

Appendix B : Post lockdown Employment Impacts on Reading

Context

Reading has a well-balanced economy, recognised nationally for its high levels of GVA, well paid workers and above average knowledge and managerial based jobs.

During lockdown Reading and Wokingham had some of the highest levels of workers able to work from home.

HMRC figures show that 24,200 (26% of eligible employees) in Reading were/or are on furlough (national average 31%).

The Resolution Foundation predicts that 15% of furlough staff will face redundancy by October - potentially adding 3,630 to Reading's claimant count, and 3,045 to Wokingham.

In total between 33-38% of Reading's workforce has been affected by lockdown (a combined total of UC, CJRS and SEISS, source: BEIS)

Unemployment will potentially run as high as 15% according to some research - though the Bank of England gives a much lower estimate (7.5%)

The impacts of the pandemic AND Brexit on foreign owned companies could be significant. FOCs represent just 3% of local enterprises, but provide 30% of all employment and 53% of turnover (source: ONS)

The fallout of lockdown job losses has already exacerbated inequality (source The Resolution Foundation)

Women, young people and the low paid (esp workers in "gig" economy) are most affected by fallout (Institute for Fiscal Studies)

Sectoral Impacts and Employment

(NB Figures are shown for Wokingham to include large numbers of jobs based in business parks at edge of town) Source: Nomis 2019

Jobs by Sector	Reading jobs	Reading %	Wok'ham jobs	Wok'ham %	Total jobs	Total %
Manufacturing	2000	1.90%	3500	4.1	5500	2.8
Energy	1500	1.4	500	0.6	2000	1
Water	2000	1.9	1000	1.2	3000	1.5
Construction	2250	2.1	3000	3.5	5250	2.7
Retail	17000	16.2	11000	12.8	28000	14.6
Transport/storage	4500	4.3	1750	2	6250	3.3
Hospitality/food	6000	5.7	5000	5.8	11000	5.7
Information/	15000	14.3	14000	16.3	29000	15.1

Classification: OFFICIAL

communications						
Finance	4000	3.8	900	1	4900	2.5
Real estate	1000	1	700	0.8	1700	0.9
Professional services/technical	12000	11.4	12000	14	24000	12.5
Admin	11000	10.5	11000	12.8	22000	11.5
Public administration	4000	3.8	1000	1.2	5000	2.6
Education	6000	5.7	10000	11.6	16000	8.3
Health / social work	13000	12.4	7000	8.1	20000	10.5
Arts / entertainment	2000	1.9	2000	2.3	4000	2
Other services	2000	1.9	1500	1.7	3500	1.8
	105,000		86,000			

Potentially **29,250 jobs** are already affected in Reading (highlighted in chart above - the “lockdown” sectors)

Retail, Hospitality, Leisure and Culture have taken an immediate hit - with significant implications for the tourism and hospitality industry. (ONS/ EY)

There is projected fall out for construction industry (with potential impact on major regeneration projects locally) as well as professional sectors (EMSI)

Major redundancies in travel and tourism, utilities and retail/hospitality have already happened across UK

Sector Skills shortages have been reversed - hotels, shops, restaurants, constructions sites and professional services will see an oversupply of employees.

Reading's Unemployment Rate

Currently the same as the national rate and higher than the south-east rate

Reading Claimant Count (based on UC claims)

	TOTAL CLAIMANTS	16-24s	25-49s	50 and over
MARCH	3070	440	1745	885
APRIL	4635	685	2755	1195
MAY	6805	1095	4080	1630
JUNE	6775	1205	3960	1610
JULY	6875 (6.3%)	1240	4015	1620
AUGUST	7060 (6.6%)	1275	4110	1670

Recruitment Patterns in Greater Reading

The Reading Economic Area is currently third best place in the UK for job finding according to Centre for Cities/Indeed research...

...but there is currently ONE job being advertised for every FOUR unemployed people. Pre-lockdown there was typically FIVE jobs for every job-seeker.

Thames Valley Berkshire LEP shows recruitment activity severely depressed across all sectors - with utilities, professional and technical, transport/storage, food retail, and health and social care showing any sort of demand

Advertised vacancies nationally were at the lowest levels since June 2001 (CV library) but have recovered significantly since August

A new approach, shaping support and training options to individuals will be needed as 17-21s and Over 50's are most severely affected - and those with serious barriers to employment finding themselves at more risk

Small Business and Self Employed Support

Numbers of Businesses in Reading:

Business Size (employee number)	Reading		Wokingham		Total	
Micro (0-9)	6265		8070		14335	
Small (10-49)	595		620		1215	
Medium (50-249)	140		125		265	
Large (250+)	45		50		95	
Total	7045		8865		15910	

Micro businesses are by far the largest cohort in the economic landscape (6,265 enterprises), while 9,900 people in Reading (8.6% of the workforce) identify as self-employed. Source ONS 2019

The Labour Force Survey shows that 20.4% of self-employed people in the UK are of Pakistani and Bangladeshi heritage

The modal weekly income for the self employed is £298 (southeast), against £400 for employees and the cohort is more reliant on other income sources (Family Resource Survey, HMG).

Despite support during lockdown small business has found itself disproportionately affected, due to reliance on regular cash flow and short lead times.

The true impacts of lockdown on the self-employed are not fully understood (how many have registered for UC, how many sub-contracting to larger firms will not be re-engaged)

The last recession (2009) saw a significant spike in the Over 60s and 16-24's becoming self-employed.

Skills and Training Implications in Reading

TVB LEP research has shown a significant shift AWAY from entry level hiring. A quarter of all companies with a track record of hiring young or unskilled people will stop this in 20/21.

Just 44% of local businesses offered work experience in the past this figure has now fallen to 15%

Apprenticeships are also significantly impacted with businesses making existing apprentices redundant and cancelling apprenticeship offers in the immediate future (TVB LEP Covid Business Intelligence)

Research by Maxis shows that retail and hospitality businesses will recruit experienced and mature staff as they enter the jobs market, closing the skills gap in these sectors.

Training options will be in heavy demand as more people seek to adapt to a new jobs market and new skills.

The impacts of lower skilled / entry level posts will be enormous as the traditional "soft" routes are closed.

New ways of learning will be needed as social distancing restricts traditional classroom and on the job learning. DIGITAL BARRIERS will be major influence on the ability to support job seekers.

Looking Forward

Most commentators expect the UK economy to contract by 14-15% - though the Bank of England announced in August they expect a 9.5% drop

The shape of recession is still not fully understood - but more likely to be a U than V shape - ie more drawn out with recovery to 2019 levels not expected until 2022.