



# **Discussion Document:**

## **Post Covid Economic Recovery:**

***Helping the unemployed bounce back***

***Can we learn lessons from the past?***

**May 2020**

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## **BACKGROUND**

The Covid crisis is likely to lead to greatly increased occurrences of business failure, higher levels of unemployment, a greater reliance on self-employment, and many more in poorly paid part time jobs.

The recent Deloitte European CFO March 2020 survey paints a bleak picture about business and consumer confidence which suggests that the talk of an immediate post Covid bounce back is wishful thinking.

This is not a re-run of the situation encountered after the 2008 financial crisis. Post Covid economic recovery is a much more profound challenge, as the numbers of businesses facing difficulty and the number of unemployed people will be on an unprecedented scale.

Some believe that the funding of high growth knowledge driven businesses with global capability will create enough employment to lead us back to better times. But that's over simplistic, as such a focus would fail to offer support to the majority of business which employ the majority of staff – more traditional firms.

Another possible solution could be to drive funding into enterprise related activities such as start up support, but that presupposes newly established businesses have funding to allow them to grow, that they have time grow, and that customer demand exists. That is an unsafe set of assumptions as once lockdown is eased, we will not see a return to normal pre Covid trading levels for at least a year (and maybe longer).

Many start-ups could fail in this timeframe, so other solutions are needed. Time is short as support is required now and demand will rapidly increase in the weeks ahead. Immediate action is required to start planning delivery of support that will help people.

## **ISSUE**

People are of course at the heart of the issue – those whose businesses fail will need a parachute to enable them to land safely and rebuild, while those who lose their jobs will need support in differing ways. The most likely casualties in both cases will be largely unskilled people who are amongst the most likely to being laid off and amongst those most exposed to the health and social consequences that will no doubt follow.

## **THE OPPORTUNITY**

So, what can be done? Well, we can learn from experience... This tells us that while self employment will become attractive for many, it's not right for everybody and the unskilled will be left behind.

Faced with record levels of unemployment amongst unskilled people in the early 1980's the solution adopted then was to create the 'Community Programme'.

This was in effect a job creation programme funded by central government (at that time to the tune of c£1billion) and administered by public, private, and not for profit organisations.

The Programme centered on projects involving much needed work of community benefit. Projects needed to demonstrate they would not happen without public funding.

The range of projects were wide in scope but particularly focused on creating both work and training opportunities for unskilled people. This enabled them to earn a living in the short term and materially improve their prospects of securing sustainable employment as participants were able to learn new skills they could ultimately use when working.

### **KEY ACTIONS**

Given the unprecedented situation we face all options should be considered, and the Community Programme could be a valuable strand as part of a blended package of initiatives. One thing is for certain, just pinning our hopes on channeling funds into start up and/or high growth scale up businesses is not the whole solution, as on its own it will leave behind a huge number of unskilled people who need to be helped for the good of society and their well-being.

HMG, Local Authorities and LEPs will need to review LIS, Growth Hub and other economic development strategies and activities to meet the new economic landscape, address the needs of the people requiring most support, and plan delivery of appropriate services...action is needed now.

### **DEYTON BELL**

Deyton Bell specialise in economic development and business support issues and have provided associated services to over 40 different LEPs and Local Authorities in recent years. We are already supporting every LEP across the East Midlands and East of England on various Covid-19 and economic development issues. We believe there is going to be a huge need, and great demand for, post-Covid economic development and business support, and we would urge all involved to prepare the way for this asap to avoid delays.

### **NEXT STEPS**

**To discuss any aspect, please contact Neil Darwin, our Chief Economist via: [neildarwin@deytonbell.com](mailto:neildarwin@deytonbell.com) or on 07860 - 663234.**

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