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COVID-19 and employment changes in Wales

What we know about current and future impacts

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Summary

This report describes what is known about the current and possible future impacts of COVID-19 related employment changes in Wales. A systematic approach was devised to review grey literature, peer-reviewed and pre-publication literature based on material published up until March 2021. Sources were determined by subject experts and a third sector workshop on the impacts of the pandemic on young people. Literature was excluded if it was not relevant to a Welsh or UK context.

Pre-pandemic

- Wales entered the pandemic with an employment rate of 74% in Quarter 1 of 2020 and an unemployment rate of 3.3%.
- Wales had lower average (median) pay than the rest of the UK and the second highest rate of in-work poverty (14%) out of the UK regions. There were also relatively high proportion of key workers (31%) and lower proportion of workers who could work from home (39%).
- Around a quarter of a million workers were employed in shutdown sectors in Wales (18% of all workers) at the outset of the pandemic with young workers (aged 16-24) much more likely to be employed in shutdown sectors (36% compared to 11% of those aged 35-64).

Current impacts

- Despite a substantial in-year recovery after the first lock-down, UK GDP fell by 10% in 2020, the highest annual fall in a decade, and redundancies reached more than 800,000.
- Wales witnessed 16,000 redundancies in the three months to November 2020. The redundancy rate in this period was the highest since 2009.
- In May 2020, the take up rate of the Coronavirus Job Retention Scheme (furlough) was 29% (316,000 workers) in Wales.
- In May/June nearly one in five of those taking up the Coronavirus Job Retention Scheme were employed in retail and related services, and a similar number in accommodation and food services.
- Around one in three workers taking up the Self-Employment Income Support Scheme in May, worked in the construction industry.
- Regionally, parts of the South Wales Valleys, parts of North Wales and Pembrokeshire have higher proportions of workers in industries where work is at risk from job loss and closure ($\geq 35\%$).
- At 60% Wales had the lowest youth employment rate of any UK region outside of London in 2020. In addition, in the UK 40% of those aged under 20 in agency work, temporary or zero hours contracts had been furloughed, lost their job or had hours and pay reduced.

- Women have been particularly affected with a higher proportion of women furloughed throughout the pandemic and for those who remained in work, many had to reduce their hours due to childcare responsibilities.
- Economic inactivity rates in Wales for men have increased during the pandemic and were at the highest level since 1998.
- Some BAME groups are over-represented in shutdown sectors. For example, almost 45% of Bangladeshi employees work in shutdown sectors in Wales compared to around 16% of White British employees and only 4.7% of Indian employees.
- In recent years the disability employment gap in Wales has narrowed. In the year ending September 2020 there was a 32% percentage point gap between working age people with disabilities compared to those without disabilities who were described as economically active. The pandemic does not appear to have significantly widened the gap.
- UK data show that in May the lowest paid workers were more likely to be furloughed (26%) than highest paid workers (6%).
- Research conducted in Wales indicated that in the early months of the pandemic, people in non-permanent employment arrangements were up to 11 times more likely to experience unemployment compared to those in more permanent employment arrangements.

Future impacts

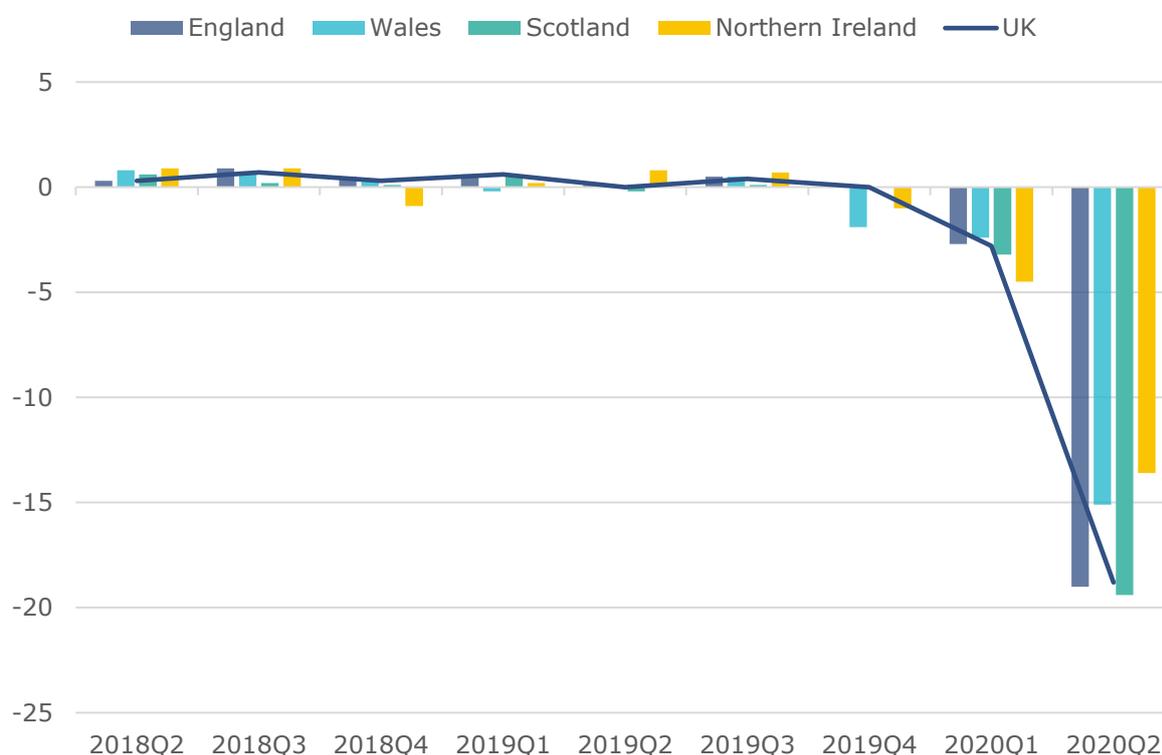
- There is substantial uncertainty about the future, especially when government schemes come to an end as these have been cushions for economic pain caused by the pandemic.
- It is estimated that the Government's £20 benefit increase prevented almost 700,000 people in the UK from going into poverty but that there is likely to be an increase in poverty between 2020 and 2021.
- Young people have been disproportionately affected by the pandemic and are likely to feel the effects of the pandemic for some time with scarring effects on job prospects and the potential for higher tax in the future to pay for the financial support schemes introduced by the Government during the pandemic. Young people leaving school may find it more difficult to find good, fair work and young people who have recently entered the labour market may find it more difficult to make steady career progression.
- Some key sectors such as manufacturing in Wales have been particularly affected by both the pandemic and Brexit. Consideration will need to be given for re-training and expanding opportunities in sectors which are likely to grow (e.g. the green economy).
- Economic recovery will depend on various components including roll-out of effective vaccines, easing of restrictions and the potential for emergence of variants that render vaccines less effective.

1 Introduction

1.1 Welsh economic context

To understand the impact of the COVID-19 pandemic it is important to look at the pre-pandemic context of the UK and Welsh economy and labour market. Figure 1 shows seasonally adjusted Gross Domestic Product (GDP) estimates for the four UK nations from Quarter 2 2018 to Quarter 2 2020. Overall the UK experienced either slight quarter on quarter growth or no growth until Quarter 1 January to March 2020. With the onset of the COVID-19 pandemic the UK saw a decline of 2.5% in Quarter 1 and 18.8% in Quarter 2. Wales followed a similar pattern although there was small quarter on quarter decline in Quarter 4 2019¹.

Figure 1: Seasonally adjusted quarter on quarter GDP growth for the UK and its countries, Quarter 2 (Apr to June) 2018 to Quarter 2 (Apr to June) 2020



Source: data from Office for National Statistics (ONS). Regional GDP estimate. 2021

While unemployment rates have been steadily decreasing since 2011, there was a small increase at the end of 2019, before the pandemic. Between November 2019 and January 2020, the unemployment rate in Wales rose from 2.9% to 3.7%². Similarly, Wales saw a decrease of 0.9% in employment rates between October 2019 and January 2020, which was already lower than the UK average employment rate². In terms of long-

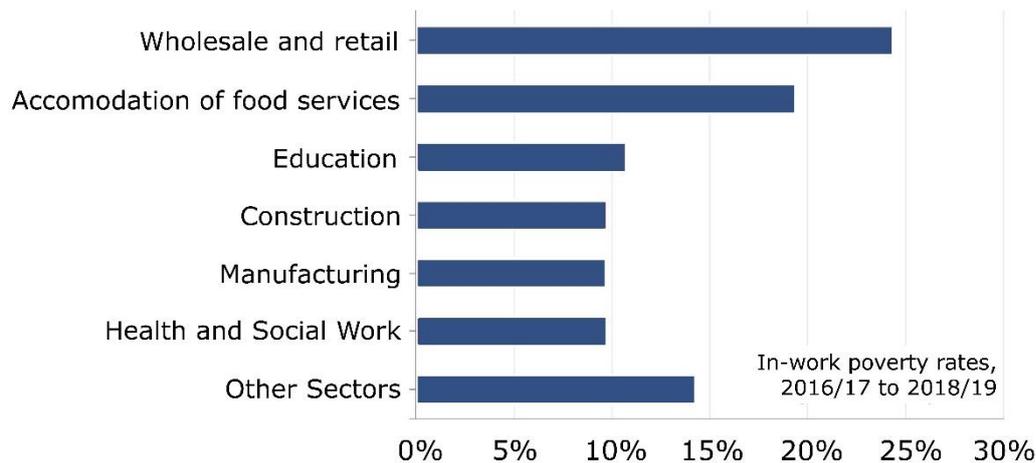
term unemployment, the rate was 3.7 percentage points higher in Wales than the rest of the UK between October 2019 and September 2020³.

A Wales Fiscal Analysis report⁴ has also identified that prior to the pandemic, out of the UK nations, Wales had the lowest proportion of jobs that could be undertaken at home (39.9% compared to 45.2% for the UK as a whole). This is due to the industry and occupational differences in the Welsh economy. There was a higher percentage of key workers (31%) and public sector workers in Wales than the rest of the UK, specifically health and social care workers (14% of workers in Wales)⁵. This suggests Wales was at a disadvantage going into the pandemic and in turn may have resulted in a greater risk of its workforce being furloughed, made redundant or exposed to coronavirus. Mid and West Wales also had a higher percentage of self-employment than the rest of Wales and the UK⁶, with Powys and Ceredigion having rates of over 25% compared to an average of 14% in Wales. This also suggests a disadvantage during the pandemic as it has been reported that many self-employed are missing out on income support due to the government's eligibility requirements⁷.

The pre-pandemic poverty levels in Wales were higher than other UK nations' poverty levels and have been consistently so for some time. An estimated 23% of all people in Wales lived in relative income poverty between 2016/17 and 2018/19⁸. The average UK poverty rate is 22%, which is also the poverty rate for England. The rates in Scotland and Northern Ireland are slightly lower at 19% in both countries. The percentages of working age adults and pensioners living in relative poverty were higher in Wales compared to the rest of the UK and only child poverty levels were slightly higher in England than Wales, with England's child poverty rate at 21% and Wales' at 20%.

Wales also has one of the highest rates of people in-work poverty⁹ at 14% (only second to London), which put a high percentage of workers in low-paid jobs at a disadvantage coming into the pandemic. The in-work poverty rate for single parents in 2016/17-2018/19 was 27%, almost double the national average. The private rental sector has also grown in the last two decades and at the same time, poverty rates amongst private renters remain higher in Wales than the rest of the UK⁹.

Figure 2: In-work poverty rates, 2016/17 to 2018/19, Wales

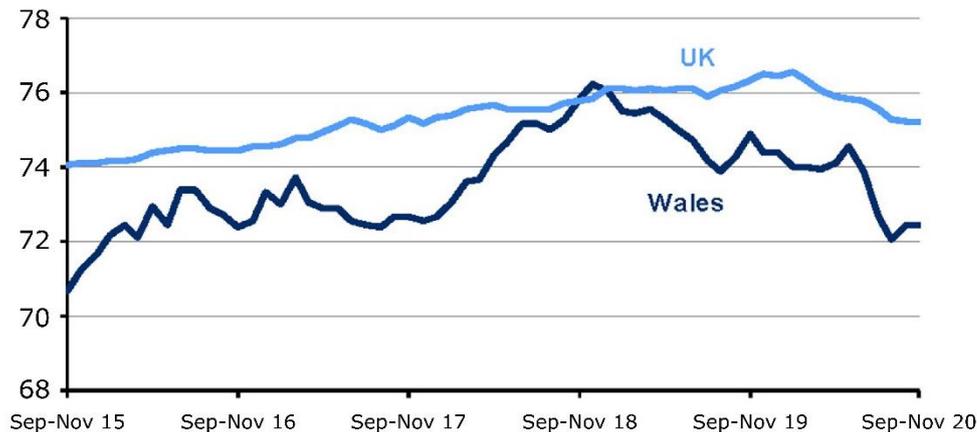


Source: Joseph Rowntree Foundation. *Poverty in Wales 2020*. 2020

Lastly, workers across Wales have lower average (median) pay than the rest of the UK⁹ although higher than Northern Ireland and the North East region of England. The average (median) weekly earnings in Wales in 2020 were £537.80¹⁰. That is £52.10 lower than the English average and £47.70 lower than the UK average. Across the majority of sectors, workers in Wales have an average annual income that is lower than the UK average¹¹. For example, as of 2019, managers, directors and senior officials had an average annual income of £39,167 in Wales but the UK average for this was £56,430. Similarly for lower paid occupations, caring, leisure and other service occupations made an average of £14,966 in Wales, whereas, these occupations made an average of £15,398 on average across the UK¹¹.

Figure 3 illustrates employment rates in the previous five years in Wales and the UK as a whole. Apart from the period September-November 2018, Wales' employment rates have remained consistently below the UK average¹².

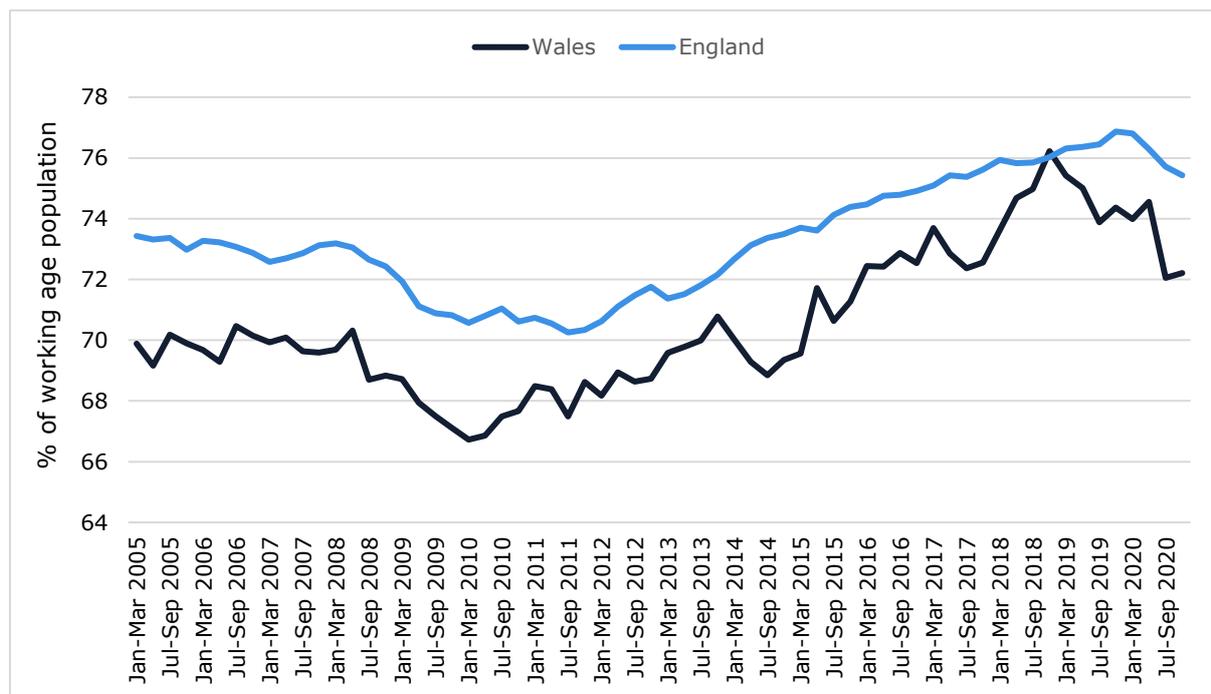
Figure 3: Employment rate, persons (percentage of those aged 16-64), 2015-2020, UK and Wales



Source: Welsh Government. Key Economic Statistic, January 2021. 2021

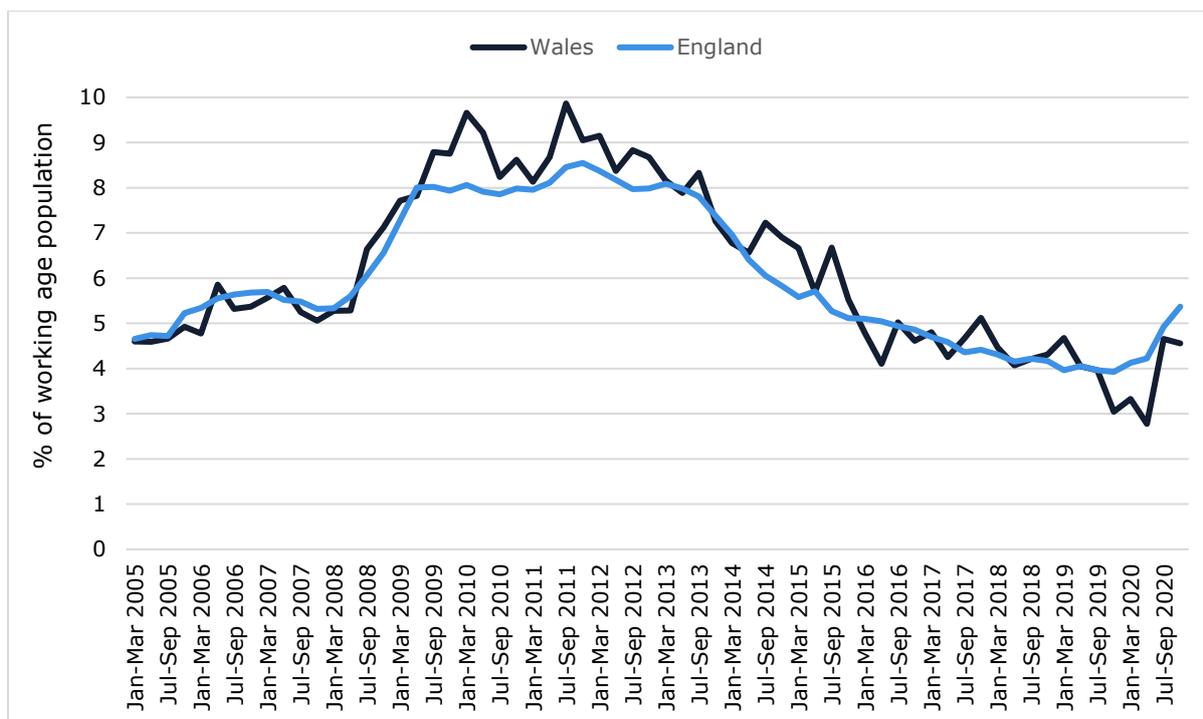
Figures 4 and 5 illustrate employment and unemployment rates for Wales and England for the past 15 years. It is clear that since the 2008 financial crisis and the recession that followed, both rates have slowly improved for Wales and England, with some fluctuations, until 2020.

Figure 4: Employment rates, Wales and England



Source: data from ONS. Regional labour market statistics: H100 Headline indicators for UK regions and countries. 2020

Figure 5: Unemployment rates, Wales and England



Source: data from ONS. Regional labour market statistics: H100 Headline indicators for UK regions and countries. 2020

1.2 COVID-19 and the Welsh economy

The COVID-19 pandemic has resulted in a recession with unprecedented economic, social and health impacts^{13,14,15}. The pandemic and its impact has exacerbated and accelerated existing socio-economic inequalities within Wales and the UK as a whole¹⁶. The impacts of the crisis have been unequal and have been felt especially by low income households, women, Black, Asian, and Minority Ethnic (BAME) groups, young people and in areas with high levels of deprivation¹⁷. Health and economic outcomes have differed depending on socio-economic background, ethnicity and gender.

The recent COVID-19 Marmot review, 'Build Back Fairer: The COVID-19 review', described that the UK has a 'once in a lifetime opportunity' to build back better and fairer¹⁶. Policy measures and interventions at a national and local level introduced to mitigate the economic effects of COVID-19 will need to reflect this. As a wider determinant of health, good, fair work is fundamental in increasing population health and reducing health inequalities. It should be considered as part of mitigating against the adverse impacts and building back fairer. The aftermath of the COVID-19 pandemic will be felt for a long time but measures taken to increase the provision of good, fair employment will go some way towards mitigating against the adverse effects on the population's mental wellbeing and physical health¹⁸. With unemployment set to increase once the financial support schemes end, it is essential that the Government

actively ensures good quality jobs and does not only focuses on quantity of jobs.

The UK economy shrank almost 10% in 2020¹⁹. A large fall happened in Quarters 1 and 2 of 2020 but the economy saw a relative recovery in Quarter 3. This is the largest annual decline on record for the UK and it is a larger decline than past recessions²⁰.

2 Aim of work

The aim of this work is to describe what is known about current and possible future impacts of COVID-19 related employment changes in Wales. The project draws information from grey literature such as Government and third sector reports as well as peer-reviewed and pre-published literature.

3 Scope

The scope of the project is employment changes that relate to job loss, contractual changes (hours worked, precarious employment), income, sector, nature of work (good, fair workⁱ). Home working implications of COVID-19 is not intended to be in the scope of this project.

This work considers:

- Health equity – this is not just about health, but also the fairness/distribution of health, especially as it affects those already deprived, or on low income or at lower educational levels
- Current and future generations – both in terms of impacts on young people, but also families/those in their early years.
- Known impacts, e.g. uptake of schemes such as Coronavirus Job Retention Scheme ('furlough'), or job losses, and predicated impacts
- How Brexit may amplify short to medium term impacts of the pandemic on employment.

The association between employment and contracting or becoming unwell from COVID-19 is not included in the scope of this work.

4 Approach

A systematic approach was used to identify relevant reports, publications and data sources as defined by the inclusion/exclusion criteria (see technical annex for a detailed description). The final list of sources

ⁱ For the purposes of this project, good, fair work is defined as work which provides: sufficient pay, job security, safe working environment, supportive social / psychological environment, work / life balance and worker rights.

included grey literature and published literature. Subsequently, the quality of the data was assessed using a modified version of the AACODS checklist²¹, which included assessing the accuracy and coverage of the source, and then the evidence included was analysed. The next step included extracting key information and key data into an Excel spreadsheet and lastly the key findings were described and summarised in this report. Due to time constraints no secondary data analysis was undertaken.

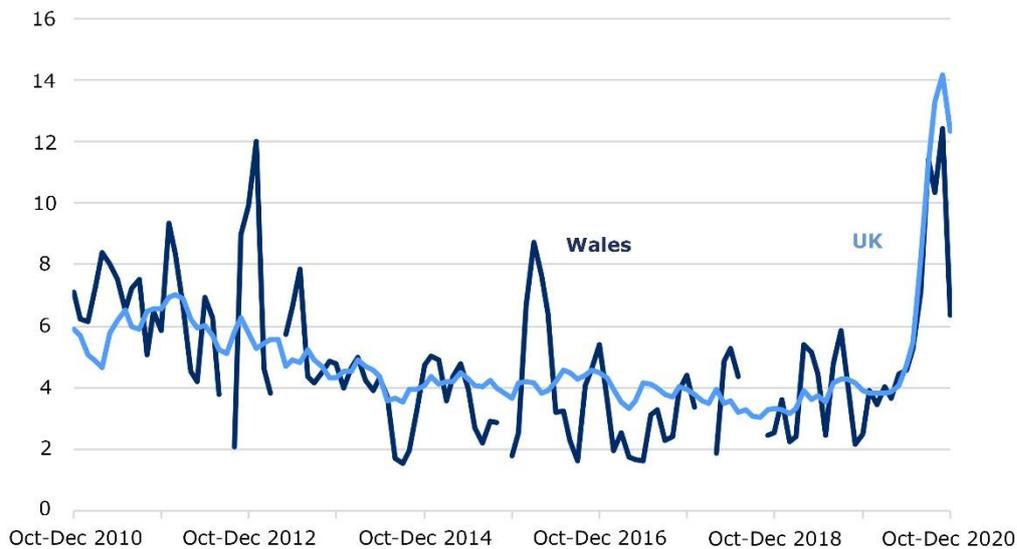
5 Findings

The findings of this project will be laid out in the next two sections divided into current and future impacts. The findings are further divided into sectors, geography, populations, income and poverty, and access to good, fair work. First, the current employment impacts will be described and, subsequently, the future impacts will be examined. Lastly, gaps in the literature of current and future impacts will be discussed as well as the next steps for research and policy making.

The pandemic has had an enormous impact on the UK economy and labour market but the Government's Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme have thus far prevented unemployment rates from dramatically increasing. UK redundancy rates were significantly higher for young people (16-24) in Quarter 2 and 3 of 2020 compared to older age groups. In Quarter 2, the redundancy rate for young people was 10.1 compared to 2.6 for 25-34 year olds, 4.0 for 35-49 year olds and 5.0 for people over 50. However, in Quarter 4, the redundancy rate was highest for people over 50 at a rate of 14.1 compared to 8.8 for young people²². Wales saw 16,000 redundancies in the three months to November 2020¹². This is the highest number of redundancies since records began in 2009 and compared to 2019, the redundancy level quadrupled. The redundancy rate for Wales in the three months to November 2020 was 12.4 per 1,000, which was lower than the average UK redundancy rate of 14.2 per 1,000. This rate subsequently fell to 6.3 per 1,000 in Wales in the next rolling quarter (October – December)²³.

Figure 6 shows the redundancy rates for both the UK and Wales in the last 10 years.

Figure 6: Redundancy rates, UK and Wales*



Source: Welsh Government. Key Economic Statistics, February 2021. 2021 *Note: The redundancy figures for Wales are based on a small sample size. This may result in less precise estimates, which should be used with caution.

The findings indicate that some sectors have been impacted more than others in terms of furlough and reduced hours and pay. The most affected sectors have been manufacturing and construction, non-essential retail, accommodation and food services (i.e. tourism and hospitality), arts and entertainment, and administrative and support services^{24,25}. These sectors have been hit by lockdown and closure of all non-essential shops and venues as well as a shift in product demand and shock to chains of supply.

Furthermore, in some sectors that have remained open the pandemic has changed the way people work including an acceleration of digitalisation^{26,27,28}. There has been a need for some employees in some sectors to be re-skilled or redeployed. Redeployment in certain sectors has also meant training and learning new skills for some. Many have had to use (potentially) new programmes such as Microsoft Teams, Zoom and Skype but this does not seem to have been an issue for businesses

6 Current impacts

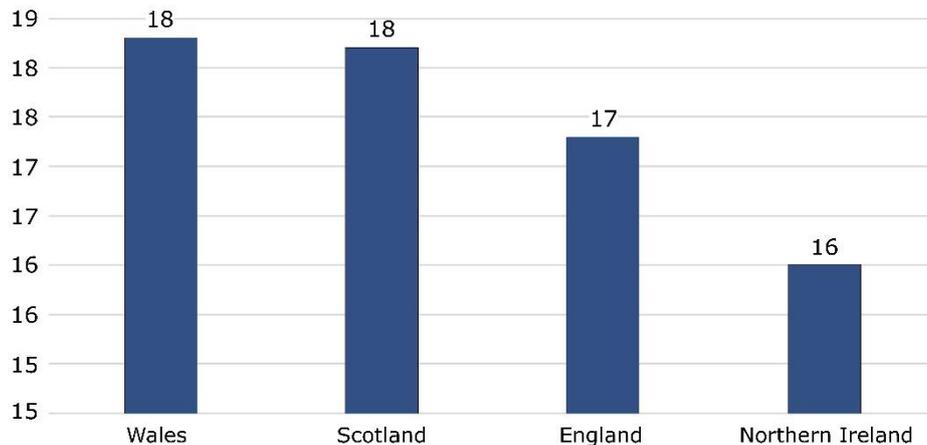
6.1 Sectors

Adapting to a pandemic and multiple nationwide lockdowns has been a major challenge for all businesses but some sectors have been impacted more than others. These sectors, the 'shutdown sectors', account for almost a fifth of the Welsh workforce²⁹ (or a quarter of a million workers).

The pandemic has resulted in job losses, furlough, a reduction in hours worked, and a reduction in pay and average income. This section of the report will look at how the different sectors have been impacted.

Figure 7 illustrates the proportion of workers in shutdown sectors by nation. It is clear that Wales and Scotland have the highest proportions of workers in these sectors compared to England and Northern Ireland.

Figure 7: Proportion of workers in shutdown sectors, by nation.



Source: Learning and Work Institute. *Understanding the potential impact of coronavirus in Wales. 2020*

While there have been redundancies and job losses, the Coronavirus Job Retention Scheme [CJRS], a financial support scheme which allows employers to reclaim 80% of an employee's usual salary (up to £2,500 a month)³⁰, has helped many businesses keep their staff employed rather than make them redundant. At its peak in May 2020 8.7 million people in the UK were furloughed and as of 31 May 2020, 316,500 workers in Wales had been furloughed (around 22% of Welsh workforce)³¹. In June 2020, the take up rate in Wales was 28.9%, which was similar to the rest of the UK where take up rates ranged from 28.6% to 31.8%³². The number of people furloughed slowly decreased as businesses were allowed to reopen over the summer months but increased again by October as restrictions were tightened. As of 31 December 2020, 155,500 workers in Wales were furloughed³³. That was a take up rate of 12%, which was similar to the rest of the UK at this time. As of 31 January 2021, 178,000 of workers in Wales were furloughed (14% take up rate)²³.

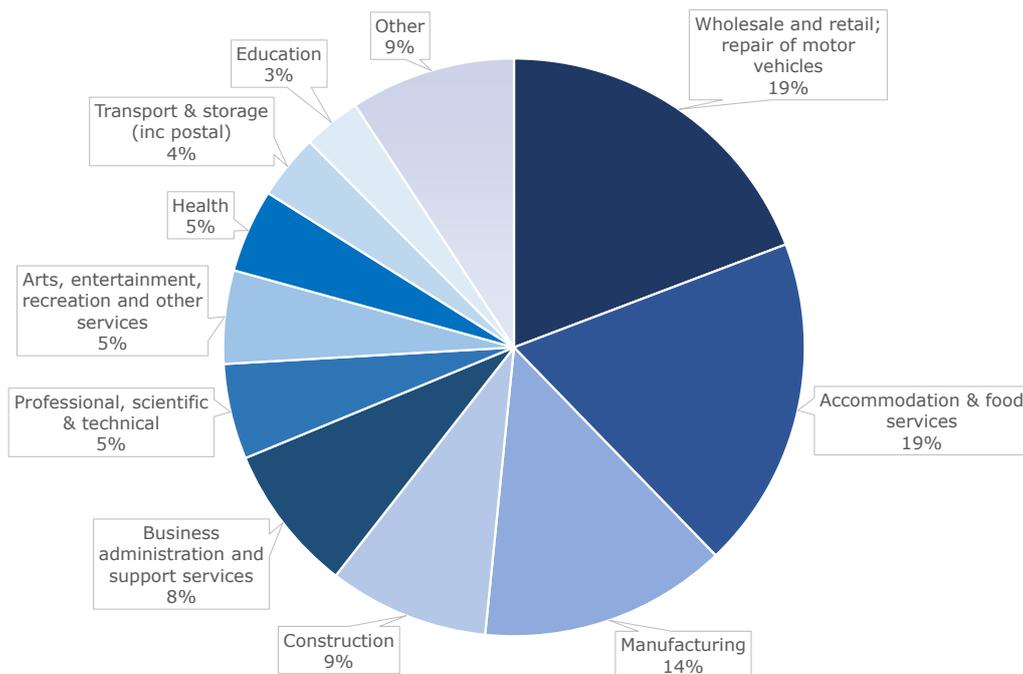
The hardest hit sectors are: manufacturing and construction, non-essential retail, accommodation and food services (tourism, hospitality), arts and entertainment, and administrative and support services^{29,34}. The retail and accommodation and food services sectors account for more than a third of all furloughed workers in Wales¹⁷. Many of these shutdown

sectors are low income jobs. This means that those potentially already struggling to make ends meet have had their pay reduced by a further 20%. All non-essential retail, hospitality and entertainment was completely shut down during the first lockdown that began in March 2020 and again later in the year as well as staying closed in early 2021. These sectors account for 13.9% of the Gross Value Added [GVA] to the Welsh economy in 2018³⁵.

Table 3, which can be found in Section 12, illustrates Coronavirus Job Retention Scheme claims by sector in Wales from May until the end of June 2020. This breakdown of data was not available after August 2020.

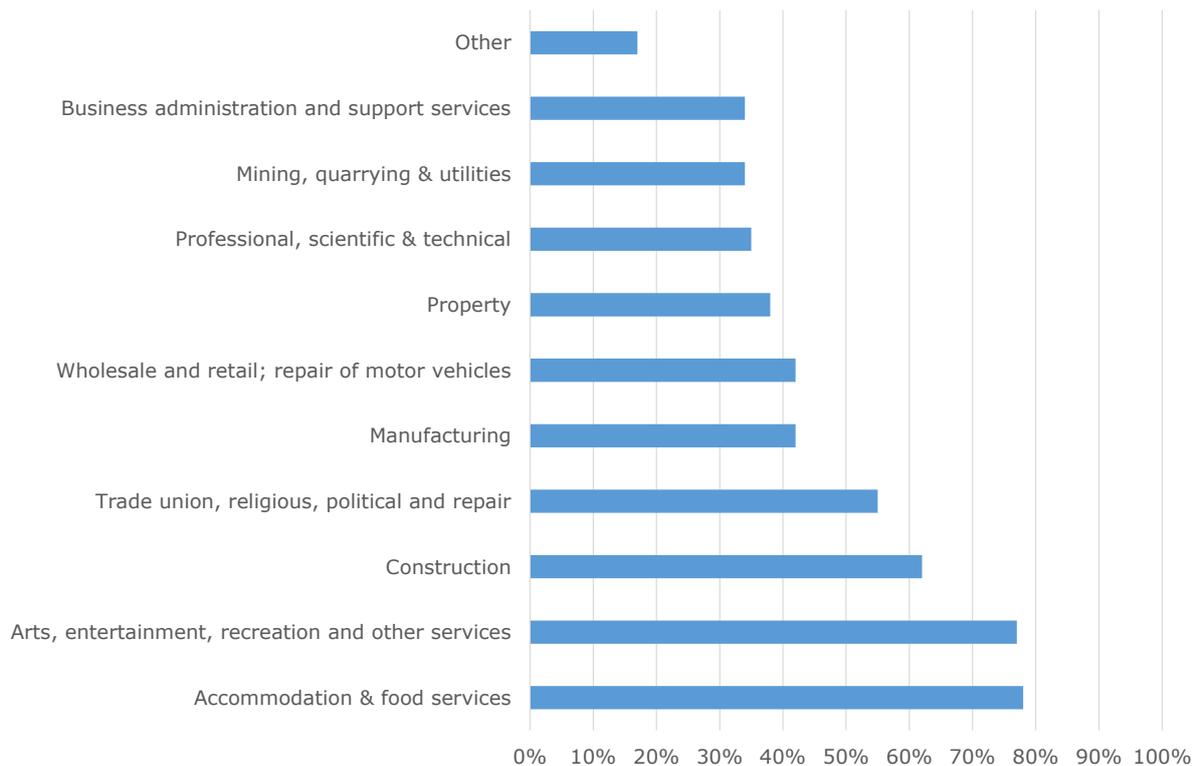
Figure 8 illustrates how the different sectors account for the total amount of workers employed in Wales. Wholesale, retail and repair of motor vehicles accounts for 19% of all furloughed workers in Wales, closely followed by accommodation and food services which account for 18.6% of furloughed workers. Figure 9 shows the take-up rates per sector, with accommodation and food services having the highest furlough take-up rate of all sectors in Wales, closely followed by the arts and entertainment sector.

Figure 8: Employments furloughed by sector, May-June 2020, Wales



Source: data from HMRC. Coronavirus Job Retention Scheme statistics: August 2020. 2020

Figure 9: CJRS Take-up rate per sector, May-June 2020, Wales

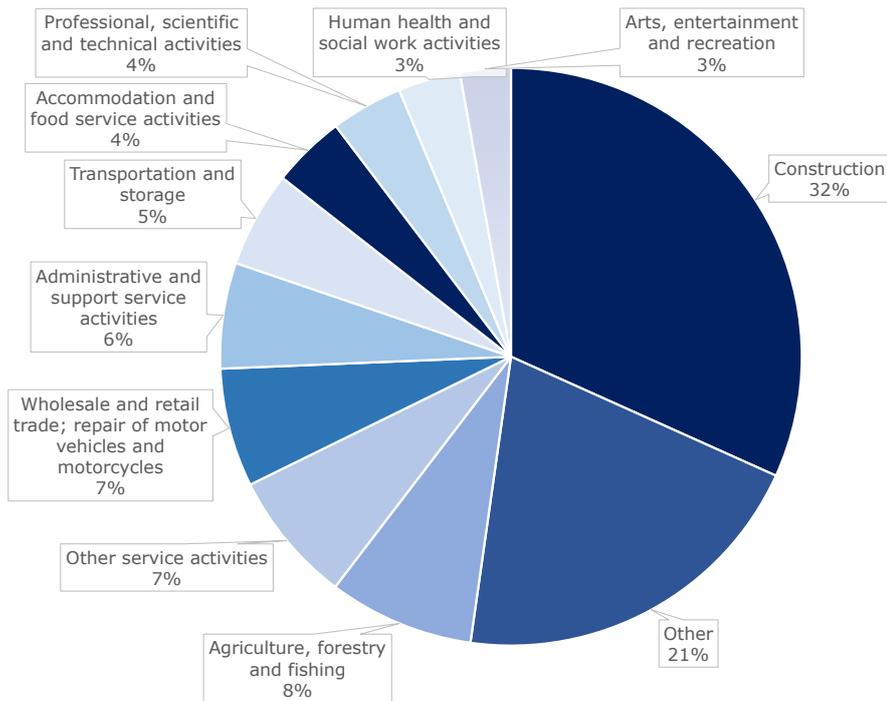


Source: data from HMRC. Coronavirus Job Retention Scheme statistics: August 2020. 2020

The self-employed sector accounts for almost 13.8% of the Welsh workforce⁶. This is slightly lower than the UK average of 14.5%, however, Mid and West Wales have a much higher percentage of workers who are self-employed than anywhere else in Wales²⁷. Self-employed workers can be employed in any sector but as a whole, there is evidence of self-employed struggling to access the support scheme⁷. In May 2020, there were 102,000 people in Wales who had claimed the SEISS grant³⁶. This equates to 73% of those eligible. As of 31st December 2020, there were 78,000 claims for the third wave of SEISS in Wales, which is 56% of those eligible³³. SEISS data for Wales as of 31 July 2020 can be found in Table 4 in section 12.

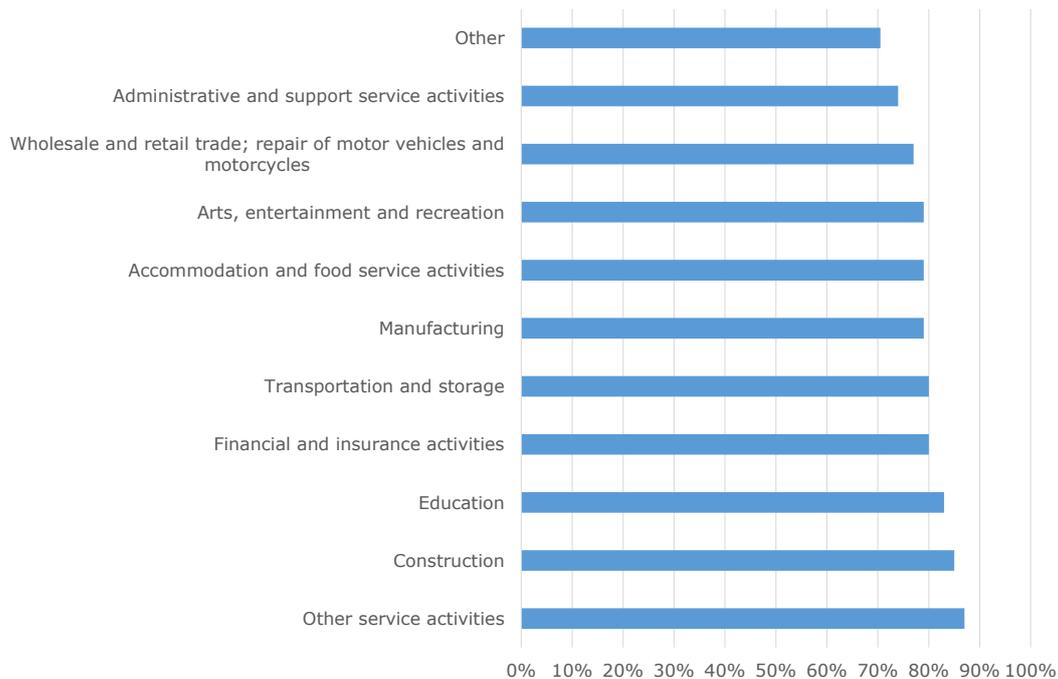
Figures 10 and 11 illustrate the total percentage of SEISS claims made and the take-up rate per sector.

Figure 10: SEISS claims by sector made up until 31 July 2020, Wales



Source: data from HMRC. Self-Employment Income Support Scheme statistics: August 2020. 2020

Figure 11: SEISS take-up rate per sector as of 31 July 2020, Wales



Source: data from HMRC. Self-Employment Income Support Scheme statistics: August 2020. 2020

Manufacturing has experienced a significant loss as there has been less demand and disruption to supply chains. Both the aerospace and car manufacturing industries have experienced this decrease in demand. This could be problematic for the Welsh economy as the manufacturing sector accounts for 16.9% of GVA³⁵. This is the highest GVA for any single sector in Wales.

The wholesale, retail, transport, hotels and food industries make up 23.9% of the total Welsh workforce³⁷. This includes wholesale and retail trade; repair of motor vehicles and motorcycle; transportation and storage; accommodation and food service activities. The accommodation and food sector, which includes all tourism and hospitality, has during each lockdown only been allowed to offer take away food. During the summer when restaurants and cafés were allowed to open again, they were still only allowed limited capacity. Similarly, non-essential retail also introduced strict rules with regards to capacity.

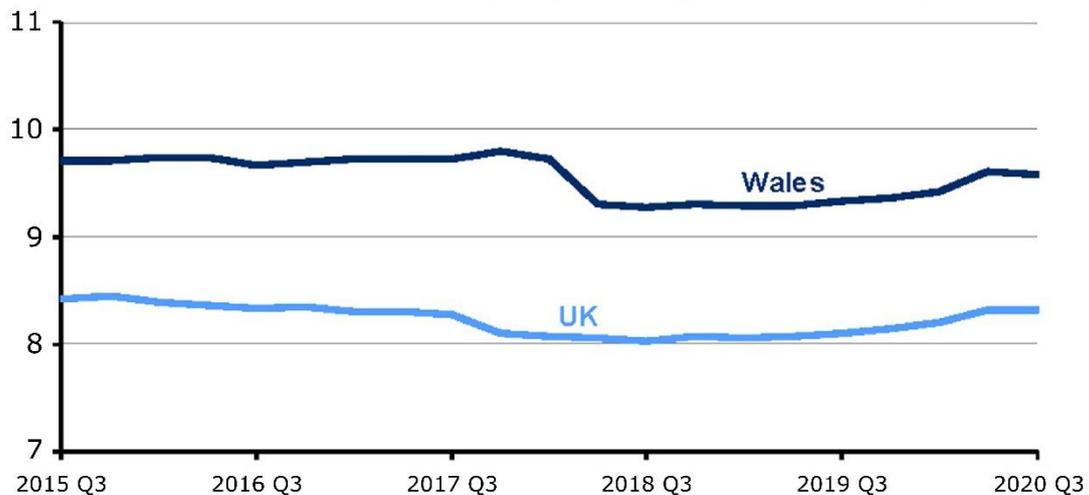
The travel and tourism sector is the fifth biggest sector in the UK in terms of its GDP contribution and in 2019, it was the fastest growing sector in the UK³⁸. In 2018, tourism accounted for 6% of GVA to the Welsh economy³⁹. Many airlines have reduced their staff numbers (Virgin Atlantic, British Airways) while others have gone bankrupt (e.g. Flybe. Flybe was already in a precarious situation before COVID-19 and went into administration in the beginning of March 2020 as a result of the early impact of coronavirus on air travel⁴⁰).

Local Authorities and their social services have not been affected much in terms of furlough as they are delivering essential services across Wales. The furlough take-up rate for public services was only 1% from May to June 2020. Regional Skills Partnership reports from South East Wales suggest that while few have been furloughed, Local Authorities have seen some redeployments and the need for up-/re-skilling²⁶.

Education and health and social care sectors have also not been affected as much in terms of furlough or redundancies as the demand has actually increased for health and social care services. Many healthcare workers have experienced redeployment. Nurses and doctors have been redeployed within hospitals to help out in ICUs and COVID-19 wards. Research suggests some feelings of apprehension towards redeployments as few health care workers reported being adequately trained, prepared or informed about new jobs⁴¹. While there was a high take-up rate in the education sector for self-employed, the education sector SEISS claims only made up 3% of the total SEISS claims made as of 31 July 2020⁴². This means that of the eligible self-employed in the education sector, even if it was a small amount, more than eight of out ten made a claim (83% take up rate).

Figure 12 illustrates Wales' percentage of population in public sector employment compared to the average UK percentage of population in public sector employment. This includes education, public services, and health and social care workers.

Figure 12: Public sector employment, (percentage of population, not seasonally adjusted) 2015 - 2020, UK and Wales



Source: Welsh Government. Key Economic Statistics, January 2021. 2021

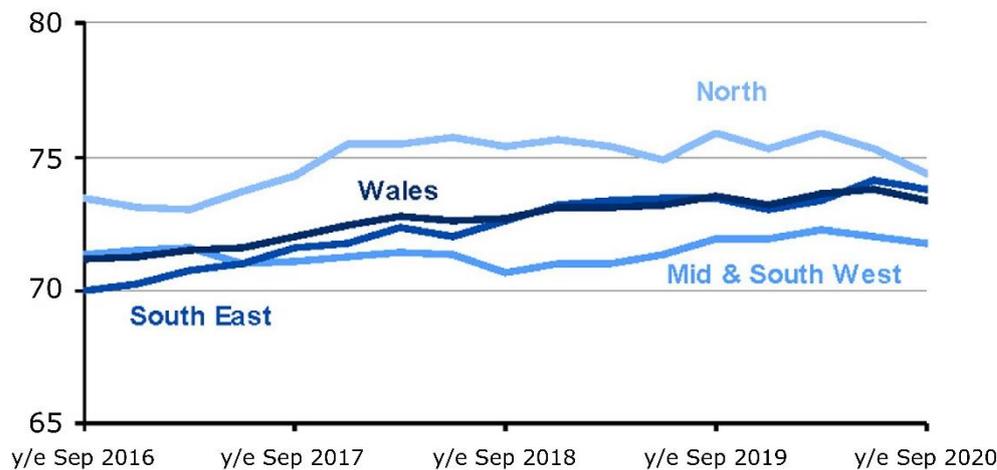
6.2 Geography

Regional Skills Partnership reports from the three economic regions of Wales illustrate which sectors have been most affected around Wales^{26,27,28}. The impacts vary in the North, South East, and Mid and West Wales as some sectors are more prevalent than others in each part of Wales.

Figure 13 shows the local authorities in Wales with most workers in at-risk industries, where at-risk industries are those most at risk of job loss and closure. Over 40% of workers are in at-risk industries in Caerphilly and Blaenau Gwent local authorities in the South Wales Valleys and in Flintshire local authority in North Wales⁹.

In relation to employment, evidence suggests that coastal and ex-industrial towns are most at risk and have been disproportionately affected by the pandemic⁴³. Wales has many ex-industrial towns, especially the Valleys in the South East. The local authorities, which have been identified as having the most workers in at-risk industries, are also home to some of the most deprived areas of Wales according to the Welsh Index of Multiple Deprivation (WIMD)⁴⁴. In 2019, seven of the ten most deprived lower layer super output areas (LSOAs) were in the South Wales Valleys. Two of these areas are in Caerphilly, two are in Rhondda

Figure 14: Employment rates by economic region, (four quarter rolling average, percentage of those aged 16-64, not seasonally adjusted), 2016-2020.



Source: Welsh government. Key Economic Statistic, January 2021. 2021

In North Wales, the manufacturing sector accounts for 14% of the total workforce²⁸. This sector has been hit hard by the pandemic with less demand for aerospace and car manufacturing. However, the energy and environment sector has experienced very little impact in North Wales. The coastal towns of Llandudno and Rhyl have been affected in terms of tourism as these places heavily rely on tourists, especially during the summer⁴³. This includes accommodation, food and leisure businesses. 14.4% of employees in Kinmel Bay, by Rhyl, work in the accommodation sector and the town is in the top 20 places for people employed in the accommodation industry⁴³.

Mid and West Wales have a higher proportion of self-employment than the rest of Wales and the UK. More than 20% of the workforce in Powys, Ceredigion and Pembrokeshire are self-employed⁶. The support for self-employed workers has been harder to access which has resulted in more unemployment related benefit claims. The tourism and hospitality industry is important in Mid and West Wales and these industries have been hit especially hard by the pandemic.

In Mid and West Wales, the health and social care sector accounts for 18% of all employment²⁷. This is a higher percentage than the rest of the country. This sector has been under pressure as the demand for health and social care services has increased during the pandemic. This demand is likely to be present for some time as the country deals with the aftermath of the pandemic.

The South East Regional Skills Partnership report²⁶ has highlighted the importance of the 'human foundational economy' in the region. The report

splits this into two categories: 'Education, Health, Social Care and Childcare', which represents almost 30% of the regional workforce, and 'Hospitality, Retail and Tourism', which represents almost 25% of the regional workforce. The latter category has been affected much more than the former.

The creative sector is one of the fastest growing sectors in the South East, particularly in Cardiff. This sector has been hit by discontinuations of productions and furlough. As of 2019, the arts, entertainment and creative sector employed 43,400 people in Wales³⁷ and 77% of those eligible had been furloughed as of June 2020 (see Table 3 in Technical Annex).

6.3 Populations

The pandemic has impacted on everyone in Wales but certain populations have been more affected than others. This includes young people, women and Black, Asian and Minority Ethnic (BAME) groups^{17,45}. This section will consider different population groups and how they have been affected by COVID-19 related employment changes.

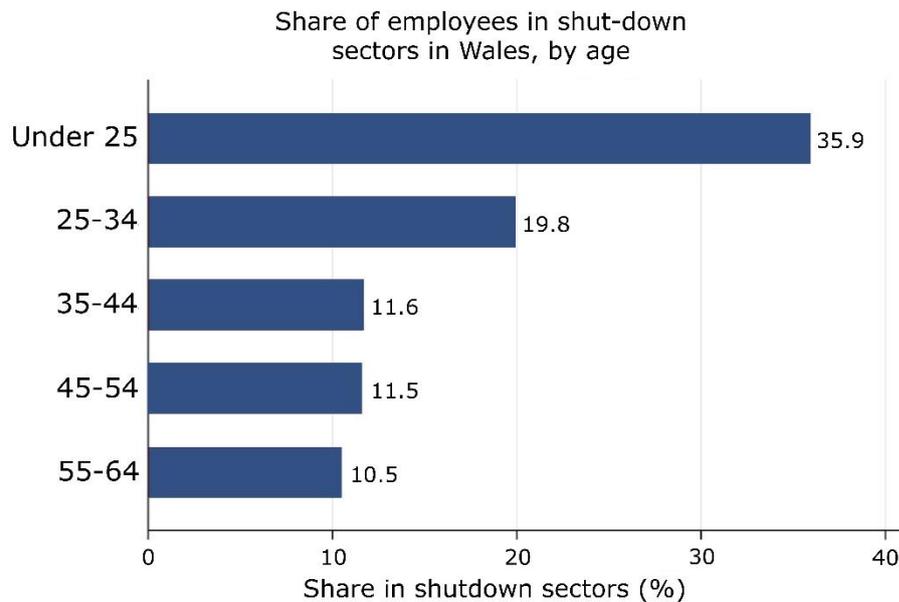
6.3.1 Age

In terms of employment, there is strong evidence that young people aged 16-24, have been affected the most by the COVID-19 pandemic. In 2019, there were an estimated 341,093 young people in Wales⁴⁶, which is 17.7% of the working age population (16-64 year olds). They have been affected in terms of disrupted education, suspended apprenticeships, and restricted employment which have contributed to an adverse effect on mental wellbeing⁴⁷.

There is a higher proportion of young people working in shutdown sectors and lower paid sectors⁵, which means that young people have also been more likely to be furloughed⁴⁸. More than a third (35.9%) of young people who are employees work in shutdown sectors in Wales. Across the whole of the UK, 16% of young people in employment work in elementary administrative and service jobs, which includes bar staff, waiters and kitchen assistants, cleaners, security guards and elementary sales jobs and 13% work in sales, predominantly retail jobs and telesales⁴⁹.

Figure 15 illustrates the proportions of different age groups working in shutdown sectors and it is clear that young people have been the most affected.

Figure 15: Proportion of employees in shutdown sectors in Wales, by age.

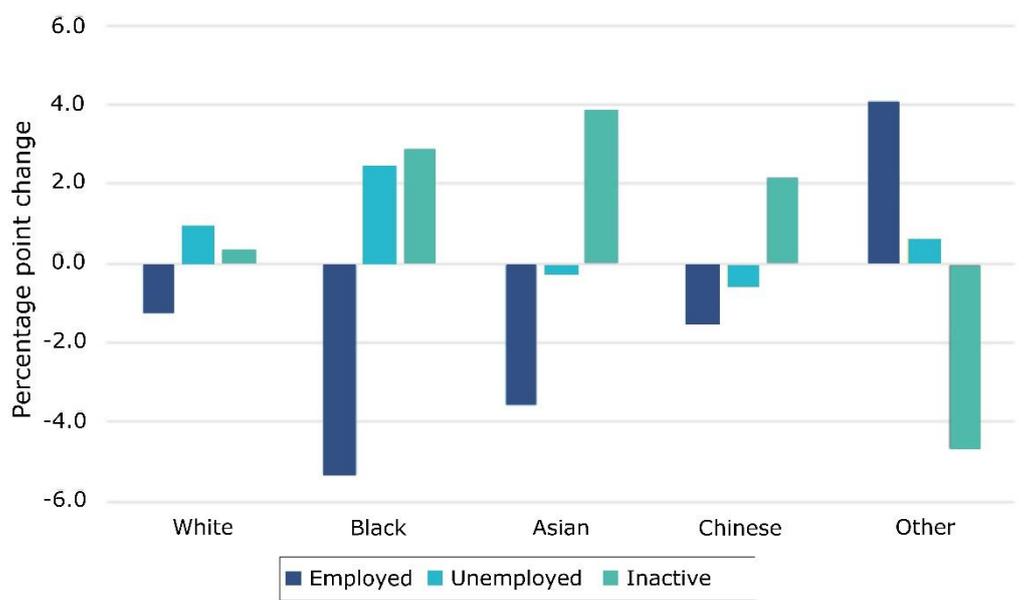


Source: Wales Fiscal Analysis. Covid-19 and the Welsh economy: shutdown sectors and key workers. 2020

While all young people have been affected by the pandemic, young BAME groups have been affected more than young White British people in terms of employment and economic inactivity^{49,50}. Both the fall in employment rates and the rise in economic inactivity rates for BAME groups have been greater than for White British young people (see Figure 16).

Evidence suggests that while employment rates have fallen, there has actually been a slight increase in young people entering education as a result of the pandemic⁴⁹. Education participation for young women has risen from 46% to 49% while it has stayed the same for men (41%) in Quarter 2 and Quarter 3 of 2020⁴⁹. This increase in education participation means that even with employment rates falling, there are overall less young people not in work or education. However, there has also been a fall in young people working and studying at the same time. This may be problematic for young people from low income households who have needed the extra income whilst studying.

Figure 16: Percentage point change in employment, unemployment and economic inactivity for young people by ethnicity, pre-crisis and during crisis, UK, age 16-64

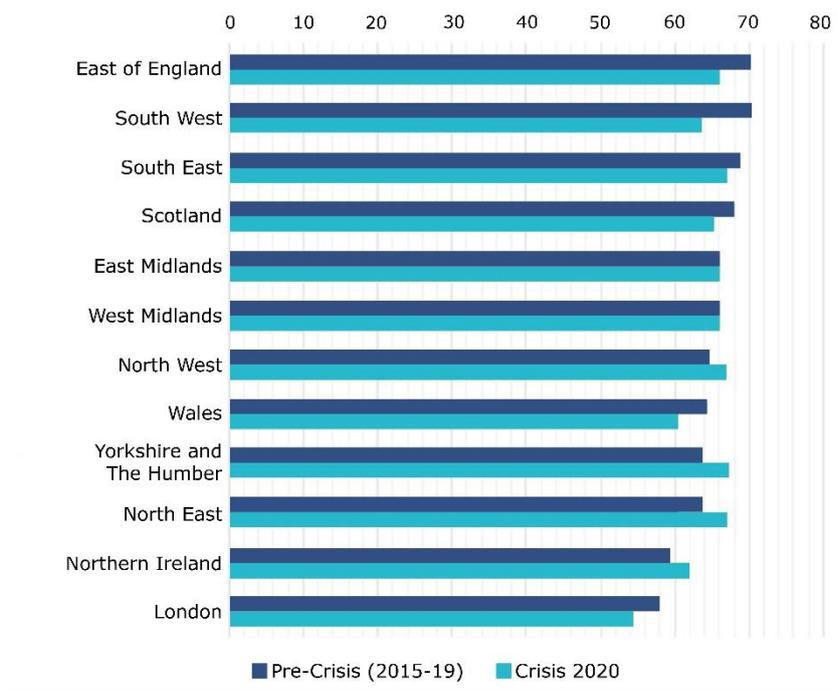


Source: IES. *An unequal crisis*. 2021

Youth employment rates have fallen across most regions and UK nations as a result of the pandemic⁴⁹. A few regions in England and Northern Ireland have seen increases but Wales now has the lowest youth employment rates compared to other UK nations with a rate of 60% (only London has lower youth employment rates than Wales with a rate of 54%). Figure 17 illustrates this.

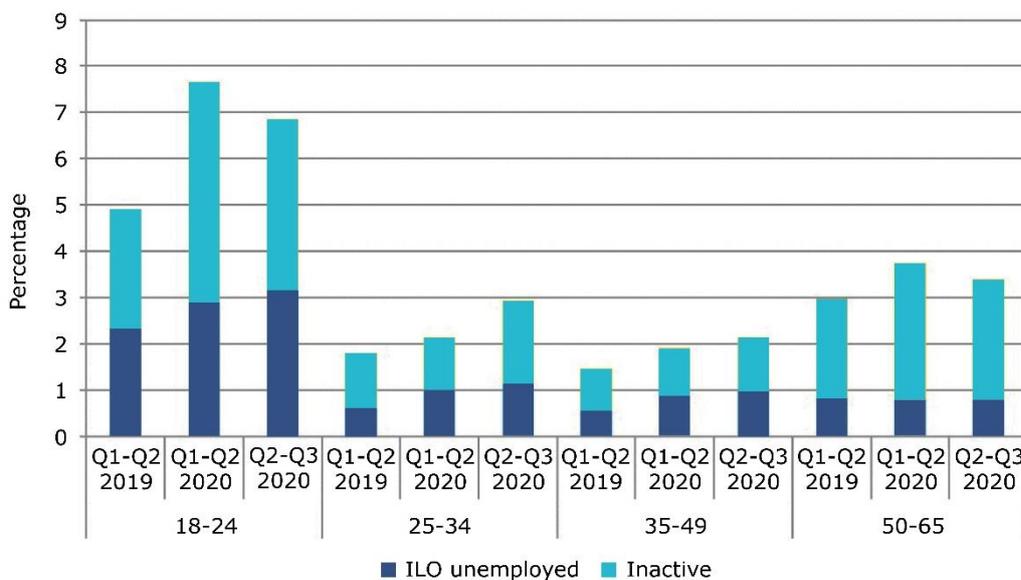
Young people in employment were also more likely than older populations to flow out of employment and into unemployment and economic inactivity, both before and during the pandemic⁵¹. It has significantly increased due to the pandemic (see Figure 18).

Figure 17: Youth employment rates by region, pre- and during crisis, UK



Source: Institute for Employment Studies. *An unequal crisis*. 2021

Figure 18: Percentage flows out of employment by age group and destination, quarterly comparisons, UK



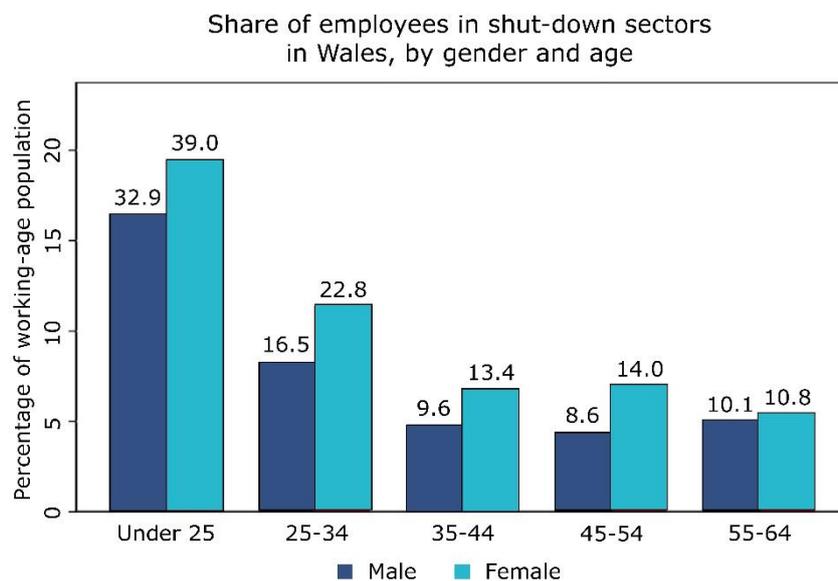
Source: Institute for Employment Studies. *The impacts of the coronavirus crisis on the labour market*. 2020

Young people in school are worried about their future and job prospects and are also worried about their academic performance being impacted by online learning^{52,53}. Furthermore, some pupils felt a lack of support both during lockdown and during their return to schools. This may be due to a reduced number of staff in schools and an increased demand for support from the pupils.

In relation to employment, current evidence suggests that women have been more affected by the pandemic than men. In 2019, women made up 50.7% of the total population in Wales⁴⁶. There are more women in part-time work, shutdown sectors, and low paying jobs as well as in key workers jobs in the public sector, which includes health and social care jobs^{5,54}. The latter is also classed as 'at risk' jobs as they are more at risk of exposure to COVID-19.

Figure 19 shows that there are more women than men in every age group of shut down sectors. This also corresponds with more female employees furloughed than male employees⁵⁵.

Figure 19: Proportion of employees in shutdown sectors in Wales, by gender and age.



Source: *Wales Fiscal Analysis. Covid-19 and the Welsh economy: shutdown sectors and key workers. 2020*

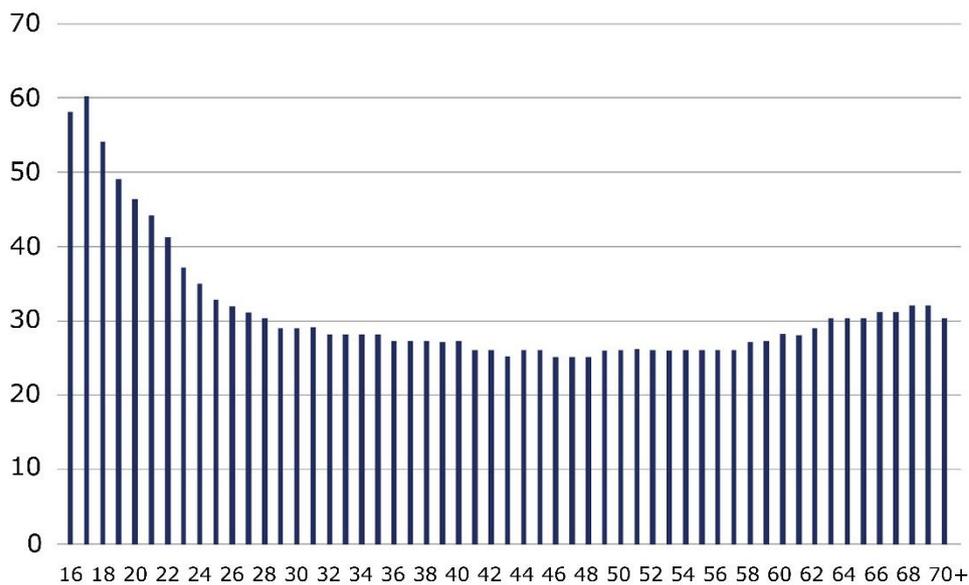
Middle aged people in good or higher income jobs were more likely than younger and older populations to have their pay affected by the furlough scheme as they are likely to be earning more than the £2500/month furlough limit⁵⁶.

People aged 50 years and older are most likely to have been unemployed for a year or more (Figure 21)⁵⁷. The older working age population (55-64

year-olds) has also been affected by furlough and redundancies⁵⁷. In 2019, this group of people account for 21.3% of the total working age population in Wales⁵⁸.

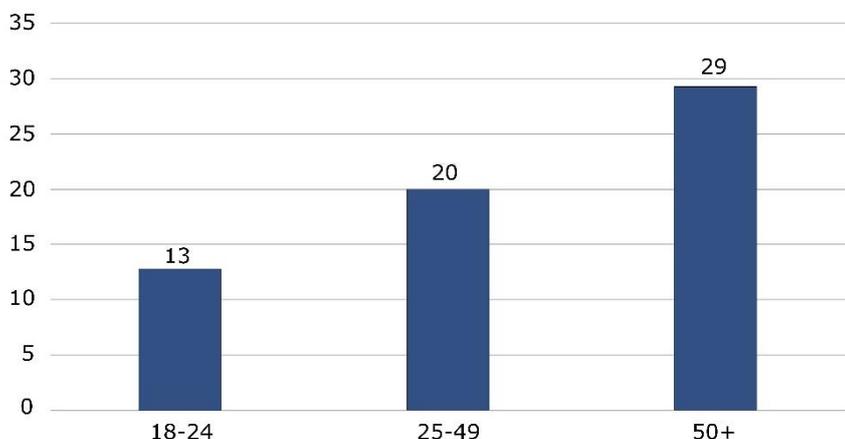
Figure 20 illustrates that older people were slightly more likely than middle-aged people to be furloughed and Figure 21 illustrates that older people were also more likely to be long-term unemployed compared to younger age groups.

Figure 20: Proportion of workers furloughed by age, 2020, UK



Source: Learning and Work Institute. *A mid-life employment crisis. 2020*

Figure 21: Proportion of unemployed for more than 12 months by age, 2020, UK



Source: Learning and Work Institute. *A mid-life employment crisis. 2020*

Welsh Government data indicates that fewer apprenticeships ended in 2020 compared to previous years⁵⁹. These data also show that young apprentices were more likely to have been furloughed than older apprentices. The largest number of apprentices (7,770) were furloughed at the end of May. This was 21.9% of all apprenticeships (35,130) between 20th March 2020 and 24th July 2020⁶⁰. This has since decreased and as of 26th February 2021, 1,765 apprentices were furloughed, a slight rise from the autumn months in 2020⁶¹.

The Regional Skills Partnership reports from South East Wales, Mid and West Wales, and North Wales^{26,27,28} indicate that the impact on apprenticeships has varied from sector to sector and have found that it is hard to predict what the future impacts on apprenticeships will be.

Overall, the impact of COVID-19 and the associated control measures on employment has been greatest on young people aged under 24 with the least impact being on those workers in the middle working-age bands.

6.3.2 Gender

Some reports have highlighted that the pandemic has also exacerbated pre-existing gender inequalities⁶². Women who are working from home are taking on more work at home, including home schooling and general childcare as children have spent the majority of the last year at home instead of going to nurseries and schools. A survey of 20,000 working mothers in the UK, conducted by the Pregnant then Screwed charity⁶³, found that almost 65% of mothers who had been furloughed blamed lack of childcare. 72% of mothers not furloughed reported having had to work reduced hours due to increased childcare responsibilities. HMRC's furlough time series and statistics show that there has been a higher proportion of women furloughed at all times during the pandemic⁶⁴.

Women are also much more likely than men to be single parents as nine out of ten lone parents are women⁶². A lone parent household is defined as a household with one adult and one or more children. Lone parent households make up 6.7% of all households in Wales in 2019 (92,984 households)⁶⁵ and account for 14.5% of all families in Wales⁶⁶. There were 131,000 lone parent families in Wales in 2019. Before the pandemic single parents were twice as likely as other parents to be working in shutdown sectors⁶⁷. Single mums are also more likely to be employed in shutdown sectors or as key workers than fathers and parents in opposite gender couples⁶⁸. This has resulted in single parents being more likely to have been furloughed and, especially, single mothers being worse off than coupled parents.

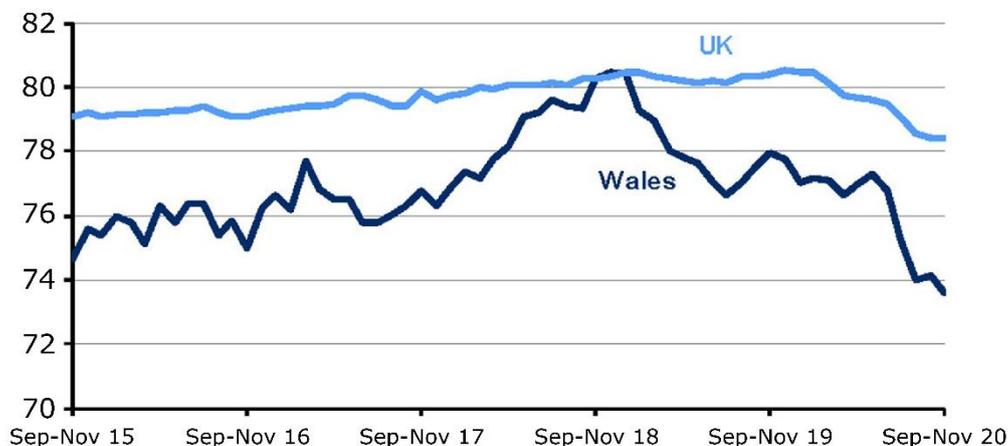
While the pandemic has taken its toll on all low income workers, low income families and households with dependent children have been especially affected^{69,70}. Evidence suggests that families on low income and

dependent children have been spending more money with children staying at home due to closure of school. This has increased spending on food, electricity and entertainment for the children. Furthermore, remote/online schooling has affected low income families as many have had to invest in things such as laptops and broadband. With restricted access and travel, low income families may also have had to shop in more expensive stores.

While economic inactivity rates, in general, are lower for men than women, economic inactivity levels for men in Wales have increased and are at the highest level since 1998¹². Similarly, employment rates have also continued to decrease for men both in Wales and in the UK. Construction, a typically male dominated sector, has been hard hit and at the peak of furloughed employees in May 2020, over 50% of construction workers were furloughed⁷¹.

Figure 22 illustrates how employment rates have also continued to fall for men since the end of 2018.

Figure 22: Employment rate, men (percentage of those aged 16-64), 2015-2020



Source: Welsh Government. *Key Economic Statistics, January 2021. 2021*

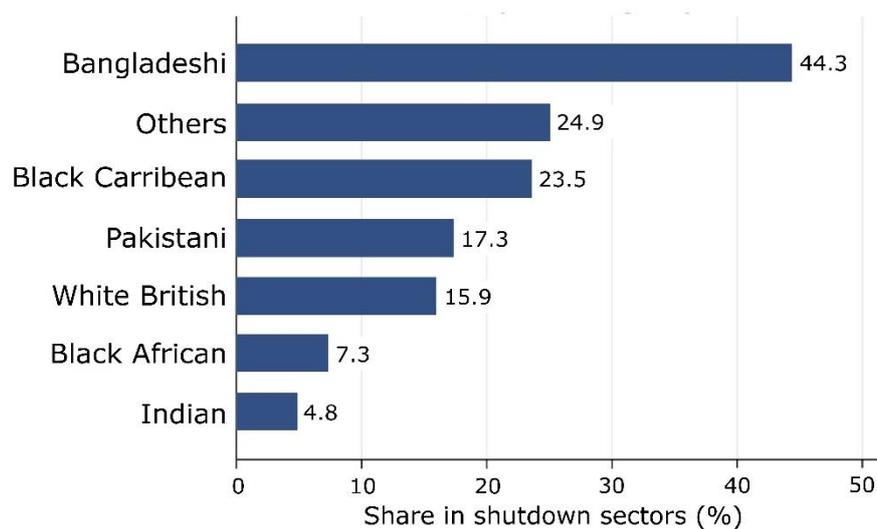
6.3.3 Ethnicity

It is estimated that BAME groups make up 5.5% of Wales' total population as of September 2020⁷². The majority of these populations are concentrated in cities such as Cardiff (19.1%), Newport (12.3%) and Swansea (8.4%). The percentage of the populations from a BAME group for all other local authorities in Wales is below 5%, with Powys having the lowest percentage at 1.4%. BAME workers are overrepresented in some sectors, often low paid sectors, shutdown sectors and key worker jobs⁵. Some minorities more than others are particularly overrepresented in shutdown sectors. For example, almost 44.3% of Bangladeshi employees

work in shutdown sectors in Wales compared to around 15.9% of White British employees and only 4.8% of Indian employees (see Figure 23). In England and Wales, Black African workers are disproportionately represented in the health and social care sector compared to other ethnic groups⁷³. While this sector has not seen as many workers furloughed as other sectors, these workers are more at risk of getting COVID-19 and having poorer outcomes from the disease⁷³.

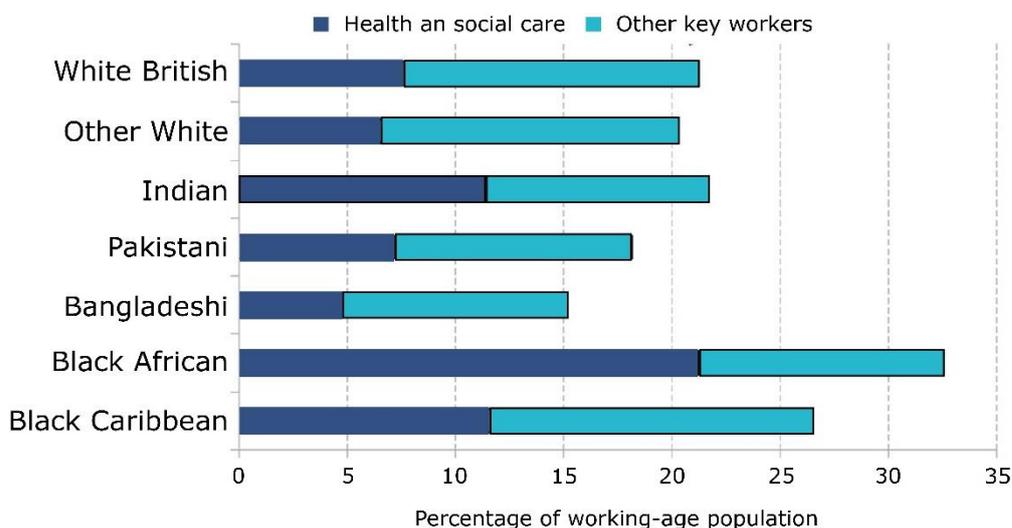
Figure 24 below illustrates the distribution of key workers by ethnic group in England and Wales.

Figure 23: Proportion of employees in shutdown sectors in Wales, by ethnic group.



Source: *Wales Fiscal Analysis. Covid-19 and the Welsh economy: shutdown sectors and key workers. 2020*

Figure 24: Share of key workers among those of working age in each of seven ethnic groups, England and Wales



6.3.4 Populations with disabilities

There is currently limited information available on the socio-economic impacts that the pandemic has had on people with disabilities in the UK. Some reports state that people with disabilities are slightly more likely to have been furloughed or had their hours reduced than people without disabilities⁷⁴. They are worried that people may become de-skilled whilst not working and will have to be retrained as they go back to work. The loss of routine and stability is also a worry for people with learning disabilities. Research, which analyses data from the Understanding Society study, has found that people with disabilities have also been more likely to report worse mental health and wellbeing compared to non-disabled people⁷⁵. This research also mentions that people with disabilities were more at risk of experiencing financial stressors following the pandemic.

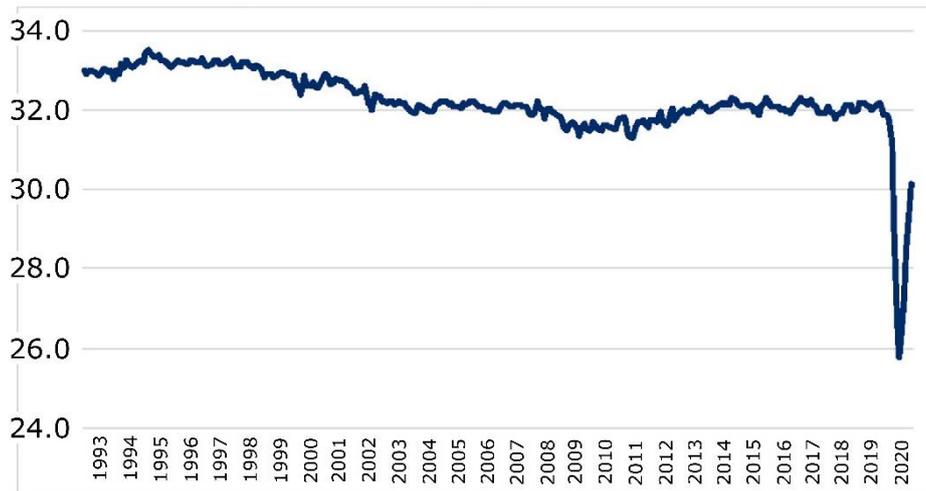
A report from the Welsh Government has analysed the impact that the pandemic has had on disabled people⁷⁶. In the year ending in September 2020, 14.5% of employees in Wales were disabled, as defined by the Equality Act 2010. 48.5% of working age disabled people were in employment compared to 80.6% of those not disabled, creating a disability employment gap of 32.1 percentage points. The analysis also shows that the disability employment gap is lower for women than men (28.9 percentage points and 35.4 percentage points respectively). While the disability employment gap has narrowed in recent years, there has been a slight drop in employment rates for disabled people in Wales in 2020, like there has also been for not disabled people.

6.4 Income and poverty

The pandemic has resulted in a big decline in average hours worked per week in the UK (see Figure 25)¹². Lockdown measures, which resulted in businesses closing, furlough and reduced opening hours, have contributed to this decline in average hours worked. Similarly, experimental claimant count rates have increased significantly since March 2020 in both Wales and the rest of the UK (see Figure 26)¹². The claimant count almost doubled in Wales from March 2020 to July 2020.

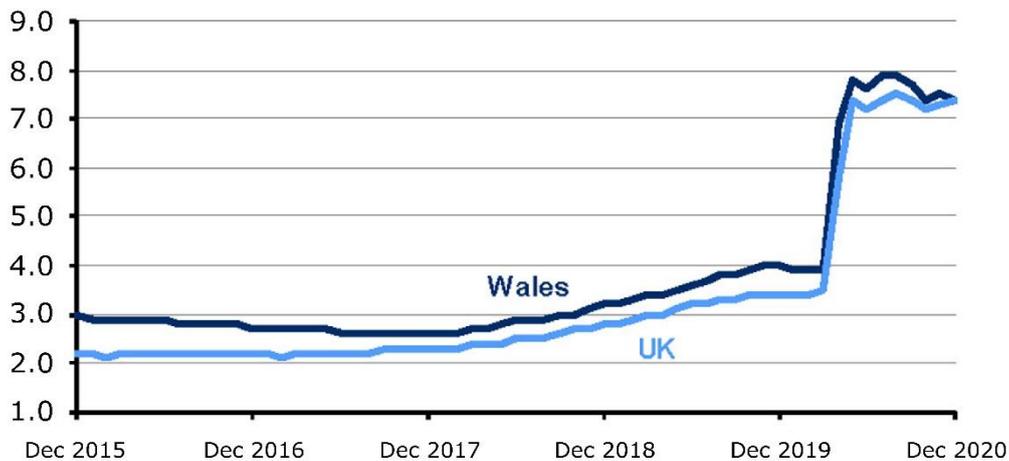
Before the pandemic almost a quarter of people in Wales lived in relative income poverty⁷⁷. The economic impacts of the pandemic are likely to harm those in low paid and insecure jobs. Workers in low paid jobs were more likely to be employed in shutdown sectors and have, therefore, also been more likely to have experienced furlough, reduced hours and pay than workers in higher paid jobs³⁴.

Figure 25: Average hours worked, UK



Source: Welsh Government. Key Economic Statistics, January 2021. 2021

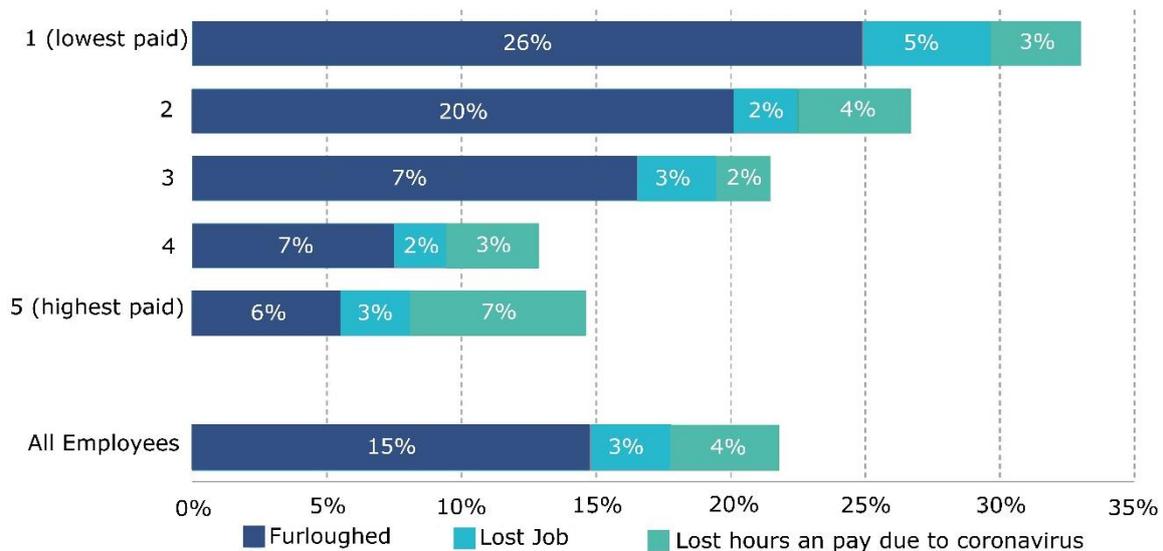
Figure 26: Experimental claimant count rates (percentage of civilian workforce), UK and Wales



Source: Welsh Government. Key Economic Statistics, January 2021. 2021

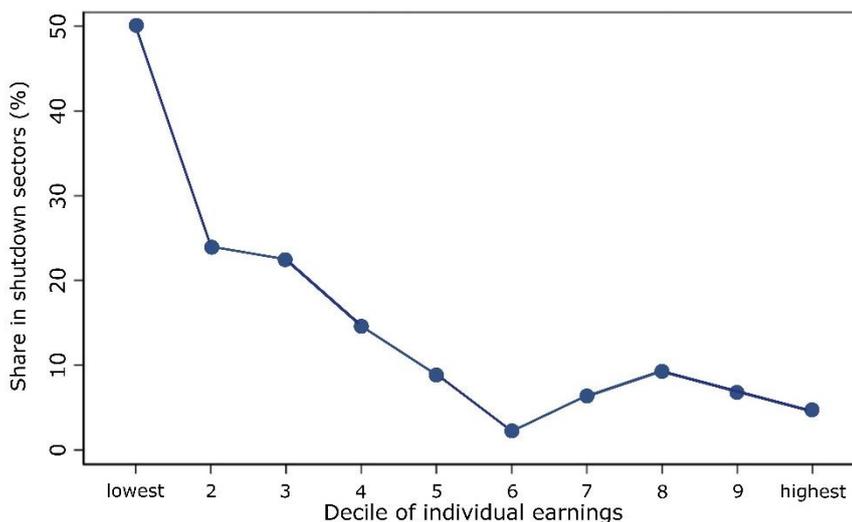
A Resolution Foundation report also found that workers in the highest paid jobs were twice as likely as the lowest paid jobs to experience reduced pay but less likely to experience job loss⁷⁸. Figure 27 illustrates that one-third of the lowest paid workers in the UK have been furloughed or lost jobs or hours. The graph also shows that the lower paid you are, the more likely you are to have been affected by furlough, loss of hours and redundancies⁷⁸. The highest paid have also been affected by reduced hours and pay due to the pandemic but these workers are potentially not as affected by the pay reductions as lower paid workers. Figure 28 illustrates the share of employees in shutdown sectors by individual earnings in Wales.

Figure 27: Proportion of employees who have experienced job changes, by employee earnings quintile prior to the outbreak: UK, 6-11 May 2020



Source: Resolution Foundation. *The effect of the Coronavirus crisis on workers. 2020.*

Figure 28: Share of employees in shutdown sectors by individual earnings (from 2019), Wales



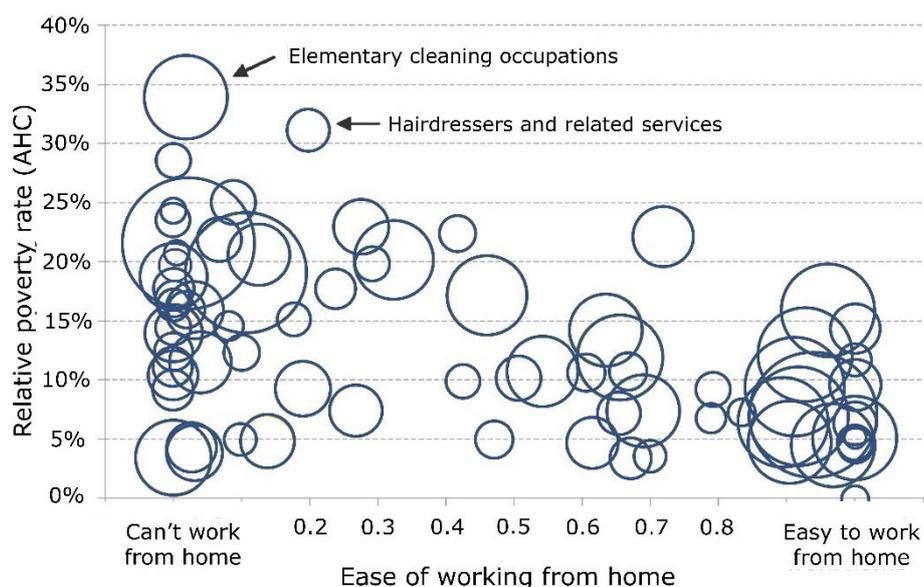
Source: Wales Fiscal Institute. *Covid-19 and the Welsh economy: shutdown sectors and key workers. 2020*

Workers in the food, wholesale, accommodation and retail industries faced some of the highest in-work poverty rates before the pandemic⁹, which means that a further reduction of pay could be detrimental for this group of people. In 2016/17-2018/19, Welsh workers in poverty accounted for 14% of the total workforce⁹. While the furlough scheme pays up to 80% of workers' wages, this has still meant a pay cut of 20%

for workers being furloughed. This is a significant reduction if your pay already does not cover essentials like rent, food and bills.

Figure 29 compares relative poverty rates and ease of working from home by occupation. The occupations with higher relative poverty rates are less likely to be able to work from home compared to occupations with lower relative poverty rates which are more likely to be able to work from home⁷⁹. This has resulted in people, who are already living in relative poverty, not being able to continue working during the pandemic.

Figure 29: Relative poverty rates and ease of working from home, by occupation, 2015–2018, UK



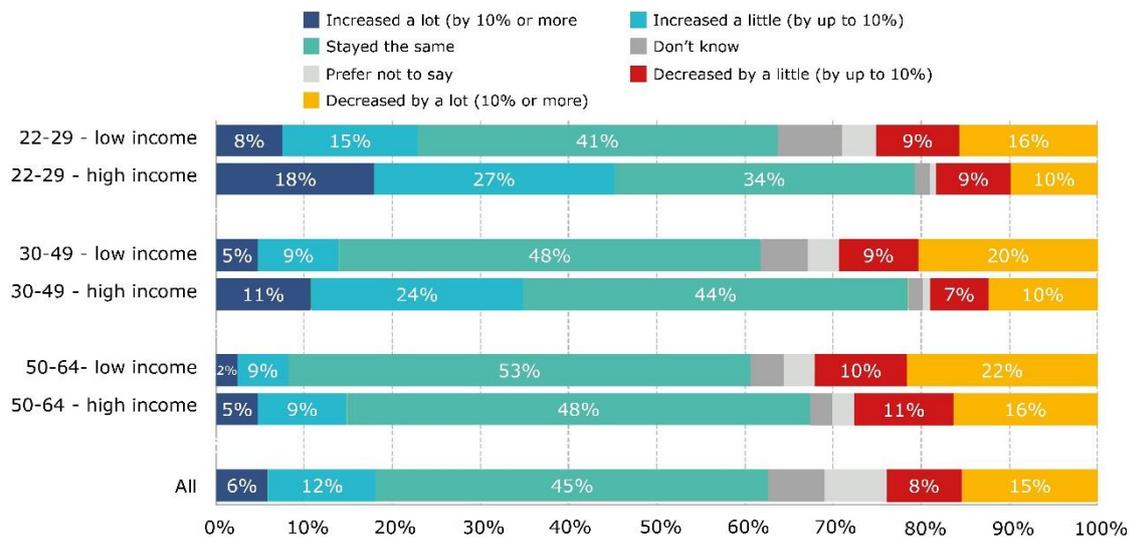
Source: Institute for Fiscal Studies. *Living standards, poverty and inequality in the UK: 2020. 2020*

People who receive benefits have been receiving an extra £20 pounds a week during the pandemic. At the time of writing⁸⁰, the £20 weekly Universal Credit uplift was extended for 6 months in the 2021 Budget. This means that, currently, it will be in place until the end of September 2021.

There is evidence that people, on average, have been able to save a little more or the same amount as usual this past year⁵⁶. People with high incomes have been able to save, especially the 22-29 years age group with high incomes⁶⁸. There has been restricted opportunity to spend disposable income during lockdown due to the closure of non-essential retail, restaurants, personal care businesses as well as restricted opportunity to travel and go on holiday. People with low incomes, however, have been spending more and borrowing more than before the pandemic. The amount they have been able to save has decreased more

than people on high incomes in every age group. Figure 30 illustrates how different age groups' saving rates have increased or decreased depending on their income.

Figure 30: Proportion of people whose family saving rate have changed compared to before the pandemic, by age group and 18-65 year old family income quintile before pandemic (excluding retired and students), UK, 6-11 May 2020



Source: Resolution Foundation. *An Intergenerational Audit. 2020*

Research conducted by the Child Poverty Action Group found that eight out of ten low income families reported being in a worse financial position than before the pandemic, and half reported being much worse off⁸¹. This was due to a reduced income and increased spending. They found that even the families not affected by change in employment reported a worsening financial situation due to increased spending and overall living costs.

6.5 Access to good/fair work

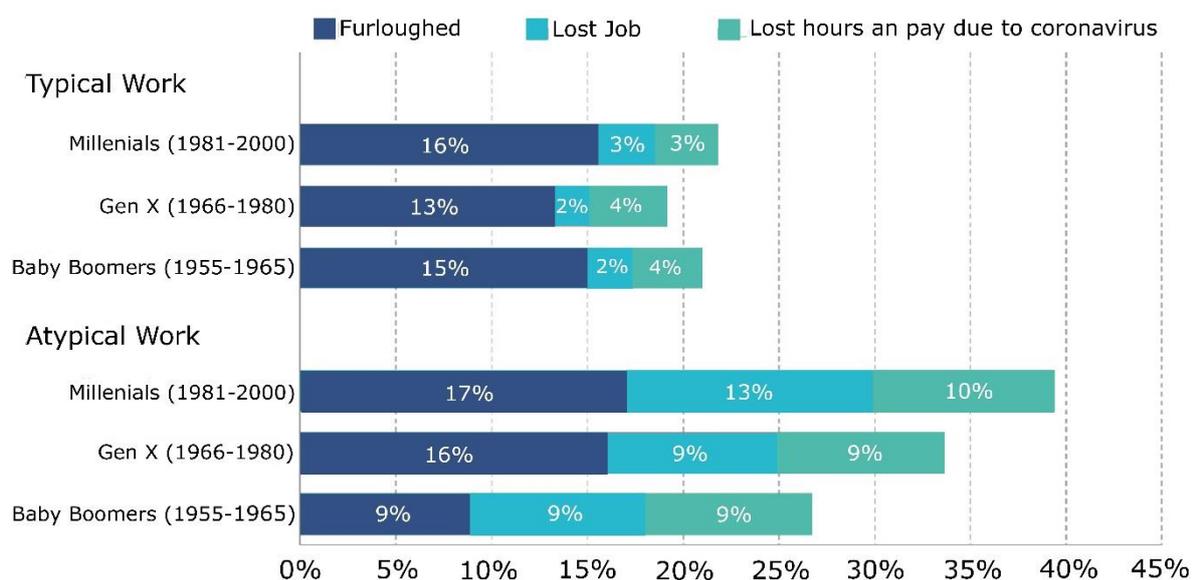
Precarious, or atypical or insecure work, is work that is less secure than standard, permanent, and often, full-time work. Precarious work includes: zero hour contracts, temporary and short-term work, agency work, part-time work, freelance work, and the gig economy^{82,83,84}. It is often characterised and promoted as flexible work but it is typically also unsecure, unsafe, poorly paid, and unprotected. The Trades Union Congress (TUC) estimated that in 2018, 3.7 million people in the UK were employed in insecure work and 12.4% of Welsh workers were employed in insecure work⁸⁴. People in precarious work have been at greater risk of job loss during the pandemic⁸⁵. Young workers, 'millennials', are much more likely to be in precarious work arrangements than older generations.

The Institute for Employment Studies found that workers in precarious jobs were twice as likely to be temporarily laid off and disproportionately likely to have been made redundant during the pandemic⁵¹. The number of workers on zero-hour contracts in the UK was 978,000 (or 3% of the total workforce) in the last quarter of 2020⁸⁶. This number has increased dramatically in the last ten years with a fivefold increase (513% increase). In Wales, this was slightly lower at 2.7% in the last quarter of 2020.

Young people in precarious work were also much more likely than those in typical work to have lost their jobs or had their hours and pay reduced. The Resolution Foundation found that two-fifths of young people, millennials, in atypical work had been furloughed, lost their job or had hours and pay reduced⁸⁵ (see Figure 31).

Research conducted by Public Health Wales also found that people in non-permanent employment arrangements were up to 11 times more likely to experience unemployment in the early months of the Covid-19 pandemic compared to those in permanent employment arrangements⁸⁷.

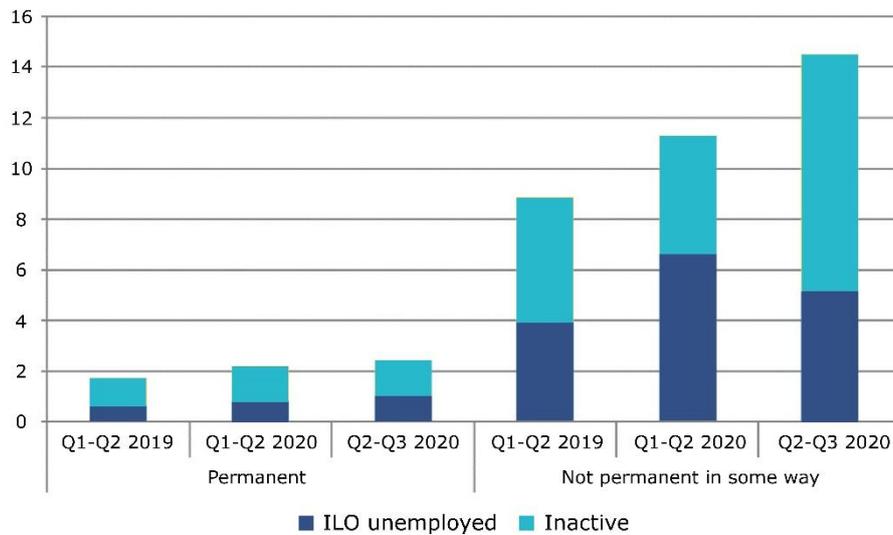
Figure 31: Proportion of employees (excluding full-time students) who have experienced job changes since the coronavirus outbreak, by generation and job type: UK, 6-11 May 2020



Source: Resolution Foundation. Young workers in the coronavirus crisis. 2020

Figure 32 illustrates how people in precarious employment were much more likely to move from employment to unemployment and economic inactivity, both before and during the pandemic.

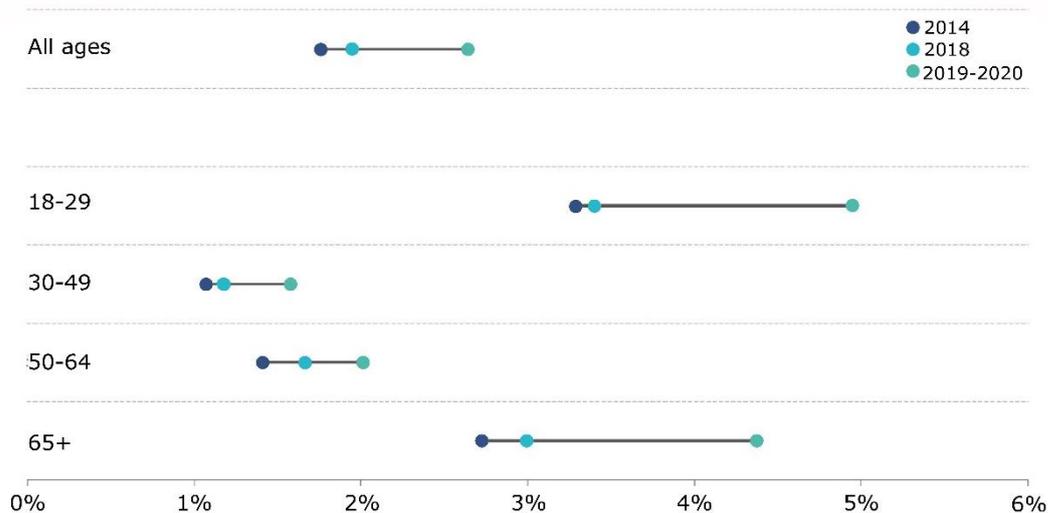
Figure 32: Percentage flows out of employment by destination and contract status, UK



Source: Institute for Employment Studies. *The impacts of the coronavirus crisis on the labour market. 2020*

Figure 33 shows that zero-hour contracts have increased for both younger and older workers between 2019 and 2020⁵⁶.

Figure 33: Proportion of people in employment on a zero-hour contract, by age group, UK.



Source: Resolution Foundation. *An intergenerational Audit. 2020*

Some zero hour workers, temporary and agency workers have also missed out on furlough payments as they did not fit the requirements laid out by the government.

7 Future impacts

The future impact for the labour market is very hard to predict as it is likely to vary across sectors and regions. Gradual easing of restrictions will allow for some sectors to reopen faster than others. The demand may also be changing, which will impact some sectors in some regions more than others. In November, the Office for Budget Responsibilities made predictions about the extent of the impacts of the pandemic on unemployment⁸⁸. This included three scenarios: 'upside scenario', 'central forecast', and 'downside scenario'. The upside scenario predicted a 5.1% unemployment rate by Quarter 2 of 2021, and at the time of writing (in the end of Quarter 1 of 2021) the unemployment rate was in line with this prediction. The downside scenario predicted an 11.0% unemployment rate by Quarter 1 of 2022, which could still happen as the furlough schemes are set to end in Quarter 3 of 2021.

At the time of writing, reports would suggest that we have not yet seen the worst of the economic effects of the pandemic. The Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme have been excellent cushions for the economic pain of the pandemic and have been extended until September 2021. The ending of the schemes may result in more redundancies in the future and an increase in unemployment rates across the UK. UK Governments are currently developing and setting out 'roadmaps out of lockdown'. These roadmaps will set out plans for reopening shutdown sectors, lifting 'stay at home' restrictions and slowly reopening schools. However, they depend on a number of other factors such as a continuous decline of COVID-19 cases.

It is important to consider the implications of Brexit in addition to the COVID-19 related employment changes. The UK officially left the European Union on the 31st January 2020 and 31st of December 2020 was the end of the transition period. While the UK Government has negotiated trade deals with the EU, the transition is having consequences for the Welsh economy⁸⁹. There are new barriers and requirements for Welsh and British businesses which could lead to restricted ability to sell and export goods to the EU.

So far, businesses have had to deal with more export/imports documents and regulations, experienced longer delivery times due to more health checks, and a disruption to supply chains⁹⁰. Several sectors have been identified as the key sectors in Wales that will be affected by Brexit, and one of them is the manufacturing sector. This sector has already been badly affected by the pandemic. Other sectors impacted are agriculture and financial services⁹⁰. Agriculture was immediately affected by longer delivery times as some produce does not last long enough for the additional health checks to be carried out and then ends up being rejected by the EU. The impact on financial services has mainly affected London.

The Institute for Employment Studies has reported that there have been concerns voiced over employment rights now the UK has left the EU in the context of the provision of good, fair work⁹¹. An Employment Bill was passed in 2019 in the UK to improve employment rights but no further action has been taken since and now that the UK is no longer following EU employment regulation, this may be further dampened. Changes to freedom of movement and rights for migrants in the UK has also been identified as a potential negative impact of Brexit⁹² as it is likely to affect the migration of skilled workers to the UK. The new points-based immigration system may exclude general labourers, such as construction workers and seasonal agricultural workers. While there are no official numbers on the amount of seasonal agricultural workers, the National Farmers Union labour survey estimates that EU workers account for 99% of seasonal labour in 2017⁹³.

7.1 Sectors

The Regional Partnership Skills reports from South East Wales, Mid and West Wales, and North Wales^{26,27,28} have all identified future impacts for the different sectors across Wales. The continuous need for digital skills and development of virtual engagement is expected across the majority of sectors in Wales.

The Regional Skills Partnership report for South East Wales has suggested that the manufacturing sector, which employs 11.2% of the regional workforce, is concerned that redundancies could be extensive once the furlough support scheme ends²⁶. However, Local Authorities in the region may see an increased demand for services such as employment skills and employability support, and social care services. There will also be the need for an increased focus on staff wellbeing as Local Authorities manage the return of workers to offices.

The manufacturing sector speculate that with people working from home on a more permanent basis there may be less need for multiple cars per family which could result in a lower demand for automotive manufacturing. The same risk of lower demand has been identified for the Aerospace sector²⁸ and North Wales is home to companies like Airbus. The sector has also identified a risk of redundancies for those furloughed when the support scheme ends.

The hospitality, retail, entertainment and tourism sectors have also identified future impacts. They include rethinking and retraining staff with new health and safety procedures in order to keep both staff and customers safe at all times. Retail, hospitality and tourism is likely to see more redundancies in the future as there is likely to be less face-to-face interaction due to mechanisation and increasing digitalisation of customer service²⁶. This sector has also seen significant loss of income in 2020,

which is likely to result in redundancies once the furlough support scheme ends.

Some sectors have been less susceptible to the impacts of COVID-19 and associated control measures. The health and social care sector saw increased demand and recruitment during the pandemic and this is likely to continue into the future as the health and social care sector deals with the aftermath of the pandemic. The demand for these services is very high and will continue to be for a long time as hospital wait lists are longer than ever before in Wales⁹⁴ and in England⁹⁵.

7.2 Geography and populations

The Regional Skills Partnerships reports for all three regions of Wales^{26,27,28} have identified what the future impacts for each region and sector might be, as identified in the section above.

North Wales has set out four pillars that they consider essential to revive and renew the economy²⁸. They are: Youth Employability to ensure a generation is not scarred by the crisis; Upskilling and Reskilling for a resilient workforce; Retaining and attracting talent and the importance of digital and leadership skills; Flexible, responsive and agile system for Apprenticeships and Work Based Learning (WBL).

The affect that the pandemic has had on low income families and families living in poverty will result in future implications for children. Digital inclusion has been identified as an issue⁹⁶, which may have had a significant impact on children's educational attendance and performance. This is something that will impact children's future significantly.

Young people are expected to feel the impacts of the pandemic for some time with large scarring effects on job prospects and the potential for higher tax in the near and far future to pay for the financial support schemes introduced by the Government⁶⁸. Based on previous recessions, reports are predicting that young people leaving school may find it more difficult to find good, fair work and young people who have recently entered the labour market may find it more difficult to make steady career progression⁹⁷. The Resolution Foundation reports that economic scarring is more likely to affect young people with low educational attainment and those with lower-level qualifications (GCSE-equivalent)⁹⁸. Youth unemployment has serious long-term effects on young people's mental health and wellbeing⁵⁰. There is serious concern that the pandemic and recession that follows will lead to a youth unemployment crisis in Wales²⁹.

With BAME populations also disproportionately affected by the pandemic, it is important to focus on the geographical location of these groups. As mentioned in Section 6.3.3, these populations are more likely to live in

the bigger cities such as Cardiff, Newport and Swansea rather than more rural areas of Wales. In order to mitigate the effects the pandemic has had on BAME populations it is important to focus on the sectors operating within these areas.

7.3 Income and poverty

Looking at evidence from past recessions, those most economically vulnerable are likely to suffer disproportionately after the pandemic as well⁹⁹. There is evidence of lower pay and less job advancement in the aftermath of previous recessions. While this recession is different to previous recession in terms of lockdowns and closure of businesses, there is still expected to be similar long-term economic 'scarring'. The pandemic may also result in more precarious work, especially for younger people. A rise in zero-hour work was already identified before the pandemic⁵⁶ and it is likely to continue to rise in the aftermath of the pandemic.

Legatum Institute estimates that the Government's £20 benefit increase prevented almost 700,000 people in the UK from going into poverty, including 120,000 children¹⁰⁰. The benefit increase is supposed to end on the 31st of March 2021 and, at the time of writing this report, it is still uncertain if it will be made permanent, scrapped or replaced with another form of benefit 'booster'.

The Joseph Rowntree Foundation has predicted an increase in poverty between 2020 and 2021¹⁰¹. They have also suggested that the £20 benefit increase should be made permanent in order to prevent this increase. A permanent £20 increase could prove to be a lifeline to low income groups in the future, just as it has been during the pandemic.

There are already 700,000 people in Wales living in poverty and unfortunately the number of people in poverty is set to rise as the pandemic continues to impact the economy and the labour market¹⁰².

7.4 Recommended responses

The Institute for Health Equity has set out what they believe needs to be done in order to build back fairer in their 'Build Back Fairer: The COVID-19 Marmot Review'¹⁶. As mentioned previously, this is a unique chance to build back fairer and a chance to mitigate some of the inequalities still in place in the labour market and the work place. In the long run mitigating these inequalities will result in better health and wellbeing outcomes for current and future generations.

The Institute for Employment Studies has made four recommendations for helping low paid and insecure workers: supporting low income households, making work better for those in low-paid work, reform and investment in employment and skills services and a longer-term

settlement on security, participation and pay¹⁰³. All these recommendations are concerned with good, fair and secure work for all.

The Learning and Work Institute, together with the Youth Commission, has also set out an ambitious blueprint for change and tackling youth unemployment¹⁰⁴. They have grouped the main changes needed into four categories: Prevention is better than cure; Fairness; Lost talent makes us all poorer; Winning the Global Race. These changes for better youth re-employment in the future include building a good and solid foundation of numeracy and literacy skills and equal distribution of opportunity for young people.

8 Gaps in current intelligence and uncertainties

It is hard to predict exactly what will happen once the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme end and whether other support schemes will be reintroduced because of future lockdowns. With the vaccine rollout more lockdowns seem unlikely although some restrictions (e.g. socially distancing in hospitality settings) are likely to remain in place for some time. However, this is dependent on no further variants of concern which may be more infectious and potentially resistant to the current range of vaccines.

There are some gaps in current literature when it comes to disabled people and their experiences of employment changes. This is important as they are likely to have different experiences of employment change to able-bodied workers and may be affected in different ways psychologically.

Although Wales witnessed a rise in redundancies, benefit claimants, and economic inactivity and to a degree unemployment, it is clear the financial support schemes have provided a lifeline to employers and employees in 2020¹⁰⁵. Unemployment levels are expected to increase once employers and employees are weaned off these financial support schemes. While we can draw on information from past recessions, this economic crisis is bigger than before and therefore difficult to predict future impacts accurately or the extent of current impacts. It is a very uncertain and unprecedented time where things change rapidly.

At the same time as the pandemic, Wales and the UK are also facing uncertainties regarding Brexit and the new trade deal with the EU. The UK officially left the EU at the beginning of the year and initially, export and import faces some heavy delays. The long-term effects, however, are still uncertain.

It is important to continue researching and monitoring the impacts of the pandemic in order to get a clearer idea of what the future impacts for

employment and health outcomes may be for both current and future generations.

9 Conclusions

In conclusion, while the future is uncertain and unpredictable, the employment impacts of COVID-19, so far, have been extraordinary. Hundreds of thousands of people in Wales have been on (and off) furlough and around 800,000 people have been made redundant in the UK since the start of the pandemic¹⁰⁶. Redundancies in Wales more than doubled in 2020 compared to redundancies in 2019¹⁰⁷. This number, however, is far lower than it would have been without the Government's financial support schemes for employees and self-employed.

Evidence shows that certain population groups, regions and sectors have been more affected than others. These population groups include young people, women, BAME, and low income families and single parents. These vulnerable groups are more likely to be working in shutdown sectors and key worker jobs, which may have been more exposed to COVID-19. The areas most affected in terms of the sectors present in these regions have been ex-industrial towns and coastal towns. Manufacturing, construction, food and accommodation services (tourism and hospitality), non-essential retail and wholesale, and arts and entertainment are the most affected sectors in Wales. They have been affected by strict lockdown measures and a shift in demand and supply chains, which resulted in a very large number of workers furloughed.

What we do not know is what will happen in the coming months and years. Predictions about the economic recovery have been made by government officials and economists based on various components, such as the rollout of effective vaccines and the easing of restrictions¹⁰⁸. However, the situation is constantly changing. At the time of writing, the financial support schemes are set to end in September 2021¹⁰⁹, which is expected to be followed by further redundancies and a rise in unemployment¹⁰⁸. Preliminary roadmaps set out by the Welsh Government and the UK Government hope that with the vaccine rollout on track (and no further variants of the virus), non-essential retail could open in the Spring and many control measures could be lifted by the summer of 2021 although social distancing is likely to remain in place for the remainder of the year¹¹⁰.

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11 Technical Annex

11.1 Approach

A systematic approach was used to identify relevant publications. First, an extensive grey literature search was conducted from the beginning of January 2021 to the first week of February 2021. Sources were identified via subject experts at Public Health Wales, Welsh Government and third sector reports, Google and Google Scholar searches, and some reports were suggested in the third sector workshop, which was held for Project Two (Population Insights). The Public Health Wales Evidence Services were consulted on the best method for undertaking a rapid search for relevant articles. The identified sources and information included reports from Welsh Government, Data Cymru, the ONS and Public Health Wales. It also included reports and publications from reputable organisations and charities (see next section). Search terms included: COVID-19, employment, employment changes, labour market impact, economy, UK, Wales. Sixty five reports were identified.

Subsequently, a search of peer reviewed literature and pre-publication literature was conducted. This was identified via Google Scholar, the NHS Wales Library Services and journal databases and several public health, medical and economic journals and sources were identified (see next section). Search terms included: COVID-19, employment, employment changes, labour market impact, economy, UK, Wales. The search resulted in a limited amount of peer reviewed and pre-published literature, however, 14 articles were identified. Furthermore, if specified to Wales rather than the whole of the UK, the search only resulted in one pre-published article from Public Health Wales. This may be because of the emergent nature of the pandemic as well as the lengthy peer reviewing process that journal articles go through before being published.

All identified literature was screened for relevance and for the grey literature identified a quality assessment was undertaken (see section 'Quality assessment of grey literature'). The final list of sources included 110 sources along with an additional 3 sources identified for definitions.

11.2 Sources

Sources included a mix of official reports from Government websites, statistical bulletins from the ONS, briefing papers from third sector organisations, discussion papers and articles from online journals, and reports from think tanks and research institutes (See Table 1).

Table 1: Sources for grey, pre-publication and peer-reviewed literature

<p>Grey literature</p> <ul style="list-style-type: none"> • Bevan Foundation • Centre for Economic Performance • Children in Wales • Child Poverty Action Group • Data Cymru • House of Commons Library • Institute for Employment Studies • Institute for Fiscal Studies • Institute of Health Equity • Iriss • Joseph Rowntree Foundation • Learning and Work Institute • Learning Disability Wales • McKinsey & Company • Mental Health Foundation • Nuffield Foundation • Office for National Statistics • Pregnant Then Screwed Charity • PwC • Resolution Foundation • Runnymede Trust • Statistics for Wales • The Health Foundation, • Young Minds, • UK Government, • UK Parliament • Wales Fiscal Analysis • Wales Regional Skills Partnership • Women's Budget Group • Welsh Government • Welsh Parliament
<p>Pre-reviewed / Prepublication databases</p> <ul style="list-style-type: none"> • EvidenceAid • medRxiv, • LOVE database • National Center for Biotechnology Information (NCBI). • Ovid Journals Database • Research Square • ScienceDirect
<p>Pre-reviewed / Prepublication journals</p> <ul style="list-style-type: none"> • Acta Orthopaedica • British Medical Journal • European Labour Law Journal

- Fiscal Studies Journal
- Global Social Welfare
- IZA Discussion Papers
- Journal of Public Health
- Oxford Review of Economic Policy
- Research and Evaluation Division (PHW)
- Research in Social Stratification and Mobility
- SSM - Population Health

11.3 Inclusion / exclusion criteria

When searching for peer reviewed and pre-published literature, articles were only selected and included if 'employment'ⁱⁱ, 'labour market' and 'UK' or 'Wales' was mentioned in the title or abstract. The search also only included articles published from 1st March 2020 till 1st March 2021.

Working age populations, gender, ethnicity, employment sectors and industries were included in the criteria, including self-employment. The impacts of home working are excluded from this project. The sources included data from Wales as well as from other UK nations but excluded reports from other countries and comparative reports and studies.

Table 2 illustrates the inclusion / exclusion criteria used for identifying relevant publications.

Table 2: Inclusion/exclusion criteria

	Inclusion	Exclusion
Population	<ul style="list-style-type: none"> • Focus on young people (18-24 years) • Women who are primary caregiver to children • Parents with young children • General working age population 	
Impacts	<ul style="list-style-type: none"> • Change in income • Change in working hours • Change in other contractual arrangements • Unemployment levels • Benefit uptake 	<ul style="list-style-type: none"> • Home working • Health, health equity and wellbeing impacts

ⁱⁱ Unemployment was mentioned as part of employment.

	<ul style="list-style-type: none"> • Vacancy levels • Sectors closures through restrictions • Poverty levels • Uptake of government schemes (e.g. Job Retentions Scheme) • Economic impacts for individuals or household, including dependent children, attributed to employment changesⁱⁱⁱ 	
Comparators	<ul style="list-style-type: none"> • No comparison • Reports comparing C-19 employment changes with previous recessions / economic downturns 	
Study design	<ul style="list-style-type: none"> • Grey literature including qualitative research • Primary peer reviewed sources / pre-publication sources 	
Time period	<ul style="list-style-type: none"> • Reports after the onset of the COVID-19 pandemic (March 2020) 	
Settings	<ul style="list-style-type: none"> • All employment sectors including self-employment 	
Country	<ul style="list-style-type: none"> • Focus is on literature looking at the Welsh population but also can include reports on impacts on North Ireland, Scotland and England or the UK as a whole 	<ul style="list-style-type: none"> • Literature looking at impacts in countries outside of the UK
Language	<ul style="list-style-type: none"> • Published results available in English or Welsh 	

ⁱⁱⁱ These could include fuel poverty, food insecurity, housing insecurity.

11.4 Quality assessment of grey literature

A quality assessment of the sources was carried out using a modified version of the AACODS checklist²¹. The quality assessment criteria included authority, accuracy, coverage, objectivity and date as well as significance for the purpose of this project. Authority refers to whether or not the author was easily identifiable and whether they are a reputable source/subject expert. Accuracy refers to whether the source has been peer reviewed or edited and whether they are using and analysing secondary data correctly. Coverage refers to whether limits have been identified and whether methodology is clearly stated. Objectivity refers to whether the source gives an unbiased view or if there are potential biases unacknowledged. Date refers to whether the source has a date clearly stated and whether the time frame of the source is of relevance for the purpose of this project. All sources were assessed against these criteria and, subsequently, deemed valuable and relevant for the purpose of this project or not. The quality assessment was recorded in an Excel spreadsheet by the first author (CW). A 10% random sample of the identified publications was assessed by the second author (CHE). Where there was divergence in the QA assessment this was noted and discussed.

11.5 Limitations

The identification of relevant reports and published literature for this work was undertaken between the beginning of January 2021 and the beginning of February 2021. Although, this was a systematic review of published grey literature it does not claim to be exhaustive. Due to time constraints, the literature review of peer reviewed and pre-published evidence was also not extensive.

During the scoping of the work it was originally intended to assess the impacts by magnitude and duration. From an initial read of the grey literature identified it was found that impacts were not described in a standardised way and for some impacts the duration was uncertain.

11.6 Glossary of terms

- Good, fair work: For the purposes of this project, good, fair work is defined as work which provides: sufficient pay, job security, safe working environment, supportive social / psychological environment, work / life balance and worker rights.
- Relative Income Poverty: "We define a person to be living in relative income poverty if he or she is living in a household where the total household income from all sources is less than 60 per cent of the average UK household income" (Welsh Government)¹¹¹

- ILO: International Labour Organization. ILO unemployment is the “headline measure of unemployment. It covers those who are out of work and want a job, have actively sought work in the last 4 weeks and are available to start work in the next two weeks; plus those who are out of work, have found a job and are waiting to start in the next 2 weeks, and is a more encompassing measure of unemployment than the claimant count” (StatsWales)¹¹²
- Inactive: Economically inactive are people who are “not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks” (ONS)¹¹³

12 Technical Annex 2 – Tables

Table 3: Coronavirus Job Retention Scheme statistics, May-June 2020, Wales

Sector	Employments furloughed	Eligible employments	Take-up rate
Accommodation & food services	74,500	95,200	78%
Agriculture, forestry & fishing	1,400	6,400	22%
Arts, entertainment, recreation and other services	20,900	27,100	77%
Business administration and support services	33,000	98,400	34%
Construction	35,700	57,800	62%
Domestic employers	200	6,600	3%
Education	12,900	177,400	7%
Energy Production	1,300	8,300	15%
Finance & insurance	2,700	36,900	7%
Health	18,700	209,000	9%
Information & communication	6,500	34,300	19%
Manufacturing	55,200	130,200	42%
Mining, quarrying & utilities	700	2,200	34%
Professional, scientific & technical	21,400	62,000	35%
Property	6,100	16,300	38%
Public administration & defence	500	73,900	1%
Trade union, religious, political and repair	12,500	22,900	55%
Transport & storage (inc postal)	14,500	47,200	31%
Unknown and other	2,700	5,400	51%
Waste and Recycling	2,200	10,100	22%
Wholesale and retail; repair of motor vehicles	76,900	184,300	42%

Source: data from HMRC. Coronavirus Job Retention Scheme statistics: August 2020. 2020

Table 4: Self-employed Income Support Scheme statistics to 31 July 2020, Wales

Sector description	Potentially eligible	Claims made to 31/7/20	Take-Up Rate
Accommodation and food service activities	5,700	4,500	79%
Administrative and support service activities	8,800	6,500	74%
Agriculture, forestry and fishing	13,000	8,900	69%
Arts, entertainment and recreation	4,000	3,100	79%
Construction	41,200	34,900	85%
Education	3,900	3,200	83%
Financial and insurance activities	900	700	80%
Human health and social work activities	5,800	3,800	66%
Information and communication	1,300	900	71%
Manufacturing	3,300	2,600	79%
Other service activities	9,300	8,100	87%
Professional, scientific and technical activities	6,000	4,400	72%
Public administration and defence; compulsory social security	200	100	71%
Real estate activities	600	400	70%
Transportation and storage	7,400	5,900	80%
Wholesale and retail trade; repair of motor vehicles and motorcycles	9,500	7,300	77%
Unknown and other	19,400	14,600	75%

Source: data from HMRC. Self-Employment Income Support Scheme statistics: August 2020. 2020