Coronavirus (COVID-19)

Global COVID-19 Pandemic: Potential channels of impact on the Scottish economy.

Office of the Chief Economic Adviser

February 2020

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Macroeconomic Context of COVID-19.

- The spread of COVID-19 is expected to have a negative impact on global economic activity and growth in 2020.
- The most immediate impacts on economic activity have been in China, with restrictions on the workforce and movement of people (through illness and quarantine measures) disrupting production output.
- China accounts for approximately 16% of global GDP. As such, the impacts in China are felt in the global economy through disruption to global supply chains, tourism and weaker import demand. The global impacts risk being compounded as COVID-19 spreads internationally.
- Examples of sectors potentially exposed to global effects are: tourism, manufacturing production (exporters and those in global supply chains), higher education.
- Alongside the global impacts from the outbreak, the spread of COVID-19 globally will have a direct impact on economic activity in individual countries through restrictions on the labour market (absenteeism) and the demand for goods/services such as tourism and events.
- If the spread of the virus is successfully contained, impacts could be contained to the short run, with economic activity partly delayed or displaced.
- Risk that fear/uncertainty starts to have a more significant impact on sentiment and economic activity.
- The economic implications are dependent on the pace of virus containment and treatment/vaccine availability, alongside international and domestic policy response; e.g. potential restrictions on movement of people.

Macroeconomic channels of a global COVID-19 Pandemic.

Domestic impacts of an outbreak in Scotland.

Short run:
- Labour supply restricted through absenteeism (illness and self isolation).
- Workforce absence rates for illness up to c.20% in peak weeks.
- Potential for a temporary fall in demand for tourism and events.

Longer run:
- Risk that fear/uncertainty impacts on wider economic demand and activity.

Global impacts of an outbreak across countries.

- Weaker international trade supply chain disruption and weaker demand for exports. (e.g. manufacturing intermediate and final goods)

- Restricted movement of people (work, study, personal) impacting sectors. e.g. tourism and higher education.

- Reduction of economic activity in Scotland.
- Impacting production and delivery of goods and services.
- Impacting both private sector and public sector.
- Longer term risk that fear/ uncertainty starts to impact demand side of the economy.

- Scotland's economy weakens through reduced output, income and employment.

- Rebound in growth dependent on virus containment and international/domestic policy response.

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Modelling Impacts & Assessing Wider Economic Implications.

- As this is a dynamic situation, we continue to monitor key macroeconomic economic activity and sentiment primarily through:
  - e.g. business surveys, consumer sentiment, financial markets.
- Continue to monitor economic assessments of UK and global economic implications.
  - e.g. IMF, OECD
- More directly, look at the potential implications for Scotland of absenteeism at a peak of approx. 20 per cent in the labour market for a period of time. (This implies approx. 600k workers absent for a period of time with around one fifth of those workers within the public sector).
- Look at the impacts across sectors (tourism, retail, hospitality) and regions (urban & rural) and on the business base (large and small enterprises) given the potential economic disruption to trading (cash flows).
- Consider the range of responses available via existing channels to support economic activity and any additional measures required.

Overview of exports to and tourism from China.

Trade

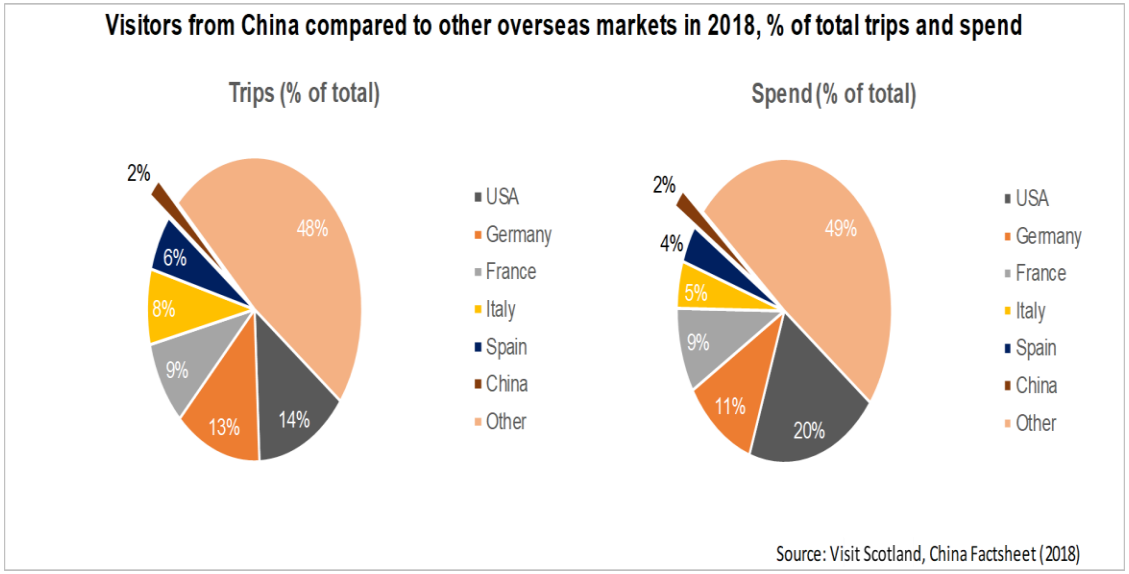
For example, export statistics 2018 Scotland showed that China was ranked 15th as a destination for Scottish Exports (goods and services), exporting £635 million in 2018 (1.9% of the total).

Tourism

For example, in 2018, China was Scotland's 12th largest market for international inbound tourism measured by total expenditure.

Chinese tourists generated 2% of visits and overseas spend in 2018.

The majority of travellers from China come to Scotland during summer, with 57% of all trips occurring between July and September.



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Influenza-type disease (pandemic)

Reasonable Worst Case Scenario – for planning purposes only

The note below outlines the impacts that Scotland might face due to an pandemic influenza or similar such type pandemic. There is not, at this stage, a specific Coronavirus COVID-19 Reasonable Worst Case Scenario (RWCS). Health and Scientific experts continue to work on this as more data becomes available. However it is deemed prudent to use the existing Pan Flu RWCS for initial planning purposes.

Underneath each of the key risk areas, we have identified what initial activity is being undertaken across the SG and with stakeholders following the activation of the Health Response Hub and SGoRR in the past few weeks.

This note summarises the main areas of risk in relation to an outbreak of Pandemic Influenza, as identified and ranked by the Scottish Risk Assessment 2018.

Summary of general risk

All ages may be affected, but until more details of the virus emerge we cannot know which groups will be most at risk.

- Up to 50% of the population could experience symptoms of pandemic influenza (approximately 2.7million people in Scotland) – (NOTE: Actual cases will be higher but many people will be asymptomatic).
- Up to 4% of symptomatic patients (approximately 110,000 people) could require hospital care if the virus results in severe illness, 25% of whom require level 3 critical care (approximately 27,000 people).
- Up to 2.5% of those with symptoms could die as a result of the pandemic (approximately 68,000 people).
- Peak illness rates of around 10-12% (measured in new clinical cases per week as a proportion of the population) in each of the weeks in the peak fortnight.
- Workforce absence rates for illness reaching 17-20% in the peak weeks (though SMEs may expect to experience higher %age impacts). 50% of the workforce may require time off at some stage for illness and/or caring needs.

Impacts

The primary consequences associated with a Pandemic Flu are outlined below. Each is assessed on an “impact” basis, based upon available data, analysis and historical evidence from Scotland and other relevant countries.

1. Health Care

In a moderate or more severe influenza pandemic all health and social care services will be stretched and will need to reduce or cease non-urgent activity in order to make the maximum capacity available to meet the health care needs of those who are severely ill as a result of the influenza virus.

ACTION: Considerable levels of work across the Scottish NHS and Social Care Sector to assess existing plans; plan for management of testing and confirmed cases; and to consider the considerable challenges posed by significant increases on demand across primary care, hospital admissions and critical care.

2. Economic impact
A measure of the total net economic cost derived as a result of each incident occurring, including costs incurred up to five years post-incident. Previous analysis from the early 2010s suggested a pandemic was estimated to cost at least 1.8% of a year's GDP in addition to the cost of absent workers.

ACTION: Chief Economist's office undertaking detailed economic impact modelling work based on pan flu RWCS; SG leads encouraged to liaise with key sectors over their Business Continuity Planning.
ACTION: Given possibility of impact on tourism and major events, officials are liaising with sector leads and keeping SGoRR advised – no major impacts to date.

3. Fatalities
The number of people killed by the incident, directly or within the first year thereafter, including those that die as a result of cancellation or delay to medical treatment, will exceed the total number of deaths in an average year, and put pressure on the funeral industry and death registration process.

ACTION: Plans are in place for dealing with 'excess deaths' and are being updated.

4. Transport
Some impact expected if significant staff absence rates are experienced. Potential for disruption to international travel network.

ACTION: Transport Scotland in contact with DfT and transport providers about Business Continuity Planning and other impacts.

5. Education
The impact of any prolonged closures would have substantial economic and social consequences, and have a disproportionately large effect on health and social care because of the demographic profile of those employed in these sectors.

ACTION: Schools officials are liaising with Directors of Education on current specific health protection advice, and reviewing existing plans around the need (or not) to consider targeted or widespread school closures.
ACTION: FE/HE officials in contact with the sector about the provision of current health advice.

6. General Public Services (Local Government, Communities, Essential Services and Critical National Infrastructure)
All these sectors will be impacted by the reduction in staff availability, but all should have in place robust Business Continuity Plans to ensure that essential service remain functional during peak impacts.

ACTION: SG leads are in contact with the stakeholders over their general BCP planning.

7. Criminal Justice
Expect large scale disruption to the courts and justice system due to reduced courts staffing levels (judiciary, Fiscals, clerks etc) and illness impacts on prison system.

8. Psychological (inc public disorder)
This impact combines both ""Outrage" and "Perception". Public outrage aims to capture the sense of anger and indignation that erupts after an incident has occurred. Public perception of a risk assesses the sense of on-going personal vulnerability and fear resulting from direct or indirect exposure to an incident and subsequent likely behavioural changes. Possible major public disorder related to availability of medicines or food stockpiling.

ACTION: SG Comms part of UK-wide comms group which is being advised by Behavioural Science experts in terms of proposed messaging at key stages of a pan flu-type outbreak.

9. External Affairs / International (not drawn from Risk Assessment)
Significant numbers of UK nationals overseas, many of whom may seek to return. This could place a strain on services such as housing, welfare and the health service.

ACTION: UKG looking to bring together key partners, including DAs, to consider practical implications of a 'surge' in returnees.
ACTION: FCO with DfID have set up an international 'taskforce' and have invited SG International team to be involved as appropriate.
ACTION: All UK Visa Offices in China are currently closed. International colleagues are seeking to ascertain what the impact of this might be on Scotland (University applicants for example).

Areas <u>not</u> expected to experience significant impacts are electricity supply; environment; food supplies (unless stockpiling occurs); communications; and water supplies.

[REDACTED]
SGoRR Covid-19 lead

February 17

COVID-19 BILL (UK)

Headline Position

In terms of the decision questions, our policy and SGLD leads recommend that we approve the content of the Bill and approve the timing, but with caveats as set out below (and in the suggested speaking points).

Note on the legislative position (for background awareness only)

Work continues on the Scottish clauses for the UK Coronavirus Bill due for introduction during the week commencing 16th March. UK officials have until today (Mon) to instruct parliamentary counsel on all new asks. We have separately agreed with the Office of the Advocate General and Scottish Parliamentary Counsel (UK) that the deadline for instructing Scottish provision is 4th March. This is an internal agreement and is to allow SG to respond to new proposals from UKG Departments to ensure alignment where possible.

The proposals may be categorised as new public health powers (e.g. quarantine), containment powers (e.g. school closure) and the relaxation of certain processes to deal with an epidemic (e.g. mental health processes will be relaxed).

The Scottish content is being considered by policy leads and SGLD and instructions will be submitted by 4th March. Instructions to augment powers for mass screening and quarantine in an emergency situation have been submitted for Scotland to align with the rest of the UK and avoid any potential gaps in the powers which may be required. Instructions seeking powers for Ministers to place restrictions on mass gatherings have also been submitted to align with the UK (to create regulation making powers) but also to extend powers of direction to Ministers in cases of urgency where there is a threat to public health.

Other powers relate to the relaxation of certain requirements in current legislation to allow processes to continue during the emergency period. Current clauses relate to mental health and further provision is being instructed in relation to local authority duties in social care settings and review arrangements for registration of death. Powers are also being sought to allow Ministers to suspend the offence provisions under the Protection of Vulnerable Groups (Scotland) Act which apply to

employers to remove potential obstacles to the quick deployment of NHS staff who are temporarily registered and to allow suspension of the processing of disclosure applications more generally to mitigate the impact, at operational level, of staff absences on Disclosure Scotland. **This aligns with the proposals for the UKG – as reiterated by First Minister last week.**
A list of the proposals currently being considered for instruction for Scotland is included here for information.

1. Powers for immigration officers to detain individuals they come across in the exercise of their duties

2. Quarantine and screening powers - the “lift and shift” of screening and quarantine provisions of the 2020 Coronavirus regs

3. Power for Scottish Ministers to issue a direction and reg making powers mirroring s.45C of the 1984 Public Health Act

4. Registration of deaths and still-births for Scotland.

5. Provision to widen the range of health professionals who can provide vaccinations

6. Suspension/ alteration of the operation of NHS Scotland “performers lists” for the duration of the emergency.

7. Mandatory vaccination for health/social care workers

8. Extension of period for registration of social care workers

9. Easing of requirement for social workers to be registered before working

10. Indemnity provisions for social/social care workers (as per health workers)

11. Suspension of certain requirements in relation to involvement in assessments under s12A of Social Work (S) Act

12. Disclosure checks - powers allowing Ministers to suspend employers’ offence provisions under the PVG Act, to remove potential obstacles to the NHS quickly deploying temporarily registered healthcare staff and suspension of the processing of disclosure applications more

generally, due to the potential operational impact of staff absences in Disclosure Scotland (to reflect new asks for UKG)

13. Further direction making powers for Ministers with regard to schools, colleges and universities to increase existing powers in the Bill and to allow for institutions to open outwith normal hours to accommodate any disruption to the exam timetable (to reflect new asks for DfE)

14. Suspension of review requirements for death certificates (regulation making powers allow this in Scotland but measures in the Bill would allow these to take effect and endure for the full emergency period)

15. Suspension of application of time periods for the handling of ashes following cremation during the emergency period (as above)

16. Early prisoner release (there is an outside chance that provision will be instructed for Scotland and policy teams are still to confirm the position with their lawyers)

Timing

UKG plans to introduce an emergency Bill on or before 23 March 2020 introducing a range of powers to help all four UK nations mitigate the impact and consequence of Covid-19. The Bill builds on development of the draft UK Pandemic Flu Bill (which was nearing completion) and includes a range of additional measures identified in the last few weeks. The Bill is scheduled to receive Royal Assent by 31 March 2020 (subject to successful completion of Parliamentary process by all 4 nations).

Legislative Process

The deadline for completion of parliamentary process is extremely tight, with only 3 parliamentary working days (23-26 March) within the proposed timetable for scrutiny and approval. On Friday 28 the UKG indicated that the Secretary of State for Health and Social Care is keen to allow additional time for parliamentary scrutiny and is seeking to bring forward introduction of the Bill to sometime w/c 16 March. Whilst the additional time for scrutiny is welcomed this is a challenging timeframe.

SG officials have had productive and positive discussions with Scottish Parliament officials (not MSP's) on the process and timetabling of this

Bill. Cabinet Secretary for Health and Sport met with party leaders recently to inform and discuss with them on the introduction of the UK Bill and implications for Scotland.

Stakeholder Engagement

To date there has been no engagement out with Scottish Government (as advised by UKG). UKG indicated last week that DAs and OGDs, with agreement of their respective Ministers can hold confidential preliminary discussions with key stakeholders . Deputy FM plans to hold confidential talks with key stakeholders including CoSLA and education bodies this week.

Speaking Points

1. Timing to develop, introduce and scrutinise the Bill is extremely challenging and SG is doing everything it can to meet these deadlines.

2. The measures in the Bill cover a range of topics and sectors and bespoke provisions are being instructed for Scotland to reflect our different legal systems in devolved areas. It is important that Scottish Ministers have time to react to new proposals from UK Government and have time to analyse and consider for Scotland. While we appreciate reserved matters (for example immigration and Border Force matters) apply uniformly across all 4 UK nations it is important that devolved matters can be fully analysed and considered for Scottish Ministers Scotland to suit the emerging situation here in Scotland. (For example, the decision whether to close schools or not).

3. Given the breadth of measures covered it would have been desirable to have had more time to properly engage key stakeholders to discuss the content, extent, impact and consequence of these measures.

4. Communications and public messaging will be key moving forward. Scottish Government needs to be fully aware and timeously consulted of all aspects of the Bill (and other Covid-19 matters) if we are to maintain the joint UK approach.

2 March 2020

Summary of Communications workstreams and lead contacts

A core team of Comms leads from across SG are working together on a range of public communications work and stand ready to provide advice and support.

News are managing proactive ministerial announcements including planning ahead for the first positive case in Scotland and beyond, participating with others below in daily four-nations comms calls with UK/Wales/NI, issuing daily update briefings to all Health Boards across Scotland, handling incoming media enquiries to Scottish Government and providing advice to Boards and others on media handling
- contact, [REDACTED]

Marketing and **Corporate Communications NHSScotland** are working with Health Protection Scotland on the provision of public information posters for use in Scotland, consistent with UK messaging but badged with Scottish agencies. The toolkit of these products is available at the foot of this page and has been sent to

- NHS Boards (Chief Officers and Communications Staff)
- Local Authorities
- Pharmacies
- Primary Care
- Integration Joint Boards
- Higher and Further Education

Marketing are also participating in regular 4-nation calls on plans for paid for advertising activity
- contact [REDACTED]

The Scottish Government **website** is updated every day with the current test result totals within Scotland, and work is underway to scope how to best to host any further sectoral guidance prepared by Scottish Government or key partners
- contact [REDACTED]

Our **social content team** are working with NHS24 to ensure a regular and consistent posting of the core health advice and updates on the situation in Scotland
- contact [REDACTED]

Resilience Communications are working as part of the SGoRR team and leading on plans for communications during the peak of a "worst case scenario", linking with Cabinet Office and DAs on their equivalent work
- contact [REDACTED]

SG Corporate Communications are working closely with the Major Incident Management Team to assess the appropriate timing and tone of staff messaging
- contact [REDACTED]

From: [REDACTED}
Sent: 31 January 2020 16:39
To: [REDACTED}
Subject: SGoRR(O) Coronavirus - ACTION POINTS and latest comms lines

All

Thank you to those who joined this afternoon's SGoRR officials' call.

The three main actions to emerge were as follows:

ACTION 1 - Consider how best to engage with trusted partners on scenario planning, including the prudent consideration existing Pan Flu handling material, with an emphasis on ensuring that this is done consistently on an all-sectors basis and that inter-dependencies across sectors are identified. An initial route for this could be through the Scottish Resilience Partnership (a group of senior officers across all Category 1 responders – Police Scotland, SFRS, SAS, SEPA, Local Authorities, Health Boards and MCA):
Resilience Division to pursue with support from Health Resilience and Public Health

ACTION 2 - Share the latest Scottish Government lines. Here's what has been issued this afternoon:
Responding to confirmation that two patients in England have tested positive for coronavirus, Scotland's Chief Medical Officer Dr Catherine Calderwood said:
"Our thoughts are with the people who have been diagnosed with coronavirus in England, and their family members, at what must be a very concerning time. Scotland's NHS is well equipped to deal with infections of this kind. We have a proven track record of dealing with challenging health issues, and have been preparing for this possibility since the beginning of the outbreak in Wuhan. All Scottish tests have so far been negative. However, it is highly likely that we will also see a positive case in Scotland in the coming days, and our health service is well prepared for this eventuality. The World Health Organisation has declared a public health emergency of international concern, and in response, the four UK Chief Medical Officers changed the UK risk level from low to moderate. This does not mean that the risk to individuals has increased, and it does not mean that any additional precautions are necessary. The increase to moderate is a reflection of the need for governments and the health service to escalate our planning and preparation in case of a more widespread outbreak."
Background:
Current advice is that all travellers who develop relevant symptoms (one of either fever, shortness of breath or cough) however mild, within 14 days of returning from mainland China, should self-isolate at home immediately and call NHS 24 111. Travellers returning from Wuhan and Hubei Province should self-isolate for 14 days, even if they do not have symptoms, due to the increased risk from that area.

ACTION 3 - [REDACTED} offered for his team to provide support for any business areas wishing assistance in the business continuity planning. Anyone wishing to take up this offer should contact [REDACTED}

Next Steps

SGoRR remains actively monitoring the situation and is linked to COBR in London and to the Police Scotland coronavirus team. Public Health and Health Resilience officials are heavily involved in a series of daily meetings with colleagues across Scotland and at UKG level. Ministers are receiving daily updates from the Public Health team.

There are no SGoRR(Ministerial) meetings currently planned. It was agreed that a SGoRR(O) with a similar cast list would be sensible next week – timings etc to be arranged.

Any significant development over the weekend or into next week would likely change these arrangements. We will keep colleagues informed.

Kind Regards

[REDACTED}

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Scottish MSPs

26 February 2020

Dear Colleague

I write to you today to provide an update on the current situation regarding the novel coronavirus, Covid-19. You will be aware that the virus has spread beyond China with cases now across the world. I have today been made aware of yet further spread within Europe.

The First Minister chaired a Scottish Government Resilience meeting yesterday. The primary purpose of this meeting was to discuss preparedness in Scotland. I would like to assure you that Scotland is well prepared for a significant outbreak. Our preparations to date include the establishment of testing in two laboratories in Glasgow and Edinburgh to speed up identification of confirmed cases and therefore allow faster contact tracing which in turn limits the potential spread of the disease; supplying GP surgeries with face masks and ensuring hospitals are fully stocked with personal protective equipment; and updating The Public Health (Scotland) Act 2008 to make the virus a notifiable disease.

Although all Scottish test results to date have come back negative, it is highly likely that we will see positive cases in Scotland. There is currently no treatment or vaccine therefore preventing the spread of any outbreak will be vital. We are working closely with NHS Scotland and Health Protection Scotland to ensure this.

Public facing advice on coronavirus is available on NHS Inform and I would encourage colleagues to use NHS Inform to keep abreast of the most up to date public health advice.

I made a public statement following the Resilience meeting yesterday. The full statement and public health advice can be viewed here:

www.gov.scot/news/preparations-for-coronavirus-stepped-up/

I will provide you with further information as the situation evolves.

Kind regards

JEANE FREEMAN