

Written evidence - *Understanding Society*, the UK Household Longitudinal Study, University of Essex (PTC0006)

Key points

- *Understanding Society*, the UK Household Longitudinal Study, is a world-leading survey of continuity and change in life in the UK. It is funded by the UKRI Economic and Social Research Council (ESRC) and supported by a number of government departments and devolved administrations. In April 2020, we began a regular new survey to look at the impact of Covid-19 on the UK population.

Housing impact

- More renters than home owners were behind on housing costs payments in lockdown. Buying a home is strongly influenced by socio-economic status. Children with parents who have property wealth are more likely to be homeowners themselves by the time they are 30.
- Government initiatives to help young adults buy property are likely to disproportionately benefit more advantaged social groups and increase inequality. A fairer way to improve young people's residential conditions would be to improve the cost and quality of renting.
- Greater investment in social housing, more secure private tenancies, and reversing reductions in housing benefit support will be needed.

Changing nature of employment

- Homeworking was on a gradual, but slow, upward trajectory before Covid, and rose dramatically and suddenly in lockdown. The surge in homeworking was experienced most strongly by the highest paid, the better qualified, the higher skilled and those living in London and the South East.
- Analysis of previous (economic) crises suggests occupational downgrading has a long-term scarring effect (similar to that of unemployment). Those who suffer it do not fully 'bounce back' during a subsequent economic recovery.
- Local economic conditions matter, with people 'bouncing back' more, for example, in regions with lower productivity. Regional policy (concerned with 'levelling up') should pay attention to these differences.
- Government policy should not focus solely on growth. Targeted investments and policies should support re-skilling, and the tax/benefit system should incentivise upward occupational mobility.

1. Introduction

1.1. *Understanding Society*, the UK Household Longitudinal Study, is a world-leading longitudinal survey of continuity and change in UK life. From an initial sample of around 40,000 households, the same people are invited to participate in annual surveys. Together with its predecessor, the British Household Panel

Survey, the data now span 28 years. *Understanding Society* is based at the Institute for Social and Economic Research at the University of Essex.

1.2. *Understanding Society* is primarily funded by the Economic and Social Research Council (ESRC), part of UK Research and Innovation, and has received funding from a number of government departments, devolved administrations and agencies. Anonymised data from the surveys are made available to registered researchers to use in their own research projects.

1.3 In April 2020, *Understanding Society* began a regular new survey to look at the impact of coronavirus on the UK population. 42,000 adult participants across the UK were invited to take part, and 17,450 participants completed the survey in the first Wave. Eight waves of data (April, May, June, July, September and November 2020, and Jan and Mar 2021) are now available.

1.4 The timely Covid-19 Survey data was provided alongside pre-crisis baseline data (2019) to enable researchers to measure the impact of the pandemic.

1.5 The following evidence comes from research using *Understanding Society* data, and is particularly relevant to the Committee's interest in:

- the impact on housing (taking into account long-term trends in housing)
- the changing nature of employment (including long-term trends in homeworking, and lessons from previous crises for economic and labour market recovery).

2. Impact of pandemic on housing

2.1 More renters than home owners were behind on housing costs payments in lockdown, and young renters are more likely than not to lack sufficient desk space for everyone in the household. Renters' wellbeing deteriorated by mid-lockdown, even after controlling for a range of characteristics.

2.2 Homeownership increasingly depends on having parents who are in a financial position to help. Children with parents who have property wealth are more likely to be homeowners themselves by the time they are 30, although overall homeownership has fallen.

2.3 In many countries, young adults are finding it increasingly difficult to buy their first property because of a combination of factors such as high prices, debts (often due to the cost of higher education), delayed family formation, less welfare provision and difficulty in finding secure, well-paid work.

2.4 Going into the pandemic, one in three households (32% or 7.6 million) in England had at least one major housing problem relating to overcrowding, affordability or poor-quality housing.

2.5 Fewer homes are classed as non-decent compared with 10 years ago, but overcrowding and affordability problems have increased in recent years.

2.6 The pandemic has highlighted the health implications of housing. Poor housing conditions such as overcrowding and high density are associated with

greater spread of Covid, and people have had to spend more time in homes that are overcrowded, damp or unsafe.

2.7 The economic fallout from the pandemic may lead to an increase in evictions.

2.8 These housing problems have multiple causes: a focus on increasing supply to the detriment of other objectives; sustained reductions in housing benefits; and a private rented model which does not meet the needs of tenants.

2.9 British government initiatives to help young adults buy property are likely to disproportionately benefit more advantaged social groups and effectively increase inequality in the housing market and in wealth accumulation.

2.10 A fairer way to improve young people's residential conditions would be to improve the cost and quality of renting, reducing the need to own property.

2.11 A combination of greater investment in social housing, more secure private tenancies, and reversing reductions in housing benefit support – such as the cuts to Local Housing Allowance (LHA) – will be needed to improve housing and its contribution to health.

3. The changing nature of employment

3.1 Homeworking was on a gradual, but slow, upward trajectory before Covid. In 1981, only 1.5% of those in employment worked mainly at home. By 2019, it had tripled to 4.7%, and it rose dramatically and suddenly in lockdown. The proportion reporting that they worked exclusively at home rose from 5.7% of workers in January/February 2020 to 43.1% in April and remained high (36.5%) in June 2020.

3.3 The surge in homeworking was experienced most strongly by the highest paid, the better qualified, the higher skilled and those living in London and the South East.

3.4 The Welsh Government has stated its long-term ambition to see around 30% of Welsh workers working from home or near from home, including after the threat of Covid-19 lessens.

3.5 Analysis of previous (economic) crises and recoveries suggests that people who experience occupational downgrading during a crisis only recover on average between a quarter and a third of their position on the occupational ladder. The experience of downgrading seems to have a long-term scarring effect (similar to that of unemployment).

3.6 Local economic conditions matter for people trying to re-enter the job market, but the intensity of 'bouncing back' appeared higher in regions with lower productivity – suggesting that individual bounce-backs are easier in less 'competitive' places.

3.7 Policy needs to focus on more than growth if people are to reintegrate into the job market. Disadvantage can be 'sticky', even in areas where demand is

high. Targeted investments and policies should support re-skilling, and the tax/benefit system and other policies should incentivise upward occupational mobility.

3.8 Regional policy should pay attention to regional differences in the intensity of 'bouncing back' in times of economic recovery to make sure the social (as well as efficiency) costs of occupational downgrading don't disproportionately affect certain parts of the country/economy.

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