

Transitioning out of the pandemic: a framework for recovery

Initial discussion paper

Decisions for this meeting

1. In policy terms, none. This is an initial discussion which needs to involve more people, particularly on the health side, before it can be codified in any form.
2. In organisational terms: **does ExCovid want this work, initially as outlined in paragraph 39, to be organised by the Covid-19 project team for the immediate future?**

Issue

3. It is still early days. We have not yet reached the “Easter review”, the first statutory milestone to evaluate for changing the social distancing rules in Wales. Nevertheless, we propose to dedicate a small amount of resource to thinking ahead to how Welsh Government should transition out of the pandemic and into recovery.
4. This work is fundamentally a medium-term policy task. It is not expected to influence near-term operational or policy decisions. But we think there is value in lodging the important principles in decision-maker’s minds so that we can take a consistent, considered and cross-government approach to planning for recovery and integrate this with planning for other challenges such as those resulting from European transition.
5. The First Minister and Special Advisers would like this work to be planned in parallel to the political work on the future programme for government (which will confirm the status of different Ministerial priorities).

Framework for recovery

6. By framework, we simply mean a means to organise the building blocks of work. Given the number of people thinking about this across Welsh Government, we need a single structure – not to control the work, but to ensure people are aware of how they fit into the wider piece.
7. So far, we have identified the following elements for this work:
 - Scenarios
 - Lessons from past crises
 - Transitioning out of social distancing
 - Restarting economic activity
 - Unwinding crisis interventions

- Future challenges and opportunities
- Ministers' wider policy programme
- Welsh Government ways of working

Element 1 – Planning scenarios for the outbreak progression

8. There's a huge amount of uncertainty. Only certainty is that we will be living with the consequences of this crisis for a very long time. Nevertheless, we need a way to think about the future, given the range of outcomes is so broad.

9. We need to understand the shape of the possible curves and their phases. What are the **central**, **reasonable best** and **plausible worst** case scenarios? This is while recognising that other scenarios are possible given the uncertainty

10. If we develop a central shared planning scenario across government, even with significant uncertainty attached, it will help policy teams to do forward planning with a longer time horizon in view. In particular, such scenarios provide a means to consider the policy and financial implications beyond the very short term and take a view on the affordability of continuing current measures.

11. Clearly, the scenarios would need to be developed through the evidence and expertise within HSS.

Element 2 – Lessons from past crises

12. While there is no perfect historical analogy for the current crisis, we propose to gather the summary lessons from other recoveries from crises, especially past pandemics and recessions on a global scale. We hope to foster a shared perspective across government by sharing and discussing these points.

13. Preliminary evidence suggests the economic footprint of pandemics can be very long term – measured in decades, not years. The health impacts may span a similar period of time. The footprint of this pandemic may impact less on working age populations but more on communities and support networks consisting of older people.

14. An evidence-based approach is key. On the economic and social side, there may be a role for the WCPP to assist in developing planning scenarios. We may also wish to consider previous fiscal scenarios where economic stimulus packages have been deployed, including where in society the burden of financing these has fallen.

Element 3 – Transitioning out of the social distancing

15. Social distancing is the main driver for the economic impacts we are seeing so the path for economic recovery is closely linked to the status of these measures.

16. How soon can we relax social distancing measures and how should this be managed to minimise health risks, and pressures on NHS and other critical services? We will gain a first sense of this at the “Easter review” but this is likely to be the first of many review points.

17. This will be a medium term transition not a short term adjustment, it is likely to involve a phased approach. This will be driven by science and health advice. The nature of phases will be greatly determined by whether it is viable to return to a containment strategy. There are strong links to testing, particularly immunity testing.

Element 4 – Resuming economic activity

18. We know a very large portion of the economy is either not operating or running at reduced capacity. This is unprecedented, even in the three-day week of 1974.

19. In the short-term, the challenge is seeing how activity can be adapted such that it is consistent with social distancing. This allows us to keep the engine ticking over in some areas, which is especially relevant in scenarios where social distancing stays in place for a protracted period.

20. We might then expect to see controlled return to work as social distancing measures can be relaxed. This may involve increased workplace health protection measures linked to testing until such time as a vaccine becomes available.

21. At a later stage, we would expect some form of domestic and international stimulus. This must not come too early, else it risks undermining the intent of social distancing.

Element 5 – Unwinding interventions

22. A vast array of policy decisions have been made to address the crisis situation. Many of the policies and schemes created are strictly time-limited interventions.

23. The biggest by some measure are the UK Government’s interventions in wages, welfare and lending. These are largely open-ended commitments. Unless the closure of these is carefully planned it risks countervailing any recovery package on the one hand, or preventing necessary adjustments on the other. The withdrawal of support needs to consider social and community as well as business impacts.

24. We should consider the prospects for a UK fiscal stimulus and where might it focus? For example, it may have significant implications for Wales’ capital pipeline which we can prepare for. Unfortunately, the illusion of ‘shovel ready’ schemes may be especially the case given the impacts of the hiatus in activity on certain supply chains.

25. In terms of the Welsh-led response, given the limited fiscal scale of the Welsh budget, it is likely to be more effective to concentrate on a smaller number of targeted policies, , which can be effectively monitored and carried out at scale; doing a few things and doing them well. This might include WG procurement activity and other decisions within our direct control.

26. We may be exiting the Covid-19 lockdown at the same time as the end of European transition period. By itself the former would have posed huge challenges, the recovery measures will need to address these at the same time as recovery from Covid-19.

27. This is not just a question of the economy. In health, we have prioritised one type of care over many others. Addressing the consequences is a very different type of unwinding than closing an economic support scheme.

28. There is clearly a very strong interaction with element 4 and there will be a strong iteration with health advice. We need to be able to keep some measures and facilities in place and available or reintroduce them as needed should there be a further wave of disease.

29. What is the exit schemes and policies? As we take these steps, do we want to return to the pre-crisis state or attempt a different landing zone? This links with element 6: future challenges and opportunities.

Element 6 – Future challenges and opportunities

30. While it is an obvious cliché, it is nonetheless true that the world has changed. Some things will never revert to their pre-crisis state and the public may be more or less receptive to some types of policy in the immediate aftermath of the pandemic. The crisis may act most forcefully where it removes blockages to change which was already under way.

31. Some examples include:

- **Young people and the labour market.** Experience from the financial crisis demonstrates the problems likely to be faced by a young person attempting to enter the labour market at this time (recessions quickly transform from people being made redundant to people not being hired)
- **Welfare state** – will society accept a welfare state scaled back to its pre-crisis state? This is a question for UKG but has significant implications for Wales.
- **Communities and their role** – will have undergone major change, e.g. the vulnerable older population was a mainstay of unpaid childcare and volunteering, can or should this group return to their previous role.

- **Ways of learning**, especially the disruption may drive changes to the operating model for the further/higher education sectors.
- **High street**. Some service-based retail will struggle to recover; a number of others will have changed their balance of online services
- **Home working** has probably leap-frogged a number of years on the evolution curve
- **External factors** such as future public enquiries (Covid, EU Transition) that will focus both on our handling and also likely on the recovery phase.

32. While we should be wary of wishful thinking, some of these are both a challenge and an opportunity. They link closely with element 7: Ministers' wider policy programme.

Element 7 – Ministers' wider policy programme

33. The First Minister is understandably very keen not to lose sight of pre-crisis programme for government.

34. These need to be looked at through the prism of recovery: the right approach pre-crisis might not be the right approach now

35. In terms of timing, it may be right to push some things forward; others should be pushed back.

36. Working with Special Advisers, the FM is developing a set of policies across economy, environment and social justice, he would like to doubly ensure do not get lost in the work of the recovery.

37. Given it is the same Cabinet and civil service which needs to deliver all these things, we propose this work is planned in parallel with recovery work to allow for broad trade-offs.

Element 8 – Welsh Government ways of working

38. Finally, we should also consider whether we as a civil service want take steps to embed ways of working forced upon us over the last few weeks.

39. Aspects include:

- more **cross-group working**
- degree of **home working** and implications for the estate and the wider public sector

- **Inter-governmental relations**, in some areas has changed in a positive direction which we will want to maintain, in others our approach to UK post EU transition and Post Covid will need to recognise very different future needs than we had expected.

Next steps

40. As noted above, this is an initial discussion paper only. We therefore propose to concentrate initially on:

- establishing links across government,
- working with health colleagues on a small set of scenarios to aid cross-government planning: 'central', 'reasonable best' and 'reasonable worst'
- completing a swift 'lessons learned' exercise from past crises
- developing a proposal for this programme in the context of the Easter Review

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