

Jobs and recovery monitor

Issue #3: BME workers January 2021

TUC

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Summary

In our latest recession report, we begin by looking at how the pandemic is impacting employment, unemployment and redundancies. There are clear signs in the latest labour market data of the negative impact: a record rise in unemployment and a record number of redundancies.

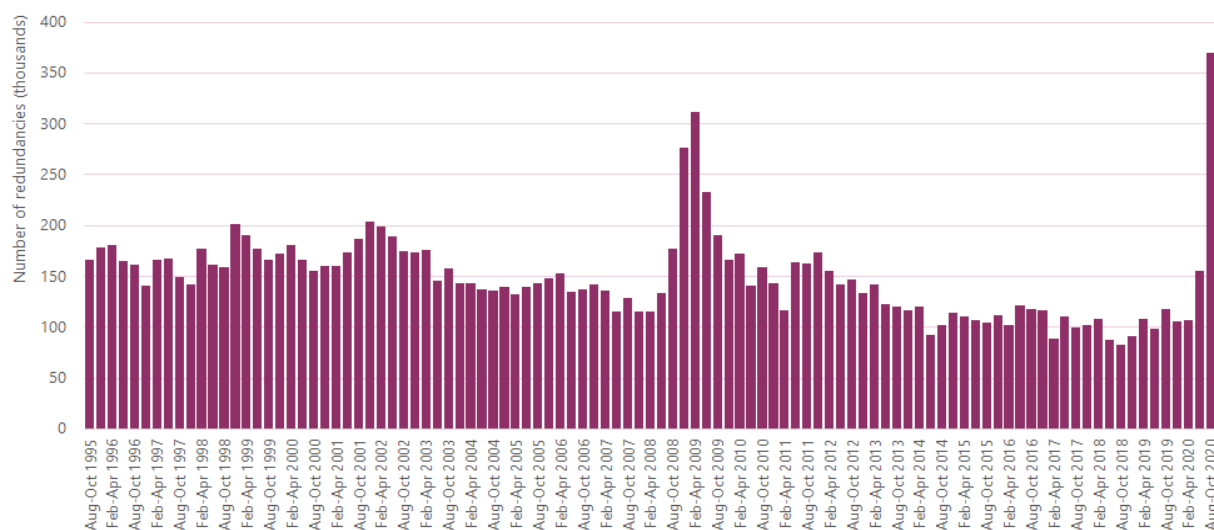
We then look at racial inequalities in the labour market, with a particularly focus on how the already-high BME unemployment rate has increased since the start of the pandemic. A breakdown of BME employment by industry shows early evidence of large falls in the number of BME workers in industries hit hard by the pandemic, especially when compared to the fall in the number of white employees within these industries.

Job losses since the start of the pandemic

Redundancies

The latest labour market data¹ shows the continuing impact of the pandemic on jobs and unemployment. Some new records have been set, none of them good. Redundancies have hit a record high, with 370,000 reported in Aug-Oct 2020. This is a 212 per cent increase on the same period a year ago (another record), and is 58,000 higher than any three-month period during the financial crisis.

The number of redundancies is at a record high



Source: ONS

¹ A01: Summary of labour market statistics, ONS. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/data/sets/summaryoflabourmarketstatistics>

Employment and unemployment

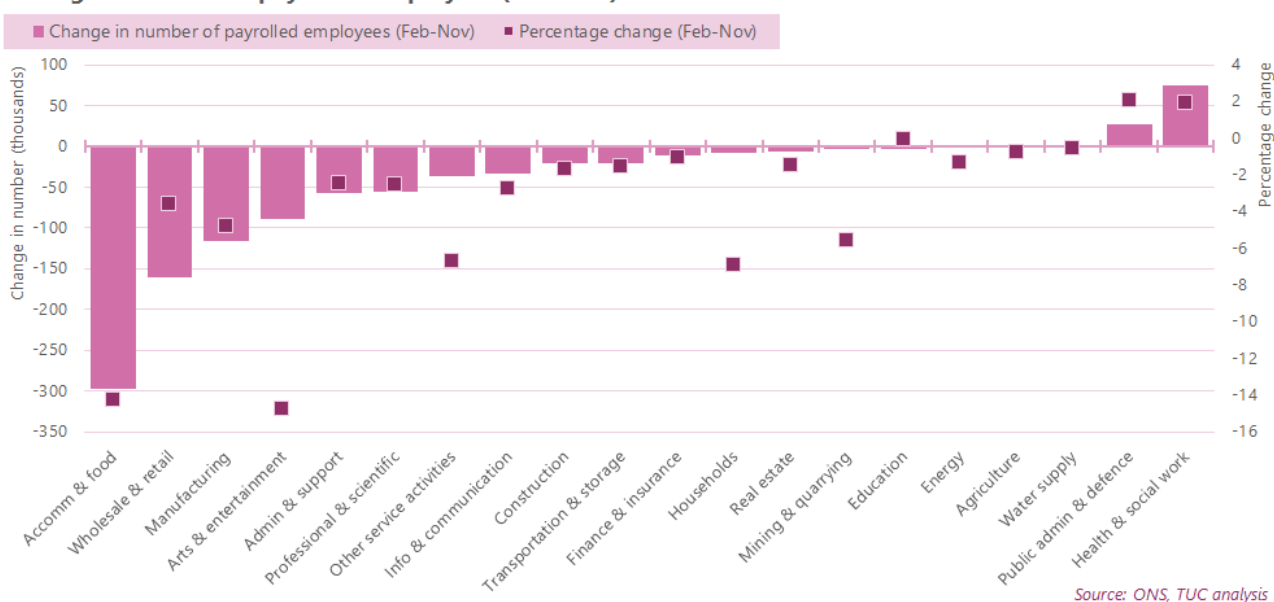
We also saw the largest quarterly rise in unemployment on record. In Aug-Oct 2020, the number of people unemployed leapt up by 241,000 people (16.6 per cent). This means the unemployment rate is now 4.9 per cent, compared to 3.9 per cent in Nov-Jan 2020². This equates to 1.69 million people unemployed. The employment rate has fallen from 76.5 per cent to 75.2 per cent across the same period.

Job losses by industry

The Office of National Statistics (ONS), alongside its usual labour market release, also provides a flash estimate of the number of payrolled employees based on Pay As You Earn data³.

According to this estimate, 819,200 jobs have been lost between February and November 2020. This equates to a 2.8 per cent fall. Job losses have been concentrated in a handful of industries, with three industries accounting for 70 per cent of job losses: accommodation and food (297,000), wholesale and retail (160,000) and manufacturing (115,000).

Change in number of payrolled employees (Feb-Nov)



Source: ONS, TUC analysis

Racial inequalities in the labour market

With unemployment rising, it's important to note the disparities in the unemployment rate by ethnicity. Unemployment is expected to continue to rise, with the OBR forecasting the unemployment rate to peak at 7.5 per cent next year⁴. The BME unemployment rate is

² The unemployment rate is the number of people unemployed as a percentage of the total economically active population (those in work plus those seeking and available to work). It is not the proportion of the total population who are unemployed.

³ *Earnings and employment from Pay As You Earn Real Time Information, UK: December 2020*, ONS. Available at:

<https://www.ons.gov.uk/releases/earningsandemploymentfrompayasyouearnrealtimeinformationukjuly2014tooctober2020>

⁴ *Economic and Fiscal Outlook, November 2020*, OBR. Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-november-2020/>

already above this, and was close to it before the pandemic hit. In Q3 2019⁵, the unemployment rate for white people was 3.6 per cent, while the BME unemployment rate was 7.0 per cent. A year later, this has grown to 4.5 per cent for white people and 8.5 per cent for BME people.

Racial inequalities intersect with gender inequalities, with BME women having both the highest rate of unemployment (8.8 per cent) and the lowest rate of employment (62.5 per cent).

Table 1. Employment and unemployment rates by ethnicity and gender

	Jul-Sep 2019		Jul-Sep 2020	
	Employment rate (%)	Unemployment rate (%)	Employment rate (%)	Unemployment rate (%)
White (all)	77.8	3.6	76.4	4.5
BME (all)	66.6	7.0	68.2	8.5
White men	81.5	3.8	79.4	5.0
BME men	74.9	7.1	74.4	8.2
White women	74.1	3.3	73.4	3.9
BME women	59.1	6.9	62.5	8.8

The BME unemployment rate varies by region, but in every region, it is higher than the unemployment rate for white people. Yorkshire and Humberside and the North West have the highest rates (13.3 per cent and 12.1 per cent respectively).

BME unemployment rate by region (Q3 2020)



Source: ONS, TUC analysis

Employment by industry

There's some evidence that industries hit hard by the pandemic have already seen large falls in the number of BME workers, especially when compared to the fall in the number of white employees within these industries.

⁵ Source: TUC analysis of the Labour Force Survey Q3 2019 and Q3 2020. This analysis of labour market status by ethnicity is based on Q3 2019/2020 rather than Aug-Oct 2020 as this is the latest available data that can be broken down by ethnicity and allows us to do comparisons to the same period last year.

The number of BME workers in employment fell by 5.3 per cent between Q3 2019 and Q3 2020, compared to a fall of just 0.2 per cent in the number of white workers.

A breakdown by industry shows that between Q3 2019 and Q3 2020:

- The number of BME workers in the accommodation and food sector has dropped by 23 per cent, with the largest fall among BME men
- The number of BME women working in the arts and entertainment sector has fallen by 44 per cent across the period
- The numbers of BME workers in the wholesale and retail industry and construction industry have fallen by 16 per cent and 14 per cent respectively

Table 2. Percentage change in number of employees between Q3 2019 and Q3 2020

	White (all)	White men	White women	BME (all)	BME men	BME women
Manufacturing	-7	-6	-10	-15	-23	2
Electricity & gas	-3	-8	11	0	x	x
Water supply	3	-1	15	-17	x	x
Construction	-7	-8	-2	-14	-12	-26
Wholesale & retail	-1	-1	-1	-16	-14	-17
Transport & storage	1	-1	10	-14	-19	27
Accommodation & food	-13	-15	-11	-23	-28	-14
Info & communication	13	16	4	1	-5	15
Financial & insurance activities	8	10	5	-7	-14	3
Real estate	2	1	3	-18	-19	-16
Prof, scientific, technical activ.	4	4	3	20	21	18
Admin & support	-1	-1	-1	-8	-6	-10
Public admin & defence	7	5	8	5	9	2
Education	0	-6	3	15	15	16
Health & social work	3	11	1	-2	14	-8
Arts & entertainment	-3	-8	3	-19	14	-44
Other service activities	-1	0	-1	-7	-16	2

A version of this table with change in numbers rather than percentages is available in the annex

There has been growth in BME employment in a few industries. Education and the professional, scientific and technical industries have both seen significant increases in the number of BME employees. In both, there has been higher growth in the number of BME workers than there has in the number of white workers. However, these are two of only three industries where this is the case (the third is electricity and gas, where the number of BME workers hasn't grown, but the number of white workers has slightly fallen).

In most industries, the number of BME workers fell while the number of white workers either fell by a much smaller percentage or grew.

Part-time and full-time employment

BME workers have also been disproportionately impacted by one of the clear trends from the change in the number of workers between Q3 2019 and Q3 2020: the drop in the number of part-time workers.

The number of part-time BME workers has fallen by 15 per cent, or 163,000 people. This has not been counteracted by a rise in full-time work, as the number of full-time BME workers has fallen by around 49,000 people (although there has been a rise in full-time employment among BME women).

The number of part-time white workers has also fallen, but to a much lesser extent (4 per cent, compared to 15 per cent). And the number of full-time white workers has slightly increased.

Table 3. Changes in number of part-time and full-time workers between Q3 2019 and Q3 2020, by ethnicity and gender

	Full-time		Part-time	
	Change in number of workers	% change	Change in number of workers	% change
White (all)	248036	1	-301995	-4
White men	-51353	0	-96125	-5
White women	299389	4	-205870	-4
BME (all)	-48841	-2	-162949	-15
BME men	-118792	-7	-40866	-12
BME women	69951	6	-122083	-17

Why is employment falling but the employment rate rising?

The data shows a significant fall in employment levels, especially in certain industries. However, as shown above, the BME employment rate has risen compared to last year.

The employment rate is the number of people aged 16-64 who are employed as a percentage of the entire population of 16-to-64 year olds. In Q3 2020, the number of BME people employed dropped drastically, falling by 222,000. However, the overall BME population fell too, by 463,000.

We are therefore concerned about what these statistics show for two reasons. Firstly, there's the concerning drop in employment among BME people outlined above. Secondly, the statistics don't offer a full explanation about what happened to these workers after they left their jobs. Given the rise in the number of BME people unemployed, some will have entered unemployment (which increased by 49,000 people across the period). It would be expected that others will have become 'economically inactive', people who are not working but also not unemployed as they're either not looking for work, or unable to work. However, the number of economically inactive BME people has dropped by 17 per cent or 290,000 people.

Overall, the BME population as measured in these statistics has fallen by 8 per cent. That's almost half a million BME people suddenly missing from the statistics. This means it is harder to understand what is driving the employment changes among BME people, and their extent.

The unemployment rate isn't as affected by this population change, as this is calculated differently. The unemployment rate is the number of people unemployed as a percentage of the 'economically active' population (those in employment plus those who are unemployed). As set out above, the BME unemployment rate in Q3 2020 was 8.5 per cent - which is already higher than the peak overall unemployment rate forecasted by the OBR.

Youth unemployment by ethnicity

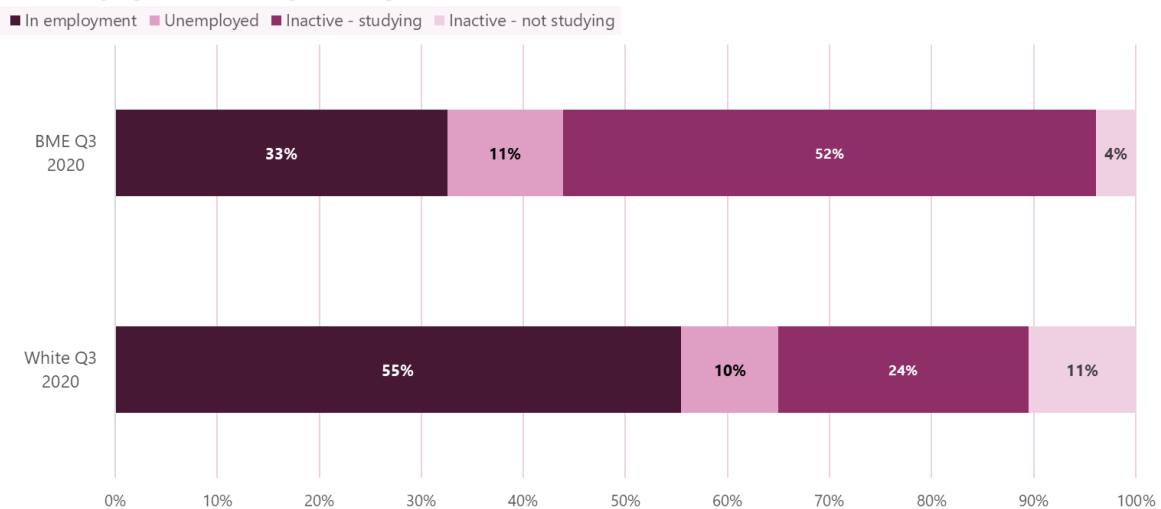
In Q3 2020, the youth unemployment rate (16-24) among BME people was 26 per cent, compared to 15 per cent among white people. This tells us that BME young people who choose to work, rather than study, have a more difficult time in the labour market than their white peers.

However, this does not tell the whole story. Unemployment rates are calculated by finding the number of people unemployed as a percentage of those who are economically active (which is the number of people employed plus the number of people actively seeking and available to work). This exclude students who are outside the labour market.

The chart below shows employment status for those aged 16-24. It's clear that the BME youth unemployment rate is particularly high because young BME people are more likely to be studying, with around half of young BME workers being 'inactive' due to being a student and therefore not included in the unemployment rate calculation.

The percentage of all young BME people who are unemployed is, however, still slightly higher than it is for young white people (11 per cent compared to ten per cent). The reasons for this are complex but it's worth noting that BME workers are more likely to be unemployed than white workers at every qualification level⁶.

Youth employment status by ethnicity, Q3 2020, 16-24



Source: TUC analysis of Q3 2020 Labour Force Survey

The number of people unemployed has risen for both BME and white young people since the start of the pandemic. In Q4 2019, around 7 per cent of all young white people and 8 per cent of all young BME people were unemployed.

⁶ *Barriers young BME workers face in the labour market*, TUC (2018), <https://www.tuc.org.uk/blogs/barriers-young-bme-workers-face-labour-market>

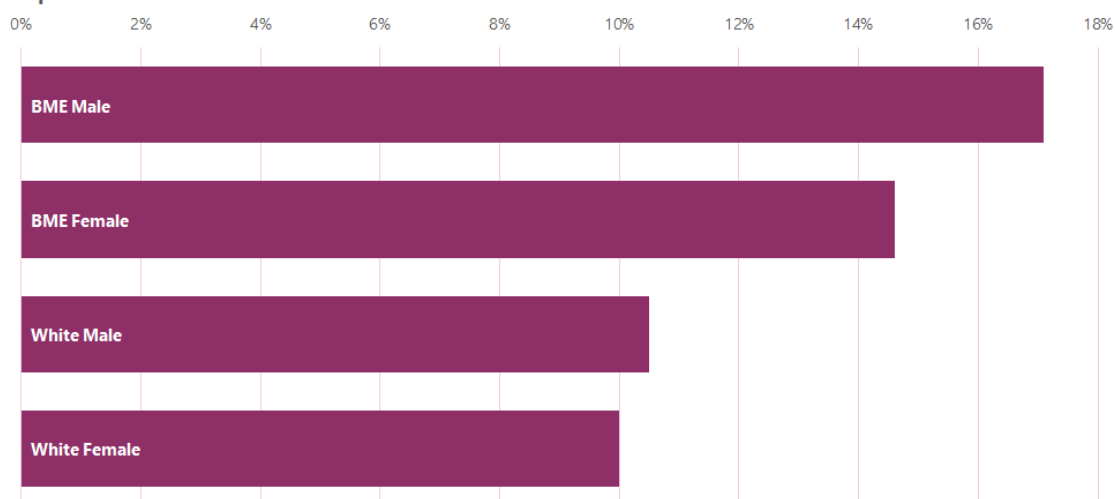
Insecure work and underemployment

For BME workers, research carried out before the pandemic shows that work is more likely to be insecure. Analysis of insecure work in Q4 2019 and low-paid self-employment in 2019 shows that 17 per cent of BME male workers and 15 per cent of BME female workers are in insecure work, compared to 11 per cent of white male workers and ten per cent of white female workers⁷.

BME workers are also more likely than white workers to be underemployed, with 12 per cent of BME workers underemployed, compared to 9 per cent of white workers.

Underemployed workers are those who are working part-time but would like to work full-time, and those who would like more hours in their current job⁸.

Proportion of workers in insecure work



Source: TUC analysis of Labour Force Survey Q4 2019, Landman Economics analysis of the Family Resources Survey 2018/19

Taking action on institutional and systemic racism

The pandemic has disproportionately impacted BME people. ONS analysis has shown that BME people are more likely than white people to die from Covid-19, with this being strongly associated with demographic and socio-economic factors, such as place of residences and occupation⁹.

⁷ The total number in 'insecure work' includes (1) agency, casual, seasonal and other workers, but not those on fixed-term contracts, (2) workers whose primary job is a zero-hours contract, (3) self-employed workers who are paid less than the National Living Wage (£8.72). Data on temporary workers and zero-hour workers is taken from the Labour Force Survey (Q4 2019). Double counting has been excluded. The low-paid self-employment figures come from analysis of data for 2018/19 (the most recent available) in the Family Resources Survey (FRS) and were commissioned by the TUC from Landman Economics.

⁸ Based on TUC analysis of Labour Force Survey Q1, Q2 and Q3 2020. To control for double counting our underemployment total includes all of those who would like more hours in their current job, along with all those who are working part-time and would like full-time job but tell LFS researchers that they would not like additional hours in their current post

⁹ *Updating ethnic contrasts in deaths involving the coronavirus (COVID-19), England and Wales: deaths occurring 2 March to 28 July 2020*, ONS. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/articles/updati ngethniccontrastsindeathsinvolveingthecoronaviruscovid19englandandwales/deathsoccurring2marchto28jul y2020#main-points>

Previous TUC research has looked at how the impact of coronavirus on BME people has highlighted multiple areas of systemic and institutional racism, including within the labour market¹⁰.

We reiterate our calls made in that report and call on government to:

- Publish an action plan to tackle the inequalities that BME people face, including in work, health, education and justice
- Introduce mandatory ethnicity pay gap reporting and make employers publish action plans to ensure fair treatment for BME workers in the workplace
- Ban zero-hours contracts, and strengthen the rights of insecure workers
- Publish all the equality impact assessments related to its response to Covid-19 and be fully transparent about how it considers BME communities in its policy decisions

And we call on government to step up efforts to stop unemployment, which has a disproportionate impact on BME workers. This must include providing more support for struggling industries, as well as creating new jobs by investing in jobs in green infrastructure, transport and our public services.

The government must also improve the social safety net for those who do lose their jobs. This requires an urgent overhaul of the benefits system, which must include raising the basic level of Universal Credit and legacy benefits to at least 80 per cent of the national living wage (£260 per week) and scrapping the five-week wait for first Universal Credit payment.

Given the importance of measuring the impact of the pandemic on existing labour market inequalities, we would also like to see labour market data by ethnicity included in the ONS's monthly labour market release, rather than as a separate quarterly release.

¹⁰ *Dying on the job – Racism and risk at work*, TUC (2020). Available at: <https://www.tuc.org.uk/research-analysis/reports/dying-job-racism-and-risk-work>

Annex 1. Change in number of employees between Q3 2019 and Q3 2020

	White (all)	White men	White women	BME (all)	BME men	BME women
Manufacturing	-190203	-122456	-67747	-38845	-40836	1991
Electricity & gas	-5650	-10433	4783	-64	x	x
Water supply	5402	-1293	6695	-2639	x	x
Construction	-151679	-146616	-5063	-19604	-14156	-5448
Wholesale & retail	-33231	-11715	-21516	-81165	-42075	-39090
Transport & storage	11876	-14198	26074	-40248	-48398	8150
Accommodation & food	-193433	-96726	-96707	-67367	-52395	-14972
Info & communication	151904	137130	14774	1461	-8467	9928
Financial & insurance activities	86021	59301	26720	-14688	-17052	2364
Real estate	8412	2104	6308	-9631	-5391	-4240
Prof, scientific, technical activ.	82456	54603	27853	57418	33246	24172
Admin & support	-12387	-8653	-3734	-15242	-6132	-9110
Public admin & defence	131449	47371	84078	11115	8993	2122
Education	6654	-48794	55448	50673	15767	34906
Health & social work	123688	81692	41996	-15911	28338	-44249
Arts & entertainment	-25580	-35799	10219	-12992	4158	-17150
Other service activities	-5622	1063	-6685	-6344	-7353	1009