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# **Economic and Social Research Review**

Professional Services Unit

November 2021

# Department for Communities – Economic & Social Research Review

The purpose of the Economic & Social Research Review is to capture and disseminate key economic and social research relevant to the Department’s policy agenda to inform evidence-based policy making.

This review aims to disseminate research which is of relevance to the Department’s key strategic priorities. PSU regularly engages with other research providers and monitors relevant reports and publications which can inform policy development and delivery.

To ensure the key areas of research included within this review are of strategic relevance to the Department, the focus is on highlighting evidence across the four cross cutting themes in the DFC Strategy: Building Inclusive Communities:

- Anti-poverty
- Wellbeing & Inclusion
- Sustainability & Inclusive Growth
- Agility & Innovation

It is the aim of the Professional Services Unit (PSU) that this document will be a valuable source of best practice economic and social research published by individuals, organisations and researchers in the fields relevant to the Department’s priorities. We hope that the research review supports policy makers in building the evidence base on the key challenges we face and contributes to the successful delivery of the DFC Strategy.

Whilst some of the articles featured here are not specifically Northern Ireland focused, the papers presented remain relevant to the strategic and policy issues faced here. Future iterations of this review will include a specific section to highlight research published by the Department.

## Disclaimer

The research referred to and the high level summaries in this document presents the views and information/statistics provided by various researchers and organisations and does not represent the views or policy of the Department for Communities.

# Research Highlights



## The expiry of the Universal Credit uplift: impacts and policy options

The Institute for Fiscal Studies (IFS), July 2021

This article by the IFS takes a look at recently published statistics by the Department for Work and Pensions to perform an analysis on who claims Universal Credit (UC) in the GB and the potential impact of the UC uplift expiry. Its main findings are:

- By February 2021 there were 5 million UC claimants – double the number seen pre-pandemic (The increase is made up of both families who were previously not claiming any means-tested benefits, and families who were previously claiming one or more legacy benefits but transitioned to UC).
- On average claimants received £156 per week in UC, about a quarter of claimants (1.2 million) received less than £92 per week and another quarter received over £254 per week.
- The £20 uplift represented 12%, 20% and 8% of entitlements for those on £156, less than £92 and over £254 per week respectively.
- UC claimants are largely single people – just one in five are couples – and particularly single without children (63% of the increase in the caseload has been from single people without children).
- Most claimants are renters, but a substantial share (42%) are not.
- UC claimants are generally likely to be younger, with 30% aged 25-34. Although, compared to pre-pandemic, the age distribution of UC claimants has remained almost entirely unchanged.
- 38% of adults in families on UC are employed (including on furlough).
- Only about one in nine families receiving UC contain an adult who has a health condition deemed to limit their capacity for work.
- Making the uplift permanent would cost about £6 billion per year in the long-run, increasing the total amount spent on UC from £68 billion to £74 billion.

# Research Highlights



## Shaping the COVID Decade: addressing the long-term societal impacts of COVID-19

The British Academy, March 2021

This report by the British Academy seeks to answer the question ‘What are the long term societal impacts of COVID-19?’ A total of nine areas of societal impact are identified in the accompanying evidence review ranging from the rising importance of local communities, to exacerbated inequalities and a renewed awareness of education and skills in an uncertain economic climate. The report suggests seven strategic goals for policy makers in the UK to pursue to shape the COVID decade:

1. Build multi-level governance structures based on empowering participation, engagement and cooperation to strengthen the capacity to identify and respond to local needs.
2. Improve the way we develop, share and communicate knowledge, data and information to enable all decision-makers to work from shared understanding of the facts.
3. Prioritise investment in digital infrastructure as a critical public service to eliminate the digital divide, improve communication and joint problem solving, and create a more equitable basis for education and employment.
4. Reimagine urban spaces to support sustainable and adaptable local businesses, amenities and lifestyles.
5. Create a more agile, responsive education and training system capable of meeting the needs of a new social and economic environment and acting as a catalyst to develop and enhance our future.
6. Strengthen and expand community-led social infrastructure that underpins the vital services and support structures needed to enhance local resilience, particularly in the most deprived areas.
7. Empower a range of actors, including business and civil society, to work together with a sense of social purpose to help drive a solid strategy for recovery across the economy and society.

The British Academy conclude that five principles should be followed to build a more resilient framework for policy in 2030. These principles are labelled as CLEAR: Communicative, Learning, Engaging, Adaptive and Relational. These principles can work collectively to support the delivery of the strategic policy goals and can be used as a framework for a successful recovery by 2030.

# Research Highlights



## Low Pay Britain 2021

### Resolution Foundation, June 2021

This is the 2021 edition of Resolution Foundation's annual report on the prevalence of low pay in the UK. This year's edition examines the impact of the Covid-19 crisis on those on low pay and what that might mean for such workers as the economy starts to recover.

The key points include:

- Workers in lower paid jobs have faced greater health and economic risks than high paid workers and borne the brunt of the economic impact of the crisis. This is true in regard to job losses, furlough, or cuts to hours and pay.
- Low paid workers in industries such as hospitality, leisure and retail have been returning to work in new jobs in different sectors of the economy.
- Encouraging outlook buoyed by the falling proportion of low paid labour thanks to National Living Wage (NLW) that promises to end low pay by 2025.
- Despite optimism in immediate future for low paid workers, unemployment is expected to rise as furlough scheme and other support measures come to an end.
- An additional risk facing low paid workers is violation of workers' rights and the threat that violations worsen in a slack labour market.

Furthermore, Resolution Foundation state that recovery from Covid-19 must improve the lives of low paid workers. To achieve this, the Resolution Foundation indicate that policy makers need to make the correct decisions on fiscal policy and the withdrawal of the furlough scheme. It also requires commitment to a higher NLW, ending low pay by middle of the decade as well ensuring security for low paid workers through new worker's rights such as a regular contract, sufficient notice for a shift change and greater security of working hours. In addition, the settlement must stamp out labour market violations such as underpayment of minimum wage, pension contributions and holiday pay alongside a properly resourced enforcement body.

# Research Highlights



## Universal Credit could be a lifeline in Northern Ireland, but it must be designed with people who use it

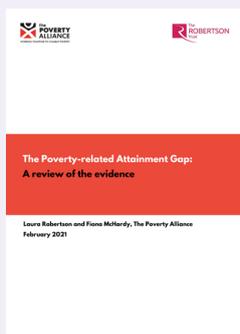
Joseph Rowntree Foundation (JRF), June 2020

This study by JRF provides insights into how claimants experience Universal Credit (UC) in Northern Ireland (NI), what lessons the rest of the UK can learn from devolved-level innovations, and how the benefit might develop in NI. Through interviewing 28 individuals on UC and hosting a series of six workshops, ranging from 3 to 12 per session and 17 participants in total, JRF found that UC participants generally had a negative experience with UC, with particular problems linked to: the five-week wait period and advance payments; UC problems negatively impacting children and its subsequent toll on the parents; difficulties in transitioning into paid work and balancing paid work with conditionality requirements; and, low awareness of discretionary mitigations and the systems for claiming them sometimes being problematic.

JRF express that UC needs to be paid at a level that enables people to meet their living costs, including housing. Otherwise, UC in its current form could pull people deeper into poverty, rather than provide the lifeline people need when they are struggling financially. JRF recommendations are:

- Redesign the social security system so that it treats everyone with dignity and respect, as valued members of society.
- End the five-week wait for the first UC payment.
- Stop UC triggering debt.
- Make the process of initiating and managing a UC claim more user-friendly.
- Ensure that the staff members delivering UC are well trained, and that recipients have access to independent advice.
- Protect, enhance and raise awareness of the protections available to UC claimants in NI as people struggle to meet essential needs.

# Anti-poverty



## The Poverty-related Attainment Gap: A review of the evidence

### The Poverty Alliance, February 2021

This literature review was commissioned by The Robertson Trust in September 2020 to examine the evidence on poverty and education and work pathways in Scotland and the UK.

The review has three key elements:

- Part one provides an overview of the poverty-related attainment gap in Scotland, outlining both the scale and nature of the gap as well as the key research evidence on causes and consequences and emerging evidence on the impacts of Covid-19 on education inequalities.
- Part two focuses on solutions which address the attainment gap in education and work pathways, specifically focused on UK-based interventions that have been evidenced to work in reducing the poverty related attainment gap and increasing access and engagement in education and into employment. This review focuses on interventions in formal and non-formal educational settings as well as interventions and approaches across key stages of the learner journey: early years, primary and secondary school and transitions into education, training and employment.
- Part three examines evidence on the current policy and practice landscape around educational attainment and work pathways in Scotland, specifically focused on effective practice and identifiable gaps.

The review concludes by highlighting gaps between the research evidence base and the policy and practice landscape in Scotland, identifying where further development of research is required and what interventions are most successful in reducing the gap. Overall, the authors state that the context and landscape has been drastically impacted by Covid-19. Those who are most disadvantaged will have experienced most critically the disruption of education from early age provision right through to higher education and postgraduate study.

# Anti-poverty



## Freeing low-income single parents from in-work poverty's grip

Joseph Rowntree Foundation (JRF), June 2021

This research aims to look at the impact of Covid-19 on low-income single parents in Scotland. JRF report that the sectors where many single parents (predominantly women) are employed have been hit hardest by job losses, along with a decrease in availability of new roles and that the pandemic emphasises the need for investment in single-parent focused support.

To address the barriers and challenges experienced by single parents in seeking and staying in work, the researchers recommend:

- High-quality affordable and flexible childcare, which considers the need for support for older children, and is better equipped to provide care for children with additional needs.
- Investment in single parents/carer specific employability programmes.
- Back-to-work specialist mental health support for single parents and carers.
- Government fully funded qualifications pathway focused on single parents accessing high-quality jobs.
- Encouragement of more part-time roles across the labour market.
- Programme of activity and training for employers to be able to better respond to, value and understand single parents' lived experiences.
- Flexible working as standard across the public sector, and encouraged in the private sector.
- Advance support fund for single parents entering the labour market to assist with advance payment for childcare and other requirements.
- Specialist advisors and support to create a fit-for-purpose social security system.
- Policy and delivery coherence across employability, childcare, social security.

# Anti-poverty



## Living standards, poverty and inequality in the UK

**Institute for Fiscal Studies, June 2021**

This report examines how living standards – most commonly measured by households' incomes – were changing in the UK up to approximately the eve of the current COVID-19 crisis. This report uses the latest official household income data, which covers years up to 2018-19, and has a particular focus on how living standards differed for different groups, and what this meant for poverty and inequality. It gives a comprehensive account of poverty and inequality before the current crisis, particularly for those groups who have subsequently had their economic lives turned upside down.

Key findings:

- The COVID-19 crisis hit at a time when income growth had already been extremely disappointing for some years. Median household income was essentially the same in 2018–19 as in 2015–16.
- The main culprit for the latest choking-off of real income growth had been a rise in inflation from 2016.
- For people aged 60 or over, median income was 12% higher in 2018–19 than before the previous recession in 2007–08, while among the rest of the population it was only 3% higher.
- Trends among low-income households had been worse still – they had experienced five years of real income stagnation between 2013–14 and 2018–19.
- Absolute Household Income (AHC) poverty was 20% in 2018–19 – virtually unchanged over the last two years.
- Workers whose livelihoods are the most at risk during the COVID-19 crisis already tended to have relatively low incomes, and were relatively likely to be in poverty, prior to the onset of the crisis.
- In 2018–19, only 12% of non-pensioners lived in households with no one in paid work, down by a third from 18% in 1994–95.
- Despite temporary increases in benefits announced in response to the pandemic, the benefits system in 2020 provides less support to out-of-work households than in 2011.

# Anti-poverty



## **“It’s like a dream come true” An inquiry into scaling up Housing First in England**

### **All-Party Parliamentary Groups (APGG) For Ending Homelessness, July 2021**

This report by the APGG for Ending Homelessness is an inquiry into scaling up Housing First in England. It was conducted through four inquiry evidence sessions, a written consultation process and an online focus group, consisting of 65 individuals with lived experience of homelessness that have used the Housing First programme.

APGG for Ending Homelessness state that over the past year, the pandemic has made demonstrably clear the importance of a safe and secure home for an individual’s health, wellbeing and dignity. Through Government’s Everyone In initiative and subsequent efforts, 37,000 people facing homelessness were provided with an emergency place to stay to protect them from the risks of the virus, which saved lives and prevented additional pressure on the NHS at a critical time. These unprecedented efforts from local authorities, charities and support organisations, alongside national policy change to support people to cover the cost of rents and keep their homes, showed the value of a housing-led response to homelessness.

The report highlights that the Government must not only continue to support people to come off the streets, but must direct their attention towards ensuring people acquire access to a safe home, and receive the necessary support to never return to a life on the streets. To do so, APGG for Ending Homelessness recommend a Housing First programme, which is an internationally recognised method of ending homelessness for people with interlocking, multiple and serious support needs. It provides someone with rapid access to stable housing, from where their personal needs can be addressed through coordinated and intensive support on an open-ended basis. It also provides its clients with the necessary intensive and personalised support over a prolonged period and is unconditional.

# Wellbeing & Inclusion



## How social security can deliver for disabled people in Scotland

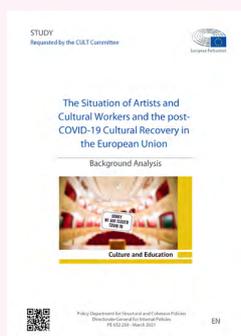
Joseph Rowntree Foundation (JRF), April 2021

This research by JRF looks at how the Scottish Government and Social Security Scotland can maximise the power of social security to improve living standards, and loosen poverty's grip on disabled people. It states that in Scotland, Adult Disability Payment (ADP), which replaced Disability Living Allowance and Personal Independence Payments for working age-adults, is a step in the right direction but will require further changes and improvements to make it truly effective. Although it focuses on Scotland, its findings and recommendations are of use and **can be applied to Northern Ireland**.

The key findings to ensure the social security system works better for disabled people are:

- Recognise disabled people's distrust of the social security system and commit to disabled people receiving the payments they are entitled to through a system with dignity at its core.
- Work on raising broader public awareness of people's entitlement to disability assistance benefits to increase awareness and reduce stigma.
- Incorporate the rights of the UN Convention on the Rights of Persons with Disabilities into devolved law.
- Ensure meaningful scrutiny of disability assistance benefits.
- Ensure that sufficient funding is provided to third sector organisations and support agencies to assist disabled people in accessing the payments they are entitled to.
- Work with the Department of Work and Pensions (DWP) and local authorities to provide a one-stop shop for disabled people to access all support they are entitled to.
- Bring forward the review of disability assistance to review the adequacy of payments and ensure they reflect the real cost of living for disabled people.

# Wellbeing & Inclusion



## The Situation of Artists and Cultural Workers and the post-COVID-19 Cultural Recovery in the European Union

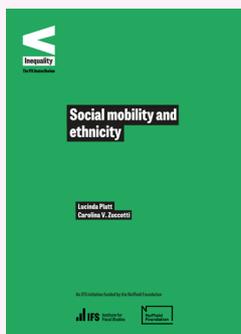
**European Parliament's Committee on Culture and Education, March 2021**

This Paper by Culture Action Europe and Dâmaso for the European Parliament's Committee on Culture and Education provides an overview of key characteristics of artists' and cultural workers' status across Europe, their working conditions, precariousness and career paths. It outlines the justification for specific policy solutions and provides a mapping of key challenges for a European framework for working conditions in the cultural and creative sectors and industries.

The paper notes that culture brings our societies together and shapes their common future, therefore, it carries an important intrinsic value and contributes significantly to the economy, with 4.2% of the EU GDP and 7.4 million jobs created. However, due to Covid-19 this sector faces an uncertain future as the pandemic accelerated pre-existing trends, including precariousness and inequity. The authors proclaim that several factors explain the precariousness of artists including artists and cultural workers having atypical work patterns due to non-standard nature of their working conditions, status and income and the unpredictability of the end product of artistic work and of its reception.

In addition, artists and cultural workers are more likely to work part-time, not to have an open-ended contract, and to combine employment and self-employment. It is highlighted that facing destitution, many professionals may leave the sector and thousands of institutions may close, resulting in permanent loss of accumulated knowledge and skills, and the weakening of cultural and creative ecosystem. It is therefore, important to tackle this challenge by strengthening the status of artists and cultural workers and, with it, the resilience of the sector.

# Wellbeing & Inclusion



## Social Mobility and Ethnicity

Institute for Fiscal Studies, 2021

This briefing note sets out how ethnic economic gaps open up, or do not open up, across those born and/or raised in the UK.

**The UK's second-generation minority ethnic groups are performing well in education, especially in terms of attainment of degree-level education.** This is striking because those from ethnic minority groups born or brought up in the UK are much more likely than those from white UK backgrounds to have been disadvantaged in childhood; and we know that childhood disadvantage is in general strongly associated with poorer educational outcomes.

**Employment disadvantage of minority ethnic groups still, however, persists.** Men and women from most ethnic minority groups have lower employment rates among those economically active than their white majority counterparts. This disadvantage is reduced but not eliminated when we account for disadvantaged family origins. This would suggest some of the employment gap is driven by the disadvantages faced by their parents that persist across generations and are reduced but not eliminated by educational success.

**For those in work, education does offer a route to attaining a higher social class for some minority groups.** Indian and Bangladeshi men and Indian and Caribbean women achieve considerably greater levels of occupational success than their disadvantaged family origins might suggest. But this is not the case for Pakistani and Bangladeshi women, despite the fact that they are successful in education. These different patterns of social mobility suggest that efforts to improve social mobility in general will not benefit all groups equally.

# Wellbeing & Inclusion



## **Beyond Us and Them: Policy and Practice for Strengthening Social Cohesion in Local Areas**

### **Belong - The Cohesion and Integration Network & University of Kent, May 2021**

This paper examines the importance of social cohesion and what some local areas across the GB have been doing to support local social cohesion in times of COVID-19. Beyond Us and Them state that social cohesion can be thought of as both a state and a process. It's a state that describes a place or group of people in society at a particular time, but most crucially it's also a process where a combination of different elements (local trust, social mixing, social connectedness etc.) provide the best conditions for social cohesion to establish and grow.

The most recent findings from the Beyond Us and Them research study suggest that in the early days of the pandemic and first lockdown, local authorities who previously invested in cohesion managed to foster higher levels of volunteering, neighbourliness, and local trust than elsewhere as well as maintain more consistent and sustained positive feelings towards all groups of people.

This paper also offers best practice examples and recommendations on ways to increase social cohesion at a local level - both during the COVID-19 pandemic and as communities begin to emerge and rebuild. Its explained that to build a kinder, fairer and more cohesive British society, the government needs to build on the Integrated Communities Strategy and embed principles of social cohesion into relevant national policy agendas working in partnership with local government to support a locally tailored approach.

Some of the key basis for building and sustaining local social cohesion the authors recommend include: strengthen the role of local government as a co-producer, convener and enabler; build and strengthen collaboration and partnership across all sectors; utilise arts, sports and cultural activities to reach a common goal putting communities in charge; invest in social mixing of people from different backgrounds, and many more.

# Sustainability & Inclusive Growth



## Stigma and Social Housing in England

**Durham University Business School & University of Leicester School of Business, June 2021**

This report by Dr. Ejiogu and Dr. Denedo aims to investigate stigmatisation of social housing in England, by exploring how stigma is constructed, experienced and challenged.

Their key findings highlight two distinct eras of social housing, pre-1970 and post-1970. They explain that over time, stigmatizing perception of social housing as cheap started to emerge with there being an intensification, spread and normalization of stigma in England in the post-1970 era. The depletion of the social housing stock through reduced investment and the right to buy scheme as well as promotion of home ownership policies led to social housing being cast as inferior, temporary and tenure of last resort. This stigma has led to social housing tenants experiencing stigma in everyday interactions resulting in negative effects on their quality of life and life chances.

The report highlights that the government's approach of encouraging mixed tenure developments and housing regeneration schemes as not effective in combating stigma. The researchers note that housing associations' and local councils' effort to tackle stigma by retraining staff and redesigning procedures have had very limited success. More recent efforts to challenge social housing stigma through rebranding social housing have been found to suffer from structural and organisational issues such as lack of funding, political will and institutional support.

Following their findings, Dr. Ejiogu and Dr. Denedo make the following recommendations:

1. Government needs to adopt a rights based approach to housing which views access to affordable housing as a fundamental human right.
2. The social housing sector need to create a strong tenant voice at national, regional and local levels and redesign the regulatory and governance arrangements of social housing providers to make social housing providers more accountable to tenants.
3. Media to offer a more balanced and fairer reporting of social housing.

# Sustainability & Inclusive Growth



## Against all odds: how independent Retail, Hospitality and Services Businesses have adapted to survive the pandemic

### A Grimsey Review Research Paper, July 2021

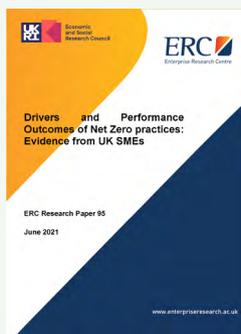
This is the fourth in a series of Grimsey Review Papers designed to help placemakers in the UK reinvent town centres and high streets. It is rooted in the need for a bigger emphasis on localism and this particular research seeks to find out how small independent retail, hospitality and service businesses have survived the pandemic and what the future looks like for them. The pandemic accelerated high street changes and, to help town centres adapt to an emerging new landscape, there is a need for localism, leadership and sustainability.

Some of the key findings include:

- The combined independent sector in England, now has a debt of £2.2bn up from £0.5bn before the pandemic, representing a five-fold increase. Most have been forced to take on unsustainable levels of debt and many are teetering on the brink as a result, requiring urgent support.
- Independent businesses have been treated unfairly throughout the pandemic. While larger corporations have been able to trade and benefit from generous government support.
- The struggle to survive the pandemic has taken its toll on the mental health of business owners.
- Independent Businesses are stronger together and need a loud voice to be heard by both Central and Local Government.

In addition, this report presents many recommendations split into three broad headings: People, Partnerships and Communities. Each recommendation attempts to address the structural unfairness that exists and provide a background where local business people, partnerships and communities can come together and 'Build Back Better' as we emerge from the pandemic. Some of the recommendations include: save viable but over-indebted companies; business rate holiday for non-essential businesses; strengthen consultation; independent business association; business improvement districts, high street visitor experience & accountability; fairer funding to stop creating 'left behind towns', and many more.

# Sustainability & Inclusive Growth



## Drivers and Performance Outcomes of Net Zero practices: Evidence from UK SMEs

### The Enterprise Research Centre, June 2021

This report examines the environmental practices that small and medium enterprises across the UK adopt in order to meet the net zero emission targets set by the UK government. The focus is threefold:

- a. The researchers examine a large range of net zero practices, which span across technological and organisational business domains.
- b. They investigate the external and internal drivers of net zero practices.
- c. Analyse the performance outcomes of net zero practices.

The results of the econometric analysis show that external drivers such as environmental regulations or taxes and customer demand for low-carbon products or services induce SMEs to commit to technological and organisational net zero practices. Additionally, the findings highlight the importance of internal motivations, whereby SMEs adopt net zero practices in order to improve their image and reputation. By contrast, evidence indicates that government grants or subsidies and the availability of external funding from banks are constraining organisational and technological net zero practices respectively.

Researchers provide new insights into the performance outcomes of net zero practices in general, pointing out that, technological net zero practices improve the environmental performance of SMEs, whilst organisational net zero practices affect environmental performance indirectly. For instance, investments on low carbon market research play a complementary role in technological changes, thus improving environmental performance indirectly.

The results indicate that even in the context of the COVID-19 pandemic, there is a strong relationship between technological and organisational net zero practices and business performance, proxied by employment growth. Specifically, SMEs that introduced changes with technological or organisational net zero practices were more likely to experience employment growth. Finally, research can inform SMEs, as the results provide strong evidence that a 'win-win scenario' is feasible in the UK.

# Sustainability & Inclusive Growth



## The Carbon Crunch, The launch report for The Economy 2030 Inquiry

### The Economy 2030 Inquiry, September 2021

This report by the Economy 2030 Inquiry, focusses on the UK’s journey to net zero and states that net zero will be a key driver of economic change in the 2020s and beyond, leading to changing patterns of consumption and large-scale investment with significant impacts on government, firms, workers and consumers. This paper highlights the challenges and opportunities that need to be overcome or seized if the UK is to make a success of the 2020s:

- **Wrestling with change:** through the next decade, accelerated decarbonisation will be a major driver of economic change as further decarbonisation will be much more difficult and disruptive. An estimated 59% of remaining decarbonisation to reach the 2035 target, requires some form of societal or behaviour change, compared to just 13% of that seen in the 2009-2019 period.
- **Managing costs fairly:** the net costs of decarbonisation, currently pegged at around £300 billion over the next three decades, are manageable, at under 1% of GDP through to 2050. However, this aggregate figure hides risks associated with timing, where investment costs predate savings by years, or even decades. There is also a risk that the burdens and benefits from net zero are not shared fairly by loading costs onto lower income households or allowing the benefits to flow to the better off.
- **Updating our economic strategy to reflect the fundamental changes in context:** net zero commitments in the UK and internationally mark a fundamental change to the backdrop and fiscal context within which nations shape their economic strategies. This poses challenges but also gives rise to new opportunities, including an investment and innovation-led “green recovery” such as in ocean and wind technologies, where the UK has a “revealed technological advantage”.

# Agility & Innovation



## The Behavioural Economy - A 10 point plan to upgrade economic policy

The Behavioural Insights Team (BIT), November, 2020

This report by BIT introduces and outlines a 10-point plan to improve economic policy by incorporating behavioural economics into policymaking. It utilises recent progress and findings in behavioural economics to provide new tools for the government and regulators to use in order to design more effective policies which help address issues such as low productivity, exclusion and unfairness that is present in the UK. It states that in current policy making, behavioural economics has been heavily omitted leading to policies such as taxes, subsidies and regulation being less effective than they could be. This report highlights that Covid-19 crisis has shone a spotlight on some wider structural problems in the UK and provides an opportunity to reform economic policy for the benefit of citizens and businesses across our society.

The 10-point plan aims to build household and job resilience, make businesses and markets more productive and overall improve performance and long-term potential of the UK. The plan is split into 3 areas of economic policy: **micro (individual)**, **mesa (market)** and **macro (national)** levels and ideas of how each strategy can be fulfilled by utilising behavioural economics are provided. A summary of the 10 point plan is as follows:

1. Help and encourage people to save for the future
2. Open new job opportunities and provide better support for job seekers
3. Utilise data to measure the performance of the markets
4. Increase market transparency
5. Further reduce switching costs
6. Kick-start market disruption
7. Plan ahead for the next shock
8. Promote business investment that leads to growth and increased productivity
9. Increase and incorporate social trust into economic policy making
10. Challenge, test and measure macro-economic policies

# Agility & Innovation



## Innovation, growth and the transition to net-zero emissions

**Centre for Economic Performance, June 2021**

This article examines ideas and evidence on how policies and institutions across the world can enable and foster private sector investment in sustainable and productive assets at the scale and pace required to tackle climate change, whilst simultaneously achieving a strong economic recovery from Covid-19 and growth into the future.

Some key action points from the article include:

- The evidence suggests that action at scale and across the economy, via a coordinated set of policies and institutions is required, in order to tackle the multiple market failures that coexist, and shift the trajectory of economies so that path dependence favours clean innovation and investment. Given the devastating environmental and substantial economic costs of locking-in to dirty assets and infrastructure, time scales and rates of change must be at the centre stage of policy assessments.
- Policies for a strong and sustainable recovery must include environmental and growth levers. A robust carbon price must be complemented by a suite of mutually reinforcing policies, regulations and investments in infrastructure, human capital and innovation, all of which are coordinated as part of a stable and long term sustainable recovery plan.
- A sustainable and resilient recovery from the Covid-19 crisis will require boosted investments in clean innovation and its diffusion, together with complementary and inter-dependent investments in physical, human, natural and social capital. Such investments must be made quickly and at scale if the world is to meet the Paris 2015 UNFCCC target (“well below 2°C”), raise ambition to keeping warming below 1.5°C and avoid catastrophic and irreversible damage.
- The achievement of these objectives requires a whole-economy approach with strong, coordinated and long-term policies and institutions, providing credibility and direction for private investment.

# Agility & Innovation



## Making Britain the Best Place for AI Innovation

### The Entrepreneurs Network, March 2021

This briefing sets out eight recommendations to maintain and strengthen the UK's position in what is a highly competitive field.

1. Create a pool of cloud compute credits for the UK R&D ecosystem - This cloud pool could take the form of subsidised cloud credits, allowing researchers to work on research that the private sector would not naturally be incentivised to fund.
2. Upgrade public data infrastructure and open up datasets - Without access to good quality data, machine learning based technologies cannot deliver on that promise of smarter and more efficient products and services.
3. Explore innovation-friendly regulatory markets - Instead of the overly prescriptive approach favoured by countries like Germany, the UK should adopt a more innovative approach to regulation such as one with an outcome based mentality.
4. Work closely with the EU to review and improve GDPR - It is undoubtedly desirable to have some regulations protecting privacy, security, and more responsible data governance.
5. Lower barriers to immigration and attract foreign talent - In a recent report, Microsoft finds that the UK is facing an AI skills shortage. One of the most effective ways to address the AI talent shortage is to make the UK more attractive to foreign talent.
6. Shun protectionism and proactively lead global AI governance effort - A key outstanding challenge for AI ethics and governance is identifying those areas where there is cross-cultural agreement on norms, standards, or regulation.
7. Foster public trust in the public sector use of AI - AI can play an important role in supporting policymaking and government decisions, increasing efficiency, accuracy and effectiveness.
8. Ensure the UK's intellectual property regime is fit for AI - It is crucial for AI developers to have the widest possible access to data. However, presently the legal landscape in the UK would not permit many uses of text and data mining.

# Agility & Innovation



## Getting smarter: a strategy for knowledge & innovation assets in the public sector The Mackintosh report

**HM Government, April 2021**

This report states that the UK's public sector is a remarkable source of innovation and 'knowledge assets' (KAs) and that only by investing in them properly – giving them the attention and resources they need – will they deliver the enormous benefits they offer to our economy and society, boosting productivity and improving the quality of life in the UK. In that context, this report sets out a new implementation strategy to get greater value from KAs in the public sector, which is built around three pillars: Support, Incentives, and Good Practice.

### **Support**

- A new unit – The Government Office for Technology Transfer, within the Department for Business, Energy and Industrial Strategy (BEIS). The unit will scout for new opportunities and support government departments and organisations on how to identify, protect and exploit their knowledge assets.
- New funding to invest in innovative ideas, benefitting both the public sector and the wider economy.
- Better networks for public sector innovators. Levelling up support for regional public sector research institutions and innovation ecosystems. The new unit will facilitate the operation of this network.

### **Incentives**

- Changes to incentives within government to support the development of innovative ideas and entrepreneurial culture.

### **Good Practice**

- New guidance – on how to identify, manage and derive maximum value from public sector KAs.
- A new 'knowledge and innovation assets bank' to capture and share intelligence on high potential opportunities across government, allowing KA holders and innovators to connect and pursue opportunities.

## Distribution List

Whilst the Professional Services Unit would encourage you to share this document with policy colleagues and other stakeholders, it may be more beneficial to recommend that they be added to our distribution list. To be added to the Department for Communities Economic and Social Research Review distribution list, please email:

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## Feedback

We recognise that this publication will improve through continual engagement with those responsible for policy delivery. Therefore, we would welcome feedback on the research review and have included a link to the feedback sheet which we would encourage you and your colleagues to complete:

**[Feedback Survey Link](#)**

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