Understanding
Society

COVID-19 Survey

BRIEFING NOTE
WAVE 1: APRIL 2020

THE ECONOMIC EFFECTS

Contents:

The *Understanding Society* COVID-19 study is a monthly survey on the experiences and reactions of the UK population to the COVID-19 pandemic.

The survey is an integral part of *Understanding Society*: the UK Household Longitudinal Study, which is a representative survey of UK households and began in 2009. Researchers can link the data from the COVID-19 survey to answers respondents have given in previous (and future) waves of the annual *Understanding Society* survey.

The survey is funded by the Economic and Social Research Council and the Health Foundation.

Fieldwork

The COVID-19 survey is an online questionnaire.

The first wave of the COVID-19 survey was fielded was between 24 and 30 April 2020.

A telephone interview will be offered to respondents who wish to take part but live in a household where no-one is a regular internet user. Fieldwork for the telephone interviews began in late-May and continues to early-June 2020.

Fieldwork for the online survey is carried out by Ipsos MORI and for the telephone survey by Kantar.

The sample

All *Understanding Society* adult sample members aged 16+ and who had taken part in one of the two last waves of the main study were invited to participate.

17,450 participants completed the survey in the first Wave.

For researchers wishing to analyse the data, weights are provided that adjust for the clustered sample design of the main study and unequal response bias.

For more information on the design, fieldwork and using the COVID-19 survey data please see the User Guide.

The data

The COVID-19 survey data is available to researchers via the UK Data Service, Study Number 8644.

Citation

TF Crossley, P Fisher, H Low, M Benzeval, J Burton, A Jäckle, and B Read (2020), Understanding Society COVID-19 Survey, April Briefing Note: The Economic Effects, Working Paper No 10/2020, ISER, University of Essex.

Survey content

In Wave 1 the 20 minute questionnaire carried questions on:

- **Household composition**
- **Coronavirus illness**
- **Long-term health conditions**
- **Caring**
- **Loneliness**
- **Employment**
- **Finance**
- **Financial security**

- **Time use**
- **Home schooling**
- **Food**
- **Alcohol consumption**
- **Smoking**
- **Exercise**
- **Mental health (GHQ)**

In subsequent waves, core content will be repeated to track changes through the outbreak and rotating content will be added on new topics reflecting the changing social, economic and policy context, as well as question proposals from researchers.

The Economic Effects

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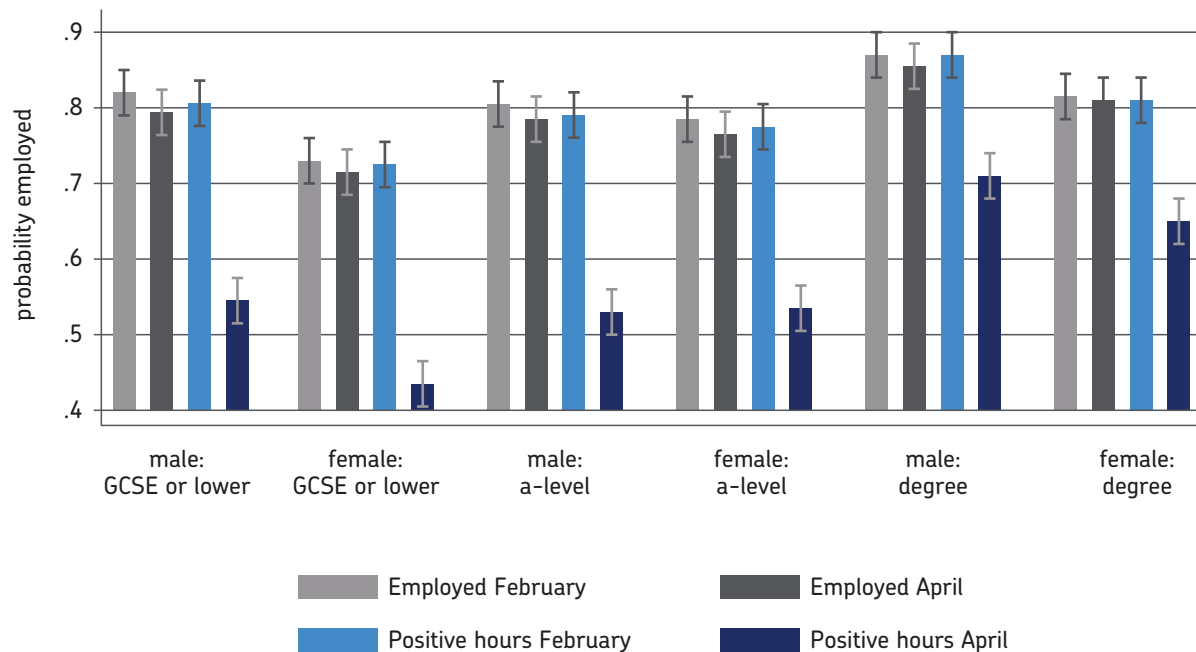
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Understanding Society Topic Champion Economic Risks

- The economic questions in Wave 1 of the *Understanding Society* COVID-19 survey are arranged around three related themes.

    1. The first set looks to understand the size of the associated economic shocks.

    2. The second set capture the ways in which different households mitigate those shocks.

    3. The third set explore the consequences for individuals and their households.

- The first set, on measuring the size of the economic shock experienced by respondents, includes measures of employment (including self-employment), hours worked and earnings. For these questions, we established a pre-crisis baseline by asking about employment, hours and earning in January and February of 2020, as well as at the time of the interview. These questions allow the calculation of changes from the beginning of the year to the time of the Wave 1 COVID-19 survey in late April.

- Richer baseline information can be obtained by merging in past waves of the annual interviews in *Understanding Society*. In the tables we illustrate this by classifying respondents by quintile of long run income. This is derived from up to four previous waves.

- In the Wave 1 COVID-19 survey, earnings information is obtained on a "take home" basis (after taxes and credits but before benefits).

- In addition to individual earnings, for individuals living with other people, Wave 1 also asked about household earnings. The *Understanding Society* COVID-19 survey is an individual survey. It is possible for researchers and analysts link people residing at the same address at the time of the Wave 1 Covid-19 interview, as well as to link to household information in past annual waves of *Understanding Society.* However, in the tables we simply treat household characteristics, including household earnings, as an attribute of individuals.

- The second set of economic questions in Wave 1 of the *Understanding Society* COVID-19 survey seek to capture how individuals and their households attempted to mitigate the economic shock associated with the pandemic. For example, we asked about applications for universal credit, use of food banks, the extent of money and in-kind transfers of goods and services from family or friends, and the use of debt and savings.

- The final set of economic questions in Wave 1 of the *Understanding Society* COVID-19 survey seek to capture the consequences of the economic shock for individuals and their households. The consequences are measured in terms of the incidence of arrears of debt and subjective evaluations of the financial situation.

Employment changes

The survey collected information about circumstances at the time of survey (April) as well as a pre-Covid baseline (January/February 2020). We compare employment rates (including self-employment), the fraction working positive hours, mean hours, and mean weekly earnings across these two periods.

- Employment has held up well but there was a significant fall in the fraction working positive hours

- The fall in the fraction working positive hours was particularly large for men and women educated to less than degree level

Legend:
- Employed February
- Employed April
- Positive hours February
- Positive hours April

Employment changes:
labour market outcomes

The fall in hours worked was particularly large for:

- those whose employer set their hours without any minimum ("zero hours contracts")

- the self-employed

- The substantial fall in the fraction of the population working positive hours occurs at all ages

Notes: Employment, hours and earnings include both employees and self-employees.
Columns 1–4 are population percentages and refer to all individuals; columns 5-8 are weekly means and refer to those employed in February. Sample sizes (All) are: 10,803 (col 1–4), 8745 (col 5–6), and 8015 (col 7-8).

	Employed (Feb)	Employed (April)	Positive hours (Feb)	Positive hours (April)	Hours (Feb)	Hours (April)	Earnings (Feb)	Earnings (April)
All	80.4	78.4	79.5	55.8	34.7	23.0	429.0	380.6
Gender:								
men	84.5	82.3	83.8	59.5	38.6	25.5	505.1	439.1
women	76.9	75.1	75.9	52.7	31.0	20.6	357.4	326.2
Education:								
GCSE or lower	72.6	70.0	71.7	43.6	34.1	19.6	332.1	284.5
a-level	79.5	76.9	78.8	49.7	34.1	20.3	363.9	316.0
degree	85.8	84.4	84.9	66.7	35.3	26.0	509.6	461.4
Worker type:								
fixed hours	100.0	97.1	99.4	72.4	35.0	24.7	433.7	407.0
flexible hours	100.0	96.2	97.1	74.2	35.9	27.6	522.1	490.2
employer sets (sure min.)	100.0	94.7	98.4	58.9	34.2	20.3	346.4	308.1
employer sets (no sure min.)	100.0	85.7	96.5	41.2	32.5	14.9	350.0	277.5
self-employed	100.0	94.9	98.8	59.2	33.3	15.8	417.7	256.1
Works at home (Feb):								
sometimes or always	100.0	97.6	99.1	78.6	35.5	26.6	548.4	485.1
never	100.0	95.6	98.9	64.2	34.3	21.4	376.6	334.7
Age:								
20-29	79.8	75.1	78.4	48.2	33.5	20.3	326.0	290.2
30-39	86.8	85.1	85.7	60.9	35.4	23.6	448.2	394.1
40-49	86.2	85.8	85.7	65.2	35.9	25.7	484.2	439.2
50-59	81.8	80.4	81.3	58.7	35.0	23.5	451.8	401.6
60-65	58.8	56.4	57.9	36.8	31.4	18.4	376.2	313.0
Country:								
England	80.7	78.5	79.9	55.9	34.8	23.1	434.0	382.8
Scotland	79.4	79.9	78.2	57.9	33.3	22.8	417.1	378.9
Wales	77.0	75.4	76.5	52.7	34.1	21.9	378.5	369.5
Northern Ireland	78.2	75.2	77.7	51.8	35.7	22.5	386.4	331.4

Employment changes:
reasons for decline in hours for those reporting a decline

- 43% of those reporting a decline in hours were furloughed

- 14% report loss of self-employment business

- Only 7% report health as a reason for the decline in hours

- 7% report caring for others as a reason for the decline, but for those age 30-49, the fraction is double
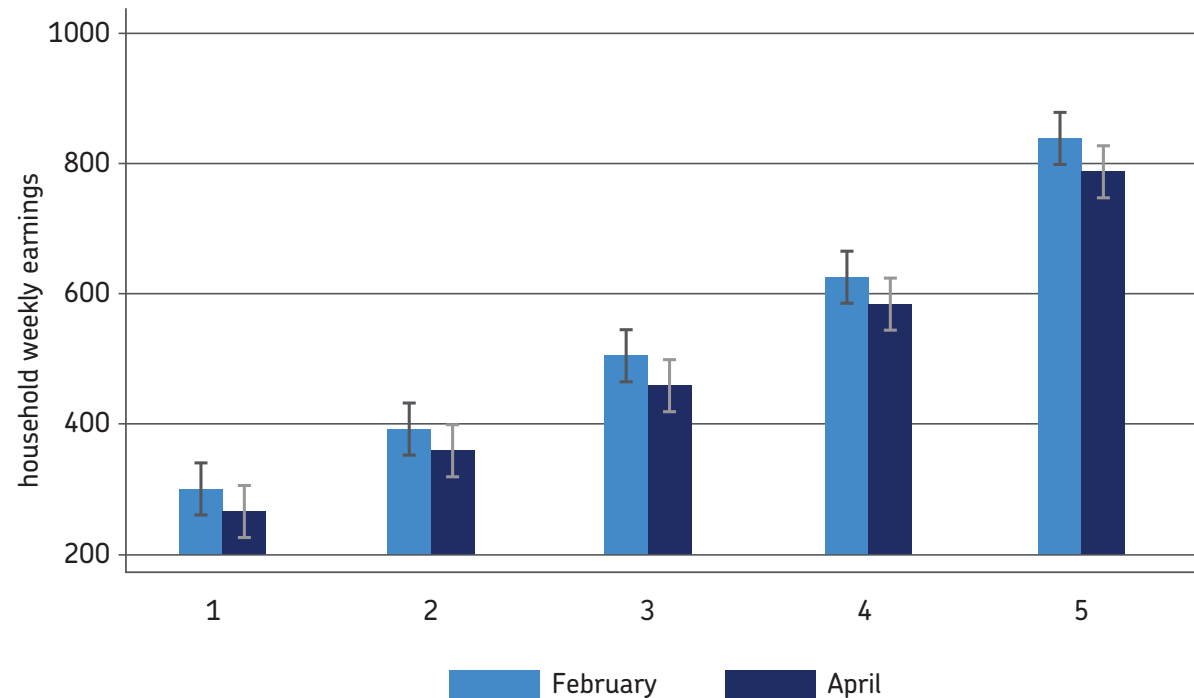
Notes: Each cell refers to a percentage of those reporting a decline in weekly work hours. Respondents are allowed to report multiple reasons for an hours decline and so the rows do not sum to one. Sample size (All): 3993.

	Employer Cuts	Furloughed	Loss of self-employment business	Unemployed	Health	Caring
All reporting a decline in hours	9.8	43.3	13.8	8.0	7.4	7.2
Gender:						
men	9.6	43.9	17.4	8.0	7.5	5.3
women	9.9	42.7	10.7	8.1	7.4	8.8
Education:						
GCSE or lower	11.6	47.8	14.1	8.3	7.6	4.7
a-level	7.8	50.8	10.9	8.6	9.2	4.5
degree	9.8	35.3	15.6	7.6	6.2	10.4
Worker type:						
fixed hours	11.4	53.8	0.0	7.3	6.2	5.9
flexible hours	9.5	43.4	0.0	8.7	3.3	13.6
employer sets (sure min.)	16.0	59.2	0.0	9.0	6.9	3.2
employer sets (no sure min.)	14.8	58.8	0.0	19.7	6.1	3.8
self-employed	2.1	7.4	61.0	7.1	12.2	10.8
Works at home (Feb):						
sometimes or always	8.1	25.6	25.7	5.5	5.8	13.8
never	10.4	50.1	9.3	9.0	8.1	4.7
Age:						
20-29	9.1	54.0	5.7	14.2	4.2	2.5
30-39	9.7	44.9	13.4	7.1	5.0	15.8
40-49	8.8	40.3	15.7	4.5	8.3	12.1
50-59	11.9	39.9	16.5	6.0	8.9	3.0
60-65	7.3	35.0	19.3	10.7	12.5	1.5
Country:						
England	9.6	43.4	13.5	8.2	7.3	7.6
Scotland	9.7	42.0	19.0	3.4	6.0	6.5
Wales	11.6	38.3	14.2	8.0	12.9	3.2
Northern Ireland	11.3	52.2	8.0	16.0	5.7	4.6

Understanding Society

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Ipsos

KANTAR

The Health Foundation

Changes in household earnings

The measure is net, equivalized weekly household earnings of individual respondents. This includes earnings from employment and self-employment, after tax, but not benefits nor capital income.

- Average household earnings fell by 8%
- Household earnings fell across the earnings distribution, but particularly for the bottom 20%

household weekly earnings

February   April

Household earnings pre- and post-Covid

- 23% of individuals reported loss of more than 20% of household earnings

- Losses were particularly severe for single parents

Notes: Household earnings are means, weekly, net and equivalised. Columns 1–2 refer to all individuals and columns 3–6 to individuals in households with positive earnings in February. Sample sizes (All): 9208 (col 1–2), 8511 (col 3–6).

	Full sample		Positive February Earnings			
	February	April	February	April	Lost 5% or more (%)	Lost 20% or more (%)
All	538	495	585	529	38	23
Quantities of long-run income:						
1	297	254	349	291	44	31
2	394	353	436	380	42	25
3	495	456	529	482	35	21
4	630	582	669	606	36	20
5	832	786	867	813	33	21
Household type:						
Single adult, no children	491	446	616	513	39	32
Single adult, children	326	253	427	308	47	35
Multiple adult, no children	582	536	629	573	37	23
Multiple adult, children	511	475	537	494	3 7	21
Country:						
England	541	499	591	535	38	24
Scotland	542	485	573	508	34	21
Wales	510	469	548	499	36	22
Northern Ireland	458	424	489	450	38	24

Mitigating household earning losses

Actions taken to mitigate earnings losses by individuals who have reported a decline in household earnings. Individuals can report taking multiple measures.
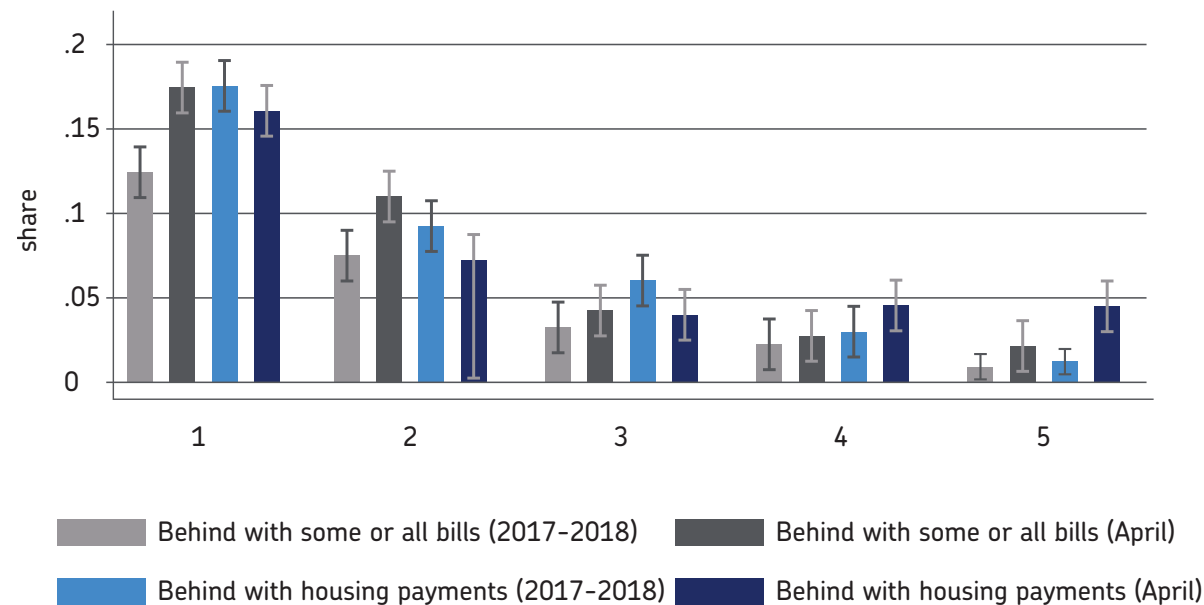
- Two-thirds of respondents reported reducing spending

- More than a quarter have drawn on their savings

- Significant numbers also borrow, ask for a mortgage holiday, received money from friends or family, and applied for universal credit

- Financial assistance from friends and family is much more common for individuals with the lowest quintile of household income, and for single parents

	Reduced spending	Used savings	Borrowed	New work	Mortgage hol.	Universal credit	Family transfer etc.	Used foodbank
All	68.0	25.9	7.0	2.7	9.7	7.3	9.9	1.0
Income quintile:								
1	74.3	30.1	8.9	1.8	7.5	11.6	16.4	2.1
2	70.6	25.4	11.0	2.1	9.5	10.1	12.2	1.8
3	68.0	24.7	4.9	3.3	9.7	6.6	7.7	0.8
4	64.8	23.9	5.1	2.1	10.6	4.1	7.2	0.0
5	62.5	25.6	5.1	4.1	11.0	4.2	6.0	0.2
Household type:								
Single adult, no children	50.0	20.3	5.5	0.7	3.6	10.0	12.1	4.1
Single adult, children	65.4	18.4	12.7	2.0	3.3	5.3	25.6	0.0
Multiple adult, no children	66.6	28.5	5.4	3.0	5.4	7.1	6.9	0.5
Multiple adult, children	73.2	24.5	8.8	2.7	16.2	7.2	11.7	1.1
Country:								
England	67.8	25.4	6.9	2.7	10.0	7.4	9.9	0.8
Scotland	70.1	28.7	10.8	2.6	6.8	3.2	10.5	1.8
Wales	67.3	30.6	3.1	0.8	8.7	8.0	8.8	3.1
Northern Ireland	70.7	26.3	7.9	6.2	7.5	16.0	10.7	0.0

Notes: Each cell refers to a percentage of individuals experiencing a household earnings loss between April and February. Sample size (All): 3345.

Economic outcomes:
behind on paying bills and rent or mortgage

We compare here to Wave 9 of the *Understanding Society* main survey, which occurred in 2017-18. Table 5 also reports the fraction of respondents reporting that their household was hungry but did not eat at some time in the last week.

- The incidence of arrears has increased since 2017-18

- The increase in arrears in non-housing bills is larger for individuals with the lowest quintile of household income, and for single parents

- The increase in housing arrears only shows up in the top two quintiles

Legend:
- Behind with some or all bills (2017-2018)
- Behind with some or all bills (April)
- Behind with housing payments (2017-2018)
- Behind with housing payments (April)

Bills and housing arrears and hunger

Notes: Each cell refers to a percentage of the population. Hunger refers to individuals who report a time last week when they or others in their household were hungry but did not eat. Sample sizes (All): 10,505 (col 1-2), 8076 (col 3-4); 10,547 (col 5).

	Behind with bills		Behind with housing		
	2017–2018	April 2020	2017–2018	April 2020	Hunger
All	5.2	7.4	7.5	7.4	4.6
Income quintile:					
1	12.6	17.8	17.9	15.9	7.7
2	7.8	11.0	9.7	7.6	7.4
3	3.1	4.0	5.5	4.3	3.4
4	2.2	2.7	3.1	4.6	3.1
5	0.6	2.0	1.0	4.6	1.5
Household type:					
Single adult, no children	7.3	11.0	11.8	9.4	4.8
Single adult, children	14.0	19.6	17.7	12.6	5.9
Multiple adult, no children	3.5	4.7	6.3	6.8	4.5
Multiple adult, children	6.0	8.8	6.9	7.0	4.5
Country:					
England	5.2	7.4	7.5	7.5	4.7
Scotland	4.0	5.5	7.2	6.8	3.8
Wales	8.1	10.5	7.7	6.3	3.5
Northern Ireland	4.1	9.2	9.3	5.9	4.2

Financial expectations, past and present

We compare here to Wave 9 of the Understanding Society main survey, which occurred in 2017–18.

There is no evidence in these subjective reports that individuals are finding their financial situation more difficult than in 2017–2018.

	Finding it difficult		Just about getting by		Living comfortably	
	2017–18	April 2020	2017–18	April 2020	2017–18	April 2020
All	8.4	7.8	23.2	20.3	68.4	71.9
Income quintile:						
1	19.6	15.7	35.6	32.7	44.8	51.6
2	10.0	10.9	31.3	27.1	58.6	62.0
3	6.5	5.5	21.9	18.9	71.6	75.6
4	4.4	4.6	17.9	14.8	77.7	80.6
5	2.0	2.9	10.1	8.6	87.9	88.4
Household type:						
Single adult, no children	13.0	11.6	28.7	24.2	58.3	64.1
Single adult, children	20.5	17.9	39.6	29.5	39.9	52.6
Multiple adult, no children	6.4	6.5	19.7	16.7	73.9	76.8
Multiple adult, children	8.9	7.8	25.1	23.3	66.0	68.9
Country:						
England	8.3	7.7	23.5	20.5	68.3	71.9
Scotland	7.8	8.6	20.3	20.4	71.8	71.0
Wales	11.6	9.5	25.5	17.6	62.9	72.9
Northern Ireland	9.0	8.5	20.5	18.9	70.5	72.6

Notes: Each cell refers to a percentage of the population. The categories are derived from a question asking individuals how they are managing financially. Columns 1–2 refer to individuals 'finding it difficult or 'very difficult'; columns 3–4 to those 'just about getting by';   and columns 5–6 to those 'living comfortably or 'doing alright'. Sample size (All) : 10,732. These figures are for restricted age sample (respondents aged 20 to 65).

Financial expectations, the future

- Twice as many people expect their financial situation to get worse as those who expect it to get better

- This rises to three times in the bottom income quintile

- This rises to more than three times for single parents

Notes: Each cell refers to a percentage of the population. Sample size (All) : 10,783. These figures are for restricted age sample (respondents aged 20 to 65).

	Next month worse off	Next month about the same	Next month better off
All	19.7	71.0	9.3
Income quintile:			
1	24.0	67.9	8.1
2	23.4	67.9	8.8
3	18.3	73.3	8.4
4	16.4	72.1	11.5
5	16.8	73.5	9.8
Household type:			
Single adult, no children	16.7	75.0	8.4
Single adult, children	25.8	67.3	6.9
Multiple adult, no children	18.2	72.4	9.4
Multiple adult, children	21.9	68.5	9.6
Country:			
England	19.8	70.6	9.5
Scotland	18.0	73.6	8.4
Wales	19.8	72.5	7.7
Northern Ireland	21.2	71.2	7.5

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Find out more about the Study online at
www.understandingsociety.ac.uk/themes/covid-19

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