

# The UK workforce in context: challenges and opportunities

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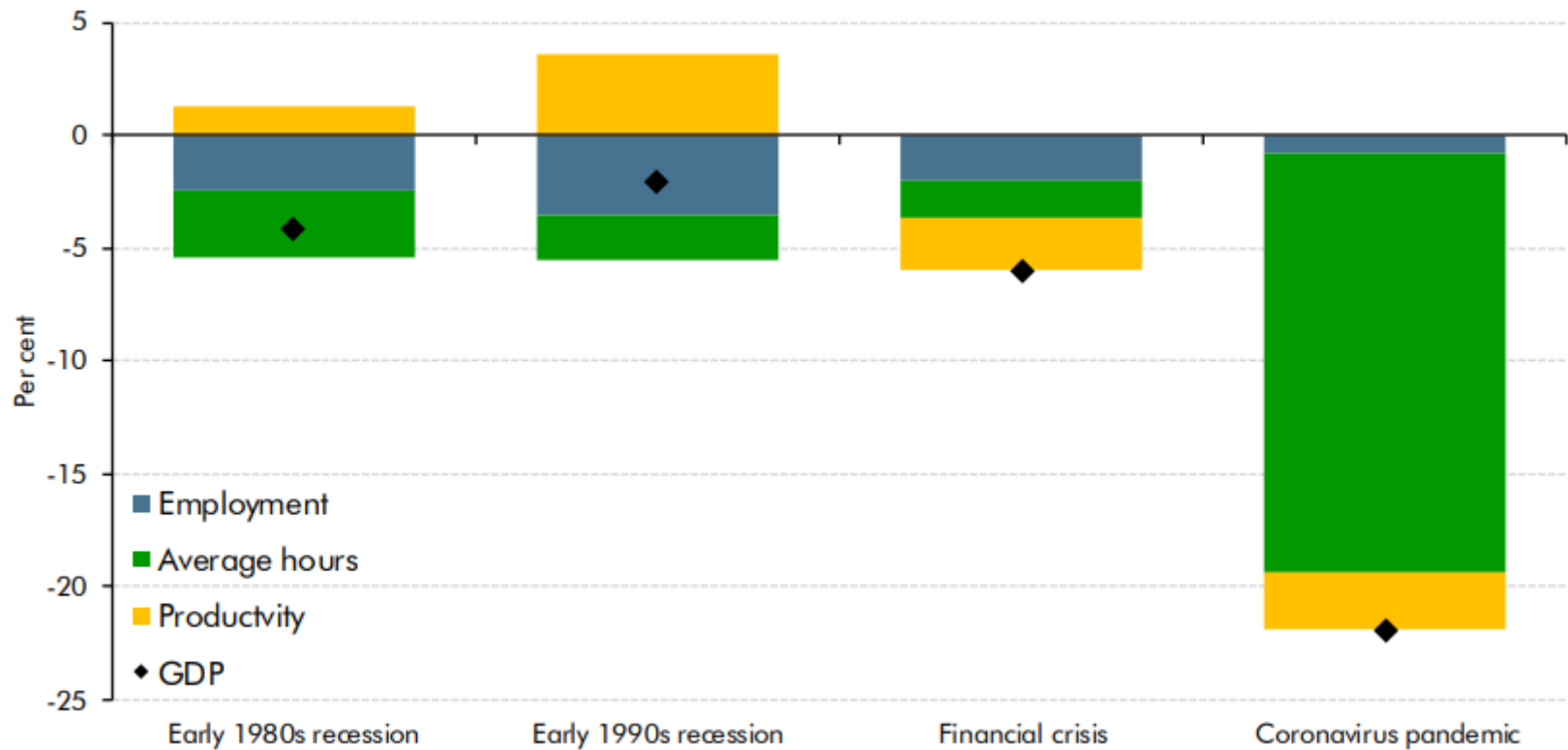
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# An unprecedented public health crisis – and an economic one too

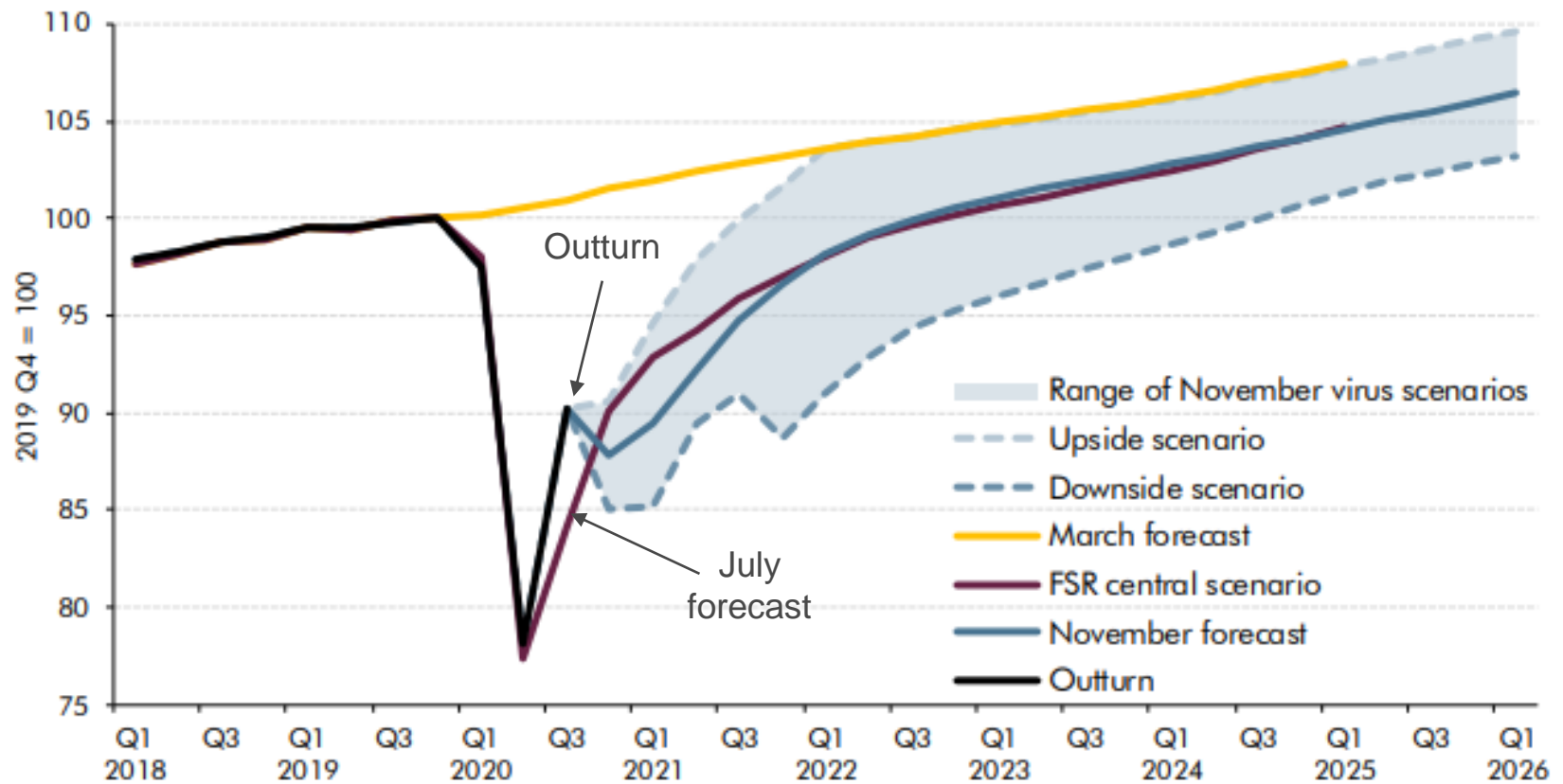
Chart 2.18: Output, hours and productivity in previous recessions



Source: ONS, OBR

# While output will bounce back, it will leave a permanent scar

Chart 1.2: Real GDP: central forecast and alternative scenarios



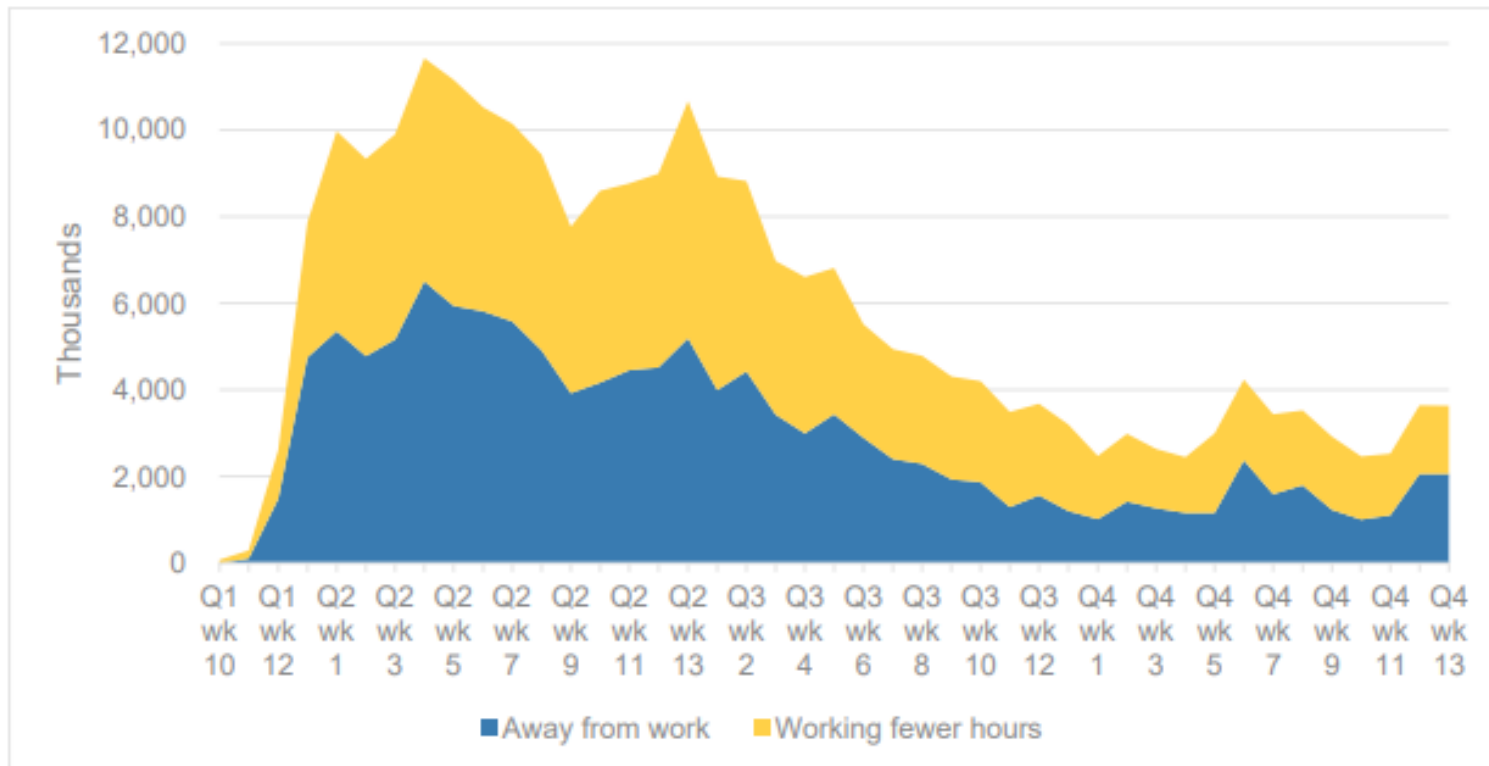
Source: ONS, OBR

# Thankfully, we have avoided a mass unemployment crisis...

- GDP fell by 9.9% in 2020 – largest fall on record
- Payrolled employment fell by 800k – likely largest since early 1990s...
- ... But ‘just’ a 2.7% fall
- If employment had followed GDP, it would have fallen by **2.9 million**
- Job Retention Scheme, emergency measures, labour market flexibility and employers themselves have helped avert a catastrophe

# At peak, over 10 million workers – one third of all– were off work or on reduced hours

**Figure 3: 'Excess' number of people not working normally by week, March to Dec 2020**



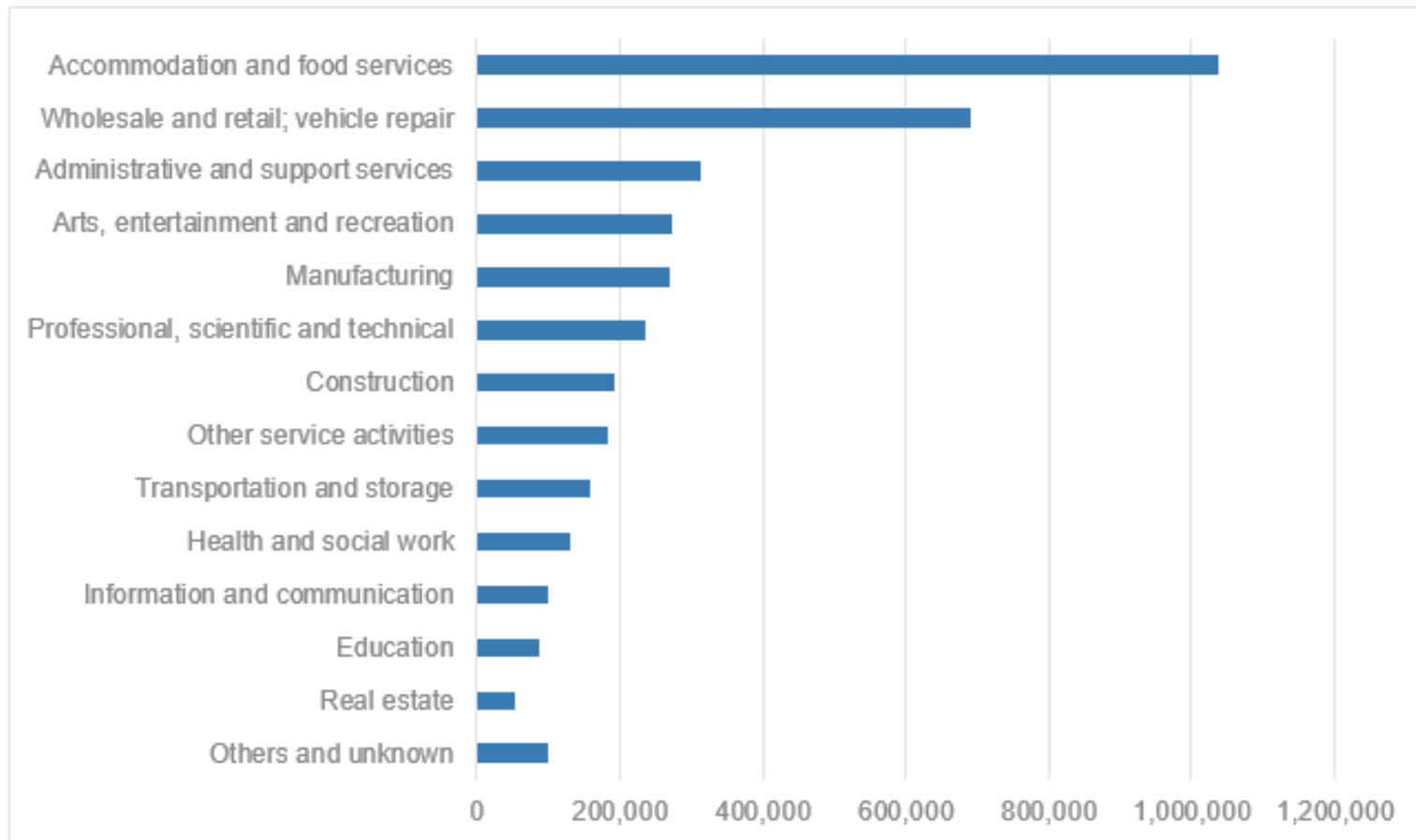
*Source: IES analysis of weekly Labour Force Survey X07. The 'excess' is calculated as the difference between the number in the relevant reference week of 2020 and the number for the same reference week over the three years 2017-19. 'Working fewer hours' is limited to those doing so for economic reasons.*

# But 'could have been worse' is the good news! We have a lot of work to do in 2021

1. Unwinding furlough and emergency support
2. Tackling unemployment – which will keep going up for a while yet
3. The scarring impact of long-term unemployment
4. Addressing widening inequalities – particularly for young people, low paid and ethnic minority groups
5. Getting hiring going again
6. Minimising risks of job insecurity and short hours
7. Supporting employees that are struggling

# 1. Likely ~6 million on CJRS – dominated by hospitality and retail

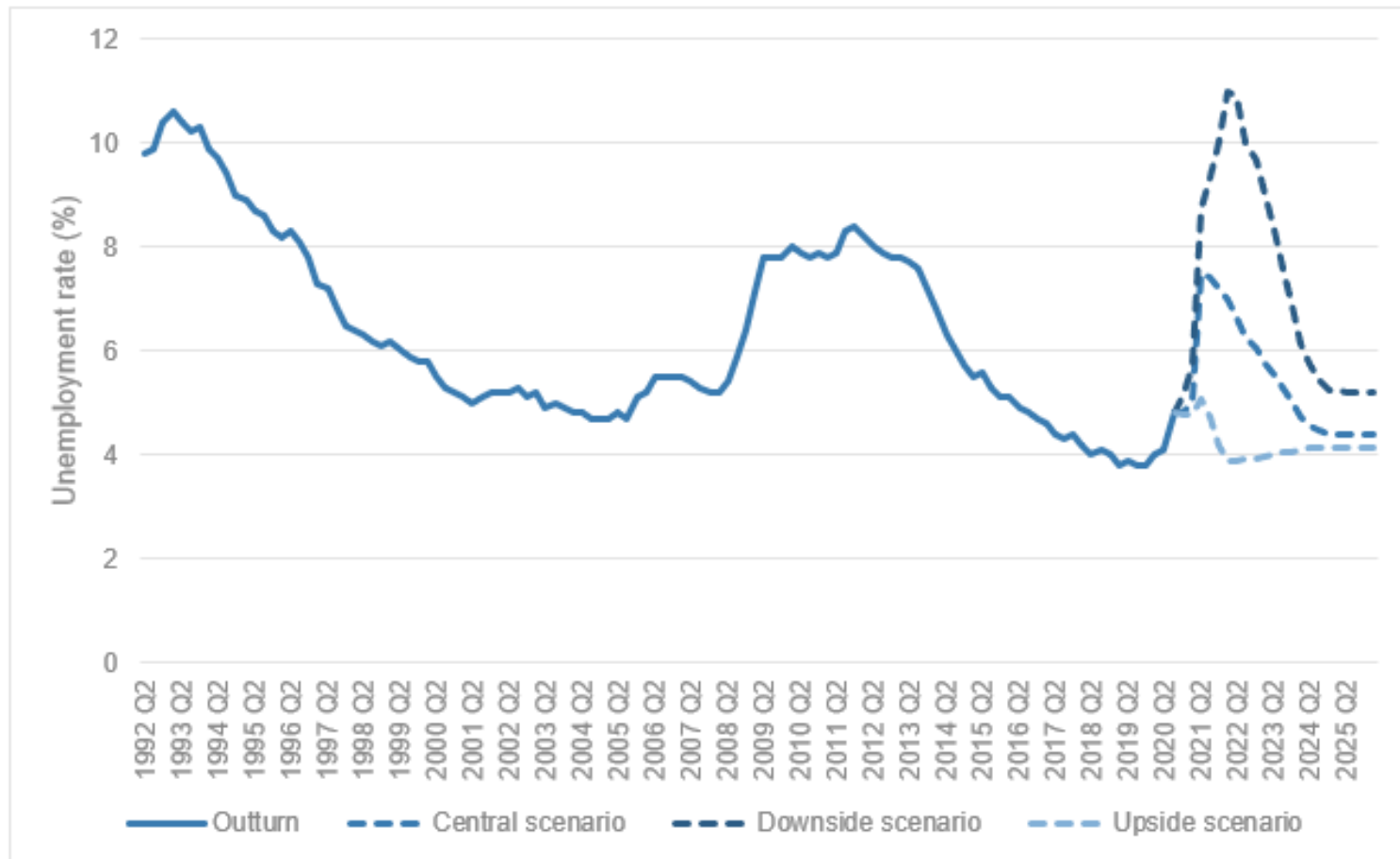
Number of people on Coronavirus Job Retention Scheme, 31 December 2020



Source: HMRC CJRS statistics

## 2. Unemployment – the worst is ahead of us (but it should peak below 2009 crisis)

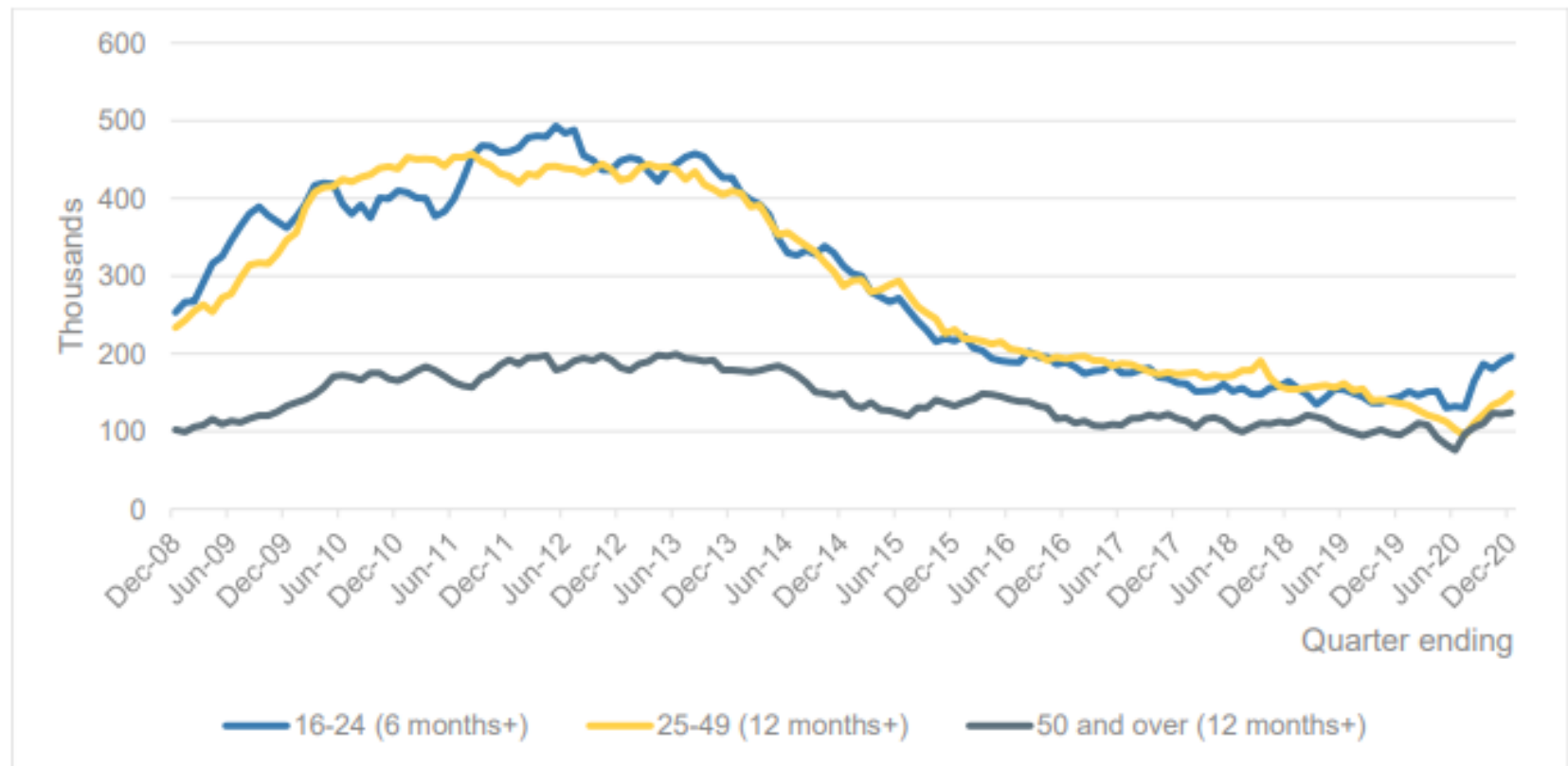
Unemployment rate outturn and November forecasts from Office for Budget Responsibility



Source: Quarterly Labour Force Survey and OBR Economic and Fiscal Outlook

### 3. Long-term unemployment however is now rising again – especially for young people...

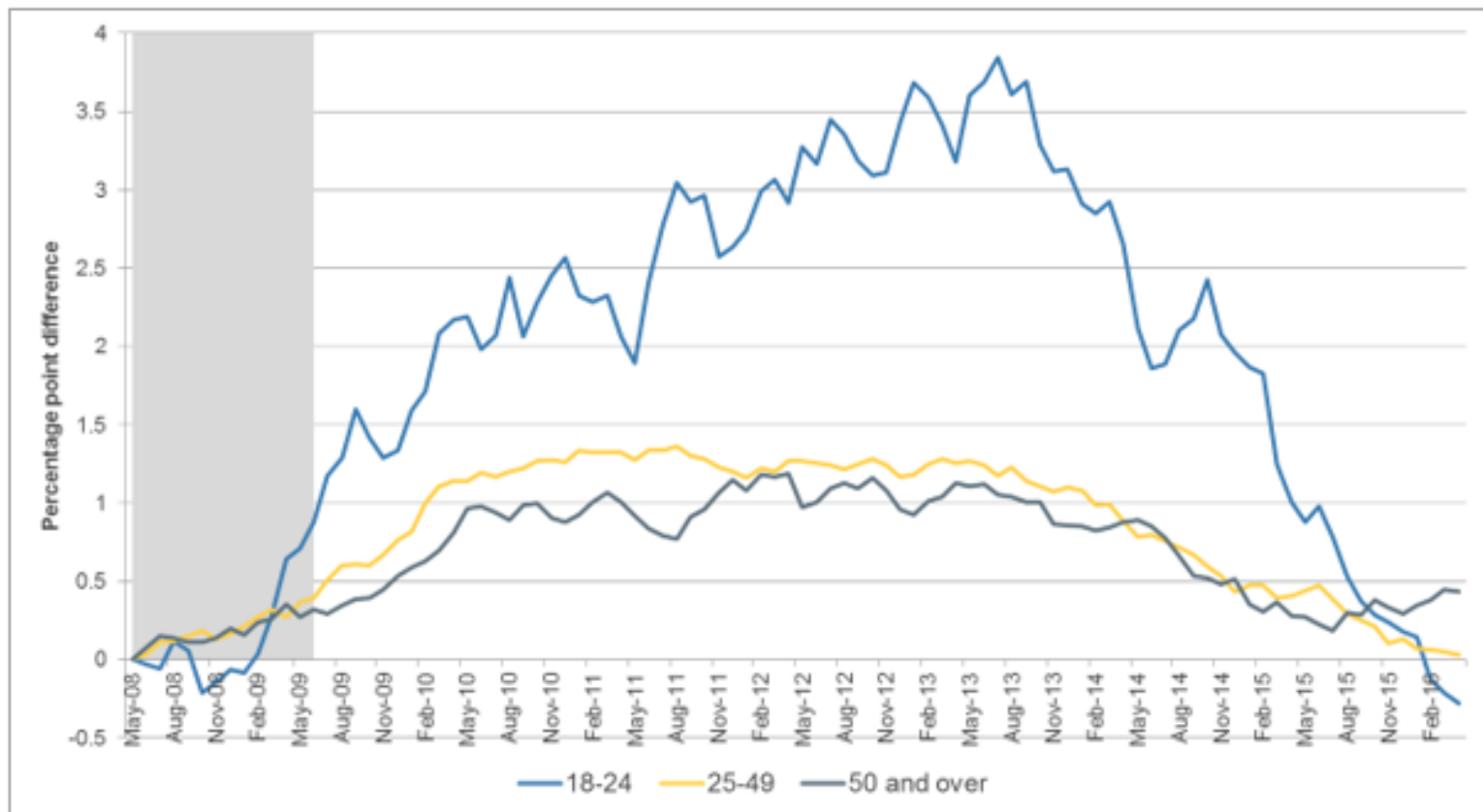
**Figure 10: Long-term unemployment by age**



*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.*

# ... and last time round, these impacts were huge, delayed and prolonged

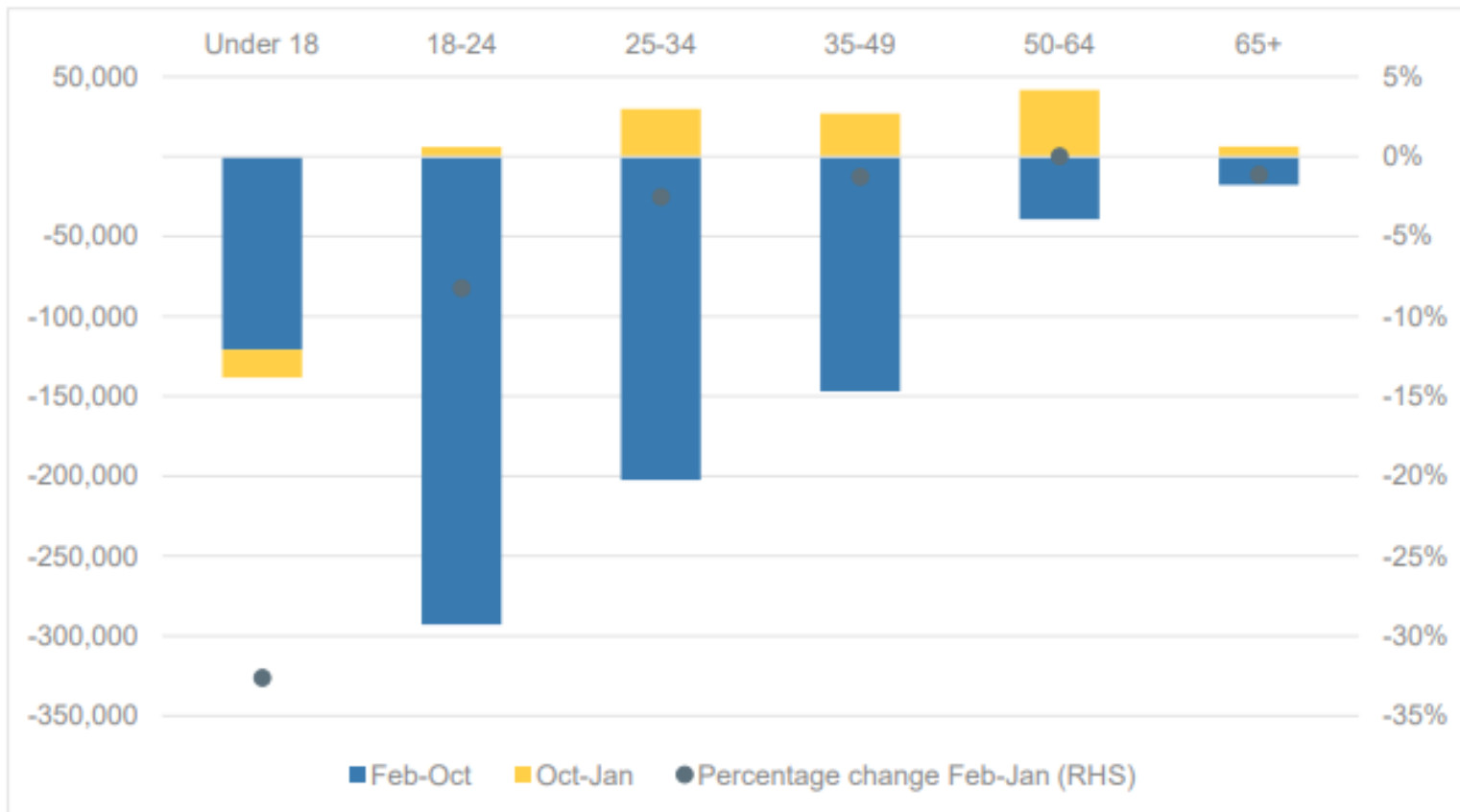
Percentage point change in long-term unemployment rates by age following the 2008/9 recession



Source: IES analysis of Labour Force Survey

## 4. Inequalities – more than half of employment fall among young, and none of recent growth

**Figure 6: Change in payrolled employees by age: first eight months of the crisis (Feb-Oct 2020) and most recent quarter (Oct 2020-Jan 2021)**



Source: PAYE Real Time Information

# Signs too that progress on narrowing employment gaps has stalled...

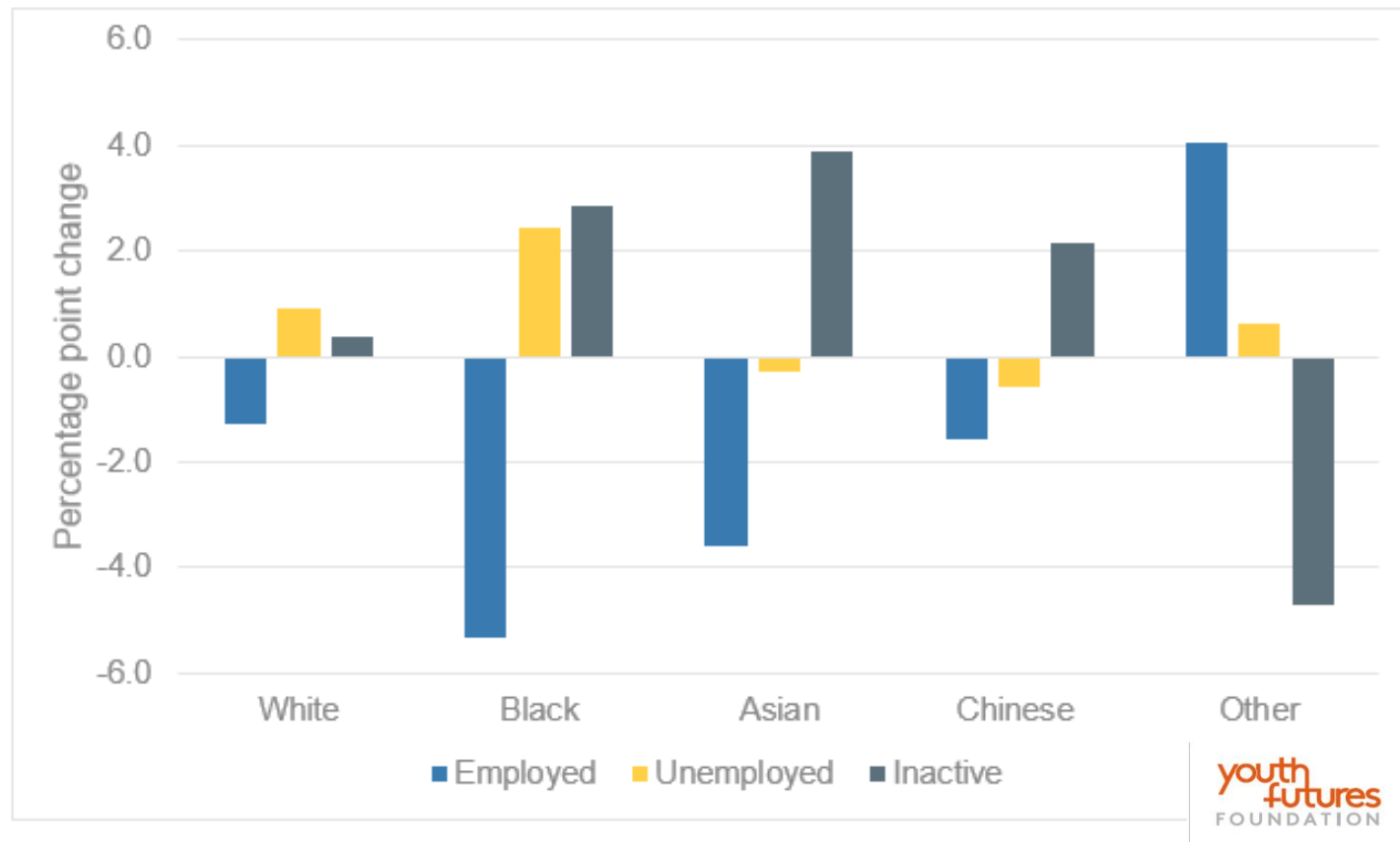
**Figure 11: Employment rate 'gaps' for disabled people, ethnic minority groups, those aged 50-64, and young people not in full time education; 2015 to 2020**



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.

# With recent work showing the Black and Asian young people particularly hard hit

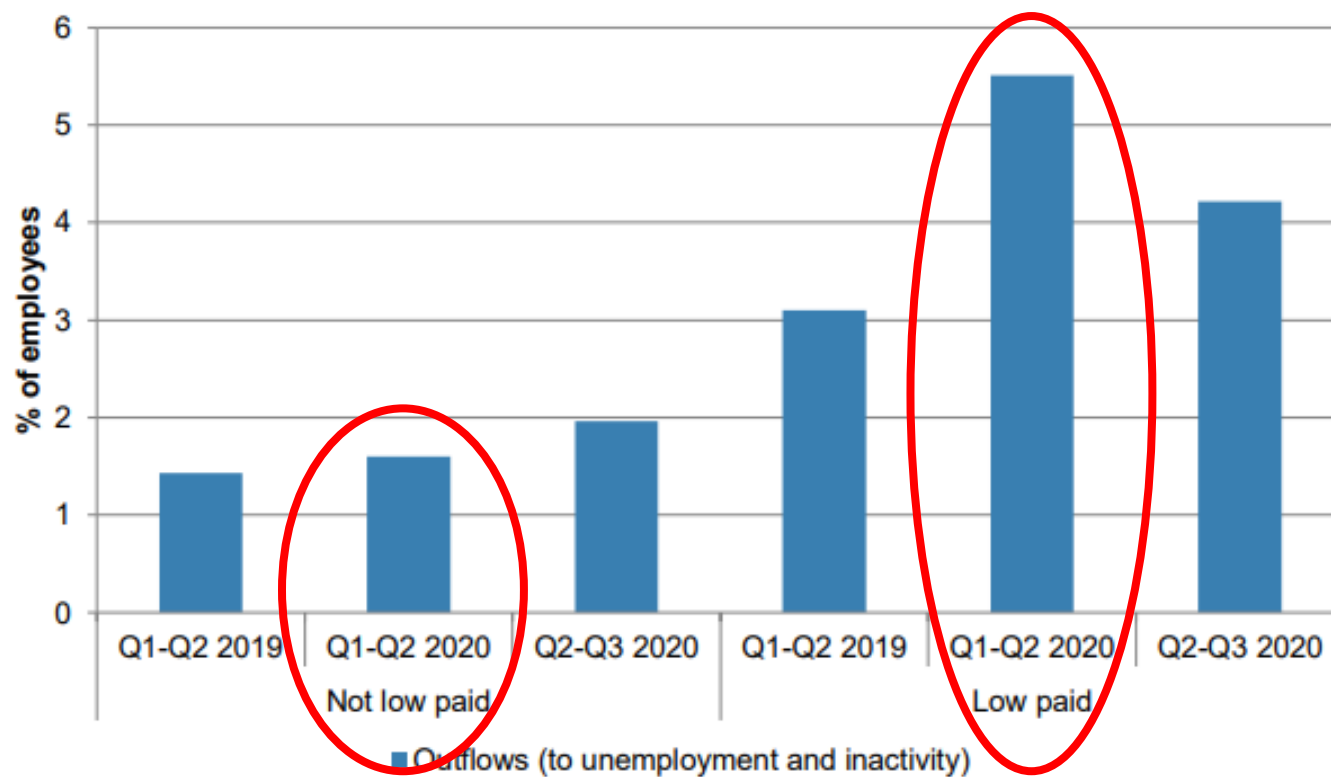
Percentage point change in employment, unemployment and economic inactivity for young people by ethnicity, pre-crisis and during crisis



Source: Quarterly Labour Force Survey, cross-sectional population weights used. The Pre-crisis period covers the average of the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of years 2015-2019 and the crisis period covers the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020.

# A crisis for the low paid – more than 3x more likely to have lost their jobs in the crisis

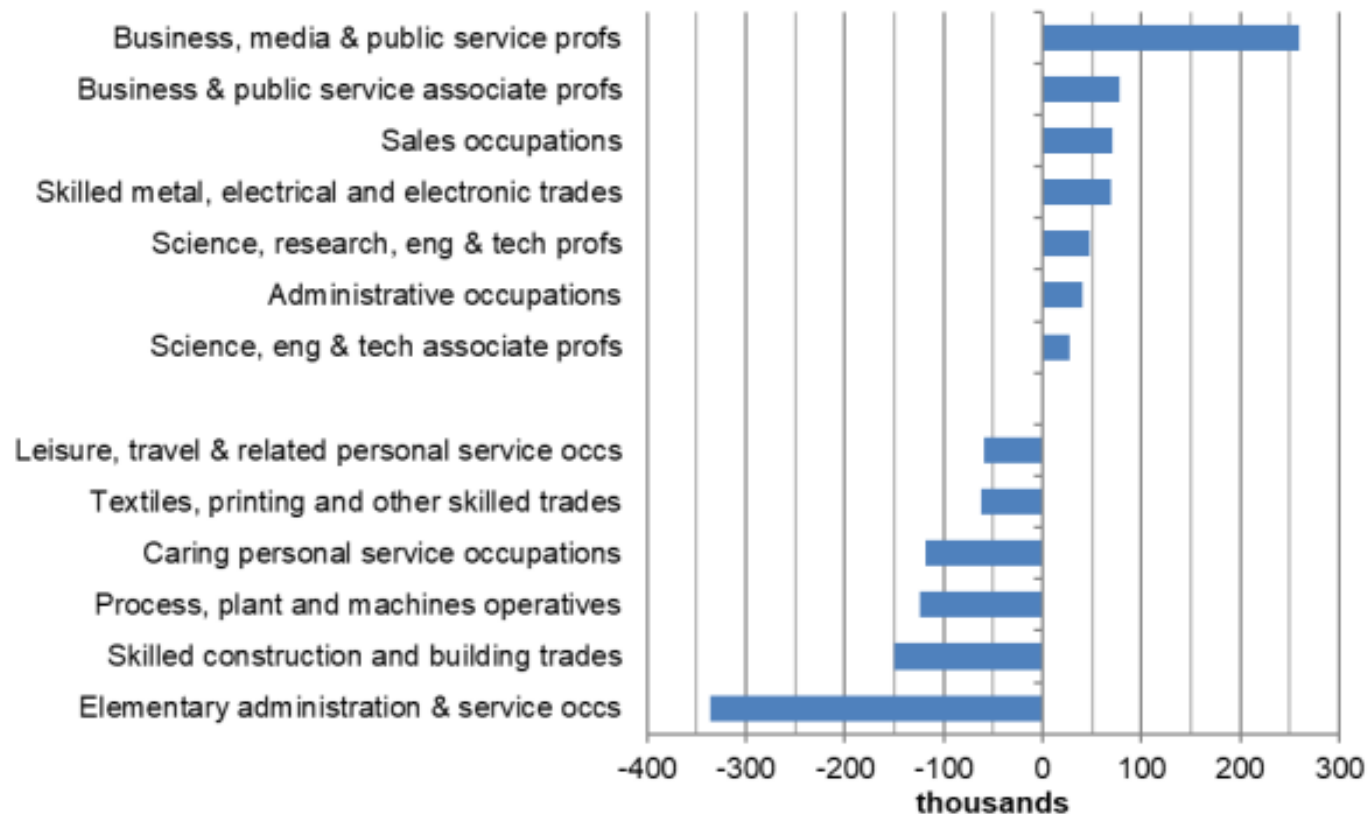
Figure 2.4 Flows out of employment by pay level Q1 to Q2 and Q2 to Q3



Source: Longitudinal LFS Q1-Q3 2019 and Q1-Q3 2020

# And signs that job losses and gains will increase labour market polarisation

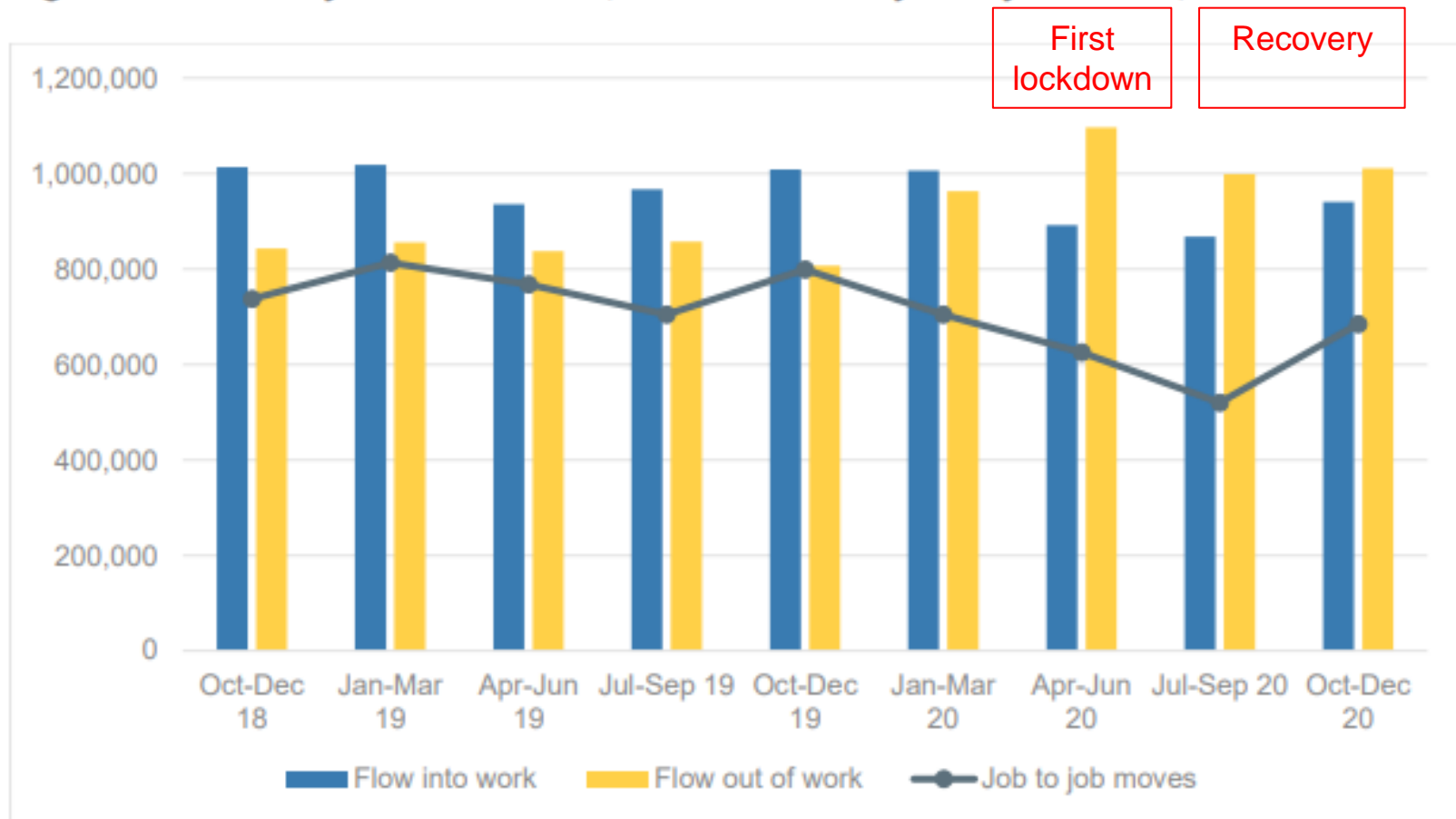
**Figure 4.4 Occupational sub-major groups with largest increases/decreases in employment, UK, Q1 to Q3**



Source: IES analysis of quarterly Labour Force Survey JM19-JS20

# 5. Hiring – rather than firing – is the bigger challenge now, and only way out of the crisis

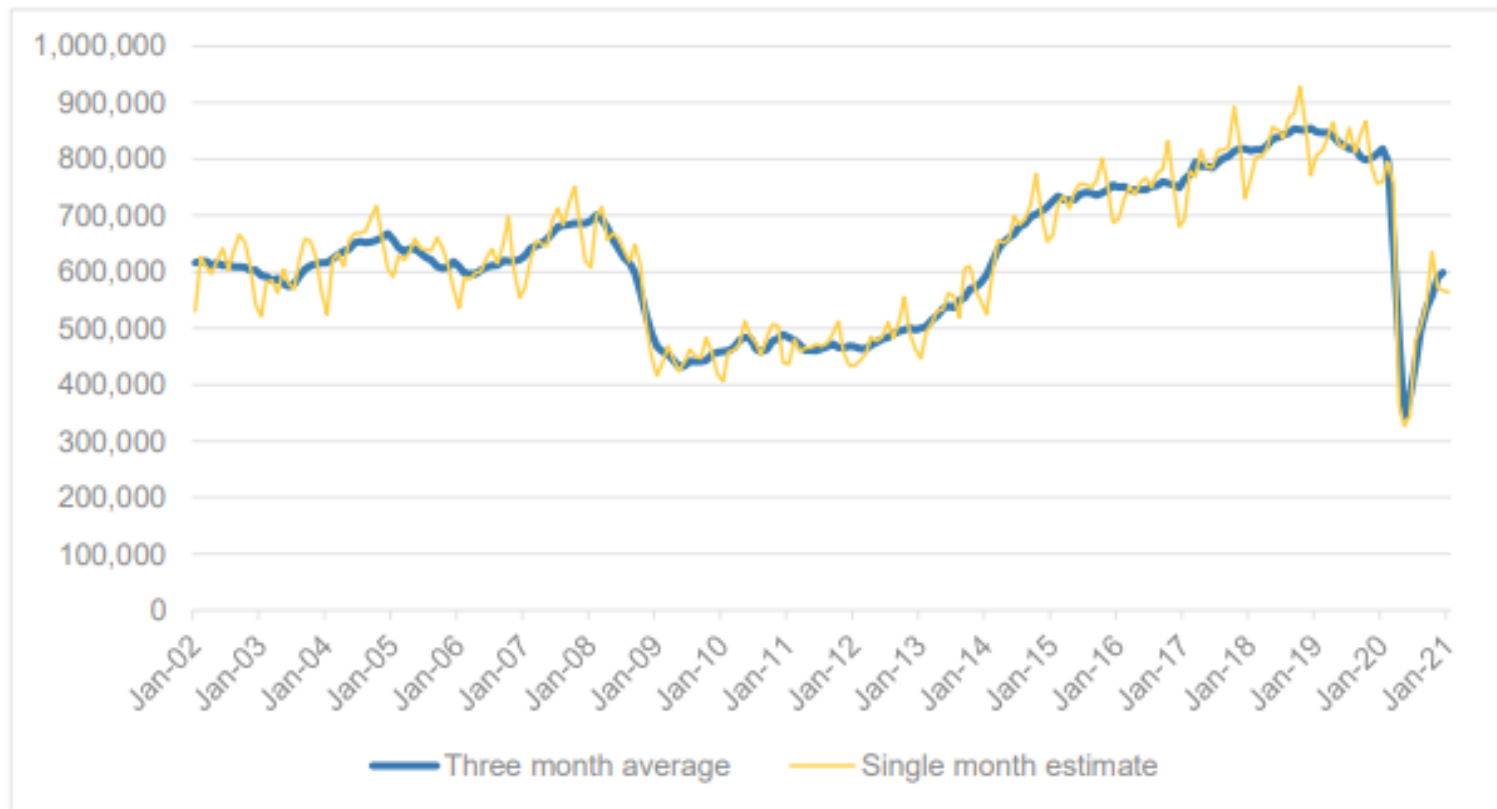
Figure 13: Quarterly flows into work, out of work and job-to-job moves, 2018-2020



Source: Longitudinal Labour Force Survey

# But JRS/ spare capacity, lockdowns and uncertainty are holding back jobs growth

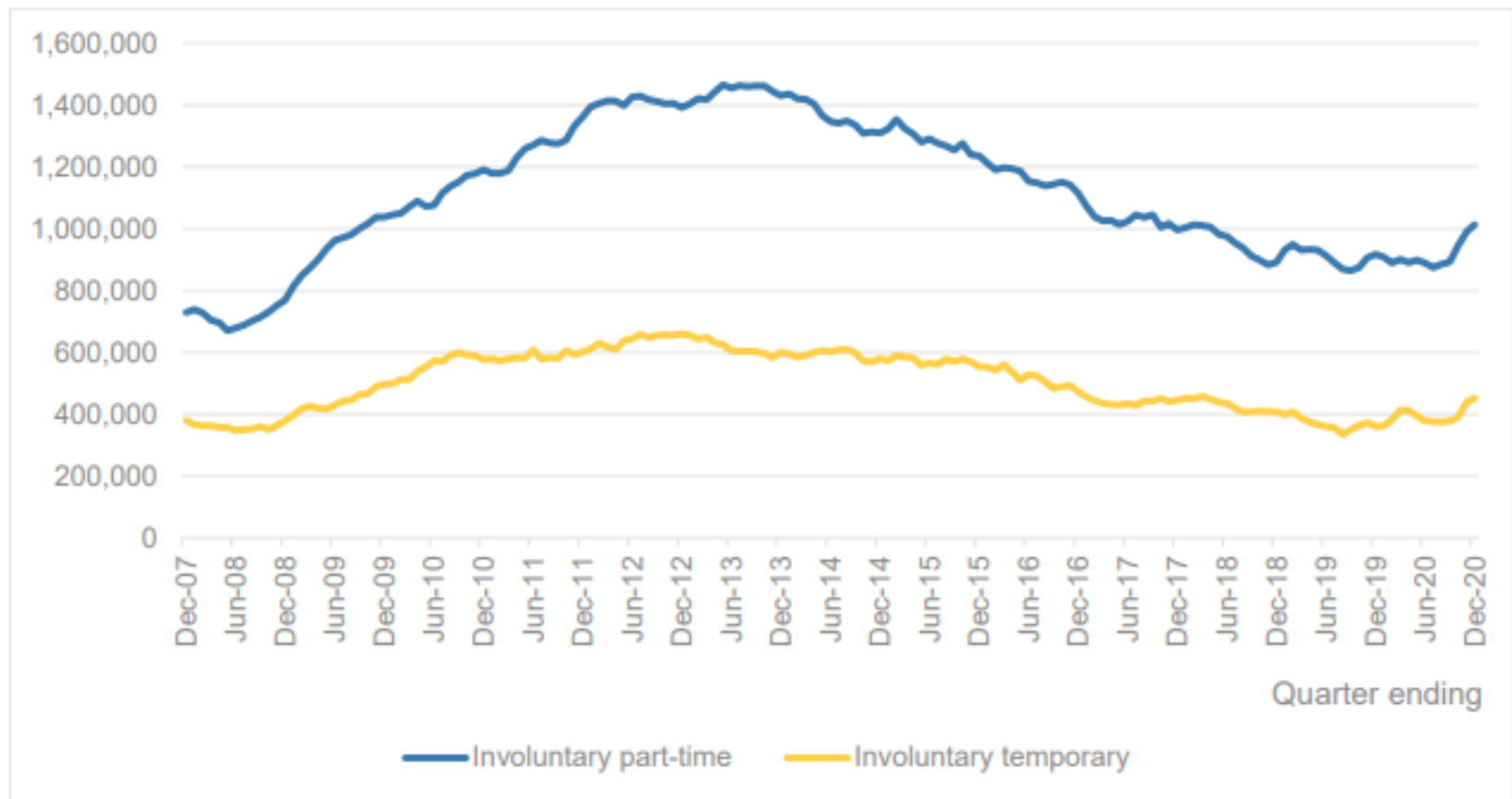
**Figure 16: Vacancies – quarterly and single-month estimates**



Source: ONS Vacancy Survey

## 6. Security and hours – involuntary temporary and part-time work is on the rise again...

**Figure 12: 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

# 7. Finally – this crisis has taken its toll – from our research on homeworking:

45%



Fatigue



45%

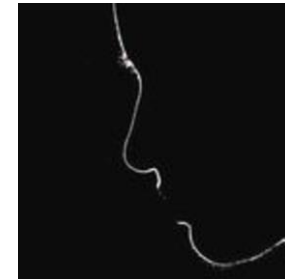
MSK Pain

41%



Poor Sleep

Mental Health



Mean WHO5 score of 47/100

Eye Strain



37%



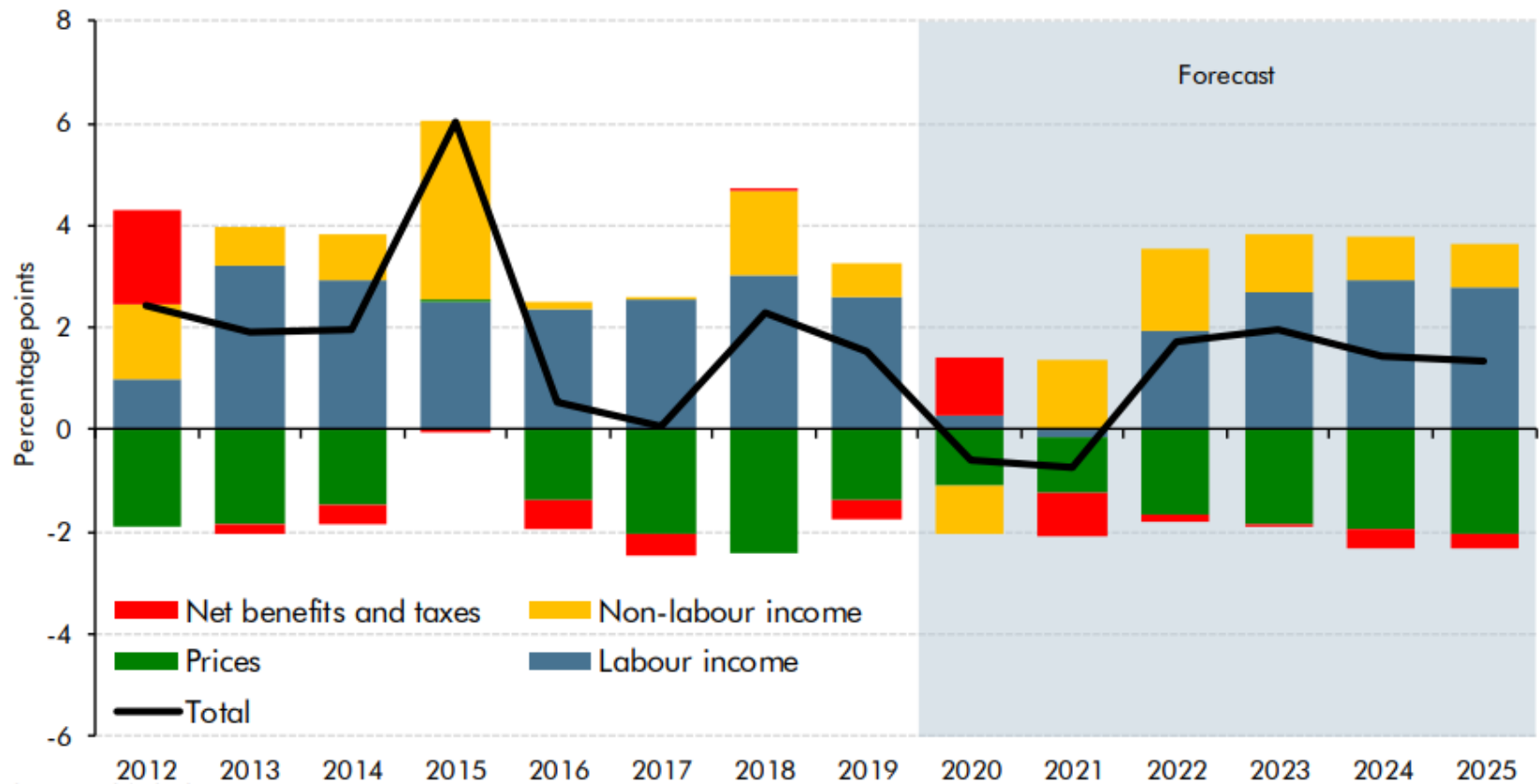
Economic and Social Research Council



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

# While recession plus weak recovery will mean a further squeeze on income growth

Chart 2.28: Contributions to real household income growth



Source: ONS, OBR

# So there is a lot to worry about! And we are still in the foothills of the jobs crisis

- But the good news is that there is a lot that we can do about it...
- ... and a lot that employers are doing already

# So there is a lot to worry about! But the good news is there's a lot we can do about it too

We all need a 'roadmap' for the recovery – every workplace will be different, but some common themes may include:

- **Inclusive recruitment and employment** – Youth Friendly employment, Kickstart, Disability Confident and more...
- **Creating opportunities for the unemployed** – work placements, Work Academies
- **Investing in skills** – e.g. through Apprenticeships (incl with supply chains), supporting T-Levels
- **Delivering decent work** – hours security, shift notice, job design and flexibility, line management support, progression for low paid
- **Supporting financial security** – understanding needs, responding flexibly (early payments/ loans), promoting entitlements
- **Working with partners** – in BITC, national and local govt, voluntary and community sector

# And we know that this can make a big difference – to wellbeing and quality of work

Organisational  
commitment

Satisfaction  
with working  
from home

Satisfaction  
with work-life  
balance

Job  
satisfaction

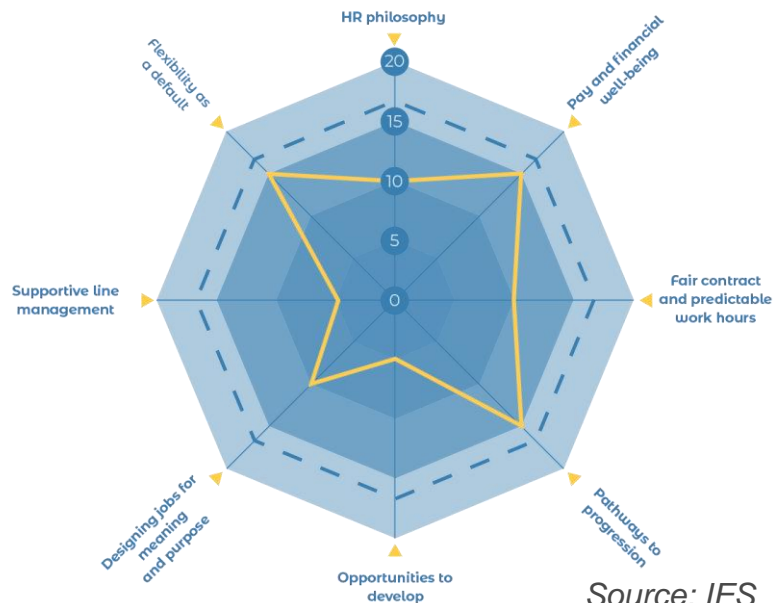
Our research found that positive scores on avoscales were linked to:

- 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

# Finally – we can make low paid work better (from our Progression in Work project...)

- In many low paid jobs, the prevailing model is to treat people as a cost to be cut, not a benefit
- Vicious cycle that hurts everyone
- Attitudes are changing: 82% of consumers expect employers to pay a decent wage

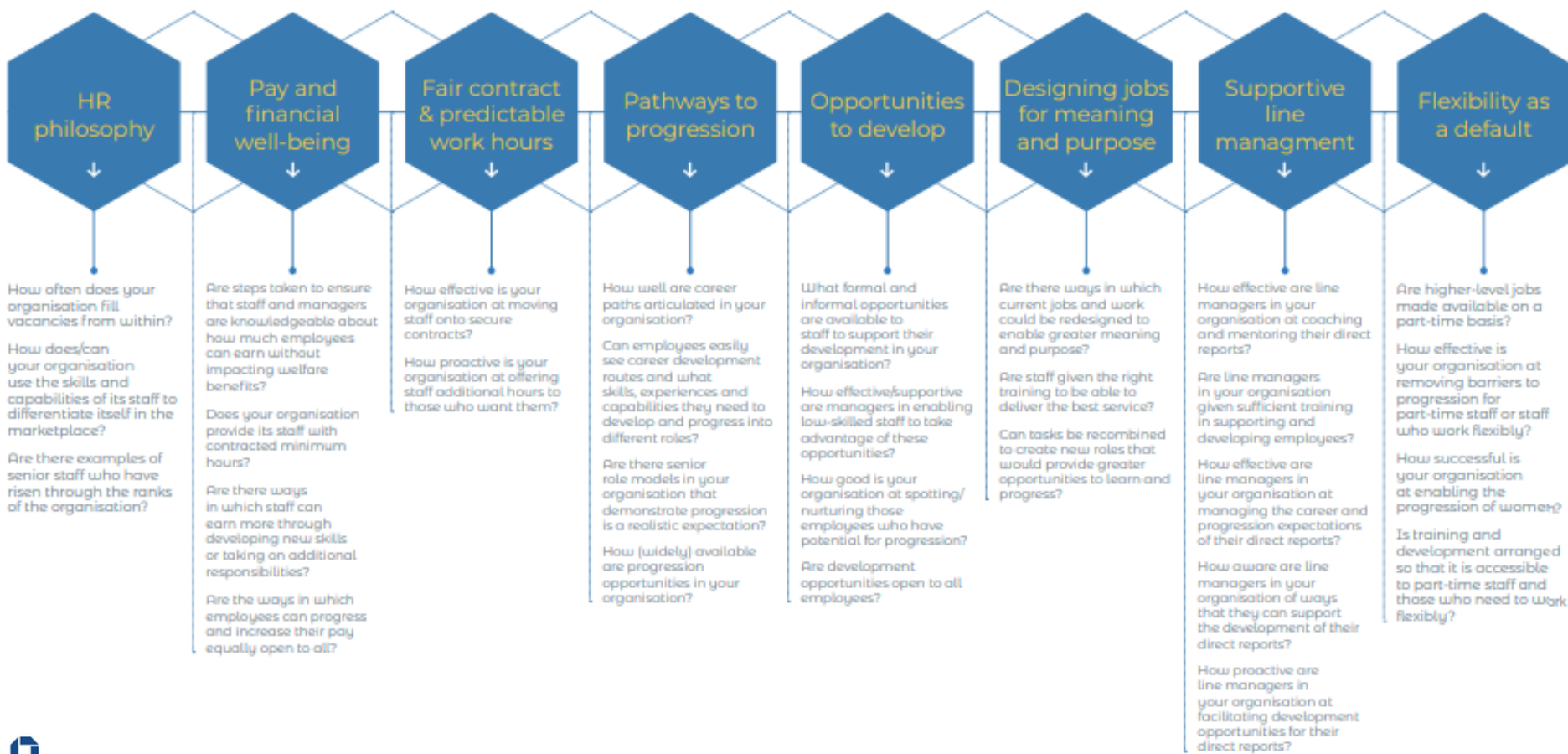


- Any number of HR agendas where employers want to do more:
  - Employee benefits; health and wellbeing; engagement; talent; job design; progression; etc
- Our research points to eight key dimensions of what 'good' looks like

# And finally – we know what works in supporting quality work and progression

## Progression readiness model

The progression readiness model is an evidence-based model that provides a holistic view of what organisations can do to support progression at work. The model is comprised of eight dimensions and is supported by a progression readiness index (PRI). The PRI provides a means for organisations to self-assess the extent to which their current practice supports and enables progression at work, as well as to pinpoint areas of strength and opportunities for improvement.



**Over to you!**

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