



## BRIEFING PAPER

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# Coronavirus: Impact on the labour market

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## Summary

*This briefing was last updated on 20 April. This is a fast-moving crisis, so please be aware that information may have changed since the date of publication. The Library intends to update this briefing.*

This paper sets out when official statistics which reflect the impact of coronavirus (Covid-19) outbreak on the labour market will be released and summarises timely data from a range of sources which provide an indication of the situation in the meantime.

It will be some time before some official statistics begin to reflect the effect of the coronavirus pandemic on the labour market. The Labour Force Survey, used by the ONS in its monthly [labour market bulletin](#), will not reflect the impact of the coronavirus outbreak until June at the earliest.

In the meantime, some timely statistics and analysis give us an indication of how the labour market is affected by coronavirus.

The [ONS](#) found that for businesses which continue to trade, an average 21% of the workforce had been furlough between 23 March and 5 April, and 41% of businesses continuing trade were reducing staff levels in the short term, while 7% reported recruiting in the short term.

On 15 April, the Universal Credit director general briefed that 1.4 million people had signed up for Universal Credit in the preceding four weeks.

Some sectors have been disproportionately affected by the coronavirus pandemic; according to the [IFS](#), the accommodation and food services sector, alongside the arts, entertainment and recreation sector have had the largest number of firms decreasing staff working hours. Around 15% of employees were working in a sector that has largely or entirely shut down during the lockdown.

Some workers are disproportionately economically impacted by the coronavirus outbreak. Low paid workers are more likely to work in shut down sectors and less likely to be able to work from home. According to the IFS, one third of employees in the bottom 10% of earners work in shut down sectors, and less than 10% of the bottom half of earners say they can work from home.

Workers on zero-hours contracts, temporary workers and the self-employed are also particularly impacted, as well as young workers, BAME workers, and women.

# 1. When official statistics will be released

## 1.1 ONS data

The Office for National Statistics (ONS) publish labour market statistics in the monthly [UK labour market statistical bulletin](#). This provides estimates of key labour market measures for the preceding three-month period and provides the employment and unemployment rate for the UK.

The ONS base their official estimates of employment and unemployment on the information collected by the [Labour Force Survey](#). Statistics refer to people's labour market status in a given three-month period.

There is a slight data lag to these figures. The next labour market bulletin, published on 21 April, will provide information for the period between December 2019 and February 2020. This means it may not be until June at the earliest that the Labour Force Survey will provide an indication of the impact of the coronavirus outbreak on unemployment or other labour market indicators.

The ONS has now set up a new online survey called the Business Impact of COVID-19 Survey which will survey 17,800 businesses and run on a fortnightly basis. This asks questions on changes in employment, turnover and business expectations and the first set of results from this were published on 2 April 2020.<sup>1</sup>

The ONS have reported that they have also set up an online Labour Market Survey which went live at the end of March. They are exploring whether they will be able to publish early results from this on a more frequent basis, but they have not set a date when results may be available.<sup>2</sup>

The ONS have added new indicators to the Opinions and Lifestyle Survey to reflect the impact of the coronavirus pandemic on people, households and communities in Great Britain. Data will be released weekly.<sup>3</sup>

They are also prioritising using administrative data from the government to provide early indications of changes in the labour market.

## 1.2 Claimant count and related data

Another official data source that is useful for tracking changes in the labour market is the claimant count data from the ONS and the Department for Work and Pensions (DWP), which estimates the number of people claiming unemployment benefits.

The DWP will publish figures for the Alternative Claimant Count 21 April, but this data will only be up to February 2020.

The ONS will publish March 2020 figures for the unadjusted claimant count. However, these will be based on the count as at Thursday 12<sup>th</sup> March, which was before large-scale restrictions had been put in place in the UK in response to the coronavirus outbreak, and therefore before the full impact of the outbreak will have been felt. Therefore, it will not be until May that the unadjusted claimant count will provide an indication of impact.<sup>4</sup>

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<sup>1</sup> ONS, [Coronavirus, the UK economy and society, faster indicators](#), 9 April 2020.

<sup>2</sup> ONS, [Ensuring the best possible information during COVID-19 through safe data collection](#), 27 March 2020.

<sup>3</sup> ONS, [Concerns about work and household finances](#), 9 April 2020.

<sup>4</sup> DWP, [Alternative Claimant Count statistics](#), 21 January 2020.

The DWP have however provided information on the number of people who have applied for Universal Credit (see section 2.4).

## 2. What we know so far

While we wait for official statistics that provide an outlook of the impact of the coronavirus outbreak, timely unofficial statistics and analysis are being released, which gives us an indication of how the labour market is being affected.

### 2.1 Furloughs and redundancies

The ONS found that for businesses which continue to trade, an average 21% of the workforce had been furloughed between 23 March and 5 April, and 41% of businesses continuing trade were reducing staff levels in the short term, while 7% reported recruiting in the short term.<sup>5</sup>

The Resolution Foundation estimates that nine million workers are expected to be furloughed under the Government's [Job Retention Scheme](#), and a fifth of all firms are intending to furlough their entire workforce, with a further 17% furloughing more than 75% of their staff.<sup>6</sup>

Between 25-27 March, 44% of respondents of the British Chamber of Commerce's Coronavirus Business Impact Tracker expected to furlough at least half their staff in the next week, and between 1-3 April, 71% of respondents expected to do so. Between 8-10 April, 66% of firms had already furloughed some or all of their staff. 31% said they have furloughed 75-100% of their staff.<sup>7</sup>

A separate poll, carried out by *People Management* and the CIPD found that a quarter of employers expected to make at least some permanent redundancies and just over half (52%) expected to furlough staff.<sup>8</sup>

### 2.2 Working hours

According to the ONS, in the period 23 March-5 April 29% of businesses continuing to trade reported having to decrease working hours.<sup>9</sup>

Over half of workers (57%) who responded to a survey carried out by Nuffield researchers engaged in less paid work in the week before the survey than they would in a usual week.<sup>10</sup>

### 2.3 Vacancies

The Resolution Foundation used data from the Government's 'Find a Job' website to show that new weekly vacancies have fallen by around 60% compared to a year earlier. The jobs website *Indeed*, has reported that vacancies have fallen by around 70% in the food preparation and service, hospitality, tourism and beauty sectors.<sup>11</sup>

<sup>5</sup> ONS, [Coronavirus, the UK economy and society, faster indicators](#), 16 April 2020.

<sup>6</sup> Resolution Foundation estimates using [British Chambers of Commerce poll](#). BBC news, [Coronavirus: More than 9 million expected to be furloughed](#), 8 April 2020.

<sup>7</sup> British Chamber of Commerce, [Coronavirus Business Impact Tracker](#), 15 April 2020.

<sup>8</sup> People Management, [One in four employers expect to make redundancies as a result of coronavirus, poll finds](#), 2 April 2020.

<sup>9</sup> ONS, [Coronavirus, the UK economy and society, faster indicators](#), 16 April 2020.

<sup>10</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

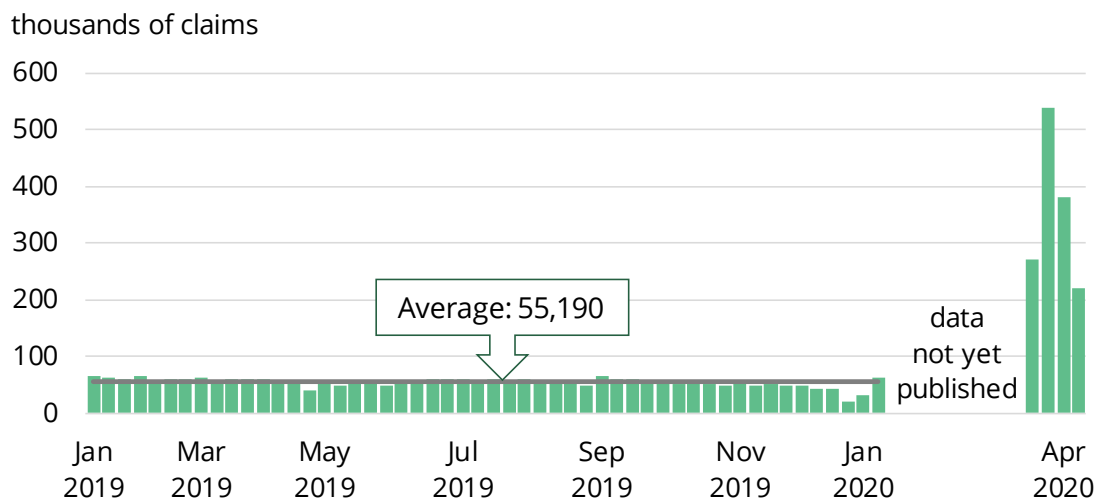
<sup>11</sup> Resolution Foundation, [The economic effects of coronavirus in the UK](#), 10 April 2020.

## 2.4 Benefit claims

On 25 March 2020, the Department for Work and Pensions (DWP) told the Work and Pensions Committee that 477,000 applications for Universal Credit (UC) had been registered in the nine-day period from 16 to 24 March, of which 272,000 were registered in the first week of that period and 105,000 on 24 March alone. Around 70,000 of the 272,000 applications registered in the week beginning 16 March had requested an advance on their first payment.<sup>12</sup>

On 15 April, the Universal Credit director general briefed that 1.4 million people had signed up for Universal Credit in the preceding four weeks.<sup>13</sup> This volume of claims is far higher than usual: fortnightly new claims averaged 110,380 in the year ending 9 January 2020, and never exceeded 130,000 during this period (see chart below).

### New claims to Universal Credit - weekly volumes, Great Britain



Source: DWP Stat-xplore; DWP figures for four-week period from 16 March to 12 April from DWP briefing to media as reported by Metro, 15 April 2020

Source: [DWP Stat-Xplore](#); DWP figure for April [reported by Metro 15 April 2020](#)

## 2.5 Affected Sectors

The ONS reported that the accommodation and food services sector, alongside the arts, entertainment and recreation sector saw the largest number of firms who had decreased staff working hours as a means of responding to the coronavirus pandemic.<sup>14</sup> The Resolution Foundation found that over half of businesses in the accommodation and food services industry are laying off workers, compared to 30% of all firms.<sup>15</sup> An analysis of

<sup>12</sup> Oral evidence from Work and Pensions Secretary Thérèse Coffey MP and DWP Permanent Secretary Peter Schofield to the Work and Pensions Committee, 25 March 2020, questions 6, 9-10: [PDF transcript](#); video on [parliamentlive.uk](#).

<sup>13</sup> Metro, [‘No chance’ wait for Universal Credit payments can be shortened](#), 15 April 2020.

<sup>14</sup> ONS, [Business Impact of Coronavirus \(COVID-19\) Survey](#), 9 April 2020.

<sup>15</sup> Resolution Foundation, [The economic effects of coronavirus in the UK](#), 10 April 2020.

'shut down' sectors from the IFS estimates that around 15% of employees worked in a sector that has largely or entirely shut down during the lockdown.<sup>16</sup>

The Library provided information on the number of jobs within each sector in the [Coronavirus: The importance of different sectors to the economy](#) Insight.<sup>17</sup>

## 2.6 Disproportionately affected workers

The analysis produced to date suggests that workers who are low paid, on zero hour contracts, temporary employees and self-employed have been most negatively economically impacted by the coronavirus outbreak, as well as young workers, BAME workers, and women.

### Low paid workers

Median weekly wages in the most vulnerable sectors are among the lowest in the economy.<sup>18</sup> The IFS found that one third of employees in the bottom 10% of earners work in shut down sectors, compared to 5% in the top 10%.<sup>19</sup>

According to Nuffield research, of those in work in the previous month, 12% earning less than £20,000 a year in March 2020 said that they are now unemployed "definitely" or "probably" because of the coronavirus outbreak, compared with 5% of workers earning more than £40,000. Workers who earned less than £20,000 last year expect to earn just 58% of their usual income between now and August, while those who earned more than £40,000 expect to make 69%.<sup>20</sup>

ONS figures show that less than 10% of the bottom half of earners say they can work from home.<sup>21</sup>

### Workers on zero-hours contracts, temporary workers and self-employed workers

According to Nuffield research, people on zero-hour contracts, temporary workers and those who are self-employed tend to have lower than average incomes, and these groups are also more likely to be affected economically by the coronavirus pandemic:

- **Zero-hours contracts:** 15% of those with variable hours set by their employer, including those on zero-hours contracts, reported that they are now unemployed "definitely" or "probably" because of the coronavirus outbreak, compared with 4% of permanent, salaried employees.<sup>22</sup> Around 974,000 workers were on a zero-hours contract between October-December 2019, representing 3% of people in employment.<sup>23</sup>
- **Temporary workers:** 28% of temporary workers reported that they are now unemployed "definitely" or "probably" because of the coronavirus outbreak,

<sup>16</sup> Institute for Fiscal Studies, [Sector shutdowns during the coronavirus crisis: which workers are most exposed?](#), 6 April 2020.

<sup>17</sup> House of Commons Library, [Coronavirus: The importance of different sectors to the economy](#), 1 April 2020.

<sup>18</sup> ONS, [Annual Survey of Hours and Earnings](#), 2019.

<sup>19</sup> Institute for Fiscal Studies, [Sector shutdowns during the coronavirus crisis: which workers are most exposed?](#), 6 April 2020.

<sup>20</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

<sup>21</sup> ONS, [Households Below Average Income 2018/2019](#), 26 March 2020, Table 3.2db.

<sup>22</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

<sup>23</sup> ONS dataset [EMP17. People in employment on zero hours contracts](#), 18 February 2020.



compared with 4% of permanent, salaried employees.<sup>24</sup> Around 1.45 million workers were on temporary contracts between November 2019 and January 2020, representing approximately 5% of all employees.<sup>25</sup>

- **Self-employed:** 75% of self-employed people reported that they earned less than usual in the week to 25 March 2020, compared to 26% of permanent salaried employees.<sup>26</sup> 10% of self-employed people are aged 65 or over, compared with 3% of employees.<sup>27</sup>

## Young workers

Nuffield's survey results show that younger workers are more likely to have worked fewer hours and earned less than usual in the past week. 69% of workers under 30, compared to 49% aged 40-55.

10% of workers under 30 have 'probably' or 'definitely' lost their job in the last four weeks and attribute this to COVID-19, compared to 6% of workers aged 40-55.<sup>28</sup>

Employees aged under 25 were about two and a half times as likely to work in a sector that is now shut down as other employees.<sup>29</sup>

## BAME workers

Some shut down sectors have a higher than average proportion of BAME (Black, Asian, Minority ethnic) workers. BAME workers make up 28% of the vulnerable jobs in the transport sector and 16% of the vulnerable jobs in the accommodation and food service sector.<sup>30</sup> BAME workers make up around 12% of the workforce.

Workers who identify their ethnicity as Pakistani or Bangladeshi are more likely than average to be self-employed.<sup>31</sup>

A BMG poll for the Independent estimates that on 7-9 April approximately 46% of BAME people reported their household income had reduced as a result of coronavirus, compared to around 28% of white British households. Around 15% of BAME respondents reported losing their jobs, compared to an estimated 8% of white Britons.<sup>32</sup>

## Women

Women were about one third more likely to work in a sector that is now shut down than men: one in six (17%) female employees were in such sectors, compared to one in seven (13%) male employees.<sup>33</sup>

<sup>24</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

<sup>25</sup> ONS dataset [EMP01 SA: Full-time, part-time and temporary workers \(seasonally adjusted\)](#), 17 March 2020.

<sup>26</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

<sup>27</sup> ONS, [Coronavirus and self-employment in the UK](#), 17 April 2020

<sup>28</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

<sup>29</sup> Institute for Fiscal Studies, [Sector shutdowns during the coronavirus crisis: which workers are most exposed?](#), 6 April 2020.

<sup>30</sup> Library analysis of the [Annual Population Survey 2018/19](#), using [IFS](#) definition of vulnerable sectors.

<sup>31</sup> ONS, [Coronavirus and self-employment in the UK](#), 17 April 2020

<sup>32</sup> Independent, [Coronavirus economic effects hitting ethnic minorities and young people hardest](#), 14 April 2020

<sup>33</sup> Adams-Prassl, Boneva, Golin, Rauh, [Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#), 1 April 2020.

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The Women's Budget group found that women are more likely to be in the categories above – women make up 69% of low earners, 54% of temporary employment, 54% of workers on zero-hours contracts, and 59% of part-time self-employment.<sup>34</sup>

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<sup>34</sup> Women's Budget Group, [Crises Collide, Women and Covid-](#), 9 April 2020.

## 3. Further Reading

### 3.1 House of Commons Library

[Coronavirus: The importance of different sectors to the economy](#)

[Coronavirus: Latest economic data](#)

[Coronavirus: Support for household finances](#)

[Coronavirus: Effect on the economy and public finances](#)

[Support for businesses during the Coronavirus \(covid-19\) outbreak](#)

[Coronavirus Bill: Overview](#)

[Coronavirus: Employment rights and sick pay \(update\)](#)

[People claiming unemployment benefits by constituency](#)

[Youth unemployment statistics](#)

[Labour market statistics: UK regions and countries](#)

[Apprenticeships and skills policy in England](#)

[The UK economy: a dashboard](#)

### 3.2 Other sources

[Coronavirus, the UK economy and society, faster indicators,](#)

9 April 2020 | ONS

[Ensuring the best possible information during COVID-19 through safe data collection](#)

27 March 2020 | ONS

[Coronavirus and self-employment in the UK](#)

17 April 2020 | ONS

[Measuring the labour market during Coronavirus](#)

20 April 2020 | ONS

[The economic effects of coronavirus in the UK](#)

10 April 2020 | Resolution Foundation

[Coronavirus Business Impact Tracker](#)

15 April 2020 | British Chamber of Commerce

[Inequality in the Impact of the Coronavirus Shock: Evidence from Real Time Surveys](#)

17 April | A. Adams-Prassl, T. Boneva, M. Golin and C. Rauh

[Inequality in the impact of the coronavirus shock: New survey evidence for the UK](#)

1 April 2020 | A. Adams-Prassl, T. Boneva, M. Golin and C. Rauh

[Business Impact of Coronavirus \(COVID-19\) Survey,](#)

2 April 2020 | ONS

[Sector shutdowns during the coronavirus crisis: which workers are most exposed?](#)

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6 April 2020 | Institute for Fiscal Studies

[Crises Collide, Women and Covid-19,](#)

9 April 2020 | Women's Budget Group

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