

Finances and employment during lockdown

Initial findings from the COVID-19 Survey
in Five National Longitudinal Studies

By Bożena Wielgoszewska, Francis Green
and Alissa Goodman

Access the survey data

The COVID-19 survey data analysed in this briefing have been de-identified and are available for researchers. To download the data (SN: 8658), visit the UK Data Service website (ukdataservice.ac.uk).

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This briefing is one of a series produced by the Centre for Longitudinal Studies in collaboration with the MRC Unit for Lifelong Health and Ageing (LHA) using data from the [COVID-19 Survey in Five National Longitudinal Studies](#).

Acknowledgements

This work was supported by the Economic and Social Research Council under the Centre for Longitudinal Studies, Resource Centre 2015-20, grant number ES/M001660/1, and by the Medical Research Council, grant MC_UU_00019/1.

We are very grateful to JD Carpentieri for his thoughtful selection of open-text responses, which illustrate in study members' own words some of the quantitative findings presented in this briefing.

We are extremely grateful to all the members of our studies for their contribution to this special COVID-19 survey and for their ongoing participation in our studies.

Citation

Wielgoszewska, B., Green, F. and Goodman, A. (2020) *Finances and employment during lockdown - Initial findings from the COVID-19 Survey in Five National Longitudinal Studies*. London: UCL Centre for Longitudinal Studies.

Published by the UCL Centre for Longitudinal Studies, July 2020

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Executive summary

- Working was drastically affected by the lockdown. By May 2020, 38% of Britain's workers in four age cohorts had stopped working. With those still working also putting in fewer hours, the amount of hours worked overall fell by 40%.
- Among the older generations, the balance of the financial effects was negative: among women age 50, some 39% reported being worse off while 17% reported they were better off.
- For the younger generations, there was a broad balance between those who reported they were better off and those who said they were worse off. It seems that the reduced opportunities for spending during the lockdown, including the avoidance of commuting to work, and reduction in other costs such as for childcare, will have lowered the cost of living and thereby improved the financial position of many.
- The changes to financial circumstances appear to have widened inequality since those who were 'living comfortably' before the lockdown were the most likely to report having become better off, and those who were 'struggling' were the most likely to report having become worse off.
- Among Millennials aged 30, as many as 70% of those who were self-employed before the outbreak had become worse off, compared to only 29% of those who were employed. This reflects the more protective effect of the furlough scheme on employees, compared to the self-employment income support scheme, whose coverage was much lower.
- Mothers with children of primary school age or younger at home were significantly more likely to have stopped work during lockdown, compared to fathers with children of the same age.
- With the furlough scheme being tapered off in August and September, it will be hugely important for employment to have rebounded if we are to avoid quite drastic financial consequences for families.

About the survey

This briefing is based on data from a web survey of over 18,000 people, collected between 2 and 31 May 2020. The survey participants and their families are members of five nationally representative cohort studies that have been collecting data since childhood. These were:

- The [Millennium Cohort Study](#) (MCS), born in 2000-2002, part of 'Generation Z'. They have been followed since birth and are now aged 19;
- [Next Steps](#), who were born in 1989-1990, so-called 'Millennials'. They have been followed since adolescence and are now aged 30;
- [1970 British Cohort Study](#) (BCS70) who were born in 1970, part of 'Generation X'. They have been followed since birth and are now age 50;
- [National Child Development Study](#) (NCDS) who were born in 1958, into the later part of the 'baby boomers' generation. They have been followed since birth and are now age 62;
- [National Study of Health and Development Study](#) (NSHD) who were born in 1946, at the start of the 'baby boomers' generation. They have been followed since birth and are now age 74.

The survey was designed to help researchers understand the economic, health and social consequences of the coronavirus outbreak, to give a unique insight into how people's experiences during the pandemic vary depending on their earlier lives, and to be able to track the impact into the future.

The questionnaire covered a range of topics and also included an open question, which allowed participants to express in their own words the main ways the coronavirus outbreak has affected their lives.

The analysis presented in this briefing relates to participants from four out of five of the studies included in the survey (results from NSHD are not included, but the work will be updated in future to include them).

As part of the survey, response weights were created, and all the results in this briefing have been weighted, so that the results are representative of the full cohort of that age (for further information on weights, see the [survey User Guide](#)).

A number of further research briefings, using the data from the first wave of the COVID-19 survey, are under preparation, and can be found [on the CLS website](#).

Introduction

The lockdown restrictions that were imposed on 23 March 2020, to limit the spread of the coronavirus, led to an unprecedented and drastic change in the employment situation of millions of people in the ensuing months. As revealed in the Chancellor's July 'Plan for Jobs', real time information implies that there was already a 27% drop in hours of work in April, at a time when only 3.8 million workers had been placed in the Coronavirus Job Retention Scheme – the 'furlough scheme'.¹ By a month later the number of jobs furloughed had grown to 8.4m. According to the Office for National Statistics, weekly hours of work fell by 17% in March to May 2020, compared with the same period (the quarter year) one year earlier.²

Such a precipitous fall in employment could have been expected to lead to a widespread crisis in households' finances. However, the government's counter-measures – principally the Coronavirus Job Retention Scheme (the furlough scheme) for employees and the Self-Employment Income Support Scheme for the self-employed – were expected to mitigate the effects on households' incomes.³ In addition, families were relieved of some spending opportunities and necessities as the economy contracted.

What, then, were the net effects on households' finances? Previous research on non-payment of bills – taken as a sign of financial distress – increased sharply in April following lockdown, and edged still higher in May of this year⁴, while research based on the UK Household Longitudinal Survey has estimated that the government's interventions have 'reduced the scale of losses for working households by up to two thirds'⁵.

¹ <https://www.gov.uk/government/publications/a-plan-for-jobs-documents/a-plan-for-jobs-2020#fnref:14>

² <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/july2020>

³ <https://www.gov.uk/government/publications/impact-of-covid-19-on-working-household-incomes-distributional-analysis-as-of-may-2020>

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898420/Impact_of_COVID-19_on_working_household_incomes.pdf

⁵ <https://www.ifs.org.uk/uploads/BN298-FULL-The-effects-of-coronavirus-on-household-finance-and-financial-distress.pdf>

In this briefing, we look at the scale of the changes in employment and the unequal effects of the pandemic on household finances, as perceived by the four different generations who took part in our survey. Subjective perceptions about the change in financial circumstances complements the research on financial difficulties cited above, while also presenting a broader picture that encompasses potential improvements for some in their household finances.

We examine how the changes vary according to the respondent's prior financial position, whether they were employed or self-employed prior to lockdown, whether the respondent is a key worker, and whether the respondent took advantage of the government's support. We also consider how the employment changes differed between mothers and fathers, comparing those with younger and older children.

Changes to overall financial situation

“I have had to work from home which has been more intense than my normal working day. My partner has taken a 20% reduction in pay with no clarity on what will happen after the furlough scheme period ends. It is likely he will be made redundant after furlough ends. We have no savings and no financial security for the future.” [50-yr-old female]

“I don’t feel this has affected me negatively at all. I used to have to travel a lot for work but now I’ve been at home for 7 weeks on full pay so I’ve managed to get a lot of things done around the house and spent some quality time with my partner. My finances are also in better shape as I’ve spent no money on fuel or travel.” [30-yr-old male]

Participants were asked in May to report how their financial situation had changed since the coronavirus outbreak. Figure 1 summarises the responses for each gender and cohort in our study.

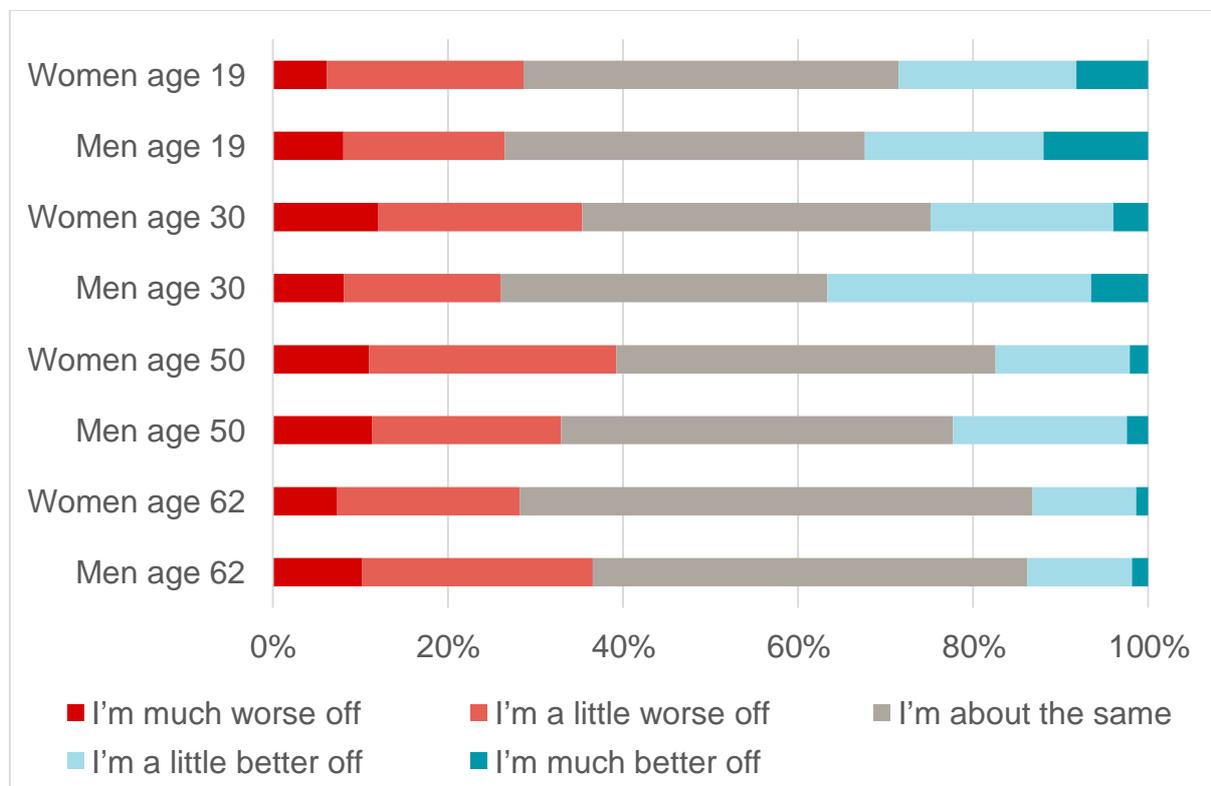
Nearly 30% of respondents reported being worse off (7% much worse off). Women in their mid-adult years (age 30 and age 50), and men in early older age (age 62) were the most likely to report being worse off.

As expected, however, the short-term financial effects were not negative across the board. Indeed, among men age 30 as many as 36% reported being better off financially. For the younger generations overall, there was a broad balance between those who reported being better off and those who said that they were worse off. It seems that the reduced opportunities for spending during the lockdown, including the avoidance of commuting to work, and reduced childcare expenditure, will have

lowered the cost of living and thereby improved the financial position of many. Among the youngest generation (age 19), many students will have moved back in with their parents, cutting their rental bills.

It was only among the older generations that the balance of the financial effects was negative. For example, among the women age 50, some 39% reported they were worse off while just 17% reported they were better off.

Figure 1: Change in financial circumstances



Note: Percentages based on weighted survey responses

Notwithstanding the overall negative balance, it is striking that the economic effects of the lockdown are far from uniform. While the coronavirus pandemic lockdown has become a near-universal experience, whether individuals were themselves positively or negatively affected financially was to some extent a matter of good or bad fortune, depending on the industry they and their families were working in. Even so, the negative/positive balance of the lockdown experience does relate systematically to important socio-economic characteristics.

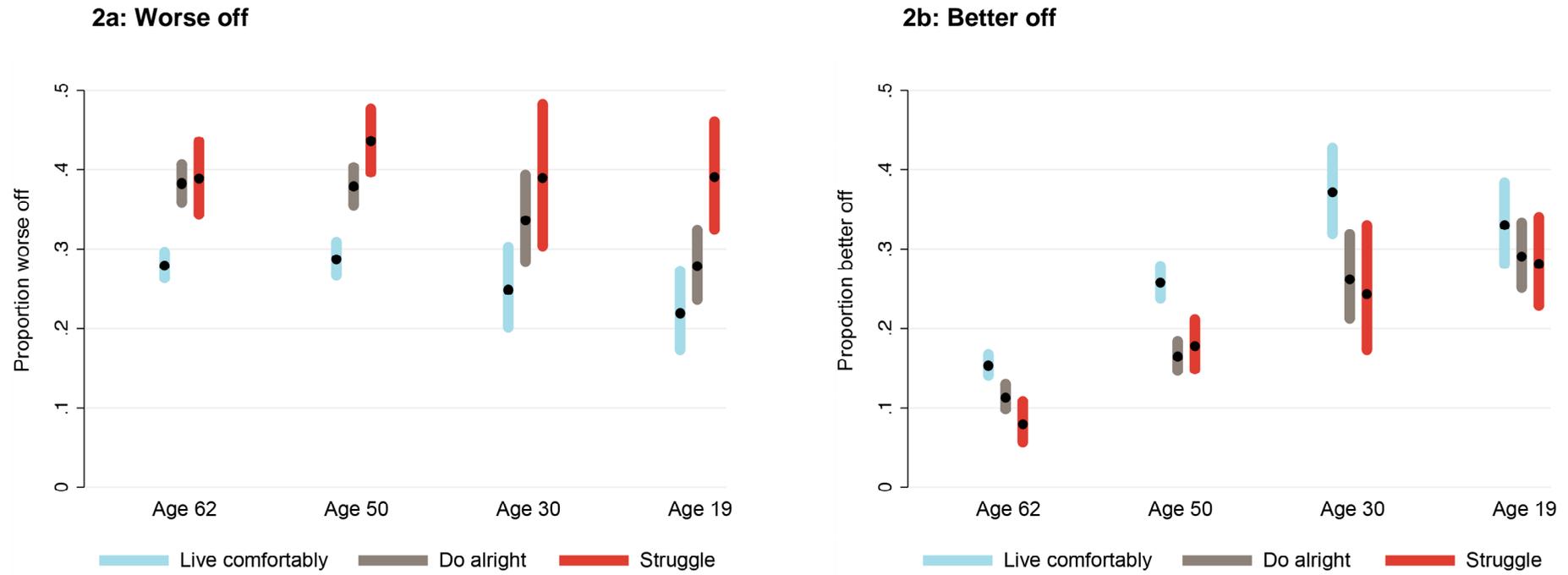
How unequal were the changes, according to prior financial situation?

Figure 2 shows that the lockdown has exacerbated inequalities in financial circumstances. Our respondents reported how well they were managing financially before lockdown. In all the cohorts, those who reported that they were struggling before the lockdown ('finding it very difficult', 'difficult', or 'just about getting by') were the most likely to report having become worse off after lockdown. Those who were 'living comfortably' before the lockdown were the most likely to report having become better off.

This pattern of a socio-economic gradient, with prior disadvantage being associated with a worse financial hit from the lockdown, is replicated with other measures of prior socio-economic status, such as education, income, social class and whether claiming benefits prior to lockdown ([Online Appendix](#)).⁶

⁶ Other data sources have also shown a widening in inequality caused by the financial effects of the crisis. This includes UKHLS data for April, in which households in the poorest fifth – as measured by their pre-crisis income – were hit hardest in terms of earnings, with a fall in their median household earnings of around 15% (or around £160 per month). <https://www.ifs.org.uk/publications/14908>

Figure 2: Worse or better off, by prior financial position



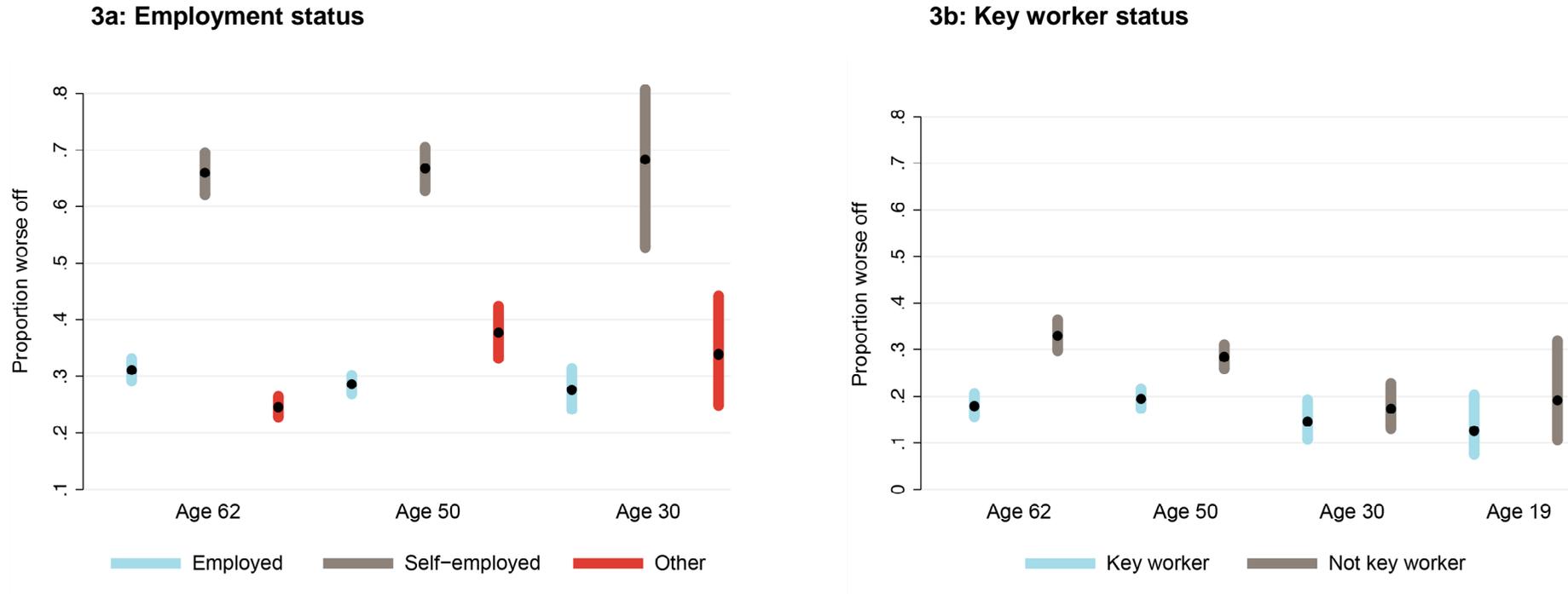
Note: Proportions based on weighted survey responses; the bars (whiskers) reflect 95% confidence intervals using the Agresti-Coull method.

Which types of worker became financially worse off?

Another pattern emerging from the survey was the severe effect of the lockdown restrictions on those who were self-employed. Figure 3a. shows that, for example, among those age 30, as many as 70% of those who were self-employed before the outbreak reported that they had become worse off, compared to only 29% of those who were employed.

'Key workers' have had a very special role to play during the pandemic. How, then have these workers fared financially? In our survey, respondents were asked "Are you a key worker, or has your work been classified as critical to the Covid19 response?" Figure 3b shows that those who self-identified in this way as key workers were relatively protected financially, with only around 10-20% of them becoming worse off.

Figure 3: Worse off, by employment and key worker status



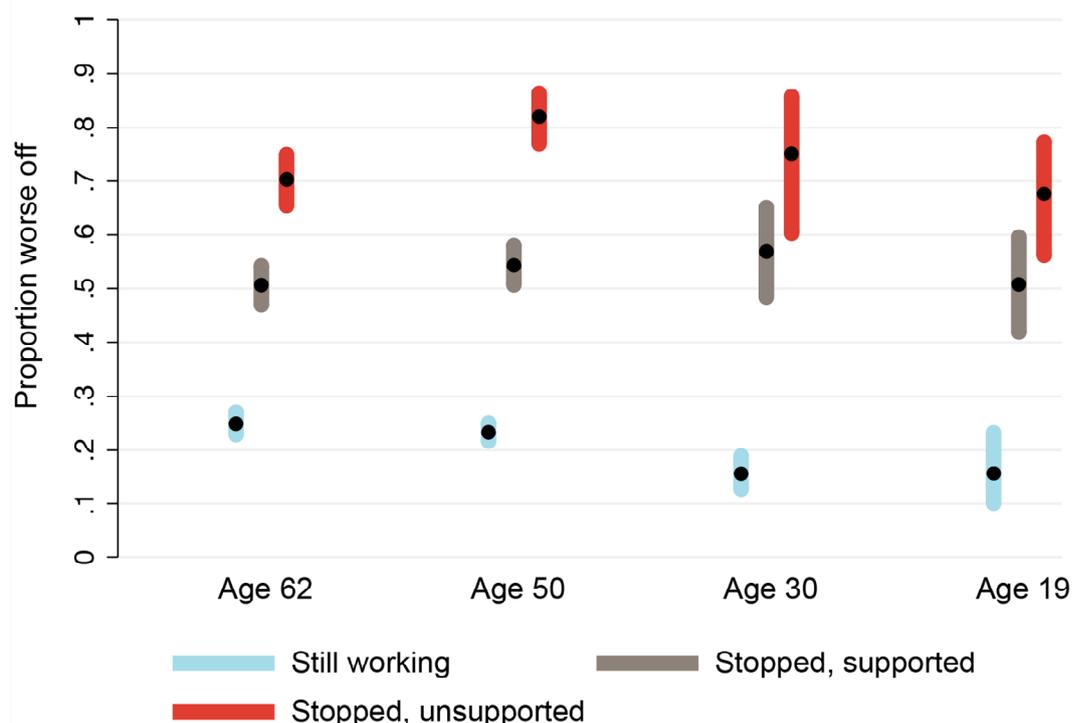
Note: Millennium Cohort Study (19-year-olds) not shown on Figure 3a as relatively few self-employed this cohort. Proportions based on weighted survey responses; the bars (whiskers) reflect 95% confidence intervals using the Agresti-Coull method.

Does government support make a difference?

Figure 4 shows how the changes to financial circumstances were related to changes to employment, and compensation by the furlough and self-employment income schemes. (The scale of the changes to employment are set out further below).

Unsurprisingly, the large majority – between 70 and 80% according to cohort – of those who stopped working and were not supported by the furlough scheme or by self-employment income support scheme were worse off. Fewer – between 50 and 60% – were worse off among those supported. Among those employed who retained their jobs and were still working in May, there were some – between 15 and 25% – who were nevertheless worse off; as we detail below, many of those remaining employed have nevertheless been working fewer hours, while others had family members who lost work.

Figure 4: Worse off, by whether stopped working and whether receiving government support



Note: Proportions based on weighted survey responses; the bars (whiskers) reflect 95% confidence intervals using the Agresti-Coull method.

Changes to work

“I was furloughed in March after the lockdown and have just (today) been informed that my place of employment is being closed down so I will have to look for alternative employment which at age 62 will not be easy.” [62-yr-old female]

“I feel let down by the agency I worked for who let me go due to coronavirus, but chose not to help me get access to government support.” [30-yr-old male]

Given the central importance of work to households’ finances, our briefing continues with a more detailed look at how our survey respondents’ employment changed with lockdown. An earlier survey conducted has found that, even by late April, the number of hours worked was reduced between February and April by as much as 34%.⁷

Table 1 shows that among the four cohorts in our survey who were of working age, there were varying rates of employment and self-employment just before the lockdown restrictions were in place. The large majority – more than 80% – of those in the cohorts in their early and mid-adulthood were working just before the lockdown restrictions were imposed, while just 56% of the cohort in their early 60s were working (with a relatively large number already retired or otherwise not working), and 31% of the younger cohort (with the majority in some form of education or training).

The employment changes that took place due to the lockdown were very large for all cohorts, but varied across the age groups with the youngest being worst affected. The proportion of those previously working who stopped work altogether ranged from 30% for those age 50 to 62% for those age 19. Across all cohorts taken together, the

⁷ <https://www.understandingsociety.ac.uk/sites/default/files/downloads/working-papers/2020-10.pdf>

proportion of those who reported working before the outbreak, who were not working afterwards, was 38%.

For those that continued working the majority kept the same hours of work, but there were hours reductions for some. Especially among those age 30, the cohort of millennials, as many as 31% worked fewer hours, while fewer (15%) reported an increase in hours.

Taking these modest reductions in hours worked into account, alongside those who stopped working altogether (including furloughed), the reductions in the amount of work being done during lockdown are even more striking. Again, the youngest are most affected. The fall was by as much as 60% for the 19 year-olds, 36% for the Millennials, 32% for the 50-year-olds, and 45% for the 62-year-olds. Overall, averaged across all four cohorts, there was a 40% drop in hours of work.⁸

⁸ Obtained as a weighted, pre-to-post difference in usual weekly hours worked.

Table 1: Changes to work, from before to during the lockdown

	NCDS (age 62) N=5205		BCS70 (age 50) N= 4247		Next Steps (age 30) N=1921		MCS (age 19) N=2677	
	%	95% confidence interval	%	95% confidence interval	%	95% confidence interval	%	95% confidence interval
Working, pre-outbreak ^a	56	[54 - 57]	80	[79 - 81]	84	[81 - 86]	31	[28 - 35]
Working, post-outbreak ^b	32	[31 - 33]	56	[54 - 57]	57	[53 - 61]	13	[11 - 16]
Stopped working (expressed as % of those who were working pre-outbreak) ^c	44	[42 - 46]	30	[29 - 32]	33	[29 - 37]	62	[57 - 66]
The same hours ^d	63	[61 - 65]	59	[57 - 61]	54	[50 - 59]	54	[46 - 61]
Reduced hours ^e	24	[22 - 26]	27	[25 - 28]	31	[27 - 35]	23	[18 - 30]
Increased hours ^f	13	[12 - 15]	14	[13 - 15]	15	[12 - 18]	23	[16 - 32]
	Mean	95% confidence interval	mean	95% confidence interval	Mean	95% confidence interval	mean	95% confidence interval
Average hours before outbreak (including zeros)	20	[19 - 21]	32	[31 - 33]	34	[32 - 35]	25	[23 - 27]
Average hours after outbreak (including zeros)	11	[10 - 12]	21	[20 - 23]	22	[20 - 23]	10	[9 - 11]
Average hours before outbreak (among those working non-zero hours)	34	[33 - 35]	37	[37 - 38]	38	[37 - 38]	33	[31 - 34]
Average hours after outbreak (among those working non-zero hours)	33	[31 - 34]	36	[35 - 37]	35	[34 - 36]	33	[31 - 35]

Notes: N reflects total number of respondents to the survey, not accounting for item non-response. Figures calculated based on weighted survey responses. ^a proportion employed, self-employed, unpaid/voluntary workers and apprentices out of all respondents reporting pre-outbreak economic activity; ^b total proportion of employed, self-employed, who remain

working, as well as those in unpaid/voluntary workers and apprentices out of all respondents reporting post-outbreak economic activity; ^c total proportion of those who are not employees or self-employed, and those who did not remain in unpaid/voluntary work or apprenticeships, out of those who were classified as working pre-pandemic as defined in a; ^{d,e,f} proportion of those who respectively reported usual weekly hours worked as equal/lower/higher pre-outbreak as compared to post-outbreak amongst, those who continue working as defined in c.

Employed vs self-employed

While there were large reductions in work among all types of workers, these were not equal between the employed and self-employed. Table 2 shows that prior to the outbreak, in all cohorts, the majority of workers were employees, ranging between 75 – 92% across the different cohorts, while self-employment was less common, ranging from only 4% for 19-year-olds to 23% for 62-year-olds.

Generally, the rate of stopping working post-outbreak was larger amongst the self-employed as compared to the employees - more than double in the case of the 30-year-olds, where 31% of employees stopped working, but 63% of the self-employed. One contributing factor to this was that fewer of the self-employees were key workers. (Key workers were more likely to continue working post-outbreak compared to non-key workers).

In addition to the reduced rates of working, the self-employed were also affected by lower provision of financial protection. While the financial protection was almost universal among employees, with as many as 84% of employees being on paid leave (including furlough), the proportion of self-employed who were supported by the Income Scheme was much lower, ranging between 27 and 35%. In addition, a substantial proportion (around 18%) of the self-employed who continued working also made use of the scheme, potentially reflecting their reduced profit-making opportunities.

Taken together, these factors reflect the extent of financial shocks experienced by the self-employed, and help to explain why a larger proportion of them reported being worse off financially during lockdown, as shown above.

Table 2: Changes to employment and self-employment, before to during the lockdown

	NCDS (age 62) N=5205		BCS70 (age 50) N= 4247		Next Steps (age 30) N=1921		MCS (age 19) N=2677	
	%	95% confidence interval	%	95% confidence interval	%	95% confidence interval	%	95% confidence interval
Employees ^a	75	[74 - 77]	82	[81 - 83]	92	[90 - 94]	77	[71 - 81]
Stopped working ^b	39	[37 - 41]	26	[25 - 28]	31	[27 - 35]	64	[59 - 70]
Supported ^c	82	[79 - 84]	84	[81 - 87]	81	[73 - 87]	71	[64 - 77]
Key workers ^d	61	[59 - 64]	56	[54 - 58]	57	[52 - 62]	75	[67 - 81]
Self-employed ^e	23	[21 - 24]	18	[17 - 19]	7	[5 - 10]	4	[2 - 7]
Stopped working ^f	60	[56 - 64]	53	[48 - 57]	63	[48 - 75]	NA	NA
Supported ^g	27	[22 - 32]	33	[28 - 39]	35	[20 - 55]	NA	NA
Key workers ^h	22	[17 - 27]	26	[21 - 31]	20	[10 - 37]	NA	NA

Notes: N reflects total number of respondents to the survey, not accounting for item non-response. Values for self-employment in MCS not reported due to small sample. Figures calculated based on weighted survey responses. ^a proportion out of those who reported working pre-outbreak who were employees; ^b proportion of employees, as defined in a, who did not continue working post-outbreak; ^c proportion out of those employees who stopped working, as defined in c; who went on furlough or paid leave ^d proportion of employees who continued working post-outbreak and report being key workers; ^e proportion of self-employed out of those who reported working pre-outbreak; ^f proportion of self-employed, as defined in b, who did not continue working post-outbreak; ^g proportion of self-employed claiming Self-Employment Income Support Scheme out of those who stopped working, as defined in f; ^h proportion of self-employed who continued working post-outbreak and report being key workers.

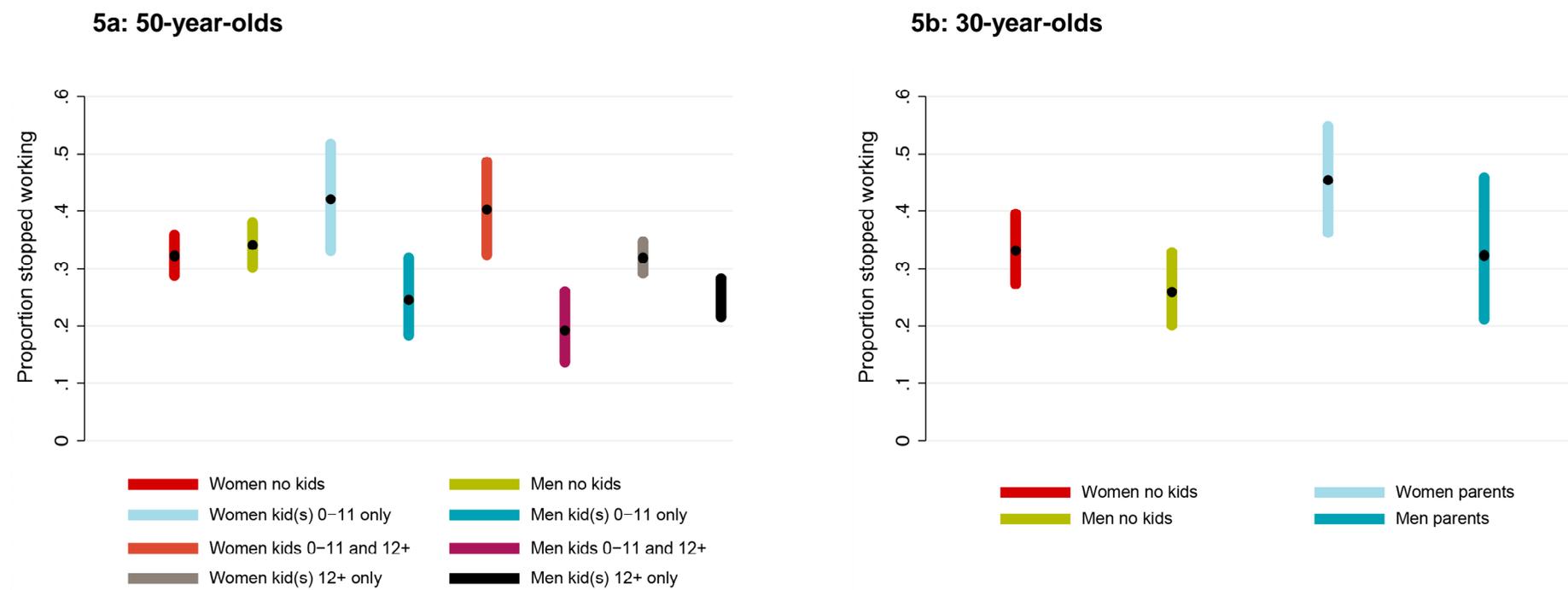
Employment changes among mothers vs fathers

Whether work is terminated, temporarily or otherwise, is not necessarily the sole decision of employers. Rather, some workers may have chosen to or needed to curtail their work hours fully or partially, in order to take responsibility for care duties at home. The lockdown brought, in particular, the closure of schools and the need for parental care, often including assistance with school work.

Changes to work were unequal between mothers and fathers, especially of younger children, as women took a considerably larger share of the responsibility for childcare and home schooling with the closure of schools and nurseries, as we set out in a [parallel briefing](#) to this one.

In Figure 5a we show that in the cohort now age 50, men and women with no dependent children at home were equally likely to have stopped work. However mothers with children of primary school age or younger at home were significantly more likely to stop work, compared to fathers with children of the same age. For those where children were all of secondary school age or above, the gender differences decrease. Figure 5b shows that in the cohort now age 30 (whose children are almost entirely either pre-school or of primary school age) mothers were also more likely to have stopped work than fathers. Again, the differences in the rate of stopping work between men and women who were not parents are smaller.

Figure 5: Stopping work, by gender and age of children at home



Note: Proportions based on weighted survey responses; the bars (whiskers) reflect 95% confidence intervals using the Agresti-Coull method. Stopped working as defined in Table 1 row c.

Conclusions

“The furlough scheme is amazing, but I am concerned that my employer might make further redundancies when they are required to make a contribution from August onwards.”

[50-yr-old male]

This briefing has shown the very major changes to financial circumstances and work caused by the lockdown when the survey took place in May, across four generations.

We estimate that the amount of work being done – as measured by hours – fell during this period by approximately 40% when averaged across all our four cohorts.

This loss of work impinged upon families to a greatly varying extent with many able to continue in their jobs with unchanged hours while others had their hours reduced partially or to zero. It is the expected role of government in a welfare state, however, to act as an insurer against drastic hardship through ill fortune. The furlough scheme especially helped to mitigate the hardship for employees, while the self-employment support scheme did the same for the self-employed but with a less complete coverage and (as shown elsewhere), relatively low claim values.⁹ The self-employed were more likely to become worse off through the lockdown.

Together with reduced expenses, the furlough scheme and benefits helped to ensure that among our two youngest cohorts there was a broad balance between those who reported they were adversely affected and those whose finances were even improved. But among the older cohorts there were more people who self-reported feeling worse off than who felt better off.

⁹ <https://www.gov.uk/government/publications/self-employment-income-support-scheme-statistics-july-2020/self-employment-income-support-scheme-statistics-july-2020#seiss-claims-by-gender>

Although all socio-economic groups in all our cohorts contained people who were better off as well as others becoming worse off, there were some systematic differences, with relatively more people in disadvantaged socio-economic groups experiencing negative effects from lockdown.

With the furlough and other relief schemes being tapered off in August and September, it will be hugely important for employment to have rebounded, especially by the time the furlough scheme ends in October, if we are to avoid quite drastic financial consequences for families.¹⁰ Our findings suggest, too, a strong risk that the long-term effects of the crisis will be unequal, with disadvantaged groups experiencing levels of deprivation not seen for a long time in this country.

In further waves of the survey, the ongoing financial and employment experiences will be tracked as the lockdown has been gradually eased. A priority for future research will be to examine the consequences of these employment changes for people's health and wellbeing, as well as their finances.

¹⁰ <https://econpapers.repec.org/paper/uclcepeow/20-12.htm>