The financial impact of the pandemic

A review of the literature

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About this report

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Executive summary

Since March 2020, a substantial body of research has been published in the UK looking at the impacts of the Covid-19 pandemic on people's living standards and financial wellbeing. This evidence review takes stock of where we are more than eighteen months into the crisis, to provide a picture of the personal finance landscape for UK households. It is based on around 240 pieces of evidence, including official statistics, academic journal articles and research reports produced by academics, think tanks, research institutes, charities, and public bodies.

Overview

Overall, the labour market effects of the COVID-19 pandemic have been less pronounced that was first forecast, and the Government job support schemes were broadly successful in protecting jobs and incomes. But where the effects have been felt, the impact has been significant.

The relatively small change in aggregate household income following the economic shock of the pandemic obscured large variations in experience. Job losses, furloughing and reduced hours all impacted household incomes, particularly among groups who were already struggling or in comparatively worse positions. Aggregate decreases in spending and debt and increased saving similarly stand in marked contrast to the experiences of the worst-affected households.

While outcomes and experiences differed greatly between these groups (and within groups, although this was less well explored), the over-arching story was remarkably consistent across the groups who experienced the worst impacts – including people with protected characteristics, particularly disabled people and some ethnic minorities. It was a story of disadvantage in the labour market, of reduced incomes and resilience, of increased expenditure and financial burdens, of unequal (and, in many cases, insufficient) state support, and of socio-economic inequalities and exclusions.

Although the macro-economic forecasts for the UK are comparatively positive, at a household level the evidence paints a picture of increased inequality over the longer-term. The pressure on some UK household's finances because of the pandemic is likely to be exacerbated by the 'cost of living crisis' forecast for winter 2021, as the cost of fuel, energy and other essentials continue to rise. This particularly affects lower-income households who spend a greater proportion of their income on essentials; and where there are strong intersections with protected characteristics, family type, work status and housing tenure, which mean that many people from some ethnic minorities, those with a disability, single parents, people in insecure work and renters will continue to bear the brunt of the economic shock of the pandemic over the longer term.

The economic impact of the pandemic

The COVID-19 pandemic resulted in the UK's worst economic downturn for 300 years. Unlike other recessions, it also caused "*a radical short-term shift in the mix of economic activities of which an unknown, but possibly significant, amount will be persistent*."[1] The UK sectors most heavily impacted were those with frequent customer interaction including retail, hotels, restaurants, hospitality, leisure, and travel. This contrasts with regular recessions which typically see construction and manufacturing most affected. There was also a heavy impact on the childcare sector, which was already in poor financial shape pre-pandemic due to chronic underinvestment.

The government's response to the pandemic prevented the economic collapse turning into a *'living standards disaster'*.[2] The scale of intervention is reflected in government borrowing figures. In the financial year 2020/2021, government borrowing reached an historic high of £298 billion (14% of GDP), compared to £57 billion (3% of GDP) the previous year. Up to that point, the highest level of government borrowing was £158 billion (10% of GDP) in 2009/10, after the global financial crisis.

Work and the labour market

The pandemic had a significant impact on the UK labour market, with a third of households (32%) experiencing at least one person moving out of work or a period of lower pay between February 2020 and January 2021. This did not result in the high unemployment rates that were feared, which is credited to the furlough scheme. However, long-term unemployment (12 months or more) increased, from 245,000 people in May-July 2020 to 444,000 in May-July 2021.

The impact of the pandemic on the labour market was largely determined by people's employment status, the sector in which they worked and the type of work they did. This meant that some groups – such as younger people – were disproportionately affected because of the nature of their labour market engagement and the fact they were more likely to work in low-skilled jobs in locked-down sectors. The most impacted groups in the labour market include:

- People on contracts that do not guarantee regular hours or income such as zero hours contracts, agency work and gig work
- People working in sectors hardest hit by the pandemic, including leisure and hospitality; non-supermarket retail; and the service sector
- People who are self-employed.

These heavily impacted groups are all associated with lower-paid work and lower levels of education, which have implications for individual and household financial wellbeing during and after the pandemic. In addition, urban areas (large towns and cities) were especially badly affected.

Social security

The economic shock of the pandemic caused a large increase in the number of people claiming social security benefits, the main one being Universal Credit which the government describes as *'a payment to help with your living costs'* for people who are on a low income, out of work or cannot work. Official statistics show that, pre-pandemic, in February 2020 2.9m people received Universal Credit;

[1] Costa Dias, M., Joyce, R., Postel-Vinay, F. and Xu, X. (2020b) The challenges for labour market policy during the COVID-19 pandemic, *Fiscal Studies*, 41(2), page 371.

[2] Brewer, M., Corlett, A., Handscomb, K. and Tomlinson, D. (2021a) *The living standards outlook 2021*, Resolution Foundation, page 4.

by May 2020 that number was 5.3 million. One year on, in May 2021, there were 5.9 million people on Universal Credit of which 39% (2.3 million people) were in low-paid work.

While the system itself was reported to have performed well under the high volume of new claims, the crisis exacerbated well-evidenced pre-existing issues including:

- The five-week wait for the first Universal Credit payment
- The challenges faced by people with fluctuating incomes due to monthly assessment periods that are designed around stable hours and income
- The severe impacts felt by people with no recourse to public funds
- The fact that Universal Credit does not provide adequate income replacement for people who become unemployed.

The pandemic also highlighted significant gaps in government knowledge about how the Universal Credit system operates for different groups, including how many claimants there are from minority ethnic groups and whether they are negatively affected by the application system.

Major interventions and their effectiveness

The government's main business support schemes in total amounted to £181 billion. Around 1.7 million businesses received loans worth over £80 billion from the government's four loan schemes. Other support for business included grant funds administered by local authorities; business rates exemptions; VAT deferral; and a ban on commercial evictions for unpaid commercial rent.

At a household level, by providing workers with payments directly related to their previous earnings, the CJRS and SEISS protected incomes and avoided a large rise in unemployment. The CJRS also prevented employment ties from being severed in heavily impacted sectors, which was important for employers in terms of continuity and productivity and for individuals in preserving links to employment. On the downside, the CJRS may have kept afloat low productivity firms or maintained poorly matched employer-employee ties. It was also inadequate for people in insecure work, where employers simply stopped offering shifts rather than furloughing zero-hours or agency workers. In addition, the SEISS resulted in some poor targeting of support, so that 1.5 million self-employed workers reported not being eligible for the SEISS scheme even though their profits had fallen. Others did not receive support because they fell between the qualification criteria of the CJRS and SEISS, for example those working in the arts and theatre who combined employed work with freelance work.

Social security

The Government introduced a range of temporary social security measures in response to the pandemic, which included the £20 per week uplift for people on Universal Credit, ending on 30 September 2021. Even with these temporary measures, the social security system in 2020 provided less support to out of work households than in 2011, with negative impacts on financial wellbeing as a result. Resolution Foundation research showed that, in January 2021, a fifth of families newly claiming Universal Credit were behind on essential bills; and three in ten were more in debt than they had been in February 2020. There was no additional support for families with children (despite evidence of increased living costs) or claimants of 'legacy' benefits which particularly impacted disabled people.

Other support for households

There was a wide range of other support for households, including extended eviction notice periods for tenants; financial help for people who were struggling to pay their council tax bills; and additional

local authority funding for crisis and hardship grants and payments. The additional support available from mortgage and consumer credit lenders, including payment deferrals and a temporary halt on home repossessions, is credited with keeping mortgage arrears and possessions at very low levels. These interventions may help explain the low numbers of people seeking debt advice in the first 15 months of the pandemic.

What has happened to household finances?

If we only look at the impact of the pandemic at the aggregate level of all UK households, the picture seems relatively positive. Just as unemployment was much lower than expected in the first 15 months of the pandemic, aggregate household income was broadly similar in 2020 to its 2019 level, even though around three in ten UK households experienced a pandemic-related drop in income. As a result of severe social restrictions in the first phase of the pandemic, consumer spending reduced by 10% in real terms in July and September 2020 on the previous year, and there were huge increases in household savings and reductions in consumer debt.

While this big picture reflects the success of government schemes and temporary measures in supporting household incomes, it also masks large variations in experience that often have pre-pandemic roots. The decade prior to the pandemic saw the UK population's financial health affected by real income growth that was modest at best, and non-existent for lower-income households; significant cuts to social security; a high level of income inequality with large differences between groups and regions; and a poverty rate that had remained largely unchanged since 2007-08. Low savings and relatively high unsecured consumer debt also meant that a significant number of UK households came into the pandemic with low financial resilience to deal with an income shock.

Among the badly affected groups in terms of income shocks were:

- People already on low incomes
- New claimants of Universal Credit
- Families with children
- Insecure workers
- Ethnic minorities generally, and particularly Bangladeshi and Black African households
- Disabled people.

While the better-off benefitted from 'forced saving' during lockdowns, people on lower incomes faced higher costs and these increased outgoings could lead households to cut back on essentials.

There is consistent evidence that the financial strain created by the pandemic caused significant numbers of individuals and households to fall behind with payments on bills. IFS research shows that, among households in relative poverty, the proportion in arrears with at least one bill rose from 15% pre-pandemic (which was more than double that for all households) to 22% in April-May 2020, falling to 20% in March 2021. In urban areas in the North of England and the Midlands, people were more likely to have got into debt because the pandemic had less effect on spending in these areas even though people were much more likely to have lost income.

Future prospects

Based on the last financial crisis in 2008, the longer-term labour market impacts of the pandemic may fall disproportionately on certain groups, such as younger people and disabled people; and in certain geographical areas, such as the North East of England.

At a household level, the evidence paints a picture of increased inequality over the longer-term, with the end of government schemes expected to result in a rise in unemployment and the cessation of the temporary Universal Credit uplift putting low-income households under financial strain. The Resolution Foundation estimates that a further 1.2 million people will fall into relative poverty (less than 60% of median income), including 400,000 children, which would be the biggest year-on-year increase in poverty rates since the 1980s. Most of those pulled into poverty will live in working or disabled households; and families with children will also be significantly affected.

The pressure on some UK household's finances because of the pandemic is likely to be exacerbated by the 'cost of living crisis' forecast in winter 2021, as the cost of fuel, energy and other essentials continue to rise. This will particularly affect lower-income households who spend a greater proportion of their income on essentials and are more likely to incur poverty premiums.

The impact on people with protected characteristics

The review also examined the financial impact of the pandemic on people across four protected characteristic groups defined in the Equality Act 2010: age, sex, race, and disability.[3] We summarise the evidence for these protected characteristics below. Overall, the evidence shows that the pandemic has widened inequalities, particularly for people from ethnic minorities and those with disabilities, with serious implications for their future prospects.

[3] There was little high-quality evidence related to other protected characteristics, such as LGBTQ+ people, or people with a religion or belief, or pregnant women and new mothers.

The impact of the pandemic by age

Pre-pandemic, while employment rates were at an all-time high for older people and youth unemployment was declining, nonetheless many older and young people entered the pandemic with low financial resilience due to low-pay and insecure work. Younger age groups also had significantly less wealth and higher levels of consumer debt than previous generations. Below we describe the main impacts of the pandemic by age.

	Household finances and living standards: • Younger people were more likely than older age groups to see a reduction in their pay; to take on consumer debt; and to be struggling financially. • Younger workers were more likely to be furloughed but less likely to have their pay topped up by employers. • Younger people were less likely to live in a workless household because they could live with parents. • Retired older people on fixed incomes were largely protected from the pandemic's economic shock. • Older people saved money; younger people drew on any savings they had.
	Work and the labour market: • Job losses, drops in income and reduced hours particularly affected younger and (to a lesser extent) older people more than those in the middle age groups. These impacts were driven by the sector that people worked in, pay and contract type. • There are fears about scarring effects on young people's employment and careers. People aged 50+ may struggle to get back into work or re-train. • The pandemic affected older people's retirement decisions, including drawing pensions earlier to offset financial losses.
	Social security: • While people aged 25-49 saw the greatest increase in the claimant count early in the pandemic, the number of younger people (aged under 25) claiming Universal Credit more than doubled.
	Future prospects: • There can be serious scarring affects for young people leaving education in a recession, which could be especially prevalent in the wake of the pandemic, as sectors that have struggled (such as hospitality) are typically those in which many young people start their careers. • For older workers, it can be harder to regain employment after long periods out of work and the pandemic may have impacted their decision to retire (either earlier or later).

The impact of the pandemic by sex

Pre-pandemic, the employment rate was at an all-time high for both men and women. While the gender pay gap had been declining, progress had stalled. Women were more likely to work part-time, on insecure contracts and in low paying jobs; and were more likely to be key workers and work in sectors that were shut down in the pandemic. Below we describe the main impacts of the pandemic by sex.

	Household finances and living standards: • Men experienced a greater reduction in earnings than women; but the impact on total household income was broadly the same for women and men. • Self-employed women were less likely to apply for state support than men and to get less support when they did, due to lower pre-pandemic earnings. • Women were worse off financially than men, but this difference seems to be driven by factors other than sex. • Women were more likely to cut back on essential spending than men. • Changes in consumer debt levels were broadly similar among women and men. • Women were less able to save than men; and on average where women were able to save, they saved lower amounts.
	Work and the labour market: • Men had a greater reduction in employment and a higher rate of redundancies than women, while more women were furloughed than men. Overall, though, the differences were relatively small. • Working single mothers were especially hard hit by the economic shock. • Women were more likely to work in shut-down sectors; although some shut down industries e.g. construction and manufacturing were male-dominated. • Furloughed women were less likely to have their earnings topped up by their employer; less likely to work any hours on furlough; spent longer on furlough; and had worse perceptions about job prospects and financial security.
	Social security: • Early in the pandemic, a higher proportion of men than women started to claim Universal Credit, although this changed over time. • Women might struggle more with the five-week wait for Universal Credit due to lower financial resilience. • Women were less likely to be eligible for statutory sick pay because they were more likely to work part-time and earn below the qualifying threshold.
	Future prospects: • It is unclear how furlough and job losses will impact long-term career prospects and earnings for men and women, although there is evidence to suggest more women are working full-time which could impact the gender pay gap in future. • Other sources suggest that women may find it harder to return to work after furlough than men and that a lack of gender specific policies could have negative implications for gender equality.

The impact of the pandemic by race[4]

Pre-pandemic, the picture regarding race was one of entrenched and in many cases increasing inequality between ethnic groups, of complex intersectional disadvantage, and unequal exposure to risk – financial and otherwise. Below we describe the main impacts of the pandemic by race.

	Household finances and living standards: • Ethnic minorities were more likely to lose income and earnings; and to report financial difficulties, where the ethnicity gap with White people widened. • Ethnic minorities were more likely to struggle to manage financially and to have drawn on savings; and less likely to afford one-off emergency costs. • The proportion of over-indebted ethnic minority people increased, and the proportion in arrears rose markedly (in contrast to White people).
	Work and the labour market: • Overall, ethnic minority unemployment rose; and BAME workers may have been particularly impacted by employer decisions not to furlough. • Early on, Black people were more likely to have kept their job, reflecting their over-representation among key workers. • Bangladeshi and Pakistani people saw a much greater rise in household-level worklessness. • Younger Asian and (particularly) Black people were more likely to be out of work, including graduates. • Older BAME people were more likely to experience negative job outcomes. • Some industries saw significant falls in BAME workers (Accommodation and Food, Arts and Entertainment), while others (Education) saw increases.
	Social security: • There is a significant ethnicity data gap in DWP Universal Credit data and government communications were not always well targeted. • BAME people were more exposed to eligibility gaps in job support schemes and social security provision. • BAME people were twice as likely to have applied – or tried to apply – for Universal Credit. • Post-pandemic cohorts of benefit claimants are more likely to be BAME.
	Future prospects: • Any further rise in unemployment is likely to disproportionately affect ethnic minorities. Pakistani, Bangladeshi, Black African and Black Caribbean households will be particularly vulnerable to any employment-related income shocks, • The cessation of the Universal Credit uplift will disproportionately impact both working and non-working low-income ethnic minority households because they are more likely to be living on lower incomes, to be unemployed and to have moved into unemployment since the pandemic.

[4] Under the Equality Act 2010, the protected characteristic of 'race' refers to a person's skin colour, nationality, ethnic or national origin. However, most of the evidence we reviewed related to ethnicity rather than race because surveys most often ask people about their ethnicity. We mirror the terminology used in the studies to which we refer; outside of these instances, we use the term 'ethnic minorities' to refer to all ethnic groups except the White British group.

The impact of the pandemic by disability[5]

Pre-pandemic, levels of poverty and material deprivation were higher among people with disabilities, who were hard hit by cuts to social security. People with disabilities already faced a substantial premium because of unavoidable extra costs; and were significantly affected by a lack of accessible housing. Below we describe the main impacts of the pandemic by disability.

	Household finances and living standards: • More disabled people were pushed into poverty, and there was evidence of deepening poverty among those already experiencing it. • By October 2020, the disability pay gap increased by an average of £800 to £3,800 (in the last year). • Expenditure was more likely to have increased, particularly for food, utilities, and care (including extra PPE costs). • Over four in ten disabled people were in arrears with housing payments; the same proportion had needed to take on debt. • Financial precarity was strongly associated with worsening mental health.
	Work and the labour market: • By Q4 2020, the working-age disabled population had increased by 340,000, meaning around 20% of the working-age population were disabled. • The unemployment rate for disabled people increased by 1.6% to 8.5%, while the employment rate decreased by 1.9% to 52.2%. • Disabled people were more likely to experience job loss but also redundancy; lost hours; and being furloughed. There was some evidence of discriminatory practices driving these negative labour market outcomes.
	Social security: • Those on legacy benefits – mostly disabled people and carers – were excluded from increased pandemic social security support. • Of the 16 million people affected by the withdrawal of extra financial support at the end of September 2021, half live in families where one person is disabled. • The suspension of face-to-face assessments caused long delays, backlogs and sometimes exclusion from full entitlements for indefinite periods. Remote assessments provided some benefits but introduced new barriers too.
	Future prospects: • There is a high risk that the pandemic will reverse the trend of a reducing employment gap between disabled and non-disabled people • The UK Government's National Disability Strategy has been widely criticised by campaigners and disability rights groups, with measures unlikely to significantly address the existing inequalities that disabled people in the UK face. • The Health and Disability Green paper, too, has raised concerns including its repeated references to making the system more affordable and the suggestion of a new single benefit for disabled people.

[5] Under the Equality Act (2010) a person is disabled if they have a physical or mental impairment that has a 'substantial' and 'long-term' negative effect on their ability to do normal daily activities. There are an estimated 14.1 million disabled people in the UK.

Evidence gaps and research challenges

We conclude by briefly discussing some of the evidence gaps and research challenges that emerged from our review.

1. A bird's-eye perspective is a long way from the experiences of people living on the ground.
Quantitative evidence gives us a clear overview of the social landscape from above, allowing us to find patterns, explore differences, make predictions and test causal relationships. It plays a critical role in informing large-scale policies and decision-making. But it is important to remember that quantitative methodologies provide particular perspectives, and these perspectives were disproportionately represented in the literature we reviewed.

2. While it is important to look at individual characteristics, experiences and outcomes can't be fully understood by reducing people to their characteristics – whether in isolation or as a 'sum' of intersecting parts.
People do not experience their characteristics in a siloed way, nor can their intersecting characteristics be reduced to a sum of constituent parts. However, an intersectional perspective does provide a deeper and more nuanced understanding of structures, experiences, and outcomes. The evidence base is more complete – and therefore clearer – for some characteristic-based intersections (such as age by sex), but less complete for others (such as disability by ethnicity), indicating a need for more in-depth research focusing on specific marginalised groups. We know comparatively little about groups who share *a greater number* of protected characteristics, although the evidence indicates that the more protected characteristics a person has, the greater the risk that they will experience inequality and disadvantage.

3. We know very little about the socio-economic effects of the pandemic on the lived experience of marginalised groups.
Because survey and statistical sources are – to date – the predominant lenses through which researchers have explored the socio-economic effects of the pandemic on marginalised groups, substantial qualitative and lived experience evidence gaps have emerged (with a few notable exceptions[6]), and these gaps have consequences for our understanding. This was particularly apparent from the literature on ethnicity and disability, which struggled to consider the role of racism and ableism (respectively) as drivers of disadvantage. There are many complex interactions and intersections that are not – or in some cases cannot – be measured. Nonetheless, wherever possible, research on different protected characteristic groups should be situated within a theoretical framework that considers the role of discrimination. It should also bring to bear a broader range of methodological approaches, from across disciplines, to provide a more nuanced understanding of experiences, barriers and exclusions facing different groups.

[6] Examples include the Covid Realities project, which has been conducting participatory online research during the pandemic with low-income parents and carers: https://covidrealities.org/about

1 Introduction

Since March 2020, a substantial body of research has been published looking at the likely and subsequent impacts of the Covid-19 pandemic on people's living standards and financial wellbeing. In a crisis characterized by extreme uncertainty, social and economic researchers have sought to keep pace with the crisis by drawing on a wealth of pre-existing and emerging data to provide analysis and insights. From surveys gauging how individuals are impacted by and responding to the crisis, to analysing emerging economic trends, many of these insights have helped to inform the UK's policy responses to the crisis. Many more are providing an evidence base from which stakeholder groups are campaigning for further and fairer changes.

The aim of this rapid evidence review[7] (which was written in August and September 2021) is to take stock of where we are more than eighteen months into the crisis. In this report we synthesise and summarise the existing evidence to present a clear and accessible picture of the post-pandemic personal finance landscape for UK households.

In section two, we provide a high-level narrative overview of the financial impact of the pandemic on the UK, looking at: the economy and business; work and the labour market; the social security system; and household finances.

Taking into consideration the unequal impact of the pandemic on people's lives, section three examines in detail the financial impact of the crisis through a protected characteristics lens. We look, in turn, at four characteristics: age, sex, race and disability.[8] For each group, we describe the pre- and post-pandemic landscape with a focus on household finances and living standards; work and the labour market; and social security.

In section four, we look beyond protected characteristics to describe the other main groups most disadvantaged by the pandemic's social and economic effects: people living on low incomes; families with children and single parents; self-employed people and insecure workers; and renters.

Finally, in section five, we briefly look at evidence gaps and research challenges.

[7] An overview of methods is provided in the Appendix.

[8] There was little relevant or high-quality evidence related to other characteristics, such as LGBTQ+ people (encompassing two protected characteristics – sexual orientation and gender reassignment), or people with a religion or belief, or pregnant women and new mothers.

2 Overview of the financial impact of the pandemic on the UK

2.1 The economy and business

Impact

The COVID-19 pandemic resulted in the UK's worst economic downturn for 300 years (Bell and Brewer, 2021). As well as a general slowing down of economic activity that is characteristic of recessions, the pandemic also caused *"a radical short-term shift in the mix of economic activities – of which an unknown, but possibly significant, amount will be persistent*." (Costa Dias et al, 2020b, page 371). We focus here on Gross Domestic Product (GDP) growth as the main indicator of the economy's performance (Keep, 2021).

In Q2 2020 (April-June), the UK saw a 21.40% fall in GDP growth compared to the same quarter in 2019. The economy recovered over 2020 so that by Q1 2021 (January-March) the percentage change on the same quarter in 2020 was -6.10%. Compared with France and Germany, the UK had the largest economic shock, partly because it had more stringent social distancing restrictions in place for longer, which significantly impacted movement, gatherings and business operations (Gustafsson et al, 2021).

The UK sectors most heavily impacted by the pandemic were those with frequent customer interaction including retail, hotels, restaurants, hospitality, leisure, and travel. This contrasts with regular recessions which typically see construction and manufacturing most affected (Gustafsson et al, 2021; Hupkau and Petrongolo, 2020). There was also a heavy impact on the childcare sector, which was already in poor financial shape pre-pandemic due to chronic lack of investment (HoC Women & Equalities Committee, 2021; Fawcett Society, 2020b). Women workers were typically over-represented in the sectors most affected; and were further impacted because they continue to bear the main responsibility for childcare. We discuss the gendered impact of the pandemic in section 3.2.

One study highlights the pandemic impact on retail and high street businesses in London (particularly in tourist areas), raising the prospect of closures and job losses due to the shift online that the pandemic has accelerated and the fact that international travel may remain suppressed until 2024 or even 2025 (Norman and Corfe, 2021).

Since the start of the first UK lockdown in March 2020, company insolvencies in England and Wales have remained low compared with pre-pandemic levels, partly due to government measures to support businesses (see Table 2.1 below). The picture is similar in Northern Ireland. In contrast, while Scotland saw a sharp drop in company insolvencies following the first UK lockdown, by June 2021 the number of registered company insolvencies was similar to pre-pandemic levels. This seems to have been driven by an increase in voluntary liquidations which are initiated by the directors and shareholders of an insolvent company, for example when creditor pressure and financial worries get too much for a company to deal with (Insolvency Service, 2021).

Interventions and their effectiveness

The government's response to the pandemic prevented the collapse of GDP growth turning into a *'living standards disaster'* (Brewer et al, 2021, page 4). The scale of intervention is reflected in government borrowing figures. In the financial year 2020/2021, government borrowing reached an historic high of £298 billion (14% of GDP), compared to £57 billion (3% of GDP) the previous year. Up to that point, the highest level of government borrowing was £158 billion (10% of GDP) in 2009/10, in the wake of the global financial crisis (Keep, 2021).

Table 2.1 gives an overview of the government's main business support schemes, which in total amounted to £181 billion. This included the Coronavirus Job Retention Scheme (CJRS) or furlough

scheme that helped maintain the link between employer and employee, which might otherwise have been severed and resulted in adverse impacts on businesses and employees (Blundell et al, 2021). Around 1.7 million businesses received loans worth over £80 billion from the government's four loan schemes (CBILS, CLBILS, BBLS and Future Fund) (Hutton and Keep, 2021). Other support for business included grant funds administered by local authorities; business rates exemptions; VAT deferral; and a ban on commercial evictions for unpaid commercial rent.

Table 2.1 Government schemes in response to the pandemic amounted to £181 billion

Coronavirus Job Retention Scheme (CJRS) Claims up to 14 June 2021	
Total jobs furloughed	11.6 million
Total employers furloughing	1.3 million
Total claimed (£)	£65.9 billion
Coronavirus Self-Employment Income Support Scheme (SEISS) Claims up to 6 June 2021	
Number of individuals	2.88 million
Value of claims (£)	£34.24 billion
Coronavirus Business Interruption Loan Scheme (CBILS) 31 May 2021	
Total value of loans (£)	£26.39 billion
Number of loans approved	109,877
Coronavirus Large Business Interruption Loan Scheme (CLBILS) 31 May 2021	
Total value of loans (£)	£5.56 billion
Number of loans approved	753
Bounce Back Loan Scheme (BBLS) 31 May 2021	
Total value of loans (£)	£47.36 billion
Number of loans approved	1,560,309
Future Fund 31 May 2021	
Total value of loans (£)	£1.12 billion
Number of loans approved	1,140

Adapted from Hutton and Keep (2021)

Outlook

Independent forecasts of the UK's GDP growth in early 2021 indicated strong growth in 2021 and 2022, which meant the government was likely to have to borrow less money than expected (Brien, 2021). These forecasts were more optimistic than previous estimates made by the Office for Budget Responsibility. As non-essential retail re-opened, the volume of retail sales increased by 8.3% in the three months to May 2021 compared with the previous three months; and increased 22.2% compared with the previous year (Hutton et al, 2021). In line with this, in July 2021 the International Monetary Fund (IMF) projected that the UK economy would grow by 7.0% in 2021 and 4.8% in 2022, better than advanced economies as a whole (with projected growth of 5.6% and 4.4% respectively) (IMF, 2021).

Based on an evidence review conducted in 2020, the TUC foresaw the pandemic having long-term structural effects on the UK economy and labour market, in part because it has exacerbated existing trends, for example towards online shopping and working from home. This is on top of the effects of Brexit; and the TUC expects the combined impact of both to be broader because the regions and sectors most affected by the pandemic are different to those exposed to negative economic impacts

of Brexit (TUC, 2020d). Other analysis suggests that the UK faces challenges around preventing business failure (Cominetti et al, 2021b) and might see larger firms consolidate their market share as smaller firms struggle to compete in a new environment (Blundell et al, 2021).

2.2 Work and the labour market

Impact

The pandemic had a significant impact on the UK labour market. A third of households (32%) experienced at least one person moving out of work or a period of lower pay between February 2020 and January 2021; and the proportion of working age workless households increased from 19% to 23% (Gustafsson et al, 2021).

This did not result in the high unemployment rates that were feared, however, which is credited to the furlough scheme (Costa Dias et al, 2020b; Francis-Devine and Powell, 2021; Cribb et al, 2021; Crossley et al, 2021). Pre-pandemic, the UK unemployment rate[9] had hovered around 4.0% since May 2018. Between the onset of UK government action in March 2020 and November 2020, unemployment rose 1.2 percentage points from 4.0% to 5.2% before falling back to 4.6% in May-July 2021 (Keep, 2021). Consequently, while 1.3 million more working age adults were not working at least one hour per week in Q1 2021 compared with Q4 2019, only 0.3 million more were either unemployed or economically inactive (Cribb et al, 2021). However, long-term unemployment (12 months or more) has increased, from 245,000 people in May-July 2020 to 444,000 in May-July 2021 (ONS, 2021f).

Who's been most impacted?

The impact of the pandemic on the labour market was largely determined by people's employment status, the sector in which they worked and the type of work they did. This meant that some groups – such as younger people – were disproportionately affected because of the nature of their labour market engagement and the fact they were more likely to work in low-skilled jobs in locked-down sectors, as we discuss in section 3.2.

The evidence consistently finds the most impacted groups in the labour market to include:

- **People on contracts that do not guarantee regular hours or income such as zero hours contracts, agency work and gig work** (Brewer et al, 2021; Cominetti, 2021; Gustafsson et al, 2021; Blundell et al, 2021; Adams-Prassl, 2020a; HoC Women & Equalities Committee, 2021; Hupkau et al, 2020; Benzeval et al, 2020b; Benzeval et al, 2020a; Crossley et al, 2021; HoC Women & Equalities Committee, 2020). This group is discussed in more detail in section 4.3.
- **People working in sectors hardest hit by the pandemic.** Sectors including leisure and hospitality; non-supermarket retail; and the service sector were effectively shut down for long periods during the pandemic (Brewer et al, 2021; Cominetti et al, 2021a; Blundell et al, 2020; Hupkau et al, 2020; Benzeval et al, 2020a; Social Metrics Commission, 2020; Jooshandeh and Lockey, 2020). As a result, most people working in hospitality and leisure (81%) experienced some form of negative labour market impact (e.g. job loss, furlough, reduced hours) compared with one in three or fewer of those working in education (34%), legal (32%), accountancy (30%), medical and health services (24%), IT and telecoms (22%), and financial services (16%) (Social Metrics Commission,

[9] The unemployment rate is the proportion of the economically active population aged 16 and over who are unemployed. A person is unemployed if they are looking for work and available to start work.

2020). Within heavily affected sectors, low-skilled service and manual jobs had a high risk of reduced hours or job loss (Qian and Hu, 2021; Zamberlan et al, 2021).

- People who are self-employed. The self-employed faced a large income shock due to the pandemic (Brewer et al, 2021; Cominetti, 2021; Cominetti et al, 2021a; Blundell et al, 2020; Blundell et al, 2021; StepChange, 2021; Benzeval et al, 2020b). This group is discussed in more detail in section 4.3.

Non-standard contracts, working in heavily affected sectors and being self-employed are associated with lower-paid work (Cominetti, 2021; Blundell et al, 2020; Women's Budget Group et al, 2021b; Tinson, 2020) and lower levels of education (Blundell et al, 2020; Hupkau et al, 2020; Benzeval et al, 2020b), which have implications for individual and household financial wellbeing during and after the pandemic. In addition, workers living more than 50% below the poverty line before the pandemic were 15 percentage points more likely to experience a negative labour market outcome because of the pandemic compared with those more than 20% above the poverty line (Social Metrics Commission, 2020).

Compared with full-time employees, part-time employees were also disproportionately impacted, facing higher levels of reduced hours and redundancy; and less likely to return to normal hours or hold on to jobs during lockdowns than full-time employees (Timewise Foundation, 2021). As women are more likely to work part-time, this adds to the gendered impact of the pandemic as we discuss in section 3.3.

In addition, the pandemic has affected some places more than others, with urban areas (large towns and cities) especially badly affected. For example, urban areas are home to 55% of the population but account for 66% of the increase in people claiming unemployment-related benefits since the start of the pandemic (Centre for Cities, 2021a).

Interventions and their effectiveness

By providing workers with payments directly related to their previous earnings, the CJRS and Self Employment Income Support Scheme (SEISS) protected incomes and avoided a large rise in unemployment (Brewer et al, 2021b; Francis-Devine and Powell, 2021). The CJRS also prevented employment ties from being severed in heavily impacted sectors, which was important for employers in terms of continuity and productivity and for individuals in preserving links to employment (Costa Dias et al, 2020b; Francis-Devine and Powell, 2021).

On the downside, the CJRS may have been an inefficient use of resources by keeping afloat low productivity firms or maintaining poorly matched employer-employee ties (Costa Dias et al, 2020b). It was also inadequate for people in insecure work, where employers simply stopped offering shifts rather than placing zero-hours or agency workers on furlough (TUC, 2020a).

In addition, the SEISS resulted in some poor targeting of support (Brewer et al, 2021b; TUC, 2020a; Collard et al, 2021a), so that 29% of self-employed workers (1.5 million people) reported not being eligible for the SEISS scheme even though their profits had fallen (Cominetti et al, 2021a). Others did not receive support because they fell between the qualification criteria of the CJRS and SEISS, for example those working in the arts and theatre who combined employed work with freelance work (TUC, 2020a).

Outlook

The Office for Budget Responsibility (OBR) forecast in March 2021 that the unemployment rate would peak at 6.5% (2.2 million) by the end of 2021 (OBR, 2021a). By October 2021, the forecast

unemployment for winter 2021 was revised down to 5.25% (OBR, 2021b). Other forecasts saw unemployment increasing to 5.5% in the first quarter of 2022 as the furlough scheme unwound and more people returned to the labour force (Nabarro, 2021). Based on the last financial crisis in 2008, the longer-term labour market impacts of the pandemic may fall disproportionately on certain groups, such as younger people and disabled people; and employers could make greater use of insecure contracts to manage post-pandemic uncertainty (Sehmi and Slaughter, 2021). Scenario modelling of projected UK unemployment rates once the furlough scheme ends in September 2021 shows that the North East of England would have the highest unemployment rate (Local Government Association, 2021).

Some sectors of the labour market may be permanently affected either negatively (e.g. aviation, non-essential retail) or positively (e.g. healthcare) by the pandemic (Costa Dias et al, 2020b). Table 2.2 shows that the number of employees had recovered by Q1 2021 driven by strong growth in some sectors, while the number of self-employed workers had fallen by 13% since Q1 2020.

The future labour market may also be shaped by changed working patterns and more online shopping (Blundell et al, 2021). A permanent move to increased working from home would only benefit people in professional jobs, who already have higher job and life satisfaction (Blundell et al, 2021), thereby widening inequality further. People who never worked from home were more concerned about their future financial situation compared to those who had shifted towards home working (Giovanis and Ozdamar, 2021).

Cities and large towns outside the Greater South East of England (London, the South East and the East) already faced economic challenges before the crisis and now face the extra challenge of recovering from COVID. There is also a risk that some places in the South of England 'level down' because of the severe impact of the pandemic on dominant local industries. For example, Slough and Crawley have been badly hit by the impact of the pandemic on the aviation industry which is a key local industry (Centre for Cities, 2021).

Other analysis focused on London highlights the need for reskilling and adult education to ensure those out of work can gain new employment, given that most vacancies are in relatively higher-skill sectors such as IT, finance and education (Norman and Corfe, 2021).

Table 2.2 Employees numbers had recovered by Q1 2021, unlike self-employed numbers

Total number of UK employees	
Jan-Mar 2020	27.8 million
Jan-Mar 2021	28.0 million
% change	+0.6%
Sectors that gained most employees:	
Real estate activities	+22%
Financial & insurance activities	+21%
Public administration & defence; social security	+13%
Sectors that lost most employees:	
Accommodation & food services	-20%
Agriculture, forestry & fishing	-8%
Manufacturing	-7%
Total number of UK self-employed	
Jan-Mar 2020	5.0 million
Jan-Mar 2021	4.3 million
% change	-13%
Sectors that lost most self-employed:	
Administrative & support services	-26%
Accommodation & food services	-24%
Transport & storage	-21%

Adapted from ONS, 2021g EMP14; not seasonally adjusted.

2.3 The social security system

Impact

The economic shock of the pandemic caused a large increase in the number of people claiming social security benefits, the main one being Universal Credit which is '*a payment to help with your living costs*' for people who are on a low income, out of work or cannot work (GOV.UK, no date).

Pre-pandemic, in February 2020, 2.9m people received Universal Credit; by May 2020 that number was 5.3 million. One year on, in May 2021, there were 5.9 million people on Universal Credit of which 39% (2.3 million people) were in low-paid work (GOV.UK, 2021).

Based on survey data collected in July and August 2020, an estimated 250,000-300,000 working age people tried unsuccessfully to claim Universal Credit, Jobseeker's Allowance or Employment and Support Allowance in the early months of the pandemic (Baumberg Geiger et al, 2020).

While the system itself performed well under the high volume of new claims (Bell and Brewer, 2021), the crisis exacerbated pre-existing issues including:

- The five-week wait for the first Universal Credit payment (HoC Women & Equalities Committee, 2021; TUC, 2020a)
- The challenges faced by people with fluctuating incomes due to monthly assessment periods that are designed around stable hours and income (TUC, 2020a)

- The severe impacts felt by people with no recourse to public funds[10] (HoC Women & Equalities Committee, 2020), and
- The fact that Universal Credit does not provide adequate income replacement for people who become unemployed (Brewer et al, 2021b; Gustafsson et al, 2021; Blundell et al, 2020; Costa Dias et al, 2020b; Blundell et al, 2021; Bourquin et al, 2020; HoC Women & Equalities Committee, 2021). Pre-pandemic levels of benefits were set at just over a third of the value of a minimum income standard (Brewer et al, 2021b). Nearly six in ten (56%) people in the UK newly claiming unemployment support or other government transfers (outside of furlough) reported a fall in household income, compared with a third (33%) in France and Germany (Gustafsson et al, 2021).

The pandemic also highlighted significant gaps in government knowledge about how the Universal Credit system operates for different groups, including how many claimants there are from minority ethnic groups and whether they are negatively affected by the application system (HoC Women & Equalities Committee, 2020).

Interventions and their effectiveness

The Government introduced a range of temporary social security measures in response to the pandemic, which included:

- £20 per week uplift for people on Universal Credit, ending on 30 September 2021
- A three-month suspension of benefit sanctions and conditionality[11], ending on 30 June 2020
- Suspension of the Minimum Income Floor for self-employed people claiming Universal Credit, ending 31 July 2021
- £20 per week uplift for people on Working Tax Credit, ending 5 April 2021 but replaced by a one-off payment of £500 to eligible claimants
- Local Housing Allowance rates reset to the 30th percentile of market rent in each broad rental market area. These rates are to be maintained in cash terms, although they will not be uprated and no link with rental prices will be re-established (Hobson, 2021).

Even with these temporary measures in place, the social security system in 2020 provided less support to out of work households than in 2011 (Bourquin et al, 2020) with negative impacts on financial wellbeing as a result. In January 2021, a fifth of families newly claiming Universal Credit were behind on essential bills; and three in ten were more in debt than they had been in February 2020 (Brewer et al, 2021b). There was no additional support for families with children (despite evidence of increased living costs) (Brewer et al, 2021b) or claimants of 'legacy' benefits which includes disability benefits (HoC Women & Equalities Committee, 2021).

Reflecting this, financial assistance from family and friends was widespread among people in the bottom income quintiles, especially those in the lowest quintile of household income; young people; and single parents (Benzeval et al, 2020a). There was also evidence in the early stages of the pandemic that people were drawing on savings (where they had them); increasing their borrowing; and requesting mortgage payment deferrals (Crossley et al, 2021).

[10] A person who is subject to immigration control cannot claim public funds (benefits and housing assistance) unless an exception applies. 1.4 million people in the UK are estimated to have no recourse to public funds (Citizens Advice, 2020b).

[11] Under conditionality, the rules claimants must meet to avoid losing some or all their out-of-work benefits through sanctions can include pledging to carry out a certain number of hours looking for and applying for jobs, networking, updating a CV, or attending training.

There was a wide range of other support to help households weather the financial impact of the pandemic, which included extended eviction notice periods for tenants; financial help for people who were struggling to pay their council tax bills; and additional local authority funding for crisis and hardship grants and payments. For example, Scotland saw a sharp rise in Scottish Welfare Fund Crisis Grant applications in the initial phase of the pandemic and several subsequent spikes; in June 2021, there were 12% more Crisis Grant applications compared to June 2020 (Scottish Government, 2021).[12] In Wales, between 18 March 2020 and 20 May 2021, there were 208,952 COVID-19 related Emergency Assistance Payments (EAP), with a total paid value of £13.94 million. The reasons people gave for EAP applications included having to stop or reduce work; delays to benefits claims; and increased energy/food costs (Welsh Government, 2021).

Outlook

The withdrawal of the temporary Universal Credit and Working Tax Credit uplifts will reduce family incomes by an estimated £6.4 billion per year and pull 760,000 people into poverty. Most of the cuts (87%, amounting to £5.5 billion) will hit working or disabled people (50% and 37% respectively), and 95% of those pulled into poverty will live in working or disabled households. Seven in ten of those falling into poverty (71%) will live in families with children (Harrop, 2021).

2.4 Household finances

The decade prior to the pandemic saw the UK population's financial health affected by:

- Real income growth that was modest at best, and non-existent for lower-income households (Cribb et al, 2021)
- Significant cuts to the social security system (Blundell et al, 2020)
- A high level of income inequality with large differences between groups (e.g. different ethnicities) and regions (Blundell et al, 2021)
- A relative poverty rate[13] of 22% that had changed little since 2007-08, although with a 4% rise in child poverty between 2011-12 and 2019-20 (Cribb et al, 2021).

Pre-pandemic, low savings and relatively high unsecured consumer debt meant that a significant number of UK households had low financial resilience to deal with an income shock (Blundell et al, 2020; Blundell et al, 2021). Nearly a quarter of UK adults (23%, 12 million adults) were defined as 'struggling' financially, which meant they found it difficult to keep up with bills and payments or to build any savings buffer; and were often over-indebted. A further quarter of adults (25%, 13 million adults) were defined as financially 'squeezed'; these were working age adults with significant financial commitments but little provision to cope with income shocks (MAS/CACI, 2016).

Households in Welsh cities (such as Swansea) and those in Northern England (such as Sunderland and Wigan) with traditionally weaker economies tended to have a higher debt-to-income ratio pre-pandemic than places with stronger economies such as Oxford and Exeter, which was also associated with higher levels of problem debt (Magrini and Sells, 2021).

[12] The Scottish Welfare Fund Crisis Grants aim to help people who are in crisis because of a disaster or an emergency. It is administered by local authorities. In March 2020, the Scottish Government added £45 million to the existing £35.5 million Fund (Scottish Government, 2020).

[13] Relative poverty is defined as households with less than 60 per cent of the median UK household income.

Impact on income

Just as unemployment was much lower than expected in the first 15 months of the pandemic, aggregate household income was broadly similar in 2020 to its 2019 level (Bell and Brewer, 2021)[14] even though around three in ten UK households experienced a pandemic-related drop in income (Gustafsson et al, 2021; Byrne, 2020).

While this big picture reflects the success of government schemes and temporary measures in supporting household incomes, it also masks large variations in experience that often have pre-pandemic roots. Among the badly affected groups were:

- People already on low incomes (discussed in section 4.1)
- New claimants of Universal Credit on average new claimants saw a fall in net income of about 40% (even including Universal Credit), compared with 13% for households with a furloughed employee (Delestre et al, 2020)
- Families with children (discussed in section 4.2)
- Insecure workers (discussed in section 4.3)
- Ethnic minorities overall, and particularly Bangladeshi and Black African households (discussed in section 3.3)
- Disabled people (discussed in section 3.4).

Those who continued to work during the pandemic experienced real earnings growth similar to pre-pandemic levels, supported by factors including low inflation and a 6.2% increase in the National Living Wage in 2020 (Slaughter, 2021; Cribb et al, 2021). Even so, after taking inflation into account, 49% of employees (13.5 million people) experienced a real fall in pay in the second half of 2020 (Slaughter, 2021).

Mitigating income loss

Aside from claiming social security benefits, strategies used by affected individuals and households to cope with income loss included:

- Cutting back spending (Benzeval et al, 2020a; Benzeval et al, 2020b; TUC, 2020a) including evidence of the poorest households cutting back on essentials such as food for adults, transport, and utilities (Bevan Foundation, 2020)
- Drawing on savings (Benzeval et al, 2020b; Gustafsson et al, 2021; StepChange, 2021; Collard et al, 2021b), with evidence of households in serious financial difficulties exhausting any savings they had by January 2021 (Collard et al, 2021b)
- Borrowing from commercial lenders (Benzeval et al, 2020b; Gustafsson et al, 2021; Bevan Foundation, 2020; StepChange, 2021; Turn2Us, 2020), with 45% of UK adults who had experienced an income shock saying they had borrowed to make ends meet (StepChange, 2021); and greater use of high-interest debt in the UK than France and Germany (Gustafsson et al, 2021)
- Financial help from friends or family which was much more common among people with the lowest household incomes and single parents (Crossley et al, 2021; Benzeval et al, 2020b).

Spending

The pandemic had a significant impact on consumer spending in the UK, with a reduction of 10% in real terms in July and September 2020 on the previous year (Bell and Brewer, 2021). This drop is

[14] Overall, household income fell by 3.3% in the first half of 2020 (Francis-Devine, 2021a); household real disposable income fell by 1.1% over the first 12 months of the pandemic (Bell and Brewer, 2021).

attributed to a combination of social restrictions; the normal retrenchment seen in recessions; and the fact that higher-income households spend more on holidays and hospitality (two of the hardest-hit sectors) (Gustafsson et al, 2021; Bell and Brewer, 2021). Spending on restaurants and hotels, for example, decreased 88% in the first part of 2020 (Henehan, 2021). As restrictions eased, there was a bounce back in consumer spending in Q3 2020 (Francis-Devine, 2021a).

While the better-off benefitted from 'forced saving' during lockdowns, people on lower incomes faced higher costs (see section 4.1). Increased outgoings could lead households to cut back on essentials (Bevan Foundation, 2020), with an estimated 70% of households that experienced a shortfall between income and expenditure having insufficient assets to maintain expenditure for even one week (Piyapromdee and Spittal, 2020).

Saving and borrowing

Reflecting the changes to spending described above, at an aggregate level the UK saw huge increases in household savings and reductions in consumer debt during the pandemic (Gustafsson et al, 2021; Bell and Brewer, 2021; Francis-Devine, 2021a). Households built up an extra £125 billion in savings between March and November 2020, increasing to over £200 billion by June 2021. At the same time, households decreased their loan liabilities by £17.6 billion through paying down debts and reducing borrowing (Francis-Devine, 2021a). This positive 'Covid effect' was unequally distributed, however, with savings concentrated in affluent neighbourhoods in the South of England (Magrini and Sells, 2021).

As noted earlier, those who experienced an income hit because of the pandemic used both savings and debt to support themselves (Gustafsson et al, 2021; StepChange, 2021). People on the lowest incomes reported a fall in savings and an increase in debts compared with those on higher incomes (Bell and Brewer, 2021).

Financial difficulties

Although the numbers vary depending on the study, there is consistent evidence that the financial stress created by the pandemic caused significant numbers of individuals and households to fall behind with payments on bills (Bevan Foundation, 2020; StepChange, 2021; Byre 2020; Baumberg Geiger et al, 2020; Benzeval et al, 2020a; Bank of England, 2020; Cribb et al, 2021; Collard et al, 2021b).

In January 2021, for example, an estimated 4.3 million adults were behind on household bills, with seven in ten of them having experienced a drop in income since March 2020. The average amount of arrears was £1,706 (StepChange, 2021). Other analysis indicated that by March 2021, the proportion of households in arrears on at least one bill had fallen back to nearly pre-pandemic levels (Cribb et al, 2021).[15]

The picture was less positive for individuals and households that were worse off before the pandemic and among the hardest hit by it. Among households in relative poverty, the proportion in arrears with at least one bill rose from 15% pre-pandemic (which was more than double that for all households) to 22% in April-May 2020, falling to 20% in March 2021 (Cribb et al, 2021). Another study found that more households in serious financial difficulties were in arrears with three or more commitments in January 2021 (33%) than had been in July 2020 (27%) (Collard et al, 2021b).

[15] The study showed that the number of households in arrears on at least bill rose from 6.6% pre-pandemic, to 8.1% in April-May 2020 before falling back to 7.0% in March 2021 (Cribb et al, 2021).

In urban areas in the North of England and the Midlands, more people were likely to have got into debt because the pandemic had less effect on spending in these areas even though people were much more likely to have a drop in income (Magrini and Sells, 2021). We discuss the groups most likely to be in financial difficulties in sections three and four.

The additional support available from mortgage and consumer credit lenders, including payment deferrals and a temporary halt on home repossessions, is credited with keeping mortgage arrears and possessions at very low levels (UK Finance, 2021); and may help explain the low numbers of people seeking debt advice in the first 15 months of the pandemic. While many borrowers went on to resume normal payments after a payment deferral, survey data from January 2021 found that 23% of respondents who accessed a credit payment deferral subsequently missed payments; and a further 50% had resumed payments with difficulty (StepChange, 2021).

Poverty and inequality

Based on evidence from the first year of the pandemic, some studies concluded there had not been an increase in household income inequality, partly because lower-income households derive more income from social security benefits which (at least in the case of Universal Credit and Working Tax Credit) were more generous since the pandemic (Blundell et al, 2021; Bourquin et al, 2020; Natcen, 2021). Other evidence from 2020 indicated large increases in wealth inequality (Angelopoulos et al, 2021) and widening financial inequalities as the worst off struggled to manage and the better-off often benefitted from an increase in individual or household income (Natcen, 2021).

The poverty risk for UK workers affected by the pandemic was estimated to have doubled from 9% pre-pandemic to 18%; and for individuals in one-earner households from 26% to over 40%. For children, it increased from 21% to 24% (Sánchez et al, 2021).

People reporting food insecurity[16] almost tripled between April and July 2020 (from 7% to 20%), with large increases among Asian respondents; the self-employed; and 35- to 44-year-olds. People who had lost employment had higher odds of food insecurity than those furloughed or continuously employed (Koltai et al, 2020). Food insecurity was also evident among unsuccessful benefit claimants (Baumberg Geiger et al, 2020).

Outlook

The evidence paints a picture of increased inequality over the longer-term, with the end of government schemes expected to result in a rise in unemployment and the cessation of the temporary Universal Credit uplift putting low-income households under significant financial strain (Sehmi and Slaughter, 2021; Gustafsson et al, 2021; Brewer et al, 2021a). It is estimated that a further 1.2 million people will fall into relative poverty (less than 60% of median income), including 400,000 children, which would be the biggest year-on-year increase in poverty rates since the 1980s. By 2024/25, it is estimated that 23.0% of individuals will be living in relative poverty (Brewer et al, 2021a). Earnings are forecast to be permanently 6% lower than projected in March 2020, although the lowest-paid will benefit from increases in the National Living Wage (Brewer et al, 2021a).

[16] Food insecurity was defined as using a food bank in the last four weeks; being hungry but not eating in the last week; or not being able to eat healthy and nutritious food in the last week.

3 The financial impact of the pandemic on people with protected characteristics

The Equality Act (2010) was introduced to protect people from discrimination, both in the workplace and in wider society. Currently, it confers legal protection on nine protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation. Early in the crisis, the parliamentary Women and Equalities Committee launched an inquiry into the impact of the pandemic on people with protected characteristics. Based on the evidence received, sub-inquiries were launched focusing on *three* characteristics: the gendered impact of the crisis; the impact on Black, Asian and minority ethnic people; and disability and access to services.

In this section we consider the financial impact of the pandemic on people across *four* protected characteristic groups: age, sex, race, and disability. There was little high-quality evidence related to other protected characteristics, such as LGBTQ+ people, or people with a religion or belief, or pregnant women and new mothers.

While we aim to present a comprehensive picture for each of these four protected characteristic groups there are, of course, evidence gaps. It is also important to remember that people do not experience their characteristics in a siloed way. Experiences and outcomes are shaped by a complex interplay of protected and other characteristics, as well as a wide range of other factors (e.g. interactions, key life events, structural forces, wider circumstances and contexts etc.). Where the data allows, we have explored evidence of intersectional disadvantage. This evidence is more complete for some intersections (such as age by sex), but less complete for others (such as disability by race). However, while we know comparatively little about groups who share a greater number of protected characteristics, the evidence suggests that the more protected characteristics a person has, the greater the risk that they will experience inequality and disadvantage (Davies and Collings, 2021).

3.1 Age

	Before the pandemic…	Since the pandemic…
Household finances and living standards	• Younger and older workers were more likely to be in low-paid work compared to those in middle age. • Consumer debt was highest for people aged 25-44 while young people (aged 18-24) were more likely to borrow from friends and family than older people. • Older people were more likely to have savings and investments than younger people; while younger people had less wealth and higher housing costs.	• Younger people were more likely than older age groups to see a reduction in their pay; to take on consumer debt; and to be struggling financially. • Younger workers were more likely to be furloughed but less likely to have their pay topped up by employers. • Younger people were less likely to live in a household with no current earners because they could live with parents. • Retired older people on fixed incomes were largely protected from the pandemic's economic shock. • Older people saved money while younger people drew on any savings they had.
Work and the labour market	• Youth unemployment was declining, but pay progression was weak. • There was record-high employment among older people (aged 50-64) but they were still less likely to be in work than 35-49 year olds. • Younger and older people were more likely to have insecure work e.g. self-employment, zero-hours contracts.	• Job loss, drops in income and reduced hours particularly affected younger and (to a lesser extent) older people more than those in the middle age groups. • These impacts were driven by the sector that people work in, pay and contract type. The most affected workers are concentrated in shut-down sectors. • There are fears about scarring effects on young people's employment and careers. Older people (aged 50+) may also struggle to get back into work or re-train. • The pandemic affected older people's retirement decisions, including drawing pensions earlier to offset financial losses.
Social security	• People aged under 25 and single receive a lower rate of Universal Credit. This particularly affects single parents and makes it difficult for young people to move on from homelessness or care.	• While people aged 25-49 saw the greatest increase in the claimant count early in the pandemic, the number of younger people claiming Universal Credit more than doubled.

Where were we before the pandemic?

The pandemic-related literature we reviewed mainly focused on age differences in relation to household finances and living standards; and work and the labour market prior to the pandemic, with scant information about age differences in social security.

While employment rates were at all-time for older people pre-pandemic and youth unemployment was declining, nonetheless many older and young people entered the pandemic with low financial resilience due to low-pay and insecure work, often in sectors that went on to be locked-down in the pandemic. Younger age groups also had significantly less wealth and higher levels of consumer debt than previous generations.

Household finances and living standards

The financial crisis in 2007-2009 severely impacted the pay and employment of young people and meant that, pre-pandemic, they had significantly less wealth than previous generations, largely due to a reduction in home ownership (Blundell et al, 2020; Blundell et al, 2021); and higher housing costs (Francis-Devine, 2020a).

The use of consumer debt[17] pre-pandemic was highest among adults aged 25-34 (66% of whom had consumer debt) and 35-44 (68%) compared with the UK average of 51%. Young people (aged 18-24) were more likely to borrow from friends and family than older age groups (19% in 2020, up from 12% in 2017). Older people aged 55+ were less likely than those aged 18-54 to be overdrawn (12% c.f. 34%) (FCA, 2021). Prior to the pandemic older adults were also more likely to have savings and investments than young people (FCA, 2021).

Work and the labour market

Pre-pandemic, older people's employment was at an all-time high, with 73 per cent of those aged 50-64 in employment in 2019. This was due to a strong increase in employment among older adults in the 1990's, particularly among women as state pension age increased (Cominetti, 2021). However, people aged 50 to 64 were still less likely to be in work than younger workers, with a 12.8 percentage point gap in employment between those aged 50-64 and 35-49 in 2019 (Centre for Ageing Better, 2020). Part-time work, low-paid work and self-employment were more common among older workers (Cominetti, 2021) – factors which helped determine the financial impact of the pandemic as we go on to discuss (Francis-Devine, 2021a; Gustafsson et al, 2021; Women's Budget Group, 2021b).

For young people, while unemployment was declining, pay progression was weak. Like older workers, young people were more likely to work in low paying jobs (Powell & Francis-Devine, 2021a), to be in insecure work and work in sectors that were shut down in the pandemic (Joyce, & Xu, 2020).

Social security

Young people aged under 25 and single receive a lower standard rate of Universal Credit. Even pre-pandemic, this particularly affected single parents and made it difficult for young people to move on from homelessness or care (Turn2Us, 2021b).

What has happened since the pandemic?

The financial impacts of the pandemic have been felt more acutely by younger and older age groups (broadly those aged 18-24 and 65+ respectively), with those in the middle age groups less financially impacted (Piyapromdee & Spittal, 2020; Cominetti et al, 2021a). For this reason, the pandemic has been described as a U-shaped crisis (Cominetti, 2021; Gustafsson, 2020).

Household finances and living standards

Earnings

By May 2020, around 1 in 3 workers aged 18-24 had experienced a reduction in pay (35%), with those aged 60-64 being next most likely to see a drop in pay (30%) (Gustafsson, 2020). Younger workers were more likely to be furloughed and less likely to have their pay topped up by employers compared to other furloughed employees, making them one of the hardest-hit groups (ONS, 2020c). Other research around the same time similarly showed that Millennials (born between 1981 and 2000) and Baby Boomers (born between 1946 and 1965) experienced larger falls (19% and 23% respectively)

[17] Excluding student loans, loans from friends and family, loans from unlicenced lenders and adults who only hold running-account credit products (pay the full statement balance every month or most months).

compared to an average of 17% for Gen-X employees (born between 1966 and 1980) (Belgibayeva, 2020).

Income

Income helps us understand people's overall financial position, taking into account benefits, pensions and investment returns as well as earned income. Survey data from October 2020 showed that almost a third of adults (31%) had seen a decline in their income, with households experiencing an income fall of a quarter on average (FCA, 2020).

Although older workers were more likely to have been furloughed or lost employment compared to middle age groups, once the retired population is taken into account, older people as a whole remained protected from the financial impacts of the pandemic (FCA, 2021; ONS, 2021j; StepChange, 2021). This is because much of their income comes from the State Pension, or defined benefit pensions and annuities, which will have remained consistent (FCA, 2021). In survey data relating to April 2021, for example, respondents under 30 were more likely to report a drop in income (15%) compared with those over the age of 60 (5%) (ONS, 2021j).

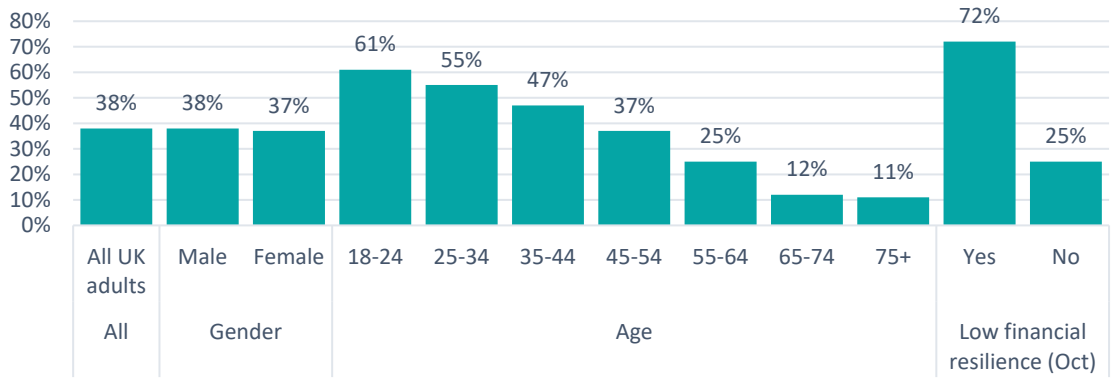
Young people were cushioned to some extent by living with parents and furlough

Younger people were more likely to live with their parents and to be furloughed and so were somewhat cushioned from earnings shocks (Cribb et al, 2021; Joyce & Xu, 2020). Of those aged under 25 and working in a shut-down sector, 61% lived with their parents and only 16% of their overall household earnings came from this source (Joyce & Xu, 2020). Supporting this, although the percentage of young people not working rose by 10% by March 2021, the proportion living in a household with no one working increased by only 1% (no more than the general population) (Cribb et al, 2021). Food bank use also fell among 18–24-year-olds from 6% pre-pandemic to 3% in April-May 2020.

On other measures younger adults seemed to be struggling more since the pandemic

Data relating to October 2020 showed that, on average, 38% of UK adults (19.6 million people) expected to struggle financially in some way in the next six months.[18] This rose to 61% for adults aged 18-24 and gradually decreased with age.

Figure 3.1 Adults who expect to struggle to make ends meet, see their debt levels increase, or are not confident of being able to pay their domestic bills or meet their mortgage, rent or credit commitments in the next six months (Oct 2020)

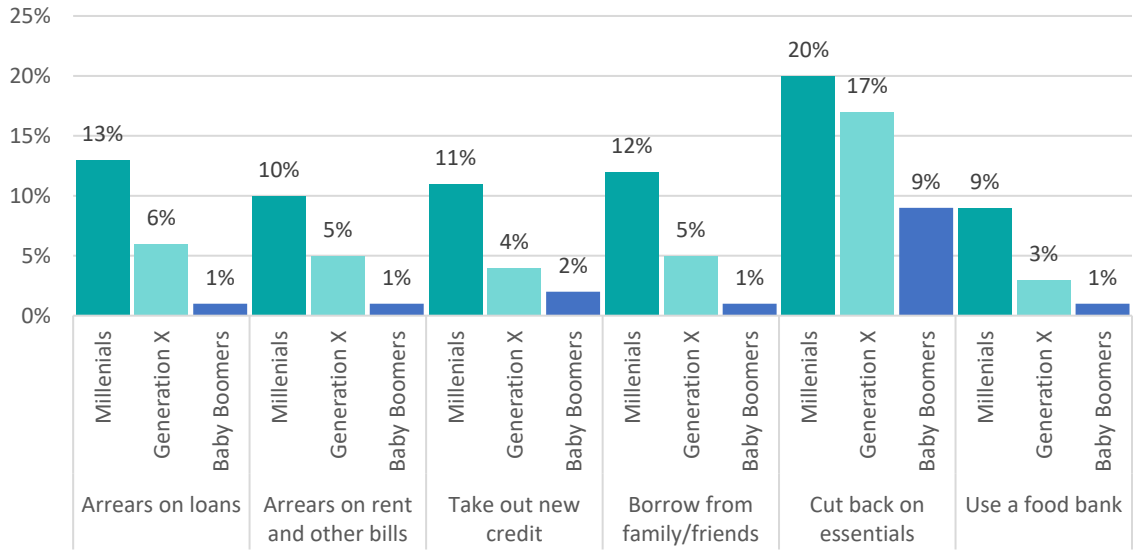


Source: FCA (2021); Covid-19 survey, Oct 2020. Base: All UK adults (Oct 2020:22,267)

[18] Either struggling to make ends meet, seeing debt levels increase, not being able to pay domestic bills, or not being able to keep up with mortgage, rent or credit and loan commitments over the next six months.

Similarly, the likelihood of experiencing a range of negative financial outcomes decreased with age. A higher proportion of Millennials had arrears on loans for example (13%) compared with Generation X (6%) or Baby Boomers (1%) (Belgibayeva, 2020).

Figure 3.2 Proportion of borrowers 'very likely' to suffer negative financial outcomes in next six months



Source: Belgibayeva (2020)

Financial resilience

Since the pandemic, the number of adults with low financial resilience (those who are over indebted or have low or erratic incomes or low savings) increased by 3.5 million to 14.2 million or 27% of UK adults - a trend that had previously been reversing. Younger adults were more likely to have moved into low financial resilience than older groups, with the 18-24 and 25-34 age groups experiencing a greater than 40% increase in the proportion with low financial resilience. Adults aged 55+ were least likely to see proportional increases in low financial resilience; adults aged 75+ were the only age group to see a decline in the proportion with low financial resilience since the pandemic (FCA, 2021).

There is a similar picture for other measures of financial resilience: younger adults were less likely to be able to afford an unexpected expense (47%), compared to those in older age groups (71%); and less likely to be able to cover an income reduction of 75% (ONS, 2021j). And while older people were more likely to have saved over the course of the pandemic, younger people were more likely to have spent their savings (Monk, 2020) and less likely to have built up savings (Francis-Devine, 2020a).

Since the pandemic, young people have also taken on more consumer debt than older age groups (Francis-Devine, 2021a). In September 2020, 57% of adults aged 18-24 had used at least one form of debt since March 2020. This compared with one in five of people (20%) aged 55+ (Turn2us, 2020).

Financial difficulties

An estimated 7.3 million adults in the UK were behind on bills at the end of 2020 (Byrne, 2020), with younger people (18-34) particularly affected: 27% of this age group were behind on bills between February and November 2020, compared with 4% of those aged 55+ (Byrne, 2020).

In July 2020, 19% of young people (aged 24-34) said they were likely to seek debt advice in the next six months, compared with just 2% of adults aged 55-64 (2%) (FCA, 2021).

Work and the labour market

Job loss

Since the pandemic, younger people (aged under 25) were more likely than all other age groups to lose their job (Powell, & Francis-Devine, 2021a; Major, Eyles & Machin, 2020). By January 2021, 19% of 18-24 year olds employed before the crisis had lost their job (Powell & Francis-Devine, 2021a).

While not as heavily impacted as younger workers, older workers saw larger decreases in employment compared with adults in the middle age groups (Cominetti, 2021; Blundell et al, 2020).

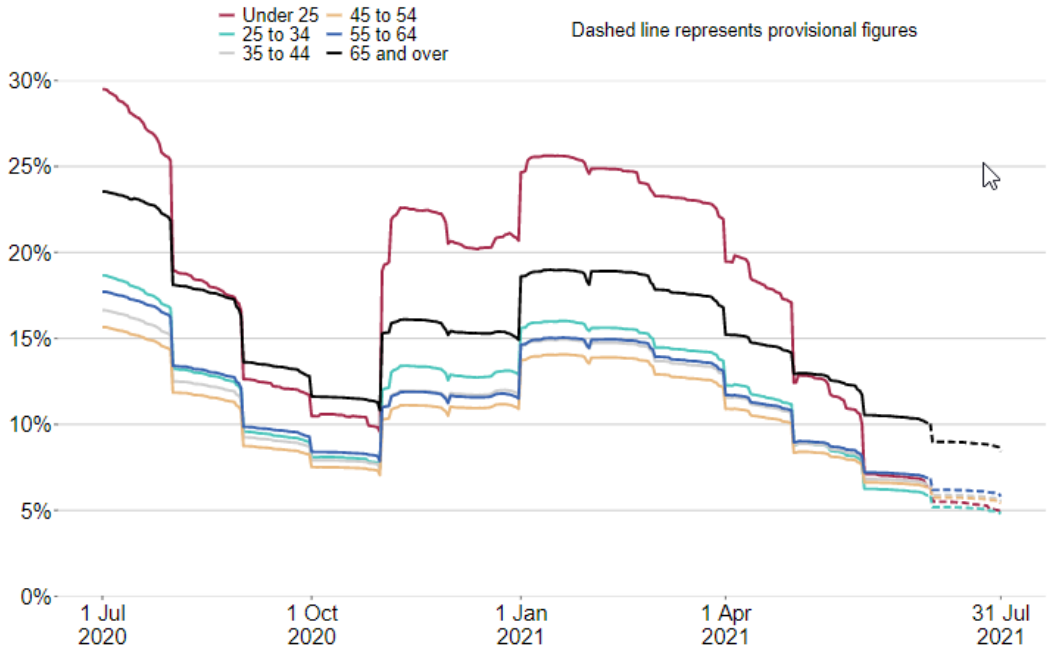
Although younger and older workers were most likely to leave employment, they were also most likely to become economically inactive (e.g. become a student, retire or stop actively looking for a job). There were greater increases in unemployment (i.e. out of work but still looking for a job) for adults in the middle age groups (Powell & Francis-Devine, 2021a).

Young and oldest workers were most likely to have been furloughed

By 14 July 2021, 11.6 million employee jobs had been furloughed (Powell & Francis-Devine, 2021a). Younger and older workers were more likely to be furloughed than middle age groups (Brewer, Handscomb, & Shah, 2021; FCA, 2021; Henehan, 2021; Adams-Prassl et al, 2020a; Crawford & Karjalainen, 2020; Francis-Devine & Powell, 2021a). In April 2021, 16% of workers aged 18-24 and 14% of workers aged 65+ were on furlough, compared to 10-12% for other age groups (Powell & Francis-Devine, 2021a).

Between February and July 2021, furlough declined for all age groups, but more so for those aged under 18, 18-24 and 25-34. The proportion furloughed among workers aged 65 and over reduced at a slower pace, however, which meant that by the end of July 2021, older workers had the highest take-up rate for furlough (HMRC, 2021a).

Figure 3.3 Total proportion of eligible employments on furlough by age of employee, July 2020 to July 2021



Source: HMRC (2021a), HMRC CJRS and PAYE Real Time Information data.

The fall in hours was more pronounced for young and oldest workers.

In April-June 2020, the number of hours worked across the nation's workforce fell to 845 million, the lowest level since 1994 (Powell & Francis-Devine, 2021a). The reduction in hours was somewhat more pronounced for younger workers (aged under 30), 66% of whom had a drop in hours; and older workers aged 60-65, 67% of whom had a drop in hours compared to 63% for the working age population as a whole (Crossley et al, 2021).

Table 3.1 Fall in hours by age

Age	% with hours fall
20-29	66
30-39	61
40-49	60
50-59	63
60-65	67

Source: Crossley et al, 2021

Analysis of the English Longitudinal Study of Ageing found that one in five workers aged over 54 reported working fewer hours in June-July 2020 (Crawford & Karjalainen, 2020). The Financial Lives Survey shows a similar picture for younger adults aged 18-24 who were twice as likely to have had their hours or pay cut (26%) as adults aged 45+ (12%) (FCA, 2021).

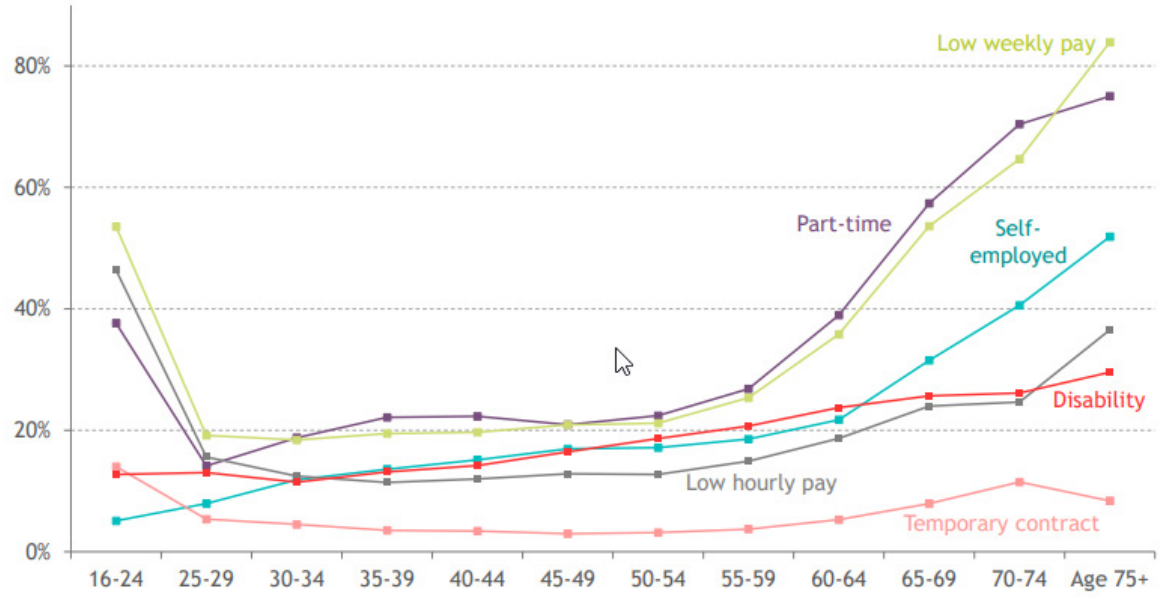
The disproportionate impacts on young and older workers were driven by the sectors in which they worked

Although the financial impacts of Covid are age-related, they are driven largely by the sector that people worked in, along with their pay and contract type e.g. being self-employed or working zero hours (Blundell, 2020; Cominetti et al, 2021a). Those most negatively impacted were concentrated in shut-down sectors.

Young people were more likely to be working in a shut-down sector (Blundell, 2020), particularly in retail, hospitality and leisure (Joyce and Xu 2020) compared to older age groups. Prior to the pandemic, 18-24 year olds were more than twice as likely to work in a shut-down sector than those aged 25-65 (Henehan, 2021; Powell & Francis-Devine, 2021a); and nearly three times as likely to have moved out of work after the pandemic hit (Henehan, 2021).

Older people were more likely to be self-employed, work part-time and experience low pay compared to younger age groups (Centre for Ageing Better, 2020; Cominetti, 2021), which again were likely to be important drivers of the negative impacts they experienced.

Figure 3.4 Selected employment characteristics among those in employment, by age band: UK, 2019-20



Source: Cominetti (2021) Resolution Foundation analysis of ONS Labour Force Survey. Notes: Low hourly and low weekly pay defined as earning less than two-thirds of the all-age median.

Retirement decisions

The pandemic has impacted people's decisions to retire, with some older workers either retiring earlier than planned (leaving less income for later life) (Centre for Ageing Better, 2020; Cominetti, 2021; Crawford & Karjalainen, 2020), or later (to mitigate for earnings lost during the pandemic). For workers aged over 50, one study found that 13% had changed their retirement plans because of the pandemic, with 8% planning to retire later and 5% planning to retire earlier (Crawford & Karjalainen, 2020). Some older people may also have drawn on their pensions earlier than planned, to mitigate financial losses during the crisis (Centre for Ageing Better, 2020; Crawford & Karjalainen, 2020).

Social security

Although younger and older workers were more likely to experience labour market impacts, those in the middle age groups (25-49) saw the greatest percentage increase in the claimant count between March and April 2020, with 526,000 new claimants (a 75% monthly percentage change). This compared with a 61% increase for those aged 18-24 and 50+ (Francis-Devine, 2020a).

That said, the number of younger people claiming Universal Credit still more than doubled between March and May 2020 (Powell & Francis-Devine, 2021b). Universal Credit was one of the ways in which young people mitigated earning losses, along with finding new work or using savings (Crossley et al, 2021). For a young person under 25, Universal Credit was £79 a week (including the £20 temporary uplift), compared with £95 for those aged over 25 (16% less) (Turn2Us, 2021b).

According to the House of Commons Work and Pensions Committee, young people who were newly claiming Universal Credit expressed disappointment about the amount they received. As one young person stated: "*I'm very disappointed that the "increase" in Universal Credit payments has amounted to a pitiful extra £5 a month for me (as I am under 25 and "single"). Universal credit is already a quarter of what it should be in terms of payments*." (House of Commons Work and Pensions Committee, 2020).

The anti-poverty charity Turn2Us reported that the lower rate of Universal Credit was particularly difficult for young single and made it harder for young people to move on from homelessness or care (Turn2Us, 2021b), a situation likely to be further exacerbated by the pandemic.

Outlook

There can be serious scarring affects for young people leaving education in a recession (Major et al, 2020; Gardiner et al, 2020), which could be especially prevalent in the wake of the pandemic, as sectors that have struggled (such as hospitality) are typically those in which young people start their careers (Costa Dias et al, 2020a). Young people who entered the labour market during the 2008 financial crisis continued to face higher unemployment, lower pay and worse job prospects up to a decade later compared to young people who started work before or after the crisis (Clarke, 2019). During the pandemic, young people may have chosen to remain in education for longer than anticipated, due to the challenging labour market (Gardiner et al, 2020), with the number of young people in full-time education reaching a record high of 46.8% in July-September 2020 (ONS, 2021b).

For older workers, it can be harder to regain employment after long periods out of work (Centre for Better Ageing, 2020; Cominetti, 2021; Cominetti et al, 2021a; ONS, 2021l) and as noted earlier the pandemic may have impacted their decision to retire (either earlier or later).

3.2 Sex

	Before the pandemic…	Since the pandemic…
Household finances and living standards	• Women were more likely to have low paid work. • Women had higher levels of consumer debt than men.	• Men experienced a greater reduction in earnings than women; but the impact on total household income was broadly the same for women and men. • Two-thirds of people earning less than the living wage are women. • Self-employed women were less likely to apply for government support than men; and to receive less support when they did due to lower pre-pandemic earnings. • Women were worse off financially than men, but this difference seems to be driven by factors other than sex. • Women were more likely to cut back on essential spending than men. • Changes in consumer debt levels are broadly similar among women and men. • Women were less able to save than men; and on average where women were able to save, they saved lower amounts.
Work and the labour market	• Women's employment was at an all-time high. • Women were more likely to have low paid, part-time or insecure employment than men. • Progress towards closing the gender pay gap had stalled. • Men were twice as likely to be self-employed as women. • Women were more likely to be key workers e.g. in education and health.	• Men had a greater reduction in employment and a higher rate of redundancies than women, while more women were furloughed than men. Overall, though, the differences were relatively small. • Working single mothers were especially hard hit by the economic shock. • Women were more likely to work in shut-down sectors; although some shut down industries e.g. construction and manufacturing were male-dominated. • Furloughed women were less likely to have their earnings topped up by their employer; less likely to work any hours on furlough; to spend longer on furlough; and to have worse perceptions about job prospects and financial security.
Social security	• Over the life-course, women were more likely to claim social security benefits than men.	• Early in the pandemic, a higher proportion of men than women started to claim Universal Credit, although this has changed over time. • Women were less likely to be eligible for statutory sick pay because they were more likely to work part-time and earn below the qualifying threshold. • Women might struggle more with the five-week wait for Universal Credit due to lower financial resilience.

Where were we before the pandemic?

The pandemic-related literature we reviewed mainly focused on gender differences in work and the labour market prior to the pandemic, with scant information about gendered differences in household finances and living standards or social security.

Household finances and living standards

Pre-pandemic, two-thirds of those earning less than the Living Wage were women (Sanders, 2020) and women had higher levels of consumer debt than men (FCA, 2021).

Work and the labour market

The employment rate was at an all-time high for both men and women

There had been a large increase in the proportion of women in employment (Blundell et al 2021), reaching a record high of 72% in late 2019, 1.94 million more than a decade earlier (House of Commons Women and Equalities Committee, 2021). This was largely driven by an increase in the State Pension age for women, meaning fewer women were retiring between the ages of 60-65 (ONS, 2019c). Male employment stood at 80.6% for the same time period (October-December 2019). Even so, certain groups of women were still underrepresented in the labour market, such as single mothers and those with a very high or low earning partner (Blundell et al 2021).

The gender pay gap had been declining but progress had stalled

Over the previous 25 years, earnings had grown faster for women than for men and the gender pay gap had been reducing (Blundell et al 2021). However, this progress had stalled in the last decade (Blundell et al, 2020; Dias, Joyce & Parodi, 2018) so that in 2019, the gender pay gap stood at 17.3% with 79% of occupations having a gender pay gap greater than zero (The House of Commons Women and Equalities Committee, 2021).

Women were more likely to work part-time, on insecure contracts and in low paying jobs

Pre-pandemic, women were more likely to work part-time; they made up a larger share of those working on zero-hour contracts (54.7%); and they were more likely to work in low paid jobs compared to men (The House of Commons Women and Equalities Committee, 2021; Women's Budget Group, 2020b; Jones & Cook, 2021). In April 2019, 8.1% of female employees aged 25 and over were paid the minimum wage compared to 4.4% of male employees (Francis-Devine et al, 2021). In addition, women were less likely to progress out of low paying jobs than men (ibid).

Women more likely to be key workers and work in sectors that were shut down in the pandemic

Women were more likely than men to be employed in a sector that was shut down in the pandemic, such as aviation, retail, hospitality (House of Commons Women's Equality Committee, 2021; Joyce & Xu, 2020; Gustafsson, & McCurdy, 2020; Fawcett Society, 2020a, 2020b; Hupkau & Petrongolo, 2020; Blundell et al 2021; Platt & Warwick, 2020; Close the Gap & Engender, 2021b; Jones & Cook, 2021).

Women also occupied a greater proportion of key worker roles. In June 2020, 54% of employed women were in a key worker role compared with 41% of men (Warren & Lyonette, 2020). Key workers were predominantly employed in health and social care (31%) and education and childcare (20%), which disproportionately employ women (81% in education and childcare and 79% in health and social care occupations) (ONS, 2020b). Men were disproportionately employed in key worker roles in the transport industry (ibid).

Social security

Prior to the pandemic, women were more likely to claim benefits at some point in their lives than men (House of Commons Women and Equalities Committee, 2021).

What has happened since the pandemic?

While this chapter focuses on the evidence about the different impact of the pandemic on men and women, the intersection of sex with other socio-demographic characteristics means that some groups of women and men especially struggled because of the pandemic, including:

- Young women (House of Commons Women and Equalities Committee, 2021; Women's Budget Group, 2021a)
- Low paid women (Women's Budget Group, 2021b)
- Mothers (Francis-Devine, 2021b; Francis-Devine et al ,2021)
- Ethnic minority women (Francis-Devine, 2021b; Close the Gap & Engender, 2021b) and men (Benzeval et al, 2020b; Haque et al, 2020)
- 'Working class' women (Warren & Lyonette, 2020)
- Disabled women (Women's Budget Group et al, no date; Lisney et al, 2020; Close the Gap & Engender, 2021b).

While health issues are beyond the scope of this review, the pandemic contributed to a doubling of women reporting severe mental health problems (Banks & Xu, 2020) with younger women most at risk. This has been linked to women bearing a greater share of the increased caring responsibilities created by the pandemic, contributing to higher levels of stress and anxiety especially for working mothers who were essentially "*parenting at work*" during major lockdowns (Ross, 2020). Other research suggests that the ratio of time spent on additional housework and childcare between men and women may not have drastically changed since pre-pandemic levels.

Household finances and living standards

Compared to evidence on work and the labour market, we found less evidence about the gendered impact of the pandemic on household finances and living standards.

Women may be more at risk of poverty than men

Pre-pandemic, two-thirds of those earning less than the Living Wage were women (Sanders, 2020). With pre-existing low earnings, a 20% reduction in salary for low earners could push many into poverty (Close The Gap, 2020), even with financial support from government's the furlough scheme.

Since the pandemic, national survey data showed that women were more likely to report frequently running out of money than men (24% of women compared with 20% of men) (Turn2us, 2021a). They were also more likely to report being worse off financially since the pandemic (39%) than men (37%), although this gender difference disappeared once other factors were controlled for (FCA, 2021). This suggests that differences between men and women are driven by factors other than sex.

Two other surveys (one of women in Scotland and another of young women on the advisory panel of the Young Women's Trust) also highlighted women's concerns about struggling to meet basic needs (such as food); making ends meet (including paying priority bills); and getting into more debt (Close the Gap & Engender, 2021a; Young Women's Trust, 2021).

Men were more likely to see a reduction in earnings than women

Several data sources show that men were more likely to experience a pandemic-related reduction in earnings compared to women (FCA, 2021; ONS, 2020d; Hupkau & Petrongolo, 2020). For example, analysis of Understanding Society data of earnings between Jan-Feb 2020 and April-May 2020 showed a greater proportion of men (38.6%) had experienced a reduction in earnings than women (34.2%). The average weekly reduction in earnings was also higher for men (£50.31) compared to women

(£22.67) (Hupkau & Petrongolo,2020), which may reflect women's higher likelihood of part-time and/or low-paid work.

Men and women saw similar reductions in household income

A different picture emerges about household income, with data showing that 31% of adults overall experienced a reduction in their household income between March and October 2020 with a similar pattern for men and women (FCA, 2021).

	Men	Women
Increased a lot	2%	2%
Increased a little	11%	9%
Decreased a little	20%	21%
Decreased a lot	10%	11%

Source: FCA, 2021.

A higher proportion of women cut back on essential spending than men

Survey data indicates that, between February and October 2020, women were more likely to report cutting back on essentials (for example, food, clothing, medical care or housing) than men (22% of women compared with 16% of men (FCA, 2021).

Men have seen a slightly greater decrease in consumer debt since the onset of the pandemic

Prior to the pandemic, the level of consumer debt in the UK was higher for women than for men. Between February and October 2020, the percentage of men reporting a slight decrease in their consumer was 16% compared with 13% for women (FCA, 2021).

Debt has…	Male	Female
Increased a lot	4%	4%
Increased a little	11%	10%
Decreased a little	16%	13%
Decreased a lot	5%	4%

Source: FCA, 2021. This does not include respondents without any consumer debt or those who experienced no change in consumer debt levels.

Women were somewhat less likely to have saved since the pandemic than men

Between March and October 2020, more people with cash savings prior to the pandemic saw their savings decrease (34%), than increase (26%) (FCA, 2021). Women with cash savings were more likely to say they had saved less than before the pandemic (37%) whereas men were more likely than average to have saved more (29%) (ibid).

Other research similarly found that more men reported saving more than usual during the pandemic (50% of men compared to 46% of women); on average men saved about double the amount saved by women (£5,335 and (£2,628 respectively) (Kantar, 2021).

Work and the labour market

Women were more likely than men to be employed in a sector that was shut down in the pandemic, such as aviation, retail, hospitality (House of Commons Women's Equality Committee, 2021; Joyce & Xu, 2020; Gustafsson, & McCurdy, 2020; Fawcett Society, 2020a, 2020b; Hupkau & Petrongolo, 2020; Blundell et al 2021; Platt & Warwick, 2020; Close the Gap & Engender, 2021b; Jones & Cook, 2021). Women working in shut-down sectors were disproportionately low paid, young and migrant women (Fawcett Society, 2020b). There were also industries that were badly affected (in the first lockdown especially) that disproportionately employed males, for example, manufacturing, construction or transport (Hupkau & Petrongolo, 2020; ONS, 2020b).

The evidence shows that slightly more women were furloughed than men, (Powell & Francis-Devine, 2021a; HMRC 2021a; Women's Budget Group, 2021a, Fawcett Society, 2021a) whereas men saw a slightly larger decline in employment and a greater increase in redundancies (Powell & Francis-Devine, 2021a). Overall, however, the differences between men and women were relatively small (Powell & Francis-Devine, 2021a; Cribb 2021).

The fall in employment rate was greater for men than for women

Although data early in the pandemic indicated that women were more likely to have lost their job than men (Adams-Prassl et al, 2020b; Piyapromdee & Spittal, 2020; Sevilla & Smith, 2020), over time overall employment rates for men saw a greater fall than for women since the pandemic (Francis-Devine, 2021b; Cominetti et al, 2021a; Benzeval et al, 2020b). Between the periods Jan-Mar 2020 and Oct-Dec 2020, for example, men's employment rate fell from 80.1% to 78.2% (1.9 percentage points). Women's employment rate reduced from 72.6% to 71.8% (0.8 percentage points), largely driven by a drop in women working part-time (Francis-Devine, 2021b). Later data shows a similar trend (ONS, 2021a).[19]

Unemployment

The prior trend in unemployment – with more men unemployed than women – remained unchanged since the pandemic. The number of unemployed women increased from 597,000 (in Jan-March 2020) to 804,000 in Aug-October 2020, an increase of 35% (see below).

The rate of women's unemployment then recovered somewhat to 679,000 by April-June 2021 (albeit still a 14% increase compared with Jan-March 2020). Men experienced a similar percentage increase in unemployment levels between Jan-March 2020 and Aug-Oct 2020 of 34%, but unemployment levels appear to have recovered slightly faster for men. In April-June 2021 male unemployment levels stood at 808,000, 10% higher than in Jan-March 2020.

Figure 3.5 Unemployment level for those aged 16-64 (thousands)

Source: A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted) (ONS, 2021a) – published 17 August 2021.

[19] Table A05 NSA: Employment, unemployment, economic activity and inactivity by age group (not seasonally adjusted).

More men were made redundant than women

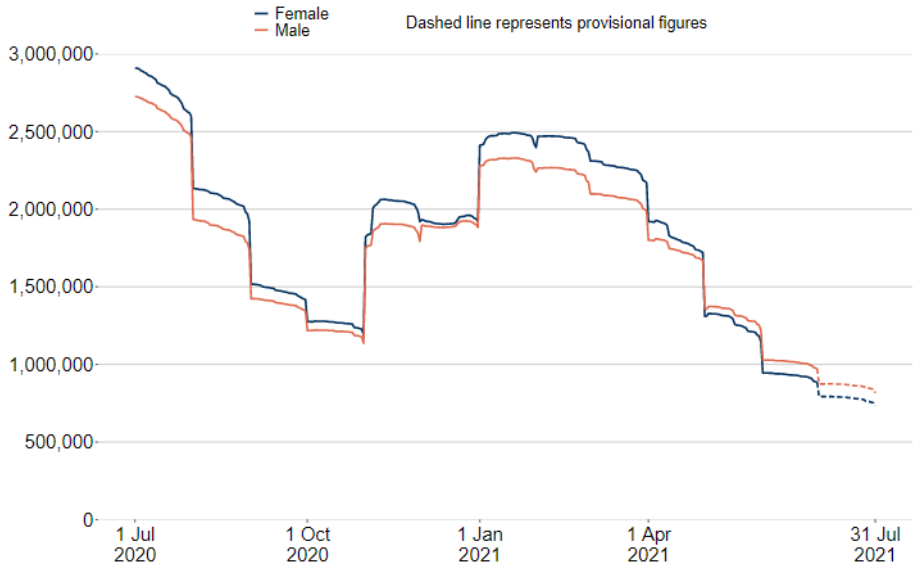
The level of redundancies has been high for men and women during the pandemic, but the increase was larger for men between Jan-Mar 2020 and Oct-Dec 2020 (229% increase) than women (212% increase) (Francis-Devine, 2021b).

Looked at another way, the redundancy rate[20] was higher for men than women pre-pandemic (4.2 vs 3.5 in Dec-Feb 2020) and this trend continued in the pandemic. The redundancy rate peaked in Sep-Nov 2020 (15.5 for men, 13.4 for women) before recovering by May-July 2021 to 3.8 for men and 3.0 for women (ONS, 2021k, release date 14 September 2021).

Furlough

The overall trend in numbers furloughed is similar for men and women (see below) and the proportion of men and women on furlough has also been similar (estimated to 14% for men and 15% for women in May 2020, for example) (Cominetti et al, 2021a). However, in absolute numbers, for most months since the start of the pandemic a higher number of women were furloughed than men (Powell & Francis-Devine, 2021a; HMRC 2021a; Women's Budget Group, 2021a Fawcett Society, 2020a), as we see below. Overall, more women held jobs eligible for furlough than men, with 57% of workers in shut down sectors being women (Francis-Devine et al, 2021).

Figure 3.6 Total employments on furlough by gender, July 2020 to July 2021



Source: HMRC (2021a), HMRC CJRS and PAYE Real Time Information data.

There were some regional differences in the numbers of men and women furloughed. In London, for example, more men were furloughed than women (HMRC, 2021a; 2021b). Up to the end of November 2020, 220,900 men were furloughed in London compared with 210,300 women. This was largely because of a higher take-up rate for men in construction and manufacturing sectors in London, compared to the UK average. The West Midlands also saw more men furloughed than women (96,800 men c.f. 93,500 women) (HMRC, 2021b).

As we might expect, certain groups of women were more likely to be furloughed than their male counterparts. Young women (aged 18-25) were more likely to be furloughed than young men by the

[20] The redundancy rate is the ratio of the redundancy level for the given quarter to the seasonally adjusted number of employees in the previous quarter.

end of January 2021 and in terms of absolute numbers were the largest group across age and gender to be furloughed (Women's Budget Group, 2021b). In addition, 40% of women under the age of 18 were furloughed compared with 30% of men in this age group.

	Take up rate (% of those eligible)	Number of employments furloughed
Young women (aged 18-25)	24%	425,300
Young men (aged 18-25)	20%	345,100
Young women under the age of 18	40%	70,900
Young men under the age of 18	30%	44,100

Other groups of women more likely to be impacted were black and minority ethnic women; women from low income and middle-class backgrounds; and mothers (Women's Budget Group, 2021b). Women in semi-routine and routine occupations were more likely to be furloughed than women in management and professional roles (54% by June 2020 compared with 15% respectively) (Warren & Lyonette, 2020).

Not all workers are furloughed equally

There is evidence that men and women experienced furlough differently, leading to the conclusion that '*not all workers are furloughed equally*' (Adams-Prassl et al, 2020a). Analysis of two online panel surveys collected in April and May 2020 showed that women were less likely to have their salary topped up past the 80% paid for by the government (ibid). In other data (for April and July 2020), furloughed women were more likely to be furloughed for longer periods of time; and 31% of furloughed women had not worked any hours since March 2020 compared with 20% of furloughed men (Jones & Cook, 2021).

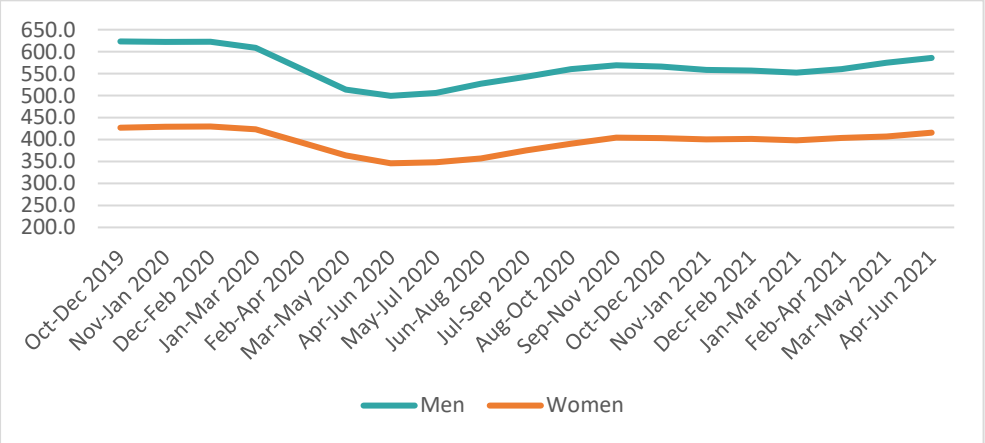
In terms of outlook, furloughed women had worse perceptions of their job security and projected financial security than furloughed men (furloughed at any point by July 2020). And while in general men and women were equally likely to say they would struggle to pay their bills in the next three months, furloughed women were 12 percentage points more likely to say they had a one in five chance of difficulty than furloughed men (Jones & Cook, 2021).

Working hours

Early in the pandemic (April to May 2020), 50.4% of women had experienced a reduction in working hours compared with 48.9% of men. Women on average were working 9.8 hours less, compared with 12.6 hours less on average for men (Hupkau & Petrongolo, 2020).

Looked at from the perspective of hours worked, there was a drop in hours worked for both men and women, of around 18%, between Jan-March 2020 (pre-pandemic) and April-June 2020. The absolute number of hours dropped was larger for men (a decline of 109 million hours) compared to women (a decline of 77.2 million hours) because men worked more hours prior to the pandemic (Powell & Francis-Devine, 2021a). There were signs of recovery by April-June 2021, although hours worked by both men and women were still lower than pre-pandemic levels (-3.8% for men and -1.8% for women) (ONS, 2021h).

Figure 3.7 Total weekly hours (million)



Source: ONS (2021h), HOUR01 SA: Actual weekly hours worked (seasonally adjusted). Published 17 August 2021.

Some women have experienced larger disruptions in working hours

Women who worked part-time were more likely than women full-time workers to report a drop in working hours (26% c.f. 15%) (Close the Gap and Engender, 2021b). A study exploring the impacts of the pandemic on self-employed people showed that self-employed women experienced a greater reduction in weekly hours worked compared to self-employed men, after controlling for childcare responsibilities, industry worked in and whether they worked part-time prior to the crisis (Reuschke et al, 2021).

Other analysis found large differences between occupations when it came to the proportion of workers working zero hours in April 2020, but similar results for men and women in some occupational groups. For example, 43% of women in semi-routine and routine jobs did zero hours work (42% of men) compared with 20% of women working in management and professional positions (18% of men). There were bigger differences between men and women in lower supervisory and technical occupations (31% of women worked zero hours, compared with 21% of men) and small employers & own account occupations (e.g. the self-employed) (32% women worked zero hours, compared with 26% of men) (Warren & Lyonette, 2020).

Table 3.2 Proportion working zero hours in April 2020

	Management and Professional		Intermediate		Small employers & own account		Lower supervisory & technical		Semi-routine and routine occupation	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Jan/Feb	1%	0%	1%	1%	1%	1%	1%	0%	1%	4%
April	20%	18%	27%	22%	48%	47%	38%	28%	43%	42%
June	14%	13%	18%	15%	32%	26%	31%	21%	29%	27%

Source: Warren & Lyonette (2020)

Social security

Universal Credit

Pre-pandemic, more women than men claimed Universal Credit. This trend was reversed during periods of lockdown, so that in the five weeks up to 14 May 2020, men made up 58% of people starting on Universal Credit. By July 2021, more women had started on Universal Credit than men over the previous quarter (DWP, 2021c), mirroring the pre-pandemic pattern of claiming. In May 2021 for example, women made up 51% of people starting on Universal Credit (DWP, 2021c).

Other data similarly shows a higher percentage increase in unemployment benefit claims for men in the first nine months of the pandemic. Between January 2020 and January 2021, the number of claimants increased by 107% for women (from 3.0% to 6.3%) and 115% for men (from 3.8% to 8.1%) (Francis-Devine et al, 2021).

There were concerns that the five-week wait for Universal Credit could be harder for women than men (House of Commons Women's Equality Committee, 2021; Turn2Us, 2021a), with 32% of women reporting they could last a month or less if they lost their main income sources, compared to 25% of men (Turn2Us, 2021a).

Women less likely to be eligible for Statutory Sick Pay

Women were over-represented among those who are not eligible for Statutory Sick Pay (SSP) because they were more likely to work part time and earn below the qualifying threshold (House of Commons, Women's Equality Committee, 2021). An estimated 15.5% of women were not eligible compared with 10.6% of men (Women's Budget Group, 2021a); and women were estimated to make up 70% of the non-eligible population, which equated to 1.3 million women compared to 0.5 million men (Fawcett Society, 2020a). This meant that ineligible women workers might struggle more financially if they were required to self-isolate.

The House of Commons Women and Equalities Committee also noted that, at the start of the pandemic, government guidance implied that pregnant women needed to shield for 12 weeks and that employees couldn't be furloughed until any period of Statutory Sick Pay had ended. This resulted in some pregnant employees being placed on Statutory Sick Pay for 12 weeks and not being eligible for furlough until the end of that period (House of Commons Women and Equalities Committee, 2021).

Women more likely to lose out on Government support

There was evidence that women eligible for self-employment support were less likely to claim than eligible men (Women's Budget Group, 2021b). By the end of January 2021, 28.8% of SEISS claims had been made by women, even though women made up 34.8% of self-employed workers; the total amount claimed in SEISS by self-employed women was just over £1.4 billion compared with £4.8bn by self-employed men; and on average women claimed £2,200 SEISS, compared with £3,300 for men, due to self-employed women generally earning less than men prior to the pandemic linked to their higher likelihood of working part-time (Women's Budget Group, 2021b)

Outlook

It is unclear what impact furlough and job losses will have on long-term career prospects and earnings for both men and women and what this could do for gender equality. The increase in working from home could result in more women being able to work, as it becomes easier to fit working around family life (Blundell et al 2021). There is evidence to suggest an increase in the number of women working full-time (Francis-Devine, 2020), which could have impacts on the gender pay gap in future. Men have taken on an increase in the share of household work and childcare since lockdown, which could continue to grow (Blundell et al, 2021) - although women have taken on a larger share too (Andrew et al, 2020). Other sources suggest that women may find it harder to return to work after furlough than men (Zhou et al. 2020) and that a lack of gender specific policies could have negative implications for gender equality (Cook & Grimshaw, 2020).

3.4 Race

	Before the pandemic…	Since the pandemic…
Household finances and living standards	• Poverty rates and in-work poverty were higher among all ethnic minorities, particularly Bangladeshi and Pakistani people. • Ethnic minorities had lower levels of wealth, savings and assets (including protected retirement savings). They were less likely to hold debt, but more likely to be over-indebted. • White households were least likely to rent, while BAME people were more likely to live in over-crowded housing or in the most deprived neighbourhoods.	• Ethnic minorities are more likely to have lost income and earnings. Poverty is likely to increase as temporary welfare measures are withdrawn. • Ethnic minorities are more likely to report financial difficulties, and the ethnicity gap with White people has widened. • BAME people are more likely to struggle to manage financially and to have drawn on savings; and less likely to afford one-off emergency costs. • The proportion of over-indebted ethnic minority people has increased, and the proportion in arrears has risen markedly (in contrast to White people).
Work and the labour market	• Unemployment was highest among Black, Bangladeshi and Pakistani people. • Pakistani, Bangladeshi, Black African and Black Caribbean households (and children) were more exposed to employment-related income shocks. • BAME people were more likely to be in insecure work, gig economy workers and under-employed. • Younger BAME people faced worse labour market outcomes than their White peers (despite better education outcomes).	• Ethnic minority unemployment rose to 9.5% by Q4 2020; 14% among Black people. • Early on, Black people were more likely to have kept their job, reflecting over-representation among key workers. • Bangladeshi and Pakistani people saw a much greater rise in household-level worklessness. • BAME workers may have been particularly impacted by employer decisions not to furlough. • Younger Asian and (particularly) Black people were more likely to be out of work, including graduates. • Older BAME people were more likely to experience negative job outcomes. • Some industries saw significant falls in BAME workers (Accommodation and Food, Arts and Entertainment), while others (Education) saw increases.
Social security	• White British families were most likely to receive any form of benefit, followed by Black, Pakistani and Bangladeshi families. • Groups most impacted by changes to UC since 2010 include Bangladeshi households, and ethnic minority women. • Measures such as the 5 week wait and 2 child limit were more likely to impact ethnic minority families and children. • Digital inclusion and capability were significant issues for ethnic minorities in accessing social security, sometimes exacerbated by language barriers.	• There is a significant ethnicity data gap in DWP Universal Credit data. • BAME people were more exposed to eligibility gaps in job support schemes and social security provision. • BAME people were twice as likely to have applied – or tried to apply – for UC. • Post-pandemic cohorts of benefit claimants are more likely to be BAME. • Government communications were not always well targeted.

A note on terminology and ethnicity data

Under the Equality Act 2010, the protected characteristic of 'race' refers to: a person's skin colour, nationality, ethnic or national origin. However, most of the evidence in this section relates to ethnicity rather than race because surveys most often ask people about their ethnicity.

Terms like 'BAME' (Black, Asian and minority ethnic) and 'BME' (Black and minority ethnic) are increasingly contested, because of their homogenising nature. They have also been criticised for being divisive and exclusionary by othering the groups falling within them and emphasising certain ethnic minority groups over others. The terms are not well understood by the public and very few ethnic minority people think of or describe themselves in these terms.[21]

In the context of research, the use of umbrella categories like 'BAME' and 'BME' (aggregated ethnicity data) or binary comparisons (e.g. 'White' and 'Other than White') can be similarly problematic because they mask the considerable variation that exists both *between* and *within* different ethnic groups. In other words, these groupings can hide as much as they reveal, so they have less analytical value than comparisons that can be drawn from fully disaggregated ethnicity data. Even partially disaggregated ethnic categories, such as 'Asian' or 'Black', presents similar problems: the experiences of Pakistani and Bangladeshi people, for example, differ markedly from those of Chinese and Indian people, and these experiences and differences are lost in an aggregated Asian group. For this reason, wherever possible, we have prioritised evidence that looks at individual ethnic groups and considers differences between and within them.

However, BAME, BME and partially disaggregated groups continue to be widely used by producers of official statistics, public bodies, think tanks and academics – including in many of the studies included in this review. This is largely due to limitations in the data, such as insufficient sample sizes to allow for robust analyses to be undertaken at the disaggregated level.[22] The populations (and therefore sample sizes) of aggregate groups are larger, which means a wider range of data can be analysed and the results are more statistically reliable. In other words, aggregate ethnicity data is sometimes the best or only data available.[23]

Throughout this report, we mirror the terminology used in the studies to which we refer, so that we accurately represent the research findings. But readers should bear in mind the limitations of analyses based on aggregate categories. Outside of these instances, we use the term 'ethnic minorities' to refer to all ethnic groups except the White British group.

Where were we before the pandemic?

In this section we explore the economic and social differences between ethnic groups leading up to the pandemic, focusing on household finances and living standards; work and the labour market; and social security. Together these paint a picture of entrenched and in many cases increasing inequality between ethnic groups, of complex intersectional disadvantage, and unequal exposure to risk – financial and otherwise.[24]

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[21] See, for example: Race Disparity Unit (2021) Writing about ethnicity and Bunglawala, Z. (2019) Please, don't call me BAME or BME!, Civil Service Blog

[22] While many ethnic minority populations are relatively large, in the context of surveys it can be difficult to obtain a large enough sample to allow for robust analysis. Even large surveys such as the Labour Force Survey need to combine ethnic groups in a given year to give sample sizes big enough for robust analyses or combine data from more than one year. For a more detailed discussion see: Race Disparity Unit (2020).

[23] At the end of this section we look briefly at current efforts to improve the UK evidence base related to race and ethnicity.

[24] While pandemic-related health issues were beyond the scope of this review, many ethnic minority people were disproportionately exposed to health risks and made more vulnerable to negative health outcomes because they were more likely to be: poorly paid, in less secure employment, living in more crowded (or over-crowded) multi-generational households, living in urban areas, living in more deprived neighbourhoods, and working in roles and sectors at greater risk (Bécares and Nazroo, 2020).

Household finances and living standards

Poverty rates were higher among all ethnic minorities but with significant variations

Prior to the pandemic, poverty rates were higher among all ethnic minorities than among the majority White population (Platt, 2007; Barnard and Turner, 2011; Equality and Human Rights Commission, 2019; Joseph Rowntree Foundation, 2021; Social Metrics Commission, 2020), although there was significant variation between and within groups.

Regardless of the poverty measure used[25], Bangladeshi people had the highest rate of poverty prior to the pandemic, followed by the Pakistani group and the combined Black group. The White group had the lowest rate across all measures (Joseph Rowntree Foundation, 2021). Between 2008 and 2020, Pakistani and Bangladeshi people were consistently the most likely groups to be living in relative poverty after housing costs (AHC) (ONS, 2021m).[26]

In-work poverty was also higher for Black, Asian and minority ethnic workers than for White workers, with the rate highest among Pakistani and Bangladeshi workers (around 34% - almost three times the rate among White workers at 12%) (Joseph Rowntree Foundation, 2021). This reflects that these workers were more likely to be working in lower-wage jobs and to be working in low-wage sectors. Pakistani, Bangladeshi and Black children were more likely to be living in relative poverty (47%, 41% and 30% respectively), compared with White British and Indian children (both 17%) (ONS, 2020a).

There were persistent differences in income and earnings between ethnic groups

In the three years to March 2019, around three-quarters of Pakistani and Bangladeshi households (76% and 75%) and three in five Black households (62%) were in the lowest two income quintiles (AHC), compared with around two in five White British and Indian households (37% and 40% respectively) (ONS, 2021m).[27] Khan (2020) suggests that ethnic minority groups were more likely to have low incomes due to: *"Lower wages, higher unemployment rates, higher rates of part-time working, higher housing costs in England's large cities (especially London), slightly larger household size, and the relatively low levels of benefits paid, particularly following the application of the 'benefit cap'."* The ethnicity pay gap was more pronounced for men than women, although – consistent across most ethnic groups – women continued to earn less than men (ONS, 2019b).

Ethnic minorities had lower levels of wealth, savings and assets

On average ethnic minorities entered the pandemic with lower levels of savings and assets than the White majority population (Haque et al, 2020; Khan 2020). In the working-age population, 60% of people were living in households with sufficient savings to cover a month's income, but for Bangladeshi and Black African individuals this figure was around 30% (Platt and Warwick, 2020b).[28] For those approaching retirement, more than three-quarters of White people held a private pension compared with 57% among the Black, Asian and minority ethnic group (the strongest predictors of pension ownership being qualifications and financial capability) (Cross and Burrell, 2021).

[25] These measures include relative poverty before after housing costs (BHC and AHC), the Social Metrics Commission's core measure of poverty and absolute poverty AHC.

[26] ONS (2021m) encompasses a number of GOV.UK web pages related to work, pay and benefits on the 'Ethnicity facts and figures' website. Wherever we cite this reference we include a separate footnote linking to the specific page from which findings are drawn. The finding here was drawn from: Ethnicity facts and figures: People in low income households.

[27] Ethnicity facts and figures: Income distribution

[28] Based on analysis of Wealth and Assets Survey W5 2014-16 data.

Ethnic minorities were less likely to hold debt, but more likely to be over-indebted

On average, debt amounts for Black, Asian and minority ethnic people were lower than for White people across all age groups apart from those aged 55-64. However, a higher proportion of Black, Asian and minority ethnic people were over-indebted (22% compared with 13% of White people). Black, Asian and minority ethnic people were also twice as likely as White people to be unbanked (4% compared with 2%) (Cross and Burrell, 2021).

There were marked differences in housing tenure and housing conditions

White British households were least likely to be renters while social renting was markedly higher among all Black groups and the Bangladeshi group (each between four to five in ten households), compared with 16% of White households (Equality and Human Rights Commission, 2019). People from ethnic minorities were much more likely to live in over-crowded housing (Joseph Rowntree Foundation, 2021), and most ethnic minority groups were more likely to live in the most deprived 10% of neighbourhoods in England, compared with the White British majority (ONS, 2021m).[29]

Work and the labour market

There were entrenched ethnic inequalities in work and the labour market

In 2019, 8% of Black, Bangladeshi and Pakistani people were unemployed – twice the proportion of unemployed White British people. Pakistani and Bangladeshi women who were seeking work were more likely to be unemployed than their peers, while Black, Bangladeshi and Pakistani men were the three male groups most likely to be unemployed – again, twice the proportion seen among their White British counterparts (ONS, 2021m).[30]

While employment rate gaps between White groups and Non-White groups have narrowed over time (Shankley and Clarke in Byrne et al, 2020), disparities between ethnic groups remained. In the years leading up to the pandemic, 60% and 62% of Bangladeshi and Pakistani people were employed, compared with 79.7% of White British people, 79.7% of Black African people, 80.1% of Indian people and 85.1% of Black Caribbean people (Platt and Warwick, 2020b). Lower employment rates in the Pakistani and Bangladeshi groups were mostly due to the lower level of labour market participation among women (Platt and Warwick, 2020a and 2020b).

Part-time, insecure and self-employment were more common among ethnic minority workers

The combined Pakistani and Bangladeshi group was the most likely to work part time, while ethnic minority workers in general – and Black employees in particular – were more likely to be in insecure work (temporary or zero hours contract workers) than White workers (Trades Union Congress, 2017; Trades Union Congress, 2021a; ONS, 2021m[31]). Black and minority ethnic workers were also more likely to be gig economy workers – up to 25% compared with 14% among the general population (Equality and Human Rights Commission, 2019), and were more likely than White workers to be *under*-employed (Trades Union Congress, 2021c). Almost a quarter of Pakistani men and a fifth of Bangladeshi and White Other men were in self-employment, compared with 15% or under for all other groups (Platt and Warwick, 2020b). These higher rates of self-employment may partly reflect poor employment opportunities (Broughton, 2015) because of labour market discrimination (Clark and Shankley in Byrne et al, 2020), with much self-employment work concentrated in low-paid areas with little chance of progression.

[29] Ethnicity facts and figures: People living in deprived neighbourhoods.
[30] Ethnicity facts and figures: Unemployment
[31] Ethnicity facts and figures: Full time and part time employment

Younger people from some ethnic minority groups had worse labour market outcomes

Younger Asian people and particularly younger Black people faced a harsher labour market and worse outcomes than their White peers, *"even after achieving degree-level qualifications, which they do at a higher rate than young White people"* (Henehan, 2021) and there is strong evidence that discrimination played a significant role in determining these outcomes – for younger and older ethnic minority people alike (Blundell et al, 2021).[32] Toward the end of 2019, the unemployment rate among younger Black and Asian people was between 2 and 2.5 times higher than their White peers (at 25% and 21% respectively, compared with 10% of young White people) (Henehan, 2021).

Pre-pandemic, ethnic minority men were more likely to work in hard-hit sectors

In contrast to the White British population, ethnic minority men across most groups were more likely than ethnic minority women to be working in sectors that would go on to be affected by the pandemic. Almost half of all working age Bangladeshi men (four times the percentage of White British men) and around a third of Pakistani men worked in shutdown sectors (Quarterly Labour Force Survey, Q1 2016 – Q4 2019), driven in part by the concentration of employment in the restaurant sector among the former group, and taxi driving among the latter (Platt and Warwick, 2020a and 2020b). The differences between women were not so pronounced.

Social security

In the three years to March 2019, just over half of UK families received state support (for example, the State Pension or Child Benefit). White British families were the most likely to be receiving any form of support (56%) and most likely to be receiving non-income related benefits (such as State Pension); Chinese families were least likely to be receiving these forms of support. Similar proportions of Black, Pakistani and Bangladeshi families were also receiving some kind of state support (53%, 51% and 49% respectively) (ONS, 2021m).[33]

Social security changes particularly affected Bangladeshi households and ethnic minority women

Analysis of changes to taxes and social security benefits since 2010 found that – by the 2021/22 tax year – the largest impacts would fall on several groups, including Bangladeshi households (Equality and Human Rights Commission, 2019); Black and minority ethnic women; and Asian women (Runnymede Trust and Women's Budget Group, 2017).

Given the lower levels of saving and higher proportion of single-earner households among many ethnic minority groups, it is likely that delays in benefit payments (such as the five-week wait) would have been particularly hard for these groups. On average, ethnic minority groups were likely to live in larger families, and so were disproportionately impacted by arbitrary measures such as the two-child limit. Younger people, men, and Black or Mixed ethnicity people groups were also at much higher risk of being sanctioned (Equality and Human Rights Commission, 2019). Reduced payments, delays and sanctions can all perpetuate cycles of poverty and hardship, with particular impacts on ethnic minority children (Sandhu, 2016).

Finally, almost all Universal Credit (UC) claims are now made online, with evidence that this was a significant issue for many ethnic minority people pre-pandemic, though not restricted to ethnic minorities (Sandhu, 2016). More recent evidence suggests that Black, Asian and minority ethnic adults are more likely to be digitally excluded than White adults (11% compared with 8%) (FCA, 2021).

[32] See, for example, Di Stasio and Heath (2019) and Heath and Di Stasio (2019).

[33] Ethnicity facts and figures: State support – figures taken from Family Resources Survey (3 years combined).

What has happened since the pandemic?

Household finances and living standards

Ethnic minorities were among the groups experiencing the worst financial outcomes, because they experienced severe income shocks without the means to absorb them, due to a lack of savings or a second income (Benzeval et al, 2020a). The evidence shows that ethnic minorities were more likely to exhibit signs of financial difficulties, to be in problem debt, to be in arrears on household bills, to have experienced hardship, borrowed to make ends meet and run down savings (Haque et al, 2020; StepChange, 2021). As a result, subjective worries about financial wellbeing and future financial security were disproportionately worse among ethnic minorities (Bracke et al, 2021; ONS, 2021m).

Pre-pandemic factors mean ethnic minority households are vulnerable to poverty

With poverty expected to rise as we emerge from the pandemic, it is likely that ethnic minority families and children will be disproportionately affected because of pre-pandemic factors such as their higher unemployment rate, and higher proportions of single-earner and lower-income households and (as we see below) the higher likelihood that ethnic minority groups have moved into unemployment since the pandemic.

By July 2020, one in ten (9%) food bank users were Black or Black British – three times the rate among the general population (Weekes et al, 2020), and ethnic minorities were twice as likely to be food insecure compared with White people (8% compared with 4%). Overall, the proportion of Black, Asian and minority ethnic people using a food bank was higher than among the White population, both prior to the pandemic and since, although food bank use dropped slightly in the early part of the pandemic, before increasing to around 5% by January 2021 (Cribb et al, 2021). There is evidence of high levels of food insecurity among the Asian group (Koltai et al, 2020), while people who identify as Black or Black British were more at risk of falling into destitution (Weekes et al, 2020).

Ethnic minorities were more likely to lose income during the pandemic

Several months into the pandemic, around a third (32%) of Black and minority ethnic people said they had lost some income during lockdown, compared with 22% of White British people – with the Bangladeshi and Black African groups more likely to have lost income (43% and 38% respectively), and the Black Caribbean group the least likely (Haque et al, 2020). By July 2020, earnings among Black and minority ethnic workers had dropped by 14.2% (compared with February 2020) because of furlough and job loss – compared with 5.1% among their White counterparts (Bracke et al, 2021). This difference remained largely the same when controlling for other characteristics (e.g. age and education level) and employment features (e.g. sector). The largest earnings loss was among the Asian subgroup (a drop of 20%). By January 2021, 37% of ethnic minorities had experienced an income fall since the start of the crisis (compared with 28% of all GB adults) (StepChange, 2021).

The financial situation of ethnic minorities has worsened

Levels of self-reported financial difficulties were already much higher among ethnic minorities than the White population prior to the pandemic. On top of this, a higher proportion of Black, Asian and minority ethnic people reported that their financial situation had worsened since the pandemic (42% compared with 36% of White people) (Cross and Burrell, 2021). By March 2021, the situation had improved beyond pre-pandemic levels for both groups, although a gap between them remained (Cribb et al, 2021).

Black, Asian and minority ethnic adults were among the groups disproportionately *"displaying characteristics of vulnerability"* since the crisis (FCA, 2021). Many Black and minority ethnic people found it harder than usual to pay for essentials and meet basic needs during the pandemic (12%

compared with 8% of White people), or to pay bills or rent (15% compared with 8%) (Haque et al, 2020). Ethnic minorities were disproportionately likely to have fallen behind on bills, to have borrowed, and to have deferred credit payments (Benzeval et al, 2020; Byrne, 2020; Cross and Burrell, 2021). By September 2020, Black and Asian people were more likely to be in deficit than White people (25% and 27% compared with 17%), and over a third of both groups were likely to run out of money frequently, compared with one in five White people (Turn2Us, 2020). By the end of 2020, half of Black and minority ethnic women in Scotland reported that they were struggling to make ends meet (Close the Gap and Engender, 2021b), and over four in ten Black people said they would be unable to afford an emergency cost of £250 (42% compared with 27% of White people and 26% of Asian people) (Turn2Us, 2020).

Ethnic minorities were more likely to draw on savings to manage financially

Black, Asian and minority ethnic people were much more likely than White people to draw on savings for everyday expenditure in the pandemic (FCA, 2021; Haque et al, 2020), with just over one in ten using their savings to cover loan repayments (compared with one in twenty White people, and with similar differences in the use of savings to cover housing costs) (Cross and Burrell, 2021). Among those with investments (27% of ethnic minority people and 35% of White people), a higher proportion of ethnic minority people moved money into cash citing concerns about market volatility (15% compared with 10% White people). The combined ethnic minority group was also more likely to have cashed-in investments to support their income (23% compared with 14% among White people), and to have invested in a high-risk product (9% compared with 5%) (Cross and Burrell, 2021).

Over-indebtedness and problem debt increased among ethnic minorities

Since the pandemic, the proportion of over-indebted ethnic minority people has increased by four percentage points to 26%, compared with a two percentage point rise to 15% among White people (though the greatest predictor of being over-indebted was age rather than ethnicity) (Cross and Burrell, 2021). And while the proportion of White people in arrears remained at around 5% prior to and throughout the pandemic, the proportion of ethnic minorities in arrears rose markedly from 12% pre-pandemic to 21% in April-May 2020 (Cribb et al, 2021). By Q1 2021 the proportion in arrears had fallen to 15% - although this was still three times the proportion among White people.

As we saw in the previous section, ethnic minorities were more likely than White people to be renting pre- pandemic. Since then, a quarter (26%) of ethnic minority renters asked or considered asking for a rental payment holiday – more than twice the proportion among White renters (12%) (Cross and Burrell, 2021). And four in ten ethnic minority renters were worried about paying the rent through to early 2021, compared with three in ten of all renters (Francis-Devine, 2021a). There were relatively small differences in mortgage holidays when comparing Black, Asian and minority ethnic mortgagors (23%) with White mortgagors (17%) (Cross and Burrell, 2021; FCA, 2021).

Work and the labour market

Overall, the evidence indicates that Bangladeshi and Pakistani people have been particularly exposed to the labour market effects of the pandemic. The Black African and Black Caribbean groups were also more exposed than the White British group, especially younger Black people.

Some ethnic minority groups were more heavily impacted by unemployment and worklessness

The OBR forecast in March 2021 that the unemployment rate would rise to 6.5 per cent by the end of 2021. But unemployment among ethnic minority groups was already approaching this prior to the pandemic (at 5.8% compared with 3.4% among White people in Q4 2019), and for Black and Pakistani people it was already higher (8.7% and 7.7% respectively). By Q4 2020, the unemployment rate for ethnic minorities had risen four percentage points to 9.5% (compared with a rise of 1.1 percentage

points among White people). The unemployment rate for Black people stood at 14% at the end of 2020 (ONS, 2021e).[34] Black, Asian and minority ethnic migrants (defined as BAME and not born in the UK) were more likely to have lost their job than ethnic minority people born in the UK (Hu, 2020).

Men and women from all ethnic groups were much more likely to see an increase in unemployment than White men and women (ONS, 2021e; Close the Gap and Engender, 2021b). For example, while women's unemployment increased to 5% overall, the figure was 4.1% for White women but 10.9% for women from all other ethnic groups. In Q4 2020, the highest female unemployment rates were found among Pakistani, Black African/Black Caribbean and Bangladeshi women (16.5%, 13.5% and 11.8% respectively) (ONS, 2021e). There is also evidence that women of colour were twice as likely as White women to be in insecure work (12.1% compared with 6.4%) (Trades Union Congress, 2021a).

Cribb et al (2021) looked at the extent to which an increase in individual worklessness (since Q4 2019) resulted in an increase in household-level worklessness. While Bangladeshi and Pakistani people saw a similar rise in individual-level worklessness compared with White people (both around 44 percentage points), there was a much larger increase in household-level worklessness among the former two groups (10pp compared with 2pp). Prior to the pandemic, the proportion of Pakistani and Bangladeshi workless households was not high, due to relatively high employment rates among men. This increase in household worklessness therefore reflected the higher proportion of Bangladeshi and Pakistani single-earner households, due to lower labour market participation among women and higher rates of intergenerational households. The authors highlight that this rise in household-level worklessness is particularly concerning given the pre-existing high rates of relative poverty among these groups.

Ethnic minority workers may have been particularly impacted by employer decisions not to furlough

Early into the pandemic, Black and Asian people were more likely to have experienced a negative labour market outcome (by 4 and 6 percentage points respectively) (Social Metrics Commission, 2020), and most of the evidence suggests that the primary negative outcome was a disproportionate move into unemployment compared with other groups (Benzeval et al, 2021; Brewer et al, 2020b; Crossley et al, 2021; Parkes et al, 2020).[35]

So, while Black, Asian and minority ethnic groups were *less likely* than non-BAME groups to be furloughed (30.9% compared with 44.2%), they were around three times as likely to be unemployed (20.9% compared with 7.1%) (Benzeval et al, 2020). Brewer et al (2020a) similarly found that – among workers initially furloughed – over a fifth of ethnic minorities were no longer working by September 2020, compared with just under one in ten of all workers. A decline in working hours among ethnic minorities was also primarily driven by moves into unemployment, whereas for non-BAME groups it was driven by a move onto the CJRS (Crossley et al, 2021).

The House of Commons Women and Equalities Committee (2020) received evidence that some Black, Asian and minority ethnic workers on zero hours contracts had been refused furlough by their

[34] Some estimates – including ethnicity and disability – were particularly affected by a new weighting methodology introduced by ONS in response to the pandemic. To address these issues ONS published revised tables, and the figures in this paragraph and the next are based on revised table A09. Because estimates are not seasonally adjusted, we only compare the same quarters from different years. We compare Q4 data as Q4 2019 was the last 'pre-pandemic' quarter.

[35] Only one study (Witteveen, 2020) suggested that BAME individuals were less likely than White people to face employment-related economic hardship during the early stages of the crisis, where economic hardship was defined as being furloughed (22.8% of workers) or reduced hours (11.0%) or being laid off (1.4%). It is likely that this finding is driven by the higher likelihood of White people being furloughed, however this does not contradict the other evidence in this section.

employers, which highlights a general vulnerability among zero hours and agency workers who were dependent on their employer's decision to furlough or not, with some employers choosing to reduce the worker's hours to zero rather than incur the administrative burden of furloughing them. While this is a general vulnerability, ethnic minority groups were particularly at risk of experiencing this because of their over-representation in insecure work.

Regarding self-employment support, Pakistani and Bangladeshi men were more likely to be in self-employment prior to the pandemic (Platt and Warwick, 2020a and 2020b), and may have been more affected in the early stages of the crisis when there was a wait (until June 2020) to receive funds from the SEISS, particularly one-earner households.

By May 2020, Bangladeshi workers were much more likely to have left employment or to have applied for the SEISS than any other group – linked to high levels of self-employment and below-average earnings – while Black African workers were disproportionately likely to be working fewer hours with lower earnings and Black Caribbean workers were more likely than other groups to be in receipt of CJRS. Indian workers were the most likely to be working the same hours with no drop in pay (Brewer et al, 2020b).[36]

Differences by age

While older and younger workers have been most affected overall, the evidence suggests the impact has not been evenly distributed between older and younger ethnic groups.

The rise in youth unemployment was disproportionately high among Black and Asian young people, affecting 29% of Black 16-24s, 27% of the combined Bangladeshi and Pakistani group and 17% of young Indian people (compared with 11% of young White people) (Francis-Devine, 2021d). By the close of 2020, young Black people aged 18-24 were more likely to be out of work than their White peers and by a bigger margin than pre-pandemic. This meant that a third of young Black people entered 2021 out of work, compared to a fifth prior to the crisis. Young Asian people also saw a disproportionate rise in those out of work over the same period, albeit starting from a lower rate of unemployment (Sehmi and Slaughter, 2021).

The proportion of young people in full-time education increased across all ethnicities, but employment outcomes for young Black graduates were no better than for young Black people generally, with unemployment among this group rising from 22.1% to 33.6%. For Asian graduates, the unemployment rate rose slightly to 15.9%, while unemployment among White graduates rose to 12.8% (from 8.7%).

Among those aged 50+, the Indian and White groups had the lowest unemployment rates in the year to September 2020 (2% and 3% respectively), with the Black and combined Pakistani and Bangladeshi groups most affected (6% and 5% respectively) (Francis-Devine, 2021d). A YouGov survey from January 2021 showed that older Black and minority ethnic people (50-65) were more likely than their White counterparts to have been negatively impacted across three outcomes (no longer working, furloughed, losing more than 10% of pay). Of those employed in February 2020, more than a third (36%) had been negatively impacted by the start of 2021, compared to just over a quarter (26%) of White workers (Cominetti, 2021). Between Q2-Q4 2019 and Q2-Q4 2020, the proportion of unemployed older Black people (50-64) rose from 4.4% to 6.2%, but among older Black women

[36] The sample size was greater than 50 for all ethnicity categories, but the authors note that the findings should be seen as indicative of the breadth of experiences, rather than definitive.

unemployment more than doubled (from 3% to 7.6%). In both cases, this is compared with a rise from 1.6% to 1.9% among their White counterparts (Cominetti, 2021).

Differences by sector

Black groups were heavily over-represented in key worker roles (especially health and social care roles) going into the crisis. This was especially true for Black African men and women, of whom nearly four in ten were key workers (37%) (Haque et al, 2020). This may have reduced their employment-related vulnerability but exacerbated other health and occupational vulnerabilities (Hague et al, 2020; Platt and Warwick, 2020b). At the start of the crisis, for example, Black people were the most likely to have kept their job (75%) and least likely to have been laid off (8%), while the Asian and Mixed/Other groups were twice as likely to be laid off (both over 19%) (Piyapromdee and Spittal, 2020). It is worth noting that key workers (in general and across all ethnicities) are disproportionately concentrated in the bottom earnings quintile (Blundell et al, 2020).

Some industries saw disproportionate falls in the number of Black and minority ethnic workers, notably in the accommodation and food sector (a 23% drop compared with 13% among White workers), the arts and entertainment sector (a 19% drop compared with a 3% drop among White workers – and a 44% drop among Black and minority ethnic women, compared with a 3% *increase* among White women), wholesale and retail (a 16% drop in Black and minority ethnic workers compared with a 1% drop among White workers) and manufacturing and construction (15% and 14% drops respectively, compared with a 7% drop among White workers in both cases).

More positively, there have been increases in the number of Black and minority ethnic workers in a few industries – notably across 'education' and 'professional, scientific, and technical' industries (a 15% and 20% increase respectively, compared with 0% and 4% among White workers) (Trades Union Congress, 2021c). A July 2020 investigation showed that announced redundancies would disproportionately impact Black and ethnic minority workers, including 34,000 in the transport and storage sector (of which ethnic minority workers account for 18% of jobs in the sector), and 16,000 in the accommodation and food sector (of which ethnic minority workers account for 15% of staff) (McIntyre et al, 2020).

Social security

We found relatively little evidence related to social security and ethnicity since the pandemic. In a 2020 report on how the Department for Work and Pensions was managing the process of getting to a first Universal Credit payment, the National Audit Office highlighted that DWP did not collect data on specific claimant vulnerabilities, and only had insufficient ethnicity data, so meaningful analysis cannot be undertaken in areas such as whether particular groups are more likely to be paid late (HoC Women and Equalities Committee, 2020). At present, ethnicity data is collected via an equality survey, but only 50% of claimants complete this. This represents a significant evidence gap. The same Committee raised the issue of 'cultural competence', with evidence that communications around government support were not well targeted or designed for different communities. For some ethnic groups, local community groups, advice services, local GPs and politicians, community workers and community leaders played a vital role as mediators (ibid).

Because Black and minority ethnic people were over-represented in insecure and precarious employment, they were likely to be more exposed to the eligibility gaps in job support schemes and social security provision (HoC Women and Equalities Committee, 2020). Additionally, there was evidence that fewer Black and minority ethnic people were aware they could claim Universal Credit if they had lost their job due to the crisis; and that fewer Black and minority ethnic people had heard of the government job support schemes (ibid; Haque et al, 2020).

Despite this, several months into the crisis, Black and minority ethnic people were twice as likely to have applied – or tried to apply – for Universal Credit since the pandemic (21% compared with 10% of White people) (Haque et al, 2020). Of the 0.7% of the working-age population (or 290,000 people) who unsuccessfully tried to claim unemployment benefits during the pandemic, around one in ten was from a Black, Asian and minority ethnic background (Baumberg Geiger et al, 2020).

The post-Covid cohort of benefit claimants is more likely to be Black, Asian and minority ethnic than pre-pandemic cohorts (8% of new claimants compared with 6% of existing claimants) with new claimants particularly impacted by jobs loss and/or reduced hours (Edmiston et al, 2020). And modelling indicates that almost a quarter of those losing out as a consequence of the benefit uplift withdrawal will be from Black, Asian and minority ethnic families (Joseph Rowntree Foundation, 2021).

Outlook

While the pandemic may have introduced some new inequalities along ethnic lines – such as pandemic-related health outcomes, or inequalities between those who have been able to carry on working versus those who have not – what the evidence predominantly highlights is how the social and economic impacts of the pandemic have interacted with and (in most cases) exacerbated pre-existing inequalities.

Any further rise in unemployment is likely to disproportionately affect ethnic minorities, with those in insecure work, younger people and older people most at risk. Pakistani, Bangladeshi, Black African and Black Caribbean households will be particularly vulnerable to any employment-related income shocks, because they are more likely to live in families where only one person is in paid work. Those in self-employment and/or working in sectors that take longer to recover may also struggle. The cessation of the Universal Credit uplift will disproportionately impact both working and non-working low-income ethnic minority households because they are more likely to be living on lower incomes, to be unemployed and to have moved into unemployment since the pandemic.

Finally, in the box below, we discuss evidence gaps and current efforts to address these.

Case study – Ethnicity evidence gaps

Looking across the evidence in this section, what is most striking is the almost complete absence of ethnic minority voices beyond the 'arm's length' collection of statistical data.[37] This means that statistical evidence is (to date) the primary lens through which we have observed and understood post-pandemic ethnic inequalities.[38] One consequence of this gap is a lack of research considering the role of racism as a driver of differences in pandemic experience and outcome. This is hard to capture in a survey, but could be achieved by triangulating methods and reporting survey findings alongside evidence based on qualitative methodologies and lived-experience testimony from ethnic minority community representatives.

While some of the evidence described in this section considered characteristic-based intersectional inequalities, none looked at ethnicity through an ethno-religious lens, despite the strong intersections between ethnicity and faith. Religious affiliation may partially account for some of the ethnic inequalities described here. For example, previous research strongly suggests that Muslims experience a 'religious penalty' in addition to any 'ethnic penalty' they might incur (Heath and Mustafa in Elahi and Khan, 2017).

There are several significant projects underway to strengthen the evidence base (and improve the quality of data) in relation to both ethnic and religious minorities in the UK that may help address some of the evidence gaps identified here. The first findings will soon be made available from the Centre on Dynamics of Ethnicity (CoDE) Evidence for Equality National Survey (EVENS). This is a major new survey looking at the impact of the pandemic on the lives of 17,000 ethnic and religious minority people, employing an innovative survey design supplemented by a probabilistic sample consisting of Ipsos-MORI panel members. The panel will be used as the comparator against the ethnic minority sample.[39] Additionally, the UKRI has funded four new projects (totalling £4.5m) to examine the social, cultural and economic impacts of the pandemic on ethnic and religious minorities. One of these projects, the Consortium on Practices for Wellbeing and Resilience in Black, Asian and Minority Ethnic Families and Communities (CoPOWer), will investigate the impact of the pandemic and racial discrimination on wellbeing and resilience across these groups, to create a more complete picture of vulnerabilities affecting minority communities.[40]

[37] Most surveys collect information based on sets of harmonised ethnic groupings, meaning we can compare results from different sets of data for the same groupings. However, ethnicity is a multifaceted and changing phenomenon, and this is not well captured or reflected in most surveys based on harmonised ethnic groupings.
[38] There is much that could be learned from community-driven platforms such as BritBanglaCovid, which shares and debates issues and experiences of Bengali people during the pandemic: https://www.britbanglacovid.com/
[39] See https://www.ethnicity.ac.uk/research/projects/evens/ for further information.
[40] https://www.ukri.org/news/researching-factors-affecting-ethnic-minority-groups-during-covid-19/

3.5 Disability

	Before the pandemic…	Since the pandemic…
Household finances and living standards	• Half of all people in poverty were living in a household where at least one person had a disability. • On average, disabled people had lower incomes and earnings, with big disability pay gaps for disabled women and ethnic minority disabled people. • Disabled people faced an average £583 'disability premium' due to disability-related extra costs, even after receiving extra-costs benefits. • Disabled people were more likely to take on unsecured debt, cut back on food or heating, or put off buying other essentials. • They were less likely to own their own home and more likely to live in social housing.	• The impact on employment and income, coupled with changes to social security, pushed more disabled people into poverty, and deepened poverty among those already experiencing it. • More than half of disabled people reported a reduction in earnings by June 2020; by October 2020, the disability pay gap increased by an average of £800 to £3,800 (in the last year). • Expenditure was more likely to have increased, particularly for food, utilities, and care (including extra PPE costs). • Over four in ten disabled people were in arrears with housing payments; the same proportion had needed to take on debt. • Post-pandemic financial precarity was strongly associated with worsening mental health.
Work and the labour market	• The benefits of moving from unemployment to employment were greater for disabled people, in terms of increasing income and reducing poverty. • There were a wide range of disability employment support initiatives and programmes, but employment remained low and unemployment and economic inactivity remained high. • Disabled people were more likely to work part-time, to be in insecure work and low-pay jobs. Working-age disabled men were more likely to be self-employed.	• By Q4 2020, the working-age disabled population had increased by 340,000, meaning around 20% of the working-age population were disabled. • The unemployment rate increased by 1.6% to 8.5%, while the employment rate decreased by 1.9% to 52.2%. • Disabled people were more likely to experience job loss but also redundancy; lost hours; being furloughed. • There was some evidence of discriminatory practices driving these negative labour market outcomes.
Social security	• Around six in ten people receiving income-replacement benefits were living in households where at least one person was disabled. • Disabled families were among the hardest hit groups from benefits changes, losing (on average) £1,200 per year by 2021/22 compared with 2010. • Disabled people were particularly affected by the benefit cap, the bedroom tax, the benefit freeze, the two-child limit, and conditionality. • The inadequacy of disability social security provision was widely criticised, both in the UK and internationally.	• PIP and DLA claims increased by 150,000 in the last year, with 4.1 million claims in total. ESA decreased by 65,000, primarily because UC replaced ESA for new claims. • Those on legacy benefits – mostly disabled people and carers – were excluded from increased pandemic social security support. • Of the 16 million people affected by the withdrawal of extra financial support at the end of September 2021, half live in families where one person is disabled. • The suspension of face-to-face assessments caused long delays, backlogs and sometimes exclusion from full entitlements for indefinite periods. • Remote assessments provided some benefits but introduced new barriers too.

Disability and the Equality Act

Under the Equality Act (2010) – which replaced the 1996 Disability Discrimination Act – a person is disabled if they have a physical or mental impairment that has a **'substantial'** and **'long-term'** negative effect on their ability to do normal daily activities.

A disability can arise from a wide-range of impairments which can be: sensory (e.g. those affecting sight or hearing); fluctuating or recurring (e.g. arthritis, depression or epilepsy); progressive (e.g. motor neurone disease or forms of dementia); auto-immune (e.g. systemic lupus erythematosus); organ specific (e.g. respiratory conditions or cardiovascular diseases); developmental (e.g. autism spectrum disorders); learning disabilities; mental health conditions (e.g. anxiety or bipolar affective disorders); mental illnesses (e.g. depression or schizophrenia); or produced by injury. Whether or not a person with an impairment is disabled for the purposes of the Equality Act is generally determined by the effect the impairment has on their ability to carry out normal everyday activities.

The Public Sector Equality Duty forms part of the Equality Act and related regulations. It requires all public authorities to eliminate discrimination and advance equality of opportunity between people who share a protected characteristic and those who don't. In relation to disabled people, public authorities should have due regard to the need to: remove or minimise disadvantages suffered by disabled people connected to their disability; take steps to meet the needs of disabled people that differ from the needs of non-disabled people; encourage disabled people to participate in public life or in any other activity in which their participation is disproportionately low (Equality Act, 2010, sections 149(1) and 149(3)).

There are an estimated 14.1 million disabled people in the UK. Most of the evidence in this section relates to physical impairments and mental health conditions that are considered a disability under the Equality Act. However, some evidence considers the impact of mental health problems and conditions more broadly – which may or may not be classified as disabilities.

Where were we before the pandemic?

Prior to the pandemic, disabled people were much more likely to be in poverty and living on inadequate incomes, and to face higher living costs because of their condition. They were also one of the groups most deeply affected by the government policy of austerity.

Household finances and living standards

Levels of poverty and material deprivation were higher among people with disabilities

Prior to the pandemic, disabled people were much more likely to be living in poverty or material deprivation than non-disabled people (Francis-Devine, 2021c; Equality and Human Rights Commission, 2019), with around half of all people in poverty living in a household where at least one person had a disability (Joseph Rowntree Foundation, 2021; Social Metrics Commission, 2018).[41]

UK poverty rates were also higher for children living in families where at least one person was disabled than among the overall population (Francis-Devine, 2021c), and disabled people were nearly three times as likely to live in severe material deprivation (36.8%) compared with non-disabled people

[41] In many standard measures of net income, extra costs disability benefits – such as Disability Living Allowance and Personal Independence Payments – are included but not offset to account for the additional costs that disabled people incur (which these benefits are intended to cover). This makes it appear that fewer disabled people are living in poverty, when in real terms this is not the case (Davies and Collings, 2020). The figures cited (Francis-Devine, 2021c and Joseph Rowntree Foundation, 2021) were based on measures of income that exclude extra costs disability benefits. Other measures of poverty, including the Social Metric Commission's core measure of poverty, go beyond income to consider all material resources and additional costs – such as those related to disability (Joseph Rowntree Foundation, 2021).

(Equality and Human Rights Commission, 2019); and were more likely to need help from food banks (Marshall et al, 2021; Equality and Human Rights Commission, 2019).

People with disabilities had lower incomes and earnings

Before the pandemic, disabled people had lower incomes and earnings than the general population (TUC, 2020e). Median pay was £10.63 per hour for disabled employees, compared with £12.11 among employees without a disability, representing a pay gap of 12.2%. This gap was wider between disabled men than disabled women (11.6% compared with 10.1%) and varied by region – with disabled Londoners experiencing the widest pay gap and those in Scotland the narrowest (ONS, 2018). There were particularly pronounced pay gaps for disabled Bangladeshi, Pakistani and Black African men compared with non-disabled White British men (Longhi, 2017).

People with common mental health disorders (such as anxiety and depression) similarly entered the pandemic with lower incomes; on average, incomes were just over two-thirds (68%) that of people without mental health problems – equivalent to a gap of £8,400 (Bond and D'Arcy, 2020b). This lower average income led to an increased likelihood of financial precarity among people with mental health problems which could, in turn, exacerbate people's conditions (Bond and D'Arcy, 2020a).

People with disabilities face a substantial premium because of unavoidable extra costs

In addition to lower incomes and earnings, disabled people face a substantial disability premium, incurring additional costs that are unavoidable and unique to their situation (Social Metrics Commission, 2018; John et al, 2019).[42] When disabled people are able to meet these additional costs, they can expect to enjoy the same or equivalent living standards as their non-disabled peers. Many families with a disabled person (or someone with a long-term health condition) receive disability benefits to help with these additional costs. We discuss these extra-costs benefits below.

On average, disabled people incurred additional costs of £583 per month – with a fifth of disabled people facing additional costs upwards of £1,000 per month, even after receiving extra-costs disability benefits (John et al, 2019).[43] The costs for families with a disabled child were similar. Disabled people who were unable to meet these additional essential costs were faced with the choice of either going without or taking on unsecured debt, such as payday loans – which they were more likely to do than non-disabled people (Centre for Social Justice, 2021). Disabled workers were more likely to have cut back on food or heating, or put off buying other essentials, than non-disabled workers (TUC, 2021b)

Lack of accessible housing had significant negative impacts on people with disabilities

In the year to June 2020, disabled people were less likely to own their own home than non-disabled people and were more likely to live in rented social housing (ONS, 2021i). There was a chronic shortage of accessible housing across all tenures, resulting in significant negative impacts on wellbeing for disabled people (Equality and Human Rights Commission, 2019). Working-age disabled people who had unmet needs for accessible housing were *four times* as likely to be unemployed or out of work due their disability/sickness than disabled people who either did not have accessible housing needs or whose needs were met (Centre for Social Justice, 2021).

[42] Additional costs might include expenditure on equipment or modifications necessary for independence or work, sensory or adapted toys for children, or costs related to food, travel or utilities.

[43] This research was based on analysis of Family Resources Survey data, which includes people with a long-standing illness, disability or impairment which causes significant difficulty with day-to-day activities. In other words, everyone classified as disabled under the FRS definition would also be classified as disabled under the Equality Act definition.

Work and the labour market

Employment and unemployment

Pre-pandemic, disabled people in the UK were less likely to be in employment than their non-disabled peers. In 2019, the unemployment rate for disabled people was 6.7% (compared with 3.7% for non-disabled people), with over half of working-age disabled people (53.2% or around 4.2 million) in employment compared with over eight in ten non-disabled people (81.8%) (ONS, 2019a). While the employment rate for disabled people has steadily increased in recent years, most of the increase is accounted for by factors not linked to direct improvements in disabled people's experiences and outcomes (Atay et al, 2021).[44]

Disabled men were more likely to be self-employed than their non-disabled counterparts, but there was no significant difference between disabled and non-disabled women. By 2019, over a third of working disabled people were working part time, compared with just under a quarter of non-disabled people (ONS, 2019a); and were over-represented in insecure work and low-pay occupations (Equality and Human Rights Commission, 2019; TUC, 2020c). Disabled people with multiple health conditions had lower employment rates than disabled people with one condition (26% of disabled people with five or more conditions compared with 62% for people with one condition in 2018-19) (Powell, 2021).

By age 26, disabled people were already four times more likely than their non-disabled peers to not be in employment, education or training (Centre for Social Justice, 2021). Disabled people were less likely to be employed in the 'highest-skilled' occupation, while disabled graduates were less likely to be in graduate roles than their non-disabled peers (Atay et al, 2021). People with mental health problems (more broadly) were less likely to be in employment; and more likely to work part-time and in lower-paid jobs (Bond and D'Arcy, 2020b).

The benefits of moving from unemployment into employment were greater for disabled workers than their non-disabled peers. On average, a move into employment increased a disabled household's income by 49 percentage points and decrease average poverty rates by 20 percentage points (compared with 13% and 17% respectively among non-disabled workers) (Schur, 2002 in Centre for Social Justice, 2021). There were also significant employer benefits of employing disabled people, through increased productivity, morale and expertise (including skills, knowledge and insights that are unique to disabled people) (Centre for Social Justice, 2021).

Employment support

In 2017 the Government published its 10-year strategy to get a million more disabled people into work by 2027 and introduced the Personal Support Package, providing £330 million of funding and tailored support for ESA claimants placed in the Work-Related Activity Group and UC claimants in the Limited Capacity to Work group. Additional employment support initiatives and programmes for disabled people included practical and financial support to find and stay in work delivered by DWP through Jobcentre Plus across Britain (Access to Work) and guidance to companies on how to recruit, retain and develop disabled employees, with over 20,000 employers signed up to the scheme by 2021 (Powell, 2021). The National Audit Office (2019) noted that – despite having had programmes to support disabled people for more than half a century – DWP was not very far ahead in knowing what worked in supporting disabled people into work.

[44] The main factors that account for the increase in employed people include: an increase in the number of working-age people reporting that they have a disability; the UK employment rate increasing in the years since the 2008/09 recession (with disabled people showing a similar trend to the overall population); and – to a lesser extent – a steady increase in the working-age population since the late nineties.

Social security

Pre-pandemic, the benefits system and the level of support it provided to disabled people was wholly inadequate. Despite this, in real terms, the cost of disability benefits increased by 48% (£16 billion) between 2000/01 and 2018/19, with forecasts of a further £4 billion rise by 2024/25 (Oakley, 2021).[45]

The number of people on income-replacement benefits (including ESA[46] and Universal Credit) related to a disability has remained largely the same over the last decade, at around 2.5 million people (Oakley, 2021), although the numbers on ESA are gradually falling as the numbers going onto UC steadily increase. Pre-pandemic, six in ten (57%) people who received income-replacement benefits lived in families where at least one person was disabled (Joseph Rowntree Foundation, 2021).

People who incur additional costs due to a disability can also apply for a means-tested disability benefit designed to cover these costs.[47] The numbers claiming extra costs disability benefits have increased by 57% since the early 2000s, to 3.9 million in 2020. This figure rises to over 5 million when Attendance Allowance is included (Oakley, 2021).

Social security changes fell hard on people with disabilities

Families with a disabled adult were among the hardest hit groups from changes to the benefits system (Dwyer et al, 2018; Equality and Human Rights Commission, 2017). By 2021/22, disabled people could expect to lose around £1,200 in benefits, on average, per year compared with 2010 levels; a household with at least one disabled adult and one disabled child would lose over £4,300 per year, on average (Disability Benefits Consortium, 2019).

The transfer to PIP from DLA meant that some disabled people lost their benefit completely, while others received less – although the move did push average awards up by 4.1%, as people receive more (on average) under PIP (OBR, 2019). Almost three-quarters (73%) of tribunal appeals against unfavourable PIP assessments found in favour of the claimant.[48] However, the wait for a tribunal decision could be a long one, leaving people unfairly and unnecessarily financially disadvantaged (Marshall et al, 2021).[49] There were also systemic problems, notably the assessment processes (which were mainly carried out by private providers; Disability Benefits Consortium, 2019), alongside limited progress in increasing employment and reducing poverty among disabled people (Oakley, 2021).

The inadequacy of social security provision for disabled people attracted widespread criticism, both in the UK and internationally (Council of Europe, 2021; Alston, 2019; Equality and Human Rights Commission, 2018). The UN Special Rapporteur on extreme poverty and human rights highlighted *"evidence of grave and systematic violation of the rights of persons with disabilities"* (Alston, 2019).

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[45] The OBR attributes the rise in disability benefits costs to several causes, including the roll out of the PIP system (which was intended to reduce costs), the cost of a growing number of appeals and legal challenges, and the rising prevalence of DLA receipt among children and PIP receipt among working-age adults. See: Guardian, Changes to disability benefits cost £4bn in extra welfare payments, 15 January 2019

[46] Employment and Support Allowance (ESA) is a benefit for disabled or ill people who cannot or are less able to work. Claimants are required to have a Work Capability Assessment and regular interviews with an adviser.

[47] The Personal Independence Payment (PIP) is gradually replacing the Disability Living Allowance.

[48] In April 2021, the Zacchaeus 2000 Trust (Z2K) surveyed 1,420 people who had been through the disability benefits assessment process. Of these, 49% who had challenged a DWP decision saw the decision overturned at DWP's internal MR stage. Of the remaining respondents, 87% who appealed to the independent First Tier Tribunal saw DWP's decision overturned. See Z2K (2021) for further information.

[49] In two years, the Government spent £120 million fighting disability benefit claims: Independent, Government spends £120m in taxpayer money fighting disability benefit claims in two years, figures show, 31 August 2020.

What has happened since the pandemic?

Household finances and living standards

The evidence suggests that the impact of the pandemic on employment and income, and particularly the changes to social security, will have pushed more disabled people into poverty, and deepened poverty levels among those already experiencing it.

Poverty

Early in 2020, two-thirds (66%) of households (and 62% of working-age people) referred to a food bank included at least one disabled person. The majority (80%) were not in receipt of disability benefits (PIP or DLA), and this group had the highest levels of material deprivation. Households with a disabled person were in greater levels of debt than non-disabled households. Worryingly, two-in-five disabled people referred to a food bank were indebted to the Department for Work and Pensions (Bramley et al, 2021).

Disability pay gaps have increased

Overall, disabled people experienced worse financial circumstances than those without a disability (Emerson et al, 2021). By October 2020, the disability pay gap had increased compared with a year earlier, meaning that disabled workers working a 35-hour week were earning £3,800 less per year, on average, than their non-disabled counterparts – an increase of £800 (TUC, 2020b). Disabled women faced the largest pay gap (when compared with non-disabled men), although the gap was wider between disabled and non-disabled men (at £2.08 per hour) than it was between disabled and non-disabled women (£1.53). Disabled people in Scotland faced a wider gap than the UK overall (TUC, 2020c). More than half (56%) of disabled people employed at the start of 2020 reported a reduction in earnings by the end of June, and a higher proportion of disabled people reported a complete loss of earnings compared with non-disabled people (Joseph Rowntree Foundation, 2021). They were also more likely to say that their disposable income had decreased since the pandemic, and to have cut back on spending (TUC, 2021b).

Looking at people with mental health problems more generally, almost four in ten reported a drop in income because of the pandemic – only slightly higher that the proportion among people without mental health problems – while 15% of people with mental health problems had experienced a substantial income fall. Many were needing to cut back on essentials such as food and heating. However, the proportion of people with mental health problems who had experienced a negative labour market outcome (either being furloughed, receiving reduced pay or losing their job) was broadly similar to those without mental health problems (Bond and D'Arcy, 2020a).

People with disabilities faced further extra costs because of the pandemic

Disabled people were more likely to have seen their outgoings increase because of the pandemic (37% compared with 23% of non-disabled people) (Maddison and Schwendel, 2020). This is particularly concerning, considering the extra costs disabled people were already incurring (even after receipt of disability benefits). During lockdowns some disabled people were reliant on more expensive food deliveries or convenience food; this may particularly have been the case for those who were shielding. By February 2021, disabled people were still more likely than non-disabled people to report difficulties accessing groceries, medication and essentials (27% compared with 12% of non-disabled people) (ONS, 2021c).

Qualitative responses to a survey of benefit system experiences highlighted that some disabled people were spending much more on cleaning products and PPE for their carers (House of Commons Work and Pensions Committee, 2020). There was also evidence of disabled people who were having

to pay extra for privately sourced care to plug gaps in provision that arose due to the pandemic, which would increase costs, erode savings and – in some cases – lead to debts (Maddison and Schwendel, 2020).

Over half of disabled people cited increased spending on food (54%) and utilities (53%), and more than one in ten faced increased travel costs (12%) (Disability Benefits Consortium, 2021b). Rising utility costs are concerning given the already higher energy costs many disabled households face (Wealthy, 2018), and particularly so in the context of the energy crisis, which saw many disabled households facing substantially higher energy costs in winter 2021.[50,51] For some, increased costs meant going without essentials, including food, heating and medication (Disability Benefits Consortium, 2021b). Even at the start of the crisis, almost four in ten disabled mothers were already struggling to feed their children, and a third said that their household had already run out of money (Women's Budget Group, 2020a).

Financial difficulties

By September 2020, disabled people were more likely to be in deficit (23% compared with 17% of non-disabled people), and significantly more likely to run out of money all or more of the time (33% compared with 18%). They were also less able, on average, to cope if they lost their main source of income and more likely to need to take on debt (Turn2Us, 2020). Other sources paint a similar picture (Disability Benefits Consortium, 2021a, 2021b). Disabled people were more likely to face difficulties paying bills and falling into arrears, including on priority bills like Council Tax (Francis-Devine, 2021a) and rent or mortgage payments (Disability Benefits Consortium, 2021a); and having less money available to spend on food (Maddison and Schwendel, 2020).

Disabled parents – and disabled mothers in particular – were much more likely to report that they were struggling to make ends meet compared with non-disabled parents (Women's Budget Group et al, 2021a). Disabled women were also more likely to expect to emerge from the pandemic in more debt (Close the Gap and Engender, 2021a).

Multi-strugglers – that is, people who needed many different types of non-work-based financial support, such as benefits, borrowing or savings, both before and since the pandemic – showed higher levels of mental distress during the pandemic. Around 14% had a new mental health diagnosis by January 2021 (Natcen, 2021). Post-pandemic financial precarity was strongly associated with worsening mental health, with one study finding more pronounced affects among working parents, compared with their counterparts without children (Cheng et al, 2021).

Carers continued to struggle financially during the pandemic, with 28% struggling to make ends meet, rising to more than a third (36%) among those in receipt of Carer's Allowance (Carers UK, 2020).

[50] In 2018, 4.1 million households with at least one disabled person were spending more than £1,500 per year on energy, and around a fifth of these (790,000) were spending £2,500 per year – compared with the UK average of £1,200 per year (Wealthy, 2018).

[51] Guardian, UK energy market crisis: what caused it and how does it affect my bills?, 19 September 2021.

Work and the labour market

People with a disability were more likely to experience negative labour market outcomes

> *"…during upturns disabled people are the last to gain employment, and during downturns they are first to be made unemployed." (TUC, 2020e)*

Of those who were employed before the pandemic, disabled people were more likely to have experienced a negative labour market outcome than non-disabled people (Social Metrics Commission, 2021); and were among the groups most at risk of job loss because of social restrictions (Joseph Rowntree Foundation, 2021).

There were 8.4 million working-age disabled people (aged 16-64) in Q4 2020, an increase of 340,000 compared with the same period in 2019, meaning that around a fifth of the working-age population was disabled. The unemployment rate among disabled people stood at 8.5% in Q4 2020 (an increase almost two percentage points compared with the same period in 2019), while the unemployment rate among non-disabled people was 4.8% in Q4 2020 (ONS, 2021d).

The employment rate among disabled people was 52.2% in Q4 2020, a decrease of around two percentage points compared with Q4 2019 - even though overall numbers in employment had increased, with an employment rate among non-disabled people of 80.8% (ONS, 2021d).[52] The proportion of economically inactive disabled people increased to 43%.

The employment gap between disabled and non-disabled people was 28.6% in Q4 2020, slightly wider than the same period in Q4 2019 (at 28.1%). Before the pandemic, the employment gap was larger for men than women and this remained the case. By Q4 2020 the employment gap for disabled men had increased to 32.8% (up from 31.1% in the same period in 2019), while the gap for disabled women had decreased slightly from 24.6% to 24.4% (ONS, 2021d). There was a five percentage point employment gap between disabled Black and minority ethnic people and disabled White people (with the employment rate among the former group at 49.2% and 54.3% among the latter) (TUC, 2020c).

Job loss was high on the list of negative labour market outcomes for disabled people. ONS data shows that post-pandemic redundancy rates were 62% higher among disabled people than among non-disabled people (TUC, 2021b). Citizens Advice estimated that over a quarter (27%) of disabled people were facing redundancy – with disabled people or those with a long-term health condition comprising half of those facing redundancy (51%). Of those whose disabilities substantially impacted their activities, 37% faced redundancy, rising to 39% among those with caring responsibilities and 48% among those extremely clinically vulnerable to Covid (Citizens Advice, 2020a). By the end of 2020, a fifth of disabled parents reported losing their job – making them three times more likely to be in this position than non-disabled parents (Women's Budget Group et al, 2021a).

The reasons for this inequality may be partly explained by an increased likelihood of working in affected sectors – for example, disabled workers were more likely to work in retail than non-disabled workers. But Citizens Advice (2020a) also highlighted the historically high risk of unfair and discriminatory practices driving work-related inequalities (despite the legal obligations on employers under the Equality Act). In the context of the pandemic, these discriminatory practices might include

[52] The above estimates are based on the GSS Harmonised Standard Definition of Disability in the UK, which is designed to reflect definitions that appear in legal terms, including in the Equality Act 2010.

refusing to make reasonable adjustments to allow for Covid-safe work, or not offering suitable replacement roles.[53]

Finally, the pandemic also resulted in many new carers. For some carers, a shift toward increased home working was beneficial, however one in ten reported reducing their working hours to manage caring responsibilities, and a similar proportion had given up work altogether due to caring responsibilities (Carers UK, 2020).

Lost working hours and furlough

During the first three months of the pandemic disabled people were more likely to be working reduced hours, in particular with reduced hours greater than 50% (Emerson et al, 2021). Disabled parents were also more likely to report having lost working hours, and to have been furloughed: half of disabled mothers said they had been furloughed (compared with a third of non-disabled mothers), while 57% of fathers reporting the same (compared with 39% of non-disabled fathers). Disabled parents in general were more likely to face furlough or lost hours because they were shielding or because they had adult caring responsibilities (Women's Budget Group et al, 2020).

Many people felt they were unfairly selected for furlough because of a protected characteristic or health condition (Close the Gap and Engender, 2021b). Almost a third of disabled workers had experienced at least one type of unfair treatment since the pandemic (TUC, 2021b) and – among those who had asked their employer for reasonable adjustments since the pandemic – 16% said their employer did not implement them, and a further 30% said their employer had implemented some but not all of them.

Social security

Four million people were claiming either PIP or DLA in February 2021 – an increase of 150,000 in the last year – comprising 2.7 million claiming PIP and 1.4 million claiming DLA. There were 1.8 million people on ESA, a decrease of 65,000 in the last year, which is primarily because UC has replaced ESA for new income-related incapacity claims (DWP, 2021a). The OBR predicts that the proportion of children receiving DLA will rise to 5% (from 3.7% in 2017/18) by 2023/24, while the proportion of working-age adults receiving DLA or PIP will rise to 8.% (from 6.7%) (Oakley, 2021).

While many people have benefitted from the temporary benefit increases introduced in response to the pandemic, those still on legacy benefits – the majority of whom are disabled people and carers – were excluded from additional pandemic support, despite being particularly exposed to the social and economic effects of the crisis (Joseph Rowntree Foundation, 2021). One Government response to this was to say that disabled people had the option of switching to Universal Credit (Disability Benefits Consortium, 2021c). While people on legacy benefits could opt to move over to Universal Credit, this represents a gamble for claimants in terms of the difference it might make to their benefit income. So while some would benefit financially from a move onto UC, others would see a substantial drop in income that would outweigh the gains from the temporary increase in support. And even among those who would initially benefit financially, some would lose out over the long run following the removal of the uplift. Furthermore, those who *opt* to move over to Universal Credit – rather than via "managed migration" by DWP – are ineligible for "transitional protection" payments if their UC ends

[53] There are also instances where the Equality Act might extend to people who are extremely clinically vulnerable to Covid, because they meet the Act's definition of disability. However, an employer may not realise that the law applies to people in this group, and similarly individuals may not identify themselves in this way or be aware that they are offered protection under the Act.

up being less (Maddison and Schwendel, 2020).[54] Given this uncertainty, it is unsurprising that many claimants have opted to stick with the benefit they know rather than risk a further drop in income and all the uncertainty that comes with a new benefit (such as differences in conditionality or long waits for an initial payment). The arbitrary decision not to extend additional pandemic support to those on legacy benefits represents an inherent systemic inequality – one that has disproportionately impacted (and discriminated against) disabled households.[55]

> *"This is a matter of equality for disabled individuals. Our costs have increased too. There is a duty to look after the most vulnerable members of society and treat them equally."*
> (Respondent, Disability Benefits Consortium, 2021a)

The £20 Universal Credit uplift provided a vital lifeline to many families during the pandemic, particularly those on lower incomes, including many disabled people. However, modelling conducted in 2020 suggested that roughly 16 million people live in families that would experience an overnight loss following the withdrawal of the uplift, and almost half would be living in families where at least one person is disabled (Porter, 2020). Fabian Society analysis shows that almost all (95%) of those who will be pulled into poverty once the temporary benefit policies are removed will be living in working or disabled households, with 86% of the cuts (or £5.5bn per year) falling on these groups – of which 37% will fall on households where at least one adult is disabled (equivalent to £2.4bn of the cuts) (Harrop, 2021).[56]

One in five disabled women said they had lost government support since the pandemic (Women's Budget Group, 2020a), while a mid-2020 survey estimated that 0.70% of the working-age population had unsuccessfully tried to claim unemployment benefits during the pandemic, with over a third of these (37.5%) reporting a disability. Unsuccessful claimants were also more likely, on average, to report poor mental health (Baumberg Geiger, 2020).

During the first lockdown, benefit review and assessments were suspended but resumed in July 2020. The suspension of face-to-face assessments for disability benefits caused problems and uncertainty for some people (House of Commons Work & Pensions Committee, 2020), including long delays, backlogs and excluding people from their full entitlement for indefinite periods (Bramley et al, 2021; Fennell, 2021). The introduction of remote assessments provided some benefits (such as removing the need to travel to assessment centres), while introducing new barriers (such as making it harder to convey the impact of an impairment, or to communicate using remote technology) (Fennell, 2021).

Outlook

Prior to the pandemic, disabled people were among the most disadvantaged and discriminated against groups in society. They were also one of the groups most deeply affected by the social, economic and health impacts of the crisis.

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[54] The Severe Disability Premium (SDP) is not a benefit but rather an additional payment intended to give further support to severely disabled people. It is payable with certain means-tested benefits. SDP transitional payments are available to people who move from legacy benefits to UC via managed migration, as there is no equivalent entitlement to a severe disability additional payment in UC. See Kennedy (2019) for further information.

[55] At the time of writing, this inequality is being legally challenged, with the High Court considering whether the UK Government acted unlawfully in excluding those on legacy benefits from the uplift in support. The case concluded on 19 November 2021, but the judgement has not yet been passed down.

[56] This analysis uses the Landman Economics Tax-Transfer Model, which draws on 2018/19 Family Resources Survey data to project the impact of the cuts once Universal Credit is fully rolled out. It assumes employment levels have returned to pre-pandemic levels.

Disabled people were much more likely to be in poverty and living on inadequate incomes before the crisis, and to face higher living costs because of their condition. Falling incomes and increased costs over the last year and a half mean that many are in an even worse financial position than they were before. Where evidence of intersectional disadvantage exists, it suggests that experiences and outcomes are far worse for disabled women, for disabled parents (particularly lone parents), and for disabled people from ethnic minority backgrounds.

There is a high risk that the pandemic will reverse the trend of a reducing employment gap between disabled and non-disabled people. Disabled people have been more likely to experience negative labour market outcomes during the crisis, meaning they are likely to be disproportionately affected by any future rise in unemployment. This is particularly concerning because disabled people were more than twice as likely to be long-term unemployed at the close of 2020, compared with non-disabled people (Atay et al, 2021). We also know that it is harder for disabled people to transition back into work following a period of unemployment (Cominetti, 2021).

The public overwhelmingly support the idea that the benefits system should be generous enough to keep disabled people out of poverty (92%) (Oakley, 2021), and yet poverty levels among disabled people continue to be exacerbated by insufficient income-replacement and extra-costs benefits, year-on-year benefit freezes, and a system that leaves many out of pocket for extended periods. Since the pandemic, disabled people have been disproportionately (and knowingly) excluded from the increased pandemic social security support afforded to others. And many of those who *were* included will have been adversely affected now the uplift has been withdrawn. This has led some to argue that the Government's policymaking with respect to disabled people represents a dereliction of its Public Sector Equality Duty under the Equality Act (Tidball et al, 2020).

The UK Government's most recent National Disability Strategy was published in July 2021 (HM Government, 2021), but this has been widely criticised by campaigners and disability rights groups, with measures unlikely to significantly address the existing inequalities that disabled people in the UK face.[57] The recent Health and Disability Green paper (DWP, 2021b), too, has raised concerns among some groups – including its repeated references to making the system more affordable and the suggestion of a new single benefit for disabled people.[58]

[57] See, for example: https://www.disabilityrightsuk.org/news/2021/july/government%E2%80%99s-national-disability-strategy-%E2%80%98disappointingly-thin%E2%80%99

[58] See: https://www.disabilityrightsuk.org/news/2021/september/health-and-disability-green-paper-%E2%80%93-cause-concern

4 Looking beyond protected characteristics

In this section, we look beyond protected characteristics at the other broad groups who have been significantly impacted by the pandemic: people living on low incomes; families with children and single parents; self-employed people and insecure workers; and renters.

4.1 People living on low incomes

Despite high employment and the National Living Wage improving earnings-related income for the lowest paid, poverty among working families was rising prior to the pandemic (Bannister, 2021), with ongoing cuts and freezes in social security provision playing a role in driving this trend. Evidence suggests that most of the post-pandemic deprivation changes have been borne by those who were already living on low incomes (Cribb et al, 2021).

Work and the labour market

Government measures such as the CJRS and SEISS broadly supported incomes and employment, including large numbers in low-paying industries (Cominetti, 2021c; Low Pay Commission, 2020). The impact of the pandemic on the labour market was much more likely to be felt by workers in low-income households (Handscomb et al, 2021), and particularly by women who are twice as likely as men to be in the bottom 10% of earners (Women's Budget Group, 2021b). Low-paid workers were more likely to work in sectors affected by lockdowns, including hospitality and retail, exposing them to a higher risk of negative labour market outcomes. People on low incomes were also more likely to be key workers and to have continued to work outside of the home during the pandemic (Low Pay Commission, 2020). This means that lower-paid workers were either exposed to greater economic risks or greater health risks, or both.

Income and earnings

Low-income households have been more likely to see their incomes fall because of job loss or being put on furlough, with almost half (47%) of workers in the bottom fifth of incomes experiencing a negative employment change between the start of the pandemic and June 2021, compared with just one fifth (20%) in the top fifth (Handscomb et al, 2021). Even at the start of the crisis, people on low incomes were experiencing worse falls in income. The median fall in household earnings in the bottom income quintile by May 2020 was 13%, compared with 2% in the top quintile (Crossley et al, 2021). Among low-paid key workers (earning less than £10,000 per year), 29% had their pay cut, compared with 11% of key workers earning £45,000-£60,000 per year (Jooshandeh and Lockey, 2020). At a neighbourhood level, communities where the average net household income was below £28,300 a year were twice as likely to experience an income drop than those better off (Magrini and Sells, 2021). The impact on incomes has also been more persistent among low-income households than for other households (Bank of England, 2021).

More positively, the fall in furloughing as the economy gradually reopened was rapid in some of the lower-paying sectors (Cominetti, 2021c).

Household finances and living standards

Low-income families mitigated income loss by: cutting back on essentials such as food for adults, transport and utilities; drawing on savings; borrowing from lenders; accepting financial help from family or friends; applying for Universal Credit; or using a food bank (Bevan Foundation, 2020; Benzeval et al, 2020b; Crossley et al, 2020). They were also more likely to struggle financially when faced with an income loss, and less likely to be able to manage their expenditure down, because a higher proportion of their income is spent on essentials. Indeed, a third of low-income families were spending more in 2020, compared with just 13% of higher income families (Brewer and Patrick, 2021).

Reasons for increased expenditure included the costs of having children at home; higher energy costs; the closure of support services; and changes to supermarket pricing strategies (Gustafsson, 2021; Bell and Brewer, 2021; Bevan Foundation, 2020). At a community level, for every £1 decrease in spending in less affluent areas, there was a £12 decrease in spending in more affluent areas (Magrini and Sells, 2021).

Food, energy and clothing prices were lower in March 2021 than the previous year, which should have benefitted lower-income households as they spend a greater proportion on these essential goods (Norman and Corfe, 2021). However, the energy market crisis was forecast to hit low-income families hard during winter 2021 – pushing an extra half a million people into fuel poverty[59] – and any increase in unemployment is likely to disproportionately affect low-paid workers.

Savings and debt

People on the lowest incomes reported a fall in savings and an increase in debts compared with those on higher incomes: a quarter of lower-income families (25%) saw their debt increase, for example, compared to 12% on the highest incomes (Bell and Brewer, 2021). For the majority of those on the lowest incomes this increased debt was due to increased spending pressures (Handscomb et al, 2021). In addition to accruing more debt and being more likely to run down savings, low-income households were less able to save (Francis-Devine, 2021a). Unsurprisingly, people on low incomes were among the groups most likely to be in financial difficulties (Benzeval et al, 2020a).

Social security

Lower-income households derive a higher proportion of household income from benefits, with evidence suggesting the uplift in social security support prevented larger increases in income inequality (Blundell et al, 2021). Indeed, those not in work and receiving Universal Credit – who are likely to be living on the lowest incomes – received a boost in incomes following the uplift (though this was likely offset by pandemic-related increases in costs and expenditure). Analysis confirmed that incomes at the bottom of the distribution had grown more than elsewhere (Handscomb et al, 2021). While the increase in Universal Credit was a temporary measure, it was an implicit recognition that the existing benefit levels were inadequate, for working and non-working households alike. Even with the additional support, 31% of families on Universal Credit said they were in more debt since the crisis, compared with 13% among all families (Brewer and Handscomb, 2021). Most of the households impacted by the removal of the uplift are in work and living on a low income.

4.2 Families with children and single parents

Families with children generally – and single parents in particular – were badly affected by the pandemic across all dimensions of financial wellbeing.

Income and earnings

More than four in ten (45%) of families with children lost income, compared with a third of all households (Byrne, 2020). By January 2021, three in ten families were living on a lower income than before the pandemic due to a loss of earnings (Collard et al, 2021b). Around a third of single parents saw a fall in earnings of over 20%, compared with just under a quarter of all individuals (Benzeval et al, 2020a and 2020b). They were also more likely to have been furloughed than couple parents (Clery

[59] See, for example: Guardian, UK energy market crisis: what caused it and how does it affect my bills? 19 September 2021.

et al, 2021) but less likely to be able to absorb the associated income shock than families with two earners.

Household finances and living standards

Families on a low income spent more during the pandemic. Having children at home meant higher spending on food and utilities while, at the same time, costs have risen (particularly food), and new costs have been introduced because of managing social restrictions (Brewer and Patrick, 2021). Six in ten parents cut back on spending to make sure their children didn't go without (Byrne, 2020). Similarly, two-thirds of single parents needed to cut back on food for themselves to meet debt repayments (Richardson and Butler, 2021). They were also much more likely to draw on financial help from family or friends (Benzeval, 2020b). 19% of single parents in problem debt had recently used a food bank (Richardson and Butler, 2021).

The impact on incomes and expenditure finances meant that families with children were more likely to be in serious financial difficulties, and to have lower financial resilience in terms of savings or disposable income (Benzeval et al, 2020a; Collard et al, 2020b). They were more than twice as likely to be behind with bills and rent or mortgage payments, and to be using credit to make ends meet. Some families were harder hit than others, though, including single parents; families on lower incomes; families in rented homes; and families with a parent whose daily activities were limited a lot by ill health or disability. Half of single parents (49%) and 44% of couple parents had taken on more debt during the pandemic (Collard et al, 2020b).

Social security

In 2017, Child Poverty Action Group found that families with children lost more than any other group under Universal Credit (compared with the legacy benefits system), with single parent families losing the most (CPAG, 2017). Since the pandemic, many low-income families with children benefited from the £20 uplift, and there was some evidence that the uplift was particularly impactful and valued by single parents (Richardson and Butler, 2021). Families with dependent children were three times as likely as other households to have claimed Universal Credit since March 2020 (9% of families compared with 3% of households without children), and to still be claiming it in January 2021 (6% compared with 2%) (Collard et al, 2021b).

However, because the uplift was a flat payment regardless of household size, families with children (and particularly large families) did not benefit as much as smaller households. Three in five single parents were already claiming some form of benefit (including Child Tax Credit) before the pandemic (Collard et al, 2021b), and it is estimated that around 6 in 10 lone-parent families will be affected by the cut to social security at the end of September 2021 (Bannister, 2021). Of the 760,000 people pulled into poverty by the removal of the uplift, 340,000 live in couple families with children, and 200,000 live in a single parent family (Harrop, 2021).

4.3 Self-employed people and insecure workers

Insecure workers and self-employed people were among the most impacted groups in the labour market. While 14% of all UK adults had fallen behind on their bills during the pandemic, this figure rose to 50% among people on zero hours contracts (Byrne, 2020). Similarly a third of people on zero hours contracts were in arrears on their council tax (Guindi and Cook, 2020).

Work and the labour market

In a survey undertaken in early 2021, 63% of respondents on zero or variable hour contracts reported a negative employment change compared with 30% of respondents on standard employment contracts (Gustafsson, 2021). Having a non-standard employment contract was linked to a much higher likelihood of being furloughed (Adams-Prassl, 2020a); and increased the odds of a respondent leaving work or losing their job (Gustafsson, 2021).

In January 2021, 14% of people who were self-employed before the pandemic were no longer working, compared with 11% in September 2020 and 9% in May 2020. The impact of the pandemic was also more broadly felt across different groups and sectors of the self-employed than for employees – although self-employed men and those in shutdown sectors were among those most likely to have stopped working entirely (Cominetti et al, 2021a). By April 2021, the self-employed were three times as likely to be living on a reduced income and twice as likely to be using savings to cover essential costs compared with employees (ONS, 2021j), suggesting that the impact on self-employed people may be more sustained, and their recovery slower than for employees. As the SEISS comes to an end, it is likely that some will move into unemployment.

Income and earnings

Non-standard contracts, working in heavily affected sectors and being self-employed are all associated with lower-paid work (Cominetti, 2021; Blundell et al, 2020; Women's Budget Group et al, 2021b; Tinson, 2020).

Furloughed workers on less secure contracts were less likely to have had their wages topped up by their employer beyond the 80% subsidy provided by the government (HoC Women & Equalities Committee, 2021). Many insecure workers would not be entitled to redundancy pay or unfair dismissal protections, so would have found themselves unemployed without notice or compensation, and potentially facing a five-week wait before they received Universal Credit if they were eligible (TUC, 2020a). More than half of insecure workers (55%) experienced a cut in their income; and nearly seven in ten (67%) said they receive no sick pay compared with just 7% of workers on secure employment contracts (TUC, 2020a).

The self-employed faced a large income shock due to the pandemic (Brewer et al, 2021a; Cominetti, 2021; Cominetti et al, 2021a; Blundell et al, 2020; Blundell et al, 2021; StepChange, 2021; Benzeval et al, 2020b). In the early stages of the crisis, they also faced more uncertainty and a longer wait for support via the SEISS. This will have been hard on single-earner households, and particularly lower-income households with less financial resilience. Others were excluded from support altogether because they did not meet the eligibility criteria for the scheme (Collard et al, 2020a), including many in insecure employment who were also self-employed.[60] Overall, three in ten self-employees said they had lost profits since the crisis but had not been eligible for support – and of those ineligible for support, a fifth said they intended to leave self-employment after the crisis (Cominetti et al, 2021a). These exclusions highlighted a pre-existing systemic bias against non-traditional forms of employment.

[60] Gaps in support included the newly self-employed (although later changes in eligibility criteria meant that this group was included in later SEISS tranches), those with annual trading profits over £50,000 and those who had less than half their earnings from self-employment.

4.4 Renters

During the pandemic, the eviction ban, increases to Universal Credit and Local Housing Allowance, and furlough and self-employment support offered much needed protection for renters. But pandemic-related protections for renters lagged behind those for mortgagors.

Household finances and living standards

By October 2020, a third of private renters (33%) and a quarter of social renters (27%) had experienced a fall in their household income since the start of the pandemic. To offset this fall in income, many were curbing expenditure on essentials because they were less likely to have savings to fall back on – 42% of private renters and 65% of social renters had savings of less than £500, and many had already eroded their savings (Baxter et al, 2020).

Renters were among the groups most likely to be in financial difficulties since the crisis (Bevan Foundation, 2020; StepChange, 2021), with six in ten (63%) reporting that they would be unable to afford a necessary unexpected expense of £850, compared with 11% of homeowners (Francis-Devine, 2021a). There is some evidence that young renters have been particularly hard hit (StepChange, 2021). By October 2020, renters were more likely to have fallen behind on financial commitments, with 700,000 falling into rent arrears and 1.7 million on household bills like council tax and electricity. Of the 200,000 households in arrears in the private rental sector, 80,000 had arrears of over £1,000, while 15,000 had arrears of more than £3,000. A quarter of those in arrears in the social rented sector had arrears of more than £1,000. Renters from ethnic minorities, renters with children and renters on a low income were all disproportionately worried about their ability to cope financially in the coming months. (Baxter et al, 2020; Byrne, 2020).

5 Conclusion

5.1 Evidence gaps and research challenges

In section two we provided an overview of the financial impact of the pandemic on the UK, while sections three and four looked in more detail at the impact of the pandemic on specific groups. In this section we discuss some of the evidence gaps and research challenges that emerged from our review.

1. A bird's-eye perspective is a long way from the experiences of people living on the ground.

A common tendency among policymakers and researchers – particularly those with a statistical background – is to place people and groups into clear and distinct categories and to explore gaps between them.[61] Gaps do tell us something about the different experiences of groups; averages, too, provide a useful perspective. Quantitative evidence gives us a clear overview of the social landscape from above, allowing us to find patterns, make predictions and test causal relationships. This is critical for informing large-scale policies and decision-making. But it is important to remember that quantitative methodologies provide particular perspectives, and these perspectives were disproportionately represented in the literature we reviewed.

2. While it is important to look at the role of individual characteristics, experiences and outcomes can't be fully understood by reducing people to their characteristics – whether in isolation or as a 'sum' of intersecting parts.

As we discussed at the beginning of section three, people do not experience their characteristics in a siloed way, and nor can their intersecting characteristics be reduced to a sum of constituent parts. However, an intersectional perspective does provide a deeper and more nuanced understanding of structures, experiences, and outcomes. The evidence base is more complete – and therefore clearer – for some characteristic-based intersections (such as age by sex), but less complete for others (such as disability by ethnicity), indicating a need for more in-depth research focusing on specific marginalised groups. We know comparatively little about groups who share *a greater number* of protected characteristics, although the evidence indicates that the more protected characteristics a person has, the greater the risk that they will experience inequality and disadvantage.

3. We know very little about the socio-economic effects of the pandemic on the lived experience of marginalised groups.

Because survey and statistical sources are – to date – the predominant prisms through which researchers have explored the socio-economic effects of the pandemic on marginalised groups, substantial qualitative and lived experience evidence gaps have emerged (with a few notable exceptions[62]), and these gaps have consequences for our understanding. This was particularly apparent from the literature on ethnicity and disability, which struggled to consider the role of racism and ableism (respectively) as drivers of disadvantage. There are many complex interactions and intersections that are not – or in some cases cannot – be measured. For example it is easier to measure characteristic-based intersections (such as age and ethnicity) than it is structural ones (such as ageism or racism). Nonetheless, wherever possible, research on different protected characteristic groups should be situated within a theoretical framework that considers the role of discrimination. It should also bring to bear a broader range of methodological approaches, from across disciplines, to provide a more nuanced understanding of experiences, barriers and exclusions facing different groups.

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[61] This is something Hans Rosling called the 'gap instinct'. https://www.gapminder.org/factfulness/gap/

[62] Examples include the Covid Realities project, which has been conducting participatory online research during the pandemic with low-income parents and carers: https://covidrealities.org/about

5.2 Conclusion

In this review we set out to provide an overview of the financial impact of the pandemic on UK individuals and households, with a particular focus on the groups with protected characteristics who have been most affected, as well as other heavily-impacted groups.

Overall, the labour market effects have been less pronounced than was first forecast, and the Government job support schemes were broadly successful in protecting jobs and incomes. But where the effects have been felt the impact has been significant and, in some cases, long lasting.

The relatively small change in aggregate household income obscures large variations in experience. Job losses, furloughing and reduced hours have all impacted household incomes, particularly among groups who were already struggling or in comparatively worse positions before the pandemic. Aggregate decreases in spending and debt and increased saving similarly stand in marked contrast to the experiences we describe in chapters three and four.

While outcomes and experiences differ greatly between these groups (and within groups, although this is less well explored), the over-arching story is remarkably consistent across the groups who have experienced the worst impacts. It is a story of disadvantage in the labour market, of reduced incomes and resilience, of increased expenditure and financial burdens, of unequal (and, in many cases, insufficient) state support, and of socio-economic inequalities and exclusions.

While the overall picture shows us there is much to be positive about, the recovery still has a long way to go – and it is clear that some groups have much farther to travel.

References and appendix

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Appendix – Methods

Rapid evidence reviews differ from traditional narrative reviews in that they offer a more rigorous and structured framework through which to identify, screen and summarise evidence, providing for a more robust synthesis and interpretation of the literature (Finney, 2020).[63] The aim was not to conduct an exhaustive review, but rather to identify and review evidence of most relevance. This approach allows for flexibility and expediency in the reviewing process and is well suited to social policy issues – particularly when the time or resource needed to conduct a full and systematic review is not available (or preferable).

Our search strategy encompassed both academic sources (drawn from searches of key academic databases and academic search engines) and non-academic sources (drawn from search engine searches as well as targeted website searches of key organisations including think tanks, research institutes, charities, and government sources). The review draws on a wide range of types of evidence, including:

- Academic peer-reviewed journal articles and working papers.
- Research reports produced by government, regulators, statutory bodies, think tanks, academics, and charities.
- Evidence from government committees and consultations.
- Statistics and analyses from public bodies such as the Office for National Statistics, Office for Budget Responsibility and National Audit Office.

Our initial search was limited to literature published between March 2020 and July 2021, and our approach to sourcing this literature included:

- Formal search strings in key topic areas (e.g. social security) and for each protected characteristic group (e.g. age).[64] These were refined following initial test searches.
- The snowball method (i.e. consulting reference lists in key documents to source other relevant items).
- Supplementary (informal) targeted searches in areas where there appeared to be less evidence.

Of 154 items categorised as in scope, 98 items were thematically mapped and critically reviewed in detail, prior to analysis and reporting. The remaining 56 items were reviewed but not thematically mapped, either because they were of less or marginal relevance or because they duplicated other sources.

Finally, to contextualise the evidence, we undertook a targeted search of literature published in the years leading up to the pandemic and official statistics published since March 2020. This literature (comprising around 140 items) was not thematically mapped but is used throughout the report to describe the pre-pandemic landscape and the macro-economic situation since March 2020.

[63] Finney, A. (2020) Poverty and multiple sclerosis: A rapid evidence assessment, Social Research and Statistics.

[64] Example search string:

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("COVID*" OR "Coronavirus" OR "pandemic") AND ("disabled*" OR "disability") AND ("economic" OR "living standards" OR "financ*" OR "poverty") AND UK
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