

Local Skills Report

Annex – Core Indicators

West Yorkshire

March 2021

Annex A – Core indicators

Introduction

The analysis of core indicators presented in this annex is intended to provide a succinct insight into the key aspects of the area's local labour market and skills landscape. The core indicators have been specified by the Department for Education and are intended to provide a common and consistent picture of local labour market conditions that can be fed into the work of the Skills and Productivity Board at national level, as well as providing easily digestible insight for local stakeholders.

The geographic focus of the annex is Leeds City Region. In this context this means the functional economic area consisting of the five West Yorkshire districts of Bradford, Calderdale, Kirklees, Leeds and Wakefield; together with:

- Barnsley
- York
- The three North Yorkshire districts of Craven, Harrogate and Selby.

The core indicators presented in the annex relate to four themes:

- The local landscape – key characteristics of the region that have an influence on its skills needs.
- Skills supply – the level and profile of skills that are available in the region and the pipeline of skills being delivered through local programmes, institutions and through employer investment in workforce development.
- Skills demand – the current and future demand for skills from employers in the region.
- Mapping supply and demand – mismatches between the supply of skills available in the region and the needs of employers and the wider regional economy.

In order to ensure consistency with other areas, the data and charts presented in Annex A are those provided in the core indicators datasets supplied by Department for Education.

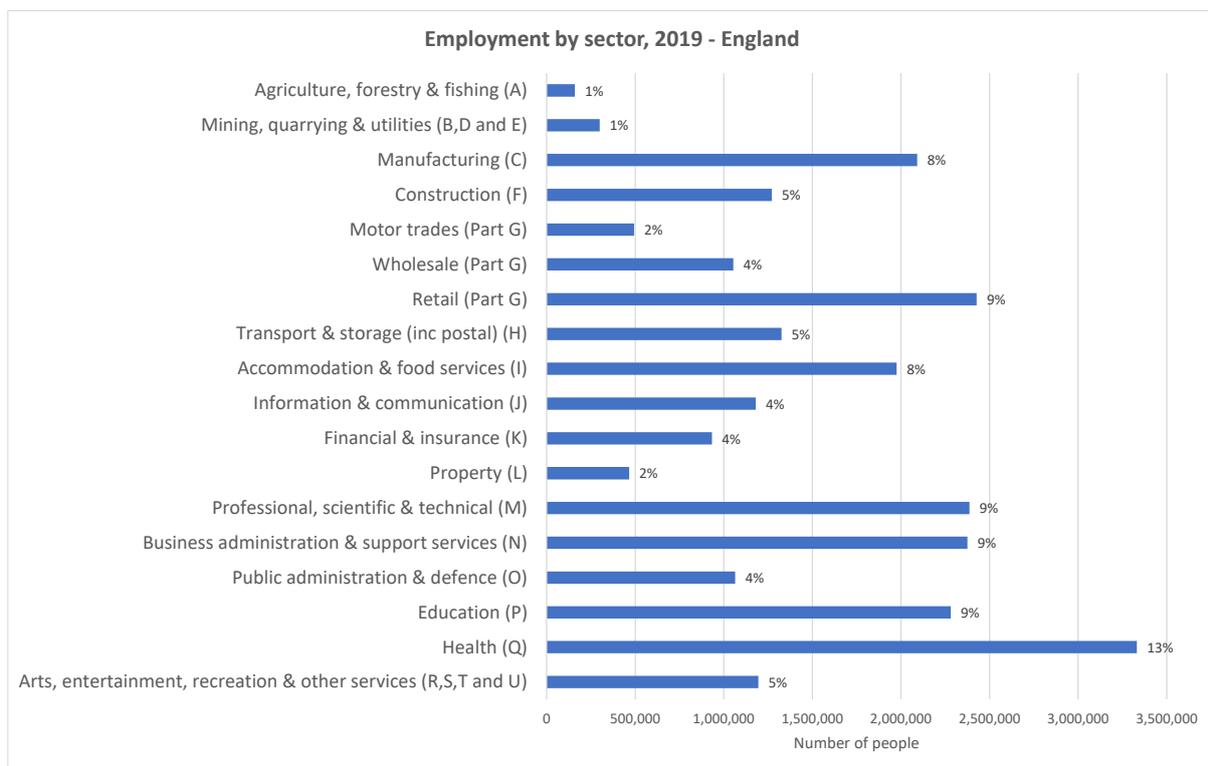
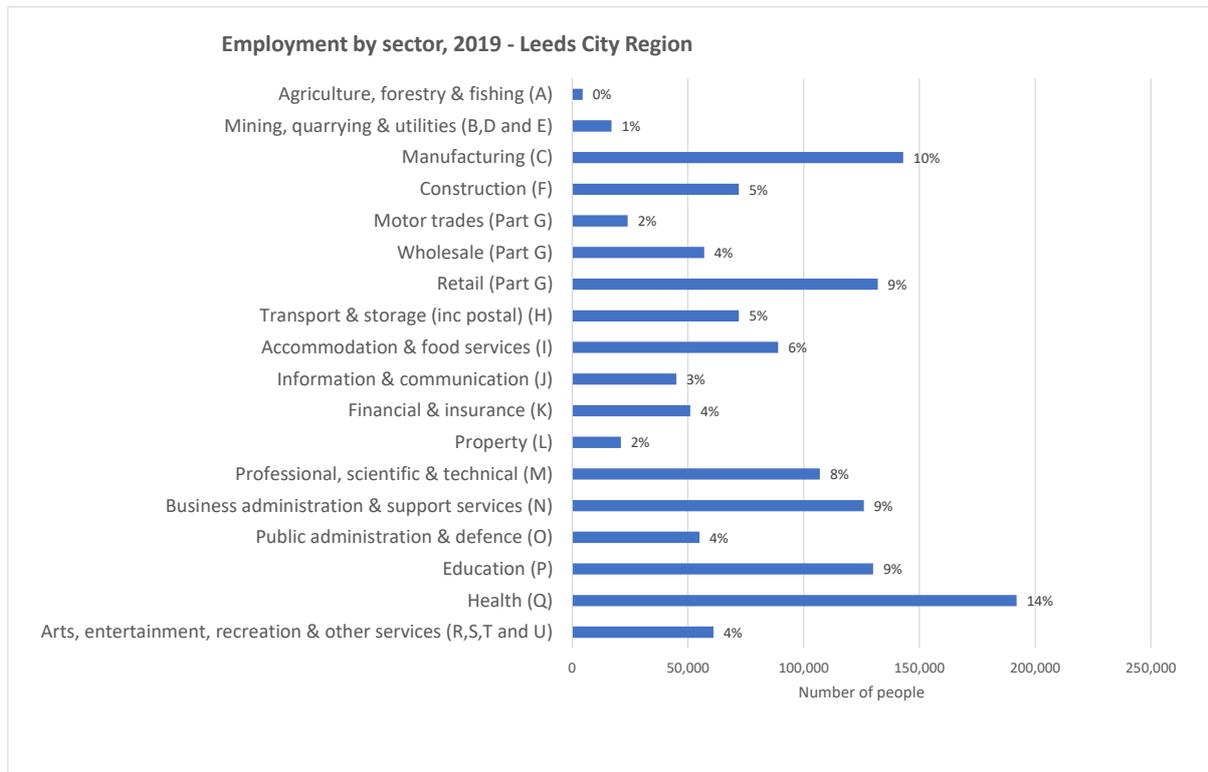
In addition to this annex, further analysis of the region's local labour market and skills landscape is available in the latest labour market analysis report¹.

¹ West Yorkshire Combined Authority (2021) Labour Market Report 2021 [wyca-labour-market-report-2021-final-210317.pdf](https://www.westyorks-ca.gov.uk/wp-content/uploads/2021/02/wyca-labour-market-report-2021-final-210317.pdf) ([westyorks-ca.gov.uk](https://www.westyorks-ca.gov.uk))

Local Landscape - Summary

- The four biggest employing sectors in the LEP area in terms of employee jobs are Wholesale and retail, Health and social care, Manufacturing and Administrative and support services. Relative to the structure of the national economy, Manufacturing is a key strength of the local employment base.
- The LEP area has a deficit of employment in higher skilled occupations and a reliance on lower-skilled and routine work.
- Leeds City Region has a relatively low business density relative to head of population. The size profile of local enterprises is similar to the national average with nine out of 10 businesses being micro in size (0-9 employees).
- Data on enterprise births and deaths indicate that there were slightly more business births than deaths in Leeds City Region in 2018, implying net growth in the business stock and in the size of the productive economy locally.
- The overall employment rate of the LEP area has been consistently lower than the national average since the 2008 recession, although the level of employment has increased steadily in recent years. The upward trend in self-employment appears to have stalled locally.
- The LEP area has a relatively low productivity level and this gap has widened as a result of weak productivity growth over the last decade. The local skills deficit is a contributing factor to this. If productivity performance could be brought up the national average this would increase the size of the local economy by 20%.
- Median weekly pay levels for the LEP area are somewhat lower than the national figure, reflecting weak productivity performance locally. It is at the upper end of the pay distribution where the gap is largest, suggesting that Leeds City Region underperforms on availability of the best paid jobs.
- The age profile of the City Region population is similar to the national average, but this conceals an ageing population in some of the local authority areas in North Yorkshire. A large increase in the number of 16-24 year olds is projected for the coming decade.
- Covid-19 has had a considerable impact on claimant unemployment. The number of claimants grew from 66,805 in March 2020 to 126,485 as of November 2020. The claimant rate for the LEP area is slightly above the national average but is much higher in parts of West Yorkshire, particularly Bradford.
- Pockets of acute deprivation are widespread across the LEP area and deprivation is particularly prevalent in Bradford and Leeds. Education, skills and training deprivation is a key issue, with Bradford, Wakefield and Leeds facing the biggest challenges. Adult skills deprivation is more commonplace in all West Yorkshire local authorities with the exception of Leeds, where education, skills and training deprivation affecting children and young people is more widespread.

Employment by sector



Source: Business Register and Employment Survey

The sectoral make-up of employment in a local area is an important determinant of the workforce skills that are required in the region.

Data from the Business Register and Employment Survey (BRES) enables us to drill down into sectoral employment patterns in more detail.

There are 1,398,000 employee jobs in total within the LEP area according to BRES. Focusing on the profile of these jobs in absolute terms, two of the largest sectors are in the field of consumer-facing services in the form of Wholesale and retail (214,000 jobs, 15% of the total) and Health and social care (14%; 192,000); whilst Manufacturing (10%; 143,000) and Administrative and support services are also among the largest sources of employment.

In addition to Health and social care there is also significant employment in activities that are primarily public sector-based, including Education (9%; 130,000) and Public administration and defence (4%; 55,000). Overall, there are 253,000 public sector employee jobs in the LEP area, based on the Office for National Statistics' broader definition. This equates to 18% of total employment, somewhat higher than the national average of 16%.

With regard to business-related services, as well as Administrative and support services (see above), Professional service activities (section M) contribute 107,000 jobs (8%), whereas Finance and Information and communication are much smaller contributors to employment, with 4% (51,000) and 3% (45,000) of the total respectively.

Comparing the local employment structure with the national picture shows that, for the LEP area as a whole, Manufacturing is particularly strongly represented locally with 10% of total employment compared with 8% nationally.

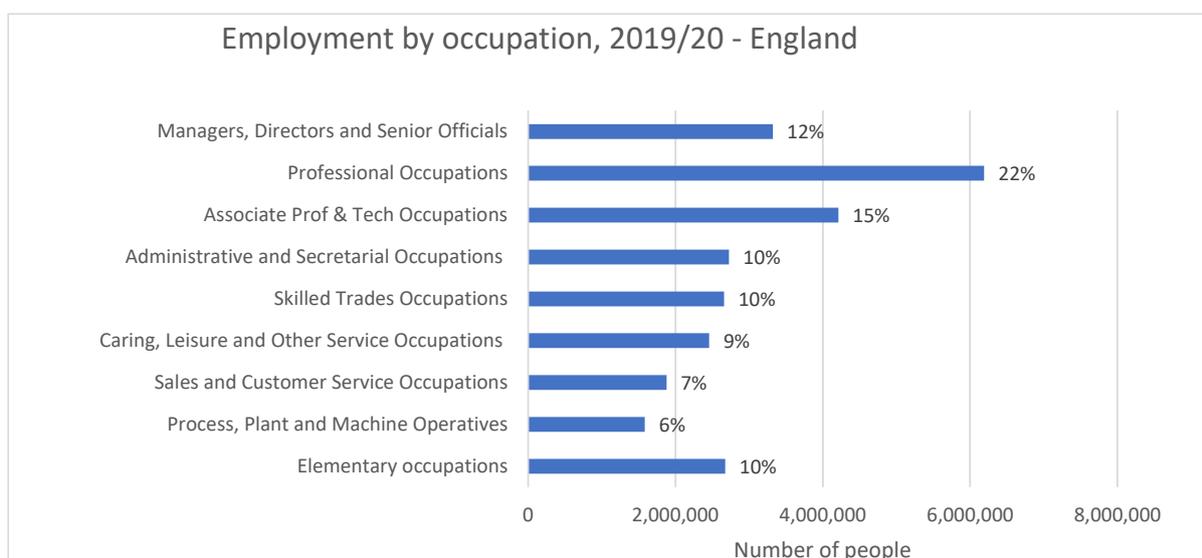
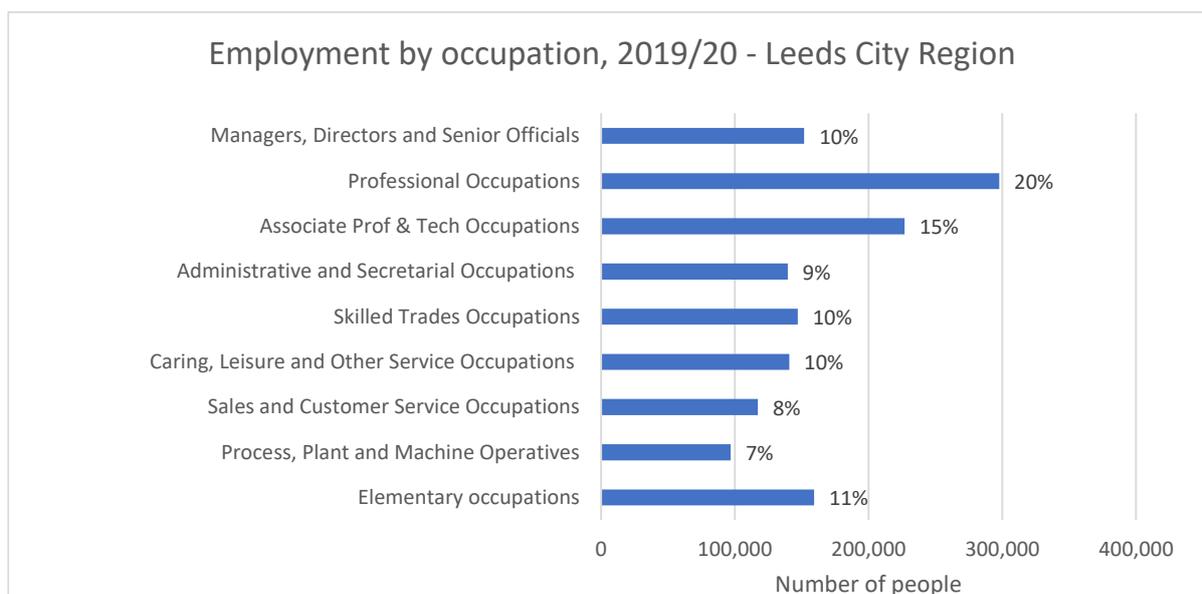
Looking at the LEP area as a whole, several sectors are under-represented to a significant extent including Agriculture, Information and communication, Accommodation and food services (although it accounts for a relatively large share of employment in York and the North Yorkshire districts) and Professional, scientific and technical activities.

The pattern of sectoral employment growth was broad-based in the years immediately prior to the crisis. The business service categories of *Professional scientific and technical activities* and *Transportation and storage* had the highest net employment growth followed by the largely consumer-facing sectors of *Wholesale and retail* and *Accommodation and food services*. Looking beyond services, *Manufacturing* and *Construction* also grew over this period.

Compared with the national average the region has a relatively lesser exposure to the sectors seeing the greatest impact from Covid-19, including Accommodation and food services and Arts and entertainment. However, these sectors, along with Retail are still very significant in absolute terms and have made major contributions to recent employment growth in the region.

Moreover, the region has a relatively large exposure to sectors that are reliant on trade, particularly Manufacturing but also the Financial services sector, which is strongly represented in West Yorkshire. These sectors are expected to be impacted by Brexit with potential for restructuring and changes to the level and nature of future skills requirements.

Employment by occupation



Source: Annual Population Survey, October 2019 to September 2020

The occupational profile of employment provides an insight into the skills people need to do their jobs – both the level and types of skill required. It also provides an insight into the broader question of job quality.

A key message is that employment in higher skilled management, professional and associate professional / technical occupations accounts for a smaller proportion of the total in the LEP area compared with nationally. Forty-six per cent of people are employed in these roles, versus a national average of 50%.

This local deficit of higher skilled employment extends to the majority of broad industry sectors. This reinforces the picture of a productivity deficit that is largely due to underperformance within sectors rather than the result of a negative sectoral mix and that the issue is not simply one of availability of skills, it is also about lack of demand for skills in these sectors. This deficit of demand stems from the nature of the functions undertaken

within sectors (e.g., front vs back-room functions, or global vs national focus) in the local area compared to high productivity locations.

How is employment in the LEP area distributed at a more detailed occupational level? The five largest sub-major groups, each employing more than 100,000 people in the LEP area are:

- Elementary administration and service roles, a category which includes hospitality staff such as waiters / waitresses, bar staff and kitchen and catering assistants; cleaners; and lower-skilled storage roles.
- Administrative occupations, including book-keepers, payroll managers, and admin roles in finance and local government.
- Business and public service associate professionals, a diverse category which includes sales and marketing, human resource, financial and public service roles at the associate professional level.
- Caring personal services, which includes care workers and home carers, teaching assistants, nursing auxiliaries and nursery nurses.
- Corporate managers, which comprises management roles from across different parts of the economy, including retail, production managers in manufacturing and construction, financial managers and marketing and sales managers.

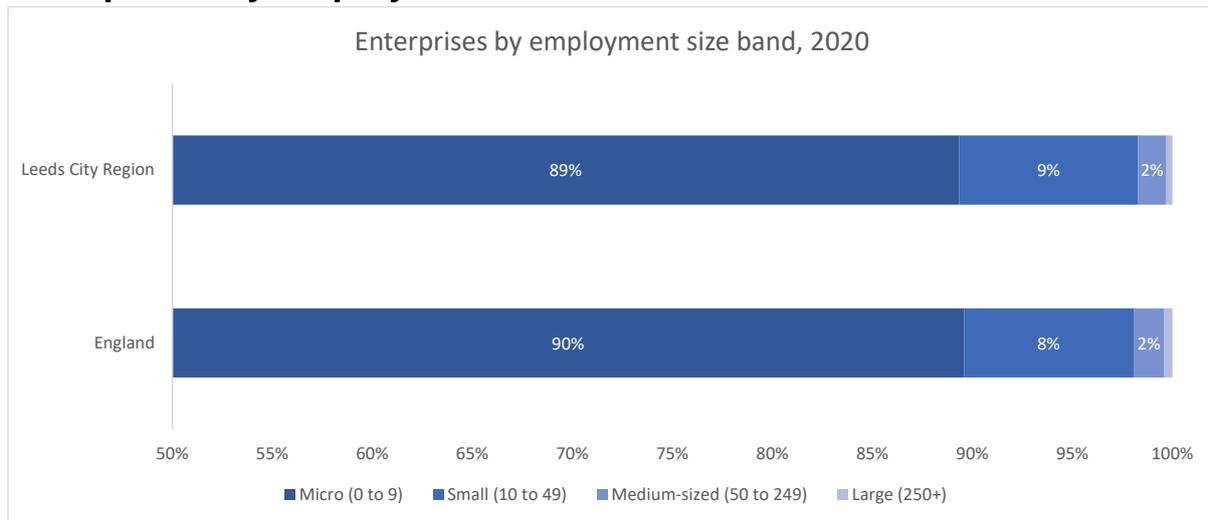
It is also useful to understand the distinctive features of occupational employment in the LEP area, to gain an insight into specific skill requirements of the locality. The local occupational profile is broadly similar to the national average but with a number of areas that are both over- and under-represented.

There is a relatively large share of employment in lower skilled Elementary roles (Elementary trades and Elementary administration and services), together with semi-skilled Operative roles (both Process, plant and machine operative and Transport and mobile machine drivers). Employment in Customer service roles is also strongly represented compared with the national benchmark.

There are several groups that are under-represented in terms of their share of local employment, a number of them higher skilled occupational areas. Employment in management occupations is much smaller in proportionate terms than nationally (both Corporate managers and Other managers and proprietors, such as shopkeepers).

- The share of local employment in Business, media and public service professional occupations is also below the national average.
- Secretarial employment contributes a small proportion of employment relative to the national average.
- Employment in Science, research and technology professional roles, which are crucial to innovation and productivity, is also relatively small in the City Region.

Enterprises by employment size band



Source: UK Business Counts, ONS, 2020

The size and sectoral profile of the local business base has an important influence over the character of local skills needs and is also a determinant of business behaviour around training and skills investment.

The area has a relatively low business density: its 110,000 enterprises equate to 36 enterprises per 1,000 population, compared with a national average of 42. This means there are around 22,000 fewer businesses locally compared with what would be the case if local business density matched the national average.

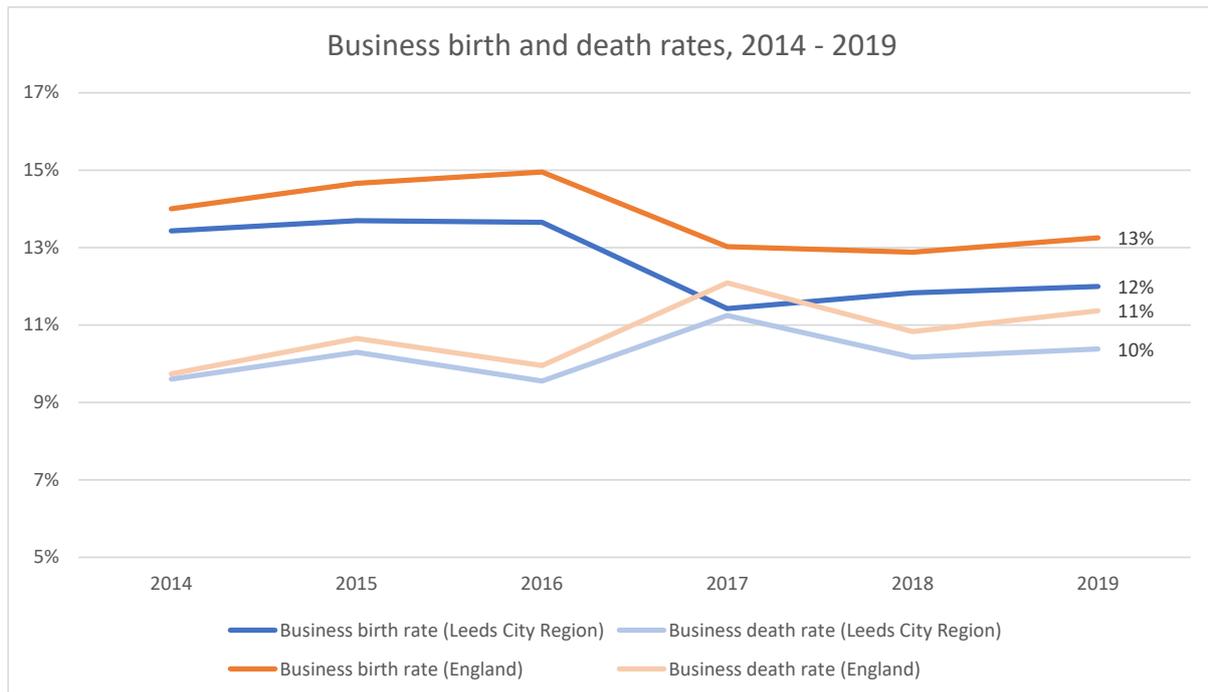
The size profile of local enterprises is similar to the national picture, with micro businesses accounting for nine out of 10 of total enterprises. In combination medium and large businesses account for less than 2% of the total, with the remaining 9% comprising small enterprises with 10 to 49 employees.

The largest sectors in terms of number of enterprises are Wholesale and retail trade, Professional, scientific and technical activities and Construction (16%, 15% and 12% of the total respectively).

The LEP area has a strong representation of businesses in the Transportation and storage and Manufacturing sectors. Both account for much larger shares of total enterprises locally than nationally.

Medium and large enterprises are concentrated in Manufacturing, Health and social work, and Wholesale and retail.

Business birth and death rates



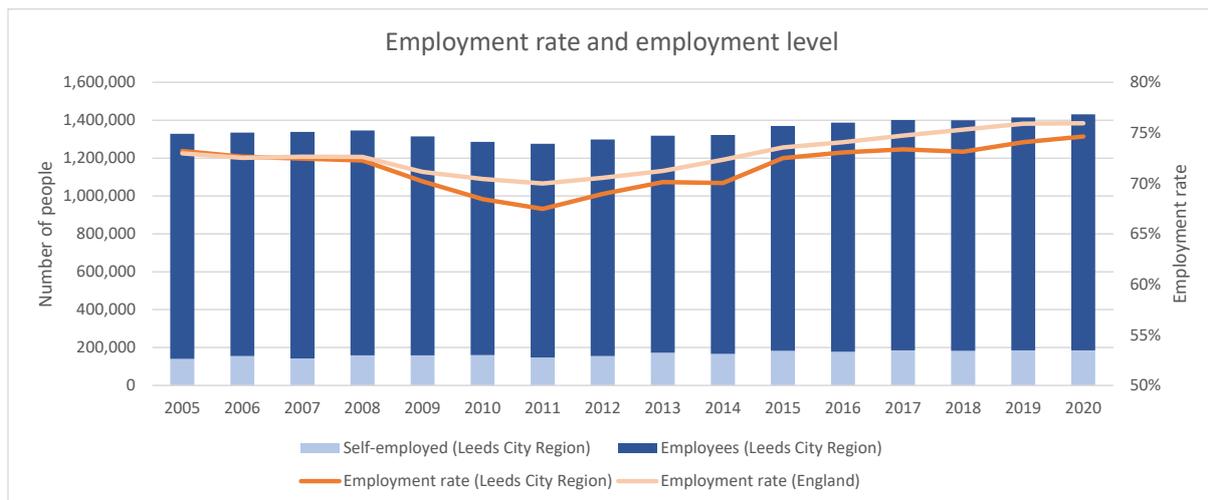
Source: ONS Business Demography, 2014-19

In addition to low business density West Yorkshire has a business birth rate and a business death rate that in recent years have both been below the national average. The business birth rate has shown signs of slight decline locally, although this broadly reflects the national pattern. The business death rate has followed a fairly flat underlying trend.

The data indicate that there were slightly more business births than deaths in 2019, implying modest net growth in the business stock and in the size of the productive economy locally. The relatively low birth and death rates point to a local economy that is slightly less dynamic than nationally.

Not surprisingly Covid-19 has had a major disruptive effect on new firm formation and business failures, as reflected in an increase during the crisis in the number of business dissolutions / liquidations and a decline in the proxy measure of new business bank accounts. However, these indicators have more recently provided evidence of recovery, at least prior to the reimposition of Covid restrictions.

Employment Rate



Source: Annual Population Survey

The level of employment in the LEP area is the main indicator of the overall demand for labour in the area.

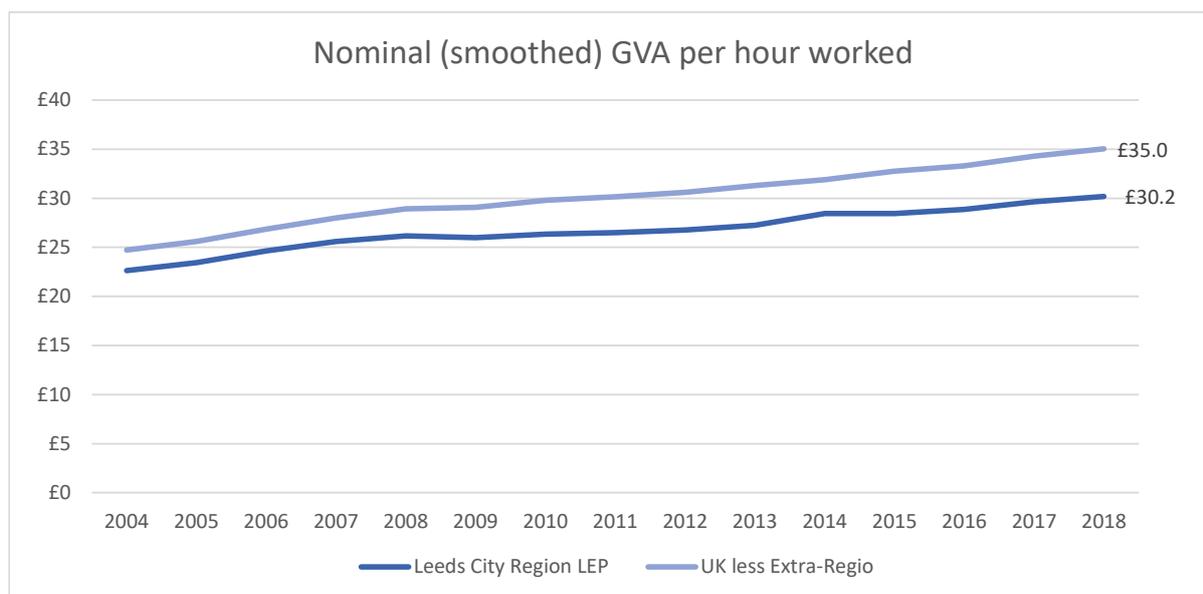
The current employment rate in Leeds City Region, expressed as a proportion of the population aged 16-64, is one percentage point below the national average at 75% versus 76%, as of October 2019 to September 2020. The local rate has been consistently lower than the national average since the recession of 2008/09 but has followed a broadly upward trend in recent years, although this has not been sufficient to narrow the employment rate gap.

Leeds has the highest employment rate at local authority level (80.4%) in the City Region and is well above the national average, but the remaining local authorities in West Yorkshire are all below; in the case of Bradford nine points below average. York and the North Yorkshire districts are all above the national average except Selby, which is slightly below.

The proportion of workers who are self-employed rather than employees in Leeds City Region is similar to the national average (one percentage point lower at 13% compared with the average of 14%). Between 2010/11 and 2016/17 self-employment grew by 25% in the City Region (much faster than the rate of growth for the same period for employees, of 10%) but has plateaued since then.

As detailed in our labour market report for 2021, the impact of Covid-19 has not fully manifested itself on the local employment rate. However, it is expected that the withdrawal of measures including the Coronavirus Job Retention Scheme will prompt an increase in unemployment and a reduction in the employment rate during the course of 2021.

Productivity



Source: ONS Subregional Productivity

Productivity is a central measure of the performance of the local economy because it is the main driver of economic growth, prosperity and living standards.

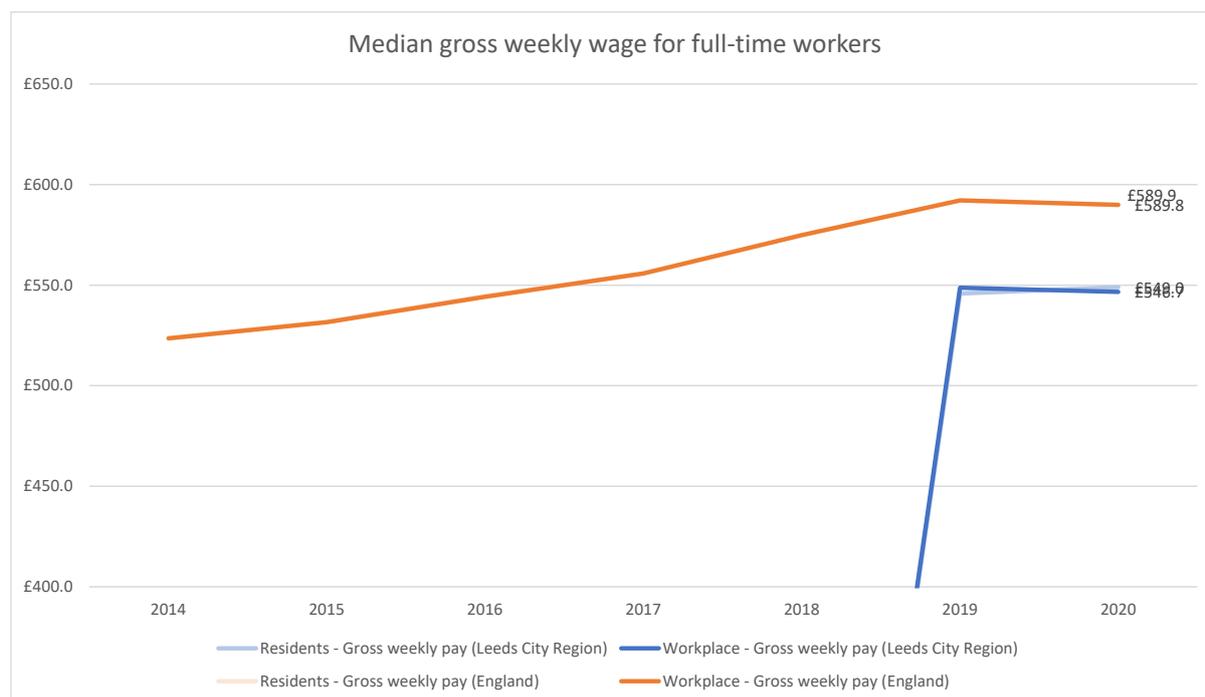
Along with most parts of the north of England the LEP area faces a productivity deficit against the UK average, on the basis of output per hour worked. This gap has widened over the last decade and a half. Productivity in the LEP area was 91% of the England average in 2004 but dropped to 89% of the average in 2009, with the gap widening further as it fell to 86% in 2018.

This productivity deficit has important consequences. It is estimated that the local economy would be more than £14 billion larger, an increase of 20%, if its productivity performance could be raised to match the UK average. This is important because prosperity in the LEP area is relatively low.

Underperformance on productivity in the region is due to a combination of factors, including relatively low levels of innovation combined with a weak skills base.

Covid-19, together with Brexit, is likely to have a negative impact on productivity growth both locally and nationally, constraining investment and international trade which act as key drivers of productivity. In addition, continued mobility restrictions may slow the reallocation of workers away from low-productivity firms to higher-productivity ones as the recovery proceeds.

Median pay



Source: Annual Survey of Hours and Earnings

Productivity is closely linked to pay and therefore to living standards: more productive firms pay higher wages.

The LEP area's underperformance on productivity is reflected in its performance on pay. Pay is also an important indicator of job quality and of the skill levels being deployed within the area. At £547 per week, gross median pay for full-time jobs in the LEP area is only 93% of the national average of £590.

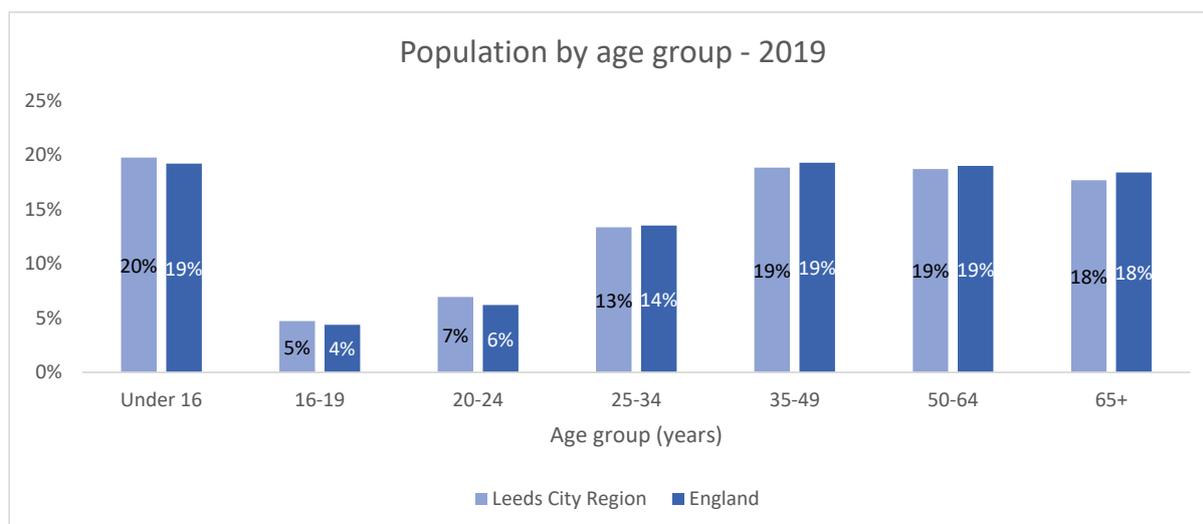
All districts in the area have a median rate of pay that is below the national average, ranging from £494 in Kirklees (84% of the national average) to £575 (97%) in York and £573 in Leeds (also 97%).

These figures relate to jobs located in workplaces in the LEP area. The figure for jobs that are held by residents of the LEP area but are in some cases located outside the area is very similar to the workplace figure, reflecting Leeds City Region's high degree of self-containment as a labour market area.

However, at local authority level there are marked differences between workplace and residence-based measures of pay. Harrogate and Kirklees have significantly higher rates of pay for residents, suggesting outward commuting by some residents to relatively well-paid jobs. Barnsley, Craven and Wakefield all have higher rates of workplace pay, implying that inward commuters into each of these local authorities undertake many of the better-paid jobs.

The local pay deficit is primarily due to a gap at the top of the pay distribution. Although local jobs at the 20th percentile of the distribution pay at 95% of the national level, the figure for the 80th percentile is only 90% of the national equivalent. This shows that compared with some other parts of the country Leeds City Region has a lack of the highest paid jobs.

Population



Source: ONS Mid-Year Population Estimates, 2019

Changes in the structure of the local population have an important influence on the available labour supply.

The LEP area has a total population of 3,099,000 (3.1m) with 1,939,000 people (63%) of working age (16-64).

As the chart shows, the age profile of the LEP area population is broadly similar to the national average. This is also the case for West Yorkshire, although the population is slightly younger here with a median age of 38 (falling to 35 in Bradford), compared with an England average of 40.

Parts of North Yorkshire have an ageing population, however. For example, 27% of the population is aged 65 and over in Craven and 24% in Harrogate, compared with the national and LEP average of 18%. York and Selby have an age profile that is closer to the national picture.

The working age population of the LEP area grew by 2% over the course of the last decade (2009 – 2019), somewhat below the national increase of 4%.

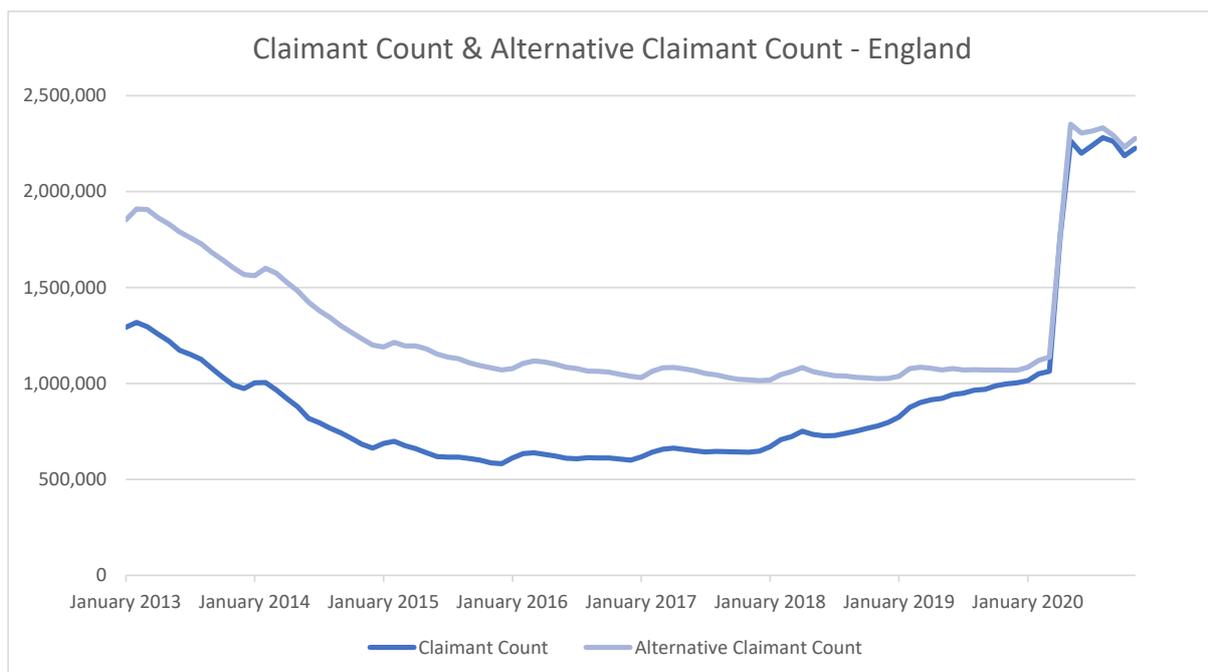
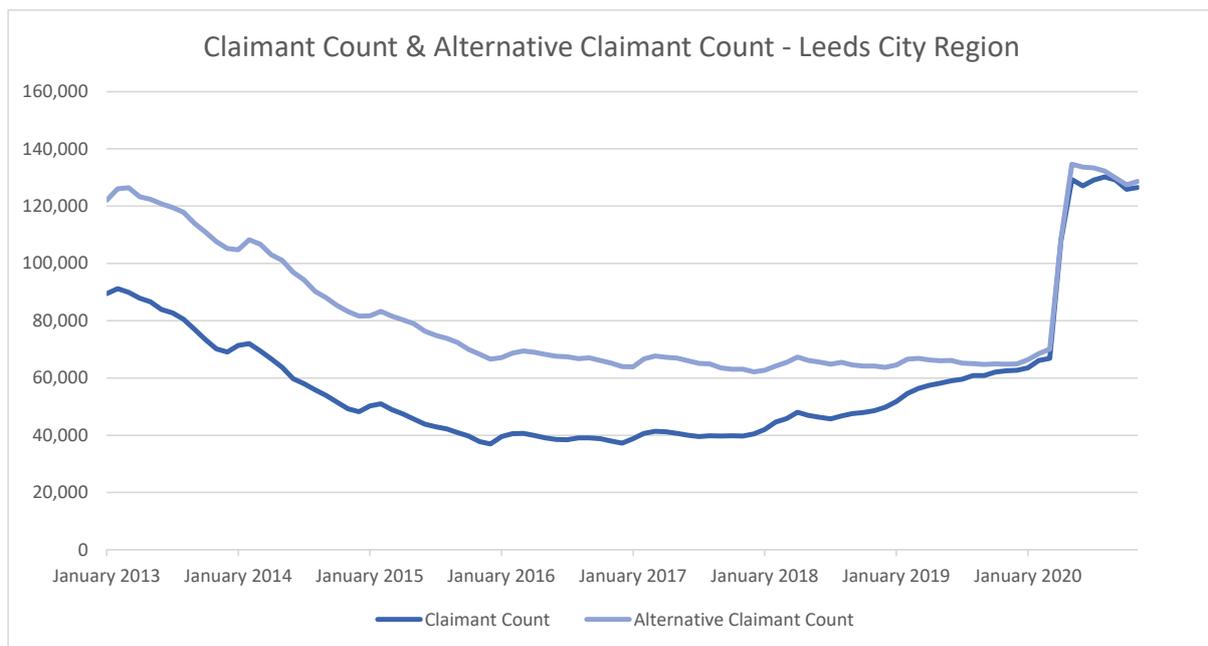
The two North Yorkshire districts of Craven and Harrogate saw declines over this period, both falling by 4%. Four-out-of-five West Yorkshire local authorities grew at a rate below the national average, whilst Calderdale's working age population remained static. York's population saw the strongest growth of 8% over the course of the decade.

Population projections produced by ONS suggest that the number of people of working age in Leeds City Region will increase in the period to 2030, but at a slower rate than nationally.

The local working age population is projected to grow by 2% over this period compared with growth of 3% nationally. In absolute terms this is an increase of 34,000 in the number of people aged 16-64.

The main driver of growth is an increase in the number of young people aged 16-24 of 11% (+40,000). This local skills system will need the capacity to respond to an increase in demand for apprenticeships and college places.

Claimant unemployment



Source: ONS claimant count & DWP Stat Xplore

The Claimant Count experimental dataset seeks to measure the number of people claiming benefits (Universal Credit and Jobseekers' Allowance) principally for the reason of being out of work². It provides a timely picture of joblessness at local level and is therefore a key indicator of the impact of Covid-19 on the labour market.

² Enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed. However, national data suggest that only

Unlike the ILO measure, the claimant count has registered a large increase in response to Covid-19. The number of claimants grew by 59,680 (89%), from 66,805 in March 2020 to 126,485 in November 2020. The increase in claimants occurred between March and May 2020 and there has been a levelling off since then. (Although there are slightly different monthly values from the alternative claimant count the broad pattern of growth is similar to the standard claimant count.)

The claimant count grew more rapidly at national level, increasing by 109% between March and November, but much of the City Region had a higher starting point at the beginning of the crisis.

The claimant rate (claimants expressed as a proportion of the population aged 16-64) for the City Region increased from 3.4% in March to 6.5% in November. However, in Bradford the claimant rate was already 5.2% in March 2020 and subsequently increased to 9.3% in November 2020.

The West Yorkshire districts saw the largest increases in claimants in absolute terms, Leeds' count increasing by around 17,000 between March and November and Bradford's by nearly 14,000.

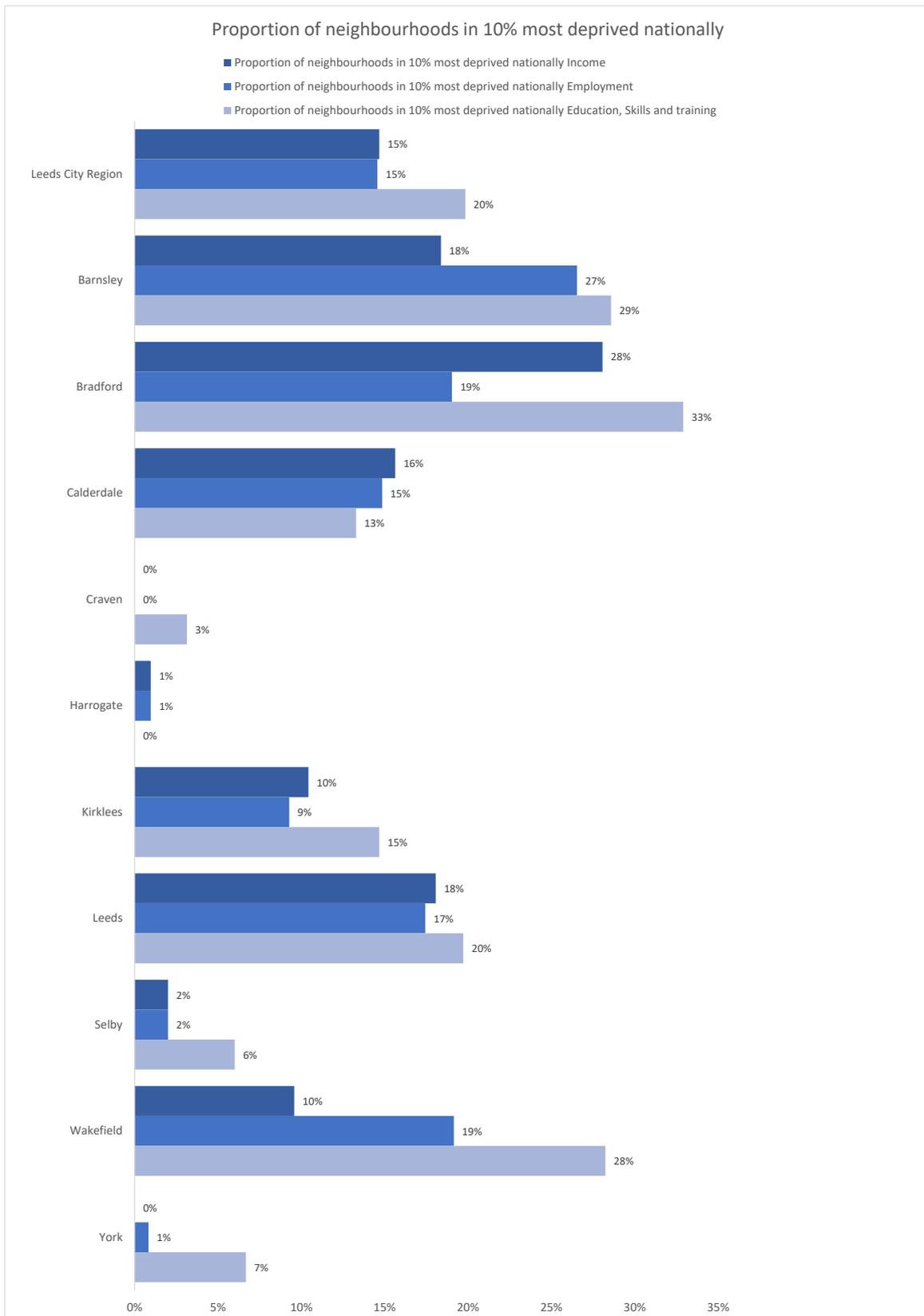
The largest percentage increases in the claimant count were seen in the York / North Yorkshire local authority areas. For example, York's count grew by 160% and Craven's by 163% but all of these districts grew from a low base and their rates remain below the national average.

The increase in claimant unemployment has been most marked among young people. Between March and November 2020, the number of claimants aged 16-24 increased by 94% (from 13,800 to 26,800) whilst the rate of increase for people aged 25-49 and people aged 50+ was 88% and 87% respectively.

The high exposure of young people to claimant unemployment, even though they are less likely to be eligible for such benefits, demonstrates the priority that this group represents with the region's plans for economic recovery.

around 100,000 (or 7%) of the recent growth in the claimant count is accounted for by people in work but with low earnings.

Income, Employment and Education deprivation



Source: Department of Communities and Local Government, Index of Multiple Deprivation 2019

As well as improving the performance of the local economy there is also a need to ensure that everyone in the local community has the opportunity to participate in high quality employment and benefit from growth. One key challenge is to address concentrated deprivation at neighbourhood level.

According to the Index of Multiple Deprivation, around 18% of neighbourhoods in the City Region are among the 10% most deprived nationally, significantly above the share one would expect. The number of City Region neighbourhoods in this category has increased by 25 since 2015 IMD from 312 to 337, including net increases of 9 in Leeds and 8 in Kirklees.

A domain of deprivation within the IMD is education and skills deprivation, which mainly relates to attainment and skills in the population – both of young people and adults.

Twenty per cent of our neighbourhoods are in the worst 10% nationally on this measure – twice the “fair share”. Leeds City Region is ranked fifth out of 38 LEP areas on this domain.

More than three-quarters of City Region neighbourhoods that fall within the most deprived overall are also classed among the most deprived 10% in terms of education, skills and training, showing the strong link between the two characteristics. Action on skills is a central requirement of effectively addressing concentrated deprivation in the region.

Performance on education, skills and training deprivation varies markedly at district level. Barnsley, Bradford and Wakefield, followed by Leeds are the most deprived in terms of the proportion of neighbourhoods facing acute deprivation. For example, a third of neighbourhoods in Bradford are skills deprived and 28% in Wakefield. In Wakefield, education, skills and training deprivation is more widespread than other aspects of deprivation. York and the North Yorkshire districts have much smaller proportions of neighbourhoods that are deprived in this way.

The Education, skills and training sub-domain of the IMD comprises two sub-domains – one focusing on children and young people and one relating to adult skills³, providing an insight into the character of deprivation.

Bradford has fewer neighbourhoods among the 10% most deprived in respect of children and young people than it does in respect of adult skills – and the same is true of Calderdale, Kirklees and Wakefield. For some of these districts the issue of English language proficiency may play a strong part in the prevalence of adult skills deprivation.

This is not to seek to understate issues around children and young people in these districts, however; in both Bradford and Wakefield more than 20% of neighbourhoods are still among the most acutely deprived in respect of this indicator.

The reverse position is true of Leeds and of several of districts in North Yorkshire, including York and Selby. A greater proportion of neighbourhoods are among the most deprived with regard to children and young people than for adult skills.

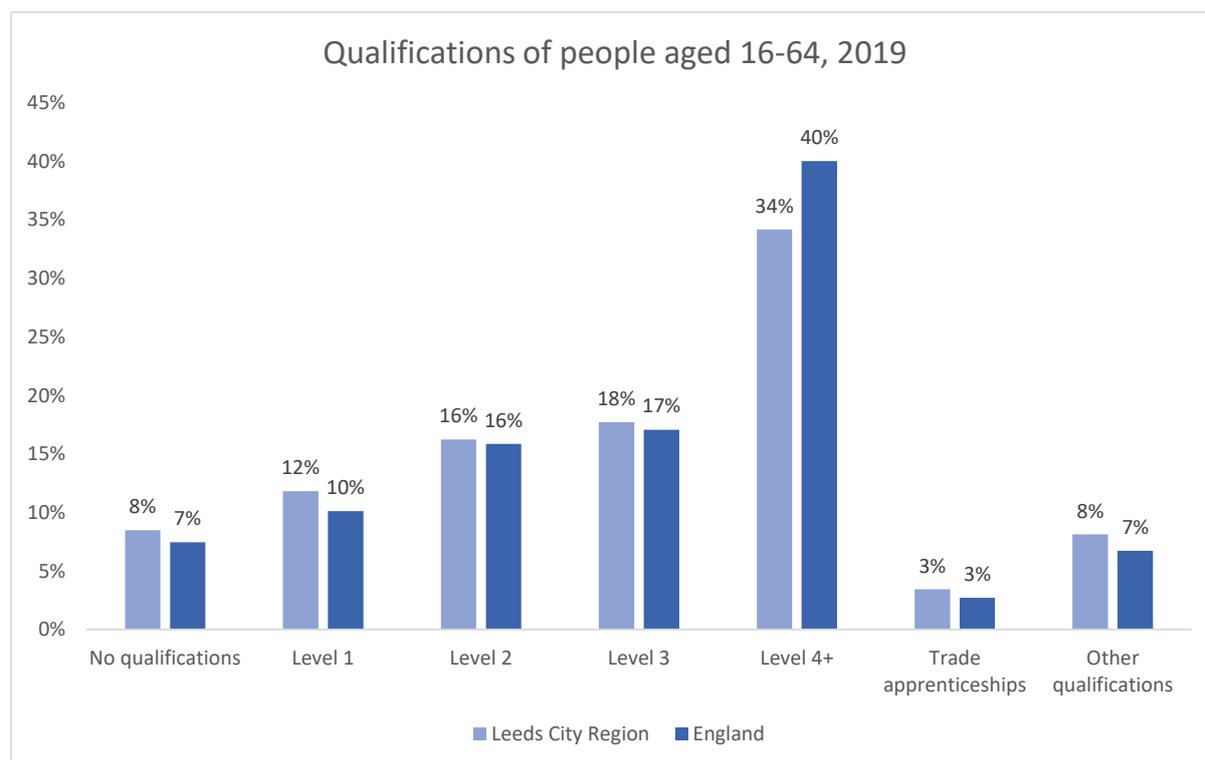
³ The Children and Young People sub-domain is based on indicators that include attainment at Key Stages 2 and 4, secondary school absence, staying on rates and entry into higher education. The adult skills domain is made up of two indicators relating to adults with low or no qualifications and adults who lack English language proficiency.

Improving the skills pipeline by raising the attainment of young people is a critical priority but in some parts of the region will not be sufficient in view of the issues around adult skills.

Skills Supply – Summary

- One of the key challenges facing West Yorkshire is its relatively weak skills base, most notably its deficit (relative to the national average) of people with high level qualifications and its relatively large proportion of people with no / low qualifications. The situation differs considerably at local authority level with Bradford and Wakefield facing the most severe challenges, whilst York and Harrogate perform strongly relative to the national average.
- There were 73,900 achievements from adult Education and Training programmes in the City Region in 2019/20, a fall of 15% on the previous year. The subject profile of provision is broadly similar to the national average with Preparation for Life and Work, Health and Social Care and Business Administration and Law dominating in terms of volume of provision. Some subjects, including those like hospitality and catering that are most exposed to Covid-19 restrictions saw large declines in their volume of achievements in 2019/20.
- There was a pronounced fall in apprenticeship starts of 23% in 2019/20, primarily due to the impact of Covid-19. This exceeded the national average rate of decline of 18%. Achievements fell by 20%. Hardest hit were intermediate apprenticeships and the three subjects of Business, administration and law, Retail and Commercial Enterprise and Health, public services and care.
- Leeds City Region has the largest higher education sector outside London – a key asset for the area. Compared with the national profile, local provision is strongly represented in Biological sciences, Physical sciences, together with Social studies, Languages and Historical and philosophical studies. It has a relatively low representation in Computer science and particularly in Architecture, building and planning.
- KS4 destination data show that young people in the City Region are less likely than nationally to stay on in education, although they are more likely to study at a further education college; they are also more likely to take up an apprenticeship than nationally.
- The overall profile of destinations for KS5 students is similar to the national average in terms of entry into higher education, apprenticeships and employment. Destinations vary according to the level of study at KS5 - there is a concern that those pursuing level 2 and other qualifications, rather than level 3 qualifications at KS5, are less likely to have a sustained destination. At both KS4 and KS5 the profile of destinations varies markedly at local authority level within the City Region.
- In the academic year 2017/18, 44,500 FE and Skills learners in Leeds City Region achieved a government funded learning aim or completed a traineeship. Of these learners, 74% had a sustained positive destination, including 61% into sustained employment and 25% into sustained learning. Destinations vary according to the level and subject of learning, often reflecting the fact some segments of provision are dominated by employed learners whilst others are focused on providing a stepping stone for excluded people.
- Leeds City Region is characterised by solid local performance overall on apprenticeship destinations in terms of rates of entry into employment; this is believed to largely reflect the quality of the apprenticeship provision on offer in Leeds City Region.
- Almost one half of graduates (49%) from Leeds City Region institutions are retained in Yorkshire and the Humber 1-year after qualifying, with only a slight fall at the 3-year mark and no subsequent fall at 5-years. The retention rate varies widely between institutions, reflecting the extent to which they recruit their intake locally.
- The proportion of employers providing training to their staff in Leeds City Region is 62%, similar to the national average. Analysis of the Employer Skills Survey suggests that around 38% of employers are not in “training equilibrium” and would like to increase their investment in training in response to business needs.

Qualification levels



Source: Annual Population Survey

One of the key challenges facing the City Region is a deficit in its skills base relative to other parts of the UK. There is a strong link between the skills profile of local areas and their relative productivity performance.

In 2019 the proportion of people of working age in the City Region qualified at level 4 and above saw no change, remaining at 34% for a second year. This follows a 3 percentage point improvement in 2017. Meanwhile the national average (England) saw a small improvement of 1 point in 2019 to 40%, resulting in a slight widening of the gap between the local and national position.

In real terms, this 6 point gap with the national average is equivalent to 112,000 fewer people locally with higher level qualifications.

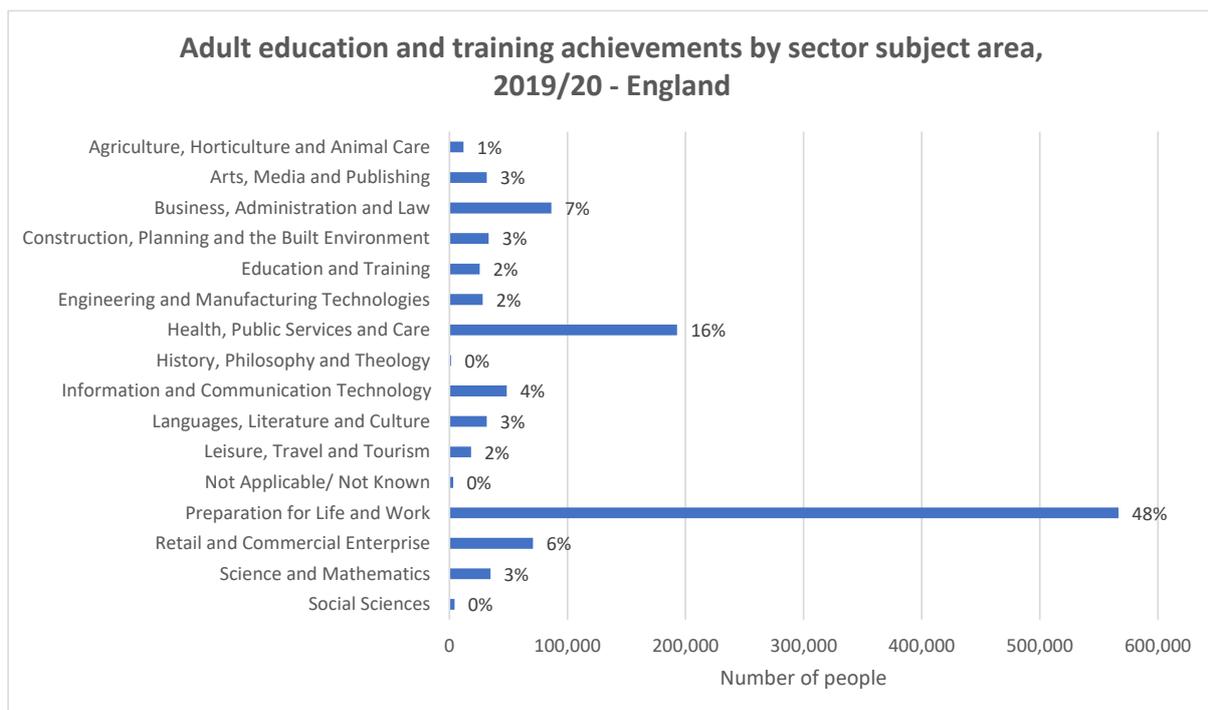
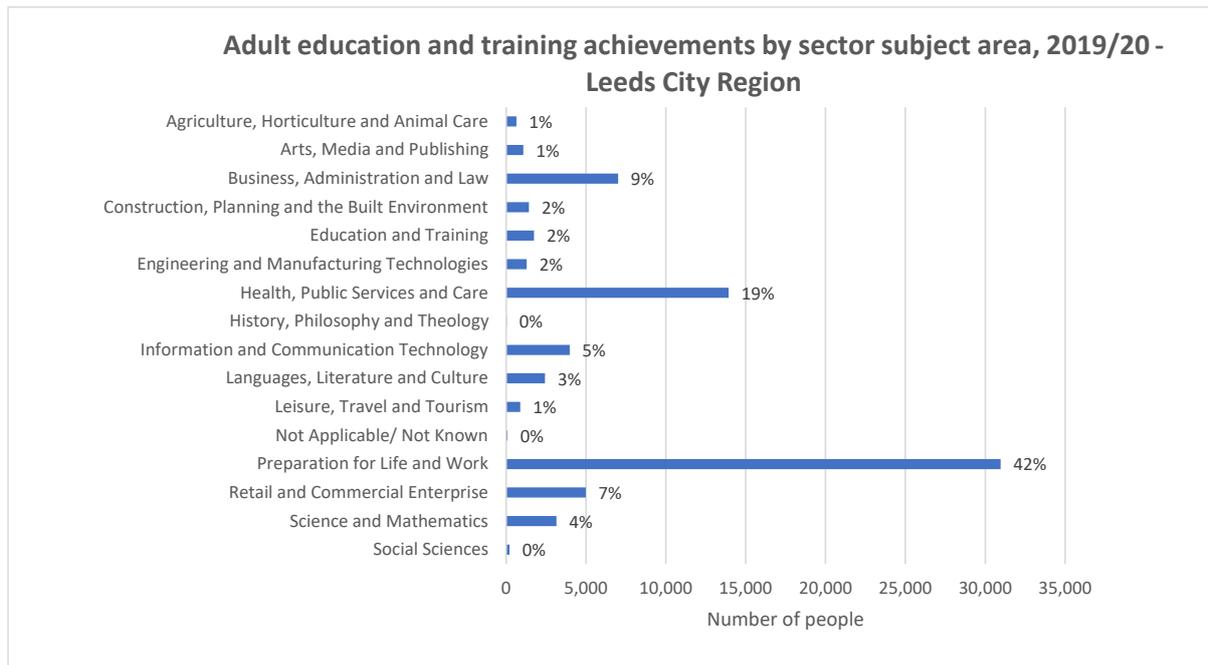
More positively, the proportion of working age people with no qualifications in the City Region fell for a second successive year from 9% in 2018 to 8% in 2019, leaving a single point gap with the national average, at 7%.

The overall qualification profile of the City Region conceals marked differences at district level. For example, the proportion qualified at level 4 and above is 9 points higher than the national average in York and 5 points higher in Harrogate, at 49% and 45% respectively. Conversely, in Wakefield it is 12 points lower (at 28%) and 14 points lower in Bradford (at 26%). Moreover, 14% of the working age population in Bradford have no formal qualifications.

Tackling the qualification deficit first of all requires action to improve the attainment of young people, since a relative low proportion achieve levels 2 and 3 by the age of 19, particularly in some of the West Yorkshire districts. Perhaps a greater challenge is presented by the need

to raise the skills of adults already in the workforce through lifelong learning and workplace training.

FE Education and Training Achievements



Source: Further Education and Skills Data, DfE

Adult education is a key mechanism for upskilling and re-skilling adults, to support them into work or to enable them to progress within work.

There were 73,900 government-funded achievements in Leeds City Region in the 2019/20 academic year. The volume of achievements fell by around 15%, largely as a result of the impact of Covid-19 on the take-up of learning during the latter part of the academic year.

The chart compares the subject profile of government-funded Education and Training achievements in the City Region with the national picture.

The biggest subject areas are Preparation for Life and Work with 42% of total achievements. This is somewhat lower than the national share of 48%. This subject area comprises lower level aims (nine out of 10 are below level 2) and includes basic and functional skills qualifications, ESOL and employability skills.

The next biggest subject area is Health, public services and care, which accounts for a higher proportion of achievements local than nationally (19% versus 16%). The majority of achievements in this category relate to health and social care, in specific fields like mental health, dementia care, adult social care and counselling skills. Three quarters of achievements were at level 2 and a majority of learners were in employment.

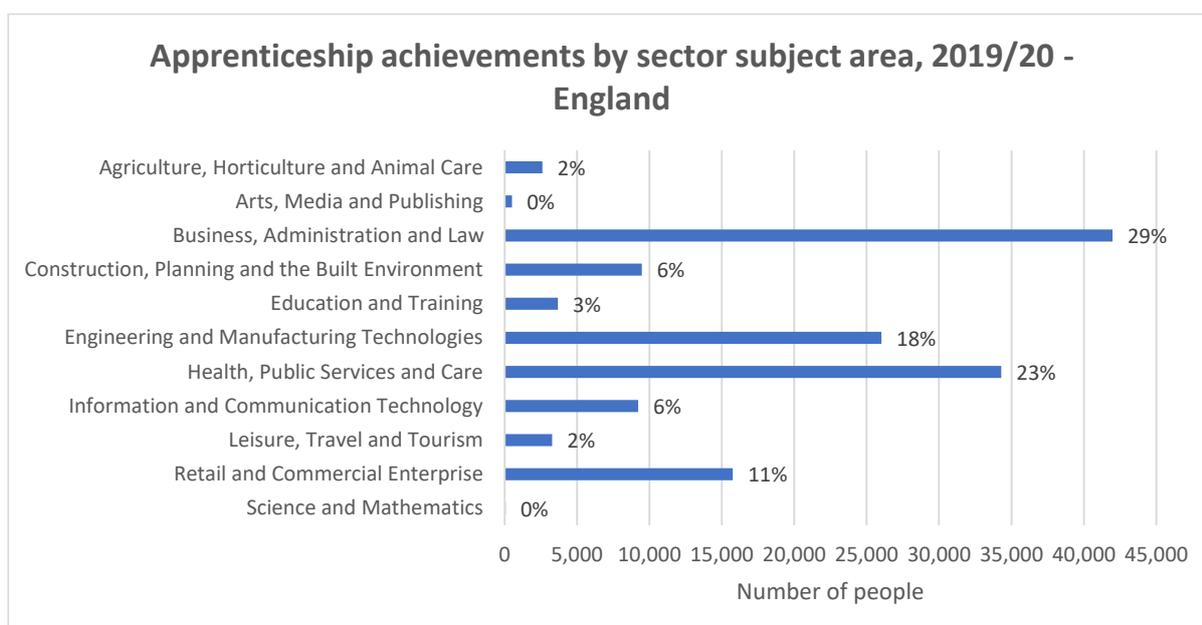
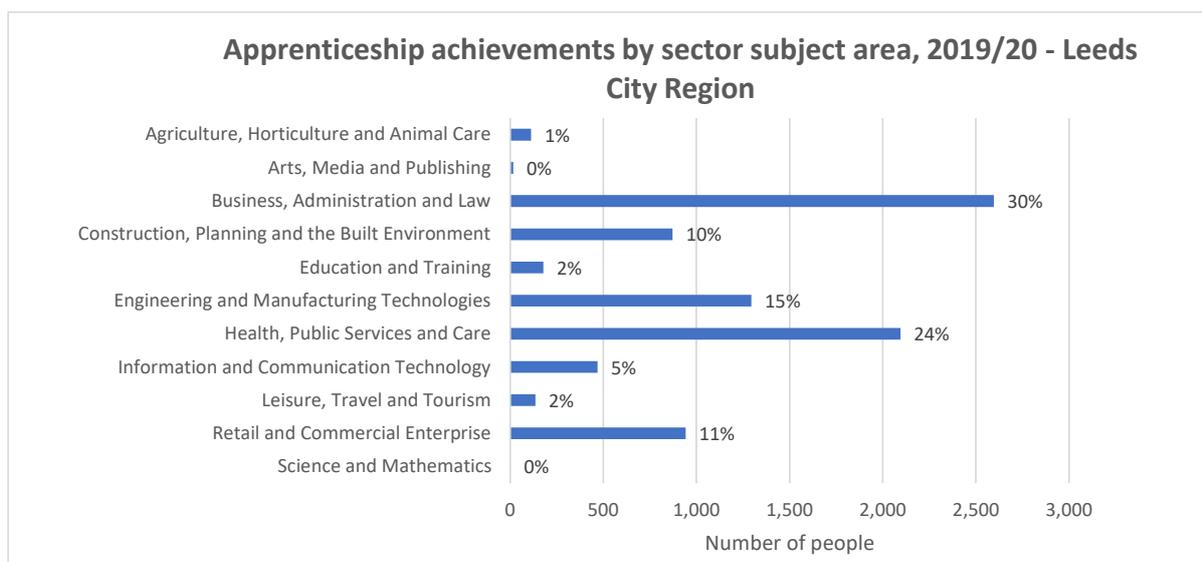
Business, Administration and Law accounts for 9% of achievements, again slightly higher than the national figure of 7%. This subject area covers disciplines like administration, customer service, team leading, accounting and business management. Achievements are broadly split between aims at below level 2 and at level 2.

Retail and commercial enterprise courses contribute 7% of the total, similar to the national average of 6%. It includes hospitality and catering, warehousing and distribution, retailing and wholesaling and service enterprises (e.g., hairdressing). Around a quarter of learners pursuing courses in this subject area are in employment and two thirds of achievements are at level 2 with the remainder broadly split between level 3 and below level 2 aims.

In total, just over half of achievements in adult Education and Training were at below level 2, with two fifths at level 2 and only one in 20 at level 3.

A number of subjects saw a substantial fall in achievements during 2019/20, some of them in areas most exposed to Covid-19 restrictions. This included manufacturing technologies, business management, service enterprises, hospitality and catering and sport, leisure and recreation. However, other subjects saw strong growth, including warehousing and distribution and marketing and sales.

Apprenticeship achievements by sector subject area



Apprenticeships are a key means for employers to grow their own skills and to address their specific needs, particularly in areas of skills shortage; they also provide individuals with a sustainable career path and access to high quality training.

There were 18,755 apprenticeship starts and 8,710 achievements in the LEP area in the 2019/20 academic year, the latest full year for which data are available.

The subject profile of provision in the LEP area is broadly similar to the national average. The largest subjects in 2019/20 were Business, administration and law, which contributed 30% of total achievements locally; Health, public services and care (24%); Engineering and Manufacturing Technologies (15%); and Retail and commercial enterprise (11%).

However, there were differences in the profile of provision between the local picture and the national breakdown of achievements. Construction achievements accounted for a relatively large share (10% versus 6% nationally) whereas Engineering and manufacturing contributed a smaller share (15% versus 18% nationally). Information technology's share was also a

slightly smaller share (5% versus 6% nationally). Each of these disciplines is subject to acute skill shortages, therefore a strong supply of apprentices is critical.

In the past local apprenticeship provision has been broadly reflective of the needs of the local economy and generally, there is a strong match between the subject profile of apprenticeships and the profile of projected future job openings, although business-related disciplines are under-represented. One might expect a good match since apprentices, by definition, are in employment.

Overall, there was a pronounced fall in apprenticeship starts of 23% in 2019/20, primarily due to the impact of Covid-19. This exceeded the national average rate of decline of 18%. Meanwhile achievements fell by 20%, compared with 21% nationally.

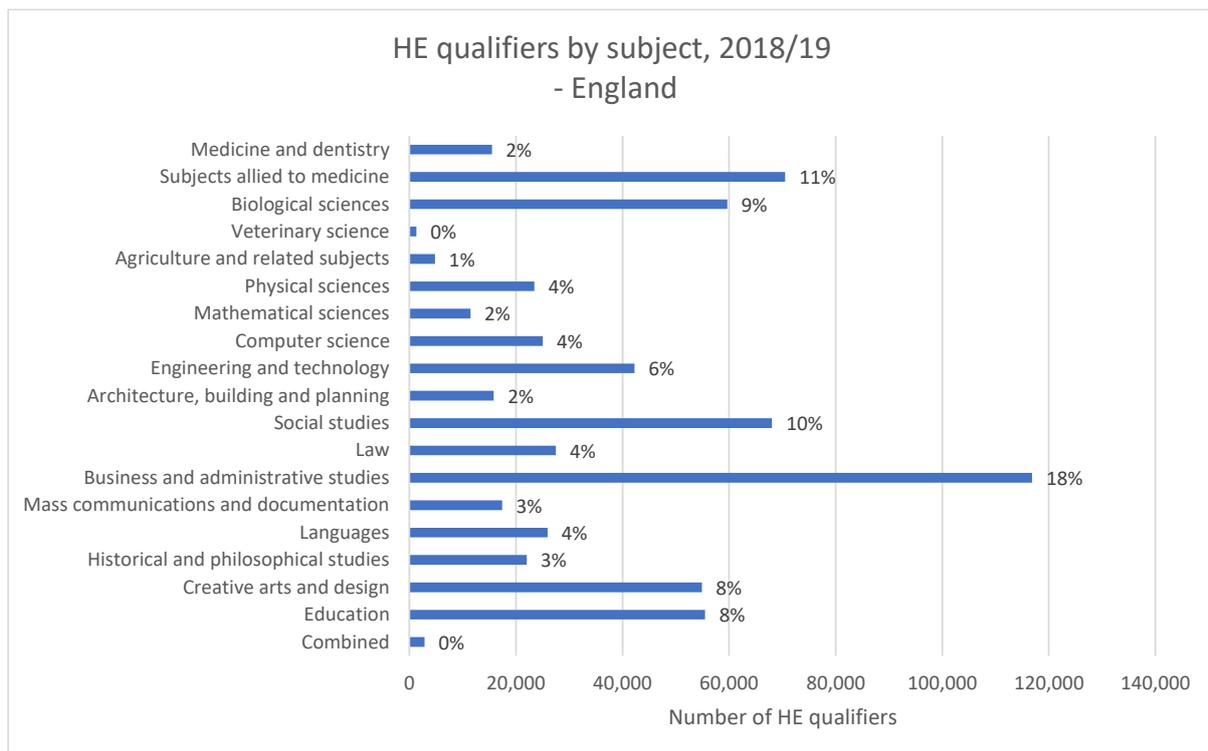
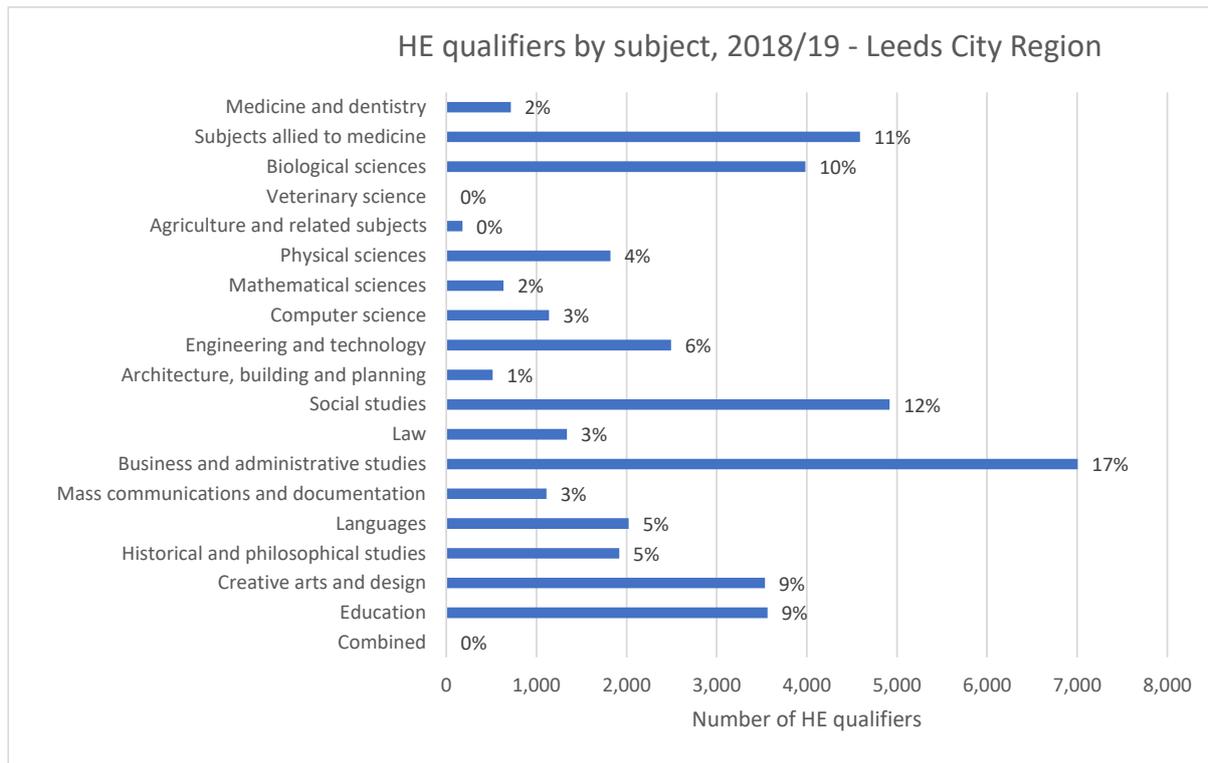
Hardest hit in absolute terms, based on starts, were intermediate apprenticeships and the three subjects of Business, administration and law, Retail and commercial enterprise and Health, public services and care.

At a more detailed level of subject category the two areas of Retailing and wholesaling and Hospitality and catering starts each fell by 41%.

These declines were associated with the impact of Covid-19 as the imposition of lockdown resulted in the closure of colleges and some employers were unable to start or continue apprenticeships as planned.

Should the Covid-19 crisis continue for a prolonged period there will be a lasting impact on individuals' access to apprenticeship opportunities and the subject profile of apprenticeships could be also affected with sectors like hospitality and retail reducing their apprenticeship intake.

HE qualifiers



The LEP area's higher education institutions are a key asset in terms of the supply of higher level skills. It has the largest higher education sector outside London with 119,000 student enrolments at its higher education institutions during the 2018/19 academic year (98,700 of them UK-domiciled students). There were 52,000 new entrants during the academic year, of which 39,500 were UK-domiciled.

Turning to the analysis presented in the chart there were 41,500 qualifiers from local institutions in the 2018/19 academic year, 31,300 of them UK-domiciled.

During 2018/19 the subject profile of graduates was broadly similar to the national average. But, as the chart shows, HE provision in local institutions is, compared with the national profile, strongly represented in Biological sciences, Physical sciences, together with Social studies, Languages and Historical and philosophical studies. It has a relatively low representation in Computer science and particularly in Architecture, building and planning.

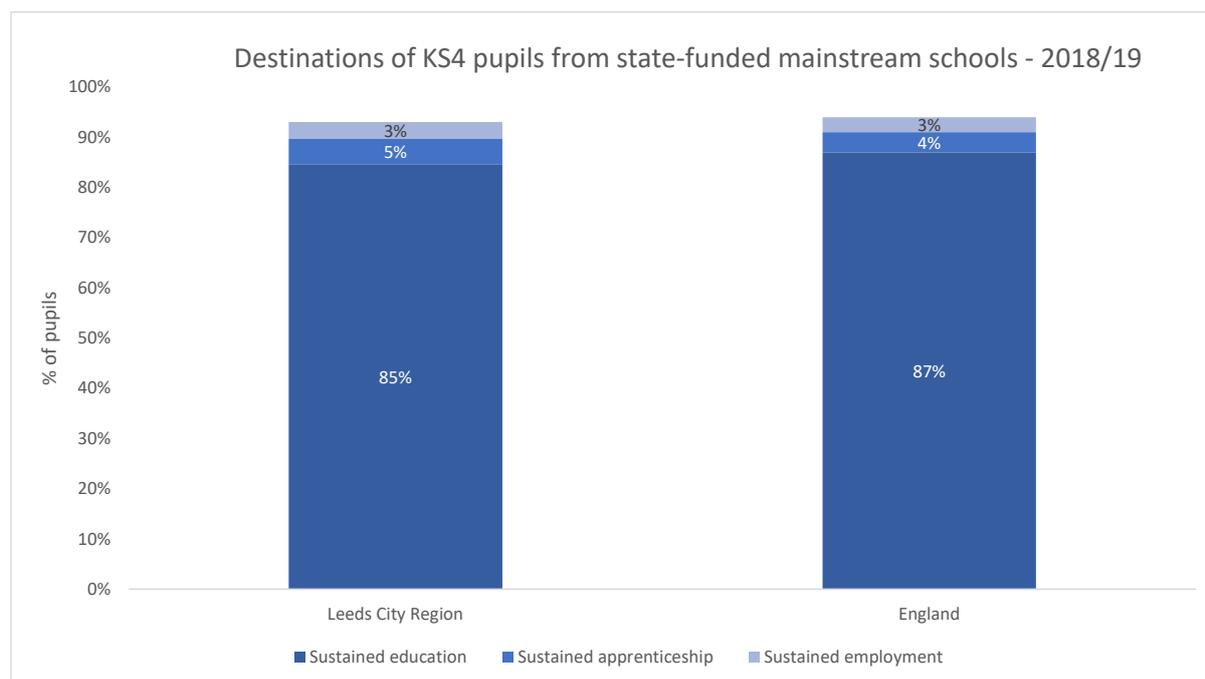
The overall proportion of qualifiers from science and technology subjects is slightly lower in Leeds City Region than nationally at 39% and 41% respectively (when overseas students are included).

Looking at the fit between the subject profile of local HE provision and labour market demand (in terms of the profile of projected job openings) there are several areas where supply is low relative to estimated demand. Key instances are Computer science and Architecture, building and planning. Both are particularly important as priority skills areas for the City Region. However, the most obvious area of apparent undersupply is for Business and administrative qualifiers.

Conversely, there are subject areas in which the proportion of qualifiers is high relative to the proportion of openings. This is the case for Creative arts and design, Mass communications and documentation and Social studies.

Clearly, this analysis is indicative and there is a major caveat around the transferability of skills acquired in some of these disciplines. Many people find that study in a particular vocational area proves to be of value across a range of occupational settings; moreover, HE institutions are serving the national rather than local labour market to a significant extent.

KS4 destinations



Source: *KS4 Destination Measures, DfE*

Key stage 4 destination measures follow pupils who were at the end of key stage 4 study (GCSE and equivalent qualifications) in 2017/18 and reports their destinations in the following academic year (2018/19). To be counted in a destination, young people have to have sustained participation for a 6-month period in the destination year.

The total proportion of pupils entering a sustained education, apprenticeship or employment destination following Key Stage 4 is slightly lower in Leeds City Region than nationally – at 93% versus 94%. At district level the proportions entering a sustained destination ranged from 91% in Bradford to 97% in Harrogate. Barnsley and the West Yorkshire districts all had lower sustained destination rates than York and the North Yorkshire districts.

The proportion of pupils entering a sustained destination locally has held at a consistent level in recent years. The profile of destinations entered by pupils each year has also remained fairly stable (i.e., a similar proportion of the cohort have entered education or an apprenticeship over recent years).

Eighty-five per cent of local pupils entered a sustained education destination, somewhat below the national average of 87%. However, this varies markedly at local authority level between 82% in Barnsley and 90% in Harrogate.

Around 34% of local pupils were in a school sixth form and 40% in a further education college. Local pupils are less likely to remain in a school sixth form than nationally (38%) and more likely to enter further education (38%).

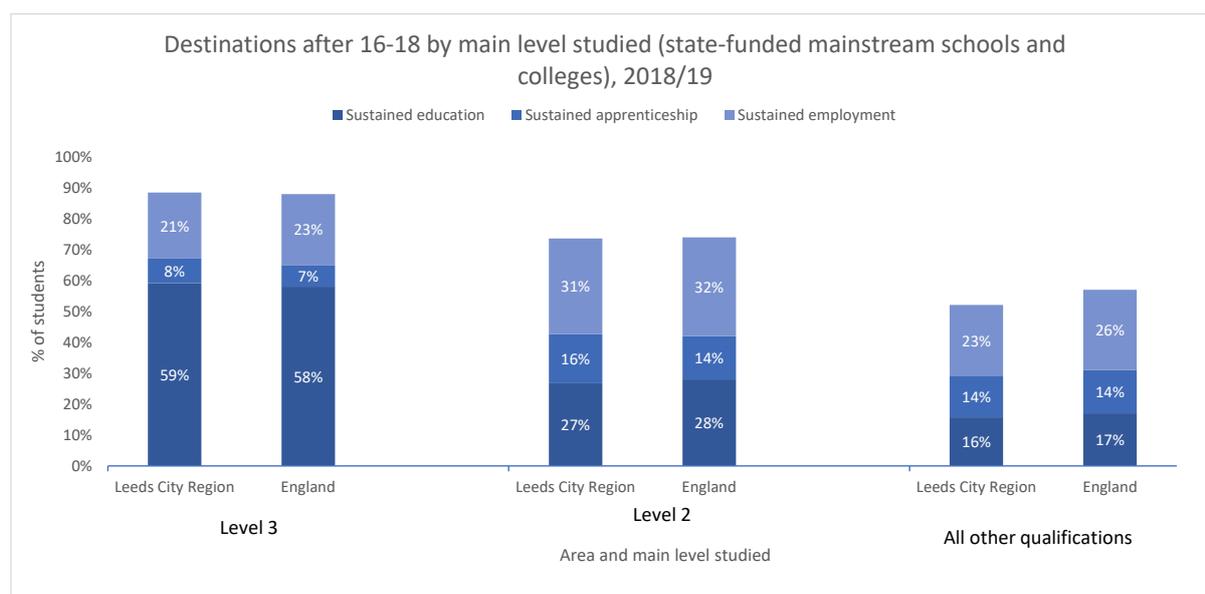
Local school leavers were slightly more likely to enter an apprenticeship destination than nationally. Five per cent of the cohort joined an apprenticeship compared with the national average of 4%. At 3% the proportion entering employment was the same locally and nationally. The apprenticeship entry rate was particularly high in Craven (8%) and Barnsley (7%) and lower in Bradford (4%) and Harrogate (3%). The entry rate into employment was relatively high in Barnsley (5%).

Overall, the data show that young people in the City Region are less likely than nationally to stay on in education, although they are more likely to study at a further education college; they are also more likely to take up an apprenticeship than nationally.

There is evidence from local NEET returns for autumn 2020 that the number of school leavers remaining in education following KS4 has increased in response to Covid-19. There is a risk that some of this group will drop-out of education since it is not their preferred destination, lending further weight to the priority of targeted support for young people through the economic recovery plan.

A key challenge moving forward will to ensure that technical education pathways which rely on employer engagement are maintained through the crisis to meet future demand for apprenticeships and T-Levels.

KS5 destinations



Source: 16-18 Destination Measures, DfE

KS5 destination measures show the percentage of students going to or remaining in an education, apprenticeship or employment destination in the academic year after completing 16 to 18 studies (finishing year 13, usually aged 18). The most recent data reports on students who completed this stage in the 2017/18 academic year and identifies their main activity the following year. A sustained destination equates to sustained participation for a 6-month period in the destination year.

Overall, 80% of local students from state-funded mainstream schools and colleges entered a sustained education, apprenticeship or employment destination, just below the national average of 81%.

Forty-six per cent went into a sustained education destination (national average 47%), including 35% into higher education and 9% into further education. The entry rate into HE was the same as the national average of 35% and a similar proportion entered FE (national average of 10%).

Ten per cent of local students entered an apprenticeship, slightly higher than the national average of 9%. At district level the proportion was particularly high at 13% for Craven and 14% for Selby.

The proportion of students going into employment was similar to the national average at 24% compared with an England figure of 25%. The proportion going into employment varied at local authority level from 17% in Bradford and 18% in Kirklees to 29% in Selby and 33% in York.

As the chart, above, shows, students studying a level 3 qualification were more likely to go into a sustained destination of some kind (88% of the cohort), compared with those studying a level 2 (74%) and those pursuing “other”⁴ qualifications (52%). There is a concern that

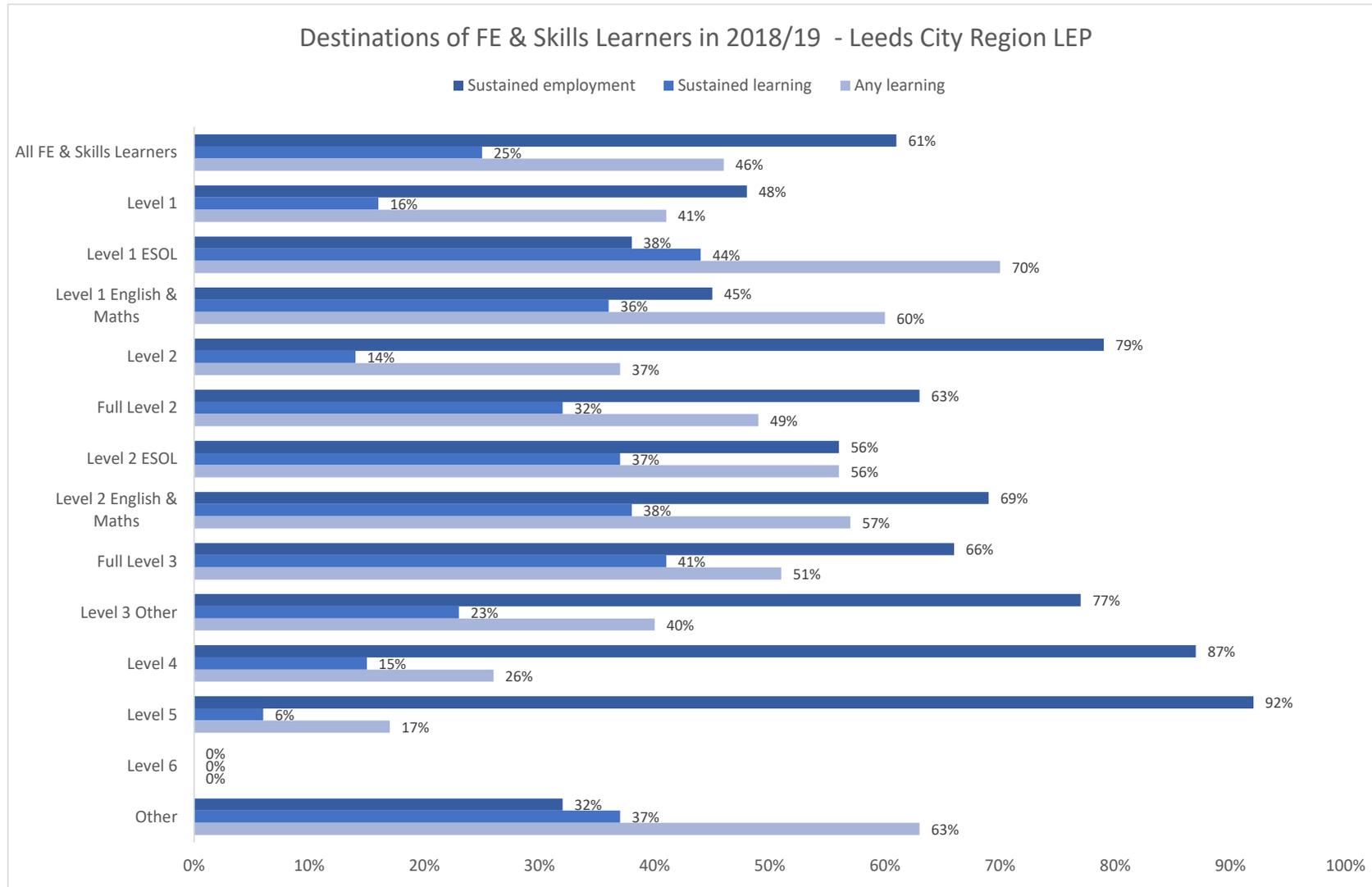
⁴ This includes qualifications at level 1 or entry level, or qualifications that had no assigned level. These include lower-level vocational qualifications and essential and functional skills qualifications.

those pursuing level 2 and other qualifications at KS5 may become NEET (not in education, employment or training).

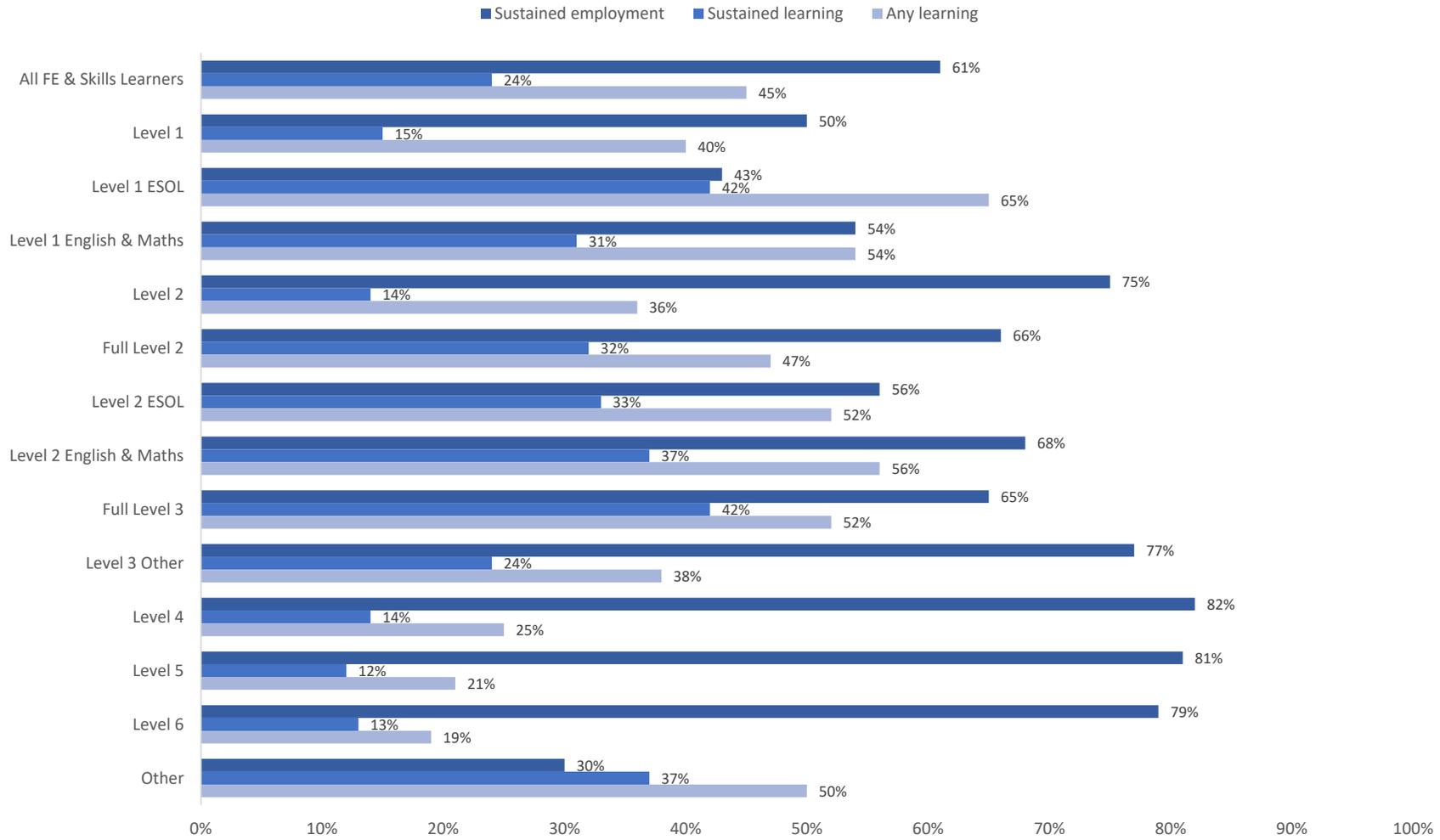
Students completing a level 3 qualification were more likely to go into a sustained education destination (principally HE) as compared with those who undertook a level 2 or other qualification. Conversely, the latter group were more likely to enter an apprenticeship or employment than those studying at level 3. However, the proportion of level 3 students entering employment was still significant at 21%.

The evidence suggests that this picture has changed as a result of Covid-19, with apprenticeship and employment opportunities for young people curtailed and more people staying on in education. This outcome may not be the preferred one of many students who would typically join the labour market or take up an apprenticeships and there may be potential for increased drop out from education courses in the coming months.

FE and skills destinations



Destinations of FE & Skills Learners in 2018/19 - England



The Further education outcome-based success measures present statistics on the employment, earnings and learning outcomes of further education learners. The latest data available covers learners who achieved apprenticeships, adult (19+) FE and Skills learners, and learners who completed a traineeship in 2017/18, and tracks their outcomes in the following academic year (2018/19).

In the academic year 2017/18, 44,500 FE and Skills learners in Leeds City Region achieved a government funded learning aim or completed a traineeship. Of these learners, 74% had a sustained positive destination into employment, learning or both in the following academic year (2018/19). This is slightly higher than the national average of 73%.

The proportion of local learners entering a sustained destination has increased over time: it was 69% for the 2015/16 cohort and 72% for the 2016/17 cohort.

Sixty-one per cent of local learners entered a sustained employment outcome, the same as the national average and 25% entered sustained learning. The proportion of learners entering employment has also increased over time, from 57% in 2015/16, to 59% in 2016/17. The sustained learning rate remained static over this period. It also should be noted that a significant proportion of FE and Skills learners – 7% - went on to benefits only in the destination year.

As the chart shows, the likelihood of entering sustained employment or learning varies according to the level and nature of the course undertaken and the pattern is a complex one. The profile of performance is very similar between the local picture and the national picture.

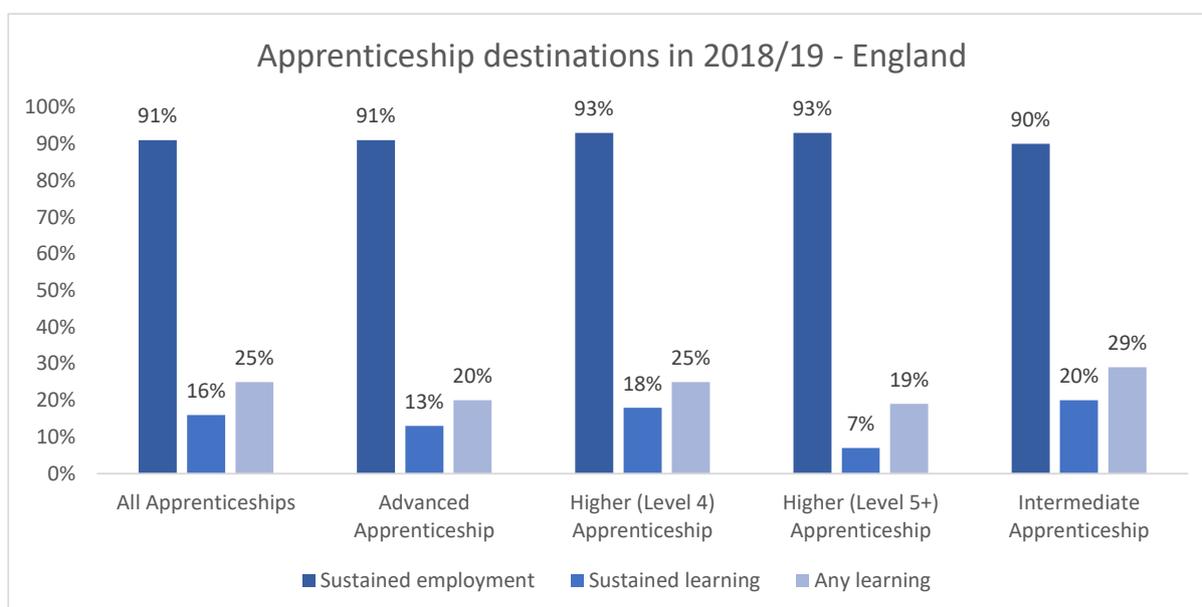
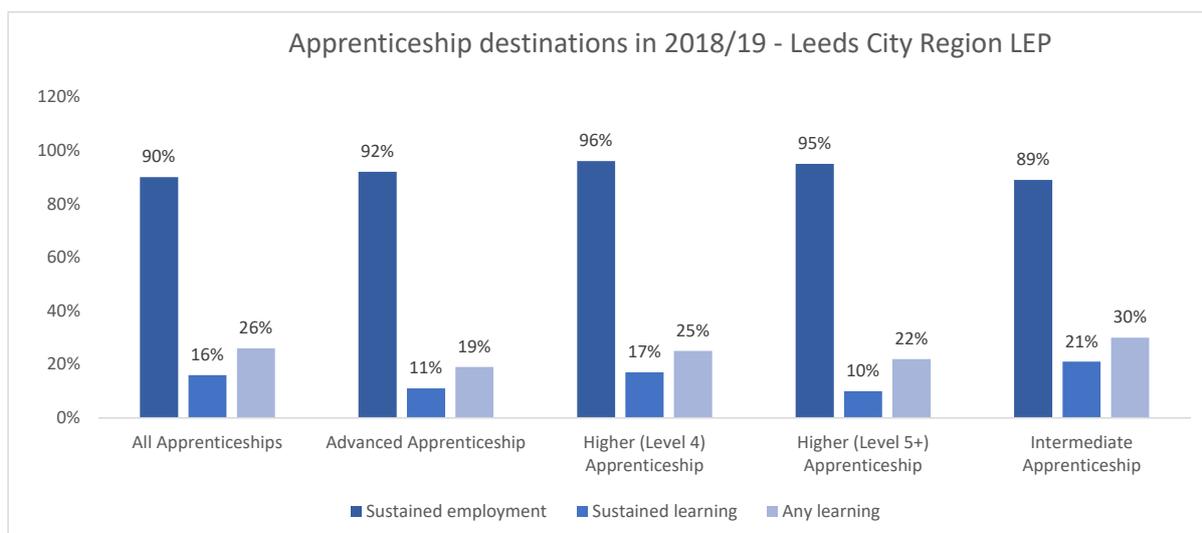
Higher level courses (at levels 4 and 5) are associated with stronger sustained employment rates. Full level two qualifications are also linked to high entry rates into sustained employment, but this may reflect that many of the people undertaking courses at this level are already in employment. Some lower-level courses (e.g., level 1 ESOL) are more likely to lead to sustained learning as they provide an initial stepping stone into adult education.

Destination data are also available for the sector subject area of study. These show that sustained employment destinations for local learners are highest for Education and Training and Health, Public Services and Care, at 78% and 82% respectively. However, detailed data from the Individualised Learner Record show that both of these subjects tend to have a high proportion of learners who are in employment at the commencement of learning.

Conversely, Arts, Media and Publishing, Preparation for Life and Work and Information and Communication Technology (ICT) have the lowest sustained employment rates but each of these subjects is characterised by a low proportion of learners in employment at the start of learning.

Looking to the future, outcome-based success measure data will be important for monitoring the performance of devolved Adult Education Budget in West Yorkshire but as the previous points demonstrate, the results will need to be interpreted carefully.

Apprenticeship destinations



The FE outcome-based success measures present statistics on the employment and learning outcomes of FE and skills learners, including apprentices.

The sustained employment measure aims to count the proportion of learners in sustained employment following the completion of their course. The definition of sustained employment looks at employment activity in the six-month October to March period following the end of the academic year in which the learning aim took place.

The Leeds City Region LEP area is similar to the national average (one percentage point lower) in respect of the overall proportion of apprentices with a sustained employment outcome. The City Region outperforms the England average for higher apprenticeships both at level 4 (3 points higher) and level 5+ (2 points higher). The local sustained employment rate is also one point higher for advanced apprenticeships. It is at intermediate level that local apprenticeship performance is slightly lower but the gap with the national average is only one point.

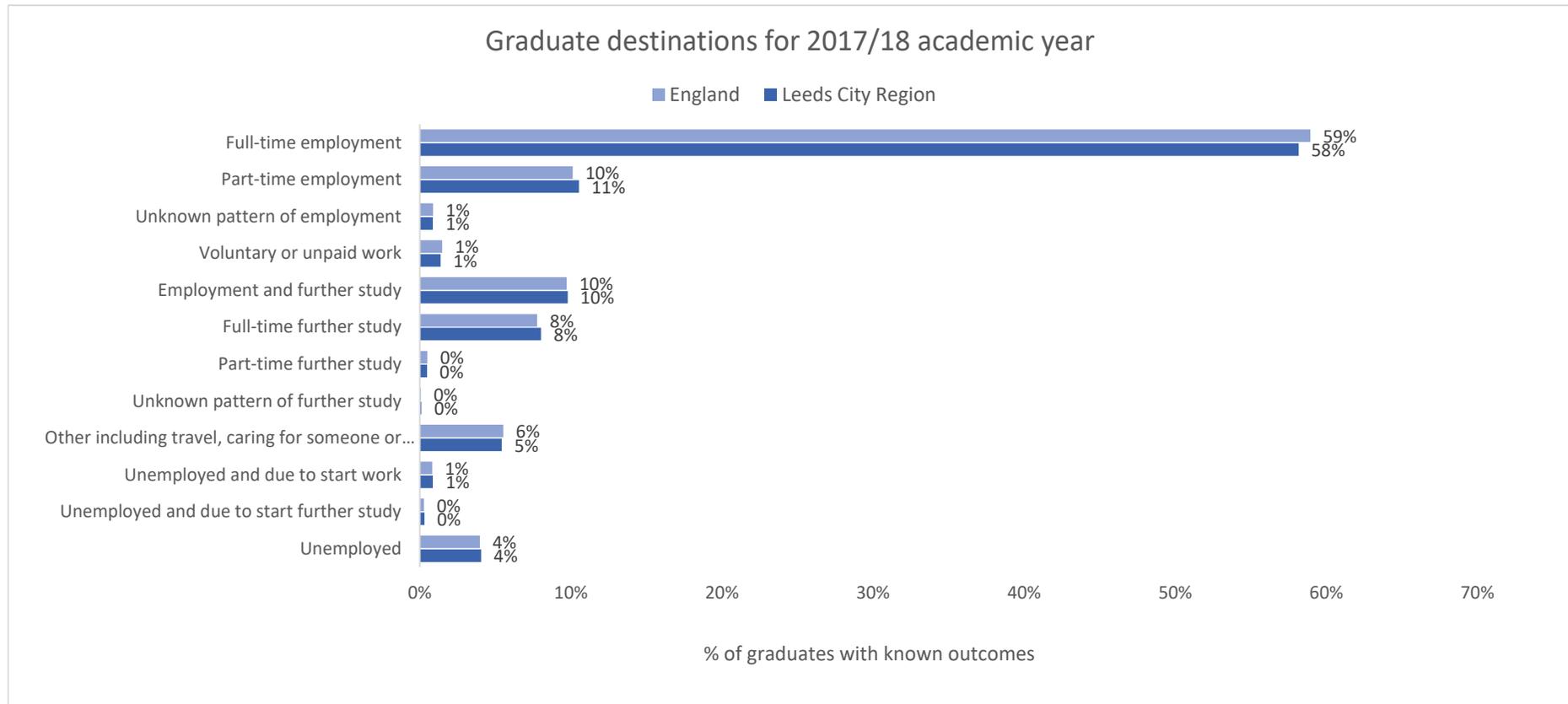
The overall proportion of local apprentices entering sustained learning or any learning is again similar to the national average, with the same share of completers (16%) entering sustained learning. The proportion of intermediate apprentices pursuing sustained learning in the City Region is above the national average but is lower for advanced and higher apprenticeships, however.

Drilling down to local authority level, sustained employment rates are consistently close to the national average, ranging from 88% in Leeds to 93% in Selby and Wakefield.

This respectable performance on apprenticeship destinations largely reflects the quality of the apprenticeship provision on offer locally. This is also captured by Leeds City Region's apprenticeship achievement rate which, at 63% for learners resident in the LEP area, is similar to the national average of 65%.

The high proportion of apprentices in sustained employment also partly reflects the fact that a majority of apprentices in the region are funded through the levy and likely to be in employment with the levy-paying firm at the start of their apprenticeship. This is particularly the case for higher apprenticeships.

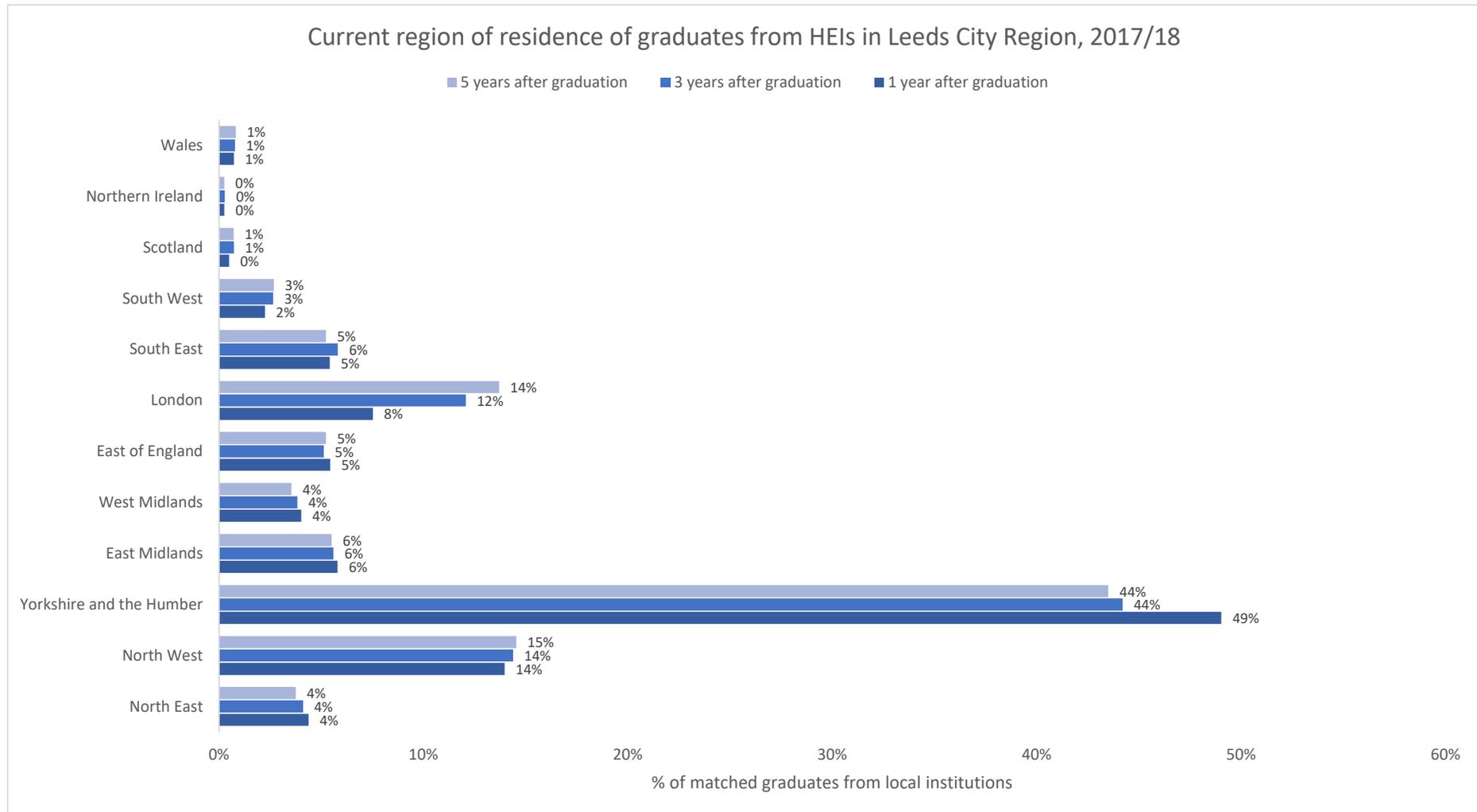
HE graduate activities



Source: HESA, 2017/18 graduates

Destinations for graduates from Leeds City Region institutions are broadly similar to the national average. Fifty-eight per cent of local graduates were in full-time employment 15 months after qualifying, similar to the national average of 59%, with 10% entering part-time employment and a further 10% combining employment with further study. Approximately 9% were pursuing further study and a relatively small proportion were unemployed at this stage (around 4%).

Graduate retention



Source: Graduate Outcomes in 2017/18, DfE

The economic benefit that local areas derive from their higher education institutions is to a large degree determined by the extent to which qualifiers remain in the area following graduation.

Data from the Graduate outcomes (LEO) dataset for 2017/18 indicates that 49% of UK domiciled first degree graduates from Leeds City Region's higher education institutions were resident in Yorkshire and the Humber 1-year after graduation. This proportion falls slightly to 44% at the 3-year mark and then remains at this level at the 5-year point.

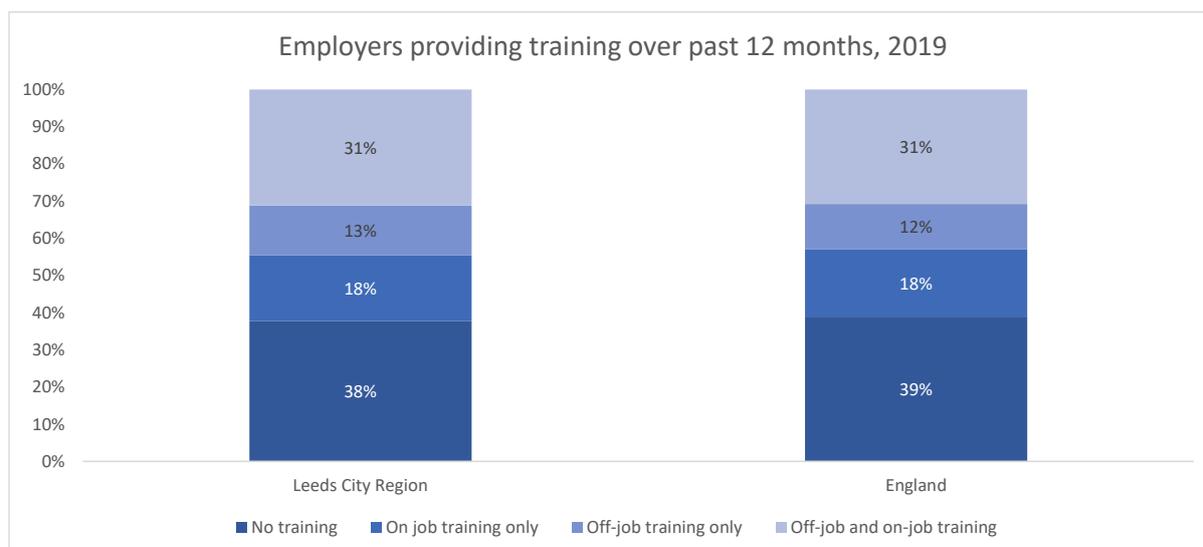
The proportion of graduates moving to London increases slightly over time but remains quite modest at 14% after 5 years.

There is a marked difference between the retention rate of institutions in the City Region. For example, the University of York and University of Leeds have 1 year retention rates of 31% and 33% respectively. At the other end of the spectrum Leeds Trinity University has a rate of 69% and the University of Bradford has a rate of 71%. The difference between the institutions is at least partly due to the fact that the first group of institutions as Russell Group institutions serve a national market to a greater extent and graduates are less likely to have an affinity with the local area. Meanwhile the second group recruit a greater proportion of their student intake from the local area and these students are more likely to pursue their career in the City Region following graduation.

Attraction and retention of graduates in the regional economy is key to maximising the economic benefits of higher education. A minority of employed graduates take up jobs in the area. In 2017/18, around 43% of employed qualifiers from Leeds City Region institutions were in employment in Yorkshire and the Humber 15 months after graduation, with 22% in employment in the City Region itself, according to the results of the Graduate Outcomes Survey. The extent to which qualifiers are retained varies by subject. Computer science has a high retention rate, while Engineering and technology, Mathematical sciences and Physical sciences have low retention rates.

There is clearly scope to increase graduate retention rates in the region and this will be important if the area is to raise its innovative and productive capacity in future. Evidence of strong graduate retention performance is also critical to effective place marketing, since the availability of skilled people is the most important consideration for prospective inward investors.

Employer provided training



Source: *Employer Skills Survey 2019*

Improvements to the skills base of the City Region depend to a large degree on ongoing investments by employers in workforce development. People who are already in employment will remain the mainstay of the labour force for some time to come. According to one major study, with 80% of the 2030 workforce already in the workforce today reskilling the existing workforce will be the major challenge between now and 2030⁵.

Based on an extrapolation of spend per person trained taken from the Employer Skills Survey it is estimated that employers in the LEP area invest close to £2.2bn per annum on workforce development, when wage costs are taken into account.

A review of local training practice based on key indicators from the Employer Skills Survey 2019 shows that 62% of employers in the LEP area provide any kind of training to their staff, similar to the England average of 61%. At the same time 62% of staff received training, just above the national average of 60%.

There have been some modest changes against these indicators between 2019 and the previous survey in 2017, with the proportion of establishments providing training falling by 3 points but the proportion of staff receiving training increased by 3 points.

A significant proportion of employers, 18% of the total, offer on the job training only and much of this will be focused on health and safety and other mandatory provision as well as narrowly-focused job-specific induction and other training.

In assessing whether enough training is being undertaken by local employers it is important to view training behaviour in the context of business need – whether employers believe they are in “training equilibrium”.

Among the third of local establishments who did not train, a majority (75%) said that no training was needed mainly because staff already had the required skills but a significant minority (the remaining 25%) said that they would have liked to have done some training.

⁵ Industrial Strategy Council (2020) UK Skills Mismatch in 2030. Available at: [UK Skills Mismatch 2030 – research paper | Industrial Strategy Council](#)

Among those employers who did invest in training, 47% would have liked to have done more, while the remaining 53% said that their level of training was sufficient.

The overall picture across training and non-training employers is that 38% would have liked to have done some training or more training i.e., they were not in “training equilibrium”. We can view this as an acknowledgement by many employers that they are under-investing relative to the skills needs of their business.

Among employers who would have provided more training if they could, the chief barriers to doing more were an inability to spare staff for training due to a lack of time (53%), lack of funds for training (50% of respondents), followed by a lack of time to organise training (18%). Issues around the availability of suitable training provision were identified by small proportions of respondents to the Employer Skills Survey. For example, only 4% said that a lack of appropriate training / qualifications in the subject areas needed was a barrier to doing more training. The key challenge therefore is to make the case for training as a business investment that will deliver the required returns in the form of improved business performance.

Skills Demand - Summary

Following a steep decline last spring the weekly count of vacancies (online job postings) steadily recovered. The upward trend was halted by the re-imposition of restrictions in the second and third lockdowns, but the volume of vacancies has remained largely stable. The Covid-19 crisis has intensified demand for recruits in digital, health and care but there has been a reduction in demand in some areas including administration and customer service.

Based on the (pre-Covid) Working Futures study the primary sources of net job growth locally over the next decade are forecast to be service-based in the form of Health and social work, Professional services and Support services. Although relatively modest in absolute terms, the Arts and entertainment sector is expected to see a rapid rate of growth.

The industries with the poorest prospects based on the forecasts are mainly drawn from the manufacturing and primary sectors of the economy and Leeds City Region may perform less well than the national average in this respect.

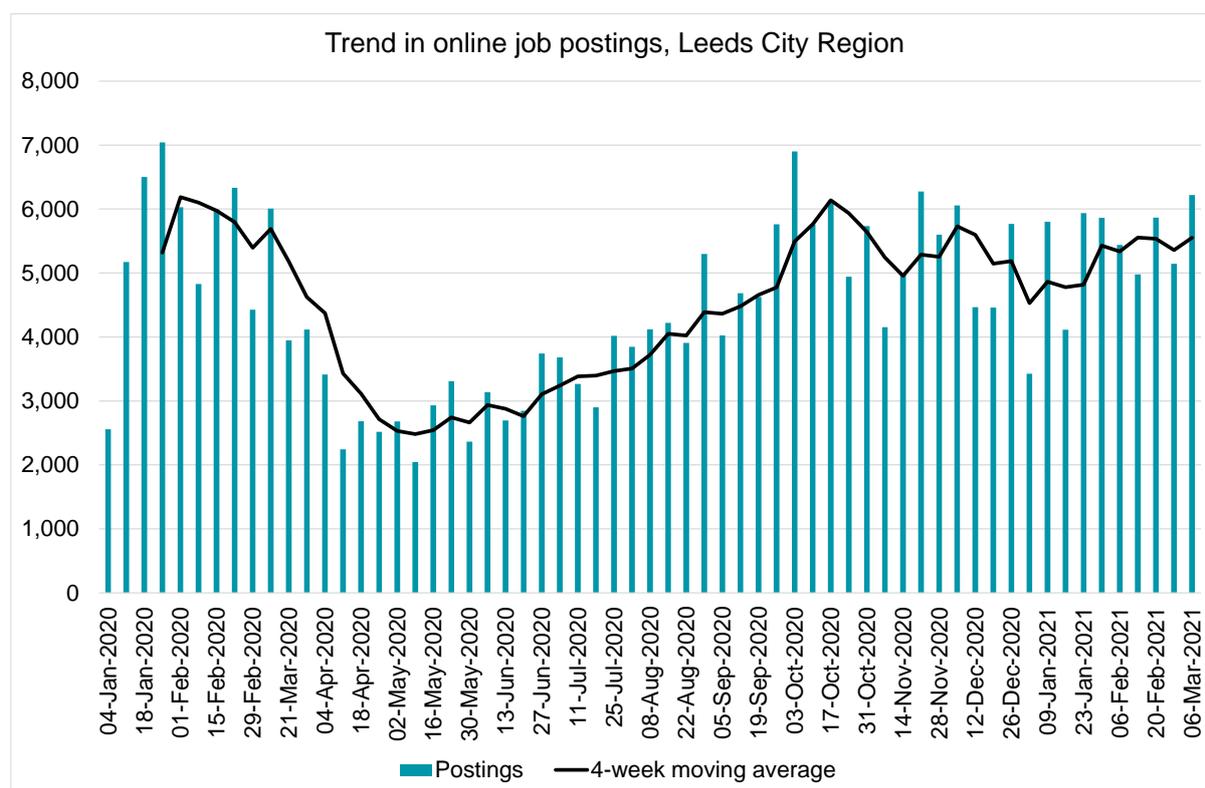
Key employment sectors like hospitality and wholesale and retail are forecast to see small net declines in absolute terms but are projected to have very large recruitment needs linked to replacement demands.

The same projections indicate that higher skilled occupations will continue to see the strongest net growth in employment, whilst middle skilled administrative and manual roles will continue to see net declines. Caring roles are projected to be a second key source of net job growth.

As detailed below Covid-19 and Brexit could impact on this pattern of change, reinforcing existing trends and disrupting others.

Around two-thirds of employers have upskilling needs in the LEP area. Employers are most likely to say that managers need upskilling. The types of skills employers believe need to be developed are a combination of operational skills, including job specific skills and product / service knowledge; complex analytical skills such solving complex problems; and digital skills including digital literacy and advanced IT skills. Functional literacy and numeracy skills are also highlighted by employers as needing improvement.

Online job postings



Source: Labour Insight

A key tool for understanding demand for labour and skills is by examining the types of job that are being advertised via online job postings. This gives an insight into current recruitment levels and patterns and the timeliness of these data provide an insight into the impact of the Covid-19 crisis on the level and profile demand.

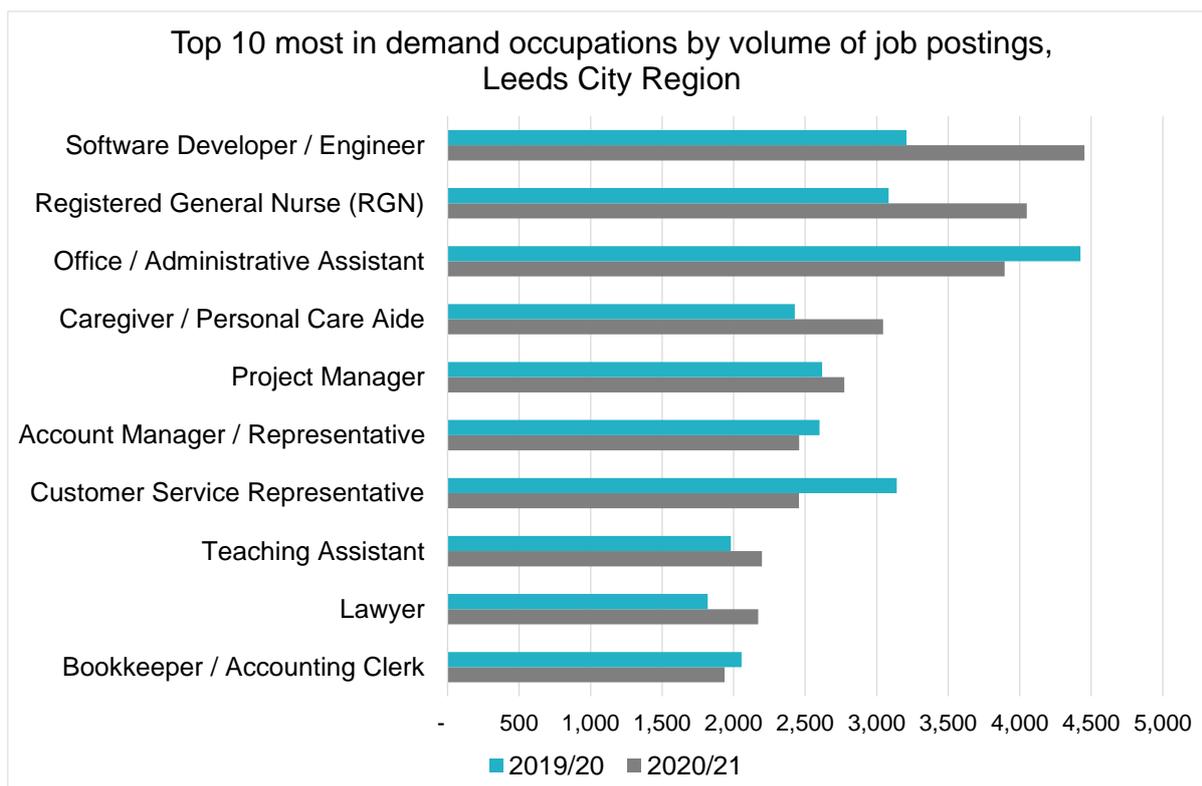
The chart shows the trend in the total volume of postings since the start of the crisis in mid-March 2020.

In Leeds City Region the level of recruitment activity in the local labour market was profoundly affected by the Covid-19 lockdown, with the level of weekly postings falling by 56% in the period between March 14 and May 9.

However, from that point onwards postings recovered steadily in West Yorkshire, regaining their pre-crisis level by early October and outperforming the national picture.

The second and third lockdowns have stymied the growth in job postings but not to the same extent as in first lockdown – there has been a flattening in growth rather than a steep decline. Employers have clearly adapted to the new circumstances arising out of the Covid-19 restrictions.

The current position is that the count of postings in week ending March 6th was 2% lower than in the week immediately preceding the start of the crisis (week ending 14 March 2020). Meanwhile, England remains 5% below its pre-crisis level.



Note: Count of postings relates to September to February (inclusive) period of 2019/20 and 2020/21
Source: Labour Insight

Turning to the individual detailed occupations in greatest demand currently (and using the proprietary occupational categories developed by Burning Glass for Labour Insight) the 10 occupations with the greatest number of postings are drawn from a diverse range, covering digital, health, care, and administration.

Some occupations have seen a decline compared with the pre-Covid period.

- Office / administrative assistant was the top occupation in 2019 based on the volume of job postings, but recruitment demand for workers in administration has been adversely affected by Covid-19 and it falls to number 3 in the 2020 rank.
- Other occupations to see a reduction were customer service representative and account manager.

Several occupations saw an increase in job postings, most notably software developer, registered general nurse, personal care aide, teaching assistant and lawyer. This reflects general trend of resilient demand for digital, health and care workers.

Sector growth forecasts

Leeds City Region LEP	
Sectors with highest forecast growth (2017-2027)	Sectors with lowest forecast growth (2017-2027)
1) Health and social work	1) Food drink and tobacco
2) Arts and entertainment	2) Rest of manufacturing
3) Professional services	3) Agriculture
4) Engineering	4) Education
5) Support services	5) Electricity and gas

The *Working Futures* labour market model allows us to assess future sectoral and occupational employment prospects based on projections that are grounded in past patterns of performance and behaviour in the labour market. This allows us to take a forward-looking perspective on the demand for skills in order to anticipate future needs and to “future proof” investment decisions, so far as this is possible.

It should be noted that the *Working Futures* projections are highly indicative, particularly at local level. Although estimates for projected net employment growth and replacement needs are cited below to illustrate the key points the main focus should be on the broad patterns described rather than the specific values.

The primary sources of net job growth in West Yorkshire over the next decade are forecast to be service-based in the form of Health and social work (+20,000 jobs), Professional services (+10,000) and Support services (+10,000).

Other sectors will also see net growth but at a smaller level in absolute terms, including Arts and entertainment (+3,000), Transport and storage (+3,000), Construction (+3,000), Information technology (+2,000) and Engineering (+1,000).

The fastest rates of growth will be seen in Arts and entertainment and Health and social work, followed by Professional services and Support services.

The industries with the poorest prospects based on the forecasts are mainly drawn from the manufacturing and primary sectors of the economy. Much of the manufacturing sector, including food manufacturing (-5,000), is expected to see a marked net decline in jobs, largely continuing longer-term trends. Nonetheless, these sectors will still have a positive recruitment requirement arising out of replacement demands and will see growth in higher skilled jobs although these will be offset by reductions in lower-skilled and routine posts.

Sectoral rates of change are forecast to be broadly similar to the national average, except that Manufacturing sectors are forecast to perform less well than their national counterparts.

Key employment sectors like Hospitality and Wholesale and retail are forecast to see small net declines in absolute terms but are projected to have large recruitment needs linked to replacement demands.

COVID-19 and Brexit will undoubtedly impact on the accuracy of these forecasts. Some sectors could see a boost to forecast growth such as Health and social work, others may be impacted negatively, such as Arts and entertainment and Hospitality which have so far borne the brunt of the restrictions. A deep recession prompted by the COVID-19 crisis could have ripple effects across the wider economy, however. The impact of Brexit is expected to be greatest in tradable sectors like Manufacturing and Financial services, in terms of initial border disruption and longer-term divergence in regulatory arrangements.

Retail employment could fall victim to an acceleration of existing structural change resulting from a decline of town and city centres and a shift to online shopping as well as technological change in the form of automation.

Occupation growth forecasts

Leeds City Region LEP	
Occupations with highest forecast growth (2017-2027)	Occupations with lowest forecast growth (2017-2027)
1) Caring personal service occupations	1) Secretarial and related occupations
2) Customer service occupations	2) Process, plant and machine operatives
3) Health and social care associate professionals	3) Textiles, printing and other skilled trades
4) Health professionals	4) Skilled metal, electrical and electronic trades
5) Corporate managers and directors	5) Sales occupations

Even though there is huge uncertainty about the future growth trajectory of the UK economy and the sectoral pattern of change within the economy, it is worth noting that established trends in occupational employment have proven to be largely resilient in recent years, even in the face of the last recession. This is partly because changing patterns of work organisation within sectors rather than changes in the sectoral composition of the economy have been the main driver of occupational employment trends in recent years.

Nonetheless, the Working Futures projections should be considered indicative, particularly at local level and the values cited here are included to illustrate broad patterns of change.

Significant net employment growth is expected for higher level occupations, including managers, all professional occupations and most associate professional occupations. Between 2017 and 2027, employment in professional jobs is expected to increase by 31,000 (11%), associate professional roles by 7,000 (9%) and managers by 17,000 (11%). For each of these occupations the growth rate is several times the average projected rate of growth of 2%. Taken together, these three occupational groups have a combined growth rate of 11% (growth of 65,000 in absolute terms), around five times the average rate.

Net job losses are projected for middle skilled occupations, of 12% or around 42,000 in absolute terms. This represents an acceleration in the rate of decline compared with the previous iteration of *Working Futures*. The most pronounced net decreases are expected for Secretarial roles (projected net decline of -45%), Textiles, printing and other skilled trades (-22%) and Skilled metal, electrical and electronic trades (-16%). Employment in Administrative occupations, the largest middle-skilled occupational area by far is projected to decline less rapidly with an employment decrease of -5%, whilst employment in Skilled construction and building trades is expected to remain largely static (decline of -2%), although employment performance in construction is notoriously volatile. By 2027 employment in administrative and secretarial occupations is expected to be 25,000 lower than its 2017 level and to be 17,000 lower in skilled trades.

Relatedly, there is expected to be a net decline of 13,000 (-24%) in Process, plant and machine operative jobs (semi-skilled blue collar occupations). Employment for Transport & mobile machine drivers and operatives is expected to increase by 22,000 (3%), however.

Caring personal services is expected to see the largest growth in absolute terms of any of the occupational sub-major groups of around 24,000 net additional jobs, a growth rate of 19%.

Employment in Elementary administration and service roles is projected to remain broadly static (-1%). Elementary trades employment is projected to fall by 2%.

Growth in Customer service jobs of 6,000 (+16%) is projected to be offset by a net decline in employment of 9,000 (-9%) in Sales occupations.

From the point of view of assessing future labour demand, it is important to focus not just on projections of changing levels of employment by occupation, but also on replacement demands – the job openings created by the outflow of workers from the labour force.

Over the next decade, replacement demands are expected to generate around 19 times as many job openings in West Yorkshire as those arising from net job growth. This is higher than the ratio set out in the last iteration of Working Futures, reflecting the fact that the latest projections assume that net employment growth will be lower.

In absolute terms this equates to around 27,000 job openings resulting from net growth and 515,000 openings arising from replacement needs, giving a total number of job openings (net requirement) of approximately 542,000.

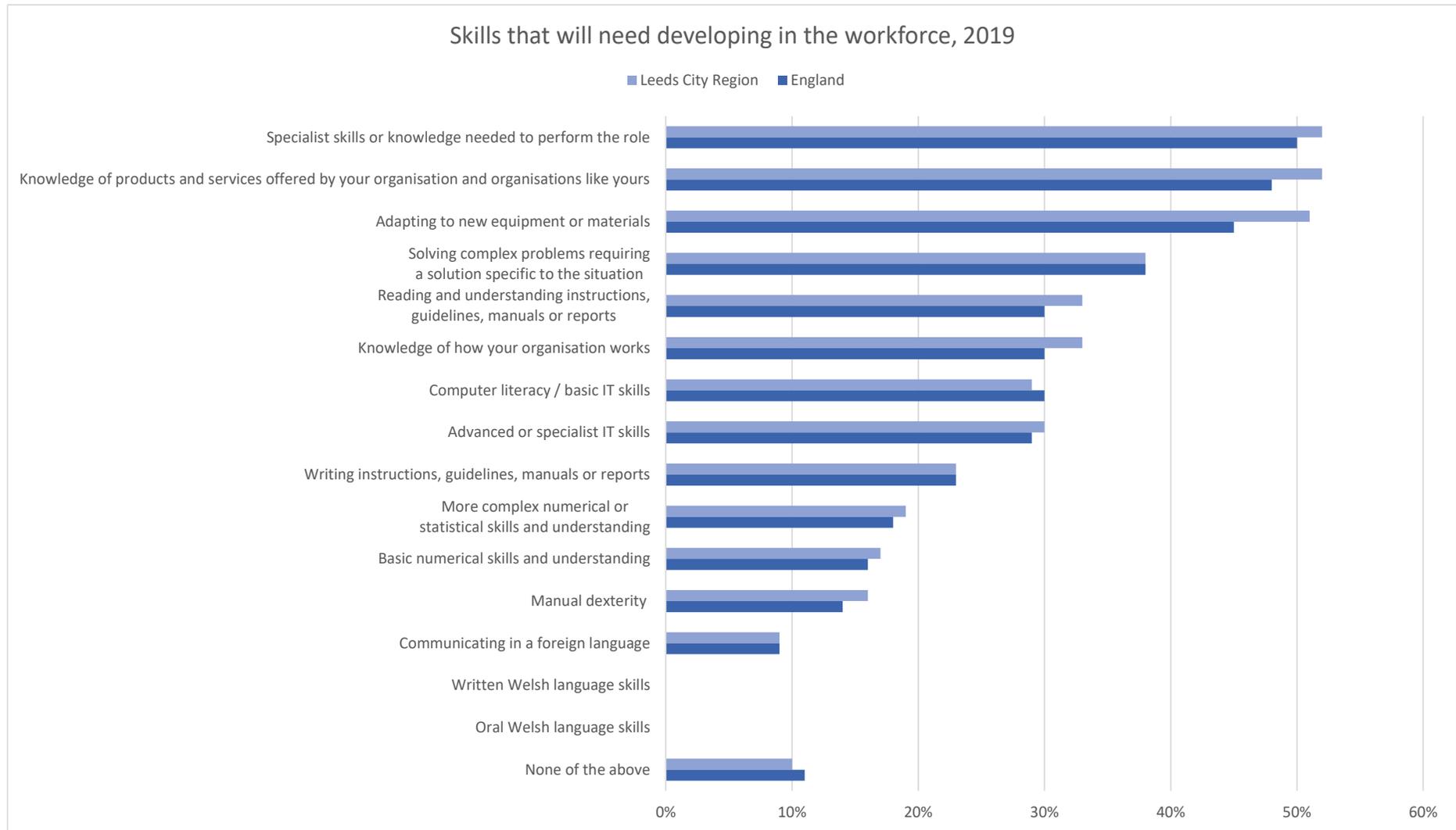
Occupations where employment is growing will require additional workers on top of those being replaced. Almost all higher skilled occupational sub-major groups are expected to see strong demand as a result of this effect and especially Corporate managers (54,000), Business and public service associate professionals (45,000) and Teaching professionals (30,000).

The Caring personal service occupational category has the highest projected net requirement of any sub-major group, reflecting strong net growth combined with significant replacement demands. In total, more than 78,000 job openings are projected for this occupation over the next decade.

Employment in some occupations is forecast to see net decline but in most cases replacement demands mean that there will still be job openings that need to be filled.

For example, in the case of middle-skilled occupations (administrative, secretarial and skilled trades) a projected net decline in jobs of 42,000 is projected; this is expected to be more than offset by 101,000 job openings arising out of replacement demands. Individuals need to consider this when making careers decisions and employers need to be conscious of the need to replace key workers.

Skills that need developing



Based on the Employer Skills Survey, around two-thirds of employers in the LEP area expect that at least some of their staff will need to acquire new skills or knowledge over the next 12 months. This is similar to the national average. The main drivers of this need are the introduction of new working practices, the development of new products and services, the introduction of new technologies or equipment and new legislative or regulatory requirements.

Managers are the occupation most likely to be identified by employers as requiring future upskilling being highlighted by 43% of those with an upskilling need. This partly reflects the fact that managers are employed by virtually all organisations whereas this is not the case for some other occupational groups which are less widespread

The types of skills employers believe need to be developed are a combination of operational skills, including job specific skills and product / service knowledge; complex analytical skills such solving complex problems; and digital skills including digital literacy and advanced IT skills. Functional literacy and numeracy skills are also highlighted. The profile of skill requirements is similar to those highlighted in respect of skills gaps.

With regard to digital skills that need improving, employers are most likely to highlight the ability to use the employers' own systems, followed by basic skills in the use of Microsoft Office applications and Foundation digital skills (such as turning on devices, typing, changing passwords, connecting to the internet).

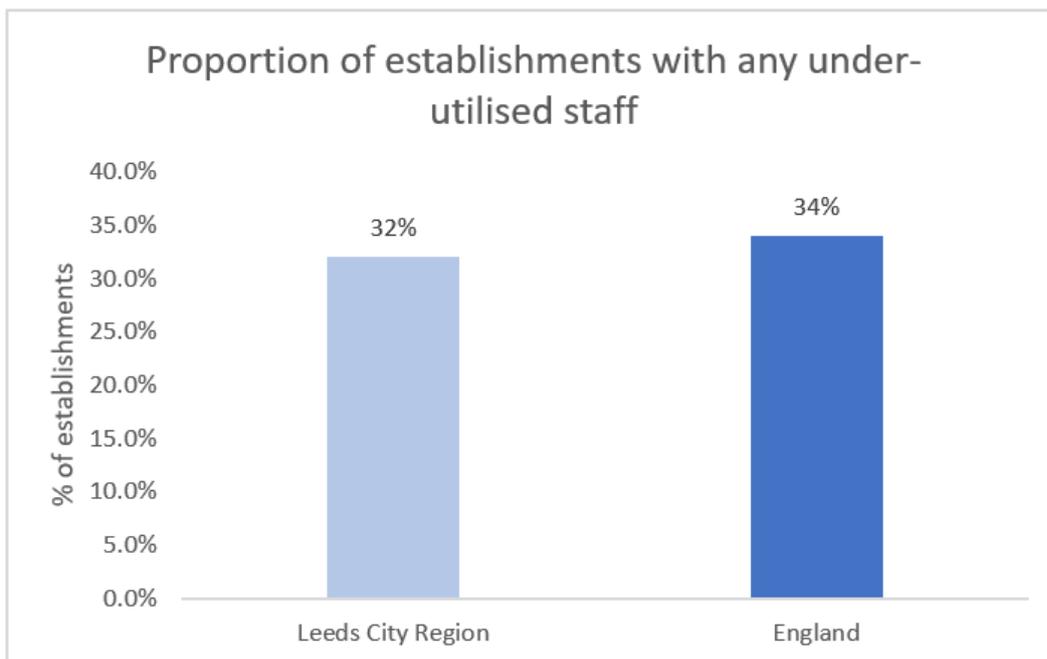
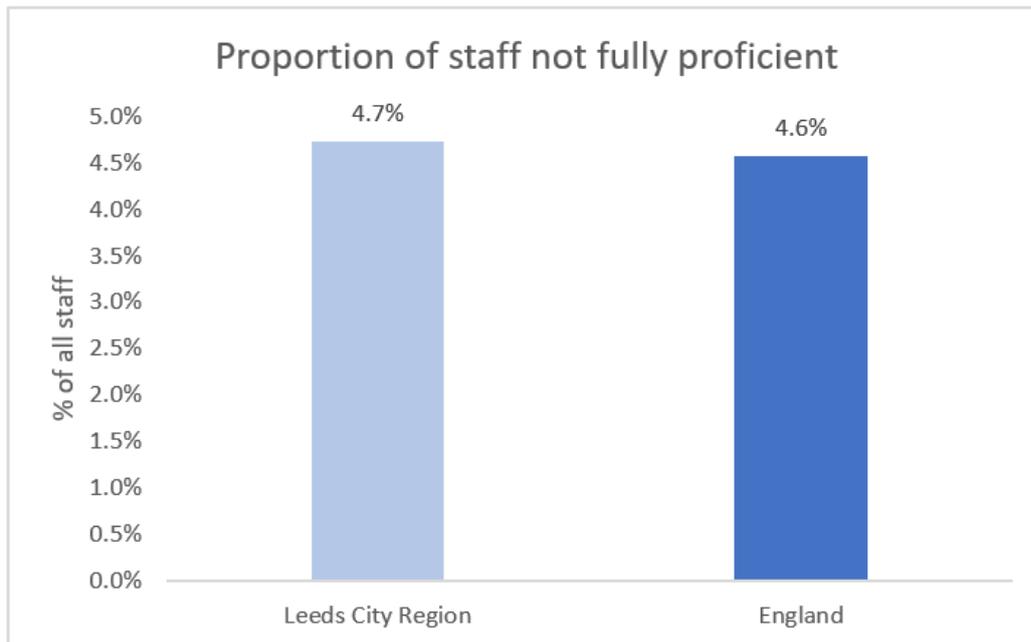
Matching supply and demand - Summary

Skills gaps are a widespread issue in Leeds City Region with 14% of employers in the LEP area affected by a lack of proficiency among existing staff. Lower-skilled elementary and sales / customer service occupations, together with administrative roles, are most susceptible to gaps. The skills most likely to be in deficit are “operational” skills but there is also a need to improve complex analytical skills, functional literacy and numeracy and digital skills, as well as soft skills.

Just over a fifth of vacancies are skill shortage vacancies. The latest data show shortages are most acute for jobs that require intermediate vocational / technical skills, specifically skilled trades occupations but also associate professional roles. There is also a fairly high prevalence of shortages for professional occupations in the City Region.

Mismatches are not just caused by a deficit of workers’ skills; under-utilisation of skills is also an issue. Around a third of employers in the LEP area say that they have workers whose skills / qualifications are in advance of those needed for the job. This issue matters because an inability to use acquired skills and knowledge has a de-motivating effect on workers and represents a missed opportunity for employers to maximise productivity.

Staff that are not fully proficient and under-utilised



Source: *Employer Skills Survey 2019*

Skills gaps are another form of skills mismatch and come about when existing employees within an organisation are not fully proficient in their job and are not able to make the required contribution to the achievement of business or public service objectives. The pattern of skills gaps provides a useful indication of employers' needs in terms of workforce development.

Skills gaps are more widespread and numerous than skill shortages. According to the latest data, 14% of employers in the LEP area report that they have one or more skills gaps. There are approximately 65,000 gaps, equivalent to around 5% of total employment. This is similar to the national picture, in terms of the proportions of employers and workers affected by skills gaps.

Turning to the occupational pattern of skills gaps in the LEP area the volume of gaps is largest for, lower-skilled Elementary staff, Sales and customer service staff and Administrative staff. The number of gaps relating to higher skilled professional and associate professional workers is much smaller.

However, a significant proportion of employers with skills gaps (nearly a fifth) say that management level staff are affected. This has clear implications for wider business performance.

Many skills gaps are due to a deficit of practical skills among workers, including job-specific skills and operational skills, such as knowledge of the organisation's products and services. Complex analytical skills, such as problem solving, digital skills at a variety of levels, as well as basic skills (functional literacy and numeracy) are also in deficit for many staff.

For managers with skills gaps the main types of skill that need to be improved include core management skills, complex-problem solving skills, as well as operational skills.

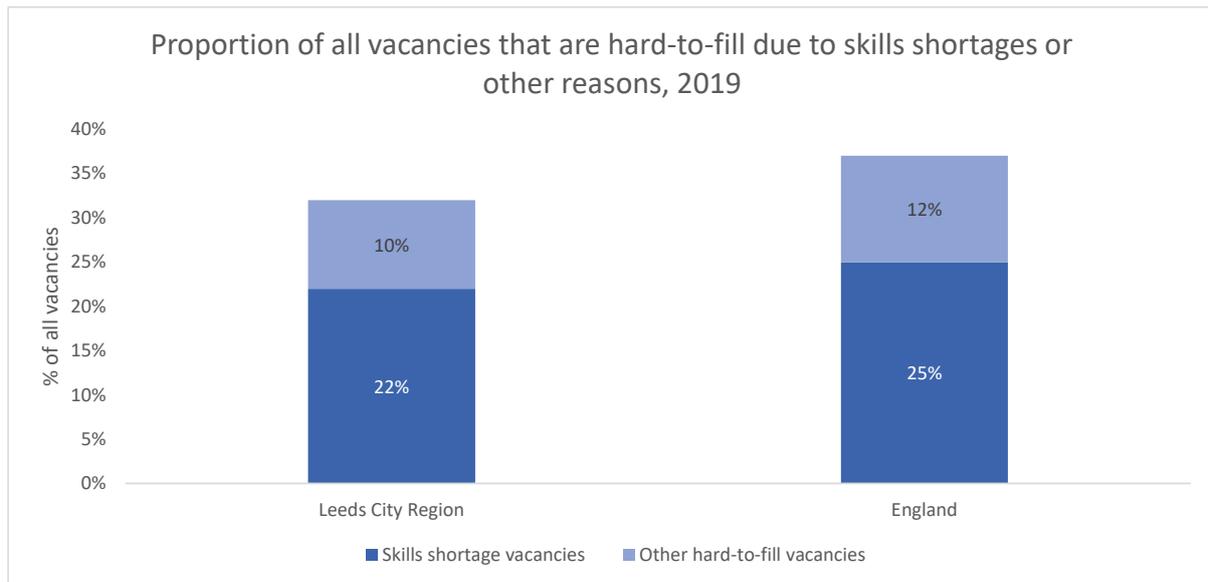
A lack of the required "soft" skills is a widespread issue across the workforce, including a deficit of "self-management" skills such as time management and managing own feelings, plus team working and persuading / influencing others.

Skills mismatches are not only due to skills deficits. It is important to understand the extent and nature of skills underutilisation as this issue implies a significant mis-allocation of resources in view of the large-scale investment in higher education by individuals and the state. An inability to use acquired skills and knowledge has a de-motivating effect on workers and represents a missed opportunity for employers to maximise productivity.

Just under a third (32%) of employers in the LEP area say that they have workers whose skills / qualifications are in advance of those needed for the job; this is slightly below the national average of 34%.

Data from Employers Skills 2017 shows that the sectors that are most likely to report underutilisation are Arts and other services, Health and social work and Accommodation and food services.

Vacancies that are hard-to-fill or skills shortage



Source: *Employer Skills Survey 2019*

A key type of mismatch is skill shortage vacancies. These arise when employers find it difficult to fill their vacancies because of a lack of candidates with the necessary skills, qualifications and experience.

The Employer Skills Survey provides information on the number of vacancies and skill shortage vacancies that employers have at a single point in time. Skill shortages do not occur in large numbers and are not widespread. They tend to be concentrated in particular industry sectors and occupations but where they do exist, they can be acute and persistent.

According to the most recent 2019 iteration of the survey there were 9,100 skill shortage vacancies in the LEP area at the time of the survey, with 6% of employers reporting one or more shortage.

Just over a fifth (22%) of all vacancies in the LEP area are skill shortage vacancies, somewhat lower than the national average of 25%. This is higher than the 2017 proportion of 14% but somewhat below the 2015 estimate of 25%.

The latest data show shortages are most acute for jobs that require intermediate vocational / technical skills, specifically skilled trades occupations but also associate professional roles. There is also a fairly high prevalence of shortages for professional occupations.

Specific occupations that face acute shortages in the region include, digital professionals, engineering occupations, nurses and health professionals and a variety of skilled trades, including construction trades, electrical and metal trades and vehicle trades.

This local pattern of shortages differs from the national picture: there is a lower prevalence of skill shortages among higher skilled manager roles and among routine operative roles but a more marked prevalence for associate professionals.

With regard to the skills that employers found difficult to obtain from applicants, specialist, job-specific skills and knowledge required to perform the role are the type most commonly highlighted. However, other skills including customer handling, team-working and time management were also highlighted.

The causes of hard-to-fill vacancies are not confined to lack of the required skills among applicants. There is also a range of contextual factors that hamper employers when recruiting the people that they need.

The picture for West Yorkshire is a distinctive one: quality of applicants is more likely to be an issue for West Yorkshire employers than nationally, both in terms of skills and more general factors relating to attitude and personality. Contextual factors are also important but follow a distinctive pattern in West Yorkshire; for example, shift work and unsociable hours are a more prevalent issue locally than nationally, but remote location and poor public transport is a less commonly cited problem than nationally.

In York and the North Yorkshire districts employers are more likely to highlight issues with poor terms and conditions offered for the post, perhaps reflecting the large number of lower-paid roles in this part of the City Region; and remote location / poor public transport, reflecting the rural nature of North Yorkshire.

Mapping supply and demand - summary

To summarise the overall position on skills mismatches in the region, the following issues are of greatest concern:

Skill shortages affecting STEM professionals and skilled trades occupations, relating to core technical skills needed to operate in the workplace. This situation could be exacerbated by growing demand for higher skilled workers including those with STEM skills plus the growing requirements of the Net Zero agenda, for which STEM skills are central.

These shortages have a particular impact on Manufacturing, Construction, the Health sector and Energy and utilities but also sectors like Business services and Information and Communication.

Hard-to-fill vacancies which are not primarily skill-related are also a concern where they affect fast growing parts of the workforce that are key to meeting business and public service objectives and present a challenge to human resource management practices. A key example is care workers.

A lack of proficiency among existing staff. Particular concerns exist around deficits of management skills, basic literacy and numeracy, digital skills at basic and advanced levels and generic skills like problem-solving. These skills are fundamental to employability and / or business performance and are expected to increase in importance.

Under-utilisation of skills. A large number of workers in the region are not utilising their skills and qualifications to the fullest extent. This is a missed opportunity in terms of individual potential and business productivity and presents a challenge for the careers system as well as for the ability of employers to utilise available skills in the workforce.