

TVB labour market and skills: key questions

LABOUR DEMAND

- What's been the impact to date of Covid-19?
- What are the prospects for job losses?
- What are the prospects for vacancies and job entry?
- Will employee training and apprenticeships be impacted?
- Are there any indications regarding industry restructuring?
- What industries / employers will see resilience and perhaps jobs growth?
- What's the impact of Heathrow?
- How will demand change in London?

LABOUR SUPPLY

- How will residents be affected by other jobs markets – e.g. London, Heathrow?
- Which individuals, groups, occupations will be affected the most by layoffs, or prolonged unemployment?

EDUCATION AND TRAINING PROVISION

- What are the impacts of Covid-19 and recession in education and training institutions?
- How agile is the system in terms of ability to respond to the new economic situation, layoffs, etc?

STRUCTURAL ISSUES

- Are there likely mismatches between available labour and skills required where there are jobs opportunities?
- Are there mismatches in terms of worker resilience and ability to overcome job loss? (e.g. between different resident characteristics, skills and occupations?)

Impacts to date: unemployment

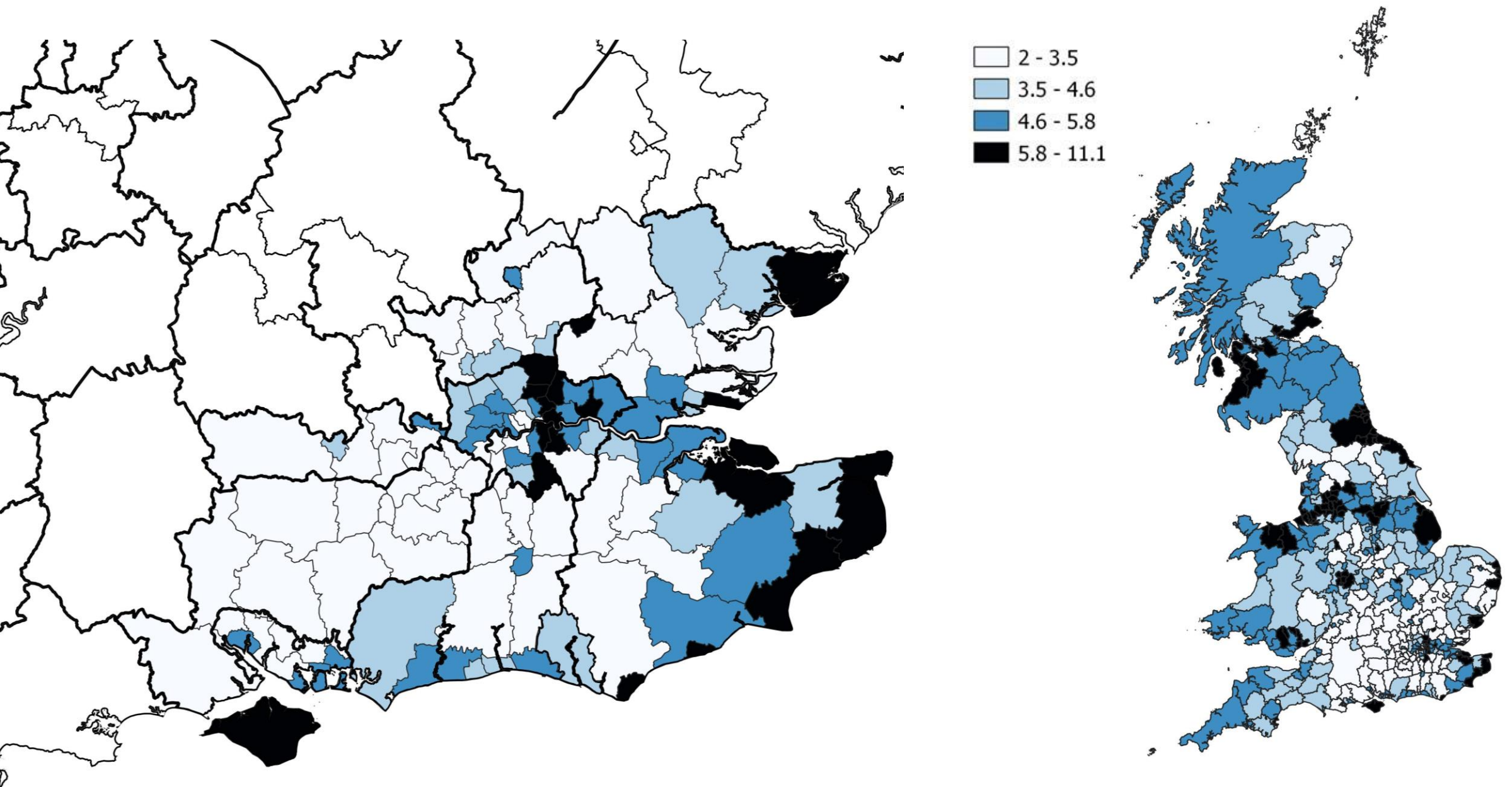
+8,600 claimants in the past month (March to April) in TVB area, a +77% increase (higher than UK average)

Claimant rate now 3.4% in April, up from 1.9% in March in TVB area

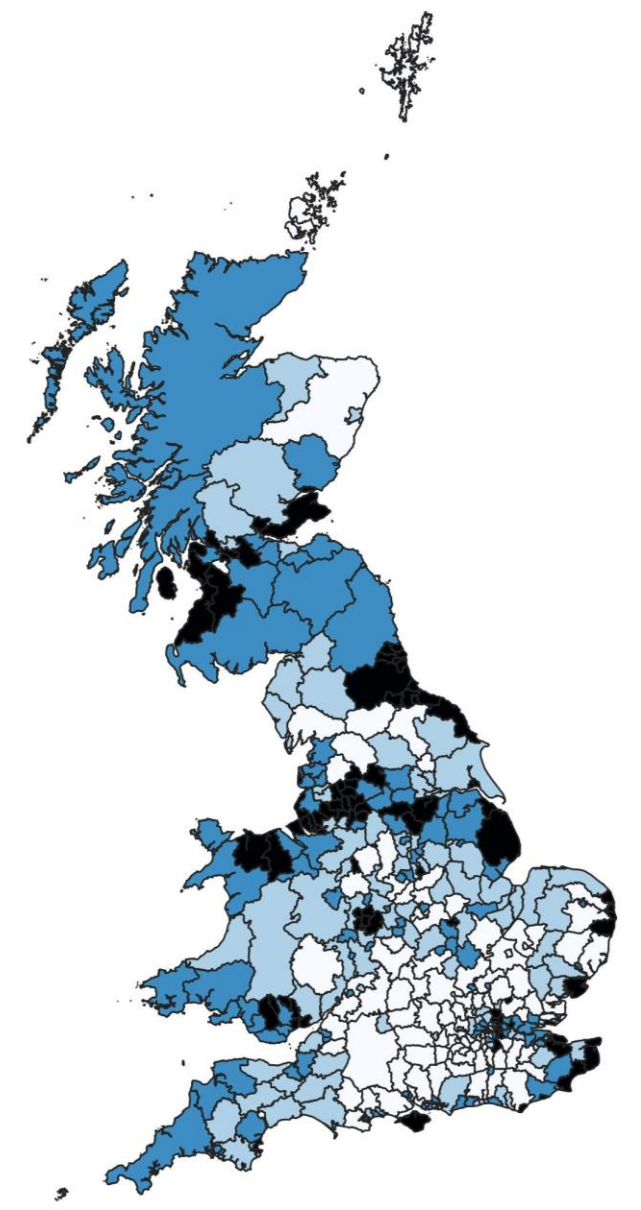
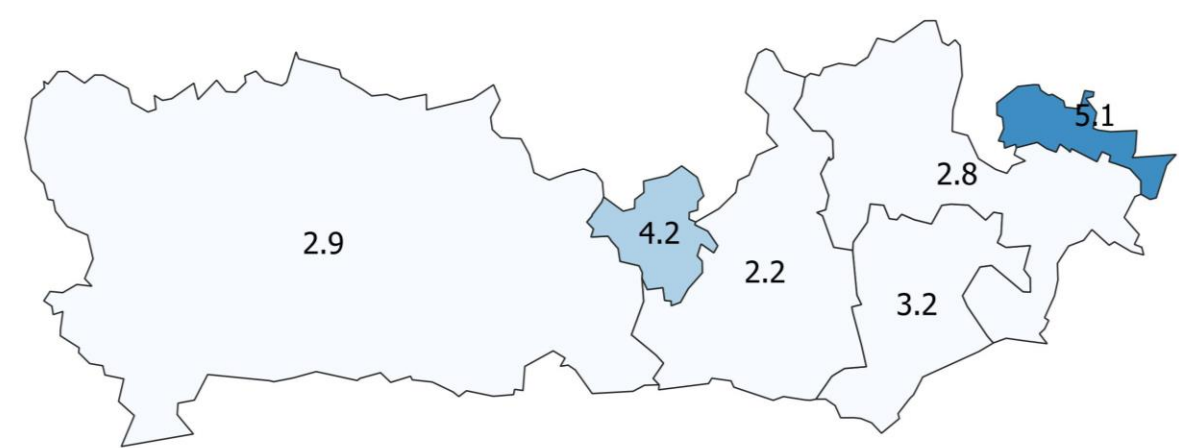
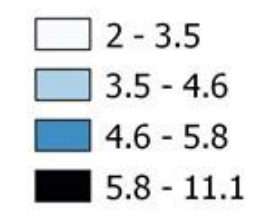
Claimant unemployment has increased sharply in the South East of England

	March 2020 - total claimants	April 2020 - claimant rate	March 2020 - total claimants	April 2020 – total claimants	Monthly increase in claimants March to April
Bracknell Forest	1.5%	3.2%	1,220	2,500	105%
Reading	2.8%	4.2%	3,050	4,635	52%
Slough	3.0%	5.1%	2,820	4,830	71%
West Berkshire	1.6%	2.9%	1,525	2,815	85%
Windsor & Maidenhead	1.4%	2.8%	1,300	2,555	97%
Wokingham	1.1%	2.2%	1,140	2,275	100%
Thames Valley Berkshire	1.9%	3.4%	11,050	19,605	77%
UK	3.0%	5.1%	1,268,620	2,117,360	67%

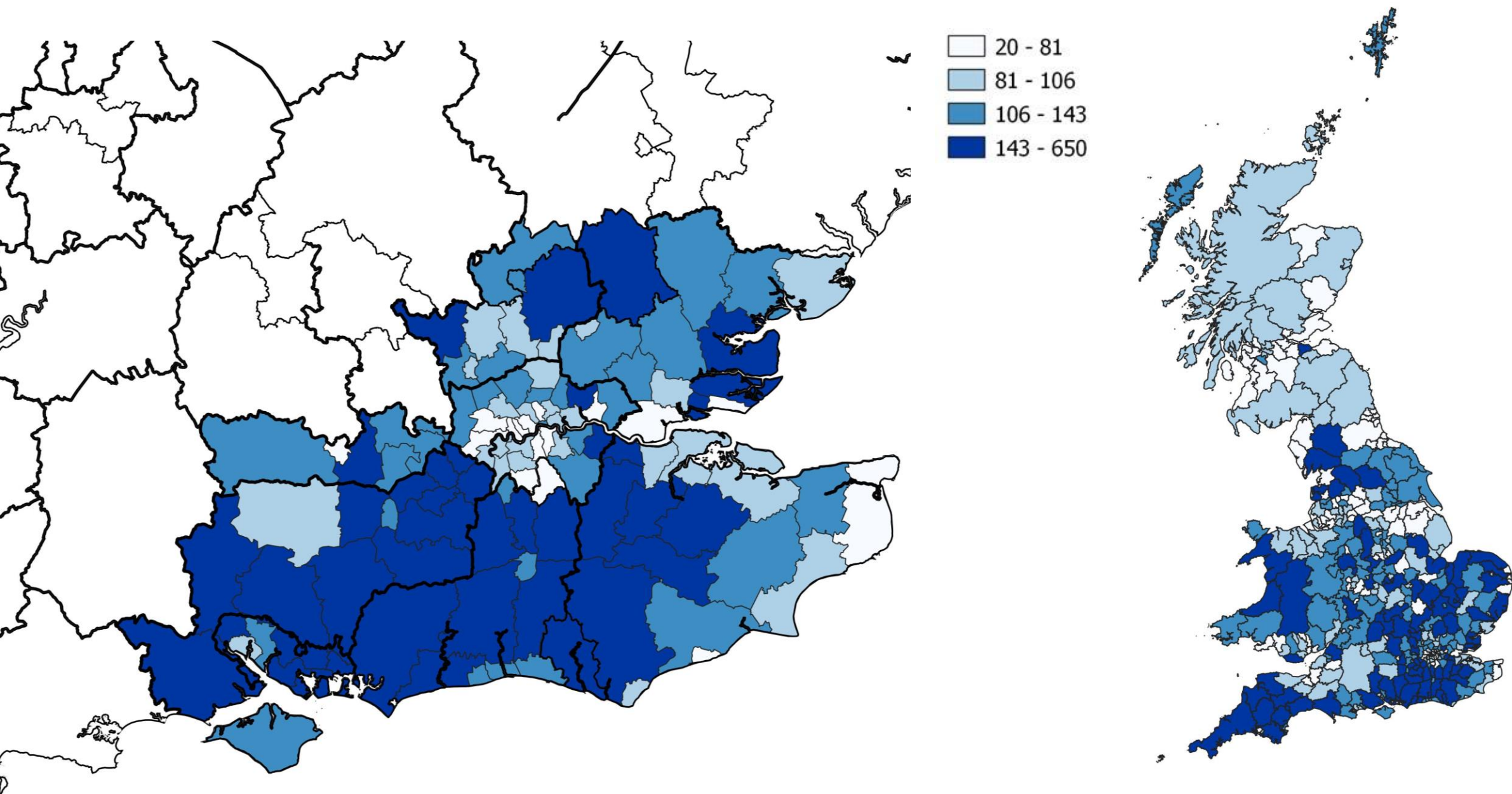
April 2020 claimant unemployment rate %, UK=5.1%



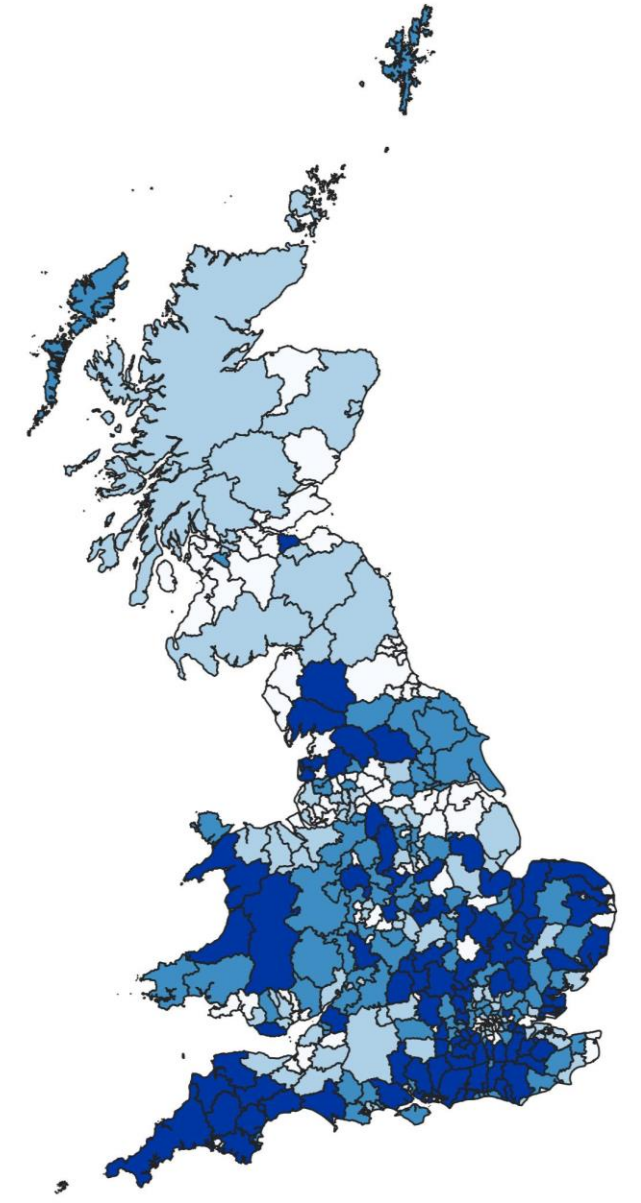
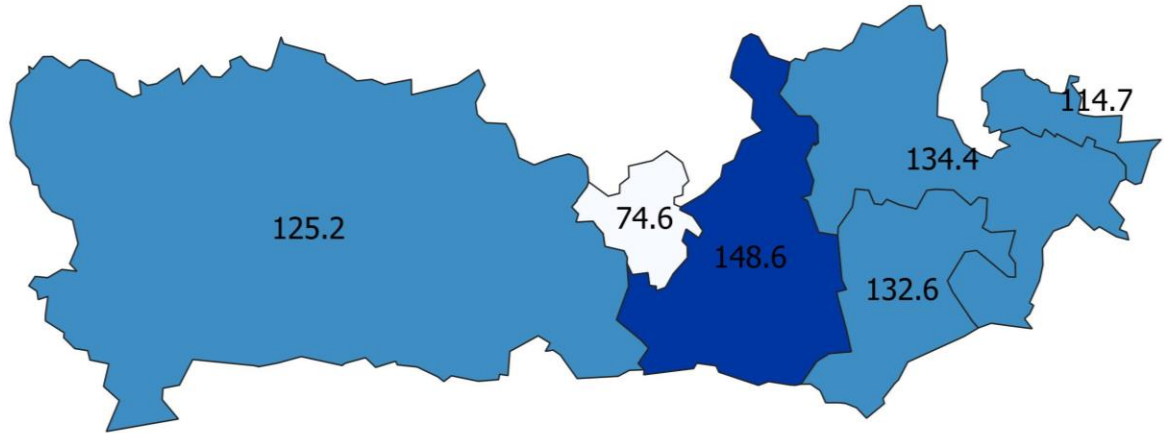
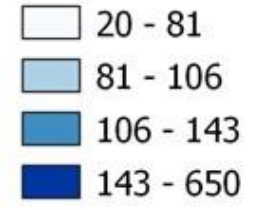
April 2020 claimant unemployment rate %, UK=5.1%



Percentage increase in claimants from April 2019 to April 2020, UK=91%



Percentage increase in claimants from April 2019 to April 2020, UK=91%



7 Labour demand: What are the prospects for job losses?

Risk of job in ST / MT

- TVB – relatively **lower** employment in these main sectors at immediate risk:
 - Aviation / aerospace (Air transport employs 1,000 in TVB – 0.2% of TVB total vs. GB=0.6%; Freight & logistics employs 9,500 in TVB – 1.8% of TVB total vs. GB=2.8%)
 - Construction (employs 20,000 in TVB – 3.9% of TVB total vs. GB=4.7%)
- **Similar** level of employment in these main sectors at immediate risk:
 - Hospitality / tourism (employs 29,600, or 5.7% of employment in TVB vs 6.5% in UK)
 - Arts, entertainment & recreation (employs 13,000 in TVB – 2.5% of TVB total vs. GB=2.5%)
- Relatively **higher** employment in these main sectors at immediate risk:
 - Administrative and support services (employs 35,300 in TVB – 6.8% of TVB total vs. GB=5.6%)
 - Non-food retail & wholesale (employs 47,500 in TVB – 9.2% of TVB total vs. GB=8.1%)

Strategic gateways / London

- What we don't know is commuter / supply chain impacts for Heathrow

Risk of structural change in LT

- What we don't know is what structural changes will occur in industries / markets such as:
 - ICT / Digital / Tech
 - Financial services & insurance
 - Business & professional services
 - Life sciences / science-based businesses
 - Manufacturing & engineering
 - Wholesale & distribution
- Structural change is highly likely – **it could cause job losses or job gains**

Labour demand: will some industries / employers be more resilient, or even grow jobs?

Demand conditions are holding up well for...

- Manufacture: of pharmaceuticals and medical devices, ICT infrastructure, ICT equipment
- ICT & digital:
 - Remote working and cloud computing driving business continuity and digital innovation.
 - Human health related ICT: biosensors, health and wellbeing monitoring
 - Broader acceptance of advanced technologies will drive innovation
 - Digital transformation of other industries
- Business services:
 - Significant presence of leading firms and industries for digitalisation, AI, application of new technologies and processes to business services functions and roles.
- Warehouse operatives
- Food retail
- Health care, social care
- Cleaning services

9

Labour demand: will there be implications from industry restructuring?

*Labour demand is a **derived demand** – the initial demand is for a good or a service, and labour is hired / deployed to help meet that demand*

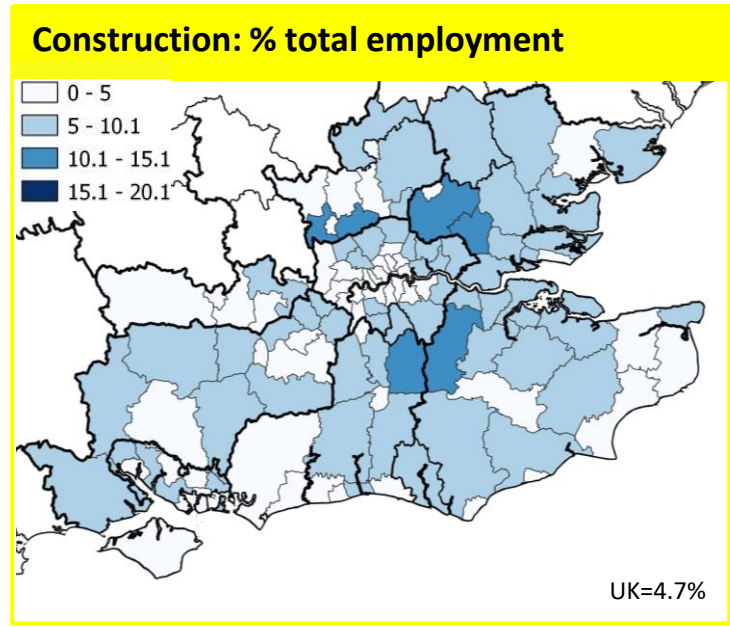
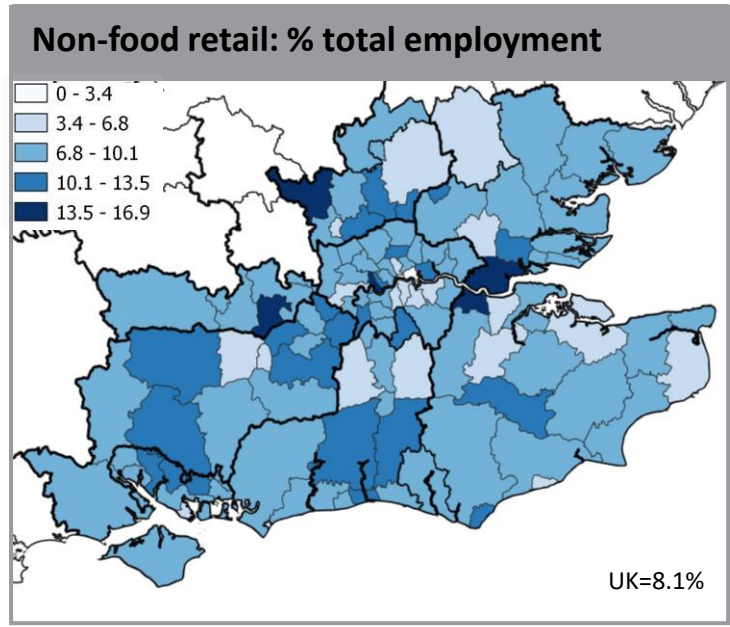
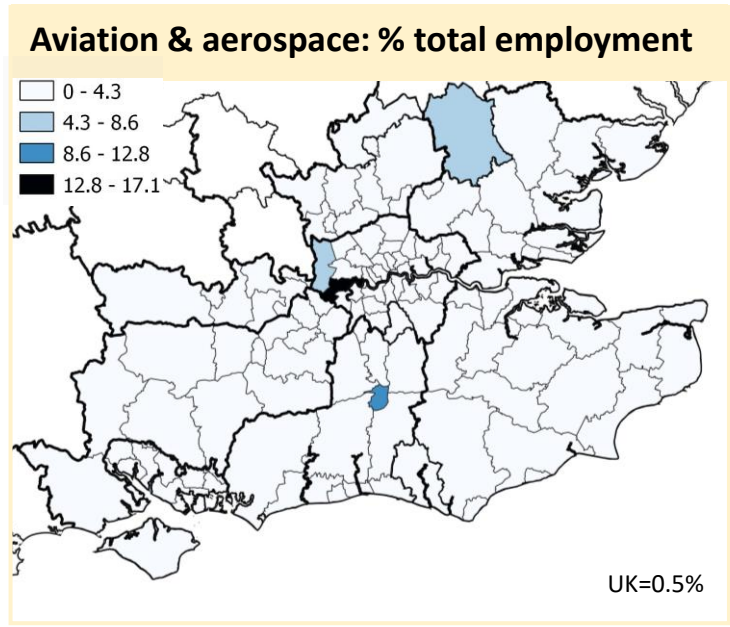
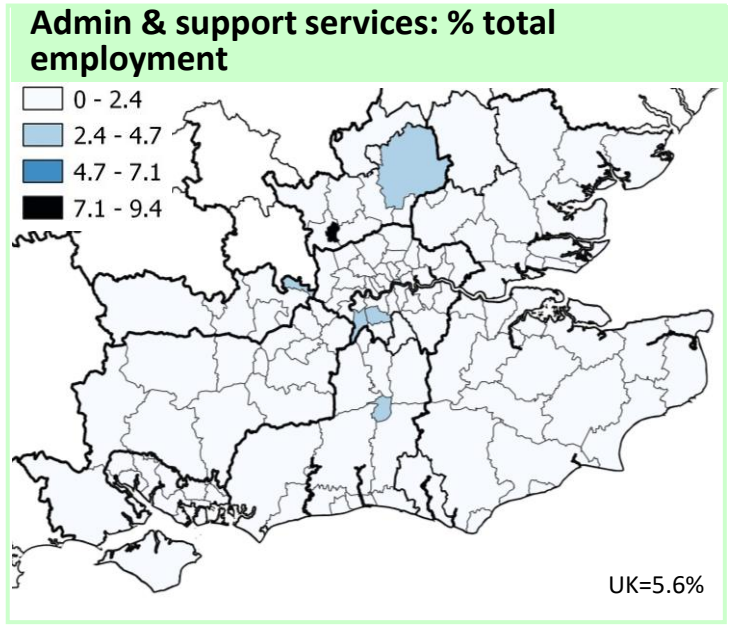
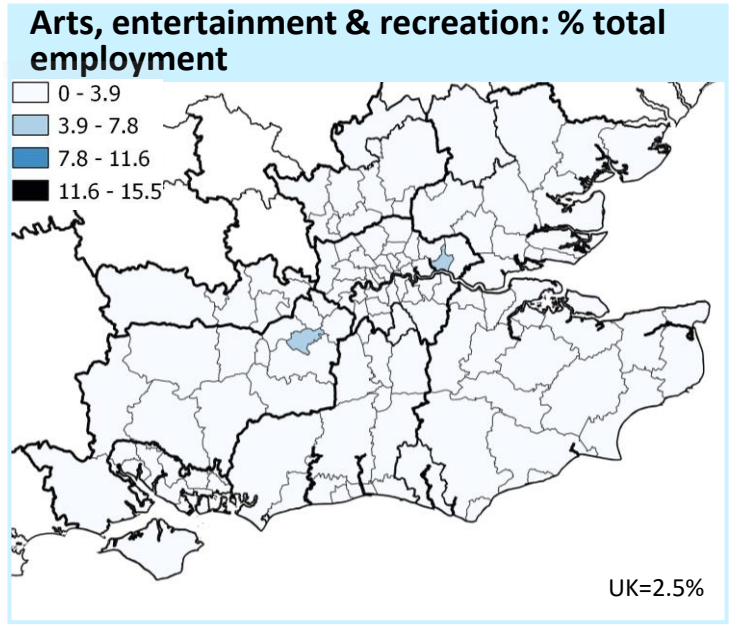
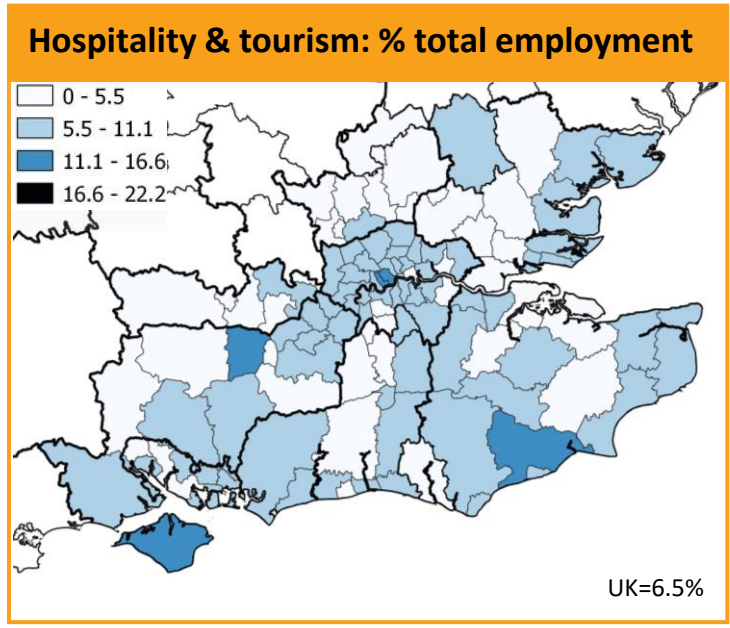
Economic drivers

- Recession
- Reduced capital availability (perception of risk)
- Consumer and travel related sectors hit hardest, soonest
- Manufacturing – supply chain disruption
- Private sector services, ICT & digital, scientific & professional – less impacted, but changes to markets may spur M&A and restructuring
- International trade disruption of Covid-19 + Brexit

Business drivers

- Business viability
- Over-capacity
- Consolidation / cost-cutting
- Disrupted supply chains
- Supply chain capture & agile logistics capture (M&A of suppliers and logistics firms)
- Brexit
- Mergers & acquisitions
- Strategic partnerships

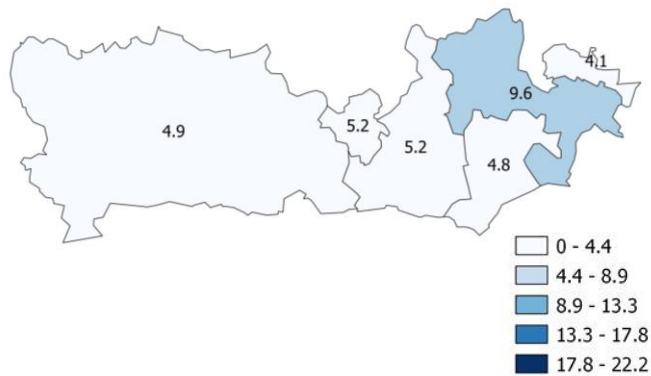
INDUSTRIES AT RISK



INDUSTRIES AT RISK: Thames Valley Berkshire

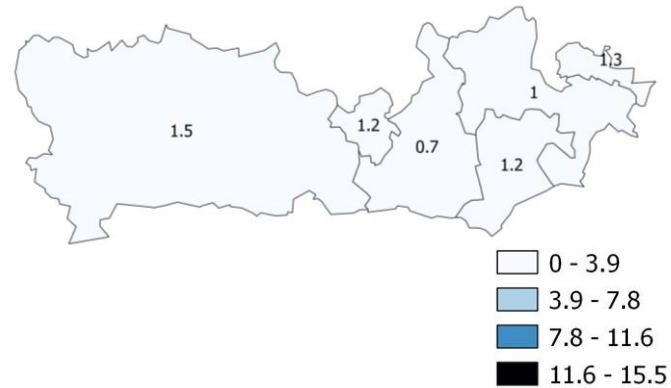
Hospitality & tourism: % total employment

UK=6.5%



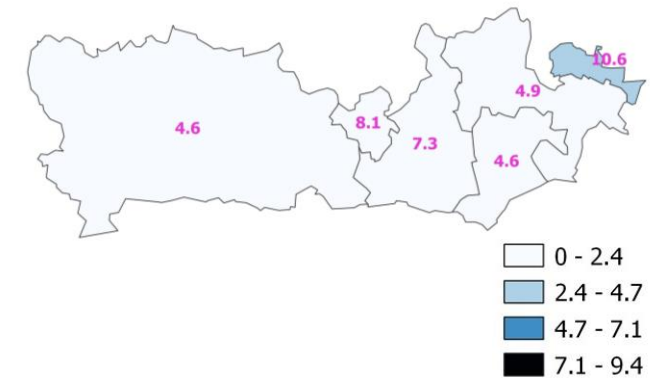
Arts, entertainment & recreation: % total employment

UK=2.5%



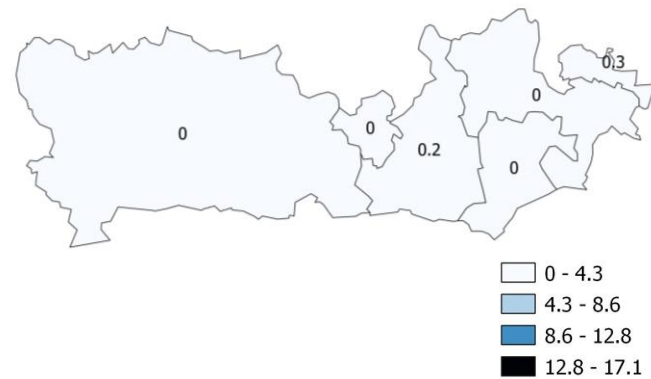
Admin & support services: % total employment

UK=5.6%



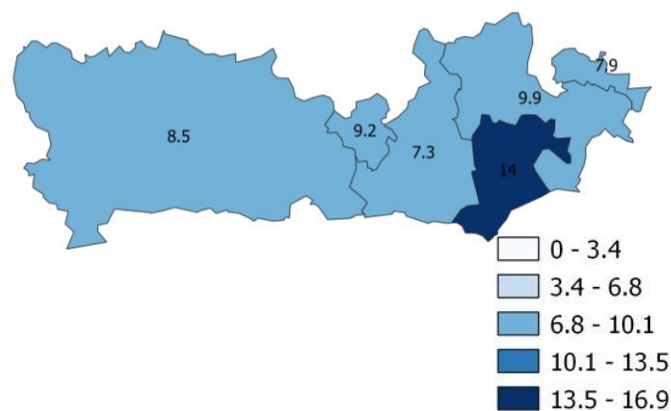
Aviation & aerospace: % total employment

UK=0.5%



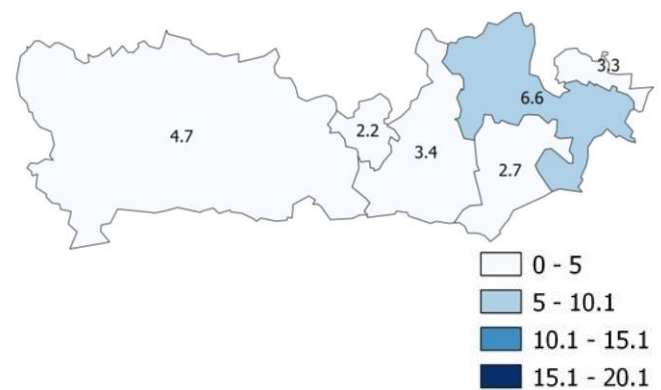
Non-food retail: % total employment

UK=8.1%



Construction: % total employment

UK=4.7%



Labour demand: What are the prospects for vacancies and job entry?

UK: Employer's hiring and HR intentions have fallen significantly

- **Vacancies fell to their lowest level for over six years** and registered the biggest quarterly fall since the start of the time series in 2001.
- During February to April 2020 (which incorporates almost six weeks of lockdown measures), the number of vacancies totalled 637,000 (down 21.1% on the previous quarter, down 24.8% on the same time last year, and the lowest level since Nov-Jan 2014).
- **The quarterly fall in vacancies was the sharpest since the series began in 2001.** During the 2008/09 recession, the largest quarterly drop in vacancies was -17.8% in Nov-Jan 2009.
- Industries experiencing the largest quarterly fall in vacancies were in the main lockdown sectors: Accommodation & food service activities (-31,000) and Wholesale & retail trade (-30,000).
- **Online job adverts declined by more than 50% from the start of March to the start of May 2020.** Using figures from job adverts provided by Adzuna (an online job search engine), the total number of online job adverts was relatively stable from the start of 2019 until the beginning of March 2020, after which it began to decline rapidly. This decline continued for two months, with total job adverts levelling off from the start of May to around 43% of its 2019 average.

More than one-fifth of UK employers plan to make redundancies over the next three months, with entry level jobs reduced by 23% this year

- Hiring intentions at their lowest level in at least 15 years, with more than a quarter of private sector employers planning to cut staffing levels over the three months to July
- CIPD / Addeco survey (18 May) that shows many firms had only been able to avoid lay-offs by freezing pay, putting a stop to hiring, cutting bonuses and making extensive use of the government's furlough scheme
- 50% of private sector employers planning to freeze pay, 15% expecting pay cuts, 29 % expecting to cut bonuses
- Institute of Student Employers (ISE) survey: Graduate recruitment down 12%. All types of entry-level roles have been reduced this year by 23%

JobisJob.com – handles 85% of jobs posted online across 250 online jobs boards

- UK job vacancies fallen to lowest level in 3 years
- No. jobs posted Jan-May 2020 – 40% lower than same period in 2019
- Retail worst hit – jobs down 53% Jan-May compared to 2019
- Recruitment increased – healthcare, cleaning staff, warehouse operatives

Labour demand: will employee training and apprenticeships be impacted?

- Apprenticeships during Quarter 2 from August 2019 to January 2020 for the 2019/20 academic year:
 - 2,820 apprenticeship starts in 2019; 700 achievements
 - TVB – lower rate of apprenticeship starts per 100,000 working-age residents
- Training rates – similar to UK average – 10.9% of residents in work in 2019 received job related training (UK=10.0)

Apprenticeship starts and achievements Aug 2019 to Jan 2020

	19/20 Q2 (Aug-Jan)		<i>per 100,000 working age (16-64) residents</i>	
	Starts	Achievements	Starts	Achievements
Bracknell Forest	360	110	457	140
Reading	550	110	503	101
Slough	450	80	473	84
West Berkshire	560	170	578	175
Windsor and Maidenhead	420	110	455	119
Wokingham	480	120	466	116
TVB	2,820	700	490	122
England total	198,630	59,230	567	169

Labour supply: how will residents be affected by changes in external jobs markets – e.g. London, Heathrow?

What's the impact of Heathrow?

- September 2013 impact study:
 - The “western wedge” area around Heathrow generates £1 in every £10 of UK economic output and is home to over 2.4 million jobs
 - Aviation and related activity at Heathrow Airport currently supports around 120,000 jobs and contributes £6.2 billion to the economy
 - The closure of Heathrow would also put at risk up to at least a further 170,000 jobs within the western wedge area that are dependent on good proximity to a hub airport, and could put at risk up to £11 billion worth of current economic activity

What could be implications for London?

- Commuting activity severely curtailed
- Job losses will be significant, as elsewhere

TVB has significant levels of in- and out- commuting to London and rest of SE (2011)

- 11.9% (43,000) of TVB jobs filled by in-commuters from London
- 36.1% (130,000) of TVB jobs filled by in-commuters from rest of SE
- 6.6% (24,000) of TVB residents in work commute to London
- 19.2% (71,000) of TVB residents in work commute to rest of SE

Labour supply: Which individuals, groups, occupations will be affected the most by layoffs, or prolonged unemployment?

Resolution Foundation: unequal distribution of impacts of Covid-19

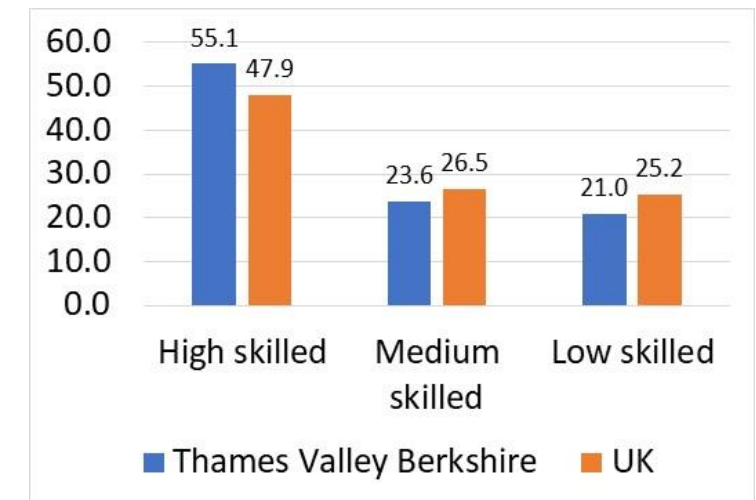
- Women, low-paid workers, younger employees and parents are being hit particularly hard by the Covid-19 pandemic
- Women make up a majority of 'key workers', which means they run a greater risk of exposure to the virus as they are not isolating
- Key workers are often relatively lowly paid
- Those on low pay, or a younger adult – being more likely to have experienced job loss or have been furloughed
- Those in shutdown sectors are younger – their average age of 39 is four years below the average age of those who can work from home

TVB has a younger labour market compared to UK average

- 16-25 year-olds make up a larger share of the TVB population (11.2%) and workforce (16.4%) compared to the UK average (pop 9.9%, WF 15.8%)
- 67,000 young people aged 13-18 in Thames Valley Berkshire who will enter the labour market over the next 5 years: represents 7.4% of population, or equivalent to 11.7% of the working-age population – higher than UK average

A lower share of residents are in low-skilled jobs

- 21.0% of working residents are in low skilled jobs (UK=25.2%)
- Nonetheless – 100,600 residents work in low-skilled jobs



Structural issues: mismatches between available labour and skills required in job opportunities?

Will structural mismatches occur between available jobs and skills of unemployed / workforce?

- Unemployment likely to be of scale in occupations related to:
 - Consumer sectors
 - Customer services
 - Retail
 - Leisure
 - Administration
 - Tourism
 - Hospitality
- Employment likely to be more resilient in:
 - Science and technology - based jobs
 - Food retail
 - Health and social care
 - Education
 - Warehousing / logistics