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# viewpoint

## The Covid-19 Unemployment Problem

Learning lessons to make the response  
effective

**SQW**

# The challenge developing

Covid-19 will lead to a major increase in unemployment. The challenges of this marked rise in unemployment could have three distinct forms:

- **Lower skilled/more gig/younger people:** For example, the tourism, hospitality and retail sectors, which are often characterised as lower skilled, part time and with a high number of younger people, are expected to be hard hit in the short and medium term. These sectors also tend to be associated with the gig economy. This impact will be felt across the country with particular challenges in areas more reliant on tourism.
- **Higher skilled/experienced/more mature people:** For example, major employers in automotive, airline and energy businesses have already announcing substantial redundancy programmes<sup>1</sup>. These redundancies will include highly skilled, manufacturing jobs, people part way or fully through high value apprenticeship programmes and also those whose skills have been developed over a long career. Some of these are in sectors where previously STEM related skill shortages were widely reported, and the overall impacts will be very place specific.
- **A reduced flow of people who were previously unemployed into employment:** As a result, the stock of long term unemployed will rise as this group now faces the dual challenges of fewer opportunities and increased competition from the newly unemployed.

While some of hospitality and retail should come back as the economy re-opens, the longer-term trends away from 'going shopping' and the pressures on the high street are likely to grow. Manufacturing jobs and those related to travel/fossil fuels may take longer, with airlines talking of several years to return to previous levels.

What we can be sure of is that unemployment is going to rise and so any response needs to be done with urgency and therefore without perfect foresight.

SQW has worked in this area for many years and is currently: evaluating the Work and Health programmes across London and Greater Manchester; evaluating a series of projects funded by the Government Equalities Office to support returners (who have been out of work due to caring responsibilities) back to work; and supporting the National Careers Service to identify good practice. We have drawn on this experience to highlight a series of insights which could help to improve the effectiveness of different responses in the coming months.

## Different responses

### Supporting individuals

It is important that those who become unemployed are supported to prevent a drift to long term unemployment (when individual wellbeing declines and the costs of remedial action increase greatly). This will require actively supporting them with their job search, providing them with positive support even when there are few jobs available and being aware of the type of opportunities that exist or will exist.

<sup>1</sup> <https://www.thetimes.co.uk/article/thousands-axed-on-dark-day-for-jobs-6rrcm7iji>

Knowing the needs of future jobs is of course uncertain. However, we can be fairly confident that metaskills<sup>2</sup>, including digital literacy, will be important. This creates opportunities and challenges:

- An opportunity for younger people, as their better digital skills may make them more attractive to employers and for new jobs which require different ways of working
- A further barrier for older people who lack these skills and so would be a key target for any additional, digital skills support. A digital skills fund for all ages would not only encourage development of employment-related skills but would also help to reduce digital inequalities
- A challenge to ensure good access to suitable IT equipment and broadband infrastructure
- An incentive to create new technology or businesses to respond to the 'new normal'.

There is another group of people who may be at risk of unemployment but who, if addressed properly, might actually reduce the rise in overall unemployment. Parent/carers who are required to home school may not be able to maintain their previous levels of employment. Through constructive discussions with their employer it may be possible to find a flexible or reduced hours arrangement which would help both the individual (by allowing them to retain some level of income) and the employer (by retaining existing workers). However, we know from our current work how slow many employers can be to change their recruitment and hiring practices (even when the labour market was tight).

## Getting the careers and skills offer right

- Recognise that more frequent contact with an adviser leads to better outcomes, even more so when the adviser has a similar background to the individual
- Build on existing tools such as National Careers Service's Skills health checks
- Increase the flexibility and affordability of the training offer to allow people to access it around complex lifestyles
- Reduce the digital divide through training, and recognising the importance of access to equipment and high speed broadband – for example we have seen examples of supplying people with laptops to enable them to take up new jobs and do these from home
- Raise awareness amongst employers of the advantages of flexible working

## Creating job opportunities

While labour market activation policies are important, they are unlikely to be sufficient. The Future Jobs Fund, set up in response to the 2008 recession, was found to be cost effective<sup>3</sup>. It supported young people through subsidised work for local government and the third sector. This approach could be revived now for the new circumstances. The key challenges are:

- Identifying types of work which genuinely add value to society

<sup>2</sup> Metaskills are skills that create adaptive learners able not just to perform highly at present, but also to adapt to future contexts. See for example <https://www.nesta.org.uk/report/the-future-of-skills-employment-in-2030/>

<sup>3</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223120/impacts\\_costs\\_benefits\\_fjf.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/223120/impacts_costs_benefits_fjf.pdf)

- Ensuring that the experience is positive for participants – rewarding work and with support to enable them to find employment subsequently
- Having an offer that goes beyond young people to provide rewarding opportunities to older age groups as well, recognising that they often struggle to find new job opportunities at an equivalent level.

## Making the most of temporary job opportunities

- Focus on occupations and tasks where any work done will create long term benefits to society. This could include developing our green and broadband infrastructure; and increasing community capacity to support things like social prescribing or mentoring support to young people whose education has suffered
- Ensure that these opportunities are attractive to individuals through the type of work offered and a positive relationship to the benefits system
- Align work opportunities with skills development and qualifications to improve individuals' employability
- Include a strong element of career and job seeking support to ensure a positive transition at the end of the period

## Protecting high level skills

Those entering unemployment from highly skilled manufacturing/ STEM jobs pose a particular challenge. Theirs are critical skills for the future of our manufacturing and technology base. Even if these sectors do not recover, the skills are likely to be essential as we 'green our economy'. However, this transition may not be fast nor happen in the same places as jobs are being lost. This could exacerbate previous skill shortages and hamper growth. Therefore, how best can this group be supported in ways which:

- Enable people to stay in their current location and support the local and regional economy if possible
- Help the transformation of local economies (perhaps especially in the shift to a decarbonised economy)?

## Ensuring high level skills remain available in the medium term

- Provide a specific, targeted response to highlight opportunities in the wider area around these jobs
- Provide careers advice to highlight other occupations / sectors where these high level skills could be used
- Seek new investment in the local area, using the existing skills base as part of an attraction strategy
- Provide support to think about new business opportunities
- Highlight the availability of specific high level skills to appropriate local employers
- Ensure local policy makers have sufficient capacity and foresight to guide these approaches

### Protecting vulnerable individuals

In all of this turmoil we must not forget those who are already long term unemployed. They were unable to find work in a tight labour market, where we have seen programmes still being most effective for those who are relatively more employable, but many others not being able to achieve employment through the current offer. This group now will face widespread competition from the newly unemployed.

They often have many barriers to address before they can even consider employment – we have seen how the number of barriers is a good predictor of people entering employment<sup>4</sup> – and addressing these will take time. One of those barriers is often a lack of skills. A time of high unemployment provides a window to take a long-term view on moving this group towards employment.

## Taking a longer term view to help the most vulnerable

- Focus on addressing barriers and improving quality of life / wellbeing in the shorter term
- Develop appropriate metrics and data collection with providers, allowing a longer term, more holistic approach alongside reassurance of progression
- Significantly upskill this group, including recognised qualifications for at least literacy, numeracy and digital skills
- Adopt realistic costing through procurement to ensure key workers can dedicate appropriate time to individual cases

<sup>4</sup> <https://www.greatermanchester-ca.gov.uk/what-we-do/work-and-skills/working-well/>



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## About us

### **SQW Group**

SQW and Oxford Innovation are part of SQW Group.

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### **SQW**

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning. In 2019, BBP Regeneration became part of SQW, bringing to the business a RICS-accredited land and property team.

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