

BIG SHIFT REPORT 2024

Navigating the Future of Work in the UK

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Introduction

The United Kingdom's labour market is experiencing a pivotal transformation, influenced significantly by twin drivers: demographic changes and technological evolution. **"The Big Shift: Navigating the Future of Work in the UK"** report aims to unravel the complexities and interactions of these forces, providing a holistic view of the current state and future direction of the UK's workforce.

A central finding of this report is the prevalence of workers with multiple jobs. In the context of the cost-of-living crisis, this is a trend amongst older workers more than any other generation. Deputy's data indicates that 22% of Baby Boomer shift workers (over 60s) are now engaged in two or more jobs within the shift work sectors.

Aligned to this, the UK's workforce is ageing. This demographic shift is evident in the growing proportion of workers aged 50 and above, representing a notable change in the workforce composition over the past decade. This trend underscores the urgency for organisations to develop hiring and retention strategies that are attuned to the needs of older workers. A significant emphasis on work flexibility and supportive HR policies are emerging as key factors in attracting and retaining this demographic.

Another pivotal trend highlighted in the report is the increasing prioritisation of mental wellbeing in the workplace, especially among the younger generation. Gen Z's expectations for workplaces that offer mental health support, including wellbeing programs and counselling services, are influencing hiring patterns and shaping corporate cultures. This reflects a broader shift in workplace values and the growing recognition of the importance of mental health.

Technologies, particularly Artificial Intelligence (AI) and automation, are having a profound impact across a diverse range of industries. Their adoption is reshaping job roles, increasing operational efficiencies, and altering the dynamics of traditional employment sectors such as Retail, Hospitality, and Services. This shift is creating a paradox; on one hand, it offers opportunities for innovation and new job creation, while on the other, it raises concerns about job displacement and the potential exacerbation of income and wealth inequalities.

As we navigate these changes, understanding and preparing for the future of work in the UK becomes increasingly crucial for building a resilient, inclusive, and innovative labour market.



Jon Wilson

SVP EMEA, Deputy

Data Analysis

The Big Shift: Navigating the Future of Work in the UK, was produced by the leading scheduling software platform, Deputy, utilising aggregated Deputy customer data. The report features an industry-focused data analysis of UK shift workers' working patterns, habits and attitudes across the hospitality, retail, healthcare and services industry sectors.

Chief Economist at Geografia, Dr. Shashi Karunanethy, analysed 40,878,049 shifts and 268,726,100 hours of 169,700 UK shift workers to produce the insights in this report along with references from the [2023 State of Shift Work survey](#) (3809 responses across 3 markets).



Dr. Shashi Karunanethy
Labour Economist

Dr Karunanethy provides specialised advisory services in policy and market design; thought leadership in the city, workforce, and future technologies; and economic strategies. He works with a variety of federal and state government entities, international development organisations, tech start-ups, and ASX-listed companies. Prior to this, he held senior professional roles in several consulting firms. He obtained his Ph.D. from the University of Melbourne.

Industry sample sets will not add up to the overall number of shift workers due to data being analysed from other industries not called out in the report, churn, and other events that have occurred between Dec 2019 and Dec 2023.

This data has been normalized to account for seasonality and demand of workforce fluctuations throughout the week (e.g. weekdays vs. weekends). In the report "women" refers to female-identifying Deputy users and "men" refers to male-identifying users

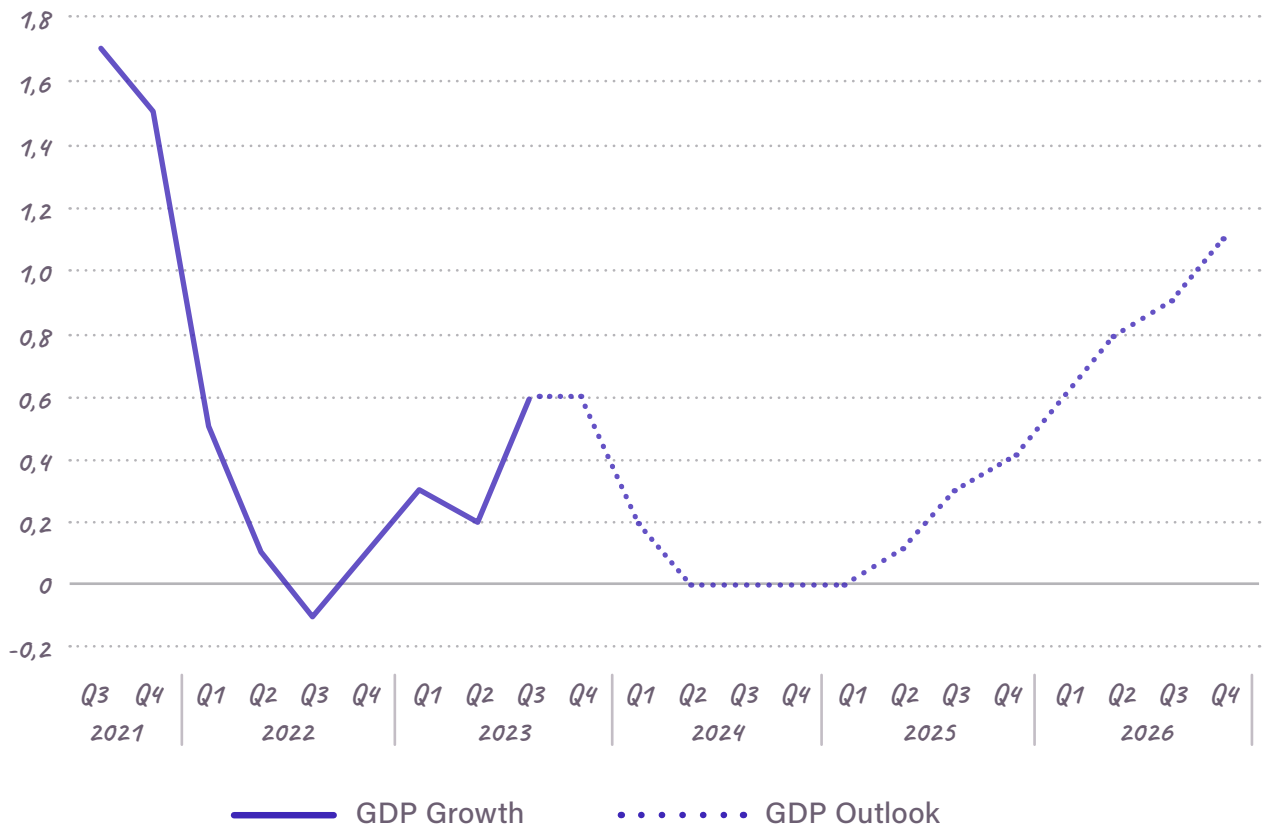
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UK Shift Work: Adapting to Economic Challenges and Demographics

In the context of a challenging economic climate, the performance of the UK economy in late 2023 presents an intriguing case. Despite predictions of a recession, the economy demonstrated resilience by registering growth of 0.6% into the third quarter. This rate of expansion not only surpassed initial expectations but also outpaced the growth witnessed in numerous other developed economies during the same timeframe. Nevertheless, prevailing global economic trends, coupled with the continued high costs of living, are anticipated to be influential factors in moderating the UK's economic growth as it progresses into 2024.

Economic Growth in the UK (%)

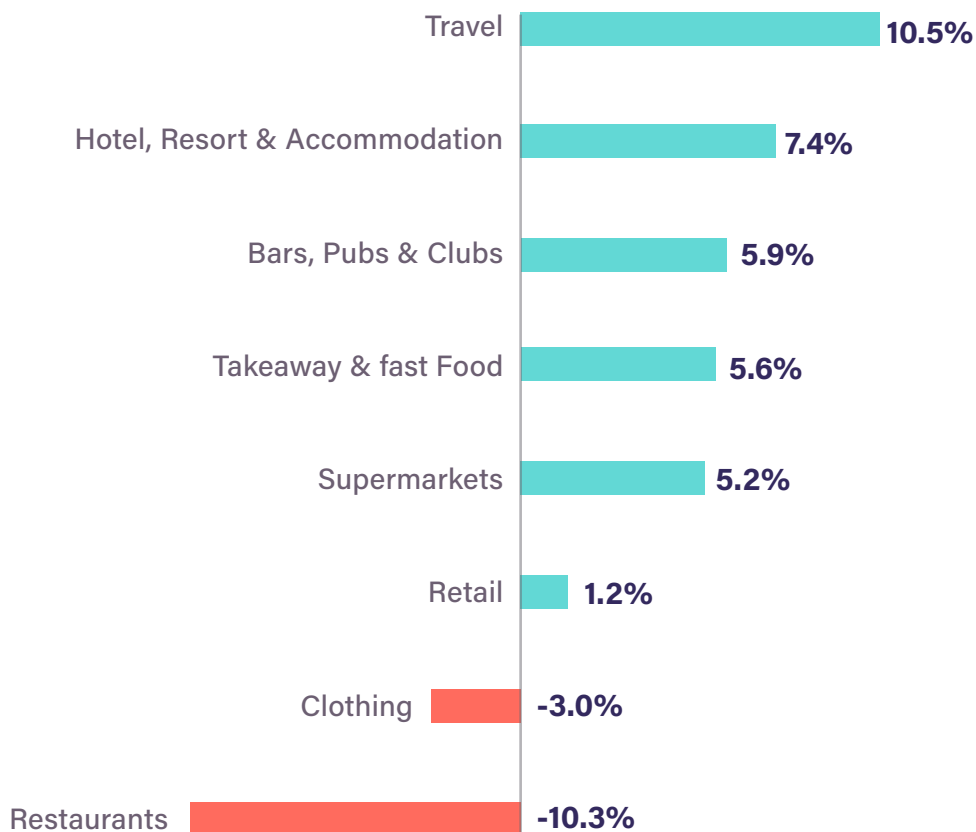
Source: Bank of England (2023)



The economic landscape of 2023 was markedly influenced by increasing costs and inflation rates, leading to a notable shift in consumer spending behaviours. As a consequence, there has been a discernible decrease in expenditure on non-essential goods and services. This trend is particularly evident in sectors such as Sit-Down Restaurants and Clothing Retail. Conversely, consumers have redirected their spending towards more affordable or essential alternatives, such as Take-away Restaurants and Bars/Pubs. Notably, despite the general trend of reduced spending on large ticket items, the Travel and Accommodation sector experienced a surge in spending during 2023. This increase has positively impacted the Hospitality industry, contributing to a net growth in employment within the sector over the course of the year.

Change in Spend by Categories, Jan-23 to Sep-23

Source: Insights drawn from internal research undertaken from Spendmap by Geografia (2023)



The year 2023 marked a significant period for the Hospitality sector, especially in terms of employment growth. This sector experienced the most substantial increase in employment within the year. There was a notable 60% rise in shift work hours in the industry, a marked change from the employment levels observed at the beginning of 2022.

However, this growth trajectory in employment experienced a moderation towards the end of 2023, aligning with a slowdown in consumer spending. Despite this overall trend, certain major events contributed to a temporary uptick in employment figures. For instance, data from Deputy indicated a 4.7% increase in shift work hours in Bars/Pubs during the Rugby World Cup finals.

Deputy Job Index - Hospitality Sectors

Source: Indexed to Week beginning 4-Jan-21 using Deputy (2023)

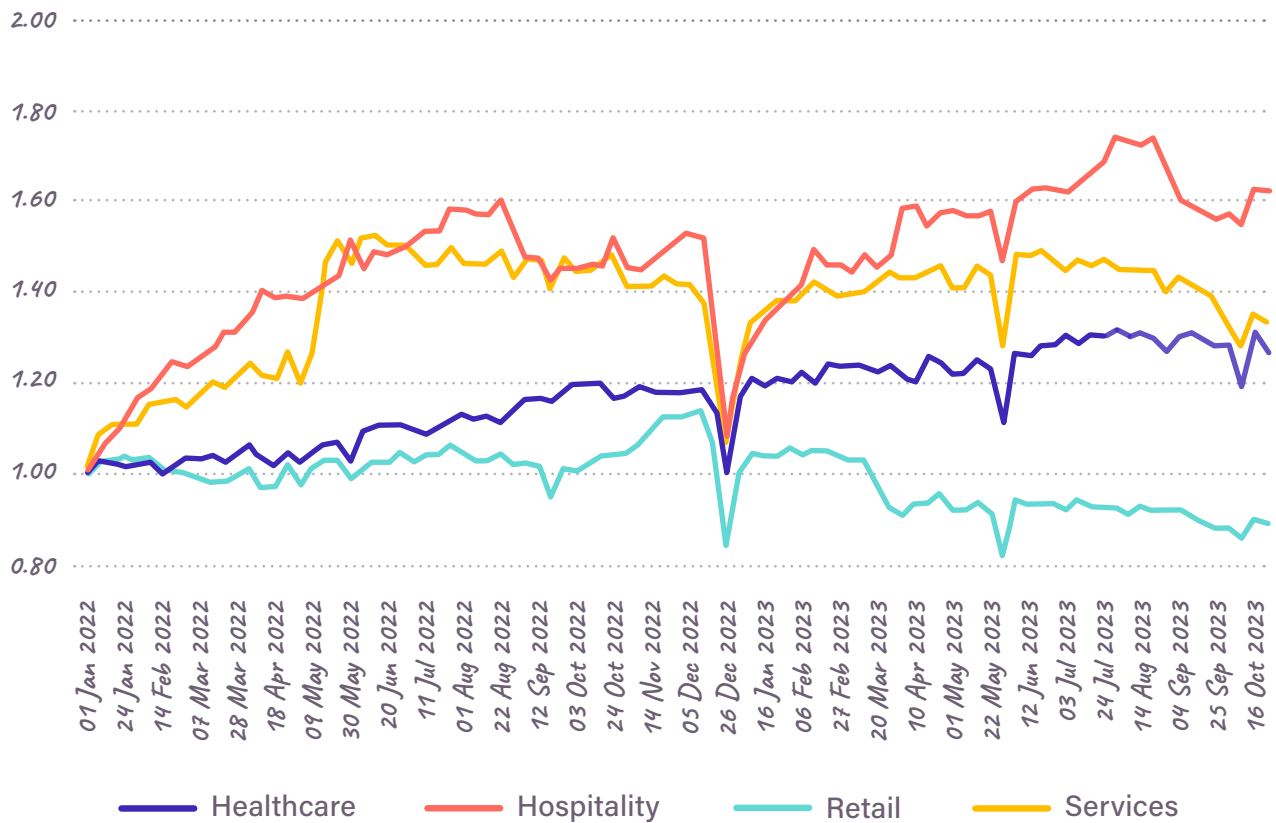


Sit Down Restaurants have spearheaded growth, with employment soaring by 60% since January 2022. Yet, this segment faced a downturn in the latter half of 2023, mirroring a broader decline in consumer spending. Other sectors within Hospitality have also seen employment expansion from January 2022. Specifically, Bars witnessed a 60% increase, while Cafes and Coffee Shops enjoyed a 50% rise, and Accommodation sectors saw a 40% growth. Despite these gains, similar to Sit Down Restaurants, each of these sectors encountered a reduction in employment levels during the second half of 2023, a trend consistent with the decrease in spending patterns and the headwinds for the Hospitality sector.

In the realm of employment trends, the Services and Healthcare sectors in the UK exhibited noteworthy growth and resilience through the year 2023. Specifically, the Services sector experienced a 33% increase in employment from January 2022, while the Healthcare sector saw a 20% rise in the same period. This growth in both sectors was sustained throughout 2023, demonstrating their resilience amid economic challenges. On the contrary, the Retail sector encountered a decline in employment, mirroring the shift in consumer spending habits in response to the escalating cost-of-living pressures of 2023. This trend underscores the Retail sector's heightened vulnerability to economic risks within the UK context.

Deputy Job Index by Parent Industries

Source: Indexed to Week beginning 4-Jan-21 using Deputy (2023)



The impact of the COVID-19 pandemic on city centres has been profound and multifaceted. This impact was largely a result of government-mandated lockdowns and the adoption of permanent hybrid working models. Currently, the average London office-based worker spends approximately 2.3 days per week in the office.

This shift in working patterns has had significant repercussions for cities globally, and changes in weekday city centre footfall have necessitated adaptation for employers and workers in sectors such as hospitality and retail. This change in employment patterns, customer demand, and workspace requirements has subsequently led to an increase in commercial property vacancy rates in these areas.

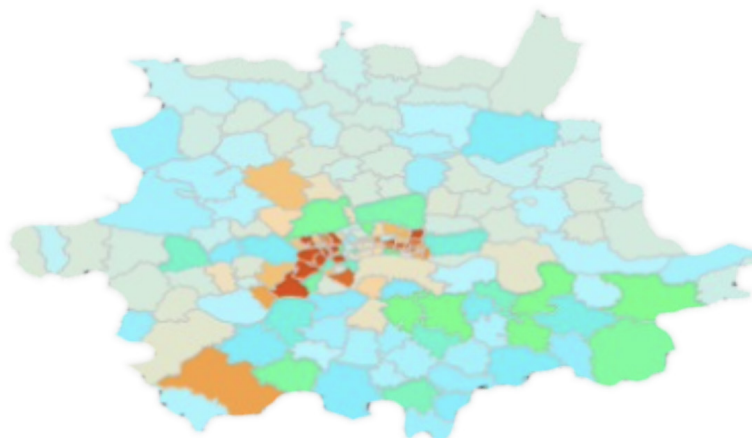
Spotlight on London

The landscape of spending and employment in London has undergone notable changes, particularly influenced by the rise in remote working. Data indicates that specific areas such as the City & Canary Wharf and the West End have been significantly affected by this shift. Despite these localised impacts, overall employment in Greater London saw growth by 2023. This growth was primarily driven by the Hospitality industry, which experienced a 27% increase in employment. Additionally, the Health and Services sector also saw an 11% rise, and even the Retail sector, though to a lesser extent, witnessed a 3% increase in employment.

The resilience of London's economy in 2023 can be attributed to two key patterns. Firstly, as more workers engaged in work-from-home arrangements, thereby saving on transport costs, there was a noticeable redirection of spending towards local neighbourhoods. This shift particularly benefited affluent areas in Southeast London. Secondly, London has continued to be a major hub for new immigrants, which play a crucial role in its economic growth. The city, which has been adversely affected by Brexit, experienced a compensatory boost through increased migration from other parts of the world. These workers continue to contribute significantly to the economic development of London.

2019-23 Change in Total Spending in Greater London

Source: Mastercard, 2023. London's Economic Outlook.



The distribution of shift work hours across multiple industries, when analysed by gender, reveals a predominance of women in most shift work sectors. In the Healthcare sector, this is most pronounced, with women contributing 74% of the shift work hours. In both the Hospitality and Retail sectors, women account for 51% of total shift work hours. However, in the adjacent services such as delivery services and in home care, the representation of women in shift work hours is slightly lower, at 45%. Interestingly, the slowdown in spending that occurred in 2023 does not seem to have had a significant impact on the proportion of shift work hours attributed to women as compared to men.

In alignment with trends observed in Healthcare, the UK's ageing population is projected to be a catalyst for substantial growth within Services. This is particularly evident in the realm of home health occupations, such as visiting doctors, nurses, and physiotherapists, which are in more demand due to the preference among older consumers to age in place.

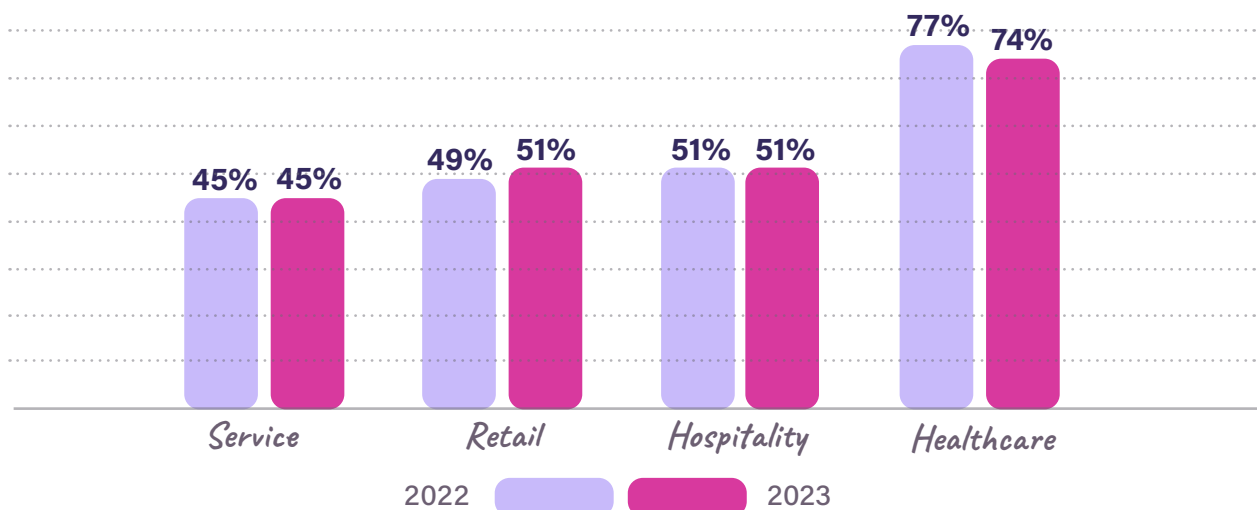
Contrary to some expectations, labour-replacing technology and AI are poised to positively influence the delivery of these services. These advancements are anticipated to augment human capabilities, allowing service workers to enhance the quality of customer interactions. The enduring emphasis on in-person services underscores the continued high value placed on human touch by consumers.

The report also highlights a shift in the employment setting within the Services* sector, with the largest growth expected to occur within the home rather than traditional business locations. This is part driven by the ageing population and partially by the rising preference of consumers for at home services. This in turn drives the need for flexible working patterns and hours in order to fulfil this growing demand.

*Services includes call centres, catering, cleaning services, delivery & postal services, employment services, in-home care, personal & beauty services, professional services, security services

Share of Female Shift Work Hours by Industry and Year

Source: Deputy (2023)

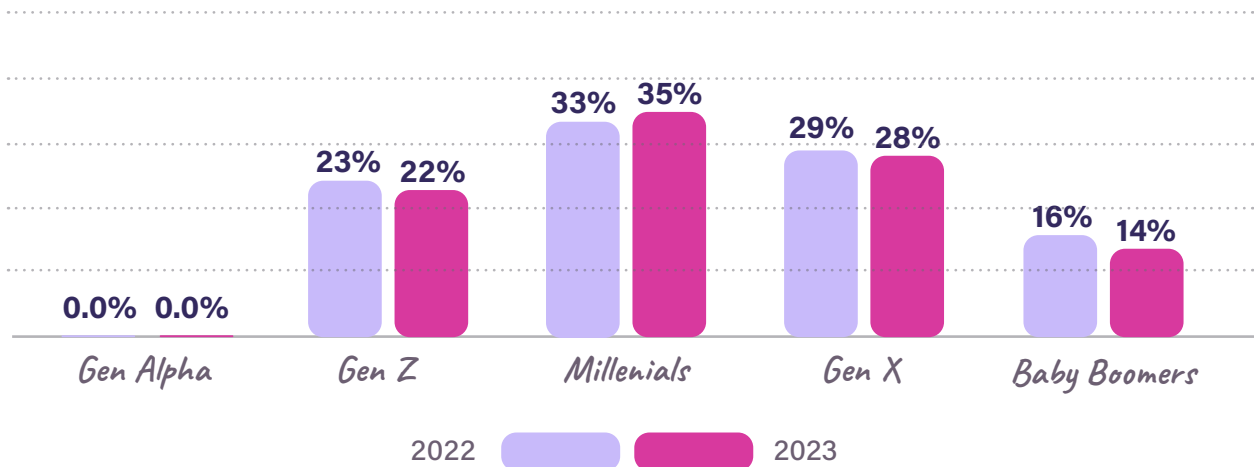


The composition of the workforce in various industries, segmented by generational cohorts, presents a dynamic picture. Gen Z now makes up the majority of shift hours in Hospitality (51%) and Retail (44%). In place, Millennials still make up the majority of hours in Healthcare (35%) and Services (39%).

Despite Generation Z making gains in their share of work across most industries, the Hospitality sector stands out as an exception, where there has been an increase in employment among Millennials. This trend may be indicative of a transitional phase within the industry. As the older generation of workers departs, Millennials are increasingly filling these gaps, often stepping into senior-level management positions. Additionally, the Healthcare industry has proactively recruited from overseas, targeting experienced workers, who may be older, from various parts of the world. This trend has contributed to the evolving demographic makeup of the workforce in this sector.

Share of Employment - Healthcare by Generation

Source: Source: Healthcare Industry - Deputy (2023)

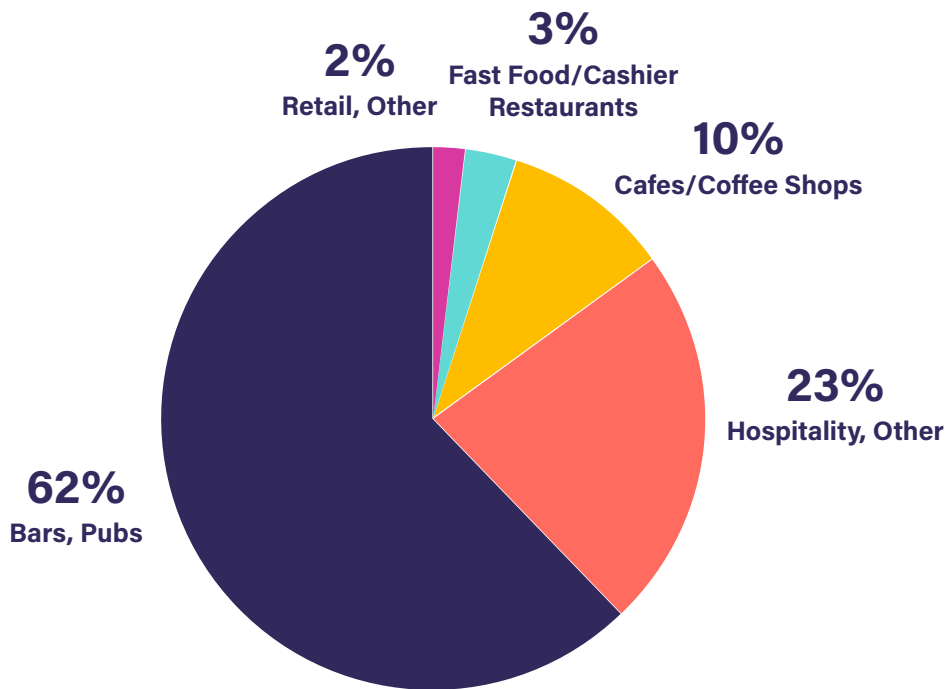


In 2023, data from Deputy highlighted the presence of Generation Alpha in the workforce, marking their entry into the labour market. This generation is defined as those born between 2010-2024.

Although they currently represent a small fraction of the shift workforce, less than 0.1%, their emerging habits and preferences are expected to significantly influence the landscape of the UK workforce in the coming decade. The data delineates the sectors where Generation Alpha is predominantly making their initial foray into employment. The majority, accounting for 62%, are commencing their journey of work in Bars and Pubs (in roles that do not require serving of alcohol). Cafes and Coffee Shops are also notable entry points, engaging 10% of Generation Alpha in their first jobs, with a further 23% employed by other establishments within the Hospitality sector. These trends underscore the sectors where Generation Alpha is starting to make its mark on the economy.

Generation Alpha Share of Employment by Sectors

Source: Deputy (2023)



With the UK having narrowly avoided recession in 2023, the economic situation remains a source of apprehension. Nearly two-thirds of Britons anticipate a potential downturn in 2024, a sentiment largely fueled by escalating cost-of-living concerns. These concerns are evidently influencing consumer behaviour, leading to a decrease in expenditure on non-essential items.

Looking ahead, the impact of these spending patterns varies across different industries. The Healthcare and Services industries are expected to maintain robust employment levels, buoyed by the anticipated increase in spending on essential services. The Hospitality industry, on the other hand, is poised to gain from two key trends: significant [growth in migration](#) and increased spending within residential neighbourhoods.

In contrast, the Retail sector faces a more precarious future. It is susceptible to further job losses, driven in part by immediate reductions in consumer spending. Over the long term, this sector will be impacted by advancements in labour-replacing automation and potentially artificial intelligence. However, it's worth noting that these technological developments could also give rise to new job opportunities as well as replace them within the Retail industry.

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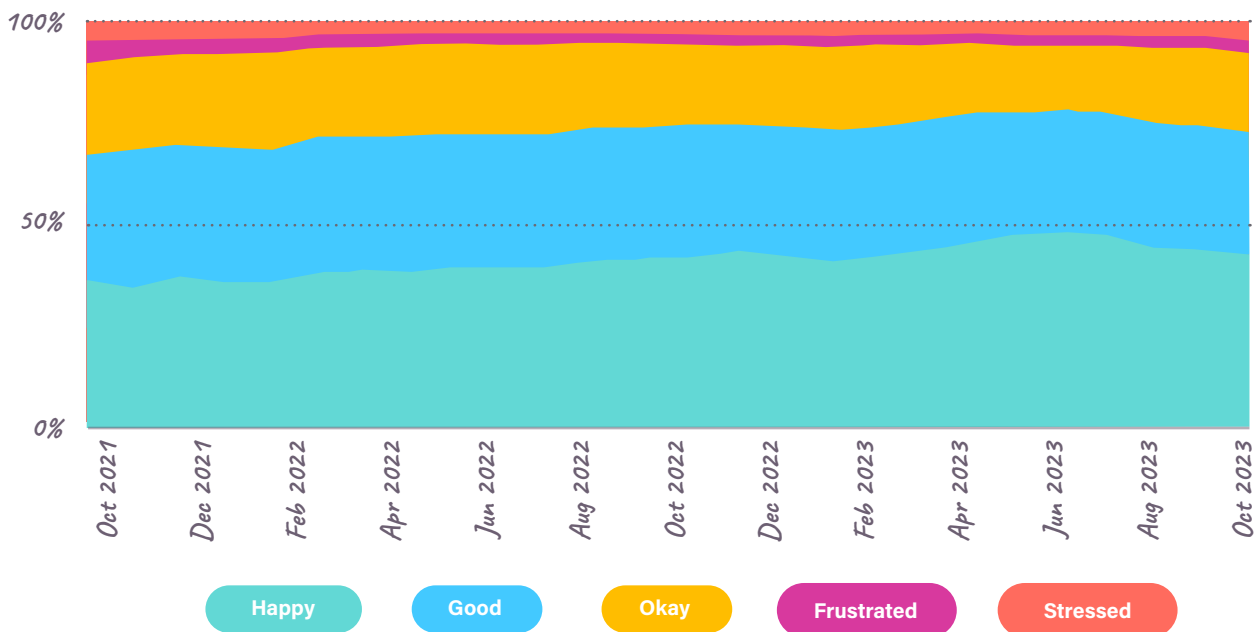
Baby Boomers Impacted Disproportionately by Cost Pressures

The current cautious economic outlook can be largely attributed to the high cost-of-living pressures, which are exerting a drag on both spending and job growth. Although there has been a substantial reduction in the rate of inflation, it remains relatively high going into 2024. However, the Bank of England forecasts that inflation will continue to fall this year and in December 2023 said it expects the rate to be back at 2% by the end of 2025.

This challenging economic climate has been reflected in workforce attitudes. Deputy's 2023 Shift Pulse data (based on shift workers stating how they were feeling at the end of their shifts) revealed a marked decline in positive worker sentiment during the second half of 2023. This downturn in sentiment is closely aligned with the heightened inflation rates and the increasing cost-of-living pressures experienced during the same period. As the situation with inflation begins to improve, it is anticipated that worker sentiment will also see a positive shift, with expectations for an uptick in 2025.

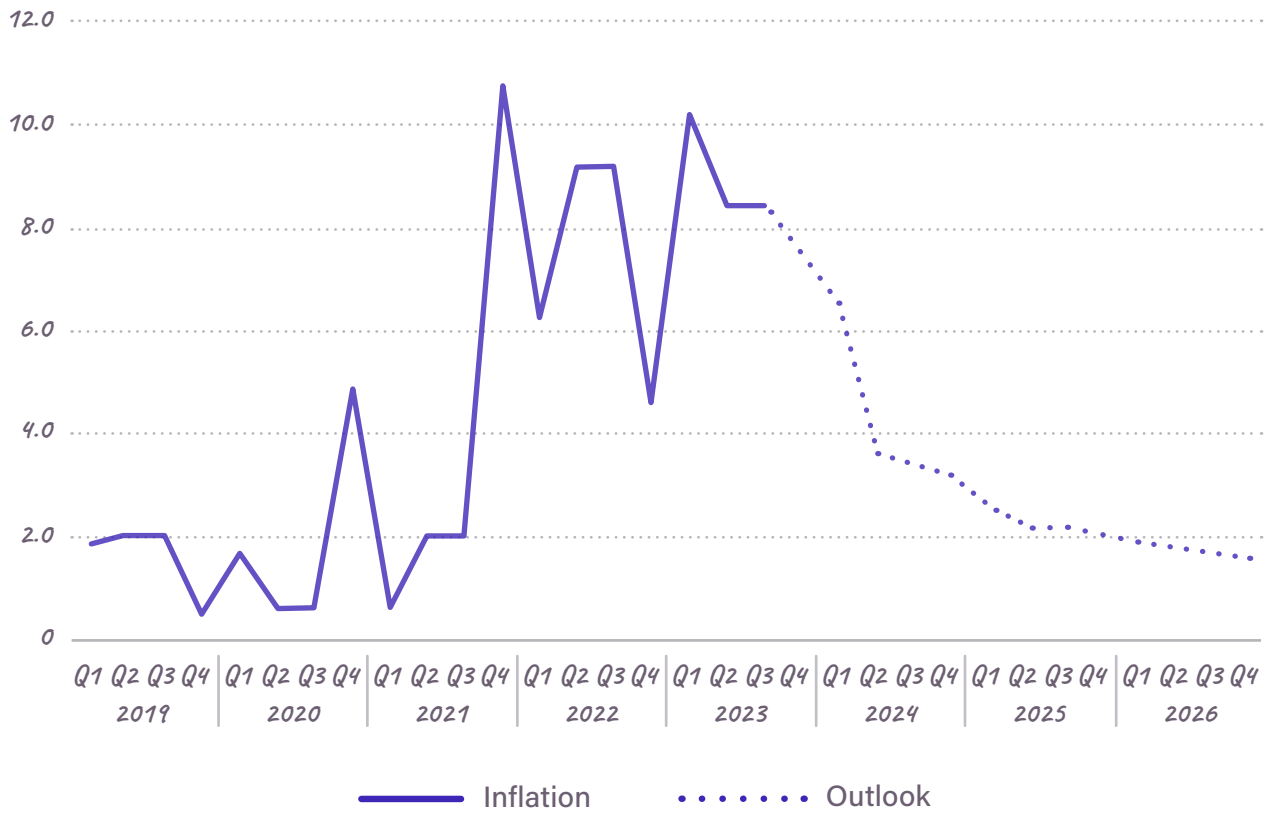
UK Shift Pulse Sentiment

Source: Deputy Shift Pulse Data (2023)



Inflation Outlook in the UK (%)

Source: Consumer price inflation (ONS, 2023) and Monetary Policy Report (Bank of England, 2023).



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The Rise of Workers with Multiple Jobs

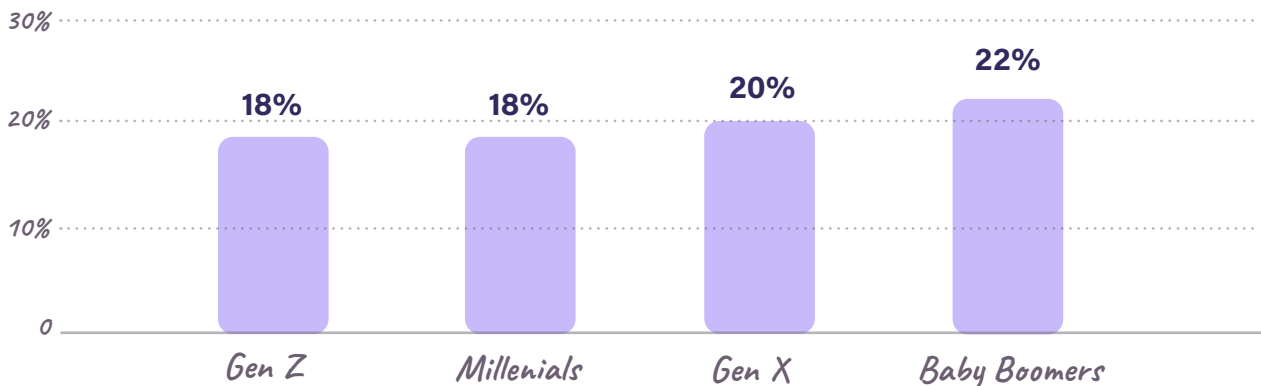
Deputy's data reveals a significant impact of cost pressures on older shift workers, particularly those in the Baby Boomer generation. Among this group, a substantial 80% report that their earnings have failed to match the pace of inflation and the rising cost of living. Generation Z also experiences this disparity, but to a slightly lesser degree, with 72% feeling that their pay is not keeping up with economic pressures. As a direct consequence of the financial challenges for shift workers, a trend has emerged where more older workers are compelled to undertake multiple jobs to financially sustain themselves. In fact, data from Deputy indicates that 22% of Baby Boomer shift workers are now engaged in two or more jobs within the shift work sectors, highlighting the extent to which this demographic is striving to cope with the prevailing economic conditions.

The same data highlights that within the Healthcare sector, 18%* of workers are sustaining multiple job roles, a response to the escalating cost of living. The Retail sector is also feeling the shift; Deputy reports that over 19% of workers in the sector are contemplating resignation to seek either similar roles at different companies or opportunities in new industries. This sentiment is echoed within the Hospitality sector, where 21% of workers hold multiple jobs, and more than 25% are considering a move to other roles or industries. These figures underscore a significant shift in work patterns, driven by economic necessity and the search for improved financial stability. This corresponds with ONS data showing over 1.2 million Britons are currently engaged in two or more jobs.

*Source: [2023 State of Shift Work Survey](#) published by Deputy

Share of Workers by Generation holding Multiple Jobs

Source: Deputy State of the Shiftwork Survey (2023)

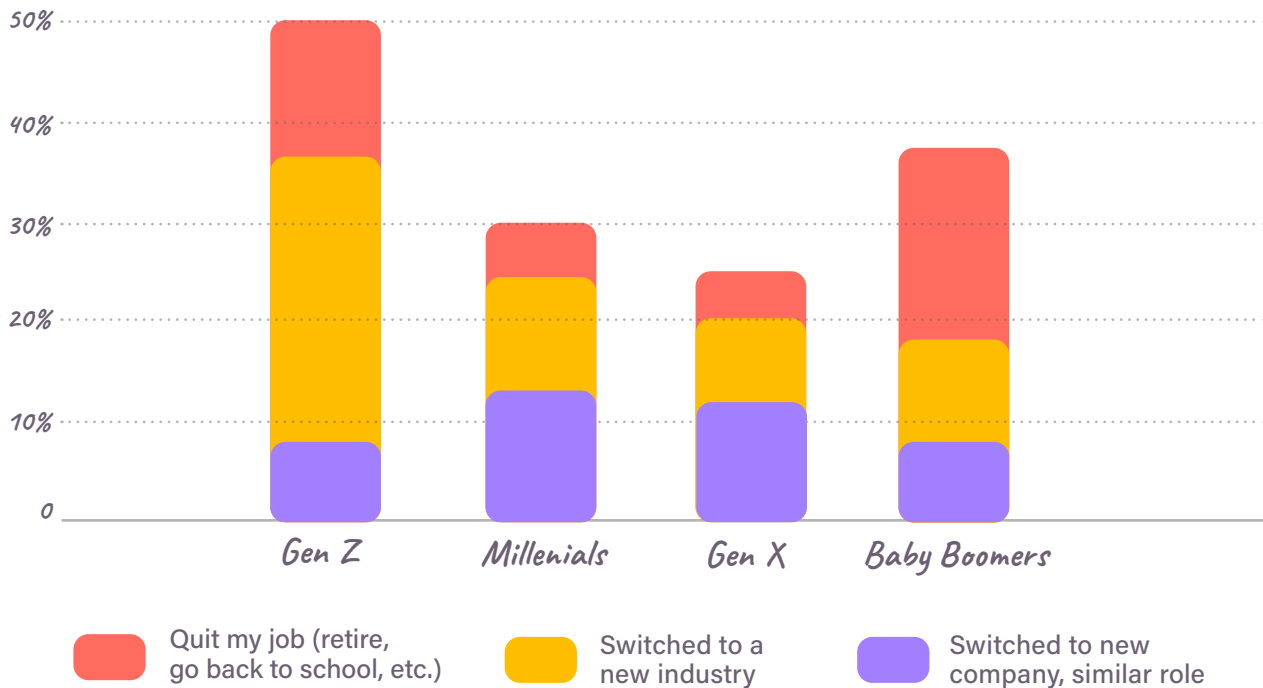


Understanding the Employment Priorities of Different Generations

The data from Deputy provides insights into how living costs are shaping job choices across different generations. It reveals a notable trend among the youngest and oldest generations in their inclination to leave their current positions. Specifically, 50% of Generation Z shift workers are considering resigning from their roles, with the primary objective of seeking new employment opportunities in different industries. While 37% of Baby Boomers are contemplating resignation their reasons differ significantly; the majority are looking to leave the labour force entirely. This data highlights the varying motivations driving employment decisions in these generational cohorts, influenced by the current economic context and living costs.

Share of Workers Looking to Leave Their Jobs by Generation

Source: Deputy State of Shift Work Survey (2023)



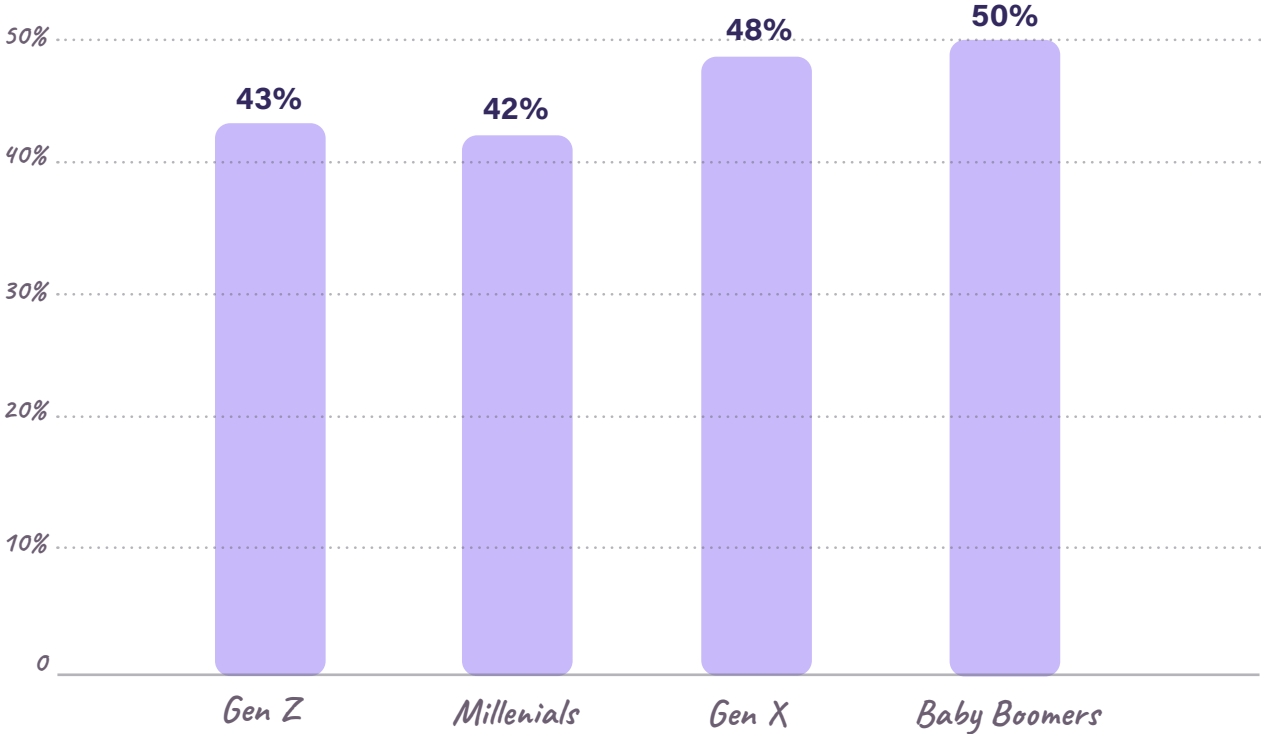
In the context of the UK's tight job market and an ageing workforce, the retention and recruitment of older workers is becoming increasingly vital for businesses. As the demographic composition of the workforce shifts, it is important for employers to gain a deeper understanding of the unique needs and dynamics associated with older employees.

According to data from Deputy, a key priority for older workers is work flexibility. Half of the older workforce value their shift work roles particularly for the flexibility they offer, allowing them to accommodate other commitments, such as taking care of grandchildren.

This insight suggests that employers who prioritise flexible work arrangements are likely to be more successful in retaining older workers in the year 2024, adapting to the evolving requirements of an ageing workforce.

Share of Workers Who Like Shift Work due to Flexibility

Source: Deputy State of the Shiftwork Survey (2023), specifically 'Ability to fit in other commitments'

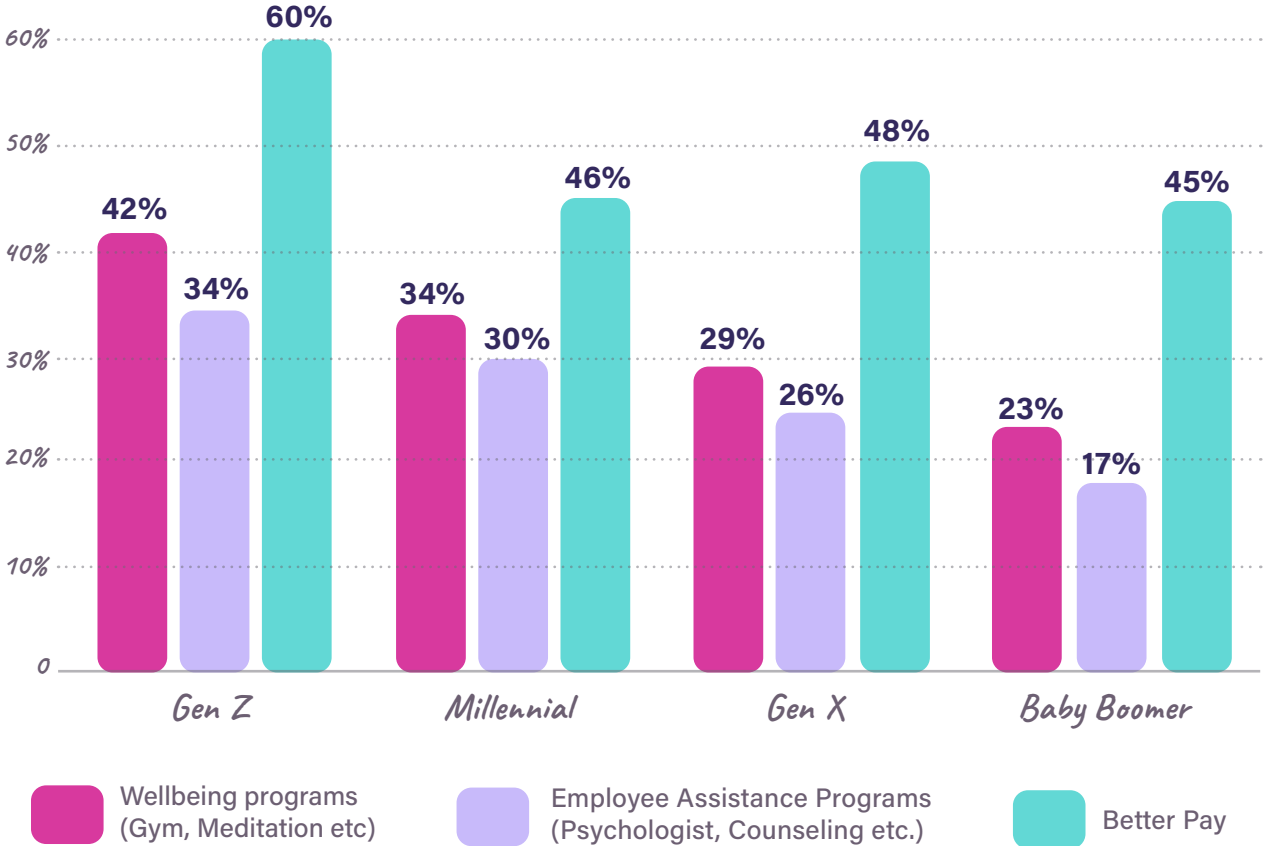


The priorities of younger shift workers, particularly those from Generation Z, are highlighted in Deputy’s data. This demographic places a significant emphasis on mental wellbeing within the workplace. The data reveals that 42% of Generation Z workers are seeking employers who offer wellbeing programs. Additionally, 34% are interested in employers that provide support for accessing counselling services.

This trend underscores the growing importance of mental health and wellbeing among shift workers. Consequently, employers who focus on and prioritise these aspects are likely to be more successful in attracting and retaining young talent. This reflects a broader shift in workplace values, where mental health support is becoming a critical factor for employment decisions among younger workers.

Employee Benefits Sought by Generation (%)

Source: Deputy State Of Shift Work Survey (2023)



Economic Burden on an Ageing Workforce

The demographic shift towards an ageing population in the UK is anticipated to significantly influence the landscape of shift work, predominantly fuelling job creation in the Healthcare sector. Forecasts suggest that by 2035, the largest proportion of new jobs will be concentrated in roles such as care workers, nurses, home carers, and medical assistants. This trend highlights the increasing demand for healthcare services and support for the ageing population.

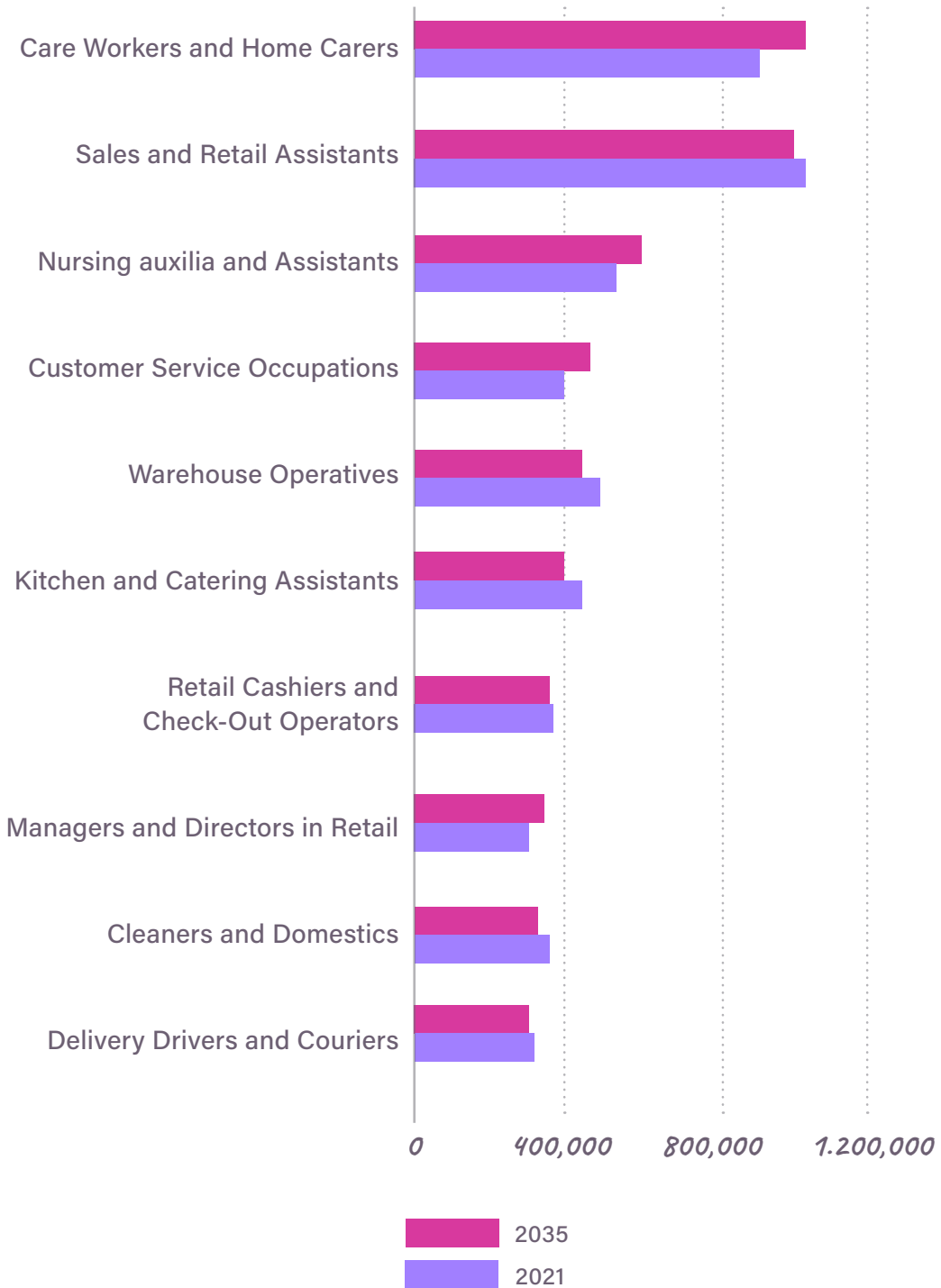
Concurrently, the impact of automated labour-replacing technology is becoming increasingly evident in sectors like Hospitality, Retail, and certain Service industries. Specifically, there is a projected decline in roles such as kitchen and catering assistants in the Hospitality sector, attributed to the growing adoption of technologies that automate cooking and food preparation tasks. In the Retail sector, the role of cashiers is evolving due to the proliferation of self-serve checkout systems and mobile-phone-based payment technologies.

Moreover, the long-term outlook indicates that roles such as delivery drivers and couriers may face change with the advent of autonomous vehicle technology. Despite these technological advancements, certain sectors like sit-down restaurants are expected to thrive and remain resilient.

This resilience is driven by a growing demand for high levels of personalised customer service, which is likely to create additional job opportunities, especially for managerial and directorial roles in the retail sector. This suggests a dynamic shift in job profiles, where technology complements certain roles while transforming others.

Top 10 Shift Work Occupations in 2035

Source: Long-run labour market and skills projections for the UK (Department of Education, 2020)



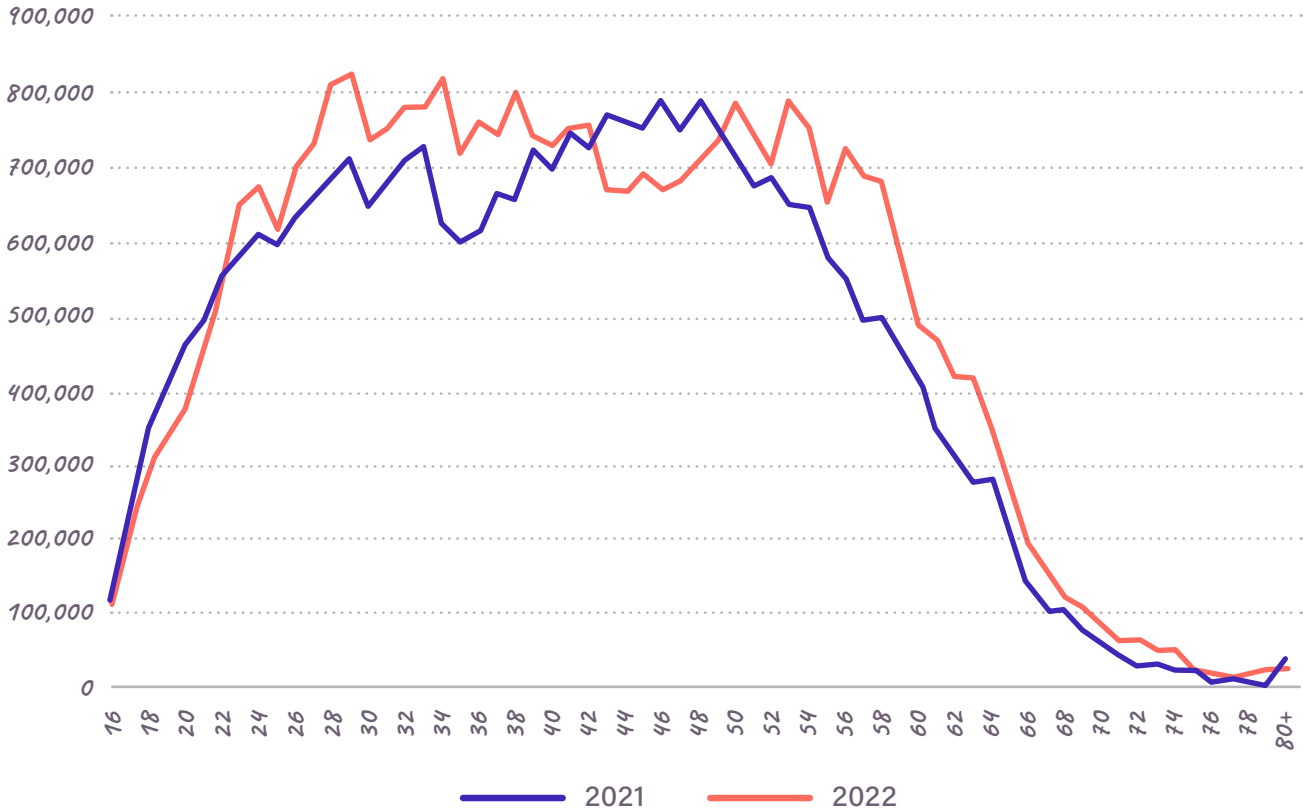
The UK workforce is experiencing a demographic shift, with an increasing proportion of workers aged 50 and above. This trend, observed over the past decade, signifies an ageing labour force and underscores the need for targeted strategies in hiring and retention. Senior-focused employment practices are becoming increasingly crucial in the UK's labour market.

With Deputy survey data highlighting work flexibility as a paramount priority among older workers, employers who emphasise flexibility in their work arrangements are more likely to succeed in attracting and retaining this demographic. In response to this trend, we could see new human resource policies emerge specifically tailored to the needs of senior workers in the shift workforce. Such policies may include supporting older employees in acquiring new skills and training, particularly in keeping pace with technological advancements.

Additionally, introducing specific leave policies, such as "grandparent leave" and age-related medical support, could be attractive. And more focus on planned and phased retirement packages could play a significant role in retaining older workers. These adaptations in employment policies reflect a growing recognition of the unique needs and contributions of the ageing workforce.

UK's Ageing Workforce

Source: Department of Employment (2023)



Navigating AI: Strategies for the Future Workforce

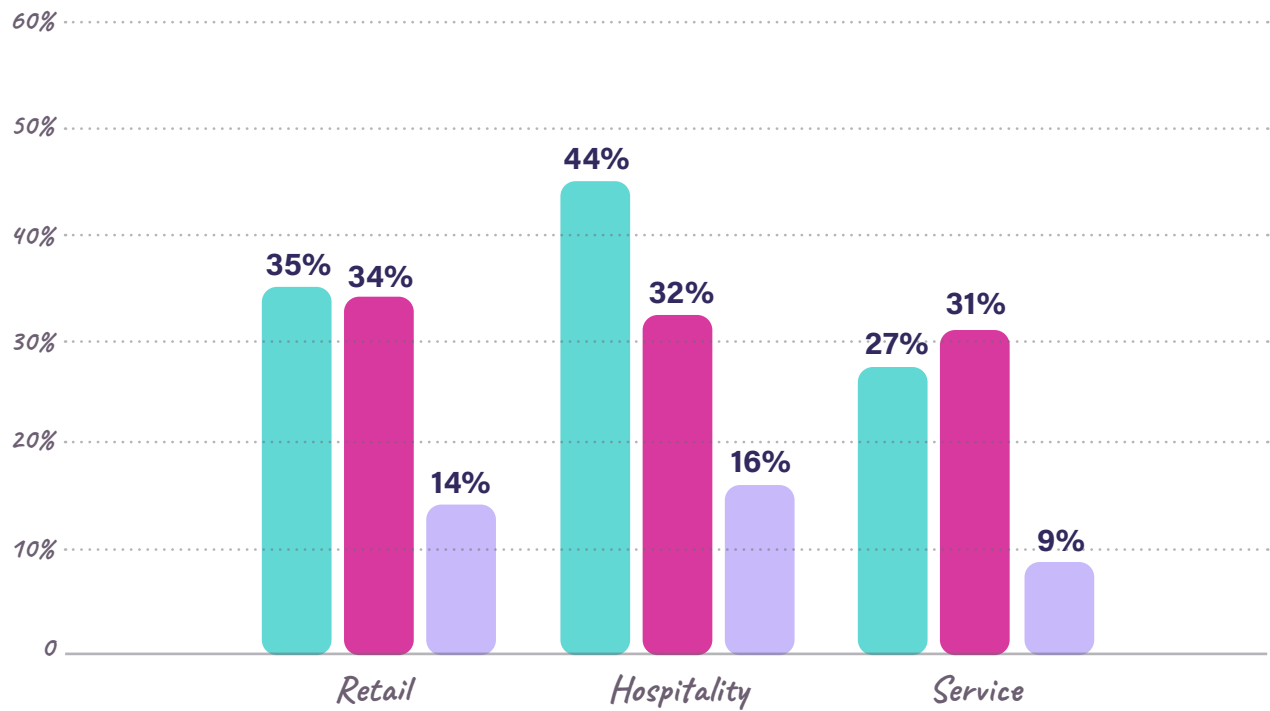
The future of work, particularly in the context of artificial intelligence's impact, is a topic of significant concern among shift workers in various industries. Data indicates a widespread belief in the transformative potential of AI on job roles. In the Retail sector, a substantial 77% of shift workers anticipate that AI will bring about significant changes to their roles. This sentiment is also prevalent in the Healthcare sector, with 69% of workers acknowledging the likely impact of AI. Furthermore, in the Hospitality industry, more than half of the workers, at 55%, share this perspective. These figures illustrate the growing awareness and anticipation among shift workers regarding the evolving landscape of their professions due to advancements in artificial intelligence.




UK business surveys have shed light on the propensity of shift work industries to embrace artificial intelligence technologies. Among these industries, retail businesses are identified as the most likely to integrate AI into their operations. Retail and Hospitality sectors, in particular, are actively exploring the use of AI to enhance business efficiencies. While the adoption of AI might imply a reduced necessity for human labour in some areas, a significant proportion of businesses are simultaneously looking to AI for enhancing personalised customer service. This suggests a potential balance between AI's automation capabilities and its role in augmenting customer experiences.

Additionally, a smaller segment of businesses employing shift workers are investigating AI's potential in developing new products or services. This aspect indicates that AI trends may not only supplement existing shift jobs but could also lead to the creation of new roles within these industries. However, the overall net impact of AI on shift work occupations remains uncertain and is a subject of ongoing observation and analysis. This uncertainty underscores the complex interplay between technological advancements and their implications for the workforce.

Plans to Use AI in Business Settings, by Industry and Reason (2023)

Source: ONS (2023)



-  Create efficiencies to reduce costs or increase productivity - Reduce jobs
-  Provide a more personalised service to customers - Complement jobs
-  Developing a new product of service - Create Jobs

The UK's labour market is poised to benefit from technological advancements that enhance the connection between workers and businesses. Notably, revenue forecasting tools are expected to refine job scheduling processes, potentially increasing work opportunities. The use of AI in job applications is anticipated to expand the pool of potential workers. Additionally, employers will have access to improved and automated job-matching algorithms, streamlining the recruitment process.

However, it's important to note that some shift work jobs remain susceptible to the risks associated with automation and AI. In scenarios where the UK economy experiences significant labour replacement due to these technologies, there could be an exacerbation of income and wealth inequality.

In light of these challenges, there is a growing emphasis on pro-worker initiatives to mitigate the risks posed by AI and automation technologies. Key considerations in this realm include exploring how AI might not only improve existing jobs but also create new ones. Although automation has historically been associated with the creation of new tasks and roles, recent trends indicate a shift towards labour replacement. Counteracting this requires enhanced investment in research on human-complementary technology, ensuring that technological developments continue to foster job creation and new roles.

Regarding taxation, the UK's system, established during a period dominated by labour-intensive companies, may need reform. As businesses increasingly rely on capital and technologies, the current structure, which levies higher taxes on labour, might inadvertently encourage companies to replace human labour with technology. Reforming the tax system could help balance this, ensuring that companies employing human labour are not at a disadvantage.

The certification of technology is another vital area, ensuring the quality of human-complementary technology before its adoption in workplaces. Governments have the opportunity to lead by example, integrating AI technologies in sectors like healthcare and public education in ways that complement human roles.

Finally, there is a call for reform in the mandatory savings system. This would ensure that workers also benefit from long-term capital returns, which are typically accrued by entrepreneurs and companies investing in AI and automation. Linking the gains from AI to the workplace pension system could serve not just as a retirement planning tool but also as a means to reduce wealth inequality between workers and owners of capital or technology.

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Navigating the Future of Work in the UK

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