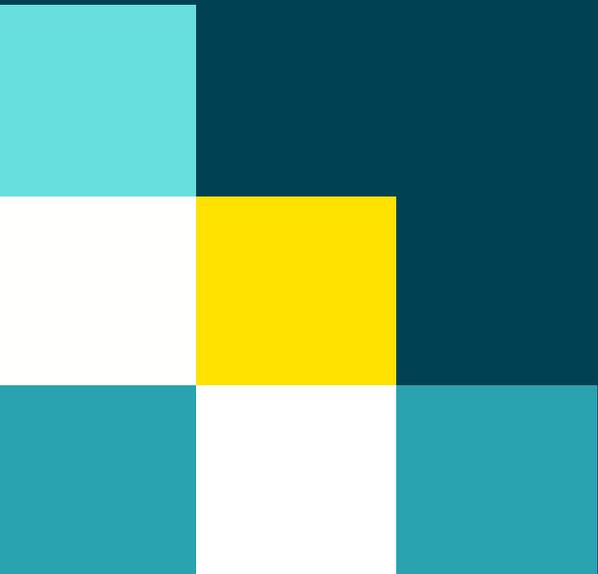




Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru

Planning for a Prosperous, Equal and Green Recovery from the Coronavirus pandemic

July 2020



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- Works with public services to access, generate, evaluate and apply evidence about what works in addressing key economic and societal challenges; and
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Summary

This paper presents the key messages from a series of expert roundtables convened by the Counsel General and Minister for European Transition. The issues which it highlights are important for the Welsh Government's planning for economic and social recovery from the Coronavirus pandemic but are also relevant to public services and other organisations that are developing recovery strategies.

The Welsh Government's strategy should be guided by a clear sense of priorities. Ministers need to decide what to stop doing as well as which new initiatives to pursue.

It is important that the process for implementing the recovery strategy involves:

- A joined-up approach across government and the whole public service;
- A concerted attempt to influence UK Government policy and lever investment; and
- An evidence-based approach that draws on experience from around the world.

The pandemic has highlighted and exacerbated existing inequalities – in health outcomes, housing conditions, educational attainment, intergenerational equity, economic opportunity and wellbeing. The Welsh Government's recovery strategy needs to reflect the intersectionality of inequality and target those most at risk.

Modelling suggests that a decade of efforts to close the attainment gap could be lost. The education system needs to be mobilised to address this risk.

The Welsh Government should focus on a cross-government effort to bring together an imaginative set of evidence-based policies on:

- Support for vocational training and Further Education as well as higher education;
- Streamlined employability and business support programmes; and
- Effective procurement and proactive market shaping with a focus on a small set of priorities for the Welsh economy that reflect a clear sense of its values, support a green recovery, and focus on capturing value creation within Wales.

Priority should be given to simplifying and targeting the social safety net in Wales, starting with existing devolved powers.

The immediate health crisis led to rapid transformation in the delivery of some public services – for example digital health care; collaboration between health, social care and communities; and coordination of national and local government. It is important to build on this and not allow barriers to reform to reappear.

The social care sector has to be a priority. The Welsh Government needs to invest in key workers whose contribution has been highlighted by the Coronavirus crisis and ensure that there is a more resilient basis for social care provision in future.

The public has accepted a greatly enhanced role for the state and there have been some potentially significant behavioural changes. The Welsh Government should try to build on and embed these in order to create fairer, more sustainable communities.

Introduction

This paper draws together the key messages from a series of expert roundtables convened by the Counsel General and Minister for European Transition to help inform the Welsh Government approach to economic and social recovery from the Coronavirus pandemic.

The issues and evidence that it highlights are important for the Welsh Government's planning for recovery but are also relevant to public services and other organisations that are developing strategies for restart and recovery from the pandemic.

Political leadership

The Welsh Government's strategy for recovery needs to be guided by a clear sense of the priorities. This means deciding what the Welsh Government will stop doing and what it needs to do differently, as well as what new policies it introduces.

Implementation of the recovery strategy will require **a joined up, whole government response** and **effective working with partners to ensure local delivery.**

There are **limits to what the Welsh Government can achieve on its own.** It will be important to try to influence UK Government policy and lever other sources of funding and investment.

The Welsh response to the immediate health crisis posed by the Coronavirus pandemic has been rooted in the scientific evidence and expert advice. Ministers should adopt a similarly **evidence-based approach to economic and social recovery.** This means being clear about:

- What the economic and social impacts of the pandemic are;
- Who is most at risk and on whom it wishes to focus its response; and
- How the Welsh Government can intervene to support a recovery that leads to a prosperous, more equal and greener Wales.

The Welsh Government should draw on evidence from previous interventions to inform the recovery strategy as well as capturing and evaluating new learning from Wales and elsewhere.

Reducing inequality

Vulnerable groups

The strategy for recovery should focus on helping those who are at most risk from the adverse economic impacts of the pandemic, especially young people. The scale of the problems will depend on the speed at which economic activity can be restarted. The Coronavirus pandemic is likely to create a significant cohort of people whose economic wellbeing is newly threatened. It is also clear that the pandemic will exacerbate existing inequalities. Groups that were already the most disadvantaged will be at greatest risk of unemployment, loss of income and poor health. Lockdown is likely to have increased mental ill-health, particularly among already vulnerable people, and heightened tensions within some relationships and families, leading to an increased risk of domestic abuse and violence (Holmes et al., 2020; Home Affairs Committee, 2020). It is important that the Welsh Government's recovery strategy reflects these challenges and the intersectionality of inequality and disadvantage and that it focuses support on those groups that are likely to be most at risk. Investment in the human capital of Wales should be a key priority.

Women are likely to be more severely affected than men by the economic fallout from the pandemic. They have lower levels of wealth (OECD, 2020) and the gender income gap may widen because women are more likely to be employed in low pay jobs and furloughed industries. Women with children are likely to be affected by school closures and the reduction in childcare provision, which could reduce their participation in the workforce. This has negative implications for the gender employment gap and may reverse recent progress. The damage could be reduced by measures to encourage young women into sectors in which they are currently underrepresented by implementing recommendations from the Welsh Government's Gender Equality Review which address these issues, and by applying a gender lens to future Coronavirus interventions.

Those living in poverty and in precarious housing face particular challenges. The pandemic has brought housing inequalities into sharp focus, with poor housing conditions linked to ill health. Some tenants and mortgage-holders will struggle to meet their housing costs once the current mortgage and Help to Buy payment 'holidays' and suspension of evictions are lifted. This could produce a rush of home losses, particularly in the private rented sector (Simcock, 2020). Unemployment and loss of earnings could also lead to an increase in homelessness, whilst housing services will be at increased financial risk from loss of revenue and additional costs (Cymorth Cymru, 2020). Some aspects of youth homelessness, particularly street homelessness, have been masked by the provision of emergency accommodation during the lockdown but are likely to increase again because of the economic downturn (Price and Russell, 2020). However, some homeless people have been engaging with support services for the first time during the lockdown and there is an

opportunity to build on this to provide them with on-going support (Teixeira, 2020). Housing policy seems a crucial lever in the Welsh Government's response, with scope for an ambitious approach to tackle a number of challenges exacerbated by the Coronavirus pandemic.

Those in receipt of benefits will require further support. The pandemic has already had a significant impact on social security claims. Greater powers over social security for Wales, and ways in which Wales can make best use of existing powers, were already under discussion prior to the pandemic (Equality, Local Government and Communities Committee, 2019; Taylor-Collins and Bristow, 2020).

BAME groups appear to be at greatest risk of severe illness and mortality from COVID-19. They are also more likely to be among the poorest in society, and to experience child poverty, precarious and low paid employment, poor and overcrowded housing, and racial discrimination (Runnymede Trust, 2020). Research highlights significant ethnic inequalities in labour market participation (Catney and Sabater, 2015). The picture is one of continuing disadvantage for all ethnic minority groups compared with the white British majority group, who may be disproportionately affected by the contraction of sectors such as hospitality. Reconsidering how (currently low-paid) work that is more likely to be carried out by BAME employees can be better valued and remunerated and improving housing conditions could mitigate some of these risks.

People with disabilities and their households are more likely to face economic challenges and poverty. Research by Citizens Advice Cymru (2017) suggests that many disabled people face particular problems with low pay, accessibility, working arrangements and conditions, pre-employment health questions, and sick leave. A long-term shift towards new working arrangements, for example remote working, needs to recognise both the potential for positive and negative impacts for people with disabilities.

Those living and working in areas that are reliant on tourism, retail, hospitality, and the aerospace and automotive industries may be particularly vulnerable to loss of earnings. Rural areas and the South Wales Valleys have high estimated rates of business closures (Bevan Foundation, 2020) and it is clear that some parts of Wales are less economically resilient and more vulnerable to the combined economic shocks of the pandemic and Brexit than others. The recovery strategy needs to reflect these regional variations and the importance of the foundational economy in many parts of Wales.

Older people make up a large proportion of those who have been 'shielded' during the pandemic. But many in their 60s and 70s are still working, many key workers are over 50, and recent research found that half of self-employed people are over 50 (Rest Less, 2019). Older workers employed in sectors that are vulnerable to the effects of the pandemic may find it particularly difficult to find alternative jobs. Support for flexible working and workplace

support for those with health conditions could assist older people to return to work safely and mitigate the potentially negative economic effects of the pandemic on this group.

Young people are particularly at risk from the long-term social and economic impacts of the lockdown. A protracted recession would amplify issues of inequality, both within and between generations and we know that unemployment at an early stage in working lives can have long-term scarring effects. Employees under the age of 25 are more likely than those who are older to work in sectors that have shut down (IFS, 2020) and there are warnings of reduced graduate hiring (Institute for Student Employment, 2020). 16-24 year olds make up 42% of the workforce who are on zero hours contracts in Wales and are therefore particularly at risk. Short-term financial safety nets and long-term active policy relating to the labour market and employment will be important for this group. Retraining and redeploying young people who lose their jobs as a result of the pandemic should focus on equipping them for 'future-proof' professions and employment in sectors that can support a green recovery, such as low-carbon building and construction, renewables, and digital skills and technology.

Schools

There are a range of policies in relation to schools that could play a major role in supporting long-term recovery from the pandemic.

The **closure of schools and colleges to most students may have undone the progress made in the last decade in improving educational attainment** (EEF, 2020a) and this could damage the economic prospects of future generations. There are concerns about the quality of remote teaching (EEF, 2020b) and access to it. Children's ability to engage will have varied according to their living conditions, family resources, internet access, and levels of adult support for learning in the home. This will widen existing attainment gaps between pupils from the most and least disadvantaged backgrounds in Wales, particularly at age 16 (JRF, 2020), and runs the risk of exacerbating the transmission of long-term educational disadvantage. Intensive early years intervention to tackle disadvantage will be an important part of the response. Young people from BAME backgrounds fear that their prospects could be adversely affected by unconscious biases in predicted grades (Uthmani, 2020).

Schools are a trusted source of support, guidance and safeguarding for vulnerable children and families. For children who are already in contact with social services, changes to the safeguarding support usually provided by schools, combined with the difficulty of delivering effective social care services during lockdown and increased likelihood of family conflicts, may have led to adverse childhood experiences. Adverse childhood experiences have long-term consequences for children's educational attainment and lead to increased demand for care.

There may be a need for increased investment in mental health support and early intervention for young people to cope with anxiety and uncertainty caused by the use of

predicted grades and loss of access to career advice and support from teachers. Some children and young people, for example those at risk of bullying, will also need support to overcome anxiety about returning to school. Strategies to support vulnerable young people could include increased funding for local community groups which have existing relationships with them.

The pandemic offers opportunities to pilot new approaches drawing on the work of the Welsh Government's Re-imagine Schooling Expert Panel. Changes could include adjustments to school timetables and adjusting term times and holidays to better suit working parents. There are also questions about whether the traditional exam system is the most suitable means of assessing students and consultation was already underway on changes to exams at 16 in response to the new curriculum. And there is the option to extend the school day, working with other sectors to provide artistic, cultural and sports activities for young people.

Further and higher education

Further education and community-based learning provide opportunities for young people that are vocational and local to home. In general, vocational education needs hands-on training and face to face assessment which makes it difficult to deliver remotely. But as we move out of lockdown, investment in further education could help stimulate the economy. There may be a need for enhanced financial support for learners and extending the compulsory age of education to 19 could enable young adults to gain the skills they will need to secure good work in future.

Policies that support the unemployed to get back into work, such as job guarantees and training for the lowest skilled workers, may be required. Incentivising employers to remove barriers to job progression in low paid work, much of which is carried out by young people, could complement policies to promote a national living wage. The HEFCW could help to facilitate regional partnerships between universities, local authorities and businesses to provide skills-oriented training programmes. Existing initiatives such as the ReAct programme or the Flexible Skills Programme may need to be bolstered or repurposed because of growing demand. An active labour market policy that includes a wage subsidy scheme and retraining could support flexible exit from the job retention scheme. This would require rethinking the balance of responsibilities between the Welsh and UK Governments but could benefit from drawing on Wales' flexibility to use different options such as loans to SMEs and debt equity swaps.

Apprenticeships are an important way to enable workers to move into sectors such health and social care and technology. It may be that existing programmes can be expanded and repurposed rather than needing to introduce new ones. The Welsh Government could

increase the accessibility of Business Wales' skills and apprenticeships programmes by simplifying the structure, access requirements and application process.

Universities play a key role in securing a well-educated and high skilled workforce and driving economic activity. They generate around £5bn a year and almost 50,000 jobs in Wales (Universities Wales, 2020), and can be important catalysts for regional development (Goddard et al., 2018). Welsh universities are expected to lose approximately £100-£140m in income from student fees in 2020-21 (Wales Fiscal Analysis, 2020). Welsh Government support may be needed if some institutions are to be prevented from failing financially or significantly scaling back teaching and research activities (Universities UK, 2020).

Universities with spare capacity due to a drop in student admissions might be encouraged to invest in remote learning which would open up new opportunities for people who find it difficult to attend campuses, particularly those with disabilities or caring responsibilities. Incentives to better link education and the labour market might include reducing council tax for graduates to retain them in the locality and encouraging Welsh graduates to return after studying outside Wales. Some reconfiguration of the higher education sector in Wales may well be required to respond to the new pressures on student recruitment and other sources of funding, from both the Coronavirus pandemic and Brexit.

Embedding innovation and new ways of working

The pandemic has presented public services with formidable short-term challenges and poses longer-term questions about their funding, staffing and configuration. However, it also offers a once-in-a-generation opportunity to reappraise existing approaches and transform services, particularly social care, so that they are fit for the future.

Local authorities have acted as hubs, drawing together community resources during the pandemic, and there are many examples of new relationships emerging between agencies (Talbot, 2020). We have seen new place-based collaborations involving health and social care providers and community organisations. Similarly, the third sector, informal carers and local community groups have all played an important role in caring for vulnerable people during the lockdown. There may be ways for the Welsh Government to support and sustain these new roles and relationships and accelerate community-based partnership working that brings together the NHS, social care and other community services to provide home-based care (Welsh NHS Confederation, 2020).

Rapid adaptation and digital approaches

Welsh Government and public services can learn from the new ways of working that have been adopted in response to the immediate Coronavirus crisis. The pandemic has accelerated changes that have been talked about for a long time but often proved difficult to deliver. The complex governance framework in Wales (850 community councils, 22 local authorities, seven local health boards and four regional partnership boards) presents challenges. But we have seen effective joint working among services and between the Welsh Government and local authorities in response to the pandemic. For example, Ministers have met with all council leaders at least twice weekly to share problems rapidly and to identify solutions and actions. Learning from this means developing ways of working that empower local change makers. It requires leadership from the Welsh Government and a concerted attempt to reduce bureaucracy and encourage a less siloed approach to policy making, with concrete incentives and adjustments in structures to enable this.

Some public services have rapidly moved online in response to the pandemic and the positive and negative implications of this need to be considered. The availability of online legal services has improved uptake by victims of domestic violence sheltering in refuges. There are opportunities for further experimentation with digital health and education services and innovations in cyber security, offering both public service innovation and economic opportunities. Digital transformation of public services also offers an important opportunity to free up more human resource in organisations to provide other services which benefit from personal contact. However, for some the move to online provision has been exclusionary. It is important that we continue to provide accessible support for the large minority in Wales who are at risk of digital exclusion and that these services do not become inferior residual offerings.

Digital infrastructure and exclusion are a challenge in Wales, particularly in rural areas, and there is a lack of access to ultra-fast broadband, though this is improving. Investing in 'universal basic infrastructure' to ensure that every community has access to efficient charging systems and high-quality broadband will be critical. But digital inclusion also goes beyond infrastructure; there is a need to build up digital skills and access to affordable devices and internet provision. The use of advanced cloud services and IT skills remain stubbornly low. More needs to be done to support businesses to transform from passive online users to embedding digital in their work (Henderson et al., 2020). One-to-one training and financial help for those with low incomes may help, as could a scheme similar in format to the cycle to work scheme where IT equipment is loaned as a tax-free benefit. To avoid duplication councils should work together on digitally-enabled service transformation. It will be important that Wales has a digital inclusion strategy which is based on rigorous evidence and backed by clear political ownership and leadership.

Transforming health and social care

There have been positive changes in health and social care that will need government support to continue in the recovery. The health service has created additional critical care beds at short notice and the bulk of GP consultations and many hospital clinics have moved online. It has long been argued that technology has the potential to transform services and the user experience, as well as enabling better working across organisational barriers. The emergence of place-based collaborations that include health providers, allied health professionals, social care, and community mobilisation in supporting health and wellbeing represent a major shift in service provision. There may be ways that the Welsh Government can support and sustain these new roles and relationships and accelerate the provision of place-based care (Welsh NHS Confederation, 2020).

Challenges that existed pre-Coronavirus will still be important in the recovery period.

Prior to the pandemic there was widespread recognition that the approach to funding social care was unsustainable and there was work underway to examine potential reforms. The pandemic has highlighted the importance of improving pay and conditions for care staff but this will add to cost pressures. Understanding challenges to resilience from the pattern of small-scale private ownership in the residential care sector will be crucial to underpin reform. In the context of extreme pressures on public finances, it is even more challenging to find a sustainable solution for funding social care, and consequently, eligibility for local authority funded care may be put under pressure. A proposed social care levy (Holtham, 2018) may not be viable if the tax 'take' falls (Bottery et al., 2018) in a prolonged recession. The current high levels of public interest in and support for the NHS and social care sector could present an opportunity to raise awareness of the difficult choices that will need to be made to manage demand pressures in future, and generate the kinds of conversation with patients and the wider public that was envisaged in 'A Healthier Wales'.

There is a role for the Welsh Government in supporting strategies to reimagine care homes as parts of communities, to scale up progressive commissioning for new models of home care, and to accelerate the integration of health and social care.

Increases in staff sickness rates, management time, use of agency staff, and costs of following infection control measures will exacerbate budgetary pressures on providers operating in an already fragile system. There may be an unmet need if local authorities utilise changes to their statutory duties to meet care and support needs in the Coronavirus Act 2020. Volatile occupancy rates in care homes following the pandemic will also be difficult to manage. Many care homes in Wales are in older buildings with owners approaching retirement. There is also a need to safeguard vital third sector services in social care and consider how to support the development of social enterprises in areas like domiciliary care. Some estimates suggest up to 40% of small charities could disappear through loss of funding if there is a significant economic downturn.

Any move towards the digitisation of health and social care needs to recognise its limitations and the need of those who are unable to access services online. There are fears that the rapid digitisation of death certificates may have detracted from an accurate understanding of cause of death. Face-to-face contact, particularly for frail older people, mental health services and speech therapy, is still important and the potential for negative impacts on clinical care and patient experience needs to be taken seriously.

Recruitment and retention of the health and social care workforce is vital. This was a priority before the pandemic. 6.4% of social care staff (approx. 2,900 workers) in Wales are non-UK EU nationals, which means that Brexit could add to staffing shortages (Welsh Government, 2019). There has been a positive response to recent recruitment drives for temporary staff, which has helped to manage risk and increase capacity in the short-term. This needs to be built on to secure the workforce in the long-term. **There is an opportunity to revalue the work and improve the occupational status of key workers,** for example by ensuring that they receive the real living wage. Raising care workers' pay to the living wage could reduce absenteeism while increasing recruitment and retention (Resolution Foundation, 2020). The pandemic has also highlighted the need to **invest in the wellbeing of health and care staff** and ensure they have the skills and resilience to deal with emergencies (Rimmer and Chatfield, 2020).

It will also be important to better support unpaid carers. There are 370,230 unpaid carers in Wales, the highest figure in the UK, contributing care worth £8.1 billion per year (Welsh NHS Confederation, 2018). The Coronavirus pandemic has led to the closure or reduction of support services for carers, raising concerns about their wellbeing. Carers UK (2020) has called for an increase in Carers Allowance to recognise the additional pressure carers are facing as a result of the pandemic.

Encouraging public engagement and behaviour change

Ministers need to secure public support for any recovery strategy. The public has shown a very high level of compliance with restrictions on their activities during the lockdown. Many people will now want to return to 'normal' but there is an opportunity to build on the new realisation that global crises can affect their lives in dramatic ways. There is an opportunity to promote practical actions, such as recycling, active travel, and green heating, and show people how their actions make a difference. It will also be important that these choices are easier to make, for example by redesigning town centres and streets to encourage walking and cycling.

Collaborative mechanisms such as citizens' assemblies could be used to support the design and implementation of recovery policies. Using the correct labelling and narrative will be vital in making the case for behaviour changes. For example, talking about the need to 'upgrade' homes will be received better than referring to 'retrofitting' them.

Long-term change in travel behaviour

Embedding positive changes in individual and societal travel behaviour could reduce carbon emissions and air pollution. To persuade the public of the value of this we will need to offer solutions or alternatives to existing behaviour, and the 'ask' should not appear removed from the problem it is intended to address.

Ministers need to consider how to encourage a return to using public transport. Polling suggests that many people have concerns about social distancing and the risk of transmission of the Coronavirus on public transport. This could lead to greater car usage than we saw before the pandemic and threaten the viability of bus and train services, putting those who rely most on public transport at a disadvantage and having negative impacts on air quality and carbon emissions. In the short term, it will be important to try to reassure the public about the safety of using public transport. In the longer term, thought should be given to how to address the structural barriers and the differential costs of change. Services in rural Wales are often very limited and not scheduled at times or to places that enable people to travel to work. Affordability may also be a barrier for some users, particularly those not currently covered by the concessionary fare system, such as working-age adults on low incomes (Bevan Foundation, 2018). New incentives to use public transport regularly such as loyalty schemes, a more flexible 'oyster card style' system, bulk purchase discounts and fare reductions could help to address these challenges. As noted above, remodelling streetscapes helps to encourage active travel, as does investment in cycling infrastructure.

Continuing to promote remote working could help keep emissions down but needs to take account of the challenges this creates for some groups. Remote working has the potential to help increase labour market participation amongst disabled workers and those with caring responsibilities (predominantly women) and to reduce car usage and emissions. However, there are many occupations and households for which remote working is not feasible, and some workers find it stressful and socially isolating. People who lack the space, equipment or quiet needed to work from home might be enabled to work remotely close to home through the provision of community hubs offering flexible working spaces. This would have benefits in terms of reduced traffic congestion and emissions. There is also an opportunity to decarbonise homes and design new builds with increased homeworking in mind.

The Welsh Government will need to be prepared to support some controversial decisions. It may be necessary to introduce road pricing, increase charges for workplace

parking in cities, and fast-track the introduction of 20mph speed limits in residential areas. Changes to commuting patterns could also have implications for planned investments, notably the South Wales Metro and new housing developments. Public investment appraisals may need to use adjusted criteria with a greater focus on boosting reconstruction in key sectors and perhaps strengthening regional policies to overcome inequalities that are more pronounced in certain areas.

Community action and volunteering

Maintaining a vibrant third sector and high levels of volunteering after the immediate crisis has passed will be important, not least because it may be needed to respond to future waves of Coronavirus infection. There has been a mobilisation of community capacity to support vulnerable people in response to the immediate crisis, through both established charities and grassroots initiatives. While investment from the Welsh Government and WCVA has been welcome, many Welsh charities are struggling financially because of unprecedented increases in demand for their services and/or the suspension of traditional fundraising activities. New volunteers should be supported to continue in their roles once the pandemic has eased, particularly if a return to work and social life means people have less available time. Appropriate support and funding for the third sector in Wales to manage this will be needed as we move into the recovery phase.

There is an opportunity to create a legacy of community collaboration. Maintaining a sense of community agency could help achieve the goals of the Well-being of Future Generations Act, and we need a renewed focus on identifying and working with influencers in local communities to understand how change happens in each place.

Supporting business and a green recovery

It may be possible to build on the rapid and largely uncontested increase in state intervention during the crisis to secure public support for a greater level of ongoing government engagement with businesses and communities.

Although the Welsh Government has a limited set of economic policy levers, it can exercise significant influence through the support it offers businesses and can use this to secure a green recovery and fair work. It could, for example, **support investment in water and flood management schemes, energy transmission and storage infrastructure (i.e. the grid) – schemes that have the potential for cross-cutting community benefits.** It could also back some high-visibility schemes that demonstrate to local communities that a green recovery is working for them.

Flexible government support

Flexible support for businesses involving collaboration between the UK and Welsh Governments, local authorities, and regional governance structures such as City Deals may be most effective in the recovery period. The Coronavirus pandemic risks reversing gains made in employment in Wales over the last decade. Economic shocks leave businesses with less adaptability and innovative capacity in a more vulnerable position (Healy, 2020).

Understanding how different sectors are affected can inform a tailored support strategy. Four broad categories of business can be identified:

- Some will require support while they gradually phase their return to something resembling normal activity.
- Others, including in the hospitality sector, will not be able to resume for some time and therefore employees should be supported to retrain.
- Those connected to remote tourist areas face particular difficulties as they do not have obvious alternative employment opportunities while restricted travel persists and are likely to face a long period of income loss. They will need enhanced support, such as a job guarantee scheme.
- Those unable to operate under social distancing requirements, such as some manufacturing businesses, may need to move towards automation. Managing this without substantial job losses will require targeted support.

The Welsh Government has a role to provide a pro-business infrastructure including through support for safe workspaces, digital connectivity and sustainable transport, and incentives to encourage manufacturing to align with the ambition of a green recovery.

Financing support

There are choices to be made about how to finance the public debt, particularly in the context of global debt pressures, including how quickly to return to a current budget balance and when and how to raise revenue. If revenue is sourced from tax increases this will have implications for businesses in Wales and tax raising and spending decisions need to take account of the structure of the Welsh economy. For example, a public sector pay freeze would have a more adverse impact in Wales than in some other parts of the UK because of the relatively high level of public sector employment.

Opportunities include increasing the role of the Development Bank of Wales, including with a remit to support firm-level and economic transformation and increased investment in business surveys to provide a nuanced understanding of where there are strengths, opportunities, vulnerabilities, and bottlenecks in financing. Business support should be

revisited to ensure it is tailored closely to the realities of the post-Coronavirus economy, to foster the growth of indigenous business, to support a green recovery, as well as being contingent on recipients demonstrating commitment to the Well-being goals and fair work.

Some parts of the foundational economy will require government support to survive a loss of business resulting from the lockdown and may be adversely affected in the longer-term if rising unemployment leads to a sustained reduction in discretionary spending. However, other parts of the foundational economy, including those in the public sector, are likely to be more resilient. Support should be targeted on businesses that will be viable if they can survive the short-term shock and vocational training and retraining programmes should focus on equipping people for work in these areas.

Business support should be used to try to encourage the type of high streets people want to visit, with a greater recognition of the importance of small businesses and local shopping. Increasing tax rates for larger companies that are located outside of larger towns and cities and increasing support for small businesses could support local communities.

A sustained increase in local shopping and remote working would have negative impacts on city centre businesses dependent on spending by commuters and may hollow out the commercial property market in large and smaller commuter centres. The Welsh Government, local authorities and businesses may therefore need strategies to encourage the re-use or refurbishment of empty office or retail space, including to provide flexible local workspace for start-ups or established businesses located elsewhere. It will also be important to maintain a balanced economy which includes larger firms that bring resources, expertise and knowledge that is unavailable to local enterprises (Soroka et al., 2019).

Strategic use of procurement and business support

Welsh Government support for a green recovery needs to be rooted in a longer-term vision that is based on an assessment of Wales's strategic assets and captures the value created by products made in Wales. This requires mission-driven investment plans and a shift from a 'market fixing role' towards a focus on creating and shaping desirable markets.

Procurement and business support can be used to foster demand and supply networks. Opportunities to support a green recovery include:

- Reducing the carbon intensity of steel production: seeking to incentivise innovation (e.g. using electric furnaces) and building an industrial cluster to support this;
- Changes in land use: investing in skills in land use change and using agricultural subsidies to encourage a shift away from sheep and beef farming towards reforestation;

- Greater investment in onshore wind power;
- Committing to the purchase of zero carbon products; and
- Zero carbon standards for new build housing.

Government policy to incentivise employers to remove barriers to job progression could complement other policies, such as the promotion and enforcement of a national living wage. New procurement clauses, for example, could require companies who wish to work with the public sector to provide progression (Webb et al., 2018), coupled with a strategy of proactive enforcement.

It remains to be seen whether the housebuilding industry will need help to return to capacity once the lockdown is lifted, but there may be opportunities to revisit housing designs. It seems likely that housing policy can support a green and equitable recovery, for example through development of affordable low carbon housing construction and support for retrofitting (or upgrading) existing housing stock. Land management policies could usefully be tailored to support green social housing development.

Public services will play a vital role in the economic recovery as major employers and purchasers of goods and services. It will be important to maximise their potential to support local economies through public procurement and supply chains and in doing so encourage a green economic recovery.

Procurement needs to prioritise the ‘best’ rather than the ‘easiest or most convenient’ options, and we need to equip procurement professionals to develop approaches that maximise community wealth building. A public value approach to procurement may incur higher upfront costs but can bring long-term economic benefits (Tizard and Mathias, 2019), and support local suppliers by linking local ambitions and needs (for instance, reducing local unemployment, developing local supply chains) to contracts; simplifying bidding processes so that SMEs can participate; improving contract management; and including social and environmental criteria in contract specifications (Jackson, 2016; Bell, 2019).

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