

# **Covid-19: Widening Inequalities and Changing Futures**

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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

This 8<sup>th</sup> paper in our Covid-19 series takes a synoptic view at the end of 2020 - bringing together a number of the themes covered across the previous 7 papers. Some eight months into the pandemic, it is vital to understand how the virus, the lockdowns and the often-conflicting policies of the UK government and the devolved administrations have impacted people in their daily lives. We find that, even now, modelling-driven policy has not fully grasped the importance to outcomes of the way the people respond. Local engagement and collaboration are vital for understanding and dealing with the complex synergies of the pandemic. Covid-19 has had its most pernicious effects on those in society least able to cope with it, including the low paid, the generally disadvantaged, the BAME population and the young. By contrast, professional workers – able to reap the benefits of the new technologies to work from home – have been able to ride out the storm thus far with less damage. The pandemic is reinforcing social inequality in ways that should raise concerns about future social cohesion. Facing deep recession and slow recovery, the scale of the challenge is huge and a progressive strategy is essential for social equality as well as for economic revival.

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

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# 1.0 The “Second Wave”: Confusion, drastic measures and a loss of trust

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## 1.1 U-turns, lockdown and confusion in England: Lives disrupted

In the first week of November, following yet another spectacular U-turn, the policy to deploy the basic rules of infection control in England shifted suddenly and unevenly. From a short-lived situation where people could still come together in groups (in October with a magic number of 6 and three ‘alert levels’<sup>1</sup>) the country was thrust into a second lockdown<sup>2</sup>. Under lockdown people could still go to work, and young people could go to school or college. Shopping was only for “essential goods”, with the demand to “stay home” again, and only make “necessary” journeys<sup>3</sup>. Restaurants, pubs and gyms (and even children’s sports activities) were closed. Medical needs could still be met - but with almost daily announcements about the regulation of access, and the pressure on hospital waiting lists for non-Covid-19 treatments<sup>4</sup>.

As has been so often the destabilising case, as soon as the rules were announced, there was an early U-turn - pubs could sell beer for ‘take-away’<sup>5</sup> This was followed soon after by a reversal of the decision about the provision of meals for disadvantaged children<sup>6</sup>. No wonder people are anxious and confused. The government narrative returned to that of the beginning of the pandemic. Still “following the science”; we are invited to respond as good citizens to models and graphic depictions of the threats to come from unchecked virus transmission<sup>7</sup>. If not, deaths would rise, and the NHS would be in danger of being overwhelmed<sup>8</sup>. The social bargain with the people that the NHS would be “saved” if we comply is now on the table again.

To run the same script - with the same podium headlines - shows just how far removed the English<sup>9</sup> government has become from a grasp of where the citizenry currently find themselves. People are overloaded with information and with different stories in a world of fast-moving print and social media<sup>10</sup>. They are bemused by the complexity and variability of the advice and have become more questioning of both its provenance and its efficacy. They are shocked by the levels of political patronage evident in the

<sup>1</sup> <https://www.gov.uk/guidance/local-covid-alert-levels-what-you-need-to-know?priority-taxon=774cee22-d896-44c1-a611-e3109cce8eae>

<sup>2</sup> <https://www.gov.uk/guidance/new-national-restrictions-from-5-november>

<sup>3</sup> And, drivers would be wise to understand the legal definition of what is ‘essential’, since if their journey resulted in an accident and the journey was ‘non-essential’ insurers could invalidate their policy.

<https://www.mirror.co.uk/news/politics/drivers-warned-insurance-invalid-non-22974841>

<sup>4</sup> <https://www.bbc.co.uk/news/health-54886286>

<sup>5</sup> <https://www.theguardian.com/business/2020/nov/03/takeaway-beer-back-on-pub-menus-in-england-after-covid-lockdown-u-turn>

<sup>6</sup> <https://www.bbc.co.uk/news/education-54841316>

<sup>7</sup> Initially there was strong trust in this process with the SAGE committees providing independent scientific advice. More recently (September and into October) the relationship between SAGE and the UK government has clearly broken down. The ‘scientists’ are now going public with their own views of the progression of the pandemic, and the government is in political contests with cities and regions (such as Manchester on 20 October with a deadline for decision imposed by the government) over levels of lockdown that seem to change by the hour. See <https://www.bmj.com/content/371/bmj.m4039> for a wider discussion.

<sup>8</sup> <https://www.bbc.co.uk/news/uk-54783076>

<sup>9</sup> Also in Northern Ireland where the first minister admitted they “Could do better.” <https://www.bbc.co.uk/news/uk-northern-ireland-55016585>

<sup>10</sup> <https://www.ft.com/content/1b8ab329-3a90-4c75-980d-2155a187eada>

allocation of massive amounts of public money to companies for track and trace and other tasks<sup>11</sup>. The Prime Ministerial press conference announcing the November lockdown did little to convince the population that they had a government in control<sup>12</sup>. Ten months on from the start of the pandemic, we still do not hear that government is listening to social and behavioural science specialists telling us about how people are experiencing the pandemic<sup>13</sup>. Since the people are the active agents for virus control, the propensity for them to be able or willing to take the required action is vital. The goodwill of the population – so badly damaged at the outset by the Dominic Cummings fiasco – is a vital variable for positive outcomes and there is some evidence that this has significantly leaked away<sup>14</sup>.

In November, raising the level of fear and anxiety does not seem to work in the same way as before, and it remains to be seen how the citizenry will respond as another real-time lockdown experiment gets under way. Most recently, on the basis of another centrally conceived idea, the people of Liverpool were targeted in an experimental programme of mass testing<sup>15</sup> with the army heavily involved. As seems to be usual, this came without warning to the people or effective consultation with specialists in the field, and with limited success given the huge investment of money and resources<sup>16</sup>.

## 1.2 Narratives in flux: From saving lives and the NHS to the economy and back again

On the arrival of the latest lockdown, people heard from media reports that for weeks the English government had not been listening compliantly to its scientific advisors. It seemed that the government was beginning to worry more about the economy and the public finances. Then came the sudden about turn as the concern switched back to the load on the NHS. Government disarray was further emphasised with respect to the support people could expect to cope with the new measures. Only a week after highly publicised battles between the northern city mayors and the government over small additional sums of money to support Tier Three, the government announced that furlough in England was to be extended for a further month<sup>17</sup>. That was on the Monday.

By the Thursday, another rushed announcement declared that the original furlough scheme would be extended to the end of March 2021<sup>18</sup>. This was barely 5 hours before the old programme was due to expire. To make things worse, the three devolved administrations of the UK were (in the face of the same “science”) going their own way<sup>19</sup>. Bizarrely, Wales was about to leave its own “circuit breaker” lockdown just as

<sup>11</sup> The National Audit Office was very critical of the lack of transparency in this process. <https://www.nao.org.uk/press-release/investigation-into-government-procurement-during-the-covid-19-pandemic/>

<sup>12</sup> <https://www.independent.co.uk/voices/boris-johnson-coronavirus-voters-red-wall-local-lockdown-tiers-b1012726.html> or [https://www.huffingtonpost.co.uk/entry/second-lockdown-critics-slam-governments-incompetence-coronavirus\\_uk\\_5f9d8ceac5b60eefc8532688](https://www.huffingtonpost.co.uk/entry/second-lockdown-critics-slam-governments-incompetence-coronavirus_uk_5f9d8ceac5b60eefc8532688)

<sup>13</sup> We hope government has them even if they are not in the public domain

<sup>14</sup> <https://www.theguardian.com/world/2020/nov/07/good-neighbours-no-uks-community-spirit-fell-in-summer-covid-lockdown>

<sup>15</sup> <https://www.bbc.co.uk/news/uk-england-merseyside-54828634>

<sup>16</sup> “The other problem Liverpool throws up is getting people to take the tests. Despite Jurgen Klopp’s best efforts, just over 130,000 tests have been carried out. Some 400,000 adults live in Liverpool and more work there. That level of testing will reduce the spread of the virus, but it may not have a dramatic effect on transmission”.

<https://www.economist.com/britain/2020/11/21/liverpools-mass-testing-shows-promise-but-must-reach-more-people>

<sup>17</sup> <https://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced>

<sup>18</sup> <https://www.bbc.co.uk/news/business-54824120>

<sup>19</sup> <https://www.ft.com/content/05bcdeed-ce2d-4009-a3bc-cf9bb71c43d5>

England entered its one month-long version<sup>20</sup>. Scotland continued to plough its own furrow with a five Tier programme of sub-regional restrictions<sup>21</sup>, as did Northern Ireland<sup>22</sup>. Meanwhile there were warnings that hospitals were coming under pressure and ICU bed capacity was reducing.

Nothing could be more damaging for public trust and compliance at a time when people are being asked once more to forego their basic life freedoms. People are rightly confused<sup>23</sup>. Even the basics were being questioned by uncertainties arising from research. How long should people quarantine – 14 days, 10 days or what<sup>24</sup>? Do limited curfews work? Is it, or is it not, risky to go on a bus<sup>25</sup>? How well do masks work? Will a vaccine be successful<sup>26</sup>, and so on. Failure at the centre is leading to information overload and to increasing exhaustion among the people<sup>27</sup>. Opportunistic politicians are picking up on the climate of uncertainty. Capitalising on resistance to lockdown, the Brexit Party is mutating to become the Reform Party and oppose lockdown. Meanwhile there were warnings that hospitals are coming under pressure and ICU bed capacity was reducing, although, once again, those forecasts were not fully supported by the evidence<sup>28</sup>.

### 1.3 A climate of uncertainty and a cruel paradox

Ongoing research, and a growing tendency to scepticism and finger-pointing in the media, have both played a role in raising the level of uncertainty about what really works and just how to apply it in different situations. The science itself has been shown (as it should) to be debatable. It should have been clear at the outset that one of the problems of “following the science” (even if there is such a thing as “the” science) is that it can never produce the simple clear answers that people and policymakers need. By contrast with this, a total lockdown gives governments a clear and universally applied lever and a relatively simple to understand message looks like direct action. This is, of course, just so long as the people are willing or can be coerced or be frightened enough, to comply. However, lockdown is a measure with potentially devastating economic and social consequences.

There is, then, a cruel paradox to be faced. The lockdown measure is simple and uniform. But the impact of it is not just for the economy as a whole. It has highly specific and strongly differentiated social as well as economic effects on particular segments of the population and the places where they live. There is evidence that it is highly gendered<sup>29</sup>. For some, the threat of the virus is set against their survival in other contexts. Bargains “for the good of the NHS and the nation” can be easily entered into by some in society but for others, those facing issues around food survival, the care of their children and precarious mental health, such grand acts of national solidarity can ring hollow.

More awareness is needed about the differentiation in society not just of the risks from Covid-19 contagion but also of the collateral effects of sanctions and lockdowns on those segments of the population for whom

<sup>20</sup> <https://news.sky.com/story/coronavirus-confusion-over-different-lockdown-approaches-in-england-and-wales-12121907>

<sup>21</sup> <https://www.gov.scot/coronavirus-covid-19/>

<sup>22</sup> <https://www.bbc.co.uk/news/uk-northern-ireland-54816952>

<sup>23</sup> <https://www.bbc.co.uk/news/uk-54584583>

<sup>24</sup> <https://www.bbc.co.uk/news/uk-54678809>

<sup>25</sup> <https://news.sky.com/story/coronavirus-why-public-transport-could-be-safer-than-we-thought-12091657>

<sup>26</sup> <https://www.itv.com/news/2020-10-21/covid-tier-3-why-do-restrictions-differ-from-area-to-area>

<sup>27</sup> <https://www.ft.com/content/1b8ab329-3a90-4c75-980d-2155a187eada>

<sup>28</sup> <https://www.telegraph.co.uk/news/2020/11/03/hospital-intensive-care-no-busier-normal-leaked-documents-show/>

<sup>29</sup> <https://www.bbc.co.uk/news/business-55002687>

income<sup>30</sup>, disabilities<sup>31</sup>, loneliness<sup>32</sup>, and mental health<sup>33</sup> outcomes may be “life threatening” in a different sense. Where these effects bear directly on the willingness or ability to comply with the rules, they can significantly influence the process of contagion<sup>34</sup>.

While the national lockdown measure was decreed by the Prime Minister as definitively short-term (until December 2<sup>nd</sup>), the effects on many will undoubtedly have longer term consequences from which they will struggle to recover. This will be the case for some individuals and groups but also in the wider societal context. The long duration of the hiatus in what was considered to be “normal” life may serve to shift some fundamentals with profound and long-term ramifications. Tipping points may be passed at this stage that will be hard to recover from – not just in the economy but in the functioning of society as a whole.

We may not yet know enough to be sure how many things will pan out but this should not stop us making an attempt to deal with those things that are staring us in the face. We should take seriously the advice from the Independent SAGE group that shows clearly that a ‘sticking plaster’ approach to the pandemic will not suffice. Simply responding to ‘this and that’ pressures of society, health, economy, public perceptions and behaviours, just shuffles the crisis around:

*“The COVID-19 economic crisis is likely to further increase health inequalities unless the social safety net is improved. While the UK government has taken steps to mitigate some of the distributional impacts of COVID- 19, there is an urgent need for additional action to reinvest and rebuild capacity in all public services linked to a strategy for full employment and resource redistribution”.*<sup>35</sup>

We want to open this up in what follows as something that is immediately obvious about the current situation. The virus is having its most pernicious effects on those least able to deal with it and the measures to control contagion make things worse for them. We start by taking a broad view on how the arrival of the pandemic and the revolution in the digital technologies came together to provide some in society with a relatively easy pathway for coping with the crisis while others were left to struggle with its malign effects.

<sup>30</sup> And, with Brexit to come ... <https://www.heraldscotland.com/news/18848321.number-scots-living-extreme-poverty-will-double-due-brexite-covid-19/>

<sup>31</sup> <https://www.localgov.co.uk/People-with-learning-disabilities-six-times-more-likely-to-die-from-COVID-19/51407>

<sup>32</sup> “The week after the clocks went back saw Britain's highest levels of acute loneliness in the pandemic, Office for National Statistics figures suggest. The start of November, with darker evenings, saw 8% of adults who were “always or often lonely” - representing 4.2 million people”. <https://www.bbc.co.uk/news/education-54973709>

<sup>33</sup> <https://www.independent.co.uk/news/health/coronavirus-mental-health-royal-college-psychiatrists-adrian-james-b1253895.html>

<sup>34</sup> For example, the government offers £500 to support those individuals forced by track and trace to quarantine. But the rules for qualification are stringent and limited to those both in employment and claiming benefit. Single parents who have to care for children returned home from school are not covered.

<sup>35</sup> <https://www.independentsage.org/covid-19-and-health-inequality/>

## 2.0 Technology amplifying difference

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### 2.1 Possibilities for some: Networked and virtual people in fluid time and space

A vital part of our collective ability to cope with Covid-19 has come from the availability of a comprehensive suite of communications technologies<sup>36</sup>. Through this, it has been possible for those with access to information and communication technologies (ICTs)<sup>37</sup> to adjust key aspects of their economic and social activity and cut down their physical contacts to offset contagion. For the last 20 years as the Fourth Industrial Revolution emerged, we could not have known how lucky we would be when a global pandemic hit. Most of us were already into mobile phones, streamed entertainment content, Facebook, Instagram and WhatsApp. Business meetings using Zoom, Skype and Teams were already in play; making possible national and international connections that only a very short time earlier would have normally required travel to a physical location. They provided ready-made solutions to avoid physical contact for those people and companies able to adopt them.

Before the pandemic, while the technical capability existed to do things differently, it was widely accepted that physical movement with a given rhythm over the working day was the norm. Routinely, people joined the rush hour to spend a day with others in a workplace while muttering about the traffic or cramped public transport. They accepted that would take hours out of the day just to get from home to work and back. The work-life balance<sup>38</sup> was a regular subject for discussion. On the social side, people tended to accept and value the “atmosphere” a busy but not too crowded pub<sup>39</sup> or entertainment venue. The crowd was part of the anticipated experience at a theatre or a sports event. The micro-motives of people at every level broadly reflected the established order of things; commuting, queuing, following the timetables of public transport, meeting for a coffee, mixing with the crowds in sports, cultural and other events. Change was on the way with the possibilities of the new technology, but while it was transformational, it was incremental..

Coping with Covid-19 demanded a profound transformation in this established ecology of work-home-play where people had previously aligned themselves around what we might call *space time congestion*. When lockdown brought the nation to a standstill; bringing the “old normal” to an abrupt halt, it was quickly realised that for some at least, life could quickly adjust. For this group, a wholly new alignment of life presented itself as an option to cope with the arrival of the virus. It would still be possible to gather safely together without number, space or time restrictions. Those who needed to, could just “dial up” their use of digital network communications technologies and work from home. They could still get together in virtual groups or crowds with wide variety – international if needed.

People with the right kit and resources could still watch football, watch concerts or binge on Netflix. While the ability to travel and connect with others in *physical space* was dramatically curtailed, it was still possible to have the world at the fingertips through a *networking device*. They did not physically have to go to “where it is or where others are” (whether it is the office, the theatre, the seminar or just a ‘get-together’ of friends, the bus stop or the railway station). For the luckiest ones, work could carry on and normal income continue to flow. This was one way that life – the urban variant of it at least – could be lived.

<sup>36</sup> <https://www.nuffieldtrust.org.uk/research/the-impact-of-covid-19-on-the-use-of-digital-technology-in-the-nhs>

<sup>37</sup> And, many do not <https://journals.sagepub.com/doi/full/10.1177/2056305120948255>

<sup>38</sup> <https://www.ceps.eu/ceps-publications/policies-for-an-ageing-workforce/>

<sup>39</sup> For example: <http://www.socialvalueuk.org/report/pubs-and-places-the-social-value-of-community-pubs/>

This acceleration in the adoption of the new technologies and new behaviours in response to the virus has profound implications not just for the present crisis but also for the future. By no means everything will change, of course. Some things will revert to the old order. But the digital revolution pushed forward under the pandemic has thrown open the door to a new set of widely available options not just for people but for the businesses that employ them or the retailers that provision them. A significant re-alignment in the use of space and time has become more feasible – one with profound implications. What this will look like is hard yet to predict clearly from a process still in motion. What we can see clearly already, however, is that - if left to play out for itself - this new and exciting set of possibilities will be *available to some but not all* and the upside and downsides of the process will be *allocated differentially* across economy and society.

## 2.2 Opportunity for some but not all: Difference by occupational and social status

In the previous section, the Covid-19 situation was being described largely from a perspective biased towards technologically savvy, city dwelling, probably office based, probably middle class, probably professionally skilled, workers and their families. Taking a wider view of the population would immediately throw into sharp relief how *partial and socially loaded* a view this is. For substantial share of the population – the low paid, the financially fragile, the young and unemployed, the old and dependent, the ethnically and culturally diverse still facing discrimination – many aspects of this would look like an inaccessible world. Yes, a large proportion would probably be on Facebook and use Netflix and streaming services and have a smart phone. Their lives would have been changed by the new technologies. But; as for being able to cope with the pandemic by adopting the new technologies to work from home<sup>40</sup> and able to carry on earning a decent salary (even if on furlough) through having the necessary kit; this is an option available for others.

In occupational terms, this less adaptable group would tend to comprise workers in the lower paid reaches of the public services and in particular the “key” workers in health and social care. It would include taxi<sup>41</sup>, bus and train drivers, shop assistants and waiters; teachers<sup>42</sup>; bar staff and pub entertainers; cleaners, food handlers and sandwich makers; garment and small factory workers; warehouse pickers and packers. Many of the private employers for this group would be small with a significant share of the workers from ethnic minorities<sup>43</sup>, who are self-employed, those on zero hours contracts or in the gig economy<sup>44</sup>. These are people who would still have to turn up at a place of work at a given time and probably use public transport to get there. They would largely work in activities where close contact or face-to-face interaction is essential and where lockdown means closure. Many, by virtue of low rates of pay and loss of income on furlough would find themselves increasingly anxious about moving toward ‘precarious’ living.<sup>45</sup>

The bulk of this *place and time constrained* occupational group where *face-to-face contact* is essential is likely to be in the lower paid and insecure part of the labour market that existed before the virus. They could

<sup>40</sup> See section 5 on the reduction in public transport use in

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19in10charts/2020-09-24>

<sup>41</sup> <https://www.bbc.co.uk/news/uk-england-london-54974425> “One in five black cabs has been taken off London's roads since June due to a lack of passengers during the coronavirus pandemic, research reveals”.

<sup>42</sup> And consider that teachers are key workers who are placed in front of potential super-spreaders (i.e. children and young adults) with only minimal PPE. The Education Secretary in Scotland even seems to condone refusal to wear masks by schoolchildren <https://www.expressandstar.com/news/uk-news/2020/08/31/dont-exclude-pupils-who-refuse-to-wear-masks-scotlands-education-secretary/>

<sup>43</sup> <https://www.ft.com/content/01143e91-bf35-4480-b90f-cab139765e18>

<sup>44</sup> See papers 5 and 7 in our series <https://www.peter-lloyd.co.uk/papers-and-blogs/>

<sup>45</sup> [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/)



not readily use the virtual and networked possibilities of the new digital technologies to shield them from the downsides of the pandemic. They are more at risk from recession. Their children cannot easily do their school lessons online at home. Responding to government requirements to change their way of living is intrinsically more difficult for them. It is not simply a matter of their willingness to comply.

For large numbers of the workers in this set of activities it has been furlough – temporary, timely and targeted” that has kept them afloat during the crisis<sup>46</sup>. In the first phase of the scheme with 8.9 million people at its peak, there was wide variety by sector and by age group. Significantly for our argument here, four out of five hospitality workers were furloughed at some point and this was 10 times the rate for the finance sector. Administrative and support services, arts, education and recreation, retail and wholesale trade and construction figured prominently in the early months alongside the badly hit hospitality and travel industry<sup>47</sup>.

Up to 80 percent of pay was available to a maximum of £2500 a month for those who worked at least 33 percent of their usual hours. Under the new scheme from November, only 20% of usual hours is required to benefit and the top up from firms is reduced from 33% – to just 5%<sup>48</sup>. Few would doubt that credit is due to the Chancellor for what is a lifesaver. For the people involved, however, incomes inevitably shrunk. There was the ever-present threat that their employer would go under and that they would be made redundant. New lockdowns and restrictive “Tiers” are an existential threat. Any balanced cost-benefit analysis of future restrictions should factor in the social costs and their distribution as well as the economic ones..

For this substantial segment of the occupational distribution; the “old” normal was a time when employment rates were high, unemployment was low and consumer spend was buoyant. This represented a time when, despite low wages, the line could be held against financial stress. Facing deep recession and uncertainties about the shape and timescale of recovery, the prospects for many on the lowest rungs of the ladder are poor, if not disastrous. Even where furlough helped them to cope, albeit with reduced income, job loss would see the shifted to the limited support of the benefit system. Faced with this, many will be inclined to carry on earning when and wherever they can – even if they have to take on more personal contagion risk to do so.

## **2.3 Diverging opportunities challenging social cohesion**

There is, then, much more going on than just Covid-19 and the recession associated with it. The ongoing revolution in digital technologies has meshed with the responses to the pandemic potentially to open up a pathway to a wider, more fundamental, change in the social order. This could be one with dangerous portents for social cohesion if it is not recognised and measures are not quickly taken to offset the more extreme long-term outcomes. Draconian controls on human interaction deployed across the full range of behavioural, social, and spatial processes in society have had a highly selective impact. The rules and sanctions of physical distancing have very different meanings and implications wherever they land.

Stories and symbolic references are attached to them – about what might work and what might not; about who does and does not break the rules; about the people who make the decisions and with what motives; about who might be suffering the least or the most; about who thinks they do and do not have to comply

<sup>46</sup> <https://www.theguardian.com/uk-news/2020/oct/29/temporary-timely-and-targeted-furlough-proved-to-be-just-one-of-these-coronavirus>

<sup>47</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/furloughingofworkersacrossukbusinesses/23march2020to5april2020>

<sup>48</sup> <https://www.theguardian.com/politics/2020/oct/22/changes-to-the-coronavirus-job-support-scheme-in-england-explained>

with the policy of the government and so on<sup>49</sup>. Pushed to extremes and set in a context where “fact” is easily manipulated to suit sectional interests and where social media can corral thinking to self-reinforcing pathways<sup>50</sup>, a door can open to conflict and political opportunism.

As recent events in the USA have shown, people who feel that they tend to get the worst of things on all counts are a solid political constituency with considerable democratic weight. Even a President like Trump can have 75 million people vote for him. The politicians of the right have not been slow to recognise that political capital can be made out of Covid-19 stories, of a loss of personal freedom, of being “left behind” or being overridden by “others” claims<sup>51</sup>. Post-Covid-19 and post-Trump, the politics of the next decade will likely pit cohesion against division in a way not seen since the Second World War.

<sup>49</sup> <https://www.theguardian.com/commentisfree/2020/nov/10/covid-lockdown-nigel Farage-brexit-national-panic>

<sup>50</sup> <https://firstmonday.org/ojs/index.php/fm/article/view/11431/9993> and <https://www.bbc.co.uk/news/topics/cjxv13v27dyt/fake-news>

<sup>51</sup> <https://www.prospectmagazine.co.uk/politics/how-the-pandemic-is-making-extremism-worse-covid-19>

## 3.0 Covid-19 selects for the vectors of economic disadvantage

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### 3.1 Lockdown impacting “foundation economy” jobs and the low paid

It is hard to put numbers on that set of occupations we saw in the previous section as making it hard to avoid the worst effects of Covid-19, although the Office for National Statistics (ONS) is aiming to measure the economic impact<sup>52</sup>. From an economic perspective, this wide set of jobs crossing the public and private sectors could account for as much as 30 percent of the working population in the capital and 40 percent in the other cities and urban regions, with many occupations involving more women – thus risking a further worsening of gender inequalities<sup>53</sup> and the BAME population that already shows more excess deaths from Covid-19<sup>54</sup>. To a significant extent, the occupations that make it up map onto what has come to be called the *foundation economy*. It represents the part of the economy that provides the *essential goods and services for everyday life*<sup>55</sup>.

This covers the public utilities; food processing and the activities associated with it; travel and transport, retailing and distribution; and, of course, health, education and welfare<sup>56</sup>. (The standard sectoral perspective draws attention to the retail and hospitality element but it goes much wider than that). While the “key” workers are still going to work and risking infection in parts of it, other elements are suffering the negative effects of lost incomes from lockdown as they depend on furlough. Relatively low rates of pay are normal for the bulk of the workforce.

Much of the employment in this segment of the economy is dependent on *public expenditure*; particularly through those services the Local Authorities directly or indirectly provide. Another of the deadly paradoxes of the moment is that while the Chancellor is pouring money into his furlough scheme, the Local Authorities are still dealing with the expenditure cuts and job restraints coming through from the demands of the government’s austerity programme<sup>57</sup>. It is hardly any wonder that the recent confrontation between the city mayors and the government revolved around additional funds to cope with the extra needs generated by

<sup>52</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/publications>

<sup>53</sup> <https://blogs.lse.ac.uk/politicsandpolicy/furlough-scheme-gender-inequalities/> “Indeed, evidence from other countries shows us that furlough and its impact on gender equality cannot be viewed in isolation. Short Time Work schemes are more likely to be successful at supporting women’s employment when there are other supportive measures in place, such as family support policies, retraining programmes and high quality job search services. The UK is unfortunately still a laggard in each of these areas – childcare is still the most expensive among developed countries, expenditures on active labour market policy measures are among the lowest and the privatisation of job search services has met considerable criticism”.

<sup>54</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/articles/updatingethniccont rastsindeathsinvolvingthecoronaviruscovid19englandandwales/deathsoccurring2marchto28july2020>

<sup>55</sup> And, 11% of these are non-UK nationals, with Brexit and immigration restrictions looming

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/coron avirusandnonukkeyworkers/2020-10-08>

<sup>56</sup> <https://senedresearch.blog/2017/03/02/the-foundational-economy/>

<sup>57</sup> <https://www.theguardian.com/uk-news/2020/nov/11/austerity-left-north-of-england-more-vulnerable-to-covid-report-says>

the pandemic and further lockdown<sup>58</sup>. Health and social care accounts for a large proportion of these “foundational” jobs – a large proportion paid at below the real living wage<sup>59</sup>. The main employers are the NHS, the Local Authorities, private care homes and social care providers, the Charities<sup>60</sup> and community organisations. Outside the NHS and the care economy, for those activities dependent on local footfall and consumer spend, lockdown, as we have seen, is disastrous for the businesses concerned and many workers find themselves going from furlough to redundancy.

Indeed, anticipating the end of the government furlough scheme before its last-minute extension in early November, many local employers were forced to declare redundancies. Lockdown, recession and now lockdown again is devastating for what are, for the most part, labour-intensive small businesses and sole traders. The recent sharp uplift in the numbers of redundancies has seen a rise of unemployment to 4.8 percent<sup>61</sup> and over 300,000 people were made redundant in the three months to September 2020. Across all businesses it was reported on November 19, that “one in seven companies fear they are at risk of collapse in the next three months. The survey found that some 14% of British businesses said they have “low or no confidence” that they will survive the next 12 weeks”<sup>62</sup>. We should be concerned that the likelihood is that many those losses will fall in those areas of the economy populated by workers already struggling to make ends meet.

### 3.2 Covid-19 infection rates by place through the lens of occupational structures

What we have been able clearly to see throughout the pandemic is that those northern cities showing the highest rates of infection tend to have economies that depend heavily on the sorts of occupations we have just been talking about<sup>63</sup>. It is no coincidence that Lancashire and the 10 boroughs that form Greater Manchester were the ones that drove the debate about resources to support people through yet another phase of lockdown<sup>64</sup>. A substantial proportion of the jobs and incomes of their residents is generated through those service-based, close-quarters activities that tend to keep the virus in play. As each day goes by, the local Directors of Public Health have been begging government to wake up to realities<sup>65</sup> on the ground both in terms of the delivery of effective track and trace and financial support from the Treasury<sup>66</sup>.

This is, however, not just about the northern cities and the northern ‘red wall’ places that voted Conservative in the last general election<sup>67</sup>. All the major cities offer intensive job opportunity for people working at the bottom end of the occupational hierarchy from cleaners, reception workers, and security guards to shop assistants to cafes and sandwich shops. In the face of Covid-19, when city businesses and their office

<sup>58</sup> For example: <https://www.london.gov.uk/questions/2020/1885> and <https://www.bbc.co.uk/news/uk-england-london-54624961>

<sup>59</sup> <https://www.theguardian.com/society/2020/nov/13/three-quarters-of-englands-care-workers-earn-below-real-living-wage>

<sup>60</sup> <https://www.theguardian.com/society/2020/nov/12/devastating-loss-funds-uk-charities-count-cost-covid>

<sup>61</sup> <https://www.theguardian.com/business/2020/nov/10/uk-redundancies-second-covid-lockdown>

<sup>62</sup> <https://news.sky.com/story/covid-19-one-in-seven-uk-companies-at-risk-of-collapse-ons-survey-finds-12136139>

<sup>63</sup> <https://www.theguardian.com/uk-news/2020/nov/11/austerity-left-north-of-england-more-vulnerable-to-covid-report-says>

<sup>64</sup> <https://www.liverpoolecho.co.uk/news/uk-world-news/greater-manchester-offered-millions-join-19126651>

<sup>65</sup> <https://www.lgcplus.com/politics/coronavirus/frustrated-public-health-directors-slam-nhs-test-trace-30-10-2020/>

<sup>66</sup> <https://www.lgcplus.com/politics/coronavirus/frustrated-public-health-directors-slam-nhs-test-trace-30-10-2020/>

<sup>67</sup> <https://www.ft.com/content/afb01dca-dec4-4993-a608-09ad7f4e4176> and <https://www.theguardian.com/society/2020/oct/18/handling-of-covid-19-increases-red-wall-voters-complaints-of-government> and <https://www.theguardian.com/commentisfree/2020/oct/29/liverpool-boris-johnson-tories-levelling-up-coronavirus>

workers exercised the choice to reconstruct their space and time schedules to work from home, the impact on this segment of the labour market became near catastrophic<sup>68</sup>. As we pointed out in Paper Seven, the major airport hubs also employ and indirectly support many people in low paid service activities<sup>69</sup>. Jobs were lost and the income multipliers supporting significant employment in the towns local to them were sharply reduced.

So, while much has been written about the problems for low paid workers in the cities and towns of the old industrial regions, the pandemic and lockdown have triggered a condition of increased vulnerability for those who work in low wage, face-to-face and close quarters activities *wherever they are*. Covid-19 has shown more clearly how the economic system we choose to live under is capable of delivering a whole cohort of workers to a precarious existence. This can be as true in Slough, Luton and Croydon and the less well-off London Boroughs as it is in the old industrial towns of the North. This is a significant problem for the future. Recession and the long path to recovery will see large numbers join the ranks of the unemployed even as the virus comes under control. A general loss of spend in the economy overall will set a macroeconomic context where, without active government attempt at demand stabilisation, unemployment will continue to remain high – much of it in the local areas we have been describing.

By any measure, there is an imbalance in outcomes from the pandemic and the policies to control it that negatively affects a substantial share of the nation's population. The future prospects of those dependent on local jobs will depend critically both on the level of public expenditure the government sees fit to deploy in the recovery<sup>70</sup> (and we await the Chancellor's spending review); on ways to raise the scale and distribution of consumer disposable demand; and on the fortunes of sectors like travel and tourism. The overall prospects are poor and even Andy Haldane the Chief Economist at the Bank of England is expressing his serious concern that one of the features of the recovery will be a sharp increase in levels of social and geographical inequality<sup>71</sup>. "Levelling Up" as a government catchphrase, looks entirely empty given what is at stake when such a large proportion of the working population will find it hard to recover from the pandemic.

The UK entered the pandemic with one of the highest levels of inequality among the most advanced nations. All the indications are that on the other side of the event, we may find ourselves in a situation where inequality will grow to pass critical limits unless the dangers are recognised early and acted upon.

*"Covid-19 has accentuated Britain's deep class and generational divisions. While the middle classes have been safely working from home, the working classes have been at far greater risk by driving the buses, delivering parcels and keeping the supermarket shelves stacked"*<sup>72</sup>.

An economic strategy to deal with this prospect is vital even while the pandemic is still uncontained. The Chancellor's reluctant and late moves to extend the furlough scheme do not even begin to address what will be needed beyond March 2021.

<sup>68</sup> <https://www.ft.com/content/203cc83c-72b0-49c9-bea5-6fb38735a8fc>

<sup>69</sup> <https://www.airport-technology.com/news/covid-19-uk-airport-job-losses-shutdowns/>

<sup>70</sup> Already starting on November 20 with 'proposals' to freeze public sector pay (with some exceptions over certain key workers, but that was immediately controversial) <https://www.bbc.co.uk/news/business-55011477>

<sup>71</sup> Andy Haldane: Interview on Channel 4 News, 10<sup>th</sup> November 2020

<sup>72</sup> <https://www.theguardian.com/commentisfree/2020/nov/11/the-covid-19-blunders-drive-home-a-harsh-truth-we-live-in-a-failed-state>

### 3.3 High density living in high transaction spaces

There is another important contrast with respect to the suburban dwelling, office-based workers we described earlier as being able to ride out the Covid-19 storm and those less well positioned in the labour market with greater exposure to Covid-19. The less advantaged groups we have just been talking about have a distinctive geography at the local level. This is closely linked to their position on the earnings ladder. A substantial proportion will live in rented accommodation and in areas of dense housing with limited access to green space and good quality air. They are likely to be found either close to the location of their jobs or using public transport regularly to get to work. They probably have a social life that favours close interpersonal interaction and family links centred perhaps round a pub, a mosque, a church or a community centre.

These are not normally people for whom a loss of wage income is sustainable for any length of time. If they are to feed their family, they have to go to work – often regardless of the risk or even of the rules for self-isolation. Job Seekers Allowance (JSA) under the Universal Credit programme is still constructed around low rates of benefit designed to incentivise people to find work. Expecting those with no prospect of employment and struggling to put bread on the table for their families to take a Covid-19 test and, if positive, to quarantine for two weeks is a failure to grasp the reality of their lives<sup>73</sup>. We noted earlier the stringent rules attached to the cash support scheme for people forced to quarantine. At this point, then, we want to add into the susceptibility equation the way the *spaces for living* occupied by people on low incomes bear heavily on how challenging it can be to follow the rules recommended to avoid contagion. To put it simply; the lower wages that come with a job in the close contact personal services we have just discussed tend to follow through into high densities of occupation.

For those places where older 19<sup>th</sup> Century housing stock attracts those on limited incomes (the Lancashire mill towns we talked about earlier for example), we need to envision terraces of densely packed houses with front doors opening directly onto the street and a yard at the back. These are still very much part of the housing stock for those on low incomes. Distancing, contact and quarantine rules here need to be set in context – not least where access to open spaces and children’s play areas is hard to find. Similarly, former council estates of older vintage – despite the best intentions of planners and architects with tight space constraints to work with – also offer affordable accommodation to low income tenants. Here, “planned in” spaces may be more available by design - but staircases, corridors and (often dysfunctional) lifts challenge both social distancing and common-space cleaning requirements.

When it comes to private rented housing, high land values close to city centres tend to demand high density occupation to deliver a market return to landlords. Multiple occupation premises and multi-occupancy living is a normal feature of housing in the inner cities. Across the board, the shape and condition of the housing stock and its surroundings shapes contagion risk. For those on low incomes this tends to deliver a higher risk profile.

### 3.4 Combined and additive risk factors

Mapping the virus and the probabilities of contagion into these living spaces demonstrates how this becomes an *additive factor* - raising the level of contagion risk for people whose work and modes of transport already make it hard for them to follow the mandates of the government; however willing they may be to comply. The playing field is far from level. If distancing and the regular and effective cleaning of surfaces are the best defences against living space risks. How, we need to ask, does this play out across

<sup>73</sup> There is a small £20.00 per week “Covid uplift” payment attached to benefits, but it has a time limited life.

the environments we have just highlighted? Understanding local contexts is critical. For the past nine months over seven papers we have been arguing for a *strong local component* to be added to measures for the control of the virus. Only now is policy being connected better to the local level – but even then mostly in relation to using local public health to add grounded context around the still in place and failing national track and trace system. There are mass testing programmes in the major cities. Once again there is a clever slogan – “Moonshot” – but sitting behind it a failure to consult either the recognised experts on mass testing or fully to grasp why it might be that the people who are most at risk will fail to come forward<sup>74</sup>.

There is both a socio-economic and socio-geographic dimension to be accounted for in understanding contagion risk. This, as even the earliest epidemiological studies recognised, can only be interpreted and acted upon *locally*. The elements that underpin risk both for individuals and for the community are *connected and additive*<sup>75</sup>. Those least well equipped to withstand the economic effects of the pandemic and - by virtue of known patterns of health inequality, least able to resist the more extreme medical outcomes - are clustered together in living environments with higher risk. Several times in past papers we have pointed to the co-occurrence of the maps of multiple deprivation, Covid-19 cases and severe health outcomes. There is a condition of co-causality here that works through as a *syndemic*. The Lancet<sup>76</sup> defines this as follows and nothing could more succinctly capture the argument of this paper:

*“a conceptual framework for understanding diseases or health conditions that arise in populations and that are exacerbated by the social, economic, environmental, and political milieu in which a population is immersed”*

UK residents have been living in one of the western world’s most unequal societies<sup>77</sup>. Now and over the months to come they will be witnesses to what this brings to the forefront when an economic shock on the scale now being predicted plays out. That there will be echoes of the Great Depression of the early 1930s will spotlight how far the nation has regressed since the progressive times that followed the Second World War. We cannot blame the technologies. They were there beforehand and what they do is what we choose for them to do. The aim here has been to show how this is working under Covid-19 to the even further disadvantage of those at the bottom of the income hierarchy. We have become participants in a real space time, economic and social experiment with long run implications that must surely change the way we envision the world our offspring will find themselves having to live with. .

<sup>74</sup> <https://www.theguardian.com/commentisfree/2020/nov/19/operation-moonshot-england-screening-covid-testing-liverpool>

<sup>75</sup> <https://www.theguardian.com/world/2020/nov/18/poor-areas-of-england-face-permanent-lockdown-says-blackburn-public-health-chief>

<sup>76</sup> [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(17\)30640-2/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(17)30640-2/fulltext)

<sup>77</sup> <https://www.jrf.org.uk/report/uk-poverty-2019-20>

## 4.0 Conclusions

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### 4.1 Taking on board class and age bias in outcomes

The dice for the worst risks of Covid-19 are loaded along class lines. The evidence is clear that the most disadvantaged are suffering the worst outcomes of the pandemic. Those at the lower paid end of the labour market, and to occupations that require close contact with others<sup>78</sup>, whose travel choices are limited to public transport and whose living spaces deny them the opportunity easily to socially distance are in the front line for continuing risk of infection. Some within this set have to deal with other influences that exacerbate their vulnerability: the BAME population for example, which has a case incidence three times the rate to be expected given the black and minority ethnic share of the population overall<sup>79</sup>. It goes without saying, of course, that if age is added to the set, Covid-19 has particularly dire referents for the oldest in the community across the board.

We should not, however, forget the special position of the young in all this because of their less prominent position in cases and infection rates. By virtue of the way the virus selects for age, there is a tendency to underplay their special difficulties. Young people face losses of things particularly importance to them. They find themselves restricted to a close-quarters home-based life: being shorn of a stable education and reasonable prospects for work ; having to forego physical social contact with friends (and for many of those in low income households - without the means to connect digitally); facing a future shrouded with uncertainty. Their position should be given as much voice as the most disadvantaged as a part of our society that requires particular attention in the face of the pandemic - not least because it is the young who will pay the long run future costs<sup>80</sup>.

### 4.2 System complexity and a ‘syndemic’

To move forward effectively, there is a need to adopt a more rounded perspective on the situation confronting us. There are both short-term and long-term problems to deal with and we need to organise ourselves to address both, even while the current crisis is upon us. A first critical step would be to acknowledge the highly complex and integrated nature of the problem. While there is a national obsession about cases, hospital admissions and deaths, the *synergies and complex interactions* that drive the fast-moving dynamic system being surrounding Covid-19 are being downplayed. Without being too technical, the discussions above show what some of the essential causal inter-connections in the system might look like. They do not normally appear in the epidemiologists standard macro-models but they do have power in conditioning outcomes. Complexity does not, of course, make for simple media messaging and government inspired straplines. It does not produce tidy numbers on two-dimensional graphs. As pointed out earlier, Covid-19 is *syndemic* in form. This brings other health conditions into the infection and outcome

<sup>78</sup> Not the least being the risks taken by those processing the Covid-19 tests in what clearly were very poor conditions – shown on 16 November in the Channel 4 documentary <https://www.channel4.com/press/news/dispatches-uncovers-serious-failings-one-uks-largest-covid-testing-labs>

<sup>79</sup> <https://www.nhsconfed.org/news/2020/07/major-study-into-heightened-covid19-risk-for-bme-healthcare-workers-launched> and <https://www.bbc.co.uk/news/av/explainers-52969054> and <https://www.ippr.org/blog/ethnic-inequalities-in-covid-19-are-playing-out-again-how-can-we-stop-them>

<sup>80</sup> <https://www.ft.com/content/0dec0291-2f72-4ce9-bd9f-ae2356bd869e>



equation but also the “*the social, economic, environmental, and political milieu in which a population is immersed*”.

Part of the problem with the policy response to the pandemic up to here has been its incorporation into the simplified messaging of campaigning politics. This brings in a tendency to over-emphasise some things at the expense of others and to over-simplify core messages. Eventually people come to see this as at being at odds with the complexity in what they see around them and diminishing returns set in. Lurching from one lockdown to another, with collateral effects that are additive for each drastic move, one problem (infection) elides into another (recession and social distress). The trade-offs between them are complex and seeing this as a binary problem (health versus economy) makes for flip-flop responses that are de-stabilising and dysfunctional and forfeit trust.

### 4.3 Matching policy governance to complex reality

The view from this paper is that central government is simply too far away from the grounded reality of the pandemic to design and implement fully effective intervention. It has a role and a critical one but it cannot and should not attempt to do everything from the centre. This is not about the politics of devolution<sup>81</sup>, but of taking on board how little can ever be known at the centre about the vital nuances of what Covid-19 looks like at local level where the infections happen. Locking down whole administratively determined geographies (Counties and Strategic Local Authorities) was a step toward decentralisation, but Covid-19 does not respect local and regional government boundaries.

A clearer view of the detail at the lowest possible level of resolution is needed. Only by engaging the “bottom-up” sensitivities that can come by *engaging with and involving* a wide community of local actors is it possible to capture the “ground truth” of the pandemic in context. The Tier system was, of course, swept away by pulling the “big lever” of national lockdown but the questions about its ability to map effectively onto the progression of the virus locally will still be with us when moving to the next stage, with rumours of a move to “District level” lockdowns.

Very early in the progression of the pandemic it should have been obvious to the national politicians that the parts of the county that combined both the highest virus case rates and the highest levels of multiple deprivation were in the most impoverished parts of the northern conurbations. A deeper appreciation of why this was the case would have served to avoid unhelpful diversions such as the argument in some quarters was that tiered lockdown was “just further punishment for the North” while the “well off” South could keep its economy running.

Cases are higher in the north and for very clear reasons. An up-front recognition of this as a justification for compensatory resource was precisely what the Mayors were arguing for. In the event, a battle about small money and of differential power between North and South dominated the headlines. This was quickly dropped through the imposition of a national lockdown but it will surely return come December with the root issues untouched. There are critical issues of resource allocation and *effective multi-level policy governance* still outstanding. We have to hope that somewhere in government the “circuit breaker” is being used to formulate a more nuanced pragmatic strategy with a better sense of pandemic geography.

<sup>81</sup> Hardly helped by reported allegedly negative views of the Prime Minister on devolution on 17 November <https://www.bbc.co.uk/news/uk-scotland-scotland-politics-54973449>

## 4.4 Going to where the most affected people and groups are

A common response from the epidemiology community, all the way from the WHO to the regular academic interviewees on national and local television, to the question; “how do we get case rates to fall back?” is “people should follow the rules of distancing, quarantining and hand washing”. Based on this paper a rider to this would be; “easier said than done” for some people. This would suggest that an obvious route for policy intervention to deal with this issue is to find meaningful and effective ways of “making it easier” for people living precarious lives in areas of risk to comply. The colloquial phrase “going to where people are” can be understood in two senses. First, it can mean “where” in the socio-economic order and in work-home life. Second, it can refer to geographical location and setting. In the paper we have separated out the two – although they are intrinsically inter-related. This grounds debate on dealing with the virus and its effects from the side of its social and spatial practicalities both of which play into each other.

Whatever the shape of the bounce back, we are going to continue to have to confront the issue of levels of income inequality in the UK, starting from a low point. In 2014, the UK had the dubious status of being the only country in the G7 group of leading economies where inequality had increased this century<sup>82</sup>. More recently, the OECD found the UK 2016/17 to have some of the highest levels of income inequality in the EU<sup>83</sup>. Witnessing the events of 2020, society is going to have to ask itself whether, in the interests of all, we can allow an even more extreme situation of inequality to prevail. Furlough, that was to cease as planned at the end of October and is now extended to March 2021, has its focus on supporting jobs. It has been and still is welcome. But it is another “big lever” from the centre that is not sensitive to the finer detail of what sort of jobs are being preserved and lost while attempting to “keep afloat as many viable boats as it can”.

Around 300,000 people (mostly in small and new businesses) are estimated to have fallen through the job support net. Furlough as a scheme cannot have a sense of the wider realities of the functioning labour market. As we have seen, it runs in parallel with Treasury-led programmes to cut public expenditure year on year under austerity. So many of those public sector low pay “foundational” jobs important to local workers are caught up in this. Furlough also maps awkwardly into the platform and gig economy and the mass of sole traders whose situation does not fit its guidelines. It works wonderfully, of course, for “working from home” professionals and office workers.

Furlough, then, has structural biases that can widen not narrow income inequalities. How far, do we imagine, is it really penetrating the arena of those close contact service jobs that are most strongly affected by lockdown and that support large numbers of the low paid? We have yet to see the fine details but the sudden stop-start in early November may have been too late to stop redundancies in many of the most marginal small businesses in this group. The unemployment rate has now risen to 4.8 percent<sup>84</sup> with projections that it may reach as high as 7 percent in the coming year. Furlough will need to end at some point. The world has changed and a debate is needed about how to support a large share of the population at an acceptable minimum level of income over the next years until and even beyond full recovery.

<sup>82</sup> <https://www.theguardian.com/society/2014/oct/14/uk-inequality-wealth-credit-suisse>

<sup>83</sup> <https://www.lendingworks.co.uk/blog/economy/inequality-uk-on-the-rise>

<sup>84</sup> We also know that a further 300,000 workers “slip through the cracks” of the Chancellor’s support schemes. Trade Unions are vociferous about the risk to jobs <https://unitetheunion.org/news-events/news/2020/october/as-furlough-scheme-ends-government-must-bring-forward-plan-for-protection-of-health-jobs-and-incomes-unite-warns/>

## 4.5 Providing income support

For the segment of the population highlighted in this paper, as the recession deepens they will find themselves joining the scramble to find jobs while having to depend on the meagre provisions of Jobseekers Allowance (JSA) and the other provisions of Universal Credit. While the virus is here, this will do little for their ability or willingness to comply with strict distancing and quarantine rules with rents to pay and families to support. Connecting high unemployment to the risky situation for the bulk of the workers affected, would point to a further deepening of their precarity and social distress.

As an illuminating recent example, the school meals debate has served to raise public awareness of the scale of child poverty in the country. A reduction still further in the incomes of those already struggling will face many more with a choice between quarantine compliance and feeding their children. Can it really be good policy to make it even harder for the most disadvantaged to maintain a basic living when we want them to be tested and quarantining when positive? Removing the £20 a week Covid enhanced payment makes no sense at all from this perspective.

This should bring government at the national level forward to a decision point. For some time, the introduction of a Universal Basic Income scheme has been on the agenda and rising in profile. Facing both the short term and the long, we have arrived at a position where serious consideration must be given to some method of providing basic income support outside the base expectation that most people should be able to find a reasonable job. Government argues that Universal Credit is already in place to do this, but the context has drastically changed. At the very least more, not less, income support is needed to enhance the effectiveness of infection control. For the recovery and the long term, broader issues of inequality in a post-Covid world will have to be addressed in a wider political framework..

There has, indeed, been a recent parliamentary debate on this, the outcome of which is informative. In response to a petition to *“Implement Universal Basic Income (UBI) to give home & food security through Covid-19 ...”* considered in an oral evidence session of the UK Parliament Petitions Committee on 17 September 2020... The UK Government said; *“a Universal Basic Income ‘does not target help to those who need it most’, stressing additional support provided during the coronavirus outbreak, such as the Job Retention Scheme and changes to Statutory Sick Pay and Universal Credit”*<sup>85</sup>. It may be that UBI is not the definitive answer but we are not convinced that the current raft of measures just outlined meets the real requirements of those who need it most and will be fit for purpose in the deep recession ahead.

## 4.6 Active labour market policy.

As discussed in Paper Seven in our series, the next two to perhaps three years will likely see many fewer jobs on offer than workers looking for employment. There will be new jobs, of course, and even now there are reports of shortages in some sectors and places but, on balance, there may be at least 3 million unemployed people, and a substantial share of the unemployed total will be in the younger age groups. The “bump-down” process, as those previously in higher skilled and better paid jobs trade down to lower levels in the labour market, will probably expand the numbers of the current lower paid in the unemployed total. This will come on top of a structural component as job losses and gains select for different sectors and occupations. It is a reasonable expectation that the burden of job loss, unemployment and time spent out of work will tend to fall on those with lower skill and previously on low pay.

<sup>85</sup> <https://commonslibrary.parliament.uk/research-briefings/cdp-2020-0096/>

Those “trading down” might have the effect of provoking a much-needed increase in productivity with their better skills background while taking lower pay. But hoping that this will boost job creation and expanded labour demand will inevitably be a slow game in the climb out of recession. We have been here before, of course, but maybe not on the scale of what is about to be confronted. The experience of the late-1990s is the most recently relevant and it is, perhaps, time to dust off the playbook for what was done and what lessons were learned. At the very least there is a need to do something *at scale* for the young and the already disadvantaged. It would take another paper to do this justice so we will restrict ourselves here to recovering just one idea that may have some value under the present conditions.

The Active Labour Market Policies (ALMP) of the European Union were brought in during earlier phases high unemployment in the 1990s. They were different because they were based on measures conceived both centrally and locally - but *articulated and delivered locally*. The policy was able particularly to take on board the issues of young people and the long-term unemployed and inactive whose normal job horizon was the immediate local labour market. It was a creative approach, consonant at the time with the popularity of working locally in partnership and developing the social economy.

What emerged was a creative flowering (through EU Structural Funds support) of large numbers of projects across the participating Member States. The jobs to be filled were in the interstices of the regular labour market. They were based on things that were seen to be needed locally but that did not stack up in balance sheet terms in the private sector or were not feasible where local public funds were under pressure. Many of these jobs were able to offer the unemployed a first stepping-stone into work (in the lexicon of the time - Intermediate Labour Market (ILM) jobs) -building bridges into normal employment).

What we would now recognise as environmentally-friendly jobs figured strongly in those policies – recycling and refurbishment (the circular economy); environmental improvement and energy conservation (green jobs), for example. But large numbers of job creating projects run by social economy organisations and the voluntary sector came in to fill gaps in the health and social care and family support sectors (part of the foundation economy). The needs were there to be filled by a programme that gave the double benefit of meeting local social and environmental needs with the added bonus of activating the unemployed at a time of crisis. Many young people were drawn into the programmes in their locality (learning their way into work for the first time) and it was a short step to integrate them into more formal learning programmes to build their skills .

Across the EU<sup>86</sup>, ALMP is still in place and in a position to be expanded again to meet the needs of the crisis. The issue that always has to be confronted with this kind of approach is how to scale it up to the level needed to meet the demands of the jobless. Thirty years on, much has been learned about how to achieve this. The best outcomes arise where there is a solid base to work from in the organisations of local and national civil society. The difficulty in the case of the UK in introducing such a scheme is that, politically, the programme comes from roots that are the polar opposite of a regime of hyper-centralisation where the organisations of local civil society are routinely undervalued. This should not mean that in a time of revolutionary change, sound approaches of whatever provenance should not be up for consideration.

During the 1990s, the UK had its programme matching the principles of ALMP. However, today, the infrastructure to build on is no longer so readily mobilizable at the scale required. At the moment, UK job support is predominantly dedicated to meeting the needs of local employers under a market forces philosophy. These needs should be met, of course. But in the circumstances to be faced, while necessary, this is going to be nowhere near sufficient – particularly for the most disadvantaged places whose economies tend to struggle even in the best of times. There needs surely to be a direct programme

<sup>86</sup> <https://cor.europa.eu/en/news/Pages/econ-cor-oecd-survey-covid-19-results.aspx>

alongside the business-led agenda to raise skills; confidence and aspirations in the workforce regardless of the shape of the local economy.

But, even this, post-Covid-19, will not be enough. We argued for this in Paper Six in the context of skills development and a provision for lifelong learning, New publicly supported programmes are needed locally and at scale to recruit the unemployed into meaningful work along the lines we have just discussed. It is not that there is not much needing to be done – to feed the green jobs agenda, to add to the care economy, to improve energy efficiency in homes, to improve the physical infrastructure. What needs doing will be obvious to people and to voluntary and charitable organisations on the ground. They need to be supported by the necessary central resources and support and allowed the creative freedoms to help build actions at local level and set them in a context of skill-building for the new economy.