RSA

Dear Tonia Antoniazzi MP and Shaun Bailey MP,

I am writing in response to the Financial Resilience APPG's call for evidence regarding the impact of the Covid-19 pandemic on financial resilience in the UK. This submission is made on behalf of the the royal society for arts, manufactures and commerce (the RSA). The RSA has been at the forefront of significant social impact for over 260 years. Our proven change process, rigorous research, innovative ideas platforms and diverse global community of over 30,000 problem-solvers, deliver solutions for lasting change. During the course of the pandemic, our research team has investigated the impact of Covid-19 as part of our work on economic security. The following responses are based on that research.

How has the Covid-19 pandemic affected people's financial wellbeing & financial resilience?

The RSA has conducted several pieces of research investing the impact of the Covid-19 pandemic on people's financial wellbeing and financial resilience, using our own research framework of economic security. The defines economic security as 'the degree of confidence that a person can have maintaining a decent quality of life now and in the future given their economic, financial, and social capital'. Our research has found that the pandemic has had a negative impact on many people's economic security, though these effects are not evenly distributed across different groups. These differences are addressed below.

Have different groups within society had different financial experiences throughout the pandemic?

In November 2021, we published a report on the economic security of people living with multiple-long term conditions, including the impact of the pandemic.[1] In addition to our results showing that people with multiple long-term conditions experienced lower economic security in general, we found that this cohort has also fared worse during the pandemic.[2] In this work we defined a metric for subjective economic security on a scale from low to high based on current economic circumstances and anticipation of the future getting better or worse.

We found that more than one in three people (36 percent) experienced a change in their economic security from April to November 2020.[3] People with no long-term conditions saw the greatest improvement in economic security, with 21 percent reporting an increase in security, compared to 15 percent of people living with one or multiple long-term conditions diagnoses.

As the work was supported by Impact on Urban Health, an organisation that focuses on improving health in Lambeth and Southwark, our work also examined the economic security of Londoners with multiple long-term conditions. We found that the pattern described above was particularly pronounced in the capital, where 28 percent of people with no long-term conditions saw an increase in their economic security, compared with just one in 10 (11 percent) of people with multiple long-term conditions. The proportion of people with multiple long-term conditions who experienced a

[1] 'Multiple long-term conditions' is defined as people living with two or more health conditions that last 12 months or more.

[2] All research in this submission is based on RSA analysis of data publications of the Understanding Society dataset. This includes wave 10 of the main study (2018-2020) and waves 1-8 of the Covid-19 study (April 2020 to March 2021)

[3] Survey participants were categorised as having high, medium, low, or very low economic security based on their responses to two questions. A complete explanation of the economic security category can be found in chapter seven of the full data report produced as part of the research.

decline in economic security in London is twice that of people with no long-term conditions (18 percent compared to nine percent).

We also analysed how confident people felt about paying their bills in the three months following on from being surveyed. Among people who have experienced a decrease in economic security during the pandemic, people with multiple long-term conditions are the least confident that they will be able to pay their bills in the next three months. In this cohort, 8 percent of people with multiple long-term conditions reported that it is quite or very likely they will be unable to pay their bills in the next three months. This is double the average of 4 percent and 5 percentage points higher than the figure for people with no long-term conditions (3 percent).

We also examined how furlough impacted different groups. At the national level, people with multiple long-term conditions were furloughed at a lower rate than people with no long-term conditions. Among those employed in April 2020, 22 percent of people with multiple long-term conditions had been furloughed in any previous survey month, compared to 27 percent of people with no or one long-term conditions. This may be related to how jobs were affected by the order to work from home where possible. People with multiple long-term conditions also work disproportionately in the health and social care sector, where workers have been working more rather than less during the pandemic.

Have there been differences by age, gender, ethnicity, housing tenure and region?

In 'Social Security', research from the RSA supported by Clarion, the UK's largest provider of social housing, we explored how the pandemic has affected the economic security of people in different housing tenures. We have found that renters in general have seen a sharper decline in economic security than owner occupiers. 20 percent of social renters and 20 percent of private renters experienced a decline in economic security from April 2020 to March 2021, compared to 17 percent of owner occupiers. Perhaps surprisingly, a greater proportion of renters also saw an increase in their economic security. 29 percent of private renters and 23 percent of social renters saw an improvement in this timeframe, compared to 19 percent of owner occupiers. This is likely the result of a greater degree of stability and financial resilience on the part of owner occupiers, which allowed them to experience a period of flux without seeing a change, either positive or negative, in their economic security.

We also found that the type of work that social renters engaged in was less flexible than other tenures with regard to working arrangements. More than three-quarters of social renters (77 percent) did not see a change in their working from home patterns in March 2021 (a time at which the government advised working from home where possible) as compared to February 2020, the month prior to the widespread outbreak of the novel coronavirus in the UK. In contrast, half (51 percent) of owner occupiers and 59 percent of private renters saw no change in the frequency of their working from home in that period. Just one in five (21 percent) of social renters were able to work from home more regularly in March 2021 than just before the start of the pandemic, compared to 44 percent of owner occupiers and 35 percent of private renters. Among social renters who never worked from home before the pandemic, more than eight in ten (83 percent) never did so in March 2021. Among the comparable cohort of owner occupiers, just 63 percent continued to never work from home, with the figure for private renters being 75 percent.

This data indicates that social renters have less flexibility in their work patterns and were disproportionately unlikely to be able to shield from the effects of Covid-19 during the pandemic. Though the primary consequences of this are medical, there is also a financial dimension. A period of isolation associated with Covid-19 infection has a greater impact on the income of a social renter, as they are more likely to be forced to not work, even if feeling able to do so. Social renters are also disproportionately employed in low pay work where sick provision is worse. As such, having Covid-

19, even when not medically serious, has great potential to harm the financial situation of social renters to a greater degree than other tenures.

In ['The cost of independence'](), the RSA explored experiences of economic security amongst young people aged 16-24. Based on original survey data captured in September 2021, the report highlights the scale and nature of economic security amongst young people 18 months into the Covid-19 pandemic.

We found that almost half of young people (47 percent) were in a precarious financial situation. This includes young people who are only just able to or not able to make ends meet each month, or that their financial situation is too volatile to say. Older young people within this group are more likely to be in a precarious financial situation, with 57 percent of 22-24 year olds reporting precarity compared to 38 percent of 16-18 year olds.

We find that for young people reliant on Universal Credit precarious is even more widespread, with 79 percent of young people in receipt of Universal Credit reporting financial precarity. Our fieldwork spanned the week where the £20 uplift to Universal Credit was removed.

Our analysis finds inequalities within young people. We find that young males are more likely to be financially precarious compared to females (53 percent compared to 43 percent) and that Black young people are more likely to be financially precarious than any other ethnic background, with 70 percent reporting financial precarity.

What policy changes would improve people's financial resilience, in light of the pandemic?

Across our work we recommend a shift towards policy design that centres the experiences of those living precariously or experiencing economic security. This includes co-design with those affected by policy change. More specifically, our reports make recommendations to support the groups under enquiry in our research.

As a result of our research into the economic security of people with multiple long-term conditions, we made a series of recommendations to national and local government, employers and integrated case systems. These are:

1. To provide tailored support on economic security for those managing a long-term condition diagnosis, integrated care systems, in partnership with local authorities and job centres and other stakeholders, should establish local economic security hubs. These hubs should include key workers for people managing a diagnosis and operate on a prescription model.
2. To ensure that a need for flexibility at work does not undermine economic security, national government should expand eligibility for, and increase the level of, statutory sick pay.
3. To support the needs of people with multiple long-term conditions in work and expand the suitability of employment options for those looking for work, local authorities should encourage employers to specifically support those living with long-term conditions with a commitment to health inclusivity for employers.
4. The Department for Work and Pensions must create a safety net that better supports people living with long-term conditions by reforming Universal Credit, Housing Benefit and Carer's Allowance. This should include a reversal of the cut to the £20 Universal Credit uplift.
5. With a view to exploring a new model of state support based on stabilising incomes and building security in the future, local authorities, with support from national government, should explore a Universal Basic Income (UBI) trial with a specific focus on health and wellbeing outcomes and those living with multiple long-term conditions. A UBI would make a single monthly payment available to all residents, removing complexity and conditionality

withing the benefits system whilst maintaining additional support for specific groups including those living with disabilities. A trial in England would be the first of its kind.

6. National government must ensure that any recovery plan from Covid-19 includes a specific consideration of those living with multiple long-term conditions. This should include a risk assessment as furlough comes to a close and an inclusive design for the ‘Plan for Jobs’.

In our work on economic security and social housing, we make the following recommendations:

1. We recommend the UK Government implement an extended model of social housing support, Social Housing Plus. Social Housing Plus requires and supports local stakeholders, including housing association and existing service providers, led by the local authority, to work together to ensure all social renters are able to locally access the services they need to improve their economic security. Social Housing Plus is therefore a guarantee to all social renters that they will have access to a range of extra support services, beyond the bricks and mortar of their home.
2. We recommend that the Government should provide a more comprehensive offer of maintenance grants and bursaries for adult learners in the social sector, as part of the lifetime skills guarantee. Specifically, we recommend replacing Government Lifelong Loan Entitlements to support engagement in the Lifetime Skills Guarantee with a grant. This should reduce barriers to participation in upskilling and support social renters – and others – to engage with training opportunities.
3. We recommend that the government should be clearer, and set more ambitious targets, to grow the social housing stock in England.
4. To best guarantee a success of Social Housing Plus we again recommend that a form of Universal Basic Income should be trialled across 5-10 local authorities, with some local authorities with a high number of social renters selected to understand the benefits. This would specifically support social renters who are more likely to be in receipt of multiple benefits.

In our work on young people’s economic security we make three recommendations for shifts in our national policy, each of which signals to a reframing of how we approach policy. We recommend:

1. Policies that recognise and respond to the changing needs of young people as they move into adulthood.
   Our survey findings highlight an intensification of financial precarity as young people grow up, pointing to a need to further disaggregate the group of ‘young people’ so that we might understand and address their needs at different ages and transition points. Policy must go beyond thinking about young people at static points in time, and instead respond to their changing needs as they prepare for, and take steps into, adulthood. It must also address disparities in economic security between young people and respond to the needs of those who are more vulnerable to it at different moments.
2. Pro-young people policies that support economic security and don’t discriminate against young people compared to those older than them.
   Our survey findings highlight a lack of economic security for a significant proportion of young people. We also spotlight recent policy decisions – lower levels of minimum wage, Universal Credit, and other benefits such as Housing Allowance – that restrict the financial safety net available to young people. Policy must provide effective safety nets that actively support young people’s economic security, rather than overlooking or disadvantaging them based on age.
3. Long-term policies that protect and promote young people’s economic security in the future.

Our survey findings highlight how young people's current financial situation affects how they feel about their future. They reveal a lack of confidence about the future, felt most acutely by those experiencing financial precarity now, but common among young people across the economic spectrum. Policy must address young people's concerns about the future, taking a long-term approach to ensure economic security for today's young people, as well as for future generations.