



Times are changing

Presentation to Future Fit
Workforce event

7 October 2021

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Resolution Foundation

Plan for today

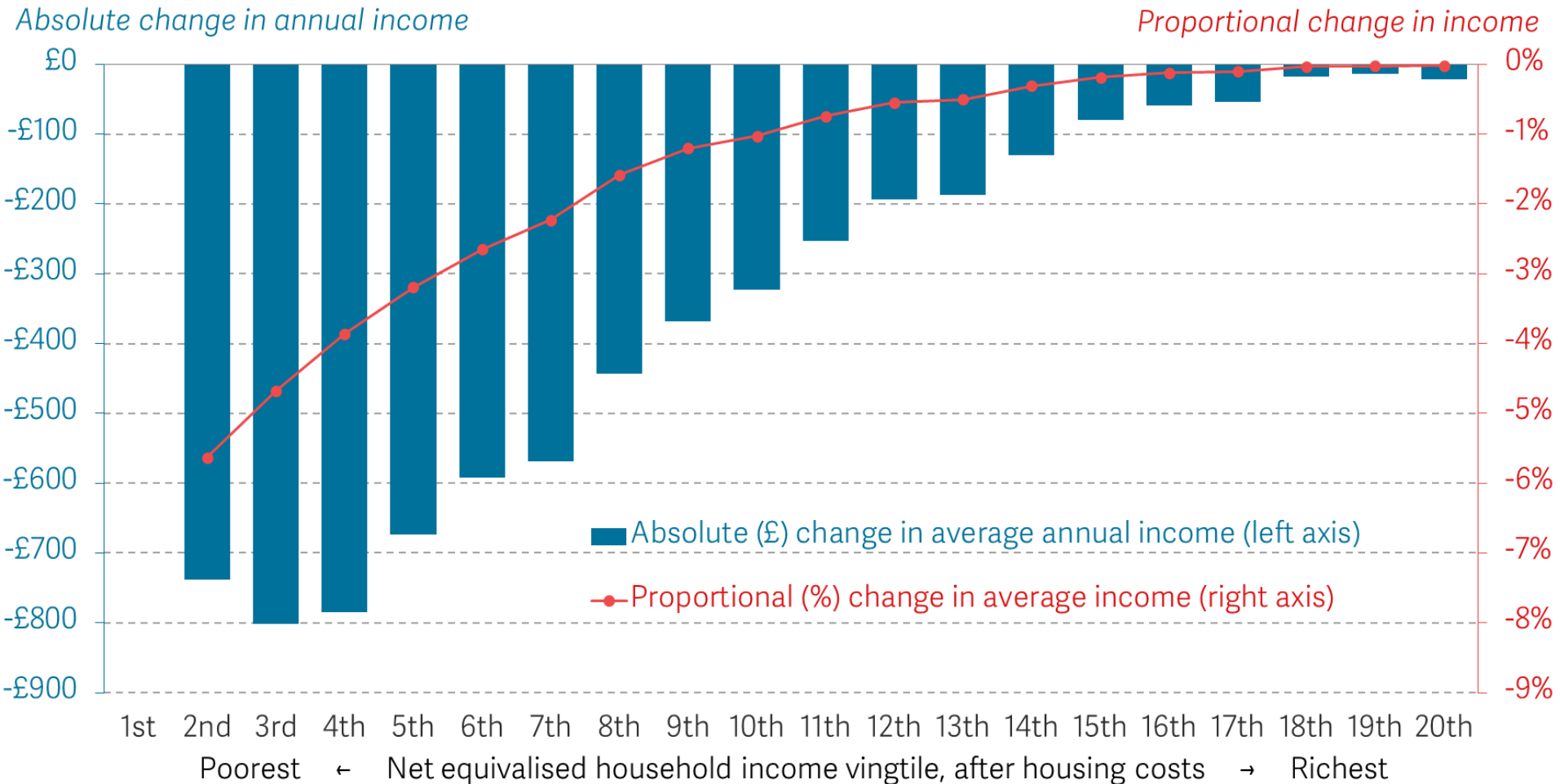


- The short term

- The decisive decade

The impact of policy choices

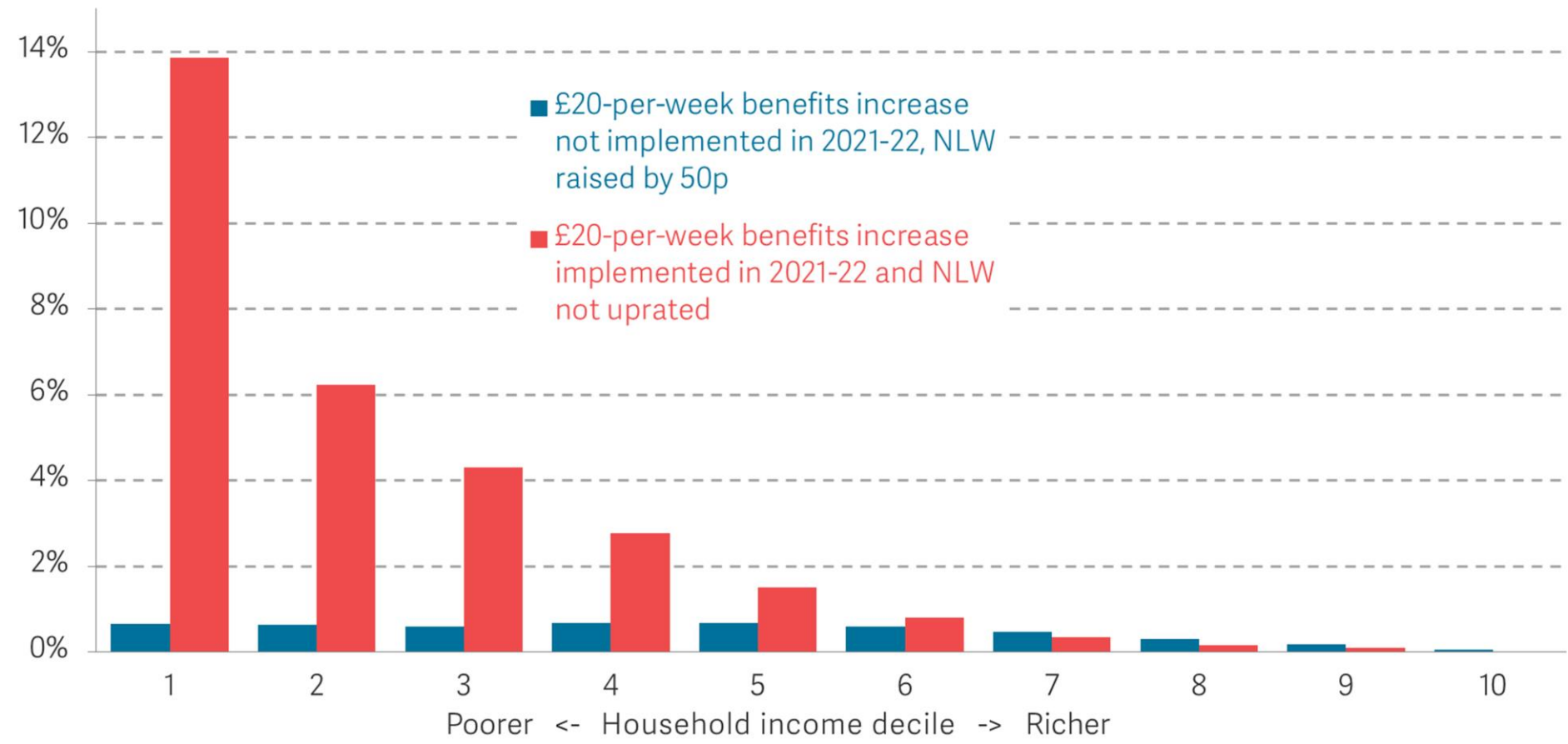
Impact on average household income by vingtile, of not retaining Universal Credit & tax credit boost in 2021-22



Notes: We exclude the bottom 5 per cent, due to concerns about the reliability and volatility of data for this group.
 Source: RF analysis of DWP, Family Resources Survey, using the IPPR tax-benefit model.

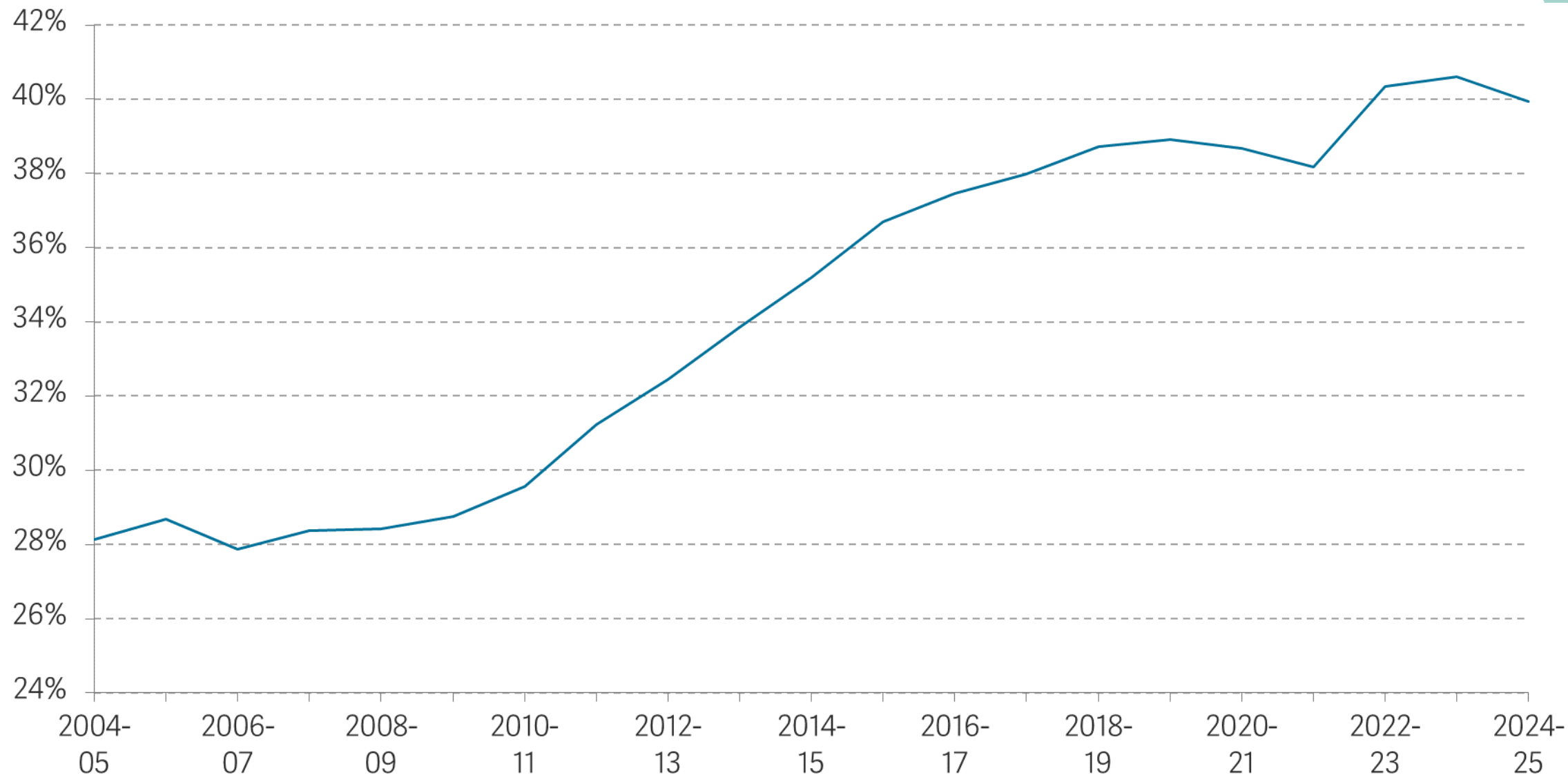
Minimum wage cannot make up for UC cuts

Change in net household income, compared to a 2021-22 scenario where NLW not updated and UC reverts to 2019 level, by household income decile: UK, 2021-22



Notes: Income distribution covers households of all ages. Assumes full take-up of benefits and full roll-out of Universal Credit. Increase in NLW assumed to have spill-over effects to the 30th earnings percentile. Source: RF modelling using IPPR tax-benefit model

Day-to-day core Department of Health and Social Care spending, as a share of all core day-to-day spending: 2004-05 to 2024-25



Notes: Core day-to-day spending refers to Resource Departmental Expenditure Limits (RDEL) excluding depreciation, and excluding pandemic related spending.
Source: RF analysis of HM Treasury, PESA tables, various; HM Treasury, Chancellor launches vision for future public spending, 7 September 2021.

The Economy 2030 Inquiry

- This presentation covers issues that will be addressed in The Economy 2030 Inquiry
- The Economy 2030 Inquiry is a two-year national conversation
 - Phase 1: diagnosis
 - Phase 2: policy prescription
 - Book-length final report in 2023
 - Informed by major lived experience work programme

The Economy 2030 Inquiry



Resolution
Foundation

A logo consisting of three concentric circles in black, grey, and white, with a small black dot in the center.

**Centre for
Economic
Performance**

A logo consisting of a dark teal rectangular border with a notch on the top-left corner.

**Nuffield
Foundation**

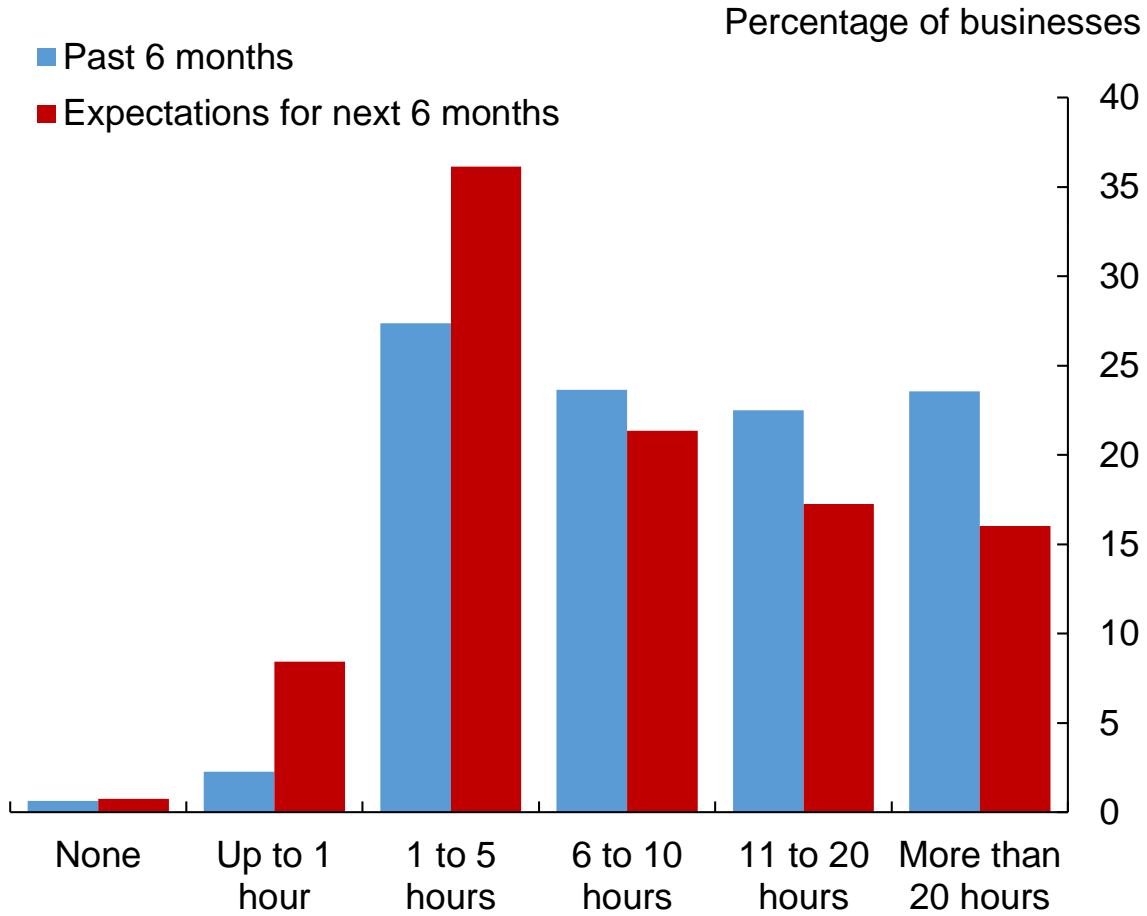
5 drivers of change



1. Covid
2. Net Zero
3. Demographics
4. Technology
5. Brexit

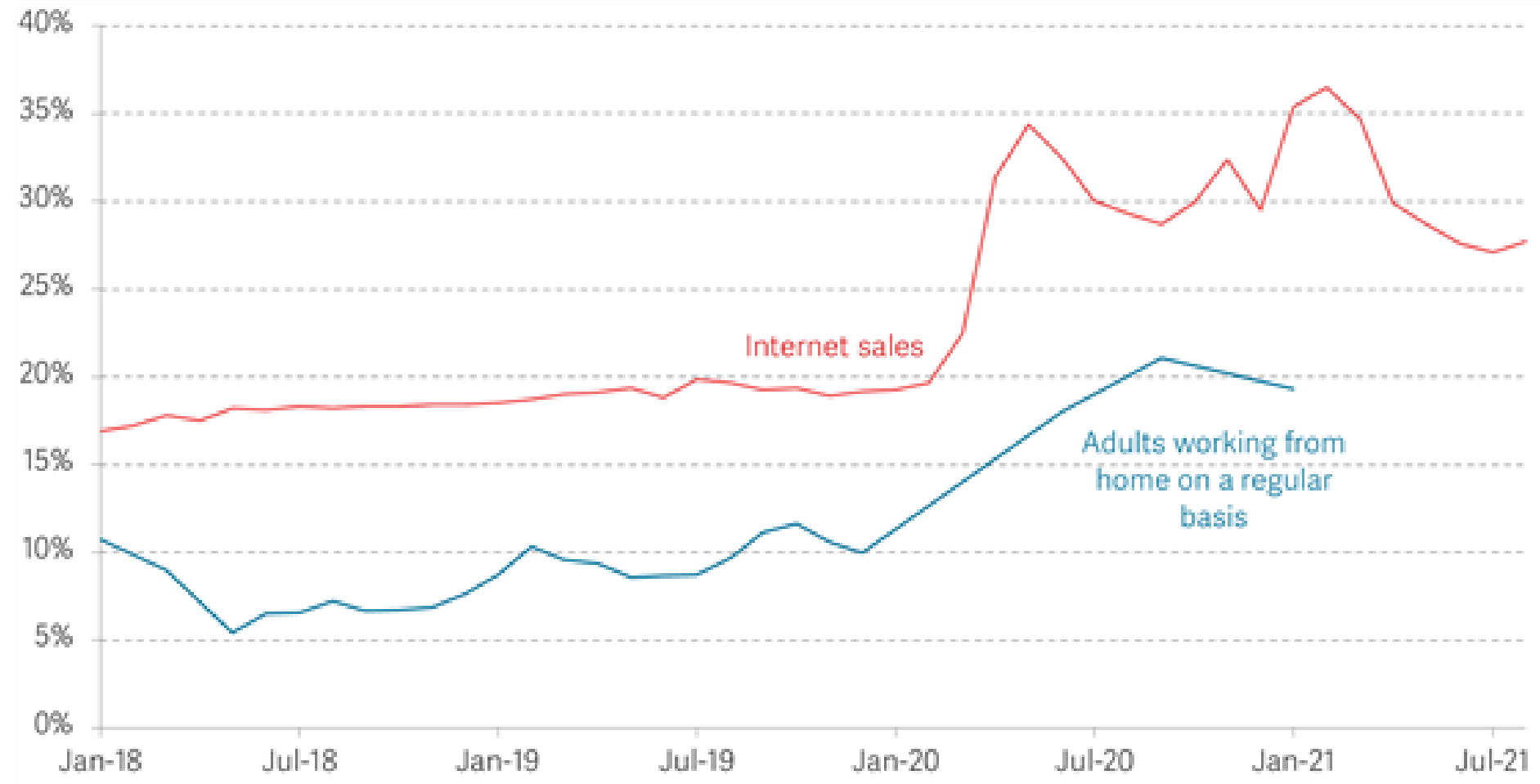
Covid has distracted management from their everyday tasks

Average hours per week spent by CEOs managing effects of Covid-19



Behavioural change will outlast the pandemic that accelerated it

Internet sales and working from home as % of total



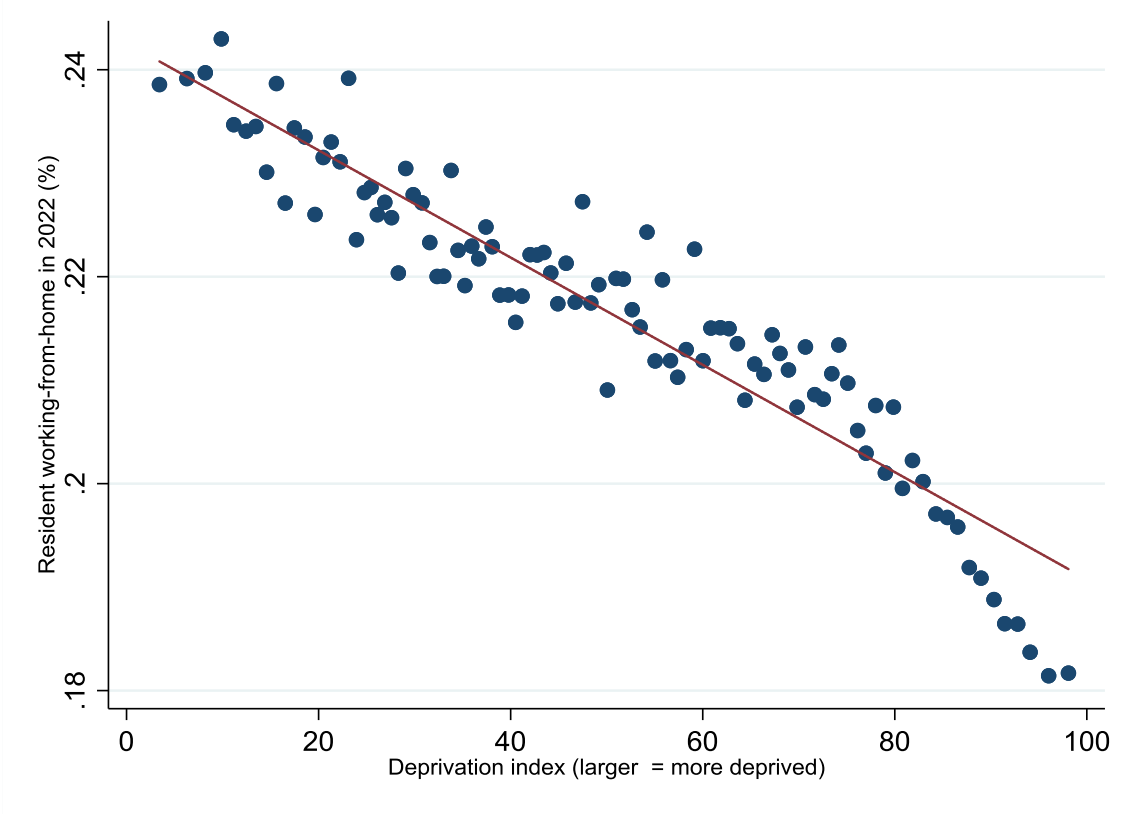
update

Notes: Share of employees working from home in 2018 and 2019 is presented as three-month rolling averages centred on the month shown.
Source: RF analysis of ONS, Retail Sales; ISER, Understanding Society.

The move to WFH will require more services to be provided in affluent areas

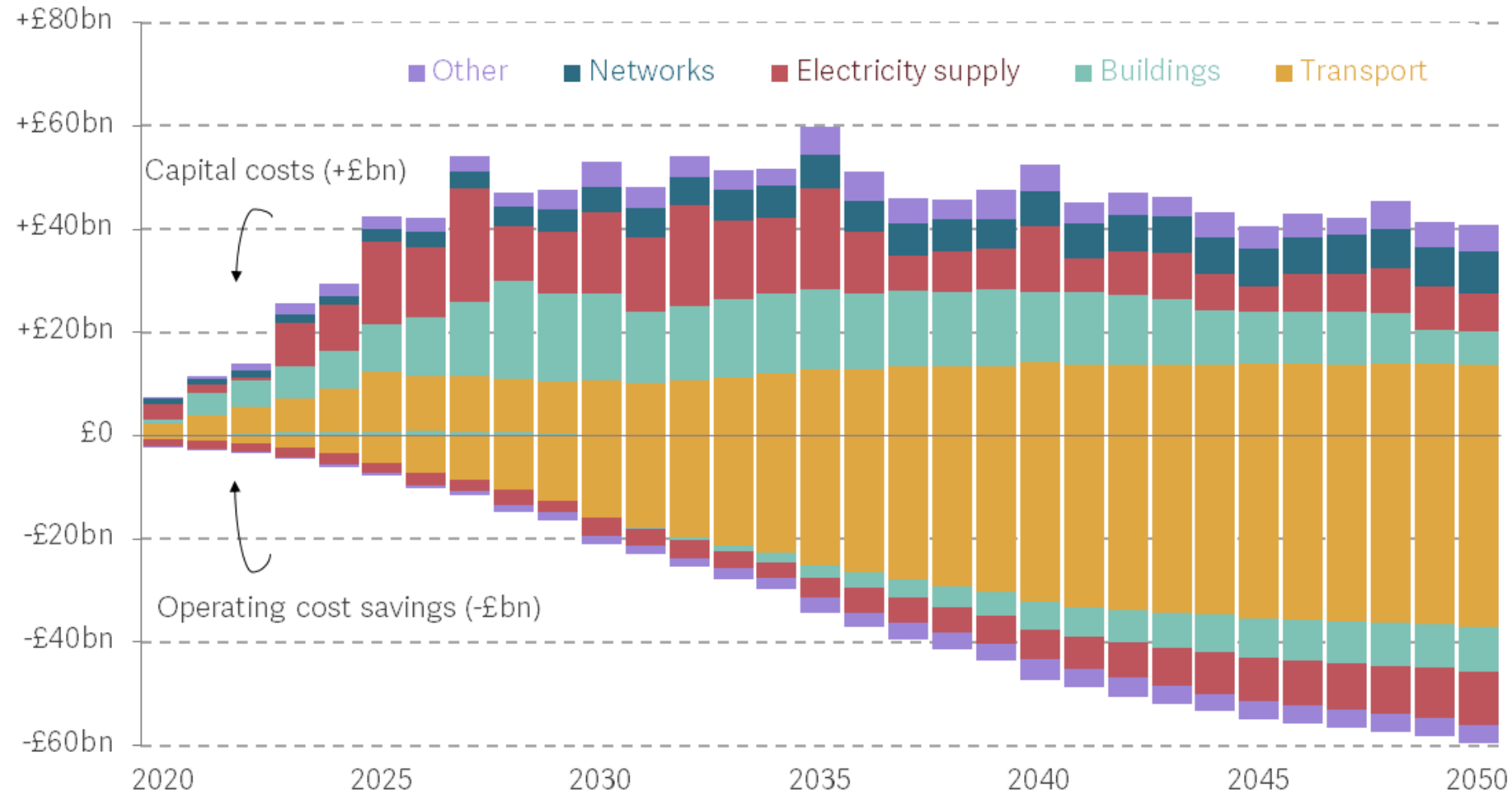


Increase in working from home and deprivation by local area



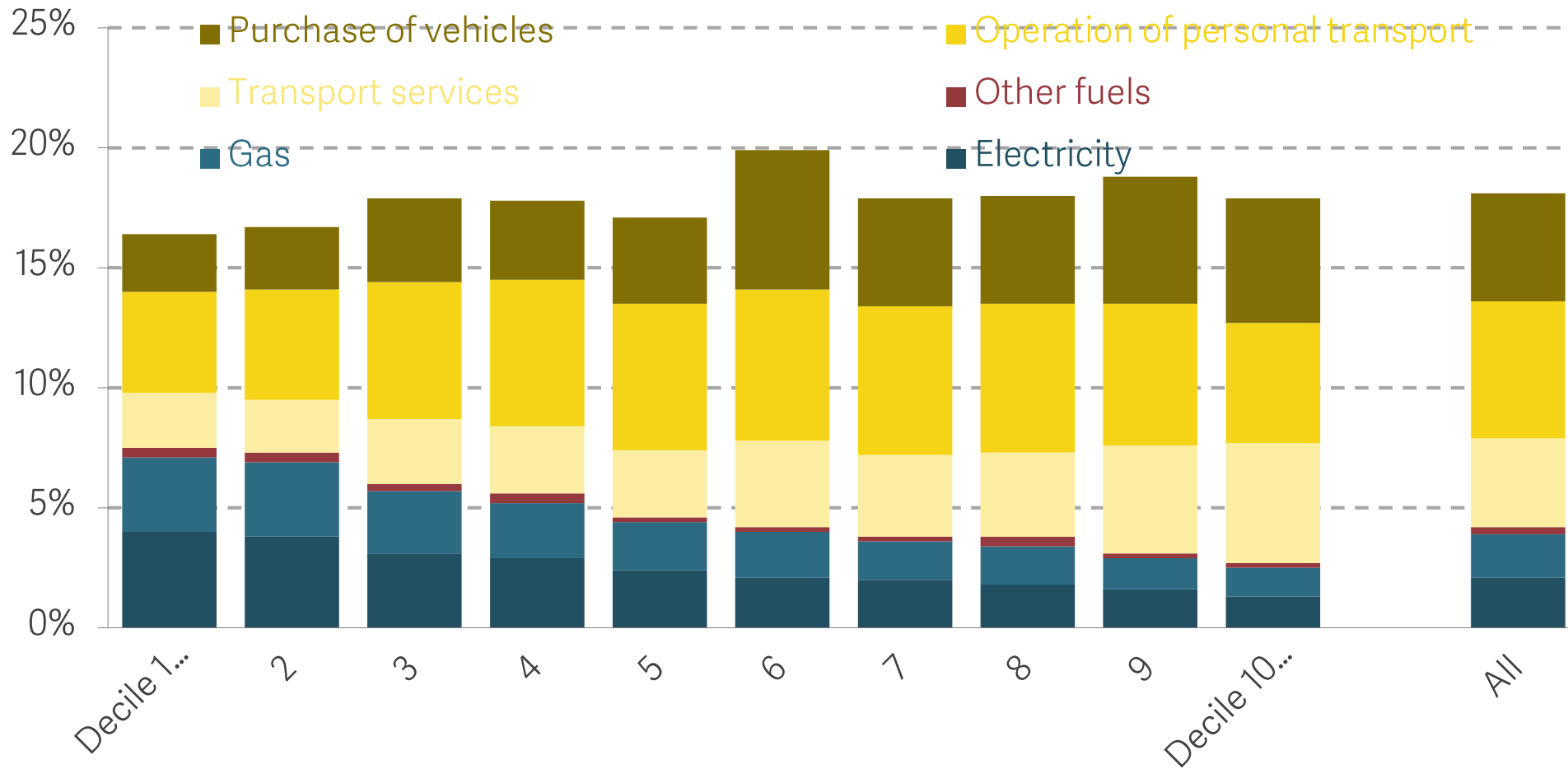
The cost savings from a Net Zero pathway will eventually outweigh investment costs

Capital and investment costs and operating cost savings in the Balanced Net Zero Pathway: UK



Notes: Values above the x-axis refer to additional annual capital investment. Values below the x-axis refers to savings due to operating cost reductions.
Source: Analysis of Climate Change Committee, The Sixth Carbon Budget: The UK's path to Net Zero, December 2020.

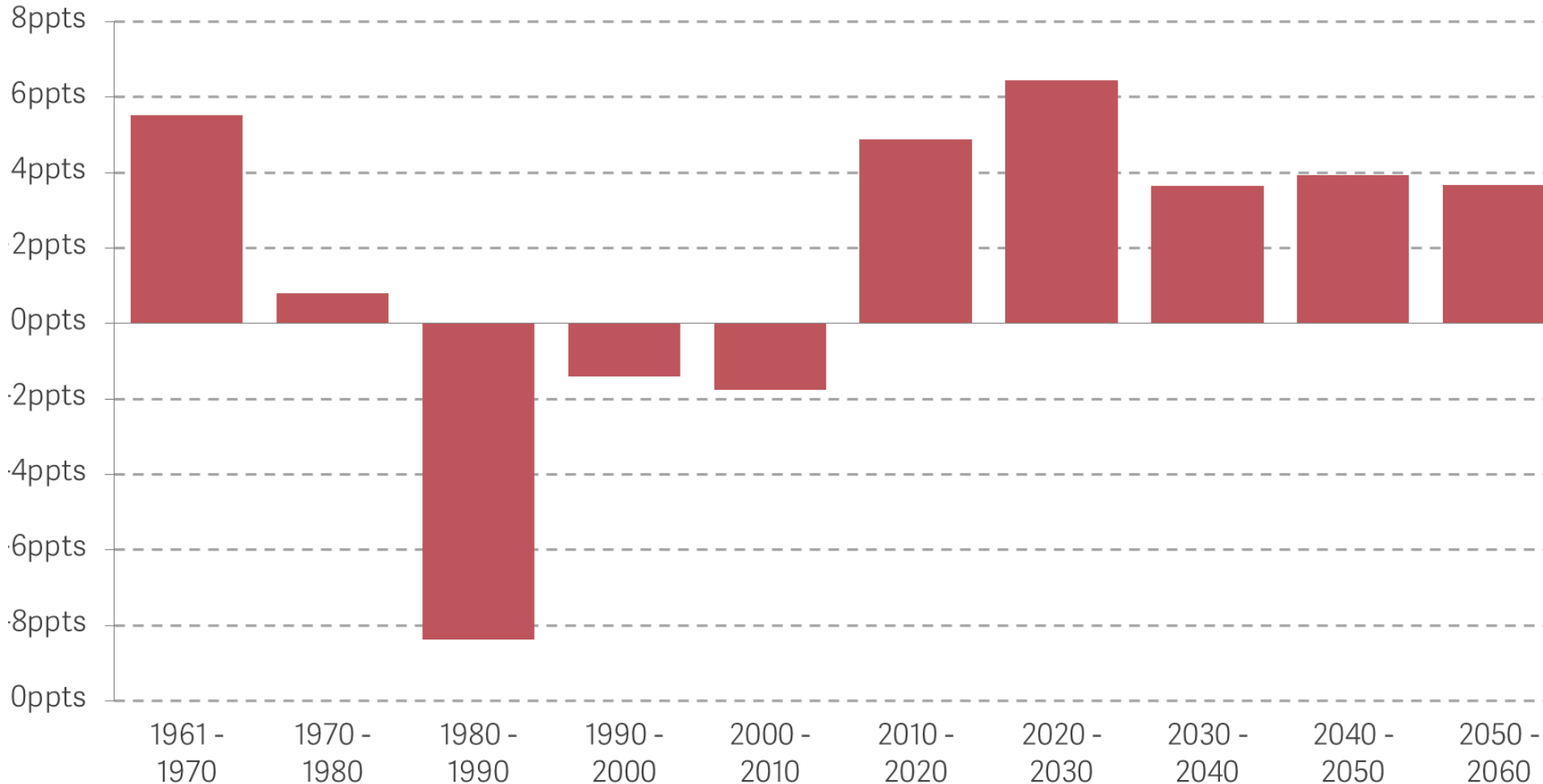
Proportion of spending allocated to transport and energy costs by disposable household income decile: 2019-20



The swift pace of population ageing will accelerate during the 2020s



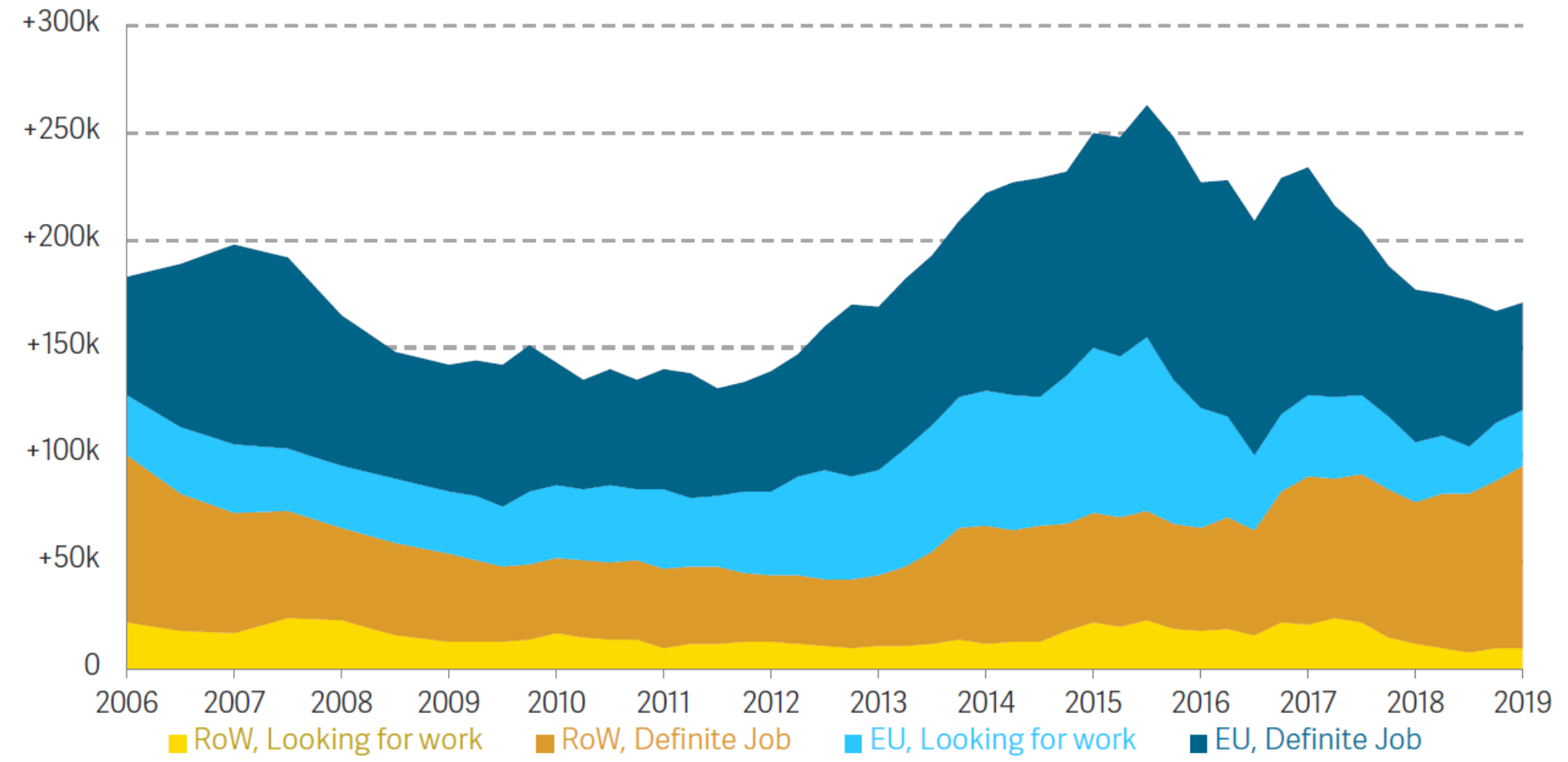
Ten-year percentage point change (ppts) in the ratio between those under 20 or 65+ and those aged 20 to 64: UK



Source: Analysis of ONS, Mid-Year Population Estimates; ONS, 2018-Based Population Projections.

Large fall in EU migration to UK post-referendum

Number of work-related migrants moving to the UK by place of origin and reason



Source: RF analysis of ONS Long-term international migration

5 drivers of change



1. Covid
2. Net Zero
3. Demographics
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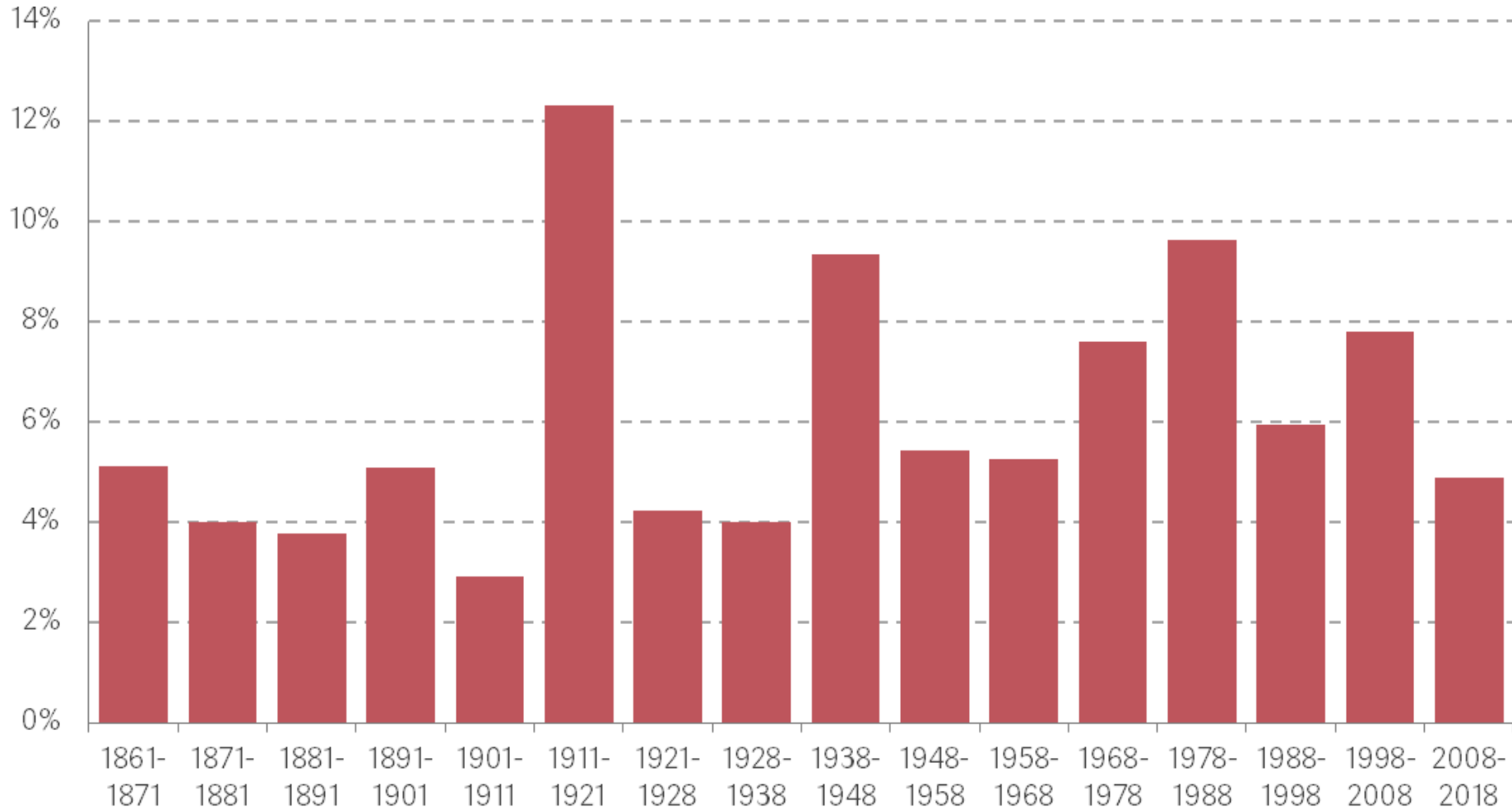
The decisive decade

- The 2020s are not just the post-pandemic period.
- Instead the economy faces a decisive decade of major change.
- We have not faced such major change in recent years, nor always handled change well

There is less recent experience of rapid
change than you might think

Reallocation between broad industrial sectors in the 2010s was the lowest since the 1930s

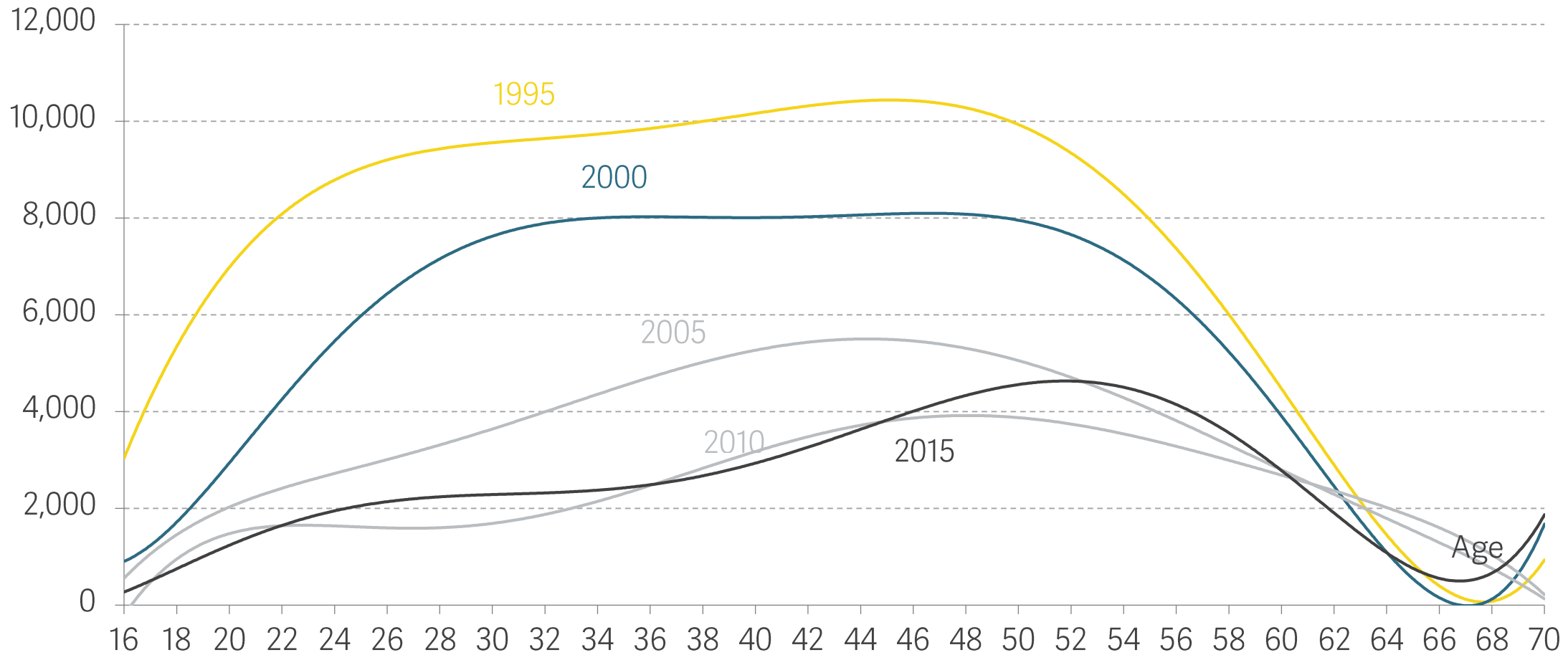
Fraction of jobs reallocated between sectors in each decade: UK



Notes: Sectors refer to the broad industrial groupings of SIC 2007 sections: primary (agriculture, fisheries & forestry), mining & utilities, construction, manufacturing, transport, storage & ICT, retail & wholesale, insurance, banking & finance, public admin & defence, professional, scientific & technical (including education & health) and other services including hotels & catering
Source: Analysis of Bank of England, A Millennium of Macroeconomic Data For the UK; ONS, Workforce Jobs.

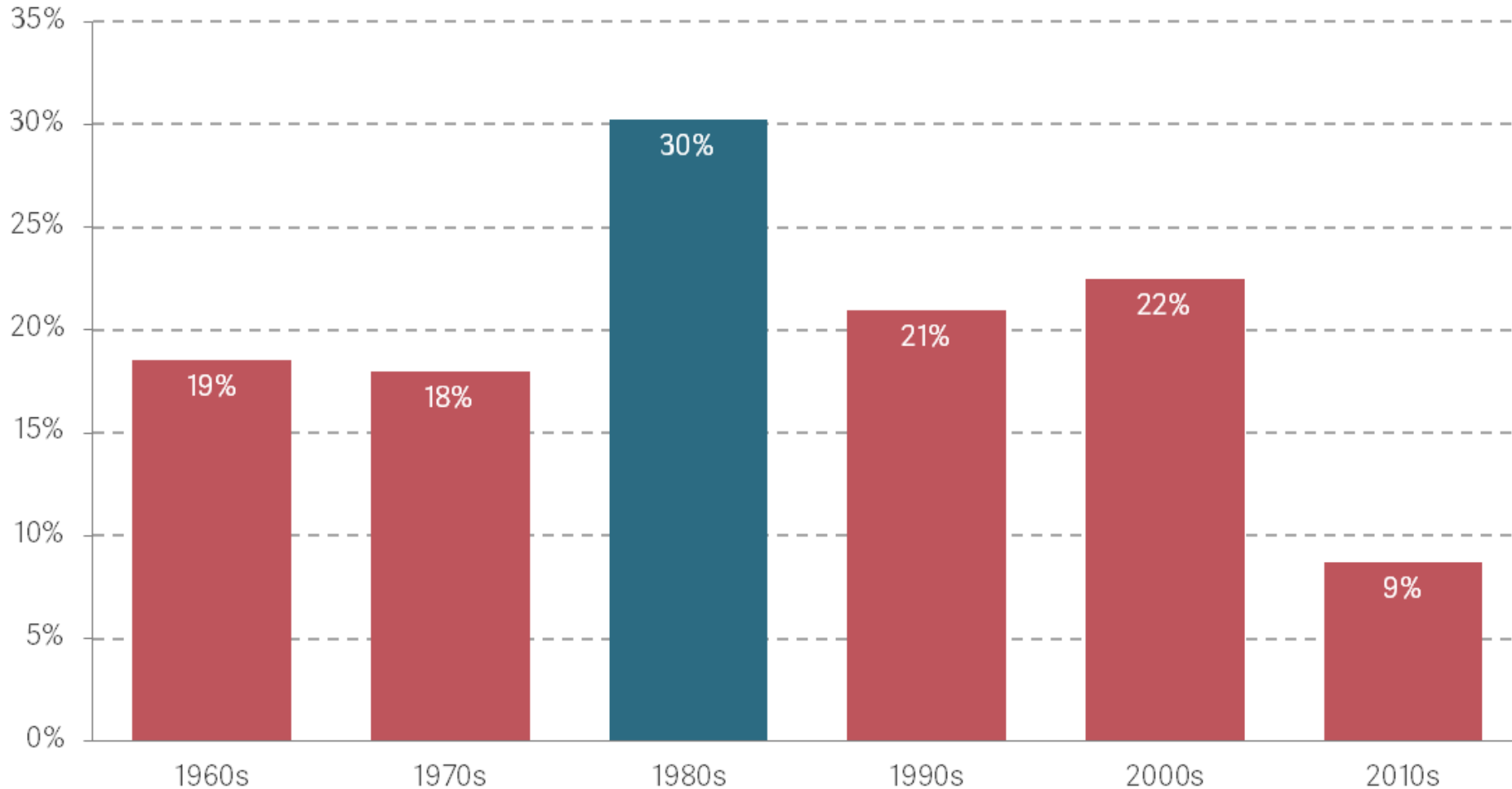
Change can be good but is not always
handled well

Numbers employed in clothing manufacturing by age and year (smoothed): UK



Significant change in the 1980s saw strong income growth for many...

Real growth (CPI-adjusted) in median equivalised household income (after housing costs): GB/UK



Notes: 1960s refers to growth between 1961 and 1970. GB data pre 2003-04, and UK data from 2003-04 onwards.
Source: IFS Living Standards, Poverty and Inequality 2020; DWP, Households Below Average Incomes, 2021.

...but also major costs for some



Change in employee jobs, 20 local authority districts in Great Britain with the biggest fall: 1981-1991



Notes: Uses pre-1996 local authority district boundaries. Data for Northern Ireland isn't available. The City of London is excluded.
Source: Analysis of ONS, Census of Employment.

The decisive decade

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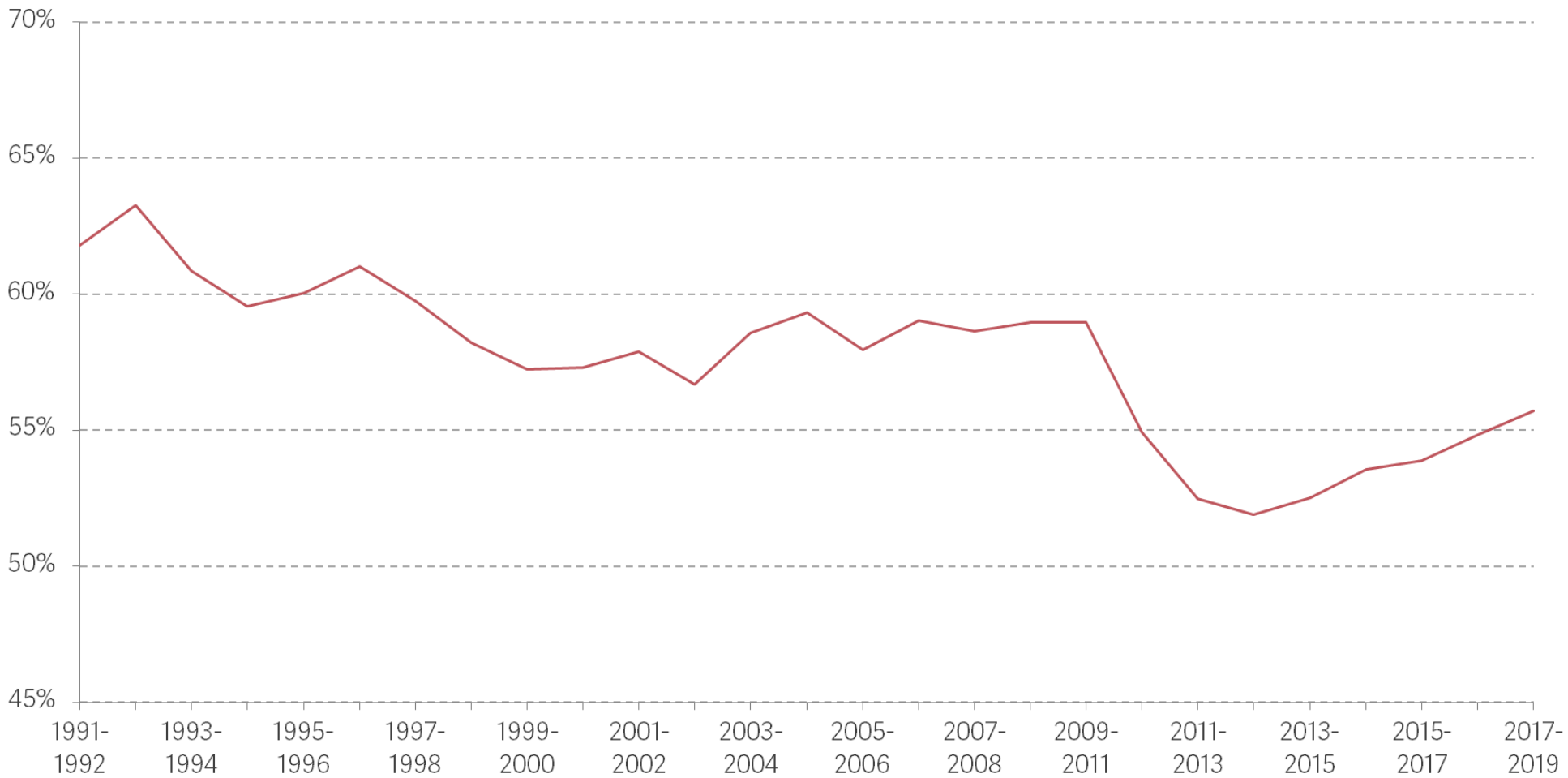
Three decades of change

- Work has changed a lot over the past three decades:
 - Who is in work
 - The work we do
 - How we do it
- At the outset of the Economy 2030 Inquiry we wanted to look in detail at the subjective experience of work in Britain:
 - The day-to-day experience
 - The experience of, and involvement in, change in the workplace

Overall trends in subjective experience of day-to-day work

Job satisfaction: flat in 90s & 2010s, fell post-crisis, slow recovery

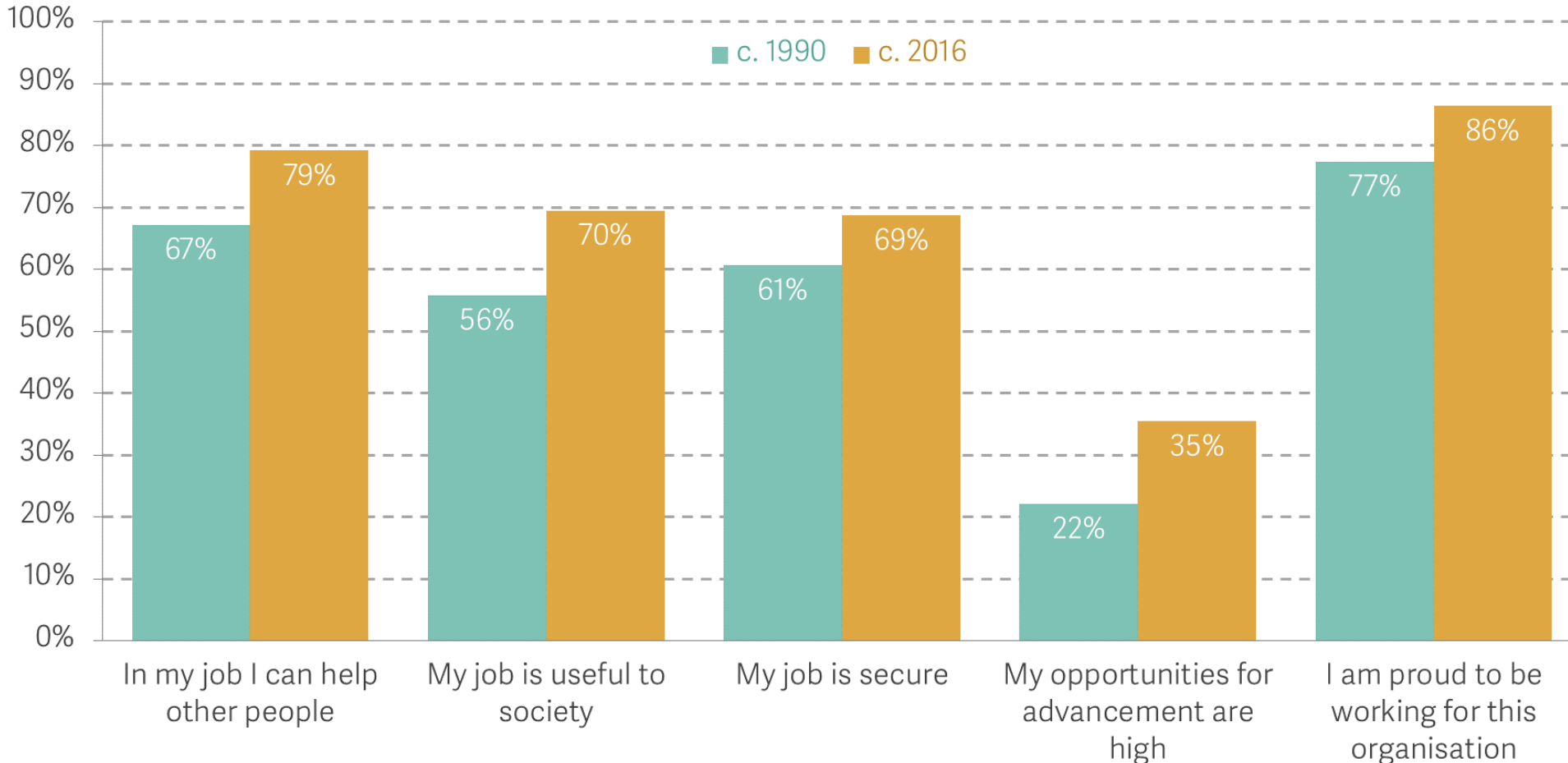
Proportion of employees who are “mostly” or “completely” satisfied with their present job overall: GB/UK, 1991-1992 to 2017-2019



Notes: Quartiles are constructed using monthly gross earnings. Similar results hold when using hourly earnings albeit the decline for the lowest quartile is smaller in magnitude. Combines responses from 18 waves of the British Household Panel Survey prior to 2009 with responses from ten waves of the UK Household Longitudinal Study from 2009 onwards. Results are averaged over two years/waves.
Source: Analysis of British Household Panel Survey; UK Household Longitudinal Study (Understanding Society).

Meaningless jobs

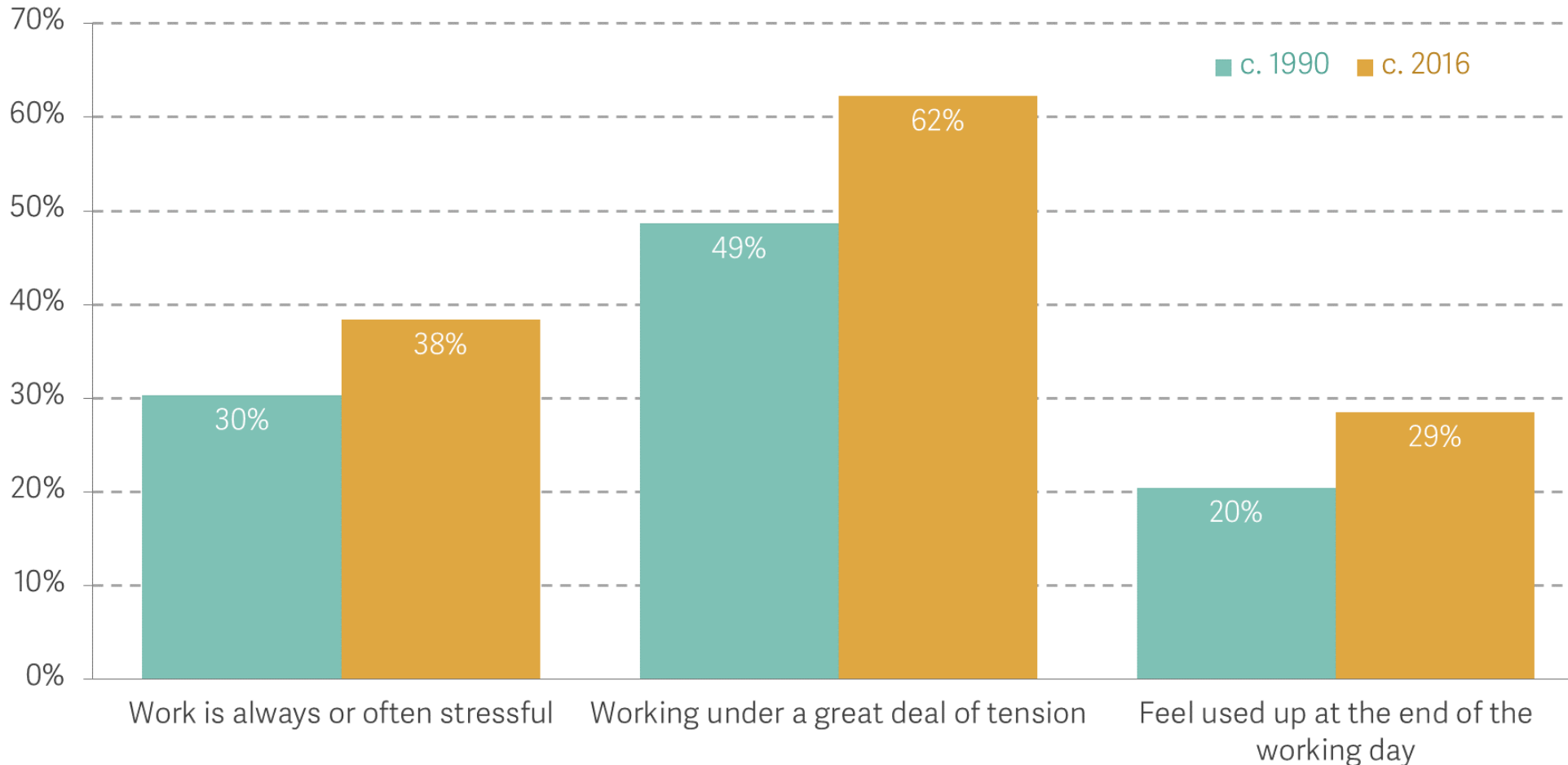
Proportion of employees reporting that their job has feature of each descriptive category: GB



Notes: Employees aged 17-65 asked in 1989 and 2015 questions about job characteristics, employees aged 20-60 asked in 1992 and 2017 question about pride in organisation.
Source: Analysis of NatCen, British Social Attitudes Survey; UK Skills & Employment Survey.

But work is more stressful & tense, & more employees feel “used up”

Proportion of employees reporting that their job has feature of each descriptive category: GB

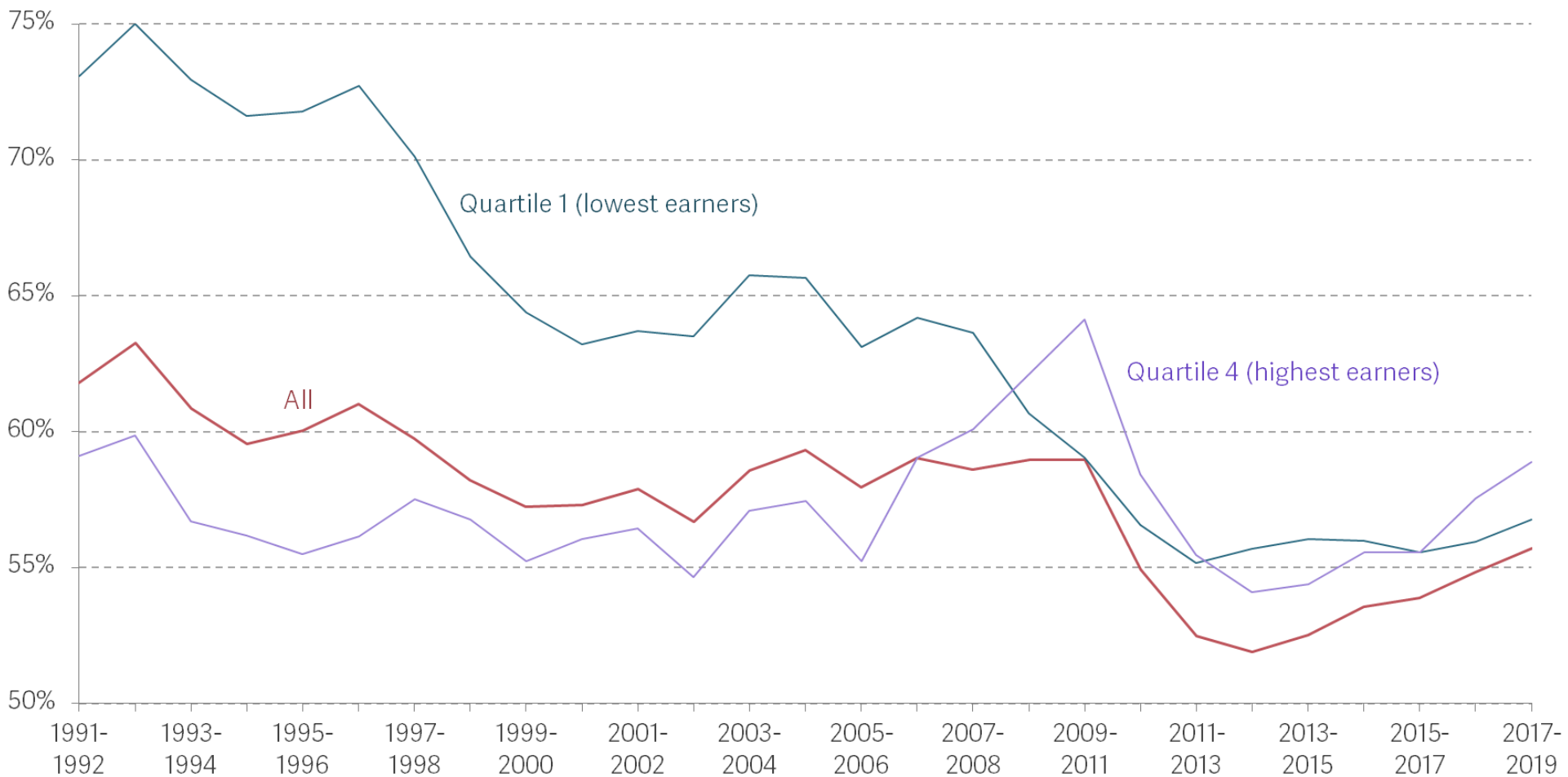


Notes: Employees aged 17-65 asked in 1989 and 2015 question about stress, employees aged 20-60 asked in 1992 and 2017 for questions about tension and feeling used up.
Source: Analysis of NatCen, British Social Attitudes Survey; UK Skills & Employment Survey.

Focus on low earners

Low earners' "job satisfaction premium" has disappeared

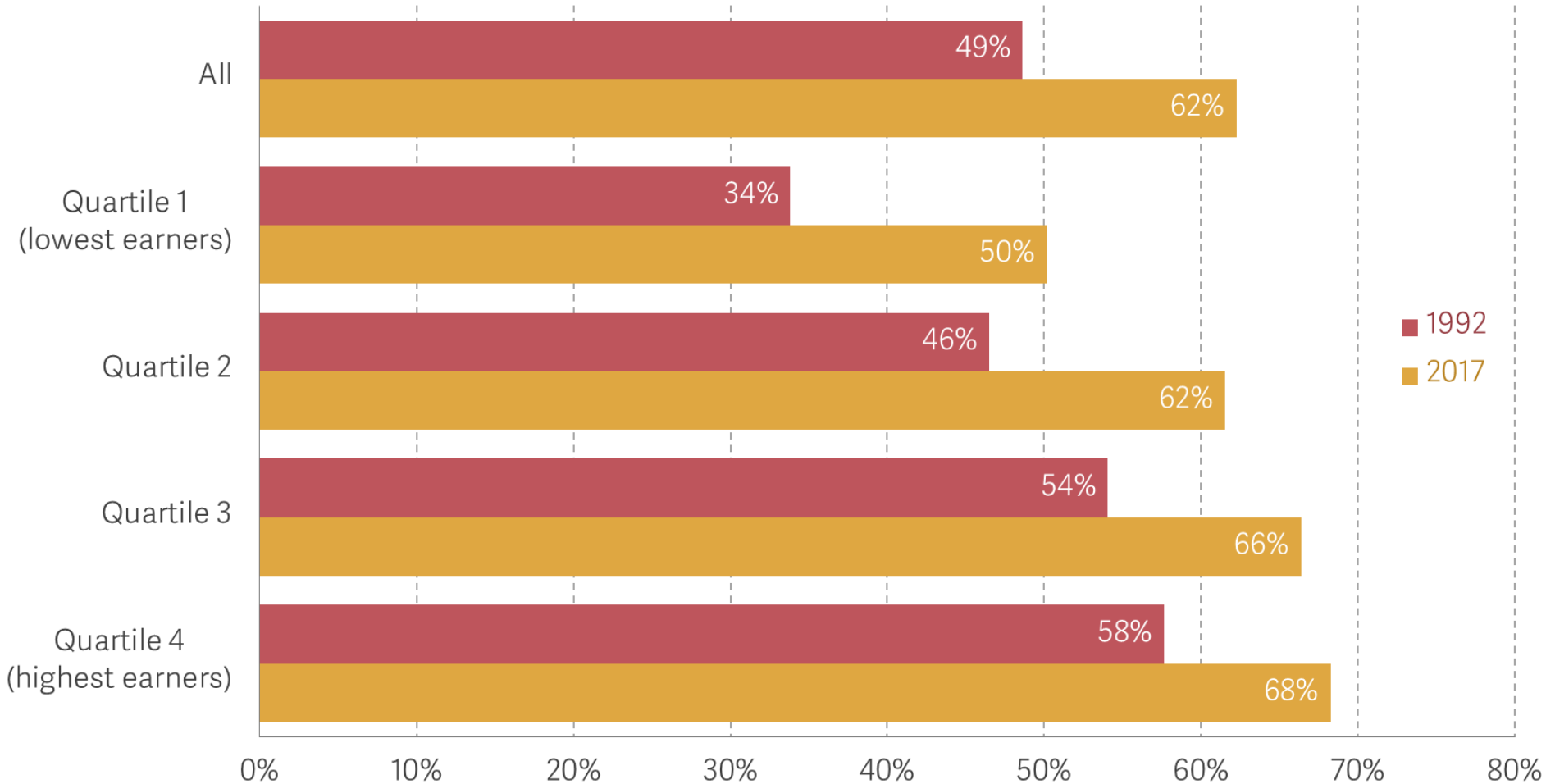
Proportion of employees who are "mostly" or "completely" satisfied with their present job overall, employees by monthly earnings quartile: GB/UK, 1991-1992 to 2017-2019



Notes: Quartiles are constructed using monthly gross earnings. Similar results hold when using hourly earnings albeit the decline for the lowest quartile is smaller in magnitude. Combines responses from 18 waves of the British Household Panel Survey prior to 2009 with responses from ten waves of the UK Household Longitudinal Study from 2009 onwards. Results are averaged over two years/waves.
Source: Analysis of British Household Panel Survey; UK Household Longitudinal Study (Understanding Society).

“Catching-up”: Workplace tension

Proportion of employees who agree or strongly agree that they work "under a great deal of tension", by hourly earnings quartiles: GB



Notes: Employees aged 20-60.
Source: Analysis of UK Skills & Employment Survey.

Three decades of change

- Rise of meaningless jobs is wide of the mark
- More employees are proud and inspired by their organisations
- Work has become more stressful and intense
- Low earners have lost their “job satisfaction premium”
- Change isn’t happening more often
- When it does, (low earning) employees are less likely to have a say

First net zero paper out last week



Date and time:

Thursday 30 September 2021
9:30 am - 10:45 am

Doors open at 9:00am. Limited in-person audience.

Speakers

Rebecca Heaton: Director of Sustainability at OVO Energy
Rebecca is Director of Sustainability at OVO Energy. Prior to this, Rebecca was Group Head of Climate Change for Drax and was a member of the Climate Change Committee (CCC) between 2017 and 2021.

Adair Turner: Economist and Business leader
Adair chairs the Energy Transitions Commission, a global coalition of major companies, investors and experts working out achievable pathways to limit global warming to well below 2°C by 2040 while stimulating economic development and social progress.

ECONOMY 2030 - NET ZERO

UPCOMING Thursday 30 September 2021

The carbon crunch?

Delivering the next phase of the Net Zero transition

This event will be streamed online with a limited in-person audience.

Over the course of the 2020s, the UK will embark on the crucial next phase of the transition toward a Net Zero economy. This will touch our lives and livelihoods like never before, as we decarbonise how we travel and heat our homes. And with COP 26 starting in Glasgow in little over a month's time, the UK will need to demonstrate global leadership by facing up to the challenges ahead.

How should Net Zero be put at the heart of Britain's post-pandemic economic plan? What are the barriers to making progress on decarbonisation? And how can we ensure that the costs and benefits of the Net Zero transition are distributed fairly across people and places throughout the country?

The Resolution Foundation is hosting an in-person and interactive webinar – as part of *The Economy 2030 Inquiry*, funded by the Nuffield Foundation – to debate and answer these questions. Following a presentation of the key highlights from new Resolution Foundation research on the choices and trade-offs around Net Zero, we will hear from two leading experts on where the UK should be heading.

The event will be open for a limited number of people to physically attend, and also broadcast via YouTube and the Resolution Foundation website. Viewers will be able to submit questions to the panel before and during the event.

Coming up

- Trade (Thursday 14 Oct)
- The State
- The Labour force
- Places
- Firms
- Interim Report July 2022
- Final Report mid-2023
- Watch this space!