

LABOUR MARKET INTELLIGENCE PACK

September 2020

Introduction

This document collates evidence about the labour market in the West of England. Highlighting the current challenges posed by the COVID pandemic as well as identifying longer-term issues. The analysis looks at the characteristics and spatial distribution of the labour force, and business and employer demand. It covers both short and long term Labour Market Intelligence and provides interpretation around the available data.

Geography

The document refers to the West of England region. This is taken to mean the West of England Local Enterprise Partnership area, which is made up of four unitary authorities:

- Bath and North East Somerset
- Bristol
- North Somerset
- South Gloucestershire

Contents

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Summary

This section summarises results from the rest of the report.

Business Environment

- The West of England has a broad sector base with a variety of businesses based in the region.
- The West of England has some specialist industries that make up a larger proportion of employment than the UK average, such as Civil Engineering, Education and Knowledge Creation, Creative, Financial and Legal Services, and Digital. The impact of the economic downturn caused by the COVID pandemic is expected to vary between sectors.

Unemployment, Employment and Redundancy

- As of July 2020 5.2% of working age population in the West of England were claiming unemployment benefits (38,800 residents). This is 0.2 percentage points greater than the 5.0% reported for June 2020.
- The employment rate has remained broadly stable since March 2017 at 79%. Males have a consistently higher employment rate than females but the gap has closed from 5.5 percentage points to 3.5 percentage points since 2017. Given that we know unemployment has risen, we expect the composition of the employment market to have shifted since the COVID-19 pandemic.

Current Labour Market Demand

- Job posting data has indicated that the total number of unique job adverts in the West of England LEP fell by 31% Jan to August.
- The most frequently demanded hard skills within job adverts are topped by IT skills (4% of adverts), accounting (3%), auditing (4%) and healthcare related skills. In terms of soft skills, communications (25%), management (19%), sales (9%), enthusiasm (9%), and customer service (9%) are frequently sought by employers.
- Thematic areas of skills demand:
 - (1) STEM subjects - these are the basis of many technological jobs
 - (2) Digital/ technology skills - these are applicable both within the important and resilient IT, creative and digital sectors, as well as in a variety of other jobs.
 - (3) Specific vocations - training for specific jobs currently in demand (based on evidence), for example warehouse operatives and HGV drivers, care workers, and nurses.

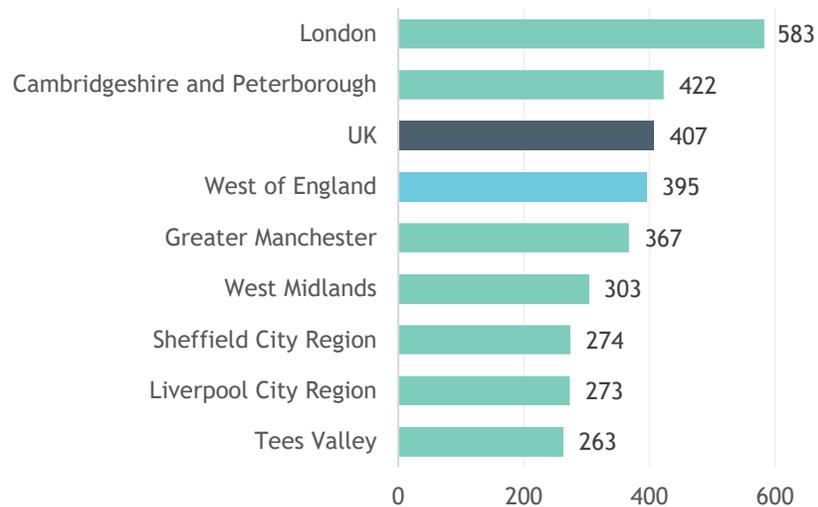
BUSINESS ENVIRONMENT

Businesses in the West of England

Business concentration

There are **45,685** businesses in the West of England. That is **395** businesses per 10,000 residents. This is slightly below the UK average and in the middle of comparator areas.

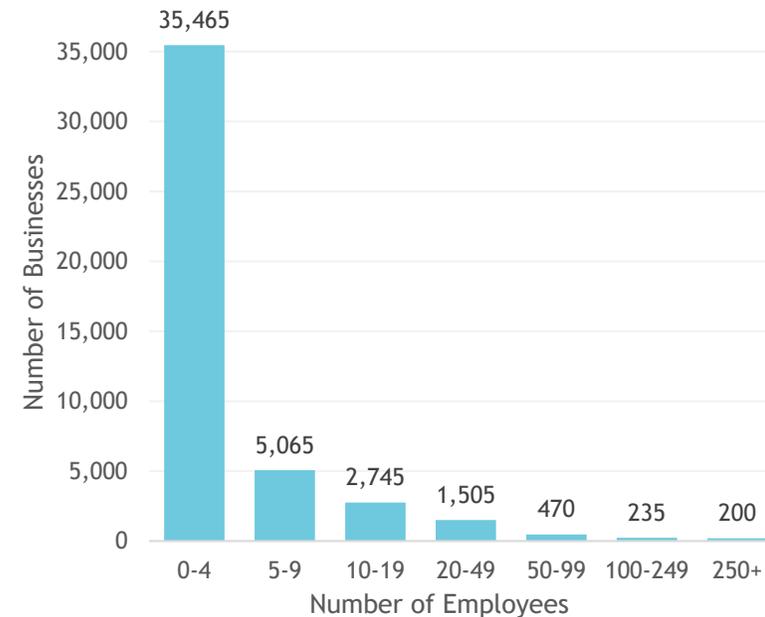
Number of businesses per 10,000 people (2019)



Business size

Individuals in the Labour Market are often unaware that **78%** of businesses in the West of England have fewer than five employees. The results below are similar to those for the UK overall (78.5%)

Employee size of businesses in the West of England (2019)



Volume employers in the region

The West of England has some volume employers with over 1000 employees, including:

AIRBUS



Wessex Water
YTL GROUP



SKANSKA

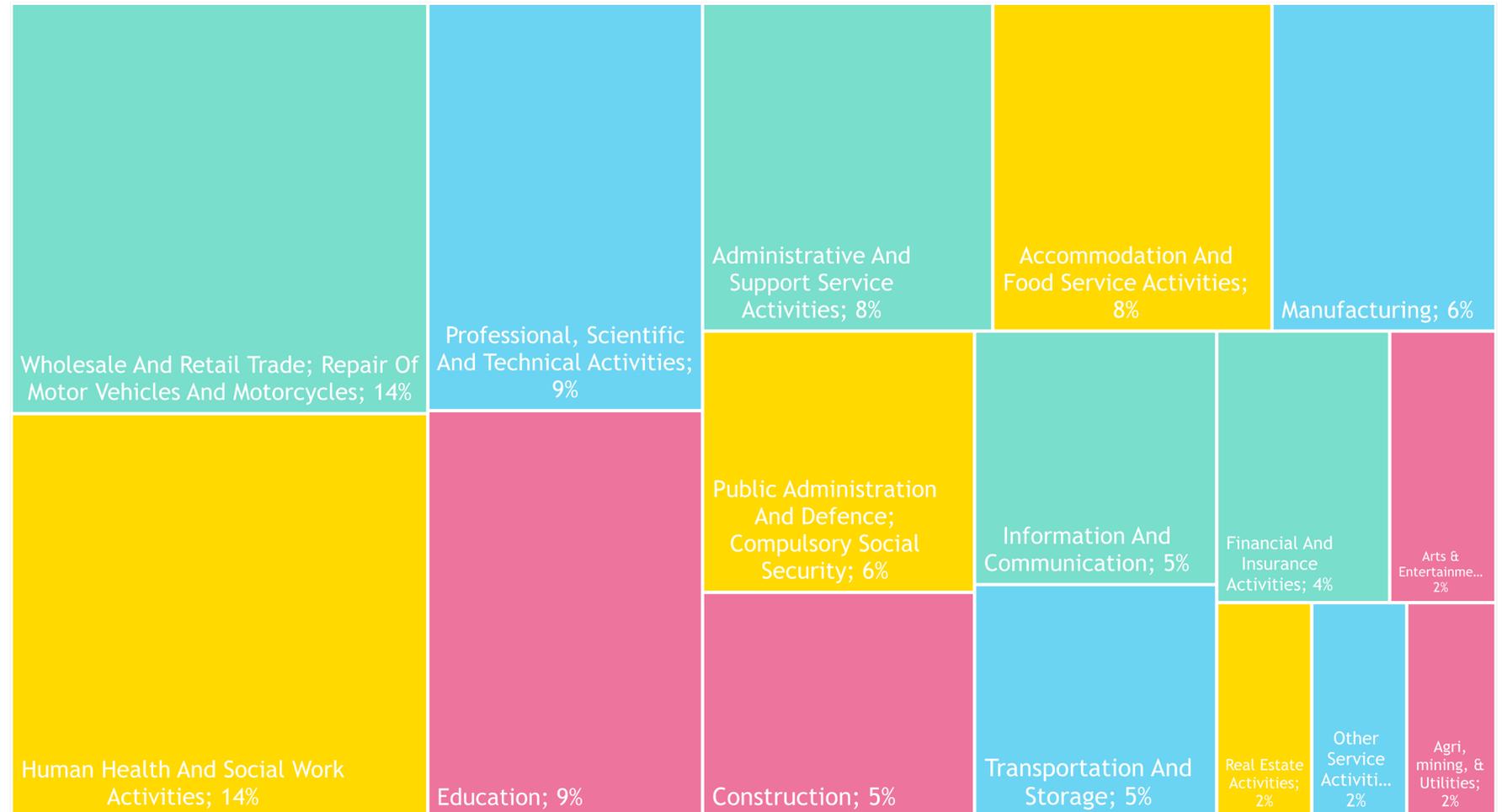


Employment by sector

In 2018, the largest employing sectors within the West of England LEP were:

- Wholesale and retail trade; repair of motor vehicles and motorcycles (84,000 jobs; 14% of all jobs in the region)
- Human health and social work activities (83,000 jobs; 14% of all jobs in the region)
- Education (55,000 jobs; 9% of all jobs in the region)

Employment by sector (% of total) (2018)



Regional Specialisms & Growth Areas

The West of England has some specialist industries, which employ more people in the region proportionally than the national average. The adjacent table highlights the sectors where we have employment specialisms, alongside whether these sectors are growing or shrinking nationally, this helps us understand where there are growth opportunities, and where there may be a future skills demand; or if a current specialism is at risk due to industry contraction. This is particularly relevant during the current pandemic where COVID has altered or accelerated certain trends.

Key points:

- Civil Engineering is a strength and is growing nationally, as is creative. Both are strong contributors to GVA.
- The West of England has less people in professional services than the UK average, although London skews this data and it is still a significant contributor to the region's GVA.
- Given its engineering specialisms, the West of England could have opportunities in both Precision Technology and Maritime sectors, which it currently has a below average number of employees in.

For more information, see appendix 'Regional Specialisms'

Sector Specialism	National jobs growth %
Vehicle and Defence Technology	+2%
Civil Engineering	+6%
Utility	-3%
Education and Knowledge Creation	0%
Government	+4%
Local Environmental Services	+6%
Creative	+4%
Property Development	-1%
Construction Products and Services	-1%
Financial and Legal Services	-8%

Future Trends: Pre-pandemic Predictions

Shape of the UK Labour Market 2017 - 2027

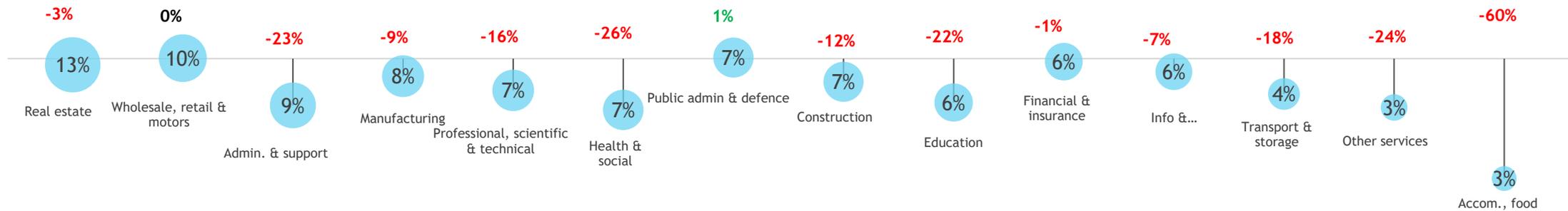
Working Futures provides a comprehensive and detailed model of the UK labour market and skills needs. It projects the future size and shape of the labour market by considering employment prospects by industry, occupation, qualification level, gender and employment status.

	Areas of growth	Areas of Decline	Impact of COVID
Sectoral trends in employment	<ul style="list-style-type: none"> • Business Services including professional and scientific • Health & Social Care 	<ul style="list-style-type: none"> • Distribution • Manufacturing • Finance and Insurance • Construction • Public Admin 	<ul style="list-style-type: none"> • Areas of growth are still considered accurate • Distribution and construction are no longer likely to decline in the short term, due to policy and demand changes
Occupational trends	<ul style="list-style-type: none"> • Caring and professional service • Corporate managers and directors • Business and public service associate professionals 	<ul style="list-style-type: none"> • Secretarial Occupations • Plant, Process and Machine Operatives • Skilled Metal and Electronic Trades 	<ul style="list-style-type: none"> • Growth in caring and professional service is likely accelerated • Declining areas could experience accelerated decline, although the future of manufacturing remains uncertain
Replacement Demand - natural churn and movement within sectors.	Replacement demand amongst all occupational groups is expected to generate 7 times more job opportunities than growth		<ul style="list-style-type: none"> • In the immediate future, replacement demand is expected to be less strong than predicted • Economic downturn and extensive uncertainty make it less likely for individuals to leave their work and seek new employment

Impact of COVID on sectors

- At the height of lockdown in April, around a quarter of businesses nationally had suspended trading
- UK GDP fell by over 20% in the second quarter of 2020, according to ONS estimates. This is the second consecutive quarter of negative growth, meaning the UK is technically in recession.
- The Office for Budget Responsibility’s central scenario suggests that for the UK, real GDP will fall by 12.4% in 2020, with a peak unemployment rate of 11.9% in the fourth quarter of 2020.
- The pandemic has affected different sectors to varying degrees, with severe impacts on hospitality and tourism and aerospace, and major employment sectors such as retail, construction and education also facing significant declines in output.

GVA change (%) in UK for various sectors from February to July 2020 with bubble size indicating proportion of West of England GVA in 2018



Source: WECA calculations, [OBR \(Coronavirus Analysis\)](#), [ONS \(Monthly gross domestic product, GDP monthly estimate, June 2020\)](#)

N.B Size of bubble represents % of regional GVA in 2018 and red figure is national change in activity from February to June 2020
Figures do not sum to 100% due to the exclusion of agriculture, mining, utilities and waste

UNEMPLOYMENT, EMPLOYMENT AND REDUNDANCY

Employment Rate

- In the year to March 2020, the employment rate for the West of England was 79%; higher than the national rate at 76%.
- working age males had an employment rate of 80.7%, 3.5 percentage points greater than the rate for working age females. The difference between male and female employment rates has been gradually declining since 2017, as female employment has risen
- White males have an employment rate of 81.9%, 10.6 percentage points greater than ethnic minority males, at 70.3% employment. White females have a 6.7 percentage point greater employment rate than ethnic minority females, at 77.8%
- COVID-19 and the associated economic downturn is likely to have strongly influenced these numbers. The numbers for lockdown and post lockdown periods are expected in October.
- Time series analysis and local authority analysis available in the appendix

Group	Employed	Rate
All - aged 16-64	604,300	79.0
All - aged 16-24	81,600	58.9
All - aged 50+	182,200	43.9
Males - aged 16-64	309,100	80.7
Males - aged 16-24	45,300	56.3
Males - aged 50+	94,800	47.7
Females - aged 16-64	275,300	77.2
Females - aged 16-24	36,300	62.4
Females - aged 50+	87,500	40.4
White males - aged 16-64	285,000	81.9
Ethnic minority males - aged 16-64	23,700	70.3
White females - aged 16-64	251,100	77.8
Ethnic minority females - aged 16-64	24,000	71.1

Claimant Count

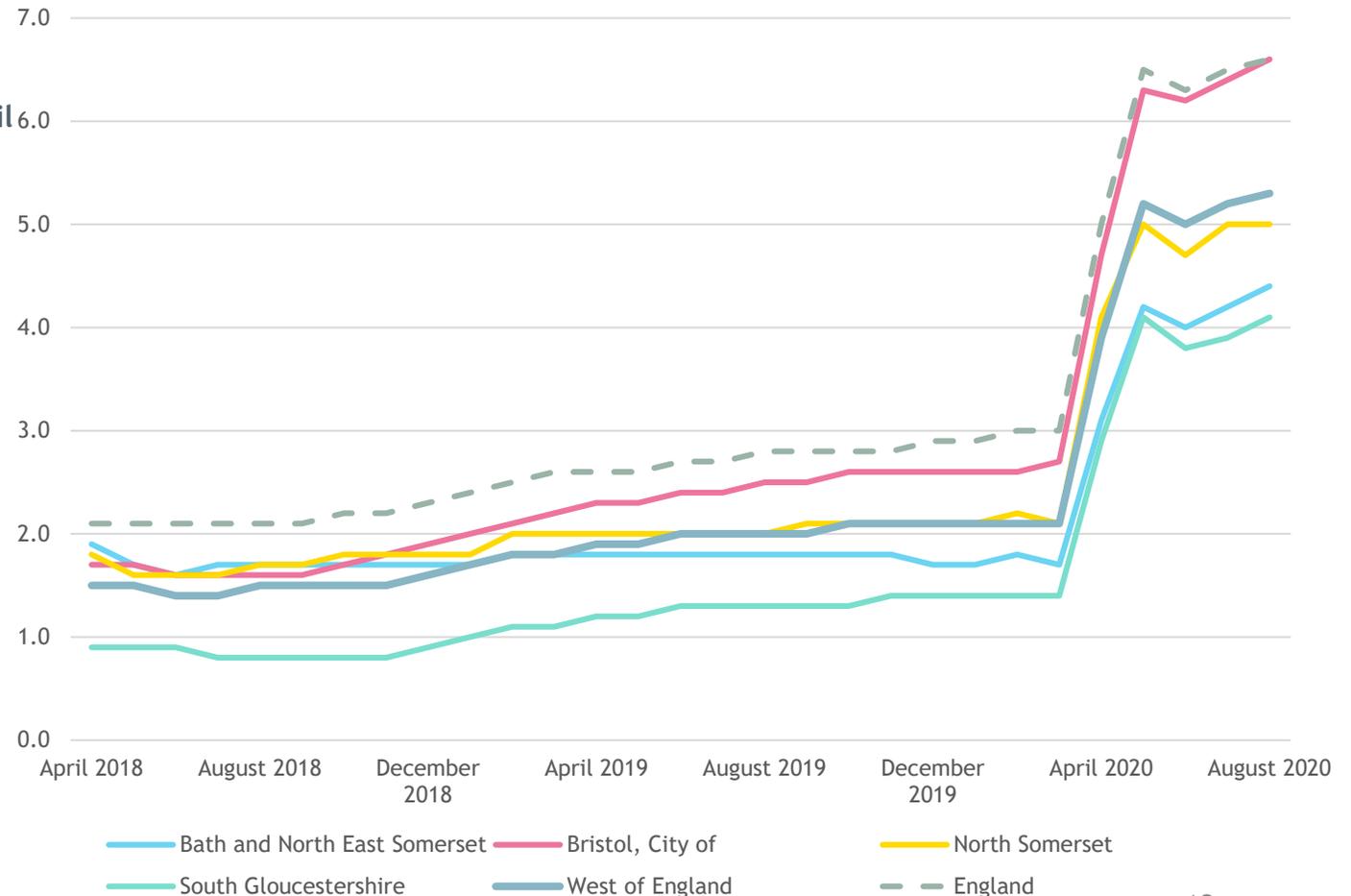
As of August 2020 5.3% of working age population in the West of England were claiming unemployment benefits (39,695 residents). This is in line with the 5.2% reported for July 2020.

Whilst the number of claimants continues to rise this appears relatively stable compared to the spike seen in April and May 2020. However, there are now 23,920 more claimants in the West of England than there were in February 2020, before the effects of the pandemic hit.

The rate in the West of England remains below the national rate of 6.6% for August 2020, however the claimant rate in Bristol now matches the national rate.

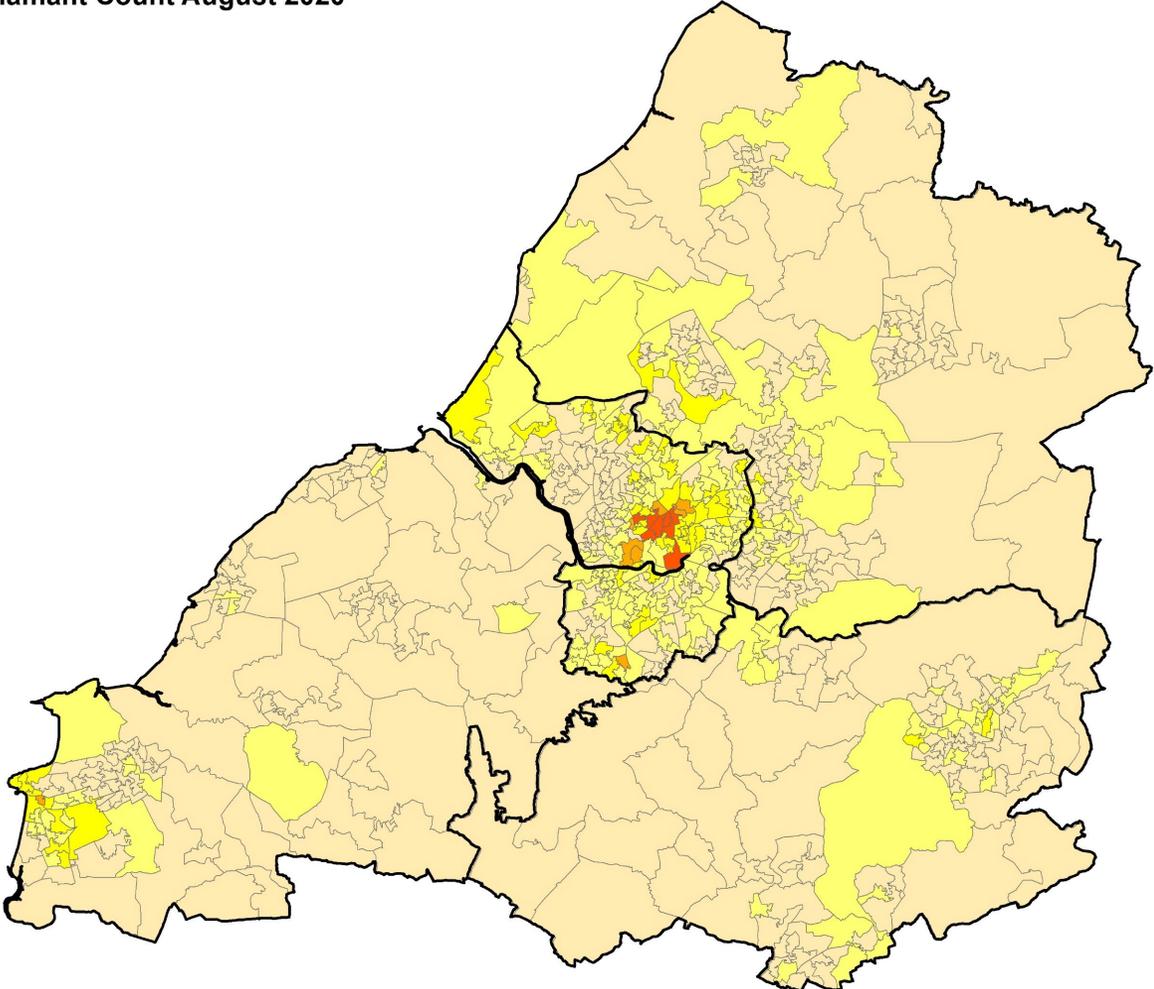
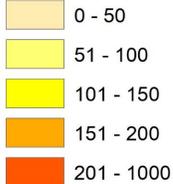
August 2020	Count	% of working age
B&NES	5,410	4.4
Bristol	20,835	6.6
N.Som	6,180	5.0
S.Glos	7,265	4.1
West of England	39,695	5.3
England	2,314,695	6.6

Percentage of Working Age Residents Claiming Unemployment Related Benefits



Unemployment remains highest in areas with high unemployment pre-covid

Unemployment Claimant Count August 2020

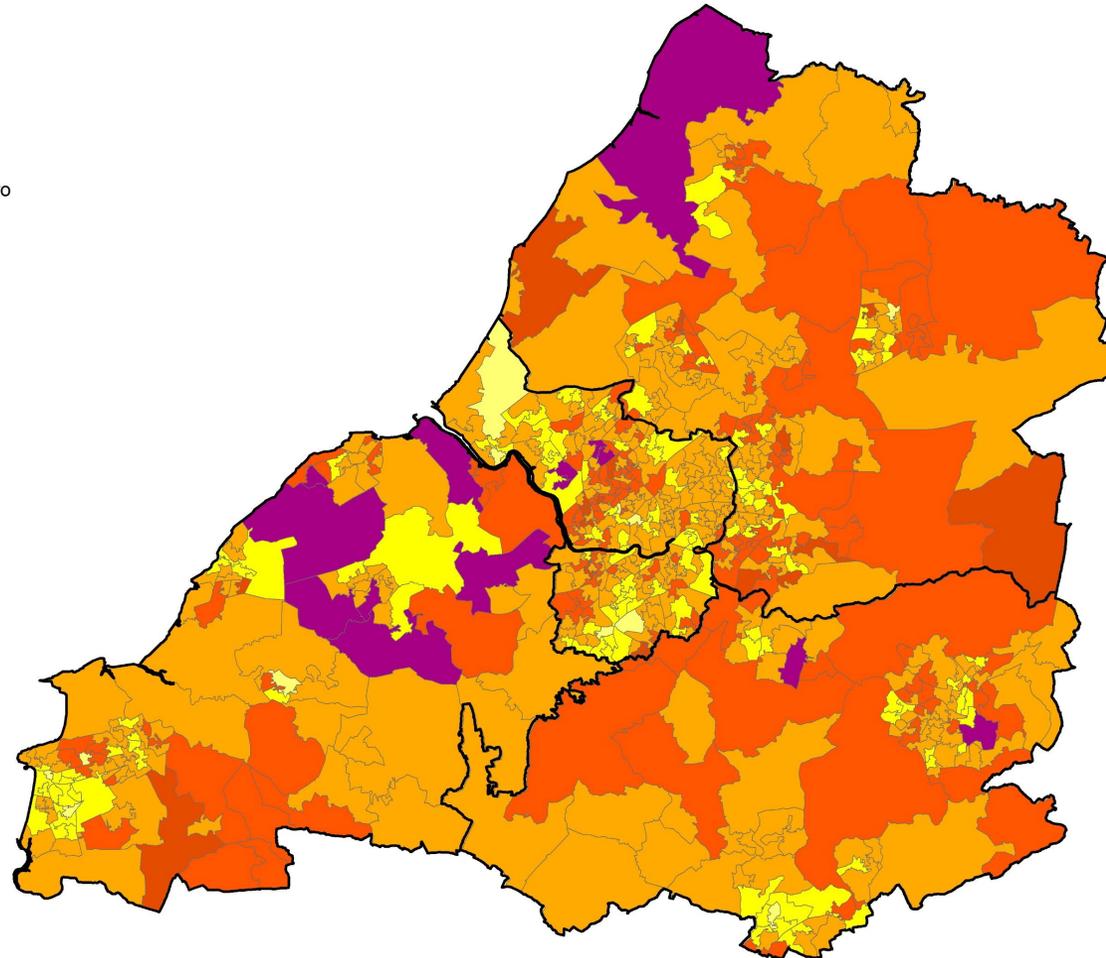


10 5 0 10 Kilometers

All areas have seen a rise in the number of claimants becoming more widespread

Claimant Count (Total) Percentage Change March - Aug 2020

- 0% - 50%
- 51% - 100%
- 101% - 250%
- 251% - 500%
- 501%+
- Increase from zero

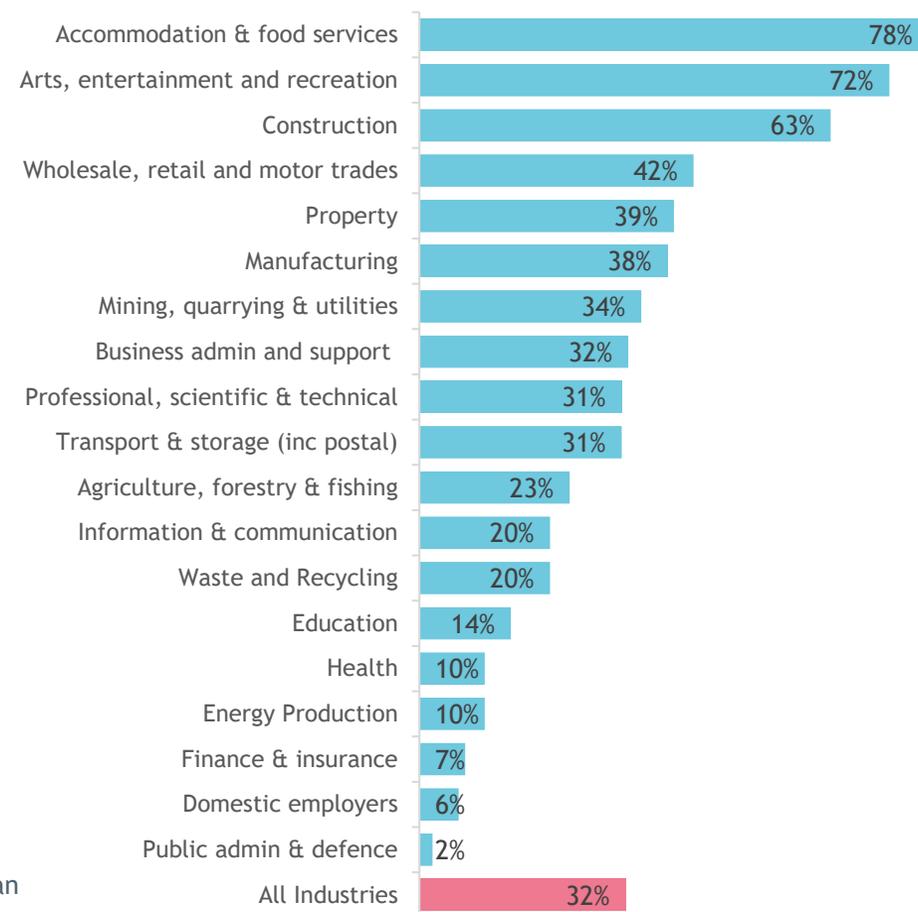


10 5 0 10 Kilometers

Furlough Numbers

- As of 16 August 2020, 9.6 million people in the UK have been furloughed.
- As of 31 July, 170,900 West of England employees have been furloughed, representing around 30% of those eligible for furlough.
- Nationally, employees aged 16-21 are most likely to be furloughed, with a take-up rate of over 52% of those eligible.
- This is likely to be driven by the sectors they work in - for example, 16-24 year olds make up 19% of the working age population in the West of England, but 37% of the accommodation, food and transport sector. They are also more likely to be in junior roles, so are particularly vulnerable to their roles being furloughed.
- In the South West, furlough levels are highest among the accommodation and food sector (78% of the eligible workforce); arts, entertainment and recreation (72%); and construction (63%). This information is not yet available at a local authority level.
- Nationally, at age 22 and above females were less likely to be furloughed than males. In part this reflects the sectors men and woman tend to work in - for example relatively more women work in the education and health sectors, which have experienced a relatively low level of furloughing.

% South West workforce furloughed by industry (31 July)



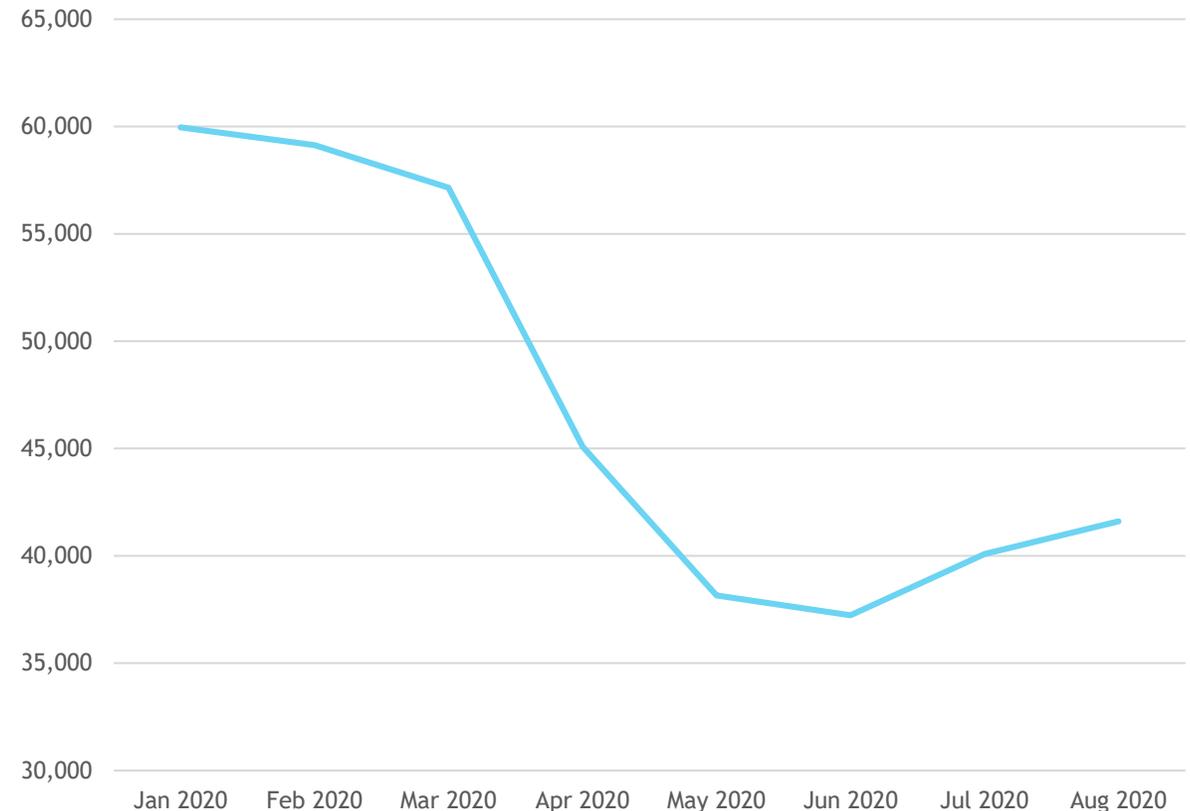
NB: Percentages are calculated based on number of employments eligible for furlough, which may be slightly less than the total workforce, due to a small number of people not eligible for furlough (e.g. new starters)

CURRENT LABOUR MARKET DEMAND

Job postings

- The total number of unique job postings in the West of England fell by 31% January to August.
- There has been a slight uptick in postings since its low in June.
- ‘Professional occupations’ such as lawyers, software developers and accountants, had the highest number of postings as a group.

West of England LEP - Unique job postings



Source: Emsi Economic Modelling, [ONS Coronavirus and the latest indicators for the UK economy and society: 6 August 2020](#)

N.B. Given the nature of this tool, insights should be used comparatively rather than nominally.

Hard skills demand

- **IT skills** feature in the top ‘hard skill’ demands from job adverts. These skills are transferable and are useful in both the IT industry itself, as well as in other industries.
- **Financial skills** (accounting/ auditing) and **healthcare** related skills are also frequently demanded
- **The skills that feature most frequently align with the more resilient sectors to the COVID economic downturn.** They were ‘Information and Communication’ , ‘Energy Production’ and ‘Finance and Insurance’. **Skills demand in this current period is broadly similar to the last 3 years**, apart from the drop in demand for sales skills.
- Note: *Web-scraping data (EMSI) gives us an indication of skills demand from job adverts. Given that jobs with higher turnover (for example, hospitality) recruit more often due to churn in roles, this should be treated indicatively only.*

Most Frequently Sought Hard Skills in Job Adverts

Skill	Frequency in Postings	Postings with Skill (May 2020 - Jul 2020)*
Auditing	4%	2,488
Agile Software Development	4%	2,220
Business Development	4%	2,200
Nursing	3%	2,053
Accounting	3%	1,820
Mental Health	3%	1,788
Welfare	3%	1,616
Key Performance Indicators (KPIs)	2%	1,511
JavaScript (Programming Language)	2%	1,484
Warehousing	2%	1,376

* Out of a total of 61,200 postings

Demand for soft and employability skills

- ‘Soft’ and general employability skills are frequently required in vacancies. This highlights their importance for those out of work.
- Communication and management skills are the two most frequently required soft skills within job postings.
- Sales is 3rd, with a 13% frequency in postings. This could also reflect high turnover than sales roles experience.
- *Note: Web-scraping data (EMSI) gives us an indication of skills demand from job adverts. Given that jobs with higher turnover (for example, hospitality) recruit more often due to churn in roles, this should be treated indicatively only.*

Most Frequently Sought Soft Skills in Job Adverts

Skill	Frequency in Postings	Postings with Skill (May 2020 - Jul 2020)*
Communications	24%	14,665
Management	19%	11,676
Sales	9%	5,505
Enthusiasm	9%	5,497
Customer Service	9%	5,376
Innovation	7%	4,403
Leadership	7%	4,377
Teaching	7%	4,006
Detail Oriented	6%	3,516
Operations	5%	2,769

* Out of a total of 61,200 postings

Transferrable and commonly sought Skills

From the evidence available, demand appears to be strong for individuals with technology and engineering skills, as well as skills in finance and business.

Some more traditional, more vocational roles also experience demand, such as those in healthcare, **HGV drivers and Teachers**. Key areas of high-demand skills include:

- (1) **STEM subjects** - these are the basis of many technological jobs
- (2) **Digital/ technology skills** - these are applicable both within the important and resilient IT, creative and digital sectors, as well as in a variety of other jobs.
- (3) **Specific vocations** - training for specific jobs currently in demand (based on evidence), for example warehouse operatives and HGV drivers, care workers, and nurses.

Top Occupations Advertised

Occupation	Number of unique posts, May - July 2020
Nurses	3,665
Programmers and software development professionals	2,428
Care workers and home carers	2,113
Sales accounts and business development managers	1,864
Primary and nursery education teaching professionals	1,666
Finance and investment analysts and advisers	1,334
Solicitors	1,333
Van drivers	1,230
Business and financial project management professionals	1,154
Cleaners and domestics	1,105

Salaries

- **Median earnings vary largely between different sectors**, with those in Elementary Occupations having a median income 44% of the size of the Professional Occupations median.
- **Job postings from the period of May - July 2020 that included a salary indication had an average salary of £31600 per annum.** This is £1600 more than the November to January posting period which averaged £30,000 per annum.
- **This rise in average salary is in part driven by a fall in the proportion of advertised lower paid positions - 38% of postings with a salary indication were lower than £25k per annum in the Nov 2019 - Jan 2020 period, which fell to 33% in the May - July 2020 period.**

Salary by Occupation

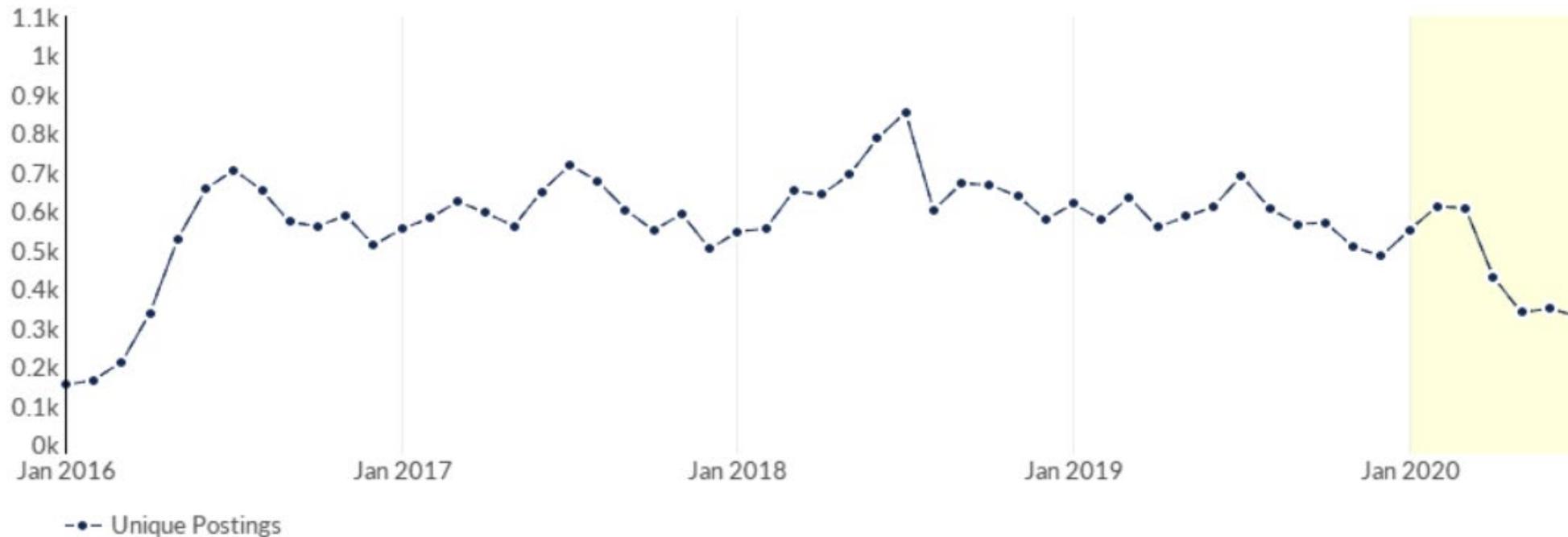
Occupational Category	Median Hourly Wages
Professional Occupations	£20.72
Managers, Directors and Senior Officials	£19.55
Associate Professional and Technical Occupations	£15.08
Skilled Trades Occupations	£12.47
Process, Plant and Machine Operatives	£11.43
Administrative and Secretarial Occupations	£11.25
Caring, Leisure and Other Service Occupations	£9.87
Sales and Customer Service Occupations	£9.56
Elementary Occupations	£9.03

Apprenticeships

Apprenticeships in the years 2017, 2018 and 2019 experienced a spike in postings leading up to July, in line with the end of the academic year. In 2020, we have seen the opposite happen, with a downward trend in postings.

This is in line with anecdotal discussions we have observed in our sector groups, who have highlighted the difficulties they are facing regarding keeping on current apprentices, hiring new ones, and the trade offs between both.

Unique Postings Trend



APPENDIX

Regional Specialisms

The West of England has some specialist industries, which employ more people proportionally than the national average, as shown by the Location Quotient (LQ). For example, Vehicle and Defence Technology has an LQ of 1.75, meaning this industry is 1.75 larger than the UK average for an area of the same size.

Looking at this alongside the proportion of GVA these industries deliver, we can see some areas of specialisation that deliver a significant proportion of the GVA, for example:

- Civil Engineering
- Education and Knowledge Creation
- Creative
- Financial and Legal Services
- Digital

Sector	Location Quotient	% of GVA	GVA Quotient	National Change %
Vehicle and Defence Technology	1.75	2.79%	1.73	2%
Civil Engineering	1.45	4.89%	1.30	6%
Utility	1.4	1.61%	0.78	-3%
Education and Knowledge Creation	1.38	2.74%	1.04	0%
Government	1.36	6.00%	1.36	4%
Local Environmental Services	1.21	0.71%	1.20	6%
Creative	1.19	1.72%	0.71	4%
Property Development	1.14	6.38%	0.84	-1%
Construction Products and Services	1.14	0.21%	1.01	-1%
Financial and Legal Services	1.1	9.80%	0.97	-8%
Printing and Publishing	1.08	1.14%	1.15	-7%
Digital	1.07	4.98%	0.93	-6%
Health and Care	1.07	8.44%	1.00	2%
Sports and Leisure	1.05	1.15%	0.65	3%
Metalworking Technology	1.04	0.56%	1.32	4%
Passenger Transport	1.03	0.64%	1.09	-1%
Food and Beverage	1.02	4.89%	0.87	2%
Automotive Services	1.01	1.85%	0.96	-2%

Claimants Aged 16-24

As of August 2020 there were 8,030 claimants aged between 16–24; 5.2% of the population in that age cohort.

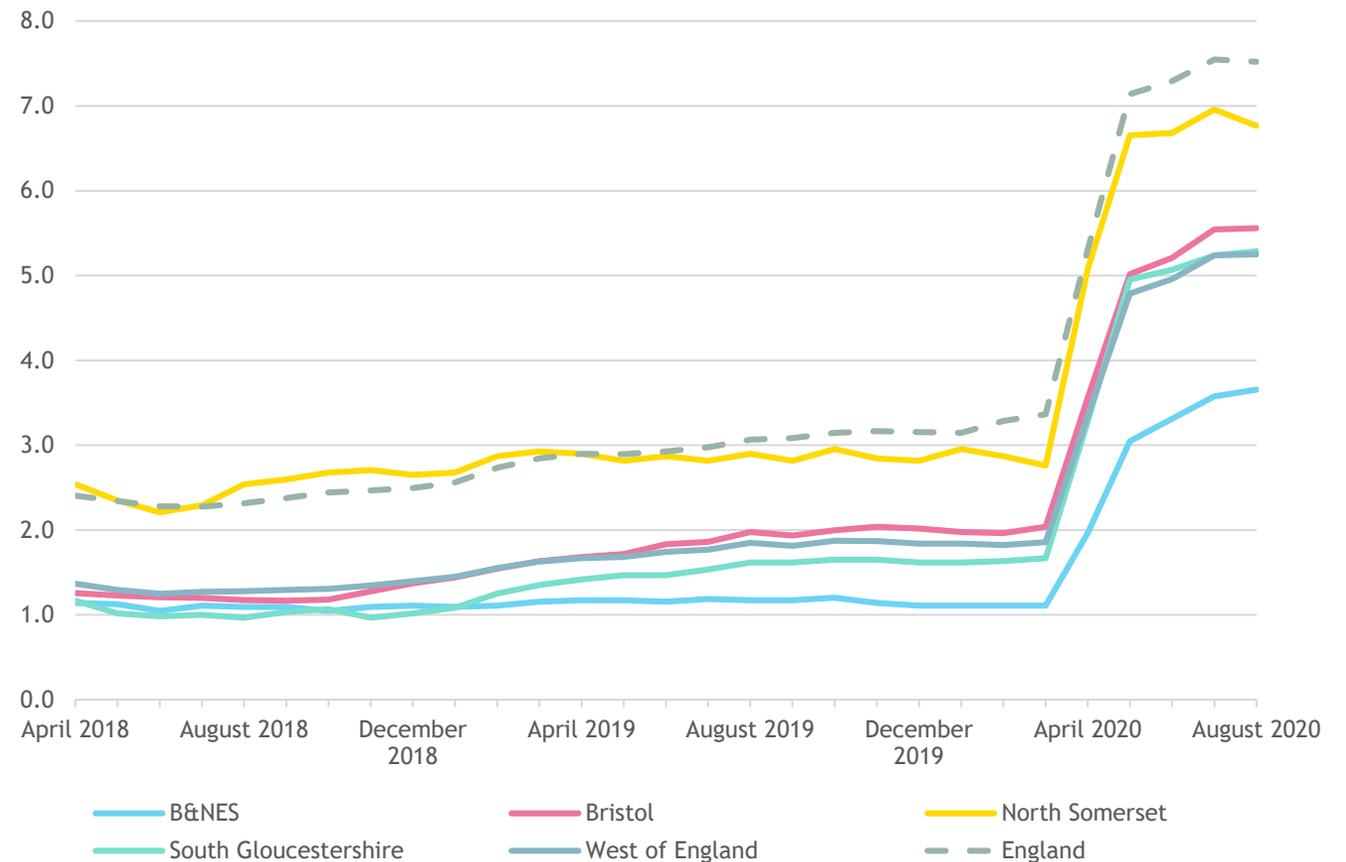
This is the same to the 5.2% reported in July 2020, however, represents an increase of 283% from March 2020 - equating to an additional 5,190 young claimants.

All four unitary authorities in the West of England have seen a spike in the number of young claimants; ranging from 3.7% of the cohort in Bath and North East Somerset to 6.8% in North Somerset

Despite the sharp increase in ‘young’ claimants, the rate in the West of England and the four unitary authority remains below the national rate of 7.5%.

August 2020	Count	% of age group
B&NES	1,170	3.7
Bristol	4,050	5.6
N.Som	1,225	6.8
S.Glos	1,585	5.3
West of England	8,030	5.2
England	447,730	7.5

Percentage of residents 16-24 claiming unemployment related benefits



Claimants Aged 50+

As of August 2020 there were 8,050 claimants aged 50+; 4.0% of the population in that age cohort.

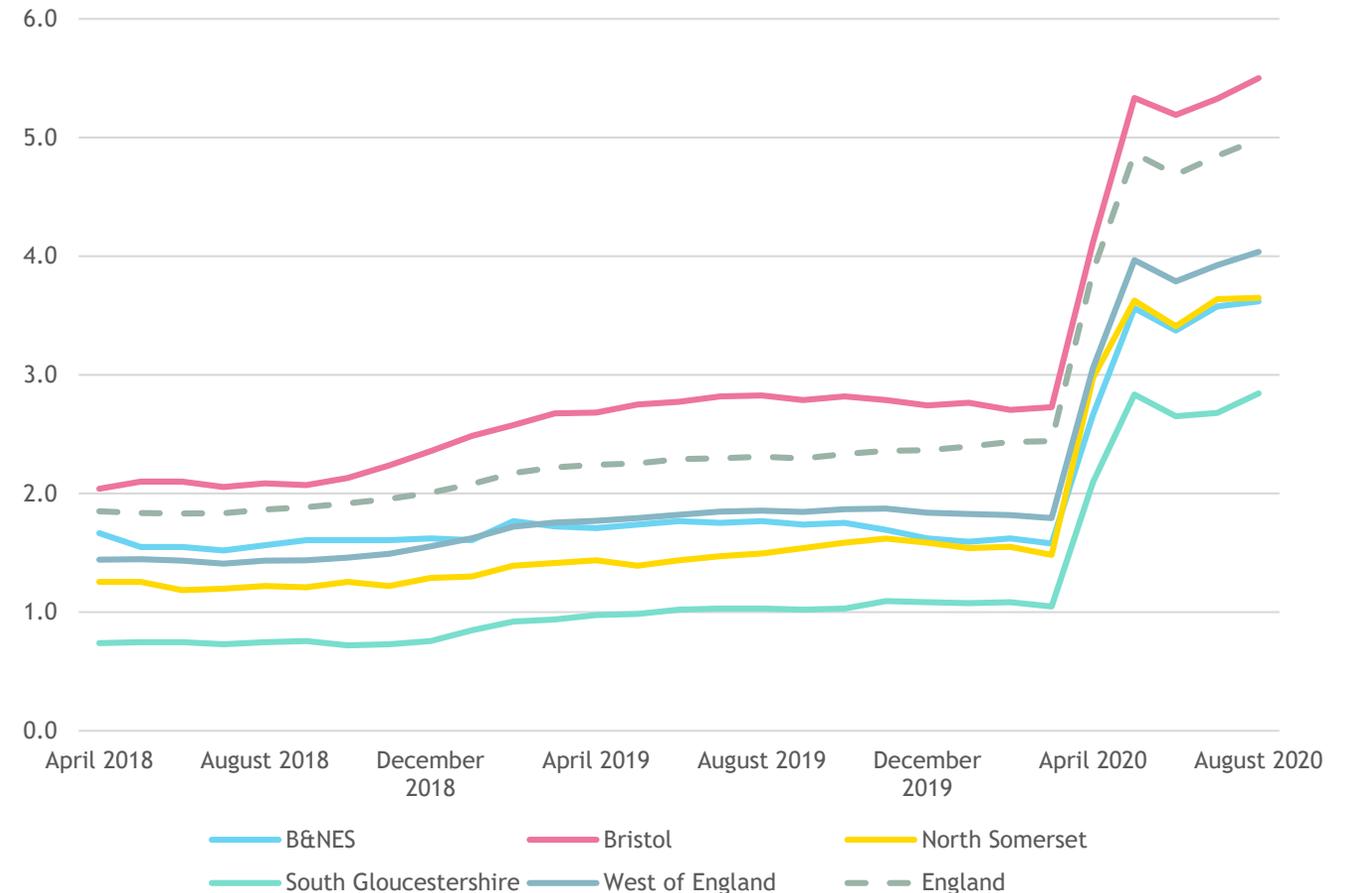
This is similar to the 3.9% reported for July 2020, however represents an increase of 125% 'older' claimants on March 2020, equating to an additional 4,475 people.

All four unitary authorities in the West of England have seen a spike in the number of 'older' claimants; ranging from 2.8% of the cohort South Gloucestershire to 5.5% in Bristol.

The rate of 'older' claimants in the West of England remains below the national rate of 5.0%; however the rate in Bristol exceeds the national rate.

August 2020	Count	% of age group
B&NES	1,250	3.6
Bristol	3,640	5.5
N.Som	1,600	3.6
S.Glos	1,560	2.8
West of England	8,050	4.0
England	532,895	5.0

Percentage of residents 50+ claiming unemployment related benefits

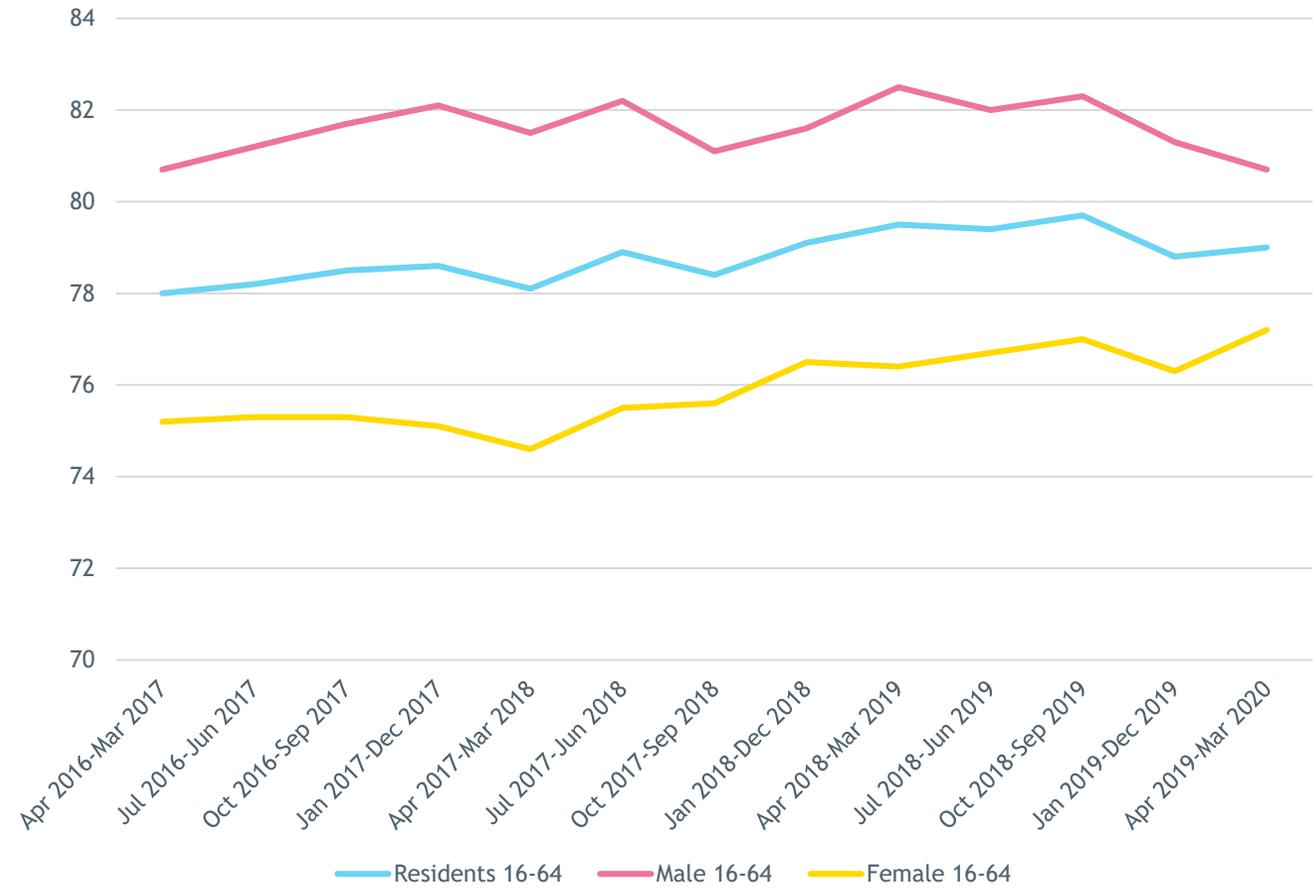


Employment Rate - Time Series

- The employment rate has remained broadly stable since March 2017.
- Males have a consistently higher employment rate than females, but the gap has decreased in size since March 2017, decreasing from a 5.5 percentage point gap to a 3.5 percentage point gap in the year to 2019.
- We do not have data post COVID until October. We are monitoring this data closely in light of current labour market conditions.

Date (12 months to)	Residents 16-64	Male 16-64	Female 16-64
Mar 2017	78.0	80.7	75.2
Jun 2017	78.2	81.2	75.3
Sep 2017	78.5	81.7	75.3
Dec 2017	78.6	82.1	75.1
Mar 2018	78.1	81.5	74.6
Jun 2018	78.9	82.2	75.5
Sep 2018	78.4	81.1	75.6
Dec 2018	79.1	81.6	76.5
Mar 2019	79.5	82.5	76.4
Jun 2019	79.4	82.0	76.7
Sep 2019	79.7	82.3	77
Dec 2019	78.8	81.3	76.3
Mar 2020	79.0	80.7	77.2

Percentage of West of England LEP residents aged 16-64 currently employed



Employment Rate - All data

Group	Bath and North East Somerset	Bristol, City of	North Somerset	South Gloucestershire	West of England	England
Males 16-64	81.5%	77.3%	85.8%	83.3%	80.7%	80.2%
Males - aged 16-19	33.3%	33.1%	58.5%	34.3%	37.1%	32.5%
Males - aged 20-24	60.2%	61.9%	72.0%	76.1%	66.8%	68.1%
Males 50+	54.0%	46.1%	46.2%	46.7%	47.7%	47.6%
Females 16-64	74.0%	75.2%	77.5%	83.0%	77.2%	72.3%
Females 16`	29.3%	46.1%	55.6%	69.8%	49.3%	37.9%
Females - aged 20-24	64.0%	62.6%	64.9%	84.4%	69.6%	66.3%
Females 50+	38.3%	42.1%	43.2%	37.4%	40.4%	39.0%
White males 16-64	82.9%	78.9%	85.9%	83.6%	81.9%	81.3%
Ethnic minority males 16-64	63.6%	67.6%	80.0%	79.4%	70.1%	74.5%
White females 16-64	74.0%	75.6%	78.8%	83.6%	77.9%	74.9%
Ethnic minority females 16-64	72.7%	72.4%	52.9%	74.1%	70.7%	59.7%