

# COVID- 19 Labour Market Insights

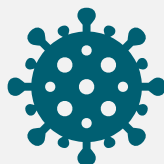
April 2021

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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 have 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 a temporary lockdown, with guidance to stay at home except for essential purposes, whilst most island areas are currently in Level 3.



Since March some restrictions around outdoor socialising, travel and retail have been lifted. The latest of which were lifted on 16<sup>th</sup> April to allow six adults from six households to meet outdoors and remove travel restrictions within Scotland. It is proposed that all areas will move to a modified Level 3 on 26<sup>th</sup> April. Following this, all of Scotland could move to Level 2 on 17<sup>th</sup> May. **Please note, all dates are indicative.**

## 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

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

### Level 1

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

Four people from two households can meet in a private home, six people from three households indoors in a public place 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. Gyms can open for individual exercise. Tourist accommodation, indoor attractions and all remaining non-essential retail can open. Travel restrictions between Scotland and the rest of the UK will be 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. All school pupils returned full-time after the Easter holidays. The only exception is shielding pupils, who have been advised to delay returning until 26<sup>th</sup> April.*



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 Fraser of Allander<sup>1</sup> Institute published updated scenarios on the impact of COVID-19 on Scottish GDP in March 2021. These forecasts are considered below, along with the Office for Budget Responsibility (OBR) UK-wide scenarios<sup>2</sup> released alongside the UK budget in March 2021. Forecast data for Scotland was published by the Scottish Fiscal Commission<sup>3</sup>, alongside the Scottish budget in January 2021.

- The latest Scottish Fiscal Commission analysis suggests Scottish GDP could decrease by **10.7% in 2020**, compared to 2019. This compares with **9.6%** in the latest Scottish Government statistics.<sup>4</sup> 
- Scottish Fiscal Commission data predicts that quarterly GDP could **fall by 5.2% in Q1 2021**, which would leave output **13% lower than before the pandemic**. 
- The Scottish Fiscal Commission forecast recovery to pre-pandemic levels of output at the **beginning of 2024**. In light of the UK budget, and the extension of the Coronavirus Job Retention scheme, the OBR forecast recovery across the UK in **mid 2022**, whilst the Fraser of Allander central scenario suggests a **return to pre-pandemic GDP in Scotland by Autumn 2022**.
- The Scottish Fiscal Commission predicted the **unemployment rate** in Scotland could reach **7.6% in Q2 2021** and may remain elevated for several years. However, reflecting the extension of the furlough scheme to 30<sup>th</sup> September 2021 in the UK budget, The **OBR forecast that unemployment across the UK could peak at 6.5% in Q4 2021**.
- Unemployment remains above pre-pandemic levels throughout the Scottish Fiscal Commission forecast, which ends in **Q1 2026**. Despite forecasting a lower peak of unemployment, the OBR estimate that unemployment will **remain above pre-pandemic levels at the end of its forecast (also Q1 2026)**.


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

<sup>1</sup> [FAI Economic Commentary, Q1 2021](#). The Fraser of Allander Institute, March 2021.

<sup>2</sup> [OBR Economic and Fiscal Outlook](#), Office for Budget Responsibility, March 2021.

## Monthly Gross Domestic Product<sup>5</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>5</sup>



Scotland's GDP rose by 2.0% during Quarter 4 of 2020 (Oct-Dec), following a 15.8% increase in Quarter 3 (Jul-Sept). In the UK, GDP increased by 1.0% in the fourth quarter of 2020. 

Output in the Construction sector increased by 4.5% in Q4 2020, and Service sector output also increased (2.3%).

The Production sector experienced marginal growth (0.3%). Although lower than the previous quarter, this shows signs of economic recovery.

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

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

<sup>4</sup> [Monthly Economic Brief](#), Scottish Government, March 2021.

<sup>5</sup> [Gross Domestic Product](#), Scottish Government, 2021.

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

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**

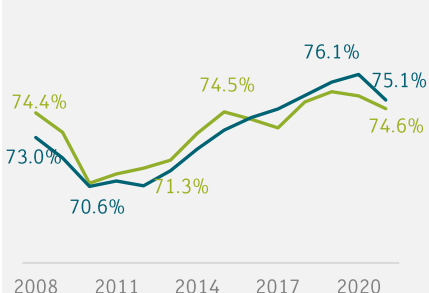
**74.6%** **75.1%**

**76.4%**  **78.2%**

**72.9%**  **72.1%**

Compared to the same quarter of the previous year (December 2019 – February 2020), the employment rate in Scotland decreased by **0.7 ppts to 74.6%**.

This equates to 2.6 million employed people (aged 16+) in Scotland, a decrease of 23,000 compared to the same point last year (December 2019 – February 2020).



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

**Scotland** **UK**

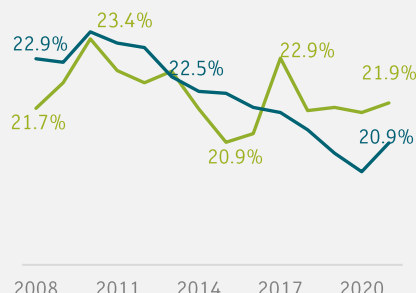
**21.9%** **20.9%**

**19.9%**  **17.5%**

**23.7%**  **24.3%**

Compared to the same quarter of the previous year (December 2019 – February 2020), the economic inactivity rate in Scotland increased by **0.2 ppts to 21.9%**.

This equates to 752,000 economically inactive people in Scotland, an increase of 7,000 compared to the same point last year (December 2019 – February 2020).



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

**Scotland** **UK**

**4.4%** **4.9%**

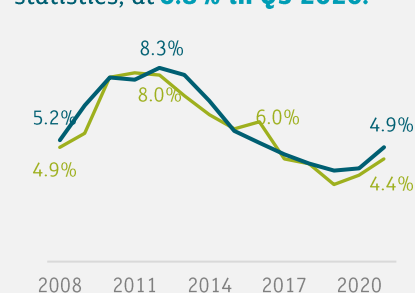
**4.4%**  **5.2%**

**4.4%**  **4.6%**

Compared to the same quarter of the previous year (December 2019 – February 2020), unemployment in Scotland increased by **18,000 people (or 0.6 ppts) to 4.4%**.

This equates to 123,000 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**

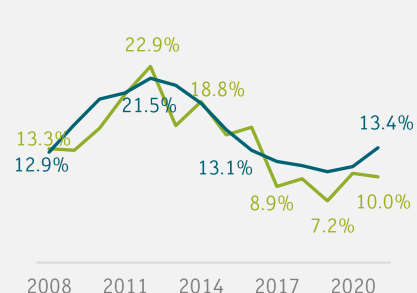
**10.0%** **13.4%**

**10.0%\***  **15.0%**

**9.9%\***  **11.8%**

Compared to the same quarter of the previous year (December 2019 – February 2020), the youth unemployment rate in Scotland decreased by **0.4 ppts to 10.0%**.

This equates to 33,000 unemployed young people in Scotland, a decrease of 3,000 compared to the same point last year (December 2019 – February 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 – February 2008 to 2021, 20<sup>th</sup> April 2021)

<sup>2</sup> ONS, Labour Force Survey (December – February 2008 to 2021, not seasonally adjusted, 20<sup>th</sup> April 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>

364,100

Supported by the CJRS in Scotland as of 28<sup>th</sup> February 2021 (provisional data)

15%

of eligible employments (provisional data)

- Most individuals supported by the CJRS were fully furloughed (255,300 or 70%), and the remainder (108,800 or 30%) were partially furloughed.
- The Accommodation and Food Services and Wholesale and Retail sectors accounted for the largest numbers of furloughed workers, at 25% 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



212,200

People claiming unemployment related benefits

490,300

People claiming Universal Credit

- The seasonally adjusted claimant count\* almost doubled between March 2020 and March 2021 from 113,100 to 212,200 in Scotland. <sup>3</sup>
- The number of people claiming Universal Credit in Scotland increased from 264,100 in March 2020 to 490,300 in March 2021. The 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

10,000\*\*

redundancies in the three months to February 2021 in Scotland

4.2\*\*

per 1,000 people (11.0 per 1,000 in the UK)

- Redundancies decreased by 22,000\*\* in the three months to February 2021, compared to the previous quarter (September – November 2020). <sup>5</sup>
- Across the UK, the redundancy rate was highest for those aged 50 and over at 9.7 per 1,000 people.
- **34,222 individuals and 1,009 employer sites** have received Partnership Action for Continuing Employment (PACE) information in Scotland between April 2020 and March 2021. In the full year 2019/20, 11,189 individuals and 498 employer sites (295 unique employers) were provided with PACE information. <sup>6</sup>

<sup>5</sup> ONS, Labour Force Survey (December – February 2008 to 2021, 20<sup>th</sup> April 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 April 2021

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

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

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

## 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 ppt 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 December 2020 to February 2021, the average number of hours worked (seasonally adjusted) **was 29.6 (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 (December – February

2008 to 2021, 20<sup>th</sup> April 2021)  
<sup>4</sup> [UK Consumer Spending Report](#), Barclays, April 2021,  
<sup>5</sup> [Coronavirus \(COVID-19\) - disabled people: health, social and economic harms - research](#)

## Equality Considerations



- Disabled people have experienced wider impacts as a result of COVID-19. For example, disabled people have been disproportionately impacted by disruption of health and social care routines and public transport restrictions.<sup>5</sup>
- Joseph Rowntree's<sup>6</sup> COVID-19 reflection highlights how the crisis has exacerbated existing health inequalities. The COVID-19 death rate was disproportionately high for those living in most deprived areas and for people from Black and South Asian groups.
- The Resolution Foundation (2021)<sup>7</sup> highlights that young people have been more affected by the economic impact of COVID-19. In particular, young people from ethnic minority backgrounds have faced greater labour market difficulties than young white people. For example, unemployment for economically active young black people aged 16-24 has increased from 25% to 34%, compared with 10% to 13% for young white people.
- Close the Gap (2021) research<sup>8</sup> highlights that women are at higher risk of lost hours and earnings, and face a greater risk of redundancy as a result of the pandemic. In addition, over a fifth of BME women (21%) felt they were unfairly selected for furlough because of their race, sex, age, disability or health condition compared to 1% of white women.
- Educational inequalities have also been exacerbated for young people as research suggests those in the poorest quintile received less learning time during home schooling. A study in England found that after returning to school in Autumn 2020, disadvantaged pupils in their final year of primary school were seven months behind their peers, compared with five months in previous years.<sup>9</sup>
- Research on the impact of COVID-19 on care experienced people highlighted issues such as digital exclusion, not being able to rely on informal networks for support, employment difficulties and services not being able to meet needs of care experienced people.<sup>10</sup>

[report](#), Scottish Government, March 2021.  
<sup>6</sup> [COVID-19 Day of Reflection](#), Joseph Rowntree Foundation, March 2021.  
<sup>7</sup> [Uneven Steps](#), Resolution Foundation, April 2021.

<sup>8</sup> [One Year On](#), Close the Gap, March 2021  
<sup>9</sup> [Inequalities in Education, Skills and Incomes in the UK](#), VI Inequality, March 2021  
<sup>10</sup> [COVID-19 Recovery Planning](#), Who Cares? Scotland, February 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 2018**.
- In the UK, less than a **fifth (19%) of SMEs** have been able to **retain all their furloughed staff**, while **49%** will be able to retain **less than half of their staff once CJRS ends**.<sup>2</sup>
- The Federation of Small Businesses reported that around **74% of businesses expect to employ more or the same number of staff in 12 months**.<sup>3</sup>
- CIPD reported that **71% of employers said homeworking either increased or made no difference to productivity**. Around 63% of employers are planning to use hybrid working post-pandemic, as homeworking improved staff wellbeing.<sup>4</sup>

### Financial

- The Scottish Chambers of Commerce<sup>5</sup> found that **businesses across all sectors reported lower sales in Q1 2021**, with a significant drop in retail and wholesale sales compared to Q4 2020.
- The British Chambers of Commerce found that **55% of UK firms expect their turnover to grow over the next 12 months** to pre-pandemic levels, although **41% reported their cash flow had worsened** in Q1.<sup>6</sup>

### Business Confidence

- Bank of Scotland's Business Barometer reported **business confidence increased in March 2021**. Whilst this was the highest reading since March 2020, Scotland was the only region in the UK to report a negative net balance.<sup>7</sup>
- The Federation of Small Businesses reported that **more than half of Scottish businesses (57%) were optimistic about their own enterprise**, while only 16% were optimistic about the overall prospects for the Scottish economy.<sup>3</sup>
- **59% of Scottish businesses reported they will be able to operate at above 80% capacity** once restrictions are lifted.<sup>8</sup>

<sup>1</sup> Royal Bank of Scotland Report on Jobs, April 2021.

<sup>2</sup> Virgin Money Business Pulse, March 2021.

<sup>3</sup> Federation for Small Businesses, April 2021

<sup>4</sup> CIPD, Flexible Working Lessons from the pandemic April 2021.

<sup>5</sup> Scottish Chambers of Commerce Quarterly Economic Indicator, April

2021.

<sup>6</sup> British Chambers of Commerce Quarterly Economic Survey, April

2021.

<sup>7</sup> Bank of Scotland: Business Barometer, March 2021.

<sup>8</sup> Bank of Scotland Commercial Banking, April 2021

## Purchasing Managers' Index<sup>9</sup>



In March 2021, Scotland's Business Activity Index was **54.3**. Business Activity has risen sharply from February to March, indicating growth in the Scottish economy. This is the first upturn since September 2020.



The Future Activity Index **reached the highest point on record** in March 2021. This reflects that **private sector confidence** in business activity **remains high** over the next year.



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



Despite reports of increased business confidence, in March 2021, Scotland's Employment Index suggested private sector businesses **reduced staff levels for the 14th month in a row**. Panelists attributed this primarily to non-replacement of voluntary leavers, but layoffs and redundancies still occurred.

## Job Postings in Scotland<sup>10</sup>



Following a 68% decrease between March and April 2020, **job postings more than doubled between April 2020 and March 2021**. While this indicates the return of some recruitment activity, there were **around 14% fewer job postings in March 2021 compared to the same point last year**. This suggests that employment activity has not fully recovered to pre-pandemic levels of recruitment.

The composition of job postings was similar in March 2021 compared to March 2020, with the highest demand for Information Technology and Telecommunication Professionals. In March 2021 occupations with the highest number of job postings included Business, Research and Administrative Professionals and Nursing and Midwifery.

<sup>9</sup> Purchasing Managers' Index (PMI), Royal Bank of Scotland, April 2021,

<sup>10</sup> Burning Glass Technologies (April 2021). Burning Glass Vacancies gather insights from online job postings and websites.



## Business Turnover Index Scotland<sup>1</sup>



The Monthly Business Turnover Index provides an early indication of business activity in Scotland, covering around half of the economy. It reports the net balance of firms reporting increased or decreased turnover, in real terms, compared to 12 months ago. Values below 50 indicate that more companies are showing decreased turnover.

- Scotland's Business Turnover Index was 38.6 in February, indicating a decrease in business activity compared to the same month last year. The index remains considerably below pre-pandemic levels, with most businesses reporting lower sales than the previous year.
- Turnover remains lower in all reported industries compared to 12 months ago, except for Food Retail.

### Monthly Business Turnover Index, February 2021 compared to February 2020



<sup>1</sup> Scotland's Business Turnover Index Scottish Government (January 2021): \*Does not include data for Agriculture, Mining, Utilities, Construction,

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

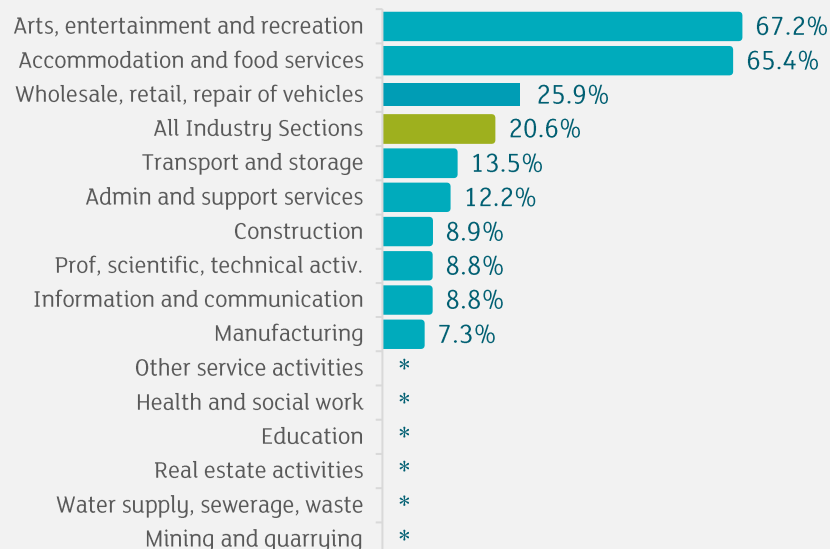
<sup>2</sup> Scottish Government weighted

Scotland estimates of BICS (April, 2021) - Wave 27: <https://www.gov.scot/publications/bics-weighted-scotland-estimates-data-to-wave-27/>

## Business Impact of Coronavirus Survey - Furlough Leave<sup>2</sup>

In Scotland, an estimated 20.6% of the workforce were furloughed between 22<sup>nd</sup> March 2021 and 4<sup>th</sup> April 2021.

Arts, Entertainment and Recreation Accommodation and Food Services sectors had far higher rates of furlough, reflecting the impact restrictions have had on these industries.



\* Base count less than 25

## Risk of Insolvency<sup>2</sup>



Around 26 per cent 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 the Professional, Scientific and Technical industry (2%), followed by Accommodation and Food Services (1.6%).

## 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 CRJS 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. Following on from the lifting of travel restrictions on 16<sup>th</sup> April, it is anticipated that the re-opening of non-essential retail and hospitality on 26<sup>th</sup> April will provide a significant economic boost.



**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 published in the second half of March 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.

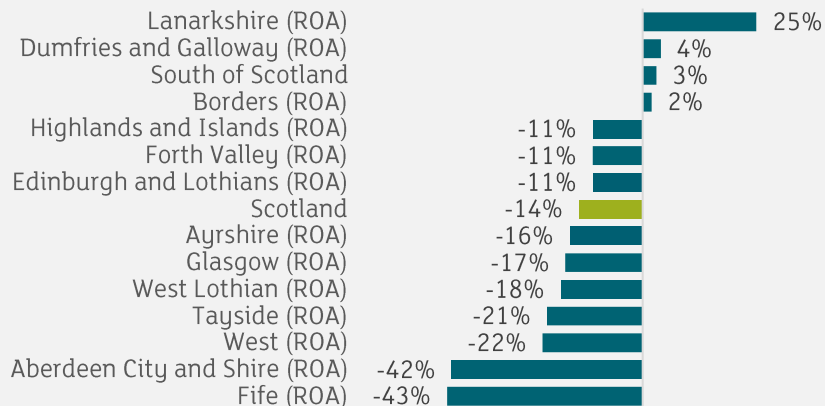


**Brexit and new visa system may have implications for recruitment.** While businesses continue exporting, challenges at EU borders are causing delays for customers. Businesses continue to see, and anticipate further, price increases/longer lead times on supplies from EU countries.

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



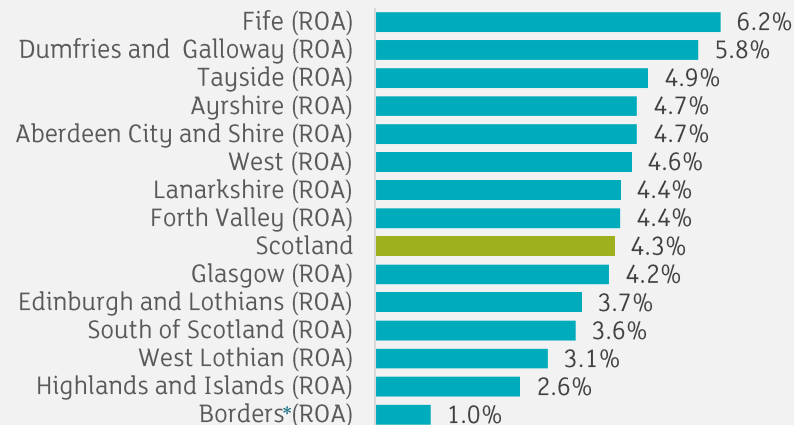
Percentage change between March 2020 and March 2021, a month-to-month comparison is available in the COVID-19 Dashboard.



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



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



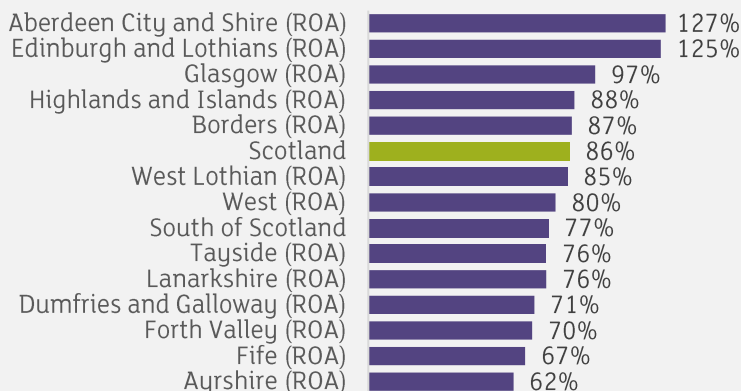
\* Data should be treated with caution due to small sample size.

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



In Scotland, there were 86% more people on Universal Credit in March 2021 compared to March 2020.

Percentage change between March 2020 and March 2021

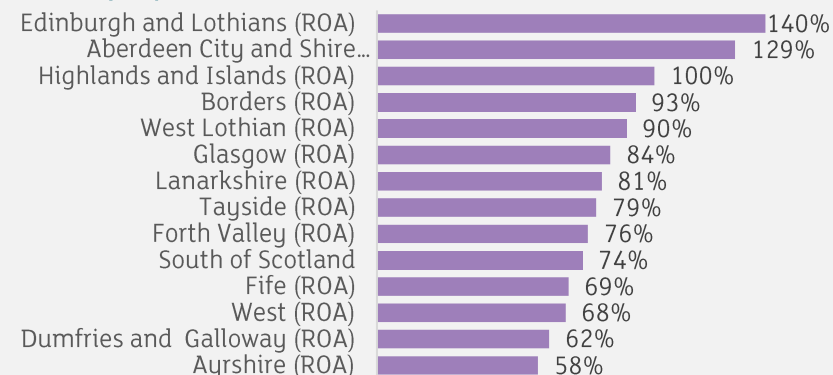


## Impact on People – Claimant Count<sup>4</sup>



In Scotland, there were 88% more claimants in March 2021 compared to March 2020 (seasonally adjusted).

Percentage change between March 2020 and March 2021 (not seasonally adjusted)



<sup>1</sup> Burning Glass Technologies (April 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 impacts 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 ahead of an anticipated return of the tourism sector.

## 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](#).

## 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 low business confidence in the short term.



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 impact of COVID-19 and the timeline for economic recovery is still uncertain.

## 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.

The logo for Skills Development Scotland is located in the top left corner. It consists of a white rectangular area with a decorative, scalloped right edge. On the left side of this area, there is a vertical line of seven small, light blue dots. To the right of the dots, the text "Skills Development Scotland" is written in a dark blue, sans-serif font, with "Skills" on the first line, "Development" on the second, and "Scotland" on the third.

Skills  
Development  
Scotland

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