

Spring Budget 2021 Pre-Budget Briefings

**Covid-19 and economic
challenges for young
women**

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A Pre Budget briefing from the Young Women's Trust and Women's Budget Group

Key facts

- Prior to the coronavirus outbreak and ensuing labour market shock, young women were already facing disadvantage in employment in a gender earnings gap (32.8 per cent for 18-21 age group and 19 per cent for 22-29 age group), discrimination and sexual harassment.
- **The pandemic economic impact has hit young women's employment the hardest**, as a third of all young women were employed in sectors facing restrictions for almost a year like hospitality, leisure and tourism.
- In May 2020, **84 per cent of young women surveyed were concerned about their future finances**, 64 per cent expected to lose money because of the crisis, and a quarter said they expected to lose more than £100 a week.
- **In October 2020, an estimated 1.5 million young women had lost income since the coronavirus pandemic** began and 750,000 had been made to come to work despite concerns about their safety.
- **The number of young women claiming benefits more than doubled between March and December 2020.** 69% of young women claiming Universal Credit since March 2020 reported they had done so for the first time.
- Childcare responsibilities are a big barrier for young women to flourish in the labour market and for their financial autonomy. The coronavirus pandemic is impacting a financially fragile sector, **with 58% of local authorities expecting some early childcare settings in their area to permanently close.**
- **Mental health** has significantly deteriorated across the population since the pandemic started, with women, young people, disabled people and those facing financial difficulties the hardest hit.

Young women and the labour market

Pre-existing inequalities

Prior to the coronavirus outbreak and ensuing labour market shock, young women were already facing disadvantages in employment.

The gender gap in earnings starts at the beginning of young women's careers: in 2019, women aged 18-21 earned 32.8 per cent less than young men of

same age and 19 per cent less in the 22-29 age group.¹

Persistent gender norms, sexism and discrimination can shut young women out of roles that offer the best pay and progression over their life-course, such as engineering and construction apprenticeships. At the same time, high quality opportunities are lacking in childcare and social care, where the majority of young women apprentices work. Young woman can expect to

¹ Calculations based on gross annual pay for all employees. This is different from the gender pay gap, officially calculated as the difference of hourly pay for women and men working full-time. Source: ONS (2019) Annual Survey of

Hours and Earnings 201, Age Group Table 6.7a Annual Pay, Gross 2019 (all employees) (<http://bit.ly/32J2hWd>)

earn, on average, £8,000 less than a young man five years after completing their apprenticeship.² Women are also more likely to be illegally paid below the minimum wage.³

For those who are able to access higher education, men earn more than women within five years of completing their degree across all subjects. This is particularly pronounced in architecture and computer science, with male graduates earning £4,500 more a year than women with the same degrees.⁴

Outright discrimination plays a huge role in young women's economic inequality. Young Women's Trust found that over one in five young mums reported being paid less than the minimum wage they are entitled to and being paid less than male colleagues to do the same or similar work.⁵ A third of young women feel they have been discriminated against in work because of their sex, and 41 per cent of young women of colour say they have also been discriminated against because of their race.⁶

Disproportionate care responsibilities contribute to the disadvantaged economic position of young women. Young women are more likely to be doing unpaid work such as caring and domestic work.⁷ If they can access paid work, they are more likely to be offered fewer hours and be paid less than young men.⁸ Their jobs are also more likely to be precarious than young men's: 43 per cent of young women are offered a zero-hours contract compared to 35 per cent of young men, and this percentage has been rising every year.⁹

Impact of Covid-19 on employment

The coronavirus pandemic and the public health measures the government introduced to contain it are having a massive impact on young women's employment. Women and young people were two of the hardest hit groups economically. Young workers have been hardest hit by the lockdowns, with employees aged under 25 two and a half times more likely to work in a "shutdown" sector than other employees.¹⁰ Young women in particular were disadvantaged, as "shutdown" sectors employed over a third of all young women employees (36 per cent) and a quarter of young men employees.¹¹

This disparity is reflected in employment figures and the Coronavirus Job Retention Scheme (CJRS) statistics. Between July and October 2020, the largest drop in employment for any age group was seen in the 16-24 age group, and this group also had the highest redundancy rate (16.2 per thousand for Aug-Oct 2020).¹² More women than men have been furloughed since the start of the pandemic, with the highest number of furloughed employees in the 25-34 age group.¹³ For under 18s, 38% of female employees and 29% of male employees were furloughed as at 31 December 2020.¹⁴ For those aged 18-24, the take up rate for female employees was 19% and for male employees 17%.

In addition, Young Women's Trust research found that many young women had quit employment because coronavirus safety measures were not being met, and an estimated 750,000 had been

² WBG and YWT calculations from Department for Education (24 October 2019) Further Education outcome-based success measures (<http://bit.ly/2uMkW7b>)

³ Ibid.

⁴ Department for Education (1 Dec 2016) Graduate outcomes, by degree subject and university (<https://bit.ly/2PsrpLx>)

⁵ Young Women's Trust (4 Dec 2019) Young women facing constant financial struggle (<https://bit.ly/32rAxFH>)

⁶ Ibid.

⁷ Young Women's Trust (4 Mar 2020) *Valuing Young Women's Unpaid Work* (<https://youngwomenscount.org/>)

⁸ Young Women's Trust (4 Dec 2019) Young women facing constant financial struggle (<https://bit.ly/32rAxFH>)

⁹ Young Women's Trust (Nov 2020) Picking up the Pieces: Young Women's Experiences of 2020 (<https://bit.ly/35Msmgs>)

¹⁰ IFS (Apr 2020) Sector shutdowns during the coronavirus crisis: which workers are most exposed? (<https://bit.ly/2yCSruD>)

¹¹ Ibid.

¹² ONS, Employment in the UK: December 2020 (<https://bit.ly/3tJngNc>) Note that for the same quarter in 2019, the redundancy rate for 16-24 year olds was 5.7 per thousand.

¹³ HMRC (2021) Coronavirus Job Retention Scheme statistics: January 2021 (<https://bit.ly/3q8Haru>)

¹⁴ Ibid.

made to come into work despite concerns about their safety.¹⁵

The coronavirus crisis is also likely to disrupt career progression for young women. Early career wage growth is driven by workers moving into higher-paying occupations, now harder due to a reduction in vacancies and an increase in redundancies.¹⁶

Barriers to returning to work

Many of the sectors that have been most severely affected by Covid – such as accommodation and food, arts and entertainment, and retail – have a predominately female workforce.¹⁷ There are concerns that some of these sectors will struggle to rebound in the medium term and fewer job opportunities will be available for young women who lose their jobs or are newly entering the labour market. This concern is heightened by the focus on male-dominated sectors in the government's priorities for recovery, as identified by the House of Commons Women and Equalities Committee in its recent report.¹⁸

Balancing paid and unpaid work

Before the pandemic, young mothers were already struggling to balance paid work and raising their children because many formal childcare arrangements were expensive and inflexible.

In 2019, only slightly more than half of local authorities in England (56 per cent) reported that they had enough childcare for parents who work full-time, and less than a fifth (18 per cent) have sufficient childcare for parents who work atypical hours.¹⁹

For most young women childcare costs are less affordable than to the average primary carer because their earnings tend to be lower. Prior to the pandemic, young mothers of 0-2 year-olds on average earnings were spending between half and two-thirds of their salary on a nursery place. The free childcare hours for 3- and 4-year-olds make a significant difference to affordability but childcare costs still accounted for between a fifth and a quarter of young mothers' salaries.²⁰

This makes childcare a significant obstacle for young mothers in the labour market. The Young Women's Trust Childcare Report (2019) found that two-thirds of young mums not in paid work had been unable to take up paid work due to childcare costs. One in three had to leave a job because they could not afford childcare and more than half (57 per cent) were unable to take a job they had been offered because of a lack of suitable childcare options.²¹

Lockdown and childcare

During lockdowns in March 2020 and January 2021, schools were closed to all except key workers' children and vulnerable children. For most, responsibility for childcare and education was transferred to the nuclear family and mothers disproportionately absorbed the additional unpaid workload. During the lockdown which commenced in March 2020, mothers were doing two-thirds more childcare than fathers.²² Parents were twice as likely to be furloughed (13.6%) as workers without children (7.2%),²³ while mothers were more likely to be furloughed or lose their jobs during lockdown than fathers.²⁴ In addition, there is a concern that as companies exit lockdown and the job retention scheme comes to an end that

¹⁵ Young Women's Trust (Nov 2020) Picking up the Pieces: Young Women's Experiences of 2020 (<https://bit.ly/35Msmqs>)

¹⁶ IFS (Jul 2020) COVID-19 and the career prospects of young people (<https://bit.ly/3hxYUbj>)

¹⁷ HMRC (2021) Coronavirus Job Retention Scheme statistics: January 2021 (<https://bit.ly/3q8Haru>)

¹⁸ House of Commons Women and Equalities Select Committee (2021) Unequal impact? Coronavirus and the gendered economic impact (<https://bit.ly/3jEJ0xN>)

¹⁹ Family and Childcare Trust (2019) *Childcare Survey 2019* (<http://bit.ly/2leguk6>)

²⁰ Women's Budget Group and Young Women's Trust (Mar 2020) Young Women and Economic Justice (<https://bit.ly/3kM6Gk1>)

²¹ Young Women's Trust (Nov 2019) Childcare: What Young Women Want (<https://bit.ly/37UUBLKE>)

²² ONS (Jul 2020) Parenting in lockdown: Coronavirus and the effects on work-life balance (<https://bit.ly/2FnA5AD>)

²³ Ibid.

²⁴ IFS (May 2020) Parents, especially mothers, paying heavy price for lockdown (<https://bit.ly/323vQSI>)

furloughed workers, who are more likely to be female and parents, will be earmarked for redundancy.²⁵

Childcare sector crisis

Although nine out of ten childcare providers had reopened by July 2020 and early childcare providers have remained open during the most recent lockdown, many are facing financial difficulties due to the very low occupancy rates during the first lockdown in March 2020, which haven't yet recovered to pre-Covid levels. Faced with largely the same operational costs but less income, there is a fear providers will close their doors. Research by the Coram Family and Childcare Charity found that 58% of local authorities expect some childcare providers in their area to shut permanently when the government's Covid support funding ends in January 2021.²⁶ Already in October 2020, 12 per cent of young mothers surveyed by the Young Women's Trust said their nursery had closed down permanently.²⁷

If a considerable number of nurseries close, this will exacerbate the gaps in childcare provision that predate the coronavirus pandemic and drive prices further out of reach of most young mothers. Some impacts of increased costs are already being felt by young mothers. Research published in November 2020 found that 51 per cent of young women parents, up from 33 per cent last year, reported they were unable to apply for a job, turned down a job or left a job because they could not cover childcare costs.

Economic and financial insecurity

Before the Coronavirus crisis hit, young women were already facing significant financial insecurity. Last year, Young Women's Trust's research found that 37 per cent of young women found it hard to make their cash last until the end of the month and half of young mums skipped meals at least once a week to provide for their children.²⁸ Women are statistically more likely to be in low-earning jobs, with 69 per cent of low-earners in 2019 were women.²⁹

Coronavirus and loss of income

As the pandemic labour market shocks continue to unfold, even more young women are being pushed to the brink financially. Analysis by Turn2Us predicts that women's incomes will fall by 26 per cent (£309), compared to an 18 per cent drop (£247) in earnings for men.³⁰ In October 2020, an estimated 1.5 million young women had lost income since the start of the coronavirus pandemic.³¹

Universal Credit & other social security

The number of people claiming social security has increased significantly during the pandemic and will continue to rise as more people lose work. The claimant count for 16-29 year-old women in the UK more than doubled between March and December 2020, rising from 160,000 to 336,000 individuals.³² For many young women, this is the first time they have claimed benefits, with research from October 2020 finding that 69 per cent of young women claiming Universal Credit since March 2020 reported they had done so for the first time.³³

²⁵ House of Commons Women and Equalities Select Committee (2021) Unequal impact? Coronavirus and the gendered economic impact (<https://bit.ly/3iEJOxN>)

²⁶ Coram Family and Childcare (Dec 2020) Over half of local authorities in England anticipate permanent closure of childcare providers after Covid funding ends (<https://bit.ly/2NkoFlq>)

²⁷ Young Women's Trust (Nov 2020) Picking up the Pieces: Young Women's Experiences of 2020 (<https://bit.ly/35Msmqs>)

²⁸ Young Women's Trust (2019) Young women facing constant financial struggle (<https://bit.ly/32T7s7U>)

²⁹ Women's Budget Group (Mar 2020) Gender, employment and earnings (<http://bit.ly/2v5Ybvd>)

³⁰ Turn2Us (May 2020) Coronavirus pandemic widens the gender gap (<https://bit.ly/3gLn4iC>)

³¹ Young Women's Trust (Nov 2020) Picking up the Pieces: Young Women's Experiences of 2020 (<https://bit.ly/35Msmqs>)

³² NOMIS (January 2021) Query: Claimant Count by Age and Sex (<https://bit.ly/3tH02Qx>)

³³ Young Women's Trust (Nov 2020) Picking up the Pieces: Young Women's Experiences of 2020 (<https://bit.ly/35Msmqs>)

There are specific groups of young women that are worse affected by problems with the benefits system. Black, Asian and minority ethnic women are more likely to be affected by the two-child limit, as they are more likely to have more than two children. Many disabled young women are still on legacy benefits and so did not receive the increase in Universal Credit that was part of the government's support package.

Payment of Universal Credit to a single bank account increases the risk of economic abuse towards young women, as they cannot safeguard their money from a controlling and abusive partner or family member. One study found that a third of young women under 30 had faced economic abuse of some form including a partner taking benefits or wages or being prevented from keeping or getting a job. Three quarters of those who had experienced economic abuse had children.³⁴

The 'No Recourse to Public Funds' policy means many migrant women who lose work during the pandemic will be forced into poverty with no way to access support from the government.

Statutory Sick Pay

As part of its support measures in March 2020, the government provided a small increase to Statutory Sick Pay (SSP). The Test and Trace scheme requires people to self-isolate if they come into contact with the virus. The success of the scheme relies on people being able to access SSP when they have to self-isolate, otherwise they may feel they have to continue to go to work in order to make ends meet. Women are less likely to be eligible for SSP than men because they are more likely to be earning below the qualifying threshold. WBG calculations find that 15.5 per cent of women and

10.6 per cent of men do not earn enough to qualify for SSP.³⁵ Even when individuals qualify for SSP, the payment is not enough to cover basic living costs.

Young women and mental health

Economic inequality has a damaging effect on young women's mental health. Poor mental health is strongly associated with social and economic factors, including living in poverty,³⁶ low-quality work³⁷ and unemployment.³⁸ In YWT research in 2019, over a third (37 per cent) of young women on the lowest or no pay reported having depression, the highest group in the survey. Young women identified work, financial worries and relationships as the top three drivers of poor mental health.³⁹

Poor mental health also limits young women's ability to access work – creating a vicious cycle whereby economic inequality damages young women's mental health, which in turn limits their economic freedom. In YWT's research, more than one in five young women said that their mental health had affected their ability to stay in work (compared with 16 per cent of young men) and the group most likely to say this was young women on the lowest or no pay (31 per cent). They also reported an adverse impact on their ability to seek work, manage finances and perform well at school or work.⁴⁰

Impact of coronavirus pandemic on mental health

Now, the Covid-19 pandemic is exacerbating these issues. IFS research found that, taking account of pre-pandemic trajectories, mental health has deteriorated significantly (by 8.1 per cent on average) as a result of the pandemic. Young adults and women – groups with worse mental health

³⁴ YWCA (2008) Young women and financial abuse (not available online, provided by <https://survivingeconomicabuse.org/>)

³⁵ Women's Budget Group (May 2020) WBG responds to the recovery roadmap (<https://bit.ly/3eObaCl>)

³⁶ Centre for Mental Health and UCL Institute for Learning (2018) Children of the new century: Mental health findings from the Millennium Cohort Study (<https://bit.ly/2RUbbfc>)

³⁷ The Health Foundation (Feb 2020) What the quality of work means for our mental health (<https://bit.ly/3cnMOzG>)

³⁸ T Chandola, N Zhang (2018) Re-employment, job quality, health and allostatic load biomarkers: prospective evidence from the UK Household Longitudinal Study, *International Journal of Epidemiology*, Vol 47, Issue 1 (<https://bit.ly/3hX6iN1>)

³⁹ Young Women's Trust (2019) Young Women's Mental Health in Crisis (<https://bit.ly/2RUy5TD>)

⁴⁰ Ibid.

pre-pandemic – have been hit hardest. The fraction of young women reporting severe mental health problems doubled during the pandemic.⁴¹ ONS data also shows a significant deterioration in mental health since the pandemic, with adults who were aged 16 to 39 years old, women, those who are unable to afford an unexpected expense and people who are disabled the most likely to experience some form of depression during the pandemic.⁴²

Young women have been facing enormous pressure since lockdown began: they are disproportionately likely to work in the sectors that have been worst affected, and are facing job loss and financial difficulties as a result.⁴³ On top of this, mothers are struggling to manage childcare, homeschool their children, and work in parallel. Furthermore, women in employment are twice as likely to be key workers as employed men, facing significant health risks.⁴⁴

Amidst all these challenges, YWT found that many young women are feeling lonely because they are separated from loved ones and their support networks.⁴⁵ Young women were more likely to say their mental health had become worse over the last 12 months compared to young men (43 per cent compared to 32 per cent) and over half said they were ‘worried about their mental health’.⁴⁶ Research shows that adults living with mental health problems report their mental health has deteriorated because they received less support during lockdown.⁴⁷ There are concerns that this could soon lead to a spike in demand for support, which would put strain on a system that was already stretched prior to the pandemic. There is a

risk that young women requiring support will be unable to access it or will fall through the gaps.⁴⁸

Young women and Brexit

The departure of the UK from the European Union on 31 December 2020 has ongoing implications for young women. Despite a deal being reached, there have still been significant impacts on exports and imports, with the potential to drive up the cost of essentials, including food. Any increase in prices will disproportionately impact women, who are more likely to be on lower incomes and have responsibility for household budgeting.⁴⁹

Moreover, key working rights that young women rely on, such as maternity and parental leave and pay, equal pay for equal work, limited weekly working hours, protection from pregnancy discrimination at work, are at risk of being eroded by this or future governments. British young women have lost their right to work and study abroad in 27 European countries, while their right to bring their EU-national partners or children to join them in the UK will be restricted.

Finally, the UK is currently negotiating trade deals with other countries that are likely to have an impact on gender equality. These should be scrutinised for their impact on women and equality both in the UK and in the other signatory countries.

Recommendations

- **Improve social security protections for unemployed and low-paid workers:** Statutory Sick Pay should be increased for working young women to be financially covered if they fall ill.

⁴¹ IFS (Jun 2020) The mental health effects of the first two months of lockdown and social distancing during the Covid-19 pandemic in the UK (<https://bit.ly/2C9HVwg>)

⁴² ONS (Jun 2020) Coronavirus and depression in adults, Great Britain: June 2020 (<https://bit.ly/303LrRM>)

⁴³ IFS (Apr 2020) Sector shutdowns during the coronavirus crisis: which workers are most exposed? (<https://bit.ly/2yCSruD>)

⁴⁴ Resolution Foundation (Apr 2020) Risky business: Economic impacts of the coronavirus crisis on different groups of workers (<https://bit.ly/3iYSRx5>)

⁴⁵ Young Women’s Trust (May 2020) Ignored, Undervalued and Underpaid (<https://bit.ly/33UyCue>)

⁴⁶ Young Women’s Trust (Nov 2020) Picking up the Pieces: Young Women’s Experiences of 2020 (<https://bit.ly/35Msmqs>)

⁴⁷ Rethink Mental Illness (Apr 2020) 80% of people living with mental illness say current crisis has made their mental health worse (<https://bit.ly/33QZNpL>)

⁴⁸ Centre for Mental Health (Jun 2020) Covid-19: understanding inequalities in mental health during the pandemic (<https://bit.ly/3kEdijx>)

⁴⁹ Women’s Budget Group (Sep 2019) Operation Yellowhammer: Briefing from the Women’s Budget Group (<https://bit.ly/2EKVYtW>)

The five-week wait for first payment of Universal Credit should be abolished, so that young women can continue to support their families without incurring debt. Local Housing Allowance rates should be raised in line with median local private rents so that young women on housing benefit can fully cover their housing costs.

- **Ensure the kickstart scheme is accessible for young women:** The scheme should guarantee an equal proportion of work placements for young women as young men, making sure they don't lose out on well-paid opportunities and careers. The government should monitor and publish data on who takes up the scheme, broken down by industry as well as by sex, age and race. This is particularly important as the government begins to invest into a post-Covid recovery.
- **Publish nationally and ensure employers share redundancy data by protected characteristics:** This includes age, sex and ethnicity so we can see who is being impacted by job losses.

- **Ensure all employers implement flexible work as the norm:** This is vital for young women, many of whom have unpaid care responsibilities, to access the workplace.
- **Urgent support for childcare providers:** Childcare infrastructure is key for young mothers' economic independence. The government should establish a Childcare Infrastructure Fund⁵⁰ to support providers' salary costs to keep them running. In the longer-term, the current funding system should be overhauled from a demand to a supply-side, with the goal of establishing a universal free childcare system.

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⁵⁰ For more information see NEF's briefing: NEF (2020) A Childcare Infrastructure Fund (<https://bit.ly/361cEZ6>)