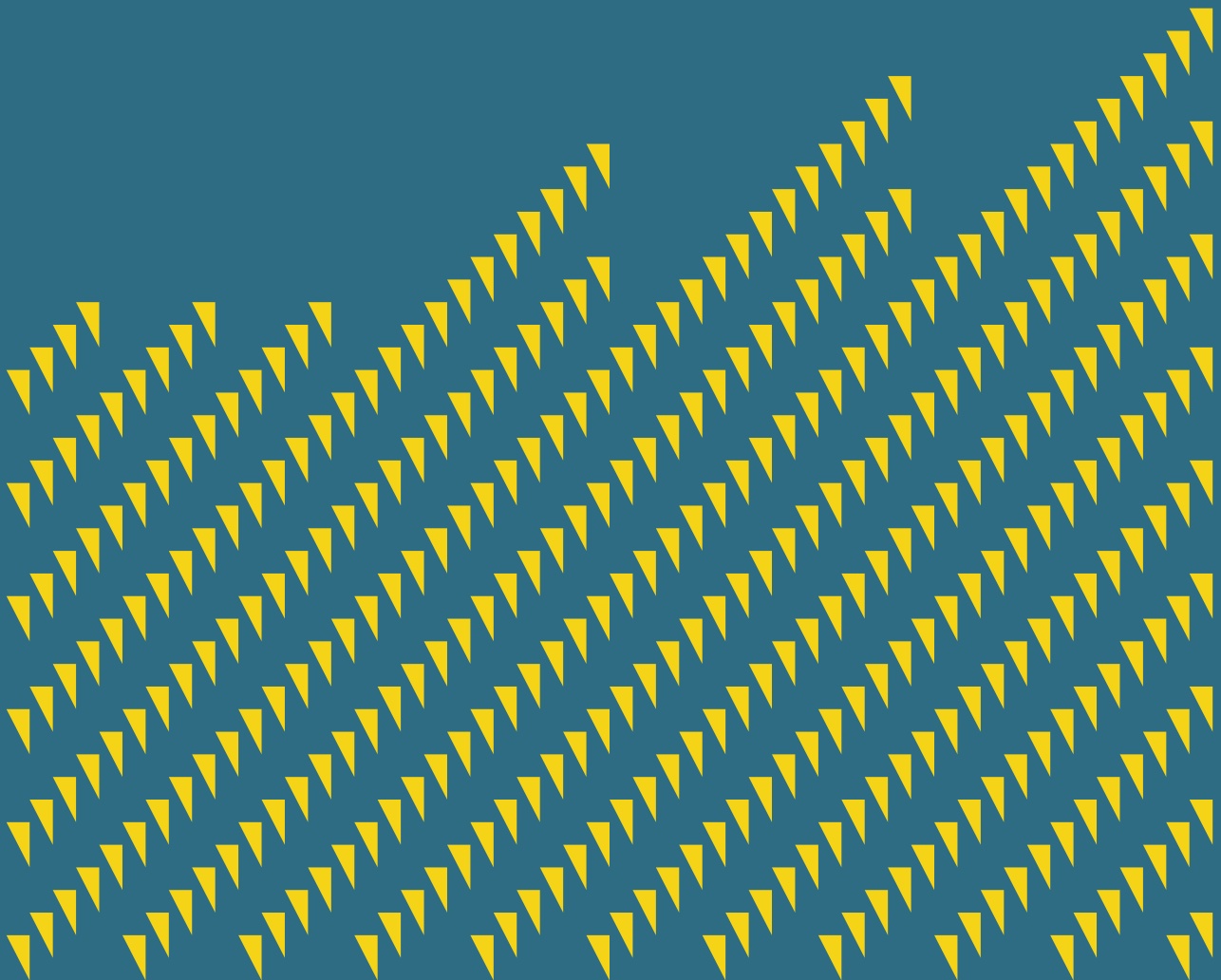


Uneven steps

Changes in youth unemployment and
study since the onset of Covid-19

Kathleen Henehan
April 2021



Acknowledgements

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Summary

As Covid-19 took hold last year, it became clear that parts of the UK economy would need to be temporarily shut down in order to reduce the spread of the virus, and thereby save lives. However, unemployment rose by less than anticipated, with the unemployment rate among people aged 16 and older rising by just over one percentage point in the past year. And yet, the damage from the country's collective need to put large portions of the economy on hold has been far more concentrated among young people than expected. Youth unemployment rose faster between spring and autumn 2020 than at any point since the financial crisis. And though that rate of increase has since slowed, there have been significant differences in the increase in unemployment that has occurred not just between generations but also within them. This note explores both the scale and the distribution of the labour market change experienced by young people over the past year.

Since the pandemic began, young people have been more likely than their middle-aged counterparts to have lost working hours, experienced lower pay, been put on furlough or have lost their job. In fact, young workers (those aged 16-24) have accounted for nearly two-thirds of the total fall in payrolled employment that occurred in the year to February. This has exacerbated pre-existing intergenerational inequalities, wherein during the decade before the pandemic, younger people had experienced lower rates of pay growth and higher rates of working in the country's lowest-paid sectors (retail, hospitality, and arts and leisure), compared to their predecessors while the same age.

But the growing sectoral concentration among younger generations offers one part of the explanation as to why the young have experienced such a disproportionately large portion of the past year's economic pain. Going into the pandemic, the share of 18-24-year-olds working in one of these hard-hit sectors was more than twice as large as the share of 25-65-year-olds that did. And once the virus hit, young people working in these sectors were nearly three times as likely to have moved out of work than their 25-64-year-old counterparts.

But just as the impact of the Covid-19 crisis has been unequally spread between generations, it's been unequally spread within them, too. We find that in many cases, conditions have deteriorated most among those young people whose pre-pandemic employment position had already been weakest. Before the onset of Covid-19 (Q2-Q4 2019), one-in-four (25 per cent) economically active Black 16-24-year-olds were unemployed, compared to one-in-ten (10 per cent) of their White counterparts. By Q2-Q4 2020, the unemployment rate rose to 34 per cent (a 9 percentage point increase) among Black young people and to 13 per cent (a 2 point rise) among White young people.

Importantly, the crisis has not just been characterised by young people losing their jobs, but also by recent education leavers struggling to find their first job. Between 2019 and 2020 the unemployment rate among graduates and non-graduates who had left full-time education within the previous year rose by 4 percentage points each, to 18 and 14 per cent, respectively. Young male graduates have not been spared the pain of this crisis: between Q2-Q4 2019 and Q2-Q4 2020 unemployment among young male graduates rose more than 5 points, to 17.5 per cent – meaning that young graduate men had a higher unemployment rate than both their female counterparts (10.2 per cent) and non-graduate men (15.9 per cent).

The rise in unemployment would have been larger had it not been for a sharp uptick in full-time education participation, especially among 16-17-year-olds. Though the share of 16-17-year-olds who were employed (and not in full-time education) fell by 1.8 percentage points in the year to November 2020-January 2021, the proportion in full-time study rose by twice as much: 3.6 points. During the same period, the share of 18-24-year-olds that were employed (outside of full-time education) fell by 3.2 points while the share in full-time study rose by 2 points – a smaller amount than the fall in employment but large enough to limit the rise in unemployment. Across most groups of young people, the share who were in full-time study has increased over the last year – even if the rise was not large enough to absorb larger falls in employment. For example, the share of Black 16-24-year-olds in full-time study rose by nearly 3 points, which helped soften but certainly not overcome the larger fall in employment experienced by this group (-9 points).

As we come out of the crisis, policy makers should reflect on the price younger generations have paid for the country's collective need to put restrictions in place in order to slow the spread of the virus, and ultimately save lives. The challenge is threefold: building avenues to help young people into the workplace; providing them with support to stay in – or return to – education and training; and working with employers and employment support providers to tackle bias and discrimination in the hiring process and career progression more generally.

The employment effects of the Covid-19 crisis have been particularly pronounced among young people

Since last spring, it has been clear that young people's employment prospects have been disproportionately affected by the economic consequences of the Covid-19 crisis. Resolution Foundation research found that as early as May 2020, one-third of 18-24-year-olds had been furloughed or lost their main job – compared to less than 15 per cent of

their 35-44-year-old counterparts.¹ By January 2021, it had become even clearer that the crisis has had a 'U-shaped' impact across the age distribution, with younger and to a slightly lesser extent, older workers worse off than average. More than four-in-ten (41 per cent) 18-24-year-olds who had been employed the previous February were no longer working, were furloughed or were being paid at least 10 per cent less than they had been before the Covid-19 crisis; as were nearly one-in-three (30 per cent) of workers aged 55 and older. This was the case among a significantly lower share of 25-54-year-olds (22 per cent).² Moreover, between February 2020 and February 2021, younger workers accounted for nearly two-thirds of the total fall in payrolled employment.³

It is well established that periods of unemployment often lead to employment and pay 'scarring' over the long-term: unemployment spells can act as a negative signalling device for employers, putting them off hiring candidates who have experienced this. Moreover, the actual amount of time spent out of work reduces opportunities for skills development and progression.⁴ Both of these factors are particularly pernicious for young people, given that pay progression is typically highest in the early years of a person's career, and that young people have less of a track record of previous employment to show to employers. For that reason, this note focuses primarily on scale and the distribution of the rise in youth unemployment since the start of the Covid-19 crisis, with a particular focus on the changing rate of youth unemployment across different groups of young people.

We begin, however, by highlighting the relative shift in labour market activity among 16-17-year-olds, 18-24-year-olds and all aged 16-64, shown in Figure 1. After several years of steadily rising, the employment rate among all aged 16-64 fell from 76.5 to 75 per cent (a 1.5 point decline) between November 2019-January 2020 (just before the onset of Covid-19) and November 2020-January 2021. During the same time period, employment among 18-24-year-olds it fell from 63.6 to 60 per cent (a 3.6 point fall) and among 16-17-year-olds it fell from 24 to 16.3 per cent (7.7 points).

The overall effects of the Covid-19 crisis on unemployment have been more muted than we would otherwise have anticipated, as large-scale take-up of the Job Retention Scheme prevented millions of workers from falling into redundancy.⁵ Among all aged 16-64, the unemployment rate rose by just over a percentage point (from 4 to 5.1 per

1 Excluding full-time students. Source: M Gustafsson, [Young workers in the coronavirus crisis: Findings from the Resolution Foundation's coronavirus survey](#), Resolution Foundation, May 2020.

2 N Cominetti, K Henehan, G Thwaites & H Slaughter, [Long Covid in the labour market: The impact on the labour market of Covid-19 a year into the crisis, and how to secure a strong recovery](#), Resolution Foundation, February 2020.

3 Resolution Foundation, [Employment falls but furlough and lockdown combined see job market enter 2021 in deep freeze](#), March 2021.

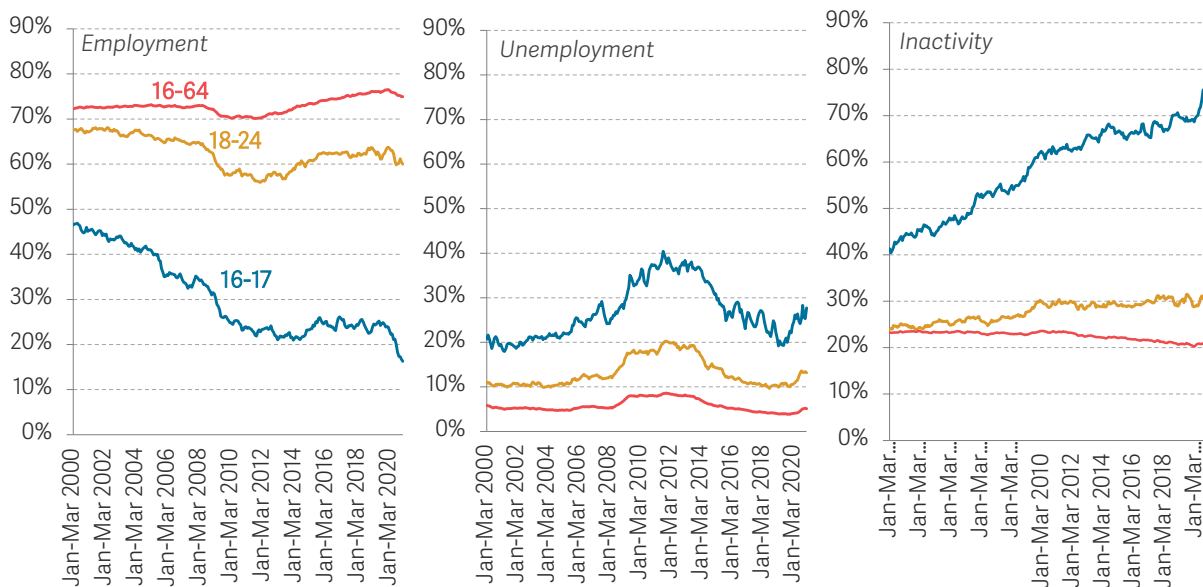
4 For a more detailed discussion on pay scarring from unemployment among young people, see: P Gregg & E Tominey, [The wage scar from male youth unemployment](#), Labour Economics, 12(4), August 2005.

5 For a detailed discussion of how to interpret labour market statistics during the Covid-19 crisis, see: M Brewer, L Gardiner & K Handscomb, [The truth will out: Understanding labour market statistics during the coronavirus crisis](#), Resolution Foundation, July 2020.

cent), between November 2019-January 2020 and November 2020-January 2021. The unemployment rate also rose to higher levels, from a higher starting point, among those aged 16-17 (5.6 points, from 22.1 to 27.7 per cent) and 18-24 (2.7 points, 10.5 to 13.2 per cent) over the same time frame.

FIGURE 1: The increase in 18-24-year-old unemployment between April-June and July-September 2020 was the sharpest since at least 1992

Economic activity by time period and age group: UK



SOURCE: ONS, UNEM01 SA: Unemployment by age and duration (seasonally adjusted).

However, it is the sharpness of the rise in unemployment that has occurred among younger people that's particularly striking. Between April-June and July-September 2020, the unemployment rate among 18-24-year-olds, rose from 11.5 to 13.6 per cent – a 2.1 point increase, which represents the largest quarter-on-quarter rise in unemployment since May 2009. It also represents the largest quarter-on-quarter percentage increase (18 per cent) since at least March 1992 (the earliest available data in this timeseries). And though that rate of increase has since slowed, the unemployment rate among both 16-17 and 18-24-year-olds remains higher than at any point since the close aftermath of the financial crisis.

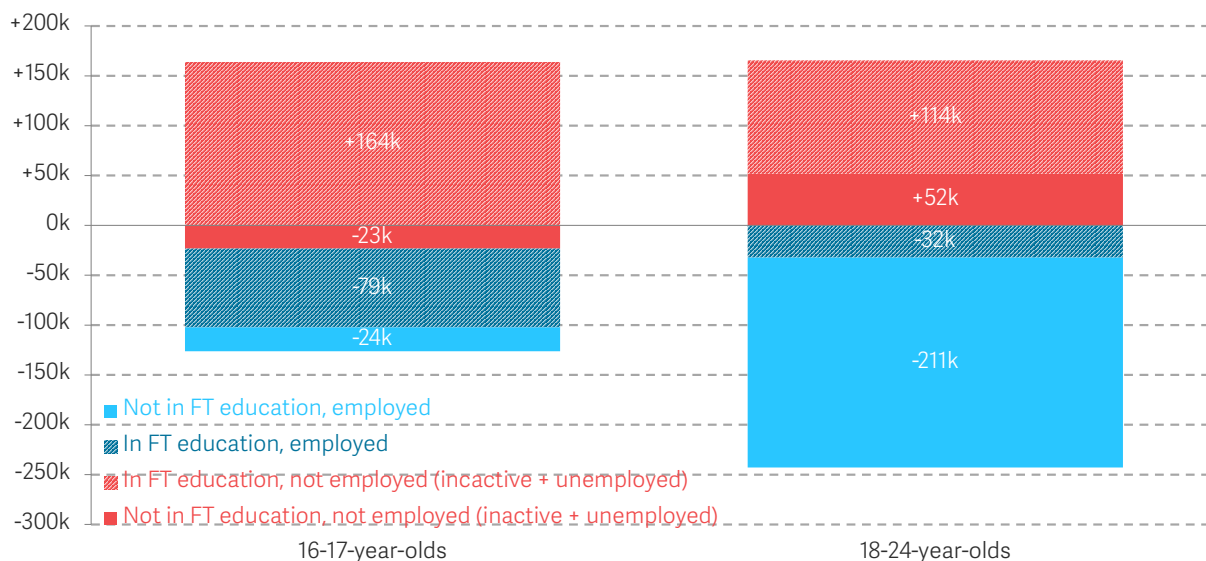
Instead of moving into unemployment, some workers who lost their jobs will have moved into economic inactivity, where they are not actively seeking work. This could include, for example, people who moved into full-time study or into early retirement, or who turned to caring responsibilities. Between November 2019-January 2020 and November 2020-January 2021, the inactivity rate among 16-64-year-olds overall rose somewhat (from 20.4 to 21 per cent, a 0.6 point increase). The uptick in inactivity was much larger among

18-24-year-olds, from 28.9 to 30.9 per cent (2 points), and larger still among those 16-17: from 69.2 per to 77.5 per cent (an 8 point increase).

Indeed, Figure 2 shows that since the start of the pandemic, there was a large rise in the number of 16-17-year-olds who were in full-time study, which outweighed the fall in the number of 16-17-year-olds who were in work. Between November 2019-January 2020 and November 2020-January 2021, the total rise in the number of 16-17-year-olds who were in full-time study but not working (roughly 164,000) was larger than the combined fall in the number who were employed but not in full-time education, employed and in full-time education, and not employed and not in full-time education (approximately 126,000). As a share of the 16-17-year-old population, employment (outside of full-time education) fell by 1.8 percentage points while the proportion in full-time study rose by twice as much: 3.6 points.

FIGURE 2: Full-time study has helped to limit a sharp rise in unemployment

Change in economic activity between November 2019-January 2020 and November 2020-January 2021, by age group: UK



SOURCE: RF analysis of ONS, A06 SA: Educational status and labour market status for people aged from 16 to 24 (seasonally adjusted).

Among 18-24-year-olds, growth in the number who were in full-time study but not employed (114,000) was substantial, with the overall share of 18-24-year-olds in full-time education rising by 2 percentage points (from 32 to 34 per cent) over the time period. However, the increase in full-time study was smaller than the combined fall in the number who were employed and growth in the numbers who were both not employed and not in full-time education (295,000). (The share of 18-24-year-olds that were employed outside of full-time education fell by 3.2 points while the share in full-time study rose by 2.) In other

words, education was – understandably – unable to absorb the full fall in employment among 18-24-year-olds like it did with 16-17-year-olds. But even still, the growth in full-time study has helped matters from becoming worse: young people participating in education will – we would expect – be gaining knowledge and skills for future employment while also avoiding the significant employment and wage scarring than can stem from being unemployed while young.

Although we are as yet unable to identify the details of the extent to which the composition of full-time study has shifted over the past year, figures from the Labour Force Survey indicate a rise in the proportion of 16-17-year-olds studying for Level 3 (A-level equivalent) courses (up by 1.5 percentage points during Q2-Q4 2020 compared to the same period in 2019), and a smaller uptick in the share on sub-degree higher-education level courses (just under 1 point).

Administrative education data provides another clue: figures from the Department for Education (DfE) indicate that since the start of the Covid-19 crisis, the number apprenticeship starts in England has fallen. These falls have been particularly pronounced among young people – exacerbating a longer-term decline in the number of 16-24-year-olds starting an apprenticeship. For example, between the 2018/19 and 2019/20 academic years, the number of 16-18-year-olds that started an apprenticeship fell by 22,400 (29 per cent) and the number of 19-24-year-old apprenticeship starts fell by 21,800 (30 per cent).⁶ Some of this will have been driven by the difficulty of running apprenticeships in sectors that were affected by social-distancing restrictions, including for example, retail, leisure, and food and accommodation, which comprise a large share of all apprenticeship starts among young people.⁷ It is not yet clear whether apprenticeship starts will revert to their pre-crisis levels as the economy re-opens, but the decline in opportunities will (at least in the past year) have forced a large number of young people to look elsewhere for study and training options.

In contrast to apprenticeships, figures from the University and College Admissions Service (UCAS) indicate that September 2020 featured the largest year-on-year increase in the 18-year-old university placement rate on record: up 8 per cent from 2019. Moreover, the proportion of 18-year-olds from the most deprived areas with a confirmed place also reached a record high, at 27 per cent.⁸

⁶ The number of starts among apprentices age 25 and older – who have long formed between 40-47 per cent of all starts also fell, but to a smaller degree: 30,300 (17 per cent). Source: Department for Education, [Apprenticeships and traineeships](#), February 2021.

⁷ K Henehan, [Apprenticeships: why new starters are so important](#), TES, January 2021.

⁸ By 'most deprived' the analysis refers to Indices of Multiple Deprivation (IMD) quintile 1. Universities and Colleges Admissions Service, [Daily clearing analysis: 10 September 2020](#), published 24 September 2020.

The rise in youth unemployment is heavily skewed towards those with Black and Asian backgrounds

Of course, the aggregate figures set out in Figure 1 and Figure 2 tell us little about which groups of young people's employment outcomes have been most, or least, affected since the onset of the Covid-19 crisis. Figure 3 attempts to shed light on this, by illustrating the unemployment rate for different groups of 16-24-year-olds, as well as the share that were employed, inactive but in full-time education, and inactive and not in full-time education. It presents this information for Q2-Q4 2020 (after Covid-19 had reached the UK) and for the same period in 2019 (before Covid-19 had reached the UK).⁹

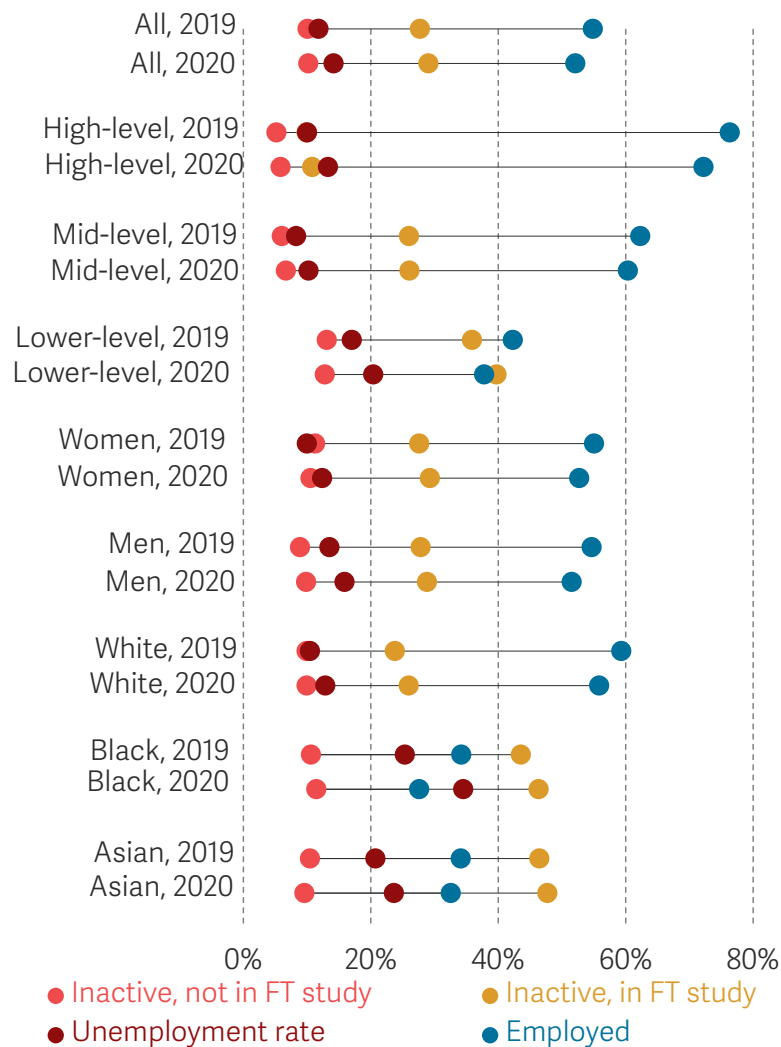
Among 16-24-year-olds overall, unemployment rose from 11.8 to 14.2 per cent; however, this varied substantially for different groups of young people. For example, unemployment among 16-24-year-olds with a degree-level qualification (or higher) remained lower during Q2-Q4 2020 (13.3 per cent) than among their counterparts with lower-level qualifications (i.e. GCSE-equivalent qualifications or lower, 20.4 per cent). However, the size of the increase in unemployment was proportionally larger among graduates: between Q2-Q4 2019 and Q2-Q4 2020, unemployment rose from 10 to 13.3 per cent among graduates (a 33 per cent increase) and from 17 to 20.4 per cent among those with lower-level qualifications (a 20 per cent increase).

Differences in unemployment, and the relative change in unemployment, are starker once we turn to ethnicity. Even before the onset of Covid-19, the unemployment rate among Black young people (25 per cent over Q2-Q4 2019) was higher than among their Asian counterparts (21 per cent), and 2.5 times the rate of their White counterparts (10 per cent). Since the onset of Covid-19, these differences have been exacerbated. During Q2-Q4 2020, the unemployment rate among Black young people rose to 35 per cent (a 10 point increase), which was 2.7 times the unemployment rate among young White people during the same period (13 per cent, representing a 3 point increase on Q2-Q4 2020). Over the same period unemployment among Asian young people rose 3 points to 23.7 per cent.

⁹ In order to achieve a sufficiently-large sample size, we use an aggregated ethnicity variable, which combines Black African and Black Caribbean; Indian, Pakistani and Bangladeshi; and White British, White Irish and White Other into three categories. This is important especially where we provide more detailed breakdowns of unemployment, such as qualification level within ethnicity. (For this reason, we also refer to unemployment across several quarters, rather than a single quarter, for much of this note.) However, these aggregated categories mask variation within the groups presented here. For example, previous Resolution Foundation research into employment and pay patterns shows the extent to which adults from an Indian background, on average, tend to have higher levels of education and pay, and higher rates of employment than their Pakistani and Bangladeshi counterparts. We also found similar, albeit somewhat smaller, differences between adults with Black African and Black Caribbean backgrounds. See: K Henehan & H Rose, [Opportunities Knocked? Exploring pay penalties among the UK's ethnic minorities](#), Resolution Foundation, July 2018.

FIGURE 3: The proportion of Black young people that are unemployed grew by more than one-third between Q2-Q4 2019 and Q2-Q4 2020

Unemployment rate and economic activity among 16-24-year-olds by highest qualification achieved, gender and ethnicity: UK, Q2-Q4 2019 and Q2-Q4 2020



NOTES: 'Mid-level' qualifications include sub-degree higher education qualifications (for example Foundation Degrees and Higher National Certificates/Diplomas) and Level 3-equivalent qualifications (including A levels). Lower-level qualifications refer to qualifications at Level 2 (GCSE-equivalent) and below, including those classed as 'other.' The unemployment rate is measured as the total number of unemployed people as a proportion of the total number of economically active (employed and unemployed) people, and therefore has a different denominator to the share who are either inactive or employed (which are measured as a share of the total population).

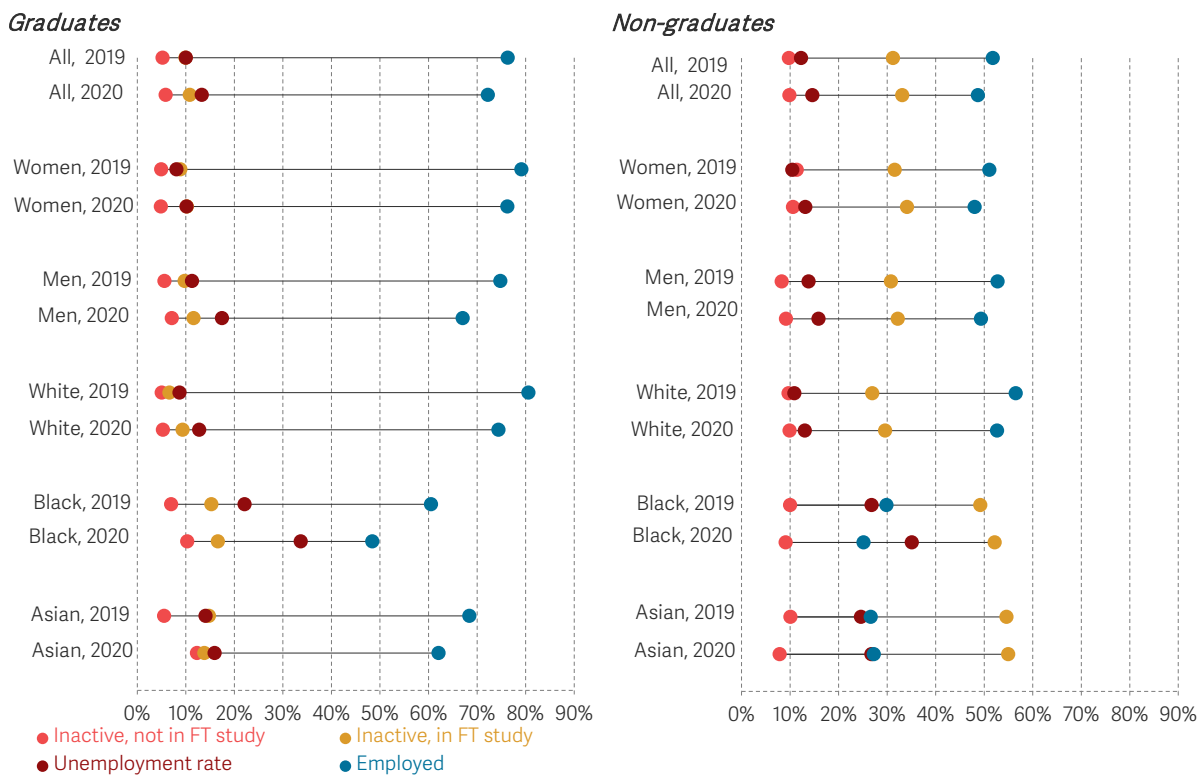
SOURCE: RF analysis of ONS, Labour Force Survey.

For most groups, the rise in the unemployment rate corresponded with a fall in employment. Among 16-24-year-olds a whole, a 2.8 percentage point increase in unemployment corresponded to a 2.8 point fall in the share who were employed (from 54.9 to 52.1 per cent). The scale of change varies across different groups: for example, among Black young people, employment fell 6.6 points (from 34.2 to 27.6 per cent),

whereas it fell by 3.5 points (from 59.4 to 56 per cent) among White young people. The proportion of young people in full-time study increased across all groups: from 43.6 to 46.4 per cent among Black young people, from 46.5 to 47.7 per cent among Asian young people and from 23.8 to 26 per cent among young White people. Although they had higher-levels of education participation, Black and Asian young people who were economically active (and therefore not in full-time study) continued to face a more difficult time in the labour market.

FIGURE 4: Since the pandemic, unemployment among young Black graduates rose by nearly 12 percentage points, compared to a 4 point rise among White graduates

Unemployment among 16-24-year-olds who are no longer in full-time study, by qualification level, gender and ethnicity: UK, Q2-Q4 2019 and Q2-Q4 2020



SOURCE: RF analysis of ONS, Labour Force Survey. The unemployment rate is measured as the total number of unemployed people as a proportion of the total number of economically active (employed and unemployed) people, and therefore has a different denominator to the share who are either inactive or employed (which are measured as a share of the total population).

How do these differences fare when we compare unemployment and economic activity by gender and ethnicity within qualification level? Figure 4 shows the unemployment rate among 16-24-year-olds in Q2-Q4 2019 and Q2-Q4 2020, according to whether or not respondents already have a degree-level qualification, their gender, and their ethnicity.

We find that even before Covid-19, graduate men had a higher unemployment rate than graduate women (11.3 and 8.1 per cent, respectively). But since the Covid-19 crisis, male graduate unemployment rose more than 5 points to 17.5 per cent – meaning that during Q2-Q4 2020 graduate men had a higher unemployment rate than both graduate women (10.2 per cent) and non-graduate men (15.9 per cent).

Moreover, we find stark ethnicity-based differences both in the rise and in the latest level of youth unemployment. Between Q2-Q4 2019 and Q2-Q4 2020, the size of the increase in unemployment among young Black graduates (11.6 points, from 22.1 to 33.7 per cent) was nearly three times the size of the increase in unemployment among their White counterparts (4.1 points, from 8.7 to 12.8 per cent). In the second half of 2020, the unemployment rate among young White graduates (12.8 per cent) was lower than that of young Asian graduates (15.9 per cent) and well under half that of young Black graduates (33.7 per cent).¹⁰

In other words, Figure 3 and Figure 4 highlight three key inequities: first, although young people from Black and Asian backgrounds participate in education at a higher rate than their White counterparts, those that are economically active face on average a more difficult experience in the labour market compared to young White people. Second, even after achieving degree-level qualifications, which they do at a higher rate than young White people¹¹, Asian, and especially Black, graduates face a comparatively more difficult time in the labour market. Third, the already comparatively weak employment position of Black young people has deteriorated further than those of their White counterparts since the onset of the pandemic.

Recent leavers have struggled to find their way in the Covid-19 labour market

Towards the beginning of the Covid-19 crisis, there were significant concerns that recent education leavers would be particularly hard hit in the labour market: although unemployment typically runs higher among younger people compared to their older counterparts, Resolution Foundation analysis has shown that young people who leave full-time education during a recession, or in the immediate aftermath of one, will have an even more difficult time finding work. What's more, the 'scarring' effects of leaving

¹⁰ Given that breakdowns of recent leavers by both ethnicity and qualification can lead to smaller sample sizes (of less than 90 within a given qualification type) among Black and Asian young graduates, we ran the same analysis using a broader time frame in order to boost the sample (Q1-Q4 2019 and Q1-Q4 2020). Doing so reduced slightly all groups' 2020 unemployment rates (because it includes Q1, a pre-Covid-19 period) but both the ordering of 2020 employment rates (with Black young graduates having an employment rate that is more than twice the size of their White counterparts) and the relative increase (with Black young graduates seeing a larger increase in unemployment) remained similar to the figures discussed above.

¹¹ See: K Henehan & H Rose, [Opportunities Knocked? Exploring pay penalties among the UK's ethnic minorities](#), Resolution Foundation, July 2018.

education in the midst of a recession will persist for several years.¹² A year on from the crisis and the 'class of 2020' leavers entering the labour market, we are not yet in a position to estimate longer-term scarring effects of the Covid-19 crisis – but we are able to test whether unemployment has risen among recent leavers more so than their counterparts who left education in previous years.

To that end, Figure 5 shows the unemployment rate among young people during both Q2-Q4 2019 and Q2-Q4 2020, according to whether or not they have a degree-level qualification or higher, and the approximate number of years since they have left full-time education (specifically, the difference between a respondent's current age and they age they were upon leaving full-time education). We would normally expect unemployment to be higher in the immediate aftermath of leaving education, as it takes time for people to find their way in the labour market. For example, in 2019 unemployment among non-graduates who had left education that same year was 23 per cent; unemployment among non-graduates who had left education a year earlier was substantially lower, at 14 per cent.

Figure 5 shows that in 2020, unemployment rose for both graduates and non-graduates, regardless of how many years it's been since they left education. However, the size of the increase in unemployment was particularly large for recent leavers, meaning those who left education in the same year, or just a year earlier. For example, among non-graduates who had left education one year prior, unemployment increased from 14 to 18 per cent between 2019 and 2020; among graduates it rose from 10 to 14 per cent. In other words, there is strong evidence to suggest that the Class of 2020 (and likely, a large share of the Class of 2019) have struggled to find employment in a Covid-19-affected labour market.

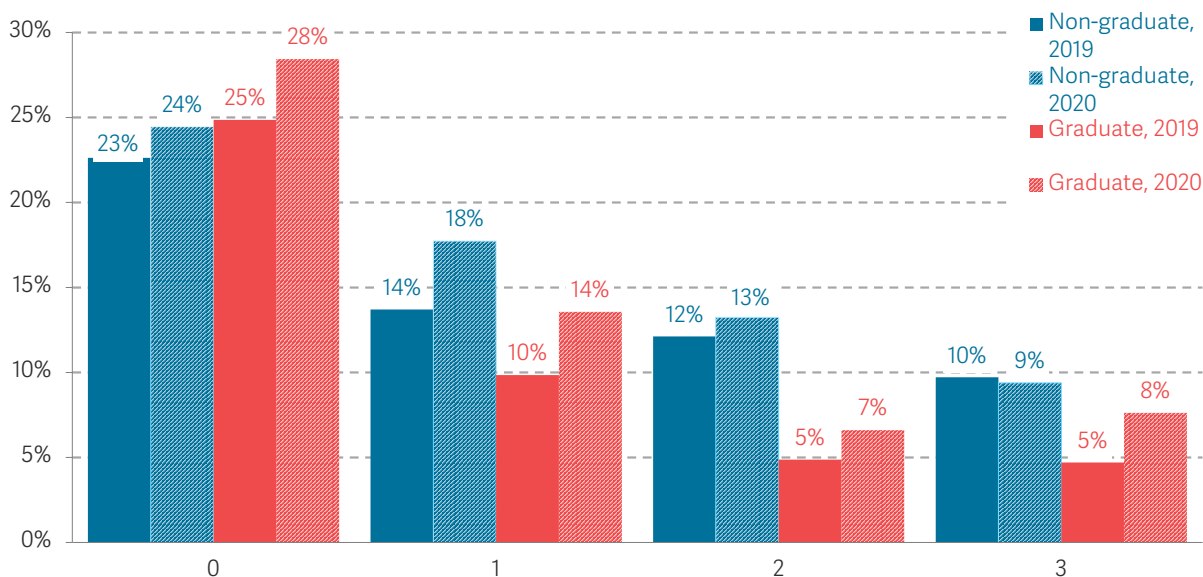
We might expect unemployment to be higher among recent leavers, because this group will be younger than their non-graduate/graduate counterparts within the broader 16-24 age range. However, unemployment among recent leavers remains higher than youth unemployment overall even when we look at specific age groups within the 16-24 age range. For example, among 16-19-year-olds, unemployment during Q2-Q4 2020 was 1 point higher among recent leavers (who left full-time study fewer than two years ago, 20 per cent) than among their similarly-aged counterparts who left full-time study less recently (two or more years ago, 19 per cent). These differences were even larger among those aged 20-22 (21 and 9 per cent, respectively) and 23-24 (15 and 8 per cent, respectively).¹³

¹² See: K Henehan, [Class of 2020: Education leavers in the current crisis](#), Resolution Foundation, May 2020; S Clarke, [Growing Pains: the impact of leaving education during a recession on earnings and employment](#), Resolution Foundation, May 2019.

¹³ Moreover, the size of the difference between recent education leavers and less-recent leavers within a given age group was larger among 20-22-year-olds during Q2-Q4 2020 (12.7 percentage points) than the same period in 2019 (7.6 points); it was also larger among 23-24-year-olds during Q2-Q4 2020 (6.2 points) than the same period in 2019 (5.7 points).

FIGURE 5: Unemployment has risen most among those young people who have very recently left education

Unemployment rate of 16-24-year-olds according to the number of years since having left full-time education: UK



NOTES: Young people who are unemployed but who also report being in full-time education are excluded. Those on part-time courses are not excluded. Years since leaving education is calculated by subtracting a respondent’s current age from the age they reported they were upon leaving full-time education.
SOURCE: RF analysis of ONS, Labour Force Survey.

In part, this will have been driven by the fact that sectors like hospitality and leisure – which recruit younger workers and especially education leavers at a disproportionately high rate¹⁴ – have been under severe business constraints for the past year.¹⁵ For example, figures from a January 2021 YouGov survey¹⁶ show that before the onset of the pandemic, the share of 18-24-year-olds that worked in what would soon be hard-hit sectors, like leisure (arts, entertainment and recreation), hospitality and non-supermarket retail (29 per cent) was more than twice the size of the share of 25-65-year-olds that did so (12 per cent). On top of the fact that young people were more exposed to hard-hit sectors to begin with, young people working in these sectors were also more likely to have moved out of work (excluding furlough) than their older counterparts. Among 18-24-year-olds

¹⁴ Previous Resolution Foundation research found that on average between 2009-19, roughly one-in-four graduates, one-in-three leavers with Level 3 (A level-equivalent) qualifications and four-in-ten leavers with lower-level (GCSE-equivalent and below) qualifications would work in sector that would be shut down or face social-distancing restrictions (such as food and accommodation, retail or leisure, etc.) in the year that they left full-time education. See: K Henehan, *Class of 2020: Education leavers in the current crisis*, Resolution Foundation, May 2020.

¹⁵ See: M Gustafsson & C McCurdy, *Risky business: Economic impacts of the coronavirus crisis on different groups of workers*, Resolution Foundation, April 2020; K Henehan, *Class of 2020: Education leavers in the current crisis*, Resolution Foundation, May 2020.

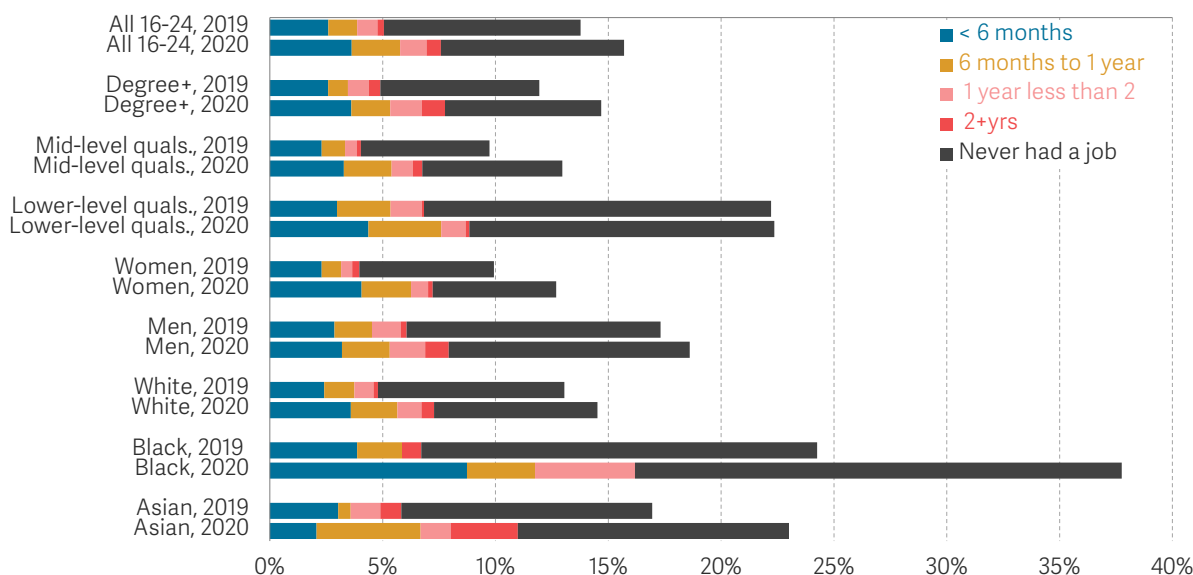
¹⁶ The survey, funded by the Health Foundation, and undertaken by YouGov from the 22nd to the 26th January 2021 in the UK, has a sample size of 6,389 adults aged 18 to 65. Results are weighted so as to be representative of the population of that age group.

who worked in leisure, hospitality and non-supermarket retail during February 2020, 30 per cent reported having moved out of work by January 2021 – compared with just 9 per cent of 25-65-year-olds.¹⁷

How have recent education leavers fared when we account for factors like qualifications, gender and ethnicity? Figure 6 shows that many of the same patterns that characterised unemployment among young people as a whole persist when we narrow our focus to recent leavers (those who left full-time education within the previous two years) – only the proportion experiencing unemployment is larger. For example, during Q2-Q4 2020, the share of recent education leavers with a White background that are unemployed (14.5 per cent) was significantly lower than their counterparts with an Asian background (23 per cent) and well under half of the share of recent education leavers with a Black background that were unemployed (37.8 per cent).

FIGURE 6: Nearly one-in-four recent education leavers with an Asian background are unemployed, as are more than one-in-three recent education leavers with a Black background

Unemployment according to amount of time since a respondent left their last job and personal characteristics, 16-24-year-olds who left full-time education within the previous two years: UK, Q2-Q4 2019 and Q2-Q4 2020



NOTES: Young people who are unemployed but who also report being in full-time education are excluded. Those on part-time courses are not excluded. This chart only includes 16-24-year-olds who report having left full-time education within the previous two years, where years since leaving education is calculated by subtracting a respondent’s current age from the age they reported they were upon leaving full-time education.

SOURCE: RF analysis of ONS, Labour Force Survey.

¹⁷ The sample size for these figures are as follows: all 18-24-year-olds who worked in arts, recreation and leisure, hospitality or non-supermarket retail during February 2020 (n=147); all 25-64 year-olds who worked in arts, recreation and leisure, hospitality or non-supermarket retail during February 2020 (n=512).

Once again, the year-on-year increase was more pronounced among recent leavers with a Black background (a 56 per cent rise, from 24.2 to 37.8 per cent) and an Asian background (a 36 per cent rise, from 16.9 to 23 per cent) than a White background (an 11.5 per cent rise, from 13 to 14.5 per cent). Although women who recently left education continued to have a lower rate of unemployment than their male counterparts (12.7 versus 18.6 per cent during Q2-Q4 2020), the increase in unemployment among young women since the start of the Covid-19 crisis was significantly larger (28 per cent increase among women and an 8 per cent increase among men).

By indicating the amount of time since an unemployed respondent left their last job (if they have worked before) Figure 6 also provides insight into the recent leavers' work history, which could shape their odds of finding a job as the economy begins to open up. It's not surprising that a large share of recent leavers at any point in time report never having had a paid job before – especially given the decline in part-time working among young people and students that's occurred over the previous two decades.¹⁸

The proportion of recent leavers who are unemployed and reported never having had a paid job changed little (falling from 8.7 to 8.1 per cent) between Q2-Q4 2019 and Q2-Q4 2020. And although it shifted only slightly according to qualification level and gender, it rose more substantially among recent leavers with a Black background (17.5 to 21.6 per cent). This suggests once again, that recent leavers, and especially many of those with an ethnic minority background, are not just losing work but struggling to find it in the first place, more so than their counterparts struggled in the past.

This also suggests that the flow of recent leavers into work is not just lower than it was before the crisis, but lower still for those who had a more difficult time transitioning from education to employment in the first place. By turning specifically to inflows to employment (the proportion of people who moved from being out of work during the first wave of their participation in the longitudinal element of the Labour Force Survey to being in work by their fifth wave of participation) in Figure 7, we find that inflows among all groups of workers remained well below their pre-Covid-19 rates. This is the case for both non-graduates and, especially, for graduates.

Since the onset of Covid-19, the share of both graduates and non-graduates who moved from being out of work to in work over a five-quarter period has fallen. This decline was largest during Q3 2020 (compared to Q3 2019) among graduates; among non-graduates it was largest during Q4 2020 (relative to Q4 2019). In other words, despite the fact that flows into work tend to be higher among young people,¹⁹ the data so far do not suggest

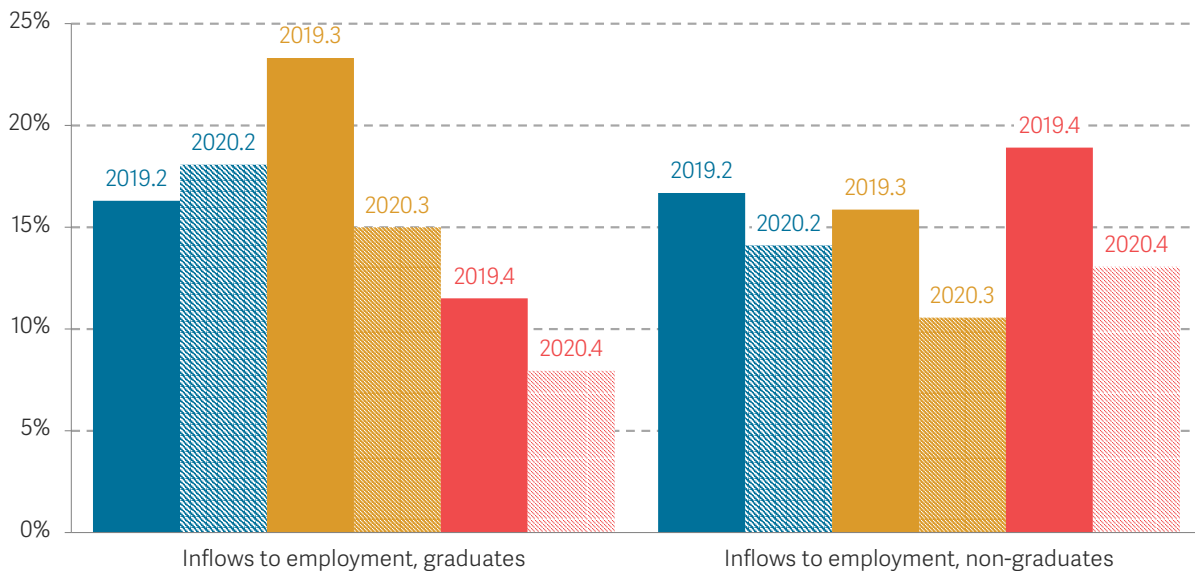
¹⁸ For a detailed discussion, see: L Gardiner, *Never ever: Exploring the increase in people who've never had a paid job*, Resolution Foundation, January 2020.

¹⁹ Given that a larger share of this age group are making their first moves from education into employment.

that a bounce back into employment occurred by the end of 2020 - among either young graduates or young non-graduates.

FIGURE 7: Among graduates and non-graduates, the proportion of 18-24-year-olds flowing into work remains below pre-pandemic levels

Inflows to employment among 18-24-year-olds by quarter and qualification level: UK



SOURCE: RF analysis of ONS Five-Quarter Longitudinal Labour Force Survey.

Looking forward, policy makers will want to prioritise education and employment support, while placing a premium on efforts to reduce bias and discrimination in the labour market

This note has helped to underscore the extent to which young peoples’ employment outcomes have been harmed in the wake of the Covid-19 crisis – with them experiencing a disproportionately large amount of economic pain in order to reduce the spread of the virus and ultimately save lives. It also highlighted how these impacts have been unevenly spread among the young – with those from Asian and especially Black backgrounds experiencing a significant deterioration in employment. As the UK begins to emerge from Covid-19, and much of the economy begins to re-open, policy will need to recognise the sacrifices younger people have made in order to reduce the spread of the virus and ultimately save lives. This should include a threefold approach towards improving the opportunity and distribution of employment outcomes for younger people.

First, they will need to continue to invest in initiatives that help young people into quality work, while ensuring these opportunities go towards those who stand to benefit most – young people furthest from the labour market. Employment support and training

initiatives announced over the past year including under the 'Plan for Jobs,' like sector-based work academies, Youth Hubs, Job Entry Targeted Support (JETS) and the Lifetime Skills Guarantee, will go some way towards helping young people find opportunities that suit them. Kickstart, the Government's temporary youth jobs scheme for young people at risk of long-term unemployment (wherein the Government aim to create 250,000 six month-long jobs for at least 25 hours a week paid at the relevant minimum wage), is an excellent opportunity for allowing young people entry to the workforce, and in so doing an ability to build up their skills, confidence and CV.

But as this report has shown, there were significant employment inequalities among young people even before the pandemic. In many cases, the pandemic has served to entrench these differences. For that reason, these youth-focused education and labour market policies should be targeted at young people who are furthest from the labour market – those who will struggle to make the most of opportunities even after the economy has bounced back. This includes extending Kickstart beyond its December 2021 end date, but also maintaining a laser-like focus on policies to help employment and progression for this specific cohort of young people (who could face the Covid-19 employment scarring for years to come) and disadvantaged younger people more generally, over the longer term.

Second, and in light of the positive role that education has played in sheltering a growing number of young people from many of the longer-term scarring effects of youth unemployment, policy makers will want to ensure that young people have sufficient, high-quality education and training options. On the one hand, this is a longstanding policy need: young people will always need access to further and higher education in order to boost their career prospects, and (like people of all ages), retrain where necessary. But Covid-19 adds emphasis to this, and raises the question of whether young people still in education, whose learning has been interrupted over the pandemic, may need some element of catch-up over the longer term. At a minimum, Government should look to policy to re-orient the apprenticeship system away from its present focus on older and often, pre-existing staff, and towards a purpose centred on offering starters a route to a new career.²⁰ They should also consider policies to ensure that young people are financially able to take on further education courses – for example, by allowing young people outside of higher education access to living cost funding while studying full-time.²¹

²⁰ See: K Henehan, [Trading up or trading off? Understanding recent changes to England's apprenticeships system](#), Resolution Foundation, August 2019.

²¹ There have been some positive shifts in this direction (for example during the next six months Universal Credit claimants will be able to study on a full-time basis for up to 12 weeks, where previously they only had access to 8 weeks). Source: Department for Work and Pensions, [Universal Credit claimants TAP into employment](#), 1 April 2021. However, there is a more generalised difference in maintenance support between students in higher and further education, where the former have access to maintenance loans which will allow them to reduce working hours in order to study, while further education students do not.

And third, the stark ethnicity-based inequalities highlighted in this report make clear that, even among young people with the same level of education, labour market outcomes are highly unevenly distributed by ethnic background. Policy makers, employers and educators need to take this seriously. This includes encouraging firms to investigate these inequalities within their own workforce. But it also includes working with educators, employment support providers and, especially, employers, to rigorously identify where their support, recruitment and progression practices generate – or exacerbate – bias and discrimination, and put into place concrete steps for changing course.

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