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**MEMORANDUM E (20) 244 (C)**

**FROM: FIRST MINISTER  
DEPUTY FIRST MINISTER**

**DATE: 13 OCTOBER 2020**

**TO: EXECUTIVE COLLEAGUES**

**FINAL EXECUTIVE PAPER – COVID-19 CONSOLIDATED IMPACT  
ASSESSMENT, AND PROPOSALS FOR RESTRICTIONS**

**Background**

1. The Minister for Health's Executive paper of 11 October in relation to '*Modelling the course of the COVID epidemic and the impact of different interventions and recommendations*', provides advice from a health perspective that an urgent intervention is now required in order to prevent the health service being overwhelmed and to avoid/reduce direct and indirect adverse health consequences, including excess deaths.
2. The Minister for Health has advised that both the Chief Medical Officer and Chief Scientific Advisor recommend an intervention to include the components outlined in paragraph 3 below for implementation as soon as possible and no later than the 16 October for a period of 6 weeks ideally (or between 4 and 6 weeks). This will have the intent of reducing  $R_t$  to 0.7 in line with the Executive's policy objective of maintaining  $R_t$  below 1.
3. The Executive will discuss the issue of schools.
4. The following interventions are proposed and would include the following components,

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- Maintenance of current household restrictions. This means a continuation of the restriction on meeting indoors, and a limit on the number who can meet in a garden. There are existing exemptions for child care and maintenance etc which would stay in place. However, as close contact economy is proposed below to for closure, it would be consistent with that to prohibit the provision of those services (eg hairdressing) in a domestic setting;
- Bubbling to be limited to a maximum of 10 people from 2 households;
- No overnight stays in a private home unless in a bubble;
- Work from home unless unable to do so;
- In guidance, Universities and further education to deliver distance learning to the maximum extent possible with only essential face to face learning where that is a necessary and unavoidable part of the course;
- Closure of the hospitality sector apart from deliveries and take aways for food, with the existing closing time of 11pm remaining. Other take away premises will then be brought in line with hospitality with a closing time of 11pm;
- Retail will stay open at this time. However, there will be urgent engagement with the sector to ensure that retail is doing everything it can to help suppress the virus;
- Closure of close contact services apart from those meeting essential health needs which will be defined in the Regulations to ensure continuation of essential health interventions and therapeutics. This will not include complimentary treatments;
- No indoor sport of any kind or organised contact sport involving household mixing other than at elite level;
- No mass events involving more than 15 people (except for allowed outdoor sporting events where the relevant number for that will continue to apply);
- Gyms may remain open but for individual training only with local enforcement in place;

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- Places of worship to remain open with a mandatory requirement to wear face coverings when entering and exiting. This will not apply to parties to a marriage or civil partnerships;
  - Wedding ceremonies and civil partnerships to be limited to 25 people with no receptions. This will be implemented on Monday 19 October. Venues providing the Marriage or partnership ceremony and celebration this weekend may remain open for these purposes but may not provide other services for people who are not part of the wedding or partnership party and this will be limited to 25;
  - Funerals to be limited to 25 people with no pre- or post-funeral gatherings;
  - In guidance, no unnecessary travel;
  - Off licenses and supermarkets will not be permitted to sell alcohol after 8pm;
  - We believe the above restrictions should apply for four weeks, and the continuation or amendment of any element would require Executive approval;
5. The Minister for Health has advised that a single intervention is unlikely to be sufficient to protect the hospital system through the winter and that an additional intervention or interventions would be required early in 2021 at the latest. Additional interventions are likely to be needed before then if the Minister for Health's proposals are amended. The assessments in this paper take account of this factor.
6. The assessment in this paper also considers the potential economic impact of not taking action at this stage as a basis for comparison – our view is that there can be no doubt that a significant package of interventions is required, and the judgement we need to take is between the proposals in the paper from the Minister for Health and some less stringent measures.
7. The Minister for Health's paper provides an assessment of the health impacts of the proposed intervention. In order to help inform the Executive's decision

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on the nature of any proposed intervention at this time, this paper provides an assessment of:

- (A) The economic impact;
- (B) The societal impact;
- (C) Impacts on schools and childcare; and
- (D) Any behavioural considerations, that is how deliverable is this option/  
what is the likelihood of achieving compliance?

8. Details on each of these aspects of the issue are set out in Annex A. The information provided is stark and shows very clearly the obvious serious consequences that would arise from a four to six week period of restrictions.
9. Annex B provides the Executive with an assessment of the scope, scale and limitations of financial support mechanisms that are currently available to the Executive. In brief:
  - a. The Job Support Scheme in its revised form is much less effective in the context of the labour market here – as so many of the employees most likely to be affected are already at or barely above the minimum wage, a scheme that pays two thirds of their wages is not likely to be sufficient to prevent large numbers becoming unemployed;
  - b. The funds now available to be deployed at the Executive’s discretion, while helpfully augmented by the additional £200 m announced last Friday, will not facilitate the scale or impact of the interventions in the initial lockdown.

### Consideration of Options for the Way Forward

10. It is clear that the major increase in the transmission of the virus requires a significant policy intervention. Some considerations that need to be taken into account include:
  - a. if the health service is forced to focus all its capacity on Covid, the consequences would include economic and social impacts as well as the serious deterioration in non-Covid health service provision. If increasing

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numbers of employees are affected by illness in themselves or their families, that would impact on the economy; and if the scenario led to large numbers affected by Covid, and a sense that the situation

was out of control, there would be very difficult behavioural consequences in society

b. a number of distinct choices need to be made in relation to education:

i. do we seek to keep schools as fully open as possible;

ii. is one extra week of a break at half term enough to make a worthwhile difference or is longer needed;

11. Hence, as we have discussed many times, there is no simple choice between on the one hand an option that saves the health service and minimises excess deaths and an alternative that saves the economy and reduces societal impacts. Whatever we decide will have detrimental impacts in all dimensions and the issue we face is to find a tolerable balance between these harms, taking account of both short and long term consequences.

12. In considering the options that involve less intervention than recommended by DH, we would need to bear in mind the advice that the consequence would be much greater risk of the need to re-impose similar restrictions within another month or six weeks, and hence we would need to consider if the reduction in impact on the economy or on other aspects of society would be enduring and worthwhile.

### **Other key factors to be considered**

13. The requirement for clear and concise **communications and messaging** remains a key lever in the success or otherwise of any intervention. Clear messaging is required both for the nature of any interventions introduced and also to reinforce the core elements of the public health campaign.

14. It is also critical for public messages to be consistent, rational and coherent across the entire programme – measures in one sector must not be

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inconsistent with another sector. Key is to have a strong, clear message and a push for behavioural change and compliance.

15. The Executive also needs to consider how best to **improve the level of compliance** with any restrictions that are put in place and to deal with the COVID-fatigue/ambivalence that appears to be prevalent across many sections of society.
  
16. The Strategic Enforcement Group continues to meet and met as recently as Friday. The Executive has approved regulations changes for face coverings, local government powers and levels of fines have been agreed. Engagements with faiths leaders, sporting codes and the voluntary and community sector are planned.

### Conclusion

17. In overall terms, it is clear from the assessments above that there are significant economic and societal challenges associated with the proposed intervention. There are also significant issues to be considered in relation to the closure of schools and childcare and the financial support that is required. It is also clear that the longer the intervention is in place, the more significant the issues are to be managed.
  
18. The Executive is therefore faced with choices regarding key sectors and education in particular. In one respect, it could be considered that in order to protect HSC services here, there are short and medium term significant consequences for economy and education which would need to be managed out through concerted effort over time. Alternatively, if any sector or sectors are to be prioritised, there are likely to be consequences for the HSC to be faced now.

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**Recommendation**

19. Executive colleagues are asked to:

- a. Consider the economic and societal impact assessment of the interventions proposed
- b. Note the scope, scale and limitations of the financial support mechanisms available
- c. agree that interventions aimed at a major reduction in the rate of transmission are needed immediately; and
- d. consider the options set out in this paper and agree the proposals outlined in paragraph 3.

**The Rt Hon Arlene Foster MLA  
First Minister**

**Michelle O'Neill MLA  
deputy First Minister**

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**(A) Economic Impact**

1. Even if no further health intervention was taken at this time, the legacy impact of the lockdown in March continues to be felt by individuals and businesses here. With approx. 60,000 people potentially still on full furlough, many of these jobs may be lost over the coming weeks when this scheme ends on 31 October.
2. In addition to this, a further 30,000 individuals were made unemployed during the initial lockdown. Taken together, this represents a significant labour market problem for years to come and presents the Executive with the ongoing challenge of managing high long term unemployment and potential lost life chances.
3. It is therefore clear that any further intervention that closes sections of the economy, even for short periods, without sufficient financial support mechanisms in place, will exacerbate this situation. Unfortunately, the current UK-wide schemes do not match the level of support from the lockdown in March (see Annex B) below.
4. The most impact across our economy has been on those sectors with relatively higher concentrations of low paid workers, including those within our hospitality, retail, arts and other services sectors. Any future interventions could therefore place large numbers of jobs at risk, for example:
  - Food & accommodation services industries (some 40,000 jobs) plus other parts of the wider Tourism Industry;
  - “Non-Essential” Retail (some 40,000 jobs);
  - Close Contact Personal Services (Some 5,000-10,000 jobs); and □ Gyms and Leisure Services (Some 3,000 jobs).



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5. If educational establishments and retail were removed from the scope of any intervention, this would reduce the positive consequences for the health service quite significantly. Maintaining the opening of schools would help maintain the supply of labour to all sectors of the economy not required to close and help keep sectors working such as construction and manufacturing. Keeping open so called “non-essential” retailers could help keep some 35,000, often lower paid, workers in jobs in both shops and in the supply chain.
  
6. Taking no action at this stage is likely to cause significant issues for the **agrifood sector** in particular. As the number of COVID-19 rises rapidly within the general population, then the associated absenteeism will affect agriculture, environment and associated sectors e.g. agricultural feed merchants, food processing, transport, and retail with impacts on the flow of product which can have animal welfare implications. Increased cases of COVID-19 will ultimately lead to the closure of firms, particularly within those sectors where workers are operating within close proximity to colleagues. Increased levels of infection could lead to problems on farms managing and feeding livestock when housed (more acute for intensive sector), and in food processing plants that could lead to temporary closure with subsequent knock on effects at farm level for animal welfare / cash flow / livestock cull.
  
7. For a six week intervention/closure, agri-food prices could fall for those sectors (eg red meat, dairy, vegetables) with high exposure to hospitality sector (and schools if closed) and could be reflected back throughout the livestock supply chain. However, these should recover fairly quickly when those markets recover (given total demand for food will remain unchanged) provided there are not parallel and sustained closure in GB and other relevant markets. Anticipated increase in demand from retail should take care of displaced product but those producers very closely linked to hospitality with a short supply chain, (eg artisan producer supplying restaurants) would be impacted significantly with no market for their produce.

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8. Under the proposed intervention and in light of the gaps in the financial support mechanisms available to the Executive, there would be an **increasing demand for social security benefits**, and indeed that is likely to be the case in any scenario. If current staffing levels in DfC prove insufficient or new staff cannot be recruited due to restrictions to cope with demand, this would lead to a diminution of service and impact on payment timescales. Discretionary Support would come under significant pressure.
9. The timing of the proposed intervention is also relevant from an economic perspective, as it will impact on the **Christmas trading season**. Many businesses can derive up to 50% of their revenue during the next two months, so the impact of any disruption to trade will be significant. The impact of any disruption to social and cultural events during the Christmas community season is likely to cause significant social impact and will inevitably affect compliance.
10. The impact of any intervention on supply chains and logistics must be considered, for example on transportation chains – ferries, airports and road haulage could be severe, threatening food supplies, waste collection/recycling – which may also be subject to higher risk due to Brexit uncertainty.

### (B) Societal Impacts

11. Services in respect of key societal impacts like **mental health, addiction and domestic violence** currently continue to be delivered, albeit with some adjustments to meet current guidance. The risk with any form of “lockdown” scenario is both that the population need grows but that need is not identified or cannot be met and that key services are interrupted as a result of actions taken. The impact is greater and more severe the longer the lockdown. That said, the experience of the first lockdown does mean there are better measures in place to mitigate the risks such as operational procedures in

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place to identify and support those who are particularly vulnerable, for example, in the areas of DV and child protection.

12. The availability and access to key services covering mental health, addiction, domestic violence and youth work are all critical in reducing the impact of the current crisis on vulnerability. While the impact is not quantifiable, there is widespread recognition that the first lockdown did interrupt provision of these services and therefore had a negative impact. **Any repeat interruption would be damaging.**

13. **Local Government and the voluntary and community sector** played a significant role in supporting the vulnerable and those shielding. They will likely require further financial support packages to scale up this support, address loss of income and avoid further redundancies of council staff.

14. **Rural communities** - mental well-being and rural social isolation are real and must be addressed. Mental health and resilience arising from rural isolation and rural poverty. If a circuit break is to be introduced, the longer the duration the more challenging in terms of rural dwellers' resilience, particularly given social isolation, rural businesses and facilities ability to continue and overall likelihood of compliance. Furthermore rural areas would have a higher reliance on the cash economy.

15. **Fuel poverty** is likely to become an increasing issue if people are required to remain at home for longer, particularly as we approach winter. People with respiratory issues in cold homes are more susceptible to COVID.

16. Evidence from previous recessions suggest that there is an **increase in acquisitive crime** during sustained economic downturns. That risk will be greater for those in which the economic disruption is highest.

17. Whilst the construction industry is not required to close under the Health Minister's proposed intervention, if they decide to do so (as was the case in

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March), this would result in increased **Housing Stress**, having a direct adverse impact on social housing construction and the Private Rented Sector, estate agents, tradesmen, mortgage industry etc. Financial support measures would be required.

18. **Homeless services** are likely to face increasing demand and if houses cannot be let, then there will be an increased demand for more temporary accommodation. At this stage, it is not clear whether capacity exists to meet large scale increase in demand.
19. Other key services like **access to justice** through the Court system continued in limited form throughout and are now beginning to be fully available again. If the proposed intervention leads to an interruption of these services, that would delay access to justice and have a long term negative impact on society and confidence in the justice system.

### (C) Schools and Childcare

20. Of most concern would be the risk that the loss of learning time would mean that next year's **A level, AS and GCSE examinations would not be deliverable**. The consequence of that depends to some degree on the extent to which other jurisdictions also decide not to run with examinations. If they continue with their examinations, there is a risk that further and higher education establishments will view a teacher assessed qualification less favourably than an exam based system. This would be a **significant impact on the portability of the qualifications held by NI learners**. In the event that examinations do not run as normal, alternative contingency arrangements for assessments will need to be developed and announced as quickly as possible.

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21. The impact on **vulnerable children** needs to be carefully considered. For some, especially those at risk of abuse and neglect, school is the safe space in their lives and the place where contact with “the system” is maintained. Schools can remain open for vulnerable children (and children of key workers) as was the case in wave 1. However, less than 1% of the schools’ population were in regular attendance during that period.
22. For children with **Special Education Needs** and their families, school is best equipped to provide the complex care for the learning environment. Families without that facility will be isolated and will have no respite.
23. There could be **serious implications for the childcare sector** which would go well beyond the circuit break period. If more families are at home, it is more likely that they will keep their children at home. This sector was in distress in wave 1. It would need to be supported again. The consequence of not doing so is that, once economic activity is able to return, families need a viable childcare sector or they will not be able to return to work.
24. There would in all certainty be an impact on the **transfer tests** planned for January. Schools which plan to use academic selection as part of their admissions criteria would have to develop a new approach.
25. The **Engage Programme** may need to be revisited with a view to enhancement and/or extension to deal with the extra learning catch-up which would be required.
26. Access to IT for those on low income and the issue of **Digital divide** will be apparent, particularly children in the event that schools close.
27. If the decision is taken to close schools, **the plans and mitigations put in place in wave 1 should be able to be reinstated quickly** and would be effective in mitigating the immediate impacts and support ongoing learning albeit in a different form. Other mitigations may be required, including

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financial, to offset the effects of the above impacts. Mitigations can be put in place for substitute teacher loss of wages and school dinner payments.

### (D) Behavioural Impact

28. Under the status quo, it is clear that many people do abide by the restrictions in place but a minority do not always do so and a very small proportion do not take the restrictions seriously at all. Increasing the restrictions will not change behaviours in itself and carries with it the risk of greater numbers not following the regulations. While a tighter lockdown will make it easier to identify examples of non-compliance, it also increases the risk of more people not being willing to comply.
29. Policing can only operate effectively when there is broad community consent for what is proposed. This highlights the importance of engaging the community on the need for any restrictions and the absence of alternatives to whatever is decided as well as providing a nuanced message in which it is made clear what continues to be acceptable as well as what does not.
30. As the length of the proposed intervention period increases, so does the challenge of gaining compliance as a result of 'restrictions-fatigue'. Panic buying may also be an issue, particularly in the lead up to the Christmas period.
31. From a policing perspective, the challenge with travel based restrictions was demonstrated during the last lockdown and similar problems need to be avoided this time round.

### **Annex B** *Expanded Job Support Scheme (JSS)*

1. On 9 October, the Chancellor announced that the JSS would be expanded to support businesses across the UK required to close their premises due to coronavirus restrictions. Further details on the original and expanded JSSs are contained in **Annex A**.

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2. On the basis that Devolved Administrations are effectively the decisionmakers for a UKG-funded scheme, UKG has asked for close co-ordination in order to avoid significantly different trigger points across the UK. This must therefore be considered in the context of any Tiered response to the current challenges, which is the subject of a separate Executive paper.
3. Early indications are that the original part of the JSS package might be more suitable for situations where extended lockdowns are avoided, as there remains some incentive for employers to retain staff as trading is only suspended or reduced for short periods and some support is available for staff costs in the meantime. Conversely, the original part of the JSS package is not suitable for situations where extended lockdowns occur.
4. For those businesses required to close under the regulations, and therefore be eligible for support under the expanded JSS, the consequences are still significant for both employers and employees. For employers, while intermittent trading is legally possible, this would represent yet another curtailment in trading opportunity and faced with further closure, the question over at what point all of this no longer become worthwhile would surely accelerate.
5. For employees, while the expanded JSS would pay 67% of their usual pay, for those employees on a low or minimum wage, this could bring them much closer to the point at which it may be more financially beneficial for them to claim Universal Credit. This is in the context where the most devastating impact across our economy has been on those sectors with relatively higher concentrations of low paid workers, including those within our hospitality, retail, arts and other services sectors.
6. There are concerns that the expanded JSS does not provide support for those 'supply side' businesses that are not legally required to close but which face potential significant decline in demand.

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7. This is in a context where some 150,000 of the 250,000 people on furlough during the springtime were outside of sectors that were legally required to close. **This means that for every one job that was specifically closed by the regulations and on furlough, nearly two more were also on furlough** and a further 78,000 were relying on Self Employed Support. Many sectors were either closed indirectly (such as Estate Agents or Driving Instructors) or seen trading reduced (such as Manufacturing, Constructions or Haulage) or were impacted due to labour supply impacts from lockdown

### *NI Executive Funds*

8. Following the Chancellor's announcement on Friday 9 October, the amount of COVID-19 funding guaranteed to the Executive in 2020-21 was increased to £2.4 billion, **providing an additional £200m.**
9. Following the allocations agreed by the Executive on 24 September, £55.2m was held centrally pending proposals on support for other sectors while £600m was held pending an assessment of health costs,
10. The support package for the Derry and Strabane Council area was to be funded from the £55.2m. The remainder of this funding is likely to be required to provide support for sectors which have not been able to avail of existing support, or where further support is essential, such as airports, the coach and bus industry, taxis, travel agents etc.
11. DoH has subsequently provided an assessment of its anticipated costs for the remainder of 2020-21. This identifies additional resource costs of £526.4m and it is proposed that these are funded from the £600m available leaving £73.6m for the wider COVID response.
12. As part of the October Monitoring round departments have identified easements of £25.6m in relation to previous allocations for COVID measures.

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13. This brings the **total COVID funding available for allocation to £299.2m Resource DEL.**
14. **Options for the most effective utilisation and deployment of this funding will be developed for consideration by the Executive in the context of any decisions taken on future interventions.**
15. Unfortunately, the scope for the Executive to close the gap between the UKG schemes and the demand for support is limited. The £10k, £25k and hardship schemes cost £340m, so are not considered to be affordable unless additional funds are made available. In addition, they did not reach all businesses.
16. The UKG and NIE policy response has been widespread, but there were still gaps in the economy where businesses could not avail of support. In particular, there were significant number of tourism and hospitality businesses that could not avail of earlier grant support schemes which suggests this would not be an effective model going forward.
17. **A self-isolation scheme has been developed by DfC.** However, the current regulations are aimed at people with limited resources and restrict support for those people earning below £21k.
18. The proposed intervention will likely result in increased retail demand for food and reduced service sector demand for food, with knock on disruption for processors leading to some price impacts which should be relatively short lived. However, if markets beyond NI are subject to sustained lockdown then agricultural market prices could be affected therefore it will be important to monitor developments and to have some contingency funds available to deploy if required.

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### Annex C Original Job Support Scheme

- The original iteration of the Job Support Scheme was designed to protect viable jobs in businesses who are facing lower demand over the winter months due to COVID-19, to help keep their employees attached to the workforce.
- The scheme will open on 1 November 2020 and run for 6 months until April 2021.
- The company will continue to pay its employees for time worked, but the burden of hours not worked will be split between the employer and the Government (through wage support) and the employee (through a wage reduction) will keep their job.
- For the first three months of the scheme, the employee must work at least 33% of their usual hours. After 3 months, the Government will consider whether to increase this minimum hours threshold.
- The Government will pay a third of hours not worked up to a cap, with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages, where the Government contribution has not been capped.
- Employees will be able to cycle on and off the scheme and do not have to be working the same pattern each month, but each short-time working arrangement must cover a minimum period of seven days.
- For every hour not worked by the employee, both the Government and employer will pay a third each of the usual hourly wage for that employee. The Government contribution will be capped at £697.92 a month.
- Payments will be made in arrears, reimbursing the employer for the Government's contribution. The grant will not cover Class 1 employer NICs or pension contributions, although these contributions will remain payable by the employer.

### Expanded Job Support Scheme

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- On 9 October, the Chancellor announced that the JSS would be expanded to support businesses across the UK required to close their premises due to coronavirus restrictions.
- Under the expansion, firms whose premises are legally required to shut for some period over winter as part of local or national restrictions will receive grants to pay the wages of staff who cannot work
- The government will support eligible businesses by paying two thirds of each employees' salary (or 67%), up to a maximum of £2,100 a month.
- Under the scheme, employers will not be required to contribute towards wages and only asked to cover NICS and pension contributions. It is estimated that around half of potential claims are likely not to incur employer NICs or auto-enrolment pension contributions and so face no employer contribution.
- Businesses will only be eligible to claim the grant while they are subject to restrictions and employees must be off work for a minimum of seven consecutive days. The scheme will begin on 1 November and will be available for six months, with a review point in January.

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