CAPITAL CITY PARTNERSHIP

Summary of COVID Related Publications - Issue 8, September 14th 2020

Alongside summaries of new statistical updates this issue also refers to articles and papers that provide a more focused analysis, present forecasts for what the situation might me over the next couple of years or argue for changes in policy to reduce unemployment and help the economy.

In terms of the overall statistical picture Fraser of Allender Institute (FAI) have put together papers that provide a picture of the Scottish Economy. Office for National Statistics have produced a similar report, but their version is lighter on commentary. These two publications also include data on recruitment trends, which is also covered in the KPMG report that was published on the 9th September.

More focused analysis ranges from a paper produced by EVOC which looks at the impact on the voluntary sector, discussion around the income protection policies and how that has effected spending (Institute of Fiscal Studies report published on the 10th September). The resolution foundation has looked at the same sort of data around the impact of the Chancellors income support measures, however they focus more on how take up has differed by age.

The Joseph Rowntree Foundation published a report on the 9th September that makes the case for the retention of the additional £20 uplift to particular benefits that came in at the start of the pandemic. Other researchers at JRF provide useful evidence on which sectors and localities are most at risk. Whilst presented in a rather generic way for geographies the employment sector 'risk index' is very interesting.

Also worth highlighting is the Local Government Information Unit summary of the Scottish Government's programme launched at Holyrood on the 1st September. There is a link in this discussion to the programme itself which is available on the Scottish Government webpage, but the key aspects for LAs and particularly for employability are in this summary. LGIU have also produced a paper on how health impacts on employability but also indicates how LAs may have to scale back on preventative interventions to free resources to be spent on what they have called 'late stage interventions'.

One thing we can see is that the number of papers, articles and updates that are being produced continues to remain high. This coming week the next claimant count data is due to be published on NOMIS so one would suggest that issue 9 will reflect heavily on these figures.

September 2020

On Notice: Estimating the impact on redundancies of the Covid-19 crisis. IES, 14/9/2020

https://www.employment-studies.co.uk/system/files/resources/files/On%20Notice%20-%20estimating%20the%20impact%20on%20redundancies%20of%20the%20Covid-19%20crisis.pdf?utm_source=IES+emailing+list&utm_campaign=06405e5ad5-EMAIL_CAMPAIGN_2019_05_14_03_45_COPY_01&utm_medium=email&utm_term=0_f11585705b-06405e5ad5-364968444

This briefing note uses newly released data from employers planning 20 or more redundancies and sits this alongside historic estimates of actual redundancies to estimate the potential path of job losses this year. In their discussion they look at redundancies of less than 20 and therefore not being required to submit any paperwork and based on the historical data what this could mean currently?

Based on the relationship between HR1 (the notification forms submitted for firms employing 20 or more) and LFS data they have estimated the potential scale of redundancies that we will see in the second half of 2020 (between July and December).

The central scenario takes as a starting point that actual redundancies will be 1.2 times higher than the HR1 notified redundancies, i.e. that it will follow the same relationship as we have seen on average over the period since spring 2015. This has then been lagged by two months – so HR1 notifications from June lead to redundancies in August; those from July will occur in September; and so on. This means that estimates for the period up to September 2020 are based on the actual HR1 data provided to IES.

Their central estimate is that this may lead to around 450,000 redundancies in the third quarter of 2020 – significantly higher than the quarterly peak in the last recession (of just over 300,000) – and a further 200,000 redundancies in the final quarter of the year. If the current situation differs – for example there are more redundancies in smaller companies (less than 20 employees) this could increase significantly similarly if notified redundancies fail to materialise then their forecast could reduce.

Latest data on the Scottish economy, Fraser of Allender Institute, 11/9/2020

https://fraserofallander.org/covid/latest-data-on-the-scottish-economy-update-11th-september-2020/

This update provides a snapshot of new data on the Scottish economy and Scottish households based on data released in the last fortnight.

They consider the latest (11/9/2020) GDP figures for the UK which highlight strong growth in July of 6.6%. However, to put this in context, the economy is still 12% smaller than in February and this magnitude of growth should be expected as the economy is recovering from a very low base. FAI give the example of output in the accommodation and food services industry, which whilst it grew by 140% in July, is only producing 40% of what it was in February.

The number of vacancies remains below trend, but improvements can be seen month-on-month. The government's furlough scheme now only covers 70% of employee wages, dropping to 60% in

October, and is due to close at the end of next month. The real impact of Covid-19 on the labour market is expected to be seen in the coming months once this scheme comes to an end.

From a survey they have looked at the question '*In the last two weeks, how has the coronavirus (COVID-19) pandemic affected your business's turnover, compared to what is normally expected for this time of year?*'. From this they have found that Scottish businesses continue to report lower turnover than usual compared to the UK overall, with over half of businesses reporting decreased turnover compared to what is normally expected at this time of the year.

Based on Google searches for products and services in Scotland during the week commencing 30th August they have found that interest in cars, hotels, and restaurants remained above last year's levels throughout most of the summer, but interest in theatres is yet to show any signs of recovery.

FAI have looked at the Adzuna data on vacancies. They have found that the number of advertised vacancies in Scotland continued to increase slightly in August compared to previous months but remained 45% lower compared to August 2019. The pace of recovery in vacancies has differed amongst Scottish cities – smaller cities like Dundee and Stirling saw their number of vacancies fall less during the height of the lockdown and are recovering faster compared to the bigger cities (Edinburgh, Glasgow, Aberdeen).

They have also looked at the number of claims under the Eat Out to Help Out and found that up to the 27th August Over £360m has been provided by the UK government for discounted meals across the UK. The degree of support has varied across regions. Overall, Scotland received around £38m from the scheme. Northern Ireland saw the highest volume of support per registered restaurant. Scotland and Wales received the lowest amount of support per registered restaurant. However, Scotland received the second-highest amount of support per meal amongst UK regions.

Looking at the latest findings from the ONS Business Impact of Coronavirus Survey FAI found that a larger share of businesses in Scotland have cash reserves expected to last more than 6 months than the UK overall. While Scottish businesses have more reserves than UK businesses overall, there is still a significant share of businesses with reserves lasting under 6 months; or no cash reserves at all.

They also reflect on the fact that whilst the number of crisis grant applications and volume of expenditure continued to fall in July compared to previous months it remains around 16% higher compared to July 2019.

Income protection policy during COVID-19: evidence from bank account data. Isaac Delestre, Robert Joyce, Imran Rasul and Tom Waters, IFS, 10/9/2020

https://ifs.org.uk/uploads/BN303-Income-protection-policy-during-COVID-19-evidence-from-bank-account-data.pdf

This report looks at the financial outcomes for those who drew on the income support offered by the Government during the pandemic. It is useful as it gives information on the extent to which individuals will have seen income fall as a result of the pandemic. They have utilised anonymised user data from the Money Dashboard (MDB) budgeting app which track the financial transactions of app users in real time. The data covers financial transactions until the end of July 2020.

In their summary they found that different forms of income protection have played very different roles. On average, new claimants of UC saw a fall in net income of about 40% during the crisis (even including UC itself). For households with a furloughed employee (whose employers did not voluntarily top up the government's support to maintain full pay), this figure is 13%. And for the self-employed receiving the SEISS grant, it was just 4% on average. That said, and particularly for the SEISS, there are people who fell through the cracks in entitlement, and the averages mask much variation in how comprehensively incomes were maintained.

They indicate that recipients of both UC and SEISS have to make a claim and wait for their support to arrive, often seeing incomes fall one or two months before receiving the funds. During that period, these groups reduced their spending by about 11% and 13% respectively compared with similar households who had not seen an income fall.

The dynamics of the crisis for furloughed employees have been different. For those whose employers did not voluntarily top up their CJRS to full pay, by the end of June on average their spending had fallen by about 14% relative to otherwise-similar households whose incomes did not fall during the crisis.

During the pandemic, the share of households making mortgage payments fell by around a quarter for CJRS beneficiaries and by a third for SEISS recipients. The number of new UC claimants making mortgage repayments halved. This often occurred simultaneously with, or even before, a fall in income, and (in the case of UC and SEISS recipients) before they received government support.

Coronavirus and the latest indicators for the UK economy and society: 10 September 2020, ONS, 10/9/2020

https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukeconomyandsocietyfasterindicators/latest

This is the latest in ONS's early experimental data on the impact of the coronavirus (COVID-19) on the UK economy and society. Looks at a range of of indicators including: the position of business, VAT returns, online job adverts and footfall.

According to the latest Business Impact of Coronavirus (COVID-19) Survey (BICS) 36% of the workforce were working remotely and 11% were still furloughed. In addition for a third consecutive month, between June and July 2020, more firms reported increasing turnover than decreasing turnover, in the latest HMRC VAT business turnover returns.

In the week commencing 31 August, footfall in retail parks remained around 90% of its level the same day a year ago, while footfall in high streets and shopping centres remained a little below 75%.

Slightly less positive was the finding that between 28 August and 4 September, total online job adverts (based on Adzuna data) decreased from 55% to 50% of their 2019 average, decreasing in every region and country of the UK. They recorded a decline in 26 of the 28 categories (excludes the "unknown" category). In particular, the volume of online job adverts in the category of healthcare and social care decreased by 10 percentage points, bringing it to 84% of its 2019 average, its lowest level in 2020. Also, less positive was that in the week starting Saturday 29 August, company voluntary dissolution applications increased to 1,071 per working day, rising above the Quarter 3 2019 average (1,008)

COVID-19 Research: Common Themes and Lessons Learned (August 2020), Tessa Williams, EVOC, 10/9/2020

https://www.evoc.org.uk/about-evoc/evoc-news/

Based on research undertaken throughout the COVID-19 pandemic EVOC have looked at the immediate response of the voluntary sector, the impact on organisations and citizens, and what support will be needed post-pandemic. They plan to update this throughout the autumn.

Presents 4 key points that are particularly relevant to the voluntary sector

1. There will be long-term economic consequences for the voluntary sector and additional funding is needed. Nationally, organisations were struggling financially pre-pandemic and the further reduction of income is going to have long-term consequences for the voluntary sector.

2. There is a growing demand for support from individuals due to effects of the pandemic, such as job losses and poor physical and mental health. The National Emergencies Trust SEFAB Briefing found that 1 in 6 people in the UK has sought charitable support as a result of the pandemic

3. Suggests that the voluntary sector responded quickly, adapted well and has increased collaboration between organisations.

4. Argues that the damaging effects on individuals and communities will have long-term consequences.

This paper provides reference to a range of different sources which are often Scottish and in some instances Edinburgh focused. As a result, it can be used as a signpost document for further information around these 4 key points.

KPMG and Recruitment and Employment Confederation UK report on jobs, KPMG, 9/9/2020

https://home.kpmg/uk/en/home/media/press-releases/2020/09/kpmg-and-rec-uk-report-on-jobs.html

The latest KPMG and REC, UK Report on Jobs survey. It is compiled by IHS Markit from responses to questionnaires sent to a panel of around 400 UK recruitment and employment consultancies. The report signalled a renewed upturn in hiring activity in August as more parts of the economy reopened. Although permanent placements rose only slightly, temp billings expanded at a rate not seen for 20 months. The number of job seekers rose at the second-steepest rate in over two-decades of data collection amid reports of widespread redundancies. Consequently, recruiters signalled further drops in starting salaries and temp wages. All ten monitored sectors recorded lower demand for permanent staff in August bar Nursing/Medical/Care. Retail continued to record the steepest drop in vacancies, followed by Hotel & Catering.

Autumn Budget - why we must keep the £20 social security lifeline, Ian Porter, Joseph Rowntree Foundation, 9/9/2020

https://www.jrf.org.uk/report/autumn-budget-why-we-must-keep-20-social-security-lifeline

Looks at the £20 per week uplift to Universal Credit and Working Tax Credit introduced during COVID 19 and the affect it has had on families. In particular, the researchers make the case for its retention beyond April 2021 when it is due to be removed. Based on modelling he suggests that around 16 million people are in families that will feel an overnight loss of £1,040 per year when the uplift is removed. Losses will be heavily felt by lower-income families, with almost 60% of people losing out being in the bottom three income deciles.

He goes on to argue that whilst the Government will need to invest in good jobs, employment support, skills and infrastructure, whilst ensuring work incentives support people as the recovery takes hold, this will take time and continuing public health risks, local lockdowns, and other ongoing constraints will make the route back to work challenging for many. It will be particularly difficult for parents, particularly single parents, who rely on jobs with sufficient flexibility to accommodate childcare needs.

Scotland's pubs and bars face unprecedented challenges with fears up to 12.5k jobs could be lost., KPMG and SLTA, 9/9/2020

https://home.kpmg/uk/en/home/media/press-releases/2020/09/scotland-s-pubs-and-bars-face-unprecedented-challenges-with-fears-up-to-12-5-k-jobs-could-be-lost.html

This article presents the results of a work carried out by KPMG and Scottish Licenced Trade Association. The survey which represents over 10% of Scotland's On-trade premises, highlights that 45% of business owners do not expect a return to any sort of normal trading until a vaccine is found. The survey also revealed that up to 25% of the 50,000 jobs in the sector could be lost and coupled with the introduction of reduced opening hours for many businesses and a subsequent reduction in working hours for staff, all jobs in the sector are effectively under threat. They found that 63% of businesses are employing less people now than in January (traditionally a quiet month), and it is forecast this will increase to 70% less employees by Christmas. There is evidence that venues in rural and tourist locations are faring slightly better than in urban areas with 77% showing a revenue decline versus 89% nationally.

All together now? The impacts of the Government's coronavirus income support schemes across the age distribution. Mike Brewer and Karl Handscomb, Resolution Foundation, 9/9/2020

https://www.resolutionfoundation.org/app/uploads/2020/09/All-together-now.pdf

This note looks at how that financial support has been distributed across people from different age groups during the first months of the crisis.

The key findings are:

1. Those in their early 20s are most likely to have been furloughed on the JRS, with a fifth of all employees on the JRS under the age of 25. But JRS spending has been more evenly distributed across different age groups, as younger workers tend to earn less. JRS spend per employee is highest for those aged 47, where the average cost is £1,400 per month compared to less than £1,000 per month for those aged under 25.

- The beneficiaries of the temporary boost to UC and Working Tax Credits (WTC), along with the permanent increase in the Local Housing Allowance (LHA), are most common among those in their early 30s. Over a million people in this age cohort, who are most likely to be working parents with young children, have received extra support.

- Older workers are the most likely to have received support via the SEISS, with recipients most likely to be found among those aged 50 to 55. Around 680,000 workers aged 45-54 made a claim, with payments totalling almost £2 billion, compared to just over 600,000 claims across all workers aged 35 and under totalling just £1.6 billion.

The cost of the programmes was initially fairly evenly spread across those aged 25 to 55. This is because the profile of spending is dominated by the JRS, by far the most expensive programme. Spending on the JRS is more evenly distributed across different age groups than are its recipients, because younger furloughed workers tend to earn less.

What can local government do to prevent the recession from becoming another burden on health?, Adam Tinson, LGIU, 9/9/2020

https://lgiu.org/what-can-local-government-do-to-prevent-the-recession-from-becoming-another-burden-on-health/

In this, Adam Tinson of The Health Foundation, asks how we can prevent a worsening of health outcomes linked to poverty as the recession starts to bite. Much of the article focuses on how poverty and ill-health are linked and there is likely to be increases in both as the pandemic continues to impact on the economy and in particular when the furlough scheme starts to wind down in October.

Some of those on the lowest incomes have been helped from increases in certain benefits, which are set to expire next spring. Tinson suggests that allowing these to expire next year when unemployment is likely to be considerably higher would inevitably result in further hardship given the inadequate level of social security going into the pandemic.

He asks where do these findings leave local government as we enter the next stage of the Covid crisis? He suggests that there has been shifts from preventive spending to late intervention spending in housing, children’s services, and public health. One risk is that preventive services face further cuts at a time when demand for council services increases, for example, when the ban on evictions is lifted. Maintaining these early intervention services around homelessness prevention, employability, and children’s services as far as possible should remain a priority for local government.

He concludes the paper by mentioning a forthcoming report on how local government can create a shared vision of quality economic growth that supports health through engaging residents and local leaders. At a practical level, this might include collaboration and integration between public health and economic development functions in councils and improving the measurement and analysis of economic development interventions.

Storm ready - how to keep us afloat as unemployment hits. Dave Innes and Jeevun Sandher, JRF, 8/9/2020

https://www.jrf.org.uk/report/storm-ready-how-keep-us-afloat-unemployment-hits

Given the phase out of the Coronavirus Job Retention Scheme (CJRS) on 31 October there is a widespread acceptance that the UK is on the brink of a wave of unemployment. JRF have created a COVID-19 Pre-Vaccine Job Risk Index to predict which jobs are most at risk, and who and where are most likely to be affected. This is based on the 2019 LFS and more complicated modelling based on a number of factors such as proximity to others. Their analysis not only highlights which jobs are least at risk (Doctors) and which hare most at risk (waiters and bar staff) it also adds in the average hourly pay rate for these occupations and the number of people employed in these sectors. They suggest that 42% of those earning up to £8.33 an hour are in high or very high-risk jobs.

The researchers go further and look at risk by gender and ethnicity, basing this on the proportion of groups employed in particular sectors. This is rounded off by an examination of the geographical split, basically will certain areas be hit worse than others. In terms of proportion the least affected will be what they describe as 'affluent England', while the worst affected will be areas they describe as 'services and industrial legacy'. That said, their analysis indicates that no area will be unaffected as jobs that rely on close proximity to colleagues or clients will continue to be at risk. Their analysis suggests that winding down the CJRS without a replacement will lead to big job losses in sectors such as hospitality and leisure that are likely to grow again post-pandemic.

They recommend introducing a COVID-19 Job Support Scheme, which would be a temporary and targeted furlough policy measure for businesses that continue to face constrained capacity and reduced demand due to required social distancing measures. In addition, they would like to see a further package to create new job opportunities to deliver a 'good jobs' recovery. This would include: targeted employment support for workers most at risk of job losses; a 'New Deal for Adult Education'; further job creation programmes and use the promised UK Shared Prosperity Fund (UKSPF) to deliver on the Government's levelling up pledge.

A discussion with Jeremy Peat on the current crisis and where we are heading next. Fraser of Allender Podcast, 4/9/2020

https://fraserofallanderpodcast.simplecast.com/episodes/a-discussion-with-jeremy-peat-on-the-current-crisis-and-where-we-are-heading-next-IF51jP5Y?utm_source=Fraser%20Blog%20and%20subs%20list&utm_campaign=c72561546c-PODCAST_EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_c855ea57f7-c72561546c-86525662

In this podcast Peat, director of the David Hume Institute and former chief economist at RBS, starts by saying that as the current situation is entirely different to anything that has been encountered in the past it is difficult to make reliable forecasts. He mentions the need to balance the health of the population with the economy and the difficulty of getting this right. Need to have 'fleet' policy making and knowledgeable people in policy positions he argues, and he says that the reintroduction of severe lockdowns could well be disastrous for many businesses who are 'teetering'. Graeme Roy, who is in the discussion, thinks that things economically, will get worse before they get better, as businesses start to make the decisions that they have put off through the lockdown. Goes on to consider the outlook for unemployment where they suggest a rate between 8-10% at the end of the year. Look at the increased levels of debt within companies, with an expectation that this will have to be repaid without a bounce back of revenue. Will policy makers step in to help those that could survive?

Discuss the Scottish National Investment Bank and what its priorities should be. Peat would rather see the enterprise and skills agencies having a greater focus and to help the businesses recover as smarter enterprises. The question over priorities and the open economy of Scotland is something that needs to be looked at. The nature of the recovery will differ depending on the sector and the household type. The scale of the variation could be even more marked than in any previous recessions they suggest.

Looks at Edinburgh and gives the example of Edinburgh Zoo – lost revenue for 4 months but still had the costs. Even now the zoo has some income but limits on numbers. Those depending on foreign visitors probably even more affected. Edinburgh balance with a financial sector which has coped better balanced with tourism and hospitality which has coped less well. Edinburgh hotels association indicates that Edinburgh hotels at 50% occupancy in August- normally 100%. Considers the impact on the Edinburgh housing market, and the impact on Universities as oversea student numbers may fall away.

Scotland's New Programme for Government — Highlights for Councils, LGIU, 3/9/2020

This is a restricted access document and only available if you have LGIU membership, which most LAs should have. The full document from Scottish Government without the LGIU analysis can be accessed at the following

https://www.gov.scot/publications/protecting-scotland-renewing-scotland-governments-programme-scotland-2020-2021/

On 1st September the First Minister announced Scottish Government's new Programme for Government (PfG) 2020-2021. A PfG is published every year at the beginning of September and sets out the actions for the coming year and beyond. This briefing summarises the key points of this announcement and highlights the parts most relevant to local government and public services. The pandemic is the defining feature of 2020's PfG and Scottish Government has structured this report around three central commitments:

- A national mission to create new jobs, good jobs and green jobs – with a particular focus on young people, supporting retraining and investing in our Green New Deal to tackle climate change
- Promoting lifelong health and wellbeing – by tackling Covid-19, remobilising and reforming the NHS and social care and tackling health inequalities
- Promoting equality and helping our young people fulfil their potential

Underpinning this remain three key aims: Achieving net zero by 2045, reducing child poverty to less than 10 per cent of children living in relative poverty and building a wellbeing economy.

Looking at the mission to create jobs, the first commitment, the PfG sets out an extensive list of spending commitments for this goal.

- An initial £25 million National Training Transition Fund to provide retraining opportunities for people who have lost their jobs or are at risk of doing so
- Creating a £100 million Green Jobs fund, investing alongside a range of sectors to support new and increased opportunities for green job creation across Scotland
- An additional £2.35 million provided for the Parental Employability Support Fund for those most at-risk of poverty, including disabled, young, and ethnic minority parents
- A £1.6 billion investment over the next Parliament to decarbonise the way we heat our home and our buildings, reducing emissions, tackling fuel poverty and creating new jobs
- A new inward investment strategy, to give people new skills, and attract investment and jobs into Scotland, with the potential to generate 100,000 high-value jobs over the next decade
- A £62 million Energy Transition Fund to support businesses in the oil, gas and energy sectors over the next five years as they grow and diversify, and help attract private sector investment in the North East

- Commit an additional £23 million this year to help more digitally excluded people get online – providing both devices and internet connection. This will bring the total number of people supported to 50,000 by the end of the year

Other considerations may well be of interest, for example commitments to looked after young people or the possible need for more staff in the social care sector as a result of review of social care, however those noted above are likely to have the most direct impact on the economy, jobs and skill development.

More than one in four firms in key sector of Scottish economy face going bust, with in excess of 58,000 jobs in jeopardy. Ian McConnel, Herald, 3/9/2020

https://www.heraldscotland.com/business_hq/18693236.warning-one-four-firms-key-sector-scottish-economy-face-going-bust-excess-58-000-jobs-jeopardy/

In this article McConnel references research by the University of Edinburgh Business School who in collaboration fintech specialist Wiserfunding, looked at the financial statements of 5,000 Scottish companies in the tourism and hospitality sectors, and considered their profitability and levels of debt. Using Wiserfunding's modelling it was found that a "mild stress" scenario – equivalent to the 2008 crash with "some downward adjustments by industry experts" – resulted in 28 per cent of firms defaulting, costing around 58,520 jobs. In a more "severe" situation, assuming a second prolonged lockdown, the level of default rose to 43%, costing around 89,870 jobs.

Labour market change by occupation during lockdown, David Eiser, Fraser of Allander Institute, 3/9/2020

https://fraserofallander.org/covid/labour-market-change-by-occupation-during-lockdown/?utm_source=rss&utm_medium=rss&utm_campaign=labour-market-change-by-occupation-during-lockdown&utm_source=Fraser+Blog+and+subs+list&utm_campaign=94bc0fb869-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-94bc0fb869-86525662

This article looks at the employment rate (sourced from the Labour Force Survey) and the fact that it hasn't fallen by as much as we would have assumed due to the success of the Job Retention Scheme. He starts by saying that the rate for those aged 16-64 between April and June 2020 was 76.4%. For now, the working age employment rate remains significantly above the rate of 70% seen in the aftermath of the global financial crisis. This overview however hides the more nuanced picture. For example looking at the position by age, the fortunes of younger and older workers have been less positive. Employment of those aged under 25 declined by 100,000 between Q1 and Q2 2020. There was also a relatively large fall in employment of those aged 65+ (of 161,000).

Eiser also indicates a big difference between employees and the self-employed. Between Q1 and Q2 2020 the number of self-employed declined by 5%, or 238,000. This trend stands contrasts with the experience of the financial crisis when self-employment held up relatively strongly.

Using the Labour Force Survey as a source Eiser indicates that the number of hours worked each week by employees dropped 16%, from 876 million to 731 million and concludes that this was driven almost entirely by a rise in the proportion of employees who worked zero hours in the 'reference week', i.e. the week that they were asked to describe their employment situation. He goes on to say that in normal times, around 9% of employees work zero hours in a given week. But in April and May

2020, around one quarter of employees worked zero hours. This is about 15 percentage points higher than is typically observed in those months.

In most occupations, the proportion of workers who worked zero hours was higher in 2020 than 2019, although for some, (nurses, care workers, financial managers), the difference was only slight. The proportion of IT managers who worked zero hours was actually lower in 2020 than in 2019.

Unsurprisingly, the lockdown had profound impacts on bar and waiting staff, over two thirds of whom worked no hours in Q2 2020. A large minority of vehicle mechanics, receptionists and cleaners also worked zero hours in Q2 2020.

This article then looks at occupational change. He does this through dividing occupations into ten groups (deciles) ranked by the average hourly pay of that occupation, then considers how actual hours worked in each decile have changed between Q2 2019 and Q2 2020. The article indicates that there is a clear correlation between hourly pay and the change in total hours worked over the past year. Total hours worked have fallen by almost 50% amongst the lowest paying occupations, and by over a quarter in deciles 2, 3 and 4. In contrast, hours worked have fallen less than 10% amongst deciles 7, 8 and 9, and have actually increased slightly amongst the highest paying occupations.

What we are seeing from the data presented in this paper is that so far, the JRS has done what it was designed for. The big issue, as we know, is given the pandemic is continuing and lockdown-lite continues to affect much of the pre-covid economy will the removal of the support in October simply mean that we see then, what we would have seen in May? Even if we don't see rises in unemployment, we could well see reduced hours for particular occupation groups, and this could increase in-work poverty.

Non-UK nationals in Scotland's workforce. Analysis from the Annual Population Survey January - December 2019. Scottish Government 3/9/2020

https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2018/12/labour-market-by-country-of-birth-and-nationality/documents/2019/non-uk-nationals-in-scotlands-workforce-jan-2019---dec-2019-published-sept-2020/non-uk-nationals-in-scotlands-workforce-jan-2019---dec-2019-published-sept-2020/govscot%3Adocument/Non-UK%2Bnationals%2Bin%2BScotland%2527s%2Bworkforce%2BJan%2B2019%2B-%2BDec%2B2019%2B%2528published%2BSept%2B2020%2529.pdf

At first glance this may not be directly related to Covid, however it does give an insight into what may be additional demands on the employability support services. It indicates that in 2019 there were 222,000 non-UK nationals (aged 16 years and above) in employment, accounting for 8.3 per cent of Scotland's workforce. There are 151,000 EU nationals in employment, 5.7 per cent of total employment in Scotland. The employment rate (16-64 years) for EU nationals is 81.8 per cent.

The industry sectors with the highest proportion of non-UK nationals in the workforce are: Distribution, hotels and restaurants, where 12.5 percent of its workforce are non-UK nationals. Hotels and restaurants are part of the hospitality sector which has been one of the worst to be affected by lock down and social distancing restrictions. This could mean that employability support services across the region see a rise in clients from a non-UK background and this has already been seen in Edinburgh through analysis of Caselink.

Unfortunately no data is available in this publication, or the statistical data that underpins it, at a LA level.

Employer Perspectives on The Future Of The Minimum Wage, Douglas White, Carnegie UK Trust, 3/9/2020

https://lgiu.org/employer-perspectives-on-the-future-of-the-minimum-wage/

This is the second report from the Carnegie Trust looking at the Future of the Minimum Wage, the first looked into public attitudes and among low-paid workers, whilst this turns to the "Employer Perspective." The nationally representative employer polling at the centre of this report took place just as the UK's COVID-19 lockdown was being implemented so if the research were to be carried out now the results could well be very different.

They found that there is deep concern that unemployment is set to rise sharply, biting hardest into sectors such as retail and hospitality where many workers are employed at the wage floor. At the same time, there has been an upsurge in public recognition for the efforts of key workers during the crisis, many of whom are on the Minimum Wage.

Key Findings from the Employer Survey

- Overall majority of support for increasing the Minimum Wage: 54% of employers support the Government's planned increases up to 2024, with only 9% opposed.
- However, employers with larger numbers of low paid workers, as well as sectors hardest hit by the Coronavirus, are more concerned about a negative impact from planned increases on their business.
- Over half (55%) of employers with over a quarter of workers currently paid less than £10.50 an hour (which is the Minimum Wage 2024 target) said a planned increase to this level would negatively impact their business. 41% of hospitality and leisure and 38% of retail employers said this.

Under water. How big will the negative equity crisis be, and who is at risk, in the aftermath of the coronavirus crisis? Maja Gustafsson

https://www.resolutionfoundation.org/app/uploads/2020/09/Under-water.pdf

This report into what is the likely scale of the possible low equity problem in the aftermath of the coronavirus crisis; and who is likely to be affected, found that it is unlikely to be as dramatic as the situation that occurred after the financial crisis and they found that 12 per cent could fall into low or negative equity today compared to 15 per cent after the financial crisis.

She found that there would still be a substantial rise in those with low or negative equity based on the OBR's 'downside' scenario. Families headed by millennials aged 30-34 are at risk of experiencing a 'double whammy' effect – having left education during the financial crisis this cohort had the worst pay squeeze in the decade afterwards, and now they are the most likely to face equity problems.

Even though it is lower than during the financial crisis a fall into negative equity matters as home owners in low or negative equity face additional barriers to moving, therefore reducing the ability to move to a new job and could hamper career progression. Gustafsson suggests that in 2016, the typical pay rise associated with changing both jobs and region was 9 per cent, compared with just 0.6 per cent for those staying put. Those with low or negative equity also face higher mortgage costs, reducing spending power directly.

Not o-K.. the shape of the recovery to come, Fraser of Allender Institute, Mairi Spowage, Emma Congreve, Stuart McIntyre and Graeme Roy 2/9/2020

https://fraserofallander.org/scottish-economy/not-o-k-the-shape-of-the-recovery-to-come/?utm_source=rss&utm_medium=rss&utm_campaign=not-o-k-the-shape-of-the-recovery-to-come&utm_source=Fraser+Blog+and+subs+list&utm_campaign=df191b1d82-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-df191b1d82-86525662

Looks at the different 'shapes' that the recovery might take from the ever hopefully V shape, drastic collapse followed by steep improvement through to the U shaped recovery where it takes many months of bumping along the bottom before a gradual climb back.

They also talk about a K shaped recovery- essentially splitting the economy so that some will see a quick bounce back, whilst other sectors and households will experience a more prolonged shallower recovery. This is the style of recovery that the article dwells on, and they go on to look at some of the differences in terms of sectors, households and regions.

They look at the 2008/2009 financial crisis and recession as an illustration and whilst the Scottish economy as a whole had recovered to its pre-recession peak by 2013, it took almost a decade for the two sectors at the epicentre of the crisis – construction & financial services – to make-up the ground that they lost during the crisis. Quite sensibly they think that the sector splits in 2020 will be even greater as for some entire industries, the lockdown restrictions stopped trade completely.

Worrying is that the predicted variation in economic outcomes for different sectors that they first discussed in March may be even greater than imagined. The longer the restrictions last, the longer it will take the economy to recover at an aggregate level, and it will increase the possibility of a much wider split emerging in relative performance by industry.

They go on and discuss differences by household and again use the financial crisis as an example. They suggest that it took until 2011/12 for the impact of the financial crisis to feed through to reductions in average real household incomes, first hitting higher incomes then spreading to other parts of the income distribution. Overall, the last recession saw incomes fall for both lower and higher income households, with a subsequent recovery which looked different depending on incomes. They suggest that there are reasons to think that the 2020 recession could have an even greater split than before. Firstly the hit to earnings is likely to happen much sooner than was the case in the last recession due to the impact of the lockdown. Secondly for some, work has been able to continue from home and salaries have been relatively well protected. These tend to be those in professional services and the like. But for others, earnings and job security look much less positive and these sectors, such as hospitality and retail, tend to employ people on lower average wages. They say that many of these sectors are also businesses that employ women, with the potential for this crisis to widen some of the gaps in labour market outcomes.

They then look at the impact by age and reflect on some work from IPPR Scotland which has looked at the latest projections for youth unemployment at the UK level and translating them into equivalent figures for Scotland. A worst-case scenario would see 140,000 young people unemployed later this year, the highest level since records began.

In March they discussed the exposure of many rural communities in Scotland to a sharp fall in tourist numbers during the summer. However, they contend that rural areas have seen a bounce back in some activity in the latter half of the summer as restrictions eased and domestic tourists returned –

this has not been reflected in cities. They provide some modelled estimates of the impact relative to Scottish Average GDP for each LA between March and June. This suggests that the most severe impact in the City Region will have been felt in East Lothian whereas West Lothian, Scottish Borders and Edinburgh will have seen less of an impact.

UK economy unlikely to reach pre-COVID level until early 2023, KPMG, 1/9/2020

https://home.kpmg/uk/en/home/media/press-releases/2020/09/uk-economy-unlikely-to-reach-pre-covid-level-until-early-2023.html

One in their series of economic briefings where the KPMG specialists forecast what they consider will happen to the economy. They suggest the UK economy could contract by 10.3% in 2020, but a second lockdown of even just four weeks could exacerbate the drop in GDP to -12.6%. Growth is expected to pick up to 8.4% next year if a vaccine is rolled out by April with the economy reaching pre-COVID level by early 2023.

How can social security aid our recovery from the Coronavirus pandemic, ask Holyrood Committee. 1/9/2020

Holyrood's Social Security Committee is keen to find out what impact the economic downturn will have on people across Scotland and how social security in Scotland should be utilised to support people through it. The inquiry is particularly focused upon how best the Scottish social security system can support those both in or out of employment, and those seeking to find work in what is likely to be a challenging labour market.

Bob Doris MSP, Convener of the Social Security Committee said:
"We are seeking views from those right across society to help propose innovative and workable solutions for social security in Scotland which can best combat the devastating impact of this pandemic and aid our recovery."

Views welcome on the Citizen Space web page:
https://yourviews.parliament.scot/ssc/role-of-social-security-in-covid19-recovery/

August 2020

Scotland's Devolved Employment Services: statistical summary, Scottish Government 26/8/2020

https://www.gov.scot/publications/scotlands-devolved-employment-services-statistical-summary-7/

Scottish Government launched Fair Start Scotland on 3 April 2018 with the target to support 38,000 people to find sustained employment. The current position is that FSS has achieved 64% of this figure, with 9 months left of year 3 to report on.

The paper indicates that 37,378 referrals were received, and 24,380 people started receiving employability support, in the first 9 quarters of FSS from April 2018 to June 2020. Health conditions and/or disabilities are the most commonly reported and 65% of people in FSS reported a long-term health condition and 47% were disabled.

Compared to April – June 2019, the number of FSS referrals in April – June 2020 were 39% lower, and the number of FSS starts are 25% lower. This decrease is associated with the DWP (the main referring organisation) pausing referrals into FSS at the start of the COVID-19 lockdown period to respond to the increase in demand for benefit claims.

So far, 7,050 people started a job after joining FSS. The report also indicates that 51% of people left FSS early without completing the programme of support or achieving a job outcome.

The report provides breakdowns by age, gender, ethnicity and health condition. It does not however have a breakdown by area or contract, so we are unable to see how the service has operated in the South East Scotland City Region.

Monthly vacancy analysis: Vacancy trends to week-ending 9 August 2020, Dafni Papoutsaki and Tony Wilson, Institute for Employment Studies, 17/8/20

https://www.employment-studies.co.uk/system/files/resources/files/IES%20Briefing%20-%20w.c%2017.08.2020%20final2.pdf

This monthly briefing describes changes in online vacancies over the month to 9 August. This work is funded by the Joseph Rowntree Foundation and uses vacancy data collected by Adzuna online job search engines in the UK. The briefing sets out analysis of new vacancies, overall vacancy levels, and vacancies by region and devolved nation, job type and Local Enterprise Partnership (LEP). Previous versions have been referred to in earlier issues.

Since the last weekly briefing which covered the period up to the first week of July, there has been a significant increase in new vacancies – up by more than 50 per cent during the month of July. The gap compared with trends for the previous year has also narrowed considerably, although new vacancies remain more than 30 per cent lower than in the equivalent week last year. Overall vacancy levels remain lower by 316 thousand posts compared to before the crisis began, and there are 393 thousand fewer vacancies than at the same time last year.

There is some regional breakdown that looks at the number of vacancies in each region and nation per 100 people of working age. In every region and nation, average weekly vacancies in July are slightly above the average figures reported for June.

More useful for us in the South East Scotland region is the examination of sectors. The report categorises all jobs into one of 27 groups, reflecting the broad occupational category for that work. They look at the number of vacancies reported in July, from highest to lowest. Whilst all sectors have seen a drop from the number of pre-covid vacancies for some it has been more marked. Jobs in Healthcare, IT and Teaching have held up over the last four months. Unsurprisingly sectors such as Sales and Hospitality have seen dramatic declines and although they have been seeing improvements in vacancy numbers, there is still a long way to go to get back to the vacancies recorded in March.

The researchers look at the vacancies to claimant count ratio – how many unemployed people per job. They estimate that there were 6.8 claimant unemployed for every available vacancy for the week ending 9th of July. They do look at this by LA and according to their research 6 of the 10 areas with the highest ration of claimants per vacancy are in London – London Borough of Brent has 62 claimants per vacancy. Uncertain how reliable this will be for Scottish LAs as low vacancy postings on Adzuna will increase the ratio, but there is a map based visual that presents all the LAs and their position in this table.

Unemployment rate: How many people are out of work?, Ben King, BBC website, 11/8/2020

https://www.bbc.co.uk/news/business-52660591

Looks at why, even though jobs are being cut the unemployment rate has remained unchanged. Touches on the issues covered in a Resolution Foundation report from July (looked at in Issue 4 of this series). Essentially, it's the difference between the claimant count data and the Labour Force Data. The former is based on real live claimants with a three week lag, whilst the economic activity data is based on surveys with, at best a three month lag. Current situations are complicated by the furlough scheme where people are in work but not working and the guidance that operated during the most stringent lock down period that essentially mean people who were looking for work, couldn't say they were able to work at that particular time as the national guidance was to stay home.

Labour Market Statistics, IES Briefing, 11/8/20

https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20August%202020.pdf

This looks at last months, August, claimant count and labour market data which largely cover the period of full lockdown (from March to June), alongside July data from employee payrolls and the vacancy survey. Much of this has been covered in other reports which have all shown that the jobs market continued to weaken as the lockdown progressed, with further large falls in paid employment and self-employment and the number of people claiming unemployment related benefits continuing to rise.

The paper provides more evidence of groups that will be worst hit. With the number of young people not in full-time education or employment rising to its highest since 2015, and nearly one in seven now claiming unemployment-related benefits – up from fewer than one in fifteen before the crisis began. In addition, people aged over 65 also appear to be facing significantly greater impacts than other age groups – which may lead to increased numbers moving into involuntary retirement. They highlight that in twenty local areas, more than one in eleven residents are on the claimant count. This is dominated by inner cities (particularly in London), ex-industrial areas and coastal towns. Many of these areas also had the highest levels of worklessness and faced the most significant disadvantages before the crisis began.

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