Coronavirus: Impact on the labour market

Summary

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Summary

This paper tracks the evolving impact of the coronavirus outbreak on the labour market.

On 15 July, the labour market statistics for March-May 2021 were published.

These statistics suggest a continued recovery for the UK labour market, with some of the labour market indicators returning to pre-pandemic levels. Employment levels have been increasing in recent months, while unemployment levels have been falling. However, increases in unemployment continue to be forecast for when the Coronavirus Job Retention scheme comes to a close later this year.

To date, the pandemic has had more of an impact on the labour market status of particular age groups.

Young workers and older workers have been most likely to have left employment, and also most likely to have become economically inactive. However, the larger rises in unemployment have been for those aged between 25 and 64.

The number of people claiming unemployment related benefits fell by 114,800 in the month to June 2021, but remains 1.1 million higher than in March 2020.

2.4 million jobs were on furlough through the Government’s Coronavirus Job Retention Scheme (CJRS) as at 31 May 2021. The number of jobs that are furloughed has been gradually falling since the end of January when 4.9 million jobs were furloughed. Over 11.6 million jobs have been furloughed since the start of the scheme.

The fourth grant of the Government’s Self-Employment Income Support Scheme (SEISS) opened for applicants on the 22 April 2021. By 6 June 2021, 2.0 million claims had been made.

Some workers are disproportionally economically impacted by the coronavirus outbreak. Workers who are from an ethnic minority group, women, young workers, low paid workers and disabled workers, have been most negatively economically impacted by the coronavirus outbreak.
Labour Market Statistics

On 15 July the latest labour market statistics were published by the Office for National Statistics (ONS). This section provides an overview of the data that was published.

These statistics suggest a continued recovery for the UK labour market, with some of the labour market indicators returning to pre-pandemic levels. Employment levels have been increasing in recent months, while unemployment levels have been falling. However, increases in unemployment continue to be forecast for when the Coronavirus Job Retention scheme comes to a close later this year.

1.1 Payrolled employees

Since the start of the pandemic the ONS has been publishing experimental monthly estimates of payrolled employees using HMRC PAYE data. As the official employment statistics have a time lag (as detailed in section 1.2, the latest data is for March-May 2021), this data provides a timelier indicator of the impact of the pandemic on employment. The ONS have reported that this data is currently the best source for the overall number of employees.1

The number of payrolled employees increased month-on-month in June 2021 by 356,000, but remains 506,000 below the pre-pandemic levels of February 2020, a fall of 0.7%. There was a large fall between March and May 2020 when the number of payrolled employees fell by 647,000, and they continued to fall at a slower rate until November 2020. Since then employee numbers have been steadily increasing.2

The fall since February 2020 for payrolled employees under the age of 25 was 191,000, or 5%, meaning that almost 93% of the fall in this period for all payrolled employees was for young people.

The industries that saw the largest percentage falls in the number of payrolled employees between February 2020 and June 2021 were the Arts, entertainment and recreation sector, with an 14% fall, and the Accommodation and food service sector, with a 11% fall.

1 ONS, Measuring the labour market during the pandemic, 12 October 2020
2 ONS, Earnings and employment from Pay As You Earn Real Time Information, UK: June 2021, 15 July 2021
Labour market status

The latest published employment and unemployment statistics are for March-May 2021, and by comparing this quarter with the pre-pandemic quarter of January-March 2020, we get an indication of the impact that the pandemic has had on the labour market. 3

During this period, young workers and older workers have been most likely to have left employment, and also most likely to have become economically inactive. However, the larger rises in unemployment have been for those aged between 25 and 64.

Employment

There were 32.18 million people in employment in March-May 2021, which compared to 33.01 million in January-March 2020. Between these two quarters, employment levels for people aged 16+ fell by 832,000, a fall of 2.5%.

The employment rate (the proportion of 16-64 year olds in work) has fallen from 76.3% to 74.8%.

There was a fall in employment levels throughout 2020 following the start of the pandemic, with levels dropping down to 32.11 million in November 2020-January 2021. Since then, employment levels have begun to recover, and in the quarter to March-May 2021 employment levels have increased by 25,000.

To date, the pandemic has had more of an impact on employment levels for particular age groups. 4

Chart 1

Larger falls in employment for young and older workers
Fall in employment levels, Jan-Mar 2020 to Mar-May 2021, thousands

3 ONS, Labour market overview, UK, July 2021, 15 July 2021
4 ONS, A05 SA: Employment, unemployment and economic inactivity by age group, 15 July 2021
Since the start of the pandemic, employment levels have fallen for young people aged 16-24 by 9%, while they have fallen for older workers aged 65+ by 9%. In comparison, employment levels for those aged 25-64 have also fallen, but by only 1.4%.

Further analysis of the impact of the pandemic on young and older workers is provided in section 3.3 of this paper.

The fall in employment has been driven by the private sector. In the year to March 2021, employment levels in the private sector fell by 2.8%, while they increased in the public sector by 2.9%.

Before the pandemic the percentage of all workers who worked in the private sector had been steadily increasing since 2010. The pandemic has reversed this pattern.

**Unemployment**

There were 1.64 million people who were unemployed in March-May 2021, which compared to 1.37 million in January-March 2020. Between these two quarters, unemployment levels for people aged 16+ have increased by 262,000, an increase of 19%.

The unemployment rate (the proportion of economically active people aged 16+ who are unemployed) has risen from 4.0% to 4.8%.

As with employment, the pandemic has had more of an impact on the unemployment levels for particular age groups, but this time the impact has been mainly on those aged 25-64. The increase for this group was 246,000, which was 94% of the total increase in unemployment. This age group makes up 84% of the total economically active population.

Despite the larger falls in employment for young and older workers, there has only been a small increase in unemployment for these groups. Instead, there has been a rise in the number who are economically inactive.

A larger rise in unemployment is expected when the Coronavirus Job Retention Scheme (CJRS) ends.

The Treasury’s May 2021 survey of independent forecasts for the unemployment rate showed an average forecast of 5.7% for Quarter 4 2021 and 4.9% for Quarter 4 2022.  

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Source: ONS, **Table A05**, Employment, unemployment and economic inactivity by age group (seasonally adjusted), 15 July 2021

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5 HM Treasury, **Forecasts for the UK economy publication**, 16 June 2021
In its March 2021 Economic and fiscal outlook, the OBR projected that unemployment will peak at 6.5% (2.2 million) in Q4 2021, once the CJRS has closed.  

After Q4 2021, they project the unemployment rate will decrease slowly, reaching 5.0% (the rate in Q4 2020), again by Q3 2023.

**Economic Inactivity**

There were 8.81 million people aged 16-64 who were economically inactive in March-May 2021, which compared to 8.46 million in January-March 2020. Between these two quarters, economically inactivity levels for people aged 16-64 have increased by 344,000, an increase of 4.1%.

The economic inactivity rate (the proportion of people aged 16-64 who are inactive) has risen from 20.4% to 21.3%.

The biggest increases in the levels of economic inactivity are for the 16-17 age group, which increased by 163,000, and the 50-64 age group which increased by 155,000.

The was a fall (or little change) in levels of economic inactivity for the 25-49 age group, and a corresponding rise in unemployment.

**1.3 Redundancies**

In March-May 2021, the recorded level of redundancies was 104,000, which was 105,000 less than the previous quarter and 11,000 less than the previous year.  

The recorded level of redundancies in September-November 2020 was the highest in any quarter since records began in 1995, at 402,000. Since then levels have been falling and are now at pre-pandemic levels.

The largest number of redundancies in this quarter was in the Manufacturing sector, with 15,000 redundancies, followed by the Wholesale, retail & repair of motor vehicles sector with 14,000 redundancies.

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6 OBR, Economic and fiscal outlook – March 2021, 3 March 2021, p13
7 ONS, RED02: Redundancies by age, industry and region, 15 July 2021
1.4 Vacancies

The level of job vacancies is now above their pre-pandemic levels.

In April–June 2021, there were 862,000 job vacancies, 241,000 higher than the previous quarter, and 522,000 higher than a year previously. This was 77,000 more than in January–March 2020. 8

One of the earliest indicators of the impact that the pandemic was having on the labour market was a record fall in the number of job vacancies in April–June 2020. The number of vacancies in that 3-month period was at a record low of 340,000 since comparable records began in 2001. This was 445,000 less than in January–March 2020. Since then the number of vacancies has been steadily recovering.

Only Wholesale and retail had a notably lower number of vacancies in April–June 2021 than in January–March 2021, with a fall of 22,000.

In March–May 2021 there were 2.1 unemployed people per every job vacancy, which compares to 1.8 unemployed people per vacancy in January–March 2020. The number of unemployed people per vacancy increased following the pandemic, and rose up to 4.1 unemployed people per job in April–June 2020.

1.5 Working hours

Having fallen as a result of the January 2021 lockdown, the total number of weekly hours worked increased in the three months to May 2021. They were up 23 million hours on the quarter, and by 103.0 million hours from the year before. However, 50 million fewer hours were worked than in January–March 2020. 9

A large fall in working hours was another early indicator of the pandemic’s labour market impact as millions of people were furloughed after the introduction of the job retention scheme in April 2020. The total number of hours worked fell to 845 million hours in April–June, its lowest level since 1994.

The average weekly hours worked in March–May 2021 was 30.5 hours, down from 31.3 hours in January–March 2020.

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8 ONS, Vacancies and jobs in the UK: June 2021, 15 July 2021
9 ONS, HOUR01 SA: Actual weekly hours worked (seasonally adjusted), 15 July 2021
1.6 Earnings

Earnings growth fell and briefly became negative during the first lockdown, in part due to many furloughed workers receiving only 80% of their usual wages. However, since then real pay has been growing quickly. This is in stark contrast to what happened to earnings after the financial crisis, when real earnings growth turned negative and took more than a decade to return to pre-crisis levels. \(^\text{10}\)

In the three months to May 2021, annual growth in pay in Great Britain is estimated to be 5.8% including bonuses and 5.1% excluding bonuses, after adjusting for inflation. \(^\text{11}\)

The ONS have reported that this growth in pay is partly due to compositional effects. Lower paid workers are more likely to lose their jobs, so the average person still in work is higher paid. Furthermore, the latest month is compared with May 2020, when earnings were already affected by the pandemic.

1.7 People claiming unemployment benefits

In July, the ONS published June 2021 figures for the number of people claiming unemployment related benefits (the unadjusted claimant count). This is a useful data source for tracking changes in the labour market, although many of those who have started to claim may not be unemployed (see box below). \(^\text{12}\)

In June 2021, 2.32 million people claimed unemployment related benefits, which was a fall of 114,800 from May and a fall of 253,000 from the year before.

Since March 2020, when the lockdown began, the claimant count has increased by 1.1 million. However, as shown in the chart below, most of this increase occurred between March and May 2020, and since then the claimant count has remained relatively stable.

Chart 2

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\(^\text{10}\) Resolution Foundation, *Earnings Outlook Q1 2021*, 22 March 2021

\(^\text{11}\) ONS, *Average weekly earnings in Great Britain: June 2021*, 15 July 2021

\(^\text{12}\) ONS, *CLA01: Claimant Count*, 15 July 2021
Constituency level claimant count figures are published in the library briefing 
People claiming unemployment benefits by constituency.

**Why is the claimant count so different from the unemployment rate?**

Usually, trends in the number of people claiming unemployment benefits in the UK closely follow trends in unemployment. But since the coronavirus pandemic began, we have seen sharp increases in the claimant count while the unemployment rate has hardly moved at all.

This suggests that people who do not classify themselves as unemployed may be claiming unemployment related benefits. This may be because:

- They have a job but are temporarily away from work due to the pandemic. The ONS pointed out that almost half a million people were employed but not earning in May.

- They are in employment but are also able to claim unemployment benefits. People in employment can claim unemployment related benefits if their income is below a set threshold, and the job retention scheme and a reduction in working hours means this group has grown.

- They are temporarily inactive, and so are not actively looking for work.

In their report, The truth will out (July 2020) the Resolution Foundation have estimated that only around half of the Claimant Count rise relates to those newly out of work. The report provides detailed analysis of why these figures are different and concludes that neither are accurate representations of current unemployment levels.
Job support schemes

This section provides the latest headline statistics for the Self-Employment Income Support Scheme and the Coronavirus Job Retention Scheme (CJRS). Further analysis of CJRS statistics can be found in the Library briefing, Coronavirus Job Retention Scheme: statistics.

Further statistics on the support provided for businesses during the coronavirus pandemic, are provided in the library briefing, Coronavirus business support schemes: statistics.

Coronavirus Job Retention Scheme (CJRS)

By midnight on 14 June 2021, 11.6 million employee jobs had been furloughed through the Government’s job retention scheme, at a cost of £65.9 billion. 13

<table>
<thead>
<tr>
<th>Coronavirus Job Retention Scheme (CJRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The scheme opened on the 20 April 2020</td>
</tr>
<tr>
<td>By midnight on 14 June 2021</td>
</tr>
<tr>
<td>Number of jobs furloughed</td>
</tr>
<tr>
<td>Number of employers furloughing</td>
</tr>
<tr>
<td>Total claimed (£)</td>
</tr>
</tbody>
</table>

Notes

Jobs furloughed is calculated as the sum of the maximum number of employees furloughed by any PAYE scheme across all claims by that scheme.

Employers furloughing is calculated by counting the number of CJRS claims from distinct PAYE schemes on employer reference (where the PAYE scheme reference is a proxy for a single employer).

Source Gov.uk, HMRC coronavirus (COVID-19) statistics

2.4 million jobs were on furlough as at 31 May 2021. The number of jobs that are furloughed has been gradually falling since the end of January when 4.9 million jobs were furloughed.

The furlough scheme has been extended until September 2021. The CJRS grant covered 80% of an employee’s wages until 30 June 2021. From 1 July, the grant covers 70% of wages and employers are required to top up an

13 Gov.uk, HMRC coronavirus (COVID-19) statistics, 1 July 2021
additional 10%. From 1 August the grant will cover 60% of wages and employers will be required to top up 20%.

More information on the Job Retention Scheme can be found in the Library briefing, FAQs: Coronavirus Job Retention Scheme.

Self-employed Income Support Scheme (SEISS)

Four SEISS grants have been available: 14

- Grant 1 opened on the 13 May 2020, and closed on 13 July 2020. This paid taxable grants worth 80% of average monthly trading profit for a 3 month period, worth up to £7,500 in total.
- Grant 2 opened on the 17 August 2020. This paid grants worth 70% of average monthly trading profit for a 3 month period, worth up to £6,570 in total.
- Grant 3 opened on the 30 November 2020. This paid grants worth 80% of average monthly trading profit for a 3 month period, worth up to £7,500 in total.
- Grant 4 opened on the 22 April 2021. This also paid grants worth 80% of average monthly trading profit for a 3 month period, worth up to £7,500 in total.

The table below shows the number of claims for each grant and the amount claimed.

<table>
<thead>
<tr>
<th>Self Employment Income Support Scheme (SEISS)</th>
<th>Claims made up to 6 June 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total number of claims</td>
</tr>
<tr>
<td>Grant 1</td>
<td>2.6 million</td>
</tr>
<tr>
<td>Grant 2</td>
<td>2.4 million</td>
</tr>
<tr>
<td>Grant 3</td>
<td>2.2 million</td>
</tr>
<tr>
<td>Grant 4</td>
<td>2.0 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.1 million</strong></td>
</tr>
</tbody>
</table>

Note: Claims window still open for Grant 4

Source Gov.uk, HMRC coronavirus (COVID-19) statistics

More information on the SEISS can be found in the Library briefing, Coronavirus: Self-Employment Income Support Scheme.

14 Gov.uk, HMRC coronavirus (COVID-19) statistics, 1 July 2021
Constituency level statistics for the SEISS can be found in the look-up attachment of the Library briefing, Coronavirus business support schemes: statistics.
3 Most affected workers

Analysis produced to date suggests that workers who are from an ethnic minority group, young and older workers, low paid workers, and disabled workers have been most negatively impacted economically by the coronavirus outbreak.

3.1 Workers from minority ethnic groups

Unemployment rates for minority ethnic groups were higher than average before the coronavirus pandemic and saw a larger increase than average from January-March 2020 to January-March 2021.

In January-March 2021 the unemployment rate for people from White ethnic groups was 4.1%, up from 3.6% in January-March 2020. For people from minority ethnic groups, the unemployment rate was 8.9%, up from 6.3% in January-March 2020.\(^\text{15}\)

The table below shows the change in unemployment rates between January-March 2020 and the same period in 2021, by ethnic group.

<table>
<thead>
<tr>
<th>Unemployment rates by ethnic group</th>
<th>Jan-Mar 2020</th>
<th>Jan-Mar 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed/ multiple ethnic groups</td>
<td>5.0%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Black/ African/ Caribbean/ Black British</td>
<td>9.0%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Other ethnic group</td>
<td>5.8%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Pakistani</td>
<td>6.1%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>9.5%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Chinese</td>
<td>4.0%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Indian</td>
<td>3.8%</td>
<td>6.5%</td>
</tr>
<tr>
<td>White</td>
<td>3.6%</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.9%</strong></td>
<td><strong>4.7%</strong></td>
</tr>
</tbody>
</table>

Source: ONS, [Labour market status by ethnic group](https://www.ons.gov.uk), 18 May 2021

\(^{15}\) Office for National Statistics, [Labour market status by ethnic group](https://www.ons.gov.uk), 18 May 2021
The Resolution Foundation finds that as of May 2020, Bangladeshi adults in work before the crisis were much more likely to have left employment altogether, while Black African adults were most likely to be working fewer hours and earnings less in May 2020, and least likely to have been furloughed.\textsuperscript{16}

Note that these figures come from a small sample and should be treated as estimates.

A survey by the Runnymede Trust found that only 35% of people from an ethnic minority said they had not been affected financially by the coronavirus pandemic by June 2020, compared to 54% of people from a White ethnic group. They find that 43% of people from a Bangladeshi ethnic group and 38% of a Black African group the loss of some income, as shown in the chart below.\textsuperscript{17}

\textsuperscript{16} Resolution Foundation, \textit{The Living Standards Audit 2020}, 21 July 2020
\textsuperscript{17} Runnymede Trust, \textit{Over-Exposed and Under-Protected, The Devastating Impact of COVID-19 on Black and Minority Ethnic Communities in Great Britain}, August 2020
The Financial Conduct Authority found that between February 2020 and July 2020, the earnings of workers in a minority ethnic group dropped by 14%, compared to a fall of 5% for workers from a White ethnic group. 15.9% of people from a minority ethnic group left work between February and July 2020, compared to 7.8% of people from a White ethnic group. 18

3.2 Women

Library paper Women and the Economy provides more analysis of the impact of the coronavirus pandemic on women.

At the start of the pandemic, early evidence suggested that women were more likely than men to have lost their jobs, but since then figures on employment, furlough and hours worked have shown little difference between men and women. In fact, the male employment rate has fallen more since March 2020 than the female employment rate, and though there has been a fall in the number of women working part-time and who are self-employed, a rise in full-time employment among women has counteracted much of this effect. Economic inactivity among women reached a record low in the three months to February 2021, while men’s economic inactivity reached a joint record high.

The Resolution Foundation posit some reasons for why women haven’t been as affected as first thought: firstly, male dominated sectors like manufacturing were more affected by the crisis than expected; secondly, while women dominate the hardest hit sectors like retail and hospitality, they also make up more than 70% of health and education workers. Plus, women in employment were twice as likely as men to be in the public sector before

18 Financial Conduct Authority, Covid-19 and the UK’s BAME communities – an economic perspective, 26 January 2021
the crisis (30% of women compared to 14% of men), and men were twice as likely to be self-employed before the crisis.

The story is slightly different for mothers: according to the Resolution Foundation, women were re-entering work at less than half the rate of men (15% compared to 36%), which could mean that the burden of homeschooling have slowed women’s job searches.\(^{19}\)

According to the IFS, by May 2020 mothers were 1.5 times more likely than fathers to have lost their job or quit since the start of the lockdown and were also more likely to have been furloughed. Mothers who were in paid work in February 2020 are 9 percentage points less likely to be currently working for pay than fathers.\(^{20}\)

### 3.3 Young and older workers

The youngest and oldest workers are most likely to have been furloughed and more likely to have lost jobs since the beginning of the pandemic.

At 30 April 2021, 26% jobs held by workers aged under 18 and 16% of workers aged 18-24 were on furlough, as well as 14% of workers aged 65+. For all other age groups, furlough rates were 10-12%.

#### Young workers

Payroll data shows that 70% of employee job losses between March 2020 and May 2021 were among under 25s.\(^{21}\)

By January 2021, 19% of 18-24 year olds who were employed before the crisis had lost their job, 9% were furlough, and another 13% had lost more than a tenth of their pay outside of furlough. Young people who were in insecure work were most affected: 36% of 18-24 year olds on a zero-hours, agency or temporary contracts were no longer working in January 2021.\(^{22}\)

Much of this disproportionate impact on young people is driven by the fact that under-25s are more likely to work in sectors like hospitality, retail and leisure. According to the IFS, employees aged under 25 were about two and a half times as likely to work in a sector that was shut down during the pandemic as other employees.\(^{23}\) ONS data shows that the coronavirus

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\(^{19}\) Resolution Foundation, *Labour market outlook Q2 2021*, 14 June 2021

\(^{20}\) Institute for Fiscal Studies, *How are mothers and fathers balancing work and family under lockdown?*, 27 May 2020.

\(^{21}\) Office for National Statistics, *Earnings and employment from Pay As You Earn Real Time Information, seasonally adjusted*, 15 June 2021

\(^{22}\) Resolution Foundation, *Double trouble, Exploring the labour market and mental health impact of Covid-19 on young people*, 13 May 2021

\(^{23}\) Institute for Fiscal Studies, *Sector shutdowns during the coronavirus crisis: which workers are most exposed?,* 6 April 2020.
Coronavirus has caused a shift in the distribution of young people across sectors. The proportion of young people decreased in accommodation and food services and arts, entertainment and recreation, and increased in public administer, wholesale and retail trade and professional, scientific and technical activities. 24

The IFS find that coronavirus is also likely to disrupt career progression for those early in their career. Early career wage growth is driven by workers moving into higher-paying occupations and because of reductions in vacancy postings and increases in layoffs, this has become much more difficult. 25 ONS data shows that young people’s job-to-job moves saw the largest decrease. The Resolution Foundation suggests that many graduates will delay their entry into the labour market by staying in education. 26 ONS data shows that the proportion of young people in full-time education reached its highest level in July-September 2020 since comparable records began in 1992.

Older workers

The English Longitudinal Study of Ageing Covid-19 substudy found that 14% of older people had lower incomes in November/December 2020 than they had before the pandemic. Among those not yet retired, 12% are planning to retire later than previously planned because of the pandemic. 27

At the end of April 2021, 14% of workers over 65 were furloughed, compared with 10% of those aged 40-49. 28

According to the IFS, nearly a quarter of employees aged 54 and over were on furlough in June-July, and among those working, a fifth were working fewer hours. Among the self-employed in the same age group, a third were not working. 29

The Centre for Ageing Better’s analysis of ONS data finds that only around 35% of workers aged 50+ are reemployed after a redundancy in the UK in 2019, compared to an overall average of 49%. 30

24 Office for National Statistics, Coronavirus and changing young people’s labour market outcomes in the UK, 11 May 2021
27 Institute for Fiscal Studies, The effect of the pandemic on retirement expectations, 9 June 2021
28 Institute for Fiscal Studies, Changing patterns of work at older ages, 17 June 2021
3.4 Low paid workers

Median weekly wages in the most vulnerable sectors are among the lowest in the economy. The Low Pay Commission find that minimum wage workers are more likely to work in affected sectors, particularly hospitality and non-essential retail. In 2019, more than 800,000 workers paid at or below the minimum wage worked in the most affected sectors, and 18% of these sectors were paid the minimum wage.

The Resolution Foundation estimates that the median weekly pay for a worker in a shut-down sector is £348, compared to £707 a week for workers they calculate can work from home.

The Resolution Foundation found that by March 2021, 21% of workers in the bottom pay fifth had experienced a labour market hit since the start of the pandemic, compared to 7% in the top fifth. As well as being more likely than other workers to have been furloughed, low paid workers have been less likely to have received a pay ‘top up’ about the 80% subsidy provided by the government.

Among those on furlough at any point between April 2020 and January 2021 38% of the lowest paid fifth were still furloughed in March 2021 compared to 17% of the highest paid fifth. This might reflect the fact that sectors like hospitality and leisure had yet to start reopening in March. 14% of the lowest paid workers had moved into a new job while switching industries, compared to 3-6% of other workers. This suggests that some labour market readjustment is happening and for low paid workers this is particularly important.

The Resolution Foundation also outlines some risks for low paid workers in the future. Increases in unemployment after recessions tend to disproportionately affect low paid workers, and to reduce job quality, with temporary contracts and insecure work, which is more prevalent among low paid workers too.

3.5 Disabled workers

In the pre-pandemic quarter of January-March 2020, disabled people had an employment rate 28.9 percentage points lower than that of people without

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31 ONS, Annual Survey of Hours and Earnings, 2019.
34 Resolution Foundation, Low Pay Britain 2021, 7 June 2021
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disabilities. This difference is often referred to as the disability employment gap. 35

The gap widened slightly in the quarters following the pandemic, to 29.2% points in April-June 2020 and July-September 2020, but it has narrowed in recent quarters to 28.6% points in January-March 2021.

According to the Learning and Work Institute, during the pandemic, disabled people:

- Were more likely to become economically inactive. The inactivity rate for disabled people increased from 41.9% at the end of 2019 to 43.9% in April-June 2020. This was followed by a decrease to 42.9% in October-December 2020 (when lockdown restrictions had eased).

- Were more likely to move out of employment. Disabled people were more than one and a half times more likely to move out of employment during 2020 than non-disabled people. 9.3% of disabled people who were employed at the end of 2019 were no longer in work at the end of 2020, compared to 5.8% of non-disabled people.

- Saw a larger reduction in hours: During the first lockdown, average actual hours worked by disabled people were 11% lower than average usual hours, compared to 8% among non-disabled people. While average actual hours increased towards the end of 2020, the gap between average actual and usual hours worked by disabled people was still larger in October-December 2020 than for non-disabled people. 36

People Management reports that 71% of disabled people in employment in March 2020 were affected by the pandemic, through a loss of income, being furloughed, or being made redundant. This increased to 84% among 18-24 year olds. 48% of those surveyed said the coronavirus pandemic had affected their future earnings. 37

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35 ONS, Labour market bulletin, July-September 2019. See also Library paper People with disabilities in employment, April 2021.
36 Learning and Work Institute, Disability Employment: from pandemic to recovery, 27 May 2021
37 People Management, Disabled workers facing coronavirus 'jobs crisis', survey shows, 27 October 2020
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