

The Covid-19 Economy: Deep Recession and Socially Unequal Outcomes

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Disclaimer:

The views in this paper are personal views of the authors, and are not representative of any organisations to which they are affiliated.

Abstract

The Covid-19 event is an economic shock like no other in recent history. While the pandemic naturally captures our immediate attention, the collateral effects being fast-tracked through the economy and into society are truly shocking. We catalogue the scale of job loss and illustrate how unevenly distributed the worst outcomes are – discriminating by social position and by place. We explore how the new technologies have been quickly mobilised to help us change our use of ‘spaces’ - physically compressed in crowds to locationally dispersed online – and how this will shape the future in fundamental ways. Our focus is on the inequality of outcomes from the crisis and we argue for a future that is both inclusive and sustainable and for a politics that will privilege positive relations between people in a cohesive society.

<https://www.peter-lloyd.co.uk/papers-and-blogs/>

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1.0 Prologue – The context for this paper

In our previous papers we covered the impact on society and economy of the Covid-19 pandemic, the lockdown, and the resulting and ongoing restrictions on mobility and social interaction. We also looked at changing behaviours as a result of the pandemic, ranging from a reluctance to use public transport or go to an office workplace, dramatic shifts towards more online retailing, the move to ‘staycations’, the adoption of social distancing. As the months passed, the government opened the door to greater mobility to reawaken the economy. At first, it encouraged moving back to old mobility behaviours and going back to work, while recommending wearing a mask and washing hands. Then it went into reverse and told us to work at home where we could, required local lockdowns, and put a 10pm curfew on pubs and restaurants.

This was a period of confused policy proposals and rapid U-turns¹ as the virus faded and then reasserted itself. Testing and track and trace turned out to be the disaster that virtually everybody foresaw. Once better data finally emerged; “hotspots” were revealed - but initially successful measures to focus on them locally ran into the centralised Pillar 2 testing fiasco (still on-going with “lost” cases now being backfilled, and with a simple oversight that Excel files have a maximum size losing more cases early in October²). We still wait for local players to have an appropriate role. The schools opened (and then started to close again with in-house infections and testing failures). Businesses began to operate again but found those workers who could, unwilling to take on travel risk and choosing to work from home. The government demand to ‘return to the office’ was immediately discarded when the civil service unions reacted and has now been completely overtaken. Public transport was declared fit for use, but people remain suspicious. Once again, those who can, avoid it.

Half a million students began to migrate to universities during late September to form new high-density groupings of susceptible young people³. As predicted, case clusters emerged rapidly and continue to accelerate. While a university can exert some control within its premises, it has little power over behaviours outside in rental properties (many in already identified hotspot localities). In Manchester and Strathclyde new students were required to isolate in their halls for 14 days, and strictures on socialising for all students were announced across universities. On October 2nd, the University of Northumbria announced that 770 students had tested positive⁴. The story of high and accelerating infection rates in university centres evolves by the day.

The past few months have, then, been a toxic mix of U-turns, the declining credibility of a central government often surprised by entirely predictable events, a loss of trust and endless confusion as to what people are supposed to do. Complex rules, which have been hard to explain for Ministers put up for media interviews and even for the Prime Minister himself⁵, have left the population anxious and uncertain. It has been a shambles. Against this background, the first hints of an emerging recovery have become exceptionally fragile. The truth is dawning that we are going to be in this for a long haul.

¹ Not the least being the about-face move to allow grandparents to undertake informal childcare on September 21.

<https://www.bbc.co.uk/news/uk-england-54240681>

² <https://www.bbc.co.uk/news/health-54418603>

³ For example, 20,000 students coming to the city of Durham, where in the city centre some streets are 65-80% houses of student lets. <https://www.thenorthernecho.co.uk/news/18736437.concern-student-parties-will-spread-covid-communities/>

⁴ <https://www.bbc.co.uk/news/uk-england-tyne-54394199>

⁵ <https://www.legislation.gov.uk/coronavirus>

Consistent with this, some well-informed voices⁶ are encouraging us to see the pandemic not as something that will go away - even when a vaccine arrives. Covid-19 is envisaged as just the latest in a continuum of global health challenges that have been emerging for decades but that, up to here, have been geographically contained. The view from this perspective is that we will probably have to learn to 'live with it'⁷, since the virus or one of its many potential successors will be with us for the long run. While a vaccine as a techno-fix, or some other "world beating" one-shot policy solution, may be attractive as a palliative; it would be naïve to visualise it as the "holy grail" to bring the crisis to an end. If this is the perspective for the future we face, it changes things fundamentally and we should use the catastrophe of the pandemic as an opportunity to think again about the kind of society we and our successors might collectively want to live in – especially facing the over-arching challenge of climate change.

A rational place to start would be by reinstating a sense of immediate concern about global public health, and to consider how the huge advances in epidemiology and disease prevention of the last century could have become overtaken by complacency. Remember that the 'cure' for cholera in the City of London, mapped by John Snow in the 1850s⁸, was not just 'fixed' by the "moon shot" technology of clean water supply systems. It also required action to address what we would now call the "social determinants of health". Poverty, then and now, lays the ground for the existence and transmission of contagious diseases of all kinds.

It is not without significance that since the 1970s - as Picketty (2020⁹) shows in detail - extreme levels of social and spatial inequality became widely tolerated in the advanced nations under the accepted political economic model of the time. We should not be surprised how fast a lethal virus infection took off and made its way into and through societies that had come to tolerate low and precarious incomes, poor housing, restricted access to health care and a clustered geography of what is termed 'multiple deprivation'¹⁰. All it needed for Covid-19 to take off, was a fully integrated, dynamic, globally linked world of fast air travel and a relative decline in the importance ascribed to public health. What was containable in the 19th Century using street by street "track and trace", is a today a global and local challenge of epic proportions even with the advanced technologies currently available to us.

We have struggled in writing this paper find some firm ground to stand on. The context has been changing by the day. When we first began trying to envisage what might be longer trends in the economy, it was possible to be mildly optimistic as recovery started. But over the weeks, the prospects have darkened. What has changed most is that the time horizon for even a modest recovery has been lengthening. The short term is becoming long term. This is against a picture of unstable and turbulent events and government chaos. We will still, however, be looking in the first part of the paper to read off from the short term some hints about those long-term trends that might tell us about the post-Covid economy. Our frame of reference is employment – which jobs are being lost and which might survive or emerge in the future.

Whereas in past papers we spoke of the 'new normal', we now think in terms of; i) the 'journey towards coping' and ii) the 'journey toward a new order'. While the idea of some 'new normal' implies a describable end-condition, we see no such thing. We are facing a process in motion – one of travelling but not arriving. This fits with the idea of a fast-evolving, complex, dynamic system in a constant process of becoming. At the very least such a perspective stops us swallowing the notion of some ideal state that sound adherence

⁶ <https://www.scientificamerican.com/article/in-the-fight-against-infectious-disease-social-changes-are-the-new-medicine/>

⁷ <https://www.bbc.co.uk/news/health-54228649>

⁸ <https://www.rcseng.ac.uk/library-and-publications/library/blog/mapping-disease-john-snow-and-cholera/>

⁹ <http://piketty.pse.ens.fr/en/ideology>

¹⁰ <https://maps.cdc.ac.uk/#/geodemographics/imde2019/default/BTTTTFT/10/-0.1500/51.5200/>

to the rules of the market will lead us towards. Until there is a realisation of the need to change some of the fundamentals of the way we live, firefighting outbreaks looks as if it might sadly become the norm.

In the second part of the paper, we follow on from employment to show how the recession will exaggerate trends in the labour market that deepen and extend multiple disadvantage and poverty. For the world of the future, indifference to extreme, spatially localised economic and social inequality is going to have to change. Perhaps this might be because there is a fundamental change in general views about social justice. More likely, however, it will come from pure pragmatism. Our neighbours' health (globally as well as locally) – as we now see every day - can have a profound effect on us and our life opportunities.

Whatever the stimulus, there is an urgent need for better housing, better financial security, better access to health care, better education, and opportunity for those disadvantaged under our present arrangements. Such a transformation of economy and society will, of course, be a contested process, with a struggle between winners and losers, the powerful and the powerless. An important starting point might be to realise that Covid-19 offers an opportunity inclusively to *co-design* any new paradigm and not just to let the prophets of economic efficiency prioritise market forces to take us where they will.

In the weeks of September 7, 14 and 22, we found ourselves going back into UK “lockdown by stages” with strict limits on mobility covering whole sub-regions in the West Midlands, the North East and Lancashire and around 13 million people living under restrictions. Trying to write a paper looking beyond the virus and the chaotic moves to deal with it is like a scary fairground ride – mostly in the dark with regular disturbing images thrown in to scare you. We will do our best to shine a light on what we see might be coming towards us. We are probably going to have to acknowledge that the legacy of the past may turn out to be a poor guide to the future.

2.0 The Largest Recession on Record

2.1 The prospectus in August 2020

The prospects for recovery looked poor at the end of August, with some forecasts predicting, for example, a huge £22 billion loss just in tourism revenue during 2020¹¹. By August 11 nearly 750,000 jobs had already been lost across the UK economy¹². In June and July, the early notices of forthcoming redundancy required by Employment Law saw 300,000 jobs listed for closure later. By the middle of August, the Office for National Statistics (ONS) had declared; “*It is clear that the UK is in the largest recession on record*”¹³. Output (GDP) had contracted by more than 20% in just two quarters. There was a small bounce back in the second quarter as lockdown was partially eased and pent-up demand in the retail sector produced a sharp upward shift. Overall, however, the economy had seen a massive hit – particularly to the retail and hospitality and the travel¹⁴ and tourism sectors. At this point, the Bank of England was forecasting an economic contraction of 9.5 percent and an unemployment rate of 7.5 percent by the end of the year rising to as high as 9 percent in 2021 – describing this as “*the worst recession for 300 years*”¹⁵.

The Bank was, however, standing ready with a massive expansion of Quantitative Easing (QE) and was hoping for a faster recovery than had been the case with the 2011 recession. The Office for Budget Responsibility (OBR¹⁶) projected the numbers of the unemployed to be in the range of 3-4 million (but with the possibility of 7 million as the worst-case estimate) over 2020, 2021 and 2022. The UK represented the worst performer among the G7 countries¹⁷. The OECD forecast was that unemployment will reach a near-record 11.7% by the end of 2020¹⁸. That would rise to 14.8% should there be a second wave of Covid-19, meaning more than one in seven workers will be left without a job¹⁹.

2.2 September 2020: The prospects darken

At the beginning of September, spirits were still beginning to rise. There had been a recovery from the disaster of a 20% loss of output in April. The following quarter had seen a fall of only -7.6 percent in the three months to July. The Chancellor’s “Eat out to Help Out” scheme and the loosening of lockdown rules had seen activity expand and output improve. By the end of the first week in September, however, the case count for the virus had begun to grow again. A week later, on fears of an imminent second wave, the government went into action to declare limited lockdowns in hotspot areas. In quick succession, new and hard to interpret rules were coming back to restrict the movement and interaction of people in the cities and those sub-regions with rising case counts.

¹¹ <https://www.bbc.co.uk/news/business-53921106>

¹² <https://www.ft.com/content/c8ef84bf-0539-4281-b353-d5b840d10b5e>

¹³ <https://www.firstpost.com/world/uk-crashes-into-recession-after-economy-shrinks-by-20-4-in-second-quarter-due-to-coronavirus-pandemic-8699411.html>

¹⁴ Airlines predicted to lose hundreds of thousands of jobs worldwide: <https://www.bbc.co.uk/news/business-54334558> See also <https://www.theguardian.com/world/2020/sep/29/inside-the-airline-industry-meltdown-coronavirus-pandemic>

¹⁵ <https://www.ft.com/content/734e604b-93d9-43a6-a6ec-19e8b22dad3c>

¹⁶ <https://obr.uk/>

¹⁷ <https://www.newstatesman.com/politics/economy/2020/08/uk-suffers-worst-recession-any-g7-country>

¹⁸ <https://www.sharecast.com/news/news-and-announcements--/oecd-says-uk-unemployment-could-peak-near-15--7566478.html>

¹⁹ <https://news.sky.com/story/coronavirus-crisis-where-jobs-have-been-lost-across-the-uk-12029604>

Seven days later, the restrictive rules expanded again to a current situation where half of the population of northern England and two-thirds of the population of Wales are under some form of containment²⁰. The virus was, once again, moving faster than the government's efforts to contain it. We are now in a position where there is a widespread expectation of some form of new national lockdown and panic buying has returned to the supermarkets.

For the recovery of the economy, this renewed expectation of some future closedown is devastating. It comes as we enter the last 100 days of the end of the Brexit negotiations. Uncertainty is as extreme for business as it is for the community at large. A bulletin released by the Society for Motor Manufacturers and Traders (SMMT) offered a powerful perspective on conditions in a sector where recovery was quick to take off but which is now extremely concerned about its post-Brexit future:

- *UK car production declined -44.6% in August with 51,039 units rolling off factory lines²¹.*
- *Production so far this year is down -40.2% with a loss of 348,821 units worth more than £9.5bn to UK car makers.*

Late in September we were told; *"Hospitality has been hit particularly hard by the pandemic and multiple trade bodies had warned earlier this week that a quarter of the UK's 100,000 pubs, bars and restaurants could close, with the loss of 675,000 jobs, unless they were given sector-specific support²²".* Another report forecast up to 900,000 further job losses once the government support measures were relaxed²³. The Bank of England forecast for unemployment before the latest round of restriction was for it to rise from its current 4.1% to 7.5% by the end of the year. There is now a concern that it will rise as high as 10 percent under the conditions now facing the country with over 3 million out of work.

And then there is Brexit. The Credit rating agency S&P Global presented its economic forecast on 24th September, cutting its economic growth forecasts for the UK and saying that the country's economy was now likely to slump by almost 10% this year²⁴. It added that "a hard Brexit leading to new import and export tariffs, as well as non-tariff trade barriers" would add another layer of challenge for European companies and be "especially detrimental for the UK economy"²⁵. Whatever the "bounce" forecast for 2021, it is clear that two years of massive financial losses are not going to be recovered quickly.

2.3 An economic and a social crisis

By any standard, the UK finds itself in the first stage of a damaging economic and social crisis, not just in relation to Covid-19, but facing the unknown threat to arrive from a potential "no-deal" Brexit²⁶. Some commentators suggest that in the short run this will see the economy lose up to a quarter of its productive potential in addition to that coming from the pandemic. Early talk of a fast and V-shaped recovery is long

²⁰ <https://www.gov.uk/government/collections/local-restrictions-areas-with-an-outbreak-of-coronavirus-covid-19>

²¹ <https://www.theguardian.com/business/live/2020/sep/25/uk-borrowing-surges-august-covid-19-car-production-slumps-rishi-sunak-business-live?page=with:block-5f6d9d4d8f08f66bb0d1dfc1#block-5f6d9d4d8f08f66bb0d1dfc1>

²² <https://www.theguardian.com/politics/2020/sep/24/sunak-warned-winter-economy-plan-not-enough-to-stop-wave-of-job-losses>

²³ <https://www.bighospitality.co.uk/Article/2020/09/16/UKHospitality-warns-over-scale-of-hospitality-job-losses-without-sector-specific-employment-support>

²⁴ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/s-p-raises-eurozone-gdp-forecast-sees-deeper-contraction-for-uk-60467869>

²⁵ <https://www.reuters.com/article/uk-britain-economy-s-p-idINKCN26F1CU>

²⁶ <https://www.bloomberg.com/news/articles/2020-09-07/pound-slides-after-johnson-puts-no-deal-brexit-back-on-table?srd=markets-vp>

behind us. Most commentators rightly point to a slow emergence from the recession²⁷. The common early view that the virus would still be active amongst us until at least the Spring of 2021 is beginning to give way to the prospect of a much longer journey. Until more is known about the outfall of Brexit, the shape of the recovery will be highly uncertain and investors will be holding back on their plans.

It is clear, however, that the number of available jobs in the UK (and indeed globally²⁸) is going to be significantly reduced in absolute terms over at least the next three years. There will not be enough jobs available to make new offers to a high proportion of the young people leaving school or college²⁹. Without a fundamental shift in the philosophical basis of policy, it will be difficult to address the levels of inequality that had built up in the country even when the number of people in employment was at an all-time high. Waiting for a market-based expansion to produce positive job growth is not going to be anywhere near sufficient to cover even the most recent job losses. This would spell disaster for an unacceptably large share of the population. There is a sense that government is as slow to grasp the extremity of the social crisis building up in front of us as it was in dealing with the early stages of Covid-19.

2.4 Benefit claims rising sharply

In the two weeks prior to January 2020, some 94,000 unemployment benefit claims had been made in the UK. By the two weeks before 31st March the claims figure had risen by a factor of 10 to 950,000³⁰. Many of these new claimants had no prior experience of losing their job and were thrust into job search (JSA) and Universal Credit for the first time. In January 2020 there were 2,453,716 households receiving Universal Credit. By May 2020 (the latest statistics) the number was 4,239,779³¹. That increase was while the furlough support scheme was fully operational.

The workers for whom severance came quickly and with no cost to the employer were those already in the precarious labour market where contract terms carried no guarantees beyond the work already in hand. One of the attractive features of the non-standard, zero-hours contract for employers is that hiring and firing can be matched flexibly and virtually instantaneously to demand shifts. This is likely to constitute a group of people for whom the planned withdrawal of the £20-a-week emergency boost to tax credits will see average incomes fall by £600. This is, however, an average that includes pensioners and others who might be less powerfully affected. In Scotland, the south of England and the East Midlands, around one in four non-pensioner households are set to lose over £1,000. This would rise to one in three in Northern Ireland, Wales, West Midlands, and the North of England.³²

Around a third of all benefit claimants are young people. Another hard-hit group is the over-50s, effectively forced into early retirement to live on benefits. In May 2019, there were 206,502 over-50s on Universal Credit. By March of 2020, the number had risen to 304,379 and by May the number had more than tripled over the past year to 659,649³³. Many have had no prior experience of losing their job and will be thrust into job search and Universal Credit for the first time.

²⁷ <https://www.theguardian.com/business/2020/aug/12/uk-economy-a-full-recovery-from-the-covid-slump-will-be-slow>

²⁸ [https://ftalphaville.ft.com/2020/10/01/1601589803000/The-jobs-market-is-far-bleaker-than-the-headline-stats-show-/
/](https://ftalphaville.ft.com/2020/10/01/1601589803000/The-jobs-market-is-far-bleaker-than-the-headline-stats-show-/)

²⁹ Indeed, the poor job prospects may well have encouraged school leavers to go into university wherever possible, with many universities further oversubscribed after the examination grade fiasco. See:

<https://www.ucas.com/corporate/news-and-key-documents/news/university-applications-rise-during-lockdown>

³⁰ <https://www.statista.com/statistics/1107124/coronavirus-uk-benefit-claims/>

³¹ <https://stat-xplore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml>

³² <https://www.theguardian.com/politics/2020/sep/25/poor-families-1000-pounds-worse-off-under-sunak-winter-plan>

³³ <https://www.mylondon.news/news/uk-world-news/universal-credit-claims-soar-among-18780484>

2.5 Real poverty grows

To see how the pandemic has added to levels of poverty in the UK, we have to turn to the *Social Metrics Commission*, since the UK government no longer publishes data on poverty³⁴. In 2018-19, around 14.4 million people in the UK were living in poverty. This was, of course, at a time when unemployment was low and the rate of employment was high. About 4.5 million people (7%) were in deep poverty, and 7.1 million people (11%) were in persistent poverty. This means that they had lived below the breadline for at least two of the last three years³⁵. Around 4.5 million children were estimated to be living in poor households at that time. Among the BAME population, it was suggested that about half were living in poverty³⁶. This sets a pre-Covid baseline against which the added impact of today's recession and job loss should be measured.

The latest data from the Social Metrics Commission confirms that the largest employment impacts from the pandemic have been felt by those already in the deepest levels of poverty. Two in three of those employed prior to the crisis *but still in deep poverty*, had experienced some kind of negative job change (reduced hours or earnings, been furloughed or lost their job). This compares to one in three (35%) of those who were employed but not in poverty. Around 20% of those previously employed people experiencing deep poverty were reported to have lost their jobs.

For those still in work, hours or pay have been reduced as a result of the Covid-19 crisis. There is a real danger that, with the pandemic, both the incidence and the severity of poverty could increase to extreme levels. As we have pointed out before in Paper 4³⁷, the map of deaths and cases from the virus has a strong visual correlation with that for multiple deprivation. It is hardly a surprise to see that *the new hotspots for Covid-19 contagion closely match the map of relative and absolute poverty in the UK*.

2.6 The Chancellor's "Plan for Jobs" and "Job Support Scheme"

In response to this evolving jobs crisis, the government has moved twice. Recognising the jobs situation, the aim was to lessen the immediate damage. On 8th July 2020, Rishi Sunak announced his "Plan for Jobs"³⁸ to offset the effects of the lockdown and the pandemic on employment. This was presented as the second phase of a wider plan to "support the recovery". The first was a planned "*£160 billion support package, which included £49 billion of extra funding for the country's vital public services including the NHS*". The furlough scheme as it was called, was to pay up to 80 percent of the wages of nearly 12 million people and to support over a million businesses through grants, loans and rates cuts. There were also what were termed "shovel-ready projects" and plans for "greening our infrastructure". Later, an extended apprenticeship scheme was added to encourage employers to take on more young people (Kickstart³⁹). The details of the scheme are set out in Appendix 6.1.

Impressive though such a programme was, three critical questions immediately arose. The first, given the issues discussed above, was whether the considerable sum of money announced was going to be enough to prevent job losses on the scale projected. Since unemployment remained relatively low (4.1%) over the lockdown period and redundancies were held back, the plan did work well for the short term it was designed for. For what we have just seen as the projected path for unemployment ("of the order of 2-3 million" Sunak himself suggests), the concern that it needed a much longer time horizon than the end of October

³⁴ <https://socialmetricscommission.org.uk/measuring-poverty-2020/>

³⁵ <https://www.theguardian.com/society/2020/jul/01/nearly-half-of-bame-uk-households-are-living-in-poverty>

³⁶ <https://socialmetricscommission.org.uk/>

³⁷ <https://www.peter-lloyd.co.uk/app/download/5787403720/Covid-19+The+Struggle+Toward+a+New+Normal.pdf>

³⁸ <https://www.gov.uk/government/news/rishis-plan-for-jobs-will-help-britain-bounce-back>

³⁹ <https://kickstartjobs.uk/> and <https://www.gov.uk/government/collections/kickstart-scheme>

was well founded. A huge lobby of opinion moved to press for it to be extended – but without success⁴⁰. A second question was how comprehensive would the cover be. We have now learned that at least 300,000 people for various reasons were unable to make use of the Chancellor's scheme. The third issue was to how quickly it could work given the speed with which jobs were being lost and benefit claims were rising. Once again, there was some success here, with the scheme working quickly though the employers in a distributed way. As recovery began to emerge and the construction and manufacturing sectors began to take their people back and withdraw from the scheme, there was some hope that "bridging" this way might work. But the ever-present threat was of a "cliff edge" to come at the end of October. With the prospect of a second wave and new lockdowns, hopes of an early end to the crisis were dashed and this saw the Chancellor move again.

On 24th September, the Rishi Sunak announced his Winter Economy Plan⁴¹ to subsidise the wages of people in work and replace the furlough scheme at the end of October. Under the new scheme, businesses have the option of keeping employees in a job on shorter hours to avoid making them redundant. The detail of the plan is set out in Appendix 6.1. The Resolution Foundation has offered a powerful critique. It points out that: "*it would cost a firm £1,500 to employ one full-time worker on £17,000, but more than £2,000 a month to employ two half-time workers on the same full-time equivalent salary*"⁴². It would be cheaper to have fewer workers on full-time contracts than more workers part-time..

The Institute for Employment Studies was concerned that the latest package; "*falls short of what is needed to prevent unemployment spiralling upwards during the winter*"⁴³. A key feature of the entire bundle of government expenditure to create jobs is the assumption that it will be *private sector employers* that will be the active agents (as with track and trace). The schemes have been largely well received but an obvious critique is that they will surely not be anywhere near enough to deal with the threat of three million unemployed.

There is no sign that the government will countenance a scheme under the banner of what, in the EU context, would be called Active Labour Market Policy⁴⁴ (ALMP). During the high unemployment phases of the 1970s and 1980s the European Union and Member States moved to support the unemployed workforce by a raft of *direct measures* to introduce training, community-based activities and schemes to assist the young and the disabled. In the UK, examples also existed for the earlier period in the Youth Training Scheme (YTS) and the Youth Opportunities Programme (YOP). Both received a good deal of criticism, but they offered lessons to be learned. It will not be sufficient to sit back with the Job Support Scheme in play and just let things play out. The cost to society and perhaps to public order will simply be too great.

⁴⁰ On 5th October we hear of yet another piecemeal replacement initiative called JETS (Job Entry Targeted Support Scheme) for externally provided "job coaching" for the unemployed. <https://www.cambridge-news.co.uk/news/uk-world-news/government-job-scheme-employment-coronavirus-19049108>

⁴¹ <https://www.gov.uk/government/publications/winter-economy-plan/winter-economy-plan>

⁴² <https://www.resolutionfoundation.org/press-releases/the-job-support-scheme-will-not-support-enough-jobs-risking-a-major-living-standards-squeeze/>

⁴³ <https://www.theguardian.com/business/2020/sep/26/fears-for-jobs-grow-as-employers-count-cost-of-sunaks-winter-plan>

⁴⁴ <https://www.oecd.org/employment/activation.htm>

3.0 Economic Shock: Cascading Effects

3.1 Time space compression gives way to time space dispersion: Key areas of the economy facing economic shock

In the background as the recession made its way through the economy, Covid-19 was also bringing about a profound shift for people in terms of the space and time aspects of their lives. What we can call *time space compression* was the essence of things at the beginning of 2020. We pressed together on trains, tubes and in cars at “rush hour”. We occupied the rent-efficient spaces in busy offices from “nine to five”. We squeezed through the gates of football grounds at “kick-off time”. We booked tables in busy restaurants at “lunchtime”. We crowded into airport check-in desks at “flight time”. The virus changed all that. Those businesses that measured their success in terms of passenger load factors, seat occupancy ratios, customer footfall, number of restaurant “covers” and so on were devastated as a public health crisis turned the *time space compressed* world inside out.

Beyond the emergency stop that was lockdown, *time space dispersion* became the new requirement. Coming together in numbers at designated places and times was heavily proscribed. We know the rest – offices and trains emptied, venues closed, events were cancelled, sports grounds rang hollow and shops stumbled on with limited footfall. This represented a shock of some enormity – long established business models went out of the window and with them the revenue streams and legacy data that management accounts could bank on to determine their competitive weight in the marketplace.

But on the old cliché that “every crisis presents an opportunity”; beyond that shock came the first stages of response. Just how should a business find a way to go forward in a world of *time space dispersion*? When the pandemic hit, we were already on a steady pathway toward another revolution – the digital transformation or the Fourth Industrial Revolution. The new digital technologies, the internet and cloud, AI, robotics, 3D manufacturing and video conferencing were already laying down a path to new ways of working and of generating revenue. New opportunities were exploding. Ways of using them were already beginning to emerge - both to add to efficiency and lower wage costs and to open up entirely new markets and ways to find and tap them.

In this section we need to put some flesh on the bones of the aggregate data of Chapter 2. For doing this, we found the established idea of sectors in the Standard Industrial Classification too limiting⁴⁵. We want to focus on those areas of the economy where *time space transformation* has had its most powerful effects - where the shock of the pandemic worked its way through connected multipliers to cascade out beyond the core to other business, people and places. We want to see what hints we can gather about how the crisis and the response to it might reconstitute the world of business and employment for the longer run. In doing so we have to risk cutting across accepted sector definitions and standard data and depend more on publicised headline events. We make no attempt to be comprehensive and just focus on three activity groups⁴⁶:

⁴⁵ Before his Winter Plan statement, the Chancellor was being pressed from many quarters to take a “sectoral” approach to his proposed job support measures. His response was that sectors were too difficult to define. For our purposes in writing the next section of the paper, we agree with him.

⁴⁶ We have a problem with “hospitality” - the hotel and accommodation industry – which the Collins dictionary defines as follows: “*The food and hospitality industry is about providing food, drink and accommodation. It also involves*

- Airlines, airports, travel and associated activities;
- Consumer retail, food supply, household goods and associated logistics;
- Arts, culture, entertainment, performance and events, tourism and associated activities

To provide material to link our story to the second theme of the paper, we want to emphasise that a substantial proportion of the associated jobs in those groups are to be found in the lower paid and lower skilled segment of the occupational spectrum. We are as interested, for example, in conditions for the “quarter of Slough’s working-age population” that is “employed either directly in aviation or indirectly through industries such as logistics and hospitality” as we are in the pilots and crew in the airline sector⁴⁷. We want to see the effects on places like Crawley or Luton as unanticipated patterns of job loss appear⁴⁸

3.2 The airline, airport, travel and tourism group of activities

For this complex and highly integrated set of activities, there had been no prior warning of the devastation to come. Growth seemed assured. The investment plans of airlines, airports (with planned new runways and expanded terminals), aircraft manufacturers, hotels and tourist operators were shaped for long term steady growth. Some changes were in progress. The, decades long, development of the hub and spoke network was beginning to shift in favour of direct point-to-point travel with smaller fuel-efficient aircraft. This was, like so much of the change before the pandemic, making its way slowly into practice. The pressure to be more fuel efficient and environmentally sensitive was drawing the major players into agreements to limit emissions. This was “normal” evolution - with the new technologies opening a variety of new possibilities and their adoption taking time.

The shock of Covid-19 on the whole system was sudden, dramatic and is still very much ongoing⁴⁹. Something of the sheer scale of the impact on the airline industry can be grasped from a dedicated Wikipedia page listing around 30 affected airlines⁵⁰. The scale is quite devastating in terms of bankruptcies and service reductions. In addition, aircraft manufacturers such as Airbus are reported as being in financial peril⁵¹. All airlines have grounded aircraft, made staff redundant and attempted to shore up their finances. British Airways is continually having to reduce its staff headcount⁵². Virgin Atlantic, having had to negotiate a rescue package, has shed over 4,000 jobs⁵³. The earlier questions about the future for airport hubs have quickly turned into real actions. Virgin⁵⁴ and British Airways have both moved to close their Gatwick hubs. Specialist airports have struggled. London City Airport has announced that it is shedding one third of its

entertainment, fitness and leisure”. For our purposes, we want to associate part of it with the airlines and airports group. The same applies to that part of tourism associated with airlines, airports and international travel.

⁴⁷ <https://www.ft.com/content/0662c2fb-39bc-4c56-a777-ef432da04f37>

⁴⁸ https://www.theguardian.com/business/2020/aug/24/devastation-how-aviation-industrys-covid-crisis-is-hitting-towns-across-uk?CMP=Share_AndroidApp_Other

⁴⁹ <https://www.airportwatch.org.uk/2020/09/academic-study-suggests-post-covid-re-think-of-size-of-airline-sector-its-costs-and-impacts/>

⁵⁰ https://en.wikipedia.org/wiki/Impact_of_the_COVID-19_pandemic_on_airlines

⁵¹ <https://www.airportwatch.org.uk/2020/09/airbus-in-dire-financial-problems-talks-of-plans-for-hydrogen-fuelled-future-planes/>

⁵² <https://www.standard.co.uk/business/british-airways-jobs-redundancies-travel-quarantine-covid-a4544146.html>

⁵³ <https://www.busesstraveller.com/business-travel/2020/09/04/virgin-atlantic-announces-further-1150-job-cuts/>

⁵⁴ <https://www.bbc.co.uk/news/business-52542038>

employees⁵⁵. Major airports like Heathrow have also seen substantial job losses. Regional airports, such as Newcastle⁵⁶ and Manchester are responding in the same way with significant redundancies.

Looking outwards to the connections in the linked international travel and tourism industry; Hays Travel announced large redundancy programmes at the start of August. STA travel joined them in closing out jobs in late August⁵⁷. These are just the headlines of closures, redundancies and job losses in an industry cluster that is under extreme pressure (BA confirmed on 16th September that it is in a struggle to survive). Constantly changing decisions at country level about whether returning travellers should quarantine, have truncated the hopes for a quick recovery and set back budget airlines - just as Ryanair⁵⁸, EasyJet and others were starting to take to the air again.

Upstream of these events at the industrial end of the production complex, a restructured supply chain for aero engine servicing and repair by BA and other airlines in July and August produced losses in the South Wales aerospace cluster⁵⁹. GE aerospace closed its factory near Caerphilly⁶⁰. Other losses affected Rolls Royce in Derby and Airbus in Chester. Rolls Royce announced the closure of its Barnoldswick plant in Lancashire with the loss of 350 jobs. Perhaps more significant than this, however, was the indication that the company will be moving a significant part of its engine components manufacture to Singapore. For the longer run, all airlines are struggling to forecast what consumer travel behaviour will look like on the other side of the pandemic. Established booking and pricing models based on legacy data from the past are no longer a guide to an uncertain future⁶¹.

While airport-based Covid-19 testing is scheduled to begin soon⁶² to help re-open routes, there is every indication that job losses will continue into the long term. The airline industry generally is working on 2024 as the first possible date by which passenger numbers might be expected to recover to pre-virus levels. It is likely that some premium travel will be restored more quickly but there is great uncertainty about the shape of the holiday trade. The threat of a continuing risk from the virus as well as the impact of recession on disposable incomes makes consistent forward planning impossible. For the budget airlines, the position of the “boomer” population that chose to holiday widely and often is a key part of any forward calculation. Virus risk will play more heavily than disposable income here.

A critical issue is how far business travel will adapt - as the new communication technologies put in place during the crisis continue to redefine the meaning of space and the need for face to face contact. Will a structural shift have taken place that will change the whole basis for how international business is conducted? Will “working from home” have a second meaning, one that envisages people not travelling as much out-of-country to transact business? Facing such a level of uncertainty, one thing that seems already clear is that *airline consolidation* is inevitable; with fewer, larger carriers able to take the hit and continue going forward. This has already begun with many small airlines disappearing in the US and Europe. Some

⁵⁵ <https://www.independent.co.uk/travel/news-and-advice/london-city-airport-job-cuts-restructuring-voluntary-redundancy-b435739.html>

⁵⁶ <https://www.airportwatch.org.uk/uk-airports/newcastle-airport/newcastle-airport-news/>

⁵⁷ <https://www.telegraph.co.uk/business/2020/08/21/sta-travel-goes-bust-coronavirus-cancellations/>

⁵⁸ <https://travelweekly.co.uk/articles/383697/ryanair-job-losses-to-be-reduced-after-staff-agree-to-pay-cuts>

⁵⁹ <https://www.walesonline.co.uk/news/wales-news/bridgend-town-british-airways-protest-18771081>

⁶⁰ <https://www.theguardian.com/business/2020/aug/24/devastation-how-aviation-industrys-covid-crisis-is-hitting-towns-across-uk>

⁶¹ https://www.youtube.com/watch?v=H_akzwzghWQ

⁶² <https://www.theguardian.com/travel/2020/oct/01/airport-covid-testing-could-start-within-weeks-says-heathrow-chief>

air travel may return strongly as a premium product provided by the elite airlines - but even the premium trans-Atlantic routes (worth \$9 billion a year) are under threat⁶³ until a testing solution is in place.

As pointed out earlier, this is about more than just the airlines. They are a key part of a whole assemblage of elements that make up an integrated cluster of activities and provide jobs and incomes spanning the full range from the most basic ones in airport retail and off-site food preparation to the most highly qualified pilots, engineers and systems designers. Knowing about losses among airlines, travel agencies and airport hotel groups from headline events tells us only a small part of the story. Integral to the whole economic complex are job multipliers that spin out upstream to engine and avionics manufacture and maintenance and downstream to a wide variety of directly procured associated activities (ramp services, baggage handling etc.) and associated activities (coach services, airport catering). A classic example of this is the announcement on 22nd September by the pub chain Wetherspoons that almost half of its 1000 workers employed at UK airports will lose their jobs.⁶⁴ The much lauded job multiplier effects of airport development can work both ways - as the residents of places like Slough, Crawley and Luton are currently finding out.

If the wider employment multipliers are added in, we are talking about the equivalent of “city-scale” job networks for the largest airports (Heathrow, Gatwick and Manchester, for example) with tens of thousands of connected jobs. Numerically, the majority of those employed are at the lower end of the pay/skill scale. We see “shock” headlines of Heathrow shedding 1100 jobs and Gatwick 1400 - but these just skim the surface. In what we will be turning to later in the paper, it is essential to understand that the damage from closure and redundancy will run far wider economically and socially than can be captured by a sector label like air travel and tourism. Impossible accurately to count, considerable job losses are building among that pool of people at the lower end of the pay and income scale already struggling to find work— many of them living in relatively expensive housing environments. We will see this again later when we describe the new places being added to the list of local areas in difficulty.

3.3 Consumer retail, food supply, household goods and associated logistics;

As with the air travel and tourism group of activities just described, the consumer retail, food supply, household goods and associated industries cluster of activities represents a dense network of interconnected businesses and job opportunities. In this case, change through the new technologies was more prominently underway before the pandemic. But, once again, the crisis provoked an immediate acceleration. The movement to online shopping was already happening and the high streets were already losing footfall. As before, there were some high-profile closure and redundancy events as the virus and lockdown hit. On August 18, Marks and Spencer announced that it was *“cutting 7,000 jobs over the next three months across its stores and management. It said the coronavirus pandemic had made it clear there had been a “material shift in trade”*⁶⁵. This came alongside suppliers like DW Sports, Debenhams and John Lewis (as we saw in Paper 5) and more recently H&M, adding to a long list of those either calling in the liquidators or significantly shrinking their outlets and workforce.

⁶³ <https://www.ft.com/content/8920da61-9266-4ea3-9634-90b3c848aacf>

⁶⁴ <https://www.express.co.uk/news/uk/1338464/wetherspoon-job-cuts-wetherspoons-airport-pubs-job-losses-tim-martin>

⁶⁵ <https://www.bbc.co.uk/news/business-53817598>

From the list we set out in Paper 5, Intu, the shopping mall owner, which had signalled there were problems, finally succumbed⁶⁶. Looking at the overall scale of change, a recent analysis by the *Centre for Retail Research*⁶⁷ (8th September) reported that 125,000 retail jobs had already been lost and 13,867 shops closed in the first eight months of 2020.

The hospitality sector has been an early and continuing casualty. The decline has been relentless with a recent survey showing that revenues fell by two-thirds between June and the end of September⁶⁸. Releasing lockdown and the arrival of government subsidies to “Eat Out to Help Out” saw a brief upward shift but this petered out as the scheme came to an end after being massively oversubscribed to the tune of one million meals.⁶⁹ Pizza Express with 73 store closures and 1,100 jobs lost⁷⁰ has recently added its name to the roll-call of high profile retrenchments we reported in Paper 5. Inevitably, the recent arrival of the 10.00 pm curfew across so much of the country outside the south east has had a devastating effect on small pubs and restaurants already in difficulty – with claims that the north is being “levelled down” and demands for additional support⁷¹

For food suppliers linked to the offices of the city centres things have been particularly desperate. *Pret a Manger* has announced a move to shed over 2,800 workers and close half of its outlets⁷². Much has been written about the fundamental business model re-think by Pret-a-Manger to move away from a city centre focus where Pano Christou told Sky News: “*I think customer behaviour is going to change for good.*”^{73,74} Most businesses across the entire hospitality sector are carrying significant losses on their balance sheets and the winter season will probably see a rising toll of closures. Many will not reach the headlines but their disappearance will provoke widespread job losses.

Seaside towns will be particularly hard hit and it is no surprise to see that Blackpool currently has the highest rate of unemployment in the country - even before the winter begins. Overall, the combined retail and hospitality sector saw a loss of 11 percent of its GVA between April and June – the largest of all the UK sectors. A recent observation from the owner of Next indicates that worse may be to come; “*hundreds of thousands of traditional retail jobs may not survive in the wake of the coronavirus crisis*”⁷⁵ We can also see the beginning of what may be a stream of high profile closures in the hotel industry as September 22 saw 6,000 jobs at risk in the Whitbread Group owner of the Premier Inn chain⁷⁶.

But there has been an upside. Tesco⁷⁷, for example, has announced that it plans to create 16,000 new “permanent” jobs and the Co-op that it is: “*opening 50 new stores and creating 1,000 new jobs this year. The new roles come on top of the 1,000 posts added during lockdown as demand from shoppers increased*”⁷⁸. Most recently, Aldi (29th September) has announced the opening of new stores and the

⁶⁶ And, in business, there is always an upside for someone else’s downsides. Successful companies need accountants, as do failed ones: <https://www.thetimes.co.uk/article/kpmg-to-make-16m-from-intu-administration-bmtzwzt39>

⁶⁷ <https://www.retailresearch.org/>

⁶⁸ <https://www.theguardian.com/business/2020/oct/01/eat-out-to-help-out-failed-boost-finances-uk-hospitality-industry>

⁶⁹ <https://www.bbc.co.uk/news/business-54015221>

⁷⁰ <https://www.express.co.uk/life-style/life/1324399/pizza-express-closing-restaurants-closures-latest-news-uk>

⁷¹ <https://www.mirror.co.uk/news/politics/tory-failure-support-north-cash-22743795>

⁷² <https://news.sky.com/story/pret-a-manger-cuts-2-800-jobs-as-sales-sink-to-lowest-level-in-10-years-12057912>

⁷³ <https://news.sky.com/story/pm-mass-infrastructure-projects-crucial-for-uk-as-construction-begins-on-hs2-12063373>

⁷⁴ <https://www.bbc.co.uk/news/business-54015221>

⁷⁵ <https://www.bbc.co.uk/news/business-54289780>

⁷⁶ <https://www.bbc.co.uk/news/health-54246403>

⁷⁷ <https://www.bbc.co.uk/news/business-53890220>

⁷⁸ <https://www.bbc.co.uk/news/business-54026218>

creation of 4,000 jobs. Amazon reports that it is about to open three new “fulfilment centres” in the North East and Nottingham with “7,000 new jobs”. It is revealing that these part-time jobs are described as being “permanent” and “paid at £9 an hour”⁷⁹. Significantly, for a potential future of industry consolidation, Amazon now sees an opportunity to move into food delivery. The shape of demand is shifting substantially with a surge in the in-store purchasing of DIY goods and a sharp fall for in-store clothes purchases⁸⁰.

The shift to online represents a radical change in the type of tasks and the location of work in the retail sector. It represents one of those profound changes that we will expect to become established for the future as an industry-wide transformation of the consumer offer is facilitated by the possibilities of the new technology. New dis-intermediated internet options have seen consumers dramatically change what they buy, and how they buy⁸¹ as online purchasing accelerates rapidly⁸². It offers a clear example of *space time dispersion*.

When it comes to employment, the occupational profile for retail and hospitality is heavily oriented toward relatively low wages and high flexibility as part of contractual terms. Part-time working is very much a feature of the standard task structure. This recommends itself to some workers where it fits in with their home life or career stage. Those with caring and family responsibilities and young people are highly represented in the workforce. The expectation would be that those closures and job losses we have just outlined will have a particular gender, demographic and locational incidence. This will also be true of the new jobs on offer. The questions are; “how many jobs overall?”, “on what sorts of terms and conditions?” and “where across the micro-geography of the country will the new jobs to located?”.

Moving the bulk of the jobs into out of town “fulfilment centres” and tasks toward the drivers who service them will fundamentally change the pattern of employment opportunity. The reaction from retail and hospitality to the Chancellor’s Job Support Scheme was generally negative, since the bulk of the most threatened businesses are small and they see no benefit from it. For the larger players, however, the scope to create “viable jobs” and use the scheme may be more attractive. A comprehensive re-shaping of the profile of employment is inevitable. The downside will be focussed on the current worker cohort and the upside on new hirees.

Geographically, retail and hospitality is an “everywhere” activity, spanning corner shops, high streets and shopping centres, high end city centre and designer outlets. Alongside them is dispersed warehousing and the logistics activities that service the movement of goods. Losses and gains in employment will have a widespread and differential spatial impact across the country as a whole. This will play out from the cores of the major cities and shopping malls through town centres to the local village convenience shop. For the distribution hubs for online, a national pattern of motorway-based nodes, already coming strongly into place before the crisis, will see a rapid expansion. We are looking at a new geography, the shape of which is still emerging. What was slowly evolving before the pandemic has now shifted into high gear. The debate is on and too early yet to call. Cities and towns at all levels in the urban hierarchy are probably going to look significantly different in the next 5-10 years.

⁷⁹ <https://www.bbc.co.uk/news/business-54009484>

⁸⁰ <https://www.bbc.co.uk/news/uk-54201617>

⁸¹ “M&S said total sales in its hard-hit clothing and home arm plunged 29.9% in the eight weeks since shops reopened, with store sales tumbling 47.9% and online surging 39.2%”. <https://www.bbc.co.uk/news/business-53817598>

⁸² <https://www.theguardian.com/business/2020/aug/16/tesco-to-take-on-amazon-with-free-home-delivery-for-premium-cardholders>

3.4 Arts, culture, entertainment, performance and events, tourism and associated activities

The group of activities and job opportunities across this set is enormous. It is just too broad to handle in anything more than sketch form. It belongs to a wide generic category called the *Creative Industries* that contributed £101.5 billion in value to the UK economy in 2017. The group includes everything from: advertising and marketing, architecture, crafts, design and fashion; through film, TV, video, radio and photography, IT, software and computer services, publishing, museums, galleries and libraries; music, performing; to visual arts to exhibitions, games and theatre.

Like the air travel industry and retail and hospitality that we have just examined, the shock of the pandemic to those involved has been sudden and horrendous. The interconnections in this broad grouping are significant. Venues need performances. Performances need people, but enough to make a profit. Hence the decision to delay the release of the blockbuster new James Bond movie led to the closure of Cineworld⁸³ cinemas globally early in October – insufficient audiences for the films they could show made it economically unviable to remain open and 45,000 people have lost their jobs⁸⁴.

We are dealing in this “sector” (one can see the Chancellor’s difficulty with definitions) with a complex, integrated hierarchy of elements under a broad banner. Pyramidal in shape - narrow at the top and broad at the bottom – might be a way to describe it. Across the wide variety of elements present within it, different pressures and possibilities will play out post-Covid. The “old” model of *time space compression* is currently suspended - but this could be the opening to a revolution in form. Opening the door to a new, widely distributed and digitally served clientele for a *time space dispersed* marketplace will be a locus for innovation. This is already with us, of course, through the major media channels, network providers and streaming services. But the issue of the moment is the mayhem created by the shock of the pandemic.

The first significant closures of institutions in the group came as early as 13 March with closure of the Wellcome Collection, the South London Gallery, the Institute of Contemporary Arts, the Photographers' Gallery and Amgueddfa Cymru⁸⁵. Soon to follow were events such as the Edinburgh International Book Festival and on March 16 the enforced closure (under the Covid-19 Legislation) of theatres across the UK. There have been some attempts at re-opening, but the strict requirements on social spacing mean that capacity is reduced to about 15-20% of original, rendering the venues unprofitable. This is a group of activities is estimated to employ in excess of 290,000 people. Closure is producing a scale of job loss more than twice that reported above for the retail and hospitality sector. If the vast number of less prestigious performance venues for theatre and music were to be added, the “hard to count” scale of job losses is undoubtedly very considerable.

The Creative Industries Federation (CIF) worries about a ‘cultural wasteland’ emerging from closures and redundancies⁸⁶. The Financial Times reports that “*Revenues are forecast to drop by £74bn in 2020 — a 30 per cent fall — while job losses are predicted to hit more than 400,000, according to research by the consultancy Oxford Economics*”⁸⁷. The Government did announce in July a “£1.57bn support package to

⁸³ <https://www.cineworld.co.uk/static/en/uk/blog/cineworld-cinemas-closure-faq-coronavirus-covid-19>

⁸⁴ <https://www.theguardian.com/business/live/2020/oct/05/cineworld-cinema-closures-uk-us-car-sales-donald-trump-stock-markets-business-lvie>

⁸⁵ https://en.wikipedia.org/wiki/Impact_of_the_COVID-19_pandemic_on_the_arts_and_cultural_heritage

⁸⁶ <https://www.theguardian.com/world/2020/apr/26/uk-could-become-cultural-wasteland-due-to-coronavirus-say-artists>

⁸⁷ <https://www.ft.com/content/aa93b17b-55ea-4273-aff0-80b6d92c2c8d>

*help protect the futures of UK theatres, galleries, museums and other cultural venues*⁸⁸. However, the proposed re-opening of some cultural venues with limited (socially distanced) audiences has now been put on hold with the September 22 clampdown. Trying to survive downstream of the now abandoned events and performances are large numbers of agencies⁸⁹; technical support companies; creative teams (writers, designers) and many other backstage participants – many of them on non-permanent contracts. Alongside them are external companies handling sales, security, catering and cleaning. Going wider still, as in the airline and tourism example, are currently negative income and employment multipliers cascading down to those hotel, tourism and hospitality activities⁹⁰ locally that depend on the creative industries for their revenue and survival.

As we have seen across the two groups of activities we looked at earlier, technological change was already working its way across all the elements of the creative industries. The UK was already highly technically advanced in animation, creative design and gaming - regarded as the industry leader in many specialist areas. Advanced audio and video techniques were already in use for supporting and streaming performances. Cinemas had moved to extend their scope, bringing the performances of the Metropolitan Opera⁹¹ in New York to high-quality sound and viewing facilities locally. This served to grow new audiences and no doubt also increased the desire for seeing live performance should the producers survive the crisis.

In a transformation already well under way before the shock of the virus, the major media channels, network providers and streaming services of products digitally were serving a remote and global audience. The arrival of the pandemic made this a highly profitable marketplace for the handful of key players since it provided an obvious escape from the onerous constraints of national Covid-19 sanctions. This is not only going on in the performance field. There are virtual reality tours through the National Gallery⁹². There are any number of online tutorials about the Mona Lisa⁹³ - obviating the need to visit the *congested* Louvre in Paris and wait for your limited *timeslot* to view it in person⁹⁴. Virtual reality will further open the door to new experiences in this form and these features are here to stay.

An issue we have raised elsewhere may serve as a guide to what the future may hold in this case. *Industry consolidation* will probably feature highly. The strong will survive in industry that is uniquely disaggregated and heavily populated by small enterprises and sole traders. This will raise concerns about retaining the very creativity and innovation that gives the grouping its title. The loss of the seedbed could have very far-reaching consequences. A key issue going forward will, then, be less about mode of delivery as about the preservation of quality content and creativity in a more oligopolistic format. How will the potential loss of talent and creativity at the bottom of the pyramid be offset and rebuilt⁹⁵?

Inequality in the distribution of the positives and negatives of outcomes will, then, be the name of the game for this complex cluster of activities just as it has been everywhere we have looked. The elite operators with scale and finance and those able to make best use of the digital technologies will best be able to survive. For the broad base of the sector pyramid where new talent is nurtured and where innovation takes place, already, lack of financial resilience could see swathes of small players go to the wall. Most threatened at

⁸⁸ <https://www.bbc.co.uk/news/entertainment-arts-53302415>

⁸⁹ <https://slippedisc.com/2020/04/covid-crisis-artist-agencies-lay-off-staff/>

⁹⁰ <https://www.hospitalitynet.org/hottopic/coronavirus>

⁹¹ <https://www.metopera.org/season/in-cinemas/>

⁹² <https://www.nationalgallery.org.uk/visiting/virtual-tours>

⁹³ For example https://www.youtube.com/watch?v=e5F1v_osAV0

⁹⁴ <https://www.louvre.fr/en/hours-admission-directions/admission>

⁹⁵ For broad global discussions see <https://www.oecd.org/coronavirus/policy-responses/culture-shock-covid-19-and-the-cultural-and-creative-sectors-08da9e0e/> and https://en.unesco.org/sites/default/files/special_issue_en_culture_covid-19_tracker.pdf

the moment are performers in pubs and small clubs. These are forbidden from performing at present, and one estimate is that 64% of performers will leave the sector⁹⁶.

An interesting question for the future might be; “what shape would this broad and complex set of activities have to take to recover and survive?” If the dominant criterion were to be economic weight in the competitive marketplace - at a time of extended recession, truncated air travel and low disposable incomes - it might end up facing drastic rationalisation. In employment terms, the creative industries has an unusual configuration. In many respects it is still “craft organised” - with a wide variety of talented individuals and small enterprises. A lack of resilience here could – as with the pub performers example above – see a quick shake out of, hard to replace, talent. The sheer scale of the group of activities involved also draws in a “hard to count” but undoubtedly large, number of part-time, low wage and flexible workers. For those who directly service performances, events and venues, work has ceased across a wide spatial footprint (festivals for example). For a major city like London, at the top of the scale, the income and employment multipliers supported by international tourism and linked to the city’s cultural offer are considerable. Having it essentially “switched off” to wait for the virus to recede presents a scary prospect with a substantial cost to the nation⁹⁷.

As the UK entered a second significant infection surge at the end of September it was too early to say what the eventual impact would be. Those activities where the income stream is contingent on spatially compressed activities and dense occupancy will continue clearly to be seriously affected. Attempts are being made to recover. The National Trust is significantly shifting its focus and activities and shedding staff.⁹⁸ The Royal Albert Hall is trying to survive against a 96% income reduction⁹⁹. The Royal Shakespeare Company is trying to survive on donations and reserves (while also prioritising educational engagement)¹⁰⁰. In the current climate of anxiety and uncertainty, the immediate prospects do not look good and its is hard to express optimism for the “hard Winter” the Chancellor confirms is to come.

Against his stark warning, the Chancellor is judged to be making little contribution to keep things going here through his Winter Plan¹⁰¹. Businesses such as theatres, music venues and event caterers now claim they will be left behind and struggling to make ends meet¹⁰². Scottie Sanderson mourns the “catastrophic” effect the coronavirus lockdown has had on the events industry; “Bands, caterers, lighting engineers, security guards, cleaners, ticket vendors, and many others, have seen their world fall apart. Even when we get a semblance of normality again people will have moved on. All these companies will have folded. Even if there is a vaccine, there won’t be anyone to put the gigs on”¹⁰³.

⁹⁶ <https://www.nme.com/features/excluded-choir-one-more-day-rishi-sunak-2746402>

⁹⁷ <https://www.london.gov.uk/what-we-do/arts-and-culture/cultural-infrastructure-toolbox/creative-industries-supply-chain-covid-19-impact>

⁹⁸ <https://www.museumsassociation.org/museums-journal/news/2020/08/national-trust-defends-restructure-plans/#>

⁹⁹ <https://www.royalalberthall.com/about-the-hall/news/2020/sepember/six-months-without-you/>

¹⁰⁰ <https://www.rsc.org.uk/news/coronavirus>

¹⁰¹ <https://www.theguardian.com/world/2020/sep/26/its-a-nightmare-the-business-owners-left-behind-by-sunaks-winter-plan>

¹⁰² <https://www.theguardian.com/culture/2020/oct/04/arts-bailout-delay-leaves-jobs-at-risk-in-uk-and-theatres-on-brink-of-ruin>

¹⁰³ <https://www.theguardian.com/world/2020/sep/26/its-a-nightmare-the-business-owners-left-behind-by-sunaks-winter-plan>

3.5 Employment Outcomes: Recession adds increasingly large numbers to the pool of the vulnerable

Workers in the three production complexes we have just discussed were among the first to experience the most damaging short-term impact of the lockdown measures. It was a feature of the work tasks involved across the three activity complexes that large numbers of the workers were unable easily to distance and isolate themselves. They were involved in delivering a personal service to customers whose presence in numbers was essential to the business model. They were part of that wider cohort that included the “key workers” so widely praised for their diligence and sacrifice across the care, public transport and essential public services segments of the labour market. Many of the workers in the three groups of activities – but especially those in Arts, Culture, and Entertainment - operated across what has variously been called the *gig economy, the sharing economy and platform work*¹⁰⁴ or were acting as sole traders or micro-businesses. Lockdown took the financial support from underneath them. The ability to earn an income simply ceased. Most were unable to take advantage of the provisions of the furlough scheme and the latest Jobs Support Scheme does little to help them¹⁰⁵.

As we entered the Covid-19 crisis a large share of those in work in the three complexes were *already in a precarious situation*. A class term – the *precarariat*¹⁰⁶ – living in poverty while still being in employment has been adopted to reflect this¹⁰⁷ condition of vulnerability. Once work ceased, there was little or no financial resilience to absorb the shock. Many were dependent on low and intermittent wages just to pay their bills, put food on the table and get by. With the recession, they were joined by many newcomers to the condition whose jobs had been closed out. This was, of course, the group that had to go to work regardless of the risk to them, to their families and to their friends and neighbours. They did not have the option of staying at home or of avoiding public transport.

For those still employed, should they be forced to go into quarantine, income stopped. (Belatedly this was a situation recognised by government with a minimalist subvention to provide income¹⁰⁸). It should not, then, be a surprise that this is still the segment of the population in difficulty. Earliest and hardest hit by the virus, the same segment of the population figures strongly in the new secondary outbreaks and hotspots.

¹⁰⁴ *At its core, the gig economy is based on application driven platforms that dole out work in parcels – driving, delivering, cleaning are the most popular – where work is sourced and delivered over the internet/cloud. It is modern form of piece work – paid by piece delivered/order fulfilled. It can also apply more widely to any work contracted over the internet and carried out remotely* <https://www.wired.co.uk/article/what-is-the-gig-economy-meaning-definition-why-is-it-called-gig-economy>

¹⁰⁵ <https://www.theguardian.com/world/2020/sep/26/its-a-nightmare-the-business-owners-left-behind-by-sunaks-winter-plan>

¹⁰⁶ <https://www.weforum.org/agenda/2016/11/precarariat-global-class-rise-of-populism/>

¹⁰⁷ *Forbes in its Global Analysis (2015) in highlighting the rise of what it called the “temporary workers” phenomenon made the following arresting statement: “Mass hiring of temporary workers is not just a retail thing. It’s happening everywhere – all classes of work from the executive suite to field labourers in every industry across the globe”. In a study of the US Workforce 2020 the following are estimates of the use of temporary workers by different sectors showing the penetration of this form of working. In all, 82% of Retail employers used temporary workers. The equivalent for Financial Services was 81%; Healthcare 81% and Public Service Agencies 86%. It is suggested that the total share of self-employed workers in the US economy may rise to as much as 40 percent by 2020. Cited in* <https://www.peter->

[lloyd.co.uk/app/download/5810221400/Work+and+Employment+in+the+Information+Economy+Deep+Transformations+with+Polarising+Spatial+Outcomes.pdf](https://www.peter-lloyd.co.uk/app/download/5810221400/Work+and+Employment+in+the+Information+Economy+Deep+Transformations+with+Polarising+Spatial+Outcomes.pdf)

¹⁰⁸ <https://www.theguardian.com/world/live/2020/aug/27/uk-coronavirus-live-people-on-low-pay-to-get-covid-isolation-payment>

On top of this, for those who find themselves unable to continue paying rent or mortgages, will come a very real risk of homelessness – once the protection against eviction is removed¹⁰⁹.

When a substantial shake-out of workers takes place such as the one we are seeing, workers losing higher status jobs tend to “trade down” the labour market to take jobs of a lesser standing¹¹⁰. In this ‘bump down’ process, they replace or shut out workers downstream of them in the occupational hierarchy. People in secure jobs across the three activity complexes above - where in many cases activity virtually ceased - quickly found themselves vulnerable and having to trade down to take whatever work they could. As the Daily Mirror saw it: *“Secure jobs face a bloodbath as, despite furlough and Universal Credit being inundated with claims, the number of Brits in zero-hours work has actually gone up”*¹¹¹.

As a result, for lower skilled or disadvantaged groups, jobs become even harder to find and durations of unemployment lengthened. Many slide into inactivity to add to the numbers already in a situation of disadvantage and precarity. Large numbers are pushed into dependence on a benefit system where the sanctions of the Job Seekers Allowance (JSA) ¹¹² drive them to search harder for jobs that are mostly impossible to find. We are hearing of thousands of applicants for a single low-level service job¹¹³, and significant increases in the number of applications for the public sector jobs that are being advertised¹¹⁴. A recent survey suggests that currently as many as one third of the UK workforce is “job-seeking”¹¹⁵

As the distribution of the most negative impacts from the pandemic has become increasingly clear (largely impacting the young, the old and the socially deprived), questions about this appear to have been largely absent from the central policy agenda. The devastating effects of the pandemic and lockdown on the most marginal groups in society has generated no strong thread of government interest beyond extending local lockdowns in the worst hit communities¹¹⁶ - while pursuing a rhetoric of “levelling up” and Prime Ministerial references to the power of the “British spirit”.

¹⁰⁹ <https://www.gov.uk/government/news/ban-on-evictions-extended-by-2-months-to-further-protect-renters>

¹¹⁰ <https://www.theguardian.com/business/2020/aug/24/devastation-how-aviation-industrys-covid-crisis-is-hitting-towns-across-uk>

¹¹¹ <https://www.mirror.co.uk/news/politics/breaking-zero-hour-contracts-top-22501848>

¹¹² <https://www.gov.uk/government/publications/jobseekers-allowance-sanctions-leaflet/jobseekers-allowance-sanctions-how-to-keep-your-benefit-payment>

¹¹³ <https://www.dailymail.co.uk/news/article-8623379/Coronavirus-crisis-sees-thousands-applicants-competing-role.html>

¹¹⁴ <https://www.personneltoday.com/pr/2020/09/job-applications-leap-31-in-public-sector-due-to-covid/>

¹¹⁵ <https://www.linkedin.com/pulse/third-uk-professionals-actively-looking-work-emily-spaven>

¹¹⁶ A new and perverse form of the phrase ‘punishment will continue until morale improves’
<https://medium.com/swlh/the-beatings-will-continue-until-moral-improves-8b2614eb3ac4>

4.0 Geography: The Spatial Impact of Recession

4.1 Continuing damage to the disadvantaged places: What price levelling up?

Many of the country's more vulnerable places rank high on the list of the most seriously impacted as infection, unemployment and poverty appear across local geographies. These badly hit places exist across the country, more in the north than the south. Many are those towns and villages that the government "levelling up" slogan seems to address. But losses are also strongly present in the major cities including London and the urban cores of the old industrial regions. Soundbite policies may have their place for aspiration - but will not substitute for some hard thinking about how to address *general inequality* as a defining feature of the advanced economies for past decades (See Thomas Picketty, 2020, *Capital and Ideology*¹¹⁷). While the spatial distribution of real hardship has far reaching importance, "levelling up" does not start and end with a geography of deprived places.

As Andrés Rodríguez-Pose warned us back in the "better days" of 2018, the patterns of deprivation and poor jobs that existed then were more than just an economic risk:

*"The rapid rise of populism represents a serious and real challenge to the current economic and political systems. The stakes are exceptionally high and there is no time for business as usual. The array of solutions is, however, limited. Doing nothing is not an option, as the territorial inequalities at the root of the problem are likely to continue increasing, further stirring social, political and economic tensions."*¹¹⁸

These tensions will not have gone away, and the structural weaknesses that existed before lockdown – like so many things associated with the virus – will see a sharp intensification. The operation of the labour market for the most disadvantaged both generally and in the disadvantaged places was failing to offer the resilience needed to cope when we had high rates of employment, let alone a pandemic and a recession.

In the case of the most deprived places, a study by the Joseph Rowntree Foundation (See Appendix 6.2) identifies those places that will find it hardest to recover from the economic downturn¹¹⁹. JRF seeks to show where unemployment is likely to peak highest and for people to lose their jobs, against an estimate of how many job opportunities will be available locally¹²⁰. What is interesting is how clearly the list in Appendix 6.2 picks up so many of those places outside the South East where Covid-19 case rates remain persistently high and are growing again with local lockdowns in place – Bradford, Knowsley, Tameside, Oldham, Pendle, Hartlepool, South Tyneside and Blackpool for example.

Some of these places have a greater concentration of their jobs in the most hard-hit sectors in the old industrial regions but their chief feature is that they have local economies generally unable to meet the employment demands of their population. Some have special circumstances. In a case like Blackpool, now the "staycation" season has ended, and holiday resorts have returned to late-season mode, job losses are rising sharply as businesses still face strongly negative balance sheets¹²¹. Places that generally have a

¹¹⁷ <http://piketty.pse.ens.fr/en/ideology>

¹¹⁸ <https://doi-org.ezphost.dur.ac.uk/10.1093/cjres/rsx024>

¹¹⁹ <https://www.jrf.org.uk/blog/targeted-action-parts-britain-risk-surg-ing-unemployment>

¹²⁰ The methodology for calculating these variables is not set out.

¹²¹ <https://www.theguardian.com/business/2020/sep/16/hull-and-blackpool-have-highest-jobless-rates-in-uk>

heavy dependence on high street retail employers in poorer areas will also struggle to recover¹²². Most of these areas have a high proportion of their local job offer in low wage precarious and flexible employment - the recent story of Boohoo and the clothing and textiles sector in Leicester¹²³ offers an example of what this looks like. People on low wages and insecure contracts are those more likely to lose their jobs first as we go forward into the winter season.

The story is by no means just about the deprived towns. The bulk of the population most likely to suffer from the post-lockdown recession is in the major cities and the suburbs surrounding them. Seven in the JRF list of most challenged places are in Greater London (Brent, Barking and Dagenham, Newham, Harringay, Ealing, Waltham Forest and Enfield). It is not just the old textile, coalfield and steelworks towns of the North that are suffering, Covid-19 has merely added to their existing economic woes. What is happening is that sectors that support some of the “regular” working population are facing redundancy and job loss in virtually every town and city across the nation and it is the people already in a situation of precarity who are least able to cope. The Chancellor’s latest programme to support employees in “viable companies” will do little to help them.

Whatever levelling up might mean, then, it should not be forgotten that it is in the cities (the conurbations) that most of the people experiencing growing distress are to be found. These are likely to be those for whom precarious work is generally the norm. They find work in low paid manufacturing or processing, in the local personal services, public transport, construction or in the care economy. They are drawn to the major cities by the high prospects of work with low barriers to entry but living costs see them having to cluster together in places where rents are affordable. They occupy rented accommodation in deprived neighbourhoods with low levels of public space. They have to travel on public transport. They inhabit those localities that are easily identifiable in those hotspots and clusters for the new spikes of Covid-19 that drive the news cycle on the state of the virus.

Many are to be found among the nation’s BAME population. These places are, inevitably, those at the top of the list for the most pernicious effects of the post-lockdown recession. As we enter the winter with a projected sharp rise in infections, we should worry about an existential threat to the national economy and to the stability of civil society with 3-4 million or more forecast to be unemployed.

4.2 Signs of distress in the more affluent areas

Retail, hospitality and associated services, pubs and clubs and local theatres and festival venues are being devastated by the pandemic. These operate across *all the spaces* of the UK. While the poorest places will be badly hit, a new set of spaces with problems is already appearing. We have already explored the losses among those external activities linked to the operation of airports. This additional level of distress where previously affluent places are not exempt comes on top of those regional imbalances between the north and the south that were always to be seen under the “old normal”¹²⁴. While the number base is small (reflecting how rare a resort to Job Seekers Allowance, JSA, was before the pandemic), the list of towns with *more than a doubling* of JSA claim rates between March and June 2020 is not one we have been used

¹²² “Boris Johnson remains such an optimist that he at least pretended to spend his Scottish staycation in a tent. Since his return he is instructing us all to resume normal life, sustain the summer’s encouraging economic recovery (15% in Q3 anyone?), to help save Pizza Express and all those deserted city centres. Up to 3.5 million still-furloughed jobs are at risk as the economy adjusts to new normal”. <https://www.theneweuropen.co.uk/top-stories/are-we-over-the-worst-or-on-cusp-of-calamity-1-6820305>

¹²³ <https://www.retailgazette.co.uk/blog/2020/07/boohoo-accused-of-slavery-practices-in-leicester-factory/>

¹²⁴ <https://news.sky.com/story/coronavirus-crisis-where-jobs-have-been-lost-across-the-uk-12029604>

to seeing (See Appendix 6.2). Even the most affluent places are experiencing a sharp rise in unemployment and in applicants for Universal Credit. Indeed, places that had virtually no history of unemployment and where recourse to Universal Credit was low are appearing at the top in percentage change terms. When places like Guildford, Redhill, St Albans and Harrogate appear at the top of a list dealing with unemployment and benefit claims, and Slough and Crawley see sharp rises something worrying is going on.

4.3 An inadequate benefits system

In the face of a recession on the scale that has been described, the jobs the disadvantaged need are not going to be readily available on a scale needed to provide the basic conditions of life. A massive increase in the demand on foodbanks tells its own story¹²⁵. While the Chancellor has extended the embargo on evictions, this will simply put back the time when many will lose their homes as well as their livelihoods¹²⁶. Still the legacy rules of JSA push people to look for jobs that are not going to be there and we now have a £250 million government scheme to provide job coaching in a situation where thousands already apply for a single job¹²⁷. Many among the families will be those young people whose life chances have already suffered through the impact on their learning of the lockdown. Not here are those home facilities that could keep education going while the schools were closed, and their children are most in need of help over lost schooling – yet it seems that “catch-up tutoring” is not to be available until the Spring of 2021¹²⁸.

A benefit system constructed in a period of high employment and low unemployment is hopelessly inadequate for the current circumstances and will be even more out of touch in the future. Working at home means that knowledge is much more agile and mobile than before – businesses in some sectors may now recruit the most able applicants from anywhere in the country. A new approach to job search is needed by the benefits system when the world has changed so radically. The convention for someone without a job, and receiving benefits, is that they must search for jobs within a certain distance of their residence: “*You’ll generally be expected to travel up to 90 minutes each way to work - if you won’t be able to, explain why, For example, if you can’t sit on a bus for that long due to a back problem. Ask to limit your travel time to what is manageable for you*”¹²⁹.

That sounds simple, but it does assume that the public transport will be available in time for you to go to work and to return – many of the precariat jobs involve ‘unsocial hours’ working, and bus networks beyond major cities have been rationalised over recent years and many now find their viability threatened¹³⁰. To find jobs more widely, those on benefit may have good knowledge and skills, but also may be unable to be easily mobile. Moving from one rented home to another can be challenging both logistically and when housing costs in the destination location are higher. Mass unemployment is certain in the short term. Acknowledging this, even the Economist states in its issue of August 22, that: “*The DWP should be brushing*

¹²⁵ For example: <https://www.theboltonnews.co.uk/news/18692615.farnworth-food-bank-sees-80-rise-usage/>
<https://www.thestar.co.uk/news/people/how-sheffield-foodbank-has-risen-coronavirus-challenge-2958483>

¹²⁶ <https://www.thesun.co.uk/money/12202041/hundreds-thousands-tenants-behind-rent-evictions-restart/> and
<https://www.bbc.co.uk/news/business-54136993>

¹²⁷ <https://www.theguardian.com/politics/2020/oct/05/new-jobs-coaches-will-help-people-back-to-work-says-rishi-sunak>

¹²⁸ <https://www.theguardian.com/education/2020/sep/06/boris-johnsons-catch-up-tutoring-will-arrive-too-late-for-pupils-who-need-it-most>

¹²⁹ <https://www.citizensadvice.org.uk/benefits/help-if-on-a-low-income/jobseekers-allowance-isa/help-with-your-isa-claim/preparing-for-your-isa-interview/>

¹³⁰ <https://www.theplanner.co.uk/news/buses-and-tram-services-threatened-by-deep-cuts-without-covid-19-support>

*up its knowledge of active labour-market policies. If mass unemployment is on the way, it's going to need some ideas that work*¹³¹.

There is a demand-side issue adding to all this. Job loss, wage reduction, hollowing out and bump down acting in concert will see a massive fall in personal disposable incomes and public (tax base) revenue. Indeed, the generalised loss of spend across the population will reduce still further the potential for businesses to restore balance sheets and sustain or create new jobs. Public receipts will fall from the loss of tax revenues with public expenditure at unprecedented levels. Waiting for a V-shaped recovery, going back to what we had before and generally “hoping for the best” is, on the evidence set out here, a dangerously inadequate “strategy” (should what we currently see from government be dignified by the use of the word). But we do need to relegate sound bites to the party-political agenda they are designed for and begin to look at what some elements of a real strategy for the crisis might contain. We turn to this in the Conclusion.

¹³¹ <https://www.economist.com/britain/2020/08/22/mass-unemployment-threatens-britain>

5.0 Conclusion

Facing the future, it would help to start by acknowledging the scale of the difficulties ahead. This we have tried to do in the paper. What we have described above is - in the currently most used word in the English language – unprecedented. Taking its literal meaning, the word suggests that we cannot fall back on previous experience as a way to think forward. Neither can we just wait and see while firefighting our way forward. This chimes in with what the businesses we talked about are already having to do. Legacy practice and legacy data have lost not all - but a substantial part of - their value for seeing the way forward.

Taking the positive, an opportunity presents itself imagine the future on different lines. As a society, for example, we could begin by establishing the principles we would insist on for a post-Covid world. From the perspective here, this would be to accept nothing less than an inclusive and sustainable system that would capture the buy-in of a majority of the electorate. This is, of course, about politics - principled and democratic. The means to achieve it would as always be the stuff of political debate. We will not indulge ourselves by pursuing this further in the paper.

On the basis of what has been presented here, however, we can make some observations about what might need to be done to get us beyond the necessary fixes for the short term and on to something more fundamental. First, it looks increasingly clear that even beyond the crisis, there will not be enough jobs of the quality needed to maintain decent employment for a significant share of the population. It follows, that an expectation that all those able-bodied people in the working age groups to be in some form of paid work is not reasonable. Continuing to run a benefit system on the basis of this is patently absurd. Having JSA claimants continue to search for paid jobs where over three-quarters of a million jobs have been lost just so far¹³² simply makes no sense. It is still not known how many closures and redundancies will arise as furlough ends but losses will continue¹³³. (Just while writing this Shell announced 9,000 job losses¹³⁴ and TSB nearly 1,000¹³⁵). Running a legacy welfare system that assumes the widespread job availability of 2019 in the face of all this has no functional basis.

Looking beyond furlough; there is at the very least a powerful case for some form of basic income support. Whether this comes in the form of Universal Basic Income (UBI) or Minimum Income Guarantee (MIIG) or any other similar format is less important at this stage than an acceptance in principal that only a nationally adopted and publicly administered scheme to provide a floor of income support to every worker and household in need is going to be necessary. This would be entirely consistent with the “general protection of human dignity” enshrined in the *Universal Declaration of Human Rights (1948)*, Art. 25; and the *International Covenant on Economic, Social and Cultural Rights (1966)*.

Such a scheme should be as simple and quick to administer as possible. As the New Economics Foundation argues¹³⁶, it would do more than support disadvantaged people; the demand stimulus from it

¹³² The rules for compulsory job search and coaching were suspended at the beginning of the pandemic but re-installed three months later. <https://en.brinkwire.com/news/extra-20-a-week-universal-credit-boost-due-to-coronavirus-should-be-extended-mps-urge/>

¹³³ The House of Commons Treasury Committee has also argued against planned cutbacks in benefit; “*The government will also need to shelve plans to cut back Universal Credit payments to prevent millions of families from suffering a fresh income shock next spring*”

¹³⁴ <https://www.bbc.co.uk/news/business-54351815>

¹³⁵ <https://www.bbc.co.uk/news/business-54343392>

¹³⁶ https://neweconomics.org/uploads/files/NEF_MinimumIncomeGuaranteeUK_March_2020.pdf

would serve as a vital fiscal stabiliser for the economy. There may be room to debate the “universal” character of such a programme or its conditionality but a Europe-wide study of such schemes¹³⁷ shows that they would have wide popular support. Its vital role would be to provide disadvantaged people with the necessities of life at a time when poverty is already far too high in the UK. Indeed, the more disadvantaged areas of England are four times more likely to be locked down now than other areas¹³⁸. That says more about conditions than it does behaviours.

A second powerful message is that, if past employment practices continue, the open labour market jobs on offer to an unacceptably large segment of the population will increasingly be low-wage, low-skill, low-attachment ones. These place large numbers of people in a condition of precarity where wage income is below that needed to sustain a decent livelihood (the in-work benefits system already acknowledges this). In a previous paper we reported the growing concerns about the scale of insecure work set out by the New Economics Foundation and the Living Work Foundation¹³⁹; “*millions are at risk of slipping into low-paid, insecure work as the economy recovers from coronavirus*”. At the start of the pandemic over 5 million UK workers were in, what the report described then, as insecure work. This is a good point to repeat the quotation from Wallace Stephens and the RSA (2019)¹⁴⁰ that we used in Paper One:

“30 percent of workers don’t feel like they earn enough to maintain a decent standard of living (up from 26 percent in 2017). Almost one in four workers sometimes have trouble meeting their basic living costs because of income volatility (24 percent, up from 19 percent in 2017). Moreover, a significant number of workers lack financial resilience – 36 percent would struggle to pay an unexpected bill of £100; 59% would struggle to pay an unexpected bill of £500. A further 45 percent don’t expect to have enough in savings and pensions to maintain a decent living of living in retirement. While 32 percent are concerned about their levels of debt”

If that was then; it is hard to imagine what might be the case now. This presents clear evidence for a complete re-think. Simply allowing “market forces” to promote the colonisation of the UK labour market by jobs that consign people to precarity and insecurity cannot be allowed to propel us into the world beyond the pandemic. Not the least of this is because it will be society at large (through the State) that will be expected to assume (directly or indirectly) the growing burden of the downside risk when low wages and job insecurity let growing numbers of people to fall below the threshold of household survival.

We can see the price we have collectively pay when health inequalities place a substantial segment of the population at risk of disease. The idea that we should have to spend public resource through enhanced income support just to allow labour costs in the marketplace to be so low as to “price us back into competitiveness” is outrageous. If we need to think about income support in the new future, we should also be taking a long hard look at the terms and conditions on which a substantial segment of the nation’s workforce is employed.

And then there are the ‘places’. Going forward there is no reason to believe that those at most risk of insecure work, unemployment, poverty and poor health will not be those already found in the areas/places suffering from significant disadvantage. Because we can observe the problem as presenting itself in geography – “left behind places”, “those inner cities”, “multiply deprived areas”, does not mean that the only

¹³⁷ <https://doi.org/10.1177/0958928719882827>

¹³⁸ <https://www.theguardian.com/world/2020/oct/07/poorest-areas-of-england-four-times-as-likely-to-face-lockdown-as-richest>

¹³⁹ <https://neweconomics.org/2020/06/why-tackling-insecure-work-is-an-important-part-of-any-meaningful-recovery-from-crisis>

¹⁴⁰ <https://www.thersa.org/globalassets/pdfs/reports/economic-insecurity-21st-century-safety-net-report.pdf>

solutions are to be locally deployed. Having a decent and non-punitive system of income support and for regulation to ensure fair wages and conditions would be vital to lift the burden from the concentration of the most deprived in blighted places. But this is not to say that *acting locally* does not bring substantial benefit on its own terms.

A part of any re-think has to take a more sensible view of the *governance system* we need to find a better balance between the central and the local. Covid-19 has provided us with some valuable, if painful, lessons about how far a highly centralised system of governance can go in dealing with things that happen in the complexity of the local grounded world. As yet, we still wait for government to recognise the power of the local in dealing with the virus. We concentrated on this in Paper 6 making the point that; “*facing a variable and flexible entity like the virus – simple and central control in the hands of a largely closed managing group can only go so far*”. Recent events with track and trace bear this out. We raised then the issue of orchestration and suggested that sound policy should be *co-designed* with local players rather than centrally imposed.

We need not just concern ourselves with governance but also with the benefits in an uncertain world to come from the connectedness of people, from the strengths that arise from the networks they inhabit, from the benefits of horizontally organised organisation and institutions, from the trust that can be initiated, worked on and sustained. This comes best locally (but conceived through networks as well as locations). Covid-19 has provided the opportunity for this to flourish and for people to become aware of the power of coming together locally for mutual support. There is much more to be said on this but, for the moment, in an already over-long paper, it would be best to refer readers to the very recent work of Hilary Cottam in her excellent paper on “*Welfare 5.0*”¹⁴¹.

Finally, if Covid-19 has taught us anything, it is that we cannot go on disregarding those people in our society who are struggling just to survive. Up to here, the health conditions that tend to come from being in that situation – diabetes, heart disease, obesity, and so on – could perhaps be pigeonholed as problems only for those concerned (just so long as there is a publicly financed health system in place that - expensively – will do its best to help them). The pandemic has been a wake-up call. We have had to come to the realisation in a pandemic-prone world that our neighbour’s health can become our problem too. In this sense, there is hope for a broader realisation of our social obligations to each other once we accept that we are indeed “all in this together”. As part of the re-think, our sense of individualism needs re-positioning in a world that understands the importance of our connection to others .

¹⁴¹ <https://www.ucl.ac.uk/bartlett/public-purpose/publications/2020/sep/welfare-50-why-we-need-social-revolution-and-how-make-it-happen>

6.0 Appendices

6.1 The Chancellor's programme to support jobs and businesses

SUMMER ECONOMIC UPDATE: PLAN FOR JOBS

"The plan will also create tens of thousands of jobs through bringing forward work on £8.8 billion of new infrastructure, decarbonisation and maintenance projects

This includes a £3 billion green investment package that could help support around 140,000 green jobs and upgrade buildings and reduce emissions.

As part of this package homeowners and landlords in England will be able to apply for vouchers from a £2 billion Green Homes Grant scheme this year to pay for green improvements such as loft, wall and floor insulation that could save some households hundreds of pounds a year on their energy bills while creating thousands of jobs for tradespeople.

And a £1 billion programme will make public buildings, including schools and hospitals, greener, helping the country meet its ambitions of achieving Net Zero by 2050, whilst investing in our future prosperity.

In addition, £5.8 billion will be spent on shovel-ready construction projects to get Britain building. This includes:

- *£1.5 billion for hospital maintenance and upgrades*
- *£100 million for our local roads network*
- *over £1 billion to start to rebuild schools in the worst condition in England, plus £760 million this year for key maintenance work on schools and FE colleges*
- *£1 billion for local projects to boost local economic recovery in the places that need it most*
- *£142 million for court maintenance to repair around 100 courts across England".*

THE WINTER JOBS PLAN

Job Support

- Workers must work a third of their usual hours, paid by their employer as normal.
- For the time they are not working, the government will pay a third of their usual pay, and the employer will pay a third of their usual pay.
- Including the pay for the hours they are working; the Treasury says this means workers will get 77% of their usual pay.
- The scheme will be targeted at businesses that need it most – all small and medium-sized firms – but only for big companies if turnover has fallen by a third.
- The scheme will run for six months starting in November.
- Firms can claim both the jobs support scheme and the jobs retention bonus.
- A grant for self-employed workers will be extended on similar terms.

BUSINESS LOANS

- A “Pay as you grow” scheme to help companies repay state-backed business loans.
- Loans extended from 6 to 10 years reducing repayments with an option for interest-only payments and suspension for firms in “real trouble”.
- All of the state-backed loan schemes extended until the end of 2020 with a new loan guarantee programme to begin in January.
- VAT bills can be spread over 11 separate payments.
- Businesses will be required to cover 55% of the wages of workers on the programme (on the furlough scheme the most they have to cover is 20%).

6.2 The Potentially most challenged places post-Covid-19

Rank	Local authority	Potential peak unemployment rate	Current number of people out of work per vacancy
1	Brent	18%	63
2	Barking and Dagenham	18%	49
3	Newham	18%	39
4	Blackpool	21%	32
5	Haringey	17%	72
6	Sandwell	18%	34
7	South Tyneside	17%	36
8	Pendle	17%	37
9	Thanet	17%	30
10	Ealing	17%	30
11	Wolverhampton	18%	24
12	Hartlepool	16%	33
13	Walsall	16%	33
14	Kingston Upon Hull, City of	17%	36
15	Waltham Forest	16%	31
16	Oldham	17%	22
17	Enfield	16%	26
18	Tameside	15%	40
19	Knowsley	16%	27
20	Bradford	17%	22

Source: JRF analysis¹⁴² of OBR coronavirus analysis, Business Register and Employment Survey (via NOMIS), Institute for Employment Studies' Weekly vacancy analysis, and ONS claimant count and vacancies time series.

¹⁴² <https://www.jrf.org.uk/blog/targeted-action-parts-britain-risk-surg-ing-unemployment>