



enterprise **m3**

Delivering prosperity through innovation

Enterprise M3 Economy, Labour Market and Skills May Dashboard



HEADLINES

- Economic growth returned in February following sharp contraction in January. Estimated growth in Enterprise M3 faster than UK average.
- April sees strong growth in business activity and new orders. Business activity in Enterprise M3 above the regional/UK average but the proportion of businesses reporting falling turnover and cashflow issues increased to above the average.
- Consumer sentiment in Enterprise M3 continues to recover judging by the strong growth in the number of residential property transactions.
- Latest headline employment estimates better than reported last time. Employee numbers up on the year but large number of jobs supported by government. Young people affected the most with older workers doing better than in the past.
- Enterprise M3 sees growth in professional occupations and most upper-intermediate occupations in 2020; Large fall in skilled trade and lower-intermediate occupations.
- Jobs demand returns - strong demand for sales and higher skills; improvement in hospitality/retail.
- Sharpest growth was in IT & computing, accounting & finance, engineering and executive /professional.



BUSINESS & ECONOMY

ECONOMIC GROWTH RETURNS IN FEBRUARY FOLLOWING CONTRACTION IN JANUARY

Economic output contracted at the start of 2021 on the back of the worst recession in over 300 years.

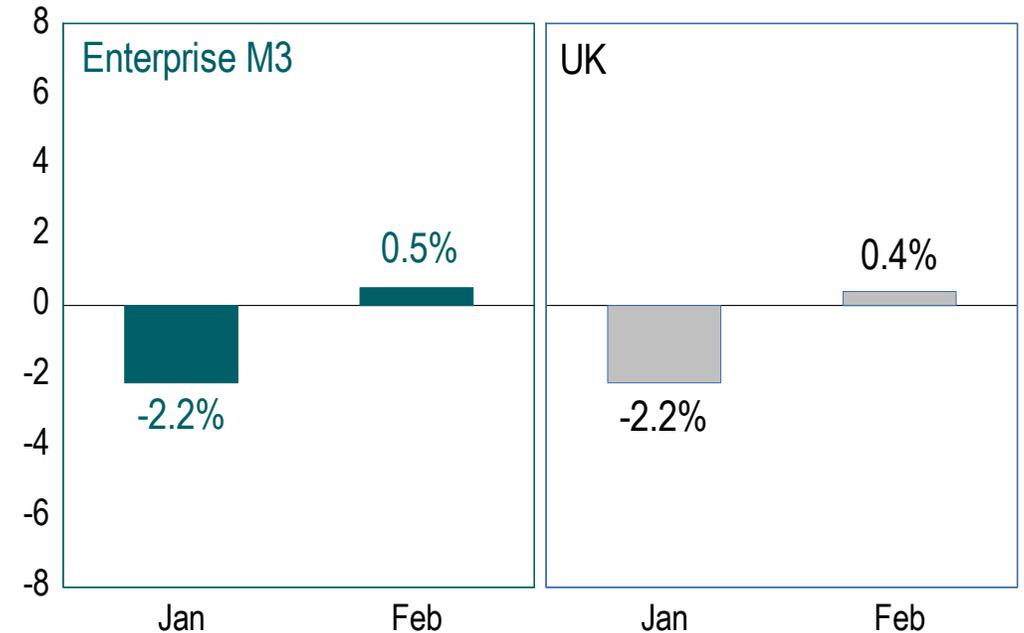
- Monthly estimates suggest that economic output contracted in January but the contraction was smaller than previously thought.

Enterprise M3 economy returned to growth in February.

- Estimated growth in the area was faster than the national average.

A local estimate of the impact on EM3 most likely underestimate the strength of the recovery in Enterprise M3.

Estimated growth in GVA in February 2021



Source: ONS (2021) and EBIS 2021 estimate for Em3 economy

APRIL SEES STRONG GROWTH IN ACTIVITY AND NEW ORDERS

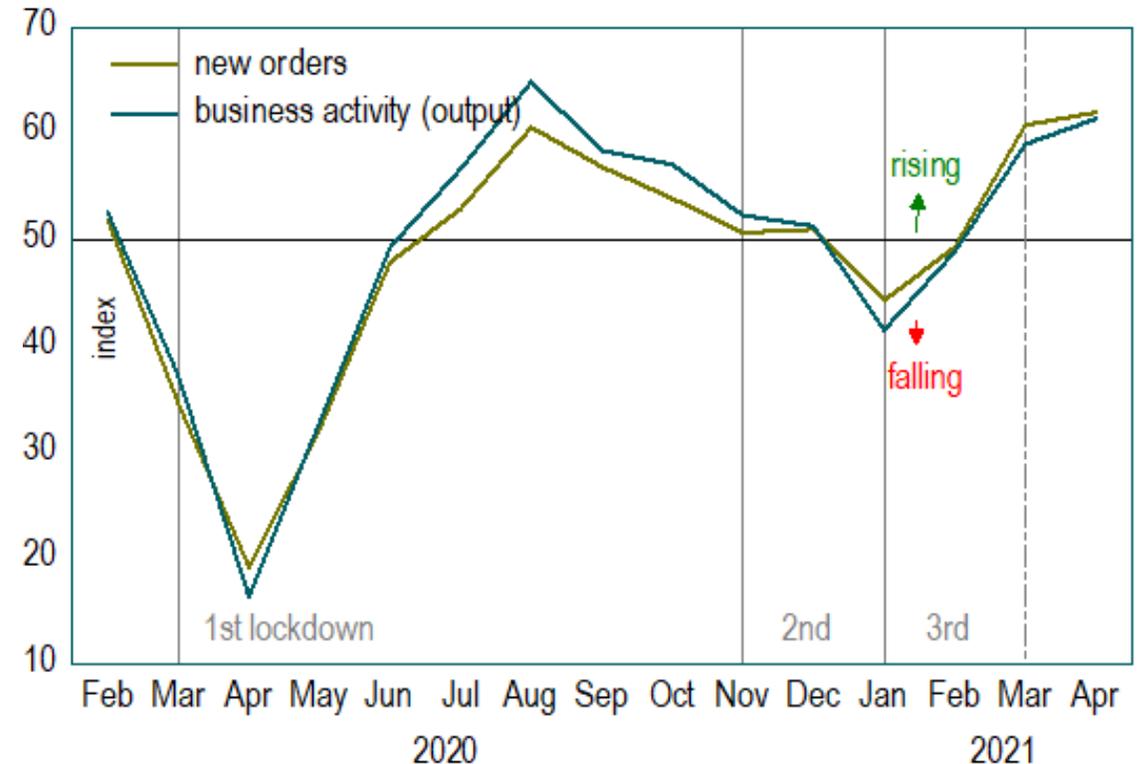
The 3rd lockdown has been different to previous lockdowns - most businesses have been allowed to operate and businesses seems to have become better at adjusting to periods of lockdowns.

Relatively large proportion of higher value-added services in Enterprise M3 imply that the area is arguably more resilient to lockdowns than many other LEP areas.

April saw the sharpest increase in business activity in the region since August last year according to a purchasing managers survey.

The volume of new orders (a leading indicator of growth over the short-term) increased at the fastest pace since December 2013.

Business activity (output) and new orders
(South East England)



Source: Markit (2021)

RISE IN BUSINESSES REPORTING DECREASE IN TURNOVER

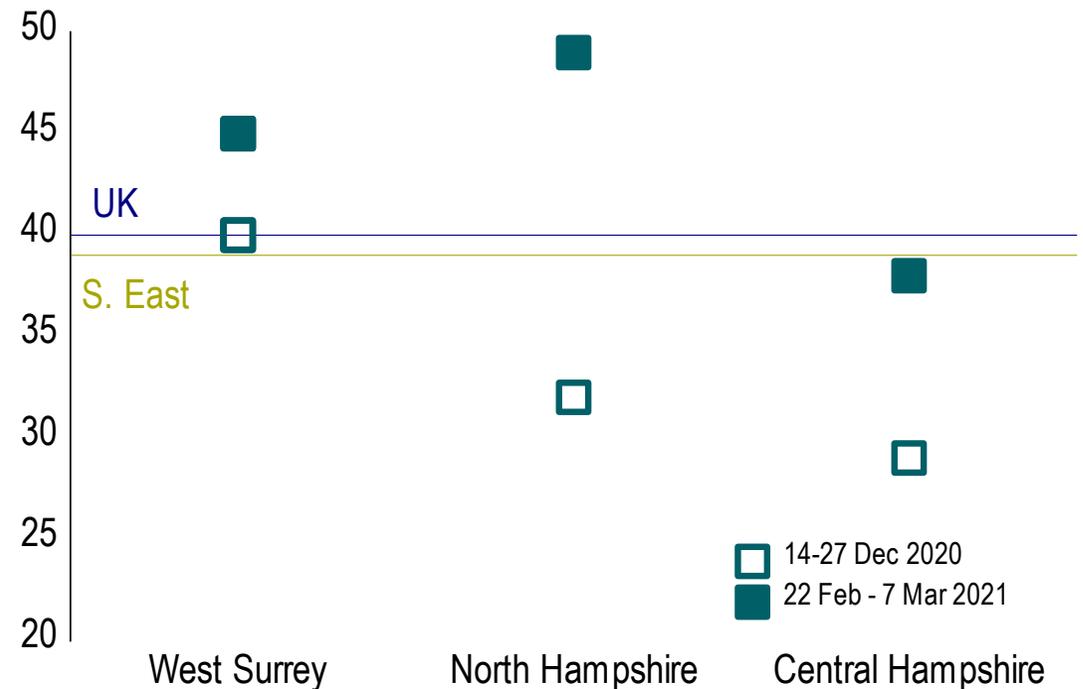
A large proportion of businesses in Enterprise M3 experienced a decrease in turnover (sales) in mid-to-late December.

By early March the proportion of single site businesses reporting a decrease in turnover went up to around 45%.

Much of this is most likely **related to seasonal factors** (data is not adjusted for seasonal influence).

Introduction of the 3rd national lockdown affected consumer facing services to a much greater degree than professional services, construction or manufacturing.

Turnover – % reporting decrease in turnover
(December 2020 and March 2021*)



Source: ONS BICS Survey (2021); *% of single site businesses

West Surrey (Surrey Heath, Woking, Guildford, Waverley, Spelthorne, Runnymede Elmbridge); North Hampshire (Basingstoke & Deane, Hart, Rushmoor); Central Hampshire (Test Valley, Winchester, East Hampshire, New Forest*).

INCREASE IN BUSINESSES REPORTING CASHFLOW PROBLEMS

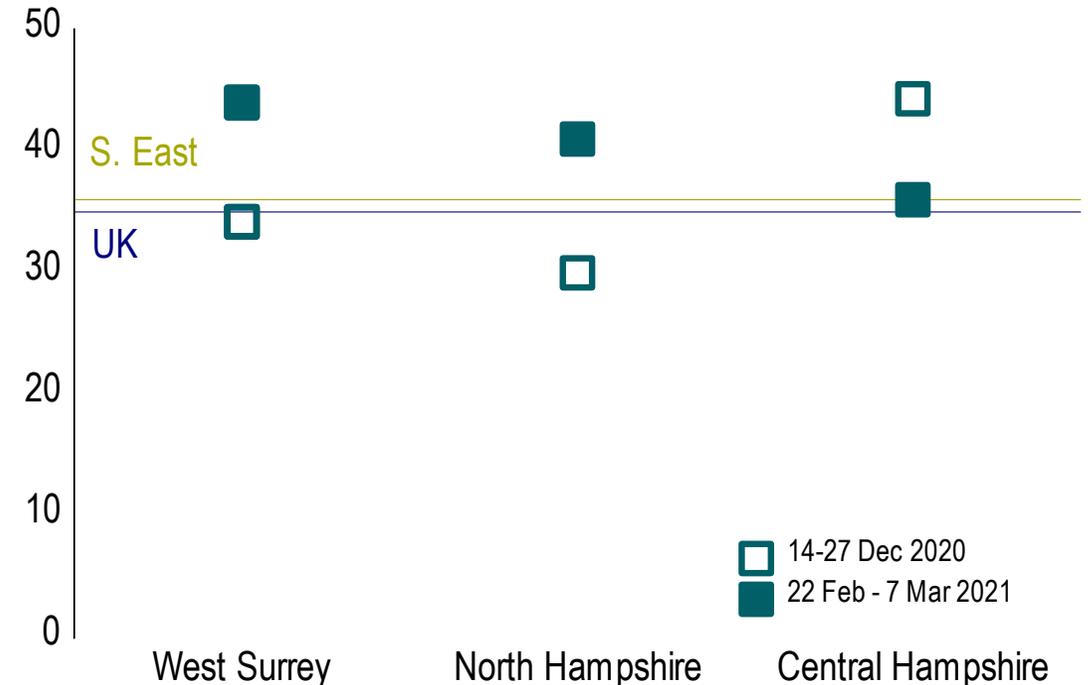
Subdued or falling turnover across relatively large number of businesses has had a significant impact on the financial performance of businesses in Enterprise M3.

Over a third of Enterprise M3 businesses (single site businesses) had less than three months cash reserves left in their business by early March 2021.

The 3rd national lockdown has worsened cashflow position in several consumer facing sectors but seasonal factors were also to blame.

Enterprise M3 had above average proportion of businesses having significant cashflow problems.

Business resilience – cash reserves
(% with no or < 3 months cash reserves*)



Source: ONS BICS Survey (2021); *% of single site businesses

West Surrey (Surrey Heath, Woking, Guildford, Waverley, Spelthorne, Runnymede Elmbridge); North Hampshire (Basingstoke & Deane, Hart, Rushmoor); Central Hampshire (Test Valley, Winchester, East Hampshire, New Forest*).

CONSUMER SENTIMENT IMPROVES – JUDGED BY PROPERTY SALES

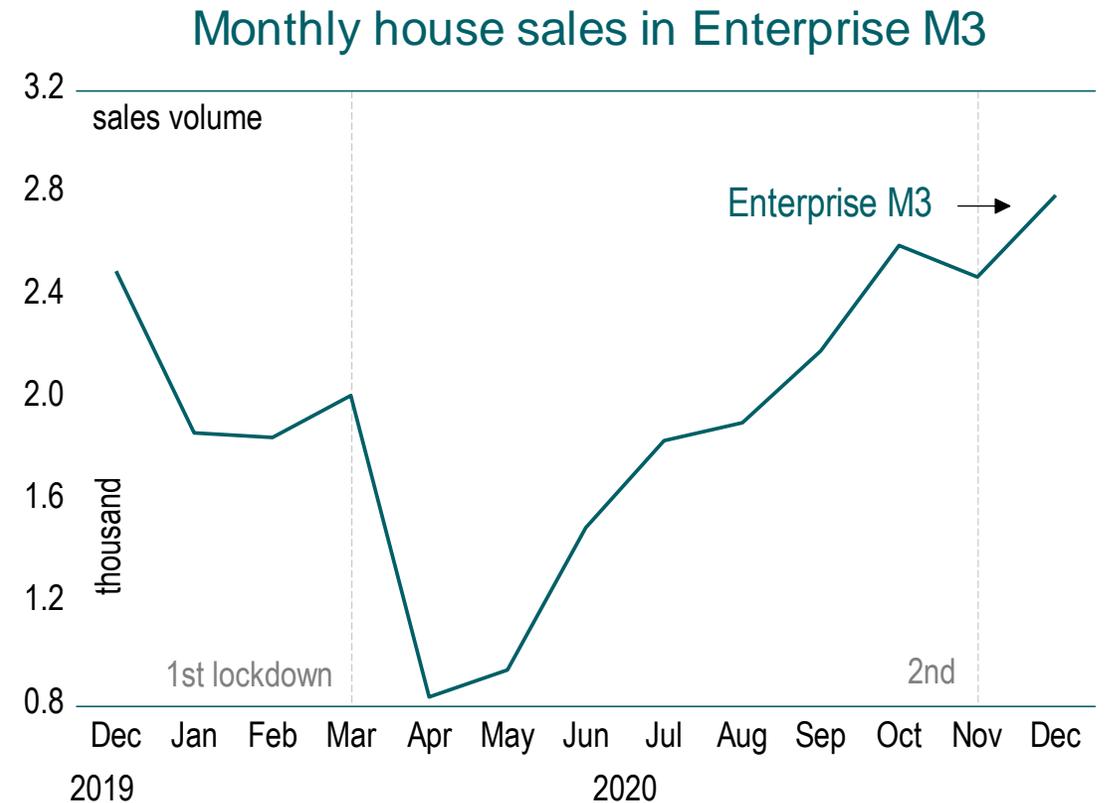
Consumer confidence in the UK reached its highest level in 12 months in March as a result of easing of coronavirus restrictions.

Consumer spending increased with retail sales volumes increasing by 5.4%.

Released pent-up demand is beginning to drive the recovery.

Housing market has been one of the first beneficiaries.

BUT Rise in transactions may be being artificially boosted by Stamp Duty holiday and discount available until September 2021.



Source: ONS (2021)



LABOUR MARKET & SKILLS

EMPLOYMENT SLIGHTLY STRONGER THAN IN THE LAST PERIOD

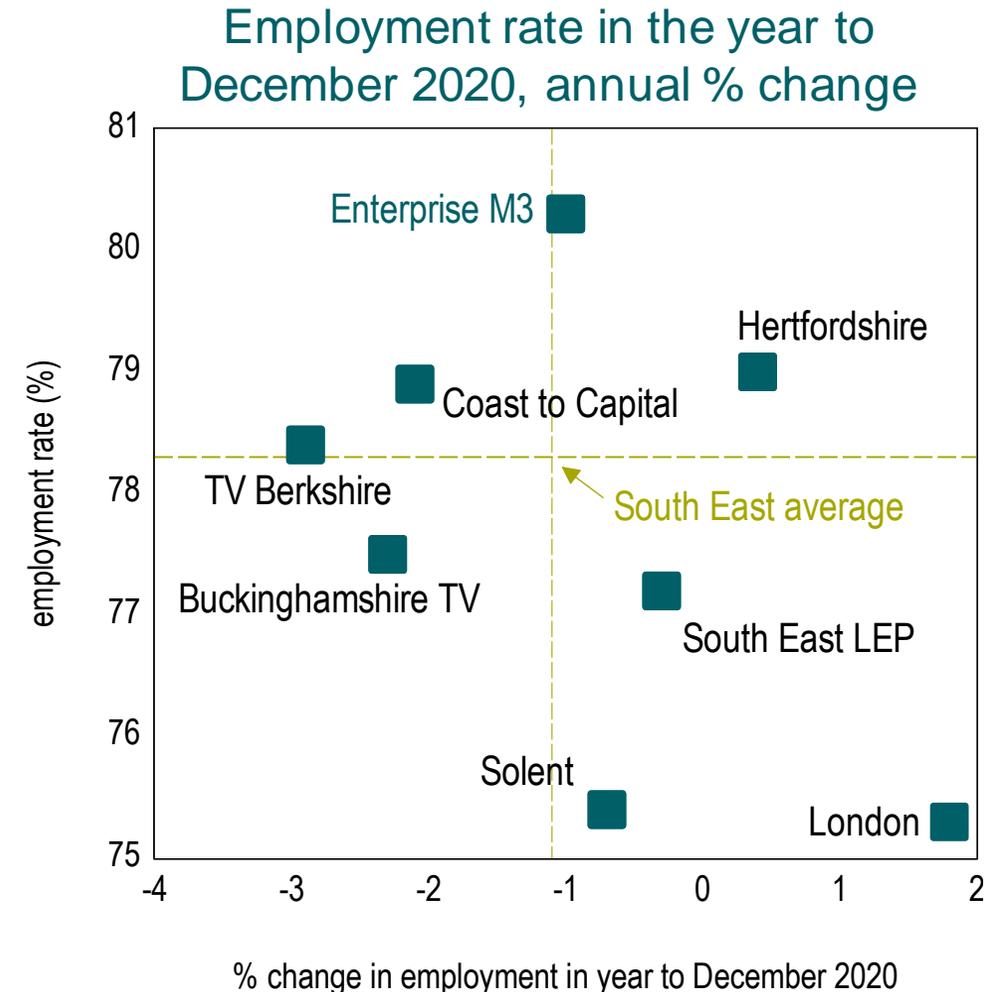
Enterprise M3 continues to have one of the strongest labour markets in the country.

In the year to December 2020 employment was down by 7,600 or 1% but the rate stood at over 80%, the highest among comparator LEP areas.

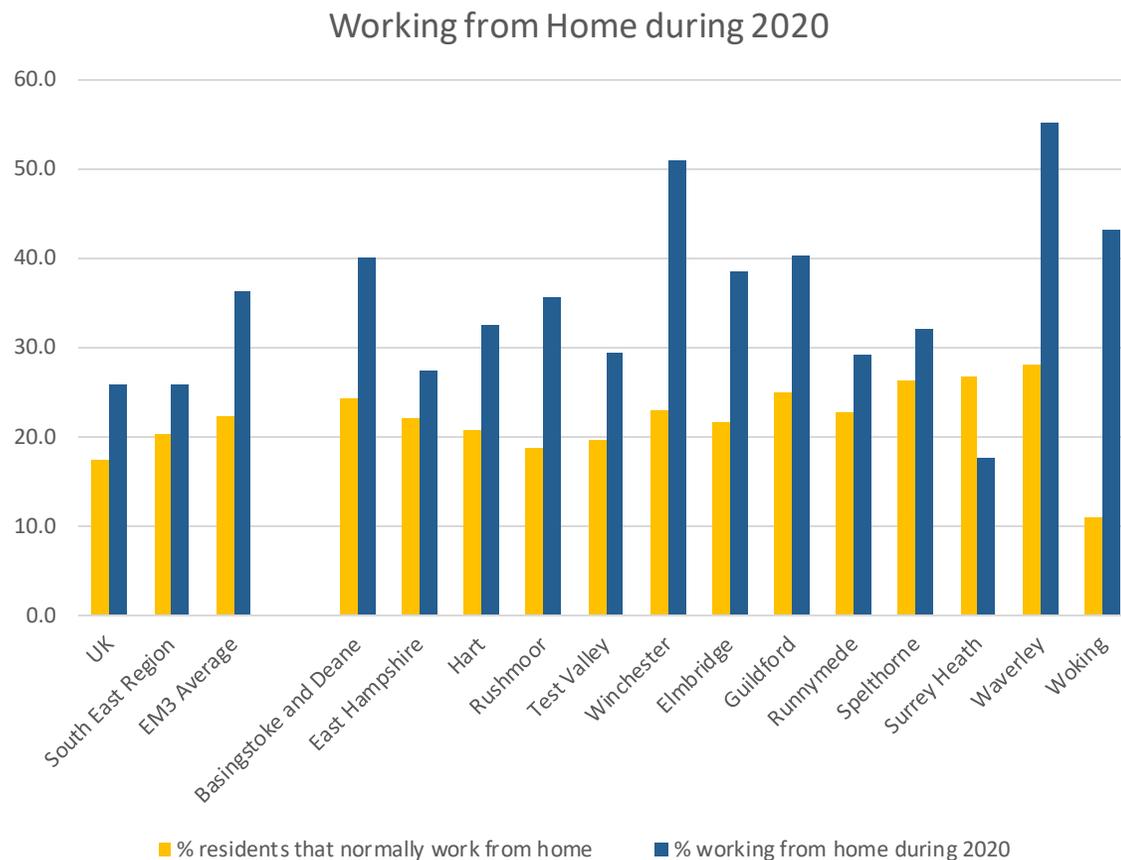
In the year to September 2020 Enterprise M3 had some 12,100 fewer people in employment than in the previous year.

Employment decreased by 1.6% but the rate stood at around 80% of people of working age.

The relative strength in the headline data masks the fact that a large number of jobs are supported by government (eg furlough and kickstart) and many of the new entrants to the labour market will end up being unemployed or economically inactive.



% of EM3 residents working from home increased significantly during 2020



- Just over 22% of working age residents in EM3 normally work from home.
- This increased to over 36% during 2020. Above averages for the South East (20.2%) and the UK(17.4%).
- Waverley had highest level of home working and last year this increased to over half of working age residents.
- Woking borough saw level of working from home nearly quadruple in 2020 from 11% to 43.2%.
- Surrey Heath saw level of home working drop significantly. This may be due to rise in unemployment in the district.

LARGE NUMBER OF JOBS DIRECTLY SUPPORTED BY GOVERNMENT BUT FEWER THAN AT THE START OF THE YEAR

Relatively muted impact on the labour market continues to be explained by an unprecedented government intervention in the labour market.

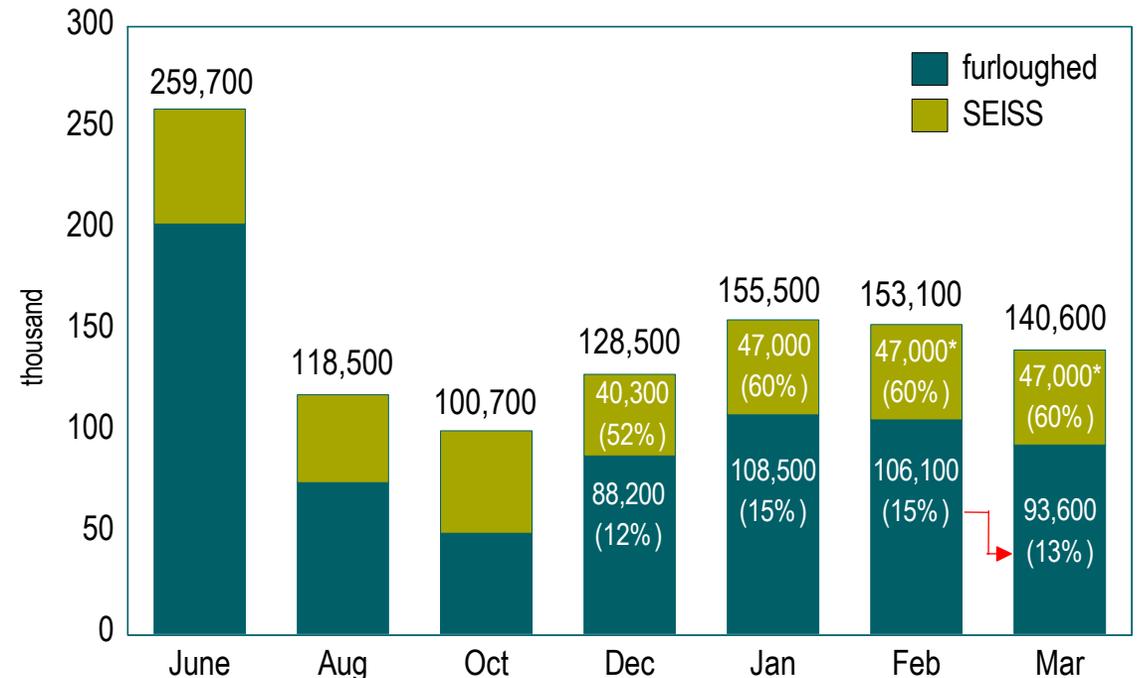
Relatively large numbers of resident jobs in Enterprise M3 continue to be directly supported by government.

March saw just under 94,000 Enterprise M3 residents furloughed or 13% (previously it has reached approx. 33%).

February saw about 47,000 self-employed residents benefitting from the SEISS job support scheme or 60%.

Easing of restrictions in several labour intensive consumer services (hospitality, arts etc.) may lead to a sharp fall in the number of jobs supported by government.

Jobs directly supported by the Government (Enterprise M3 – June 2020 to March 2021)



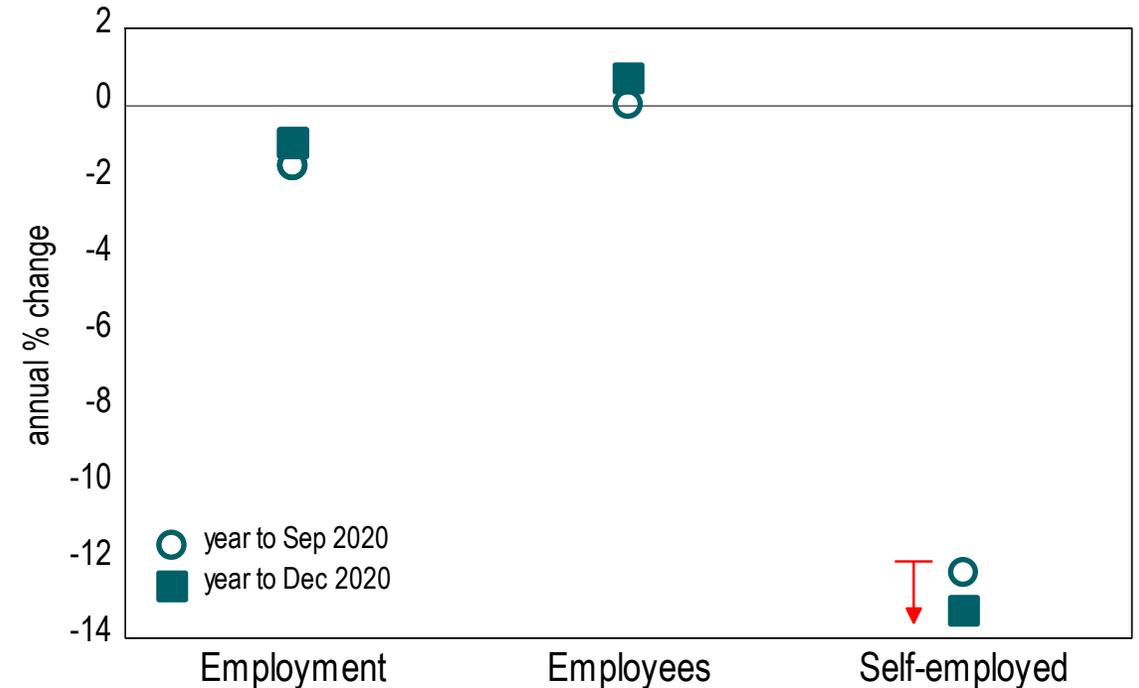
Source: HMRC (2021)

RELATIVELY SMALL DECREASE IN EMPLOYMENT DRIVEN BY FALLING SELF-EMPLOYMENT

The fall in overall resident employment in Enterprise M3 to date has been driven entirely by the fall in self-employment.

- **Self-employment decreased by over 13% over the year.**
- Self-employment decreased by over 15,000 in the year to December 2020, a larger decrease than in the year to September 2020.
- **Enterprise M3 saw a sharp fall in non-permanent employment.**
- The number of employees in employment was broadly unchanged in the year to September 2020 but it increased by 4,200 in the year to December 2020.

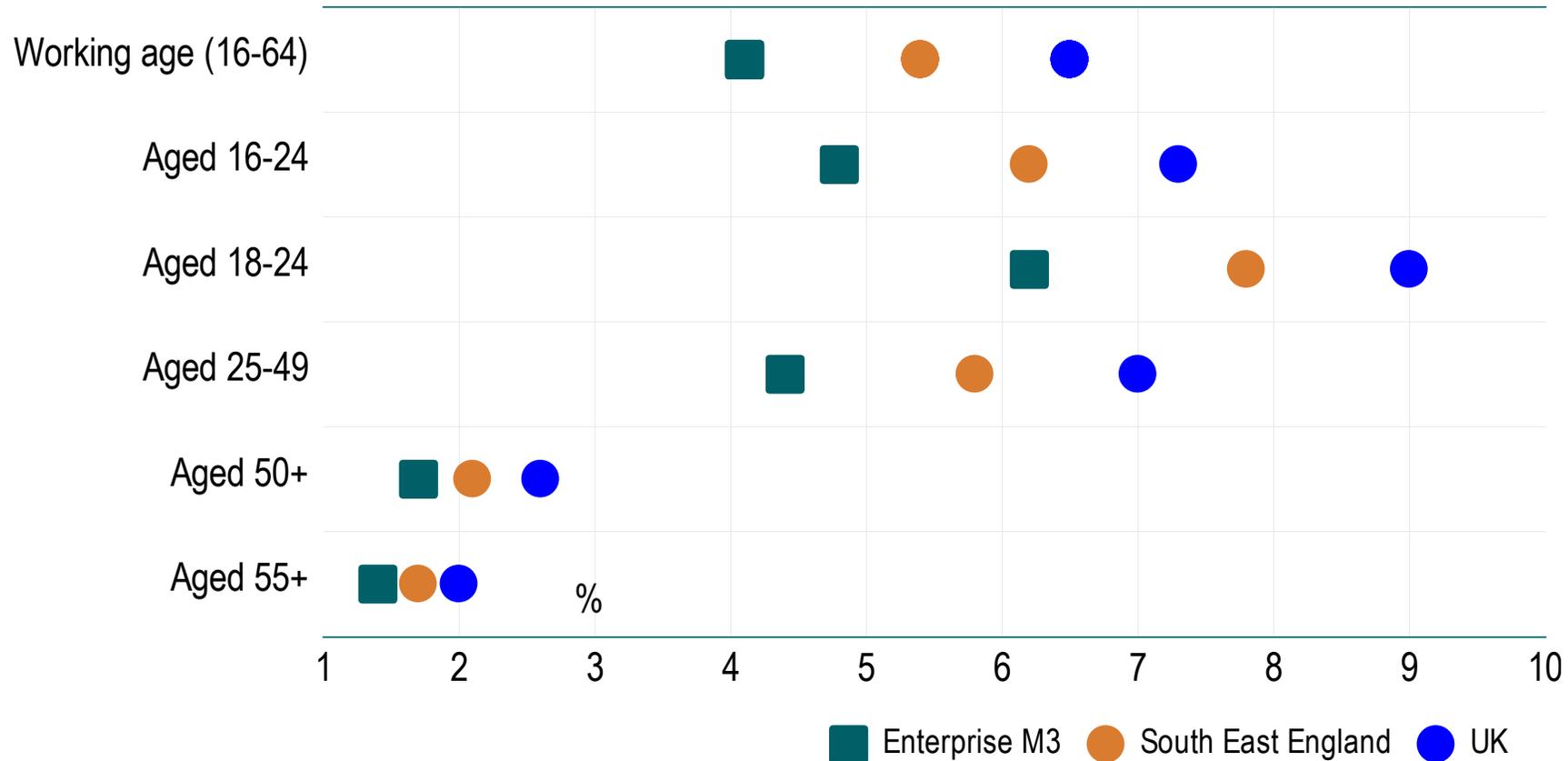
Change in working age employment in Enterprise M3 (year to December 2020 vs year to September 2020)



Source: ONS (2021)

HIGH UNEMPLOYMENT AMONG YOUNG PEOPLE BUT WELL BELOW AVERAGE

Unemployment rates by age group – March 2021
(Claimant Count Unemployment)



Source: ONS (2021)

- Unemployment among young 18-24 year olds increased by 4.4pp to 6.2% but the rate remains well below S. East (7.8%) and UK average (9%).
- Older people fared better in Enterprise M3, South East region and the UK over the year to March 2021.

SHARP DECREASE IN EMPLOYMENT AMONG YOUNG PEOPLE BUT GROWTH AMONG OLDER WORKERS

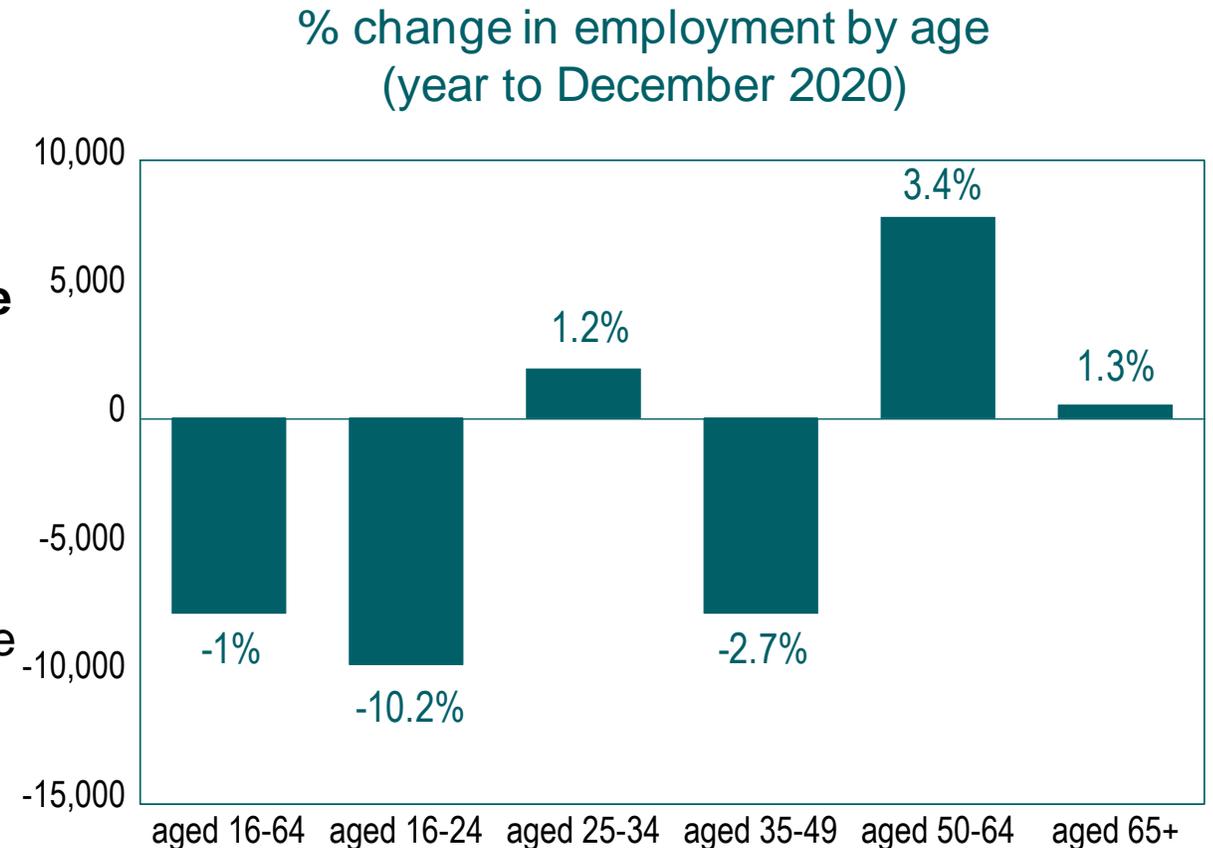
Young people in Enterprise M3 and across the country continue to be disproportionately affected by the pandemic induced lockdown.

Employment among young people in Enterprise M3 decreased by about ten times faster than the average employment – approx. 10% vs 1%

Older workers fared better in Enterprise M3 - the number of people aged 50+ in employment has increased in the year to December compared to the previous year.

Impact to date largely explained by high proportion of young people employed in labour intensive consumer facing services.

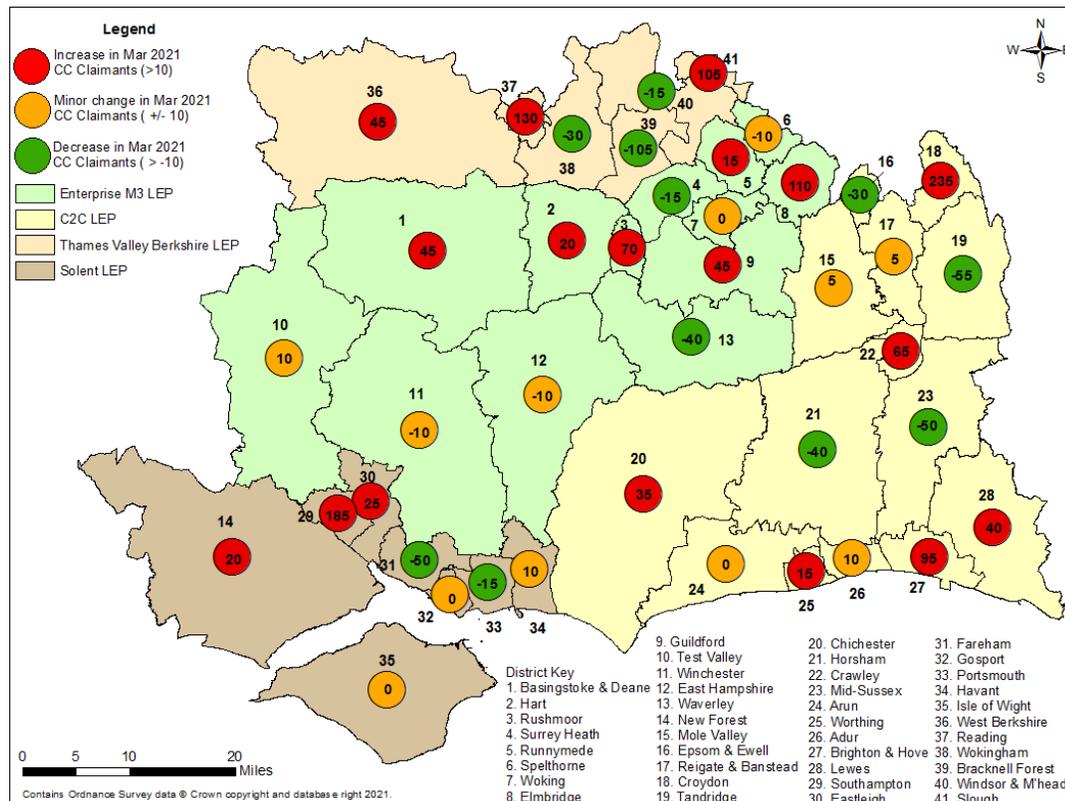
Reopening of the economy expected to benefit young people more over the short-term.



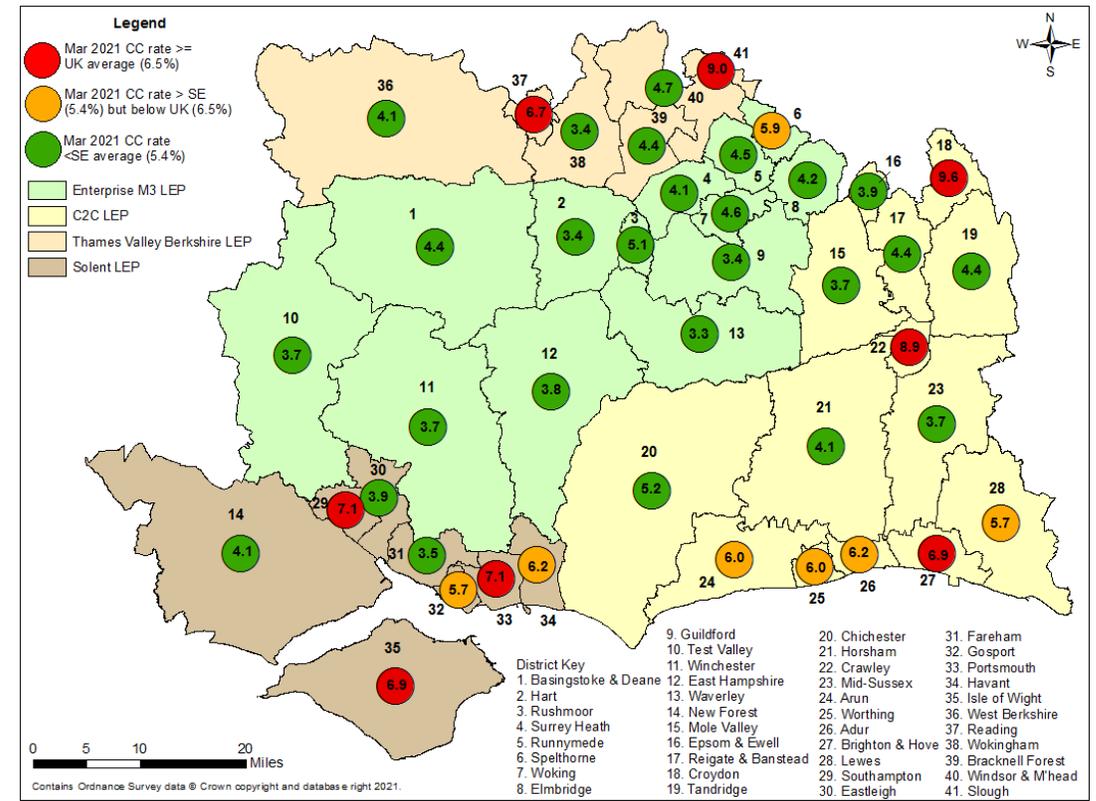
Source: ONS (2021)

UNEMPLOYMENT ACROSS ENTERPRISE M3 REMAINS WELL BELOW REGIONAL AND NATIONAL AVERAGES

Monthly change in unemployment – March 2021
(Claimant Count Unemployment)



Unemployment rates – March 2021
(Claimant Count Unemployment)



- The number of unemployed people increased in six local authorities in March but the numbers are not adjusted for seasonal factors.

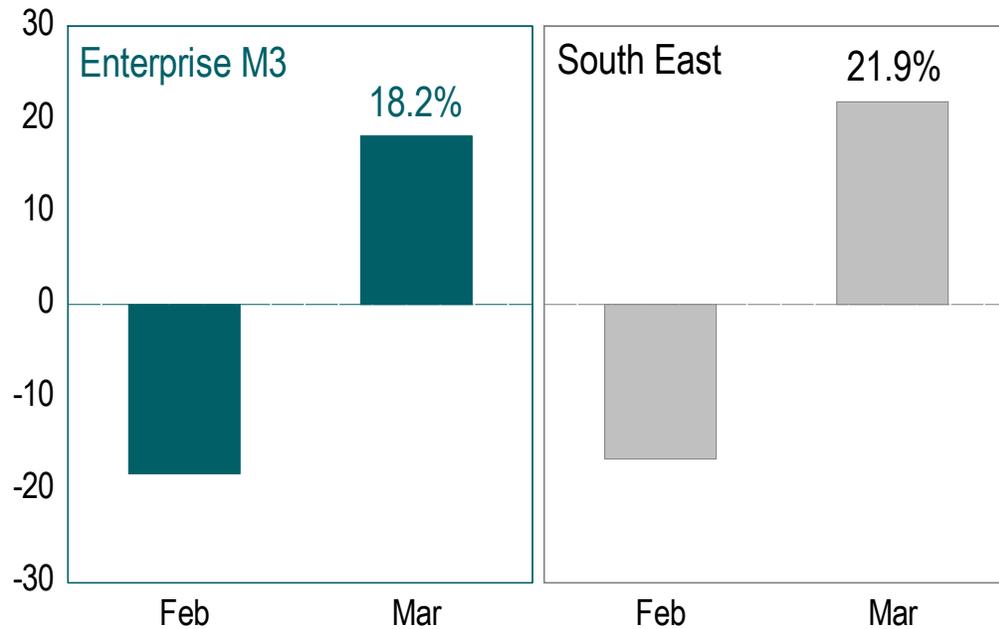
- Unemployment on this measure across all but one local authority district in Enterprise M3 stand below the South East average.



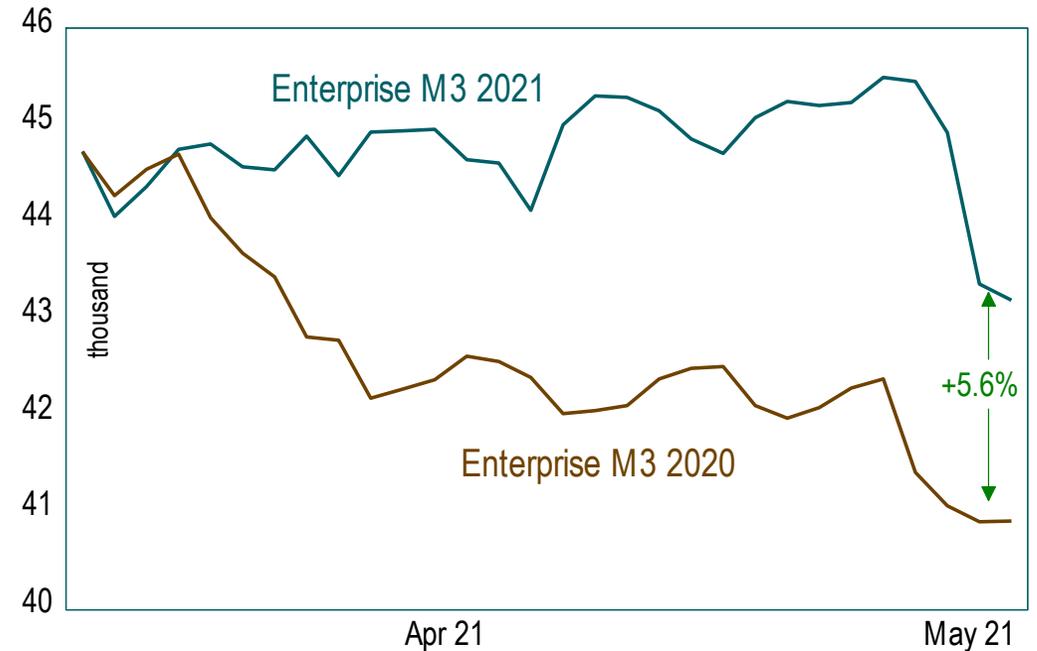
DEMAND FOR LABOUR AND SKILLS BETWEEN FEBRUARY AND MAY 2021

GRADUAL RECOVERY IN DEMAND FOR LABOUR

% change in online job postings
(February to March 2021)



Online job postings relative to last year
(30 days to 5th May)



Source: HMRC (2021)

- **Jobs demand in Enterprise M3 fell sharply in February before bouncing back in March.**

- **By early April 2021 jobs demand was above last year's level but starting from a v. low base of early April 2020 when demand was severely impacted in Lockdown 1.0.**

JOB DEMAND ABOVE LAST YEAR'S LEVEL AND SIMILAR TO OTHER LEPS IN THE AREA

April saw a sharp increase in jobs demand in Enterprise M3

Demand for labour in April bounced back to about 10% above last year's level.

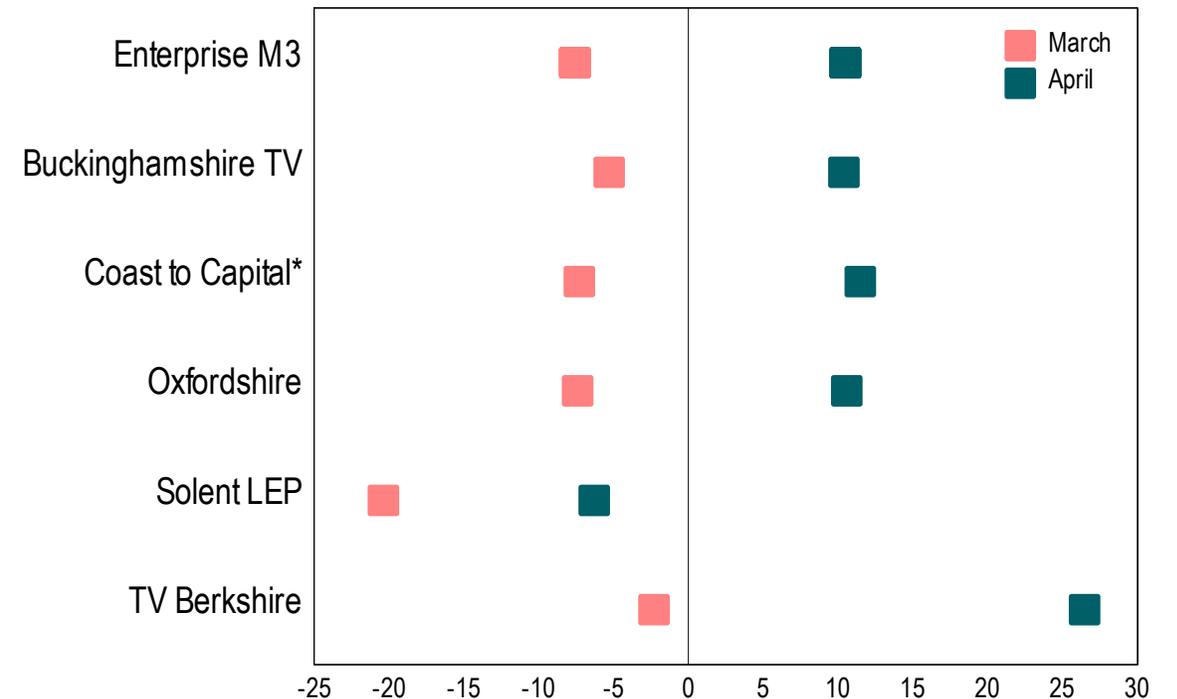
Demand in Enterprise M3 was similar to most LEPS in the area.

Survey evidence points to a sharp increase in hiring activity across the country.

April saw the quickest rise in permanent placements since October 1997 according to a KPMG/REC survey.

Sharpest growth was in IT & computing, accounting & finance, engineering and executive/professional.

Online job postings in March 2021 and April 2021 (relative to 2020, %)



Source: Emsi (2021)

OCCUPATIONS IN HIGH DEMAND IN ENTERPRISE M3 (I)

Jobs demand in Enterprise M3 in April and Jan- March 2021 – Top 10 Occupations

Occupation (SOC)	Unique Postings (Apr 2021)	% April	Rank April	% Jan-Mar	Rank Jan-Mar
Nurses	3,151	7.2	1	7.8	1
Sales accounts and business development managers	2,488	5.7	2	5.7	3
Programmers and software development professionals	2,282	5.2	3	5.8	2
Care workers and home carers	2,044	4.7	4	5.0	4
Book-keepers, payroll managers and wages clerks	1,236	2.8	5	3.1	5
Information technology and telecommunications professionals n.e.c.	1,201	2.8	6	3.0	6
Finance and investment analysts and advisers	1,201	2.8	7	3.0	7
Business sales executives	1,145	2.6	8	2.6	9
Primary and nursery education teaching professionals	1,086	2.5	9	2.9	8
Business and financial project management professionals	1,056	2.4	10	2.5	11

Source: Emsi (2021)

- Demand for sales and upper-skill occupations in Enterprise M3 area.
- Rising demand for Sales skills driven by further easing of restrictions.

SKILLS IN HIGH DEMAND IN ENTERPRISE M3 (II)

Top hard and soft skills in Enterprise M3 – Apr 2021

Top Hard Skills	Top Soft Skills
Auditing	Communications
Accounting	Management
Agile Methodology	Sales
Business Development	Customer Service
Key Performance Indicators (KPIs)	Enthusiasm
Nursing	Planning
Selling Techniques	Detail Oriented
SQL (Programming Language)	Leadership
Customer Relationship Management	Self-Motivation
Forecasting	Innovation
Warehousing	Operations
Procurement	Problem Solving

Source: Emsi (2021)

OCCUPATIONS IN LOW DEMAND IN ENTERPRISE M3

Jobs demand in Enterprise M3 in January & April 21– Bottom 10 Occupations

Occupation (SOC)	Unique Postings (Jan 2021)	%
Property, housing and estate managers	511	1.1
Kitchen and catering assistants	502	1.1
Sales and retail assistants	499	1.1
Teaching assistants	470	1.0
Production managers and directors in construction	466	1.0
Residential, day and domiciliary care managers and proprietors	465	1.0
Quantity surveyors	465	1.0
Elementary construction occupations	444	1.0
Records clerks and assistants	441	1.0
Financial and accounting technicians	439	1.0



Occupation (SOC)	Unique Postings (Apr 2021)	%
Construction operatives n.e.c.	409	0.9
Design and development engineers	417	1.0
Customer service occupations n.e.c.	428	1.0
Office managers	435	1.0
Property, housing and estate managers	443	1.0
Managers and directors in storage and warehousing	443	1.0
Legal associate professionals	447	1.0
Production managers and directors in construction	464	1.1
Financial administrative occupations n.e.c.	479	1.1
Quantity surveyors	485	1.1

Source: Emsi (2021)

- Low demand for some property related skills, hospitality and retail at the beginning of the year.
- Stronger demand for hospitality and retail has coincided with further easing of the restrictions.

A FOCUS ON - AVIATION & AEROSPACE

Passenger numbers at Heathrow slumped to 22.1m in 2020, the smallest annual total since 1975.

1.7 million passengers travelled through Heathrow in the first quarter of 2021, down 91% compared to the first quarter of 2019.

Cargo volumes fell by 28% during 2020, although some dedicated cargo flights helped the airport to offset some of the lost passenger travel.

Heathrow saw a first quarter loss of £329 million which took total losses since the start of the pandemic to nearly £2.4 billion pounds as travel continues to be severely affected.

Heathrow has reduced its passenger forecast for the year to a range of between 13 million and 36 million, compared to 81 million in 2019.

Heathrow's forecasts do not show it reaching 2019 levels of activity until at least 2024. It has enough cash to survive without any revenues for a year.

More than 40 per cent of Gatwick Airport staff were made redundant in 2020 as passenger numbers fell by 78 per cent; 15,000 to 25,000 at Heathrow

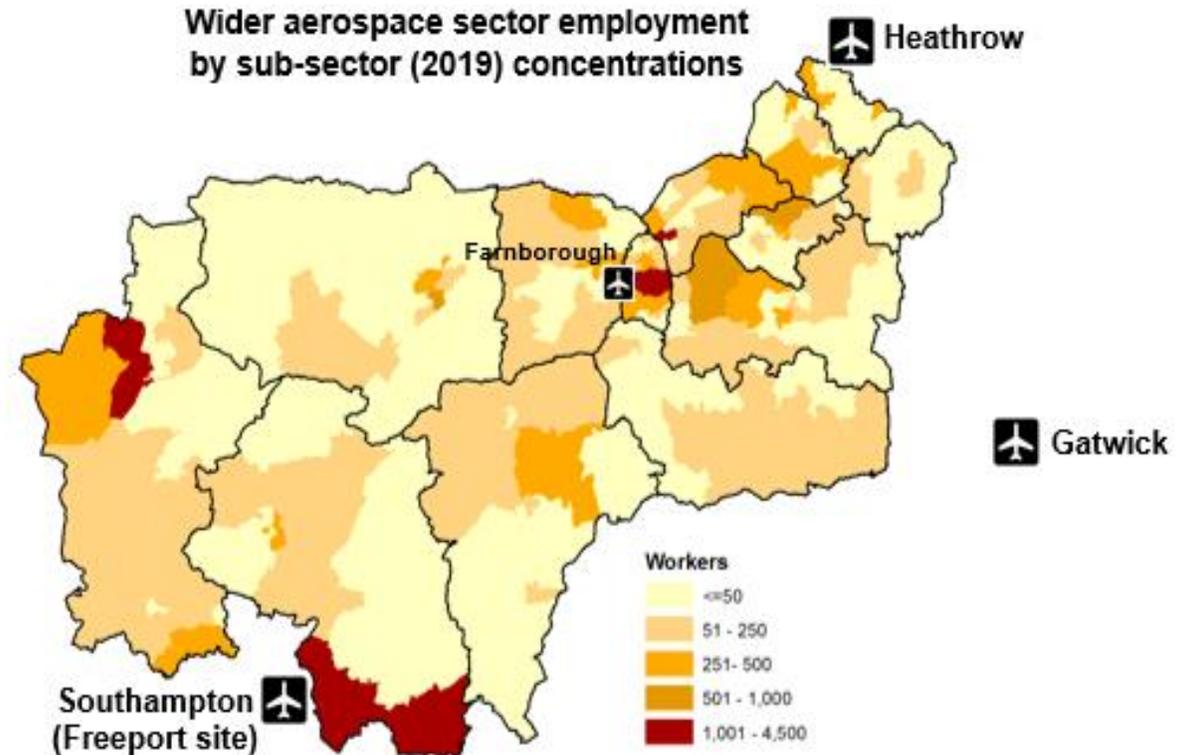
A FOCUS ON - AVIATION & AEROSPACE IN ENTERPRISE M3

Farnborough leading B2B airport with major commercial aviation hubs bordering EM3 – Heathrow, Gatwick as well as a regional hub at Southampton Airport.

Traditional aviation sector (manufacture of aircraft & maintenance & repair organisations) employs 2,150 with air transport services & logistics adding a further 3,000 workers.

Wider aerospace sector that includes relevant engineering activities and associated supply chain potentially employing up to 31,000 workers in the EM3 area.

More than 40 per cent of Gatwick Airport staff were made redundant in 2020 as passenger numbers fell by 78 per cent; 15,000 to 25,000 at Heathrow.



AVIATION & AEROSPACE SECTOR – IMPACT AND DEMAND FOR SKILLS

Farnborough’s B2B model initially more resilient and insulated against Covid.

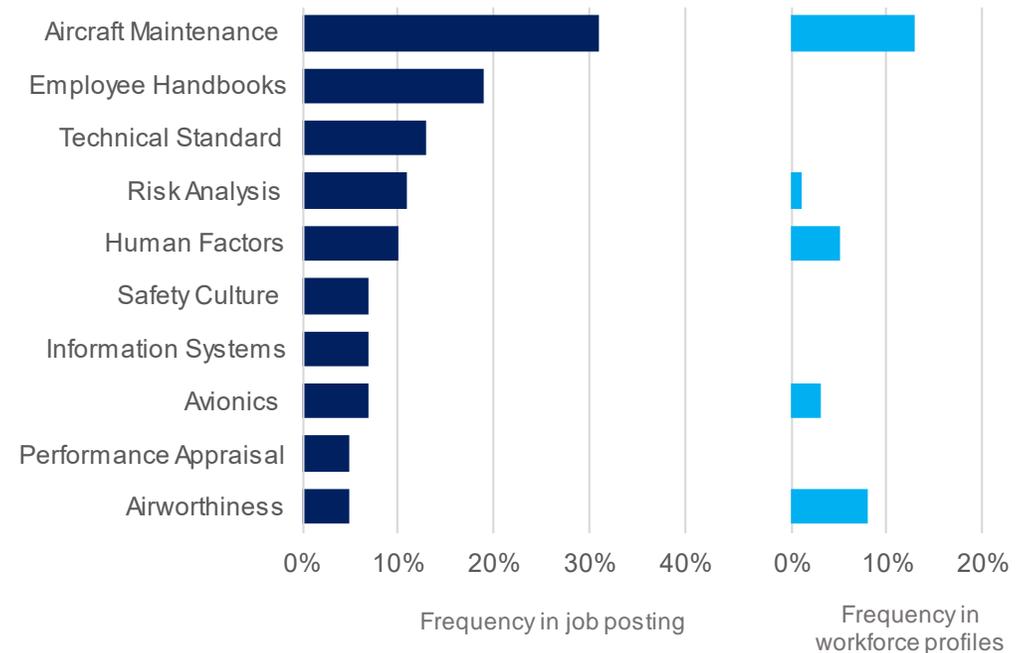
New service facility at Farnborough opened in July; some 265 jobs have been created by Gulfstream to date.

Large number of Gulfstream workers on flexi-furlough; Subdued demand in Q1 but that will change following the easing of restrictions.

Import-export of tools & parts affecting MRO operations e.g. Gulfstream’s Field & Airport Support Teams (FAST). Potential threat of relocating this part of the business to Europe at the expense of Farnborough.

Airport and Ground Operations Support Scheme and Aviation Skills Retention Platform.

In Demand Skills: Top Hard-Skills



- **Subdued hiring intentions** between Jan 2020 and March 2021 with fewer than 120 unique job postings for aviation* and 2021 trends currently lower than 2020 average.
- Top **occupation advertised is aircraft maintenance & related trades** (50% of job postings) and reflected in top hard skills.

BUSINESS NEWS HEADLINES

Gordon Murray Group is planning to invest **£300m in electric sports utility vehicles**, and will increase its headcount to 250 and move to a new headquarters at Windlesham in Surrey.

<http://www.gordonmurraydesign.com>

Clifton Ingram Solicitors has **acquired Farnham-based Bells Solicitors**, taking its headcount to about 100.

<https://www.cliftoningram.co.uk>

Green Biofuels is seeking permission to **relocate the headquarters of its biofuels business from London to Nether Wallop in Hampshire**.

<https://www.gbf.ltd>

C&C Group Holdings is **relocating its Surrey-based software services** business to a 4,700 sq ft office at Grosvenor House in Redhill.

<https://www.candc-uk.com>

Geest Line, the Fareham-based shipping line, has been **acquired by Seatrade Group** and Jamaica Producers Group.

<http://www.geestline.com>

Be Wiser, the Andover-based insurance firm with 189 staff, is to be **acquired by Jersey-based Ardonagh Group**.

<http://www.bewiser.co.uk>

BUSINESS NEWS HEADLINES

In-Space Missions is setting up a new headquarters for its space satellites business at Alton in Hampshire, with the creation of 200 jobs.

<https://in-space.co.uk>

London Clancy is to merge its Basingstoke-based commercial property business with Surrey-based Curchod & Co.

<https://www.londonclancy.com>

Newlands Developments has won planning permission for a £120m 2.3m sq ft warehouse in Basingstoke, and the site is expected to involve Amazon creating up to 1,400 jobs.

<https://www.newlandsuk.com>

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