Which local areas are most at risk in terms of impacts of coronavirus on employment?

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New RSA analysis finds a stark geographical divide in terms of how coronavirus could impact employment in local areas, with rural areas in the north and south west of England most at risk. Most of the less vulnerable areas can be found either in London itself or in the city's surrounding commuter belt. Our analysis also shows that younger workers are more at risk of losing their job than older age groups.

Introduction and findings

On 23 April the Office of National Statistics (ONS) published the second wave of its Business Impact of Coronavirus (Covid-19) Survey (BICS). This is part of a series of quickly collected, more experimental datasets developed by the statistics agency in order to "provide a closer picture of the impact Covid-19 and some of the measures introduced by the UK government in response to the pandemic are having on the labour market".[1]

Figure 1: Percent of the workforce that have been furloughed, by industry

Source: ONS, Business Impact of Coronavirus Survey (BICS)
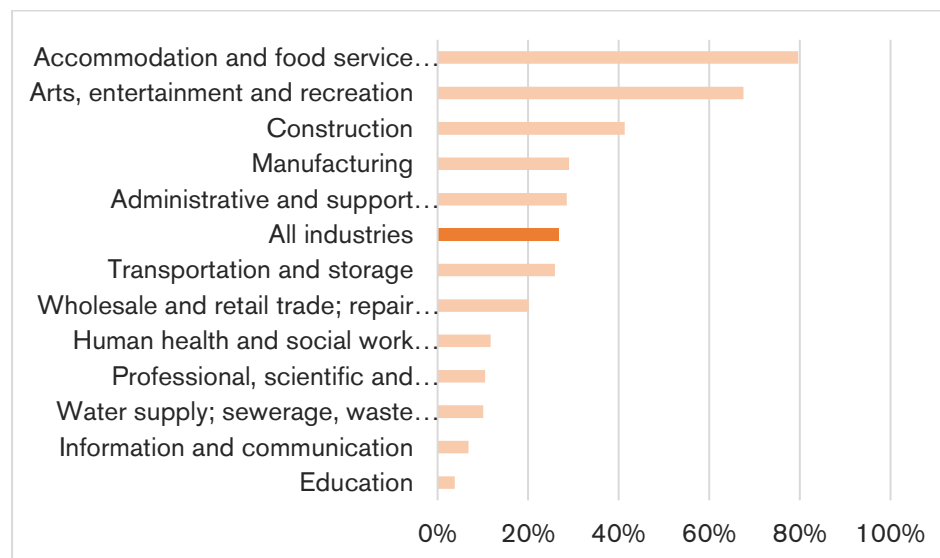
The survey reveals what proportion of the workforce has been furloughed using the government's coronavirus job retention scheme (CJRS) across different industries. Hospitality or 'accommodation and food services' (80% of workers); 'arts, entertainment and recreation' (68%); and construction (41%) are the industries where the largest share of workers have been furloughed. Meanwhile in industries such as 'education' (4%) and 'information and communication' (7%) less than 10% of workers have been furloughed. This dataset includes

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[1]ONS. (2020) *Furloughing of workers across UK businesses: 23 March 2020 to 5 April 2020* [Dataset] Available at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/furloughingofworkersacrossukbusinesses/23march2020to5april2020

responses from over six thousand businesses that were either still trading or had temporarily paused trading, for the period 23 March - 5 April 2020.

The RSA has mapped this data onto the industrial composition of different local authority areas allowing us to identify which parts of the country are most exposed to the labour market risks associated with Covid-19 (**see the appendix for a more detailed outline of our methodology**). These risks include unemployment - which the CJRS was specifically designed to prevent – and the immediate hit to local economic resilience that comes with having a higher proportion of workers receiving 80% of their salary, as the CJRS allows. In lieu of better data, the number of furloughed workers also provides a sense-check on which areas of the country might be suffering most from the 'demand shock' economic impact of Covid-19. This is particularly important for policymakers to consider because even if lockdown measures are relaxed demand may not return to the same levels for many industries.

Our analysis finds a stark geographical divide in how Covid-19 could impact local labour markets, with rural areas and coastal towns most at risk of high job losses. Many of the most vulnerable areas are located in the north and south west of England. Cities and other urban areas tend to be less at risk, particularly local authority areas located in London or in its surrounding commuter belt. However, whilst there are clear hotspots of vulnerability, the small degree of variation between the most (Richmondshire, 35% of jobs at risk) and least at risk (Oxford, 19%) suggests that the impacts of Covid-19 will be widely felt across the country. In fact, Oxford is the only local authority area in the country where fewer than one in five workers are at risk – and even then, marginally so.

Figure 2: Percent of jobs at risk due to coronavirus by local authority

Source: RSA analysis of Business Impact of Coronavirus Survey (BICS) and Business Register and Employment Survey (BRES) 2018
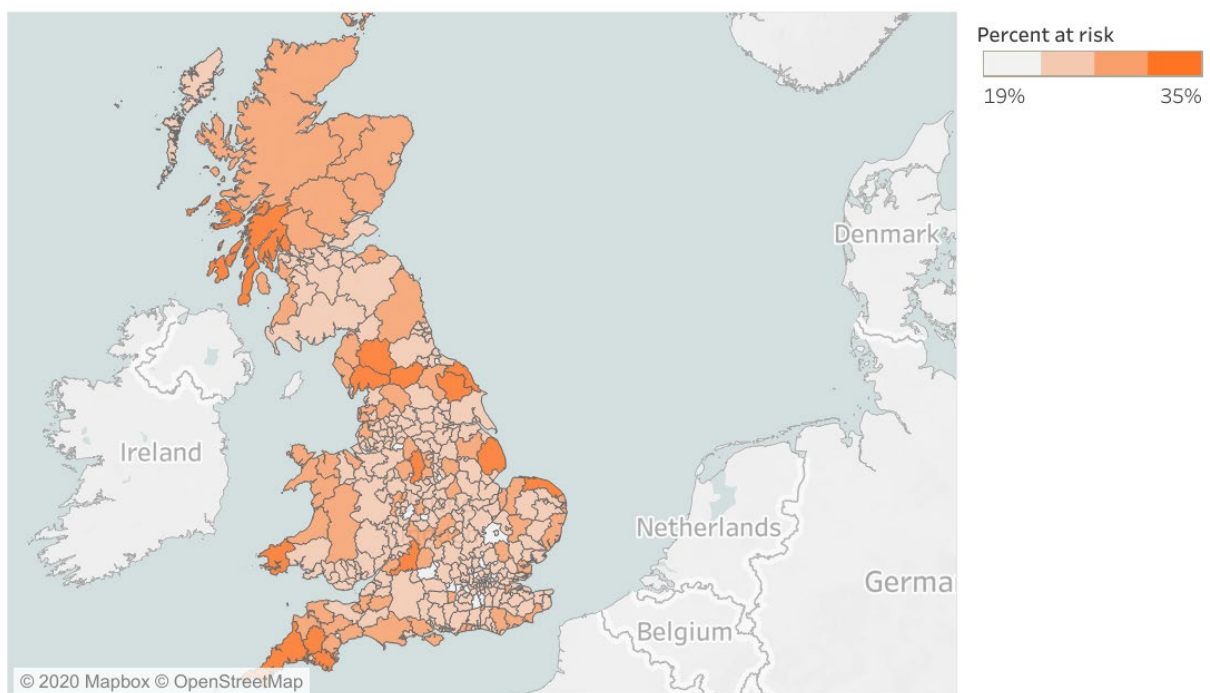

Explore our interactive data map

Which areas are most at risk?

The top 20 areas most vulnerable to the labour market impacts of Covid-19 are largely rural areas located in the north or south west of England. Many are national parks, coastal towns and other tourist hotspots where the economy is geared towards hospitality and retail. Some of these areas also have a relatively high level of workers in manufacturing or construction, two other sectors that have been adversely affected. In summary, we found:

- Richmondshire in North Yorkshire is the most at-risk area, with 35% of jobs at risk from Covid-19. This district council forms part of Chancellor Rishi Sunak's constituency. Relative to the UK average of 25% of jobs at risk this area is 39% more exposed than the rest of the UK (see Figure 3).

- Other areas most at risk include parts of the Lake District and Peak District, such as Eden (34% of jobs at risk), South Lakeland (33%) and Derbyshire Dales (33%).

- Seaside towns and coastal areas also feature heavily in the top 20 at-risk areas. This includes East Lindsey (34% of jobs at risk) and Cornwall (31%).

- Pembrokeshire and Conway are the most at-risk areas in Wales, both with 31% of jobs at risk. Argyll and Bute is the most at risk in Scotland, with 32% of jobs at risk.

Figure 3: Percent of jobs at risk due to coronavirus relative to UK average (UK = 0) for 10 most and least at-risk areas

Source: RSA analysis of Business Impact of Coronavirus Survey (BICS) and Business Register and Employment Survey (BRES) 2018
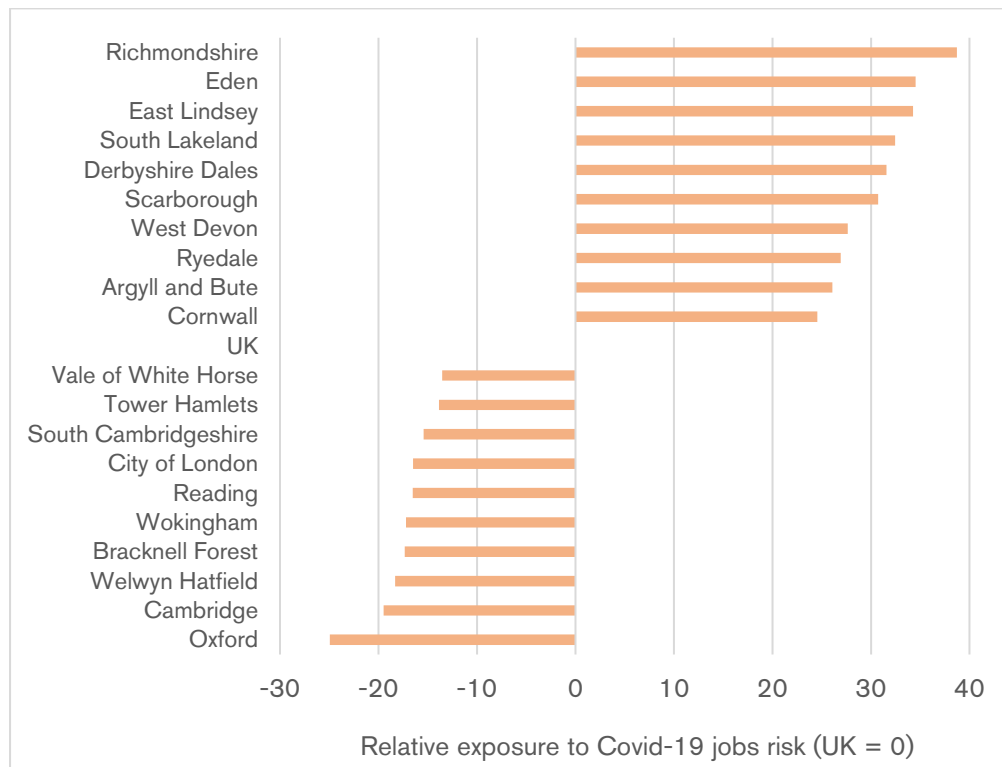
What areas are least at risk?

Of the top 20 least vulnerable areas, most are in London and its surrounding commuter belt in the south east and east of England. Many of these areas have a more diverse local economy with a high concentration of jobs in 'knowledge economy' services that allow workers to easily work from home. Previous RSA analysis has explored homeworking trends in more depth, finding a strong relationship between the ability to work from home and earnings: those who are least likely to work from home are often the lowest paid.[2] In summary, we found:

- University hubs Oxford (19% of jobs at risk) and Cambridge (20%) are the two least at-risk areas, with these areas at least 20% less exposed than other parts of the UK.

- Areas in the home counties - such as Welwyn Hatfield, Bracknell Forest, Wokingham and Reading (21% of jobs at risk respectively) - where large number of workers are employed in professional services and information and communication are also less vulnerable.

- Similarly, several London boroughs including City of London (21%), Tower Hamlets (22%), Southwark (23%) and Camden (23%) also feature in the top 20 least at risk.

How do different demographic groups fare?

We also used our approach to explore the vulnerability of different demographic groups to the labour market impact of Covid-19. Our main finding is that younger workers are overwhelmingly more likely to be furloughed – nearly twice as likely as middle-aged workers. This is particularly worrying for policymakers as evidence shows younger workers hit by recession and unemployment early in their working lives often suffer particularly long-lasting economic consequences. This dynamic was particularly pronounced in the aftermath of the 2008 financial crash.[3] In summary, we found:

- Younger workers are more at risk: 40% of jobs performed by 16- to 19-year-olds are at risk, whilst the next most vulnerable group is 20-24 year olds (30%). 16- to19-year-olds are nearly twice as likely to be furloughed as middle-aged workers.

- Men are slightly more at risk than women (26% vs. 21%). This reflects the sectoral impact of Covid-19 on the labour market with high male-employment sectors, such as manufacturing and transport, particularly vulnerable. Whilst there are a high proportion of women in the most affected industries, such as hospitality and retail, this is balanced by high levels of female employment in less affected sectors, such as health and education.

[2] Wallace-Stephens, F. and Grimond, W. (2020) *Low pay and a lack of homeworking: Why workers are suffering during lockdown*' [Blog] RSA. Available at: https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2020/04/low-pay-lack-homeworking

[3] See for example: Bell, D. and Blanchflower, D. *Young People and the Great Recession*, Institute for Study of Labour (IZA), Bonn. Available here: http://ftp.iza.org/dp5674.pdf

Figure 3: Percent of jobs at risk due to coronavirus by age group

Source: RSA analysis of Business Impact of Coronavirus Survey (BICS) and Labour Force Survey (Oct-Dec 2019)
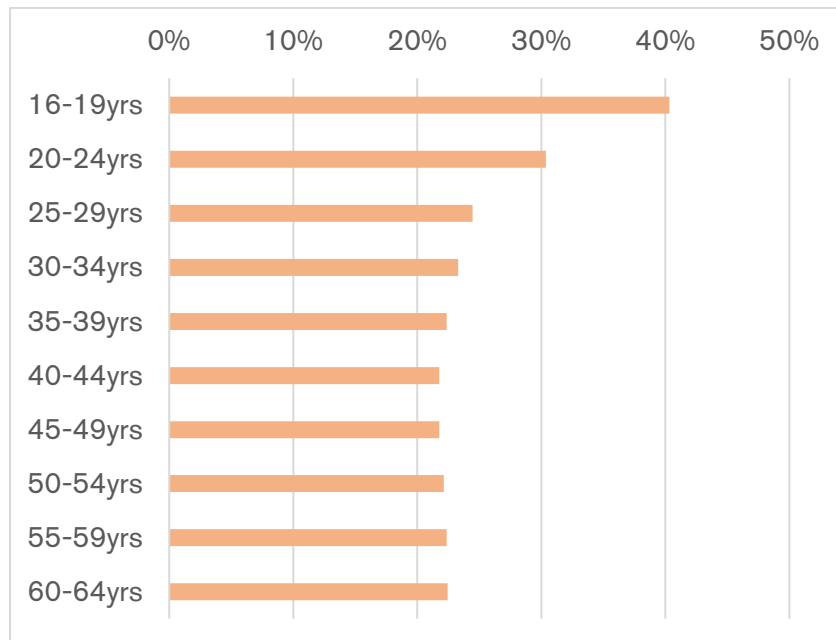
How to support these workers?

The RSA is calling for the government to respond to the crisis at scale and use its policy interventions to build bridges to a more resilient future. The first step must be to mitigate the labour market vulnerability exposed by our analysis. So widespread are these risks that the government must now consider extending the CJRS beyond its current June deadline. The CJRS must be decoupled from the debate about relaxing lockdown rules – even if many businesses are formally allowed to trade, it is unlikely that demand for their services will return to the levels needed to avert an enormous rise in unemployment. Even the least affected areas in our analysis have around one in five workers on the CJRS scheme – a level of theoretical unemployment on the scale of the early 1930s.

Beyond this we need a new 'social contract' between government, civil society, employers and employees that can deliver greater economic security for all workers. This will require radical reform of the welfare safety net and lifelong learning systems so that workers are supported, both through this crisis and beyond, to transition to where the economy is creating jobs. The RSA is advocating two policies as part of this:

- Universal basic income: A universal basic income (UBI) is a regular cash payment made to all citizens, without any conditionality. Our modelling on planned pilots by the Scottish government found a £4800 a year UBI would reduce relative household poverty by 33%

and end destitution overnight.[4] This could be funded progressively by removing the personal tax allowance.

- <u>Personal learning accounts</u>: Personal learning accounts are a flexible training policy, used in countries such as France and Singapore, that grant all workers credits they can spend on training courses accredited by the government. For example, in France each worker receives €500 credits a year which can be accumulated over time up to a maximum of €5000. The government should look to introduce this system here, targeted initially at furloughed workers. According to the House of Commons library, as of autumn 2018 just £370m of the apprenticeship levy had been spent by employers, despite the levy raising £3.5bn.[5] This is over £3bn of training money that could be deployed rapidly to ensure that furloughed workers have access to training.

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[4] Painter, A. Cooke, J. Burbridge, I. and Ahmed, A. (2019) *A Basic Income for Scotland.* RSA. Available at: https://www.thersa.org/discover/publications-and-articles/reports/basic-income-scotland

[5] Powell, A. and Foley, N. (April 2020) Apprenticeship Statistics for England. House of Commons Library. Available at: https://commonslibrary.parliament.uk/research-briefings/sn06113/

Appendix I: Methodology

Wave 2 of the ONS Business Impact of Coronavirus Survey (BICS) contains data on the furloughing of workers across UK businesses between 23 March to 5 April 2020. This data includes responses from businesses that were either still trading or had temporarily paused trading.

We have mapped this data against the industrial composition of different local authority districts to estimate which are most exposed to labour market risks associated with Covid-19. The data on the industrial composition of local authorities comes from the Business Register and Employment Survey (BRES) 2018, which is publicly accessible via NOMIS.

Our approach calculates the total number of jobs at risk in each local area by identifying the number of jobs in each industry in that area multiplied by the estimated percentage of those that have been furloughed on the government's Coronavirus Job Retention Scheme (CJRS). We then divide this by the total number of jobs in each local area to calculate the percentage of jobs at risk.

The CJRS was set up by the government specifically to prevent growing unemployment and the National Institute for Economic and Social Research (NIESR) has described furloughed workers as technically unemployed.[i] It therefore seems the best available data with which to calculate medium-term employment risk as a result of Covid-19. The number of furloughed workers also clearly indicates where there could already be impacts on local economic resilience due to the higher or lower proportion of workers receiving 80% of their salary, as the CJRS allows.

The BICS does not contain responses for workers in Agriculture, Financial Services and Public Administration and Defense. We exclude these industries from the denominator (total number of jobs in each local area) used to calculate the percentage of jobs at risk.

Appendix II: Data tables

Table 1: 20 areas with the most jobs at risk due to coronavirus

Source: RSA analysis of Business Impact of Coronavirus Survey (BICS) and Business Register and Employment Survey (BRES) 2018

Local authority	Total number of jobs at risk	Percent of jobs at risk	Region
Richmondshire	5,965	35%	Yorkshire and the Humber
Eden	7,989	34%	North West
East Lindsey	14,509	34%	East Midlands
South Lakeland	17,424	33%	North West
Derbyshire Dales	10,350	33%	East Midlands

Scarborough	14,458	33%	Yorkshire and the Humber
West Devon	5,226	32%	South West
Ryedale	7,699	32%	Yorkshire and the Humber
Argyll and Bute	10,074	32%	Scotland
Cornwall	66,878	31%	South West
Pembrokeshire	13,313	31%	Wales
Cotswold	13,526	31%	South West
South Hams	11,436	31%	South West
North Norfolk	10,063	31%	East of England
East Devon	14,716	31%	South West
Isle of Wight	15,423	31%	South East
Conwy	12,907	31%	Wales
Staffordshire Moorlands	8,733	30%	West Midlands
Torbay	13,856	30%	South West
Torridge	5,676	30%	South West

Table 2: 20 areas with the least jobs at risk due to coronavirus.

Source: RSA analysis of Business Impact of Coronavirus Survey (BICS) and Business Register and Employment Survey (BRES) 2018

Local authority: district / unitary (as of April 2019)	Total number of jobs at risk	Percent of jobs at risk	Region
Oxford	22,243	19%	South East
Cambridge	21,077	20%	East of England
Welwyn Hatfield	18,434	21%	East of England
Bracknell Forest	12,422	21%	South East
Wokingham	17,653	21%	South East
Reading	20,831	21%	South East
City of London	71,761	21%	London
South Cambridgeshire	17,654	21%	East of England
Tower Hamlets	48,605	22%	London
Vale of White Horse	13,477	22%	South East

Coventry	33,471	22%	West Midlands
Southwark	49,699	22%	London
Worthing	9,820	22%	South East
Stevenage	9,755	22%	South East
Slough	18,597	22%	South East
Epsom and Ewell	6,488	22%	South East
Worcester	11,606	22%	West Midlands
Camden	79,862	23%	London
Exeter	18,895	23%	South West
Rushmoor	10,783	23%	South East

[i] Bell, D. and Blanchflower, D. *US and UK Labour Markets Before and During the Covid-19 crash*. National Institute Economic Review Paper. NIESR. https://www.niesr.ac.uk/publications/us-and-uk-labour-markets-and-during-covid-19-crash