

Written evidence submitted by Jacobs and Simetrica-Jacobs

On behalf of Jacobs and Simetrica-Jacobs, I am delighted to respond to this important inquiry into the economic impact of COVID-19, arguably one of the most important social and economic conversations of our lifetime.

As part of our response, we wanted to share with the Treasury Committee some of the key findings from a report we published alongside UK-based social value and wellbeing measurement specialists Simetrica, now Simetrica-Jacobs, and the London School of Economics and Political Science (LSE): [The Wellbeing Costs of COVID-19 in the UK \(May 2020\)](#). As far as we are aware, this is the first study in the world to estimate the full social costs of COVID-19 and social distancing measures, by looking at the impacts of the pandemic on the mental health and wellbeing of people in the United Kingdom using a large nationally representative survey. This independent research report evaluates the effect of the COVID-19 pandemic and the subsequent lockdown on the wellbeing of all UK residents, and workers in critical sectors. It also provides an indicative monetary value of the overall costs to Britain. We estimate that negative impact of worsening mental health and wellbeing levels in the UK is equivalent to a financial loss of £2.25bn per day - equivalent to £43 per adult each day.

Jacobs and Simetrica-Jacobs hope that in providing data on the impact COVID-19 has had on wellbeing and mental health, this data can help inform decisions, assessments and strategies for improving wellbeing and quality of life as we all look to a better future.

Introduction to Jacobs

Jacobs is a global engineering, programme management and professional services company. We are a Strategic Supplier to government and are currently working on some of the UK's largest and most complex infrastructure projects such as HS2, Crossrail and Tideway, as well as playing major roles in both nuclear new build and decommissioning across the UK, including Sellafield, Dounreay and Hinkley Point C. As a result, we have a deep understanding of the challenges in the provision of critical infrastructure.

Introduction to Simetrica-Jacobs

Simetrica-Jacobs are global leaders in social value and wellbeing measurement and we offer social impact analysis and policy evaluation of the highest scientific rigour to governments, international organisations and the non-for-profit sector on some of the most important and pressing areas of policy. We use innovative and technically robust methodologies in social impact analysis in order to provide results and recommendations based on the best available evidence. We help organisations to understand their social impact and to make better policy and investment decisions.

The consultancy group at Simetrica-Jacobs is formed of a team of academics and experienced social scientists. We have been the pioneers of some of the most important philosophical and methodological developments in social impact analysis techniques in use today and have written and contributed to key international guidelines on social value measurement including the HM Treasury Green Book.

Executive summary

- As recommended in the Green Book the Government should apply social value measurement and wellbeing principles to policy decisions taken during the pandemic and in the post-pandemic recovery phase to ensure that it is accounting for the full effects on people's wellbeing and lives. This includes measuring the effect on different social groups to ensure that existing inequalities are not being perpetuated. We need to be cognisant of externalities of every decision being made and that decisions to extend or reduce lockdown and social distancing cannot be taken in isolation to their knock-on effects on people's health, economic circumstances and wellbeing. Social value measurement provides the most rigorous way of assessing such trade-offs.
- The Government should invest significantly in mental health provision to compensate for the effects that lockdown and related restrictions have had.

- The Government should carry out the Comprehensive Spending Review and capital allocations as quickly as possible to mobilise infrastructure investment.
- The Government should accelerate the major programme of capital infrastructure investment planned at the Budget both to stimulate macro-economic demand and to build economic and climate resilience across the UK.
- The Government should update working practice codes and support major programmes of home and office refurbishment to make shared spaces more adaptable for an environment of social distancing and increased home working.

Terms of Reference

As requested in your call for evidence, Jacobs and Simetrica-Jacobs have directly addressed four of your questions in which we feel we are well placed to answer and provide helpful insight to your committee and policymakers.

1. *What economic challenges may arise as the public health and social distancing policies are lifted and the economy begins to recover?*

Simetrica-Jacobs' recent report, [The Wellbeing Costs of COVID-19 in the UK](#), has found Wellbeing during the COVID-19 pandemic as being at the lowest level since records began.

The report finds 'substantially worse' levels of wellbeing and psychological distress across the UK in April 2020 compared to the same period in 2019. With all measures of wellbeing being at the lowest in the UK since records began in 2011 and many parts of the population over the threshold for psychiatric morbidity.

The costs of COVID-19 pandemic and social distancing measures on mental health and wellbeing are calculated to have an indicative monetary value to the UK of £2.25bn per day, equivalent to £43 per adult each day. With around two-thirds of this wellbeing cost coming from the impact of social distancing alone.

The £2.25bn value only includes the impacts on individuals' wellbeing and does not include business impacts, impacts on children, government and healthcare expenditure and mortality due to COVID-19. The full cost to society will be higher.

Throughout the study, the evidence suggests that the social and economic impacts of the social distancing policies have had a larger negative effect than the health impacts alone. It finds that we would need to compensate every adult in the UK £29 per day to offset the social distancing effects alone over this period. This amounts to a total cost to individuals of £1.5 billion per day over the 11-day period. This is double the costs of the health impacts.

The report has identified that losing your business is statistically associated with a large decrease in life satisfaction. With the Chancellor of the Exchequer, The Rt Hon Rishi Sunak MP, expecting a recession this year and a recent Federation of Small Businesses survey indicating a third of small business owners fear they will not be able to reopen after the COVID-19 lockdown, there remains some concerns over the mental health of the UK's entrepreneurs.

With 5.9 million small and medium-sized enterprises (SMEs), (accounting for over 99% of all businesses in the UK) there remains the very real possibility that the mental health of the UK's entrepreneurs could be a challenge to the economic recovery post-COVID-19.

In addition the report found that key workers are suffering from the highest levels of distress in the UK which may impact their long term productivity and increase absenteeism in the workplace for these critical roles for the economy. This could have a severe negative effect on economic recovery and also create significant employment and economic problems if there are further waves of COVID-19.

Recommendation # 1

The Government should invest significantly in mental health provision to compensate for the effects that lockdown and related restrictions have had. Any future lockdown measures for subsequent waves of COVID-19 should be assessed rigorously taking into account the impacts on people's health and wellbeing due to job and business loss.

2. *What will be the impact on inequalities within society and how should the Government address inequalities that may have been exacerbated by the crisis?*

Recent evidence from the Office of National Statistics (ONS) has identified that Britain's ethnic minorities are disproportionately impacted by COVID-19. The risk of death involving coronavirus among some ethnic groups is significantly higher than that of those of White ethnicity, with Black males being 4.2 times more likely to die from a COVID-19-related death and Black females being 4.3 times more likely to die than White ethnicity males and females.

These concerning statistics correlate with the findings in the Simetrica-Jacobs The Wellbeing Costs of COVID-19 in the UK (May 2020) report, that the wellbeing and mental health of Britain's ethnic minorities is disproportionately impacted by COVID-19.

According to the Simetrica-Jacobs report, the UK population is suffering from high levels of psychological distress with distress particularly high for women, ethnic minority groups and key workers. The negative association between COVID-19 and wellbeing is worse for women than for men, and for ethnic minority groups on some measures.

The North East of England and the East Midlands saw the largest falls in wellbeing during this period and London saw the smallest fall. Overall, women saw a larger fall in wellbeing than men; people aged under 25 had the biggest reduction in wellbeing across all age groups; and ethnic minorities reported a larger decrease in wellbeing than whites.

While women have reported the largest falls in wellbeing, the group with the lowest levels of wellbeing on all metrics are men under the age of 25. Currently, key workers report higher levels of life satisfaction, happiness and sense of purpose, but also higher levels of anxiety and greater psychological distress than non-key workers. Interestingly, whilst the evidence suggests that men and older populations are more vulnerable to COVID-19 infection and mortality, it is women who report the most suffering in terms of wellbeing and psychological distress and the age group over 70 has not experienced a high drop in their wellbeing compared to other age groups.

Recommendation # 2

The Government should apply social value measurement and wellbeing principles to policy decisions taken during the pandemic and in the post-pandemic recovery phase to ensure that it is accounting for effects on people's wellbeing. It should measure the effect on different social groups to ensure that existing inequalities are not being perpetuated.

3. *What are the implications for the Government's "levelling up" agenda announced in the Budget/infrastructure strategy?*

Jacobs remains hugely encouraged by the announcement in the Budget to raise UK infrastructure investment to historic levels over the next Parliament. We would urge that the Government bring forward these investments, in conjunction with the National Infrastructure Strategy and Comprehensive Spending Review, as soon as practical.

As the Chancellor argued in the Budget, infrastructure investment in all parts of the country will raise our output, and crucially, our productivity, which has lagged for decades. And as we recover from the immediate economic shock of the COVID-19 outbreak, delivering on the Government's "levelling up agenda" will not only provide business with the certainty - which it most definitely needs - it will also provide jobs, unlock new potential and transform the economic fortunes of the UK.

The Government's commitment that transport infrastructure investment will help level up the nations and regions of the UK, and provide the foundation for productive, economically strong communities, is providing companies like ours the certainty to continue to expand and invest in the UK.

Jacobs has invested more in the UK than any other region in the past two years because the UK is committed to infrastructure investment and because this country has a strong pool of skilled workers. Jacobs has 11,000 employees across the UK, and we are also training more than 700 graduates, technicians and apprentices across the country at the moment. Investment in world-class training is critical to the UK's future productivity and competitiveness as an economy.

We work on several critical infrastructure projects including Crossrail, as well as major ongoing work for Network Rail and Highways England. We welcome the Government's decision to press on with HS2, and believe that infrastructure investment preserves irreplaceable engineering, construction and project management skills base vital for the UK's future prosperity.

Transportation infrastructure investment affords us with major opportunities to improve connectivity and productivity across the country. With HS2, existing contracts can be used to accelerate Phase One, and putting the structures in place to progress the Euston and Northern sections. The very welcome decision to bring Northern Powerhouse Rail and High Speed North together can catalyse progress on the Transpennine Route Upgrade and East West Rail.

We are confident that with rigorous planning, projects like these can provide a valuable engine of activity, providing demand at a time when other sectors will understandably need a stimulus to recover their peak output. Jacobs, and a number of public bodies with whom we work, have put in place robust business and project continuity plans to continue our major projects and make full use of the extra investment that the Government has prioritised.

In all, the Government has set out the vision and resources necessary for the infrastructure revolution this country has needed for so long. We can use this to sustain the UK economy both throughout and following the current crisis and to establish a more balanced and prosperous country for decades to come.

Recommendation # 3

The Government should carry out the Comprehensive Spending Review and capital allocations as quickly as possible to mobilise infrastructure investment. Furthermore, the Government should accelerate the major programme of capital infrastructure investment planned at the Budget both to stimulate macro-economic demand and to build economic and climate resilience across the UK.

4. What are the lessons that society can learn for the future e.g. reducing carbon emissions, increased home working, business resilience?

Jacobs works with government agencies, municipalities, private sector companies and leading environmental organisations to deliver resource management, sustainability services and proven industry expertise on infrastructure initiatives around the globe. From our experience in this field, we have identified several recommendations for national and local government, policymakers and business to consider since society is likely to change once we return to the new normal.

During the current pandemic, people around the UK are taking this moment to reflect and contemplate what matters most to them. Health, family, and being valued for the work they produce rather than where it is achieved, will become additional priorities to colleagues. Society may now experience "value shift" across all sectors of our lives. This taking stock or reevaluation of what is important will be a catalyst for social and workplace change. Companies that are slow to respond and adapt will inevitably be left behind.

We suggest that the Government reassess The Smart Working Code of Practice PAS3000 so that business can comply, and employees can be confident of a baseline standard - companies who go over and above this will be more attractive to future candidates.

With bio-safe and data capture making the difference between office A and office B for landlords and investors. Relaxing the change of use will allow building owners to adapt and respond and investors to retain their London real estate portfolios. In the short term, the expectation is smaller interventions to existing buildings. As businesses make policy changes, cross-sector alignment is critical.

Scheduling shift patterns, schooling and transport infrastructure need to be flexible and align with alternative working. Measures to support taxpayers in adopting a new way of working at a government level, for example, could include ensuring commuters can benefit from flexible season tickets. Working closely to remove peak times offering a more dispersed day to relieve pressure on stock and improve customer satisfaction should all be considered. Government and transport providers should also assist people to make more informed choices about when and where they travel via technology.

We expect to see an accelerated programme of smart buildings for new build and retrofits emerge, driven by carbon net zero goals and to attract those still looking for relocated rental space. Carbon and building performance will be monitored to attract new ethos-seeking employees and validate green credentials to clients.

If the changes we foresee come to pass, people will need to ready their homes, that they now spend more time in, making them more practical and flexible for our new multi-generational, blended lives. This decentralised presence may drive regionalism with other knock-on effects. An increase in local road use putting pressure on those councils with more local spend to fix them, in community hubs for those that can't work directly from home due to lack of space or connectivity issues. For those that can afford to move, the already flawed new builds will be a far cry from value-shifted demands, with energy-efficient spaces and access to community gardens and allotments being valuable assets. Housebuilders and local authorities need to respond early to be competitive and councils need reconsider the utilisation of existing empty buildings. Affordable homes for key workers that are commutable to their place of work need to be introduced to attract the best talent.

Recommendation # 4

The Government should update working practice codes and support major programmes of home and office refurbishment to make shared spaces more adaptable for an environment of social distancing and increased home working.

I would once again like to thank yourself, the Treasury Committee and your clerks for providing Jacobs and Simetrica-Jacobs with the opportunity to respond to this important inquiry and the work you are doing to support our democratic process during these difficult, and unprecedented, times.

If there is anything further Jacobs or Simetrica-Jacobs can provide, we remain at your service.

Yours Sincerely

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