



Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru



Evidence briefing paper

Well-being and the impacts of Covid-19 and Brexit

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Well-being and the impacts of Covid-19 and Brexit



What is the connection between **economic prosperity** and **well-being**?



How have Brexit and Covid-19 affected economic prosperity?

How have Covid-19 and Brexit affected different aspects of well-being in Wales?



Sectors affected by Brexit



Sectors affected by Covid-19



Material conditions as drivers of well-being



Quality-of-life measures as drivers of well-being



What are the evidence gaps, uncertainties, and areas to explore?



How can the Covid-19 recovery and post-Brexit transition support 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 **well-being and equalities, cultural well-being, and the impacts of Covid-19 and Brexit on well-being**.

This briefing focuses on well-being and how it has been affected by Covid-19 and Brexit. Where possible, the effects of Covid-19 and Brexit have been discussed separately, but areas of overlap have also been drawn out. This briefing considers the link between well-being and economic prosperity, arguing that because sectors are geographically concentrated, the economic shocks of Covid-19 and Brexit differ across Welsh regions and places. As evidence is emerging in both areas and the labour market is fast-moving, the report represents the situation at the time of publication. Data for the UK have been presented where data for Wales are not available and where these provide an indication of the likely impact of Covid-19 and Brexit in Wales. This briefing should be read alongside the other two briefings in the series.

This briefing will first aim to explore the following key questions:

1. What is the connection between economic prosperity and well-being?
2. How have Brexit and Covid-19 affected economic prosperity?
3. How have Covid-19 and Brexit affected different aspects of well-being in Wales?
 - 3.1 Material conditions as drivers of well-being
 - 3.2 Quality-of-life measures as drivers of well-being
4. After the discussion of the three key questions, the briefing then looks at the evidence gaps, uncertainties, and areas to explore.
5. Finally, the conclusion provides a summary of the main evidence and then discusses how the Covid-19 recovery and post-Brexit transition can support well-being.

Key findings and recommendations



- 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.
- Through the negative impact on income, wealth, jobs and earnings, inequality, unemployment, health, and educational attainment; **both Covid-19 and Brexit have led to reduced levels of well-being**.
- When analysing the impact of Covid-19 and Brexit on changes to well-being, the **diverse and intersecting characteristics of different people and places** should be considered.
- 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.

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

- Consider how the **diverse and intersecting characteristics of different people** and places may influence well-being outcomes and impact on existing well-being 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 ([Left Behind Neighbourhoods, 2021](#)).
- **Supplement data analysis by drawing upon local expertise** to identify individuals and communities greatly impacted by Covid-19 and Brexit.

1. What is the connection between economic prosperity and well-being?

Internationally, economic prosperity is one of the biggest drivers of differences between countries with high and low levels of well-being. This is because **economic prosperity and well-being are mutually reinforcing and create a 'virtuous circle'** – they can work together to benefit individuals and communities ([OECD, 2019](#)). However, to truly understand their relationship and to ensure the 'virtuous circle' continues, it is necessary to consider the nature of economic growth and what we mean by economic prosperity, at both the individual and community level. It is also important to consider the short-term, medium-term, and long-term effects of economic prosperity on well-being.

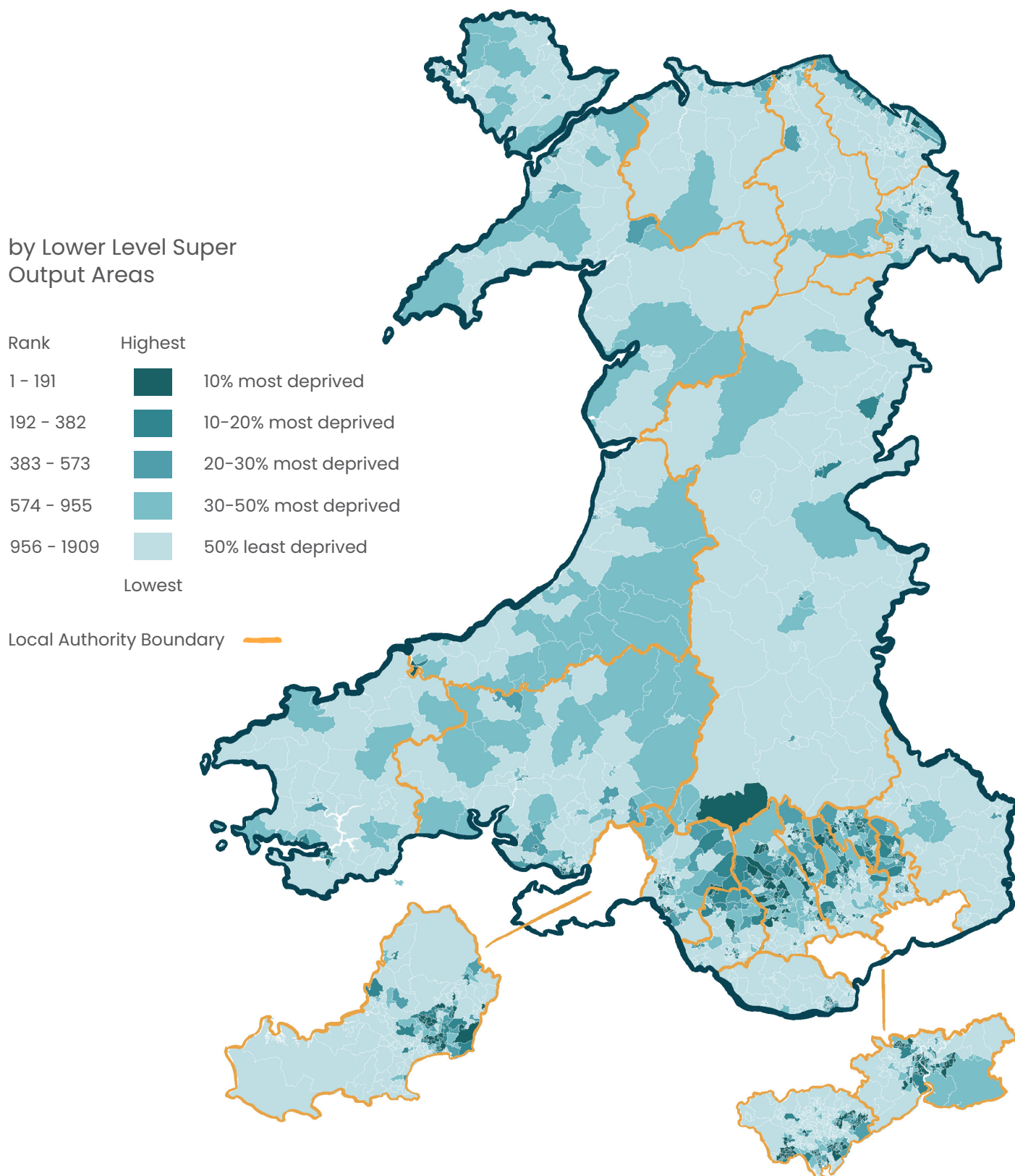
At an individual level, economic prosperity is good for well-being, but it does not guarantee high well-being, as it depends upon:

- Initial prosperity (increases in wealth have a comparatively greater impact on well-being for those on lower incomes);
- An individual's perception of other people's relative wealth (see the **well-being and equalities briefing**); and
- Whether an increase in prosperity leads to an increase in positive expenditure that contributes to well-being ([What Works Wellbeing, 2018](#)).

Losses in individual income also have a greater negative effect on well-being than the positive impact of gains in income.

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 ([Curtis and Congdon, 2019](#)).¹ [Figure 1](#) maps the 1,909 Lower Super Output Areas (LSOAs) in Wales according to their relative levels of deprivation using the latest version of the Welsh Index of Multiple Deprivation (2019). The darker colours indicate more deprived areas and are clustered in cities and the South Wales region.

¹ This used the Welsh Index of Multiple Deprivation, which ranks areas (Lower Super Output Areas (LSOA)) according to eight domains of deprivation (income, employment, health, education, access to services, community safety, physical environment and housing).

Figure 1: Welsh Index of Multiple Deprivation

Source: [Welsh Government \(2019a\)](#)²

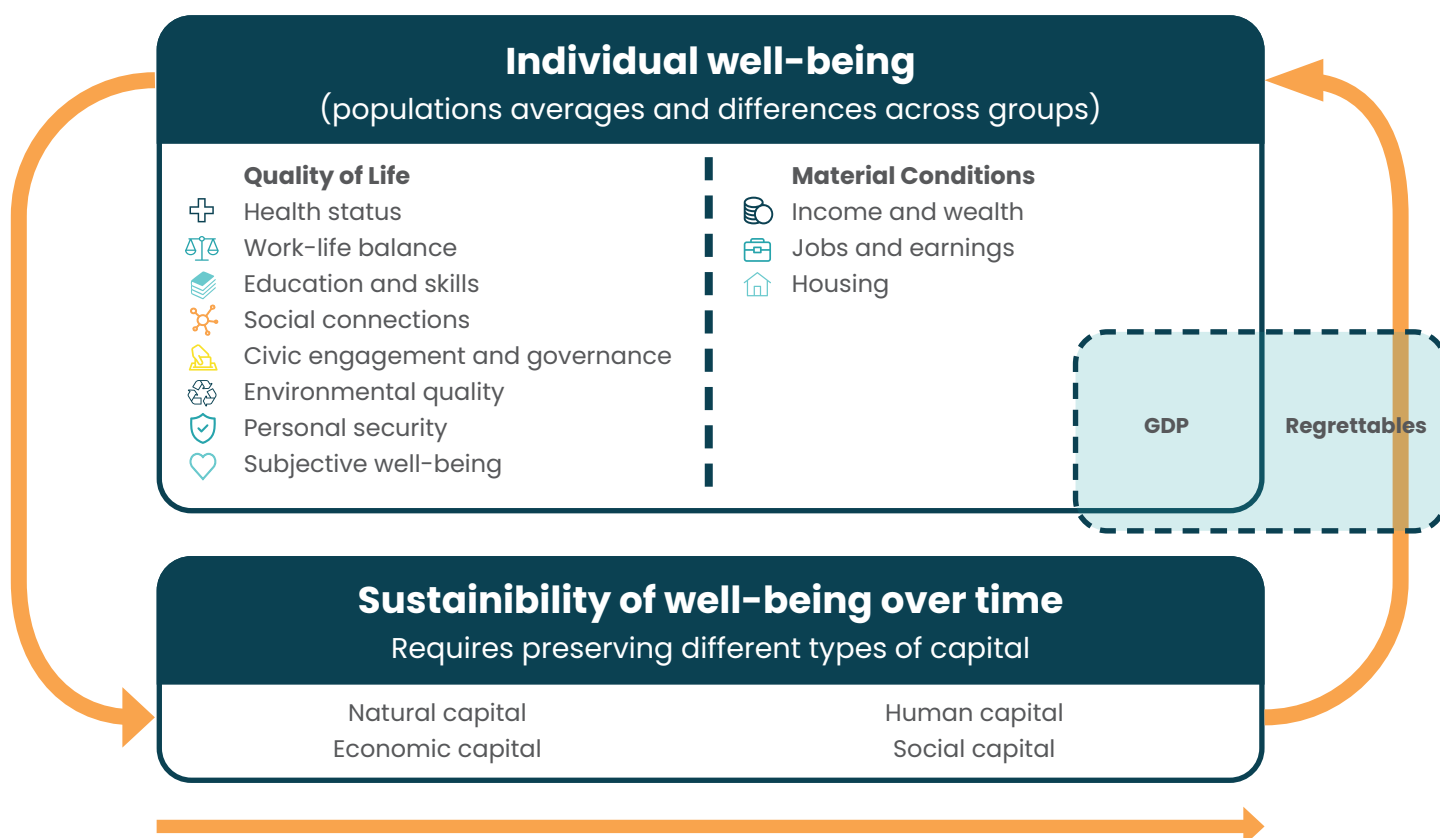
² For more information on data sources and availability see the [Annex](#).

The limitations of gross domestic product (GDP) – as a measure of economic prosperity – in failing to account for factors that contribute to individual well-being are widely recognised. The OECD has developed the well-being framework for measuring performance ‘beyond GDP’, shown in [Figure 2](#) (OECD, 2019, p15). 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](#).

The rest of the report uses the OECD framework to illustrate how Brexit and Covid-19 have both impacted individual and community well-being in Wales, relating them to the [Welsh national indicators for well-being](#) where possible. Quality-of-life factors and material conditions are re-framed as drivers of well-being.

Figure 2: The OECD framework for measuring well-being



Source: [OECD \(2019:15\)](#)

2. How have Brexit and Covid-19 affected economic prosperity?

Brexit and Covid-19 are large shocks that have combined to substantially affect the whole of the Welsh and UK economy ([Figure 3](#)) ([Tetlow and Pope, 2020](#)). Regarding the pandemic, this negative effect is due to the impact of the Welsh and UK governments' public health restrictions, the forced shutting down of some sectors, and changes in people's behaviour due to the pandemic. Regarding Brexit, the associated economic uncertainty has led to a sharp economic contraction. Both shocks will substantially impact well-being in the long and short term through their effects on material conditions and quality-of-life drivers of well-being, as identified in the OECD framework.

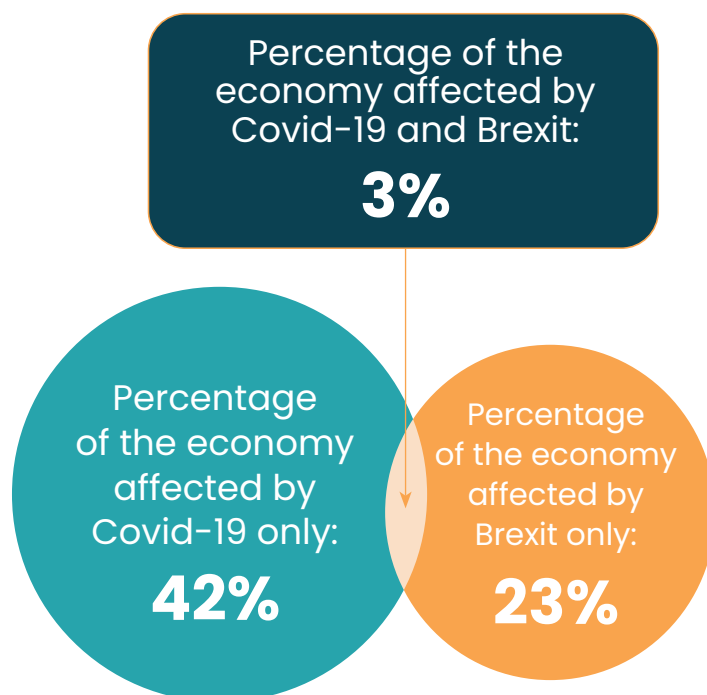
[Figure 4](#) shows the combined impact of Covid-19 and Brexit on GDP in Wales and England. The largest quarterly percentage change decrease compared to the same quarter the previous year occurred in the second quarter of 2020 (by -19.1% in Wales and -21.7% in England, compared to the same quarter of 2019). While there was a strong bounce-back in the third and (to a lesser degree) the fourth quarter of 2020 in both Wales and England, the quarterly percentage change of GDP was still negative for both nations. While UK economic growth rose by 4.8% in the second quarter of 2021, the data suggest that the whole UK economy was 4.4% smaller than in 2020 ([OECD, 2021](#)).³

Both shocks have had significant negative effects on the Welsh economy. Structural factors that are unique to the Welsh economy have influenced the specific well-being outcomes experienced in Wales due to Covid-19 and Brexit, which will be discussed in the following sections. These will have short-term, medium-term and long-term implications for the Welsh economy ([Figure 5](#)). Although the full extent of the impact is still uncertain, they are sure to exacerbate existing inequalities. These structural factors include:

- An ageing population that is in poorer health;
- Lower levels of educational attainment and skills than the UK average;
- Fewer major economic centres that are well-connected to the rest of Wales or the UK;
- Large-scale deindustrialisation and the move away from traditional industries; and
- Limited fiscal devolution ([Johnson and Tilley, 2021](#)).

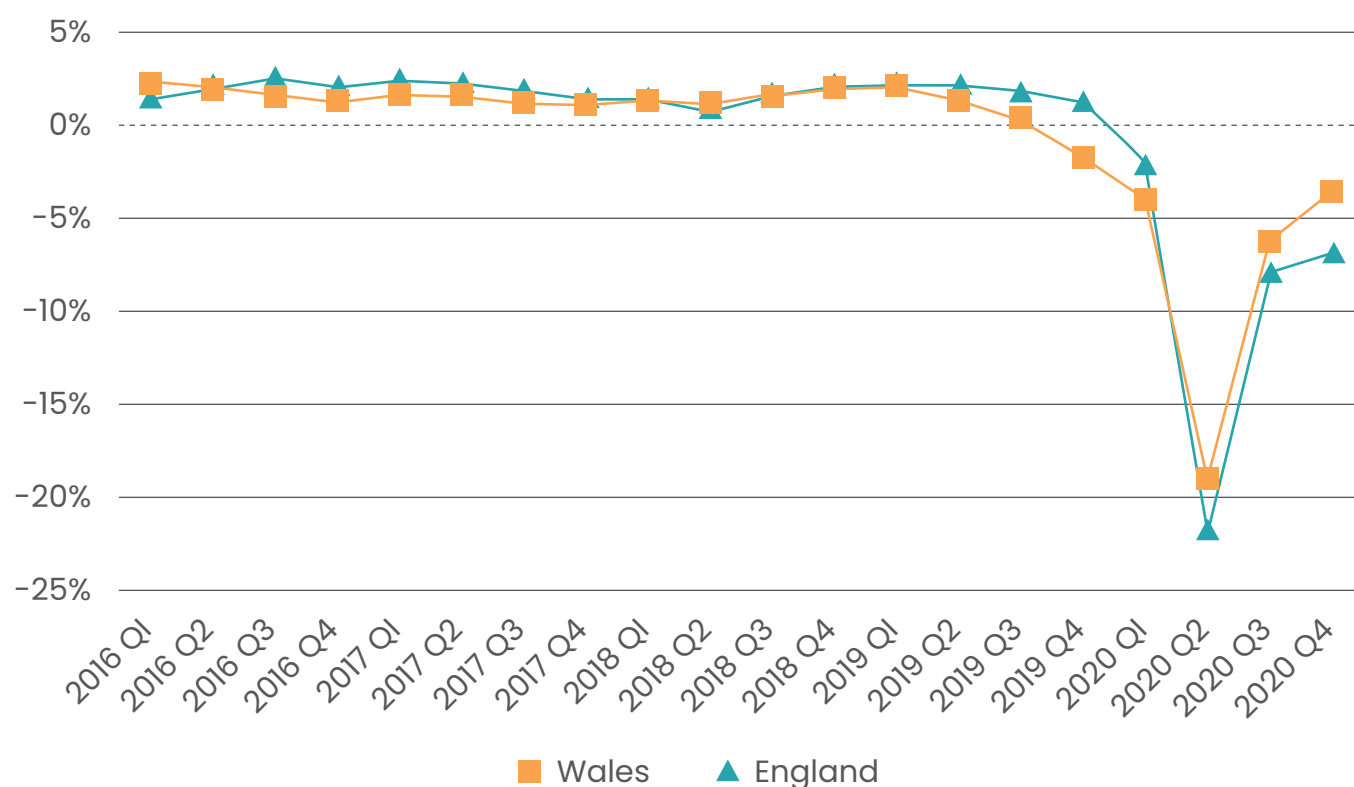
³ Analysis by UK nation and region for the first quarters in 2021 will be released in November 2021.

Figure 3: The impact of Covid-19 and a Brexit free trade agreement on the UK economy



Source: Tetlow and Pope (2020)

Figure 4: Quarterly percentage change in GDP from previous year for Wales and England



Source: ONS (2021a)

Sectors affected

Economic downturns and shocks impact sectors differently, both directly and indirectly. They can be costly for workers and businesses, and therefore have implications for well-being. Understanding these different impacts on specific sectors and where they are located is important for designing policies for recovery and local policies to support well-being. This section considers how sectors and workers have been affected and draws out some implications for well-being. Following [Johnson et al. \(2020\)](#), key sectors are defined to be sectors which either make a significant contribution to the Welsh economy via cultural or community importance; make a specific contribution to innovation; or have a comparative advantage.

[Figure 6](#) shows that the sectors most exposed to the negative economic impact of Brexit have been less exposed to the impact of Covid-19 ([Tetlow and Pope, 2020](#); [De Lyon and Dhingra, 2020](#); [TUC, 2020](#)).

These sectors are geographically concentrated in certain regions of the UK, meaning that the negative economic impacts and the impact on well-being of the Covid-19 and Brexit shocks differs between and within the four UK nations.

Covid-19

The UK and Welsh Governments' public health restrictions and the changes in people's behaviour due to the Covid-19 pandemic have contributed significantly to the economic contraction in Wales. Although the impact has been broad and has been felt in most sectors, the impact has been severely negative for shut-down sectors – those unable to operate during lockdowns.⁴ These are:

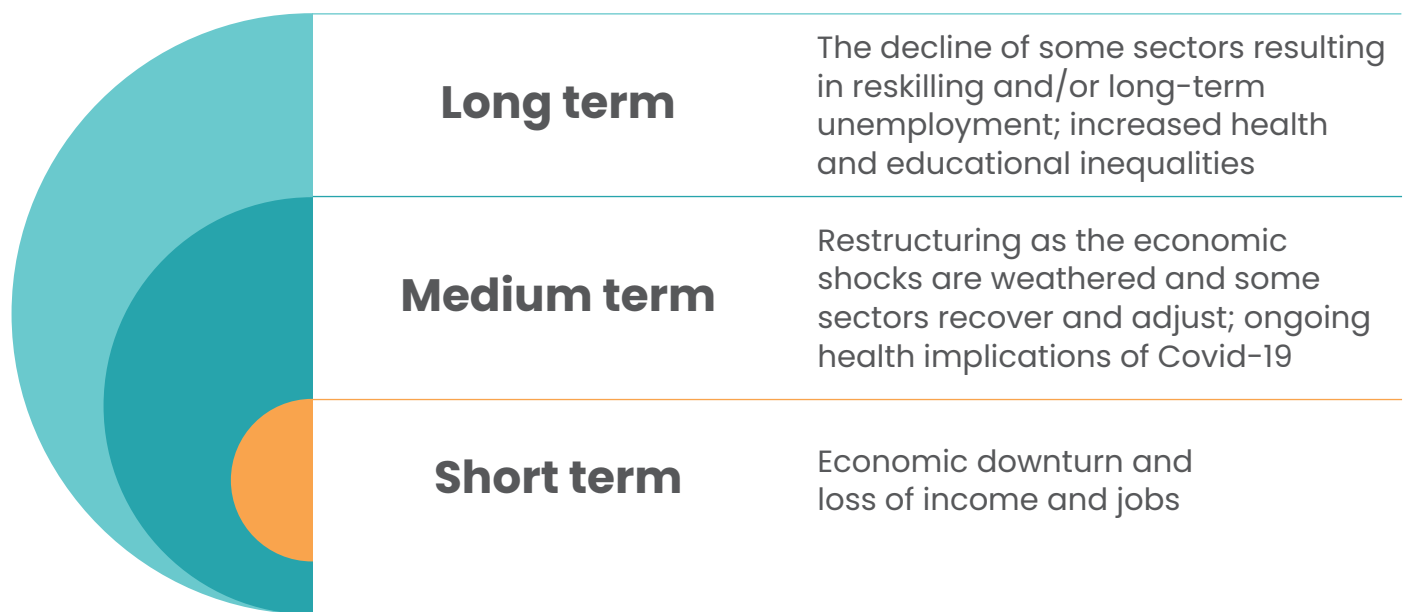
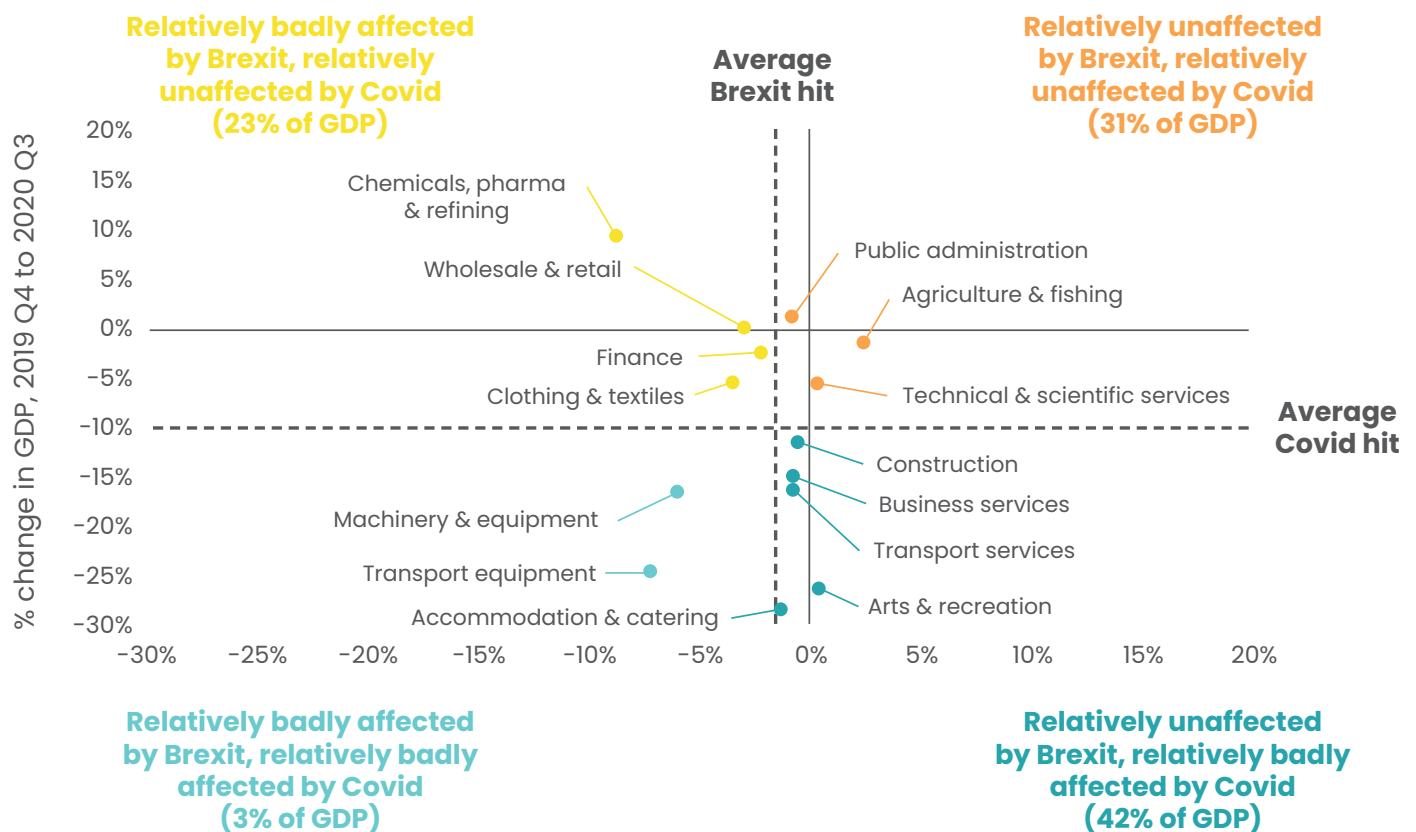
- Non-food, non-pharmaceutical retail;
- Passenger transport;
- Accommodation and food;
- Travel;
- Childcare;
- Arts and leisure;
- Personal care; and
- Domestic services.

Along with other occupations that have low ability to be carried out from home, these are identified as the most vulnerable to the economic impacts of Covid-19 ([ONS, 2021b](#)).

Due to this unbalanced impact of the pandemic at the sector level and the regional distribution of these sectors, the Covid-19 crisis is likely to exacerbate many existing inequalities and regional disparities in Wales, and thus have different impacts on well-being.

16–17% of Welsh workers were employed in shut-down sectors, which is higher than both the UK as a whole and England ([Figure 7](#)) ([Rodríguez, 2020](#); [Tilley and Johnson, 2020](#); GW4 Pay Equality Consortium, 2021). It is not possible to compare the proportion of the working-age population working in shut-down sectors across different areas of Wales, due to sample sizes and biases within the data (GW4 Pay Equality Consortium, 2021 – in progress). However, it is likely that there is a higher proportion of workers in shut-down sectors in areas that are more reliant on tourism, and retail and hospitality, such as coastal towns ([WCPP, 2021](#)). Early evidence suggests these are more dominant in rural areas ([Bevan Foundation, 2020](#)).

⁴ Defined according to the classification of four-digit SIC codes by [Joyce and Xu \(2020\)](#).

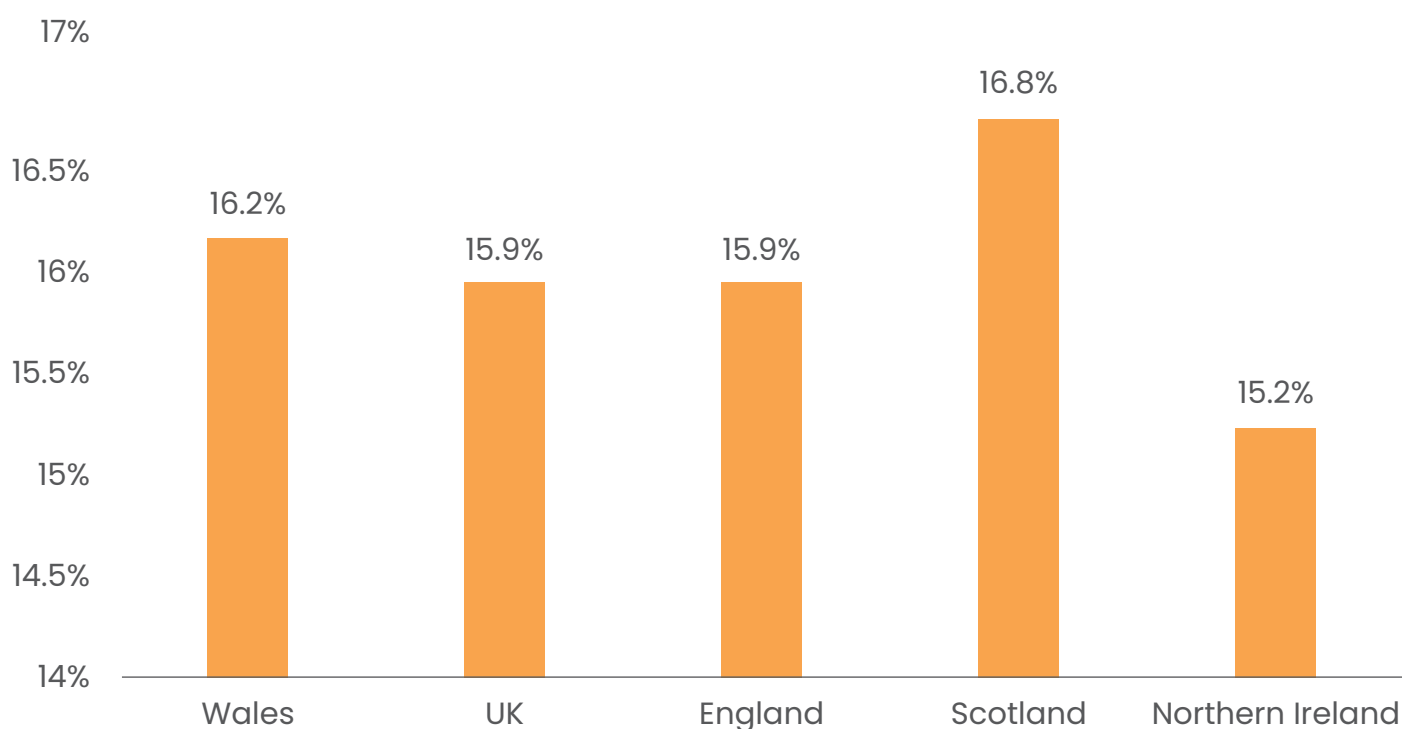
Figure 5: The short-, medium- and long-term impacts on the Welsh economy**Figure 6: The impact on GDP of Covid-19 and a Brexit free trade agreement in different sectors in the UK**

The demographic profile of workers in shut-down sectors differs across the UK; but generally, they are more likely to be female and of Bangladeshi, Pakistani and Black Caribbean ancestry. This is particularly the case in Wales, where over two-fifths of workers employed in shut-down sectors prior to the pandemic were Bangladeshi ([Rodríguez, 2020](#)). These workers in Wales were also more likely to be lower-income, female, and three times as likely to be under 25 ([Rodríguez, 2020](#); GW4 Pay Equality Consortium, 2021; [Joyce and Xu, 2020](#); [Adams-Prassl et al., 2020](#)). In Wales, 61% of employees aged 16–19, and 33% of those aged 20–24 were estimated in 2019 to be working in these sectors, which is higher than other age groups ([Learning and Work Institute, 2020](#)).

This will have long-lasting impacts on well-being, as spells of unemployment affect future employment prospects and earning power. This is particularly true for younger workers.

The **accommodation and food sector** in Wales has probably been most negatively impacted by Covid-19. While the reopening of this sector for summer 2021 has eased the impact of the pandemic, 48% of businesses in the UK's accommodation sector reported a drop in profits of 20% or more for this time of the year in early June 2021 ([ONS, 2021c](#)). This will significantly impact the well-being of workers in this sector and people living in the areas that are reliant on this sector, and can be expected to prevail in the short- to medium-term.

Figure 7: Share of UK employees in shut-down sectors by nation



Source: GW4 Pay Equality Consortium (2021)⁵

⁵ Estimates in Figure 7 differ from those in the text due to sampling methodologies, compounded by sampling issues caused by the pandemic (see [ONS, 2020b](#)).

Businesses are reportedly struggling to find workers as lockdown eases, with the number of UK job vacancies in the second quarter of 2021 above pre-pandemic levels by 9.9%. Vacancies grew fastest in the arts, entertainment and recreation sector (up 330.4% from the first quarter of 2021 and 6.2% from the first quarter of 2020). The accommodation and food service sectors displayed a record number of vacancies (102,000), where there is evidence of a shortage of skilled staff and of employees finding alternative areas of employment prior to the sector reopening ([ONS, 2021d](#)). Welsh data for the first quarter of 2021 suggest that the rate of claimants to job vacancies was particularly low in Pembrokeshire and Cardiff ([Partington 2021](#)).

Long-term impacts will mainly result from viable businesses going out of business or new businesses not starting up, and workers being less productive due to loss of skills and attachment to the labour market during the lockdowns ([Tetlow and Pope, 2021](#)). The long-term impacts of the pandemic will likely also differ between sectors and areas, depending on whether the pandemic changes patterns of behaviour. For instance, if people choose to continue to work from home, there will be reduced demand for city centre businesses and for travel ([Carter and Johnson, 2021](#)). Conversely, the pandemic may also lead to positive long-term effects, including a new demand for cafés and shops closer to people's homes (*ibid*).

Brexit

The EU is the most economically valuable international trading partner for Wales and the UK. This means that Brexit will continue to have a profound impact on the Welsh economy. While attempts to model the short-term impact produce uncertain results, the extensive modelling of the likely medium-term impact ([Figure 6](#)) estimates that this will be concentrated in certain sectors.

Analysing the sectoral impacts of Brexit provides an understanding of the ongoing disruption experienced by new trade barriers, the likely effects on businesses, employment and, in turn, well-being.

The sectors most impacted are those that rely on importing and exporting to the EU, such as the agricultural and food sector, and the manufacturing and steel sectors. Most of these impacts arise due to border delays, as traders adapt to new customs and regulatory requirements and new IT systems are embedded.

[Table 1](#) summarises the impact of Brexit on these sectors, as well as the tourism sector, due to the combined impact of Covid-19 ([Johnson et al., 2020](#)). Brexit will impact the well-being of those employed in these sectors and areas where they are geographically concentrated, which risks compounding the existing negative effects of large-scale deindustrialisation.

The UK economy and levels of well-being will also be substantially impacted by the sharp drop in the number of overseas workers – especially EU workers, who are specifically deterred by Brexit. It is leading to particularly high demand in some sectors, notably manufacturing, transport, logistics and warehouses, and catering and hospitality. These sectors are generally low-paying with poor conditions ([Webb et al., 2018](#)). The easing of post-Brexit immigration rules, as well as further investment in skills and training domestically, could help to address these shortages in the long run. Interestingly, however, residency data suggest that the supply of workers in Wales may in fact have increased, as it is the only region in the UK to have seen a rise in the number of both UK-born residents (+24,767) and non UK-born residents (+11,161) between the third quarter of 2019 and the third quarter of 2020 ([ESCOE, 2021](#)).

Table 1: Key sectors in Wales impacted by Brexit⁶

Sector	Employees	Geographical location
Agricultural and food	Agriculture: 37,300 principal farmers and 15,500 workers Food and drink production: 24,500 employees	North and West Wales – sheep production South and East Wales – dairy, horticultural and other farm types Coastal seafood exporting areas
Automotive	15,000 employees	Predominantly in South Wales
Compound semiconductors	1,407 employees	Predominantly in Cardiff
Cyber security	60 SMEs	South Wales
Digital and creative goods and services	56,000 employees	Mostly in the wider South Wales region, although the sector is represented throughout Wales (for example, Y Lolfa in Ceredigion)
Financial services and professional business	150,000 skilled employees	Mostly Cardiff, but some smaller firms across Wales
Manufacturing	Over 145,000 skilled employees	West Wales and the South Wales Valleys, Flintshire and Wrexham
Life sciences	11,000 employees	Predominantly Cardiff and the wider South Wales region
Steel	Directly employs 7000 and indirectly employs 10,000–20,000	Large Tata Steel sites in Port Talbot, Cardiff, Newport and Wrexham, and smaller sites in Llanwern and Llanelli
Tourism	170,000 individuals. Employs 12.7% of the total Welsh workforce	Throughout Wales, but a particular impact for rural communities, including those in Conwy (16.7% of total employees), Pembrokeshire (15.1%), Ceredigion (13.2%), Gwynedd and Powys. Few alternative employment opportunities

⁶ See [Johnson et al. \(2020\)](#) for specific impacts

Summary of sectors affected by Covid and Brexit

- Nearly 70% of UK sectors have been impacted by the negative economic shocks of Covid-19 and/or Brexit.
- Covid-19 has had a disproportionately negative impact in shut-down sectors. The **accommodation and food sector** has probably been the most negatively affected shut-down sector in Wales. Regarding areas in Wales, it is likely that a higher proportion of workers in shut-down sectors are more reliant on **tourism, and retail and hospitality**, which are more likely to be in **coastal towns and rural areas**.
- Key sectors negatively impacted by Brexit include the **agricultural and food, automotive, steel and manufacturing and tourism sectors**, which are located across Wales. It also has large implications for sectors reliant on imports and exports, reflected by traffic levels coming through **Holyhead, Fishguard and Pembroke docks**.
- In Wales and the UK, workers in shut-down sectors are more likely to be **female and of Bangladeshi, Pakistani and Black Caribbean ancestry**. They are also more likely to be **lower-income workers and under the age of 25**.
- The combined impact of Covid-19 and Brexit has resulted in **shortages of workers** in some industries across the UK but also **workers being unable to find jobs**.

3. How have Covid-19 and Brexit affected different aspects of well-being in Wales?

[What Works Wellbeing \(2020a\)](#) has identified a number of mechanisms or drivers through which Covid-19 and Brexit have affected individual and community well-being, linked to the downturn in economic prosperity. These relate to the OECD framework for measuring well-being ([Figure 2](#)), the [Welsh national indicators for well-being](#) and the UK's [measures of national well-being](#). Data are still emerging but it appears 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 ([What Works Wellbeing, 2021a](#)).

The following sections look at the evidence related to how material conditions (income and wealth, jobs and earnings, and housing) and quality of life (health, work-life balance, education and skills, and environmental quality) have been influenced by Covid-19 and Brexit, and how, in turn, they have driven changes in well-being.

3.1. Material conditions as drivers of well-being

As discussed above, Covid-19 and Brexit have resulted in negative economic shocks to the Welsh economy, which will influence material conditions. In turn, changes to these conditions will drive changes in individual and community well-being.

Income and wealth

Data suggest that on average, household incomes fell in all regions of the UK in 2020, with the largest falls in the south and Midlands of England, and the lowest falls in the north of England and Wales ([Davenport et al., 2021](#)). This has left an estimated 12.5 million people in the UK financially worse off by a combination of the pandemic and Brexit ([ONS, 2020a](#)). (It is important to note that data limitations do not make it possible to identify their geographical location.) While people with low and mid-levels of personal income (up to £20,000 a year) were most likely to have reported a loss of income ([ONS, 2020a](#)), individuals most negatively impacted financially by the Covid-19 pandemic were more likely to be individuals from Black, Asian and ethnic minority communities, and parents – particularly from these communities – who reported having to use their savings for day-to-day purchases.

Despite this, the overall savings ratio (household savings as a proportion of household disposable income) increased from 8.9% in the first quarter of 2020 to 25.9% in the second quarter of 2020. Whilst this decreased to 14.3% in the third quarter of 2020, it then increased again to 19.9% in the first quarter of 2021 ([ONS, 2021e](#)). As shown in [Figure 8](#), this is driven by a large proportion of wealthier households saving more (47% in the highest income quintile, compared to 12% in the lowest quintile).

This suggests that both shocks are likely to increase economic inequality, which is associated with several aspects that influence well-being inequality, including life expectancy (see the [well-being and equalities briefing](#)). Data from 2018 suggest that Wales had the lowest savings ratio of the UK, with the [2019-20 National Survey for Wales](#) identifying that the highest percentage of people living in households in material deprivation (for the Welsh national indicator 19) were in Blaenau Gwent and Merthyr Tydfil.

Average household debt has seemingly not been affected by the pandemic, with total household debt in the UK increasing by an annual rate of 3.6% in March 2020 and 3.4% in May 2021. This is within the range of the average annual growth rate in debt in the 2010s ([Francis-Devine, 2021](#)). However, there is evidence to suggest that lower-income households and families on Universal Credit and Child Tax Credit have experienced an increase in debt levels ([Joseph Rowntree Foundation, 2020](#)), which, combined with lower savings, is likely to increase inequality. Other groups that are most likely to have taken on more debt since the start of the pandemic include renters, people from minority ethnic groups, parents and carers, disabled people, those shielding, and young people.

Jobs and earnings

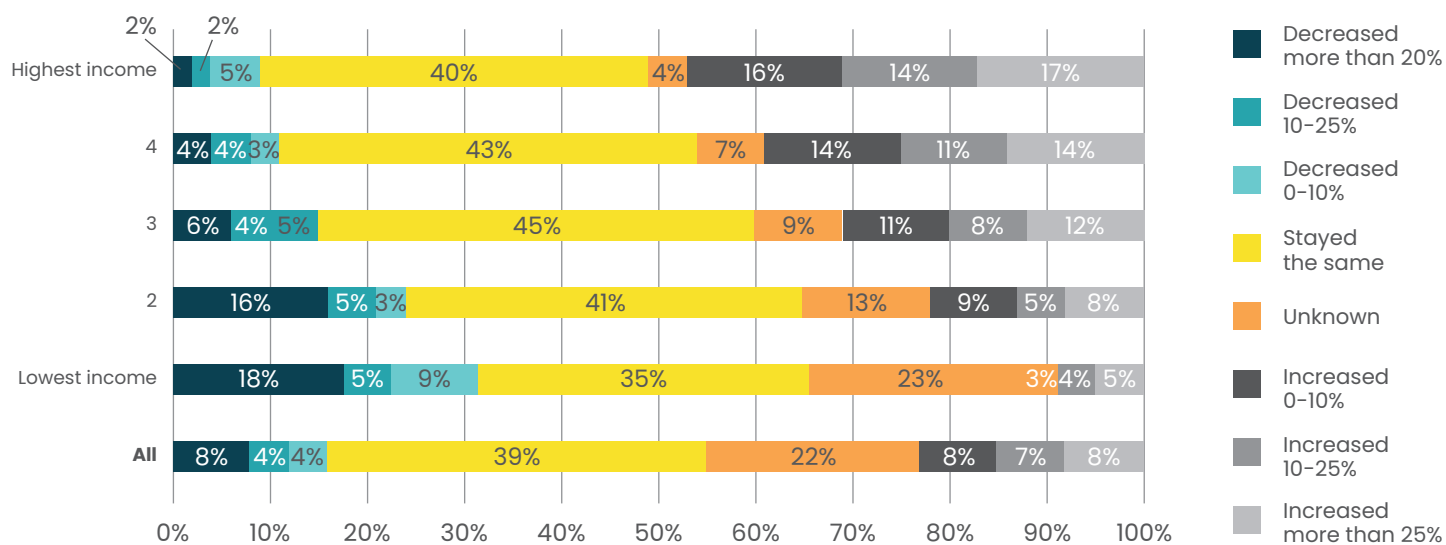
Jobs are one of the most important drivers of individual well-being and are the 21st and 22nd [Welsh national indicators for well-being](#). Employment has a large positive effect on well-being, while unemployment reduces well-being to a much greater degree than can be explained by the loss of income alone. Unemployment is linked to a lower sense of purpose, lower life satisfaction and higher anxiety. The fall in well-being is generally larger for men and young people, and gets bigger the longer the spell of unemployment for an individual.

There is also evidence to suggest that unemployment reduces the well-being of the spouses of unemployed individuals, especially female spouses ([What Works Wellbeing, 2017a](#)).

Unemployment figures have begun to reflect the combined effects of Covid-19 and Brexit. Data for the second quarter of 2021 suggest that the unemployment rate in Wales was 4.1%, which is lower than the UK average of 4.7%. Over the pandemic, the unemployment rate for women in Wales has generally been lower than the unemployment rate for men. In the first quarter of 2021, the unemployment rate for men was the highest since the third quarter of 2016 ([Figure 9](#)); in comparison, the unemployment rate for women was the lowest ever recorded. This appears to contradict early evidence that women were being more negatively affected by the pandemic ([Women's and Equalities Committee, 2021](#)). While unclear at the time of writing, it may be a result of women taking temporary jobs, such as for the Track and Trace programme during the pandemic, or leaving the labour force entirely. Figures for the second quarter of 2021 suggests a return to pre-pandemic patterns. Alternatively, the unadjusted claimant count in Wales – reflecting those claiming Jobseeker's Allowance or Universal Credit and currently 'searching for work' – shows a 97% rise from March 2020 (60,375) to August 2020 (118,905).⁷ By sex, the claimant count for males increased by 100% and females by 93% during the same time, surpassing the levels reached after the 2008 financial crisis. While this can give an indication of how unemployment is likely to change, it overstates unemployment because it includes those still working, furloughed or receiving other grants ([Rodríguez et al., 2020](#); [Brewer et al., 2020](#)).

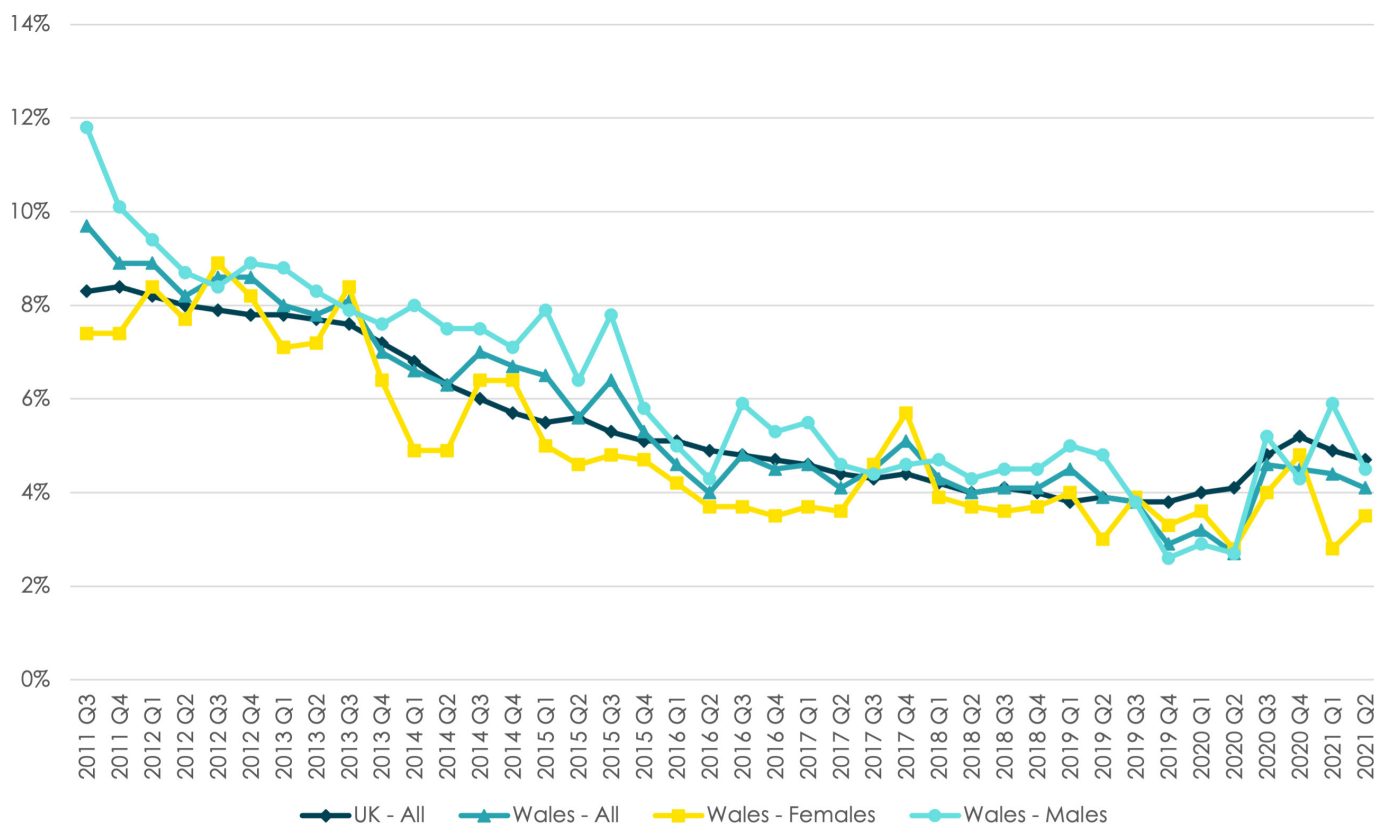
⁷ There has been a decrease in the claimant count since August 2020, to 93,715 in July 2021.

Figure 8: Changes in individuals' savings over the crisis, in the UK, by income quintile, 3-8 June 2021



Source: [Resolution Foundation \(2021a\)](#)

Figure 9: Unemployment rate in the UK, Wales and by gender



Source: Labour Force Survey

Despite this, the full effect of these events on the unemployment rate in Wales will not be fully felt until the furlough – or Coronavirus Job Retention scheme – has ended.

At the beginning of the pandemic, 30.6% of employees in Wales were furloughed, which was a lower proportion than in Scotland, Northern Ireland and England. While this proportion has fallen as lockdowns have eased, the furlough scheme take-up rate (calculated as the percentage of employments furloughed) was estimated at 6% in Wales up to mid-July 2021, which again is lower than the 8% in the UK. This also differs by local authority level: Conwy (particularly the Aberconwy constituencies) and Flintshire had the highest take-up rate of 7% and Cardiff and the Valleys and Swansea the lowest, at 4–7% ([UK Government, 2021](#)). A higher take-up rate probably implies a higher proportion of workers in shut-down sectors. Throughout the pandemic, the proportion of furloughed employees was significantly higher in rural local authorities most dependent on tourism and the hospitality sectors and a larger percentage of active enterprises that were temporarily closed ([Bevan Foundation, 2020](#)).

Research has begun to untangle the gendered impacts of the furlough scheme. While at the start of the pandemic, across all regions of the UK slightly more female employees were furloughed; as of the end of June 2021 slightly more males were furloughed (53.2% of furloughed employees) across all regions and in Wales. This reflects decreases in the number of jobs on furlough in sectors such as accommodation and food, as reflected in recent employment figures. Considering how age, race, gender and family status interact, the gender furlough gap was higher for younger and Black, Asian and minority ethnic women ([Women's Budget Group, 2020](#)), as well as for parents generally, and single and female parents particularly ([Women and Equalities Committee, 2021](#); [Clery et al., 2021](#)).

Analysis of the reporting on the 2021 gender pay gap – due on 5 October 2021 – will give a more detailed view of the gendered impact of the furlough scheme, as furloughed employees must be included.

Effects on well-being

Evidence has begun to make it possible to link these changes in the labour market to levels of well-being: changes to income can lead to changes to an individual's purpose and meaning, social interactions and daily routines. Following a period of sustained economic shrinking, the well-being gap between the employed and the unemployed increased in the course of 2020. This could be due to the low well-being of people becoming newly unemployed during this time and/or a deterioration in the well-being of people who have remained unemployed ([What Works Wellbeing, 2021b](#)), and is likely to have scarring effects on individuals and for economic performance over the medium term and long term.

The impact of furlough on well-being differs for individuals. It was found to raise the well-being of parents, particularly women, who may have been juggling home-schooling and work, but lower the well-being of those on the lowest incomes, who may have found themselves on a 'cliff edge' of job and financial insecurity ([Hardoon, 2021](#); [Mind, 2020](#)). At the beginning of the pandemic, the furlough scheme also protected people's mental health against the decline they would have experienced with unemployment ([Hardoon, 2021](#)). Furthermore, over half of fully furloughed workers in May 2021 were aged 45 or above, which will undoubtedly impact their well-being as they spend longer not working and earn less when they return ([Resolution Foundation, 2021b](#)).

Summary of material conditions as drivers of well-being

- **Brexit and Covid-19 have had significant negative impacts on income, wealth, jobs and earnings, which in turn have reduced levels of well-being.**
- **Economic inequality is likely to increase** across the UK. This is due to larger falls in household incomes for low- and middle-income households; Black, Asian and minority ethnic communities; and parents – particularly from these communities; and increasing levels of debt for lower-income households.
- **Unemployment figures increased during 2020**, significantly for males in Wales towards the end of 2020 and the beginning of 2021; conversely (and unexpectedly), the latest data show female unemployment levels to have decreased, although data for the second quarter of 2021 suggest a return to pre-pandemic patterns. However, the impacts of the Covid-19 pandemic and Brexit will not be reflected until the furlough scheme ends.
- **A lower proportion of employees were furloughed in Wales than in the other UK nations, although this differed by area.** Rural areas and coastal towns most reliant on the tourism and hospitality sectors showed higher proportions of furloughed employees – particularly women, younger workers and parents. As the economy and society reopens, men are being furloughed at a higher rate and have a higher rate of unemployment.
- **The labour market appears to be recovering**, although some sectors have a restricted labour supply. Young workers were more likely to be out of work during lockdown. Older workers were more affected initially, but are taking longer to return to work.
- **The well-being gap increased between the employed and unemployed** during 2020 and those furloughed experienced a slight decline in their well-being.

3.2. Quality-of-life measures as drivers of well-being

Quality-of-life measures capture well-being holistically, which is important when considering the impacts of Covid-19 and Brexit across different groups and their effect on inequality (see the [well-being and equalities briefing](#)). Covid-19 and Brexit have affected many aspects of quality-of-life measures at the individual and community level, included in the OECD framework (see [Figure 2](#)). These measures have thus driven changes in well-being.

Health

Physical and mental health are the biggest factors influencing individual well-being, with self-reported poor health strongly associated with the lowest individual well-being. The pandemic, and indirectly Brexit, have both had significant negative impacts on the physical and mental health of the population, exacerbating existing health inequalities ([What Works Wellbeing, 2020b](#)). The widening gap between people's experience of health can be expected to increase well-being inequalities, and overlaps in individual risk profiles are likely to entrench existing inequalities. This is particularly important in Wales, given the poorer health of the population on average in comparison to the UK.

Physical health

The already relatively poor physical health of the Welsh population is likely to have worsened due to both the direct and indirect effects of the pandemic. Directly, men, older people and people with long-term health conditions are at a higher risk of serious illness and death from Covid-19. However, the analysis should focus on the intersection of inequalities and consider ethnicity, gender and socioeconomic position.

Taking this into account by controlling for differences in sex, age and area deprivation, people from non-white ethnicities are found to have at least twice the risk of death from Covid-19 ([ONS, 2020b](#)). Due to the geographical distribution of these socioeconomic groups, deaths from Covid-19 have been geographically concentrated in the South Wales region and North East Wales.

'Long Covid' – the term used to describe ongoing symptoms that develop after a person contracts Covid-19 – has also negatively impacted the health and well-being of the Welsh population. Estimates suggest that 2–10% of people who tested positive in the community and over 70% of people hospitalised are likely to experience symptoms of Long Covid. Studies indicate that while women are more likely to develop symptoms, Long Covid is likely to compound existing inequalities in the same way Covid-19 has done ([Welsh Government, 2021a](#); [Ayoubkhani et al., 2021](#)). Furthermore, ONS data indicate that a higher proportion of NHS staff and teachers have the condition compared to other occupations. This will have long-term implications for the health service and teaching professions as the nation continues to emerge from the pandemic ([ONS, 2021f](#)).

Apart from these direct negative impacts on the physical health of Wales' population, there have also been indirect effects. These may include less participation in physical activity and increased alcohol consumption during the pandemic, particularly during lockdowns. A survey conducted in Wales showed that 47% of respondents felt their physical fitness has declined over the past 12 months, and 40% reported weight increase ([Public Health Wales, 2021](#)).

The direct and indirect health impacts of Covid-19 may increase existing health-related inequalities, as both reduced physical activity and increased alcohol consumption are associated with an individual's vulnerability to Covid-19, and a worsening of mental health is more likely to be seen in those most affected by the virus ([Potter et al., 2020](#), [Social Market Foundation, 2021](#)). This is a particular concern for certain groups, including young people, people from low-income urban households and Black, Asian and minority ethnic groups, who are more likely to live in overcrowded homes and poor-quality environments, and to lack access to green spaces ([What Works Wellbeing, 2020c](#)). On a positive note, despite concern about the effects of food insecurity on children with parents on low income, children in the most deprived areas of Wales are reportedly eating more fruit and less takeaway food than before the pandemic began ([HAPPEN, 2020](#)).

Evidence also indicates that individuals accessed health services 20% less frequently than they usually would during the peak demand for health services. This reduction in access due to the pandemic was greatest among patients with diabetes, heart disease and mental health illnesses, and is also reflected in drops in cancer diagnoses and heart surgeries ([What Works Wellbeing, 2020d](#)). This is likely to have long-term implications across Wales, further increasing existing health inequalities, and in turn, reducing well-being.

Brexit is likely to compound these health impacts of Covid-19, as there is a concern that it may lead to staffing constraints within the health and social care sectors, reduced access to medicine and medical devices, and confusion around legislation. Together, these are predicted to increase the cost of the NHS in the UK by £7.5 billion a year ([Fahy et al., 2017](#); [Public Health Wales, 2019](#)).

Mental health

There is strong evidence that points to the worsening of the mental health of the Welsh population since the start of the pandemic, with increased reporting of depression, anxiety, and loneliness and social isolation ([Green et al., 2020](#); [Public Health Wales, 2021](#)). Wales is likely to experience a similar increase in the proportion of its population needing new or additional mental health support as the UK as whole, where it is predicted to increase by up to 20% of the population – 1.5 million of these are predicted to be children or young people under the age of 18 ([O'Shea, 2020](#)).

To supplement the missing data on mental well-being in the 2019–20 National Survey for Wales, [Gray et al. \(2020\)](#) collected data at the start of the pandemic. Using the same measure, they found that Covid-19 had dramatically decreased mental well-being across Wales. This was particularly the case for young people, women and those in deprived areas.

The pandemic has also had a profound effect on well-being due to the changing nature of relationships and forms of engagement with other people. Those who are young, live alone, are on low incomes, out of work, and experience a mental health condition are at the highest risk of being lonely ([Bu et al., 2020](#); [ONS, 2020](#)). The experience of loneliness has increased, particularly for those who already felt the most lonely. This may be a particular concern for Torfaen and Conwy, which have the highest percentage of people feeling lonely according to 2019 data, as measured by the [Welsh national indicators for well-being](#).

The evidence suggests that certain groups are more at risk of experiencing mental health difficulties due to the pandemic, which could exacerbate existing inequalities. These are:

- **Key workers**, who are more likely to experience anxiety or distress ([Green et al., 2020](#));
- **Financially impacted individuals**, who show higher levels of anxiety, feelings of not coping well and suicidal thoughts ([Mental Health Foundation, 2020](#));
- **Young people**, who are more likely to have experienced poor mental health during lockdown than adults. The evidence suggests that young people and children are becoming more lonely – 72% of young people in the UK said loneliness had made their mental health worse ([Mind, 2020](#));
- **Individuals more at risk from Covid-19**, including people over the age of 70, those with underlying health issues, people from ethnic minority backgrounds and people living in poverty, and the children in these households, who reported feeling more anxious ([What Works Wellbeing, 2020b](#));
- **People who were experiencing poor mental health before the pandemic**, who generally suffered the largest deterioration in mental health during the pandemic. These individuals tend to be young women ([Banks and Xu, 2020](#)). This may be a particular concern for local areas that scored low on mental well-being in the [2018-19 National Survey for Wales](#). These include Bannau Gwent, Torfaen and Pembrokeshire, as well as Hywel Dda University Health Board and Neath Port Talbot, which had a low mean mental health well-being score in 2016 for the [Welsh national indicators for well-being](#).

Conversely, some groups have experienced a positive impact on their mental health during the Covid-19 pandemic, including manual labourers, the underemployed (especially if they were male) and to some extent men aged 65 years and over ([Foa et al., 2020](#); [Banks and Xu, 2020](#)). There is also some evidence suggesting that anxiety levels in the UK have recently started to fall as people are adjusting to the 'new normal' and as restrictions are being relaxed ([ONS, 2021g](#)).

Work-life balance: remote working

As previously discussed, being employed is extremely positive for well-being, especially if it provides a sense of purpose, security, autonomy and where relationships and skills are fostered and developed ([What Works Wellbeing, 2017a](#); [2017b](#)). However, due to Covid-19- related restrictions requiring people to work from home when they can, most people's jobs in Wales have changed. This has implications for well-being – both positive and negative.

The key pandemic-related factor to affect this is the major shift to remote working. There has been an unprecedented increase in the proportion of people working remotely, with UK data suggesting that 46.6% of people in employment worked from home in April 2020 – with 86.0% doing so as a result of the pandemic – compared to just over 5% in 2019 ([ONS, 2020d](#)). This proportion is lower in Wales than in the rest of the UK ([Figure 10](#)), with 56% of Welsh workers being unable to work at home. This may partly reflect lower wage levels in Wales, as lower-income workers are much less likely to be able to work from home than those on higher incomes ([Rodriguez, 2020](#)).

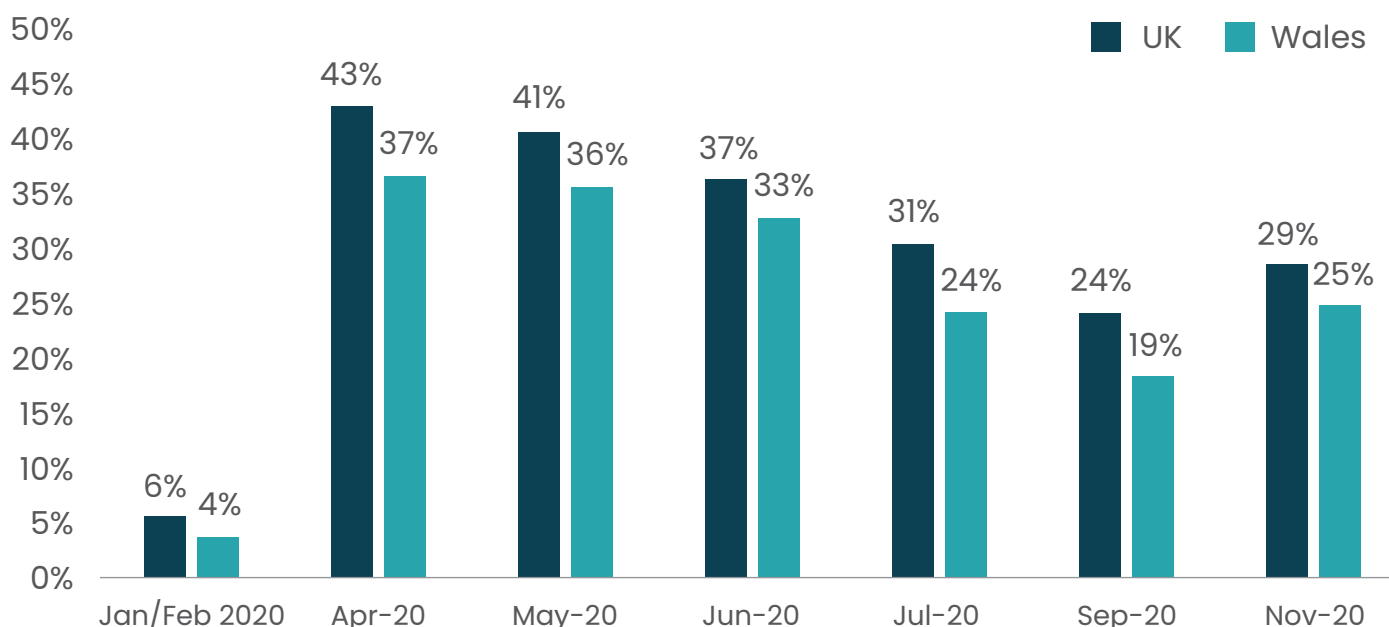
Within Wales, the highest proportion of people working at home in 2020 were in the cities (especially Cardiff), and the lowest in rural areas, such as Conwy – a possible reflection of the different types of work being undertaken in urban and rural areas. This is the direct reverse of the pre-pandemic pattern.

The shift towards remote working is likely to have different impacts on well-being for different groups of people. Generally, it will have been positive for those with established social lives (such as employees who are older, married and/or are parents),⁸ who report increased job satisfaction and lower levels of job turnover when working from home. In contrast, remote working can be negative for workers who are younger and desire more social activity, who may prefer working in an office.

Some studies link this to changes in motivation and concentration, as well as in-person contact being a crucial contributor to developing professional networks and trusting relationships ([Carter and Johnson, 2021](#)). Recent data also show that home working has increased working hours by 22.2% ([ONS, 2021h](#)).

The shift to remote working also has implications for other aspects of work, which may influence individual well-being. Evidence suggests that remote working is associated with greater productivity but is detrimental to innovation and knowledge diffusion, as work cultures become strained and more siloed ([Carter and Johnson, 2021](#)). Lower innovation and knowledge diffusion have the potential to reduce productivity in the longer term.

Figure 10: Proportion of workforce working exclusively at home: UK and Wales



Source: [Felstead \(2020\)](#)

⁸ The increase in the well-being of parents due to increased job satisfaction may have been undermined by the experience of home-schooling.

Depending on their relative influence, these factors will change the well-being of workers directly, through changes to stress levels, increased working flexibility and organisational aspects (such as laptop provision); as well as indirectly, through raising the productivity of the Welsh economy. Remote working will continue to have well-being implications, as the Welsh Government has a long-term ambition for 30% of the Welsh workforce to work from home.

The most commonly cited benefit of remote working during the pandemic is the elimination of the commute ([IES, 2020](#)). Commuting has been linked to reduced job satisfaction, less leisure time satisfaction, increased strain in people's lives and lower mental health ([What Works Wellbeing, 2017c](#)). These positive effects are likely to be experienced by those who had long bus commutes and short rail commutes, who report large negative well-being impacts from their commute (*ibid*).

Remote working also positively impacts well-being because it allows people more choice of where to live – this is of particular importance for Wales as it has fewer major economic centres and large rural areas in comparison to England. This could reshape local communities, and is likely to have a positive impact for rural communities if they can attract affluent household ([Public Health Wales, 2020](#)).⁹ It may also allow people to be employed in sectors and in higher-quality jobs that they may not have previously had access to. It has also been associated with employees exercising more. This will impact the community-oriented [Welsh national indicators for well-being](#) (for example, numbers 25–27); although the latest available data for these indicators are from the 2018–19 National Survey for Wales.

Education and skills

Covid-19 and the related school closures have exacerbated – and will continue to exacerbate – existing educational inequalities in Wales and the UK. Before the pandemic, the educational attainment gap in Wales between children from richer and poorer backgrounds was estimated to be 16% at age 11, increasing to 32% by GCSE level ([Joseph Rowntree Foundation, 2018](#)). The pandemic is predicted to widen this by 11–75% in England, and by a similar amount in Wales ([Education Endowment Fund, 2020](#)).

School closures and enforced home-schooling have put pressure on lower-income households. Those from the most deprived schools and lower-income families have limited space to study at home, less access to learning devices and/or less support from parents and carers with home-schooling. Additionally, boys, ethnic minority pupils and children with special educational needs and disabilities have been disproportionately negatively impacted educationally due to school closures and self-isolation, and have reported a bigger fall in life satisfaction since lockdown. Furthermore, vulnerable children may have lost a place of safety as a result of school closures ([Green et al., 2020](#)). This will result in long-term effects on educational progression, labour market performance and well-being ([Blundell et al., 2021](#)).

⁹ There is, however, a potential negative effect if locals are priced out of the housing market.

The pandemic has also had an overwhelmingly negative impact on the well-being of older students and university students. Uncertainty about exams and grades, the assumption that the change to online teaching has been seamless, the restrictions on returning home and the lack of physical access to well-being services offered by universities have all contributed to this negative impact ([Burns et al., 2020](#)). Until there is a return to some face-to-face teaching as the norm, this will continue to impact the economies of places with large student populations – impacting incomes and employment in university towns and cities, with ensuing well-being effects upon on populations. This impact will also be compounded by Brexit, which is estimated to have decreased European Union student enrolment by nearly two-thirds, costing universities £63 million in one year ([Conlon et al., 2021](#)).

The impact of Covid and Brexit will also have an impact on young people developing ‘soft skills’, particularly within the arts and culture sector. This is due to business closures as well as digital provision being considered to be second-best to in-person participation. This also negatively impacts the well-being of freelancers in the arts and culture sector ([Culture, Welsh Language and Communications Committee, 2020](#)). Brexit will also limit the ability of students from Welsh universities to experience the Erasmus scheme, although this has been replaced by the New International Learning Exchange programme being run by the Welsh Government.

Environmental quality

In the short term, the pandemic has affected energy use, emissions and some air pollutants across the UK. Energy demand reduced significantly during the first lockdown, with South Wales experiencing a larger percentage reduction than North Wales ([Baker, 2020](#)). Initial assessments suggest a reduction in NO_x and NO₂ emissions in urban areas during lockdowns, as a result of lower traffic volumes ([Clean Air Advisory Panel, 2020](#)). This and the associated reduction in traffic noise is likely to have had a positive impact on well-being. The latest data by local authority as part of the [Welsh national indicators for well-being](#) from 2018 estimate that NO₂ emissions were highest in urban areas (for example, Cardiff and Newport) and lowest in rural areas (for example, Powys).

Estimates also indicate a substantial fall in greenhouse gas emissions in Wales during lockdowns, although this is considered to be a transient effect ([Climate Change Committee, 2020](#)). It is possible that some behavioural changes associated with positive environmental impacts could persist into the medium or long term (for example, increased homeworking) but others may have a more negative impact (for example, the avoidance of public transport) ([Clean Air Advisory Panel, 2020](#)).

Brexit has also posed a number of environmental challenges, including the transferring of environmental protection to UK legislation and coordination challenges between the UK and devolved governments ([Burns et al., 2018](#)).

Summary of quality-of-life drivers of well-being

- The direct and indirect impact of Covid-19 on physical and mental health has largely been negative. Certain groups have been disproportionately affected, including people from ethnic minority backgrounds, older people and those working in certain occupations (for example, NHS staff). Deaths from Covid-19 have been geographically concentrated in South Wales and North East Wales.
- Indirectly, Covid-19 has contributed to **lower participation in physical activity and increased consumption of alcohol** in Wales. This is a particular concern for young people from low-income urban households and Black, Asian and minority ethnic groups.
- Levels of depression, anxiety, and loneliness and social isolation increased during the lockdowns, especially for many who are already at risk of mental health issues. **Areas with low mental well-being before the pandemic included Blanaeu Gwent, Torfaen and Pembrokeshire, as well as Hywel Dda University Health Board.** However, there is some evidence suggesting that levels of anxiety are returning to pre-pandemic levels as Wales has emerged from lockdown.
- Brexit is likely to have compounded the negative impacts of Covid-19 on health, due to **staff shortages, lower access to medicine and medical devices, and changes to legislation.**
- **Remote working has been linked to a general improvement in levels of well-being**, due to increased flexibility and a reduced commute. It has been particularly positive for those with established social lives, but a negative experience for younger workers. Remote working has also been linked to higher productivity, but lower innovation and knowledge diffusion. Rates of remote working have been **higher for those living in cities, particularly Cardiff, and lower in rural areas.**
- **School closures and self-isolation are likely to directly increase the attainment gap** between those from richer and poorer backgrounds, which will have long-term implications for educational progression and future labour market performance. This effect will be compounded by Brexit, which will limit opportunities for students to gain soft skills, particularly in the creative industries.

4. What are the 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. The recent data have mostly been collated by Data Cymru as part of the PSBs well-being assessments core dataset. Most data collected are only until 2018–19, which means they do not capture the effects of Covid-19 or Brexit. Furthermore, some [Welsh national indicators for well-being](#) have not been developed yet. These include those indicators measuring the status of biological diversity in Wales (44th indicator), and the social return on investment of Welsh partnerships within Wales and outside of the UK that are working towards the United Nations Sustainable Development Goals (46th indicator). This is compounded by future trends being difficult to predict.

National indicator data are also 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. These data could be supplemented with local knowledge from policy interventions to ensure they are appropriate to local conditions and different groups, and do not inadvertently exacerbate well-being inequalities.

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

- **Female unemployment:** Why is the unemployment rate for females in Wales shrinking? In which sectors and where are females being employed? Do these jobs offer good working conditions, such that they are considered 'fair work'? What are the well-being effects of the increasing gap in the unemployment rate of females and males?
- **Non UK-born migrants:** Why and where is there an increase in non-UK born residents in Wales? How does this affect the overall well-being of these places?
- **Skills gaps:** In which sectors and geographical areas is the demand for workers not being fulfilled due to insufficient available supply of potential employees? How do skills gaps affect well-being in different places? Which policies could potentially reduce skills gaps?
- **Long-term effects:** Which groups of people will experience a sustained decrease in well-being? Which drivers sustain this decrease? Which policies could be used to tackle these well-being effects? How does this affect existing well-being inequalities?

5. 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 ([Figure 2](#)), and also reflected in the [Welsh national indicator 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.

We found that even though the majority of sectors in Wales are directly and indirectly impacted by Covid-19 and Brexit, the evidence suggests that different sectors have been affected differently by each shock. We can therefore expect the impact on different regions within Wales to differ due to the location and relative concentration of different sectors. For example, the negative economic downturn caused by Covid-19 is likely to have a larger impact on areas with a higher proportion of workers in shut-down sectors. These tend to be those more reliant on tourism, retail and hospitality, such as coastal towns and rural areas. Conversely, Brexit will have a larger negative impact on areas with a high proportion of sectors reliant on exporting and importing, including the automotive, steel and manufacturing sectors.

These are based throughout Wales but are concentrated in South Wales. These economic changes influence well-being outcomes through changes in material conditions and measures of quality of life.

The economic downturn caused by the combined impact of Covid-19 and Brexit has generally had a significant negative impact on material conditions and quality-of-life drivers of well-being. 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, it is important to consider all characteristics and their influences when examining changes to drivers of well-being across areas in Wales. This would more accurately indicate which policies could be adopted to prevent the impact of Covid-19 and Brexit from exacerbating inequalities.

How can the Covid-19 recovery and post-Brexit transition support well-being?

While Covid-19 and Brexit will have large negative impacts, they may present opportunities for local areas, and the Welsh Government, to better support well-being in the medium and long term. A geographical approach could be particularly beneficial as the impact of Covid-19 and Brexit on well-being varies regionally within Wales. Interventions to support jobs and stimulate growth in local economies could also have wider social, cultural and environmental well-being effects.

For example, new agricultural subsidies to replace the Common Agricultural Policy could enhance environmental well-being by prioritising sustainable land use and supporting cultural well-being by recognising the contribution of farmers to rural economies and communities ([Johnson et al., 2020](#)). Environmental and cultural well-being could further be supported through programmes aiming to 'build back better' from the Covid-19 pandemic, including emphasising a green recovery and building on the voluntary sector's response to the pandemic to support community action ([WCPP, 2021](#)). The recent publication of the Welsh Government's post-Covid-19 recovery strategy offers an opportunity to see how this can be integrated with steps to maximise well-being ([Welsh Government, 2021b](#)).

Ongoing business support for sectors with job-creation potential and a competitive advantage to mitigate the impacts of Brexit and the Covid-19 pandemic will be important in the medium term.

Support for inward investment should target these sectors, and there should be support for homegrown businesses to innovate and change their product market strategies ([Tilley et al., 2020](#)).

The shocks may also present opportunities to address structural challenges. This includes creating a more resilient, prosperous and inclusive future Welsh economy which responds to the urgent need to decarbonise. Implementing these changes will have the potential to improve both material conditions and quality-of-life drivers of well-being. However, such changes will need to be implemented alongside social changes that directly address inequalities in health and education.

Economic prosperity can be increased by stimulating productivity growth, although this will be challenging. Traditional approaches that focus on increasing the number of jobs often overlook the quality of the jobs created and in-work poverty ([Webb et al., 2018](#)). Emerging research has shown that building stronger local institutions is extremely important for achieving both productivity and inclusivity ([Seaford et al., 2020](#)). This is a particular challenge in Wales in the context of a loss of EU funding due to Brexit. Wales needs 'a more coherent and coordinated approach to regional development policy design and delivery', with enhanced capacity for local government and regional bodies to implement policy ([OECD, 2020](#)). Without this, Wales cannot make the most of its devolved powers and policy levers.

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

- Consider how the **diverse and intersecting characteristics of different people** and places may influence well-being outcomes and impact on existing well-being inequalities.
- **Map local-area characteristics (such as demographics, industries, infrastructure) to their associated risks** from both Covid-19 and 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.** This could be in activities, organisations and facilities that support the formation, development and maintenance of social relationships in a community. It is also important to recognise their value as being essential to the functioning of local economies and communities ([Left Behind Neighbourhoods, 2021](#)).
- **Supplement data analysis by drawing upon local expertise** to identify individuals greatly impacted by Covid-19 and Brexit.

Author Details

Suzanna Nesom is a PhD student at Cardiff Business School.

Helen Tilley is a Senior Research Fellow at the Wales Centre for Public Policy.

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Annex: Data sources and availability

Data presented in this document have been primarily collected from the most recent ONS employment datasets (for example, [the Labour Force Survey](#)) and Welsh Government surveys (e.g. [the Survey of Agriculture and Horticulture for Wales](#)). Data collected by [What Works Wellbeing \(2020\)](#) throughout the pandemic have also been drawn upon.

Many [Welsh National Well-being Indicators](#) and other data are available at different geographical levels. The table below summarises data that have been drawn on or consulted in preparing this briefing with an indication of their geographical breakdown, how they have been presented in the briefing, and how often they are updated. The datasets are presented in the order in which they are referenced in the briefing.

Data	Source	Breakdown	Time period	Location of data breakdown in the briefing	Release frequency
Welsh Index of Multiple Deprivation	Welsh Government	Local authority & Lower Layer Super Output Areas	2019	Figure 1	Annually
Quarterly percentage change in GDP	ONS	Country and regional	2012–2020	Figure 4	Quarterly
Quarterly Labour Force Survey	ONS	Local Authority	1992–2021	Data used to illustrate employment changes in Figure 7 and Figure 9 , and presented in the sectors impacted by Covid-19 section and in the section looking at jobs and earnings as a material conditions driver of well-being	Quarterly
Survey of Agriculture and Horticulture for Wales	Welsh Government	Wales	2020	Sectors impacted by Brexit section	Annually

Data	Source	Breakdown	Time period	Location of data breakdown in the briefing	Release frequency
Wales Tourism Performance	Welsh Government	Welsh regions (North, Mid, South West, South East)	2019	Sectors impacted by Brexit section	One time release/analysis
Changes in individuals' savings over the crisis	Resolution Foundation	UK-wide (no breakdown)	2020	Figure 8 by income quintile	Annually
Claimant Count	ONS	Local Authority	1971-2021	Jobs and earnings as a material conditions driver of well-being section	Monthly
Counts of deaths involving COVID-19 and all deaths by ethnic group	ONS	Wales	2020-21	Health as a quality-of-life driver section	18 month analysis
Public Engagement Survey on Health and Wellbeing during Coronavirus Measures	Public health Wales	Wales	April 2020–July 2021	Health as a quality-of-life driver section	Weekly
National Survey for Wales	Welsh Government	Local Authority	2012/13–2019/20	Health as a quality-of-life driver section	Monthly/Annual analysis
Opinions and Lifestyle Survey	ONS	UK-wide (no breakdown)	March 2020 – June 2021	Health as a quality-of-life driver section	Weekly



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 **Wales Centre for Public Policy**
Canolfan Polisi Cyhoeddus Cymru

Cardiff University, 10/12 Museum Place,
Cardiff CF10 3BG

 www.wcpp.org.uk

 029 2087 5345

 info@wcpp.org.uk

 @WCfPP

