

CAPITAL CITY PARTNERSHIP



Summary of COVID Related Publications - Issue 2, June 22nd 2020

As with issue 1 the summaries are presented in order of publication date with the most recent publications being looked at first.

Overall, what these articles and papers indicate is that different areas and different groups will be affected differently. Nothing particularly surprising there, but it can give an insight in to how particular sectors, localities and groups will emerge from this initial 'lock down' phase. The impact of the pandemic is not universal, and studies are showing how it is impacting differently dependent on gender, age, deprivation/ income, disability and ethnicity.

In terms of occupations there are also differences – which are often compounded by the fact that some jobs are heavily skewed towards certain genders, particular age groups, etc.. Those heavily dependent on sectors where Social Distancing is more difficult (hospitality for example) will find their employment may take longer to re-emerge. Alternatively, sectors such as care, cleaning or ones where homeworking is easy to achieve, are likely to recover faster.

In terms of support we can see from data that the furlough scheme is currently supporting thousands of people across the country, what will happen when this falls away is a concern. In terms of demand for support services this is far wider than the traditional deprived areas, and given that many of these new out of work claimants may have been previously employed in the sectors such as hospitality there may be a need for support services amongst a wider client group, some of which may look to retrain.

June 2020

Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery.

<https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/>

The report contains a series of recommendations directed at both the Scottish Government and other actors in Scotland's economy identifying interventions to support Scotland's economic recovery and facilitate the transition towards a greener, fairer and more inclusive economy with wellbeing at its heart. At its heart are four pillars: Environment, People, Business and Community.

The report itself contains useful information on the situation currently facing Scotland such as statistics on furloughs, impact of the pandemic on particular sectors and input from stakeholders. However it is the recommendations that are worth focusing on as they are wide reaching. The Advisory Group have chosen to be selective in their recommendations, prioritising interventions that they think will make the most immediate impact on the course of Scotland's recovery: supporting jobs, protecting and progressing education and skills, and thereby helping to tackle inequality. They are clear that action will be needed across a range of issues, involving all sectors and all parts of the country in a collective effort. All 24 recommendations are listed below.

1. The UK and Scottish Governments should accelerate the review of the Fiscal Framework.
2. The UK and Scottish Governments should commit to securing significant increase in access to capital investment to support the recovery.
3. Economic development in Scotland should be more regionally focused, in order to address the specific new challenges of economic recovery. This model should be tasked to drive delivery of place-based and regional solutions, especially the City-Region Growth Deals.
4. The Scottish Government should build its professional capability to manage ownership stakes in private businesses, which are likely to arise out of the crisis.
5. Banks should develop new instruments to enable the strategic incubation of otherwise viable and strategically important companies to ensure they are protected during the recovery phase.
6. The Scottish Government, Scottish Enterprise and VisitScotland must ensure a strong and bold prospectus on Scotland and on available investment opportunities, recognising the substantial, twin shocks of the pandemic and leaving the European Union.
7. The Scottish Government and the business community should take urgent action to develop a new collaborative partnership on the strategy for Scotland's economic recovery.
8. The Scottish Government, regulatory bodies and local authorities should review their key policy, planning and consenting frameworks, especially for key infrastructure investments such as marine renewables, to accelerate projects.
9. The Scottish Government should deploy its expanding tax powers and business support interventions to enable economic recovery.
10. The UK and Scottish Governments should mobilise investment in Scotland's digital infrastructure, covering broadband and mobile networks, to build resilience and enhance exports.
11. The green economic recovery is central to recovery overall. The Scottish Government now needs to establish a priority on delivering transformational change with clear sector plans, where the coincidence of emissions reductions, the development of natural capital and job creation are the strongest.
12. The financial services sector and the Scottish Government should develop and promote nature-based investments to protect and enhance Scotland's natural capital.
13. The tourism and hospitality industries should work in partnership with the Scottish Government to develop a sustainable future strategy; the Scottish Government should consider a targeted reduction in business rates to support the sectors' recovery; and it should press the UK Government to consider a reduction in VAT.
14. Given the significant contribution of the arts, culture and creative industries to Scotland's economy and to our social capital, the Scottish Government should take steps to protect the sector; seek to increase public and private investment; and work to create a National Arts Force.
15. The Scottish Government should accelerate its work on reforming adult social care; and should urgently review the structure, funding and regulation of the sector to ensure its sustainability and quality going forward.

16. The Scottish Government should take action to protect the capacity and financial sustainability of the third sector, in recognition of its important role in building and strengthening social capital.
17. The Scottish Government should support a renewed focus on place-based initiatives, building on lessons learned from initiatives on Community Wealth-Building. It should also accelerate investment in housing, in particular through the Scottish National Investment Bank
18. The Scottish Government and local authorities should assess the impact of any learning loss and ensure that pupils are fully supported as schools return, in order to mitigate the risk of reduced educational attainment, particularly among disadvantaged groups.
19. The business community should work with the Scottish Government and the enterprise bodies to accelerate the embedding of Fair Work principles, in the context of changes to the workplace and to working patterns
20. The Scottish Government should refocus its skills strategies to address the risks of unemployment, recognising the importance of high participation sectors, and of improving the provision of lifelong learning to enable people to reskill.
21. The Scottish Funding Council and the Scottish Government should protect universities and colleges from the financial impact of the crisis, so that they can maintain and enhance their role as “anchor institutions” and take decisive steps to align their teaching and learning provision, including postgraduate skills training, to meet business and employer needs; and to focus their support for research investment and growth.
22. Skills Development Scotland and the Scottish Funding Council should collaborate with colleges, universities and businesses to prioritise apprenticeship training; and should respond to youth unemployment with a flexible learning response. This should include further development of Graduate Apprenticeships and online learning.
23. The business community, with the support of the Scottish Government and in partnership with local authorities, should mobilise urgently to develop a business-led Scottish Jobs Guarantee scheme. This would respond to the likely increase in unemployment among young people and the serious, generational challenge that this represents for our country.
24. To promote an approach to economic policy that values all of Scotland’s assets, the Scottish Government should consider adopting a Four Capitals framework in forming its future economic strategy, and reporting against it.

The panel stated that to create momentum and build confidence, the Scottish Government should set out its response to the proposals in the report by the end of July, and should publish regular updates on its recovery plan.

Summary Statistics for Follow-up Leaver Destinations, No.2: 2020 Edition

<https://www.gov.scot/publications/summary-statistics-follow-up-leaver-destinations-no-2-2020-edition/>

This annual statistical publication provides information on the follow-up destinations of school leavers in Scotland and covers all 2018/19 school leavers from publicly funded mainstream schools. It relates to outcomes approximately nine months after the end of the school year. The figures for 2018/19 presented in this report relate to early April 2020 and therefore will not reflect the full impact of the ongoing Coronavirus (COVID-19) pandemic.

Overall, this publication found that for 2018/19 school leavers 92.9% were in a positive destination at the time of the follow up survey (first Monday in April 2020). The study found that this differed depending on whether or not the school leaver lived in an area of deprivation. For instance, 88.3% of school leavers in Scotland who lived in 20% most deprived areas were in a positive destination, compared to 96.7% of school leavers from the 20% least deprived. The table below looks at the position across the city region.

	Positive Destination
Scottish Borders	95.3%
East Lothian	94.8%
West Lothian	93.1%
Scotland	92.9%
Midlothian	92.4%
Edinburgh	92.4%
Fife	91.0%

The data is presented in a report format or as an Excel workbook. It can be used to look at changes over time and also differences in particular sectors – for example the number of school leavers going to Higher Education from the most deprived areas compared to the least deprived areas (24.5% versus 57.2%).

New Labour Market Data, Fraser of Allander Institute.

https://fraserofallander.org/miscellaneous/new-labour-market-data-2/?utm_source=Fraser+Blog+and+subs+list&utm_campaign=285ef1d599-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-285ef1d599-86525662

This article looks at the employment and unemployment rate released by ONS rather than the claimant count data which was also released this week. The focus is generally on the Scottish situation and they suggest that the deteriorations that the data shows for Scotland are smaller than might have been expected given that the data included the first full month of lock down. They suggest that this reflects the furlough schemes that have, since their introduction ‘frozen’ jobs (they suggest over 600,000 in Scotland) since the outset of the lockdown. They suggest that as the year progresses, and the furlough scheme changes, employment relationships may change and larger increases in unemployment could be the result.

They comment on the fact that the headline unemployment rate from the ONS data is higher in Scotland than it is in the UK. They caveat this by explaining how the data is collated (a survey) and the fact that this will mean there will be confidence intervals, essentially ONS are 95% that the population as a whole would show a result between particular confidence intervals. These overlap in the case of the UK and Scottish picture.

They present a chart for the number of vacancies which indicates a fall from over 800,000 vacancies in the UK at the turn of the year to somewhere around 475,000. The upshot of this, they suggest will be a difficult labour market for those moving off furlough.

Capital City Partnership Monthly Claimant Count Paper, June 2020

[https://www.joinedupforjobs.org/uploads/store/mediaupload/197/file/5%20Edinburgh%20and%20South%20East%20Scotland%20Regional%20Claimant%20Count%20May%202020%20\(003\).pdf](https://www.joinedupforjobs.org/uploads/store/mediaupload/197/file/5%20Edinburgh%20and%20South%20East%20Scotland%20Regional%20Claimant%20Count%20May%202020%20(003).pdf)

The Office for National Statistics and Durham University maintain the NOMIS website, which provides a key source for employability data. This is updated around the middle of the month with the claimant count data for the previous calendar month- the June update provides the data for May.

CCP have provided an analysis of this for a number of years, and the link above is to the latest version in this series. The data for Edinburgh indicates that the claimant count in May 2020 was 17,885 – 204% higher than May 2019. Looking across the 6 authorities that make up the City Region there were 50,315 out of work claimants in May 2020.

Labour market in the regions of the UK: June 2020

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/latest>

This publication uses the Labour Force as its data source rather than claimant count data. It is worth bearing in mind that surveys have a degree of uncertainty, reflected in the confidence intervals that the statisticians apply to their findings. Broadly speaking the larger the sample the more likely the data is to reflect the wider population, therefore UK results are more reliable than those for regions, which are in turn more reliable than those presented for localities.

This report indicates that for the three months ending April 2020 the highest employment rate for the UK was in the South East (79.5%) and for Scotland it was 74.3%.

This publication looks at number of jobs in different regions as well as the hours worked. This may be useful going forward however the data published in this article is largely based on Pre Covid surveys and the picture it presents is unlikely to fully reflect the current situation. It will be useful to provide a baseline in future.

Local differences. Responding to the local economic impact of coronavirus. Charlie McCurdy Resolution Foundation

<https://www.resolutionfoundation.org/publications/local-differences/>

This report starts with a scale of the issue across the board regardless of sector or geography. It then highlights other work that has found that youngest and lowest paid workers were expected to be the most affected by the crisis. From this it then looks at what has happened across the regions and nations of the UK.

They found that nationally 23% of workers had either been furloughed, lost their jobs or lost hours and pay due to coronavirus. In Scotland they found that 15% of the workforce had been furloughed, 6% had lost jobs and 5% had lost hours/pay. In total this equates to 26% of the workforce- second only to the situation in the South West of England. They indicate that sectoral balance of regions play a large part to play, arguing that the South West with its tourism based economy, was always

likely to feature highly. Visit Britain estimates that the tourism industry is likely to lose around £37billion by the end of the pandemic.

They also found that public sector workers were more likely to find their jobs protected them from the worst effects of the crisis, so areas with a high proportion of jobs being based in the public sector (Wales for example) were less likely to have a negative impact.

Modelling the local economic impacts of the coronavirus, Cambridge Econometrics

<https://www.camecon.com/blog/modelling-the-local-economic-impacts-of-the-coronavirus/>

In this publication the authors suggest that the degree of economic exposure a local area faces will largely depend upon two factors:

- The sector-occupation-mix: the structure of a local economy, and the effects of the lockdown on dependent industries (possibly elsewhere in the world) as well as the impact of a country's own measures.
- At the worker and firm level: the likelihood of remaining employed or in business, as well as the ability to financially withstand a lockdown. With income or salary support still to be paid can people and businesses hang on long enough?

So, local exposure depends on the relative concentration of vulnerable workers, firms and industries.

Cambridge Econometrics have applied Government forecasts to their own modelling systems to estimate what will happen in different regions across the UK. They look at the business and sector balance in a region and estimate what the impact will be. For example a region dependent on hospitality will be badly affected as the impact of the health focused restrictions on this particular sector have been hard.

Some glimmers of hope but we should brace for more bad news – latest real time indicators of the Scottish economy, Fraser of Allander Institute

https://fraserofallander.org/covid/some-glimmers-of-hope-but-we-should-brace-for-more-bad-news-latest-real-time-indicators-of-the-scottish-economy/?utm_source=Fraser+Blog+and+subs+list&utm_campaign=cb8b5e46df-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-cb8b5e46df-86525662

This paper indicates that although lockdown in Scotland has been easing it has yet to be reflected by anything like an upturn in the economy. An update to the Scottish Government's Monthly Business Turnover Index was released on the 5th June and is referenced in this article. It shows that all sectors of the economy – with the one exception of food retail – experienced lower turnover in March and April 2020 compared to the same months last year. The accommodation & food services sector was the hardest hit part of the economy. Many businesses have seen reductions in cash flow and have relied on reserves and or the governments support packages.

The latest ONS BICS survey continues to show the precarious position that many businesses are in, with limited reserves. The data does appear to show Scottish businesses in a slightly more favourable position in terms of cash-flow compared to other UK regions. Between 4th and 18th May –

- 36% of Scottish businesses had cash-flow reserves for more than 6 months compared to 31% in England.

- 21% of Scottish businesses have cash-flow reserves which can last only for less than 3 months (25% in England).

Again, this is a survey so there are caveats, which means that the results for Scotland need to be taken with a degree of caution. These include: How the survey deals with branches of national chains which will give the branch the support of the whole organisation; its weighted towards medium and large organisations and underrepresents smaller enterprises; and excludes agriculture and financial services.

The researchers at FAI have carried out some interesting analysis off Google searches over the weeks of lockdown. In the week commencing 31st May, they found that interest in hotels and theatres (based on searches) remained 60% and 70% below the levels seen during the same time last year. Interest in cars saw the largest weekly increase since the start of the lockdown, but it remained 16% below the levels recorded during the same week last year. Garden centres saw a large increase in interest, to more than 3 times the normal levels in week commencing 24th May when the Scottish Government announced their reopening.

They also present a chart summarising the proportion of the workforce in each Scottish Local Authority that are furloughed. Highland had the highest proportion overall, whilst for the city region Scottish Borders has the most furloughed employees where around 25% of the work force were furloughed as at the 10th June.

What are the prospects for young people joining the labour market now? Economics Observatory

<https://www.coronavirusandtheeconomy.com/question/what-are-prospects-young-people-joining-labour-market-now>

This article looks at the international research around joining a labour market at a time of recession and the impact this can have on individuals' prospects. It highlights that the tighter the labour market, the more employers can demand from would be employees. The modelling the researchers refer to, indicate that two years after leaving full-time education, both graduate and non-graduate leavers will be 20% less likely to be in employment than their immediate predecessors, who didn't enter the labour market at a time of recession. Four years down the line, more discrepancies emerge. For example graduate employment will be lower by 8%, while the employment rate of school leavers with intermediate or low qualifications could be almost 30% or 40% lower, respectively. Average wages for those in employment might suffer as well. The analysis predicts that two years after entering the labour market, graduates will see their wages cut by 8%, while low qualified non-graduates could see a reduction of about 13%.

Weekly vacancy analysis: Vacancy trends in week-ending 14 June 2020. Institute of Employment Studies

<https://www.employment-studies.co.uk/resource/weekly-vacancy-analysis-vacancy-trends-week-ending-14-june-2020>

The work is funded by the Joseph Rowntree Foundation and uses vacancy data collected by the job search engine Adzuna (www.adzuna.co.uk).

As at 15 March 2020, Adzuna was listing 820 thousand UK vacancies, which by 14 June had fallen to 367 thousand and remain nearly half a million below pre-crisis levels and more than 600 thousand below this time last year. Their analysis found that during the last week, there were 105 thousand

new vacancies notified which is 12 per cent higher than the figure reported the previous week and the second increase in a row.

As shown elsewhere this report found that although vacancies have fallen in all job types, health and social care work has held up to a much greater extent than other job areas. Their research shows steep falls in hospitality, sales and retail. Health, IT, education and social care vacancies account for just over half of the total vacancies compared with around one third of the total in early March. In terms of sectors that appear to be picking up again they saw the fastest increase among legal vacancies, and the largest numerical increase in vacancies in IT. Other job types in which there have been above average percentage increases and large numerical increases include sales, accounting/finance, and engineering.

The World Economy on a Tightrope. OECD Economic Outlook

<http://www.oecd.org/economic-outlook/june-2020/>

This looks at two possible scenarios for the global economy. Firstly, if a second outbreak occurs. Secondly, one where a second outbreak is avoided. It presents data for particular countries and, for the UK it suggests that if there is only one outbreak the UK will see GDP fall by 11.5%. If there is a second outbreak this could well increase by 14%. There are some very stark high level data presented in this paper often as dynamic infographics. The impact of a second wave on the employment rate of the UK at the end of the year is sobering, as it will place us in a much worse position than many other countries – the figure presented for the UK is 14.8% and could still be around 10% by the end of 2021.

The OECD provide a country by country projection where it concludes that the UK, as a service-based economy, has contracted sharply. Amongst the measures it suggests to help take the country out of the pandemic based recession is to temporarily postpone future increases in the National Living Wage, They suggest this will support labour demand and facilitate the reallocation of labour towards sectors that may face labour shortages.

Covid-19: the impacts of the pandemic on inequality. Richard Blundell, Robert Joyce, Monica Costa Dias and Xiaowei Xu. Institute for Fiscal Studies Briefing Paper

<https://www.ifs.org.uk/uploads/Covid-19-and-inequalities-IFS.pdf>

This report falls under the IFS Deaton Review on inequalities which had commenced before the pandemic. They found that excluding key workers, most people in the bottom tenth of the earnings distribution are in sectors that have been forced to shut down, and 80% are either in a shut-down sector or are unlikely to be able to do their job from home – compared with only a quarter of the highest-earning tenth.

They found that pre crisis about 30% of low-income household said that they could not manage a month if they were to lose their main source of household income. In this group a high proportion of budgets were being spent on necessities that are hard to scale back.

They found that school and nursery closures removed the childcare provision that had made much of recent growth in the female workforce possible. Expanding on this they found research that indicated that much of the additional childcare and housework has fallen more on mothers than fathers, especially among working parents.

Around page 17 of the report, the researchers discuss education and show that the schools that children from better-off families attend are more likely to provide learning activities that involve active engagement between teachers and students than the schools attended by children from the most deprived families. These activities are not only expected to be best suited for supporting home learning; they are also less reliant on parental time and ability to be completed.

Whilst the crisis is likely to leave many challenging legacies for inequality it will, they suggest, bring opportunities too. An increase in remote working could be especially helpful for mothers' careers, and the increase in the time that fathers are spending with their children during the crisis might help to accelerate changes in gender norms. Widespread working from home may reduce the dominance of London. Whilst there may be changes in attitudes towards the welfare system and social insurance and towards key workers.

What has coronavirus taught us about working from home? Economics Observatory

<https://www.coronavirusandtheeconomy.com/question/what-has-coronavirus-taught-us-about-working-home>

Prior to the pandemic, working from home was relatively uncommon. In the UK, only about 5% of the workforce reported working mainly from home in 2019. Using research from the US they discuss the type of jobs that can be done from home ranging from research and technology which has a higher capacity for home working through to hospitality which is less suited to homeworking. They cite research that shows that its not just job type its pay scale, with higher paid jobs being far more adaptable to home working.

The researchers look at where short term 'shocks' to the economy have had significant implications to how economies have functioned going forward and suggest that COVID 19 could have a similar impact. They suggest the current pandemic could make remote work more prevalent in the long run through three different mechanisms:

- First, firms and workers may realise that they had been underestimating the potential of working from home.
- Second, firms and workers may make costly investments to enable remote work during the pandemic that then cause working from home to be more attractive into the future.
- Third, a permanently elevated risk of infectious diseases would make working from home more attractive relative to pre-pandemic arrangements.

They site a survey of 1,500 hiring managers who found that more than half reported working remotely has gone better than expected, while only one in ten said it has gone worse than expected.

Disabled women and Covid-19 - Research evidence. Women's Budget Group/LSE/Queen Mary's University/Fawcett Society

<https://www.fawcettsociety.org.uk/disabled-women-and-covid-19>

This briefing reports on analysis of a survey of 3,280 individuals, including 678 disabled people (377 women and 301 men), conducted in April 2020. It looked at factors ranging from social isolation, through mental health and well-being, to how groups were coping financially. It starts with a

discussion of the position of disabled women before the crisis, indicating that they were more likely to be at risk of poverty, and in insecure and low paid employment. The survey found that

- Disabled people were most likely to say that they will come out of the coronavirus outbreak in more debt. 34.2% of disabled women said their household had already run out of money, compared to 24.4% of non-disabled women.
- Over a third (37.7%) of disabled mothers said they were struggling to feed their children, compared to 16.7% of non-disabled mothers.
- Anxiety was highest among women overall, but particularly disabled women. Over half of disabled women (53.1%) reported high anxiety.

Are some ethnic groups more vulnerable to COVID-19 than others? Lucinda Platt and Ross Warwick. Institute of Fiscal Studies

<https://www.ifs.org.uk/uploads/Are-some-ethnic-groups-more-vulnerable-to%20COVID-19-than-others-V2-IFS-Briefing-Note.pdf>

Again this is part of the IFS Deaton Review and provides an examination of the impact on BAME groups of the pandemic both in terms of health and economic wellbeing. Whilst the different health impacts are of concern, they aren't the focus of this summary.

Many ethnic minorities are more economically vulnerable to the current crisis than are white ethnic groups. Whilst one reason for this is the fact that same BAME groups have a higher proportion of working age, this doesn't account for all the differences. They found that Bangladeshi men are four times as likely as white British men to have jobs in shut-down industries, and Pakistani men are nearly three times as likely. Black African and black Caribbean men are both 50% more likely than white British men to be in shut-down sectors.

In terms of self-employment, where incomes may currently be especially uncertain, again certain ethnicities are often overrepresented in this sector. For example the study found that Pakistani men are over 70% more likely to be self-employed than the white British majority.

The potential for buffering incomes within the household depends on partners' employment rates, which are much lower for Pakistani and Bangladeshi women. As a result, 29% of Bangladeshi working-age men both work in a shut-down sector and have a partner who is not in paid work, compared with only 1% of white British men.

Bangladeshis, black Caribbean's and black Africans also have the most limited savings to provide a financial buffer if laid off. Only around 30% live in households with enough to cover one month of income. In contrast, nearly 60% of the rest of the population have enough savings to cover one month's income.

How will the response to coronavirus affect gender equality? Economics Observatory

<https://www.coronavirusandtheeconomy.com/question/how-will-response-coronavirus-affect-gender-equality>

This paper examines the impact of Covid 19 on gender equality and the fact that the crisis looks set to expose the fragility of the gains in women's employment and pay made in recent decades. Early evidence indicates that that the shutdown of a large part of the economy has delivered a hard hit to

the service sector, where women are more likely to work. Along with school and nursery closures, this has meant that women are currently bearing a heavy economic and caring burden. But the crisis has not affected all women equally. Mothers of young children and those who are most vulnerable economically, including those who are less skilled, and single mothers who are unable to share the burden of childcare, have seen the biggest shocks to their economic and mental wellbeing.

The paper cites research which found that by early April, women were around 5% more likely to have lost their job than men. This evidence, which is based on a nationally representative survey of around 4,000 employees, finds that while this is partly a result of the different jobs that men and women do, but that even after accounting for these differences, women still have a greater risk of job loss. They go further and look at single parents, a group dominated by women. While prior to the crisis, almost 70% of single parents were working, many were in part-time, low-paid jobs and faced a high risk of being poor. Research shows that before the crisis, working single mothers were more likely to be key workers, more likely to be employed in shutdown sectors and less likely to be in jobs that can be done from home.

They conclude that unlike earlier recessions, which have increased women's commitment to the labour market and reinforced their importance as family breadwinners, this crisis may be more likely to reverse these changes. It may presage a return to 'male breadwinner' families and reverse recent gains in single mothers' employment, with long-term implications for women's economic independence and risk of poverty.

A new settlement for the low paid. Beyond the minimum wage to dignity and respect. Torsten Bell, Hannah Slaughter and Nye Cominetti. Resolution Foundation

<https://www.resolutionfoundation.org/app/uploads/2020/06/A-new-settlement-for-the-low-paid.pdf>

This report starts with the stark presumption that whilst the crisis is shared, the burden is not. They state that from health risks to job losses, it is the UK's 4.2 million low-paid workers on whom this pandemic has imposed the greatest cost, and of whom the efforts to combat it have required the greatest sacrifice. Lower earners are three times as likely to have lost their job or been furloughed as high earners and are more than twice as likely to do jobs exposing them to health risks.

The report states that half of frontline care workers are paid less than the real living wage, while estimates of those paid below the legal minimum wage vary between 20,000 and 160,000. Delivery drivers are regularly forced into self-employment, missing out on sick pay and the minimum wage, whilst those on a zero hours contract can have a shift cancelled when they have already paid for a train fare to get to the job.

This paper sets out a programme of change across five areas that, taken together with a higher minimum wage, would amount to a new settlement for Britain's low-paid workers. At its core is the idea that improving the circumstances of low-paid labour is not just about a higher price tag for that labour, but about showing respect to and providing dignity for the people doing it.

Crisis Support to Aviation and the Right to Retrain. Securing Jobs and Skills through the Covid and climate crises. Alex Chapman and Hannah Weatley. New Economics Foundation

<https://neweconomics.org/2020/06/crisis-support-to-aviation-and-the-right-to-retrain>

This paper is mentioned not specifically for its theme but for the fact that it may be a precursor for other sectors where future post pandemic demand may be limited, contraction occurs and there are calls for retraining the workforce.

This particular article seeks to roll the Covid and climate crisis together to call for a restructuring of the aviation sector with a need for retraining of the workforce. At the same time it calls upon any public sector industry support to allow aviation to weather the current pandemic based crisis, should be linked to improved public equity stakes in the sectors concerned.

Delivering Community Resilience in Response to COVID-19 SURF

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

In the SURF news section of their website there are details of a number of projects across Scotland that have been delivering support and services to assist local communities through the current crisis. In additions to ones that are geographically focused, there are others that aim at particular business sectors or particular demographics. The following in have a presence in South East Scotland and may provide useful case study examples .

- Choices for Change Project in Edinburgh
- Bridgend Farmhouse in Edinburgh
- BRAG enterprises in Fife
- Port of Leith HA in Edinburgh
- Kingdom HA in Fife
- Eildon HA in the Borders
- Salt of the Earth Project in East Lothian
- Kirkcaldy YMCA in Fife
- Castle Rock Edinvar in Edinburgh
- #KindnessMidlothian in Midlothian
- Colly Dean Community Centre in Glenrothes Fife
- A Heart for Duns in the Scottish Borders
- Edinburgh Poverty Commission in Edinburgh
- Edinburgh Cyrenians in Edinburgh
- Langholm Support Group in the Scottish Borders
- North Edinburgh Foodshare Group in Edinburgh
- Fife Council Response
- Greener Kirkcaldy in Fife

The mental health effects of the first two months of lockdown and social distancing during the Covid-19 pandemic in the UK. James Banks and Xiaowei Xu IFS Working Paper W20/16

<https://www.ifs.org.uk/uploads/WP202016-Covid-and-mental-health.pdf>

More academic in form than some of the other papers discussed in this summary, this study uses longitudinal microdata for the UK over the period 2009-2020 as a control for pre-existing previous trends in mental health in order to isolate and quantify the effects of the Covid-19 pandemic. They found that mental health in the UK has worsened by 8.1% on average as a result of the pandemic and by much more for young adults and for women which are groups that already had lower levels of mental health before Covid19. As a result they conclude that inequalities in mental health have been increased by the pandemic.

The idiosyncratic impact of an aggregate shock: the distributional consequences of COVID-19.
Michaela Benzeval, Jon Burton, Thomas F. Crossley, Paul Fisher, Annette Jäckle, Hamish Low and Brendan Read IFS Working Paper W20/15

<https://www.ifs.org.uk/uploads/WP202015-The-idiosyncratic-impact-of-an-aggregate-shock.pdf>

Another paper from the IFS that is very academic in the way it is presented. This study looks at data from the Understanding Society: COVID 19 survey collected in April 2020 and examines how the aggregate shock caused by the pandemic affects individuals across society. The paper discusses the methodology employed and indicates that the survey itself was carried out in late April. They conclude that, to date, self-insurance through using savings and additional borrowing is more prevalent than external support from universal credit and transfers from friends and family. Further, the largest economic shocks have fallen on those least able to mitigate and those most affected are BAME individuals, single parents and those in the lowest quintile of long-run income.

They will be returning to this over the coming months and it is likely to become useful as more data becomes available to allow analysis.

Return to Spender. Findings on family incomes and spending from the Resolution Foundations coronavirus survey. Mike Brewer and Laura Gardner

<https://www.resolutionfoundation.org/app/uploads/2020/06/Return-to-spender.pdf>

This study found that whilst the effects of the labour market crisis have affected lower earners most affected, falls in income have been more evenly shared across the income distribution. Their survey found that 37% of adults in the bottom 40% of working-age incomes report income falls since the outbreak began, compared to 35% of adults in the top 40% of incomes. This they explain by the fact that many on the lowest incomes were not in work when the crisis began and so not exposed to the labour market shock; and that the social security system has played an important role in cushioning job loss and earnings falls at the bottom.

There paper suggests that changes in spending have a much stronger distributional gradient. They report that 57% of adults in the top quintile of working-age family incomes have experienced falling outgoings, compared with 30% cent in the bottom quintile. Rather than being indicative of income falls, this is likely to reflect 'enforced saving' as a result of lockdown restrictions on non-essential spending. They go onto look at the combination of income **and** spending changes and find 38% of adults in the top income quintile have experienced no income hit alongside a reduction in spending (essentially a strengthening of the household budget) compared to just 12% of those in the bottom quintile.

Rainy days. An audit of household wealth and the initial effects of the coronavirus crisis on saving and spending in Great Britain. George Bangham and Jack Leslie. Resolution Foundation and Standard Life Foundation

<https://www.resolutionfoundation.org/app/uploads/2020/06/Rainy-Days.pdf>

This report is similar to the one that is summarised above in that it looks at household income and savings. It does have a wider focus than that of Brewer and Gardner and intends to provide an annual audit of wealth, with a particular interest in the position of those with no or little wealth. Whilst it does consider the impact of the pandemic on the groups discussed, it is more of a study of spending and saving where the position currently is just one of a number it looks at.

It examines the position of workers adversely affected by the crisis. Unsurprisingly it found that financial savings have a key role to play in maintaining living standards. Wealthier families can dip into their savings to make good lost income but those without such buffers have to find other ways to make ends meet via the social security system, or family and friends. They contend that the importance of savings in protecting families from hardship makes it crucial that policy makers look beyond the impact of coronavirus on jobs and pay, to understand its impact on household finances.

Evidence on families' financial preparedness before the crisis indicates that the workers likely to be worst affected by the lockdown also had less wealth to fall back on in hard times. The typical worker able to work from home had £4,700 in net financial wealth in 2016-18 (on a family per-adult basis, in 2019/20 prices), two and a half times more than the typical worker in a shut-down sector (who had £1,900). Those able to work from home are also much less likely to worry about making ends meet in the event of their main income source drying up: 17% were worried about a stoppage of a month, compared to 24% of workers in shut-down sectors.

The authors discuss the fact that high-income families have been unable to continue their previous consumption patterns leading to 'forced' saving, improving their net worth: over one-third of this group saw their savings increase in the first months of the crisis. By contrast, lower-income working-age families are more likely to have seen the amount they save each month fall during the lockdown, with one-third of those in the second income quintile doing so (and 22% cutting their saving by more than 10%). Concerningly, lower-income households are also more likely to have taken on extra debt to cope during the crisis, with a quarter of the second income quintile reporting taking on extra consumer credit, twice as many as among high-income families. Lower-income families are particularly likely to have increased their use of high-cost products like credit cards and overdrafts. Lower-income families have also turned to informal loans and gifts from friends and family to make ends meet, which in many cases will not represent a sustainable income source.

Public Sector Finances, UK: May 2020. ONS

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/may2020>

This paper looks in detail at the fiscal situation in the UK and is part of a series. Unsurprisingly the headline figures are stark. Debt at the end of May 2020 was 100.9% of GDP, the first time debt as a percentage of GDP has exceeded 100% since 1963. Year on year it has increased by 20.5% since May 2019. According to the paper in May 2020 the Government borrowed £55.2 billion.

The paper also looks at the revenue receipts collected by the government. They found that the amount of revenue raised by the Government fell by 28.4% between May 2019 and May 2020.

May 2020

This is the biggest employment crisis that we've faced – we now need to respond. Tony Wilson, Institute of Employment Studies

<https://www.employment-studies.co.uk/news/biggest-employment-crisis-we've-faced—we-now-need-respond>

This piece by the director of the IES looks at what will be needed post crisis. It links into a paper from the IES 'Help Wanted' and goes a little further focusing on what may hinder the efforts called for in that report. He can see three possible difficulties; Evidence, Money and Capacity.

In terms of evidence he suggests that there is a good idea of what works in supporting those out of work. He mentions one-to-one 'caseworker' support for jobseekers having the best outcomes in a number of different countries often enough to more than pay for the costs of the service itself.

In terms of money he argues that compared to the Job Retention Scheme, labour market support can be cost effective. He suggests that if just one twentieth of JRS spending was redirected to active labour market policies, there would be funding available to guarantee that everyone unemployed or at risk of redundancy would get help to find a new job, and that everyone reaching long-term unemployment would have access to the work experience, training and wider support that they may need.

Looking at capacity he doesn't believe that the DWP and JCP can achieve this themselves and given that contracted out services had been in place before the pandemic there will be a continued need for this model to help support the high numbers who have found themselves out of work during the pandemic.

Help Wanted. Getting Britain Back to Work, IES

https://www.employment-studies.co.uk/system/files/resources/files/Help_Wanted_Getting_Britain_Back_to_Work.pdf

This report is referred to in Wilson's paper "*This is the biggest crisis we have faced*" and they make the same points, calling for quick action around some key themes. The priorities they contend are:

1. Targeted tapering of emergency support. Ensuring that the withdrawal of the Coronavirus Job Retention Scheme between August and October minimises the risks of a damaging second spike of unemployment and ensure support for workers that lose their jobs to quickly re-enter work.
2. Rapid back to work support for those newly unemployed. This would be through Jobcentre Plus work coaches, the recruitment industry and local and voluntary sector employment services to provide rapid support to the newly unemployed – delivered online initially, and working in partnership to deliver a coherent offer locally.
3. Targeted support for the long-term unemployed. Based on the evidence of what has worked in the past, they call for employment services that provide personalised support alongside access to training, volunteering and other specialist provision; working in partnership locally to align with and scale existing provision where possible.
4. Education and employment promise for young people. They argue that there is a need to make sure everyone leaving education is guaranteed support to find work or a place in education or training, with a Jobs Guarantee for those out-of-work for a longer period of time.
5. Building for the future. In their final point they suggest that there is a need to build more joined-up employment and skills support, and plan how to increase access to well paid, high quality work based on understanding the future of the labour market.

Coping with housing costs during the coronavirus crisis. Findings from the Resolution Foundations Coronavirus Survey. Lindsay Judge

<https://www.resolutionfoundation.org/app/uploads/2020/05/Coping-with-housing-costs-during-the-coronavirus-crisis.pdf>

This paper focuses on how individuals are managing their housing costs through this crisis. This is important as housing is usually a family's largest single outgoing each week. In addition it's a cost that is difficult to flex with ease and there are serious consequences if families cannot keep up with payments.

They present charts, based on a YouGov survey that shows 20% of social renters have been furloughed, 15% of private renters and 11% of those owning with a mortgage. The survey goes further and they have found that, while less than one-in-twelve (8 per cent) of home owners with a mortgage have failed to cover their housing costs in recent weeks, the rate rises to one-in-eight for private renters (13 per cent) and one-in-six (17 per cent) of social renters have fallen into (or further into) rent arrears. This is twice the rate of mortgaged home owners (with a worrying 3 per cent reporting failing to meet housing payments in their entirety).

Whilst efforts have been made to try and mitigate for these issues the survey found that they have tended to be easier to access if you are a mortgage holder. They found that close to one-in-seven (13 per cent) of mortgaged home owners had applied for a mortgage holiday in recent weeks, with the vast majority being granted relief from their repayments for three months. In contrast, one-in-ten (10 per cent) private renters have tried to lower their housing costs since the start of the crisis, however just half of those have been successful and the 4 per cent of social renters who have attempted to renegotiate their rent have had a similar success rate.

If this survey is reflective of the situation across the UK, areas with pricey housing markets, such as Edinburgh, could be severely impacted in the medium to longer term.

April 2020

Coronavirus Financial Impact Tracker. Standard Life Foundation. Elaine Kempson and Christian Poppe

https://www.standardlifefoundation.org.uk/data/assets/pdf_file/0030/57486/COVID-19-Financial-Impact-Tracker-April-2020-FINAL.pdf

Standard Life Foundation has commissioned YouGov to conduct a monthly tracker on the financial impact of the coronavirus pandemic across the UK. Researchers questioned 6,500 people on how their personal and household finances were affected by the pandemic and the likely impact it will have over the next 12 months. The data has been sourced in other reports already summarised, but this is the closest to the full data set available.

In their overview they suggest that an estimated 3.1 million households were in serious financial difficulty and a further 4.8 million households were struggling to make ends meet. Anxiety about money was widespread, with half of all householders saying that thinking about their financial situation made them anxious.

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