



# CAPITAL CITY PARTNERSHIP

## Summary of COVID Related Publications - Issue 1, 5<sup>th</sup> June 2020

This paper is the first in a series that will summarise publications that focus on the economic impact of COVID 19. Scottish-focused publications will be particularly relevant. This series will not summarise publications that focus on mortality, treatments, or particular issues within the health care sector.

The summaries are presented in order of publication date with the most recent publications taking precedence.

The intention is to update this fortnightly, Issue 2 will be available on the 22<sup>nd</sup> June.

### June 2020

#### **Labour Market Economic Analysis, Quarterly: June 2020. Office for National Statistics**

<https://www.ons.gov.uk/releases/quarterlylabourmarketeconomicanalysis>

This is the first in a quarterly series of ONS articles giving economic analysis of the labour market headline figures. This, the June article, looks at the impact of COVID 19 on hours worked and vacancies in different UK industries. They generally compared the position in January to March 2019 with the situation in January to March 2020 and this will only include the first 10 days or so of the lockdown so the next quarter statistics will likely show a greater impact of the crisis.

- Average weekly hours worked fell by 2.5% between January- March 2020 compared to the January- March period 2019.
- The largest loss of actual hours worked was recorded in the accommodation and food services industry and this had fallen by 11.8% between January-March 2019 and January-March 2020.
- Young workers, those aged 16-24 had experienced the largest fall in hours worked (fallen by 5.9%). Those aged over 65 had also seen the number of hours worked fall, in this case by 4.8%. Again, this is comparing the January-March 2020 figures with those recorded in January-March 2019.
- Vacancies decreased across all industries. The largest decrease was accommodation and food services which saw the number of vacancies fall by 41.5% when the February -April 2019 figures are compared to the February-April 2020 figures.

May 2020

**Poverty and Coronavirus in Edinburgh Interim Report. Edinburgh Poverty Commission May 2020**

[https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/05/20200519\\_EPC\\_Coronavirus\\_Report.pdf](https://edinburghpovertycommission.org.uk/wp-content/uploads/2020/05/20200519_EPC_Coronavirus_Report.pdf)

The Commission has been looking at the impact of the pandemic on people living in poverty, achieving their insight through discussion with individuals and organisations. The paper provides an extension of the broader aims of the Poverty Commission, highlighting how the strategy being followed to mitigate the economic and social consequences of the pandemic could be extended into the future, helping to deliver a more equitable society. In addition, it reports on some of the practical challenges/issues occurring directly as a result of the pandemic.

They found that a large number of people had lost employment and that many of these had never claimed benefits before. This illustrated to the Commission the issues around claiming benefit and delays in payments. The Commission reported that despite the furlough scheme many employers found it easier to lay people off and recruit again when conditions allow.

The Commission welcomes the actions of CEC and Scottish Government in their approach to housing issues (rents, rough sleeping etc.) however they are aware that there is likely to be added levels of debt for individuals and this is causing anxiety. They mention that staying home increases heating and power costs and this coupled with reduced shopping choice has meant that the cost of living has increased for those already in a difficult economic position.

The Commission also mention loneliness and isolation, loss of independence, impact of furlough, reduced hours and unemployment, the stigma of claiming benefits and using foodbanks, and managing conflict in relationships. All of these contribute to the significant distress witnessed by organisations providing support in the City. They recognise the work being done by the statutory and voluntary agencies but found that it was often those that were not known to these agencies – those that had never received any form of support before- that were the most vulnerable and missing support that they were entitled to.

Looking towards the future the Commission believe that there is an opportunity to create a better structure as we emerge from the pandemic to move towards a city that is effective in ending poverty. Practically they see this as including:

- Support measures not being lifted too quickly;
- ‘Lock in the gains’ made to help those in housing crisis in Edinburgh;
- Ensure the job retention scheme is used as widely as possible;
- Look at ensuring that jobs are paid the living wage and the benefit system is fair and provides a decent income.

**Coronavirus and key workers in the UK. Estimates of the numbers and characteristics of those who could be considered as potential “key workers” in the response to the coronavirus (COVID-19).**

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/coronavirusandkeyworkersintheuk/2020-05-15>

The Office for National Statistics (ONS) can give an indication of the number of people who were employed in 2019 in key worker occupations and key worker industries, based on an interpretation of UK government guidance employed for defining who is eligible for childcare places and the Department of Health and Social Care guidance on testing eligibility. This allowed ONS to interrogate the various sources of data on the labour market and arrive at the following key findings.

- In 2019, 10.6 million of those employed (33% of the total workforce) were in key worker occupations and industries.
- The largest group of those employed in key worker occupations worked in health and social care (31%).
- 15% of key workers were at moderate risk from the coronavirus (COVID-19) because of a health condition.
- 31% of key workers have children aged between 5 and 15 years; 16% have children aged 4 years or under.
- Of all households with dependent children (under 16 years), 6% were key workers and lone parents; 9% were households where both members of the couple were key workers.
- 14% of key workers reported working from home at least one day in the past week in 2019.
- Employees in 'food and necessary goods' were those most represented in the lowest paid decile with 9% of them earning less than £146.26 per week.
- 16% of key workers travelled by public transport.

They provide a look up table where you can see their estimates of the number of key workers within each LA. For example, 33.2% of the workforce in Edinburgh are recognised as Key Workers (similar to the UK average) compared to 36.6% in Scottish Borders.

### **Scotland's Devolved Employment Service- Statistical Summary, May 2020**

<https://www.gov.scot/publications/scotlands-devolved-employment-services-statistical-summary-6/>

These statistics are the first to be published since the COVID-19 disruption. They cover up to 31 March, 8 days after UK wide 'lockdown' was announced on 23 March.

COVID-19 has had an impact on the referral process for Fair Start Scotland, with key referring organisations, such as the Department for Work and Pensions, refocusing their work on responding to COVID-19.

In the first two years of Fair Start Scotland (FSS), 34,755 people were referred to the service, and 22,138 of those joined to receive employability support services. Compared to March 2019, referrals in March 2020 were 31% lower. Scottish Government's Health & Work Support pilot based in Dundee and Fife closed early due to COVID-19 in mid-March 2020. In total it received 2,683 referrals and it had 2,490 enrolments since its launch on 26 June 2018.

### **Job Vacancies During the COVID 19 Pandemic- Institute of Fiscal Studies. May 2020**

<https://www.ifs.org.uk/uploads/BN289-Job-vacancies-during-the-Covid-19-pandemic%20%20.pdf>

The IFS researchers examined job adverts placed on *Find a Job*, a recruitment website maintained by DWP. They examined the site daily, using an algorithm to sweep the site for new posts. As a result, they are confident that they have data on jobs posted between March 23<sup>rd</sup> 2020 and May 12<sup>th</sup> 2020. As of the 12<sup>th</sup> May the site had around 60,833 vacancies recorded. They then compared these to data that they had for the site from previous years, which had been pulled for other analysis.

They found that by the time the lockdown was announced, firms had stopped posting new vacancies almost entirely for example new postings on 25 March were just 8% of their levels in 2019.

Whilst vacancies fell across the wage distribution, they found that the fall was sharpest in low-paid occupations often those directly affected by social distancing measures. They also found that vacancies for higher-paid jobs in legal and managerial professions saw falls of over 60% relative to 2019.

Whilst they had seen some signs of recovery since mid-April, this has been entirely driven by vacancies in health and social care. Health and social care vacancies rebounded from half their 2019 levels in the first week of April to 85% of their 2019 levels in the first week of May. In all other occupations, new vacancies in the first week of April were 21% of their 2019 levels, and still only 26% of their 2019 levels in the first week of May.

Whilst the initial drop in job postings was evenly distributed across more and less deprived areas, the recovery in health and social care vacancies has been concentrated in more affluent areas. New health and social care vacancies in the least deprived fifth of local authorities (measured by their Index of Multiple Deprivation) were 15% lower than their 2019 levels in the first week of May, whilst those in the most deprived fifth were still 35% lower.

The health and social care occupations in which vacancies are recovering pose relatively high health risks. They are relatively difficult to do from home, involving working in close physical proximity to others and are more exposed to disease.

The new jobs that are emerging require high levels of training. Jobs in health and social care typically require a vocational qualification, but even outside healthcare, labour demand has recovered more in occupations that require higher levels of preparation. This suggests that workers who have been furloughed or made unemployed are likely to struggle to fill vacancies in areas where labour demand is recovering.

#### **UK Report on Jobs, May 2020, KPMG and Recruitment and Employment Federation**

<https://www.markiteconomics.com/Public/Home/PressRelease/Of30f4fdc45c49dbb899671fe4879304>

This study, based on a survey sent to around 400 recruitment agencies across the UK, found that overall, permanent and temporary staff appointments fell at the sharpest rates in the survey's 22-year history and led to a record drop in overall vacancies. Weaker demand for staff also drove falls in starting pay. At the same time, the availability of candidates rose at the steepest rate since 2009 amid widespread reports of redundancies. This illustrates that many companies are putting recruitment on hold during the pandemic.

#### **How can labour market policy help to get people back into the right jobs? Economics Observatory, 20/5/2020**

<https://coronavirusandtheeconomy.com/question/how-can-labour-market-policy-help-get-people-back-right-jobs>

Job losses spike at the start of every recession but as the recession ends, those workers that lost their jobs eventually find new jobs. However, the researchers behind this paper indicate that these are often not the 'right' jobs.

Economists talk about something called *matching capital*. This is the value that is created by a worker and a firm being well suited to each other, such that the worker is more productive in that job than other similar workers would be. This could be because the worker and firm are just intrinsically suited, and it took a while for them to find each other (job search and matching), or because they invested in developing a relationship that increases the effectiveness of that worker in that job. Recessions can cause the destruction of some of this *matching capital*, and when workers find new jobs, these might not initially be the 'right' jobs in that they might be lower quality than those they held before the recession.

The current crisis is special in the way that it will affect the labour market in at least two ways. First, it is larger than previous recessions. Second, because it has been caused by the spread of a contagious virus, it highlights the relevance of job and worker characteristics – such as ease of working from home, proximity of workers to each other in the workplace, and Covid-19-specific vulnerability of individual workers. These were not characteristics that workers, firms or policy-makers have previously been concerned about.

The policies put in place by the UK government – most notably the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) – are aimed at preserving matching capital. However, at this stage, the researchers argue that the effectiveness of those policies is impossible to evaluate with any kind of rigour or precision. They cite research which has argued that the CJRS, could be improved. For example, removing exclusivity clauses preventing some furloughed workers from taking up stopgap jobs in sectors where demand is high and allowing for short-time work would, they suggest, be useful.

Probably of more interest in this article is that it touches on what types of jobs will experience growth. It mentions that researchers have been active constructing occupation-level measures of amenability to home working, proximity to others in the workplace, or exposure to disease. As a result, they can estimate which jobs will be hit hardest in the medium to longer term. At the same time what characteristics will individuals need to be best placed to benefit. On this the worker side, the list of potentially relevant characteristics includes cohabiting status, childcare responsibilities (at least while schools remain closed) and the need to use public transport to commute to work. One worker characteristic that seems especially relevant is *age*. Younger workers are both much more mobile in the labour market and also much safer health-wise than older workers. However they do balance this with the fact that, younger workers are also the ones most at risk of becoming unemployed and in the medium to longer term suffering from the 'scarring' effects of losing a job, especially in a recession.

The paper concludes by suggesting that three broad sets of policies can help to shift workers from unemployment and into work or between jobs:

- furlough subsidies to tide over normally viable job matches during temporary lockdowns,
- subsidies to wages or hiring costs in socially desirable activities,
- benefits or job search assistance for the unemployed.

## **Slow and not so sure – the latest data on the Scottish economy and households, Fraser of Allander Institute, 29/5/2020**

[https://fraserofallander.org/covid/slow-and-not-so-sure-the-latest-data-on-the-scottish-economy-and-households/?utm\\_source=Fraser+Blog+and+subs+list&utm\\_campaign=85f77c76b8-Email-Blog-RSS&utm\\_medium=email&utm\\_term=0\\_c855ea57f7-85f77c76b8-86525662](https://fraserofallander.org/covid/slow-and-not-so-sure-the-latest-data-on-the-scottish-economy-and-households/?utm_source=Fraser+Blog+and+subs+list&utm_campaign=85f77c76b8-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-85f77c76b8-86525662)

More of a press release than a research article this paper discusses some of the most recent statistics. It often highlights the position in England and wonders if Scotland will see similar changes when lock down eases. They are able to report on some Scottish data, for example they highlight ONS data that suggests 17% of people in Scotland had seen a deterioration in household finances. They supplement this with New Scottish government data on applications to the Scottish Welfare fund which reported large increases (from under 20,000 applications to nearly 35,000 in the space of two months) in demand for crisis payments.

They report on a IPSOS MORI survey carried out for BBC Scotland which found that 72% of people reported that they felt that the economy would “get worse” over the next 12 months and around 60% of people felt concerned about the impact of the pandemic on their personal finances, with worries highest in the 35 – 54 age group. The survey also asked a question on whether people would “go back to doing all the things you did before lockdown” once allowed. There was a 50:50 split between yes and no responses, although it is unclear over which time horizon this relates to.

### **Skills Development Scotland Summary 6/5/2020.**

#### **An email from Phil Ford, Skills Planning Lead -South East Scotland**

General points made by Phil that relate to the labour market/economy include

- Worst hit sectors are Hospitality and Tourism; Non-Food Retail; Construction; Health and Beauty; Arts, entertainment and recreation; Manufacturing. Tourism in the City of Edinburgh will be particularly hard hit especially when impact of cancellation of festivals/limitations on freedom of movement is taken into account
- There are recruitment opportunities in NHS/Health and Social Care sector; Food and Drink manufacturing; Life Sciences; logistics companies working for online retailers
- City of Edinburgh has a larger number of more highly skilled roles which may offer some protection from redundancy (i.e. employees in these roles are more likely to be able to work from home). Inequalities could deepen.
- Rural areas are harder hit – implications for parts of the City Region (e.g. Scottish Borders etc)
- Women, young people under 25 and those on low incomes will be hardest hit – people in these categories are 2.5 times more likely to work in a sector that’s shut down
- 21% Scottish workforce on furlough (66% firms) – question around how many of these furloughed staff will return to work?
- 920,000 jobs at risk across Scotland (45% total GVA). This could increase depending on length of lockdown/COVID measures
- Between 11,700 and 117,200 jobs could be at risk of redundancy in Edinburgh and the Lothians
- Increase in mental health related illnesses due to COVID and up to 20% of the workforce could be off sick
- Caring responsibilities have made it much more challenging for people to work.

- The crisis is likely to increase the speed of digitisation across all sectors
- Impact will be felt in three key areas:
  - Demand for Goods and Services – restrictions in trade and exports and uncertainty around recovery will continue to affect demand
  - Supply chain disruption – cash flow, impact on viability of smaller suppliers, increased business failures
  - People and Employment
- There is a need to focus on recruiting people into growth sectors. This will include maximising the skills of older workers; re-training, up-skilling and accelerating the acquisition of digital skills
- The end of the lockdown will bring complex, ongoing challenges as businesses need to adapt working practices to comply with ongoing social distancing requirements
- The re-opening of the economy is likely to be staged by sectors, which means that some businesses may not be able to re-open due to a lack of cash flow
- There is the potential for a spike in unemployment if businesses cannot sustain pre-COVID-19 volumes of staff due to reduced customer demand or financial stresses
- There is an ongoing need to quantify the scale of individuals affected by job losses and financial hardship, and to provide support measures to help them re-skill and transition into sectors where there are job opportunities
- Maintaining employment and progression into work will continue to be a challenge, particularly for young people
- There is an ongoing need to continue to invest in skills development and career progression, to support inclusive economic growth whilst Education and Skills providers will need to consider a range of delivery models/changes to provision

### **Coronavirus and how people spent their time under lockdown: 28 March to 26 April 2020.**

**Published May 2020**

<https://www.ons.gov.uk/releases/lifeundercoronavirusrestrictionshowpeoplespenttheirtimebetweenn28marchand26april2020>

This piece of work is based on the 2020 Office for National Statistics (ONS) online time-use study covering Great Britain. The 2020 study was carried out exclusively for adults aged 18 years and over under coronavirus (COVID-19) restrictions (between 28 March and 26 April) and can be used to understand the likely impact of the coronavirus pandemic and associated restrictions on what people in Great Britain are doing with their time. Where appropriate it compares the findings to the 2014 to 2015 UK time-use study which covered the UK. The researchers recognise that changes between the two studies could be unrelated to the coronavirus pandemic and instead reflect longer term changes in society.

The study looks at what has changed over time as a result of the lockdown- for example increases in the amount of time spent watching TV or streaming films and declines in the amount of time spent going to cafes and pubs. The key findings of this report are relevant to employability are:

- Their first finding is maybe counterintuitive as they reported that during lockdown, those with the lowest household incomes **increased** their total time in paid work, working a similar amount of time outside of the home as they did in 2014 to 2015. This may indicate that those in lower income households are in occupations that cannot be undertaken from home and also that key workers are often in the lowest income households.
- People with the highest household incomes continued to work the same amount on average, as they made a greater switch towards homeworking time.

- There was a substantial reduction in the amount of time we spent travelling, compared with 2014 to 2015; this was less pronounced for people in households with lower incomes, who saw a smaller increase in time spent on a range of leisure activities when compared with households with higher incomes.
- The gap in unpaid work (activities such as childcare, adult care, housework and volunteering) between men and women reduced slightly during lockdown but remained large, at 1 hour and 7 minutes a day; this was a result of women reducing time spent doing unpaid work by 20 minutes a day, while men increased their time on this activity by 22 minutes.
- People with children in the household spent 35% more time on average providing childcare during lockdown than five years ago, although this varied considerably depending on the age of children; the introduction of restrictions coincided with those aged over 60 years reducing the time spent providing childcare by 90%, which equated to 1 hour and 44 minutes a week.

### **Coronavirus and the Economic Impacts on the UK: 21st May 2020, ONS**

<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsonteuk/21may2020>

This is based on the final results of Wave 4 of Business Impact of Coronavirus (COVID19) Survey. the data collected for a fortnightly business survey and relates to data collected between 20/4/2020 and 3/5/2020. In total 6,196 businesses responded out of a sample size of 18,506 and of these 79% were continuing to trade.

There were slight differences across the home nations with 81% in England continuing to trade, 80% in Scotland, 79% in Wales and 74% in Northern Ireland. In terms of sectors, they found that overall 6.2% of firms had started trading again in the two weeks of the survey and this was highest in the accommodation and food services sector where 18.9% had recommenced trading in the 2 weeks of focus.

One question in the survey asked what has been the impact on the business turnover? This is broken down in terms of English regions and the UK constituent countries. Looking at Scotland we can see that whilst 28.5% said turnover was unaffected, 16.5% said it had decreased by up to 20%, 23.7% said that it had decreased by between 20 and 50%, whilst 24.3% said that it had decreased by over 50%.

The table below illustrates the proportion of the workforce, by sector, that were still furloughed under the terms of the UK Government's Coronavirus Job Retention Scheme) at the time of the survey. This is only based on those that had not permanently stopped trading.

	%
Accommodation and food service activities	77.7
Arts entertainment and recreation	64.6
Construction	45.0
Administrative and support service activities	35.8
Manufacturing	31.7
Transportation and storage	31.6
Real estate activities	28.4
Wholesale and retail trade	26.1
Information and communication	12.9
Professional scientific and technical activities	12.6

Water supply and waste management	11.7
Education	8.5
Human health and social work activities	6.7
All industries	31.3

April 2020

**Coronavirus: Considering the Implications for Child Poverty. Improvement Service April 2020**

[https://www.improvementservice.org.uk/\\_data/assets/pdf\\_file/0026/17369/COVID-19-and-children-young-people.pdf](https://www.improvementservice.org.uk/_data/assets/pdf_file/0026/17369/COVID-19-and-children-young-people.pdf)

The researchers examined what may be the medium and longer term impact of the social protection measures introduced in March. Mentions the State of the Economy report (April 2020) which suggests COVID and the policies to mitigate its health impacts will see a 33% fall in GDP. For some sectors the impact is being seen now, for others the impact will be further down the line as businesses seek to recoup losses. The Furlough scheme is mentioned in terms of reduced earnings having a more marked impact on those that were 'just managing'.

They comment on Social Security Scotland which is still relatively new and this coupled with the UK benefit system and the range of locally delivered support has resulted in a complex system for families in need to navigate. They mentioned the fact that during the first weeks of lock down there was no phone line support available for clients, which would impact on those with limited technological expertise or even literacy issues.

Increasingly support, information and teaching resources have moved into the on-line sphere. This research indicates that Digital Exclusion therefore is impacting on families. They mention a 2019 survey by Citizens Advice Scotland of their clients which found that 34% had either no or limited access to the internet.

Debt and financial resilience are looked at and IS mention a Fraser of Allander estimate that in 2019 58% of Scottish households in the bottom income decile would be unable to cover 1 month's regular income from savings. If this is true many of those in the poorest 10% would be reliant on benefits or informal loans which may push them into debt.

The paper suggests that

- Children already living in poverty are likely to suffer a greater negative impact of COVID 19.
- Loss of family income either temporarily or in the longer term is likely to increase the number of children in poverty.
- Access to digital resources are important to try and offset widen inequalities
- LAs should prepare themselves for increases in the eligibility for support such as priority 2 places in nurseries, applications for clothing grants, free school meals etc.
- LAs need prioritise and support economic recovery to reduce the number of children in poverty in the longer term.

They go on to raise a number of questions that they suggest local bodies should consider when reviewing policies in light of the pandemic. All of these are linked back into child poverty strategies and look to be focused on ensuring that these areas do not become overlooked in the move out of the current situation.

The final 6 pages of the report provide a useful summary of the Government responses to the crisis.

## Public Sector Finances UK: April 2020

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/april2020>

- The effects of the coronavirus (COVID-19) pandemic are not fully captured in this release, meaning that estimates of national accounts-based (accrued) tax receipts, borrowing and gross domestic product (GDP) in particular are subject to greater than usual uncertainty.
- Central government net cash requirement (central government net cash requirement excluding UK Asset Resolution Ltd, Network Rail and the COVID Corporate Finance Facility) in April 2020 was £63.5 billion, £73.3 billion more than in April 2019; **the highest cash requirement in any month on record (records began in April 1984).**
- Central government net cash requirement in the latest full financial year was £56.5 billion, £19.6 billion more than in the previous financial year; the highest cash requirement in any financial year since the financial year ending March 2017.
- Borrowing (public sector net borrowing excluding public sector banks, PSNB ex) in April 2020 is estimated to have been £62.1 billion, £51.1 billion more than in April 2019; the highest borrowing in any month on record (records began in January 1993).
- Borrowing in March 2020 was revised up by £11.7 billion to £14.7 billion, largely due to a reduction in the previous estimate of tax receipts and National Insurance contributions and the recording of expenditure associated with the Coronavirus Job Retention scheme.
- Borrowing in the latest full financial year (April 2019 to March 2020) is estimated to have been £62.7 billion, £22.5 billion more than in the previous financial year; these are not final figures and will be revised over the coming months as we replace our initial estimates with provisional and then final outturn data, and as more information on the effects of the COVID-19 pandemic becomes available.
- Debt (public sector net debt excluding public sector banks, PSND ex) at the end of April 2020 was £1,887.6 billion (or 97.7% of GDP), an increase of £118.4 billion (or 17.4 percentage points) compared with April 2019; the largest year-on-year increase in debt as a percentage of GDP on record (monthly records began in March 1993).

## Retail Sales Index Scotland. Quarter 1 2020. Published April 2020

<https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/04/retail-sales-index-2020-q1/documents/retail-sales-index-2020-q1/retail-sales-index-2020-q1/govscot%3Adocument/RSIS%2B2020%2BQ1%2B-%2BPublication.pdf>

The Retail Sales Index statistics for both Scotland and Great Britain are estimated using a monthly survey of 5,000 businesses in Great Britain carried out by the Office for National Statistics. The survey always includes the largest retailers (around 900 businesses) plus a representative sample of smaller businesses. It captures around 90% of the retail industry turnover, including online sales.

National Government policy to enact a lockdown commenced on the 23<sup>rd</sup> March so these statistics only 1 week of store closures is reflected.

The picture in Scotland for Q1 2020 (January to March) saw the amount of goods bought (Retail Sales Volume) contract by -1.1% whilst the amount spent (Retail Sales Value) contracted by -1.1% in the same period. The Scottish Retail Sales Index tends to be more volatile than the one at Great Britain level because the number of sampled businesses is smaller.

## Public Health Scotland Update, Kate Arnott 22/04/2020

- Expectation that GDP in Scotland will shrink by 33% during the current period of social distancing<sup>1</sup> (SG State of the Economy)
- 110,000 applications for UC in Scotland between 1 March and 7 April (usually 20,000 per month on average)<sup>2</sup>
- Job vacancies across the UK have fallen by an estimated 42% since the lockdown began in mid-March. The figure for Scotland is higher at 49%<sup>3</sup> (Institute for Employment)
- SG have provided several updates about food, and various beneficiaries of the food fund<sup>4 5</sup>
- SG states that 140,000 children and young people provided with free school meals<sup>6</sup>
- Some of the hardest hit industries employ the lowest paid people<sup>7</sup> (Resolution Foundation) e.g. hospitality (average of £231 per week, £8.20 an hour) and retail (£323 per week, £9.24 an hour) – (average pay is £455 per week, £12.16 an hour). 4 in 10 of all furloughed workers could be from these 2 sectors<sup>8</sup>
- Initial research by NPI is linking overcrowding with increased risk of Covid-19, and where over 70s are sharing accommodation with those of working age<sup>9</sup>
- Increasing focus on the nature of gender related disparities. Women as key part of health workforce, at higher risk; high risk in terms of loss of work and income; double burden of paid and domestic work; and increased risks of violence and abuse. For men, most obvious disparity is in the more damaging health impact of the virus<sup>10</sup>
- Private rented housing risks: private renters tend to have poorer health; poor quality housing can mean a cold, damp lockdown experience; the sector includes many HMOs; and poses higher risks to kids due to poor quality housing<sup>11</sup>
- Food insecurity on the rise (thought to be particularly acute for adults who are unemployed, adults with disabilities, adults with children, BAME)<sup>12</sup>

**Coronavirus: quantifying the impact on the Scottish Economy**  
**Fraser of Allander Institute, University of Strathclyde, April 2020**

<https://fraserofallander.org/scottish-economy/coronavirus-quantifying-the-impact-on-the-scottish-economy/>

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<sup>1</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2020/04/state-economy/documents/state-economy/state-economy/govscot%3Adocument/state-economy.pdf>

<sup>2</sup> <https://www.gov.scot/news/additional-110-000-universal-credit-claims-since-coronavirus-outbreak/>

<sup>3</sup> <https://www.employment-studies.co.uk/resource/real-time-vacancy-analysis-early-findings-changes-vacancy-levels-local-area-and-job-type>

<sup>4</sup> <https://www.gov.scot/news/emergency-free-meals-to-those-most-in-need/>

<sup>5</sup> <https://www.gov.scot/publications/first-minister-covid-19-update-20-april-2020/>

<sup>6</sup> <https://www.gov.scot/news/supporting-families-through-covid-19/>

<sup>7</sup> <https://www.resolutionfoundation.org/app/uploads/2020/04/Launching-an-economic-lifeboat.pdf>

<sup>8</sup> <https://www.resolutionfoundation.org/publications/launching-an-economic-lifeboat/>

<sup>9</sup> <https://www.npi.org.uk/publications/housing-and-homelessness/accounting-variation-confirmed-covid-19-caseload-across-england-analysis-role-multi-generation-households-london-and-time/>

<sup>10</sup> [https://read.oecd-ilibrary.org/view/?ref=127\\_127000-awfnqj80me&title=Women-at-the-core-of-the-fight-against-COVID-19-crisis](https://read.oecd-ilibrary.org/view/?ref=127_127000-awfnqj80me&title=Women-at-the-core-of-the-fight-against-COVID-19-crisis)

<https://wbg.org.uk/analysis/uk-policy-briefings/crises-collide-women-and-covid-19/>

<https://www.bbc.com/future/article/20200409-why-covid-19-is-different-for-men-and-women>

<sup>11</sup> <http://www.smf.co.uk/homes-health-and-covid-19-how-poor-housing-adds-to-the-hardship-of-the-coronavirus-crisis/>

<sup>12</sup> <http://foodfoundation.org.uk/new-food-foundation-survey-three-million-britons-are-going-hungry-just-three-weeks-into-lockdown/>

In this article they discuss the possible scale of the short-term effects to economic output in Scotland if the current restrictions were to continue for a three-month period. They have arrived at this through analysing different sectors of the Scottish economy and adding this to intelligence gathered from businesses themselves.

They have estimated that if the current restrictions were in place for a three-month period, Scottish GDP could contract by between 20-25%. They do explain that this estimate has a number of assumptions and uncertainties and could change depending on everything from policy shifts through to how statistics are treated, for example where do furloughed staff sit in the statistics?

Taking on board their caveats they still produce a useful picture of sectors that would broadly reflect what might be expected – non essential and difficult to social distance sectors will record greater levels of contraction than sectors able to social distance and are also seen as essential.

### Agriculture

Makes up 1.3% of Scotland's economy. They suggest that there might be increased demand for domestic agricultural products as import substitution takes place. They conclude that this sector could see modest growth of around 2-5%. However, given that it is a small part of Scotland's economy even 5% would only add 0.1 to Scotland's GDP.

### Production

The Production sector makes up 17% of the Scottish economy, the largest part of which is manufacturing, which makes up 11% of the Scottish economy. The remainder is through what's classed as non-manufacturing production and includes quarrying, electricity and gas supply and water and waste. The Production category therefore includes a wide variety of sectors ranging from Food and Beverages to Mining and some of these are doing better in the current circumstances. Taken as a whole they have estimated that 3-month restrictions could lead to a contraction in production of around 25-30 %.

### Construction

This accounts for around 6% of the Scottish economy and has largely shut down as a result of the pandemic. They have estimated that the sector could contract and the level of contraction will be between 40-50%.

### Services

Services are by far the largest part of the Scottish economy, now accounting for 76% of output. They estimate that for most of these sub groups that make up this sector there will be a fall – public sector, health and social care may see increases. Their modelling estimates that the sector could contract by between 15-20%

### **Furloughing of workers across UK businesses; 23 March 2020 to 5 April 2020, ONS April 2020**

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/furloughingofworkersacrossukbusinesses/23march2020to5april2020>

Looking at the first two weeks of the lockdown this report, based on a survey of 6,150 businesses, (Wave 1 of the Business Impact of Coronavirus (COVID19) Survey). found that 27% of the workforce had been furloughed. More positively they also found that less than 1% of the workforce had been made redundant over the same period.

The picture was slightly different if the business had temporarily closed or had paused trading. In these cases, 78% of the workforce had been furloughed.

### **COVID19 Sector Connector Service, SURF and Scottish Government**

<https://www.surf.scot/category/news/page/2/>

Not so much an update on statistics or the picture in certain sectors, rather a hub for what's happening in practice in local areas throughout Scotland. Its available on the SURF website and can be a useful resource to find out what is happening in specific geographies or how Housing Associations (for example) are repurposing staff to assist local communities.

### **Funding Resources**

This is not an exhaustive list of possible funding resources, it is simply sources of funding that have been identified as part of this literature review. This will be added to over time as and when appropriate sites are found.

### **COVID-19 Funding and Resource Directory- Creative Scotland so particularly relevant for the creative industries**

<https://www.creativescotland.com/resources/professional-resources/covid-19-directory>

### **Coronavirus Third Sector Information Hub, SCVO**

<https://scvo.org.uk/support/coronavirus>

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