



The Labour Market Handbook:
An Introduction to the Labour Market

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1. INTRODUCTION

This handbook provides a basic guide to understanding the labour market. It covers the main labour market terminologies and concepts, geographical boundaries, availability and limitations of labour market data and a summary of useful resources.

2. WHAT ARE THE LABOUR MARKET AND LABOUR MARKET INFORMATION?

The **labour market** is defined as the informal mechanism where the demand and supply of labour interact. A labour market could be a community, a city, a region, a country or a larger area.

The **supply of labour** includes all those who are either working or looking for work, that is all those who are participating in the labour force.

Demand for labour is determined by the demand for employers' products (sometimes called consumer demand), export demand, and government policies among other factors, all of which are strongly inter-related. For example, an increase in the demand for construction workers because of a major construction project will result in an increase in demand for workers in other sectors, such as those that supply building materials, transportation and hospitality and retail.

The labour market can experience both "shortages" and "surpluses". Typically this occurs because of skill mismatches, immobility of the labour force and incomplete information about both workers and employers.

Labour Market Information (LMI) is material and data about the supply and demand for labour within a certain labour market. LMI covers economic, social, demographic and labour force data. It describes the characteristics of the supply of labour: the people who are workers or potential workers in the market. It also provides information on demand: job opportunities in the market and the needs of employers. Future needs of existing employers and of new employers who will enter the market are also considered within LMI.

Often, a wide range of information must be collected and analysed to describe important features of the labour market. LMI often gives historical, current and forecast information. Different users have different information needs.

The **labour market participation rate** and the supply of labour are influenced by demographics such as the number of working-age people. The conditions of the economy in general and in the labour market, the likelihood of finding work, education levels and a host of other variables influence the participation rate and supply of labour.

3. LABOUR MARKET TERMINOLOGY AND CONCEPTS

3.1 Economically active population

The **labour force** is the number of residents who are aged over 16 and are economically active; that is, are either employees, self-employed, unemployed and actively looking for work, on a government-supported employment and training programme, or are working unpaid for a family member.

The **economically active population** is a slightly narrower definition of the **labour force**, excluding those who, although economically active, are beyond statutory retirement age.

The **economic activity rate** is the number of people who are in employment or unemployed and actively looking for work, expressed as a percentage of the relevant population.

Rates in general are useful as they allow changes in the labour market to be interpreted in a wider context, allowing for changes in the overall population or the number of people who are economically active. For employment, economic activity and economic inactivity, the most widely quoted rates are those for the working-age population i.e. men aged 16 to 64 and women aged 16 to 59. For unemployment, headline rates are generally expressed as a percentage of the economically active population aged 16 and over. Those over retirement age who continue to be economically active will, therefore, be included in the unemployment measure, while those who are economically inactive will not.

3.2 Employment

There are two main ways of looking at employment, either:

- the number of people with jobs, or
- the number of jobs.

These two concepts represent different things as one person can have more than one job. People aged 16 or over are classed as in employment if they have done at least one hour of work in return for wages, salary or for a benefit, or if they have a job that they are temporarily away from. People who do unpaid work in a family business and people on government-supported training (GST) and employment programmes are also included according to the International Labour Organisation¹ (ILO) convention.

¹ The International Labour Organisation (ILO), founded in 1919 as part of the Treaty of Versailles, is a UN specialised agency which promotes social justice and internationally-recognized human and labour rights. The ILO formulates international labour standards and technical assistance primarily in the fields of vocational training and vocational rehabilitation; employment policy; labour administration; labour law and industrial relations;

A person is also considered to be employed if they have a job but are not working for the following reasons:

- temporary illness or disability;
- personal or family responsibilities;
- bad weather;
- labour dispute at the place of work;
- vacation; and
- other unspecified reasons i.e. if someone is on strike, no matter how long the strike lasts, that person is still considered employed.

Full-time employment refers to people who usually work thirty or more hours per week, except in the case of people who work less than thirty hours per week but consider themselves to be employed full-time.

Part-time employment refers to people who usually work less than thirty hours each week. A voluntary part-time worker chooses to work fewer than thirty hours a week, either because he or she is a student, has personal or family responsibilities, or wants to spend their time in other pursuits. The reasons for voluntary part-time employment may not be known; some people may not need the income of a full-time job. The involuntary part-time worker prefers full-time work but can **only find part-time employment**.

Permanent employment means any job which does not have a specific termination date.

Short-term jobs are classified as **temporary**.

Seasonal jobs, for example in the construction and fishing and farming sectors, are still considered permanent and often require long hours during their active season.

The **employment rate** is the number of people in employment expressed as a percentage of the relevant population (usually the working age population).

Information on the number of jobs is mainly collected through postal employer surveys and gives the **number of employee jobs**. The total number of **workforce jobs** is calculated by summing employee jobs, self-employment jobs from the Annual Population Survey (APS), those in HM Forces and government-supported trainees. Vacant jobs are not included.

Self-employment is becoming more and more prevalent with people providing services on a contract basis, producing goods, and selling someone else's product as examples.

Earnings is a measure of the money people receive in return for work done gross of tax. It includes salaries and bonuses but does not include non-monetary perks such as benefits in kind. This differs from **income**, which is the amount of money received from all sources. Income includes interest from building society and bank accounts, dividends from shares, benefit receipts, trust funds, etc.

3.3 Occupations and industry of employment

3.3.1 Classification of occupations and industries

The two widely-used standard classifications of labour market information related to occupations and industries of employment are:

- Standard Occupational Classification (SOC)
- Standard Industrial Classification (SIC)

An example of the **SOC 2000²** system of classification is as follows:

Major group:	2	Professional occupations
Sub major group:	2.1.	Science and technology professionals
Minor group:	2.1.1.	Science professionals
Unit group:	2.1.1.1.	Chemists

The major SOC groups are:

1. Managers and senior officials
2. Professional occupations
3. Associate professional and technical occupations
4. Administrative and secretarial occupations
5. Skilled trades occupations
6. Personal service occupations
7. Sales and customer service occupations
8. Process, plant and machine operatives
9. Elementary occupations

² SOC 2000 occupational definitions are in the process of being replaced by SOC 2010. SOC 2000 is, however, still referred to in this report as it remains the occupational classification system used by Jobcentre Plus and by NOMIS.

The full directory of SOC2000 and SOC2010 classifications can be downloaded from:
www.ons.gov.uk/about-statistics/classifications/archived/SOC2000/index.html
www.ons.gov.uk/about-statistics/classifications/current/soc2010/index.html

An example of the **SIC** system of classification is as follows:

Section:	C	Manufacturing
Division:	13.	Manufacture of Textiles
Group	13.9	Manufacture of other textiles
Class:	13.93.	Manufacture of carpets and rugs
Subclass:	13.93/1.	Manufacture of woven or tufted carpets and rugs

There are 21 sections, 88 divisions, 272 groups, 615 classes and 191 subclasses.

The major SIC groups are:

- A. Agriculture, forestry and fishing
- B. Mining and quarrying
- C. Manufacturing
- D. Electricity, gas, steam and air conditioning supply
- E. Water supply; sewerage, waste management and remediation activities
- F. Construction
- G. Wholesale and retail trade; repair of motor vehicles and motor cycles
- H. Transport and storage
- I. Accommodation and Food Service activities
- J. Information and Communication
- K. Financial and Insurance Activities
- L. Real estate activities
- M. Professional, scientific and technical activities
- N. Administrative and support service activities
- O. Public administration and defence; compulsory social security
- P. Education
- Q. Human health and social work activities
- R. Arts, entertainment and recreation
- S. Other service activities
- T. Activities of households as employers; undifferentiated goods and services-producing activities of households for own use

U. Activities of extraterritorial organisations and bodies³

The directory of SIC2007 classifications can be downloaded from:

www.statistics.gov.uk/methods_quality/sic/downloads/sic2007explanatorynotes.pdf

Goods and services industries – Industries are often referred to as goods (producing a product) or service (providing a service) industries. Industries are classified according to Standard Industrial Classification as follows:

- Goods-producing industries include: agriculture, fishing, forestry, mining, construction, and manufacturing.
- Service-producing industries include: trade, transportation, communications and other public utilities, finance, insurance and real estate, community, personal and business services (which includes health care, education, police services, etc.) and public administration.

Industries are also often referred to as being in the **primary sector, secondary sector or tertiary sector**.

- The **primary** sector includes agriculture, fishing, forestry and mining.
- The **secondary** sector includes construction and the manufacturing industries.
- The **tertiary** sector covers the service-producing industries.

When thinking about occupations and industries, it is important to remember a few things. Some occupations are industry-specific e.g. miner, mining, but many occupations occur right across most industry sectors. Perhaps the biggest confusion about industry and occupation concerns service occupations versus service industries. Workers in service occupations are not necessarily employed in the service sector.

3.3.2 Sector Skills Councils

Sector Skills Councils (SSCs) are independent, employer-led organisations designed to address skills challenges in their sector and to create a skills system that is driven by employer demand. All SSCs work towards the following four key goals:

- reducing skills gaps and shortages;
- improving productivity, business and public service performance;

³ Activities of international organisations such as the United Nations and its specialised agencies, regional bodies, the European Community, the European Free Trade Association, the Organisation for Economic Co-operation and Development, the World Customs Organisation, the Organisation of Oil Producing and Exporting Countries, the International Monetary Fund and the World Bank, etc.

- increasing opportunities to boost the skills and productivity of everyone in the sector's workforce;
- improving learning supply through National Occupational Standards, apprenticeships, and further and higher education.

SSCs are licensed by the UK Commission for Employment and Skills (UKCES).

SSCs are responsible for developing **Sector Skills Agreements** for their sector. These set out the skills that employers need their workforce to have and how these skills will be supplied, both now and in the future. All SSCs follow a five-stage process in developing their **Sector Skills Agreements** involving:

Stage 1 – Undertaking a short-term, medium-term and long-term assessment of skills needs and the factors that are driving changes in skills requirements within the sector.

Stage 2 – Reviewing the range, nature and relevance of current training provision.

Stage 3 – Identifying and agreeing the main gaps and weaknesses in workforce development within the sector.

Stage 4 – Reviewing what employers are likely to sign up for and the scope for encouraging employer investment in skills development.

Stage 5 – Developing the final agreement, setting out how the SSC and employers will work with funding partners to secure the supply of training required by employers.

The analyses undertaken by SSCs to inform their Sector Skills Agreements are a key source of LMI for training providers.

Currently, the 23 SSCs listed below cover over 90% of the economy:

Asset Skills - property, housing, cleaning services, parking and facilities management
<http://www.assetskills.org/>

Cogent - bioscience, chemical, nuclear, oil and gas, petroleum and polymer industries
<http://www.cogent-ssc.com/>

ConstructionSkills - construction
<http://www.cskills.org/>

Creative & Cultural Skills - craft, cultural heritage, design, literature, music, visual and performing arts.
<http://www.ccskills.org.uk/>

e-skills UK - information technology and telecommunications
<http://www.e-skills.com/>

Energy & Utility Skills - electricity, gas, waste management and water industries
<http://www.euskills.co.uk/>

Financial Services Skills Council - financial services, finance and accounting sectors
<http://www.fssc.org.uk/>

GoSkills - passenger transport
<http://www.goskills.org/>

Improve Ltd - food and drink manufacturing and processing
<http://www.improveltd.co.uk/>

Institute of the Motor Industry - the retail motor industry
<http://www.motor.org.uk/>

Lantra - environmental and land-based industries
<http://www.lantra.co.uk/>

Lifelong Learning UK - career guidance, community learning and development, further education, higher education, libraries, archives and information services, work-based learning
<http://www.lluk.org/>

People 1st - hospitality, leisure, travel and tourism
<http://www.people1st.co.uk/>

Proskills UK - process and manufacturing industry
<http://www.proskills.co.uk/>

SEMTA - science, engineering and manufacturing technologies (including composites)
<http://www.semta.org.uk/>

Skills for Care and Development - early years, children and young people's services, and social work and social care for adults and children
<http://www.skillsforcareanddevelopment.org.uk>

Skills for Health - the health sector across the UK
<http://www.skillsforhealth.org.uk/>

Skills for Justice - community safety; courts, tribunals and prosecution; custodial care; fire and rescue; forensic science; law enforcement; offender management and support; policing; victim, survivor and witness support; youth justice and the children's workforce.
<http://www.skillsforjustice.com>

Skills for Logistics - freight logistics industry and wholesale
<http://www.skillsforlogistics.org>

SkillsActive - active leisure, learning and well-being
<http://www.skillsactive.com/>

Skillset - broadcast, film, video, interactive media, photo imaging, publishing and advertising. fashion and textiles (from 1 April 2010).
<http://www.skillset.org/>

Skillsmart Retail - retail
<http://www.skillsmartretail.com>

SummitSkills - building services, engineering
<http://www.summitskills.org.uk/>

3.3.3 Priority industry sectors

The South West Regional Development Agency (SWRDA) identified a number of industry sectors within the South West that were key to the economic growth and development of the region.

Eight Priority Sectors were identified as a focus for specific activities (such as sector networks, supply chain development and sector skills programmes) to raise business productivity. These were:

- Aerospace & Advanced Engineering
- Food & Drink
- Creative Industries – especially digital media
- Tourism
- Marine
- Bio-medical and healthcare
- ICT – especially semi-conductor design and wireless networks
- Environmental technologies – especially renewable energy and waste

In addition, five sectors were identified as a focus for specific activity to improve skills and the operation of an efficient labour market: while at the same time supporting overall regional economic growth:

- Retail
- Health
- Social Care
- Construction

- Engineering

3.4 Unemployment

There are two main ways of measuring unemployment:

- ILO unemployment;
- claimant count unemployment.

3.4.1 ILO unemployment

Similar to definitions of employment, unemployment is defined according to international standards set by the ILO and measured using the APS⁴. This is the definition that is used to measure national, and a certain amount of local, unemployment. A person is defined as **unemployed** if they, during the APS survey period:

- were without work and had actively looked for work in the past four weeks, and were available for work; or
- had not been actively looking for work in the past four weeks, but had been on lay-off and were available for work; or
- had not actively looked for work in the past four weeks, but had a new job to start in four weeks or less from the reference week and were available for work.

Among those considered available for work are people who are full-time students seeking part-time work. People are also considered to be available for work if they have stated there is no reason why they could not have started work or that they could not have started work because of illness or disability, personal or family responsibilities, or because they already had a job. People are considered to be on lay-off if they expect to return to the job they held before being laid off. So, an unemployed person is essentially a person without a job who is actively looking for work.

The **unemployment rate** is the percentage of the labour force which is unemployed – the number of unemployed as a percentage of the labour force.

A drop in the **unemployment rate** could mean that there are fewer people looking for work or it could mean a drop in the labour force, or an increase in employment or a combination of these. It is important to look at what is happening to both employment and the labour force before drawing any conclusions about what a change in the **unemployment rate** may mean.

⁴ The Annual Population Survey (APS) is discussed in more detail in the section on LMI Data – Availability & Limitations

3.4.2 Claimant count unemployment

The **claimant count** is essentially an administrative measure of the number of people claiming unemployment-related benefits, the bulk of which is currently claimed through Jobseeker's Allowance (JSA). People claiming JSA must declare that they are out of work, capable of, available for, and actively seeking work during the week in which the claim is made. They enter into a jobseeker's agreement setting out the action they will take to find work and to improve their prospects of finding employment.

This measure is used for **small area** i.e. very local, unemployment figures. The ILO measure, as it is survey based, becomes unreliable at the local level. However, the ILO measure is the official measure used nationally, regionally and for some local levels.

The **claimant count rate** uses the claimant count as the numerator and an estimate of the either the workforce or the residence base as the denominator. Calculated on a **workplace-based** measure, it expresses the demand for jobs in an area. Since January 2003, workplace-based claimant count rates have been published by the Office for National Statistics (ONS) only at national and Government Office Region level. The ONS publishes **residence-based** claimant count proportions for all geographies below Government Office Region level. The main difference is that the denominator used to create the residence-based claimant count rate is the working-age resident population of the area of interest.

In general, unemployment measures, particularly the claimant count measure, has data that is listed as **seasonally-adjusted data**. This represents data that have been modified to account for seasonal fluctuations. One of the reasons for seasonal adjustments is that it allows us to compare data from one month to another. Labour force statistics are based on data collected monthly. Therefore, annual events such as crop cycles, climate, holidays, vacation periods and students looking for summer employment can make them vary abnormally.

Actual data are simply data captured during the survey that have not been adjusted for seasonal variations. Comparisons cannot be made between actual and seasonally-adjusted data. **Seasonally-adjusted data** smoothes seasonal fluctuations, while actual data does not.

It is worth bearing in mind, when looking at unemployment, that it can be as a result of a number of causes, for example:

- Frictional unemployment: which results from the time it takes workers to move between jobs. It is a consequence of short-run changes in the labour market that constantly occur in a dynamic economy.
- Structural unemployment: which arises from the mismatch of skills and job opportunities as the pattern of demand and supply for labour changes in specific industries, regions and occupations. For example, during the 1980's in the UK, the closure of coal mines, ship-building industries etc resulted in high structural unemployment.

3.5 Economically inactive population

Economic activity covers those people who are either in employment or ILO unemployed. All others are considered to be ***economically inactive***. People who are economically inactive may be so for a number of reasons. They may be:

- unable to work because they are looking after family;
- do not wish to work (this includes retired people);
- are full-time students not available for work;
- believe that no jobs are available (discouraged workers);
- unable to work because they are long-term sick or disabled.

The ***economic inactivity rate*** is the number of economically inactive people expressed as a percentage of the relevant population, for example the working-age population.

4. GEOGRAPHY

Regional and local labour market information is available for a wide range of 'statistical' geographies. The main geographical breakdowns are summarized below.

4.1 Local government geographies

The local government areas in the United Kingdom are:

- **England:** the City of London Corporation, London boroughs, metropolitan districts and unitary authorities (all providing single-tier local government) and counties and county districts (all providing two-tier local government);
- **Wales:** single-tier unitary authorities;
- **Scotland:** single-tier council areas;
- **Northern Ireland:** single-tier district council areas.
- **Government Office Regions (GORs)** which have replaced Standard Statistical Regions (SSRs) for the provision of regional statistics.

4.2 Local Education Authorities

Local Education Authorities (LEAs) are the bodies responsible for the local administration of state sector education services in England and Wales. These are matched to unitary authorities, London boroughs, metropolitan districts and counties with the single exception that the Isles of Scilly form a distinct LEA.

4.3 NUTS and Local Administrative Units

The primary classification of higher level areas for European purposes is known as the Nomenclature des Unites Territoriales Statistique, translated as Nomenclature of Units for Territorial Statistics (NUTS). They provide a breakdown of the European Union's territory for producing regional statistics. These are comparable across the Union. The classification has three hierarchical levels, and is built up from administrative units such as local government areas in the member states. In the United Kingdom, the three levels are broadly as follows:

- **NUTS 1:** Government Office Regions in England, Wales, Scotland and Northern Ireland.

- **NUTS 2:** Individual counties, or groups of counties, London boroughs, metropolitan districts and unitary authorities in England; groups of unitary authorities in Wales; groups of whole or part council areas and/or local enterprise company areas in Scotland; Northern Ireland.
- **NUTS 3:** Individual counties or unitary authorities, or groups of counties, London boroughs, metropolitan districts, unitary authorities and non-metropolitan districts in England; groups of unitary authorities in Wales; groups of whole or part council areas and/or local enterprise company areas in Scotland; groups of district council areas in Northern Ireland.

4.4 Travel-to-Work Areas

Travel-to-Work Areas (TTWAs) are approximations to self-contained labour markets based on commuting-to-work patterns.

4.5 Other geographies

4.5.1 Parliamentary Constituencies

A Parliamentary Constituency (PC) is the area that an individual MP represents in the House of Commons. There are 659 PCs in the United Kingdom at present.

4.5.2 Electoral wards

Electoral wards are defined by the Electoral Commissions, and are the areas that an individual local councillor represents on local authority councils.

4.5.3 Jobcentre Plus areas

The Jobcentre Plus areas are administrative areas which reflect the structure that is considered necessary to fulfill the organisation's business objectives of filling vacancies and making benefit payments. As a result, the areas are subject to frequent change, but are useful for presenting statistics that cannot be geographically referenced to any other type of area. In order to provide a consistent time series for vacancy data, ONS use 'frozen' Jobcentre areas.

4.5.4 Employment and Skills Boards

The Leitch Review of Skills advocated the establishment of a 'new Employment and Skills Service' influenced by a 'network of employer-led Employment and Skills Boards' (ESBs), to inform how 'training can be more relevant to the needs of the local labour market' and

'scrutinise the functioning of local careers and employment information to ensure that it better reflects employer needs'⁵. The structure and make up of ESBs vary considerably between local areas and are immensely fluid, particularly since the Coalition Government's announcement of Local Enterprise Partnerships.

4.5.5 Local Enterprise Partnerships

The geography of Local Enterprise Partnerships (LEPs), established in the June 2010 budget to take over responsibilities for local economic development from the RDAs, were still being negotiated at the time of writing (January 2010). Also employer-led, they generally cover larger geographies than ESBs. Looking forward, it is likely that many ESBs will continue to have an active role in shaping local employment and skills priorities, working to LEPs which will assume responsibility for economic development as a whole.

The fluidity of these arrangements means that there are no formal, nationally-recognised ESB or LEP geographies used for the generation of labour market information. Analysts depend on creating composite geographies, from districts or local authority areas, to generate ESB or LEP-level data.

⁵ *Leitch Review of Skills, Prosperity for all in the Global Economy* (December 2006) HMTreasury: London, p.24

5. LMI DATA – AVAILABILITY AND LIMITATIONS

5.1 Primary sources of LMI

5.1.1 Annual Population Survey

The majority of LMI comes from the Annual Population Survey (APS). The APS combines results from five different sources: the Labour Force Survey (LFS); the English Local Labour Force Survey (LLFS); the Welsh Labour Force Survey (WLFS); and the Scottish Labour Force Survey (SLFS). Key topics covered in the survey include education, employment, health and ethnicity.

Like much other labour market data, access to the APS is available from the ONS' NOMIS data service. Access to this service requires registration but is free of charge:

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

5.1.2 Annual Survey of Hours and Earnings

The Annual Survey of Hours and Earnings (ASHE) is a survey of the earnings of employees in Great Britain. It is based largely on a 1% sample of employees who are members of Pay-As-You-Earn (PAYE) income tax schemes and is carried out in April of each year. It is designed to represent all categories of employees in businesses of all kinds and sizes.

The main purpose of the survey is to obtain information on an annual basis about the levels, distribution and make-up of earnings of employees in all industries and occupations and for the collective agreements which cover them.

Data from the ASHE is available via the NOMIS data service: <http://www.nomisweb.co.uk/>.

5.1.3 Annual Business Inquiry

The Annual Business Inquiry (ABI) is a survey of employers in Great Britain with the aim of measuring employee jobs by detailed industry and detailed region. It is conducted in two parts: one dealing with employment, the other with financial information. The financial inquiry covers about two-thirds of the UK economy including: production; construction; distribution and service industries; agriculture (part), hunting, forestry and fishing. The coverage of the employment inquiry is wider.

Access to data from the ABI requires a Chancellor of the Exchequer 'Notice', which is a pay-for service. ABI data is confidential and use of ABI data must not breach disclosure rules.

For organisations with a Chancellor's Notice, access is via the NOMIS data service:

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

5.1.4 Departments for Education and for Business Innovation and Skills

The Departments for Education (DfE) and for Business Innovation and Skills (BIS) hold extensive data on schools, pupils and young people that is often relevant to understanding the functioning of the labour market. Key topics include attainment and participation of young people in learning and training:

<http://www.dfes.gov.uk/rsgateway/contents.shtml>.

The DfE also provides access to their extensive range of research on topics such as schools, Higher Education, post-16 and adult learning:

<http://publications.education.gov.uk/>.

5.1.5 The Data Service/Statistical First Release

The Data Service was established by BIS and the Skills Funding Agency (SFA) to provide LMI required for planning and performance reporting within Further Education, including the quarterly Statistical First Release which contains data on learner participation, qualifications and outcomes for post-16 education. Supplementary tables provide information on Apprenticeships, Train to Gain, success rates and qualification outcomes:

http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_current/.

5.1.6 ONS

The ONS <http://www.statistics.gov.uk/> is one of the primary sources of information on all government-related data from information on the economy and employment to housing and birth rates. There are a number of compendia of useful statistics that are made available from the ONS which make the wealth of information a little easier to digest. These will be looked at in the Resources section of this handbook.

5.1.7 Neighbourhood Statistics

Neighbourhood Statistics is the part of the ONS that provides local level data. Information can be found on everything from the Census and the Indices of Deprivation, to VAT-based businesses by employment size and the like:

<http://neighbourhood.statistics.gov.uk/dissemination/home.do>.

5.1.8 National Employers Skills Survey

The National Employers Skills Survey (NESS) is the largest employer survey conducted in England. It provides detailed information on levels of skills deficiencies, skills imbalances and recruitment difficulties within the economy. Where skills gaps and recruitment problems occur, they can have a substantial impact on organisations' performance. The NESS also measures employers' training activities providing information on the employer response to skills and recruitment difficulties that they have identified within their organisation.

The NESS is part of a longer series of surveys starting with Skill Needs in Britain (1990–1998) and followed by the Employers Skill Surveys undertaken every two years from 1999 to 2009. This series of surveys provides good time series data on employers' recruitment problems, and on skills deficiencies and workforce development activities. South West regional analysis of NESS 2007 and 2009 is available at:

http://www.swslim.org.uk/Research/Database/searchresults_detail_page.asp?ResearchID=2637.

5.1.9 UKCES

UKCES was established in 2008 from the merger of the Sector Skills Development Agency and the National Employer Panel. It is responsible for advising how employment and skills systems can be improved to enhance productivity, employment and inclusion. UKCES commissions a wide range of research to support the development of national skills strategy, including an annual audit of progress towards strategic objectives:

<http://www.ukces.org.uk/>.

5.2 Forecast data

Projections of occupations and qualifications are available as part of the Working Futures project. The projections are prepared by the Institute for Employment Research (IER) and Cambridge Econometrics (CE) on behalf of the Sector Skills Development Agency (SSDA). Current data is available for projections from 2007 - 2017 at SSC footprint, country, regional and sub-regional (local LSC) level.

The projections are the latest in a long series. They are based on the use of a multi-sectoral, regional macroeconomic model, combined with occupational and replacement demand modules.

The national report of the 2007-2017 Working Futures data is available from the UKCES website, www.ukces.org.uk. Access to regional and sub-regional data tables is restricted and organisations seeking regional or sub-regional analysis should contact SLIM (b.neild@exeter.ac.uk).

A word of caution does need to be sounded in terms of the usefulness of projections. The nature of the projections data does not allow us to develop a concrete understanding of exactly 'what type' and 'how many' will be needed for the future in terms of employment. As a pure extension of existing employment trends, these figures are susceptible, as all forecasting models are, to external factors. These factors include changes in the economic climate and new and changing policy directions that may impact on these trends and render projections inaccurate.

5.3 Limitations of LMI

Whilst there is a vast array of LMI information out there, this data is not without its limitations and problems.

5.3.1 Timeliness

Timeliness is a major issue for the majority of labour market data. Information from the Census, which is undertaken only once every ten years, is incredibly slow to report, and there is usually at least a one-year time-lag for survey data such as the APS. Consequently, with LMI, you are more talking about the recent past rather than the current picture.

However, the labour market changes very little during short time periods and so looking at trend information from a number of years and thinking about what local information you have from employers will provide a good base from which to understand how the labour market is shaping up.

5.3.2 The survey world vs the real world

There is an argument that the categories of occupation and industries (as detailed in section 3.3.1) frequently used in reporting labour market data are not necessarily truly related to jobs and industries in the 'real world'. Often, because of the size of the sample available for a survey, occupations and industries have to be aggregated up to a top level of nine occupational groups and 17 industrial sectors. Aggregated data, and averages generally, can disguise a wide range of differences and extremes that may exist within a dataset, leading to a distorted picture

However, again, as with the problems of timeliness, it is likely that, with a bit of local knowledge about employers together with the more generic information available from surveys such as the APS and ABI, there is plenty to go on.

5.3.3 Survey reliability

Although surveys such as the APS pass the stringent ONS quality guidelines for data, the nature of survey data means that it will always have some reliability issues. This is because you are relying on the ability of survey respondents to answer the questions in a way that truly reflects their views or circumstances. A wealth of issues exist around both questioner and respondent bias and so on. There are also issues around the appropriate use of the information from surveys in terms of generalising results to the wider population, issues that are particularly relevant for local surveys, which are discussed later on in this section.

5.3.4 Sample size

Even with the largest of surveys, such as the APS, the quality of information begins to break down at a very local level due to the size of the sample. A good example of this is local level

unemployment information where, although the data from the APS provides the official measure at a very local level, for example ward level, it is more appropriate to use the claimant count measure.

5.3.5 Local surveys

Whilst local surveys provide an excellent and often more precise level of information about smaller local areas, they cannot often be compared with other places. The local Learning and Skills Council (LSC) Household and Employer surveys are examples of this. Although these surveys cover similar things, the questions and methodologies are different and cannot be directly compared.

5.3.6 Employer prediction of future need

Although the NESS provides information on employer demand, the way in which employers perceive and articulate their future demand requirements is likely to differ from employer to employer.

6. RESOURCES

Given this plethora of data sources that have been detailed thus far, you may well be asking yourself “is there a place I can go to that has all this information in one place?” Well, no, but there are several places you can go.

6.1 South West Healthy Labour Market Review

The *South West Healthy Labour Market Review* (HLMR) considers the condition and the structure of the South West labour market. It provides key economic, labour market and skills data to assess the long-term position of the region and looks at the underlying trends and challenges facing the region's labour market. The HLMR is produced and edited by the Economy module of the South West Observatory: <http://economy.swo.org.uk/>

6.2 South West Local Area Data

With responsibility for employment and skills being increasingly devolved to the sub-regional level, SLIM has created a range of web-sites that provide access to regional and local level labour market information:

<http://www.swslim.org.uk/Labourmarket/index.asp>.

6.3 State of the South West

The *State of the South West* is a comprehensive review of the South West of England's economic, social, environmental and cultural life. It describes the current position and trends. It does not seek to make policy recommendations but rather to help set an informed context in which policy for the region can be developed. It has been written by a wide partnership, drawing upon a broad range of expertise within the region:

<http://www.swo.org.uk/sotsw2010/>.

6.4 Regional Trends

Published by the ONS, *Regional Trends* is a comprehensive source of official statistics about the regions and sub-regions of England. Nine reports (covering the Government Office Regions) include data on the population, economy, labour market, education and training, transport and the environment and living in the South West:

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14161>.

7. FURTHER INFORMATION

This publication and further employment and skills-related data, research and sources of information can be found on the SLIM website at:

<http://www.swslim.org.uk>

Further information can also be obtained from, or comments on this document sent to:

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