

My speech during the debate on Public Health, 5 May 2020

John Redwood (Wokingham) (Con): These measures are doing great damage to the livelihoods and incomes of many of my constituents and people around the country, and they are also damaging to our freedoms and liberties, so I urge the Government to find safe ways to get more people back to work as quickly as possible. It is great news that the NHS has much enhanced capacity. It has tackled the covid-19 waves so well so far and has plenty of capacity, so we must now think about how we get many more people back to work so that they can restore their livelihoods.

It is all too easy for us Members of Parliament, with a guaranteed high salary paid into our bank accounts every month, whether the economy does well or badly, to be a little too dismissive of the struggles faced by people who may be furloughed but are not getting their tips, bonuses or commissions. Some may already have lost their job, while many are living in fear that the company they work for will run out of cash and not be able to trade.

My first piece of advice to the Government is to not make a person's return to work conditional on them having had the virus. The right to work cannot become a macabre lottery whereby people have to prove that they have had a certain illness before they have the right to return to their job. If safe working can be arranged for that person, they should have every right to do it, even if they belong to the majority who the Government assume have not had the virus.

I also want to look at the Government's method of making the decisions on the basis of statistical and scientific advice. We all see the graphs that are presented every day by the scientific advisers, and some of the numbers used to address whether or not we can return to work worry me considerably.

The crucial figure, we are told by the Prime Minister and others, is the transmission rate, which they call R . We have all learned that if that figure is well below 1, we can relax much more because it means that the virus is waning and is not being passed on to enough people by each person who gets it, which means that it will wane further and we can think about returning to normal. We are also told that if it is over 1, we still have a problem because it is growing in scope.

The problem is that in recent discussions we have been given a range of values—from 0.5 to 1—of what R might be. If we look at how they calculate it, we see that it is an estimate, not a precise number. I find it surprising that over the past six weeks we have not been reproducing, through testing, a representative sample of the population. Surely the way to get a more accurate transmission rate is to see over time how the total number of cases, as represented by a sample of the population, is trending.

I am pleased to read in a newspaper that we are now doing a series of random

tests over time. Will they please speed those up? That is not as good as having six weeks of back data, which is a pity. I trust that Ministers will cross-examine scientists carefully to see what proxies they have for a proper set of random tests over time, because if the figures are to be an important part of the decision, we need to make sure they are as accurate as possible.

We then have the so-called comparable death rates in different countries. The death rate is important, because clearly the national death rate is part of the decision-making process. Again, it is very disturbing that the basis on which deaths are registered as being with or related to covid-19 has changed over the series, and of course the series has been greatly changed by moving from just hospital deaths to a wider range of deaths, including those in care homes.

Will Ministers please ensure that when they make decisions based on death rates, they clean up the figures and understand that over the six or seven-week period of the intense duration of this virus, we need comparable and accurate figures? That is what they should concentrate on and try to construct.

We then have the figures for hospital admissions, which seem to be the closest that we have to reliable figures. They look as if they are showing an extremely good story indeed, so I trust that Ministers will focus considerably on them.

They argue that now is the time to let more people get back to work in as safe a way as possible. Industry and commerce are very willing to amend the way in which they operate so that they can get some revenue and start serving their customers again. If we do not do this, the whole thing will be completely unaffordable and the pressures will mount economically, which will not be good news for our health policy either

Conditions to relax the lock down

I do not think it a good idea to say only those who can prove they have had the virus can go to work. The government clearly thinks a majority of the population have not had the virus, otherwise they would be relaxing anyway. Limiting going to work to the minority would be unfair and leave the country struggling to pay the bills. The right to work should not depend on a macabre disease based lottery.

Nor do I think it a good idea to have outright bans on people based on age. Of course all those whose age and other medical conditions puts them at more risk from the disease should be protected if they wish. Many will want to be helped to stay at home and avoid potentially dangerous contact. The others should not be placed under house arrest against their will.

The country needs to get back to work, accepting that work patterns will be different. Employees will rightly want safer working methods, including protective clothing where needed, new shift patterns, more homeworking and freedom from congested public transport where the disease might circulate more freely.

Job losses at BA?

I have had a number of emails about the worrying situation at BA

I was shocked to read the statement from IAG on the publication of their first quarter results. I note they managed to lose a large sum on fuel and currency hedges as at that date, which presumably is a one off. I see that whilst they plan to cut the workforce at BA, they announce no such plans for Iberia, Aer Lingus, Vueling or LEVEL, their other airlines. This Spanish registered company singles out BA for bad treatment, at a time when the whole aviation industry has suffered a large loss of passengers owing to the closures.

The Group tells us it has Euro 6.95 billion in cash and cash equivalents, as well as access to substantial extra borrowings if needed. It is making liberal use of the UK government furlough scheme, with UK taxpayers paying most of the wages of 22,626 UK staff. Given this, I would expect a more sympathetic approach to all UK staff. I will pursue these matters with the top management of IAG.

They have benefitted over many years from the success of BA and from the profitable business they enjoyed out of UK airports. They should wish to be good UK corporate citizens, and as takers of UK government subsidy they should acknowledge their debt to UK BA employees and UK taxpayers who are helping pay for their business continuation. It is too early to know what the recovery prospects are for aviation. The presence of the furlough scheme provides a good means to keep the business ready to fly again when things change for the better.

The future of aviation

The UK has a successful aviation industry. Heathrow is one of the great hub airports of the world. Several other leading airports are substantial generators of jobs and an important part of the connectivity of a trading nation. The UK manufactures smaller planes and wings for large passenger

jets. It has a number of important airlines offering good choice of carrier, route and fares. The large and successful UK service, tourist and leisure sectors need easy access to the UK for clients and partners.

Today the airline and civil aviation industry is one of the worst hit by the pandemic and the measures to contain it. There are many bans on flying in various countries around the world, and many people no longer wish to fly to countries that may not welcome visitors for the time being. There are also issues over how social distancing rules can be applied to the tight spaces inside the fuselage of a passenger jet.

So what does the future hold for this group of businesses? Will there be a permanent diminution in people flying around the world, with more virtual conferences and meetings? Will there be more national and less international leisure and tourism? Should the industry be planning for less volume, or will there be the usual bounce back as the virus fades?

During the period of gradual relaxation, what steps could the airline industry take to allow flights with greater social distancing? How practical is it to cut numbers on a flight, and what will that do to the economics of flying? Can the airlines increase the proportion of a plane given over to cargo? What damage is the collapse of passenger numbers doing to the economics of air freight?

It looks likely a larger number of older planes will now be retired. Cash strapped airlines are likely to avoid new commitments to buy new planes and to look for legal ways to cancel planes they had discussed buying. Airports will also struggle financially, as their revenues are badly depressed by the reduction in flight numbers and the small numbers of people using terminals and taking advantage of the shops. How should the different parts of the industry be financed from here?

The future of the High Street

Some High Streets were suffering badly before the anti virus policies closed down most of the shops. More people were buying more things on line. More were travelling to the best shopping centres to enjoy the choice and facilities they afford. Secondary and tertiary locations and ageing centres were losing custom and losing businesses. There were more empty properties and more rent reductions.

Investment in improving High Streets, relentless promotion of a location with events, discount and loyalty schemes and good restaurant and café back up were all important ways to retain life and footfall. Some succeeded, others were floundering. There was too much retail space for the customer base overall. As a result retail chains were shedding shops in marginal locations, and at the edges of Town Centres and shopping malls some property was

gradually being converted to new uses. The process of conversion was slow because the shops were still expensive and commanding relatively high rents compared to alternative use values.

The damage done to shop retailers by the closures is two fold. There is the lost revenue, making investment in shop improvement and in stock more difficult to afford. There is the diversion of business from shops to on line, some of which may be difficult to reclaim. The issue becomes, what are shops now worth?

A simplified way of valuing a shop is to take the rent paid and multiply that by a number of years purchase to get a capital value of the property. Let's take a case of two shops with rental income of £25,000 a year. One is in Smart City, the other larger unit is in Troubled Town. The Smart City unit might have been valued in February on a 5% rental income, or 20 years purchase. It would have had a capital value of £500,000. The Troubled Town Unit might have only commanded a 10% income yield or ten years purchase, giving a capital value of £250,000.

Let us suppose that both were independent shops, and both have now notified their landlords they cannot afford to pay any rent for the time being. At the very least they want a rent holiday for the period of closure, followed by a rent reduction to reflect lower earning potential in a recovery period to follow the end of lock down.

So what are these shops now worth? What discount should you apply to the past rent to allow for the likelihood that a deal has to be done for lower rent? Might it be that the unit in Smart City still has a retail future at a lower rent, but the unit in Troubled Town does not? Do the values of either now fall to a level where conversion to another use is viable?

And what outcome would you like to see for these two independent traders and two shop units?