

## COVID-19: Summary of external research

10 July 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 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 includes a [deep dive on how COVID-19 has widened educational inequality](#). It also includes a [summary of proposed blueprints for recovery below the UK level](#) (from city regions, Scotland and the Local Government Association). In addition, the newsletter includes the usual digest of [research and analysis](#) and [external policy recommendations](#) (which on this occasion also revolve around recovery).

### 2. Home education and widening educational inequality

With London's children spending less time in school and more time learning at home, there are concerns that the educational attainment gap – the difference in education attainment between those from disadvantaged backgrounds and their peers – will grow. This section considers how digital exclusion may be exacerbating this issue, with research suggesting that pupils in deprived schools are the most likely to have inadequate IT access, and children in the most disadvantaged households are spending the least amount of time on schoolwork each day. This article is drawn from an evolving piece of work on children and young people and although it covers broad themes and policies relating to digital exclusion, it may not cover every piece of research or individual policy action relating to the area.

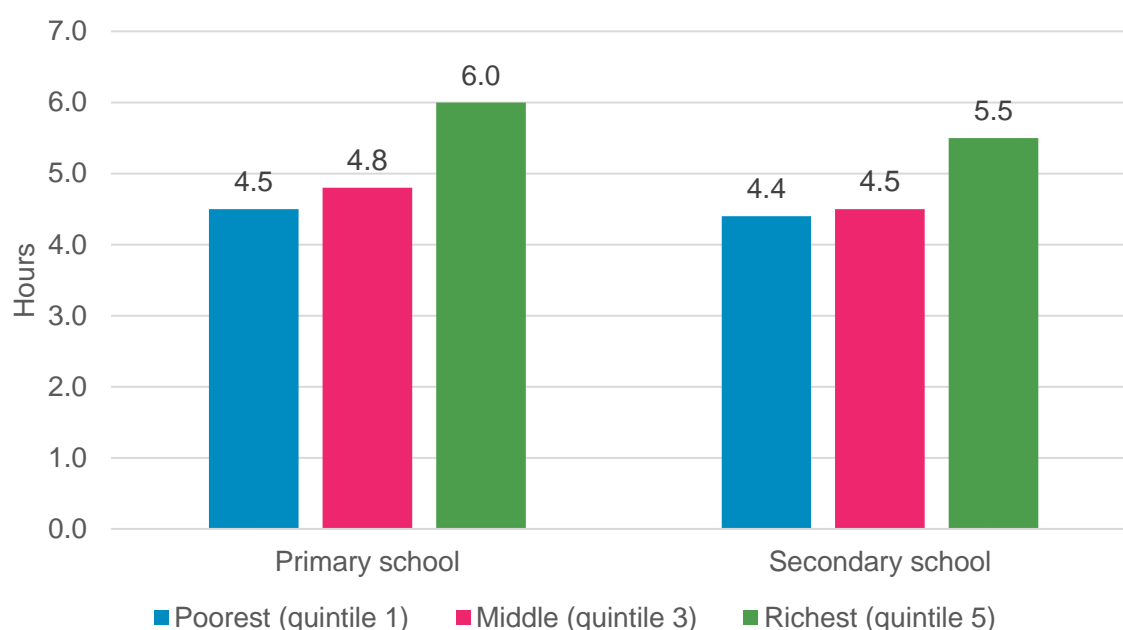
[A rapid evidence review undertaken by the Education Endowment Foundation](#) performs a meta-analysis of existing evidence on the impact of school closures on attainment gaps. The median result suggests the attainment gap will widen by 36% by September 2020, and further analysis implies there will be a reversal of any progress made in closing the gap since 2011.

One factor that current research links to a widening attainment gap going forward, is the difference in the amount of time spent learning each day between the disadvantaged and more advantaged households. [This](#)

[Institute for Fiscal Studies \(IFS\) paper](#) suggests that learning gaps are accumulating each day the current home learning situation continues, with:

- primary school children in the top income quintile spending 1 hour a day more per day on schoolwork compared to those in the bottom income quintile
- secondary school children in the top income quintile spending 1.5 hours a day more per day on schoolwork compared to those in the bottom income quintile.

**Figure 1: Children's daily learning time during lockdown: by household income**



Source: Institute for fiscal Studies

[This research from the Sutton Trust presents](#) similar findings, estimating that 44% of children in middle class households (grouped as social grades ABC1) are doing schoolwork for more than 4 hours per day, compared to 33% of children in working class households (grouped as social grades C2DE).

However, Sutton Trust findings show that level of parental supervision a child receives does not follow the same socio-economic class-based pattern. In fact, the research suggests working-class children were slightly more likely to be entirely supervised by a parent (14%) whilst doing schoolwork compared to their middle-class peers (11%). The IFS research also looks at the parental role in home learning and finds that there is not a clear pattern of parental experiences improving with income; although parents in the top income quintile reported the lowest level of difficulty supporting their child's school work (50% reporting quite or very difficult), parents at the bottom of the income distribution reported lower levels of difficulty (56%) than those in the middle of the income distribution (62%). So, with evidence implying that parents in more disadvantaged households are not spending noticeably less time supervising school work, or finding it more difficult to do so, it can be implied that some of the difference in time spent learning each day between disadvantaged children and their peers is due to a lack of resources available to learn with. And this is where digital exclusion comes into the picture. There is not one clear definition used to measure digital exclusion, but in terms of home learning participation, an internet connection and an internet enabled device are required, both of which have a cost and can act as a barrier to learning for disadvantaged households.

[This research by National Foundation for Educational Research](#) navigates the problem of digitally excluded households being difficult to represent in surveys, by presenting evidence from a survey of *teachers* and senior leaders on what they think the extent of digital exclusion is for pupils they teach. Teachers estimate that 27% of all pupils in the UK have inadequate IT access, rising to 39% of pupils in the most deprived schools. This paper does not present results for London. However, Pre-COVID there were indications from Labour Force Survey that, in 2019, the proportion of internet non-users was lowest in London compared to other regions in the UK. Even with this knowledge, we do not know precisely how digital exclusion has been impacted by the pandemic or how these impacts will be relayed to children learning.

Even without a firm baseline for the proportion of digitally excluded children in London, analysis of the [home-schooling module of the Understanding Society COVID-19 survey](#) indicates that any negative impacts of digital exclusion could be more strongly felt in London than other places in the UK. This is because parents in London were most likely to say their child needed a device to do all of their school work; 62% of parents in London answered this way compared to 53% in the next highest region, the South East, and 49% in the UK overall (see chart below).

**Chart 2: Parents, for how much of the schoolwork does your child need a computer, tablet or laptop?**



Source: Understanding Society COVID-19 Survey, home-schooling module

The Department for Education has set up a centralised response towards digital exclusion; a scheme which provide laptops and hotspot devices for select groups, such as disadvantaged year 10 pupils, care leavers and pupils with social workers. Schools have reported this support has been difficult to access (NFER report). And, at the start of lockdown, it seemed the most deprived schools were struggling to provide devices for their pupils. Sutton Trust research suggests the most deprived schools have been the least likely to provide their pupils with a device to learn with: 15% of schools in the most deprived quintile for free school meals provision have provided devices, compared to 28% in the least deprived quintile. The reasons for this appear two-fold. Firstly, the most deprived schools may be less likely to attempt this approach as they have a level of need so great that their resources will not cover it, and any attempt to provide for some

students would be unfair on others. Secondly, some schools are also helping students tackle problems related to a basic living necessities like food and shelter, and digital provision does not take precedence.

Given these obstacles, in order to combat the issue of digital exclusion, more resources need to be targeted towards the most deprived schools, alongside other poverty alleviation strategies. But, the fact that 86% of schools report that they have some pupils with no IT access, shows that there also needs to be some level digital exclusion support made available with broader eligibility requirements to support all of those in need. The London Grid for Learning has tendered up to two million entry level devices at below market prices for schools to access. But, up-take must happen quickly, in order to prevent the attainment gap widening further than it already may have.

### **3. Recovery strategies below the UK level – recent proposals from city regions, Scotland and the Local Government Association**

#### **Summary**

In this section we summarise a number of **recent blueprints for devolved recovery strategies**. Specifically, we look at: the case for investment to government made by the West Midlands Combined Authority; the strategy for economic recovery and renewal put forward by Liverpool City Council; report to the Scottish government by the Independent Advisory Group on Economic Recovery; and a report by the Local Government Association on re-thinking the role of local authorities and communities post-COVID.

The West Midlands and Liverpool blueprints differ in terms their ask for central government investment (the £203m sought by Liverpool comparing to the £3.2m sought by the West Midlands). At the same time, they are both largely focussed on economic recovery and are essentially reprioritised industrial strategies (with a strong focus on employment and key local sectors and with elements of green growth).

The report but the Advisory Group to the Scottish Government takes a broader approach to recovery. It is framed around the importance of preserving and strengthening all the “Four Capitals” on which prosperity and wellbeing ultimately rely (economic, human, natural and social capital). In line with this their list of recommendations goes well beyond the boundaries of traditional industrial policy and has a strong focus on inclusion, nature and societal cohesion.

Finally, the report by the Local Government Association sets out a vision for an approach to recovery that puts local communities and economies at its centre, asking for a reset in the relationship between Central Government and local communities in the forthcoming English Devolution White Paper and Spending Review

#### **West Midlands Combined Authority, Recharge the West Midlands - Kickstarting the West Midlands Economy: Our investment case to government (23/06/2020)**

- Sets out the key immediate asks of the Government from the West Midlands to enable economic recovery. These total **£3.2bn of investment over the next three years**.
- Concerns about youth unemployment/economic scarring. Exposure to sectors such as automotive, manufacturing, leisure and hospitality mean the region could be disproportionately affected by COVID-19.
- Focus on projects that can be delivered within this fiscal year (6-9 months) that will deliver immediate impact in the real economy, while taking into account the need for longer term improvements in regional innovation, competitiveness and resilience.
- The plan revolves around **three key areas of industry support (adapted from the local industrial strategy) and four horizontal areas of investment**.

- The three proposed sectoral interventions (building on perceived local sectoral strengths) include:
  - **Create green manufacturing jobs**, including through a £250m battery 'Gigafactory' and £35m investment in the electric charging network as well as a £100m programme of fuel poverty retrofit.
  - **Maximise job creation for local people from HS2 and other unique West Midlands opportunities**, with a particular focus on the culture sector (including a new cultural hub around the HS2 Curzon Street station and a £80m investment in reinvigorating the cultural sector).
  - **Invest in healthcare innovation**, including £60m investment in the Birmingham Life Sciences Park and £23m in the Radical Health Prevention Fund to target key drivers of health inequality and improve local health outcomes.
- The four proposed horizontal interventions include:
  - **Build better digital and transport links** through an ambitious investment of £376m to drive productivity and create 4,200 job years in construction.
  - **Regenerate and build brownfield land and home building** – an investment of over £650m to bring forward at least 35,000 additional new homes – of which over 15,000 affordable
  - **Get people back into work** - £550m investment in apprenticeships, training, upskilling and employability schemes.
  - **Business support**, a £532m investment to boost investment, help businesses adapt to the post-COVID environment, increase SMEs productivity, pivot to high growth sectors and take to new market opportunities globally.
- The document highlights the potential contribution to levelling up, claiming that investing in the West Midlands will help create or safeguard 135,800 jobs, support 154,400 young people and workers, build 35,000 new homes.

### **Liverpool City Council, Liverpool Economic Recovery and Renewal (25/06/2020)**

(Link to be copied and pasted in the browser: <http://councillors.liverpool.gov.uk/documents/s244011/Appendix%201%20-%20Economic%20Recovery%20Plan.pdf> )

- The report presents what it defines as an "ambitious and extensive programme that will help Liverpool regain its economic standing, respond to structural economic shifts and grow". It is co-signed by the Mayor of Liverpool and by the Metro Mayor of Liverpool City Region.
- The plan, which promises to inject £1.4Bn in the local economy, sets out a **funding ask to central government of just under £203m**. All projects are said to be ready commence on-site development in 2020, while also promising to building on the long-term assets and strengths of the City Region.
- The report notes that Liverpool has one of the highest rates of deaths from COVID-19 in the country, while several of the sectors in which it specialises (e.g. tourism, arts and culture, higher education and construction) are the most exposed to pandemic control measures. As a result, this places a large number of businesses, jobs and livelihoods at risk.
- The report also highlights the challenging facing Liverpool even before the impacts of COVID-19. At 67%, the employment rate among working age adults in Liverpool is well below the UK average of 76%. Some 49% of Liverpool's neighbourhoods are in the bottom 10% of national deprivation rankings.
- At the same time, the report highlights some of Liverpool strengths – its progress towards becoming a diverse, complex and innovative economy (e.g. it is a centre of excellence for health research and has a growing number of startups) and it is a vibrant and creative city, with growth in creative, digital and technology businesses and a popular nightlife.
- The plan has **four main pillars**:

1. **Innovation** – building on Liverpool work in infectious disease research, public health, data sciences, materials chemistry, advanced manufacturing, and technology.
  2. **New Housing and retrofit development** – addressing difficulties in hard to reach areas of the city, delivering cost and energy efficient housing, transforming neighbourhoods and improving livelihoods of residents.
  3. **Employment schemes** – supporting local people in accessing jobs and skills programmes in a time of great crisis.
  4. **Creative and Visitor investment and action** – protecting the heartbeat of Liverpool and the sectors that led the recovery from the 2008 recession, notably the creative and visitor economy.
- Together, the proposals in this recovery plan would inject £1,400,803,500 into the City and City Region economies, create 25,628 jobs in the city, and provide 12,013 construction jobs.

### [Towards a robust, resilient wellbeing economy for Scotland - Report of the Advisory Group on Economic Recovery \(22/06/2020\)](#)

- The Scottish Government set up this group in April 2020 with the remit to set **out possible paths towards a better recovery - towards a more robust, more resilient Scottish economy**.
- The assessment of Scotland's economic recovery presented in the report **considers all of Scotland's capital assets (economic, human, natural, social)**, rather than prioritising one dimension over another. This acknowledges that most issues straddle more than one capital.
- In line with this general approach, the Group gave itself 10 guiding principles in developing the report. Among these, the mention the importance of not repeating the mistakes of the past (whether the 1980s recession or the post-2008 austerity) and they affirm the government's role in setting the direction for economic recovery and promoting positive freedom. They also stress the need to focus on a wellbeing economy and to tackle inequality.
- The Group's **24 recommendations** could not be adequately summarised here. A number of recommendations focus on economic capital (e.g. investment in digital infrastructure, business support, planning simplification) and on human capital (e.g. refocussing skills strategies to address unemployment, protecting universities and colleges' role as anchor institutions).
- In addition, the report sets out other recommendations that primarily relate to natural and social capital (and/or fairness/inclusion). These include for example:
  - Financial services sector and Scottish Government to **develop and promote nature-based investments** to protect and enhance Scotland's natural capital.
  - Scottish Government to accelerate its work on **reforming adult social care**; and to urgently review the structure, funding and regulation of the sector to ensure its sustainability and quality.
  - Scottish Government to take action to **protect the capacity and financial sustainability of the third sector**, in recognition of its important role in building and strengthening social capital.
  - Scottish Government to support **a renewed focus on place-based initiatives**, building on lessons learned from initiatives on Community Wealth-Building. Also to accelerate investment in housing, especially through the Scottish National Investment Bank.
  - Business community to work with the Scottish Government and the enterprise bodies to **accelerate the embedding of Fair Work principles**, in the context of changes to the workplace and to working patterns.
  - **Scottish Government to consider adopting a Four Capitals framework in forming its future economic strategy**, and reporting against it.

### [Local Government Association, Re-thinking local: full publication \(30/06/2020\)](#)

The report starts from the consideration that the COVID-19 crisis has fundamentally changed the communities in which we live and work but that the next 6 months also represents a once-in-a-lifetime opportunity to not just recover but go further. This in terms of:

- addressing the stark and entrenched inequalities the pandemic has exposed;
- connecting with people's identities and sense of community;
- harnessing the energy and dynamism of local communities' response to this crisis;
- rebuilding the economy so that it benefits everyone.

The LGA therefore calls for a **reset in the relationship between Central Government and local communities in the forthcoming English Devolution White Paper and Spending Review**, which would also help level up the inequalities across communities. It calls for the White Paper to address the biggest public service issues such as social care, health and skills and employment. It also calls for the Government to present a localist Spending Review with place-based budgets, in tune with the needs of the local economy, communities and the environment. The specific list of "asks from Government/offers to Government" is pasted below.

**Table: List of offers to Government and asks of Government in the LGA report**

	<b>Our offer to Government</b>	<b>Our ask of Government</b>
Economic recovery	To deliver an ambitious programme of financial stimulus and have the knowledge and expertise to direct funds where they will be able to deliver immediate impact to protect jobs and livelihoods and support long-term transformation of the economy, infrastructure and services in every locality.	To set the national fiscal and policy framework which will support councils to deliver on this agenda.
Adult social care	To support the Government's reform process by facilitating the essential cross-party cooperation that is a prerequisite for success.	To work with all parts of social care, particularly those with lived experience, on a way forward for the long-term future of care that is informed by the many valuable lessons from the pandemic on the role and value of social care in all our lives.
Relationship with the NHS	To collaborate and work jointly with NHS partners, not only with frontline staff but also around commissioning and planning to ensure that care and support is planned and delivered as close to home as possible.	To ensure that system-wide plans of integrated care systems and sustainability and transformation partnerships build on and knit together place-based plans and neighbourhood delivery. The NHS needs to work closely with health and wellbeing boards on local transformation and sustainability plans, incorporating the whole of health, social care and public health.
Public health	To convene the wide range of local partners and expertise needed in order to deliver a place-based approach to public health.	While we live with COVID-19, Government must work with council leaders and partners to ensure the consequences do not impact more on some groups, communities and places than others and widen health inequalities.
Supporting vulnerable local people	To continue to work with all partners to protect those most vulnerable to COVID-19 from the immediate, short-term and longer term impacts of the pandemic.	To work with councils to design the future programme of support to the vulnerable so there is an integrated and holistic offer based around the support councils are already providing to shielded and non-shielded vulnerable people.
Children and young people	To build on the effective partnerships established with schools and settings during the pandemic to support and protect children, young people and families.	To invest in preventative universal and early help services to ensure that children, young people and families receive the practical, emotional, educational and mental health support they need, as soon as they need it.
Climate change and air quality	To build on the public's new sense of ownership of the environment and local green recovery, with councils doing more of the heavy lifting to get local buy-in for making a transition to a green economy.	To facilitate for a locally-led green recovery, with funding flexibilities to stimulate the economy and as part of long-term allocations guaranteed for councils which will allow them to invest in green housing, jobs, infrastructure and other environmental measures locally and for the long term.
Skills and the green economy	To provide an integrated and devolved approach to skills, increasing qualifications and bringing fiscal benefits.	To back the LGA's 'Work Local' model for integrated and devolved employment and skills provision by funding local pathfinders in each region.



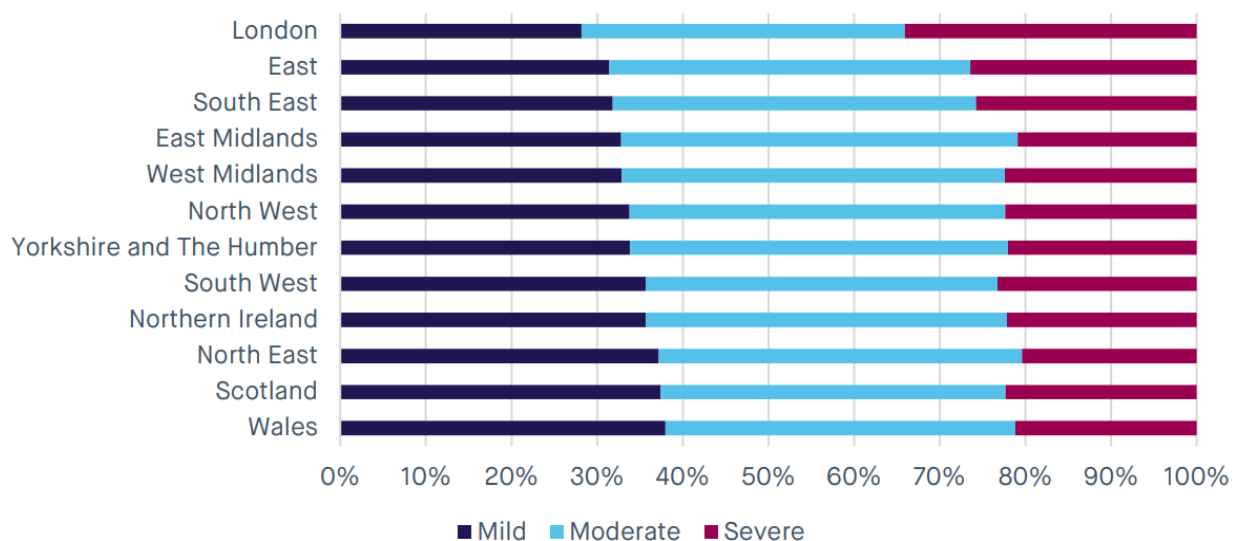
## 4. COVID-19 external research

### [Social Market Foundation – Levelling down: the medium term local economic impact of coronavirus \(06/07/2020\)](#)

Report analysing which industries, places and groups face the greatest economic risk over the medium-term (2020-2023) as a result of COVID-19. Findings include:

- **More than two thirds of UK jobs are in sectors that face a moderate or severe impact.** Banking, finance & insurance and construction face a severe impact whereas distribution, hotels & restaurants, transport & communication, manufacturing and other services face a moderate impact. The broad sector of public admin, education & health makes up the largest number of UK job but faces a relatively mild impact.
- **The places that face the greatest impact in terms of the proportion of jobs at risk are largely in the South East and London.** In London, 72% of jobs are in industries that face either a moderate (38%) or severe (34%) impact.

**Figure: Proportion of employment by industrial coronavirus impact by region and nation (2020-2023)**



Source: SMF analysis & ONS

- Seven of the top ten NUTS3 areas with the highest proportion of jobs at moderate or severe risk are in London: Camden and City of London (79%) and Kensington & Chelsea and Hammersmith & Fulham (79%) face the highest risk, followed by Lambeth (78%). However, an area's recovery will depend on local resilience. Taking an area's pre-crisis unemployment level into account (as an indicator of resilience), only one of the top ten impacted NUTS3 areas are in London (Brent).
- There is a need to be careful about national-level and even regional-level data when designing policy: such aggregates can conceal as much as they reveal. For example, the proportion of women who work in sectors likely to face a severe impact varies across the country, with over 25% in London compared to 15% in the North East and East Midlands and 14% in Wales.



### [Resolution Foundation – The Full Monty: Facing up to the challenge of the coronavirus labour market crisis \(29/06/2020\)](#)

Report taking stock of the impact of coronavirus so far, considering what further labour market challenges lie ahead, and setting out proposals of ‘unprecedented size and breadth’ for tackling them. Findings include:

- **This is a highly sector-specific crisis, with the impact concentrated on those sectors affected by social distancing measures** (e.g. hospitality, non-food retail, leisure, and tourism). This has meant that the people who work in those sectors – the low-paid and the young – have been hit hardest.
- **As the economy reopens with the easing of social distancing, we should not expect a complete ‘V-shaped’ recovery.** Activity will bounce back in the coming weeks, but the virus will continue to dampen activity below its pre-pandemic level. Firms face supply constraints, and households (especially low-income households) have experienced an income shock which, combined with high uncertainty, means demand will be slow to recover.
- **We also shouldn’t expect mass reallocation to solve the problem of job losses in the hard-hit sectors.** Some workers will move, but it’s implausible, based on past experience, the type of workers affected now, and amid ongoing uncertainty, to expect sectoral reallocation en masse.
- Policy must act now to prevent redundancies in the hard-hit sectors, to generate new jobs elsewhere and to support the unemployed in taking up those jobs. **Policy action should involve a wage subsidy or employer National Insurance contributions cut in the hard-hit sectors, and job creation via direct public investment in social care and retrofitting.**

### [IFS/NIESR – Covid-19: deficits, debt and fiscal strategy \(06/07/2020\)](#)

- Economic outlook is extremely uncertain and depends critically on path of Covid-19.
- Lockdown, and emergency support to push borrowing to highest level ever seen in the UK outside of the two World Wars.
- Debt pushed up levels not seen in almost 60 years – and will remain elevated for many years – although debt interest as a share of revenues are at a 320-year low.
- Key issues for fiscal policy: 1) Is there more we can and should do to strengthen the recovery, even if it means more borrowing now? 2) Once crisis is over should taxes rise to help return borrowing towards its pre-crisis path and/or to finance any new desired increase in spending?
- Public debt shares risk with future generations. Therefore, **control of debt not only fosters efficiency in the provision of debt but also maintains capacity to respond to future shocks.**
- Large expenditure shocks (as currently) can be met by tax smoothing. But eventually, **the reduction of debt will need fiscal surpluses and nominal GDP growth.**
- They **call for a general social objective for fiscal policy (extension of the current fiscal rules) and a reform** for setting timetables of revenue and expenditure plans, recognising the extraordinary uncertainties in a reliable manner.

### [Economics Observatory – Which firms and industries have been most affected by Covid-19? \(25/06/2020\)](#)

- Almost all businesses have been badly affected by the spread of Covid-19 in terms of sales, investment and employment.
- Firms report that, over the period from April to June 2020, they expect **sales to be on average 44% lower and investment 50% lower than they would otherwise have been.**

- 86% of firms report that the level of uncertainty facing their business is high or very high, up from 68% in March and 40% in February, making business planning very difficult.
- **77% of businesses indicate that they are continuing to trade, with little difference between the countries within the UK. Of those continuing to trade, 58% report that their turnover has decreased, while 30% report that their financial performance has not been affected.**
- **Sales in the accommodation, food services, arts, entertainment and recreational services sectors are expected to be around 80% lower than normal in the second quarter of 2020.**
- Producers and retailers of food and medical products, other healthcare-related services and research, and utilities have not been as badly hit as others.
- **The expected reductions in employment were also large but lower than for sales.** This is in large part because of the support programmes that the Government has put in place, such as the Job Retention Scheme.
- **Firms and industries that are expecting the largest negative impact on employment are the ones with relatively lower productivity.**
- Working from home has been more prevalent in sectors such as finance, insurance, professional and scientific and information and communications. These are all higher productivity service industries.
- Apart from falling demand, firms might also reduce output because a large proportion of their inputs were being disrupted.
- **Uncertainty around expected sales growth over the coming year is overall massive and even larger for firms in accommodation and food, real estate, transportation and storage industries.**

#### **Economics Observatory – How much will lifting lockdown start to reverse the UK’s economic slump? (25/06/2020)**

- The fall in household expenditure started prior to the guidance issued by the government to not visit pubs, restaurants and cinemas on 16 March.
- In fact, **around half of the fall in total spending from February took place before official lockdown measures were introduced.** An even greater share of the decline in services spending occurred before the official measures.
- New evidence suggest **fear and uncertainty may play an equally, if not even more, important role in explaining the drop in aggregate demand.** This is corroborated by research on consumer expenditure in other countries:
  - One study that compares the experience of Denmark (a country that went into full lockdown) with that of Sweden (a country that did not formally impose any stringent lockdown measures) finds that that the decline in household spending was comparable across countries.
  - According to the Central Bank of Ireland, card spending in March had already declined by one-fifth prior to the stay-at-home order announced on the 27th of that month.
  - In the United States, research shows that spending has remained stubbornly low in states that have already re-opened. Furthermore, consumption has not risen faster in states that have decided to re-open earlier, suggesting that relaxing lockdown measures will provide little, if any, support for the ailing consumer sector.
- Conclusion: Data from the UK represent prima facie evidence that patterns in consumer activity reflect a reaction to the crisis, and do not result only from strict adherence to the domestic lockdown measures *per se*. **There is a risk that relaxing lockdown measures in the UK may not bring as large an improvement in consumer spending as might be hoped for – and certainly much smaller than the initial decline.**

### [IFS - The effects of coronavirus on household finances and financial distress \(29/07/2020\)](#)

This paper uses data sourced from a money budgeting app to understand how earnings, incomes and financial distress evolved over the early months of the pandemic. Key findings include:

- The data covers April and May, finding that **in May there were no signs of a recovery in employment, earnings and incomes.**
- While the poorest households have been affected the most in terms of earnings, the fall in their incomes have been cushioned by the temporary increase in benefits, particularly UC, announced in March. Accounting for this, **the poorest households have not fallen further behind on average.**
- **There is a concerning rise in non-payment of household bills.** In May, the number of households making mortgage, rental and council tax payments was, respectively, 14 per cent, 11 per cent and 9 per cent below pre-crisis trends. The report notes that while in many cases this reflects sensible decision-making on the part of households, such as mortgage holidays, it is nonetheless adding to the stock of debt among households.

### [CEPR - The gender gap in mental well-being during the Covid-19 outbreak: Evidence from the UK \(30/07/2020\)](#)

Research report finding that **there was a decline in mental well-being after the onset of the Covid-19 pandemic, with the decline more than twice as large among women than men.** The research explores the reasons for this difference:

- **Those with larger amounts of time spent performing childcare duties report a greater loss in wellbeing** in the pandemic. Women are more likely to have increased the amount of time spent performing childcare.
- Other well-being factors, in particular **feeling lonely often and feeling more lonely over time, are strongly correlated with a greater fall in well-being.** The study finds that the relationship between loneliness and well-being is stronger for women, and that women are more likely to report loneliness than men.
- **Those in a more difficult financial situation report steeper falls in well-being.** This affects men and women similarly, so is not a factor explaining the gender differences observed. Conversely, those who have seen a reduction in hours but not a steep reduction in earnings, because they have been furloughed, have generally only experienced a small decline in well-being, holding other factors constant.

### [Causa and Cavalleri – How non-standard workers are affected and protected during the Covid-19 crisis \(30/06/2020\)](#)

This piece compares EU countries by the experience of ‘**non-standard workers**’, **those with temporary contracts, working part-time and the self-employed, working in sectors identified as most affected by the Covid-19 crisis**, including construction, wholesale/retail trade, hospitality and arts, entertainment and other services. Findings for the UK include:

- **In the UK, non-standard workers account for over 40 per cent of employment in the affected sectors.**
- **Self-employed workers**, thought to be particularly affected by shutdown restrictions and limited access to social protection, **account for around 14 per cent of employment in the affected sectors.**

- Although the UK has average rates of non-standard working in these sectors, because **the UK has the second-highest share of overall employment in the affected sectors of EU countries**, it is likely that the scale of the issue is particularly high here.
- Governments have already taken action to support this group, through greater access to paid sick leave, income replacement schemes, and support to small businesses and the hardest-hit sectors.
- The piece recommends governments look at support for affected workers to move sectors, and introduce more permanent social protection schemes.

## 5. COVID-19 external policy recommendations

### [\*\*IPPR – Transforming the economy after Covid-19: A clean, fair and resilient recovery \(02/07/2020\)\*\*](#)

Recommend that implementing a range of bold measures to transform the economy after Covid-19, and to deliver a clean, fair and resilient UK recovery. Argue that **an investment-led recovery is both necessary to recovery and affordable due to low interest rates**. In the medium term, after the recovery is achieved, public finances will need to be stabilised through a clear fiscal framework and fair taxation.

Priority investments and programmes include homes and buildings (e.g. a mass zero carbon social home building programme), nature restoration (e.g. investing in tree planting and peatland restoration across the country), transport infrastructure (e.g. investing in electric vehicle uptake and charging infrastructure), as well as investment in social infrastructure, digital infrastructure, modernisation of the energy grid, R&D, education, skills & training and providing financial support mechanisms to Green industry. Recommended policy architecture, institutions and plans to support investment in the UK include:

- **A Net Zero and Nature Rule:** ensuring all investment and policy measures are in line with the UK's obligations under the Paris Agreement and net zero commitments, as well as wider commitments that will be enshrined in the government's Environment Bill.
- **Conditions on Bailouts:** applying conditions to any future bailouts including annual reporting requirements; commitments and business plans to meet climate and environmental targets; and linking management and executive pay to meeting climate and nature targets.
- **Net Zero and Just Transition Delivery Body and Plans:** the body should be responsible for developing a Net Zero and Just Transition Delivery Plan, integrating various departmental plans across government to ensure there is a coherent and fair approach to delivering decarbonisation. There should be a requirement to develop a roadmap for every sector across the economy.
- **A National Investment Bank:** with a remit centred on the transition to a net zero economy and the restoration of nature.

### [\*\*LSE/Centre for Economic Performance – Strategy, investment and policy for a strong and sustainable recovery: An action plan \(02/07/2020\)\*\*](#)

Critical actions by the government are needed to deliver a strong and sustainable UK recovery. Such a recovery should be guided by a clear vision and strategy involving both the public and private sectors, and can be framed by and embody the government's previously stated goals of levelling up across the UK; boosting productivity; investing in infrastructure; reaching net-zero greenhouse gas emissions by 2050; and forging a new role for 'Global Britain'. This should be embedded in an understanding of, and commitment to, 'building back better'. Critical actions include:

- **A clear macroeconomic vision to restore confidence, create jobs and grow the economy of post-COVID recession and debt** by supporting activity in the short-term and expanding productive capacity in the medium-term. There will be a need to ensure fiscal and monetary policy work together to guide liquidity and savings towards the growth of productive sectors.
- **Institutional reform to expand capacity, build back better, create new opportunities for all and manage long-term risks.** This includes building a credible industrial strategy, rolling out new networks and ensuring all investment is compatible with a resource efficient, low-carbon economy. A programme of policy reform is required, including devolution to deliver greater policy and fiscal autonomy to cities and regions.
- **Build capacity and resilience by investing in vital assets**, including physical capital (e.g. establishing a new National Investment Bank to bring forward sustainable projects at scale), human capital (e.g. avoiding labour market scarring by providing job guarantees, including in sustainable projects), knowledge capital (e.g. increased R&D funding and incentives for business innovation), natural capital (e.g. land restoration projects) and social capital (e.g. avoiding a return to austerity and involving Mayors/key stakeholders with local knowledge in the design of the recovery).

#### [\*\*National Trust – New research shows £5.5bn fund needed to level up access to urban green space as part of UK's green recovery \(05/07/2020\)\*\*](#)

Research published by Vivid Economies and Barton Wilmore, commissioned by the National Trust and partners, makes the economic case for **£5.5 billion of investment in urban green infrastructure to level up access to urban green space over the next five years**. The research assesses the costs and benefits of three major interventions: green urban streets and neighbourhoods, upgrading poor quality parks and green spaces, and creating large regional parks and forests in the urban fringe. The estimated benefits of such investment include £200 billion in physical health benefits through disease prevention and mental wellbeing, as well as job creation, with an estimated 40,000 jobs in initial construction and over 6,000 permanent jobs in maintenance.

Argue that **Covid-19 has highlighted the importance of green spaces for urban dwellers, as well as deep inequalities in access to it**. Investment in green infrastructure will also help to make cities and towns resilient to climate change and achieve net zero ambitions, with the scale of investment delivering one in 12 of the UK's tree planting target.

#### [\*\*Onward – Bounce back: How to put Britain on the path to prosperity after coronavirus \(06/07/2020\)\*\*](#)

This report, authored by former Treasury advisors, provides a set of recommendations intended to support the recovery from coronavirus and fix longer-term weaknesses:

- **Fiscal policy:** the government should delay their manifesto pledge to have debt falling as a per cent of GDP by 2024, but maintain commitment to keeping debt interest below 6 per cent of GDP.
- **Tax:** they report argues **the immediate priority is cutting taxes on employment (employer NICs) rather than cutting consumption taxes such as VAT**. Longer-term they propose a review of tax reliefs and of those taxes that incentivise debt rather than equity financing, such as corporation tax.
- **Supporting business:** the report proposes **creating a Restructuring Agency** to manage the growing number of government-backed loans expected to go bad, with **targeted loans to high growth companies that can be converted into equity**. Generally, they highlight that high levels of corporate debt will need to be managed going forwards.

- **Labour market and skills:** the report proposes active labour market policies (along the lines announced on Wednesday 8<sup>th</sup> July), as well as **a focus on skills and lifelong learning**, through a new loan available to all adults with below degree-level qualifications offering a right to retrain, and a doubling of further education funding tied to reform of the sector.

**[New Economics Foundation – Building a green stimulus for Covid-19 \(06/07/2020\)](#) and [A green stimulus for housing \(07/07/2020\)](#)**

Two reports published by the New Economics Foundation this week attempt to make the case for **a wide-ranging green stimulus** as part of any recovery plan for the UK economy. The first paper proposes a framework for choosing projects. They argue this choice should be based primarily on the speed at which they can begin, how job-intensive they are, their geographical spread, and resilience to further tightening of social distancing. They also argue for a premium on projects with high carbon abatement and ‘enabling potential’ (those projects that would support other projects). Based on these criteria, they recommend a number of projects, including the following:

- **Retrofitting homes:** this analysis supports the priority given to home insulation in this week’s summer economic update, finding that few other candidates are as quick, job-intensive or geographically spread. However, they propose a larger stimulus (£9.75bn from July 2020 to December 2021) than the package announced by government.
- **Green re-skilling:** the report suggests that the UK’s ‘low-carbon skills gap’ should be tackled by repurposing the job retention scheme as a new job reskilling programme, led by local authorities, businesses and unions.
- **Broadband:** they argue that investment in full-fibre broadband is job rich, supports non-urban geographical areas and is green through allowing.
- **Energy:** a number of the projects focus on energy, including upgrading the UK’s distribution and transmission networks, investment in renewables, district heating networks and smart meters.
- **Transport:** transport projects proposed include walking, cycling and bus infrastructure, and improving the electric vehicle charging networks.
- **Other environmental projects** include recycling initiatives, tree planting, peatland reforestation, habitat restoration and flood and drought defences.

The second paper models in detail **a substantial project of retrofitting homes over this parliament, involving 9m households receiving a whole house retrofit**, supported by public and private capital investment, changes to VAT and stamp duty land tax and building regulation reform. Their modelling suggests this could generate almost 400,000 jobs by 2024, raise GDP by 1.6 per cent in 2023/24 and reduce UK household emissions by 21 per cent a year by 2023/24.