

Article

Labour market economic analysis, quarterly: September 2020

Analysis of changes in labour market participation of young people over the past 10 years including the impact of the coronavirus (COVID-19). Based on UK labour market statistics for the period April to June 2011 to May to July 2020.

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1 . Main points

- In the year to May to July 2020, the employment rate for young people reduced by 1.9 percentage points to 52.9%.
- During the lockdown, young people were more likely to be away from paid work than other age groups.
- Of all young people in employment, 9.9% were on zero-hours contracts (ZHC) in the period April to June 2020.
- In the three months to June 2020, 11.1% of all young people were not in employment, education or training. Of these, 39% were unemployed and 61% were economically inactive.

2 . Labour market status of young people

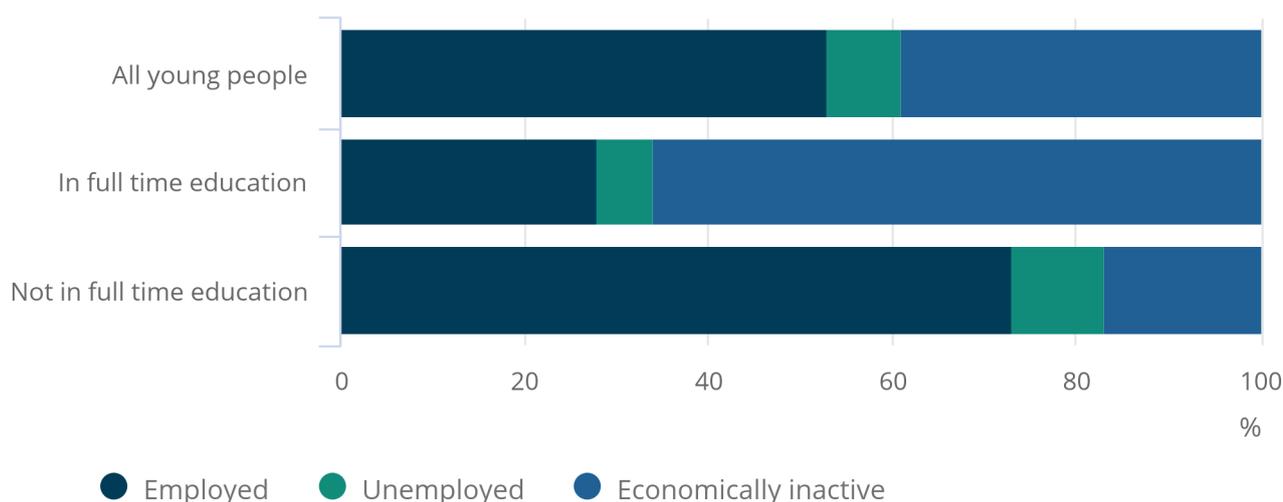
Young people constitute about 11% of the people aged 16 years and over who are in employment. Figure 1 shows the labour market status of a typical group of 100 young people aged 16 to 24 years in the three months to July 2020.

Figure 1: There are more young people who are employed than are unemployed or economically inactive

The percentages of young people in different labour market statuses, April to June 2011 to May to July 2020

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The percentages of young people in different labour market statuses, April to June 2011 to May to July 2020



Source: Office for National Statistics - Labour Force Survey

3 . Coronavirus and young people in the labour market

The impact of the coronavirus (COVID-19) pandemic on the UK economy has been large, with gross domestic product (GDP) falling by a record 20.4% in Quarter 2 (Apr to June) 2020. Comparatively, the impact on the labour market has so far been on a smaller scale, although breaking down headline figures by age group shows that some have been affected more adversely than others.

Latest [labour market figures](#) show that, while there was only a small quarterly decrease in the overall number of people in employment in the period May to July 2020, a larger decrease was recorded for young people.

In the year to May to July 2020:

- The employment rate for young people reduced by 1.9 percentage points to 52.9%; the employment rate for young men reduced by 1.2 percentage points to 52.8%, while that for young women reduced by 2.5% to 52.9%.
- The unemployment rate for young people (youth unemployment) increased by two percentage points to 13.4%, an increase driven by both men and women; the unemployment rate for men increased by 1.7 percentage points to 15%, while that for women increased by 2.3 percentage points to 11.8%.
- The increase in youth unemployment was cushioned by government interventions that supported workers with the worst effects of the coronavirus pandemic, that is, the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS).

Young people were more likely to be employed in industries most affected by the coronavirus

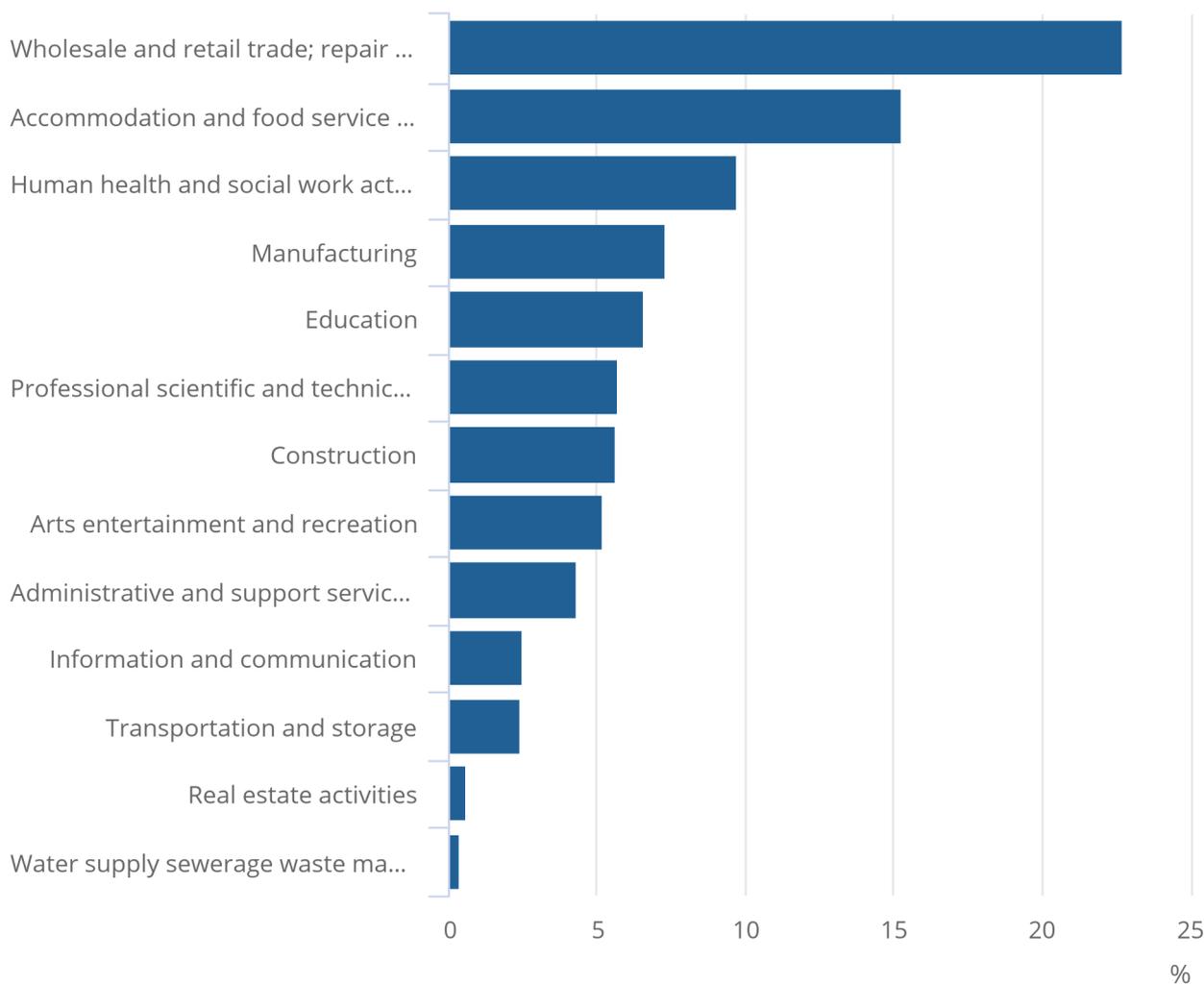
Young people have higher employment intensity in industries that were significantly affected by the coronavirus (COVID-19). We define young people's employment intensity in an industry as the proportion of young people who are employed in that industry. Figure 2 shows the employment intensities across industries.

Figure 2: The employment of young people is most concentrated in the wholesale and retail trade industry

Percentage of young people employed by industry, April to June 2020

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Percentage of young people employed by industry, April to June 2020



Source: Office for National Statistics - Labour Force Survey

Figure 2 shows that young people were mostly employed in wholesale and retail trade (22.7%), followed by accommodation and food service activities (15.3%) and human health and social work activities (9.7%). The lowest number of young people were employed in water supply, sewerage, water management and remediation activities followed by real estate activities and information and communication.

In addition to the concentration of employment, we can analyse business turnover during the period April to June 2020, together with furloughing of employments across industries. This shows that young people have higher employment intensity in industries that were significantly affected by the coronavirus.

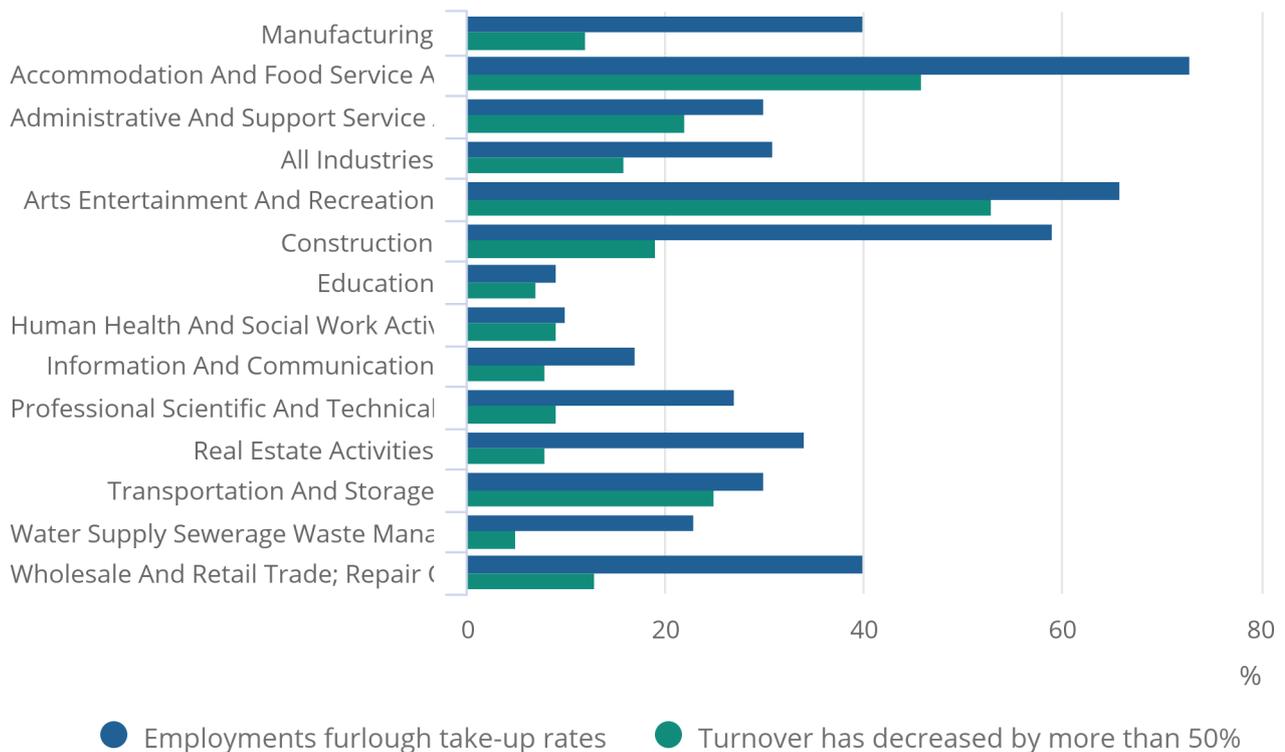
The [Business Impacts of Coronavirus Survey \(BICS\)](#) data for Wave 8 show that in the last two weeks of June 2020, turnover decreased by the second-largest proportion in accommodation and food service activities (negative 46%) where young people had the second-highest concentration.

Figure 3: The accommodation and food service activities and arts, entertainment and recreation industries had largest number of firms whose turnover decreased by more than 50%

Percentage of firms with turnover reduction of more than 50% and employments furlough take-up rates by industry, April to June 2020

Figure 3: The accommodation and food service activities and arts, entertainment and recreation industries had largest number of firms whose turnover decreased by more than 50%

Percentage of firms with turnover reduction of more than 50% and employments furlough take-up rates by industry, April to June 2020



Source: HMRC Coronavirus Job Retention Scheme Statistics and Office for National Statistics - Business Impacts of the Coronavirus Survey

[HMRC publishes statistics on CJRS take-up rates](#). Data on furloughing claims received up to the end of June 2020 show that the top four industries in terms of the number of employments furloughed were wholesale and retail (1.8 million), accommodation and food service activities (1.6 million), manufacturing (964,000) and business administration and support services (822,000). In terms of employments furlough take-up rates, the top industries with the highest rates were accommodation and food service activities (73%), arts, entertainment and recreation activities (66%), construction (59%) and manufacturing and wholesale and retail activities (40% each).

The concentration of young people in industries that were most affected by the lockdown measures partly explains why they had high furlough take-up rates (averaging 47%). Young workers aged between 16 and 17 years have higher furloughing take-up rates (averaging 59%) than those aged 18 to 24 years (averaging 44%). Women aged between 16 and 20 years have higher furlough take-up rates (55%) than men of similar ages (52%). This reverses for women and men aged 22 to 24 years (35% compared with 39% respectively).

The Labour Force Survey (LFS) also shows that in the period April to June 2020, [young people were more likely to be temporarily away from work](#): 38.7% of young people aged 16 to 19 years were temporarily away from work in this period, while 26.6% of those aged 20 to 24 years were also temporarily away from work. The only other age group of working age with a similarly high rate of workers who were temporarily away from work was 60 to 64 years (25%). The people who were temporarily away from work include those who were on furlough.

Recent trends in young people's employment and unemployment

The LFS for the period May to July 2020 shows that young people experienced falling employment, increasing unemployment, and increasing economic inactivity. For example, between February to April 2020 and May to July 2020, the number of young people in employment declined by 4.1% to 3.6 million. Over the same period, the number of unemployed young people increased 6.7% to 563,000, and those economically inactive increased by 4.3% to 2.7 million.

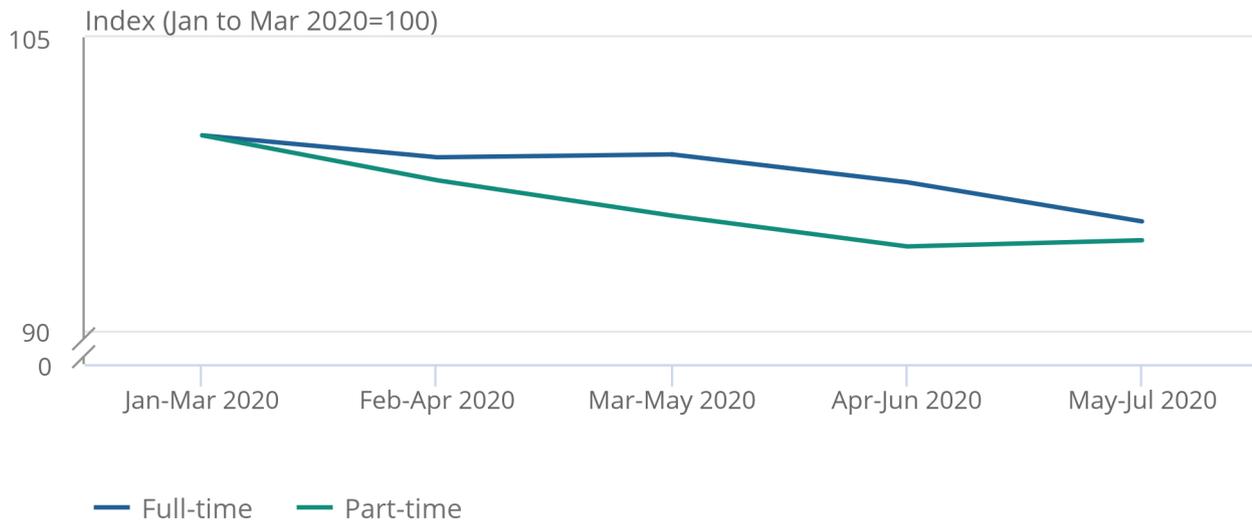
Figure 4 shows young people's working patterns in 2020 indexed to January to March 2020. It shows that from January, the number of young people in employment decreased. There was a larger decline in the number of young people working part-time (negative 5.7%) between January to March and April to June 2020 compared with the decline in the number of those who worked full-time (negative 2.4%). Between April and July, the number of young people in full-time employment continued to decline, while the number of those in part-time employment increased.

Figure 4: The number of young people in employment declined in 2020

Index of employment by working pattern, January to March 2020 to April to June 2020

Figure 4: The number of young people in employment declined in 2020

Index of employment by working pattern, January to March 2020 to April to June 2020



Source: Office for National Statistics - Labour Force Survey and Business Impacts of Coronavirus Survey

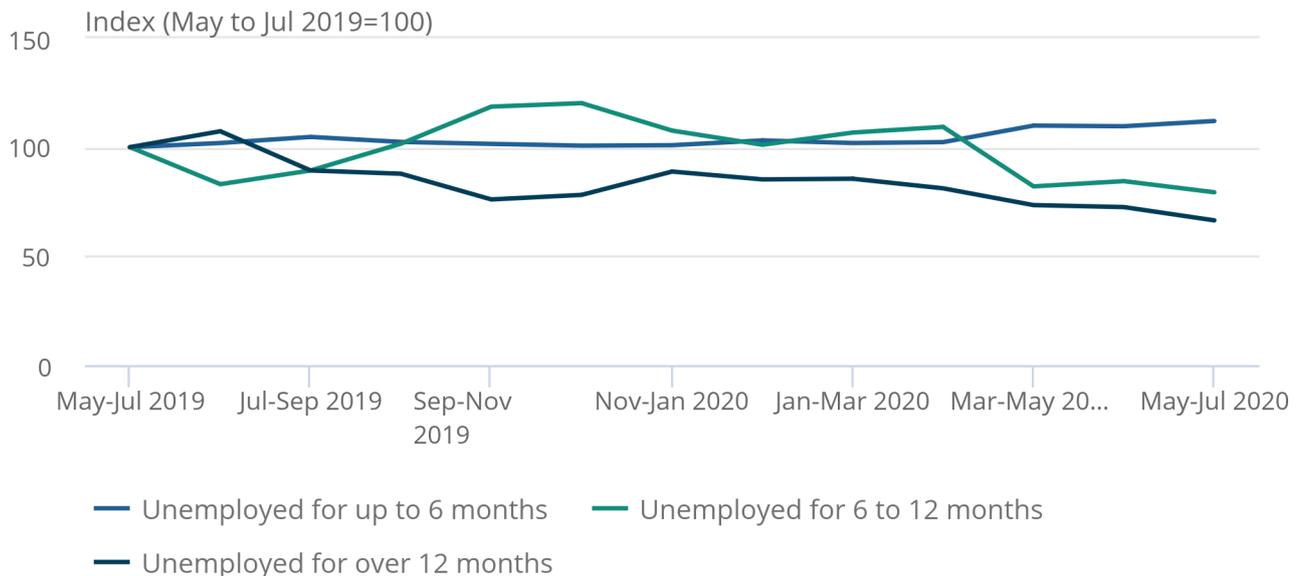
The structure of unemployment among young people is changing. Figure 5 shows indices of proportions of unemployed young people by duration for young workers. The proportions of the durations are indexed to May to July 2019.

Figure 5: The proportion of young people in short-term unemployment is increasing while the proportion in long-term unemployment is decreasing.

Indices of percentages of unemployed young people by duration (May to July 2019=100), May to July 2019 to May to July 2020

Figure 5: The proportion of young people in short-term unemployment is increasing while the proportion in long-term unemployment is decreasing.

Indices of percentages of unemployed young people by duration (May to July 2019=100), May to July 2019 to May to July 2020



Source: Office for National Statistics - Labour Force Survey

The proportion of young people in short-term unemployment (of duration less than six months) increased sharply between February and May 2020. The proportion of young people in medium-term unemployment (of duration 6 to 12 months) had a large decrease over the same period. In recent periods, the change in the structure of unemployment was hastened by the coronavirus. Short-term unemployment is generally higher than both medium- and long-term unemployment for all age groups. This reflects a higher level of churning in the labour market.

The proportion of young people in long-term unemployment (that is, a duration over 12 months) had been declining since May to July 2019, but the decline accelerated from February to April 2020. In the three months to July 2020, the fall in long-term unemployment was a result of more young people becoming economically inactive and therefore leaving the labour force.

4 . Changes in the participation of young people in the labour market over time

Over the last decade, employment in the UK has grown by 12%, from 29.7 million in the period April to June 2011 to 33.0 million in the period May to July 2020. Over the same period, the number of young people in employment reduced by 2.5%, from 3.7 million to 3.6 million.

Between April to June 2011 and May to July in 2020:

- the unemployment rate for young people declined, from 20.6% to 13.4%
- the employment rate of young people increased gradually, from 50.5% to 52.9%
- the economic inactivity rate of young people remained relatively unchanged, from 36.4% to 38.9%

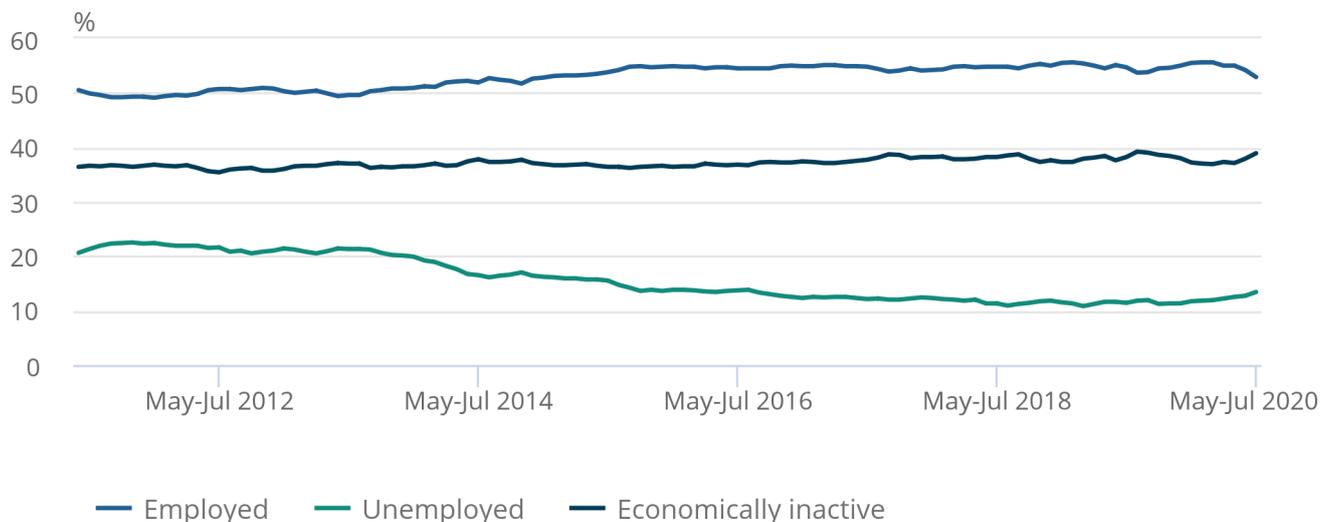
Figure 6 shows that the percentage of young people in employment increased gradually between May to July 2011 and August to October 2015. Thereafter, the percentage stabilised. The proportion of unemployed young people was 20.6% in the period April to June 2011. It decreased between June to August 2013 and June to August 2018. Since then, it has been relatively flat, but in recent periods, it increased between August to October 2019 (from 11.2%) and May to July 2020 (to 13.4%). The largest increase was experienced between January and July 2020. The trend of economically inactive young people is generally flat.

Figure 6: There are more young people who are employed than are unemployed or economically inactive

The percentages of young people in different labour market statuses, April to June 2011 to May to July 2020.

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The percentages of young people in different labour market statuses, April to June 2011 to May to July 2020.



Source: Office for National Statistics - Labour Force Survey

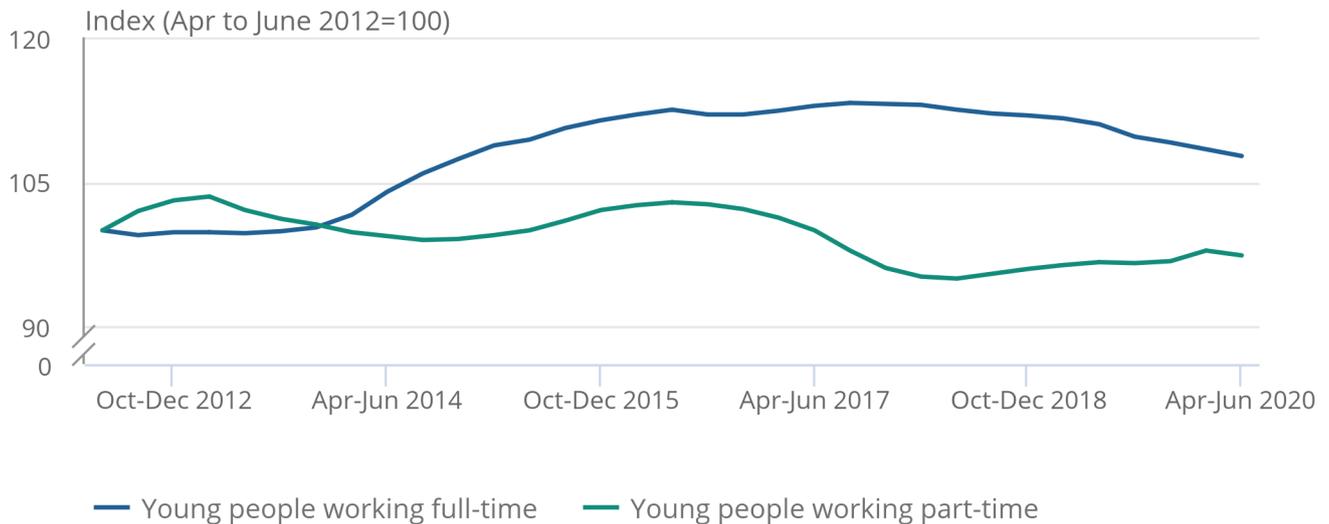
Figure 7 shows the indices of employment of young people by working pattern. It shows that the number of young people working full-time increased between 2012 and 2018. The largest number of young people working full-time was recorded between April to June 2017 and April to June 2018. After that, the number of young people full-time workers declined, although in the three months to June 2020, there were still more young people working full-time than in January to March 2012.

Figure 7: Most young people in employment work full-time.

Indexes of young people in employment by working pattern, April to June 2012 to April to June 2020

Figure 7: Most young people in employment work full-time.

Indexes of young people in employment by working pattern, April to June 2012 to April to June 2020



Source: Office for National Statistics - Labour Force Survey

Figure 7 shows that the number of young people who work part-time has been variable overtime. It decreased to below the January to March 2012 level in the period April to June 2017. In the three months to June 2020, the number of young people working part-time was 3% lower than in 2012.

Young people are over-represented among workers on zero-hours contracts

Of all young people in employment, [9.9% were on zero-hours contracts \(ZHCs\)](#). In the three months to June 2020, 362,000 young workers were on ZHCs in their main jobs. Workers on ZHCs provide their labour on demand. The growth in these contracts was covered extensively in [January's labour market economic commentary](#).

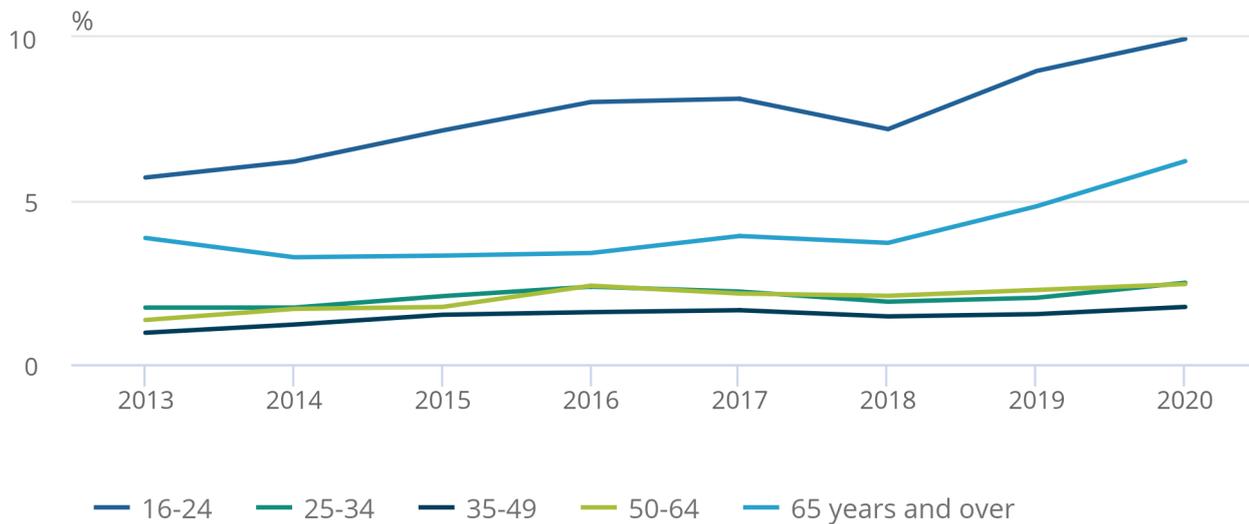
Figure 8 shows the trends of various age groups in employment who were on ZHCs. The period covered starts from 2013 because there is a structural break in the series, partly explained by the increased coverage of zero hours contracts in the second half of 2013, which may have affected the response to ZHC question.

Figure 8: There is a high prevalence of zero-hours contract employment among young people

Percentage of people on ZHC employment by age group, UK, October to December 2013 to April to June 2020

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Percentage of people on ZHC employment by age group, UK, October to December 2013 to April to June 2020



Source: Office for National Statistics - Labour Force Survey

Figure 8 shows there is an upward trend of young workers, and those aged 65 years and over who work, employed on ZHCs between October to December 2013 and April to June 2020. Young people are more likely to be employed on them than the other age groups.

In the three months to June 2020, 19.3% of the people who were in employment on ZHCs were in full-time education. In this period, the distribution of ZHCs by industry shows that such contracts were concentrated in accommodation and food service activities (22.6%), health and social work activities (19.7%), transport, arts and other services (15.9%) and wholesale and retail activities (11.3%).

More young workers are unemployed compared with middle-aged and older workers

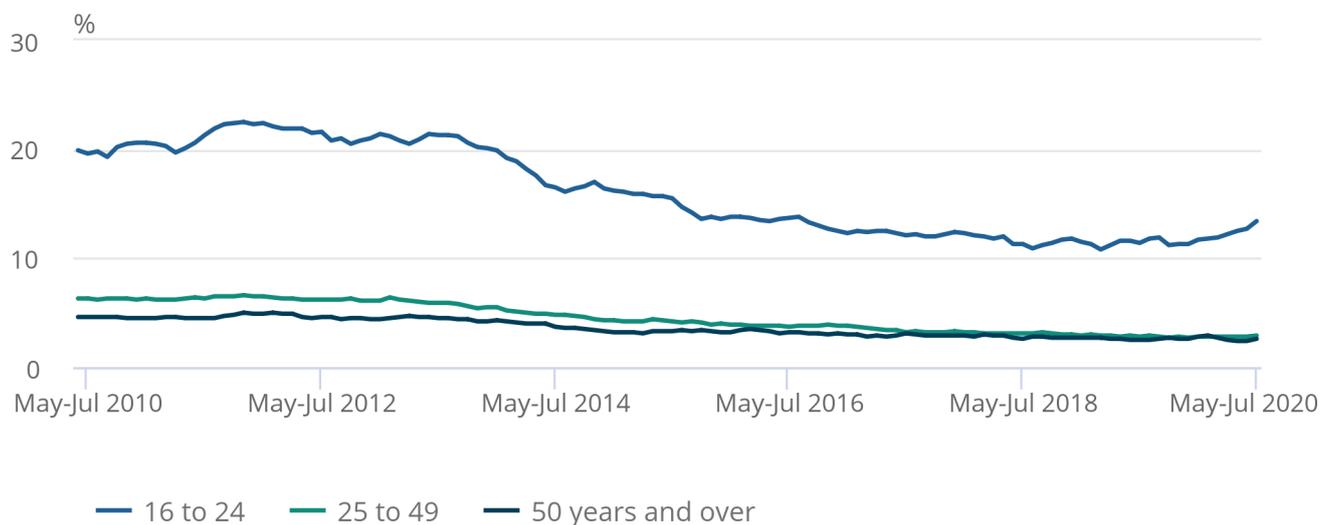
Although the unemployment rate for young people has been declining since April to June 2011, the rate has been higher than those for middle-aged (25 to 49 years) and older workers. This is to be expected, as between the ages of 16 years and 24 years, the majority of young people transition between economic inactivity (education) and employment. This means most young people will experience at least some periods of unemployment during those six transition years. The transition years contribute to higher youth unemployment. Figure 9 shows the unemployment rates of the three age groups.

Figure 9: Youth unemployment remains higher than that of middle age people and older people

Unemployment rates of young, middle-aged and older workers, April to June 2011 to May to July 2020

Figure 9: Youth unemployment remains higher than that of middle age people and older people

Unemployment rates of young, middle-aged and older workers, April to June 2011 to May to July 2020



Source: Office for National Statistics - Labour Force Survey

The unemployment rate for young people nearly halved between July to September 2011 and May to July 2020. Despite the large fall, the unemployment rate for young people is still more than five times higher than that of middle-aged workers. Moreover, it increased from 11.2% in the period August to October 2019 to 13.4% in the period April to June 2020. The unemployment rates for the other two age groups were relatively flat over that period.

5 . Education and participation in the labour market

In the three months to July 2020, 45% of young people were in full-time education. There was a small increase in the proportion of young people in full-time education over the past decade, from 43% in April to June 2011. This proportion also increased in recent months, from a value of 42% in the period March to May 2020.

The proportion of young people not in employment, education or training (NEET) has been declining

In the three months to June 2020, 11.1% of all young people were [not in education, employment or training \(NEET\)](#). The number of young people who were NEET has been declining recently. Between January to March 2020 and April to June 2020, the number of young people who were NEET reduced by 0.8% to 765,000. Over the same period, the proportion of young people aged 16 to 17 years who were NEET reduced by 0.3 percentage points to 4.2% of the relevant population group, while that of those aged 18 to 24 years increased by 0.1 percentage points to 13% of the relevant population group.

Of those that were NEET, 39% were unemployed and 61% were economically inactive. Unemployment and inactivity were higher among those aged 18 to 24 years than those aged 16 to 17 years.

The labour market status of young people in full-time education

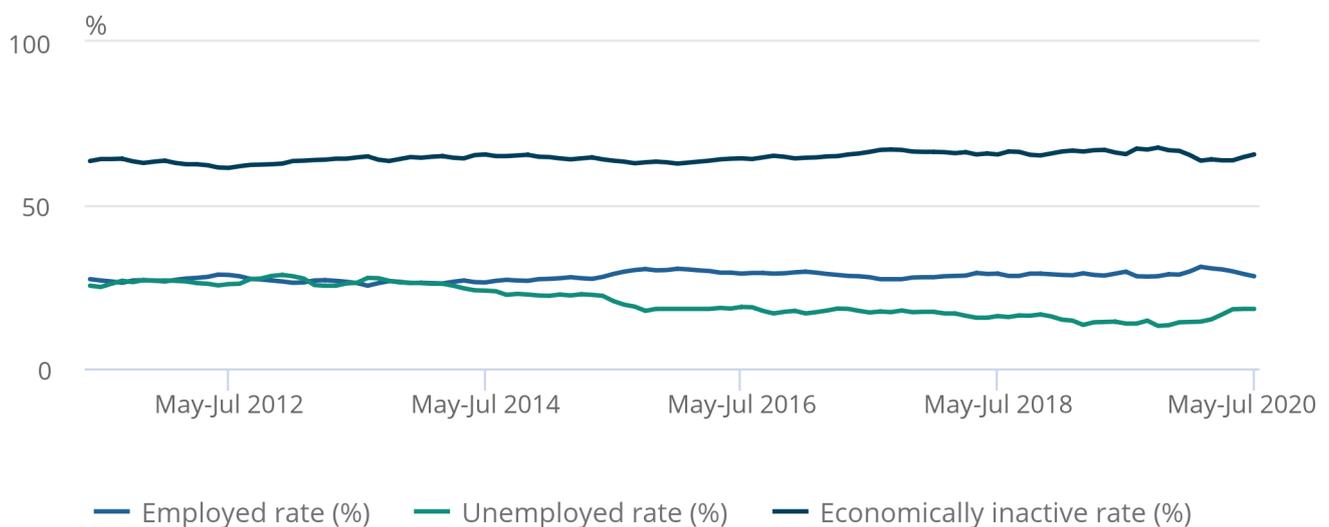
Young people in education and training may work and study at the same time, while others may be recorded as inactive if not working or seeking to work, or as unemployed if actively seeking employment. Figure 10 shows that the rates of young people in full-time education in different labour market status have largely been stable over time.

Figure 10: The largest proportion of young people in full-time education is economically inactive

Rates of young people in full-time education by labour market status, April to June 2011 to May to July 2020

Figure 10: The largest proportion of young people in full-time education is economically inactive

Rates of young people in full-time education by labour market status, April to June 2011 to May to July 2020



Source: Office for National Statistics - Labour Force Survey

However, things have changed in recent periods. For example, the economic inactivity rate of young people in full-time education declined from 67.6% in the three months to October 2019 to 65.5% in the three months to July 2020. Over the same period, the rate of those unemployed increased from 13% to 18.2%. The employment rate was unchanged at 28.2% between August to October 2019 and May to July 2020.

Take-up of apprenticeship training¹ for young people declined significantly in 2020, by 92% to 540 between August 2019 and August 2020. The data for the three months to June 2020 show that compared with 2019, apprenticeship starts declined from February 2020.

Analysis of the trends in labour market status for young people not in full-time education shows that the largest proportion of young people not in full-time education are employed. The employment rate had an upward trend between March to May 2012 and February to April 2017. Thereafter the trend was flat. However, the rate declined from 75.3% in the three months to December 2019 to 73% in the three months to June 2020.

The rate of unemployed young people not in full-time education decreased between April to June 2011 and June to August 2018. Thereafter the trend has been flat. The rate of economically inactive young people not in full-time education has generally been unchanged over the reference period. Before March to May 2014, the percentage of young people who were unemployed was higher than that of those who were economically inactive.

Notes for: Education and participation in the labour market

1. Apprenticeship training refers to a course of training in any industry or establishment. Apprenticeship training consists of basic training (theoretical instructions) and practical on-the-job training at actual workplace.

6 . Employment in the UK data

[Employment, unemployment and economic inactivity](#)

Dataset A05 SA | Released 15 September 2020

Estimates of UK employment, unemployment and economic inactivity broken down into age bands.

[Unemployment by age and duration](#)

Dataset UNEM01 SA | Released 15 September 2020

Estimates of unemployment in the UK including a breakdown by sex, age group and the length of time people are unemployed.

7 . Glossary

Young people

For this release, young people are defined as those aged 16 to 24 years. Estimates are also produced for the age groups 16 to 17 years and 18 to 24 years and by sex.

Education and training

People are considered to be in education or training if any of the following apply:

- they are enrolled on an education course and are still attending or waiting for term to start or restart
- they are doing an apprenticeship
- they are on a government-supported employment or training programme
- they are working or studying towards a qualification
- they have had job-related training or education in the last four weeks

Young people not in education, employment or training (NEET)

Anybody who is not in any of the forms of education or training listed and not in employment is considered to be not in education, employment or training (NEET). Consequently, a person identified as NEET will always be either unemployed or economically inactive.

Economic inactivity

People not in the labour force (also known as economically inactive) are not in employment but do not meet the internationally accepted definition of unemployment because they have not been seeking work within the last four weeks and/or are unable to start work in the next two weeks. The economic inactivity rate is the proportion of people aged between 16 and 64 years who are not in the labour force.

Employment

Employment measures the number of people in paid work or who had a job that they were temporarily away from (for example, because they were on holiday or off sick). This differs from the number of jobs because some people have more than one job. The employment rate is the proportion of people aged between 16 and 64 years who are in employment. A more detailed explanation is available in our guide to labour market statistics.

Unemployment

Unemployment measures people without a job who have been actively seeking work within the last four weeks and are available to start work within the next two weeks. The unemployment rate is not the proportion of the total population who are unemployed. It is the proportion of the economically active population (that is, those in work plus those seeking and available to work) who are unemployed.

[A more detailed glossary is available.](#)

8 . Data sources and quality

We use the Labour force Survey (LFS), HMRC Coronavirus Job Retention Scheme (CJRS) Statistics and Business Impacts of the Coronavirus (COVID-19) Survey (BICS) for the analysis in this article. Where possible, we use the latest LFS (May to July 2020) data and in some instances, we use calendar quarter LFS data for April to June 2020. LFS and BICS are surveys that gather information from a sample rather than from the whole population. The sample is designed to be as accurate as possible given practical limitations such as time and cost constraints. Therefore, the estimates used in this article have some uncertainty and are not precise figures. This can have an impact on how changes in the estimates should be interpreted, especially for short-term comparisons.

As the number of people available in the sample gets smaller, the variability of the estimates that we can make from that sample size gets larger. Estimates for small groups (for example, unemployed people aged between 16 and 17 years), which are based on small subsets of the LFS sample, are less reliable and tend to be more volatile than for larger aggregated groups (for example, the total number of unemployed people).

In general, changes in the numbers (and especially the rates) reported in this article between three-month periods are small and are not usually greater than the level that can be explained by sampling variability. Short-term movements in reported rates should be considered alongside longer-term patterns in the series and corresponding movements in other sources to give a fuller picture.

Further information is available in [A guide to labour market statistics](#).

Information on revisions is available in the [labour market statistics revisions policy](#).

9 . Future developments

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

10 . Related links

[Labour market overview, UK: September 2020](#)

Bulletin | Released 15 September 2020

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

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

Bulletin | Released 20 August 2020

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

[Coronavirus \(COVID-19\) latest data and analysis](#)

Web page | Updated as and when data become available

Latest data and analysis on the coronavirus (COVID-19) in the UK and its effect on the economy and society.

[Coronavirus and the economic impacts on the UK](#)

Article | Released 10 September 2020

New experimental data on the UK economy detailing the impact on businesses from the coronavirus.