

Labour Market Insights – Dorset

October – November 2020

Dorset Local Enterprise Partnership, Moors Economics, November 2020

This commentary offers brief reflections on key labour market statistics available in the monthly dashboard from October 2020 and should be read in conjunction with our [Understanding LMI during COVID-19](#) guidance on interpreting these statistics.

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Dorset – dashboard commentary

The labour market continued its bounce back with vacancies above last year's levels for a second month in a row before the second lockdown hit in November.

How many jobs were advertised?

- **The figures indicate further increase in the labour market demand in October 2020.**

The overall number of **vacancies was 6,064**, which was 12% higher than in September 2019. This marked a six-month strike of continuous increase and the second month in a row since March when their numbers exceeded last year's levels. Vacancies grew **15% on the previous month and reached their pre-crisis levels.**

- **2020 year-to-date vacancies are now standing at 88% of their 2019 levels.**

In reference to last year, Dorset's labour market is performing slightly better after the first lockdown (it is 18ppt down since 23 March) compared to the UK average (of 20ppt down) and in October alone it was 12 ppt higher than October 2019 where the UK reference was 5 ppt higher!

- **Temporary jobs on the rise suggesting employer cautiousness**

The proportion of temporary jobs since the first lockdown back in March has risen by 6ppt in Dorset (vs 3ppt in UK) and reached 17% of all job postings compared to 11% over this period last year in Dorset.

How was the labour demand performing across industries?

Industry recovery goes K (shaped). Growth is uneven, split between sectors.

- Industries show a mixed picture with labour demand **improving in professional, scientific and technical activities, construction, retail, finance and ICT** but **pressures continue for the arts, entertainment, accommodation and food services.**
- Over the year to date, vacancies in **arts, entertainment, accommodation and food services** are barely at 55% of their 2019 levels and around a quarter of the eligible staff continue to be on furlough leave nationally.

Which employers were recruiting and for what roles?

The employer profile in October 2020 for the first time since March matched very closely the same period of last year:

- The National Health Service remains by far the largest individual employer.
- J.P. Morgan, Bournemouth University and the Councils joined NHS at the top of the employer charts as individual employers.
- Various social and residential care employers continued active recruitment in a continued trend for Dorset forming the second largest chunk of the demand after NHS.
- Online vacancy levels for engineering firms seeing a mixed picture. Although overall recruitment appears maintained this year, this was not true across the board with key companies such as RNLI, Siemens, Curtis Wright and Holt Engineering recruiting tentatively, while there was some increase amongst others such as Cobham, Ultra Electronics and Gattaca. We have also seen a rise in redundancies in manufacturing.

As in previous months, the top 3 job titles most in demand in Dorset were: Registered nurses, Care workers and Software developers.

These most significant areas of demand are making up around a fifth of all vacancies in Dorset.

Looking at broad occupational level, demand has rebounded relatively strongly across all occupations in the October (in comparison to last year), with the exception of skilled trades.

Year-to-date comparisons of vacancies by occupation however paint a bleaker picture (see far right column below).

¹Comparison using the same source of labour market intelligence - Burning Glass Technologies: Labour Insight. 2020 accessed under Dorset LEP license.

SOC Code	Occupation	October 2019 Job Postings	October 2020 Job Postings	Difference October	YTD 2019 Job Postings	YTD 2020 Job Postings	Difference YTD
1	MANAGERS, DIRECTORS AND SENIOR OFFICIALS	463	541	17%	4,358	3,925	-10%
2	PROFESSIONAL OCCUPATIONS	1,809	1,897	5%	15,634	15,952	2%
3	ASSOCIATE PROFESSIONAL AND TECHNICAL OCCUPATIONS	782	825	5%	8,209	6,443	-22%
4	ADMINISTRATIVE AND SECRETARIAL OCCUPATIONS	377	453	20%	4,425	3,460	-22%
5	SKILLED TRADES OCCUPATIONS	391	354	-9%	4,209	3,074	-27%
6	CARING, LEISURE AND OTHER SERVICE OCCUPATIONS	628	808	29%	5,124	5,833	14%
7	SALES AND CUSTOMER SERVICE OCCUPATIONS	496	522	5%	5,377	3,718	-31%
8	PROCESS, PLANT AND MACHINE OPERATIVES	161	258	60%	2,278	1,639	-28%
9	ELEMENTARY OCCUPATIONS	319	399	25%	3,551	2,838	-20%

Source: Burning Glass Technologies: Labour Insight. 2020

- **Demand in 2020 has shrunk across all occupations, except for professional and caring roles.** Further analysis shows that reflecting the increased demand associated with the pandemic, demand for caring roles and health professionals grew by a fifth this year -the latter accounting for the positive balance in professional occupations.
- **Demand for occupations involving direct contact**, e.g. activities such as sales, customer services, machine operatives and skilled trades **has seen the biggest hit in 2020** and are currently at around 70% of their 2019 levels.
 - Further examination of the skilled trades suggests that the highest decrease was amongst **textile and printing skilled trades** (down by 40ppt) which continued to decline in the past month while agricultural, electrical, construction and building trades were not as badly affected (yet down by 17ppt on average).
 - Similarly, **process and plant machine operatives** have seen the most significant decline (40ppt), while transport and mobile machine drivers and operatives were not affected to such and extend (down by 12ppt).

Employment, Unemployment and Inactivity Rates²

Employment/ Unemployment rates in the dashboard include the latest quarterly release for local authority areas for July 19-June 20, which were presented in the previous monthly dashboard and are featured in the below table for reference, the change against the previous quarter (end of March 20) shown in brackets. Employment rate in Dorset (LEP area) was still higher than national and surprisingly it has slightly increased in Dorset Council area, but fell in BCP, with a proportional increase in economic inactivity.

July 19-June 20 (% 16-64 year olds)			
	Employment rate	Unemployment rate (modelled-based)	Economic inactivity
England	76.5% (+0.3ppt)	4.0% (+0.1ppt)	20.3% (-0.3ppt)
Dorset	77.1% (+2.0ppt)	2.9% (-)	20.7% (-2.8ppt)
BCP	79.4% (-3.0ppt)	2.7% (-0.6ppt)	18.4% (+2.7ppt)

Source: ONS

² The interpretation of the unemployment data needs some care – as described [here](#).

Key national trends

The latest ONS' monthly labour market release in [November 2020](#) illustrates the following key trends in the UK labour market:



- **Falling employment rate, some recovery in hours worked**

In the UK 782,000 fewer people were employed in October than back in March. The UK employment rate in the three months to September 2020 was **75.3%, 0.8 pps lower than a year earlier and 0.6 pps lower than the previous quarter. Total hours worked, while still low, show signs of recovery.**



- **Rising unemployment**

Estimates for July to September 2020 show 1.62mn people were unemployed - 318,000 more than a year earlier and 243,000 more than the previous quarter. The UK unemployment rate was **4.8%; 0.9 pps higher than a year earlier and 0.7 pps higher than the previous quarter.**

Unemployment was higher for men (5.2% - 1.1 pps higher than a year earlier) than for women (4.3% - 0.7 pps higher than a year earlier).



- **Inactivity**

Estimates for July to September 2020 show 8.66 million people aged between 16 and 64 years were not in the labour force (economically inactive), 46,000 more than a year earlier and 21,000 more than the previous quarter.

Looking at the flows between employment, unemployment and economic inactivity over the last quarter there was a net flow of:

- 133,000 from employment to economic inactivity
- 1,000 from unemployment to employment
- **215,000 from economic inactivity to unemployment; the largest net flow from inactivity to unemployment on record**

PWCs [Economic Update](#) suggests the flow from inactivity to unemployment results from relaxation of social distancing and opening of schools encouraging people to seek work.

Redundancies increased by a record 181,000 on the quarter to reach 314,000. The increase in 2020 is the largest annual increase since 2009. While redundancies have been on the rise since June, there was strong growth in the first week of September 2020, which may have reflected an expectation of the ending support schemes. The extension of the furlough scheme may have some mitigating effects – although the second lockdown hit many sectors once again.

Claimant Count³

- **While the proportion of claimants remains persistently high, there has been a slight fall in their numbers in Dorset. Combined with an increase in vacancies, this has meant the ratio of claimants per vacancy fell to 4 in October.** This is still twice as high as the beginning of the year, but marks a considerable improvement from the 7.5 peak in May.

Claimant Count (% population aged 16-64)		
	October 2020	October 2019
England	6.3%	2.8%
Dorset LEP area	5.3%	2.0%
Dorset	4.3%	1.6%
BCP	6.2%	2.4%

Source: ONS

³ Claimant count remains a more immediate unemployment indicator, although does reflect changes in Universal Credit, which makes comparisons with previous years' unemployment benefits unreliable as described [here](#).

- The proportion of young people claiming support has increased even more markedly and stands at 7.6% of those aged 18-24 (vs 5.3% of working age population).

Claimant count 18-24 (% population aged 18-24)				
	DLEP	BCP	Dorset	England
January 2020	2.9%	2.8%	3.0%	3.9%
February 2020	3.0%	2.9%	3.2%	4.1%
March 2020	3.1%	3.0%	3.1%	4.2%
April 2020	5.4%	5.1%	5.9%	6.6%
May 2020	7.7%	7.4%	8.4%	8.8%
June 2020	7.9%	7.5%	8.5%	9.0%
July 2020	8.1%	7.7%	8.7%	9.3%
August 2020	7.9%	7.6%	8.4%	9.2%
September 2020	8.0%	7.8%	8.3%	9.4%
October 2020	7.6%	7.3%	8.0%	9.2%

Source: ONS

Jobseekers Allowance⁴ levels remain relatively low as a proportion workforce, however the numbers have tripled in October 2020 in comparison to 2019 (from 880 to 2634 claimants).

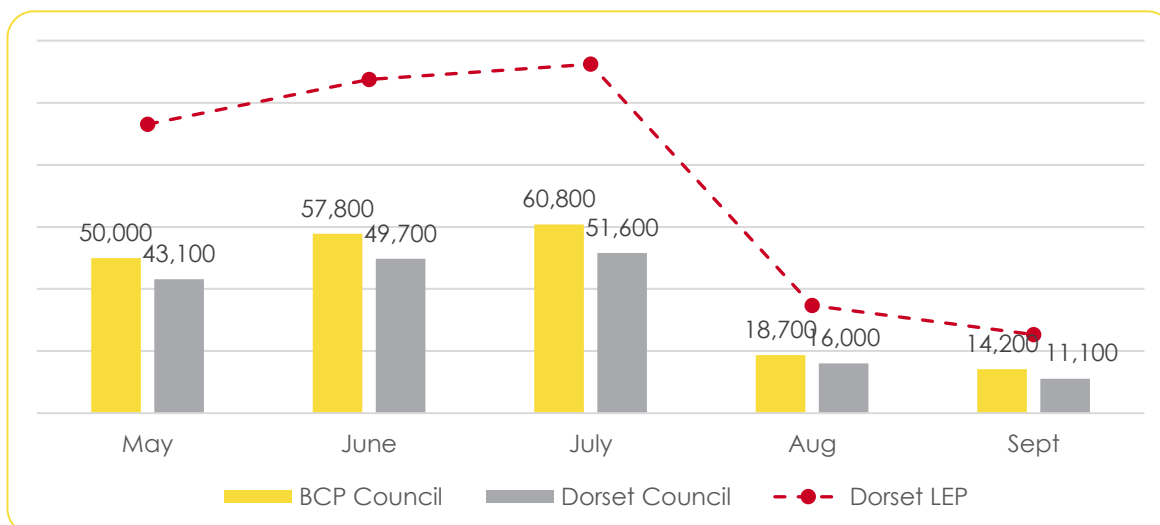
Jobseekers Allowance (% population)		
	October 2020	Change on year
England	0.8%	+0.4ppt
Dorset LEP area	0.6%	+0.4ppt
Dorset	0.5%	+0.4ppt
BCP	0.7%	+0.5ppt

Source: ONS

Coronavirus Job Retention Scheme (furloughed)

- Number of furloughed workers significantly decreased.
- Latest (provisional) data includes the claims submitted by the end of September. There were 25,300 furloughed employees in Dorset LEP - 87,100 less than the peak in July – marking a decrease from 34% of eligible employments to 8%.

Chart 1: Coronavirus Job Retention Scheme claimants – BCP and Dorset Council. HMRC



⁴ The JSA can be claimed as an in-work benefit and sits alongside the roll-out of Universal Credit.

- **Nationally, 29% of employers had staff furloughed and 8% of employments were furloughed as at 30 September. Employers with 20 to 49 employees were most likely to have claimed under the CJRS, with 48% of employers of this size having at least one employee furloughed.**

The latest breakdown of claimants at a sector level available nationally (UK) is shown below.

- As at 30 September, the sector with the highest proportion of its workforce furloughed was arts, entertainment and recreation at 23%, followed by accommodation and food services sector at 22% (both falling from over 40% back in July). In all, 45% of employers in the arts, entertainment and recreation sector were using the furlough scheme at the end of September as were 41% of employers in accommodation and food services.

Sector	Eligible employments take-up rate
Public administration and defence;	0%
Energy production and supply	1%
Households	1%
Finance and insurance	2%
Education	2%
Health and social work	3%
Agriculture, forestry and fishing	4%
Mining and quarrying	4%
Water supply, sewerage and waste	5%
Information and communication	7%
Administrative and support services	8%
Manufacturing	9%
Wholesale and retail; repair of motor vehicles	9%
Transportation and storage	9%
Real estate	10%
Professional, scientific and technical	10%
Construction	11%
Other service activities	19%
Accommodation and food services	22%
Arts, entertainment and recreation	23%

Source: HMRC

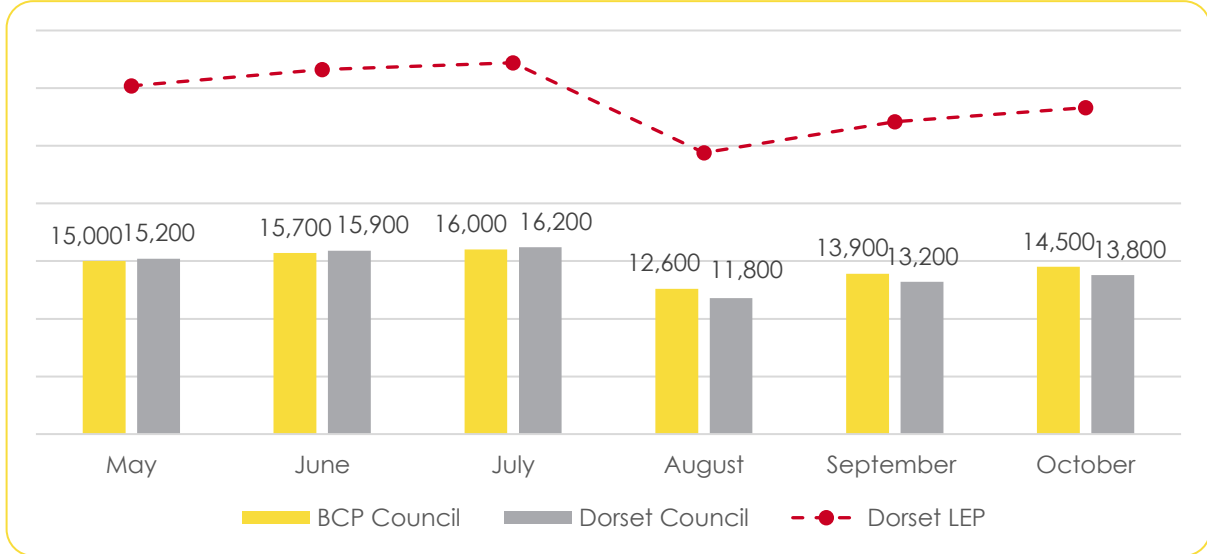
What happened to people after their furlough ended?

HMRC have undertaken [analysis](#) of the furlough scheme, showing what happened to people after their furlough ended. Using CJRS take-up rates and Pay as You Earn (PAYE) real time Information, this analysis has found that 90% of employees who left the job retention scheme between April and July (3.9mn people) were still on their original payroll in August, suggesting they remained working for their original employer.

Self-Employment Income Support Scheme (SEISS)

As of the 30th October, 28,300 self-employed in Dorset were in receipt of Self Employment Income Support – an increase of 1,200 from the previous month. This represents approximately 66% of those eligible to apply – lower than the rate found across UK (69%) and in line with the South West. The average value of claims was £2,600. Change over time is shown below.

Chart 2: Self Employment Income Support Scheme – BCP and Dorset Council areas



Source: HMRC

The breakdown of claimants at a sector level is available nationally (UK). Figures as of the end of October are shown in the table below.

Sector description	Eligible self-employment take-up rate (UK)
Agriculture, forestry and fishing	44%
Real estate activities	54%
Human health and social work activities	59%
Information and communication	59%
Administrative and support service activities	60%
Professional, scientific and technical activities	60%
Wholesale and retail trade; repair of motor vehicles and motorcycles	63%
Financial and insurance activities	64%
Accommodation and food service activities	65%
Manufacturing	68%
Public administration and defence; compulsory social security	68%
Arts, entertainment and recreation	73%
Education	74%
Construction	76%
Other service activities	78%
Transportation and storage	81%

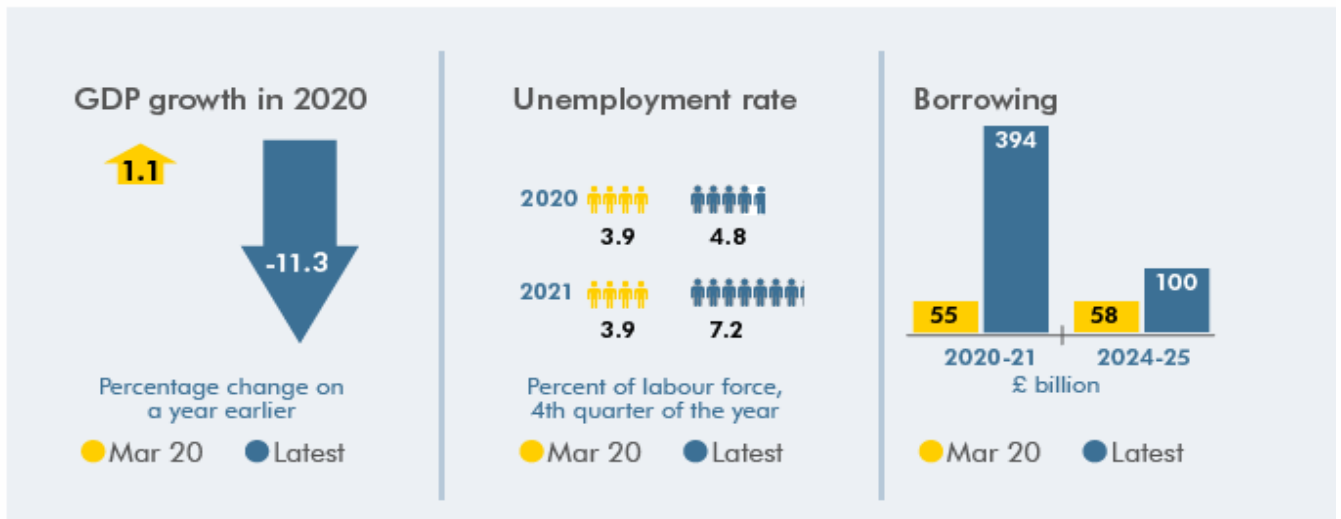
Wider trends and research reports

This part of the paper highlights some wider aspects and general trends of the labour market and provides an overview of recent analytical pieces.

Spending Review

- **Spending review focused on driving economic growth through improving the skills pipeline, levelling up productivity and supporting people to work⁵. Some concerns over sufficiency of apprenticeships and reskilling incentives.**

The government issued its [Spending Review](#) on 25 November. The Chancellor noted [OBR forecasts](#) for unemployment rising in 2021 and GDP falling by 11.3% in 2020, before returning to growth in 2021. According to the OBR projections, the economy will not reach pre-crisis levels until the end of 2022 and highlights the extraordinary shock to the economy throughout 2020:



Source: Reproduced from [OBR Economic and fiscal outlook – November 2020](#)

Some measures of significance to employment and skills announced with the Spending Review include:

- **New £4bn 'levelling up' fund** - to pay for projects chosen by local areas, focusing on 'place based' investment and would be managed jointly by HMT, DfT and MHCLG.
- **Employment** - £3.6 billion of funding in 2021-22 to deliver labour market support including:
 - o A **new 3-year long 'Restart' programme** to provide those who have been out of work for more than 12 months with tailored job-seeking support. The scheme will be launched in 2021-22.
 - o Building on the **Plan for Jobs commitment to increase capacity in Job Centre Plus and double the number of work coaches**
 - o **Job search support measures**, including the Job Entry: Targeted, Job Finding Support, Youth Offer, and Sector-Based Work Academy Programme
 - o **Kickstart Scheme** to continue for new, fully-subsidised jobs for young people.
- **Skills funding includes** £375 million from the National Skills Fund in 2021-22 to provide:
 - o £138 million to fund **in-demand technical courses for adults, equivalent to A level**, and to expand the employer-led boot camp training model
 - o £110 million to drive up **higher technical provision** in support of the *future rollout of a Flexible Loan Entitlement to test and develop innovative models for local collaboration between skills providers and employers.*

⁵ Cross-cutting outcome - contributing departments are BEIS, DCMS, DWP and MHCLG.

- **£2.5 billion for apprenticeships and improvements to the apprenticeship funding system for employers.** Incentive payments for hiring a new apprentice introduced in the Plan for Jobs will be extended.
 - From August 2021, a new pledge function will be introduced for the bulk **transfer of unspent apprenticeship levy funds to SMEs** through an online service to match levy payers with SMEs that share their business priorities. From April 2021 employers in construction, followed by health and social care, will be allowed to front-load training for certain apprenticeship standards.
- £1.5 billion over six years to bring Further Education college estates in England up to a “good” condition and £291 million for Further Education in 2021-22, to ensure that core funding for 16 to 19-year-olds is maintained in real terms per learner.
 - There is a focus on investment in **Green** industries and **Defence**.

Comments from the education sector [here](#), with a key concern that the kickstart scheme is more attractive for employers than the one off apprenticeship incentive, and hesitation that the proposed measures are enough to solve the reskilling challenge.

Skills supply and demand mismatches and the effects on recovery

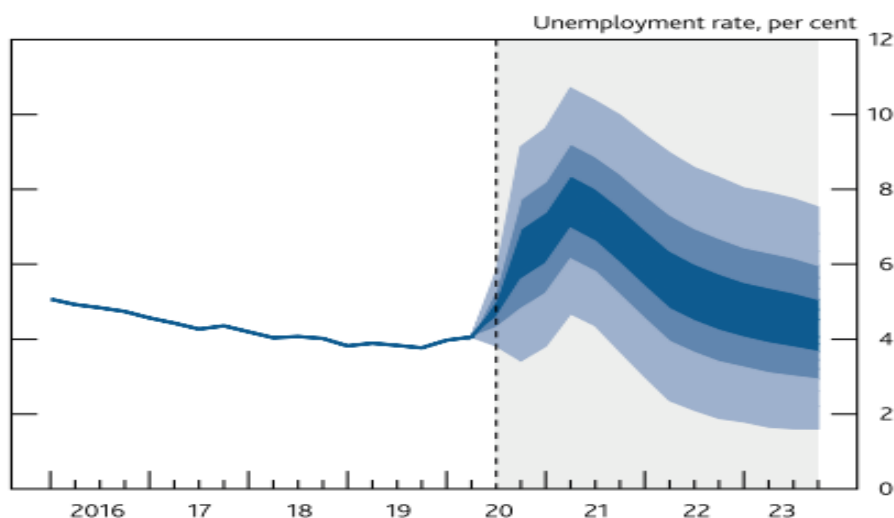
- **Skills mismatch between those looking for jobs and the sectors with vacancies slowing the recovery of the economy and employment rates.**

In its [November Monetary Policy Report](#), the Bank of England indicated that due to the pandemic affecting the various sectors of the economy differently, some labour and capital are likely to have to move between sectors. The rate of the reallocation of labour between sectors however is reduced by a skills mismatch between those looking for work and the available vacancies.

The BoE projects that wages will not decrease under the pressure of increased unemployment, but also the unemployment rate will remain high for longer as vacancies will still be difficult to fill. Some of the sectors hardest hit by the pandemic employ many young and low-skilled workers who may find it difficult to move between sectors. This is expected to last well into 2021, depending on the persistence of the differential impact across sectors, and the ability of the workforce to build new skills.

More encouragingly, the BoE notes that in the past the UK labour market has adjusted relatively quickly to large shocks and that in normal times, around 9% of workers change jobs every year, but some workers will need to gain new skills and move sectors to avoid long term unemployment.

Chart 3: Unemployment rate projections



Source: Reproduced from [November Monetary Policy Report](#), Bank of England

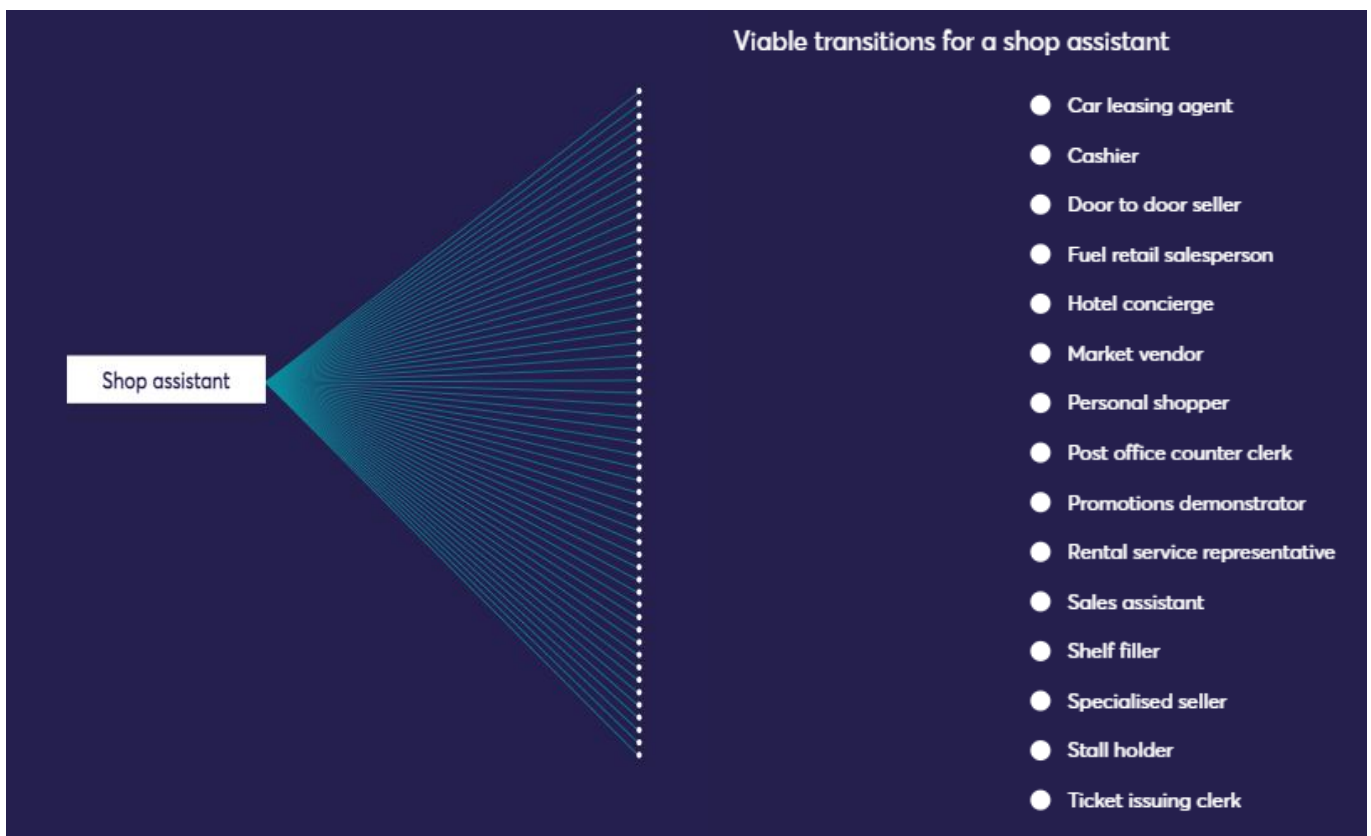
A map for supporting job transitions

- NESTAs [experimental labour market mapping tool](#) may facilitate transitioning between sectors and reskilling.

NESTA have developed a labour market map which facilitates identifying roles with higher risk of automation clustered together with roles that have similar sets of tasks, but offer more secure job opportunities.

In their report, *Mapping Career Causeways: Supporting workers at risk*, NESTA have used machine learning to capture the similarities between over 1,600 jobs, based on the skills and work activities that make up each role.

There are [more details here](#) including the map and showing an example of how the data can be used in practice with occupations most affected by the pandemic, such as shop assistants. This is an ongoing piece of work and worth following.



Source: Reproduced from [A map for navigating the labour market](#), NESTA

Business investment

- Record fall in business investment contributing to slow recovery of GDP and future productivity growth.

[A recent blog by the ONS](#) focused on the big fall in business investment, which contributes to GDP and is also a driver of future productivity growth. [This blog comments on recently released ONS data.](#)

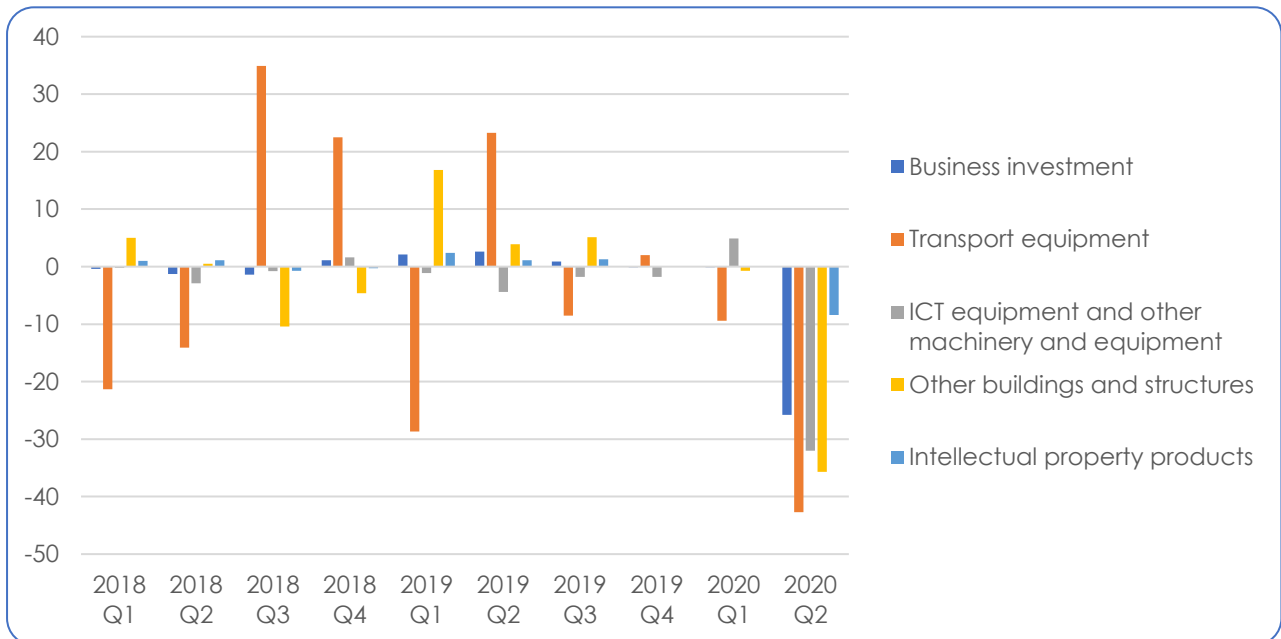
Business investment, the amount spent on assets such as machinery, buildings and vehicles fell by a quarter in the three months to June 2020. Excluding a technical quirk in 2005, this is by far the largest fall in business investment on record.

Evidence from businesses suggests that the Covid-19 pandemic led to many businesses across a wide range of industries putting non-essential investment on hold, with some projects cancelled altogether.

While all assets contributed to the quarter-on-quarter fall in business investment, investment in transport equipment, such as high value assets such as ships, aircraft and railway rolling stock, as well as motor vehicles, was particularly hard hit, falling by almost half in the latest period.

Intellectual property products and other buildings and structures both demonstrated their largest quarterly fall on record. Chart 4 shows that % difference in Q2 2020 when compared to Q2 2019, showing that investment in transport equipment was c43% lower than in the previous year, with investment in building structures also c36% lower.

Chart 4: Quarter-on-Quarter growth by asset class



Source: (ONS Business Investment)

Latest employer confidence report

In its recent [Jobs Outlook for November](#), the Recruitment and Employment Confederation (REC) reports that employers' confidence in their ability to make hiring and investment decisions fell by five percentage points from the previous rolling quarter. Also, more employers were seeking out support of temps as confidence levels fell ahead of the second lockdown.

Future-Proofing Apprenticeships

Completed by the Institute of Employment Research at the University of Warwick and commissioned by Co-op, [this report](#) is focused on the skills developments in two sectors but draws wider conclusions and recommendations as to [how best apprenticeships can be developed to meet workforce and skills needs post-pandemic](#). Among their key recommendations are:

- Greater flexibility and agility of standards to respond to changing needs, ways of working and adapting them to the needs of smaller employers
- Funding flexibility, apprenticeships to be more available to flexible workers
- Clearer definition of what constitutes an 'apprenticeship' and the need to integrate entry routes, progression into, within and beyond apprenticeships.