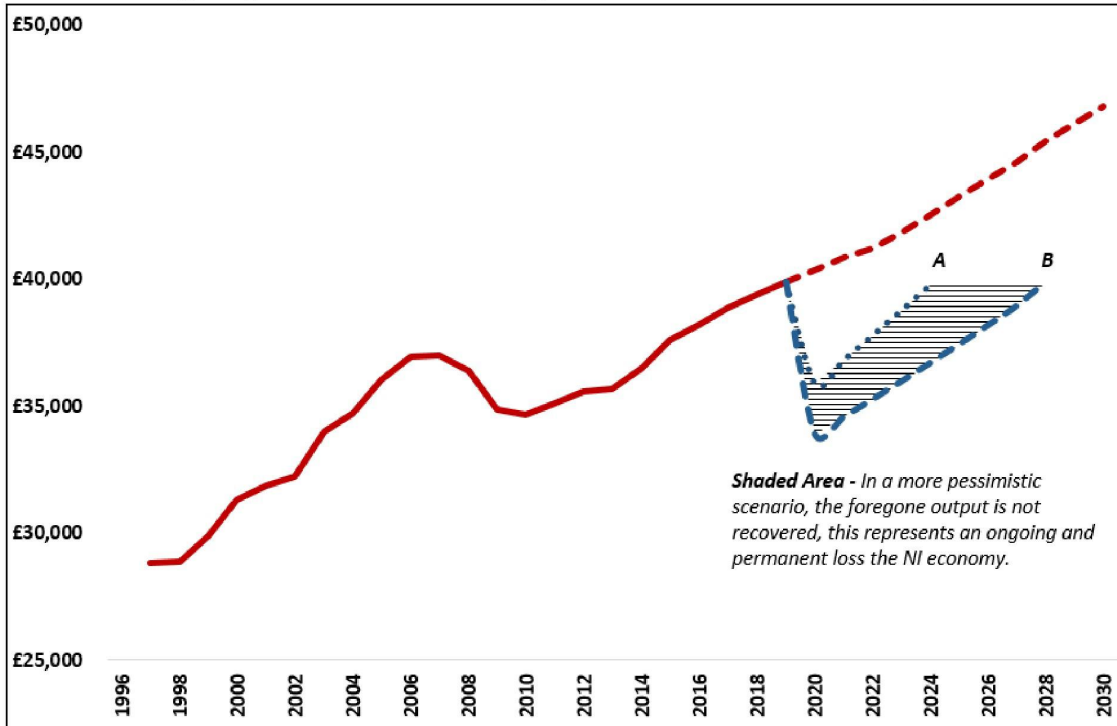
Our assessments point to something in the order of a 15% fall in real GVA in 2020 should a second lockdown occur in Q4. This counterfactual scenario may mean further job losses and an additional delay to the goal of a full recovery. In terms of sense-checking these calculations, we can see that EY’s more pessimistic scenario of GDP is around 5p.p. lower than their Base Case scenario, with 2019 levels of output only realised by 2028. See Point B in graph below for how a pessimistic scenario could look.

Annual Real GVA and Outlook for Real GVA in 2020 and Beyond, £m



Where the Summer of 2020 witnessed a reopening of the economy after lockdown in March, a second lockdown in Q4 2020 would again require a reopening phase in Q1 2021, effectively starting the recovery process all over again. If this creates further ‘scarring’ on the NI economy, it may put Northern Ireland on a lower growth path over the medium term.

Potential Ongoing Loss to NI Economy from a Second Lockdown, GVA £m



Source: DfE analysis

Appendix 1 shows the estimated GVA for 2020, as calculated by a Sectoral Heat-Map, weighted by industry value. This roughly illustrates that a Q4 lockdown would forego something in the region of £1-2bn of GVA in 2020 alone in Northern Ireland, in addition to the approximate £4bn already foregone, due to the earlier lockdown and the associated impact of the virus on business and consumer behaviour. By way of context, £2bn works out as equivalent to around £1,000 for every adult and child in Northern Ireland, on top of losses already sustained. This may also result in continued losses in 2021 and perhaps beyond.

Appendix 2 provides a perspective of the relative size of each sector in Northern Ireland, both in terms of employment and output, while Appendix 3 tracks the UK-wide performance of each sector of the economy, using monthly GVA/GDP.

While there may be an immediate impact from restrictions on business and consumer activity, the largest cost is the unmeasurable cost – the loss of consumer and business confidence. This would have knock on effects on investment and firm shutdowns as well as on jobs. Many people are being kept on, not because of their current productivity but so that they will be available when business picks up. If people start

to lose hope in the economy recovering in the foreseeable future, the knock-on effect could well be a multiple of anything that could emerge from an economics calculation^{vii}.

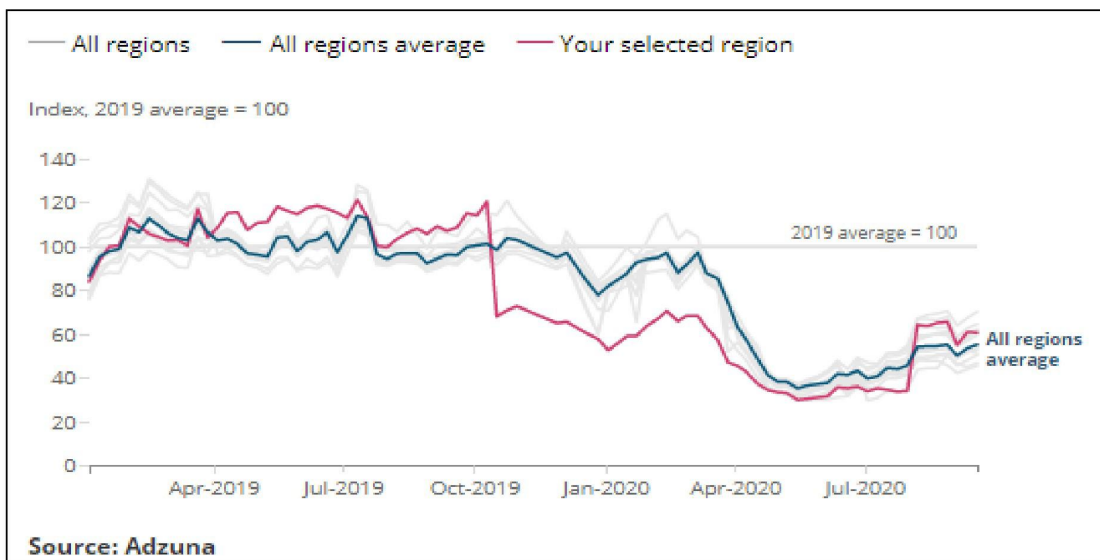
The government support measures including the grant and furlough schemes are time bound, the CJRS itself will close on 31 October 2020 and while the Chancellor has announced a new Job Support Scheme, it appears unlikely to help many furloughed workers. According to the FT^{viii} *“This is partly because many businesses cannot afford to bring back workers even part time, especially in areas facing new restrictions such as the arts or the events industry. To use the scheme, employers must pay staff in full for at least a third of their normal hours.”*

According to the FT, Tony Wilson, director of the Institute for Employment Studies, commented that the scheme could work for companies with highly skilled, long-serving or unionised staff, which would find it costly to make redundancies or train new staff later. But he said it was “inconceivable” that the take-up would match the Treasury’s projections of 2m-5m being enrolled on the scheme.

“Those firms that are most in need of immediate wage support . . . will be least likely to take it up,” he added, noting that younger staff, those with less secure contracts and the low skilled would be at greatest risk.

Torsten Bell, director of the Resolution Foundation, a think-tank, noted the scheme would support companies with strong incentives to hold on to staff — for example, in skilled manufacturing jobs with high training and recruitment costs. But he added: *“The problem? These are not the bulk of workers in the firing line of this crisis.”*^{ix}

Job Adverts on Adzuna, NI (Pink Line) and UK Average (Blue Line)^{1 x}



Note: There is a level shift in the Northern Ireland series from 17 October 2019 due to a large source of Northern Ireland job adverts being removed, and another level shift from 7 August 2020 because of a new source being included. Source: ONS Covid-19 Survey.

¹ Total weekly job adverts on Adzuna, UK, 4 January 2019 to 18 September 2020, index 2019 average = 100, percentage points

The figure above reflects the number of job adverts over time and is an indicator of the demand for labour. ONS use job adverts provided by Adzuna, an online job search engine, and include experimental estimates of online job adverts by Adzuna category and by UK country and NUTS1 region. The East Midlands continued to see the strongest recovery in the volume of job adverts, the only region to reach 70% of its 2019 average since 27 March 2020. Whereas London saw the weakest recovery, with the volume of online job adverts remaining below half of its 2019 average. Northern Ireland was ranked 6th (out of 13 regions) on the same measure.

It should also be noted that cash reserves for stressed businesses might be very low and any further “lock down” scenario could be the final straw. Whilst business support loans are available, some firms may not wish to take on more borrowing when sales and revenues are falling as ultimately it would be unclear how such loans would be repaid.

The stay at home messaging with this option also undermines business confidence and instead of encouraging investment or paying employee wages it could spread fear and result in more redundancies than is necessary as businesses hoard cash for survival.

Indeed following the last 6 months businesses have experienced this type of scenario before and the first time round the outcome was uncertain – now businesses know when they re-open they’ll face 2-6 months of low footfall and limited trading thus they may simply accelerate job reductions in the knowledge that unemployment will be high during the recovery and they can reacquire necessary staff later.

a) Stay at home order (“lockdown”) – very high impact (DoH) – Very High Economic Impact

b) Planned, short stay at home order (“circuit breaker”)

High (or Very High if the circuit breaker was prolonged or repeated) – We have seen from experience of the first lockdown that it is much easier to shut down an industry than reopen it. For example a great many Manufacturing and Construction firms that closed took several weeks to reopen after closure and not all reopened and recovered to their original level of production or output.

It takes a few months to regain some forward momentum again, and impact on complex supply chains along with knock on consequences for other industries in the logistics chain such as Haulage, Ferry Companies, Airlines.

Compared to a normal year, every month of a Circuit Breaker lockdown might cut GDP by 2% or so- **which is akin to the impact of a recession**. With a circuit breaker approach there might be a scope for a reasonable policy match for the new HMRC Job Support Scheme, but not if circuit breakers were unplanned and prolonged.

b) Planned, short stay at home order (“circuit breaker”) – Moderate Impact (DoH) – High or Very High Economic Impact

c) Reducing contacts between members of different households within the home

This option has not been assessed for economic impact.

c) Reducing contacts between members of different households within the home – moderate impact – Unknown Economic Impact (Not Assessed)

d) Restrictions on outdoor gatherings and prohibiting large events

The impact depends on the baseline it is compared against since this is an industry or activity that continues to be severely impacted from the restrictions and impacts to date.

Compared to pre COVID norms the impact would probably be high or very high. But measured against the activity in recent months the incremental impact will be much less.

d) Restrictions on outdoor gatherings and prohibiting large events – low impact – Moderate Economic Impact

ECONOMIC IMPACT OF MEASURES RELATED TO BUSINESS SETTINGS

With ever-available outturn data, we are able to track the economic declines due to the lockdown in late March 2020 and then the recovery over the Summer months as businesses were able to trade more freely again and consumers felt more comfortable to visit establishments.

However, while it is possible to estimate the impact of an identical lockdown scenario, other restrictions open to the NI Executive are more difficult to model. Therefore, it should be noted that the economic and health situation is highly fluid and uncertain and that any estimates are only provided in good faith, to the best of our knowledge. For that reason, the estimates below are intentionally not provided with precision attached, but merely to give a probable impact, based on the recent experience.

Where a lockdown is at one extreme of an economic impact, a fully opened economy is at the other. However, it should be noted that:

- Regulations focused on businesses operating may constitute another supply shock – there may also be a consequential demand shock as occurred first time round. That demand shock may well be more enduring and pervasive.
- Human behaviour is unpredictable and difficult to assess in advance.
- The impact depends on level and duration of support from NI Executive and HM Treasury.
- Some changes i.e. increased focus on automation and the move to online shopping, were already prevalent before the pandemic, lockdown has simply accelerated their uptake and they are unlikely now to be overturned. This will have a permanent impact on the operations of sectors such as retail and manufacturing.

Loss of Consumer Confidence and Forward (Growth) Momentum

The economic impact of COVID-19 is unprecedented. Huge economic impacts that might normally take months or years to unfold occurred within weeks as a result of lockdown and industry shutdowns. Analysis carried out in June 2020 by DfE^{xi} estimated that during the lockdown, output in our economy was operating around 25% below normal. Another lockdown would be devastating, with impacts similar to – and on top of - those recorded earlier this year.

The shutdown of many industries resulted in the widespread furloughing of workers – with over 100,000 on furlough in July and almost three-fifths of the self-employed having to avail of the second grant in the Self-Employment Income Support Scheme. Even with the furlough and self-employment schemes in place, there has been a spike in the claimant count over the last few months. August was the fourth month in a row that the number of claimants were above 60,000 – levels last seen in 2012 and 2013. This reflects the eradication of around seven years of jobs growth in a matter of weeks. Added to this, redundancies have also increased over the last few months. There were over 9,000 proposed and almost 4,000 confirmed redundancies in the twelve months to the end of August, more than double the numbers recorded in the previous

twelve months. Internal analysis by DfE has suggested that the number of individuals claiming unemployment benefits could exceed 100,000 before the end of 2020 – levels not seen since the 1980's. This analysis is based on a continuation of the recovery already in motion – these numbers would ultimately increase if there were another lockdown and industry shutdown.

Locally, there are signs of improvement in economic activity after the Executive permitted many businesses across a number of sectors to reopen. Indications are that there is more traffic within cities, more businesses open and more footfall than in the early days of the lockdown. These small shoots of recovery would be materially affected by another lockdown however and the impact on business and consumer confidence would be parlous.

National Developments and the Scope for Policy Mismatch

The new “Job Support Scheme”, the replacement for the furlough scheme, is set to have major impacts for any plans that DoH and the Executive might have around imposing new restrictions on business operations to further control the virus (in particular on those possible restrictions being highlighted below). The policy environment has shifted very significantly since March.

Many of the options for businesses (i.e. c-g) are all in the mould of what was put in place first time round in NI (which in turn were entirely based upon the regulations in England). Last time round the restrictions came first and the furlough scheme came afterwards, designed by HMRC to address the economic side effects of those type of restrictions (i.e. they put in place a safety net for workers in firms that were closed by regulations to ensure those workers did not need to be made redundant). However, this time around the new Job Support Scheme has been designed and put in place before a new wave of business restrictions have been brought in, and the clear indications are that the Job Support Scheme will not work in the same way as its predecessor, the furlough scheme. Rather the Job Support Scheme seems more geared to industries and jobs that are not “fully back to normal” – but are trading in some way or working towards getting back towards normal. It does not have the safety net features of the furlough scheme in relation to sectors and jobs that are shut down and not back up and running. Therefore this presents a huge policy challenge for a renewal of the March style restrictions (which require job support for people not working at all) since there would be a poor policy match between a COVID policy that completely closes sectors / jobs with a HMT support scheme that helps businesses only when they can run at 33% or more of normal.

At this stage perhaps some 80,000 jobs are still furloughed, but about a quarter of those might be on flexible furlough and could transition to the new scheme. That could still leave around 60,000 who are full time furloughed with no return to the workplace guaranteed as yet. Any new restrictions that would once again close sectors would hugely affect the prospects of moving this swathe of furloughed staff back into actively trading businesses and viable employment. It would also put at risk many of those who had already returned from furlough only to see their sector closed again without the safety net of a furlough scheme.

Quantifying the Economic Impact from Each Option

With the recovery underway, the introduction of any new containment measures will likely reduce the economic activity which would have occurred (absent the measures). This section examines the DoH Options one-by-one and attempts (ex ante) to quantify the economic impact of these. However, if two or more measures are introduced together, this will compound the impact.

a) Encouragement to work from home wherever possible

Homeworking was on a gradual, but slow, upward trajectory even before the lockdown. It was relatively rare in 1981 when only 1.5% of those in employment reported working mainly at home, but by 2019 it had tripled to 4.7%. However, it rose dramatically and suddenly in lockdown. In Great Britain, the proportion reporting that they worked exclusively at home rose eight-fold from 5.7% of workers in January/February 2020 to 43.1% in April 2020 and, even though it had fallen by September 2020, it remains high (32%)^{xii}. Continuous advances in technology and improvements in telecommunication has enabled homeworking on an unprecedented level.

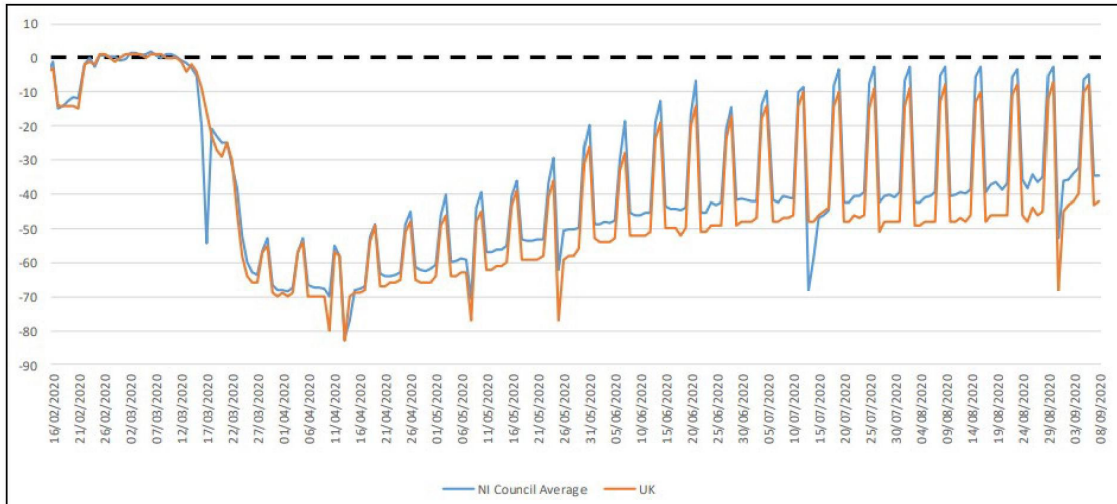
	Working population ¹		
	%	LCL	UCL
<i>Among those who said they were working¹:</i>			
In the past seven days, have you worked from home because of the Coronavirus (COVID-19) pandemic?			
Yes	32	28	36
Not able to	25	21	28
No	43	39	48
<i>Weighted count</i>	32,808,289		
<i>Sample size</i>	930		
Among those who said they were working¹:			
Worked from home and didn't travel to work	21	18	24
Didn't work from home and travelled to work	53	49	57
Both worked from home and travelled to work	11	8	14
Didn't work from home and didn't travel to work - furloughed ²	3	1	4
Didn't work from home and didn't travel to work - other	12	9	15
<i>Weighted count</i>	32,845,526		
<i>Sample size</i>	930		

Source: *Opinions and Lifestyle Survey (COVID-19 module), 16 to 20 September*

To illustrate the effect of the pandemic on office working, Google mobility data can be used. As can be seen in the figure below, Northern Ireland recorded reductions of over 70% on baseline levels of travel to the workplace during April. However, reduction levels in NI are improving in the last month on the figures reported in February, likely

due to further easing of restrictions on some workplaces and the opening of additional retail outlets such as garden and recycling centres, hotels, bars and restaurants.

Workplace Mobility (Google)



Source: DoH COVID-19 Mobility Reports

At the start of September only 5% of office-based staff in Belfast have returned to their workplaces full time, a survey from the Belfast Chamber of Commerce has suggested^{xiii}. The results reflect around 35% of office staff are working from home all the time, with the rest splitting the time between home and the workplace. Official public health advice in Northern Ireland is people who can work from home should do so.

Retail NI chief executive Glyn Roberts commented that it was "vital" the NI Executive worked on a strategy for office workers to return safely^{xiv}. *"This is crucial, not just for Belfast, but for the economic future of all our major towns and cities in Northern Ireland,"* he said. *"Office workers provide a large amount of footfall and trade for retail and hospitality sectors in many of our high streets. Given that both sectors are facing severe difficulties at the minute, the return of office workers is vitally important for their future viability,"* he added.

Research from the UUEPC^{xv} noted that the public sector is a key employer across NI's towns and city centres. Whilst coffee shops, sandwich bars and local restaurants have re-opened, many are still struggling due to lack of footfall because office workers remain at home. There is an opportunity, they believe, for government to take the lead, by returning staff to their offices, where safe, and in turn start to bring life back to urban centres. This, alongside some key public realm changes necessary in light of COVID-19, can offer a critical boost for local businesses.

The Confederation of British Industry (CBI) has noted that getting staff back into offices and workplaces is as important as pupils returning to school in September. The director-general of the CBI, Carolyn Fairbairn, has warned that city centres risk becoming permanent "ghost towns" if staff do not return to offices.^{xvi}

Further, a study from the CEBR suggests that the UK economy could contract by £480bn if workers do not return to their offices at all.^{xvii}

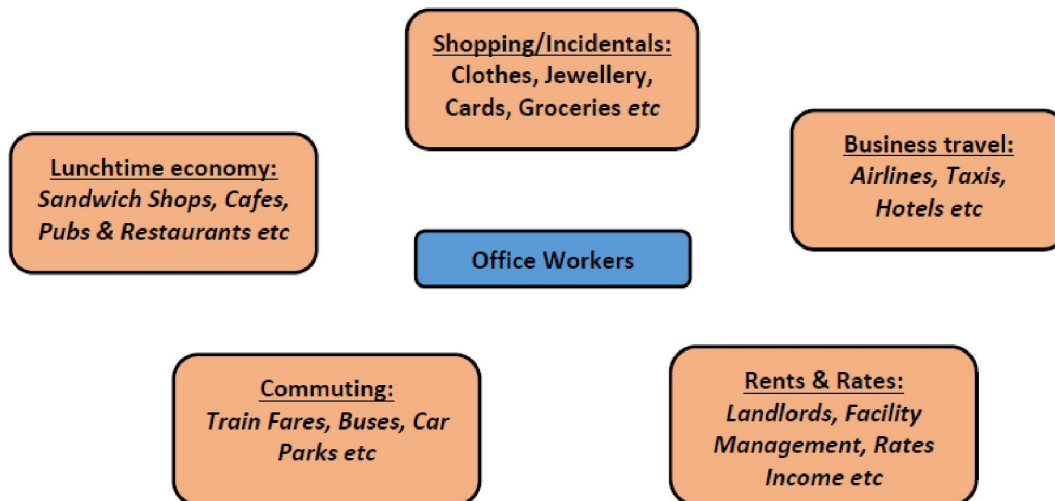
The average office worker could spend a small sum on parking, sandwich shops etc. Hotels may have business travellers during the week, or conferences, seminars, meetings scheduled which they would likely cater for. Office workers can also create a critical mass of people in creating a dynamic city or town centre and thus enticing more people to want to work in a certain location, with all the ‘hustle and bustle’.

The CEBR analysed Google mobility data, which showed the number of people going to work in London in April during the height of the lockdown was 77% lower than before the crisis^{xviii}. It also used research by the payment app iZettle and data from Nationwide Building Society to calculate a monthly spend of £202 by employees near their place of work before lockdown^{xix}.

Nina Skero, chief executive of the CEBR, said: *"During the months of March to July virtually everybody that could was working from home, so we estimate that the lost spending during that period was more than £500m per month because all of the spending on restaurants, hairdressers and other services was almost entirely lost as people were confined to their homes."*

Many towns and cities have invested substantial resource into public transport, to transport workers - all that investment will be ‘sunk’ if office working becomes less customary.

Illustration of Impact of Office Working



In addition, it is important to note that wages not spent in the city centre at lunchtime may be spent elsewhere. For example, food will still have to be consumed to eat at home, but will be purchased from a supermarket instead. Some of this money not spent on fuel or parking etc may be saved. This can lead to ‘winners’ and ‘losers’ amongst those businesses and whether they can take advantage of this displacement of activity.

Many workers can save the money which would have been spent on commuting and travel and this may be used on 'big ticket' items or other forms of deferred spend.

Potential 'Winners' and 'Losers' of Home Working

Those who may gain / win	Those that may lose out
Broadband and IT companies	Bus & rail
Laptops & ergonomic chairs	Car parking & Petrol Stations
Home furnishing	Commercial property & landlords
Online shops	Facility management
Delivery services	Business travel
Leisurewear	Sandwich shops
Local shops	Town & city bars & restaurants
	City hotels
	Town & city retailers
	Office clothing & tailors

It is difficult, at this early stage, to ascertain the long-term net impact of increased home working on GDP, however, any monetary figures which are quoted as 'lost' to the Northern Ireland economy should be scrutinised to see if this is a loss to a particular geographical area or specific industry sector, and whether gains elsewhere might offset this loss to some extent.

It is important to note that although many staff are working from home, this can still count as economic output as in practical terms the location of the production of that output has effectively moved from workplace to residence. Whether this output from home will be greater or less than pre-Covid-19 depends on a myriad of factors.

Ex Ante Assessment - Moderate impact on Virus (DoH) – Low to Moderate Economic Impact

b) Alternating week-in week-out

We have not had the time to undertake any economic assessment on alternating week-in week-out.

Ex Ante Assessment – Low to Moderate impact on Virus (DoH) – Economic Impact TBC

c) Closure of bars, clubs, cafes and restaurants

Earlier this week the UK Government announced that, in an effort to suppress the infection rate, pubs, bars, cafes and restaurants across England will only be allowed to operate until 10pm. However, what the blanket 10pm curfew does not account for is:

a) that different types of hospitality venues carry different levels of infection risk; and
b) the different ways in which they operate will mean they are impacted differently by an earlier closing time.

CEBR^{xx} note that restaurants, especially with only table service allowed, carry a relatively low transmission risk, yet in England restaurants are facing the same restrictions as riskier hospitality venues such as bars and pubs. For many restaurants, a 10pm curfew means the difference between two dinner seatings and one. A bar or a pub that has to shut at 10pm can still welcome in a customer at 9.30pm, but a restaurant closing at 10pm can't seat a table much past 8pm.

This will have a drastic impact on restaurants' takings, with a significant chunk of revenue ordinarily being generated during the evening period. CEBR forecasts^{xxi} that weekly restaurant takings will be down by up to 50% during the dinner service while the curfew remains in place, giving a total economic cost of approximately £3.8 billion between now and the end of March 2021.

The CEBR acknowledge finding the right balance between decreasing the infection rate and allowing economic activity to continue is a mammoth task^{xxii}. However, they suggest UK Government would be advised to have developed a more nuanced approach, differentiating restrictions between the types of hospitality venues, to spare the sector at least part of the hardship of the months ahead. This may point to the potential for an alternative and more nuanced approach with our own approach to some of the NPI Options.

Analysis by UUEPC considers previous adaptations brought in by the NI Executive, with the decision to reduce social distancing from two-metres to one-metre on the 29th of June 2020. UUEPC estimate that this adaptation this helped to mitigate the economic risk by removing c30,000 jobs from vulnerability. ^{xxiii}

In terms of this particular NPI Option, broadly speaking the DoH proposed option is assumed to include Pubs, Bars, Cafes and Restaurants – but not takeaways. However, there is also the question around the extent to which the closure of these sectors as defined would also “*de facto*” lead to a corresponding downturn in Hotels and Accommodation where there is an obvious link or association.

Normally these sectors would employ around 31,000, or over 41,000 including Hotels and Accommodation, with some additional jobs on a self-employment basis over and above this. Undertaking an analysis of the furlough data (at the peak of furloughing) would suggest there was around 29,000 furloughed in these sectors (or around 38,000 including Hotels & Accommodation) with a further 2,000 or so needing support on the self-employed side.

This would suggest that a reclosing of these sectors would impact on around 30,000 to 40,000 jobs depending on the corresponding impact from the hospitality side onto the hotel and accommodation industry. In addition there would be a knock on (or supply chain) impact in other parts of the economy of an additional c.30% impact on a GVA basis or 10% to 20% on an employment basis.

These sectors were heavily hit from the impact of the first lock down and so there is the question of the counterfactual position since some of these jobs would almost certainly not be returning anyway. As a very broad indicator of what loss might occur irrespective of new regulations, the current level of workers still furloughed is considered to be around 30% - albeit these sectors could have higher rates currently relative to the average.

DfE ASD have also ran estimates of a substantial reduction in bars, clubs, cafes and restaurants activity through the Fraser of Allander Institute Hypothetical Extraction Model for Northern Ireland, we can illustrate a potential wider economy impact. This is because economic sectors in Northern Ireland are interlinked and interdependent. A fall in one sector will impact on others. In some preliminary and illustrative analysis, we model a fall in **annual** activity from **35% to 80%**, which the model calculates:

- Reduces economy-wide output (direct, indirect and induced) by £900m.
- Reduces economy-wide GVA (direct, indirect and induced) by £500m.

As we might expect, the most impacted sectors are Retail and Real Estate Activities. Manufacturing (of food, beverages and tobacco products) is also modelled to be substantially affected.

Ex Ante Assessment - Moderate impact on Virus (DoH) – Very High Economic Impact

d) Closure of indoor gyms, leisure centres, fitness etc.

Broadly speaking this NPI Option is assumed to include Leisure Centres, Gyms and fitness studios, but not include sporting clubs, or at least not ones that are outdoors. (See detailed “Sector Definition” at Appendix 4).

For this Option it is difficult to be precise around jobs at stake as our information does not necessarily distinguish between indoor and outdoor facilities. But a gauge can be made from the data that it could encompass up to around 3,000 Jobs. Undertaking an analysis of the furlough data (at the peak of furloughing) would suggest there was around 5,000 furloughed in these sectors, but this would also include sporting clubs and outdoor activities and so on its own this would over-estimate the impact. It is also likely that a small number (measured in the hundreds) would also be impacted on the self-employed side.

This would suggest that a reclosing of these sectors would impact on around 3,000 or so jobs. In addition there would a knock on (or supply chain) impact in other parts of the economy of an additional c.50% impact on a GVA basis or 30% on an employment basis.

Again these sectors were heavily hit from the impact of the first lock down and so there is the question of the counterfactual position since some of these jobs would almost certainly not be returning anyway. As a very broad indicator of what loss might occur irrespective of any new regulations would be the current level of workers still

furloughed which is considered to be around 30% - albeit these sectors could currently have higher rates relative to the average.

Ex Ante Assessment – Low to Moderate impact on Virus (DoH) – High Economic Impact (particularly when Supply Chain Impacts Included)

e) Closure of places of worship / community centres

We have not had the time (or likely the available data) to undertake any economic assessment of the impact of closure of places of worship / community centres. However, we can theorise on an *a priori* basis that economic losses would be relatively low (compared to say restrictions on retail or hospitality).

Ex Ante Assessment – Low to Moderate impact on Virus (DoH) – Very Low Economic Impact

f) Closure of non-essential retail

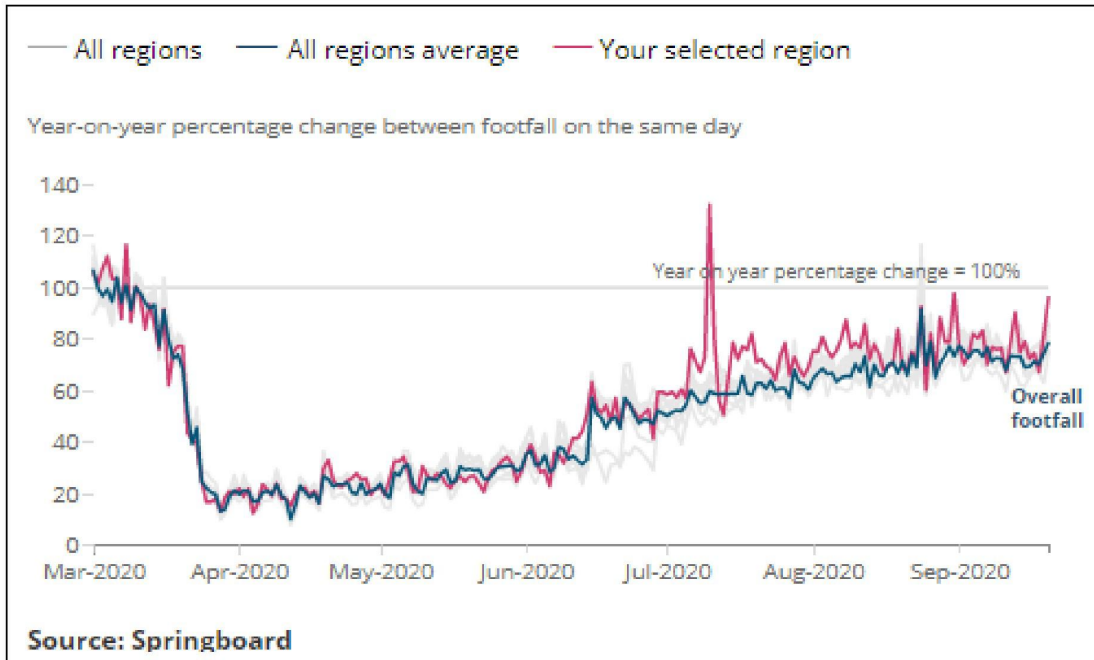
This is a very large sector and broadly speaking this NPI Option is assumed to be similar in scope to the effect of the original regulations which tended to prioritise the opening of grocery shops, supermarkets, general stores, hardware stores and “medical” related retailers – with most other stores not being permitted to open. There is a very long list to this definition and so the detailed “Sector Definition” is again at Appendix 4.

Normally these sectors would employ somewhere around 35,000, with perhaps up to 6,000 more on a self-employment basis over and above this. Undertaking an analysis of the furlough data (at the peak of furloughing) would suggest there was around 33,000 furloughed in these sectors with a further 6,000 or so needing support on the self-employed side.

This would suggest that a reclosing of these sectors would impact on around 40,000 jobs. In addition there would a knock on (or supply chain) impact in other parts of the economy of an additional 10% to 50% depending on the sub sector in question (with most retail trade sub sectors being towards the lower end of that scale).

These sectors were heavily hit from the impact of the first lock down and, while they have reopened to a fair extent, there is still the question of the counterfactual position since some of these jobs would almost certainly not be returning. As a very broad indicator of what loss might occur irrespective of any new regulations would be the current level of workers still furloughed which is considered to be around 30% - however, this average could well overstate the counterfactual position (and so underestimate the impact) since retail had one of the stronger return from furlough compared to the average on the July data.

Footfall in Northern Ireland (Pink Line), Compared to UK (Blue Line) ²



Source: ONS Covid-19 Survey

The retail sector remains at threat due to the likelihood of the Covid-19 pandemic dampening sales this festive season^{xxiv}. The forced store closures for almost three months at the peak of the crisis are still being felt by many high street retailers as consumer confidence remains low and the threat of a no-deal Brexit also looms. New research has found that a typical household in the UK spends over £2,500 each month, with an extra £800 spent in the run up to Christmas, the Bank of England estimated^{xxv}.

It is likely that consumers will be more cautious in their spending this year following on from rising redundancies and uncertain medium to long term job security. The move to online shopping looks here to stay. Online shopping is estimated to be significantly higher this year than in any previous year, possibly as much as 100% up year on year, and in particular there will be a significant increase in click & collect options, which digital consumers have gravitated heavily towards – over 30% of UK respondents in the Publicis Sapient Digital Life Index Report said they preferred to order online and pick-up in store over other fulfilment options^{xxvi}.

Meanwhile, many stores owe rent money to their landlords and the business rates holiday is due to expire next year. Morrisons chief executive David Potts said the supermarket has launched a fresh round of price cuts in the run up to Christmas in an effort to persuade bargain-hunting shoppers to visit stores^{xxvii}.

The hospitality industry is also bracing itself for a tough Christmas as many office workers continue to work from home so large Christmas parties at restaurants, pubs and bars are unlikely to happen. Moreover, the Bank of England found that without the

² Overall volume of daily footfall, year-on-year percentage change between footfall on the same day, UK, 1 March to 20 September 2020

government's job support scheme, the retail sector could be faced with further redundancies.

In running through estimates of a substantial reduction in retail activity through the Fraser of Allander Institute Hypothetical Extraction Model for Northern Ireland, we can illustrate a potential wider economy impact. This is because economic sectors in Northern Ireland are interlinked and interdependent. A fall in one sector will impact on others. In some preliminary and illustrative analysis we model an **annual** shutdown in non-essential retail, which the model calculates:

- Reduces economy-wide output (direct, indirect and induced) by £2,400m.
- Reduces economy-wide GVA (direct, indirect and induced) by £1,500m.

Although the majority of the impact is direct (ie on the extracted Retail), other sectors are affected by indirect/induced means. The most impacted sectors here are Real Estate Activities, Financial and insurance services and Health & Care.

Ex Ante Assessment - Low impact on Virus (DoH) – Very High Economic Impact

g) Closure of close contact personal services

In line with the proposed NPI Option the Close Contact Personal Services which could be impacted, include:

- Hairdressers;
- Barbers;
- Beauticians/make up and beauty advanced practices treatment practitioners;
- Nail bars;
- Tattooists;
- Acupuncturist and electrocautery practitioners;
- Spas and wellness businesses;
- Sports and massage therapists;
- Complementary alternative medicine providers
- Dress fitters;
- Indoor photography studios;
- Shoe fitters; and
- Tailors and fashion designers.

Broadly speaking this is assumed to include Hairdressing, beauty treatments, spa treatments, nail bars, tattooing & piercing as well as photography studios (See detailed "Sector Definition" at Appendix 4). DoH has identified some other niche areas but they are not capable of being identified within the data currently held on economic impacts (not at this stage anyway).

Based on the information available normally these sectors would employ somewhere of around 5,000 people. However, these activities will also have more people working on a self-employment basis over and above this who are at risk – albeit there is

insufficient data to even to roughly estimate (but it is likely to be under 6,000 looking at the SEISS data). Undertaking an analysis of the furlough data (at the peak of furloughing) would suggest there was around 5,000 furloughed in these sectors with a further unidentified number needing support on the self-employed side.

It is therefore difficult to be precise around jobs at stake as the information does not necessarily cover all the information we would like. Overall the data would suggest that a reclosing of these sectors would impact on somewhere in the region of around 5,000 to 10,000 jobs. In addition there would a knock on (or supply chain) impact in order parts of the economy of an additional c.20% impact on a GVA basis or 20% on an employment basis.

Again these sectors were heavily hit from the impact of the first lock down and so there is the question of the counterfactual position since some of these jobs would almost certainly not be returning anyway. A very broad indicator of what loss might occur irrespective of any new regulations would be the current level of workers still furloughed which is considered to be around 30% - albeit these sectors could have higher rates relative to the average.

The impact of Covid-19 across the UK during lockdown is estimated to have cost small businesses in the beauty industry £9,282 each on average in lost work, earnings and loan repayments, according to a survey from Simply Business^{xxviii}.

A third of the 411 UK hair and beauty business owners surveyed said they are also at risk of permanently closing (33%) while two out of five owners (43%) are concerned about the future of their business.

Additionally, over a third (37%) of small businesses in the hair and beauty industry are also concerned about running out of money, with half (50%) of owners admitting they have had to borrow money from friends and family to survive.

While 72% of those surveyed said that the Government grants and loans have helped ease the financial strain, many others have fallen through the gaps in financial support. The study also revealed how hair and beauty firms feel about life after coronavirus, with three fifths (59%) worried about losing customers or their jobs from the pandemic. *“No business has been able to escape the impact of the pandemic – and that’s no different for small businesses and the self-employed,”* says Alan Thomas, UK CEO at Simply Business. *“Few small businesses have been hit as hard as those in the hair and beauty industry, and it’s clear that many will take time to recover,”* he says.

In running through estimates of a substantial reduction in close contact services activity through the Fraser of Allander Institute Hypothetical Extraction Model for Northern Ireland, we can illustrate a potential wider economy impact. This is because economic sectors in Northern Ireland are interlinked and interdependent. A fall in one sector will impact on others. In some preliminary and illustrative analysis we model a fall in **annual** activity from **15% to 30%**, which the model calculates:

- Reduces economy-wide output (direct, indirect and induced) by £230m.
- Reduces economy-wide GVA (direct, indirect and induced) by £150m.

The greatest knock-on impact is on Retail and Real Estate Activities.

Ex Ante Assessment - Low impact on Virus (DoH) – High or Very High Economic Impact

Summary of Economic Impact

PROPOSED MEASURE AND OPTION	DOH ASSESSMENT OF IMPACT	DFE ASSESSMENT OF IMPACT ON ECONOMY
Measures relating to personal contacts		
a) Stay at home order (“lockdown”)	Very high impact	<u>Very high</u> – May take around 3-5 (or more) percentage points off 2020 output. This level of loss would be the equivalent of a very significant recession. Perhaps 10,000+ additional job losses on top of an already gloomy Base Case. A full lock would be very damaging since CJRS (Furlough Scheme) has been discontinued by HMRC and so there would be “no safety net” this time for industries that are shut (the new HMRC JSS Scheme does not support industries that cannot work). Job losses likely to be very be substantial.
b) Planned, short stay at home order (“circuit breaker”)	Moderate impact	<u>High (or Very High if the circuit breaker was prolonged or repeated)</u> – We have seen from experience of the first lockdown that it is much easier to shut down an industry than reopen it. For example a great many Manufacturing and Construction firms that closed took several weeks to reopen after closure and not all reopened and recovered to their original level of production or output. Takes a few months to regain some forward momentum again, and impact on complex supply chains along with knock on consequences for other industries such as Haulage, Ferry Companies, Airlines. Compared to a normal year, every month of a Circuit Breaker lockdown might cut GDP by 2% or so - which is akin to the impact of a recession. Might be a scope for a reasonable policy match for the new HMRC JSS Scheme but not if circuit breakers were unplanned and prolonged.
c) Reducing contacts between members of different households within the home	Moderate impact	<u>Unknown</u> – Not Assessed for Economic Impact
d) Restrictions on outdoor gatherings and prohibiting large events	Low impact	<u>Moderate</u> – The impact depends on the baseline it is compared against since this is an industry or activity that continues to be severely impacted from the restrictions and impacts to date. Compared to pre COVID norms the impact would probably be high or very high. But measured against the much activity in recent months the incremental impact will be much less.

Measures Related To Business Settings		
a) Encouragement to work from home wherever possible	Moderate impact	<u>Low to Moderate</u> – Reasonably low impact from current baseline, given that many are working from home on a full or part time basis already.
b) Alternating week-in week-out	Low to moderate impact	<u>TBC</u> – Not yet assessed for Economic Impact
c) Closure of bars, clubs, cafes and restaurants	Moderate impact	<u>Very high</u> – The assessment would suggest that a reclosing of these sectors would impact on around 30,000 to 40,000 Jobs. The upper end of the range would occur if the closure of bars and restaurants etc had the effect of impacting the functioning of the associated hotel and accommodation industry. In addition there would a knock on (or supply chain) impact in order parts of the economy of an additional CIRCA 30% impact on a GVA basis or 10% to 20% on an employment basis. Scope to mitigate is vastly reduced without the furlough scheme as the new HMRC JSS Scheme will not work for industries that have been closed.
d) Closure of indoor gyms, leisure centres, fitness etc.	Low impact	<u>High (more so if including the supply chain impacts)</u> – The initial assessment points to the reclosing of these sectors impacting on around 3,000 or so jobs . In addition there would a knock on (or supply chain) impact in order parts of the economy of an additional CIRCA 50% impact on a GVA basis or 30% on an employment basis. Scope to mitigate is vastly reduced without the furlough scheme as the new HMRC JSS Scheme will not work for industries that have been closed.
e) Closure of places of worship / community centres	Low to moderate impact	<u>Very low</u> – Not Assessed for Economy Impact but likely to have minimal economic impact .
f) Closure of non-essential retail	Low impact	<u>Very high</u> – The initial assessment indicates that a reclosing of the so called “Non Essential Retailers would impact on around 40,000 jobs . In addition there would a knock on (or supply chain) impact in other parts of the economy of an additional 10% to 50% depending on the sub sector in question (with most retail trade sub sectors being towards the lower end of that scale). Scope to mitigate is vastly reduced without the furlough scheme as the new HMRC JSS Scheme will not work for industries that have been closed.

g) Closure of close contact personal services	Low impact	<p><u>High (or possibly even Very High if at the top end of the range and including the supply chain impacts)</u> – Initial assessment indicates that “reclosing” of these sectors would impact on somewhere in the region of around 5,000 to 10,000 jobs. In addition there would a knock on (or supply chain) impact in order parts of the economy of an additional CIRCA 20% impact on a GVA basis or 20% on an employment basis. Scope to mitigate is vastly reduced without the furlough scheme as the new HMRC JSS Scheme will not work for industries that have been closed.</p>
---	------------	--

KEY

Economic losses can be categorised as ‘*Very low, low, low to moderate, moderate, high, very high and unknown.*’

Very Low	No Discernible Economic Impact
Low	Small Numbers of Jobs Impacted (Minor Economic Impact)
Low to Moderate	Up to 1,000 Jobs Impacted (or equivalent Economic Impact)
Moderate	Around 1,000 to 3,000 Jobs Impacted (or equivalent Economic Impact)
High	Over 3,000 Jobs Impacted (or equivalent Economic Impact)
Very High	Over 10,000 Jobs Impacted (or equivalent Economic Impact)

APPENDIX 1: WEIGHTED OUTPUT UTILISATION CALCULATOR

INDICATIVE GVA IF NORTHERN IRELAND ECONOMY HAS 'SOLID' Q3 AND Q4

Sector	GVA £bn	Peak GVA Impact (Quarterly)	Employment	2019 Quarterly Output**				2020 Assumptions				2020 Quarterly Output			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture, Forestry, Fishing	£0.77	95%	13,130 *	£0.19	£0.19	£0.19	£0.19	100%	95%	98%	98%	£0.19	£0.18	£0.19	£0.19
Mining & Quarrying	£0.10	90%	1,850	£0.03	£0.03	£0.03	£0.03	97%	90%	97%	97%	£0.02	£0.02	£0.02	£0.02
Agri-food	£2.19	78%	20,775	£0.55	£0.55	£0.55	£0.55	97%	78%	91%	91%	£0.53	£0.43	£0.50	£0.50
Machinery / Electronics	£1.34	78%	12,955	£0.34	£0.34	£0.34	£0.34	97%	78%	91%	91%	£0.33	£0.26	£0.30	£0.30
Automotive	£0.21	78%	3,803	£0.05	£0.05	£0.05	£0.05	97%	78%	91%	91%	£0.05	£0.04	£0.05	£0.05
Aerospace	£0.33	78%	6,144	£0.08	£0.08	£0.08	£0.08	97%	78%	91%	91%	£0.08	£0.06	£0.07	£0.07
Chemicals, Pharma, Plastics	£0.74	78%	10,477	£0.19	£0.19	£0.19	£0.19	97%	78%	91%	91%	£0.18	£0.14	£0.17	£0.17
Other Manufacturing	£1.64	78%	53,411	£0.41	£0.41	£0.41	£0.41	97%	78%	91%	91%	£0.40	£0.32	£0.37	£0.37
Utility Networks (Gas, Electricity, Water etc.)	£1.20	92%	8,191	£0.30	£0.30	£0.30	£0.30	99%	92%	96%	96%	£0.30	£0.27	£0.29	£0.29
Construction	£2.82	64%	34,607	£0.71	£0.71	£0.71	£0.71	98%	64%	88%	88%	£0.69	£0.45	£0.62	£0.62
Retail	£5.81	78%	129,884	£1.45	£1.45	£1.45	£1.45	97%	78%	100%	100%	£1.41	£1.13	£1.46	£1.46
Transport & Logistics	£1.63	67%	27,492	£0.41	£0.41	£0.41	£0.41	96%	67%	82%	82%	£0.39	£0.27	£0.33	£0.33
Hospitality (Accommodation & Food Service Activity)	£1.05	12%	48,993	£0.26	£0.26	£0.26	£0.26	90%	12%	65%	65%	£0.23	£0.03	£0.17	£0.17
ICT & Communication	£1.46	87%	22,620	£0.37	£0.37	£0.37	£0.37	98%	87%	93%	93%	£0.36	£0.32	£0.34	£0.34
Financial Services	£1.68	97%	19,056	£0.42	£0.42	£0.42	£0.42	100%	97%	99%	99%	£0.42	£0.41	£0.42	£0.42
Real Estate Activities	£4.79	97%	6,495	£1.20	£1.20	£1.20	£1.20	101%	97%	98%	98%	£1.20	£1.17	£1.17	£1.17
Prof & Bus. Services	£2.65*	80%	Circa 89,000*	£0.66	£0.66	£0.66	£0.66	101%	80%	86%	86%	£0.67	£0.53	£0.57	£0.57
Public Services	£3.56	101%	50,313	£0.89	£0.89	£0.89	£0.89	101%	101%	101%	101%	£0.90	£0.90	£0.90	£0.90
Education	£2.28	62%	68,627	£0.57	£0.57	£0.57	£0.57	95%	62%	80%	80%	£0.54	£0.35	£0.45	£0.45
Health & Care	£4.47	70%	125,472	£1.12	£1.12	£1.12	£1.12	96%	70%	85%	85%	£1.08	£0.78	£0.95	£0.95
Arts	£0.49	55%	14,966	£0.12	£0.12	£0.12	£0.12	98%	55%	70%	70%	£0.12	£0.07	£0.09	£0.09
Other Services	£0.96	52%	15,730	£0.24	£0.24	£0.24	£0.24	97%	52%	85%	85%	£0.23	£0.12	£0.20	£0.20
	£42.17			£10.54	£10.54	£10.54	£10.54					£10.32	£8.26	£9.63	£9.63

* Data is intended to be indicative of the sector size, and some of the data is from alternative sources and years - and in some cases overlaps or omissions are possible at the sub-sectoral level.
 ** Annual figure divided by 4

£42.17

£37.84

Annual Change
-10%
£4.33

Q1	Q2	Q3	Q4
98%	78%	91%	91%

Source: DfE Analysis

INDICATIVE GVA IF NORTHERN IRELAND ECONOMY HAS Q4 LOCKDOWN LIKE Q2

Sector	GVA Ebn	Peak GVA Impact (Quarterly)	Employment	2019 Quartely Output**				2020 Assumptions				2020 Quarterly Output			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture, Forestry, Fishing	£0.77	95%	13,130 *	£0.19	£0.19	£0.19	£0.19	100%	95%	98%	95%	£0.19	£0.18	£0.19	£0.18
Mining & Quarrying	£0.10	90%	1,850	£0.03	£0.03	£0.03	£0.03	97%	90%	97%	90%	£0.02	£0.02	£0.02	£0.02
Agri-food	£2.19	78%	20,775	£0.55	£0.55	£0.55	£0.55	97%	78%	91%	78%	£0.53	£0.43	£0.50	£0.43
Machinery / Electronics	£1.34	78%	12,955	£0.34	£0.34	£0.34	£0.34	97%	78%	91%	78%	£0.33	£0.26	£0.30	£0.26
Automotive	£0.21	78%	3,803	£0.05	£0.05	£0.05	£0.05	97%	78%	91%	78%	£0.05	£0.04	£0.05	£0.04
Aerospace	£0.33	78%	6,144	£0.08	£0.08	£0.08	£0.08	97%	78%	91%	78%	£0.08	£0.06	£0.07	£0.06
Chemicals, Pharma, Plastics	£0.74	78%	10,477	£0.19	£0.19	£0.19	£0.19	97%	78%	91%	78%	£0.18	£0.14	£0.17	£0.14
Other Manufacturing	£1.64	78%	53,411	£0.41	£0.41	£0.41	£0.41	97%	78%	91%	78%	£0.40	£0.32	£0.37	£0.32
Utility Networks (Gas, Electricity, Water etc.)	£1.20	92%	8,191	£0.30	£0.30	£0.30	£0.30	99%	92%	96%	92%	£0.30	£0.27	£0.29	£0.27
Construction	£2.82	64%	34,607	£0.71	£0.71	£0.71	£0.71	98%	64%	88%	64%	£0.69	£0.45	£0.62	£0.45
Retail	£5.81	78%	129,884	£1.45	£1.45	£1.45	£1.45	97%	78%	100%	78%	£1.41	£1.13	£1.46	£1.13
Transport & Logistics	£1.63	67%	27,492	£0.41	£0.41	£0.41	£0.41	96%	67%	82%	67%	£0.39	£0.27	£0.33	£0.27
Hospitality (Accommodation & Food Service Activity)	£1.05	12%	48,993	£0.26	£0.26	£0.26	£0.26	90%	12%	65%	12%	£0.23	£0.03	£0.17	£0.03
ICT & Communication	£1.46	87%	22,620	£0.37	£0.37	£0.37	£0.37	98%	87%	93%	87%	£0.36	£0.32	£0.34	£0.32
Financial Services	£1.68	97%	19,056	£0.42	£0.42	£0.42	£0.42	100%	97%	99%	97%	£0.42	£0.41	£0.42	£0.41
Real Estate Activities	£4.79	97%	6,495	£1.20	£1.20	£1.20	£1.20	101%	97%	98%	97%	£1.20	£1.17	£1.17	£1.17
Prof & Bus. Services	£2.65*	80%	Circa 89,000*	£0.66	£0.66	£0.66	£0.66	101%	80%	86%	80%	£0.67	£0.53	£0.57	£0.53
Public Services	£3.56	101%	50,313	£0.89	£0.89	£0.89	£0.89	101%	101%	101%	101%	£0.90	£0.90	£0.90	£0.90
Education	£2.28	62%	68,627	£0.57	£0.57	£0.57	£0.57	95%	62%	80%	62%	£0.54	£0.35	£0.45	£0.35
Health & Care	£4.47	70%	125,472	£1.12	£1.12	£1.12	£1.12	96%	70%	85%	70%	£1.08	£0.78	£0.95	£0.78
Arts	£0.49	55%	14,966	£0.12	£0.12	£0.12	£0.12	98%	55%	70%	55%	£0.12	£0.07	£0.09	£0.07
Other Services	£0.96	52%	15,730	£0.24	£0.24	£0.24	£0.24	97%	52%	85%	52%	£0.23	£0.12	£0.20	£0.12
	£42.17			£10.54	£10.54	£10.54	£10.54					£10.32	£8.26	£9.63	£8.26

* Data is intended to be indicative of the sector size, and some of the data is from alternative sources and years - and in some cases overlaps or omissions are possible at the sub-sectoral level.
 ** Annual figure divided by 4

£42.17

£36.47

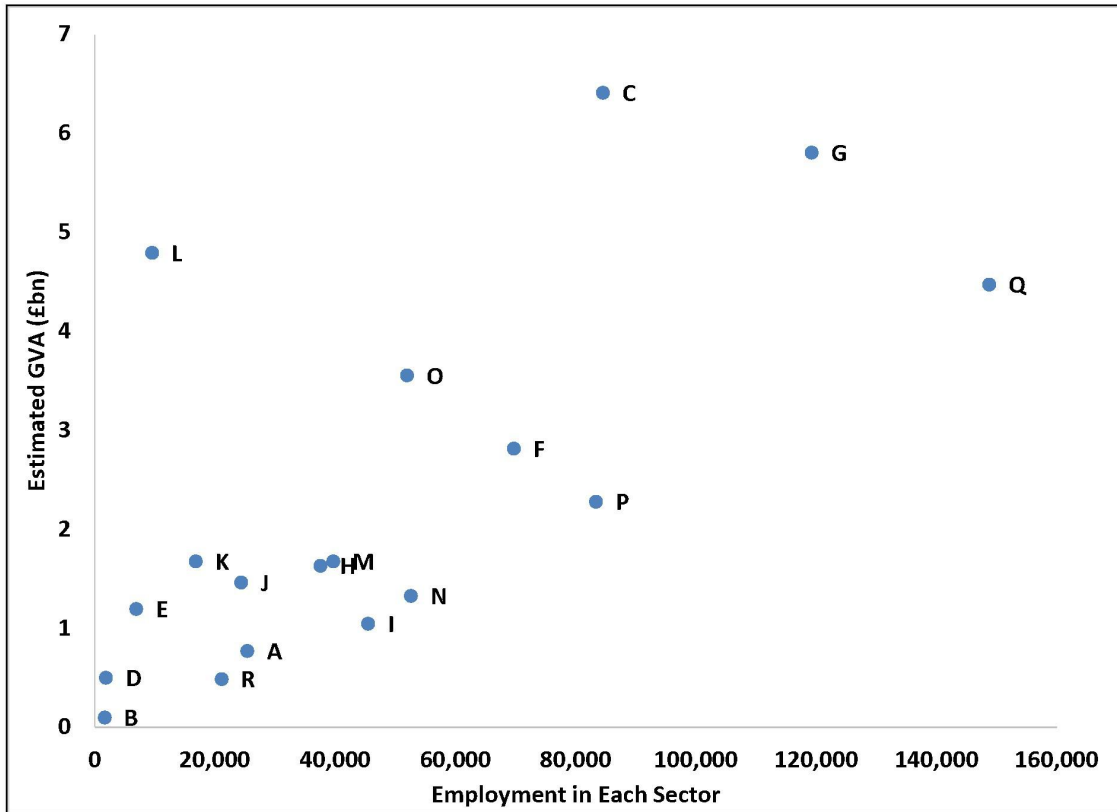
Annual Change
-14%
£5.70

Q1	Q2	Q3	Q4
98%	78%	91%	78%

Source: DfE Analysis

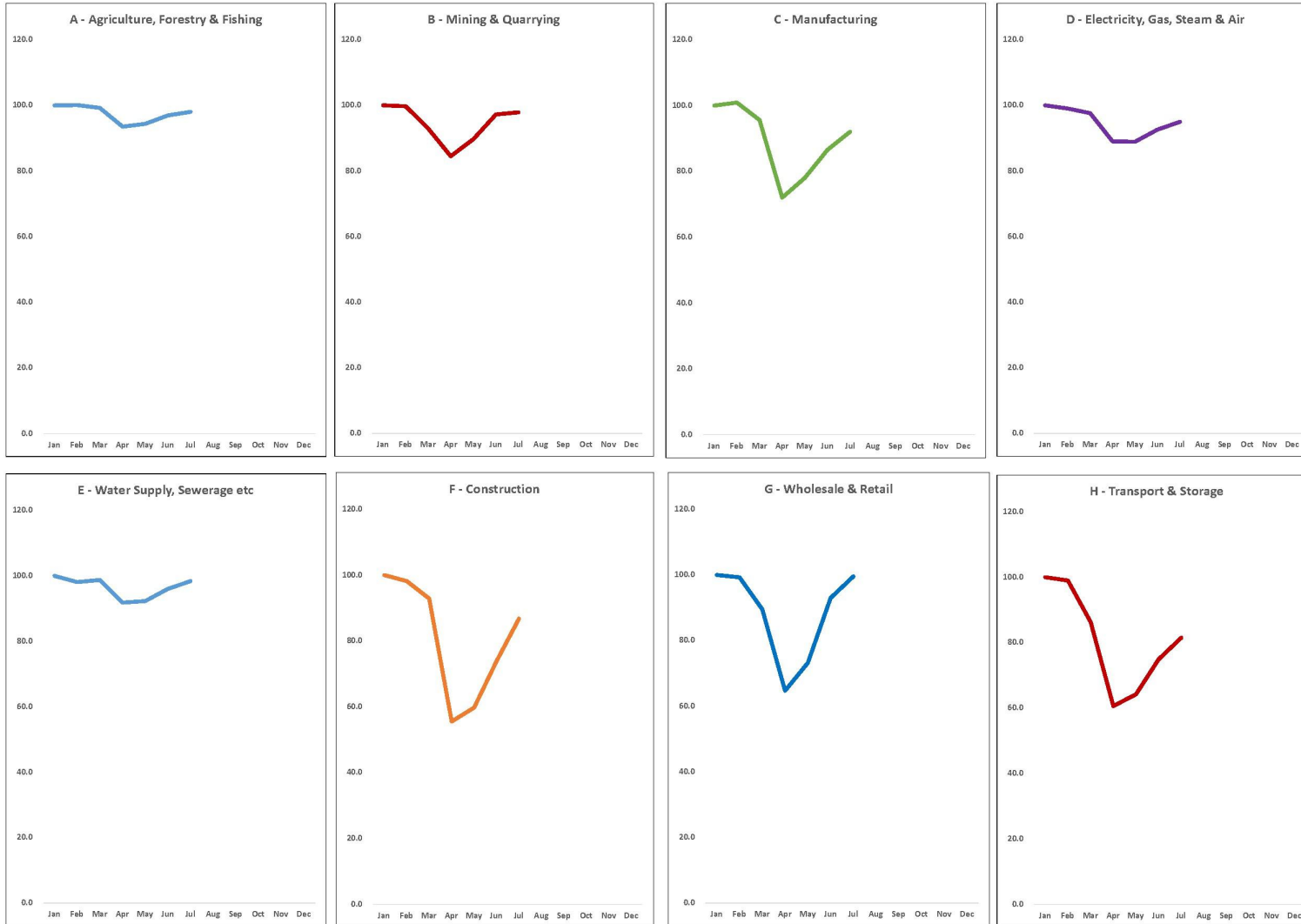
APPENDIX 2: RELATIVE IMPORTANCE OF NORTHERN IRELAND'S SECTORS

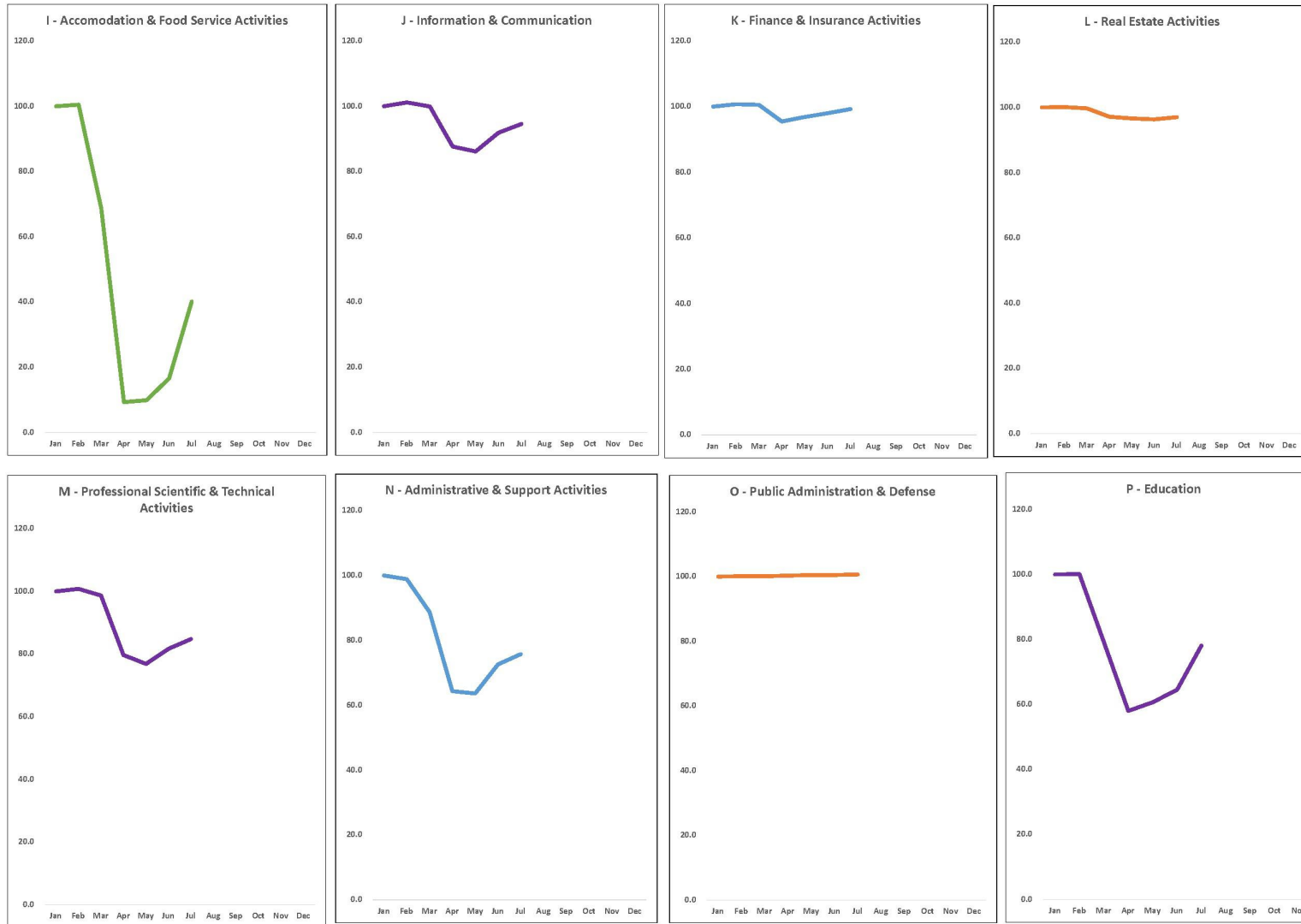
Northern Ireland Pre-Pandemic Levels of GVA and Employment, per Industry

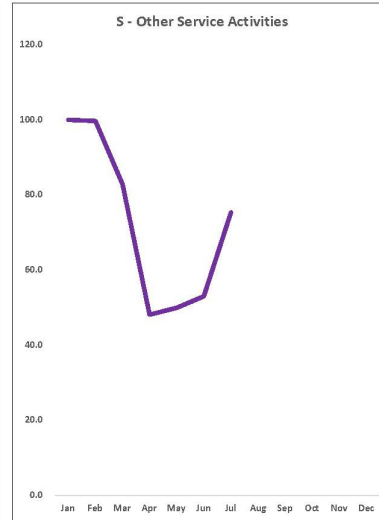
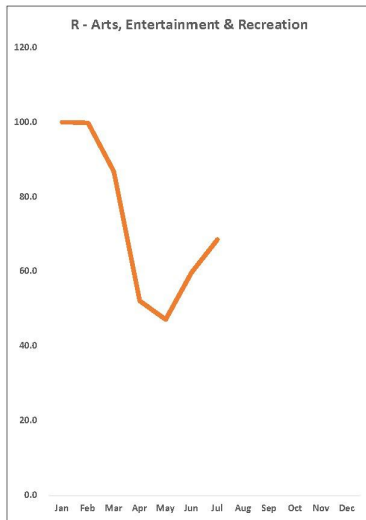
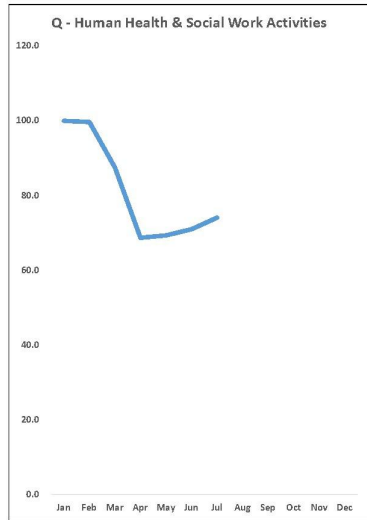


- A Agriculture, forestry and fishing
- B Mining and quarrying
- C Manufacturing
- D Electricity, gas, steam and air conditioning supply
- E Water supply; sewerage and waste management
- F Construction
- G Wholesale and retail trade; repair of motor vehicles
- H Transportation and storage
- I Accommodation and food service activities
- J Information and communication
- K Financial and insurance activities
- L Real estate activities
- M Professional, scientific and technical activities
- N Administrative and support service activities
- O Public administration and defence
- P Education
- Q Human health and social work activities
- R Arts, entertainment and recreation
- S Other service activities
- T Activities of households

APPENDIX 3: UK MONTHLY GDP BASED ON GVA (JAN 2020 = 100)







APPENDIX 4: DEFINITIONS USING SIC CODES**NPI Option C: Closure of bars, clubs, cafes and restaurants**

56.10/1	Restaurants, including restaurants and dining rooms in hotels or members' clubs
56.10/2	Cafes,
56.30/1	Bars, including bars in hotels or members' clubs
56.30/2	Public houses
	<i>But Potentially Also Impacting</i>
55.10	Hotels and similar accommodation
55.20	Holiday and other short stay accommodation
55.20/1	Holiday centres and villages
55.20/2	Youth hostels
55.20/9	Other holiday and other collective accommodation
55.30	Camping grounds, recreational vehicle parks and trailer parks
55.90	Other accommodation

NPI Option D: Closure of indoor gyms, leisure centres, fitness etc

93.11	Operation of sports facilities
93.13	Fitness facilities

NPI Option F: Non Essential Retail

47.41	Retail sale of computers, peripheral units and software in specialised stores
47.42	Retail sale of telecommunications equipment in specialised stores
47.42/1	Retail sale of mobile telephones in specialised stores
47.42/9	Retail sale of telecommunications equipment (other than mobile telephones) n.e.c., in specialised stores
47.43	Retail sale of audio and video equipment in specialised stores
47.51	Retail sale of textiles in specialised stores
47.53	Retail sale of carpets, rugs, wall and floor coverings in specialised stores
47.54	Retail sale of electrical household appliances in specialised stores
47.59	Retail sale of furniture, lighting equipment and other household articles in specialised stores
47.59/1	Retail sale of musical instruments and scores in specialised stores
47.59/9	Retail sale of furniture, lighting equipment and other household articles (other than musical instruments) n.e.c., in specialised stores
47.61	Retail sale of books in specialised stores
47.63	Retail sale of music and video recordings in specialised stores
47.64	Retail sale of sporting equipment in specialised stores
47.65	Retail sale of games and toys in specialised stores
47.71	Retail sale of clothing in specialised stores
47.72	Retail sale of footwear and leather goods in specialised stores
47.72/1	Retail sale of footwear in specialised stores

47.72/2	Retail sale of leather goods in specialised stores
47.75	Retail sale of cosmetic and toilet articles in specialised stores
47.76	Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores
47.77	Retail sale of watches and jewellery in specialised stores
47.78/1	Retail sale in commercial art galleries
47.78/9	Other retail sale of new goods in specialised stores (other than by opticians or commercial art galleries), n.e.c.
47.79	Retail sale of second-hand goods in stores
47.79/1	Retail sale of antiques including antique books, in stores
47.79/9	Retail sale of second-hand goods (other than antiques and antique books) in stores
47.82	Retail sale via stalls and markets of textiles, clothing and footwear
47.89	Retail sale via stalls and markets of other goods
47.99	Other retail sale not in stores, stalls or markets
95.11	Repair of computers and peripheral equipment
95.12	Repair of communication equipment
95.21	Repair of consumer electronics
95.22	Repair of household appliances and home and garden equipment
95.23	Repair of footwear and leather goods
95.24	Repair of furniture and home furnishings
95.25	Repair of watches, clocks and jewellery
95.29	Repair of other personal and household goods
45.11/1	Sale of new cars and light motor vehicles
45.11/2	Sale of used cars and light motor vehicles
45.19	Sale of other motor vehicles

NPI Option G: Closure of close contact personal services etc

96.02	Hairdressing and other beauty treatment
96.04	Physical well-being activities
96.09	Other personal service activities n.e.c.
74.201	Portrait photographic activities
74.209	Other photographic activities (not including portrait and other specialist photography and film processing) n.e.c.

SOURCES

- ⁱ https://www.nidirect.gov.uk/sites/default/files/publications/OUR_APPROACH_DOCUMENT_SUMMARY_12-05-2020.pdf
- ⁱⁱ <https://www.bbc.co.uk/news/uk-northern-ireland-54107097>
- ⁱⁱⁱ <https://www.bbc.co.uk/news/uk-northern-ireland-54202059>
- ^{iv} <https://www.bbc.co.uk/news/uk-northern-ireland-53007269>
- ^v <https://www.nisra.gov.uk/publications/claimant-count-tables>
- ^{vi} <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>
- ^{vii} <https://cebr.com/reports/will-the-second-wave-stop-the-economic-revival-in-its-tracks/>
- ^{viii} <https://www.ft.com/content/867c45e4-10ac-4121-9f68-e3e55406e350>
- ^{ix} <https://www.ft.com/content/867c45e4-10ac-4121-9f68-e3e55406e350>
- ^x <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukconomyandsocietyfasterindicators/24september2020>
- ^{xi} <https://www.economy-ni.gov.uk/publications/coronavirus-and-ni-economy>
- ^{xii} <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/datasets/coronavirusandthesocialimpactsongreatbritaindata>
- ^{xiii} <https://www.bbc.co.uk/news/uk-northern-ireland-53985327>
- ^{xiv} <https://www.bbc.co.uk/news/uk-northern-ireland-53985327>
- ^{xv} https://www.ulster.ac.uk/_data/assets/pdf_file/0017/614132/UUEPC-Pathways-to-Recovery-after-Covid19-Paper-3-05082020.pdf
- ^{xvi} <https://www.standard.co.uk/news/uk/return-to-work-coronavirus-save-city-centres-cbi-boss-a4534176.html>
- ^{xvii} <https://workplaceinsight.net/permanent-working-from-home-would-reduce-uk-economy-by-480-billion/>
- ^{xviii} https://www.bbc.co.uk/news/uk-england-london-54250965?intlink_from_url=https://www.bbc.co.uk/news/localnews/2636948-Stepney/0&link_location=live-reporting-story
- ^{xix} https://www.bbc.co.uk/news/uk-england-london-54250965?intlink_from_url=https://www.bbc.co.uk/news/localnews/2636948-Stepney/0&link_location=live-reporting-story
- ^{xx} <https://cebr.com/reports/excluding-restaurants-from-the-10pm-hospitality-curfew-would-decrease-the-economic-hit-of-the-policy-by-3-8bn-while-still-achieving-the-desired-epidemiological-benefits/>
- ^{xxi} <https://cebr.com/reports/excluding-restaurants-from-the-10pm-hospitality-curfew-would-decrease-the-economic-hit-of-the-policy-by-3-8bn-while-still-achieving-the-desired-epidemiological-benefits/>
- ^{xxii} <https://cebr.com/reports/excluding-restaurants-from-the-10pm-hospitality-curfew-would-decrease-the-economic-hit-of-the-policy-by-3-8bn-while-still-achieving-the-desired-epidemiological-benefits/>
- ^{xxiii} https://www.ulster.ac.uk/_data/assets/pdf_file/0020/603074/COVID-19-and-the-NI-Economy_Report.pdf
- ^{xxiv} <https://www.retailgazette.co.uk/blog/2020/09/retail-sector-to-face-more-redundancies-if-christmas-is-cancelled/>
- ^{xxv} <https://www.retailgazette.co.uk/blog/2020/09/retail-sector-to-face-more-redundancies-if-christmas-is-cancelled/>
- ^{xxvi} <https://www.essentialretail.com/comments/will-covid-steal-christmas/>
- ^{xxvii} <https://www.retailgazette.co.uk/blog/2020/09/retail-sector-to-face-more-redundancies-if-christmas-is-cancelled/>
- ^{xxviii} <https://professionalbeauty.co.uk/site/newsdetails/beauty-salons-lose-over-9000-due-to-coronavirus>

NON-PHARMACEUTICAL OPTIONS TO REDUCE THE TRANSMISSION OF COVID-19 - OPTIMISATION OF EXISTING INTERVENTION TOOLS

Introduction

1. This paper provides initial contributions from the Department for the Economy (DfE). DfE welcomes the opportunity to contribute to the Executive considerations and the cross-departmental work to develop a package of options for recommendation, including incremental approaches as set out in the paper on Non- Pharmaceutical Options to Reduce the Transmission of COVID-19.

Background

2. The key general principles set out in paragraph 15 (as detailed in Annex 1) were accompanied by the additional measures which might be considered by the Executive in line with the SAGE recommendations, to address further rises in positive cases and an escalation in serious health consequences (paragraph 26), namely:
 - i. Re-emphasise working at home for anyone who can with monitoring of adherence and to recommend in place for the next number of months.
 - ii. Implement a planned “circuit-breaker” (2 or 3 weeks in duration), with stay-at-home measures and a time to be determined.
 - iii. Closure of restaurants, bars, cafes etc. In place until prevalence has fallen or alternatively a graduated variation on hours and services provided.
 - iv. Closure of personal services (beauty etc.). In place until prevalence has fallen.
 - v. Closure of gyms and other similar indoor exercise activities. In place until prevalence has fallen.

- vi. Higher education tuition to move to on-line / distance learning for term 1. In place until prevalence has fallen. To be effective, this would require students to return home and adhere to other restrictions.

DfE notes the guidance to work from home where possible has been the Executive's consistent position since March 2020.

3. The paper focussed on "Getting the implementation right" in terms of implementation, recognising there is a danger in viewing each measure in isolation. It identified the necessity to consider:

- Consistency;
- Equity;
- Co-production;
- Support; and
- Feedback

Annex 2 provides the full extract from the paper.

4. The paper acknowledged that "we do not yet have a thorough understanding of the costs and benefits in economic and health terms of the restriction measures" and this is reflected in the Options Analysis provided in the Annex to the paper – see Annex 3. In essence, with the exception of Stay at home order ("lockdown") – which would have very high impact on the viral transmission the twenty six other options were cited as potentially having a low to moderate impact. Therefore the cumulative impact of the other restrictions may assist in reducing viral transmission.
5. Yet as the First Minister has clearly articulated we can all help curb the spread of the virus by:
- maintaining social distancing;
 - maintaining good hand and respiratory hygiene;
 - wearing face coverings;
 - Self-isolating immediately if we experience any symptoms, including a new persistent cough, a fever or a loss or change of smell or taste;

- Seeking a test if we experience any of these symptoms;
- downloading the Stop Covid NI app; and
- complying with the restrictions in place

The message is simple - if each and every one of us does our bit we will help bring the epidemic to an end sooner rather than later and by doing that, save lives.

6. The clear messaging in a concise manner could be delivered by the creation of a one page visual detailing the current Covid 19 transmission rate by each of the local government districts across Northern Ireland. A concomitant production of a table setting out the current restrictions would accompany the LGD analysis. An example of the communication published by the Republic of Ireland is attached as Annex 4.

7. Applying this to the paper on Non- Pharmaceutical Options to Reduce the Transmission of COVID-19 it is suggested that alternative approaches could be considered such as:

- Time-shifting, opening hours, citizens avoiding busy days etc;
- Encouraging use of online shopping (which could alleviate the message to avoid direct contact);
- Pushing retail to reintroduce the social distancing measures they put in place when they opened including ventilation & other mitigations based on clearly communicated scientific advice; and
- Compliance with face coverings.

It is feasible to recalibrate the approach to constraining the impact of the virus without implementing the only option which is known to have a high impact, namely the lockdown option.

8. The Executive has already in place an array of tools to facilitate the recalibration to the new normal – what is needed is a coherent, communicated, consistent approach to engaging with our citizens. The high level of adherence to the initial measures introduced in March 2020 highlighted the commitment of our society to work with the Executive and our

politicians to protect each other in the immediate crisis faced, and resulted in the worst case scenario being avoided.

9. The clear messaging focussed attention and provided a platform for compliance across all sectors of the community and the economy. This messaging, when delivered clearly is still delivering dividends as exemplified by the retail sector indicating 80/90% compliance with face covering requirements.
10. Societal concerns relating to supply chains and scarcity of products have been successfully managed and maintained. This is critical in the pre-Christmas period with demand increasing. It is an opportunity for the Executive to encourage citizens to shop locally, spread the footfall and plan for procurement over the ten weeks running up to Christmas while adhering to the measures detailed by the First Minister in paragraph 5. The Executive has an opportunity to work with the retail sector and providers to build on the work of DfC and DfE to ensure those most requiring home deliveries are guaranteed access.
11. The communication that a blended risk management approach can be adopted and delivered over the next six months could be welcomed by citizens. The constant perception of changing direction – easing restrictions while introducing alternate restrictions has created uncertainty, confusion and led to instances whereby compliance with requirements is dissipated. The Executive can provide leadership by encouraging businesses to continue to apply the requirements to function in this new dispensation.
12. Business engagement by officials in DfE has established:
 - **Financial** - *Some businesses have raised concerns about how they can keep operating without being close to returning to their usual turnover and the reluctance of some banks to lend. Refocussed (targeted) interventions are being requested. Some are requesting support to allow employees to work from home if they need to isolate (grants for equipment hardware/ software);*

- **Social Distancing** - While most businesses have adapted well to using social distancing measures some are concerned about the ongoing costs of maintaining the measures in the long term. This will be an ongoing problem and could get worse as tighter restrictions are imposed;
- **Government Schemes** - The Furlough scheme was generally well received but opinions differed on the generosity of the scheme and the ability to bring staff back to work when they reopened, while others felt that it should be extended to avoid a cliff edge. The Eat Out to Help Out scheme was viewed very positively. Views on other schemes such as the £10k and £25k grants and rates/VAT deferrals were also generally positive but some felt that those schemes should be targeted at the businesses that were really struggling;
- **Government Communications/Messaging** - A common issue raised by businesses was that Government messaging/communication was often confused or contradictory meaning the general public and employers/employees weren't sure whether to stay at home, work from home, get back to work, eat out etc. A clear understanding of why Government decisions are being made has also been raised (what evidence?? Let's see the science??);
- **EU Exit** - most businesses felt that there was little or no clarity about how Brexit would pan out and that they couldn't make any plans to deal with it. Businesses that rely on their supply chains are concerned about the possibility of rising costs and disruption; and
- **Testing/Track and Trace** - Several businesses suggested that the testing and track and trace systems needed to be improved to help things get back to normal especially those businesses that have yet to reopen and those that have a heavy reliance on visitors from other countries.

The above reflect business concerns in the current financial quarter, however these can be extrapolated to the quarter in the pre- Christmas period and will be exacerbated if additional restrictions are applied or re-introduced. To compound the matter, the cross –departmental engagements indicate that these issues are instantly transferrable to other sectors such as sporting businesses, the arts and cultures and increasingly into the third sector.

13. An alternative approach utilising the pre-existing tools is to be genuinely cross cutting in our delivery. The hospitality sector and close contact sectors who have endeavoured to provide citizens with some form of “normalcy” are frustrated by messaging that viral infections may be generated from their businesses without clear evidence to support these claims. These sectors have adopted the collation of contact details for track and trace purposes. By keeping these businesses functioning the economy has stability. By explaining that we are requesting citizens should download the Track & Trace App and indicate to business providers, alongside their personal data, access to such businesses would enhance customer confidence while performing a social contribution to our knowledge base.

14. Businesses, supported by the Executive and UK Government stimulus packages, have demonstrated a resilience and invested in Covid proofing their premises; procured personal protective equipment for staff; enhanced sanitation for all; upskilled personnel through Covid related training and adoption of flexible delivery of services. Business, like government, will wish to maximise the return on investment rather than stretch their resilience. Critically these investments are not merely of an economic dimension but are personal, with the interlinked psychological, emotional and human attachments to the business, the people employed and the customers they serve.

15. Businesses are also acutely aware of the potential implications of further restrictions on skills acquisition and investments. The straightened financial position has adversely impacted upon youth part time employment and apprenticeship recruitment. The Apprenticeship Recovery Package & Apprenticeship Challenge Fund are designed to increase participation in skills

based initiatives and the opportunity for refreshed investment to upskill current workers technical and digital skills is an aspect which would enhance the NI skills base rather than diminishing it through further restrictions.

Conclusion

16. The economic impact of COVID-19 is unprecedented and although the initial response has been successful at reducing the health impact, it came at a considerable economic cost and the economic implications of further control measures could be considerable, and this must form part of the Executive's decision making process. In addition, the wider social and welfare impact of the restrictions introduced, subsequently eased and now under further consideration need to be carefully assessed.

17. There also needs to be a recognition that the negative economic and social effects of wave one of Covid 19 were ameliorated by significant financial support from UKG (furlough, SEISS etc) and Executive grant / non-domestic rate support. It is highly unlikely that financial resources will be available to replicate those interventions. Therefore the economic and social impacts of NPIs will be considerably greater.

18. This assessment should consider have we utilised the tools at our disposal to their optimum, have we enforced these effectively and have we brought our citizens (the vast majority of whom have been willing to and generally compliant with the demands placed upon them) with us on this journey, and can we keep them with us. This should include:

- the key tool of Test and Trace;
- the role of self-isolation and compliance with it;
- the key role of enforcement;
- the widespread implementation by business of social distancing and hygiene measures and whether this needs to be reinvigorated and reinforced through messaging, in support of government and to help citizens comply and protect themselves and others; and

- the need to ensure there is optimum protection and support for the most vulnerable

Key general principles which should be considered by the Executive when making decisions around non-pharmaceutical interventions include the following

- i. aim to reduce the number of contacts which an individual has per day
- ii. aim to reduce the probability of infection per contact – outdoors where possible, good ventilation indoors, 2m where possible, face coverings where necessary, limited duration of contacts as much as possible, good hand and surface hygiene
- iii. isolate symptomatic / diagnosed individuals
- iv. reduce exposure of vulnerable groups
- v. provide a credible rationale for guidance and any changes – communicate need for sustained, multi-faceted control; provide transparent, detailed, explanations and guidance; give feedback about the effects of guidance and change
- vi. provide precise and consistent guidance – avoid inconsistent messaging and enforcement
- vii. engage all sections of society
- viii. enable changes and provide support – redesign spaces, enable good behaviours, consider financial support to enable self-isolation
- ix. promoting good health including exercise and tackling obesity

GETTING THE IMPLEMENTATION RIGHT

In terms of implementation, there is a danger in viewing each measure in isolation. When considering how to implement a package of measures, Executive colleagues should take into account:

- i. Consistency. If policies appear to promote contradictory goals, this will at best confuse the public and at worst degrade trust and adherence. For example, preventing people from meeting a relative at home, while encouraging them to go to pubs or workplaces appears inconsistent. Or allowing paid childcare / nannies, but not support between households.
- ii. Equity. Each measure will affect some groups and individuals more than others. Planning should start now to refine measures to minimise the harms and mitigate impact on vulnerable groups, to achieve equity and social justice.
- iii. Co-production. Implementing policies without engaging early and actively with the people they will affect increases the chances of mistakes being made, avoidable harm occurring and unworkable guidance leading to criticism and loss of trust. Developing and checking policies with those who will be affected will pay dividends and will improve trust and buy-in. Given the disproportionate impact of the pandemic on low income and minority ethnic communities, specific consideration is needed here.
- iv. Support. For many of the measures, people will need support to adhere. If measures result in those with the lowest incomes losing money, having less access to shops, having fewer social or educational interactions, or being without vital social support networks, they will need financial and other support. Without this, health, adherence and trust could all be harmed.
- v. Feedback. Monitoring the impact of changes and providing frequent, clear and honest feedback to the public will encourage adherence and support for any further change if needed. Seeking ongoing feedback from the public on where policies are misunderstood, hard to adhere to or going

wrong, with suggestions for improvement, will allow rapid improvement and prevent loss of trust.

NON-PHARMACEUTICAL OPTIONS

Measures relating to personal contacts

- a) Stay at home order (“lockdown”) – very high impact
- b) Planned, short stay at home order (“circuit breaker”) – moderate impact
- c) Reducing contacts between members of different households within the home – moderate impact
- d) Restrictions on outdoor gatherings and prohibiting large events – low impact

Measures Related To Business Settings

- a) Encouragement to work from home wherever possible – moderate impact
- b) Alternating week-in week-out – low to moderate impact
- c) Closure of bars, clubs, cafes and restaurants – moderate impact
- d) Closure of indoor gyms, leisure centres, fitness etc. – low to moderate impact
- e) Closure of places of worship / community centres – low to moderate impact
- f) Closure of non-essential retail – low impact
- g) Closure of close contact personal services – low impact

Measures Aimed At Educational Settings

- a) Reactive closure of class/year group when outbreak detected – low to moderate impact
- b) Reactive school closure – moderate impact
- c) Mass school closure – moderate impact
- d) Alternative week-on week-off with half class sizes – Moderate to low impact
- e) Closure of further education – moderate impact
- f) Closure of higher education – moderate impact

g) Quarantine new students in higher education – low impact

h) Closure of childcare – low to moderate impact

Measures Aimed At High-Risk Settings and Individuals E.G. Hospitals And Care Homes

a) Prohibition of visitors – low impact

b) Shielding high risk individuals – low impact

Environmental Measures

a) Increasing covid-19 security in workplaces and settings – low impact

b) Use of face coverings outdoors – very low impact

c) Use of face coverings outdoors – low to moderate impact

Measures Relating to Internal Travel

a) Local travel restrictions e.g. 5 mile – low to moderate impact

b) Restrict travel between UK nations – impact unknown

National Framework for living with COVID-19



Coronavirus
COVID-19
National Programme

The National Framework for Living with Covid-19 sets out the measures that will be taken at each of five risk levels. The purpose of the Framework is to allow for national as well as localised management of the virus.

The infection rate in Donegal has now risen to a point that Donegal joins Dublin at Level 3.

The rest of Ireland remains at Level 2.

Donegal and Dublin are at Level 3



	Level 1	Level 2	Level 3	Level 4	Level 5
Social & Family Gatherings	Max: 10 from 3 other households	Max: 6 from 3 other households	Max: 6 from 1 other household	No visitors	No visitors
Weddings	Max: 100	Max: 50	Max: 25	Max: 6	Max: 6
Indoor Events	Depending on venue size 100 200	Depending on venue size 50 100	No organised events	No organised events	No organised events
Outdoor Events	Depending on venue size 200 500	Depending on venue size 100 200	Gatherings of up to 15	Gatherings of up to 15	No organised events
Sports Training	Normal training with protective measures	Indoors: Pools of 6 Outdoors: Pools of 15	1 Individual only Pools of 15 Non-contact	1 Individual only Pools of 15 Non-contact	Individual training only
Matches & Events	100 indoor, 200 outdoor, 500 stadia	50 indoor, 100 outdoor, 200 stadia	Closest contact interventions	Event open-air, non-essential	No events
Gyms, Pools & Leisure Centres	Open with protective measures	Open with protective measures	Individual training only	Closed	Closed
Religious Services	50 (or sub-groups of 50)	50 (or sub-groups of 50)	Services move online Fronts 25	Services move online Fronts 25	Services move online Fronts 10
Bars serving food, Cafés & Restaurants	Open with protective measures	Open Groups of 4 from up to 3 households	Range of restrictions up to and including no indoor dining	Outdoor dining only Max: 15 Takeaway/Delivery	Takeaway/Delivery only
Wet Pubs	Open with protective measures	Open Groups of 4 from up to 3 households	Range of restrictions up to and including no indoor service	Outdoor only Max: 15 persons Takeaway/Delivery	Takeaway/Delivery only
Hotels, Guesthouses B&Bs	Open with protective measures	Open with protective measures	Services limited to Residents only	Existing Guests & Essential Purposes only	Essential Purposes only
Retail & Services	Open with protective measures	Open with protective measures	Open with protective measures	Primarily outdoor Essential retail services	Essential Retail only
Indoor Cultural Venues	Open with protective measures	Open with protective measures	Venues closed Libraries available for e-services/call & collect	Venues closed Online services available	Venues closed Online services available
Workplace	Work from home if possible	Staggered attendance	Essential Meetings, Induction & Training only	Attend only if absolutely necessary	Essential & other designated workers only
Domestic Travel	No restrictions	No restrictions	Stay in your county except for work, education & essential purposes	Stay in your county except for essential work, education & essential purposes	Stay at home (essential work only)
Public Transport	Off-peak hours	Peak hours prioritised to essential workers and purposes	Only when necessary	Avoid public transport	Avoid public transport
Schools & Childcare	Open with protective measures	Open with protective measures	Open with protective measures	Open with protective measures	Recommendations based on situation and evidence at time
Adult & Higher Education	Open with protective measures	Open with protective measures	Open Escalate all appropriate protective measures / limit congregation	Move online On-site attendance only when essential	Recommendations based on situation and evidence at time
Care Homes	Open with protective measures	Open with enhanced protective measures	Visiting suspended, aside from critical and compassionate circumstances		
Over 70s & Medically Vulnerable	Exercise judgement regarding engaging with others and in activities outside home.				

	Rate per 100,000	Trend	New cases	Level
Donegal	148.2	↗	236	3
Dublin	144.5	↗	1947	3
Louth	107.9	↗	139	2
Waterford	86.9	↗	101	2
Wicklow	74.4	↗	106	2
Kildare	72.8	↗	162	2
Roscommon	62.0	↗	40	2
Offaly	59.0	↗	46	2
Monaghan	53.8	↗	33	2
Westmeath	49.6	↗	44	2
Cork	42.2	↗	229	2
Carlow	42.2	↗	24	2
Clare	41.2	↗	49	2
Laois	40.1	↗	34	2
Galway	39.1	↗	101	2
Meath	37.9	↗	74	2
Limerick	35.9	↘	70	2
Leitrim	34.3	↘	11	2
Longford	31.8	↘	13	2
Cavan	30.2	↗	23	2
Mayo	29.1	↗	38	2
Wexford	24.0	↘	36	2
Kilkenny	22.2	↘	22	2
Kerry	19.0	↘	28	2
Sligo	18.3	↗	12	2
Tipperary	15.7	↘	25	2

We must keep our people healthy, our businesses strong and our communities resilient. Immediate action is needed now to stop the progress of the virus.

A booklet with the detail of the framework will be distributed to homes across Ireland by An Post. You can download the framework now at gov.ie/COVID-19



Rialtas na hÉireann
Government of Ireland

FURTHER STEPS TO REBUILD A MORE COMPETITIVE, INCLUSIVE AND GREENER ECONOMY

INTRODUCTION

This paper sets out the options available to the Department for the Economy regarding an appropriate response to the sudden and deepening economic recession that our local economy faces following the Covid-19 pandemic and “Stay at Home” order.

In response to this unfolding economic crisis, the Northern Ireland Executive has delivered an unprecedented level of support to businesses and citizens. My department alone provided over £340m in support to businesses through the Small Business Support Grant; the Retail, Hospitality, Tourism and Leisure Sector Grant and the Micro-business Hardship Fund.

While this assistance has provided much needed support to businesses, this level of financial support is not sustainable. As outlined in the Executive’s Recovery Framework ‘Moving From Response to Recovery’ we must focus on enabling the return of normal business activity, and consider what steps we can take now to protect vulnerable but viable sectors; and, where possible, avoid structural failures and job losses while medium to long term solutions are developed. This will mean promoting sectors and talent which have the potential for growth, so that they can develop over the medium to long term and play their role in our economic and societal well-being.

BACKGROUND

The economic impact of Covid-19 cannot be overstated. Thankfully the initial response has been successful in significantly reducing the health impacts. This has, however, come at a considerable economic cost. We now must turn some of our attention on managing the unfolding economic recession.

Business continue to re-open, and there are some early signs of an emerging economic recovery, through increased business activity, footfall in our high streets, increased traffic and freight at our air and sea ports. However, it should be recognised that the full impact of the spring/summer “lockdown” has yet to be felt and a swift recovery is not guaranteed.

It is clear that there has been a significant decline in economic activity. Recent estimates from both the Ulster University Economic Policy Centre (UUEPC) and EY suggest that the Northern Ireland economy could see a drop in economic output of over 10% during 2020 as a whole.

Even though the local economy is ‘in recovery’, with many sectors improving, it may take many years before economic activity is back to its pre-pandemic levels. Likewise

further lockdowns, restriction or shutdowns during the remainder of 2020, will likely lower output further, undermine business confidence and delay any recovery.

The dramatic decline in output has significant implications for employment. Since August 2019 nearly 9,000 redundancies have been proposed, this being the highest annual total since records began. Likewise the NI claimant count has grown dramatically to nearly 63,000 (the highest claimant count since 2013).

It is expected that the employment situation will continue to deteriorate once HMT's Job Retention Scheme (JRS) and the Self-Employment Income Support Scheme close in October. It is recognised that the newly announced Job Support scheme will go some way to assist business and employees. However, the new scheme is less generous than the JRS, so it is likely that an upward pressure on the unemployment figures will remain.

OPTIONS TO SUPPORT ECONOMIC RECOVERY

2020-21 Priorities

As part of the recent 2020-21 Covid-19 Economic Recovery Assessment, the Department submitted bids for additional resource totalling to £109.7m. Against these priorities the Executive agreed an allocation of £65.5m for the Department. These funds ring-fenced will enable the Department to take forward a range of measures including Assistance to Business, Skills & Youth Training, Tourism, University R&D, Energy and Co-operative marketing to support air access. The provision of these funds will enable the Department to further support the economy at this time there is more that the Department can do to offset the damage the pandemic has had on our economy.

In relation to Supporting the Economic Recovery the Department has approximately £18.4 million of outstanding funding pressures. These will be submitted to DoF in the upcoming October monitoring round. These pressures include an inescapable financial pressures for the loss of income for FE Colleges (£2.5m) and high priority pressures such as further Assistance to Business & Tourism (£5.9m), the loss of commercial R&D income in our universities (£7.2 million) and other high priority pressures totalling to some £1.6m

It should be noted that as we move into the second half of the financial year, it becomes increasingly difficult for departments to successfully utilise further funding allocations. It is therefore imperative that swift decisions are made. Further to this it is suggested that the flexibility is sought from the Finance Minister and the Executive to permit the Department to pro-actively manage any ring-fenced COVID-19 allocations that have been received.

The Department is operating in a very fluid and uncertain environment. As such flexibility should be sought to enable the Department to respond quickly to the rapidly evolving situation. The ability the Department to quickly re-allocate available COVID-

19 funding to current and respond to arising COVID-19 pressures would be extremely beneficial.

A paper providing proposals for potential further grant schemes has previously been provided to, and discussed by, the Executive. The Economy Minister is committed to working with her Executive colleagues to establish targeted support to promote our economic recovery subject to ensuring any further grant schemes are in line with the wider recovery agenda and represent value for money.

SPENDING REVIEW 2021-2024

Work is ongoing across DfE and its ALBs to consider the interventions which will be required over the coming months and years to support the economy and deliver on the Rebuilding a Stronger Economy agenda. As part of this Spending Review exercise, the Department will engage with the Department of Finance in a range of bids in support of the recovery agenda. However, in considering our response, it must be recognised that this is an ongoing health crisis, the full economic and social impacts of which are not yet fully known.

Going forward, DfE will require flexibility to adapt and respond to the rapidly changing and evolving health and economic crisis. As part of the ongoing Spending Review exercise, the following policy proposals are being developed:

Covid Economic Recovery Fund

It is proposed that the Department establish a **Covid Economic Recovery Fund** which should be taken forward as part of the Spending Review exercise. It is envisaged that this fund, which is at the early stages of development, would be utilised for additional interventions aimed at supporting vulnerable but viable businesses across Northern Ireland, accelerating international investment, protecting jobs and increasing employment opportunities.

Initial estimates suggest a fund of **£50m per annum** would be required to provide additional assistance. At this early stage it is envisaged that some of this funding will be Financial Transactions Capital (FTC).

Supporting a More Skilled & Agile Workforce

A suite of interventions to address the skills gap, being one of the key economic structural weaknesses identified in 'Rebuilding a stronger economy'. Interventions will:

- Grow the supply of apprenticeship opportunities, particularly for young people and those in the NEET category, by providing incentives to employers, as well as increasing the age threshold of apprenticeships, creating opportunities of employment and re-training for all;
- Grow capacity and provide centrally designed training pathways for higher skills attainment to increase employment opportunities in areas and sectors requiring higher skills, experience and qualifications;

- Up-skill and re-skill current workforce to meet evolving business needs and increase business competitiveness; and
- Fund delivery of new cross Departmental Skills Strategy.

For the 2021-24 Spending Review the proposed spend profile is £38.6m, £37.7m, £41.7m.

Skills development is key to our economic recovery and it is recognised that more needs to be done. There will be an ongoing need to develop further interventions, particularly in support of lifelong learning and targeting those higher vocational skills at levels 3-5 that have been identified both within the skills barometer and where business has identified critical gaps. Work is therefore being taken forward to develop a new skills accelerator fund, which could require additional funding in excess of £70m per annum.

Staffing and Programme Costs

- Salary costs for the department and ALBs arising from additional work that's required as a result of Covid-19; and
- Salary costs and pre-committed programme costs for ongoing EU Exit work that will not be funded through the NI Protocol funding exercise.

For the 2021-24 Spending Review the proposed spend profile is £4.7m per annum.

Supporting Innovation

A suite of interventions to support Innovation through:

- Providing grants to businesses to engage in research and development so that they can continue to innovate and drive new commercial opportunities;
- Encouraging new start-up companies to be created by entrepreneurs, students and researchers; and
- Assisting small businesses to gain the skills they need to engage in innovation activities.

For the 2021-24 Spending Review the proposed spend profile is £8.4m, £2.3m, £2.6m.

Supporting Investment, Trade and Exports

Supporting investment, trade and exports through:

- Building on the success of Invest NI's International Strategy; and the continued promotion of Northern Ireland's sectoral strengths across its global network, to maximise trade and investment opportunities;
- Assist businesses increase cross border trade and develop new markets;
- Stimulating direct air access to Northern Ireland; and
- Research to determine the impact that EU Exit.

For the 2021-24 Spending Review the proposed spend profile is £9.1m, £7.8m, £6.8m.

Supporting Tourism Recovery

Supporting delivery of the Tourism Recovery Action Plan through a range of interventions to enhance business capability, create consumer confidence, stimulate demand, and safeguard connectivity; to include:

- Delivery of a crisis management fund, a tourism recovery grant programme, a skills and capabilities enhancement programme & assisting business with digital innovations; and
- Maintaining and enhancing air and sea links to NI through co-operative marketing and investing in a Belfast Cruise Hub.

For the 2021-24 Spending Review the proposed spend profile is £16.6m, £13.0m, £13.0m.

Supporting International Tourism and Conferences

A suite of interventions to support International Tourism and Conferences through:

- Enhanced and up-weighted investment in international tourism marketing campaigns, tactical activities and the promotion of the NI brand;
- Co-operation and participating in contributing to an all-island Covid-19 response programme;
- Targeted marketing to re-build Tourism from key markets which have the greatest propensity to travel to NI post-COVID i.e. GB, Germany, France & the Netherlands;
- Support to tourism businesses such as corporate venues to assist with recovery, business survival and resilience.

For the 2021-24 Spending Review the proposed spend profile is £12.4m, £7.4m, £7.4m.

NEXT STEPS

The Department is currently developing a detailed Covid Economic Recovery Action Plan in the context of the Executive's wider recovery priorities. This work will be developed through, and informed by, the Executive's Recovery Framework – Moving from Response to Recovery.