

# Differences between key workers

**IFS Briefing Note BN285**

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# Executive summary

The response to the coronavirus crisis has underlined the critical role of the UK's key workers, many of whom are in relatively low-paid sectors. This has prompted calls in outlets as diverse as the Guardian and the Financial Times to reassess the working conditions of key workers, both during and after the pandemic. On Sunday, the Liberal Democrats called for front-line health staff to receive the same £29-a-day 'active duty' bonus as the armed forces. New Labour leader Sir Keir Starmer has called for a 'reckoning' for key workers once the crisis has passed, saying that key workers have 'often been overlooked [and] underpaid and there has got to be a change'.

The importance of key workers during the crisis cannot be overstated. However, there are substantial differences amongst key workers in different sectors and any post-pandemic policy responses will need to recognise this.

In this briefing note, we analyse how key workers in different sectors differ in terms of their demographics (such as age, education and where they were born) and their working conditions. If policymakers are keen to evaluate the conditions of key workers once the pandemic has passed, it will be critical to take these differences into account.

## Key findings

**Key workers as a whole are a cross-section of the UK workforce:** in terms of their age, their education and where they were born, key workers look similar to the rest of the workforce. However, they are more likely to be female and are somewhat lower-paid than other employees: the median key worker earned £12.26 per hour in today's prices last year, 8% less than the £13.26 per hour earned by the median earner in a non-key occupation.

**But there are big differences between key workers in different sectors.** The food and social care sectors stand out for the low wages their employees earn and the low levels of qualifications their workers hold. Older, self-employed farmers mean that nearly a sixth of food sector workers are aged 65 or over. Younger, migrant food processors mean that 30% of workers in the sector were born somewhere other than the UK, as were a quarter of health and social care workers.

**These differences translate into significant variation in key worker wages:** the median earner in the food sector earned £8.59 per hour last year, 30% less than the median key worker. But the median earner in key professional services – such as justice or journalism – earned more than half as much again as the average key worker, partly reflecting that nearly 80% have degrees.

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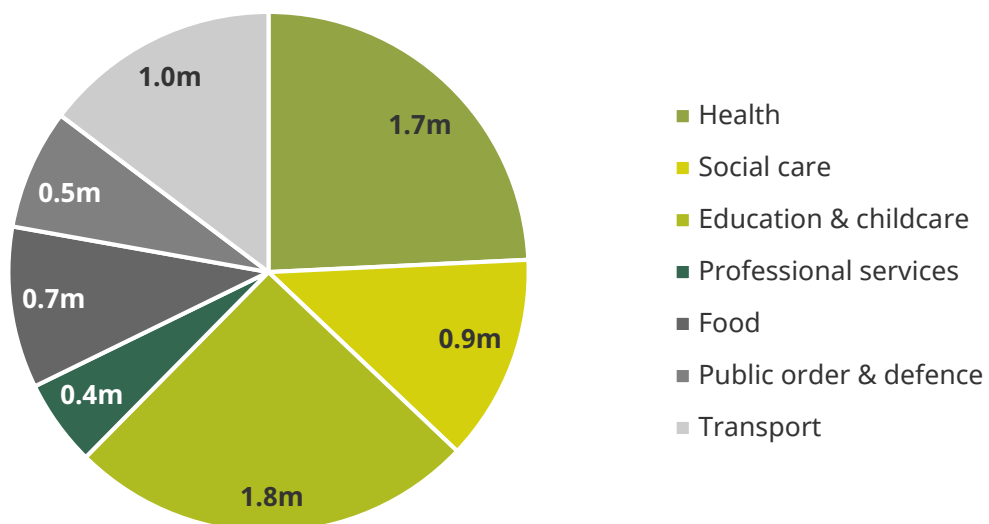
**The gap between key and non-key employees has been growing over time.** After taking into account differences in the characteristics of key and non-key employees, average wages for key workers last year were around 9% lower than for a similar non-key employee. After nearly a decade of wage restraint in sectors such as education and public order, that is nearly twice as large as the 5% gap in 2010.

# 1. What do we mean by key workers?

The government’s guidance on which occupations should be classified as ‘key’<sup>1</sup> breaks key workers into eight different categories. In this briefing note, we focus on six of these: health and social care (separated out), education and childcare, professional services (called ‘public services’ in the government guidance), the food supply chain, public order and defence, and transport. In the remaining two sectors – local and national government, and utilities, communication and financial services – we cannot easily identify key workers in the data that we have access to, since only a subset of roles will be considered crucial to the UK’s pandemic response.

Figure 1 shows the number of workers in each of the sectors we consider. Health and education dominate; of the 7.1 million key workers in these seven sectors, a quarter work in each of these two sectors.

**Figure 1. Millions of workers in each key worker sector (excluding administration and utilities, communication and finance)**



Source: Authors’ calculations using Labour Force Survey (Q4 2018 to Q3 2019). Based on government guidance on key worker occupations: <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision>.

<sup>1</sup> <https://www.gov.uk/government/publications/coronavirus-covid-19-maintaining-educational-provision/guidance-for-schools-colleges-and-local-authorities-on-maintaining-educational-provision>.

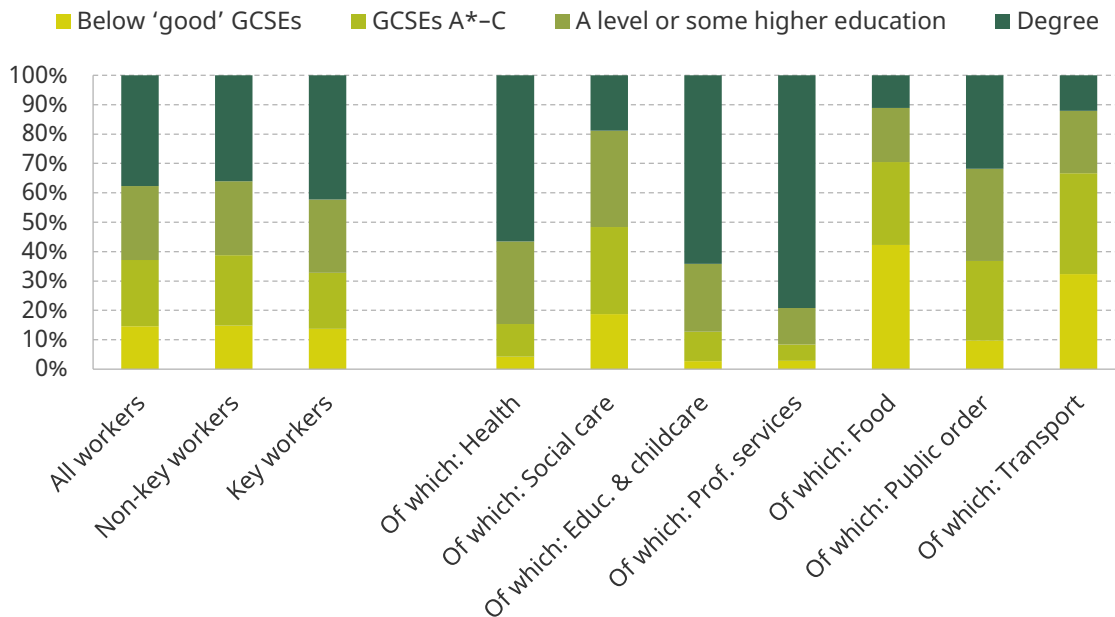
## 2. Who are key workers?

Previous IFS analysis<sup>2</sup> has highlighted that, compared with workers in regular occupations, key workers are more likely to be female (60% of key workers versus 43% of regular workers). Indeed, more than a quarter of women – and 35% of female workers – are working in a key occupation. This is particularly pronounced in the social care and education sectors, where over 80% of key workers are female.

Despite these differences, Figures 2, 3 and 4 show that there are strikingly few differences overall between key workers and those in regular occupations in terms of their level of education, their age or where they were born.

But the more interesting point that the three graphs make is the differences between sectors. Figure 2 shows that nearly eight in ten key workers in key professional services have a degree, compared with fewer than two in ten in social care and just over one in ten in the food and transport sectors. Over 40% of workers in the food sector (excluding those still in school) are not qualified to GCSE A\*–C level, compared with just 14% in the workforce as a whole.

**Figure 2. Highest level of qualifications among workers**

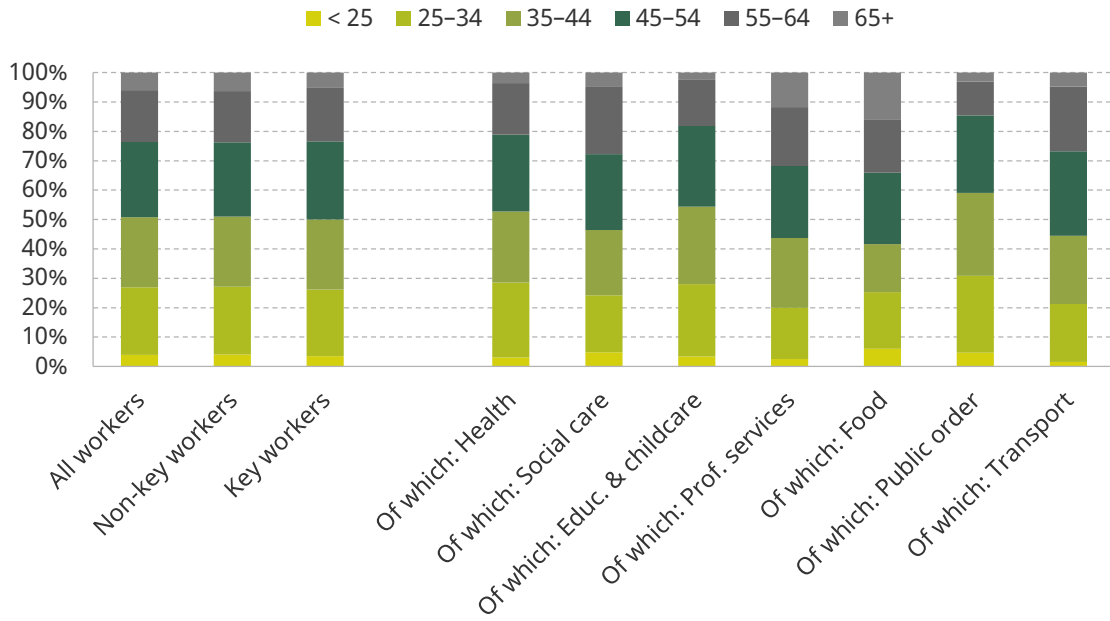


Note: All workers (employees and self-employed) aged 16 and older, excluding children and parents of the head of the household.

Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019).

<sup>2</sup> C. Farquharson, I. Rasul and L. Sibiet, 'Key workers: key facts and questions', IFS Observation, 2020, <https://www.ifs.org.uk/publications/14763>.

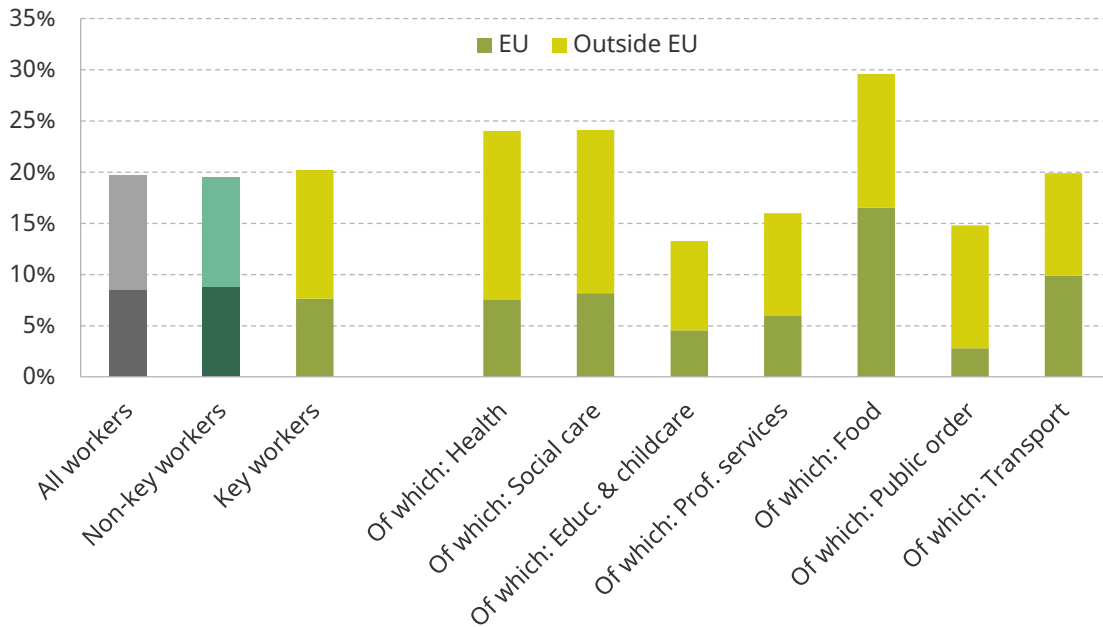
**Figure 3. Age profile of workers**



Note: All workers (employees and self-employed) aged 16 and older, excluding children and parents of the head of the household.

Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019).

**Figure 4. Share of workers born outside the UK**



Note: All workers (employees and self-employed) aged 16 and older, excluding children and parents of the head of the household.

Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019).

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The food sector also stands out for its age profile and for the share of its workforce who are migrants. Just over 16% of key workers in the food sector – and about 40% of farmers – are 65 or older, almost three times the share for the workforce as a whole. Almost 30% were born outside the UK, half as large again compared to the rest of the UK economy. (Among younger food sector workers (aged 40 or below), nearly half are migrants.) Given the low average wages in this sector, most of these workers would not be eligible to come to the UK under the government’s points-based migration rules.

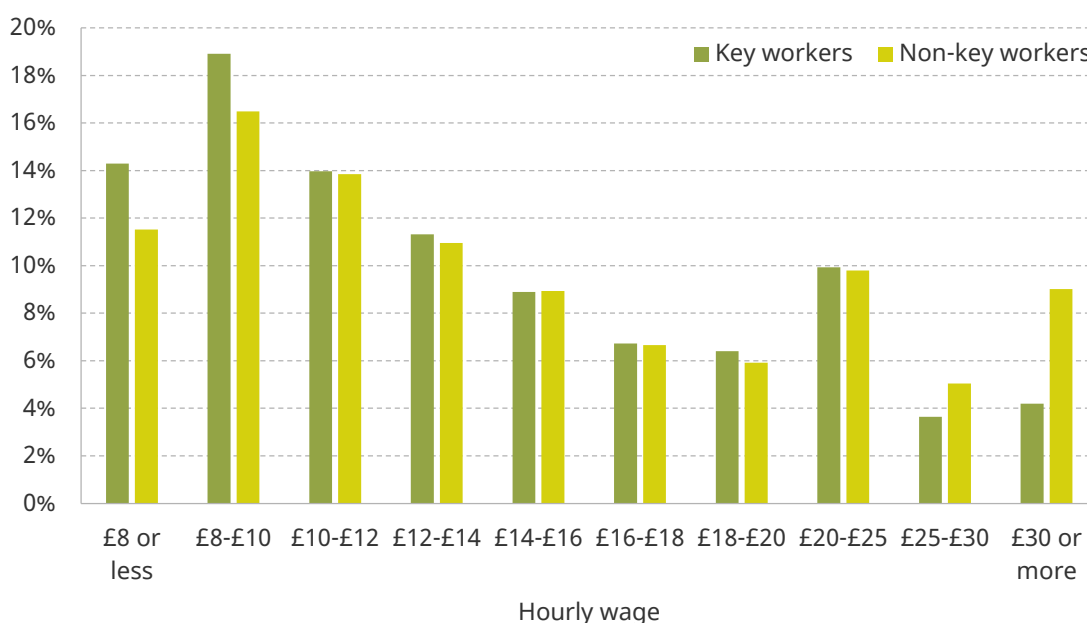
The health and social care sectors also have an above-average share of migrants (mostly from outside the EU). For health workers, the NHS visa announced in November 2019 will go some way to ensuring that overseas workers can still be recruited even if paid below the £30,000 minimum salary threshold. However, this special treatment will not extend to the social care sector.



### 3. Are all key workers low-paid?

Of the 7.1 million key workers in the seven sectors we consider, 89% are employees (compared with 80% of non-key workers). Figure 5 shows that, among employees, key workers are more likely to be low-paid: 33% earn £10 or less an hour, compared with 28% of workers in non-key sectors. In some sectors, pay is lower still: 71% of food sector workers and 58% of employees in social care earn £10 or less an hour – below the long-term target for the National Living Wage. Conversely, non-key workers are more than twice as likely to earn £30 or more an hour.

**Figure 5. Distribution of hourly wages among key and non-key employees in 2019**



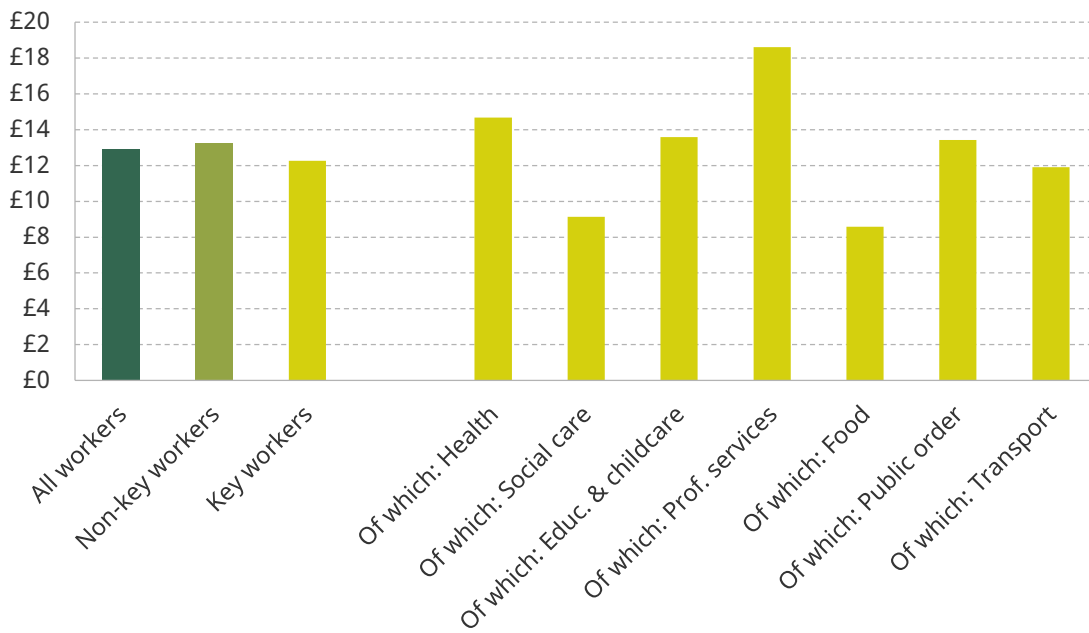
Note: Hourly wages are reported for employees only. Wages are trimmed at the 1<sup>st</sup> and 99<sup>th</sup> percentiles of the workforce wage distribution.

Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019). Uprated to current prices using the Consumer Prices Index, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>.

Figure 6 shows that the median key worker earned £12.26 per hour in today's prices – 8% less than workers in non-key occupations.

But the bigger differences are between key workers in different sectors. Key workers in transport earn near the key worker average wage, while workers in education and public order earn close to the average wage across non-key workers. Key workers in the health sector earn £14.67 per hour on average, 13% more than the average employee. But key workers employed in key professional services (such as legal professionals, journalists and morticians) earn an average of £18.62 an hour – more than half as much again as the average key worker.

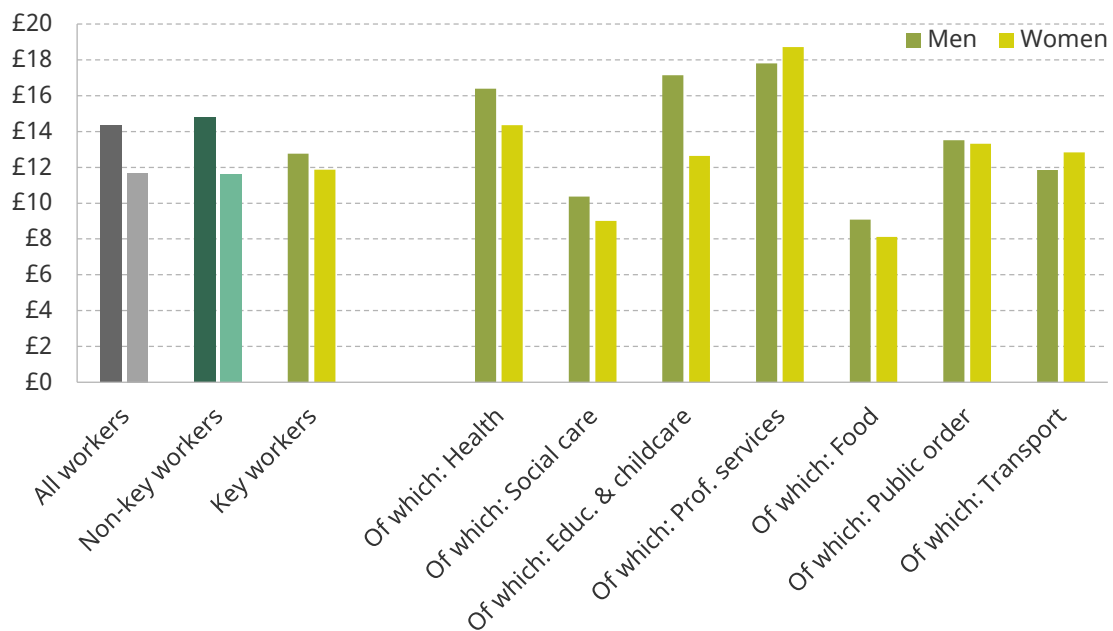
**Figure 6. Median hourly wage among employees in 2019**



Note: Hourly wages are reported for employees only. Wages are trimmed at the 1<sup>st</sup> and 99<sup>th</sup> percentiles of the workforce wage distribution.

Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019). Uprated to current prices using the Consumer Prices Index, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>.

**Figure 7. Median hourly wage among employees in 2019, by gender**



Note: Hourly wages are reported for employees only. Wages are trimmed at the 1<sup>st</sup> and 99<sup>th</sup> percentiles of the workforce wage distribution.

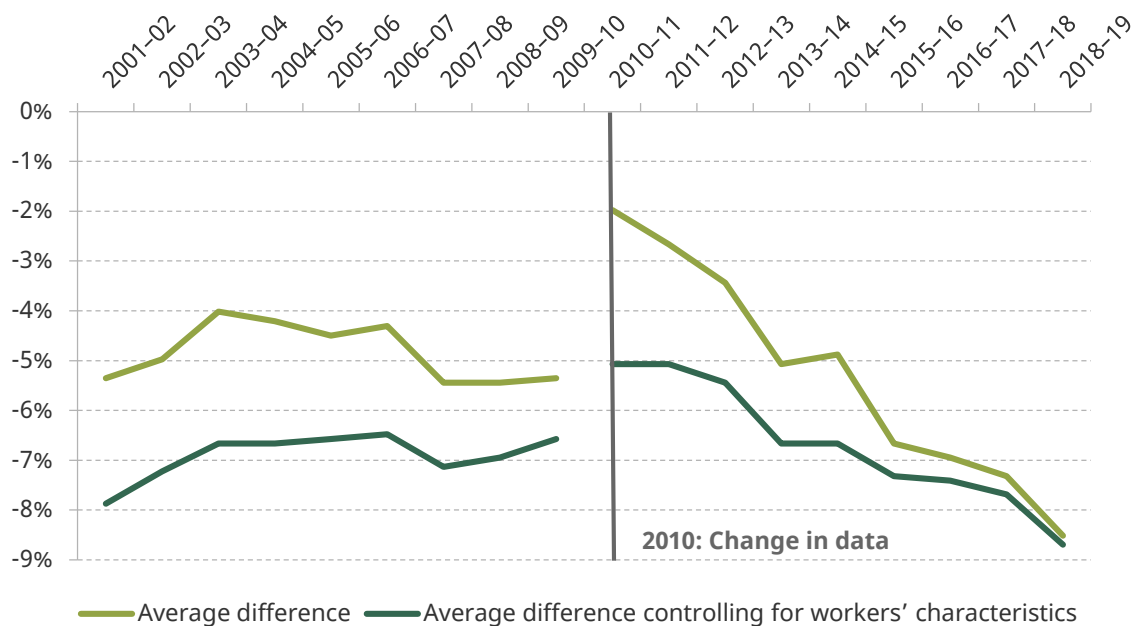
Source: Authors' calculations using Labour Force Survey (Q4 2018 to Q3 2019). Uprated to current prices using the Consumer Prices Index, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>.

Meanwhile, as the Resolution Foundation has noted,<sup>3</sup> key workers in social care are paid significantly less than the average employee – we find that they earn £9.13 an hour. And key workers in the food supply chain (including farmers, food processors, shopkeepers such as bakers, and supermarket staff) earn the least of all, with the median employee earning just £8.59 an hour.

While key workers are on average lower-paid than other workers, Figure 7 shows that there is a smaller gender gap in their wages. The median female key worker earns almost exactly the same wage as her female counterpart in a non-key role, and the gender gaps in median wages in professional services, food, public order and transport are relatively small. However, the median man in a non-key job earns substantially more than the median woman, and men’s wages also outstrip women’s in the health, social care, and education and childcare sectors.

So far, the figures in this section have shown the unconditional or ‘raw’ differences between wages in different sectors. However, as we showed in Section 2 and in previous work,<sup>4</sup> there are some differences between key and non-key workers, especially in their age (and therefore labour market experience), their gender and their location.

**Figure 8. Percentage difference in average hourly wages between key and non-key employees**



Note: Conditional difference accounts for age and age squared, experience and experience squared, education, gender and region, as well as interactions between education and experience and between gender and the other characteristics. Key workers are defined based on Standard Occupational Classification codes, which were changed in 2010, leading to some inconsistencies between our key worker definition before and after that year.

Source: Authors’ calculations using Labour Force Survey (Q2 2001 to Q1 2019).

<sup>3</sup> N. Cominetti, L. Gardiner and G. Kelly, ‘What happens after the clapping finishes? The pay, terms and conditions we choose for our care workers’, Resolution Foundation, 2020, <https://www.resolutionfoundation.org/publications/what-happens-after-the-clapping-finishes/>.

<sup>4</sup> C. Farquharson, I. Rasul and L. Sibietta, ‘Key workers: key facts and questions’, IFS Observation, 2020, <https://www.ifs.org.uk/publications/14763>.

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Figure 8 therefore shows the percentage difference between the hourly wages of key and non-key employees, both overall (in medium green) and taking into account their different characteristics, such as age, experience, region, gender and education. This latter measure, shown in dark green, comes closer to answering the question of whether a comparable worker could hope to earn more in a key working position or a non-key working position.

We find that in 2018–19, wages were almost 9% lower for key workers than for non-key workers once these characteristics were taken into account. This gap looked very similar to the unconditional gap shown in medium green – this is because key and non-key employees actually look relatively similar in some of the characteristics, such as education, which make a substantial difference to wages.

But this has not always been the case. Even over the period since 2010, when data are completely comparable between years, average key worker wages have gone from being 5% lower than those of similar non-key employees to being almost 9% lower. Part of the explanation for this is that key workers in sectors such as education and public order have seen slow or no wage growth during austerity, leaving them further behind non-key employees than they were at the start of the decade.<sup>5</sup>

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<sup>5</sup> The unconditional difference has fallen even faster, as the key worker sector as a whole has become more educated over this period (mainly due to the steadily growing share of health workers in the key worker population).

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## 4. Conclusion

The wide range of jobs that have been classified as ‘key’ during this pandemic reflects the interdependence between all of us. But it also means that ‘key workers’ are not one single group – they have very different characteristics, and they work in very different conditions.

Two things stand out from this analysis. First, looking across all key workers, the differences from the non-key workforce are relatively small. However, this masks the considerable differences between key workers in different sectors. Some sectors, such as professional services, are much better-educated and better-paid than the rest of the UK workforce. Others, such as the health and education sectors which employ the majority of key workers, look more similar to the rest of the economy.

But some sectors – most notably the social care and food sectors – stand out in the other direction. Workers in these sectors are paid much less than other key worker sectors, partly reflecting their much lower levels of qualifications. But these workers also have a very different profile from the rest of the UK workforce: 83% of social care workers are women, while almost a third of food sector workers were born outside the UK.

For policymakers who wish to change the working conditions of key workers, a first step will be to acknowledge the differences between them. While appreciation and gratitude should certainly extend to all the people in these critical roles, post-pandemic policy must not be based on overly broad categorisations that hide the differences within.