

The Impact of COVID-19 on the Cheshire and Warrington labour market

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1. Introduction

This short report provides a round-up of key labour market indicators that have been published at the end of 2020 and the beginning of 2021. It brings together what we know about the national position alongside information about Cheshire and Warrington. It has 5 sections:

- Key Points
- Employment and demand for labour
- Unemployment and economic inactivity
- Furlough and self-employment support
- Apprenticeships

2. Key points

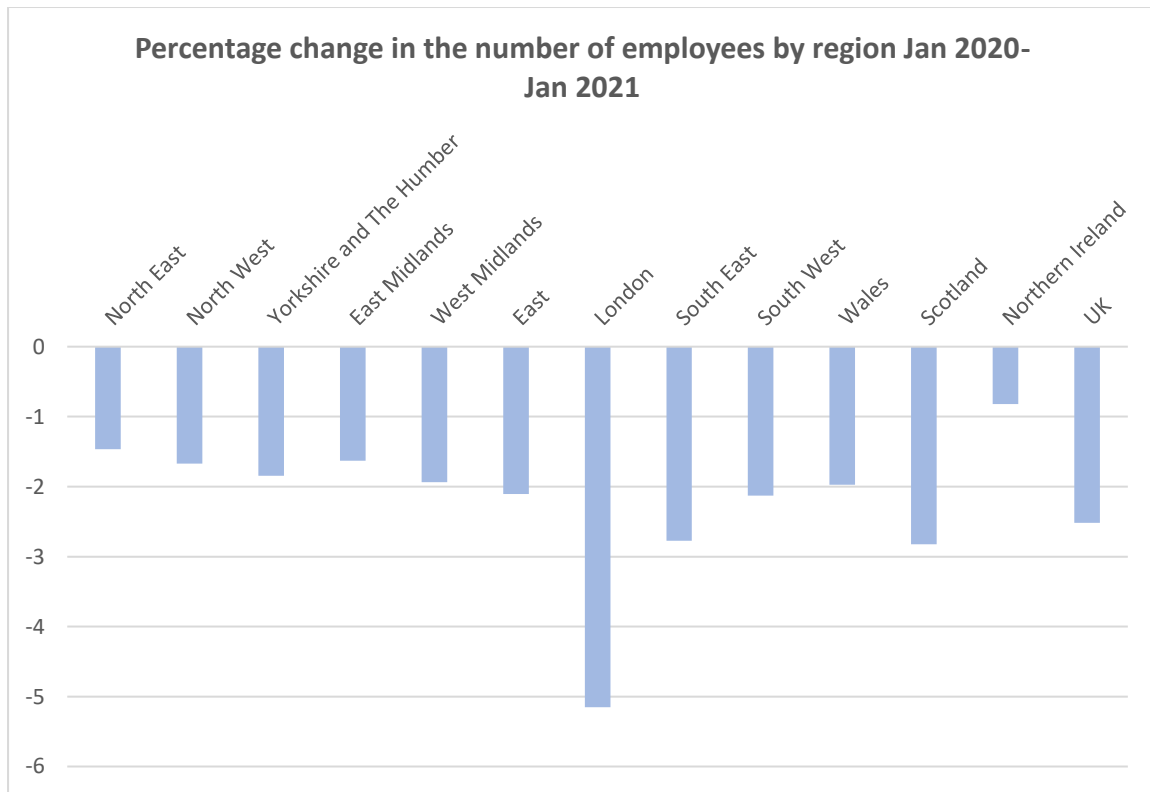
- The number of people on payrolls in the UK between Jan 2020 and Jan 2021 dropped by 2.5%. Cheshire experienced a 1.8% drop in employees (c7.6k).
- Employment change in the last year has varied significantly by industrial sector. Whilst 'Health and social work' and 'Public administration and defence' both saw a slight growth in the number of employees in the UK, every other sector saw a decline with 'Accommodation and food services' and 'Arts, entertainment and recreation' experiencing falls of 17% and 16% respectively.
- Falls in employment in the UK were sharpest for young people, with the under 25s accounting for 59% of the total drop experienced in the 12 months to Jan 2021, which equated to a 9% fall in the number of employees in this age-band.
- The Annual Population Survey (APS) confirmed that there has been a decline in the employment rate in Cheshire and Warrington. The rate for the 12 months to September 2020 (81.2%) was 1.8% lower than the rate for the 12 months to March 2020 (83%).
- This decline in the employment rate is due to a drop in both the proportion employed and the proportion self-employed, with the proportion of those aged 16-64 employed dropping by 1.5% and the proportion self-employed dropping 0.6%.
- In the most recent data, every 2-digit occupational area experienced a reduction in job postings in Cheshire and Warrington.
- The claimant count in Cheshire and Warrington has roughly doubled since the onset of the pandemic. This is also the case for the numbers claiming aged 16-24 and aged 50+.
- The 50+ claimant count for every month from April 2020 to Jan 2021 in Cheshire and Warrington exceeds the total for any month prior to the pandemic, going back to January 1986 (the first data point in this series).
- Economic inactivity has risen in Cheshire and Warrington and, whilst the rate is still 2.2% lower than for Great Britain, the two figures have converged somewhat since the onset of the pandemic.
- The proportion that are economically inactive that say they want a job in C&W has continued to rise and was at 21.4% in the latest data (12 months to September 2020)
- The rate of decline in the numbers furloughed in the UK varied by age, with sharp declines for those aged 18-24. The decline in the numbers aged 18-24 in employment suggests that a number of young people may have moved from furlough to unemployment.
- The furlough take-up rate declined at a similar rate across the C&W local authorities, the region and England, between mid-May and end of October.
- 53% of furloughed employments at October 31st in Cheshire and Warrington were held by women (51% for UK).

- Take-up rates of the Self-employment Income Support Scheme (SEIS) were lower than England across all the C&W parliamentary constituencies except for Warrington North.
- Starts on apprenticeships (all ages) in Cheshire and Warrington, declined at all Levels between Quarter 4 2018/19 (May-July 2019) and Quarter 4 2019/20 (May-July 2019/20). Declines were sharpest for Level 2 (Intermediate) and Level 3 (Advanced) starts by 16–18-year-olds (declines of 69% and 67% respectively).

3. Employment and demand for labour

3.1 HMRC payroll data

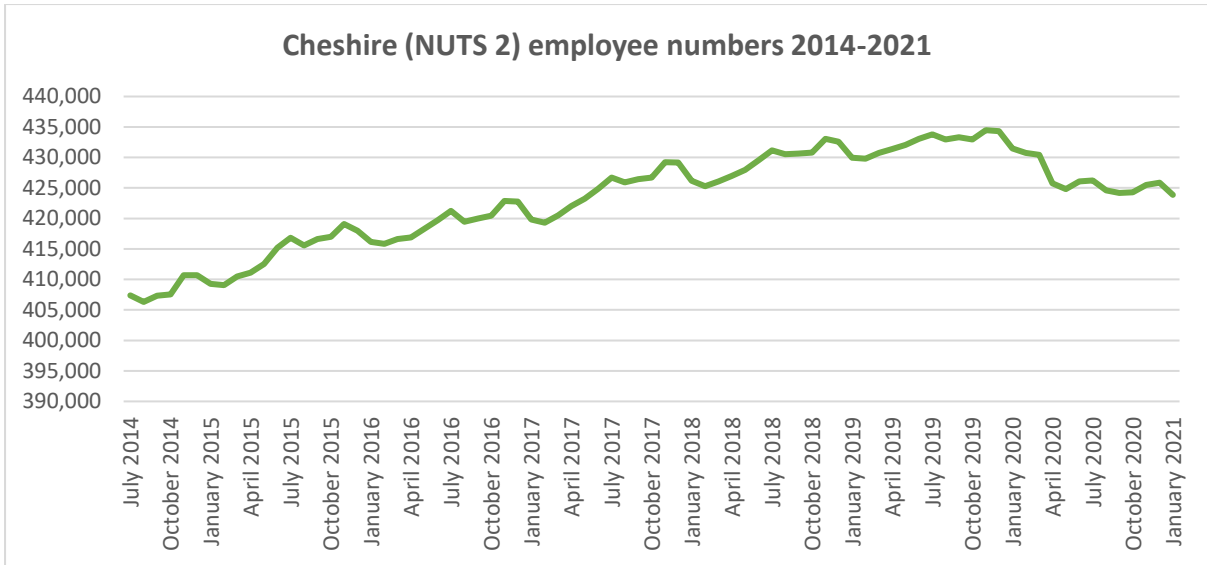
Recently published payroll data from Her Majesty’s Revenue and Customs (HMRC) shows that the number of people on payrolls between Jan 2020 and Jan 2021 dropped by 2.5%. However, this decrease was not uniform across the UK’s country’s and regions. Only 3 of 12 were higher than the UK average (London, Scotland and the South East). The percentage drop in the North West stood at 1.7% in this period¹.



Source: HMRC

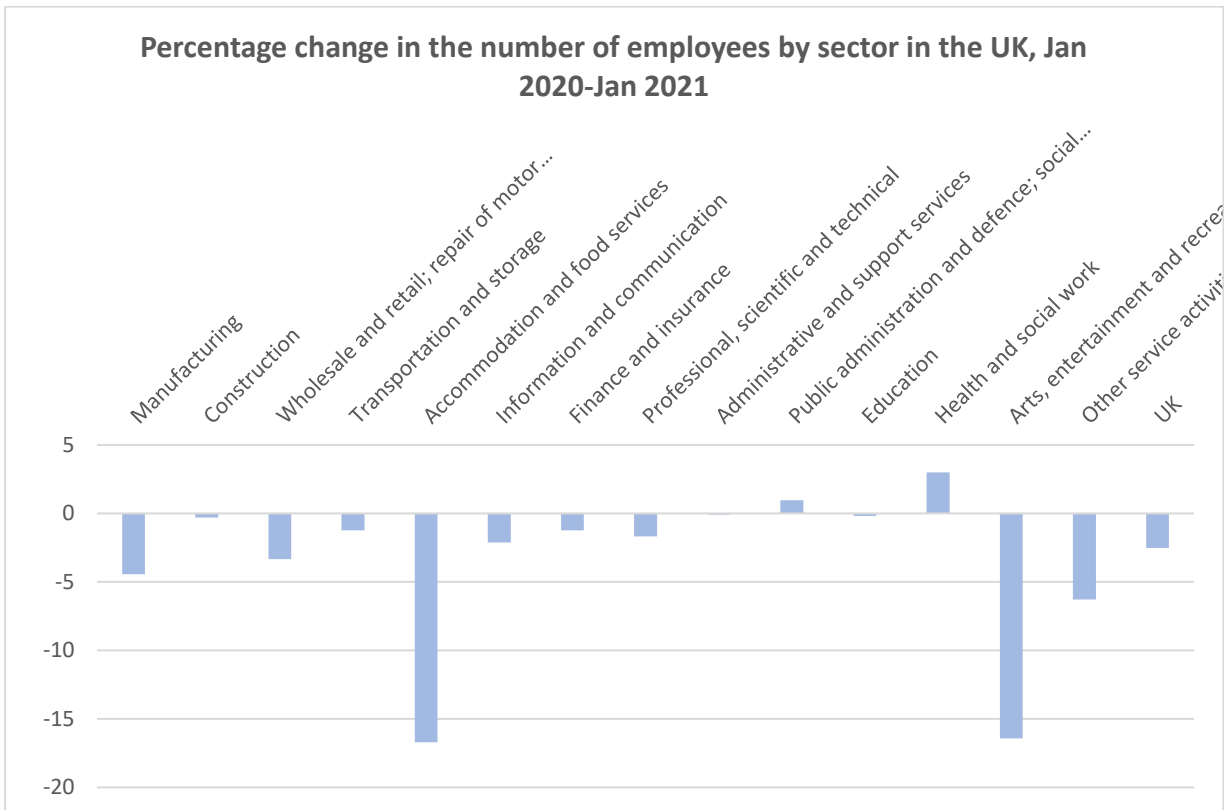
In the 12 months to Jan 2021, Cheshire experienced a 1.8% drop in employees (c7.6k), which was lower than the UK average percentage drop but slightly higher than the North West (NW) drop of 1.7%.

¹ Data is for residency rather than place of work and includes those on furlough.



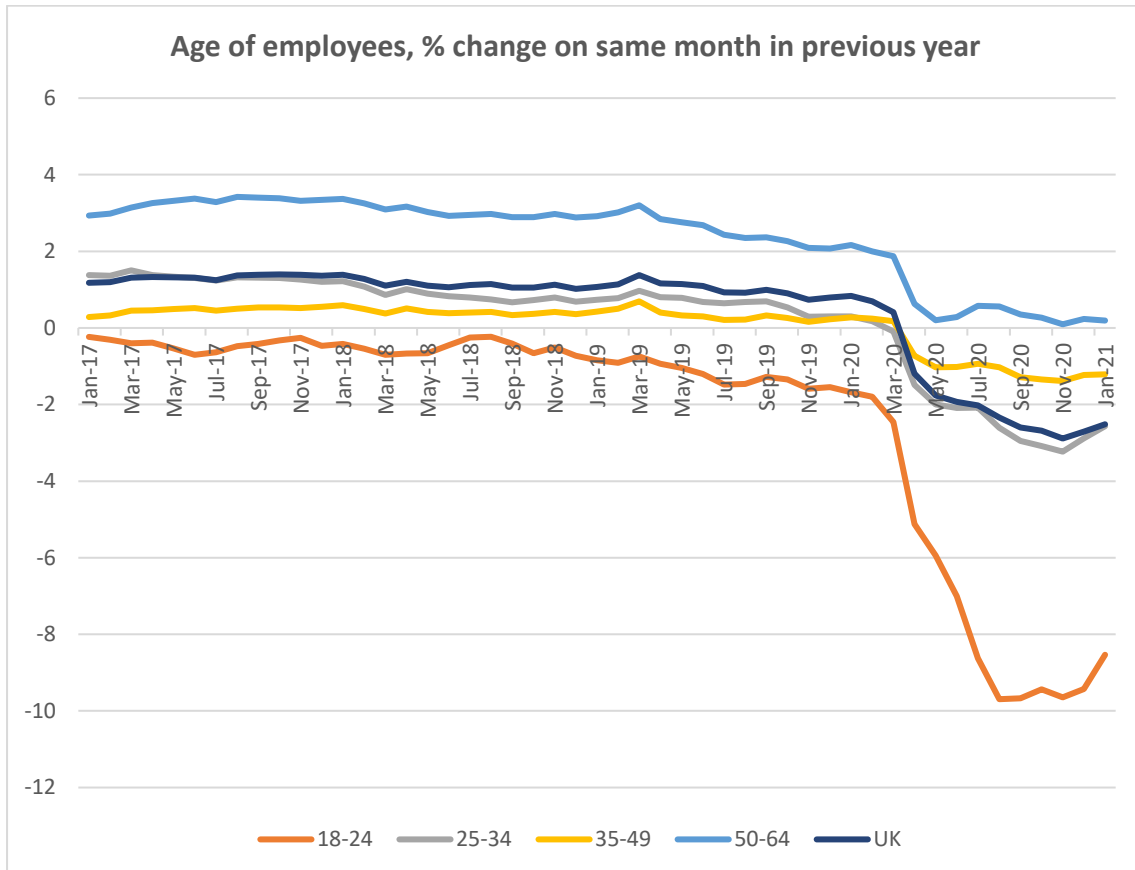
Source: HMRC

Employment change in the last year has varied significantly by industrial sector. Whilst 'Health and social work' and 'Public administration and defence' both saw a slight growth in the number of employees in the UK, every other sector saw a decline with 'Accommodation and food services' and 'Arts, entertainment and recreation' experiencing falls of 17% and 16% respectively.



Source: HMRC

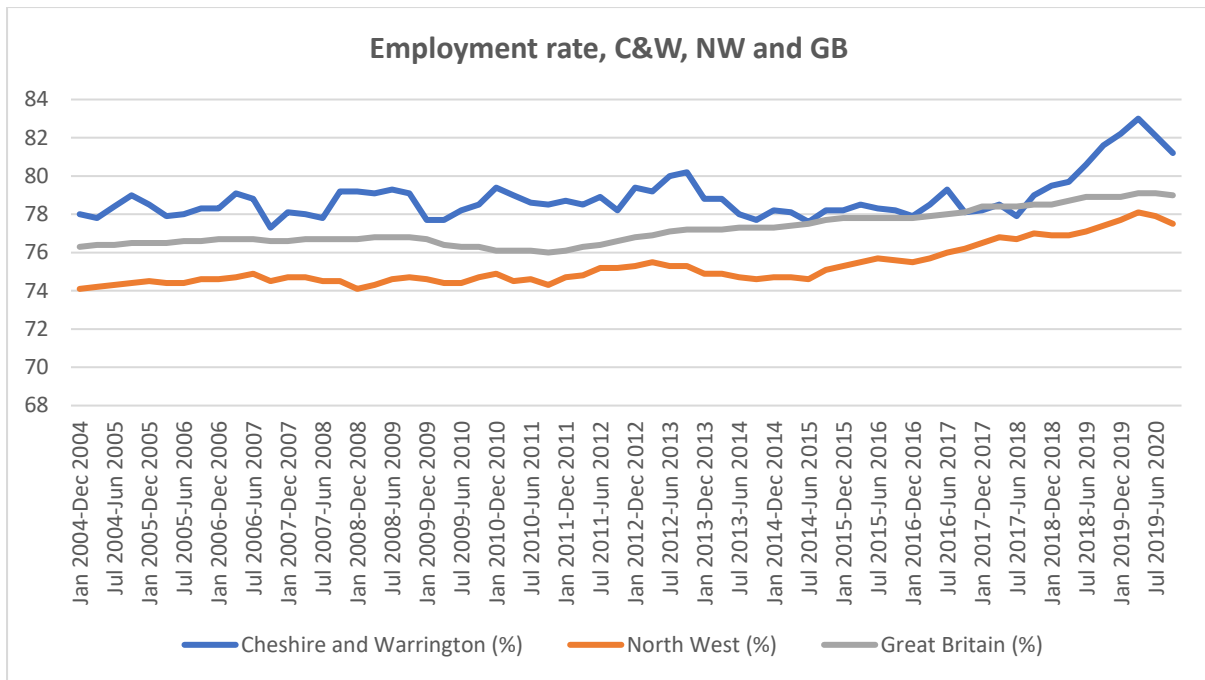
Of the 726,000 fall in UK employees between February 2020 and January 2021, 425,000 (58.5%) were under 25 years, 172,000 (23.7%) were aged 25 to 34 years, and 120,000 (16.5%) were aged 35 to 49 years. Only 11,000 (1.6%) were aged 65 years and over. This decrease is net of an increase of 3,000 aged 50 to 64 years. This represents a decrease of 9% in the number of 18-24 year olds on payrolls in Jan 2021 compared to Jan 2020.



Source: HMRC

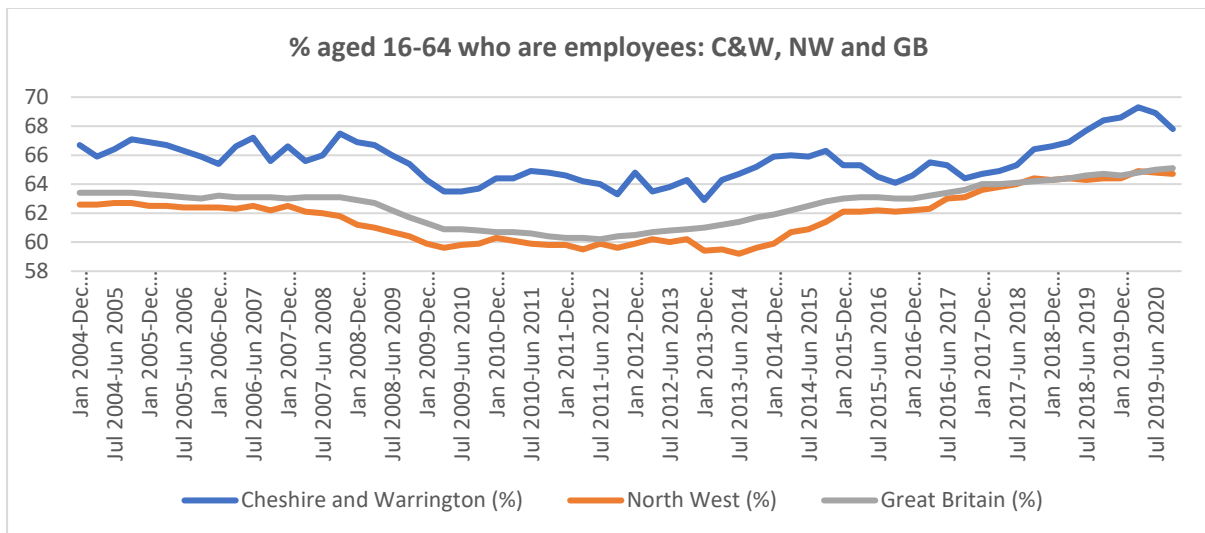
3.2 Employment Rate

Data from the Annual Population Survey (APS) confirms that there has been a decline in the employment rate in Cheshire and Warrington. The rate for the 12 months to September 2020 (81.2%) was 1.8% lower than the rate for the 12 months to March 2020 (83%). This decline is due to a drop in both the proportion employed and the proportion self-employed.



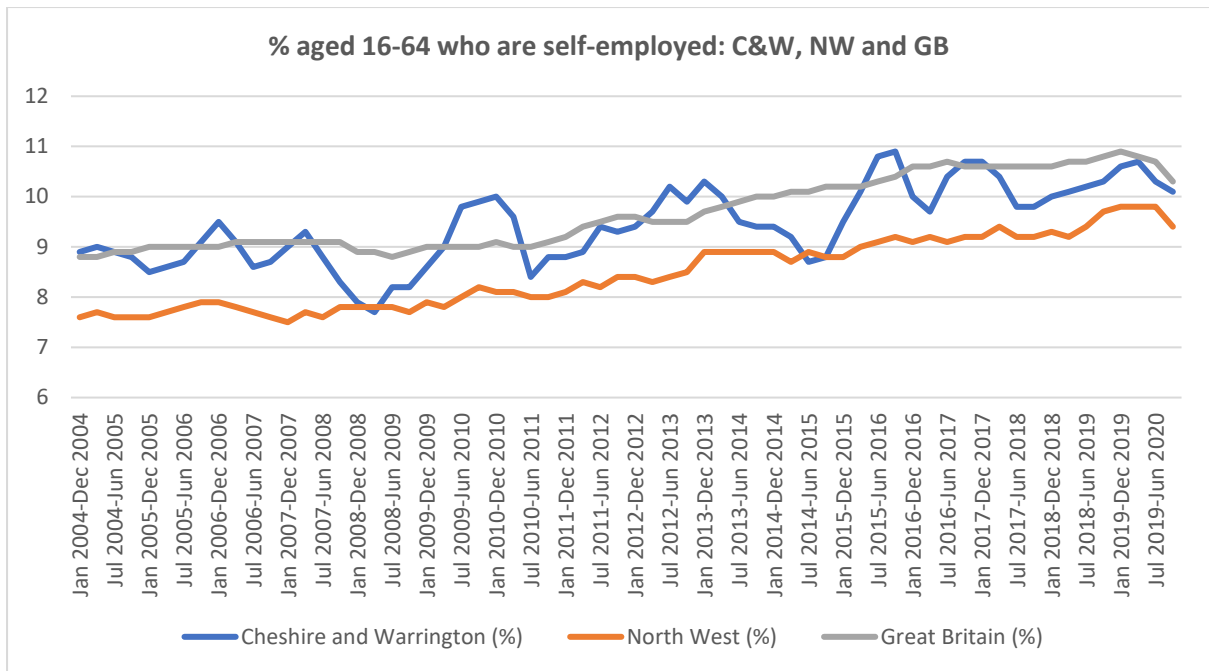
Source: NOMIS, APS

The percentage aged 16-64 who were employees in Cheshire and Warrington fell 1.5% from 69.3% in the 12 months to Mar 2020 to 67.8% in the 12 months to Sep 2020. By contrast, the proportion in the NW and GB remained relatively stable in this period.



Source: NOMIS, APS

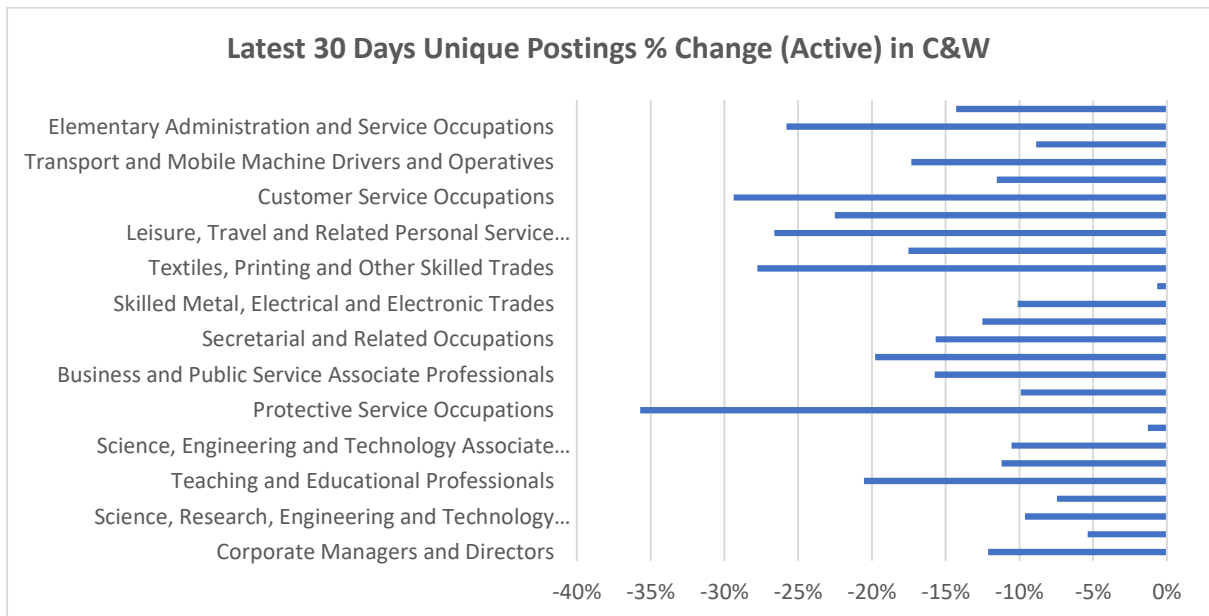
The percentage aged 16-64 who were self-employed in Cheshire and Warrington fell 0.6% from 10.7% in the 12 months to Mar 2020 to 10.1% in the 12 months to Sep 2020. This was similar to the decrease in GB which was 0.5% (10.8% to 10.3%)



Source: NOMIS, APS

3.3 Job Postings

The chart below illustrates the impact of lockdown 3 on the demand for labour in Cheshire and Warrington. Every 2-digit occupational area experienced a reduction in job postings (Jan 2021 – Feb 2021).

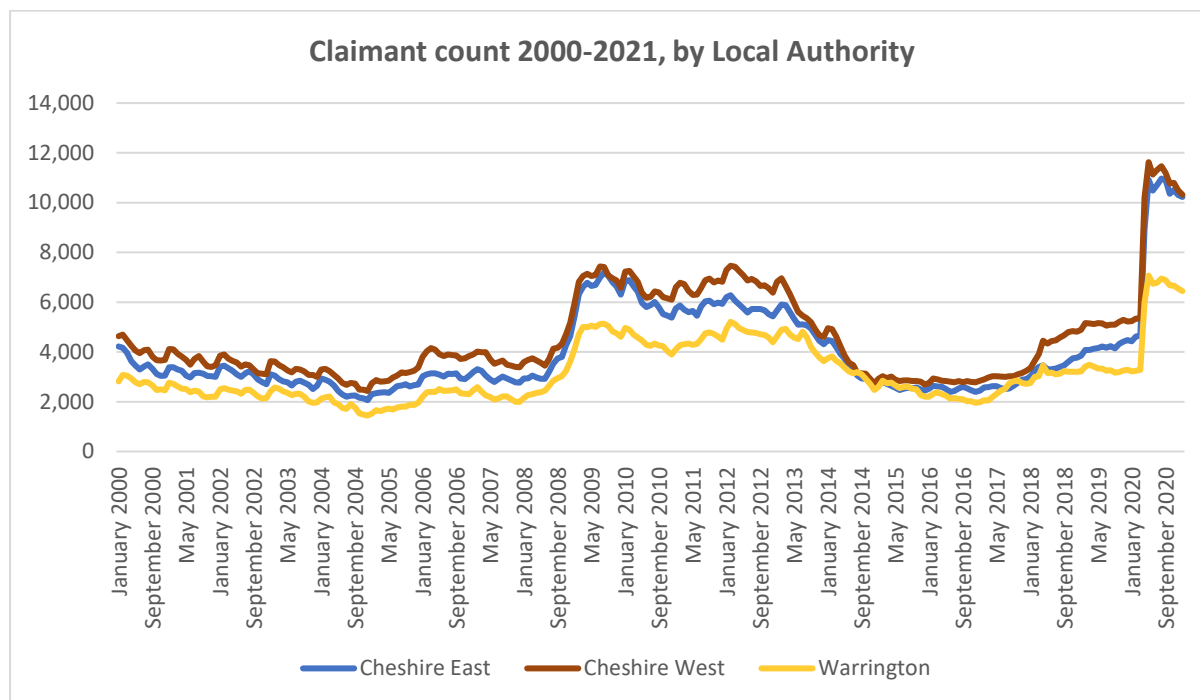


Source: EMSI Analyst, Feb 23rd

4. Unemployment and economic inactivity

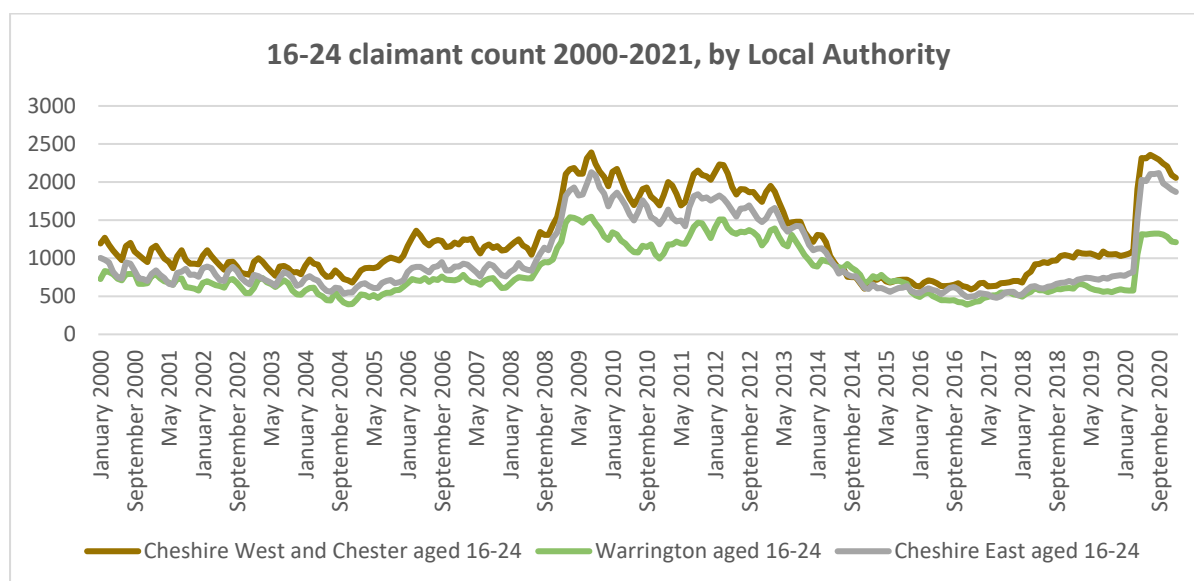
4.1 Claimant Count

Since March 2020 the claimant count has increased by 13.4k in Cheshire and Warrington. Over this time, it has roughly doubled in every local authority with increases of 120% in Cheshire East, 96% in Warrington and 93% in Cheshire West and Chester.



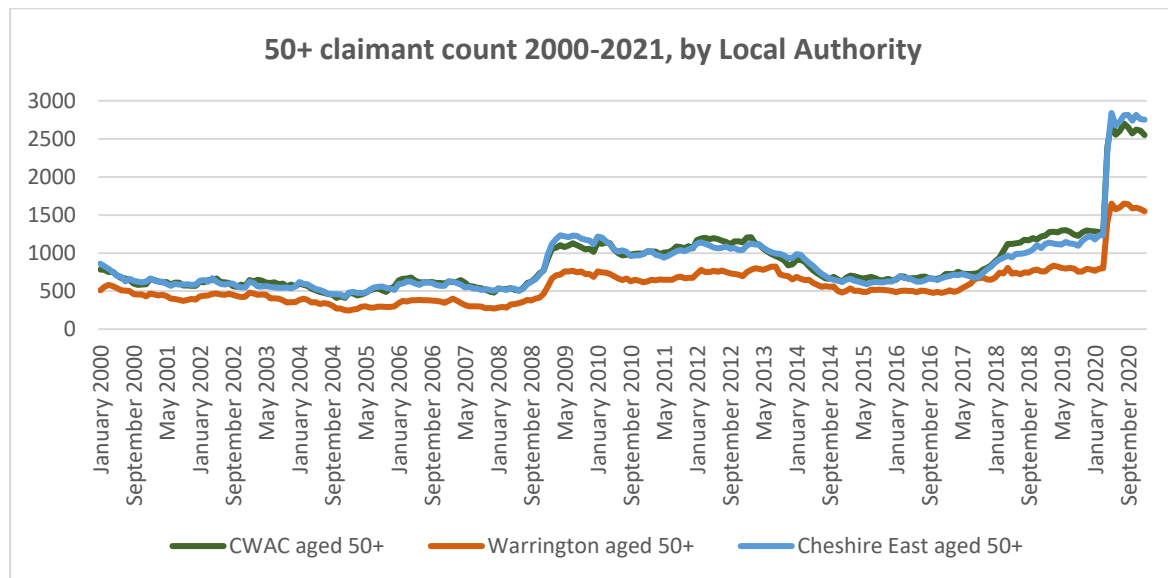
Source: NOMIS, claimant count

The 16-24 claimant count has roughly doubled in Cheshire and Warrington increasing by 2.7k since the onset of the pandemic. It has increased by 128% in Cheshire East, 89% Cheshire West and Chester, and by 110% Warrington.



Source: NOMIS, claimant count

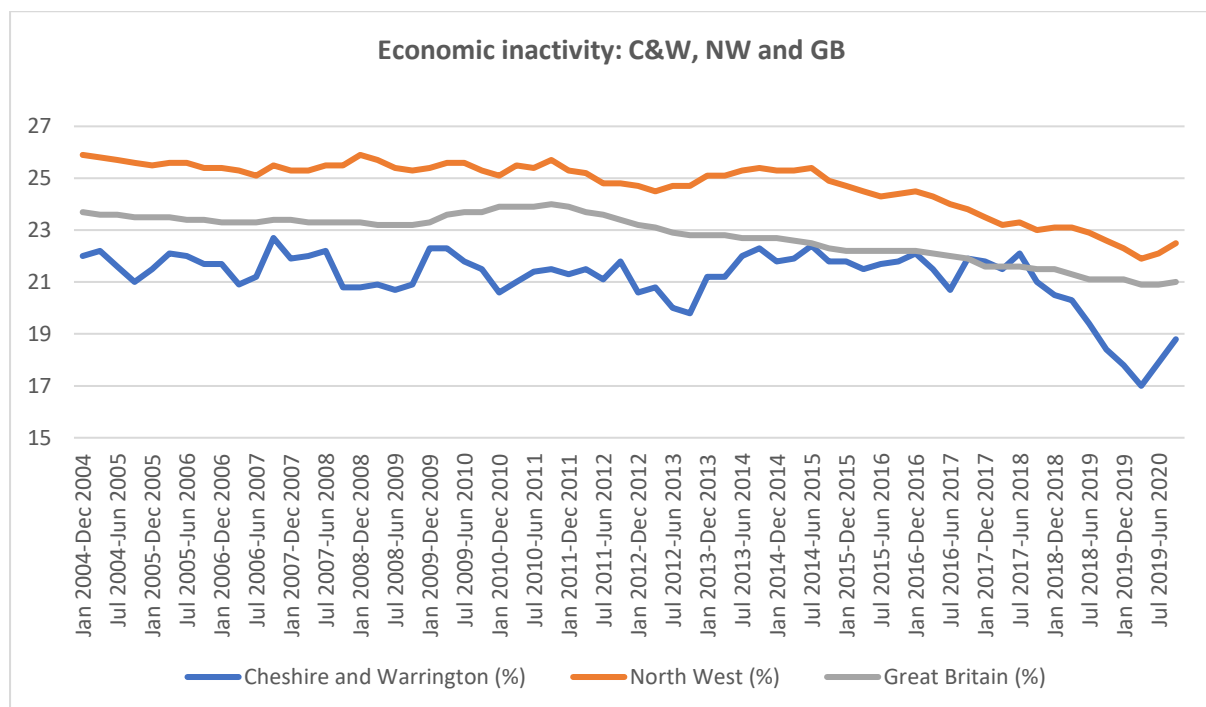
The 50+ claimant count has increased by 3.5k in Cheshire and Warrington following the onset of the pandemic. It has roughly doubled in all three local authorities, with increases of 123% in Cheshire East, 102% in Cheshire West and Chester, and 94% in Warrington. The 50+ claimant count for every month from April 2020 in C&W exceeds the total for any month prior to the pandemic, going back to the first data point in this series, January 1986. The highest ever point for 50+ claimants was reached in May 2020 for all three local authorities.



Source: NOMIS, claimant count

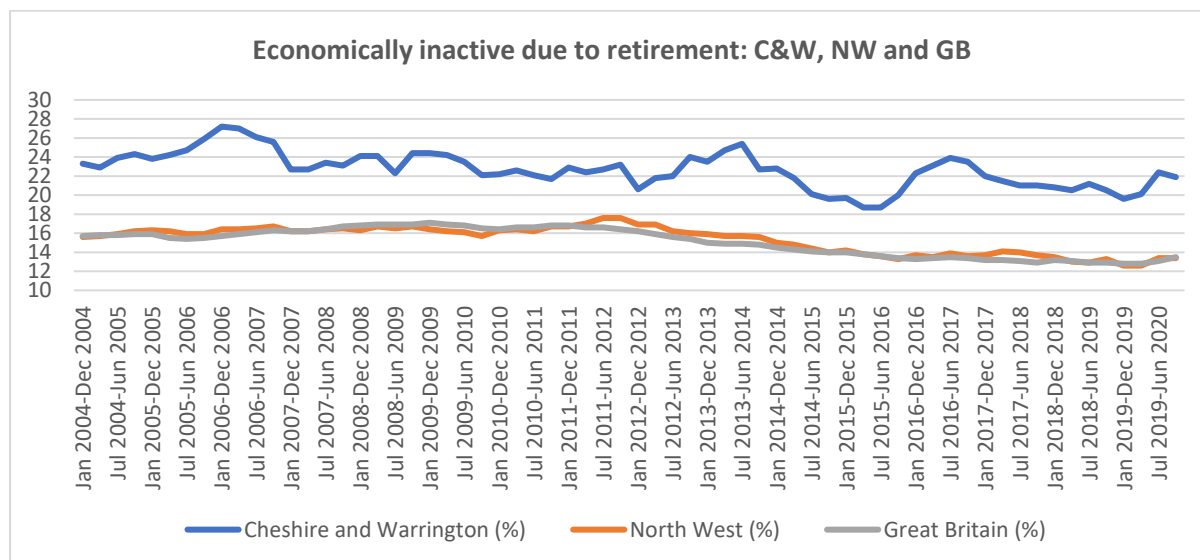
4.2 Economic Inactivity

Economic inactivity has risen in Cheshire and Warrington and, whilst the rate is still 2.2% lower than for Great Britain, the two figures have converged somewhat since the onset of the pandemic.



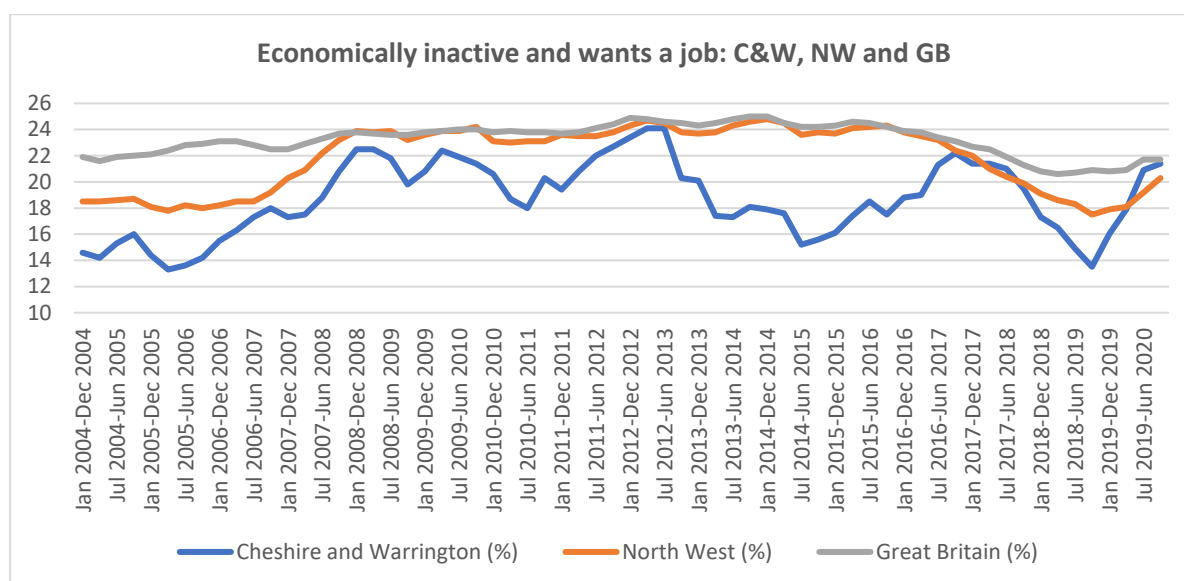
Source: NOMIS, APS

Following an initial rise in the numbers becoming economically inactive in Cheshire and Warrington due to retirement, this has now fallen back slightly (0.5%) in the most recent data,



Source: NOMIS, APS

The proportion that are economically inactive that say they want a job has continued to rise and was at 21.4% in the most recently reported data, slightly below Great Britain which stood at 21.7%, but now higher than the North West (20.3%). The Cheshire and Warrington percentage of the economically inactive that want a job was 8.1% lower (13.5%) a year earlier.



Source: NOMIS, APS

5. Furlough and Self-employment Income Support

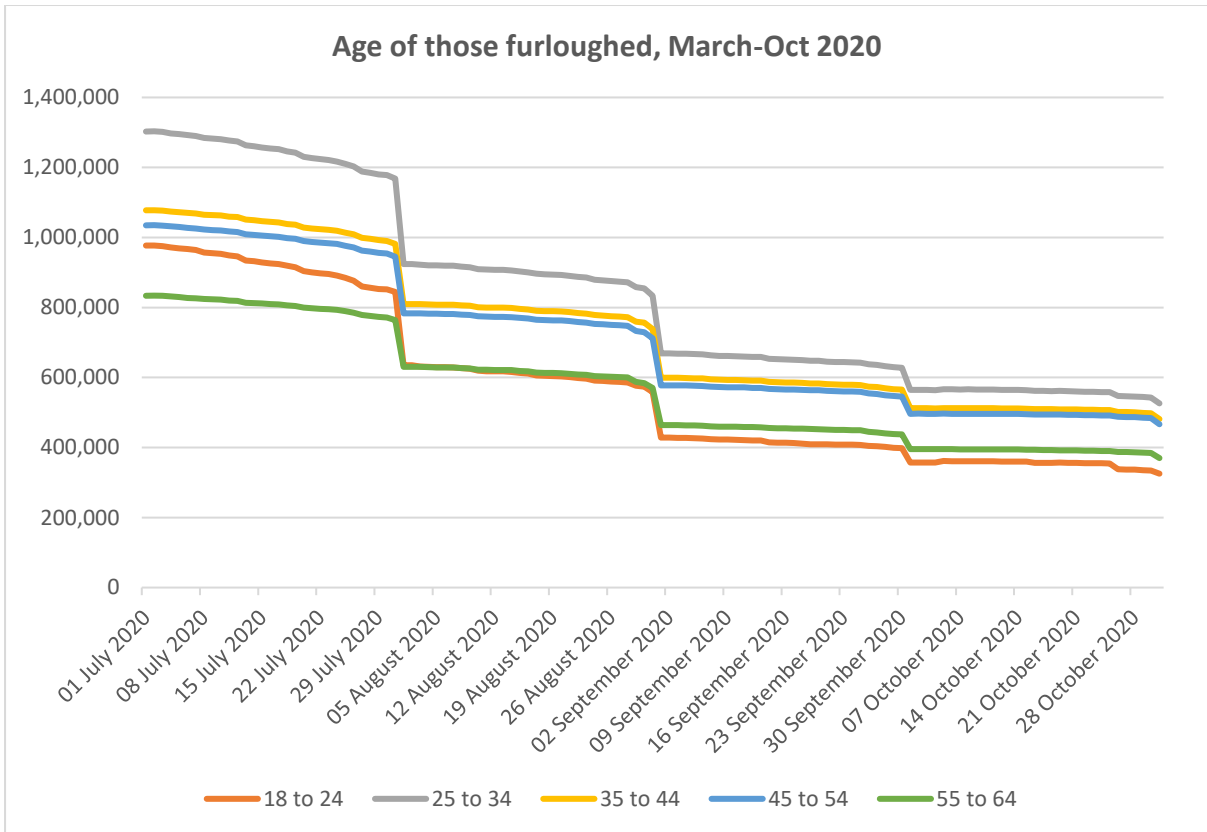
5.1 Furlough

The number of employments furloughed in the UK dropped from just below 9m at the peak in the spring of last year to 2.4m by October 31st.



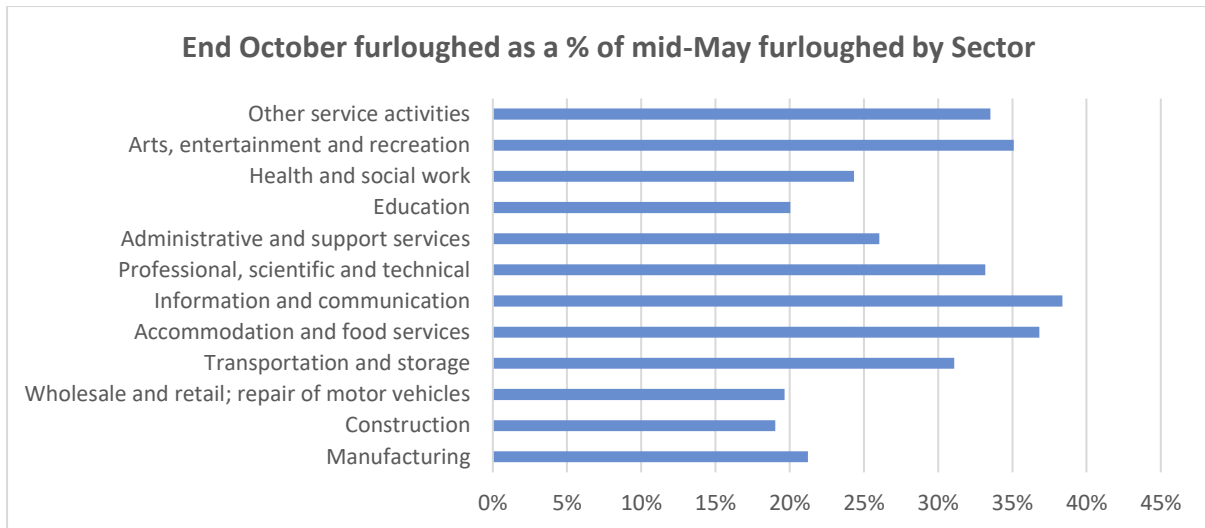
Source: HMRC

The rate of decline in the numbers furloughed in the UK varied by age, with sharp declines for those aged 18-24. The decline in the numbers aged 18-24 in employment reported above (Section 3) suggests that a number of young people may have moved from furlough to unemployment.



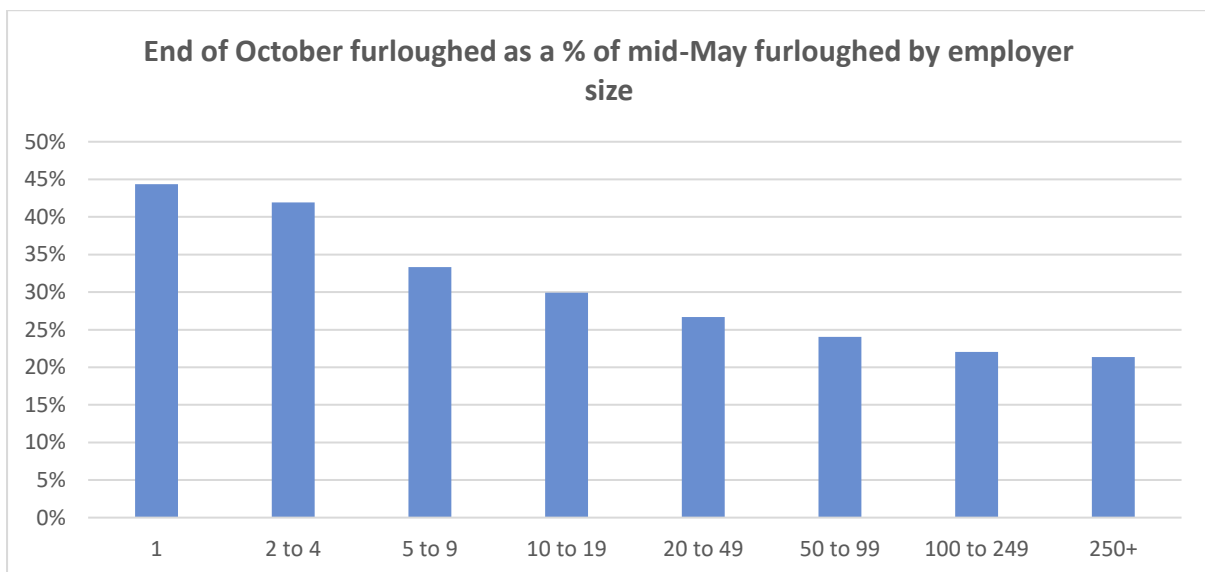
Source: HMRC

The decline in the rate of furlough was also variable across sectors. As might be expected, the lowest declines between mid-May and the end of October featured 'Arts, entertainment and recreation' and 'Accommodation and food services'. It is notable though that the sector with the lowest decline in the rate of furlough was the 'Information and Communication' sector.



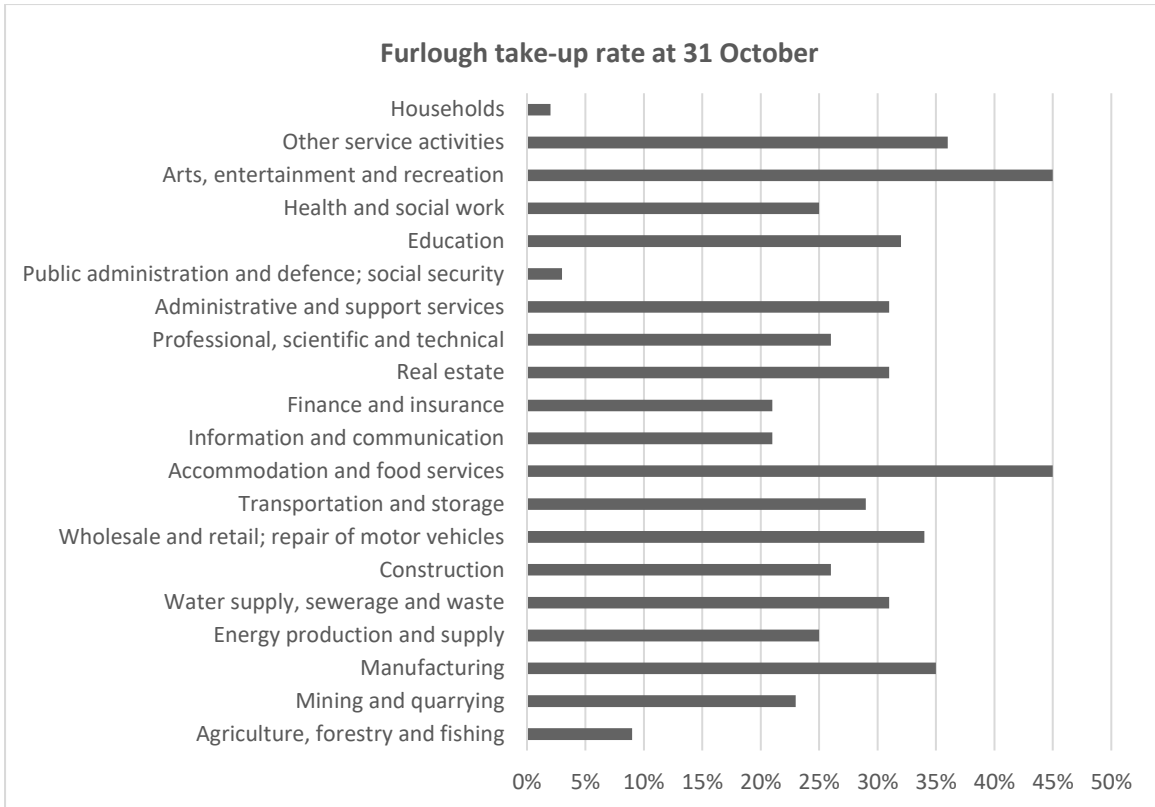
Source: HMRC

Similarly, the chart below illustrates the fact that smaller the size of employer, the lower the rate of decline in furlough between mid-May and the end of October.



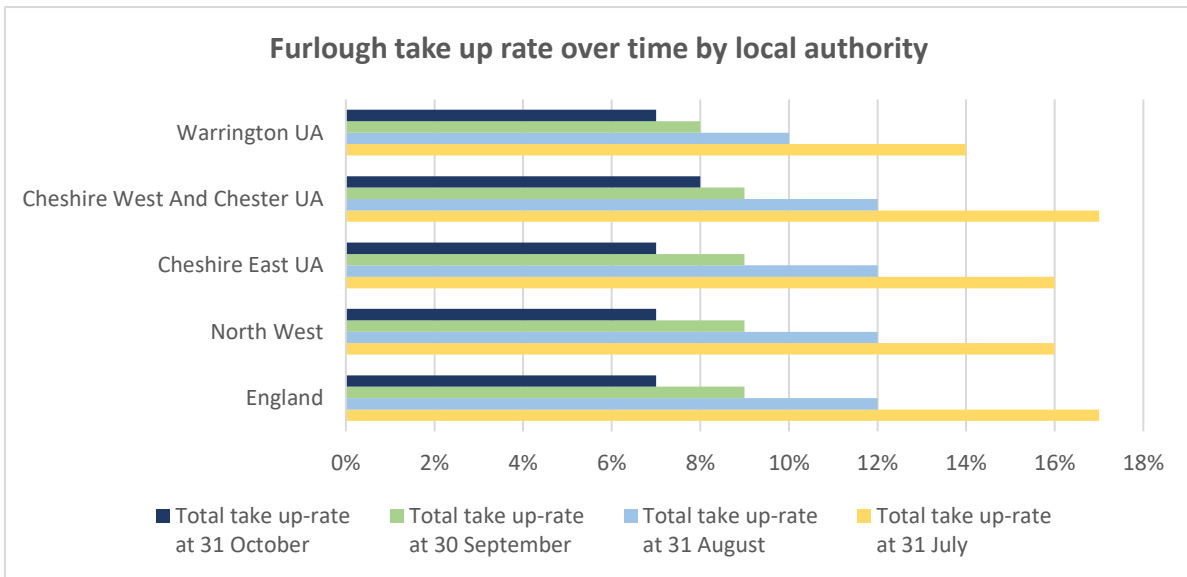
Source: HMRC

Furlough take-up rate at October 31st by industrial sector is shown in the chart below. 45% of employments in 'Arts, entertainment and recreation' and 'Accommodation and food services' were furloughed on this date.



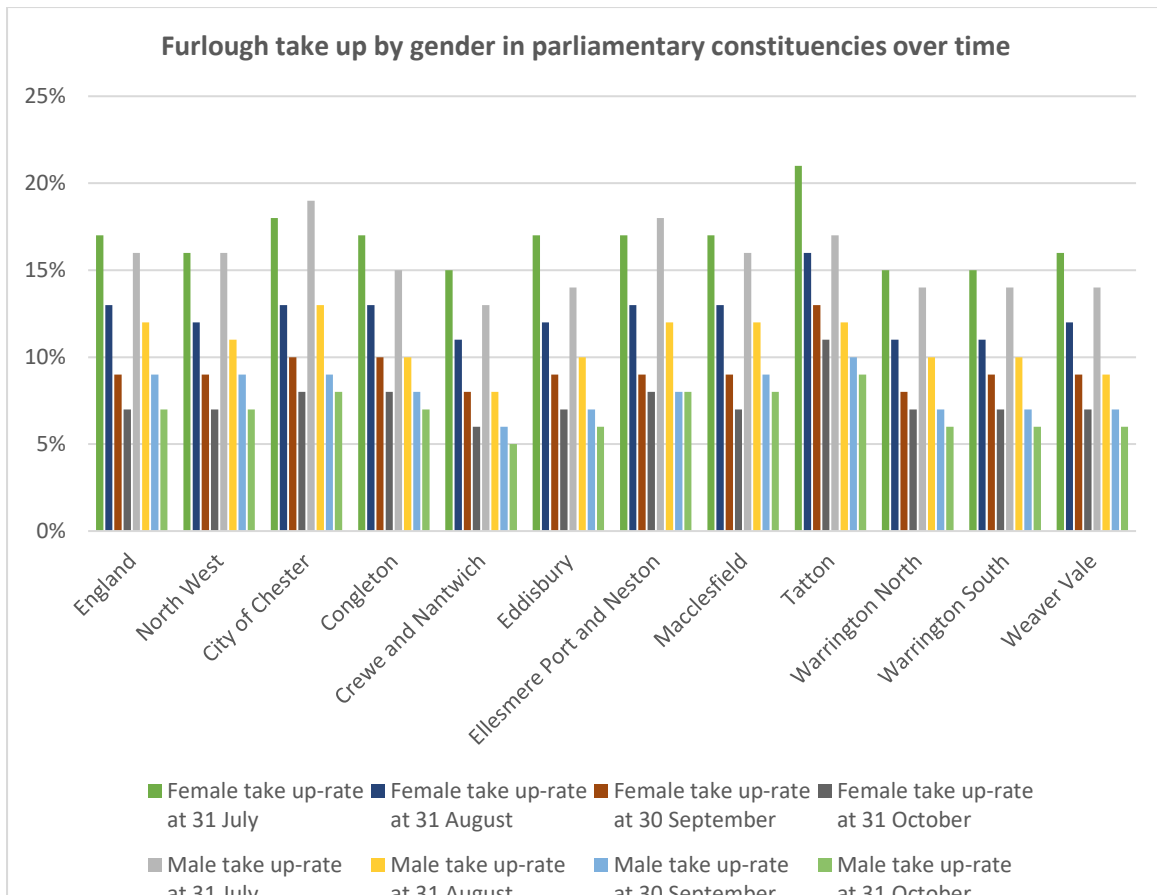
Source: HMRC

The furlough take up rate has declined at a similar rate across C&W local authorities, the region and England. By the end of October, the furlough take up rate stood at 7% in all of these places, with the exception of Cheshire West and Chester which had a slightly higher take up rate of 8%.



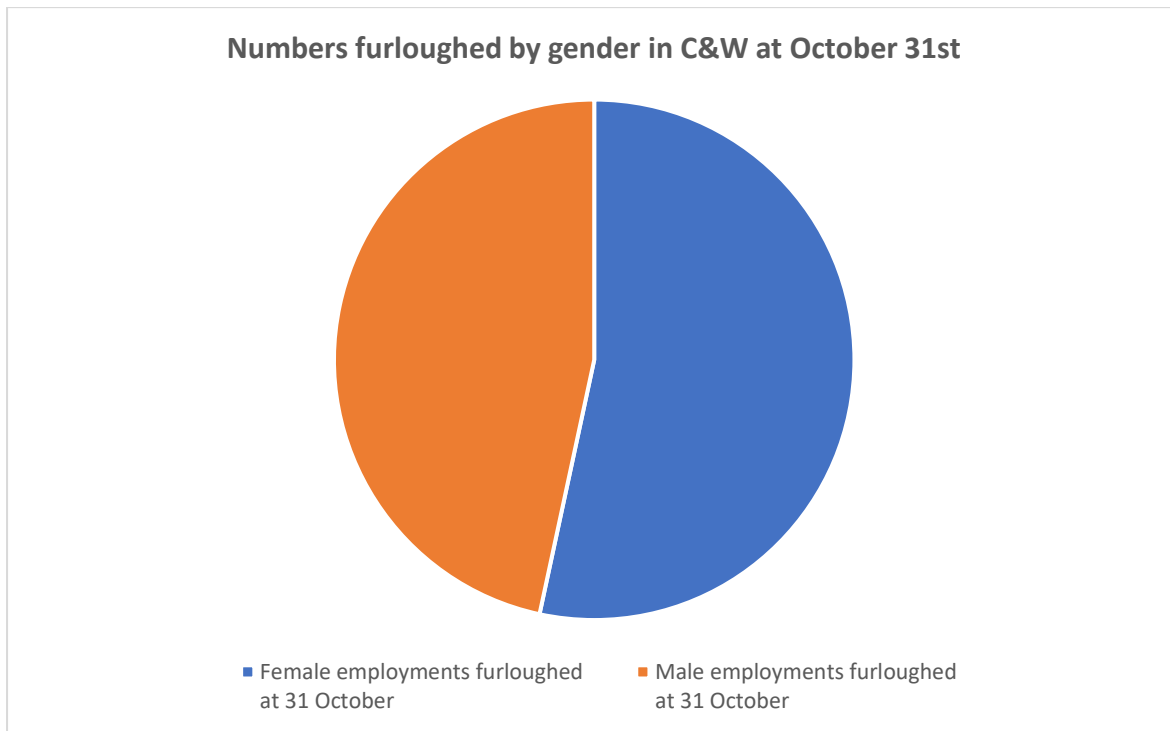
Source: HMRC

Similarly, take up rates by gender across C&W parliamentary constituencies sit in the range 5-8%, with exception of Tatton where the rates are 11% (female) and 9% (male).



Source: HMRC

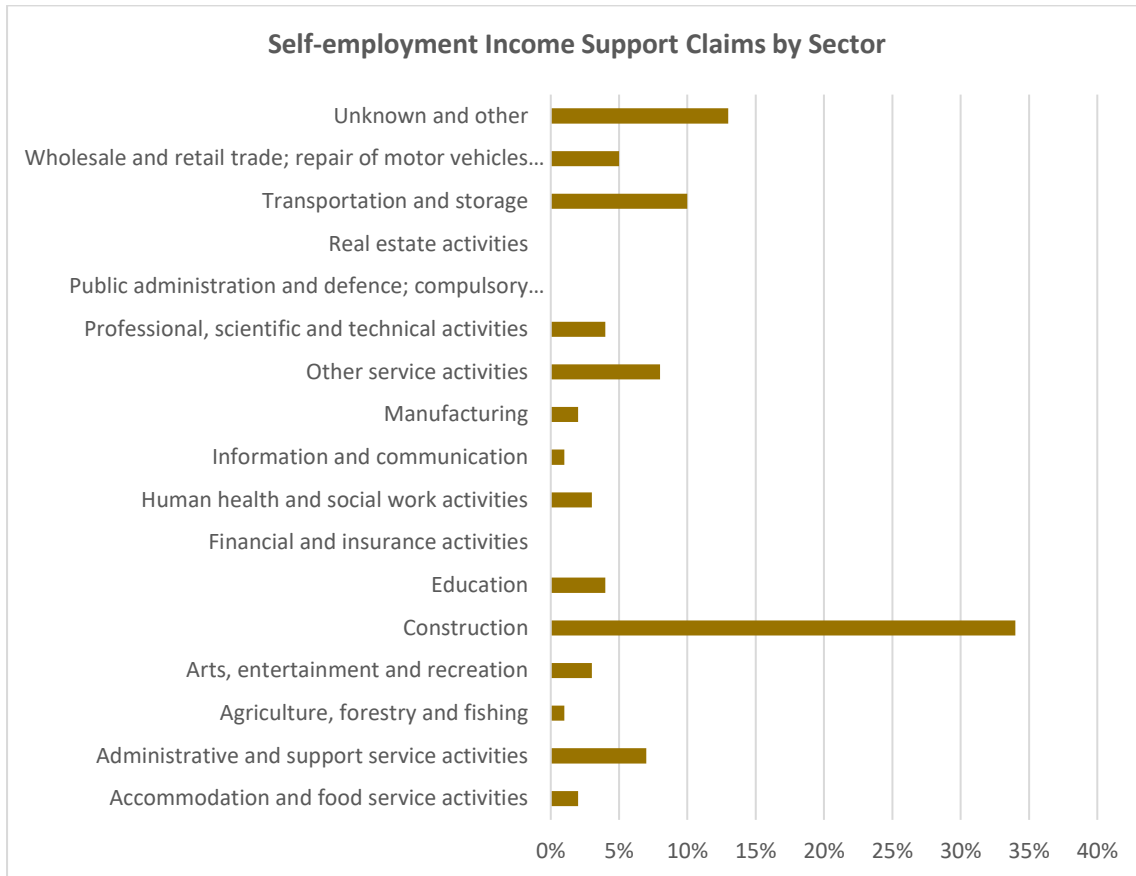
53% of furloughed employments at October 31st in Cheshire and Warrington were held by women (51% for UK).



Source: HMRC Coronavirus Job Retention Statistics, December 2020

5.2 Self-Employment Income Support

As previously reported, Construction continued to dominate the sectoral take up of the Self-employment Income Support Scheme (SEIS), accounting for over a third of all claims made.



Source: HMRC

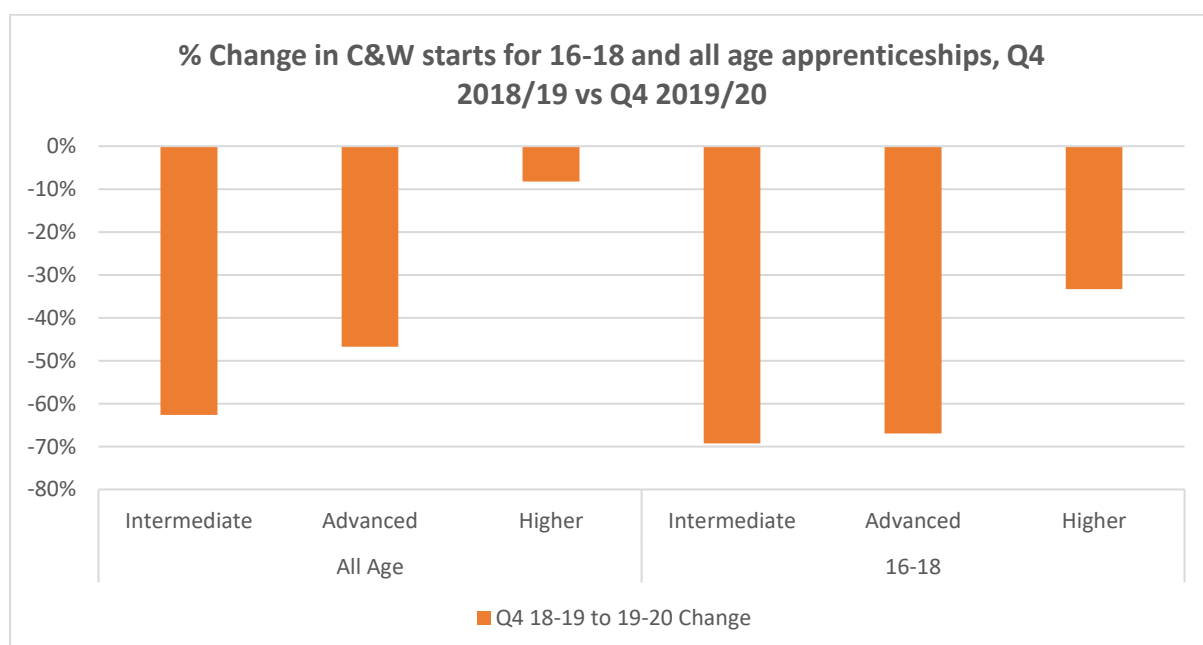
The value of claims to SEIS in C&W were similar to England. Take-up rates were generally lower across the C&W parliamentary constituencies except for Warrington North, where it was 1% higher.

Take-up of the Self Employment Income Support Scheme by Parliamentary Constituency				
Parliamentary Constituency	Average value of claims made to 31/12/20 (£)	Total Take-Up Rate	Male Take-Up Rate	Female Take-Up Rate
England (all England)	2800	58%	60%	52%
City of Chester	2700	55%	58%	51%
Congleton	2800	52%	52%	52%
Crewe and Nantwich	2700	53%	54%	52%
Eddisbury	2800	50%	49%	50%
Ellesmere Port and Neston	2600	57%	58%	54%
Macclesfield	2900	50%	50%	50%
Tatton	2900	50%	50%	51%
Warrington North	2600	59%	60%	57%
Warrington South	2600	56%	59%	53%
Weaver Vale	2700	54%	54%	54%

Source: HMRC

6. Apprenticeships

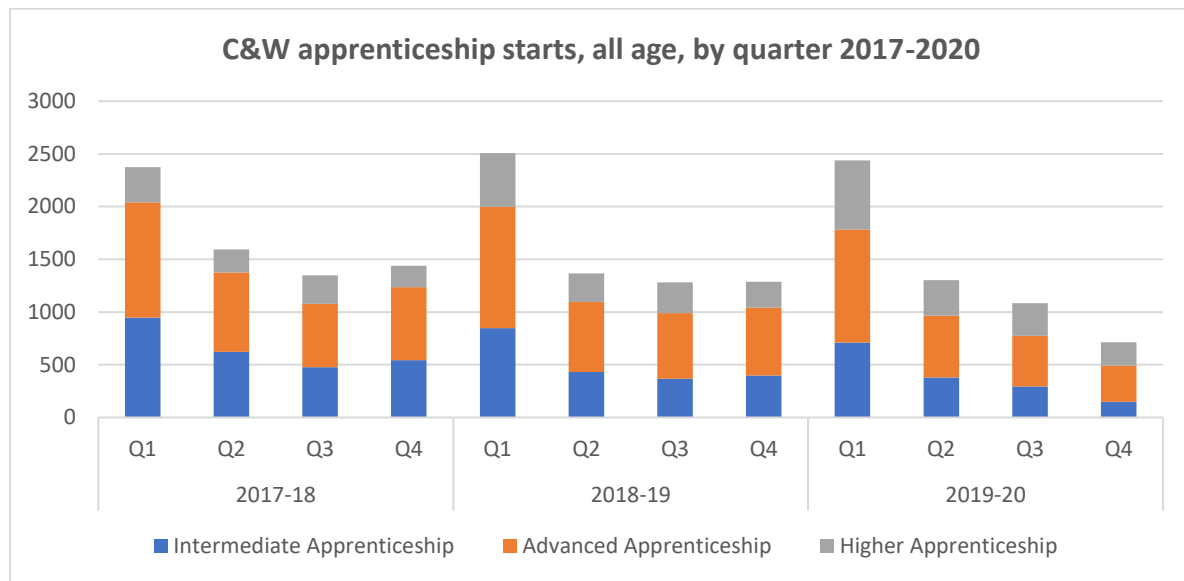
Starts on apprenticeships (all ages) in Cheshire and Warrington, declined at all Levels between Quarter 4 2018/19 (May-July 2019) and Quarter 4 2019/20 (May-July 2019/20). Declines were sharpest for Level 2 (Intermediate) and Level 3 (Advanced) starts by 16–18-year-olds (declines of 69% and 67% respectively).



Source: DfE

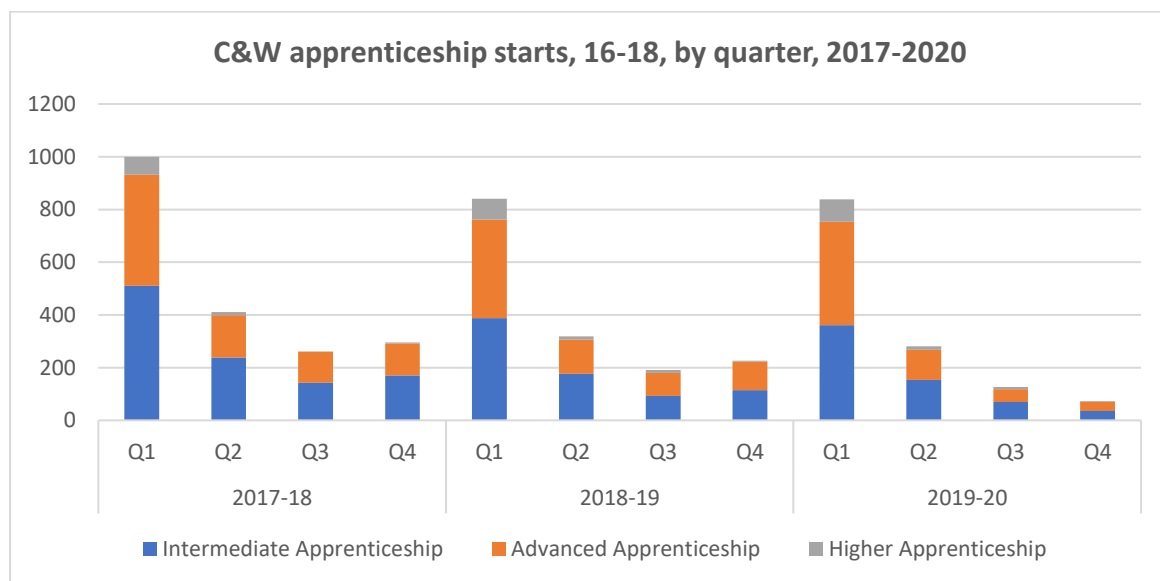
Whilst the sharp May-July 2020 decline in starts will clearly be related to the pandemic, it is clear from the trend data below that apprenticeship starts in Cheshire and Warrington were lower for every quarter in 2019-20 when compared with starts in 2018-19. This is consistent with previously

reported declines in apprenticeship starts² following implementation of the Government’s reform agenda from 2015/16.



Source: DfE

As the chart below illustrates, this decline over time and during the pandemic has been most pronounced for 16–18-year-olds. Every quarter saw a lower volume of apprenticeship starts than the same quarter in the preceding year between 2017-18 and 2019-20.



Source: DfE

² <http://www.871candwep.co.uk/data-and-labour-market-information/>