



The impacts of Covid-19 and Brexit on well-being

Introduction

Public Services Boards (PSBs) are required to carry out well-being assessments for their local areas every five years, in line with local election cycles. The Wales Centre for Public Policy (WCPP) has been asked to support this process by preparing briefings looking at national trends and evidence across the areas of:

- The impacts of Covid-19 and Brexit on well-being;
- Well-being and equalities; and
- Cultural well-being.

This policy briefing summarises WCPP's findings on well-being and the impacts of Covid-19 and Brexit.

The connection between economic prosperity and well-being

Economic prosperity influences an individual's well-being through its effect on communities and local areas, as well as its effect on personal finances and circumstances. Research has shown that people's level of well-being can be associated with changes in aspects of economic prosperity or deprivation at the local level.

The OECD has developed the well-being framework for measuring performance 'beyond GDP' (see Figure 1). The framework is people-focused, captures outcomes and their distribution, and differentiates between objective and subjective well-being. It illustrates how individual and community well-being are influenced by more than economic factors.

The framework is reflected in the Welsh [national indicators for well-being](#) and the UK's [measures of national well-being](#).

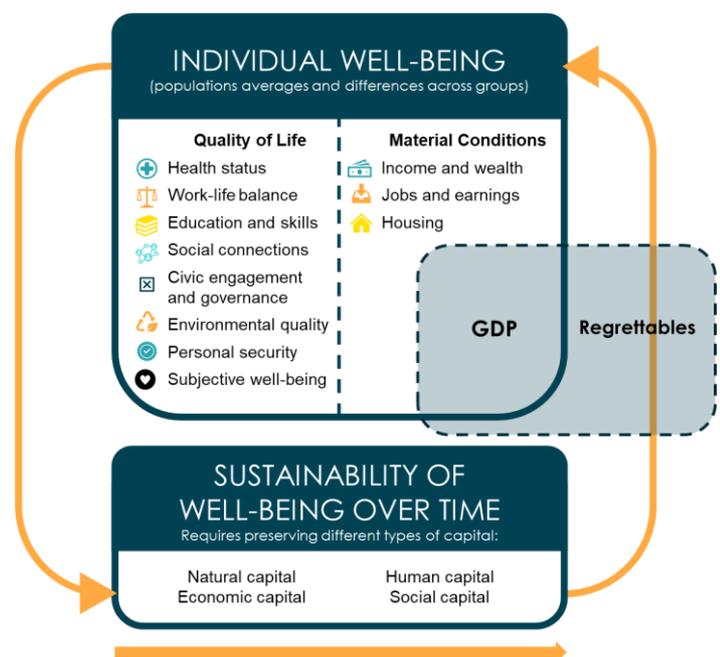


Figure 1. The [OECD framework](#) for measuring well-being

The recovery from the dual economic shocks of Covid-19 and Brexit offer opportunities for Wales to address structural challenges

The impacts of Brexit and Covid-19 on economic prosperity

Both Covid-19 and Brexit have resulted in negative economic shocks for the Welsh economy that will exacerbate inequalities. Covid-19 and Brexit will both have short-term, medium-term and long-term negative implications for the Welsh economy, and in turn, for well-being.

The negative effects of Covid-19 and/or Brexit will be greater in certain regions of Wales. Among sectors shut down as a result of Covid-19 related restrictions, the **accommodation and food sector** has probably been the most negatively affected. This may contribute proportionally more to the local economy in **rural and coastal areas**. The **agricultural and food, automotive, steel and manufacturing and tourism sectors** have been particularly hard hit by Brexit. These are located across Wales, but particularly in South Wales.

Income inequality and unemployment have increased, and the levels of the population's health and educational attainment have suffered

The impacts of Covid-19 and Brexit on different aspects of well-being

Through the negative impact on income, wealth, jobs and earnings, inequality, unemployment, health, and educational attainment, both Covid-19 and Brexit have had a significant negative impact on material conditions and quality-of-life drivers of well-being.

Emerging data suggest that women, older people (at the start of the pandemic), younger people (later on), some ethnic minority groups, those with higher education, and renters have seen a 'more than average' decrease in their well-being due to Covid-19 and Brexit.

Notably, income inequality and unemployment have increased, and the levels of the population's health and educational attainment have suffered. However, these impacts will differ across regions in Wales, due to differences in the composition of local areas.

For example, areas where the population had poorer levels of mental health before the pandemic may experience a greater decrease in health well-being as a result of Covid-19.

Therefore how different characteristics interact is important in understanding the outcomes.

The recovery from the dual economic shocks of Covid-19 and Brexit offer opportunities for Wales to address structural challenges. Key issues to consider are the quality of jobs created, fair work and the problem of in-work poverty.

Evidence gaps, uncertainties, and areas to explore

It will be important for PSBs to note the gaps and limitations of evidence in this area, in order to inform their strategy and adapt these findings to local conditions.

A key issue surrounds the data for the [Welsh national well-being indicators](#): they are largely outdated and/or not available at local levels. Furthermore, some Welsh national indicators for well-being have not been developed yet.

This is compounded by future trends being difficult to predict, as well as national indicator data being high-level. This means that they cannot be used for considering all the different characteristics that could influence changes in well-being due to negative economic shocks, such as Covid-19 and Brexit.

The report has also identified several areas where further research at the local level would be beneficial. This includes research on:

- Female unemployment;
- Non-UK born migrants;
- Skills gaps; and
- Long-term effects.

Conclusion

Both Covid-19 and Brexit have resulted in significant negative economic shocks to the Welsh economy. To fully understand their impact on well-being, well-being should be considered holistically in terms of material conditions and quality-of-life drivers, as in the OECD framework, and also as reflected in the Welsh [national indicators for well-being](#) and the UK's [measures of national well-being](#). Anything less fails to account for factors that contribute to individual and community well-being and means analyses cannot identify relative changes to well-being across different groups of people and places.

Next steps for Public Services Boards

In terms of specific next steps, we recommend that PSBs:

- Consider how **diverse and intersecting characteristics** may influence well-being outcomes and impact existing inequalities.

- **Map local area characteristics (such as demographics, industries, infrastructure) to their associated risks** from Covid-19 and/or Brexit – to better understand the likely effects and to inform policy decisions.
- Based on these data, **consider local interventions that encourage local jobs, simulate growth and have wider positive effects** on social, cultural and environmental well-being.
- **Invest in social infrastructure** (including in activities, organisations and facilities that support the formation, development and maintenance of social relationships in a community) and recognise their value as being essential to the functioning of local economies and communities.
- **Supplement data analysis by drawing upon local expertise** to identify individuals and communities greatly impacted by Covid-19 and Brexit.

Find out more

For the full briefing see Nesom, S., and Tilley, H. (2021). **Briefing on well-being and the impact of Covid-19 and Brexit**. Cardiff: WCPP.

About the Wales Centre for Public Policy

Here at the Centre, we collaborate with leading policy experts to provide ministers, the civil service and Welsh public services with high quality evidence and independent advice that helps them to improve policy decisions and outcomes.

Funded by the Economic and Social Research Council and Welsh Government, the Centre is

based at Cardiff University and a member of the UK's What Works Network.

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