

# Impact of Covid-19 on sectors and the workforce

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# West Midlands Weekly Economic Impact Monitor

- WMREDI provides an up-to-date monitor of the current COVID-19 economic impacts, on a weekly basis.
- The reports are designed to help regional partners to shape responses and interventions to boost the region's resilience so that it can thrive going forward.

<https://blog.bham.ac.uk/cityredi/back-issues-of-the-west-midlands-weekly-economic-impact-monitor/>



# Sectors hardest hit by lockdown

Institute for Fiscal Studies analysis in April 2020 on sectors hardest hit by lockdown:

- non-food, non-pharmaceutical retail
- passenger transport
- accommodation and food services
- travel
- childcare
- arts and leisure
- personal care
- domestic services

# Workers/ sub-groups hardest hit by lockdown

- **Employees aged under 25 years** were about two and a half times as likely to work in a sector that shut down as other employees
- **Low earners** were seven times as likely as high earners to have worked in a sector that has been shut down:
  - 34% of employees in the bottom tenth of the earnings distribution work in shut down sectors compared with versus just 5% in the top tenth of the earnings distribution.
- **Women** were about one third more likely to work in a sector that is now shut down than men

# Occupations with closest proximity and highest exposure to Covid-19

*Nationally:*

- 3 in 4 workers in such roles are **women**
  - occupations include dental nurses, midwives, and veterinary nurses, where women make up the majority of workers
- 1 in 5 workers in these occupations are **BAME groups**, compared with 11% of the working population
  - BAME workers make up at least 1 in 4 workers who are dental practitioners (28%), medical practitioners (28%) and ophthalmic opticians (27%); they are over-represented amongst nurses, and nursing auxiliaries and assistants

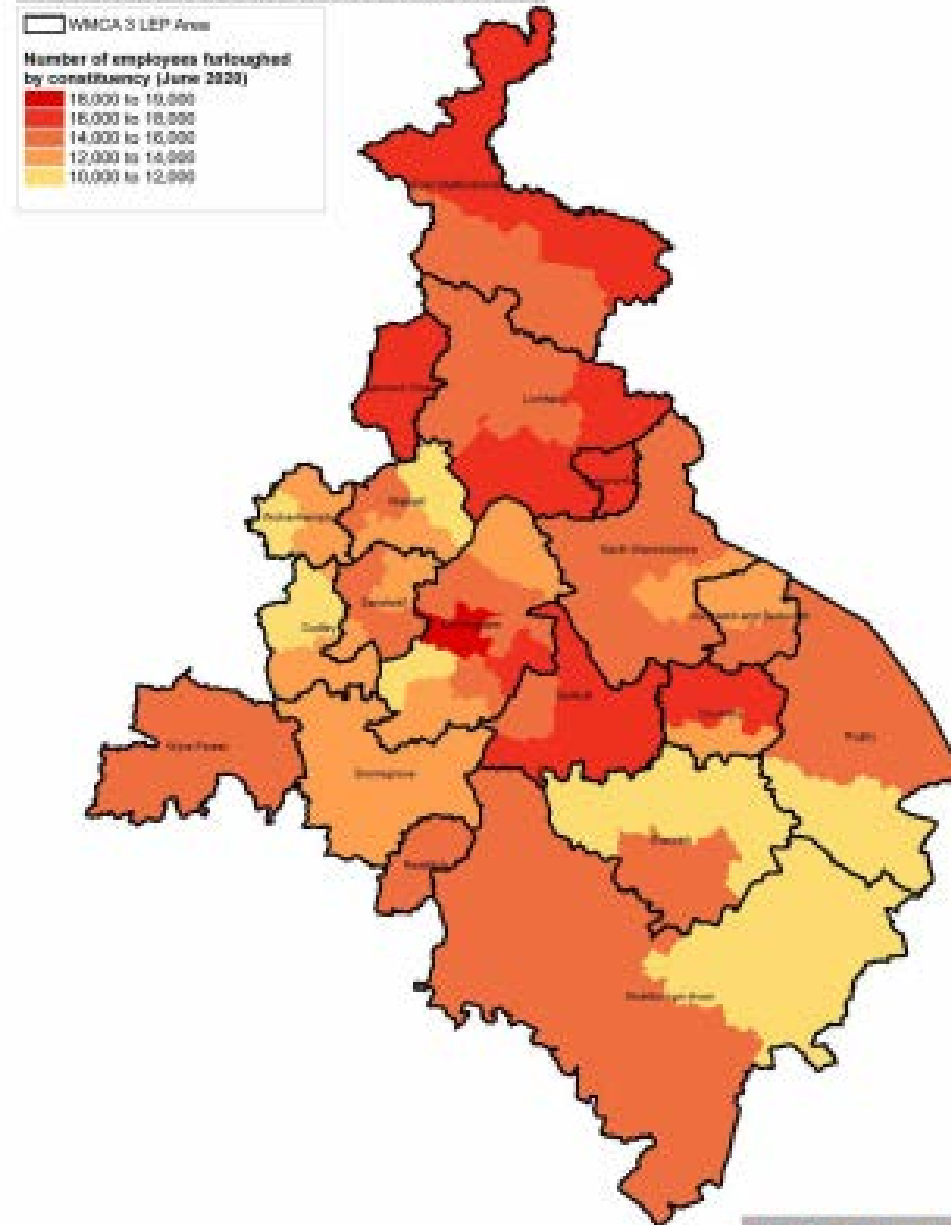
# Furlough (1)

- *Nationally* 9.4 million employments had been placed on furlough by the end of June, an increase of 678,000 compared with claims made until the end of May
- *Regionally* the proportion of employments furloughed ranges from 29% in the South East and East of England to 32% in the West Midlands
- *Locally* in Birmingham – 147,800 workers furloughed in June 2020; up from 122,800 in May (20.4% increase)

# Furlough, June (2)

Edgbaston	11,800
Erdington	15,800
Hall Green	14,400
Hodge Hill	15,900
Ladywood	18,400
Northfield	13,500
Perry Barr	15,100
Selly Oak	12,500
Yardley	17,000

**FURLOUGHED EMPLOYEES IN WMCA**



# Furlough (3): WM by sector

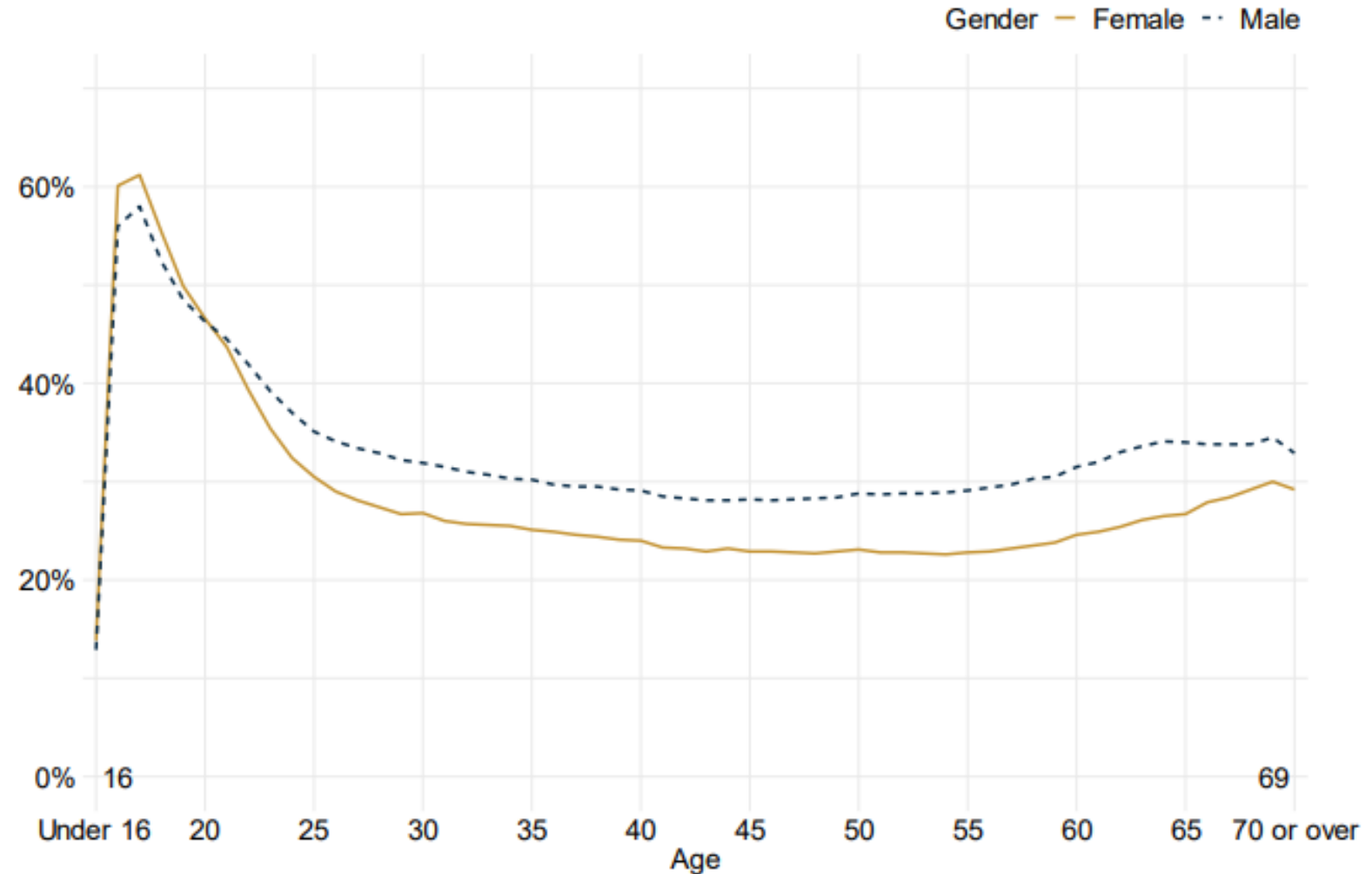
column 1:  
employments  
furloughed

column 2:  
eligible employments

column 3:  
take-up rate

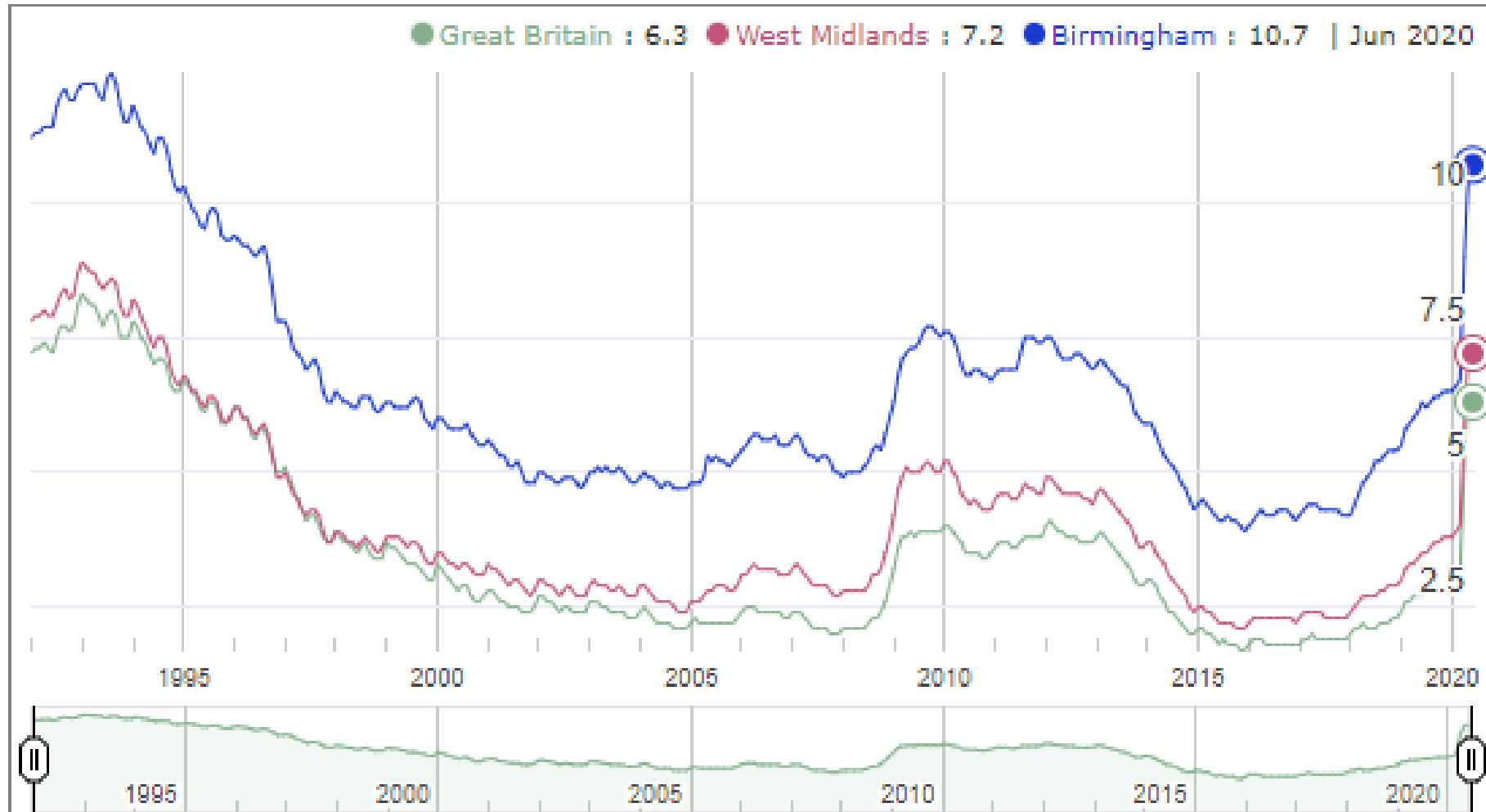
	820,200	2,580,400	32%
Agriculture, forestry & fishing	3,400	16,100	21%
Mining, quarrying & utilities	700	1,500	49%
<b>Manufacturing</b>	<b>146,600</b>	<b>297,600</b>	<b>49%</b>
Energy Production	1,700	12,500	13%
Waste and Recycling	4,500	17,900	25%
Construction	55,000	97,900	56%
Wholesale & retail; repair of vehicles	169,000	409,000	41%
Transport & storage (inc postal)	39,200	132,400	30%
Accommodation & food services	120,200	163,400	74%
Information & communication	15,800	74,900	21%
Finance & insurance	5,600	71,500	8%
Property	10,700	31,300	34%
Professional, scientific & technical	49,700	152,200	33%
Business admin & support services	74,700	240,600	31%
Public administration & defence	200	84,200	0%
Education	25,900	294,500	9%
Health	33,900	360,400	9%
Arts, entertainment, recreation, other	33,000	52,600	63%
Trade union, religious, political and repair	25,400	48,700	52%
Domestic employers	300	8,600	3%
Unknown and other	4,700	12,700	37%

# Furlough (4): Employment furlough take-up rate by age and gender (UK)



Source: HMRC CJRS and PAYE Real Time Information

# Claimants (as a percentage of population aged 16-64 years)



# Youth claimants

- Claimant rates for young people are higher than for all residents
- Aston and Sparkbrook and Balsall Heath East have the highest numbers of youth claimants

## **Broader and deeply-embedded problems with youth transitions to employment pre-date Covid-19**

- Importance of *word-of-mouth recruitment*
- Emphasis placed on *experience*
- *Fragility* of some parts of the labour market

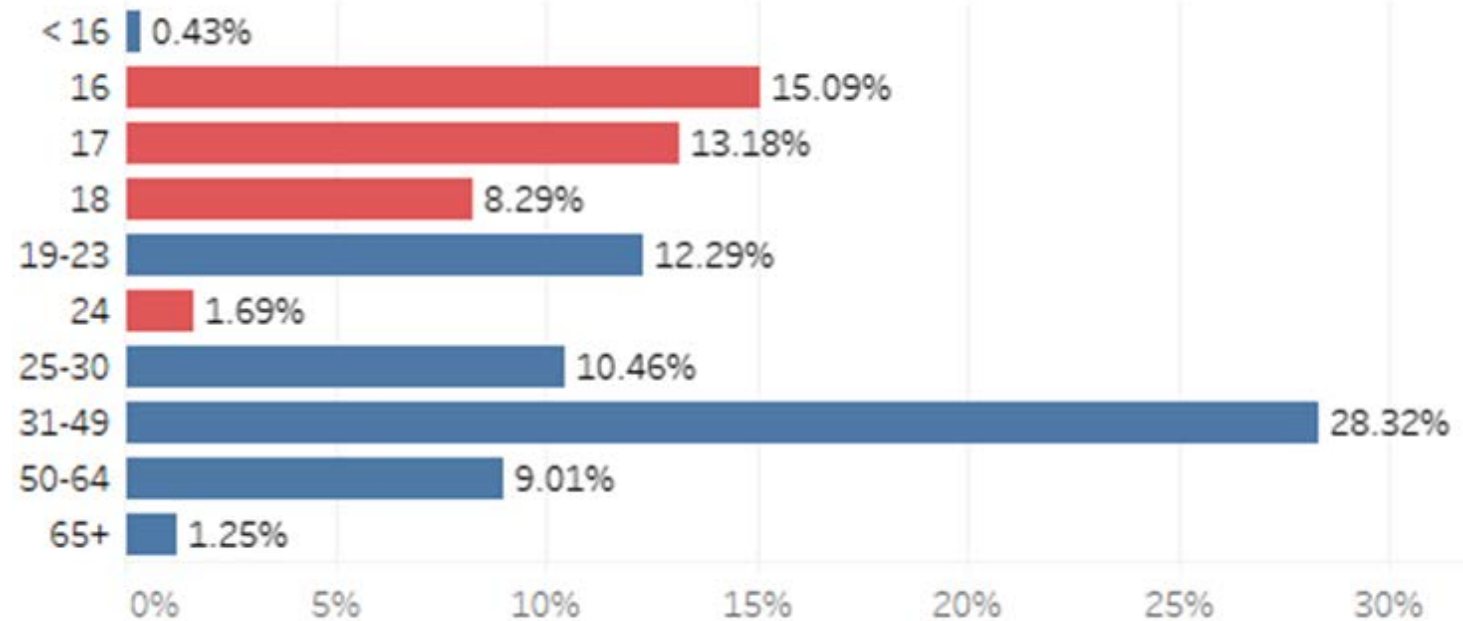
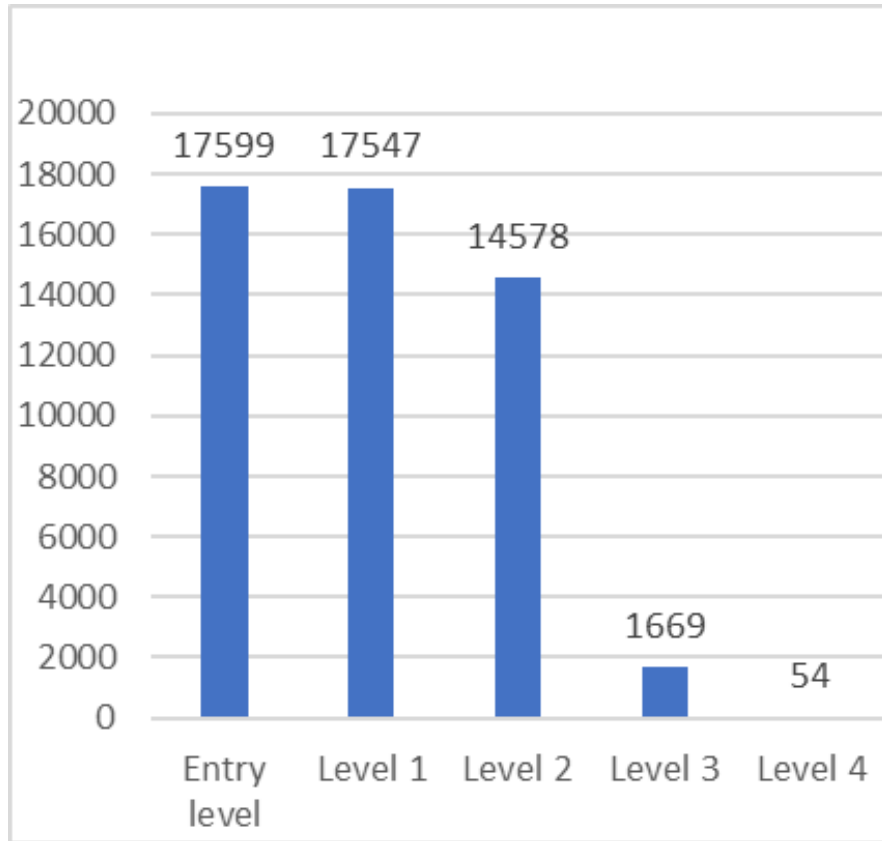
# Further reflections on unemployment ...

- While exits to unemployment take place rapidly, (re)entries to employment take longer
- In the last three recessions it took seven years for unemployment to get back to where it was before the recession began
- Older people form a larger share of the workforce now than in previous recessions and they are more likely than average to become long-term unemployed
- Expectations for unemployment to increase further – some on furlough are likely to become unemployed (they are currently counted as ‘employed’)
- Total number of hours worked per week has plummeted ...

# Further Education (WMCA area) – (1)

- biased towards lower level qualifications

- students by age range



## Further Education (WMCA area) – (2)

students of all ages in the West Midlands metropolitan area who successfully completed courses in the February-July 2019 period

Ethnicity	FE achievers (count)	FE achievers (Proportion)	West Midlands Population (2011 Census)
Asian/ Asian British	7469	18.1%	10.8%
Black/African/Caribbean/Black British	5621	13.6%	3.3%
Mixed/ Multiple Ethnic Group	2274	5.5%	2.4%
Not App/Unknown	656	1.6%	0%
Other Ethnic Group	1033	2.5%	0.9%
White	24280	58.7%	82.7%

# Digital exclusion ... and inclusion

- People who do not engage effectively with the digital world are at risk of exclusion, both socially and economically.
- *Digital engagement* is about:
  - (1) access to computers, smartphones and an internet connection
  - (2) digital skills to use such devices
  - (3) how people deploy those skills in a positive and effective way
- In the West Midlands 22% of adults were defined by the ONS in 2012 as non-internet users; this proportion had declined to 11% in 2018
- Roles requiring digital skills pay 29% more than roles that do not, with the differential being greatest at higher skill levels

# Digitalisation and Covid-19

- This need to virtualise work (where possible) due to Covid-19 is driving digital transformation and deepening differences across people *and* across firms at an incredible rate
- Impetus towards greater delivery of education/ training/ bite-sized learning digitally – but need also to think about training that is less easy to replicate virtually
- Covid-19 crisis points to the need to build system resilience to reinforce the adaptability and responsiveness of education and training systems
- Lockdown has *accentuated existing digital skills and infrastructure inequalities*