

Article

# Single-month and weekly Labour Force Survey estimates: June 2020

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

Contact:
Bob Watson
labour.market@ons.gov.uk
+44 (0)1633 455400

Release date: 16 June 2020

Next release: 16 July 2020

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## 1. Main points and information

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

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

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

LFS estimates presented in this article include interviews that took place during March and April 2020. Consequently, while some interviews relate to the period prior to the implementation of coronavirus social distancing measures, interviews from the final week of March 2020 onwards relate to the period following the government closure of schools, introduction of lockdown, and announcement of measures aimed at protecting businesses and jobs.

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

### Main points

- The single-month estimate for the employment rate in the UK, for April 2020, shows a decrease of 0.8 percentage points compared with the previous month.
- The single-month estimate for the unemployment rate in the UK, for April 2020, shows an increase of 0.1 percentage points compared with the previous month.
- The single-month estimate for the economic inactivity rate in the UK, for April 2020, shows an increase of 0.7 percentage points compared with the previous month.
- The weekly estimates show a large drop in average actual hours, and an increase in those temporarily away from work, during the final two weeks of March 2020 and throughout the weeks in April 2020.

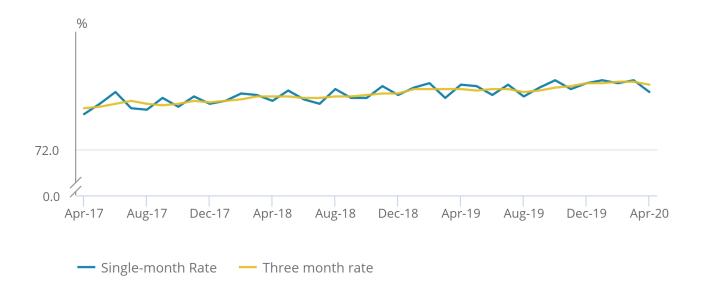
## 2. Summary of Labour Force Survey single-month estimates

Figure 1: Single-month employment rate down on the previous month

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

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



Source: Office for National Statistics - Labour Force Survey

The single-month estimate of the employment rate, for people aged 16 to 64 years in the UK, for April 2020, was 75.9%, the lowest since August 2019. This represents a decrease of 0.8 percentage points compared with the previous month (March 2020) and a decrease of 0.8 percentage points compared with three months ago (January 2020). This latter decrease is the largest since May 2009.

The headline estimate for the three months February to April 2020 decreased by 0.1 percentage points compared with the previous quarter (November 2019 to January 2020) and stands at 76.4%.

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

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

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



Source: Office for National Statistics - Labour Force Survey

The single-month estimate for the unemployment rate, for people aged 16 years and over in the UK, for April 2020, was 3.9%. This represents an increase of 0.1 percentage points compared with the previous month (March 2020) and a decrease of 0.1 percentage points compared with three months ago (January 2020).

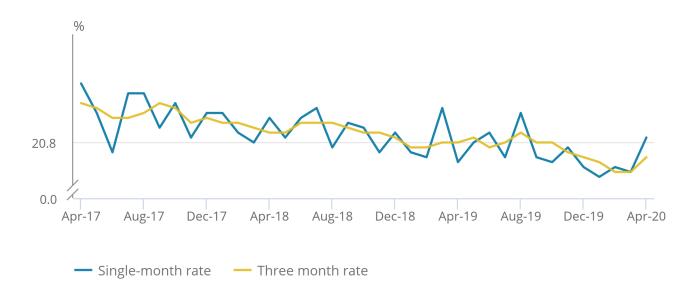
The headline estimate for the three months February to April 2020 was largely unchanged on the previous quarter (November 2019 to January 2020) and currently stands at 3.9%.

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

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

### Figure 3: Single-month inactivity rate up on the previous month

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



Source: Office for National Statistics - Labour Force Survey

The single-month estimate for the economic inactivity rate, for people aged 16 to 64 years in the UK, for April 2020, was 20.9%, the highest since August 2019. This represents an increase of 0.7 percentage points on the previous month (March 2020) and a record increase of 0.8 percentage points compared with three months ago (January 2020).

The headline estimate for the three months February to April 2020 increased by 0.1 percentage points on the previous quarter (November 2019 to January 2020), to 20.5%.

## 3. Weekly Labour Force Survey

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

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

Since the May publication these weekly estimates have been developed to now show UK estimates, the seasonal adjustment methodology has been reviewed and trend series are now also included in the presentation of the data.

#### **Employment and unemployment**

The weekly employment and unemployment rates are extremely volatile and therefore should not be used as a leading indicator of changes to the labour market but may have the potential to pick up large changes (see Figures 4 and 5). No major change to the employment or unemployment rates are observed in any of the weeks since lockdown (week 13 in Quarter 1 (Jan to Mar) and weeks 1 to 4 in Quarter 2 (Apr to June)). However, a slight downward trend can be seen in the final two weeks of April 2020 for the employment rate.

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

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

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



Source: Office for National Statistics - Labour Force Survey

#### Notes:

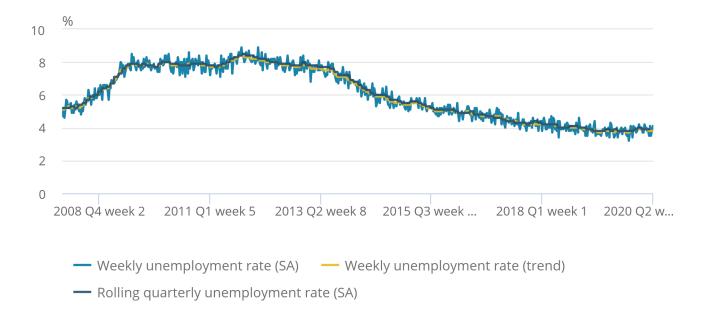
1. Weeks 1 to 4 refer to month 1 in the quarter (for example, January, April, July and October), weeks 5 to 9 refer to month 2 of the quarter (for example, February, May, August and November), and weeks 10 to 13 refer to month 3 of the quarter (for example, March, June, September and December). Rolling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

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

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

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



Source: Office for National Statistics - Labour Force Survey

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#### **Actual hours**

Lockdown measures were introduced on 23 March 2020. Large falls in average actual hours for week 12 and week 13 of Quarter 1 2020 are shown in Figure 6. This change is observed in both the employees and self-employed data, with the largest decrease seen for those identifying as self-employed.

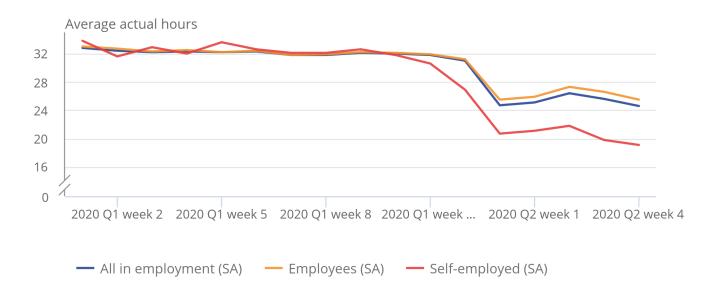
The LFS also collects information on reasons for why people have worked fewer hours in the reference week. Since lockdown was announced, working fewer hours because of "Economic conditions" saw large increases (this category is where LFS interviewers were advised to code those on the Coronavirus Job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

Figure 6: Average actual hours fell in March and April, especially for the self-employed

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

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



Source: Office for National Statistics - Labour Force Survey

#### Those temporarily away from a job

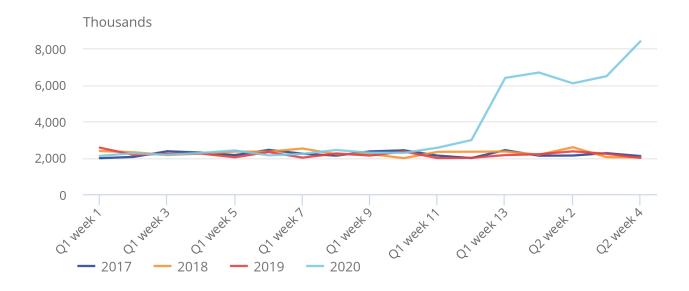
The LFS collects information on those temporarily away from a job that they expect to return to. Figure 7 shows a large increase, in both March and April 2020 (not seen in the previous three years) in those stating that they are temporarily away from paid work.

Figure 7: The number of those temporarily away from a job increased since lockdown

Total number of persons temporarily away from paid work, seasonally adjusted, UK, Jan to Apr 2017 to Jan to Apr 2020

## Figure 7: The number of those temporarily away from a job increased since lockdown

Total number of persons temporarily away from paid work, seasonally adjusted, UK, Jan to Apr 2017 to Jan to Apr 2020



Source: Office for National Statistics - Labour Force Survey

## 4. Coronavirus and measuring the labour market

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

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

### Coronavirus (COVID-19)

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

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

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

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

### 5. Quality and methodology

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

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

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

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

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

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

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

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

Weekly LFS estimates have been seasonally adjusted using a modified version of TRAMO-SEATS to handle higher frequency time series. The seasonally adjusted estimates have the seasonal frequencies removed and frequencies at a 13-week lag to account for seasonality because of the survey design. The trend is simply a smoothed estimate of the seasonally adjusted series, the weights of which are determined by the ARIMA model and as such are "tailored" to the series.

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

## 6. Other quality information

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

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

#### After EU withdrawal

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

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