

COVID-19: Summary of external research

12/05/2020

This newsletter series presents a digest of external research that the Greater London Authority is making available for the benefit of external stakeholders in tackling the COVID-19 crisis. These summaries have been prepared under challenging circumstances and to short timescales. They are not intended to be comprehensive and exhaustive and do not represent the full body of evidence on which Mayoral Policies are or will be based.

Introduction and summary

This is the latest edition in a series of briefings highlighting key statistics and external research and recommendations relevant to the GLA's response to the Covid-19 pandemic. Each briefing will offer short summaries and a deep-dive into one or two topics.

This week's newsletter includes a [summary of research into the demographic impact of Covid-19](#), an [update on UK macroeconomic scenarios](#), and our regular summaries of [external research reports](#) and [external policy recommendations](#).

Demographic impact of Covid-19 - key points:

- London has had relatively more Covid-19-related deaths than other regions. This is in part due to the earlier spread of Covid-19 prior to lockdown.
- Using Age Standardised Mortality Rates (ASMRs) to take into account age differences across the populations of different areas, the ASMR for London up to 17th April (85.7) was much higher than for England (36.6). Newham and Brent had the top ASMRs nationally at this date.
- An alternative way to compare deaths looks at 'excess deaths'. Using this method, there have been in the region of 50,000 excess deaths in the UK over the period of the pandemic, with 9,000 of those occurring in London.
- The Financial Times has used this measure of excess deaths to compare major world cities. As of 12th May, this shows that London has recorded 135 per cent excess deaths, compared with 137 per cent excess deaths for Ile de France and 400 per cent for New York City.
- The Covid-19 outbreak in the UK has had unequal impacts on different groups of the population. It quickly became well-established that older people, men, and people who have underlying health conditions were at disproportionate risk of developing a severe infection and dying.
- An increasing body of evidence has shown how Black and Minority Ethnic (BAME) groups are over-represented both among the patients who are being hospitalised with serious cases of Covid-19 and also in relation to deaths. This cannot be explained by existing data on socio-economic and health inequalities, but these analyses have not fully accounted for occupational differences

- Recent analysis has shown how occupations have different exposure to Covid-19 and different access to special protection. Deaths relating to Covid-19 of people in some of these occupations have been much higher than in the general population, and many of these have a high proportion of BAME workers.

1. The impact of Covid-19 on Londoners

London emerged as an epicentre of the pandemic early in its spread across the UK. Prior to lockdown on 23rd March 40% of England's confirmed England cases were in London (3,517).

As of 12th May, there were just over 26,000 confirmed cases in London, with eligibility for tests extended. London now represents less than 20% of confirmed cases in England. The rate of confirmed cases is now higher in Wales, the North East and the North West of England, but different testing regimes at different points through the pandemic means it is not possible to say with certainty how the proportion of the population infected compares. The daily increase in the number of confirmed cases across London has dropped below 100. Within the region, Croydon and Brent are the boroughs with the highest number of confirmed cases, with over 1,400 in each borough. Brent and Harrow are the boroughs with the highest proportion of lab-confirmed cases of Covid-19, with over 400 for every 100,000 residents.

Up to 1st May 7,157 London residents were registered as having died with Covid-19 mentioned on their death certificate, measured by ONS weekly deaths estimates. In London, the peak week for Covid-19 related deaths occurred during the week ending 10th April, with 1,916 in a single week (a week later than the peak for cases). In the week to 1st May, the number of deaths was quarter that of the peak.

Of the total Covid-19 related deaths recorded, 76 per cent of London deaths occurred in hospitals, 15 per cent in care homes, 7 per cent at home and two per cent elsewhere, which includes other establishments such as hospices and prisons. Nationally, a higher proportion of deaths have been in care homes (25 per cent), and fewer in hospitals (68 per cent).

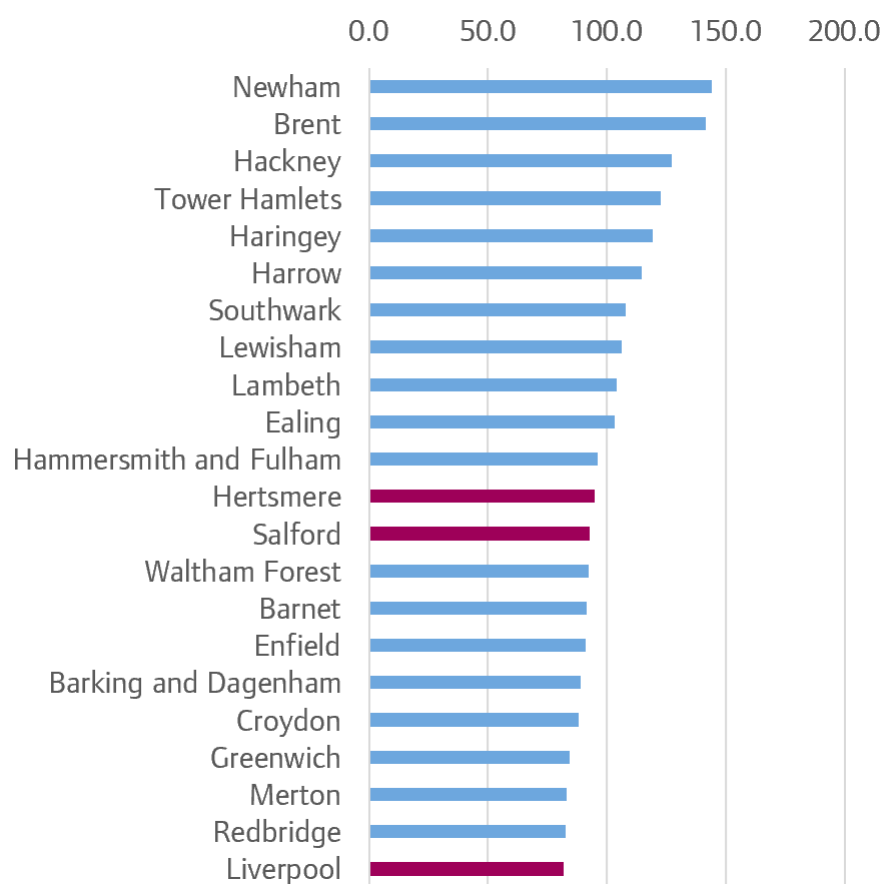
Based on the seven weeks between 1st March and 17th April, Brent recorded more Covid-19 related deaths than any other borough. Of the total of 4,950 deaths in London, 304 were in Brent, with 287 in Barnet, 252 in Croydon and 241 in Harrow.

Using Age Standardised Mortality Rates (ASMRs) to take into account age differences across the populations of different areas, the ASMR for London up to 17th April (85.7) was much higher than for England (36.6). Newham and Brent had the top ASMRs nationally of any local authorities in England (both over 140) – nearly four times the national average.

This data also allows for comparisons with other parts of England, at local authority level and for cities, though it is important to note that this snapshot, covering deaths to 17th April, appears to be further through the pandemic in London than in most other parts of the country. Birmingham, Liverpool and Middlesbrough were the major cities outside the capital with the highest levels of deaths relative to their population, with ASMRs over 70, compared with 85.7 for London. The comparable ASMR for Manchester was 55.5.

Other towns and cities with high rates include Salford and Walsall, both with ASMRs over 100, though these are still well below the ASMRs seen in several of the London boroughs. Watford and Hertsmere, which border onto Harrow and Barnet, two of the worst affected London boroughs, also had high ASMRs.

Age Standardised Mortality Rates for London boroughs and selected local authorities elsewhere in England (data to 17 April only)

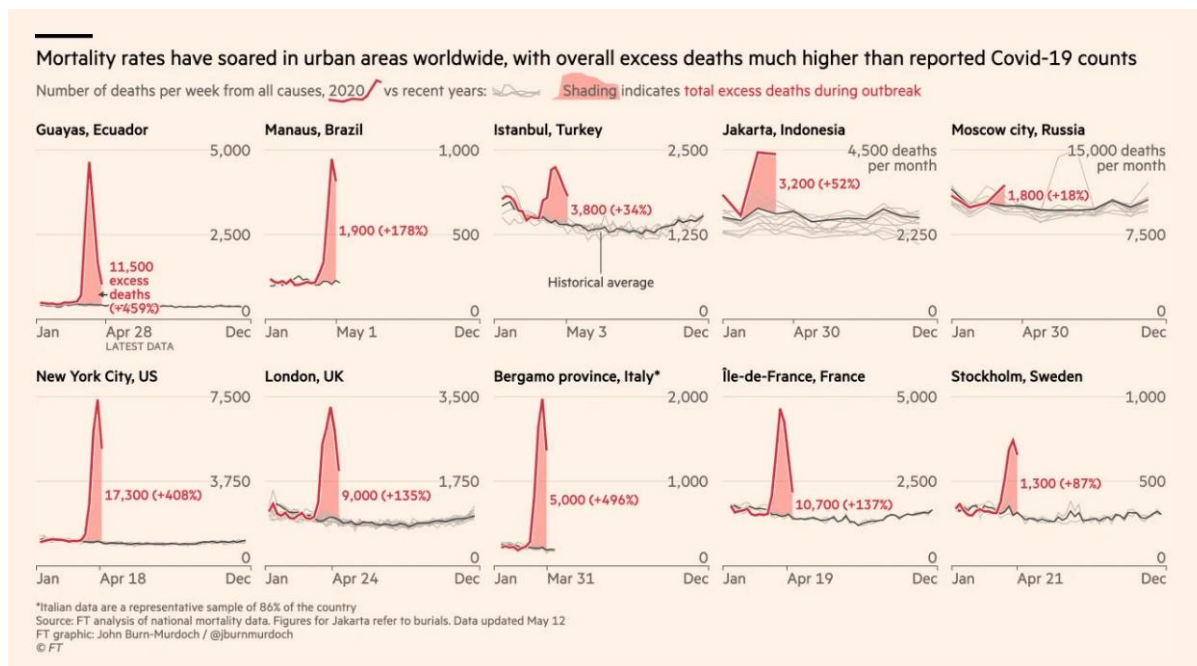


Source: ONS Deaths involving COVID-19 by local areas and deprivation, deaths occurring between 1 March and 17 April, published 1 May 2020

An alternative way to compare the numbers of deaths is through looking at excess deaths, by comparing the total number of deaths in a given period to the “usual” number of deaths in that same period in other years. This method incorporates not only deaths attributed to Covid-19, but also deaths that have occurred that may have been due to the disease but were not recorded as such, plus any deaths due to other reasons, which would include deaths among people not being treated for other conditions and any unusual patterns in deaths for other reasons. Using this method, there have been in the region of 50,000 excess deaths in the UK over the period of the pandemic, with 9,000 of those occurring in London.

The Financial Times¹ has used this measure of excess deaths to compare major world cities. As of 12th May, this shows that London, with a population around 9 million, has recorded 135 per cent excess deaths, compared with 137 per cent (10,700) excess deaths for Ile de France, with a population of 12.2 million, incorporating Paris. Madrid (population 6.6 million) has recorded 11,600 excess deaths, which is more than three times its average, and Bergamo province in Italy (population 1.1 million) show even higher levels of excess deaths, nearly six times its average, with 5,000 excess deaths reported to 31 March. Meanwhile, New York City with a population more than double that of London is recorded in the FT report as having 17,300 excess deaths, over 400 per cent more than normal.

¹ <https://www.ft.com/content/a26fbf7e-48f8-11ea-aeb3-955839e06441>



The Covid-19 outbreak in the UK has had unequal impacts on different groups of the population. It quickly became well-established that older people, men, and people who have underlying health conditions (particularly diabetes, obesity, heart disease and chronic lung conditions) were at disproportionate risk of developing a severe infection and dying. However, an increasing body of evidence has merged to show how Black and Minority Ethnic (BAME) groups are over-represented both among the patients who are being hospitalised with serious cases of Covid-19 and also in relation to deaths.

Analysis published on 7 May by the Office for National Statistics shows that the mortality rates for Black, Indian, Pakistani, Bangladeshi and Other ethnic groups are several times higher than for the White ethnic group. These differences in mortality still exist once differences were controlled for by a large range of factors including the different age, sex, region, rural-urban structures of the population, and also socio-economic factors such as area-based deprivation, household composition, highest qualification and socio-economic class. After controlling for all these factors, they found Black men still had a mortality rate almost double that of White men (1.9 times), and mortality rates were almost as high for Bangladeshi/Pakistani men. There was a similar picture for women. This difference is not yet totally understood but reflects a complex picture of structural inequality. But it is not yet clear that it can be explained by health and wider socioeconomic inequalities alone.

Occupations of workers make a difference to exposure to Covid-19 with some people still working in occupations that bring them into close contact with many people but with no special protection. Deaths relating to Covid-19 of people in some of these occupations have been much higher than in the general population, most notably security guards, taxi and bus drivers, chefs and shop workers. Covid-19 related deaths among care workers are also higher than average, but not among healthcare workers, including doctors and nurses. Occupational differences between ethnic groups may contribute to some of the differences in the hospitalisation and mortality rates seen above.

A full briefing on this subject will be published shortly at [this link](#).

2. Brief update on the UK macroeconomic scenarios

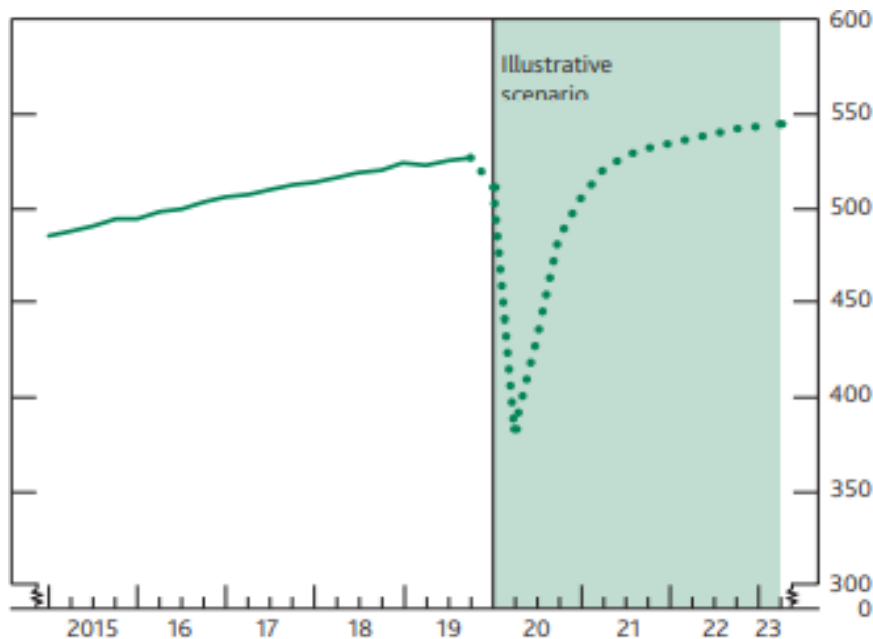
A summary of the latest macroeconomic scenarios for the UK produced by some external institutions is provided below. Overall, economic forecasters predict a historic fall of output in the second quarter of the year deriving from the lockdown measures to contain the Covid-19 spread. The annualised output loss is expected to continue - although at a slower speed - during the second semester 2020, thus dragging the economy this year to its first recession since 2009.

Most forecasters also seem to assume that the economic policy measures introduced by authorities will alleviate the unprecedented economic impact in 2020 and will support a rebound of the economy in 2021 and a return to its pre-crisis growth trend in the short-term.

Bank of England (07 May 2020)

- Provide **one illustrative scenario for 2020 to 2022**, along with some sensitivity analysis for key assumptions.
- Assumptions used for the illustrative scenario include:
 - Social distancing measures are gradually lifted over four months from early June. However, voluntary social distancing unwinds only gradually over the next year.
 - The evolution of the pandemic is similar in other countries to those in the UK, meaning that net trade is broadly neutral for UK GDP in 2020.
 - Government fiscal support measures are successful in lessening the economic impact and are unwound over the same period. Unemployment eventually falls back to close to its pre-Covid rate and there is no rise in the long-term equilibrium rate of unemployment.
 - Around a quarter of the fall in consumption that occurs whilst social distancing measures are in place is recovered gradually thereafter. Similarly, around 10% of investment spending foregone is recovered and some housing transactions are assumed to complete once the measures are lifted.
 - Inflation is less responsive than usual to a given degree of spare capacity while demand is especially weak.
 - The UK moves to a comprehensive free trade agreement with the EU on 1 January 2021.
- According to the BoE, UK GDP falls sharply in 2020 H1: It is expected to have fallen by around 3% in 2020 Q1 and by a further 25% in Q2 compared to the previous quarter. It then recovers relatively rapidly in Q3, as social distancing measures are gradually lifted, and rises further in Q4. Overall, **GDP drops by -14% in 2020 and then rises by +15% and +3% in 2021 and 2022 respectively (V-shaped recovery)**.
- However, unemployment recovers more slowly, falling back to 7% and 4% in 2021 and 2022 respectively, after rising sharply to 8% in 2020. Decreased investment also weighs on the productive capacity of the economy, which is a little lower than it otherwise would have been by the end of the scenario period.
- The BoE also highlights **factors that could lead to more negative outcomes**. These include: the need for stricter measures elsewhere in the world, longer-lasting social distancing measure, a higher degree of long-lasting scarring in the economy. It is also possible that firms may avoid raising prices as demand picks up to rebuild their customer base, which would reduce inflation.
- By comparison, as we discussed in the 17 April newsletter, the unique OBR reference scenario assumed a three-month lockdown due to public health restrictions followed by another three-month period when they are partially lifted. They assumed no lasting economic hit as well. As a result, UK GDP drops by 35% in Q2 2020 compared to the previous quarter.

GDP in Illustrative Bank of England scenario (£ billions)



(a) Conditioned on the assumptions in Chart 1.2 footnote (a).

(b) The dotted line begins in 2020 Q1, as ONS data are currently only available to February.

Source: Bank of England

KPMG (29 April 2020)

- Consider **four scenarios for 2020 and 2021** and provide forecasts for the base scenario.
- In the base scenario, assume an initial 10-week lockdown ending in May 2020, followed by two further four-week lockdowns in August and November 2020. Also assume that some measures, such as restrictions on social gatherings and travel, remain in place until 2021. A vaccine becomes available in January 2021, allowing the removal of all restrictions shortly afterwards.
- All scenarios assume that government support preserves as many businesses as possible, meaning their output can return to pre-crisis levels quickly once the pandemic is eradicated in the UK.
- The UK economy is expected to contract by 7.8% in 2020, recovering in 2021 with GDP growth reaching 8.4%. GDP forecasts for 2020 reflect the pattern of stop-start economic activity, meaning that fluctuations in output will be sharper than previous recessions (**steep W-shaped recovery**). The rate of unemployment is expected to reach 8.8% in 2020, before gradually falling as the economy recovers.
- Also consider three **alternative scenarios** which modulate the sensitivity of assumptions on epidemiological developments, recurrence of lockdowns, and persistence of social distancing measures. These could lead to a range of alternative scenarios: from an upside scenario (V-shaped recovery) to a continuing poor GDP performance beyond 2021 (L-shaped recovery). On Balance though KPMG sees current medical evidence pointing at the upside scenario as the least probable.

NIESR (17 April 2020)

- Provide forecasts for a **unique reference scenario for 2020 and 2021**.
- Assume that the lockdown period is eased from the middle of May (two months) and that ways are found for economic activity to resume safely in the second half of 2020.
- The scenario also **relies on the belief that the complex network of relationships that make up the economy can be restored after the lockdown without having suffered any long-**

term damage. That will depend on the length of lockdown and the effectiveness of the various government measures.

- Estimate that during lockdown GDP falls by 30%. The largest reduction in output comes from the private non-traded sector and construction (both 60%). Spillover impacts mainly affect downstream sectors like the private traded sector, finance and utilities.
- GDP falls by 7% in 2020 and then rises by 7% in 2021. GDP recovers some of the lost ground and almost re-attains its Q4 2019 level by Q4 2021, but there are long-term scarring effects equivalent to a loss of GDP of around 3.5% each year over the next ten years (**U-shaped recovery with scarring**).
- It is estimated that without the Government's announced measures to limit the long-term economic effect GDP would have fallen by a further 2%.

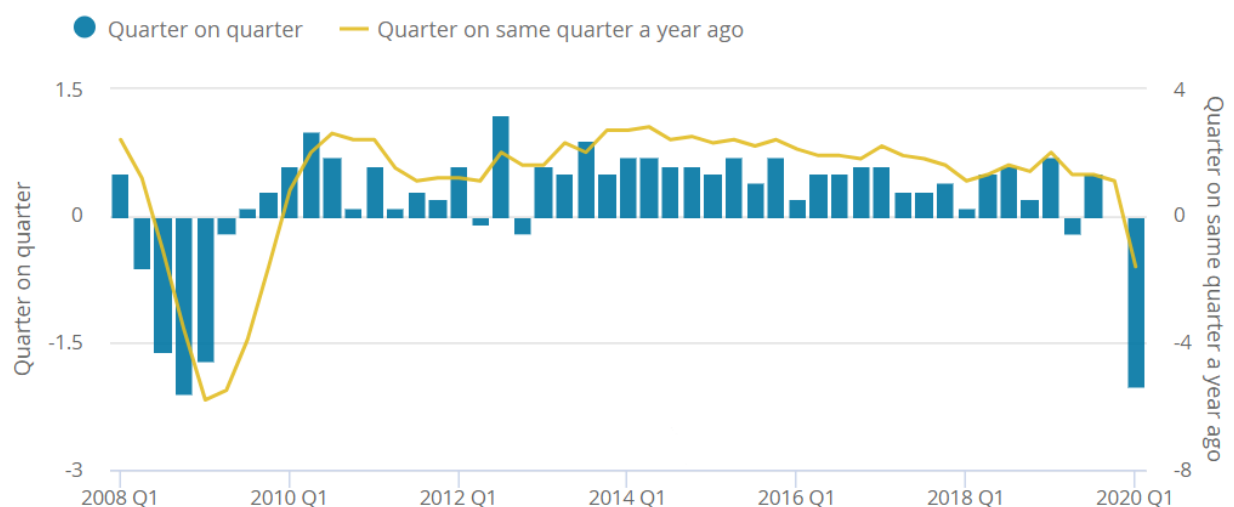
3. COVID-19 external research

This section highlights external research into the economic and social impact of COVID-19.

ONS – UK GDP first quarterly estimate: January to March 2020 (13/05/2020)

- **UK real GDP was estimated to have fallen by 2.0% in Quarter 1 (Jan to Mar) 2020, the largest fall since Quarter 4 (Oct to Dec) 2008.**
- **When compared with the same quarter a year ago, UK GDP decreased by 1.6% in Quarter 1 2020; the biggest fall since Quarter 4 2009, when it also fell by 1.6%.**
- This release captures the first direct effects of the COVID-19 pandemic, and the government measures taken to reduce transmission of the virus.
- On a sectoral basis, services output fell by a record 1.9% in Quarter 1; there were also significant contractions in production and construction.
- Household consumption fell by 1.7% in Quarter 1 2020, the largest contraction since Quarter 4 2008, alongside declines in gross fixed capital formation, government consumption and trade volumes.

Real GDP fell by 2.0% in Q1 2020, reflecting health restrictions and voluntary social distancing



Source: ONS

City Intelligence

[University of Oxford – Start-ups and employment following the COVID-19 pandemic: A calculator \(27/04/2020\)](#)

- Early indicators suggest that start-up activity is being heavily disrupted by the COVID-19 pandemic and the associated lockdown.
- At the same time, empirical evidence has shown that such disturbances may have long-lasting effects on aggregate employment.
- This paper presents a calculator which can be used to compute these effects under different scenarios regarding:
 - (i) the number of start-ups
 - (ii) the growth potential of start-ups
 - and (iii) the survival rate of young firms.
- They find that **employment losses can be substantial and last for more than a decade, even when the assumed slump in start-up activity is only short-lived.**

[Institute for Social Economic Research - New analysis of the impact of lockdown on UK jobs \(18/04/2020\)](#)

- Estimates produced by the ISER at the University of Essex suggest **the lockdown can take more than 6.5million jobs out of the UK economy**, around a quarter of the total.
- The baseline scenario predicts an **overall contraction in GDP and employment of around 20%**, including direct and indirect effects.
- **The most badly affected sector is Accommodation & Food Services (-75%), followed by Services and retail (almost halved), and transport (-44%).**

[New Economics Foundation – Parks are for everyone \(09/05/2020\)](#)

Short piece on park usage and mobility using data from Fields in Trust, Google and the ONS. Finds:

- **Rates of usage of green space in April 2020 were lower than in April 2019**
- The poorest 20 per cent of local authorities reported an average 28 per cent reduction in the use of parks compared to the baseline period, meanwhile the richest 20 local authorities reported no change in park use

[Office for National Statistics – One in eight British households has no garden \(14/05/2020\)](#)

New analysis of Ordnance Survey map data to understand the population's access to garden's and outdoor spaces. Finds:

- **Over one in five households in London (21 per cent) have no access to a private or shared garden**
- Nationally, people of a Black ethnic background are 2.4 times less likely than those of a White ethnicity to have a private garden
- **Forty-four per cent of Londoners live within a five-minute walk of a park**, rising to 58 per cent when playing fields are included. These are the highest figures of any region or country in the UK
- Access to public parks is more evenly distributed, with people from minority ethnic groups almost as likely as White people to say their local greenspaces are "within easy walking distance". The data also suggests that parks are most accessible in the most deprived neighbourhoods of England.
- The data also includes information on the size of gardens. This finds that private gardens in London are 26 per cent smaller than the national average.

[ACEVO - Charity Health Check \(12/05/2020\)](#)

Short piece presenting results of a survey sent to members of the Association of Chief Executives of Voluntary Organisations. Results include:

- New business and donations are worse for 70% of charities surveyed
- Cashflow has worsened for 59 per cent of respondents
- Numbers volunteering has fallen for a third of charities, although number of FTE staff remains the same for the majority of charities surveyed, as they make use of the furlough scheme
- While spending has remained steady, reserves have worsened for 61 per cent of charities

4. COVID-19 external policy recommendations

This section highlights policy recommendations that have been published in the last week by influential external organisations. Inclusion in this section does not mean the recommendations are endorsed in any way by the City Intelligence Unit.

[IFS – Getting people back to work \(04/05/2020\)](#)

- The Government faces very difficult trade-offs in deciding when and how to ease lockdown restrictions to get people back into work. There is large uncertainty and limited knowledge about how things will evolve. But some things can be done.
- It should be a priority to **identify now where workers likely to be inactive for a long time are** (e.g. in the food and accommodation services) and to **ease barriers to them taking up alternative work**.
- Some industries have space and other fixed capital that is currently not being used. **Repurposing unused business space for alternative uses that will be more compatible with social distancing** as the lockdown is eased could maximise its value and allow more workers to restart their activities.
- As lockdown is eased, **ensuring that those who could work from home² reasonably productively are doing so** should be a policy priority as well. Policy levers for this could include among others 'forward guidance' about the expectation of working from home in certain parts of the economy, loans or grants to cover the up-front investment costs in remote working technologies and sharing of best practice.
- **Achieving greater dispersion of commute times** is one way to reduce the public health consequences of a given amount of commuting. The Government could alter the relative prices of different types of commutes to incentivise this (e.g. increase peak time prices on the London network).
- The Government should help **create the incentives to invest in changing ways of working to facilitate social distancing**.
- **Monitoring vacancies and how they match with the skill-sets of the pool of furloughed or unemployed workers in each local labour market** can help to inform policy-makers on where

² According to the IFS London is the region with the largest proportion of workers in occupations which could be done at home (nearly 60%). They also estimate that almost two-thirds of London residents who used to rely on public transport could work from home.

skills are in short supply and where it looks hard to find productive work for the unemployed without re-training or other measures.

- There are numerous market failures related to externalities, co-ordination, and information. Policy can help to address many of these. Overall, the government can help to reduce uncertainty by **providing clear statements about policy.**

Citizens Advice Lockdown Lifeline: Ensuring adequate support across the benefit system during the Covid-19 pandemic

Report that includes new polling evidence, suggesting that as many as 38 per cent of GB adults may have lost income because of the crisis. Makes a series of recommendations for the benefits system:

- **Widen eligibility to the benefits system** by temporarily lifting the 'no recourse to public funds' restriction and habitual residence test for benefits such as Universal Credit (UC), and clarifying how the capital limit rule in UC applies to business assets for self-employed people who have stopped trading but may have some savings
- **Increase the generosity of the benefits system** by suspending the benefit cap, temporarily turning advance payments into grants (or suspending repayments), and applying the uplift that has been implemented for UC standard allowance and Working Tax Credits basic elements to other legacy benefits
- **Consider measures for those disproportionately affected**, including reviewing benefit rates for young claimants, lifting the two-child limit to support larger families and reviewing support for disabled people going through an appeals process for disability benefits

Resolution Foundation Class of 2020: Education leavers in the current crisis (06/05/2020)

Report that includes **new analysis of employment and wage 'scarring', estimating the likely effect of the current crisis on education leavers.** This work estimates that:

- A 6.1 percentage point increase in the unemployment rate at the point of leaving full-time education (consistent with the OBR projection) entails a 13 percentage point lower likelihood of a graduate being in employment three years after having left education. This rises to 27 per cent lower likelihood for those with mid-level qualifications (some HE or A-levels) and 37 per cent lower for those with GCSE-equivalent or below qualifications
- The same modelling suggests that two years on from leaving education, real graduate hourly pay is estimated to be 7 per cent lower, 9 per cent for those with mid-level qualifications and 19 per cent lower for those with GCSE-equivalent or less qualifications
- Notes that this crisis is unique in its sectoral impact, with more than a third of non-graduates and more than a fifth of graduates working in a shutdown sector a year after leaving education. This may make the crisis worse for youth employment and pay than their modelling suggests

The report includes recommendations in two broad areas:

- **Support young people to stay in education:** provide maintenance support for those in tertiary education and adding flexibility to the admissions system. Spare capacity in the UK HE sector should be filled by young people who are based here, where possible. They also recommend an 'education leaver innovation fund' with schools, colleges and universities able to put forward proposals for additional teaching, advice and services matching leavers to employers
- **Support young people entering the labour market:** using learning from the Future Jobs Fund, the Government should create a job guarantee under which public and private sector employers offer temporary paid jobs to unemployed young adults. Apprenticeships should be prioritised for those aged under 25

[Centre for Economic Performance: When to release the lockdown: A wellbeing framework for analysing costs and benefits \(04/2020\)](#)

- This paper by LSE academics starts from the premise that **in choosing when to end the lockdown, policy-makers must balance impacts upon incomes, unemployment, mental health and many other factors, as well as COVID-19 deaths.**
- They further argue that to facilitate the decision **it is helpful to weight up these factors using a common metric. The specific metric they propose the number of Wellbeing Years (WELLBYs).**
- They show how the WELLBY metric can provide a framework for evaluating the net benefits of releasing the lockdown in the UK month-by-month, applying the WELLBY metric to each type of effect.
- The net benefits include many items, some positive and some negative, and their size varies over time. On the positive side, releasing the lockdown:
 - increases people's incomes now and in the future.
 - reduces unemployment now and in the future.
 - improves mental health, suicide, domestic violence, addiction, and loneliness.
 - maintains confidence in the government.
 - restores schooling.
- On the negative side, releasing the lockdown:
 - increases the final number of deaths from the virus.
 - increases road-deaths, commuting, CO2 emissions, and air pollution.
- **The benefits of releasing the lockdown rise steadily as the lockdown proceeds, since the positive items increase in magnitude.**

[Acemoglu et al - A Multi-Risk SIR Model with Optimally Targeted Lockdown \(04/05/2020\)](#)

- In another take on cost-benefit analysis, the authors develop a multi-risk SIR model where infection, hospitalization and fatality rates vary between groups—in particular between the “young”, “the middle-aged” and the “old”.
- They combine this epidemiological model with economic assumptions (including the monetary and non-monetary costs of a statistical life), essentially building an integrated assessment model that allows the exploration of optimal strategies for COVID-19 control.
- For baseline parameter values for the COVID-19 pandemic applied to the US, they find that **optimal policies differentially targeting risk/age groups significantly outperform optimal uniform policies and most of the gains can be realized by having stricter lockdown policies on the oldest group.**
- For example, for the same economic cost (24.3% decline in GDP), optimal semi-targeted or fully-targeted policies reduce mortality from 1.83% to 0.71% (thus, saving 2.7 million lives) relative to optimal uniform policies.
- A strict and long lockdown for the most vulnerable group both reduces infections and enables less strict lockdowns for the lower-risk groups.
- Besides, **targeted policies combined with measures that reduce interactions between groups and increase testing and isolation of the infected can minimize both economic losses and deaths.**

[CEPR - Macroeconomic consequences of stay-at-home policies during the COVID-19 pandemic \(06/05/2020\)](#)

- For the US, they show significant differences in the economic consequences of who to quarantine during this pandemic.
- They find that stay-at-home recommendations that are based on health and age reduce the economic severity of the pandemic by 10% of GDP under very conservative estimates.
- Going forward, it may be possible to introduce subsidies to the elderly or those with underlying health conditions to self-isolate until a vaccine or a cure is available.
- The fiscal consequences of either of these policies is likely to be much lower than what is currently spent on providing unemployment insurance to a large fraction of the working age population.