Every Story Matters Record: Economic Response In Brief

The UK Covid-19 Inquiry is an independent public inquiry examining the response to, and impact of, the Covid-19 pandemic to learn lessons for the future. The Inquiry is divided into separate investigations known as modules. Each module is focused on a different topic with its own public hearings. Following the hearings, a module report is published which contains findings based on all of the evidence and the Chair's recommendations for the future.

How Every Story Matters fits into the Inquiry's work

This summary relates to the Every Story Matters record for Module 9, which examines the government's economic response to the Covid-19 pandemic.

The record brings together the experiences people have shared with us:

- online at everystorymatters.co.uk;
- in person at drop-in events in towns and cities across the UK; and
- through targeted research with specific groups of people.

Stories are analysed and used in module-specific records. These records are entered into evidence for the relevant module.

Every Story Matters is neither a survey nor a comparative exercise. It cannot be representative of the entire experience of the UK, and nor was it designed to be. Its value lies in hearing a range of experiences, in capturing the themes that have been shared with us, quoting people's stories in their own words and, crucially, in ensuring that people's experiences are part of the Inquiry's public record.

The Module 9 record includes interviews with business owners and managers, leaders from Voluntary, Community, and Social Enterprises (VCSEs) - such as charities, community groups, social enterprises that support people and communities - and individuals. Contributions from Every Story Matters online form stories are also used.

Some of the stories and themes included in the record include descriptions of people losing their jobs and facing financial hardship, which some people may find distressing to read. Readers are encouraged to seek help from colleagues, friends, family, support groups or healthcare professionals where necessary. A list of supportive services is provided on the UK Covid-19 Inquiry website.

Introduction

The Covid-19 pandemic brought unprecedented economic challenges to the UK. The Module 9 Every Story Matters record brings together the experiences of people impacted by the actions of the four governments of the UK to support the economy through this challenging period.

We heard the experiences of those who continued in employment and those who did not, those who received financial support and those who did not and those who were in decision-making roles for their organisations, or had decisions made for them.

During the pandemic incomes changed overnight, causing stress and uncertainty. Access to some goods and services stopped abruptly while, for others, new business opportunities opened up. Charities and VCSEs adapted to continue supporting those in need. Business owners faced uncertainty. Furlough provided a safety net for some people but was not sufficient for many on already low incomes. Some people are still feeling the impact of the economic response to this day.

Initial impact of pandemic

- When lockdown restrictions were announced, many people we heard from found the news shocking and felt very uncertain about the future of their work and finances. They faced immediate disruption to their work and income.
- Many businesses had to close their premises immediately, leading to financial uncertainty and worry about the duration of restrictions.

Adaptation and challenges

- Some businesses adapted by moving online or to remote work and were able to continue operating. In contrast, businesses delivering in-person activities that could not be moved online had to close under the restrictions and as a result experienced a rapid decline in income.
- Businesses and organisations delivering essential services in person needed to adapt rapidly to implement safety measures for staff and customers.
- Business owners and managers described the emotional toll of having to make staff redundant. For those that were made redundant the loss of their job sometimes led to prolonged unemployment, impacting their finances and wellbeing.

Individual financial and employment concerns

- Many individuals felt worried about their jobs and finances.
- Those in public-facing roles that were deemed non-essential often saw work stop right away or were sometimes made redundant, leading to uncertainty and fear.
- Some of those made redundant at the start of the pandemic were not optimistic about finding other work and felt deeply unsettled about the future.
- Some individuals faced financial hardship, including those on Universal Credit, those already on low incomes (on which the furlough payment or Self-Employment Income Support Scheme grant was based), single parents with disabled children, or individuals with pre-existing health conditions or disabilities.
- Others also described how hard they found it to cover essential expenses during the pandemic and the significant financial hardship they faced.
- Many felt especially vulnerable in the early stages of the pandemic because of their financial circumstances. For example those without permanent jobs, who were already struggling financially, or those in debt or with no savings.
- Some individuals who were financially comfortable at the outset of the pandemic faced financial hardship and struggled significantly because they lost their job, including after getting Long Covid.

Longer-term economic consequences for businesses

- The pandemic created an unpredictable economic environment with ongoing challenges like reduced incomes, rising costs and changing customer behaviours such as a pronounced shift towards buying goods online.
- Some businesses adapted by investing in remote working infrastructure, diversifying their business models and implementing cost-cutting measures such as reducing office space and in some cases having to make staff redundant.

Longer-term economic consequences for individuals

- Individuals experienced reduced hours, job losses and a competitive job market. This led to extended unemployment and severe financial hardship for many, particularly younger people and people on low incomes.
- Online employment support was deemed less effective than in-person services and people felt frustration regarding the limited job opportunities available.
- Younger people leaving full-time education found it difficult to find work and they told us that the pandemic had long-term impacts on their career prospects.
- Many people faced severe financial hardship, struggling to afford essentials and relying on food banks, charities or borrowing from family and friends. Groups like single parents, disabled people and people with pre-existing health conditions were hit especially hard.

Accessibility of government economic support schemes

- Understanding of eligibility criteria was inconsistent, leading to concerns about unfair treatment and ineligibility for some businesses which were struggling financially.
- Financial necessity drove many applications for government support, though people who didn't apply cited a lack of awareness, uncertainty around eligibility or a reluctance to take on debt.
- Some people we heard from received timely support, whilst others, especially the self-employed or those on zero-hours contracts, experienced delays. These delays caused financial strain, increasing stress and anxiety for those waiting, particularly when contributors had no income while they waited.

Effectiveness of government economic support schemes

- Contributors shared that schemes like furlough, "bounce back" loans, and Self-Employment Income Support Scheme provided vital support, helping businesses survive and individuals avoid redundancy. Many told us these schemes reduced stress and anxiety by providing financial security.
- Despite financial aid like the Universal Credit uplift, many recipients struggled with essential expenses and faced significant hardship during the pandemic.
- While some contributors found financial support helpful, it was often insufficient to cover all business or household costs. Others reported that the support fell far short, meaning they had to take emergency financial measures such as taking on debt or using personal savings.

- Some business owners and managers and VCSE leaders described how the support they received enabled them to pivot their models or to innovate. For example, one charity used grant funding to deliver services online to support vulnerable people and help combat isolation. In another example, a hospitality business diversified its offerings, including click-and-collect, a food and drink shop, and a food truck, to attract customers as restrictions eased.
- The 'Eat Out to Help Out[1]' scheme received mixed reviews. Some businesses reported an increase in trade while the scheme was in place, but not to pre-pandemic levels. Others described being faced with the decision of whether to bring staff back from furlough without knowing if the Eat Out to Help Out scheme would generate enough income to cover their wages.
- Some people found that government changes to support during the pandemic were disruptive and confusing, with some losing essential access to support they relied on.
- Business owners and managers and VCSE leaders said that most support had fixed end dates, allowing them to plan ahead. Whilst furlough was gradually tapered, some individuals received advance notice enabling them to prepare. However, others said they received little or no notice, creating uncertainty and anxiety.
- Some businesses struggled or became insolvent after support ended. The end of furlough led to job losses for some people.

Suggested Improvements for the future

- Many contributors emphasised how important it was to prepare for future pandemics by having detailed plans for how financial support would work in practice to ensure equitable and fair access.
- Self-employed individuals often found financial support inadequate, with many not qualifying. They advocated for future schemes to be tailored with self-employment in mind, offering broader support that considered family and caring responsibilities, household income, and existing financial pressures.
- Contributors said clear communication from employers, government and local councils about financial support improved access. For future pandemics they want governments to proactively share information via direct channels (email, post, telephone) and media to raise awareness.
- Some business owners and managers suggested a centralised platform or website for financial support information. This was especially important for individuals who wanted clearer guidance on how to apply for financial support not issued automatically through employers or governments. Business owners and VCSE leaders requested simpler language, clear eligibility criteria and easy application steps to boost take-up.

1 The Eat Out to Help Out scheme was a UK government initiative that was announced in July 2020 and launched in August 2020 to support the hospitality sector during the pandemic. Further information on the scheme can be found here: https://www.gov.uk/government/publications/coronavirus-eat-out-to-help-out-scheme-screening-equality-impact-assessment/coronavirus-eat-out-to-help-out-scheme

- Some contributors wanted quicker, more flexible and longer-lasting financial support in a future pandemic. They highlighted the negative financial consequences of delays to support being introduced, such as business closure and personal debt.
- Business owners, managers and VCSE leaders suggested a more gradual reduction in financial support to help transition back to normal operations.
- Some business owners, managers, and VCSE leaders advocated for financial support to be tailored to individual business requirements. They proposed flexible eligibility for new businesses and a tiered support system to ensure wider accessibility.
- Some business owners and managers suggested more flexible financial support, including grants, easier loan repayments, and reduced business and VAT rates for sectors like hospitality.

To find out more or to download a copy of the full record or other accessible formats, visit: https://covid19.public-inquiry.uk/every-story-matters/records/