

# Covid-19 Crisis: Current Impacts on the Cheshire and Warrington Labour Market

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July 2020

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# OBR Central scenario – 2020 GDP falls by 12.4%, Unemployment rises to 12% by year end

	Percentage change on a year earlier, unless otherwise stated					
	2019	Scenario period				
	2019	2020	2021	2022	2023	2024
<b>Central scenario</b>						
Gross domestic product (GDP)	1.4	-12.4	8.7	4.5	2.1	1.9
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.3	30.9	32.2	32.6	33.0
Unemployment (million)	1.3	3.0	3.5	2.4	2.1	1.9
Unemployment rate (per cent)	3.8	8.8	10.1	6.9	5.9	5.3
<b>Upside scenario</b>						
Gross domestic product (GDP)	1.4	-10.6	14.5	1.9	1.3	1.4
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.6	32.5	33.2	33.3	33.4
Unemployment (million)	1.3	2.7	1.9	1.4	1.4	1.4
Unemployment rate (per cent)	3.8	7.9	5.6	4.0	4.0	4.1
<b>Downside scenario</b>						
Gross domestic product (GDP)	1.4	-14.3	4.6	5.4	3.3	2.5
CPI inflation	1.8	0.7	1.3	1.9	2.0	2.0
Employment (million)	32.8	31.2	30.4	31.7	32.3	32.6
Unemployment (million)	1.3	3.1	4.0	2.8	2.4	2.2
Unemployment rate (per cent)	3.8	9.1	11.6	8.1	6.9	6.3

In the central scenario, 2020 GDP declines by 12.4% and output recovers slowly, regaining its pre-virus peak by the end of 2022. Cumulative business investment is 6 per cent lower than in the March forecast over five years, while unemployment and business failures remain elevated. Unemployment continues to rise and employment to fall beyond the second quarter, of 2020. The unemployment rate peaks at 12 per cent in the fourth quarter in the central scenario.

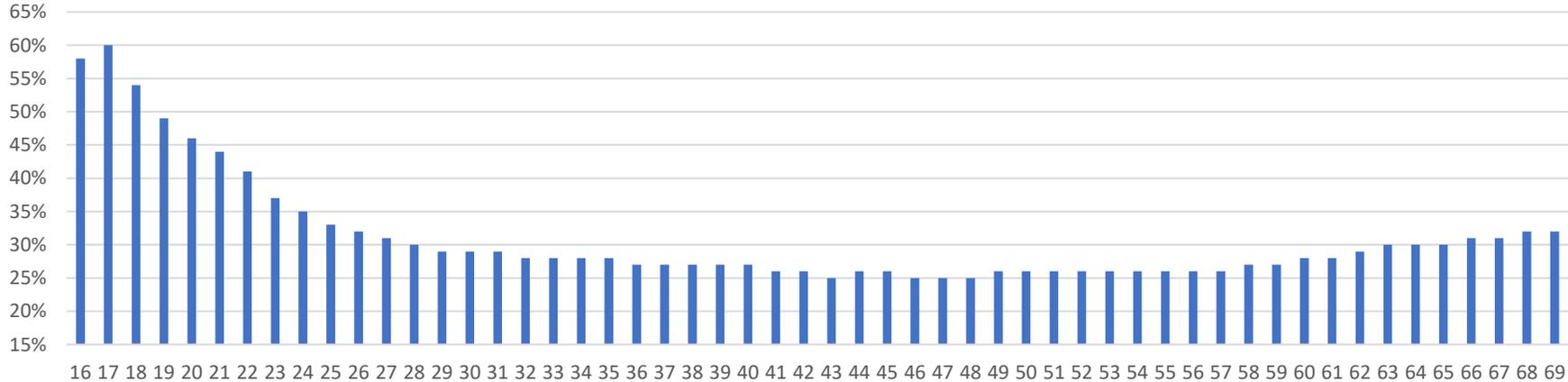
**Government  
has  
announced  
new and  
expanded  
policy  
measures**

**Chancellor's Announcements:**

- Kickstart Scheme
- Funding for National Careers Service
- Traineeships
- Apprenticeship Grants for Employers
- Courses for 18/19 year olds
- Expanded DWP Youth Offer
- Enhanced work search support/job coaches
- Expansion of the Work and Health Programme
- Job finding support service
- Flexible Support Fund
- Sector-based work academies.

# 132,000 Furloughed. 20,000 may become unemployed. Biggest impact on young people

Furlough take-up rate by age, UK



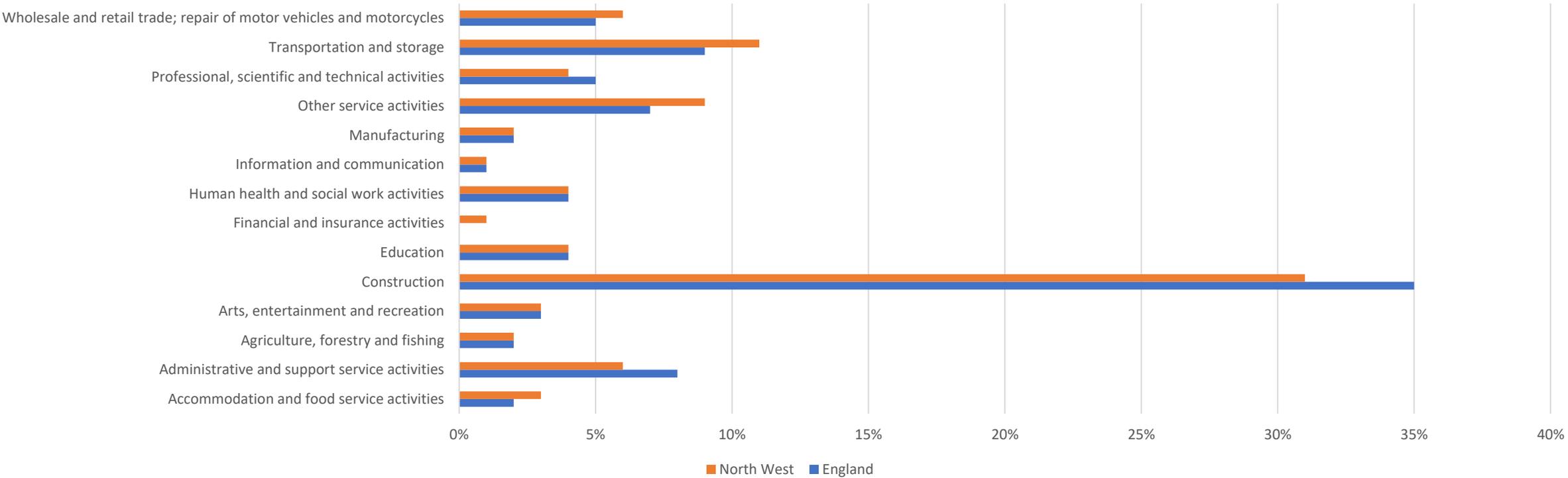
HMRC has published national data on the take-up rates of furlough by age (opposite). Younger workers have a higher prevalence of being furloughed than the rest of the workforce.

There are 132,100 residents furloughed in Cheshire and Warrington. The OBR central scenario assumes that 15% of those currently on furlough will become unemployed. That would amount to a further 20,000 people losing their jobs in Cheshire and Warrington as furlough winds down.

Job Retention Scheme Take-up by Local Authority			
	Employments furloughed	Eligible employments	Take-up rate
Cheshire East	50400	181000	0.28
Cheshire West and Chester	49300	163200	0.3
Warrington	28800	104600	0.28
<i>Source: HMRC Data for CJRS claims to June 30th</i>			

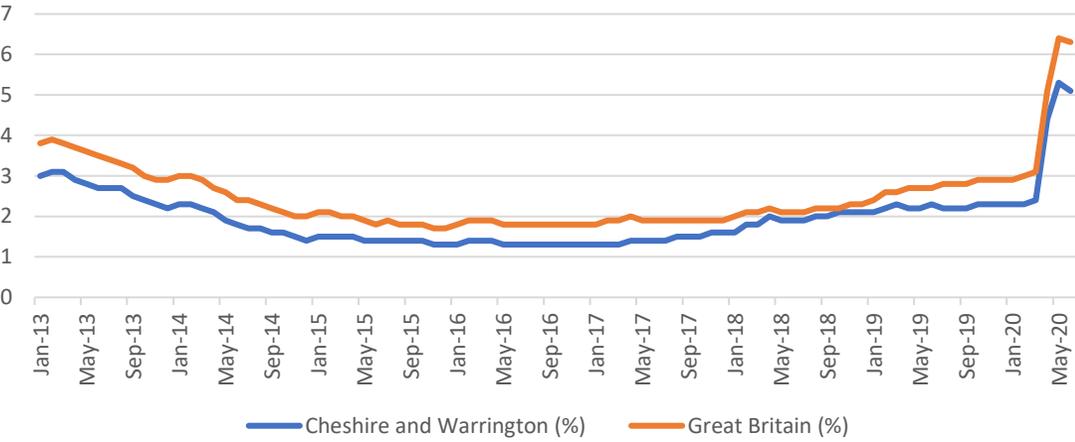
# A third of all self-employment income support claims are by construction workers

SEIS claims made by Sector as a proportion of all claims, NW and UK

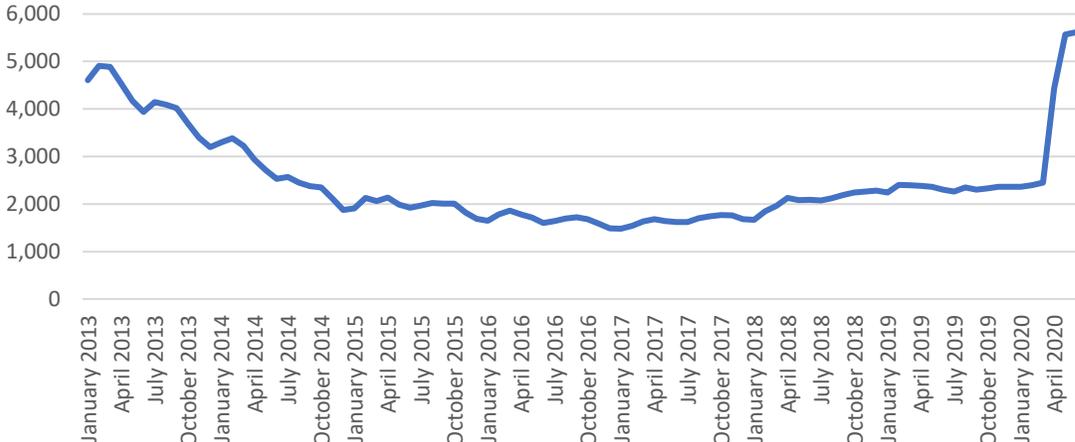


# All age claimant count slightly down. 18-24 claimant count slightly up

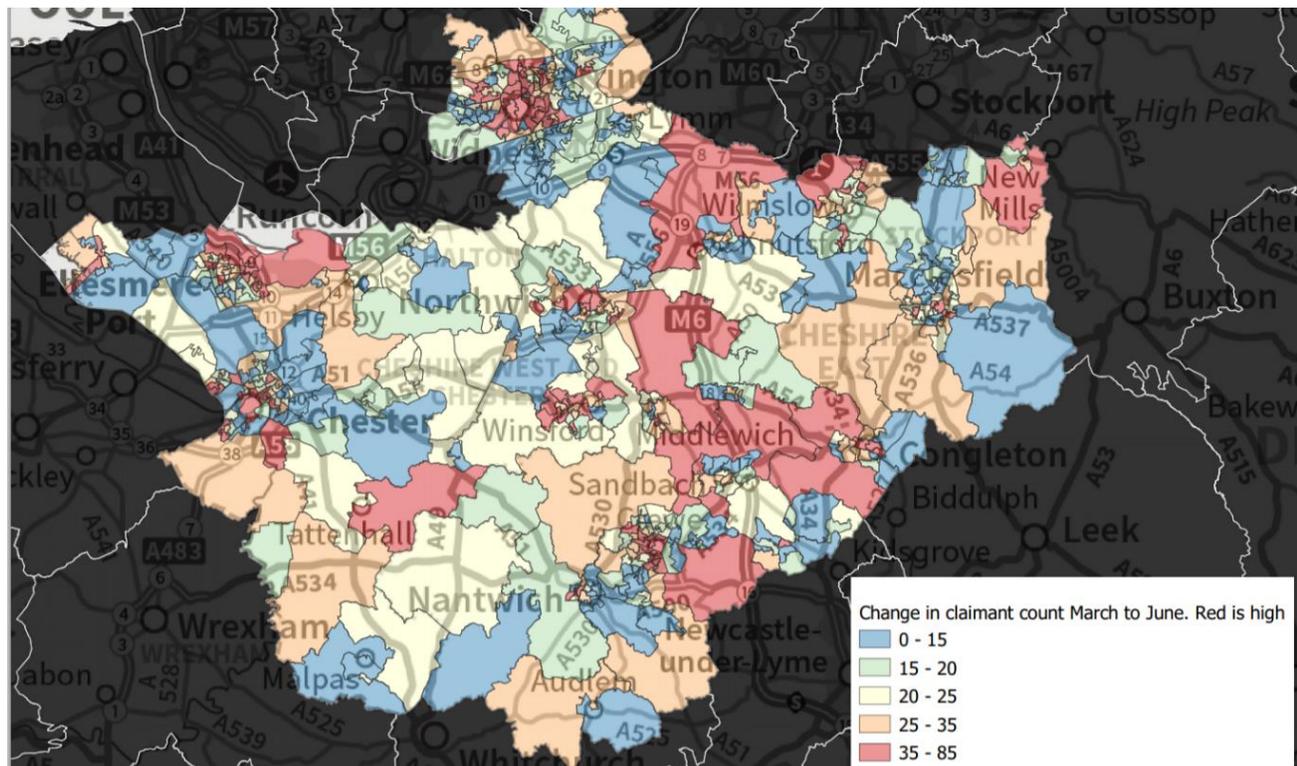
All Age Claimant Rate 2013-2020, GB and Cheshire and Warrington



Cheshire and Warrington 18-24 Claimants 2013-2020



# Increases to the claimant count seen in almost every neighbourhood



Almost every neighbourhood has experienced increases in the claimant count between March and June. Only 2 Lower Super Output Areas have not seen increases in the claimant count

Neighbourhoods worst affected are clustered in:

- Warrington
- Ellesmere Port
- Winsford
- Crewe
- Parts of Chester

Big rise in UC claimants.

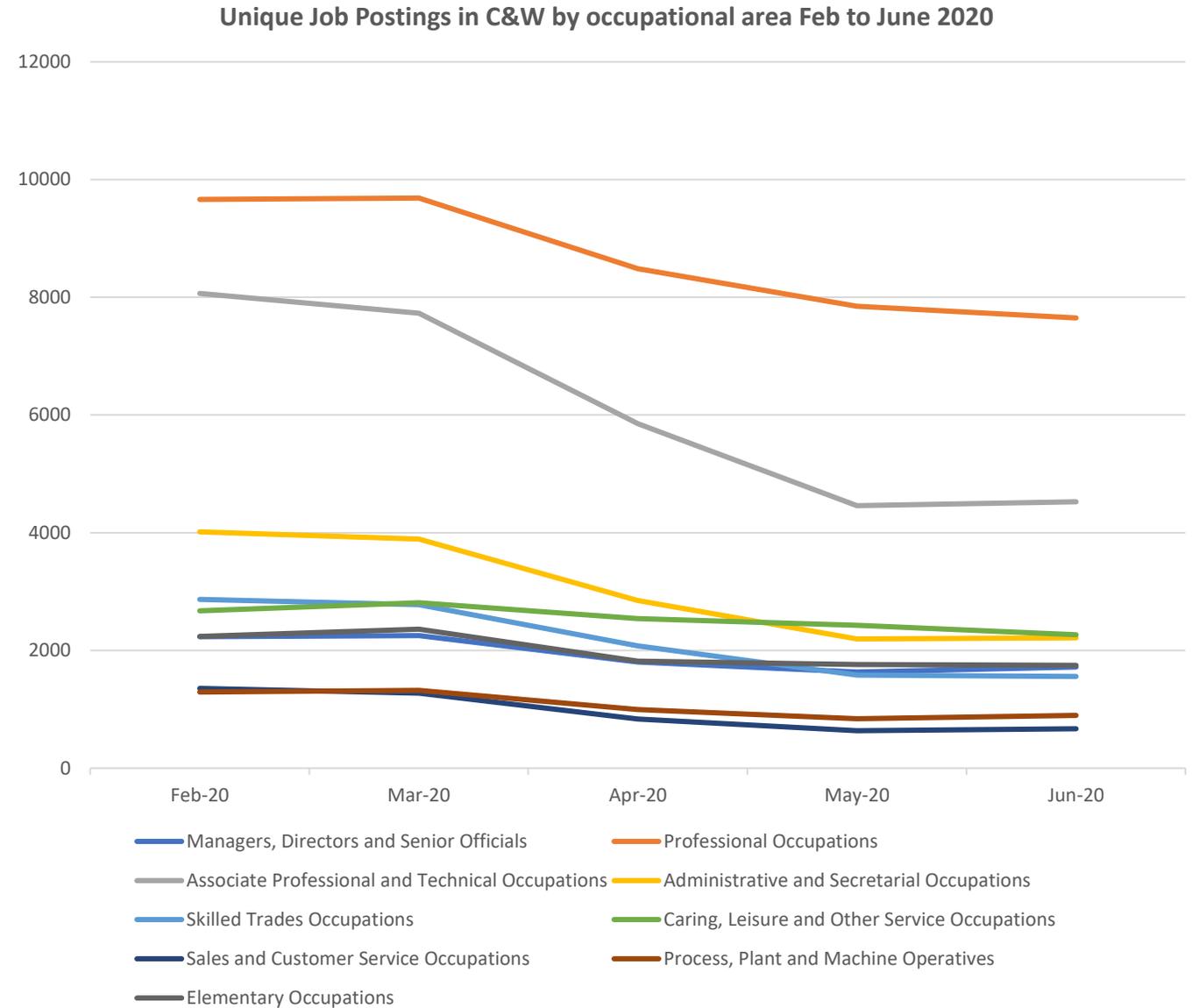
Issues of gender and age

### Key Issues:

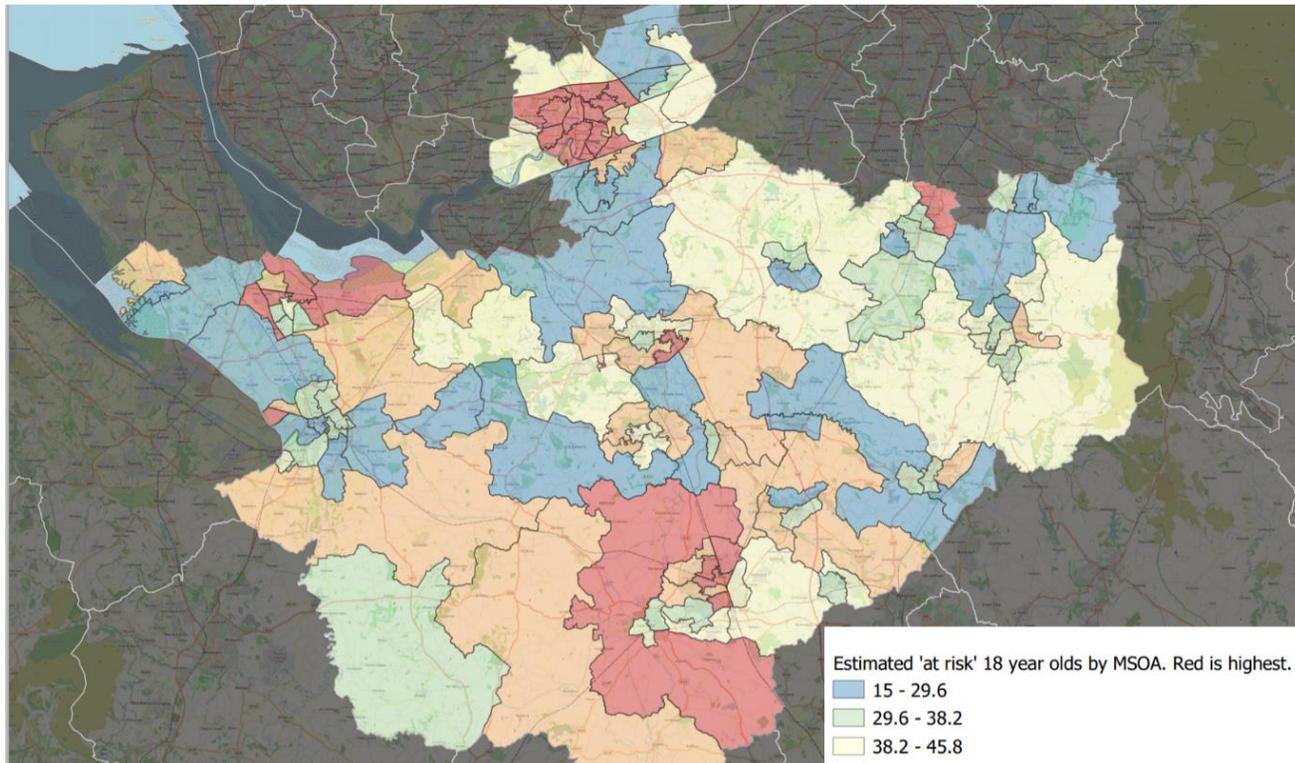
- **The total number of UC claimants in Cheshire and Warrington has risen by 73% between March and June.**
- **The number of female UC claimants has risen by 40%.**
- **The number of male claimants has risen by 119%**
- **Approximately 10% of all UC claimants are aged 18 and 19**

## National and local vacancies have slumped since March but some early signs of increased demand

The number of national vacancies in the wholesale and retail trade (67,000), accommodation and food service activities (27,000) and information and communication industries (21,000) reached their lowest levels on record in the period March to May 2020. The number of vacancies in small and medium-sized enterprises declined by 48.9% in this time. Locally there has been a significant decline in every occupational area between February and June. However, data between May and June suggests that demand is starting to plateau, and, in some occupational areas, there have been slight increases in month-on-month postings.



# Some communities have higher numbers of 18 year olds at risk of unemployment



Using historic HE participation data, it is possible to estimate how many 18 year olds may be at risk of unemployment in particular communities (Middle Layer Super Output Areas).

The highest numbers are thought to be in:

- Warrington
- Crewe
- Ellesmere Port

Some future job losses are already known

Job losses likely to have an impact in Cheshire and Warrington have been announced at:

- Airbus
- Bentley
- Casual Dining Group
- Harveys Furniture
- Redeem

# C&W 16-18 Apprenticeship starts forecast to decline by 82% in August 2020

- C&W providers that are able to generate an August 2020 forecast for apprenticeship starts are forecasting an 82% decline in 16-18 August 2020 starts compared to August 2019. When applied to August 2019 data this results in a forecast of 18 16-18 apprenticeship starts in August in Cheshire and Warrington.
- A similar decline in September 2020 would result in about 100 apprenticeship starts that month.
- Whole year estimates from providers are more optimistic with 2020/21 starts being forecast at 50-60% of 2019/2020 levels

Forecast 16-18 Starts in August 2020 by Sector Subject Area in Cheshire and Warrington				
	Cheshire East	Cheshire West and Chester	Warrington	Total
Agriculture, Horticulture and Animal Care	0	0	0	0
Arts, Media and Publishing	0	0	0	0
Business, Administration and Law	1	2	1	4
Construction, Planning and the Built Environment	1	0	2	3
Education	0	0	0	0
Engineering and Manufacturing Technologies	1	1	1	3
Health, Public Services and Care	0	2	0	2
Information and Communication Technology	1	0	0	1
Leisure, Travel and Tourism	0	0	0	0
Retail and Commercial Enterprise	2	3	1	6
Social Science	0	0	0	0
<b>Grand Total</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>18</b>

*Source: Department for Education 2019 Actual Starts and C&W provider estimates for August 2020*