UNIVERSITY OF LIVERPOOL

Heseltine Institute for Public Policy, Practice and Place

PLACE-BASED APPROACHES TO RENEWING THE ECONOMY

INSIGHTS FROM THE HESELTINE INSTITUTE POLICY BRIEFINGS

Contents

Introduction

Since its election in July 2024, the Labour government has made "kickstarting economic growth" its main 'mission', with an objective to secure the highest sustained growth in the G7 group of nations. Succeeding with this mission is crucial to other key elements in the government's agenda, particularly improving public services. However, it will only be achieved by improving the economic performance of all UK regions and nations – not just London and the South East. In his speech at **Labour's 2025 party conference**, Prime Minister Keir Starmer emphasised his desire to see "prosperity right across Britain" and "wealth creation in every community". **Launching a package of reforms** aimed at boosting regional investment earlier in the year, Chancellor Rachel Reeves said: "It's critical that we are growing every region's local economy…those with local knowledge and skin in the game are best placed to know what their area needs."

The UK government clearly acknowledges the benefits of bringing economic decision-making closer to communities. Yet there is a risk that English regional devolution, in its current form, may not be a sufficient break from the economic centralisation that has contributed to a widening in economic disparities between the richest parts of the UK (mostly in London and the South East) and the rest. Local and combined authorities in England remain underpowered compared with other medium-sized nations, **with just 5% of tax taken at sub-national level compared to around 30% in Germany**. As a result, local economic policy is heavily reliant on central government grant funding and will remain so despite positive moves towards more decentralised policymaking introduced through the English Devolution and Community Empowerment Bill.

Despite this, local and regional leaders are developing place-based approaches to economic development grounded in community-led knowledge, expertise and capacity. In this fourth *Insights* collection of Heseltine Institute policy briefings, we highlight the importance of decentralised, long-term and place-specific approaches to economic development. The briefings in this collection also emphasise the potential of looking at economic development in ways that diverge from a narrow focus on growth, considering sustainability, wellbeing and inclusivity. With the UK in the midst of an unprecedented period of low growth and weak productivity performance, the briefings in this compilation illustrate the importance of challenging orthodoxy and embracing local expertise.

The English Devolution and Community Empowerment Bill, currently working its way through Parliament, represents a significant step towards providing local and regional leaders with more powers to shape the economies they represent. However, the legislation contains only limited provisions allowing local or combined authorities to raise more tax at the sub-national level. Furthermore, as witnessed during the Covid-19 pandemic, the British state tends to centralise further in its decision-making processes during times of crisis. In her March 2021 policy briefing, Heseltine Institute Co-Director Sue Jarvis argues that the pandemic illustrates the need to permanently challenge centralisation and embed regional devolution in England. The briefing remains relevant in the context of current devolution legislation, questioning the sustainability of a devolution settlement reliant on large fiscal transfers to support regional and local government.

In few UK cities is the impact of global and national trends on local economic outcomes more evident than Liverpool. In his 2019 book, *Liverpool Beyond the Brink: The Remaking of a Post-Imperial City*, Heseltine Institute Ambassador Professor Michael Parkinson charts the remarkable, rapid decline in the city's industrial base during the 1960s and 1970s, followed by rebuilding and renewal in the 1980s and 1990s and renaissance in the 21st century. Liverpool was buffeted by economic headwinds over which it had little control during this period. With its local political power diminished following the clashes with UK government during the 1980s, the city's late 20th century leadership focused on partnerships with the private sector and attracting external investment. The result, argued Professor Parkinson in his July 2020 briefing, is a Liverpool economy with genuine potential to contribute to national renewal. Its strongest sectors – particularly in life sciences and culture – are crucial to the UK's international standing, as emphasised in the **Government's Modern Industrial Strategy**, and Liverpool City Region's recently published Local Growth Plan. 40 years on from one of the darkest periods of its economic history, Liverpool is now "a progressive, global city helping the country's recovery and renewal". It will require continued backing by national government to maintain its renaissance.

Inclusivity is central to Liverpool's culture. However, there is a risk that recent and prospective growth in technology sectors may not benefit all across the city-region. While 'innovation' conjures images of Silicon Valley leaders developing disruptive AIled products, evidence suggests most technology evolves through incremental development. The models of innovation pioneered in the likes Taiwan, Finland and Austria appear more likely to generate improvements in productivity and living standards for all than more prominent examples from California. At Liverpool's Knowledge Quarter (KQ), as described in their October 2021 briefing, Chief Executive Colin Sinclair and Assistant Chief Executive Emily Robson are seeking to ensure "that any growth driven by innovation activities is not restricted to certain areas, but instead benefits the surrounding communities with equal opportunities for all people to be part of the ecosystem". Liverpool's Knowledge Quarter borders three of the most deprived wards in the city, and extensive efforts have been undertaken in recent years to ensure these communities have access to the jobs and training available at its facilities. The briefing emphasises that a local approach to innovation will need to be Liverpool-specific, based on the city's inclusive culture and addressing the challenges of entrenched deprivation.

Sustainability is also central to Liverpool's political economy. Liverpool City Region Combined Authority has set a target of achieving net zero carbon emissions by 2040 or sooner, while Liverpool City Council declared an even more ambitious goal to become net zero by 2030. The region's clean energy generating assets and recent moves to decarbonise the transport network mean it is well placed to contribute to the energy transition. However, some argue that the urgency of the climate and ecological crisis emphasises the need for alternative models of economic development and a shift away from growth as an objective. Doughnut Economics is one such framework that has gained popularity in recent years. Developed by Kate Raworth initially in a 2012 paper and elaborated in a now bestselling book published in 2017, the framework proposes that economic activity is only possible within environmental constraints. Economic strategy, therefore, should focus on securing a "safe and just space for humanity" via a "regenerative and distributive economy". In her policy briefing published in June 2020, Fiona Brannigan (former Sustainable Development Projects Officer at the University of Liverpool), proposes the development of a Liverpool City Region 'portrait' as the first step in implementing the Doughnut model. The portrait would assess the key social and ecological issues facing LCR and act as a compass for policy development. Crucially, the briefing argues, adopting a Doughnut approach requires a shift in mindset – from prioritising economic growth to focusing on social wellbeing and environmental sustainability: "the aim is to thrive – economic growth may or may not be a means of achieving that".

A Liverpool-centric economic model would also emphasise wellbeing. In his policy briefing, published in July 2020, Heseltine Institute Visiting Fellow Mark Swift sets out the results of a four-day working week trial at Wellbeing Enterprises, the social enterprise he founded and continues to lead. Despite the now infamous prediction of John Maynard Keynes that by 2030 employees would work no more than 15 hours a week, full time workers in the UK continue to work longer hours than our European neighbours. Despite this, productivity growth is stagnant. The four-day week is a response to his situation, with its advocates highlighting the potential to improve wellbeing, benefit mental health and boost output. The 4 Day Week Foundation now has over 240 accredited members across the private, public and voluntary sectors, with results from a trial of more than 60 companies finding significant benefits, including reduced stress and improved work-life balance with no negative impact on operations. The briefing highlights practical insights from the implementation of a four day week, but acknowledges the challenges associated with expanding the practice more widely, particularly for small and medium sized companies.

Similarly, researchers have in recent years focused on new ways of measuring inequality not just between regions, but within them, and developing understanding of how it manifests in lived experience. Over the last decade, the Institute for Global Prosperity (IGP) at University College London has developed a Citizen Prosperity Index aimed at measuring what matters to different communities. Based on research carried out by citizen scientists, the index has been used in the UK and internationally to help policymakers understand what prosperity means and identify ways to develop it. The research has contributed to the development of the Secure Livelihoods Infrastructure (SLI) framework, identifying key elements of prosperity including indicators on employment, housing, public services and social and economic inclusion. In their briefing from 2021, Juan Manuel Moreno (former Research Fellow at the IGP) and Dr James Hickson (Research Associate at the Heseltine Institute) apply the SLI framework to Liverpool City Region, identifying the benefits of citizen-led approaches to understanding social infrastructure. The briefing emphasises the importance of applying a place-based lens to policy frameworks to evaluate the long-term success of the economy in a more nuanced and meaningful way than GDP growth.

Looking further ahead, there is a clear willingness amongst local policymakers to explore more radical ideas for how we reshape our economies. The Covid-19 pandemic and subsequent cost of living crisis have prompted debate about how best the state can support people during times of crisis. The subsequent rise of Artificial Intelligence has given added urgency to this discussion, in light of **predictions** about the potential for this rapidly developing technology to lead to large scale job losses. Universal Basic Income (UBI) is an increasingly prominent idea in response to these challenges. In his policy briefing originally published in May 2020, Dr Matt Thompson (Lecturer in Urban Studies at UCL and former Leverhulme Early Career Fellow at the Heseltine Institute), assesses the potential of UBI to deliver economic change. While UBI has potential to stimulate economic growth, reduce inequality and tackle poverty, Thompson suggests it represents a "necessary but not sufficient" response to crisis. The briefing sets out the concept of Universal Basic Services (UBS) as an alternative, interventionist approach to developing local economies, by providing the foundations that all citizens require to thrive: decent housing, a good quality education, healthcare free at the point of use and access to affordable transport. Crucially, any attempt to implement approaches such UBI or UBS should be place-based and led locally. Dr Thompson recently gave evidence to a London Assembly inquiry into UBI, featured in **this report**.

Together, the publications in this collection underline the continuing importance of empowering local and regional leaders to shape economic futures in ways that reflect their distinct contexts, assets and challenges. They demonstrate the limits of centralised economic governance and highlight the value of alternative approaches that prioritise inclusivity, wellbeing and sustainability. Drawing on practical examples from Liverpool City Region and beyond, the briefings show how inclusive innovation, new working practices and practical approaches to sustainability can be harnessed to deliver more resilient and equitable local economies. The collection contributes to contemporary policy debates by showing that effective economic renewal requires a genuine transfer of power and resources to places, as well as openness to experimental approaches that diverge from orthodoxy. As the government seeks to kickstart its growth mission, these insights provide timely evidence that locally led strategies are not just desirable but essential.

Another Place, Sefton

Sue Jarvis

COVID-19, Regional Inequality and the Restated Case for Devolution

Key takeaways

1. Widening regional inequalities have left Liverpool City Region disproportionately vulnerable to both the economic catalysts of the COVID-19 pandemic and its economic consequences.
2. A centralised approach to national recovery that is insensitive to local needs and priorities risks intensifying these inequalities between and within regions even further.
3. Greater devolution of policy-making and funding for economic growth would help to ensure that local recovery is effective, builds future resilience, and delivers necessary transformations to local economies.
4. However, processes of devolution appear to be in retreat as government centralises resources and decision-making powers in the wake of the pandemic.
5. This trend is typified by the government's Levelling Up Fund, which fails to respond sufficiently to the local contexts of inequality that have been highlighted by the COVID-19 pandemic, and which overlooks the role that combined authorities could play in delivering the "levelling up" agenda with government.

1. Introduction

On the eve of the COVID-19 pandemic, the United Kingdom was widely considered to be among the most regionally unequal countries in the developed world, if not the most unequal (for example, see Raikes et al. 2019; McCann 2016). Growing inequality has long been a national condition in the UK; the result of an extractive and highly centralised economic system that does not, and cannot, work fairly or effectively for all people and places (McInroy and Jackson 2016).

The focus on inequality goes beyond the deep-rooted North-South divide (Hazeldine 2020). Just as important as the inequality *between* regions is the inequality *within* regions – after all, whilst the economic gap between London and the rest of the UK has been widening, some parts of the capital have also recorded the highest rates of child poverty in the country (McInroy and Jackson 2016).

This policy brief considers how a centralised approach to national recovery risks intensifying these kinds of inter and intra-regional inequalities. It makes the case for greater devolution of policy-making and funding for economic growth to the *right scale* to help ensure local recovery is effective, builds future resilience, and delivers necessary transformations to local economies. It also considers the implications for the government's "levelling up" agenda.

2. Widening regional and intra-regional inequalities

The marks of regional inequality can be seen particularly starkly in Liverpool City Region (LCR). In spite of an economic renaissance that has seen over £1bn added to the local economy in the last decade, Liverpool City Region has maintained significant productivity and prosperity gaps with national averages across a selection of indicators (Figure 1).

The Index of Multiple Deprivation measures deprivation across small areas and shows that around one-third of lower layer super output areas (LSOAs) in the Liverpool City Region rank among the most deprived decile in the UK (see Figure 2) – this is more than any other local economic partnership (LEP) area.

Just as important are the inequalities that exist *within* the city-region, especially as over the last decade the gaps between some of the richer and poorer parts of Liverpool City Region have not only remained intact, they have grown wider (Parkinson 2020, p. 25).

Figure 1. Liverpool City Region productivity and prosperity gaps

Indicator	Liverpool City Region	UK	LCR vs UK (UK = 100%)	LCR rank (out of 38 LEPs)
Real GVA per head	£20,900	£28,000	75%	28
% of jobs in higher productivity sectors	26%	29%	89%	29
Businesses per 10,000 working age population	536	752	71%	36
Employment rate	72%	75%	96%	35
NVQ4+ %	33%	39%	84%	30
No qualifications %	11%	8%	134%	36
% of LSOAs in 10% most deprived areas (overall)	34%	10%	346%	38

(Source: LCRCA analysis of English Indices of Deprivation 2019, Annual Population Survey, UK Business Counts, Business Register and Employment Survey, and ONS GVA datasets)

Meanwhile, Liverpool City Region has been disproportionately impacted by a decade of government-led austerity, with LCR local authorities losing over 28% of their funding over the period 2010-20. This equates to a cut of £336 for every resident, almost twice the England average of £188 per person – mounting pressure on vital public services and eroding local resilience (LCRCA analysis). The introduction of Universal Credit has further impacted the LCR, inflicting a real-terms benefit cut for many residents who were already struggling to make ends meet (Gardiner and Finch 2020). This has served to intensify existing inequalities and entrench them more deeply.

Simply put, whilst our recent economic successes certainly should not be underplayed, it is evident that too many people and places in Liverpool City Region still do not have equal access to the opportunities, or the resources, that they need to thrive.

3. The unequal impact of COVID-19

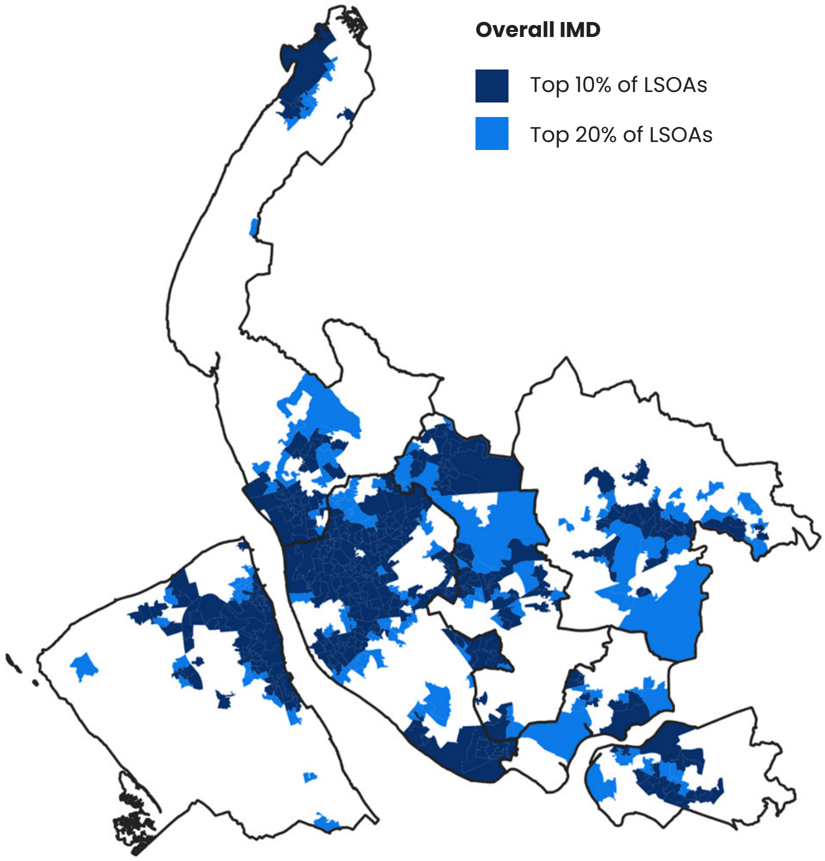
COVID-19 has exploited and exacerbated these pre-existing inequalities. The Institute of Health Equity has found that there is a strong relationship between deprivation and healthy life expectancy at birth: "the poorer the area, the worse the health" (Marmot et al. 2020, p.13). COVID-19 appears to have followed these socio-economic trajectories, disproportionately affecting those with pre-existing poor health, and thriving as a result of the rapidly widening inequalities seen since 2010. For an area like Liverpool City Region where almost half (47%) of its LSOAs are in the top 10% most health deprived in the country, the unequal impact of COVID-19 is apparent.

Researchers at the University of Liverpool have developed a Small Area Vulnerability Index (SAVI) that establishes statistically the relationship between COVID-19 mortality and four risk factors relating to population characteristics: namely, (i) the proportion of the population from Black, Asian and Minority Ethnic (BAME) backgrounds, (ii) the prevalence of long-term health conditions, (iii) the proportion of the population living in care homes, and (iv) the proportion of the population living in overcrowded housing. They found that vulnerability to COVID-19 is noticeably higher in the North West, West Midlands and North East regions of England. The clustering of community-level vulnerability for Liverpool City Region is illustrated in Figure 3 below. Overall, 86% of the LCR population resides in areas with above average levels of risk and vulnerability to COVID-19.

Public health and the economy are intimately linked, and as the pandemic has hit, Liverpool City Region has also been exposed to its worst economic impacts.

Since the Coronavirus Job Retention Scheme (commonly known as furlough) was introduced, 28.1% of employees in Liverpool City Region have been on the scheme at some point. This is lower than the national average of 29.7%, suggesting a higher proportion of employees here have continued working to some extent through the pandemic (LCRCA, n.d.). We know that not everyone is able to work from home or without coming into close proximity with others – increasing their risk of exposure to the virus. Liverpool

Figure 2. Most deprived areas in the Liverpool City Region



(Source: Ministry of Housing, Communities and Local Government Index of Multiple Deprivation 2019)

City Region's economy has a greater proportion of lower paid roles compared to the national average, and a higher percentage of LCR's total workforce are employed in the health and care sector (18%) compared to Great Britain as a whole (13%) (Office for National Statistics 2019).

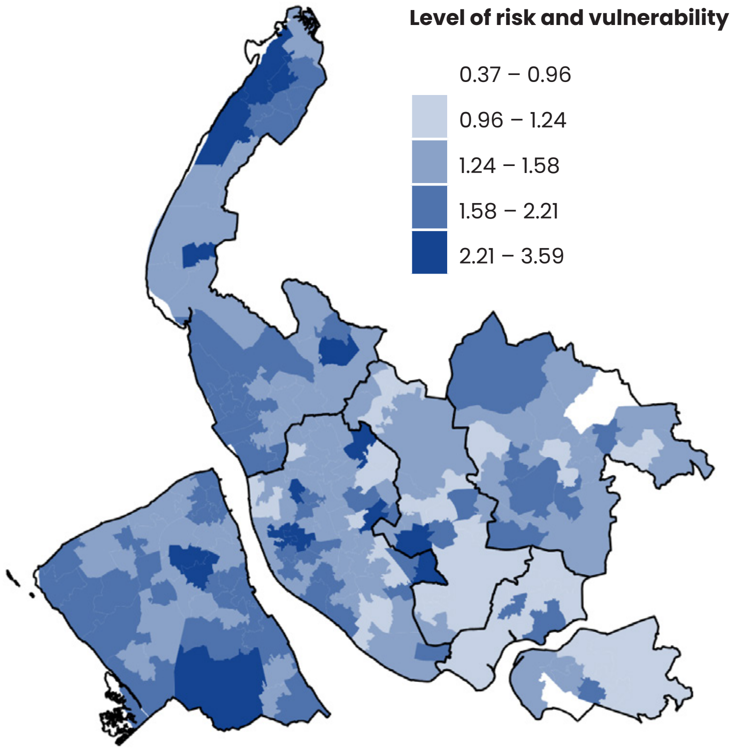
Liverpool City Region entered the pandemic with the lowest business density of all LEP areas, and an (albeit narrowing) employment gap with the rest of the UK. Liverpool City Region simply cannot afford to lose good jobs and the businesses that create them as a result of the pandemic. However, a high proportion of local firms trade within the most at-risk sectors such as retail and personal service activities (LCRCA 2019, p.16), raising concerns around how many pre-pandemic jobs will still exist once the economy fully reopens.

The claimant count stood at 7.4% in Liverpool City Region in January 2021 (up from 4.1% the year before), compared to 6.3% in England as a whole (LCRCA n.d.). However, the peak of COVID-related unemployment – projected to be 6.5% in England at the end of 2021 by the Office for Budget Responsibility (2021, p. 5) – may still remain ahead of us, particularly as government support measures are tapered off and removed over the coming months and the full impact of the virus on the economy is understood.

Short-term job risk is highly correlated with level of education. Compared to other LEP areas LCR has a lower proportion of workers qualified at and above NVQ Level 4 and a higher proportion of residents with no skills (see Figure 1). If higher unemployment persists, we may see greater competition for work as the economy recovers and those with lower education levels may find it difficult to secure good quality employment.

The pandemic has also had a detrimental impact on the life chances of young people, with the closure of schools during lockdowns likely to have widened performance gaps between low and high achievers, and between students from disadvantaged and more affluent backgrounds (see for example Renaissance Learning and Education Policy Institute 2021). On average, Liverpool City Region pupils leave primary and secondary education with worse attainment compared to English pupils, which then follows through into higher levels of not in education, employment or training. We also have a high proportion of pupils coming from disadvantaged backgrounds, as evidenced by high rates of claiming free school meals, and must ensure they are not left behind.

Figure 3. COVID-19 Small Area Vulnerability Index (SAVI): Liverpool City Region



Note: SAVI is a measure of COVID-19 vulnerability for each Middle Layer Super Output Area (MSOA) in England. The index is adjusted for the age profile of each area and accounts for the regional spread and duration of the epidemic. The mean score for all MSOAs in England is 1.24, with higher scores denoting higher levels of risk and vulnerability.

(Source: Place-based Longitudinal Data Resource 2020)

4. Devolution and making recovery local

The pandemic has emphasised the urgent need to tackle inequalities at the root, and meaningfully "build back better". Whitehall will never have the bandwidth, flexibility, or local knowledge to respond sufficiently to the particular socio-economic challenges and opportunities that different communities face. Local leaders, on the other hand, have the capacity to act on local intelligence, to co-create effective solutions with local stakeholders, and to commit to long-term local economic strategies. For example, LCR's Economic Recovery Plan outlined how £1.4bn in investment could unlock £8.8bn of projects, creating 94,000 permanent jobs, with a further 28,000 jobs in construction.

Government should be embracing the potential created by English devolution to empower places with the policy tools and fiscal levers required to deliver and manage local recovery in a way that proactively redresses regional inequalities (e.g., Stern et al. 2020). The recent report of the All Party Parliamentary Group (APPG) Levelling up Devo suggests that devolving power to local people to make decisions about their area is key to delivering on the government's ambitions to "level up" regions.

And yet, at a time when devolution has so much to offer, signals from government suggest that the appetite for further, deeper devolution of power and resources to local places has stalled, and may even be in retreat. The sub-national devolution agenda risks the threat of irrelevance as government grapples with COVID-19 and its consequences. This is typified by the 2021 Budget, which contained no new devolved funding or powers to English city-regions, and offered no detail on the role local leaders operating across the functional economic area can play in driving recovery and long-term prosperity.

Major new funding streams, such as the £4.6bn Levelling Up Fund, offered an ideal opportunity for government to reaffirm its long-term commitment to the principles and potential of devolution by enabling local places to control a guaranteed portion of the new funds in line with locally-identified, strategic priorities. But the prospectus published alongside the Budget confirmed that this funding stream will, ultimately, be controlled at the discretion of central government, and on a competitive basis (HM Treasury 2021).

The methodology used to prioritise places for the Levelling Up Fund has been criticised because it excludes measures of poverty such as the Index of Multiple Deprivation which take account of income levels, educational attainment and health inequalities. This means areas of LCR such as Sefton and Wirral are ranked lower in terms of priority than Liverpool, Knowsley, and St Helens despite all of the areas containing neighbourhoods that rank among the most deprived in the country.

A focus on small scale regeneration projects (town centres, repurposing brownfield sites, improving local transport connectivity, and cultural, heritage and civic assets) means this fund will be a drop in the ocean unless it is accompanied by a long-term, sustainable approach to funding for those people and communities that need to benefit most from levelling up.

5. Conclusion

There is no single driver of regional inequality, and no simple solution; levelling up will require long-term investment, at scale, in infrastructure and crucially people. Inequalities that were evident before the COVID-19 pandemic have been amplified in this past year and the fragility of local economies exposed. A centralised approach to recovery risks intensifying the socio-economic inequalities between and within regions even further. Greater devolution of policy-making and funding for economic growth would help to ensure that local recovery is effective, builds future resilience, and delivers necessary transformations to level up regions. What we appear to have instead is a preference for silo-based, intra-regional competitive bidding for resources that places funding decisions with Whitehall at the centre.

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This briefing was originally published in March 2021.

Professor Michael Parkinson

After COVID-19: Is Liverpool Still Beyond or Back on the Brink?

Key takeaways

1. The COVID-19 crisis has challenged the optimism many people felt after Liverpool's extraordinary renaissance during the last 20 years and raised questions about its future prospects. The position is very difficult economically and socially. But Liverpool is not back on the brink of disaster as it was in the 1980s. Its economy is more diverse, its people more resilient and its leadership stronger. Many partners have responded well to the crisis and its leaders have been bold and decisive.
2. The city and wider city region have paid a higher price than other UK large cities in health and economic terms, especially its poorer and BAME communities. And many sectors which drove Liverpool's renaissance – the visitor economy and city centre retail, residential and office development – have been and will remain very badly hit by the crisis. But some of its "harder" assets, especially but not only in the Knowledge Quarter, like health, green and digital sectors, could emerge even stronger in future.
3. Some of the city's challenges like social distancing are brand new. Many of them – like poverty and inequality; tensions between a public health system and a fragmented, privatised social care "system"; and a too powerful central and too weak and poor local government – have been exaggerated by the crisis. They must be top of the national and local policy agendas in future.
4. The next phase – after lockdown but before a vaccine is found – will be very difficult to manage economically, physically, psychologically. The city and its people must be prepared for a long haul of at least 2 years. But there is hope, especially if the city continues with the right policies locally and gets Government support.
5. The city needs an Economic Recovery Plan with a strategic, ambitious narrative which is authentic and based on Liverpool's past experience, current realities and captures some of the benefits of lockdown. The plan must persuade Government to invest in Liverpool so it can sustain its recent renaissance, avoid potential discontents caused by significant youth unemployment and remain a progressive, global city helping the country's recovery and renewal. There should now be a serious conversation between Liverpool's leaders and Government to make that happen.

1. Introduction

This policy briefing, and the longer piece that it accompanies, reflects on the Liverpool COVID-19 story so far. Its point of departure is *Liverpool Beyond the Brink*: *The Remaking of a Post-Imperial City*, which I published exactly a year ago telling the story of Liverpool's extraordinary renaissance during the last 20 years and painting an essentially optimistic portrait of the city's future (Parkinson 2019). However, the scale of the crisis challenged such optimism in many people's minds, raising questions about Liverpool's future prospects.

This briefing answers questions including: is Liverpool back on the brink of disaster as in the 1980s; what damage has the crisis done to the key drivers of the economy; are there any benefits to be taken from the COVID-19 tragedy; how well did the city leaders respond to the crisis; will Government support our city's leaders in future; when will Liverpool's recovery begin and what will it look like; and who should do what to achieve recovery? We are in the middle of the crisis, but after the lockdown the city should take stock of who did what; what worked well and did not; what are the implications for the city and Government. In this sense this briefing is an epilogue to a book that has been written and a prologue to something that is yet to come.

2. Observations on the crisis so far

Liverpool and its poorer people have paid a higher price

COVID-19 is a public health crisis but also a national economic crisis, the largest in living memory – something between Spanish flu in 1918, 9/11 and the 2008-9 financial crash. It has hit Liverpool and the wider Liverpool City Region (LCR) very hard, because more of its businesses are in vulnerable sectors of the economy and more of its people live in poverty with the underlying health problems that make them vulnerable to COVID-19 (Magrini 2020; LCRCA 2020; Whitehead et al. 2020). Its rise in unemployment has been greater than any other large city in the UK. Its death rate has also been greater than any large city in the UK outside London. The city has paid a higher health and economic price than many other cities and its own poor and Black, Asian, and Minority Ethnic (BAME) communities have also paid a higher price. COVID-19 was a health tragedy waiting to happen in Liverpool.

Giants come to Liverpool *(Credit: Culture Liverpool)*

The city centre, the driver of the city regional economy badly hit – but needles of hope

Liverpool had a wonderful renaissance but many of the sectors which drove it – the visitor and cultural economy, retail and residential and office development – because they are "softer" face-to-face activities, have been very badly hit by the crisis and by the continuing need for social distancing. Its hotels, shops, bars, restaurants, theatres, football, and festivals around the city centre could struggle for some time. But it has many "harder" assets which will flourish in future precisely because of the nature of this crisis – most notably in the knowledge industries, especially the health, green and digital sectors.

Some new wine but some old wine in new bottles too

Some features of the crisis, like the need for social distancing, are new. But others are old wine in new bottles. The crisis has stress-tested our existing systems and underlined many flaws: the extensive poverty and inequality within our cities, which the Black Lives Matters (BLM) movement only too clearly demonstrates could lead to damaging social unrest; the disjunctions and tensions between a national public health system and a privatised, fragmented social care "system"; that central government is too powerful, local government too weak and too poor to address such crises in future; that we need a new social contract between them, a new focus on urban policy, more devolution and proper funding of local government.

Some benefits

It has been a terrible time for many people who have lost their lives and their livelihood – and fear they might yet still. Nevertheless, there have been some economic, social, community and political benefits of the change in work and lifestyle under lockdown which we should retain. They include: reduced use of cars with a contribution to the environment and climate emergency; a better work life balance for those who are digitally connected and can work from home; increased community mobilisation, volunteering, neighbourly activities and general kindness; more flexible and efficient working by many organisations; greater collaboration by partners across the city region; a recognition of some of the city's key global economic strengths.

Next stage harder – but there is hope and Government should help

The next phase after lockdown but before a vaccine is found, and when social distancing is required, will be very difficult to manage economically, physically, psychologically. The city must plan for a long haul of at least 2 years – sadly with more health, economic and social casualties on the way. But the way the city, its leaders and people have responded so far to COVID-19 shows they have the assets, experience, resilience, commitment and ingenuity to triumph over adversity. Liverpool has a lot to build on, especially if it continues to pursue the right policies locally – as well as getting the right response from Government. However, every place will be looking for support. Liverpool must develop a powerful case to

Government about the support it will need but also the contribution it will make to the nation's recovery. That is now being done by all the city region leaders with an Economic Recovery and Renewal Plan. This briefing discusses some potential messages for it.

3. Policy messages – what might a recovery plan look like?

Ambitious, strategic but authentic and realistic

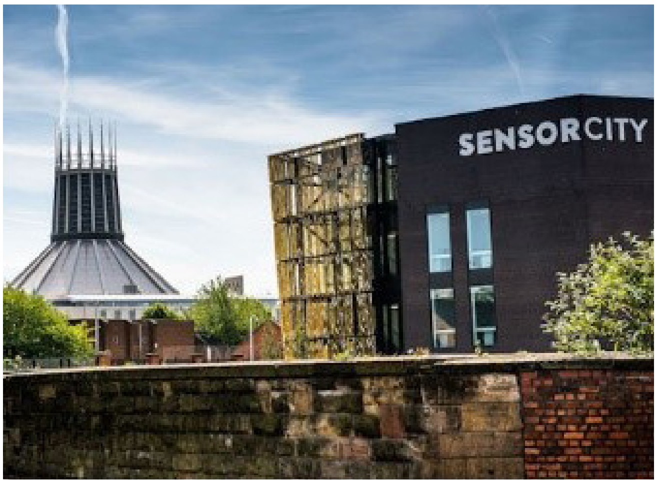
A recovery and renewal plan would need a strategic, ambitious narrative but one which is authentic and based on Liverpool's past experience and current realities. It should build on the city's known strengths, address its known weaknesses and seize any new opportunities which emerged during the COVID-19 lockdown. And it should do this across three big themes – productivity, place and people. It must be right for the city of Liverpool but also align with wider Liverpool City Region ambitions and recovery plan. It should have public, private and community partners involved and onside. It should work for the Government and help it to deliver national recovery as well as its levelling-up agenda. To do this the plan should address the social equity as well the economic competitiveness and innovative policy agendas, since extensive deprivation is one of the reasons the pandemic has hit the city so hard. It would be a mix of capital and social programmes. It should be well-evidenced, well-costed and deliverable.

Building on strengths

A plan should build on the city region's knowledge-based industries, in Knowledge Quarter Liverpool especially, particularly in health, which is a real constraint upon the local economy, but a real strength of its global higher education institutions. It should protect and preserve the visitor economy which has driven Liverpool's recovery in the past decade, but which is now at serious risk. In particular it must help the cultural sector's film, music, theatre and museum facilities, which have been a crucial part of that visitor economy attracting businesses, residents and students as well as visitors. The cultural sector is as much investment as consumption. It should address the challenges faced in the city centre, a jewel in Liverpool's crown in the past decade, which is significantly threatened by the continuing need for social distancing, and it should reimagine the role and nature of the city centre.

Dealing with weaknesses

Since Liverpool does not have enough businesses it must do all it can to save existing good businesses, including the self-employed. Also too many people



Science meets religion in Knowledge Quarter Liverpool (Credit: Knowledge Quarter Liverpool)

and places missed out on the achievements of the city in the boom and have paid a heavy price during the crisis. So, a plan must address inequality and poverty within the city, including the extensive disadvantages experienced by BAME communities who have also been particularly vulnerable to COVID-19. Crucially it must confront directly and urgently the potential damage and risks of social discontent created by substantial numbers of young people becoming unemployed. Given the city's history of social problems arising from sustained youth unemployment in the 1980s and the current BLM movement, this is a major concern. It will need significant, concerted and creative policy attention and immediate action to avoid similar problems in future. This would require a mix of skills, training, apprenticeships and community programmes to provide immediate short-term work for the unemployed and longer-term skills for more secure jobs for when the crisis subsides. A major programme to retrofit a lot of the city's worst housing stock would be an obvious contender to protect both people and places.

Seizing opportunities

The city must preserve as many of the benefits of the lockdown as possible. It must protect the environmental gains made by the reduced use of private transport (Nurse and Dunning 2020). It must do as much as possible to help good ethical firms. It should encourage going local in our economy. It should do more with the social economy and foundational economy. It should exploit digitalisation to address the challenges of social distancing. It should exploit further the sustainable, green, low carbon, renewable energy agenda. It should capitalise upon the incredible community mobilisation and volunteering the crisis has called forth (North 2020).

'We Love this City' in the Baltic Triangle (Credit: Andrew McClelland)

Government should invest in Liverpool for a national recovery

After the crisis there will be a groundswell of opinion for Government to give the greatest support to those who paid the price and did the dirty work in this war – the NHS, the care sector, the key workers, the low paid. The Liverpool plan would make a large contribution to this health, social equity and welfare agenda. Given the state of the national economy and finances, Government will focus on economically competitive, innovative sectors. Again, a Liverpool plan has huge potential as well as the commitment, momentum and capacity to deliver in those sectors. The Liverpool story over 20 years demonstrates that public expenditure can create ambition, hope and confidence for key partners which leads to investment and national and local benefits (Parkinson and Lord 2017). The evidence from Europe confirms this

(Parkinson et al. 2012). There should now be a serious conversation between Liverpool City Region leaders and Government to help it sustain its recent achievements and make a real contribution to national renewal after COVID-19.

We are remaking the city

It must be right for the future. *Beyond the Brink* told Liverpool it must no longer be a willing victim for developers but must raise the quality of its development. COVID-19 makes this more important. The city must hold its nerve, develop mature relationships with higher quality developers and funders and use its land strategically for key projects, not do development at any cost. And leadership will matter. Just as they have in the crisis, the city's leaders should be good partners but bold and decisive. If Government responds to that as it should, Liverpool will be a progressive, global city helping the country's recovery and renewal. There should now be a serious conversation between the city's leaders and Government to make that happen.

4. Make No Little Plans!

The scale of the emergency response to the crisis has demonstrated the extent of change that can be achieved in a short time on even intractable issues with an active state response, political commitment and community mobilisation. It is crucial after the health, economic, social and psychological costs the crisis has imposed that such a spirit inspires any recovery plan. We are not going back to an old normal. It will be as much about reimagining and renewal as recovery. Any plan must be up to the scale of that challenge. My book about the extraordinary remaking of Liverpool city centre in the 2000s was entitled *Make No Little Plans* following the words of the architect of Chicago, Daniel Burnham. He wrote: "*they have no magic to stir men's blood and probably themselves will not be realised*." I agree with him. Liverpool leaders made no little plans in prosperity. Nor should they in adversity. Liverpool should now make big plans!

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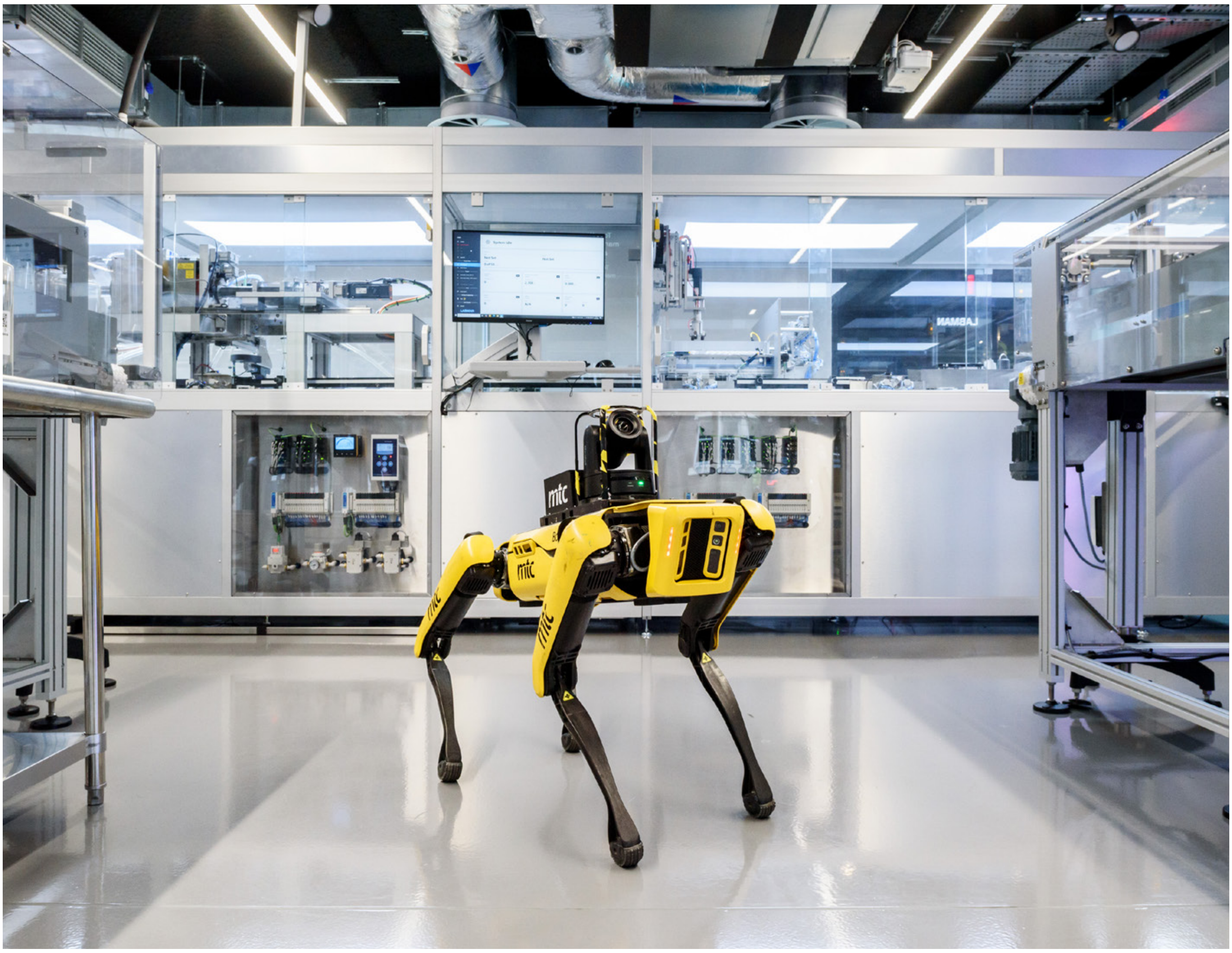

Knowledge Quarter, Liverpool

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This policy briefing was originally published in June 2020.

Colin Sinclair and Emily Robson

Building an inclusive innovation economy in Liverpool

Key takeaways

1. To attract investment and retain talent, it is important to understand what makes cities different from each other. There is strong potential for Liverpool to emphasise its unique combination and concentration of innovation assets, particularly in the Knowledge Quarter Liverpool (KQ Liverpool) Innovation District.
2. However, at present, the links between Liverpool's knowledge economy and the wider community are not being fully exploited. In common with many other UK cities, Liverpool's high productivity sectors are not necessarily producing high levels of employment for residents in some of its most deprived areas.
3. Inclusive innovation means ensuring that the benefits of growth driven by innovation activity are not restricted to innovation districts such as KQ Liverpool, but also reach neighbouring communities and spread opportunity.
4. Implementing inclusive innovation policies could help tackle deprivation and deliver growth in Liverpool. For example, applying inclusive innovation to address health inequalities, using the city's proven strengths in infectious disease research and health informatics.
5. There is potential for public and private sector partners in Liverpool to integrate an inclusive innovation framework into policy, through for example the City Plan and the 'Team Liverpool' approach to collaboration.

1. Introduction

In an increasingly competitive and globalised world, it is important for cities to recognise their specific strengths, and to build on them. However, this is not as straightforward as simply promoting a set of generic USPs, such as "world-leading universities" and "a talented workforce," which are all too common in place-branding narratives both locally and beyond. Rather, it is about identifying the things that truly set cities apart and make them places people want to live, work, study, invest and play. Differences must be authentic and based on areas where a place excels.

One thing increasingly differentiating Liverpool on a national and global stage is the innovation assets of the city's innovation district – Knowledge Quarter Liverpool (KQ Liverpool). Although understandably less well known than the Beatles, Mo Salah or Jurgen Klopp, the city and city region's innovation capabilities are growing in importance and being more widely recognised.

A number of key strengths within the knowledge economy have come to the fore during the Covid-19 pandemic. This policy briefing considers the role of Liverpool's innovation assets and those key strengths in addressing the city's economic, social and health inequalities, and suggests steps to ensure that the growth of the UK's wider innovation and knowledge economy can better help to tackle inequalities and support post-pandemic recovery and renewal.

2. Innovation assets and the knowledge economy

In a new paper published by KQ Liverpool, we argue that three key elements make Liverpool different from other cities today - its innovation, its culture and its people. By innovation we are referring to the significant dispersal of place-based assets within the Liverpool City Region (LCR) including KQ Liverpool which is a core part of the innovation ecosystem. As with most innovation districts, KQ Liverpool itself comprises physical, economic and networking assets which combine to form a local innovation ecosystem (Katz and Wagner 2014). KQ Liverpool is particularly focused on core local strengths, such as Infectious Diseases, Materials Chemistry and Cognitive Computing, as identified in the 2017 Science and Innovation Audit (SIA) and aligned to the wider LCR smart specialisation strategy for innovation-led growth (Liverpool City Region Combined Authority 2020).

A recent example of the role played by Liverpool's innovation assets is the COVID-19 mass testing pilot. In November 2020, Liverpool embarked on a pilot (the first of its kind anywhere in the world) of open-access testing for coronavirus among people without symptoms (University of Liverpool 2021). The success of the pilot was dependent on KQ Liverpool's innovation assets: the University of Liverpool led the pilot, utilising its recognised strengths in infectious disease and health informatics, and depended on collaboration between academia and public sector organisations.

The pilot prevented the spread of the virus, saved lives and paved the way to a national approach to mass testing. It also demonstrated the city's capabilities in infection and disease to a global audience, which in turn facilitated significant inward investment into the city from overseas. This investment culminated in the newly formed Pandemic Institute, which has been established with the ambitious vision to ensure the world is better prepared for future pandemics. The mass testing pilot, and the Pandemic Institute, are examples of how cities can use their genuine strengths and assets to differentiate themselves from other places, encourage investment and create high productivity jobs.

However, the pilot itself also illustrates the gap between Liverpool's growing knowledge economy and neighbouring communities, some of which are amongst the most deprived in the country. Participation in the mass testing pilot was limited by socio-economic inequalities. Test uptake was lower and infection rates were higher in deprived areas, and participation was lower amongst BAME groups (University of Liverpool 2021). In order to fully realise the potential of Liverpool's innovation assets, policymakers need to consider how we bring those communities in to have a share in the knowledge economy and remove barriers to participation.

The apparent disconnect between innovation assets and local communities is not an issue unique to Liverpool. Nationally, the spill-over effects of local innovation hotspots are not always felt by nearby communities, especially those which are burdened by deprivation and poverty. This is in part the result of educational barriers meaning local residents are often not equipped with the skills needed for certain jobs available within the knowledge economy.

3. Inclusive innovation and the innovation strategy

Complimentary to the principles of inclusive growth, "inclusive innovation" policies are those which:

"...aim to remove barriers to the participation of individuals, social groups, firms, sectors and regions underrepresented in innovation activities. Their objective is to offer all segments of society equal opportunities to successfully contribute to and benefit from innovation" (OECD 2017:145).

Inclusive innovation is about ensuring that any growth driven by innovation activities is not restricted to certain areas, but instead benefits the surrounding communities with equal opportunities for all people to be a part of the ecosystem. In July 2021, the Department for Business, Energy & Industrial Strategy (BEIS) published its Innovation Strategy, setting out their long-term plan for delivering innovation-led growth "for everyone." The strategy emphasises the need to promote an inclusive innovation sector, for example by working with Nesta, the UK's innovation agency, to identify ways to improve and scale up the opportunities that young people have to develop innovation skills from an early age.

While the government's commitment to driving forward inclusive innovation indicates a step in a promising direction, historically Whitehall strategy and policy has not always translated into tangible impacts at a regional and local level. Inclusive innovation itself only gets a very brief mention in a lengthy strategy.

Therefore, in response to the Innovation Strategy, we highlight the need for more place-based innovation funding: funding that is intended to not only drive local innovation activity – helping to create more jobs, increase private sector investment and boost local economies – but will also help to reduce local inequalities. To ensure this, we suggest the eligibility criteria for any future government place-based funding includes a requirement for places to specify how their innovation activities will target and help to tackle local issues to deliver on their "levelling up" agenda. This could encourage places to develop their thinking about inclusive innovation and to consider how their innovation activity can have a greater impact on health, education and lifestyle outcomes for local populations. By taking a more localised approach, with innovation hubs delivering projects on the ground, place specific issues can be targeted.

The framework for such initiatives could be informed by the upcoming Research Commission on Inclusive Innovation, recently launched by the UK Innovation

Districts Group (IDG) and the Connected Places Catapult. The commission will identify best practice from places of innovation across the UK and examine case studies on how to create innovation processes and structures that connect and serve local communities, generating positive outcomes for a range of people. The core aim of the commission is to advance understanding of what inclusive innovation is and provide places with a framework to put ambitions for inclusivity into delivery. The findings of the report are due to be published in Spring 2022 and we encourage place and innovation leaders both locally and nationally to take an active interest in the research findings, using these as a starting point to ensure innovation activities are more inclusive.

4. Local activity and collaboration

There is also a more immediate duty for local policymakers and those driving innovation activity to think about how this can be more inclusive and positively impact on the lives of a wider demographic of people. This may be through the delivery of projects which seek to raise awareness about each innovation area, cluster or asset. It is important to communicate to local communities how they will benefit from the growing knowledge and innovation economy.

For instance, KQ Liverpool borders three of the most deprived wards in the city and it will be crucial to ensure that the growth of the innovation district benefits these areas. This is more important now than ever in the context of recovery from Covid-19, which has disproportionately impacted deprived communities, and Liverpool in particular. The 2025 KQ Liverpool Vision highlights our commitment to "Being a Better Neighbour". We aim to support and deliver initiatives that link surrounding communities into KQ Liverpool, raise awareness of the innovation district, build aspirations and provide opportunities. For example, we are developing an outreach programme that will deliver educational workshops to young people in and around KQ Liverpool so that they feel part of the knowledge ecosystem and are provided with tangible career aspirations within the knowledge economy.

However, one project and one organisation alone will not achieve inclusive innovation. To develop this agenda, the region's innovation assets will need to be aligned around a common ambition of inclusivity. Recognising that resources and budgets are increasingly stretched following the pandemic, the delivery of initiatives which seek to remove barriers to participation should not happen in silos. KQ Liverpool (itself a partnership of Liverpool City Council, the Universities, the NHS and the private sector) has always been keen to take a collaborative approach and join forces on initiatives which promote inclusive innovation.

Meanwhile, Liverpool's City Plan and the collaborative Team Liverpool approach includes a commitment to improving outcomes for a strong and inclusive economy, with maximising the social and economic impact from development within the city's Knowledge Quarter identified as a priority.

Mann Island and the Port of Liverpool building, Liverpool

5. Conclusion

Liverpool is a city transformed when compared to its fortunes of forty years ago. However, despite the significant regeneration that the city has seen, deprivation remains in some neighbourhoods. As Liverpool's knowledge economy brings forward a new era in the city's regeneration, there is an opportunity to ensure this growth is inclusive to all and not restricted to small pockets of the city.

To achieve this, and to consolidate Liverpool's position as an innovation hub, an inclusive innovation approach must be actively pursued. There is a need to think about the role of the knowledge economy and innovation activity beyond economic terms, such as attracting investment and creating high value jobs. While these objectives are important, the benefits of the knowledge economy can also stretch from upskilling and aspiration building to improved well-being and health. This should not just be a local priority, but also a national one. Inequalities exist in all major UK cities and place-based innovation has a key role to play in delivering inclusive growth across all neighbourhoods.

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This policy briefing was originally published in October 2021.

Mark Swift

Transitioning Towards a Four Day Working Week: Evidence Review and Insights From Praxis

Key takeaways

1. A shorter working week could help the UK economy transition in the wake of the COVID-19 pandemic in a way that brings positive benefits for people and planet, including improving workforce health and wellbeing, promoting greater gender equality, and delivering environmental benefits.
2. To ensure wages do not fall as working hours are reduced, governments will need to legislate so that productivity gains from advances in fields like automation are distributed amongst the workforce rather than amassed by the owners of machines.
3. Trade unions also have a vital role to play in negotiating future reductions in employee working hours through collective bargaining approaches. Overturning anti-union legislation will help to strengthen collective bargaining efforts and enable the type of progress currently being seen in other European countries.
4. The public sector should be a testbed and leader for shorter working hours in the UK. The sizeable purchasing power of the sector, coupled with legislation such as the Public Services (Social Value) Act 2012, are important levers for influencing working hours in other sectors. The net cost of such innovation could be relatively small.
5. Third sector organisations like Wellbeing Enterprises in the Liverpool City Region (LCR) can also lead by example. COVID-19 has caused a pivot in working practices, with anecdotal evidence from ongoing praxis suggesting that compressing the working week with a small reduction in working hours is having multiple benefits.

1. Introduction

In 1930, the British economist John Maynard Keynes predicted that a hundred years on, employees would work no more than 15 hours per week – reasoning that rapid technological advancements would liberate the workforce, providing more time for leisure (Bregman 2018). One aspect of this prediction appears to have been accurate. By 2030, conservative estimates project that 30% of existing jobs will have been lost to automation, with former industrial heartlands like North West England being disproportionately affected. However, Keynes' expectation of reduced working hours appears stubbornly off the mark, despite the growing realisation that increased hours rarely translate into gains in overall output.

Full-time employees in the UK work longer hours than full-time employees in all EU countries with the exception of Greece and Austria (Skidelsky 2019). Yet the UK's productivity levels lag woefully behind many other countries. In Germany, for example, productivity levels are 26.2% higher than in the UK despite their workforce working significantly fewer hours. There is no clear, positive correlation between the length of the working week and gains in productivity (Harper et al. 2020). On the contrary, longer working hours are often associated with lower levels of productivity, owing to workforce fatigue, stress, and mental illness (Pencavel 2016).

This policy briefing offers reflections rooted in praxis experience within the Liverpool City Region (LCR) and reviews the evidence underpinning calls for a shorter working week. It highlights progress made in reducing working hours in other countries and how we might take similar steps in the UK. It also considers the role of trade unions in negotiating future working time reductions for employees, and the potential benefits for the LCR in relation to reducing the productivity gap and tackling significant population health challenges.

2. Why a shorter working week now?

What are key advantages of a four day working week and how do they apply to the LCR? Arguments in support of a shorter working week, without the need for a concomitant reduction in employee remuneration levels, broadly concern the following domains.

Automation

Technological advances are transforming the world of work. At present, automation is perceived both as a promise and a threat (Strong and Harper 2019). Promise is perceived to lie in the potential for automation to liberate workers from the grind of long hours and bolster wages through a share in future productivity gains. However, others fear mass redundancies as advances in technology begin to uncouple from demands for labour (Bregman 2018), as well as widening inequalities if the anticipated productivity gains from automation benefit only those with a share in business capital. What is clear now is that the world of work will change at breakneck speed over the coming decades, and that without progressive policy interventions we will miss an opportunity to share the benefits of automation equitably across society and make headway in tackling societal inequalities. A shorter working week is one way of sharing the spoils of technological progress.

Productivity gains

A shorter working week may reduce the productivity gap in the LCR when compared with the rest of the UK. In 2018, Bambra et al. revealed that 33% of the productivity gap in the LCR can be attributed to ill health. This initiated a Wealth and Wellbeing programme supported by the Liverpool City Region Combined Authority (LCRCA) and Public Health England to bridge the gap between the health and economic agendas (Higgins and Ashton 2020). Stress, depression, and anxiety are cited as major public health challenges in the City Region. A transition to a shorter working week may help to reduce the psychological strain of work on those at risk. It may also mean that those recovering from mental and / or physical ill health find the transition back to paid employment less daunting, especially if this is coupled with adequate support.

Environment

"The world is on the brink of environmental catastrophe," warned the authors of the United Nation's *Emissions Gap Report 2019*. The transition to a shorter working week alone cannot solve this problem. That said, one might expect to see a fall in carbon emissions from a reduction in work commutes and more people having time to switch to low-carbon modes of transport like cycling and walking. This behavioural shift is clearly not a given, however.

There is evidence of a link between longer working hours and energy-intensive and environmentally damaging consumption (Devetter and Rousseau 2011). As people find the time to switch to low-carbon behaviours like cycling and eating fresh produce (as opposed to fast foods "on the go"), this may bring about improvements in population health and wellbeing levels – creating a positive feedback loop which may disrupt the cycles of unhealthy consumption that are a consequence of working longer hours, and which fuel higher carbon emissions.

People who work fewer hours may have more time to reflect on their own consumption and what they are willing to forgo, as they adapt their behaviours in more environmentally friendly ways. As they do so, individually and as groups, pressure may mount on governments to reconstruct economic policies that operate within "the safe and just space for humanity" – above the social foundations of wellbeing, but below the ecological ceiling of the planet (Raworth 2018).

Gender equality

Many women in paid employment undertake a disportionately large share of unpaid work such as caring and household duties. Women on average undertake 60% more unpaid work than men, which effectively constitutes a second shift (Pencavel 2015). This additional work burden means many women are only able to take on part-time paid employment, which often commands lower pay with fewer opportunities for career progression (Harper and Martin 2018). A transition to a four day working week might help to share the burden of unpaid work within a household or extended family, providing greater flexibility for women to pursue better paid employment. However, a reduction in working hours will need to go hand in hand with policies with an emphasis on degendering perceptions of domestic labour (Stronge and Harper 2019).

The LCR has a significant number of unpaid adult carers, owing to higher levels of poor health among the general population. A shorter working week, typically 30 hours without a reduction in pay, could enable unpaid work responsibilities like caring duties to be shared more equally within the household or wider family, allowing those who ordinarily do the lion's share of unpaid work (typically women) to increase their incomes. This will further strengthen gender equality in the region.

Yoga class to improve health and wellbeing *(Credit: Wellbeing Enterprises)*

Health and wellbeing

Current UK working patterns are making a growing proportion of the workforce sick. The Health and Safety Executive (HSE) calculates that 602,000 workers are suffering from work-related stress, anxiety, and depression, with 12.8 million working days lost. One in four working days in the UK is lost because of overwork. There is growing recognition that the changing nature of work is impacting work-life balance and workforce wellbeing, for example through shifts in working patterns and excessive working hours (Bambra et al. 2008). A shorter working week may help employees to strike a better work-life balance, ensuring that the full benefits of being in employment are not overshadowed by the deleterious effects of being overworked and undervalued.

Activated citizens

Finally, with more free time at employees' disposal, we may see greater levels of democratic engagement either in the workplace, neighbourhood, or community (Stronge and Harper 2019), with citizens holding local and regional policymakers more effectively to account. We may see greater levels of volunteering, business start-ups or social innovations. The LCR has a longstanding history of civic engagement and a shorter working week would give more time for citizens to advocate the changes they want and need to live dignified lives.

3. Supporting and progressing a four day working week

There is significant support in the UK and across Europe for a shorter working week. Advocates include the think tanks New Economics Foundation (NEF) and Autonomy, as well as the Trades Union Congress (TUC). There is also diverse political support for exploring the issue in greater depth, for example, with a cross-party group of MPs urging the UK Chancellor of the Exchequer, Rishi Sunak, to establish a body similar to the Royal Society of Edinburgh's Post-COVID-19 Futures Commission in Scotland.

Supporters of a shorter working week argue that the COVID-19 crisis highlights the urgent need to transition to reduced working hours to ensure that we emerge with a better work-life balance and flexible working options, especially as the pandemic has exposed vast inequalities in society (NEF 2020). How might this transition be achieved and what progress has been made in other countries?

Transitioning to shorter working weeks

Many proponents of a shorter working week advocate gradual changes in working hours over a defined period; some suggesting a decade (Stronge and Harper 2019). This may be achieved through collective bargaining approaches facilitated by trade unions – thereby ensuring that the wishes of employees are considered alongside policymakers and businesses (Harper et al. 2020). However, there are obstacles to achieving this.

First, anti-union policy has hindered the capacity of trade unions to implement workplace reform. According to the Resolution Foundation, the UK has the second lowest level of collective bargaining coverage in Europe, and is the only country in Europe which uses a largely unilateral approach to setting working hours. Not surprisingly, a reduction in collective bargaining power has coincided with a fall in real terms wages and a halt – during the last decade – in the reduction in working hours that had been gradually taking place over the last 200 years. For this reason, advocates are calling for a repeal of anti-union legislation to ensure that collective bargaining approaches underpin efforts to reduce working hours moving forward.

Second, there are growing concerns from workers and unions that the unchecked proliferation of automation in the workplace has the potential to cause serious harm to the global workforce. These concerns have led to calls for legislation to protect workers' rights and pay – thereby ensuring that the wealth amassed through automation-driven productivity gains is shared with the wider workforce, and avoiding a worsening of in-work poverty and inequalities. There are ongoing debates about how else society might mitigate the potential pitfalls of automation, with high profile billionaires like Bill Gates advocating a "robot tax".

Other proposals for gradually reducing working hours include: increasing the number of bank holidays; extending employees' rights to free time (including parental leave); offering sabbaticals or time off for

Figure 1. Progress towards a shorter working week in Europe

Austria: The vida and GPA-djp trade unions, representing 125,000 workers in the private health and social care sector, have negotiated improved pay and reduced hours for their members. Pay will increase by 2.7% with further rises equal to inflation. The agreement includes a reduction in working time to a 37-hour week by 2022. A further reduction to a 35-hour working week remains a key ambition.

Denmark: The Confederation of Danish Industry and the Central Organisation of Industrial Employees in Denmark reached a deal for increased parental leave with full pay from 13 to 16 weeks. Eight of the 16 weeks are allocated to fathers, and five will be reserved for mothers. The final three weeks are to be freely shared between the parents.

Germany: The Verdi trade union, Germany's second largest with approximately two million workers was making plans prior to COVID-19 to campaign nationally for a 37-hour working week as standard in all 16 German Federal States.

Iceland: BSRB, the federation of public sector and municipal workers and their individual members, have signed new contracts with both the state and municipalities. These new contracts have stipulations on shorter working hours. They also enable shift workers to reduce their working hours and ensure that hours worked during the night count more in working-hour calculations.

(Source: NEF 2020; Newsletter of the European Network for the Fair Sharing of Working Time)

lifelong learning; and the introduction of generational agreements, as exist in The Netherlands, where older people have a right to transition to shorter working hours without reductions in pay (Harper and Martin 2018).

Progress in other countries

As Figure 1 shows, the case for a shorter working week is being fought and won in countries across Europe. These examples highlight, in particular, the leading role of trade unions in campaigning on the issue, negotiating on behalf of workers, and ultimately in securing material improvements to work-life balance.

4. Public sector trailblazer?

A shorter working week could be implemented in the public sector at first, recognising the sector's long-established role as a testbed for new workplace legislation (e.g. equal pay) (Stronge et al. 2019). The sector could test the benefits and potential pitfalls of reduced working hours using a range of measures to determine the economic, social, and environmental returns. If successful, the public sector would become a benchmark of good practice to encourage other sectors to follow suit. Indeed, the sizeable purchasing power of the public sector alongside legislation such as the Public Services (Social Value) Act 2012 – which requires public sector organisations to give due regard to the wider economic, social and environmental impact of its procurement decisions – are important levers for influencing reductions in working hours in other sectors.

Although different costs of a four day week for the UK public sector have been circulated by think tanks and political parties (based on markedly different assumptions), Autonomy suggests that the net cost would be relatively small, representing £3.55bn in additional expenditure on modest estimates and £2.85bn on less conservative estimates (Jump and Stronge 2019). While the public sector offers an ideal setting for a trailblazing rollout on a wider scale, organisations within other sectors can also play their part.

5. Leading by example

In my organisation, Wellbeing Enterprises, a health and wellbeing social enterprise based in Halton, the COVID-19 crisis has led to a pivot in working practices to accommodate the evolving needs and aspirations of citizens, while at the same time responding to those of our workforce. A small reduction in working hours (without reducing pay) alongside a transition to a compressed working week (which was unanimously supported by staff) means the organisation is now able to remain open for longer periods of the day (providing extended access to support), while also providing staff with an additional day free each week to enable better work / life balance. By staggering the days staff take off, the organisation remains open for the same number of days a week as before. However, reducing working hours will inevitably mean there is less staff capacity during a working day, placing limits on the extent to which hours could be reduced unless offset by productivity gains, which would need to be evidenced.

It is early days in our pilot, yet already there is anecdotal evidence that compressing the working week with a small reduction in working hours is yielding benefits. For example, staff appear more engaged in problem-solving activities and many have shared stories of the impact that changing working practices are having on their lives – most notably by providing more time for them to spend with loved ones, and helping them to feel more rested. Of course, every organisation should decide how best to implement reductions in working hours in consultation with staff and unions, as there will not be a single approach that works for all. Indeed, staff may need a range of flexible options.

However, aspirations to reduce the working week may be thwarted for many organisations in the medium-to-longer term depending on the economic impact of COVID-19. This could leave little option but to offer "more and more for less" as demand falls and competition grows, which may in turn place extra pressures on a diminished workforce who are needed to work longer hours.

Reflecting on my experiences as a social entrepreneur, a transition to a shorter working week enables Wellbeing Enterprises to demonstrate social value in its means and its ends. The organisation's mission ("ends") is to improve health and wellbeing in the community. By reducing working hours, this enhances the wellbeing of the workforce, which is an important "means" through which we enhance wellbeing in the community. In essence, we can more effectively embody the change we want to see in the world.

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This policy briefing was originally published in July 2020.

Fiona Brannigan

The Liverpool City Region Doughnut: A Means for Securing a Green and Resilient Recovery?

Key takeaways

1. The COVID-19 crisis provides the impetus to fundamentally reconsider how we do things and to re-imagine the world we want to live in at a global, national and local level.
2. There are a number of emerging perspectives for recovery that the Liverpool City Region (LCR) could look to. These include the United Nations Sustainable Development Goals (UN SDGs), with many cities taking a holistic approach that prioritises social wellbeing and environmental sustainability.
3. One emerging recovery model, which sits within the UN SDGs, is doughnut economics. Amsterdam is the first city to publish its plans to utilise doughnut economics as a guide for its post COVID-19 recovery.
4. There are a series of practical steps that can be taken within the LCR to use the UN SDGs as a recovery framework and adopt the doughnut economics model. These steps can be supported by LCR anchor institutions, including the University of Liverpool, that are already embedding the SDGs.
5. The LCR is well placed to adopt the doughnut economics model, positioning itself as a world leader and setting on a pathway to becoming a city region that is a "home to thriving people in a thriving place while respecting the wellbeing of all people and the health of the planet".

1. Introduction

There is no doubt that the COVID-19 pandemic has wreaked havoc on our societies and economies and along with tackling the immediate crisis, the world is now beginning to consider how it can recover. The pandemic has highlighted stark inequalities in the UK, with those who are male, older, on low incomes, have underlying health conditions, and those from Black, Asian and minority ethnic (BAME) communities being disproportionately affected. It has also brought into sharp focus the lack of resilience for many in society that were already struggling to make ends meet.

At the same time we have seen some environmental benefits as a result of the changes we have made to our lifestyle – with a significant reduction in carbon emissions and air pollution, for example, and some positive impacts on biodiversity as we reduce the human pressure on ecosystems. We have also witnessed a shift in values, with compassion, kindness and appreciation coming to the fore. However, all of these gains could be short-lived depending on the next steps we take and the degree to which we return to "business as usual".

The challenge for the Liverpool City Region (LCR), and the rest of the world, is to find a recovery path that harnesses the positive impacts and at the same time addresses social inequalities – building in resilience so that we can weather future storms. This is a challenge that is perhaps particularly problematic for the LCR given the high levels of economic and health inequalities that existed within the region prior to the crisis (Higgins and Ashton 2020), further exacerbated by the vulnerabilities of its employment sectors, which are heavily reliant on the visitor economy, for example.

There are, however, a number of emerging perspectives for a green and resilient recovery that may provide a framework for the LCR moving forward. This briefing elaborates on one approach that is positioned within the UN Sustainable Development Goals – and looks at how it might be successfully adopted by the LCR.

Figure 1: The seventeen UN Sustainable Development Goals

2. Emerging perspectives for a green and resilient LCR recovery

The United Nations has called on governments and regions to utilise the Sustainable Development Goals (SDGs) as a framework for recovery. The UN SDGs are a set of 17 interrelated global goals that address the social, environmental and economic challenges in both developing and developed nations (see Figure 1).

The UK government, along with the 192 other UN member states, has made a commitment to achieving the UN SDGs. Within the LCR, anchor institutions are leading the way. The University of Liverpool has pledged to put the SDGs at the heart of all of its activities and Liverpool City Council has made a commitment to embed them into all of its policies and reflect the SDGs within the Select committee's work plan. Unilever is a powerful example of a large private sector organisation that has fully embraced the goals, and the Royal Liverpool and Broadgreen University Hospitals NHS Trust is also now reporting on its SDG progress. Liverpool's 2030Hub is building momentum around the goals within the LCR public and private sectors.

The COVID-19 outbreak is greatly impacting on the SDG work that is being undertaken, at both a global and local level. Along with the catastrophic impacts on Goal 3 (Good Health and Wellbeing), other goals that are negatively affected include Goal 10 (Reduced Inequalities), Goal 2 (Zero Hunger) and Goal 8 (Decent Work and Economic Growth). The UN has introduced funding to address these concerns and to redouble efforts for achieving the goals.

The UK's Climate Change Commission, meanwhile, has set out six principles for a resilient recovery. The six principles seek to rebuild the nation by promoting a greener, cleaner and more resilient economy that encompasses fairness to all:

1. Use climate investments to support economic recovery and jobs.
2. Lead a shift towards positive, long-term behaviours.
3. Tackle the wider "resilience deficit" on climate change.
4. Embed fairness as a core principle.
5. Ensure the recovery does not lock-in greenhouse gas emissions or increased risk.
6. Strengthen incentives to reduce emissions when considering tax changes.

The Labour Party is also launching its proposals for a green recovery that focuses on a "re-assessment of what really matters in our society, and how we build something better for the future" (Walker and Taylor 2020).

All of these emerging perspectives include clear ambitions for adopting a holistic approach which prioritises social equity and environmental sustainability as well as developing the capacity to deal with future shocks. But how does this translate at a regional level? How could the LCR practically implement this?

One approach that is gaining some momentum is to model the recovery plan on doughnut economics.

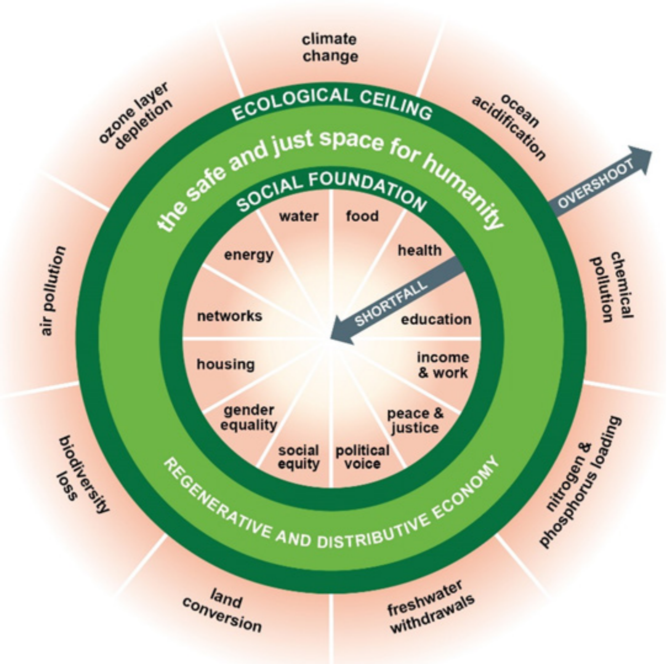

Figure 2: The doughnut economics model *Credit: Kate Raworth*

3. Doughnut economics

Doughnut economics is a model developed by Kate Raworth from Oxford University's Environmental Change Institute. It firmly embeds economics within the earth's natural and social systems and it highlights the extent to which the economy is fundamentally dependent upon the flow of energy and material from the natural world. In a COVID-19 world, perhaps we are now more conscious than ever about how interconnected nature and the economy truly are.

The "doughnut" itself is a holistic way of describing social and environmental boundaries (see Figure 2 overleaf). The outer line of the doughnut depicts environmental limits (the "ecological ceiling") and includes greenhouse gas emissions, biodiversity loss, air pollution and ozone depleting substances. If we go beyond this ceiling then we go into "overshoot" and we live in a world that is no longer ecologically safe. The inner line of the doughnut depicts the social foundation, and represents a decent standard of living. If we stay above the line we have enough food, water, housing, good health, education, cultural connectivity, peace, political voice, and employment. If we transgress this boundary then we go into "shortfall" and we are living in deprivation. The space in the middle, the "dough", is the optimum place to be. In that space we are living within our ecological boundaries and everyone has sufficient resources to thrive.

Kate Raworth positions the doughnut within the UN SDGs (see Figure 3 overleaf) – the limits of the inner circle largely corresponding with the socially focussed SDGs, and the limits of the outer circle with the environmentally focussed SDGs. The doughnut model can be used as a way of understanding how far we have transgressed these boundaries and how well we are doing in meeting the SDGs, at a global, national and city regional level.

The doughnut economics model has now been translated into a series of toolkits that assist cities and regions to incorporate these principles within their strategies and policies. The toolkits have been developed as part of the Thriving Cities Initiative, as a collaboration between Circle Economy, C40, Biomimicry 3.8 and the Doughnut Economics Action Lab (DEAL).

In April 2020, Amsterdam published its "city portrait" and became the first city in the world to announce that it would be using this as a guide to shape its post-COVID-19 recovery. The city portrait is "a holistic snapshot of the city…that serves as a starting point for big-picture thinking, co-creative innovation, and systemic transformation" (Doughnut Economics Action Lab et al. 2020).

Utilising the toolkit, Amsterdam is able to look at the social and environmental challenges it faces, not as individual, segregated issues but as a whole system, allowing the connectivity between seemingly separate elements to become clearer. With housing, for instance, there is a growing problem with rent affordability; at the same time, carbon emissions from house building are increasing. From an economic perspective, rents are becoming more expensive not because of a lack of supply but because of increased global investment in real estate. Simply by using the doughnut economics model and considering these issues in the round, new ideas and solutions can develop. As Amsterdam's Deputy Mayor notes, "The doughnut does not bring us the answers but a way of looking at it so that we don't keep going on in the same structures we used to" (Walker and Taylor 2020).

In the US, Portland and Philadelphia are also piloting the toolkit, and although they have not yet published their city portraits, work is underway. Philadelphia, for example, is developing a "public and private sector strategy for reducing waste and consumption, while at the same time continuing to rebuild Philadelphia's economy" (Philadelphia Office of Innovation and Technology 2020).

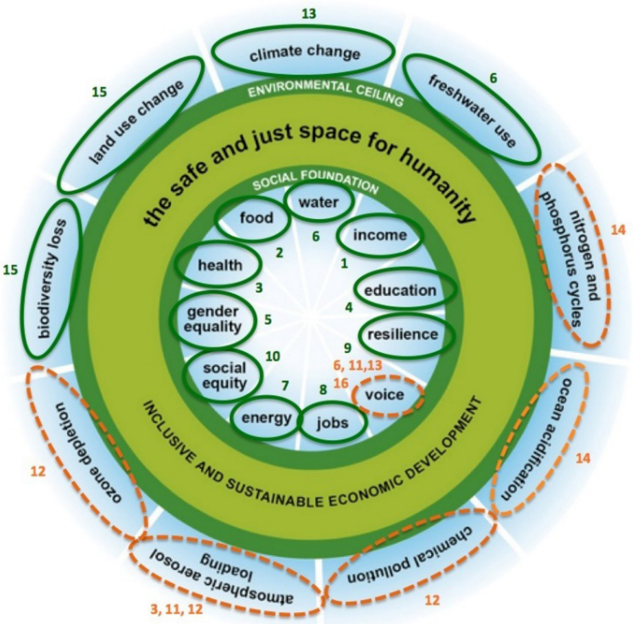

Figure 3: Relationship between doughnut economics and UN SDGs *Credit: Kate Raworth*

4. The LCR city portrait

If the LCR chooses to create a city portrait, then the central question that it would ask is: how can the LCR be a home to thriving people in a thriving place while respecting the wellbeing of all people and the health of the planet? Engaging with stakeholders, the LCR would explore this question from four interconnected perspectives:

- What would it mean for the people of the LCR to thrive?
- What would it mean for the LCR to thrive within its natural habitat?
- What would it mean for the LCR to respect the wellbeing of people worldwide?
- What would it mean for the LCR to respect the health of the whole planet?

The LCR social lenses

Working with the Thriving Cities Initiative, one part of developing the LCR city portrait would be to utilise key statistics to show the current position in terms of social equity from both a local and a global perspective.

At a local level, for example, we know that, within the LCR, one in four people of working age have a limiting health condition and that life expectancy is 2.5 years less than the national average (Higgins and Ashton 2020). At a global level, the LCR's impact on social equity might be considered in terms of procurement and the adoption of socially responsible standards.

The social elements are clustered into four categories:

- Health – health, housing, water and food
- Enablement – jobs, income, education, energy
- Connectivity – connectivity, community, mobility, culture
- Empowerment – peace, justice, social equity, political voice, equality and diversity

The key information gathered as part of this process would be placed within the social foundation (or "limits") of the doughnut, and the LCR would begin to form a picture of the areas where it is doing well and where it is in shortfall.

At the same time, a snapshot of LCR targets arising from projects, aims and initiatives would be collated to illuminate the current actions that are being taken. A key initiative that is likely to be included, for example, is the Wealth and Wellbeing programme (Higgins and Ashton 2020). Similarly, the snapshot would include the work of the newly established LCR Economic Recovery Panel, the Merseyside Resilience Forum and the soon to be published LCR Local Industrial Strategy.

The LCR ecological lenses

The second part to developing the LCR city portrait would be to begin to quantify and understand the pressure that the LCR places on the natural world at both a local and a global level, and the extent to which it is in ecological overshoot.

The Thriving Cities Initiative encourages cities to adopt a biomimicry approach, looking to the natural world to see how it solves problems and achieves balance, then utilising this as part of their forward planning. How does the natural world regulate temperature, for example, and how could the LCR adopt the same processes? To support this approach the local environmental elements of the city portrait are clustered into the following categories:

1. Air quality regulation
2. Temperature regulation
3. Energy harvesting
4. Biodiversity support
5. Erosion protection
6. Carbon sequestration
7. Water provisioning

At a global level, the LCR's pressure on the planet would be quantified in terms of the nine ecological limits that make up the outer ring of the doughnut, including climate change, ocean acidification and air pollution.

The key information gathered as part of this process would be placed within the "ecological ceiling" (or limits of the doughnut) and the LCR would begin to form a picture of the areas where it is doing well and where it is in overshoot.

A snapshot of the current LCR environmental targets, strategies and activities would be taken, and is likely to include those referenced in Figure 4.

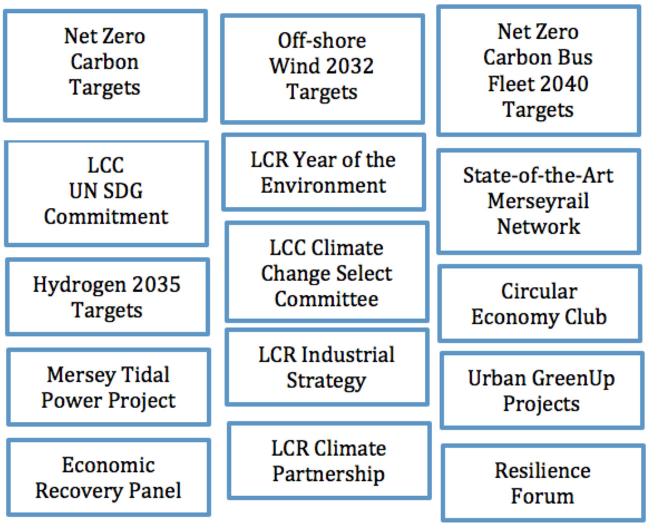

Figure 4: Environmental activities, strategies and targets pertinent to an LCR city portrait

From city portrait to compass

Through this process the LCR city portrait would emerge and this would act as a "compass" for the future direction of policy and strategy development.

The doughnut itself would not only illustrate where the LCR's overshoots and shortfalls are, but it would also help us to understand them in a coherent and holistic way, integrating social wellbeing and environmental sustainability into a single visual model.

The social and environmental snapshots surrounding the doughnut provide context and a basis for further development. Stories, insights, values, aspirations and innovative ideas can be included, gathered through engagement with a wide range of stakeholders, from community groups to academics and business leaders. The creators describe this as moving from a city portrait to a "city selfie".

This engagement activity might utilise mechanisms piloted by other cities, including the UCL Global Prosperity Index – a set of prosperity indicators developed in consultation with communities that seeks to measure what communities truly value.

The Global Prosperity Index supports investigations into "new ways of thinking about prosperity, value and inclusion, recognising that prosperity is about equitable futures, the health of society, inclusive models of development, civil liberties and active citizens as well as wealth creation and economic security" (UCL Institute for Global Prosperity 2018).

Stakeholder engagement can also incorporate work that has already been completed within the LCR, so as to better understand the City Region's social and environmental challenges. The Heseltine Institute's report *Towards a Green Future for Liverpool City Region* highlights the correlation between economic deprivation, air pollution and health inequalities, for example (Boyle et al 2019). This is a correlation brought even more sharply into focus as a result of COVID-19, with growing evidence that air pollution is a contributory factor to more severe health outcomes.

Each policy, idea or initiative that arises from this process would then be benchmarked against the core question –how will this help the LCR to become a home to thriving people in a thriving place while respecting the wellbeing of all people and the health of the whole planet? – until a clear plan begins to emerge.

5. Changing mindsets

In essence, adopting a doughnut economics approach requires a shift in mindset.

- It shifts the focus from prioritising economic growth on the basis that this will lead to improvements in social wellbeing and environmental sustainability, to focussing on social wellbeing and environmental sustainability directly. The aim is to thrive; economic growth may or may not be a means of achieving that.
- It requires a systems thinking approach that builds in resilience at the start. From maintaining a vision of the big picture to bringing together parts of the system that don't usually interact. For the LCR, this way of thinking and working is already beginning to be incorporated into strategy and policy development, including the work of the Wealth and Wellbeing Programme.
- It moves away from an economic model that rests on the idea that humans are fundamentally selfish and self-serving (Raworth 2018) – recognising instead that the human potential for compassion, kindness and co-operation, which has been so prominent during the coronavirus pandemic, can be cultivated. These are values that the people of the LCR are already noted for.

Whether the LCR adopts the doughnut economics model or not, these are all ways of thinking that are likely to prove crucial as we move through and beyond the COVID-19 crisis.

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This policy briefing was originally published in June 2020.

Juan Manuel Moreno and Dr James Hickson

A recovery for secure livelihoods: addressing inequalities in Liverpool City Region

Key takeaways

1. The COVID-19 pandemic has caused considerable human and economic damage, and placed enormous pressures on public services. It has also worsened the UK's **stark socio-economic inequalities** and **geographical disparities**.
2. Current responses to the crisis reveal a worrying **disconnect between policy frameworks and lived social and economic experiences**. There is an urgent need to examine the interconnections between inequalities in income, health, housing, education, working conditions, and digital engagement.
3. Citizen-led research by the Institute for Global Prosperity (IGP) at University College London (UCL), finds secure livelihoods are the product of various assets, services, and networks that together provide the foundation for a prosperous life. This **Secure Livelihoods Infrastructure (SLI)** is the most important contributing factor to prosperity and wellbeing.
4. **Applying IGP's SLI lens to Liverpool City Region (LCR)**, we find a mixed picture. Despite areas of strength, there are also serious and ongoing challenges. Vital components of LCR's Secure Livelihoods Infrastructure may be in need of significant reinforcement as the City Region works to recover from the COVID-19 pandemic.
5. This policy brief recommends new ways of thinking and acting in local policymaking that are **informed by citizen-led research, local knowledge and lived experience**. A renewed **emphasis on livelihood security** can help reveal spaces for action that are currently overlooked by policymakers, and would help **provide structure and direction for policy action** as places seek to meaningfully Build Back Better from the pandemic.

1. Introduction

The COVID-19 pandemic has caused considerable damage to communities and placed enormous pressures on the entire public service ecosystem at local, regional, and national levels. It has also emphasised — and exacerbated — the UK's stark socio-economic inequalities: from unequal access to digital services, housing, green spaces and culture, to unequal outcomes in education, employment and health. Crucially, throughout the pandemic we have also seen how these marked differences exist not just between regions, but within them too.

Aggregated metrics of economic prosperity such as national or regional GDP can often mask these local inequalities, and overlook the lived realities and day to day experiences of many people and communities (Moore et al. 2020). As policymakers now seek to simultaneously 'build back better' from Covid-19 and "level up" the UK, alternative approaches will be required to fully understand what prosperity means to different communities, how aspirations are shaped by local histories and conditions, and how the multiple challenges they face can be effectively overcome.

In this policy brief, we argue for an approach that is guided by a renewed focus on building secure livelihoods for all. Applying the Institute for Global Prosperity's (IGP) Secure Livelihoods Infrastructure (SLI) framework to the case of Liverpool City Region (LCR), we show how focusing on livelihood security can help highlight the significant challenges facing LCR communities in the wake of the pandemic, and give further structure to the local 'build back better' agenda to ensure it is meaningful, effective and rooted in the lived experiences of people and communities.

2. What is Secure Livelihoods Infrastructure

Citizen-led research carried out by the Institute for Global Prosperity (IGP) between 2015 and 2017 in East London found that 'Secure Livelihood Infrastructure' was the most important factor to people's prosperity and wellbeing (Woodcraft and Anderson 2019). People identified that secure livelihoods are the product of various assets, services, and networks that overlap and work together to support - or undermine - people's opportunities for a prosperous life (Woodcraft et al. 2021).

While the specific features of an SLI will likely vary from place to place, four general themes have been identified by IGP. These are:

1. Regular and good quality work that provides a reliable and adequate income;
2. Genuinely affordable, secure, and good quality housing;
3. Access to public services;
4. Social and economic inclusion (see Figure 1).

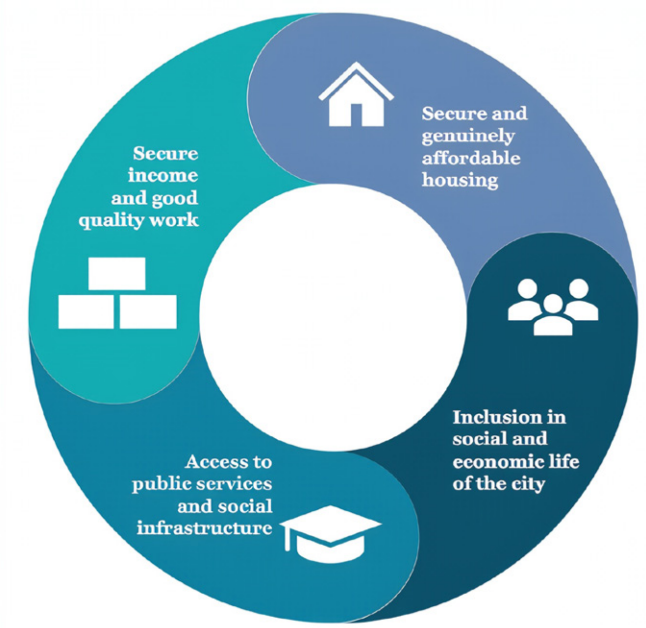

Figure 1: Secure livelihoods infrastructure (Woodcraft, Collins and McArdle 2021: 6)

These four components of SLI bridge physical, economic, social, and political domains (Woodcraft et al. 2021: 7). This holistic view of shared prosperity, its foundations and features, can help give structure to live debates about how places can meaningfully "level up", deliver a more inclusive economy, and build back better from the COVID-19 pandemic. In particular the Secure Livelihoods Infrastructure model provides a lens through which places can take stock, understand the challenges facing local citizens in their daily lives, and prioritise more targeted policy solutions to deliver effective shared prosperity that goes beyond aggregate-level economic growth.

3. Applying the SLI lens to Liverpool City Region

With the pandemic disproportionately impacting the lives and livelihoods of local citizens, Liverpool City Region is one place where adopting and applying a Secure Livelihoods Infrastructure lens could help to provide greater understanding of community needs and guide effective policymaking. In particular, such an approach could support local ambitions to "Build Back Better" after the pandemic, and to "reshape [LCR's] economy and society in a way that is greener, fairer and more inclusive" (LCRCA 2020: 2).

Without detailed citizen-led research, such as that conducted by IGP in East London, it is difficult to truly understand the real lived experiences of LCR citizens, or the kinds of assets, services, and networks that matter to them and their sense of prosperity and wellbeing. Nevertheless, by looking across available evidence we can begin to sketch out an initial picture of the state of Secure Livelihoods Infrastructure in Liverpool City Region in line with the four key themes identified in IGP's previous research.

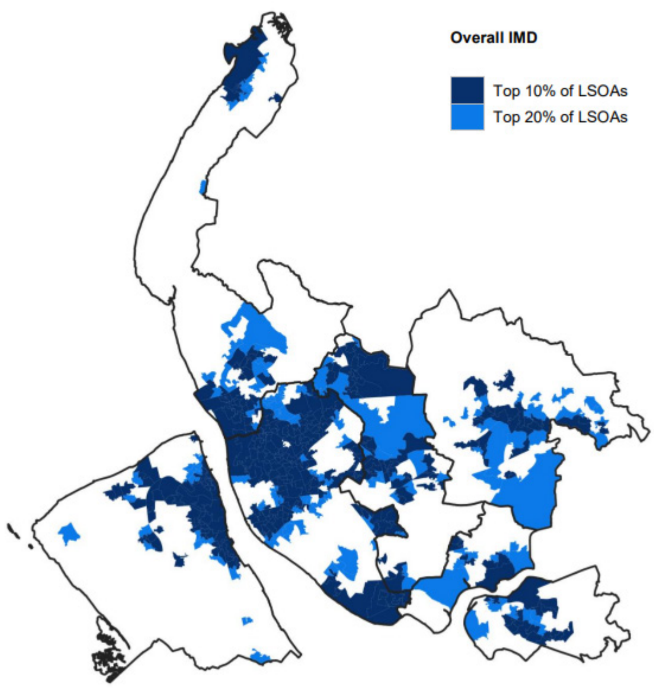

Figure 2: Most deprived areas in Liverpool City Region (Ministry of Housing, Communities and Local Government Index of Multiple Deprivation 2019)

Secure income and good quality work

Prior to the pandemic, Liverpool City Region had witnessed a significant – if incomplete– economic renaissance (Parkinson 2019), adding over £1.5 billion to its economy over the last decade. This period of economic growth had positive implications for the narrowing of long-standing employment gaps, with LCR's unemployment rate in fact falling below the UK average in 2018.

However, significant economic challenges remain. The City Region still has a relatively low jobs density, with not enough businesses generating sufficient employment opportunities for all people and communities to thrive. Moreover, the work that is available is disproportionately skewed towards lower paid jobs and, as a result, average pay across Liverpool City Region remains substantially below the UK average. This troubling picture of LCR's labour market is further complicated by the rapid rise of more precarious forms of work, such as zero hours contracts, that can make it harder for workers to reliably make ends meet. While there is no data available at the city-region level, analysis by the TUC suggests that 10.9% of workers are now in insecure work across the North West of England.

Scarce jobs, low wages, and insecure employment have consequences for household finances, as well as the wealth and prosperity of local communities. Almost one-third of the City Region's neighbourhoods rank amongst the most deprived in the UK (see Figure 2). It is concerning to note that in recent years many areas of the City Region have grown more deprived relative to other areas, even as the LCR economy as a whole was growing (MHCLG 2019).

The pandemic has added further stress to an LCR labour market that can scarcely afford to lose good-quality, well-paying jobs. Claimant count as a proportion of the City Region's working age population has risen dramatically during the pandemic, and remained high at 7.3% in May 2021 compared to 4% in May 2019. It will be important here for policymakers to gain a nuanced understanding of how the pandemic is affecting employment opportunities for different groups. Nationally, we already know the pandemic has disproportionately hit BAME workers, young workers, female workers, and low earners hardest, whilst older workers are also typically more exposed to unemployment shocks.

Secure and genuinely affordable housing

Liverpool regularly ranks as one of the most affordable cities in the UK when comparing average house prices and wages. As such, the character of the housing crisis in LCR is more related to quality, choice, and security than affordability.

Poor quality housing remains a significant challenge throughout LCR. With more than half the privately owned or rented properties in LCR thought to have been built before 1940, often to low standards, housing choice in the City Region is typified by aging, energy inefficient homes. 60% of homes have an EPC rating of D or below, presenting challenges for fuel poverty and for public health. In many of the City Region's most vulnerable neighbourhoods, there is a prevalence of poor quality, private rented stock. The poor quality of rental properties in these communities leads to higher than average churn rates that undermine longer-term neighbourhood sustainability and exacerbate broader socio-economic challenges.

Homelessness has increased markedly in Liverpool City Region over the past decade. While the causes of homelessness are complex and wide ranging, a current lack of affordable, good quality one-bedroom homes in LCR has been highlighted as a barrier to supporting people to access a secure home of their own.

Ensuring all citizens have access to a safe and warm home should be understood as a basic, and necessary, foundation for a secure livelihood. However, the COVID-19 pandemic has exacerbated housing insecurity and is undermining affordability. Evidence from Shelter suggests that the pandemic and its economic shocks have "turbo charged" England's homelessness crisis, with 253,000 people homeless and living in temporary accommodation during the pandemic – the highest figure for 14 years. Meanwhile, the pandemic has fuelled a significant boom in global house prices, the effects of which can already be felt in LCR. Average prices in Wallasey, Wirral rose by a massive 15% between 2020 and 2021 – the largest increase seen anywhere in the UK.

Access to public services and social infrastructure

Social Infrastructure as a concept can encapsulate a diverse range of local institutions, services, spaces and infrastructures that connect people and places to each other and to opportunity, meet people's needs (for healthcare, childcare, recreation, etc.), and support shared prosperity, high living standards and strong communities. In many respects Liverpool City Region offers citizens a strong foundation in this respect. Meryseyrail is a well-run and heavily used public transport network, connecting communities across the City Region with high customer satisfaction. The City Region has good digital connectivity, with higher ultrafast broadband coverage than the UK average and rapidly spreading full fibre coverage. And many communities are well-served by schools, medical centres, libraries, retail, and leisure facilities. However, the picture is not uniformly positive across the City Region as a whole, with many challenges only exacerbated further by more than a decade of austerity that has seen deep cuts to the public realm.

Schools and preschools provide a critical service to local communities, providing childcare that enables parents to work whilst also developing skills and knowledge for the next generation. However, the quality of local schools is a key issue for LCR. While there has been significant improvement in recent years, over 50% of LCR pupils still do not achieve the expected education standard at age 16, with low levels of Maths and English attainment in particular. Supporting local schools to improve performance, and increasing access to lifelong opportunities for school leavers, will be even more vital in the wake of the disruption wrought on education by the pandemic. Despite the best efforts of teachers and parents, evidence suggests that most pupils suffered at least some learning loss during 2020, particularly in relation to maths and literacy. Those from deprived and disadvantaged backgrounds are thought to have suffered the most overall learning loss during the pandemic, with concerns about what this means for future learning and career opportunities.

Disruption to education has been exacerbated by issues of digital exclusion, with many young people unable to adapt effectively to remote learning as a result of poor access to digital technology or digital skills. Despite widespread broadband coverage, take up by households across LCR has been low. This is the result not just of perceived lack of need, or lack of digital skills within communities. It is also a result of prohibitive costs, with the most digitally disengaged neighbourhoods in LCR also tending to be the most deprived. Improving access to digital skills, technology, and affordable broadband for all will be critical to enabling all citizens to access educational and employment opportunities online.

Away from the digital domain, ease of access to public transport can also vary greatly across the City Region. The recent Liverpool City Region APPG Build Back Better Inquiry heard, for example, that for many the City Region's bus network has become complex, expensive and unreliable in recent decades. This has consequences for citizens' access to employment opportunities and to vital public services, and is perhaps one reason why dependency on car travel remains high in the City Region. 68% of all journeys to work are made by car and car usage continues to rise in LCR.

One way to address these public service and social infrastructure challenges could be to promote a '20 Minute Neighbourhood' model for Liverpool City Region, ensuring that each resident is able to access high-quality goods, services, opportunities, and experiences within a 10 minute walk, in each direction, of their home. However, initial analysis from Liverpool suggests just 21% of the population in this part of the City Region currently live in what could be described as a 20 Minute Neighbourhood (Dunning et al. 2021: 3). Elsewhere, recent research by the Heseltine Institute has begun to identify a number of social infrastructure 'deserts' in LCR, further emphasising the extent to which certain areas of the City Region are poorly served.

Inclusion in the social and economic life of the city

Liverpool City Region is an inclusive and welcoming place, with a unique culture of solidarity. This is evidenced most clearly by the strength of the City Region's social economy, with 45,000 people working across 1,400 organisations that pursue fairness, community investment and other social objectives. These local grassroots, neighbourhood, community and voluntary groups, registered charities, social enterprises, cooperatives and mutual societies play a critical role in building and maintaining an inclusive economy and City Region.

However, despite such strengths, a number of barriers continue to exclude local citizens from participating fully in the social and economic life of the city. Poor health and wellbeing is a significant challenge in Liverpool City Region. The estimated healthy life expectancy at birth within most areas of Liverpool City Region is below the national average, and is especially low in more deprived areas. Meanwhile, the prevalence of both common and severe mental health disorders is higher in LCR than nationally. Overall, one in four people of working age in Liverpool City Region suffers from a limiting health condition of some sort, contributing to LCR's higher than average economic inactivity rate and preventing people from realising their full potential.

The health of LCR's population has been further challenged by the disproportionate impact of COVID-19 in the City Region, with parts of LCR recording among the highest case rates in the country over the course of the pandemic so far. Designing a City Region that actively promotes healthy lifestyles and good mental wellbeing – with high quality homes and social infrastructure, space for exercise, good air quality, and access to affordable healthy food - will be critical towards addressing longstanding health inequalities, and rebuilding good public health after the pandemic.

Crime and antisocial behaviour will also act as a significant barrier to creating a fully inclusive Liverpool City Region. While the City Region is, on the whole, a safe place to live, there are a many neighbourhoods that score poorly on the 'crime' domain of the Index of Multiple Deprivation. Meanwhile, all six LCR local authority areas record rates of violent crime, including domestic violence, that are above the national average. Ensuring that all citizens can feel safe in their homes and communities will be vital to supporting more secure livelihoods in LCR.

For Black, Asian and Minority Ethnic (BAME) citizens, deeply entrenched structural racism represents a further barrier to participation in the social and economic life of Liverpool City Region. Among other indicators, BAME residents in the City Region face higher employment gaps, are more likely to be economically inactive, are paid less on average than white residents, are more likely to live in poverty, and less likely to own their own home. These inequalities and barriers to opportunity must be systematically dismantled and proactively redressed before all citizens of Liverpool City Region can enjoy more secure livelihoods (cf. Charalambous et al. 2021).

4. Conclusion

The findings from this initial application of IGP's SLI lens for the Liverpool City Region highlight many serious and ongoing challenges. Many components of LCR's Secure Livelihoods Infrastructure may now be in need of significant strengthening and reinforcement if the City Region is to meaningfully Build Back Better from the COVID-19 pandemic.

Developing a more comprehensive Secure Livelihoods Infrastructure approach for LCR, one based on citizen-led research and cross-sectoral multi-stakeholder collaboration in communities, such as that applied in East London, could help develop more nuanced, place-based evidence and intelligence to inform the City Region's post-pandemic recovery and renewal strategies. Such an SLI model for LCR could also help to give further structure and direction to these local processes of recovery and renewal, supporting robust prioritisation, rationalisation, and evaluation of interventions in a complex policy landscape. Importantly, capturing and monitoring new forms of knowledge about the strength of Secure Livelihoods Infrastructure could also reveal novel spaces for policy action and innovation that are currently overlooked by policymakers, though could be essential to delivering meaningful prosperity and wellbeing for local people and communities.

One way to pursue this agenda practically could be to develop a citizen-led Prosperity Index based around the factors identified by LCR residents as most important to their sense of livelihood security, shared prosperity, and quality of life. Through an open-ended exploration of what supports, or inhibits a good life, this process would reveal the intersections between services, assets, and other factors that determine citizens' sense of prosperity in their daily lives. Using such an index to analyse local data would also allow policymakers to baseline the strength of the local economy at a community level, co-design policy interventions to target the things that matter most and will make the biggest difference to communities, and evaluate the long-term success of the economy in a way that is more nuanced and meaningful than merely tracking (and chasing) aggregate GDP growth.

Such an approach offers a strong basis for places, such as Liverpool City Region, as they begin to recover from the pandemic and respond to the wider policy challenges of the 21st Century, not least the uneven impacts of an accelerating Climate Emergency. By orienting action and investment towards (re)building the foundations of livelihood security, policymakers would be able to ensure interventions tangibly deliver on the needs and aspirations of local citizens.

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This policy briefing was originally published in October 2021.

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Universal Basic Income: A Necessary but not Sufficient Response to Crisis

Key takeaways

1. Universal Basic Income (UBI) could provide faster and more effective income support during the COVID-19 crisis than that offered under existing UK Government schemes.
2. UBI may be harmful if used as an economic stimulus during the pandemic but prove useful for stimulating recovery after lockdown, especially in resolving the consumer debt crisis.
3. In the long run, UBI faces a number of intractable tensions between maintaining affordability and delivering on diverse policy objectives – from empowering workers and providing an alternative to jobs lost to automation, to eradicating poverty and simplifying the tax-benefit system.
4. UBI alone cannot bring about the revaluation of key worker roles, particularly care work; fails to address the structural roots of its target problems; and acts as a subsidy for asset owners, especially tech giants, without reforming the tax system required to fund UBI in the first place.
5. More interventionist and state-entrepreneurial approaches – including investments in Universal Basic Services (UBS), place-based industrial strategy, technological innovation and skills training – could deliver much more effectively many of the benefits often claimed for UBI for a similarly significant level of public expenditure.

1. Introduction

With the COVID-19 pandemic causing chaos for work, welfare and healthcare systems across Europe, governments are searching for creative new solutions. Universal Basic Income (UBI) – an unconditional, non-means-tested, regular cash transfer from the state to all citizens regardless of employment, income or demographic status – is being promoted across the political spectrum as an emergency response. The Spanish government is reportedly taking steps towards implementing a UBI as a “permanent instrument” to help counter the economic fallout in Spain. In the UK, Prime Minister Boris Johnson is openly entertaining the idea of introducing UBI following a letter signed by over 170 MPs and Lords calling for UBI in response to the pandemic. Meanwhile, Rishi Sunak, Chancellor of the Exchequer, has announced an unprecedented programme of government support for workers’ incomes, pushing the Tories uncharacteristically close to endorsing UBI.

Calls for an emergency UBI to tackle COVID-19 have been issued by new think tanks The Institute for the Future of Work and Autonomy, alongside the Royal Society of Arts. A growing group of over 500 leading academics and political figures calling for a global emergency UBI adds to the urgency. Even sceptics support an emergency £1,000 per person per month, citing favourable costs – just £66bn a month – compared to the £500bn bank bailout of 2008. This policy brief explores the social, economic and political implications of implementing some form of UBI both as immediate response to the crisis and more permanent policy solution to a number of problems, from rising poverty and inequality to the transition to a more automated economy with fewer jobs.

2. A radical response to crisis?

UBI has great potential to address immediate needs in the wake of business closures, job losses, falling incomes and increasing hardship, as well as to provide a stimulus package for economic recovery as restrictions on mobility and consumer spending are eased in the following months. In the aftermath, it may give people the economic security they need to flexibly seek out new employment, training and entrepreneurship opportunities or to continue important care work.

Part of its appeal is its supposedly simple administration as a universal payment to all citizens without costly and complicated means-testing. It could plug the gaps in the patchy coverage currently offered by the government's income support schemes. The belated help offered to the self-employed comes with long time lags in payment and too many conditions attached, excluding new start-up businesses and entrepreneurs, gig workers, and those on zero-hour contracts – the precarious workers that need it most. A 'minimum income guarantee', as proposed by the Trades Union Congress, Citizens Advice, the New Economics Foundation and openDemocracy, would no doubt prove more effective. Emergency basic income seems necessary to protect livelihoods – but questions remain over what form it should take, how much, for how long and how universal.

If used too hastily during the pandemic, however, UBI could pose health risks in encouraging people to start spending too soon, increasing exposure to the coronavirus. Incomes need protecting, certainly, but the point is to meet basic human needs, such as health, food and shelter, not inject markets with liquidity at a time when the economy has been purposefully put on ice.

If implemented as an economic stimulus coming out of the lockdown, UBI could consolidate prevailing trends in consumer behaviour and working patterns to strengthen the competitive position and increase the market share of large online retailers and digital platform corporations like Amazon, at a time when small businesses are already facing bankruptcy.

Although UBI would have a positive impact on the growing consumer debt crisis – initiating a modern debt jubilee – it cannot alone reform the underlying structural causes of mounting debt: falling real wages and diverging income shares between asset-owners and workers (Benanav 2019). With more cash in our pockets, what would stop landlords and other rentiers from simply hiking up rents? UBI effectively separates income from work but fails to separate income from assets, further inflating the unsustainable asset-based – and debt-based – economy of rentierism.

3. Pros and cons in the long run

If instituted as a permanent policy, studies suggest a number of benefits to UBI – notably eradicating poverty and homelessness, dramatically reducing inequality, alleviating stress and mental illness, reducing crime and domestic violence, and empowering employees to demand better working conditions and seek more meaningful and socially valuable work, even providing an alternative source of sustenance in the purported transition to a fully-automated post-work society.

However, the evidence is mixed and based on speculative theorising, un- dynamic modelling and partial experimental data. Recent or ongoing pilot programmes in Kenya, Canada, Finland and the Netherlands will add to evidence from earlier trial experiments in, for instance, Namibia in 2008 and India in 2011 (Sloman 2018) (see Figure 1). But these are all limited in scale or scope – either based in particular cities, towns and villages, not yet an entire country; or targeting specific groups, such as the unemployed, rather than being genuinely universal.

Figure 1. Example basic income pilots around the world

Manitoba, Canada (1974–1978): World's first basic income experiment. 'Mincome' paid to 1,000 poorest residents in small town of Dauphin to raise above poverty line. Researchers found significant positive impacts on educational performance, hospital use, mental health, crime, and domestic violence, and insignificant impacts on working hours. Funded by provincial and federal governments but withdrawn prematurely with data left unanalysed until 2009.

Barcelona, Spain (2017–2019): Pilot study of B-MINCOME focusing on lived experience, involving 900 people in 10 neighbourhoods in north-east of the city. Findings suggested improvements in household debt and sense of wellbeing, but little impact on employment due to limited local opportunities. Funded by the EU; coordinated by Barcelona City Council and the Young Foundation.

Finland (2017–2019): World's first statutory, nationwide and randomised unconditional basic income experiment, providing 2,000 unemployed Finns €560 per month. Findings suggest a small positive effect on employment prospects, much improved mental wellbeing and financial security, as well as greater confidence and trust in institutions. Coordinated by national social insurance agency Kela.

Western Kenya (2017–2029): World's largest and longest basic income pilot to date, providing 21,000 adults, across hundreds of villages, a third of average local income over 12 years. Preliminary results expected sometime in 2020. Coordinated by development charity GiveDirectly, with funders including Google's foundation.

Nonetheless, leading advocate Guy Standing (2020) consciously positions UBI as the next big structural reform following the innovation of the welfare state. Invoking Beveridge's quest to slay the five giants of his time – disease, idleness, ignorance, squalor and want – Standing claims a *global* UBI can battle the eight global challenges of our time: inequality, insecurity, debt, stress and mental illness, technological unemployment, ecological extinction, and populism and fascism. UBI is touted as a panacea for a plethora of problems, including pandemics, by an extremely diverse range of proponents.

UBI, notes sympathetic critic Daniel Susskind (2020, 181), is one of those "rare policy proposals that make the political spectrum bend back in on itself, with people on opposite ends meeting in violent agreement." In its various variants – from a vagabond's wage and negative income tax to a social dividend and citizen's income (Sloman 2018) – UBI has attracted support from ultra-right neoliberals, notably Milton Friedman, as well as Marxists such as Erik Olin Wright and radical feminists such as Kathi Weeks.

The latest incongruous meeting of manifestos brings together anti-capitalist visions for 'fully automated luxury communism' with theses on the 'fourth industrial revolution' and 'the coming machine age' promulgated by Silicon Valley, not least Mark Zuckerberg and Elon Musk, who believes UBI is "increasingly necessary" (Benanav 2019). When anti-capitalist techno-utopians and hyper-capitalist plutocrats all agree on something, our critical hackles should be raised.

By promising so much to so many, and attempting to please political factions otherwise pitted against each other, UBI inevitably falls short. It is caught in multiple dilemmas – and one big 'trilemma' (Martinelli 2019) – between sufficiency (meeting needs and delivering progressive goals), affordability (controlling costs and distributing them broadly) and advantage (simplifying complicated tax-benefit systems). The evidence suggests all three cannot be delivered at once. The complex administrative compromises required to simultaneously fulfil conflicting promises would reduce UBI to a powerful new tax engine pulling along a tiny cart.

4. The problem with work

One of the deepest divides is in relation to work. Whilst UBI promises liberation from work, its current deployment in multiple experiments in places facing the threat of automation – from Barcelona to Finland – is to help under- or unemployed people find jobs. So which is it: freedom from work or support back into work? It cannot be both. Moreover, either option contains contradictions.

First, a fully-automated post-work society with citizens sustained by UBI leaves us in a predicament over who pays. A 'robot tax' – endorsed by Bill Gates – is one option. This forces us to radically rethink how the state can capture and redistribute the economic surpluses produced by productivity gains driven by technological advances in robotics, artificial intelligence and big data – especially considering Silicon Valley's impressive knack at tax avoidance.

UBI risks becoming a public subsidy for asset-owners – not least enabling the tech giants to continue exploiting gig workers and zero-hour contractors while extracting value from the free labour that produces data and avoiding paying the taxes required to fund a UBI in the first place.

Second, although forecasts of a looming 'tsunami' of automation-fuelled unemployment may well be overblown – evidence suggests technological change creates as many new jobs as it destroys – we nonetheless face the challenge of transitioning into a new economy with different kinds of work, unequally distributed between places and social classes. UBI alone cannot help people find more meaningful work or new jobs – it simply is not cut out to do that, as researchers found in the Barcelona and Finnish experiments.

What we need instead is to get ahead of the curve of automation to create new jobs and make sure people have the skills and infrastructure to access them. This requires significant renewed state investment in technological innovation, place-based industrial strategy, lifelong education, public services, and infrastructure (from green energy to broadband).

5. Beyond UBI: Universal Basic Services

An alternative to UBI, then, lies in Universal Basic Services (UBS) – a concept developed by researchers at University College London in 2017. This is the idea that those basic human needs that are universal (in transcending cultural differences) and foundational to individual wellbeing and social flourishing – nutrition, shelter, mobility and access to information, alongside health and social care and education – are too important to be left to the whims of the market and therefore best provided by services directly funded through public investment.

UBS avoids many of the problems associated with the market that UBI perpetuates (Lombardozzi and Pitts 2019). UBS is a more direct form of UBI – a 'social wage' that cuts out the middleman and saves people money otherwise spent on essentials. Whereas UBI atomises and privatises, UBS is 'pro-social' in that it strengthens the ties of reciprocity, solidarity and sociability that help bind society into a functional and cohesive whole. By pooling resources and governing shared public goods as commons, UBS would enhance social citizenship, increase interaction and raise levels of trust in society.

UBS brings the 'hidden abode' of production out into the visible public sphere through provision of childcare, adult and social care. UBI may offer financial support for people to continue doing the socially valuable yet under-valued work of caring for children, the elderly and vulnerable, as well as domestic labour in the home and volunteering in the community – work often done by women. But it does not necessarily lead to greater gender equality, more equitable divisions of labour or a revaluation of paid and unpaid roles – just as it cannot by itself generate new jobs.

UBS, though, does create new employment. And it provides the material foundations for the structural revaluation of work in society – as highlighted by the newfound respect for key workers during this pandemic – in ways UBI only formally could.

UBS need not be delivered by an all-powerful centralised state but could be coordinated locally and democratically though socialised markets and progressive procurement favouring cooperatives, social enterprises and charities as providers of publicly-funded basic services. Inspiration can be drawn from various 'new municipalist' experiments around the world, including the Preston Model – an economic approach developed by the city council with other partners aimed at building, democratising and retaining wealth within the community.

6. Concluding thoughts for the Liverpool City Region

Any UBI or UBS programme will always be embedded in particular places, interacting with different contextual conditions. In so uneven an economic geography as the UK's, the impacts of such policies would vary significantly between localities with opposing socioeconomic problems, decoupling economies and diverging labour market trajectories. Liverpool's will have to be designed and implemented very differently to London's, for instance – underlining the need for devolved place-based programmes.

Had Labour won the 2019 general election, former Shadow Chancellor John McDonnell intended to roll out UBI trials in several English cities – notably in Liverpool. The Liverpool City Region is also the ideal laboratory for experimenting with a devolved UBS through building the capacity of its flourishing social economy, backed by innovative forms of place-based industrial strategy.

Crucially, renewed investment in basic services would enhance resilience by increasing the capacity of the state to respond to shocks and crises such as global pandemics. It would save lives and money and solve social problems in the long run, by channelling resources into prevention rather than cure, resolving issues upstream before they can flood our clinical and frontline services with unmanageable levels of demand.

UBI would still have a role to play. It can act as a short-term measure to deal with immediate epidemiological and economic shocks; and as a transitional bridge taking us towards a more ambitious vision for a revitalised public sphere and proactive entrepreneurial state capable of tackling the complex multi-scalar challenges of ecological breakdown and technological transition.

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This policy briefing was originally published in May 2020.

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