

Senedd Cymru
Pwyllgor yr Economi, Seilwaith a Sgiliau

Effeithiau COVID-19: Galwad Agored
am dystiolaeth a phrofiadau
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Ymateb gan: Sefydliad Bevan

Welsh Parliament
Economy, Infrastructure and Skills
Committee

Impacts of COVID-19: Open Call for
evidence and experiences

Evidence from: Bevan Foundation
Wales

Economy, Infrastructure and Skills Committee: effects of COVID-19

Response from the Bevan Foundation

The Bevan Foundation is Wales' most influential and innovative think tank. We develop lasting solutions to poverty, inequality and injustice to help improve people's lives

Effects on the economy and business

- 1.1 The coronavirus pandemic was a sudden and deep shock to business and the economy. Its effects have been felt worldwide and it has triggered a global economic downturn. The UK is now in recession and the effects of the pandemic will be felt for years to come.
- 1.2 It is likely to result in major restructuring of the economy in Wales including a severe contraction or even disappearance of some industries. This will require a comprehensive response that goes beyond restart and recovery. It will need to ensure that there are the right support, interventions and policies to respond to the places and people most affected by change.
- 1.3 The impact of coronavirus and its long-term implications come in addition to wider challenges including the implications of Brexit, automation and climate change. It also comes on top of pre-existing challenges and underlying weaknesses in parts of the Welsh economy.
- 1.4 Industries in Wales were affected to varying degrees and in varying ways both by lockdown and by the wider economic outlook. "Non-essential" elements of the economy such as entertainment, non-food retail and beauty services were hard hit during the lockdown period, as were hospitality and tourism, by both a slump in demand and the need to comply with the necessary government guidelines. The concentration of some of these industries in specific parts of Wales means the effects of lockdown have been felt more in certain places with a larger concentration of hard-hit sectors and amongst certain groups. Other industries - such as the airline industry and its supply chain - were also affected and are now seeing severe long term-impacts with announcements on job losses and redundancies. It is questionable whether these jobs will be recreated in the future, at least not matching the scale of job losses being seen now.

- 1.5 Support to business will require a focus on adaptation and diversification. It should support the creation of enterprises of all kinds, including social businesses, micro-businesses and self-employment. Our research shows that these types of business are most common in the south Wales valleys and rural areas and are often not reached by current business support activities.
- 1.6 The scale of the impact of the pandemic means that consumer behaviour, commuter and worker patterns have also changed, and could well remain in this new pattern in the long-term. Local economies will need to adapt to these new patterns and maximise the economic opportunities – this could help to achieve a more balanced spread of economic activity across Wales. However, the shift in consumer spending will not necessarily result in the revival of town centres, high streets and places further from large centres of economic activity. There need to be specific action to capture this shift as part of regional economic renewal plans.

Effects on jobs

- 2.1 The coronavirus pandemic has shown that some groups of people and jobs have been at much greater risk from Covid-19 than others. While the essential nature of care, food, cleaning and transport for example have been brought into sharp relief by the lockdown period, many essential workers are often poorly rewarded and experience considerable job insecurity.
- 2.2 Some of the highest rates of business closures in Wales have been seen in areas with already relatively weak economies that are less able to withstand the kind of economic shock that the coronavirus brought about. Parts of rural Wales and the south Wales valleys experienced some of the highest rates of business closures during the lockdown period and jobs located in these parts of Wales have faced some of the most difficult challenges around furloughing and long-term job security.
- 2.3 Supporting workers requires a full understanding of the different ways different types of jobs are affected and their capacity to adapt. For example, increase in home working will only apply to some jobs. There are jobs and industries for which home working is impossible and which continue to require the physical presence of staff, and jobs for which a 9-5 Monday to Friday pattern is not the norm, including for some essential workers, shift workers and part time workers.
- 2.4 Temporary closures that took place especially during lockdown meant that significant numbers of people were furloughed. While businesses have started to reopen and activity resume, temporary closure and loss of trade mean that the impact is still being felt by many. There is still uncertainty about whether the 195,000 employments still furloughed (according to the most recent data available)¹ will be reinstated when the JRS ends. The same concerns apply to staff retained under the job retention bonus scheme after 31 January.

Effects on transport

¹ <https://gov.wales/coronavirus-job-retention-scheme-and-self-employment-income-support-scheme-statistics>

- 3.1 The pandemic has illustrated the importance of Wales' public transport network. The ability to travel between places is crucial for meeting basic needs, getting to work and achieving a reasonable standard of living. People on low incomes, young people and retired and disabled people are much more likely than others to rely on public transport, and in particular buses, to get around, yet disadvantaged communities often have the worst public transport connections.
- 3.2 In some parts of Wales, almost one in three households has no access to a car or vehicle², and for many, a public transport system is a lifeline. Not all localities are suitable for walking or cycling, not least because of the distances involved, and public transport is increasingly patchy especially outside towns and cities.
- 3.3 The virus brought into sharp relief the difficulties resourcing and managing a system with reduced capacity and demand as and usage fell when people shielded, worked from home and reduced their trips out. Usage amongst concessionary fares holders will have dropped off substantially as a result. Through this scheme, the Welsh Government contributes to the travel costs of growing numbers of people without regulating the provision of bus services themselves.
- 3.4 We suggest there is a strong case for reform of public transport funding and provision which pre-dates the virus. It includes the introduction of a two-tier standard fare for all travellers, irrespective of age - one for short journeys and one for longer ones. It also includes a guaranteed provision of a network of core bus services, connecting communities with town centres and key facilities such as hospitals. It is one that enables people to take trips outside of an 8am to 6pm window, such as on evenings and weekends, and that recognises that public transport usage for work, leisure and essential trips is diverse and consists of different patterns of usage.

Effects on apprenticeships and other skills provision

- 4.1 The coronavirus has led to a period of disruption and uncertainty for learners across Wales, including those at the critical point of deciding whether to take vocational pathways, enter the jobs market or go on to further and higher education.
- 4.2 A programme of investment in skills will be fundamental to supporting workers and learners to adapt to the changes ahead. This is likely to require a substantial investment in upskilling and reskilling, in particular upskilling of workers with lower-level qualifications and skills. These workers are not only at greater risk of displacement, but research shows that there are bigger returns from investment in their upskilling.
- 4.3 Youth unemployment can have a long-term scarring effect on health and life prospects of young people leaving education and seeking to enter the labour market. Even before the coronavirus pandemic, youth unemployment stood at 25% in some parts of Wales. There needs to be a comprehensive offer to young people, especially improved offer to young people who leave school without five good GCSEs, for

² 2011 census data shows over a quarter of the populations of Newport, Blaenau Gwent, Cardiff, Merthyr Tydfil, Rhondda Cynon Taf, Neath Port Talbot and Swansea have no access to a vehicle.
<https://www.nomisweb.co.uk/census/2011/ks404ew>

whom pathways are currently very limited. Mixed and flexible learning offers should allow for re-sits, e-learning and learning that is flexible to enable learners to meet other commitments without it being at the expense of accessing learning and skills and gaining qualifications. We also suggest expanding the Personal Learning Account, building on the success of the pilots to ensure every eligible learner and those under the new Job Support Scheme is eligible for support.

The support of the Government and wider public sector

- 5.1 The government and public sector response to the pandemic demonstrated that in large part, it was able to act quickly and responsively to an unprecedented public health emergency and the fallout from it.
- 5.2 The longer-term economic impact of the virus however will require a different kind of response in what is likely to be a period of economic stress and reduced budgets. This will come after a recent period of austerity and economic downturn which saw services and resources substantially reduced across parts of the public sector. Top slicing of budgets and similar rounds of cost saving measures seen over the last ten years could risk the ability of public services to deliver the services which underpin access to a good life for all.
- 5.3 Creative responses that work in real partnership across the public, community and third sector, will help strengthen the ability of the public sector to face these challenges. The coronavirus response demonstrated the kinds of partnerships that are possible between public bodies and anchor institutions and the public. Many communities want a greater chance to participate, have a say and have power over what happens where they live and on things that affect them. Communities also require resources and infrastructure to make a contribution. We suggest now is the time for a renewed relationship between public services, government and communities that builds on some of the creativity, enabling practices and partnership working that took place in some places between public bodies and communities.
- 5.3 The Welsh Government and some public bodies are also responsible administration of elements of the welfare and a social “safety net”. Simple changes in administration can help in the response to the coronavirus and its impact of some of the poorest and most vulnerable people. Many impose fees and charges, from home to school transport and school meals for children, to rent and council tax and ask for payment in advance and / or payment by card or direct debit, creating real hardship. We suggest providers should accept payments in multiple ways, without penalty. This should include different payment methods (e.g. cash), frequencies (e.g. weekly) and for short-term deferrals of payments to be available.

Recovery and mitigation

- 6.1 While recovery from the pandemic is an important focus, we suggest a large part of the response for the short to medium term will be about mitigating the worst effects and taking a new approach to business and the economy. This should factor in the possibility of further waves of the Coronavirus and additional local lockdowns which are already being seen. It is also about measures that contribute to building economic resilience for the long term. This resilience should reduce the risk of further shocks

and downturn, enable faster recover from any shocks and reorientate economic activity where necessary.

- 6.2 The Welsh economy needs to be diversified and strengthened, with a wider range and better geographic spread of economic activity. This should be linked to investment in sectors of the economy with a long-term future e.g. green and clean industries, and in sectors with social as well as economic value. For example, there are still not enough homes of the right type and standard to meet the human right of a decent home for everyone, so investment in zero carbon social housing will help meet this need and be a sustainable, long term investment in jobs and skills needed to achieve it. Similarly, there is an urgent need for more and better quality child and adult social care.
- 6.3 In order to deliver a comprehensive response to coronavirus and its effects, a huge stimulus to the economy is needed. This stimulus should support businesses to adjust, help maintain strategically important vulnerable industries and encourage investment
- Support for new ways of working that helps people stay in jobs and does not compromise terms and conditions, safety or rights to work flexibly. These include more agile working methods such as home, remote and shared workspaces and flexible working options (where possible), changes to work hours (i.e. 4-day week) for those workers and industries in which such practices are viable without compromising pay and conditions.
 - Investment in social infrastructure, including new social housing and improved social care and childcare
 - Investment in green infrastructure including a green stimulus package of retrofitting homes with energy efficiency measures, nature restoration, green travel infrastructure and supporting the transition of some sectors to low carbon ways of working.
 - Investment in digital infrastructure and connectivity to enable all people to have the skills and access to reliable connections beyond their immediate community
- 6.4 There should be greater protections for people in employment, as well as strict enforcement of health and safety at work measures. Unfair working practices such as no-guaranteed hours contracts, insecure terms and minimum-hours contracts should be regulated, enforced and disincentivised in order to make fair work the social norm across all parts of the economy.
- 6.5 Efforts to support business and to stimulate the economy must be accompanied by actions that will encourage spending, particularly for people at the lower end of the income distribution. This means having an adequate social safety net that prevents people becoming trapped in poverty and having jobs and work that pay a fair wage. Although welfare and benefits remain principally the remit of the UK government, there are a number of elements of the safety net that are devolved to Wales that can and should be reformed to strengthen the support available to people in the medium to long term. These include:

- Reform the of the Discretionary Assistance Fund reform to ensure it supports more people with a wider range of urgent needs. Use it to provide cash help, paid on a weekly basis for a maximum period (i.e. 6 weeks) when a household's income falls unexpectedly to substantially below Universal Credit levels.
- Introduce a new Learning Allowance that provides adequate support to low income 16-18 year olds.
- Introduce a new School Start package which provides children from families eligible for Universal Credit with free school meals and help with uniform costs.

6.6 At the heart of any renewal, recovery or mitigation should be a clear aim to make the economy fit for the future, benefiting communities in all parts of Wales and reducing inequalities between people.