

Nearly 650,000 jobs lost in UK during pandemic, with much worse to come

Robert Stevens
18 July 2020

Job losses continue at record speed across the UK economy. New figures in the Office for National Statistics (ONS) labour market report reveal that almost 650,000 workers are not on company payrolls in June compared with March, a 2.2 percent fall.

In late March, the lockdown was first put in place by the Conservative government, during which time over 12 million people—9.4 million employed by firms and 2.7 million self-employed people—were paid 80 percent of their wages by the government’s furlough scheme. Despite this the ONS data reveals that around half a million employees were not in work but received no pay in May.

The government now plans to enforce its back to work agenda—and have millions of people working under unsafe conditions during a pandemic—by withdrawing the furlough scheme fully by the end of October.

The collapse in the number of workers in employment takes place along with a drastic fall in hours for those remaining in a job, and a fall in wages. In the three months to May, total weekly hours worked in the UK fell 16.7 percent to 877.1 million hours. This represents the largest annual decrease since estimates began in 1971. Total pay fell by 0.3 percent on the year, equating to a fall of 1.3 percent when factoring in inflation.

Jonathan Athow of the ONS commented that the survey “is showing only a small fall in employment but shows a large number of people who report working no hours and getting no pay. Both tax and survey data also show the number of new starters has fallen sharply. There are now far more out-of-work people who are not looking for a job than before the pandemic. Pay is now falling on most measures, with many furloughed workers not having their wages topped up by their

employers.”

KPMG UK chief economist Yael Selfin said the ONS figures “represent the calm before the storm.” He noted, “A sharp decline in the number of self-employed men, and around half a million workers who were temporarily away from their work due to COVID-19 without pay, point at a worse picture than the headline numbers convey.”

Many firms are utilising the crisis to carry out large-scale restructuring. Over 200,000 job losses have been announced in recent weeks from all sectors of the economy.

On Thursday, the British Chambers of Commerce (BCC) found that *thousands* of businesses plan to axe jobs in the coming months. It reported that 29 percent of businesses expect to cut jobs in the next three months. In 2019, only 7 percent of companies expected to do so.

The report noted that “18% of micro firms (with fewer than 10 employees) expect their workforce to decrease. 41% of small and medium firms (with 10 to 249 employees) expect their workforce to decrease. 41% of large firms (with over 250 employees) expect their workforce to decrease.”

Of the 7,400 firms surveyed, more than a quarter of the firms (28 percent) reported they had already cut their workforces since the pandemic began.

This week the Office for Budget Responsibility (OBR) laid out three scenarios—all of which would see unemployment more than doubling. Under its “upside” scenario the economy would fall 2 percent over the course of the pandemic, under the “central” scenario—which the OBR views as most likely—by 6 percent and under the “downside” scenario, by 10 percent. In the optimistic scenario unemployment, now at around 4 percent, will reach 10 percent—significantly

higher than the 8.5 percent peak following the 2008–2009 global financial crisis. The central scenario sees the jobless rate rising to 12 percent (with around 3.5 million out of work). Its downside prediction is that unemployment hits 4 million.

Massive job losses are being lined up in the fashion and events industries. The British Fashion Council warned this week that up to 240,000 jobs are expected to go over the next 18 months, 27 percent of the workforce.

Around 70 percent of the 1,100 trade shows and exhibitions originally scheduled to go ahead have been forced to postpone until the final months of the year. Were none to transpire, 30,000 jobs are at risk—more than a quarter of the entire workforce. The events industry is worth £8 billion to the economy. The cancellation of many events would have a devastating knock-on effect, with the *Financial Times* noting, “Trade shows are important for the UK economy as they are a way for about 140,000 small and medium-sized businesses to drum up new business, many of whom will be desperate to secure orders in the wake of the pandemic ...”

The response to the pandemic has been dictated by the profit interests of the capitalist class. Utilising the maxim “never let a crisis go to waste,” corporations are using the threat of unemployment to tear up whatever remains of terms and conditions established through decades of class struggle.

Centrica, owned by British Gas, plans to enforce a “fire and rehire” agenda against its 20,000 workforce, with staff told to accept new working conditions, or risk losing their jobs. Last month, the firm slashed 5,000 jobs and restructured its management. With many of its engineers working longer hours over the winter period, including Christmas and New Year, Centrica is moving to end overtime pay, presently often double the normal rate.

British Airways is finalising moves to lay off 12,000 of its 42,000-strong workforce to force them to accept massive pay cuts and reduced conditions as an alternative to redundancy.

In contrast, Centrica favours enforcing its plans using its trusted partners in the trade union bureaucracy. Prior to announcing its proposals, the firm was holed up for two weeks of talks with the Unite union. Further redundancies would be an “option of last resort if it

turns out we can’t work together to achieve this.”

Major job losses have been announced by companies in the last days, with casino owner Genting confirming that three of its 43 sites—at Torquay, Margate and Bristol—will close. Up to 1,642 jobs are threatened.

Entertainment group Buzz Bingo has announced the closure of 26 clubs with the loss of 570 jobs in Bournemouth, Carlisle, Milton Keynes and Wolverhampton.

On Thursday, the Southbank Centre confirmed that 400 jobs (two thirds of the workforce) are at risk, as it predicted a £5.1 million deficit for the 2020-21 financial year. Based in London, the Southbank is Britain’s largest arts complex. Jobs are expected to go throughout the organisation, including at the Hayward Gallery and Royal Festival Hall, among staff at eight orchestras, the National Poetry Library and the Arts Council Collection.

The previous day, the BBC announced a further 70 jobs would go in its news division. This follows 450 redundancies from its news teams that were previously announced, but then paused as the pandemic took hold.

Jobs are being lost apace in the finance and banking sector. Prior to the pandemic, UK-listed bank HSBC embarked on a global restructuring centred on 35,000 jobs losses among its 235,000 workforce that it too was forced to put on hold. The job cuts are central to its plans to save £3.6 billion. It has now resumed the plans with interim chief executive, Noel Quinn, stating that there would be “meaningful” cuts in British operations. The *Guardian* noted, “The main focus is expected to be head office operations as well as its global bank and markets business, which are largely London based.”



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact