



**The Effect of the Recession on the East Renfrewshire
Labour Market:**

Analysis and Recommendations

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1. Introduction

1.1 Background

East Renfrewshire Strategic Employability Partnership plans to refresh the Employability Strategy 2008-11 and further develop the Employability Pathway and Pipeline to reflect current and anticipated labour market requirements. The revised strategy will cover the period 2011-2014.

The feeling is that East Renfrewshire has been disproportionately affected by the recession with higher than average increases in registered unemployed. This could be due in part to a low starting base and is likely to be affected by specific characteristics of the East Renfrewshire labour market. Despite higher than average positive school-leaver destination statistics, in particular the proportion of school-leavers entering Further and Higher Education, unemployment in the 19-24 age range has also increased dramatically.

During the period of the revised strategy, East Renfrewshire will benefit from a large number of new jobs created as a result of regeneration and inward investment. These include c. 600 new retail jobs; 60+ hospitality jobs; construction activity; and a new college development.

The diagram below shows the existing Employability Pathway in East Renfrewshire. This has been extended to include Stage 5 which is sustained employment and career development. This serves as good baseline for any additional funding particularly for those who are furthest away from the labour market. However, could there be variation in the pipeline for the higher skilled unemployed and underemployed? Particularly graduates? This may involve a refresh of Stages 4 and 5 of the pathway and the partnership providing more support to potential employers.

The purpose of this research project is thus to enable the Strategic Partnership to better understand the dynamics of the local labour market and to prepare to meet both supply and demand requirements.

This document reviews the available statistical data to provide a comprehensive analysis of those who are unemployed and those who are furthest away from the labour market in East Renfrewshire. The purpose of this study is to identify who the priority groups are within the area and assess how demand in the local labour market has been affected by the recession.

Much of the analysis compares the latest statistical data available for East Renfrewshire with data from before the onset of the recession. This analysis is then used as the basis for some recommendations as to how additional funding should be targeted within East Renfrewshire.

1.2 Objectives of the Research

The labour market information presented here will help East Renfrewshire Council to make informed decisions about where additional funding should be targeted. To do this effectively, there is a need to:

1. Identify and put scale on those groups who are likely to require and access targeted support so that services can be focused on these groups. The research has identified that the following priority groups be targeted:
 - Benefit Claimants;
 - JSA Claimants and
 - Young People

2. Understand where suitable employment opportunities in the local economy are most likely to come from. These might potentially come from:
 - Sectoral growth areas in the local economy;
 - The extent to which the public sector can be a source of job opportunities;
 - Identification of entry level opportunities and the skills needed to access these and
 - Employment forecasts.

1.3 Methodology

- Review of official statistics
- Review of academic literature
- Survey evidence (JCP Questionnaires Pending)

1.4 Report Structure

- **Chapter 2** provides an overview of the recent performance of the East Renfrewshire labour market.
- **Chapter 3** profiles the key priority groups in East Renfrewshire, including benefit claimants, JSA claimants and unemployment among young people.
- **Chapter 4** sets out the industrial structure of East Renfrewshire, including analysis of key and emerging industries and possible public sector opportunities.
- **Chapter 5** provides recommendations as to how additional funding should be targeted.

2. Labour Market Trends

2.1 Labour Market Participation

Overview

Chart 2.1 shows an overview of labour market participation, inactivity and unemployment levels in East Renfrewshire.

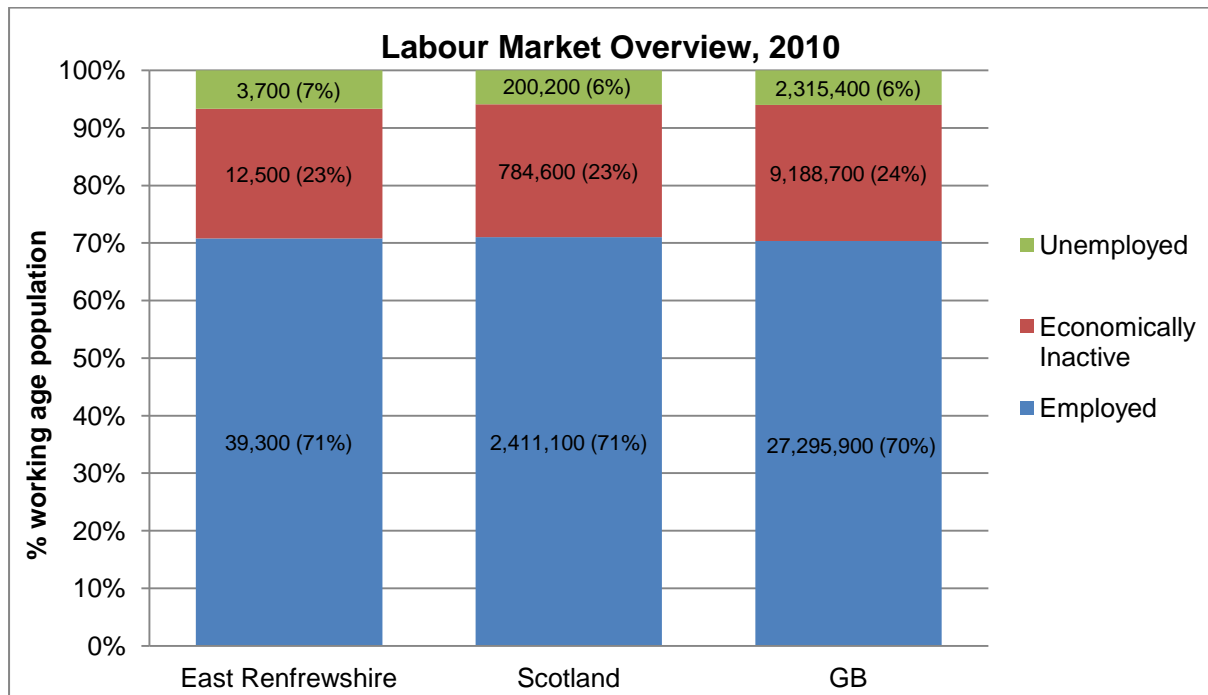


Chart 2.1 Source: Annual Population Survey, 2010

- The International Labour Organisation (ILO) definition of unemployment is the UK Government's preferred measure. It is a count of all jobless people who want to work, are available to work, and are actively seeking employment.
- The rate of unemployment in East Renfrewshire is slightly above the Scottish and UK averages.
- Economic Inactivity is a measure of those of working age that are not in work, but who do not show up on traditional measures of unemployment, as they are not actively seeking work.
- Despite being one of the most affluent local authorities in Scotland, East Renfrewshire has still has a relatively high rate of economic inactivity. The economically inactive population is over three times larger than the unemployed population. Interestingly, Renfrewshire has the same rate of economic inactivity (23%) as East Renfrewshire despite Renfrewshire having a much higher proportion of its residents claiming key out-of-work benefits.

Employment

The 'employment rate' of an area is the proportion of the working age population that is in a job. Chart 2.2 shows that East Renfrewshire's current employment rate is 70.8% and is now just below the Scottish employment rate of 71%.

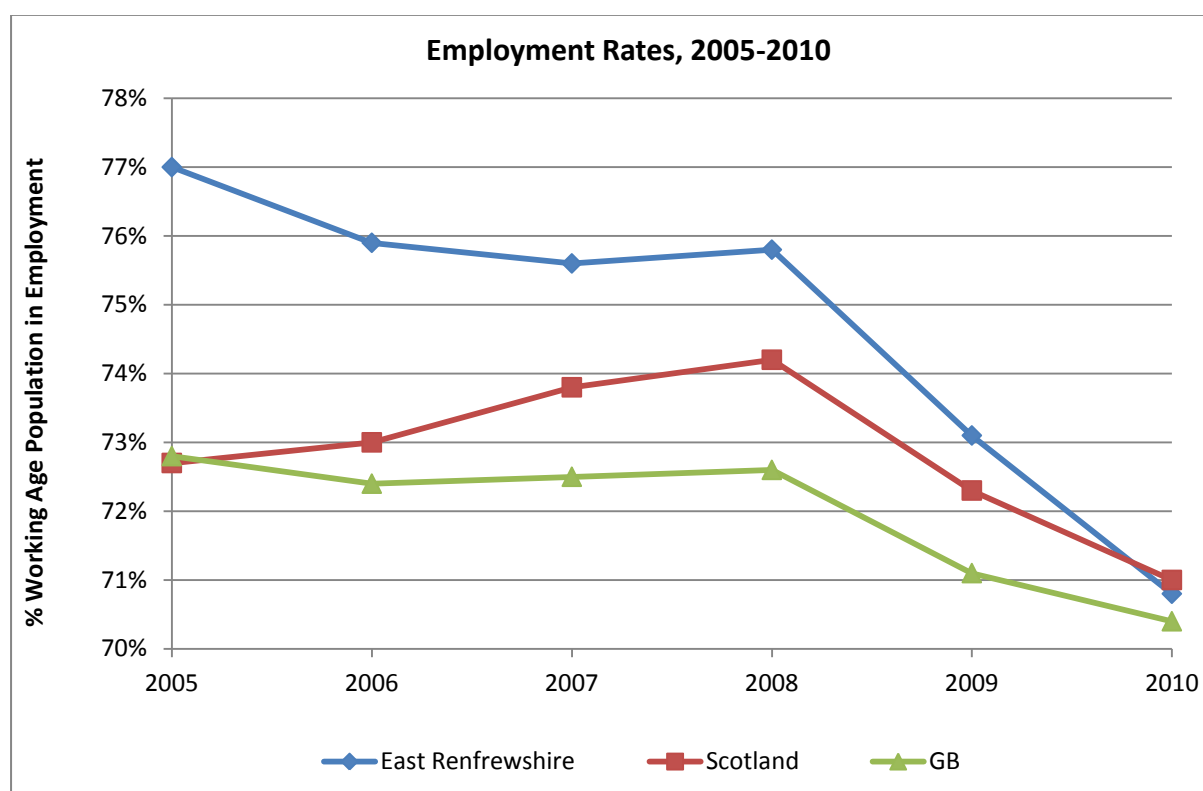


Chart 2.2 Source: Annual Population Survey 2005-2010

- Between 2008 and 2010 there was a steep decline in the employment rate in East Renfrewshire. In this period, the employment rate decreased by 5 percentage points whilst the Scottish rate decreased by 3.2 points and the UK rate by 2.2 points.
- The decline is therefore relatively more severe in East Renfrewshire and is a significant issue therefore in terms of where future jobs might come from.

Unemployment & Economic Inactivity

In 2010, a total of 2,800 East Renfrewshire residents were unemployed going by the ILO measure of unemployment. As a result of the recession unemployment has increased by 86% as in 2008, a total of 1,500 East Renfrewshire residents were unemployed.

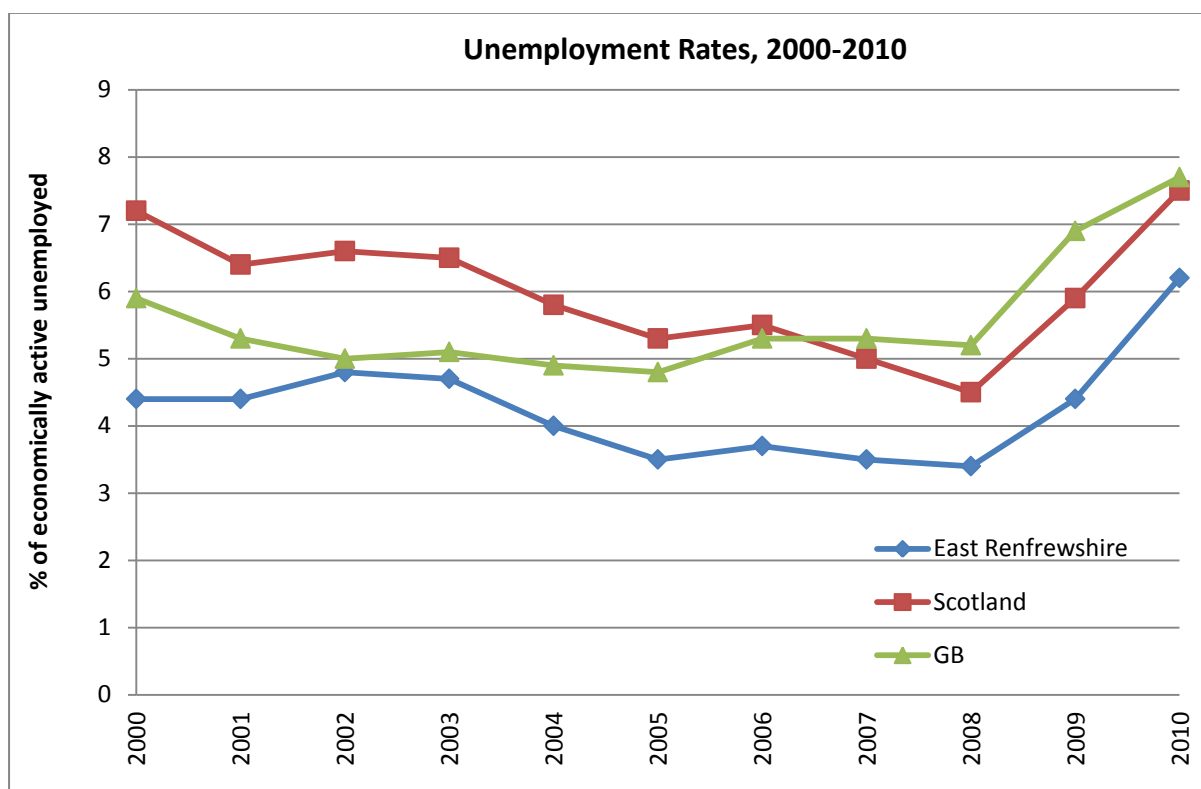


Chart 2.3 Source: Model-Based Estimates of Unemployment, ONS

- Chart 2.3 shows that the unemployment rate has increased reflecting the declining employment rate. The unemployment rate in East Renfrewshire has been consistently below the national averages since 2000.
- The rate of increase in unemployment in East Renfrewshire at 2.8% between 2008 and 2010 has been broadly similar to that seen across Scotland at 3% but higher than the UK rate of increase of 2.5%

There are 12,500 of the East Renfrewshire working age population who are economically inactive. This accounts for 23% of the working age population, which is broadly in line with the rates for Scotland and the UK. Chart 2.4 shows how the rate of economic inactivity has changed over time in East Renfrewshire.

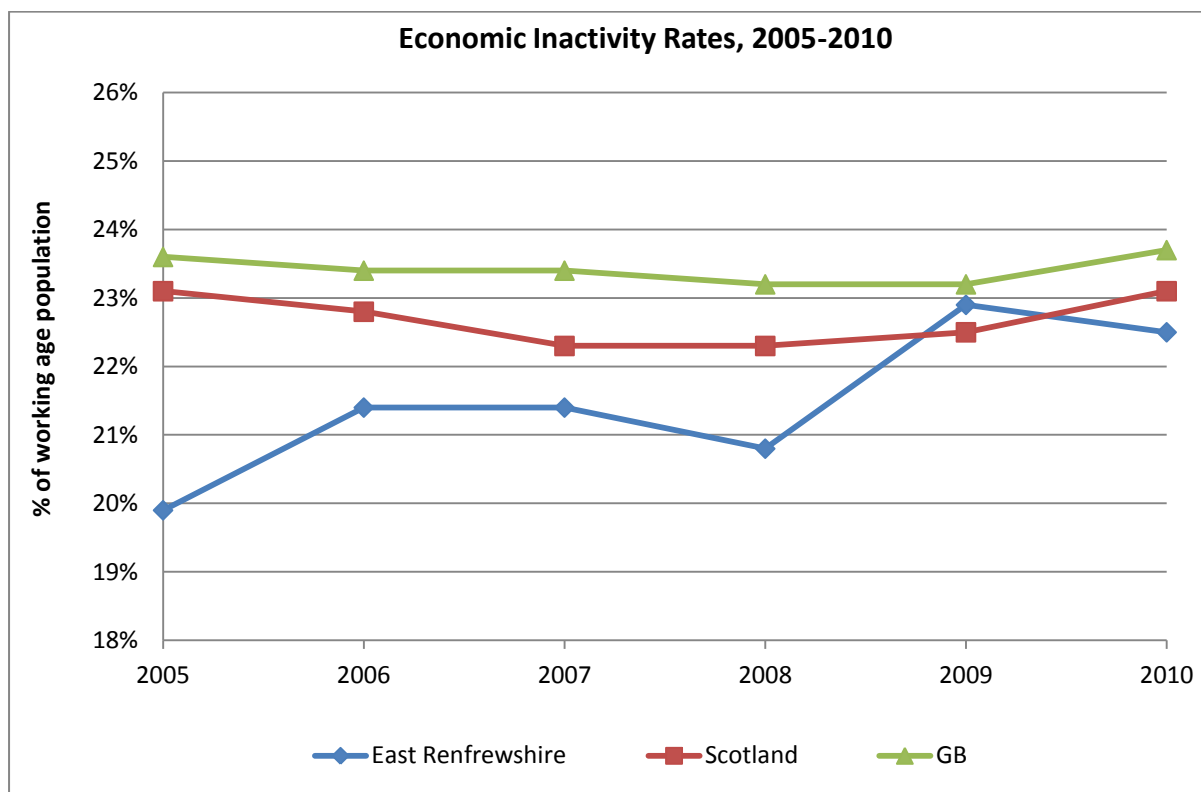


Chart 2.4 Source: Annual Population Survey, 2005-2010

- Chart 2.4 shows that while inactivity rates in Scotland and the UK have been relatively stable over the last 5 years, they have increased in East Renfrewshire.
- This suggests that the declining employment rate in East Renfrewshire has resulted in an increase in both unemployment and economic inactivity in the area.

Table 2.1 shows a breakdown of Economic Inactivity in East Renfrewshire. Many of the East Renfrewshire population who fall under this category are furthest away from the labour market and are therefore likely to require the highest level of support in order to return to work.

Economic Inactivity 2010	
Wanting a job	2,400
Not wanting	10,100
Long term sick and student	1,300
IB/ESA/Carer	2,631
Looking after home/family	3,101
Retired (16-64)	3,161
Unaccounted for	1,070
Economically inactive total	12,500

Table 2.1 Source: Annual Population Survey, 2010 and Census Data 2001

- According to Census (2001) figures there were 3,101 individuals who cited looking after their home or family as a reason for being economically inactive. The combined number of Lone Parent and Carers allowance clients subtracted from this figure, leaves 2,631.
- There are still an estimated 1,070 economically inactive individuals who are unaccounted for by the data. This estimate has been calculated by taking the economically inactive total and subtracting the subsets stated in the Annual Population Survey and additional data from the Census. This is based on the assumption that the data derived from the Census has remained constant, so it is likely to be a conservative estimate.
- Who might this 'hidden' section of the economically inactive be? According to a study done by the Centre for Drug Misuse Research at the University of Glasgow, East Renfrewshire has an estimated 543 problem drug users, which is 0.95% of the population aged 15 to 64. Of this number, 185 are estimated to be drug injectors. Incapacity Benefit/Employment Support Allowance (IB/ESA) clients may make up some of this number but it can be argued that many will be unaccounted for by the available data.
- Scottish Prison statistics for 2009-10 state that 49 East Renfrewshire residents were imprisoned in both adult and young offenders institutions. In this same period 104 East Renfrewshire residents were liberated from prison. How many of these individuals are economically inactive is unknown but it is a likelihood that many are in this category.
- Possible explanations for the remainder of the economically inactive in East Renfrewshire could be: individuals who fall under the More Choices More Chances category but are not in receipt of any benefits; individuals who have been made redundant and are not currently seeking employment; individuals operating in the informal economy; and those individuals with additional support needs who are not claiming IB/ESA.

2.2 Qualifications of the Workforce

Workforce Qualifications, 2009*			
	East Renfrewshire	Scotland	GB
NVQ Level 4+	47%	34%	30%
NVQ Level 3	15%	15%	15%
Trade Apprenticeships	5%	6%	4%
NVQ Level 2	13%	15%	16%
NVQ Level 1	7%	10%	14%
Other Qualifications	4%	8%	9%
No Qualifications	10%	13%	12%

**% working age population (16-64)*

Table 2.2 Source: Annual Population Survey, 2009

- East Renfrewshire has a relatively well qualified workforce when compared to national averages.
- The percentage of residents with degrees is much higher than Scotland and has been consistently so over the past decade.
- At the same time, the proportion of East Renfrewshire residents with no qualifications is below national averages.

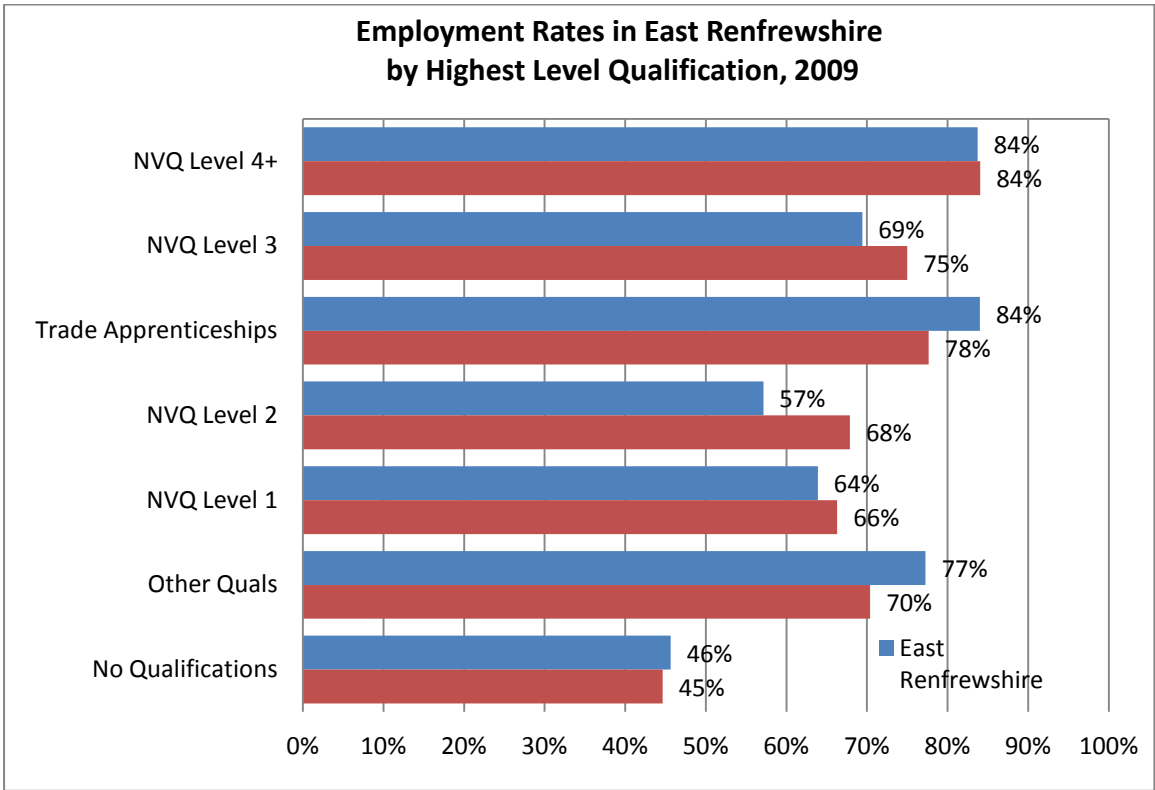


Chart 2.5 Source Annual Population Survey, 2009

The level of qualifications held by an individual has a direct impact on the educational and employment opportunities available to them:

- Chart 2.5 shows that 84% of East Renfrewshire working age residents who were educated to degree level or better were in employment in 2009
- This falls markedly for those qualified to levels 2/3, between 57%-69%, which is well below the equivalent range for Scotland (68%-75%)
- The percentage of East Renfrewshire residents with no qualifications was substantially lower again at 45%, mirroring the trend across Scotland.

An aim of any additional funding should be to try and increase the qualification levels amongst the unemployed to at least NVQ Level 1. This would substantially increase the chances of employment for many of those who face barriers to entering the labour market.

Chapter 2- Key Messages

- **Increased Unemployment-** The unemployment rate in East Renfrewshire is now slightly higher than national averages in the aftermath of the recession.
- **Decreased Employment Rate-** This increase in unemployment in East Renfrewshire is reflected in a decline in the employment rate. This is now below the Scottish rate of employment.
- **Economic Inactivity-** the number of economically inactive has increased in East Renfrewshire over the last 5 years whilst the national levels have remained fairly stable. There are 1,070 individuals economically inactive individuals unaccounted for by the available data. They represent the 'hidden' unemployment of East Renfrewshire.
- **Highly Qualified-** The percentage of residents with degrees is much higher than Scotland and has been consistently so over the past decade. At the same time, the proportion of East Renfrewshire residents with no qualifications is below national averages.

3. Priority Groups

This chapter will focus on the specific groups of individuals within East Renfrewshire that have suffered the most due to the economic downturn. These priority groups are:

- Workless benefit claimants;
- JSA claimants and
- Young people

3.1 Workless Benefit Claimants

Overview

The total amount of East Renfrewshire residents claiming benefits is 6,200. The total claiming key out-of-work benefits is 4,900 which is 9% of the working age population. However, if out-of-work claimant totals were combined for Barrhead and Neilston then 22% of the working age population would be workless.

Benefit Claimants 2008-2010							
		Nov-08		Nov-10		Change 2008-2010	
		Total	Rate	Total	Rate	No	%
All Claimants	East Renfrewshire	5,700	10.2%	6,200	11.1%	500	9.0%
	Scotland	536,800	15.8%	564,700	16.5%	27,900	5.2%
	GB	5,385,700	13.9%	5,669,400	14.5%	283,700	5.3%
Workless Claimants	East Renfrewshire	4,500	8.0%	4,900	8.8%	400	9.4%
	Scotland	457,200	13.5%	478,000	14.0%	20,800	4.5%
	GB	4,538,000	11.7%	4,745,300	12.2%	207,300	4.6%

Table 3.1 Source: DWP 2011

- Table 3.1 shows that the benefit claimant rate in East Renfrewshire is significantly lower below the national averages.
- However during the recession, the benefit claimant rate increased at a faster rate in East Renfrewshire than what was seen across Scotland and the UK.

Claimants by Benefit Type

Table 3.2 below shows a breakdown of all benefit claimants within East Renfrewshire and changes seen in these numbers during the recession.

	Nov-08	Nov-10	Change 2008-10	
			No	%
Job seekers	760	1,340	580	76%
ESA and Incapacity Benefits	3,050	2,950	-100	-3%
Lone parents	520	460	-60	-12%
Carer	470	520	50	11%
Others on income related benefit	140	140	0	0%
Disabled	520	580	60	12%
Bereaved	200	180	-20	-10%
Total Claimants	5,660	6,170	510	9%

Table 3.2 Source: DWP 2011

- The disproportionate increase in benefit claimants in East Renfrewshire when compared to national averages has been driven primarily by the increase in the number of JSA claimants.
- IB/ESA claimant numbers have decreased within East Renfrewshire during the recession. This could however be partly due to the changes in the assessment criteria following the introduction of ESA.

Claimants by Age Group

Benefit Claimants in East Renfrewshire by Age				
	Nov-08	Nov-10	Change 2008-	
			10	
			No	%
Aged under 25	650	870	220	34%
Aged 25-34	880	970	90	10%
Aged 35-44	1,240	1,200	-40	-3%
Aged 45-54	1,510	1,690	180	12%
Aged 55-59	840	930	90	11%
Aged 60-64	540	520	-20	-4%
Total Claimants	5,660	6,170	510	9%

Table 3.3 Source: DWP 2011

- There have been increases in the number of benefit claimants in East Renfrewshire in 4 of the 6 age group categories as Table 3.3 shows.
- The largest increases have been seen across the under 25s and 45-54 age groups.
- Further evidence of the disproportional effect of the recession on youth is seen in the increases in the under 25 age group. The rise of 34% of claimants in this group is significantly higher than the Scottish average of 14%.

Claimants by location within East Renfrewshire

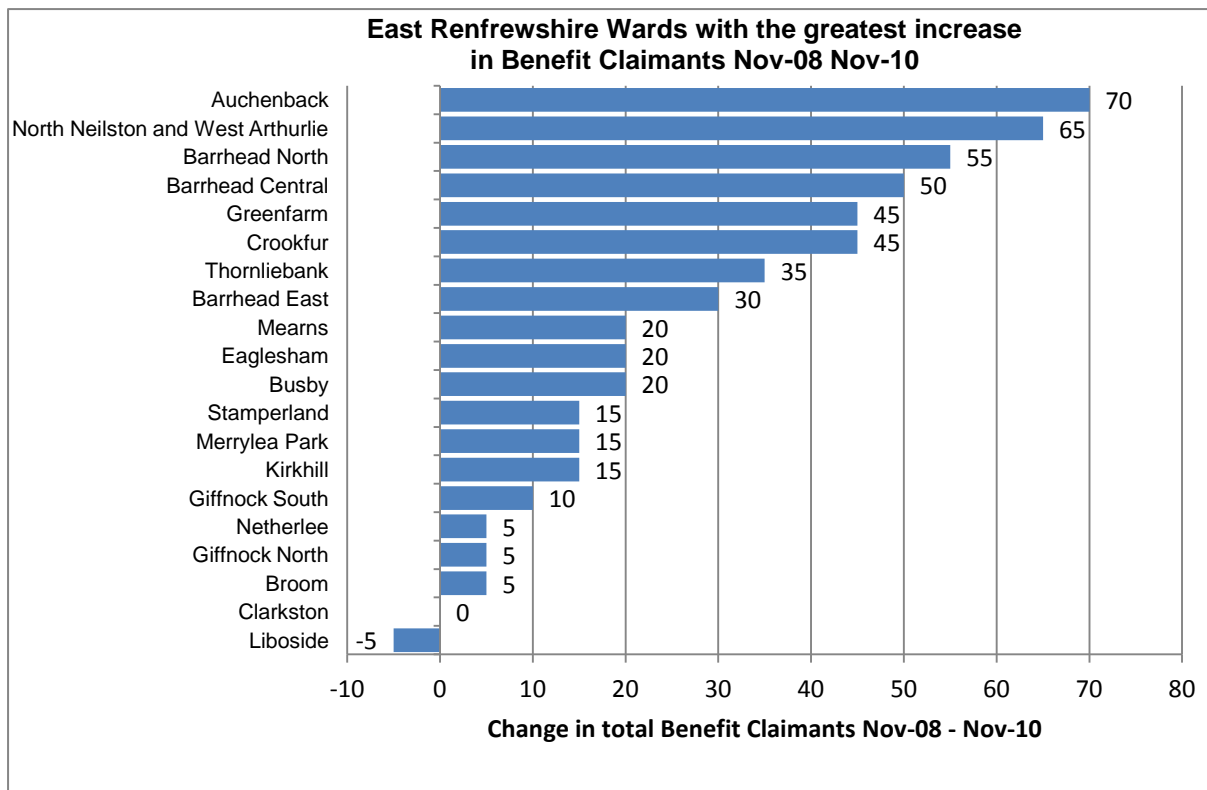


Chart 3.1 Source: DWP 2011

- Chart 3.1 shows that the greatest increases in benefit claimants during the recession were seen in Barrhead and Neilston within East Renfrewshire. The four wards that have shown the most significant increases account for almost 50% of the total rise in benefit claimants in the area.
- Perhaps the most surprising issue from Chart 3.1 is that the wards Crookfur and Greenfarm within the traditionally affluent area of Newton Mearns have seen greater increases in benefit claimants than Barrhead East which contains the only SIMD datazone in East Renfrewshire that is in the 5% most deprived in Scotland. This could be driven by increases in JSA unemployment in the more affluent wards and a low starting base of benefit claimants before the onset of the recession. It could also indicate the movement of IB/ESA claimants to JSA.

3.2 JSA Claimants

Overview

Jobseekers Allowance (JSA) is a benefit available to those of working age that are unemployed and seeking work. The number of East Renfrewshire residents claiming JSA has increased by 141% during the recession. The JSA claimant count does not capture all of those who are unemployed and are actively seeking employment. However, it is still a reliable indicator of how much unemployment has changed over a given period.

JSA Claimants						
	Apr-08		Apr-11		Change Apr-08 - Apr-11	
	No.	Rate	No.	Rate	No.	%
East Renfrewshire	580	1.0%	1,400	2.5%	820	141%
Scotland	73,630	2.2%	142,380	4.2%	68,750	93%
GB	810,420	2.1%	1,461,640	3.7%	651,230	80%

Table 3.4 Source NOMIS DWP Data

- The rate of increase in JSA claimants in East Renfrewshire has outstripped that seen across Scotland and the UK as Table 3.4 shows. Providing further evidence of the disproportionate effect the recession has had on the East Renfrewshire labour market.
- Despite this, the JSA claimant rate remains well below the Scottish average and is one of the lowest in the country.
- Much of the increase in the JSA claimant rate occurred in the height of the recession between April 2008 and August 2009, the trend has been relatively stable since then.

JSA Claimants by Age

Table 3.5 shows a breakdown by age of all JSA claimants residing in East Renfrewshire. Every age group has seen significant increases during the recession.

JSA Claimants in East Renfrewshire by Age				
	Apr-08	Apr-11	Change	
			Apr-08 - Apr-11	
			No	%
Aged under 18	10	10	0	0%
Aged 18-24	160	410	250	156%
Aged 25-49	320	720	400	125%
Aged 50+	100	260	170	174%
Total Claimants	580	1,400	820	141%

Table 3.5 Source NOMIS DWP Data

- The greatest increases in JSA in East Renfrewshire have been among the 'prime working age group' of 25 to 49 year olds.
- There have however been significant increases in those claiming JSA that are aged between 18 to 24. The rate of increase in this category is 156% which is significantly greater than the equivalent increase across Scotland of 86%.

JSA Claimants by Sought Occupation

A key characteristic of the recession has been the impact that it has had on 'white collar' jobs. Many managerial and professional jobs have been lost as a result of the downturn.

JSA Claimants by Sought Occupation 2008-2011						
Geography	East Renfrewshire			Scotland		
	Apr-08	Apr-11	Change 2008-11	Apr-08	Apr-11	Change 2008-11
Occupation Unknown	0	35	-	50	1,270	2440%
Managers & Senior Officials	30	75	150%	2,030	3,835	89%
Professional Occupations	25	65	160%	1,610	3,165	97%
Associate Professional & Technical	50	95	90%	3,715	6,805	83%
Administrative & Secretarial	70	165	136%	6,005	10,985	83%
Skilled Trades	55	145	164%	9,055	19,250	113%
Personal Service	30	75	150%	4,225	9,010	113%
Sales & Customer Service	90	310	244%	11,085	31,005	180%
Process, Plant & Machine Operatives	70	120	71%	8,555	13,840	62%
Elementary Occupations	155	315	103%	27,050	42,325	56%
Total	580	1,395	141%	73,380	141,485	93%

Table 3.6 Source: NOMIS DWP Data

- Table 3.6 shows that the largest increases in JSA claimants in East Renfrewshire has occurred in professions at the lower end of the qualifications scale such as elementary occupations, sales and customer services and administrative & secretarial positions;
- However claimants in 'white collar' categories of managers & senior officials and professional occupations have not been immune to changes in the job market;
- Both of these 'white collar' categories within East Renfrewshire have seen much higher rates of increase in JSA claimants than the equivalent increases seen across Scotland.

JSA Claimants by Location

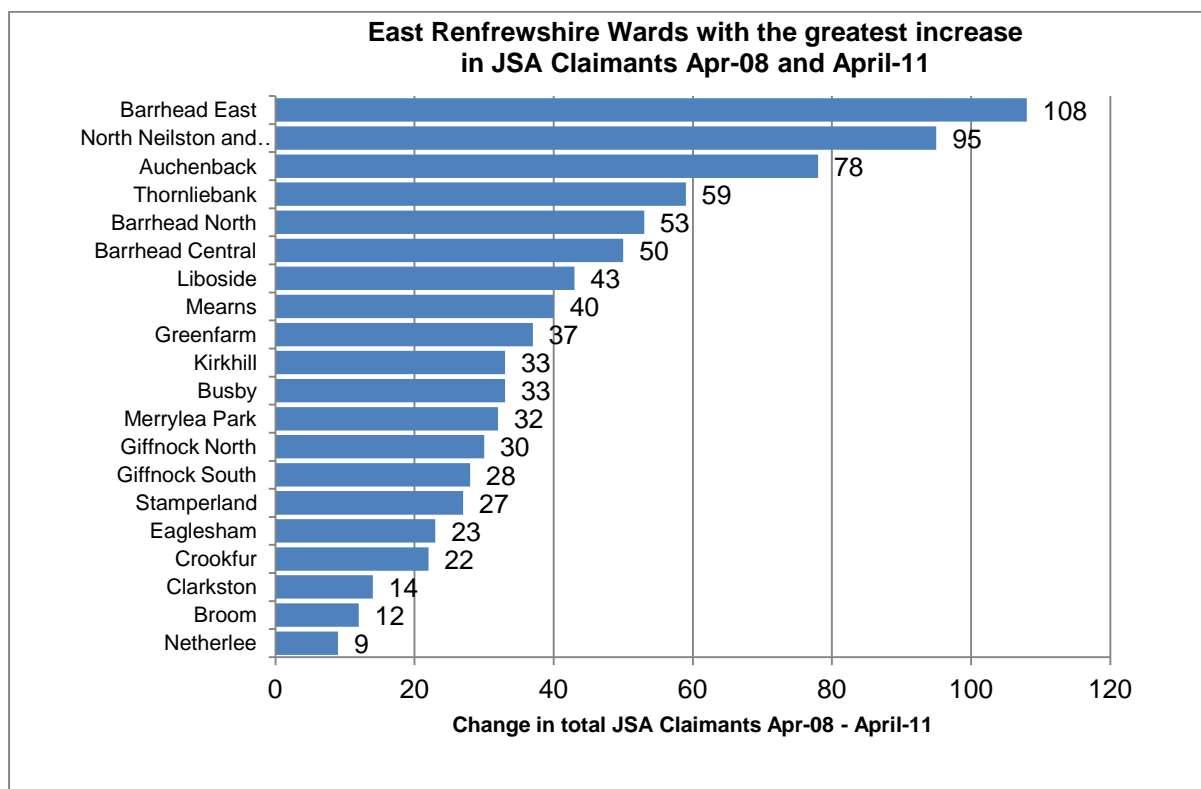


Chart 3.2 Source: NOMIS DWP Data

- Chart 3.2 shows how the recession has affected the traditionally less affluent areas of East Renfrewshire the hardest in terms of JSA unemployment.
- The ward of Barrhead East, which has concentrations of the most deep-rooted poverty in East Renfrewshire, has seen the largest increase in JSA claimants.
- Barrhead East has an estimated 968 individuals claiming workless benefits. This is almost 40% of the working age population. It could be argued that many living in this ward face the most barriers to employment than anywhere else within East Renfrewshire. Forthcoming welfare reform could also further depress the local micro-economy and the surrounding area.

3.3 Labour Market Participation among Young People

The relative deterioration in youth unemployment in East Renfrewshire since the recession is typical of the broader impacts of economic downturn where the pain is felt disproportionately by those outside of the labour market trying to get in. This section will focus in particular on:

- 16-19 year olds;
- 20-24 year olds and
- Graduate unemployment and underemployment

16-19 Year olds not in Employment, Education or Training

The East Renfrewshire council area has traditionally experienced relatively low proportions of young people in the More Choices More Chances group category of young people as shown by Chart 3.3.

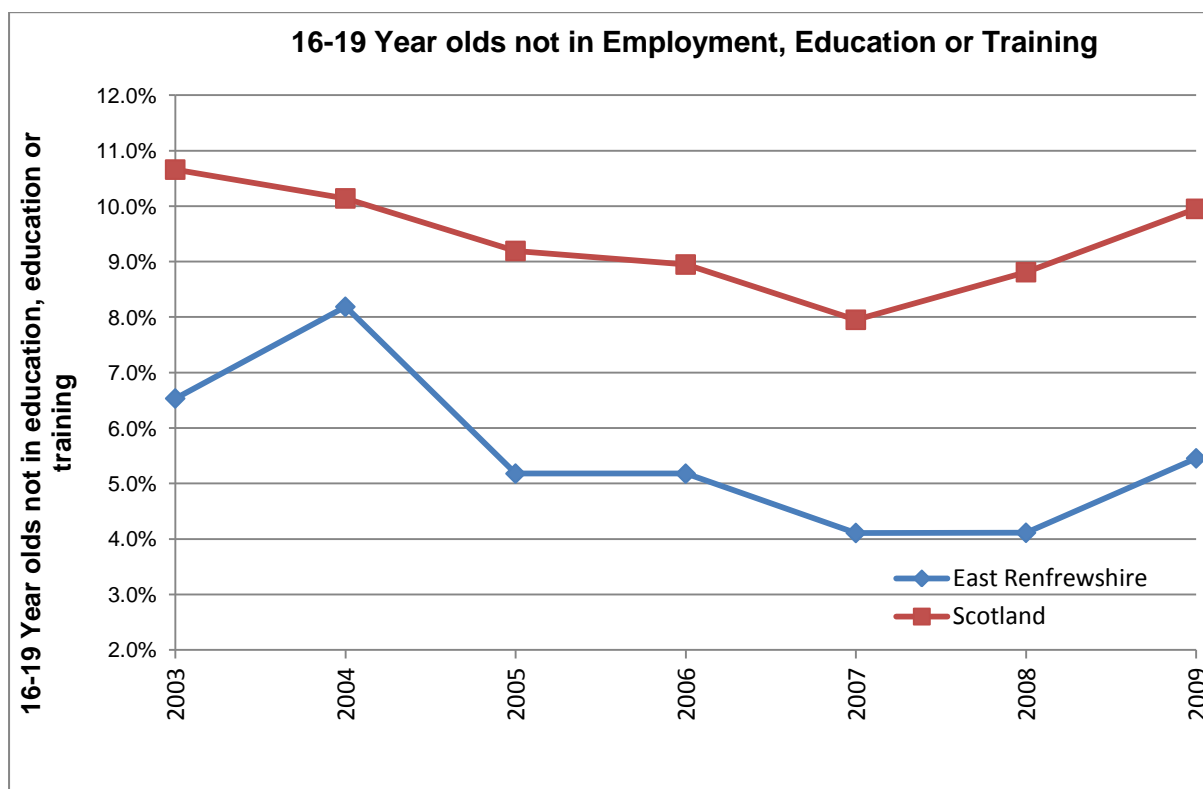


Chart 3.3 Source: School Leavers Destination Publication, DWP 2009

- The rate of 16-19 year olds who are Not in Employment, Education or Training (NEET) in East Renfrewshire is well below the Scottish rate as shown by Chart 3.3.
- Good progress was being made in reducing this rate in East Renfrewshire, prior to the recession.
- There is, however, evidence of an increase in individuals who fall into the MCMC category in East Renfrewshire following the recession.

16-19 Year olds Labour Market Participation

The increase in MCMC individuals in East Renfrewshire is in contrast to the exemplary School Leavers Destination statistics for the area which has the highest level of positive destinations for school leavers in Scotland at 94.5% for 2009-10. . Despite this, 72 individuals within East Renfrewshire left school to unemployment in this same period. 26% of those unemployed who were seeking work were recorded as having health or additional support needs. Chart 3.4 shows the labour market participation of 16-19 year olds within East Renfrewshire.

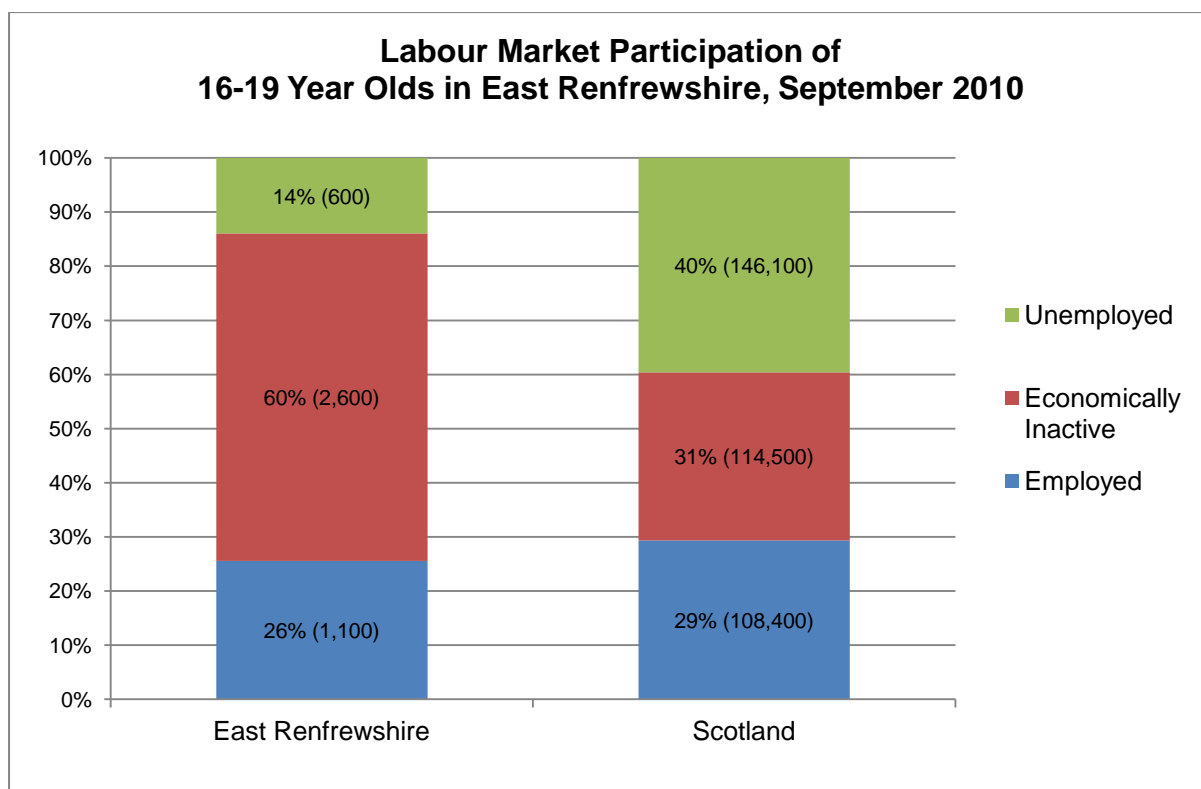


Chart 3.4 Source: Annual Population Survey, 2009.

- The chart reflects East Renfrewshire’s strong record in term of school and Further/Higher education participation rates with 60% of 16-19 year olds economically inactive. This is a much higher rate than across Scotland.
- However, the key group here is the unemployed which amounts to 600 people between 16-19. This is a significant amount of young people who are unemployed given such positive school leaver destinations. The amount of unemployed people in this group relatively soon after leaving school, suggests that many young people within East Renfrewshire are dropping out of positive destinations of employment or further education after leaving school. Chart 3.5 reflects this suggestion by showing increases in 16-19 year old JSA claimants.

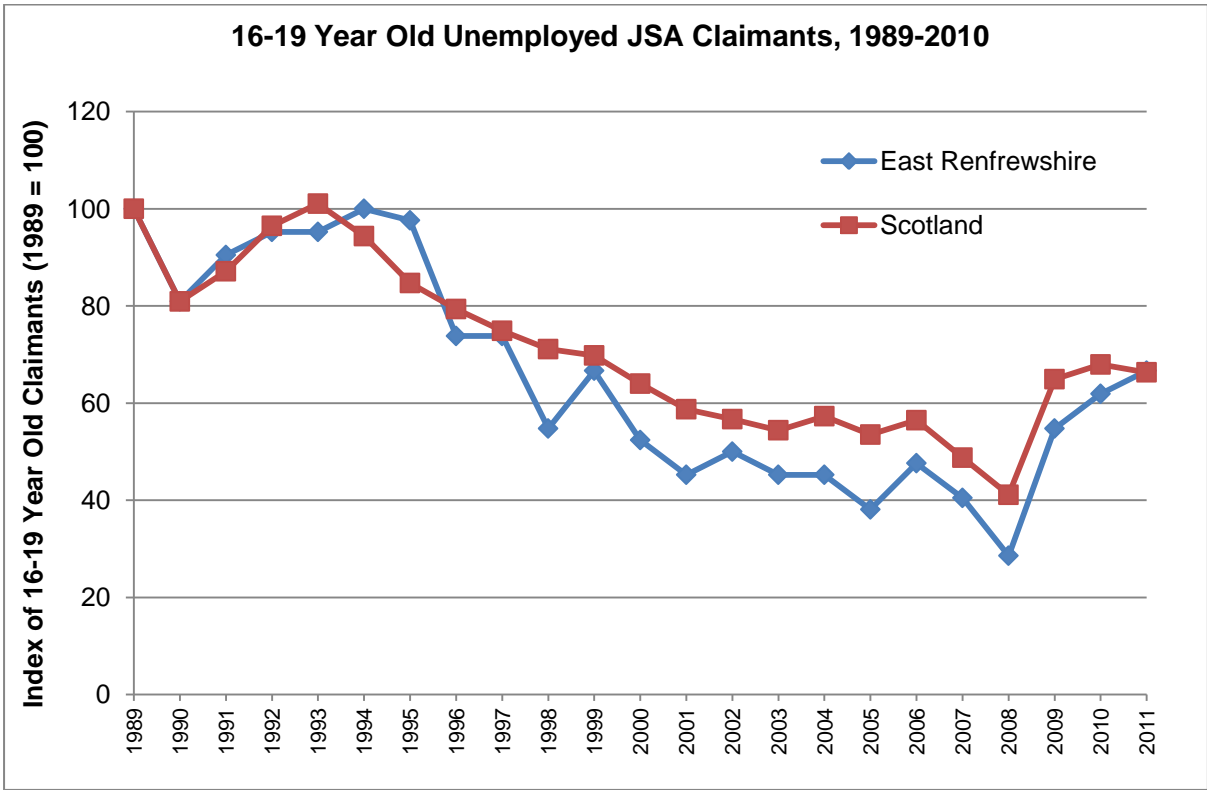


Chart 3.5 Source: NOMIS DWP Data

- Prior to the recession, unemployment among 16-19 year olds in East Renfrewshire was at its lowest level in 20 years.
- The total number of JSA claimants within this age group in East Renfrewshire has more than doubled at 133% between 2008-2011.
- This was much faster than the equivalent increase seen across Scotland (61%)
- Of the 140 claimants in 2011, 85 were from the Barrhead and Neilston area, with 35 coming from Dunterlie alone.

Labour Market Participation 20-24 Year olds

Following the trend in Scotland and the UK as a whole, East Renfrewshire has seen significant increases brought on by the recession in the number of 20-24 year olds who are unemployed. Chart 3.6 shows a breakdown of labour market participation for this group.

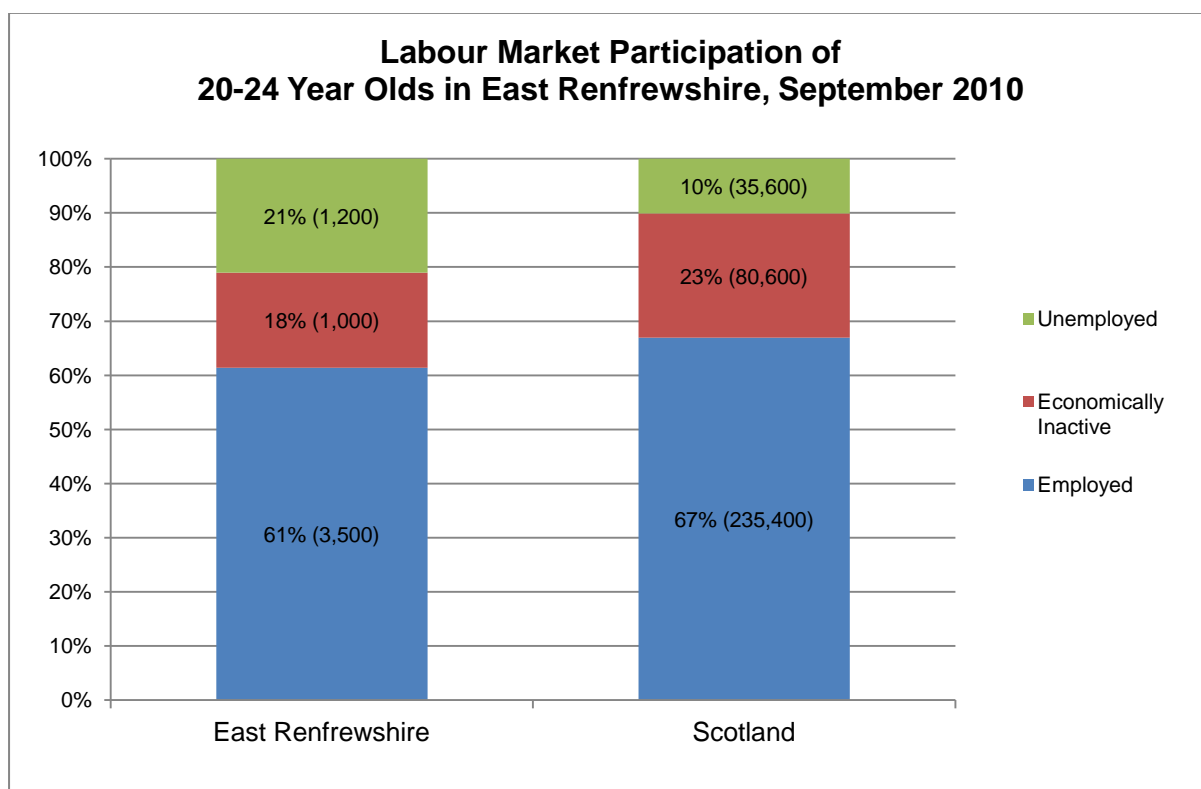


Chart 3.6 Source: Annual Population Survey, 2010

- 21% of 20-24 year olds in East Renfrewshire are unemployed. This is double the average Scottish rate and is further evidence of how the recession has disproportionately affected the young people of East Renfrewshire.
- This is also reflected in the employment rate for young people in the area which is now lower than the national average.
- The economic inactivity rate is lower than the Scottish average and we can assume many in this group may be in higher education. However 340 20-24 year olds were on IB/ESA, Lone parent or Carers benefits.

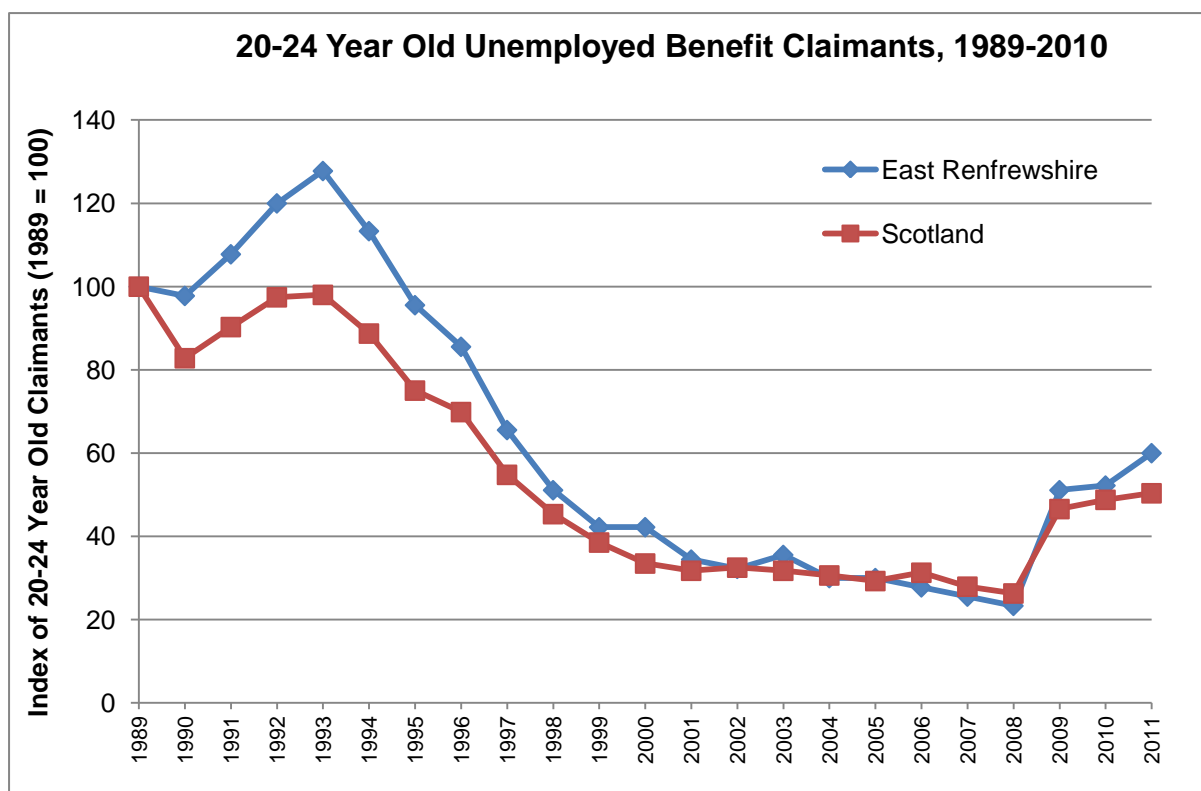


Chart 3.7 Source: NOMIS DWP Data

- The total claiming JSA amongst 20-24 year olds increased by 157% between 2008 and 2011, showing the clear effect the recession has had on youth unemployment within the East Renfrewshire area.
- Many areas within East Renfrewshire now have young JSA claimants when prior to the recession they had none. Big percentage increases have been seen in the more traditionally affluent areas of East Renfrewshire but this reflects a low starting base.
- Dunterlie has experienced a 143% increase in 20-24 JSA clients.
- There are high concentrations of youth unemployment within certain areas in East Renfrewshire compared to others. In 2011, Dunterlie has 19% of 20-24 JSA clients, with Barrhead and Neilston as a whole having 56%.
- This contrasts to Newton Mearns as a whole, which has 12% despite having a similar population size to Barrhead and Neilston combined.
- This reflects the different socio-economic profiles of these areas but suggests that youth unemployment has still affected the less affluent areas of East Renfrewshire the most significantly.

Graduate Unemployment and Underemployment

East Renfrewshire has the highest proportion of school leavers entering higher education in Scotland (60.8%) therefore rising graduate unemployment may account for many of the increases in youth unemployment. The increases in the JSA claimant rate seen in the more affluent areas of East Renfrewshire could indicate this especially when these wards formerly had little or no JSA clients.

Chart 3.8 shows the employment status of new graduates residing in East Renfrewshire in the period 2007-2009.

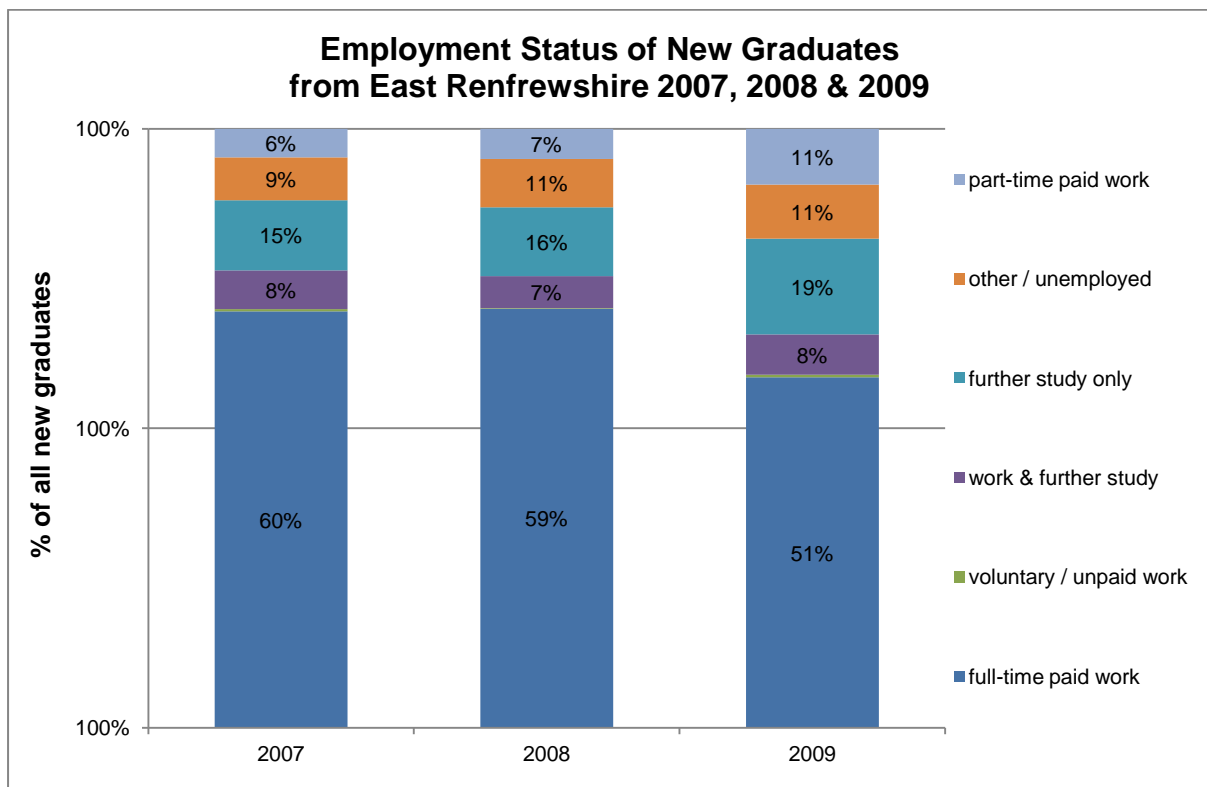


Chart 3.8 Source: HESA Data, 2010

- There was an increase in graduates leaving university to unemployment between 2007-2009 from 9% to 11%.
- With the increases seen generally in youth unemployment in East Renfrewshire taken into account, it is safe to assume that this figure will have increased again in 2010-2011.
- If we consider graduate underemployment in terms of graduates entering part-time work then 22% of East Renfrewshire graduates entered 'unfavourable' destinations in 2009. Again, we can assume that this figure will have increased with the downturn continuing. This is in stark contrast to the exemplary school leaver destinations of East Renfrewshire residents.

Further evidence of underemployment for East Renfrewshire graduates is shown in Chart 3.9.

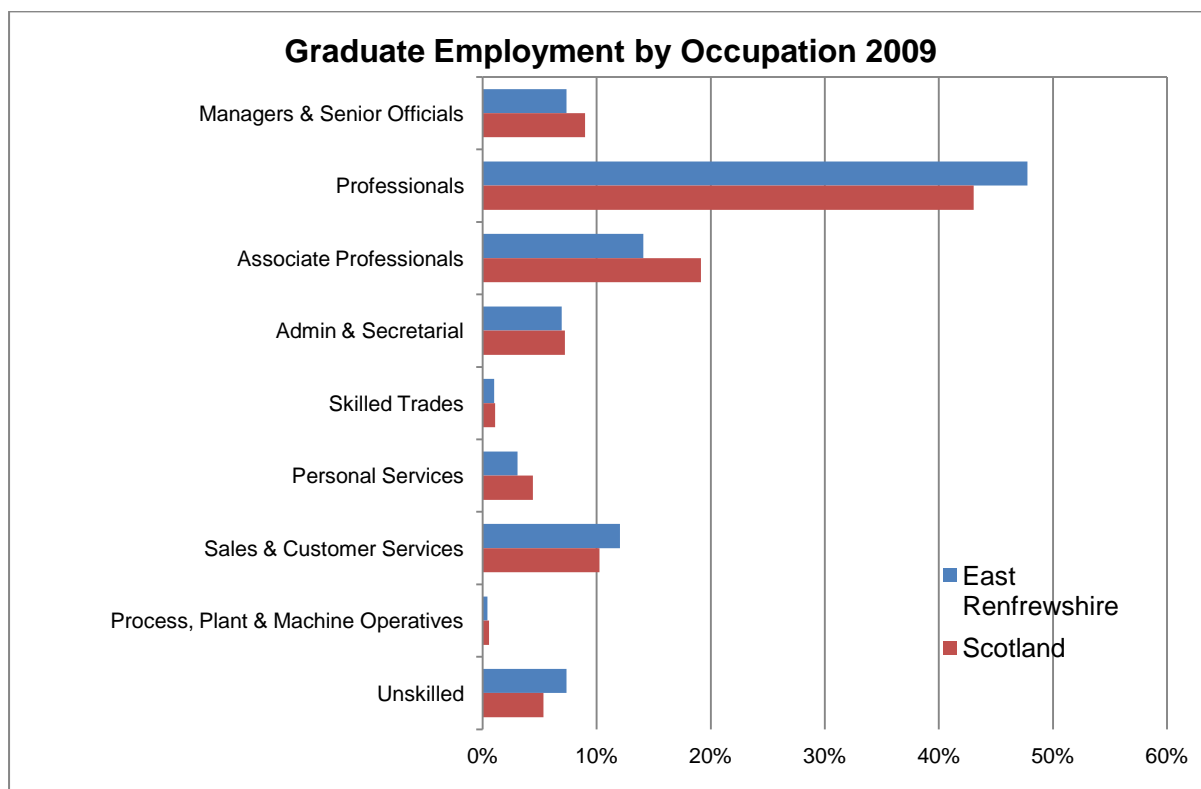


Chart 3.9 Source: HESA Data 2010

- The amount of East Renfrewshire graduates entering professional occupations is above the national average;
- However, the rate of graduates in management and associate professional roles is below the Scottish averages.
- Graduates in East Renfrewshire in sales and customer service occupations and unskilled roles are also above the national average further suggesting graduate underemployment in the area.

Chapter 3-Key Messages

- **Increases in Workless Benefits-** During the recession, the benefit claimant rate increased at a faster rate in East Renfrewshire than what was seen across Scotland and the UK.
- **More Choices, More Chances-** Despite having the best school leaver's destination statistics in Scotland many young people in East Renfrewshire are still not in education, employment or training. This amounted to 260 individuals in 2009 with 72 young people leaving school in 2009-10 to unemployment. In addition to this, 600 young people 16-19 are unemployed.
- **High Increases in Youth Unemployment-** The total claiming JSA amongst 20-24 year olds increased by 157% between 2008 and 2011, showing the clear effect the recession has had on youth unemployment within the East Renfrewshire area. There is now 22% unemployment amongst 20-24 year olds, double the national rate.
- **Graduate Unemployment -** There is evidence of increasing graduate unemployment between 2007 and 2009. With the downturn continuing in 2010-2011 an assumption can be made this has increased further. Some wards within East Renfrewshire are now experiencing youth unemployment when before the recession there was none. This may also be an indication of increasing graduate unemployment in East Renfrewshire especially as the authority has the highest number of school leavers entering higher education in Scotland. There is also evidence of underemployment amongst graduates within East Renfrewshire with the number graduates in some lower skilled occupations above national averages.

4. Where are the future job opportunities likely to come from?

4.1 Introduction

The recession has had a significant impact on the supply side of the East Renfrewshire labour market. It is therefore crucial to understand where future job opportunities are likely to come from for the residents of East Renfrewshire who have been affected.

This chapter will focus on:

- Contextualising the East Renfrewshire economy;
- Trends in employment growth;
- Key industries;
- Public sector employment;
- Vacancies and
- Employment forecasts

4.2 The East Renfrewshire economy in context

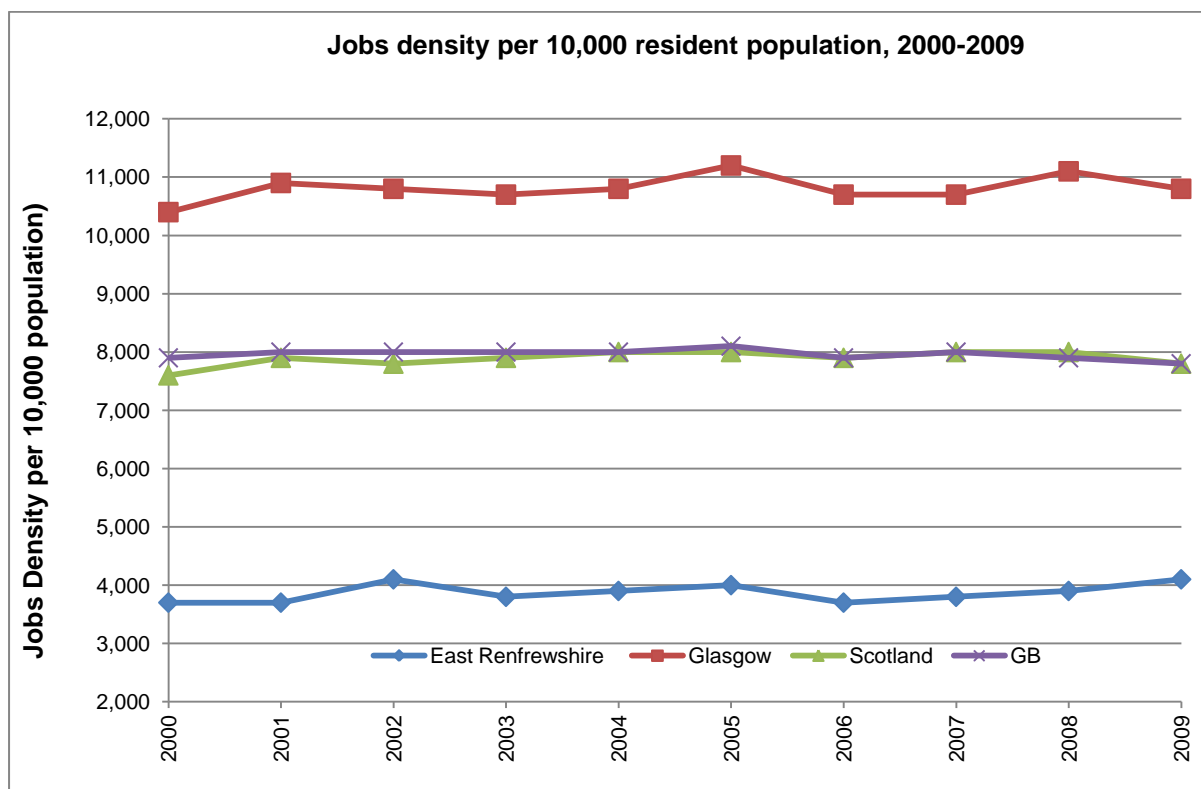


Chart 4.1 Source: Jobs Density, ONS

- As Chart 4.1 shows, jobs density in East Renfrewshire has traditionally been low. Jobs density is defined as the total number of filled jobs in an area divided by the resident population aged 16-64 in that area. East Renfrewshire has the lowest jobs density of any local authority area in Scotland.
- This is reflected in the commuting figures of East Renfrewshire. The vast majority of residents (75%) travel to jobs outside the local authority with 31% of those who work in East Renfrewshire living outside the area.
- Of those that work outside of East Renfrewshire, 50% find work in Glasgow. Therefore any consideration of where jobs are likely to come from will need to factor in Glasgow to the analysis.

4.3 Trends in Employment

Employee Jobs Growth

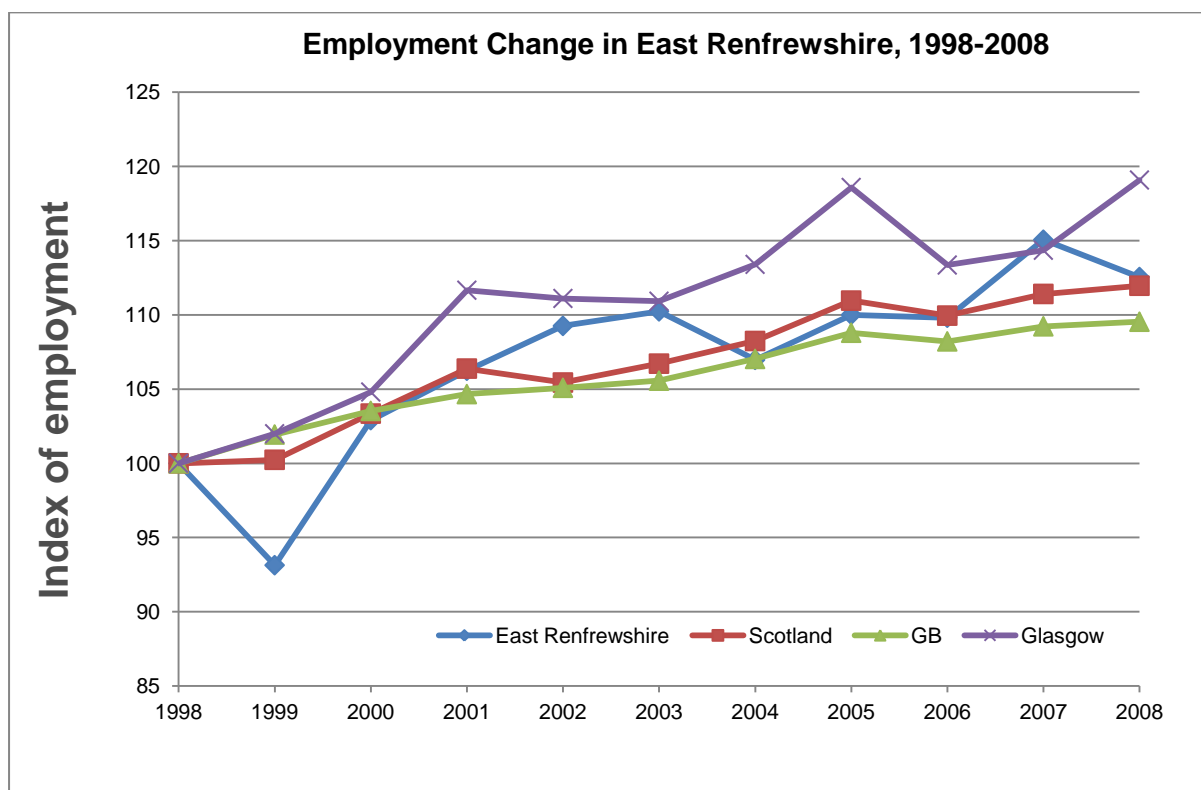


Chart 4.2 Source: Annual Business Inquiry (ABI)

- East Renfrewshire witnessed strong jobs growth between 1998-2008 although this does not take account of the recession as figures are until 2008.
- The rate of jobs growth over the period was slightly higher than across Scotland, while growth in Glasgow outstripped the national average by some distance.
- Much of East Renfrewshire's jobs growth has been increases in part-time jobs (24%) although full-time jobs also grew, though at a much slower rate (6%)
- The majority of new jobs in East Renfrewshire were filled by females (1,700) These trends reflect the expansion of the service sector in East Renfrewshire where female and part-time work is prevalent, as well as the continued decline of manufacturing sectors which are traditionally associated with male full-time working.

Employment by Broad Industry

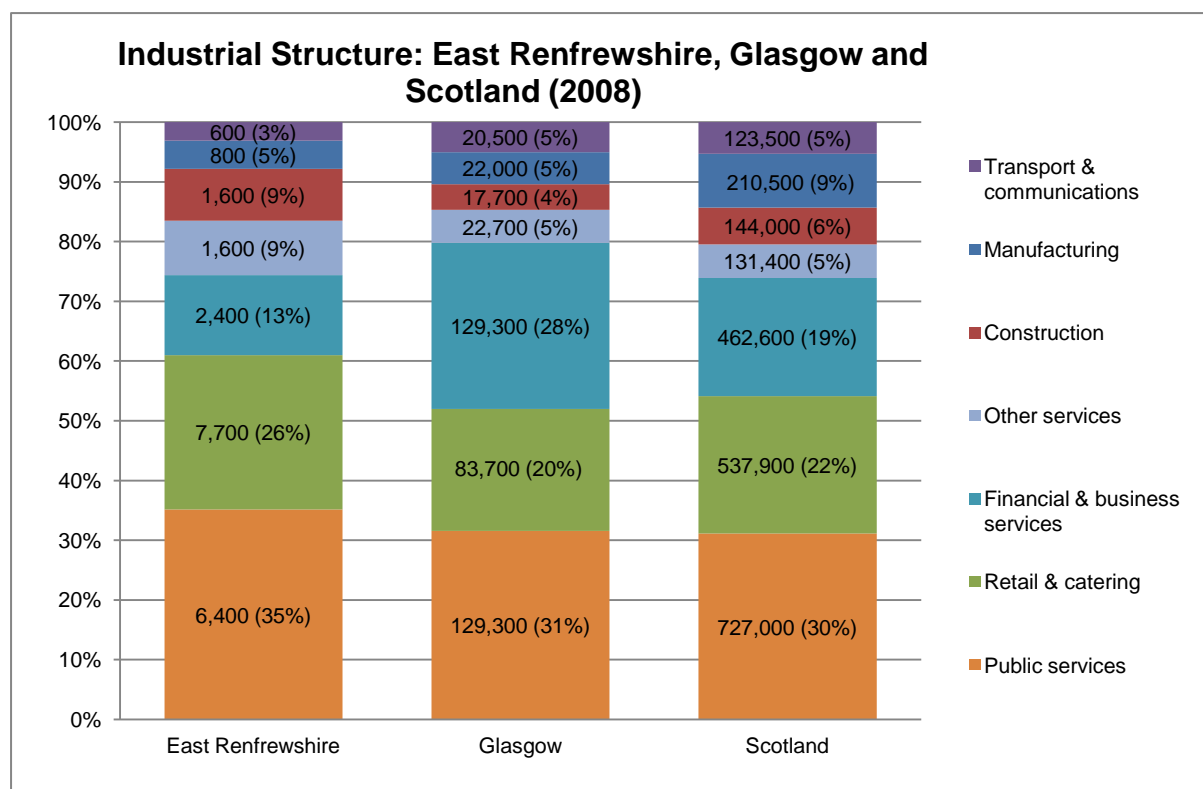
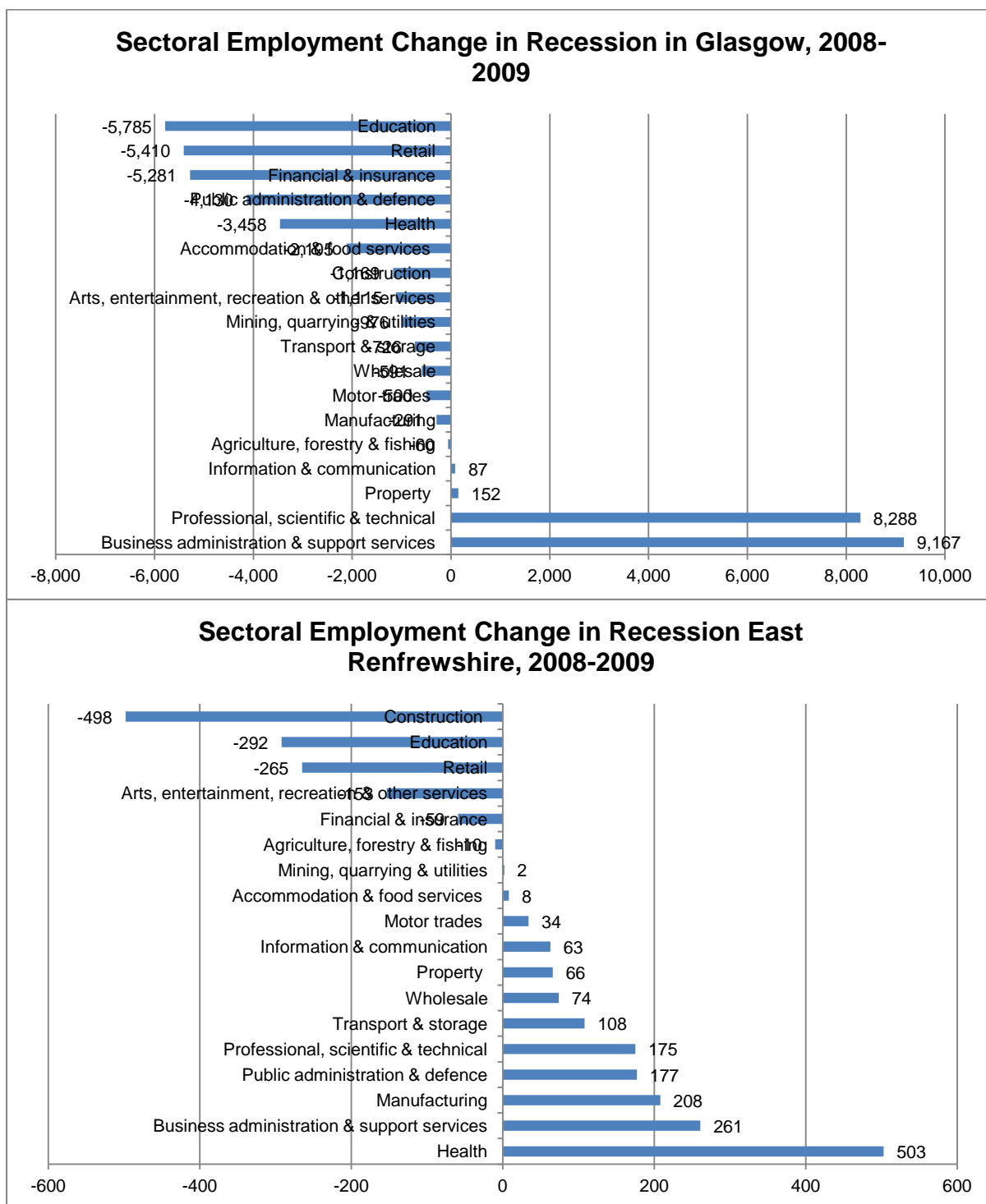


Chart 4.3 Source: Annual Business Inquiry (ABI)

- Before the recession East Renfrewshire was characterised by an above average public sector and retail and catering sectors relative to Scotland.
- East Renfrewshire has much smaller financial and business services, and manufacturing sectors relative to the national averages.
- Public services have been the key driver of employment growth over the past decade, an additional 3200 jobs;
- The only other sectors to experience growth were financial and business services, other services, and retail and catering, although the numbers involved are much smaller;
- The construction sector witnessed a decline of over a third with the loss of 900 jobs and manufacturing employment continued its long term decline, falling by 52% since 1998.

Charts 4.4 and 4.5 show more recent data from the Business Register and Employment Survey (BRES) which replaced the ABI. This survey has a shorter time frame and is thus less robust. However, it can provide an indication of how the recession has affected industrial sectors in the East Renfrewshire and Glasgow labour markets.



Charts 4.4 and 4.5 Source: BRES 2008-09

- The decline in construction jobs has continued in East Renfrewshire with the onset of the recession with a loss of 498 jobs. Glasgow has also seen a decline in the construction sector mirroring a recessionary collapse across the UK.
- There has been an increase in the manufacturing sector in East Renfrewshire with Glasgow witnessing a decline.
- The education sector in both East Renfrewshire and Glasgow has seen significant decline with 6,077 jobs lost during 2008-09. This is particularly unsettling for East Renfrewshire given that public sector employment is above national averages. An increase of 503 jobs in the health sector in East Renfrewshire is overshadowed by a loss of 3,458 jobs in Glasgow in the same sector.
- There was decline in the retail sectors in both East Renfrewshire and Glasgow reflecting a fall in consumption brought on by the recession. Retail provides many with lower qualifications an entry into the labour market therefore growth in this sector is crucial to provide many unemployed a route back into employment.
- Despite evidence of increases in 'white collar' unemployment in East Renfrewshire, there was an increase of 8,228 professional jobs in Glasgow during 2008-09. These increases in professional unemployment may be accounted for by the decline of 5,340 financial services jobs in Glasgow and East Renfrewshire.

4.4 Key and other Growth Sectors

The Government Economic Strategy identifies six key sectors which are believed to offer significant potential for future growth in Scotland. The key sectors are: energy, financial services, food & drink, life sciences, tourism and creative industries. The other growth sectors are: textiles, aerospace, defence & marine, chemicals, construction, and forest industries.

Table 4.1 shows sectoral specialisation scores for these key growth sectors for East Renfrewshire and Glasgow. The term specialisation refers to the concentration of employment within an industry locally relative to the Scottish average. A score of greater than 100 indicates that the area has an above average share of employment in an industry. A score of less than 100 indicates that the area has a below average share of employment in an industry.

Employment in Key and Other Growth Sectors								
	Total Employment 2008		% Share of Employment 2008		% Change since 1998		Specialisation Score (Scotland = 100)	
	ER	G	ER	G	ER	G	ER	G
Key Sectors								
Energy	0	3,600	0%	1%	22%	-41%	3	50
Financial Services	300	25,700	2%	6%	-3%	21%	44	157
Food & Drink	100	4,800	0%	1%	-76%	-27%	25	64
Life Sciences	0	800	0%	0%	-85%	21%	8	33
Tourism	2,200	30,000	12%	7%	53%	19%	135	82
Creative Industries	400	18,200	2%	4%	37%	72%	77	146
Other Growth Sectors								
Textiles	100	1,100	0%	0%	-77%	-64%	100	52
Aerospace, Defence & Marine	0	5,900	0%	1%	-54%	-8%	3	120
Chemicals	0	200	0%	0%	57%	-74%	10	10
Construction	2,000	29,600	11%	7%	-30%	-1%	116	76
Forest Industries	100	900	0%	0%	14%	-47%	67	29

Table 4.1 Source: Annual Business Inquiry (ABI)

- The only key sector that East Renfrewshire has an above average level of specialisation in is tourism. Tourism employment is characterised by lots of part-time, seasonal working and may offer entry-level opportunities for the priority groups, particularly with hospitality and retail.
- Construction is the only other sector in East Renfrewshire with an above average specialisation score. However, the rate of contraction within the industry over the past decade (-30%) and the impact of the recession mean the sector as it stands is unlikely to be a great source of job opportunities for the priority groups. A key aim of the employability partnership must be to ensure that any forthcoming construction developments are committed to employing East Renfrewshire residents particularly those who are unemployed with relevant skills.

- Glasgow has an above average specialisation score in Creative Industries. East Renfrewshire's greatest resource is its human capital having the highest amount of graduates of any local authority in Scotland. A long term strategy of attracting firms within this industry to locate in East Renfrewshire could provide more employment opportunities for graduates and other highly skilled residents of East Renfrewshire who have suffered due to the recession.

4.5 Public Sector Employment

The public sector is the largest employer in East Renfrewshire and accounts for 1 in 3 of all employees in the area. In addition, a number of public services are now delivered by private sector companies.

In 2008, there were 6,400 public sector jobs in East Renfrewshire. The expansion of the public sector in the last 10 years is not going to be repeated in the face of the current financial constraints and present government policy.

However, the East Renfrewshire Council graduate employability program will provide short-term opportunities for one of the priority groups outlined in the previous chapter. By already providing internships, ERC and ERCET are addressing rising graduate unemployment and under-employment levels in the local authority and surrounding area.

The graduate employability program could be further extended to include:

- Promoting the employment of graduates in businesses within East Renfrewshire including an extension of the graduate internship programme within East Renfrewshire Council;
- Develop post-graduate placements, establishing an employment pathway alongside a learning pathway. This would involve a possible extension of Stages 4 and 5 of the employability pathway and Higher Education institutions, ERC and local business working together;
- Possible promotion and support of graduate start-up company formation and growth.

4.6 JCP Vacancies

The unemployment-unfilled vacancies (UV) ratio is a good indicator of the state of the labour market because it is an approximate measure of how many people there are for each job unfilled job. The limitations of this method are that the only vacancy data available is from the JobcentrePlus (JCP) and not every job vacancy is advertised through them. However, as there is significant hidden unemployment in addition to JSA unemployment, it could be argued that this measure would still show similar results if all unemployment and all vacancies were included. Table 4.2 shows how the UV ratio has changed for East Renfrewshire during the recession.

Ratio of JSA Claimants to Vacancies 2008-2009			
Geography	2008	2011	Change 2008-11
East Renfrewshire	2.8	8.5	5.7
Scotland	2.2	5.3	3.1
Great Britain	2.3	3.9	1.6

Table 4.2 Source: NOMIS DWP Data

The recession caused significant increases in the amount of individuals for each vacancy within East Renfrewshire. This peaked at 30 JSA claimants for every vacancy in April 2010 and has been considerably higher than the Scottish and UK averages over the course of the recession.

The extent of the fall in demand in the local labour market of East Renfrewshire is further demonstrated in a UK wide analysis of UV ratios by the Trade Unions Congress (TUC). The TUC analysis ranks each of the 206 local authority areas by its claimants to vacancies ratio and found that:

- Between March 2005 and March 2011 East Renfrewshire fell 19 places in the TUC rankings from 40 to 59;
- However, in March 2010 East Renfrewshire was the third worst employment blackspot in terms of the relationship between unemployment and vacancies in the UK with a UV ratio of 27.3;
- This is a clear indication of how the recession has disproportionately affected the East Renfrewshire local labour market;
- Despite this, demand in the local labour market has recovered to an extent with a UV ratio in April 2011 of 8.5.

Like East Renfrewshire, Glasgow has experienced a significant decrease in labour market demand and rising unemployment. However due to a higher number of vacancies, the deterioration in labour market demand has not been as severe as seen in East Renfrewshire but is still above the Scottish and British average. This further demonstrates the difficulty now faced by the unemployed in East Renfrewshire given the increased competition for jobs in both the East Renfrewshire and Glasgow labour markets.

Chart 4.6 is a graphical representation of the relationship between unemployment and the vacancy rate in East Renfrewshire.

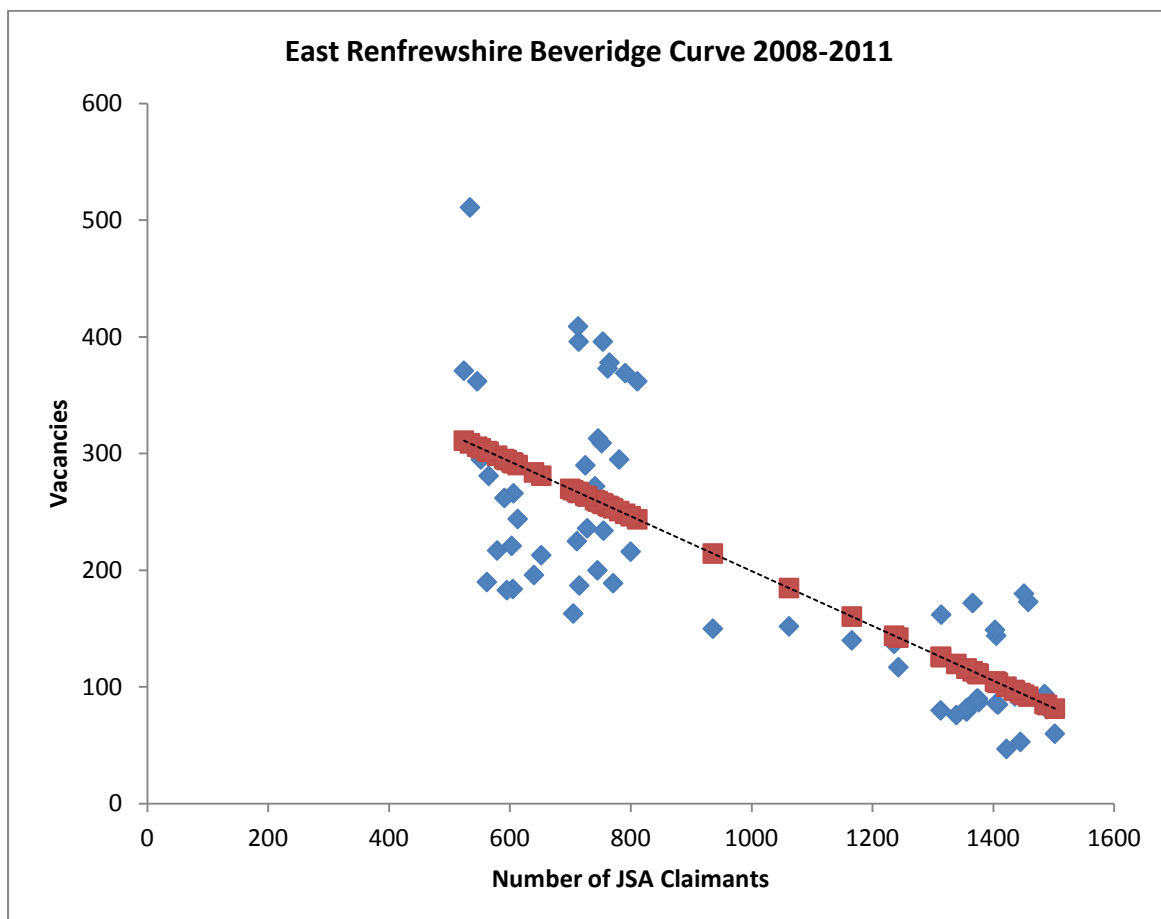


Chart 4.6 Source: NOMIS DWP Data

Chart 4.6 shows the negative relationship that has occurred between unemployment and job vacancies in East Renfrewshire during the recession. As unemployment has increased within the area then vacancies have decreased. This is likely to be caused by weakening economic activity within the area and decreasing labour market demand as employers are not recruiting to the levels before the recession.

Forecasts

Oxford Economics forecasts predict that employment growth in East Renfrewshire will increase by only 20 jobs per annum in the period 2010-2020¹. On the other hand, employment growth in Glasgow is predicted to increase by 2150 jobs per annum for the same period.

These are bleak figures for East Renfrewshire but they take no account of the fact that East Renfrewshire will benefit from a large number of new jobs created as a result of regeneration and inward investment. These include c. 600 new retail jobs; 60+ hospitality jobs; construction activity; and a new college development. Therefore the forecast should be treated with caution.

An important consideration is that before the recession East Renfrewshire had seen the most rapid increase in the diversity of its business base, compared to other Scottish local authorities, including growth in its knowledge intensive and service based sectors² East Renfrewshire's aim should be to return to this position in the aftermath of the recession and build on the extensive range of human capital within the local authority.

¹ 'Economic Outlook and Scenarios for the Glasgow and Clyde Valley city-region' Oxford Economics, April 2010

² 'Scottish Index of Economic Resilience' Eksogen, 2009

Chapter 4-Key Messages

- **Key Sectors-** East Renfrewshire has above average specialisation in tourism and construction. Tourism employment is characterised by lots of part-time, seasonal working and may offer entry-level opportunities for the priority groups, particularly with hospitality and retail. A key aim of the employability partnership must also be to ensure that any forthcoming construction developments are committed to employing East Renfrewshire residents particularly those who are unemployed with relevant skills.
- **Graduate Employability Program-** The public sector is the largest employer in East Renfrewshire. The expansion of the public sector in the last 10 years is not going to be repeated in the face of the current financial constraints and present government policy. However, the East Renfrewshire Council graduate employability program will provide short-term opportunities for one of the priority groups outlined in the previous chapter. By already providing internships, ERC and ERCET are addressing rising graduate unemployment and under-employment levels in the local authority and surrounding area.

5. Recommendations

This research has identified the groups of individuals within East Renfrewshire that have suffered the most due to the economic downturn. The most worrying of these trends is the effect the recession has had on youth unemployment.

16-19 year old unemployment in East Renfrewshire has increased between 2008 and 2011. There has also been a rapid increase in the number of 18-24 year old claimants, therefore, there is a clear case for action to address the rapid increase in youth unemployment that has occurred in East Renfrewshire since the start of the recession with the aim of avoiding a potential 'lost generation'.

The focus of support should thus be on activities to prepare young people for working life and to reduce the number of young people not in education, employment or training. Focussing on developing vocational skills amongst young people could be particularly relevant to large numbers of young people in East Renfrewshire who are less suited to academic routes of progression. This seems particularly apt given the contrast between the exemplary school leaver statistics for East Renfrewshire and significant increases in youth unemployment in the area. It is common sense to re-engage young people at the earliest opportunity but given the scale of youth unemployment within East Renfrewshire and an increasingly competitive labour market, it is now imperative. For many of these young people, the outcome may be progress towards labour market entry rather than a job, particularly when different socio-economic disadvantages are considered.

Operational programmes that may be considered to prepare young people for working life, in particular those who are NEET or at risk of becoming NEET may include:

- Initiatives to develop vocational skills;
- Initiatives to help raise awareness of the world of work among young people including work experience placements;
- Address barriers to learning amongst 16-19 year olds in the MCMC category, and help them access available services within East Renfrewshire;
- Vocational training and preventative work for individuals at risk of becoming NEET to provide a pathway to employment;
- Activities to increase the employability and skills of young people who are unemployed.

Reducing the amount of East Renfrewshire residents who are economically inactive should also be one of the primary concerns when additional resources are allocated. Again like many of the young people who are in the NEET category, the emphasis in terms of outcome may be on progress to labour market entry rather than a job. To overcome these barriers, support may include:

- Early interventions and activities to prevent long-term benefit dependency, with individual action plans and personalised support;
- Pre-employment skills sessions including basic skills, employability and life skills, and vocational skills;
- Building on the existing pathway programme focussing on the re-integration of people and groups who are most distanced from the labour market and have the most severe or complex barriers to employment;
- Sector based and demand led route-ways to work that overcome skills shortages which could be achieved through further study of the demand side of the East Renfrewshire labour market;
- The strategic partnership working closer together to provide appropriate and bespoke support to the most disadvantaged groups. This should also involve a data-sharing commitment by partners in order to join up disadvantaged individuals with what services they use and where they are within East Renfrewshire. Without this, there will be increasing amounts of individuals unaccounted for and they will subsequently drift further from the labour market; and
- Post-employment support, mentoring and after-care activities for both employees and employers.

The rise in unemployment amongst 18-24 year olds is likely to be swelled by graduate unemployment within East Renfrewshire. This assumption is further strengthened by the amount of school leavers who enter higher education and the increases seen in youth unemployment in the more affluent areas of the authority. Resources can be used to develop and promote pathways through higher education into work. Actions may include:

- Promoting the employment of graduates in businesses within East Renfrewshire including an extension of the graduate internship programme within East Renfrewshire Council;
- Develop post-graduate placements, establishing an employment pathway alongside a learning pathway;
- Possible promotion and support of graduate start-up company formation and growth.

Those who need support in East Renfrewshire to enter or re-enter the labour market will be provided regardless of where they live. However, priority must be given to those who live in areas with high concentrations of unemployment and economic inactivity. Individuals that live in these areas may fall within one of the priority groups outlined above but will face multiple disadvantages to entering the labour market in addition to a lack of available vacancies.