

CAPITAL CITY PARTNERSHIP



Summary of COVID Related Publications - Issue 4, July 20th 2020

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

Some of the papers looked at relate to research of perceptions or consumer confidence but most simply present published statistics of what has been recorded and comment on them. One slightly different take on this type of publication is that put together by the Improvement Service which is really a look up resource that allows you to add a Local Authority and the website then provides the statistics for that geography.

Of interest to data geeks is the paper published by the resolution Foundation that looks at how data is gathered and the fact that changes in approaches and recording norms could be playing a part in some of the increases and decreases that we are seeing.

Some papers such as that from McCormack and Hay for JRF give recommendations of what should be looked at to both reduce the continuing impact on the economy and in some instances to reshape the way we look at and support labour markets. Perhaps the most interesting of these is from de Henau and Himmelweit and published by the Women's Budget Group. This question the UK government's decision to invest in construction projects, highlighting that if similar investment was aimed at the Care Sector the impacts would be far greater.

One publication looked at isn't directly related to COVID 19 but is included as it is relevant to the replacement for European Funding. This is from the Institute of Fiscal Studies authored by Davenport, North and Phillips and would be of interest for any authorities who use funds from the EU to support services.

July 2020

IHS Markit UK Household Finance Index, 20/7/2020

<https://www.markiteconomics.com/Public/Home/PressRelease/60f7625251c44079aa4757dae427e8ad>

This release contains the July findings from the IHS Markit UK Household Finance Index™ (HFI). This Index is intended to anticipate changing consumer behaviour accurately and is compiled each month by IHS Markit, using original survey data collected by Ipsos MORI. It presents a national picture and is often used as a source data for commercial investments and decisions on the global economy.

At 41.5 in July, up from 40.7 in June, the headline seasonally adjusted Household Finance Index (HFI), which measures households' overall perceptions of financial wellbeing, reached its highest level since March. While any reading below 50.0 is indicative of an overall squeeze on household finances, the latest figure highlighted a continued turnaround from the eight-and-a-half year low seen in April (index at 34.9). Moreover, the headline index was broadly in line with its long-run average of 41.2.

Households' financial outlook for the next 12 months had worsened since June, with this index dipping from 45.9 to 42.5 in July. As recently as February, financial wellbeing expectations had been at a survey-record high of 52.7. This sharp reversal of household sentiment has been overwhelmingly driven by pessimism about job security. Nearly four times as many survey respondents (31%) reported a decline in job security during July as those that indicated an improvement (8%).

Scotland's Labour Market Trends July 2020. Scottish Government, 17/7/2020

<https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/07/labour-market-trends-july-2020/documents/labour-market-trends-july-2020/labour-market-trends-july-2020/govscot%3Adocument/Labour%2BMarket%2B-EXTERNAL%2BOUTPUT.pdf>

Summarises employment, unemployment and economic inactivity and is sourced from the Labour Force Survey for Scotland and the UK. The latest Labour Force Survey (LFS) estimates for March 2020 to May 2020 indicate that over the quarter, the unemployment rate increased, the employment rate decreased and the economic inactivity rate increased. The LFS indicated that Scotland's unemployment rate (16+) increased over the quarter (0.6 percentage points) and increased over the year (1.1 percentage points) to 4.3 per cent. Scotland's unemployment rate was above the UK rate of 3.9 per cent.

The proportion of people aged 16-64 in work (the employment rate) decreased over the quarter (1.2 percentage points) and decreased over the year (1.6 percentage points) to 74.1 per cent. Scotland's employment rate was below the UK rate of 76.4 per cent. The economic inactivity rate (the proportion of people aged 16 to 64 years who were not working and not seeking or available to work) increased over the quarter (0.8 percentage points) and increased over the year (0.8 percentage points) to 22.4 per cent. Scotland's inactivity rate is above the UK rate of 20.4 per cent.

The Claimant Count includes Jobseeker's Allowance Claimants and those claimants of Universal Credit who were claiming principally for the reason of being unemployed. In June 2020 there were 215,200 claimants, an increase of 600 (0.3 per cent) over the month and 107,100 (99.0 per cent) over the year. The claimant count unemployment rate (seasonally adjusted) in June 2020 was 7.7 per cent, compared with 7.3 per cent for the UK as a whole.

Latest GDP data for Scotland. Fraser of Allander Institute, 17/7/2020

https://fraserofallander.org/scottish-economy/latests-gdp-data-for-scotland/?utm_source=Fraser+Blog+and+subs+list&utm_campaign=826bb301e7-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-826bb301e7-86525662

An examination of the Scottish GDP figures released by Scottish Government found that whilst some sectors started to re-emerge from shutdown, for many parts of the economy activity changed very

little or in some cases fell further. They predict that the Scottish economy will have contracted by around 19.2% during the second quarter of 2020.

They suggest that it is only when the economy starts to emerge from the lockdown that the full long-term impacts of the crisis will be realised. So even though in the coming months, GDP is likely to rise sharply as businesses re-start, they suggest that job losses are also likely to rise sharply too. FAI conclude it will be this time next year before we get a clear picture of the scale of the recession and the potential implications for the Scottish economy over the long-term.

Understanding the Scottish local economic impact of Covid-19. The Improvement Service. 17/7/2020

https://scotland.shinyapps.io/is-covid-economic-impact/?utm_source=Improvement+Service+Newsletter&utm_campaign=254f6b8ed9-EMAIL_CAMPAIGN_2020_03_12_04_50_COPY_01&utm_medium=email&utm_term=0_2e7442e796-254f6b8ed9-197434317

This isn't an article, rather it is data set with look up capacity. This means that you can choose the Local Authority you are interested in and the app will present you with information on;

- The Coronavirus Job Retention Scheme - Employments Furloughed
- The Self-Employment Income Support Scheme (SEISS)
- Unemployment benefit claims
- The COVID Business Support Grant Fund

This will be of interest to local authorities and other partners in understanding the economic impact in their local area and how this compares to other areas. The Improvement Service say that data will be updated as it becomes available.

Latest data on the Scottish economy. Fraser of Allander Institute, 17/7/2020

https://fraserofallander.org/covid/latest-data-on-the-scottish-economy-update-17th-july-2020/?utm_source=rss&utm_medium=rss&utm_campaign=latest-data-on-the-scottish-economy-update-17th-july-2020&utm_source=Fraser+Blog+and+subs+list&utm_campaign=83f6a020ea-Email-RSS&utm_medium=email&utm_term=0_c855ea57f7-83f6a020ea-86525662

FAI start this bulletin by explaining that, as the data refers to very early easing of lockdown - for example the hospitality sector hadn't reopened at the time of the data being collected- there is limited improvements to the economy.

Looking at the period 15th June – 28th June 2020, they report that 63% of businesses reported a decrease in turnover outside of normal range in Scotland, compared with 58% in England and Wales, and 49% in Northern Ireland. As at the 14th July the Scottish Government has awarded over 86,000 grants, valuing over £969m, across Scotland. The highest share of businesses receiving a grant and highest average award was in Argyll and Bute. Whilst Aberdeenshire and Aberdeen City received the lowest share of support and grant value. A chart plots all the Scottish LAs and we can see that within the City Region Scottish Borders have the highest share of businesses receiving grants whilst Edinburgh has the lowest.

They also report on the RBS vacancy index. This shows that the number of permanent vacancies, reported by recruitment consultancies, declined in all sectors of the Scottish economy in June compared to May. In a similar vein, Scottish recruitment consultancies reported a fall in the salaries of permanent new joiners in June. The rate of decline was the fastest recorded since the series began in January 2003. Hourly wages for temporary workers in Scotland also continued to decline in June.

Coronavirus and the social impacts on Great Britain. ONS, 17/7/2020

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandthesocialimpactsongreatbritain/17july2020>

Based on data from the Opinions and Lifestyle Survey carried out between 8th and 12th July and results are based on 1,743 responding adults (70% response rate). Whilst many of the areas that they report on will look at attitudes in general, some concern areas that are relevant to employment and gives some indication about possible demand in particular sectors.

For instance, they report that during the week in question half of working adults (50%) reported they had travelled to work in the past seven days, a slight increase on the previous week (48%). Looking more at the possible demand for services nearly 3 in 10 adults (27%) said they would be comfortable or very comfortable to eat indoors at a restaurant compared with 2 in 10 adults (20%) the week before.

The truth will out. Understanding labour market statistics during the coronavirus crisis. Mike Brewer, Laura Gardiner and Karl Handscomb. Resolution Foundation 16/7/2020

<https://www.resolutionfoundation.org/app/uploads/2020/07/The-truth-will-out.pdf>

This briefing paper examines the inconsistencies between different labour market data, before turning to look at recommendations for both ONS and users of these high-profile statistical releases. Some of the inconsistencies would have been there anyway- for example the fact that Universal Credit has been a continually evolving data set over the last 3 or so years as it was rolled out across the country, whilst others are linked to the crisis- does the claimant say they are available to work, when government guidance is to stay at home?

They discuss that the easing of the usual work-search conditions and contact between claimants and work coaches between March and June means that many new UC recipients have not had their work status accurately updated. This is particularly important in light of the Coronavirus Job Retention Scheme (JRS), with some furloughed workers making an out-of-work UC claim that would have placed them in the Claimant Count, before they knew they were furloughed. Analysis of longitudinal survey data suggests that at least 27 per cent (400,000), and likely many more, of the 1.6 million Claimant Count rise between March and May is accounted for by those still working, furloughed workers, or Self-Employment Income Support Scheme (SEISS) grant recipients. They estimate that only 45 per cent of the recent Claimant Count rise (700,000 claimants) relates to those newly out of work and not receiving other government support via the JRS or SEISS.

Labour market overview, UK: July 2020. ONS, 16/7/2020

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest#main-points>

Able to examine and report on a number of national data sets this ONS overview provides a wide range of useful summary statistics. The one limitation for the City Region is that they tend to focus on the UK. Saying that this data is still useful as is the fact that they often look at particular sectors which can then be used to inform what may be happening locally.

Indicators for June 2020 suggest that the number of employees in the UK on payrolls is down around 650,000 compared with March 2020. The largest falls were seen at the start of the pandemic and while the number of payroll employees is still falling the decline is slowing. Flows analysis suggests that the falls in May and June are mainly because of fewer people moving into pay-rolled employment. This demonstrates that it isn't simply jobs that are being lost it's also the impact of less jobs being created. This is illustrated by one of the charts which shows that in the three months between December 2019 and February 2020 there were 818,000 vacancies (based on the ONS Vacancy Survey) between April 2020 and June 2020 there were 333,000.

Overview of today's labour market statistics. Fraser of Allander Institute. 16/7/2020

<https://fraserofallander.org/scottish-economy/overview-of-todays-labour-market-statistics/>

Based on an examination of the labour market data published on the 16th July, this article gives a summary of what can be seen in the Scottish context. It looks at the Labour Force survey as well as claimant count data. The narrative refers to data covering the period to the end of June which indicates that in Scotland 30% of employments, translating to 737,000 jobs, have been furloughed by businesses using the UK Government's Coronavirus Job Retention Scheme, and 155,000 claims have been made by self-employed workers to a similar initiative.

The paper suggests that during a recession, areas that are already economically fragile, and have high levels of Universal Credit, usually take the largest hit reflecting the low quality and precariousness of many of the jobs that predominate in these areas. However, this hasn't been the case across the whole of Scotland so far. This reflects the fact that certain sectors have been shutdown whilst others have not – notably the accommodation and food services sector. This would explain why Inverclyde, with a relatively low exposure to this sector, has seemingly been less affected than other areas and has relatively lower take-up with regards to the Job Retention Scheme.

As businesses restart, and the furlough and self-employment support schemes begin to wind down, they believe there will be a reassessment of the workforce needs of businesses. When this happens there is expected to be a substantial jump in unemployment and drop in employment. The paper suggests that it will take less than 20% of those on furlough to lose their jobs for the unemployment rate to more than double.

A stronger Scottish lifeline in the economic storm. Jim McCormack and Deborah Hay, Joseph Rowntree Foundation. 20/7/2020

<https://www.jrf.org.uk/report/stronger-scottish-lifeline-economic-storm>

This briefing paper looks at how to create a stronger Scottish 'lifeline' covering jobs, housing and social security. It starts by describing the effect of the pandemic on the economy, particularly jobs, housing and income and discusses the measures put in place to mitigate the impact. The discussion looks at differences across Scotland through a combined measure of labour market impact (Claimant Count, furlough and SEISS combined) and using this measure they estimate that in the City Region Scottish Borders has been worst effected and Edinburgh least- although nowhere in Scotland has seen less than 25% of the population impacted. Looking at possible demand and resurgence in the economy they discuss the sectors most at risk and couple this to vacancies -Mid and East Lothian appear to feature high up this at risk list.

The discussion then moves onto housing and income where they consider increased costs of remaining at home and bring in responses from a survey carried out in June giving some indication of individuals experiences of the pandemic.

For jobs they suggest the Scottish Government should work with employers to create good jobs by boosting the long-term supply of affordable homes and the quality of care work. It should go further than the Kickstart scheme to ensure young people work for at least twelve months, and should extend a jobs lifeline to over-25s. Employment and training support should be conditional on paying the real living wage with training and targeted to at-risk sectors with high rates of in-work poverty. Employment programmes for low-income parents and disabled people should be scaled up to help meet interim child poverty targets by 2023-24.

In terms of housing they say that the focus should be to avoid a potential autumn spike in evictions and legal protections should be extended until September 2021, with pre-action measures put in place to ensure genuinely affordable repayment plans are made. Government should prepare to step in where tenants are independently assessed as being unable to pay. How well Discretionary Housing Payments and the Scottish Welfare Fund are meeting need should be gauged, and loan finance for landlords should be tied to high standards on maintenance, energy efficiency and affordability.

They recommend that further action is needed to stabilise family incomes between schools returning in August and the delayed start of the Scottish Child Payment. The Scottish Government should bring forward feasible options to pay £10 per week to each eligible child for a six-month period to help families pull through the economic storm.

Moving towards a sustainable economic recovery for Scotland. Alice Creasy, Local Government Information Unit, 14/7/2020

<https://lgiu.org/briefing/moving-towards-a-sustainable-economic-recovery-for-scotland/>

This briefing outlines the key recommendations recently made by the Advisory Group on Economic Recovery to Scottish Government. The particular focus is on the issues raised in the Advisory Group report, particularly around local resilience, education, social care and employment.

From the list of 25 recommendations there are a number of key themes that are particularly relevant to local authorities and these are looked at in more detail. One of these is around Building local resilience. Inequality has become a key feature of this crisis and these variations give an indication of an area's economic resilience to shock. To aid this analysis Scottish Government has developed an index to assess relative resilience of Scottish local authorities that considers the business base, existing deprivation and income levels, digital connectivity and productivity. This

index suggests that a number of areas that experienced industrial decline may be less resilient. There is a figure that looks at all Scottish Local Authorities and where they fit on this index. The most resilient is Edinburgh the least resilient is North Ayrshire. In terms of the City Region if 1st is North Ayrshire and 32nd is Edinburgh we can see that Fife sits 12th on the index, Scottish Borders 13th, Midlothian 19th, East Lothian 23rd, West Lothian 24th and Edinburgh 32nd.

Act now, or pay later. James Smith, Cara Pacitti and Jack Leslie, The Resolution Foundation. 14/7/2020

<https://www.resolutionfoundation.org/publications/act-now-or-pay-later/>

The Office for Budget Responsibilities Fiscal Sustainability Report has produced three scenarios of what may happen to the economy. Those scenarios suggest GDP will fall by between 10.6% and 14.3% in 2020. The unemployment rate rises substantially in all three scenarios, up to nearly 10 per cent even in its most optimistic scenario and over 13% in the most pessimistic.

This report from the Resolution Foundation considers the damage to the public finances from this hit to the economy and the policy measures the Government has put in place. The key point the OBR's analysis makes clear is that, the longer it takes to find a lasting solution to the crisis, the larger the rise in unemployment and the larger the hit to the economy.

Food or Funds? Feeding Scotland's Poorest Families. Morag Treanor, SURF, 13/7/2020

<https://www.surf.scot/scotregen/food-or-funds-feeding-scotlands-poorest-families-morag-treanor-july-2020/>

Treanor looks at how those entitled to free school meals (FSMs) have continued to receive their entitlement throughout the pandemic. She states that the Scottish Government statistics do not provide a ready breakdown on total numbers of pupils entitled or registered for FSMs based on low income entitlement alone. In 2019, using the School Healthy Living Survey as an estimate, she concluded that the total free school eligibility based on the low-income criterion is approximately 124,000.

She then looks at how these have children have continued to be supported and indicates that as the guidance allows local authorities to make decisions locally on how to replace FSMs, the response has differed across the country.

LA	How Fulfilling FSM Obligation	Amount
Edinburgh	Cash -fortnightly payment	£2.25 per day
East Lothian	Weekly food delivery	
Fife	Cash -weekly payment	£2.30 per day
Scottish Borders	Collect packed lunch daily OR supermarket e-voucher	£2.50 per day
Midlothian	Cash for secondary aged pupils and food delivery for primary	N/K
West Lothian	Collect food from school	

She reports on how each LA in Scotland has delivered their obligation, and the 6 Authorities in the city region are reported on below. We can see from this table there are a variety of approaches. The

differences can then come down to the daily amount given. These differences are even wider when Scotland as a whole is looked at with North Lanarkshire and East Dunbartonshire providing £4.00 per day. She highlights the issues with take up when the support is non-monetary and the impact this will have on families in poverty.

Sharing prosperity? Options and issues for the UK Shared Prosperity Fund. Alex Davenport, Samuel North and David Phillips. IFS, 13/7/2020

<https://www.ifs.org.uk/uploads/Sharing-prosperity-Options-and-issues-for-the-UK-Shared-Prosperity-Fund-IFS-Report.pdf>

Not directly COVID related, this IFS report looks at what is due to replace European Funding after Brexit drawing on a review of the current European Structural and Investment schemes, the authors explores some of the key issues that the government and stakeholders need to consider for the new system and look at how COVID 19 may have had an impact on its development and roll out.

Whilst in places the report can be England focused, it does reflect consideration that would be valid throughout the country, such as making the system less complex and looking to see how it can fit within the existing service delivery landscape- including City Region Deals.

Latest data on the Scottish economy. FAI, 10/7/2020

https://fraserofallander.org/covid/latest-data-on-the-scottish-economy-update-10th-july-2020/?utm_source=rss&utm_medium=rss&utm_campaign=latest-data-on-the-scottish-economy-update-10th-july-2020&utm_source=Fraser+Blog+and+subs+list&utm_campaign=d983477044-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-d983477044-86525662

The most recent economy snapshot prepared by the FAI confirms that Scottish businesses continue to operate well below capacity, however it indicates that there is evidence of more businesses returning. They refer to the ONS Business Impact of COVID survey (BICS) that puts the number of businesses in Scotland to have paused trading temporarily at 14.3% (down from 18.0% in the second half of May). This figure is slightly higher than for England (11.8%) but in line with Wales (13.8%) and slightly lower than Northern Ireland (16.7%).

The paper refers to the latest labour market data which indicates that the number of vacancies in Scotland remained at historical lows in June and the FAI researcher suggest that unemployment is likely to rise sharply in the weeks ahead.

They report that the number of applications and expenditure on crisis grants in the Scottish Welfare Fund was 37% higher in May 2020 compared to the same month 2019 last year. However, the number of applications and expenditure on crisis grants decreased in May compared to its peak in April.

Google searches for products and services in Scotland gives some positive news and consumer interest continued to improve in the car and High Street retail sectors in the week commencing 28th June. After the reopening of non-essential stores on 1st July interest in High Street retail increased, exceeding the levels experienced during the same week last year by more than 50%.

**Coronavirus (COVID-19) roundup: Economy, business and jobs. Office for National Statistics.
9/7/2020**

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19roundupeconomybusinessandjobs/2020-07-02>

As the name suggests a summary document that looks at a range of mainly government data sets.

It reports that UK gross domestic product (GDP) fell by 19.1% in the three months to May 2020, as government restrictions on movement dramatically reduced economic activity. The output of services industries remained 24.4% below the level of February 2020, growing only by 0.9% in May. The production industries remained 19.1% below their February 2020 level, even after growth of 6.0% in May. The level of construction output was down 38.8% on February 2020 before the impact of the coronavirus pandemic.

There is discussion in this paper on how well households can cope with a loss of income. This is based on questions that were asked in the Wealth and Assets Survey which was carried out between 2016 and 2018. This found that certain household types were less able to withstand income shocks than others. For example households, where the head works in accommodation and food services, largely shut down since the end of March (67% of workforce furloughed), are least equipped to cope with a loss of income.

According to initial results from Wave 8 of the Business Impact of Coronavirus (COVID-19) Survey (BICS), covering the period from 15 to 28 June 2020, most businesses said implementing safety measures had increased their costs, either substantially (11%) or a little (62%).

The ratio of unemployment to vacancies increased between January and April 2020, indicating growing imbalance between labour supply and labour demand; the increase was driven more by falling demand for labour than by increasing supply. Business closures and restrictions to non-essential travel caused labour demand to fall, with a large decrease to the number of vacancies.

There are graphs and tables in this publication that are useful, for example discussion of the proportion of staff in particular sectors that are still trading that are furloughed ranging from 64% in accommodation and food services through to 9% in information and communication. These data sets are, in this publication, linked to the Excel sheet from which the chart or table has been constructed.

**Coronavirus and the latest indicators for the UK economy and society. Office for National Statistics
9/7/2020**

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/9july2020>

reporting on a number of surveys including the Opinions and Lifestyle Study and the Business Impact of COVID 19 survey this paper provides some useful context, albeit high level, data. Some of the findings are reported elsewhere in other papers summarised in this issue.

The paper reports that the proportion of adults avoiding physical contact with older or vulnerable adults increased to 81% from 77% in the previous week, according to the latest Opinions and Lifestyle Survey (collected 2 to 5 July).

They indicate that job adverts measured by Adzuna fell between 26 June and 3 July 2020, from 51% to 47% of their 2019 average, with nearly all categories showing a decline.

As with other ONS publications, there are links to the data underpinning the graphics so it is possible to look at the underlying data in more detail than is often the case with other reports.

Homelessness in Scotland: Covid-19 and beyond. Isla Whateley, Local Government Information Unit, 9/7/2020

<https://lgiu.org/briefing/homelessness-in-scotland-covid-19-and-beyond/>

When the COVID outbreak started a coordinated approach meant that Scotland's rough sleepers reduced from around 800 to under 30 in three weeks, effectively eliminating rough sleeping. The concern is around what will happen when the funding for this support is no longer there and the tourism sector starts to require the units that had been called upon to provide the temporary accommodation.

In addition, there is a fear that if the economy doesn't pick up in any meaningful way there will be increased unemployment and loss of income which in the past has led to increases in homelessness.

The paper looks at the interventions to tackling homelessness and the policies that have been in place prior to the Pandemic. Edinburgh and the use of AirBnB premises in the city is looked at as an example of the proposed Private Sector Leasing Scheme (PSL), which was on the way to becoming law. Under this, landlords can hand over their properties for 3 or 5 years to the council, in exchange for guaranteed income, allowing them to become affordable homes.

Fiscal event or not a fiscal event.... today's announcements in a nutshell. Fraser of Allander Institute, 8/7/2020

https://fraserofallander.org/uk-economy/uk-budget/fiscal-event-or-not-a-fiscal-event-todays-announcements-in-a-nutshell/?utm_source=Fraser+Blog+and+subs+list&utm_campaign=0a8cca7c3a-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-0a8cca7c3a-86525662

A short summary of the Summer Budget where FAI summarise the key announcements. They highlight that it will be some time before full details for the devolved nations are clear.

Job Retention Bonus-The Chancellor announced a bonus for employers who bring their employees back from furlough: a policy which could cost up to £9 billion, depending on the level of take up by employers. This policy will apply across the UK.

"Kick Start" Job Guarantee Scheme- £2 billion has been pledged initially, with no cap on the amount that will be spent to support this. This will cover the costs of employing people aged 16-24 who are on universal credit for up to 6 months on minimum wage in new jobs. Firms will have to prove that the jobs are additional. Whilst this will be a UK-wide initiative, there is the opportunity for the Scottish Government to work with the business community in Scotland to add to the scheme, for example by focusing upon the Living Wage and encouraging employers to focus upon providing training support too.

Supporting a green recovery – a £2 billion green homes grant, to give grants of up to £5,000 per household (£10,000 for low income households). Whilst this programme wont be rolled out in

Scotland FAI expect it to have Barnett consequential for the Scottish Government. It also is very much in step with the Scottish Government's own thinking in the Economic Recovery Group report

A cut in stamp duty- Whilst this is focused South of the border the FAI expect that the reduction in receipts in England will feed through to the Scottish budget in the form of a smaller Block Grant deduction. They say that the Scottish Government now has a decision to make about whether to follow suit on Land and Buildings Transaction Tax.

Support for hospitality- The main change in this area is the reduction in VAT for hospitality related businesses. Estimated that cutting VAT for 6 months, to encourage spending, could cost around £4 billion. As it is a reserved tax it will apply in Scotland. FAI question whether or not businesses will pass on the VAT cut to customers or use it to boost cash flow in a time of uncertainty. How successful it will be will depend upon how consumers react and whether or not the virus is contained (or otherwise) over the summer. The Chancellor also announced a scheme called "Eat out to help out". During August, meals eaten out at participating restaurants will have 50% off up to £10 per head.

Swift Read: Back to the beach? 5 ways to balance health and economy in reopening rural and coastal tourism. Ruth Mattock, Local Government Information Unit 8/7/2020

<https://lgiu.org/briefing/swift-read-back-to-the-beach-5-ways-to-balance-health-and-economy-in-reopening-rural-and-coastal-tourism/>

Rural and coastal areas relying heavily on tourism have been particularly badly affected and the virus has emphasised some pre-existing vulnerabilities around transport, employment opportunities and healthcare provision. The rush to beaches and parks as lockdown lifted has left communities nervous of visitor and local government will be eager to support the local economy while guarding the health of inhabitants, securing the confidence of all stakeholders and maintaining positive relationships between residents and visitors.

This briefing highlights example of how local governments are addressing this challenge both in the UK and beyond.

Coronavirus and homeworking in the UK: April 2020 Office for National Statistics 8/7/2020

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/coronavirusandhomeworkingintheuk/april2020>

Based on data from the Labour Market Survey this paper reports that In April 2020, 46.6% of people in employment did some work at home and of those that did some work from home, 86.0% did so as a result of the coronavirus (COVID-19) pandemic. It reports that around one-third worked fewer hours than usual (34.4%), and around one-third worked more hours than usual (30.3%), whilst women were slightly more likely to do some work at home than men, 47.5% and 45.7% respectively.

What next for youth unemployment in Scotland? FAI, 7/7/2020

https://fraserofallander.org/covid/what-next-for-youth-unemployment-in-scotland/?utm_source=rss&utm_medium=rss&utm_campaign=what-next-for-youth-unemployment-in-scotland&utm_source=Fraser+Blog+and+subs+list&utm_campaign=32b9320c62-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-32b9320c62-86525662

This paper indicates that in comparison to other countries in the EU, Scotland had one of the lowest youth unemployment rates at around 9% in 2019. Again, at the end of 2019 the youth unemployment rate in Scotland was estimated to be some 2 percentage points lower than in the rest of the UK. Predictions are that, without government action, youth unemployment will rise sharply in the coming months.

The Economic Recovery Group has recommended a Scottish Jobs Guarantee for 16 to 24-year olds. Such schemes have been used in the past (Future Jobs Fund) with the tentative evidence suggesting that they do have a positive impact upon outcomes. The detail on the proposed Scottish Jobs Guarantee is so far limited, but FAI ask who will fund it and how much will be required?

It seems unlikely that schemes that rely upon a brokerage between employers and job seekers will have the desired impact at scale. As the latest Chamber of Commerce Survey highlighted, businesses are cutting back on staff significantly and this is something that is likely to accelerate once the furlough scheme comes to an end. Only with government funding can a scheme support the thousands of young people looking for work. A scheme at scale, and for the length of time the Scottish Government has proposed will require a major investment. For example, £1 billion was set aside for the Future Jobs Fund during the financial crisis by the then UK Government. As an illustration, FAI suggest that a government contribution of £10,000 with 10,000 young people supported would cost £100 million per annum.

The quick roll-out of any guarantee at scale isn't straightforward. One of the reasons why the furlough scheme has been successful is the quickness in which HMRC could use existing administrative structures for swift delivery. Who might be best to implement such a scheme at pace is unclear. Relying upon local government for example, to implement such a scheme has advantages in terms of local knowledge. But capacity to deliver at speed – after years of budget cuts – would be a concern.

Applying conditions can help achieve wider objectives, for example Fair Work objectives or conditions around training and progression may be important. Yet the more conditions, the more complex a scheme is to run and the less willing some businesses might be to engage.

Any scheme that focuses on one particular group, will need to take account of the wider impact. For example the Future Jobs Fund was designed to ensure that any jobs supported by the scheme were 'additional', but this can be hard to monitor. There is a risk that a well-intentioned scheme to support young people, crowds out opportunities for older workers, many of whom will have caring responsibilities and will be at risk of being pushed into poverty.

Easing does it. Economic policy beyond the lockdown. Laura Gardiner, Cara Pacitti, James Smith and Jack Leslie. The Resolution Foundation, 7/7/2020

<https://www.resolutionfoundation.org/app/uploads/2019/10/Easing-does-it.pdf>

In this report the Foundation estimate what will be necessary in terms of a fiscal rescue package (around £200 billion or 10 per cent of GDP). It also considers how the sectoral concentration of the economic hit means that policy needs to be more targeted if they are to be both effective and provide value for money. They also highlight that policy needs to have the flexibility to respond either to a faster-than-expected recovery if a vaccine or an effective treatment is discovered, or to the re-imposition of strict distancing restrictions if there is a national second wave of transmission.

The researchers take an approach where they look at the economy sector by sector. This bottom up approach is sensible given that different sectors have faced different challenges and been impacted in different ways. They present this as a sector by sector GVA forecast. Unsurprisingly sectors such as Hospitality and Arts and Entertainment will be some of the slowest to pick up, but even these sectors will, according to their forecasts, have improved considerably by April 2021. All of the predications are based on assumptions regarding future outbreaks and how policy could be enacted to tackle a future spike in infections.

The interventions and incentives they discuss range from those discussed elsewhere such as slower removal of the Job Retention Scheme, through cutting National Insurance to incentivise hiring to the more unusual suggestion of high street vouchers to encourage consumer spending.

Urban Regeneration After the Pandemic. Cliff Hague, SURF, 6/7/2020 – July 2020

<https://www.surf.scot/scotregen/urban-regeneration-after-the-pandemic-cliff-hague-july-2020/>

In this article Hague looks at a wide range of factors that can all be considered urban regeneration. He refers to findings from The Centre for Cities (<https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/>) which suggests that Edinburgh will ride out the current crisis better than other Scottish cities, while Aberdeen is likely to be the worst affected. The Centre looked at 62 cities across Great Britain, and analysed the existing industrial structure of each. Edinburgh is ranked 12th most resilient in the GB league table topped by Oxford. He raises the dilemma for policy makers will be whether to “back winners”, targeting investment to places likely to deliver a quick recovery (Edinburgh), or to go for a “worst first” approach- in Scotland’s case this would be Aberdeen with 11% of the workforce in oil and gas.

He goes on to look at retailing, culture and tourism- all areas where the pandemic has had a major impact, then considers infrastructure and housing whilst discussing the importance of greenspace. In terms of employment he looks at the City Region Deals suggesting that they should be rethought in the light of the new needs. Calling for more small projects, which can deliver quickly, not a few big ones with long lead times, few jobs and tangential links to a greener economy

The impact of the lockdown on the UK sports and physical activity sector as it prepares for recovery. Chris Hayes, Local Government Information Unit, 6/7/2020

<https://lgiu.org/briefing/the-impact-of-the-lockdown-on-the-uk-sports-and-physical-activity-sector-as-it-prepares-for-recovery/>

This briefing looks at the impacts of the lockdown on the sports and physical activity sector. It also considers the strategic challenges facing the sector as it prepares for recovery.

UK Active, representing 4,000 members and partners from across the public, private and third sectors has warned that nearly half of all public leisure facilities in the UK (c. 1,300) face permanent closure by the end of the year, without any form of ring-fenced funding, along with the loss of more than 58,000 jobs. UK Active with Community Leisure UK have estimated that public leisure facilities face a shortfall of more than £800 million this financial year.

Community Leisure UK, representing 110 trusts and charities which operate over 3,800 leisure facilities across the UK, often in partnership with local authorities, found that 40 per cent of its members will be non-viable or insecure over the next one to six months. Its members have been

incurring, on average, £473,000 in monthly costs during the lockdown, including pension contributions, utilities and standing charges, costs of non-furloughed staff, maintenance and facility checks, and keeping some services running,

The paper looks in detail at participation in sports and activities and how the impact of the lockdown differs not only on the activity, but also in terms of socio-demographic groups. This then has a knock-on effect for a number of initiatives to increase participation and improve health and wellbeing.

June 2020

A Care-Led Recovery from Coronavirus. The case for investment in care as a better post-pandemic economic stimulus than investment in construction. Jerome de Henau and Susan Himmelweit, Women's Budget Group 20/6/2020

<https://wbg.org.uk/wp-content/uploads/2020/06/Care-led-recovery-final.pdf>

This report calls for a care-led recovery from the pandemic and suggests that investment in a Scandinavian style care system would create over two million jobs. It suggests that investment in care has the potential to mitigate the worst employment effects of the Coronavirus recession and concludes with 4 key points.

- Investing in care would create 2.7 times as many jobs as the same investment in construction, 6.3 as many for women.
- Increasing the numbers working in care to 10% of the employed population, as in Sweden and Denmark, and giving all care workers a pay rise to the real living wage would create 2 million jobs, increasing overall employment rates by 5% points and decreasing the gender employment gap by 4% points.
- 50% more can be recouped by the Treasury in direct and indirect tax revenue from investment in care than in construction.
- Investment in care is greener than in construction, producing 30% less greenhouse gas emissions.

The Cost of Learning in Lockdown: family experiences of school closures. Child Poverty Action Group 18/6/2020

<https://cpag.org.uk/sites/default/files/files/The-cost-of-learning-in-lockdown-Scotland-FINAL.pdf>

There are two reports available one of which looks at the whole of the country whilst the other focused on Scotland. In Scotland, 3,218 parents and carers and 1,074 children and young people took part, enabling the researchers to understand more about the support offered to families during the initial period of school closures, with a particular emphasis on the experiences of households living on a low income. The key findings were;

- Low-income families who responded were twice as likely to say that they lacked all the resources they needed to support learning at home, with 40 per cent saying they were missing at least one essential resource.

- Low-income families were more likely to tell us they have had to buy educational resources compared to those in better off homes.
- Around a third of all families who responded said that they were enjoying learning at home, and these families were much less likely to report having money worries or lacking the resources they needed. Families who were worried about money were more likely to say they found it difficult to continue their children's education at home.
- Eligible parents valued receiving support towards the cost of replacing free school meals.
- Children and young people valued being able to communicate with their teachers online, but phone calls were also highly appreciated by those that had received them.
- Secondary school pupils were more likely to report that they had done a lot of schoolwork at home if they were regularly keeping in touch with their teachers. Pupils who said that they were having infrequent or no contact with their schools reported doing much less work.
- Regardless of income, the most important factor for many parents and carers was their schools providing emotional support to help pupils settle back in and come to terms with the events of 2020.

The report puts forward a number of recommendations, some of which focus on reducing the financial costs to the households whilst other looked at the wellbeing of the young people and how best to support the return to school.

Young Scots tell how 'overwhelming workloads' and 'isolating online learning' are widening the attainment gap. A Place in Childhood, 15/6/2020

<https://www.i-sphere.hw.ac.uk/young-scots-tell-how-overwhelming-workloads-and-isolating-online-learning-are-widening-the-attainment-gap/>

Seeking to address the absence of children and young people's participation in the Covid-19 crisis response, APiC convened three virtual workshops with them over the last fortnight in May. There were 25 participants across project teams from Aberdeen, Edinburgh, Glasgow and Rural Stirlingshire, with a Rural Falkirk team joining the third workshop. There conclusions can be summarised as

1. On line workload was too much, leading to feelings of being overwhelmed and fed up with learning. They felt teachers were giving them more work than usual, and seem to have limited awareness of cumulative workload between different subjects.
2. Enable collaboration with classmates as eEducation has become isolating and demotivating. Workgroup collaboration via video-conferencing should be considered and if authorities weren't able to provide video-conferencing solutions, then the young people felt they must approve their setting up their own informal video / social media groups.
3. Help us communicate directly with our teachers as gaining help from teachers via email was regarded as unnecessarily unclear, onerous and slow and leaving questions on group boards was seen as embarrassing. Whilst this was seen as a deterrent to seeking help for everyone it was particularly the case for the young people in most need of support. Solutions proposed included being able to leave private voice or video messages for teachers, or being able to book private one-to-one chats.
4. Give us more outdoor and offline learning. Given that learning, socialising and leisure during lockdown were all largely happening online, young people reported feeling exhausted by incessant

screen time. They were also struggling with distractions of other people or opportunities at home. There was a very strong consensus that this situation provides a golden opportunity to commit to outdoor learning now and going forwards, and that applying mind to this now could ease transition.

5. Work together to standardise and support approaches. The young people spoke about a big variation in the levels and quality of services they were receiving, and felt authorities need to learn from pupils, teachers, and parents about what does and does not work.

The young people were clear that these 5 recommendations, and the challenges that underlie them, are cumulative. Together, they are putting the young people off school, and are creating or exacerbating divides between classmates which will be difficult to broach. These are causing significant demotivation and stress for all, but the burden is falling most squarely on groups who have been the focus of Scottish Government's attention in closing the attainment gap.

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