

Wakefield Council, UK  
Policy Alert: Corona – update 16<sup>th</sup> September

- ONS: Consumer price inflation, UK: August 2020  
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/august2020>
  - The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-0.
  - The largest contribution to the CPIH 12-month inflation rate in August 2020 came from recreation and culture (0.35 percentage points).
  - Falling prices in restaurants and cafes, arising from the Eat Out to Help Out Scheme, resulted in the largest downward contribution (0.44 percentage points) to the change in the CPIH 12-month inflation rate between July and August 2020.
  - Other smaller downward contributions came from falling air fares and clothing prices rising by less between July and August 2020 than between the same two months a year ago.
  - The largest, partially offsetting, upward contributions came from games, toys and hobbies, accommodation services, road transport services and second-hand cars. month inflation rate was 0.5% in August 2020, down from 1.1% in July.
  
- ONS: Producer price inflation, UK: August 2020  
<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/producerpriceinflation/august2020>
  - The headline rate of output inflation for goods leaving the factory gate was negative 0.9% on the year to August 2020, unchanged from June 2020.
  - The price for materials and fuels used in the manufacturing process displayed negative growth of 5.8% on the year to August 2020, down from negative growth of 5.7% in July 2020.
  - Petroleum products were the largest downward contributor to the annual rate of output inflation.
  - The largest downward contribution to the annual rate of input inflation was from crude oil.
  
- IFS/Social Mobility Commission: The long shadow of deprivation: Differences in opportunities across England <https://ifs.org.uk/uploads/The-Long-shadow-of-deprivation.pdf>
  - Study of all state educated male children ('sons') in England born in 1986- 1988
  - Social mobility in England is a postcode lottery, with large differences across areas in both the adult pay of disadvantaged sons and the size of the pay gap for sons from deprived families, relative to those from affluent families.
  - In areas with the highest social mobility, disadvantaged individuals aged around 28 earn more than twice as much as their counterparts in the lowest-mobility areas (over £20,000 compared with under £10,000).
  - In areas with low social mobility, pay gaps between deprived and affluent sons are 2.5 times bigger than in areas of high social mobility.
  - In areas of high social mobility, educational achievement accounts for almost all the earnings difference between individuals from deprived and affluent families.
  - In areas of low social mobility, it is far harder for someone from a deprived background to escape deprivation. Up to 33% of the pay gap is driven by non-educational factors.
  - Education remains the key driver of the gap in adult earnings between sons from disadvantaged and affluent families in parts of England where the pay gap is smaller and inequality is lower. Education explains almost all of the earnings difference in those places. Disadvantaged sons earn less than sons from richer families because they have lower levels of educational attainment.
  - Areas with the lowest education gaps tend to be those with less selective school systems such as grammar schools. In these areas, pupils from more and less well-off backgrounds are more likely to attend the same schools

- Across local authorities, education gaps between sons from poor and wealthy families explain, on average, around 80% of the gap in adult earnings between them.
  - Fifty English local authorities (one in six of those analysed) have both low adult pay for disadvantaged sons and large pay gaps between those from deprived and affluent families.
  - Areas with lower pay for disadvantaged sons and less equality of opportunity are typically more deprived, with lower house prices, fewer labour market opportunities in professional occupations and fewer education opportunities in 'Outstanding' schools.
  - In the most socially mobile areas, gaps in educational performance explain virtually all of the earnings gap. In the least mobile areas, however, relative educational performance explains only two-thirds of the adult pay gap. This suggests that reducing educational gaps would reduce pay gaps, but would not reduce differences in mobility across local authorities. To 'level up' between areas, there is a need to look beyond education.
  - Localities with low life chances include Bolton, Bradford, Chiltern, Hyndburn and Thanet. They typically have fewer professional and managerial occupations, fewer 'Outstanding' schools, more areas of deprivation and moderate population density.
  - To equalise opportunities across the country, the government must consider what support can be targeted on these local authorities to improve overall social mobility outcomes.
  - Policy-makers need to prioritise areas with both the lowest earnings for disadvantaged sons and the largest pay gaps between the most and least deprived sons.
  - In line with previous Commission recommendations, there is a strong rationale for deepening the Opportunity Areas programme in particular places, developing and trialling 'what works' aimed at improving labour market outcomes.
- Resolution Foundation: Under water - How big will the negative equity crisis be, and who is at risk, in the aftermath of the coronavirus crisis? <https://www.resolutionfoundation.org/app/uploads/2020/09/Under-water.pdf>
    - Despite the apparent resilience of the housing market so far during the coronavirus crisis, there is a significant risk of large falls in house prices.
    - The OBR has forecast a fall in house prices of 8% in its 'central' scenario and up to 16% in its 'downside' scenario.
    - Falls in house prices of this order of magnitude would lead to substantial challenges for homeowners. This is because housing is a key way in which people accumulate and store wealth, so house price levels are for many the most important indicator of their current wealth.
    - Since homeowners in low or negative equity face additional barriers to moving, it reduces the ability to move to a new job and could hamper career progression. In 2016, the typical pay rise associated with changing both jobs and region was 9%, compared with just 0.6% for those staying put.
    - Those with low or negative equity also face higher mortgage costs, reducing spending power directly.
    - 12% of mortgagees could fall into low or negative equity today compared to 15% after the financial crisis.
    - Compared with the financial crisis, equity risk has migrated up the age distribution. In addition, families with equity risk now have higher income and wealth than those at risk after the financial crisis.
    - The increased resilience among mortgagors is not only because a smaller proportion of young mortgagors take on 'risky' mortgages, but also that a smaller number of young families can access a mortgage at all compared to a decade ago.
    - Families headed by millennials aged 30-34 are at risk of experiencing a 'double whammy' effect – having left education during the financial crisis this cohort had the worst pay squeeze in the decade afterwards, and now they are the most likely to face equity problems.
    - Private renters are however the most likely to face the acute housing challenges in terms of costs and security. For this group, difficulties may be exacerbated in the current crisis if rents do not quickly adjust to match income falls associated with an economic recession

- Future Care Capital/IPSOS MORI: Communicating Public Health: Performance of public health messages and the impact of emerging issues <https://futurecarecapital.org.uk/research/covidconversations-report-2/>
  - Throughout the pandemic, the topics discussed in the highest volumes on social media were those that affected the vast majority of the general public. These included lockdown guidelines, testing and vaccines and the recovery strategy.
  - However, topics that affected subsets of the population – including quarantine guidelines, shielding guidelines and social care – were less evident. Together, these findings imply that over-reliance on social media to communicate public health messages leads to a risk that important messages, that affect a subset of the population, get overwhelmed by mass advice.
  - Events also emerged from the analysis that were outside control of the government. For example, the Prime Minister’s admittance to hospital, and the reports that Dominic Cummings had breached lockdown regulations. In these cases, the data suggests that social media posts from mainstream media outlets were key in driving the conversation.
  - Public health messaging related to hand hygiene and hand washing appears to have been the most successful over the course of the pandemic. It secured significant attention on social media, and received a positive reception, with endorsement and reinforcement from a range of popular figures to help encourage improved public behaviour.
  - In contrast, the announcement to ‘Stay Alert’ receives one of the most negative reviews. The main request to ‘stay alert’ resulted in confusion and ridicule, and interest in this behaviour was not sustained over time.
  - Overall, the performance of public health messaging declines over the course of the pandemic. This is evident in greater levels of discomfort and confusion, and lower levels of adherence to messages to ‘stay alert’, wear facemasks, and steps to ease lockdown. This is further supported in survey research among the wider public, which shows a greater level of clarity in messaging on infection prevention than returning steps to ease lockdown.
  
- Local Trust/NLGN: Towards Resilience [https://localtrust.org.uk/wp-content/uploads/2020/09/Towards-Resilience\\_Sep-2020.pdf](https://localtrust.org.uk/wp-content/uploads/2020/09/Towards-Resilience_Sep-2020.pdf)
  - In the context of public policy, resilience refers to approaches that attempt to deal with issues holistically and at their root, rather than just addressing symptoms. And a drive to redesign and regenerate systems and infrastructure to create a better future.
  - It does not mean working out ways to buttress things that already exist but are failing and unsustainable.
  - Beyond the immediate demands the pandemic creates, there are looming future challenges that were present before the virus hit our shores, and haven’t gone away.
  - These threats can be identified on a number of fronts. Inequality – whether between generations, between regions, or within society as a whole – is on the rise, which has profound health and social consequences for all. The ability of the state (at all levels) to respond is increasingly hampered by declining democratic legitimacy and trust. The evidence of the cumulative effects of climate change is growing as fast as the window of opportunity to respond before widespread ecological catastrophe is narrowing.
  - Britain’s over centralized systems of administration and decision-making failed the test of resilience. They are inefficient and disconnected, which makes dealing with crises substantially more difficult, as we lack the adaptability and nimbleness required to act effectively. Major structural reforms will be needed to correct this.
  - The UK economy is heavily skewed towards the finance sector, and geographically towards London. Regional imbalances are a persistent feature, as large parts of the country have been ‘left behind’ by economic shifts such as the decline in manufacturing that began in the 1980s, the fallout of which has never been effectively addressed.
  - Structural economic weaknesses and sector vulnerabilities need to be addressed as part of a wider rebalancing, diversification, and reform of our economy to increase its resilience to external shocks.

- The experience of the pandemic has cast light on issues of inequality that seemingly had previously been largely tolerated; from the low pay of essential workers, to the systemic racism that had largely been ignored by the mainstream.
- As with so many other systems that have creaked during the crisis, the social care sector was one that was already showing signs of trouble. Demand for its services are growing, and there is cross-party recognition that our current system of funding is inadequate for the long term.
- Shoring up resilience to climate change will involve measures to improve robustness to the immediate consequences of changing global temperatures. This will mean investment in infrastructure, and investment in communities, so that they have the tools they need to deal with hyper-localised adverse conditions.
- Universal Basic Income or a Universal Jobs Guarantee, may tip the system away from the conditionality that has increasingly come to characterise it.
- Report identifies five interconnected domains to engage in to develop resilience:
  - Economic resilience - Supply chains, food security, energy
  - Public sector resilience - Public services, government structures
  - Community resilience - Community groups, voluntary sector organisations
  - Environmental resilience - Climate change prevention and mitigation, environmental regulation
  - Workforce resilience - Skills, precarity, labour market change and conditions