CAPITAL CITY **PARTNERSHIP**

Summary of COVID Related Publications - Issue 11, November 2nd 2020

As in previous issues, a number of publications look at the employment data published for the UK and for Scotland. In this current report, much of the focus is on a particular data set published on the 13th of October. As well as providing good information on the labour market and the economy, these also highlight how some of the statistical data sets have had to be reweighted to reflect differences in sampling and also consider the introduction of new data on payroll employees.

Slightly wider than the more specific reports on economic statistics, a number of reports are examined which have looked slightly wider both into the impact on households and also discuss the issue around poverty for children. These include papers produced by Child Poverty Action Group and End Child Poverty, worth looking at for a better understanding of how low income both effects families and also how much it costs to raise children. The IFS have published a report on how spending has changed over the pandemic whilst the Resolution Foundation have produced a report based on a survey of 6,000 working age adults and gives an insight into what the impact of the pandemic has been on their employment and income.

Also worth highlighting is the IFS Green Budget report which, amongst other findings, suggest that adjustment to a post-COVID, post-Brexit new normal will have economic costs that last into the long term. This will include a rebalancing away from the consumer services sector (COVID) and some parts of manufacturing and financial/ business services (Brexit). This they argue would make much of the accumulated capital and skills in these sectors less valuable.

Towards the end of October there were policy changes introduced for the furlough scheme and an extension to the mortgage payment break arrangements. Essentially these extended the current arrangements till December for the furlough scheme and for another 6 months for the mortgage payment break agreement. Both of these announcements have yet to be commented on so don’t feature in any of the articles discussed in this issue.

October 2020

How is Scotland's economy faring in the pandemic? Roy, G., McIntyre, S. and Bell, D. Economics Observatory, 30th October 2020

https://www.coronavirusandtheeconomy.com/question/how-scotlands-economy-faring-pandemic

Looks at the how Scotland's economy has performed since March.

- Scottish economic activity fell 21.7% between February and April, which compare to a fall of 23.3% in the UK as a whole. The latest data suggest that by August, economic activity had grown by 16% since May, but remained over 9% below its pre-lockdown level in February.

These aggregate numbers disguise the significant variations in economic experience people are having at this time. In accommodation and food services in the services sector as a whole and in the construction sector activity remains well below its level earlier in 2020.

- At its peak around 780,000 jobs in Scotland were furloughed under the UK government's Coronavirus Job Retention Scheme (CJRS) – 32% of the workforce. This number has now fallen back and the share of jobs furloughed in Scotland has fallen faster than in the other nations of the UK.

On the labour market, like the rest of the UK, the furlough scheme has helped to cushion any immediate increase in unemployment in Scotland. But new experimental data from HMRC suggest that Scotland might have seen the biggest fall in PAYE workers outside of London.

Looking at the future they conclude that sectors such as hospitality and tourism face a bleak few months, and with many of these sectors employing those on lower earnings, there is a risk of a rise in inequalities. On the whole, the experience of Scotland during the Covid-19 economic crisis has broadly mirrored that of the UK as a whole.

Business Impact of Coronavirus (COVID-19) Survey (BICS) Weighted Scotland Estimates - Data to Wave 15, Scottish Government, 30th October 2020

https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/10/bics-weighted-scotland-estimates-data-to-wave-15/documents/bics-weighted-scotland-estimates-data-to-wave-15-report/bics-weighted-scotland-estimates-data-to-wave-15-report/govscot%3Adocument/BICS%2BWeighted%2BScotland%2BEstimates%2B-%2BData%2Bto%2BWave%2B15%2B-%2BReport.pdf

This is the third publication of weighted Scotland estimates using the Office for National Statistics' (ONS') Business Impact of Coronavirus (COVID-19) Survey (BICS). These are experimental statistics, which means that they are still in development but have been released to enable their use at an early stage. All results are provisional and subject to revision.

- The share of businesses 'currently trading' was estimated at 95.3% in the period 5 October to 18 October 2020. This rate varied by industry sector – with lower rates for Accommodation & Food Services (estimated at 80.1%) and Arts, Entertainment & Recreation (estimated at 88.5%).
- The share of the workforce on furlough leave was estimated at 11.9% in the period 21 September to 18 October 2020. This rate varied by industry sector – with markedly higher rates

for Arts, Entertainment & Recreation (estimated at 42.8%) and Accommodation & Food Services (estimated at 35.8%).

- The share of the workforce working remotely, instead of at their normal place of work, was estimated at 24.3% in the period 21 September to 18 October 2020. This rate varied by industry sector – with markedly higher rates for Information & Communication (estimated at 66.2%) and Professional, Scientific & Technical Activities (estimated at 56.9%).
- There were four industries where more than half of their businesses experienced a decrease in turnover compared with what is normally expected for this time of year. These were Accommodation & Food Services (73.1%), Arts, Entertainment & Recreation (71.4%), Administrative & Support Services (59.0%) and Transport & Storage (56.1%).

Spending and saving during the COVID-19 crisis: evidence from bank account data, Alex Davenport, A., Joyce, R., Rasul, I. and Waters,T. Institute of Fiscal Studies 29th October 2020

https://www.ifs.org.uk/publications/15146

Using anonymised user data from the Money Dashboard (MDB) budgeting app this briefing note examines how consumer spending has evolved, both during lockdown and in the recovery phase since. They look at how different sectors of the economy have fared and look at how spending has varied with the prevalence of COVID-19 cases across local areas. They also analyse how the closure of many businesses has led to ‘forced saving’ and the extent to which richer and poorer households have increased or reduced savings over the crisis.

Key findings

- The recovery in consumer spending following the easing of lockdown restrictions has been very partial. Spending initially fell by around a quarter but gradually recovered through May and with the reopening of non-essential retail and hospitality in June and July.
- Local areas with low case counts have not recovered discernibly differently from those with high case counts. For example, overall spending in September was at 89% of its 2019 level, while in the local authorities with the fewest cases it was barely any different at 90%.
- Spending on groceries rose during lockdown and remains higher than in 2019; the opposite is true for spending on restaurants, pubs, holidays and transport, in which the recovery after reopening stalled at around the end of July.
- There has been a persistent shift in shopping and payment habits during the crisis, away from cash and towards online-only merchants.
- ‘Forced saving’ – declines in spending on goods and services that were substantially affected or shut down by lockdown – has been significant across the income distribution, but greater for higher-income households.
- Higher income groups appear to have accumulated more savings than in previous years during the crisis, with falling spending from forced saving outweighing income falls. In contrast, the poorest fifth have seen an average £170 per month decline in their bank balances between March and September (£1,220 total and equivalent to 14% of pre-crisis income) relative to what we would expect in normal times, as income falls are not fully cancelled out by lower spending. This is likely to reflect both lower saving and higher debt.

The Cost of a Child in 2020 shows need to keep 'Covid-19 bonus' in universal credit and tax credits. Hirsch, D. Child Poverty Action Group, 29th October 2020

https://cpag.org.uk/news-blogs/news-listings/new-research-cost-child-2020-shows-need-keep-'covid-19-bonus'-universal

The Cost of a Child in 2020 report is the ninth in a series and provides a snapshot of how the cost of a child in 2020 compares to current incomes and the extent to which social security support helps families to make ends meet. Research for the report was conducted just before lockdown so cost calculations do not include any changes in families' requirements caused by the different ways in which they have had to live during the pandemic.

In 2020 the overall cost of a child up to age 18 years (including rent, council tax and childcare) is £152,747 for couples (up 5.5% since 2012) and £185,413 for lone parents (up 19.6% since 2012).

With the 'Covid-19 bonus' in place, couples on working tax credit with both parents working full-time for the 'national living wage' can almost meet their minimum costs – their net income is 96% of costs. On UC, with the bonus, couple-parents in the same circumstances can just clear their costs - with a net income of 105% of costs. Couples on UC where one parent works full-time and one half-time for the 'national living wage also almost make ends meet with the 'Covid-19 bonus' (they have 99% of the Minimum Income Standard (MIS)). If the uplift were removed, their income would be 94% of the MIS.

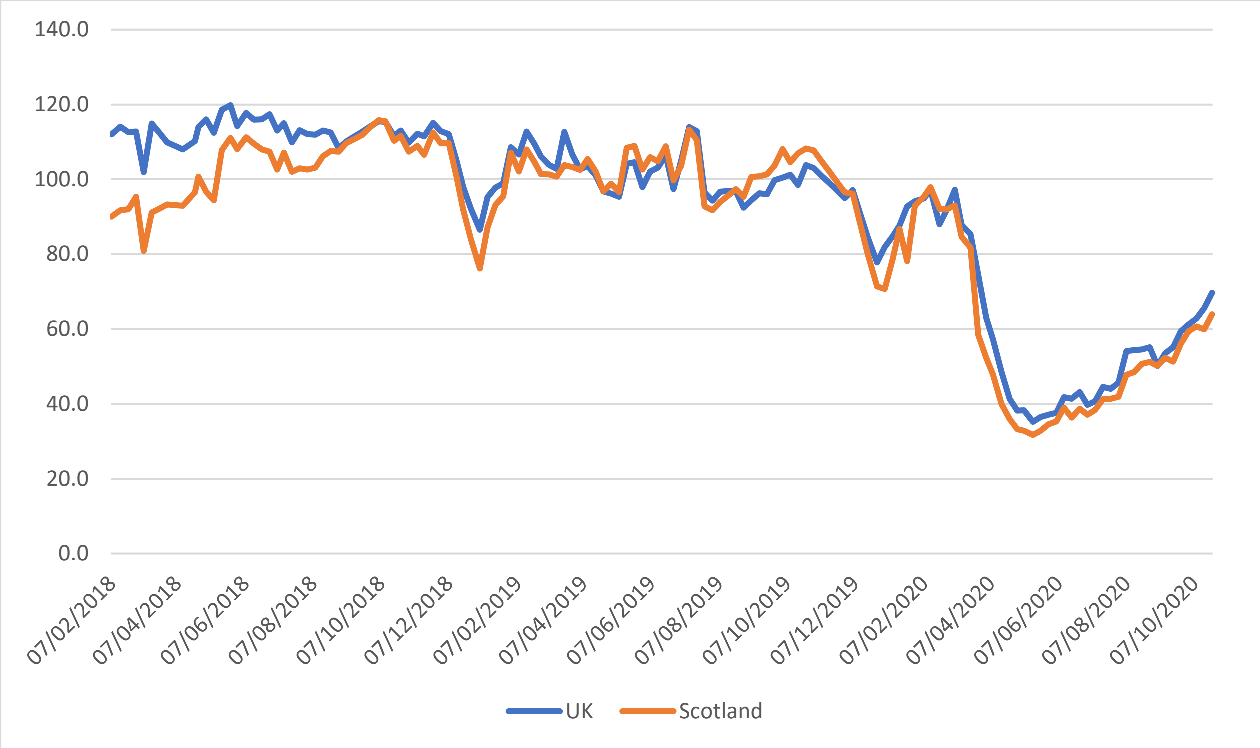
For out-of-work families, the £20 'Covid-19 bonus' goes to UC claimants but not those on 'legacy benefits', such as jobseeker's allowance. The report finds non-working couples on legacy benefits have a net income that covers only 57% of their needs. Those on UC reach only 61% of their costs (with the bonus). Lone parents who are not working and receive legacy benefits have a net income covering only 60% of their costs; those who do not work and receive UC have only 65% of their costs covered, even when the 'Covid-19 bonus' is included. The £20 'Covid-19 bonus' in UC does, however, give a non-working lone parent with two children a nine per cent increase in disposable income.

Online job advert estimates, ONS, 29th October 2020

https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/onlinejobadvertestimates

This is simply two Excel sheets, one that looks at online job adverts by sector and the second that looks at adverts by region/nation of the UK. Both are based on a baseline index rather than actual numbers. The data for the Scotland has been reproduced below.

Total job adverts by Countries and NUTS1 Regions, Index 2019 average = 100



How can local policies limit the scarring of young people by coronavirus? Sutherland, V. and Riom, C., Economics Observatory, 28th October 2020

https://www.coronavirusandtheeconomy.com/question/how-can-local-policies-limit-scarring-young-people-coronavirus

Youth unemployment has increased in every UK local authority between September 2019 and September 2020, with the increases ranging from 1.8 to 7.6 percentage points. Of the 20 local authorities with the largest increases in the youth claimant count over this period, 17 are in the Greater South East (London, the South East and the East of England). Many of these areas had relatively low youth unemployment rates prior to Covid-19.

They argue that the evidence suggests that subsidised employment and training are the most effective interventions to help people get into work. Evidence on two subsidised employment schemes in the UK that specifically targeted young people – the New Deal for Young People and the Future Jobs Fund – found that they increased the amount of time that young people were in unsubsidised employment in subsequent years.

The authors consider the role of local areas in tackling youth scarring, focusing on two ways in which policies at the local level can add value to national approaches:

- Sharing information and encouraging take-up. With their extensive local knowledge and networks, policy-makers in local areas can help to communicate key messages to residents, businesses and organisations supporting young people.
- Coordinating support and planning for the long term. They contend that one of the challenges in supporting young people is the wide range of organisations involved and helping to coordinate services locally is critical. As part of this longer-term planning, local areas should also consider whether there are other local policy budgets that could contribute to tackling youth scarring

Jobs, jobs, jobs. Evaluating the effects of the current economic crisis on the UK labour market. Brewer,M., Cominetti,N., Herehan,K., McCurdy, C., Sehemi, R. and Slaughter, H. Resolution Foundation, 27th October 2020

https://www.resolutionfoundation.org/publications/jobs-jobs-jobs/

This report presents new evidence on the effects of the coronavirus crisis on workers. It uses the results of a new survey of 6,000 working-age adults to highlight which groups have struggled the most as the crisis has evolved, who is at risk as the Coronavirus Job Retention Scheme is replaced by the Job Support Scheme, and the prospects for the future. Key findings;

- While more than half of those furloughed during lockdown had returned to work by September, 9% of those previously furloughed had lost their jobs. This rate was highest for 18-24-year-olds, Black, Asian and minority ethnic workers, and the low paid.
- The employment effects of the crisis have borne down particularly hard on London, as well as those in the most deprived areas of the country.
- Of those respondents who were still employed by September, 12 % reported being paid less than they were in February. Pay reductions were more common in hard-hit sectors and (to a lesser extent) among younger workers, though pay cuts have become more evenly distributed as the crisis has evolved.
- In every month since April, more than half of self-employed workers were receiving lower earnings than before the crisis. One-in-six respondents who claimed a Government grant did so despite having experienced no loss in income, while close to 500,000 self-employed workers still without work in September had received no support.
- Nearly one-in-ten respondents who were in work in February spent some time out of work between March and September, of whom fewer than half had found a new job by September.
- There is little sign that workers are reallocating to less-affected sectors of the economy: people who previously worked in hospitality, leisure, or non-food retail are most likely to be looking for a new job in one of those same sectors or administrative positions.
- More than a quarter of respondents in work in September are worried about redundancies occurring, have been told a redundancy process either may or will happen, or have been told they will be made redundant.

Latest data on the Scottish economy, Fraser of Allender Institute, 23rd October 2020

https://fraserofallander.org/covid/latest-data-on-the-scottish-economy-update-23rd-october-2020/?utm_source=rss&utm_medium=rss&utm_campaign=latest-data-on-the-scottish-economy-update-23rd-october-2020&utm_source=Fraser+Blog+and+subs+list&utm_campaign=44a0cc4aaf-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-44a0cc4aaf-86525662

After the recovery in most economic indicators throughout the summer months following the easing of some restrictions, the latest data shows that volumes of new business started slowing down in September. The article makes the following points

- Claimant Count (number of people on Universal Credit and Jobseekers Allowance) in Scotland fell by 1.3% between August and September, but some local authorities are seeing a further deterioration in their labour market.
- Furthermore, the fall in working hours has also been unevenly shared across regions.
- Scottish GDP data for August was published highlighting growth of just 2.6% between July and August – similar to the UK over the same period (2.1%).
- The Scottish economy remains 9.4% below pre-crisis levels in February.
- Based on a Scottish Government survey when looking ahead one month, 14% of respondents were extremely concerned about not having a job, with around 12% reporting high levels of concern around being able to pay bills. The same YouGov survey also found that approximately 22% of respondents felt their job was at high risk from coronavirus.
- Around a fifth of Scottish businesses reported having operating costs equal to or more than their turnover.
- Backlogs of work and employment amongst Scottish businesses continued to decline in September. Volumes of new business declined in September after experiencing some growth in August.
- Of the four UK nations, Scotland had the smallest share of businesses reporting that they were breaking even or had costs exceeding turnover.
- Average house prices in Scotland grew by 0.7% in the year to August 2020.
- In addition to the COVID-19 pandemic and ongoing economic crisis, the form of the UK's future trading relationship with the EU remains uncertain.

Business support in the new tier system, Fraser of Allender Institute, 23rd October 2020

https://fraserofallander.org/covid/business-support-in-the-new-tier-system/?utm_source=rss&utm_medium=rss&utm_campaign=business-support-in-the-new-tier-system&utm_source=Fraser+Blog+and+subs+list&utm_campaign=55e8d47e20-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-55e8d47e20-86525662

Looks at the tiered system of restrictions to be rolled out across Scotland from early November which they say is broadly similar to the three-tier system in England.

Under the UK Government's latest proposals, there are in effect two new forms of job support scheme that will replace the Job Retention (furlough) Scheme from the start of November.

- Job Support Scheme (closed)'. This scheme sees the UK Government fund two thirds of employee's usual pay in eligible businesses those that are legally required to close as a result of coronavirus restrictions set by one or more of the four governments.
- Job Support Scheme (Open) applies to businesses able to trade but suffering from reduced demand as a result of coronavirus. As long as the employee works at least 20% of their previous hours, then the UK Government will fund 62% of hours 'not worked' as long as the employer pays 5% of hours 'not worked'. As a result, an employee working 20% of their normal contract could expect to receive at least 73% of normal wages. This revised JSS(Open) scheme is more generous to employers than the previously proposed JSS.

FAI look at the controversy over the amount of money – and the way it becomes available – to the devolved nations to provide additional business grants to those businesses facing additional pressures as a result of the restrictions (e.g. to cover rent, heating costs etc. even if the premises is closed or working at reduced capacity).

The concern of the Scottish Government is that it cannot make the same sort of open-ended commitment to Scottish businesses as has been made to those in England. The Scottish Government has no ability to borrow to tide it over during a period when it thinks it may receive consequentials but they have yet to be confirmed. From the perspective of the Scottish Government, the fact that the UK Government can make an open-ended commitment to do whatever it takes for businesses in England, whilst the Scottish Government's ability to respond is linked to whatever flow of consequentials it may receive in due course, is inherently unfair. From the perspective of the UK Government, the guaranteed minimum funding uplift for the Scottish Government provides plenty of room for manoeuvre in the immediate term, whilst not ruling out the possibility of further funding increases in due course.

Business Impact of COVID-19 Survey (BICS) results, Office for National Statistics, 22nd October 2020

https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessimpactofcovid19surveybicsresults

Another Excel work book from ONS with 86 different worksheets that look at everything from Trading Status to Cash Flow. Most of the weighted results focus on sector or workforce size. There are some unweighted results which present a regional picture The Table below gives an example of the type of data included.

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? Percentage of businesses currently trading, broken down by region, UK, 21 September to 4 October 2020

Region	Turnover has decreased by up to 20%	Turnover has decreased between 20% and 50%	Turnover has decreased by more than 50%	Turnover has increased by up to 20%	Turnover has increased between 20% and 50%	Turnover has increased by more than 50%	Turnover has not been affected	Not sure
Northern Ireland	26.2%	11.9%	4.8%	10.3%	3.2%	0.0%	39.7%	4.0%
Scotland	26.4%	15.1%	7.5%	7.3%	2.9%	*	31.0%	9.1%
Wales	26.9%	15.8%	6.7%	9.1%	3.8%	*	30.0%	7.3%
England	24.5%	14.8%	7.9%	7.3%	2.8%	*	35.2%	7.0%
UK	24.1%	14.8%	8.1%	7.1%	3.0%	*	35.3%	7.0%

Going back to bas[e]-ics – How has Scotland's Business Base changed?, Fraser of Allender Institute, 16th October 2020

https://fraserofallander.org/scottish-economy/going-back-to-base-ics-how-has-scotlands-business-base-changed/?utm_source=rss&utm_medium=rss&utm_campaign=going-back-to-base-ics-how-has-scotlands-business-base-changed&utm_source=Fraser+Blog+and+subs+list&utm_campaign=44a0cc4aaf-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-44a0cc4aaf-86525662

Look at how the business base is equipped to deal with the current economic uncertainty given its changing nature over the last few years. This doesn't really reflect the pandemic, instead it gives contextual information which can then be considered for policy development.

- Business count data for 2019 recorded the second-highest stock figure since 2010. There were 356,765 total businesses, both registered and unregistered, in 2019, nearly 60,000 more businesses than in 2010.
- The majority of this growth has come from a rise in the number of unregistered businesses, which are typically very small businesses. The number of unregistered businesses grew 24% since 2010 – up around 34,000. The growth in the unregistered business base is primarily driven by changes in the way people working, whether it be through flexible working practices or an increase in self-employment.
- Over the past 20 years, there has been a decline in the relative share of the manufacturing sector. In terms of the relative share of the economy, the sector is just half the size it was in 1998.
- The number of businesses in the mining, quarrying, and utilities sector more than doubled between 2010 and 2019, with large business growth also experienced in the Information and communication (5,835 businesses), Financial and insurance activities (1,525 businesses), and Administrative and support service activities (10,040 businesses).
- Between 2000 and 2019, the number of businesses with zero employees, i.e. companies comprising solely of an owner/director; increased by 71%, with 100,000 more businesses in 2019 than in 2000. This represents an 8-percentage point increase in the share of total businesses with zero employees.
- When comparing small, medium, and large enterprises across the UK, large firms make up around 1% of total business in Scotland, yet contribute around 45% to Scottish employment, or around 963,000 employees; and, 59% of business turnover in Scotland.
- As of 2019, 97% of businesses registered in Scotland had their headquarters based here, with the additional 3% of businesses based in either the rest of the UK or abroad. However, foreign-owned businesses, with less than 2% of the total number of businesses operating in Scotland account for 18% of Scottish employment and 35% of business turnover.

New Child Poverty Data Reveals True Extent of Levelling up Challenge, End Child Poverty, 14th October 2020

https://www.endchildpoverty.org.uk/child-poverty-in-your-area-201415-201819/

The link above takes you to the national picture but a press statement was released on the 14th October that focused on Scotland. The research found that child poverty has risen in nearly every Scottish local authority area and Westminster constituency since 2014/15. The new data shows the scale of the challenge faced by UK, Scottish and local government if commitments to end child poverty in Scotland are to be met and the promise to level up opportunities for children across the UK realised.

The research by Loughborough University shows that, even before the pandemic, levels of child poverty in Scotland ranged from one in seven children in the Shetland Islands to nearly one in three in Glasgow, once housing costs are taken into account.

The table below looks at the situation in the 6 local authorities in the city region and is based on the DWP/HMRC statistics "Children in low income families, March 2020" with the effect of housing costs added in.

	Count		Percentage	
	2014/15	2018/19	2014/15	2018/19
City of Edinburgh	14,145	15,295	18.8%	19.5%
East Lothian	4,188	4,489	22.3%	23.3%
Fife	15,390	16,993	24.0%	26.3%
Midlothian	3,713	4,068	22.8%	23.2%
Scottish Borders	4,132	4,544	21.6%	23.9%
West Lothian	7,632	8,380	21.7%	23.7%

Thought Leadership Series: Scotland's roadmap to COVID-19 recovery and renewal - five key actions for supporting vulnerable people and communities, Improvement Service, 14th October 2020

https://www.improvementservice.org.uk/news/october-2020/thought-leadership-series-scotlands-roadmap-to-covid-19-recovery-and-renewal

This paper considers what is meant by 'vulnerable communities' and explores how COVID-19 has created new vulnerabilities and exacerbated existing inequalities and exposure to risk factors.

- Figures show that people living in areas of high deprivation in Scotland are twice as likely to die from COVID-19, and structural inequalities place BME groups at much higher risk of severe illness from COVID-19.
- One survey found that more than half (55%) of families in receipt of Universal Credit or Child Tax Credit in Scotland have been pushed to borrow money since the start of the crisis. Seven in 10 of these families have had to cut back on food and other essentials.
- Since lockdown, almost half of households with dependent children in Scotland find themselves in the two most serious categories of financial stress – 'in serious financial difficulty' or 'struggling to make ends meet'.
- Survey data published for Carers Week 2020 suggests that there are now as many as 1.1 million unpaid carers in Scotland, of which 61% are women. This is an increase of 392,000 since the start of the crisis.
- It is estimated that one in five women and one in five children in Scotland experience domestic abuse, and evidence shows that the pandemic and associated restrictions have exacerbated the intensity and risk for women and children affected by domestic abuse.

To conclude it offers five key actions that will support vulnerable people and communities as we continue to deal with the impact of COVID-19.

1. Identifying vulnerable people and communities and the uneven impact of COVID-19.
2. Prioritising prevention and early intervention.
3. Including the voices of lived experience.
4. Strengthening workforce wellbeing and development.
5. Adopting a joined-up, person-centred whole systems approach

Scotland's Labour Market Trends October 2020, Scottish Government 13th October 2020

https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2020/10/labour-market-trends-october-2020/documents/labour-market-trends-october-2020/labour-market-trends-october-2020/govscot%3Adocument/Labour%2BMarket%2B-EXTERNAL%2BOUTPUT%2B-%2B13Oct2020.pdf

In summary;

- The LFS indicated that Scotland's unemployment rate (16+) stayed the same over the quarter and increased over the year (0.4 percentage points) to 4.5 per cent. Scotland's unemployment rate was the same as the UK rate of 4.5 per cent.
- The proportion of people aged 16-64 in work (the employment rate) increased over the quarter (0.4 percentage points) and decreased over the year (0.4 percentage points) to 73.9 per cent. Scotland's employment rate was below the UK rate of 75.6 per cent.
- The economic inactivity rate (the proportion of people aged 16 to 64 years who were not working and not seeking or available to work) decreased over the quarter (0.4 percentage points) and increased over the year (0.1 percentage points) to 22.6 per cent. Scotland's inactivity rate is above the UK rate of 20.8 per cent.
- Pay As You Earn Real Time Information shows that the number of payrolled employees in Scotland in August 2020 fell by 2.8 per cent compared with the same period the previous year, this compares with a 2.2 per cent decrease for the UK. Early estimates for September 2020 indicate the number of payrolled employees fell by 2.7 per cent compared with September 2019.
- The experimental Claimant Count includes Jobseeker's Allowance Claimants and those claimants of Universal Credit who were claiming principally for the reason of being unemployed. In September 2020, there were 224,200 claimants, an increase of 1,500 (0.7 per cent) over the month and 112,800 (101.2 per cent) over the year.
- The claimant count unemployment rate in September 2020 was 8.0 per cent, compared with 7.6 per cent for the UK as a whole.
- Earnings from Pay As You Earn Real Time Information show that the median monthly pay for employees in Scotland was £1,911 in August 2020, an increase of 3.1 per cent compared with the previous year, this compares with an increase of 3.2 per cent for the UK. Early estimates for September 2020 indicate that median monthly pay increased by 3.9 per cent, compared with the same period of the previous year. This compares with an increase of 4.3 per cent for the UK.

Labour Market Statistics, October 2020, Institute of Employment Studies, 13th October 2020
https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20October%202020.pdf?utm_source=IES+emailing+list&utm_campaign=b89d80f722-EMAIL_CAMPAIGN_2019_05_14_03_45_COPY_02&utm_medium=email&utm_term=0_f11585705b-b89d80f722-364968444

Looking at the UK version of the employment statistics published on the 13th October.

- Employment fell by more than we had thought during lockdown, and is now 480,000 lower than before the crisis. ONS has published revisions to the Labour Force Survey (LFS) back to March 2020 following changes in the 'weightings' applied to the survey data to account for under-representation of renters and overrepresentation of owner-occupiers in the earlier samples.

- Falling employment is being driven by fewer people in part-time work, and fewer young people in work. Part time work has fallen by 420 thousand, which is nearly 90% of the total fall in employment, to 8.2 million – the lowest figure since the end of 2013. Overall, three fifths of the fall in employment is accounted for by fewer young people in work, while a further one fifth is explained by fewer people aged over-65 in work.
- Redundancies have doubled in three months, to their highest since June 2009, and will continue to rise. The bulletin indicates that 230,000 people reporting having been made redundant in the three months to August. This is the most redundancies since summer 2009, and the fastest rate of growth in redundancies since this time series began in 1995.
- The rate of growth in the number of people claiming benefits and being treated as unemployed has slowed
- Flows out of the claimant count are not making inroads into the large rises from early in the crisis and if off-flow rates cannot increase to significantly above on-flows in the coming months, then we will see large increases in long-term claimant unemployment.
- More positively the fall in employees is levelling off and vacancies continue to slowly recover. PAYE data shows that the number of paid employees had stopped falling over the summer and has been broadly flat since June (at 28.3 million). Vacancies have continued their slow recovery from the depths of lockdown. The quarterly average for July-September now stands at nearly 500,000, which is broadly in line with vacancy levels during the early 2010s, while the single-month estimate for September is slightly higher, at around 520,000. As with last month, this has been driven particularly by vacancies in smaller firms, the public sector, and recovery in administrative/ support, finance and construction roles.

What does the latest labour market data tell us? Fraser of Allender Institute, 13th October 2020
https://fraserofallander.org/scottish-economy/what-does-the-latest-labour-market-data-tell-us/?utm_source=rss&utm_medium=rss&utm_campaign=what-does-the-latest-labour-market-data-tell-us&utm_source=Fraser+Blog+and+subs+list&utm_campaign=3bf2e9329d-Email-Blog-RSS&utm_medium=email&utm_term=0_c855ea57f7-3bf2e9329d-86525662

Commenting on new labour market data released by ONS (reported on above) covering the period to the end of August.

- The main reason we have seen less movement in the unemployment rate is that the various employment support schemes have softened the *initial* impact of CoVid19 on the Scottish labour market.
- Experimental data from HMRC looks at the number of workers registered for PAYE across the regions and nations of the UK. From this they can see a drop in payroll numbers across the UK despite the furlough scheme being in place.
- Data on total hours worked show that hours worked has fallen sharply, down 6.7 million hours in Scotland compared to a year ago. To put these data into some context, this is the lowest weekly hours worked since 2013.
- At the same time, the number of people in Scotland claiming unemployment related benefits is up over 100%, or by 113,000 people, compared to last year.
- Report that redundancies across the UK rising sharply, up 49% over the past three months.
- Vacancies are still down over 40% on a year ago and are close to the lowest level recorded during the financial crisis.

They conclude that many businesses – perhaps most saliently at the moment in hospitality and tourism – are struggling to continue trading given the stop-start nature of our progress on the public health front.

The IFS Green Budget October 2020, Institute for Fiscal Studies, 13th October 2020

https://ifs.org.uk/uploads/IFS_InBriefing_Summary_GB.pdf

At 422 pages this is a very hefty report- luckily they provide a useful 20 page chapter by chapter summary. The most relevant for us would probably be

- Chapter 2. UK economic outlook: the long road to recovery. They assume no effective protection against the virus is widely available before 2021 Q2 and lingering health concerns to weigh on demand until this point. As a result they anticipate that the medium term reconfiguration (due to both COVID and Brexit) implies a larger and more persistent increase in unemployment, as well as an associated loss of capacity.
- Chapter 3. The cost of adjustment: emerging challenges for the UK economy. Adjustment to a post-COVID, post-Brexit new normal will have economic costs that last into the long term. A rebalancing away from the consumer services sector (COVID) and some parts of manufacturing and financial/ business services (Brexit) would make much of the accumulated capital and skills in these sectors less valuable. For workers, the longer they remain unemployed, the worse their prospects in the labour market.
- Chapter 7. Levelling up: where and how? There are at least eight existing place-based spending programmes relevant to the 'levelling-up' agenda. Rather than reinventing the wheel, the government could seek to build on these schemes, and develop a broader strategy around how they fit together.
- Chapter 8. The temporary benefit increases beyond 2020–21. The number of families claiming universal credit (UC) has increased from 2.6 million in February 2020 to 4.2 million in May 2020. Choosing to make permanent the £1,000-a-year increase in the standard allowance for UC would, in the long run, cost the government £6.6 billion per year (in today's prices), adding roughly 10% to the annual cost of UC, though undoing only a fraction of the cuts to benefits implemented since 2010.

The impact of COVID-19 on low-income households. Interim findings Buzzeo J, Alexander K, White-Smith G, Newton B, Institute for Employment Studies , October 2020

https://www.employment-studies.co.uk/resource/covid-19-and-low-paid-early-analysis-labour-force-survey

This briefing note sets out early analysis of the impacts of the Covid-19 pandemic on low paid employees, drawing on detailed analysis of Labour Force Survey (LFS) responses for the month of April. It shows that:

- Those in low paid jobs are more likely to be women, to be young, to be black or from a minority ethnic group, to be under-employed and/ or to have lower qualifications. So those in low paid work are already disadvantaged in the labour market compared to higher paid workers.
- Employment has fallen significantly already for those in low paid jobs – down by four percentage points between February and April, from 82 to 78% – equivalent to a fall of 140,000 thousand. Meanwhile employment is unchanged for those in higher paying jobs. This suggests that there is a sizable group of people, in previously low paying work, who have not been protected by the Job Retention Scheme or Self-Employment Income Support and are now out of work.

- This likely reflects both the occupations that low paid workers are in, but also their often more precarious employment conditions – with low paid workers two thirds more likely to be in temporary work, three times more likely to be part-time, and nearly five times more likely to be on zero hours contracts than higher paid workers.
- Those in lower paying jobs are twice as likely to report that they are ‘away’ from work (but still employed) and report a greater reduction in usual hours of work than those in higher paying jobs.
- One in eleven low paid workers are looking for a new or additional job – double the rate for those in higher paid jobs, and equivalent to 400,000 low paid workers seeking other work.

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