

The background of the slide is a solid light green color. In the center, there is a faint, light green map of Scotland. Scattered around the map are several stylized virus icons, each consisting of a central circle with smaller dots around it, representing COVID-19 particles.

COVID-19 Labour Market Insights

Preparing for the 'new normal'

June 2020

COVID-19 Labour Market Insights: Introduction

COVID-19 is a global pandemic. From history and the impact of previous pandemics and epidemics we can allude that the impact is expected to be sharp and deep, but quite how sharp and how deep is unknown. Likewise learning from the past, we expect the initial economic impact to be temporary, but how long we expect 'temporary' to last is unknown and this, along with other factors, will have a significant impact on economic recovery and business survival. It is likely that large falls in output are spread over the next two quarters given restrictions started in March 2020.

Overview^{1,2}

COVID-19 emerged in China near the end of 2019 and quickly became a global pandemic. To try and contain the pandemic and mitigate the impact on health, restrictions on movement in the UK and further afield were introduced. These restrictions have caused a major economic impact. The Scottish and UK governments have introduced a range of fiscal interventions to help mitigate the economic impact on people and businesses.



The Scottish Government have set out a four phased route map to easing lockdown measures. The first phase began on 28th May, with a focus on easing restriction on outdoor activities. Each phase is dependent on controlling the virus.

The “**Test and Protect**” approach was launched on 28th May 2020. The strategy aims to help contain the virus and gradually ease restrictions so that society and the economy can begin to adapt to a new normal.

Speed and Shape of Recovery⁵

Factors affecting the shape of recovery:



Revival of domestic and international demand leading to recovery of incomes



Challenges with finding alternative markets for some businesses who can't reopen



Speed of mitigation response and number of businesses lost



Supply chain recovery in key markets



Phasing out of physical distancing and the impact on the labour market

Commentators agree that the Scottish economy will contract in 2020, but the depth and duration of the impact is **uncertain**.



Scotland's Economy^{3,4}

Factors impacting Scotland's Economy



Domestic Impact:
fall in labour supply and demand

Containment Measures:
quarantine, closures, travel restrictions

Global Impacts:
restricted trade, exports and movement

Fiscal and Monetary:
stimulus supporting business & households



A weaker Scottish economy due to lower output, income and employment

Delay measures in place to support health outcomes and reduce the risk of a more severe economic shock

Fiscal & monetary stimulus to support through a period of disruption and enable recovery

Recovery Scenarios⁶

The Scottish Government (2020) set out three scenarios to model the impact of COVID-19 on GDP and unemployment in the medium term:

Scenario A:

A temporary shock in 2020 Q2 as a result of the measures taken to contain the virus: short, sharp decline in economic activity followed by a rebound in growth.

V Shaped

Scenario B:

An initial shock followed by an additional shock in 2020 Q4 as a result of a second wave of the virus and further measures required above those taken in scenario A.

W Shaped

Scenario C

A more persistent supply-side shock reflecting medium term damage to production levels in the economy.

Commentary has also suggested the recovery could be:

L-shaped: sharp decline with long period of stagnant growth

The Scottish Government's economic modelling suggests recovery to pre-pandemic levels may take some time.



¹ Source: World Health Organisation (WHO) (April, 2020): [https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-](https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses)

[hub/q-a-detail/q-a-coronaviruses](https://www.who.int/emergencies/diseases/novel-coronavirus-2019/question-and-answers-hub/q-a-detail/q-a-coronaviruses)
² Source: Center for Economics and Business Research (CEBR) (March, 2020): <https://cebr.com/>

[wp-content/uploads/2020/03/Global-Prospects-March-2020-Coronavirus-update.pdf](https://www.gov.scot/publications/state-economy-april-2020/)
³ Source: Scottish Government (April, 2020):

<https://www.gov.scot/publications/state-economy-april-2020/>
⁴ Source: Fraser of Allander Institute (April, 2020):

<https://fraserofallander.org/scottish-economy/scottish-business-monitor-findings-by-sector/>
⁵ Source: Scottish Government (April, 2020):

<https://www.gov.scot/publications/state-economy-april-2020/>
⁶Ibid

COVID-19 Labour Market Insights: Scotland in Context

The Purchase Managers Index (PMI) tracks monthly change in the output of goods and services across the private sector. Any figure below 50 signals contraction and the speed of decline is signalled by how far below 50 the value is. For example, an output value of 10 signifies decline at a faster pace than an output value of 45. It is a useful tool for understanding current and expected business conditions.

Purchasing Managers Index (PMI)¹

Business Activity Index by Region

sa, >50 = growth since previous month, May-20



For the third month all UK areas saw a decline in business activity, following record decreases in April. Compared to last month, rates of decline eased slightly but remained severe. **Scotland was worse hit than the UK as a whole and had the second steepest decrease behind Northern Ireland.**

Purchasing Managers Index (PMI)

Future Activity Index by Region

sa, >50 = growth since previous month, May-20



In May 2020, Scotland had the **second lowest rate of business confidence** behind Northern Ireland. Business sentiment in Scotland was marginally positive for the first time in three months but remained considerably lower than the UK overall.

Outstanding Business Index by Region²

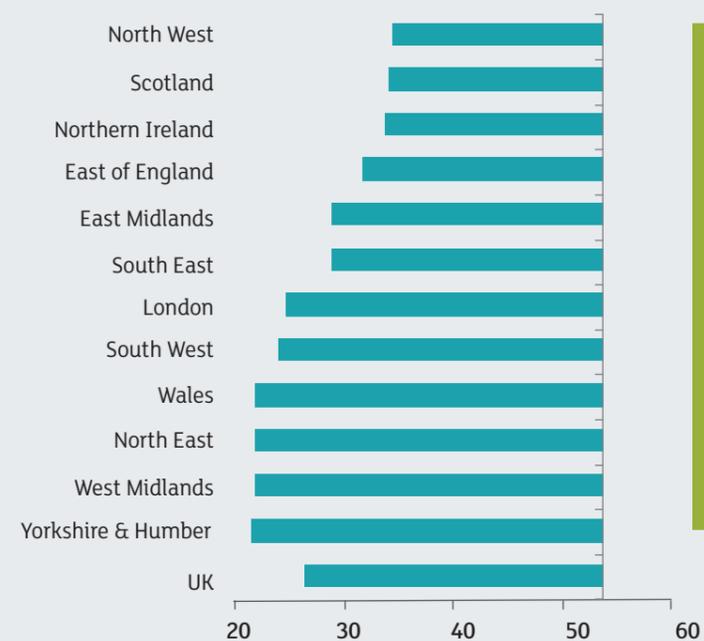
sa, >50 = growth since previous month, May-20



Scotland had the **second largest decline in outstanding business** in May 2020 compared to the previous month, behind Northern Ireland. Outstanding business declined sharply across all areas of the UK.

Employment Index by Region

sa, >50 = growth since previous month, May-20



Overall, the data broadly showed decline in employment, however there was regional variation in the rate of staff cuts. May data shows **Scotland had the second slowest decrease in employment behind the North West of England.** As the PMI measures change over a relatively short time period, the overall picture of employment in Scotland is likely to become clearer in the coming months.

¹ Source: Purchasing Managers Index (PMI) by Royal Bank of Scotland (May 2020). All charts shown have been taken from the referenced report.

Please find here: <https://media.rbsbusinesshub.com/PveB097oRveBxCxggLQA>
²Source: Purchasing Managers Index (PMI) by

NatWest UK (May, 2020). All charts shown have been taken from the referenced report. Please find here: <https://media.natwestbusinesshub.com/>

IXTcPZeRUCIW0I3fqTfN

Job Postings in Scotland¹

Number of New Job Postings in Scotland

Job postings in May 2020 decreased by 46 per cent across Scotland compared to May 2019.



Short term change (April - May 2020) shows a return of some recruitment activity. The number of job postings increased by 19 per cent in May 2020 compared to the previous month.



Weekly Job Postings in Scotland

Week 1 refers to the first Saturday in January (e.g. 4th January 2020).



There were -47% fewer job postings in Week 24 2020 (middle of June) compared to 2019.

New postings decreased by -55% between Week 13 (end of March) and Week 24 2020.

Furloughed Jobs²



628,200 jobs in Scotland have been furloughed*

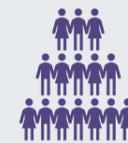
1.1 million employers in the UK have accessed the Coronavirus Job Retention Scheme (CJRS), resulting in **8.9 million jobs furloughed**³.

With recent changes to the CJRS employers will be asked to contribute to employees' wages from August 2020. This may increase pressure on businesses and could potentially result in further redundancies, increasing claims to universal credit.



The Voice of Business

Workforce



- **65% of businesses surveyed have used the UK government's furlough scheme** to support their business through this crisis (Scottish Chambers of Commerce, 2020).
- **150,000 jobs in Scotland could be lost** with Accommodation and Food Services and Wholesale Retail and Motor Trades hardest hit (IPPR, May 2020).
- **The Oil and Gas** sector is also anticipating many job losses (Oil and Gas UK, 2020).

Financial



- **65% of businesses still trading in Scotland reported a decline** in turnover in the ONS voluntary business survey (ONS, 2020).
- **28% of respondents in Scotland are using business rate holidays** and **62% are using deferred VAT payments** (ONS, 2020).

Business as usual?



- **87% of businesses stated 'loss of income' as their highest concern**, if the economy does not begin to reopen over the next two months (Scottish Chambers of Commerce, 2020).
- **38% of businesses surveyed said that they would be able to come out of lockdown in less than a week** if a date for some of the lock down measures was given (Scottish Chambers of Commerce, 2020).

Survival



- The number of **companies fearing imminent collapse has reduced** suggesting that the available government support is helping (Scottish Chambers of Commerce, 2020).
- A survey of 400 Scottish businesses suggests **61% could go bust despite government support** (Scotianomics, 2020).

¹ Source: Burning Glass Technologies (June, 2020). Burning Glass Vacancies gather insights from online job postings and websites.

² Source: HM Revenue & Customs (June, 2020): <https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics>

June-2020
³ Source: HM Revenue & Customs (June, 2020): <https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics>

coronavirus-covid-19-statistics
* If an employee has more than one job and has also been furloughed by more than one employer,

they will be counted in these statistics once for each employment that has been furloughed.

Business Turnover Index Scotland¹

The Monthly Business Turnover Index is similar to the IHS Markit PMI indicators. It reports the net balance of firms reporting increasing or decreasing turnover, in real terms, compared to 12 months ago. Values below 50 indicate that more companies are showing decreased turnover than increased turnover.

- The turnover index for all included sectors* in April was **19.3**. This was the **lowest value on record** since the index began.
- All industries reported **lower turnover** than 12 months ago, with the exception of Food Retail.
- For most industries the index has fallen further below 50 in April, reflecting the impact of the first full month of lockdown.
- Accommodation and Food Services** had the lowest index of **2.8** indicating that nearly all businesses sampled had a lower turnover than the previous year.



Small Businesses in Scotland²

In Q1 2020, Small Business Confidence barometer recorded the largest quarterly fall since the index was established in 2012.

Almost two thirds (60.8%) of businesses reported decline in revenues in Q1, while only 20.1% reported a rise.

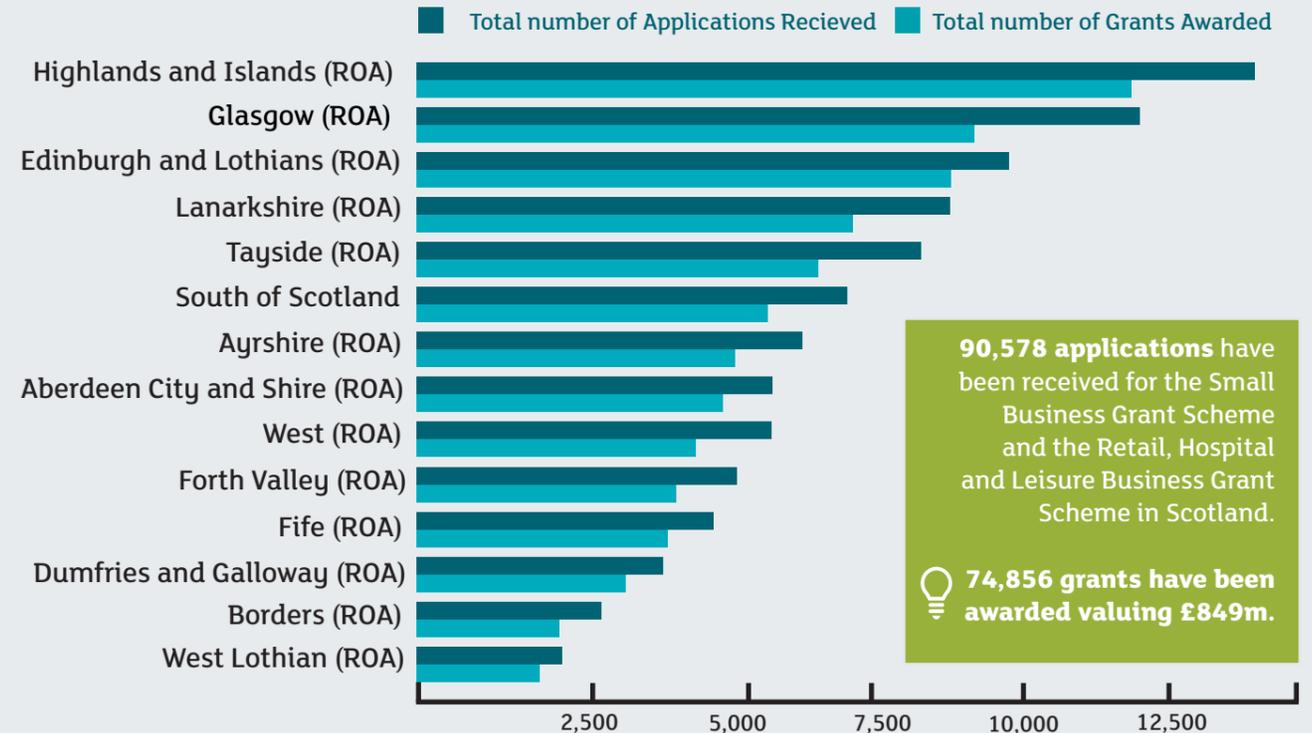
More than a quarter of businesses (29.7%) anticipate a reduction in staff numbers over the coming months.

More small businesses in Scotland have temporarily closed as a result of lockdown (53%) compared to the UK overall (41%)³.



COVID Business Support Fund Grant Scotland⁴

Number of Applications Received and Grants Awarded up to 9th of June



90,578 applications have been received for the Small Business Grant Scheme and the Retail, Hospital and Leisure Business Grant Scheme in Scotland.

74,856 grants have been awarded valuing **£849m**.

Total value of Grants Awarded up to 9th of June 2020



One third of Scottish business owners who shut down operations during the coronavirus outbreak are concerned that their firm may never re-open (Federation of Small Businesses, 2020)

¹ Source: Scottish Government (April, 2020): <https://www.gov.scot/publications/monthly-business-turnover-index-april-2020/>

*Does not include data for Agriculture, Mining, Utilities, Construction, Financial Services, Real Estate, Public Services.

Industries as defined in Business Turnover Index, April 2020
²Source: Federation of Small Businesses (May, 2020): <https://www.fsb.org.uk/resources-page/fsb-scottish-sbi-q1-2020-pdf.html>

³Source: Federation of Small Businesses (2020): <https://www.fsb.org.uk/resource-report/finding-our-feet.html>

⁴Source: Scottish Government (June, 2020): <https://www.gov.scot/publications/coronavirus-covid-19-business-support-fund-grant-statistics/>

COVID-19 Labour Market Insights: Scotland's People

The speed at which COVID-19 has impacted on the economy and labour market has been unprecedented. As a result official data does not yet capture the full extent of the impact. Over the coming weeks and months, the volume of economic and labour market data that captures 2019/20 Q4 and early 2020 (and beyond) will greatly increase and this will enable us to fully understand the impact of the economic shut down.

Unprecedented challenges and an uncertain future

Workforce

- Evidence suggests the crisis has resulted in fewer permanent jobs in Scotland. Both **temporary and permanent jobs in Scotland fell at record rates in April** compared to the previous month. Permanent placements fell quicker than UK rates due to hiring freezes, company closures and redundancies (RBS, 2020).
- Disruption in the labour market could see **many young people unemployed** with the effects lasting for years to come. IFS (2020) suggest economic recovery plans should focus on the investing in the human capital of the younger generation.



The New Normal

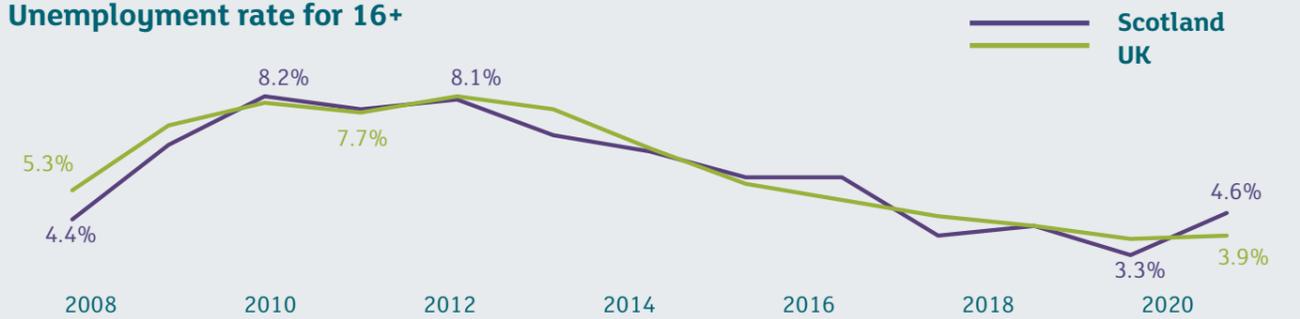
- Some sectors have adapted working practice** as a result of physical distancing measures for example, high street retail to online shopping and hospitality businesses offering takeaway service (The Guardian, 2020).
- A survey of small businesses found that **10 per cent have diversified**, producing new services during the lockdown. Another **6 per cent** have responded by producing new products or goods (Federation of Small Businesses, 2020).
- Half of 200 business surveyed in Glasgow are **unsure that they would be able to return to work under current physical distancing** rules. Businesses report a need for more policy guidance on operating under physical distancing measures (Scottish Chambers of Commerce, 2020).
- As a result of local restrictions easing in Scotland and overseas travel being subject to a 14-day quarantine, the Scottish Tourism Alliance (2020) is **hopeful for a quick bounce back**.
- 80% of respondents to a UK wide-survey stated that they would be **reviewing office space during the transition to the new normal** (APSCo, 2020).

Impact could be Uneven Across Society

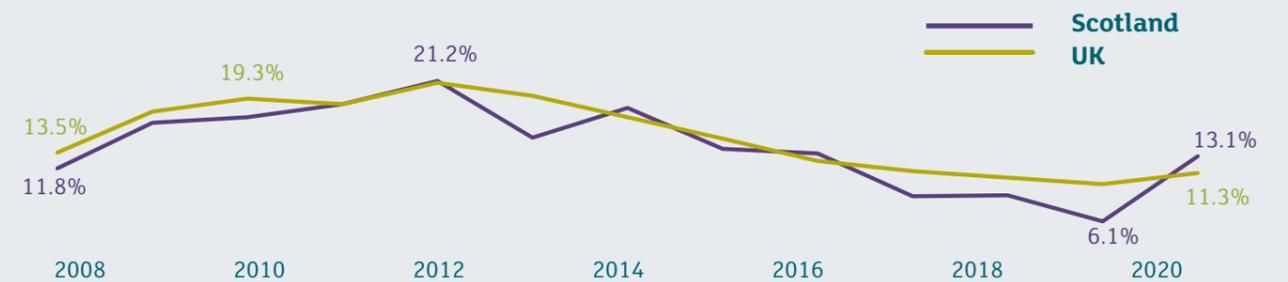
- Evidence from previous pandemics suggests **women and girls could experience more negative, longer lasting impacts** than men (World Bank, 2020). Close the Gap (May, 2020) report that women, **particularly BME and young women** are most likely to work in a sector that has been shut down.
- A survey published by EIS-FELA and the National Students Union 'Impact of COVID and online learning survey' shows that **students from more deprived areas face the biggest barriers to learning** during the lockdown.
- The **younger generation may be disproportionately affected** by the pandemic due to inequalities associated with increased home learning (IFS, 2020).

Rising unemployment¹

Unemployment rate for 16+



Unemployment rate for 16-24



There was an increase in the unemployment rate in Scotland between February and April 2020. This reflects the impact of the first month of lockdown on the labour market. We anticipate a consistent rise in unemployment over time.

The Scottish Government forecast that unemployment could rise from c.4% to anywhere between c.10% to c.15% taking one to three years to recover to pre-pandemic rates. The extent of the impact will depend on the shape of the recovery scenario².

Universal Credit³ and Claimant Count⁴

Rising numbers of people on Universal Credit:

- In Scotland, there were **18 per cent more people on Universal Credit in May 2020** compared to the previous month.



Rising Claimant Count:

- In Scotland, there were **14 per cent more claimants in May 2020** compared to the previous month.



¹Source: ONS, Labour Force Survey (February - April 2020, 16 June 2020)

www.gov.scot/publications/state-economy-april-2020/

³Source: Department for Work and Pensions (DWP)

²Source: Scottish Government (April, 2020): <https://>

(Accessed via DWP Stat Xplore)

⁴Source: ONS Claimant Count (not seasonally adjusted). 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.

Three primary areas of exposure¹

Demand



This is the extent to which the sector is dependent on consumption of their products or services

Changes to international demand most likely to be a concern to the manufacturing sector as export markets are depressed

Changes to domestic demand is most likely to impact on construction and service sectors, as movement is restricted and consumer spending (non-essential) is suppressed services, retail and entertainment)

Supply



This is the extent to which the sector is dependent on products or services from others to support their operations

International supply chain disruption likely to impact production processes in manufacturing

Manufacturing of computer, electronic, electrical and optical equipment / products also expected to be exposed

Global supply chains impacted by freight and logistics challenges

Labour



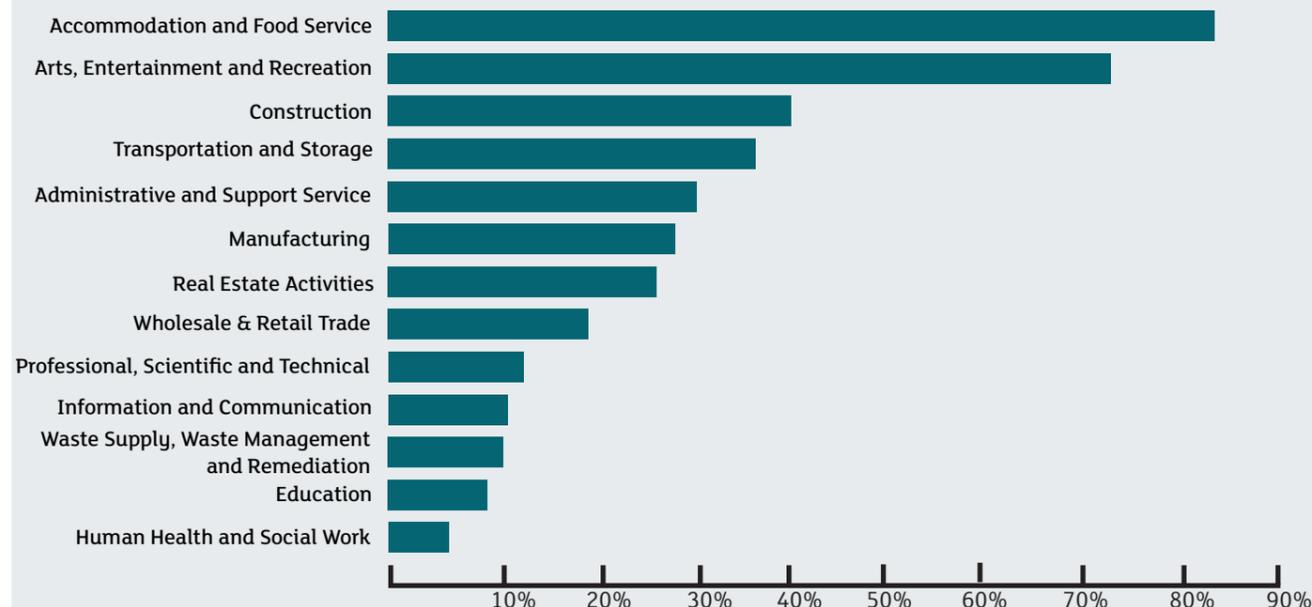
The dependency of the sector on people being able to work

Sectors most exposed are those requiring on-site or face to face working where social distancing is challenging, such as construction, utilities, retail, accommodation, food and public services

All sectors expected to be impacted by movement restrictions, higher rates of sickness and additional caring responsibilities at home

Furloughed staff (UK)²

The ONS Business Impact of Coronavirus (COVID-19) Survey provides breakdowns of furloughed workers by broad industry for businesses who have not permanently stopped trading (UK level):



¹Source: Scottish Government (April, 2020): <https://www.gov.scot/publications/state-economy-april-2020/>

²Source: Office for National Statistics (June, 2020) Business Impact of COVID-19 Survey (BICS) results: <https://www.ons.gov.uk/economy/businessimpactofcovid19surveybicsresults>

³Source: Office for National Statistics (June, 2020) Business Impact of COVID-19 Survey (BICS) results: <https://www.ons.gov.uk/economy/businessimpactofcovid19surveybicsresults>

Early Impacts³

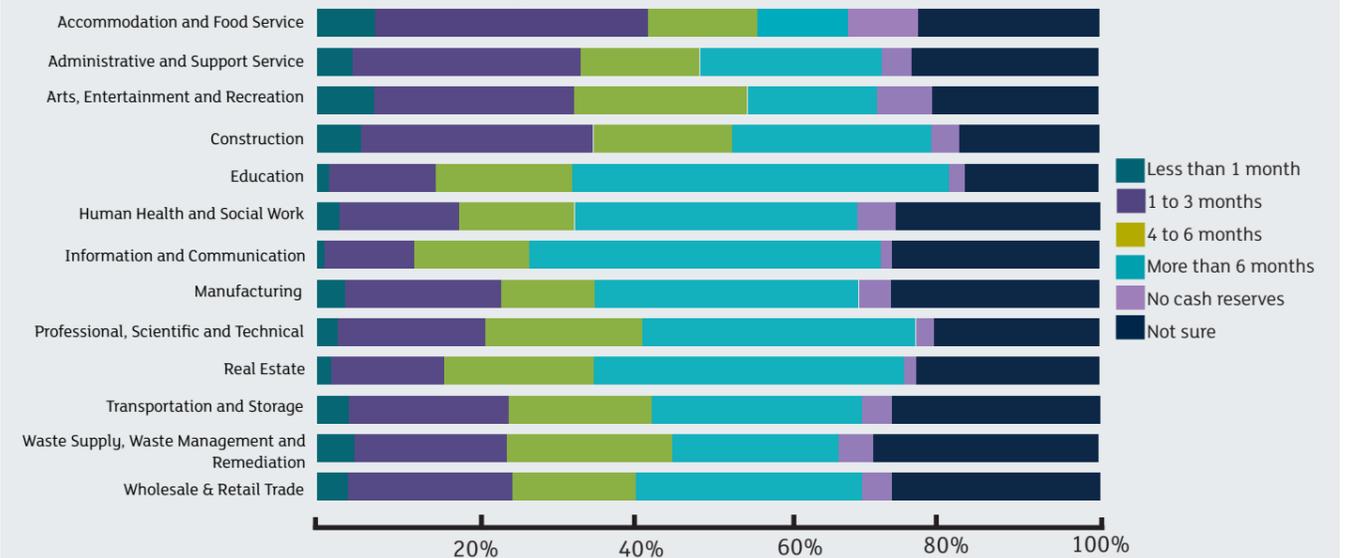


Of businesses trading in Scotland:

80.4 per cent continue to trade

18.8 per cent have temporarily closed or paused trading

Percentage of businesses (who have not permanently stopped trading) stating how long cash reserves will last (UK level) by industry:



In Scotland, **35.6 per cent** of businesses have cash reserves that are expected to last less than six months and a further **2.9 per cent** have no cash reserves.

Industries experiencing a decrease in turnover by more than 50% (top 3 at UK Level)



Arts, Entertainment and Recreation



Accommodation and Food services



Construction

Industries experiencing no affect on turnover (top 3 at UK Level)



Health and Social Care



Information and Communication



Professional, Scientific and Technical

Industries experiencing an increase in turnover (top 3 at UK Level)



Wholesale and Retail Trade



Transportation and Storage



Manufacturing

2020) Business Impact of COVID-19 Survey (BICS) results: <https://www.ons.gov.uk/economy/businessimpactofcovid19surveybicsresults>

[businessimpactofcovid19surveybicsresults](https://www.ons.gov.uk/economy/businessimpactofcovid19surveybicsresults)

SDS Ongoing Contact with Sectors¹

 **83** Industry groups and stakeholders contacted to gather insight on COVID-19 impacts so far

 **16** Public bodies with sectoral interest contacted to date²

 **14** Sectors in focus:

Food, Drink & Agriculture	Creative Industries	Engineering & Manufacturing	Digital Technologies	Energy	Life & Chemical Sciences	Tourism
Health & Social Care	Oil & Gas	Financial & Business Services	Public Services	Road Haulage	Construction	Forestry

Key Insights from Industry³

Sector	Business viability concerns	Supply chain impacted	Accelerate adoption of industry 4.0	Changing work practices	Labour/skills shortages	Impact on Apprenticeships
Construction	✓	✓	✓	✓	✓	✓
Creative industries	✓	✓				✓
Digital Tech		✓	✓		✓	✓
Energy	✓	✓	✓			✓
Engineering & Manufacturing	✓	✓	✓			✓
Financial Services		✓	✓	✓		✓
Food, drink & Agriculture	✓	✓		✓	✓	✓
Forestry				✓	✓	✓
Health & social care		✓	✓	✓	✓	✓
Life and chemical sciences	✓	✓	✓	✓	✓	✓
Oil & gas	✓	✓	✓	✓		✓
Public sector			✓			✓
Road haulage	✓	✓			✓	✓
Rural	✓	✓		✓	✓	✓
Tourism	✓			✓		✓

¹Insight from Skills Development Scotland: Two-way engagement with key partners on COVID-19
²Public bodies are only counted once – but may

appear multiple times across sectors
³Analysis by Skills Development Scotland Key themes emerging from industry. Various sources

incl. SDS insight.
⁴Source: Forecasts by Oxford Economics, 2020
⁵Source: Skills Development Scotland (2020) MAs

Sector Spotlight: Health and Social Care

	Gross Value Added (GVA) in 2020 ⁴	£13,710m
	Productivity: GVA per job in 2020 ⁴	£33,700
	Total employment in 2020 (jobs) ⁴	407,400
	Number of MAs in-training ⁵	5,643
	Number of businesses ⁷	0-49 employees 7,695
		50-249 employees 415
		250+ employees 180

Impact on Activity
Increase the attractiveness of the sector and assess skill needs as we move to the new normal.

Feedback⁶
Although skills demand has increased in the sector, there still remains existing skills shortages for key occupations (e.g. nursing, healthcare scientists, GPs).
Safeguarding, protecting and supporting the wellbeing of frontline health and care workers continues to be important.
The Scottish Government has made a commitment to further funding NHS and mental wellbeing services.
There may be increased demand for Health and Social care services as lockdown eases. As services resume there may be a requirement to upskill or reskill staff to meet this demand.
Job postings for Therapy professionals and Health Associate professionals increased by 49% and 25% in May 2020 compared to the previous month, respectively.

Sector Spotlight: Tourism

	Gross Value Added (GVA) in 2020 ⁴	£4,092m
	Productivity: GVA per job in 2020 ⁴	£19,300
	Total employment in 2020 (jobs) ⁴	211,900
	Number of MAs in-training ⁵	2,030
	Number of businesses ⁷	0-49 employees 36,655
		50-249 employees 660
		250+ employees 85

Impact on Activity
MA training providers have found innovative ways to support apprentices in the sector during the crisis.

Feedback⁶
Most businesses have temporarily closed and some have expressed concerned for their long-term survival.
Insight suggests businesses may not see significant trade until Spring 2021 due to seasonal nature of the sector. As a result, there could be significant redundancies in the workforce despite extension of the furlough scheme.
Many hospitality businesses have transitioned to home delivery in order to keep trading and may continue to do this after the crisis.
The Scottish Tourism Emergency Response Group (STERG) has developed an action plan to rebuild Scotland's tourism industry.
Job postings for Leisure and Travel Services and Managers and Proprietors in Hospitality and Leisure Services occupations decreased by 52% and 37% in May 2020 compared to the previous month, respectively.

⁶Skills Development Scotland - Qualitative feedback from Sector Managers

⁷Office for National Statistics (2 October 2019) (Accessed via Nomis) UK Business Counts - enterprise by industry and employment size band.

The sectoral definitions: Tourism - G.I: Distribution, Hotels and Restaurants, Health and Social Care - O-Q: Public Admin, Education, Health

Impact on Rural Regions²

Top challenges facing rural areas in Scotland:

- **Access to labour supply** that ensures key seasonal activities can be delivered.
- Rural areas could be **disproportionately impacted** due to higher numbers of seasonal workers, self-employment and small businesses.
- Key rural industries could face **challenges getting their products to market** due to disruption in supply chains e.g. seafood and aquaculture.
- Existing **inequalities in rural areas could be widened**, such as wage disparity, working patterns.
- Larger proportion of **workforce employed in at risk sectors** such as tourism related sectors (accommodation, food and drink and forestry).

"Rural communities are particularly exposed to the economic impacts of the measures put in place to reduce the spread of the coronavirus." (Fraser of Allander Institute, 2020)¹

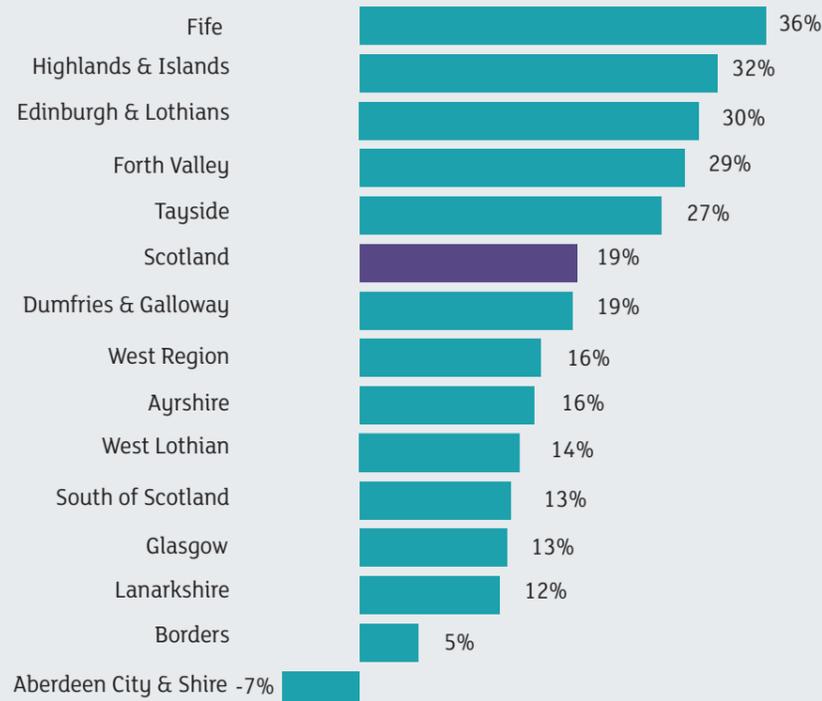


Impact on Business - Changes to Job Postings

Short term change (April - May 2020) shows a return of some recruitment activity, however, the number of job postings remains 46 per cent lower than the same point last year.

Job Postings: percentage change by region³

Short term change between April 2020 and May 2020



The greatest % increase in new job postings were in the following local authorities:

- Orkney Islands: **150%**
- East Lothian: **138%**
- Shetland Islands: **119%**
- Clackmannanshire: **91%**
- Na h-Eileanan Siar: **79%**

SDS insight suggests that the terms and conditions of many jobs being created as a result of COVID-19 offer low security and are typically temporary, low paid or zero hour contracts

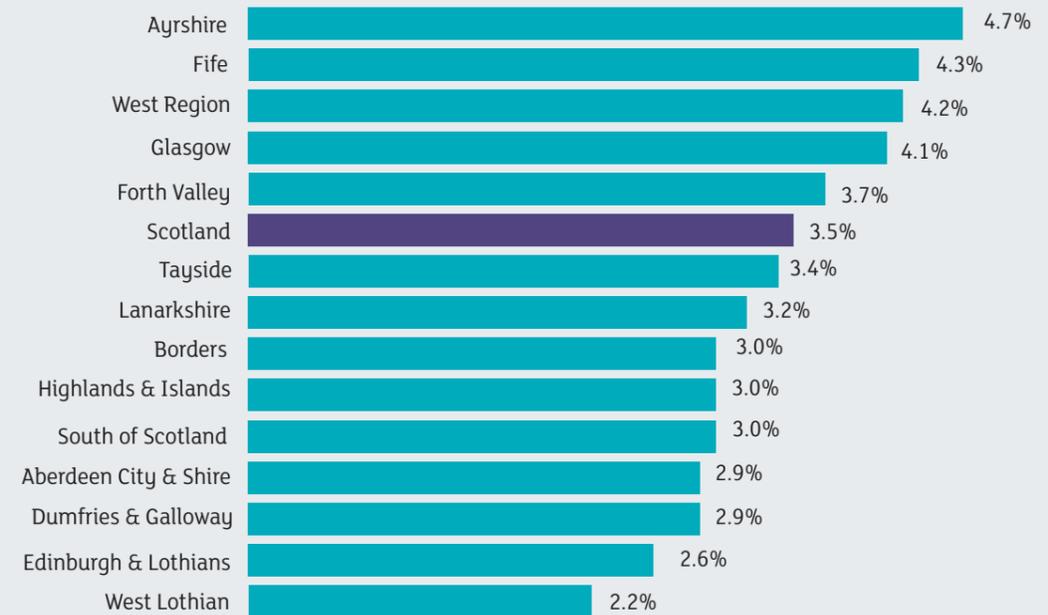
In the period of economic recovery (2021-25) a quarter of job growths is expected to be concentrated in 10 UK local authorities. This list includes Glasgow and Edinburgh⁴



Impact on People

Unemployment rate by region (16+, January 2019 - December 2019)⁵

Insight for 16-24 year olds is not included due to small sample size in some regions.



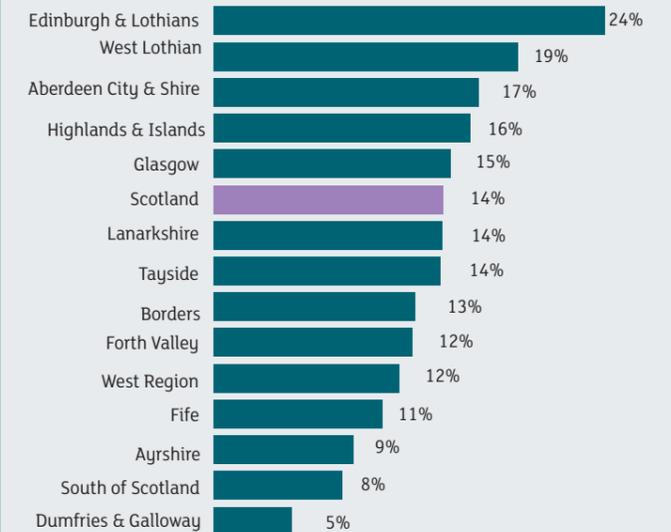
People on Universal Credit: percentage change by region⁶

Short term change between April 2020 and May 2020



Claimant Count: percentage change by region⁷

Short term change between April 2020 and May 2020



¹Source: Fraser of Allander Institute (March, 2020) <https://fraserofallander.org/covid/regional-impacts-of-the-coronavirus-pandemic/>

²Source: Skills Development Scotland - Qualitative feedback from Sector Managers

³Data sourced from Burning Glass Technologies

(Accessed 1st June 2020)

⁴Oxford Economics Forecasts: Job Growth

⁵Source: Annual Population Survey (April, 2020)

January 2019 - December 2019

⁶Department for Work and Pensions (DWP) (Accessed via DWP Stat Xplore)

⁷Source: 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.

Region Spotlight: Aberdeen City and Shire

 Gross Value Added (GVA) in 2020¹ £16,677m

 Productivity: GVA per job in 2020¹ £57,100

 Total employment in 2020 (jobs)¹ 292,100

 Number of MAs in-training² 3,120

 Number of enterprises³

0-49 employees	22,295
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50-249 employees	370
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250+ employees	85
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Feedback⁴

The prominence of Oil & Gas sector in the region suggests the region could be facing a triple economic impact from low oil & gas prices and COVID-19.

Insight suggests there are early indications of job losses across on and offshore oil & gas positions, which could potentially have a significant impact on the region.

A shortage of labour supply, particularly seasonal workers (fruit pickers) in the agriculture sector could result in losing a year's harvest.

As economic recovery progresses, there may be opportunities to drive Scotland's ambition to become a zero-carbon economy.

Job postings decreased by 7% in May 2020 compared to April 2020. The largest percentage decrease in job postings occurred in: Metal Forming, Welding and related trades (-90%), Plant and Machine Operatives (-73%).

Region Spotlight: Glasgow City Region

 Gross Value Added (GVA) in 2020¹ £39,568m

 Productivity: GVA per job in 2020¹ £42,900

 Total employment in 2020 (jobs)¹ 923,300

 Number of MAs in-training² 13,880

 Number of enterprises³

0-49 employees	48,120
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50-249 employees	915
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250+ employees	240
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Feedback⁴

The region has a relatively high proportion of employment in sectors such as retail, hospitality and leisure businesses.

Glasgow City and surrounding areas had the third highest total value of grants awarded to support businesses.

Insight suggests a small number of innovative business models have been created in the region as businesses adapt to the crisis.

Economic recovery could provide greater opportunity for upskilling and reskilling particularly in the region.

Job postings increased by 13% in May 2020 compared to April 2020. The largest increase in job postings occurred in:

Artistic, Literary and Media Occupations (159%), Construction and Building Trades (156%), Business, Research and Administrative Professionals (88%) and Administrative Occupations in Finance (85%).

Impact on SDS Activity:

- New strategic and delivery partnerships supporting individuals, employers and third sector.
- New employment opportunities in sectors with immediate vacancies to be promoted through new job hub service.
- Increasing requirement for CIAG, PACE, reskilling, transition training and online learning.

¹Source: Forecasts by Oxford Economics, 2020

²Source: Skills Development Scotland (2020) MAs in training Q3 2019/20

³Source: Office for National Statistics (2 October 2019) (Accessed via Nomis) UK Business Counts - enterprise by industry and employment size band

⁴Skills Development Scotland - Qualitative feedback from Sector Managers

The Challenge

Uncertainty on impact, scale and longevity, but evidence suggests that:



<p>Significant negative impact on business activity and low business confidence.</p>	<p>Rising unemployment, increases in Universal Credit claims and Claimant Count. Young people, women and low paid most impacted.</p>	<p>Growth in some sectors e.g. Health and Social Care, Food Retail but negative impact on others. One size will not fit all.</p>	<p>Impact varying by region. Evidence of rural areas being less resilient. One size will not fit all.</p>	<p>There is uncertainty on the impact of easing restrictions on lockdown, including the impact of changes to the Job Retention Fund and factors affecting the economic recovery.</p>
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The Economic Response: The Four R's

Respond and Reset



Economic response

- Protect lives
- Protect critical national infrastructure & services
- Protect businesses – cashflow, support to hibernate from banks and UKG
- Protect household incomes – payroll support to firms, welfare support
- Emergency legislation

Economic reset

- £30m Scottish Government food fund
- Labour market response
- Industry specific issues/guidance
- SECTOR AND REGIONAL support
- Unclog supply chain blockages

Restart



- Continued support for businesses (from banks and UKG)
- Support business to re-emerge
- Sector by sector analysis and support.
- Retraining and re-employment support to workers

Recovery



- Prepare industry for post-COVID era e.g. local supply chains for resilience
- Competitiveness
- Net Zero: Green Recovery
- Inclusive Growth (place/communities)
- Data/Tech/AI
- New terms of trade, post EU
- Demographics

Strategic Labour Market and Skills Response

Under the auspices of the Enterprise and Skills Strategic Board, a Short Life Working Group has been established to consider evidence and identify actions to minimise unemployment caused by the impact of COVID-19. **The first report is due by the end of June 2020.**

Respond and Reset



Agile solutions based on current assets and capabilities

Framework for action

Restart and Recovery



1. Prepare for medium-long term scenarios to maximise impact and return public investment in the skills system.
2. Clear design principles to inform decision making.
3. Accelerate innovation in the skills system to make it more resilient, adaptable and agile.
4. Capture and make sense of intelligence as the crisis emerges.
5. Collaboration across the public and private sector to maximise impact.
6. Develop monitoring framework to assess Scotland's progress towards being a healthy and inclusive labour market during and after the crisis.

Youth Transitions

To ensure a generation are not scarred by the crisis

Adult Transitions

Upskilling and Reskilling for a resilient workforce

A New War on Talent

Retaining and attracting talent
The importance of meta skills, technical skills and leadership skills

Inclusive Growth and Fair Work

To address the challenge for those most impacted

System Resilience

A responsive, agile system that combines traditional, academic and work based learning for optimal

Scottish Government's approach to easing of lockdown

Phase 1: Some non-essential work can resume for example outdoor workplaces, elements of the construction re-start plan and gradual re-opening of drive through food outlets. Other businesses can start to plan for re-opening, with physical distancing and hygiene measures.

Phase 2: Non-essential indoor non-office based work can resume (factories, warehouses, lab& research). Small retail units, outdoor markets and pubs and restaurants with open outdoor space can reopen.

Phase 3: Non-essential indoor office work and personal retail services can resume with physical distancing. Large retail, pubs, restaurants and cinemas and museums can reopen.

Phase 4: Remote working and flexible working remains encouraged. All workplaces open in line with public health advice.

Insight, Intelligence and Scenarios

Leadership and Collaboration

SDS will continue to offer leadership and collaborate on the strategic labour market and skills response including supporting the Enterprise and Skills Strategic Board's Short Life Working Group.

Understanding the changing economic and labour market impacts

SDS is working with range of partners across the skills system to:

- Understand the operating environment;
- Gather insight;
- Build scenarios around the potential impact on the labour market

This is critical to designing impactful interventions in a fast moving environment

Evidence Based

Our approach has been and will continue to be informed by a robust, timely and reliable evidence base and emerging labour market scenarios



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.



My World of Work Job Hub

A new service designed to help employers quickly advertise immediate opportunities to a broad audience through SDS's careers website.

Online Learning Portal

A new resource helping who have been furloughed or made redundant to develop their skills through free online courses from training providers.

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 for what comes next

Support for Training Providers

SDS COVID-19 Relief Grant

A grant scheme has been launched for Modern Apprenticeship and Employability Fund learning and training providers who continue to work with employers, learners and apprentices during COVID-19.



Support for Businesses

Find Business Support

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

PACE

SDS continues to lead on PACE support and is working with Scottish Government and partners to ensure delivery is responsive.



Agency Joint Working

Scottish CV19 Response steering group, engagement with business support organisations, Cabinet Secretary & ILG calls, Scottish Funding Council, City Regions, Growth Deals, IRES Board.

Contact Us:
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