

# The impact of Covid-19 on the outlook for sectors of the economy

Reed in Partnership labour market briefing  
September 2020



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# Reed in Partnership labour market briefing: The impact of Covid-19 on the outlook for sectors of the economy

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## Summary

This is the first of two briefings on labour market prospects from Reed in Partnership. This one surveys the evidence on the outlook for jobs in different sectors of the economy as at the start of August 2020, seeking to highlight some of the learning from analysis published by economists and researchers over the last few months to assist employment support planners and practitioners. The second briefing will look at occupations, focusing on those that are most accessible to people with significant labour market barriers, and include some analysis of the jobs that Reed in Partnership participants have entered over early Summer 2020 compared to the same period a year ago. We hope that these will be useful for our stakeholders and partners around the UK as we work together to support people into work and training over the coming months.

## Key points

- On any measure, sectors that rely on **person-to-person contact** are the hardest hit. These include hospitality and catering and the creative industries. Retail and travel services, especially air travel, also look set for a difficult recovery.
- The **concept of “essential” sectors** (such as healthcare and the utilities) and the key workers that power them will continue to be important. Whatever the speed of recovery, the UK’s economic planning will continue to be on a crisis footing given the uncertainty of the health and economic risks ahead, both from Covid-19 and Brexit.
- The direction of **public investment and policy** will be of critical importance to some sectors. Construction and care are two examples of this. The scale and speed of public investment in infrastructure and decarbonisation projects will be crucial for construction and “green” jobs. In the care sector, a key question will be whether steps are taken to address the underfunding in the care sector to enable the necessary investment in the workforce.
- There was already a **skills crisis** in the UK, with a substantial decline in workplace training and a mismatch between the skills of the workforce and those needed for the future. The Covid-19 crisis puts this front and centre stage. The Government’s announcements on support for apprenticeships, traineeships and policies to keep school leavers in further education are a welcome start. Employment support and adult education provision will need to work in a closer partnership than ever before at a local level to support people to develop the skills they need, particularly transferable and digital skills.
- Many workers will need to **move into another sector or occupation** and this will take careful planning and support. Sector-tailored approaches such as Sector-Based Work

Academies could play a central role here. The scale of the challenge should not be underestimated, however, as rapid response support will need to help people find new employment quickly, preferably benefitting in the jobs market from the value of their acquired skills and experience. The Resolution Foundation finds that reallocation of workers from one sector to another is not something that has ever happened on a mass scale.

- Research by the Centre for Economic Performance at the London School of Economics finds a **negative impact from Brexit** on some UK economic sectors that have so far emerged relatively unscathed from the public health crisis. Availability of specific sector Brexit impact assessments would assist both employers to plan and enable employment support services to take into account both Covid-19 and Brexit in understanding the growth prospects of different sectors when they are supporting people into jobs over the Winter and Spring.

## Introduction

Every economic sector and every occupation in the UK has been affected in one way or another by the Covid-19 outbreak and consequent health and economic crises. The total shutdown of non-essential economic activity may have eased, but many businesses are either suspended or struggling to survive and some local businesses (such as bowling alleys, some beauty services or children's soft play centres) have only recently been able to open. The recovery has begun, but local lockdowns, consumer caution, reduced spending, disrupted supply chains and uncertainty over travel are among the reasons why millions remain away from work on furlough and redundancy announcements mount.

The developing employment crisis has a very different sector profile from previous downturns<sup>1</sup>, with people-to-people services worst affected. As the Bank of England's Chief Economist Andy Haldane stated in a recent speech<sup>2</sup>: "Generally speaking, the greater a sector's reliance on personal contact, the larger its fall."

In the past, the hospitality and retail sectors have been the main engines of post-recession jobs growth, especially for young people. But this time they are among the sectors hardest hit by lockdown. There are signs of recovery in job vacancy rates, but uncertainty and social distancing restrictions will mean that recovery will be slow.

Understanding as much as possible about the future prospects of different economic sectors, industries and occupations is important for all those trying to support unemployed jobseekers to find a new job or the right training. Huge uncertainties remain, not least our future success in fighting Covid-19 and the impact of Brexit on the economy. But the need for employment, business and social support is immediate, so we need to utilise all the economic and labour market information we can in local partnerships to support jobseekers with both their next move and the ability to respond to future challenges.

Supporting and incentivising job creation with Government support will be crucial, as a recent paper from the Learning and Work Institute and think tank Reform notes: "No matter how good the employment and skills response, people need jobs to move into. Government can help to change that."<sup>3</sup> Yet employment support providers can play a key part in encouraging job creation through their strong local relationships with local employers, explaining Government support schemes and demonstrating understanding of the skills needs and potential growth areas in their specific sector and geography.

This briefing looks at national sector trends but can be localised by looking at the sector breakdown of regional economies. There is already a great deal of analysis available about how the picture varies regionally<sup>4</sup>. Ultimately effective local partnerships between employers, employment support, community organisations and local and regional government - with the support of national government - will be key to promoting job creation and equipping people to successfully enter jobs and training where they live.

## Evaluating the impact of the crisis on different sectors

Table 1 (p7-8) shows some indicators and predictions for each sector of the economy, both from official statistics and analysis of these by other organisations. We have colour-coded them simply to give a sense of the relative fortunes of each sector, so green is used to indicate a less negative impact of Covid-19 on employment in a particular sector than across the rest of the economy, yellow closer to the whole-economy average and red a significantly worse impact.

### Our analysis

We use the broad sector categories used by the Office for National Statistics (ONS), known as the UK Standard Industrial Classification (SIC). However, each one covers a very wide range of different types of businesses and organisations that have seen divergent impacts from the public health crisis. For example, “other services” covers many person-to-person services such as hairdressing and personal beauty services but also includes services ranging from trade union activities to funeral services. Transport and storage spans both the hard-hit air travel sector and the UK’s growing courier services, while information and communication ranges from public-facing creative activities to the UK’s essential digital infrastructure. Some sectors may cover similar types of organisation but have still seen vastly different impacts from Covid-19. Both the broad manufacturing and retail sector categories disguise huge differences between the production or sale of food or health-related and other products, for example, where demand has surged or collapsed.

Some of the indicators used in Table 1 are self-explanatory, others need more explanation:

- **Employment share (Column 1):** The first column indicates the pre-crisis employment share of the sector, which is important in considering the scope for job opportunities going forward. For example, agriculture may be an area where demand for workers may hold up or grow, but the sector currently only accounts for around 1% of UK workers, compared to the 7% employment share of hospitality.
- **Proportion of employments that are furloughed (Column 2):** This is taken from the statistics published by HM Customs and Revenue (HMRC) on claims made to the Government’s Coronavirus Job Retention Scheme up to 30 June 2020. HMRC has now published the actual numbers furloughed under the scheme by sector as at the end of June 2020 (previously it was publishing cumulative figures since the start of the scheme). The number of furloughed employments peaked at 8.9 million on 8 May 2020, then fell to 6.8 million by 30 June. The ONS’s Business Impact of Coronavirus Survey<sup>5</sup> suggests that there has been a further fall of 2m furloughed employees during July.

- **Estimate of furloughed jobs at risk (Column 3):** The big question for the coming months is how many people will find that their furloughed job is made redundant when furlough support comes to an end (or before this). A number of estimates of this have been made for the whole UK economy, for example the Office for Budget Responsibility assumes that around 15% of workers currently furloughed will not be able to return to their job in its central scenario<sup>6</sup>, while a survey of 1,530 small businesses in June 2020 finds that they expect to lay off 11% of people on furlough leave.<sup>7</sup> Table 1 uses predictions from the July economic analysis published by PWC<sup>8</sup>, which states that it is broadly consistent with the OBR's projection that unemployment will peak above than 10% in the final quarter of 2020 and does not take into account additional mitigating actions taken by businesses or government.
- **Nature of industry (Column 6):** One of the main sources of information on the business outlook is the Bank of England's Decision Maker Panel (DMP) survey. The results published on 18 June<sup>9</sup> divide companies into four categories in terms of the impact on sales: essential services (such as healthcare or food manufacturing), less consumer-facing services (such as finance), non-food manufacturing and construction and lastly highly-consumer-facing non-essential services (such as hospitality or recreational services). This is relevant not just because it has a close relationship with the size of the negative impact of the pandemic, but because the concept of essential services is likely to remain important.
- **Employment predictions for 2021 (Column 7):** The DMP survey asks private sector Chief Financial Officers for their best estimate of the impact of the Covid-19 crisis on employment over the coming few quarters, relative to what would otherwise have happened. Clearly this is a view that will be revised, but it is from people that are well-informed about the future of their organisations. The results for 2020 are shown below in Chart 1 (p10).
- **Future impact of automation (Column 8):** Prior to the crisis, many assessments were made of the perceived long-term impact of automation on jobs in different sectors.<sup>10</sup> While to some extent these are rendered out-of-date by the pandemic, it is worth bearing them in mind as a discussion prompt for thinking about the very long-term outlook. We use the net balance of forecast job creation and displacement resulting from artificial intelligence and related technologies up to 2037, published by consultancy PwC in 2018<sup>11</sup> for selected sectors.

Table 1: Indicators of Covid-19 impact by sector

1. Sector (% of all UK jobs <sup>1</sup> )	Impact of Covid-19 on employment				Looking ahead...		
	2. Furloughs as at end June (% of eligible) <sup>2</sup>	3. Est. % of furloughed workers whose job at risk end Q2 2020 <sup>3</sup>	4. Average weekly hours (YOY change) <sup>4</sup>	5. Vacancies (YOY change) <sup>5</sup>	6. Nature of industry: essential? customer-facing? <sup>6</sup>	7. Predicted impact of Covid-19 on emp't in Q1 2021 <sup>7</sup>	8. Net balance of jobs potentially vulnerable to AI by 2037 (PwC) <sup>8</sup>
Agriculture forestry & fishing (1%)	11%	0%	+2%	-	Essential service	-	-
Mining & quarrying (0.2%)	19%	12%	-12% <sup>(a)</sup>	-75%	Non-food M&C	-5.5% <sup>(d)</sup>	-
Manufacturing (7.6%)	24%	10%	-22%	-49.4%	Essential service	-10%	-2%
					Non-food M&C		
Electricity & gas (0.4%)	11%	0%	-12% <sup>(a)</sup>	-29.4%	Essential service	-5.5% <sup>(d)</sup>	-
Water & waste (0.7%)	14%	0%	-12% <sup>(a)</sup>	-52.3%	Essential service	-5.5% <sup>(d)</sup>	-
Construction (6.4%)	31%	10%	-29%	-55.8%	Non-food M&C	-5.8%	-3%
Retail (incl. motor repair) (13.9%)	29%	7%	-25%	-67.9%	Essential service	-8.5%	-3%
					Highly consumer-facing services		
Transport and storage (5%)	22%	19%	-23%	-66.1%	Highly consumer-facing services	-5.0%	-22%
					Less consumer-facing services		
Hospitality (7.1%)	60%	32%	-54%	-80.9%	Highly consumer-facing services	-9.3%	+8%



Information & comms (4.4%)	15%	13%	-10%	-62.6%	Less consumer-facing services	-0.4%	+8%
Finance & insurance (3.2%)	5%	17%	-6% <sup>(b)</sup>	-50.1%	Less consumer-facing services	-4.0%	-7%
Real estate (1.8%)	26%	5%	-6% <sup>(b)</sup>	-62.2%	Less consumer-facing services	-5.9%	-
Professional, scientific & technical (9.2%)	22%	8%	-13%	-58.2%	Less consumer-facing services	-5.5%	+16%
Admin & support (8.5%)	24%	0%	-24%	-37%	Less consumer-facing services	-7.8%	+1%
Public admin, defence & welfare (4.3%)	2%	-	-4%	-22.8%	Essential service	-	-18%
Education (8.3%)	9%	28%	-23%	-56.8%	Essential service	-	+6%
Health and social work (12.5%)	8%	-	-8%	-25.8%	Essential service	-	+22%
Arts & recreation (2.9%)	59%	28%	-38% <sup>(c)</sup>	-87.3%	Highly consumer-facing services	-	-
Other services (2.7%)	44%	26%	-38% <sup>(c)</sup>	-70.2%	Less consumer-facing services	-10.1%	-
Total or UK average	22%	17%	-20%	-55%	-	-7.2%	0%

(a) The ONS data on hours puts these sectors together, so the figure for mining, energy and water supply is shown for all. (b) The figure shown is for finance and real estate combined (c) Arts and other services are combined (d) The figure shown is for "other production".

1. Workforce jobs by industry (seasonally adjusted), March 2020, Nomis. All types of jobs, including self-employment.

2. Calculated from Coronavirus Job Retention Scheme statistics, HMRC, 21 August 2020. Claims received up to 30 June 2020. Shows percentage of all eligible not all in sector (not of total jobs) as on the day of 30 June 2020.
3. PwC, economic outlook, July 2020.
4. Change in average weekly hours May to July 2020 from the same period in 2019, Labour Force Survey, ONS.
5. Change in vacancies May to July 2020 from the same period 2019, Vacancies Survey, Office for National Statistics.
6. *Decision Maker Panel survey - 2020 Q2*, June 2020, Bank of England.
7. July 2020 DMP Survey, Bank of England.
8. UK Economic Outlook, PwC, July 2018. The average given for “other sectors” is -2%.

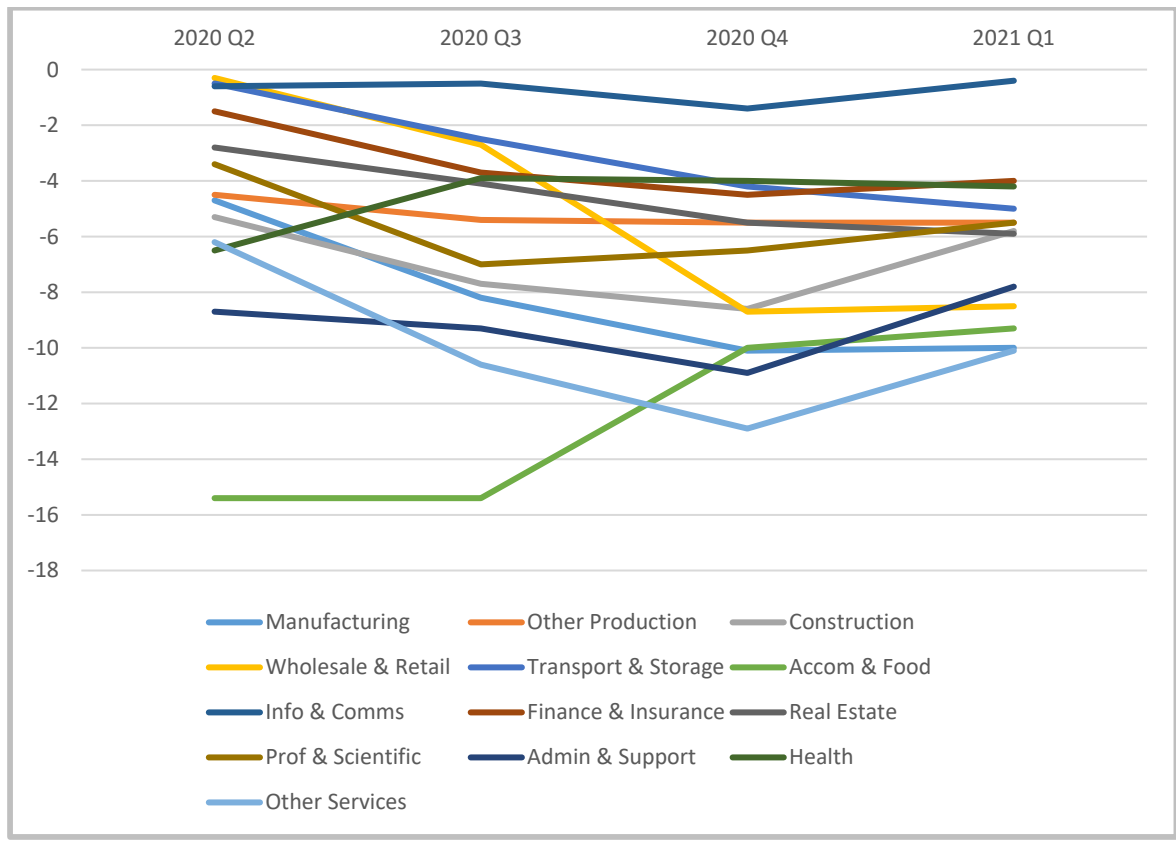
## What the table shows

Reading across the table brings home the severity of the crisis across all areas of the economy, with use of the furlough scheme widespread, vacancy rates having plummeted and negative impacts on employment at the start of 2021 predicted by businesses across the private sector. Business leaders in all parts of the private sector monitored by the DMP survey are predicting a continuing negative impact on employment by the first quarter of 2021. The table illustrates the sector differences:

- Almost all the indicators for accommodation and food services (hospitality), arts, entertainment and recreation and other services are coloured in red, while transport, construction and retail also show some of the worst impact from the pandemic.
- Apart from the public services, most of the sectors with green indicators have smaller employment shares than those that are hardest hit. These include agriculture, the utilities and finance.
- Vacancy rates and working hours did not just fall in the hardest hit sectors but in essential services too. While vacancies in some may recover much faster than others (and reflect the unprecedented, temporary shut down of economic activity) this illustrates the scale of the bounce-back needed to return to normal rates of hiring, even in sectors where there are strong longer-term drivers of demand, such as professional, scientific and technical services. The latest figures showed some improvement from the past couple of months in most sectors (in construction, for example) but vacancies are still down across all sectors compared to a year ago, including in health and social care. Data from the [reed.co.uk](https://reed.co.uk) jobsite showed job postings in 30 out of 36 sectors showing a month-on-month improvement from June to July 2020, but overall postings were still 49% down on January<sup>12</sup>.
- Business predictions of the impact of Covid-19 on employment range from a negligible impact in information and communication to a severe impact in accommodation and food and other services. It is worth noting that some of these predictions have significantly improved, however. In June, hospitality employers predicted that the negative impact of Covid-19 on employment by the first quarter of 2021 would be -18.7%, compared to 9.3% when asked in July. In contrast, predictions for employment in retail have not improved and employers see the outlook worsening significantly at the end of 2020 going into 2021. This is corroborated by the CIPD's Summer Labour Market Outlook survey, which shows the net employment balance for the retail sector employment falling sharply for the three months to September (-21%) compared to the three months to June (-1%).

- The illustrative PwC indicator of the possible long-term impact of automation highlights that the transport sector and manufacturing may see the greatest future negative changes for the size of the workforce (should technology such as automated cars take off), while a strong boost to health jobs is predicted due to the positive “income effect” of AI for this sector and continually rising demand for health and care services. As we discuss on p14, however, the hit to investment from Covid-19 may well slow investment in AI and other forms of automation.

Chart 1: Expected impact of Covid-19 on employment, 2020 and Q1 2021



Source: Decision Maker Panel Survey 2020 Q2, Bank of England, July 2020. Results are average responses to the question: “Relative to what would have otherwise happened, what is your best estimate for the impact of the spread of coronavirus (Covid-19) on the employment of your business in quarter x?”

## Looking ahead: sector issues to watch

This section pulls out some of the factors that may play a significant role in shaping divergent labour market developments in different sectors. For specific-sector updates, the trade associations for each sector are a good place to start, as well as some of the data sources summarised on p18.

### Social distancing and ongoing Covid-19 impact

It deserves repeating that it is important to remember the scale of the uncertainty surrounding any predictions for business or the economy, given the ongoing threat of Covid-19 to public health and how it can be managed. For example, analysis by the Resolution Foundation<sup>13</sup> sees many sectors (such as finance, agriculture and real estate) returning fully to pre-crisis levels of activity by the end of 2020, but this is based on a scenario where the UK follows Germany's path so far out of lockdown. How consumers feel about returning to shops and restaurants will play a large role in the possibilities for job creation in retail and hospitality, the latter where almost three-quarters (73%) of eligible employments were recorded as furloughed at some point as at the end of June 2020.

Human contact service sectors such as accommodation, catering or the arts are clearly impacted by this most directly, but the importance of the global public health situation even for non-service sectors such as manufacturing (such as on motor manufacturing supply chains for example, with a massive 95.4% drop in car production in May 2020 on a year earlier<sup>14</sup>) remains key.

### Importance of critical sectors and key workers to continue

The DMP survey analysis published by the Bank of England illustrates the relationship between sector economic outlook and the extent to which a sector provides essential services. The possibility of further lockdowns, continued global economic disruption and/or a worst-case scenario Brexit impact mean that at least to some extent, the Government's economic planning will need to continue on a crisis footing, in which essential sectors assume greater importance. For example, the Office for Budgetary Responsibility's July scenario<sup>15</sup> references the Government's list of 13 "crucial national infrastructure" sectors<sup>16</sup>, including food, government, emergency services, water, energy, transport, space, chemicals finance and health, noting that these are more likely to be backed by Government investment should it be needed.

Other analyses have found useful ways to categorise sectors' resilience. For example, an analysis by LinkedIn of hiring via the platform singles out "responding industries" as central to the pandemic response, "weathering industries" (retail, finance, software and IT) and

“adversely impacted” sectors (recreation and travel, corporate services and entertainment). Hiring impacts range from a 6.9% increase in hiring in transportation and logistics to a 47.1% drop in recreation and travel. While the professional nature of the LinkedIn jobs market means that this can tell us little about sector prospects for people in non-professional roles, it again illustrates the importance of the provision of critical services and supplies in the retention of jobs throughout the health crisis.

One in three “key workers” as defined by Government guidance are in the health and social care sector<sup>17</sup>, where both short-term (crisis response) and long-term (e.g. demographic change) factors look set to make this an important sector for jobs. Skills requirements for many of the jobs in the health sector may be a barrier for many seeking to move into health roles (see Skills, below), but there are clear progression pathways and a strong commitment from NHS Trusts to expand their role as “anchor institutions” in supporting both health and employment in their communities.

### Government policy and investment

Clearly Government policy and intervention in all areas - most obviously health and employment - will be a decisive factor in employment outcomes for people over the coming months and years, with the furlough scheme the most obvious example so far. But there are

“The construction sector is uniquely placed to drive economy recovery, if the correct supportive mechanisms are in place. From both the state and private financiers, promises of an ‘infrastructure revolution’, ambitious housebuilding targets, and monetary reassurances are vital to putting those spades back in the ground and helping both the sector and the wider economy to recover.”

*Where next for construction? PwC, 2020*

many other policy areas less directly related to employment, such as the housing market, environmental policy or social care policy that will make a critical difference to the nature and volume of jobs. One example is the construction sector, where 59% of eligible employments have been furloughed and construction workers made up 41% of claims to the Government’s self-employment support scheme (SISS) to the end of June 2020. The commitment to “build, build, build”, with planned infrastructure investment projects to be brought forward, could in principle see a rapid growth in construction activity.

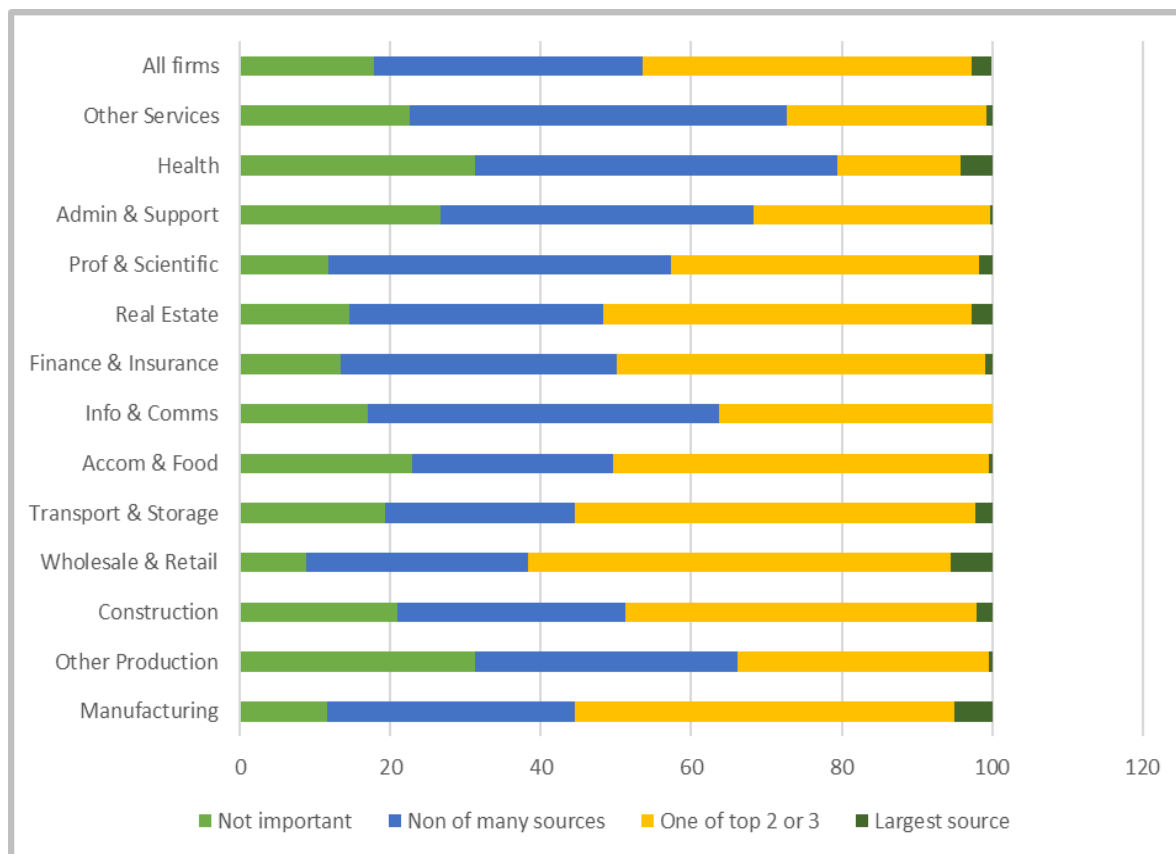
Another sector where Government investment could hold the key to future jobs is social care, where low pay and high staff turnover have combined with increased demand to create workforce shortages which are expected to grow. Yet the financial challenges facing local authorities and providers may provide serious problems for jobs growth if not addressed in a strategic way by Government.

### Brexit: different sectors affected?

While some Local Enterprise Partnerships (LEPs) have done some very detailed analysis around the impact of Brexit in their regions<sup>18</sup>, there is still a high level of uncertainty around the impact that Brexit will have, with the end of the transition period fewer than five months away.

Survey data from firms, however, suggests that the sheer scale of business concerns and uncertainty related to Covid-19 have overshadowed Brexit-related worry. A paper from the Bank of England says that before the Covid-19 crisis unfolded, roughly 15% to 25% of firms saw Brexit as their top source of uncertainty. By March 2020 this was nearly zero and it has risen only slightly since, highlighting “the extreme character of Covid-induced uncertainty.”<sup>19</sup> The latest results are shown below by sector in Chart 2.

**Chart 2: Business estimates of impact of Brexit on uncertainty, May to July 2020**



Data from Bank of England, DPM survey, August 2020 (covering May to July 2020)

Worry about Brexit may currently be overshadowed, but a recent study by the Centre for Economic Performance at the London School of Economics<sup>20</sup> finds that the sectors most significantly affected by the public health crisis are different to those for which Brexit is

likely to have the biggest negative impact, meaning that overall a wider range of sectors will be negatively impacted by one or the other. The paper says: “The spread of Covid-19 has dramatically changed the economic landscape in the UK, meaning that detailed sectoral assessments on the impacts of Brexit are even more essential.”

### **Will Covid-19 speed the pace of workplace automation?**

A recent report from the Institute for the Future of Work on impact of automation on labour markets and the interaction with Covid-19<sup>21</sup> concludes that: “Often shocks are responsible for significant changes in business strategy and form. Current evidence strongly suggests that the existing pressures on labour markets which arise from or interact with technological transformation will be accelerated by Covid-19.”

The retail sector is where the role of the pandemic in speeding the pace of technological change has been most apparent. As a fraction of total retail spend, online sales have risen from around a fifth prior to the crisis to around a third now<sup>22</sup>, while surveys find that consumers say that they will stick with their changed shopping behaviour.<sup>23</sup> The British Retail Consortium reports that the recovery in sales in June 2020 (with growth up 10.9% on a like-for-like basis from June 2019) was primarily driven by online sales. It is also a key issue to watch in retail warehousing (technically part of the transport and storage sector), where many tasks could potentially be automated (and in some warehouses already are).

In other sectors, such as manufacturing, there may be less likely to be any impact from Covid-19 in speeding the pace of technological change, with the cutting or delay of the investment that would be required, as one report has already picked up.<sup>24</sup> The introduction of automation is usually the result of innovation, which, as Stephen Roper and Joanne Turner write on the Economics Observatory website<sup>25</sup>, usually falls sharply and recovers slowly in the wake of a recession. So while there seems to be a strong business case for further digitalisation and automation in retail with the leap in online sales (and potentially in public services administration with the rapid expansion of Government services online), other sectors may see the pace slowed by the lack of funds with which to invest.

### **Skills and reskilling centre-stage in sector response**

People with a lower level of skills are clearly vastly more at risk in the labour market during this economic crisis and will be disproportionately represented amongst those who need support to find a job or training.



Sectors identified as potential “growth sectors” for jobs are much more likely to have many more opportunities at a highly skilled, professional level than those at mid- or lower-skilled level, however. For example, the utilities sector looks to be a promising sector for jobs recovery. It has long been a source of well-paid, skilled jobs and apprenticeships and held up well in 2020 so far in employment terms (although reduced power demand from industry has had an impact)<sup>26</sup>. Yet most of the jobs needed in the sector are high skilled with a long-term pipeline. This is also true of many of the “green jobs” that it is hoped that the utilities, local government and construction sectors will benefit from<sup>27</sup> as well as some health sector jobs. There may be opportunities for short-term unemployed people with relevant skills to move into these roles, while others can be supported to undertake longer-term training. But for the lower-skilled there will need to be a focus on partnerships between employment support, further education, providers, sector bodies and employers to develop stronger sector pathways from lower- to mid- and higher-skilled roles.

“Specific skills shortages are reported in engineering and technicians’ occupations as well as cross-sector disciplines such as quantity surveyors, data scientists, cyber security experts and project management. The industry is struggling to recruit enough people into these, and other critical roles. Being able to attract and retain young people with STEM qualifications continues to be an issue.”  
Energy and Utility Skills Partnership

### Switching sectors: can it be done?

Even in the best-case economic scenario, many people in the hardest-hit sectors will find that the jobs available to them will have greatly reduced and will need to consider applying for a job role in a different sector. The sheer extent of disruption and change may have led more people to reconsider aspects of their working lives. As a recent report from the Learning and Work Institute and think tank Reform notes: “Being on furlough, and fearing job loss, is likely to mean more adults considering career changes, upskilling and retraining.”<sup>28</sup> A survey carried out in May 2020 by Opinium and the Institute for the Future of Work found that of around one in three employees looking for another job, around 60% were looking for a job in a different sector. The Institute says: “this is significant because it indicates a much higher level of transition between sectors than has previously been the case in the UK.”

Yet despite anecdotal evidence of many people switching rapidly into NHS support or care worker roles, supermarket store and delivery positions and other key worker jobs during the immediate crisis, the ONS found that the proportion of people changing occupations in the first half of 2020 was only slightly up on the same period in 2019 (6.1% compared to 5.7% in 2019)<sup>29</sup>. Recently, researchers at the University of Salford found that only 7.5% of new benefits claimants expected to be moving into another type of work when they find a new

job, with around half expecting to return to their previous job role<sup>30</sup>. Large-scale movement of workers to different occupations and sectors has not been a feature of the UK labour market in the past, the Resolution Foundation's research illustrates.<sup>31</sup>

A worker's skills and experience in a particular sector have value; it will be harder to compete against candidates for a job with directly relevant experience and switching sectors may mean starting at a lower-paid or lower-status job<sup>32</sup>. Other barriers may include flexible and part-time working; the majority of workers in the retail sector, for example, work part-time. Related to this, now is a good opportunity to challenge gender stereotypes in the labour market and the way in which occupational gender segregation acts to restrict the efficiency with which people find the right jobs for them.<sup>33</sup>

A sector-focused approach to supporting job seekers find work, working with employers to establish recruitment and progression pipelines where there is demand, has been shown to be effective<sup>34</sup>, as the Government has recognised by increasing funding for sector-based work academies. Moreover, many of the announcements made by Chancellor in his Plan for Jobs<sup>35</sup> on 7 July, such as the expansion of the National Careers Service and support for various types of training and work experience, will greatly assist jobseekers in quickly acquiring the skills they need to change sectors. If one of the upsides of the crisis can be at a reversal of the downward trends in adult and workplace learning and a massive expansion of retraining programmes, that will be of major benefit to employees and jobseekers across all sectors of the economy.

## Box 1: Useful surveys and resources on the impact of Covid-19 on sectors of the economy

[ONS business impact of Coronavirus survey \(BICS\)](#): This survey comes out every second Thursday with timely data on how business turnover, workforce prices, trade and business resilience are being affected by Covid-19.

[Labour market statistics](#): The ONS has added a number of timely indicators to its usual Labour Market Statistics. These include new data on the number of employees on UK payrolls and their earnings.

[HM Revenue and Customs coronavirus statistics](#): On this page you can find monthly statistics on claims for the Government's Job Retention Scheme and the Self-Employment Income Support Scheme.

[The Bank of England's Decision Maker Panel Survey](#): This surveys Chief Financial Officers from small, medium and large UK businesses. Data is released every month, with a commentary published every quarter.

[The Institute for Employment Studies' monthly vacancy analysis](#): This monthly briefing uses data collected by jobsite Adzuna to produce regional and occupation breakdowns and estimates of claimant-vacancy ratios.

[ONS surveys and official statistics on the economy](#): ONS data on output for manufacturing, production and services and estimates of growth.

[Economics Observatory](#): This website has been set up the economic research community and has a wide range of readable, practical articles on the economics of the Covid-19 crisis and the recovery.

Click on the title for a link to each resource.

## Endnotes

- <sup>1</sup> [“Unemployment: The coming storm”](#), Paul Gregg, University of Bath, June 2020
- <sup>2</sup> [“The Second Quarter”](#), speech given by Andrew Haldane, Chief Economist, Bank of England, June 2020
- <sup>3</sup> [When furlough has to stop: Next steps to avert long-term unemployment](#), Learning & Work Institute and Reform, July 2020
- <sup>4</sup> For example see [“Which local authorities face the biggest immediate economic hit?”](#) Andy Norman, Centre for Progressive Policy, April 2020 or [The geography of the COVID-19 crisis in England](#), Institute for Fiscal Studies, June 2020.
- <sup>5</sup> [Business Impact of Covid-19 Survey](#), ONS, 20 August
- <sup>6</sup> [Fiscal Sustainability Report](#), Office for Budget Responsibility, July 2020.
- <sup>7</sup> [A Third; a third; a third: Different firm positions on recovery](#), Be the Business, July 2020
- <sup>8</sup> [UK Economic Update: COVID-19: Scenario-based analysis of the potential short-term impacts of COVID-19 on UK economic growth](#), PwC, July 2020.
- <sup>9</sup> See [Latest Results from the Decision Maker Panel survey - 2020 Q2](#), June 2020, Bank of England
- <sup>10</sup> The most important studies are summarised here: [The probability of automation in England: 2011 and 2017](#), Office for National Statistics (ONS), March 2019.
- <sup>11</sup> [UK Economic outlook](#), PwC, July 2018
- <sup>12</sup> [Job Index Report, July 2020](#), Keep Britain Working campaign.
- <sup>13</sup> [Easing does it: Economic policy beyond the lockdown](#), Laura Gardiner et al, Resolution Foundation, July 2020
- <sup>14</sup> [Manufacturing data](#), Society of Motor Manufacturers and Traders, May 2020.
- <sup>15</sup> [Fiscal Sustainability Report](#), Office for Budget Responsibility, July 2020.
- <sup>16</sup> [Public Summary of Sector Security and Resilience Plans](#), Cabinet Office, 2017
- <sup>17</sup> [Coronavirus and key workers in the UK](#), ONS, May 2020
- <sup>18</sup> For example see [Leaving the European Union](#), North East Brexit Group, 2018
- <sup>19</sup> [Economic uncertainty before and during the Covid-19 pandemic](#), Bank of England Staff Working Paper No. 876, June 2020
- <sup>20</sup> [Covid-19 and Brexit: Real-time updates on business performance in the United Kingdom](#), Josh De Lyon & Swati Dhingra, Centre for Economic Performance, London School of Economics, July 2020
- <sup>21</sup> [The impact of automation on labour markets: Interactions with Covid-19](#), Institute for the Future of Work, July 2020
- <sup>22</sup> [“The Second Quarter”](#), speech by Andrew Haldane, Bank of England, June 2020
- <sup>23</sup> [Covid19 briefing materials: Global health and crisis response](#), McKinsey & Company, July 2020
- <sup>24</sup> [The Covid shift: Working time in manufacturing, engineering, shipbuilding and aerospace after the pandemic](#), IPPR, July 2020
- <sup>25</sup> [“What will coronavirus mean for innovation by firms?”](#), Stephen Roper and Joanne Turner, Economics Observatory, August 2020.
- <sup>26</sup> In its [Workforce Renewal and Skills Strategy 2020-25](#), the Energy and Utilities Skills Partnership points to the fact that 27% of the current workforce will retire over the coming decade and combined with the need for new jobs and skills there will be a need to reskill or replace 48% of the current workforce over the next ten years.
- <sup>27</sup> [What are green jobs and where are they?](#) Francesco Vona, Giovanni Marin, Davide Consoli, LSE, October 2018
- <sup>28</sup> [When furlough has to stop: Next steps to avert long-term unemployment](#), Learning & Work Institute and Reform, July 2020
- <sup>29</sup> [Coronavirus and occupational switching: January to June 2020](#), ONS, August 2020
- <sup>30</sup> [“New benefit claimants expect to return to their old jobs - but may be disappointed”](#), Ben Baumberg Geiger, University of Salford, Manchester, July 2020
- <sup>31</sup> [The Full Monty: Facing up to the challenge of the coronavirus labour market crisis](#), Nye Cominetti, Laura Gardiner & Hannah Slaughter, June 2020
- <sup>32</sup> [Covid-19 and Brexit: Real-time updates on business performance in the United Kingdom](#), Josh De Lyon & Swati Dhingra note that: “Different sectoral impacts mean that many firms and workers are faced with reduced returns to their accumulated sectoral knowledge.”

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<sup>33</sup> See [Shifting Stereotypes: Gender and Job Roles](#), Reed in Partnership,

<sup>34</sup> See [Sector-based work academies: A quantitative impact assessment](#), DWP Research Report, March 2016.

<sup>35</sup> [Plan for Jobs](#), HM Treasury July 2020.