



*Job Creation and Local Economic Development 2020: Rebuilding Better* examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

# United Kingdom<sup>1</sup>

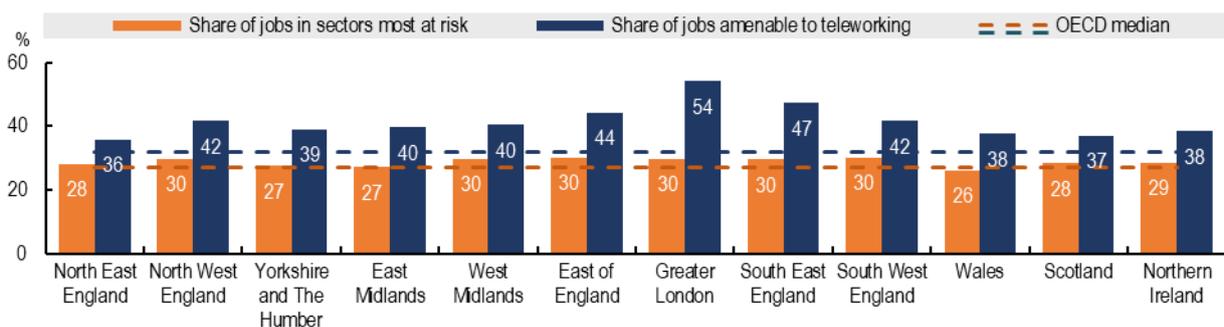
The share of jobs amenable to teleworking in the UK is amongst the highest in the OECD on average, but varies from 35% in North East England to 55% in Greater London.

Greater London accounted for one-third of all net employment growth in the UK between 2008 and 2018.

The share of middle-skill jobs decreased by 10 percentage points or more in East Midlands, West Midlands, and Northern Ireland between 2000 and 2018.

## The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

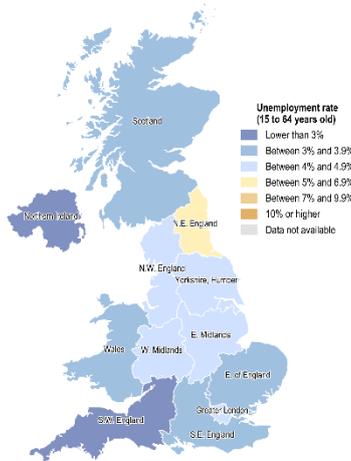
**COVID-19 has put unprecedented pressure on local labour markets and economies.** The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. However, in the United Kingdom, disparities between regions are relatively small: the share of jobs in sectors most at risk ranges from 26% in Wales to 30% in several regions.

**While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs.** All regions had a higher share of jobs amenable to teleworking than the median OECD region, but widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies almost 20 percentage points across regions, from 36% in North East England to 54% in London.

*This document, as well as any data and any map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*

The potential impacts of COVID-19 on local labour markets

Unemployment rate, 2019



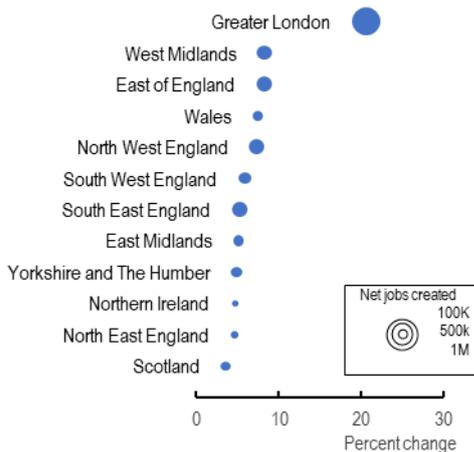
Change in unemployment rate, 2008-2018



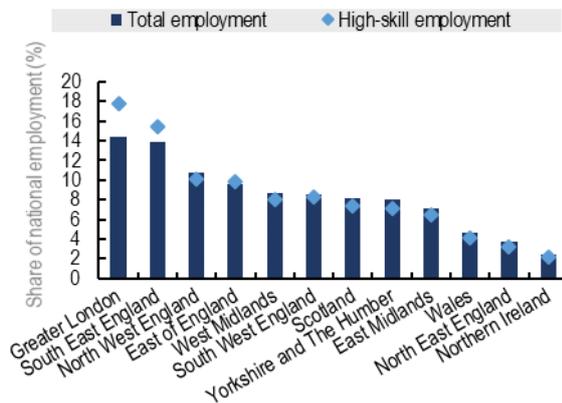
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.  
 Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

**Before the COVID-19 pandemic, unemployment rates in the UK were generally low, but varied two-fold across regions**, from a low of 2.7% in South West England to a high of 5.8% in North East England. Looking at the decade following the 2008 crisis, all regions had unemployment rates lower in 2018 than in 2008, a pattern seen in only one-third of OECD countries. Regional gaps in unemployment also shrank over this period, thanks to relatively larger declines in the regions with the highest rates in 2008. For example, the unemployment rate decreased by one-third in Greater London and North East England, which had the highest unemployment rates in 2008.

Change in net employment, 2008-2018



Employment by region and skill level, 2018

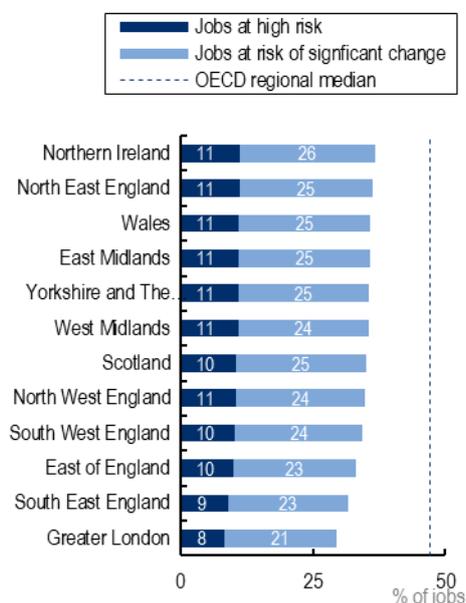


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on EU Labour Force Survey.

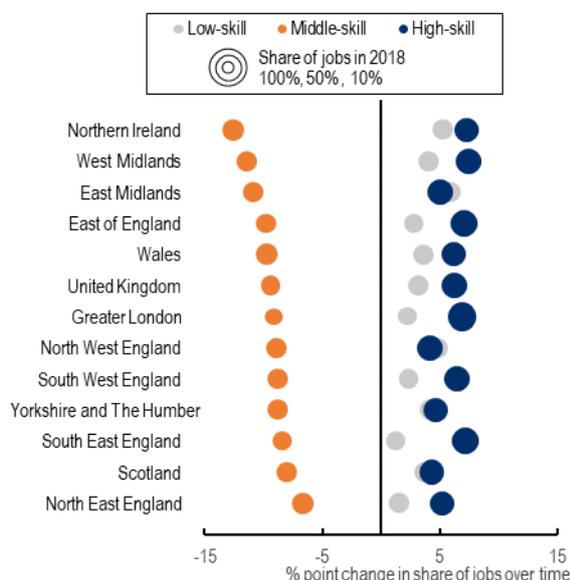
**In all regions, the number of people employed grew between 2008 and 2018.** Greater London was responsible for one-third of net employment growth over this period, and in 2018, accounted for almost 15% of all employment in the UK and roughly 18% of all high-skill employment. Looking at a longer time period (2000-2018), the geographic concentration of jobs (as measured by the number of people employed) did not significantly change in the UK, but did increase somewhat for high-skill jobs specifically.

## Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2000-2018



Note: In Panel A "high risk" refers to the share of workers whose job faces a risk of automation of 70% or above. "Significant risk of change" reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, high-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012) and EU Labour Force Survey; Nedelkoska L. and G. Quintini (2018), "Automation, skills use and training", <https://doi.org/10.1787/2e2f4eea-en>; and OECD (2020), *OECD Employment Outlook 2019: The Future of Work*, <https://doi.org/10.1787/9ee00155-en>.

**COVID-19 will likely accelerate automation, putting additional pressures on places with relatively high shares of jobs at risk.** All regions in the United Kingdom have a lower share of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 30% in Greater London to 37% in Northern Ireland.

**Following general OECD patterns, in the UK, all regions saw the share of middle-skill jobs decrease between 2000 and 2018.** The share of middle-skill jobs decreased by 10 percentage points or more in East Midlands, West Midlands, and Northern Ireland, representing a net decrease of roughly 130 000, 150 000 and 44 000 middle-skill jobs respectively. In most regions, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs.

## Active labour market policies: institutional arrangements

**Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions.** The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

<b>X</b>	<b>Centralised, including branch offices of national ministry / agency</b>	The Department for Work and Pensions (DWP) is responsible for active labour market policies. Jobcentre Plus (JCP), which is part of DWP, serves as the public employment service in England, Scotland and Wales and is responsible for referral to active measures, as well as job brokering, referrals, and the administration of income-replacement benefits. In Northern Ireland, services are delivered through Jobs and Benefit Offices.
	<i>Decentralised to subnational governments</i>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

### Notes

<sup>1</sup> Data is presented at the TL2 level. See Reader's Guide of the full report for more information on the methodologies behind the calculations.