Employment

Covid-19 briefing note: May 2020

This series of briefings address significant issues that are emerging in the UK as a result of Covid-19 that impact on the work of community investment. In each one, we have brought together available evidence to help you think about and plan future strategies and how resources can be directed. This briefing covers employment.

The current situation

In the four weeks after 16 March 2020, there were 1.4 million new applications for Universal Credit.[1] By 8 April, there were 2.5 million people registered as unemployed, equivalent to 7.5% of the UK workforce.[2]

In 2019, the unemployment rate of social housing residents was 6.1%, three times the general unemployment rate of 2.0%.[3] Just under 30% of housing association residents were in full-time work (compared to 50% of the UK population), while 14% were in part-time work (compared to 10%).[4]

In the first half of April 2020, around 22% of the UK working population had been furloughed, equivalent to 9 million people.[5]

Projected unemployment rate

Estimates for the expected fall in UK GDP in 2020 range from 3.6% to 12%.[6] Official unemployment projections are for 10% in Q2 and 8.5% in Q3.[7]

The Resolution Foundation estimates unemployment will reach 11.7 million by Q2, 2020, with 71% of these people being furloughed.[8] The Institute for Employment Studies estimates unemployment will rise more rapidly than under any of the last three recessions.[9] McKinsey estimates 7.6 million jobs, or 24% of the UK workforce, are at risk because of C-19 related lockdowns.[10]

Who is at risk in the short-medium term

Low earners were seven times as likely as high earners to have worked in a sector that has had to shut down because of the lockdown. These sectors include retail, hospitality and transport.[11]

Women are more likely to work in sectors affected by the lockdown.[12] In 2018, 55% of social renters were women, compared to 40% in the private sector.[13] Many of the emerging job opportunities (such as warehousing and distribution roles) are (traditionally) more likely to be occupied by men.[14]

Housing and employment

Second to Jobcentres, housing association are often the institution with the ability to work most closely with individuals facing barriers to the workplace.[31]

Many housing associations are also large employers, able to offer employment opportunities not only in-house, but within their wider networks across a variety of workplaces. Their active role in local communities, and the relationships they build in doing this, enables them to identify further employment and training opportunities.

Children growing up in workless families are almost twice as likely as children in working families to fail at every stage in their education.[32] They are also more likely to suffer from worklessness themselves as adults.[33]

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Young people and BAME people are also more likely to work in sectors affected by the lockdown. [15] [16] People aged 16-34 comprise 20% of all housing association heads of household, while BAME people comprise 15%.[17]

Those in the bottom half of the earnings distribution are two times more likely to be key workers, and 2.4 times more likely to work in shutdown sectors, than they are to work in jobs which are likely to be able to be done from home.[18] Over three quarters of housing association residents are in the bottom half of income distribution.[19]

Typical pay for workers in shutdown sectors is less than half that of those in jobs who can work from home – £348 a week compared to £707 a week.[20] The gross median weekly income of social housing residents was £370.[21]

Expected apprenticeship starts dropped by 80% in April 2020.[22]

Who is at risk in the medium-long term

Nearly 50% of all the jobs at risk are in occupations earning less than £10 per hour.[19] For those in occupations such as cleaners, waiters and bar staff, 44% of jobs are in risk, while 35% of part-time jobs are reported as being at risk.[20] Social housing residents are 1.5 more times likely to work in part-time roles.[21] Part-time workers are also more likely to be women.[22]

It's estimated that 30% of single parents will lose their jobs, along with 30% of people under 35 years old, 28% of BAME workers and 24% of women.[23] 14% of HA households are lone parents with dependent children.[24]

Young people will be particularly affected. After the 2008 crisis, unemployment among school leavers with GCSEs increased from 22% to 32%.[25] A 6.1% increase in unemployment rate for those leaving full-time education leads to a 13% decrease in the likelihood of employment in the third year after leaving study.[26]

Other implications to consider

Over a third of social housing households have dependent children, so childcare will be a key consideration for returning to, or starting, work.[27]

Measuring the impact of your employment work

There is a whole section on employment metrics in the UK Social Value Bank.

These can be used to demonstrate the wellbeing impact of people moving from unemployment to full-time and part-time employment, as well as the wellbeing impact of job security, apprenticeships and vocational training.

The relationship between mental health and employment is well established. People who are in employment are more likely to have improved mental wellbeing.

Find out more>

Communities that Work

Communities that Work is the leading national body of social landlords aiming to transform lives for good, by enabling housing providers to support people into rewarding, sustainable employment.

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Under half of social housing residents own a car or van, so may depend on public transport to get to work.[28]

Those with low incomes or on zero hours contracts will be under more financial pressure to return to work.

Over 30% of social housing residents lack basic digital skills, which is a barrier to homeworking, skills and training.[29] The lack of free wifi after the closure of cafés and libraries has reduced internet access for some residents.

Long term unemployment reduces workers perceived value to employers, and self-worth. Over-time, individuals spend less time searching for jobs, and the effects on mental and physical health are negative.[30]

What does this mean for social housing?
A community development approach to employment can help communities to unlock talents, resources and assets. Communities that work together can also help people around their broader wellbeing.

Through their role as community anchors, social housing organisations can direct spending, engage in local strategic discussions and stimulate the local economy and local employment.

Social housing organisations can help their residents access employment opportunities in their own business, in the businesses within their supply chains and other local businesses.

Use resources to match the work and funding of other organisations to boost and support local training programmes. Partnership working with other social housing organisations will also be crucial.

A focus on training and reskilling can be beneficial, particularly for those groups most affected by rising unemployment. The contribution young people make to household incomes means that a focus on training and education for them will be essential. Similarly, social housing organisations can use their apprenticeship levy to stimulate opportunities for people in their own businesses.

Community Insight datasets
Information is key to targeting support effectively. The datasets on Community Insight can help to identify vulnerable employment sectors, show and segment UC claimants, demonstrate levels of disability (people with disabilities are much less likely to be employed), business start up rates, income deprivation score, community needs index. All can help identify what and where support is required.
Book a demo or find out more

Further reading:
Communities that Work

Institute for Fiscal Studies Briefing Notes

Resolution Foundation

Learning and Work Institute

Institute for Employment Studies

JRF: Income and benefits

Stay Nimble

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