



WIG

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connecting the sectors

The Whitehall & Industry Group's

COVID-19

Series:

Six months in review

April-September 2020





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COVID-19 Series: Six months in review

In March 2020, the UK Government introduced a range of lockdown measures to slow the spread of COVID-19 across the country, and reduce the burden on the health service. These lockdown measures have had an unprecedented impact on the economy, effecting different sectors in very different ways.

In order to communicate the challenges across the public, private and not-for-profit sectors, the Whitehall and Industry Group launched a special series of webinars to hear from key voices across the sectors to communicate the impact the pandemic was having, and what recovery could and should look like. Alongside this, WIG has also sought to get feedback from some of the leading economists on what recovery means in reality.

In this special series, WIG looked at:

- The impact COVID-19 had on some major sectors of the UK economy
- How the public, private and not for profit sector can work together in the post-lockdown recovery period
- What forecasts the leading economists had on shape and kind of recovery

The following reports are insights into webinars from WIG's COVID-19 series that took place in April- September 2020. This document will give you an overview of the content covered, unique polling data from our members, and themes that emerged from questions that were raised throughout the presentations.

Best wishes,
Tom Sapsted

Head of Content & Events





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COVID-19 Series

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'COVID-19' Series

COVID-19 Sector Updates: Aviation

21 April, 2020

Expert Insight

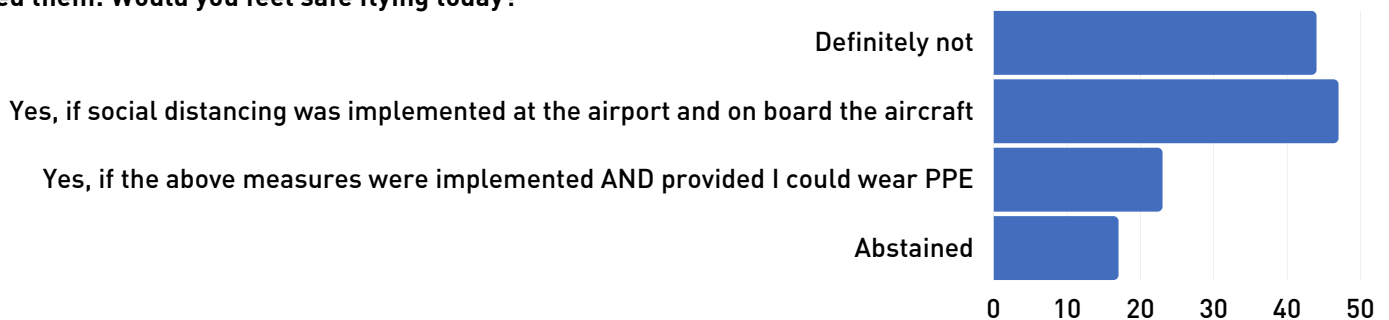
We were joined by Nigel Milton, Director of Communications at Heathrow Airport to discuss the impact of COVID-19 on the aviation sector. He touched upon points including:

- Whilst UK airport passenger traffic has followed the pattern of decline across Europe, Heathrow Airport has seen a large increase in cargo movements and plays a vital role in maintaining the UK's many and varied supply lines.
- Airports have implemented numerous social distancing and health & safety measures to enhance both passenger and colleague safety, including revised security methods, redesign of spaces, and arrangements for remote working, meaning that people do now have the ability to fly safely. Heathrow Airport is still considering options for improving safety further through health passports and PPE, for example.
- A clear international standard as well as cooperation with other key players to enhance passenger safety when travelling to and from airports are required to avoid confusion and to rebuild passenger confidence



Cross-sector Opinion

Over 180 attendees from the breadth of our cross-sector membership listened in, we asked them: Would you feel safe flying today?



Our members' questions

Our members raised some challenging questions to be answered as COVID-19 continues to impact the aviation sector, some of the big issues raised included:

- The impact the current situation is having on the UK's supply lines via Heathrow Airport and how airports are working with affected businesses in these difficult times
- What kind of influence Heathrow Airport has on how airlines are managing the COVID-19 crisis and the mitigations they are implementing
- The prospect of further new safety measures, their permanence and their impacts on passenger confidence and profitability
- The speed and shape of recovery that is expected for the industry once travel can resume

WIG members can listen to Nigel's presentation [here](#)

To see our full programme of webinars, visit www.wig.co.uk



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'COVID-19' Series

COVID-19 Sector Updates: Insurance

1 May, 2020

Expert Insight

We were joined by Frank Carson, UK Public Policy Director at Aviva to discuss the impact of COVID-19 on the insurance industry. He touched upon points including:



- The COVID-19 pandemic is shaping up to be the biggest insurance event ever due to the sheer range of impacts it has on every line of business and every asset invested in. Whilst normally claims often require months to resolve, the insurance industry is now having to respond very quickly to support the economy. Many businesses have been forced to completely and rapidly overhaul their business models to survive in the new environment
- This has enabled the acceleration of structural change that we were already seeing, with businesses undergoing transformations that would normally take months. Businesses must now continue to adapt to the new normal, keeping up the speed and velocity of change and building back better to prevent a long overhang in the economy.
- The main policy challenges for the industry are: handling large increases in travel insurance and business interruption claims, adjusting and improving insurance cover, and providing policies that are critical for the functioning of the economy such as trade credit insurance.
- Aviva is working together with the rest of the industry on a wide range of measures to provide customer support, for example providing fee breakdown cover for NHS workers and partnering with the Red Cross to preserve community reserve frontiers.
- Looking forward, the key challenges for the industry will be: to maintain resilience and provide support for staff, to consider what insurance should be doing to support recovery from the pandemic given that risk is so high that premiums won't be affordable, and building the industry back better by improving sustainability as well as trust and understanding between customers and insurers.

"The difficulty is, the expectations on the insurance industry are very high and the need is clearly there [for insurance cover]. The big question will be what the industry and the government can do together to meet that demand."

Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- Assessing the impacts of coronavirus on investment portfolios, long-term pension pots, insurance eligibility and premiums.
- Opportunities for change such as transitioning to a low-carbon economy, investments in technology, changes to our ways of working and modifying what is offered to customers.
- Support for staff and bringing the workforce back together.
- The potential of pandemic cover backed by Government.
- The support being offered by regulators.

WIG members can listen to Franks's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: Retail

7 May, 2020

Expert Insight

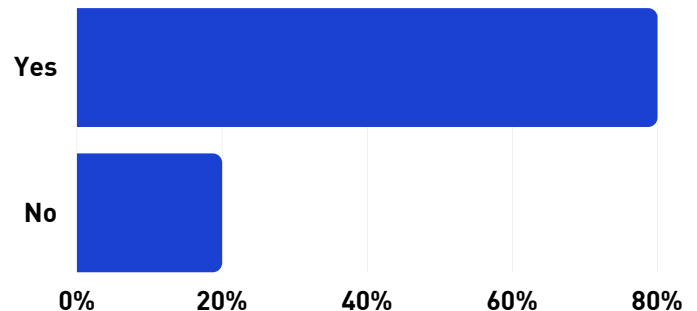
We were joined by Nick Lakin, Group Corporate Affairs Director at Kingfisher, and Helen Dickinson OBE, Chief Executive at the British Retail Consortium to discuss the impact of COVID-19 on the retail sector. They touched upon points including:

- Coronavirus has had an enormous impact on the retail industry from the onset of the crisis. Sales have fallen in some categories by 60-80% and many normally viable business are now struggling. Even online sales are not enough to compensate for the loss of sales that many businesses have seen.
- Many businesses have been forced to completely and rapidly overhaul their business models to survive in the new environment. This has enabled the acceleration of structural change that we were already seeing, with businesses undergoing transformations that would normally take months. Businesses must now continue to adapt to the new normal, keeping up the speed and velocity of change and building back better to prevent a long overhang in the economy.
- Cooperation with government is critical for the recovery of the retail industry. Whilst there have already been some remarkable interventions, dialogue between government and industry must continue on evolving existing schemes, thinking imaginatively about what else can be done to prevent mass business closures, and to provide clarity on the roadmap for lifting restrictions.



Cross-sector Opinion

Over 100 attendees from the breadth of our cross-sector membership listened in, we asked them:
Will you return to shopping on the high street once the government lifts lockdown precautions?



Our members' questions

Our members raised some challenging questions to be answered as COVID-19 continues to impact the retail sector, some of the big issues raised included:

- The role of central and local government in aiding recovery and communicating with the industry.
- Forecasts for the viability and profitability of businesses within this new normal.
- The place of ethical behaviour between retailers and suppliers.

WIG members can listen to Nick and Helen's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: Telecoms

27 May, 2020

Expert Insight

We were joined by Simon Miller, Head of UK Public Policy at O2 Telefonica to discuss the impact of COVID-19 on the telecoms sector. He touched upon points including:

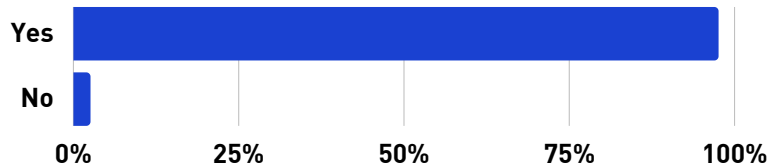
- As a result of the COVID-19 pandemic, the demand on networks has not only surged but also changed shape in terms of its location and peak times. Nevertheless, networks are holding up well.
- Fake news, mast attacks, and access to sites have presented further challenges to the industry.
- The industry has been working productively with government through regular and structured communications and by supporting public policy priorities. More work between the industry and government is to come and should remain collaborative even after the crisis is over.
- For effective policy-making post-pandemic, planning policy needs to be built to support the provision of digital connectivity for everyone, and the system of regulation should focus on driving investment up rather than tariffs down. It would also be time to consider a separate department for infrastructure.



Cross-sector Opinion

Attendees from the breadth of our cross-sector membership listened in, we asked them:

As a result of COVID-19, would you want to see public policy give greater priority to supporting digital infrastructure as an element of national infrastructure?



Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- The impact of COVID-19 on backhaul and fixed networks.
- The impact of increasing and changing demand for digital connectivity on planning policy, demand for new infrastructure to facilitate this and concerns for network capacity.
- Challenges for supporting business and communities with their reliance on digital connectivity.
- Government proposals for Smart Data in telecoms.
- Prioritisation of network traffic.
- The implementation of a permanent emergency crisis text message system.

WIG members can listen to Simon's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: Construction

28 May, 2020

Expert Insight

We were joined by Katy Dowding, Executive Vice President, Skanska, for a webinar reflecting on the impact that COVID-19 is having on the construction sector. Discussing where there are opportunities for the construction sector to work with government, Katy touched upon many points:

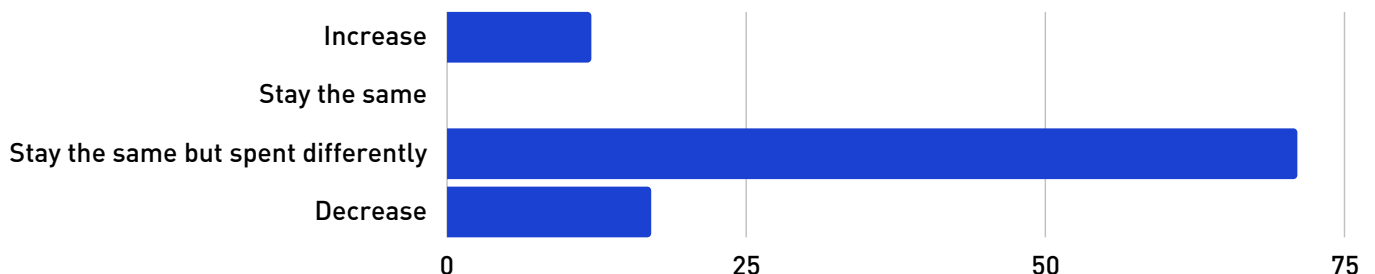
- One of the early challenges was managing conflicting information coming out at high speed, and having leaders with expertise across fields to compute it
- The ability for construction to perform is hugely dependent on the supply chain, and required rapid adaptation to the changing interdependencies of different players, from suppliers to those on-site
- Adapting to the COVID-19 crisis has taught firms important lessons around off-site construction, remote and home-working, and digital competency. To survive in a post-COVID world, we need to capture and carry these into the future
- Coordinating to ensure the safety of workers and members of the public has created new levels of trust and cooperation between government and industry; a new era of collaboration



Cross-Sector Opinion

Attendees from the breadth of our cross-sector membership listened in, we asked them:

Over the next 2 years, do you expect your demand for Construction and Property to:



Our members' questions

Our members asked some challenging questions to be answered, some of the issues raised included:

- How to ensure the new found unity of the diverse construction sector survives beyond the crisis, and remains a united voice to Government
- Whether now is the opportunity for widespread adoption of off-site construction and new approaches to working 'in construction'
- Understanding how the impact of COVID-19 on the construction sector might change the skills landscape

WIG members can listen to Katy's presentation [here](#)

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COVID-19 Sector Updates: Local Government

29 May, 2020

Expert Insight

We were joined by Martin Esom, Chief Executive of the London Borough of Waltham Forest to discuss the impact of COVID-19 on local government. He touched upon points including:

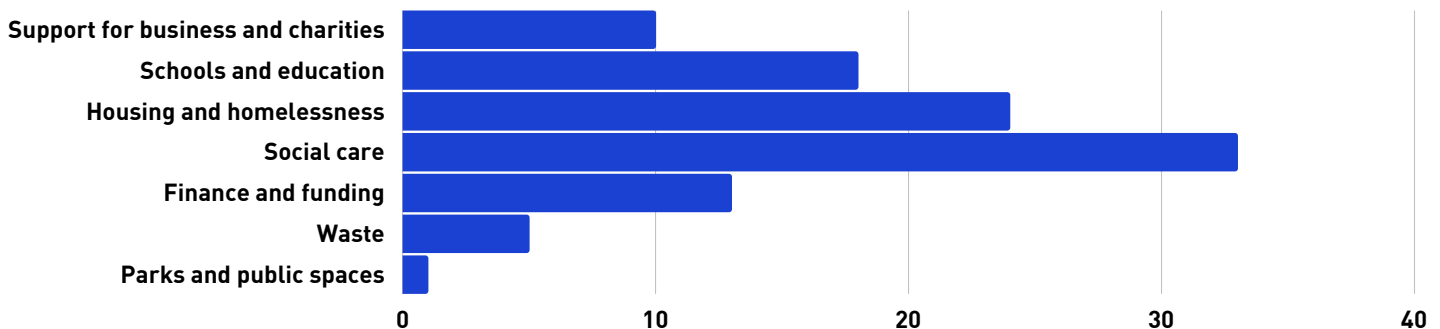
- Local authorities have had to transform how they are run through changes in the process of governance, new communication structures, remote working and reallocation of roles across all levels. In London, a strategic coordination group has been set up to oversee coordination of all 32 boroughs.
- Local government has experienced a major hit to their income. For Waltham Forest, the main losses have been through parking, highways, leisure, and business rates.
- The most important priority for local government is to keep critical services such as adult social care, protection of vulnerable children, refuse collection, and the planning system running.
- Other services have had to be either altered or stopped, and new services have been introduced, including PPE distribution, delivering business grants, and a shielding and food distribution service.
- The next big challenge for local government will be to move out of lockdown by opening up services again, and the enforcement measures that will need to be taken.



Cross-sector Opinion

Attendees from the breadth of our cross-sector membership listened in, we asked them:

Apart from public health, what should the main priorities for local government be in their response to COVID-19?



Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- Prioritisation in divesting less important services in the context of already tight local council budgets
- Restoring public confidence to use public places
- Plans for managing a potential second wave
- Benefits and challenges of national and local government working on similar offerings
- Opportunities for local government operations moving forward

WIG members can listen to Martin's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: Energy

22 June, 2020

Expert Insight

We were joined by Peter Mather, Group Regional President of Europe and Head of Country, UK at BP, as he discussed the impact that COVID-19 has had on the energy sector, and what this means for BP's net-zero commitment. Please find some key points of the discussion below:



- With an oversupply in oil and gas of around 10%, prices were already dropping below many companies' break-even points before the COVID-19 pandemic created a huge loss of demand.
- The combination of over-supply, COVID-19, demand shock, and net-zero efforts presented the energy sector with a perfect storm. Since then, supplies of oil and gas have decreased with the oversupply problem being eased, while demand has steadily picked up again.
- With the pressure to keep the economy going, the energy industry was incredibly strict on the spread of COVID-19 and began testing very early on, taking a 'test-and-wait' approach.
- With an international flow of workers and products, there has been an enormous need for collaboration with government, which has been very successful. For example, collaboration with Westminster and the Scottish Government allowed international shipping to continue.
- After the 2008 financial crisis, the climate agenda fell away. This may have been due to the fact that a commitment to net-zero was not embedded in policy and civil society. In 2020, we have strong environmental commitments, and this time round, the energy sector has been driving towards net-zero, looking at how to 'build back better'.
- However, while there is optimism across the industry, there is a long road to recovery for the energy sector. Small and medium-sized firms are set to struggle, with bigger companies already announcing job losses of up to 25%.

Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- The nature of a clean, resilient recovery and the spending commitments needed to achieve it
- Reskilling and new jobs as a huge benefit of the 'new' energy sector, and their role in a COVID recovery
- As relatively renewable-energy-intense, the challenges of kickstarting a green hydrogen economy

WIG members can listen to Peter's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: The impact on
medium-sized businesses in the UK
1 July, 2020

Expert Insight

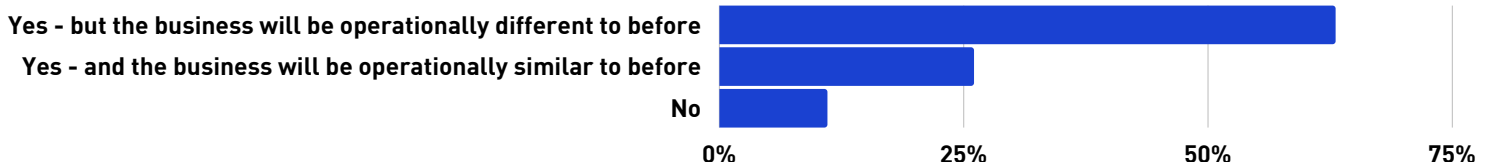
We were joined by Peter Hemington, National Head of M&A at BDO LLP and Lorne Vary, Chief Financial & Business Development Officer at Brompton Bicycle to discuss the impact of COVID-19 on medium-sized businesses. They touched upon points including:

- According to BDO's research, COVID-19 has hit MSBs hard, with many already reporting job losses and few having seen an increase in revenue. However, there is widespread business support for the government's schemes.
- Some industries will change dramatically as a result of COVID-19. The casual dining sector will experience large-scale restructuring, and recovery for the travel industry will likely take long. The articulation of the crisis through real estate into banks could also have a significant impact on the economy.
- Brompton Bicycle's supply chains have been heavily impacted, with many parts paralysed. Worst-case scenario planning and understanding the business' trigger points have been key for business continuity.
- Fortunately, investment into the cycling industry has brought growth and opportunities to Brompton. Nevertheless, COVID-19 has radically altered their business needs and led to permanent changes to the business, such as agile working.

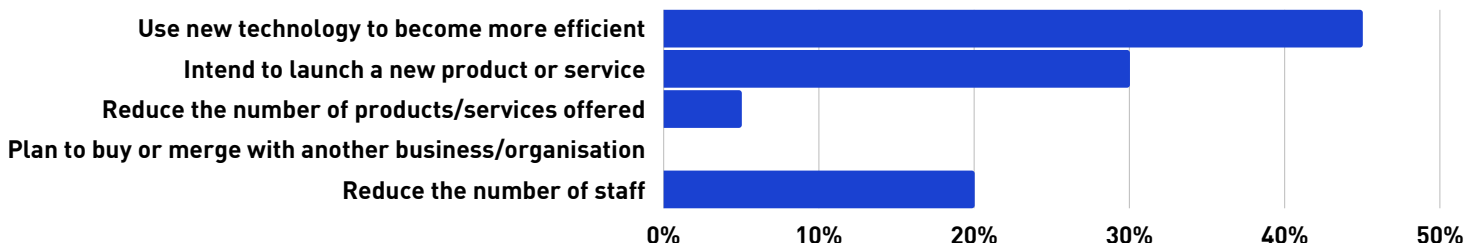


Cross-sector Opinion

Attendees from the breadth of our cross-sector membership listened in, we asked them: Do you think your business/organisation will fully recover from the impact of COVID-19?



What actions are you taking to rebuild your business/organisation?



Our members' questions

Our members raised some challenging questions to be answered, some of the big issues raised included:

- Forecasts for productivity and regional recovery from the crisis
- The impact of COVID-19 on Brexit stockpiles and the implications of a potential no-deal Brexit
- The state of government-backed loan schemes and potential changes to them
- The impact on supply chains and approaches for their management

WIG members can listen to Peter and Lorne's presentation [here](#)
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'COVID-19' Series

COVID-19 Sector Updates: Automotive
8 September, 2020

Expert Insight

We were joined by Ian Howells, Senior Vice President at Honda Motor Europe to discuss the impact that COVID-19 has had on Honda and the Automotive sector. Ian touched on many points, including:

- The crisis impacted the automotive sector on a global scale. The earliest impacts disrupted supply chains before the outbreak reached Europe– the recovery of the UK is linked to global conditions.
- The combination of a focus on employee safety, lockdown measures, lower consumer demand and economic uncertainty have resulted in a sharp decrease in UK car sales and manufacturing.
- Manufacturing in May 2020 decreased to -95.4% year on year. By July 2020, year on year, this was down to -20.8%. Plants are now up and running, with social distancing introduced. Capacity has been reduced slightly but overall, Honda are now manufacturing at target levels.
- A recovery has started as dealerships reopened and social distancing measures were clarified, but there remains ongoing uncertainty. The UK Government has a significant role to play in ensuring that the UK automotive sector remains productive and competitive, while meeting decarbonisation ambitions.



Presentation Spotlight

MAY 2020

NEW CAR MANUFACTURING
TOTAL: 5,314

-95.4%
YEAR-ON-YEAR CHANGE

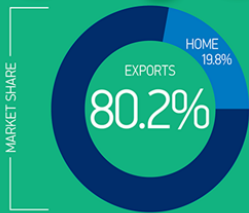


HOME 1,054

-95.2%
YEAR-ON-YEAR CHANGE

EXPORT 4,260

-95.5%
YEAR-ON-YEAR CHANGE



JULY 2020

NEW CAR MANUFACTURING
TOTAL: 85,696

-20.8%
YEAR-ON-YEAR CHANGE

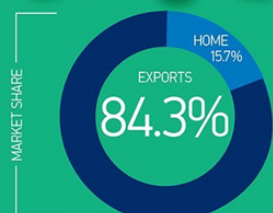


HOME 13,434

-37.1%
YEAR-ON-YEAR CHANGE

EXPORT 72,262

-16.8%
YEAR-ON-YEAR CHANGE



Our members' questions

Attendees from WIG's cross-sector membership tuned in live, and posed a number of important questions. Some of the key issues raised included:

- The pre-COVID-19 expectations for growth across Honda's range of vehicle types.
- Learnings around transitioning the workforce back to the workplace.
- If COVID-19 has given the sector a unique opportunity to approach the 2035 Electric Vehicle Ambition from a new starting point or if the priority recouping losses.
- Possible public and private sector collaboration to help accelerate Electric Vehicles to ICE baseline more efficiently and effectively.
- Honda's involvement with the innovation consortia and how they collaborate effectively with other organisations.

WIG members can listen to Ian's presentation [here](#)

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