

ECONOMIC DEVELOPMENT SPOTLIGHT Autumn 2020

Welcome to the fifth edition of **Economic Development Spotlight**. This bulletin draws attention to recent key publications which should be of particular interest to economic development practitioners and policy makers here in Nottingham and beyond. We present a short summary of key findings from each publication, their source, and a link to the key documents. As one would expect the majority of publications cited in this edition of Spotlight refer, directly or indirectly, to the economic impacts of the pandemic.

In a change to our usual format I've grouped publications under the following headings: Covid-19 - Economic and Labour Market Impacts; Impacts on Young People, BAME people and the Over 50's; Enterprise and Self-Employment; Education and Training; Economic Outlook; and Policy and Strategic Response.

Suggestions as to other publications you think we should include in future editions of Spotlight are always welcome.

Clive La Court

Economic Research and Evaluation Officer, Nottingham City Council

clive.lacourt@nottinghamcity.gov.uk

Covid-19/ Coronavirus - Economic and Labour Market Impacts

D2N2 Economic Recovery Report - Third Edition. D2N2. August 2020

This report pulls together a wealth of information from across the region to understand the impact of Covid19 on our economy. The report focuses on several key areas which include: D2N2 Risk and Recovery Dashboard; D2N2 Growth Hub Business Survey; Unemployment Benefits Claimants; High Growth Businesses; and Government Incentives and Support Schemes.

ERP

Coronavirus and the Labour Market: Impacts and Challenges. Learning and Work Institute. April 2020

This report aims to provide an early insight into the impact of coronavirus on our labour market, to explore the effectiveness of the measures taken so far, and to set out what else could be done to protect jobs and incomes. The report identifies the key challenges that current and future policy and practice must address as the pandemic progresses and we emerge from it over time.

LWI

Coronavirus and the Labour Market: Impacts and Challenges. Learning and Work Institute. April 2020

This report aims to provide an early insight into the impact of coronavirus on our labour market, to explore the effectiveness of the measures taken so far, and to set out what else could be done to protect jobs and incomes. The report identifies the key challenges that current and future policy and practice must address as the pandemic progresses and we emerge from it over time.

LWI

Coronavirus: Economic Impact. House of Commons. July 2020

The coronavirus outbreak has impacted the economy in a number of different ways. From the lockdown restrictions shutting down many businesses to limits on mobility, voluntary and enforced, the economic impact has been severe. While a recovery is underway, there is uncertainty over how fast economic activity will regain lost ground. Economic prospects over the near term will greatly depend on the spread of Covid-19 over the coming months and the reactions of consumers and businesses to the prevailing uncertainty as well how many employees currently furloughed will return to work and how many will become unemployed.

HoC

Back from the Brink: avoiding a lost generation. Centre for Progressive Policy. May 2020

This report examines the potential long-run economic impacts of Covid-19 induced recession at place level (using data for local authorities) and explores the possible economic recovery paths for different groups of local authorities. Evidence from previous recessions suggests that their effects can be long lasting, with local areas differing in their resilience to economic shocks. The CPP's model of the long-term 'scarring effects' of the crisis places **Nottingham** in the category of 'vulnerable places' based on the estimated size of the 'lockdown effect'; time taken to recover from the 2008 recession; unemployment level; and average skill levels.

CPP

Young People

Young workers in the Coronavirus crisis - findings from the RF's Coronavirus Survey. The Resolution Foundation. May 2020.

Findings show the disproportionate impact of the coronavirus crisis on the youngest and oldest earners. These employees are more likely to have lost work or been furloughed due to the crisis than those of prime age, and have experienced the biggest pay swings with large proportions losing earnings. Government support through the Coronavirus Job Retention Scheme is helping many of these affected workers get through the crisis.

RF

What Makes for Effective Youth Mentoring Programmes? Nesta. June 2020

This research report and evidence guide provide recommendations to help improve the design and delivery of youth mentoring programmes, and summarises the existing evidence base.

NESTA

Supporting Disadvantaged Young People into Meaningful Work. Institute for Employment Studies. April 2020.

A rapid evidence review looking into supporting disadvantaged young people to achieve employment outcomes. Common lessons and good practices centre on: accurate risk identification; effective engagement, assessment and profiling; access to a trusted, consistent advisor; and delivery of personalised support packages.

IES

Black, Asian and Minority Ethnic Groups

Are some ethnic groups more vulnerable to Covid-19 than others? IFS Deaton Review. May 2020

This report brings together evidence on the unequal health and economic impacts of COVID-19 on the UK's minority ethnic groups, presenting information on risk factors for each of the largest minority groups in England and Wales. The analysis focuses on a limited but crucial set of risk factors in terms of both infection risk and economic vulnerability in the short term.

IFS

Who is at Risk of Missing Out? Centre for Ageing Better, IPPR and UCL. August 2020

This report presents the initial findings of a longer-term research project and it focuses on the financial security, housing and health of BAME people aged 50-70 to illustrate the precarious position of this group, even before the challenges of COVID-19.

CfBA

Older People (Over 50's)

Back on Track: improving employment support for over 50s jobseekers. Centre for Ageing Better. July 2020

This paper is based on findings from research carried out by Learning and Work Institute commissioned by the Centre for Ageing Better, looking at the labour market situation, barriers to work and progression, and the support available to the over 50s. The focus is on four areas: Bristol, plus the three combined areas of Liverpool City Region, the West Midlands and the West of England.

CfAB

A mid-life employment crisis: how Covid-19 will affect the job prospects of older workers. Centre for Ageing Better. August 2020

This report shows that the number of older workers on unemployment related benefits has nearly doubled as a result of the pandemic and that there is a risk of a 'second wave' of job losses for older workers as the furlough scheme comes to an end. The report also suggests that older workers who lose their jobs are far more likely to slip into long-term worklessness.

CfAB

Mental Health and People with Disabilities

The COVID-19 pandemic, financial inequality and mental health. Mental Health Foundation. May 2020

This longitudinal study on the mental health effects of the pandemic, shows that the burden of mental distress is borne disproportionately by those with less economic security. The report includes a set of action points relating to economic security; tackling the debt crisis; action on child poverty; employer working practices; targeted outreach; improving infrastructure for social connectivity; a Mental Health and Response Recovery Plan.

MHF

Covid-19 and the nation's mental health. Centre for Mental Health. July 2020

Covid-19 is increasing levels of psychological distress around the world, and the mental health impacts are greatest among those most closely affected. This includes people living in areas where there are local outbreaks of the virus and people with long-term physical or mental health conditions. This briefing warns that the combination of a possible rise in Covid-19 cases combined with seasonal flu, the absence of financial safety nets such as the furlough scheme, and a no-deal Brexit may affect the whole UK economy and have a major knock-on effect on mental health.

CMH

Policy Briefing: Employment and Covid-19. Leonard Cheshire. 2020

This briefing identifies the key obstacles facing disabled people who are in employment, flexible working and support for the self-employed.

LCH *this briefing can be accessed by the item/link on this Google page*

Women

Covid-19 and gender equality: Countering the regressive effects. McKinsey & Company. July 2020

Women are disproportionately represented in sectors negatively affected by the COVID-19 crisis. Other factors making women more vulnerable to Covid-19 include the burden of unpaid care, the demands of which have grown substantially during the pandemic. Another factor could be COVID-19's disproportionate impact on female entrepreneurship, including women-owned microenterprises.

Looking ahead, other structural forces could further compound gender inequality. Long-term automation trends on work will affect both women and men roughly the same but long-established barriers to acquiring new skills and making midcareer shifts, as well as other factors, make the transition harder for women.

McK

Covid-19 Report - The Impact on Women in Coventry. Women's Budget Group. July 2020.

This report looks at the key gendered impacts of the Covid-19 crisis on women in the UK, with a focus on the city of Coventry. It makes recommendations for a gender- sensitive approach to 'building back better' after the crisis.

WBG

Enterprise and Self-Employment

What are the Main Barriers to Entrepreneurship in Under-represented Groups? Enterprise Research Centre. June 2020

This review considers research that explores the evidence on the main barriers that are encountered by aspirant entrepreneurs from disadvantaged groups attempting to establish and run their own businesses. Some barriers to entrepreneurship appear to be experienced in common by all or most groups, but others are specific to certain types of individuals.

ERC

Covid-19 and Self-Employment in the UK. Enterprise Research Centre. April 2020

This papers provides a preliminary assessment of the likely impact of the Covid19 crisis on the self-employed. Groups who are particularly at risk include women; older age groups in their 30s and upwards; home-based self-employed (surprisingly); and people with lower levels of qualifications. Some groups amongst the self-employed appear better positioned to withstand the current crisis, and unsurprisingly these tend to be graduates, as amongst paid employees.

ERC

First Findings on the Impact of Covid-19 on the Self-Employed in the UK. Enterprise Research Centre. August 2020.

First findings on the impact of Covid-19 on self-employment in the UK. Enterprise Research Centre Insight Paper. The main conclusion is that the effect of COVID-19 has been dramatic for workers in the UK - but particularly so for self-employed workers, across sectors and regions.

ERC

Education and Training

Can training help workers change their stripes? Retraining and Career Change in the UK. Resolution Foundation. August 2020

This report assesses the UK's recent track record in both training to help recently out-of-work adults re-enter a job and training to help them change the industry that they work in. It argues that policy makers should look to education and training as one way to tackle the high levels of unemployment that we are likely to be facing.

RF

Economic Outlook

East Midlands Chamber Quarterly Economic Survey. Q2 2020

While there are some sectors and businesses that have seen growth in the past few months (eg some food manufacturing, IT support) for the majority of businesses this period has been one of uncertainty and waiting for further signs as to how and when the economy may unlock and any further health implications of this. There are undoubtedly some long-developing trends that have been sped-up by the pandemic and things will likely not return to exactly as they were before such as the growing importance of digital and online in retail and the positive impact of a growing low-carbon economy.

QES

EY Item Club Summer Forecast 2020

The EY ITEM Club Summer Forecast 2020 sees UK GDP contraction of 11.5% in 2020. The economy is expected to return to growth in Q3 2020 with expansion close to 12%. A lot of people will have lost their jobs despite the Government's supportive measures (we forecast the unemployment rate to get up to around 9.0% in late 2020/early 2021 from 3.9% in the months to May), while a significant number of businesses will likely go under, and this will have some limiting impact on the economy's recovery. The two substantial downside risks to the outlook is the possibility of a significant new coronavirus wave occurring in the autumn/ winter and a 'no deal' Brexit.

ITEM *you need to register but the publication is free of charge*

UK Economic Update. pwc. July 2020

Economic output (GDP) in May continued to be weak, but there were signs decline has slowed. There were improvements to the Manufacturing and Construction sectors but Services remained weak however further improvement is expected in June and July as more non-essential retailers, restaurants and pubs emerged from lockdown.

The labour market remains under pressure, but there are early signs of decline slowing with average weekly hours increasing for both employees and the self-employed, and a decline in the number of people temporarily away from paid work in May, after an initial sharp rise in March and April.

Business activity is picking up as more firms emerge from lockdown. Around 89% of UK businesses were in operation at the end of June, with a further 4.3% planning to start trading in early July.

pwc economic forecasts suggest that activity is likely to improve in June through to July as more non-essential retailers opened, as well as restaurants and pubs. "There should be a gradual recovery later this year and in 2021, although a deeper contraction in Q2 could hold back the speed of the recovery in the UK after the initial bounce from leaving lockdown."

Demand for workers likely to decline in tandem with falling economic activity. As a result of the expected fall in output in 2020, pwc expect business demand for workers to decline by around 5% under a 'smooth exit' scenario, relative to estimated June 2020 levels. This means not all furloughed workers will have jobs to return to by the end of the year. Workers in the Accommodation and Food Services, and Education sectors are likely to be most affected.

pwc *you need to register but the publication is free of charge*

Covid-19/ Coronavirus - Policy and Strategic Response

Emergency Exit: How we get Britain back to work. Learning and Work Institute. June 2020

This report sets out the impact of coronavirus on the labour market impact, the potential scale of the challenge we may face, and identifies the following three policy priorities to get Britain back to work: investment and incentives to create jobs; a Youth Guarantee to improve young people's opportunities; and invest in employment support, including furloughed workers, increasing support the longer someone is out of work and underpinned by a Job Guarantee.

Young people due to enter the labour market after full-time education face a double whammy of disrupted education and weaker labour market. Based on previous recessions, the number of 18-24 year olds not in education, employment or training could treble to one million in the next year.

L&WI

A Better Recovery. Learning the lessons of the corona crisis to create a stronger, fairer economy. TUC. May 2020

This report sets out how the UK can recover from the coronavirus economic crisis, stop the despair of mass unemployment and set working families on a path to prosperity. It includes an analysis showing that the fastest recoveries from economic crises in UK history were based on investment for growth. The report argues that it is time to re-evaluate the value placed on different jobs, make sure all workers have a voice at work, and change business models to put fair employment at their heart.

TUC

Easing does it - economic policy beyond the lockdown. Resolution Foundation. July 2020

This report is focused on how to design an economic policy response to the coronavirus crisis that delivers a rapid, broad-based recovery during the reopening phase. One of several recommendations is that the Government should introduce a comprehensive programme to support the labour market, the key elements of which are: a slower withdrawal of the Job Retention Scheme for the hardest-hit sectors; its replacement with a new Job Protection Scheme that subsidises work taking place in the hardest-hit sectors in the pre-vaccine phase; and measures to support inflows into other parts of the economy.

RF

The Full Monty - Facing up to the challenge of the coronavirus labour market crisis. Resolution Foundation. June 2020

This report argues that policy makers should act now to minimise outflows from the Covid-19 hardest-hit sectors - a wage subsidy scheme or a National Insurance cut in those sectors would reduce labour costs and discourage redundancies. Alongside this, the Government must pursue radical action to create jobs across the country, such as in social care and housing retrofitting, and ramp up support for the unemployed.

RF

When furlough has to stop - next steps to avert long-term unemployment. Learning and Work Institute and Reform. June 2020

This report looks into the scale of the jobs challenge arising from Covid-19. The analysis shows that local authorities with a high proportion of furloughed employees are already more likely to have a higher proportion of their population claiming benefits. As the furlough scheme is would down, and if a comprehensive programme of employment and skills support is not put in place, pre-existing inequalities will be further exacerbated. The report proposes courses of action.

L&WI