

Research Bulletin 22/6 | Minimising Economic Scarring After Covid-19 and Restrictions

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Summary

Due to the profound impact of Covid-19 and restrictions on economic activity, the UK Government and NI Executive took swift action to protect businesses, jobs and incomes. Businesses have reopened, but there is still a risk of economic 'scarring', especially as the labour market has still not returned to pre-Covid-19 levels in some respects. Physical and human capital may have been impaired for a number of reasons, but in particular as education and training was severely disrupted.

This article illustrates some of the ways in which recent events may have scarred the Northern Ireland economy. Any scars will have implications for affected individuals, but also for long-term growth prospects. We examine interventions from a number of countries across the globe that aimed to minimise this and aid the long-term recovery and resilience of the economy. Economies tended to focus on building skills, emphasising the need for education, and strengthening the role of digital capabilities.

Introduction

The economic impact of Covid-19 and the restrictions has been profound. Footfall in high streets across Northern Ireland fell dramatically and it has been estimated that at the height of the Spring 2020 lockdown output ran at around 25% below normal.ⁱ ⁱⁱ The claimant count in Northern Ireland more than doubled in a few months – increasing from around 30,000 in March 2020 to approximately 64,000 in May 2020.

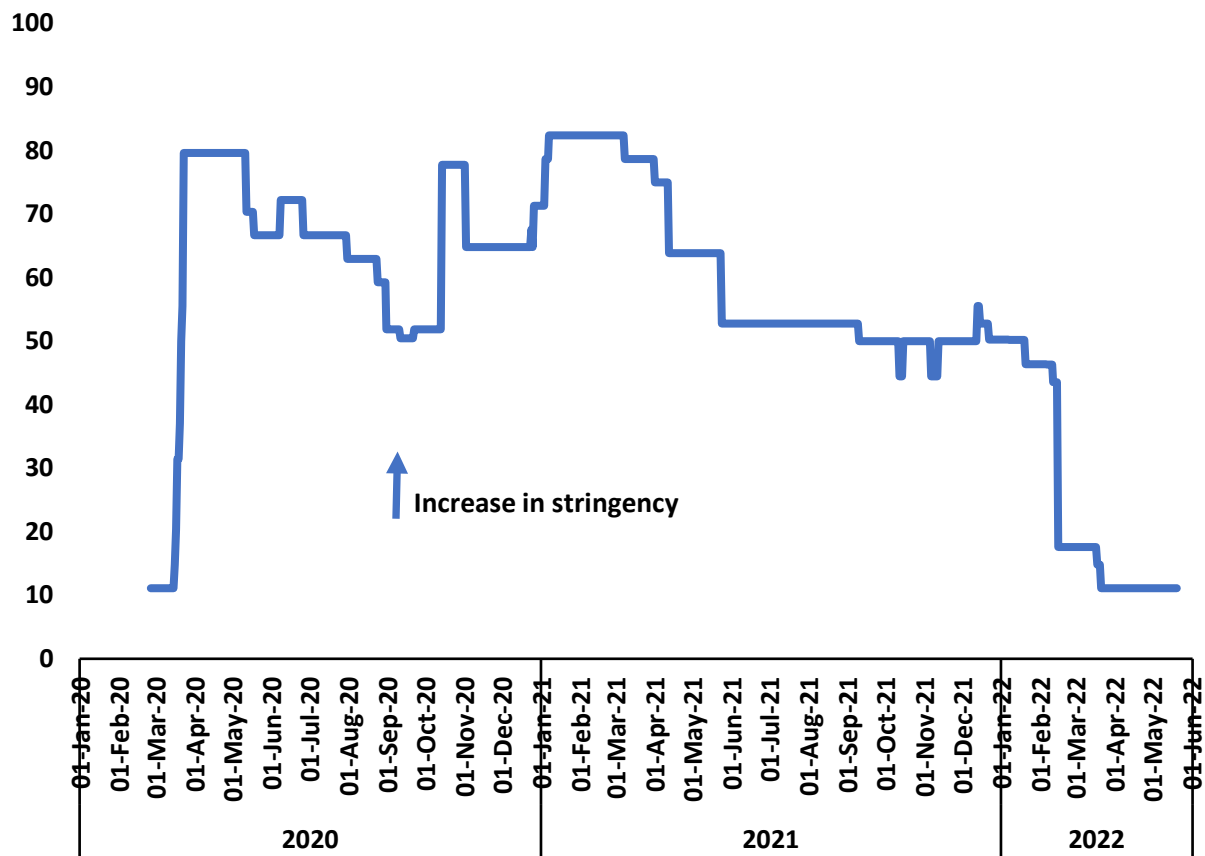
The UK Government and NI Executive rolled out a number of interventions. National schemes such as the Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme (SEISS) provided income for hundreds of thousands of workers here (albeit at a reduced 80% level). The Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs) offered over £2bn in emergency loans to Northern Ireland businesses.ⁱⁱⁱ

At a local level, numerous grant schemes were quickly rolled-out for firms in Northern Ireland. A rates holiday was introduced for entitled businesses^{iv} and there was protection from eviction for commercial tenants.^v The High Street Scheme aimed to boost the Northern Ireland economic recovery and injected £140m of spend for businesses here.^{vi}

Covid-19 restrictions have now been relaxed in Northern Ireland and businesses have been able to trade much more freely. On 6 June 2022, the working from home guidance was updated^{vii} with employers and employees asked to discuss the balance of office and flexible/ hybrid working to put in place working arrangements that best meet organisational needs.^{viii}

The severity of restrictions in Northern Ireland can be tracked using the University of Oxford’s Covid-19 Government Response Tracker (OxCGRT). This provides a systematic way to measure and compare government responses to Covid-19. This is a composite index and takes into account workplace closures, school closures, restrictions on public events, restrictions on gatherings, restrictions on movement, etc. The index number varies between 0 and 100, with 100 being the most stringent possible restrictions.

Figure1: Stringency Index for Northern Ireland over Time ^{ix}



Source: Oxford Covid-19 Government Response Tracker.

As a result of reopening the Northern Ireland economy, output has seen a recovery. Service output in Q1 2022^x was 4.9% above the pre-Covid-19 level, seen in Quarter 4 2019. UK service output is 1.4% above its Q4 2019 level. Both the Northern Ireland services output and UK services output are at series high.^{xi} The Northern Ireland Index of Production in Q1 2022 was 5.2% above the pre-Covid-19 level seen in Q4 2019, while the UK remains 1.8% below its Q4 2019 level.^{xii}

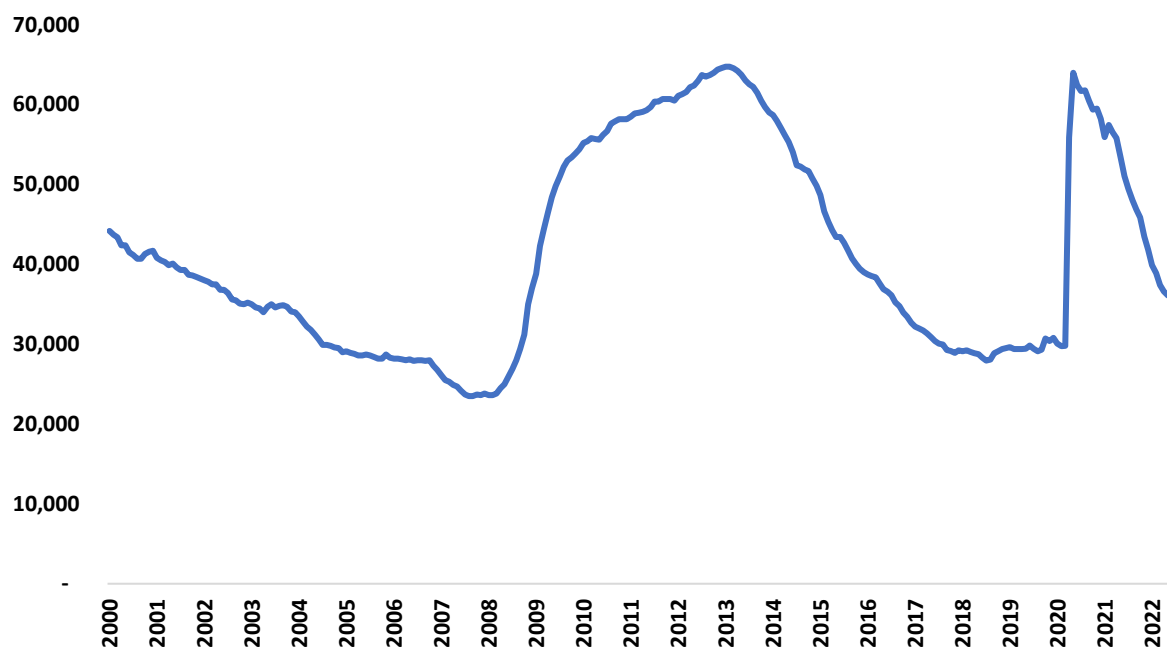
However, despite these positives, it is important to be mindful that the recovery in output levels varies by sector. ONS note that consumer-facing services in the UK were still 4.9% below their pre-Covid-19 levels in June 2022, while all other services were 2.7% above.^{xiii} Northern Ireland, like many regions faces a number of headwinds. Inflation is currently high, and the purchasing power of public spending has been affected. According to Danske Bank, consumer confidence in Northern Ireland declined at a sharp pace in Q2 2022 as higher prices weighed heavily on household finances.^{xiv}

Near-term growth prospects have recently been downgraded by the IMF for many advanced economies, with risks to the outlook overwhelmingly tilted to the downside.^{xv} The Bank of England has recently forecast negative growth for the UK economy and weak growth in the subsequent recovery.^{xvi} Many of the emergency supports rolled out by the UK Government and NI Executive have already been discontinued.

Risks of Scarring

Over two years on from the national lockdown that began on 23 March 2020^{xvii}, the Northern Ireland labour market is still not back to pre-crisis levels in some respects. Although the emergency supports provided (such as furlough) saved many jobs, it did not save every job.^{xviii} Recovery from economic shocks can be a gradual process. For example, it took only two months for the claimant count to jump from around 30,000 in March 2020, to 64,000 in May 2020; however, over two years on since May 2020, the claimant count was still at approximately 36,000 (according to June 2022 provisional data).

Figure 2: Claimant Count in Northern Ireland (Jan 2000 to Jun 2022) ^{xix}



Source: NISRA

Notes: The experimental Claimant Count consists of claimants of Jobseekers Allowance (JSA) and some Universal Credit (UC) Claimants. The UC claimants that are included are (1) those that were recorded as not in employment (May 2013-April 2015), and (2) those claimants of Universal Credit who are required to search for work, i.e., within the Searching for Work conditionality regime as defined by the Department for Work & Pensions (from April 2015 onwards).

Insurance Number (NINo) registrations by non-UK nationals reduced considerably in 2020-21, contributing to labour shortages in occupations that have been more dependent upon migrant labour in recent years.^{xx} Latest data suggests a 'bounce-back' in the number of foreign workers in more recent months however.^{xxi}

According to research by the Ulster University Economic Policy Centre (UUEPC) published in March 2022, the proportion of early retirements is at its highest for almost a decade, with many older workers affected by the pandemic deciding to retire early.^{xxii}

The employment rate in Northern Ireland for those aged 16 to 64 in March-May 2022 was 70.1%, notably lower than the UK rate of 75.9%. The Northern Ireland employment rate in March-May 2022 was still 2.4 percentage points (pps) below the pre-lockdown rate in December 2019-February 2020, (72.5%), whilst the UK rate was 0.7pps below.^{xxiii}

School life has been disrupted considerably, along with Further Education Colleges and Higher Education Institutions. Analysis by the London School of Economics (LSE) and Centre for Economic Performance (CEP) found that disruption to schooling between March 2020 and April 2021 was unprecedented in its scale. Based on UK nations' attendance policies, the following maximum number of classroom days were lost over one calendar year: 110 days for England; 119 days for Northern Ireland; 119 days for Scotland; 124 days for Wales. These compared to a full year during normal times of 190 classroom days.^{xxiv} The losses raise significant concerns about scarring effects in the future, especially as the Department of Education (DE) in Northern Ireland has subsequently said that the impact of Covid -19 has also resulted in "unprecedented" numbers of children being chronically absent from school.^{xxv} In addition, the number of vocational and technical qualifications (VTQs) awarded in Northern Ireland fell during Covid-19, with just over 142,000 vocational and technical certificates issued in 2020-21, down from almost 178,000 in 2018-19^{xxvi}.

Mental health has been acutely impacted by Covid-19 and restrictions and this may have a long-term impact.^{xxvii} Research found that the major cost to employers is a reduction in productivity they may face as a result of mental health driven absenteeism.^{xxviii} Furthermore, a paper by the Department of Health in Northern Ireland states that research on the association between economic recessions and mental health have reliably demonstrated transdiagnostic (anxiety and depression) degradation in mental health and increases in negative coping behaviours (e.g., alcohol and drug use; Forbes & Krueger, 2019).^{xxix}

While it is clear the Northern Ireland economy has shown resilience, there is still some way to go. If there has been a scarring effect arising from the economic consequences of Covid-19 and restrictions, then that is clearly problematic for the economy and society as a whole. For example, a study by Sheffield Hallam University in 2019 found that decades on from the mid-1980s, the coalfields areas of Wales and areas of England still faced a weakness of the local economy, apparent in terms of economic and social disadvantage, along with the incidence of ill health.^{xxx}

If Northern Ireland's physical capital^{xxxix} and human capital^{xxxix} have been damaged or impaired by recent events, then this could be detrimental to long-term growth prospects. By now putting the focus on education, skills, and training, we can ensure that Northern Ireland's human capital is enhanced, labour market scarring is minimised, and skills are highly relevant to the jobs of tomorrow.

Interventions Around the Globe

A key part of many countries' response to Covid-19 was to support employment via hiring subsidies, social security waivers, enabling relocation for workers through vocational training and focusing on innovation and digitalisation. This section highlights some of the key interventions adopted by advanced economies around the world to help recover from the Covid-19 pandemic and prevent labour market scarring. The advanced economies considered include Australia, Austria, Belgium, Denmark, Estonia, Iceland, Luxembourg, New Zealand, Republic of Ireland, Scotland, and Sweden. Many of these are small in size and therefore comparable to Northern Ireland.

The economies selected for inclusion are those for which appropriate data were available or where a useful comparison could be made for the Northern Ireland context. The broad range of initiatives adopted by these countries have been grouped into broader themes as follows:

- To support the hiring of young jobseekers;
- To support the hiring of long term unemployed;
- To support the hiring of people with disabilities;
- To support the hiring of older jobseekers;
- Direct job creation programmes;
- Subsidies for existing workers and newly hired individuals (who were previously unemployed/inactive);
- Temporary reductions in social security contributions;
- Enabling relocation of workers across sectors and occupations through training (including vocational training and apprenticeships); and
- Focus on innovation, digitalisation, and sustainable economy.

These interventions will help aid the long-term recovery and resilience of the country. They will do this by building skills, emphasising the need for education, and strengthening the role of digital capabilities. Considering the aspirations set out in the Department for the Economy's 10X Vision, these initiatives are of relevance to Northern Ireland, and can help inform instruments aimed at ensuring people here are better skilled, and that businesses are more innovative which will better prepare them against future economic shocks. The table overleaf provides an overview of the advanced economies used for comparison and the interventions introduced, with further information provided in Annex 1. Attempts have been made to gather data on all interventions, but some gaps may remain.

	Advanced Economies for Comparison										
	Australia	Austria	Belgium	Denmark	Estonia	Iceland	Luxembourg	New Zealand	Rep of Ireland	Scotland	Sweden
Incentive to support the hiring of young jobseekers	✓						✓	✓	✓	✓	✓
Incentive to support the hiring of long term unemployed		✓	✓		✓					✓	✓
Incentive to support the hiring of people with disabilities		✓			✓	✓	✓			✓	
Incentive to support the hiring of older jobseekers		✓		✓		✓					
Direct job creation programme							✓	✓	✓		
Subsidy for existing workers and newly hired individuals (who were previously unemployed/inactive)		✓				✓					✓
Temporary reductions in social security contributions						✓					✓
Enabling relocation of workers across sectors and occupations through training (incl. vocational training and apprenticeships)		✓	✓	✓	✓	✓		✓	✓	✓	
Focus on innovation, digitalisation and sustainable economy	✓	✓	✓			✓				✓	

Note that this research (for learning purposes) has looked at schemes introduced in other economies. However, some of the interventions may not be appropriate for Northern Ireland (for legal / practical reasons, for example).

Future Northern Ireland Policy Interventions

Northern Ireland has already put in place many interventions^{xxxiii} over the past number of years.^{xxxiv} Based on the above analysis, further developing, and strengthening the suite of Northern Ireland's policy interventions could help improve its long-term economic recovery. These are outlined below.

Providing Greater Opportunities for People with Disabilities, Women, and the Elderly

A greater focus could be placed on Lifelong Learning, particularly for the elderly, who could significantly benefit from digital skills training to participate in e-commerce fully and online banking, remote learning (such as that provided through the SkillUp initiative), use of service pages and online entertainment. As innovation and digital skills are becoming increasingly important and are highlighted as a priority area within the 10X economic vision, it is vital to focus on inclusive recovery and ensure the vulnerable populations have the same access to jobs and opportunities.^{xxxv}

Introducing Lifelong Learning Initiatives Aimed at Upskilling the Population

Lifelong learning also results in a wide range of benefits, including higher wages, higher productivity for firms and higher levels of social trust by making it easier for displaced workers to find new jobs through reskilling opportunities.^{xxxvi} Northern Ireland has already introduced strategies such as Success through Skills, Preparing for Success, Access to Success, and Further Education Means Success to make progress in many of these policy areas, but continued focus could be beneficial to ensure that vulnerable groups avail of these opportunities. To further develop a culture of lifelong learning, some evidence suggests that curriculum and examination methods in compulsory education need to further align with the priority areas within the 10X Economic Vision.^{xxxvii xxxviii}

Strengthen Educational Opportunities and Skills Attainment

In terms of inclusive recovery, it is also beneficial to strengthen educational opportunities for people in Northern Ireland. While it is recognised that education attainment is increasing,^{xxxix} there is still a high proportion of individuals (13.0%) who are considered to have no skills (NISRA, 2020). UUEPC's recent study highlights that employers continue to favour higher qualified individuals, squeezing those with low or no qualifications out of the labour market. This finding implies that initiatives aimed specifically at those individuals can significantly benefit the labour market, especially if these individuals are upskilled in the undersupplied sectors such as science, engineering, manufacturing technologies and ICT. Sectors which would have previously employed low-skilled workers or young people are now closing or turning towards automation, indicating an urgent need to upskill these individuals to prevent labour market inactivity. Another challenge is the development of soft skills that enable individuals to work. A study from the Chartered Management Institute (CMI) conducted between December 2020 and August 2021^{xl} found almost

80 % of employers believed graduates were not fully equipped with the skills required to be considered “work-ready” thus highlighting a need for student-specific training to develop these skills and increase their employment options. In order to have a well-functioning labour market, it is necessary for businesses to have access to an adequately skilled supply of workers. The Northern Ireland Skills Barometer 2021, undertaken by the Ulster University Economic Policy Centre (UUEPC), provided findings from a consultation exercise held with a wide range of employer groups and sector skills organisations. Feedback focused on careers advice, the importance of soft skills / transversal skills and the need for digital skills. In addition, businesses were increasingly seeing work placements as an integral part of their recruitment strategies.^{xii} The UUEPC’s Skills Barometer also notes that if the Northern Ireland education system is to meet the required demand for narrow STEM over the next decade it must significantly increase the number of qualifiers within these subject areas, and in particular encourage young women to study within these areas. The Skills Barometer considers that lifelong learning activities are an essential instrument in addressing Northern Ireland’s competitiveness challenges.

Focus on Digitalisation, Automation, AI and Machine Learning

The Department for the Economy’s 10X Vision focuses on the opportunities offered by innovation and emerging technologies for the Northern Ireland economy and the Labour Market. However, there is an opportunity to focus specifically on the opportunities offered by Artificial Intelligence (AI) technology, Machine Learning (ML) and automation. Adoption of AI technology accelerated during Covid-19, and not only within the healthcare sector. Going forward, and to ensure that we do not fall behind other parts of the world, and reap the benefits of digitalisation, policymakers should explore pathways to further support digitalisation of businesses^{xiii}.

The skills requirements in digitalised establishments suggest there are good labour market prospects particularly for high-skilled white-collar workers, while those in occupations with a high level of routine tasks, particularly in sectors such as automotive, machinery and consumer goods manufacturing, are likely to face employment challenges. This gives rise to concerns about increasing labour market polarisation. However, it is important to highlight that AI does not necessarily take jobs, but can create new ones, as greater focus on reskilling and upskilling takes place. Automation can also give rise to new business models which can result in employment growth.

The European Skills and Jobs Survey undertaken by Cedefop^{xiiii} indicates that the highest shares of employees at high risk of job automation are among trade workers, machine and plant operators, assemblers and construction workers. Whilst the lowest shares are amongst managers, healthcare workers and street service workers. Research by UUEPC on automation found that technical skills likely to be in demand include advanced ICT, coding, programming, data analytics, machine learning and STEM. Soft skills required include

problem solving, communication, team working, judgement, management, social and emotional intelligence, creativity and independent thinking.

Timing And Scope of Initiatives to Stimulate Spending

In terms of measures aimed at increasing spending and consumption, some of the economies studied utilised some form of spending voucher. These vouchers were either sector-specific, like the tourism voucher in Iceland, the gastronomy voucher in Austria, or all-encompassing like in the case of Northern Ireland. In Austria more than 940,000 gastronomy vouchers were issued, 781,006 were redeemed in 3,721 catering establishments such as restaurants or coffee houses, which corresponded to a value of €30.75 million or a redemption rate of 83%^{xliv}. Other economies (not in the comparator list used for this article) also introduced similar schemes to boost spending, such as Jersey, Malta and Taiwan^{xlv}, and the Eat Out to Help Out scheme was introduced UK-wide.^{xlvi} In Northern Ireland the High Street Scheme injected around £140m of spend for businesses here.

Way Forward

According to a recent IMF article (May 2022^{xlvii}), the healing of economic scars of Covid-19 demands prompt action. Long-lasting impacts on the labor force will significantly affect economies. While much is still unknown, simulations show that, once all such students are in the labour market, Gross Domestic Product (GDP) for advanced G20 economies could be as much as 3% lower in the long run relative to the baseline scenario. With poorer households suffering the worst learning losses, their prospects could be particularly diminished, further widening income inequality. The authors also noted that time is short for limiting learning losses because education is cumulative, each year building on the last. To minimise enduring harm, countries must quickly assess setbacks to learning and implement the appropriate measures to help students.^{xlviii}

In addition to the challenges in the labour market and from educational disruption, there are other channels for scarring as well. For example, the increase in corporate debt and vulnerabilities in the industries hit hardest by the pandemic could also contribute to scarring by weighing on investment and productivity for years to come, according to new research presented in the IMF's April 2022 World Economic Outlook.^{xlix}

In March 2022, the Department for the Economy published its 10X Skills Strategy for Northern Ireland, which set out a strategic framework for the development of the skills system to 2030. It sets out three strategic goals which, cumulatively, aim to address the skills imbalances in our economy and improve social inclusion and wellbeing across our society.

- **Strategic Goal 1:** increasing the proportion of individuals leaving Northern Ireland higher education institutions with first degrees and post-graduate qualifications in narrow STEM subjects;

- **Strategic Goal 2:** increasing the proportion of the working age population with qualifications at level 2 and above; and
- **Strategic Goal 3:** increasing the proportion of the working age population with qualifications at level 3 and above.

To deliver on these strategic goals, this Strategy focuses on three major policy commitments and three supporting policy enablers.¹

Figure 3: The Northern Ireland Skills Strategy’s Objectives and Enablers (March 2022)



Annex 2 provides a summary of the policy context and a look to the future of what we want to achieve in a 10X Economy. A focus on skills will be beneficial for society as a whole and for productivity levels. According to The Economics Observatory, most extensive evidence points to low human capital – demonstrated by a significant skills deficit – as the main cause of Northern Ireland’s productivity gap. Research suggests that if Northern Ireland had the same educational attainment as Scotland, it would add 0.25 percentage points to the growth rate of GDP, through improved productivity.^{li}

Naturally however, any long-term focus on enhancing skills will require sustained funding, going forward. However, during the 2010s, investment in education and skills declined substantially in Northern Ireland. Analysis of data from HM Treasury’s Country and Regional Analysis reveals that by 2019-20, to return education and skills investment in ‘real terms’ to 2010-11 levels of expenditure, an additional £429m per annum investment would have been required.^{lii}

It is worth noting that funding will also be required for other areas, in addition to skills, to improve economic development in Northern Ireland. Sustained investment in Research & Development (R&D) and improving the infrastructure (including energy and broadband) will all likely reap economic benefits also.^{liii}

Conclusion

The economic shock from Covid-19 has brought the importance of minimising scarring and building economic resilience to the forefront of policy-makers minds. This is fundamental for Northern Ireland. Much has been done already and should continue to be the focus of future economic policy interventions. It will be crucial to help better prepare local people and businesses to improve their ability to withstand an economic shock and improve their ability to adapt to changing circumstances and strengthen their ability to respond to future shocks.

To ensure inclusive long-term recovery and growth, the focus should now be on supporting the people of Northern Ireland in gaining relevant skills that will enable them to find employment and stimulate high-growth sectors. The Covid-19 induced digital transition can offer great opportunities and bring benefits that can filter down to all people in Northern Ireland irrespective of age, gender or qualification.

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Annex 1 – Employment Incentive Schemes in Advanced Economies (Overview)

Country	Detail of intervention
Australia	<ul style="list-style-type: none"> • <i>Research and Development Tax Incentive</i> - The tax incentive includes a tax offset for eligible Research and Development activities and involves two components (a refundable tax offset for certain eligible entities whose aggregated turnover is less than \$20M (approximately £11M), and a non-refundable tax offset for other eligible entities) (Department of Industry, Science, Energy and Resources, 2021) • <i>Free digital coaching</i> – This aims to help businesses take the next step online and offers a range of tools, free one-to-one coaching (up to 4h), seminars, webinars, and information for all skill levels through the Digital Ready Programme. • <i>JobTrainer Programme</i> - Programme for 17–24-year-olds interested in a career in aged care, digital skills, childcare, and disability care. The programme allows young people to obtain necessary qualifications and learn skills for jobs in demand for free or for a low fee. • <i>Boosting Apprenticeship Commencements</i> - The Boosting Apprenticeship Commencements wage subsidy supports businesses and Group Training Organisations to take on new apprentices and trainees, to build a pipeline of skilled workers to support sustained economic recovery. Businesses or Group Training Organisations were eligible for a wage subsidy of 50% of wages paid to a new or recommencing apprentice or trainee for 12 months from the date of commencement to a maximum of \$7,000 per quarter (dese.gov.2022) • <i>Tourism Development Loan Scheme</i> - Aims to assist operators in rebuilding and regaining market share, building resilience and innovating as the economy re-builds from COVID-19 and travel returns to normal.
Austria	<ul style="list-style-type: none"> • <i>Gastronomy voucher</i> – Aimed to stimulate consumer demand in dining in restaurants. The value of the voucher was based on household size – €25 for one person-household and €50 for multi-person households. • <i>Springboard initiative for long term unemployed</i> - is a temporary measure running from 1 July 2021 to 31 December 2022 aimed at people who have been unemployed for more than 12 months due to the Coronavirus crisis. • <i>Corona Job Offensive</i> - The initiative is targeted at unemployed people who want to re-train, increase their re-employment opportunities by obtaining a qualification, young adults without qualifications, women and people returning from work after family-orientated career breaks, people with disabilities with language-related employment problems and people with complex placement limitations, and employees whose jobs are to be safeguarded through job-preserving qualifications. • <i>Apprenticeship bonus</i> - The federal government paid companies a bonus of €2,000 for every apprentice hired between 16 March and 31 October 2020. • <i>WAFF Innovation and Employment subsidy</i> - Support for small and medium enterprises in implementing innovation projects. The grant can be used for innovation-related training, personnel costs of innovation assistants and consultancy costs are required.
Belgium	<ul style="list-style-type: none"> • <i>Care jobs for temporary unemployed</i> – Due to significant labour shortages in the care sector, Flemish employment services launched an initiative and accompanying platform to facilitate people on temporary unemployment to perform tasks in the care sector. • <i>Outplacement</i> - this initiative includes the outplacement of workers and entrepreneurs who got unemployed because of a company's bankruptcy. As part of the scheme, outplacement counsellors provide guidance and counselling services to workers to help them find a new job or develop their own professional business. • <i>Consumption Cheques for employees</i> - The consumer cheque is a paper cheque that the employees could spend in the most affected Belgian sectors during the lockdown. The maximum amount that could be granted per employee was €300. • <i>Made Different Digital Wallonia</i> – This is aimed at manufacturing businesses and is designed to speed up the digital transformation through awareness raising, diagnostics and support.

Country	Detail of intervention
	<ul style="list-style-type: none"> • <i>Ecodynamic Enterprise Label</i> - This initiative is not directly linked to the labour market, but its main aim is to increase the environmental awareness of enterprises and the wider public. The Ecodynamic Enterprise Label honours and promotes innovative operational management, which attempts to reduce the impact of economic activities on the environment. It is an official and free recognition. The label advertises eco-management conceptualisations, particularly waste management and prevention, rational use of energy, and management of worker mobility. The sustainability efforts are symbolised on a three-level scale with one, two, or three star(s). To obtain the label, a company must declare and implement good practices in each environmental theme: purchases, noise, waste, water, energy, green spaces, mobility and soil (Ecodyn, 2022).
Denmark	<ul style="list-style-type: none"> • <i>Measures targeted at the long term unemployed</i> – This initiative is targeted at the elderly long term unemployed over the age of 50 who are on existing subsidy schemes. The scheme includes regional educational funds to ensure access to short courses that can be converted to new jobs and industries. Additionally, the scheme extends to long-term unemployed in the form of Adult Continuing Training Support, which includes matching companies' demand for skills and the upskilling of the unemployed. There are also initiatives for young people at risk of long-term unemployment, such as targeted CV guidance, upskilling courses, and company-oriented advice. • <i>New subsidy scheme for apprentices, students, and companies</i> – In spring 2020, the government and the social partners have agreed to spend more than DKK 5 billion (approximately £568m) on initiatives for apprentices, students and businesses. The government and the social partners have entered into a tripartite agreement to support students, apprentices, and Danish companies through funds from the Employers' Education Contribution (KA, 2020) to ensure quality school and vocational internships and training are available. • <i>Alleviating unemployment among young academics</i> - open ended local initiative started in May 2021 – aimed at young academics who found it difficult to find a job due to the Coronavirus pandemic. The measure included, amongst others, coffee meetings with relevant enterprises, and be offered help and preparation for the meetings through virtual workshops, virtual visits at enterprises with an aim of hiring highly educated candidates and subsequently matching the candidates with tailored jobs, internships, and wage subsidies.
Estonia	<ul style="list-style-type: none"> • <i>Start-up incentive programmes</i> - targeted at the unemployed and other disadvantaged groups in response to the COVID-19 crisis by increasing the financial support to job seekers starting their own business. • <i>Temporary employment programme 2021 - 2023</i> - The purpose of the programme is to shorten the unemployment period, help in employment persons who have difficulties in this regard due to long-term unemployment or other obstacles, mitigate labour shortage and prevent unemployment. The programme considers the hardship caused by the COVID-19 pandemic and aims to mitigate the negative labour market effects. The budget of the programme is up to €171.3 million between 2021-2023. • <i>Covid-19 pandemic response fund - Company Grants</i> – this temporary measure runs between 12th July 2021 and 31st October 2023 and includes an applied research programme for companies to increase their income through product development. The grant can also support product development in the tourism sector; however, a condition was made that the products must create travel motivation and comply with the principles of sustainability, inclusiveness, and digital and green transitions. Additionally, the grant can be used to support the digitalisation of the of the tourism sector to make work processes more efficient and/or make it easier for visitors to access information and make reservations for visits. The total budget is €4 million. • <i>My First Job scheme</i> (which sits under the Youth Guarantee Action Plan) - was applicable between consists of a wage subsidy and training allowance for young people. The scheme ended in 2020.
Iceland	<ul style="list-style-type: none"> • <i>Vocational training Programme</i> – Set up by the government for those professions in short supply, especially technicians, crafts and trade, and health care workers

Country	Detail of intervention
	<ul style="list-style-type: none"> • <i>Individual Placement and Support (IPS) Supported Employment Programmes, with integrated mental health services, such as vocational rehabilitation</i> - IPS is aimed at a variety of target populations such as older adults, adults with disabilities, individuals with mental illnesses, individuals with a criminal history • <i>Tax Credits for investments</i> – include tax measures aimed at encouraging and supporting companies for investment designed to promote innovation and competitiveness of the economy. It also looks to accelerate the depreciation of new investment, focusing on green transformation and climate targets, allowing companies to undertake such investments much sooner than they would otherwise be (The Government of Iceland, 2020) • <i>Continuing Resistance Grant (2022)</i> – Available to businesses who suffered at least a 40% drop in revenue due to the coronavirus pandemic and did not claim the grant previously. (The Government of Iceland, 2022) • <i>Computer literacy lessons for older people</i> - The Ministry of Social Affairs and Labour has signed agreements with eight educational bodies for teaching computer literacy to older people following the tender of The State Purchaser. • <i>Lóa innovation grants for rural areas</i> – the grant aims to promote innovation in rural areas based on ingenuity, knowledge, and new skills. The grants are intended to support entrepreneurial and innovation projects as well as infrastructure development. The total value of the grant is ISK 100M (ISK 20M every year) (The Government of Iceland, 2022) • <i>Gift cards for domestic tourism</i> – in 2020, receive a voucher worth ISK 5,000 (approx £30) to redeem in hotels and tourism companies (including accommodations, transportation, and dining) around the country (Ciric, 2020)
Luxembourg	<ul style="list-style-type: none"> • <i>Lifelong Learning Strategy</i> – This is a policy of education and training based on 6 transversal principles centred on the learner. The strategy proposes 8 measures to create an environment conducive to each learner’s professional and personal development (EURYDICE, 2021). The objective of the projected lifelong learning system is to construct learning paths that will recognise learning outcomes obtained and accumulated by individuals in various contexts • <i>Employment reintegration contract for disadvantaged workers</i> - to help the most vulnerable populations find employment, i.e., jobseekers aged 45 or over, employees with reduced work capacity and disabled workers, can employment reintegration contract with an employer. When hiring a jobseeker aged between 30 and 45 years, a share corresponding to 50% of the minimum social wage for unskilled employees is paid by the employer to the Employment Fund. In cases when a vulnerable job seeker is employed, the company’s participation is reduced to 35% of the compensation received by the jobseeker. The employment reintegration contract is concluded for 12 months.
New Zealand	<ul style="list-style-type: none"> • <i>Mana in Mahi</i> - Scheme aimed at supporting hiring of young jobseekers, long-term unemployed and other vulnerable groups combines employment with apprenticeship or formal industry qualification to upskill disadvantaged individuals and provide meaningful employment opportunities. • <i>Targeted Training and Apprenticeship Fund (TTAF)</i> - covers apprenticeships, micro-credentials, certificates and diplomas from Level 2 to Level 6 in the areas of electrical engineering, civil engineering and construction, information technologies, manufacturing and mechanical engineering and technology, as well as primary industries and road transport. • <i>Funding to support regional economies and create jobs</i> - Ministry of Business, Innovation and Employment allocated \$600 million to support regional economies by creating create short-term jobs for immediate redeployment and new employment opportunities and income growth. • <i>Funding to create jobs to help the environment</i> – This scheme provided \$433M to support initiatives that provide employment opportunities to restore wetlands, rivers and streams to health, and regenerate native bush and control pests and weeds. The initiative is directed toward Legal entities such as councils and territorial authorities, charitable trusts, incorporated societies, and limited partnerships. • <i>Jobs for Nature</i> - The \$1.219 billion programme was initially designed to provide nature-based jobs to communities and industries that the COVID-19 pandemic had impacted.

Country	Detail of intervention
	<ul style="list-style-type: none"> • <i>2021 Support for Tourism Communities (Support, Recovery and Re-set plan)</i> – under this plan \$200 million will be allocated towards business advisory support to help businesses decide what to do next, and mental wellbeing support which includes community wellbeing events.
Ireland	<ul style="list-style-type: none"> • <i>JobPlus scheme</i> – Additional subsidies were introduced under this scheme for the hiring of registered unemployed under the age of 30 over the course of two years. JobsPlus participants under the age of 30 are co-funded by the European Social Fund (ESF) (gov.ie) • <i>Tax credit to encourage spending in hospitality (Stay and Spend)</i> – a temporary initiative running from 01 October to 30th April 2021 was introduced as part of the Government's July 2020 jobs stimulus plan. It aimed to encourage spending on accommodation and food services in Ireland. • <i>Outdoor Dining Funding Scheme (Outdoor Dining Enhancement Scheme)</i> – a temporary scheme was running from 12th April to 30th September, aimed to assist tourism and hospitality businesses in developing and increasing their outdoor seating capacity. The second objective of the scheme was to support jobs and businesses and transform appropriate outdoor spaces within Irish cities and towns as welcoming, vibrant places that would help support economic recovery (Minister for Tourism Catherine Martin). • <i>Apprenticeship incentivisation scheme</i> – the scheme aimed to encourage employers to take on manufacturing and service sector jobs for apprentices between the age of 18-25. Initially, it was designed to support employers to continue to recruit apprentices during the immediate COVID-19 period (dbe.gov., 2020) • <i>New Pathways to Work (as part of National Recovery Plan)</i> - On 12 July 2021, the Government launched a new national employment strategy to get people back to work after the pandemic. The strategy also seeks to support those unemployed before the pandemic, those looking to return to work or join the workforce and those facing additional barriers to work, to promote better job opportunity outcomes for all. Key elements of the strategy include a new Work Placement Experience Programme to provide 10,000 paid placements and a €1,000 Training Support Grant for job seekers. The strategy will also focus on utilising Remote Working and e-Learning opportunities to help people into the workforce (gov.ie, 2021) (RTE, 2021)
Scotland	<ul style="list-style-type: none"> • <i>Job Guarantee Scheme</i> - Aims to make sure everyone aged 16-24 has the opportunity of work, education or training. The Scheme connects those participants with jobs, placements training or volunteering with employers committed to the Guarantee • <i>Inclusion Scotland's "WeCanWork" programme</i> – This is an internship scheme for people with disabilities (Inclusion Scotland, 2022) • <i>No-One Left Behind Employability Funding Stream</i> (previously, Scotland's Employer Recruitment Incentive) - This includes a range of programmes to increase individuals' employability skills and confidence. Participants must not be in a job, education, or training (Skills Development Scotland, 2022) • <i>"Skills Marketplace" connecting young people with business and education opportunities</i> - This initiative is run by regional Developing the Young Workforce (DYW) groups and includes skills sessions, inspirational events and business site visits, and career insights (Our Skillforce, 2022) • <i>Skills Discovery Tool</i> – This helps businesses identify skills development priorities for their staff and identify gaps in skills (Our Skillforce, 2022) • <i>National Transition Training Fund (NTTF) (2022)</i> - NTTF aimed to help people take advantage of the jobs available in growth areas of the economy, such as digital and green technologies, as well as support the most exposed sectors, including tourism, oil and gas, and aviation. • <i>Green Jobs Workforce Academy</i>- This is a service aimed at helping people avail of opportunities in the green economy. The Green Jobs Workforce Academy can help people take a greener approach to their careers, from accessing training and learning new skills to finding a new job
Sweden	<ul style="list-style-type: none"> • <i>Opportunities for Vocational Education and Training (VET)</i> – Due to Covid-19 induced unemployment, the Swedish Government increased opportunities for further education/training throughout the country. • <i>More places and more distance learning at higher education institutions for the unemployed</i> – the initiative was put in place in March 2020 to increase opportunities to study at higher education institutions (ranging from the general expansion of the number of places as well as specific expansions of places on summer courses and foundation years). In addition, funding to higher education institutions has been increased to strengthen their capacity and develop work on distance learning and online-based learning.

Where are we and where do we want to get to?

Policy context

In May 2021, the Department released its new long-term 10X Vision. This vision is anticipated to be the single overarching strategy that will strengthen Northern Ireland's position on the global stage. The 10X Vision aims to achieve this by ensuring that Northern Ireland conceptualises and invests in the emerging high growth priority areas, sectors, and technologies to become more innovative, more sustainable and more inclusive.

As work on the delivery of 10X is taken forward, it is vitally important that the potential long-term scarring that the Covid-19 pandemic has had on our economy and our people is understood and addressed, as well as anticipate the negative impact of rising inflation, the cost-of-living crisis and the cost of doing business crisis. In parallel, the longer-term structural issues that have been deeply embedded in the NI economy must be accounted for. Only by addressing these issues can Northern Ireland have the best opportunity to drive the attainment of the 10X Vision.

Where we are now



Low Productivity

NI has some of the lowest productivity levels in the UK



Jobs and Skills Gaps

A significant number of people in Northern Ireland fail to demonstrate core employability skills



Employment

The NI employment rate is still below the pre-Covid-19 rate



Cost of living & rising inflation

Many will face a decrease in real wages, rising mortgage costs and energy price increases.



Inequality

Research suggests children from disadvantaged backgrounds struggle to find employment in the future

What we want to achieve through a 10X economy



Fairer distribution of opportunities for all people in Northern Ireland to participate in, and benefit from



Giving our people the necessary training, reskilling and upskilling in order to do so, both within existing and future growth sectors



Provide opportunities for our talented young people with the ultimate goal of attaining and retaining future entrepreneurs and innovators



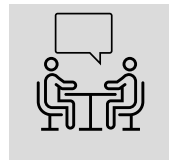
Success will not only be visible through economic growth but will have positive impacts on wider societal and environment wellbeing



Opportunities for those with low or no formal skills in areas that enable them to thrive

What could help us on the journey?

How to get there?



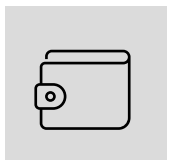
Schemes to support people in getting back to work, with a focus on inclusive recovery



Lifelong learning initiatives aiming to re-skill and upskill the population and relocate workers across sectors and occupations



Initiatives to ensure that people in NI, particularly young people and the elderly, are equipped to operate in a digital world



Further measures aiming to increase spending and consumption with a more targeted scope and timing that maximises the fiscal multiplier



Capitalise on the opportunities presented by remote and hybrid working and minimise risks

What other economies have done to support it *



Key areas to consider going forward



Green recovery and focus on sustainable development, In particular, building the circular economy and green hydrogen capabilities



Boosting the innovation ecosystem through increased spending on R&D which will ensure innovation led economic growth



Focus on digitalisation, automation, artificial intelligence and Machine Learning, where NI has the potential to be world class

*Note that this research (for learning purposes) has looked at schemes introduced in other economies. However, some of the interventions may not be appropriate for Northern Ireland (for legal / practical reasons, for example).

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- ⁱ [The impact of Covid-19 on the NI economy modelled results for Q4 2020](#)
- ⁱⁱ [GDP monthly estimate, UK - Office for National Statistics \(ons.gov.uk\)](#)
- ⁱⁱⁱ [CBP-8938.pdf \(parliament.uk\)](#)
- ^{iv} [Rates holiday | nibusinessinfo.co.uk](#)
- ^v [Coronavirus: Protection from eviction for commercial tenants \(nibusinessinfo.co.uk\)](#)
- ^{vi} [High Street Scheme | Department for the Economy \(economy-ni.gov.uk\)](#)
- ^{vii} [Update to working from home guidance | The Executive Office \(executiveoffice-ni.gov.uk\)](#)
- ^{viii} [Coronavirus \(COVID-19\): staying safe at work | nidirect](#)
- ^{ix} [COVID-19 Government Response Tracker | Blavatnik School of Government \(ox.ac.uk\)](#)
- ^x First Quarter 2022 (i.e. Jan 2022 to Mar 2022)
- ^{xi} <https://www.nisra.gov.uk/statistics/economic-output-statistics/index-services>
- ^{xii} [Index of Production | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#)
- ^{xiii} [GDP monthly estimate, UK - Office for National Statistics \(ons.gov.uk\)](#)
- ^{xiv} [Consumer Confidence Index 2022 Q2 \(danskebank.co.uk\)](#)
- ^{xv} [Global Economic Growth Slows Amid Gloomy and More Uncertain Outlook – IMF Blog](#)
- ^{xvi} [Bank of England forecasts a recession \(igd.com\)](#)
- ^{xvii} [Prime Minister's statement on coronavirus \(COVID-19\): 23 March 2020 - GOV.UK \(www.gov.uk\)](#)
- ^{xviii} [Examining the end of the furlough scheme \(parliament.uk\)](#)
- ^{xix} [Claimant Count | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#)
- ^{xx} [Northern Ireland Skills Barometer 2021 \(economy-ni.gov.uk\)](#)
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- ^{xxv} [Covid-19: Unprecedented levels of chronic absence in schools - BBC News](#)
- ^{xxvi} [Vocational and training qualifications decline during pandemic - BBC News](#)
- ^{xxvii} [Economic Recovery from Covid-19 and Restrictions \(economy-ni.gov.uk\)](#)
- ^{xxviii} [Research on Short and Long Term Impact of Covid-19 | Department for the Economy](#)
- ^{xxix} [Microsoft Word - Mental Health Impact of Covid Pandemic NI July 31st 2020 \(health-ni.gov.uk\)](#)
- ^{xxx} [state-of-the-coalfields-2019.pdf \(shu.ac.uk\)](#)
- ^{xxxi} Can include deferred or cancelled investment in physical capital and lower innovation as a result of the heightened economic uncertainty and increased levels of debt.
- ^{xxxii} Can include education, skills, training and health.
- ^{xxxiii} [Coronavirus: Support for businesses and employees in NI \(nibusinessinfo.co.uk\)](#)
- ^{xxxiv} [Overview of the Northern Ireland Executive's Response to COVID-19 \(niauditoffice.gov.uk\)](#)
- ^{xxxv} [Supporting Transitions and Securing Jobs - OECD \(oecd-ilibrary.org\)](#)
- ^{xxxvi} [Supporting transitions and securing jobs \(oecd.org\)](#)
- ^{xxxvii} [Stay-or-go-final.pdf \(pivotalppf.org\)](#)
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- ^{xxxix} [ULSTER-UNIVERSITY-EPC-Outlook-Spring-2022.pdf](#)
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- ii [Can investment in skills improve Northern Ireland's productivity? - Economics Observatory](#)
 - iii [Skills for a 10x economy - Skills Strategy for Northern Ireland \(economy-ni.gov.uk\)](#)
 - iii [Can investment in skills improve Northern Ireland's productivity? - Economics Observatory](#)