

# An Unequal Crisis: The impact of the pandemic on the youth labour market



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## Institute for Employment Studies

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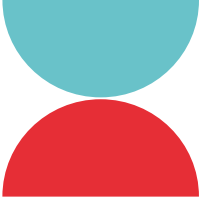
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## Acknowledgements

The authors are very grateful to colleagues at IES and the Institute for Public Policy Research for their input and feedback on this report, and in particular to Alma Boustati at IES. We would also like to thank Anna Smee, Sope Otulana and Chris Goulden at Youth Futures Foundation, and Edd Fry at Blagrave Trust for their feedback and advice on earlier drafts. Any errors or omissions remain the authors'.



## Contents

<b>1</b>	<b>Introduction</b> .....	<b>6</b>
<b>2</b>	<b>Youth participation in education and employment</b> .....	<b>7</b>
2.1	The labour market impacts of the crisis on young people .....	7
2.1.1	Employment and furlough .....	7
2.1.2	Education participation .....	9
2.1.3	Changes by single age group .....	10
<b>3</b>	<b>The jobs that young people do</b> .....	<b>12</b>
3.1	Youth employment by job types .....	12
3.2	Work disruption by job types .....	13
<b>4</b>	<b>Impacts on participation for different group</b> .....	<b>17</b>
4.1	Impacts on young men and women .....	17
4.2	Impacts by ethnic group .....	18
4.3	Impacts by region .....	19
<b>5</b>	<b>Conclusion</b> .....	<b>22</b>



## Summary

This report sets out analysis of trends in youth participation in education and employment during the Covid-19 pandemic. It is the first report in a wider project funded by the Blagrave Trust and Youth Futures Foundation, working with IES and the Institute for Public Policy Research to explore the impacts of the pandemic on the youth labour market and how we can best increase youth participation and minimise social exclusion in the recovery.

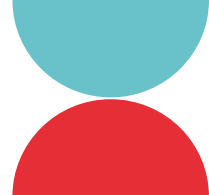
Young people have been hit particularly hard by the labour market fallout from the pandemic, accounting for nearly half of the total fall in employment despite only representing one in nine of those in work. The analysis in this report shows that young people have lost out in particular due to the specific sectoral and occupational effects of this crisis, with youth employment falling strongly in those jobs and industries that have been hit hardest by social distancing restrictions – driven by bar and restaurant closures, and by impacts on care services, leisure and construction.

However, while young people have lost out more in shrinking jobs, they have also benefited from occupational growth in other areas – and in particular from strong growth in sales jobs and in administrative and public service employment (likely related to the pandemic response). Nonetheless these positives have not been enough to outweigh the damage done in shrinking occupations, where young people have fared significantly worse than older workers.

We find that these employment changes have also translated into significantly different impacts for different groups of young people. In particular young men, Black and Asian people, and those living in southern England, Scotland and Wales appear to have so far fared worst in this crisis. And looking at regions and nations, youth employment has risen compared to previous years in the north and in Northern Ireland, while it is flat in the Midlands and has fallen elsewhere.

On gender, so far all of the fall in employment has been among men, with the employment rate for young women unchanged. The data suggests that women have fared less badly in shrinking jobs than men and benefited more from employment growth, they have also turned to education in greater numbers. Falls in employment during the pandemic have widened the employment rate gap from 22 percentage points to 26 points for Black people and to 25 points for Asian people. The fall in employment rates has been four times greater for young Black people than for young white people, while the fall for young Asian people has been nearly three times greater. This is particularly concerning because fewer than half (46%) of Black and Asian young people were in work pre-crisis, compared with around two thirds (68%) of white young people (although part of these differences is explained by higher participation in education).

There is some good news on the levelling up agenda, with youth employment rising in the North East, North West and in Yorkshire and Humberside. The consequence of this is that Northern regions now have marginally higher employment rates overall than Southern ones – reversing the position precrisis. Northern Ireland has also experienced



an increase, whilst youth employment remains flat in the Midlands and has fallen across Southern England, Scotland and Wales.

These differing impacts are most likely being driven in the short run by the sorts of jobs that people do and in particular the relative likelihood of working either in those job types that have been declining or in jobs that have been relatively less affected or have been growing (particularly in health, sales and public services). However, while this may explain shorter-term differences, there are clearly risks that in the longer-term this will lead to more significant labour market 'scars' and consequent impacts on future employment, incomes and wellbeing.

To a large extent, the large falls in employment for young people have been offset by rising participation in education. However, the analysis in this report shows that this too masks significant differences for different groups – with in particular the number of men not in education or employment rising while it is falling for women; and Black and Asian people also seeing falls in overall participation that are greater than those of white people.

Furthermore, even where education participation has increased, there have been sharp falls in the numbers of young people able to combine work and study – which may have significant financial consequences in the short term for those on low incomes and not eligible for other maintenance, and in the longer-term will mean fewer young people gaining early work experience and workplace skills.

Finally, our analysis also finds that young people have been particularly hit by the general slowdown in hiring since last year – with employment falling most for young people at 'transition' points in their late teens and early twenties, while remaining broadly stable for those closer to their mid twenties.

Looking ahead, there is some evidence to suggest that many young people will benefit from the recovery, when it comes, as restrictions are eased and as those sectors that employ large numbers of young workers start to reopen more fully. However, these benefits are unlikely to be enough in the immediate term to outweigh the damage caused by this crisis, particularly for those groups most affected and those who were already more disadvantaged.

The next stages of this project will therefore look at how we can address these challenges, but also ensure that young people can benefit fully from future employment growth and investment so that those most at risk of longer-term harm from the crisis are able to secure good quality future employment, training and education.

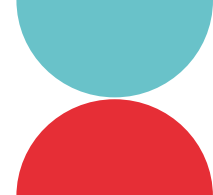


## 1 Introduction

This report sets out analysis of trends in youth participation in education and employment during the Covid-19 pandemic. It draws on analysis of the Labour Force Survey (LFS), and in particular the Quarterly LFS covering the first lockdown period (April to June 2020) and its easing (July to September 2020).

This short report written by the Institute for Employment Studies is part of a wider project, which explores the impacts of the pandemic on young people, the prospects for future employment growth, and how we can best increase youth employment and participation and minimise the risks of social exclusion. The work is funded by Youth Futures Foundation and Blagrove Trust.

Chapter 2 begins by setting out the headline impacts of the crisis on youth employment and participation, and showing how these have in particular affected young people at key transition points. In Chapter 3 we then describe changes in the sorts of jobs that young people are doing and how these have contributed to the headline falls in youth employment. Chapter 4 then sets out how these labour market impacts have manifested themselves differently for men and women, by ethnicity and in different regions and nations.



## 2 Youth participation in education and employment

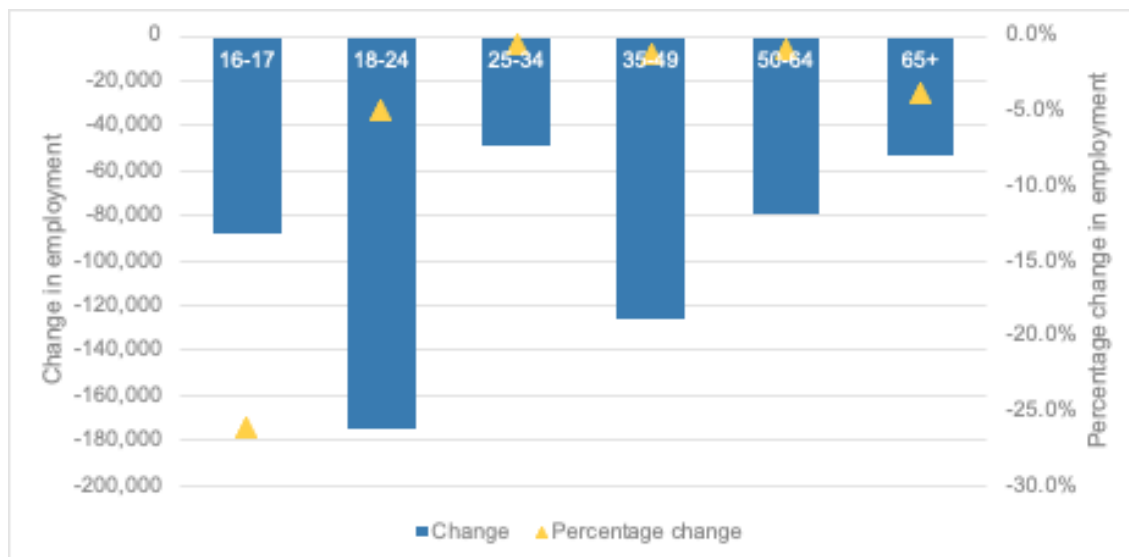
### 2.1 The labour market impacts of the crisis on young people

#### 2.1.1 Employment and Furlough

The Covid-19 crisis has already taken a significant toll on the labour market, with young people hit harder than other age groups. Overall, Figure 2.1 shows that there are now 260 thousand fewer young people in work – this is nearly half (46%) of the total fall in employment since the crisis began, despite young people only accounting for one in nine of the pre-pandemic labour market.

Employment has fallen most markedly for 16 and 17 year-olds, where there are now a quarter fewer young people in work. Overall, just one in six of those in this age group are now working – comfortably the lowest employment rate ever. There are 5% fewer young people aged 18-24 in work, with the overall employment rate standing at 61.2% – still above the depths of the last recession (where it fell as low as 56%), but well below the pre-crisis peak of 64%.

**Figure 2.1: Change in employment levels by age, Dec-Feb 2020 to Sep-Nov 2020**



Source: Labour Force Survey

Young people are significantly over-represented in the jobs that have been most disrupted by this crisis, and the employment impacts for young people would have therefore been far worse without the government’s Coronavirus Job Retention Scheme. In total, 1.9 million young people were fully furloughed during the first lockdown – nearly half (47%) of all young employees. This had fallen to 369 thousand by the eve of the second lockdown on 31 October, which included those working with reduced hours



(‘flexible furlough’).<sup>1</sup>

The Labour Force Survey data also paints a similar picture of some improvement for young people in the late summer as social distancing restrictions were eased – with IES’ analysis of longitudinal data published in December<sup>2</sup> showing that two-thirds of those young people who had had their work disrupted during April-June were back working their usual hours during July-September. Similarly, the latest headline figures also saw a rise in employment for 18-24 year-olds in the three months to August-November compared with May-July (although it continued to fall for 16-17 year-olds).

These trends for young people – far bigger falls in employment, larger lockdown impacts, but a faster recovery as restrictions eased – reflect three principal factors. First, as mentioned above, young people are significantly over-represented in those sectors that have been most affected by restrictions, meaning that they saw bigger falls in lockdown but also stronger recoveries as restrictions eased. This is explored more in Chapter 3. Secondly, young people are far more likely to enter work or change jobs – so slowdowns in hiring affect young people more than other groups. Thirdly, young people are more likely to be in less secure or shorter-service work – and so affected by ‘last in, first out’ redundancy policies or by hours reductions or contracts being ended.

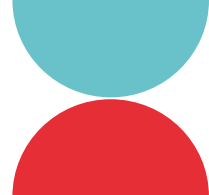
However, with the lockdowns in November and January leading again to closures in sectors with high levels of youth employment, we can expect a further deterioration for young people – which is already clear from furlough data, where claims to the CJRS for young people doubled between October and December (rising to an estimated 785 thousand at the end of the year).

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1 Source: HMRC Coronavirus Job Retention Scheme Statistics

2 Williams, M., Cockett, J., Boustati, A., Ebanks-Silvera, D. and Wilson, T. (2020) The impacts of the coronavirus crisis on the labour market: Analysis of quarterly Labour Force Survey data; Institute for Employment Studies



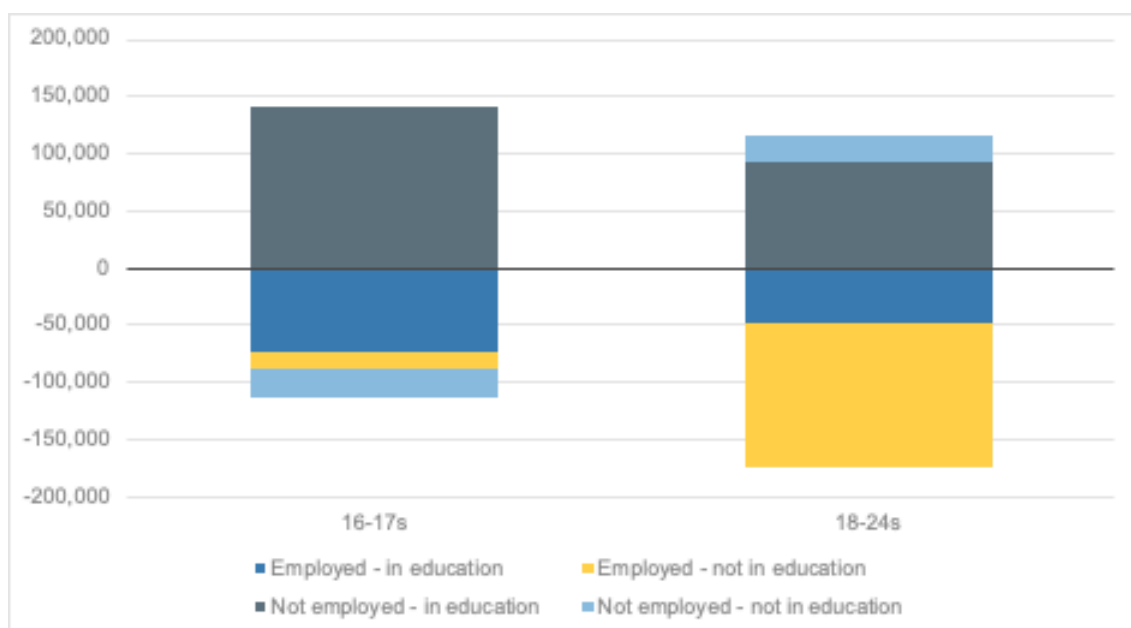


### 2.1.2 Education and participation

While employment has fallen significantly for young people, participation in education has increased – meaning that the overall number of young people outside education or work is overall broadly unchanged. Figure 2.2 sets these trends out in more detail, and shows that for 16-17 year-olds, the number of people outside employment or full-time education has actually fallen (the light blue area). However, this is entirely as a result of an increase in those in education but not in work – with a big fall in the number of 16-17 year-olds combining work and study. For 18-24 year-olds, the number of people neither working nor in full-time study has increased – with the increase in the number of young people in education, but not in work not enough to offset falls in employment (particularly among those not studying). Across both age groups, 120 thousand fewer young people are now combining work and study.

These increases in education participation may in the long run be good news – as if this is leading to improved skills and human capital then it may in time translate into better employment and earnings prospects. It also means that fewer young people are at immediate risk of becoming detached from support. However, it also brings with it two problems. First, many of those young people who were working while studying will be in low income households, will not have recourse to maintenance support or Universal Credit, and will likely be significantly worse off as a consequence. And secondly, it means that fewer people will be getting work experience and building wider employability skills while young – which will affect their prospects for when they leave education.

**Figure 2.2: Change in employment and education participation among young people, Dec-Feb 2020 to Sep-Nov 2020**



Source: Labour Force Survey



### 2.1.3 Changes by single age group

Figure 2.3 below sets out in more detail how participation in education and employment has changed within the youth population, for each year between age 18 and 25. We have excluded ages 16 and 17 as these are covered in the sections above.

For this analysis we have compared the average rates of employment, unemployment and inactivity in the period April-September 2020 with the average for the same six-month periods over the previous five years. This ensures that we can account for seasonal factors that affect youth employment and participation, but also means that the impacts of the crisis are likely to be somewhat under-stated overall (as employment grew continuously over the previous five years and peaked in 2019).

Figure 2.3 illustrates how the likelihood of being in work increases with age, and the likelihood of being in education falls. However, it also shows some significant differences in the impacts of the crisis for different age groups. In particular, the most significant falls in employment appear to be at key transition points from education to work – with employment down by 2 percentage points at age 18, 2-3 points at ages 20-21, and 4 points at age 22 (although employment is slightly higher at age 19). This is unsurprising in that we would expect young education leavers to be most affected by slowdowns in hiring, but is nonetheless concerning – particularly as for 18 and 19 year-olds the rise in education participation overall has not been enough to offset these falls in employment.

At ages 23 to 25 we see a more stable picture, with employment broadly flat or rising and participation in education largely unchanged.

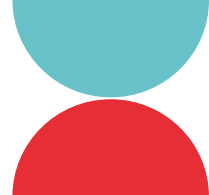
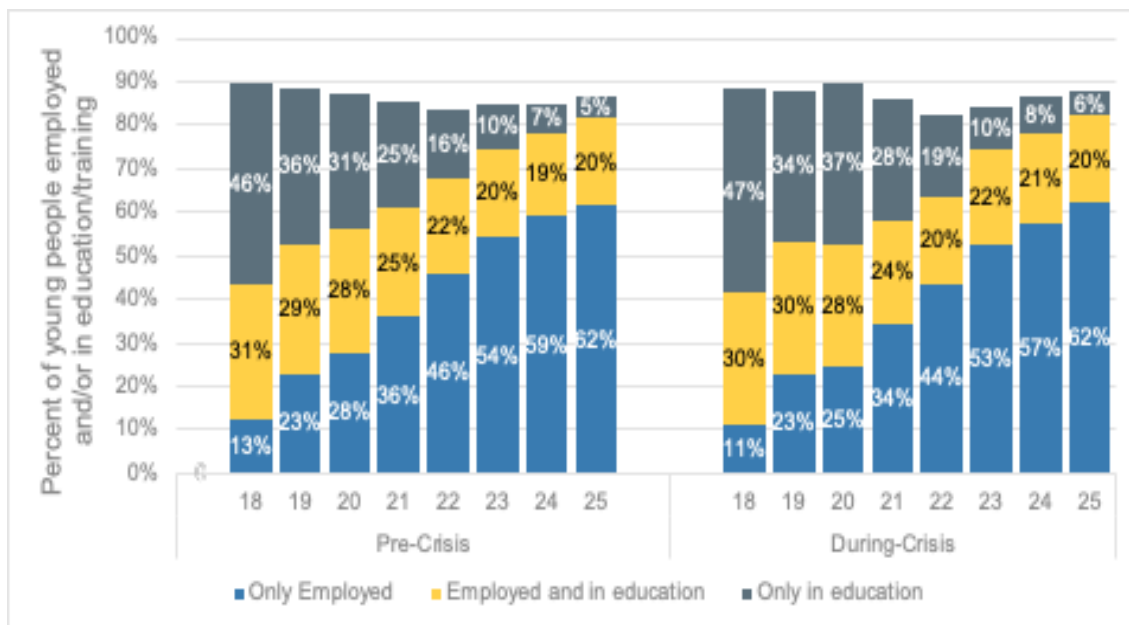


Figure 2.3: Percentage of young people in employment and/or in education/training in the period before the crisis and during the crisis



Source: UK QLFS, cross-sectional population weights used. The Pre-crisis period covers the average of the 2nd and 3rd quarters of years 2015-2019 and the During-crisis period covers the 2nd and 3rd quarters of 2020.



## 3 Jobs that young people do

### 3.1 Youth employment by job types

As noted in Chapter 2, young people have been particularly at risk in this crisis because of their much greater likelihood to be in jobs affected by social distancing restrictions and in lower-paid and less secure work. Figure 3.1 below explores this in more detail, looking at youth employment by occupation type. Combined, more than half (54%) of all youth employment pre-crisis was in one of five main job types:

- Elementary administrative and service jobs (16% of all youth employment) – in particular bar staff, waiters and kitchen assistants, but also including cleaners, security guards and elementary sales jobs (e.g. shelf fillers);
- Sales (13%) – predominantly retail jobs but includes telesales and online sales;
- Personal caring services (9%) – including childcare, adult care and nursing auxiliaries;
- Administration (9%) – including in national and local government, finance, insurance and HR; and
- Business and public service associate professions (7%) – particularly in finance, legal, sales and marketing roles in the public and private sector.

Figure 3.1 shows that the year-on-year fall in youth employment has been driven in particular by significant declines in elementary jobs – i.e. the impacts of the crisis on hospitality and leisure – and somewhat more surprisingly by falls in care jobs. IES' previous analysis of trends at all ages has suggested that personal care jobs have fallen mainly due to a decline in employment in residential care,<sup>3</sup> although for young people the falls appear to be driven equally by childcare as by personal care for older people.

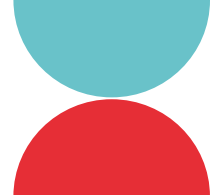
Analysis also pointed to significant falls in employment in construction and skilled trades, machine operatives and leisure jobs,<sup>4</sup> and we see similar large falls for young people in the figure below. We also found that within shrinking occupations (for example, leisure, travel, care and low-skilled hospitality roles) young people were particularly badly affected – with employment falling by 15% for young people in those jobs (compared with a 10% fall in those jobs overall).

Conversely, young people have also benefited from growing employment in some job types – with employment rising in sales, administration and in some higher skilled professions. This is likely being driven by a combination of pandemic-related jobs in the public sector and continued growth in finance and technology. Sales is more surprising and may reflect growing employment in online sales (as over the same period, on average around 1.1 million retail jobs were being protected through furlough). Young

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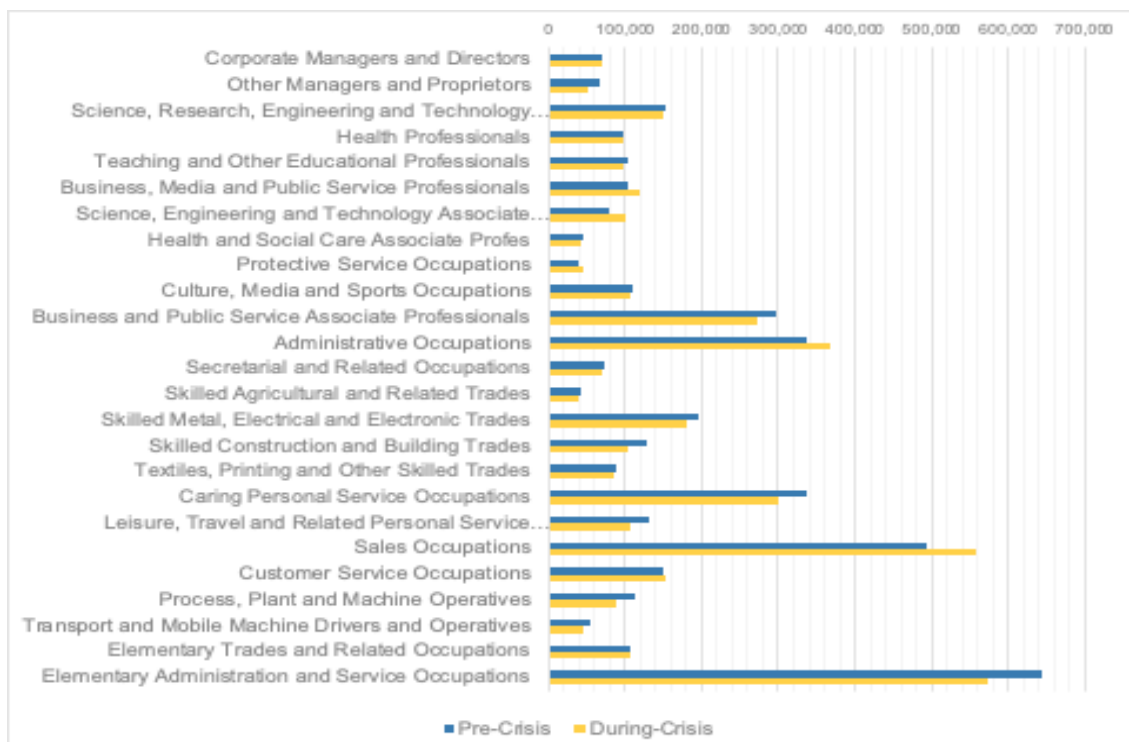
3 Williams, M., Cockett, J., Boustati, A., Ebanks-Silvera, D. and Wilson, T. (2020) The impacts of the coronavirus crisis on the labour market: Analysis of quarterly Labour Force Survey data; Institute for Employment Studies

4 Ibid.



people were slightly more likely to benefit from growth in higher skilled work, but as Figure 3.1 shows relatively fewer young people work in these jobs.

**Figure 3.1: Number of young people employed by occupation, pre- and during-crisis**



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

### 3.2 Work disruption by job type

We know from CJRS data, described in Chapter 2, that nearly half of all young employees were furloughed at some point during the first lockdown. This administrative data does not provide breakdowns by age and occupation, but we can use the Labour Force Survey to estimate the number of young people who were temporarily laid off (i.e. furloughed) by occupation group. Figure 3.2 below attempts to do this, showing the change in the number of young workers who reported as being employed but 'away' from work over the period from April to September 2020. This comprises those furloughed or temporarily laid off, as well as other reasons like sickness absence, maternity or career breaks – so in order to identify the specific impact of the crisis the graph shows the 'excess' number away in the second and third quarters of 2020 compared with the same quarters in 2019.

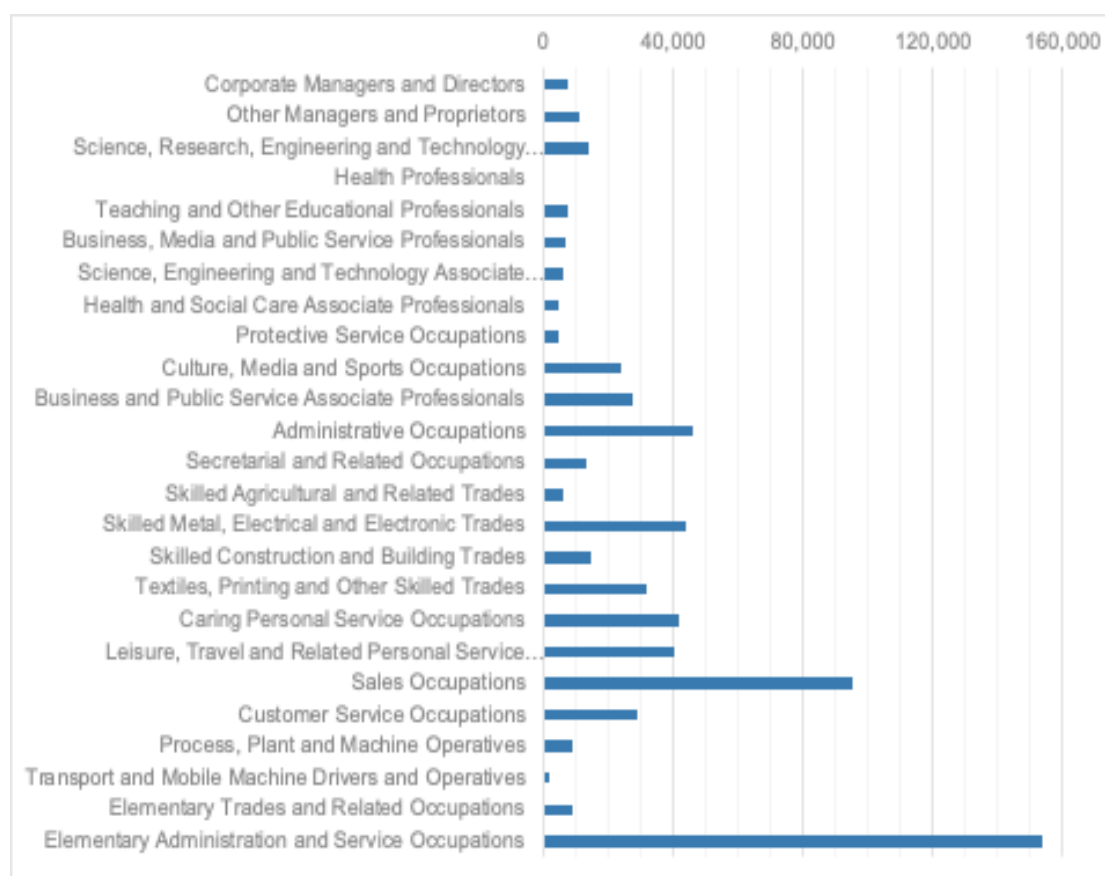
This again shows clearly the significant impacts of this crisis on those in elementary administrative and service jobs, with just over 150 thousand more young people away



from work during the crisis (or around 12% of those in work pre-crisis). Over 40 thousand young people were away from caring – where employment has fallen – and mid-skilled administrative jobs – where employment has risen – although the proportions away from work in each case were relatively smaller. However, in skilled trades and in leisure, the 40 thousand young people away from work comprised 12% and 15% of all young workers respectively. Both of these job types saw significant falls in employment too.

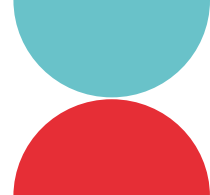
Interestingly, Figure 3.2 also shows high levels of work absence from sales jobs even as employment was growing – again suggesting that the furlough scheme has meant that headline jobs figures were not yet reflecting the impacts of the crisis on the high street. Finally, it is notable and unsurprising that rates of temporary absence are far lower in health, education and wider public service jobs.

**Figure 3.2: ‘Excess’ number of young people employed but away from their work by occupation group, 2020 compared with 2019**



Source: Quarterly Labour Force Survey, cross-sectional population weights used. Graph shows difference between the number away from work for the average of the 2nd and 3rd quarters of 2019 and those away from work in the 2nd and 3rd quarters of 2020.

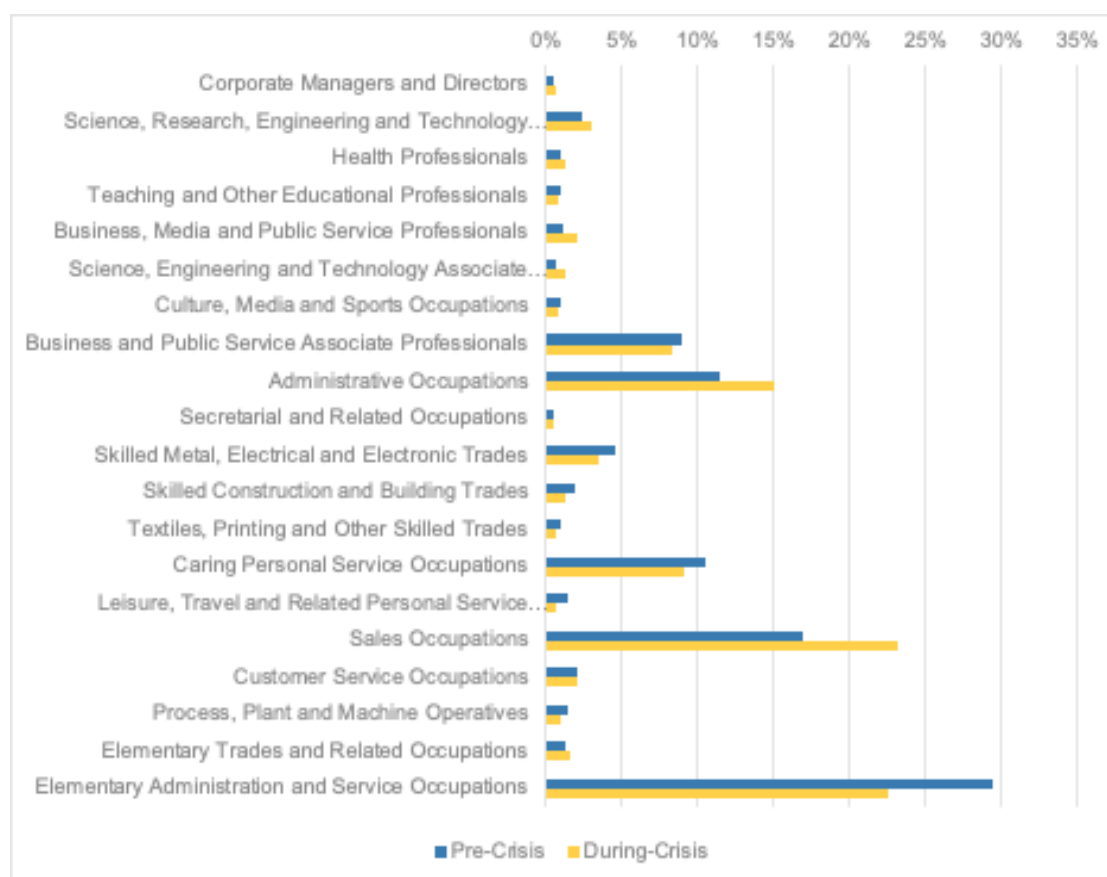
Drawing this together, Figure 3.3 below looks at the proportion of total hours worked by job type and so gives a truer reflection of the combined impact on young people’s



work of employment falls, furlough and cuts in hours. This highlights that the impacts in some job types have been greater than the headline employment figures suggest – with in particular the share of working hours in elementary administrative and service jobs falling by a quarter whereas the share of employment only fell by around a tenth; and with very pronounced falls in hours for skilled trades and in leisure jobs.

In caring and in associate professions the change in the share of working hours has been similar to the change in the share in employment; while in both sales and administrative jobs the share of working hours has risen even though in both cases relatively large numbers of young people were away from work. This suggests that in those job types, furlough impacts may have been outweighed by a combination of other workers increasing their hours and/ or strong employment growth in other firms that may have seen demand increase (e.g. growth in online sales while physical retail remained furloughed).

**Figure 3.3: Proportion of total hours worked by occupation for young people, pre-crisis and during crisis**



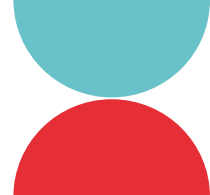
Source: Quarterly Labour Force Survey, cross-sectional population weights used. Graph shows the total hours worked in the 2nd and 3rd quarters of 2019 and 2020.



Overall, then, we can see that the disproportionate labour market impacts of the crisis are being driven in particular by high levels of youth employment in hospitality and leisure jobs and by significant disruption for generally smaller numbers of young people working in arts and leisure and in skilled trades. Sales jobs have seen both major disruption but also strong employment growth – reflecting the uneven impacts of the crisis on jobs in retail and the significant structural changes underway.

To some extent these impacts are being offset by growth in higher skilled work, driven by public sector employment, although given the very significant falls in youth employment overall and the relatively small numbers of young people working in these job types, these gains are far from offsetting the negative impacts in other youth sectors.





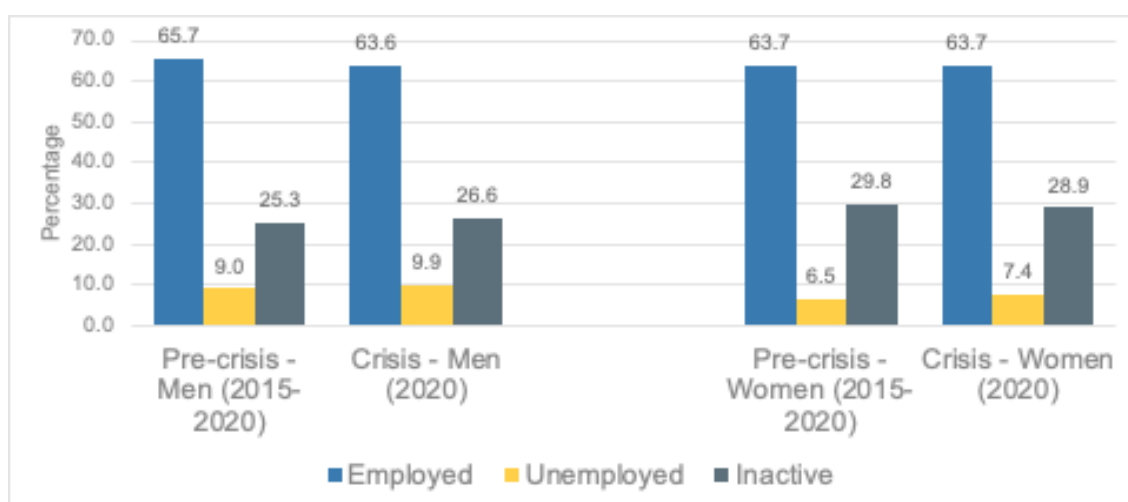
## 4 Impacts on participation for different groups

The different occupational impacts of the pandemic set out above mean that this crisis has also affected different groups of young people quite differently. This chapter explores some of these differences in more detail.

### 4.1 Impacts on young men and women

Our analysis suggests that so far, young men have accounted for all of the fall in employment among young people, as Figure 4.1 sets out. Both men and women have seen unemployment and inactivity increase.

**Figure 4.1: Percent of young people in employment, unemployment, and inactivity by gender, pre- and during- crisis**



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

Similar rates of men and women work in low-skilled hospitality jobs where the falls in employment have been greatest, while men are significantly over-represented in skilled trades and women in caring roles which have also seen employment fall. However, women are more likely to work in public services, in mid-skilled administrative roles and in sales which have all seen employment grow – so it plausible that both men and women have been affected (differently) by employment falls, but women have benefited more from new growth. This would also be consistent with our previous research, which found that women had been slightly less badly affected in shrinking jobs than men and benefited more from employment growth.<sup>5</sup>

5 Williams, M., Cockett, J., Boustati, A., Ebanks-Silvera, D. and Wilson, T. (2020) The impacts of the coronavirus crisis on the labour market: Analysis of quarterly Labour Force Survey data; Institute for Employment Studies



The differences are not, however, explained by higher education participation among young men. In fact, education participation is broadly flat for men over the period of the crisis (with 41% in full-time education) while it has grown for women (from 46 to 49%).

As a consequence, the number of men neither in education nor work is rising, while it is falling for women. More detailed analysis by age suggests that this is being driven in particular by falling participation among men aged 22-24, while participation has increased for women in their early twenties.

## 4.2 Impacts by ethnic group

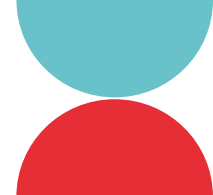
Analysis by ethnicity suggests that young people from non-white ethnic groups have seen far more significant falls in employment than white people. Sample sizes in the Labour Force Survey mean that analysis by age and ethnicity can only be done at a relatively high level, but as Figure 4.2 shows, the fall in employment rates has been four times greater for young Black people than for young white people, while the fall for young Asian people has been nearly three times greater.

These significant falls are particularly concerning because fewer than half (46%) of Black and Asian young people were in work pre-crisis, compared with around two thirds (68%) of white young people (although part of these differences is explained by higher participation in education). In all, Black and Asian young people have accounted for two thirds of the total fall in youth employment, despite only being one in eight of all young people in work. This means that the falls in employment during the pandemic have already widened the employment rate gap from 22 percentage points to 26 points for Black people and to 25 points for Asian people.

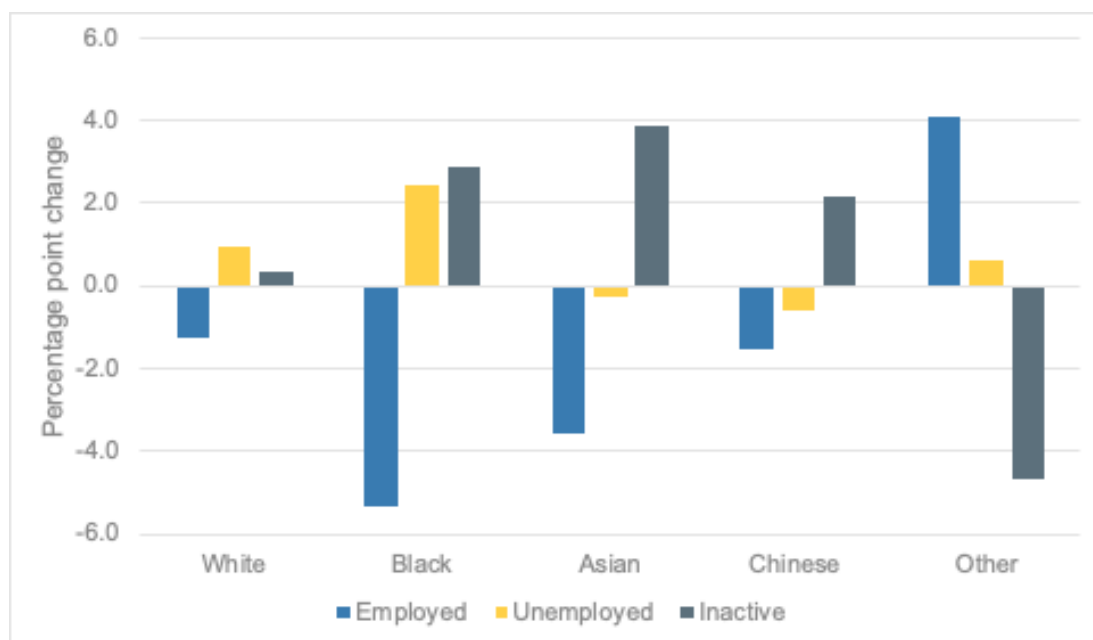
Past research<sup>6</sup> suggests that this is being significantly driven by occupational and sectoral factors – with people from ethnic minority groups benefiting less from employment growth and losing out more where employment is contracting. In particular, ethnic minority groups are over-represented in hospitality and in caring jobs and are under-represented in professional services. However, the scale of the differences between white people and Black and Asian people is stark and suggest that many ethnic minority young people are missing out even where jobs are growing and ethnic minorities are not under-represented – for example in sales, where they may be being hit harder by impacts on the high street and benefiting less from the growth in online.

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6 Ibid.



**Figure 4.2: 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 2nd and 3rd quarters of years 2015-2019 and the crisis period covers the 2nd and 3rd quarters of 2020.

As with the analysis by gender, these employment differences also do not appear to be explained by greater participation in education among ethnic minorities, with increases in participation similar across all ethnic groups. This means that overall, the number of people not in education or employment has risen slightly for ethnic minority groups, while it is down slightly for white people.

### 4.3 Impacts by region

Finally, analysis of changes in labour market participation by region shows up some significant emerging differences between places. As Figure 4.3 below shows, areas with higher youth employment rates in the 2015-19 period (blue bars) have generally seen employment fall, while areas with lower employment rates pre-crisis have seen employment rise. There are a small number of exceptions to this, most notably London and Wales, which both had low employment rates pre-crisis and have seen these fall further this year.

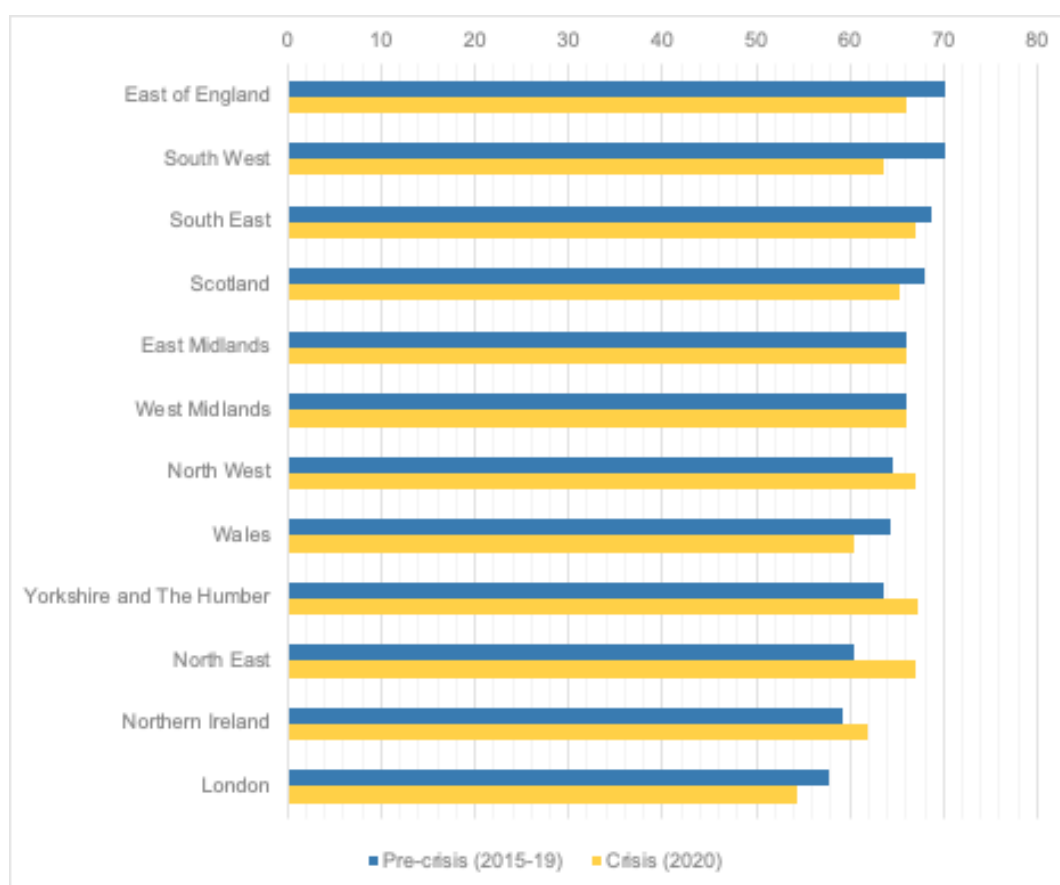
Within England, this means that all of the fall in youth employment so far is accounted for by the southern half of the country – with employment falling the most in the South West and the East of England, but also down in London and the South East. Employment is flat overall in the Midlands, and has risen in the North East, North West and in Yorkshire and Humberside. The consequence of this is that Northern regions now have marginally



higher employment rates overall than Southern ones – reversing the position pre-crisis.

Within the nations, youth employment has fallen in both Wales and Scotland but has risen in Northern Ireland. This means that employment in Scotland has now fallen below the UK average, while Wales now has the lowest youth employment of any UK nation.

Figure 4.3: Youth employment rates by region, pre- and during crisis



Source: Quarterly Labour Force Survey. The Pre-crisis period covers the average of the 2nd and 3rd quarters of years 2015-2019 and the crisis period covers the 2nd and 3rd quarters of 2020.

In large part these differences appear to broadly reflect the specific sectoral and occupational impacts of this crisis, with areas that are more reliant on employment in health and in public services seeing employment grow and those with a higher share of private sector jobs seeing employment fall. In particular southern England generally has higher shares of employment overall in private sector services, accommodations and food services, construction and the arts – all of which have seen employment and/or recruitment fall significantly; while northern England generally has a larger proportion

of employment in public services and particularly health – where employment has been growing strongly.<sup>7</sup>

The three devolved nations have some similarities to northern English regions in their sectoral composition, although both Wales and Scotland have a higher share of jobs in accommodation and food services than almost all English regions – so the declines in employment in those nations may reflect the outsized impact of the crisis on hospitality and on food services. All told, the four regions with the highest overall employment in accommodation and food services pre-crisis have seen the largest falls in youth employment – Wales, the South West, Scotland and London.

However, while the trends in employment rates are similar for young people and the overall population in many regions and nations, there are some notable differences – in particular young people appear to be doing worse than the overall population in Scotland and in London, where employment rates are broadly flat overall. This suggests that young people may be being disproportionately affected in these areas by declining jobs and not benefiting as much from employment growth. Meanwhile in the Midlands, North West and Northern Ireland the opposite is true, with youth employment flat or rising compared with previous years while it is falling for the overall population – suggesting that young people are benefiting more in those places from employment growth.

Interestingly, more detailed analysis of youth unemployment and inactivity rates by region suggests that in regions where employment is growing this has largely led to falling economic inactivity more than falling unemployment – with for example inactivity in the North East falling by 7.5 percentage points and in the North West and in Yorkshire and Humberside by more than two percentage points. In each case the change in unemployment has been at or below one percentage point (and has actually increased in the North East). This appears to suggest that rises in employment are likely explained by more education-leavers getting jobs in those regions, or more young people being able to combine work with study.

Conversely in areas with falling youth employment, these falls have not been entirely offset by rising economic inactivity – with for example in the South West inactivity up by four points and unemployment by two points; and in London both rising by nearly two points. In Scotland and Wales there are contrasting pictures so far – with Wales seeing the fall in employment entirely offset by inactivity (not unemployment); but in Scotland the opposite trend, with inactivity flat and unemployment rising. This suggests that in places that have been more affected by falling employment, with the exception of Wales, young people may have been less successful in taking up education or training instead – or possibly that if they have taken up education, they are still actively looking for work.

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7 Williams, M., Cockett, J., Boustati, A., Ebanks-Silvera, D. and Wilson, T. (2020) The impacts of the coronavirus crisis on the labour market: Analysis of quarterly Labour Force Survey data; Institute for Employment Studies

## 5 Conclusions

This crisis has hit the labour market prospects of young people particularly hard, and the analysis in this report shows that some groups of young people have fared less well than others. We find that men, Black and Asian young people, and those living in southern England, Scotland and Wales have seen the most significant falls in employment. This has often been offset by rising participation in education, but this has not always been the case – with the number of young men and ethnic minority young people who are neither working nor studying already higher now than before the crisis began.

We find that negative impacts for young people are generally greater at younger ages than older, with particularly steep falls at around the points when young people would usually be making transitions from learning to work – reflecting the extent to which falling youth employment is being driven by the slowdown in hiring that we have seen since last spring, as well as more people with short service or in less secure work leaving their jobs.

The other key driver of falling youth employment is the sectoral and occupational nature of this crisis, with employment falls steepest in job types that have been most affected by social distancing restrictions – in particular in hospitality, caring, leisure and construction. Young people have fared worse than older people in those job types that have declined the most. At the same time however, young people have benefited from employment growth elsewhere, most notably in sales and in some mid-skilled professional services (likely in jobs related to the pandemic response). We also know that around two thirds of those young people who were temporarily laid off in the first lockdown were able to return to their usual work as social restrictions were eased.

Looking ahead then, there is some evidence to suggest that many young people will benefit from the recovery, when it comes, as restrictions are eased and as those sectors that employ large numbers of young workers start to reopen more fully. There are glimmers of hope too that we could see a levelling up of opportunity for young people in the North of England. To secure this we must seek to understand the underlying causes in more depth in order to preserve and build on this positive direction of travel. However, as we saw last summer, these benefits are likely to be far from enough in the immediate term to outweigh for many young people the damage already done in this crisis – and particularly for those who were already more disadvantaged in education and employment. There are already some signs of this in the figures for long-term youth unemployment, with nearly 200 thousand now unemployed for more than six months (a figure that has risen by one third since the crisis began).

In the next stages of this project, we will therefore look at how our response to this crisis can address these challenges for young people. In particular, this will include analysing and understanding skills needs in growing occupations and industries compared with the skills of young people in jobs that are being lost – so that we can ensure that young people can benefit fully from future employment growth and are able to secure good quality future employment, training and education.



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