Road to recovery – a framework for supporting UK cities and large towns

11.00 – 12.00 Thursday 4th June 2020

Paul Swinney, Director of Policy and Research
Vicky Pryce, Chief Economic Adviser and Board Member at CEBR

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@CentreforCities
How to support the recovery up & down the country

Paul Swinney
Two principles
Principle 1: Support businesses

Reason

1. Cash flow/debt problems as no income coming in
2. Longer term fall in demand
Principle 1: Support businesses → workers

**Reason**

1. Cash flow/debt problems as no income coming in
2. Longer term fall in demand

**Response**

1. Support the business - Short term support through JRS, loans, equity holdings?
2. Support the worker - Help a worker transition, with skills support
Principle 2: Different sectors play different roles

<table>
<thead>
<tr>
<th>Outside world</th>
<th>Local economy</th>
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<tbody>
<tr>
<td>Public sector</td>
<td>Exporters</td>
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<tr>
<td>Welfare state (minus tax)</td>
<td>Local services</td>
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<td>Investment income</td>
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Three phases
Chancellor extends Self-Employ Support Scheme and confirms furlough next steps

The government’s Self-Employment Income Support Scheme will be extended, giving more security to individual livelihoods are adversely affected by coronavirus outbreak (coming months, the Chancellor announced this May 2020).

Guidance

Apply for a coronavirus Bounce Back Loan

The Bounce Back Loan Scheme (BBLs) enables smaller businesses to access finance more quickly during the coronavirus outbreak.

Published 27 April 2020
Last updated 4 May 2020 — see all updates
From: Department for Business, Energy & Industrial Strategy
Phase 2: Vary approach by sector

**Exporters**: No change – safety net in place

**Local services**: switch to supporting demand
Support for local services boosts demand

Demand

Temporary VAT cut
Support for local services boosts demand

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Support for local services boosts demand

**Demand**

- Temporary VAT cut
- Temporary alcohol duty cut
- Time limited vouchers to spend locally
  - Temporary expansion of space onto pavements/meanwhile use

**Unemployment reduction**

- Transitioning of JRS to skills support where worker laid off

Varied by place?
Support for local services boosts demand

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**Costs**
- Help needed to deal with debt (rent) overhang?

Varied by place?
Phase 3: Fully switch to supporting worker

Blair's New Deal for "Workless Classes"

Tony Blair has offered what he called a "new bargain" with Britain to "give hope" to the country's poorest people.

In a fundamental reshaping of the welfare system he said he was proposing a "something for something" deal providing jobs or training for 250,000 out-of-work youngsters. He made clear that any young people who did not take up a place on one of the four schemes on offer would face the loss of benefits. "There will be and should be no fifth option of an inactive life on benefit," he said.

The Prime Minister deliberately chose a rundown south London housing estate to deliver his "message of hope" to the "forgotten people" - including 800,000 lone parents. It was his first major speech outside Parliament since taking office and Mr Blair stressed that it would take time to achieve his vision of a "one nation" society.
Summary of the framework

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- Business: Temporary demand support
- Worker: skills and employment support

Lockdown lifted
Longer term: Attract investment from exporters