

# **COVID- 19 Labour Market Insights**

**May 2021**

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## Overview<sup>1,2</sup>

COVID-19 emerged in China near the end of 2019 and quickly became a global pandemic. To contain the pandemic and mitigate the impact on health, restrictions on physical gatherings and movement in the UK and further afield were introduced.



These restrictions have had a major impact on the global economy. The Scottish and UK governments introduced a range of interventions to help mitigate the economic impact on people and businesses.

The Scottish Government introduced a five-tier system of local COVID-19 restrictions in 2020. In early January 2021, mainland Scotland moved from Level 4 to another temporary lockdown, with guidance to stay at home except for essential purposes, whilst most island areas remained at Level 3.



From March some restrictions around outdoor socialising, travel and retail were lifted. All areas of Scotland then moved to a modified Level 3 on 26<sup>th</sup> April. Following this, all of mainland Scotland (except Glasgow and Moray) entered Level 2 and most Islands Level 1 on 17<sup>th</sup> May. Due to local outbreaks, Glasgow and Moray remained at Level 3 on 17<sup>th</sup> May, which also meant a re-introduction of travel restrictions in/out of Glasgow and Moray.

## COVID-19 Dashboard



The COVID-19 Labour Market Insights report is accompanied by the COVID-19 Dashboard, which provides additional detail on the data sources used in this report, including long term trends.

**The icon on the left will indicate where more detail is available in the dashboard.**

## Five Level System

### Level 0

There are hopes that all of Scotland can enter Level 0 in late June. Phased return of some office staff. Further relaxing of socialising rules, with a return to local licensing laws.

### Level 1

It is hoped that all of Scotland can enter Level 1 on 7<sup>th</sup> June. Further relaxing of rules around numbers socialising. Indoor hospitality can open until 11pm.

### Level 2

Six people from three households can meet indoors (public place or private home) and eight people from eight households outdoors. Hospitality can serve alcohol indoors with time restrictions. Cinemas, amusement arcades and bingo halls can open.

### Level 3

Hospitality can open indoors (no alcohol) up to 8pm and outdoors (with alcohol) up to 10pm. Six people from two households can meet indoors in a public place and six people from six households can meet outdoors. Gyms can open for individual exercise. Tourist accommodation, indoor attractions and all remaining non-essential retail can open. Travel restrictions within Scotland and between Scotland and the rest of the UK lifted.

### Level 4

Closer to a full-lockdown the closure of non-essential shops, hospitality, and gyms. Some outdoor meetings still allowed, and schools stay open. *As part of the 2021 lockdown, schools closed between January and early March.*

Full details of the restrictions are available on the Scottish Government [website](#). Please note, all dates are indicative.

<sup>1</sup> [Coronavirus Summary](#), World Health Organisation (WHO). (April 2020).

<sup>2</sup> [Coronavirus Update](#), Center for Economics and Business Research. (March 2020).

## Recovery Scenarios

**The Scottish economy contracted by an estimated 9.6% in 2020**, compared to 2019. Although the timescale for economic recovery remains unclear, we have drawn on published forecasts from the Scottish Fiscal Commission<sup>1</sup>(January 2021) and the Fraser of Allander Institute<sup>2</sup> (March 2021) to provide an overview of recovery scenarios:

- The Scottish Fiscal Commission forecast the Scottish economy could recover to pre-pandemic levels of economic output in Scotland by the **beginning of 2024**.
- Considering the extension of the Coronavirus Job Retention scheme and the vaccine rollout, the Fraser of Allander Institute's central scenario suggests a **return to pre-pandemic output in Scotland by Autumn 2022**.
- The latest Scottish Fiscal Commission analysis suggests GDP could **fall by 5.2% in Q1 2021**, which would leave output **13% lower than before the pandemic**.
- While recovery scenarios suggest economic output may begin to recover by late 2022, **unemployment in Scotland is likely to recover at a slower pace**.
- The Scottish Fiscal Commission predict the **unemployment rate** in Scotland could reach **7.6% in Q2 2021** and may remain elevated for several years.
- Unemployment remains above pre-pandemic levels throughout the Scottish Fiscal Commission forecast, which ends in **Q1 2026**.



## Monthly Gross Domestic Product<sup>3</sup>



Scotland's monthly gross domestic product (GDP) is provisionally estimated to have increased by 0.9% between January 2021 and February 2021. Despite this growth, output remains 7.4% lower in February 2021 compared to February 2020.



In February, output in the Production and Construction sectors grew by 0.9% and 1.6% respectively. Both outputs remained below the levels of February 2020.

Output in the Services sector, which accounts for over three quarters of the economy, also grew by 1.0%. The growth in service sector can be attributed to the education sub-sector, where primary years returned to school. The overall growth in service sector remained subdued due to restrictions on customer facing sub-sectors, such as retail and hospitality.

These statistics reflect the beginning of the implementation of new restrictions in January 2021. We may continue to see the impact of these restrictions in the coming months.

## Quarterly Gross Domestic Product<sup>4</sup>



Scotland's GDP rose by 2.3% in real terms during Quarter 4 of 2020 (Oct-Dec), following a 15.6% increase in Quarter 3 (Jul-Sept). In the UK, GDP increased by 1.3% in the fourth quarter of 2020.



Output in the Construction sector increased by 4.0% in Q4 2020, and Service sector output also increased (2.8%).

While the Production sector experienced marginal contraction (-0.4%), there are still signs of economic recovery overall.

Longer term GDP trends are presented in the COVID-19 dashboard.

Gross Domestic Product (GDP) is the standard measure of the size and health of a country's economy.

<sup>1</sup> Scottish Fiscal Commission Forecasts, January 2021

<sup>2</sup> FAI Economic Commentary, Q1 2021 The Fraser of Allander Institute. (March 2021).

<sup>3</sup> GDP Quarterly National Accounts: 2020 Quarter 4, Scottish Government. (May 2021).

<sup>4</sup> Gross Domestic Product, Scottish Government. (2021).

# COVID-19 Labour Market Insights: **Headline Labour Market Indicators**

5

Labour Force Survey (LFS) responses are weighted to official population projections. As the current projections are 2018-based they are based on demographic trends that pre-date the COVID-19 pandemic. Rates published from the LFS remain robust; however, levels and changes in levels should be used with caution.

## Employment Rate (16-64)<sup>1</sup>

Scotland UK

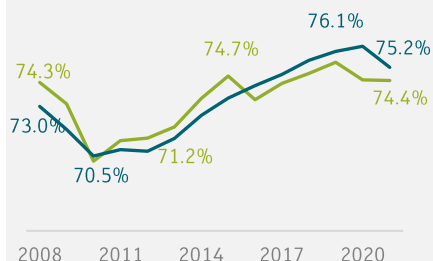
74.4% 75.2%

76.7%  78.2%

72.2%  72.2%

Compared to the same quarter of the previous year (January to March 2020), the employment rate in Scotland decreased by **0.1 ppts to 74.4%**.

This equates to 2.6 million employed people (aged 16+) in Scotland, a decrease of 15,000 compared to the same point last year (January to March 2020).



## Economically Inactive (16-64)<sup>1</sup>

Scotland UK

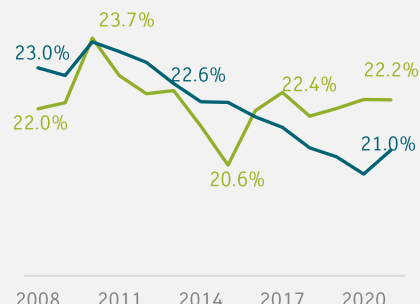
22.2% 21.0%

19.8%  17.6%

24.5%  24.4%

Compared to the same quarter of the previous year (January to March 2020), the economic inactivity rate in Scotland remained the same at **22.2%**.

This equates to 764,000 economically inactive people in Scotland, a decrease of 1,000 compared to the same point last year (January to March 2020).



## Unemployment Rate (16+)<sup>1</sup>

Scotland UK

4.3% 4.8%

4.2%  5.0%

4.3%  4.5%

Compared to the same quarter of the previous year (January to March 2020), unemployment in Scotland increased by **3,200 people to 4.3%**.

This equates to 119,000 unemployed people in Scotland.

The Scottish Fiscal Commission unemployment forecast assumes that unemployment is currently higher than shown in official statistics, at **6.8% in Q3 2020**.



## Youth Unemployment Rate<sup>2</sup>

Scotland UK

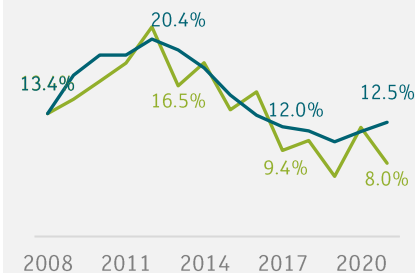
8.0% 12.5%

7.3% \*  13.8%

8.6% \*  11.1%

Compared to the same quarter of the previous year (January to March 2020), the youth unemployment rate in Scotland decreased by **3.9 ppts to 8.0%**.

This equates to 26,000 unemployed young people in Scotland, a decrease of 15,000 compared to the same point last year (January to March 2020).



**Official labour market data sources may not show the true impact of the pandemic on unemployment in Scotland.**

<sup>1</sup> ONS, Labour Force Survey (December – March 2008 to 2021, 18<sup>th</sup> May 2021).

<sup>2</sup> ONS, Labour Force Survey (December – March 2008 to 2021, 18<sup>th</sup> May 2021) \*Figures are based on a sample size and should be

treated with caution.

<sup>3</sup> [Monthly Economic Brief](#), Scottish Government. (February 2021).

## Coronavirus Job Retention Scheme (CJRS)<sup>1</sup>

**327,100** individuals supported by the CJRS in Scotland as of 31<sup>st</sup> March 2021 (provisional data)

**14%** of eligible employments (provisional data)

- Most individuals supported by the CJRS were fully furloughed (225,100 or 69%), and the remainder (102,000 or 31%) were partially furloughed.
- The Accommodation and Food Services and Wholesale and Retail sectors accounted for the largest numbers of furloughed workers, at 26% and 19% of the Scottish total, respectively.
- The CJRS has been extended to September 2021.

## Self-Employment Income Support Scheme (SEISS)<sup>2</sup>

**131,000** claims to the Self-Employment Income Support Scheme as of 31<sup>st</sup> January 2021

**£2,800** average claim value

- The take-up rate of third grant SEISS varied across Scotland. The highest take-up rate was in **West Dunbartonshire (73%)**, followed by North Lanarkshire and Glasgow City (71% and 70% respectively). The lowest take-up rate was in **Orkney Islands (40%)**. The highest take-up rate for males was in Glasgow City (73%), while the highest rate for females was in West Dunbartonshire (71%).
- The **Construction** sector accounted for the **highest number of SEISS claims made** in Scotland. By the end of January 2021, construction workers made 34,800 claims for a third SEISS grant totaling £121.9 million.

*number of people claiming Jobseeker's Allowance plus those out of work Universal Credit claimants.*

<sup>4</sup>Department for Work and Pensions

## Unemployment Benefits



**208,400** people claiming unemployment related benefits

**490,800** people claiming Universal Credit

- The seasonally adjusted claimant count\* increased between April 2020 and April 2021 from 187,200 to 208,400 in Scotland.<sup>3</sup>
- The number of people claiming Universal Credit in Scotland increased from 373,600 in April 2020 to 490,800 in April 2021. The time lag between someone being made unemployed and receiving their first Universal Credit payment can be up to five weeks (including a four-week assessment period).<sup>4</sup>

## Redundancies

**5,000\*\*** redundancies in the three months to March 2021 in Scotland

**2.3\*\*** per 1,000 people (5.5 per 1,000 in the UK)

- Redundancies decreased by 19,000\*\* in the three months to March 2021, compared to the previous quarter (Oct – Dec 2020).<sup>5</sup>
- Across the UK, the redundancy rate was highest for those aged 50 and over at 6.5 per 1,000 people.
- **In April 2021, 326 individuals and 29 employer sites** have received Partnership Action for Continuing Employment (PACE) information in Scotland.
  - In 2020/21, **34,222 individuals and 1,009 employer sites** have received PACE information.
  - In 2019/20, 11,189 individuals and 498 employer sites (295 unique employers) were provided with PACE information.<sup>6</sup>

<sup>1</sup> CJRS, HMRC. (May, 2021).

<sup>2</sup> SEISS, HMRC. (February 2021).

<sup>3</sup> Office for National Statistics, Claimant Count. \*This experimental series counts the

<sup>5</sup> ONS, Labour Force Survey (January – March 2020 to 2021, 18<sup>th</sup> May 2021) \*\*Estimates are based on a small sample and should be used with caution.

<sup>6</sup> Partnership Action for Continuing Employment (PACE), SDS data. (May 2021).



## People in Employment



- HMRC data estimates there were around **2.3 million** payrolled employees in Scotland in March 2021. This is a **decrease of 3.1% (73,200)** compared to pre-pandemic levels (March 2020). In the UK overall, payrolled employment decreased by 2.8% over the same period.<sup>1</sup>
- **Over one quarter (28.4%)** of people who worked in a **temporary role** did so because they **could not find a permanent job** between January 2020 and December 2020. This is an increase from 25.7% in April 2019 – March 2020.<sup>2</sup>
- Of those who worked part-time in Scotland between January 2020 and December 2020, **12.5% did so because they could not find a full-time role**. This represents an increase of around 2.3 pp compared to April 2019 – March 2020.<sup>2</sup>
- The average number of hours worked per week (all workers) in Scotland **decreased from 31.6 to 28.0 hours (-11.5%)** between January - December 2019 and January - December 2020.<sup>2</sup>
- In the UK over the quarter January to March 2021, the average number of hours worked (seasonally adjusted) **was 29.4 (all workers), a decrease from 31.2** between January and March 2020.<sup>3</sup>



- Estimated median monthly pay across all industries in Scotland was **£1,967 in March 2021**, an increase of 5.2% on February 2020. This increase followed a period of decline between March and May 2020.<sup>1</sup>

In March 2021, essential spending in the UK **increased by 7.7% driven by growth in grocery spending**, up by 25.6%. However, **non-essential spending fell 14.5%**, reflecting the impact largely on hospitality and non-essential retailers. Overall, consumer spending in March **fell by 7.2%** compared to the same period in 2019.<sup>4</sup>



<sup>1</sup> HMRC, ONS, Pay as You Earn Real Time Information, seasonally adjusted, April 2021.

<sup>2</sup> Annual Population Survey (April 2021) January 2020 – December 2020.

<sup>3</sup> ONS, Labour Force Survey (January – March 2008 to 2021, 18<sup>th</sup> May 2021).

<sup>4</sup> UK Consumer Spending Report, Barclays. (April 2021).

## Equality Considerations



- COVID-19 has exacerbated existing health inequalities in Scotland. Key issues include a much higher death rate amongst people in the most deprived areas compared with those in the least deprived areas, and for people from a South Asian background compared with White people.<sup>5</sup>
- The Joseph Rowntree Foundation highlighted the disproportionate impact of COVID-19 on people in low quality and insecure work during the first lockdown:
  - Individuals on zero hours or temporary contracts were four times more likely to lose their job than those on permanent contracts.
  - The self-employed were three times more likely to stop working or experience a significant reduction in working hours compared with those on permanent contracts.
  - Across all sectors, low paid workers were 24% more likely to be made redundant and 15% more likely to be furloughed.
  - Overall, workers in the lowest 20% of earners were almost two times more likely to lose their job or have their hours reduced than those in the highest 20% of earners.<sup>6</sup>
- The Resolution Foundation highlighted the U-shaped impact of COVID-19 across age groups, with the oldest and youngest workers the worst affected (although younger workers have been more impacted than older workers).
  - In January 2021, 35% of workers aged 60-65 who were employed in February 2020 were either furloughed, unemployed or earning at least 10% less than they were prior to the crisis.
  - The impact of COVID-19 on older workers is concerning as older workers who become unemployed take longer to return to work than younger workers and face a much larger wage reduction.<sup>7</sup>
- Parents in low-income families have been more likely to lose their jobs or face reduced hours, whilst at the same time early childhood services, which can help to buffer the impact of inequalities, have been reduced.<sup>8</sup>

<sup>5</sup> [Health Inequality and COVID-19 in Scotland](#), Scottish Parliament. (March 2021).

<sup>6</sup> [What the First COVID-19 Lockdown meant for People in Insecure, Poor-Quality Work](#), Joseph Rowntree Foundation. (March 2021).

<sup>7</sup> [A U-Shaped Crisis: The Impact of the COVID-19 Crisis on Older Workers](#), Resolution Foundation. (April 2021).

<sup>8</sup> [Prioritise Early Years to Reduce Childhood Inequality](#), LSE. (May 2021).

## The Voice of Businesses

### Workforce

- The Royal Bank of Scotland (RBS) Report on Jobs<sup>1</sup> indicated **the steepest increase in demand for permanent staff since July 2014**.
- Reflecting this, across the UK **the quickest rise in permanent vacancies since 1997** was recorded in April. However, this has been accompanied by a decrease in candidate availability, related to job security fears.<sup>2</sup>
- The British Chamber of Commerce highlighted that whilst vacancies are growing, **this varies significantly across sectors**, with hotels and catering firms and retail less likely to recruit.<sup>3</sup>
- Reflecting the rise of home working, over one quarter (27%) of businesses surveyed in the Fraser of Allander Scottish Business Monitor expect to permanently reduce their office footprint.<sup>4</sup>

### Financial

- The Fraser of Allander Scottish Business Monitor<sup>4</sup> found that **whilst the net number of businesses reporting growth in the first quarter of 2021 remained negative, it has improved compared with the previous quarter**.
- In the first quarter of 2021 **Scotland saw the biggest fall in small businesses reporting revenue growth over the past three months**, at -45.0%, compared with -22.6% across the UK.<sup>5</sup>

### Business Confidence

- The Federation of Small Businesses reported **business confidence increased to 19.0 in Scotland in Q1 2021**. Whilst this was the second lowest of all regions in the UK (only ahead of London), it is also the second largest increase in confidence since Q4 2020.<sup>6</sup>
- Fraser of Allander found that in Q1 2021 **businesses were much more positive about their expected volume of business and increasing employment over the next six months**, as both indicators are now positive and have increased compared with Q4 2020.<sup>4</sup>
- There is a growing difference in the current performance of consumer and non-consumer facing firms. However, **all sectors anticipate an increase in their volume of business over the next six months**.<sup>4</sup>

<sup>1</sup> Royal Bank of Scotland Report on Jobs (May 2021).

<sup>2</sup> IHS Markit, UK hiring activity at 23½-year high as employers look to life post-lockdown (May 2021).

<sup>3</sup> British Chambers of Commerce, New Figures Show Workforce Growth Expected but Some Sectors Yet to See Signs of Revival (April 2021).

<sup>4</sup> Fraser of Allander, Scottish Business Monitor: Q1 2021, (May 2021).

<sup>5</sup> Federation of Small Businesses, FSB Voice of Small Business Index Q1 2021, (May 2021).

<sup>6</sup> Purchasing Managers' Index (PMI), Royal Bank of Scotland. (May 2021).

## Purchasing Managers' Index<sup>6</sup>



In April 2021, Scotland's Business Activity Index was **55.4**. Business Activity has risen sharply from March to April, indicating growth in the Scottish economy. This is the second consecutive upturn in activity.



The Future Activity Index **fell slightly from the record high in March to April 2021 but private sector confidence** in business activity **remains high** for next year.



Panelists were optimistic about the ongoing vaccine rollouts and retained hoped for a solid economic recovery.



In April 2021, Scotland's Employment Index showed that private sector businesses **increased staff levels for the first time since January 2020, pre-pandemic**. Sectoral data demonstrates a high concentration of new jobs in manufacturing. However, there were notable differences across sectors, with jobs in the Services sector continuing to decrease.

## Job Postings in Scotland<sup>7</sup>



Following a 68% decrease between March and April 2020, job postings more than doubled between April 2020 and April 2021. There were **around 3% fewer job postings in April 2021 compared to March 2020 (pre-pandemic)**.



While this suggests that recruitment activity is almost in line with pre-pandemic levels, evidence suggests the focus may be on temporary roles.

The composition of job postings was similar in April 2021 compared to April 2020, with the highest demand for Information Technology and Telecommunication Professionals. In April 2021, further occupations with the highest number of job postings included Caring Personal Services and Business, Research and Administrative Professionals.

<sup>7</sup> Burning Glass Technologies (May 2021). Burning Glass Vacancies gather insights from online job postings and websites.



## Business Loan Schemes<sup>1</sup>

In response to the impact of COVID-19 the UK government introduced three business loan schemes, offering guarantees to lenders. This includes the Coronavirus Business Interruption Loans Scheme (CBILS); Larger Business Interruption Loans Scheme (LBIILS); and the Bounce Back Loan Scheme (BBLs). These schemes closed to new applications on 31st March and have now been replaced by the [Recovery Loan Scheme](#).

There are concerns with how this may impact on businesses given the high take-up of the schemes. Up to 10<sup>th</sup> January 2021, **4,100 CBILS loans with a value of £983m and 86,100 BBLs loans with a value of £2.5bn** were offered to businesses in Scotland.<sup>2</sup>

Businesses will have up to ten years to repay the loans, however the Office for Budget Responsibility has warned that **up to 40 per cent of BBLs borrowers might default and this would lead to losses of £33.7 billion**.<sup>1</sup> The proportion of the SMEs concerned about their ability to repay their borrowing has increased from 14% in Q1 2020 to 24% in Q4 2020.<sup>2</sup>

## Business Turnover Index Scotland<sup>4</sup>

The Monthly Business Turnover Index provides an early indication of business activity in Scotland, covering around half of the economy. From this month onward, the baseline for turnover compared to 12 months ago will no longer be at pre-pandemic levels. Therefore, this will be the final publication of the 12-month business turnover index.

- Scotland's Business Turnover Index was 49.7 in March, indicating similar rates of business activity compared to the same point last year. A sharp drop in turnover occurred in March 2020 at the start of the pandemic, meaning that this 12-month comparison is within pandemic times.
- Turnover is similar across most sectors but remains low for Accommodation and Food services.

<sup>1</sup> Commons Library, Coronavirus: Business Loans Schemes Research Briefing. (April 2021)

<sup>2</sup> Commons Library, Coronavirus

Business Support Schemes: Statistics (May 2021).

<sup>3</sup> SME Finance Monitor, q4 2020

<sup>4</sup> Scotland's Business Turnover Index

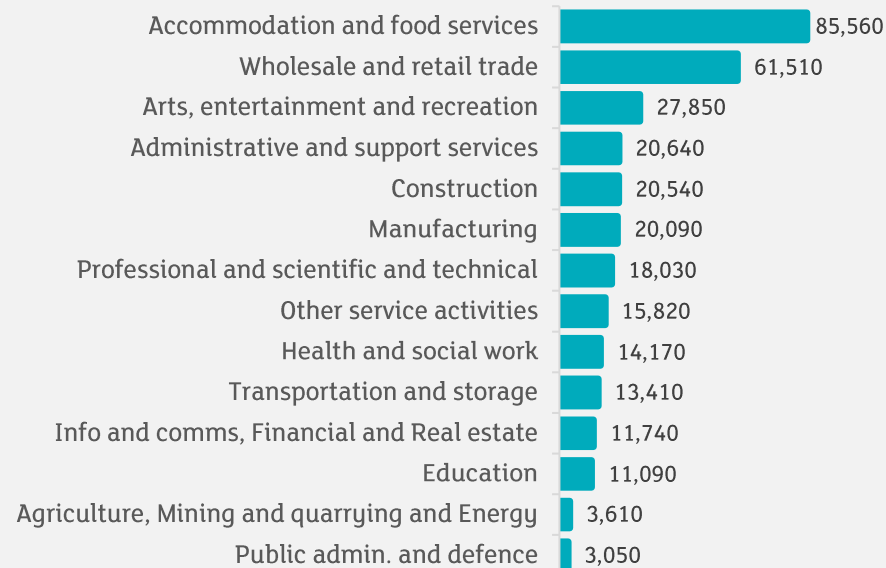
Scottish Government (March 2021):

\*Does not include data for Agriculture, Mining, Utilities, Construction, Financial Services, Real

## Coronavirus Job Retention Scheme (CJRS) - Furlough Leave<sup>5</sup>

In Scotland, 327,100 people were supported by CJRS as of March 31<sup>st</sup> 2021 (provisional data).

Accommodation and Food Services, Wholesale and Retail and Arts, Entertainment and Recreation sectors had highest workforce numbers on furlough, reflecting the impact restrictions have had on these industries.



## Risk of Insolvency<sup>6</sup>



Around 28.5% of businesses in the Accommodation and Food Services Industry reported a moderate risk of insolvency.



A small proportion of businesses in each industry reported a severe risk of insolvency. The risk was reported to be highest in Administrative and Support Services (2.8%), followed by Accommodation and Food Services (2.1%).

Estate, and Public Service industries as defined in Business Turnover Index.

<sup>5</sup> CJRS, HMRC (May, 2021).

<sup>6</sup> Scottish Government weighted

Scotland estimates of BICS (April, 2021) - Wave 29.

## Summary of key points

Industry groups and stakeholders are in regular contact with SDS sector managers to gather insight on the impact of the ongoing COVID-19 restrictions, the extension of the CJRS and the impact of BREXIT on people and business within Scotland's key sectors.



### Route

**The Scottish Government's indicative route map is welcomed.** Sectors with workforce identified as 'essential workers' have remained resilient, such as Health and Social Care and Energy but other sectors such as Tourism have been unable to operate during level four restrictions and have experienced a loss in trading and continued uncertainty. COVID continues to be the main concern with businesses, employers and provision bodies working to adapt to its impact.



**Insight suggests business confidence has increased with rollout of vaccines,** leading to improved employment intentions and some businesses turning their attention to growth.



**The extension of the Coronavirus Job Retention Scheme (CJRS) has been welcomed across all sectors.** Some sectors have a much higher rate of furloughed staff than others including Tourism and Retail. Businesses are still concerned about the ending of the CJRS and particularly how that may impact them if demand is slow to recover as the economy re-opens.



**Business surveys suggest UK and Scottish businesses are transitioning to new phase in their recovery from the pandemic.** Business activity remains well below pre-COVID levels, but the prospect of looser restrictions is contributing to an early rebound for some as preparations for the reopening of the economy begin. *The 2021 KPMG CEO Outlook Pulse Survey shows 31% of company leaders anticipate returning to normal in 2021 while 45% think that a return to "normal" will not happen until 2022.*



**There is employer demand for more re-skilling opportunities in Digital** to support career changers into tech roles. Increasing interest for individuals with blended skillsets; not just about training more technology professionals. Looking forward to 2030, Oxford Economics forecasts suggests 'Gen Z' will play a significant role in the economy, becoming "A powerhouse of the Global workforce" with higher levels of digital competence than their elders (Oxford Economics, March 2021).



**There is an increasing focus on Fair Work** across sectors, including a need to support and encourage more businesses to implement the principles of fair and safe work. Insight suggests this will be a key driver in talent attraction and staff retention.

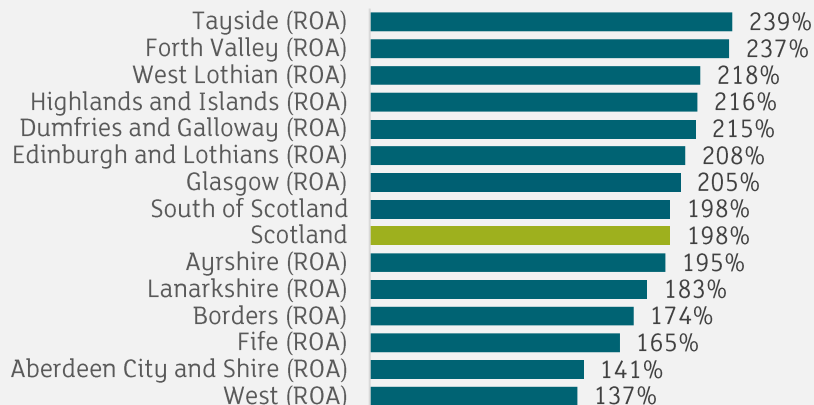


**Brexit and new visa system may have implications for recruitment.** While businesses continue exporting, challenges at EU borders are causing delays for customers. Businesses continue to see, and anticipate further, price increases/longer lead times on supplies from EU countries.

## Impact on Business – Changes to Job Postings<sup>1</sup>



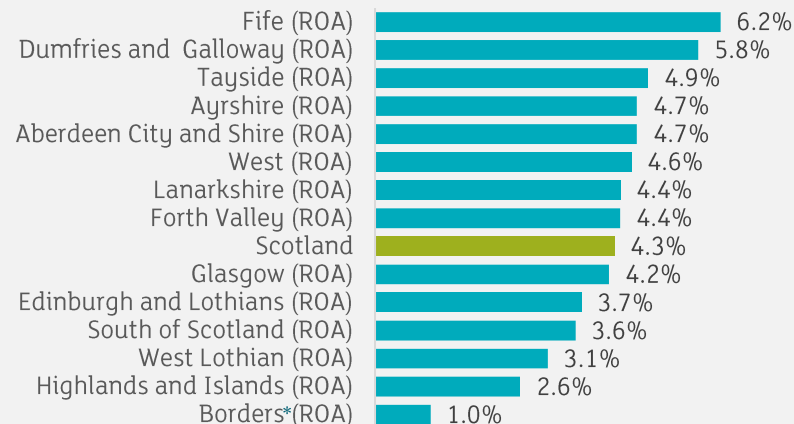
Percentage change between April 2020 and April 2021, a month-to-month comparison is available in the COVID-19 Dashboard.



## Impact on People – Unemployment rate<sup>3</sup>



This regional unemployment rate (16+) covers the period January 2020 – December 2020.



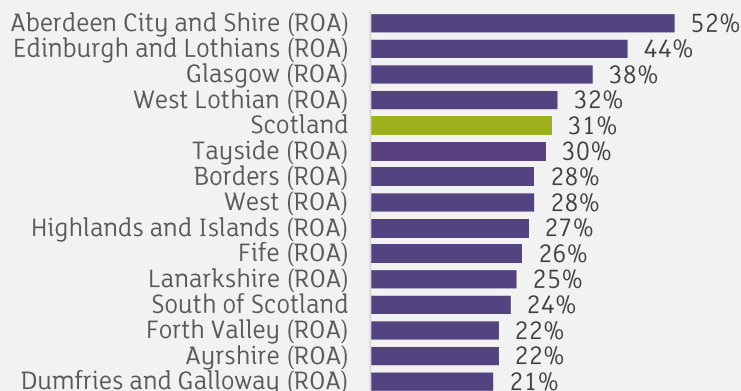
\* Data should be treated with caution due to small sample size.

## Impact on People – People on Universal Credit<sup>2</sup>



In Scotland, there were 31% more people on Universal Credit in April 2021 compared to April 2020.

Percentage change between April 2020 and April 2021.

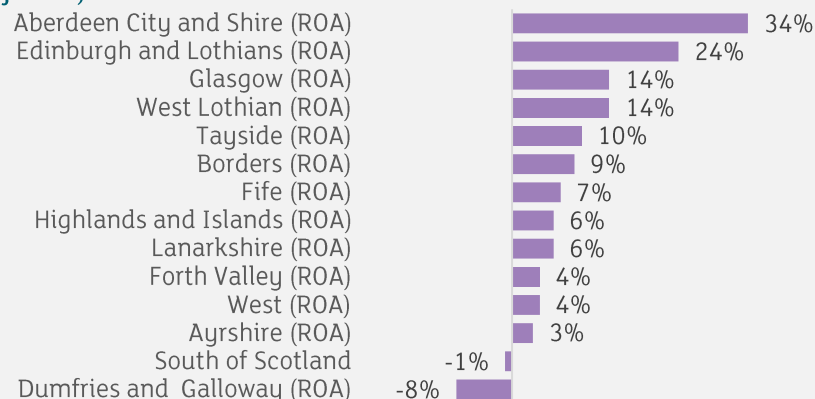


## Impact on People – Claimant Count<sup>4</sup>



In Scotland, there were 86% more claimants in April 2021 compared to April 2020 (seasonally adjusted).

Percentage change between April 2020 and April 2021 (not seasonally adjusted).



<sup>1</sup> Burning Glass Technologies (May 2021). Burning Glass Vacancies gather insights from online job postings and websites.

<sup>2</sup> Department for Work and Pensions (DWP) (Accessed via DWP Stat Xplore)  
<sup>3</sup> Annual Population Survey (April 2021)  
January 2020 – December 2020

<sup>4</sup> Office for National Statistics, Claimant Count (not seasonally adjusted)  
(Accessed via Nomis). This experimental series counts the number

of people claiming Jobseeker's Allowance plus those who claim Universal Credit and are required to seek work and be available for work.

## Summary of key points



### Regional Insight

- Enterprise Agencies and Local Authorities have a continued focus on economic recovery and supporting struggling businesses and individuals affected by redundancy.
- The extension of the Coronavirus Job Retention Scheme to September 2021 has prevented the anticipated unemployment crisis, but the continued national lockdown is having significant implications for businesses across Scotland's regions – and these challenges will remain as the economy gradually opens up for business.
- The announcement of the Levelling Up Fund and the Shared Prosperity Fund in the March UK Government Budget present a fundamental shift in approach to regional funding.
- The focus on a 'green recovery' will present significant opportunities across all of Scotland's regions.

### Cities and Towns



- Scotland's cities have been more resilient to the economic impact of COVID-19 than the rest of the UK, although Glasgow is the hardest hit city in Scotland ([Good Growth for Cities](#), Demos-PWC, January 2021).
- Projected growth in 2021 is expected to leave most cities' economic outputs smaller than pre-pandemic levels. A full recovery could take several years.
- The scale of COVID-19 impacts in Scotland's cities has been determined largely by sectoral makeup – but sector recovery does not necessarily mean city recovery.

### Rural areas



- In rural Scotland, a large proportion of the workforce are employed in sectors most impacted by virus-related restrictions, such as Tourism and related sectors. As a result, unemployment and claimant count rates have increased, particularly in fragile remote communities.
- Digital skills remain critical to supporting rural businesses to adapt to new markets and new ways of working. However, there are concerns around poor digital connectivity, particularly on island communities.
- Emerging effects of Brexit are being realised in many rural areas, with particular concerns over the availability of EU nationals and staff not returning when furlough is ended

## Sectoral Skills Assessments

Sectoral Skills Assessments (SSAs) were published in early February 2021.



The SSAs provide evidence on current and future demand in Scotland's key sectors to inform investment in skills.

SSAs will offer data on the impact of COVID-19 on key sectors across the country, alongside industry expert insight. The assessments will cover the following sectors:

- Agriculture;
- Creative Industries;
- Construction;
- Digital;
- Early Learning and Childcare;
- Energy;
- Engineering;
- Financial Services;
- Food and Drink - Manufacturing;
- Food and Drink - Primary Production;
- Health Care;
- Life and Chemical Science;
- Professional Services;
- Public Sector;
- Social Care; and
- Tourism.



The Sector Skills Assessments can be accessed [here](#).

The next update is planned for June.

## Regional Skills Assessments

Covering all Regional Outcome Agreement areas and all City and Growth Deal Regions, the Regional Skills Assessments (RSAs) offer the most detailed picture yet of the effect the COVID-19 pandemic is having on local labour markets across the country.

Alongside traditional indicators, the RSAs also feature new data aimed at illustrating the impact of the pandemic including furlough data, job vacancies and PACE redundancy support.

The March release of the RSAs can be accessed [here](#).

The next update is planned for June.



## The Challenge



Significant negative impact on business activity and subdued business confidence, although insight suggests confidence is rising.



Rising unemployment, increases in Universal Credit claims and Claimant Count. Young people, women and low paid most impacted.



Growth in some sectors e.g. Health and Social Care, Food Retail but negative impact on others. One size will not fit all.



Impact varying by region. Evidence of rural areas being less resilient. One size will not fit all.



The timeline for economic recovery varies. The Scottish Fiscal Commission estimate recovery to pre-pandemic levels of growth by 2024.

## Strategic Labour Market and Skills Response



The Enterprise and Skills Strategic Board and the Economic Recovery Advisory Group have produced reports that identify series of evidence based actions to minimise unemployment caused by COVID-19.

Scottish Government's 'Programme for Government' sets out specific commitments around employability and skills support, including:

- Support for apprenticeships;
- The Young Person's Guarantee;
- The National Transition Training Fund;
- A £100 million Green Jobs Fund;
- Funding for employers to access flexible workforce development opportunities and support inclusive economic growth through up-skilling or re-skilling of employees;
- Fair Start Scotland to help those facing the greatest barriers find work;
- No One Left Behind funding aimed at helping those who face challenging barriers to finding and maintaining employment reach their potential;
- Support for those affected by redundancy through PACE<sup>1</sup> initiative, including additional funding to reflect the current increase in people facing or experiencing redundancy;
- Investment in Individual Training Accounts; and Funding to support community jobs.

<sup>1</sup>Partnership Action for Continuing Employment (PACE)

## Young Person's Guarantee

The Young Person's Guarantee aims within 2 years to give all young people, aged 16-24 in Scotland, the chance to succeed through the opportunity of a job, apprenticeship, education, training or volunteering.



The Guarantee is being delivered in partnership through Scottish Government, Local Authorities, colleges and universities, Skills Development Scotland, Fair Start Scotland, the third sector and Developing the Young Workforce. These services will link with other local provision and UK-wide interventions through DWP, such as Kickstart.

The Young Person's Guarantee has developed 18,000 new opportunities for young people through £60 million of investment in 2020/21, with a further £70 million allocated for 2021/22.



## SDS Response

We are working with Scottish Government & partners to co-create and develop rapid and responsive actions as part of a systemic response.



**Insight & Intelligence:**  
Informing a systemic response to the labour market crisis



**Responsive Career Services:**  
Universal and targeted services to support individuals affected



**Apprenticeships Plan:**  
Protecting apprentices, creating opportunity, stimulating demand and supporting recovery

## Support for Individuals

### **Career Information, Advice and Guidance**

We have enhanced our service offers to individuals whose employment, learning or training has been affected by the pandemic, both online and through our dedicated helpline.



### **Employment and Redundancy support**

We've partnered with local councils to promote four areas of local support: Financial support; Employability; Wellbeing support; Medium to long-term support and advice.

### **Pathway Apprenticeships**

Created with learning providers and employers, providing a one-off short-term response supporting young people facing limited opportunities.

### **National Transition Training Fund**

A £25 million training fund helping people facing redundancy access short-term training opportunities in growth areas of the economy.

### **Results Helpline**

Advice, information and guidance for young people and their parents and carers.

### **My World of Work Job Hub**

Helping employers advertise opportunities through the SDS's careers website.

### **Online Learning Portal**

Helping people develop their skills with free online courses from training providers.

## Support for Businesses

### **Find Business Support**

Enterprise and Skills agencies aligned offer to Scottish businesses and workers.



### **PACE**

Scottish Government's PACE service can support employers and employees facing redundancy.

### **Adopt an Apprentice**

Provides a £5,000 grant to support a redundant Modern or Graduate Apprentice to continue their apprenticeship.

### **Skills for Growth**

Advice for businesses on developing skills within teams or managing change – up to 2 days free consultancy.

### **Digital Catalyst Fund**

Support for businesses and employees to fast-track advanced digital technology skills. *Available from January.*

### **Flexible Workforce Development Fund**

Administered by the Scottish Funding Council, apprenticeship Levy-payers or SMEs can access up to £15,000 to create tailored training programmes.

**Contact Us:**

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