Lancashire
Enterprise Partnership

Local Skills Report

Standardised Data Pack
(Annex A)

LANCASHIRE SKILLS
& EMPLOYMENT HUB

The Department for Education's requirements for a Local Skills Report have been incorporated into the Lancashire Skills and Employment Strategic Framework, and as such the published suite of documents speak to both.

This Standardised Data Pack fulfils the role of Annex A as described in the Local Skills Report guidance. Additional data compiled and analysed by the Lancashire Skills and Employment Hub in our Labour Market Information Supplement underpins the Lancashire Skills and Employment Strategic Framework and forms Annex B.

Local Landscape

- Lancashire's key employment sectors are Manufacturing, Health, Retail, and Education, but these vary greatly by district within the region.
- Lancashire lags England in the percentage of jobs in Professional Occupations, Managers, Directors and Senior Officials, and has a higher proportion of lower skilled occupations than is typical in England, though Lancashire does have a projected future demand for higher level skills.
- Lancashire has a lower proportion of micro enterprises compared to England but a higher percentage of small enterprises.
- Lancashire lags England in terms of business births, but has a business death rate in line with England's. In this way Lancashire has a lower net business creation than England does.
- Lancashire's employment rate is in line with England's and Lancashire has experienced a comparable rise in self-employment to England's. Disparities in the employment rate across Lancashire's districts have widened, although the lowest rate across Lancashire has improved.
- The gap between Lancashire and England in terms of GVA per hour worked has widened, though the annual growth rates are near comparable. There is considerable variation across regions of Lancashire, with some regions considerably outperforming the UK and North West average in GVA per capita.
- Residents of Lancashire earn more than workers in Lancashire, suggesting higher wages are accessible to Lancashire residents within a commutable distance outside of Lancashire, potentially in neighbouring SAP areas. Resident based pay in Lancashire has grown annually more slowly than in England, though it was previously growing as fast as it was in England. It has suffered from a larger decline between 2019-20 than was experienced nationally. Workplace based rates of pay growth lag the national picture, which represents a threat to Lancashire's economic prosperity.
- Lancashire has a relatively older population than is typical in England, with a lower proportion of Lancashire's population of working age than is seen across England.
- During the pandemic, Lancashire saw a smaller nominal percentage increase in claimants than England did, and the increase in claimants was faster than it was in England, as England's continued to rise into August 2020, whereas Lancashire's largely halted following July 2020.
- Lancashire is in the top 10 of the 38 SAPs in terms of measured by Income and Employment, and is 11th of 38 SAPs in terms of Education, Skills and Training. There is considerable disparity across Lancashire's districts in terms of the percentages of neighbourhoods in the top 10% of most deprived neighbourhoods nationally.

Employment by Sector, 2019. Lancashire vs England

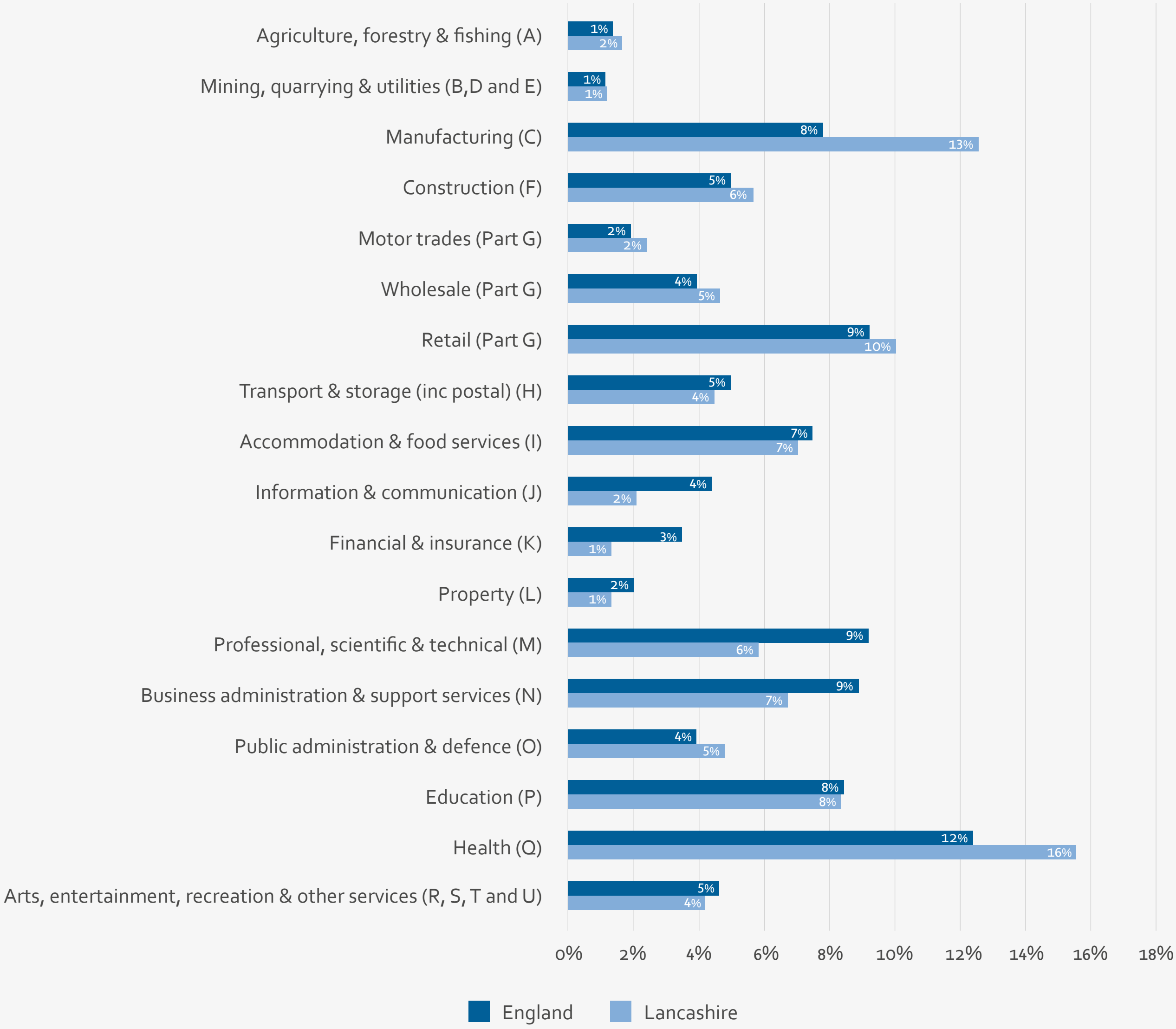


Figure 1: Sector Employment 2019, Lancashire LEP area.
Source: Business Register and Employment Survey.

Health is the highest employing sector in Lancashire, and has a significantly higher percentage of employment in Health than is typical in England, accounting for 16% in Lancashire vs 12% in England. Lancashire also has a proud history of manufacturing, which is still demonstrated today, with employment in the manufacturing sector in Lancashire making up 13% of all employment, 5% above the average in England. Lancashire also has a slightly higher percentage of employment in Retail (10% vs 9% in England), Wholesale (5% vs 4% in England) and Construction (6% vs 5% in England). Lancashire lags England by employment in Business Administration and Support Services (7% in Lancashire vs 9% in England) and in Professional, Scientific and Technical (6% in Lancashire vs 9% in England). Notably, the Lancashire percentages of employment in Accommodation and Food Services previously lagged the England average of employment, but most recent data showing a 1% fall in employment in this sector in England which has brought Lancashire in line with the national picture.

Lancashire also lags the national picture in employment in the Arts, Entertainment, Recreation and Other Services sector. This is of note due to Blackpool's fame as a historic tourist resort, whereby the percentage of employment in Accommodation and Food Services is over 12% (compared to 8% in England, and 7% in Lancashire), further information concerning Lancashire's employment concentrations are outlined in Annex B, and it is worth recognising the respective employment strengths within different areas of Lancashire.

The Lancashire Enterprise Partnership has a number of Growth Pillars, which the work of the Lancashire SAP supports. The LEP places an emphasis on Advanced Manufacturing, Health, and Tourism Culture and Place partially due to the GVA contribution and partially due to Lancashire's employment strengths in these sectors. Some of Lancashire's sectors, Digital, Food and Agriculture and Energy and Low Carbon are highlighted as priorities due to projected future growth, even though Lancashire might lag the national picture, and because of geographic concentrations of these sectors within districts in Lancashire.

Annex B also shows information regarding sector rates of furlough for the North West and how these compare to the national picture. We can infer that the higher the percentage of furlough, the more severely affected the sector, as the businesses are unable to continue trading functionally during the pandemic. We can see that some of the most badly affected sectors have been those with large employment bases in Lancashire, or large employment bases within areas of Lancashire (for example, Accommodation and Food Services in Blackpool). Furlough figures could give an indication as to where redundancies are likely, in terms of sector. If these are to be in Lancashire's high employing sectors, there will need to be adequate support for these workers to pivot into other sectors, or re-skill.

Commercially sensitive and confidential HR1 data provided by the DfE's SAP Programme Team has confirmed that by sector the redundancies (20 or more at a single employment site) in Lancashire correlate with the worst affected sectors by furlough percentage in the North West. This has highlighted areas for support we may not have prioritised previously. To-date priorities for ESF provision have been focused on the Growth Pillars of the LEP, however this has shifted due to the impact of the pandemic.

Employment by Occupation, 2019. Lancashire vs England

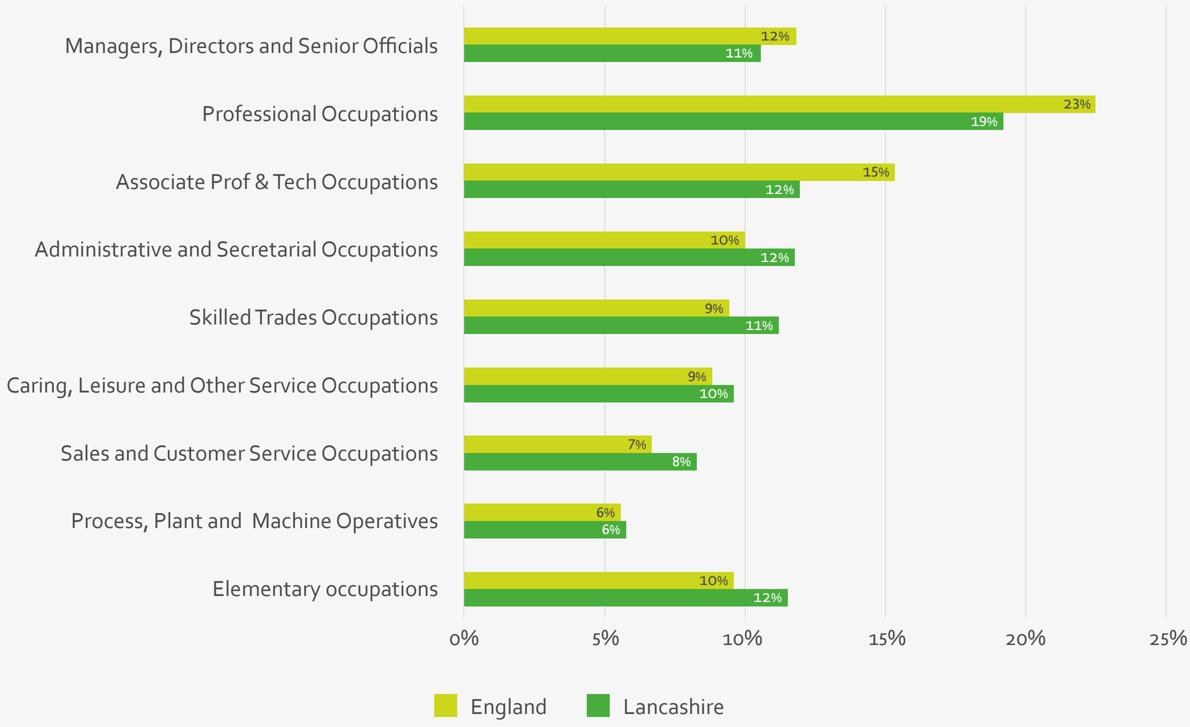


Figure 2: Employment by Occupation (Standard Occupational Classification), 2019/20.
Source: Annual Population Survey, July 2019 to June 2020.

Lancashire's composition of employment by occupation differs considerably from the composition in England, most notably in Professional occupations. Lancashire has 19% of all employment in Professional Occupations, whereas in England it accounts for 23%, and indications are that the percentage of employment in this occupation is growing nationally as well as in Lancashire (both have seen a 1% increase in Employment in these occupations since June 2020). Lancashire lags the national proportion of employment in occupations that are Associate Professional and Technical Occupations, with 12% of employment in Lancashire compared to 15% in England, though Lancashire has experienced a 1% increase in employment in these occupations since June 2020, whilst in England it remained static. Lancashire has a lower percentage of employment in Managers, Directors and Senior Officials occupations than is typical nationally, with 11% of employment in Lancashire and 12% in England.

There is a 2% gap between Lancashire and England in employment in Administrative and Secretarial Occupations, Skilled Trades Occupations and Elementary Occupations, with Lancashire seeing a higher percentage of employment in these occupations than is typical nationally. This data suggests that specialisations in Lancashire in lower skilled occupations are lower than are typical nationally, (29% vs 34% in England).

Forecasts in the Lancashire Skills and Employment Hub's LMI toolkit point to an increased future demand for higher level qualifications in Lancashire, such that those with level 1 and level 2 qualifications will be demanded less by the labour market than those with level 3 and level 4 and above qualifications. This is explored in further depth in Annex B.

The proportional lag in professional occupations and associate professional and technical occupations can in part be explained by Lancashire's technical industry base, in particular civil and military aerospace, as well as Lancashire's large employment percentage in the health and social care sector.

As aforementioned, there is quantitative and qualitative evidence on the impact on manufacturing in Lancashire, particularly in civil aerospace. Aerospace is a significant part of Lancashire's economy, and Lancashire has one of the largest aerospace manufacturing clusters in the world. It is quite possible that there will be fewer opportunities for skilled workers in this sector in Lancashire going forward, depending on the strength of the recovery in international travel, which is a key driver of activity in Lancashire's civil aerospace manufacturing market.

Enterprises by employment size band, 2020

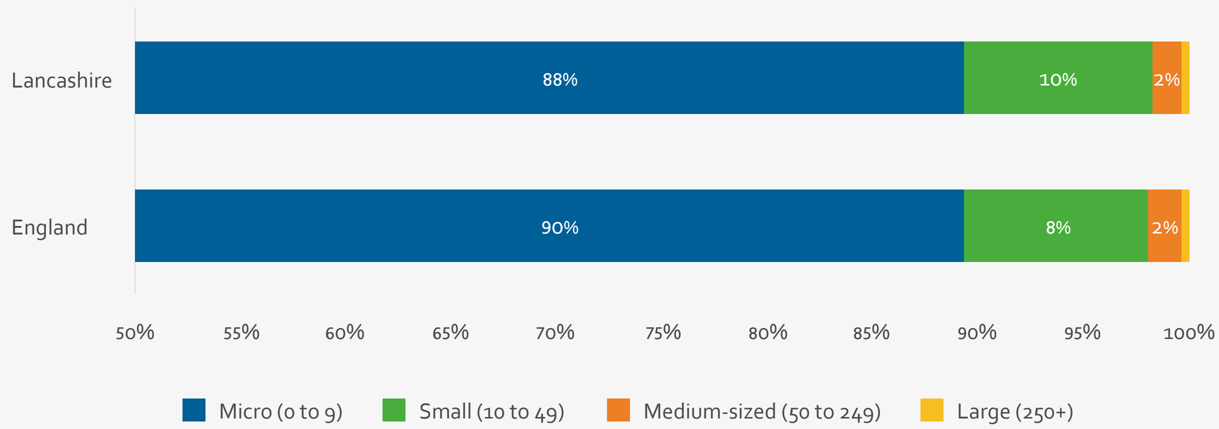


Figure 3: Enterprises by Employment Size Band, 2020

Lancashire's business base as measured by the number of employees in each enterprise type differs somewhat from the England average. Lancashire has a lower percentage of Micro enterprises (those employing between 0 and 9 employees) than is typical in England, and a higher percentage of small enterprises (those employing between 10 and 49 employees). Lancashire's composition of enterprises is identical to the England picture in terms of medium and large sized businesses.

Business birth and death rates, 2014 - 2019

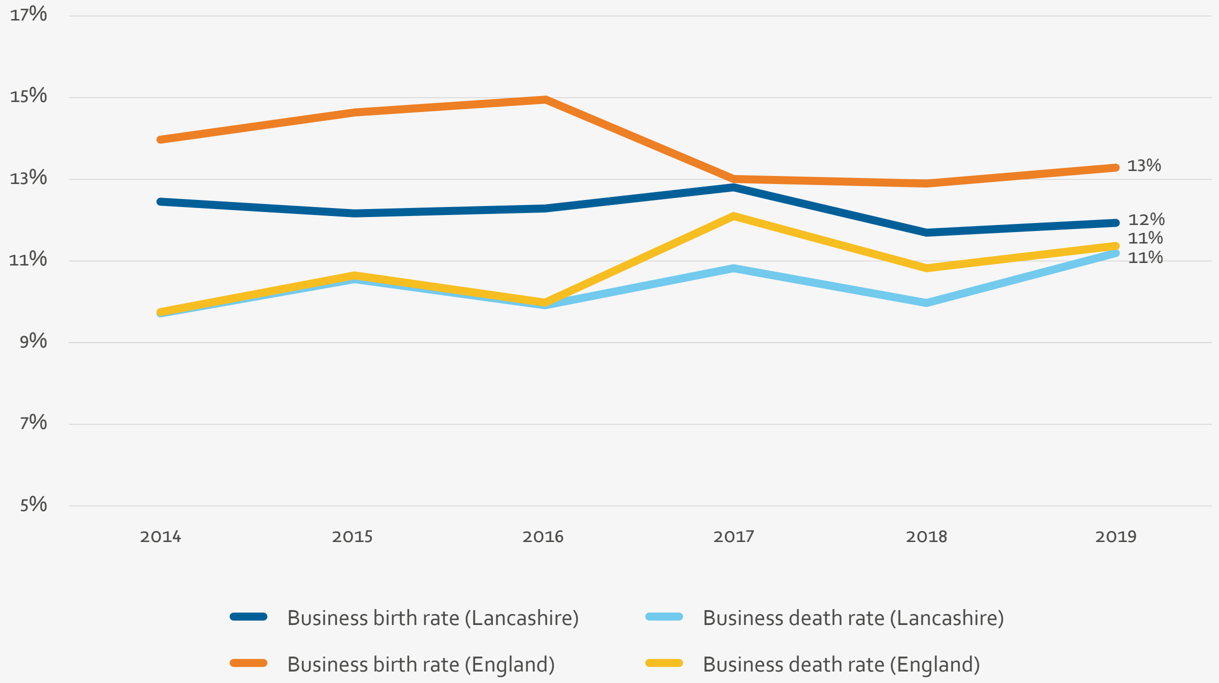


Figure 4: Business Birth and Death Rates, 2015-2018.
Source: ONS Business Demography, 2019.

Lancashire's Business Birth Rate as of 2019 lags the England rate for business births by 1% (12% in Lancashire vs 13% in England), which is unchanged from the previous year. Lancashire's Business Death Rate is the same as in England (11%)– in this way, it can be said that Lancashire's net business creation is lower than that of England's (i.e a 1% difference between births and deaths in England and a 2% difference in Lancashire). This wasn't the case in the previous year, whereby Lancashire's net business creation was equal to England's. Lancashire's business births have remained relatively static since 2015, rising to 13% in 2017, but falling back to 12% where it had been for the period throughout 2015 and 2016. It's fair to say that the gap between business births in Lancashire and England has narrowed between 2015 and 2019 (most recent data). In 2015 business births were 3% higher in England than they were in Lancashire, though this appears to be a consequence of a shrinking business birth rate in England rather than any strong growth in business births in Lancashire. Lancashire's business death rate has also remained relatively static between 2015 and 2018, whereas England's rose slightly however in 2019, Lancashire's business death rate rose by 1% to 11%, whereas England's remained static at 11%.

The Lancashire LEP contributes to a weekly report which is submitted to the Cities and Local Growth Units of the Department for Business Energy and Industrial Strategy, reporting on notable business closures, and start up rates. Clearly, the pandemic has created a turbulent business environment however interim suggests that business start-ups are higher than usual with Lancashire's Boost programme and partners supporting these new start-ups. Enterprise skills are embedded into the work of the Lancashire Careers Hub which includes a number of self-employed enterprise advisers and ERDF funds have supported local universities with a number of business start-up programmes.

On the whole, it is likely that the impact of pandemic on the number of business births and deaths will increase through unemployed individuals starting new businesses and incumbent businesses folding due to trading conditions.

Employment rate and employment level

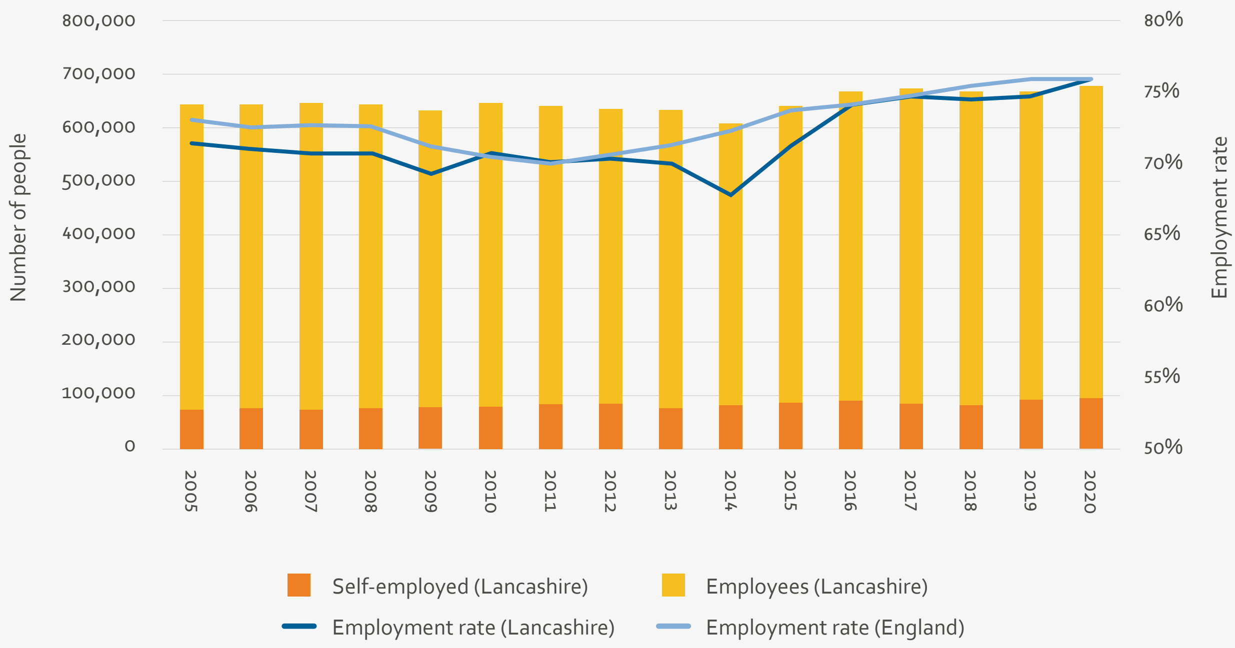


Figure 5: Employment Rate and Employment Level. Employees, Self Employed Workers and Employment Rate in England and Lancashire - 2005 to 2020.
Source: Annual Population Survey

Lancashire's employment rate has historically been below or in line with England's, with the exception of 2012, where Lancashire's employment rate was 1% above England's, at 71% (vs 70% in England). Following 2012, Lancashire's direction took a very different one to England's, whereby the employment rate in Lancashire fell until 2014, whilst England's enjoyed a gradual rise. The end result is that following a dip in 2019, and rebounding in early 2020, Lancashire's official employment rate now sits at 76%, in line with England's. Lancashire's employment base has a growing proportion of self-employed workers, with approximately 14% of all workers in Lancashire considered self-employed – this has grown from 12% in 2005 to 14% in 2020 (98,800 workers, an additional 24,000 since 2005). This is in line with what has happened to the number of self-employed workers in England more generally. The nominal growth in the number of self-employed workers constitutes a 32.1% increase since 2005, by contrast, the number of overall workers has grown by 6.1% since 2005, with the number of employees has grown by 3.1% in the same timeframe.

Employment rates differ across Lancashire's districts, and the variance between the Lancashire LEP area overall rate, the lowest employment and highest employment rates across Lancashire's districts has widened since 2005. In 2005 (when the data shown begins), the Lancashire LEP area employment rate was 71%, the lowest employment rate across the districts at that point was 66% and the highest was 79%, a -5 basis point and +8 basis point variance. As of 2020 (most recent data), the Lancashire LEP employment rate was 76%, the lowest employment rate across the districts was 69% and the highest was 86%, a -6 basis point and +10 basis point variance. Whilst the lowest rate has increased from the 2005 level, and is presently higher than any other point post 2005, there is a growing disparity in employment rates across Lancashire.

Nominal increases or decreases in the employment rate of Lancashire's districts vary greatly since 2005, with the highest nominal growth seen in Preston and Rossendale, which have both seen increases of 13% in their employment rates between 2005 and 2020, which equates to an annual growth rate of 1.2% in Preston and 1.1% in Rossendale, with both districts above the LEP Area overall employment rate as of 2020 (Rossendale was also above the LEP Area overall rate in 2005, but Preston was 4% below it). The lowest nominal growth in employment in Lancashire came in Chorley and West Lancashire, which have seen contractions in their employment rate since 2005, with Chorley down by 1% and West Lancashire down by 2%, representing annual growth rates of -0.1% for Chorley and -0.2% for West Lancashire. For context, the nominal change in the employment rate for the Lancashire LEP area between 2005 and 2020 was an increase of 5%, and an annual growth rate of 0.5%. As of 2020, Blackburn had the lowest employment rate in Lancashire, with 69%, whilst Rossendale had the highest with 86%.

Annex B explores data surrounding economic activity, and how that varies by age and gender. Local intelligence speaks to pre-existing and exacerbated health inequalities across Lancashire, whether that be short-term sickness or long-term sickness as a reason for inactivity. The feeling locally is that poor economic consequences of the pandemic are largely concentrated in areas with deprivation. Worklessness across whole households, multi-generational worklessness is a problem in parts of Lancashire, and the impact of COVID-19 may exacerbate this further. These areas typically suffer from poorer attainment in schools and colleges, which makes the levelling up agenda more difficult but no less crucial. The recovery must solve some of the difficulties of seasonal work, fixed term contracts, zero hours contracts, and some of the deprivation and economic difficulties in coastal towns.

Areas of previous typically high unemployment areas are having these problems compounded. The pandemic will likely reduce employment numbers as has been shown in the increase of claimants to universal credit, which is explored further in Annex B, and self-employed support is important, encouraging entrepreneurialism will help displaced workers control their economic prospects.

Nominal (smoothed) GVA per hour worked

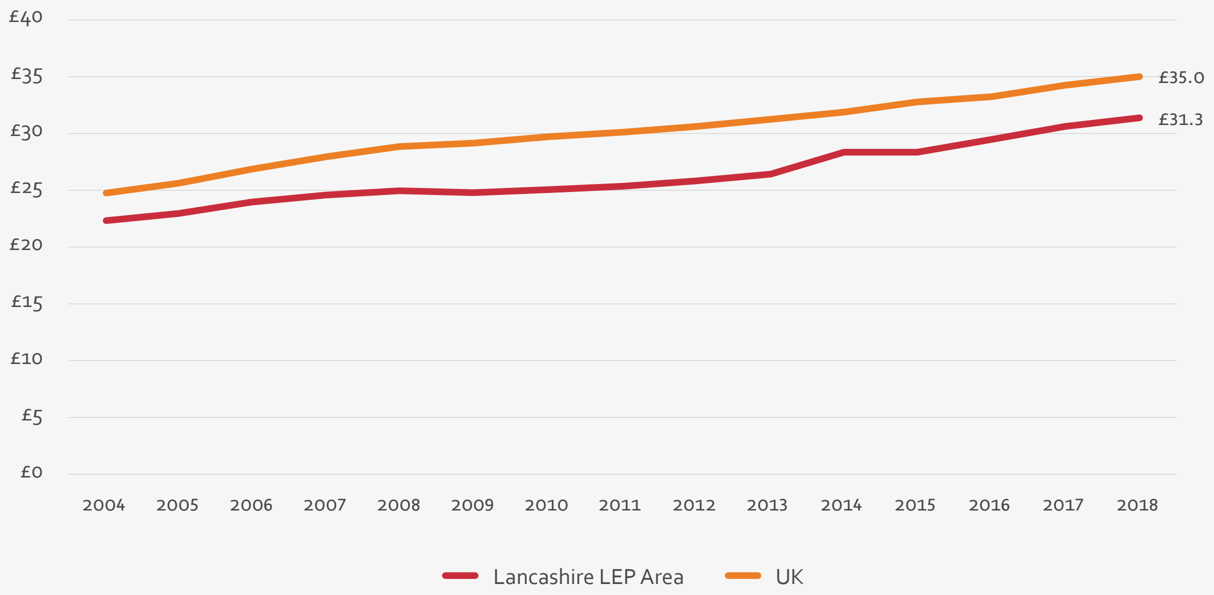
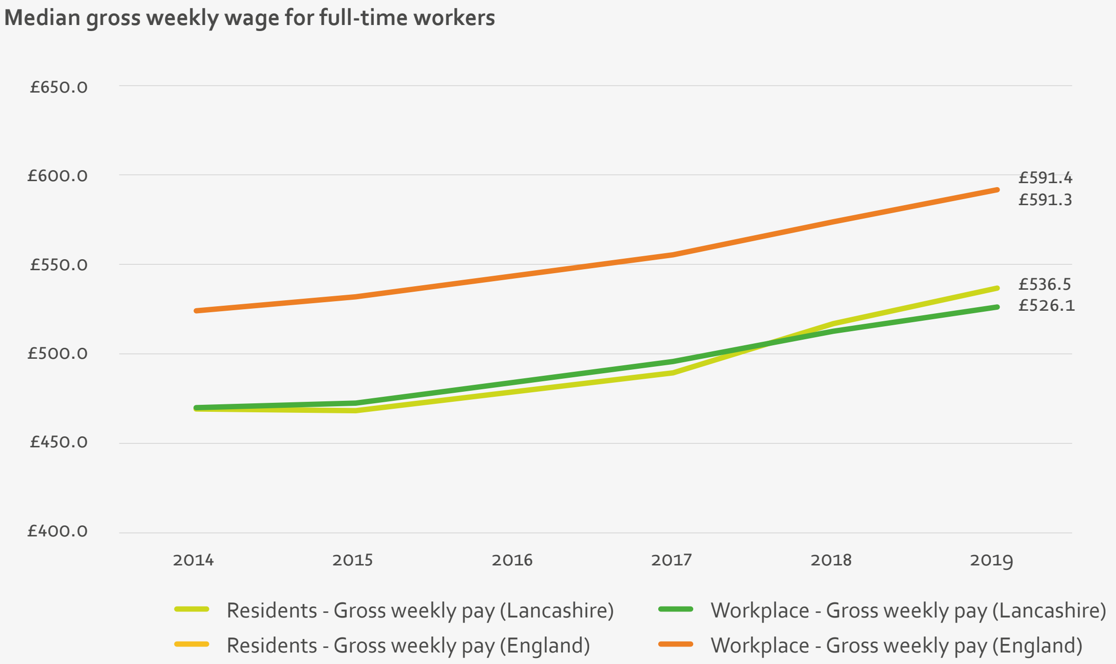


Figure 6: Nominal (Smoothed) GVA Per Hour Worked.
Source: ONS Sub-Regional Productivity (2004-2018), 2020.

Gross Value Added (GVA) is a measure of productivity in an economy and is shown in Figure 6. This is aggregated on a per hour worked basis, over an annual time interval between 2004 and 2018. Lancashire's GVA per hour worked is £31.30 as of the most recent figures (released in 2020, pertaining to 2018), and for context, in England GVA per hour worked is £35.00, a £3.70 differential per hour worked between the two areas. The gap between Lancashire and England in terms of GVA per hour worked has widened since 2004, which stood at £2.40 per hour less in Lancashire than in England. There is now a wider differential – and whilst there were periods throughout 2004-2018 where the gap widened further and then subsequently the gap narrowed, at no point between 2004 and 2018 was the differential between Lancashire's GVA and England's GVA any narrower than £2.40, and at points was as wide as £4.90 per hour. At the end of the period, the gap is now wider than it was previously, demonstrated by the annual growth rate in GVA per head in Lancashire between 2004 and 2018 was 2.4%, which 0.1% below the 2.5% annual growth rate in GVA per head in England over the same time period.

Lancashire's gross value added, when broken down by Standard Industrial Classifications, shows the differing contributions Lancashire's largest employment sectors make to Lancashire's economic output. Manufacturing, as of 2018 (most recent figures) makes the biggest contribution to Lancashire's GVA, accounting for over 18% of Lancashire's £34.1bn GVA, with a contribution of over £6bn. Wholesale and Retail (including repair of motor vehicles) account for nearly 15% of Lancashire's GVA, and is a key employment sector. Real estate activities, which isn't a large employment sector in Lancashire (~1%), accounts for over 11% of Lancashire's GVA, and Human Health and Social Work activities accounts for 9%, this is Lancashire's single biggest employment sector.

Lancashire is a large and diverse area, with numerous micro-economies within its boundaries, each with its own different concentrations and specialisms in terms of employment sectors and economic activities. In Mid Lancashire (comprising of the Local Authorities of Fylde, Preston, Ribble Valley and South Ribble) GVA is over £30,000 per head, which exceeds the UK and North West averages, compared to Lancaster and Wyre, which has GVA per head of the population of just £17,214. Different regions within Lancashire have grown at differing rates, Blackpool has had the fastest compound annual growth rate, 6%, between 2013 and 2018, increasing GVA per capita by £5,460. Conversely, Lancaster and Wyre have seen a compound annual growth rate in GVA per capita of 1% (equivalent to a £649 per capita increase), 3% below the Lancashire average, and 2% below the North West and UK average. In 2013 Lancaster and Wyre had the third highest productivity in Lancashire, now it has the second lowest, having been overtaken by Blackpool and Blackburn with Darwen.



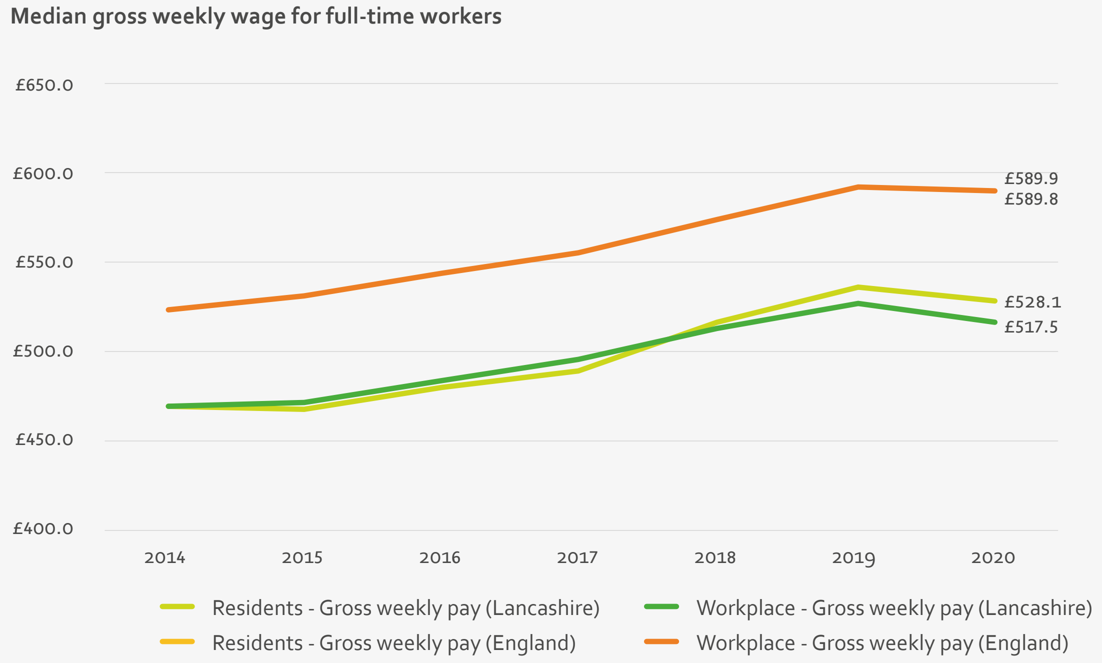


Figure 7: Median Gross Weekly Wage for Full-Time workers.
Source: Annual Survey of Hours and Earnings (2014-2019), 2019.

The median gross weekly pay for those who work full time and live in Lancashire is £528.10 as of most recent figures in 2020. For those who work in Lancashire (but don't necessarily live in Lancashire) the median gross weekly full-time was is £517.50. It is therefore a risk to Lancashire's employers that the rates of pay offered could be less attractive than elsewhere to those who live in, but may work outside of Lancashire, are able to access higher rates of weekly pay than those who work in Lancashire. Both Lancashire's residence based and workplace based weekly rates of pay lag those in England, by £61.70 in the residence based rate and £72.40 in the workplace based rate. This differential has grown annually since 2014, when the differentials were £53.30 and £53.80 for residence based and workplace based rates respectively. It is possible that these differentials in weekly wages reflect differentials in the relative cost of living in Lancashire compared to what is typical in England.

Since 2014, median gross weekly wages for full-time workers in both England and Lancashire rose without fail until 2019 in both workplace based and residence based rates of pay. Since 2019, median gross weekly pay for full-time workers in both Lancashire and England have fallen for the first time since, this could be a consequence of the pandemic, and might reflect that some workers have been furloughed and thus receiving a lower proportion of their usual salary.

From the chart, we can see that pay has fallen the most for Lancashire workers, a £9.30 reduction weekly which is the equivalent of a 1.8% pay cut from the previous year. This is lower for Lancashire residents who may work elsewhere, with a reduction of £8.50 weekly, the equivalent of a 1.6% pay cut compared to the previous year. Median gross weekly wages for full-time workers in England haven't fallen to the same extent as they have in Lancashire, with an average fall of £2.30 weekly, the equivalent to a 0.4% pay cut from the previous year.

In terms of the growth in median gross weekly wages for full-time workers, (which have grown since 2014, despite contracting between 2019 and 2020), there have been differentials in terms of the percentage growth over the whole period, and annually, as well as the amount. For example, between 2014 and 2020, gross weekly wages grew at an average of 2% annually in England, as did the Lancashire resident based weekly pay, but the workplace based rate of pay in Lancashire grew annually at 1.4%, 0.6% lower than across England and Lancashire residents. This manifests itself through an additional £47.80 in weekly wages of Lancashire workers, compared to £57.80 for Lancashire residents, and over £66 across England. Despite differentials in the nominal increase in weekly wages, (Lancashire's resident pay growth between 2014-2020 was £8.40 less weekly than the equivalent residence based rate in England), the nominal percentage growth remains similar. Lancashire resident pay has grown by 12.3% between 2014 and 2020, compared to 12.6% and 12.7% for England's resident and Workplace rates respectively. For context, the workplace rate in Lancashire grew by 10.2%.

As aforementioned, the slower rate of increase in Lancashire's workplace based gross weekly wages for those working full time represents a threat to Lancashire's economy, if highly skilled workers have to seek work outside of Lancashire in order to access higher weekly wages, there is a risk of skills drain from the area, and these skills are needed to help drive up Lancashire's lagging productivity.

Differentials in Household disposable income in across Lancashire's districts are covered in greater depth in Annex B.

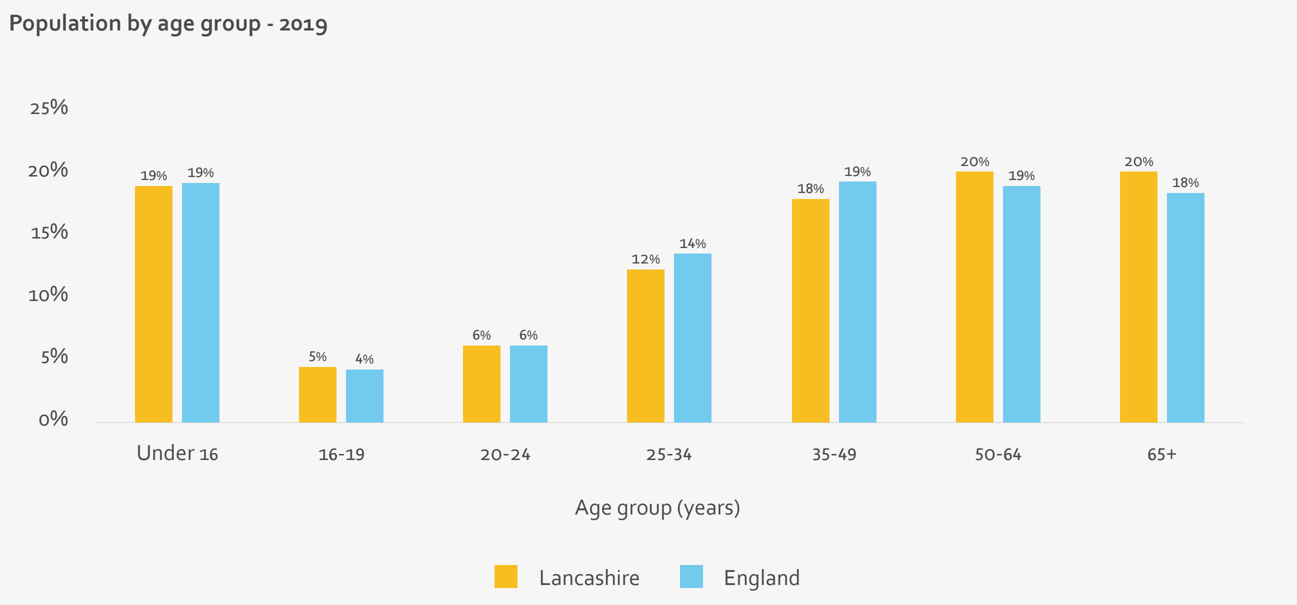


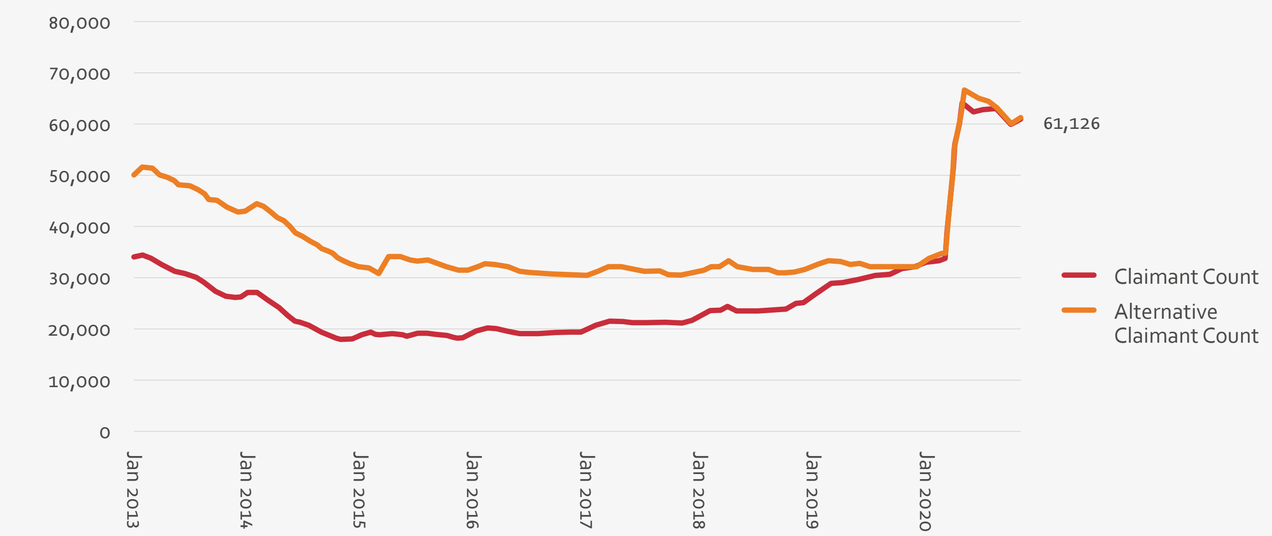
Figure 8: Population by Age Group, 2019.
Source: ONS Mid Year Population Estimates

Lancashire's age structure differs greatly from that of England, with a much higher percentage of the population aged 65+ than is typical nationally, at 20%, compared to 18% in England. This means that Lancashire's working age population as a percentage of its total population is around 2% smaller than is typical in England. For those that are of working age in Lancashire, the population is reasonably rear-loaded in terms of age, with a higher proportion of those aged 50-64 than is typical in England, with 20% in Lancashire vs 19% in England. Crucially, a lower proportion of the population are in the early to middle years of their careers, with 12% aged 25-34 in Lancashire vs 14% in England, and 18% aged 25-49 in Lancashire compared to 19% in England.

This has implications for the retention of skills and experience in the Lancashire labour market both for attracting younger people into Lancashire and retaining those who live in Lancashire already, along with strategies to make it attractive to older people to remain in the labour market.

The health of Lancashire's workforce is obviously very important, particularly at older age groups. In order to retain skills and experience in the workforce, employers should try to enable flexibility for older workers to work part time, perhaps if they have had to take on caring and this links to the Fuller Working Lives initiative.

Claimant Count & Alternative Claimant Count - Lancashire



Claimant Count & Alternative Claimant Count - England

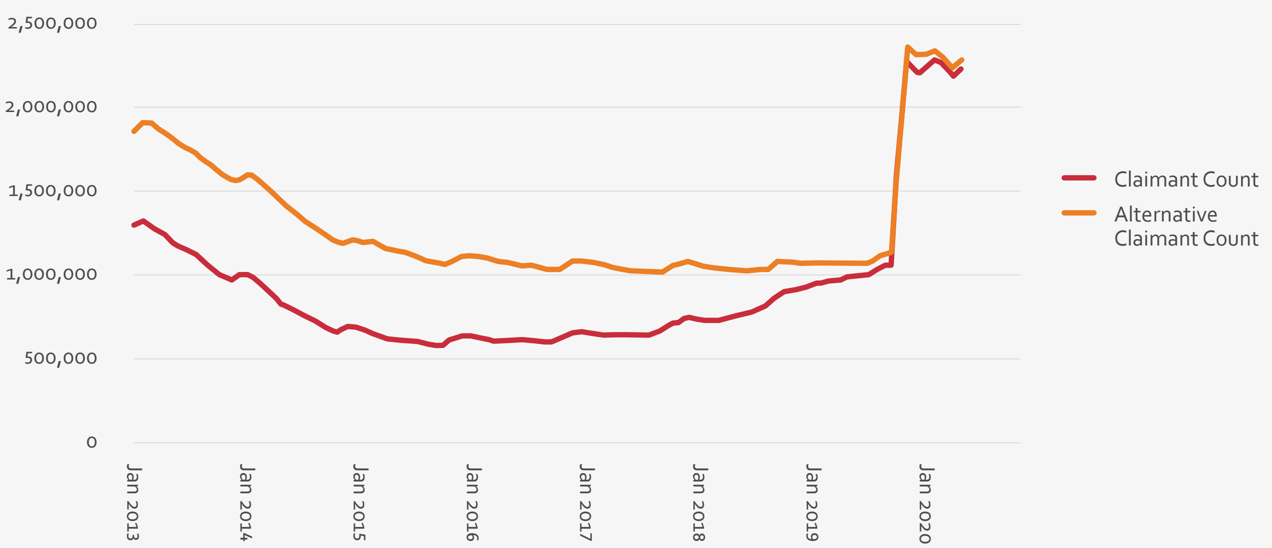


Figure 9: Claimant Count and Alternative Claimant Count, Lancashire and England. January 2013- July 2020.
Source: DWP Stat Xplore and ONS Claimant Count.

Under Universal Credit, a broader span of claimants are required to look for work than under Jobseeker's Allowance. This has the effect of increasing the Claimant Count, thus the Alternative Claimant Count measures the number of people claiming unemployment benefits by modelling what the count would have been if Universal Credit had been in place since 2013 with the broader span of people this covers. This allows for comparing unemployment benefits over a longer period of time, rather than limiting the window of analysis only to compare Claimant Counts that followed the rollout of Universal Credit, which varied by local authority and Job Centre Plus region. In Lancashire, Fylde, Wyre and Blackpool were the last of the Lancashire LEP districts to transition to Universal Credit full service provision in September 2018. Following the rollout of Universal Credit in Lancashire, from September 2018 to March 2020, the number of claimants via Alternative Claimant Count rose by 3,755, the equivalent of a nominal percentage increase of 12%, by comparison, using Claimant Count only, this would've been a 9,990 claimant increase and a nominal percentage increase of 42% across the same period. This shows the merit of the alternative measure, as around 2/3rds of the nominal increase in claimants in the claimant count appears to be driven by changes in universal credit and the widening the definitions of a claimant, rather than simply newly unemployed claimants.

Towards the end of 2019, the Alternative Claimant Count numbers and Claimant Count numbers begin to converge, and the measures track each other very closely following that. Post March 2020, Lancashire saw a large increase in the number of claimants to universal credit, with the alternative claimant count figure increasing by nearly 32,000 at its peak in May 2020, where the alternative claimant count figure was as high as 66,678 compared to 34,768 in March 2020. This constitutes an 92% increase from March to May 2020. In context, England's peak increase in the alternative claimant count came later in August 2020, when the claimant count continued to rise, there was a 108% increase in the number of claimants. Lancashire therefore saw a smaller nominal increase in claimants than was seen. The most recent data shows that Lancashire claimants of universal credit as measured by the alternative claimant count is reducing, and is showing signs of labour market recovery. The number of claimants remains 76% higher in November 2020 than it was in March 2020, which is a relatively better position than the national picture, whereby in England they are essentially double the number they were in March 2020.

This analysis however doesn't take into account starting positions, rather the rate of change, as shown in Annex B, when looking at the claimant count in Lancashire compared to England. It's evident that Lancashire's starting position was relatively worse than seen in England, with a higher percentage of the population in Lancashire aged 16-64 claiming universal credit as a consequence of unemployment, than was typical in England.

Large scale newly unemployed residents in Lancashire will have implications for re-skilling people who have been diplaced. Improving the employability skills of people who may have been in work for a long time for example in terms of applying for jobs or in interview technique will be important too. This could be particularly pertinent in the manufacturing workforce where the workforce might be more mature than for example tourism and hospitality.

Lancashire's Skills For Work initiative, and the work of the Adult and Employer Skills Forum in working with employers and partners to provide up to date accurate LMI to ensure projects are still targeted towards priorities and demonstrate new provision is coming online to provide support recognising differing durations of unemployment and how support is needed more than ever with every passing day.

Proportion of neighbourhoods in 10% most deprived nationally

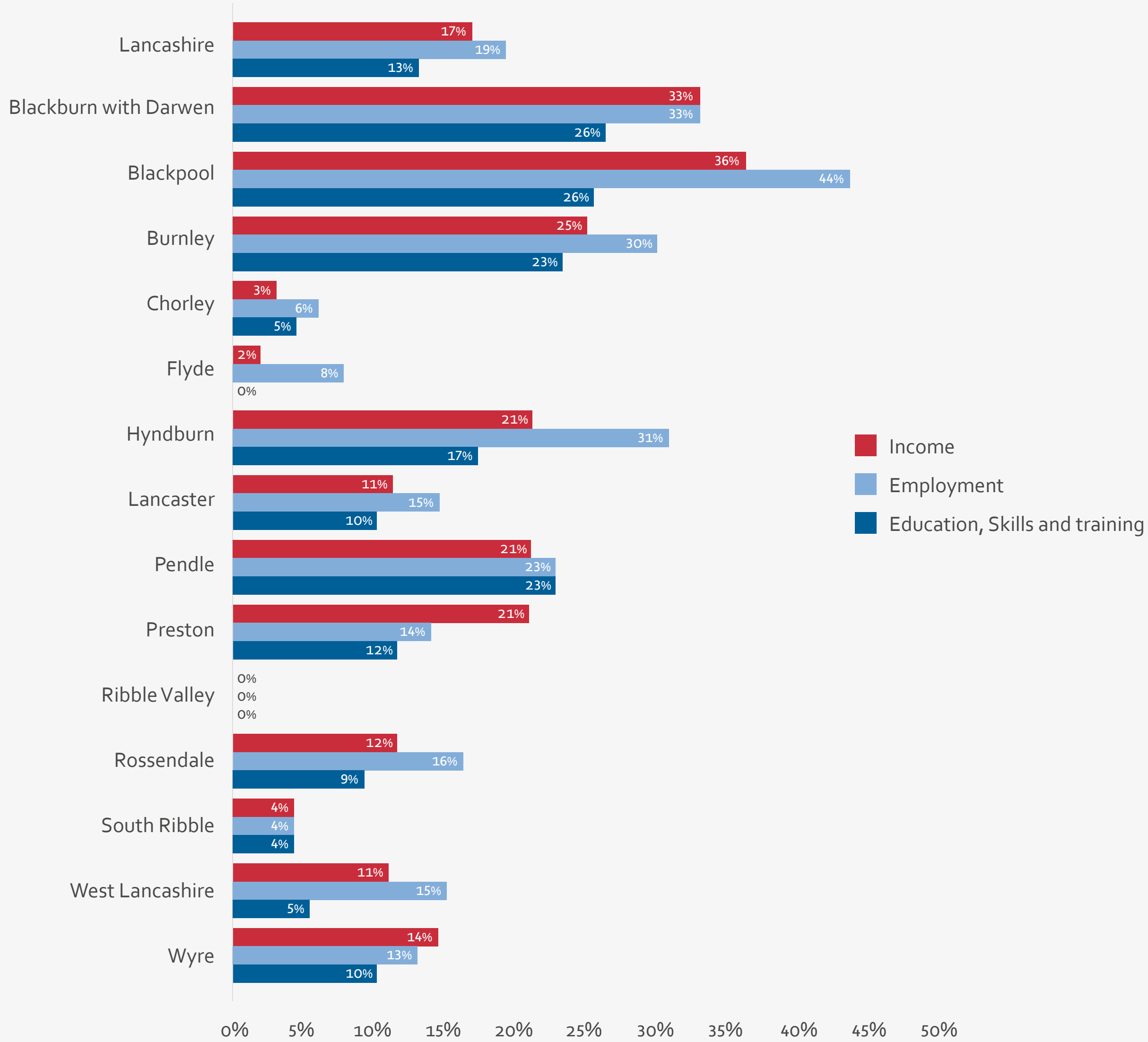


Figure 10: Proportion of LSOAs/neighbourhoods in 10% most deprived nationally.
Source: Index of Multiple Deprivation, MHCLG, 2019

Lancashire ranks in the top 10 of all 38 LEPs for the proportion of neighbourhoods in the most deprived 10% nationally by Income, where 17% of all neighbourhoods in Lancashire are in the top 10% of the most deprived, and in Employment where 19% of all neighbourhoods in Lancashire are in the top 10% of the most deprived nationally. Lancashire fares better by the Education, Skills and Training measure, where 13% of all neighbourhoods in Lancashire are in the top 10% of the most deprived by this measure, the 11th highest of the 38 LEPs. Within Lancashire there is significant variation across the districts, with some areas such as Ribble Valley (which has no neighbourhoods in the top 10% of the most deprived across any of the three measures shown), and Fylde (which has no neighbourhoods who are in the top 10% of most deprived by Education, Skills and Training) faring better across these indices, than others such as Blackpool which has 36% of neighbourhoods in the most deprived 10% by income, and 44% by Employment.

As aforementioned, there are strong links in Lancashire between areas with deprivation, health inequalities, economic inactivity and high unemployment, and multi-generational worklessness.

Skills Supply

- Lancashire has a lower percentage of workers qualified to NVQ Level 4 and above, and a higher percentage at the lower levels 2 and 3, compared to the England average. The gap between Lancashire's proportion of residents qualified to NVQ Level 4 and above compared to England is smaller for 18-24 year olds than it is for the whole population.
- *Lancashire FE achievements appear well matched by subject to Lancashire's largest employment sectors. Engineering and Manufacturing Technology achievements account for a larger proportion of FE in Lancashire than in England.*
- Lancashire's apprenticeship achievements by sector subject area align to those in England. Following the apprenticeship reforms, starts initially dropped in Lancashire, but were beginning to recover pre-pandemic. The impact of COVID on apprenticeship starts has been more severe in Lancashire than was typical nationally. Lancashire does have a lower percentage of apprenticeship achievements in Information and Communications Technology than England, and a higher percentage of apprenticeship achievements in Engineering and Manufacturing Technology than England, though these are in line with differentials in Lancashire's employment sectors compared to England.
- HE provision in Lancashire differs compared to England. There are a higher percentage of HE achievements in Lancashire in Subjects Allied to Medicine, and Education but a lower percentage in Engineering and Manufacturing Technology, and Business and Administration than in England.
- There were a higher percentage of school leavers in Lancashire who transitioned into sustained employment and apprenticeship destinations than in England, but a lower percentage who moved into sustained education.
- KS4 and KS5 leavers in Lancashire were more likely to move into sustained education and apprenticeships, and the higher the most recent level of study the higher the likelihood of moving into sustained education and apprenticeships.
- FE and Skills learners in Lancashire were less likely to enter into sustained employment than in England, but those with Level 4 and Level 5 qualifications in Lancashire were more likely to go into sustained employment in Lancashire than they were nationally.
- A lower percentage of Level 2 Apprenticeship achievers go on to sustained employment in Lancashire than in England. However, those completing Level 3 Apprenticeships in Lancashire are equally as likely as their contemporaries nationally to go into sustained employment. Those in Lancashire completing Level 4, and Level 5 apprenticeships were more likely than is typical in England to go into sustained employment, which implies that Apprenticeship provision at that level is well matched.
- Graduates from Lancashire HEIs are as likely as they are nationally to go into employment, but a higher percentage of these graduates will work part time than is typical nationally. A smaller percentage of graduates from Lancashire will go into further study.
- Graduates from Lancashire HEIs are more likely to stay in the North West than is typical of most SAP areas, but they do not necessarily stay in Lancashire, they might live in Lancashire and commute to neighbouring SAPs where they may be able to access higher weekly wages.
- A larger percentage of employers in Lancashire provide some sort of training than in typical of Employers in England.

Qualifications of people aged 16-64, 2019

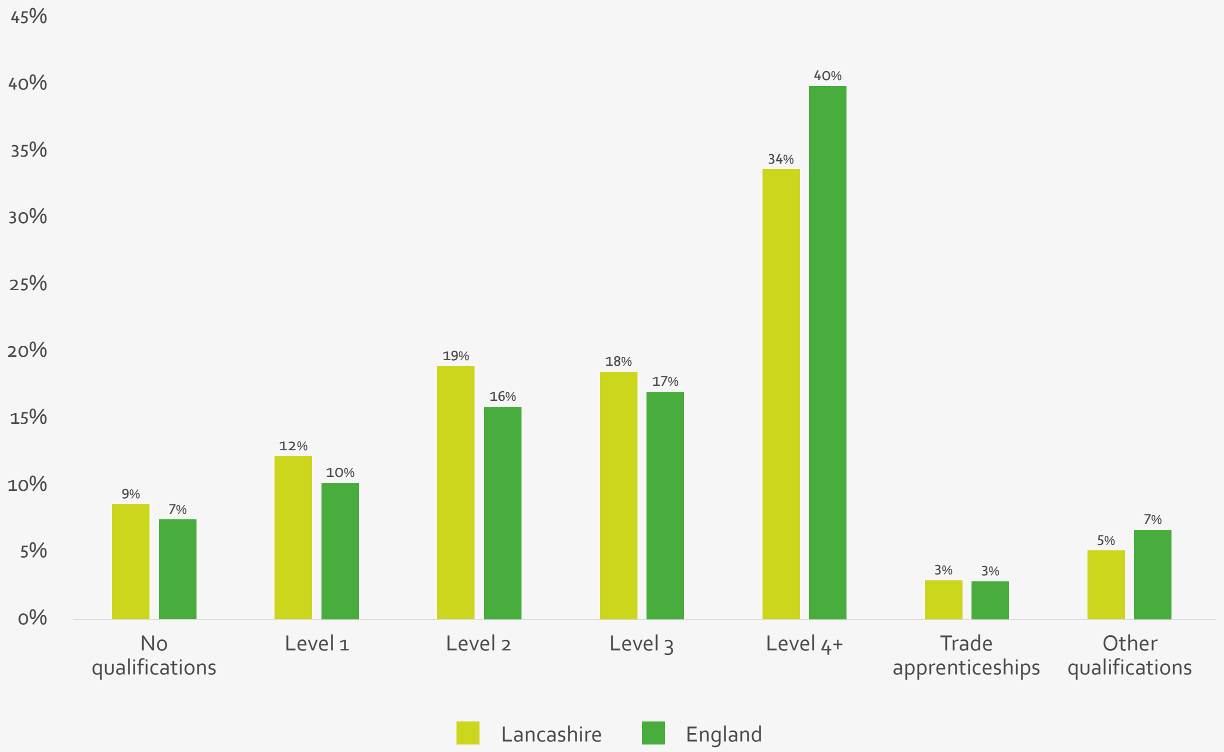


Figure 11: Qualifications of People Aged 16-64, Lancashire vs England.
Source: Annual Population Survey, 2019

Lancashire has a lower percentage of the working aged population qualified to NVQ Level 4 and above than is typical across England, with 34% of the working age population in Lancashire in possession of qualifications at this level or above, compared to 40% in England. That being said, Lancashire's composition is similar in so far as the most common qualification level is at level 4+, the rest of Lancashire's skill profiles are distributed with a higher percentage at lower levels, such as level 2, where Lancashire has a 3% higher proportion of the working age population qualified at Level 2 than is typical in England (19% in Lancashire vs 16% in England). Lancashire also has a higher percentage of those with no qualifications (9%) than England does (7%). This difference is less pronounced across those in Lancashire aged 16-24, than it is across other ages, where Lancashire 16-24 year olds only lag England's 16-24 year olds at NVQ4+ by 3.0%, compared to 6% across the broader working age population. Work must be done to try and bridge the gap between those qualified at level 4 and above in Lancashire with those in England, particularly across the older generations.

Work is being done in Lancashire to encouraging progression beyond existing qualification levels and into level 4. The National Retraining Scheme being integrated with the National Skills Fund could be a useful way for Lancashire residents to take action. Lancashire's Technical Education Vision provides a focus on technical education routes, as a means of rebalancing the skills of the labour market to meet employer demands, with progression to Higher Technical Qualifications and higher and degree level apprenticeships.

Annex B outlines that the qualification levels in Lancashire relative to the wider country differ greatly by ages.

FE and Training Achievements, Lancashire vs England, 2019

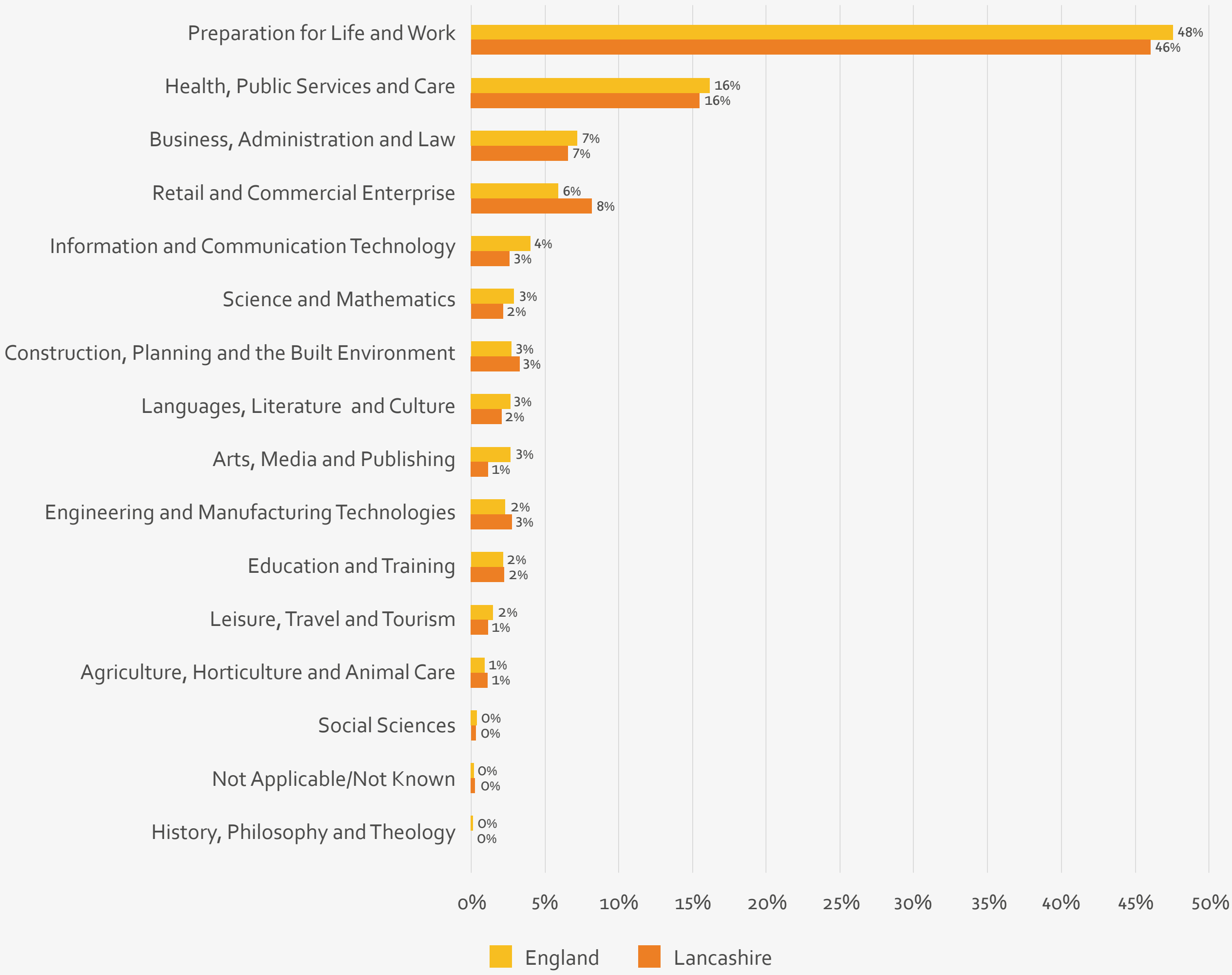


Figure 12: FE Education and Training Achievements by Subject Area, 2018/19.
Source: DfE Localism Dashboard. Above: England, Below: Lancashire.

Like England, the majority of Lancashire's FE achievements are across the "Preparation for Life and Work", and in Lancashire and in England, the subject aim with the second highest number of achievements comes from Health, Public Services and Care (both with 16% of achievements in the 2018/19 academic year). Lancashire has a lower percentage of FE starts in Information and Communication Technology than England does (3% vs 4% in England), as well as a lower percentage of starts in Science and Mathematics (2% vs 3% in England). In general, there is a 1% differential either way in FE achievements between Lancashire and England, with the exception of Arts Media and Publishing, which accounts for 1% of FE achievements in Lancashire but 3% in England, and Preparation for Life and Work, which accounts for 46% of achievements in Lancashire but 48% in England, as well as Retail and Commercial Enterprise accounting for 8% of achievements in Lancashire, and 6% in England, as aforementioned.

It would appear that in terms of achievements by subject area, Lancashire's distribution of achievements is well matched to Lancashire's larger employment sectors, with Health as the single biggest employment sector in Lancashire, and retail the third biggest. Interestingly, Lancashire's second highest employment sector, Manufacturing, which contributes a large amount to Lancashire's overall Gross Value added, and employs 13% of Lancashire workers, has only the 7th highest achievements across all sectors in Lancashire. Though Lancashire's Engineering and Manufacturing technology position does mirror its position nationally in terms of achievements, it is worth noting the differential in employment percentage in Lancashire manufacturing (13%) relative to England's manufacturing employment base (8%).

With regard Lancashire's FE education and training in Engineering and Manufacturing Technology, it would appear to be more common to take a technical route into this sector in Lancashire, due to the nature of the skills required. *While Apprenticeship provision in this sector from 18/19 to 19/20 reduced by -11.6% this was less than the national reduction of 13.1% which reflects the strengths of Apprenticeship provision in Lancashire's manufacturing sector.*

Apprenticeship Achievements by SSAT1, Lancashire vs England, 2019/20

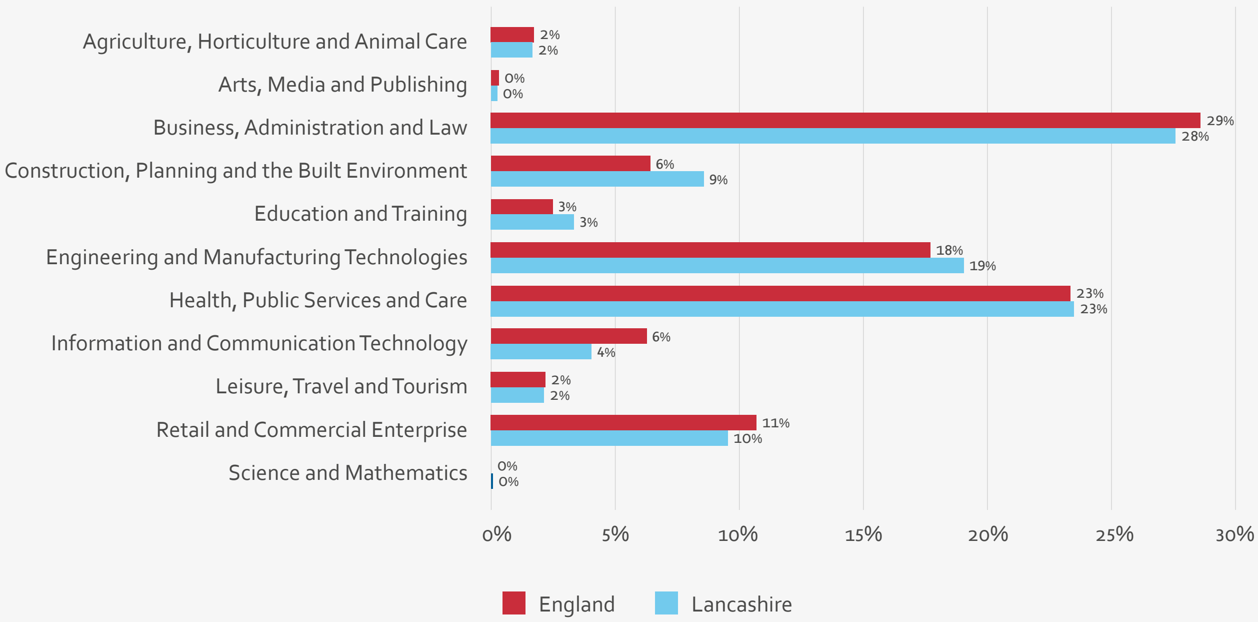


Figure 13: Apprenticeship Achievements 2018/19.
Source: DfE Localism Dashboard. Above: England, Below: Lancashire

Lancashire has a similar distribution of Apprenticeship achievements by sector subject area to the England, whereby Business, Administration and Law account for the highest percentage of achievements, followed by Health, Public Services and Care (which had the highest number of achievements last year) and then Engineering and Manufacturing Technology. Lancashire tends to have a similar percentage of all achievements to England across most sector subject areas, mostly with a 1% differential, such as the slightly higher percentage of achievements in Business, Administration and Law in England compared to Lancashire (29% vs 28%) and slightly lower percentage of achievements in Engineering and Manufacturing Technologies in England compared to Lancashire (18% in England compared to 19% in Lancashire). Some more notable differentials include the higher percentage of achievements in Construction, Planning and the Built Environment in Lancashire than in England (9% vs 6% in England), and a lower percentage of achievements in Information and Communication in Lancashire than in England (4% vs 6% in England).

In the main, data shows that Lancashire's distribution of apprenticeship achievements appear well matched to Lancashire's employment specialisms, in particular with the higher percentage of achievements in Engineering and Manufacturing Technologies, Lancashire has a 5% higher percentage of employment in this sector than is typical in England. Achievements also appear well matched to Lancashire's construction sector, which shows a higher percentage of achievements in Lancashire relative to England, in line with Lancashire's higher percentage of employment in this sector. That being said, the differential between Lancashire's apprenticeship achievements in Construction, Planning and the Built Environment and its employment percentage differential (both in respect of Lancashire compared to England) is much higher, at 3% for achievements vs 1% for Employment.

Further detail is given in Annex B, which quotes Lancashire's Digital Skills Landscape Report, whereby a lag compared to the national picture was highlighted in Information and Communications Technology Apprenticeship starts. There is now a digital T-Level available at all 4 colleges in Lancashire which started to deliver T-Levels in September.

As previously discussed, Apprenticeship starts dropped following the introduction of the Apprenticeship reforms, particularly in the switch from frameworks to standards as some old frameworks Lancashire had high starts. The Health and Social care standard requires 20% off the job training, which local intelligence suggests has been a difficulty and a barrier for Health and Social Care providers, and has caused a drop off in level 2 starts.

HE Qualifiers by Subject, 2018/19 - Lancashire LEP vs England

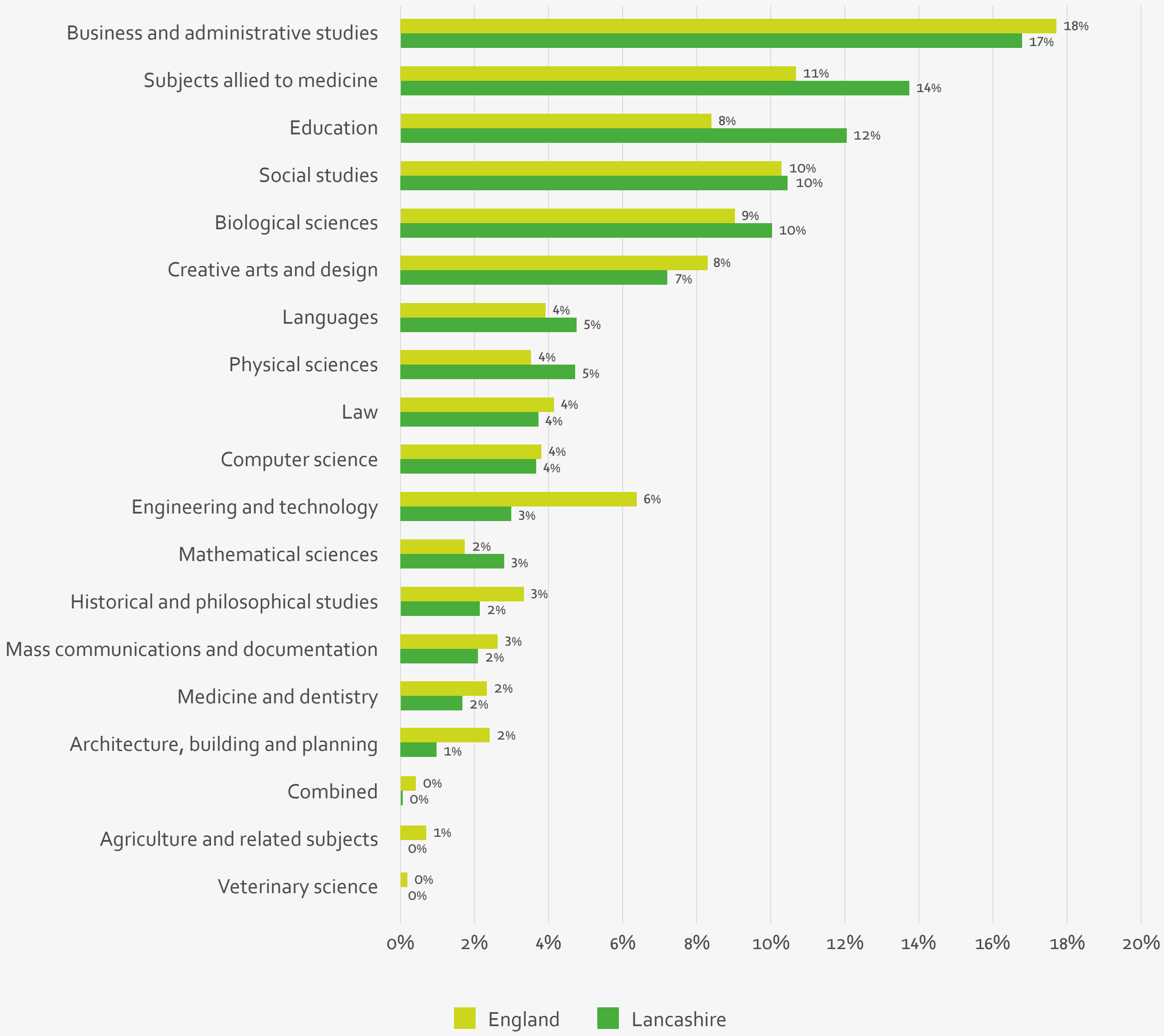


Figure 14: HE Qualifiers by Subject, 2018/19 - Lancashire LEP vs England.
Source: HESA 2018/19 Qualifiers, 2020

Lancashire higher education qualifiers differ considerably to the national picture, with relatively higher proportions of qualifiers coming from Subjects Allied to Medicine than is typical in England (14% in Lancashire compared to 11% in England) and in Education, where 12% of HE qualifiers in Lancashire are in this subject area compared to 8% nationally. Lancashire lags the national picture in the percentage of qualifiers in Business and Administrative studies (18% in England vs 17% in Lancashire) and Engineering and Technology (6% in England vs 3% in Lancashire). In the main, Lancashire's qualifiers are well matched to Lancashire's sector employment strengths and priorities, with good representation across Health (Subjects Allied to Health and Biological Sciences).

It is recognised that while the percentage of qualifiers in Engineering and Technology is lower than the national percentage, technical pathways contribute a higher percentage for this sector area in Lancashire. The introduction of T-Levels widens the opportunities via this route further in line with the Technical Education Vision. Recent investment in the Engineering Innovation Centre (EIC) at UCLan and in the Additive Manufacturing laboratory at Lancaster University will further strengthen delivery of both academic and technical manufacturing higher lever skills provision in Lancashire.

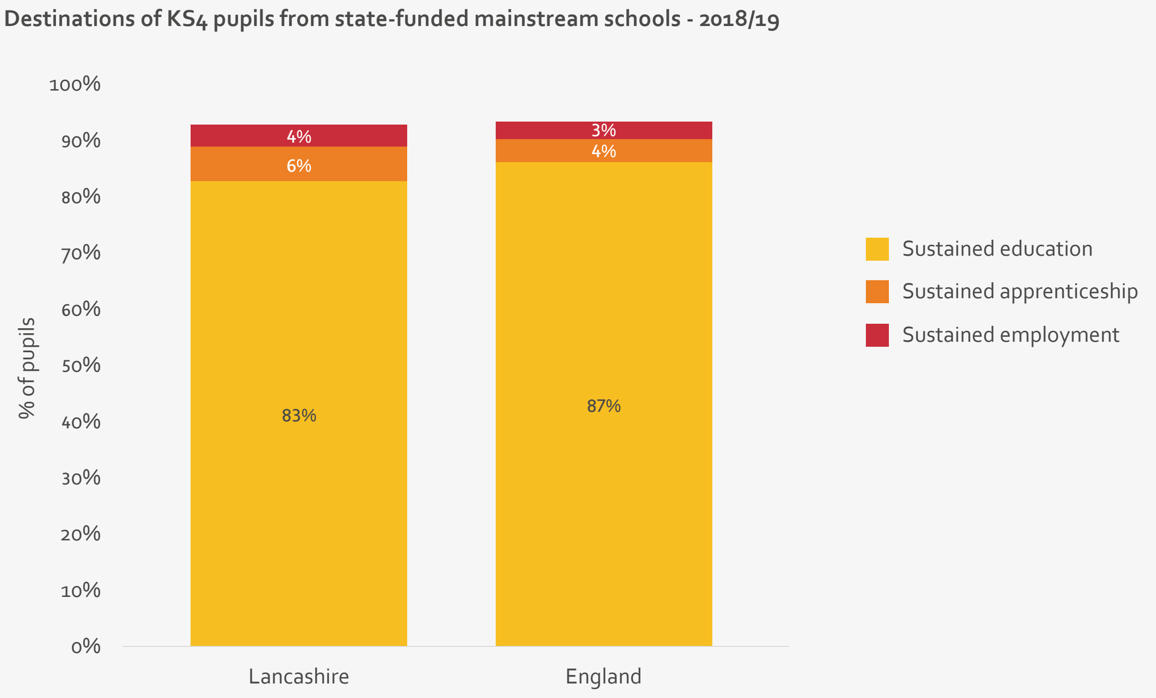


Figure 15: Post 16 KS4 Destinations, Pupils from state-funded mainstream schools - 2018/19.
Source: DfE, 2020.

In Lancashire, a lower overall percentage of KS4 school leavers enter a positive sustained destination (93%) than the picture across England (94%). These figures have seen a reversal from the previous year, whereby Lancashire had a marginally higher percentage of KS4 leavers entering a positive destination. The make-up of the positive destinations is different to the the picture in England with 6% of school leavers achieving a sustained apprenticeship in Lancashire compared with more than 4% nationally. Conversely, a lower percentage of those finishing KS4 move onto sustained education (83% vs 87% in England). Therefore, in total 89% of KS4 leavers in Lancashire move into sustained educational destinations, whether that be in FE or an apprenticeship setting, this is lower than the 91% who do in England. These figures reflect the strong legacy in regards to Apprenticeships in Lancashire, with many employers embracing the benefits of 'growing their own'. Apprenticeships are very important in Lancashire and a certain harmony between education provision and labour market demand for skills: offering Lancashire's technical industry base technically trained workers with the relevant skills for their workplace.

The Lancashire Enterprise Adviser Network (EAN) has gone from strength to strength since its beginnings in February 2016 and phased roll out, complemented by the launch of the pilot Careers Hub in the Blackpool Opportunity Area, Burnley and Pendle in September 2018. From September 2020, the Hub will be rolled out across the whole of the Lancashire area. The Hub is one of the highest performing in the country and achieved the Careers Hub of the Year award at the September 2019 annual Careers and Enterprise Company & Gatsby Foundation awards. Technical education routes are embedded, in-line with Lancashire's Technical Education Vision.

Destinations after 16-18 by main level studied (state-funded mainstream schools and colleges), 2018/19

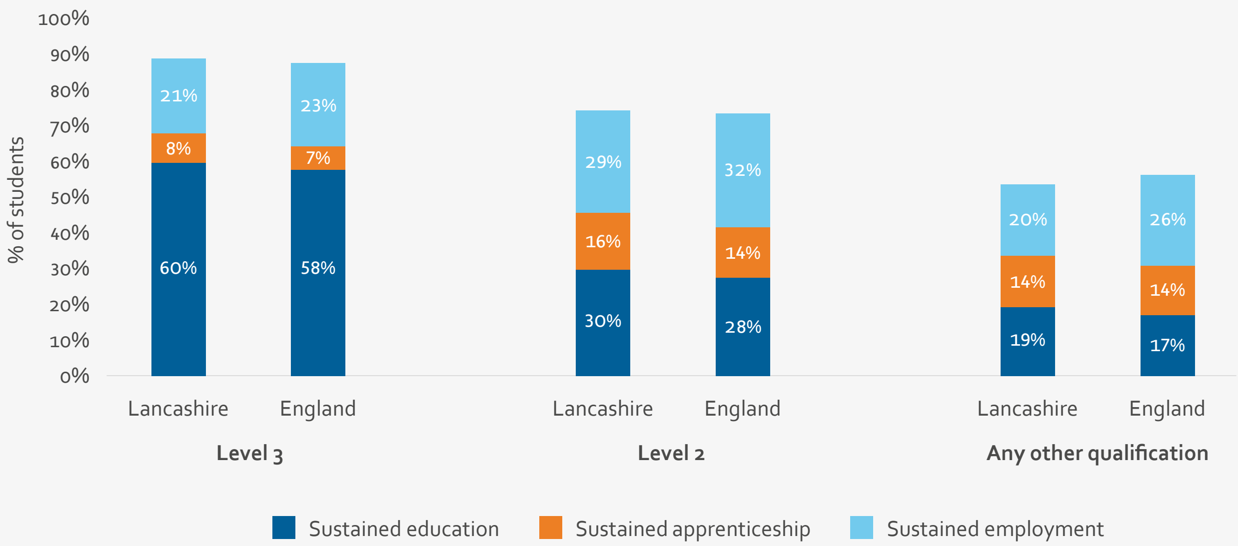


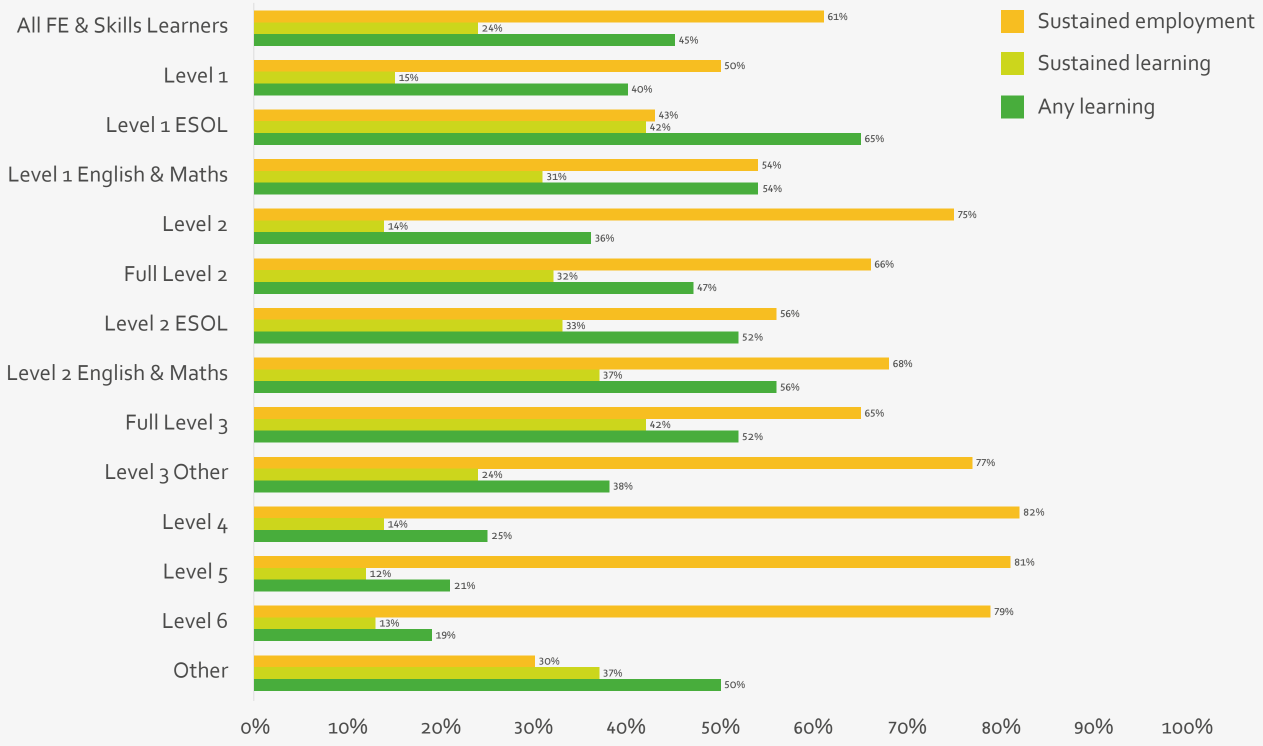
Figure 16: KS4 and KS5 Destinations by Main Level Studied, 2018/19.
Source: DfE, 2020.

Across all levels and qualifications, destinations for those finishing KS4 and KS5 in Lancashire result in a higher proportion moving into sustained education than is typical across England, with 60% for those who have most recently completed Level 3, 30% for those who have most recently completed Level 2 (up from 28% the previous year) and 19% for those 16-18 year olds who have finished any other qualification. On average two percent more 16-18 year olds in Lancashire move into sustained education than is typical in England. Lancashire 16-18 year olds are also more likely to move into sustained apprenticeships across levels 2 and 3 than is typical in England, and as a result a lower proportion moving straight into sustained employment. The percentage of those moving into sustained education varies across the landscape, depending on which level has been most recently completed. Those who have most recently studied Level 3 in Lancashire are more likely to go into sustained education (at 60%), when compared with those who have completed Level 2 or any other qualification (30% and 19% respectively go onto sustained education).

Whilst it could be argued that there are fewer employment opportunities for young people, based on a lower percentage of students going into employment in Lancashire than in England, Apprenticeships are both positive educational and employment destinations, and when this is taken into account Lancashire performs very well compared to the England average at level 3. At Level 3, 89% of destinations are positive in Lancashire, compared to 88% in England. At Level 2, 75% of destinations are positive in Lancashire, compared to 74% in England. For all other qualifications, Lancashire lags behind the England average for positive destinations considerably, with 53% of destinations positive vs 57% in England. Though Lancashire lags England considerably in positive destinations following 16-18 qualifications which are categorised as “Other”, this figure has increased by 3% on the previous year whilst England's remains unchanged at 57%.

The Lancashire Careers Hub and allied Enterprise Adviser Network are one of the highest performing networks of schools and colleges across the country in relation to Gatsby Benchmarks. There is evidence to suggest that good careers provision, including employer encounters and experiences, reduces probability of a young person becoming NEET (not in employment, education or training). On this basis, the performance against Gatsby Benchmarks, suggests that young people in Lancashire receive good quality careers provision which supports an increased percentage of positive destinations.

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



Destinations of FE & Skills Learners in 2018/19 - Lancashire LEP

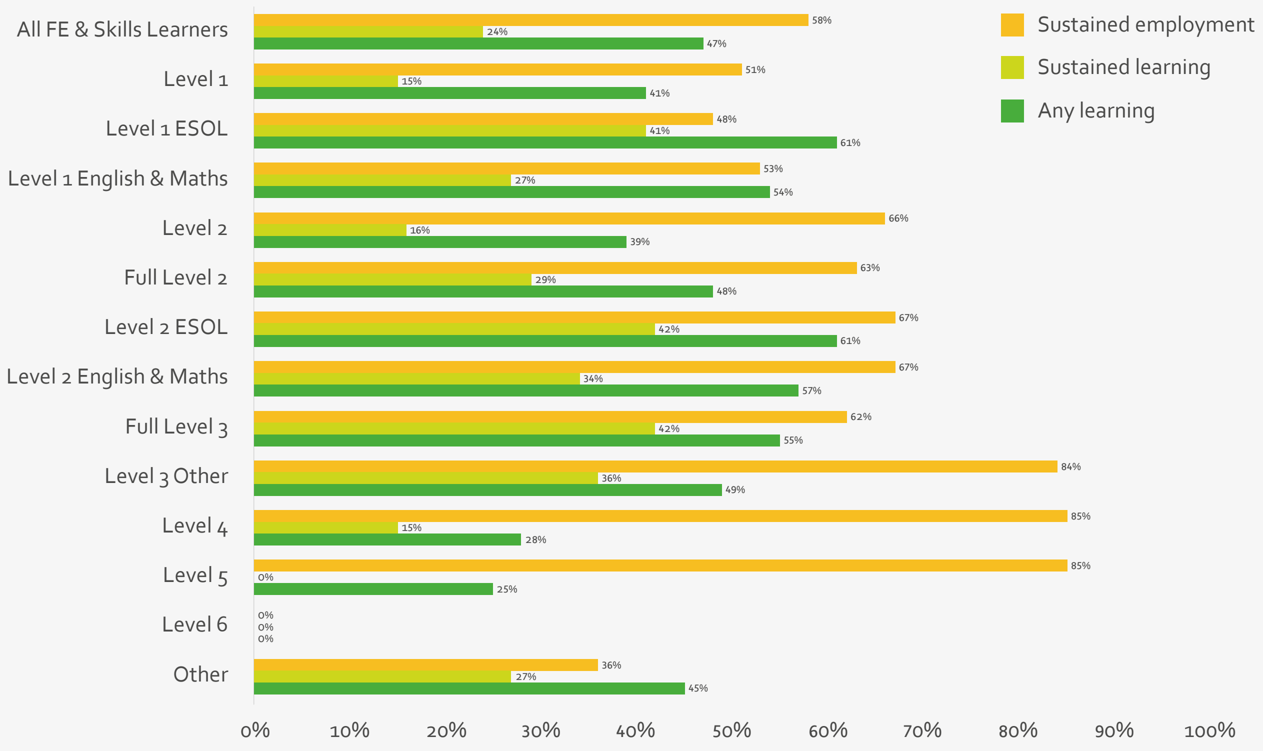
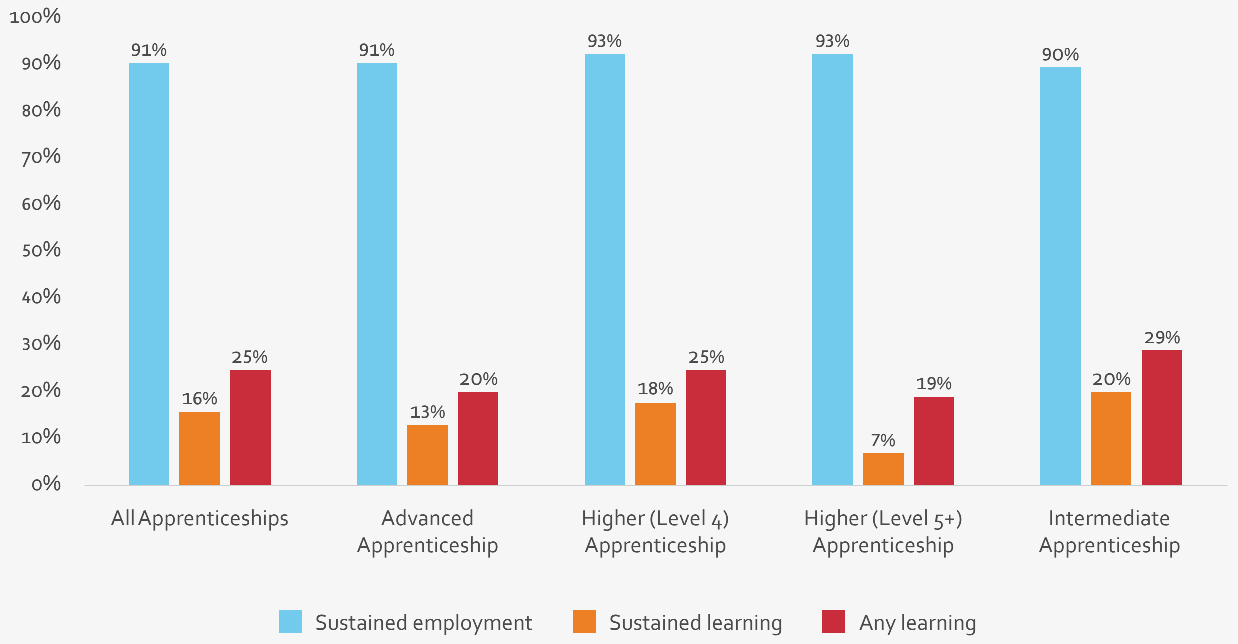


Figure 17: Destinations of FE & Skills Learner Destinations in 2018/19 (2017/18 Achievements).
Source: FE Outcome Based Success Measures, DfE, 2020.

In Lancashire, all FE & Skills Learners are less likely to enter sustained employment than is typical in England, with data pertaining to 2017/18 achievements showing that 58% of all FE and Skills Learners in Lancashire went into a sustained employment destination compared to 61% across England. This picture has improved since the 2016/17 cohort, when only 53% entered sustained employment in Lancashire, this was 5% below the figure for England and is now in line with England last year at just 3% below the average. Lancashire FE and Skills learners were equally as likely as England to enter a sustained education destination following qualification (24 %) where this was 25% for both Lancashire and England the previous year.

There is clear variation in Lancashire that, depending on the level and content, would influence the likelihood of that learner going on to a sustained employment destination, a sustained educational destination or any learning. For instance across Lancashire, those studying for "Level 3 – Other" and those studying "Level 4" and "Level 5" are the most likely to enter into sustained employment (at 84% for "Level 3 – Other" and 85% for both "Level 4" and "Level 5") which is higher than for the corresponding levels of study in England (77% for "Level 3 – Other", 81% for "Level 4" and 83% for "Level 5") and much higher than the picture generally for all FE & Skills Learners in Lancashire (53%). Those studying "Level 3 – Other" are more likely to enter sustained education in Lancashire (36%, 3% up from the previous year) than they are nationally (24%).

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



Destinations of FE & Skills Learners in 2018/19 - Lancashire LEP

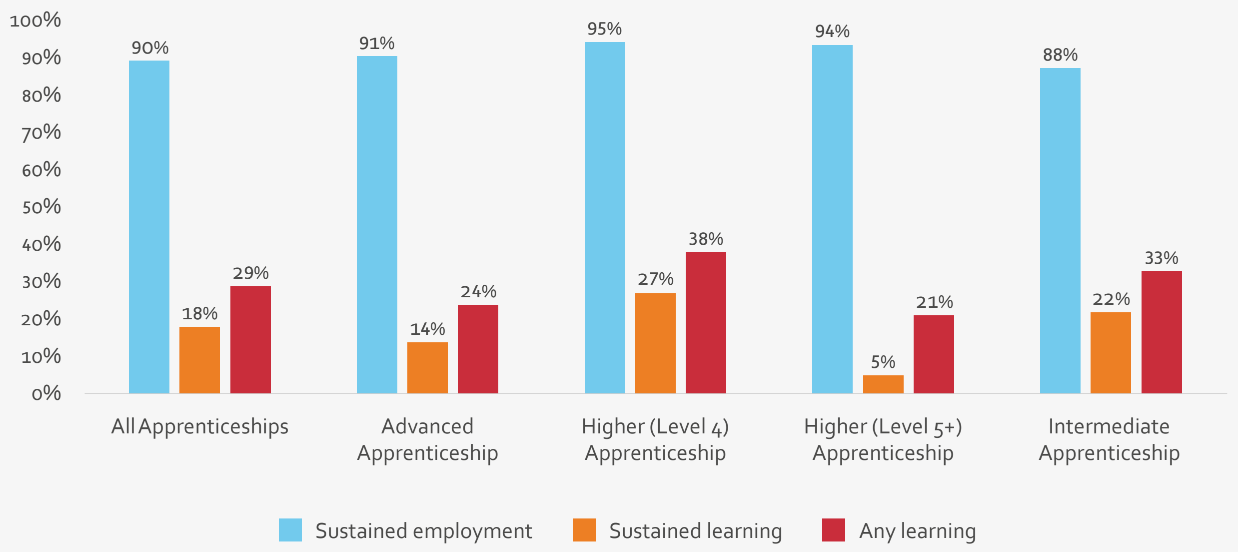


Figure 18: Apprenticeship Destinations in 2018/19 (2017/18 Achievements), Above: England, Below: Lancashire LEP.
Source: FE Outcome Based Success Measures, 2017/18 Achievements, DfE, 2020.

Of those individuals who completed an apprenticeship in Lancashire in 2017/18, 90% went on to a sustained employment destination the following year, which is slightly below the average of 91% across England. This position has improved in Lancashire in nominal terms, whereby the previous year 89% of those completing an Apprenticeship in Lancashire moved on to sustained employment, the position has improved nationally, such that Lancashire is now 1% behind the national picture in terms of moving on to a sustained employment destination. In addition, 18% of individuals completing an apprenticeship the previous year in Lancashire went on to sustained learning, compared to 16% in England.

The percentage of apprenticeship achievers going on to sustained employment the following year appears to be correlated with the level of apprenticeship study, whereby the higher the level the higher the percentage of achievers that move into sustained employment. In Lancashire, of those completing Intermediate (Level 2) Apprenticeships in the previous year, 88% move on to sustained employment (up 1% from the previous year), which is slightly lower than in England, where 90% of this cohort move on to sustained employment. Of those completing Advanced (Level 3) and Higher (Level 4) Apprenticeships in Lancashire, 91% and 95% respectively move onto sustained employment, with Level 3 akin to the sustained employment percentage in England, but the Level 4 is 2% higher than in England Level 5+ Apprenticeships in Lancashire see 94% of those who completed one the previous year entering sustained employment, compared to 93% in England. In general, apprenticeships at Level 3 and above see Lancashire apprentices entering sustained employment upon completion at a higher percentage than is typical in England.

The supply of skills and qualifications from Apprenticeships in Lancashire demonstrate that they are well matched to demand from the labour market, more so than in England. This implies a higher level of labour market efficiency in allocating individuals with higher level skills into sustained employment in Lancashire following the completion of an Apprenticeship.

Graduate destinations for 2017/18 academic year

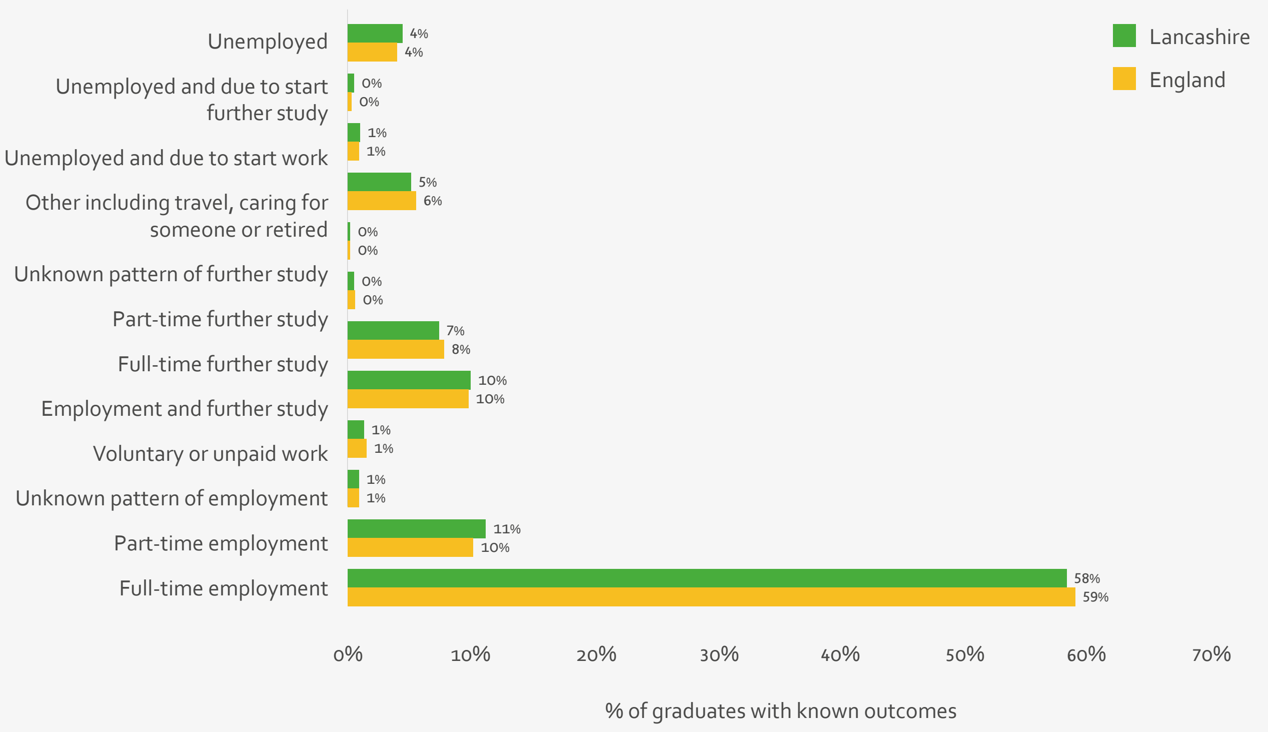


Figure 19: Graduate Destinations for 2017/18 Academic Year.
Source: HESA 2017/18 Graduates, 2020

The same proportion of graduates from Lancashire's universities move into employment following the completion of their studies as their contemporaries nationwide, with 69% of graduates in Lancashire moving into employment. The difference is in the full time or part time nature of their work, with 58% of graduates in Lancashire going into full time work, compared with 59% in England, and 11% going into part-time work, compared with 10% in England. A further 10% of graduates in Lancashire go into employment and further study, in line with the percentage that do so in England, and a smaller percentage (7%) go into full time further study going on to further full time study than the national picture (8%).

Current region of residence of graduates from HEIs in Lancashire, 2017/18

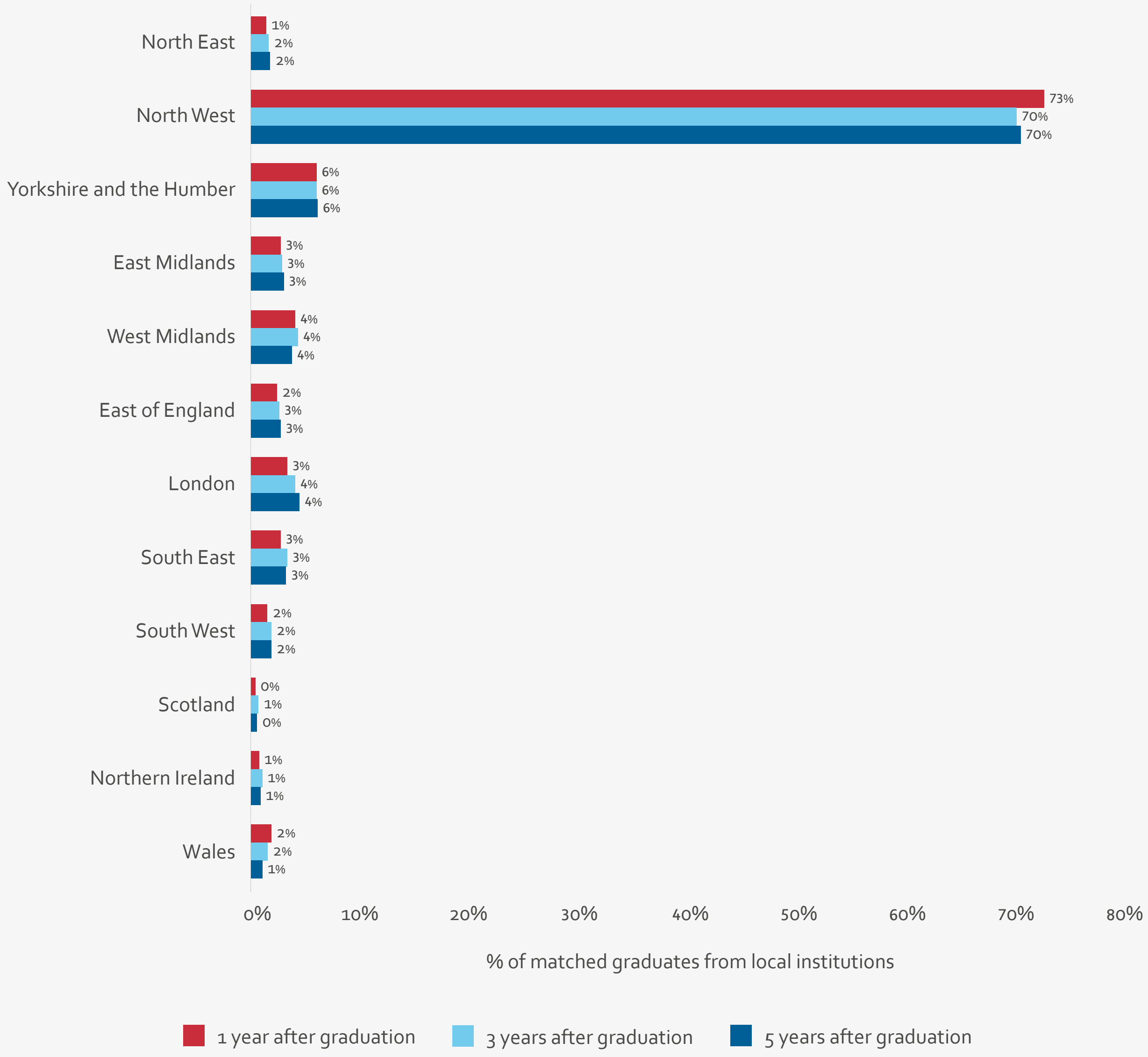


Figure 20: Current Region of Residence from Graduates of HEIs in Lancashire, 2017/18.
Source: Graduate Outcomes in 2017/18, DfE, 2019.

Crucially to Lancashire's economic prospects, the notion of the retention of highly skilled and qualified graduates from Lancashire's higher education institutions (HEIs) is an important one. We can see that 73% of graduates from Lancashire HEIs remain within the North West a year after graduating, which reduces to 70% of graduates from Lancashire HEIs after the 3 and 5 year points. Presuming these graduates are going into roles requiring graduate level skills and qualifications that they have earned, then this is a great success for the Lancashire economy; retaining the skills base that Lancashire HEIs have contributed to building.

Questions remain, regarding the missing graduate destinations data for all graduates - we know that 58% of graduates from this cohort were employed full time, and 11% were employed part time, and indeed if the missing graduates from the surveys they are in jobs in skill mismatches. Notwithstanding the question marks surrounding their employment, the nature of it, and the level of their employment matching their skills and qualifications, there are also questions as to whether graduates remain employed or domiciled in Lancashire, as opposed to just the wider North West. Do Lancashire employers have a need for the skills and qualifications that these graduates have? Or is there a "brain drain" to other parts of the North West where they might find roles more suited to their skillsets and qualifications and those offering more lucrative earnings? The data on Median Weekly wages show that those who live in Lancashire earn more than those who work in Lancashire, so it is intuitive that working outside of Lancashire within a commutable distance can enable workers to access higher wages.

Employers providing training over past 12 months, 2019

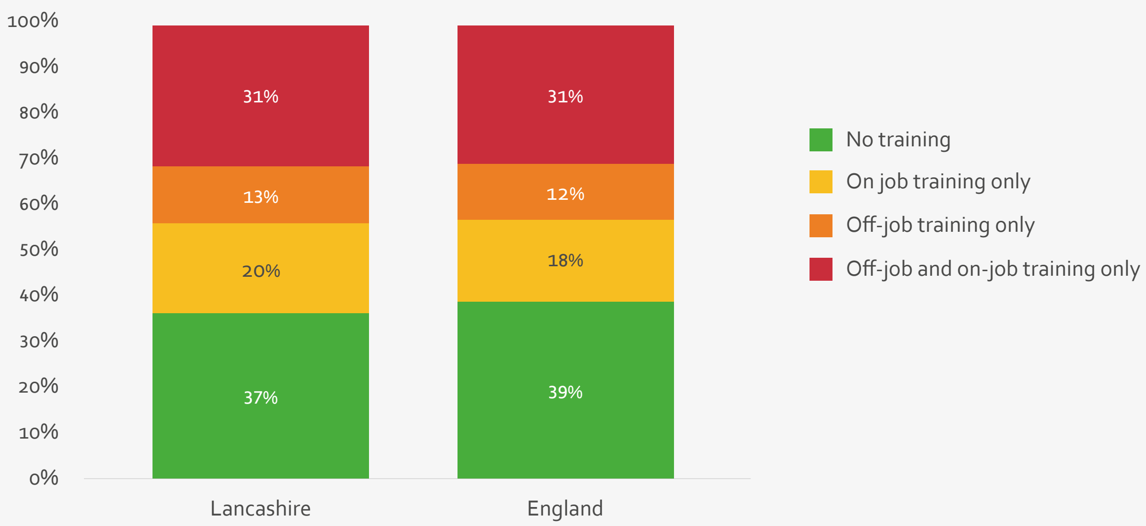


Figure 21: Employers Providing Training over Past 12 Months, 2019.
Source: Employer Skills Survey, 2019

Commitments from business to upskill their workers to aid productivity is a crucial part of the productivity puzzle in Lancashire. By providing Training directly to their existing employees business can be confident that they will have the skills that they require. To that end, we can see that a smaller percentage of businesses in Lancashire provide no training at all for their employees than is typical of the wider business base in England, with 37% of employers in Lancashire reporting that they provided no training at all, compared to 39% in England. A higher proportion of employers in Lancashire provide on the job training only compared to those employers in England (20% vs 18%), and a higher proportion of off the job training than those in England (13% vs 12%). Lancashire and England have a comparable percentage of employers providing both on and off the job training (31%).

Lancashire SAP members have provided anecdotal feedback on the "missing middle", that they as employers don't always need graduates, that degree level qualifications aren't necessarily needed, and that there is a market demand for qualifications below degree level. The development of Higher Technical Qualifications at Level 4 and 5 provide an opportunity in Lancashire to address employer needs and boost Level 4+ attainment levels.

The employer skills survey in 2019 showed that those Lancashire businesses which didn't provide any training, responded (unprompted) that training wasn't needed or that their staff were fully proficient. This was the case with 74% of those Lancashire businesses not providing training, 4% higher than the figure across England. Interesting to note the differentials between a higher percentage of businesses in Lancashire reporting that their staff do not need training and the lower percentage of business in Lancashire who don't provide training, compared to the average in England (see Annex B).

The final figure of Annex B shows how the percentage of hard-to-fill vacancies, percentage of hard-to-fill vacancies as a consequence of skills shortages and other reasons, has changed since 2017. In Summary, Hard-to-fill vacancies as a percentage of all vacancies are on the rise in both England and Lancashire. In 2017, the employers surveyed in the employer skills survey indicated that of all vacancies in Lancashire, 37% were hard to fill, compared to 33% in England. In 2019, this had risen to 46%, compared to 36% in England. Previously there was a 3% differential in Hard to Fill vacancies between Lancashire and England, as of 2019, this had risen to 10%. Of those vacancies in Lancashire, in 2017 22% were hard to fill because they were Skills Shortage Vacancies, which was the same across England. As of 2019, 36% of vacancies were Skills Shortage Vacancies in Lancashire, compared to 25% in England, an 11% differential. In this way, it is fair to say that Lancashire employers are increasingly finding vacancies hard to fill due to skills shortages in the workforce, and this is increasing more significantly in Lancashire than it is in England.

Skills Demand

- In Lancashire, the forecasted highest growth sectors are IT, Real Estate, Arts and Entertainment, Health and Social Work, and Professional Services. At present, only Health and Social Work is a larger employment sector in Lancashire than is typical nationally. Most of the sectors with the forecast lowest growth are large employment sectors in Lancashire, such as manufacturing. The real-time intelligence in Lancashire suggests that the number or claimants per vacancy has more than doubled, but that towards the winter of 2020, the claimants per vacancy figure was beginning to approximate to the equivalent in 2019.
- There is forecast to be the highest growth in occupations based in the Health Sector, customer service, and Managerial occupations, with lower growth forecast for lower skilled occupations, but also skilled Trade Occupations.
- Lancashire employers report requiring more basic computer literacy from their workforce than is typical nationally, as well as job specific skills.

Lancashire LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1) Information technology	1) Rest of manufacturing
2) Real estate	2) Food drink and tobacco
3) Arts and entertainment	3) Agriculture
4) Health and social work	4) Transport and storage
5) Professional services	5) Education

Figure 22: Lancashire LEP Forecast Sector Growth, Top and Bottom 5 Sectors.
Source: Working Futures, 2017

Sectors forecast to see the highest growth by Working Futures in the Lancashire LEP area include Information Technology, Real Estate, Arts and Entertainment, Health and Social Work and Professional Services. Interestingly, only Health and Social Work as it stands today is a major employment sector in Lancashire, with 16% of employment, Information Technology employs only 2% of Lancashire workers (though the Lancashire Digital Landscape research estimates this at 2.9%), Real Estate 1%, Arts and Entertainment 4% and Professional Services 4%. Some of the sectors which Working Futures forecast as being those sectors which will experience the least growth in Lancashire are concerning, as they are currently represent larger employment sectors. For example, "Rest of Manufacturing" speaks to a contraction in certain areas of the manufacturing sector, which is Lancashire's second highest employment sector as of 2019, with 13% of all employment. Likewise Education, which is currently Lancashire fourth largest sector employing 9% of the County's workforce is forecast to be one of the sectors with the lowest growth through to 2027.

Local intelligence suggests that COVID-19 has changed the landscape in this regard. Throughout the early stages of the pandemic, the number of vacancies posted monthly per claimant rose from the pre-pandemic norm of between 2.5 and 4 claimants per vacancy, to as high as 8.2 vacancies per claimant, see Annex B for further information. Data is spikier on sector opportunities, but the severe impact on civil aerospace has been particularly pertinent evidence in local intelligence.

Lancashire 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) Corporate managers and directors	4) Skilled metal, electrical and electronic trades
5) Health professionals	5) Administrative occupations

Figure 23: Lancashire LEP, Forecast Occupation Growth, Top and Bottom 5 Occupations.
Source: Working Futures, 2017

Working Futures analysis suggests that Caring personal service occupations, health and social care associate professionals, and health professionals make up the top 5 occupations in terms of growth, which resonates with earlier findings with the Health and Social Work sector being one of the top 5 to experience growth from 2017-2027. Other occupations forecast to be amongst those with the highest growth, include customer service occupations, which speaks to Lancashire's existing wholesale and retail employment base (a cumulative 15% of employment in Lancashire, bettered only by the Health and Social Care sector). Working futures also indicates that there will be a requirement for the provision of leadership skills and capacity amongst Lancashire's workforce, with Corporate Managers and Directors occupations forecast to be the fourth highest in terms of growth between 2017 and 2027.

When looking at those occupations with the lowest forecast growth, there is a clear pattern of those occupations considered in the Standard Occupation Classifications of 2010 (SOC2010) to be lower skilled, such as Secretarial and related occupations, administrative occupations, as well as Process, Plant and Machine Operatives. To a lesser extent by level of skill, there is also forecast to be lower growth in Textiles, Printing and Other Skilled Trades, as well as Skilled Metal, Electrical and Electronic Trades.

Local intelligence suggests that lower skilled jobs have been hit in the pandemic, as well as some higher level skilled jobs in the civil aerospace industry, which is suffering from an unprecedented fall in demand from the impact on the tourism and travel sector. The extent to which the recovery from COVID-19 will affect occupations is unclear and whether the impact will more likely be distributed in sectoral way rather than occupationally, but at this point it is very hypothetical and too early to say. To have an appreciation of furlough by occupation would aid this understanding.

In 2020, there were over 130,000 vacancies posted pertaining to roles in the Lancashire LEP area, this is an increase from around 107,000 in 2019. Following the relaxation of some of the measures in the summer, vacancies posted monthly in 2020 were above their 2019 levels in June and then from August onwards. Despite vacancy postings appearing nominally to show an abundance of opportunities, the consideration remains as to the quality of the opportunities, how well matched they are to the skills supply in Lancashire, and their relative security. There are also considerations regarding the number of candidates for these roles. As with all areas, there have been large increases in individuals claiming universal credit as a consequence of being unemployed, which increases the competition for these vacancies, irrespective of the nominal volume of opportunities compared to the previous year.

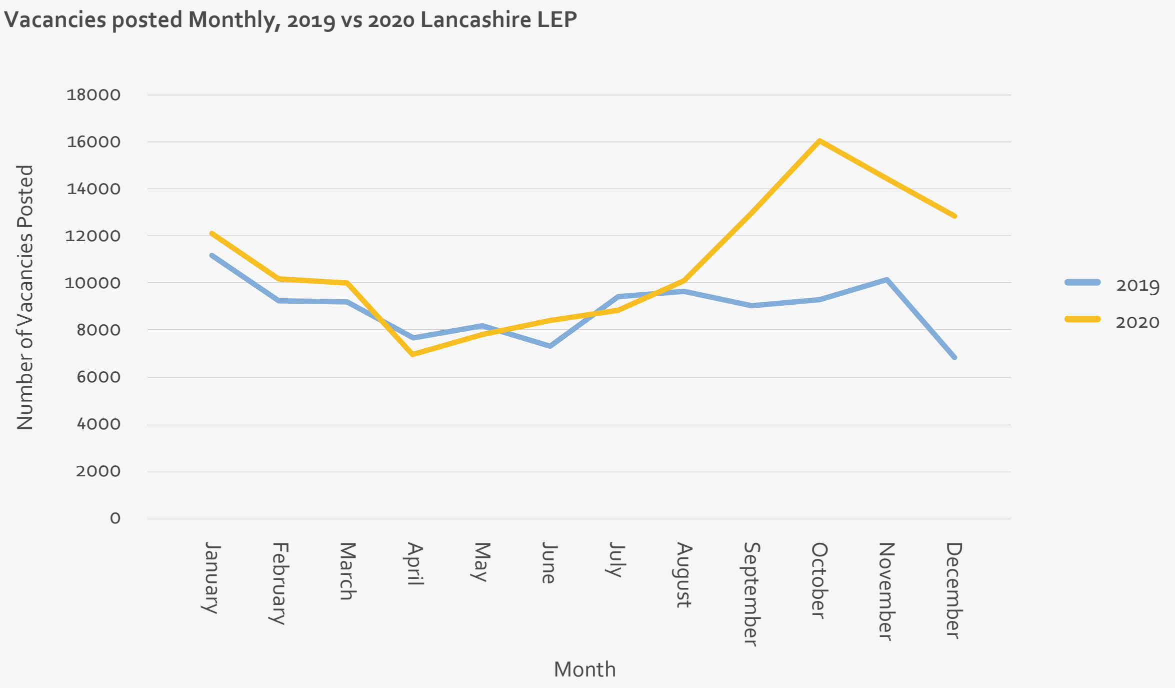


Figure 24: Vacancies posted Monthly, 2019 vs 2020 Lancashire LEP.
Source: Source: Burning Glass Labour Insight, 2020

Vacancy data allows for a more granular look at the opportunities in the labour market, in particular it offers insight into the types of occupations that Lancashire businesses are recruiting. By Standard Occupational Classification, Nursing and Midwifery Professionals have seen the highest level of demand in 2020, representing an increase of 56% on the previous year. This is mostly composed of nurses, where there were over 8600 roles advertised in 2020. In addition to nursing, teaching and educational professionals also experienced a high level of demand with over 8100 advertised roles and an increase of 33% on the previous years. Of these professions, secondary education teaching professionals saw nearly 2500 roles advertised, an increase of 76% on the previous year. Caring was in similarly high demand with over 8600 roles advertised, mostly for Care Workers and Home Carers, which saw over 6200 roles advertised and a year on year growth rate of 66%. Despite high growth in demand for roles in Nursing, Teaching, and Caring, Lancashire employers also demanded over 8500 Information Technology and Telecommunications Professionals, an increase of 68% from the previous year. Almost half of this demand came for Programmers and Software development professionals, an increase of 80% on the previous year.

Occupation to 3 Digit SOC and 4 Digit SOC	2019	2020	Percentage Change Year on Year
Nursing And Midwifery Professionals	**5586**	**8722**	**56%**
Nurses	5540	8655	56%
Midwives	46	67	46%
Teaching And Educational Professionals	**6102**	**8114**	**33%**
Secondary Education Teaching Professionals	1405	2469	76%
Primary And Nursery Education Teaching Professionals	1516	1925	27%
Teaching And Other Educational Professionals N.E.C.	1450	1730	19%
Higher Education Teaching Professionals	1019	999	-2%
Senior Professionals Of Educational Establishments	288	381	32%
Special Needs Education Teaching Professionals	232	333	44%
Further Education Teaching Professionals	124	237	91%
Education Advisers And School Inspectors	68	40	-41%
Caring Personal Services	**5327**	**8656**	**62%**
Care Workers And Home Carers	3768	6244	66%
Nursing Auxiliaries And Assistants	1178	1863	58%
Senior Care Workers	111	256	131%
Dental Nurses	144	148	3%
Houseparents And Residential Wardens	66	64	-3%
Undertakers, Mortuary And Crematorium Assistants	37	37	0%
Ambulance Staff (Excluding Paramedics)	23	44	91%
Information Technology And Telecommunications Professionals	**5084**	**8552**	**68%**
Programmers And Software Development Professionals	2279	4113	80%
It Business Analysts, Architects And Systems Designers	1068	1694	59%
Web Design And Development Professionals	713	1251	75%
Information Technology And Telecommunications Professionals N.E.C.	612	887	45%
It Project And Programme Managers	319	510	60%
It Specialist Managers	93	97	4%

Figure 25: 2019 vs 2020 Highest Demand Occupations by 3 and 4 Digit Standard Occupational Classification.
Source: Burning Glass Labour Insight, 2020.

Skills that will need developing in the workforce, 2019

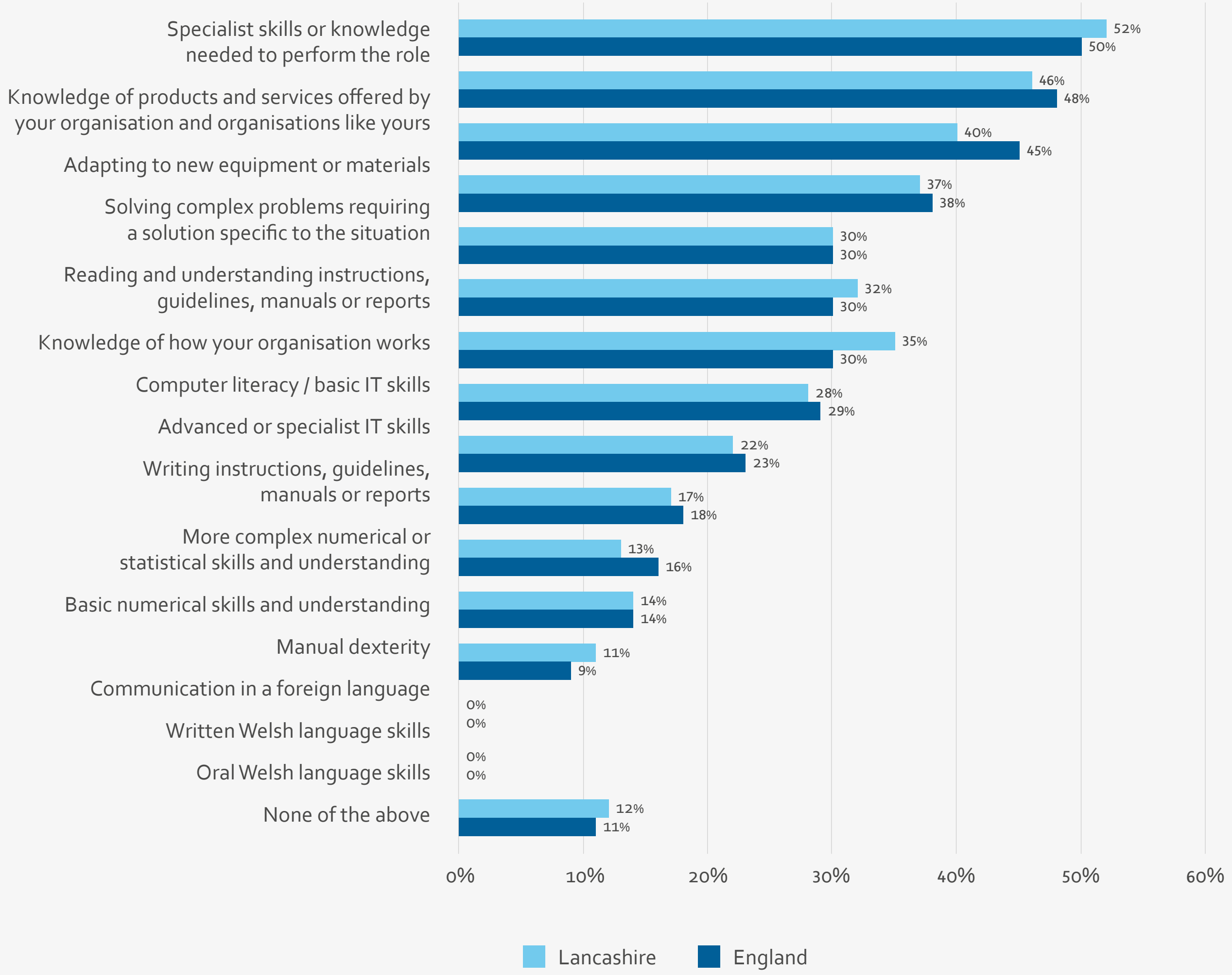


Figure 26: Skills that will need developing in the workforce, Lancashire vs England, 2019.
Source: Employer Skills Survey, 2019.

Data from the employer skills survey gives insight into what Lancashire employers consider that their employees need to develop skills wise. There are interesting parallels to draw between Lancashire employer's skills requirements and those of England's, particularly the notion of a higher percentage of Lancashire businesses reporting the requirement for Lancashire workers to have computer literacy/ basic IT skills (35% in Lancashire vs 30% in England). This is particularly important in the present age of working from home digitally and should likely become ever more important as time goes on. As highlighted in figure 26, with the exception of the aforementioned, the survey provides a similar skills demand picture amongst employers across the country with mainly small variations. Lancashire employers only place a larger emphasis than the average employer in England in Communicating in a foreign language (11% vs 9% in England), Knowledge of how their organisation works (32% vs 30% in England), specialist skills and knowledge needed to perform the role (52% vs 50% in England) and none of the above (12% vs 11% in England). A large portion of demand from Lancashire employers appears to come for job specific skills, which might indicate a preference for Apprenticeship and technical education routes.

Mapping Supply and Demand

- Lancashire business report a higher proportion of staff who are not fully proficient in their role than is typical in England. They also report a higher proportion of under-utilised staff who may have skills which are in excess of those required for their role, than is typical in England. Cumulatively, this implies a larger extent of market failure in respect of skills mismatch in Lancashire than it does in England. Under-utilisation represents not only a problem, but an economic opportunity lost in Lancashire, implying that there is a surplus of productive capacity which exists in Lancashire businesses.
- Lancashire employers report a higher percentage of hard to fill vacancies than employers across England, with a higher proportion of these hard to fill vacancies in Lancashire being Skills Shortage Vacancies than is typical nationally.

	Proportion of staff not fully proficient	Proportion of establishments with any under-utilised staff
Lancashire	5.6%	36.0%
England	4.6%	34.0%

Figure 27: Proportion of staff not fully proficient and proportion of establishments with any underutilised staff, Lancashire vs England.
Source: Employer Skills Survey, 2019

Lancashire businesses face an interesting paradox when examining proficiency and over-qualification within their workplaces, in the first instance, it is seen from the Employer Skills Survey that Lancashire employers face a higher percentage of their staff who are not fully proficient in their role, reporting 5.6% of their staff who fit this criteria, compared to the wider England percentage of 4.6%. In this way, it could be said Lancashire workers are more poorly matched to their employment than is typical in England. Feeding into mismatches between supply and demand, Lancashire's higher proportion of businesses reporting having under-utilised staff presents issues from the other side of the coin, whereby businesses employ staff which could be more highly skilled than their work requires. This feeds into the narrative surrounding the missing middle, with over-qualified workers for some roles, and under qualified workers for other, both preventing supply and demand for skilled workers equilibrating in Lancashire. Lancashire establishments reporting under-utilised staff as a proportion of those surveyed equates to 36.0%, which is above the 34.0% reporting this across England. This could indicate the Lancashire economy is relatively poorer at allocating productive economic capacity in the form of more highly skilled workers than is typical nationally, by not creating the high skilled jobs that these workers would be eligible to fill, resulting in wasted economic capacity (if one assumes that a higher skilled employee in a higher skilled job creates more value added than a lower skilled employee in a lower skilled job).

Proportion of all vacancies that are hard-to-fill due to skills shortages or other reasons, 2019

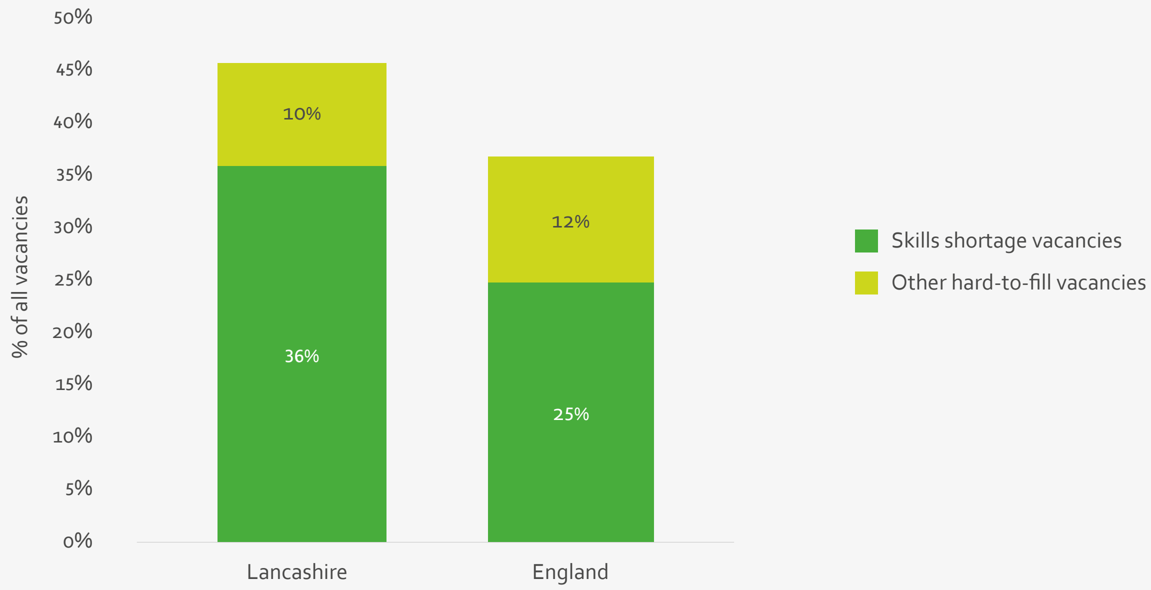


Figure 28: Proportion of all vacancies that are hard-to-fill due to Skills Shortages or other reasons, 2019.
Source: Employer Skills Survey, 2019

The employer skills survey also provides insights into labour market successes and failures in employers being able to recruit employees with the appropriate skills and qualifications into advertised vacancies. This picture differs across England, and indeed Lancashire employers appear to report a higher percentage of their vacancies which are hard to fill due to skills shortages in the talent pool of the Lancashire labour market, with 36% of vacancies in Lancashire reported to be hard to fill as a consequence of skills shortages, which implies some mismatch in provision of education and skills versus what employers need. This compares poorly with the 25% of vacancies figure which is typical across England. Lancashire suffers to a lesser extent than England with other hard to fill vacancies, with 10% versus 12% in England. This could perhaps go some way to explaining why a smaller percentage of Lancashire employers provide their staff with no training at all compared to the average across England, as they would otherwise struggle to access the required skills should they go to market for them.

This is an indication of market failure, but the question of which side of the line the fault/cause lies is unclear, are businesses efficiently articulating their labour market needs, or are providers not listening? 46% of vacancies in the market being hard to fill in Lancashire, vs 36% in England implies the extent of the market failure is more challenging in Lancashire than is typical nationally. *This has also increased from 2017, with an increase of 3% in Hard to Fill Vacancies across England between 2017 and 2019, and an increase of 9% in Lancashire, implying the extent of market failure is becoming more problematic over time, and to a more severe extent in Lancashire than nationally.*

Contact

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