

CAPITAL CITY PARTNERSHIP



Summary of COVID Related Publications - Issue 15, January 18th 2021

This issue, the first of 2021, covers a period that included the Christmas and New Year break. As a result, there has been fewer update publications than normal. In addition, as we entered 2021 a new level of restriction and stay at home directives have been issued across mainland Scotland and it is likely to take a few weeks until we see the impact this has on the economy and labour market feeding through into the articles that tend to be the focus of this report.

In this report we highlight three publications that examine the findings from the Business Impact of Coronavirus survey. One looks at wave 21 for the UK, whilst the other two look at the Scottish analysis which is based on waves 19 and 20. The UK version manages to capture 2021 data and therefore will touch on the current restrictions. The Scottish version as it refers to waves 19 and 20 is reporting on survey data from before Christmas.

Personal wellbeing is examined in a study published by Office for National Statistics on the 15th January whilst a JRF state of the nation report published on the 13th of January looks at poverty and how those households in poverty need to be the focus of policy going forward. A Resolution Foundation Report that looks at why low-income families are spending more through lock down also links in to the research on poverty.

A couple of studies look at the economy as a whole, both in terms of the UK and in terms of Scotland specifically, whilst another looks at the future of retail and high streets. This later report is focused on English towns, but the underlying causes and effects are likely to be applicable north of the border.

Other articles/papers summarised and highlighted include a paper from the Institute of Fiscal Studies that reflects on the Dayton Review and what it has concluded so far, job opportunities for the over 50s and how these can be improved and different outcomes for those working in hospitality depending on ethnicity.

BICS weighted Scotland estimates: data to wave 20, Scottish Government, 15/1/2021

<https://www.gov.scot/publications/bics-weighted-scotland-estimates-data-to-wave-20/>

This is the eighth publication of weighted Scotland estimates using the Office for National Statistics' (ONS') Business Impact of Coronavirus (COVID-19) Survey (BICS). The estimates are for businesses with a presence in Scotland and that have 10 or more employees and are based on Wave 20.

- The share of businesses 'currently trading' was estimated at 92.6% in the period 14 December to 23 December 2020 - up from 88.6% in the previous fortnight.

- The Accommodation & Food Services and the Arts, Entertainment & Recreation industry sectors had the lowest shares of businesses 'currently trading' at 69.2% and 76.7% respectively.
- The share of the workforce on furlough leave was estimated at 11.9% in the period 30 November to 23 December 2020. This rate varied by industry sector – with markedly higher rates for Accommodation & Food Services (estimated at 46.4%) and Arts, Entertainment & Recreation (estimated at 43.8%).
- In the period 30 November to 23 December 2020, there were three industries where more than half of businesses experienced a decrease in turnover compared with what is normally expected for this time of year. These were Arts, Entertainment & Recreation (77.8%), Accommodation & Food Services (75.9%) and Administrative & Support Services (53.3%).

Coronavirus and the social impacts on Great Britain: ONS, 15/1/2021

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/bulletins/coronavirusandthesocialimpactsongreatbritain/15january2021>

This looks at indicators from the Opinions and Lifestyle Survey covering the period 7 to 10 January 2021. It aims to understand the impact of the coronavirus (COVID-19) pandemic on people, households and communities in Great Britain, and whilst many of the questions relate to the specific health issues and actions taken to mitigate these, some are of interest to us as they look at wellbeing, mental health and home working.

They report that this week, there appeared to be a decline in adults' personal well-being scores. Life satisfaction, feeling that things done in life are worthwhile and happiness scores all decreased from the week before, while there was an increase in the anxiety score. This week, the average anxiety score is at its highest since April 2020 with 42% of adults reporting high levels of anxiety. They also said that this week, nearly a quarter of adults (24%) felt that life will return to normal in six months or less, compared with 25% over Christmas and New Year. The same proportion (24%) of adults felt that it will take more than a year for life to return to normal, compared with 20% over Christmas and New Year.

Coronavirus and the impact on output in the UK economy: November 2020, ONS, 15/1/2021

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/coronavirusandtheimpactonoutputintheukeconomy/november2020>

This article analyses the overall impact of the coronavirus (COVID-19) pandemic on the output approach to gross domestic product (GDP) during November 2020. Monthly GDP in November 2020 was 8.5% below the level of February 2020, having fallen by 2.6% compared with October 2020. The three largest falls in monthly GDP have all occurred in 2020.

Across services, the monthly fall was widespread but driven by accommodation and food and beverage services, wholesale, retail and motor trades, other service activities, and arts, entertainment and recreation. Within production, manufacturing grew but this was offset by falls across mining and quarrying, energy and water and waste. Construction output in November 2020 was 0.6% above February 2020, with repair and maintenance work 7.4% above and new work 3.1% below its pre-pandemic level.

Latest data on the Scottish economy – Update 15th January 2021, Fraser of Allender Institute, 15/1/2021

<https://fraserofallender.org/latest-data-on-the-scottish-economy-update-15th-january-2021/>

In their November update, the number of businesses trading and the outlook for business activity remained fairly stable. However, with restrictions tightening over the Christmas period, many businesses finished off 2020 with more uncertainty than hoped and with Scotland now in a national lockdown, similar to what was seen in March, all non-essential businesses are now closed with many employees back on furlough and all schools closed.

Much of the data examined looks at the situation up to Christmas and therefore doesn't fully reflect the current position. It does however give a good indication of what was happening under restrictive- rather than lock down conditions. For some of the indicators there is sectoral split for Scotland which is useful. For example, their examination of November and December data indicates that in Scotland there was an expansion over that period in the following sectors; Nursing and medical care, blue-collar and, IT & computing.

Business insights and impact on the UK economy, ONS 14/1/2021

<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/businessinsightsandimpactontheukeconomy/14january2021>

The data presented in this report are the final results from Wave 21 of the Business Impact of Coronavirus (COVID-19) Survey (BICS), which was live for the period 29 December 2020 to 10 January 2021.

- The percentage of businesses currently trading has fallen from 84% in Wave 20 (14 to 23 December 2020) to 71% in Wave 21 (29 December 2020 to 10 January 2021).
- The percentage of businesses currently trading in the accommodation and food service activities industry has fallen from 59% in Wave 20 to 37% in Wave 21, the lowest percentage recorded since comparable estimates began in Wave 7 (15 to 28 June 2020).
- A third of businesses in the accommodation and food service activities industry and the other service activities industry had no or low confidence that they would survive the next three months.
- The proportion of businesses' workforce on furlough leave has increased from 11% in Wave 20 (30 November to 13 December 2020) to 14% in Wave 21 (14 to 27 December 2020).

The future of towns and cities post COVID-19, Selfin,Y. KPMG, 14/1/2021

<https://home.kpmg/uk/en/home/insights/2021/01/future-of-towns-and-cities-post-covid-19.html>

Although this is focused on England there is no reason to believe that the reports broad conclusions won't also be applicable to Scottish high streets. Their general conclusion is that High streets could lose 20-40% of their retail offerings as a result of the accelerated shift to online commerce coupled the continuation of working from home practices (if only for part of the week) that have developed through the pandemic.

After a decade of deprivation, we need policies that prioritise recovery for families in poverty, Anderson, H., JRF, 13/1/2021

<https://www.jrf.org.uk/press/after-decade-deprivation-we-need-policies-prioritise-recovery-families-poverty>

This JRF State of the Nation Report finds that families in poverty start 2021 reeling from a triple financial blow. Before coronavirus, incomes were falling – and falling fastest – for people with the lowest incomes, as the value of benefit payments decreased, meaning millions were financially exposed when the pandemic hit.

- There has been a consistent rise in poverty among working people in recent years with almost a quarter (23%) of workers in the lowest paid sectors of retail, and accommodation and food living in poverty in 2018/19 - more likely to be women, young people and from ethnic minorities.
- While hourly pay has risen since 2014 because of increases in the minimum wage, lower-paid employees were offered fewer hours and little chance to progress at work.
- A third (35%) of Bangladeshi and Pakistani workers were in poverty in 2018/19 – around three times the rate for White workers (12%).
- More than a third (37%) of private renters were living in poverty, with the proportion of households renting privately almost doubling in the last 20 years from 10% to 19% of all households.

People already trapped in poverty were worst affected by the economic storm caused by COVID-19, as they were more likely to be working in the hardest hit sectors.

- Workers on the lowest incomes experienced on average the largest cut in hours at the start of the pandemic. 81% of people working in retail and accommodation saw their income drop.
- 4 in 10 workers on the minimum wage face a high or very high risk of losing their jobs compared to 1% of workers earning more than £41,500.
- More than a third of single parents working in hospitality and over a quarter of those in retail were already living in poverty before their sectors were severely hit by restrictions.
- Workers from Black and minority ethnic backgrounds face the injustice of being 14% more likely to be made unemployed and 13% less likely to be furloughed. Evidence from the previous recession showed Bangladeshi and Pakistani workers were among those most likely to lose their jobs. This needs to be avoided in any coming wave of unemployment.
- It is deeply concerning that 45% of disabled people who were in employment at the start of the year reported no earnings by the middle of the year.
- 35% of private renters and 42% of social renters were also working in the sectors hit hardest by COVID-19. One in three were furloughed. 30% of private renters were worried about paying their rent through the winter. According to polling in October across both the private and social rented sectors, 700,000 were already in arrears with their rent in the autumn.

They conclude that unless the Government makes the right decisions now, there is a risk that families in poverty find it much harder to recover from the third economic shock of a necessary but long third lockdown as the UK looks to rebuild its economy.

How the pandemic will shape the workplace trends of 2021, Cook, D., World Economic Forum, 12/1/2021

<https://www.weforum.org/agenda/2021/01/pandemic-shape-the-workplace-trends-2021/>

A look at remote working and how the pandemic has sped up changes. At the start of 2020 remote work was a gradually rising long-term trend. Only 12% of workers in the US worked remotely full time, 6% in the UK. COVID-19 instantly proved remote work was possible for many people. He suggests that remote workers, grateful to still have jobs, also reported a gnawing sense of survivors' guilt. Overwork was one way of expressing this guilt and many felt working extra hours might secure their job. Pre-pandemic warnings about an encroaching 24/7 work culture were intensifying with social scientists arguing that contemporary workers were being turned into worker-smartphone hybrids.

Covid in Scotland: Top-up grants for hospitality and retail, BBC News website, 12/1/2021

<https://www.bbc.co.uk/news/uk-scotland-scotland-business-55623955>

A news article that highlights that Scottish Government are offering one-off top up grants to businesses operating in the retail, hospitality and leisure sectors. Eligible larger hospitality businesses will receive £25,000 on top of existing grants, while smaller firms will get £6,000. There will also be an extra £9,000 for larger retail and leisure companies and £6,000 for smaller firms. The Scottish government said that in most cases, eligible businesses that had already applied for a four-weekly payment from the Strategic Framework Business Fund (SFBF) would get an automatic top-up.

Pandemic Pressures. Why families on a low income are spending more during Covid-19, Brewer, M. and Patrick, R., Resolution Foundation, 11/1/2021

<https://www.resolutionfoundation.org/app/uploads/2021/01/Pandemic-pressures.pdf>

This note explores why so many low-income families report spending more, not less, since Covid-19 gripped the nation in spring 2020. It brings together the findings from two online surveys of a representative sample of working-age adults in the UK by the Resolution Foundation in May and September 2020.

During the Summer and Autumn 2020, families with children estimated to be in the lowest pre-pandemic income quintile were twice as likely to report an increase in spending (36 per cent) than a decrease (18 per cent). Accounts from parents on a low income identify a number of reasons why this has been the case.

- Having children at home more has meant higher spending on food, energy and ways to entertain or distract children when so many outdoor leisure activities have been curtailed. Remote schooling in particular has proven very expensive, especially for those families that have had to buy a laptop or arrange for broadband access, for example.
- The cost of feeding a family on a low income has risen during the pandemic. A reduction in promotions and difficulties obtaining particular items, and the need to avoid the risk of infection has forced some families to use more expensive food stores that are closer to home or will deliver.
- This helps explain why, in September 2020, half of adults with less than £1,000 in savings report drawing down on them since February, and over half of adults in the lowest-income

quintile using borrowing to a greater extent than they did pre-pandemic to cover everyday living costs.

These pandemic pressures come after several years of weak living standards growth, with real incomes for the lowest-income households no higher in 2018-19 than in 2001-02. With tough new restrictions now in place to contain the spread of the more transmissible Covid-19 variant, parents on a low income face another difficult period without school or childcare, when costs once again look set to increase.

Shut Out. How employers and recruiters are overlooking the talents of over 50s workers, Edwards M, Holmes J, Mason B, and Bajorek Z, Centre for Ageing Better/Institute for Employment Studies, January 2021

<https://www.employment-studies.co.uk/system/files/resources/files/Shut-out-how-employers-and-recruiters-overlooking-talents-older-workers.pdf>

This is the first report in a series from Ageing Better's Good Recruitment for Older Workers (GROW) project. This report looks at the current and future recruitment landscape for older workers. Later stages of the GROW project will explore older workers' own experiences and the effect of language in job advertisements.

- Employers don't consider age diversity to be 'a problem' in their organisations, despite evidence of a range of negative perceptions towards older applicants.
- Few employers consider age when looking to improve diversity and inclusion in recruitment.
- Informal and opaque criteria such as organisational 'fit' have the potential to disadvantage older workers.
- If employers did consider age in recruitment, it was often in the context of recruiting younger workers.
- Despite many employers stating diversity and inclusion were important to them, few had organisational strategies aimed at making the recruitment process more diverse and inclusive – especially in the context of age.

Scottish Welfare Fund, Self-Isolation Support Grant and Discretionary Housing Payments: monthly data, Scottish Government, 12/1/2021

<https://www.gov.scot/publications/swf-monthly-management-information/>

This has a link to an Excel workbook that contains data on

- Scottish Welfare Fund management information
- Self-Isolation Support Grant Management Information
- Discretionary Housing Payments

The data is only presented at a Scotland level but is available up until November 2020

The IFS Deaton Review of Inequalities: a New Year's message, Johnson,P., Joyce, R. and Platt, L., IFS 5/1/2021

<https://ifs.org.uk/uploads/IFS-Deaton-Review-New-Year-Message.pdf>

In 2019 the IFS launched a Review of Inequalities led by Sir Angus Deaton. Since then, the world has changed, and COVID-19 seems to have shone a light on many of the issues they raised pre-pandemic. This report looks at what 2020 illustrated.

- The COVID crisis has exacerbated inequalities between the high- and low-paid and between graduates and non-graduates. Non-graduates were far more likely than graduates to work in a locked-down sector and far less likely to be able to work from home.
- The crisis has hit the self-employed and others in insecure and non-traditional forms of employment especially hard. Ten years after the financial crisis, the self-employed still had median earnings below 2008 levels. They have been especially likely to lose income and hours of work through the crisis, and numbers of self-employed have fallen nearly 10% over the year.
- Educational inequalities will almost certainly have been exacerbated by the crisis. Pupils at private schools were twice as likely as state-school pupils to get daily online lessons during lockdown. Within the state sector, pupils from better-off homes were more likely to receive active support from schools and to have a better home learning environment.
- Between March and July, mortality rates from COVID-19 were twice as high in the most deprived areas as in the least deprived. Deaths from COVID have been, if anything, even more socially graded than pre-existing disparities in other deaths.
- The crisis has had very different impacts on different ethnic groups. Mortality rates from COVID-19 among some black groups have been twice those among the white British. This is in part related to occupational differences. More than 20% of black African working-age women, for example, are employed in health and social care.
- Through 2020, pensioners have on average reported becoming financially better off, whilst the young have borne the brunt of job and income loss. The generational divide that has opened up in recent years could also be exacerbated by another bout of ultra-low interest rates and quantitative easing which could push up asset prices.

Growth sector statistics, Scottish Government, 21/12/2020

<https://www.gov.scot/publications/growth-sector-statistics/>

Scotland's Economic Strategy identifies those sectors where Scotland has a distinct comparative advantage:

- food and drink (including agriculture and fisheries)
- creative Industries (including digital)
- sustainable tourism
- energy (including renewables)
- financial and business Services
- life sciences

This weblink contains a number of data sets that look at the picture overall, sector by sector and in terms of a breakdown by Local Authority. From this we can see that across the City Region in 2018 these growth sectors had a turnover in excess of £14 billion pounds and employed over 200,000 people.

Ethnic minorities in the hospitality sector. Comparing the experiences of hospitality workers from different ethnic backgrounds, Mai, S. and Cominetti, N., The Resolution Foundation, 30/12/2020
<https://www.resolutionfoundation.org/app/uploads/2020/12/Ethnic-minorities-in-the-hospitality-sector.pdf>

This briefing note looks at the experiences in the hospitality sector of workers from different ethnic backgrounds. It finds that 1 in 6 hospitality workers are from an ethnic minority background, compared to around 1 in 8 workers in the rest of the economy. Ethnic minority workers in hospitality vary both in their characteristics and in their experiences in work. For example, the White British group within hospitality is relatively young (with a median age of 28) while most ethnic minority groups within hospitality are older. In terms of work experiences, they look at pay, occupation, contract type, and indirect measures of job satisfaction. There is no one ethnic group that consistently does 'well' or 'badly' on these measures. They find that hospitality workers from Indian and Other ethnic groups have highest median pay (although still well below median pay rates outside hospitality), Chinese and Bangladeshi hospitality workers are most likely to be self-employed, and workers from Black and 'Mixed/Multiple' ethnic backgrounds are most likely to be in the lower-paying occupations within the sector. Finally, they compare the pay of hospitality workers within the combined 'Black and Minority Ethnic' group with White British workers, and find a 'pay penalty' for BAME workers – they earn less, relative to White British workers, than would be expected based on their personal characteristics and the types of job they do.

BICS weighted Scotland estimates: data to wave 19, Scottish Government, 21/12/2020

<https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/12/bics-weighted-scotland-estimates-data-to-wave-19/documents/bics-weighted-scotland-estimates-data-to-wave-19-report/bics-weighted-scotland-estimates-data-to-wave-19-report/govscot%3Adocument/BICS%2BWeighted%2BScotland%2BEstimates%2B-%2BData%2Bto%2BWave%2B19%2B-%2BReport.pdf>

This is the seventh publication of weighted Scotland estimates using the Office for National Statistics' (ONS') Business Impact of Coronavirus (COVID-19) Survey (BICS) and looks at the main findings for businesses with 10+ employees and a presence in Scotland. They report that;

- The share of businesses 'currently trading' was estimated at 88.6% in the period 30 November to 13 December 2020 - down from 90.5% in the previous fortnight. Probably no surprise in that they found that Accommodation & Food Services and the Arts, Entertainment & Recreation industry sectors had the lowest shares of businesses 'currently trading' at 46.3% and 67.4% respectively. This reflects the local restrictions in place within Scotland at the time.
- The share of the workforce on furlough leave was estimated at 15.1% in the period 16 November to 13 December 2020 and again this rate varied by industry sector.
- In the period 16 November to 13 December 2020, there were four industries where more than half of businesses experienced a decrease in turnover compared with what is normally expected for this time of year. These were Arts, Entertainment & Recreation (78.6%), Accommodation & Food Services (75.0%), Administrative & Support Services (54.8%) and Transport & Storage (53.0%).

Chris Nicol
Business Intelligence
Capital City Partnership
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