CVDR/S6/22/24/1

COVID-19 Recovery Committee

24th Meeting, 2022 (Session 6), Thursday 10 November 2022

Road to recovery: impact of the pandemic on the Scottish labour market inquiry

Introduction

1. This inquiry will focus on the long-term sick component of economically inactive people, as well as people who have taken early retirement. The Committee would like to understand what impact, if any, COVID-19 has had on these drivers of economic inactivity with a view to making recommendations for the recovery period to the Scottish Government.

2. This is the second evidence session of the inquiry, in which the Committee will examine the drivers behind long-term illness from the perspective of public health, employment and other economic factors.

3. The Committee will take evidence from the following panels of witnesses—

   Panel 1: long-term illness from a public health and employment perspective

   - Susie Fitton, Policy Manager, Inclusion Scotland
   - Pamela Smith, Head of Economy and Poverty, Public Health Scotland
   - Professor Sir Aziz Sheikh, Professor of Primary Care Research and Development, Director Usher Institute and Dean of Data, University of Edinburgh;
   - Professor Gerry McCartney, Professor of Wellbeing Economy, University of Glasgow

   Panel 2: long term illness from an economic perspective

   - John Burn-Murdoch, Chief Data Reporter, Financial Times
   - Tom Waters, Senior Research Economist, and Tom Wernham, Research Economist, Institute for Fiscal Studies
   - Philip Whyte, Director, Institute for Public Policy Research Scotland

Scrutiny by other committees

4. The Covid-19 Recovery Committee's statement on priorities includes a commitment to focus on key policy issues where the Committee can add value to the work of other parliamentary committees. The Committee also aims to identify opportunities to work jointly with other committees to maximise impact, whilst avoiding duplication of scrutiny.

5. The Finance and Public Administration Committee has considered overall labour market performance with a focus on the impact on tax receipts. It has not considered underlying factors, such as long-term illness and early retirement, in detail. The Economy and Fair Work Committee has considered labour market participation in its supply chain inquiry, with a focus on the impact of post-Brexit migration policy.

6. This Committee's inquiry intends to add value by examining long-term illness and early retirement in the Scottish labour market, which have not been explored by other committee inquiries to date.

Background

7. The Scottish Parliament's Information Centre (SPICe) has produced the following briefings to support the inquiry—

    - Summary of written responses to the call for views
    - The Scottish labour market

Oral evidence

8. The Committee held its first evidence session on this inquiry on Thursday, 3 November 2022. The Committee heard from the following witnesses—

    - Dr Hannah Randolph, Economic and Policy Analyst, Fraser of Allander Institute
    - Professor Steve Fothergill, Centre for Regional Economic and Social Research, Sheffield Hallam University, National Director, Industrial Communities Alliance
    - Tony Wilson, Director, Institute for Employment Studies
    - David Freeman, Head of Labour Market and Households, Office for National Statistics
    - Louise Murphy, Economist, Resolution Foundation

9. A transcript from that meeting can be found at the following link—

    COVID-19 Recovery Committee 23rd Meeting, 2022 | Scottish Parliament Website

Written evidence

10. The Committee issued a call for views, which closed on 9 September 2022 and received 42 responses. A summary of responses is provided in Paper 2 in the papers for the meeting on 3 November 2022. The Committee's call for views asked the following questions —

    - What are the key factors driving the increase in labour market inactivity?
    - Has long-COVID been a factor in current levels of labour market inactivity? If so, is this likely to be a permanent feature of the labour market?
    - What has been the labour market impact of the pandemic on people with pre-existing health conditions?
    - What factors have influenced some people to take early retirement?
    - Thinking about labour market participation, have certain groups of society and parts of the country been impacted more than others?
    - Have there been sectoral differences from economic inactivity – for example, have Health and Hospitality sectors been more exposed than, for example, Finance?
    - What policies might encourage people to re-enter the labour market?

11. The **Annexe** includes written evidence provided by the following witnesses:

    - Inclusion Scotland
    - Institute for Fiscal Studies
    - John Burn-Murdoch, Chief Data Reporter, Financial Times
    - Public Health Scotland

Next steps

12. The Committee will continue to take evidence on the inquiry at its meeting on 17 November.

Committee Clerks
November 2022

ANNEXE

Inclusion Scotland: written submission

Inclusion Scotland is a 'Disabled People's Organisation' (DPO) – led by disabled people ourselves. Inclusion Scotland works to achieve positive changes to policy and practice, so that we disabled people are fully included throughout all Scottish society as equal citizens.

We do this by:

Influencing decision-makers, ensuring that disabled people are involved in developing effective solutions for policy and practice that reflect our expertise by experience and meet our needs and aspirations.

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Supporting disabled people to be decision-makers themselves, promoting the equal representation of disabled people as policymakers and our right to make decisions about our own lives.

Developing capacity, awareness, and engagement, of disabled people, disabled people's organisations, and the organisations and institutions that affect our lives. We are an independent, non-party political, representative organisation of disabled people across Scotland with a network of over 50 Disabled Peoples' Organisation (DPO) members, and partner organisations we reach thousands of disabled people across Scotland, many of whom experience profound exclusion and intersectional barriers to participation in society.

Introduction

1.1. The increase in economic inactivity in the UK since the beginning of the pandemic has generated a lot of comment – from talk of 'the great resignation' to 'the great retirement', and questions about the role of Long Covid and the increase in long-term sickness.

1.2. The increase in inactivity is not unprecedented following an economic contraction such as that experienced in 2020 with the pandemic. However, it is a cause for some concern as it reverses a trend in an otherwise improving post-pandemic labour market in the UK. In particular when other indicators – such as unemployment and vacancies – suggest a tight labour market. The rise in inactivity may also be an indicator of declining health.

1.3. Economic inactivity in the UK has increased by around 700,000 people since before the pandemic. This includes 300,000 people aged 50–69 years, who are at greater risk of never returning to work.

1.4. The main reason behind the increase in economic inactivity among 50–69-year-olds in Q2 2022 (200,000) was self-reported ill health. The largest increases in activity are related to problems relating to the cardiovascular system, 'other'

problems and mental ill health.

1.5. Of the 3.5 million 50–69-year-olds inactive in Q2 2022, 1.6 million reported ill health as their main reason for inactivity. An additional 155,000 reported ill health as a factor in why they were inactive.

1.6. An increase in poor health and economic inactivity is a concern for policymakers because it can restrict labour supply and economic growth. Understanding the drivers and scale of the recent rise in economic inactivity can help shed light on the policy measures needed to boost employment.

1.7. Taking a longer view, the number of 50–69-year-old people economically inactive due to ill health was growing gradually before the pandemic and reached 1.7 million in the 3 months to July 2022. In the same period, 3.8 million 50–69-year-olds were inactive and reported a long-term health condition.

1.8. Long-term sickness, an ageing population, and early retirement can be described as ‘constant’ factors impacting the labour market in the UK and are trends which predate the Covid-19 pandemic.

1.9. The pandemic has, at the very least, augmented these constant factors which has led to an increase in economic inactivity – not least to do with changes in working that have led people to take early retirement, the wider economic impact of the pandemic, increases to health anxiety as a result of the Covid-19 virus (particularly for disabled people at high risk of the virus or those caring for someone at high risk), and a further portion of the workforce who previously contributed to the labour market being unable to do so due to the effects of Long Covid.

1.10. However, an analysis last month by the Financial Times of OECD figures and the quarterly Labour Force Survey showed that the UK is the only country in the developed world where people have continued dropping out of the workforce in ever greater numbers beyond the acute phase of the pandemic.

1.11. The analysis shows that rates of chronic illness shot up during the pandemic and continue to climb, with millions of working age people across the UK now experiencing multiple health conditions. For example, the number of working-age Britons unable to work due to chronic pain has climbed by almost 200,000 in the past two years relative to its former trajectory. The second biggest contributor to the rise in worklessness has been people dropping out due to mental illness. The article cites that the pandemic triggered a steep acceleration in these conditions with almost 40 per cent of the rise in economic inactivity explained by people with a mental health issue that limits their ability to work.[1]

1.12. Since 2019 (pre-pandemic), the inactivity rate has increased in Scotland by 1.3 percentage points. This is a statistically significant change. Scotland’s inactivity

[1] John Burn-Murdoch, Financial Times, 7 October 2022. *Half a million missing workers show modern Britain’s failings*.

rate is now higher than in any other calendar year period since the series began in 2004. The estimate of 815,200 people in 2021 is also the largest level in the calendar series.

1.13. Of the 815,200 economically inactive people (aged 16 to 64) in 2021, the majority were long-term sick (241,600, 29.6 per cent) or students (210,900, 25.9 per cent). A quarter (25.2 per cent) of all inactive people were in full time education, the majority of whom were aged 16 to 24.

1.14. Increases in inactivity levels since 2019 have been driven by increases in the number of: long-term sick (increasing 24,100, 1.5 percentage points); students (increasing 13,500, 0.3 percentage points); retired people (increasing 12,400, 0.8 percentage points). A decrease of 13,900 (2.7 percentage points) was seen in the number of inactive looking after family and/or home.[2]

What factors contribute to disabled people and people with long-term health conditions being economically inactive?

1.15. Disabled people in Scotland are considerably more likely than those who are not disabled to be economically inactive. In 2021, an estimated 381,400 disabled people aged 16 to 64 were economically inactive. These people were not in work and not looking for work. The economic inactivity rate for disabled people aged 16 to 64 was estimated at 46.5 per cent. This was significantly higher than the inactivity rate for non-disabled people (16.4 per cent).[3]

1.16. Whilst rates of economic inactivity are much higher for disabled people than nondisabled people, this does not reflect less willingness to work. In 2019 around one quarter of 'inactive' disabled people wanted to work, higher than the proportion of 'inactive' non-disabled people (less than one fifth). [4]

1.17. There are a wide range of factors which contribute to disabled people's economic inactivity in Scotland pre-pandemic, during the initial shock and in this phase of adjustment to the virus – these factors include poor health outcomes in general, a mental health crisis and poorly constructed and under-funded mental health services, poverty and health inequality, the persistence of the disability employment gap in Scotland (and the barriers that disabled people experience finding and keeping employment which can lead them to leaving work and/or not looking for work), unfair treatment at work, the impact of Long Covid on the labour market and the workplace issues experienced by disabled people at high risk of the virus.

Poor health outcomes and waiting lists

1.18. Disabled people are already less likely than non-disabled people to say they

[2] Scotland's Labour Market: People, Places and Regions – Protected Characteristics. Statistics from the Annual Population Survey 2021

[3] Ibid

[4] Glasgow Disability Alliance (2022) 'Ending Poverty and Removing Barriers to Work for Disabled People in Glasgow beyond Covid-19'

have good or very good health.[5] Covid-19 meant that 2020 delivered thousands of additional deaths of disabled people globally, and intensified poor mental health, chronic illness, personal and community poverty, caring responsibilities, and economic and social instability and insecurity for disabled people which have all contributed to disabled people's economic inactivity. While the lockdowns also saw examples of communities and disabled people's own organisations rallying to support local disabled residents and neighbours, the advent and impact of Coronavirus and the consequences of the ensuing pandemic revealed the trenchant inequalities in Scotland for disabled people that existed before COVID-19 arrived.

1.19. These inequalities widened as economies, households and public services locked down to contain the spread of the virus. The virus and its outcomes did not of themselves create inequalities, but rather they exacerbated the structural inequalities and intersecting oppressions of discrimination and disadvantage on grounds of sex and gender, race and ethnic origin, disability**,** and poverty.

1.20. Our own research[6], and that of other Disabled People's Organisations[7], has shown that disabled people have been harder hit by Covid-19, not only because they may be at greater risk of severe illness – but equally or more so – because Covid-19 'supercharged' the existing inequality they already faced and made new inequality likely.

1.21. The increased likelihood of economic inactivity for some disabled people was magnified with the reduced access to routine health care and rehabilitation services, disruption to routine, more pronounced social isolation, poorly tailored public health messaging, inadequately constructed mental health services, and a lack of emergency preparedness that was accessible and inclusive for disabled people.

1.22. The loss of vital social care support, unequal access to healthcare, information, medicine and food and the lack of PPE for personal assistants and carers all put additional strain on disabled people.

1.23. Inclusion Scotland carried out an online survey throughout April 2020 to find out what impact the Covid-19 pandemic was having on disabled people across Scotland. Over 800 disabled people and their carers responded including large numbers of working age disabled people. Disabled people were under significant pressure during lockdown because:

Social care support had been stopped or reduced: Around 30% of

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5 Scottish Government (2020), Scottish Health Survey 2019: supplementary tables - Part 1: General Health and Wellbeing)

6 Inclusion Scotland (2020) Rights at Risk- Covid-19, disabled people, and emergency planning in Scotland – a baseline report from Inclusion Scotland (October 2020) https://inclusionscotland.org/get-informed/research

7 Glasgow Disability Alliance (2020) Supercharged: A Human Catastrophe Inequalities, Participation and Human Rights before, during and beyond COVID19 https://gda.scot/resources/supercharged-a-human-catastrophe/

respondents told us their support had either stopped completely or had been reduced. Disabled people were left in desperate situations as a result. Survey respondents told us they were left bedbound or having to sleep in wheelchairs. Working parents of disabled children went from their children having two to one support in residential accommodation to being sent home to parents trying to juggle childcare of other children with homeworking and getting no statutory support to care for disabled children. Parents spoke of disabled children self-harming, displaying harmful and challenging behaviour and developing ticks and disturbed communication because of disruption to routine, social isolation, and fear of the virus. Disabled people across Scotland said they were pushed to the brink in terms of their mental health and that their experiences had impacted their mental health long after lockdown was over.

Disabled people had new or increased caring responsibilities: Around 40% were experiencing challenges with caring for children/family members since the start of the pandemic.

Disabled people were struggling to get access to the food and medicine they needed: Around two-thirds (64%) said that the crisis had had an impact on them getting the food or medicine that they needed for themselves or the person they care for.

Disabled people were concerned that they would lose their job: Around one in ten respondents (11%) were concerned that they could lose their job as a result of the pandemic.

All of these factors contributed to poor mental and physical health outcomes.

1.24. Disabled people lost access to health services during the pandemic and there is concern about deteriorating health of disabled people with those in Scotland and across the UK reporting their health has got worse[8].

1.25. Disabled people lost access to things they used to manage their health conditions e.g., swimming and massage. We also know that disabled people aren't now able to access these things because of the current cost of living crisis.

1.26. Shielding from the virus has impacted on disabled people's physical and mental health due to lack of exercise and isolation and has led to economic inactivity for some. 4 in 10 people who were shielding said the condition they were shielding for had got worse[9] .

1.27. Treatment backlogs due to services being suspended or reduced makes it likely that disabled people, including working age people will be waiting a long time to

[8] (Office for National Statistics (2020), Coronavirus and the social impacts on disabled people in Great Britain: September 2020; Office for National Statistics (2021), Coronavirus and the social impacts on disabled people in Great Britain: February 2021)

[9] Inclusion Scotland (2020), Disabled people's lived experience of shielding: key survey results; Public Health Scotland (2020), COVID-19 Shielding Programme (Scotland) Impact and Experience Survey)

get the treatment they need.[10]

1.28. Research by Leonard Cheshire showed that older disabled people were forced to take retirement earlier than planned because of the pandemic. Leonard Cheshire 'Locked out of the labour market'[11] found indications that the pandemic has had severe effects on the employment of older disabled people. Many have had to face changing expectations for the future and have been forced to take earlier retirement than planned, as well as experiencing an impact on their own health.'

1.29. One theory discussed by some (including the Financial Times[12] and Haskel and Martin[13]) is that long waiting lists for treatment are causing people's health to deteriorate and, in turn, leading to them leaving the labour market.

1.30. While there is some plausibility to this theory as a contributing factor the Health Foundation have recently stated that it is hard to assess the extent from available data. They say:

> 'Using the Covid-19 module of Understanding Society, we can try and assess this theory to an extent by comparing outcomes from data collected through the pandemic to before. Our analysis shows, as we might expect, people who had medical treatment cancelled or postponed by September 2021 did experience bigger increases in poor or fair self-rated health than those who reported ongoing treatment as normal compared with November 2020 (14% increase compared with 7%). Yet people who reported cancelled or postponed treatment made up around only 8% of those who reported not looking for paid work due to ill health or shielding – around 2% of all of those not looking for paid work younger than 70 years. The sample size is small, but only 5% of those out of work and not looking for work with cancelled or postponed treatment in September 2021 were in employment in April 2020 to begin with. This suggests only a minor role in explaining the increase in inactivity since then.'[14]

1.31. Recent ONS research[15] finds that one-fifth (18%) of 50–65-year-old people in the UK who became inactive during the pandemic – and not returned since – are on an NHS waiting list. But the counterfactual is not clear – some people may not

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[10] (Scottish Government (2021), NHS Recovery Plan 2021-2026; Public Health Scotland (2021), NHS waiting times - stage of treatment)

[11] Leonard Cheshire, Locked out of the labour market: The impact of Covid-19 on disabled adults in accessing good work –now and into the future: https://www.leonardcheshire.org/sites/default/files/2020-10/Locked-out-of-labour-market.pdf

[12] John Burn-Murdoch, Financial Times, 21 July 2022, Chronic illness makes UK workforce the sickest in developed world: https://www.ft.com/content/c333a6d8-0a56-488c-aeb8-eeb1c05a34d2 (paywall)

[13] Jonathan Haskel, Bank of England and Imperial College Business School and Josh Martin, Bank of England and Economic Statistics Centre of Excellence (ESCoE), July 2022. *Economic inactivity and the labour market experience of the long-term sick*: https://t.co/B06wJvPUJJ.

[14] The Health Foundation (2022) Is poor health driving a rise in economic inactivity?

[15] Office for National Statistics, 27 September 2022. Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/reasonsforworkersagedover50yearsleavingemploymentsincethestartofthecoronaviruspandemic/wave2.

have returned to work if NHS waiting lists were at pre-pandemic levels.

1.32. Those waiting for treatment do generally have lower employment rates than those receiving treatment (61.4% compared with 67.3%) but this suggests rather than increasing flows into inactivity, delays in treatment are moving people already out of work further from being able to begin returning to work. There is a risk that for people on sick leave awaiting treatment, or in self-employment unable to work, this situation worsens with time.

Mental Health Issues

1.33. Our research during lockdown showed that many disabled people were experiencing a mental health crisis.

1.34. Across the UK during the pandemic there has been an increase in suicidal thoughts and depression – disabled adults are more likely to have experienced an increase in moderate to severe symptoms of depression[16].

1.35. Disabled women more likely than non-disabled women and disabled men to have needed support for their mental health during the pandemic. Long Covid is more likely to affect women which may result in increased numbers of disabled women seeking support for their mental health[17].

1.36. Disabled young people about to enter the workforce struggled without vital support e.g., educational psychologists, speech and language therapy, Child and Adolescent Mental Health Services (CAMHS) and experienced increased anxiety which impacted on moods and behaviour. Families with disabled young people said they had missed reviews, health assessments, hospital and GP appointments (Family Fund (2021) and that disabled young people faced numerous barriers to finding work during lockdown.[18]

1.37. Almost 2,000 children with mental health issues had waited over a year or more for support from CAMHS in September 2021. Around a quarter of referrals for treatment were not accepted. This may have contributed to economic inactivity for some disabled young people.[19]

1.38. Our recent survey with members on the impact of the cost-of-living crisis showed that the mental health of disabled people was ‘plummeting’ because of the impact of rising food and energy bills. Disabled people across Scotland are ‘worried sick’

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[16] (Mental Health Foundation (2021), Pandemic one year on: landmark mental health study reveals mixed picture; Office for National Statistics (2020), Coronavirus and depression in adults, Great Britain: June 2020

[17] (Close the Gap and Engender (2021) Joint briefing on the impact of COVID-19 on women’s wellbeing, mental health, and financial security; The Lancet (2021), Long Covid risk - a signal to address sex hormones and women's health; Close the Gap (2021), Close the Gap briefing for Members’ Business: Long Covid as a Condition of Concern

[18] The impact of COVID-19 - A year in the life of families raising disabled and seriously ill young children Scotland Findings – March 2021

[19] (Public Health Scotland (2021), Child and Adolescent Mental Health Services (CAMHS) waiting times Quarter ending 30 September 2021)

that they will not survive the winter due to rising energy and food costs, inadequate social security and the burden of meeting social care costs.

1.39. Many disabled people are already rationing food, how often they use oxygen concentrators and respirators and are turning off the heating—even in cases where a disabled person is unable to regulate their own body temperature.[20]

1.40. Disabled people have told us they are fearful that they will be hospitalised or will die at home this winter. They are worried they cannot afford to maintain well-heated homes necessary for their own health and wellbeing, or electricity usage for vital medical equipment such as ventilators, feeding pumps, and dialysis machines.

1.41. Over 75% of respondents to this survey were currently going without or cutting back on essentials like food or heating, with many disabled people also cutting back on energy use essential to living with a disability such as powering oxygen machines, the charging and operating of powered wheelchairs, mobility scooters, through floor lifts, hoists, or electric shower-toilets.

1.42. Disabled people talked of staying in bed all day in cold houses to try and stay warm, going without baths and showers to save money, cutting back on social care support they pay for like help to cook, wash themselves or socialise, or going without paid for medication like pain-killing injections. Many respondents said their quality of life and mental health had already 'nose-dived' and that they were 'worried sick' about winter approaching. As disabled people many are at significant risk of financial hardship, fuel poverty, food insecurity and destitution as inflation, energy, and food costs rise.

1.43. Policy makers must engage with the reality of disability poverty and disability-related energy costs in this crisis and the need to protect life. Disabled people need further help with energy bills through action on prices or targeted cost-of-living payments. The devastating and intensifying levels of poverty faced by disabled people in Scotland must be met with robust, immediate action by the UK and Scottish Governments if we are to avert further mental health crisis for disabled people this winter which will impact on future inactivity.

1.44. This is particularly concerning given the Scottish Emergency Budget Review this week announced a further £615m of savings, the vast majority of which are in the Health and Social Care portfolio – £400m has been "reprioritised" to fund a pay deal of approximately 7% for NHS staff. The services that have been cut in order to fund this are fairly wide ranging. Perhaps the most notable is the cut to the Mental Health budget of £38m. The Deputy First Minister was keen to emphasise that the budget is still increasing compared to previous years but compared to the planned £290m on Mental Health Services in the budget in December it is a significant scaling back of the Government's commitment to increase Mental Health funding.[21]

[20] Healthandsocialcare.scot (2022) Cost of living 'catastrophic' for disabled people https://healthandcare.scot/default.asp?page=story&story=3246

[21] Fraser of Allander Institute 2022 First thoughts on the Scottish Emergency Budget Review

Poverty, disability and health inequality

1.45. The impact of poverty and wealth inequalities on health and health inequalities in Scotland is now well understood and largely accepted within the health community. Poverty has, among other effects, an impact on mental health, rates of self-harm, including suicide, drug addiction and alcoholism and rates of death from heart disease and cancer all which affect disabled people's participation in the labour force.

1.46. However, poverty is not only a cause of ill-health but also a consequence because someone whose health is restricted is more likely to also have restrictions on the hours that they are fit enough to work or whether they are in work at all – ill-health being one of the largest causes of job loss in the over 50s.

1.47. Nearly half (49%) of all those living in poverty in the UK, are either disabled people or live in a household containing a disabled person.[22]

1.48. The official measure of poverty (households living on less than 60% of median income) fails to take into account the additional costs associated with disability. In 2018 Scope found that Scots disabled people spent on average £632 a month on disability-related expenses (e.g., taxis, increased use of heating, special equipment, care costs, etc.).[23] One in five disabled adults face additional costs of over £1,000 a month. These are the highest excess costs in the UK.

1.49. Once these costs are taken into account fully, half a million (500,000) Scottish disabled people and their families are living in poverty, 48% of the total of all people in Scotland living in poverty, despite making up only 22% of the population.

1.50. There is growing evidence that the Covid-19 crisis has pushed more families into poverty. Disabled people are more likely to say their finances have been negatively impacted and are worried about accumulating more debt.

1.51. Pre-covid UK research found half of households using foodbanks included a disabled person.[24] Reliance on foodbanks increased during the pandemic and is staying high due to the cost-of-living crisis.

1.52. In terms of stark evidence of poverty and its relationship to health inequality in Scotland, compared with people living in our least deprived communities, according to National Records of Scotland (2021) people in our most deprived communities are:

- 18 times more likely to have a drug-related death
- more than four times more likely to have an alcohol related death and
- three times more likely to die by suicide

[22] Joseph Rowntree Foundation (JRF) Poverty in Scotland 2021
[23] Scope 2018 The disability price tag technical report.
[24] Trussell Trust (2017), Financial insecurity, food insecurity, and disability: The profile of people receiving emergency food assistance from The Trussell Trust Foodbank.

- Males born in the most deprived areas can expect about 25 fewer years in good health than males born in the least deprived areas. The gap is over 21 years for females. [25]

These inequalities have been shown to have been caused in large part by the UK Government's 'austerity' programme that was introduced in 2010, and which has had a drastic impact on the income – and therefore health – of the poorest and most vulnerable populations in Scotland. This is not just a Scotland-specific issue: similar changes have been observed across all parts of the UK. All of these health inequalities and the trauma they cause may impact on poorer disabled people's ability to enter or stay in the workforce.

1.53. Tackling the poverty and health inequalities experienced by disabled people should be one of the core aims in the design and delivery of a wide range of policies in Scotland including economic development and transformation, tackling the rising costs of living for disabled people, employability and addressing the persistent disability employment gap, skills, education, further investment in both childcare and in transport. These are particularly important in order to reduce costs for families and create the conditions needed for disabled people, including disabled parents, to be able to work.

The disability employment gap

1.54. Disabled people in Scotland are almost twice as likely to be unemployed as non-disabled people. In 2021, the employment rate for disabled people was 49.7%, a rise of 2.5 percentage points from 2020 (47.2%). The employment rate for non-disabled people was 80.7% in 2021 (80.6% in 2020). A disability pay gap also exists. According to Office for National Statistics (ONS) data, disabled employees are, on average, paid 12.2% less than their non-disabled peers[26].

1.55. Many disabled people in work in Scotland have to leave their jobs when they acquire an impairment, or a condition worsens if they don't get the support or workplace adjustments they need. Research has shown that loss of employment opportunities contributes to disabled people's economic inactivity, them living in poverty and result in demoralising rejection, increased pessimism, under-confidence and poor mental health.

1.56. People with learning disabilities or a mental health problem have a much higher unemployment rate (70%). Having a higher education is no guarantee of employment for disabled people. The employment rate for working-age non-disabled graduates in Scotland is 88.6% compared to 73.1% for disabled graduates.

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[25] National Records of Scotland (2021) Scotland's population 2020 – the registrar general's annual review of demographic trends www.nrscotland.gov.uk/files//statistics/rgar/2020/scotlands-population-2020.html

[26] ONS (2018) Disability pay gaps in the UK: 2018 https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/articles/disabilitypaygapsintheuk/2018

1.57. The barriers disabled people face in getting ready for, getting into, staying in and getting on in work are many, varied and complicated. They include stigma, poor attitudes, inaccessible application processes and discriminatory practices including opportunities for promotion and development, retention and sick-leave policies.

1.58. Inaccessible transport and workplaces and a lack of accessible housing can also play a part in preventing disabled finding or progressing at work. The fact that many disabled people have fewer educational qualifications because of exclusion and discrimination within education also contributes to pushing them further away from the labour market.

Unfair treatment at work

1.59. Evidence from the TUC[27] found that during the pandemic that even when disabled people were in work they faced unfair treatment, which may well have meant some disabled people leaving work and becoming economically inactive. Around one third of disabled workers responding to the TUC's survey reported being treated unfairly at work because of their disability, health condition or impairment.

1.60. Getting and keeping reasonable adjustments in place is an ongoing issue for disabled workers. Before the pandemic, over four in 10 (45 per cent) of disabled workers who asked for reasonable adjustments failed to get any or only got some of the reasonable adjustments they asked for put in place and one-fifth (20 per cent) who had identified reasonable adjustments had not asked their employer for them. This means that more than half of disabled workers (55 per cent who identified reasonable adjustments) were not getting all the reasonable adjustments they needed.

1.61. The difficulties for disabled workers in getting and keeping reasonable adjustments continued during the pandemic with almost half (46 per cent) of those who requested reasonable adjustments failing to get all or some of the different/additional reasonable adjustments they needed to work effectively and, three in 10 of all disabled workers (30 per cent) who needed a reasonable adjustment had not asked for them.'

The impact of Long Covid

1.62. The ONS estimates that 2 million people living in private households in the UK (3.1% of the population) were experiencing self-reported Long Covid in July 2022 (ONS, 2022)[28]. Long Covid is defined as symptoms continuing for more than four weeks after the first suspected coronavirus (COVID-19) infection that were not explained by something else. The data show that Scotland has a slightly higher

[27] TUC - Disabled workers' experiences during the pandemic

[28] ONS. 2022. Prevalence of ongoing symptoms following coronavirus (COVID-19) infection in the UK: 1 September 2022. https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/prevalenceofongoingsymptomsfollowingcoronaviruscovid19infectionintheuk/1september2022

proportion of people self-reporting as having Long Covid than the UK, 3.88% compared to 3.54.

1.63. Long Covid symptoms adversely affected the day-to-day activities of 1.5 million people (73% of those with self-reported Long Covid), with 384,000 (19%) reporting that their ability to undertake their day-to-day activities had been "limited a lot".

1.64. As a proportion of the UK population, the prevalence of self-reported Long Covid was greatest in people aged 35 to 69 years which may account for the impact of economic inactivity, females, people living in more deprived areas, those working in social care, those aged 16 years or over who were not working and not looking for work (again contributing to economic inactivity), and those with another activity-limiting health condition or disability.

1.65. Recent analysis by the IFS examines the impact of Long Covid on the UK labour market. The analysis finds that people suffering from Long Covid are more likely to be on sick leave than people who are not suffering from Long Covid although whether they have become economically inactive is less clear. For example, one of the studies suggests it is due to people being on sickness leave from their jobs rather than having left their job entirely.

1.66. The FT notes[29] that other countries that have experienced similar waves of infections have not seen an increase in economic inactivity. Overall, this suggests Long Covid maybe playing a relatively minor role in the increase in inactivity.

1.67. However, evidence from similar long-term and chronic conditions suggests that the impacts of Long Covid on sick leave are likely to be a long-term feature of the labour market. One in four employers now include Long Covid among the main causes of long-term sickness absence (CIPD, February 2022).

1.68. In Scotland, almost 4% (202,000) of those living in private households are living with Long Covid, of which 83,000 have done so for longer than 12 months and 44,000 report that it affects their ability to undertake day-to-day activities by “a lot”. (ONS, September 2022).

1.69. Early studies suggest that at least half of those with Long Covid meet the diagnostic criteria for ME. ME is a profoundly debilitating neurological disease, often triggered by a virus, which affects multiple systems within the body. The hallmark feature of ME is Post-Exertional Malaise, a worsening of symptoms that can follow minimal cognitive, physical, emotional or social activity. Other symptoms can include cognitive impairment (“brain fog”), sensory sensitivity, gastrointestinal symptoms, muscle and join pain, orthostatic intolerance and dysautonomia.

[29] John Burn-Murdoch, Financial Times, 21 July 2022, *Chronic illness makes UK workforce the sickest in developed world*: https://www.ft.com/content/c333a6d8-0a56-488c-aeb8-eeb1c05a34d2 (paywall).

1.70. As with ME the prognosis for people with Long Covid is variable and uncertain. Symptom severity ranges from person to person. Someone with mild Long Covid might be able to work full or part-time, while those who are more severely affected are too ill to leave their house or even their bed.

1.71. Pre-covid there were around 21,000 people in Scotland with ME. The estimated cost of ME to the Scottish economy was £360m per annum, or £17k per person per year. The majority of this was the cost of informal care and productivity losses, as most people of ME are of working age. Productivity losses of carers, which can be substantial, were not included in this figure. Only 12% of people with ME were in full-time paid work, education or training and a further 21% were in part-time work, education or training (Action for ME, 2014).

1.72. With growing evidence that a substantial proportion of Long Covid sufferers are experiencing a similar illness, the cost to the economy is likely to continue to grow until action is taken to address the problem.

1.73. While some people with Long Covid are able to return to work, particularly when their employers are supportive about making suitable adjustments to support them in the workplace, many people have either not been able to work at all, or only with reduced hours. Furthermore, people whose friends and family members are living with Long Covid have also experienced challenges in combining unpaid care roles with employment. The latter is particularly acute for parent carers of children and young people with Long Covid, especially young people who are not able to attend school as a result of their Long Covid symptoms

1.74. Long Covid Scotland have published an interim report on their employment survey, which found that of 232 respondents with Long Covid, 52% were unable to work due to ill health, 40% were back at work, and 8% were now either providing unpaid care and/or unemployed.

1.75. In a recent survey by the TUC of over 3,000 workers with Long Covid nine out of ten respondents experienced fatigue, with other common symptoms centred around problems with brain fog (72 per cent), shortness of breath (70 per cent), difficulty concentrating (62 per cent) and memory problems (54 per cent). Over four in five respondents (83 per cent) reported experiencing at least one of a range of pain-related symptoms with around one third (32 per cent) experiencing depression.

1.76. Respondents also described the poor treatment that they experienced at work because they had Long Covid. Over half (52 per cent) had experienced some form of discrimination or disadvantage. Workers were faced with disbelief and suspicion, with around one fifth (19 per cent) having their employer question the impact of their symptoms and one in eight (13 per cent) facing questions from their employer about whether they had Long Covid at all.

1.77. Respondents were also concerned about what the future might hold for them at work given the amount of sick leave they had been forced to take due to their Long Covid symptoms. For around one in six respondents (18 per cent), the

amount of sick leave they had taken had triggered absence management or HR processes and one in 11 respondents (9 per cent) had used up all of their sick leave and had been told there would be negative consequences if they took more. One in 20 respondents (5 per cent) had been forced out of their jobs because they had Long Covid[30].

1.78. There continues to be discussion and debate about the various symptoms related to Covid-19 that are often referred to as 'Long Covid' and whether they would constitute a disability under the Equality Act. The Equality and Human Commission have been recently criticised for a lack of clarity in terms of defining Long Covid having said that '*given that 'Long Covid' is not among the conditions listed in the Equality Act as ones which are automatically a disability, such as cancer, HIV and multiple sclerosis, we cannot say that all cases of 'Long Covid' will fall under the definition of disability in the Equality Act*."

1.79. There is significant concern from Disabled People's Organisations and disabled people themselves that a failure to define 'Long Covid' as a disability may result in people with Long Covid finding it harder to claim reasonable adjustments, facing disability discrimination and falling out of work.

1.80. The EHRC have since qualified their original statement on Long Covid by confirming that Long Covid will count as a disability for a particular person if their condition meets the Equality Act definition of a disability as a physical or mental impairment that has a substantial and long-term adverse effect on someone's ability to do normal day-to-day activities. They have said that they will continue to monitor developments regarding long-Covid's legal status as a disability under the Equality Act and consider any findings by the courts in this regard. To support workers affected by Long Covid and avoid the risk of inadvertent discrimination, the EHRC recommends that employers continue to follow existing guidance when considering reasonable adjustments for disabled people and access to flexible working, based on the circumstances of individual cases.

1.81. In a landmark legal case for those with Long Covid, an employment tribunal recently ruled that the symptoms brought about by the condition may be classed as a disability. Terence Burke brought claims of disability discrimination and unfair dismissal after being sacked from his job as a caretaker in 2021. He had worked in the role since 2001 but had been unable to attend work for nine months after suffering substantial and long-term effects from Covid-19 after contracting the virus in November 2020. The tribunal considered and decided at a preliminary hearing that Mr Burke's symptoms during this time amounted to a disability within the definition of the Equality Act 2010. The Tribunal gave Mr Burke permission to proceed with his claim of disability discrimination against his former employer. Employment Tribunal decisions are not binding, but they are persuasive, and may still be used by negotiators to point to employers the direction a tribunal might take in similar circumstances.

[30] TUC (2021) Workers' experiences of Long Covid

1.82. It is also heartening to see that ACAS guidance in this regard stresses that "employers should focus on the reasonable adjustments they can make rather than trying to work out if an employee's condition is a disability" but there is a concern that without legal clarity on the status of Long Covid that individual employers may fail to make reasonable adjustments for those experiencing disabling symptoms, potentially leading to economic inactivity.

1.83. There is a lack of understanding of the risks of Covid-19 infection to some disabled people, and the scale and severity of Long Covid. Efforts are needed to improve understanding and knowledge of Long Covid in the community and supportive employment practises.

Disabled people at high risk of the virus

1.84. Many disabled people at high clinical risk of the virus are continuing to shield and have been in permanent lockdown since March 2022. Many of these people may now be economically inactive having had to give up work.

1.85. Disabled people at high clinical risk who have been forced to leave work have reported experiencing feelings of abandonment by their employers, and a lack of consideration of their rights and needs as workers as we supposedly enter the 'recovery' stage of the pandemic.

1.86. Fear of Covid-19 infection is still very real for people at high clinical risk and for unpaid carers. Many disabled people are continuing to wear masks, test regularly, and limit contact with friends and family. The impact on people at high clinical risk and unpaid carers is profound; people are experiencing isolation as they continue to isolate from friends and family and feel more at risk as measures taken to protect people from the virus have been removed.

1.87. Government messaging on Covid has been that we are now in the process of recovery so there is no longer any need for legal requirements to wear masks, isolate if infected or take any precautions. This makes it impossible for those at high clinical risk to gauge their own personal risk of exposure and exercise 'Covid Sense' at work or in other settings.

1.88. Many disabled people at high clinical risk are calling for action on Clean Air to make their work environments safer, including investment in HEPA air filters that extract all manner of viruses and allergens and better ventilation in buildings, including workplaces, as well as clinical measures that would support disabled people to return to work such as better access to anti-virals and the booster programme.

Is there an opportunity to approach participation in the labour market by disabled people and people with long-term illness differently as part of post-Covid recovery?

1.89. Yes. Nearly 1 in 4 people inactive because of ill health in the UK want to work or

are seeking work but are unavailable to start because of their health[31]. They are more likely to want to work than those who have retired, and this should make implementing policies to help people back into work easier because it fits with the preferences of many, including many disabled people.

1.90. Urgent action is therefore needed on re-engaging disabled people who are long-term sick and who want to return to work, and for business and government to do more to help keep disabled people in work when they acquire an impairment, or their condition worsens in the first place. To maintain disabled people's health longer term it is important to build greater resilience against future threats to our health by investing in areas that support health for disabled people, including tackling poverty, ensuring adequate social security and social care support, housing, education, and transport.

1.91. We also need to address health inequalities for disabled people at three levels: the aforementioned fundamental socioeconomic causes of inequalities (e.g., with policies such as progressive taxation to redistribute income in society); the 'wider environmental influences' (e.g. through housing, pollution, food/alcohol policies); and individual experiences of inequalities (by means of appropriate training, for example). The fundamental socioeconomic causes of inequality for disabled people and efforts to tackle disabled people's poverty in Scotland must be part of efforts to address inactivity.

1.92. In assessing progress in addressing health inequalities for disabled people in Scotland, it is important to point out that there have been a number of positive progressive policy developments, including the Child Poverty Act 2017 and the introduction of the Scottish Child Payment (with the recent increases to this payment), funded early learning and childcare is being expanded, good progress has been made on affordable housing provision and equity in public sector pay.

1.93. There are also examples of policy programmes and directives which aim to mitigate and alleviate the immediate and acute impacts of poverty and austerity in Scotland, such as increases in the Carers Allowance, the Scottish Welfare fund, free school lunches, winter heating allowances, income maximisation and employment support schemes. There is much to build on that could continue to tackle socioeconomic inequality for disabled people in Scotland.

1.94. We also direct the Committee to a set of detailed policy recommendations included within the forthcoming publication from Public Health Scotland (PHS), GCPH and the University of Glasgow on the causes of – and appropriate responses to – the recent austerity-driven changes to population health in Scotland and the rest of the UK[32]. These recommendations build on previous GCPH/PHS research and policy proposals[33], and also reflect relevant work from

[31] The Health Foundation (2022) Is poor health driving a rise in economic inactivity?

[32] McCartney G, Walsh D, Fenton L, Devine R. Resetting the course for population health: evidence and recommendations to address stalled mortality improvements in Scotland and the rest of the UK. Glasgow: Public Health Scotland; 2022 (forthcoming).

[33] Walsh D, McCartney G, Collins C, Taulbut M, Batty G D. History, politics and vulnerability: explaining excess mortality in Scotland and Glasgow. Glasgow: Glasgow Centre for Population Health; 2016.

organisations such as the Joseph Rowntree Foundation, Oxfam Scotland, Child Poverty Action Group and others. They include relevant interventions at different levels of government and in relation to different topic areas: social security, employment, taxation, public services, material needs, and more.

1.95. In terms of more practical suggestions to specifically address inactivity there needs to be additional support for disabled people with long-term health conditions who wish to work. Where people are unable to access treatment quickly there is a role for employers to consider the mitigating circumstances and leave open a route back to employment beyond current statutory requirements, and for government to provide financial support in this period.

1.96. In terms of workplace adjustments for employees that would help support inactive people into work, disabled or not, if we are to see any silver lining from the terrible cloud of Covid it would be to rip up the rule book of what 'normal' work looks like and to genuinely listen to and learn from disabled people at work and who want to work- including those managing chronic illness, energy impairments, Long Covid, mental ill-health and those at high risk of the virus - and to find out from them what an inclusive recovery from Covid looks like, what Covid Safe and accessible and inclusive employment practise looks like in terms of remote participation, flexible working, workplace adjustments and what do they need from employers to be part of the workforce.

1.97. Working more flexibly, even in these unusual circumstances, is helping many of us understand how, when and where we work best. And this is creating an opportunity to transform the way we work for everyone, including disabled people and those with long-term illness.

1.98. There is a certain irony that changes made to working patterns as a response to the pandemic, particularly in terms of large numbers of employees working from home were adjustments long called for by individual disabled people and those managing long-term health conditions, an irony not lost on one respondent to our survey in lockdown:

> 'Everyone's working from home because of the virus. It's a response to the majority that disabled people are not part of. For years people with energy impairments or chronic illness have been asking to work from home and employers said it was 'impossible', now they're all doing it. There's an uncomfortable irony there. It could move us on in terms of inclusive employment practise but only if disabled people are listened to and are now included as part of the solution, otherwise, in the rush to go back to 'normal' and 'get back to the office' we'll forget how flexible working can support disabled people in and into work'

1.99. This is an ideal opportunity for employers to really explore formal and informal flexible working that could support disabled people into work, in terms of remote working: working from home (or from other remote accessible locations), offering flexibility in terms of compressed hours: working extra hours on certain days to work fewer days each week, fortnight or month, annualised hours:

working a set number of days or hours per year, at fixed times, (such as term time only) and flexi-time where employees can varying start, finish or lunch break times within set limits offer real opportunity for people to work when they are well or have the energy. More and more employers need to offer flexible working as a normal part of doing business.

1.100. A significant switch in focus terms of employment support for disabled people is also needed.

1.101. Whether or not explicitly, for decades now the emphasis on tackling disabled people's economic inactivity and unemployment has been predicated on the premise that what stops disabled people working is a deficit, or lack of something, to do with the disabled person themselves. A presumed lack of skills or education, or the lack of ability to (self) manage a health condition, or a lack of confidence or motivation on the part of the disabled person.

1.102. The focus for enabling more disabled people to move into work has therefore often been on policies, programmes, and services to upskill disabled people, provide support on health-related matters and sanctions to enforce engagement with employability services. These efforts have singularly failed to tackle the persistent disability employment gap in Scotland. A new approach is needed and the concern to address economic inactivity in Scotland may provide an opportunity for this.

1.103. It is entirely possible that some employability issues may present for disabled people. The impact of discrimination and exclusion can be cumulative, so that earlier discrimination in education leads to disadvantage in the labour market. Some - but certainly not all - disabled people will be very unwell and unable to work due to ill health. Some may be so far removed from the labour market that it will take years of support to get close. Some may be capable of productive activity that falls short of paid employment.

1.104. However, it is also entirely possible that none of these account for disabled people's economic inactivity, or that they fail to address the factors addressed earlier in this submission and the wide variety of other barriers that can prevent disabled people's participation in the workforce such as employ**er**ability issues like employers' attitudes, prejudices, and employer's fear (often misplaced) of additional costs of workplace adjustments.

1.105. In essence, if we are to create accessible, inclusive and covid-safe workplaces disabled people need more say about how we structure work and workplaces, and disabled people also need more control over the design and delivery of employability services that help people into work. Employers also need practical support to be good and proper employers of disabled people. Money spent on large scale employment programmes that have not succeeded in addressing the disability employment gap should be diverted to those who can use it best – employers and disabled people.

1.106. Access to Work, which provides support with support and workplace

adjustments for disabled people, should also be better advertised, better resourced so it is sufficiently agile and responsive and more available and redesigned to increase its uptake and the positive benefits it can have. We would also suggest the service be made available to those seeking work as well as those who have been offered a job.

1.107. Employers do not just create barriers; they can also experience them. Through the experience of delivering internship schemes placing disabled people into accessible and inclusive employment opportunities Inclusion Scotland has identified the sorts of barriers and support needs employers may have.

1.108. For example, employers may struggle to find information on inclusive work practises and, particularly SMEs, may have very little time to search it out. They may want an access audit of their premises, advice on reasonable adjustments or welcome peer support.

1.109. Particularly small companies may have little room to manoeuvre and little capacity to take risks, even if perception of the risk in employing a disabled person may be quite inaccurate. It is therefore necessary to attend to both parts of the jigsaw – the person seeking employment and the employer. As in The Sayce Review "employers must be seen as equal customers of all employment support programmes. Employers, like disabled people, need to access excellent information and advice when they need it, and learn from the experiences of other employers".[34]

1.110. A detailed assessment of the impact of the pandemic on mental health in Scotland is also imperative – if it has exacerbated existing conditions then much more of the NHS' budget needs to be devoted to treating mental illness. This isn't just a money issue of course as trained staff don't currently exist in the numbers that may be needed.

1.111. We also need a much more detailed assessment of the impact of Long Covid on employment and labour market activity. For example, are a disproportionate number of those who have dropped out of the labour market saying Long Covid is a factor done so because they not only have ongoing symptoms but were nearing the end of their working lives anyway? (i.e. they are in their late 50s or 60s?), how is Long Covid impacting on those with existing health conditions – e.g. those with congenital or acquired heart or lung conditions who may have been disproportionately impacted, and what does workplace support look like for people with Long Covid?

1.112. An assessment of those who have been forced out of the labour market because they are at high risk of the virus and need to continue to shield is also vital and a proper assessment of whether care responsibilities for disabled people have grown since the pandemic struck are all necessary if we are to understand inactivity of disabled people in the context of renewal from Covid

[34] Sayce, (2011) Getting in, staying in and getting on: Disability employment support fit for the future

19[35].

1.113. In short: policy interventions aimed at tackling economic inactivity in Scotland should focus on helping disabled people who want to enter return to suitable work and overcoming the barriers to work this group may experience. As discussed, there are a wide range of factors which contribute to disabled people's economic inactivity in Scotland including poor health outcomes in general, a mental health crisis, poverty and health inequality and the persistence of the disability employment gap in Scotland and the workplace issues experienced by disabled people at high risk of the virus. Longer term there is a need for government to address pandemic related but also other long-standing issues in relation to all these issues and to work to help keep disabled people in good health and in healthy work in the first place.

[35] We talk about 'renewal' in relation to Covid-19 rather than 'recovery' as we believe that there must not be a retrograde return to the 'norms' that existed before the pandemic when exclusion and inequality were everyday features of life for disabled people across Scotland.

Institute for Fiscal Studies: written submission

Has long-COVID been a factor in current levels of labour market inactivity? If so, is this likely to be a permanent feature of the labour market?

We have written a briefing note on the impact of long COVID on labour market outcomes: https://ifs.org.uk/publications/long-covid-and-labour-market [provided in the Annexe below]

Broadly, getting long COVID seems to cause about 1 in 10 workers to stop working while they have the condition. This is largely accounted for by them going on sick leave, rather than losing their job all together; since they still have a job, they would appear in the official labour market statistics as "employed" rather than "inactive". Thus, our research suggests that the effect of long COVID is not primarily to increase measured inactivity, but still to reduce the size of the effective workforce. At current rates of long COVID, our estimates imply about 110,000 people missing from work at any one time across the UK as a whole.

Institute for Fiscal Studies

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Long COVID and the labour market

Economic and Social Research Council

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Executive summary

As the UK exits the most acute phase of the COVID-19 pandemic, attention has turned to 'long COVID', which is on the rise and becoming no less severe. We use data from the UK Household Longitudinal Study, collected during 2021, to learn more about the characteristics of long COVID sufferers, and to assess the impact long COVID has on labour market outcomes including hours, earnings and employment.

Key findings

1 According to the Office for National Statistics, almost 2 million people, or 3% of the population, had long COVID by the end of May 2022, of whom 72% were limited by the condition and 21% were limited 'a lot'. These numbers have been rising steadily since the middle of 2021.

2 The impact of long COVID is felt unequally. Existing work finds that sufferers are more likely to have a pre-existing health condition, be female and be middle aged. We show that they are also more likely to live in social housing, to have been claiming benefits before the pandemic, and possibly to be in poverty.

3 By examining how outcomes have changed since before the pandemic for long COVID sufferers and similar individuals without the condition, we estimate that one in ten people who develop long COVID stop working, with sufferers generally going on sick leave (rather than losing their jobs altogether). As a result, hours worked on average reduce by about 2½ hours per week and earnings by £65 per month (6%), or £1,100 per person who drops out of work. Our estimates suggest that while the prevalence and severity of COVID remain at current levels, the aggregate impact is equivalent to 110,000 workers being off sick.

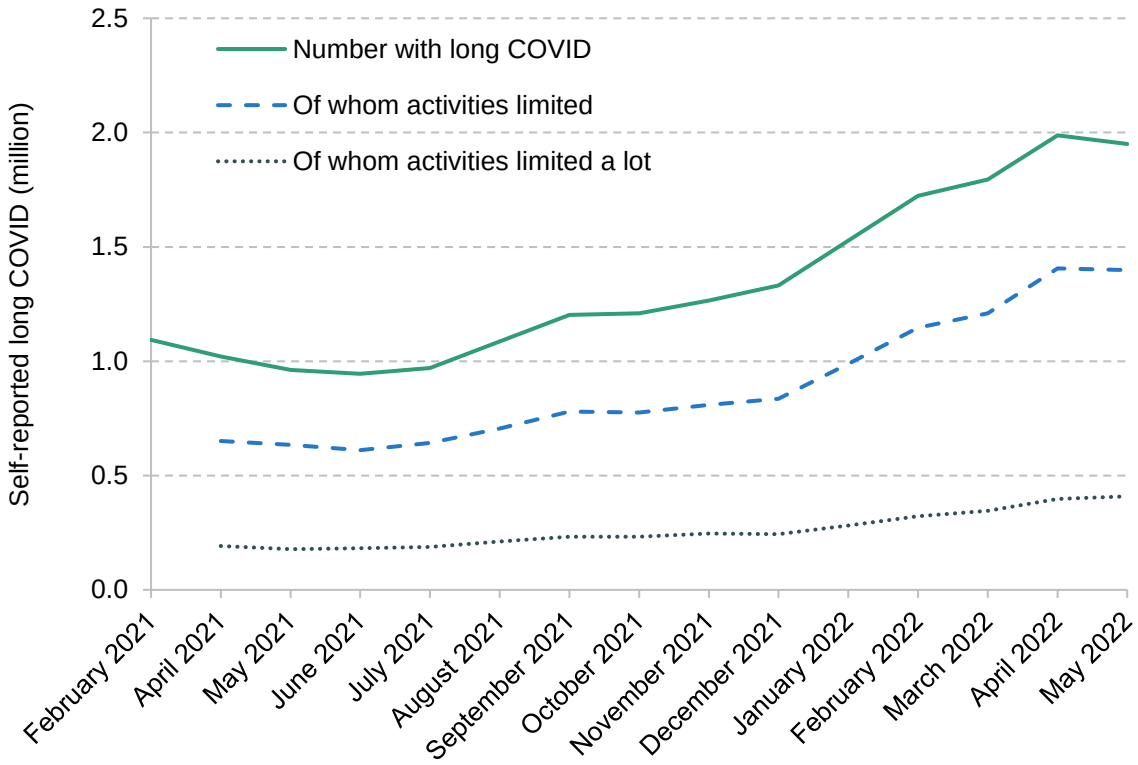
4 At the individual level, long COVID shows some persistent labour market effects, with impacts being felt at least three months after infection. Further research would be required to precisely determine the duration of the impact.

1. Introduction

The COVID-19 pandemic had a profound, immediate impact on people's health and economic circumstances. But as the UK moves from the worst of the acute phase and towards 'living with COVID', attention is shifting to the virus's long-run consequences.

One particularly high-profile consequence is the increasing prevalence of 'long COVID', the experience of ongoing symptoms several weeks after the initial COVID-19 infection. Figure 1.1 shows the ONS's measure of long COVID – the number of people in the UK reporting that they still have symptoms more than four weeks after infection.

Figure 1.1. Prevalence of self-reported long COVID and activity limitation



Note: 'Self-reported long COVID' means respondents answer 'Yes' to the question '*Would you describe yourself as having "long COVID", that is, you are still experiencing symptoms more than 4 weeks after you first had COVID-19, that are not explained by something else?*'.

Source: Office for National Statistics, 2022.

The figure shows a large and increasing number of people experienced long COVID since early 2021. Around 1 million reported long COVID symptoms in the first half of last year, rising to 2 million by May 2022 (3% of the population, including around 3.7% of the working-age population). It is notable that long COVID levels were high throughout 2021 despite a very low number of cases in the spring. The same research also estimates that 72% those experiencing long COVID have their day-to-day activities 'adversely affected' by their condition, and just over a fifth (21%) or over 400,000 people, are 'limited a lot' (Office for National Statistics, 2022). Notably, the estimates of activity limitation as a proportion of long COVID prevalence have been slowly increasing since the middle of 2021, indicating that unlike the acute impact of COVID, the average impact of a case of long COVID has not become any less severe.[1] With no end to the circulation of the virus in sight, this suggests that long COVID might be one avenue by which the pandemic has lasting economic consequences.

At the same time, a trend that has received some attention is the increasing number of people who report being economically inactive (that is, they are neither in work nor looking for work) because they are long-term sick. This group contained 2.5 million people at the beginning of 2022, up from 2.3 million immediately prior to the pandemic.[2] It is possible that some of the more serious cases of long COVID have contributed to this rise – though this is difficult to distinguish from what appears to be a rising trend that started a couple of years before the pandemic.

This briefing note uses detailed survey data, collected both prior to and since the beginning of the pandemic, to investigate the characteristics of people with long COVID. This allows us to analyse its incidence along dimensions that the ONS research and others are unable to speak to, such as whether it is more common among those in income poverty. We also estimate the impact of long COVID on labour market outcomes. We begin by discussing the data; readers interested only in the results should skip to Section 2.

Data

We use data from the UK Household Longitudinal Study (UKHLS; University of Essex, Institute for Social and Economic Research, 2021). The UKHLS is a panel survey running since 2009. Many of those who are part of the main UKHLS sample were also surveyed across nine short online surveys since the start of the pandemic, from April 2020 to September 2021

1 Of course, new variants, and changing levels of immunity and vaccination, mean it is uncertain whether these trends will continue.

2 Authors' calculations using the Labour Force Survey (Office for National Statistics et al., 2022). See Boileau and Cribb (2022) for more details on rising inactivity among older people.

(University of Essex, Institute for Social and Economic Research, 2022). This allows us to study the pre-pandemic characteristics of those who are surveyed in the COVID waves.

We use waves 7, 8 and 9 from January, March and September 2021, as these contain the best data for identifying those experiencing long COVID symptoms. To construct our sample of people with long COVID, we make use of two questions. The first, asked in each wave to respondents who had reported COVID symptoms in the previous wave, asks '*You previously reported having coronavirus symptoms. Have you recovered from these and returned to your previous level of health?*'. Given the timings of the surveys, all respondents answering negatively would have had symptoms for at least four weeks. The second question, asked to anyone experiencing symptoms at the time of survey, asks '*For how many weeks have you experienced coronavirus symptoms?*'. We classify anyone responding negatively to the first question, or with four weeks or more to the second question, as having long COVID.

To study how long COVID affected labour market outcomes, we use questions on work status, hours worked and individual earnings at the time of survey, and compare with recall questions asking what these usually were at the beginning of 2020. On work status, we consider both the proportion of workers dropping to zero hours, and the proportion leaving employment altogether (which may differ because of, for example, people going on long-term sick leave). We also make use of a range of questions from the COVID surveys and the main surveys to gain information on respondents' characteristics, including gender, family structure, health status, household income and poverty status, benefit receipt and housing tenure.

2. Who has long COVID?

It is well known that the health impacts of COVID have had disparate impacts between different groups. The same is also true of long COVID. In this section, we will examine the characteristics of those with long COVID.

We in particular focus on pre-pandemic characteristics such as housing tenure, income, benefit receipt, poverty status and family structure. This allows us to study whether the disparate impacts of long COVID are likely to widen pre-existing levels of deprivation. It also adds to the existing evidence on the characteristics of those with long COVID – which suggests that it is more common among women, the middle-aged, people living in deprived areas, people with other limiting health conditions and disabilities, and those working in health and social care. These disparate impacts might be driven by differences in infection rates, or by variation in the likelihood of developing long COVID given an infection, or a combination.

Table 2.1 compares the average characteristics of people aged 16 and above with and without long COVID, pooling across the three waves we have available. Those who have long COVID at any points in the three waves are included in the long COVID column.

Consistent with ONS findings, we find that long COVID sufferers are more likely to have a pre-existing health condition, be female[3] and be middle aged. We also find that those with long COVID are more likely to have dependent children, and are about as likely to live with a partner as those without.

We now turn to economic indicators of welfare. The ONS has found that those living in deprived areas are more likely to have long COVID, though this does not necessarily imply that those who are *themselves* more deprived are more likely to have long COVID (since the driving force could in principle be related to some other factor about the area). Our data allow us to directly investigate this issue. We find that those with long COVID were, pre-pandemic, more likely than others to have been living in social housing (25% compared with 17%), and more likely to have been claiming benefits (other than the state pension or child benefit; 41% versus 28%). We also find some limited evidence that they had lower pre-pandemic net household incomes, on average, though this result is not statistically significant. Those with long COVID were not more

[3] We estimate that those with long COVID are more likely to be female, but we do not have sufficient sample size to find a statistically significant difference. Previous ONS research has found that long COVID prevalence is higher among females.

likely to be in income poverty when measured in the usual way, but it turns out that this is explained by the high proportion of long COVID sufferers who receive disability benefits in light of long-term health conditions. Those benefits are supposed to help support people with the extra costs of disability, and if we exclude them from income when calculating poverty then

Table 2.1. Characteristics of people with long COVID compared with those without

	Long COVID (1)	No long COVID (2)	Difference (1) – (2)
% aged 16–34	22%	27%	–5ppts
% aged 35–49	30%	23%	7ppts**
% aged 50–64	35%	26%	9ppts***
% aged 65+	14%	23%	–10ppts***
% female	58%	53%	4ppts
% long-term health condition (pre-pandemic)	51%	36%	16ppts***
% living with partner	56%	57%	–1ppt
% living with dependent children	39%	30%	8ppts**
% in social housing	25%	17%	8ppts**
% in private rented housing	14%	12%	2ppts
% working any hours pre-pandemic	63%	61%	1ppt
Average pre-pandemic hours (among workers)	34	34	1
% full-time (pre-pandemic, among workers)	75%	74%	1ppt
Average pre-pandemic net annual earnings (among workers)	£19,859	£20,703	–£844
Poverty rate (pre-pandemic)	19%	20%	–1ppt
Poverty rate (excl. disability benefit income, pre-pandemic)	25%	19%	6ppts
Average equivalised annual household income (pre-pandemic)	£34,124	£35,364	–£1,240
% claiming benefits (pre-pandemic)	41%	28%	13ppts***

Note: *** p<0.01, ** p<0.05, * p<0.1. ‘Poverty’ here is defined as having an equivalised household income, after deducting housing costs (and, in the second case in the table, disability benefits), in the bottom 22% of the population (a weighted average of the official 2018–19 and 2019–20 relative AHC poverty rates). The ‘% claiming benefits’ measure gives the proportion living in a family claiming benefits excluding state pension and child benefit. ‘Pre-pandemic’ means January 2020 for the hours and earnings variables, and 2019 for the income, benefits receipt and long-term health condition variables.

Source: Authors’ calculations using UKHLS COVID survey, waves 7–9.

poverty among the long COVID group is actually 6 percentage points (ppts) higher than among those without long COVID (though this still is not statistically significant). In other words, this group look worse off in material terms than those not suffering from long COVID according to a variety of proxies.

3. Impact of long COVID on the labour market

Given the high proportion of long COVID sufferers who report that their ability to carry out day-to-day activities has been adversely affected by the condition, one might expect that long COVID has impacts on their ability to do paid work. This is the question we turn to now. We are not aware of any other evidence on the impact of long COVID on labour market outcomes in the UK, with the exception of a survey by the Resolution Foundation which found that in October 2021, 600,000 workers self-reported that they were working fewer hours because of either long COVID or fear of the virus (Brewer, McCurdy and Slaughter, 2021).

Our basic approach is to examine how labour market outcomes have changed for those with long COVID, between the beginning of 2020 and the time of survey when they reported having the condition (January, March or September 2021), and compare these changes with those for people who have not had long COVID.

However, as we showed in the previous section, long COVID sufferers are in important ways different from those not suffering from long COVID. It may be that labour market trends would have differed between these two groups of people, on average, even if long COVID sufferers had not been infected. To eliminate some of the factors that might confound attempts to estimate the causal impact of long COVID, we control for a variety of other characteristics as follows: [4,5]

- pre-pandemic long-term health condition;
- age;
- sex;
- pre-pandemic work status;
- pre-pandemic industry worked in;
- pre-pandemic benefit receipt (binary).

[4] We still cannot rule out the possibility that those who contracted long COVID are different from those we compare them with in ways that are unobserved. For example, although we control for the presence of a long-term health condition pre-pandemic, those who get long COVID may have a *more severe* condition; that might exert its own force on the change in their outcomes. Note that because we are looking at the change in outcomes, it is not a problem for our approach if those with long COVID have a different pre-pandemic level of some outcome from those we compare them with.

[5] More detail on these control variables is given in the appendix.

We include long-term health conditions, age and sex because of the well-documented relationship between these things and long COVID. We use benefit receipt because of the evidence above showing that it is linked to the likelihood of experiencing long COVID. We include pre-pandemic work status and industry because people from different industries and work statuses faced differing risks of contracting COVID (and hence long COVID) during the pandemic.

The main approach we use to control for these characteristics and estimate the impact of long COVID on labour market outcomes is to simply regress each of our outcome variables on having long COVID and the above controls, essentially using a difference-in-difference approach.[6] We have also used a 'propensity score matching' approach, which involves identifying a control group of people without long COVID who have similar characteristics to those with the condition, and comparing the outcomes across these two groups. Each person with long COVID is matched with at least one person without who, based on their observed characteristics alone, is predicted to have been similarly likely to develop long COVID. Both approaches give very similar estimates; below we focus on the regression estimates.

Table 3.1. Pooled regression results estimating the impact of long COVID on labour market outcomes

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–2.4***	–65**	–5.9***	–1.0
	(0.5)	(30)	(1.3)	(1.1)
Pre-pandemic mean	21.7	1,025	63%	63%
Sample size	36,233	32,766	36,228	36,540

Note: *** p<0.01, ** p<0.05, * p<0.1. Standard errors in parentheses. 'Pre-pandemic mean' is among those who end up getting long COVID.

Source: Authors' calculations using UKHLS COVID survey, waves 7–9.

The results are shown in Table 3.1. We estimate that contracting long COVID reduces the likelihood of working any hours at all by 6 percentage points (prior to the pandemic, 63% of long COVID sufferers were working at least some hours, so this effect is equivalent to about one in ten workers with long COVID stopping work). Long COVID sufferers are not, however, significantly more likely to actually lose their job (just 1 percentage point, not statistically

[6] Specifically, our outcomes are: change in hours since pre-pandemic; change in earnings since pre-pandemic; a dummy indicating whether the individual works a positive number of hours or not; and a dummy indicating whether the individual is employed or not. Note that our set of controls includes dummies for working a non-zero number of hours pre-pandemic and for being employed pre-pandemic.

significant). We investigate the difference between these results by running equivalent regressions with furlough and sick leave status – both reasons to work zero hours while still being employed – as the outcome variables. These regressions (not shown in the table) indicate that essentially the entirety of the difference between the 'working non-zero hours' and 'having a job' results is driven by those with long COVID being more likely to be on sick leave. Those with long COVID are no more likely to be on furlough than those without. This is important for the external validity of our results, given that after September 2021 the furlough scheme was shut down.

The impact on working feeds through to average hours worked, which are 2.4 hours lower for long COVID sufferers. Average monthly earnings also fall, by £65 (indicating that at least some of those with long COVID are getting less than full income replacement when on sick leave; for example, they may be on statutory sick pay). These changes are equivalent to 11% and 6% of the pre-pandemic average for those who ended up getting long COVID. We find no evidence that getting long COVID makes workers more likely to reduce their hours to some amount above zero (e.g. going from full time to part time) – these effects are essentially wholly driven by the 6 percentage point drop in the likelihood of working any hours at all.[7] Assuming that the same is true for earnings (i.e. that falls in earnings caused by long COVID are entirely explained by people stopping work), the monthly earnings losses are £1,100 per person.

These results reflect the average impact of long COVID in our three sample months in 2021 (January, March and September). In the appendix, we show the impact in each of the sample months separately. The largest point estimates of the impact of long COVID on our outcomes are in the March wave, followed by the January wave, with the smallest estimates in our September wave. Note, however, that differences between waves are not statistically significant.

These results suggest that long COVID had a significant impact on the labour market in 2021. Since economic conditions, the virus and population immunity have been changing through the pandemic and continue to change, we must be cautious in extrapolating from these results. For example, increased vaccination might have reduced the impact of long COVID since the data were collected (UK Health Security Agency, 2022), or the effect of the Omicron variant may be different.[8] But a back-of-the-envelope calculation allows us to get an idea of the potential magnitude of long COVID's impact. Taking the ONS's latest estimate from May 2022 that 1.85 million people aged 17 and above had long COVID (Office for National Statistics, 2022), our results imply about 4.4 million lost working hours per week, and 110,000 workers off sick; the

[7] We assessed the effect of long COVID in causing people to partially reduce their hours by running a regression where the outcome variable is reducing one's hours (relative to pre-pandemic) but still working a non-zero number of hours.

[8] That the proportion of long COVID sufferers reporting being 'limited a lot' by their condition remains high, as discussed in Section 1, somewhat mitigates this concern.

loss in earnings would aggregate up to almost £1.5 billion per year. If the prevalence and severity of long COVID remain similar, this would amount to a meaningful lasting economic impact.

Beyond the aggregate impact of long COVID, the persistence of these effects is clearly highly relevant to individuals with the condition. Evidence is still emerging on the duration of long COVID symptoms, but we do find some evidence of persistent economic impacts for at least a few months. Our approach is as follows: we compare labour market outcomes in March 2021 for those who reported having long COVID in January with those for similar individuals who did not, irrespective of their March long COVID report. We then do the same analysis in the next wave, comparing September labour market outcomes and comparing those who had long COVID in March with those who did not.[9]

Table 3.2 shows regression results estimating the impact of having long COVID in January 2021 on March 2021 labour market outcomes and Table 3.3 shows the results for the impact of March cases on September outcomes. The results are less precise because of the smaller samples, but we see that the impacts of having long COVID in January on March's labour market outcomes are roughly similar in magnitude to the contemporaneous impacts estimated for the pooled sample in Table 3.1. But when we turn to the March–September analysis, the effects – while still directionally the same – fall in size, and none is statistically significant.

Table 3.2. Regression results estimating the impact of having long COVID in January 2021 on March 2021 labour market outcomes

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–1.6*	–109**	–4.9**	–1.1
	(0.9)	(52)	(2.3)	(1.8)
Sample size	10,298	9,356	10,298	10,353

Note: *** p<0.01, ** p<0.05, * p<0.1. Standard errors in parentheses.

Source: Authors' calculations using UKHLS COVID survey, waves 7 and 8.

[9] In other words, we use the same regression approach as before, but replace contemporaneously reporting having long COVID with 'having long COVID in the previous wave'.

Table 3.3. Regression results estimating the impact of having long COVID in March 2021 on September 2021 labour market outcomes

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–0.9	–30	–1.6	0.3
	(0.8)	(43)	(2.0)	(1.7)
Sample size	10,380	9,378	10,380	10,453

Note: *** p<0.01, ** p<0.05, * p<0.1. Standard errors in parentheses.

Source: Authors' calculations using UKHLS COVID survey, waves 8 and 9.

Putting these results together, it seems that long COVID may have impacts that last a few months (as evidenced by the persistence of impacts in March following a January long COVID report[10]), but that after more than six months (March–September comparison) much, though perhaps not all, of the effect has dissipated. A promising avenue for future research would be to use larger samples to more precisely assess how long these labour market impacts last, and whether they are due to the persistence of long COVID itself or to 'scarring' effects of being out of the labour force

[10] Note that those with long COVID in January by definition report having had symptoms for at least four weeks, so by March it is at least three months since their infection.

4. Conclusion

As the UK returns to a greater degree of normality as we emerge from the worst of the COVID-19 pandemic, long COVID looks to be a significant part of the pandemic's legacy, and this briefing note has shown that its impacts are unlikely to be felt equally by different groups. There is still much to be learned about its health and economic consequences. But the results presented here provide evidence that long COVID has a meaningful impact on the labour market.

Beyond the previously established basic demographic characteristics of long COVID sufferers, we have shown that those with long COVID in 2021 were more likely to be on benefits, and more likely to live in social housing, than those without, suggesting that long COVID is disproportionately concentrated on more deprived groups.

Those with long COVID have an increased risk of reducing their work hours to zero, with an associated fall in earnings – though this seems to be driven by them ending up on long-term sick leave or similar, rather than losing their job altogether. In aggregate, this could represent a moderate impact on the labour market – and potentially a very persistent one, depending on how the prevalence and severity of the condition evolve. At the individual level, the impact of long COVID on labour market activity can be reasonably long lasting – at least three months after infection and perhaps longer. This could imply significant consequences for some individuals, especially those without savings or a working partner.

Nevertheless, there is still much we do not know about long COVID. New research into its health consequences is ongoing, and changes both to the virus and immunity in the population mean that the impact is likely to be changing over time. It will therefore be important to continue to monitor the economic consequences of long COVID, as well as the longer-term health consequences of COVID infection more broadly, going forward.

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Appendix

List of control variables

- Pre-pandemic long-term health conditions
  - Respondents were asked pre-COVID whether they had ‘any long-standing physical or mental impairment, illness or disability’ troubling them or likely to trouble them for at least 12 months
- Age
  - 16–29
  - 30–39
  - 40–49
  - 50–59
  - 60–69
  - 70+
- Sex
- Pre-pandemic broad industry classification and work status
  - Not working
  - Health and care sector
  - Industries where working from home likely to be possible
  - Industries likely to have been shut down during lockdowns
  - Industries where work would largely have continued on location
- Benefit receipt
  - Pre-pandemic receipt of any benefits except child benefit and state pension

Results by wave

Table A.1. Regression results estimating the impact of long COVID on labour market outcomes, January 2021

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–2.1***	–61	–5.5***	–0.5
	(0.8)	(42)	(2.1)	(1.6)
Sample size	11,623	10,573	11,625	11,751

Note: *** p<0.01, ** p<0.05, * p<0.1. Standard errors in parentheses.

Source: Authors' calculations using UKHLS COVID survey, wave 7.

Table A.2. Regression results estimating the impact of long COVID on labour market outcomes, March 2021

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–3.3***	–99**	–7.6***	–1.6
	(0.8)	(50)	(2.1)	(1.6)
Sample size	12,202	11,037	12,200	12,278

Note: *** p<0.01, ** p<0.05, * p<0.1. Standard errors in parentheses.

Source: Authors' calculations using UKHLS COVID survey, wave 8.

Table A.3. Regression results estimating the impact of long COVID on labour market outcomes, September 2021

	Hours worked (per week)	Earnings (£ per month)	Working non-zero hours (ppts)	Employed (ppts)
Impact of long COVID	–1.8***	–37	–4.5***	–0.9
	(0.7)	(35)	(1.7)	(1.4)
Sample size	12,408	11,156	12,403	12,511

Note: *** p<0.01, ** p<0.05, * p<0.1

Source: Authors' calculations using UKHLS COVID survey, wave 9.

John Burn-Murdoch: written submission

The following articles published by the Financial Times are relevant to the inquiry:

- Delphine Strauss, Financial Times*,* 2 November 2022. *Why are Britain's over-50s really leaving the labour market?* (paywall)

- John Burn-Murdoch, Financial Times, 7 October 2022. *Half a million missing workers show modern Britain's failings* (paywall)

- John Burn-Murdoch, Financial Times, 21 July 2022, *Chronic illness makes UK workforce the sickest in developed world* (paywall)

Public Health Scotland: written submission

Public Health Scotland (PHS) welcomes the opportunity to comment on the impact of COVID-19 on labour market inactivity.

Unfair differences in income, wealth and power are important drivers of health and health inequalities in Scotland. These, in turn, effect whether people have access to the building blocks of a healthy society, such as affordable, secure, and quality housing; stable, well- paid work; and accessible, quality public services.

Across too many of our communities, these building blocks are unfairly distributed. Not having enough income can lead to constantly worrying about making ends meet and chronic stress, putting people at increased risk of illnesses such as heart disease. If people can't afford safe housing, healthy food, and are unable to play an active role in society, this limits people's choices and ability to live a healthy life.

Scotland has introduced many policies across many areas of public policy under its control, which are likely to have mitigated against some of the increasing social and economic inequalities. However, Public health evidence tells us that the best ways of reducing inequalities are through investing in the building blocks of society:

- **Early year's**: ensuring more families have better access to high quality childcare and early years education and support, so more children in Scotland have the best start in life.
- **Education, skills, and training system:** ensuring access to quality education and training throughout life. This will support people to access better paid employment.
- Creating a **good and fair labour market**: focusing on increasing access to well-paid, flexible and secure employment for all that lifts households out of poverty

Summary:

- The rise in economic inactivity has been greater for people in their 50s and 60s than for people younger. While those aged 70+ have also seen an increase in economic inactivity, it has been much smaller than for 50- to 69-year-olds, and 35- to 49-year-olds saw no change at all.

- A change in priorities or lifestyle choices for older workers, possibly in combination with changes in the nature of work post-pandemic (in particular more remote work) seems to have reduced the appeal of staying in employment and therefore transitions from employment to inactivity increased for many.

- Childcare, Transportation, cost of living, housing, mental health, good and fair work are all factors which affect participation in the labour market.

- There is an increasing concern regarding the 18-24 age group and a rise in the number of young men becoming economically inactive. According to the Resolution Foundation, the major driver of economic inactivity among young

men is Ill-health, particularly mental health. Research shows that mental health problems are on the rise for both young men and women. This means that economic inactivity due to health problems is likely to become an even bigger problem.

PHS would welcome further opportunities to discuss these factors further

Public Health Scotland, September 2022

Driving the increase in labour market inactivity

Retirement in June 2022, according to The Institute of Fiscal Studies (IFS) contributed to the rise in economic inactivity among people in their 50's and 60's. This resulted in more than half of the growth in 50–69-year-olds leaving work for economic inactivity during the pandemic, and it does not look to be driven primarily either by poor health, health-related reasons for leaving the labour force only accounts for 5% of the overall growth in inactivity among this age group.

Early evidence from the Glasgow City Region Intelligence Hub suggests the increase in retirement is due to lifestyle choices, ageist recruitment practices and changes in working practices. Socialising in the workplace was an element that kept people at work and due to the rise of home working, people have decided to leave the labour market.

The report also suggests there have been particularly large increase in the proportions of part-time workers, self-employed and workers in their 60's moving out of employment.
These are all groups that are in some sense closer to retirement than full-time workers, employees, and those in their 50's.

Transitions from employment to inactivity are similar between those with and without a long-standing health condition. It also not does appear to be driven by low labour demand leading to people being unable to find work and becoming discouraged. It looks more consistent with a lifestyle choice to retire in light of changed preferences or priorities, possibly in combination with changes in the nature of work post-pandemic (in particular more remote work) which reduce the appeal of staying in employment.

Geographical impacts: Economic inactivity in Scotland is 22.0% (Apr-Jun 22), higher than the UK average (21.4%). The most affected area in Scotland is Highlands City Region (28.1%). (NOMIS)

Area	% Economically inactivity (16-64) Mar 2022
Aberdeen City Region	22.3
Edinburgh and South-East Scotland	21.5
Glasgow City Region	24.5
Highlands City Region	28.1
Stirling and Clackmannanshire City	25.0

Tay City Region	24.7

The Office for National Statistics have listed the most effected sectoral differences from economic inactivity. The top five most affected industries are:

1. Professional and Scientific
2. Public administration and Defence
3. Health
4. Other Services
5. Manufacturing

The least impacted sector is Hospitality (which is not surprising given that only a small proportion of 50s to 70s workers work in hospitality).

Long-COVID

According to the Office of National Statistic, almost 2 million people, or 3% of the population had long COVID by the end of May 2022, of whom 72% were limited by the condition and 21% were limited ‘a lot’. These numbers have been rising steadily since the middle of 2021. The impact of long COVID is felt unequally. Existing work finds that sufferers are more likely to have a pre-existing health condition, be female and be middle aged. We show that they are also more likely to live in social housing, to have been claiming benefits before the pandemic, and possibly to be in poverty.

By examining how outcomes have changed since before the pandemic for long COVID sufferers and similar individuals without the condition, we estimate that one in ten people who develop long COVID stop working, with sufferers generally going on sick leave (rather than losing their jobs altogether).

At the individual level, long COVID shows some persistent labour market effects, with impacts being felt at least three months after infection. Further research would be required to precisely determine the duration of the impact.

According to the TUC study on Workers experience of long Covid, there was a report by Chronic Illness Inclusion which stated negative perceptions and misunderstanding around fatigue and chronic illness creates formidable yet unnecessary barriers to work. Systemic disbelief of energy impairment affects disability disclosure and access to reasonable adjustments, and contributes to strained employment relations, sometimes causing unnecessary departure from the labour market. Respondents to the study described poor treatment at their place of work because they had long COVID, with 52% experienced some form of discrimination or disadvantage. One in 20 respondents had been forced out of their jobs because they had long Covid.

Groups of Society impacted more than others

<u>Disability</u>

In 2018 there were 321,000 disabled people in Scotland classed as economically inactive. A report and recommendations published by Disability Workstream to Glasgow

Social Recovery Taskforce, stated disabled people face significant and persistent barriers to getting and keeping a job. Preventing economic inactivity requires interventions such as implementing reasonable adjustments, using Access to Work and effectively protecting disabled workers from harassment. Department of Work and Pensions found that disabled people in work in the UK are almost twice as likely to fall out of work as non- disabled people.

During the pandemic, disabled people were more likely to worried about their health and safety and at times, unable to work due to shielding or self-isolation. The social Metrics Commission (2022) found disabled workers are at a substantially higher risk of being made redundant or having their hours reduced due to the pandemic. Although, increased access to homeworking may have proven beneficial for desk-based workers by increasing accessibility of work and supporting job retention.

Access

In Scotland, 29% of households do not have access to a car. Accessible, affordable, and frequent public transport is essential to ensure everyone can benefit from the transport system and enable access to employment and education. The COVID-19 pandemic has had a significant impact on Scotland's transport system with a large reduction in public transport journeys. The impact on public transport is more likely to have disadvantaged those population groups without car access I.e. older people, young people, disabled people, and those on a low income. By March 2020 while the number of car journeys was very similar to 2019 levels, bus and rail journeys remained far below the pre-pandemic level. Surveys continued to show concern about transmission of the virus on public transport

Age Group

The rate of economic inactivity among people in their 50s and 60s rose from 35.4% in the first quarter of 2020 to 36.5% in the first quarter of 2022, an increase of 1.1 percentage points, back to the level seen at the end of 2018. This follows many years of falling inactivity prior to the pandemic.

The rise in economic inactivity has been larger for people in their 50s and 60s than for people younger or older than them. While those aged 70+ have also seen an increase in economic inactivity, it has been much smaller than for 50- to 69-year-olds, and 35- to 49- year-olds saw no change at all.

The fraction of 50- to 69-year-old workers moving from employment directly into retirement or other forms of economic inactivity increased substantially during the pandemic. This was the key driver of the rise in economic inactivity. It contributed two-thirds of the increase in inactivity over the last two years compared with pre-pandemic data. The remaining third of the increase in inactivity was due to fewer people leaving inactivity for employment, and more people moving from unemployment to economic inactivity, than pre-pandemic. (IFS, The rise in economic inactivity among people in their 50s and 60s, June 2022)

Re-entering the labour market

The quality of the labour market and the outcomes it achieves for people in terms of providing good and fair work and a healthy standard of living are significant to achieving good health and addressing health inequalities.

There are structural issues that prevent people entering or re-entering the labour market. The responding policy areas include childcare; education, skills, and training; transport; housing; good and fair labour market; public mental health; long term health conditions; cost of living and financial inclusion.

1 Childcare

Issue	Policy Response
17% of those in ESA Support Group have dependent children (DWP, 2020) About 30% of lone parents mention lack of flexible childcare as a barrier to work A low-paid lone parent making maximum use of childcare support on offer will still fall short of the minimum income standard by over £140 a month – even if working full-time (Statham et al, 2022). Cost, complexity and lack of flexibility of the system (including interaction with Universal Credit and labour market) prevents parents taking up childcare offer and from accessing employment.	The emerging changes in policy relating to the expansion of early learning and childcare and wraparound childcare support for families, needs to remove childcare as a barrier for parents who would like to work or would like to work more hours. Any childcare related policy response to encourage people to re-enter the labour market must continue to respect the best interests of the child as well as the parent. It is an aim of the Scottish Government's Early Learning and Childcare expansion to increase family resilience through improved health and wellbeing of children and parents. This should be an aim of all childcare. IPPR Scotland advocate that the Scottish government should explore all available routes that might enable them to mitigate the up-front costs associated with claiming childcare costs under universal credit (Statham et al, 2022). Would recommend given the ambition of the ELC provision and the Child Poverty Transition Fund etc there should be more research on this.

2 Education, Skills, and Training

Issue	Policy Response
In 2021, only 23% of the economically inactive participated in learning in the past three years, compared to more than 50% for those in work. The main identifiable barriers to learning among the economically active were cost (20%), childcare (11%) or feel they are too	Ensure access to quality education and training throughout life. This will support people to access better paid employment. Further action required to address the barriers to participation in education, skills and training.

old (13%). 40% said ‘other’. There was a big change in the composition of answers between 2019 and 2021. In 2019, cost and age mentioned less (6% each) and childcare (20%) mentioned more. The 2016 survey found that family/caring responsibilities were most commonly mentioned, followed by cost, unsuitable time/location of courses, ill- health, and personal reasons. Similar weighting to all these reasons. (Adult Participation in Learning Survey) Lack of qualifications or experience mentioned as key barrier to employment by lone parents (~40%) (Coleman and Riley, 2012).	Incentives aligned to provision of education and training might include free childcare, free transport, financial incentives to add to household income (especially important with the current cost of living challenges), fuel cards/credit to enable use of home energy to enhance study.

3 Transport

Issue	Policy Response
Reliance on car for some accessible, high- demand occupations (e.g. social care) and for women who are more likely to “trip chain” involving consecutive journeys with different destinations. Cost of transport, adequacy of provision overall, travel times and interaction with caring responsibilities. Transport costs represent a significant drain on household finances for families with children in Scotland, constituting over one-fifth of household costs after housing and childcare. (Statham et al, 2022). Reliance on local bus services: “often face issues regarding the frequency, timing, reliability of bus services as well as the range of places served.” *Competition on buses between wheelchairs and pushchairs (Source: Crisp et al, 2017). Those without car access, and thus reliant on public transport are more likely to be older, young people, to be disabled or to be on low incomes. Disconnectivity of public transport system.	Through the Fair Fares Review, simplify the range of discounts and concessionary schemes to address rising public transport costs and ensure the least expensive fairs are always offered regardless of payment method. Ensure mechanism for cash payment system on bike hire and public transport to avoid exclusion of those without bank accounts. Investment in alternative modes of transport rather than those that support individual car travel to improve access to employment and education opportunities. This includes improving connectivity, reliability, frequency, affordability, and accessibility of public transport and addressing lack of direct connectivity between peripheral areas. Prioritise improving quality of space and increasing transport options for communities that have low levels of car ownership but high volumes of traffic. Invest in new and improve maintenance of existing local active travel infrastructure to enable shorter journeys, linked to support for access to and free storage of bikes, including for those in flatted accommodation. Ensure these are designed to meet local needs. Ensure bike hire/free bike schemes, including adapted bikes and e-bikes, car sharing schemes and car clubs are available in areas with low volumes of car ownership and in peripheral housing estates. Reallocate road space from private motor vehicles, connected to existing active travel infrastructure and bus routes. Increase the timescale of Experimental Traffic Regulation Orders. Develop local work hubs that reduce the need for travel to employment. Ensure all young people are supported to apply for the free bus fares for under 22s Work with employers to provide access to bikes, including adapted bikes and e-bikes, car sharing schemes and car clubs. Improve connectivity between public transport and active travel modes, including through transport hubs.

4 Housing

Issue	Policy Response
The lack of homes for people who become homeless, and the unaffordability of temporary accommodation have an impact on employment but are long-standing issues that are getting worse as a results of housing pressures rather than specifically post-covid issues. Shelter has recently reported that people who become homeless in the central belt are being housed quite far away, meaning they may have to give up employment: Homeless Scots 'asked to move to England' as new statistics show system 'on brink of failure' | Scottish Housing News In more rural areas the location of available housing may be quite far away from where people work. And for those who move into temporary accommodation but who are employed, it is so expensive that people have been told to give up work so that they can claim housing benefit to cover it: Homeless Action Scotland: Over 74% of people experiencing homelessness told they couldn't afford accommodation rents | Scottish Housing News It is widely accepted that a lack of housing, particularly in some rural and island areas, is a significant factor in preventing people from taking up employment, even when they are offered jobs. Many employers have drawn attention to this as a barrier to recruitment. This was highlighted in a campaign, led by Rural Housing Scotland and Scottish Rural Action in 2019: Rural homes, rural lives | Scottish Rural Action (sra.scot). Poor quality or overcrowded housing are a barrier to accessing home working and home study opportunities, which have increased as a consequence of the pandemic.	Accelerate work to increase the availability of social housing and the affordability of temporary accommodation when it is needed. Ensure local development plans prioritise housing development in areas where there is access to employment opportunities using active travel or public transport (20-minute neighbourhoods) Ensure rural Scotland receives a fair share of all housing investment, target funding to enable rural housing development in areas where employers are struggling to attract workers and disincentivise the ownership of second homes or holiday lets in areas experiencing housing shortages for the local workforce. Need to combine improvements to housing issues alongside targeted support to overcome financial and employment barriers for households, to ensure people can re-enter the labour market.

5 Good and Fair Labour Market

Issue	Policy Response
Crude comparisons of vacancies and 'claimant count' unemployed (mid-2022) suggest there are parts of Scotland where the labour market is very tight (Edinburgh, Mid and East Lothian, Highlands, Orkney and Shetland) and parts where it remains very weak (North and East Ayrshire, Inverclyde and West Dunbartonshire). In the latter prospects for the economically inactive to find work are likely to be diminished. In Scotland, Beatty et al. (2022) argue that when the 'hidden unemployment' on long-term sickness benefits are taken into account, only part of Britain could be considered operating at full employment. In Glasgow, Dundee, Clackmannanshire Ayrshire, North Lanarkshire and the Upper Clyde, real rates of unemployment are in excess of 8%. This compares with rates of <4% in places like Edinburgh, Stirling, East Renfrewshire and East Dunbartonshire, Aberdeenshire, Orkney and Shetland (Source: Beatty et al, 2022: real-level-of-unemployment- 2022.pdf (shu.ac.uk)). An issue for older workers is ageism and discrimination. Charities, such as Age UK, argue that that the exodus of older workers from the labour market should not be seen simply as a voluntary lifestyle choice and that many people are forced out by ageist recruitment practices (Source: FT).	Create a good and fair labour market: focusing on increasing access to well-paid, flexible and secure employment for all that lifts households out of poverty. Actions should include: - Accelerate applying a Fair Work First approach as the default position for all public spend to ensure government is not complicit in sustaining poor quality, poorly paid jobs. - Additional actions by public sector Anchor Institutions to widen access to high quality public service roles, offering jobs that people value as worth re-entering the labour market for. - When creating public service jobs consider the impact on improving the distribution of fair employment to contribute to reaching adequate jobs density (by geography and skill level). This approach has been taken in the past, e.g. In deciding the location of the Scottish Social Security Agency. An additional focus of this approach could be to establish an anchor institution in towns where there are none at present. For older workers, labour market policies will be different. Some work from the Work Foundation has pointed to some factors that are important for the 50s and 70s workers to consider return to work. These are: - A job that offers flexible working hours - Working from home - Jobs that fit's caring responsibilities

6 Public Mental Health

Issue	Policy Response
For working-age adults not in work and claiming incapacity benefits, almost 40% of men and 60% of women have “severe or pervasive” mental health symptoms, compared to 5% of men and less than 9% of women not claiming any out-of- work benefits. (Source: Adult Psychiatric Morbidity Survey 2014, NHS Digital.) “A gaping hole in Mental Health service provision was emphasised by virtually every service provider interviewed and a large number of people with lived experience too.” (Bramley et al, 2019). Whilst additional resources have been put into provision of Mental Health Services more recently, evaluation of impact of these resources on increasing the prevalence of conditions for good mental health, including employment outcomes, would be helpful indicators of the likelihood of these resources to improve mental health and wellbeing.	Scottish Government are currently consulting on a new Mental Health and Wellbeing Strategy, with the intention to focus on every part of what mental health and wellbeing means. One of the things this covers is “helping to create the conditions for people to thrive”. For many working age people, the conditions to thrive include having good quality employment that provides a sense of purpose and a decent standard of living. This strategy should include: - Improved access to mental health treatment services - a specific recommendation in the Joseph Rowntree Report/Save the Children Report (Joseph Rowntree Foundation & Save The Children, 2022) - Recognition of the need for dual mental health and alcohol services (Wright et al, 2020) - Individual Placement and Support. This can be more effective than traditional vocational rehabilitation for those with severe mental illness (De Graaf-Zijl et al, 2020). Improvements to the approach to Individual Placement and Support in Scotland should be made, to ensure this is available where and when someone needs it, and measures should be put in place to ensure this provision achieves improved employment outcomes for people with mental health conditions.

7 Long Term Health Conditions

Issue	Policy Response
“Local labour market conditions fully account for regional differences in transition rates from health-related inactivity into employment.”(Curnock et al, 2014). In the first year of poor health, dynamics are more pronounced – flows on and off disability benefits balance out (Jones and McVicar, D, 2017)	Support for those with long term conditions to remain in the labour market. Interventions to prevent or delay impairments becoming work-limiting may be important to prevent unemployment and flow onto benefits It may be more efficient to target by the type of onset condition (Jones, MV, McVicar, D, 2017). There are a plethora of organisations specialising in supporting people with long term health conditions (some of which specialise in specific conditions). Working with these organisations to understand their service users and the issues and solutions to support people re-enter the labour market can be effective.

8 Cost of Living and Financial Inclusion

Issue	Policy Response
Unemployed and inactive (but not retired) households are most likely to be financially vulnerable (67%) and most likely to have unmanageable debt (11%) in 2018-20. This compared to 32% and 5% for employed (Scottish Government, Wealth in Scotland 2006-2020 (data.gov.scot)). This will be further impacted by the cost-of-living crisis. Limited resources limit ability to seek work (especially given interaction with low pay).	Ensure that necessities, such as energy, transport and quality secure housing are affordable for everyone in Scotland. Address financial needs in the economically inactive population (financial insecurity, debt, benefit entitlement)