

Article

Single-month and weekly Labour Force Survey estimates: August 2020

Comparison of the Labour Force Survey (LFS) headline three-month average rates for employment, unemployment and economic inactivity with their equivalent single month estimates. Includes weekly Labour Force Survey estimates.

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Release date: 11 August 2020

Next release: 15 September 2020

Notice

11 August 2020

The effect of the coronavirus (COVID-19) pandemic on our capacity means we have reviewed the existing labour market releases and will be suspending some publications.

This will protect the delivery and quality of our remaining labour market outputs as well as ensuring we can respond to new demands as a direct result of the coronavirus. More details about the impact on labour market outputs can be found in our <u>statement</u>.

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1. Main points and information

This article contains charts that compare the Labour Force Survey (LFS) single-month estimates with their equivalent three-month average rates for employment, unemployment and economic inactivity. The single-month estimates are derived from the same data source as the headline three-month figures but are not designated as National Statistics. Their use is restricted to helping to understand the movements in the headline three-month averages. For the three-month averages, the dates shown on the charts relate to the last month of the three (for example, April to June is indicated by June).

Model-based single-month estimates are now also produced and included within the <u>data table accompanying</u> <u>this article</u>. The model uses single-month wave-specific time series estimates for each variable, along with estimated variances, to produce modelled seasonally adjusted time series. These are currently <u>Experimental Statistics</u>.

This article also includes experimental estimates of labour market indicators broken down by individual weeks. While not providing robust estimates of labour market conditions, these can help users to understand the impact of the coronavirus (COVID-19) pandemic on a week-by-week basis during the quarter.

LFS estimates presented in this article include interviews that took place during April to June 2020. Consequently, all interviews relate to the period following the implementation of coronavirus social distancing measures (which included the government closure of schools, introduction of lockdown, and announcement of measures aimed at protecting businesses and jobs) along with the start of easing of some of those measures.

The International Labour Organization (ILO) definition of employment includes those who worked in a job for at least one hour and those temporarily absent from a job. Workers furloughed under the Coronavirus Job Retention Scheme (CJRS), or who are self-employed but temporarily not in work, have a reasonable expectation of returning to their jobs after a temporary period of absence. Therefore, they are classified as employed under the ILO definition.

Main points

- The single-month estimate for the employment rate in the UK, for June 2020, shows an increase of 0.3 percentage points compared with the previous month.
- The single-month estimate for the unemployment rate in the UK, for June, shows a decrease of 0.3 percentage points compared with the previous month.
- The single-month estimate for the economic inactivity rate in the UK, for June, shows a decrease of 0.2 percentage points compared with the previous month.
- The weekly estimates show that approximately 300,000 employees in the UK are receiving no pay while their job is on hold and affected by the coronavirus pandemic in June 2020, down from half a million in April and May 2020.
- The weekly estimates of those starting new jobs has continued to decrease since lockdown began on 23 March 2020.
- The weekly estimates show that approximately 7.5 million people were temporarily away from paid work in June 2020, with over 3 million of these being away for three months or more.

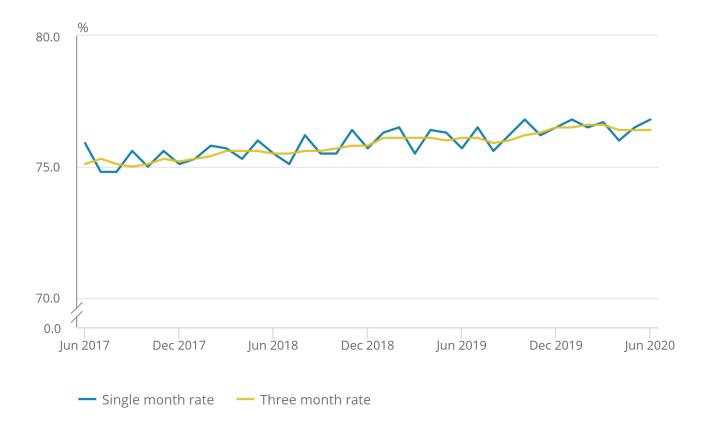
2. Summary of Labour Force Survey single-month estimates

Figure 1: The single-month employment was up on the previous month

UK employment rates, ages 16 to 64 years (seasonally adjusted), between April 2017 and June 2020

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UK employment rates, ages 16 to 64 years (seasonally adjusted), between April 2017 and June 2020



Source: Office for National Statistics - Labour Force Survey

The single-month estimate of the employment rate, for people aged 16 to 64 years in the UK, for June 2020, was a record high of 76.8%. This represents an increase of 0.3 percentage points compared with the previous month (May 2020) and an increase of 0.1 percentage points compared with three months ago (March 2020).

The headline estimate for the three months April to June 2020 decreased 0.2 percentage points compared with the previous quarter (January to March 2020) and stands at 76.4%.

Figure 2: Single-month unemployment rate down on the previous month

UK unemployment rates, ages 16 years and over (seasonally adjusted), between April 2017 and June 2020

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UK unemployment rates, ages 16 years and over (seasonally adjusted), between April 2017 and June 2020



Source: Office for National Statistics - Labour Force Survey

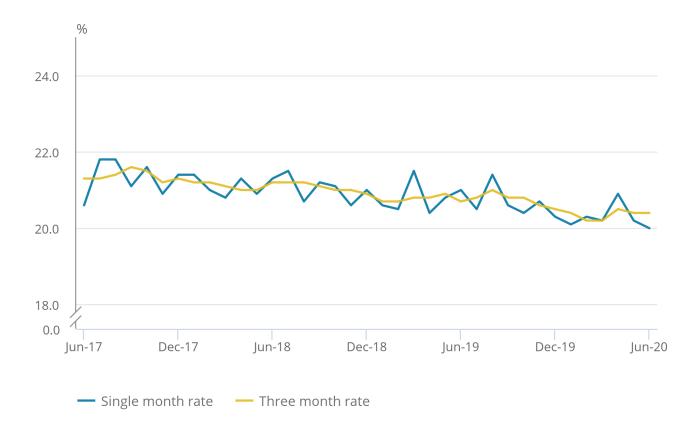
The single-month estimate for the unemployment rate, for people aged 16 years and over in the UK, for June 2020, was 3.8%. This represents a decrease of 0.3 percentage points compared with the previous month (May 2020) and a decrease of 0.1 percentage points compared with three months ago (March 2020). The headline estimate for the three months April to June 2020 was largely unchanged on the previous quarter (January to March 2020) and currently stands at 3.9%.

Figure 3: Single-month inactivity rate down on the previous month

UK economic inactivity rates, ages 16 to 64 years (seasonally adjusted), between April 2017 and June 2020

Figure 3: Single-month inactivity rate down on the previous month

UK economic inactivity rates, ages 16 to 64 years (seasonally adjusted), between April 2017 and June 2020



Source: Office for National Statistics - Labour Force Survey

The single-month estimate for the economic inactivity rate, for people aged 16 to 64 years in the UK, for June 2020, was a record low of 20.0%. This represents a decrease of 0.2 percentage points on the previous month (May 2020) and a decrease of 0.2 percentage points compared with three months ago (March 2020). The headline estimate for the three months April to June 2020 increased by 0.2 percentage points on the previous quarter (January to March 2020), to 20.4%.

3. Weekly Labour Force Survey

From the way the Labour Force Survey (LFS) data are collected, it is possible to separate out responses relating to individual weeks during the survey period. The Office for National Statistics (ONS) has developed a method for weighting the weekly LFS data to produce UK aggregates. The sample for any week is not representative, and the results are more volatile than the quarterly or monthly estimates. As such, their use is to show any large impact of a sudden change in labour market conditions and should not be used as a leading indicator. While not providing robust estimates of labour market conditions, these can help users to understand the impact of the coronavirus (COVID-19) pandemic on a week-by-week basis during the quarter. They may have the potential to pick up large changes in the labour market, which is why the data have been explored and are now being made available during the coronavirus period.

The weekly LFS data from 2008 to the end of June 2020 will be published monthly in this single-month article and Table X07; their usefulness and future publication will be reviewed.

Because of the experimental nature of these data, each month the seasonal adjustment is reviewed and refined to incorporate international best practice on high frequency data, and better account for the specifics of the LFS sample design. Therefore, seasonally adjusted and trend estimates may change between monthly publications.

Employment and unemployment

The weekly employment and unemployment rates are extremely volatile and therefore should not be used as a leading indicator of changes to the labour market but may have the potential to pick up large changes (see Figures 4 and 5). No major change to the employment or unemployment rates are observed in any of the weeks since lockdown began in Week 13 in Quarter 1 (Jan to Mar).

Figure 4: The weekly employment rate did not show any large increases or decreases since March 2020

UK weekly employment rate, ages 16 to 64 years (seasonally adjusted and trend), 2008 to the end of June 2020

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UK weekly employment rate, ages 16 to 64 years (seasonally adjusted and trend), 2008 to the end of June 2020



Source: Office for National Statistics - Labour Force Survey

Notes:

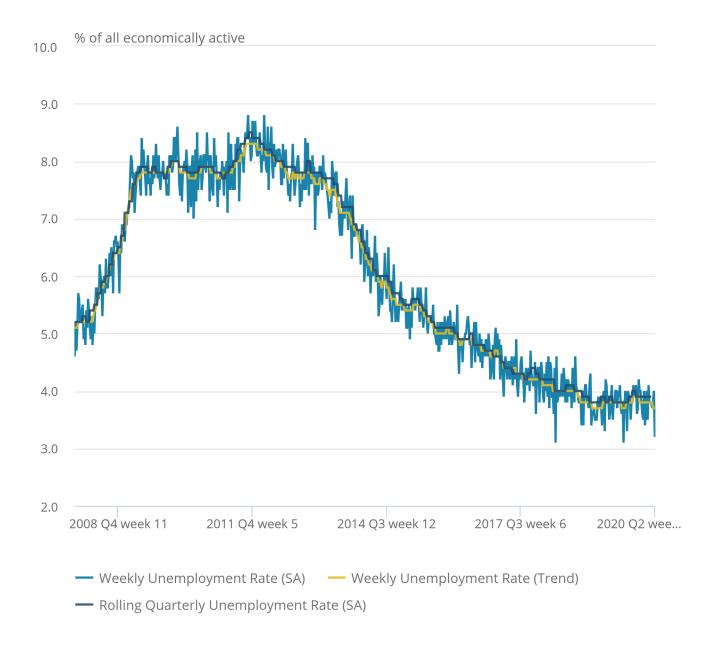
1. Weeks 1 to 4 refer to month 1 in the quarter (for example, January, April, July and October), weeks 5 to 9 refer to month 2 of the quarter (for example, February, May, August and November), and weeks 10 to 13 refer to month 3 of the quarter (for example, March, June, September and December). Rolling quarterly estimates are centred on the middle month of the quarter (for example, April to June 2020 is centred on May 2020, on weeks 5 to 9 of quarter 2 2020).

Figure 5: The weekly unemployment rate did not show any large increases or decreases since March 2020

UK weekly unemployment rate, ages 16 years and over (seasonally adjusted and trend), 2008 to the end of June 2020

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UK weekly unemployment rate, ages 16 years and over (seasonally adjusted and trend), 2008 to the end of June 2020



Source: Office for National Statistics - Labour Force Survey

Notes:

1. Weeks 1 to 4 refer to month 1 in the quarter (e.g. January, April, July and October), weeks 5 to 9 refer to month 2 of the quarter (e.g. February, May, August and November), and weeks 10 to 13 refer to month 3 of the quarter (e.g. March, June, September and December). Rolling quarterly estimates are centred on the middle month of the quarter (for example, April to June 2020 is centred on May 2020, on weeks 5 to 9 of quarter 2 2020).

Actual hours

Lockdown measures were introduced on 23 March 2020 (during Week 13 of Quarter 1), where we saw the largest falls in average actual hours (Figure 6). This change is observed in both the employees and self-employed data, with the largest decrease seen for those identifying as self-employed. During May we saw average actual hours start to increase slowly for the self-employed, however this increase has slowed down and hours remained relatively flat throughout June.

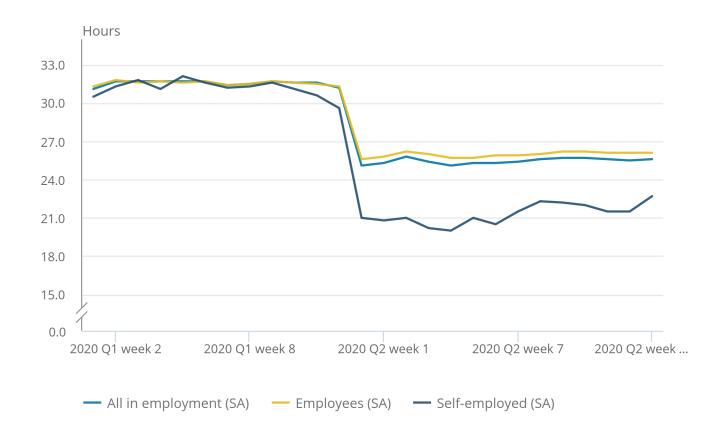
The LFS also collects information on the reasons why people have worked fewer hours in the reference week. Since lockdown was announced, working fewer hours because of "Economic conditions" saw large increases (this category is where LFS interviewers were advised to code those on the Coronavirus Job Retention Scheme (CJRS)). The estimated number in this category rose from fewer than 100,000 people in the long-term trend to over 5 million people by the end of April. This level remained at around 4 to 5 million throughout the lockdown period.

Figure 6: Average actual hours has been relatively flat since the sharp decrease at the end of March

Average actual hours, all persons, employees and self-employed, seasonally adjusted, UK, Jan-June 2020

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Average actual hours, all persons, employees and self-employed, seasonally adjusted, UK, Jan-June 2020



Source: Office for National Statistics – Labour Force Survey

Those temporarily away from a job

The LFS collects information on those temporarily away from paid work that they expect to return to. Of those temporarily away from paid work, we gather a range of data – including whether they are temporarily away from work short-term (less than three months) or long-term (3 months or more) and whether those away long-term are earning more or less than half their usual salary.

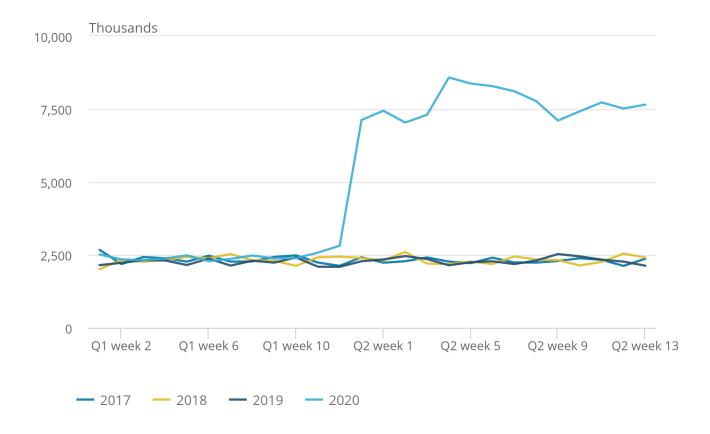
Figure 7 shows a large increase, in both March and April 2020 (not seen in the previous three years), in those stating that they are temporarily away from paid work. Throughout May 2020 those temporarily away from paid work has started to slowly decrease, however this decrease has slowed and the numbers of people temporarily away from paid work remained constant at approximately 7.5 million throughout June.

Figure 7: There were approximately 7.5 million people temporarily away from paid work in June 2020

Total number of people temporarily away from paid work, seasonally adjusted, UK, Jan to June 2017 to Jan to June 2020 (1000s)

Figure 7: There were approximately 7.5 million people temporarily away from paid work in June 2020

Total number of people temporarily away from paid work, seasonally adjusted, UK, Jan to June 2017 to Jan to June 2020 (1000s)



Source: Office for National Statistics - Labour Force Survey

Further information on the characteristics of those temporarily away from work can be seen in the accompanying article.

Figure 8 shows a large increase, in both end March and April 2020, in those temporarily away from paid work for less than three months. There was also an increase in those temporarily away from paid work for three months or more toward the end of June, where a shift can be seen in the last two weeks of June between those short-term away and those long-term away. Of those away for three months or more, at the end of June, over three quarters were earning half or more of their salary.

Figure 8: At the end of June 2020 approximately 3 million people had been temporarily away from paid work for three months or more, with over three quarters of those earning more than half their salary

Time respondent has been temporarily away from paid work and the amount of wage receiving if away for three months or more, seasonally adjusted, United Kingdom, Jan-June 2020 (1000s)

Figure 8: At the end of June 2020 approximately 3 million people had been temporarily away from paid work for three months or more, with over three quarters of those earning more than half their salary

Time respondent has been temporarily away from paid work and the amount of wage receiving if away for three months or more, seasonally adjusted, United Kingdom, Jan-June 2020 (1000s)



Source: Office for National Statistics - Labour Force Survey

Notes:

- 1. Time respondent has been temporarily away from paid work was asked to all in employment who were temporarily away from paid work in the reference period.
- 2. Amount of wage received was asked to all in employment who were temporarily away from paid work for three months or more in the reference period.
- 3. Estimates will not to sum to totals due to limited constraining in the seasonal adjustment.

Further information on the characteristics of those temporarily away from paid work can be seen in the accompanying article <u>People temporarily away from paid work in the UK: August 2020</u>.

Those starting a new job

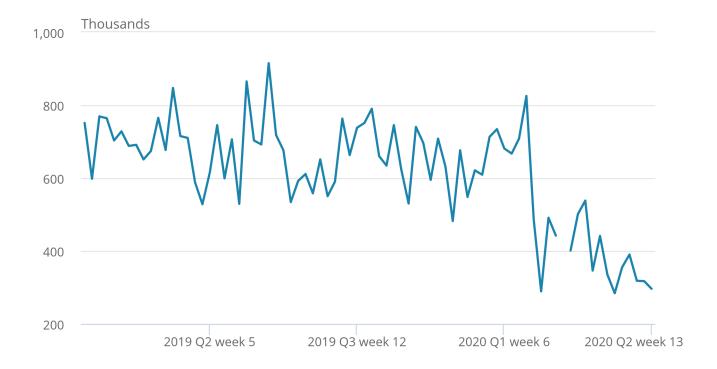
The LFS collects information on the month and year that a respondent started working with their current employer, or started as continuously self employed. From these responses, an estimate for the number of people starting a new job in the reference month or previous month can be calculated. Figure 9 shows a decrease in the number of new starters since March.

Figure 9: The number of those starting new jobs decreased sharply in March and continued to decrease through to June

Total number of people starting a new job in the reference month or previous month, seasonally adjusted, UK, Jan 2019 to June 2020 (1000s)

Figure 9: The number of those starting new jobs decreased sharply in March and continued to decrease through to June

Total number of people starting a new job in the reference month or previous month, seasonally adjusted, UK, Jan 2019 to June 2020 (1000s)



Source: Office for National Statistics - Labour Force Survey

Notes:

1. The gap in the series, in week 1 of quarter 2 2020, denotes an estimate based on a sample size too small for a reliable estimate.

Those still being paid while their job is on hold and/or affected by coronavirus

In April 2020, a number of questions were added to the LFS questionnaire to gather additional information on the situation in the Labour Market during the coronavirus (COVID-19) pandemic. One such question asks whether an employee is still being paid while their job is on hold and/or affected by the coronavirus pandemic; everyone answering this question will be defined as in employment.

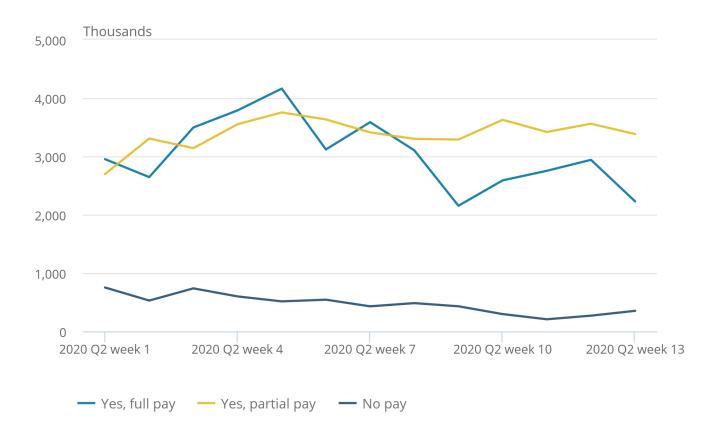
Figure 10 shows approximately half a million employees receiving no pay while their job is on hold and/or affected by the coronavirus pandemic in April and May, this figure has decreased to approximately 300,000 in June. Those whose job was affected by the coronavirus pandemic and receiving full pay peaked at just over 4 million during the first week of May, and has decreased since to approximately 2.2 million in the final week of June. Those whose job was affected by the coronavirus pandemic and receiving partial pay has fluctuated between 3 and 4 million since April.

Figure 10: The number of people receiving no pay while their job is on hold and/or affected by the coronavirus pandemic has declined over time

Total number of people receiving full, partial or no pay while their job is on hold and affected by coronavirus pandemic, not seasonally adjusted, UK, April to June 2020 (1000s)

Figure 10: The number of people receiving no pay while their job is on hold and/or affected by the coronavirus pandemic has declined over time

Total number of people receiving full, partial or no pay while their job is on hold and affected by coronavirus pandemic, not seasonally adjusted, UK, April to June 2020 (1000s)



Source: Office for National Statistics - Labour Force Survey

Notes:

 This question was asked to employees who were temporarily away from work or did less hours than usual in the reference week, and who identified their reason for being away to be due to the coronavirus (COVID-19) pandemic.

Those who have applied for the coronavirus Self-employment Income Support Scheme

A question was also asked to those self employed who were temporarily away from work because of the coronavirus pandemic on whether they had applied for the coronavirus Self-employment Income Support Scheme.

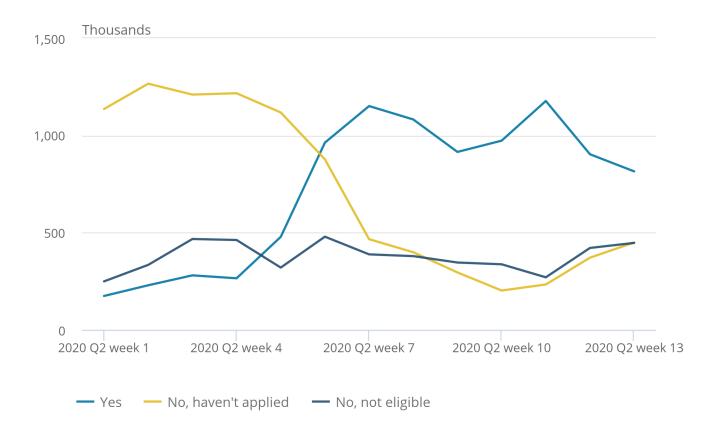
By the middle of May, it is estimated that over 1 million self-employed people had applied for the coronavirus Self-employment Income Support Scheme, a figure which has decreased through June. Approximately 400,000 people were not eligible for the scheme, a figure that remained fairly constant throughout this period.

Figure 11: The number of people applying for the coronavirus Self-employment Income Support Scheme peaked in May and has decreased throughout June

Total number of people that had applied for the coronavirus Self-employment Income Support Scheme, not seasonally adjusted, UK, April to June 2020 (1000s)

Figure 11: The number of people applying for the coronavirus Self-employment Income Support Scheme peaked in May and has decreased throughout June

Total number of people that had applied for the coronavirus Self-employment Income Support Scheme, not seasonally adjusted, UK, April to June 2020 (1000s)



Source: Office for National Statistics - Labour Force Survey

Notes:

- This question was asked to self-employed who were temporarily away from work or did less hours than usual in the reference week, and who identified their reason for being away to be due to the coronavirus (COVID-19) pandemic.
- 2. This question was added to the LFS questionnaire in April 2020, before the scheme opened for application on 13 May 2020, therefore some respondents may have answered the question in foresight.

4. Coronavirus and measuring the labour market

In June 2019, we released additional new <u>experimental</u> versions of the single-month estimates alongside the current estimates. The new estimates are based on time series models using single-month wave-specific time series estimates.

In December 2019, we also started to publish new experimental single-month wave estimates, alongside the current wave estimates, based on the new time series models.

Coronavirus (COVID-19)

In response to the developing coronavirus (COVID-19) pandemic, we are working to ensure that we continue to publish economic statistics. For more information, please see COVID-19 and the production of statistics.

We have reviewed all publications and data published as part of the labour market release in response to the coronavirus pandemic. This has led to the <u>postponement of some publications and datasets</u> to ensure that we can continue to publish our main labour market data. This will protect the delivery and quality of our remaining outputs as well as ensuring we can respond to new demands as a direct result of the coronavirus.

For more information on how labour market data sources, among others, will be affected by the coronavirus pandemic, see the <u>statement</u> published on 27 March 2020. A further <u>article</u> published on 6 May 2020, detailed some of the challenges that we have faced in producing estimates at this time.

Our latest data and analysis on the impact of the coronavirus on the UK economy and population is now available on our dedicated COVID-19 webpage. This will be the hub for all special coronavirus-related publications, drawing on all available data.

5. Quality and methodology

Uncertainty in this data

The estimates presented in this bulletin contain <u>uncertainty</u>.

The Labour Force Survey (LFS) single-month estimates provide additional information about the latest quarterly movements in the headline three-monthly aggregates of employment, unemployment and economic inactivity. The production and evaluation of the estimates is an important part of our quality assurance of the three-monthly averages published in the <u>Labour market overview</u>.

Single-month estimates are based on one-third of the sample of the three-monthly series; this is approximately 15,000 households. Consequently, sampling variability of the changes in the single-month estimates is higher in relative terms than those of the headline aggregates, and so any interpretation of them can only be in fairly broad terms.

The LFS sample is designed so that the data collected for any three consecutive monthly reference periods (or rolling quarters) are representative of the UK population. However, the data for any given single month are unlikely to be representative of the UK. These sampling effects can cause movements in the single month that are a consequence of the survey nature of the LFS and are not a true reflection of change in the wider economy. The movement in the latest single-month figures is, in theory, a better indication of the latest change in the labour market than the difference between the latest two overlapping three-month periods, but it must still be treated with caution.

The sample design of the LFS often produces clear patterns in the single-month series, which can aid interpretation of the LFS aggregates. The estimates help users determine how closely the movements in the headline aggregates reflect changes in the UK labour market and how far they reflect the survey nature of the LFS, in particular sampling variability. For example, 80% of the households surveyed in one month will also have been surveyed three months ago. This means the comparison between the latest month and three months ago usually provides a better indicator of the latest underlying change than the comparison with the previous month, for which there is no sample overlap.

The single-month estimates are regarded as an <u>official statistic</u> and are not considered National Statistics because they do not have sufficient methodological robustness.

A methodological article explaining the <u>background to the LFS single-month estimates and describing how they are calculated</u> is available.

The model-based single-month LFS estimates are derived from a state-space model and aim to improve on the current single-month estimates. The model uses single-month wave-specific time series estimates for each variable, along with estimated variances, to produce modelled seasonally adjusted time series. These new model-based estimates are considered to be Experimental Statistics.

A methodological article giving more detail regarding the new series is available.

A new weighting methodology has been used specifically for the weekly LFS, using age, sex and region in the calibration groups.

Weekly LFS estimates have been seasonally adjusted using a modified version of TRAMO-SEATS to handle higher frequency time series. The seasonally adjusted estimates have the seasonal frequencies removed and frequencies at a 13-week lag to account for seasonality resulting from the survey design. The trend is simply a smoothed estimate of the seasonally adjusted series, the weights of which are determined by the ARIMA model and as such are "tailored" to the series. Each month the seasonal adjustment is reviewed and refined to incorporate international best practice on high frequency data and better account for the specifics of the LFS sample design. Therefore, seasonally adjusted and trend estimates may change between monthly publications.

More information can be found in the Background and methodology sheet within Table X07.

6. Other quality information

A <u>Labour Force Survey (LFS) QMI</u> and <u>a set of LFS performance and quality monitoring reports</u> are available.

Further information about the LFS is available from the LFS -- user guidance.

After EU withdrawal

As the UK leaves the EU, it is important that our statistics continue to be of high quality and are internationally comparable. During the transition period, those UK statistics that align with EU practice and rules will continue to do so in the same way as before 31 January 2020.

After the transition period, we will continue to produce our labour market statistics in line with the UK Statistics Authority's <u>Code of Practice for Statistics</u> and in accordance with International Labour Organization (ILO) definitions and agreed international statistical guidance.