



# Covid-19: preventing a health crisis from becoming a permanent jobs crisis

Universities' role in levelling up  
and building back better, Part I

A report from the UPP Foundation October 2020



# Introduction

The spread of Covid-19 has turned what was initially – and continues to be – a health crisis into the threat of a full-blown economic crisis. The UK entered the sharpest recession on record on 12 August, with the economy contracting by over 20% compared to the first three months of the year. It is unclear how quick the economic recovery will be but, in general, earlier optimistic assumptions about a ‘V shaped’ recovery are being downgraded. It is evident that even short-term economic turbulence will lead to significant redundancies. In the three months leading up to August the number of people who were made unemployed rose to the fastest rate since records began, increasing by well over 100,000. The Bank of England has warned that they expect redundancies to exceed the forecasts they made in the summer – meaning the Covid jobs crisis is likely to exceed the scale of redundancies of the 2008 financial crisis<sup>1</sup>.

The UPP Foundation is not an economic consultancy so this is not a report about economic forecasting, or about the changing nature of the labour market and the economy during and after Covid-19. Instead, the interest of the UPP Foundation lies in the civic role of universities. The focus is therefore on two specific elements of the economic turbulence and the jobs crisis which relate to the civic role of universities.

- What is the geographical element of job losses, and how does that relate to the location of universities in and around England?
- What is the estimated skill composition of individuals who have lost their jobs or may lose their jobs, and again how does that relate to the role of universities?

These factors are important because one of the major civic actions of universities in the next few years – both in their immediate locality and in towns where they are not present – is likely to be supporting national level retraining, in partnership with local councils, FE colleges, and others.

<sup>1</sup> Speech by Gertjan Vlieghe, External member of the Monetary Policy Committee  
<https://www.bankofengland.co.uk/-/media/boe/files/speech/2020/assessing-the-health-of-the-economy-speech-by-gertjan-vlieghe.pdf?la=en&hash=6F764B4A74358C059E7BCE6C322C3DDE7746AC77>

This additional analysis looked at three factors:

- The geographical spread of jobs at risk: we considered three geographical groupings: cities; towns hit particularly hard by Covid shutdowns (what we term “shut down towns” in this report); and towns which were already economically and socially disadvantaged before Covid (what we term “left behind towns” in this report)
- The labour market composition of those towns and cities
- Estimated job losses in these three geographies, including an estimated breakdown of job losses by qualifications

The technical annex to this part of the report sets out how we made these calculations – and notes that in a fast moving situation, the data is drawn from April of this year. The microsite launched with this report shows, visually, the results for towns and cities across England.

This report 2 covers two issues – the conclusions we draw from this analysis, and recommendations for improving universities’ role in tackling the jobs crisis.

# Key conclusions

**1) At least 5m jobs are at risk from a COVID-driven economic recession. This will impact all towns and cities across the country and no community will be unaffected.**

The scale of the economic downturn, and the fact it has driven a change in economic activity among all sectors of the economy, means that job losses are widespread by region, skill level and sector. We show that a glance at a section of towns and cities in England (a total of 100 towns, and 62 cities) identifies large volumes of jobs at risk. Not all of these job losses will come to pass, of course, partly because of government amelioration programmes such as those announced by the Chancellor in his Winter Economic Programme and further support announced during his 22 October statement, and partly because many of these individuals who lose their jobs will quickly find new work. New industries will emerge, and some existing industries and companies are growing rapidly. But the dislocation in the short to medium term could be highly significant, and the ripple effects will be widespread.

**2) The Government's commitment to free college training course for low-skilled workers is welcome, but unlikely to be comprehensive enough to address the jobs crisis – both in terms of eligibility for this support, and for the training they are entitled to. 75%-80% of people identified as at risk will not be covered by it.**

The Prime Minister has committed to spending £2.5bn – money first announced in the Budget – on a 'Lifetime Skills Guarantee'. This entitles any adult without a Level 3 qualification to a free college course in limited areas. The courses will be announced in April.

While welcome, this is completely insufficient to address the scale of the issue with regards to low and medium skilled people whose jobs, as this report suggests, are at risk throughout the country. Firstly, many of the people who will lose their job already have a Level 3. The report estimates that between 75%-80% of the non-graduates identified as at risk in this report – between 2.3 to 2.5m people in total – already have a Level 3 qualification and are therefore excluded.

Secondly, new polling published today by the UPP Foundation of these people suggests that many of them want a qualification above Level 3 and in wider subject areas than the guarantee, which will probably be narrowly focused on shortage areas of the economy, is likely to cover. Universities have the opportunity to address both of these issues and ought to be part of a truly comprehensive programme designed to aid recovery.

### **3) Certain areas of the country are more affected, either because they're left behind or because they have high numbers of the occupations at risk.**

The analysis in this report shows that certain towns are greater at risk – either because they have higher than average number of workers engaged in sectors which are particularly at risk of Covid shutdowns and changing patterns of consumption, such as retail, hospitality, tourism, or because they are more structurally disadvantaged and more likely to bear the brunt of job losses because they are less likely to be able to adapt as a local labour market in the same way.

Using Centre for Towns methodology to identify these towns, and where relevant, an assessment of the percentage of the labour force employed in at-risk sectors, we were able to calculate the number of jobs at risk. These towns are not evenly spread across England – as the map shows, they occur disproportionately in and around coastal and tourism areas of the country, or around the ex-industrial regions. These will be areas where large scale losses, if they occur, will be particularly damaging.

### **4) But large-scale job losses are not confined to economically disadvantaged areas. The scale of job losses means the impact is spread all over England. We estimate that around 2m jobs are at risk in medium-sized towns nationwide.**

The scale of the jobs crisis, and the number of towns and cities affected, means that this will not be a localised economic shock. The map shows how towns with at-risk jobs are spread across the country. There is not a single university that will not be geographically close to a city or town that does not have large numbers of jobs at risk. Nationally, we estimate that around 2 million jobs are 'at risk' in towns across England.

### **5) The biggest jobs impact, in purely numerical terms, will be in cities – many of which are otherwise affluent. A further 3m jobs are at risk in these cities. Metropolitan universities will not have communities unaffected.**

The data in this report and the map shows that it would also be a mistake to consider this an issue that only affects towns. Even though cities have, traditionally, greater resilience to economic shock, a better educated workforce and more flexible labour market, the jobs crisis is likely to result in a greater number of absolute jobs at risk, in cities – including very affluent ones. We estimate, based on Centre for Cities data (explained in the technical annex), that an additional 3m jobs in cities across England are 'at risk'.

**6) A high proportion of job losses will affect people who are 'medium-skilled' or below – those who hold a Level 3 qualification as maximum. This is around 1.5m in towns and a further 1.6m in cities.**

This report calculates, using ONS census returns, the labour market composition of each town and city which we have 'at risk' jobs data for. On average, in the cities within the data set, 55.6% of the labour force are categorised as medium skill or below – those holding maximum Level 3 qualification. Within the towns the proportions are even higher – 70% for 'shut down towns' and 78% for 'left-behind towns'. Assuming – perhaps conservatively – that such medium- and low-skilled individuals are no more likely to lose their jobs than their more educated peers, we estimate a total number of 1.5m at-risk jobs in towns, and 1.6m in cities among medium- and low-skilled workers.

**7) For universities, the data is clear – wherever you are in the country, there'll be a cluster of job losses either right on your doorstep or in towns near you. This is likely to begin from October onwards when the furlough scheme begins to unwind.**

In the short term, addressing the jobs crisis will be a priority for every university – not just those near to traditional left-behind areas. Almost every single town and city identified in our data has a university within 25km of it. And the converse also applies – there is a barely a university plotted on our map that will not see an urban cluster in which it is based, or that is near it, experience a significant number of job losses.

Of course, not all the jobs identified at-risk will translate into job losses. But when the furlough and job support schemes begin to unwind, we will likely see significant job losses across the country, within the reach of every university in the country. Universities can and must play their part to help individuals secure new jobs, and to support the establishment of new businesses and organisations.

Much of this may involve digital training. Polling released for this report shows that some form of online retraining is considerably the most popular option for non-graduates. It is also something which universities have recently, for obvious reasons, become more better at delivering both in terms of scale and capability. It is also likely that training in digital skills is going to be necessary for many non-graduates wanting to retrain, even if such skills will not be used directly in the digital industries. This topic is under broader consideration by the UPP Foundation but it should be noted that delivering such skills is not always straightforward, and that universities would need to devote significant resources to do so, backed by learner funding from those unemployed or at risk of unemployment.

# Recommendation – widening the scope of the Lifetime Skills Guarantee to provide retraining which learners actually want

While the ambition of the guarantee is welcome, it falls short of a comprehensive retraining programme in two main areas. Firstly, its eligibility is only for those who do not have a Level 3 qualification already. This excludes many moderately skilled people who, as our analysis shows, are at risk from job losses throughout the economy. We estimate that between 75%-80% of the people identified as at-risk in this report in these towns and cities – between 2.3 to 2.5m people – already have a Level 3 qualification so are excluded.

Secondly, it restricts free training to a (to be determined) limited number of training programmes delivered through colleges. New polling done for this report shows that non-graduates are very keen on going to university or otherwise accessing higher level training, and are motivated by a wider set of considerations than shortage gaps in the labour market.

We propose taking a further look at this programme in the Skills White Paper and the changes to tertiary funding through the response to the Augar Review, and through to April 2021, when the college course eligibility will be announced – so that:

- Learners have true funding flexibility for retraining through a Learner Account or similar, which allows them – not the state – to decide which courses they wish to access. This should build on the commitment made by the PM to a more flexible higher education loan system
- Such funding is extended past Level 2 and through into Level 3 and on to Level 4 and 5. This is in line with the clear desire of learners to access training at a higher level
- If some form of targeting is desired, then it should be focused on the wider employability of such courses, and the links with employers, businesses, local communities and civil society

- Universities should be closely involved with FE colleges in providing such training, particularly at the higher levels
- For this scheme to work, it should be incorporated into the changes to tertiary education funding which are expected at the end of this year, rather than being introduced as a standalone pot of funding that cannot possibly withstand the level of support needed for a real national training scheme to work

### The scope of the ‘lifetime skills guarantee’ and eligibility

The Prime Minister announced on 29 September that “Adults without an A-Level or equivalent qualification will be offered a free, fully-funded college course – providing them with skills valued by employers, and the opportunity to study at a time and location that suits them. This offer will be available from April in England, and will be paid for through the National Skills Fund. A full list of available courses will be set out shortly.”

This pledge was accompanied by a series of trailed announcements for the forthcoming Skills White Paper and response to Augar, including more flexible HE loan funding, more digital bootcamps, more FE capital, and greater skills toolkits online.

The headline commitment to free training for those at risk or who have lost their job is welcome. But analysis for this report shows that of those who this report has identified at risk, many will not be eligible. **We estimate that between 75%–80% of the people identified as at risk in this report in these towns and cities – between 2.3 to 2.5m people – already have a Level 3 qualification so are excluded.**

We combined this analysis with new polling looking at the feelings of 1,000 nationally representative non-graduates to explore their views and feelings on retraining.

## UPP Foundation polling

New polling further highlights that while there is huge potential for a retraining proposal, a standalone commitment towards funding a first Level 3 qualification in a series of limited areas is unlikely to meet the scale of the challenge.

The polling shows that<sup>2</sup>:

- **Many people in this sample (all non-graduates in the labour force) are unaware of the scale of economic disruption that may be about to hit them.** 20% of those in work think that it is likely or very likely they will be made redundant. But 47% do not want a new job and are not looking, and 57% of those currently in work think that their industry will be as big, or bigger, in ten years' time. One third of respondents want to stay with their current employer for more than three years



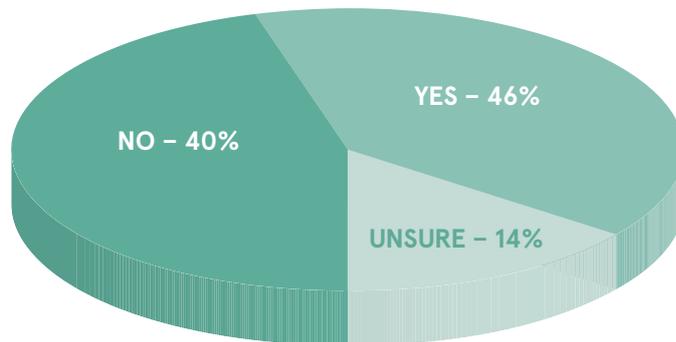
<sup>2</sup> Polling was carried out by Public First of 1,000 non graduates across England. Fieldwork was conducted between the 12th and 16th October and results have been weighted by interlocking age & gender and region. Public First is a member of the British Polling Council and abides by its rules. The full results of the poll are available on the UPP Foundation website.

Only **31%** of non-graduates think they will definitely need new skills for a new job or career; a further **38%** think they would need it for some new roles but not others.



- 41% of those who do want to change jobs also want to change industry or career with it. **But only 31% of non-graduates think they will definitely need new skills for a new job or career; a further 38% think they would need it for some new roles but not others**
- **Only 46% of the sample think that the PM lifetime skills guarantee is of interest to them; 40% said no and 14% are unsure**

IS THE GOVERNMENT'S LIFETIME SKILLS GUARANTEE OF INTEREST TO YOU?



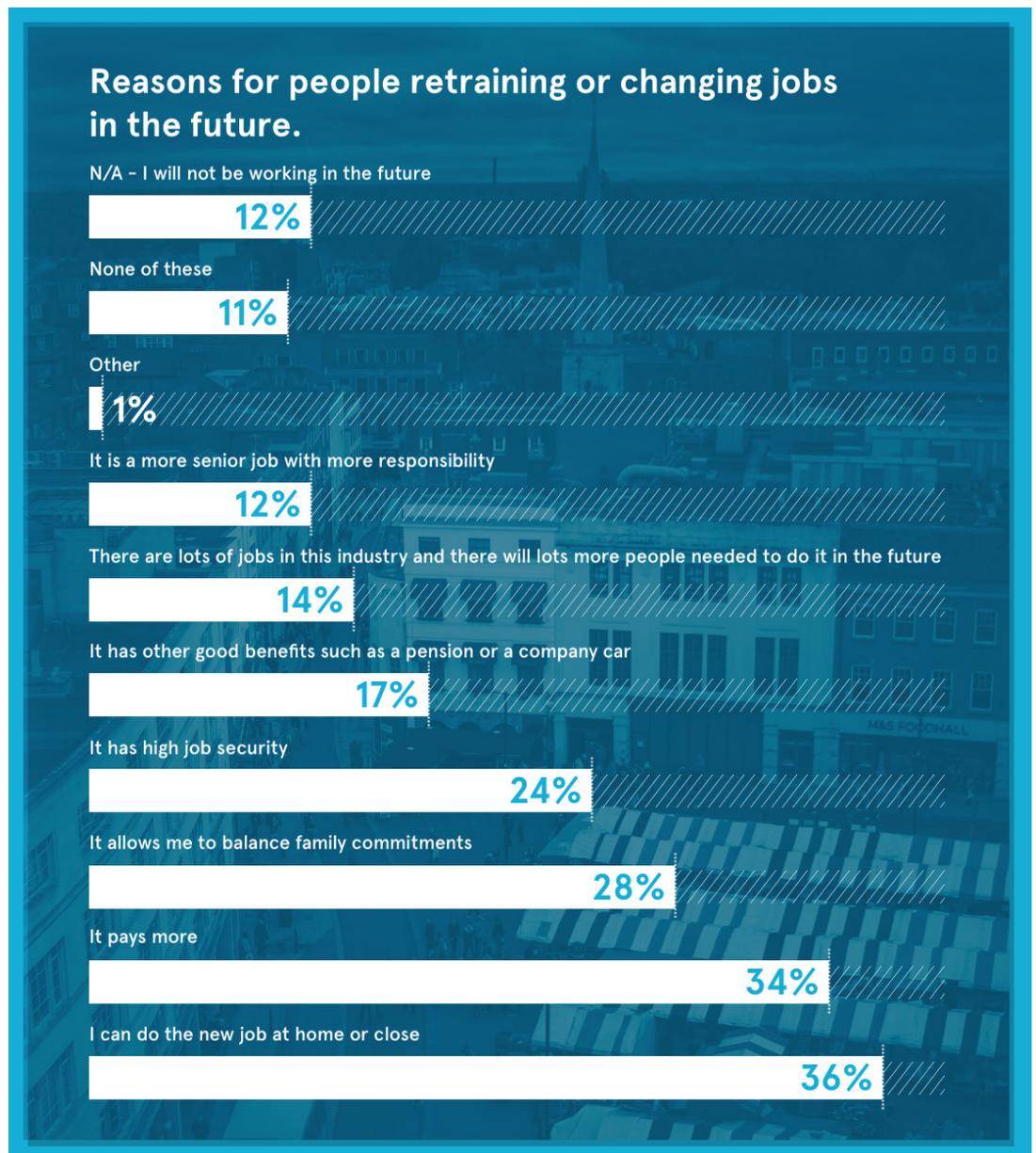
- Of those who said no, the most popular reasons given are
  - Already have a Level 3 – 39% of those who are uninterested
  - Do not want to retrain – 34%
  - Do not want to go to FE college – 17%
  - Don't think it is practical – 16%
- **37% of non-graduates would like to gain a university degree – including 57% of 18-24 year olds, 50% of 25-34 year olds, and 39% of 35-44 year olds.** It's only in the mid 40s that non-graduates appear to give up on the desire to gain higher level training



- When offered a broad range of courses and disciplines in which they could hypothetically retrain, there is no clear consensus. **Even when asked to choose a wide range of disciplines as possibilities, over 8 in 10 respondents do not choose one of the most popular topics. In other words, there is no consensus on which skills learners would want to acquire, and it is likely that subjects chosen by the government will be of little interest to a lot of people**
- Similarly, when motivations for learning are probed, **the fact that a job is in a shortage occupation and there are many more people**

**needed in that industry does not serve as a major motivator.** The most popular reasons for people retraining for a new job or career – whether they are actively considering it or not – are

- I can do the new job at home or close to it – 36%
- It pays more – 34%
- It allows me to balance family commitments – 28%
- It has high job security – 24%
- There are lots of jobs in this industry and there will lots more people needed to do it in the future – 14%



Respondents could pick up to three responses.

Taken together, it is clear that non-graduates are relatively passive about the idea of retraining – including even those who feel at risk of redundancy. When pressed, their motivations and choices vary – but they share a desire for higher level training. In other words, a Level 3 qualification in a specific field – most likely one that is relevant to a labour market shortage – is likely to appeal to only a tiny fraction of the 3.1m at-risk individuals identified in our report.

In order to make a reality of retraining, several steps need to be taken – some of which were trailed in the PM speech. This includes:

- **Learners must have true funding flexibility for retraining through a Learner Account or similar, which allows them – not the state – to decide which courses they wish to access.** Rather than funding on the supply side, funding would be better on the learner demand side through the more flexible higher education loan system trailed by the PM
- **Such funding should not be restricted to Level 2 but should continue into Level 3 and on to Level 4 and 5.** This is in line with the clear desire of learners to access training at a higher level. It would also allow learners to progress towards Level 6 undergraduate provision if they wanted to. Again, the rhetoric of the PM speech is clearly in this direction, with the referencing of higher technical qualifications at Level 4 and 5 – it is just that the £2.5bn commitment does not fund this. The White Paper and Augar response should fill this in

- **If some form of targeting is desired, then it should be based on the wider employability of such courses, and the links with employers, businesses, local communities and civil society.** It may be that government wants to ensure some form of targeting to restrict demand and ensure value for money. This would be in line with repeated statements around low quality courses. We think the best indicator is the employability of these courses, thereby embedding deeper partnerships with employers from the private, public and third sectors made by such learners from taking such courses, funded through their learner account
- **Universities should be closely involved with FE colleges in providing such training, particularly at the higher levels.** Again, the clear policy intention of the government is for a proportion of government HE provision to shift to shorter courses, degree apprenticeships, and Level 4 and 5 provision. It would be odd to have a separately funded and standalone national retraining scheme or lifetime skills funding guarantee that does not allow learners to study via a university, working in partnership with its local FE colleges

For this scheme to work, it should be incorporated into the wider likely changes to tertiary education funding which are expected at the end of this year, rather than through a standalone pot of funding that cannot possibly withstand the level of support needed for a real national training scheme to work. If these changes take place, then universities can be at the centre of a broader civic agenda and a true retraining and reskilling agenda.

# Annex – constructing an assessment of jobs at risk in specific towns and cities

The analysis in this report draws heavily from a number of external sources, for which we are very grateful and express thanks for their cooperation and supply of further data. All analysis – and errors – is that of Public First for the UPP Foundation and not the responsibility of these other organisations.

- What we call ‘Shut down towns’ – data supplied by Ian Warren and the Centre for Towns in June 2020 based on analysis conducted in April 2020. This includes the full list of 805 towns in England and Wales, together with the % employed in sectors shut down because of Covid-19. See <https://www.centrefortowns.org/our-towns> for the description of place types
- What we call ‘left behind towns’ – data supplied by Ian Warren and the Centre for Towns in June 2020 based on analysis conducted in April 2020. This includes the full list of 805 towns in England and Wales, together with the composite index score for deprivation.

The report ‘Covid-19 and our Towns’ <https://www.centrefortowns.org/our-towns> provides an explanation of how this index was compiled

- For cities – data supplied by Kathrin Enenkel and the Centre for Cities in June 2020 based on analysis conducted in April 2020 which was covered here <https://www.centreforcities.org/blog/what-does-the-covid-19-crisis-mean-for-the-economies-of-british-cities-and-large-towns/> including a full description of the methodology. We are grateful to them for making their full raw data available for our analysis

On the basis of this data, we constructed a dataset of

- Left-behind towns – the 50 towns categorised as ‘medium town’ or bigger with the 50 highest deprivation index scores, from the CFT dataset
- Shut downs – the 50 towns categorised as ‘medium town’ or bigger with the highest estimates of the labour market employed in shutdown sectors, from the CFT dataset
- Cities – the 62 cities in the CfC dataset with the highest estimated percentage of jobs classified as ‘vulnerable’ and ‘very vulnerable’ (combined into a composite figure)

For each of the towns and cities in this dataset, we then used ONS 2011 census data to match the 16-64 population with the labour market composition of each of these locations<sup>3</sup>. This has the obvious downside that such data is now almost a decade old. However, it remains the latest authoritative and comparable data for labour market qualification levels at a local level, and is used by other organisations for this reason.

Having built this picture of the number of people resident in a location and their qualifications, we then began to make an assessment of jobs at risk.

For Centre for Cities based data, we simply used an aggregate composition of the jobs classified as ‘vulnerable’ and ‘very vulnerable’ to create a percentage figure of jobs at risk. This allowed for a simple calculation from population figures to number of jobs at risk. In the interest of simplicity, we assume that medium-skilled individuals within cities are no more likely to have jobs at risk than their better educated peers, and we assume in the absence of further data that medium-skilled and highly-skilled individuals are spread evenly throughout the labour market in terms of jobs and sectors which are vulnerable.

For Centre for Towns based data, we needed an estimate of what proportion of jobs are at risk. We therefore used McKinsey analysis from May 2020<sup>4</sup> entitled “COVID-19 in the United Kingdom: Assessing jobs at risk and the impact on people and places”. This gives an estimate of jobs at risk in both the higher risk sectors of the economy, and in other sectors. For the former, they provide a range of between 49% and 68% of all jobs in high risk areas. We take an average of these two data points and model 59% of jobs at risk in what Centre for Towns data shows are the number of jobs in shut down sectors of each of the towns in our dataset<sup>5</sup>. For other jobs, we use McKinsey estimates of 24% of the UK average number of jobs at risk during Covid.

Applying these estimates of jobs at risk gave us a similar calculation to that of the Centre for Cities data in terms of jobs at risk. In similar terms, we again assumed that medium-skilled individuals within cities are no more likely to have jobs at risk than their better educated peers, and we assume in the absence of further data that medium-skilled and highly-skilled individuals are spread evenly throughout the labour market in terms of jobs and sectors which are vulnerable.

For the map, we plotted universities by their central registered location and plotted towns and cities by the location of the town / city council headquarters to measure distance from one to the other. We count a university as ‘nearby’ to a town or city if it is within 25km – this is in some sense arbitrary but used as a proxy for a round trip journey of an hour or less by car, on average.

The full raw data and spreadsheets that sit underneath the map and are used to calculate jobs numbers and the proportion of those which are medium skilled are available on request from the UPP Foundation.

<sup>3</sup> Data taken from here: <https://www.nomisweb.co.uk/reports/localarea>

<sup>4</sup> <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-in-the-united-kingdom-assessing-jobs-at-risk-and-the-impact-on-people-and-places>

<sup>5</sup> This data exists for all 805 towns in the Centre for Towns dataset, so we are able to use it both for the top 50 towns with the highest percentage of jobs in shut down sectors, but also for the 50 most left behind towns as well



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