enterprise M3
Delivering prosperity through innovation

Enterprise M3 Economy, Labour Market and Skills Dashboard

January 2022

ECONOMY & BUSINESS

MAJOR CONTRIBUTOR TO THE EXCHEQUER

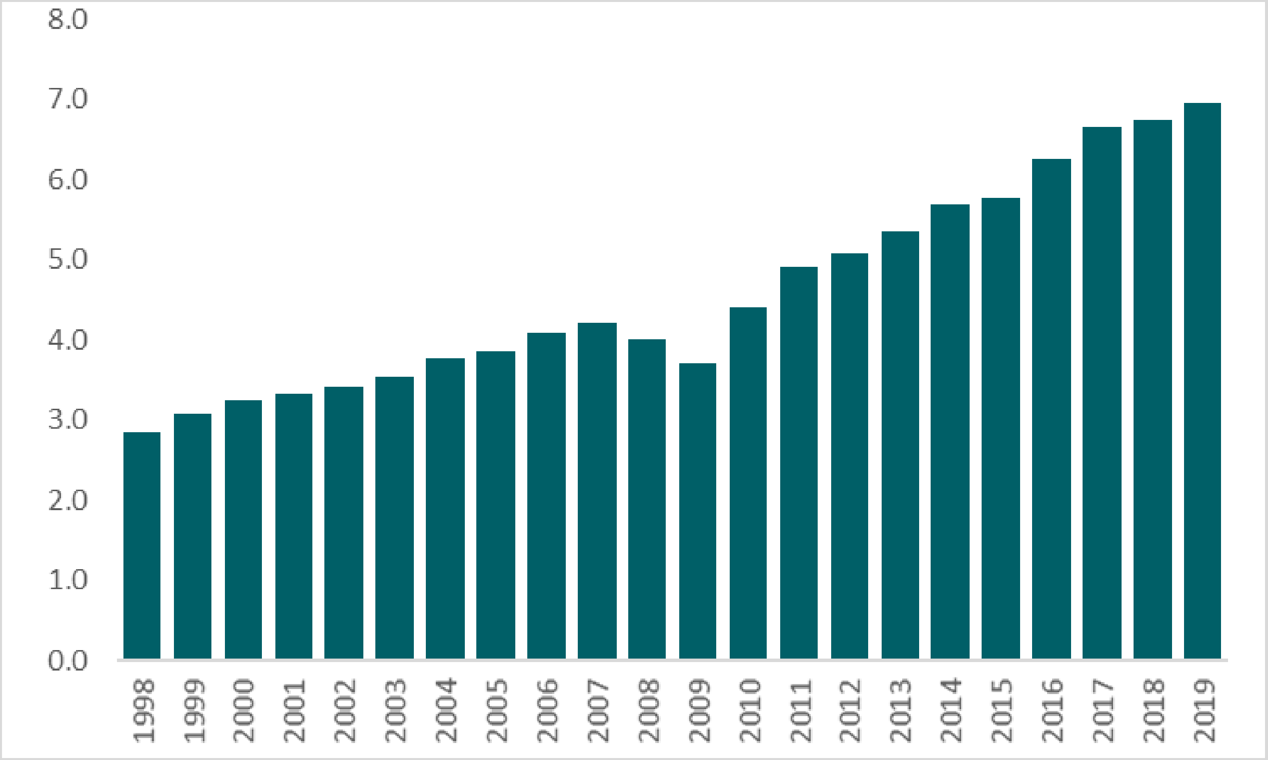
- £7bn in VAT and other indirect taxes on production in 2019 (£101bn over the past two decades) – larger amount than most LEPs

- Enterprise M3 contribution increased 2.4 times, faster than in most LEPs

- Major contributor to Exchequer in terms of other business, income and wealth taxes

- Major net contributor to Exchequer

Enterprise M3 contribution to Exchequer
(£bn Gross, VAT + indirect taxes)

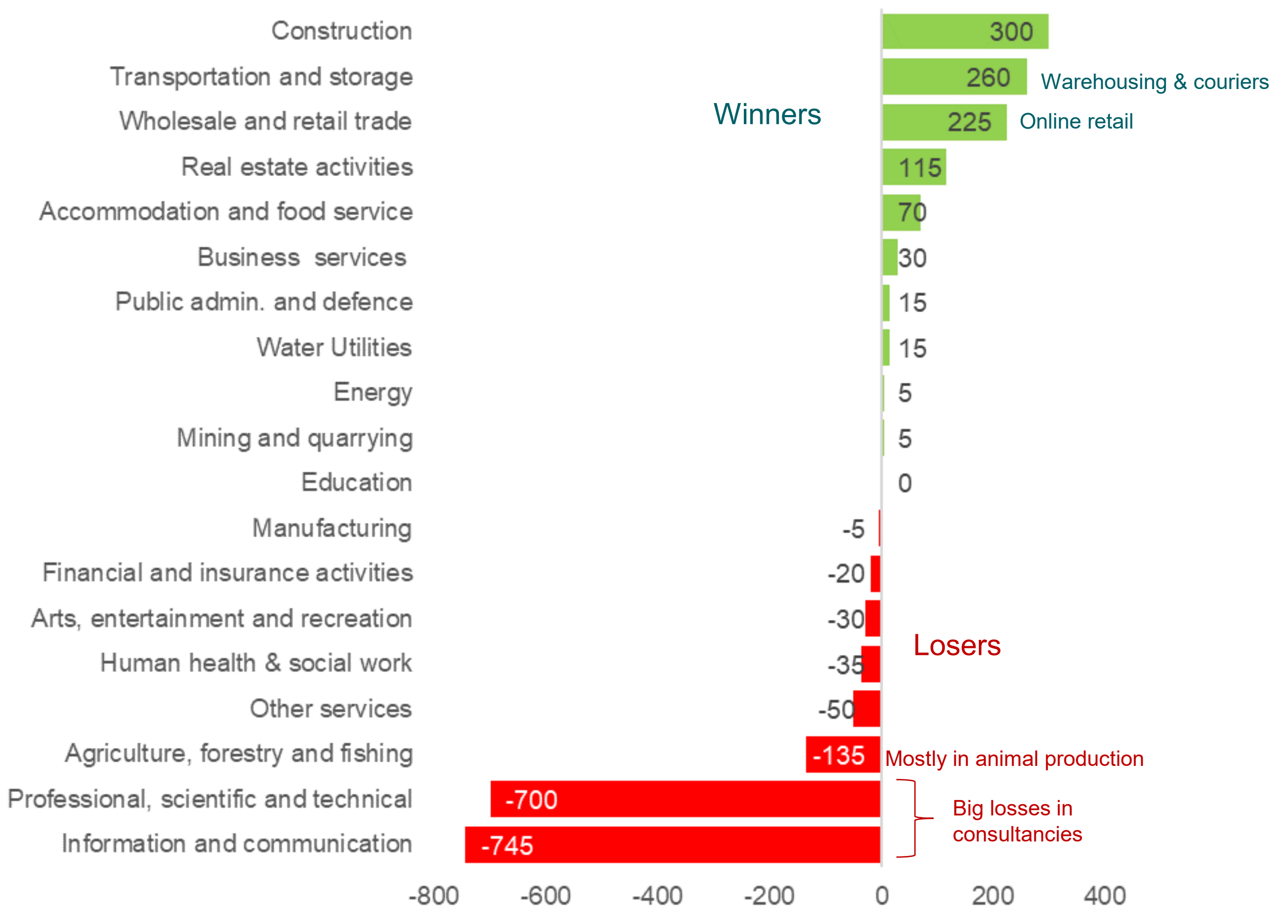


Source: ONS (2021)

BUSINESS GROWTH DURING PANDEMIC - SECTOR 'WINNERS' AND 'LOSERS'

- Sectors dealing in the online sale and delivery of goods, and in property during the pandemic were the big winners.
- Pandemic saw clients delaying projects, decreasing their scope or cancelling them all together but likely to see quick recovery.
- Most businesses 'lost' were consultancies (mostly small and single consultants). Similar rates to national and SE average.

Enterprise growth March 2020 to March 2021

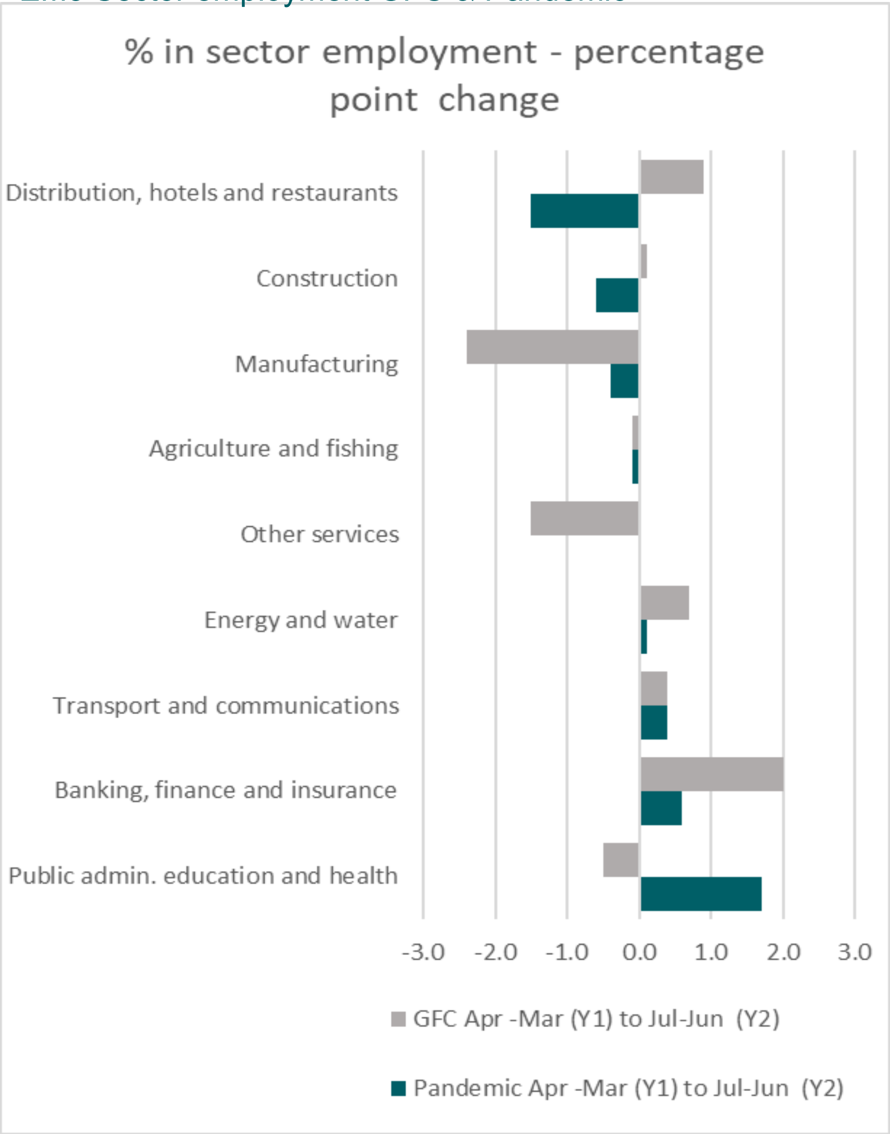


Source: ONS (2021)

SECTORAL DIFFERENCES IN EMPLOYMENT GFC AND PANDEMIC

- Sector impacts Global Financial Crisis and global pandemic.
- Consumer facing services, especially hospitality saw fewer workers during the pandemic but more during GFC.
- Accommodation & food services had highest numbers furloughed in May 2021 due to restrictions.
- Little evidence of any uptick in unemployment following end of furlough.

EM3 Sector employment GFC & Pandemic



Source: Annual Population Survey (2008-09 and 2020-21)

BUSINESS ACTIVITY AND NEW WORK SLOW BETWEEN OCTOBER AND DECEMBER

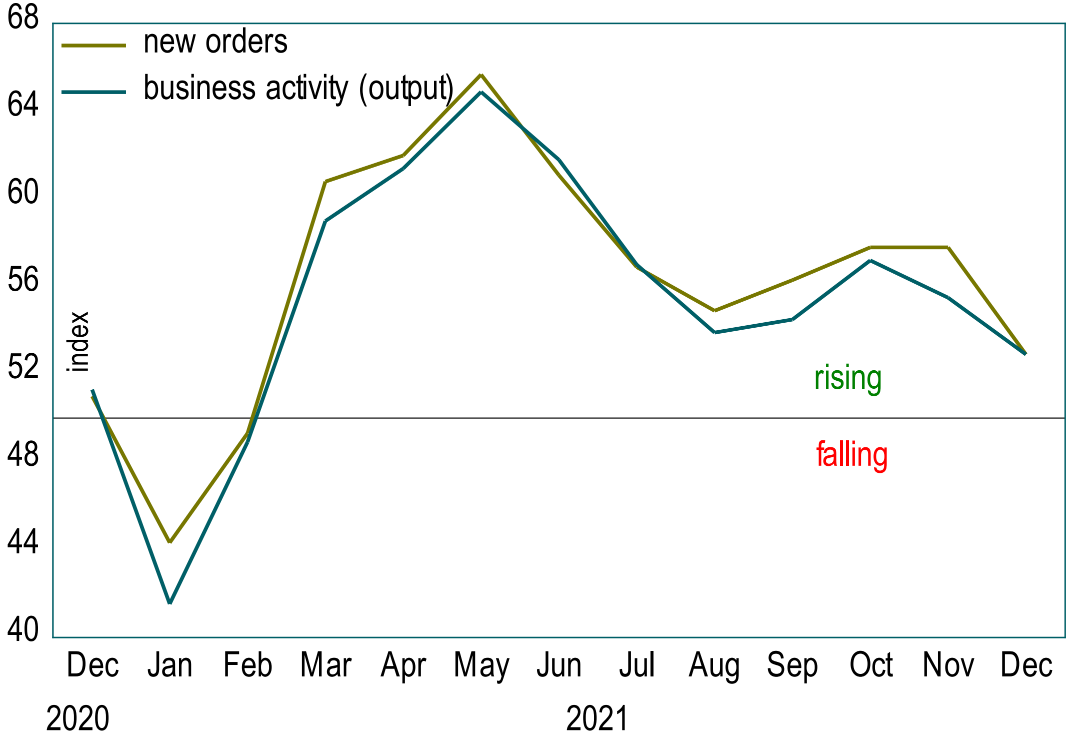
Much weaker business activity since October

Emergence of the Omicron variant - further weakening of consumer and business activity in December

Re-introduction of some pandemic restrictions affect activity in consumer facing services in the run-up to busy Christmas period

Some early sign of material shortages dissipating before the emergence of the Omicron variant but uncertainty about Brexit remains

Business activity and new orders – South East



Source: Markit/NatWest (2021)

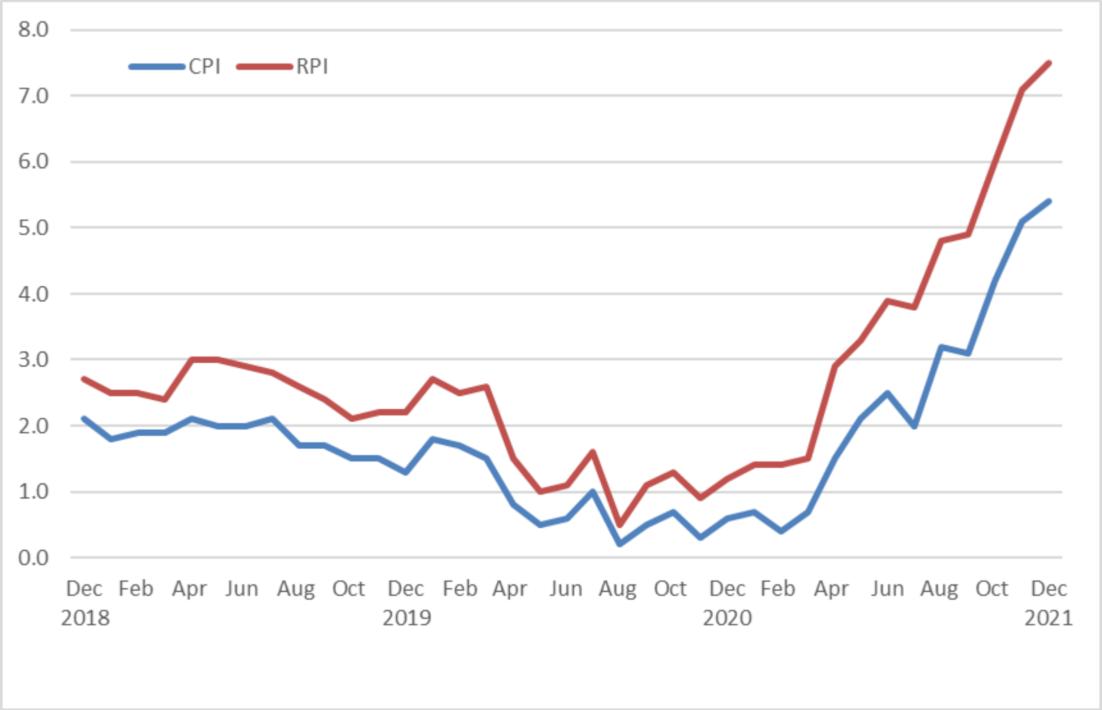
UK INFLATION JUMPS TO HIGHEST LEVEL IN 30 YEARS

Consumer prices increased by 5.4% in December, above the consensus forecast of 5.1%

Projected leap in CPI inflation (close to 7% in Q2 2022, RPI inflation is already above 7%) will prompt the Bank of England to raise interest rates further this year

A surge in inflation and higher rates to hit households’ real incomes and GDP growth this year

Consumer price inflation and retail price inflation



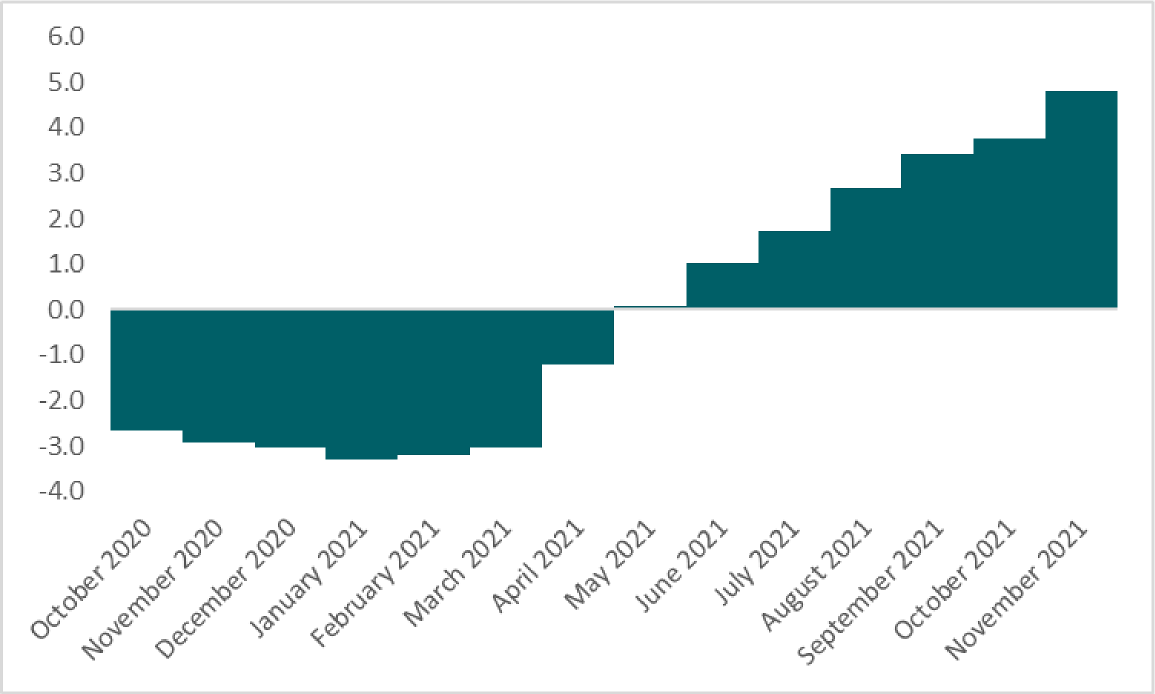
Source: ONS (2022)

LABOUR MARKET & SKILLS

CONTINUED STRENGTH IN PAYE NUMBERS BETWEEN OCTOBER AND NOVEMBER

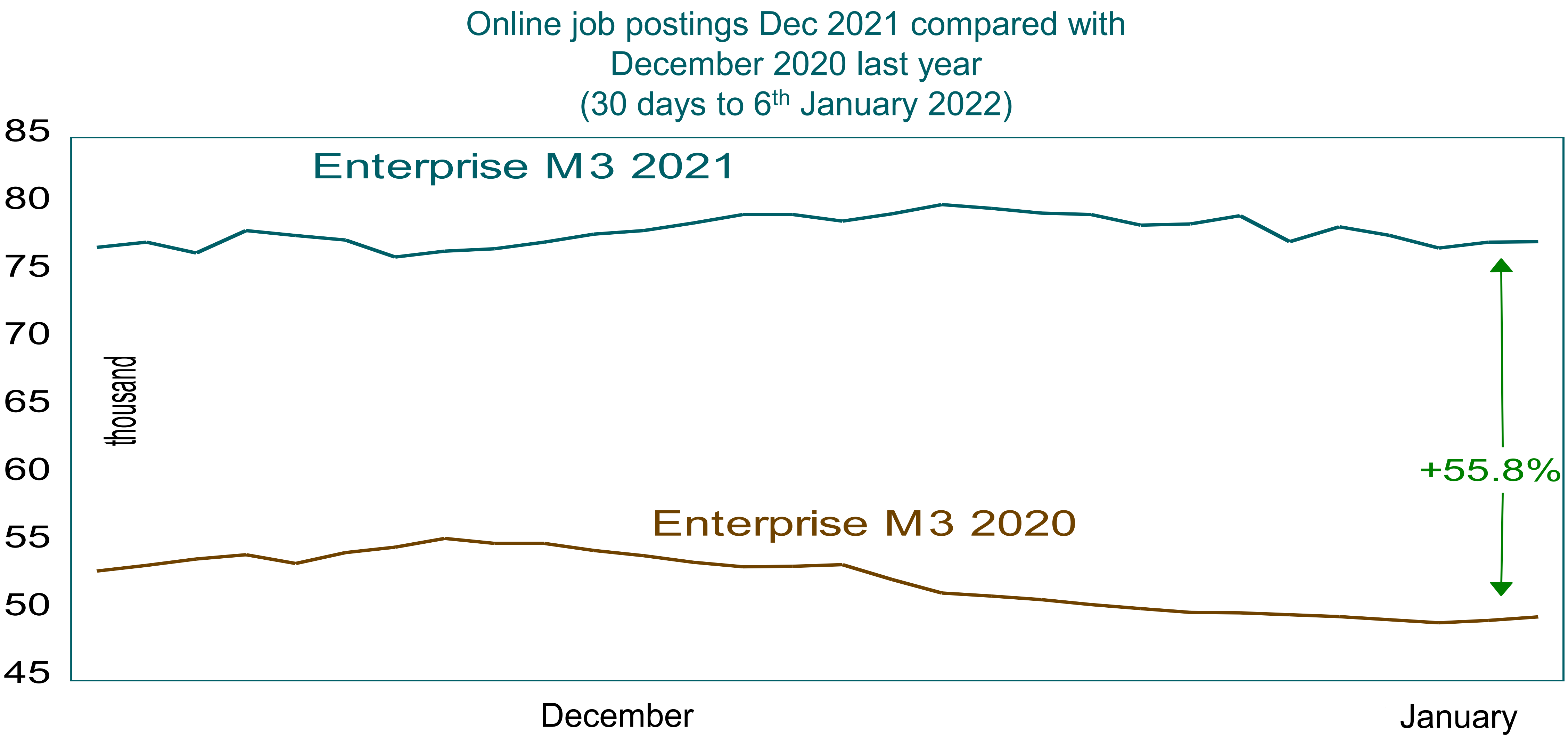
- Over 2,000 additional people in PAYE payroll in October and November.
- PAYE employees up almost 5% on the year
- Compared to last year growth comparable to UK average and faster than South East average.
- Are we going to face even greater labour shortages in the near future?

Annual % growth in PAYE numbers – Enterprise M3



Source: HMRC (2022)

HUGE INCREASE IN DEMAND FOR STAFF THIS JANUARY COMPARED WITH LAST YEAR



AREAS WITH VERY HIGH VACANCIES

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

Occupation (SOC) - October 2021	Unique Postings	%
Nurses	2,303	5.2
Sales Accounts and Business Development Managers	2,180	4.9
Care Workers and Home Carers	1,927	4.4
Kitchen and Catering Assistants	1,879	4.3
Chefs	1,777	4.0
Programmers and Software Development Professionals	1,555	3.5
Van Drivers	1,514	3.4
Other Administrative Occupations n.e.c.	1,455	3.3
Book-keepers, Payroll Managers and Wages Clerks	1,391	3.2
Sales and Retail Assistants	1,379	3.1

Source: Emsi (2022)

Occupation (SOC) - December 2021	Unique Postings	%
Nurses	1,121	5.3
Sales Accounts and Business Development Managers	1,069	5.1
Care Workers and Home Carers	1,013	4.8
Chefs	994	4.7
Programmers and Software Development Professionals	891	4.2
Kitchen and Catering Assistants	724	3.4
Other Administrative Occupations n.e.c.	677	3.2
Book-keepers, Payroll Managers and Wages Clerks	634	3.0
Van Drivers	629	3.0
Cleaners and Domestics	540	2.6

- Seasonal dip but in December but proportionately rising demand for nurses, care workers, chefs, and cleaners & domestics

- Stronger demand for sales and elementary occupations

Occupations in Green indicate new entrants to the top 10 list.

SKILLS IN HIGH DEMAND IN ENTERPRISE M3 (II)

Top hard skills in Enterprise M3 – October and December 2021

Top Hard Skills - October 2021
Finance
Auditing
Accounting
Agile Methodology
Key Performance Indicators (KPIs)
Warehousing
Business Development
Restaurant Operation
Selling Techniques
Customer Relationship Management
Nursing
Mental Health

Top Hard Skills - December 2021
Finance
Agile Methodology
Auditing
Accounting
Key Performance Indicators (KPIs)
Warehousing
Business Development
Restaurant Operation
Mental Health
Nursing

Source: Emsi (2021)

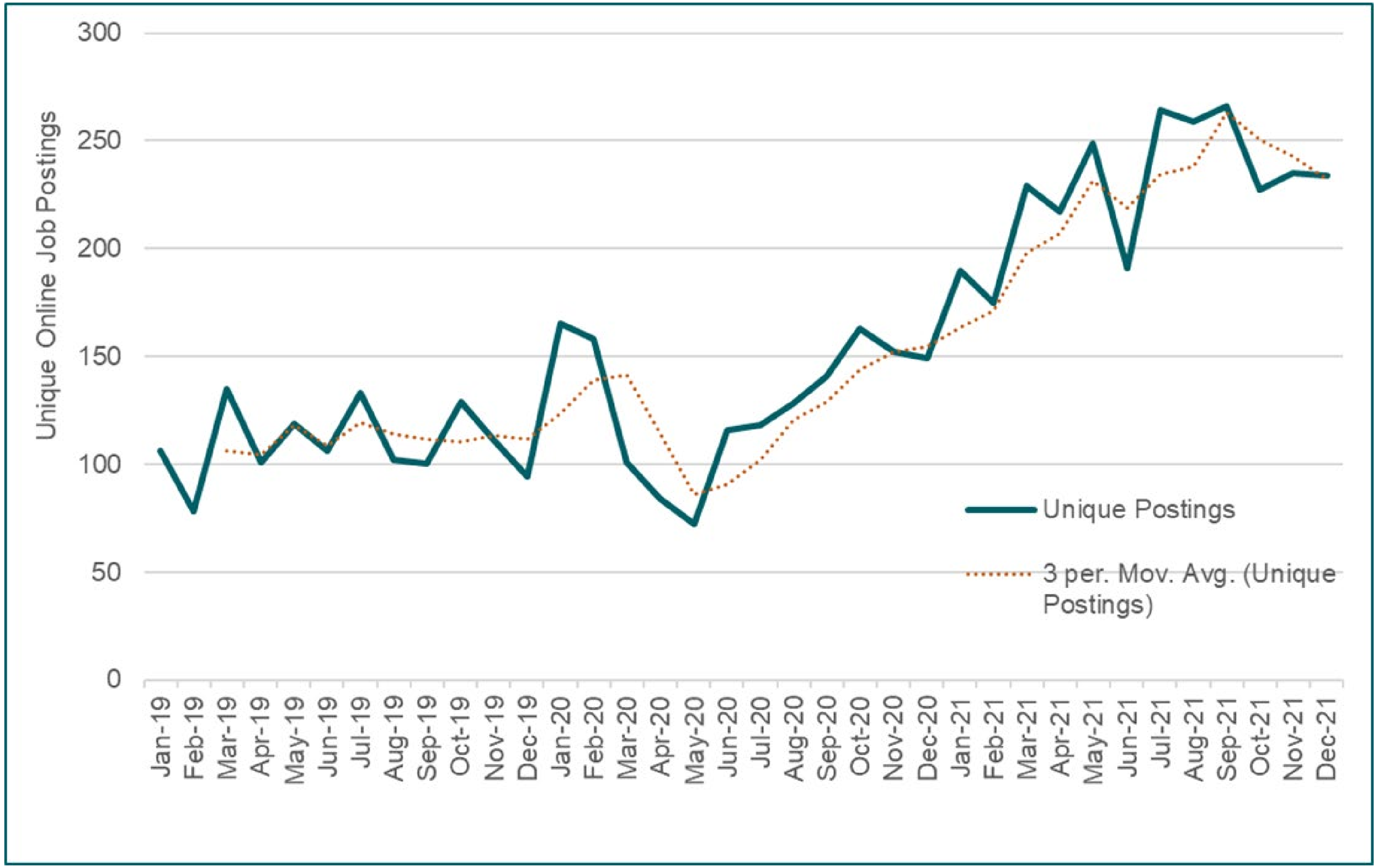
- Hard to find skills in finance, auditing and accounting
- No new top 10 hard skills

Mental health moves up the list

STRONG DEMAND FOR 'GREEN JOBS' IN ENTERPRISE M3 SINCE 2019

- Around 120% increase in demand for 'Green Jobs' since Jan 2019
- Robust demand for environmental professionals, landscape design, natural & social professionals, and biological scientists

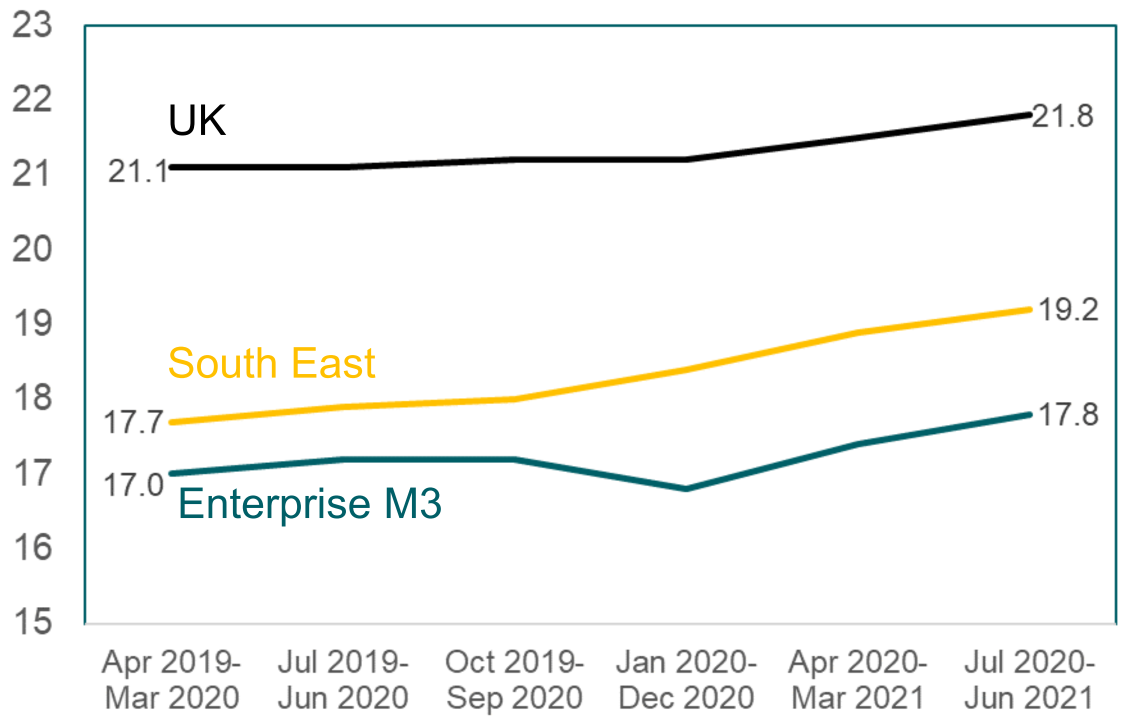
Online 'green job' postings in Enterprise M3
(Jan 2019 to Jan 2021)



SHRINKING 'AVAILABLE' LABOUR POOL AND RISING ECONOMIC INACTIVITY

- Lower supply down to ageing population and Brexit
- Constraints to attracting labour from outside the area >> high cost of living, housing, transport
- Economically inactive provide a potential pool of new labour
- Inactivity has been on the increase, inactive often require upskilling etc.

Economic inactivity rates 2020-2021

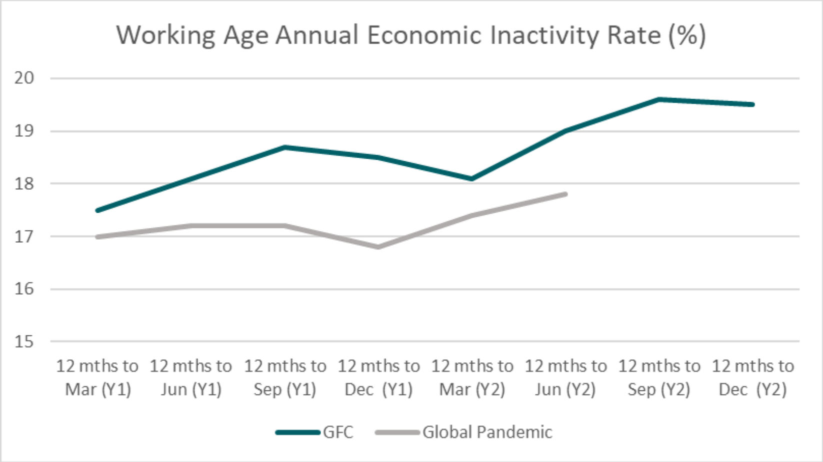


Source: ONS (2021)

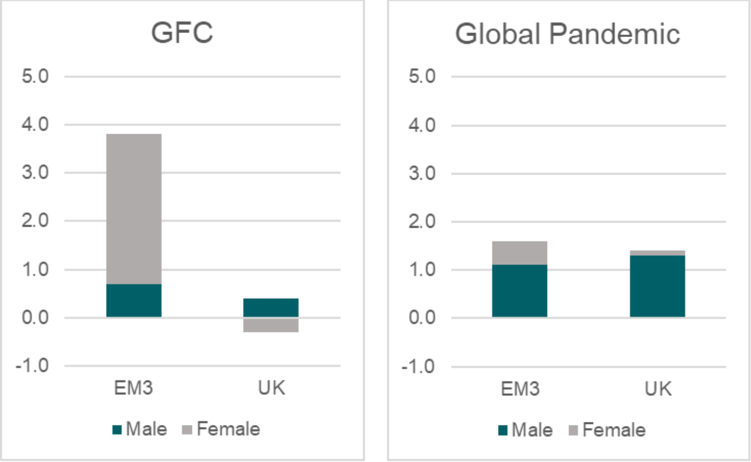
"EMPLOYMENT FALLS DURING THE PANDEMIC HAVE SHOWN UP IN RISING INACTIVITY"

- Not everyone who lost their job moved into unemployment.
- Young people riding out recession, staying on or move in education as job opportunities dried up during lockdown
- Older, less skilled workers unable to work retiring early and/or suffer ill-health (especially males)
- Creating potential labour market participation issue

Em3: Economic Inactivity Rates GFC & Pandemic



Em3 & UK: Change in rate over period (percentage points)



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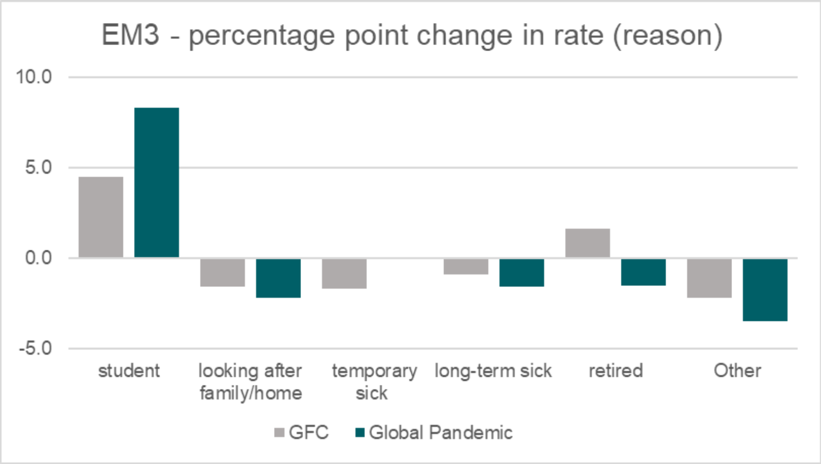

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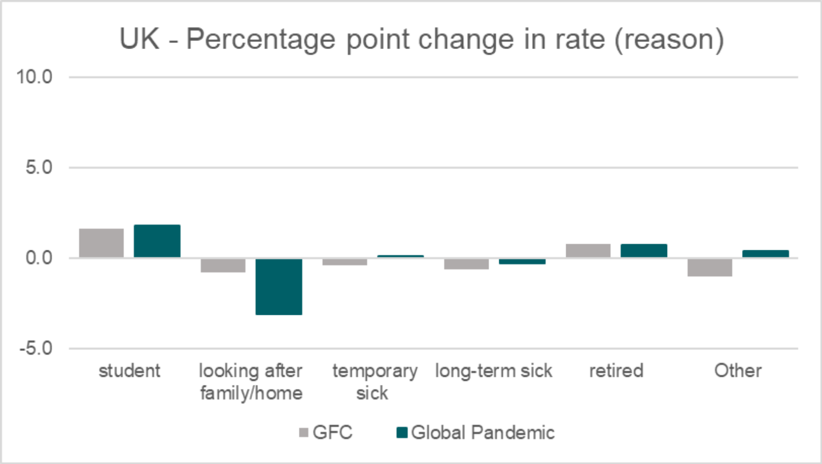


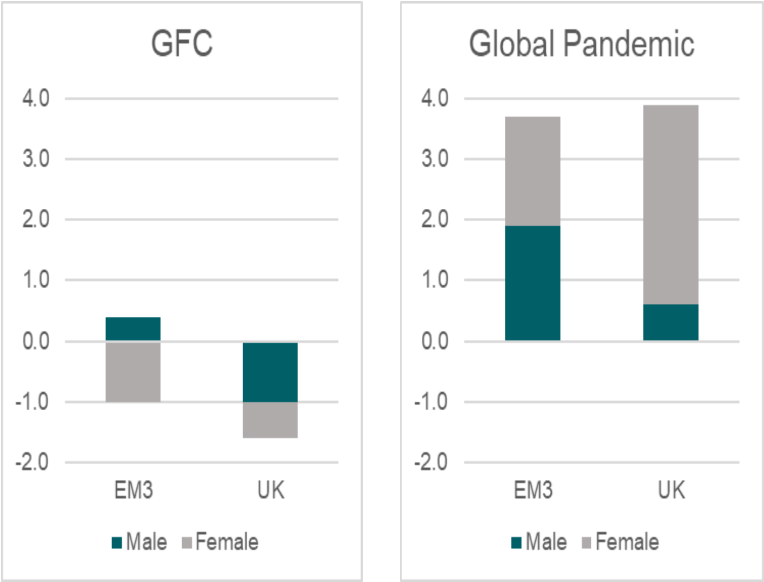
Source: Annual Population Survey (2008-09 and 2020-21)

Note: Unlike LFS which is a rolling quarter, nearest equivalent data to Resolution Foundation analysis is APS data, published quarterly but averaged over one year. The change in rates (RHC) take the difference from 12mths to March in Y1 and either 12mths to Dec Y2 (GFC) or 12mths to Jun (pandemic) – e.g., Em3 female inactivity was 3.1 percentage points higher between start and end of GFC but only 0.5 ppts higher between start and end of pandemic

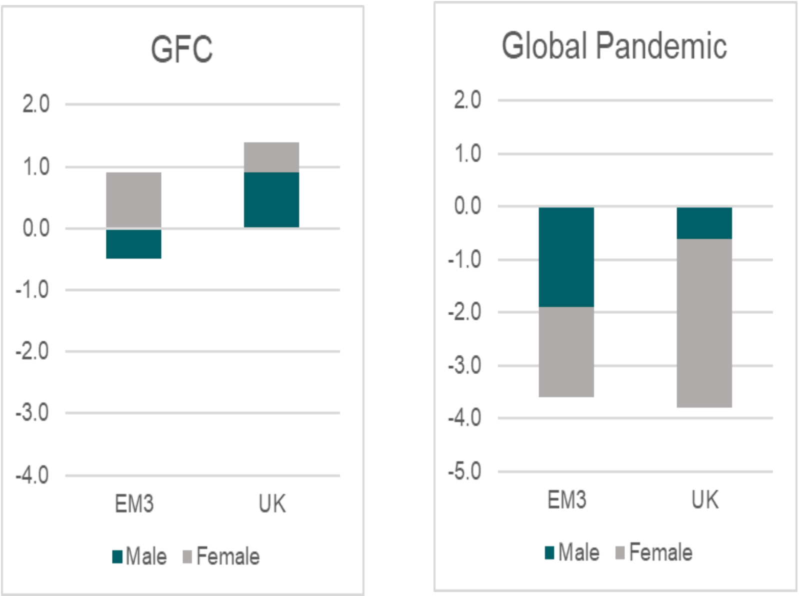
“WOMEN ACROSS UK HAVE SHIFTED FROM PART-TIME TO FULL-TIME WORKING IN THE PANDEMIC”

- Unlike GFC, quicker pandemic rebound, strong labour demand and record vacancies all boost full-time employment
- Fall in wages and hours protected jobs during GFC hence delayed rise in PT work
- Furlough and grants allowed businesses to keep staff full-time
- Significant gender differences

EM3 & UK: Change in full time employment rate over period (percentage points)



EM3 & UK: Change in part time rate over period (percentage points)



Source: Annual Population Survey (2008-09 and 2020-21)

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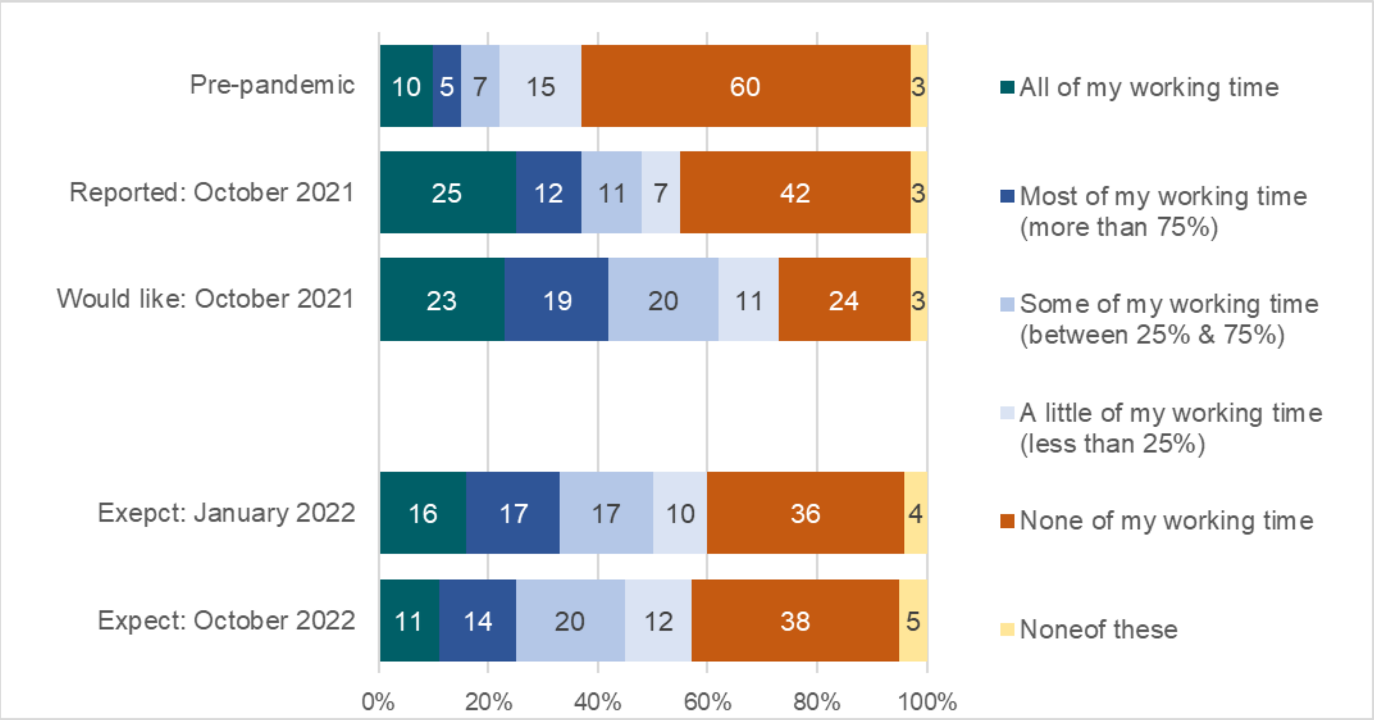
WAY WE WORK AND WANT TO WORK HAS CHANGED

Emerging trends from Resolution Foundation Research:

- Increase in home-hybrid working during pandemic will stay BUT expectations suggest not as high going forwards.
- For higher-skilled, better paid workers businesses may have a more national & international workforce as ability to work remotely enables people/and businesses to search more broadly for work and workers.
- Not all positive - remote working increased workers' hours.
- Still gender barriers - women with children have the greatest unmet desire to work from home.

Working-age adults' reported time spent for working from home, actual, preference and expectation: UK (%)



Source: Resolution Foundation (2021) Begin again (p59) based on analysis of YouGov, adults age 18-65 and the Coronavirus (COVID-19), October 2021 wave.

PRODUCED BY ENTERPRISE M3 LOCAL ENTERPRISE PARTNERSHIPS IN PARTNERSHIP WITH THE ECONOMIC & BUSINESS INTELLIGENCE SERVICE (EBIS)

economic
business intelligence service