

Getting back to work: Recovering from Covid-19

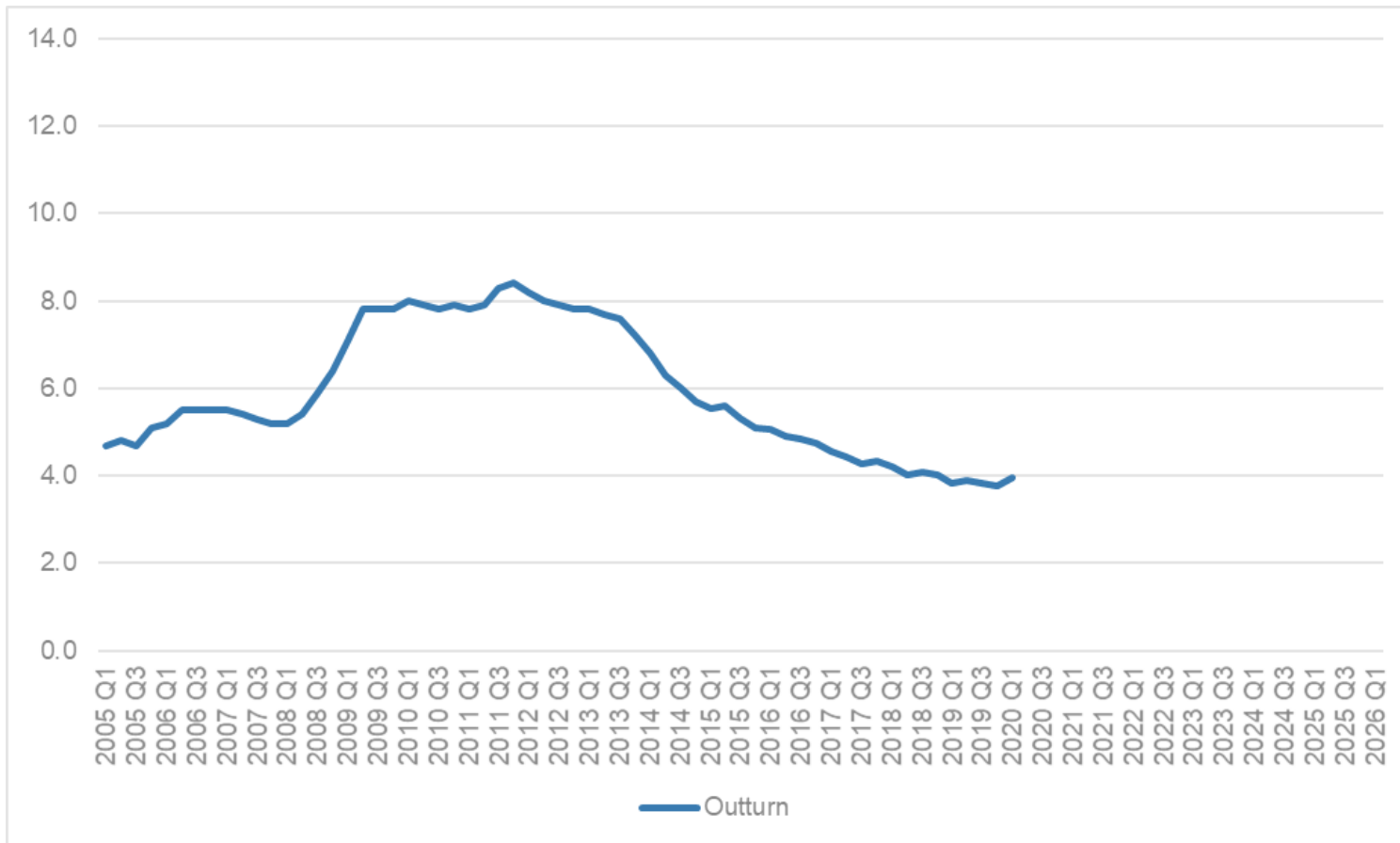
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The crisis that we prepared for isn't the one that we've got

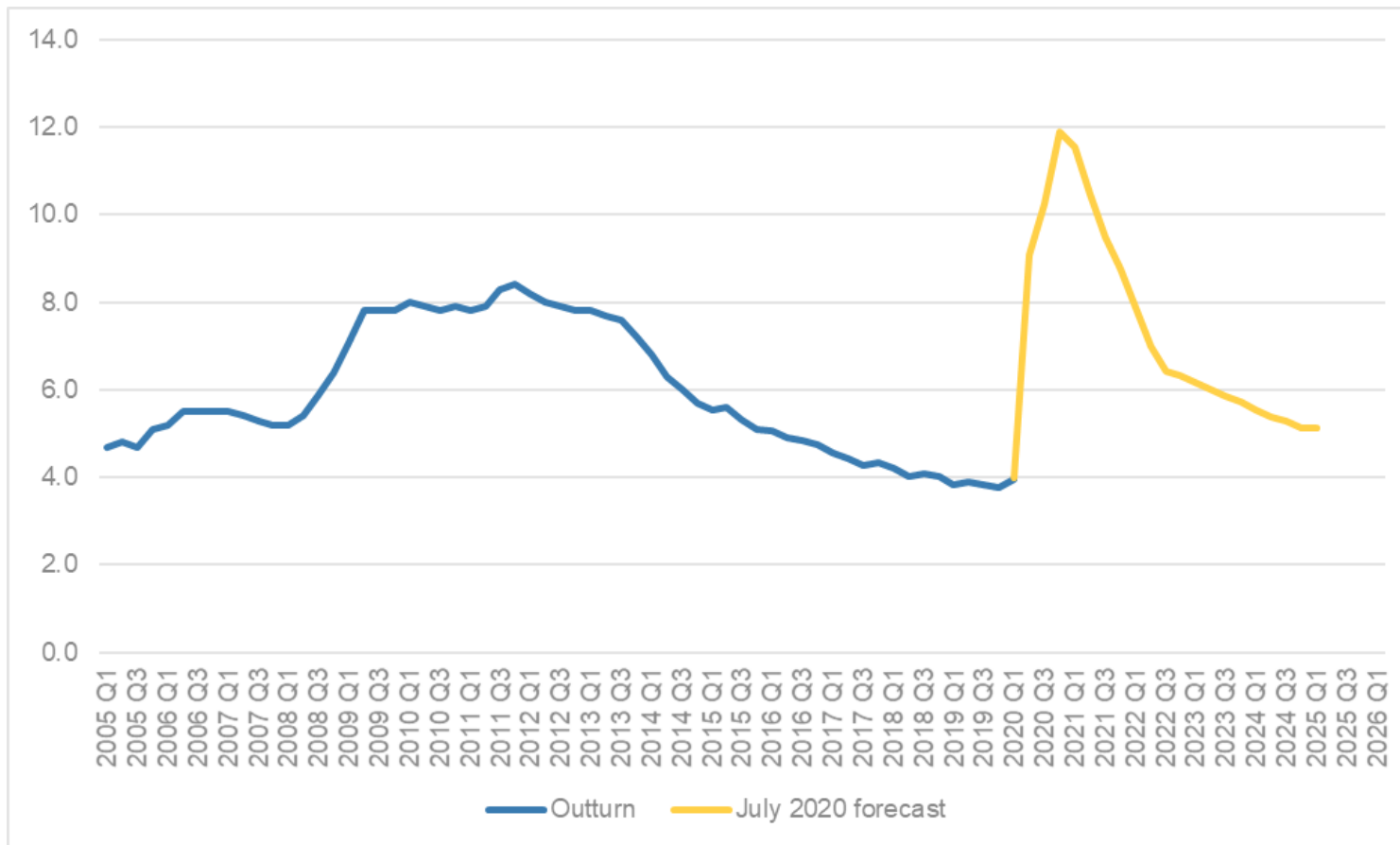
Unemployment rate forecasts and outturn



Source: Office for Budget Responsibility and Labour Force Survey

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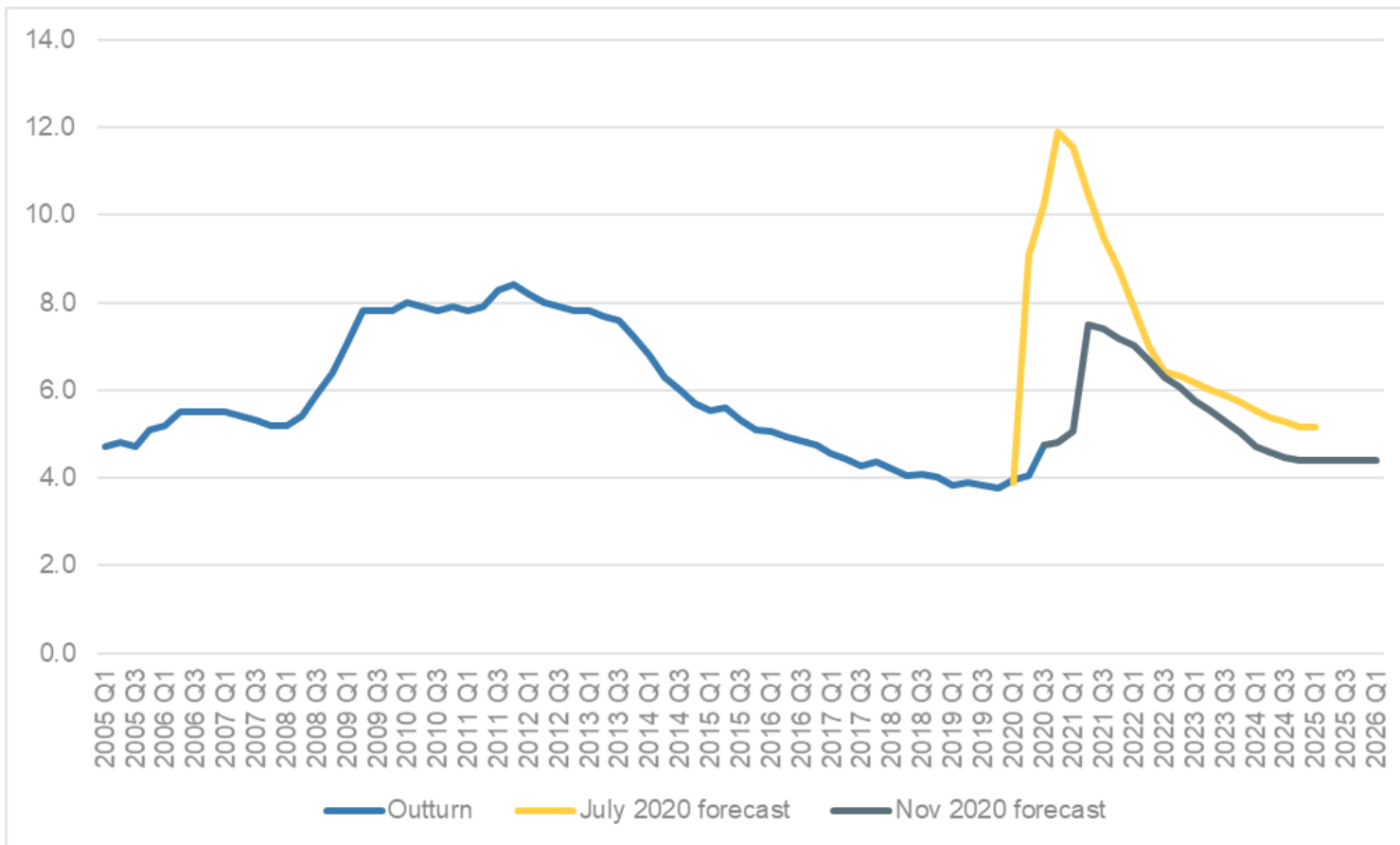
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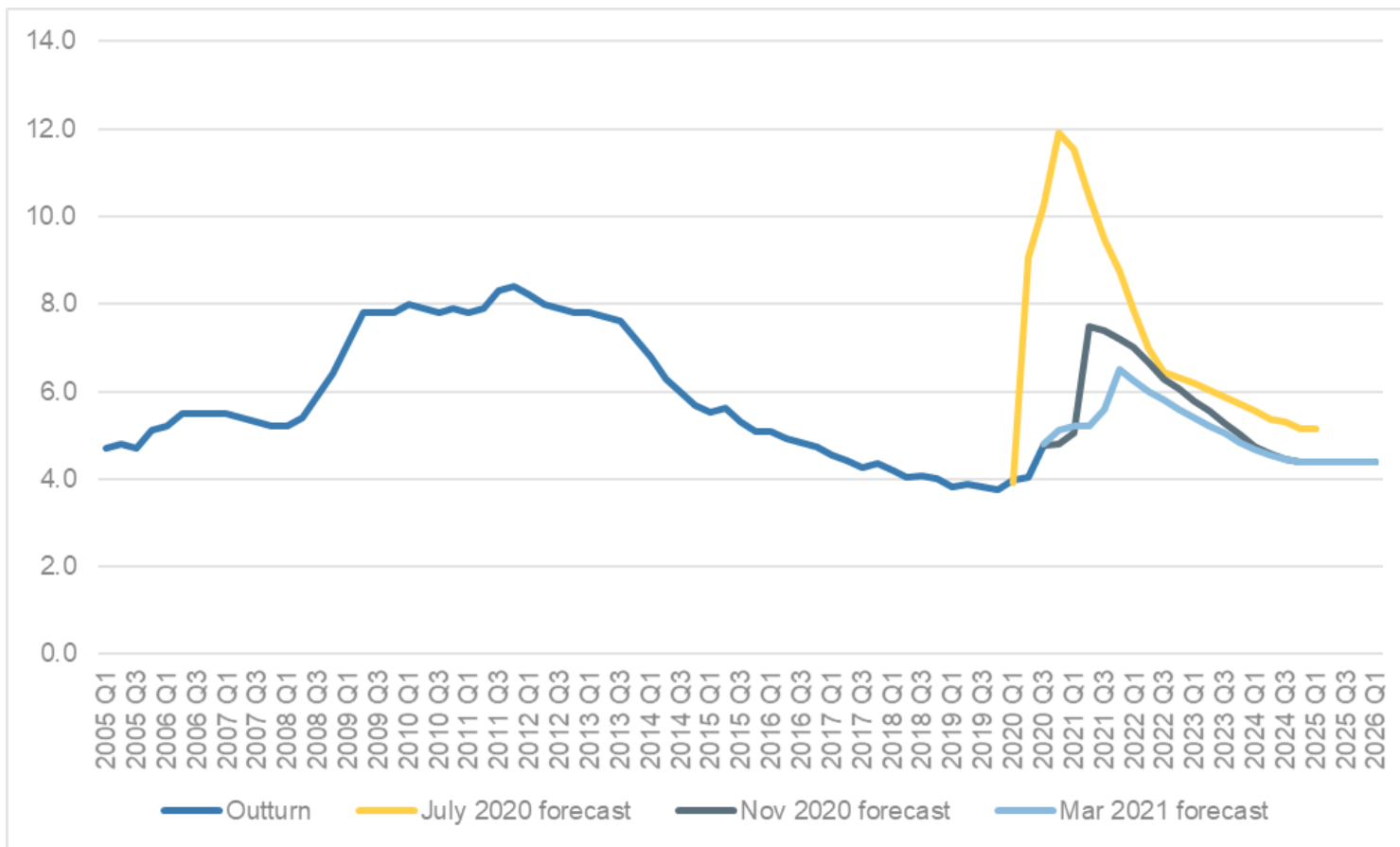
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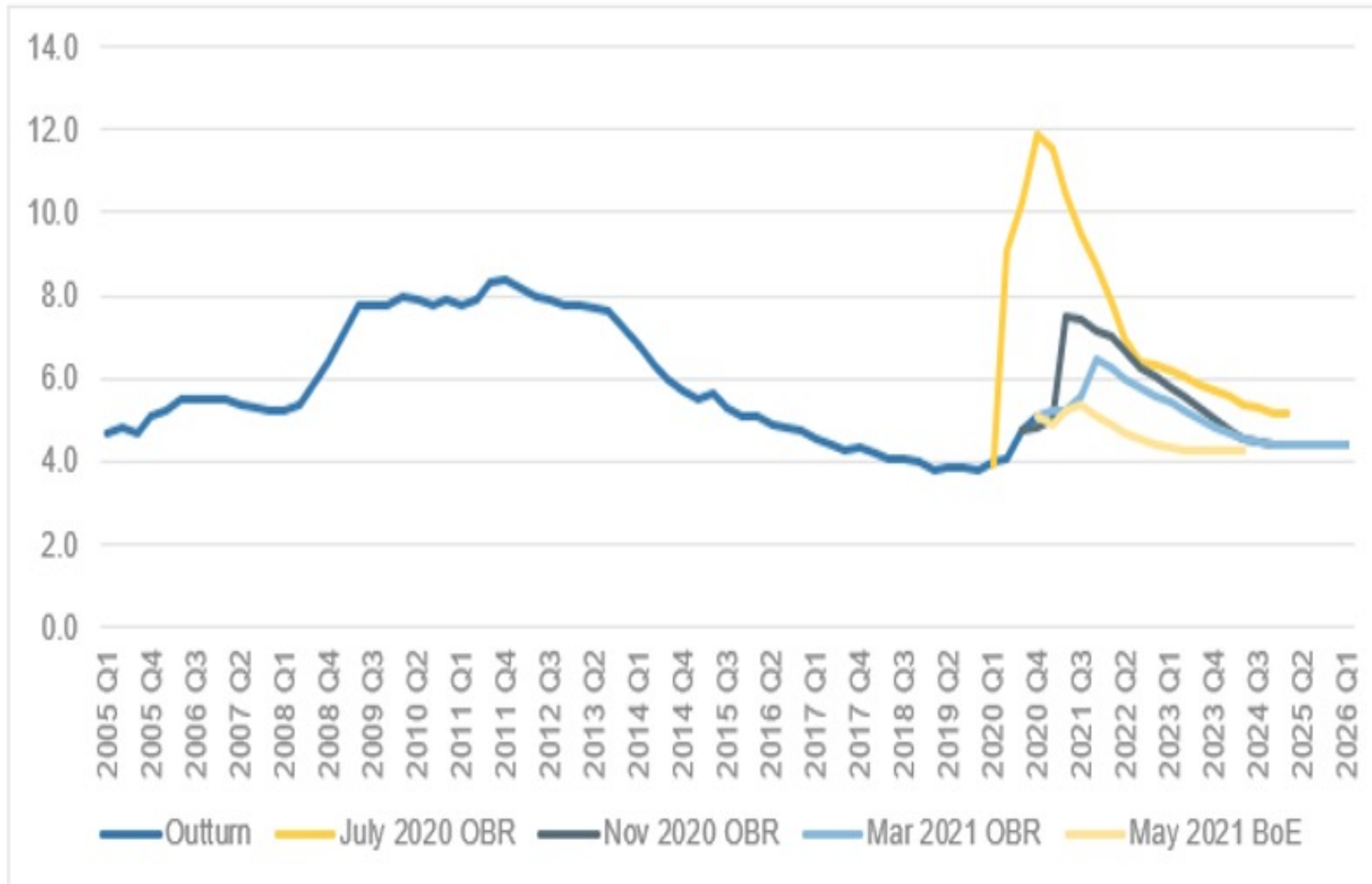
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The crisis that we prepared for isn't the one that we've got

Unemployment rate forecasts and outturn



The crisis that we prepared for isn't the one that we've got

- GDP fell by 9.9% in 2020 – largest fall on record
- Employment fell by 960k – largest since early 1990s...
- ... But 'just' a 2.9% fall
- If employment had followed GDP, it would have fallen by **2.9 million**
- This crisis has led to the lowest post-recession peak in unemployment since 1975 (when output fell by 2%)

And now we're in the grip of a very strong hiring recovery

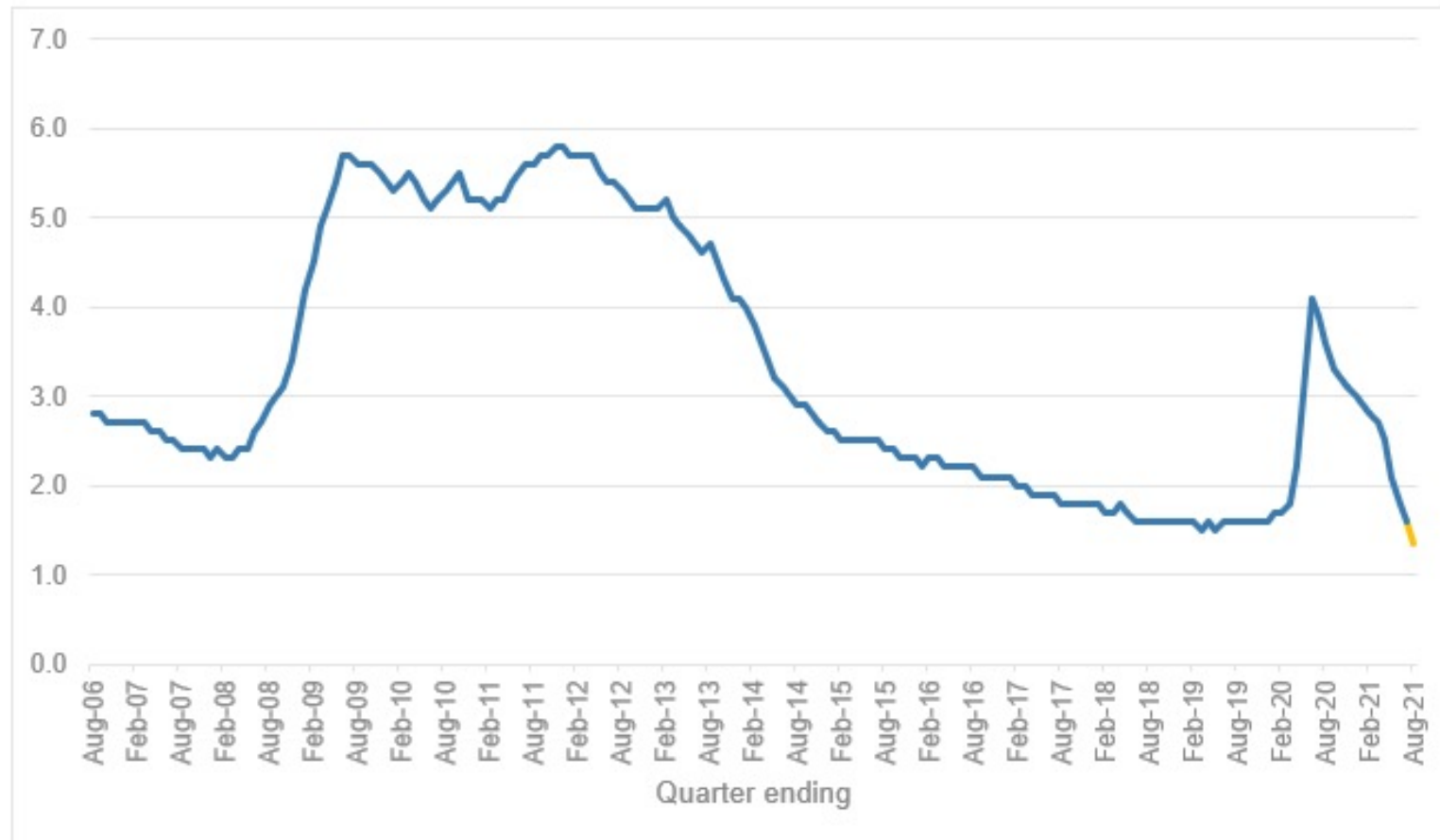
Vacancies – quarterly and single-month estimates



Source: ONS Vacancy Survey

Which means we're about to see the lowest ever number of unemployed per vacancy

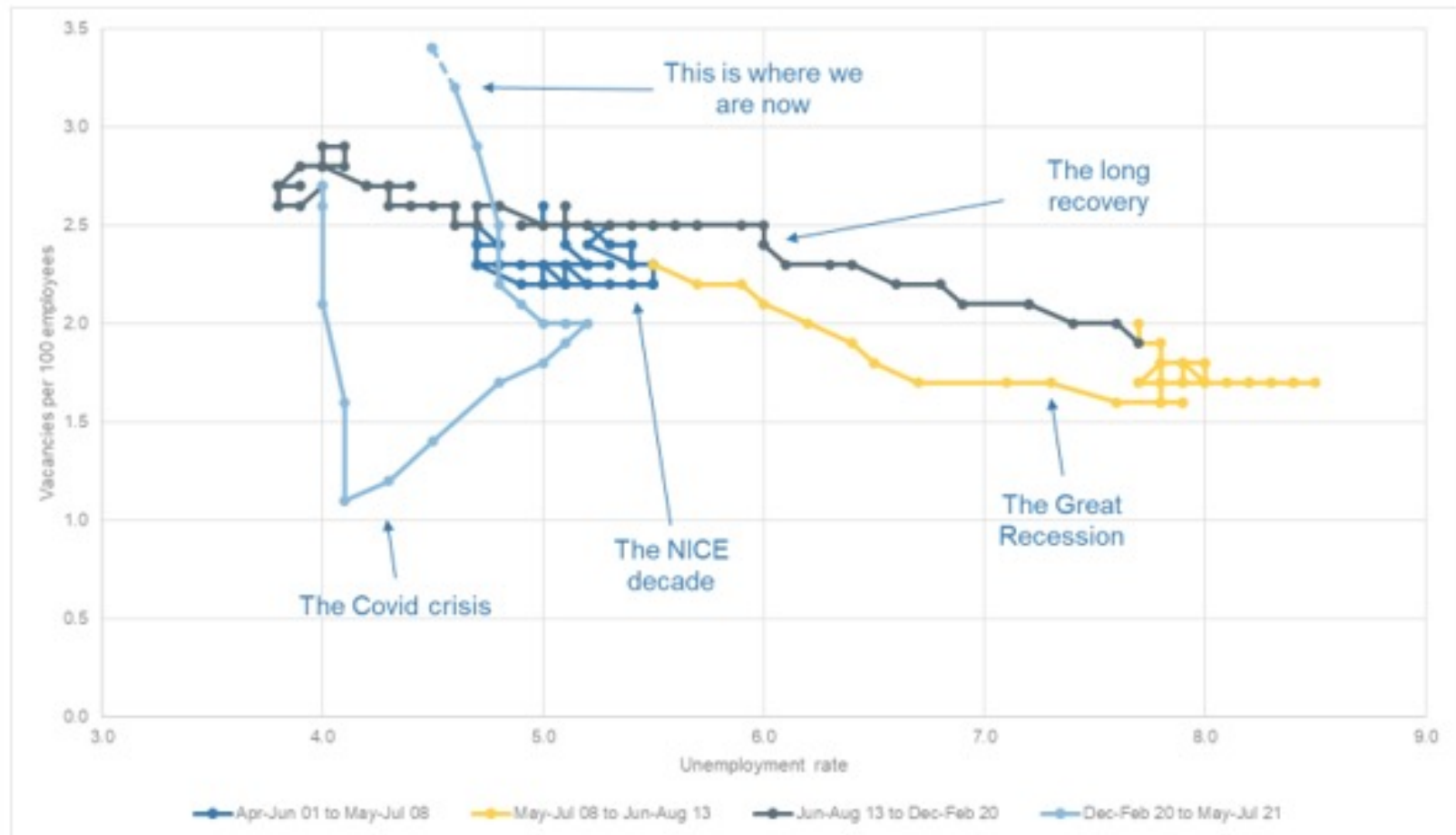
Number of unemployed people per vacancy (projection for next month in yellow)



Source: Labour Force Survey, ONS Vacancy Survey and IES estimate

Or if you like ‘Beveridge curves’ (and who doesn’t...) we’re flying off course

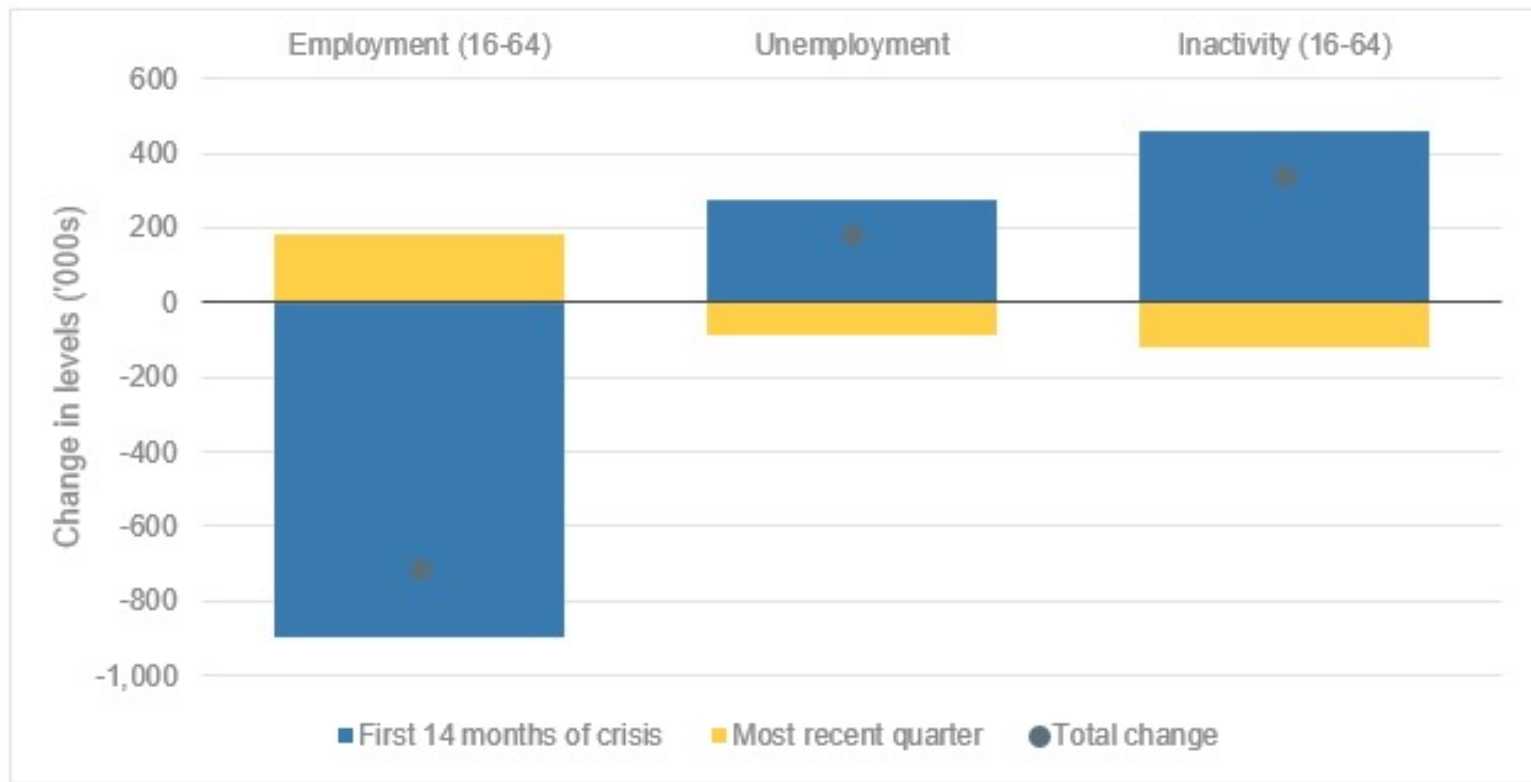
Beveridge curve (relationship between unemployment rate and vacancy ratio), 2001-



Source: Labour Force Survey and ONS Vacancy Survey

Oddly though, it's been a 'jobs lite' recovery – which partly explains the recruitment crisis

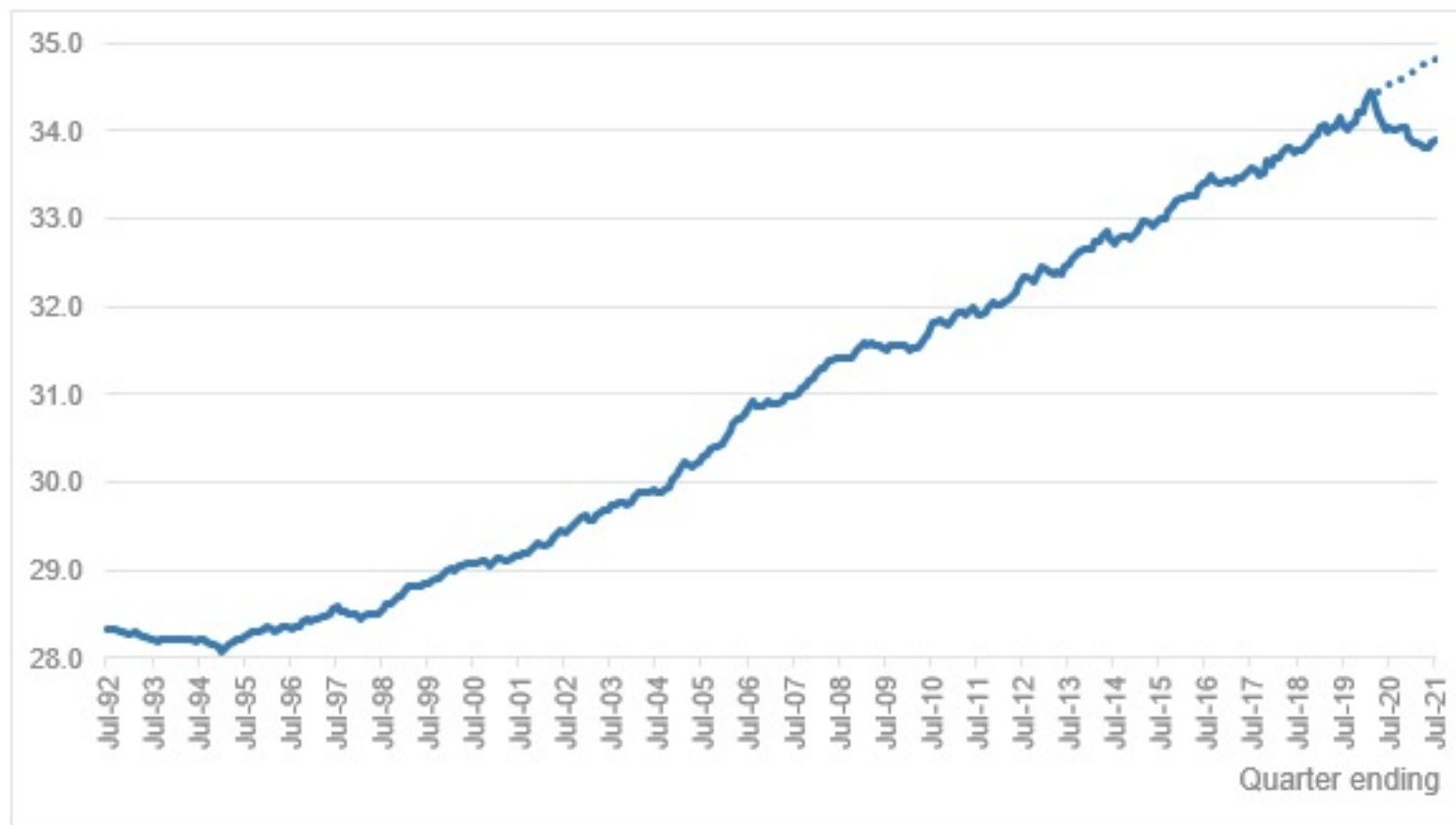
Figure 2: Changes in employment, unemployment and economic inactivity: first fourteen months of the crisis (Dec-Feb 2020 to Feb-Apr 2021) and most recent quarter (Feb-Apr 2021 to May-Jul 2021)



Source: Labour Force Survey

All told, labour market participation is one million lower (970k) than the pre-crisis trend

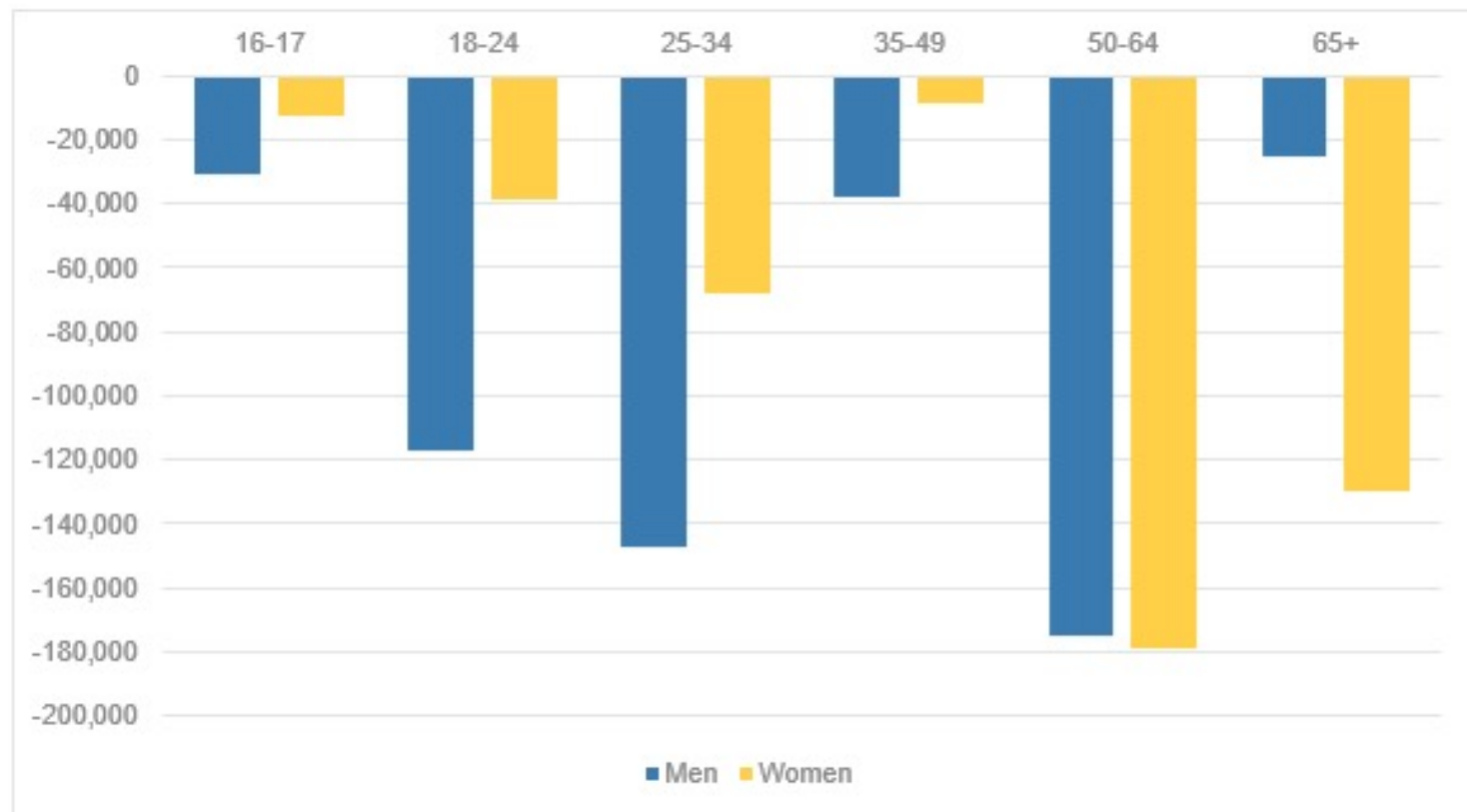
Level of economic activity – actual and if pre-crisis trend had continued



Source: Labour Force Survey and IES estimates

With largest falls for older and younger people – esp. younger men and older women

Fall in economic activity compared with pre-crisis trend, Dec-Feb 2020 to May-July 2021, by age and gender



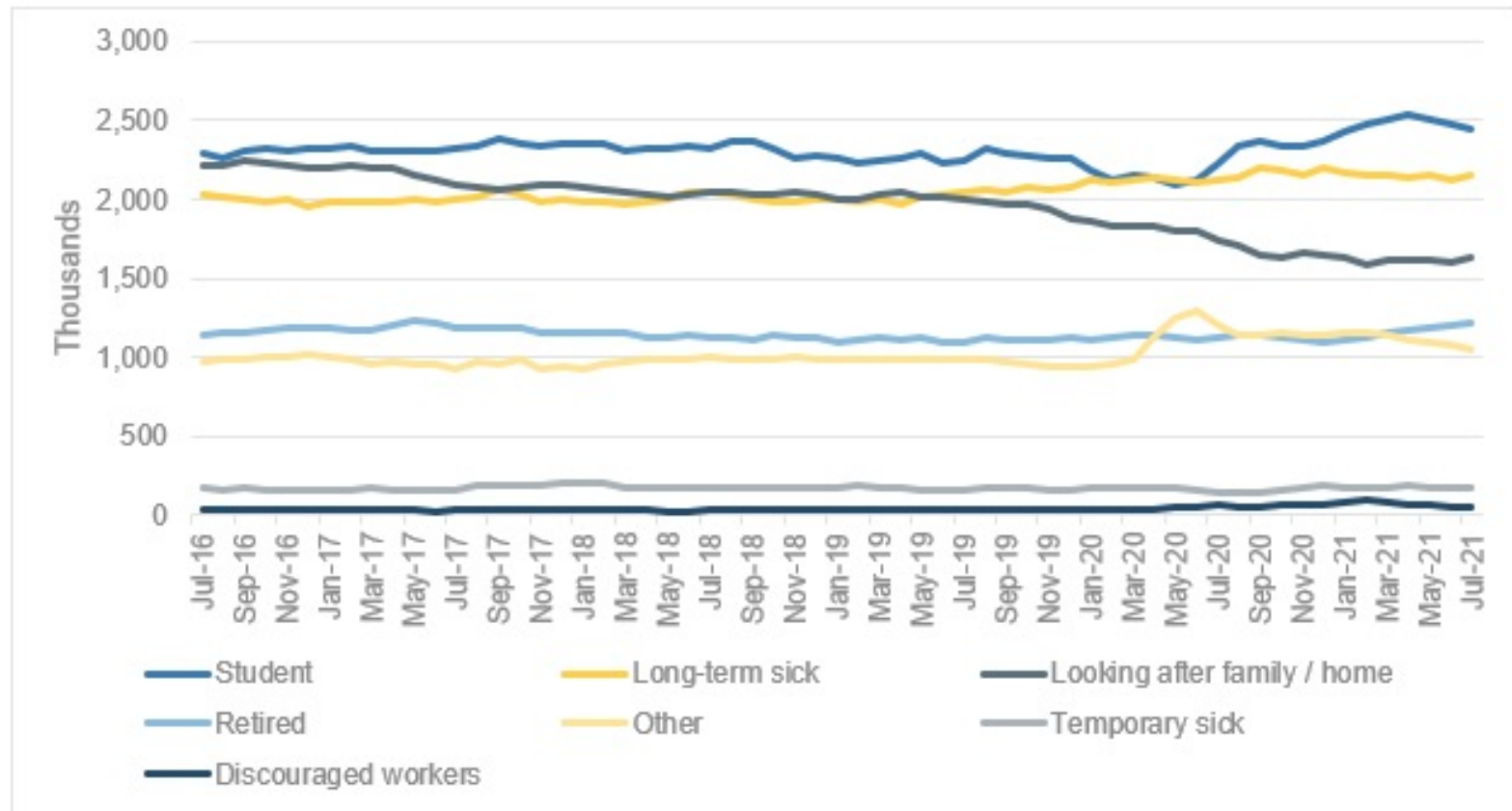
Source: IES estimates based on Labour Force Survey

What's driving a smaller labour market?

- Lower (im)migration – explains about a quarter
- Higher 'economic inactivity' explains the rest
 - One sixth is people aged over 65...
 - ... Remainder is students, long-term ill health, early retirement and 'other' reasons
- Bear in mind that this also excludes 'furloughed' workers – although I think the stats on this are very overstated (true figure may be closer to 200k)

Levels of economic inactivity – students, ill health, early retirement are all up

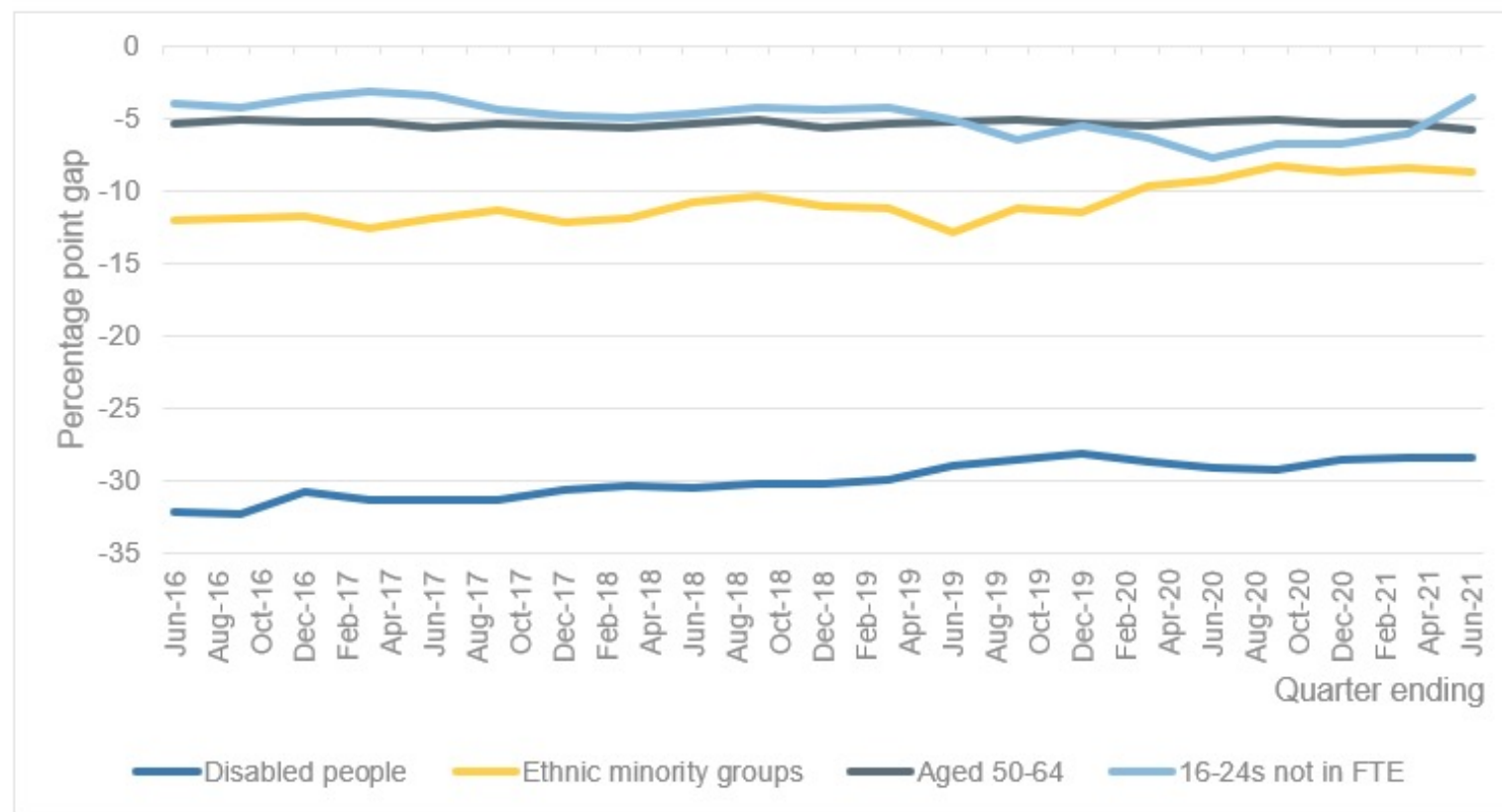
Figure 7: Reasons for economic inactivity



Source: Labour Force Survey

And the 'jobs recovery' hasn't yet reached those more disadvantaged in the labour mkt

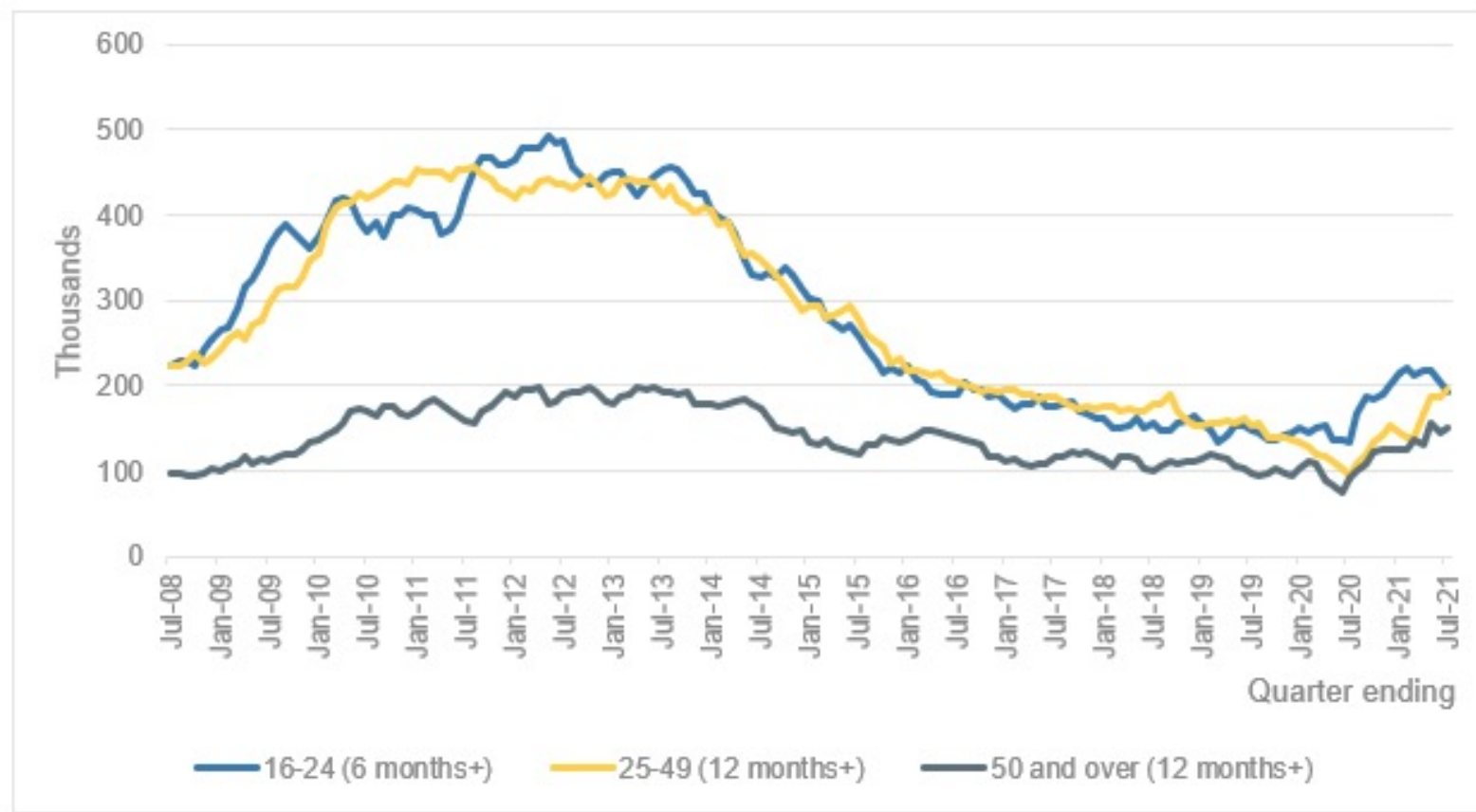
Figure 9: Employment rate 'gaps' for disabled people, ethnic minority groups, those aged 50-64, and young people not in full time education; Q2 2016 to Q2 2021



Source: IES analysis of Labour Force Survey. Gaps are calculated as the percentage point difference in employment rates between the rate for the disadvantaged group and the rate for the overall 16-64 population excluding that group.

While long-term unemployment remains high – but not as bad as it might have been

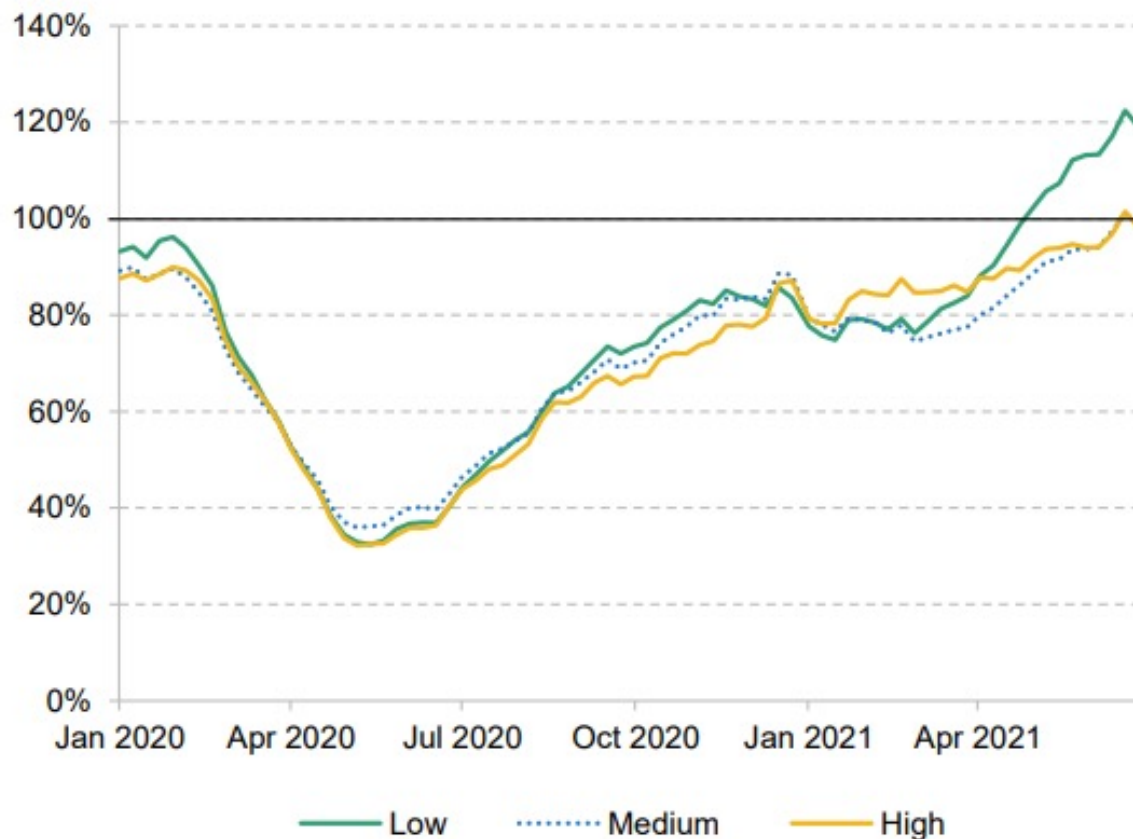
Long-term unemployment by age



Source: Labour Force Survey. Long-term unemployment is defined as unemployment of more than six months for young people, or more than twelve months for those aged 25 and over.

Where are the jobs? Everywhere... but new IFS analysis suggests strongest growth is in in 'lower quality' work

Figure 3.1. Vacancies as a share of pre-pandemic levels, by job-quality tertile

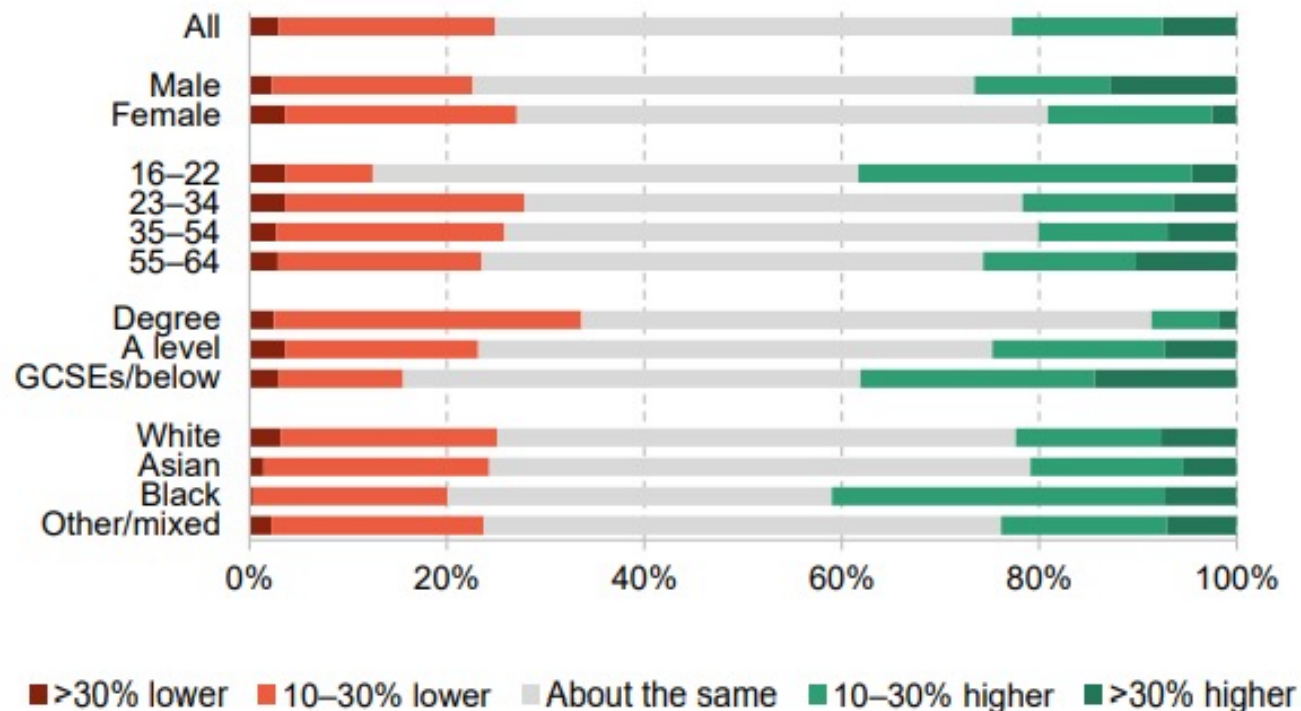


Note: Shows vacancies relative to average in the same week in 2019.

Source: Adzuna vacancy data; Labour Force Survey.

... Which means recovery is less spectacular for graduates/ higher skilled

Figure 2.7. New job opportunities relative to pre-pandemic levels, by demographic group, in June 2021

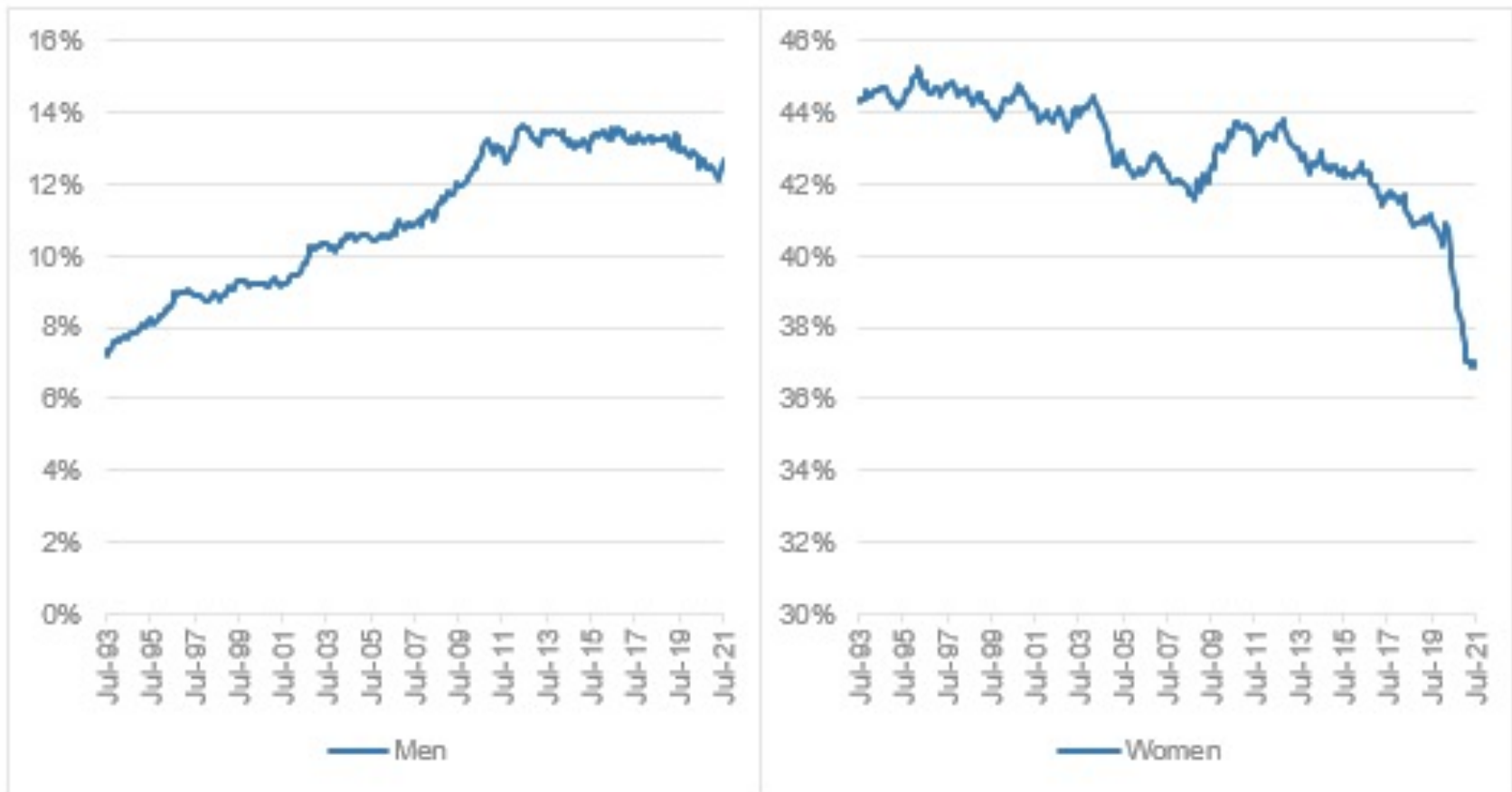


Note: Shows, for each demographic group, the share of workers facing different changes in total opportunities relative to June 2019.

Source: Adzuna vacancy data; Labour Force Survey.

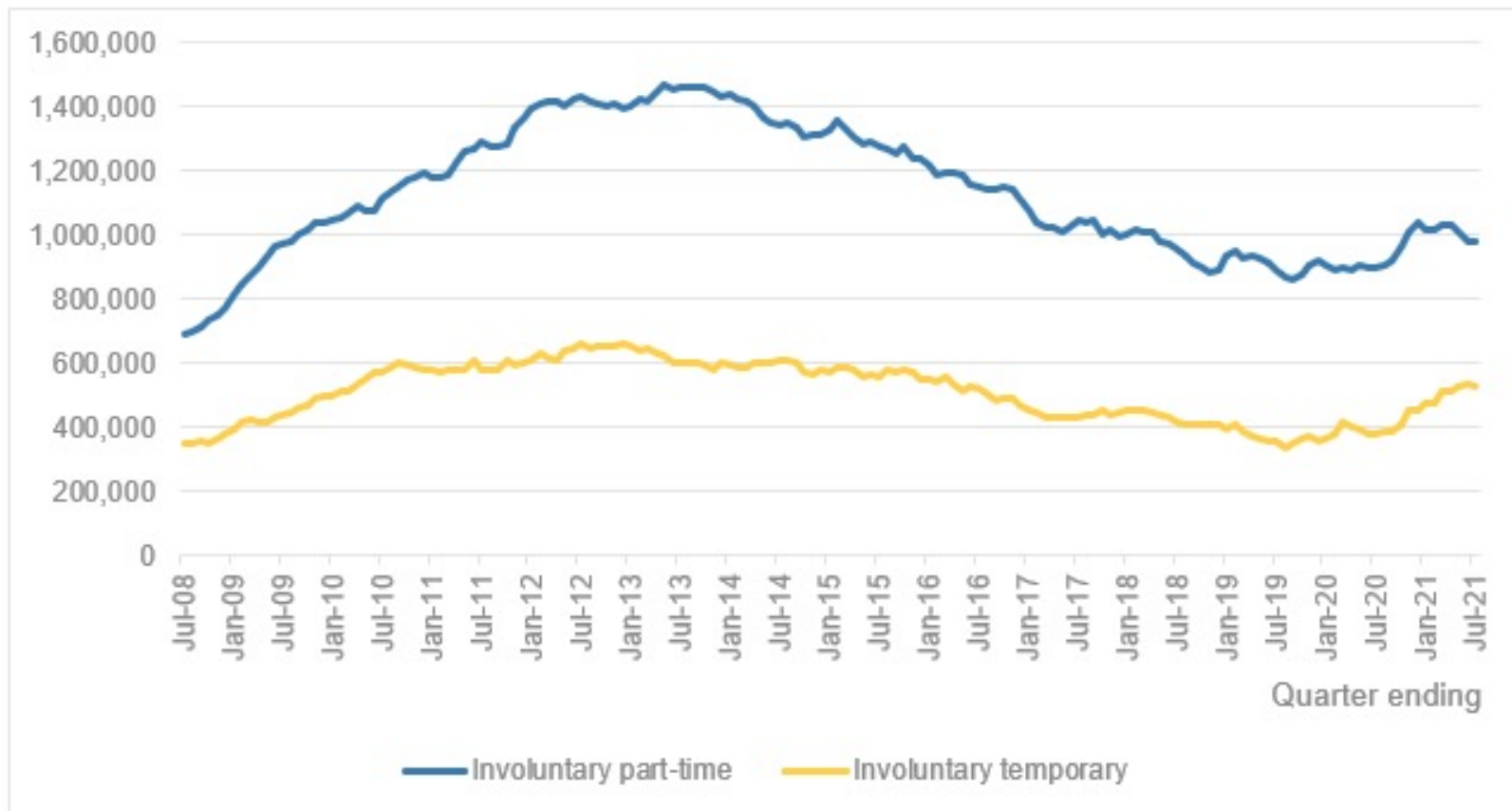
But surprisingly, big falls in part time work (esp. for women) alongside surging demand

Proportion of those in work who are working part time, by gender



While 'involuntary' temp and p/t work have risen – people not getting the flex they need?

People in part-time work because they couldn't find a full-time job, or temporary work because they couldn't find a permanent one



Source: Labour Force Survey

And the shift to homeworking (for some) has taken its toll...

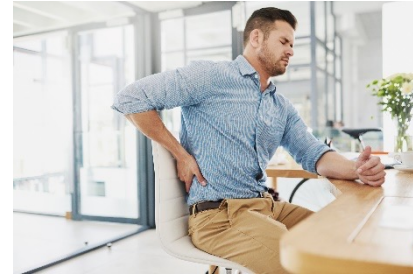
45%



Fatigue

MSK Pain

45%



41%



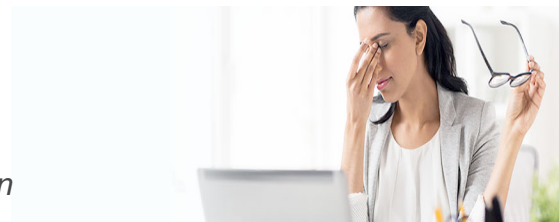
Poor Sleep

Mental Health

Mean WHO5 score of 47/100



Eye Strain



37%



Economic and Social Research Council

WorkAfter Lockdown

% of respondents reporting worse than normal symptoms in last 2 weeks

Key drivers of better experiences of home working?

Organisational
commitment

Satisfaction
with working
from home

Satisfaction
with work-life
balance

Job
satisfaction

Our research found that positive scores on above were linked to:

- Better Mental Health (WHO5)
- Less unpaid overtime
- More frequent contact with manager
- Having worked frequently from home pre-COVID19

But WLB scores ***lower*** for those with dependent adults and those with line management responsibilities

So there is a crisis, but it's just not the one that we expected or prepared for

- Mass unemployment well and truly averted
- Rebound in hiring driven by structural change and reopening
- But biggest contraction in size of labour market since early 1990s
- And recovery may be more tentative than headlines suggest
- With the most disadvantaged appear to be faring slightly less well in the recovery, but higher skilled seeing fewer opportunities

Government has announced a lot

Apprenticeships levy flexibilities

Doubling of JCP Work Coaches Kickstart

This is a lot... much of it welcome

**But how does it stack up for
individuals, employers, delivery
and local partners?**

Lifetime Skills Guarantee

Apprenticeship hiring subsidy

Find a Job/ Job Help service

Shared Prosperity Fund

Digital Bootcamps

We think that there's six key challenges for future

1. Increasing participation (tackling disadvantage)
2. Helping people who want jobs to find jobs that want people...
3. ... Especially for the long-term unemployed
4. Improving job flexibility, quality, employer practice
5. Preparing for the future world of work (net zero, post Brexit, knowledge based, hybrid)
6. System change – in how we work together and deliver services

A great example of this is in how we make sense of the system for young learners

“I think you get a lot of information but it is just leaflets and that’s it... It doesn’t work...you get loads of information, I think the information and support is there but it’s like giving you the ingredients, but not teaching you how to cook.”

Young person not in education or employment, Male, 21

£10.5 billion...

INCREASING EMPLOYMENT

YOUTH ENGAGEMENT FUND (14-17)
 YOUTH EMPLOYMENT INITIATIVE (15-24)
 JOBCENTRE PLUS WORK COACH SUPPORT (18+)
 DISABILITY EMPLOYMENT ADVISER SUPPORT (18+)
 FLEXIBLE SUPPORT FUND (18+)
 WORK AND HEALTH UNIT TRIALS (18+)
 EMPLOYMENT SUPPORT FOR EX-OFFENDERS (18+)
 YOUTH OBLIGATION (18-21)
 WORK AND HEALTH PROGRAMME (21+)
 COUNCIL EMPLOYMENT INITIATIVES (18+)
 NHS-FUNDED EMPLOYMENT SUPPORT (18+)
 IAPT MENTAL HEALTH EMPLOYMENT SUPPORT (18+)

IMPROVING SKILLS

WORK EXPERIENCE (18-24)

TRAINEESHIPS (16-24)

- POST-16 COLLEGES
- SIXTH FORM COLLEGES
- FREE/STUDIO/UTCS

TECHNICAL LEVELS (16-19)

LEVY & NON LEVY APPRENTICESHIPS (16+)

ADULT EDUCATION BUDGET (19+)

HIGHER EDUCATION (18+)

ADVANCED LEARNER LOANS (19+)

SECTOR BASED WORK ACADEMIES (18+)

COUNCIL SKILLS INITIATIVES (18+)

CAREERS ADVICE AND GUIDANCE (12+)

DELIVERED BY

COMMISSIONED BY

ACCOUNTABLE TO

Skills providers	Councils
Employment providers	JCP
Careers and Enterprise Company	Schools
Education Business Partnerships	
National Careers Service	Colleges

DH	Councils	DfE
DWP	DCLG	Cabinet Office
Employers		

Employers / LEPs	JCP/DWP	DCLG
Councils	CCGs	Cabinet Office
DfE/Education and Skills Funding Agency		
National Offender Management Service		
Big Lottery	National Apprenticeship Service	
Careers and Enterprise Company		

FRAGMENTED EMPLOYMENT AND SKILLS SERVICES

for young people and adults

NARROWING GAPS

BUILDING BETTER OPPORTUNITIES (16+)
 NATIONAL CITIZENSHIP SERVICE (16-17)
 TROUBLED FAMILIES
 INNOVATION FUND (14+)
 FAIR CHANCE FUND (18-24)
 TARGETED SUPPORT FOR YOUNG CARELEAVERS, SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND) AND YOUNG OFFENDERS
 PREVENTION AND SUPPORT FOR YOUNG PEOPLE NOT IN EDUCATION, EMPLOYMENT OR TRAINING (NEET)
 HIGHER EDUCATION ACCESS (18+)

16 | 20 | 25 | 30 | 35 | 40 | 45 | 50 | 55 | 60 | 65

Finally – some thoughts on priorities for how we work together in the recovery

- **Clear leadership, accountabilities and co-ordination**
 - Working across services to ensure that all of those who are out of work and want to work, or who are in work and want support, get the help that they need
- **A relentless focus on the individual**
 - Maintaining contact, (re)building confidence, help for the whole person – not about one programme or service; or only about work
- **We tilt the scales in favour of the most disadvantaged**
 - Built on effective identification and engagement, partnership working, and no 'one size fits all'
- **Effective partnership working**
 - With employers, Jobcentre Plus, colleges and training providers, local government, other community organisations

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