

# DRIVING BRITAIN'S POST COVID RECOVERY

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**IBN** | Independent  
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Network

## How individuals and businesses succeeded against the odds

While the pandemic has been utterly miserable for many individuals and family owned and family run businesses, it is important to note and celebrate the successes that have taken place over the past year. Nobody can doubt that the period has demonstrated some of the finest qualities of the British nation. It has, on many occasions, shown how the voluntary and private sector working in partnership with the government can deliver great things and the government must ensure that the voluntary spirit is captured and enhanced in the years ahead.

It has also shown that when individuals, businesses and the voluntary sector are given more freedom, they can innovate and excel. The partnership between government and the private sector has led the way in the development and subsequent rollout of the vaccine, protecting the population and helping our friends and allies around the world. We need to ensure that in the future this is monetised so that the British people can benefit from its sale, and not just multinationals.

### British manufacturing revival

While government communications and decision making through the pandemic has fallen far short of the standard expected of a British government, the private sector and individuals have stepped up to ensure people remain safe, and, as far as possible, communities continue to survive. That success should be celebrated and recorded.

At the start of the pandemic, the United Kingdom was chronically short of Personal Protective Equipment (PPE)<sup>1</sup>, Intensive Care Drugs<sup>2</sup> and Ventilators<sup>3</sup>. Many countries around the world suffered similar challenges, particularly those in the West who had allowed their manufacturing base to diminish over time. Indeed, at the start of the pandemic it was

assumed that Doctors would have to make terrible life and death decisions on who would and who would not be able to have access to ventilators<sup>4</sup> in hospital. Of course, the NHS and NICE do make life and death decisions all the time, particularly on the purchasing and use of medication and treatments.

In response to the crisis, the British government undertook to procure PPE from countries such as Turkey<sup>5</sup> and China<sup>6</sup> to prevent an imminent crisis. The UK manufacturing sector<sup>7</sup> produces around £192 Billion in output per annum and the UK is the ninth largest manufacturing economy in the world<sup>8</sup>. Yet, in a moment of national crisis, the British state was dependent on countries with which we do not enjoy cordial relations instead of having our own secure source of supply.

At the start of the pandemic, there did not appear to be a coordinated and well-managed action plan to engage British manufacturing to turn around their production lines to produce the essential equipment the UK health service required<sup>9</sup>. Yet, from the start of the pandemic, British manufacturing demonstrated its capacity for innovation and change and by the end of December 2020, 70% of PPE needed in the UK was being produced in the UK<sup>10</sup>.

This was a remarkable demonstration of how the private sector responded in spite of government and not because of it. The remarkable turnaround and adaptability in British manufacturing needs to be more a norm and not an exception. In order to achieve that we are going to need the British government do adopt a post-Covid strategy to ensure that British manufacturing is front and center of our recovery and in security of supply.

<sup>1</sup> <https://www.ft.com/content/9680c20f-7b71-4f65-9bec-0e9554a8e0a7>

<sup>2</sup> <https://www.bbc.co.uk/news/health-52150861>

<sup>3</sup> <https://www.theguardian.com/business/2020/may/04/the-inside-story-of-the-uks-nhs-coronavirus-ventilator-challenge>

<sup>4</sup> <https://www.reuters.com/article/us-health-coronavirus-britain-healthcare-idUSKBN2172FC>

<sup>5</sup> <https://www.theguardian.com/world/2020/may/07/all-400000-gowns-flown-from-turkey-for-nhs-fail-uk-standards>

<sup>6</sup> <https://www.gov.uk/government/news/over-22-million-pieces-of-protective-equipment-shipped-to-uk-from-china>

<sup>7</sup> <https://www.ons.gov.uk/businessindustryandtrade/manufacturingandproductionindustry>

<sup>8</sup> <https://www.makeuk.org/insights/publications/uk-manufacturing-the-facts-2019-20>

<sup>9</sup> <https://www.theguardian.com/fashion/2020/apr/16/government-ignores-uk-textiles-firms-desperate-to-make-ppe>

<sup>10</sup> <https://www.gov.uk/government/news/huge-increase-in-uk-personal-protective-equipment-production>

## Innovation and Research

The UK punches above its weight when it comes to research into medication. The UK is ranked first in the G7 for impact and influence in developing immunity and vaccinations.<sup>11</sup> Historically the UK has played a primary role in the fight against diseases from curing smallpox and rinderpest and the UK has also led the development of medicines to combat polio and measles<sup>12</sup>.

The UK has five of the top twenty universities in the world and has three of the top ten universities<sup>13</sup>. It is estimated that the university sector is worth £10.71 billion in exports and that it contributes £39.91 billion to GDP<sup>14</sup>. Post Covid and Post- Brexit the UK needs to ensure it remains globally competitive in this field.

The UK was the first country in the world to develop and approve a vaccine to fight the Coronavirus<sup>15</sup>. Leading the world in this field, the UK has exceeded the efforts of all other countries in Europe<sup>16</sup>. The rollout of the vaccine has been extraordinary and the UK has been one of the fastest in the world to roll it out to its population. In the future the UK needs to monetise research and not simply allow foreign international corporations to be the sole beneficiaries through making huge profits.

## The Big Society

The restrictions imposed by government dramatically reduced the activity that business could undertake and reduced civil society enormously. Families were kept apart, clubs and organisations were forced to close and social interaction diminished. Yet, despite these measures the voluntary spirit that characterises the country was strengthened.

At the start of the pandemic, it was widely felt that the NHS risked being overwhelmed. The government called on the British people to volunteer to support the NHS so that existing staff could focus on medical care. An amazing response was received with over 700,000 Britons volunteering<sup>17</sup>. Over 1.5million volunteers completed tasks during the pandemic<sup>18</sup>. The NHS has also relied on volunteers to support the rollout of the vaccine too. This was a demonstration that the spirit of voluntarism is alive and well in the UK and the government could harness this in the future to ensure that strong sense of resilience and community is maintained.

Around 900,000 people are employed in the voluntary sector. The sector contributes around £18 billion to the UK economy and it is estimated that the value of volunteering to the UK economy stands at £23 billion<sup>19</sup>. Prior to the pandemic around 19.4 million people in the UK are volunteers in some way or another<sup>20</sup>. Government should ensure that more people can volunteer and introduce incentives to encourage that.

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<sup>11</sup> <https://www.immunology.org/celebrate-vaccines/policy/uk-research-is-leading-the-world>

<sup>12</sup> <https://www.abpi.org.uk/media-centre/blog/2018/april/the-uk-is-a-world-leader-in-immunisation-let-s-keep-it-that-way/#d87dff17>

<sup>13</sup> <https://www.timeshighereducation.com/news/world-university-rankings-2020-results-announced>

<sup>14</sup> <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2014/the-impact-of-universities-on-the-uk-economy.pdf>

<sup>15</sup> <https://www.bbc.com/news/health-55280671>

<sup>16</sup> <https://www.euronews.com/2021/02/16/covid-19-vaccinations-in-europe-which-countries-are-leading-the-way>

<sup>17</sup> <https://news.sky.com/story/coronavirus-nhs-volunteers-scheme-nears-750k-target-11963608>

<sup>18</sup> <https://www.thesun.co.uk/news/14037518/volunteers-completed-1-5million-tasks-helping-pandemic/>

<sup>19</sup> <https://data.ncvo.org.uk/impact/>

<sup>20</sup> <https://data.ncvo.org.uk/volunteering/>

## **Recommendations**

1. The voluntary spirit is alive and well in the UK and should be encouraged and incentivised. The government should explore allowing volunteering to be tax deductible to reward those who volunteer, and to incentivise others into doing so.
2. Government should encourage public institutions and public bodies to accommodate more volunteers through a new “volunteerism policy” which encourages public services to be carried out by those harnessed volunteers as well as paid professionals.
3. Government should collaborate with Higher Education and Pharmaceuticals to increase research and development investment to ensure that the UK remains one of the world leaders in the field.
4. The government should look at how scientific developments based on the NHS can be monetised with returns to the taxpayer and how the IP can be retained in the UK.
5. Government should explore how the British economy can revive its manufacturing strength to guarantee security of our supply chains in the event of a future pandemic.

## Out of Lockdown and building a Recovery

The attention of British businesses, families and individuals is now turning towards coming out the lockdown measures the country has endured over the past year. The Prime Minister addressed the nation on February 22nd<sup>21</sup> to outline the steps and measures required to lift restrictions. However, in order to plan for the future and to ensure there is a strong economic recovery the government is going to need to put forward plans to not only to lift restrictions, but also to grow the economy.

We are now working through the various stages that will see the United Kingdom return largely to normal life. To make a success of our economy, we need to maintain that timetable, and if possible speed it up with the guarantee of no further restrictions. Government must allow business to focus on future opportunities and as a country we must aim for super growth. We will do that through changes in taxation, promoting exports, innovation and entrepreneurs, and boosting manufacturing and deregulating.

### I. Cost of Lockdown

The United Kingdom is currently in a position comparable to that of 1945. We have come out of a massive economic and social crisis akin to coming out of a war but with the advantage of having our assets still intact. However, to facilitate the lockdown the government will have borrowed an eye watering £355 billion<sup>22</sup> in the financial year April 2020-April 2021. These figures are unprecedented in peacetime and represent the biggest expansion in government spending. The Independent

Business Network has calculated that this equates to a total bill for each taxpayer in the UK of £11,700.

During the course of the pandemic, unemployment has risen by 2%<sup>23</sup>. UK unemployment will continue to rise and reach 2.2 million people by the end of the year<sup>24</sup>. The UK welfare bill as a result has increased and will continue to do so.

During 2020, the British High Street suffered enormously. Many shops that are household names went into administration<sup>25</sup>. The British hospitality and tourism industry have suffered most than most during the lockdown and many fear that a return will be almost impossible.

Through the course of the pandemic the government has not undertaken a cost benefit analysis of the measures it has imposed on the UK economy. This is despite repeated requests by many MPs for the details to be published<sup>26</sup>. Any analysis should not just include the costs in pounds sterling, but also the impact on mental health, poverty and the delay in treatment for other diseases.

Scientists expect that Coronavirus is here to stay and that as a country, indeed, as a world, we are going to have to learn to live with the virus<sup>27</sup>. If the UK government is to learn from the decisions it has made then an analysis is going to be required. We need to ensure that in the future, the British people fully understand the cost of the decisions their government are making.

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<sup>21</sup> Lockdown: Boris Johnson unveils plan to end England restrictions by 21 June - BBC News

<sup>22</sup> Home - Office for Budget Responsibility (obr.uk)

<sup>23</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsx/lms>

<sup>24</sup> Unemployment rate: How many people are out of work? - BBC News

<sup>25</sup> <https://www.business-live.co.uk/retail-consumer/list-shops-fallen-administration-2020-18177619>

<sup>26</sup> <https://twitter.com/PaulBrandITV/status/1330437426666418183>

<sup>27</sup> <https://www.nature.com/articles/d41586-021-00396-2>

**Recommendation:** The government must commission an external inquiry into not just the management of the pandemic, but also a full cost analysis of the measures imposed on families and individuals, including the long-term damage, which has been done to the economy. This must be broad in scope to ensure a full appreciation of the impact had on physical and mental health, national arts and culture, Britain's business environment, educational attainment at schools, the quality of life experienced in care homes, to name but a few. The objective to be to learn lessons for future emergencies.

## 2. Communication is key

At the start of 2020 the Coronavirus was a new virus that the world knew little about and so it was reasonable to excuse any miscommunications on the issue as the government here, and indeed governments around the world got to grips with the new disease. However, as governments quickly started to understand the impact of the virus, clarity was essential and unfortunately the British governments communication with business, individuals and families was poor<sup>28</sup>. Even as early as March 2020 it became apparent that government communications were not operating effectively<sup>29</sup>.

The British government and the various agencies of the state appeared ill equipped to communicate with the British people on the issue, according to Boris Johnsons own former Special Advisor<sup>30</sup>. Ministers, on various occasions gave incorrect or conflicting information on what businesses and the public should be doing to mitigate the effects of the virus.

Above all things, business needs certainty, especially as we move to economic recovery from the Coronavirus recession. The government must ensure its own communications facilities are up to date, modern and equipped to deal with changing environments and challenges that may occur.

**Recommendation:** Government should commit to an external review of government communications with a particular focus on communications with business, to ensure that in the future clarity, precision and facts are central and direct.

## 3. Measures for Recovery

The measures required to boost economic recovery are going to need to be at least equal to the measures the government employed to support businesses through the pandemic. This means a new combined package of a radical approach to taxation to stimulate spending and grow the economy and lifting the regulatory burden on business.

Under no circumstances should the government be contemplating tax increases. Now is not the time to do this and in the long term tax increases are extremely damaging to the economy and make the United Kingdom less competitive globally. The Independent Business Network published its recommendations<sup>31</sup> for the March budget and they included the following measures to boost growth immediately, dealing first with the supply side measures.

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<sup>28</sup> <https://www.independent.co.uk/news/uk/politics/coronavirus-lockdown-over-70s-guidelines-matt-hancock-a9496266.html>

<sup>29</sup> <https://www.instituteforgovernment.org.uk/blog/government-comms-covid-19>

<sup>30</sup> <https://www.bloomberg.com/news/articles/2021-02-15/u-k-was-unprepared-for-pandemic-cummings-says-in-court-filing>

<sup>31</sup> Budget 2021: Slash VAT and funnel National Insurance cash to the NHS, business group urges Rishi Sunak ([inews.co.uk](https://www.inews.co.uk))

## a) Short Term Measures- Supply Side

### Cutting VAT

The United Kingdom was compelled to introduce VAT when it joined the European Economic Community in 1973. It replaced the old purchase tax on luxury goods. When the UK was a member of the EU, its VAT system operated within the parameters established by the EU VAT Directives<sup>32</sup>.

There are three different rates of VAT. The Standard Rate, Reduced Rate and the Zero VAT Rate<sup>33</sup>. In 2019/2020 the total revenue collected by government from VAT stood at £130.14billion<sup>34</sup>, which is an increase of 71.52billion from 2000-2001 an increase of 81%.

VAT is widely regarded as a regressive form of taxation, as those with the lowest incomes tend on the whole to pay more. During the pandemic the government has cut VAT off industries that have been hit hardest by the Covid restrictions. This included hospitality and tourism<sup>35</sup>.

A cut in VAT reduces consumer's bills, providing more spending power to stimulate the economy. Individuals may choose to pay down debts, or to take advantage of lower prices and increase spending on goods and services. This will increase demand.

**Recommendation:** The government should establish a Commission to assess the benefits of abolishing VAT and replacing it with a lower Sales Tax.

**Recommendation:** The government should cut VAT by 50% creating a new VAT rate of

10% for 2021-2022, saving businesses and individuals £65.07Billion.

### Freezing Business Rates

Family run and family-owned businesses make up the backbone of the British economy and will lead the recovery. Covid19 and the government-enforced lockdown have placed unprecedented pressure on family owned and family run businesses up and down the country.

Business Rates are not a fair system. The British Retail Consortium has called for the existing system to be reformed<sup>36</sup>. Last year, the Chancellor announced that all businesses with a rateable value of less than £51,00014, would be exempt from business rates to provide support through the pandemic.

A fundamental review must be undertaken of the extremely controversial and unpopular system of business rates. The House of Commons Treasury Select Committee held in inquiry in into the impact of business rates on business and concluded "the current approach to business rates acts as an immediate significant disincentive to investment."<sup>37</sup> The Independent Business Network has consistently called for a review of Business Rates<sup>38</sup>.

**Recommendation:** That government should consult with business, local authorities and business associations to replace the current business rates model by the time of the 2024 general election.

**Recommendation:** That the Chancellor should extend the abolition of business rates in the 2021 Budget for a further year, saving businesses approximately £15Billion.

<sup>32</sup> <https://www.legislation.gov.uk/eudr/2006/112/contents>

<sup>33</sup> <https://www.gov.uk/vat-businesses/vat-rates>

<sup>34</sup> <https://www.statista.com/statistics/284317/united-kingdom-hmrc-tax-receipts-vat/>

<sup>35</sup> <https://www.bbc.co.uk/news/business-54277285>

<sup>36</sup> <https://brc.org.uk/priorities/business-rates/>

<sup>37</sup>

<https://publications.parliament.uk/pa/cm201919/cmselect/cmtreasy/222/222.pdf>

<sup>38</sup> <https://theibn.org.uk/report-a-strategy-to-save-britains-hospitality-and-high-street-economy/>

## Excise Duties

The current government receipts from all four categories of alcohol duty (wine, beer, spirit, cider) is £12.1 billion. Based on analysis of HMRC numbers it has been estimated that 70% of alcohol sales are off trade, with the remaining 30% of sales involving venues such as pubs, bars, and restaurants.

The IBN calculates that on-trade venues currently pay approximately £3.63 billion in alcohol duty. By cutting the hospitality rate in half, from 54p a pint to 27p, the government would be leaving £1.8bn in the hands of publicans and restaurateurs.

**Recommendation:** That government cut alcohol duty in half for on-trade venues providing key support to the hospitality sector of £1.8Billion.

### b) Long Term Measures- Supply side

#### Reforming Corporation Tax

£54.39Billion was collected through Corporation Tax in 2018-2019<sup>39</sup>. The current rate of corporation Tax in the UK is 19%<sup>40</sup>. Corporation Tax is a tax on profits and is a disincentive against family owned and family run businesses wishing to expand.

Due to the restrictions imposed by government to contain the spread of Covid19,

businesses have suffered huge losses. To support our economic recovery and to ensure the UK is one of the most appealing destinations in the world to set up a business, major reform is required.

In order to survive the Covid recession, businesses should be able to re-invest more of their profits into expansion, such as investment in new technology or premises, or by taking on new staff. Government should be encouraging such measures. To finance this, government should cut Corporation Tax from 19% to 9%, an effective cut of 10%. This will give the United Kingdom the lowest level of Corporation Tax in the G20<sup>41</sup> making us the top destination to start a business.

In the long term the government should abolish Corporation Tax and replace it with business to find a suitable replacement. This will ensure that companies still contribute whilst removing the damaging effect Corporation Tax has on investment and productivity.

**Recommendation:** By the time of the next general election the government should abolish Corporation Tax and work with business to find a suitable replacement.

**Recommendation:** For the coming financial year, Government should cut Corporation Tax by 10% providing a huge cash injection of £25.76Billion into the economy

<sup>39</sup> <https://www.statista.com/statistics/284319/united-kingdom-hmrc-tax-receipts-corporation-tax/>

<sup>40</sup> <https://www.gov.uk/corporation-tax-rates>

<sup>41</sup> <https://tradingeconomics.com/country-list/corporate-tax-rate?continent=g20>



## Taxation

Post-Covid the government is going to need to explore how it can use the tax system in the UK stimulate the economy to support growth. This will also include personal taxation and simplification of the British tax code to make the United Kingdom a more desirable location in the international market.

<sup>42</sup>.

Instead of maintaining the current rates the Chancellor should explore a huge fiscal stimulus package to the British economy that will support growth and pay for our public services in a sustainable way.

The government should cut the top rate of income tax to 30%. This will place an additional £15 billion into the economy. On top of this the government should cut the standard rate of income tax by 5%, with an additional £28 billion boost.

This will be a huge £43 billion stimulus to the economy that will stimulate growth on top of those measures already outlined in this report.

**Recommendation:** The government should cut the top rate of income tax to 30% and government should cut the standard rate of income tax by 5%.

<sup>43</sup>. Therefore, to recover from Covid19 and to support the leveling up agenda the government are going to need to explore new methods of raising finance without resorting to printing money, which can have a negative inflationary effect.

Government bonds are a traditionally a low-risk investment as a government, especially a British government, is very unlikely to default

The Liverpool Model suggests that 2% off of the average tax rate equates to around 1% on GDP in the long run while making the Labour market more competitive. The Chancellor announced in his budget that income tax rates would be frozen until at least 2026

## Supporting the debt with Perpetual Bonds

The British government has in the past issued 'Consols', the first being in 1751 and as recently as World War Two. Governments issue bonds to support the financing of particular projects, or indeed to finance the cost of war. The United Kingdom has not experienced a war, but it has experienced economic decline comparable to that inflicted by a war. Only in these circumstances our assets are still sound.

The government is going to need to build a recovery that levels up the entire nation as is the expressed desire of the Prime Minister. However, they rely heavily on infrastructure and one off funding that is not necessarily sustainable

on its loan repayments. This will give investors a degree of security and confidence that other investments might not. Existing debt should therefore be replaced by perpetual bonds.

**Recommendation:** The government should cease printing money and explore the issue of a 'Covid Recovery Bond' publicly finance the cost of recovery.

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<sup>42</sup> <https://www.investorschronicle.co.uk/ideas/2021/03/03/budget-tax-changes-for-your-wallet-savings-and-investments/>

<sup>43</sup> <https://www.theguardian.com/business/2021/mar/23/boris-johnson-leveling-up-industrial-strategy-council>

## c) Other Measures

### Restoring Individual Freedoms and Liberty

The Coronavirus legislation<sup>44</sup> introduced by the government last year contains some of the most draconian measures imposed on the British people by a government in peacetime. The measures are unprecedented and have seriously limited the individual freedoms, which the British people have enjoyed.

A free economy requires a free people. All of the usual day-to-day transactions between individual and businesses and between businesses have been severely hindered by government intervention. Consumers have been forced by government to change their spending habits from traditional retail to online shopping. The government has skewed the market in favour of online retail.

### Learning from Other Countries' Experience

When the pandemic hit, not every country followed the same route of locking down their economies and populations. While many countries chose to severely restrict the activities of business and individual, notable exceptions did not, and yet, did not experience severe numbers of Covid related deaths.

Japan, a country which has the oldest population in the world<sup>45</sup> did not enter into national lockdowns, and their economy fared far better than most over developed nations. From October-December 2020 the Japanese economy grew by 12.7%<sup>46</sup>. Japan only declared a 'State of Emergency' for Tokyo and other prefectures, before being extended over the whole country. But while the State of Emergency was declared, the country did not shut down its economy by edict. Despite this, the country only experienced a relatively low death toll compared to other developed countries. In Japan, there were 425,597 cases and 7,474 deaths<sup>47</sup> in a population of 126.3million persons.

In South Korea the total number of cases reported stood at 87,681 and the number of deaths totaled 1,573<sup>48</sup>. Through the Covid pandemic South Korea had not imposed travel restrictions or a national lockdown and remained largely open to the rest of the world. South Korean's success was largely due to its "Reform of the National infectious Disease Response System"<sup>49</sup>, which meant the country was ready for when a pandemic hit.

As a result of South Korea's exceptional handling of the pandemic, the economy only experienced a contraction of around 1%<sup>50</sup>. They are second only to China in the low level of economic disruption the country has experienced. South Korea ranks 3<sup>rd</sup> in 2020 for economic growth<sup>51</sup>.

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<sup>44</sup> <https://www.legislation.gov.uk/coronavirus>

<sup>45</sup> <https://www.statista.com/statistics/264729/countries-with-the-largest-percentage-of-total-population-over-65-years/>

<sup>46</sup> [https://www.business-standard.com/article/international/japanese-economy-sees-recovery-at-12-7-from-coronavirus-pandemic-slump-121021500100\\_1.html](https://www.business-standard.com/article/international/japanese-economy-sees-recovery-at-12-7-from-coronavirus-pandemic-slump-121021500100_1.html)

<sup>47</sup> <https://www.worldometers.info/coronavirus/country/japan/>

<sup>48</sup> <https://www.worldometers.info/coronavirus/country/south-korea/>

<sup>49</sup> <https://www.korea.kr/news/policyBriefingView.do?newsId=156072752>

<sup>50</sup> <https://foreignpolicy.com/2020/09/16/coronavirus-covid-economic-impact-recession-south-korea-success/>

<sup>51</sup> <http://www.koreaherald.com/view.php?ud=20210223000773>

Meanwhile in Sweden the government did not impose a lockdown. The country's constitution guarantees freedom of movement for its people in peacetime. The population were encouraged to follow non-voluntary recommendations. In Sweden there have been 631,000 cases and 12,649 deaths<sup>52</sup>. The Swedish economy has on the whole done better than expected<sup>53</sup> with GDP falling by 2.9% in 2020 but being forecast to rise by 3.0% in 2021.

While most countries in the world did lockdown their economies the cost in 2020 has been truly extraordinary. It is estimated that the shutting down the of the global economy cost £5trillion<sup>54</sup>. And, as a result of the pandemic and the shrinking of the US economy, China is set to become the world's largest economy by 2028<sup>55</sup>. In 2020 over 114million jobs were lost and losses were higher for women than for men, Global unemployment has increased by 81million<sup>56</sup>.

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<sup>52</sup> <https://www.worldometers.info/coronavirus/country/sweden/>

<sup>53</sup> <https://www.government.se/press-releases/2020/12/stronger-recovery-in-swedish-economy-than-expected/>

<sup>54</sup> <https://www.standard.co.uk/business/economy/how-much-has-the-pandemic-cost-the-world-s-economy-b473369.html>

<sup>55</sup> <https://www.bbc.com/news/world-asia-china-55454146>

<sup>56</sup> [https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms\\_767028.pdf](https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_767028.pdf)

## Preventing Further Restrictions

Put bluntly, Britain cannot afford further restrictions. Nor can it afford the lingering spectre of further restrictions. To keep in place the never-ending threat of reintroduced social distancing, of tiered restrictions, or of complete lockdown, is to implant insecurity at the heart of business models – particularly those of family run businesses.

The clear worry is that policymakers have come to view lockdowns as a measure well and truly within their arsenal. Politicians and government scientists alike have both alluded to the prospect of future measures being needed “next winter”. The inference being that lockdowns will continue to be seen as a fire break, available to be pulled by angst-ridden epidemiologists, with the full support of enraptured politicians, far beyond 21 June.

The Independent Business Network seeks to build on the formative steps taken by certain MPs, and to introduce a fireguard against future impulsive lurches towards the lockdown lever. This [five-point plan](#) to prevent further lockdowns learns from the lessons of March 2020, seeks to utilise the greater national awareness of risks to public health to improve pandemic-preparedness, and ensure the UK’s constitutional settlement protects individuals and businesses from future restrictions in their social and economic lives.

### I. Public Health Act

The imperative for a new Public Health Act, originally proposed by over 60 parliamentary members of Boris Johnson’s Party, recognises that the current legislative arrangement leaves a lot to be desired. The rushed drafting and implementation of the Coronavirus Act 2020 and the Health Protection Regulations 2020,

which went much further than Part 2A of the 1984 Public Health (Control of Disease) Act, has left the UK with statutes unfit for long-term service.

From July, when all UK adults will have been offered a vaccine, it is imperative that a new legal order is initiated. The new PHA would seek to ensure that the present focus upon controlling “infectious persons”, does not come at the expense of other health costs.

It must require the government to publish an impact assessment of lockdown on other health epidemics that exist in the UK such as cancer, substance addiction, and mental health problems. As pernicious killers themselves, these illnesses must be given *equivalency* with the threats posed by coronavirus in any new PHA.

We now know the crippling health cost that lockdown has had on these fronts, which has put paid to the adage that the “cure must not become worse than the disease”. For instance, over three million patients have missed cancer screenings since the government began its “stay at home” messaging<sup>57</sup>, nearly 40% of recovering addicts have relapsed under lockdown<sup>58</sup>, and rates of depression have doubled<sup>59</sup>.

Ensuring that these equally important issues are included in future lockdown considerations, will require government engagement with a range of stakeholders. It will provide an avenue through which the Government can extrapolate itself from the exclusive realm of epidemiology and ensure a more balanced set of voices sit around the table at any future lockdown consultations.

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<sup>57</sup> Three million patients have missed cancer screenings since start of pandemic (telegraph.co.uk)

<sup>58</sup> summary-of-findings.pdf (actiononaddiction.org.uk)

<sup>59</sup> Depression doubles during coronavirus pandemic - BBC News

## 2. Cost-Benefit Analysis BEFORE any future lockdowns

Every day that restrictions continue, is another day in which their costs continue to mount up. In March 2020, no one could have anticipated that a year later the UK's GDP would have fallen by 9.9%, unemployment would have risen to 5.1%, 4.7 million people would be on furlough and facing job insecurity<sup>60</sup>, and that over one million UK SMEs would have already closed or have been pushed to the absolute brink<sup>61</sup>. When we consider that the current cost of lockdown on every small business across the UK has been approximately £12,000<sup>62</sup>, it is straightforward to comprehend why so many businesses with limited cash reserves have been backed into a corner.

The lack of a thorough economic analysis of the cost of lockdown has been one of the most significant shortcomings of the pandemic's management. It has left the public, press, and business community with no recourse through which to adjudge the Government's economic

handling. Just last month, the Treasury Select Committee, pointed out that whilst internal Treasury forecasts exist, there had been severe reluctance on its part to share its findings. "We are disappointed at the lack of analysis provided by the Treasury, despite such analysis being referenced in the SAGE minutes."<sup>63</sup> The country must not be allowed to plunge headfirst into any further lockdowns without first having its eyes opened to the economic ramifications that it will ferment.

Through blanket lockdowns, tiered systems, steps 1-4, and a regional strategy, the UK will have accumulated first-hand data on the relationship between covid restrictions and economic health. It is therefore fanciful to suggest that the government should not be required, or may be unable, to lay bare the anticipated cost of any future lockdown, as some have suggested<sup>64</sup>.

This analysis must be presented to parliamentarians before any vote takes place on the future restrictions.

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<sup>60</sup> Furlough numbers climb sharply in January to 4.7 million - BBC News

<sup>61</sup> Almost one million SMEs fear closure from second UK lockdown (virginmoneyukplc.com)

<sup>62</sup> The average UK small business has lost almost £12,000 due to COVID-19 (yahoo.com)

<sup>63</sup> Economic impact of coronavirus (parliament.uk)

<sup>64</sup> The doubtful case for an impossible Covid-19 cost-benefit analysis | The Institute for Government

### **3. The requirement for supermajority**

Governments must be free to respond to emergencies and to implement legislation to initially safeguard the wellbeing of its people. This is common, for example during wartime, during a natural disaster or during a public health crisis. The British people largely accept that this is necessary during times of crisis. However, as the course of the past year has shown the need for scrutiny, challenge and indeed opposition to established opinion is needed. The Independent Business Network accepts that governments need to be able to respond for a crisis and pass necessary legislation to put its response into law. However, we do not believe that the government should then be able to act as it wishes.

Ideally initiated by the new PHA, the requirement for supermajority consent for the continuation of any future lockdown would be a democratic and economic safeguard against the reactive introduction of restrictions. The requirement for 2/3 of Parliament to approve of the extension of or continuation of measures beyond the initially specified period would not only reflect the magnitude of the undertaking, but it would require extensive

party and parliamentary management from the government. This would promote greater transparency with elected officials, a greater emphasis on sharing all scientific assumptions with Members of Parliament and require the government to address concerns it may not otherwise have considered.

Until 2011 such an idea would have seemed somewhat alien to the UK constitution. This was changed by the 2011 Fixed Term Parliament Act, which introduced such a requirement for the first time. As such, any precedential concerns about the introduction of a supermajority requirement would be ten years too late. The strength of supermajority provisions, especially in Westminster-model parliamentary democracies, is the emphatic requirement for broad ideological support to be achieved. It would empower all MPs to have a keen say in the process, reduce government complacency, and require broad outreach activities. This must not be seen as a blank cheque, and MPs must be required to give assent to such measures every 30 days, after the first 100 days, in order to ensure that the government does not fall into the lull of groupthink, and are regularly exposed to dissenting viewpoints.

#### **4. Increase ongoing accountability.**

The events unleashed by Covid-19 will continue to echo in the political discourse of subsequent parliaments for decades. As such, it is to be expected that public attention and interest will likely keep a watchful eye on the UK's 'pandemic preparedness' for the foreseeable future. More attention will be given to the number of PPE items being produced in the UK, or the number of readily scalable infectious wards, than at any other point in recent history.

This is to be welcomed, as it is only through the weight on public concern that governments can be necessitated to stockpile products which they themselves may not need to deploy. As an issue which offers governing parties little immediate gratification, if any at all, future mechanisms must be installed to preserve dutiful action on Britain's pandemic stockpiles.

Quite clearly, the model of a national press conference is the vehicle the Government would favour. This delivery mechanism would allow the government to couch messaging in a favourable light. Instead, the IBN proposes a bilateral relationship between a new ministerial position for Medical Stockpiling, and an impartial body; the 'Office for Stockpile Maintenance' – which will receive regular input from CMOs, University professors, and administrators.

The hope of such a measure would be to pre-empt and supersede any future need for lockdown. Escalating the conversation which surrounds British stockpiles to a matter of 'high politics' - akin to defence spending, for example – is the only way to ensure it stays on the agenda and, as such, receives efficacious action even when no immediate threat could be deemed as perceptible. Similarly, the creation of such a post would necessitate that the Government exhausts all other avenues before calling for a national lockdown. This would arise because to enter lockdown would hold equivalency to an admittance of mismanagement by certain Government departments and ministers.

In November last year the National Audit Office provided a retrospective analysis of UK stockpile management, finding that the UK's stockpile of PPE was "inadequate" and had been run down by a supply chain redevelopment that aimed to "prioritise financial savings"<sup>65</sup>.

#### **5. Early-stage business support**

The last 12 months have served as a painful case-study as to which areas of the economy will face the biggest upheaval in any future public health crisis. Those sectors that the government perceives – rightly or wrongly – to be vectors of transmission, are the most vulnerable to knee-jerk restrictions at a later date. This is particularly the case for the tourism, hospitality, and retail sectors, as areas of the economy that are perceived by the government as major players in virus transmission. British hospitality suffered losses of £72 billion last year<sup>66</sup> whilst our retail sector took a hit of £22 billion<sup>67</sup>.

As such, tripwire measures must be installed that will require the government to introduce immediate tax rebates to businesses staring down the barrel of enforced closure. The IBN has previously proposed a compensatory regime of £10,000 per hospitality business to make recompense for previous lockdowns. This figure would seem an apt starting point for both hospitality and retail, of which the IBN calculates approximately 440,000 registered businesses. As such, it must become a procedural event that alongside any future lockdown would be a ready-to-access fund of £4.4 billion for 'exposed' businesses.

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<sup>65</sup> The supply of personal protective equipment (PPE) during the COVID-19 pandemic (nao.org.uk)

<sup>66</sup> How lockdown is hurting British business – sector by sector (telegraph.co.uk)

<sup>67</sup> £22bn cost of lockdown to retailers (brc.org.uk)