



# Socio-economic impact of Covid-19

City Intelligence Unit, GLA  
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# Introduction

- This briefing presents evidence on the socio-economic impact of Covid-19 on London and Londoners
- It presents a number of findings on Londoners' financial position, their well-being, and data on health services and education
- Topics included in the briefing focus on recent data releases published in the that tell us how social policy issues are evolving in London since the start of the Covid-19 pandemic
- If you would like to know more about any of the findings or datasets featured, or would like to suggest a topic for inclusion in a future briefing, please email [SocialEvidence@London.gov.uk](mailto:SocialEvidence@London.gov.uk)

# Household Finances

The Covid-19 pandemic has had a huge impact on household earnings, outgoings and incomes.

Two separate studies, one from the [Institute for Fiscal Studies](#) and one from the [Resolution Foundation](#), looked at the effects of the pandemic on household finances across the whole of the UK using very different sources of data:

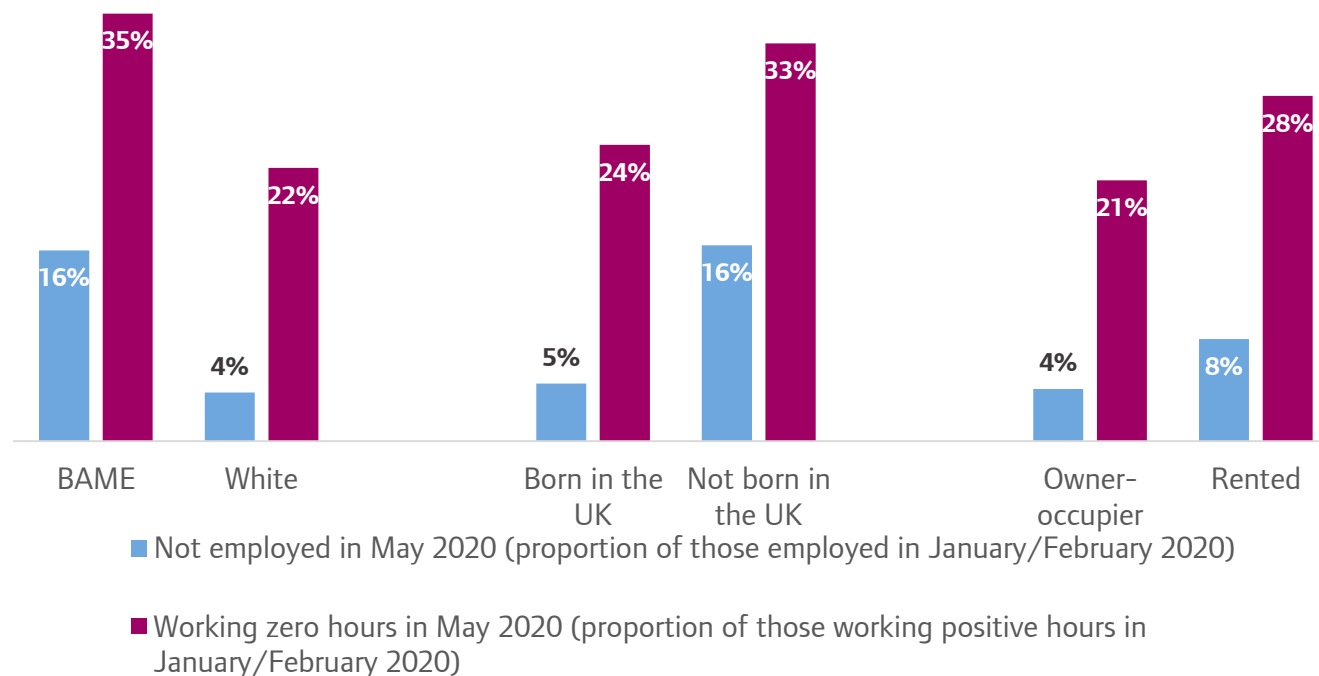
- **Earnings have dropped by as much as 15 per cent for the fifth of households with the lowest income**, but welfare boosts mean that overall incomes for this group have not fallen further behind the middle.
- **Typical non-pensioner household income has fallen by 4.5 per cent**
- **Debt levels, including arrears on household bills, have increased**, with mortgage arrears, including from mortgage holidays, across the income distribution, while lower income households are more likely to have debts from rent, council tax and utility bills
- **The coming months are expected to see a return to full-paid work for some**, alongside raised unemployment and an end to the Job Retention Scheme meaning **lower incomes for some households**, particularly those with workers in the hardest hit sectors of the economy, many of whom are already on low earnings

This section includes evidence on Londoners' changes in employment, working hours and earnings, as well as debt issues, Universal Credit and the benefit cap, food security and the overall financial situation of households

# Change in employment and working hours

- **Of those 16+ Londoners employed in January/February 2020, around 8 per cent were no longer employed in May**
- BAME Londoners and those not born in the UK in January/February 2020 were more likely to move from employment in Jan/Feb to not employed in May
- **But many more employees have seen their hours of work fall to zero, primarily because of furlough. Of those reporting positive hours in January/February 2020, around 26 per cent were working zero hours in May**
- Again, BAME Londoners and those not born in the UK were more likely to see their hours of work fall to zero
- More information on London's labour market can be found on the [GLA Economics labour market analysis](#) page

Change in employment and hours (16+ Londoners employed in Jan/Feb 2020)



Base: Not employed BAME: 416; White: 551; Born in the UK: 645; Not born in the UK: 325; Owner-occupier: 695; Rented: 248 Working zero hours BAME: 410; White: 551; Born in the UK: 644; Not born in the UK: 320; Owner-occupier: 692; Rented: 247

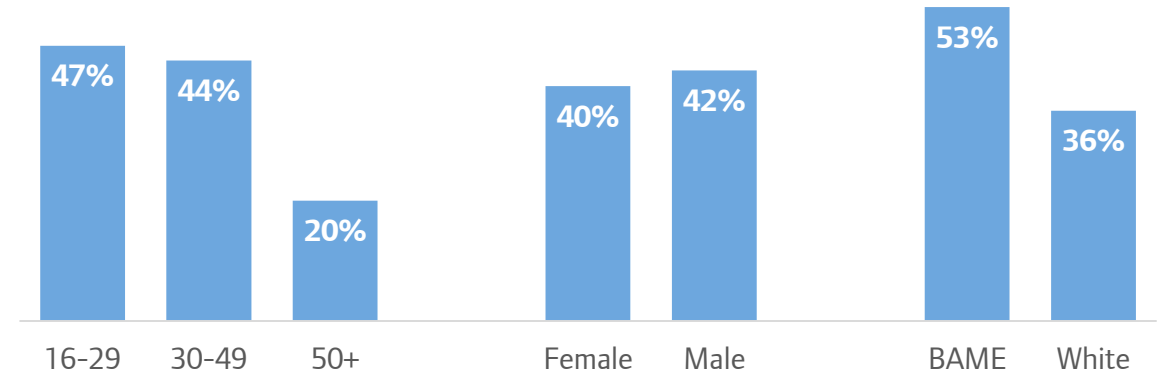
Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

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# Household earnings

- **Forty-one per cent of 16+ Londoners report that they have had to take action as a result of their household earning less in May 2020 than they did in January/February 2020**
- The most common actions taken include **reducing spending** (35 per cent) and **using savings** (12 per cent)
- Younger and BAME Londoners were more likely to report a fall in household earnings than older and White Londoners

Proportion who have taken action as a result of lower household earnings since Jan/Feb 2020 (16+ Londoners, May 2020)



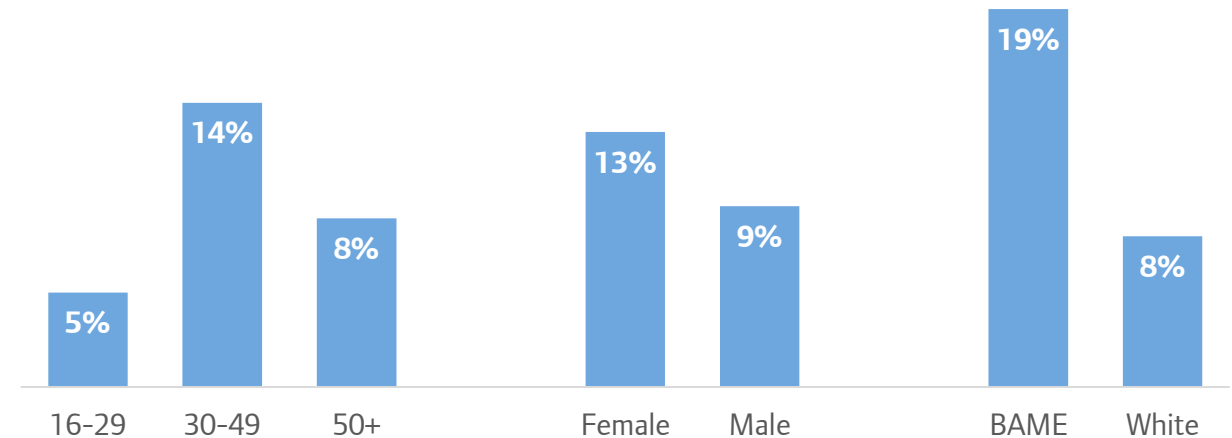
Base: May-20 16-29: 325; 30-49: 520; 50+: 305; Male: 631; Female: 693; BAME: 411; White: 909

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Debt and consumer credit

- **Eight per cent of 16+ Londoners were not up to date with their rent or mortgage in May 2020**
- **Eleven per cent of 16+ Londoners were behind with some or all of their other household bills in May 2020** (compared to around 7 per cent in 2017-19)
- Ten per cent of 16+ Londoners living in rented accommodation had a rent holiday during May 2020
- Ten per cent of 16+ Londoners with a mortgage applied for a mortgage holiday since the onset of the Covid-19 pandemic
- Five per cent of 16+ Londoners had applied for a credit holiday on consumer credit between March and May 2020

Proportion behind with some/all household bills (16+ Londoners, May 2020)

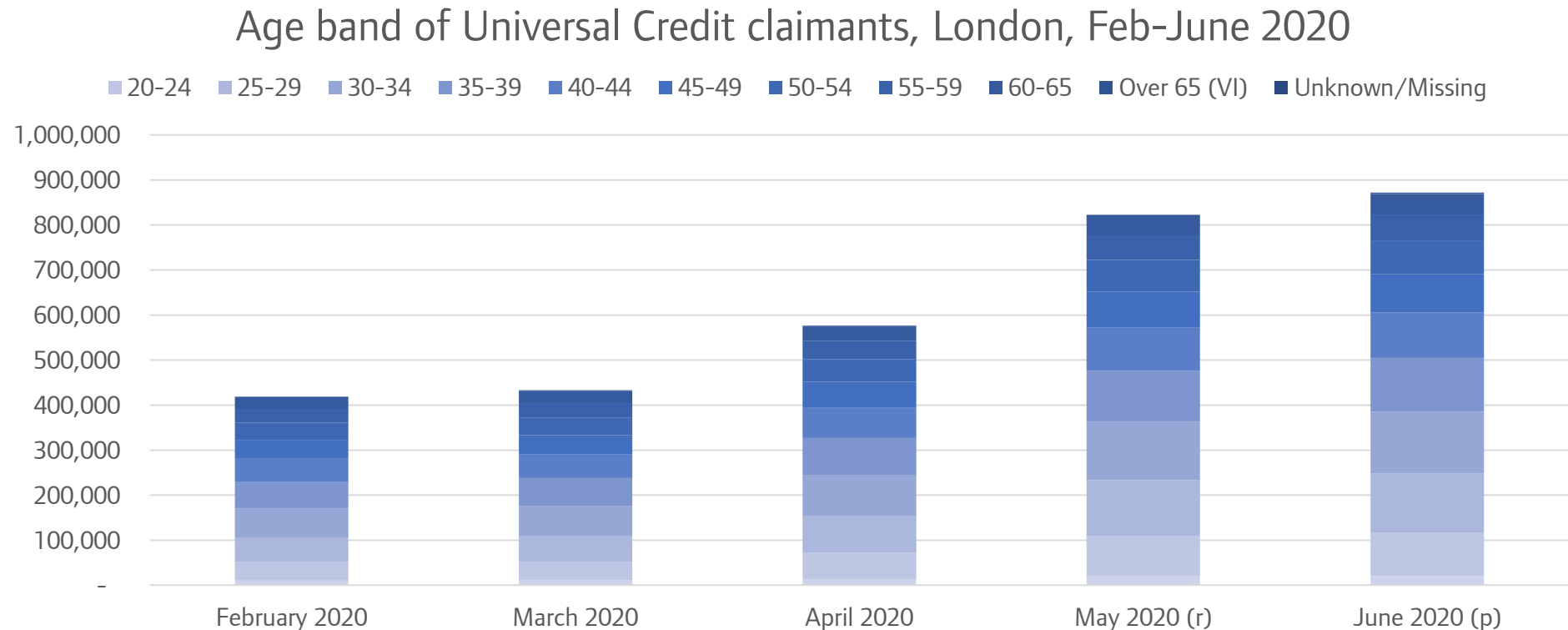


Base: May-20 16-29: 325; 30-49: 520; 50+: 305; Male: 624; Female: 692; BAME: 403; White: 909

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Universal Credit

- Overall, UC claims in London have more than doubled since March
- Universal Credit claims have increased most in younger age groups





# Universal Credit

- Numbers of claims have increased more for men than women, but are still higher for women
- Claims more than doubled for men both in employment and not in employment from March-May
- More than two thirds of the increase in claims from March-May was among people not in employment

Universal Credit claimants by conditionality regime, London , March-June 2020



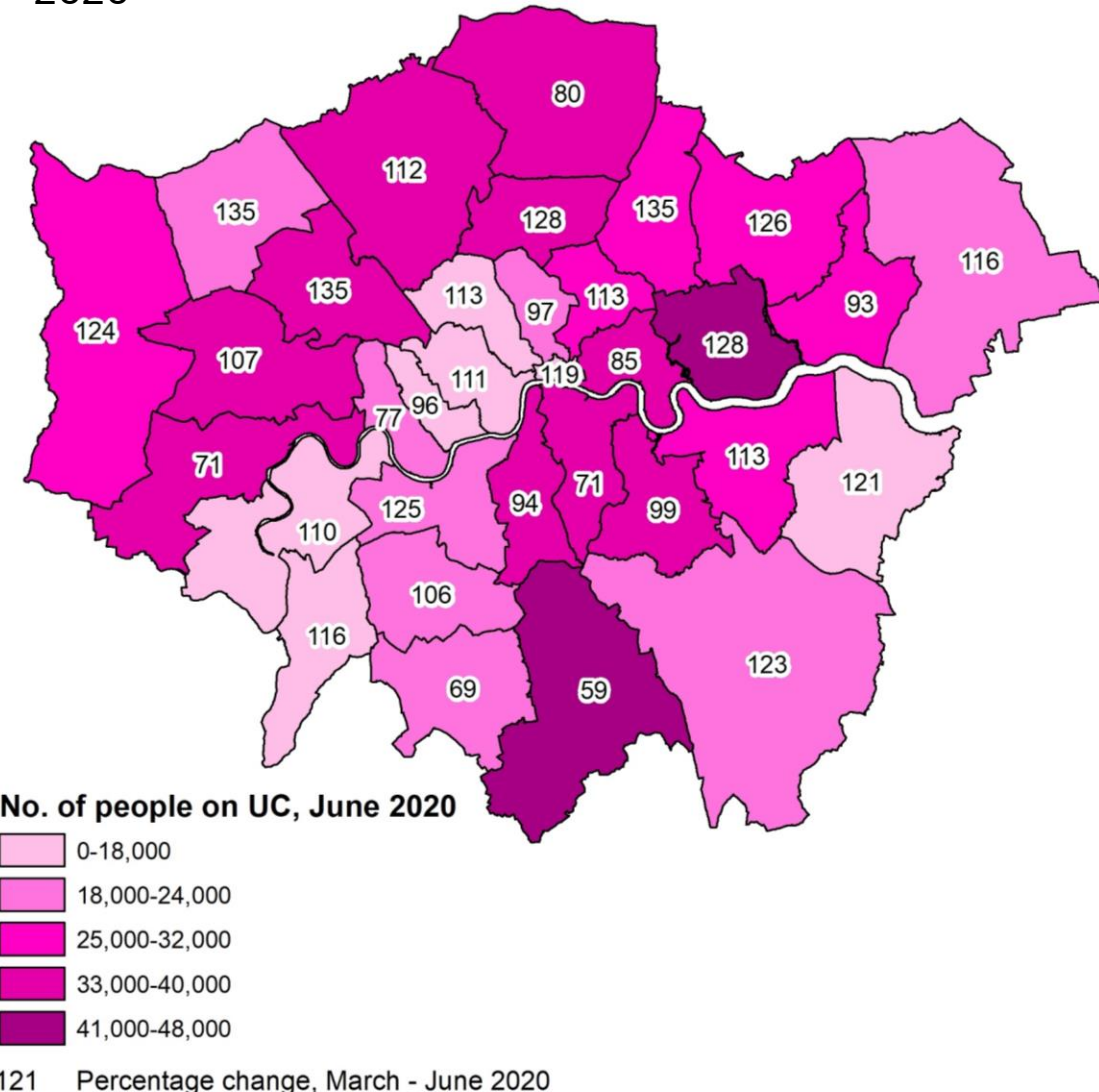
See Annex for details of Conditionality regime

Source: People on Universal Credit, DWP from Stat-Xplore 24/7/2020, data for May has been revised from the original release, data for June is still provisional,. Employment status is not available for June, A small number of claimants with unknown or missing gender information are not shown

# Universal Credit

- There were 871,456 people claiming Universal Credit (UC) in London in June 2020
- This represents **an increase of 101 percent in the number of people claiming UC in London between March and June 2020**
- The labels on the map on the right show the percentage increase in numbers of people claiming UC between March and June 2020, the colours indicate the number of people claiming UC in June 2020
- The highest increase seen in a London borough was in Harrow and Waltham Forest (135 per cent increase in each)
- The highest numbers of claimants are in Croydon and in Newham

Number of people on Universal Credit, June 2020 and percentage change since March 2020



# Benefit Cap

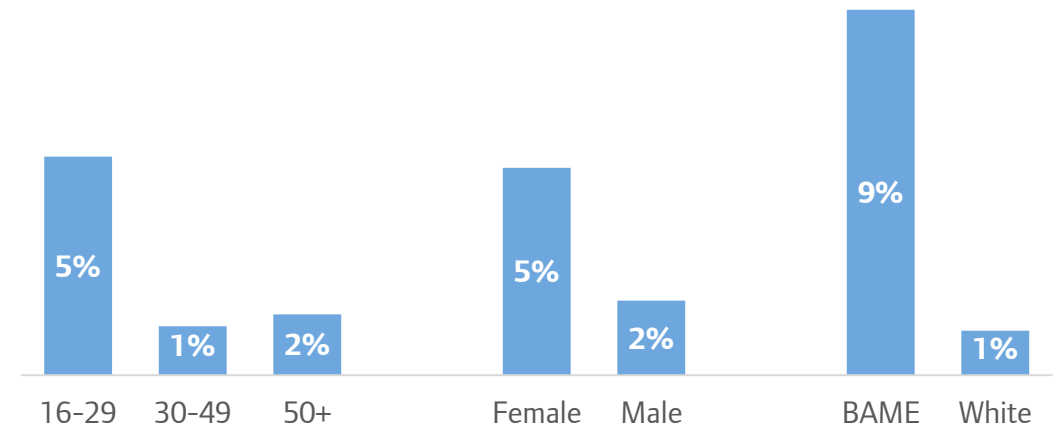
The standard amount of Universal Credit payable has increased by £1,000 per year from April 2020 to until March 2021 and Local Housing Allowances have also been raised. However, the Benefit Cap has stayed in place, at £23,000 for a family in London, or £15,410 for single person. Amounts payable under the legacy benefits have not been increased. [Policy in Practice analysis](#) has found that:

- 22,300 claimants were already subject to the benefit cap, so will not see any of the increase in Universal Credit amounts or the Local Housing Allowances
- A further 22,000 existing claimants did not receive the full increase due to the benefit cap.
- The number of households being capped after April 2020 increases more than doubled in outer London and increased by around 80 per cent in inner London.
- 10,500 additional children across London in families in receipt of Housing Benefit became affected by the benefit cap as a result of the April 2020 benefit changes (a 46% increase).
- Furloughed employees are not subject to the benefit cap, but up to 63,700 could have their benefit capped if they become unemployed
- Between 2,000 and 9,000 households on legacy benefits whose earnings fall due unemployment may become subject to the benefit cap in 2021.
- The benefit cap has limited the effectiveness of the benefit increases that formed part of the Covid-19 response.

# Access to food

- **In May 2020, 4 per cent of 16+ Londoners reported using a food bank in the last 4 weeks, compared to 1 per cent in April 2020**
- In April 2020, 5 per cent of 16+ Londoners reported not being able to eat healthy and nutritious food in the last week
- In April 2020, 5 per cent of 16+ Londoners reported that they or others in their household were hungry but did not eat in the last week
- In April 2020, 7 per cent of those 16+ Londoners who do not live alone reported that there were no days where they ate a meal together with others they live with in the last week

Proportion who have used a food bank in the last four weeks (16+ Londoners, May 2020)



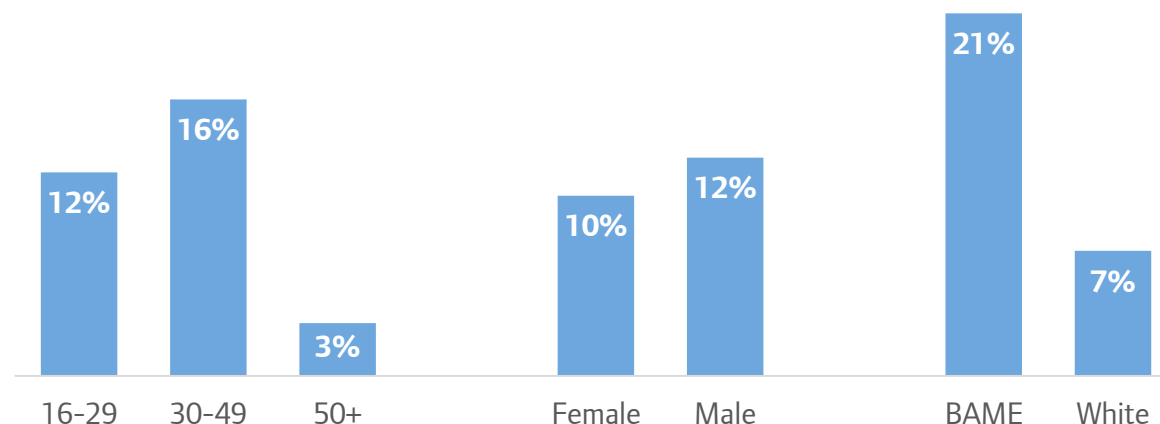
Base: May-20 16-29: 325; 30-49: 520; 50+: 305; Male: 624; Female: 692; BAME: 403; White: 909

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Financial situation

- **In May 2020, 11 per cent of 16+ Londoners reported that they were finding it 'quite' or 'very' difficult financially**
- BAME Londoners were three times as likely to be finding it 'quite' or 'very' difficult financially in May 2020. Older (50+) Londoners were substantially less likely to report financial difficulties (3 per cent) than 30-49-year-old Londoners (16 per cent) and younger (16-29) Londoners (12 per cent)
- In May 2020, 16 per cent of 16+ Londoners reported that they think they will be doing worse financially in a month's time

Proportion finding it very/quite difficult financially (16+ Londoners, May 2020)



Base: May-20 16-29: 325; 30-49: 520; 50+: 306; Male: 632; Female: 695; BAME: 413; White: 909

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Well-being

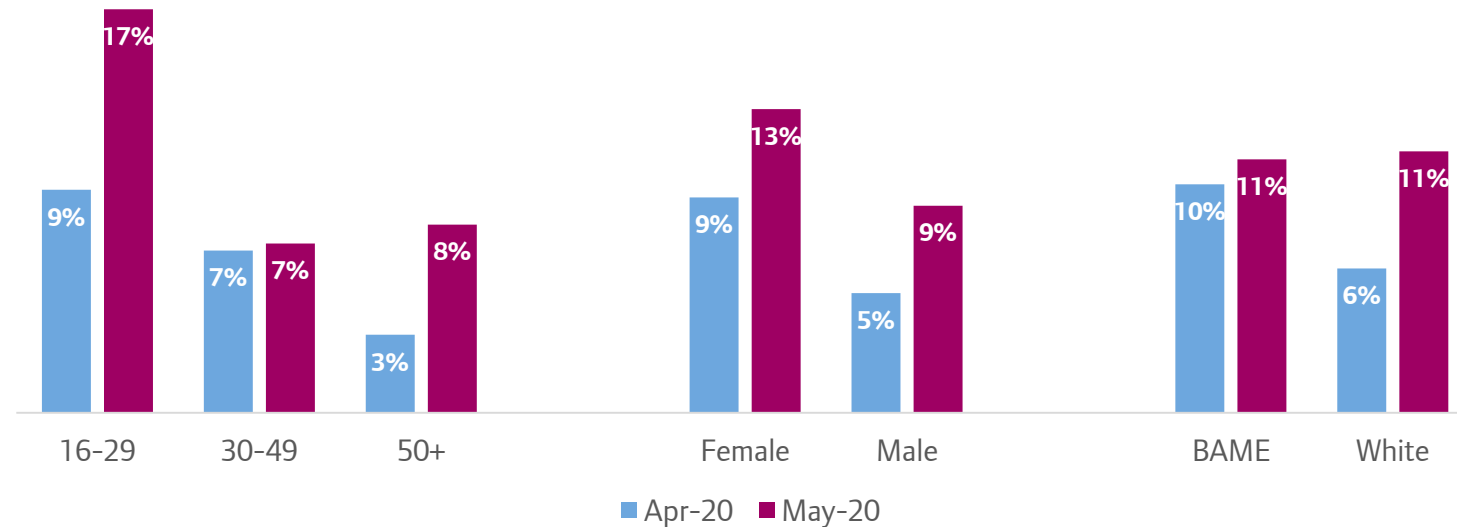
**The Covid-19 pandemic has affected the well-being of individuals in the UK:**

- **One study has found that 54 per cent of respondents had lower well-being in April 2020 compared to 2017-19**, and that women were more likely to experience a fall in well-being than men ([Etheridge and Spantig 2020](#))
- The same study found that **other factors such as financial difficulties, feelings of loneliness and age also affected well-being**, with those experiencing financial difficulties or loneliness and younger individuals more likely to report a fall in well-being
- The Office for National Statistics has been tracking [a variety of measures of well-being](#) regularly since 27<sup>th</sup> March i.e. after the start of the pandemic and associated interventions. They have found fairly stable levels of life satisfaction, feeling worthwhile and happiness over the period to early June. Feelings of anxiety started high but fell quickly before stabilising in mid-April. [More recent data](#) collected in mid-July suggests this pattern has continued, indicating that the gradual easing of lockdown has not yet improved individual well-being.
- This section looks at loneliness among Londoners during the pandemic, and at a broader measure of well-being

# Loneliness

- In May 2020, 11 per cent of 16+ Londoners reported that they felt lonely 'often' in the last 4 weeks. A further 33 per cent reported feeling lonely 'some of the time' in the last 4 weeks
- This is a slight increase in the prevalence of loneliness compared to April 2020, when 7 per cent of 16+ Londoners reported feeling lonely 'often', and 29 per cent 'some of the time'
- In particular, **between April and May there was been a noticeable increase in the prevalence of loneliness among younger (16-29), older (50+), White and female 16+ Londoners**

Proportion of Londoners feeling lonely 'often' in the last 4 weeks



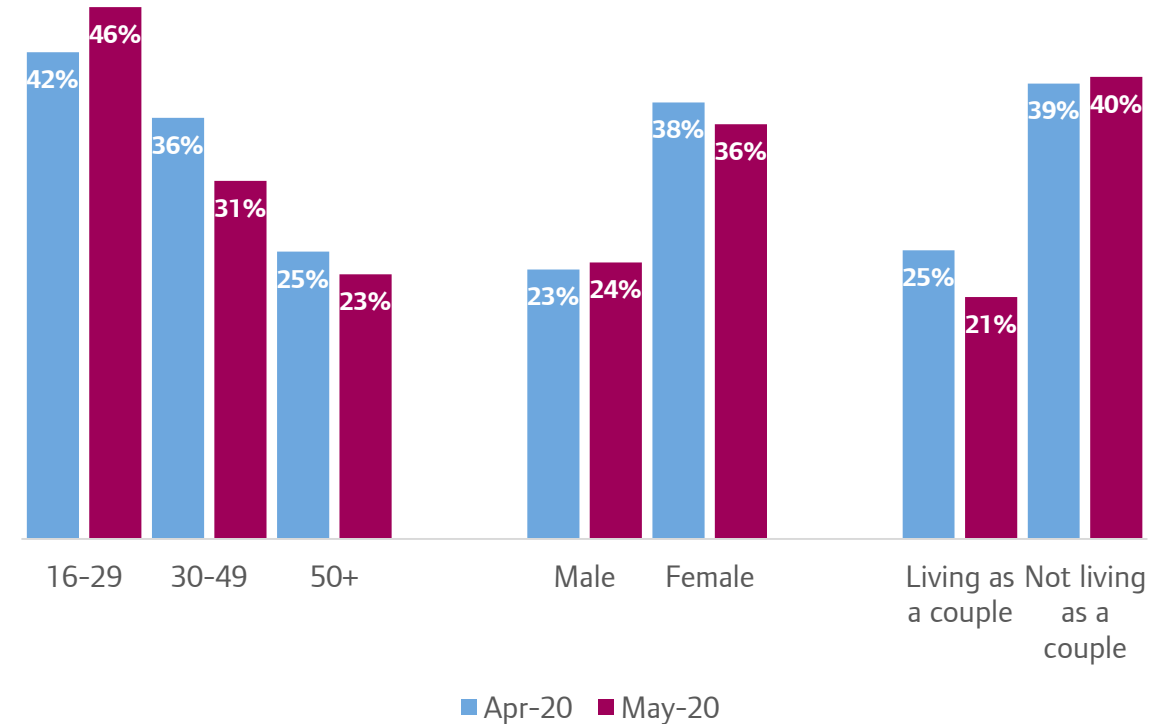
Base: Apr-20 16-29: 375; 30-49: 733; 50+: 393; Male: 721; Female: 1,026; BAME: 737; White: 947. May-20 16-29: 335; 30-49: 525; 50+: 307; Male: 638; Female: 709; BAME: 430; White: 912.

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Well-being

- The General Health Questionnaire (GHQ-12) helps to identify minor psychiatric disorders in the general population.
- **In May 2020, around three in ten (30 per cent) 16+ Londoners reported a GHQ-12 score of 4 or more, indicative of poorer mental health.** The pre-pandemic estimate from this survey in 2017-19 was 19 per cent, so has increased.
- **Younger Londoners were more likely to report a high GHQ-12 score, indicative of poorer mental health:** 46 per cent of Londoners aged 16-29 in May 2020, compared to 31 per cent of Londoners aged 30-49 and 23 per cent of Londoners aged 50+.
- **Female Londoners were more likely than male Londoners to report a GHQ-12 score of 4 or more** in May 2020 (36 per cent of females, 24 per cent of males).
- **Londoners not living as a couple were around twice as likely as those living as a couple to report a high GHQ-12 score** in May 2020 (40 per cent and 21 per cent respectively).

Proportion with a high GHQ-12 score, 16+ Londoners



Base: Apr-20 16-29: 249; 30-49: 547; 50+: 767; Male: 645; Female: 918; Living as a couple: 975; Not living as a couple: 588. May-20 16-29: 195; 30-49: 481; 50+: 743; Male: 597; Female: 822; Living as a couple: 875; Not living as a couple: 544.

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

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Note: The General Health Questionnaire focuses on two major areas: the inability to carry out normal functions; and the appearance of new and distressing phenomena, with each of the 12 items rated on a four-point response scale. A coding method was used whereby the maximum score for any respondent is 12, with higher values indicating poorer mental health. A threshold of 4 or more was set as the difference between 'no or few mental health problems' and 'poorer mental health'.



# Health

The Covid-19 crisis is primarily a health crisis. London's pattern of Covid-19 cases and cumulative excess mortality are set out in detail on the London Datastore pages on [cases](#) and [deaths](#).

But the pandemic is also having a much wider impact on Londoners' access to healthcare services. [The Health Foundation](#) have suggested that these indirect impacts will be felt in four areas:

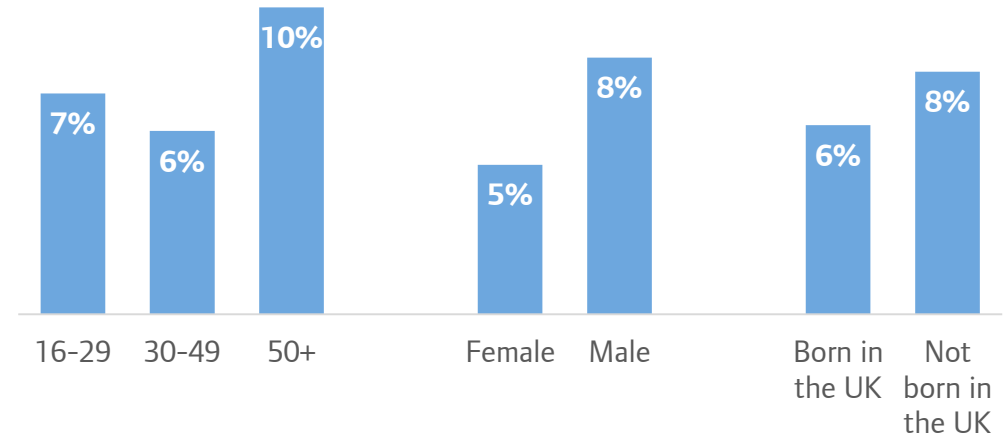
- **Impact on acute care:** people with acute care needs will be affected by postponed treatments, redeployed staff and drops in usage of Accident and Emergency services
- **Non-acute and general practice care:** people with chronic conditions or requiring less urgent care may also experience interruption
- **NHS and social care capacity and resilience:** there is likely to be a longer-term impact on the capacity and resilience of the health and social care system, especially through the impact on the workforce
- **The lockdown and social distancing:** government intervention has restricted movement in order to limit the transmission of Covid-19, but will have an effect over the short, medium and long-term on wider health inequalities, including well-being, employment and educational inequalities covered elsewhere in this briefing

This section focuses on the first two of these wider impacts

# Shielding population

- **Six per cent of 16+ Londoners have received communications from the NHS or Chief Medical Officer identifying them as high-risk**
- Older Londoners are more likely to be shielded: 10 per cent of 50+ Londoners report being shielded
- Men are more likely to be shielded: 8 per cent versus 5 per cent of women
- Those whose country of birth is not the UK are slightly more likely to be shielded than those born in the UK (8 versus 6 per cent)
- Note that some groups facing particular health inequalities, such as homeless people, are not included in these figures, which are based on a survey of private households

Proportion of 16+ Londoners who are shielded



Base: May-20 16-29: 300; 30-49: 653; 50+: 375; Male: 622; Female: 864; Born in UK: 965; Not born in UK: 487

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Impact on healthcare service usage

- **Some services were less disrupted, partly because they shifted online:** of those 16+ Londoners who needed prescription medication in April/May, 96 per cent were still able to obtain them. Seventy-eight per cent of those who needed a pharmacist, and 75 per cent of those who needed GP services, were still able to access these services either over the phone, online or in person
- **Hospital services were more disrupted:** 52 per cent of those who needed outpatient services did not access them, 43 per cent because the NHS postponed or cancelled, and 9 per cent because the individual themselves postponed or cancelled. 60 per cent of those who needed inpatient services did not access them, 49 per cent because the NHS postponed or cancelled, and 11 per cent because the individual postponed or cancelled

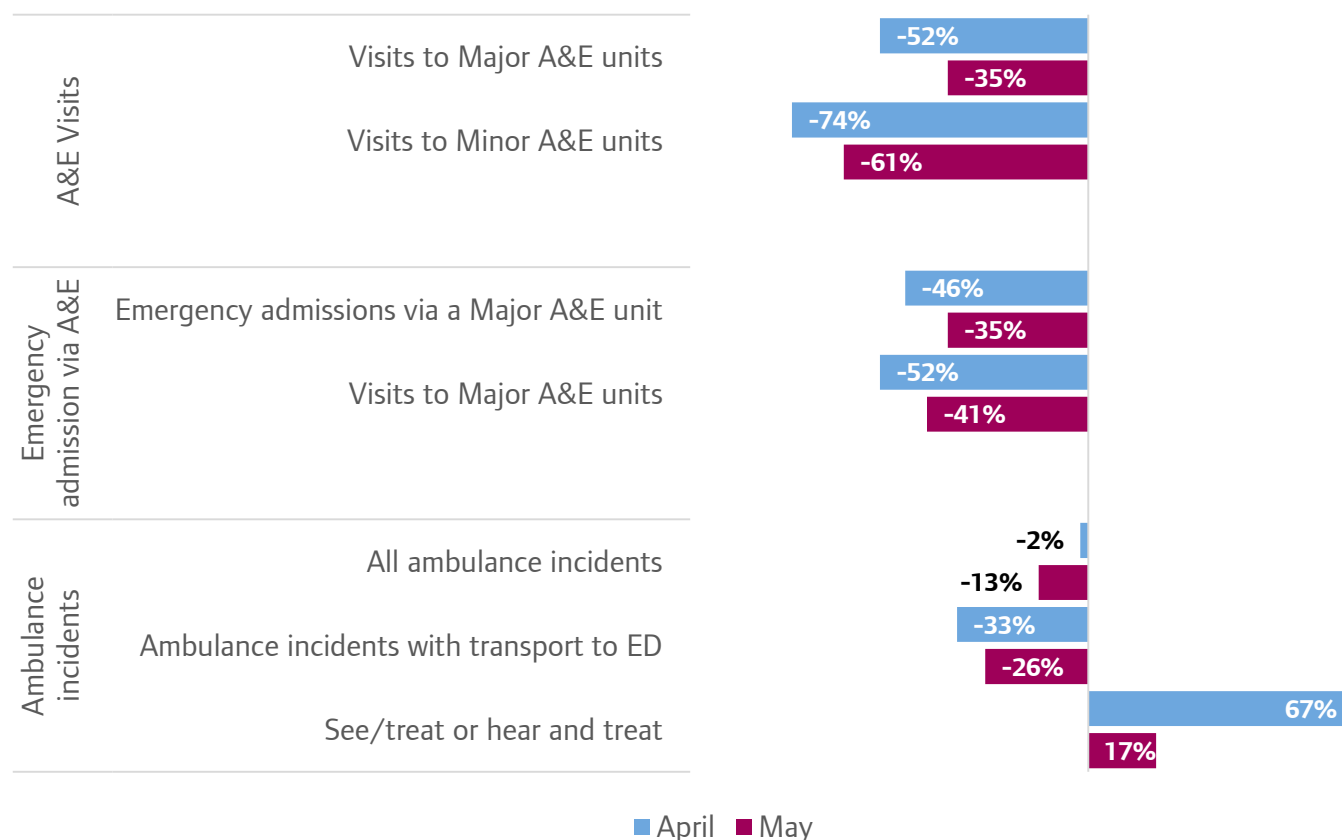
Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020

Base sizes: Prescriptions – 1210, Pharmacists – 418, GP – 871, Outpatient – 612, Inpatient – 222

# Emergency care

- **London, similar to other regions in England, experienced reductions in visits to A&E departments, emergency admissions to A&E and patients transported to A&E via ambulance**
- **Compared to May 2019 London had the greatest regional fall in visits to major A&E units** (-35 per cent), despite London no longer having the highest Covid-19 infection rates in May
- In April there was a large increase in the number of ambulance incidents where the patient was treated at the scene or over the phone (see/treat or hear and treat) rather than transported

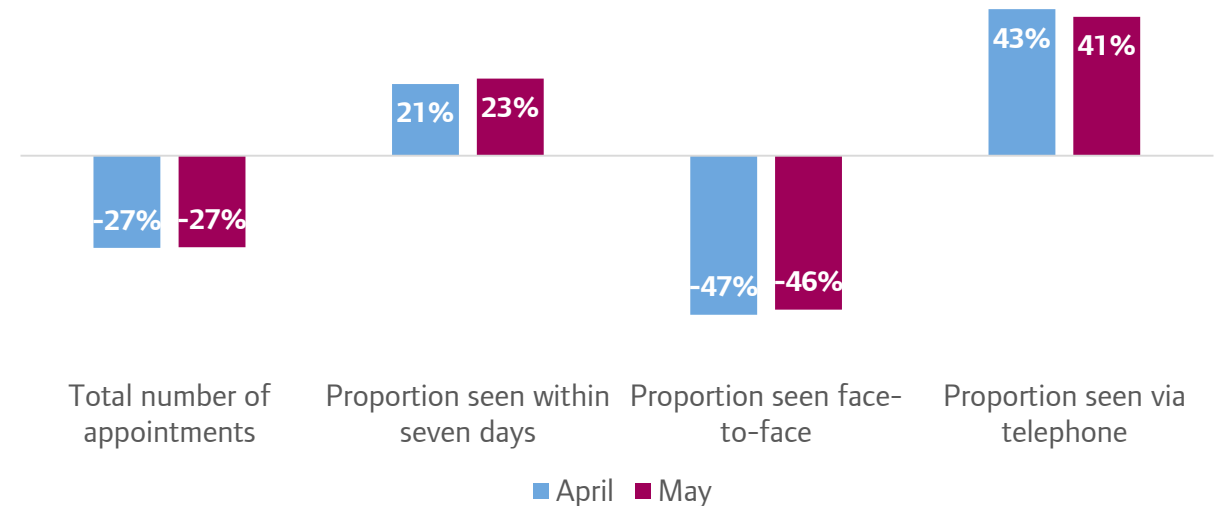
Indicators of emergency care in London, 2020 months relative to the same months in 2019



# GP services

- **In London and elsewhere, there has been a shift from face-to-face towards telephone GP appointments:** in March-May 2019, 84 per cent of London GP appointments were face-to-face. In March 2020 this fell to 60 per cent, to 38 per cent in April 2020 and 38 per cent in May 2020. Telephone appointments were 15 per cent in May 2019 but 56 per cent in May 2020
- **The total number of London GP appointments has fallen,** however. From over 3m in March-May 2019 and in March 2020, to 2.2m in April 2020 and 2.3m in May 2020
- **There has also been a fall in waiting times for GP services:** in April and May 2019, 29 per cent of appointments were more than 7 days from booking, this fell to 7 per cent in April 2020 and 6 per cent in May 2020

Indicators of GP services, 2020 months relative to same month in 2019



Note: Change in appointments presented as a percentage change, change in other indicators presented as a percentage point change

# Education under lockdown

There has been widespread concern that, with children spending less time in school and more time learning at home, **the educational attainment gap – the difference in educational attainment between those from disadvantaged backgrounds and their peers – will grow**. UK-wide studies have found:

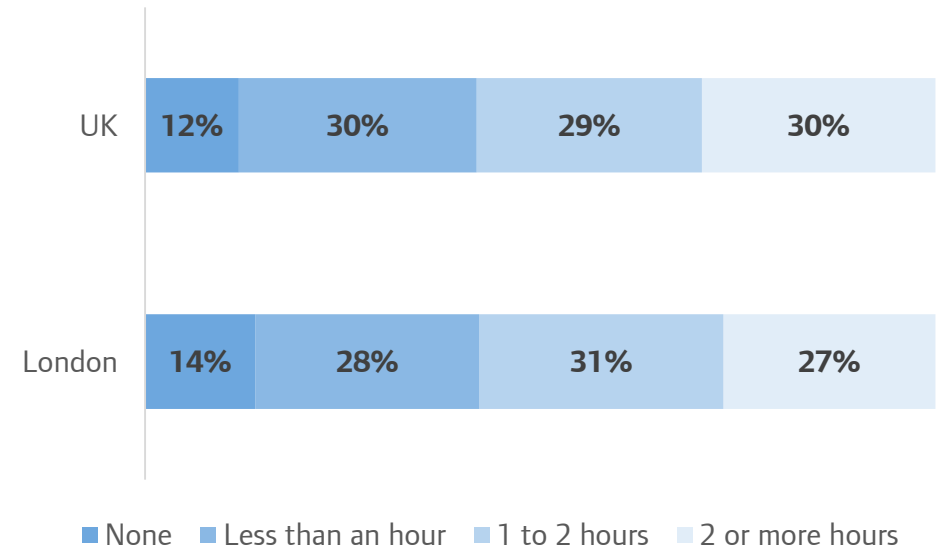
- **Existing evidence on the impact of school closures on attainment gaps suggest that the gap may widen by 36 per cent by September 2020**, reversing all progress made in closing the gap since 2011 ([Education Endowment Foundation 2020](#))
- School **children living in higher-income and middle-class households are spending significantly more time learning during lockdown** than those living in lower-income, working-class households ([Institute for Fiscal Studies 2020](#))
- These issues are **partly driven by inadequate IT access**, with a survey of teachers estimating that 27 per cent of all pupils in the UK not having sufficient IT, rising to 39 per cent of pupils in the most deprived schools ([National Foundation for Educational Research 2020](#))

This section presents some initial evidence on home schooling and digital access among children, as well as findings from a survey of London students.

# Home schooling – parental help

- **In London in April, among those parents with a child learning at home, 86 per cent reported that they and other family members helped their children with schoolwork on an average day**, similar to the UK-wide figure of 88 per cent
- **Forty-two per cent of these parents reported helping their child for less than one hour**, with the remaining 58 per cent helping their child for an hour or more
- There were some differences by gender in these figures: male parents were more likely to say that no time was taken helping with schoolwork by family members (26 versus 11 per cent), but those that did help were more likely than women to say the help lasted more than an hour (63 per cent of male parents versus 56 per cent of female parents)

**Time spent by family members helping children with schoolwork on an average day, April 2020 (proportion of parents)**



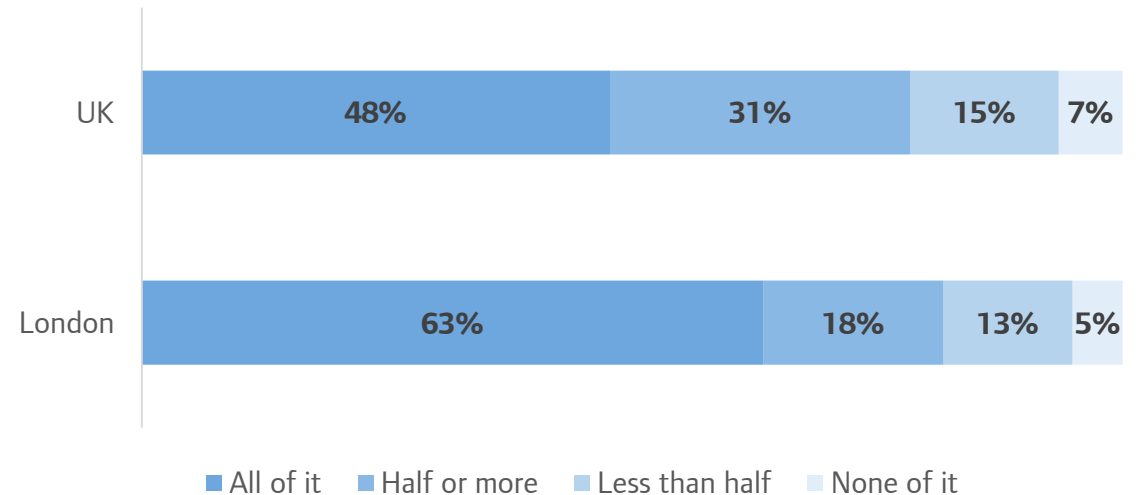
Base: UK: 4251; London: 465

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.

# Home schooling – digital access

- In April, across the UK, 48 per cent of parents whose children were learning at home reported that their child needed a computer, tablet or laptop for all of their schoolwork
- **In London, children were more likely to have to rely on a computer, tablet or laptop for all their schoolwork**, with 63 per cent of parents reporting access to IT was essential
- This indicates that **any negative impacts of digital exclusion could be more strongly felt in London**

Parents, for how much of the schoolwork does your child need a computer, tablet or laptop?



Base: UK: 4218; London: 502

Source: University of Essex, Institute for Social and Economic Research. (2020). Understanding Society: COVID-19 Study, 2020.



# Impact on students

- The National Union of Students (NUS) conducted a survey of students in the early lockdown period (27<sup>th</sup> March – 6<sup>th</sup> April). The survey sample included 992 responses from London, recruited via the NUS' own channels. Key findings from the London sample include:
  - **The majority of students say that Covid-19 has had a negative impact on their friends and social life** with (44 per cent) reporting a 'somewhat negative impact' and (45 per cent) a 'very negative impact'.
  - On the whole students agree that their **institution has provided up to date news/developments (75 per cent), helpful support (58 per cent) and practical advice on what action to take (60 per cent)**.
  - **Four in five students are concerned about their ability to manage financially during the COVID-19 outbreak**. One in three (34 per cent) are 'very' or 'extremely' concerned.
  - Three in four (76 per cent) are concerned to some extent about their **ability to pay rent as a result of the Covid-19 outbreak**. Over two in five (45 per cent) are 'very' or 'extremely' concerned.
  - Almost three in four students (72 per cent) in London would like further info/guidance from government on **how their course/degree will be graded/awarded**.
  - Four in five (80 per cent) students in London currently connect with friends and family online.

# Contact details

If you would like to know more about any of the findings or datasets featured, or would like to suggest a topic for inclusion in a future briefing, please email [SocialEvidence@London.gov.uk](mailto:SocialEvidence@London.gov.uk)

# ANNEX – Universal Credit conditionality regime

Conditionality means the work-related things an eligible adult will have to do in order to get full entitlement to Universal Credit. Each eligible adult will fall into one of six conditionality regimes based on their capability and circumstances.

The six levels of conditionality under Universal Credit are shown below. Different members of a household can be subject to the same or different requirements. As circumstances change claimants will also transition between different levels of conditionality.

Conditionality Regime	Description
Searching for work	Not working, or with very low earnings. Claimant is required to take action to secure work – or more / better paid work. The Work Coach supports them to plan their work search and preparation activity.
Working – with requirements	In work but could earn more, or not working but has a partner with low earnings
No work requirements	Not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work.
Working – no requirements	Individual or household earnings over the level at which conditionality applies. Required to inform DWP of changes of circumstances, particularly if at risk of decreasing earnings or losing job.
Planning for work	Expected to work in the future. Lone parent / lead carer of child aged 1 <sup>(a)</sup> . Claimant required to attend periodic interviews to plan for their return to work.
Preparing for work	Expected to start preparing for future even with limited capability for work at the present time or a child aged 2 <sup>(b)</sup> , the claimant is expected to take reasonable steps to prepare for work including Work Focused Interview.

<sup>(a)</sup> Aged 1 – 2, prior to April 2017. <sup>(b)</sup> Aged 3 – 4, prior to April 2017.