



Essex County Council

Coronavirus, claimant counts and furlough

28th September 2020

Strategy, Insight & Engagement
Essex County Council

Purpose

These slides set out an analysis of Claimant Count data and the [Coronavirus Job Retention Scheme \(CJRS\)](#). Both data sets cover the period to the end of August 2020. The data provides an insight into the differential economic impact of the COVID-19 outbreak across Essex Communities.

Claimant count data provides a timeseries measure of the number of people that are claiming benefits principally for the reason of being unemployed, such as Job Seeker's Allowance (JSA) and Universal Credit.

The CJRS, announced by the Government on 20 March 2020, aims to support employers who have been unable to undertake their normal activities through COVID-19 and had to furlough staff. Employers are able to claim support from the period starting 1 March 2020, where employees have already been furloughed from that date. The scheme currently provides employers with financial support up to 80% of salary, up to a maximum of £2,500 per month per employee, plus the associated Employer National Insurance contributions and pension contributions on that subsidised furlough pay

This report covers Greater Essex and explores:

- Surges in claimant numbers, and rates of new claims among the working age population
- The demographics (age and sex) of claimants, and how this has changed
- The geographical distribution of new claimants across Greater Essex
- The extent of furlough by the following break-downs: geography, at a national and local, Essex level; employer size; and employer sector

Note that data included in the claimant counts have changed over time:

- From April 2015: JSA claimants, plus all Universal Credit claimants who are required to seek work and be available for work.
- Between May 2013 - March 2015: JSA claimants, the plus all out of work Universal Credit claimants.
- Between October 1996 - April 2013: JSA claimants.
- Between January 1971 - September 1996: estimated number of people who would have claimed unemployment-related benefit if Jobseeker's Allowance had existed at that time.

The Claimant Count also includes people claiming unemployment-related benefits but do not receive payment, such as claimants who have had their benefits stopped for a period of time.

Source: ONS NOMIS, <https://www.nomisweb.co.uk/query/select/getdatasetbytheme.asp?theme=72>

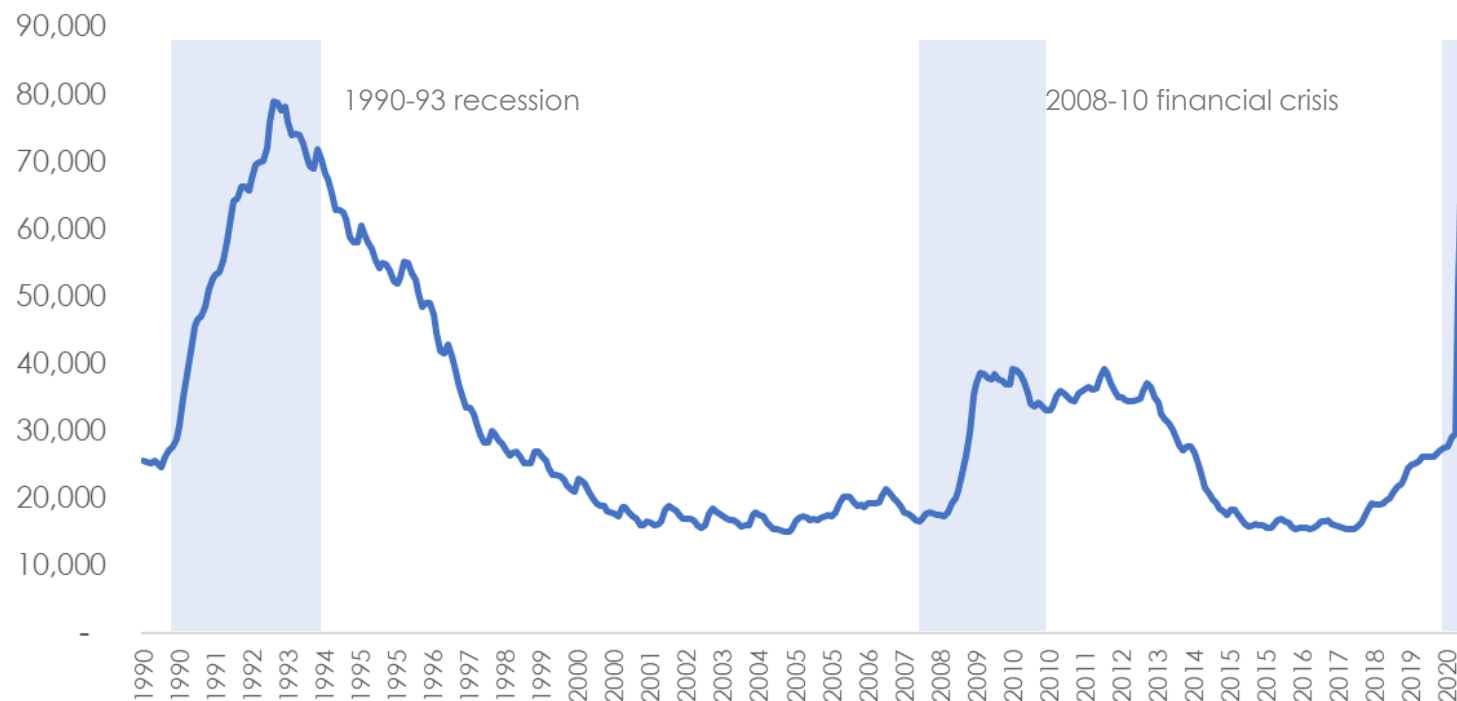
Summary

- Unemployment claims increased in August – the number of JSA claims in August is higher than it was in April, and it currently at the highest level since the pandemic began
- We estimate 108,000 Essex residents are receiving support through the job retention scheme, as of July 31st. Employers start paying part of furloughed staff wages from August. This is likely to reduce the number of people receiving support
- 22% of Essex's working age residents are receiving some form of support – either through the furlough scheme or unemployment claims
- Younger people are more likely to be unemployed and more likely to be furloughed
- The initial surge of new unemployment claimants in April 2020 was driven by workers in Essex's most deprived communities. We have seen a further wave in May 2020, similar in scale, from communities right across Essex. Few Essex communities have escaped increases in unemployment cumulatively.
- The most deprived communities in Essex continue are the worst hit. At the start of the pandemic these areas saw the sharpest increases in furloughs & unemployment. Several months on, this continues to be the case
- The Government have announced a new 'job support scheme' which comes into effect when the job retention scheme ends on November 1st. Employers using this scheme will pay 22% of any staff member receiving support – more than they ever had to pay through the job retention scheme. The job support scheme is only available for 'viable jobs', and it is unknown how many Essex residents will be supported through the new scheme
- We should expect the upcoming support changes to affect all parts of Essex

Headline numbers

Unemployment remains at its highest level for almost 30 years, following an unprecedented surge. There are more people currently unemployed than at any other time in the pandemic

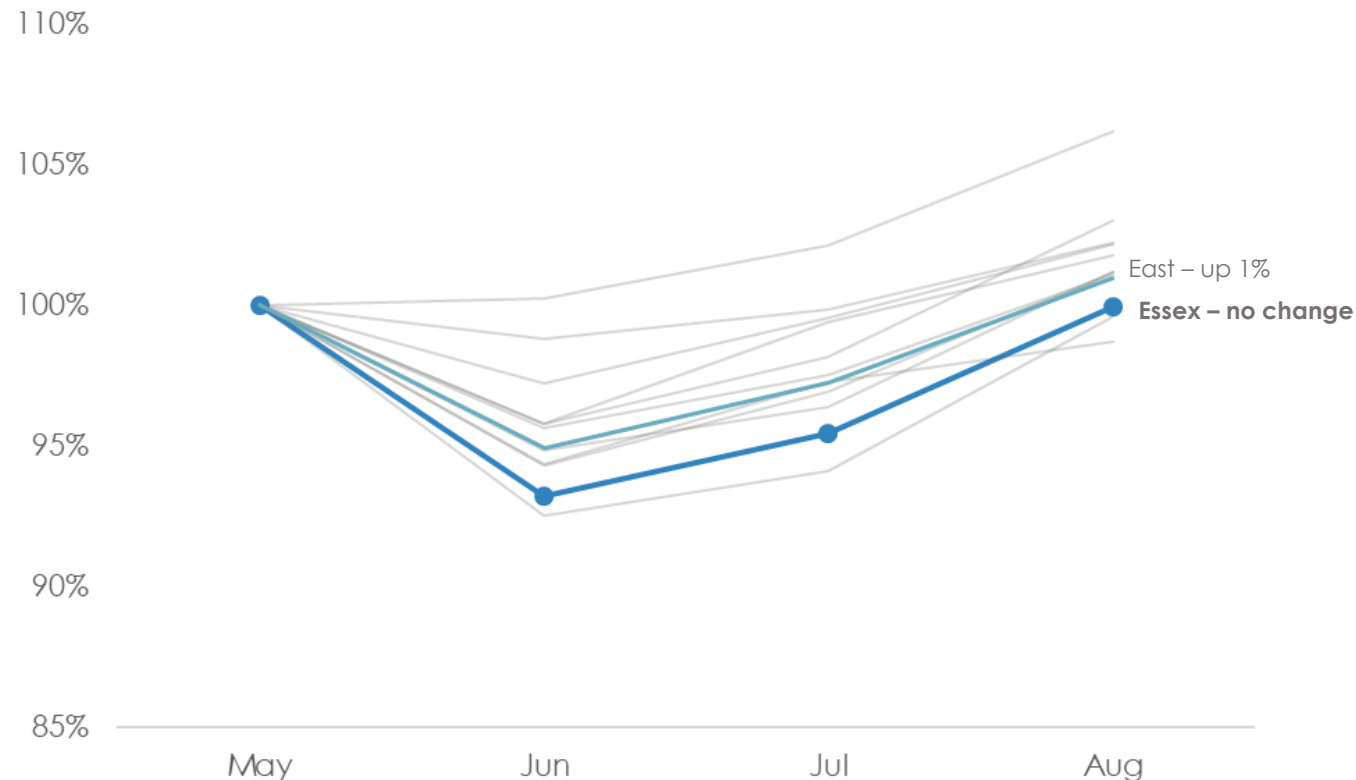
Monthly claimant count, Greater Essex, 1990 – August 2020



- August 2020 saw an increase in the number of unemployment claimants. There was a total of 71,290 claims across greater Essex in August, slightly higher than the number of claims in the May peak (71,170)
- Since the pandemic first hit, there has been little change in overall unemployment. There have been slight decreases in June & July (down by 6.5% and 4% from the peak, respectively), but it is unlikely Essex will 'bounce back' to pre-covid unemployment levels. Levels of unemployment are likely to be high for a long time
- Across greater Essex there were 71,170 claims in August 2020, with:
 - 54,125 (75.9%) in Essex
 - 9,095 (12.8%) in Southend
 - 8,070 (11.3%) in Thurrock

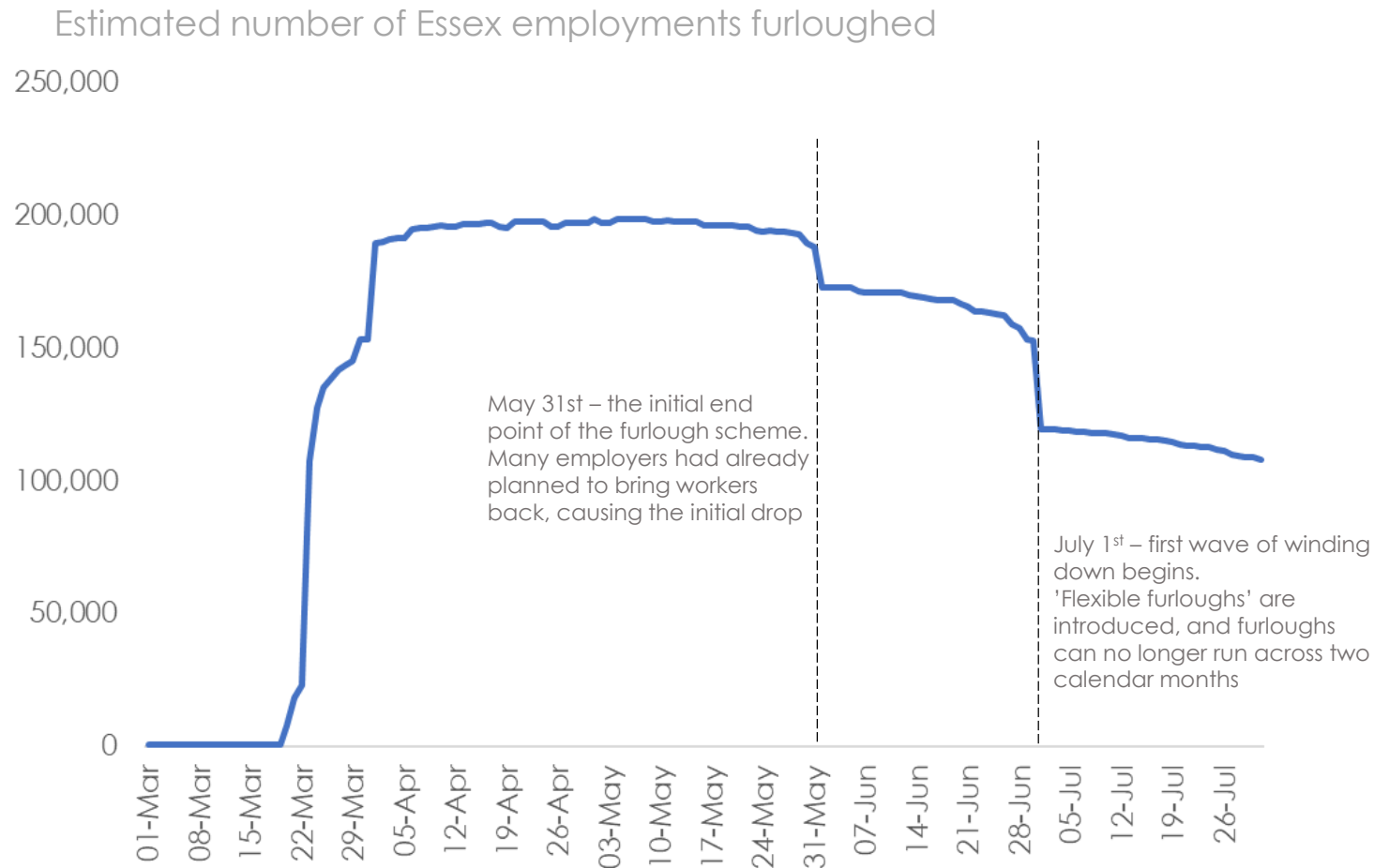
Back to square one – Unemployment started to drop in June & July, potentially showing the start of Essex's recovery. This did not continue in August

Change in the number of JSA claims since the peak



- Up until August, the direction of travel for unemployment was positive. Levels of unemployment in Essex were consistently down from the May peak, and Essex had one of the fastest decreases in unemployment in the East of England.
- This did not continue into August. Unemployment increased across the region, and Essex's unemployment returned to May's levels.
- Despite this increase, Essex is still doing relatively well. Almost every other upper tier local authority has had a larger increase in unemployment than Essex (with only C.Bedfordshire and Norfolk doing better), and the change in unemployment in Essex is slightly below the change in unemployment seen in the region.

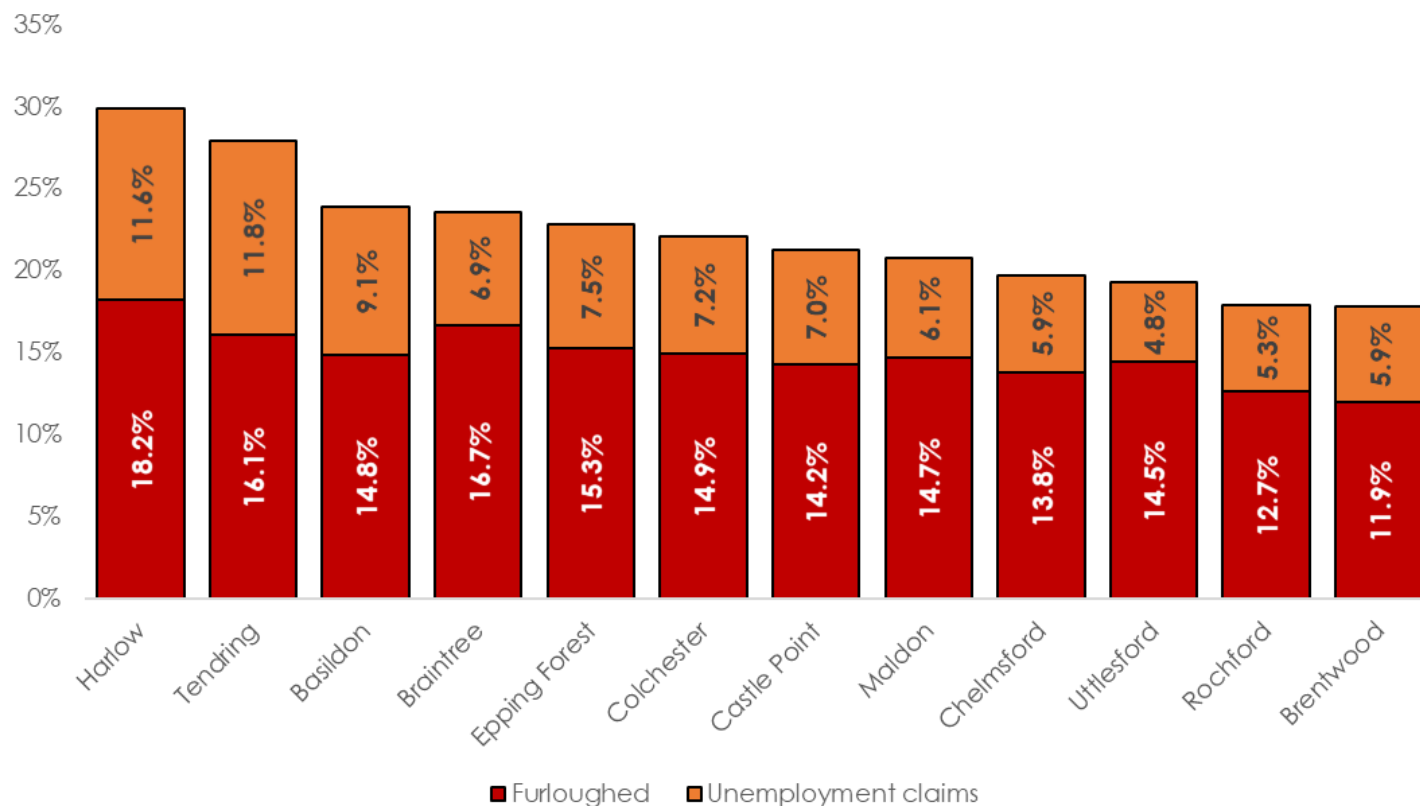
Large numbers still rely on government support, and the scheme is winding down



- We estimate that there are currently 108,000 Essex residents furloughed.
- The furlough scheme is ending. From August 1st employers will start paying national insurance & pension contributions. From September 1st employers will need to pay 10% of furloughed staff's wages. From October 1st this increases to 20%. All support ends on November 1st.
- The first wave of winding down has begun. From July 1st new restrictions have been put in place around furloughs. This has already caused a sharp drop in the number of Essex residents supported.
- There is significant uncertainty around what will happen when the support is removed. The Chancellor has introduced a new 'winter support plan' which starts on November 1st. The plan allows employers to put staff on shorter hours instead of making them redundant. How many jobs this will save remains to be seen.

Everywhere in Essex relies on the support scheme. There is a risk of increasing unemployment as the support starts to end

Total number of Essex employees receiving support (est.)

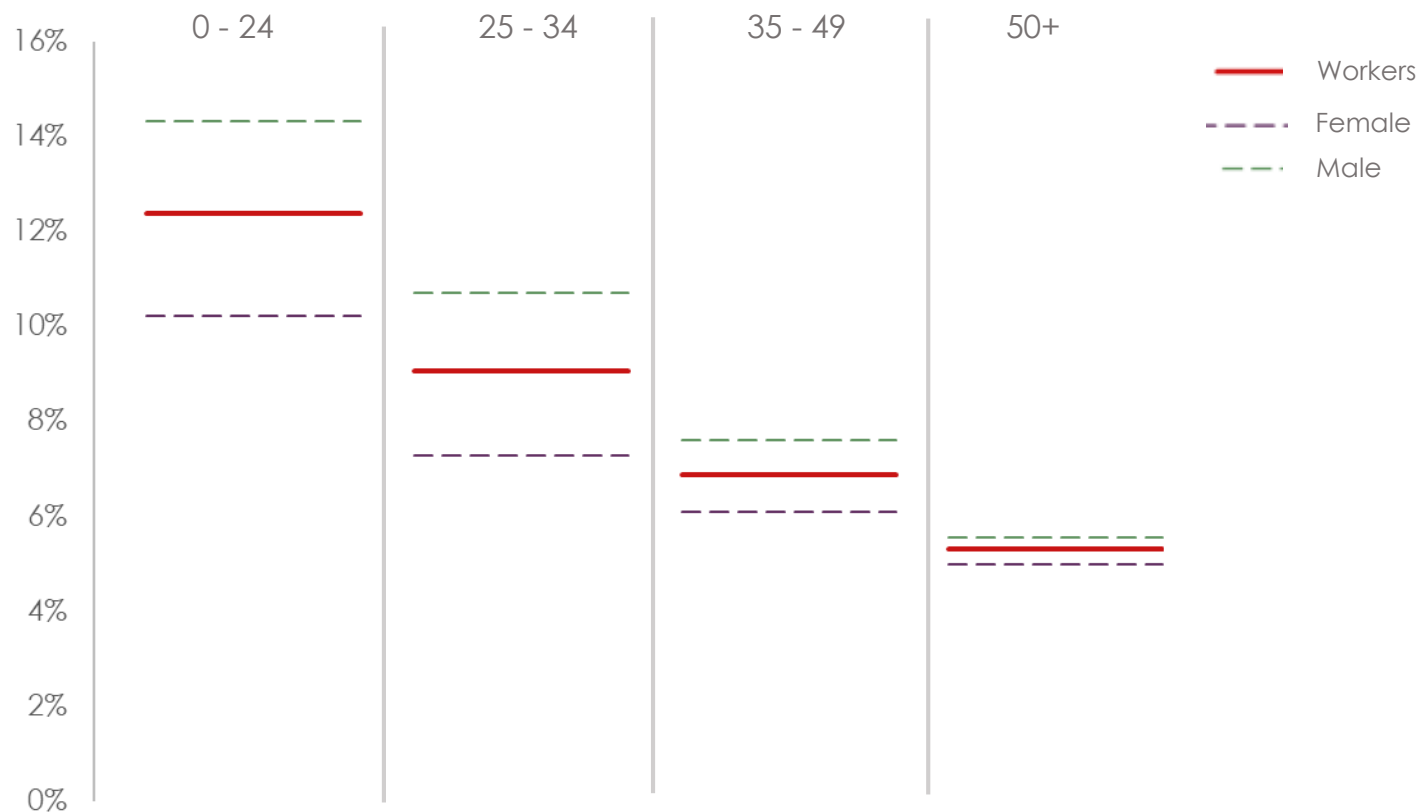


- In addition to the 54,125 unemployed Essex residents, we estimate there are 108,000 residents currently furloughed. In total, this amounts to 22% of Essex receiving some form of government support
- There is variation in the levels of support across Essex, but every area has been affected. In Brentwood we estimate that 1 in every 5 workers is currently unemployed or furloughed, In Harlow this rises to almost 1 in 3
- Furloughs make up the bulk of support. It is unknown how many employers will be able to pay the increasing cost of furloughing staff, and how many jobs will be available for the furloughed staff to return to. There is a risk of high levels of unemployment as the scheme closes

Analysis by age and sex

Younger people are more likely to be unemployed...

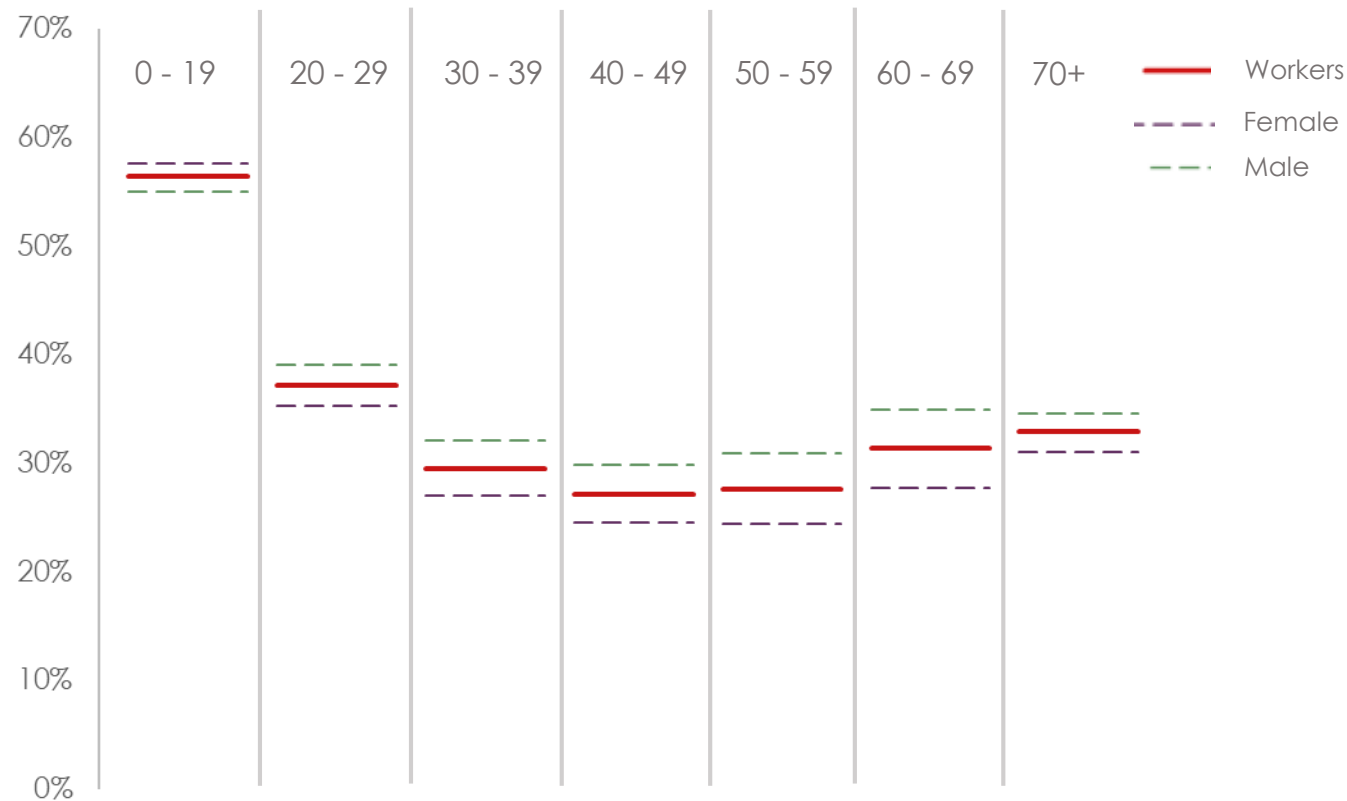
Claims as a proportion of employed residents, by age group



- The bulk (80%) of Julys claims come from the middle aged groups. This is because middle aged residents make up the bulk of the Essex workforce
- Young people are much more likely to be unemployed, compared to any other age group. 12.4% of the under 25 work force have made a jobseekers claim, compared to 9.0% of the 25 – 34s, 6.9% of the 35 – 49s, and 5.3% of the over 50s
- Young males are the most likely group to be unemployed. Males across all age groups are more likely to be unemployed compared to females, but this gap closes as age increases

...And more likely to be furloughed

Proportion of employees furloughed by age band



- Younger people are more likely to be furloughed than any other age band. Young women are more likely to be furloughed compared to young men – this is the only age group where females are more likely to be furloughed
- The proportion of employees furloughed falls sharply, with the lowest proportions occurring in the 40 – 49 age group
- The proportion of furloughs rises as people get towards retirement age

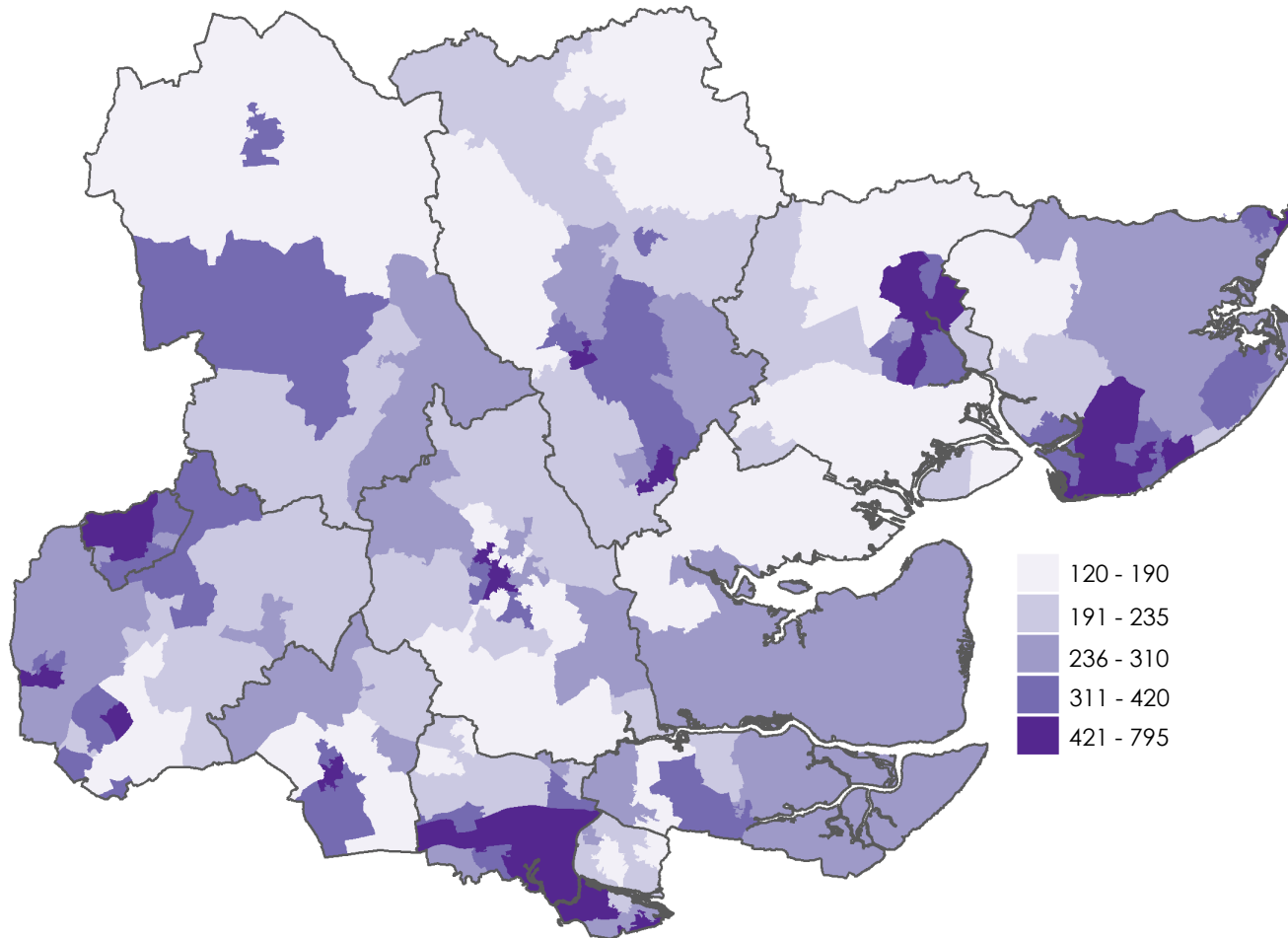


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Impacts on places

Unemployment claims are highest in deprived areas

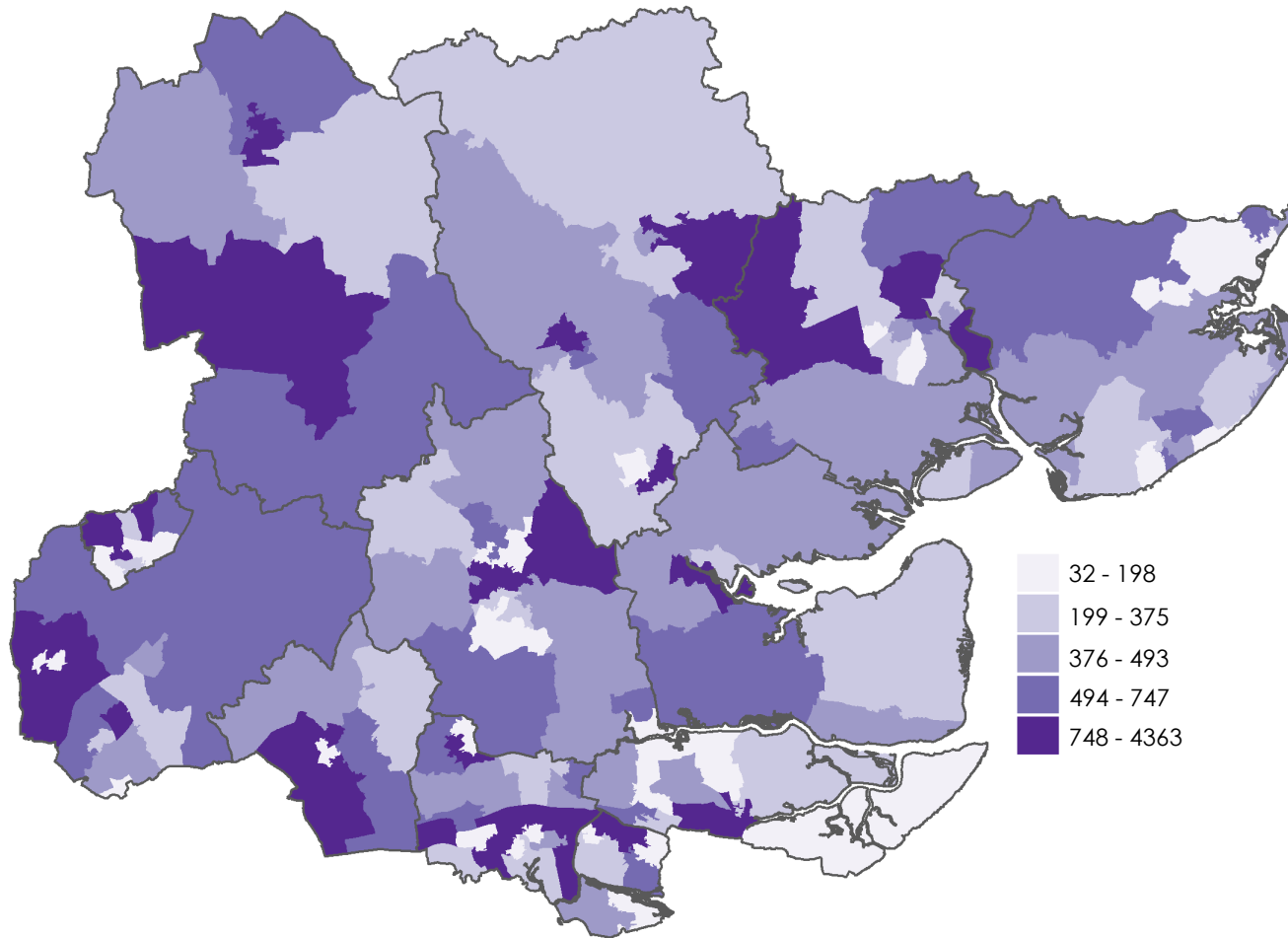
August JSA claimants



- At the start of the pandemic, deprived areas were the hardest hit. Several months on, this continues to be the case
- Areas in Harlow, Tendring (particularly Clacton & the Pier), and parts of south Essex have the highest levels of unemployment claims
- As the pandemic moved on, more areas began to feel the impact – parts of central Chelmsford & Colchester started to see high levels of unemployment

And furloughs are high everywhere

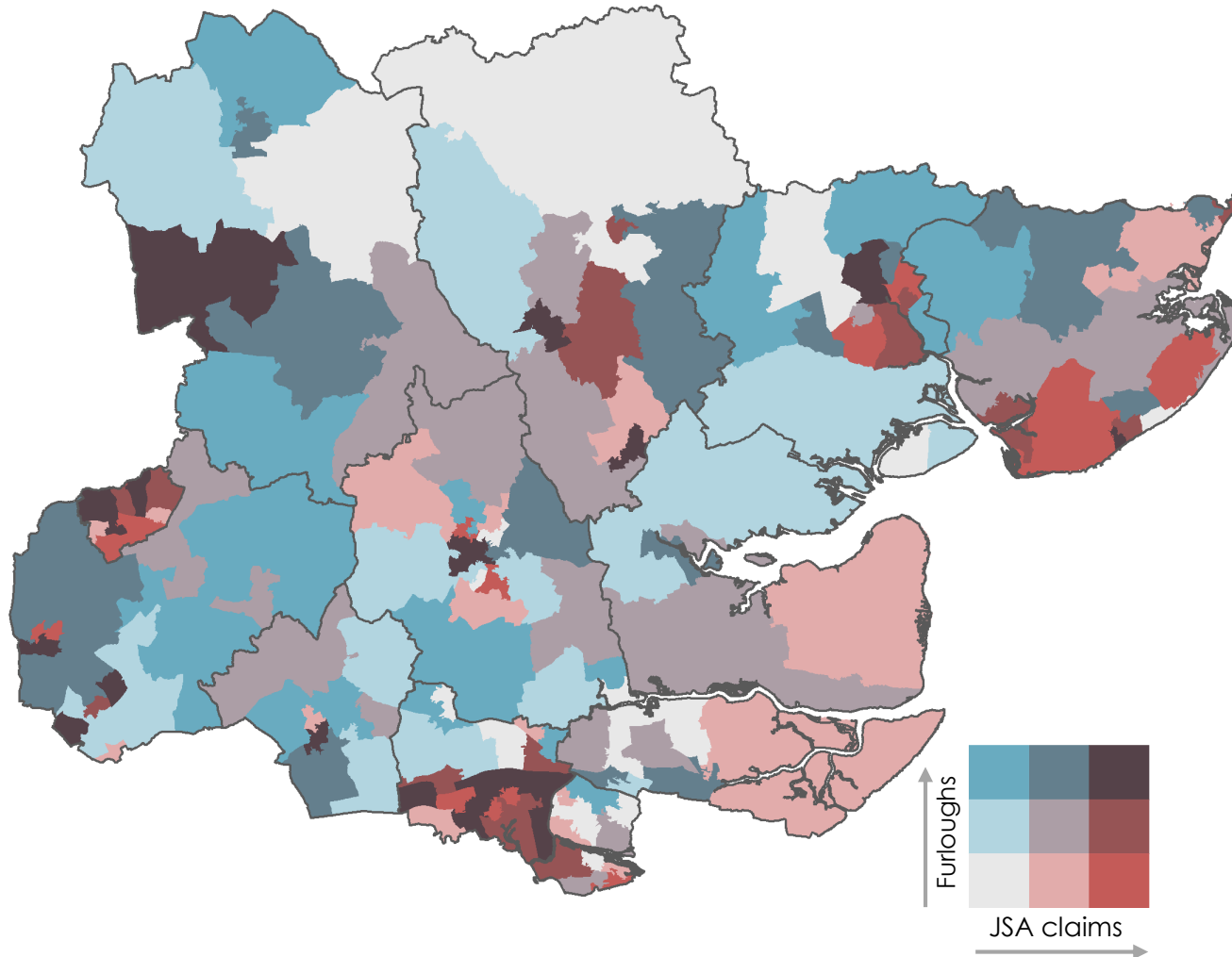
Estimated number of furloughed employees



- The number of furloughs are much more evenly spread, with almost every area in Essex having high numbers of furloughed employees
- The highest levels of furlough are from Central Chelmsford (4,363), Central Colchester (3,870), Takeley & Mountfitchet South (2,983), and Basildon Central & Pipp's Hill (2,967)
- Parts of Braintree (Witham West) and Clacton (Clacton Rush Green) have some of the lowest levels of estimated furloughs

Almost everywhere in Essex depends on government support

Current job support across Essex (est.)



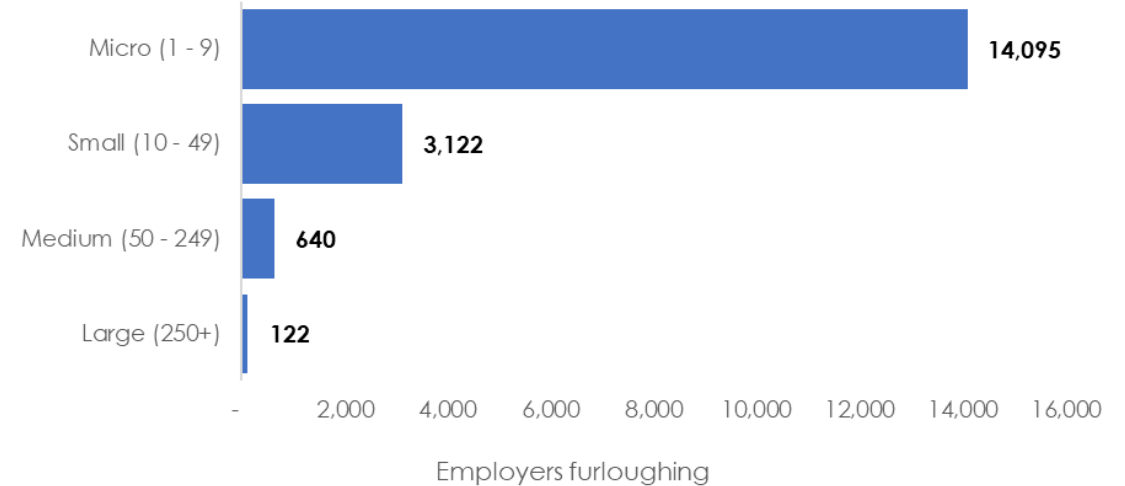
- Areas in South Basildon and almost all of Harlow have particularly high levels of furloughed employees & unemployment claims
- There are high levels of furlough & low levels of unemployment in parts of Epping Forest, Colchester, and Uttlesford
- There are areas with high levels of unemployment & low levels of furlough in Tendring, Basildon, and Harlow
- Some areas in the North of Essex have got away relatively unscathed – areas near the top of Braintree, Uttlesford, and Colchester are among the least affected

Which sectors and employers have furloughed workers?

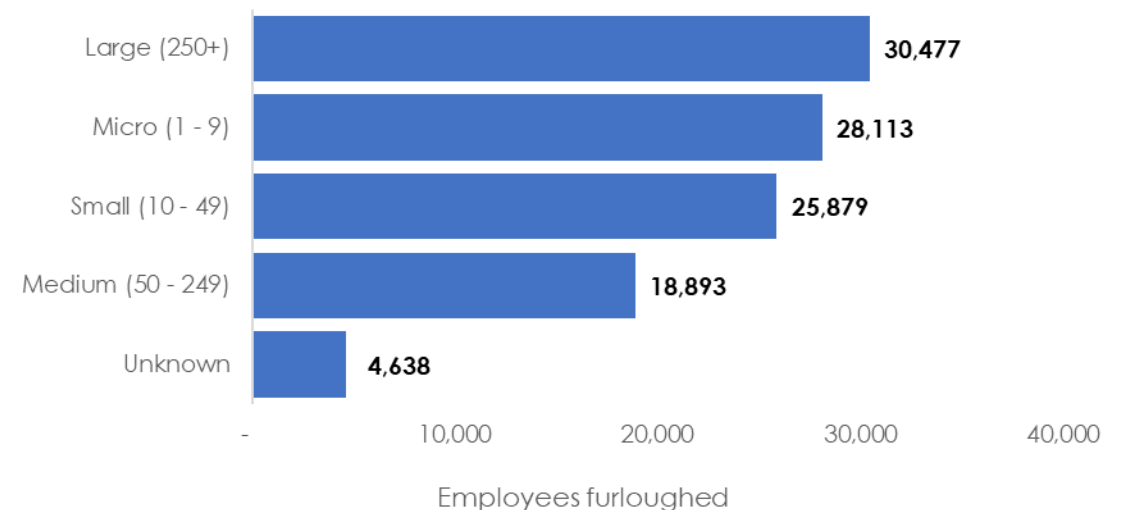
Furlough and business size

- Nationally, Smaller employers (with less than 50 employees) make up the bulk of furloughing employers. **For every 10 employers furloughing, 9 have less than 50 employees.** Most employees furloughed work at large (250+) employers.
- Applying the national figures to the number of Essex businesses allows us to estimate the impact of COVID-19 on the Essex economy. We estimate that **18 thousand employers are furloughing** (27% of all Essex employers), and **108 thousand employees are currently furloughed** (12.8% of all Essex employees)

Estimated number of Essex employers furloughing



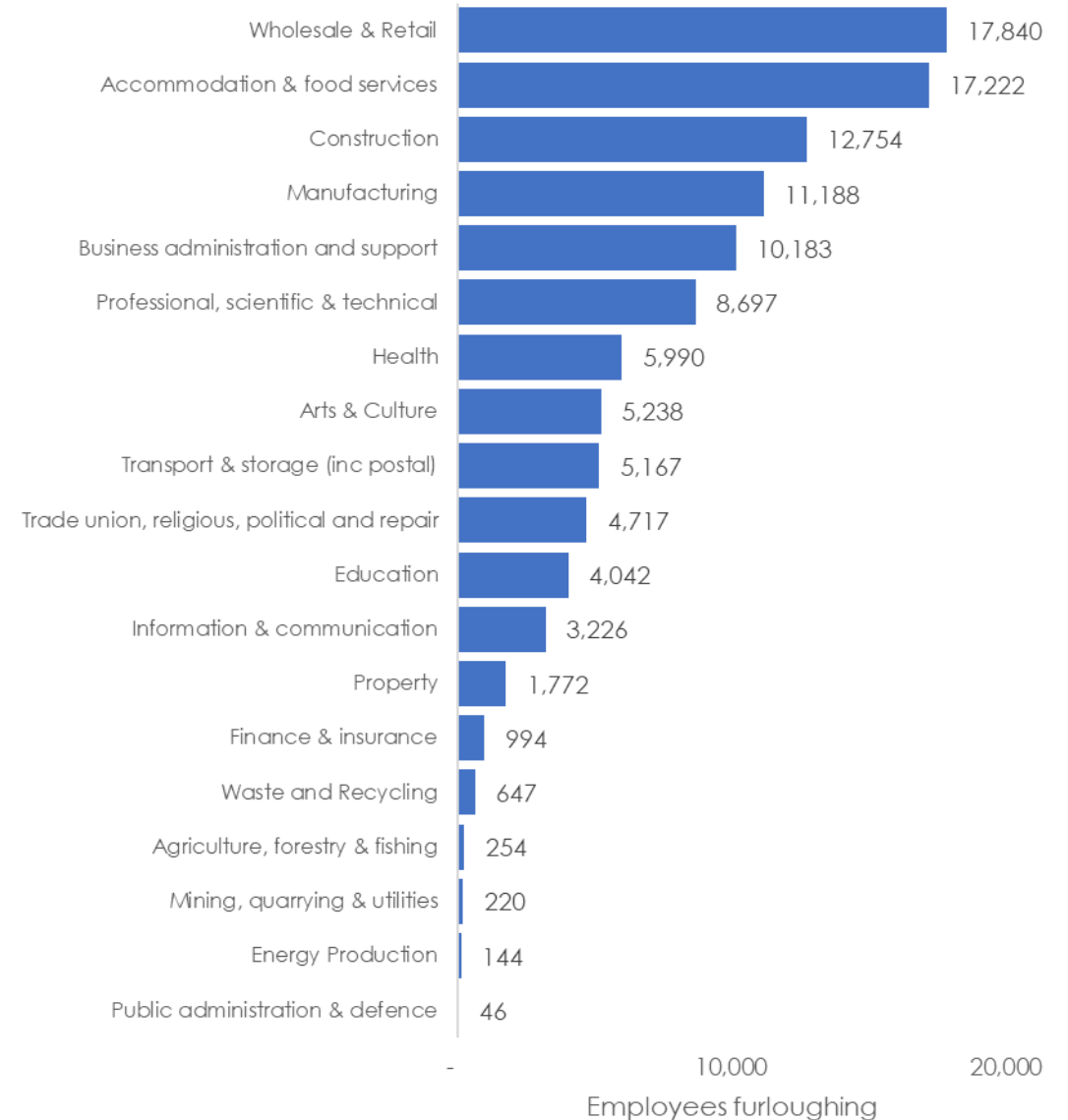
Estimated number of Essex employees furloughed



Furlough and sector

- The retail, construction, and professional sectors make up the bulk of furloughing employers in the UK. Currently, around 311 thousand employers from these sectors are furloughing almost 1.45 million employees, accounting for 30% of all employers furloughing
- We estimate that Essex employees from **retail, accommodation & food services, and constructions sectors** make up the bulk of furloughed residents. A total of **c48 thousand employees** from these sectors have been furloughed, accounting for **43% of all Essex furloughs**
- These are all sectors which were most impacted by social distancing & lockdown measures, with most employees unable to work from home & most employers shut by government

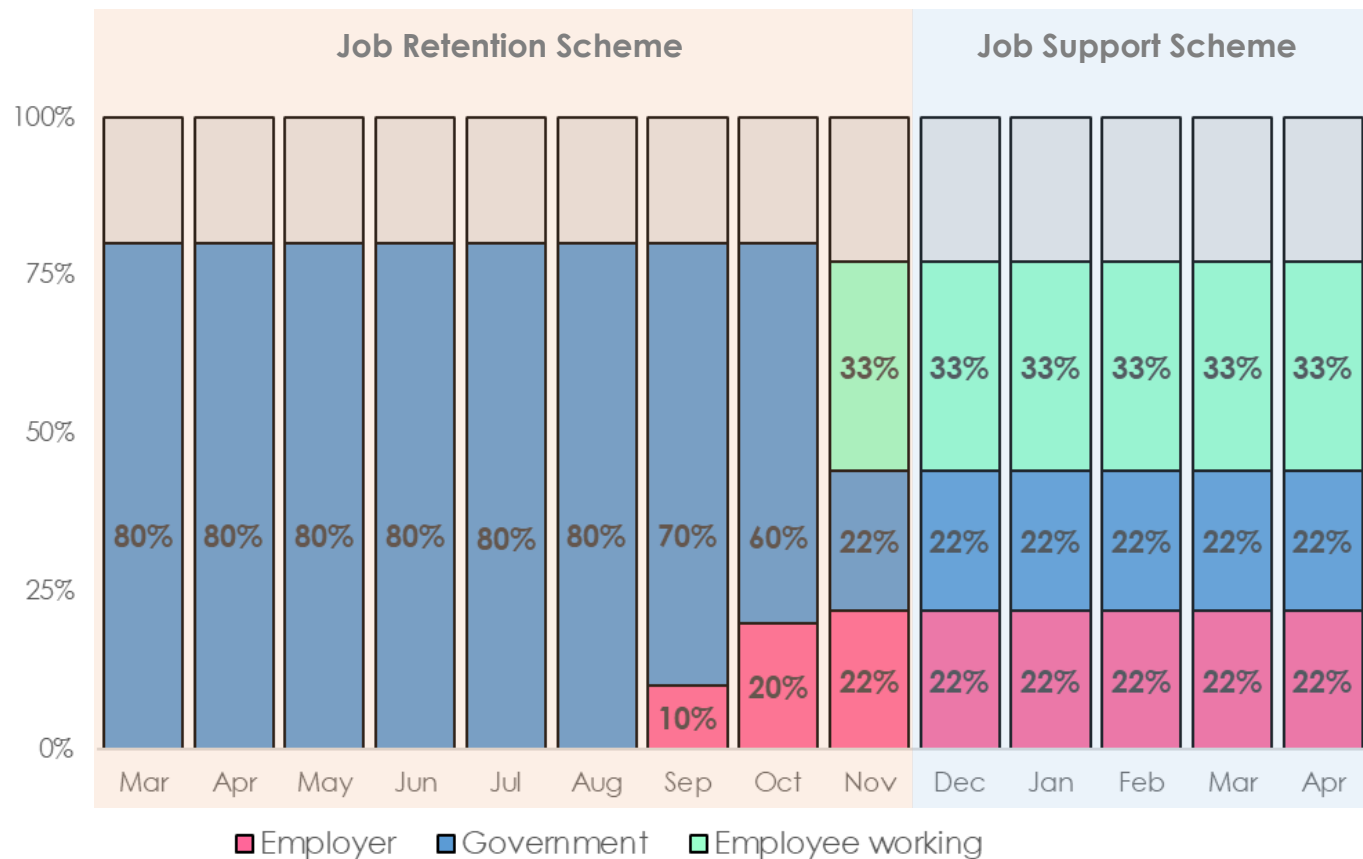
Estimated number of Essex employees furloughed



What comes next – the Job Support Scheme

The job support scheme will provide similar levels of support to the job retention scheme. The government will contribute significantly less

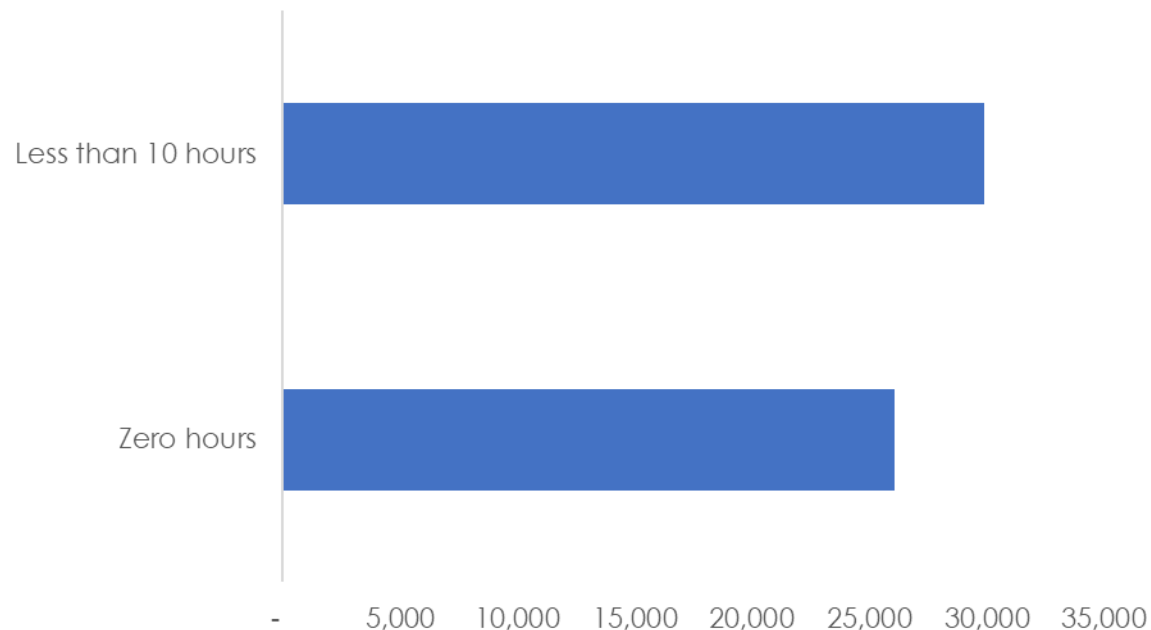
Monthly support, split by source



- People supported through the job retention scheme received 80% of their monthly salary. Initially this was entirely paid by government. By October, employers have to pay 20% of all furloughed staff wages. There have been concerns over how many employers will keep staff furloughed once they have to start paying
- People supported through the job support scheme will receive 77% of their wages. Employees work 33% of their contracted hours, 22% will be paid by the employer, and 22% by government – employers pay more, employees receive less
- Employers are unable to make any staff redundant if the staff member is receiving support through the new scheme

The job support scheme will only support 'viable' jobs – not everyone currently receiving support will be eligible

Number of Essex residents on low / zero hour contracts (est.)



- The job support scheme aims to support businesses experiencing reduced demand. Rather than making employees redundant, employers are able to reduce the employees hours to 1/3 of their contract
- Support will only be available to 'viable' jobs. There is no definition about what a viable job is. Jobs which are viable in the long term but are currently unviable – for example jobs in nightclubs – will not be supported through the scheme
- It is currently not clear what support will be given to people on zero hour contracts. There is also concern around incentives for employers – employers pay any employee on the scheme 55% of wages for them to work 33% of their hours. Some employers will choose to cut employees hours

This summary has been prepared by Essex County Council's Strategy, Insight and Engagement function.

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