



A disappearing safety net: post Covid-19 crisis and its impact on poverty and disadvantage in Stoke on Trent

**Report to Stoke Hardship Commission
May 2020**

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Acknowledgements

I am grateful to Steve Wyn Williams and Martin Jones for their assistance in compiling the report

INTRODUCTION

Background and purpose of the report

1. The Coronavirus crisis is producing some serious challenges to the UK economy and society in general. Unemployment, impoverishment and destitution on a mass scale is emerging. Before the crisis took hold there were 14 million people experiencing poverty and 1.5 million experiencing destitution. This refers to people who have lacked two or more of six essentials over the past month, because they cannot afford them: or had an income that was so low, and no savings, so that they would be likely to lack these essentials in the immediate future.¹
2. What is clear that the main threat is to people's livelihood, incomes and wellbeing is due to the erosion of the social safety net. The crisis in fact exposes the precarious nature of the safety net in the UK and in particular for deindustrialised areas such as Stoke. The term safety net is defined as the income and social protection systems (including labour market policies) which guarantee a minimum standard of living which prevents falling into poverty (an income below 60% of the median, after housing costs (AHC). The UK has entered recession with one of the weakest employment safety nets, either among advanced economies globally, or in the UK's own post-war history. Austerity has played a major role in the erosion of the safety net and social protection via social and health services. Total out-of-work payments received by UK employees are on average around 34% of their previous in-work income – the third lowest among 35 OECD advanced economies.²

Structure of the report

3. The purpose of the report is to assess the processes and factors which shape the safety net in Stoke. The report is essentially in three parts:
 - The first part focuses on the employment and welfare system analysing the situation in relation to poverty and deprivation **prior to the Covoid crisis**. In doing this we can draw some conclusions on the extent of precarity and exclusion that has occurred mainly as a result of long term deindustrialisation and the impact of the 2008 crisis.
 - The second part of the report provides an assessment of the **possible impact of the Covoid crisis on employment and incomes**. It is early days, but already there are a plethora of studies which provide a range of analysis and data which seem to have a common narrative in terms of the serious nature of the economic, social and health crisis. Drawing on these studies I make an assessment of the possible impact on Stoke.
 - The third part of the report outlines some policies which need to be put in place to secure the safety net and to revitalise the labour market.

¹ Joseph Rowntre Foundation (JRF) (2018) *Destitution in the UK*
<file:///C:/Users/dge2/Downloads/destitutionsummary2018.pdf>

JRF (2020) UK Poverty 2019/2020, York, JRF

² New Economics Foundation (NEF) (2020) Minimum Income Guarantee for the UK, NEF
<https://neweconomics.org/uploads/files/MIG-new.pdf>

Methodology

4. The report essentially involves an evidence review: for the first part in the analysis prior to Covid-19 crisis, drawing on existing reports and data sources with a focus on the essential ingredients of poverty and social exclusion in Stoke on Trent. The *City Council Budget Consultation* report and *Deprivation, Debt and Insolvency* were key sources on financial changes. I drew on the Hardship Commission Report (HCR) 2019 as an important source of qualitative information and particularly it provided a voice those experiencing the brunt of austerity and economic exclusion. In many respects the HC report provided the means of corroborating some of the key points outlined in the analysis of the causes of poverty and deprivation. The second part of the report drew on a range of studies assessing the Covid-19 crisis and its impact. It has been possible to make some qualitative and quantitative estimates on the impact on Stoke. Part three attempts to draw on 'Think Tank' (including the TUC) and my own previous research on Jobrotation in Denmark for providing some ideas around policies required to move towards a prosperous and inclusive Stoke.

Executive Summary

5. Even before the crisis the Stoke economy and labour market was in a fragile and precarious position. Key points to emphasise are;
 - There is little evidence that disadvantaged groups are benefiting from growth strategies;
 - Austerity has had a major negative impact on prosperity involving a combination of local authority (council reduced its spending power in cash terms by £193 million), welfare and skills funding cuts. financial loss per working age adult - on this basis the City had the joint 16th highest figure in England out of 325 districts at £960 per working age adult – 39% above the national estimate of £690 per working age adult.
 - A deep-seated challenge is the nature and extent of poverty and deprivation in Stoke when compared with more prosperous areas, Stoke is the 14th most deprived district in England – out of 317 districts;
 - The combination of the above factors – and confirmed by the Hardship Commission – reveals that a large section of the Stoke working and non-working population are falling through the social safety net – benefits and some wages do not provide sufficient income for people to live without recourse to borrowing money/and or using foodbanks;
 - Stoke's economy and labour market is vulnerable to the coronavirus crisis – it is estimated that just under 27,000 jobs could be lost - and there is evident that large sections of the population will experience poverty and destitution even taking into account the Government schemes;
 - The Government Rescue packages are insufficient to guarantee a safety net for those who will have to rely on benefits and other forms of social protection – The basic rate of universal credit is worth around a sixth of average weekly pay (17 per cent)
 - This will have major implications for demands on health and social services which have already been cut back
 - There is an need to raise the safety net, not rely on foodbanks and put in place a job rotation and guarantee (or back to work) scheme which has a central aim of creating a sustainable labour market

THE WIDER ECONOMIC AND SOCIAL CONTEXT

6. Seen from a strength weakness perspective one of the key positive and strength aspects of economic change in Stoke/ Staffordshire is the net new jobs increase of

around 22,000 being created in S&S since 2000, including 14,000 since 2010 alone.³ GVA growth over the long term, (1998 to 2018) shows the City's economy to have grown by 122% compared with 112.6% across the UK – ranking 32nd out of 179 NUTS-3 areas.⁴ The question is whilst the area is playing “catch up” there are indicators that there is a long way to go before this represents any real ‘levelling up.’ As identified in the Stoke /Staffs Strategic Plan there are positive endowments in the area such as the ceramic industry (Ceramic Valley Enterprise Zone) Advanced manufacturing capabilities (e.g. Applied Materials Research, Innovation and Commercialisation Company (AMRICC), the University Hubs and the area is home to a buoyant SME sector making a significant contribution to economic growth. Weaknesses include Low levels of economic growth and productivity over the past decade:

*we recognise that increasing productivity and supporting the creation of a greater proportion of high-value, high-wage job opportunities, while ensuring our residents can take advantage of these opportunities, will be vital to the continued development of our economy. Our previous ambition of 50:50: therefore remains a challenging target that we will continue to work towards.*⁵

7. Stoke on Trent possesses the characteristics of a deindustrialised ‘low pay low skills’ economy where there are lower than average proportion of residents qualified to higher levels, with skill gaps identified by local employers at higher and basic employability levels. There are concentrations of worklessness, particularly of people with disabilities, whilst youth unemployment is a challenge in some areas of deprivation. Jobs growth within the local economy comprises relatively high proportions of insecure employment (including zero-hour contracts, underemployment and temporary contract working). It is important to recognise therefore raising incomes and reducing poverty is crucially important to raising GVA (see Table 1 below).

Impact of austerity

8. It is important to factor in the impact of austerity on growth and prosperity – often ignored in assessing growth policies. In particular this has relevance for examining the links between growth and the employment and income prospects of disadvantaged groups. Table 1, drawing on data from a recent Centre for Cities study⁶ shows considerable differences between local authorities in terms of GVA and impact of local authority spending cuts. With regards to GVA, Stoke sits in the bottom five local authorities, but what is striking is the GVA gap between Stoke and those authorities in the more prosperous south of England. Stoke is in the top 6 local authorities in terms of spending cuts: (between 2010/11 and 2017/18) the council reduced its spending power in cash terms by £193 million⁷. Local authority plays a key role in developing and promoting growth via economic development, promotion, planning and environmental functions as well as its role in education, social and health services, so

³ <https://www.stokestaffslep.org.uk/app/uploads/2015/04/Strategy-for-Economic-Growth-Evidence-Review-Key-Issues-Identification.pdf>

⁴ City of Stoke on Trent (2019) Economy and Employment December 2019, p

⁵ Stoke on Trent and Staffordshire LEP (2019) SSLEP Delivery Plan 2019/2020,

https://www.stokestaffslep.org.uk/app/uploads/2019/06/SSLEP-Delivery-Plan-2019_2020-final.pdf

⁶ Centre for Cities (2019) Cities Outlook, Centre for Cities, <https://www.centreforcities.org/publication/cities-outlook-2019/>

⁷ Stoke on Trent City Council Budget Consultation

2019/2020 https://www.stoke.gov.uk/downloads/download/736/budget_consultation_mid_year_update_2019-20

the cuts are bound to hinder these activities. A study undertaken for the Joseph Rowntree Foundation summarises how local authority cuts disproportionately impacts on poorer groups and communities.

*It is clear that the local authorities are taking significant steps to protect poor and vulnerable social groups from the most severe effects of austerity. At the national level and in our case studies, authorities have on average made less severe cuts in services which tend to be used more by poorer groups and greater cuts in those used more by better off groups. At the same time, however, low income groups may still be affected much more adversely by these savings. Public services play a much more important role in the lives of people on low incomes.*⁸

Table 1 Growth and prosperity indicators

Top 5 Business start ups per 10,000 pop	Top 5 GVA per worker (£)	Local authority spending cuts top 6 with % cuts 2009/10-2017/18
London (101.1)	Slough (82,000)	Barnsley (40.4)
Manchester (90.3)	London (80,500)	Liverpool (31.8)
Aberdeen (85.0)	Milton Keynes (73,000)	Doncaster (30.6)
Newport (79.8)	Edinburgh (68,200)	Wakefield (30.1)
Milton Keynes (78.7)	Worthing (68,200)	Blackburn (26.7)
Lowest business start ups per 10,000 pop	Lowest 5 GVA per worker (£)	Stoke (26.0)
		Benefit income in Stoke
Stoke (31.5)	Nottingham (43,900)	33 rd highest loss per household at £1,412 – 33% above the national average of £1,064.
Swansea (31.5)	Wigan (43,900)	
Sunderland (31.0)	Doncaster (43,700)	
Dundee (30.9)	Stoke (43,500)	

⁸ Annette Hastings, Nick Bailey, Kirsten Besemer, Glen Bramley, Maria Gannon and David Watkins. (2013) Coping with the cuts? Local government and poorer communities, Joseph Rowntree Foundation <https://www.jrf.org.uk/report/coping-cuts-local-government-and-poorer-communities>

Plymouth (30.6)	Hull (41,400)	
GB average 57.8	57,600	-`14.3

Source: Centre for Cities (2019)

9. There are negative employment impacts of benefit cuts as “many jobs are directly supported by consumer spending. So, if incomes fall because of welfare reform, and if this leads to in a reduction in spending, jobs are likely to be at risk as a result.” They calculate that the possible job loss for West Midlands will be around 19,000 jobs.⁹ Studies of skills funding cuts have observed Ewart Keep, has observed that the nature and intensity of cuts (post 2013) has been such where the system reached the point when the “entire edifice of traditional skills policy started to look unstable and probably unsustainable, particularly for provision beyond the compulsory phase of initial schooling....”¹⁰ and “by 2020/21 adult skills funding will have been nearly cut in half in real terms from 2010/11.”¹¹

Deprivation in Stoke on Trent

10. Stoke is the 14th most deprived district in England – out of 317 districts.¹² Indices of Deprivation 2019 (ID2019) are measures of deprivation for every Super Output Area and local authority area in England. The indices combine a total of 38 indicators across seven domains (Income, Employment, Health and Disability, Education, Skills and Training, Barriers to Housing and Services, Living Environment, and Crime) into a single deprivation score and rank for each area. The analysis reveals that “one-third of the population reside in areas classified in the 10% most deprived in England, and more than one-in-six of the population live in areas in the worst 5% in terms of levels of deprivation, ID2019, while not significantly different to previous indices, reinforces the City’s position as one of the most deprived local authority districts in England.” (p7)

IMPACT OF WELFARE REFORMS ON POVERTY

Persistent high claimant rate

11. Researchers from Cambridge University have found that “the combination of local government grant cuts and welfare cuts to individuals compounds the impact of austerity in the worst hit places.”¹³ Stoke’s employment gap – representing the number of people who need to be placed into employment in order to reduce the city’s workless levels to the national average, amounts to 8,917, of which two thirds (6,205) would need to be people who claim ESA or similar health-related out-of-work benefits. The big challenge for Stoke on Trent is therefore creating sustainable jobs for

⁹ Beatty C and Fothergill S (2016) *The uneven impact of welfare reform: the financial losses to places and people*, Sheffield, CRESR Sheffield Hallam University, Available: <http://shura.shu.ac.uk/15883/1/welfare-reform-2016.pdf>, p35

¹⁰ Keep E (2014) What does skills policy look like now that the money has run out? Association of Colleges

¹¹ Dromey J and McNeil (2017) *Skills 2030 Why the Adult Skills System is Failing to Build an Economy for Everyone*, London, IPPR, p17

¹² City of Stoke-on-Trent Poverty, Deprivation, Debt and Insolvency November 2019

¹³ Gray M and Barford A (2018) The depth of the cuts: the uneven geography of local government austerity *Cambridge Journal of Regions and Society*, 11, 541-563

disadvantaged groups. Table 2 provides an overview of claimants by benefit type showing that there is a high proportion claiming health related benefits.

Table 2 Benefit claimants in Stoke on Trent

	Feb 2015	Feb 2019
<i>All Ages</i>		
Job Seekers	3,883	1,679
ESA & Incapacity Benefit	15,858	12,366
PIP & Disability Living Allowance & Attendance Allowance	21,272	22,852
Income Support	3,466	2,542
Carers Allowance	3,412	4,289
Housing Benefit	29,943	21,892
Universal Credit	-	7,108
<i>Working Age only</i>		
One Benefit	16,126	18,194
Two or more benefits	22,223	17,593
Duration February 2015 - 45.1% of all Working Age people in receipt of DWP benefits had been so for 5 or more years (13,330 persons) – Only 16.8% had been in receipt for less than six months (4,850 persons). February 2019 – Equivalent figures no longer published due to changes in the benefit regime.		

Source: Hardship Commission (2019) Statistical update four years on, Stoke Hardship Commission, p5

- One of the key features of welfare reform has been to move people from the benefit system into employment and these are reflected in the decrease in claimants on a number of benefits between 2015 and 2019. In 2018. The first stage of 'roll-out' of UC across the City occurred in February 2016 – There are currently (Oct 2019) 13,498 persons resident in the city in-receipt of UC, Rates are now above the national average (8.4% against 6.3%) and rank 50th across England and Wales. (out of 348 districts). There are 10.453 households (August 2019) in receipt of Universal Credit representing 9.6% of all city households.¹⁴.

Benefit cuts and increasing poverty

- Even before the Universal Credit migration process was being implemented the welfare cuts were having a negative impact on individual and household income. Table 3 is drawn from Stoke City Council *Employment and Skills Strategy* where the data is drawn from a study undertaken by Christina Beatty and Steve Fothergill from Sheffield

¹⁴ City of Stoke-on-Trent *Poverty, Deprivation, Debt and Insolvency November 2019*, p32

Hallam University on the uneven impacts of welfare reform.¹⁵ A key finding of their study is that Stoke is positioned 18 in the top 50 local authorities in terms of the amount of benefit loss due to welfare reforms. Table 3 shows there are differential impacts depending on household type. Families with children and lone parents are disproportionately impacted by the welfare reforms. People claiming disability related benefits have been particularly impacted by the cuts. The proportion of people in the city claiming health-related unemployment benefits such as ESA has risen by almost 15 per cent in a decade and now accounts for 1 in 10 working age adults. Whilst the welfare reform has impacted on low income individuals and families it is important to highlight its unequal impacts. In 2017 the Child Poverty Action Group (CPAG) made a detailed assessment of the financial impacts of the welfare reforms:¹⁶

Table 3 Impact of welfare reform on residents

Household type	No of households	%city households	Average income change per year
Couple aged 65+	7,663	7%	£3
Single person aged 65+	13,323	12%	£50
Couple – 0 children	18,146	16%	£400
Couple – 1 child	8,746	8%	£1,530
Couple – 2+ children	10,937	10%	£1,560
Couple – non-dependent children	6,871	6%	£430
Lone parent – 1 child	5,161	4%	£2,020
Lone parent – 2+ children	3,887	3%	£2,120
Lone parent - non-dependent children	4,008	3%	£730
Single person (18-64)	35,357	32%	£620

Source: Source: City of Stoke-on-Trent Employment and Skills Strategy November 2019, p9

- Families already at the greatest risk of poverty will lose most: not just lone parents but families already on low incomes, larger families, families with young children, and families where someone is disabled. Families with four or more children will be more

¹⁵ Beatty C and Fothergill S (2016) *The uneven impact of welfare reform: the financial losses to places and people*, Sheffield, CRESR Sheffield Hallam University, Available: <http://shura.shu.ac.uk/15883/1/welfare-reform-2016.pdf>

¹⁶ Child Poverty Action Group (2017) *The Austerity Generation: the impact of a decade of cuts on family income and child poverty*, London, CPAG.

than £4,000 a year worse off because of cuts in the legacy benefit system, and more than £5,000 worse off following cuts to universal credit (compared with its original design). Lone parents, single earner families, families with more than two children and young parents also lose out across the decade in the move from the 2010 tax credits system to today's universal credit.

- Cuts to universal credit have substantially reduced the rewards from work for many families. Cuts and freezes to work allowances will leave lone parents worse off by £710 a year on average, and couples £250 a year on average, across the population. They also hit 'just about managing' families in the second- and third-income deciles particularly hard.
 - In order to make up the losses from work allowance cuts, a couple already working full time on the 'national living wage' would have to work 17 extra days a year, and a lone parent an extra 41 days a year –in effect, a fourteen month year.
 - A couple with two young children, with one full-time and one part-time earner on the 'national living wage', will be over £1,200 worse off a year as a result of cuts to universal credit. A lone parent with two young children, starting work at 12 hours a week on the 'national living wage', will see their effective hourly wage rate reduced from £5.01 to £4.18 an hour by universal credit cuts.
 - Cuts in the legacy benefit system will push 700,000 children into poverty (after housing costs) and 500,000 into severe poverty (before housing costs). Cuts to universal credit – which originally promised to lift 350,000 children out of poverty – will now mean a million more children in poverty than under its original design, and 900,000 more in severe poverty.
 - Failure to uprate benefits in line with inflation will be responsible for 300,000 additional children in poverty under universal credit, with the freeze of the child element alone responsible for 100,000 additional children in poverty. The two-child limit will be responsible for 200,000 children in poverty.
14. An assessment by the Women's Budget Group (2019, p 4) reveals that "women will, by 2021-22, bear around 61% of the total annual 'fiscal consolidation' burden as a result of tax and benefit changes (and 75% of the changes since 2015). Women are hit harder than men at all income levels, and black and Asian women are hit hardest." Disabled people, especially the most severest disabled will experience the largest change in terms of loss of income and Black and Minority Ethnic Households (BAME) will experience a loss of 5% income, double the amount experienced by white households.¹⁷
15. The loss of income and its differential impacts in Stoke is one of the key findings in the analysis undertaken by the Hardship Commission Stoke on Trent Report (see below).

Benefits not taken up

¹⁷Equality and Human Rights Commission, (2018), *The cumulative impact of tax and welfare reforms*, EHRC, London.

16. An often-overlooked area is that people often do not take up the benefits they are entitled to. A report undertaken for the Centre for Economic and Social Inclusion¹⁸ drawing on research undertaken by the New Policy Institute and Joseph Rowntree Foundation that a third of eligible people in the UK in 2009-10 were not claiming the means tested benefits they were entitled to. Just over half of the estimated £10 billion unclaimed benefits could have been claimed by working age families. More recent data suggests that this is still an issue with older people, and those resident in deprived areas not taking up their benefit. Furthermore, with the benefit migration to UC (now temporarily halted) there is anecdotal evidence that the complexity of the system, barriers to making claims and the negative perceptions of the UC system by claimants is putting people off making a claim. Extrapolating from national trends it is possible to make some estimates.¹⁹ number of persons – and the value of – unclaimed income-related benefits in Stoke-on-Trent. **In total, the value of unclaimed benefits across the City is somewhere of the order of £71.85 to £84.55million.**²⁰

LOW PAY, LOW SKILLS AND IN WORK POVERTY

Wage depression since the financial crisis

17. According to a Joseph Rowntree Foundation (JRF) study, “the rising tide of poverty among workers has coincided with another important change for society: even though employment rates have risen to their highest ever levels, more than half (56%) of people in poverty are now in a working family. This change has been particularly dramatic for children, with seven in ten children in poverty now in a family where at least one person is working.”²¹ The Resolution Foundation define low pay as below two thirds of median hourly pay and 17 per cent of employees in Britain are low paid by this definition.²² The Government introduced the ‘National Living Wage’ in 2016 with the intention of the higher minimum wage rate for over 25s to reach 60% of median earnings by 2020 but this has not addressed the problem that wage rates in real terms are lower than before the 2008 crash. Not only has real pay never climbed back to the pre-recession level it was at in March 2008, but we’re currently quite a bit below.²³

Table 4 Average workplace weekly earnings

Cities with the highest average weekly earnings	Average wages
London	751
Slough	693
Reading	671
Cambridge	662
Aldershot	649
Crawley	644
Cities with the lowest average weekly earnings	

¹⁸ Finn, DJ & Goodship, J 2014, *Take-up of benefits and poverty: an evidence and policy review*. Centre for Economic and Social Inclusion, London.

¹⁹ Stoke City Council (2019) *Poverty, deprivation, debt and insolvency*, pp 41-43

²⁰ *ibid*

²¹ JRF(2020) *UK Poverty 2019/2020*, York, Joseph Rowntree Foundation

²² Corlett A (2016) *Paved with Gold? Low pay and the National Living Wage in Britain’s Cities*, Resolution Foundation <http://www.resolutionfoundation.org/publications/paved-with-gold-low-pay-and-the-national-living-wage-in-britains-cities/>

²³ <https://www.tuc.org.uk/blogs/real-wages-far-below-where-they-were-recession>

Stoke	465
Doncaster	459
York	449
Huddersfield	443
Birkenhead	442
Southend	439
Wigan	438
GB average	555

Source: Centre for Cities (2019), p

18. Table 4 (Table 5) shows the top and bottom ranking cities in relation to average workplace wages. Wage depression has been one of the key features of in work poverty and according to the Centre for Cities survey, strongly correlates with low skills. According to the Centre for Cities data, Stoke lies 57 out of 63 local authorities in terms of average wages. Average wage levels are significantly below the average for the more prosperous cities in the South.

Table 5 Low Pay in Stoke on Trent

	Stoke	W Midlands	National average
% jobs below living wage level (2014 - Office for National Statistics)	21.6	n/a	23.0
Avg. weekly full-time earnings (by residence, 2015-NOMIS)	433.10	492.5	529.60
Avg. hourly pay (2015 - NOMIS)	10.56	12.34	13.33
% of working population in lowest earning segment (2015 - NOMIS)	25.5	20.4	17.2
% of working population in highest earning segment (2015 - NOMIS)	32.5	40.6	44.4

: Source: City of Stoke-on-Trent Employment and Skills Strategy November 2019, p22

19. The prevalence of low incomes is underlined by the fact that on an *individual basis* - incomes across the City for 2016-17 are the third lowest of 326 districts in England and some 31% below the national average (£23,500 – compared with an England average of £34,300 – Kingston upon Hull had the lowest with £22,800). In terms of median (middle) income figures the city is 18% below the national average (£19,800 against £23,900) and the 9th lowest in England – Blackpool with £18,600 had the lowest value. ²⁴

²⁴ Stoke City Council (2019) *Poverty, deprivation, debt and insolvency*,

Skills: are they the answer?

20. According to the *Employment and Skills Strategy*, “more than one in six Stoke-on-Trent adults has no formal qualifications – twice the national average of just 8.6 per cent. The proportion of unskilled and low skilled jobs in the city has also remained static for more than a decade, while the UK as a whole has experienced a significant shift to more highly skilled occupations which pay more.”²⁵ Furthermore, “anecdotal evidence from employers, Staffordshire Chambers of Commerce and those involved in delivering elements of employment support in the city suggests that low skills present a significant barrier to employability for many jobseekers.”²⁶

Table 6 Table Skills levels in Stoke on Trent

Qualification level	% of people (16-64)	National average	Nos required to reach national average
NVQ4 and above	24.3	36	18,537
NVQ3 and above	41.4	56.7	24,206
NVQ2 and above	61.9	73.3	18,030
NVQ1 and above	74.4	85.0	16,769
No Qualifications	17.0	8.6	-13,341

Source: Stoke-on-Trent Employment and Skills Strategy, 2019, p.20

21. Given that skills is seen as crucial component of economic growth it is curious and alarming to note the scale and intensity of cuts since 2009/10 where in fact the skills gaps and shortfalls highlighted even by the Government National Industrial Strategy²⁷ would form a basis to a case for increasing adult skills funding along with that generated by the Apprenticeship Levy. It is therefore important to set the analysis of skills funding in in the context of overall reduction and cuts in the Adult Skills Budget (ASB) over previous years as highlighted above. As the Employment and Skills Strategy has pointed out

*There is no clear plan in place yet for the devolution of Skills Funding Agency budgets for post-19 education to ensure that future provision is matched to existing and future demand from the labour market*²⁸

²⁵ City of Stoke-on-Trent *Employment and Skills Strategy* November 2019, p22

²⁶ Ibid, p20

²⁷ HM Government (2017) *Building Our National Industrial Strategy*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586626/building-our-industrial-strategy-green-paper.pdf

²⁸ City of Stoke-on-Trent *Employment and Skills Strategy* November 2019, p20

22. It is beyond the scope of the report to investigate skills policy in greater detail except it is also evident that there is a lack of joining up between welfare to work programmes (i.e. Universal Credit) and skills. I return to this in the policy recommendations.

Child Poverty

23. According to the Poverty, Deprivation, Debt and Insolvency report, Stoke possesses one of the largest proportion of children in poverty (ranked 13 highest nationally, 43.1%). As the report states, child “poverty fell in the 2000s and has risen in the 2010s – both relative and absolute poverty are now higher than in 2010. More children are in poverty than at the start of the decade despite incomes having risen overall. In terms of overall poverty, the highest rates are found in northern and Midlands cities. “
24. This data is drawn from *End Child Poverty* research carried out by Loughborough University. Their report adds that changes since 2010 can be attributed to the “income of less well-off families has been hit by severe real-terms cuts in benefit levels and by higher housing costs, while being constrained by limited opportunities to improve earnings from work. At least half a million more children are in relative poverty as a result, with two thirds of child poverty occurring in working families.”²⁹

Health Inequalities

25. Given the fact that there are higher rates of people claiming sickness benefits in Stoke, then the relationship between health, employment and income poverty is an important dimension of poverty and exclusion. Data published by Public Health England³⁰ shows that on many indicators, Stoke residents experience poorer health than the regional and national average.

Table 7 Health inequalities

<p>Overall position</p> <ul style="list-style-type: none">• Stoke-on-Trent is one of the 20% most deprived districts/unitary authorities in England and about 24% (12,660) children live-in low-income families.• Life expectancy for both men and women is lower than the England average. <p>Child health</p> <ul style="list-style-type: none">• In Year 6, 24.9% (792) of children are classified as obese, worse than the average for England. The rate for alcohol-specific hospital admissions among those under 18 is 23*. This represents 13 admissions per year.

²⁹ <http://www.endchildpoverty.org.uk/wp-content/uploads/2019/05/child-poverty-indicators-2019-report-to-ecp-1.pdf>

³⁰ <https://fingertips.phe.org.uk/static-reports/health-profiles/2019/e06000021.html?area-name=stoke-on-trent>

- Levels of teenage pregnancy, GCSE attainment (average attainment 8 score), breastfeeding and smoking in pregnancy are worse than the England average.

Adult health

- The rate for alcohol-related harm hospital admissions is 1127*, worse than the average for England. This represents 2,677 admissions per year. The rate for self-harm hospital admissions is 375*, worse than the average for England. This represents 975 admissions per year.
- Estimated levels of excess weight in adults (aged 18+), smoking prevalence in adults (aged 18+) and physically active adults (aged 19+) are worse than the England average.
- The rates of new sexually transmitted infections and killed and seriously injured on roads are better than the England average. The rate of hip fractures in older people (aged 65+) is worse than the England average.
- The rates of statutory homelessness, under 75 mortality rate from cardiovascular diseases, under 75 mortality rate from cancer and employment (aged 16-64) are worse than the England average.

SUMMARY OF KEY FINDINGS OF HARDSHIP COMMISSION STOKE ON TRENT

26. The Hardship Commission initiative (HCI) provides a qualitative analysis and grasp of people's experience of poverty in Stoke with a report of findings produced in July 2019. The methodology essentially involved participatory techniques where Community researchers collectively mapped relevant stakeholders for the research based on local knowledge. In order to reach broad and diverse communities, including people who experience hardship and those who do not, a number of strategies were identified. These included:

- Generating interest by involving frontline staff of services that support people experiencing hardship.
- Conducting research in community settings and through people who have existing relationships with community members.
- Using creative tools to engage people often excluded from the research process.
- Using a survey to ensure people who feel uncomfortable discussing hardship were able to share their opinions. Using focus groups in order to dig deeper into experiences of economic and social changes.

27. Over 250 people were involved with the project with additional involvement of organisations from the public and voluntary sector who have key responsibilities for supporting people who are disadvantaged and facing poverty and exclusion. I summarise the findings under the following themes;

Work

28. People talked about a shift in Stoke-on-Trent from manufacturing to service industries. That is, a shift:

- from reasonably well-paid secure jobs to low-paid, insecure jobs and zero-hour contracts - Zero-hour contract and agency jobs appear to have increased from a

situation where a single 'breadwinner' could provide reasonably good living conditions for a family to examples of families with two people earning having to apply for benefits.

- People said they were not enough well-paid and permanent job opportunities in Stoke on-Trent.
- Job insecurity, and the threat of redundancy we also a significant concern for participants in this research (pp15-16)

Welfare changes

29. Many people talked about how welfare reforms following austerity were "hostile" to those who needed to use the system. This is relevant to both working and unemployed people, to those with and without disabilities, and also affects people across age groups. A mixture of policies such as the benefit cap, sanctions, the bedroom tax, cuts to benefits all were a cause of hardship for many people.

I had no money, you can't go out with an empty purse so I didn't go out. I've got no social life. I keep running out of money so I can't put money on my phone. I can't text and phone so I couldn't get I touch with anyone. I felt people laughing at me. There is light at the end of the tunnel but I'm still waiting but they've stopped my money.

30. Applying for Universal Credit and moving from 'legacy benefits' such as Employment Support Allowance (ESA). Benefit payment delays is a key issue. Since it takes five weeks for Universal Credit to start, there is a period without income, when people have to take out an advance, which then needs to be paid back. There were reports of this leading to people having to live on less than the Universal Credit allowance because part of it is being used to pay back the 'advance' amount; or otherwise end up with rent and council tax arrears.

"I moved out of my parents and into semi-independent living. For about 8 weeks, I had no money at all. My benefits hadn't come through. Didn't even have money to spend on food or shampoo. It stressed me out and really affected how I was doing at college. I got really stressed out when I was going to meetings about my Universal Credit and they weren't listening to me." (Stoke-on-Trent Hardship Commission p17)

Debt

31. The prevalence of low paid work and reliance upon benefits as a source of income is seen as a cause of debt. The City had the highest rate of Individual Insolvencies in England & Wales in 2018 with 51.9 per 10,000 adult population – compared with 25.0 nationally³¹ so it is unsurprising that this features as a key issue with the Hardship Commission.

Several people talked about finding themselves in debt. A few mentioned getting caught in the trap of pay day loans or sometimes borrowing from family and friends. Others have credit card debts. This situation may happen due to lack of budgeting skills or lack of advice (see 'Accessing

³¹ Stoke City Council (2019) *Poverty, deprivation, debt and insolvency*, p28

services' below). But some long term support workers have noted that these are not the only reasons for getting into debt. One support worker talked about noting a shift in debt patterns from people having 'non-priority' debts (e.g. credit cards, store cards) to 'priority' debts (e.g. rent and council tax arrears).

Foodbanks

32. Many people are having to resort to foodbanks to survive. Between April 2018 and March 2019, 12,773 people used the Stoke foodbanks organised by the Trussell Trust. figures for April – Sept 2019, showing that there has already been a 23% increase in the number of food parcels provided compared to the same period in 2018.³²

Health (see Table 7)

33. The HCI Report highlighted the problems of ill health with “both mental and physical ill health, including disabilities, were considered equally likely to result in people facing poverty or hardship. Mental ill health can lead to self-neglect and isolation. Some physical conditions mentioned were obesity, presence of a disability and different kinds of illness.”(p23).

Other problems of local authority funding cuts included a reductions in health-care resources and long waiting lists, in particular mental health support services. People with mental ill health may descend into hardship and poverty because of lack of mental health support. People needing the support of a community psychiatric nurse or social worker may be put on a waiting list. Greater numbers of people in poverty and hardship and with mental health issues are now being seen by mental health charities. HCI

34. This is unsurprising with a relatively large number of people claiming health related benefits. More recent data shows that in terms of health conditions Stoke is ranked 378th out of 380 districts based on life expectancy, mortality, obesity, smoking and life satisfaction. Combined rates of Personal Independent Payments (PIP) and Disability Living Allowance (DLA) are significantly above the national average at 7.3% of the working age population compared with 5.4% nationally.

Public services

35. Austerity has had a major impact on social protections for vulnerable groups and as the HCI report states “Stoke-on-Trent Council has also been affected by the central government's austerity drive due to cuts in funding” and the key issues relate to

“lack of proper signposting to support that still exists, lack of free activities, and increase in transport costs. People who most need public transport, including people in financial hardship, older people and people with disabilities, are often unable to use it. Participants talked about problems in accessing services and the challenge of activities spread out over six towns.”³³

36. Austerity and funding cuts has had a major impact on people with long term health conditions and “ other problems of local authority funding cuts included a reductions in

³² <https://stokeontrent.foodbank.org.uk/2019/11/27/foodbanks-predicted-to-have-busiest-christmas-ever/>

³³ Hardship Commission Report (2019), p 19

health-care resources and long waiting lists, in particular mental health support services. People with mental ill health may descend into hardship and poverty because of lack of mental health support.”

Childcare

37. Although childcare comes under public services, this has been identified as a critical issue in terms of family life, wellbeing and accessing employment opportunities. The lack of affordable childcare has been flagged as a barrier to employment

“It affected my family when I came back from maternity leave. Having to put small children into childcare whilst working and earning minimum wage meant that as a family of 4 we would have £60 for the whole month as spare income. This situation lasted for years with both myself & my husband working long hours just to scrape by. Incredibly stressful.”

ASSESSING THE IMPACT OF COVID-19 CRISIS ON STOKE ON

TRENT

A more precarious economy

38. The impact of the health crisis and lock down has exposed how poor and fragile the social safety net is in the UK and brought more to the surface many aspects of class, ethnic and gendered nature of social inequality. The Women’s Budget Group has observed that there are over 3 million people in jobs at high risk of exposure to Covid 19 in the UK – 77% of them are women. Over a million of these workers are low paid – 98% of them are women. The majority of the front -line jobs in health, social care, food distribution are occupied by women, BAME’s and immigrants which are low paid, insecure, precarious and dangerous because of the lack of protection against the virus.³⁴

39. *Centre for Cities*³⁵ estimates that over 40% of workers in London or Edinburgh could work from home, while in Barnsley or Stoke just 20% could, due to the dominance of retail and other lower-skilled service jobs. Unfortunately, many of these places were struggling prior to the pandemic and so the coronavirus will have a bigger and longer-term impact in places where the economy has now effectively ground to a halt.³⁶ Estimates produced by the *Institute for Social and Economic Research (ISER) at the University of Essex* suggest the lockdown can take more than 6.5m jobs out of the economy -around a quarter of the total (see Table 7). Table 7 shows the job losses

³⁴ Women’s Budget Group, (2020) *It is women, especially low-paid, BAME and migrant women putting their lives on the line to deliver vital care*, Blog <https://wbg.org.uk/blog/it-is-women-especially-low-paid-bame-migrant-women-putting-their-lives-on-the-line-to-deliver-vital-care/>

Similar analysis is made by the Resolution Foundation (2020) *Risky Business: Economic impacts of the coronavirus crisis on different groups of workers*, London, Resolution Foundation

³⁵ <https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/>

³⁶ <https://www.themj.co.uk/Without-a-place-focused-economic-response-pre-coronavirus-inequalities-will-become-even-more-entrenched/217158#>

by main sectors and I have extrapolated this to Stoke in the column in the second hand. As Table 7 shows, the most badly affected sector is Accommodation & Food Services (-75%), followed by Services and retail (almost halved), and transport (-44%).

Table 8 Corona crisis estimated employment impacts Stoke on Trent

	Employment by sector in Stoke	Est. employment change post corona	Est. Job changes in Stoke
Manufacturing	14,000	-25.2%	-3,528
Construction	5,000	-16.1%	- 805
Wholesale/Retail/Motor	20,800	-47.6%	-9,900
Transport Storage	21,000	-44.0%	-9,240
Accommodation/Food	8,000	-75.1%	-6,008
Communications & Info	4,000	-12.0%	- 480
Financial, Professional and Scientific Activities	13,250	3.4%	450
Public Admin; Education, & Health and Social Work	37,000	Plus ca20% for health and social work	7,400
Others	7,900	-50.2%	-3,965

Source Hardship Commission Statistical Update 2019, p 6 and Institute of Social and Economic Research, University of Essex <https://www.iser.essex.ac.uk/2020/04/18/new-analysis-of-the-impact-of-lockdown-on-uk-jobs>

40. As the table shows, those sectors where there are high proportion of workers in low paid and insecure jobs are most affected by the shutdown. For example, nearly half of those on zero hours contracts, 30 percent of part time workers are working in shut down sectors.³⁷In the short to medium term, around a third of the jobs in cities and large towns are in industries that are expected to be severely affected. Appendix a and b is from the *Centre for Cities Report* which shows cities ranked by the estimated vulnerability of their economy to the direct economic impact of COVID-19 given their industrial structure (Stoke is ranked 24 out of 62 cities highlighted). Cities ranked by the estimated vulnerability of their economy to the direct economic impact of COVID-19 given their industrial structure. Every city has at least one in five jobs classified as either vulnerable or very vulnerable (shown by the magenta bars). This is because of the impact of the Government's lockdown restrictions on local services businesses, such as retailers, restaurants and hairdressers. These businesses can be found across cities.
41. The distinction across cities results from the exposure of their 'exporting' industries (Appendix b) – that is those that serve regional, national or international markets, in contrast to local services businesses – to the crisis. Crawley for instance – the most vulnerable city or large town according to our classification – has the highest share of employees in the aviation and aircraft manufacturing industry of any city. Around 18 per cent of its workforce is employed in the aviation industry and related sectors compared to an average of around 1 per cent across British cities. The result is that over half of all of Crawley's jobs are at risk of being either furloughed or lost completely.

³⁷ Resolution Foundation (2020) *Risky business: Economic impacts of the coronavirus crisis on different groups of workers*, London, RF

42. For Stoke the Appendices suggest that there is some vulnerability in the export industries (just under 40% of jobs). The Royal Society of Arts (RSA)³⁸ have undertaken their own assessment of employment risks including by local authority area. Stoke lies 313th out of 370 most at risk. An, interesting finding is that rural areas are more vulnerable located in the north or south west of England. Many are national parks, coastal towns and other tourist hotspots where the economy is geared towards hospitality and retail. Secondly, women and young people are particularly vulnerable to risks of unemployment.

The Government Response

43. The Conservative Government has implemented a number of measures to mitigate the impacts of the shut- down. In summary (at the time of writing end of April 2020) these involve **The Job Retention Scheme** which is designed to prevent redundancies for businesses affected by coronavirus. It will reimburse 80 per cent of furloughed workers' wage costs, up to a cap of £2,500 per month. An appraisal of the Government schemes by John Hendy from the Institute of Employment Rights supports the RF findings. With respect to the Job Retention Scheme (JRS), there are a number of caveats³⁹ including;

Key challenges

- The scheme advocates that 'employers should discuss with their staff and make any changes to the employment contract by agreement'. But there is no obligation to do so and given the collapse of collective bargaining (82% of workers covered in 1979 down to 23% today), workers, in most cases, are effectively denied any democratic input into the employers' choice of unilateral responses to the situation, though the outcomes so profoundly affect workers' ability to earn a living and provide for their families.
 - Many employers not able to sustain 80% of the wage bill;
 - Maximum payment of £2,500 is at a low level (6,827 Euros in France)
 - People on insecure work such as zero hours contracts, fixed term contracts and agency work could miss out
 - Delays in payments could lead to businesses folding and workers applying for UC
 - Employers are using the crisis to sack workers – by 2 April 950,000 more applications for Universal Credit
 - Workers with caring responsibilities may be furloughed and this will be at the discretion of the employer. Other employers may just put them on unpaid leave which will incur significant losses of income
44. **Statutory Sick Pay (SSP)**. Entitlement has now been widened to make SSP payable from day one and is available not only to those who are at home self-isolating with symptoms of coronavirus but also to self-isolators who live in the household of a person with symptoms of coronavirus.

Key challenges

³⁸ RSA (2020) *Which local areas are most at risk in terms of impacts of coronavirus on employment?* London, RSA

³⁹ See Hendy, J (2020), *The gaps in the Government's coronavirus income protection plans*, Liverpool, Institute of Employment Rights

- Not all people are eligible for SSP including people who earn less than the Lower Earnings Limit of £118, and those on insecure contracts such as agency workers and on zero hours contracts (totalling around 9 million workers).
 - The level of SSP is around only 18.7% of current average weekly earnings of £512 per week (excluding bonuses). The income derived from SSP is inadequate.
45. **The Self-Employed Income Support Scheme** will support people who had a self-assessment tax return for 2018/19, who make the majority of their income from self-employment, and whose profits are below £50,000, based on an average of their last three years of income (or the maximum number of years available). Self-employed people will be paid 80 per cent of their incomes up to a maximum of £2,500 a month, and unlike those who are employed will be able to continue some economic activity.

Key challenges

- Over 1.25m self-employed people could go out of business because the Self-Employed Income Support Scheme will not pay out until June. Many self-employed people are on low incomes with many possessing insufficient savings (an estimate of one in four self-employed people) do not have a high enough income to support themselves until they can access the schemes.
 - 25% of self-employed people earning less than £50,000 a year do not have enough liquid assets (between themselves and any partner) to cover three months' lost earnings, and 15% do not have enough to cover a single month.
46. Many people who are not eligible for the schemes and/or made unemployed will be directed to apply for **Universal Credit**. This involves an increase in the UC standard allowance and the Working Tax Credit basic element will increase by £20 a week (equivalent to £1,040 a year) above the planned annual uprating Eligibility for Universal Credit has been widened, with self-employed people no longer needing to meet a minimum income floor in order to qualify for the benefit. As well as this, housing benefit has been increased. The local housing allowance has been increased so that it covers up to 30 per cent of the market rent in the local authority, restoring the position prior to the Welfare Reform Act in 2012 which dramatically cut Housing Benefit alongside many other forms of support. Around £1 billion has been allocated to local authorities for spending on social support⁴⁰

Key challenges⁴¹

- The basic rate of universal credit is worth around a sixth of average weekly pay (17 per cent)
- Government will not abolish the five weeks wait for benefits or write off the advance loans abolish the two child tax credit and the benefit cap – the latter two 'penalties' which from the first day of implementation has had a major detrimental impact on the incomes of families with children,

⁴⁰ TUC (2020), *Fixing the safety net: Next steps in the economic response to the coronavirus*, London, TUC

⁴¹ See Child Poverty Action Group (2020a) *Mind the Gap, Reporting on Families' incomes during the Coronavirus*, 16 April, London, Child Poverty Action Group

Child Poverty Action Group (2020b) *Mind the Gap, Reporting on Families' incomes during the Coronavirus*, 23, April, London, Child Poverty Action Group

- advice services are completely overwhelmed or services which provide digital support such as libraries are closed

Still holes in the safety net: increasing poverty and health inequalities

47. The emergence of mass unemployment as a result of the crisis and the 'lock down' has led to unprecedented (around 2 million and growing) having to apply for Universal Credit. As the Resolution Foundation observe:

People are losing their jobs now, either because firms are already going bust, or because they can't afford to wait for the retention scheme to start making payments. Such is the scale of the shutdown to parts of our economy that it seems likely that the eventual rise in unemployment will be at least as large as, and much swifter than, that seen during the financial crisis, despite the unprecedented schemes put in place to halt its increase⁴²

48. A significant proportion of the population in Stoke face destitution. In an updated analysis of the impact of the crisis the Resolution Foundation⁴³ found that 68% of households had reduced their income. The basic rate of universal credit is worth around a sixth of average weekly pay (17 per cent) which means the level of benefits are extremely low and totally inadequate to live on..⁴⁴ The UC standard allowance and the Working Tax Credit basic element will increase by £20 a week (equivalent to £1,040 a year) above the planned annual uprating. This will apply to all UC claimants and to existing Working Tax claimants. However, this does not compensate for the benefits freeze which has been in place since 2016, which has meant that most working-age benefits have stayed at their April 2015 level for the past five years.
49. Benefits were also capped at 1 per cent for the three years before this. While the freeze will end in April 2020, damage has already been done. Weekly income support for a single person is currently £73.10 and has been at this level for five years. These real cuts to benefits payments have caused a cost of living crisis for those on benefits. The Joseph Rowntree Foundation estimates that the freeze will have pushed 400,000 people into poverty by the time it finally ends this April (2020).
50. The Office of National Statistics (ONS) published a report on the geographical impact of Coronavirus finding that the rates are higher in the more deprived areas.⁴⁵ The ONS found that the age-standardised mortality rate of deaths involving COVID-19 in the most deprived areas of England was 55.1 deaths per 100,000 population compared

⁴² Resolution Foundation, (2020) *No work, no pay: Supporting the unemployed through coronavirus*, London, Resolution Foundation

⁴³ Resolution Foundation (2020) *The economic effects of the coronavirus crisis: utilising timely economic indicators*, London, RF

⁴⁴ <https://www.tuc.org.uk/news/tuc-calls-emergency-boost-universal-credit-help-people-through-coronavirus-outbreak>

⁴⁵

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/deaths-involvingcovid19bylocalareasanddeprivation/latest>

with 25.3 deaths per 100,000 population in the least deprived areas. The Institute of Fiscal Studies⁴⁶ found that mortality rates disproportionately impact on Black and Minority Ethnic Groups (BAME). As the report states, “the unequal effects of the COVID-19 crisis on different ethnic groups are likely to be the result of a complex set of economic, social and health-related factors” but the fact that these groups are more vulnerable to poverty and also have been disproportionately impacted austerity and welfare cuts. The covid death rates in Stoke are comparatively low 20.2/100000, compared with 36.2 for England and 85.7 for London primarily because of the relatively low BAME resident population. This said, the findings are of concern for Stoke in the longer term when the impact of the crisis and resultant increase in deprivation will have negative health effects and reinforce the health inequalities as outlined in Table 7.

GETTING BACK TO WORK- TOWARDS A NEW APPROACH

Lifting the safety net

51. The New Economics Foundation (NEF)⁴⁷ proposes the creation of a new Minimum Income Guarantee (MIG). They propose Every working age adult who is not covered by either the job retention scheme or the self-employed income support scheme will be entitled to a weekly payment worth £221 per week. This is equal the value of the 2019 minimum income standard estimated by the Joseph Rowntree Foundation for a single adult, excluding any rent, mortgage or childcare costs. A couple payment would be available for two-person households worth double this amount. To deliver this payment, the main adult element of UC and key legacy benefits (including jobseekers’ allowance and employment support allowance) will be immediately increased to the equivalent of £221 per week.

A Supportive welfare and skills system

52. The Institute of Employment Studies⁴⁸ proposes a detailed programme of action which involves investment in active labour market policies including rapid reemployment support for the unemployed, connecting people to jobs (by increasing number of Work Coaches), refocusing skills and training to support the recovery including a package of measures involving targeted support, advice and guidance, in work skills and progression, co-design schemes with employers, increase role for social partners/stakeholders in local decision making

Phasing out Job Retention Scheme and replace with Job Rotation and Guarantee Scheme

53. An inclusive labour market policy which has been given some attention is Job Rotation (JR), a model of labour market policy that has been implemented in Denmark and other Scandinavian countries. This initiative has been put forward by

⁴⁶ IFS (2020) *Are some ethnic groups more vulnerable to COVID-19 than others?* London, IFS <https://www.ifs.org.uk/inequality/wp-content/uploads/2020/04/Are-some-ethnic-groups-more-vulnerable-to-COVID-19-than-others-V2-IFS-Briefing-Note.pdf>

⁴⁷ New Economics Foundation (NEF) (2020) *A Minimum Income Guarantee for the UK*, London, NEF

⁴⁸ Institute of Employment Studies (IES) *Getting back to work: dealing with the labour market impacts of the Covid 19 recession*, IES, Brighton

Professor David Etherington and Professor Martin Jones as part of the Royal Society of Arts Inclusive Growth Inquiry.⁴⁹

54. Job rotation was integrated into the strategy for supporting adults to return to the workplace. The unemployed adult would be matched as closely as possible, in terms of their skills and abilities, to a suitable job rotation opportunity. The unemployed adult is supported by still receiving their unemployment benefits which is topped up so that they are working for the agreed rate for the job.
55. The process consists of identification of training needs of a participating organisation, for example where an existing employee may require some time away from work to undertake planned training and development, or where one employee is moving into another role and there is opportunity for someone to gain experience as well as contribute to the work of the organisation. The job rotation (JR) opportunity would normally last for between 2 weeks to 12 months.
56. Generally the implementation of JR will be via social partners or similar organisational structure in which unemployed and employed have some form of representation when consulted about their training needs and aspirations. The pre-training could be short (a few weeks) or much longer, depending on the requirement of skills. Generally pre-training is a combination of courses, job internship and/or having a mentor for introduction to the work place. For larger companies, many employees can participate in job rotation at the same time, for example following tailor made courses, while being substituted by a number of unemployed. For smaller companies, it is more likely that a single or a few employees will follow further education or training while being substituted by well prepared unemployed. Also a number of smaller companies can be connected to secure a certain volume in the jobrotation activity, for example allowing the development of tailor made courses for the employees from the different companies.
57. **Financial Model** There is no specific model as it is dependent on specific employment and skills programmes that are being implemented within a locality or nation. However it generally involves:
 - Budget for wage subsidy (benefit with top up to make up living wage for unemployed substitutes) which can involve some matching fund by employers
 - Budget for pre-employment mentoring and training
 - Budget for in work training for unemployed substitutes
 - Budget for vocational training for existing employees
58. The TUC have come up with a proposal relating to *Job guarantee scheme*⁵⁰ (JGS) which would dovetail with the JR approach. Basically the TUC scheme would involve;
 - Workers are paid at least the National Living Wage rate, or the union negotiated rate for the job;
 - ensures the worker gets the skills they need to move into permanent work;
 - offer a secure contract lasting no less than six months, as above;
 - support dignity and equality at work, free from discrimination;
 - adhere to health and safety law;
 - ensure access to trade unions.

⁴⁹ https://www.thersa.org/globalassets/pdfs/inclusive-growth-commission/rsa-igc-job-rotation_de_mj.pdf

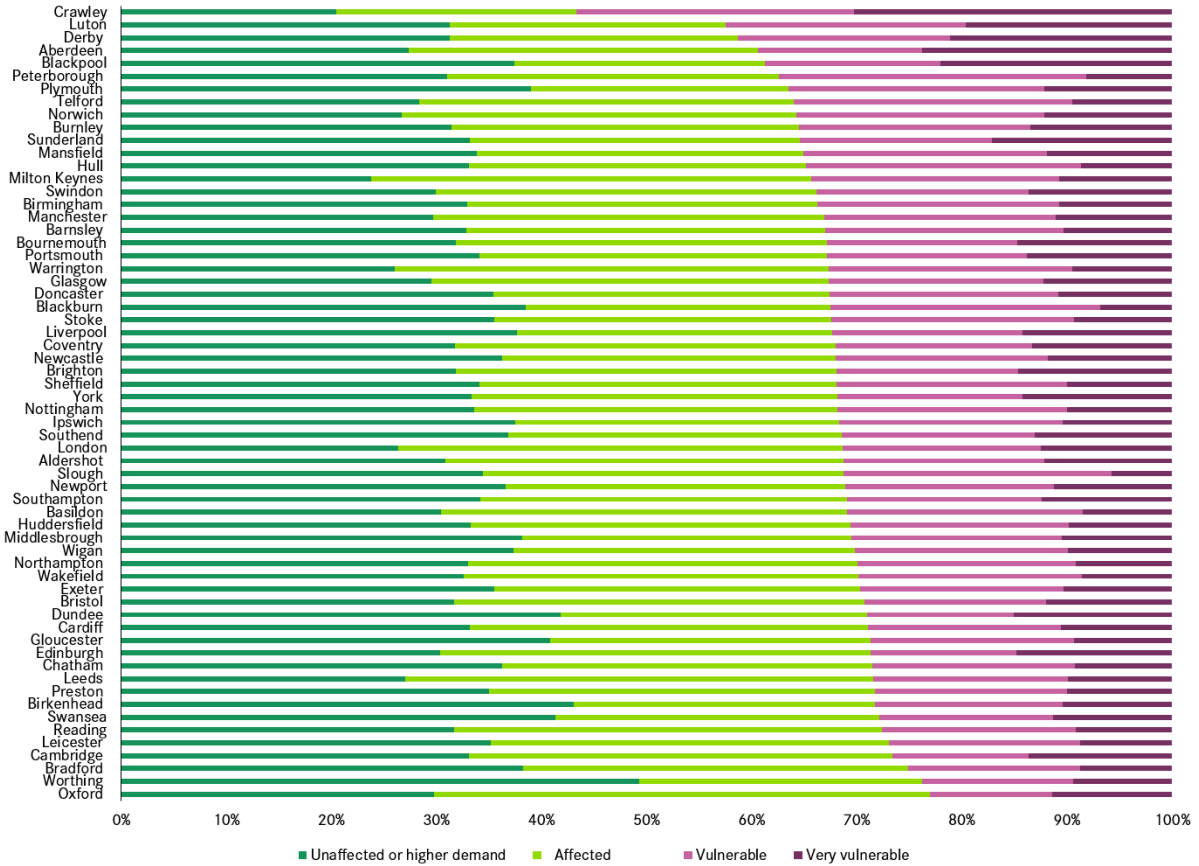
⁵⁰ <https://www.tuc.org.uk/news/job-guarantee-scheme-essential-uk-recovery-plan-says-tuc>

59. A key feature of the TUC proposal is that the JGS is that the placements should therefore include a training or learning element appropriate to the person's and industry's needs. For the individual, the job guarantee needs to come with an entitlement to government funded learning with all participating workers taking an initial assessment to explore where their specific upskilling needs are. The minimum time spent in learning should be one day a week or 20 per cent of working time mirroring the apprenticeship programmes' entitlement.

APPENDICES

a

Share of jobs exposed to the immediate effects of COVID-19



Affected jobs in the exporting industry as a share of all exporting jobs of a city

