enterprise M3
Delivering prosperity through innovation

Enterprise M3 Economy, Labour Market and Skills Dashboard

EM3 SAP and EM3 Board Meetings – July 2021

HEADLINES

- Economic recovery in EM3 is firmly underway – number of trading businesses increased, sales are up, fewer businesses are reporting cashflow issues and estimated economic growth has been faster than in the UK.

- Forward looking survey data from purchasing managers points to exceptionally strong growth in business activity (output) and the volume of new orders in the region.

- Business and consumer sentiment have recovered but rising inflation threatens to dent consumer and business sentiment (and investment).

- Impact of the downturn on the headline labour market in EM3 smaller than feared but a significant number of jobs continues to be supported by job support schemes.

- Greater impact on workplace employment with EM3 than on employment among residents - explained by skills characteristics and experience.

- Significant impact on young people in EM3 largely explained by high % of young people employed in labour intensive services. Relatively strong recovery in demand for labour is underway.

- Strong demand for nurses, sales and upper skill occupations accompanied by the return of demand for hospitality and logistics driven by lifting of restrictions.

A FOCUS ON > CARBON EMISSIONS IN EM3

Annual emissions in EM3 stand at 7,669 kt of CO_2, 5t per capita or 2.08t per km^2.

Transport accounts for over 50% of all emissions followed by domestic at close to a third of all emissions in the area.

In relative terms emissions per capita are above the regional average and slightly below the national average.

Both domestic and transport emissions are well above the regional and national levels, particularly so for transport.

Between 2005 and 2019 total emissions decreased by about a third, slower than both the regional and national average.

In relative (per head) terms decreases in emissions by sector lagg the South East average across most sectors.

The data supports the drive to prioritise decarbonisation of transport and buildings (including commercial and industrial).

BUSINESS & ECONOMY

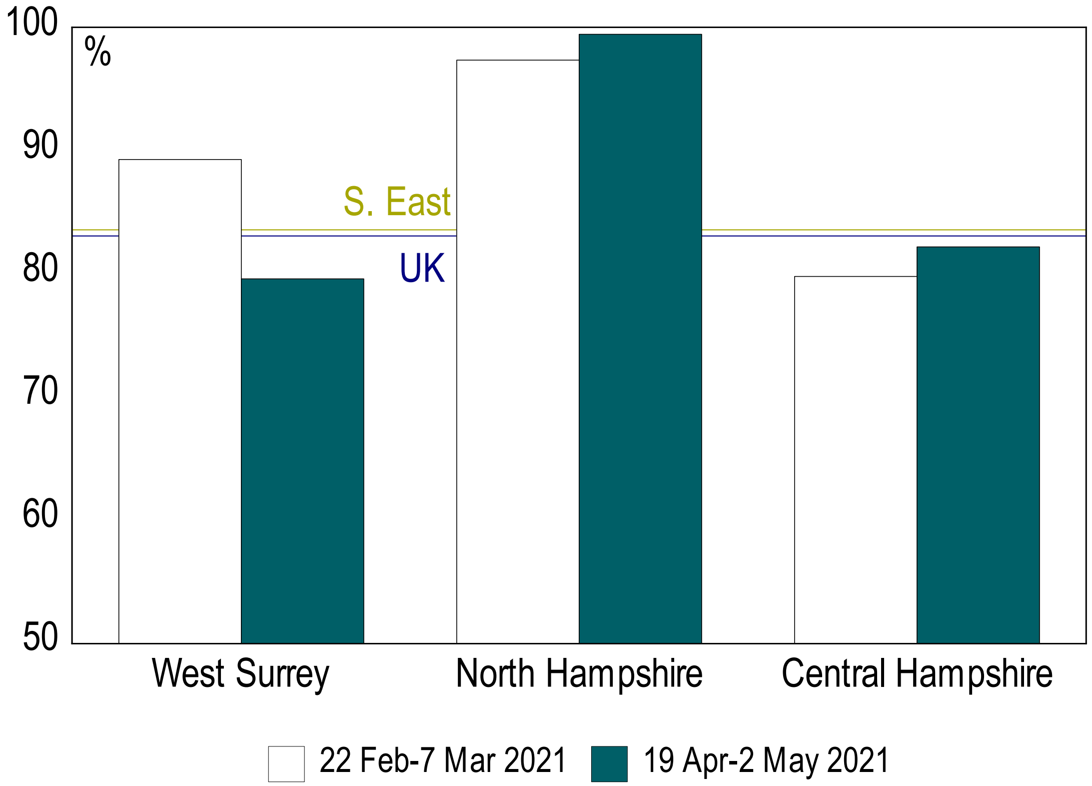
ECONOMIC RECOVERY IN EM3 IS FIRMLY UNDERWAY

Business activity in EM3 (EM3) gathered momentum at the start of Q2 following re-opening of non-essential shops and easing of hospitality restrictions.

The proportion of trading businesses increased to about 85% by late April/early May.

Sales (turnover) are picking-up and fewer EM3 businesses are reporting cashflow issues (one third of all businesses).

% businesses* currently trading in EM3



Source: ONS BICS Survey (2021); *% of single site businesses

West Surrey (Surrey Heath, Woking, Guildford, Waverley, Spelthorne, Runnymede Elmbridge); North Hampshire (Basingstoke & Deane, Hart, Rushmoor); Central Hampshire (Test Valley, Winchester, East Hampshire, New Forest*).

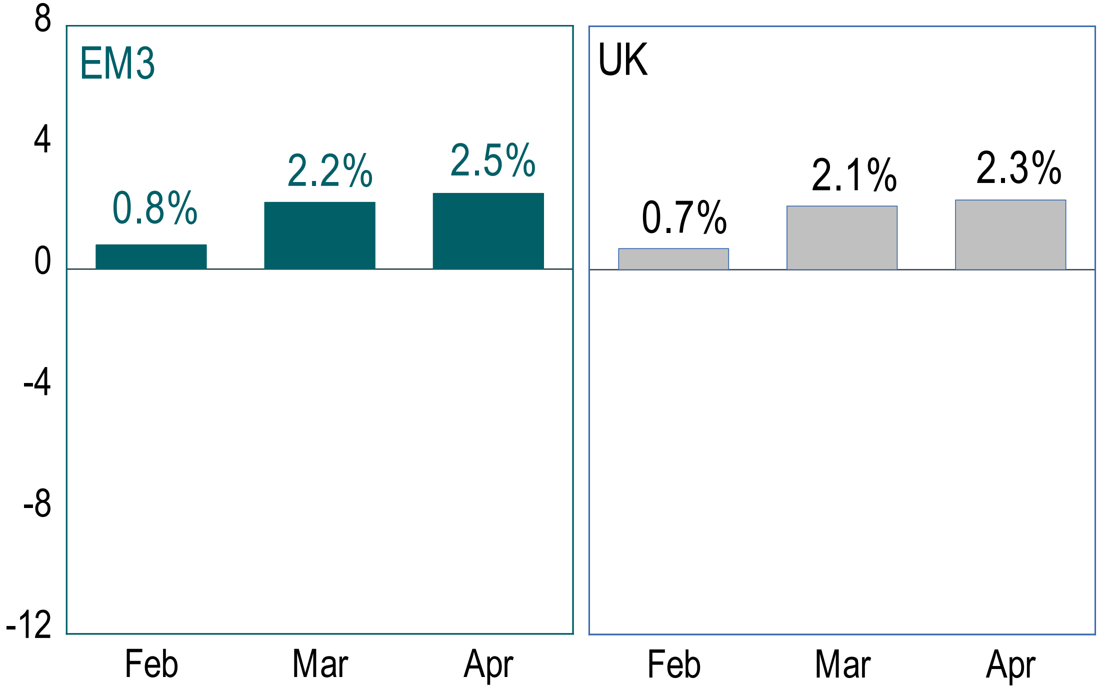
ECONOMIC GROWTH GATHERS MOMENTUM

Monthly estimates suggest that economic growth in the UK has strengthened between February and April.

A proxy local growth estimate for EM3 suggests that GVA growth in the area outpaced the national average between February and April.

Economic growth in April was driven by local services, ICT and finance & insurance.

Estimated growth in GVA – Feb to April



Source: ONS (2021) and EBIS 2021 estimate for Em3 economy

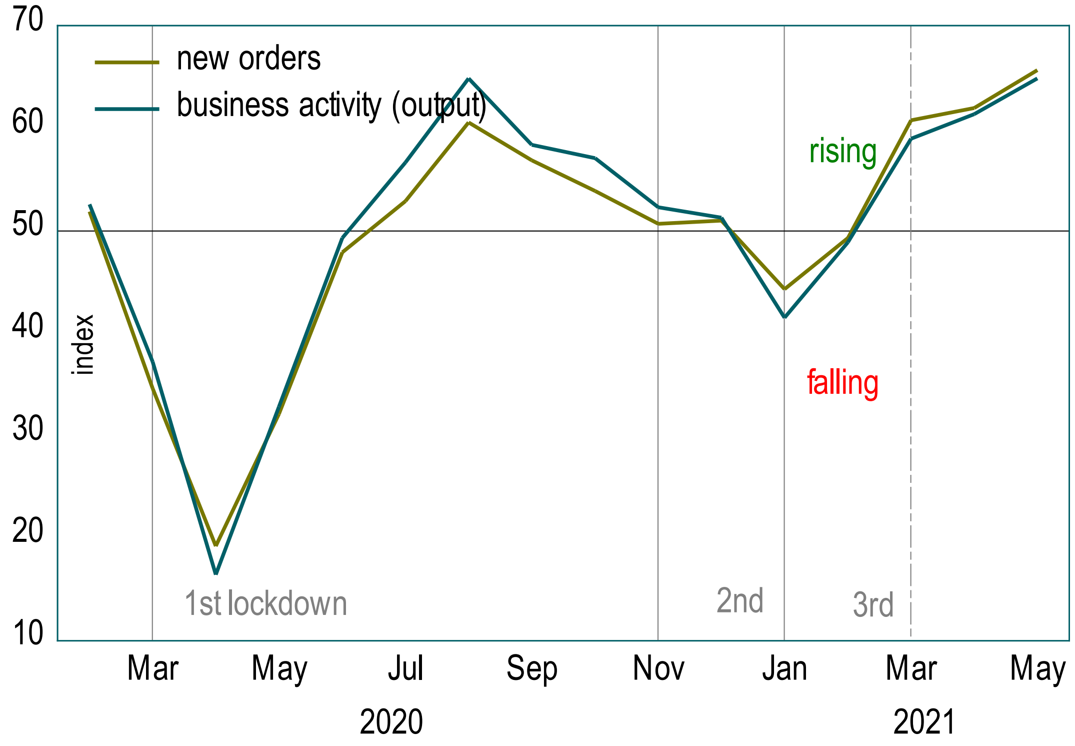
MAY SEES RECORD INCREASE IN BUSINESS ACTIVITY AND NEW ORDERS

Evidence from regional business surveys point to exceptionally strong growth in business activity and new orders in May.

May saw the strongest expansion in business activity in the region in nearly 25 years with new orders (a leading indicator of growth over the short-term) increasing at the fastest pace over 7 years.

Business and consumer sentiment have recovered but rising inflation threatens to dent consumer and business sentiment (and investment).

Business activity (output) and new orders
Feb 2020 to May 2021 (South East)

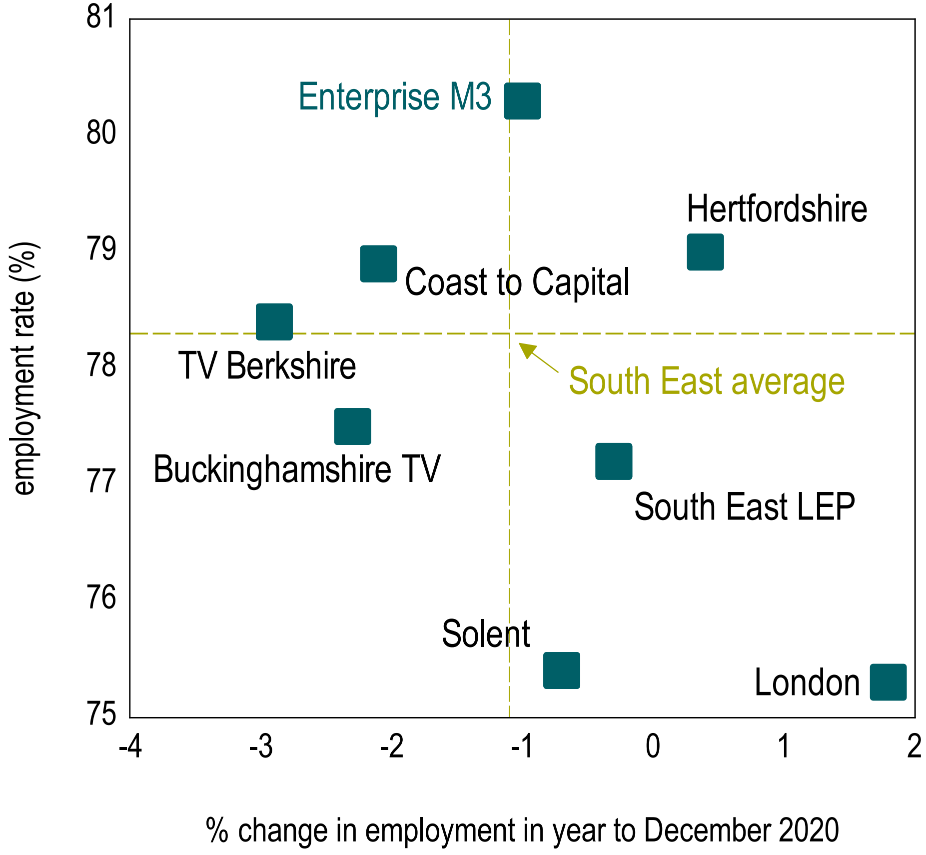


Source: Markit (2021)

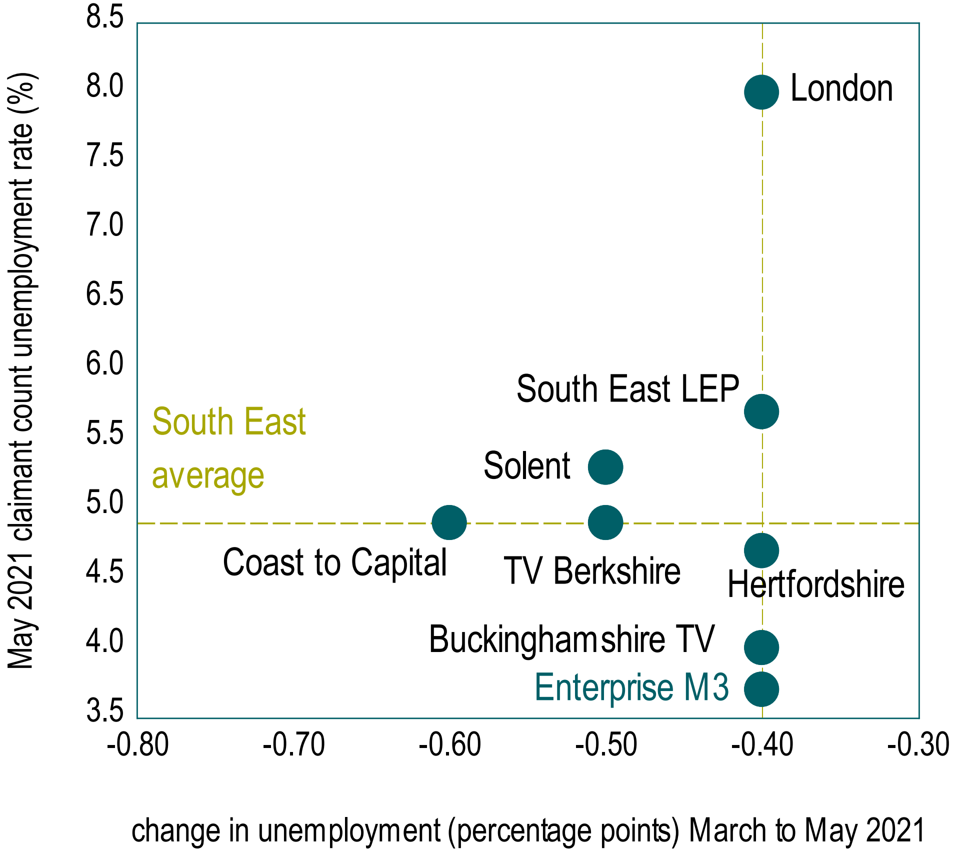
LABOUR MARKET & SKILLS

IMPACT ON HEADLINE LABOUR MARKET IN EM3 SMALLER THAN FEARED

Employment in 2020
(rate and % change)



Unemployment in May 2021
(rate and change in rate March to May)



- High employment / low unemployment rates.
- Employment decreased by ~1%, the fall driven by decrease in self-employment.

- Labour market recovery is underway with a fall in unemployment (Mar-May) comparable to SE average.

RELATIVELY MUTED IMPACT ON HEADLINE NUMBERS EXPLAINED BY JOB SUPPORT SCHEMES

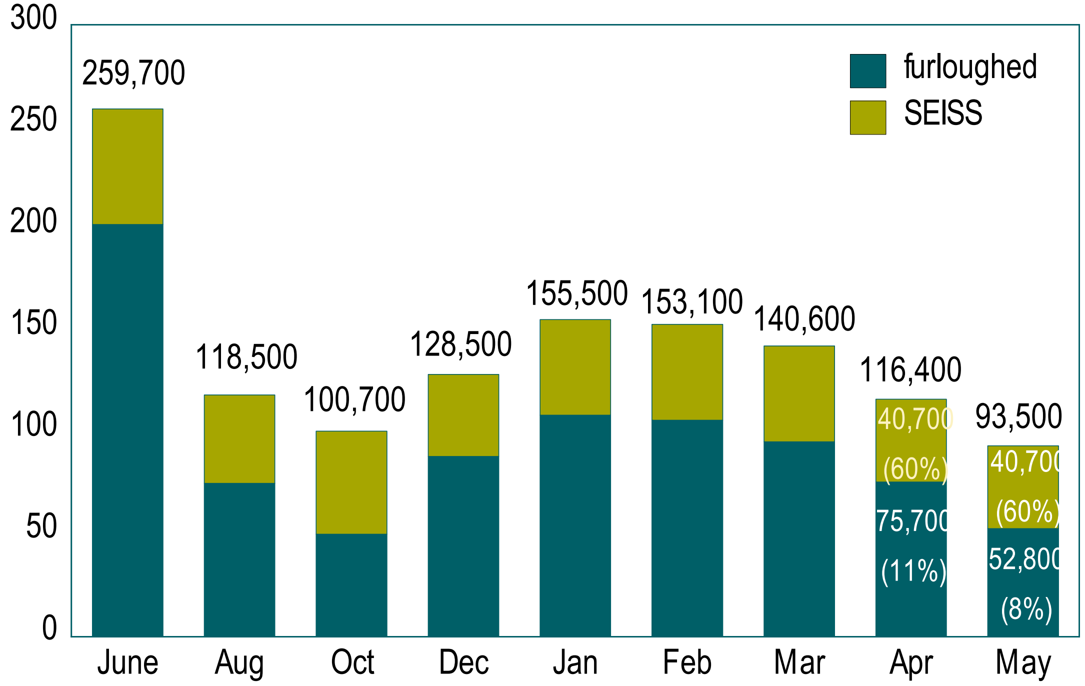
Furloughed employment decreased from 13% in March to 8% (53,000) in May following re-opening of non-essential shops and easing of hospitality restrictions.

Employees in lower value-added local services more likely to be furloughed than those in higher value-added traded services.

There was little change to self-employed (SEISS) scheme that supported 47,000 (60% the take-up rate) in early June.

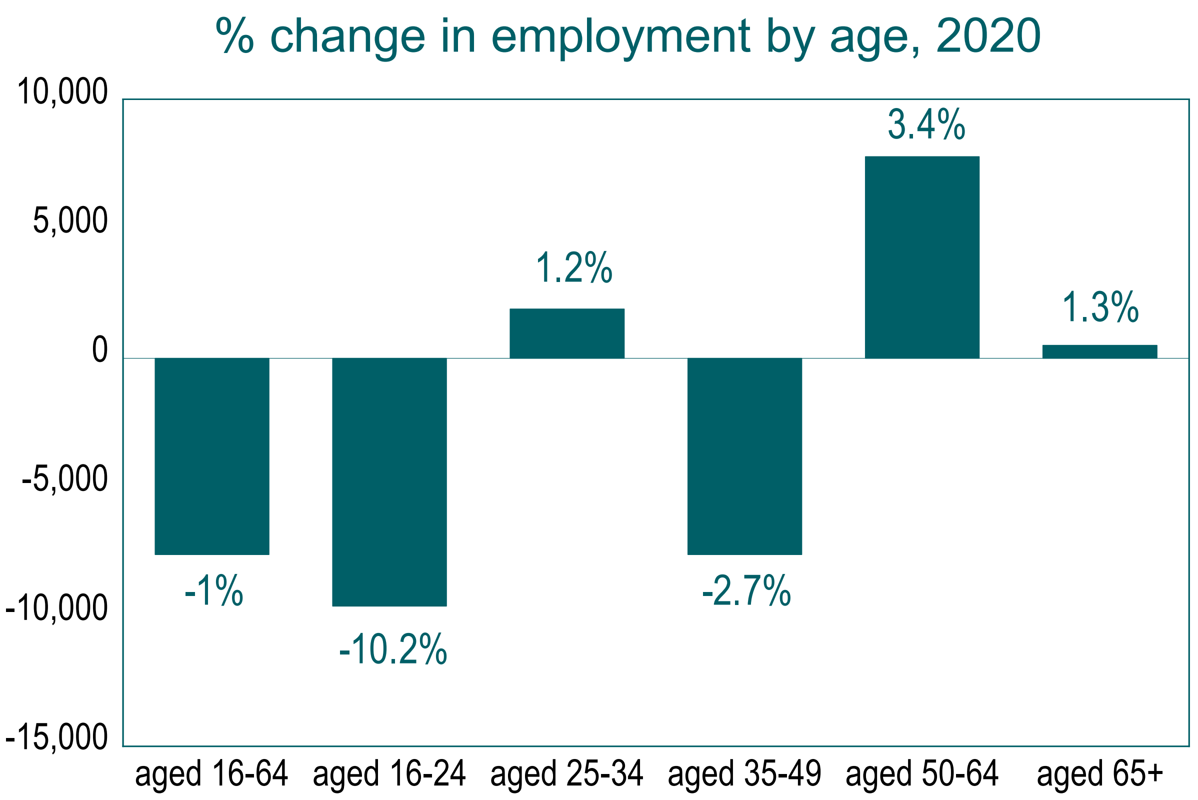
The level of furlough grant will be reduced from July with the scheme ending in September.

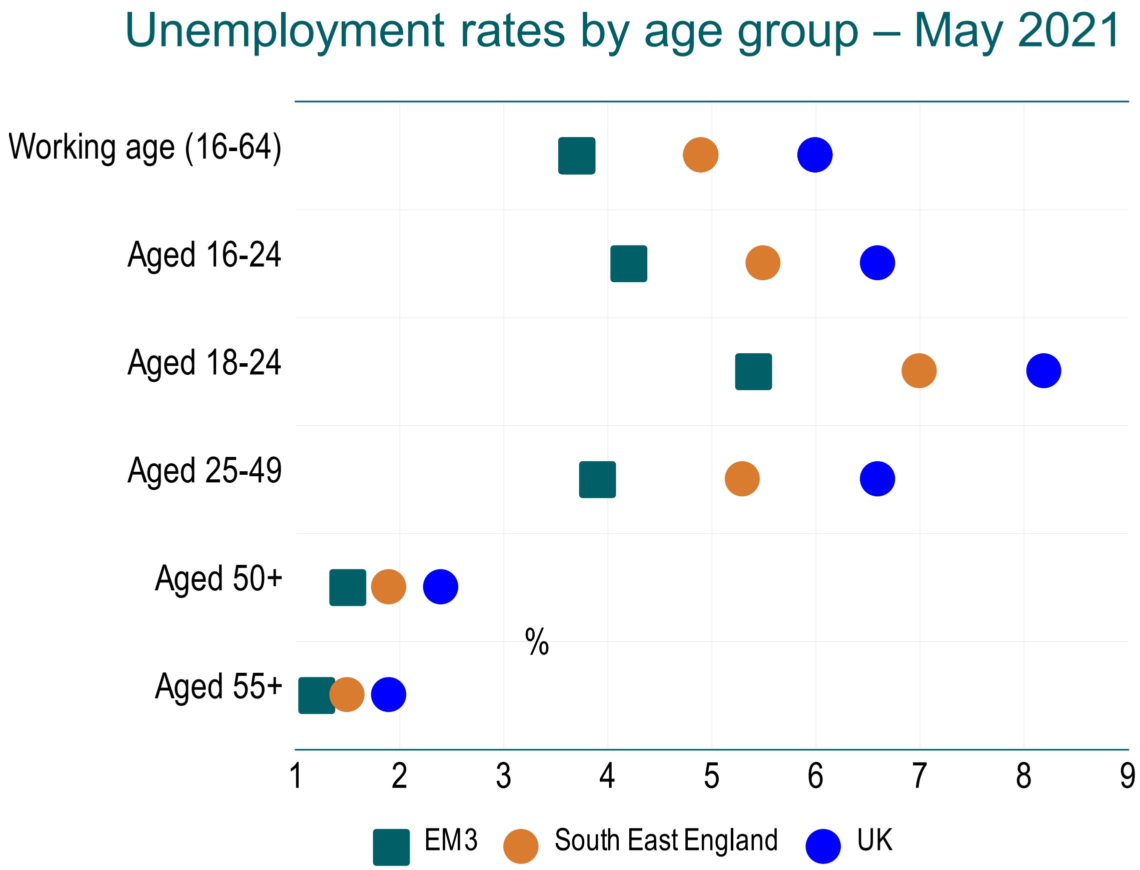
Jobs directly supported by the Government (EM3 – June 2020 to May 2021)



Source: HMRC (2021)

YOUNG PEOPLE IN EM3 HIT THE HARDEST BUT RECOVERY IS UNDERWAY



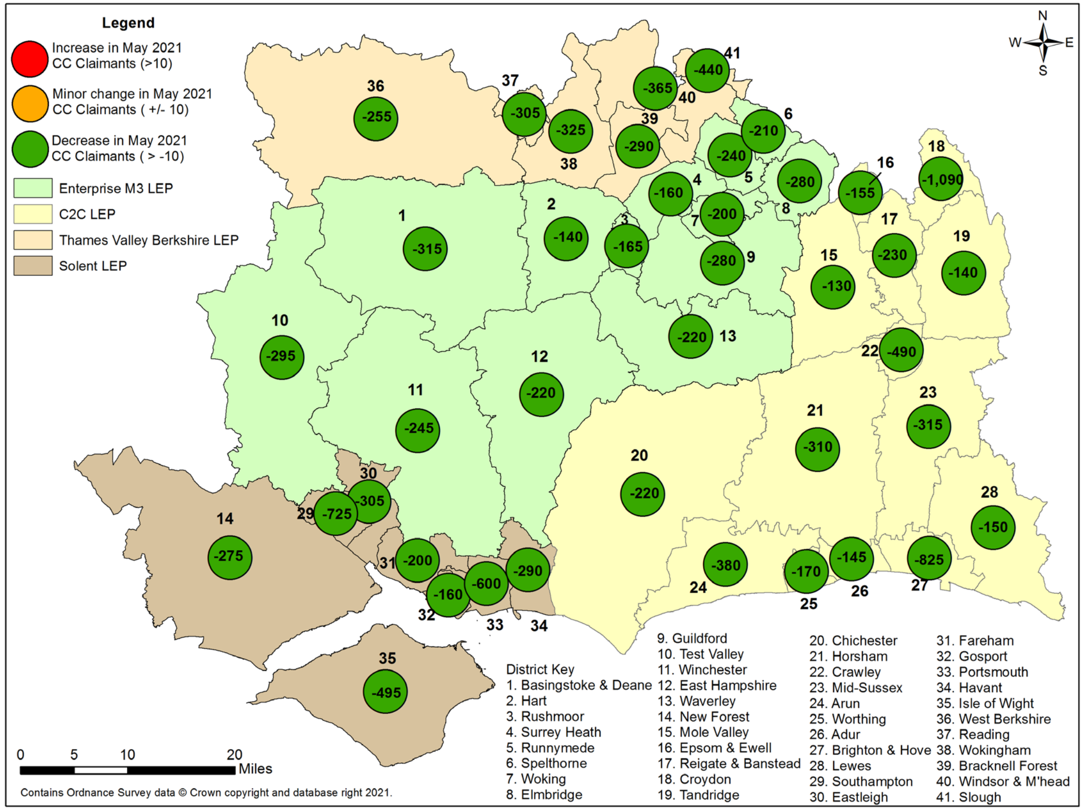


- Significant impact explained by relatively high % of young people employed in labour intensive services.
- Role played by skills and experience.

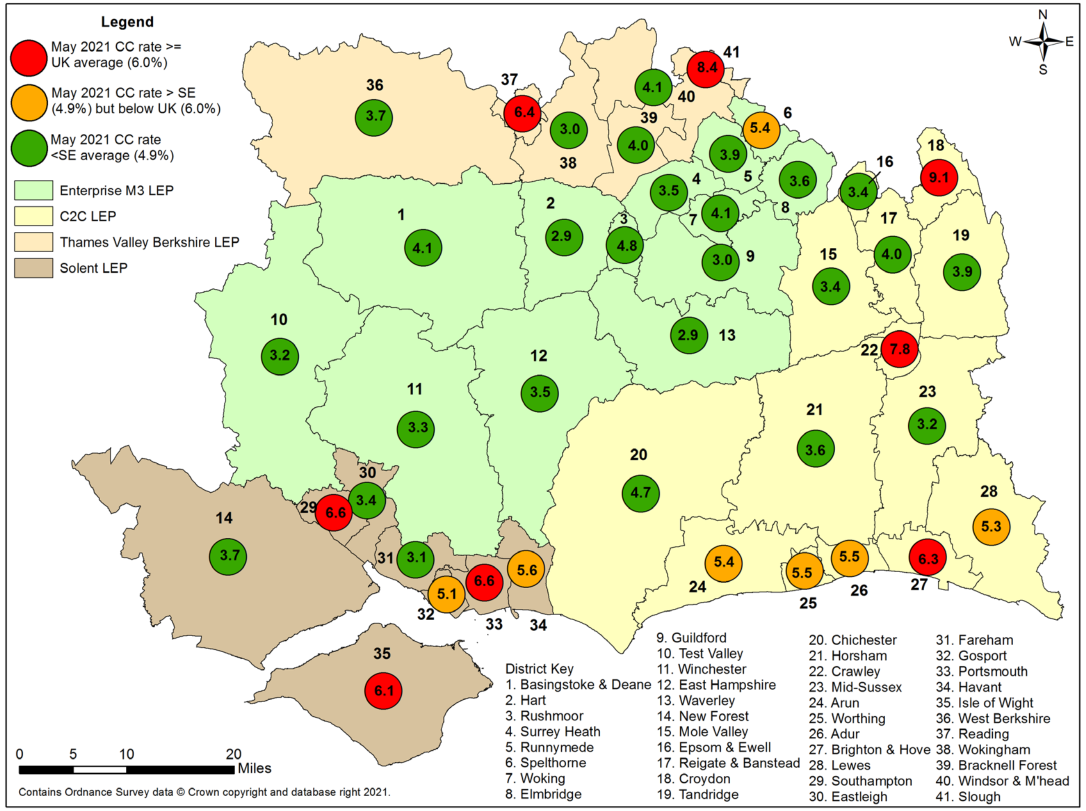
- Unemployment compare favourably with SE/UK.
- Sharp fall in youth unemployment in May.

UNEMPLOYMENT IS FALLING ACROSS EM3

Monthly change in unemployment – May 2021 (Claimant Count Unemployment)



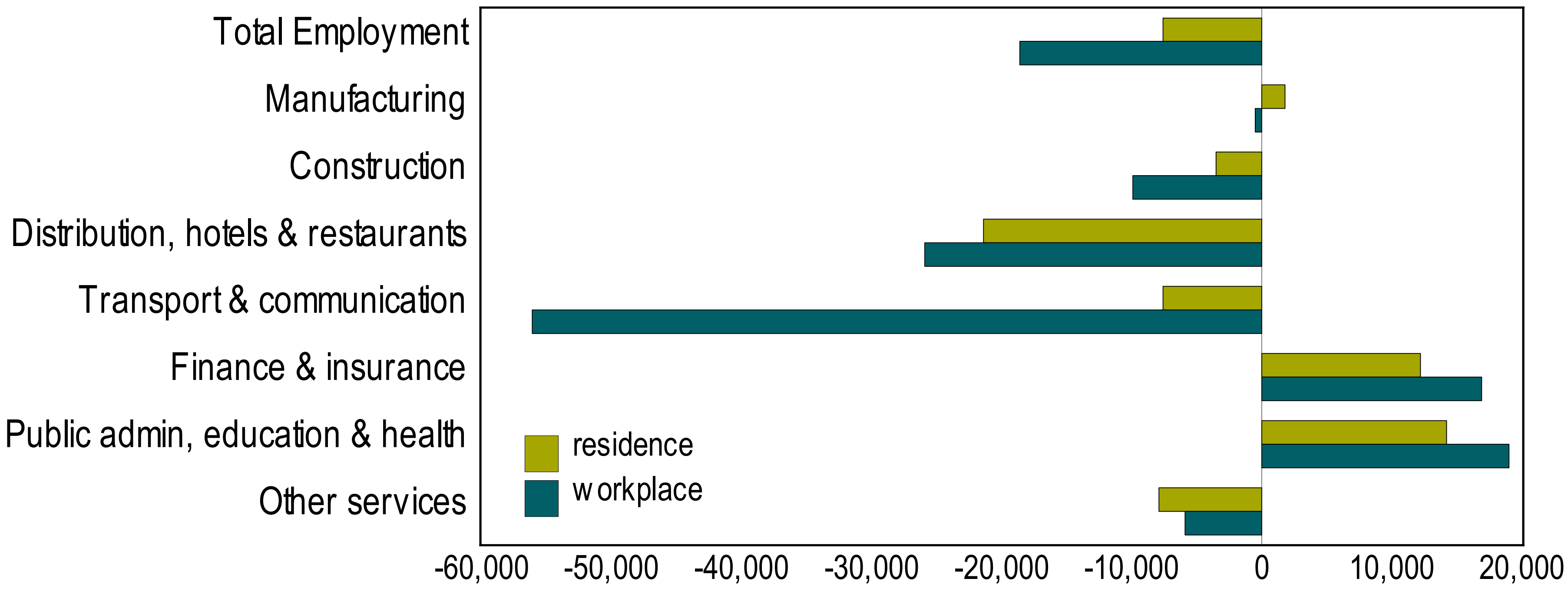
Unemployment rates – May 2021 (Claimant Count Unemployment)



- The number of unemployed people decreased in all local authorities in EM3 in May.
- Unemployment on this measure across all but one local authority district in EM3 stood below the South East average in May.

DECREASE IN WORKPLACE EMPLOYMENT IN EM3 FASTER THAN DECREASE IN RESIDENCE EMPLOYMENT

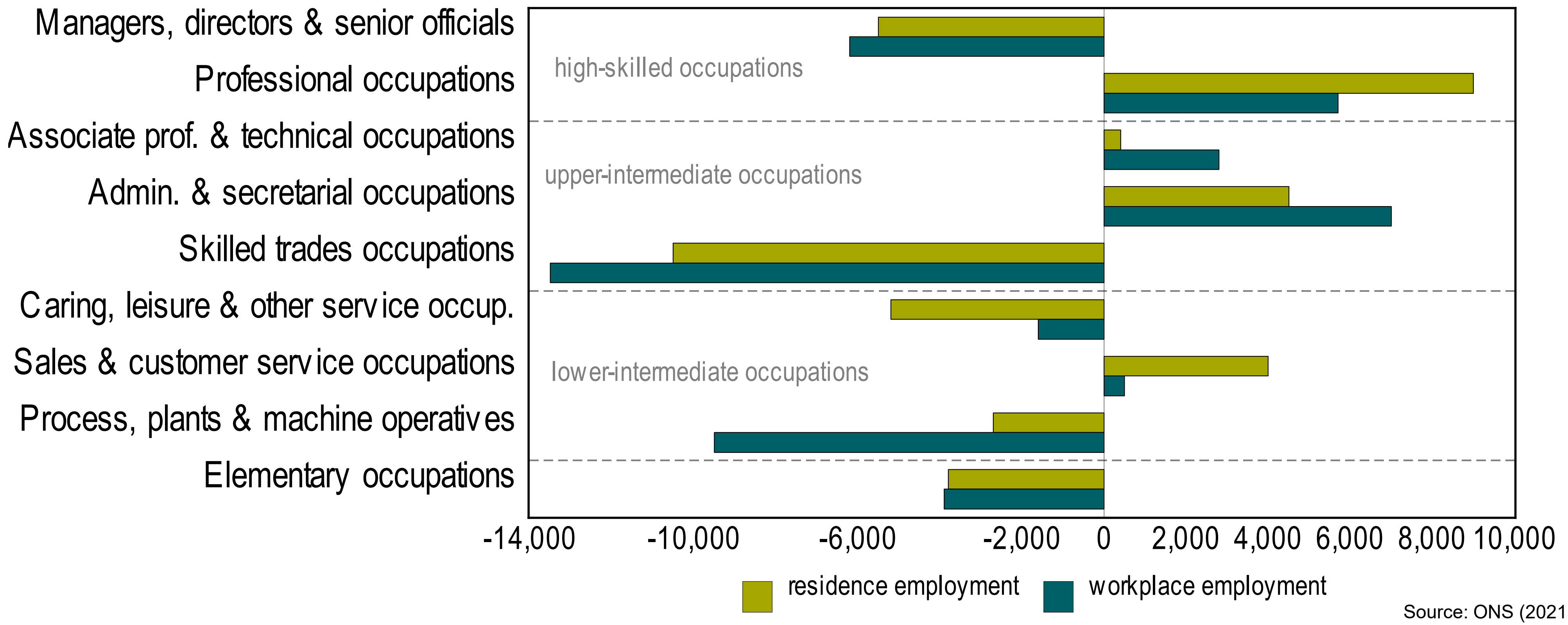
Annual change in resident and workplace employment by broad industry
(EM3, year to December 2020 vs year to December 2019)



- Decrease driven by transport and lower value added services in EM3.
- Residents higher skilled and more likely to hold higher value-added jobs outside EM3 (London and TVB).
- Strong local demand for higher value-added professional services.
- Workplace employment increased faster than residence employment.

PROFESSIONAL AND SALES OCCUPATIONS MORE RESILIENT TO THE IMPACT OF THE PANDEMIC IN EM3

Annual change in resident and workplace employment by major occupation
(EM3, year to December 2020 vs year to December 2019)



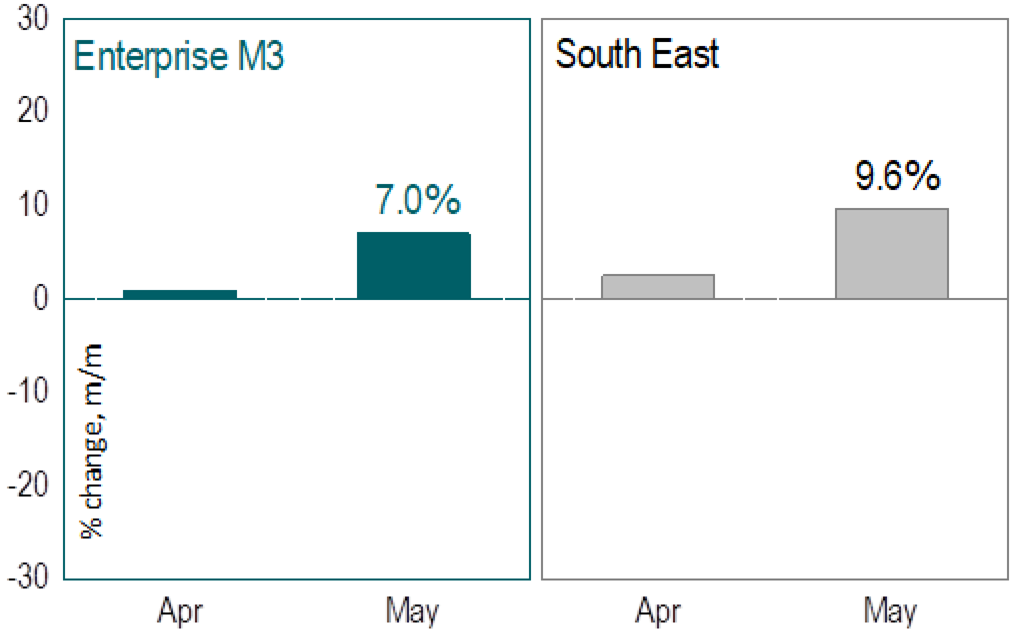
Source: ONS (2021)

- Growth in professional occupations, most upper-intermediate occupations and sales.
- Slightly slower growth in professional occupations among people that work in EM3 than residents but faster among associate professional and technical.

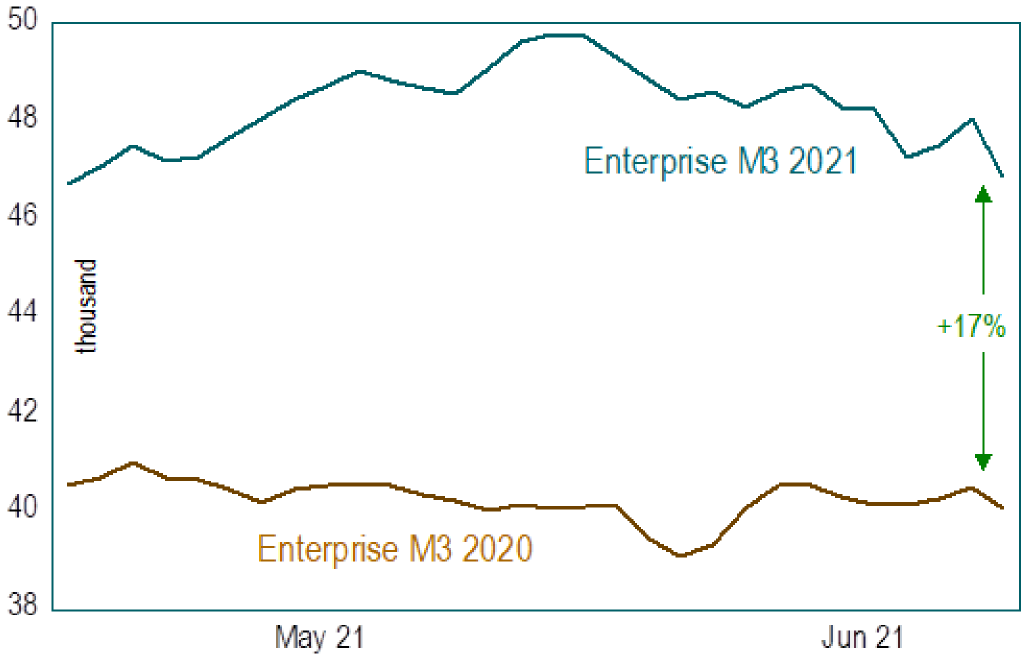
DEMAND FOR LABOUR AND SKILLS BETWEEN MARCH AND MAY 2021

STRONG BOUNCE BACK IN IN DEMAND FOR LABOUR IN EM3

% change in online job postings
(April to May 2021)



Online job postings relative to last year
(30 days to 11th June)



Source: HMRC (2021)

- Jobs demand in EM3 bounced back in May following little to no growth in April.
- Bounce back similar to neighbouring LEPs

- By mid June 2021 jobs demand was close to a fifth above last year's levels but demand in June 2020 was heavily subdued.

SKILLS IN HIGH DEMAND IN EM3 (I)

Relatively strong demand by occupation in EM3 - Top 10 Occupations
(April 2021 and June 2021)

Occupation (SOC) – April 2021	%
Nurses	7.2
Sales accounts and business development managers	5.7
Programmers and software development professionals	5.2
Care workers and home carers	4.7
Book-keepers, payroll managers and wages clerks	2.8
Information technology and telecom. professionals.	2.8
Finance and investment analysts and advisers	2.8
Business sales executives	2.6
Primary and nursery education teaching professionals	2.5
Business and financial project manag. professionals	2.4

Occupation (SOC) – June 2021	Unique Postings	%
Nurses	2,976	6.3
Sales accounts and business development managers	2,731	5.8
Programmers and software development professionals	2,206	4.7
Care workers and home carers	2,028	4.3
Chefs	1,567	3.3
Business sales executives	1,380	2.9
Book-keepers, payroll managers and wages clerks	1,372	2.9
Finance and investment analysts and advisers	1,310	2.8
Van drivers	1,308	2.8
Kitchen and catering assistants	1,288	2.7

Source: Emsi (2021)

- Demand for nurses, sales and upper-skill occupations in EM3 area.
- Return of demand for hospitality and logistics driven by lifting of restrictions.
- Green – new entry to top 10 occupations

SKILLS IN HIGH DEMAND IN EM3 (II)

Top hard skills in EM3 – Apr 2021 and June 2021

Top Hard Skills – April 2021	Top Hard Skills – June 2021
Auditing	Auditing
Accounting	Agile Methodology
Agile Methodology	Accounting
Business Development	Business Development
Key Performance Indicators (KPIs)	Key Performance Indicators (KPIs)
Nursing	Selling Techniques
Selling Techniques	Nursing
SQL (Programming Language)	Customer Relationship Management
Customer Relationship Management	Forecasting
Forecasting	SQL (Programming Language)
Warehousing	Warehousing
Procurement	Procurement

Source: Emsi (2021)

- Green – change in rank (increase on April)

SKILLS IN LOW DEMAND IN EM3

Relatively weak demand by occupation in EM3 - Bottom 10 Occupations
(April 2021 and June 2021)

Occupation (SOC) – April 2021	Unique Postings	%
Construction operatives n.e.c.	409	0.9
Design and development engineers	417	1.0
Customer service occupations n.e.c.	428	1.0
Office managers	435	1.0
Property, housing and estate managers	443	1.0
Managers and directors in storage and warehousing	443	1.0
Legal associate professionals	447	1.0
Production managers and directors in construction	464	1.1
Financial administrative occupations n.e.c.	479	1.1
Quantity surveyors	485	1.1

Source: Emsi (2021)

Occupation (SOC) – June 2021	Unique Postings	%
Quantity surveyors	471	1.0
Construction operatives n.e.c.	473	1.0
Medical practitioners	481	1.0
IT operations technicians	484	1.0
Production managers and directors in construction	485	1.0
Office managers	488	1.0
Elementary construction occupations	503	1.1
Legal associate professionals	520	1.1
Receptionists	522	1.1
Property, housing and estate managers	522	1.1

- Low demand for some property related skills, and occupations in June.
- Green – new entry to bottom 10 occupations

CARBON EMISSIONS IN EM3

HIGH CO2 EMISSIONS IN ABSOLUTE TERMS

Annual emissions in EM3 stand at 7,669 kt of CO2.

Transport accounts for over 50% of all emissions with road transport accounting for 98% of all transport emissions.

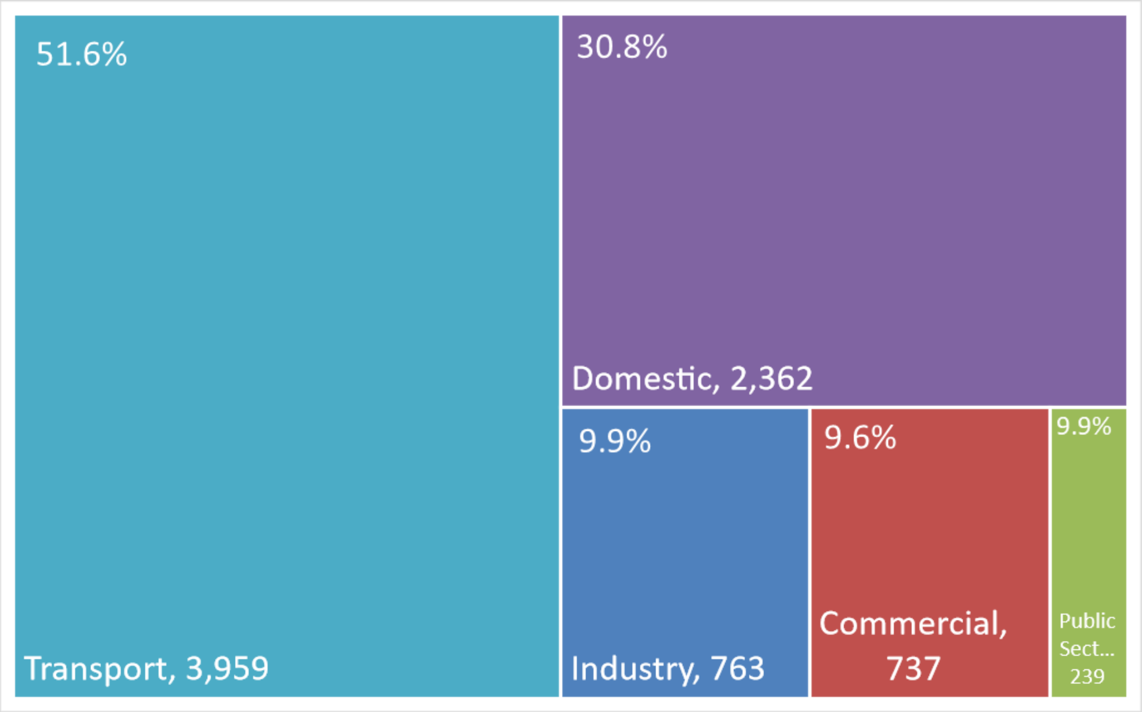
- A-roads account for 39%, followed by minor roads (30%) and motorways 29%.

Domestic emissions account for almost 1/3 of all CO2 emissions in EM3.

- Domestic gas account for 67%, followed by domestic electricity at 25% of all domestic.

Share of transport is above both regional and national average with domestic above UK.

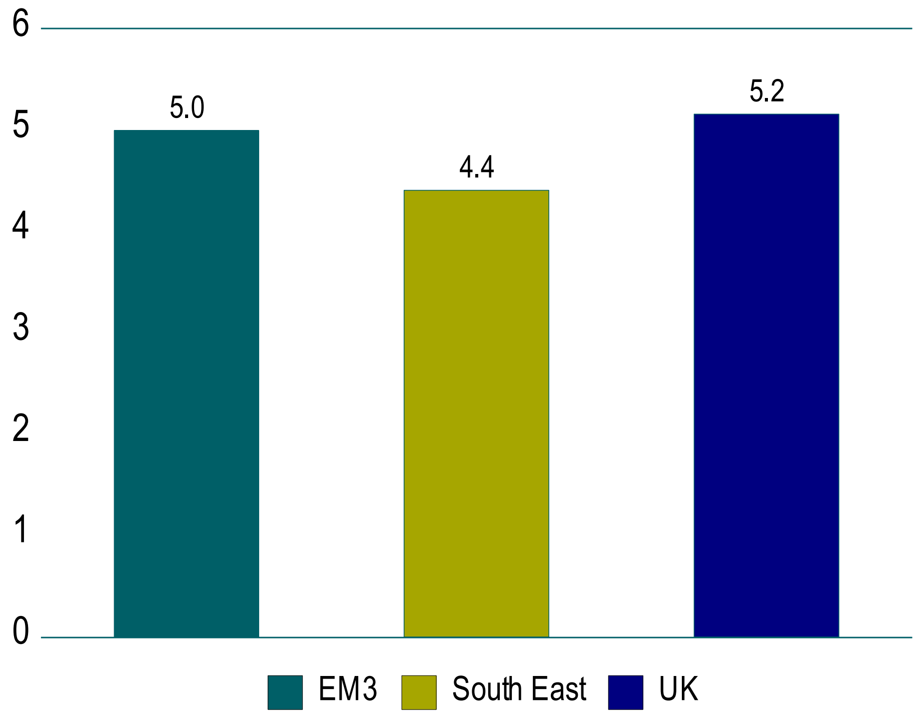
EM3 emissions (2019, kt CO2)



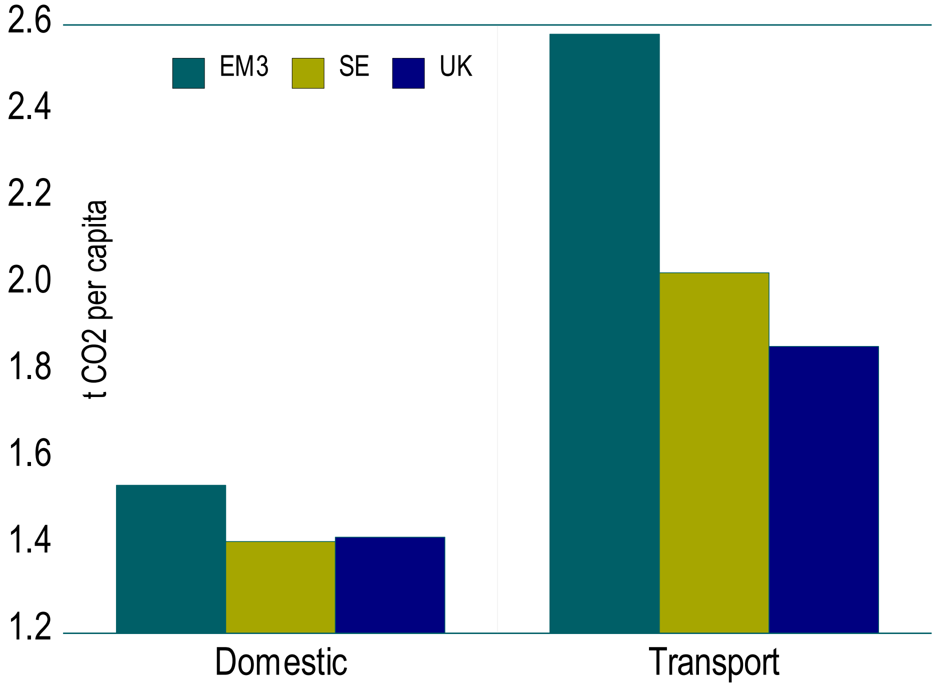
Source: BEIS (2021)

HIGH CO2 EMISSIONS IN RELATIVE (PER CAPITA) TERMS

Total per capita CO2 emissions 2019 (t)



Domestic and transport per capita CO2 emissions



- Relatively high per capita emissions
- High per capita emissions explained by high transport and domestic emissions.

- Since 2005 fall in transport emissions slower than in South East England.
- Fall in domestic emissions smaller than in South East England and UK.

BUSINESS SPECIFIC INTELLIGENCE IN EM3

BUSINESS NEWS HEADLINES

Future Biogas is to raise £35m in a flotation on Aim to fund the **expansion of its Guildford-based** clean energy business, and is considering a £40m plan to export carbon dioxide from the Humber.

Idox has acquired Aligned Assets Holdco, the **Woking-based public sector software firm** with 24 staff, for an initial £7.5m.

Edale is to create a further 20 jobs at its Hampshire-based printing machinery factory this year.

Marlowe has acquired Musketeer Services, the Surrey-based provider of water hygiene services with 40 staff, for £3.7m.

Investec Wealth & Investment is to relocate to an 8,300 sq ft office at 255 High Street in Guildford.

NatureMetrics has raised £6.5m to relocate its biodiversity surveys business to a 6,000 sq ft site at **Surrey Research Park** and **increase the workforce from 45 to 75** by the end of the year.

Clifton Ingram Solicitors has acquired Farnham-based Bells Solicitors, taking its headcount to about 100.

C&C Group Holdings is relocating its Surrey-based software services business to a 4,700 sq ft office at Grosvenor House in Redhill.

BUSINESS NEWS HEADLINES

Allegra Care and Moorfield Group have acquired Sentinel Health Care, the **Hampshire-based operator of five nursing homes**.

AFC Energy has secured a £3.2m investment from ABB **to expand its Surrey-based hydrogen fuel-cell technology business**.

In-Space Missions is setting up a new headquarters for its space satellites business at Alton in Hampshire, with the **creation of 200 jobs**.

Cardinality has secured a £2.5m investment from Maven Capital Partners **to expand its Surrey-based software business**.

London Clancy is to merge its Basingstoke-based commercial property business with Surrey-based Curchod & Co.

Newlands Developments has won planning permission for a £120m 2.3m sq ft warehouse in Basingstoke, and the site is expected to involve **Amazon creating up to 1,400 jobs**.

Caterham Cars, the Surrey-based sports car manufacturer, has been acquired by Japan-based VT Holdings.

London Camera Exchange, **the Winchester-based chain of 26 photographic stores with 140 staff**, is to be acquired by an employee ownership trust.

Knights is to acquire Mundays, the Surrey-based law firm with 34 fee earners, for £5.3m.

BUSINESS NEWS HEADLINES

British Airways is **looking into the possibility of selling its Waterside headquarters** near Heathrow, **as many of the 2,000 staff will now work from home**.

PlusHR has **acquired Consult Recruitment, the Hampshire-based** HR recruitment firm.

Azets has **acquired Roffe Swayne, the Surrey-based** professional services firm.

Home Instead **Central Hampshire is creating 50 new jobs** at its care operations in Southampton and Winchester.

Buy2Let Cars, the Surrey-based car investment scheme, has gone into administration through RSM Restructuring Advisory.

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