



enterprise **m3**

Delivering prosperity through innovation

Enterprise M3 Economy, Labour Market and Skills Dashboard

EM3 SAP and EM3 Board Meetings – September 2021



ECONOMY & BUSINESS

ECONOMIC GROWTH SLOWS SHARPLY IN JULY AS COVID 'PINGDEMIC' HITS BUSINESS ACTIVITY

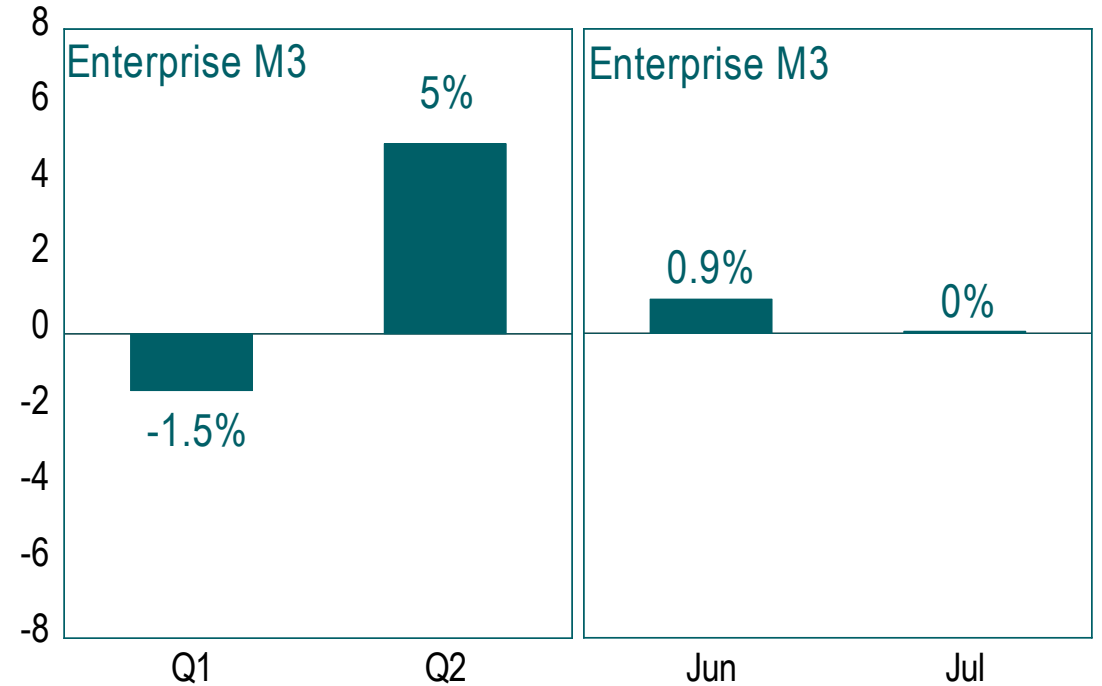
Robust economic growth in the first 6 months of 2021 - faster than the UK average. But falls off in June & July .

This reflects national pattern

UK growth just 0.1% in July with output in consumer-facing services falling by 0.3%, its first fall since January.

July saw subdued consumer demand, disrupted supply chains and widespread staff shortages.

Estimated growth in GVA



Source: EBIS 2021 estimates

GROWTH IN NEW ORDERS SLOWS FOR THE THIRD MONTH RUNNING IN AUGUST 21

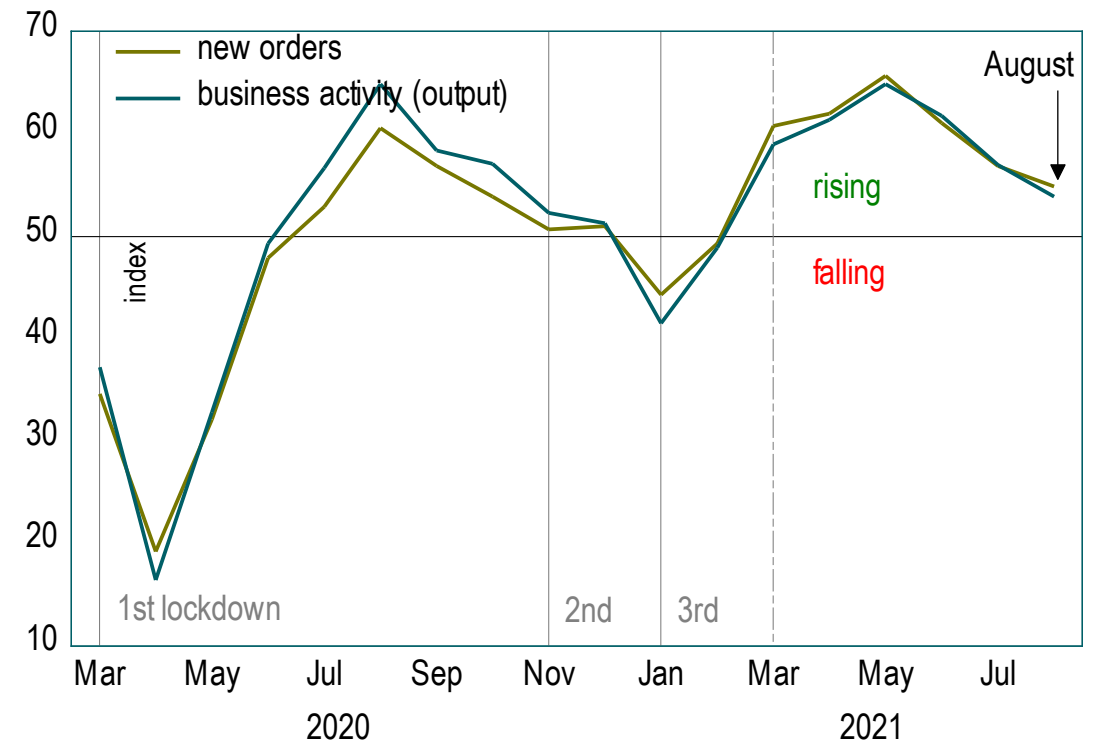
Growth in business activity in the region eased in August.

The rate of growth in the volume of new orders eased for the third month in a row in the South East.

IHS Markit/Cips survey found shortages of labour and materials were hindering growth.

However, business sentiment regarding future output growth remains strong and never been stronger

Business activity and new orders – South East



Source: Markit/NatWest (2021)

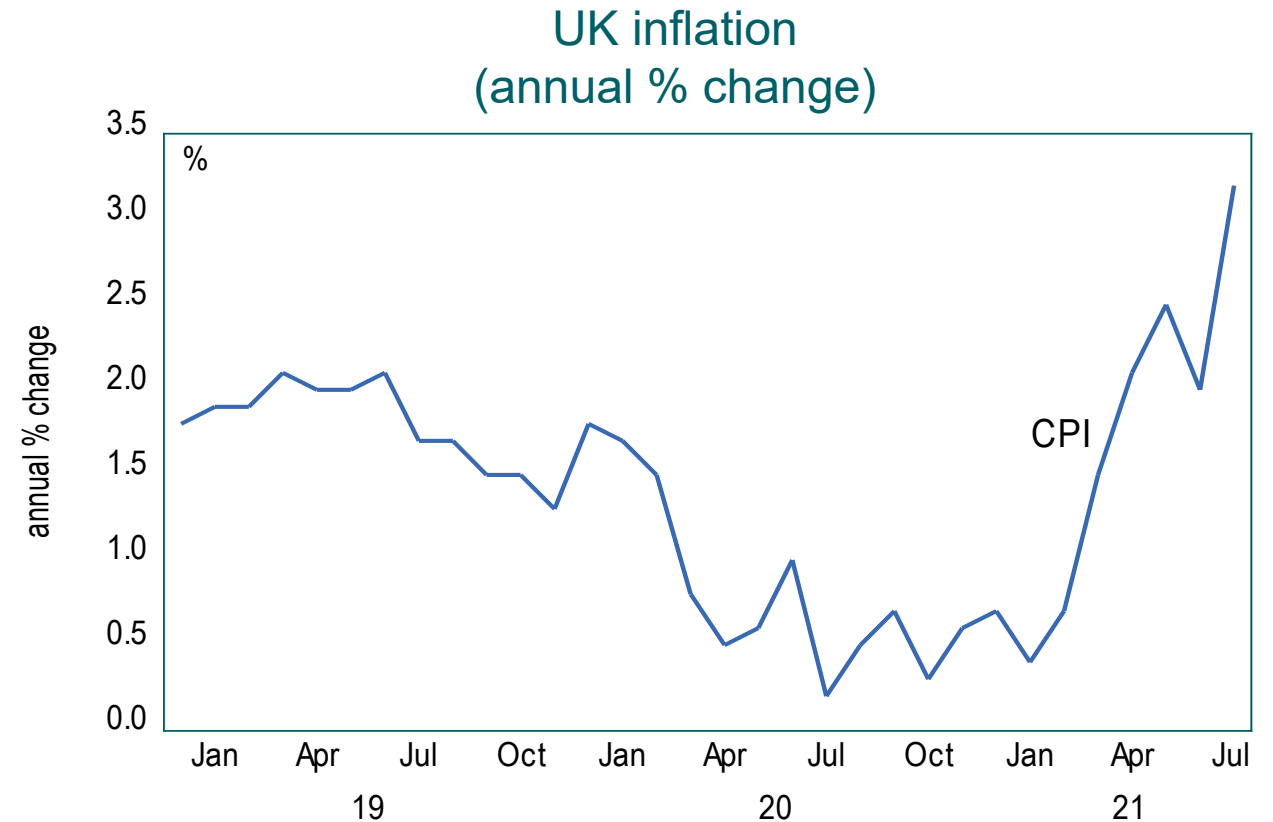
UK INFLATION HITS HIGHEST LEVEL IN NINE YEARS IN AUGUST

Inflation reaches 3.2% in August with NIESR* expecting 3.9% early next year.

Is stagflation coming to the UK?

Economists are raising possibility of the first interest rate rise into Q1 2022.

*National Institute of Economic & Social Research



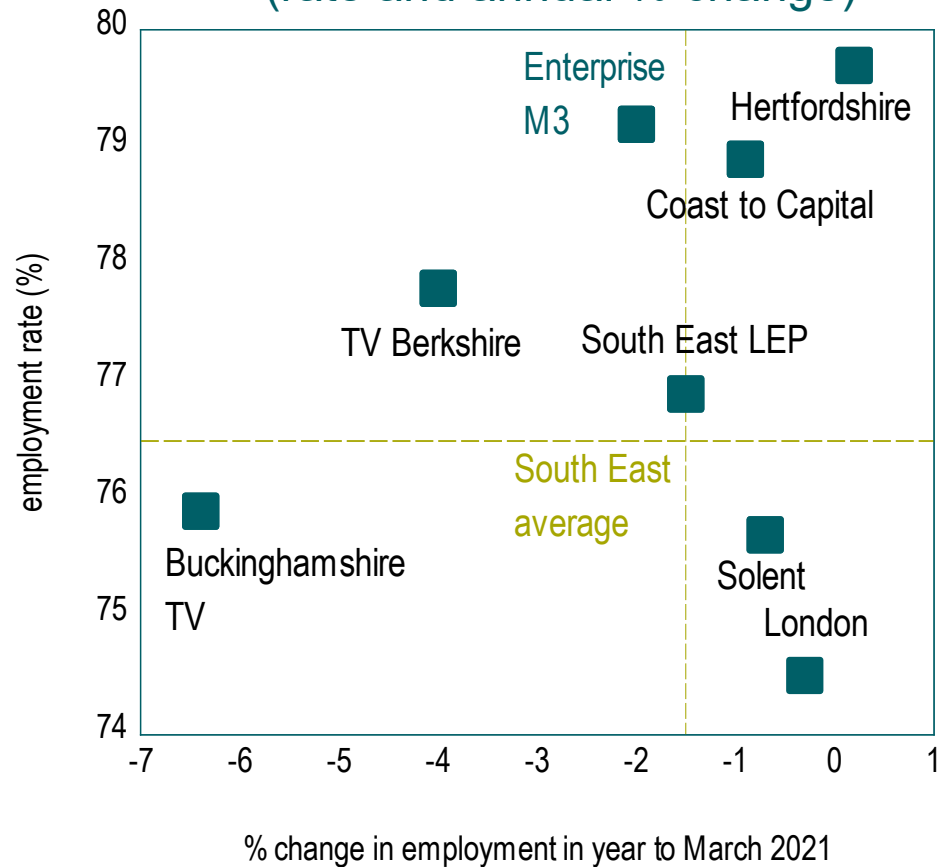
Source: ONS (2021)



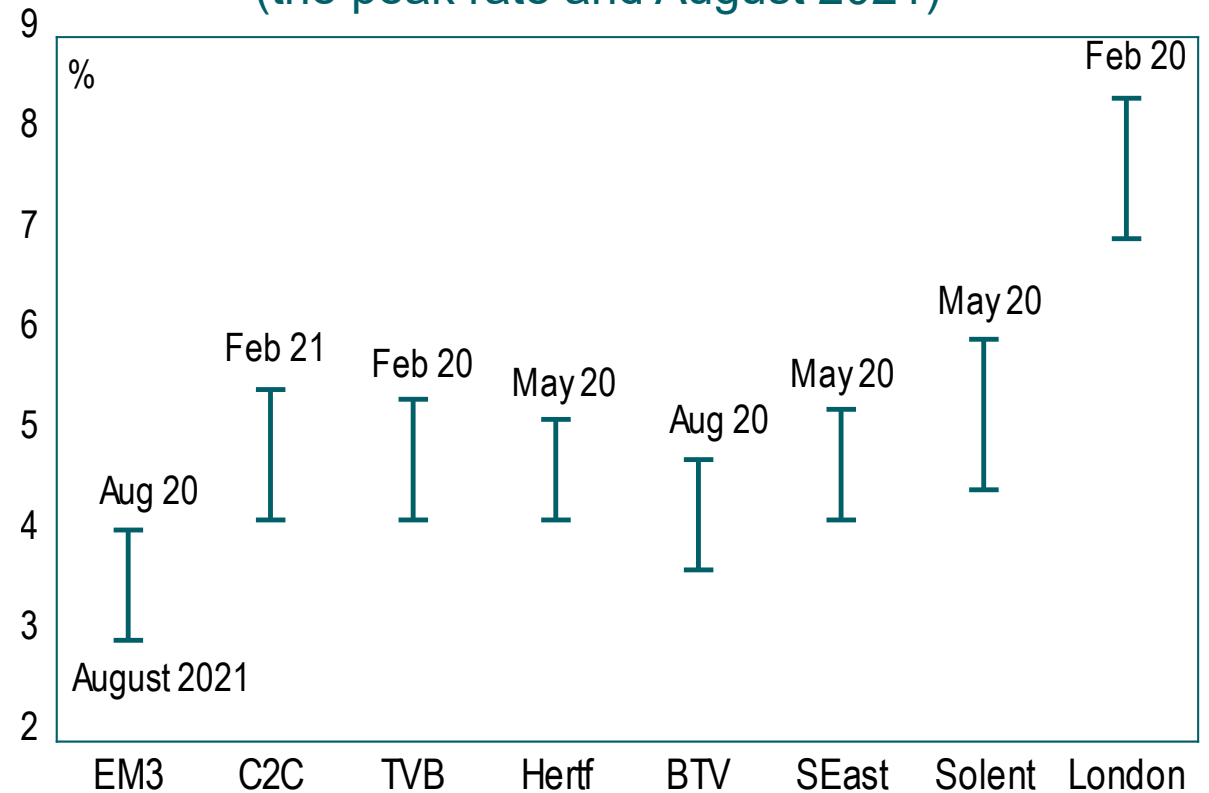
LABOUR MARKET & SKILLS

SUBSTANTIAL IMPACT OF THE PANDEMIC ON EMPLOYMENT BUT SMALLER THAN FEARED

Employment in the year to March 2021
(rate and annual % change)



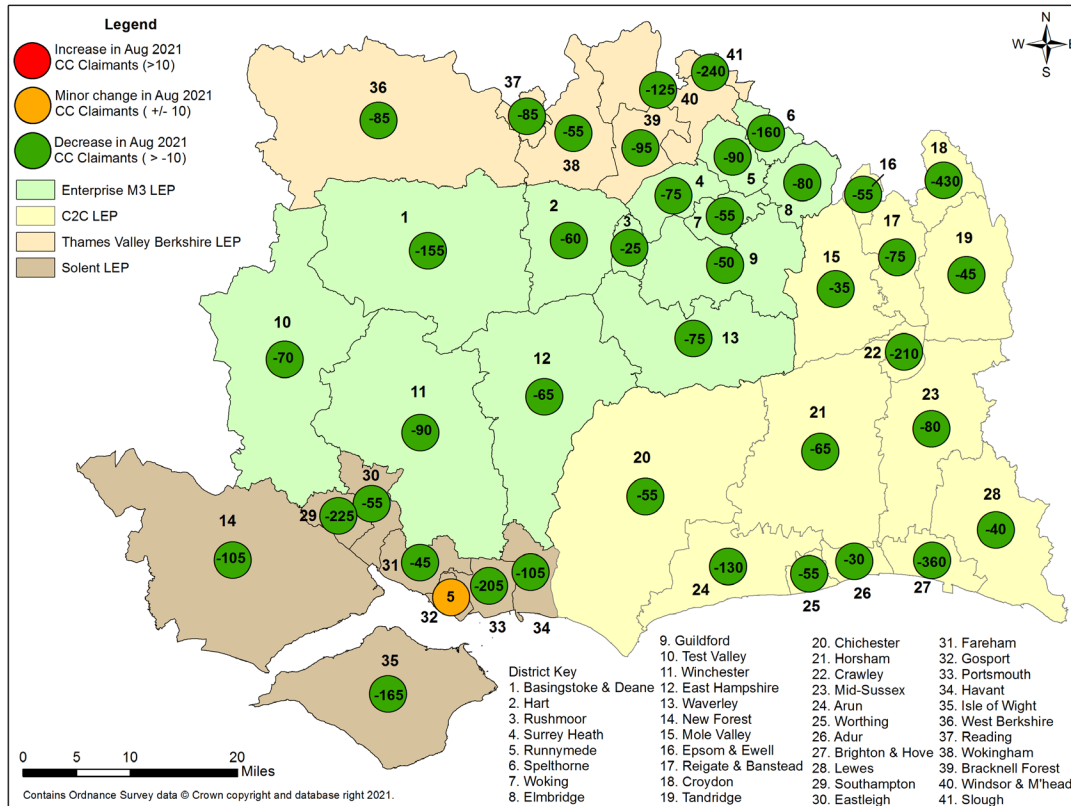
Claimant count unemployment
(the peak rate and August 2021)



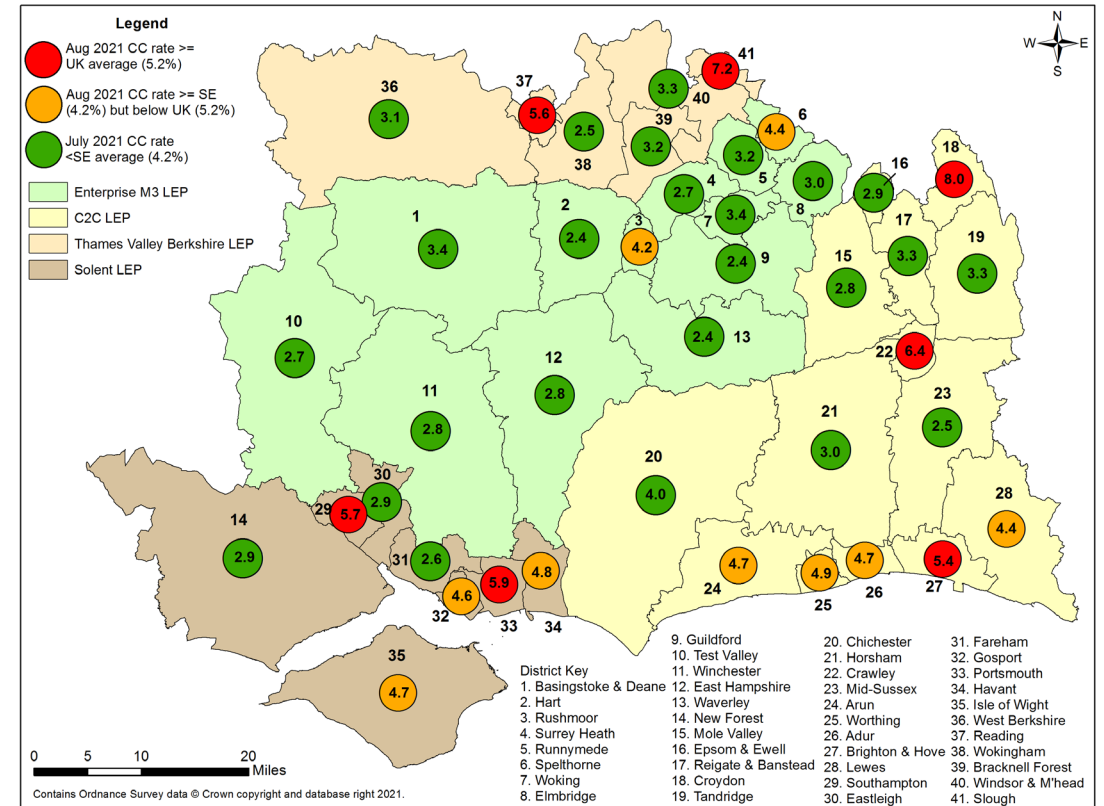
- Employment down by 2%, driven by falling self-employment.
- Impact relatively muted when compared to neighbouring LEPs.
- Impact on unemployment much smaller than elsewhere in the area.

UNEMPLOYMENT FALLS ACROSS ENTERPRISE M3 IN AUGUST

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



Unemployment rates – August 2021 (Claimant Count Unemployment)

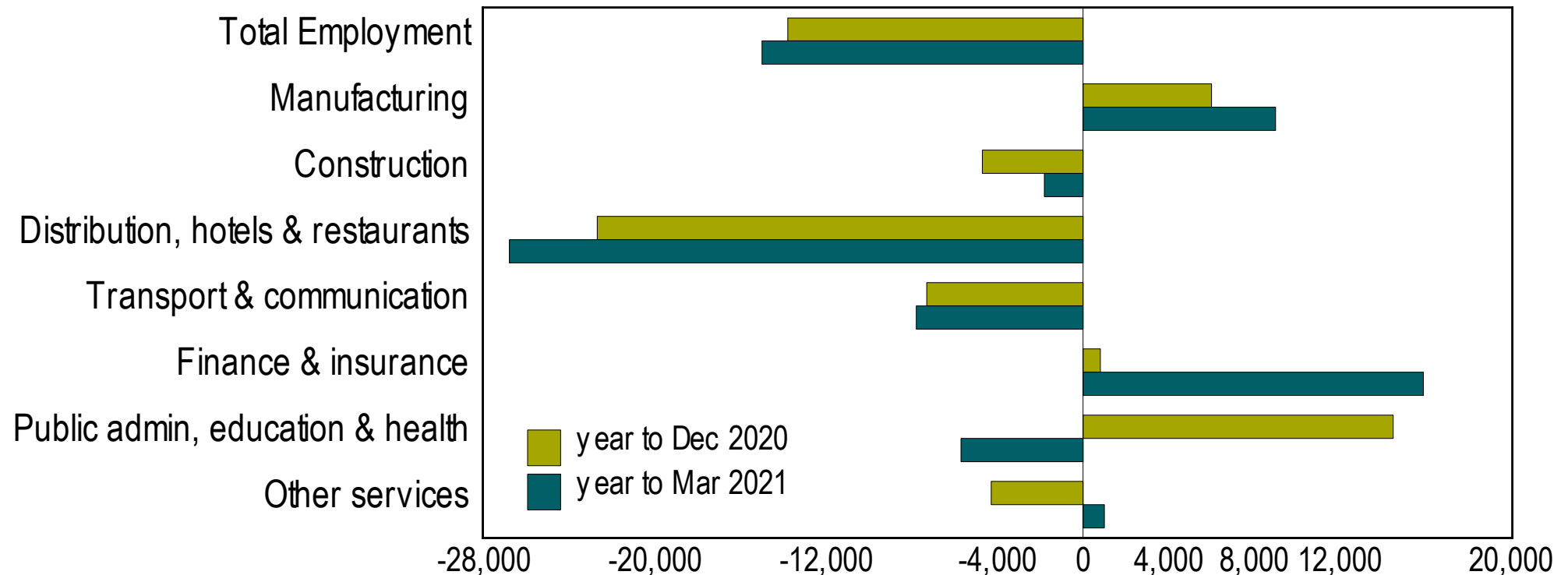


- The number of unemployed people decreased across all Enterprise M3 local authority districts.

- Unemployment on this measure across all but two local authority districts in Enterprise M3 stands below the South East average.

SECTORAL EMPLOYMENT – ‘WINNERS’ AND ‘LOSERS’ IN THE PANDEMIC YEAR

Annual growth in employment by broad sector – Enterprise M3
(year to March 2021 vs year to March 2020)

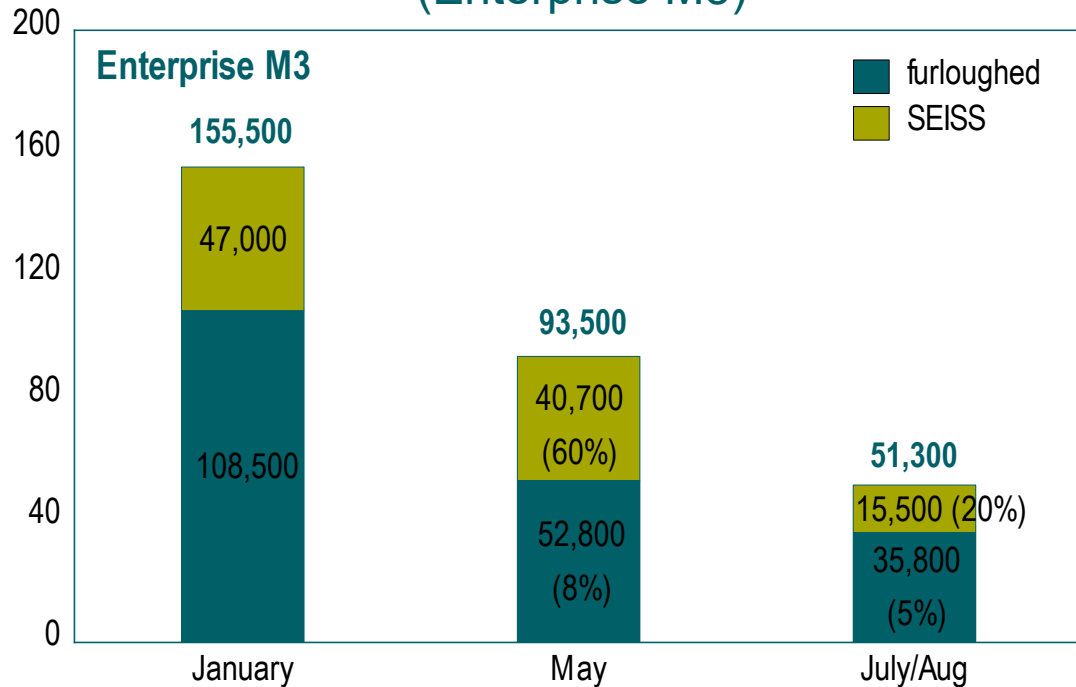


Source: ONS (2021)

- Fall in consumer facing local services larger than previously thought.
- Fall in broad public sector (education).
- Construction not as bad as previously thought.
- Much faster employment growth in higher value-added services and manufacturing.

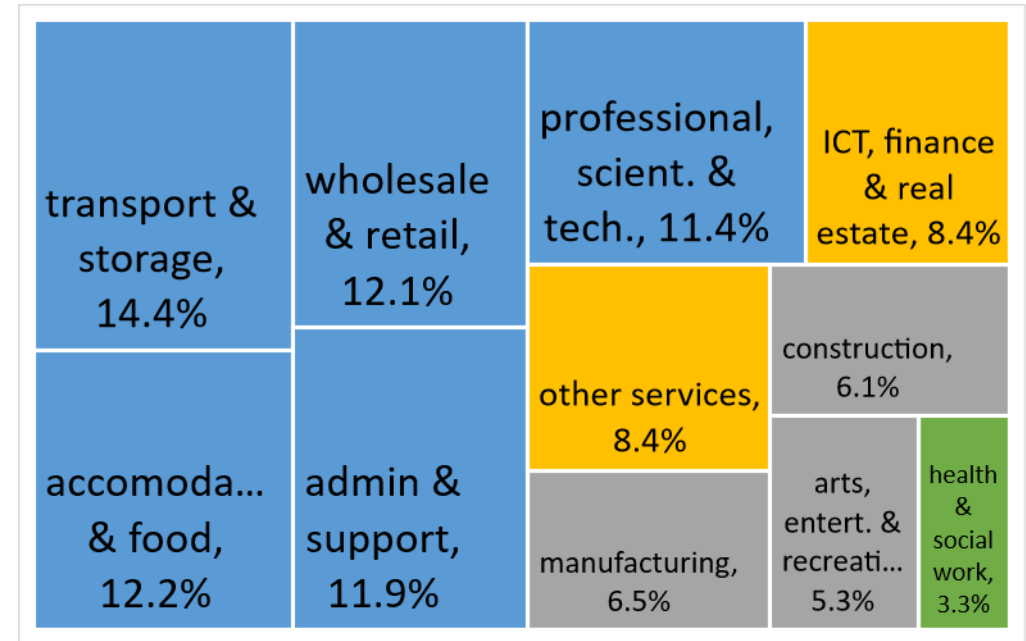
THE END OF FURLOUGH – IMPACT ON UNEMPLOYMENT LIKELY TO BE MUTED

Jobs directly supported by the Government (Enterprise M3)



Source: HMRC (2021)

Furlough employment by sector (Enterprise M3)



- Employment decreased by 15,000 in the year to March 2021 but 51,000 jobs still supported by the Government.
- Strong hiring intentions → likely smaller jump in unemployment than feared.

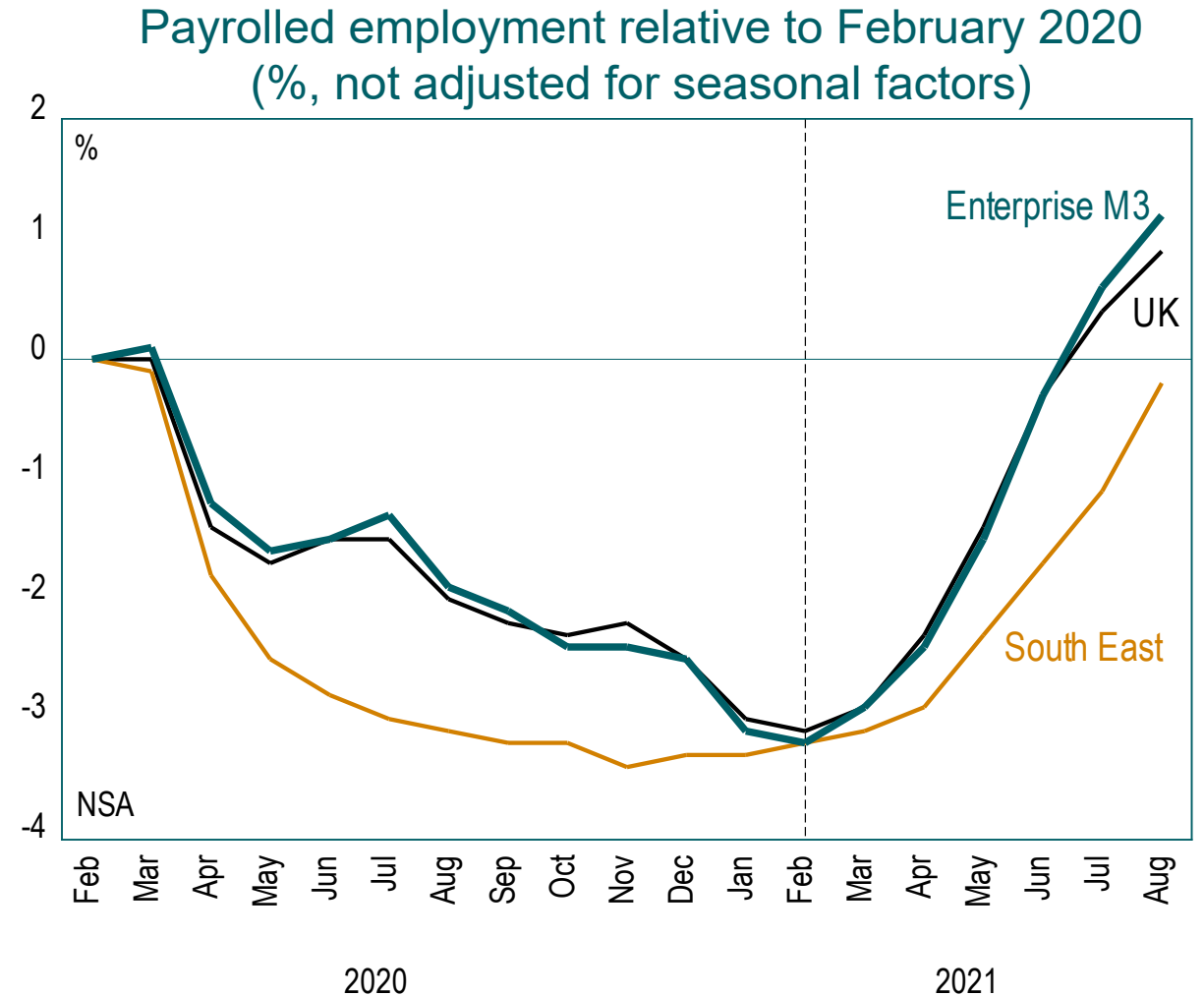
- Exposed: those aged under 25; people over 65; women.
- Workers in transport and consumer facing services.

STRONG RECOVERY IN PAYROLLED EMPLOYMENT IS UNDERWAY

Payrolled employment trough at -3.2% in February 2021.

Steep recovery since February, faster than regional or national average.

Payrolled employment reached pre-recession levels in July 2021.

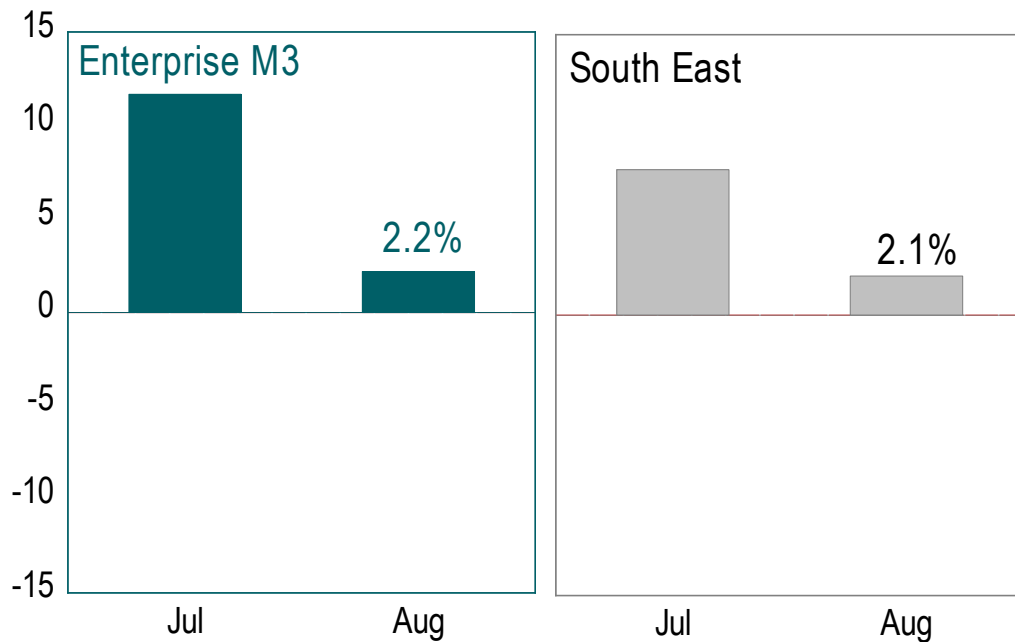




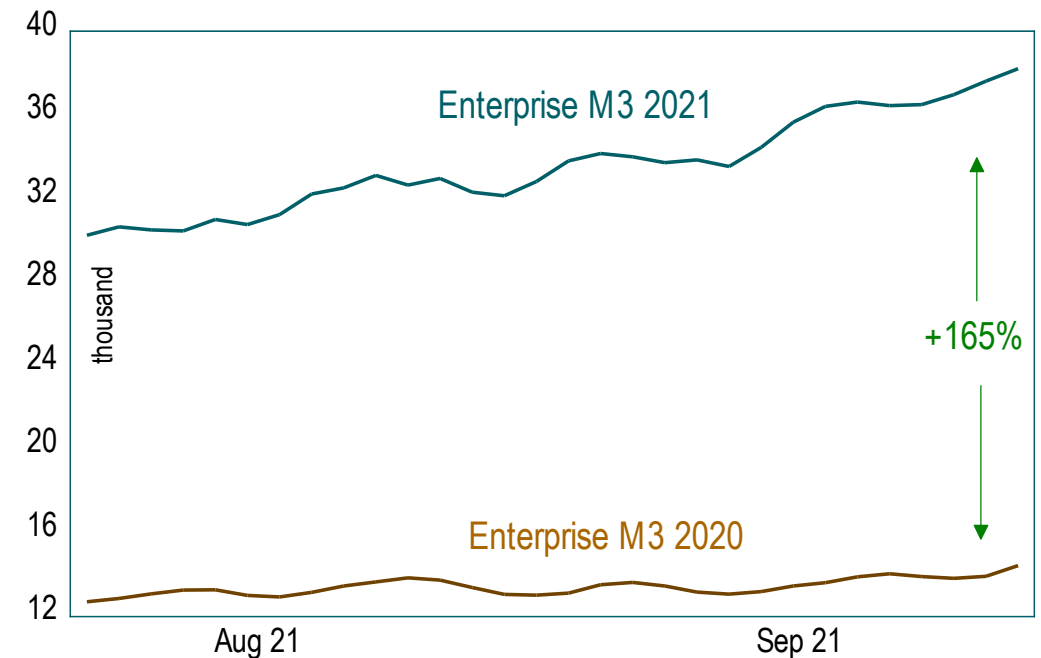
DEMAND FOR LABOUR AND SKILLS BETWEEN JUNE AND SEPTEMBER 2021

STRONG DEMAND FOR LABOUR BUT PROBLEMS WITH STAFF RECRUITMENT IN SOME SECTORS AND OCCUPATIONS

% change in online job postings
(July to August 2021)



Online job postings relative to last year
(30 days to 16th Sep)



Source: HMRC (2021)

- Strong growth in online hiring intentions continues.
- By mid-June jobs demand was close to 20% above last year's levels – by mid-September it was 165% above last year.

SKILLS IN HIGH DEMAND IN ENTERPRISE M3 (I)

Relatively strong demand by occupation in Enterprise M3 - Top 10 Occupations
(June 2021 and August 2021)

Occupation (SOC) – June 2021	%	Occupation (SOC) – August 2021	Unique Postings	%
Nurses	6.3	Nurses	1,950	5.6
Sales accounts and business development managers	5.8	Sales accounts and business development managers	1,904	5.5
Programmers and software development professionals	4.7	Care workers and home carers	1,591	4.6
Care workers and home carers	4.3	Chefs	1,444	4.1
Chefs	3.3	Kitchen and catering assistants	1,285	3.7
Business sales executives	2.9	Programmers and software development professionals	1,241	3.6
Book-keepers, payroll managers and wages clerks	2.9	Van drivers	1,212	3.5
Finance and investment analysts and advisers	2.8	Book-keepers, payroll managers and wages clerks	988	2.8
Van drivers	2.8	Business sales executives	952	2.7
Kitchen and catering assistants	2.7	Finance and investment analysts and advisers	940	2.7

Source: Emsi (2021)

- Continuing demand for nurses, care and sales occupations.
- Stronger demand for hospitality staff and van drivers – difficulties recruiting staff.

SKILLS IN HIGH DEMAND IN ENTERPRISE M3 (II)

Top hard skills in Enterprise M3 – Apr, June and August 2021

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

Source: Emsi (2021)

- Hard to find skills in finance, auditing and accounting
- Restaurant operations enters top 10 hard skills being sought by employers.

SKILLS IN LOW DEMAND IN ENTERPRISE M3

Occupation (SOC) – June 2021	%
Quantity surveyors	1
Construction operatives n.e.c.	1
Medical practitioners	1
IT operations technicians	1
Production managers and directors in construction	1
Office managers	1
Elementary construction occupations	1.1
Legal associate professionals	1.1
Receptionists	1.1
Property, housing and estate managers	1.1

Occupation (SOC) – August 2021	Unique Postings	%
Elementary construction occupations	322	0.9
Records clerks and assistants	341	1
Production managers and directors in construction	356	1
Property, housing and estate managers	362	1
Managers and directors in retail & wholesale	365	1
Security guards and related occupations	366	1.1
Human resource and administrative occupations	370	1.1
Medical practitioners	371	1.1
Vehicle technicians, mechanics & electricians	389	1.1
IT operations technicians	390	1.1

Source: Emsi (2021)

- Low demand for elementary occupations and manual occupations
- Green – new entry to bottom 10 occupations

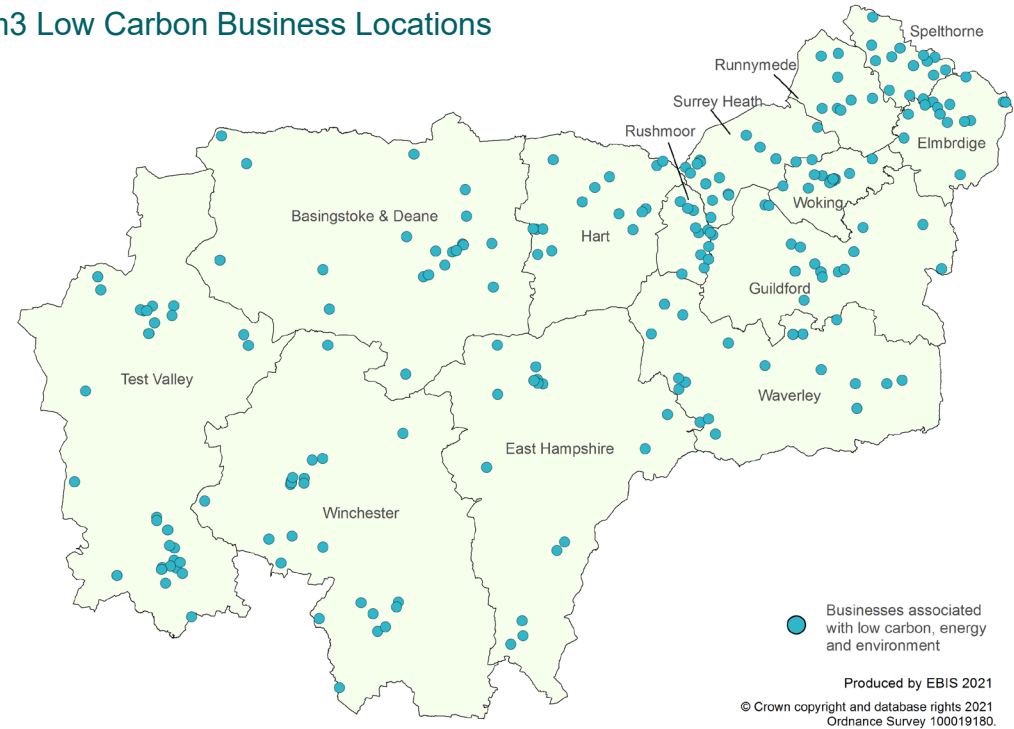


NET ZERO & GREEN SKILLS

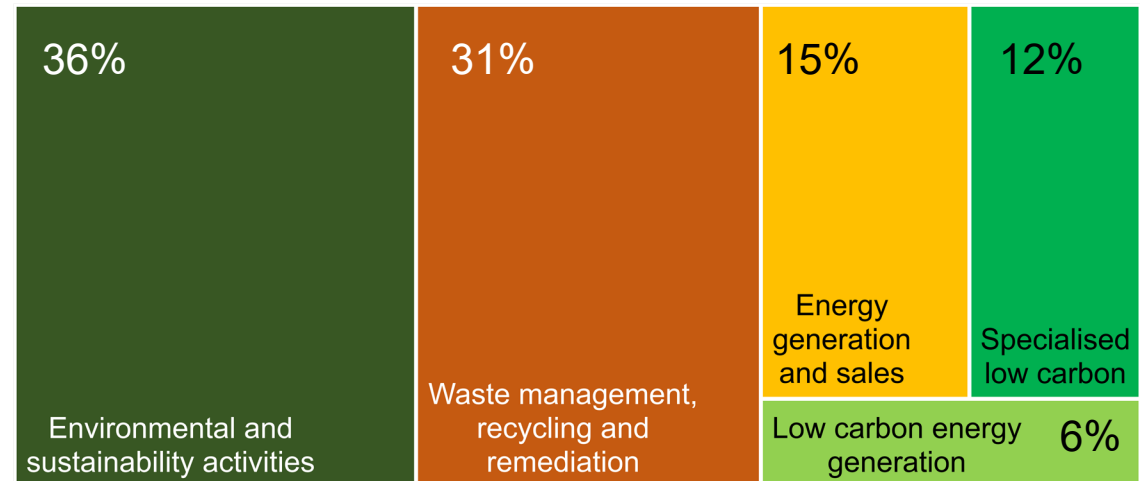
LOW CARBON BUSINESSES

- Around 260 businesses identified from commercial database, but the real number likely to be much larger; Future growth area.
- Just under one fifth identified as low carbon energy generation (solar and wind power) and specialised low carbon (consultancy).
- However, two thirds identified in broader ecology type activities: environmental and sustainability, waste, recycling and remediation type activities.
- 15% energy generation and sales (electricity – but not explicitly wind or solar)

Em3 Low Carbon Business Locations



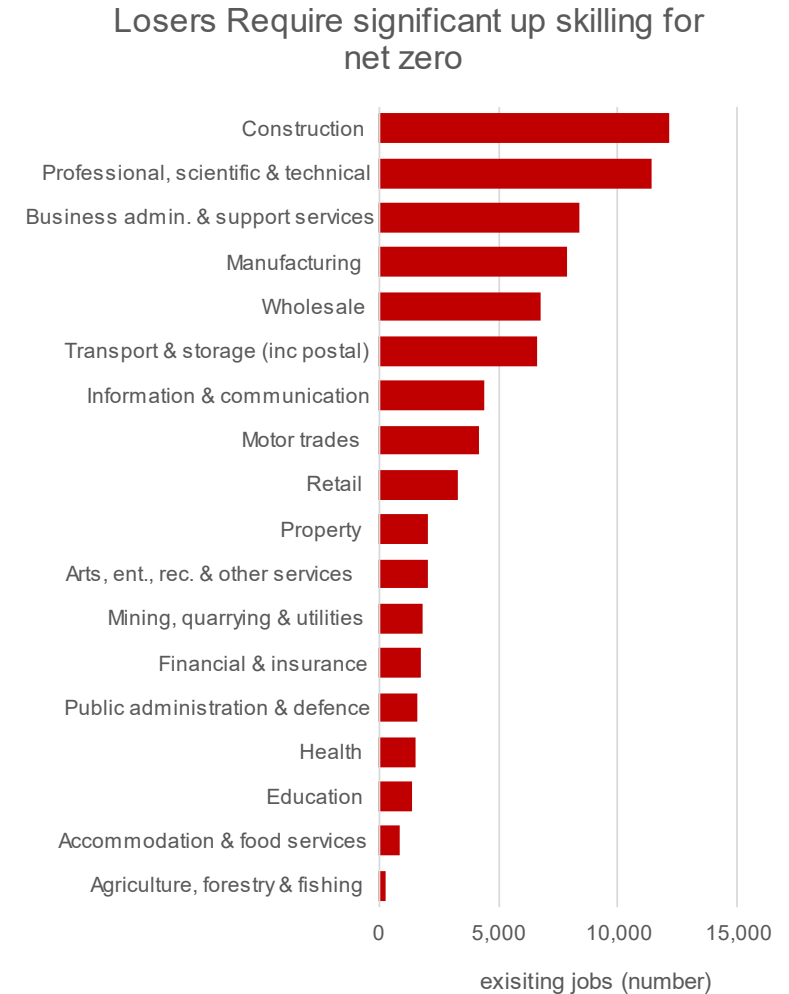
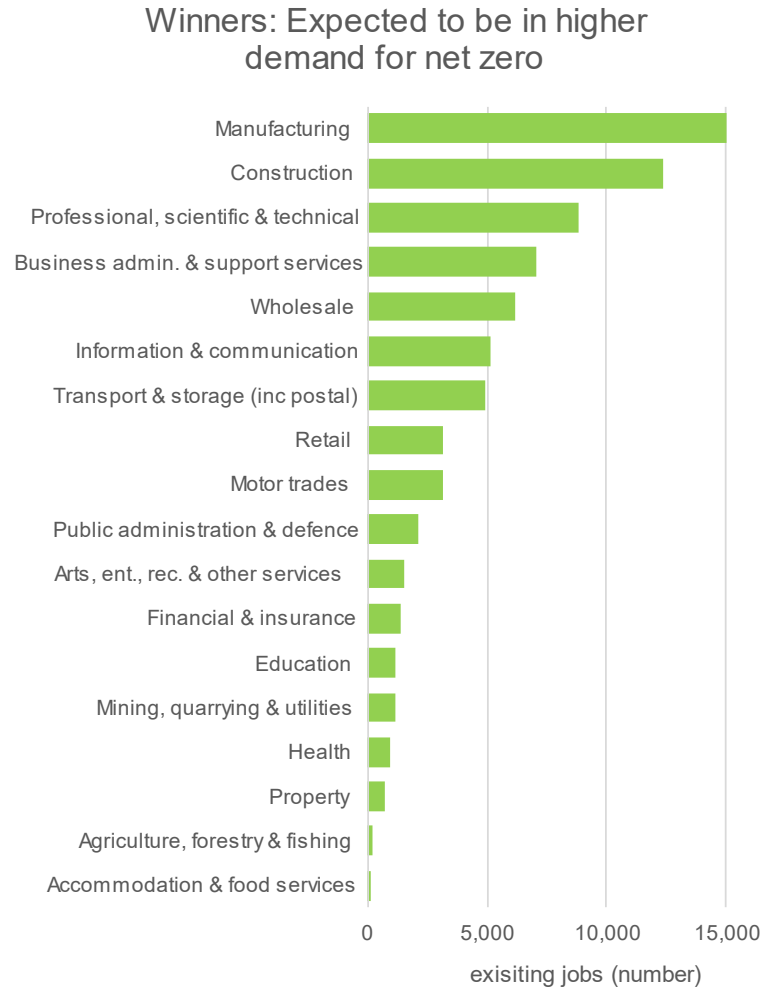
Low Carbon Business Activities (%)



Source: EBIS (2021) from commercial database

MOVE TO NET-ZERO – WHICH JOBS & SECTORS WILL NEED TO ADAPT THE MOST?

- 601,600 (80%) existing jobs in EM3 not significantly affected by the transition to net zero over the short-to-medium term.
- 78,500 (10%) existing jobs in EM3 require significant changes in skills, and knowledge to meet net zero¹.
- 75,400 (10%) existing jobs in EM3 are expected to be in high demand due to their important role in the net-zero economy.
- Potential winners and losers in both construction and manufacturing, but also within professional and business services.



Source: Robins, N., Gouldson, A., Irwin, W. and Sudmant, A., 2019. Investing in a just transition in the UK How investors can integrate social impact and place-based financing into climate strategies. London School of Economics (2021).

Note: Assumes the upside and downside levels of exposure are roughly equal to roughly 10% require upskilling, 10% in demand and therefore 80% not significantly affected. Potentially significant. To provide some context, the proportion of jobs affected are likely to be far less than for those exposed to digitisation (Arntz et al., 2016; Frey and Osborne, 2017; Acemoglu and Restrepo, 2017).

¹ This does not mean that these jobs will be lost, rather that these are jobs where attention will be needed.

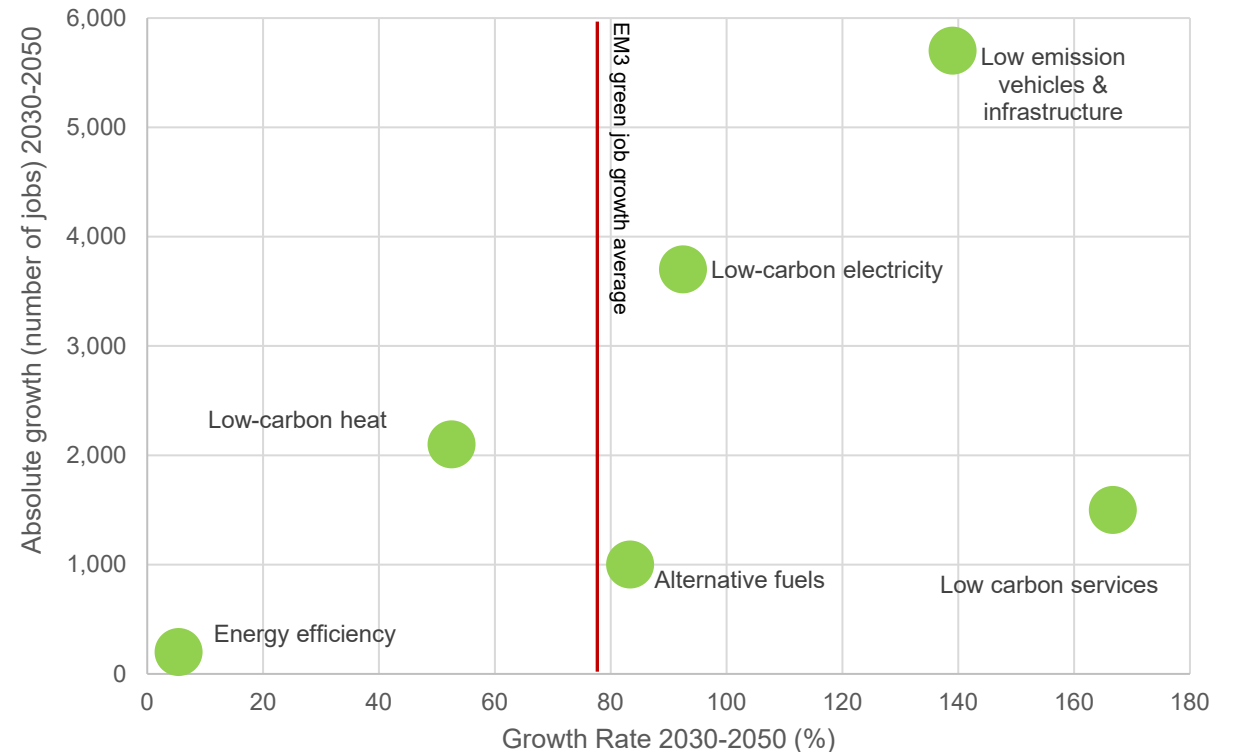
GREEN (LOW CARBON ENERGY) JOBS FOR THE FUTURE

- UK Government projected that the low-carbon economy could grow by 11 per cent per year up to 2030.¹
- EM3 - 17,900 additional green jobs by 2030 and around 33,000 in total by 2050.
- EM3 - 79% job growth rate between 2030-2050, outperforming both national and South East region averages (at around 70%).
- Robust sub-sector growth (2030-2050) in 'Low emission vehicles & infrastructure' (ICE to EV² transition and EV battery production).

¹ https://gemserv.com/wp-content/uploads/2021/06/Local-green-jobs-accelerating-a-sustainable-economic-recovery_final-1.pdf

² ICE –Internal combustion engine to electric vehicles

EM3 Green Job Projections 2030-2050: job growth rates



Source: LGA and Ecuity Consulting (2021)



BUSINESS SPECIFIC INTELLIGENCE IN EM3

BUSINESS NEWS HEADLINES

Longcross Park near Chertsey and one of EM3's EZ sites was confirmed as the new location for **Netflix**, the film and TV streaming and production company, which continues to expand facilities in the UK.

Charging firm announces £75m plan for 150 ultra-fast EV hubs across UK. **Osprey Charging** has announced it will become the latest private operator to open up a series of **EV hubs along key routes to provide charging for the growing number of electric car owners**.

InstaVolt to **expand network to 10,000 rapid chargers by 2030**. Electric vehicle (EV) charge point network InstaVolt has announced it will expand its network to 10,000 chargers by 2030.

Cloud technology firm Hosted plans to create up to 40 jobs. A CLOUD technology specialist in **Hampshire** is planning to create up to 40 jobs over the next two years. Hosted, based in Whiteley, has appointed Gareth McQuaid as chief technology officer to support its growth plans.

Elmbridge fencing firm set to lose 25 jobs as plans for housing on **Cobham Green Belt** site are passed. The site on the Western side of Downside Road, in Cobham, Surrey, is currently home to fencing firms Challenge and MacDonald and Sons.

Space mission services provider snapped up by BAE. In-Space Missions, currently located at Alton, Hampshire, which develops new space missions and provides consultancy and procurement support to the space industry has been acquired by BAE Systems.

BUSINESS NEWS HEADLINES

Both the **AA** and **Be Wise** insurance companies have recently been sold to Jersey/Guernsey based investment companies.

The development proposal by **Newlands Developments** for a £120m 2.3m sq ft **warehouse in Basingstoke**, which is expected to involve Amazon creating up to 1,400 jobs is to be reconsidered by the Council's planning committee after the local parish council threatened legal action.

Touchdown PR is to create a further 20 jobs at its new headquarters in **Basingstoke** over the next 18 months.

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

Retailer Flooring Superstore has invested £150,000 in its Basingstoke store as well as creating new jobs in its 5,622 square feet outlet in Basingstoke Trade Park.

Giganet has secured funding of £250m to expand its **Hampshire-based fibre broadband business**, with the creation of 200 jobs.

Green Biofuels is seeking permission to **relocate the headquarters of its biofuels business** from London to Nether Wallop in Hampshire.

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