

COVID-19 summary of external research

28 October 2020

This newsletter series presents a digest of external research that the Greater London Authority is making available for the benefit of external stakeholders in tackling the COVID-19 crisis. These summaries have been prepared under challenging circumstances and to short timescales. They are not intended to be comprehensive and exhaustive and they do not represent the full body of evidence on which Mayoral Policies are or will be based.

1 Introduction

This is the latest edition in a series of briefings highlighting key statistics and external research and recommendations relevant to the GLA's response to the COVID-19 pandemic. Each briefing will offer short summaries and a deep-dive into a number of topics. This issue looks at food security during the COVID pandemic. It also summarises selected papers and policy reports from the last few weeks.

2 Food security

Given the growing interest in issues of food security in the media, especially after Marcus Rashford spoke out on the issue of food poverty in June, this section examines what data there are in this area in London and what has been the impact of COVID-19¹.

Being food insecure means that at times a person's food intake is reduced and their eating patterns are disrupted because of a lack of money and other resources for obtaining food². Since the outbreak of the COVID-19 pandemic, this definition has been built on by professionals in this field and expanded to include accessibility as a reason for this disruption.

In 2018/19 the Mayor of London published the first robust set of [statistics](#) on how many Londoners were food insecure, after committing to measure it in his [Food Strategy](#). Around one in five (21%) adults in London had low or very low food security, equivalent to 1.5 million adults. Around one in six (17%) parents in London had children living in low or very low food security. This equates to around 400,000 children.

Food security measures produced during the COVID-19 crisis are restricted to mostly online methods such as internet panels and may not be fully representative.

¹ <https://www.theguardian.com/football/2020/jun/15/protect-the-vulnerable-marcus-rashfords-emotional-letter-to-mps>

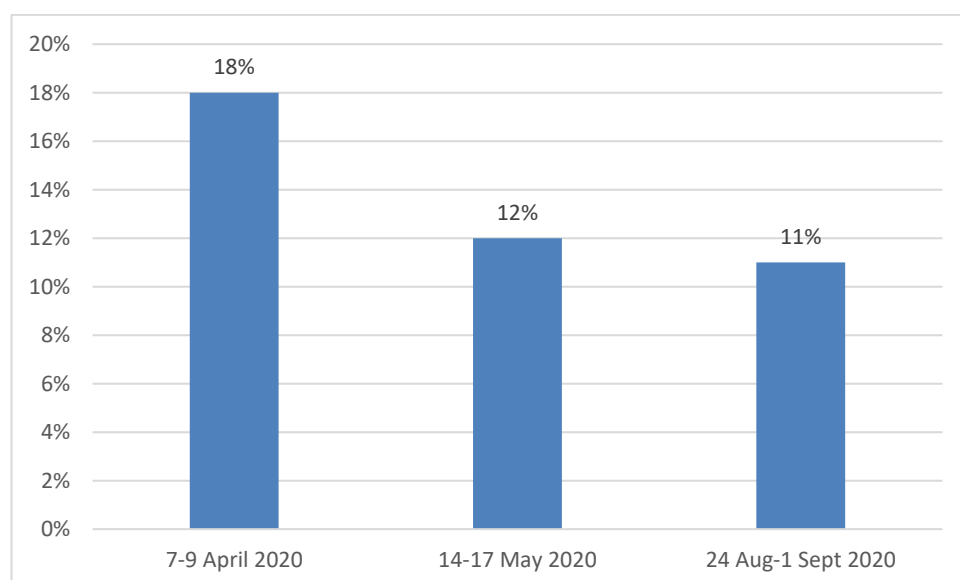
² A full definition of food security was provided at the World Food Summit in 1996. See FAO (2006) [Food Security: Policy Brief June 2016, Issue 2](#)

Impact of COVID-19

The impact of lockdown in terms of people's movements being restricted, as well as non-essential businesses shutting down, meant that people were no longer able to purchase food and groceries as they had in the past. One of the first organisations that wanted to understand the impact of lockdown on people's access to food was the [Food Foundation](#). They commissioned a series of nationwide polls, looking into people's experience of food and began formally tracking food security during the crisis in April 2020.

It was mentioned earlier how different measures of food security are available and the choice of what questions to use is driven by research objectives and context. So, in the COVID-19 context, the Food Foundation chose to use three questions to assess whether people were food secure and included reasons of affordability and access in their definition. Amending the question set used does mean that these measures are not strictly comparable with other measures of food security captured before the COVID-19 crisis. Figure 1 indicates how, using the Food Foundation's definition of food security, in the first two weeks of the pandemic in London, around one in five Londoners (18%) experienced moderate or severe food insecurity.

Figure 1: Eighteen per cent of Londoners experienced moderate or severe food insecurity in the first two weeks of the crisis, but this has decreased over the course of the crisis



Source: [Food Foundation polling of Londoners aged 18+](#)

In the second month of lockdown compared with the first two weeks, supply issues reduced and economic issues came back to being one of the main reasons for food insecurity. Food security levels have since stabilised and, five months on, 11% of Londoners reported moderate or severe experiences of food insecurity.

Though not strictly comparable with pre-crisis measures, measures collected during the pandemic have reconfirmed long-standing inequalities in access to food. Londoners with children, BAME Londoners and disabled Londoners were all groups found to be at much higher risk of food insecurity before the crisis and continued to be in this more recent data.

The Food Standards Agency (FSA) have also carried out [consumer research into COVID-19](#) to monitor the experience and behaviours of consumers when it comes to key food risks during the pandemic. They have used an alternative definition of food security and, using this, it can be seen that London fares worse than the rest of the country for food security. In particular, in July, around a quarter (24%) of Londoners aged

16-75 reported they had cut down the size of their meals or skipped meals in the last month because they did not have enough money to buy food. This compares with 16% nationally.

Though many studies have looked at adult food security, there has been some focus on the experiences of children during the crisis. The Food Foundation has tracked [children's food security](#) through their regular polling, while a [research study conducted by academics within the Healthy Living Lab, at Northumbria University](#), revealed lower fruit and vegetable consumption, and an increase in the consumption of sugar sweetened beverages in school-aged children, eligible for free school meals during the COVID-19 lockdown. A [BMJ article](#) summarises this growing fear of a nutritional crisis in the UK because of lockdown.

Food banks data

There has been a lot of [media coverage](#) regarding the increase in food bank use during the crisis. Unfortunately, [the number of food bank users is not a good proxy](#) for the numbers of people living in food insecurity. Food bank statistics are better interpreted as a measure of those most severely affected by food insecurity and have accessed emergency food provision as a result.

One survey noted a marked [increase in food bank use](#) at the start of the pandemic. In May 2020, 4% of Londoners aged 16+ reported using a food bank in the last 4 weeks, compared to 1% in April 2020. Another survey has [corroborated these findings](#) seeing a significant increase in foodbank and food charity usage in London between May (11%), June (14%) and July (16%).

The [Independent Food Aid Network \(IFAN\)](#) connects, supports and advocates on behalf of a range of 335 frontline food aid providers. They can be seen as the organisations that cover the other side of the market to the [Trussell Trust](#), who have more than 1,200 food bank centres in their network (around two-thirds of the food banks in the UK). [IFAN published data](#) based on 100 organisations operating 191 independent food banks across England, Scotland and Wales. It showed the number of people supported by independent food banks was 118% higher in April 2020 than April 2019 and revealed an unprecedented 177% increase in the number of emergency food parcels distributed by independent food banks during May 2020 compared to the same period last year.

More recently, the [Trussell Trust have released research](#) showing that when the pandemic first hit, there was a significant increase in the number of people receiving support from a food bank in the Trussell Trust network for the first time. Furthermore, they have warned that an estimated 846,000 parcels will need to be provided by their network to people in crisis during October to December 2020 – a 61% increase on last year.

Lived experiences of food insecurity

Alongside data measuring the prevalence of food security in the population, there have been a number of studies looking at how food insecurity has impacted on people's lives during the crisis.

The [FSA's qualitative research](#) showed how people in food insecurity were coping with income loss, which has rapidly exacerbated existing insecurity and vulnerabilities. The Greater London Authority (GLA) also carried out its own [qualitative research with older Londoners](#) to understand the experiences of food among both older Londoners who experienced food insecurity prior to the COVID-19 pandemic, and those who are experiencing food insecurity as a result of the current situation. It found that COVID-19 has had an adverse impact on older Londoners' access to food. There has been a social impact to lockdown, with food shopping being an important assertion (and assurance) of independence and autonomy.

Suggested recommendations

[Marcus Rashford](#) has pushed the issue of child poverty into the media spotlight and is campaigning to make free school meals available for every child from a household on Universal Credit or equivalent; to expand

holiday provision to support all children on free school meals; and to increase the value of Healthy Start vouchers and expand into all those on Universal Credit or equivalent. There have been calls from other professionals to address wider food insecurity in British society. One paper claims that [COVID-19 has exposed inequalities in the UK food system](#) and calls for an immediate end to the five week wait for Universal Credit and cash grants for low income households. It also asks central and local government to recognise that many food aid providers are already at capacity and unable to adopt additional responsibilities. Finally, another [paper](#) makes recommendations for healthier governmental capacity to react to a food security crisis, better relationships between the government and the voluntary sector, and further research into the dietary constraints of the most vulnerable.

3 COVID-19 external research

[Economics Observatory – Which parts of the UK have been hit hardest by the COVID-19 crisis? \(02/10/2020\)](#)

Consider two data sources to understand the local impact of the crisis: the claimant count (Jobseeker's Allowance (JA) and Universal Credit (UC)) and the take-up of the Coronavirus Job Retention Scheme (CJRS). The analysis finds **wide and varying local economic effects of the pandemic**. On average, local authorities with a larger take-up of the CJRS also saw the largest increases in unemployment claims since lockdown, suggesting that the CJRS helped to mitigate increases in unemployment in the hardest hit places.

The data comes with important caveats. Changes to UC that the government made in response to the crisis increased the number of people eligible. In addition, in some cases, the salary of employees supported by the CJRS may be reduced making them eligible for UC, although still employed. Area variation in the claimant count may also be affected by variation in the take-up of the CJRS: workers who would otherwise have been laid off and claim benefits, but whose jobs have been protected by CJRS, will not show up in the claimant count. **The complex interactions between the benefit system and the CJRS mean that it is best to look at the two indicators together.**

[Institute for Fiscal Studies – Covid-19 and English council funding: what is the medium-term outlook? \(24/09/2020\)](#)

This report considers how councils' revenues and spending needs may evolve over the period to 2024–25, accounting for both the impact of COVID-19 and the pre-COVID funding outlook:

- Accounting for the likelihood councils will recover some lost income, and for an additional £500 million provided by government to fund council tax discounts, the IFS projects **councils to lose out on £493 million in council tax revenues in the central scenario. This loss will be spread across the next three years.**
- IFS projects **councils to lose out on £602 million in retained business rates revenues in the central scenario.** As with council tax, this loss will affect their main budgets in the three years from 2021–22.
- IFS estimates that government has provided £4.2 billion in grant funding and a further £1.6 billion in other non-grant support to help councils manage these pressures. Taken together, this implies **an in-year funding shortfall of approximately £2 billion in council budgets this year**, although uncertainty about pressures and funding availability means there is scope for the gap to be much bigger or smaller.

- Based on a number of assumptions about council tax and grant fund increases, the middle scenario implies that councils' revenues will increase by 16% in cash terms and 4% in real terms between 2019–20 and 2024–25.
- The same scenario implies that councils' spending needs will increase substantially faster to meet increased demand for services: by 23% in cash terms and 11% in real terms between 2019–20 and 2024–25.
- As a result, **councils would need an extra £3.3 billion in real terms in 2024–25 to maintain services at their 2019–20 level. They would also need an extra £2.5 billion, £2.1 billion and £2.9 billion in 2021–22, 2022–23 and 2023–24.**
- These figures are highly uncertain though and will depend on how revenues, and service demands and costs, evolve. Either way, IFS considers **it very likely that councils will be unable to maintain pre-crisis service standards without additional funding.**

[New Economics Foundations – Furlough: where did the hours go? \(23/09/2020\)](#)

Argue that furlough rates are not enough to understand the economic impact of COVID-19. They look at ONS data on the number of hours worked from April to June, finding that **in contrast with furlough data, London experienced a smaller drop in hours worked than the other regions in the UK.**

The rate of benefit claimants has increased significantly in London compared to other regions in the UK. One theory put forward by NEF is that the type of workers being furloughed in London are more likely to work fewer hours and to be low-paid. Therefore, although we should be concerned that these workers have been driven to Universal Credit, **the proportional economic costs may have been higher outside of London, where full-time workers have been furloughed in greater numbers.**

The emerging message is that **a premature end to the furlough scheme in October could have highly unequal impacts across the UK's regions.** NEF calls for a plan to create and protect jobs beyond October, made up of three key elements: create (a jobs-focused fiscal stimulus to create the low carbon jobs of the future), protect (support for businesses – allowing them to bring people back to work for a shorter working week with government subsidising 70% of wages for hours not worked) and reskill (support workers to transition by offering those on shorter hours access to funded training to reskill and upskill).

[Institute for Fiscal Studies – Levelling up: where and how? \(02/10/2020\)](#)

Consider the evidence on UK regional inequalities and how this might be affected by COVID-19 and Brexit. They consider four factors to identify areas which might need 'levelling up': spending on investment, transport and R&D, as well as where civil servants are located. Key findings include:

- **Left-behind places in the UK are concentrated in large towns and cities outside of London and the South East**, in former industrial regions, coastal and isolated rural areas. (*Note that [previous IFS analysis](#) found geographical inequality in incomes to be much lower after accounting for housing costs, with local inequalities especially significant within London and the South East*).
- **Traditionally 'left-behind' places are not those most exposed to the short-term economic impact of COVID-19.** But there are important exceptions: several hospitality and tourism dependent coastal communities and the centres of some Northern and Scottish cities face a 'double whammy'.
- **Brexit could make 'levelling up' more difficult**, with an expected high economic cost for some groups, such as less-educated male workers in blue-collar jobs. Many of these are concentrated in traditionally 'left-behind' areas in the North, South Wales and the West Midlands.

- **Some sorts of public spending (e.g. transport and R&D) are heavily concentrated in London and the South East, but there are caveats to this.** For example, some of the higher transport spending in London is financed through locally raised taxes and fares and will in fact benefit individuals who reside elsewhere, such as commuters into London (*Note that GLA Economics have covered the need for higher transport expenditure in London in a previous [Working Paper](#)*).
- **The government could build on and integrate the eight existing place-based spending programmes** (e.g. the EU's Regional Development Fund) rather than 'reinventing the wheel'. The Chancellor should pay attention to the important role that local governments will play in levelling up.

[Nathan, M., Overman, H. - Will coronavirus cause a big city exodus? \(23/09/2020\)](#)

The Economics Observatory briefing looks at the question of whether the COVID-19 crisis will mark the end to the big city revival of recent years. Its key conclusion is that the answer will depend in no small measure on how quickly we exit the pandemic – and how far the forced experiments of lockdown translate into new norms. Three big trends are emerging from the data:

- A majority of workers are now commuting at least once a week, rather than only working from home
- City centre footfall – especially in London and major cities like Manchester and Birmingham – remains well below pre-pandemic levels as city centre offices remain closed.
- Within big cities like London, footfall is shifting from cores to suburbs

The long-term impact of widespread home working for previously office-based workers remains uncertain as there are few robust studies which also do not look at large scale and non-elective home working. While it is possible that a shift to remote working may make individual firms more productive, cities may lose the collective benefits of interactions between workers and across firms, for which there is a large body of evidence. The briefing sets out **three future scenarios**:

- **Early exit, assuming an effective vaccine or treatment is developed in early 2021.** While under this scenario London and the South East may be able to bounce back quickly, changes expectations about the likelihood of future pandemics (and therefore in the attractiveness of big city living) and the realisation by firms that they can organise work differently may mean that even under this scenario there will not be a full return to pre-COVID norms.
- **Exit in three to four years.** This scenario could have more profound implications for the economic geography of big cities. If there is no loss of productivity from widespread remote working the spatial footprint of dynamic firms and cities may increase in a similar way to what commuting does currently, but at lower economic, social and environmental costs.
- **No Exit (endemic COVID-19):** In this more speculative scenario where COVID-19 remains endemic we would see greater shifts in economic geography. There would be more time to experiment with and optimise existing remote working technology and for new technologies to emerge, while the shift from retail and leisure in central business districts to local neighbourhoods might persist.

The briefing concludes by highlighting that **long-term falls in transaction costs – due to better technology and cheaper travel – have been associated with stronger big city growth**, not less. COVID-19 could therefore strengthen, rather than weaken these tendencies. **However, in prolonged exit scenarios it is more likely that we may see a permanent shift within the economic geography of big cities, with suburbs benefiting at the expense of city centres.**

[Financial Times - From peak city to ghost town: the urban centres hit hardest by COVID-19 \(15/10/20\)](#)

The FT undertook research which analysed Google mobility data to examine footfall at cafes, restaurants, retail and leisure venues against a pre pandemic baseline for a number of global cities. It found that:

- Footfall was down by 40% in central Paris on the week to 9 October, with Stockholm down 20%. **“But it is cities like New York and London, where high-rise office buildings host a large number of professional services and banking staff now mostly working from home, which have suffered the most”**.
- Visits in the City of London were “less than one-third that of pre-pandemic levels”. This compares to the UK as a whole where visits are 70% of pre-pandemic levels.
- In Manhattan visits were less than half the pre-pandemic levels compared to 85% for the US as a whole.
- While “in major urban areas, from Boston and Milan to Tokyo and Mexico City to New Delhi and Toronto, city centres show larger falls in mobility”.
- And latest data also shows the post lockdown trend of recovery reversing in several countries as new restrictions come in to play.
- The article further interviews a range of experts on their views on the future developments of home working and the city centre.

[WPI Economics - The current and future impact of COVID-19 on London’s retail and hospitality sectors \(September 2020\)](#)

This paper for Central London Forward examined the hospitality sector. This has been one of the hardest hit sectors as a result of the crisis, with 23% of hospitality businesses at the national level regarding their risk of insolvency as being severe to moderate (joint highest with arts and entertainment). Nationally, 23% of businesses in the accommodation and food sectors also saw operating costs exceed turnover at the end of July/start of August – the third highest of any sector behind education (30.3%) and arts and entertainment (46.9%).

In terms of the capital the analysis observes that:

- **“In an analysis of the strength of footfall and spending recovery in major towns and cities across the UK, London comes bottom”**, while “New West Company states that in the middle of August footfall in London’s West End remained 63 per cent down year-on-year”.
- They note that retail and hospitality businesses will suffer in areas “where there are relatively few residents that have been – and will continue to – work from home”, “where people had previously commuted to for work”, and “that received domestic and international leisure, tourist and business travellers”.
- Given more people working from home this may benefit areas with higher resident populations. Conversely “the very centre of London is the area most likely to see a fall in demand on this indicator because of low resident-to-business ratios”. And under this measure “Westminster, the City of London and Camden are the boroughs that are particularly affected”.
- In terms of the work force challenge “Westminster and the City of London’s net inflow compared to other boroughs gives them a particular problem on this measure. Camden and Tower Hamlets are also big net recipients of people”.
- **Ongoing factors that will impact on retail and hospitality include: consumer confidence** in using hospitality, **changing consumer habits** with more online shopping, the **extent of remote**

working in the future, the speed of the **recovery of tourism**, how **household spending** is affected by the downturn, and the **cost pressures** felt by business.

- Other considerations they note include:
 - o “Some sub-sectors will be hit by COVID-19 more than others. Hotels and accommodation providers in particular will lose out on tourism and business trips – the path to normality for these sub-sectors will likely take longer than commuting patterns”;
 - o “Independents may struggle more than chains. This is perhaps obvious, but worth highlighting”;
 - o “A key consequence of those retail and hospitality businesses in difficulty will be reduced employment. This will particularly affect young people, who form a large part of the retail workforce”;
 - o “Large set-piece events may not happen in the near-future”.
- Policy and lobbying should focus on: increasing footfall, addressing retail and hospitality cost pressures, employment, and helping businesses to adapt to a new normal.

[Firth, C., Gathergood, J., & Stewart, N. - Might coronavirus bring a lasting shift to online spending? \(06/10/20\)](#)

This Economics Observatory briefing notes that online spending rose sharply during lockdown and although offline recovered somewhat since **there is early evidence of a ‘new normal’ in which online spending is about 25% higher than it was before COVID**. The authors used “anonymised data containing individual-level bank spending records from Money Dashboard” to examine whether “the recent shift to online was a new permanent structural feature of consumer retail, or simply a short-term result of location-constrained consumers”. They found that:

- that the shift online was “massive: a doubling in the proportion of online spending”, but “this is mainly driven by a reduction in offline spend”, with online spending appearing to be on a secular trend.
- these broader changes are happening against changes in household finances, with some households not prepared for a financial shock prior to the pandemic. Specifically, they observe that it is likely that households are updating their assessments of the long-term risks they face and adapting their spending and savings behaviour accordingly. A number of papers in the literature point to all background risks having undergone permanent changes, not just the obvious one such as health risks and job security but also diminished graduate employment prospects; prospects of negative house equity; and likelihood of earlier retirement.

[Riom, C., Valero, A., The Business Response to COVID-19: the CEP-CBI survey on technology adoption \(September 2020\)](#)

This briefing presents results from the **CEP-CBI survey of technology adoption in response to the COVID-19 crisis**, conducted in July 2020. Its overall finding was the COVID-19 crisis had a major impact on innovation.

A total of 375 firms were surveyed, with data on the distribution of respondents suggesting a skew towards manufacturing and large firms. A smaller share of London businesses sampled compared to its share in UK GDP. The authors observe however that weighting key results to be more representative of the UK’s firm size and sectoral GVA distributions did not have much impact on their main results.

Key findings were as follows:

- 75% of respondents had moved to remote working and, on average, they experienced a 25% loss of revenue compared to “business as usual”.
- **Over 60% of firms adopted new digital technologies and management practices; and around a third invested in new digital capabilities. Nearly half of the respondents had introduced new products or services.**
- These process and product innovations have generally had a positive impact on performance, and businesses expect to maintain them post-crisis.
- Most respondents said that these innovations will increase employee productivity, or allow employees to be reallocated to different tasks, rather than reducing demand for labour.
- Firms that had previously adopted digital technologies were significantly more likely to innovate as a result of COVID-19s (even after controlling for other business characteristics). London-based businesses were more likely to have adopted digital technologies.
- Macroeconomic uncertainty was the most cited barrier to innovation, while financing constraints were second, especially for smaller firms.
- Among policy levers, new tax incentives and grants were thought to potentially have the greatest impact on innovation, with smaller firms especially valuing grants and vouchers.

[IFS 1\) An intergenerational audit for the UK \(07/10/2020\) and 2\) The coronavirus pandemic and older workers \(30/09/2020\)](#)

The annual intergenerational audit looks at how living standards vary across different cohorts in respect to work and pay, housing, taxes and income and wealth. This year’s release also considers the impacts or potential impacts of COVID, finding that:

- COVID has impacted differentially not only the physical health of different cohorts, but also on the mental health and social interactions, while the intergenerational differences in impacts so far on living standards have largely been driven by pre-pandemic economic conditions.
- The youngest and oldest workers have been hit most in terms of labour market impacts, whereas incomes fell most during lockdown for those in their late 40s.
- Many people have fallen into consumer debt, particularly affecting the 35-44 year old group, while the wealth of those in their 50s has been dented by falling equity prices. All ages have been affected in falling behind with housing payments during the first lockdown.
- Since lockdown, the younger cohorts have felt the greatest financial impacts. By July, younger adults had become the most likely to fall behind with housing payments; young people risk long-term employment and pay ‘scarring’ effects from starting careers in a downturn; the prospects for a post-coronavirus home ownership increase among aspirant buyers appear limited; and the removal of temporary welfare boosts looks set to provide a major drag on the incomes of young and childrearing-age adults.

The **second report, looks at how older workers have fared during the pandemic.** Previous research shows that workers aged over 50 who lose their jobs are less likely to find re-employment or where they do, this will often be at a lower level with lower pay, with particular implications for their income and welfare in retirement.

- As with younger age groups, many older workers were on furlough or working shorter hours. Some of this may have been due to health concerns and shielding, so it is unclear how this will change when the furlough scheme ends.
- Some older workers altered their retirement plans due to the pandemic and decided to retire earlier than previously planned, while others planning to retire later.

- Many clinically vulnerable people have continued to work outside their homes, though it is unclear whether this is through choice, because they don't perceive a high risk or for financial reasons.
- Concerns about job security were widespread among older workers, including those who had carried on working. They were more prevalent among the 54-59 age group than older workers and particularly among those with a health condition or disability that limits the amount or type of work they can do.

[Centre for Economic Performance: Work Care and Gender during the COVID-19 crisis \(02/10/2020\)](#)

This report explores the impacts of the pandemic on paid and unpaid work for men and women in the UK.

- Both men and women experienced labour market changes during the first few months of the COVID-19 crisis, with similar levels of job losses and furloughing across the UK as a whole.
- Reductions in hours and pay among those who carried on working were smaller among women.
- Women provided more of the increased childcare, but this also increased among men, with some men becoming the primary childcare provider. These changes may impact on inequality in the longer term.

[RSA: What now? Bridges to a new social contract for Britain \(22/09/2020\)](#)

In a survey of 2,000 adults on the future of welfare and work, looking for areas of broad political consensus, the RSA (royal society for arts, manufactures and commerce) found that:

- **Two thirds support continuing the furlough scheme in limited sectors**, with 39% supporting continuation of the full scheme indefinitely. Support is higher among Labour supporters and young adults than among older people or Conservatives.
- **Almost two thirds think the Government should guarantee a job or training for people aged under 25.**
- **Similar numbers support a change in housing benefits to cover the whole of a person's mortgage or rent** to prevent evictions and repossessions.
- **Half would support a temporary increase in National Insurance** to provide increased benefits to sustain higher levels of income for those retraining
- **40% of people**, particularly older people and higher income groups, **would support increase in taxes** to decrease national debt.

The RSA concludes that the COVID-19 crisis has created the opportunity for a new social contract for Britain.

[Resolution Foundation: 1\) Safe Harbour? \(07/10/2020\) and 2\) Low Pay Britain 2020 \(23/09/2020\)](#)

In these two reports, **the Resolution Foundation sets out some of the welfare and pay decisions facing the Government and potential responses.** In Safe Harbour? Among the decisions set out are:

- Removing the **uplifted payment levels for Universal Credit (UC) and Working Tax Credit (WTC)**. This is due to end in April and would mean the poorest households would lose £1,000 of annual income, meaning over six million families would lose this amount.
- Retaining the **Benefit Cap** at current levels. This affects out of work families and single adults with the highest housing costs, most notably those in London. Those previously working are protected

from the Benefit Cap for nine months. In November, those who lost their jobs at the beginning of the pandemic will come into scope.

- Continue **suspension of the Minimum Income Floor**. This policy assumes that self-employed people earn a minimum income before UC will provide extra support. This was suspended. Continuing suspension or adapting to recognise ongoing economic uncertainty will provide support for some viable businesses.
- The report also addresses extending the **uplift in payments to legacy benefits**, the **differentials between income based and contributory benefits** and the **state pension triple-lock**.

The second report, Low Pay Britain 2020, considers **potential changes to the National Minimum Wage**. It outlines:

- Prediction of an increase of just 15p per hour rather than around 50p which would have been the expectation.
- The benefits that have accrued from having a rising National Living Wage.
- How the low paid have borne the brunt of the current economic crisis.
- The relative benefits and risks with raising the minimum wage.
- How the Government should stick to the target of ending low pay.

4 COVID-19 external policy recommendations

[City of London Corporation, London Recharged: Our Vision for London in 2025 \(20/10/2020\)](#)

This report by the City of London Corporation in partnership with Oliver Wyman and Arup starts from the consideration that COVID-19 presents an opportunity for London and the rest of the UK to proactively shape their futures. Specifically, the London of 2025 “must lean into the global trends shaping the city and embrace the momentum for change that the pandemic has created.”

The report sets out recommendations for leaders across local and central government, business and academia. These recommendations (many of which are not just for London, but for the UK as a whole) include the following:

- **Curate thriving innovation ecosystems in strategic sectors**
 - define innovation ecosystem agendas through an advisory working group and dedicated secretariat;
 - promote and create physical innovation spaces and promote the Financial Conduct Authority’s (FCA) regulatory and digital sandboxes, facilitating overseas businesses that want to test innovative products and services in London.
- **Enable businesses of all types and sizes to flourish and adapt**
 - create an SME outreach network, establishing a digital adoption fund and making it easier for SMEs to access growth finance;
 - pilot new ways of using London’s office stock including provision of affordable and ‘super-flexible’ space for SMEs;
 - enable green transformations by setting targets and providing support and incentives.
- **Open London’s opportunities to everyone.**
 - bring new talent into London’s workforce by expanding City of London Corporation-sponsored jobs fair students and exploring ways in which tech can help training programmes on priority subjects reach wider audiences,

- promote digital inclusion for SMEs and create sector-specific digital skills training, while also working with business and with the GLA to map digital inclusion across London;
- pursue actions to make London inclusive rather than just diverse (e.g. by developing a roadmap of diversity targets for key sectors, by providing dedicated access to funding for specific underrepresented groups and by mandating ethnicity pay gaps reporting for all London businesses).
- **Invest in the infrastructure of tomorrow to make London a truly modern city**
 - work with the GLA to deploy critical tech and explore applicability of emerging tech;
 - work with the GLA to promote voluntary data sharing in the City and beyond to generate insights that will improve the lives of Londoners;
 - set the standard for streamlined financial services and tech regulation;
 - innovate London's built infrastructure (e.g., a transport network reflecting new consumer and commuter behaviours, smart city technologies for green transformation).
- **Be an inclusive and outward looking city for all of the UK and the world**
 - ensure the UK's continued regulatory competitiveness, including through simple visa structures and immigration procedures for skilled workers;
 - streamline the UK's voice to the international business community;
 - learn from leaders across the UK, including through a quarterly roundtable between London representatives and Mayors from large UK cities, and by establishing a UK cities' overseas trade mission.

[Build and Recover An Economic Recovery Strategy for West London \(September 2020\)](#)

This recovery plan by the West London Alliance sets out the aspiration for economic recovery of West London Council leaders as well as a number of asks for central government.

With a pre-COVID-19 GVA of £74bn, the West London economy has been hit hard by the pandemic, for example:

- An extra 71,000 people claimed benefits in May 2020 compared to the same time last year – a 200% increase.
- More than 280,000 residents furloughed – more than a quarter of all those in the capital.
- Heathrow saw a 97% fall in passenger numbers; affecting not only those working at the airport, but also a huge range of related sectors and supply chains.

Against this background the plan “aims to ensure that the 350,000 people furloughed or newly claiming benefits can return to work quickly; that our businesses are equipped to weather the storm; and that council, government and private investment work together to drive a green recovery.”

The plan is structured around **seven themes: Growth Sectors; Aviation Communities; Skills and Employment; Entrepreneurs and Micro businesses; Green Recovery; Town Centres and Housing and Infrastructure.**

Each theme reflects **activities either underway or which are within boroughs' collective resources** and powers to deliver in support of recovery, ranging from, just to mention a few examples, deploying their £8m fund for improvements in digital connectivity, reassessing development opportunities around the Airport if the third runway does not go ahead, exploring new ways of making better use of vacant commercial spaces to nurture entrepreneurship and promoting take-up of the Green Homes Grant scheme across West London.

At the same time, the plan also sets out what more is required to address recovery at the necessary scale and pace. Urgent **asks that would require action by central government** include:

- The **creation of an Aviation Communities Fund**, bringing together capital and revenue support for those communities severely damaged by the decline in aviation.
- **Investment to scale up the West London skills escalator programme** (which targets low paid workers to help improve their productivity) to support newly unemployed people in getting back into work.
- **Greater flexibility over use of existing funding streams such as Apprenticeship Levy** and devolution of unspent Levy funds to West London.
- **Investment in infrastructure such as fibre/5G and the West London Orbital rail line** (potentially enabled by land value capture/tax increment financial options)
- **Support for micro-businesses and the self-employed**, who are at risk of ‘falling between the cracks’ of existing support.

[Steer \(for the Urban Transport Group\) – The COVID-19 Funding Gap: The Case for Continuing Support for Urban Public Transport \(September 2020\)](#)

Warn that **local public transport services are at risk without continued COVID-19 financial support**. Consideration needs to be given to how such support will be provided between now and March 2022.

They consider a ‘Best Case’ and ‘Worst Case’ scenario for how long social distancing measures last, and how strongly local public transport demand recovers. In either scenario, **if Government support is curtailed, there would be a reduction in bus services and increased fares, a reduction in light rail/tram revenues, and a limit on the ability of local transport authorities to procure socially necessary services**. Experience shows that once public transport demand is lost, it can be challenging to recover.

Workers in the sectors most affected by COVID-19 (e.g. food, hospitality and retail) have a high propensity to use local public transport, as well as customers of these sectors. **Maintaining local public transport supply is therefore integral to the post-pandemic recovery**.

The report puts forward three broad options for future funding for bus service (maintaining the existing Coronavirus Bus Services Support Grant (CBSSG), evolving CBSSG or reforming CBSSG). Three broad options are also provided for tram/light rail, but because each system has unique contractual arrangements, they have not developed the options beyond generic principles.

[Institute for Government – Support for business during the Coronavirus crisis: An international comparison \(06/10/2020\)](#)

This report looks at the support offered to businesses during the COVID-19 crisis in Canada, France, Germany, Ireland, Japan, New Zealand, Norway, Singapore and Sweden. These countries have used a similar set of tools as the UK – deferring and cancelling some business taxes; offering grants to struggling firms; and guaranteeing or directly providing loans to ease cashflow problems – but the precise design and delivery of the policies have varied across countries. Findings and recommendations include the following:

- **The extent of support provided to businesses at a subnational level has been particularly high in Germany, Japan, France and Canada**, the largest economies included here and – in the case of Germany and Canada – the only federations.

- **There has been considerable variation in utilisation**, particularly among government supported loan schemes, which have distributed between 5% of GDP (France) and 0.05% of GDP (Sweden) in funding to businesses. This variation is partly attributable to the generosity and design of the schemes.
- As recommended by the OECD, **governments that take equity stakes in companies should do so transparently, with clear guidelines published on the criteria for government intervention. It also recommends that stakes should be taken in such a way that best preserves state capital**, even at the cost of current shareholders.
- While government intervention has helped avoid widespread vacancies, **there are some signs that policy in some countries may be hampering the normal process of 'creative destruction' in the economy**. Bankruptcy rates have, for example, dropped well below 2019 levels in Canada, Germany and Norway.
- To make most efficient use of taxpayer money, **any new schemes that countries adopt should focus on the issues companies face at this stage of the crisis, rather than trying to compensate those who were hardest hit in the spring**.
- A longer drawn out recession, which would turn a crisis of liquidity into a crisis of solvency, may demand **more imaginative use of equity and grants rather than loans**, but these should be accompanied by a tougher attitude towards the economic prospects of the businesses being helped.
- Once firms have greater certainty about what the future holds, **governments should consider schemes to encourage restructuring and adaptation in business**.

[Institute of Economic Affairs – The Chancellor's post-pandemic choices \(05/10/2020\)](#)

This paper examines the UK's historical record and identifies the best-performing periods in the past 40 years (i.e. 1979-2019) to be used as a reference in the current economic crisis.

The UK, and HM Treasury in particular, is currently facing two major and very difficult-to-resolve issues: 1) highly-stressed public sector finances and 2) lack of labour productivity growth (extending now for 12 years), leading to stagnant real wages and living standards.

When a cut in the proportion of public spending as a share of GDP is needed without real cuts in expenditure, this can only be achieved by stronger real GDP and productivity growth in the economy as a whole. The author therefore recommends:

- **A return to the lighter regulation of the employment market**. This would allow employers to more accurately match skills with tasks and allow small firms to grow faster without the worry of the obligations that employing staff currently brings.
- **Liberalising land-use planning laws, in order to facilitate housing development**. US evidence which the author thinks could be translated to the UK shows that this can increase GDP by about 10 per cent (Hsieh and Moretti 2015), mainly by enabling more people to relocate from low-productivity to high-productivity cities and regions.
- **A major tax simplification, and a shift in the burden of taxation from more distortionary to less distortionary taxes**.
- **Pursue new policy avenues that were opened up by Brexit** and that were not available to UK governments of the 1990s and 2000s, especially in the areas of trade and regulation.

[What Works Centre for Local Economic Growth - COVID-19: Local responses to youth unemployment and scarring \(September 2020\)](#)

The COVID-19 crisis has affected young people particularly severely. **This paper draws on a rapid review of the evaluation evidence to identify what has worked in the past in terms of local responses to youth unemployment and scarring and any lessons this holds for current local policy.**

In terms of **supporting young people at transition points**, evidence shows that providing information about post-secondary education programme benefits and assistance with applications are effective in increasing take-up. However, disadvantaged groups may be less able to take up education and training options during recessions. This is likely to reflect increased likelihood of parental unemployment and lower household income, so financial support can be effective in increasing the likelihood of attendance.

Recommendations for local areas are therefore to:

- consider how to support young people to make informed decisions about their next steps, communicating the importance being actively engaged in some form of education, training or employment.
- support young people who drop out from post-16 formal education to find alternative education, training or employment quickly.
- consider what additional support they can offer to more disadvantaged young people to increase take-up of available education and training opportunities, including financial support.
- ensure effective co-operation and co-ordination of services for young people at transition points, using existing structures such as Skills Advisory Panels (SAPs) where possible.

In terms of **supporting young people who have become unemployed as a result of COVID-19**, the evidence suggests that active labour market policies can improve the labour market outcomes of young people and that are successful during recessions. Subsidised employment appears to be the most successful approach, while evidence on volunteering as a route into work is weaker by comparison. Recommendations for local areas are to:

- Consider how to increase take-up of the Kickstart Scheme, apprenticeships and other government programmes by employers, e.g. through promotional campaigns and support with recruitment or administration.
- Consider playing the role of representative organisations for applications to the Kickstart Scheme, bringing together multiple small employers to reach the threshold of 30 job placement.
- Consider how employability services that are already in place (including national, local and EU-funded programmes) could be used to support young people to be Kickstart- and apprenticeship-ready.
- Consider how they could help local employers to deliver personalised support, training and/or job search activities to the young people they recruit through the Kickstart scheme, potentially also providing wrap-around support, e.g. through devolved Adult Education Budgets.
- Consider how they could support more disadvantaged young people to participate in the Kickstart Scheme, apprenticeships and other national and local programmes.
- Consider when they should intervene– i.e. if they should be working with young people at risk of unemployment or if support will only be offered after the young person becomes unemployed or has been for a while. Early interventions can be more effective but will also typically have higher deadweight.
- Consider if it is possible to use activities that are delivering other COVID-19 policy goals (e.g. lowering carbon emissions) to create additional employment or training opportunities for young people.

- Consider what medium- to long-term approaches, e.g. education, re-training and upskilling and support for entrepreneurship, would be beneficial to have in place. Local SAPs could lead on this forward planning.