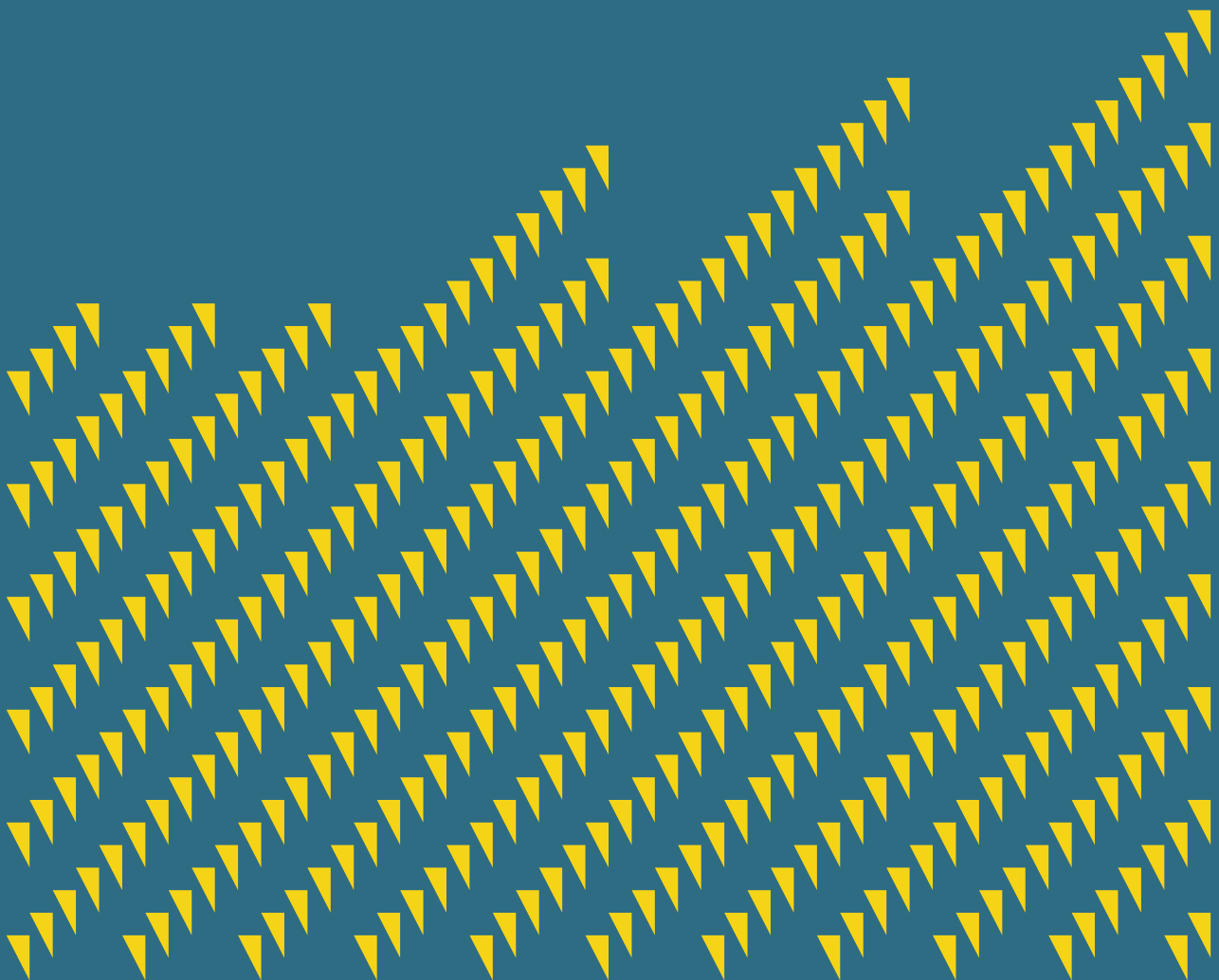


Risky business

Economic impacts of the coronavirus crisis
on different groups of workers

Maja Gustafsson & Charlie McCurdy
April 2020



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Summary

Coronavirus has affected everyone. All of us risk catching the virus, and all of us have had our working lives disrupted to some extent by the impact of social distancing measures. However, the relationship between people's work and their exposure to big economic or health risks in this crisis is by no means uniform. It is these very different experiences across the workforce that this report explores in detail.

For the good of the national as a whole, some workers are carrying the burden of this crisis much more than others. The UK's 8.6 million key workers are likely to be more exposed to the health risks from coronavirus than others by virtue of continuing to work in jobs where social distancing is very often not possible. By contrast, we know that the 6.3 million people working in shutdown sectors are very likely to have had their daily lives upended and to be feeling the economic effects of the crisis acutely. We classify all workers not in these two groups as either able or unable to work from home, based on detailed survey evidence collected before the crisis. Many of the latter may be facing similar health risks to key workers if they are still going out to work, or may in practice still be facing workplace closures like those in shutdown sectors. And people in both these groups are far from immune to the economic effects of this crisis, not least due to childcare responsibilities while schools are closed. However, it's reasonable to suggest that those who aren't key workers or in shutdown sectors, and who are likely to be able to work from home, are in general the group most insulated from the effects of this crisis.

Developing a clear understanding of the characteristics of these different groups is essential to making sense of this crisis, and to beginning to plot a way forward. Our key takeaway is that across the two groups where risk appears to be most concentrated – key workers at risk from the health impacts of coronavirus, and those with jobs in shutdown sectors suffering the harshest economic impacts – lower-paid people, the young and women stand out.

Lower earners, those in the bottom half of the earnings distribution, are two times more likely to be key workers, and 2.4 times more likely to work in shutdown sectors, than they are to work in jobs which are likely to be able to be done from home. The reverse is true for those in the top half of earners, who are two times more likely to be working from home than to be in either of these two groups. So lower earners face the 'double whammy' of being more exposed to both economic risks during the coronavirus crisis, and health risks.

Key workers, predominantly those in health, retail and personal service roles, are putting their health at risk to keep our public and essential services functioning. This group is disproportionately likely to be female, with employed women more than twice as likely to

be in this group as employed men. Parents are more likely to be key workers than non-parents, and mothers even more so; 39 per cent of working mothers were key workers before this crisis began, compared to just 27 per cent of the working population as a whole. While many key worker mothers may in practice be not working or working less due to caring responsibilities (despite educational institutions in theory remaining open for their children) and so facing economic risks more than health ones, many other mothers are putting their health at risk to keep the country going.

Workers in shutdown sectors have been largely insulated from the health impacts of this crisis (insofar as they are staying at home), but they are instead likely to be bearing the brunt of the economic hit, due to furloughing or job loss, for example. It's the living standards of these workers, in sectors like hospitality and non-food retail, that have necessarily been put at risk in order to protect the health of us all. This is all the more troubling because workers in shutdown sectors are the lowest paid. Typical pay for workers in shutdown sectors is less than half that of those in jobs that mean they can work from home – £348 a week compared to £707 a week.

Related to these pay differentials, employed women are more likely than employed men to work in shutdown sectors (as well as being more likely to be key workers). And those in shutdown sectors are younger – their average age of 39 is four years below the average age of those who can work from home. Differences are much more pronounced at the very bottom of the age distribution: 16-24-year-olds are twice as likely to work in this part of the economy as the working population as a whole. The oldest millennials, those born in the early 1980s, struggled in the post-financial crisis labour market. It looks as if their younger counterparts, born around the turn of the century, will be some of the most affected by this crisis. Those already in work are concentrated in shutdown sectors, and those soon to leave education and enter the labour market are at risk from the long-term scarring effects that are known to affect those who graduate in a recession.

More broadly, while workers in these two heavily impacted parts of the economy have been most sharply affected for our collective security – the evidence suggests that they are least likely to have security in their own lives. Almost three-quarters of those on zero-hours contracts are either key workers or work in shutdown sectors; and whereas four-in-ten of full-time employees can work from home, less than a quarter of those on temporary contracts are able to do so. Private renters, who generally face the greatest insecurity in their housing situation, are 40 per cent more likely to work in shutdown sectors than homeowners.

Social distancing measures have also upended the lives of most families of non-key workers (and in practice many key workers too) in recent weeks, with the closure of schools affecting the ability of many parents to continue their working life as normal.

Many parents will be having to reduce hours or stop work altogether to care for children who are now at home full time. Millennials born in the 1980s are some of the most likely to have been affected by this sudden shake-up to work and family life – over half of those born in the early 1980s are parents of children under nine. It should not be forgotten that this is the same cohort of adults who experienced the sharpest deterioration in cohort-on-cohort pay progress in the aftermath of the financial crisis. The longer schools and childcare institutions stay closed, the more likely it is that the economic effects of this crisis are felt even more acutely by those who experienced the some of the worst effects of the last one.

This virus doesn't discriminate between rich and poor, but the economic impact that follows certainly does. While this crisis means working from home for many higher earners, it is leading to collapses in incomes or heightened health risks for many lower earners. This crisis is touching everyone in different ways, but it is important that the Government recognises the financial challenges and personal sacrifices that some groups of workers are much more likely to be making than others.

Nine million key workers and six million workers in shutdown sectors are bearing the brunt of this crisis

Although it has affected us all in some way, there are two groups whose lives and livelihoods are most likely to have been significantly affected by the coronavirus crisis: key workers, and workers in shutdown sectors. These two groups are bearing a disproportionate share of the personal sacrifice (in the case of the former) and economic pain (in the case of the latter) in this crisis.

The diverse group of people working on the frontline in the NHS and social care – or at the checkout or driving buses – are more exposed than those who can work from home, or who aren't working at all, to catching coronavirus.¹ This heightened health risk is something that this group is taking on in order to keep our essential services and businesses going.

In contrast, necessary social distancing and the lockdown of the economy have hit workers in shuttered sectors hard. Through no fault of their own, the livelihoods of many workers have been put on ice in order for effective social distancing to take place.

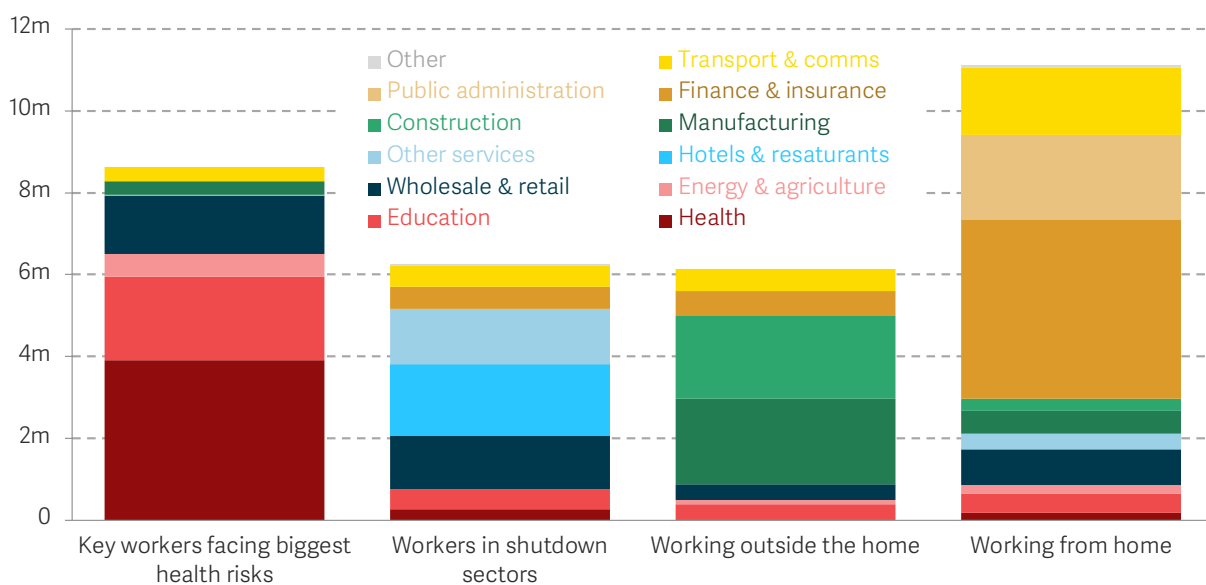
Figure 1 shows some 15 million workers face direct job or health risks from the economic shutdown and necessary social distancing. Together these 8.6 million key workers (27 per cent) and 6.3 million workers in shutdown sectors (19 per cent) comprise almost half of the labour force. The key worker category is dominated by almost four million health care

¹ C Farquharson, I Rasul & L Sibieta, *Differences between key workers*, Institute for Fiscal Studies, April 2020.

workers. But crucially, those on the front line also include significant numbers of less-traditional key workers like those working in agriculture, wholesale and retail. This group is where the economic effects of this crisis are most concentrated. Although, the extent to which their living standards will suffer has been reduced substantially by government intervention and worker support throughout the crisis. For example, the Job Retention Scheme and Self-employed Income Support Scheme.

FIGURE 1: Nine million key workers and six million workers in shutdown sectors are bearing the brunt of this crisis

Number of workers aged 16-69, by sector and coronavirus job group: UK, 2019



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

Workers in wholesale and retail (1.3 million workers) and hotels and restaurants (1.8 million workers) dominate the ‘shutdown sectors’ group. Figure 1 also makes clear that there are a significant number of workers who sit outside these two categories: those who can’t work from home but are likely to still be working, and those working from home. Of course, these groups are far from insulated from risk in this crisis – early evidence suggests furloughing and job loss are prevalent across all sectors of the economy – but they start from a stronger position.

For example, there are four million workers in energy, agriculture, construction and manufacturing who aren’t in shutdown sectors and aren’t able to work from home. Many will in practice be facing building site or factory closures and so look very like the ‘shutdown sectors’ group. Others who are still working (albeit under social distancing

guidance) may be unable to avoid coming into contact with others at work or on their commute, and so face some similar risks to key workers.

Finally, this analysis suggests that 11.1 million workers (35 per cent) are able to work from home, primarily those in high-skilled occupations and knowledge-intensive industries. Box 1 takes a detailed look at the methodology used to define these groups.

BOX 1: Defining affected workers

In order to understand more about the very different ways that this crisis is affecting workers in different parts of the labour market, we have defined four mutually exclusive groups that comprise the whole workforce: key workers facing the biggest health risks (27 per cent), workers in shutdown sectors (19 per cent), those working outside the home (19 per cent) and those working from home (35 per cent). We focus on workers aged 16 to 69. We have excluded those aged 70 and over, which includes some 500,000 workers, following Government advice that those aged over 70 should stay at home.

We use a combination of Standard Industry Classification (SIC) and Standard Occupational Classification (SOC) codes to define our four groups. Our definition of shutdown sectors follows the Government's description of which parts of the economy have been told to close.² This group is made up of a combination SIC groups, and

includes industries such as non-food & non-pharmaceutical retail, arts and leisure, personal care, domestic services, hospitality, travel, other education (sports, recreation, cultural, driving school) and repair of personal household goods.³

Similarly, we define key workers facing the biggest health risks using SIC codes based on the Government's 'critical workers' list.⁴ Most, but not all, of this group are in contact with or close proximity to others in their job, and so will be putting their health at risk while at work. This group includes those in health and social care, education, agriculture, garages and petrol stations, food retail, (some of) passenger transport and freight and distribution.

Where sectors overlap between these two groups we use a process of random allocation to assign individuals in the Labour Force Survey (LFS) microdata to one group or the other. For example,

² Cabinet Office & Ministry of Housing, Community & Local Government, [Closing certain businesses and venues](#), April 2020.

³ See for a similar example: R Joyce & X Xu, [Sector shutdowns during the coronavirus crisis: which workers are most exposed?](#), Institute for Fiscal Studies, April 2020.

⁴ Cabinet Office & Department for Education, [Guidance for schools, childcare providers, colleges and local authorities in England on maintaining educational provision](#), March 2020.

given that approximately 46 per cent of nurseries were forced to close on the 26 March, we have assigned 50 per cent of nursery workers to our shutdown sector group and 50 per cent to the key worker group.⁵ A similar process is followed for those working in passenger transport, cleaning, and dental health.

In order to create our final two categories, we generate predicted probabilities of being able to work from home based on responses to the Understanding Society (USoc) question: if you personally needed “to work from home on a regular basis”, would this arrangement be available? We apply the predicted probabilities of having the option to work from home in the USoc survey to the LFS. Given the unprecedented nature of the crisis, we expect that more workers now have the option to work from home than previously realised. We adjust our threshold for assigning an individual to the work from home group accordingly.

In broad terms, this bottom-up approach matches the macro-economic forecasts of sectoral hits to GDP. For example, the Office for Budget Responsibility (OBR) coronavirus reference scenario forecasts an 85

per cent drop in hospitality output, compared to our estimate that all hospitality workers are working in shutdown sectors.⁶ At the other extreme, the OBR forecasts a 5 per cent fall in output in finance and insurance, and we estimate that just 10 per cent of jobs in this industry are in parts of the economy that have been shut down.

We recognise, however, that the indirect effects of this crisis will mean that the living standards of many more workers in non-shutdown parts of the economy are at also at risk. With output falling by as much as one-third during this period of strict lockdown, the second-round effects of this economic crisis will undoubtedly be large.⁷ From the media, to manufacturing and engineering – workplaces and sectors that have not been told to close completely may have closed anyway and will still be experiencing falls in demand and revenue. This implies that many other workers will, in practice, be affected in the same way as those in shutdown sectors – losing jobs or being placed on furlough. This will blur, but not remove entirely, the lines we can draw between the necessarily simplified groups we present in this analysis.

⁵ Professional association for childcare and early years (PACEY), [PACEY survey on the impact of COVID-19 on childcare provision](#), March 2020.

⁶ Office for Budget Responsibility, [Coronavirus reference scenario](#), April 2020.

⁷ R Hughes et al., [Doing more of what it takes: Next steps in the economic response to coronavirus](#), Resolution Foundation, April 2020.

Women, the young and the low paid are at the epicentre of the crisis

It has become clear that some groups are particularly affected by this crisis. The low paid, young and female workers stand out as the groups putting their lives at risk by continuing to work in close proximity to others, and most likely to be experiencing direct financial pain from the economic shut down.

We turn first to gender. Evidence shows that female-dominated sectors are most at risk of earnings losses and not being able to work from home.⁸ Of course some of these sectors, like education, will in practice feel like good places to be during this crisis by virtue of being largely in the public sector where job and earnings losses are less likely.

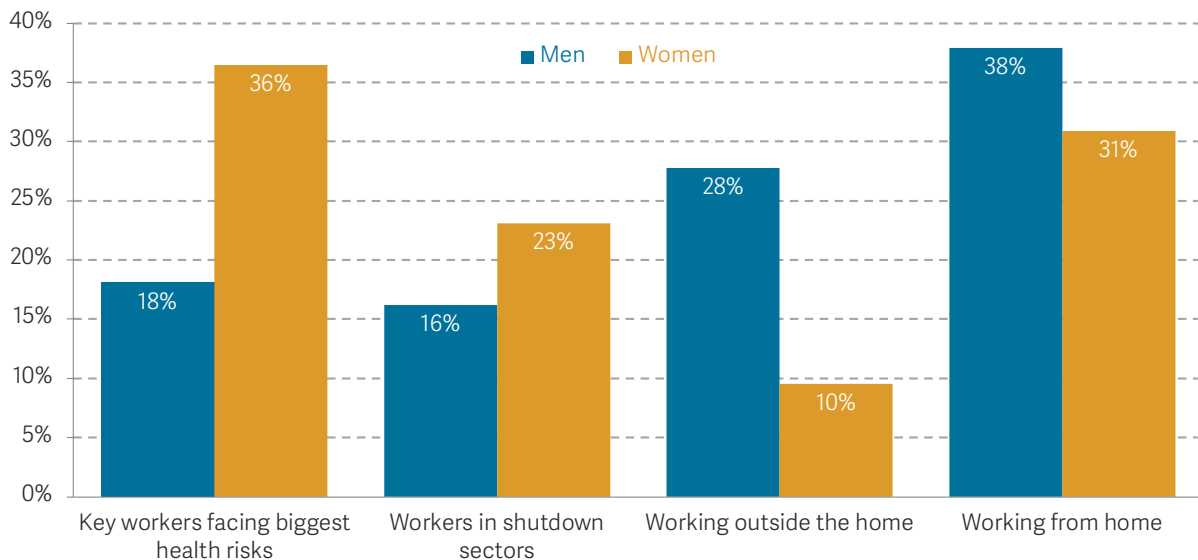
Nonetheless, our overall finding in Figure 2 is that 36 per cent of women face the biggest health risks in this crisis due to being key workers, compared to just 18 per cent of men. In turn, key workers are disproportionately likely to be female – 65 per cent of key workers are female compared to 47 per cent of the whole working population. Mothers are even more concentrated within the key worker group, as Table 1 in the Annex shows. 39 per cent of working mothers were key workers before this crisis began, compared to just 27 per cent of the working population as a whole (although many key worker mothers may in practice be not working or working less due to caring responsibilities, despite educational institutions in theory remaining open for them).

Men's concentration in the 'working outside the home' group in Figure 2 reflects the fact that sectors like construction, manufacturing and repairs are male-dominated. This follows the Government guidance allowing sectors like construction to continue during the coronavirus lockdown, although in practice many building sites and factories will have closed (or demand in these sectors dried up), so some people's experiences will be similar to the 'shutdown sectors' group. For those in the 'working outside the home' group still going to work, despite not being classified as key workers, there will be health risks from increased social interactions and travelling to work.

⁸ C Hupkau & B Petrongolo, [COVID-19 and gender gaps: Latest evidence and lessons from the UK](#), VOX CEPR Policy Portal, April 2020.

FIGURE 2: Women in employment are twice as likely to be key workers as employed men

Proportion of workers aged 16-69 in each coronavirus job group, by sex: UK, 2019



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

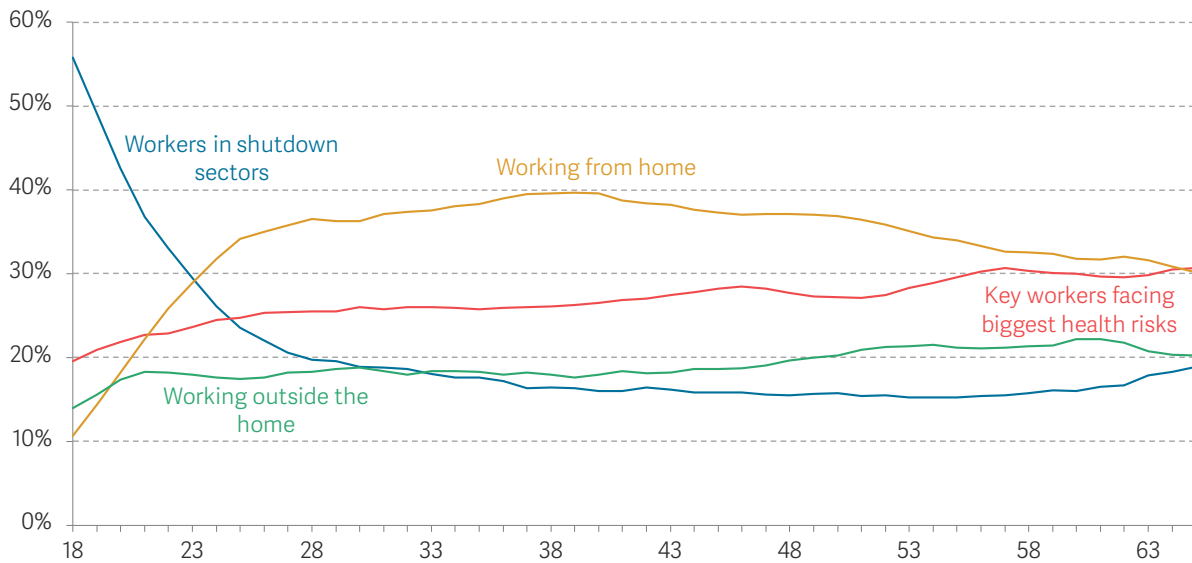
Economic shifts in the past month or so have focused, rightly, on saving older lives at the cost of younger people's living standards. This decision doubles down on the fact that young workers are normally hardest hit by recessions and their aftershock.⁹ Those young people already working are often first to lose their jobs, and others suffer long-term scarring effects from entering a weak labour market after education.¹⁰ Figure 3 shows clearly that it is younger workers most likely to be working in sectors that have been shut down in this current crisis. Those under 25 are twice as likely to work in these sectors than the rest of the workforce. On top of this, they are far less likely to be able to work from home, with only 22 per cent of 16-24-year-olds likely to be working from home, compared to 39 per cent of 35-44-year-olds. The average age of those in shutdown sectors is 39, compared to an average age of 44 among key workers and those working outside their home, and 43 among those that can work from home.

⁹ H Slaughter & T Bell, *Crystal balls vs rear-view mirrors: The UK labour market after coronavirus*, Resolution Foundation, April 2020.

¹⁰ S Clarke, *Growing Pains: The impact of leaving education during a recession on earnings and employment*, Resolution Foundation, May 2019.

FIGURE 3: 16-24-year-olds workers are twice as likely to be working in shutdown sectors as the rest of the workforce

Proportion of workers aged 16-69 in each coronavirus job group, by age: UK, 2019



NOTES: Data is smoothed using a five-year moving average centred around age shown e.g. 18 shows the average proportion of those aged 16-20 in each coronavirus job group. Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.
SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

Put differently, as Table 1 in the Annex shows, 23 per cent of working millennials (born 1981-2000) are in shutdown sectors, compared to 16 per cent of workers in generation X (borne 1966-1980) and 16 per cent of working baby boomers (born 1946-1965). Members of generation X are the most likely to be in the working from home group (38 per cent are, compared to 34 per cent of millennials and 33 per cent of baby boomers). However, key worker status becomes slightly more likely with age, so baby boomers are slightly more likely to be key workers than others (30 per cent are, compared to 27 per cent of generation X and 18 per cent of millennials).

Overall, 2.9 million 16-34-year-olds are in the ‘shutdown sectors’ group, which comprises notoriously low-paid work. Four-in-ten of those working in retail and whole get less than the real Living Wage.¹¹ Moreover, if we have learnt anything from the financial crisis it is that the pay squeeze was deepest for younger workers, with those in their 30s today still bearing deep scars on their earnings. Unfortunately, despite the Government’s significant support measures, young people will face similar effects this crisis. The job retention scheme provides guarantees on pre-crisis earnings but can’t replace the jobs that would have been created (that young people might have taken) nor the wage rises that young people would have enjoyed in this period.

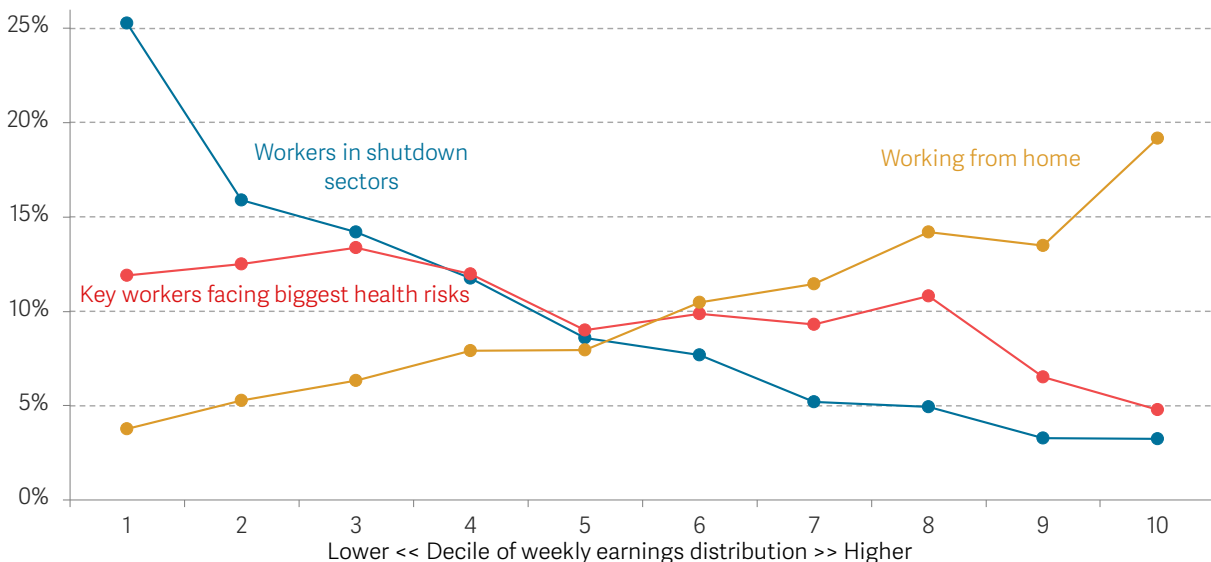
¹¹ N Cominetti, K Henehan & S Clarke, *Low Pay Britain 2019*, Resolution Foundation, May 2019.

We next turn to the distribution of earnings for affected workers. As we have documented previously, the negative impact of the crisis will be felt most by lower earners.¹² This comes on the back of some very poor years for living standards – typical incomes in low-to-middle income households were higher in 2004-05 than they are now.¹³ This current crisis means poorer households are even more exposed to reduced hours, job loss and hits to their pay.

What we know about the occupational and industrial composition of our coronavirus job group classification helps explain its interaction with the earnings distribution. For example, half of frontline care workers don't get paid the real Living Wage.¹⁴ Figure 4 confirms that lower-income employees are disproportionately at risk of the economic and health effects of coronavirus.¹⁵ This reflects the fact that median pay varies considerably across our at-risk categories. Those working in shutdown sectors have median weekly pay of just £348 (£10.80 hourly), compared to £454 (£13.50 hourly) for key workers facing the biggest health risks, and £707 (£19.20 hourly) for those that can work at home.

FIGURE 4: The economic and health risks of coronavirus are concentrated on lower earners

Proportion of employees aged 16-69 in each coronavirus job group, by weekly pay decile: UK, 2019



NOTES: Pay data is from the 2019 quarters of the Labour Force Survey. Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

¹² Resolution Foundation, [Doing what it takes, Protecting firms and families from the economic impact of coronavirus](#), March 2020.

¹³ A Corlett, [New data shows households were struggling even before coronavirus](#), Resolution Foundation, March 2020.

¹⁴ N Cominetti, L Gardiner & G Kelly, [What happens after the clapping finishes? The pay, terms and conditions we choose for our care workers](#), Resolution Foundation, April 2020.

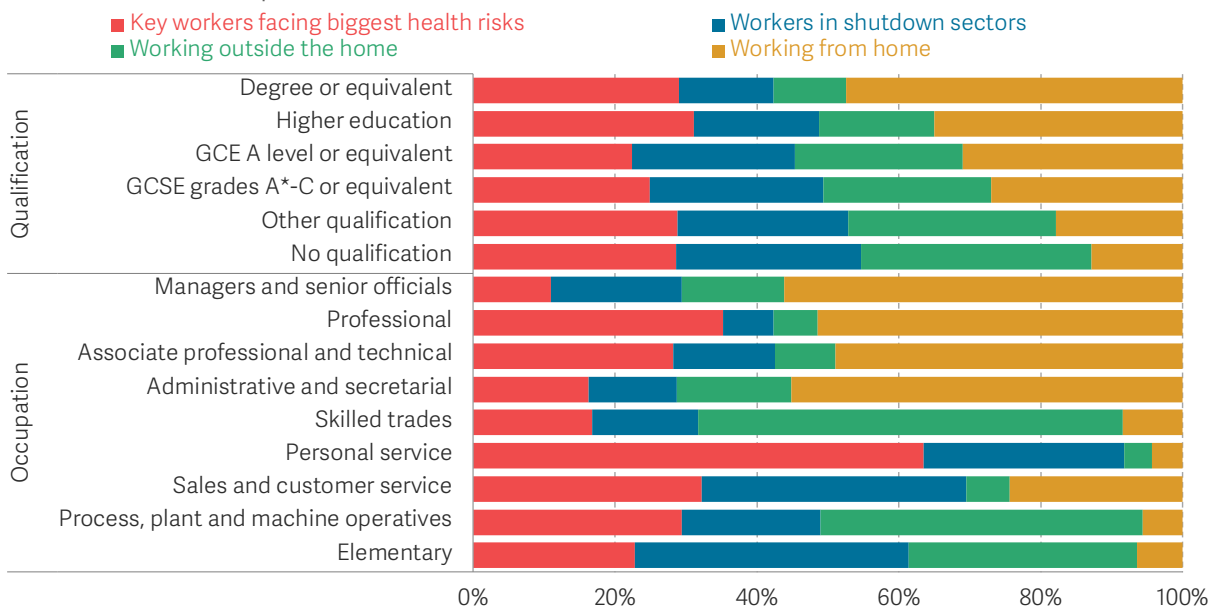
¹⁵ Pay data is only available for employees in the Labour Force Survey.

Figure 4 shows that lower-paid employees are far more likely than their higher-paid counterparts to work in jobs most at risk from both the economic and health effects of this crisis. Employees in shutdown sectors are over six times as likely to be in the bottom 10 per cent of earners as those likely to be working from home. In the same vein, key workers putting their health on the line are over three times as likely as those working from home to be in the bottom 10 per cent of earners.

The pay gradient of these groups is reflected in educational and occupational differences. As Figure 5 shows, workers that can work from home are more highly qualified and work in more senior occupations; they make up 56 per cent of managers and 47 per cent of working degree holders. In contrast, 39 per cent of those in elementary occupations and 37 per cent of those in sales and customer service roles are in shutdown sectors. It follows that with construction and manufacturing workers unlikely to work from home, 60 per cent (1.8 million) of those in skilled trades roles are in our ‘working outside the home’ group.

FIGURE 5: Jobs bearing the brunt of the economic and health risks of coronavirus are at the lower-skilled end of the occupation distribution

Proportion of workers aged 16-69 in each coronavirus job group, by highest qualification held and occupation: UK, 2019



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

When it comes to educational attainment, almost half (47 per cent) of those with degrees are able to work from home, while just 6 per cent of those in work with no qualifications are able to do so.

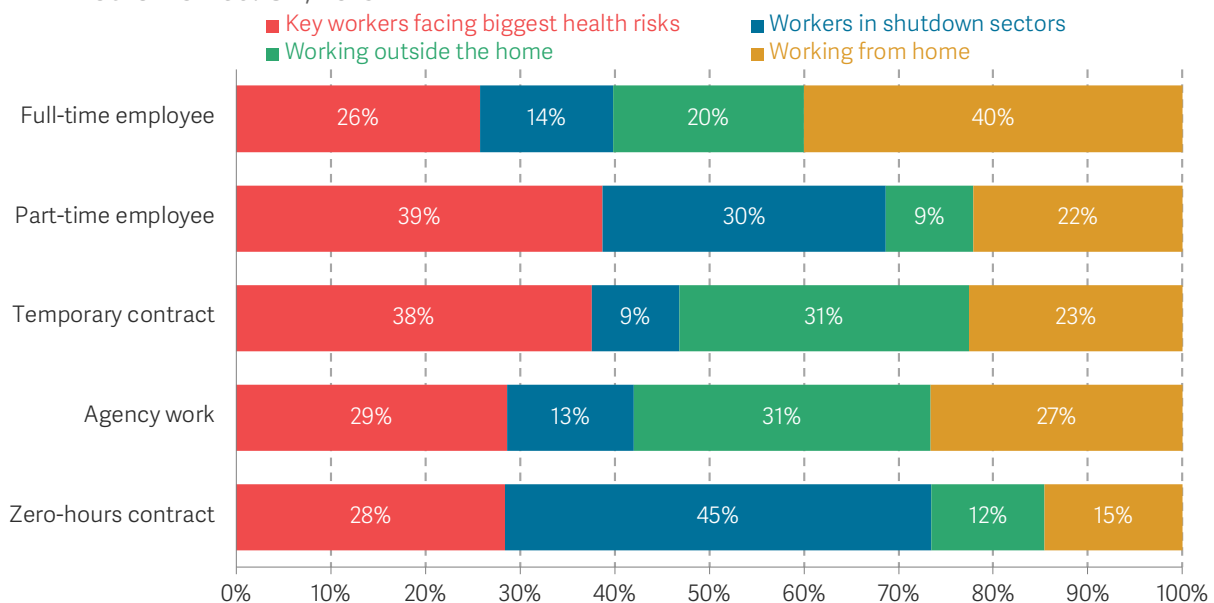
We have looked in detail at sex, age and pay differentials across the four groups of workers that we have defined as having distinct experiences during this crisis. We turn now to looking more broadly at the link between existing insecurities and challenges and the likelihood of being in the two groups of workers most exposed to health and economic risks.

This crisis has disproportionately affected groups already struggling with broader insecurities

In addition to low pay, those who are risking their lives and livelihoods in the crisis already face other vulnerabilities. We turn first to labour market insecurity. Figure 6 shows the likelihood that workers in different labour market positions fall into each of our four groups. It shows that 45 per cent of all those on zero-hours contracts work in shutdown sectors, as do 30 per cent of those working part-time. For many of these workers, the harmful effects of the shutdown will come on the back of already challenging labour market experiences. For example, our previous work has estimated those on zero-hours contracts suffer a typical pay penalty of £1,000 a year compared to similar workers on other contracts.¹⁶

FIGURE 6: Nearly half of those on zero-hours contracts work in shutdown sectors

Proportion of workers aged 16-69 in each coronavirus job group, by contract type and hours worked: UK, 2019



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

¹⁶ L Gardiner, *A-typical year?*, Resolution Foundation, December 2016.

Key workers are more evenly distributed across different types of work contracts, but are over-represented in temporary and part-time work, where in both instances almost two-fifths of workers in this position are key workers.

Those on temporary contracts or working through agencies, but not defined as key workers, are most commonly in the 'working outside the home' group. In terms of additional layers of risk and insecurity, these people may feel in a similar position to workers in shutdown sectors, because their employment contracts can be terminated relatively easily by employers facing tough times as the crisis continues.

While everyone will be touched by the economic consequences of this crisis, full-time employees can perhaps weather the storm more easily, with two-fifths of these workers likely to be able to work from home.

Apart from job insecurity, housing security is another big economic divider, and the effects of this crisis on jobs appear to map onto already-existing divides. For many families, housing is the largest single expenditure each month, and one that is difficult to adjust easily, even compared to other essentials such as clothing or heating.

The two groups of workers we classify as facing the greatest economic and health risks are also over-represented in social and private-rented accommodation. As Figure 7 shows, these two groups together make up nearly two-thirds of all workers who live in social-rented accommodation, and about a quarter each of private renters. While the picture for renters is stark, it should be remembered that the overall size of these groups is smaller than those in owner occupation. Out of the 15 million key workers who are currently risking their lives and workers in shutdown sectors facing economic risks, 2.1 million live in social-rented housing and three million are private renters.

As we have said before, both types of renters are set to be harder hit by this economic crisis than home owners.¹⁷ Even prior to the crisis they spent more of their incomes on housing costs.¹⁸ And financial help for renters may be less flexible and harder to come by: in the absence of a long-term relationship with a lender, or the security of some equity in their home, help will largely come from the state. Some provisions are in place. While the average proportion of rent covered by Housing Benefit has fallen substantially since 2011, the Government has rightly bolstered housing support in recent weeks in coronavirus response measures.¹⁹ But many of those in jobs facing the severest economic risks in this crisis remain in a more precarious housing situation.

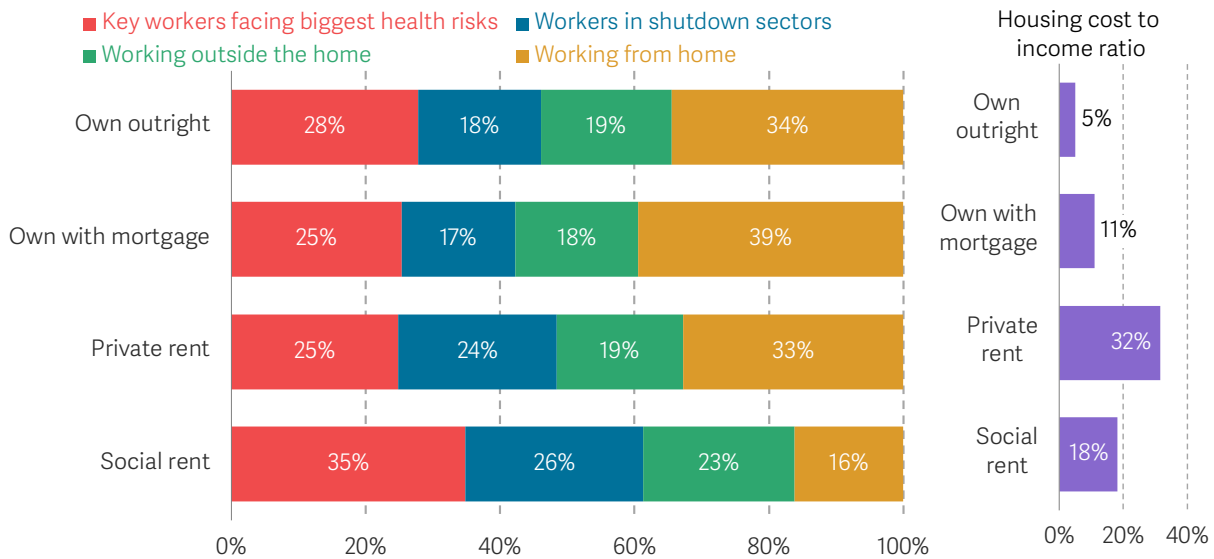
¹⁷ L Judge & C Pacitti, *Housing Outlook Q2 2020*, Resolution Foundation, April 2020.

¹⁸ D Tomlinson, *Inequality street: Housing and the 2019 general election*, Resolution Foundation, November 2019.

¹⁹ Resolution Foundation, *Doing what it takes, Protecting firms and families from the economic impact of coronavirus*, March 2020.

FIGURE 7: **Employed renters are more likely to work in jobs bearing the greatest economic and health risks in this crisis than home owners**

Proportion of workers aged 16-69 in each coronavirus job group and housing cost to income ratio, by housing tenure: UK, 2019



NOTES: The housing cost to income ratio is calculated using DWP, Family Resources Survey. Housing costs are calculated net of housing benefit such that housing benefit is excluded from both income and housing costs. Income is net income after taxes have been deducted but before housing benefit is deducted. Income and housing costs assumed to be shared equally between family units within each household. Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.
 SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey; RF analysis of DWP, Family Resources Survey.

Conversely, those workers likely to be least affected by the crisis – the people who can work from home – are concentrated in the most secure tenure type. Home owners with tracker mortgages have benefited straight away from an interest rates cut by the Bank of England, and all mortgagors can apply for a three-month mortgage holiday. In addition, one-quarter of mortgagors have in excess of £10,000 in savings, compared to just seven per cent of all renters (although it is worth noting that another quarter of mortgagors have no savings at all).²⁰

Workers don't live in isolation, of course – many of them have family and care commitments. The presence of children is an important factor to consider when looking at families' sensitivity to losing livelihoods. In addition, Government measures to limit social interaction mean that nurseries and schools have closed for all but children of key workers (and in practice some key workers will be struggling to access childcare, too).

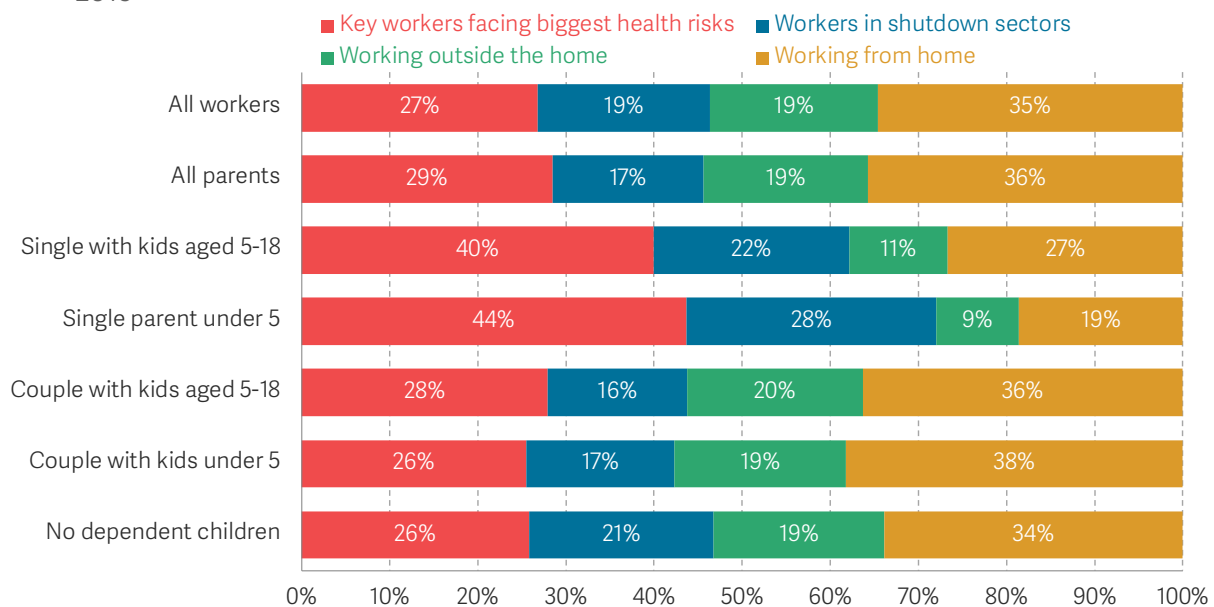
²⁰ L Judge & C Pacitti, *Housing Outlook Q2 2020*, Resolution Foundation, April 2020.

Over the past few weeks, parents have therefore been required to take on new commitments. This tests the ability to combine unpaid care commitments and paid work, and in many cases this burden falls most heavily on women. Taking care of children, and especially young children that require a lot of attention and care, while working will be challenge for all workers. But the crisis is affecting different parents and workers in different ways.

Figure 8 shows different groups of parents across our coronavirus job groups, and compares these to the average working parent. With almost one-third of single parents and just over one-fifth of coupled parents in shutdown sectors, this crisis is likely to cause great economic concern to many families with children. Overall, we find that, on average, parents’ distribution across our four groups is similar to that of non-parents. However, there are some differences between coupled parents and single parents. A larger proportion of coupled parents are able to work from home, whereas single parents are concentrated in the two most severely affected groups. As Figure 8 shows, this is particularly the case for single parents with children under the age of five.

FIGURE 8: Two-thirds of working single parents are in jobs bearing the greatest economic and health risks in this crisis

Proportion of workers aged 16-69 in each coronavirus job group, by parent status: UK, 2019



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey.

Key workers can, in theory, keep their children in nurseries and schools, which suggests that these workers can follow similar routines to before the crisis. Some of those who are able to work from home and those who work outside the home but not in key sectors might be able to deal with care and home schooling while also keeping their jobs. But with social restrictions limiting informal childcare help from friends and parents, some may have to reduce hours or give up work altogether to care for their children. This means some parents who would be able to work had they not had to take care of their children will be facing similar economic risks to those in shutdown sectors. This is especially true for single parents, who will have to deal with balancing work and childcare on their own.

School closures are upending the lives of the cohorts whose prospects suffered most in the last crisis

Care and schooling requirements are higher for parents whose children are younger. A 15-year-old will be more self-sufficient than a young child requiring near-constant attention. First-time mothers in the UK are typically 29 years old, which means that working parents in their early- to mid-30s will, on average, be facing the biggest changes in their childcare responsibilities.

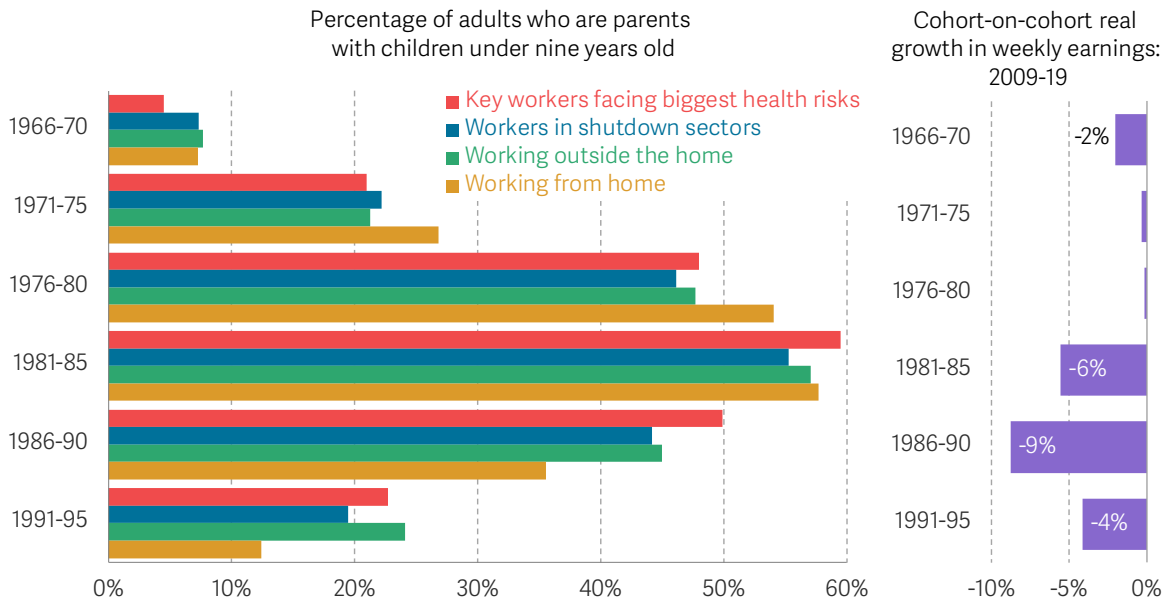
To investigate who currently takes care of young children, Figure 9 shows proportion of each birth cohort with children under the age of nine. It makes clear that those born in the late 1970s and the 1980s are most likely to have young children.

Looking back to the financial crisis, we have previously shown that those who left education and entered the labour market during and immediately after the financial crisis in 2008 experienced a deep and sustained pay scarring effect.²¹ The pay progress of millennials born in the 1980s was most affected. Figure 9 also shows each cohorts' growth in real median weekly earnings since 2009, compared to the cohort 10 years before them at the same age. For example, in 2019 the weekly earnings of those born 1986-1990 were 9 per cent lower than the real pay of those born 10 years earlier when they were the same age. Last year, those in their mid-30s were typically paid £508 per week, whereas in 2009 people were typically paid £30 more per week at the same age. So, our conclusion is that the parents who are in their mid-30s now and facing challenges with changes to childcare come from the cohorts that experienced the deepest economic hit in the previous recession.

²¹ G Bangham et al., *An intergenerational audit for the UK: 2019*, Resolution Foundation, June 2019.

FIGURE 9: Parents who now have young children experienced the sharpest post-financial pay squeeze by virtue of being new labour market entrants at that time

Proportion of workers aged 16-69 with children under nine years old and real (CPIH-adjusted) cohort-on-cohort pay growth, by cohort and coronavirus job group: UK, 2009-2014



NOTES: Pay data is from ONS, Annual Survey of Hours and Earnings 2009-2019. Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details. SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey; ONS Annual Survey of Hours and Earnings.

Conclusion

We have shown that workers across the country are shouldering huge financial and health risks as we battle the pandemic. It is crucial to recognise that while we are all in it together, some people are more exposed to economic sacrifices than others. Indeed, it is workers in the most insecure and fragile economic situations who are bearing the brunt of the economic and health risks of this crisis.

Job-related economic and health risks are concentrated among the lower paid, the lower qualified, the young and women. Job security, housing tenure and the duty of care for children overlap with the risk categories we have identified, highlighting some very challenging situations.

Of course, the Government’s unprecedented response to this crisis, not least the Coronavirus Job Retention Scheme, will play a huge role in shielding affected groups from the severest economic hits. But incomes will still fall among those on the retention scheme, and the scheme does not currently support those facing hours

cuts. Furthermore, we know that many workers have experienced job loss despite the retention scheme, which will be associated with much bigger income falls. And as we have said, by protecting a large proportion of pre-crisis earnings, the retention scheme does less or nothing for younger workers due to enter the labour market this year or anticipating the steep earnings progression that is most common at the start of careers.

This crisis – and the way we respond to it – therefore risks deepening existing economic divides. While this crisis is touching everyone in different ways, it is important that the Government recognises the financial challenges and personal sacrifices that many are being forced to make as it continues to calibrate its response and the support it provides in the recovery phase.

Annex: A detailed breakdown of workers across coronavirus job groups

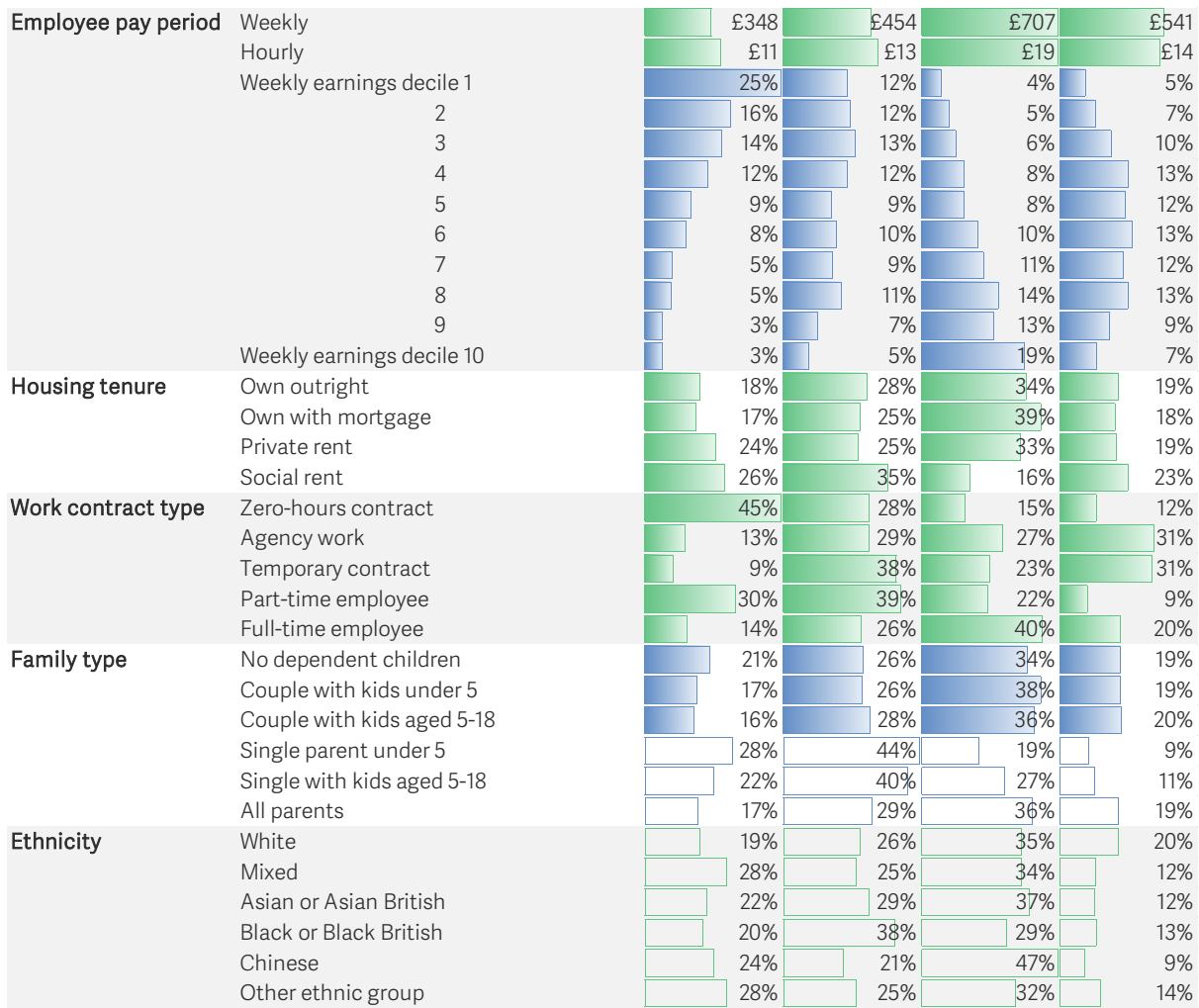
Table 1 provides additional information on the distribution of workers with different characteristics across coronavirus job groups.

TABLE 1: Workers with different characteristics find themselves facing very different threats to their jobs from the coronavirus outbreak

Proportion of workers in each coronavirus job group, by characteristic: UK, 2019

Group	Sub-group	Workers in shutdown sectors	Key workers facing biggest health risks	Working from home	Working outside the home
All workers		27%	19%	19%	35%
Sex	Male	16%	18%	38%	28%
	Female	23%	36%	31%	10%
Age group	16-24	38%	22%	22%	17%
	25-34	20%	26%	37%	18%
	35-54	16%	27%	39%	18%
	55-64	16%	28%	36%	20%
Generation	Boomer (1946-65)	16%	30%	33%	21%
	Gen X (1966-80)	16%	27%	38%	19%
	Millennials (1981-00)	23%	25%	34%	18%
	The latest generation (2001-2015)	63%	18%	8%	11%
Industry	Energy & agriculture	0%	65%	24%	11%
	Manufacturing	0%	11%	19%	70%
	Construction	0%	0%	13%	87%
	Wholesale & retail	33%	35%	22%	10%
	Hotels & restaurants	100%	0%	0%	0%
	Transport & comms	17%	11%	53%	18%
	Finance, insurance & business	10%	0%	79%	11%
	Public administration	0%	0%	100%	0%
	Education	14%	60%	14%	11%
	Health	6%	90%	4%	0%
	Other services	77%	2%	22%	0%
	Other	39%	0%	61%	0%
Occupation	Managers and senior officials	18%	11%	56%	14%
	Professional	7%	35%	51%	6%
	Associate professional and technical	14%	28%	49%	9%
	Administrative and secretarial	12%	16%	55%	16%
	Skilled trades	15%	17%	8%	60%
	Personal service	28%	63%	4%	4%
	Sales and customer service	37%	32%	24%	6%
	Process, plant and machine operatives	20%	29%	6%	45%
	Elementary	39%	23%	6%	32%
Qualifications	Degree or equivalent	13%	29%	47%	10%
	Higher education	18%	31%	35%	16%
	GCE A level or equivalent	23%	22%	31%	24%
	GCSE grades A*-C or equivalent	24%	25%	27%	24%
	Other qualification	24%	29%	18%	29%
	No qualification	26%	29%	13%	32%

Economic impacts of the coronavirus crisis on different groups of workers



NOTES: Workers are assigned to groups based on their industry and occupation of work. The predicted probability of being able to work from home is drawn from analysis of waves 6 and 8 of Understanding Society. See Box 1 for details.

SOURCE: RF analysis of ISER, Understanding Society; ONS, Labour Force Survey; ONS Annual Survey of Hours and Earnings 1997-present.

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