

Article

# Coronavirus and changing young people's labour market outcomes in the UK: March 2021

Analysis of labour market outcomes for young people (aged 16 to 24 years), how the young people were impacted by the coronavirus (COVID-19) pandemic and drivers of such outcomes, using Quarterly Labour Force Survey and Longitudinal Labour Force Survey data.

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## Correction

**12 May 2021 10:03**

We have corrected an error in Section 4, Figure 4 under the heading "The distribution of young people across industries changed during the pandemic". The previous version of Figure 4 had "Recreation" as a separate industry, which was an incorrect label. It should have been labelled "Other service activities".

This happened because of a human error.

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# 1 . Main Points

- Young people's employment rate saw a large decline in 2020 compared with 2019, while their unemployment and economic inactivity rates increased.
- After an initial fall in young people in full-time education in the first few months of the pandemic, the proportion of young people in full-time education increased in the second half of 2020, reaching a new high of 46.8% in Quarter 3 (July to Sept) 2020.
- The number of young people employed in the accommodation and food services industry who moved to unemployment or economic inactivity increased by more than 50% in Quarter 2 (April to June) 2020 compared with Quarter 2 2019.
- Young people who worked part-time moved from employment to economic inactivity at a faster rate than they moved to unemployment in 2020.
- Young people's labour mobility (job-to-job moves) declined more during the pandemic than for older age groups.

## 2 . Employment of young people declined while unemployment and economic inactivity increased in 2020

In previous publications, we highlighted that young people (aged 16 to 24 years) in the UK were the most affected by the coronavirus (COVID-19) pandemic. Early in the pandemic, the [employment rate of young people declined](#) the most compared with other age groups. More young people became economically inactive between March and July 2020 than they did in the same period in 2019.

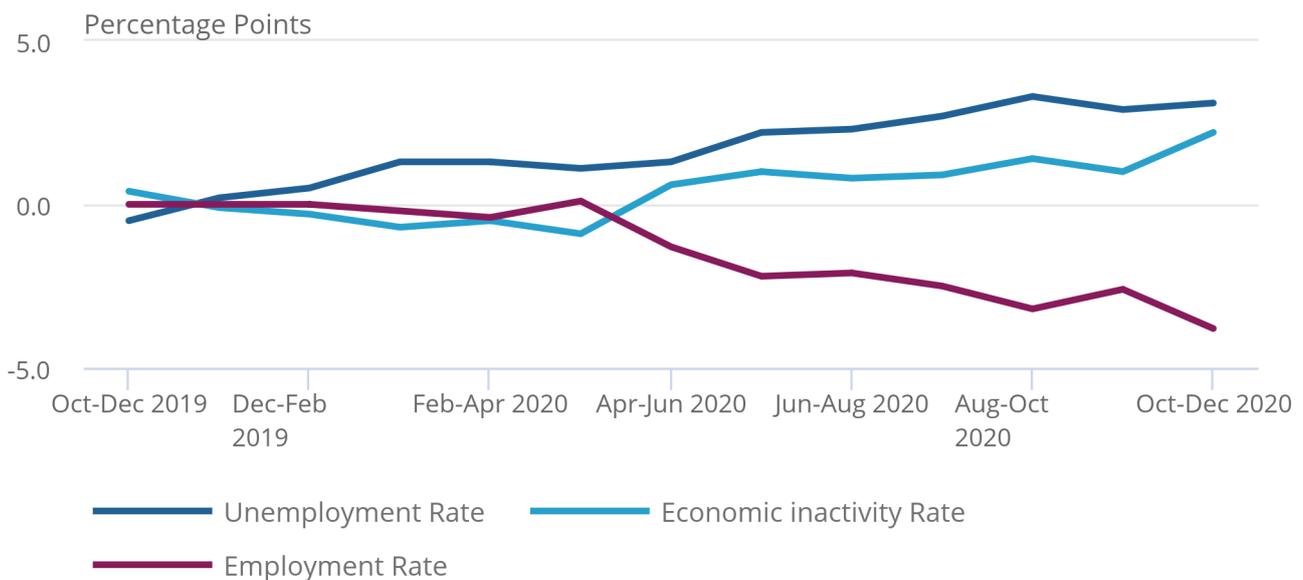
For indicators that are not seasonally adjusted, we compare similar periods in 2019 and 2020. Compared with 2019, the employment rate of young people in 2020 decreased from March to May onwards while the economic inactivity rate and unemployment rate increased.

### Figure 1: Young people's employment rate declined while unemployment and inactivity rates increased in 2020 compared with 2019

Annual percentage point changes in employment, unemployment and economic inactivity rates, UK, seasonally adjusted, October to December 2019 to October to December 2020

### Figure 1: Young people's employment rate declined while unemployment and inactivity rates increased in 2020 compared with 2019

Annual percentage point changes in employment, unemployment and economic inactivity rates, UK, seasonally adjusted, October to December 2019 to October to December 2020



Source: Office for National Statistics- Quarterly Labour Force Survey

Between Quarter 1 (Jan to Mar) and Quarter 4 (Oct to Dec) 2020, the employment rate of young people decreased by 2.6 percentage points to 51.9%. The fall is partly explained by the imposition of lockdown restrictions which had considerable impact on industries with higher employment concentrations of young people, such as the consumer-facing service jobs in wholesale and retail trade, accommodation and food services, and human health and social work activities, where [homeworking was less likely to be available](#).

The overall unemployment rate of young people increased by 2.3 percentage points to 14.4% between Quarter 1 and Quarter 4 2020. This contrasts with a small increase of 0.4 percentage points to 11.3% over the same period in 2019.

Published analysis on unemployment scarring shows that prolonged unemployment makes [it more difficult to get back into work](#), and leads to a drop in future earnings relative to those of employed people with similar skill sets. Further, employers may [become hesitant to hire people who have had long unemployment spells](#) in case of depreciated skills.

### 3 . More young people were in full-time education in 2020 than in 2019, reaching a new high proportion of 46.8% in Quarter 3 (July to Sept) 2020

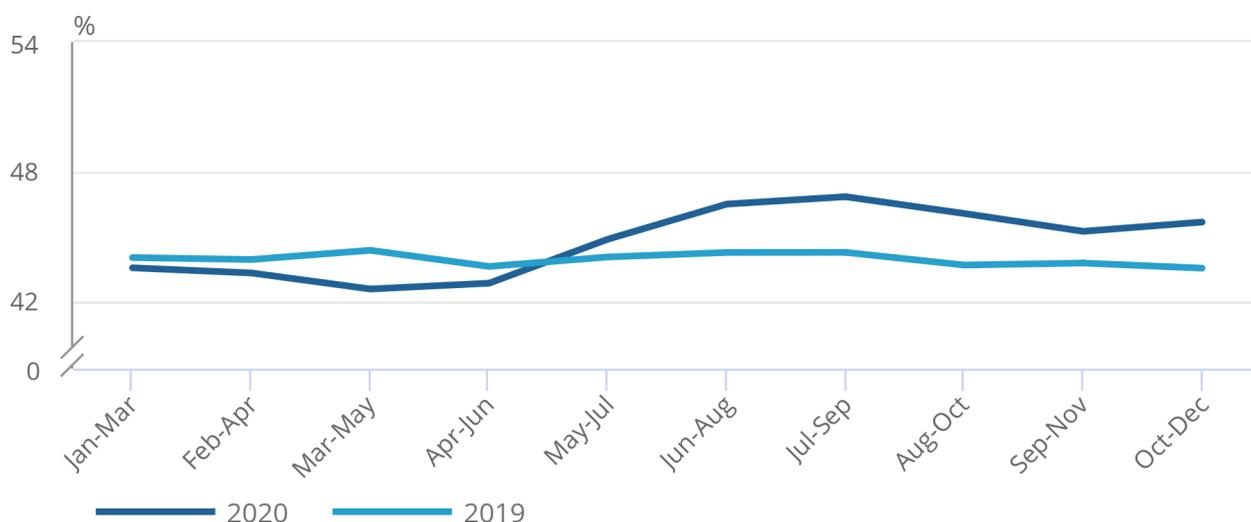
In 2020, there were more young people going into full-time education than in 2019. The higher enrolment in full-time education was associated with higher economic inactivity.

**Figure 2: More young people were in full-time education in 2020 than in 2019**

Percentage of young people in full-time education, UK, seasonally adjusted, January 2019 to December 2020

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Percentage of young people in full-time education, UK, seasonally adjusted, January 2019 to December 2020



**Source: Office for National Statistics- Quarterly Labour Force Survey**

Comparing changes in the labour market statuses of young workers in full-time education in 2019 and 2020 shows that the employment rate declined while unemployment and economic inactivity rates increased in 2020.

Economic inactivity by reason (not seasonally adjusted) shows young people who gave "student" as their reason for being economically inactive reduced between Quarters 1 (Jan to Mar) and 2 (Apr to June) 2020 and in the same period in 2019. They increased by 5.0% and 6.2% in Quarters 3 (July to Sept) and 4 (Oct to Dec) 2020 respectively compared with the same periods in 2019.

Increasing unemployment and economic inactivity were associated with fewer vacancies in industries that mostly employed students, [which were heavily affected by lockdown restrictions](#). In Quarter 4 2020, vacancies (589,000) were 25.0% lower than in Quarter 1 2020. Over the same period, vacancies in accommodation and food services fell by 65.5% to 29,000; those in arts, entertainment and recreation fell by 52.2% to 11,000; and those in the retail sub-sector fell by 47.1% to 45,000. These sectors are very important for young people's employment.

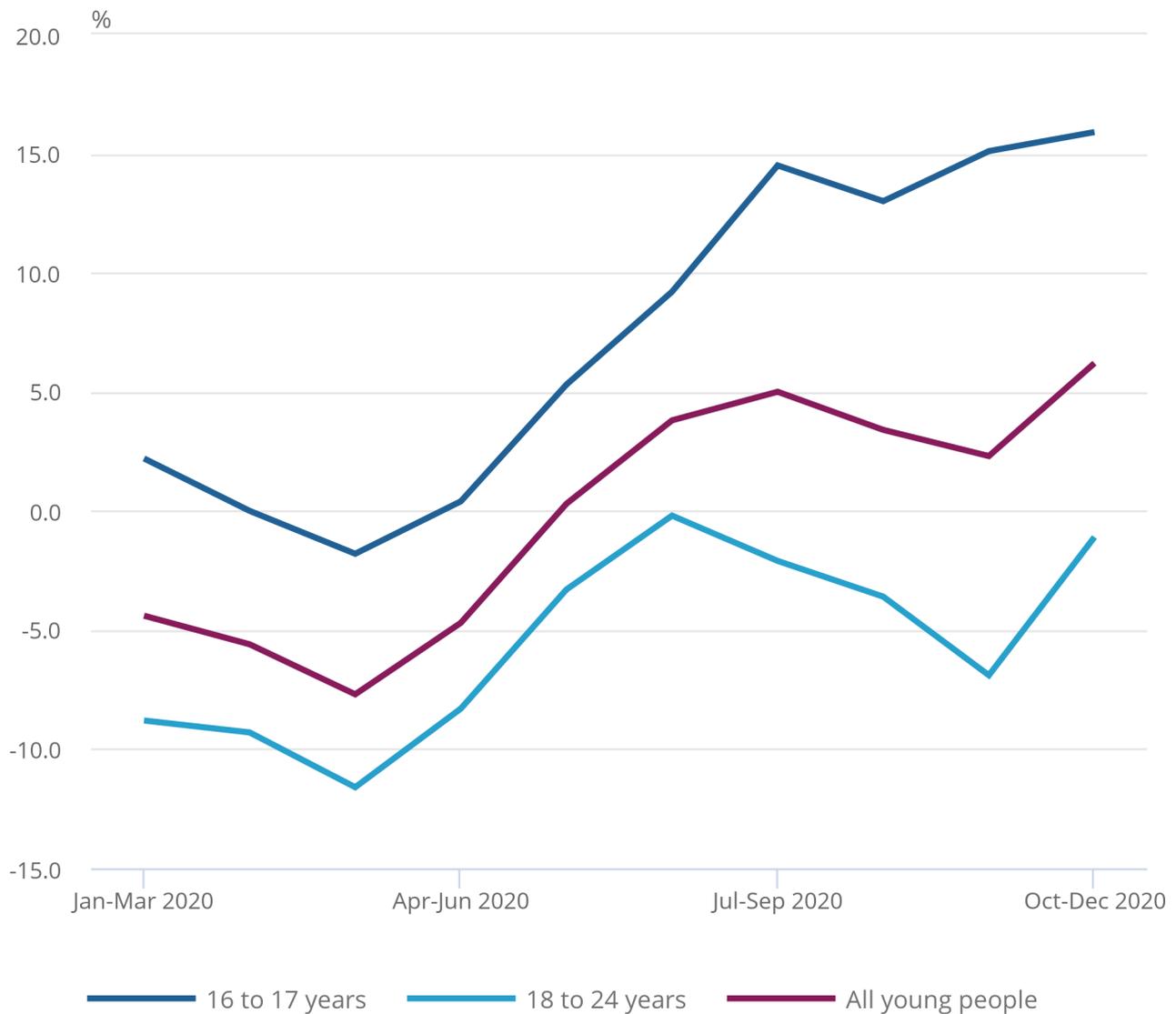
Analysing students by age group shows that those aged 16 to 17 years drove the increase in student numbers and therefore economic inactivity of young people in the second half of 2020.

**Figure 3: The increase of young people who were economically inactive because they were students in 2020 was driven by 16 to 17-year-olds**

Annual percentage increases of economically inactive young people who were students, UK, not seasonally adjusted, Quarter 1 to Quarter 4 2020

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Annual percentage increases of economically inactive young people who were students, UK, not seasonally adjusted, Quarter 1 to Quarter 4 2020



Source: Office for National Statistics- Quarterly Labour Force Survey

## 4 . The distribution of young people across industries changed during the pandemic

In the [September 2020 analysis of early impacts of the pandemic on young people](#), we observed that large proportions of young people were employed in industries such as wholesale and retail, and accommodation and food service activities. These were among industries that were [most affected](#) by the pandemic.

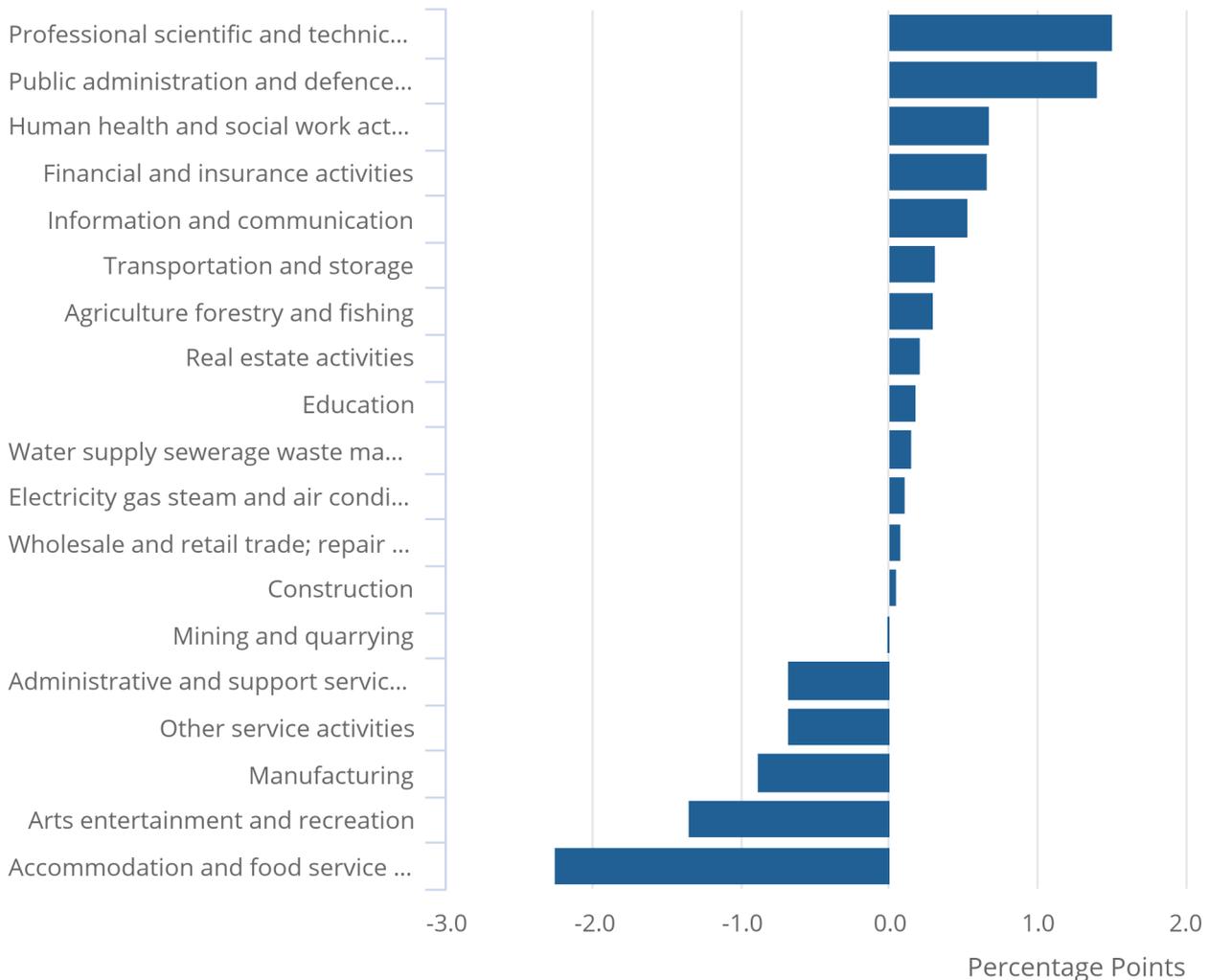
Between Quarter 4 (Oct to Dec) of 2019 and the same period in 2020, the proportions of young people employed across industries declined the most in accommodation and food service activities, arts, entertainment, and recreation and manufacturing. The proportions increased the most in public administration, wholesale and retail trade, and professional, scientific and technical activities industries. The changing proportions were partly associated with differences in employment rates and their changes across industries.

**Figure 4: Accommodation and food service activities had the largest decline in the proportion of young people employed**

Change in the proportion of all employed young people by industry, UK, not seasonally adjusted, Quarter 4 (Oct to Dec) 2019 to Quarter 4 (Oct to Dec) 2020

Figure 4: Accommodation and food service activities had the largest decline in the proportion of young people employed

Change in the proportion of all employed young people by industry, UK, not seasonally adjusted, Quarter 4 (Oct to Dec) 2019 to Quarter 4 (Oct to Dec) 2020



Source: Office for National Statistics- Quarterly Labour Force Survey

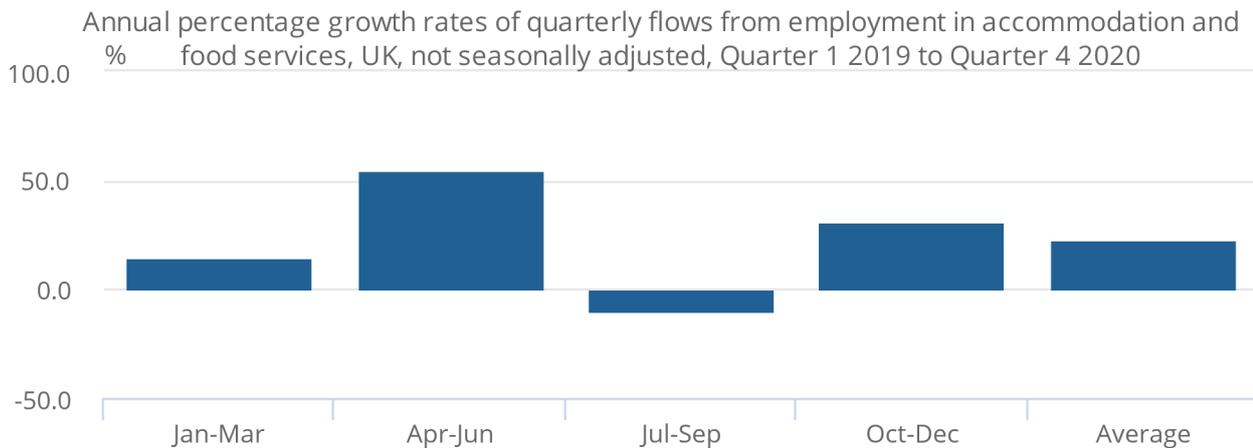
Young people were least likely to work from home partly because their employment tended to be concentrated [in industries that had fewer opportunities for home working](#). In addition, our analysis of [jobs that can be done from home](#) found that most elementary occupations and some sales and customer service occupations are classed as unlikely to be adaptable to homeworking during the coronavirus (COVID-19) pandemic.

Longitudinal Labour Force Survey (LFS) data show the quarterly flows from employment differed by industry. The sample sizes for some industries are too small to be analysed. We focus on accommodation and food service activities, which has the largest concentration of young people and saw the largest decline in 2020.

**Figure 5: The number of young people employed in the accommodation and food services industry who moved to unemployment or economic inactivity increased by more than 50% in Quarter 2 (April to June) 2020 compared with Quarter 2 2019**

Annual percentage growth rates of quarterly flows from employment in accommodation and food services, UK, not seasonally adjusted, Quarter 1 2019 to Quarter 4 2020

Figure 5: The number of young people employed in the accommodation and food services industry who moved to unemployment or economic inactivity increased by more than 50% in Quarter 2 (April to June) 2020 compared with Quarter 2 2019



Source: Office for National Statistics- Longitudinal Labour Force Survey

The annual growth rate of the quarterly flow from accommodation and food services employment increased the most between Quarter 2 (Apr to June) 2019 and Quarter 2 2020.

## **5 . Young people's job-to-job moves declined the most compared with those of other age groups**

Longitudinal Labour Force Survey (LFS) data show that total job-to-job moves declined during the pandemic. In Quarter 4 (Oct to Dec) 2020, total job-to-job moves were 13.7% lower than in Quarter 4 2019. In Quarter 4 2020, young people's job-to-job moves were 32.4% lower than in Quarter 4 2019; and for the age group 35 to 49 years, job moves were 21.9% lower than in Quarter 4 2019. Young people's job-to-job moves were the lowest of all age groups.

In the first half of 2020, job-to-job moves of young people declined at a rate comparable to that of the 35 to 49 years age group. In Quarter 4 2020, job-to-job moves recovered strongly for the age group 35 to 49 years compared with young people.

**Figure 6: Young people’s job-to-job moves declined the most between Quarter 4 2019 and Quarter 4 2020**

Indices of job-to-job moves by age group (Quarter 4 2019 =100), UK, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020

### Figure 6: Young people’s job-to-job moves declined the most between Quarter 4 2019 and Quarter 4 2020

Indices of job-to-job moves by age group (Quarter 4 2019 =100), UK, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020



Source: Office for National Statistics - Longitudinal Labour Force Survey

The fall in job-to-job moves may be associated with a rise in uncertainty in the labour market, resulting in [workers staying in position](#). In 2020, there was reduced demand for labour as [vacancies fell during the pandemic](#).

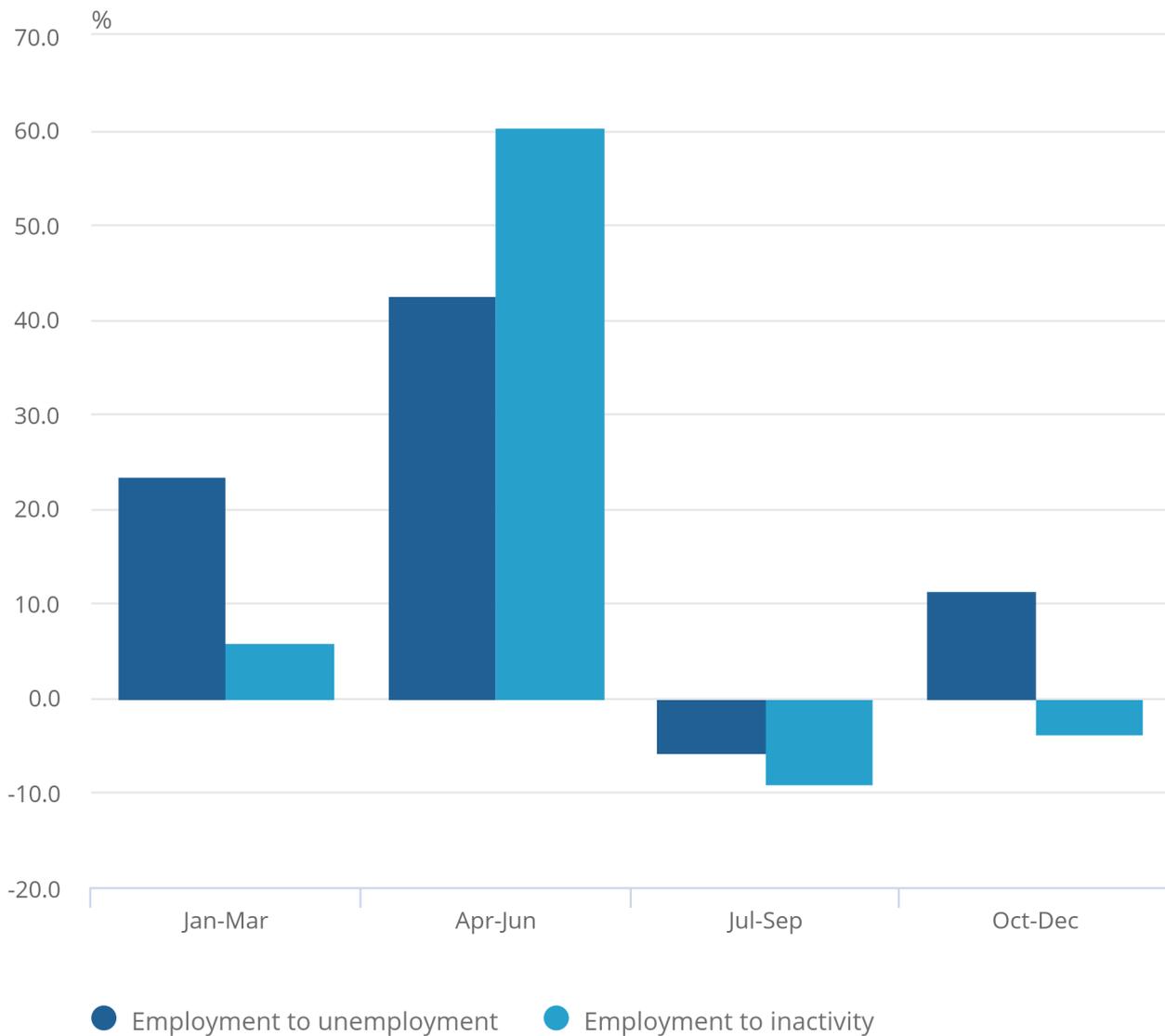
The longitudinal LFS data show that quarterly flows from employment were higher in Quarter 2 (Apr to June) 2020 compared with the same period in 2019. More young people left employment to unemployment or inactivity in the first half of 2020 than in 2019. The quarterly flows from employment to unemployment or inactivity were more subdued and recorded small decreases in the second half of 2020.

**Figure 7: There were large quarterly flows from employment to unemployment or economic inactivity in the first half of 2020**

Annual percentage changes in quarterly flows from employment to unemployment or economic inactivity, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020

Figure 7: There were large quarterly flows from employment to unemployment or economic inactivity in the first half of 2020

Annual percentage changes in quarterly flows from employment to unemployment or economic inactivity, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020



Source: Office for National Statistics - Longitudinal Labour Force Survey

## **6 . Young people have the largest proportion of workers on zero-hours contracts**

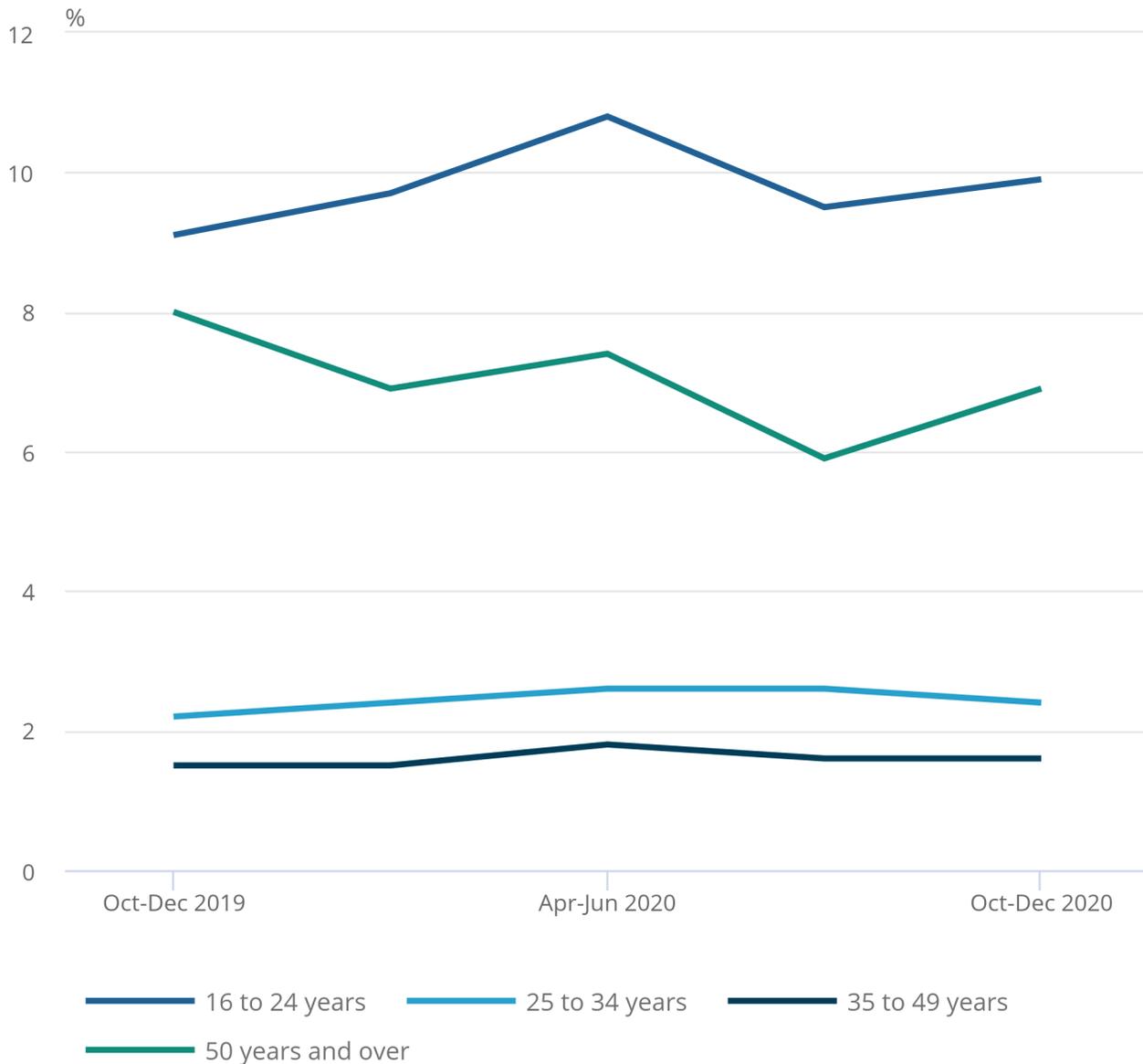
Analysis of workers on zero-hours contracts (ZHCs) in their main jobs shows that young people have the largest proportion of workers on ZHC employment compared with other age groups. The proportion peaked at 10.8% in Quarter 2 (Apr to June) 2020.

## Figure 8: Young people were more likely than other age groups to be employed on zero-hours contracts in 2020

Percentage of people in age group on zero-hours contract in main job, UK, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020

### Figure 8: Young people were more likely than other age groups to be employed on zero-hours contracts in 2020

Percentage of people in age group on zero-hours contract in main job, UK, not seasonally adjusted, Quarter 4 2019 to Quarter 4 2020



Source: Office for National Statistics- Quarterly Labour Force Survey

Longitudinal data show that between Quarters 3 (July to Sept) and 4 (Oct to Dec) 2020, a higher proportion of young people (17.6% compared with 7.5% for older age groups) on ZHCs left employment for unemployment.

ZHCs are [a form of precarious employment](#), which exposes the workers to higher labour market and income insecurity. A [Resolution Foundation](#) report showed that young people were more exposed to temporary employment and ZHCs than other age groups.

Labour market insecurity also affects part-time workers [who were more likely to be laid off](#) compared with full-time workers in 2020. Between Quarters 1 (Jan to Mar) and 4 2020, the proportion of part-time employed young people fell by 3.5 percentage points to 35.6%. In contrast, young people in full-time employment increased by 3.4 percentage points to 64.4% over the same period. Furthermore, quarterly flows analysis shows young people who worked part-time left employment to economic inactivity at a faster rate than they moved from employment to unemployment. Such a trend is not observed in young people who left full-time employment to unemployment or economic inactivity.

The nature and speed of economic recovery from the pandemic will likely influence future labour market outcomes, together with skills formation and the regional distribution of young people and jobs.

## 7 . Labour Market Data

### [Labour Market Outcomes Analysis](#)

Dataset 06 | Released 20 April 2021

These estimates focus on employment rates, unemployment rates and rates of economic inactivity. These estimates are sourced from the Labour Force Survey.

### [Labour Market Flows Analysis](#)

Dataset Longitudinal Labour Force Survey | Released 23 February 2021

These estimates focus on employment flows, unemployment flows and flows of economic inactivity. These estimates are sourced from the longitudinal Labour Force Survey.

### [Young people not in education, employment or training \(NEET\)](#)

Bulletin | Released 4 March 2021

Estimates of people in the UK aged 16 to 24 years who are not in education, employment or training (NEET).

## 8 . Glossary

### Job-to-job flows

Job-to-job flows show the number of workers changing job between two quarters.

### Zero-hours contract

Zero-hours contract is a type of employment contract between an employer and an employee where the employer is not obliged to provide any minimum number of working hours to the employee.

## 9 . Data Sources and Quality

Most data in this article come from surveys of households and businesses. It is not possible to survey every household and business each month, so these statistics are estimates based on samples. The strengths and weaknesses of the survey data are discussed [in the labour market overview](#). These are in line with the disclaimer on the survey data.

The employment, unemployment and economic inactivity estimates rely on data collected from the Labour Force Survey (LFS); a survey run by field interviewers with people across the UK every month. The [LFS performance and quality monitoring reports](#) provide data on response rates and other quality-related issues for the LFS, including breakdowns of response by LFS wave, region and question-specific response issues.

## About the Data

The coronavirus (COVID-19) pandemic caused all face-to-face interviewing for the LFS to be suspended and to be replaced with telephone interviewing. This change in mode for first interviews changed the non-response bias of the survey, affecting interviews from March 2020 onwards. The rates published from the LFS remain robust and reliable but the levels and changes in levels should be used with caution, particularly regarding country of birth, nationality, ethnicity and disability. More information can be found in [Coronavirus and its impact on the Labour Force Survey](#).

## 10 . Future Developments

This is a quarterly labour market economic analysis article. Future quarterly analyses will focus on new developments in the labour market in the United Kingdom.

## 11 . Related links

### [Labour market overview](#)

Bulletin | Released 20 April 2021

Estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.

### [Labour market overview](#)

Bulletin | Released 23 March 2021

Estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.

### [Labour market overview](#)

Bulletin | Released 26 January 2021

Estimates of employment, unemployment, economic inactivity and other employment-related statistics for the UK.

### [Economic Dashboard](#)

Interactive tool | Updated as and when

Explore the latest trends in employment, prices and trade.

View [all economic data](#).