

# Heart of the South West Employment and Skills Review

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## Introduction

As this edition is being produced, England is in the middle of another national lockdown amidst a coronavirus pandemic that has infected almost 4 million people across the UK and claimed more than 120,000 lives. The human cost of the pandemic is immeasurable and its effects on society, the economy and the environment wide-ranging. At the same time, the economic and labour market consequences of Brexit are also beginning to emerge, although differentiating these effects from that of the pandemic, is problematic.

Clearly, labour market performance is influenced to a large extent by economic performance: official statistics suggest that the level of UK GDP in the third quarter of 2020 was almost 9% below where it was prior to the coronavirus (COVID-19) pandemic at the end of 2019<sup>i</sup>. Looking ahead, Andrew Bailey, the governor of the Bank of England, is optimistic, expecting the UK economy to “recover rapidly” this year, with a successful vaccination programme supporting a “material recovery in household spending”<sup>ii</sup>. Moreover, the Government’s own projections suggest<sup>iii</sup> that the economy will grow by 5.5% this year, following a contraction of 11.3% during 2020. Independent economic forecasters broadly concur with this assessment, although at 4.8%, their median forecast is slightly less optimistic than the OBR central economic scenario. In particular, PwC predicts that while most sectors will return to low growth over the course of 2021, recovery to pre-crisis levels should not be expected until 2023 at best<sup>iv</sup>.

Unemployment is almost universally expected to rise during 2021. According to the OBR, the ILO unemployment rate could reach 7.2% in the final quarter of this year, up from 5% currently<sup>v</sup>. PwC highlights many challenges ahead: “the largest ever increase in unemployment, potential negative net migration from the EU, over 10 million people facing food poverty and increasing gender and ethnicity pay gaps, potentially reversing a decade’s worth of progress”<sup>vi</sup>. Furthermore, the Hays UK Salary and Recruiting Trends 2021 survey revealed that 81% of employers believed that the workplace will never return to the way it was before the pandemic.<sup>vii</sup> It is within this broad economic climate, that we consider the labour market challenges ahead.



## Take 10

1

Most indicators of labour demand nationally are below levels recorded before the pandemic with the exception of the number of people in full time employment.

2

The economic impact of the pandemic is being played out differently across sectors in terms of employment trends, take-up of government support, redundancies and vacancies. Among those most negatively affected include: accommodation & food services; arts, entertainment & recreation; administrative & support service activities; wholesale & retail and manufacturing and construction.

3

These sectoral trades are particularly affecting the employment prospects of the youngest and oldest workers but most especially 16 to 17 year olds, among which employment has fallen by more than one quarter nationally.

4

It is still too early to discern any statistically significant effect of the pandemic on employment in the Heart of the South West. Take-up of the government's Coronavirus Job Retention Scheme, however, is broadly in line with the national average and is highest in Torbay, which one study suggests, is among one of the most vulnerable areas in the country, to the social and economic impacts of the pandemic.

5

Self-employment has contracted by around one-tenth nationally since the start of the pandemic. Take up of the government's Self Employment Income Support Scheme locally is lower than the national average. Self-employment is a particularly important source of income in the LEP area.

6

More than one-third of employees are currently working from home although this rises to more than two-thirds of those working in information & communication (78%), professional scientific and technical activities (69%) and education (69%).

7

Real wages have almost returned to 2008 levels but recent growth is attributed to compositional changes: in particular the decrease in the number and proportion of lower-paid jobs, which has pushed the overall average earnings up. The earnings gap between the Heart of the South West and the national average has increased.

8

Recruitment activity has picked up locally with nurses, care staff, office assistants, software engineers, project managers, teacher assistants, customer service representatives, cleaners and lawyers among the most sought after positions.

9

Redundancies are almost four times higher than before the pandemic and have risen particularly quickly in: wholesale & retail; manufacturing; and administrative & support services. While there is no clear pattern by age, employees aged between 25 and 34 are the most likely to be made redundant.

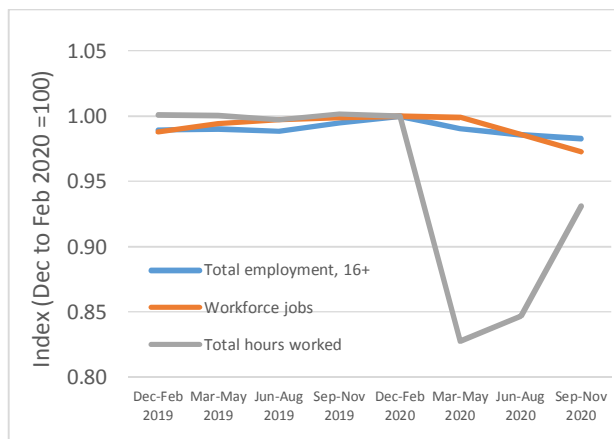
10

The claimant count has risen dramatically during 2020 and commentators expect unemployment to rise further during 2021. The claimant count rate in the Heart of the South West is lower than the UK average in most parts of the LEP average with the exception of Torbay.

## Employment and jobs

The first national lockdown had an immediate and dramatic impact on hours worked as people were told they ‘must’ stay at home and certain businesses were closed. The easing of restrictions over the summer led to a partial recovery in hours worked but activity remained 17% below pre-pandemic levels during September to November. The impact on jobs and employment has been less acute than it might otherwise have been had the government not invested in job retention schemes, income support for the self-employment and business grants. Despite this significant intervention, however, there are still around 973,000 fewer jobs and 570,000 fewer people in employment in the UK, currently, than during the period immediately before the pandemic

**Figure 1: Measures of total labour demand in the UK, 2019 to 2020**



Source: ONS

Total employment in the Heart of the South West stood at 836,100 during October 2019 to September 2020. The employment rate at the time was 77.7%. While both estimates are lower than those published for the previous year, the differences are not statistically significant. The Heart of the South West’s employment rate, is however, higher than the UK average (75.5%).

## Sectors

Government imposed restrictions in response to Covid-19 have disproportionately affected some

sectors; and some businesses *within* sectors. For example, within retail, supermarkets have remained open whilst most specialist retailers have had to close although those with e-commerce capability have been able to keep trading. Analysis of workforce jobs data reveals that the number of jobs in the UK contracted across almost all sectors between December 2019 and September 2020 with the exceptions of agriculture, forestry and fishing and public administration and defence. Those recording the largest falls in the number of jobs both overall, and relative to the size of their workforce were:

- Administrative & support service activities (-217,000; -7.2%). This include activities such as travel agencies, office cleaning and car hire.
- Accommodation and food services (-144,000; -5.7%)
- Construction (-118,000; -5.0%)
- Arts, entertainment and recreation (-110,000; -10.4%)
- Wholesale, retail; repair of motor vehicles and motorcycles (-103,000; -2.1%)
- Manufacturing (-97,000; -3.6%)

Together, these sectors account for more than half (51%) of employment in the Heart of the South West compared to 47% in England. Research suggests that coastal areas are notably more vulnerable to both health and economic impacts of the crisis with Torbay ‘standing out’ as one of two areas in the UK, that is most vulnerable due its elderly population, economic reliance on tourism and hospitality and pockets of local socio-economic disadvantage<sup>1</sup>.

## People

The pandemic has disproportionately affected the employment prospects of the youngest and oldest workers. The number of 16 and 17 year olds in employment has fallen substantially (-26%), as have the number of students working part time (-16%). An increasingly competitive labour market is likely to be prompting young people to remain

<sup>1</sup> <https://www.ifs.org.uk/publications/14884>

in education longer than they might otherwise have considered; and older workers, to leave the labour market, either permanently or temporarily, should their roles become redundant.

## Employees and furloughed workers

Focusing on employees only, it is clear that the number of jobs has declined since the pandemic started. For example, 'real-time' HM Treasury data suggests that the number of employees registered for PAYE fell by 2.9% between February and December 2020<sup>2</sup> although the number rose slightly between November and December 2020. This is equivalent to 827,654 fewer jobs since February 2020.

The employer-survey based estimate of employee jobs reveals a similar trend but on a reduced scale. The number of people working as employees, however, continues to rise, albeit slowly, with divergent trends for part-time and full-time workers; the number of people working part time fell by 425,000 (-6%) while the number of people working full time increased by 454,000 (+2%) between December 2019 to February 2020 and September to November 2020.

The period is also characterised by: a decline in workers with second jobs; an increase in temporary employees and an increase in the number (and share) of part-time and temporary workers who could not find full time or permanent work respectively<sup>3</sup>.

According to the latest Annual Population Survey estimates covering the 12 months to September 2020, 687,100 people living in the Heart of the South West were employees aged 16 and over. The number of employees living locally has fallen on the previous year but the difference is not statistically significant.

<sup>2</sup> December 'flash' estimate.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/january2021#pay-as-you-earn-real-time-information>

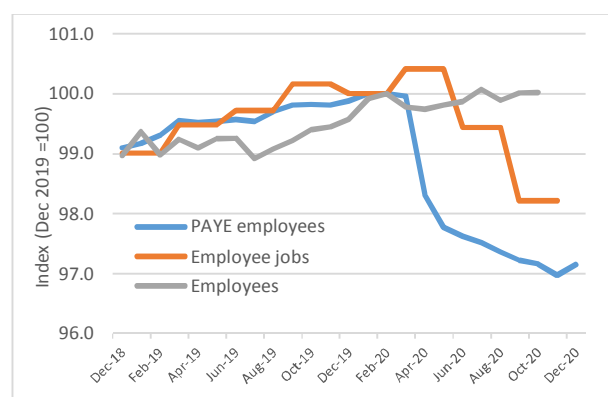
<sup>3</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics>

<sup>4</sup>

<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheeconomy>

**Figure 2: Headline estimates of UK jobs; latest compared to pre-pandemic**



Source: ONS

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistic>

Many employees are currently unable to work due to lockdown measures but are being retained in employment. Latest estimates from ONS's latest fortnightly business survey (BICS<sup>4</sup>) suggests that around 17% of the workforce is currently on partial or furlough leave<sup>5</sup>. This is up from the 11% reported at the time of the last review. The government is providing financial assistance through the Coronavirus Job Retention Scheme (CJRS)<sup>viii</sup> to ensure that employees receive at least 80% of their usual wages while they are being furloughed. On the 31<sup>st</sup> December 2020, the scheme was supporting around 3.8 million employments and had supported almost 10 million employments since its launch in March<sup>6,7</sup>. Locally, 88,400 employments<sup>8</sup> were furloughed using the scheme across the Heart of the South West LEP area in in December 2020 (Table 1). Take-up of the scheme is broadly in line with the national average but with local authorities tending to cluster into two groups: those with lower than average take-up including the more urbanised local authorities of Plymouth, Exeter, and Mid Devon; and rural and/or coastal authorities where

<sup>5</sup> This is the percentage of employers indicating that staff were on partial or furlough leave in the last two weeks. Interviews were conducted between 28 December 2020 and 10 January 2021.

<sup>6</sup> <https://commonslibrary.parliament.uk/research-briefings/cbp-8898/>

<sup>7</sup> Some individuals may be counted more than once in this figure if they have been furloughed from more than one job or their employer has made multiple claims covering differing pay periods

<sup>8</sup> The statistics count employments. An employee with jobs at two employers will be counted twice if both jobs are furloughed and a job-share post will be counted as two employments. Employments are therefore not equal to jobs.

take-up is higher than the national average including Torbay, North Devon and South Hams.

**Table 1: CJRS Furloughed employments by local authority in the Heart of the South West, claims received up to 31 December 2020**

County and district / unitary authority	Employments furloughed	Take-up rate
Plymouth UA	11,000	9%
Torbay UA	8,400	15%
East Devon	7,700	13%
Exeter	5,900	10%
Mid Devon	3,500	10%
North Devon	5,800	14%
South Hams	4,600	14%
Teignbridge	7,300	13%
Torrige	3,400	13%
West Devon	2,600	12%
Mendip	6,500	13%
Sedgemoor	6,200	11%
Somerset West and Taunton	7,700	11%
South Somerset	7,800	11%
<b>Heart of the South West LEP</b>	<b>88,400</b>	<b>12%</b>
England	3,127,100	12%

Source: [GOV.UK Official Statistics – Coronavirus Job Retention Scheme statistics: January 2021](#)

The BICS and CRJS data both reveal clear sectoral patterns in the incidence of furloughing and participation in the government-supported scheme with both particularly common within: arts, entertainment & recreation; and accommodation & food services. For example, the BICS found that around 56% of the arts entertainment & recreation workforce was furloughed in the New Year followed by 47% in accommodation and food services. Administrative data from CRJS shows that young people aged under 18 (34%) and aged between 18 to 24 years old (18%) are more likely than older employees to be furloughed. This reflects

their greater representation in sectors where take up is highest: accommodation & food services (47%) and arts, entertainment & recreation (41%).

## Self-employment and the Self-Employment Income Support Scheme (SEISS)

In stark contrast to the upward trend in the number of employees, self-employment has been particularly badly affected by the pandemic; falling by around 10 per cent since the first lockdown. Compared to before lockdown there are currently 537,000 fewer self-employed individuals<sup>9</sup> across the UK and 422,000 fewer self-employed jobs<sup>10</sup>. These trends are a concern for the Heart of the South West where self-employed accounts for a higher proportion of employment than the UK average (17%<sup>11</sup> compared to 15%) particularly in rural Devon. It seems likely, therefore, that both the level and rate of self-employment has fallen locally<sup>12</sup>. Latest estimates<sup>13</sup> suggest that around 144,400 are currently self-employed in the Heart of the South West.

Some self-employed individuals whose business has been adversely affected by coronavirus are eligible for government support through the Self-Employment Income Support Scheme (SEISS). Three tranches of the scheme have been rolled-out so far with the latest providing support up to the end of April 2021. Data published by HM Revenue & Customs shows that half (50%) of the 107,100 individuals in the Heart of the South West who were potentially eligible for the third tranche scheme had made a claim by 31<sup>st</sup> December 2020 (Table 8); a drop from the 65% take-up for the second grant. Take-up for SEISS 3 is lower than the UK average (57%) across the majority of local authority areas in the LEP, except for Plymouth (60%) and Torbay (58%). Mid Devon had the lowest local take-up at 43%. The average value of SEISS 3 claims in the Heart of the South West (£2,793) is broadly in line with the UK average (£2,800).

<sup>9</sup> December 2019 to February 2020 compared to September to November 2020.

<sup>10</sup> December 2019 compared to September 2020.

<sup>11</sup> Annual Population Survey, October 2019 to September 2020.

<sup>12</sup> The decline in self-employment is also evident in local estimates derived from the Annual Population Survey but the difference between October 2018 – September 2019 and October 2019 – September is not statistically significant.

<sup>13</sup> Annual Population Survey, October 2019 to September 2020.



**Table 2: SEISS Phase 3: Claims to 31 December by Local Authority in the Heart of the South West**

County and district / unitary authority	Total no. of claims made (to 31 Dec)	Total value of claims made (£'000)	Take-Up Rate
Plymouth UA	6,600	17,700	60%
Torbay UA	4,600	12,800	58%
East Devon	4,500	12,700	48%
Exeter	2,900	8,400	54%
Mid Devon	2,600	7,300	43%
North Devon	3,700	10,300	50%
South Hams	3,400	9,100	47%
Teignbridge	4,300	11,900	50%
Torridge	2,500	6,700	44%
West Devon	1,900	5,200	44%
Mendip	3,900	11,000	47%
Sedgemoor	3,600	10,900	52%
Somerset West and Taunton	4,500	12,700	50%
South Somerset	4,600	12,800	47%
Heart of the South West	<b>53,600</b>	<b>149,500</b>	<b>50%</b>
United Kingdom	1,924,000	5,417,000	57%

Source: <https://www.gov.uk/government/statistics/slef-employment-income-support-scheme-statistics-january-2021>

## Remote working

More than 10 months have now passed since restrictions were first introduced by UK government to curb the spread of COVID-19, forcing widespread adoption of home-working practices. The latest Business Impact of Coronavirus survey – covering the period 28 December 2020 to 10 January 2021<sup>14</sup> – reveals that a third (34%) of employees are working remotely instead of their normal place of work, an increase from 32% reported in the previous wave of BICS. This slight increase in homeworking is unsurprising as many areas entered into the

<sup>14</sup> Businesses were asked for their experiences for the reference period 28 December 2020 to 10 January 2021. However, for questions regarding the last two weeks, businesses may respond from the point of completion of the questionnaire (11 January to 24 January 2021).

<sup>15</sup> For all workers (i.e. average across full and part time workers).

highest Tier 4 restrictions during the Christmas period and on 4 January 2021, new national guidance for England was released placing the country into a third lockdown. As in previous lockdowns individuals must work from home unless it is not possible.

The incidence of remote working varies considerably by industry sector, with the percentage ranging from 78% working remotely in Information & Communication, 70% in professional scientific and technical activities, 69% in education and at the lowest proportion, 6% in accommodation and food service activities.

By far the largest change in remote working practices is in education, which has risen 24 percentage points compared to the previous wave of the survey (covering 14 December to 27 December). This can be attributed to the new lockdown restrictions which saw all schools and colleges close to the majority of pupils and switch to remote learning.

## Wages

National average weekly earnings<sup>15</sup> are currently broadly comparable to those paid in early 2008 and have fully recovered earlier falls as a result of the pandemic (Figure 3). However, recent growth is increasingly being driven by changing composition of employee jobs – specifically a decrease in the number and proportion of lower-paid jobs, which pushes the overall average earnings up. Furthermore, the Annual Survey of Hours and Earnings<sup>16</sup> data suggests that while pay has “held up for most employees” some groups fared less well, most notably younger employees, the lowest-paid part-time employees, and those working in accommodation and food services. Not all furloughed workers received full pay as the employers were not obliged to top up the Government’s 80% contribution. Overall, more than one in ten (11%) employees were furloughed with reduced pay in April 2020.

<sup>16</sup> The latest estimates from the Annual Survey of Hours and Earnings (released November 2020) relate to the pay period that includes 22<sup>nd</sup> April 2020, at which time approximately 8.8 million employees were furloughed under the Coronavirus Job Retention Scheme

Studies reveal how the pandemic has affected household incomes:

- According to the Bank of England, 28% of households have seen incomes fall during the pandemic, rising to 66% among the self-employed<sup>17</sup>.
- The Institute for Fiscal Studies calculates that while better-off households saved, on average, more than £300 a month between March and September 2020, the poorest households were £170 a month worse off<sup>18</sup>.
- The Joseph Rowntree Foundation suggests that destitution levels in Great Britain are expected to double in the wake of the pandemic<sup>19</sup>.
- At the same time, UK households are estimated have accumulated around £100bn in 'excess savings': money some economists hope will fuel a spending spree when Covid-19 related restrictions are lifted.

**Figure 3: Real average weekly earnings (seasonally adjusted), Great Britain January 2008 to October 2020**



Source: ONS

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/averageweeklyearningsearn01>

To see what the median annual earnings are for your occupation or local authority click [here](#)<sup>20</sup>.

New earnings data published since the last review, suggest that median full time weekly wages in the Heart of the South West fell between 2019 and 2020 and the earnings gap between local wages and the England average increased over the period.

**Table 3: Median gross weekly pay of fulltime workers, 2020**

	Resident	Workplace
Devon	528	527
Plymouth	507	558
Somerset	539	526
Torbay	469	490
<b>Heart of the South West</b>	<b>527</b>	<b>527</b>
<b>England</b>	<b>590</b>	<b>590</b>

Source: Annual Survey of Hours and Earnings, 2020

## Workforce skills

Participation in job-related training has changed little over the last 10 years and there is little evidence to suggest that the pandemic has disrupted or accelerated this trend. During the last quarter, 13% of employees across the UK had received any job-related training<sup>21</sup>. The Annual Population Survey suggests that employees and the self-employed in the Heart of the South West are more likely than the UK average to have participated in job-related training in the last 12 weeks (29% compared to 25%). As nationally, participation is higher than average among public sector workers and those employed in managerial and professional occupations. Highlights from the recently published results from the UK Employer Skills Survey suggests that:

- While Heart of the South West employers were slightly more likely than average to have trained staff over the last 12 months, the number trained as a percentage of all

<sup>17</sup> <https://www.bankofengland.co.uk/bank-overground/2020/how-has-covid-19-affected-the-finances-of-uk-households>

<sup>18</sup> <https://www.ifs.org.uk/publications/15146>

<sup>19</sup> <https://www.theguardian.com/society/2020/dec/09/covid-driven-recession-likely-to-push-2m-uk-families-into-poverty>

<sup>20</sup> See Figures 6 (occupation) and 9 (local authority).

<sup>21</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/jobrelatedtrainingreceivedbyemployeesemp15>

staff mirrors the England average and the number of training days per trainee and training days per staff are lower than the England average.

- Employers in the Heart of the South West (16%) are more likely than the England average (13%) to report that they have at least one employee who lacks the required proficiency or proficiencies to fulfil their role effectively and so have a “skills gap” within their workforce. The proportion of staff in the Heart of the South West who are not fully proficient in their roles (5.0%) is a similar proportion to the national average (4.6%) – equivalent to over 36,000 employees.
- Interestingly, local employers are considerably more likely to identify at least one member of staff with qualifications and skills that are *more advanced* than those required for their current role (34%), than they are to identify at least one member of staff with a skills deficiency (16%). Additionally, one in five employers reported that 50% or more of their staff had qualifications that were more advanced than needed for their current role, including 8% who reported that all their employees were over-qualified for the work they did. This is all indicative of under-utilisation of skills, and could be a result of various factors including staff holding degrees/qualifications not directly relevant to their role, or individuals with valuable qualifications failing to find a job where these skills can be applied.

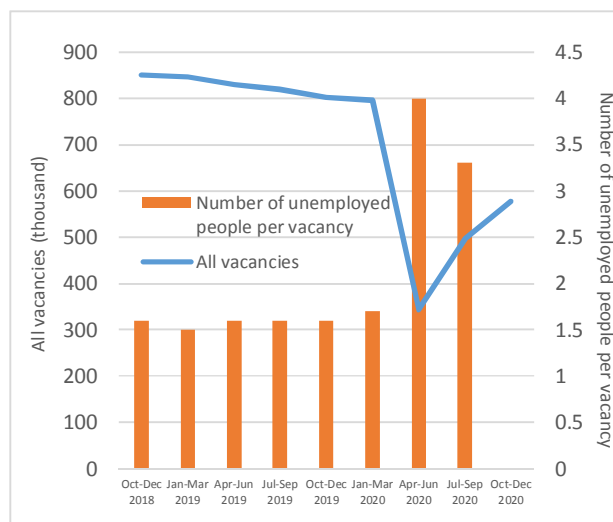
## Vacancies

According to the ONS Vacancy Survey, the number of job vacancies in the UK fell to a record low<sup>22</sup> during April to June 2020 as employers shelved recruitments plans in response to the virus; although the decline in vacancies actually pre-dates the pandemic. Recruitment has revived somewhat since then, rising in each of the last

<sup>22</sup> The number of vacancies in the economy fell from 796,000 in January to March 2020 to 337,000 in April to June 2020. Vacancies recovered slightly during May to July (370,000) but are still very low by historical standards. See: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/>

two quarters, but activity remains below that recorded in the same quarters last year. Competition for posts has intensified as unemployment rises. In April to June 2020, there were 4 unemployed people for every vacancy: more than double that recorded before the pandemic (Figure 4).

**Figure 4: Number of vacancies in the UK, October to December 2018 to October to December 2020**



Source:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/latest>

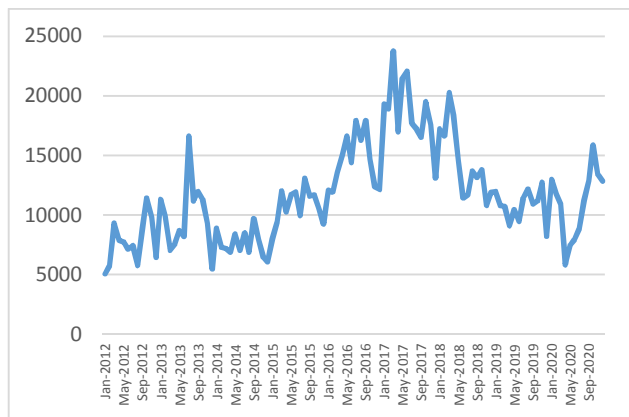
Real-time vacancy information generated by Labour Insights<sup>23</sup> identified 12,836 unique postings assigned to locations within the Heart of the South West LEP area in December 2020. While the number of job postings can vary considerably from month to month, volumes locally have followed a down-ward trend since 2017 but with a brief revival between April and October this year.

[employmentandemployeetypes/bulletins/uklabourmarket/august2020#vacancies](https://www.ons.gov.uk/employmentandemployeetypes/bulletins/uklabourmarket/august2020#vacancies)

<sup>23</sup> Note: Web-scraping software is likely to underestimate the total number of vacancies for lower skilled roles that might be advertised via word of mouth or in the employing building such as a shopfront notice.



**Figure 5: Total postings in the Heart of the South West LEP, January 2012 to December 2020**



Source: Labour Insight (Burning Glass Technologies)

The most common job postings in the Heart of the South West in December 2020 are presented in Table 4. The current demand for people with skills and experience in health and social care is clearly evident with high demand for nurses and care assistants, although these were in high demand compared to other occupations in 2019 as well.

The pandemic is likely to have contributed to the rising demand for workers fulfilling these roles as well as the introduction of general cleaners into the Top 10 for December 2020.

**Table 4: Top 10 postings for the Heart of the South West: December 2019 and December 2020**

December 2019 (8,167)	December 2020 (12,836)
Registered General Nurse (RGN) (278)	Registered General Nurse (RGN) (603)
Office / Administrative Assistant (256)	Caregiver / Personal Care Aide (434)
Caregiver / Personal Care Aide (196)	Office / Administrative Assistant (378)
Teaching Assistant (172)	Software Developer / Engineer (315)
Software Developer / Engineer (165)	Project Manager (290)
Project Manager (156)	Care assistant (284)
Customer Service Representative (153)	Teaching Assistant (238)
Account Manager / Representative (129)	Customer Service Representative (211)
Chef (123)	General cleaner (191)
Care assistant (116)	Lawyer (181)

Source: Labour Insight (Burning Glass Technologies)

### Recruitment difficulties

Some vacancies are more difficult to fill than others. Overall, half of employers in the Heart of the South West who were recruiting at the time of the last UK Employer Skills Survey, had at least one vacancy that was proving hard-to-fill. This is slightly more than the England average of 44%. Forty-six percent of vacancies were hard to fill: 31% due to skills-shortage and 15% due to other reasons. Skills shortages accounted for a larger share of vacancies locally than the England average (25%).

Local employers are most likely to report skills shortages for skilled trades reflecting a long-term, national shortage of people with these skills - more than half of vacancies within this occupation locally are hard-to-fill. The next most commonly affected occupations are: professionals (42%) and caring, leisure and other services staff (41%). Skills shortages are more acute locally than the England average across most sectors<sup>24</sup> but are particularly prevalent in transport & storage (where 50% of all vacancies were skill shortage vacancies in 2019), information &

<sup>24</sup> With the exception of manufacturing, education and arts & other services.

communications (43%), construction (42%) and health & social work (37%).

## Redundancies

Commentators continue to express concern for the many hundreds of thousands, if not, millions of people currently being supported in potentially “zombie jobs” who could be made redundant when the Government’s Coronavirus Job Support Scheme closes<sup>ix</sup>. Latest Labour Force Survey data reveals that:

- Almost 400,000 people reported redundancy in the three months prior to interview during September to November 2020 – an almost four-fold increase on pre-pandemic levels<sup>25</sup> and the highest quarterly level reported since the series begins in 1995<sup>26</sup>.
- By sector the largest numbers of redundancies were in wholesale, retail and repair of motor vehicles, manufacturing and administrative and support services<sup>27</sup>. Redundancy rates have risen substantially across the private sector industries with the exception of financial, insurance and real estate activities. Rates were highest in the administrative and support services reflecting the reduction in demand for, amongst other things, travel agency services and hire of vehicles.
- Men are slightly more likely than women to be made redundant although there is no clear pattern by age: employees aged between 25

to 34 years old are the most likely to be made redundant.

Employers planning to cut 20 or more jobs are obliged to notify the Insolvency Service and while these statistics are not routinely published the BBC has regularly submitted Freedom of Information requests of planned lay-offs. Their most recent analysis relating to planned redundancies notified in November 2020 suggests that while the number was higher than on the same month last year, it was far below the peaks seen in the summer. Since the last review, the following have been announced in the local press:

- National Trust – the closure of the Killerton estate hub has led to 514 compulsory redundancies, and the National Trust accepted 782 voluntary redundancies
- Oscar Mayer – the closure of the Chard sites will necessitate the redundancy of the majority of the 860 staff
- Fix Auto – 50 jobs were lost after the closure of the garage in light of failing to land a government support loan<sup>28</sup>

Jobs are also expected to be lost locally with the closure of retailers Arcadia and Debenhams and pub-chain Fuller’s. Press coverage has also stressed the potential impact on areas with existing vulnerabilities: worst-case scenarios for Torbay could reach up to 18,000 job losses, with considerable knock-on increases in demand for foodbanks.<sup>29</sup>

<sup>25</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/redundancies/timeseries/beao/lms>

<sup>26</sup>

<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/redundancies/datasets/redundancieslevelsandratessseasonallyadjustedred01sa>

<sup>27</sup> This includes rental and leasing activities, employment activities and travel agency, tour operator and other reservation service and related activities and cleaning activities.

<sup>28</sup> <https://www.plymouthherald.co.uk/news/plymouth-news/more-job-losses-plymouth-amid-4268882>

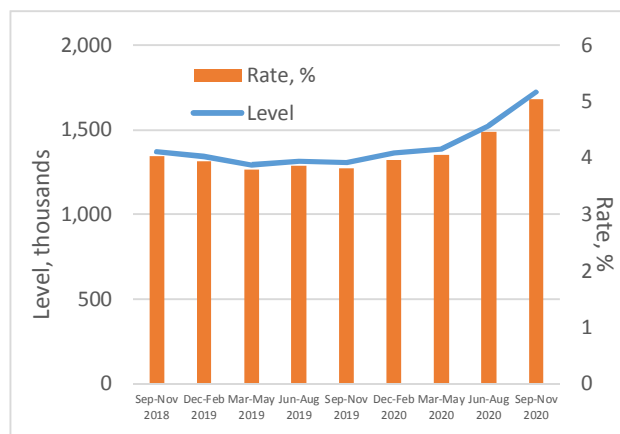
<sup>29</sup> [https://www.huffingtonpost.co.uk/entry/coronavirus-economy-torbay\\_uk\\_5f11ab34c5b6d14c33665cdf](https://www.huffingtonpost.co.uk/entry/coronavirus-economy-torbay_uk_5f11ab34c5b6d14c33665cdf)

## Joblessness

Restrictions imposed to safeguard public health against Covid-19 have precipitated a substantial rise in joblessness despite government investment in furlough and self-employment income support schemes. The rise in joblessness is illustrated by the rapid rise in ILO unemployment and the claimant count (Figure 6).

According to the Labour Force Survey, around 1.72 million people across the UK were looking for work during September to November 2020, a rise of 418,000 on the same quarter last year. The unemployment rate, currently at 5.0%, has risen consistently during 2020 with particularly rapid increases in the second half of the year. 16 to 17 year olds remain the most likely to be unemployed (25.6%) with an unemployment rate more than 7 percentage points higher than that of the second highest age group (18 to 24 year olds; 18.2%). Unemployment is expected to continue to rise into 2021.

**Figure 6: Unemployment in the UK, September to November 2018 to September to November 2020**



Source:

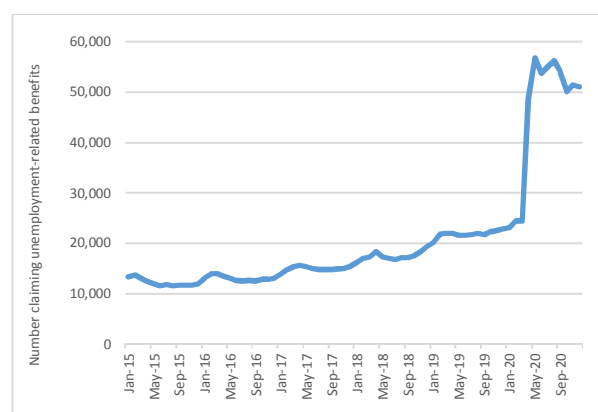
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/january2021#employment-unemployment-and-economic-inactivity>

Latest comparable results for the Heart of the South West cover the 12 month period to September 2020 when an estimated 33,900 people were unemployed according to this measure. The unemployment rate at this time, at 3.9%, was not statistically different to the UK rate for the same period. As nationally, 16 to 19 year olds (23%) had the highest rate of unemployment.

The claimant count offers an alternative measure of joblessness. Traditionally considered a narrower measure of unemployment since it reflects the number of people receiving unemployment-related benefits, it has the advantage of timeliness and is not subject to confidence intervals since it is based on administrative rather than survey data.

Recently, however, the claimant count exceeds the ILO measure of unemployment. This suggests that most people who are looking for work are now claiming benefits, and that perhaps, in difficult labour market conditions, those that do not need to look for work, are deciding to move into economic inactivity. In December 2020, 51,040 people in the Heart of the South West were claiming unemployment-related benefits. The number of claimants across the Heart of the South West has increased substantially since March 2020 when the first lockdown restrictions were implemented (Figure 7).

**Figure 7: Claimant count in the Heart of the South West LEP, January 2015 to December 2020**



Source: Claimant Count, NOMIS

The claimant count is also published as a proportion of the resident population aged 16 to 64, producing the claimant rate. This shows which areas and which demographic characteristics are more or less likely to be claiming unemployment-related benefits. At 4.9%, the claimant count rate for the Heart of the South West is just over one percentage point

lower than the UK rate<sup>30</sup> (6.3%). The only area within the Heart of the South West with a claimant count rate above the UK average is Torbay (7.2%). Wards that have seen high growth in the claimant count between March and December 2020, and had a higher than average rate to begin with are:

- Mendip: Glastonbury (St Edmund's, St John's and St Mary's) and Street (North)
- South Somerset: Chard (Combe)
- East Devon: Exmouth (Town)
- Exeter: Mincinglake and Whipton, Priory
- Teignbridge: Teignmouth (East and West)
- South Hams (Totnes)
- South Devon: St Mary's-with-Summercombe
- Torbay: Berry Head-with-Furzeham and Blatchcombe and St Marychurch

## Economic inactivity

Levels of economic inactivity had been falling prior to the pandemic but rose in the immediate aftermath of the first lockdown. This is likely to reflect a combination of increased inflows into inactivity among students who might otherwise been looking for their first, or temporary job and older workers deciding to retire early rather than look for another job following redundancy.

Inactivity has started to fall again but is still higher than 12 months ago.

Around 192,700 people in the Heart of the South West were economically inactive during October 2019 to September 2020 of which one-quarter wanted a job. Heart of the South West residents are less likely to be economically inactive than the UK average but those that are inactive, are more likely to want a job.

## Educational status of young people

The proportion of young people in full time education across the UK has reached record levels. Nine in ten 16 to 17 year olds were in full time education between September to November 2020, more than 5 percentage points higher than in March to May that year. The percentage of 18 to 24 year olds in full time education peaked at

almost 36 per cent during July to September 2020 but has since fallen back to the longer-term average of one-third. The proportion of 16 to 24 years olds in full time education with a job (25%) is also at a six year low. The estimates suggest that there are 1 million people aged between 16 to 24 years old in the UK who are not in full time education and are unemployed or economically inactive.

Apprenticeship starts locally are lower than last year, particularly among young people but the scale of the decline among this group is comparable to the England average.

**Table 5: Number of apprenticeship starts in the first quarter of 2019/20 and 2020/21**

		Q1 2019/20	Q1 2020/21	2020/21 as % of 2019/20
HotSW	Under 19	2,040	1,190	58
	19 to 24	1,490	1,030	69
	25+	1,860	1,430	77
England	Under 19	40,700	23,800	58
	19 to 24	36,800	25,800	70
	25+	48,300	41,500	86

Source:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/544444/education-statistics-service.gov.uk/data-tables/fast-track/b0d0a6d2-dcc1-443d-bbc2-22abc52ac776](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/544444/education-statistics-service.gov.uk/data-tables/fast-track/b0d0a6d2-dcc1-443d-bbc2-22abc52ac776)

It is not clear to what extent the fall in starts recorded so far this year can be attributed to the pandemic or Brexit since apprenticeships starts among young people have fallen consistently since 2015/16.

Before the pandemic, around one in sixteen (6%) of 16 to 17 year olds across the HotSW LEP area were not in education, employment or training (NEET) or whose destination was unknown.<sup>31</sup>. Management Information from CSW suggests that the proportion of NEET students in Years 12 to 14 in January 2021 was higher than the previous year in Devon and Plymouth but lower in Torbay<sup>32</sup>.

<sup>30</sup> Not seasonally adjusted.

<sup>31</sup> <https://www.gov.uk/government/publications/neet-and-participation-local-authority-figures>. Average of December 2019 to February 2020.

<sup>32</sup> Data for Somerset unavailable at the time of writing.

## Heart of the South West: At a glance

Indicator	Latest		Trend
	Period	Result	Change on previous year
Total in employment, 16+	Oct 2019 - Sept 2020	836,100	-2.4%
Employment rate, 16 to 64	Oct 2019 - Sept 2020	77.7%	-1.5 pp
Total employees, 16+	Oct 2019 – Sept 2020	687,100	-0.8%
Total in self-employment, 16+	Oct 2019 – Sept 2020	144,400	-8.0%
Self-employment rate, 16+	Oct 2019 – Sept 2020	17.3%	-1.0 pp
In employment, part-time rate 16+	Oct 2019 – Sept 2020	28.0%	-2.1 pp
In employment, non-permanent, rate	Oct 2019 – Sept 2020	4.9%	-0.1 pp
In employment, private sector, rate	Oct 2019 – Sept 2020	77.2%	-2.9 pp
In employment, job related training, rate	Oct 2019 – Sept 2020	25.0%	-3.9 pp
With NVQ4+, 16 to 64, rate	Jan 2019 to Dec 2019	35.3%	-0.6 pp
Unemployed, 16+	Oct 2019 – Sept 2020	33,900	+13.4%
Unemployment rate, 16+	Oct 2019 – Sept 2020	3.9%	+0.5 pp
Economically inactive, 16 to 64	Oct 2019 – Sept 2020	192,700	+5.8%
Of whom, wants a job	Oct 2019 – Sep 2020	47,700	+10.9%
Economic inactivity rate, 16 to 64	Oct 2019 – Sept 2020	19.1%	+1.1 pp
Claimant Count, 16+	December 2020	51,040	+122.8%
Claimant rate	December 2020	4.9%	+3 pp
Employments furloughed	31 <sup>st</sup> December 2020 (provisional)	88,400	N/A
Take-up of CJRS, %	31 <sup>st</sup> December 2020 (provisional)	12%	N/A
SEISS claims made (3 <sup>rd</sup> grant)	31 <sup>st</sup> December 2020	53,600	N/A
Take-up of SEISS (3 <sup>rd</sup> grant), %	31 <sup>st</sup> December 2020	50%	N/A

<sup>i</sup> <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/julytoseptember2020>

<sup>ii</sup> <https://www.bbc.co.uk/news/business-55934405>

<sup>iii</sup> Published in November 2020.

<sup>iv</sup> <https://image.uk.info.pwc.com/lib/fe31117>

<sup>v</sup> September to November 2020.

<sup>vi</sup> <https://www.pwc.co.uk/services/economic>

<sup>vii</sup> <https://www.hays.co.uk/salary-guide/>

<sup>viii</sup> The scheme announced by the Government on 20 March 2020 provides employers with financial support to retain employees who might otherwise be made redundant due to loss of business during the pandemic (or the nature of work being such that it is not possible for them to work from home). With the introduction of 'flexible furlough' on 1 July 2020 (allowing furloughed employees to return to work on a part-time basis and claim furlough for the remainder of their contracted hours that are not worked), staff who had not already been furloughed under the scheme could not be included in claims for support. The scheme was due to close on 31 October 2020 but due to ongoing restrictions at varying levels of severity (culminating in a month-long lockdown in November) the government made the decision to extend the scheme until the end of April 2021, and from 1 November it again became possible to claim support to furlough jobs that had not been previously.

<sup>ix</sup> <https://news.sky.com/story/coronavirus-zombie-company-warning-as-557-000-firms-endure-significant-distress-12116938>