

Sub-Regional Employment and Skills Analysis 2010

Torbay

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South West RDA

Table of Contents

Table of Contents.....	2
Table of Figures	3
1. ECONOMIC CONTEXT	5
1.1 Productivity.....	5
1.2 Employment rate	6
1.3 Redundancies and Vacancies.....	8
1.3.1 Redundancies	8
1.3.2 Vacancies.....	12
2. THE WORKFORCE	16
2.1 Demographics	16
2.2 Workforce Structure	18
Employment by sector.....	18
2.2.1 Knowledge-Intensive Sectors	19
2.2.2 Occupations	22
2.2.3 Employment by size of business	24
2.2.4 Working patterns and job types	25
3. WORKLESSNESS.....	28
3.1 Unemployment.....	28
3.2 Long-term Unemployment.....	32
3.3 NEETS	36
3.4 Economic Inactivity	40
4. SKILLS IN THE WORKFORCE	42
4.1 Workforce skills	42
4.1.1 Level 4 and above	42
4.1.2 Level 3 and above	43
4.1.3 Level 2 and above	44
4.1.4 Qualifications below Level 2.....	45
4.2 Participation and attainment of young people	46
4.2.1 Achievement at GCSE	46
4.2.2 Achievement at A level.....	47
4.2.3 Participation of 16 and 17 year olds	48
4.2.4 Attainment of Level 2 and Level 3 qualifications at 19	49
4.3 Adult participation.....	51
5. MEETING THE JOBS AND SKILLS AMBITION	53
5.1 Leitch Targets	53
5.1.1 Baseline vs Intermediate (2011) targets.....	54
5.1.2 Baseline vs Full (2020) targets.....	55
6. DEMAND FOR SKILLS.....	57
6.1 Employment by Sector Skills Council.....	57

7.	DEMAND FOR LABOUR - TOMORROW'S JOBS.....	61
7.1	Future employment forecasts.....	61
7.1.1	Expansion demand.....	61
7.1.2	Replacement Demand.....	64

Table of Figures

Figure 1:	NUTS 3 GVA per head, indexed, 1999 and 2007, UK = 100	5
Figure 2:	Employment Rate, Working Age Population, SW LAs, July 08 – Jun 09	6
Figure 3:	Change in Employment Rate, SW & LA, Apr '07 - Mar '08 to Jul '08 - Jun '08	7
Figure 4:	Employment rate for selected disadvantaged groups, LA and South West, Jul '08 to Jun '09	8
Figure 5:	Total Notified redundancies, JC+ District, 8/11/08 to 08/01/10	9
Figure 6:	Redundancies per 1000 Working Age Population, JC+ District, 8/11/08 to 08/01/10.....	9
Figure 7:	Notified redundancies, 4 week periods, Devon (incl. Plymouth & Torbay), 8/11/08 to 08/01/10	10
Figure 8:	Notified Redundancies by sector, SW & LA, 8/11/08 to 08/01/10	11
Figure 9:	Notified & Unfilled Vacancies, Torbay, Oct '08 to Dec '09	12
Figure 10:	Live Unfilled Vacancies, Jan to Dec 2009 as a % of Jan to Dec 2008.....	13
Figure 11:	Claimants per Vacancy, Apr 2008 to Aug 2009	13
Figure 12:	Vacancy levels by Sector, Torbay, 2007 – 2009 (Index 2007 = 100).....	14
Figure 13:	Vacancy levels by Occupation, Torbay, 2007 – 2009	15
Figure 14:	Age structure of the working age population, Torbay, 2008 to 2028	16
Figure 15:	Economic Activity Rate, Jul 2008 to Jun 2009	17
Figure 16:	Percentage of total employment by sector (2008)	18
Figure 17:	Employment change by sector 2007-2008	19
Figure 18:	Definition of Knowledge-Intensive Sectors	20
Figure 19:	Employment in knowledge intensive sectors, 2008	20
Figure 20:	Percentage of all employees in knowledge-intensive sectors, 2008	21
Figure 21:	Employment by occupation, Jul 2008 – Jun 2009.....	22
Figure 22:	Employment in higher level occupations, Jul 2008 - Jun 2009	23
Figure 23:	Employment by size of business, 2008.....	24
Figure 24:	Self-employment as a % of all employment, Jul 2008 to Jun 2008	25
Figure 25:	Part time working as a % of all employment, Jul 2008 to Jun 2008	26
Figure 26:	Temporary employment, as a % of all employment, Jul 2008 to Jun 2009	27
Figure 27:	LFS Unemployment & Claimant Count, Apr 2008 to Dec 2009	29
Figure 28:	Claimant In-flows and Off-flows, Torbay, Apr 2008 to Nov 2009.....	29
Figure 29:	Total Number of Claimants, December 2009.....	30
Figure 30:	Claimant Rate, December 2009	30
Figure 31:	Growth Claimant Count Rate, December 2008 to December 2009	31
Figure 32:	Composition of Employment & Claimant Count, Torbay, Dec 2009.....	31
Figure 33:	Claimant Count by duration of claim, Torbay, Apr 2008 – Dec 2009 (Indexed, April 2008 = 100).....	32
Figure 34:	Percentage of Claimants unemployed for six months or longer, Aug 2008 and Dec 2009.....	33
Figure 35:	Trends in long term unemployment by age, Torbay, Jan 2008 – Dec 2009	34
Figure 36:	Claimant Count by Age, Torbay, Apr 2008 to Dec 2009	35
Figure 37:	Proportion of total claimant count in each age band, Torbay, Dec 2008 and Dec 2009.....	36
Figure 38:	16-18 year old NEETs (percentage), Apr 2007 – Dec 2009.....	37
Figure 39:	Number and proportion of NEETs, December 2009	38
Figure 40:	Change in proportion of NEETs, 2008-2009	39
Figure 41:	Economic Inactivity Rate of the Working Age Population, Jul 2008 - Jun 2009	40
Figure 42:	Composition of Inactivity, Torbay, Jul 2008 - Jun 2009	41
Figure 43:	Proportion of the working age population qualified to Level 4 and above, 2008	42
Figure 44:	Proportion of the working age population qualified to Level 3 and above, 2008	43
Figure 45:	Proportion of the working age population qualified to Level 2 and above, 2008	44
Figure 46:	Proportion of the working age population without a Level 2 qualification, 2008	45

Figure 47: Percentage of 15 year olds achieving 5+ A*-C grades at GCSE, including English and Maths, 2009	46
Figure 48: Average points score per entry at A Level, 2009	47
Figure 49: Proportion of 16 to 17 year olds in education and training, 2007	48
Figure 50: Attainment of Level 2 at age 19, 2008	49
Figure 51: Attainment of Level 3 at age 19, 2004-2008	50
Figure 52: Participation in HE by students from the LA, 2004/05 - 2007/08 (Index 2004/05 = 100)	51
Figure 53: Proportion of adults participating in any learning in the last 12 months, 2008 (%)	52
Figure 54: Baseline position against Leitch intermediate targets 2011, Torbay vs South West	54
Figure 55: Baseline position against Leitch full targets 2020, Torbay vs South West	55
Figure 56: Difference between Leitch 2020 targets and baseline, Torbay vs South West and England (percentage point shortfall)	56
Figure 57: Difference between Leitch targets and baseline by Local Authority (Numbers)	56
Figure 58: Employees in employment by Sector Skills Council, Torbay vs South West and England, 2008	57
Figure 59: Employees in employment (% of total), Skillsmart Retail, 2008	58
Figure 60: Employees in employment (% of total), People 1st, 2008	59
Figure 61: Employees in employment (% of total), Skills for Health, 2008	59
Figure 62: Employees in employment (% of total), Skills for Care, 2008	60
Figure 63: Projected employment change by sector, 2007-2017 (% per annum), Devon & Cornwall vs South West	62
Figure 64: Projected employment change by sector, 2007-2017 (000s), Devon & Cornwall	62
Figure 65: Projected Employment change by Occupation, 2007 - 2017 (000s), Devon & Cornwall	63
Figure 66: Replacement demand, expansion demand and net requirement by occupation, 2007-2017 (000s), Devon (inc. Plymouth and Torbay) & Cornwall	64

Copies of all LESB sub-regional reports can be downloaded from:

<http://www.swslim.org.uk/labourmarket/gap/lesbs.asp>

Excel files providing access to the data behind the charts in this and the other sub-regional reports can also be accessed from this address.

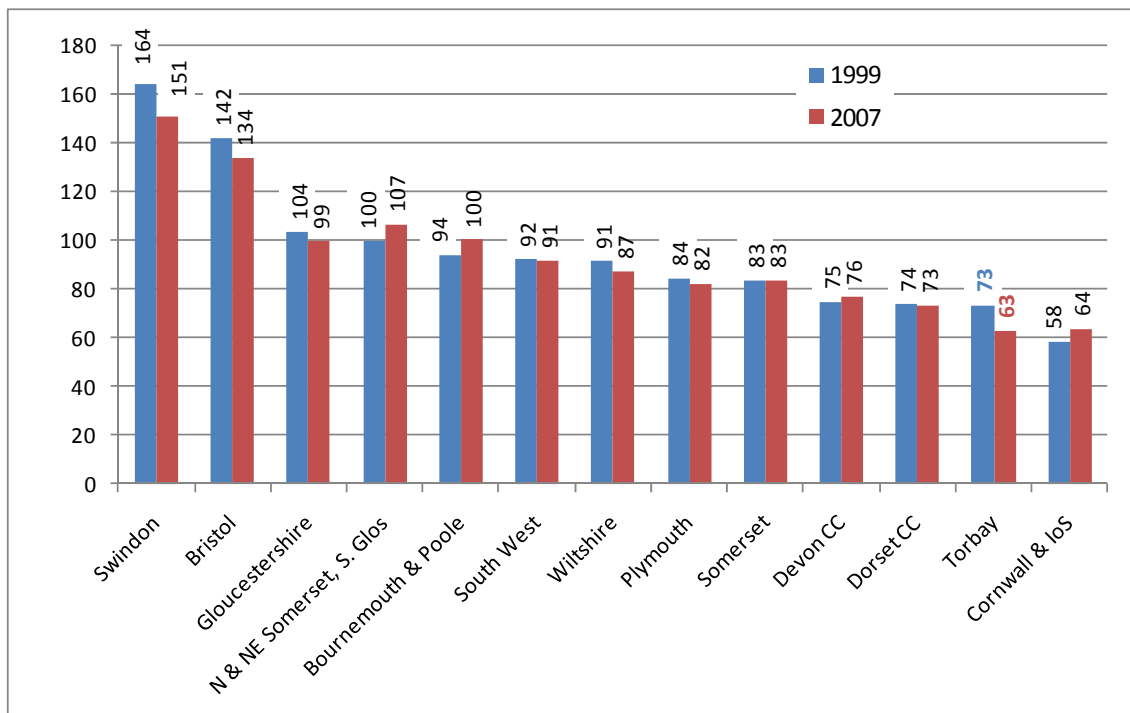
1. ECONOMIC CONTEXT

1.1 Productivity

The latest productivity data at the sub-regional (NUTS3) level was released in December 2009. While this data does not provide evidence of the impact of the recession, it does provide information about the underlying economic performance of sub-regions in the run up to recession.

In 1999 Gross Value Added (GVA) per head in Torbay was 73% of UK average. By 2007 this had fallen by 10%, to 63% of UK GVA per head. Over the same period GVA per head across the South West region fell by 0.5%, to 91.4% of the UK average.

Figure 1: NUTS 3 GVA per head, indexed, 1999 and 2007, UK = 100

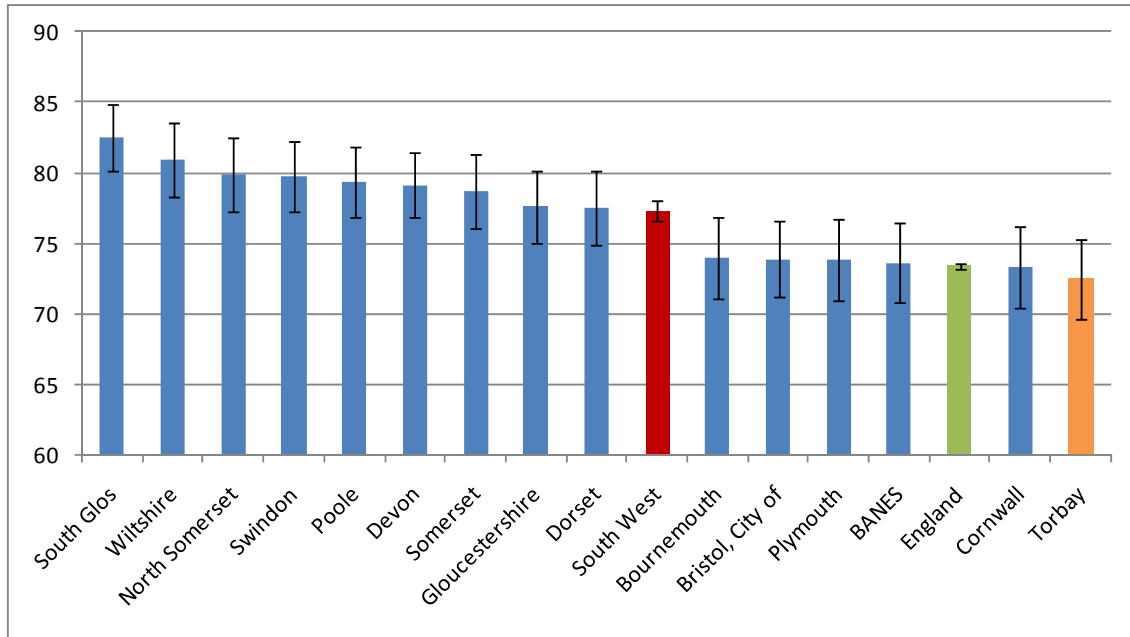


Source: ONS Sub-regional Statistical Bulletin, Dec 2009

1.2 Employment rate

In the year from July 2008 to June 2009, 72.5% of Torbay's working age population was in employment. This is the lowest rate within the South West, significantly lower than the regional average (77.3%) and slightly lower than the rate for England as a whole (73.4%).

Figure 2: Employment Rate, Working Age Population, SW LAs, July 08 – Jun 09

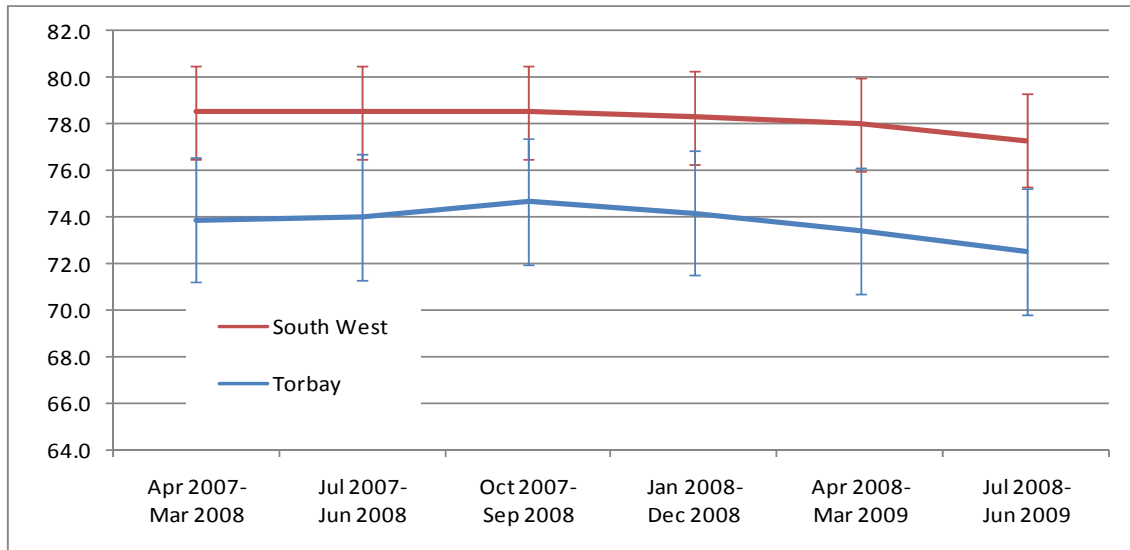


Source: LFS / ONS

Looking back over the recession, Figure 3 shows that employment rates for Torbay declined by 1%, from 74% to 73%, between the year to March 2008 and the year to June 2009. The employment rate for the South West as a whole also declined by 1% over the same period.

Caution is required, due to the large confidence intervals that apply to this data.

Figure 3: Change in Employment Rate, SW & LA, Apr '07 - Mar '08 to Jul '08 - Jun '08

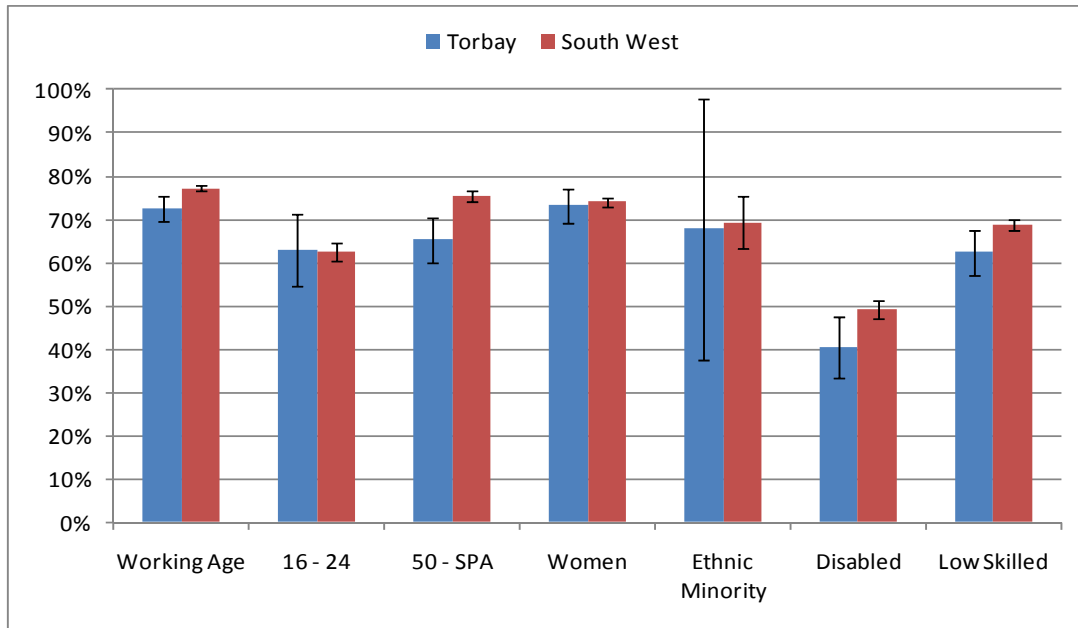


Source: NOMIS / APS

Access to employment is not equal and there are groups in society who face sometimes significant disadvantages in accessing jobs and skills. Figure 4 shows that the employment rates in Torbay for young people aged 16-24 (63%), for people with disabilities (41%) and for the low skilled (62%) all lag that for the working age population (73%).

Employment rates for women (73%) in Torbay match those for its working age population. Torbay is the only upper-tier authority in the South West where the employment rate for women is not lower than that for the overall working age population. This is as much a reflection of lower employment rates among males as it is higher than expected employment rates among women.

Figure 4: Employment rate for selected disadvantaged groups, LA and South West, Jul '08 to Jun '09



Source: NOMIS / APS

The employment rate for people from ethnic minorities in Torbay (68%) also appears to lag the working age average. However, sample sizes are such that this may be a statistical effect.

1.3 Redundancies and Vacancies

1.3.1 Redundancies

In the context of the recession, it is important to consider redundancies and vacancies, as these provide a measure of the dynamism of the labour market, i.e. the rates at which jobs are being lost and created. Trends in both can also tell us whether the economy is recovering from recession. Unfortunately Labour Force Survey (LFS) data on redundancies is not reliable at the sub-regional level. We therefore depend on data generated through employers notifying Jobcentre Plus when they intend to make redundancies¹.

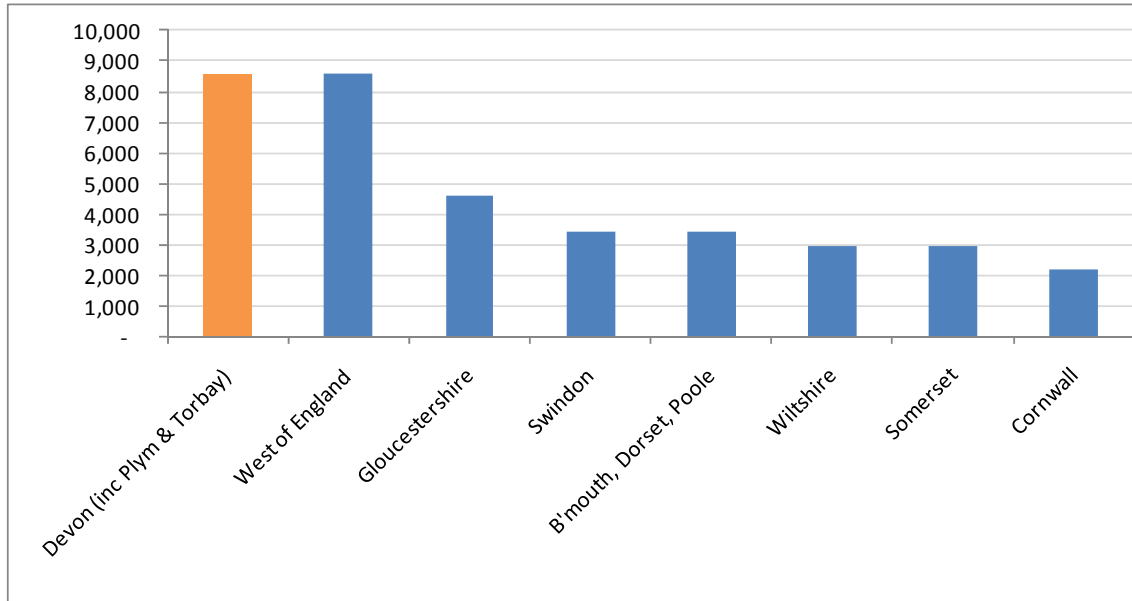
Between 8th November 2008 (when data collection began) and 8th January 2010, 8,600 redundancies were notified by employers located in the country of Devon², including Plymouth and Torbay. The greatest volumes of redundancies have occurred in Devon and the West of England³, but this is mainly due to the larger populations in these areas.

¹ Only employers making more than 20 people redundant are legally required to notify Jobcentre Plus. Thus, while the data provides a reasonable picture of trends over time or comparisons between geographies, it is likely to under-state the overall volume of redundancies.

² Local/Unitary Authority data is not available.

³ West of England includes the City of Bristol, South Glos, North Somerset and Bath & NE Somerset.

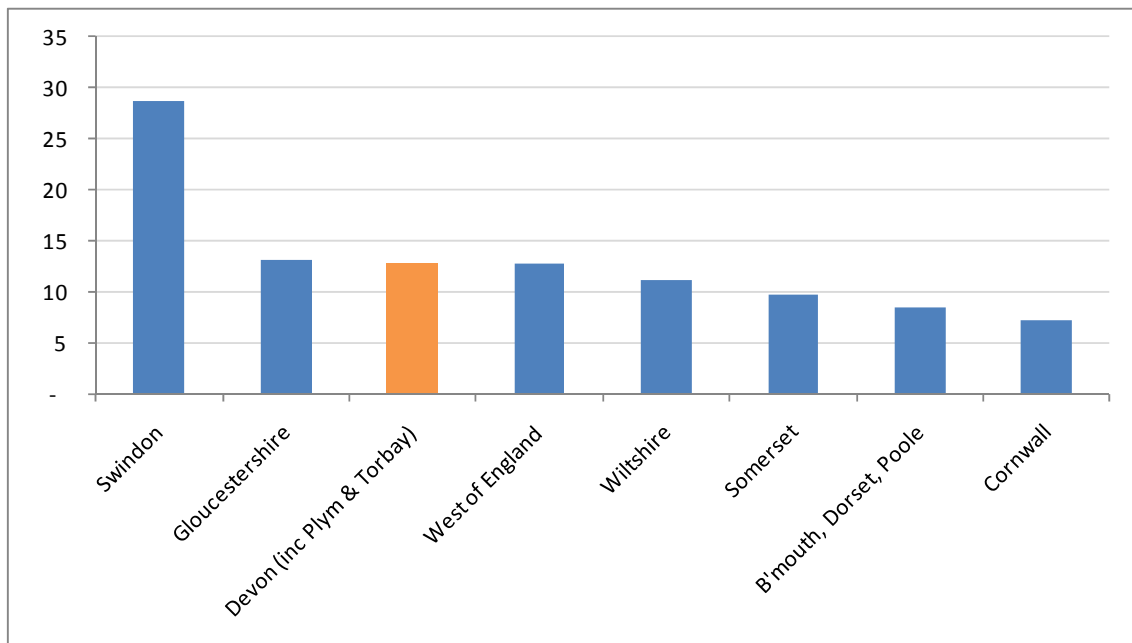
Figure 5: Total Notified redundancies, JC+ District, 8/11/08 to 08/01/10



Source: Jobcentre Plus

A more useful measure therefore is the number of redundancies per 1,000 people of working age in each area. Under this measure, Swindon emerges as the most severely affected area, with redundancies per 1,000 people running at more than twice the regional average. Devon (including Torbay and Plymouth) is the third most severely affected sub-region, with 12.7 redundancies per 1,000 people of working age.

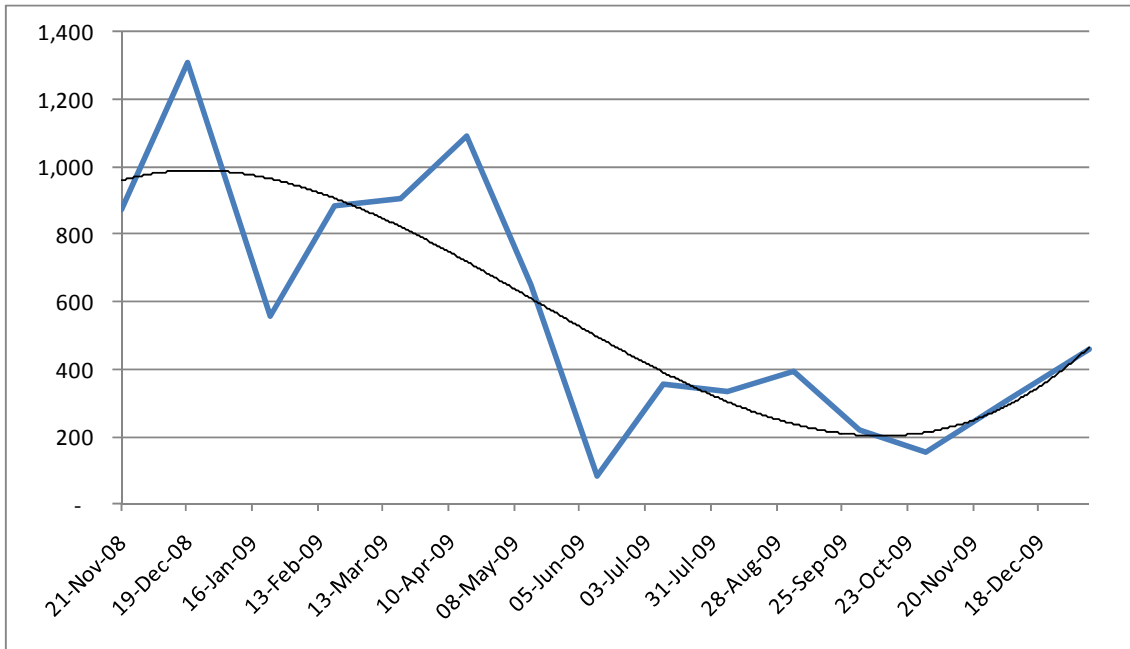
Figure 6: Redundancies per 1000 Working Age Population, JC+ District, 8/11/08 to 08/01/10



Source: Jobcentre Plus

Redundancy figures are volatile and can be dramatically affected by the closure of a few large firms or business units. However, looking back over the recession, it appears that large numbers of redundancies were notified by Devon’s employers during the winter months of 2008 and late spring 2009. This was followed by a gradual decline in the number of redundancies over the summer. More recently, significant numbers of redundancies in the two weeks to 4/12/09 (306 redundancies) and to 08/01/10 (457) have reversed this downward trend.

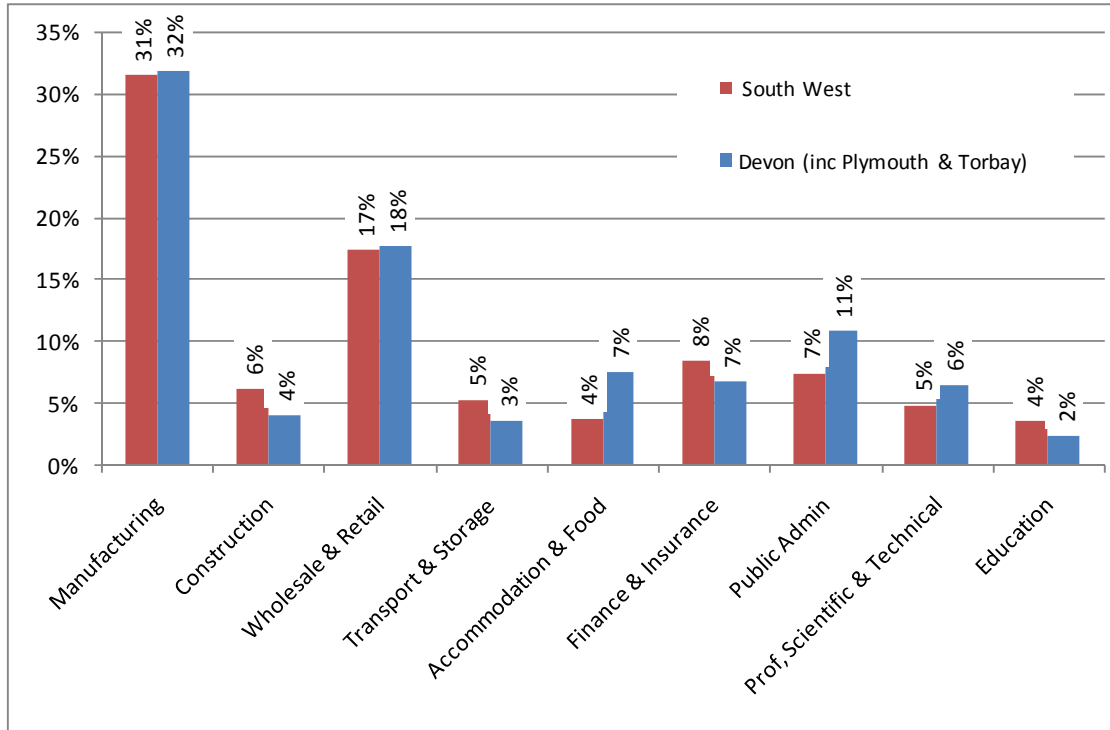
Figure 7: Notified redundancies, 4 week periods, Devon (incl. Plymouth & Torbay), 8/11/08 to 08/01/10



Source: Jobcentre Plus

Looking at the industrial sectors across Devon, 32% of redundancies have been made by employers engaged in Manufacturing, a figure slightly higher than the regional average (31%). Devon has seen a slightly lower proportion of redundancies in the Construction, Education and Transport & Storage Sectors. The Accommodation & food and Public Administration sectors have seen higher levels of redundancies on average than across the South West.

Figure 8: Notified Redundancies by sector, SW & LA, 8/11/08 to 08/01/10

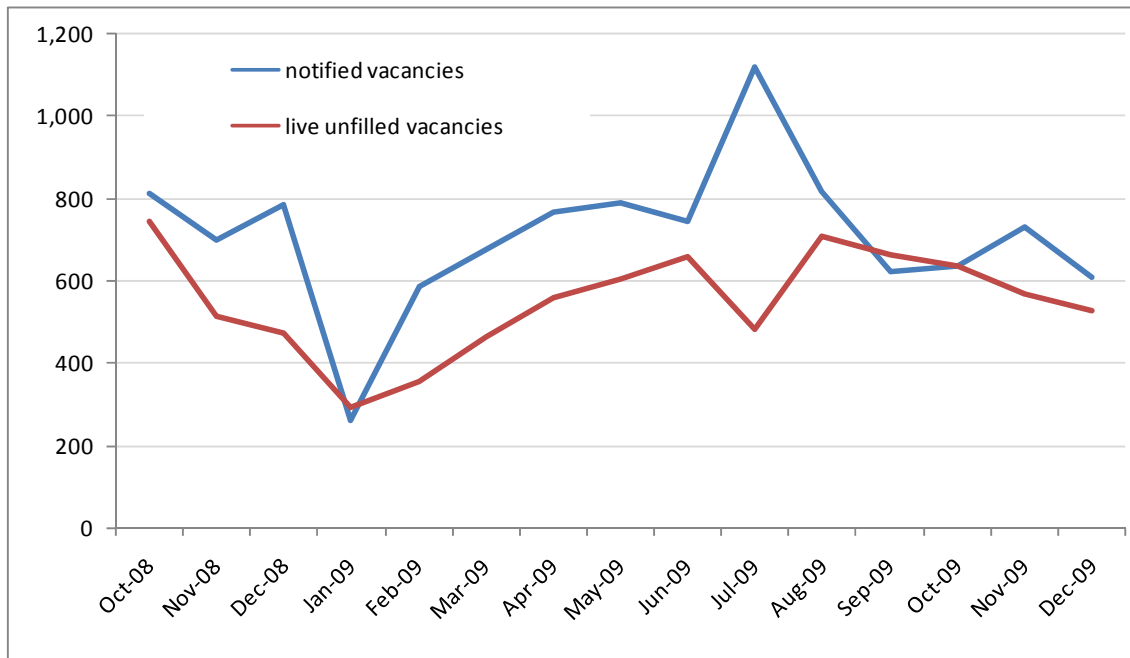


Source: Jobcentre Plus

1.3.2 Vacancies

Before the recession the number of vacancies notified to and available through Jobcentre Plus in Torbay ran at around 800 per month. Following a largely seasonal collapse in January 2009, notified vacancies recovered, averaging around 750 per month between March and November 2009, around 10% below pre-recession levels. Unfilled vacancies were at roughly 80% of pre-recession levels over this same period.

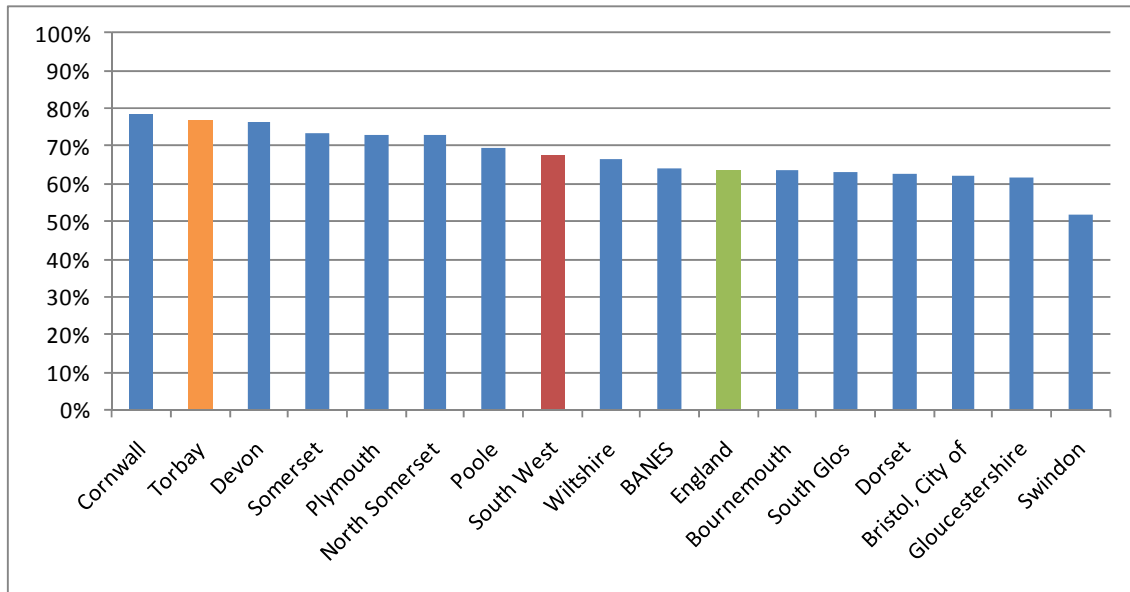
Figure 9: Notified & Unfilled Vacancies, Torbay, Oct '08 to Dec '09



Source: Jobcentre Plus

Looking across the South West, Figure 10 shows that the decline in unfilled vacancies in Torbay over the last year has been far lower than that seen at regional or national level. During the whole of 2009, Live Unfilled Vacancies were 77% of 2008 levels, compared to 68% for the South West and 63% for England.

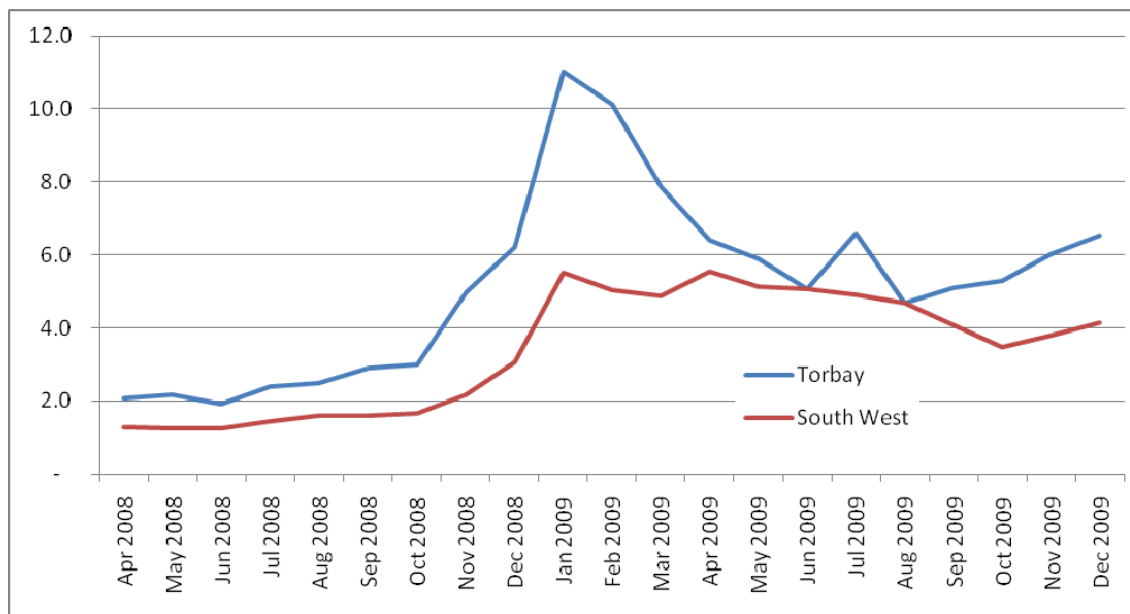
Figure 10: Live Unfilled Vacancies, Jan to Dec 2009 as a % of Jan to Dec 2008



Source: Jobcentre Plus

Figure 11 shows that the number of claimants per Live Unfilled Vacancy has been consistently higher in Torbay than it has been across the South West as a whole. The claimant per vacancy ratio rose sharply during the initial phase of the recession, from a pre-recession level of around two to a peak of eleven claimants per vacancy in January 2009. Since then, the figure has fallen back to between 5.5 and 6.5 claimants per vacancy from March to December 2009.

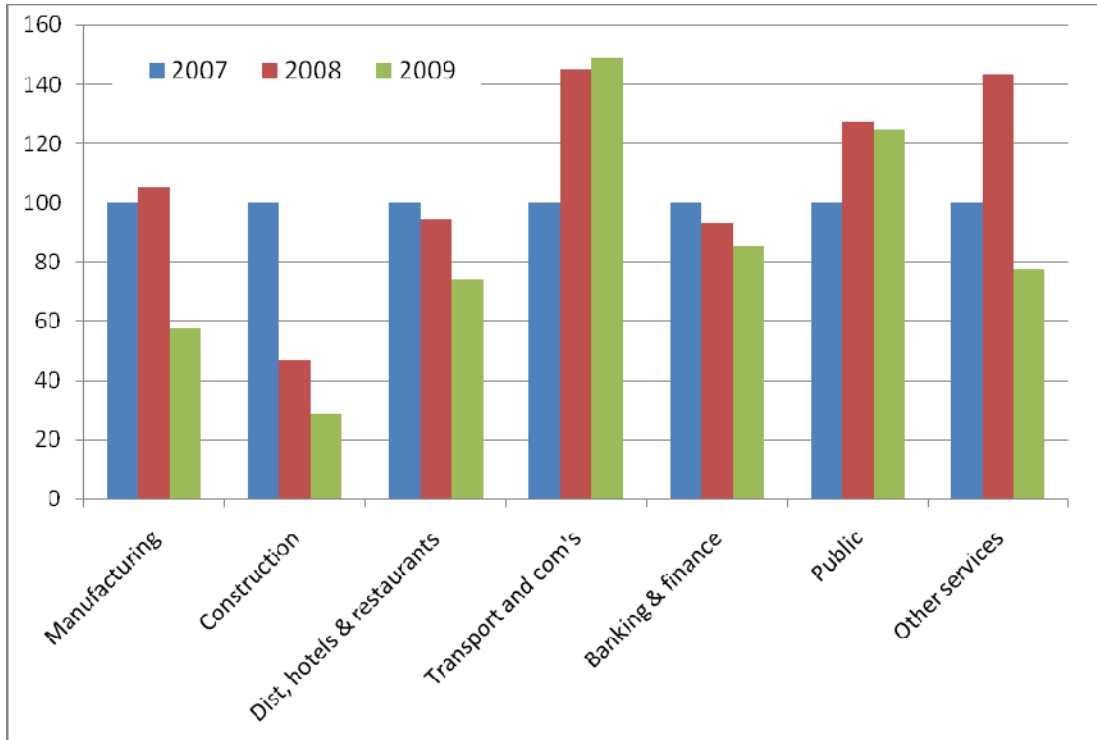
Figure 11: Claimants per Vacancy, Apr 2008 to Aug 2009



Source: Jobcentre Plus

Looking at the sectors, Figure 12 shows that over the last two years Torbay has seen major declines in vacancies for the Manufacturing (-57%) and Construction (-71%) sectors. Declines have also been seen in Distribution, hotels & restaurants; Banking & finance and Other Services. Only Transport and communications (+50%) and the Public sector (+25%) have seen vacancy numbers grow.

Figure 12: Vacancy levels by Sector, Torbay, 2007 – 2009 (Index 2007 = 100)

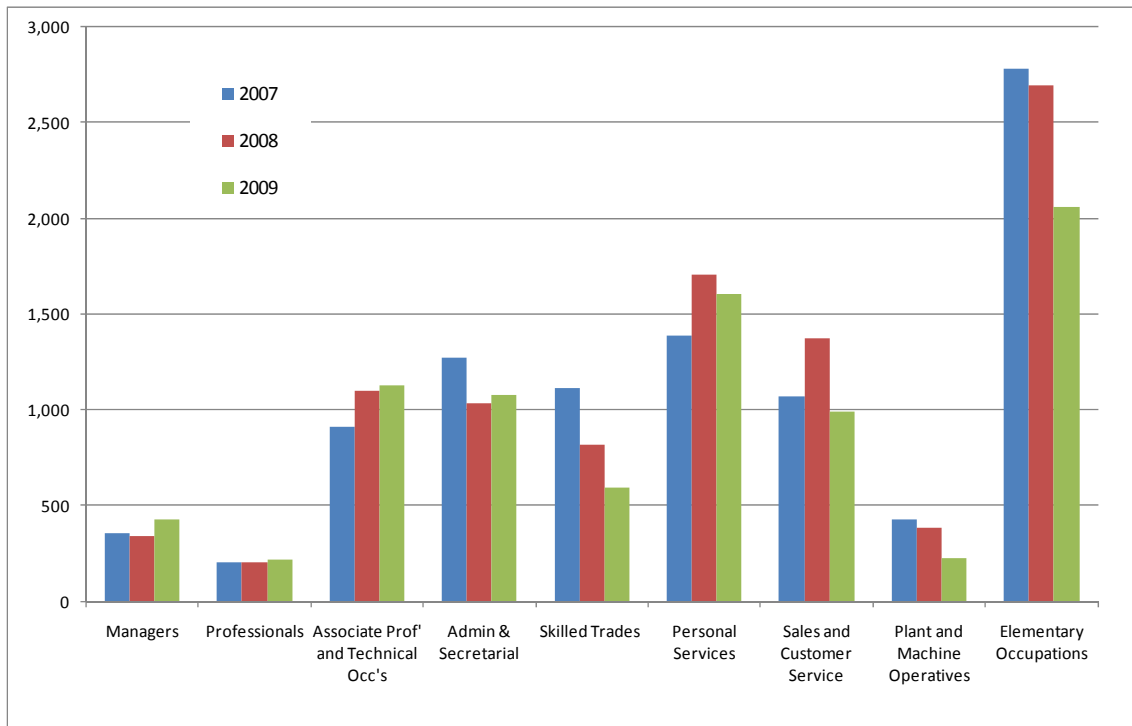


Source: Jobcentre Plus

Figure 13 sets out volumes of vacancies available by occupational group and how these volumes have changed over the last two years.

It shows that, in Torbay, the largest volume of vacancies is in Elementary Occupations; and that the Elementary Occupations has seen a significant fall in vacancy numbers over the last two years. Significant falls have also been seen in vacancies for Skilled Trades and Plant & Machine Operatives. In contrast, the number of vacancies available in Personal Service occupations; Associate Professional & Technical occupations and Managerial level posts have all risen slightly.

Figure 13: Vacancy levels by Occupation, Torbay, 2007 – 2009



Source: Jobcentre Plus

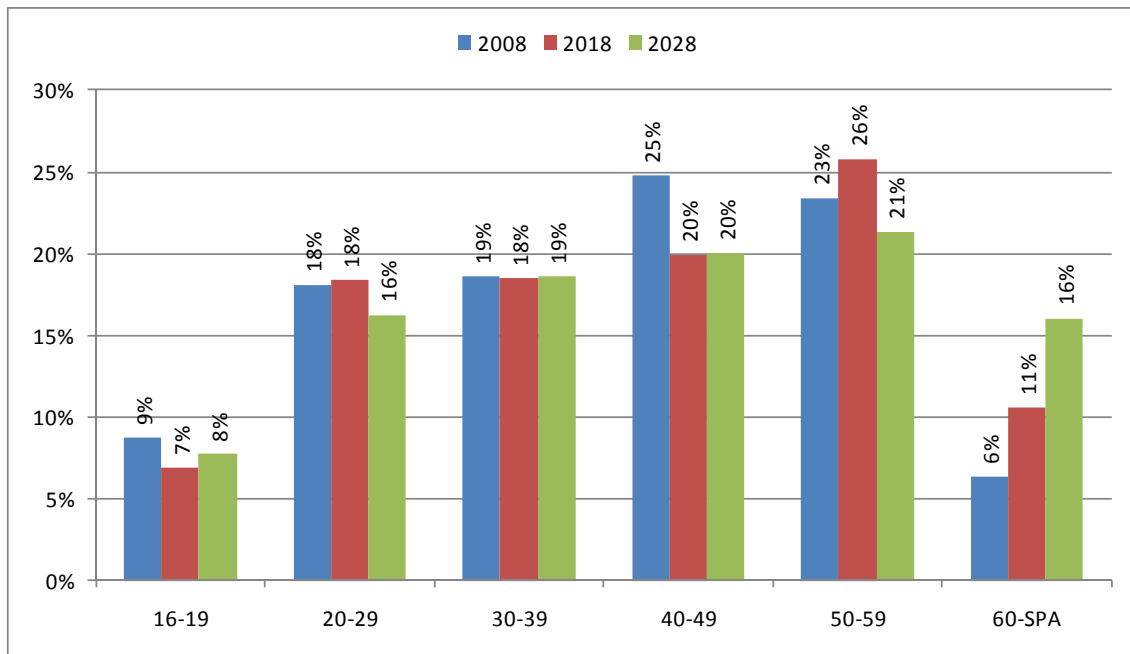
2. THE WORKFORCE

2.1 Demographics

Figure 14 illustrates the age profile of the population as it was in 2008, and how it will probably look in 10 and 20 years time. Currently, around 21% of the labour force are in their 50s, 20% in their 40s, and around 18% each in their 20s and 30s. Around a 8% are in their late teens.

While the overall shape of the working age population is unlikely to change substantially over the next 20 years; its profile will 'age', with older cohorts accounting for a progressively larger share of the population. Furthermore, by 2018 there will be significantly more workers in their 50s and 60s than those under 30, and by 2028 37% of the workforce in Torbay will be aged 50 and over compared to 29% today. The relatively rapid increase in the number of people in their 60s in the labour force is due in part to changes in government policy that will delay, from 2010, the age at which women (and later men) can draw their state pension.

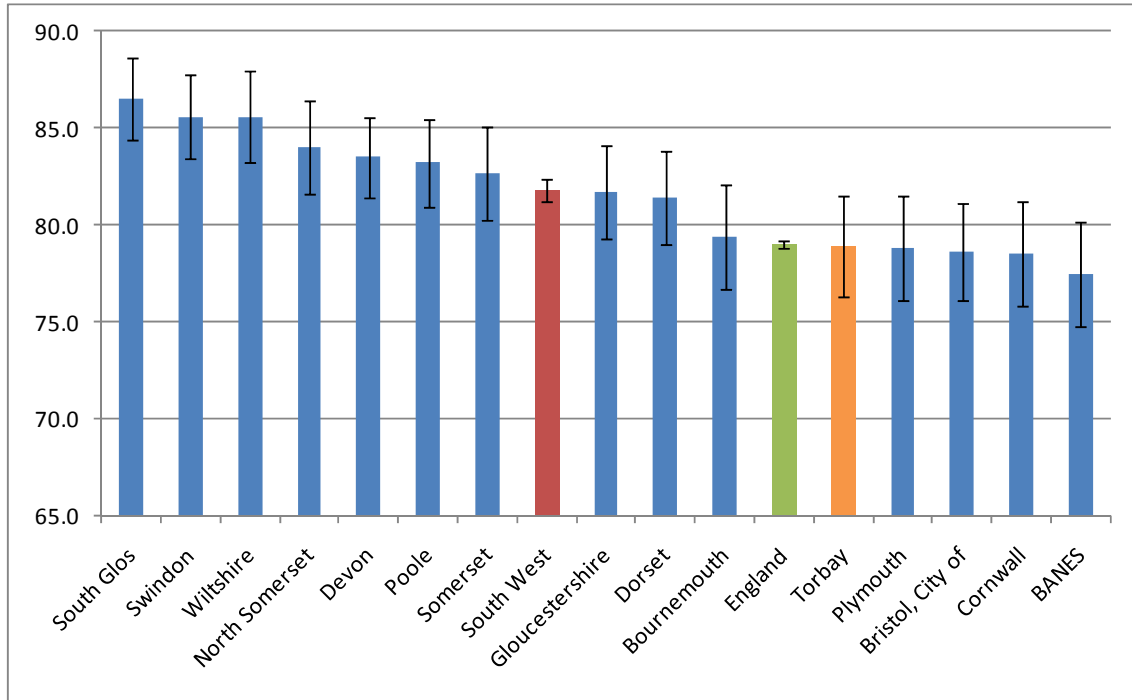
Figure 14: Age structure of the working age population, Torbay, 2008 to 2028



Source: APS

People who are economically active are those who are either in work or who are making themselves available for work by actively looking for it. In Torbay 78.9% of the working age population was economically active in the period July 2008 to June 2009, a figure 2.9% below the regional (81.8%) average but in line with the national (79%) rate.

Figure 15: Economic Activity Rate, Jul 2008 to Jun 2009



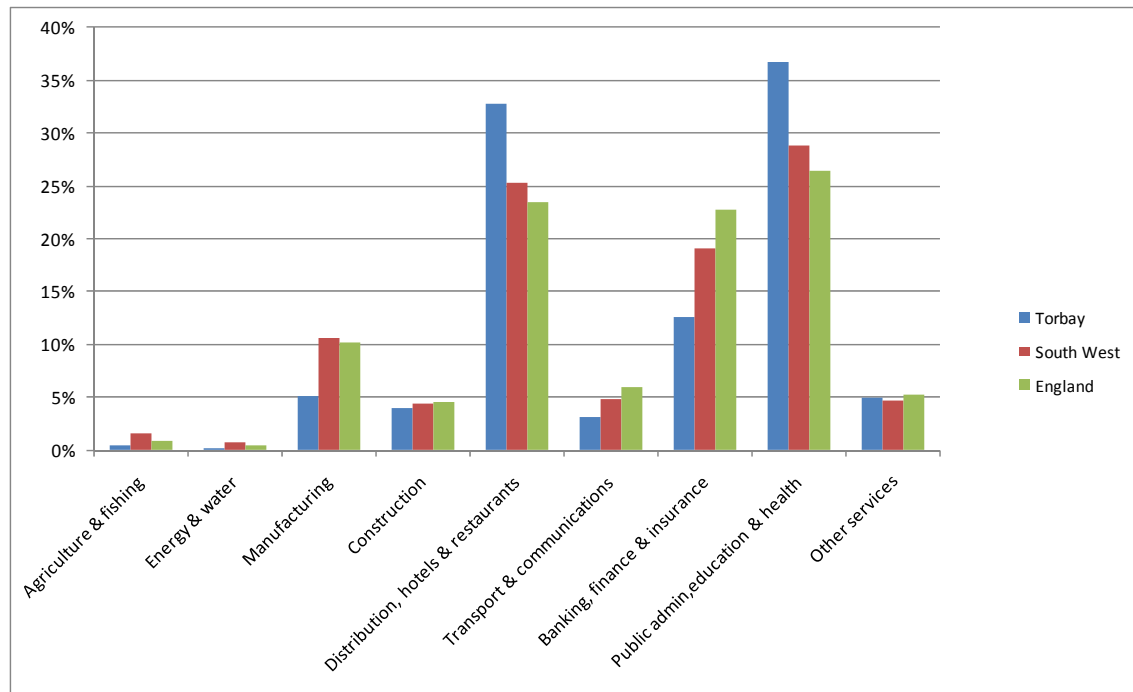
Source: APS

2.2 Workforce Structure⁴

Employment by sector

Employment in Torbay broadly reflects the industrial pattern seen across the South West and England as a whole. The three largest sectors in terms of employment are Public administration, education & health, Distribution, hotels & restaurants; and Banking, finance & insurance. Torbay has a higher proportion of the workforce engaged in Public administration, education & health and in Distribution, hotels & restaurants than is seen at regional and national level. Comparatively low numbers are employed in Manufacturing; Banking, finance & insurance and in Transport & communication. These sectors are highly productive and their low presence is one of the factors in explaining why productivity in Torbay and South West generally lags the UK average.

Figure 16: Percentage of total employment by sector (2008)



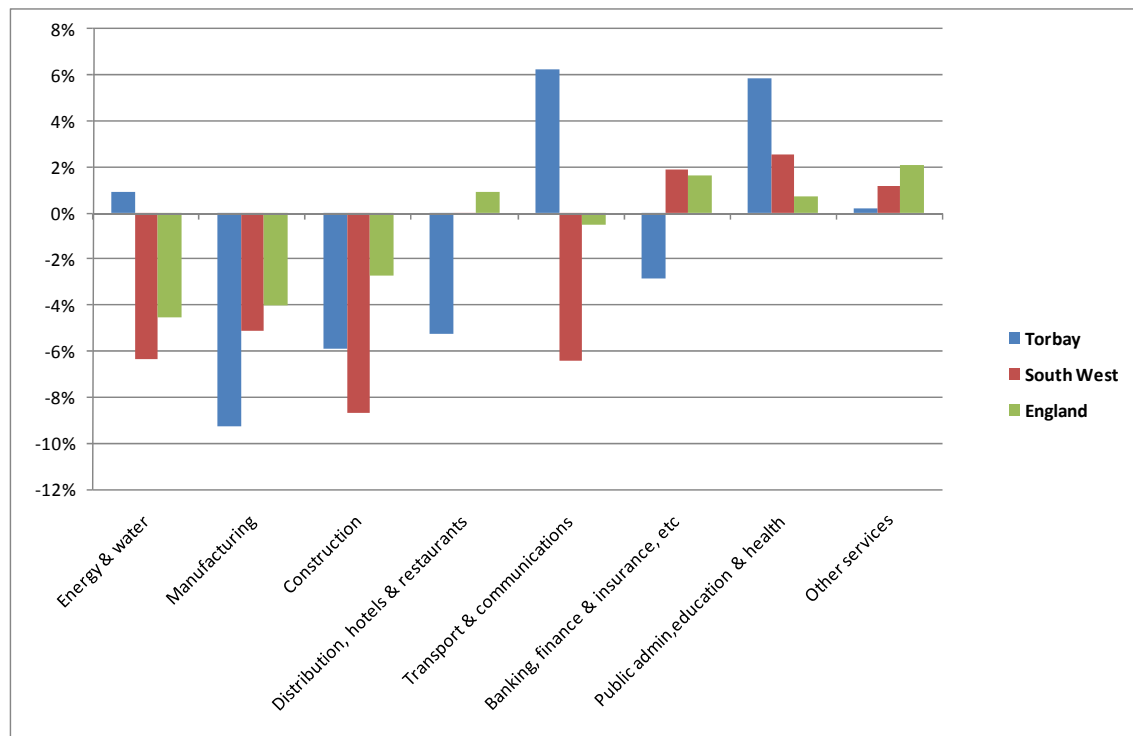
Source: Annual Business Inquiry

⁴ Data for this section was provided by the Economy Module, thanks to Eleanor Field.

Figure 17 shows changes in sector employment between 2007 and 2008. Since this only depicts one year change, this pattern should not be interpreted as a trend. Due to discontinuities in the Annual Business Inquiry (ABI) methodology, it is not possible to analyse changes in this data over a longer period. The large confidence intervals attached to this data, particularly in the smaller sectors⁵, also mean that it should be treated with care.

The data does however suggest that employment levels in the Manufacturing, Construction, Distribution, hotels & restaurants and to some extent, Banking, finance & Insurance, have declined in Torbay in the last year. Employment levels in Transport & communications and in Public Administration, education & health appear to have grown over the year.

Figure 17: Employment change by sector 2007-2008



Source: Annual Business Inquiry

2.2.1 Knowledge-Intensive Sectors

Knowledge-Intensive Sectors (KIS) are often highlighted as particularly important sectors in an economy. They are typically highly productive, have high levels of innovation and often demand a highly skilled workforce. They also represent areas of potential for further growth.

⁵ Such as Agriculture & Fishing and Energy & Water

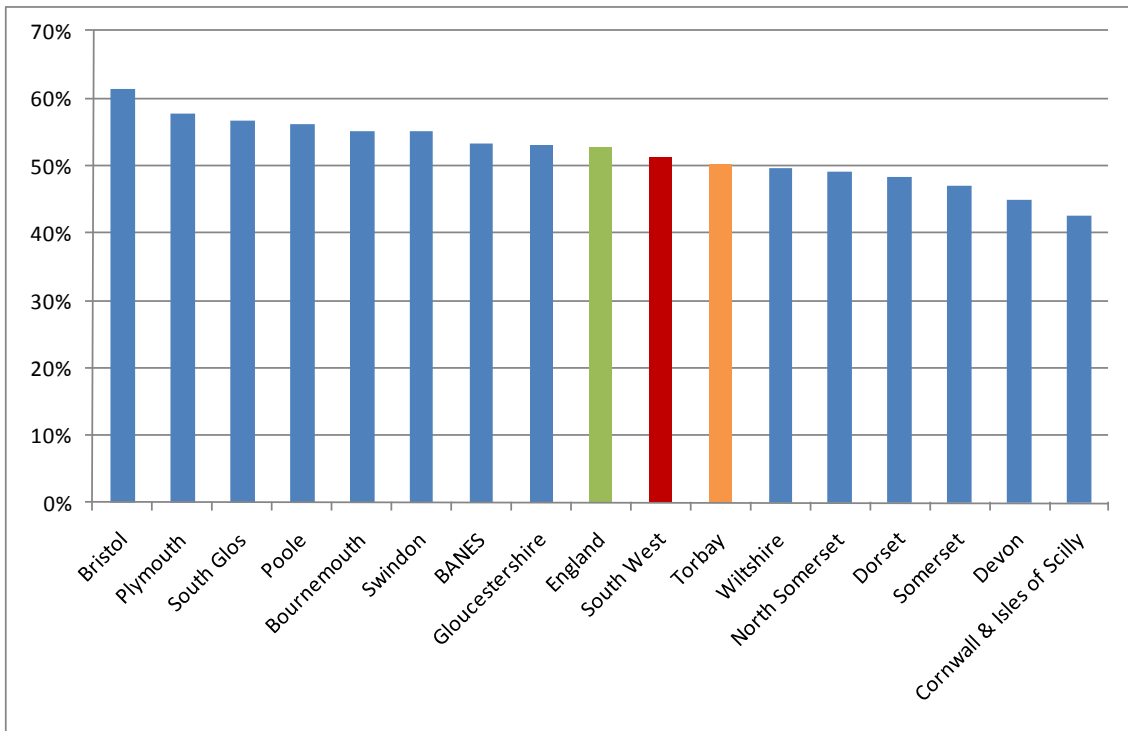
In this section we use the Eurostat definition of knowledge-intensive sectors to analyse employment in the four main areas that make up the KIS:

Figure 18: Definition of Knowledge-Intensive Sectors

High-technology manufacturing	<ul style="list-style-type: none"> • Manufacture of pharmaceuticals and medical, precision and optical equipment. • Manufacture of office machinery (including computers), televisions and communications equipment. • Manufacture of aircraft and space craft.
Medium high-technology manufacturing	<ul style="list-style-type: none"> • Manufacture of chemicals, machinery and equipment (including electrical machinery), motor vehicles and other transport equipment.
High-tech knowledge-intensive service sectors	<ul style="list-style-type: none"> • Telecommunications, computer activities and research and development.
Knowledge-intensive service sectors (excl high- tech knowledge intensive services)	<ul style="list-style-type: none"> • Water and air transport, financial services, property and other business services, education, health and recreational services.

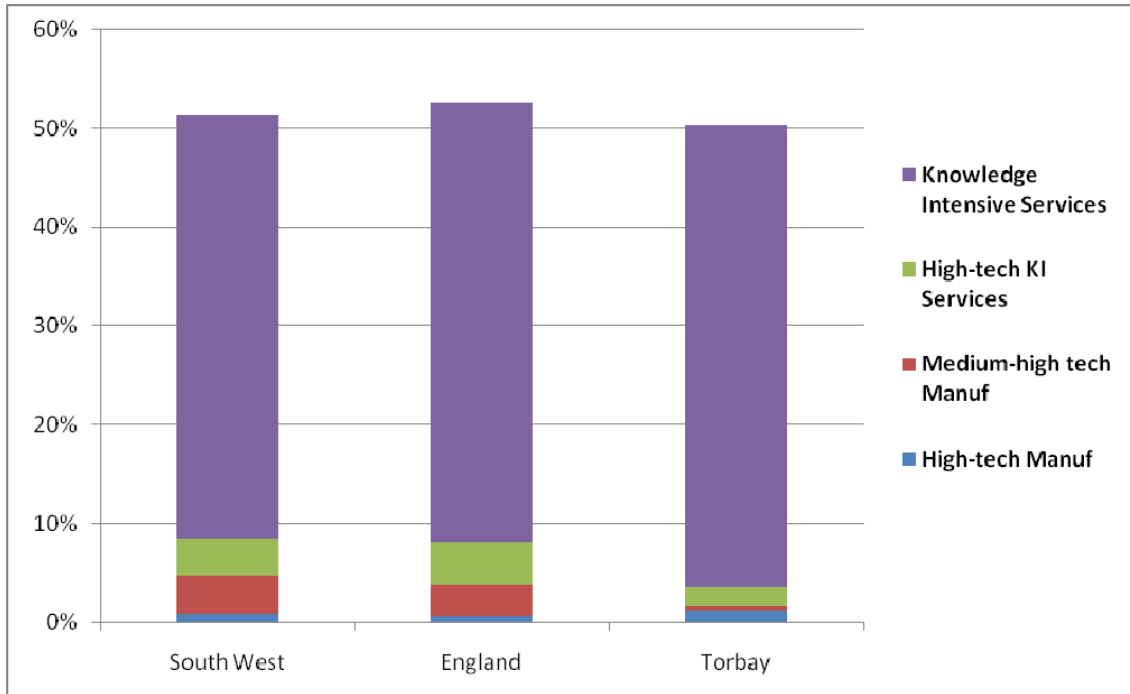
The South West ranks fifth out of the nine English regions, with 51.2% of the population employed in KIS compared to 52.6% for England as a whole. At 50.3%, the proportion of the population in Torbay employed in KIS is just below the regional and national averages.

Figure 19: Employment in knowledge intensive sectors, 2008



Source: Annual Business Inquiry

Figure 20: Percentage of all employees in knowledge-intensive sectors, 2008



Source: Annual Business Inquiry

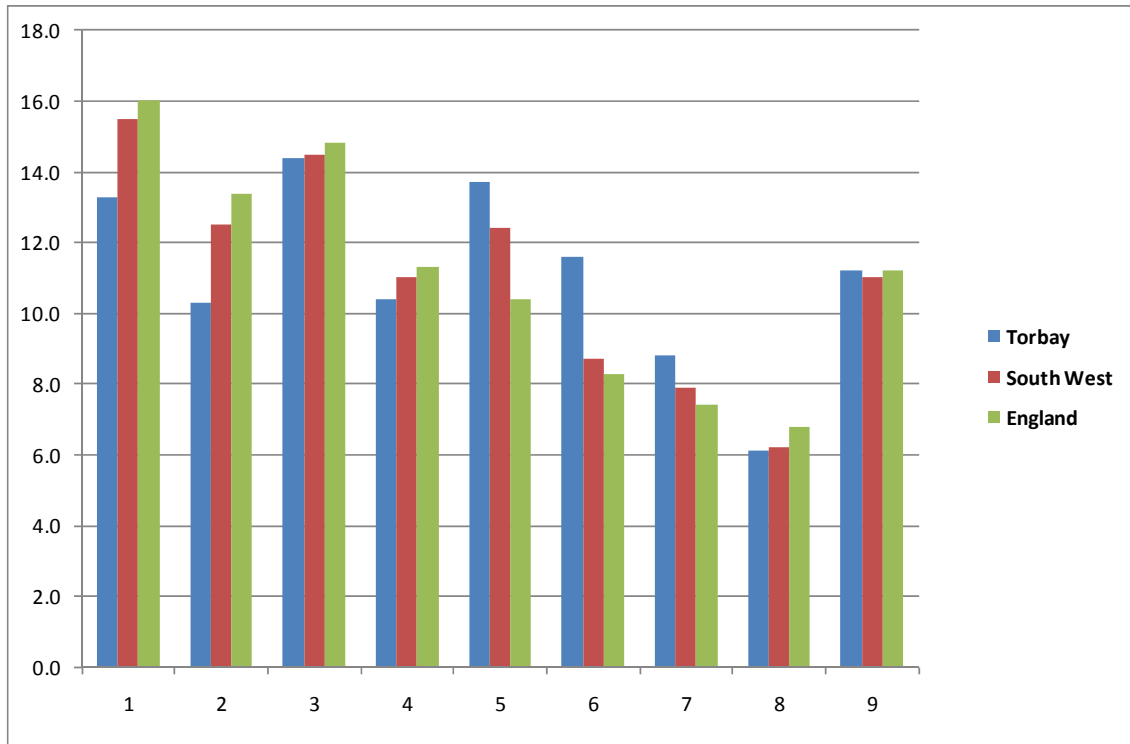
The sub-sectoral make-up of KIS in Torbay varies slightly from that seen in England and the South West. In the South West, 42.7% of employment is in knowledge-intensive services, 3.7% in high tech knowledge-intensive sectors, 3.9% in medium high-tech manufacturing and 0.8% in high-tech manufacturing.

Torbay has relatively high concentrations of employment in High-tech manufacturing (1.2% compared to 0.8% at regional level) and the Knowledge Intensive Services (46.8% compared to 42.7% at regional level). Levels of employment in Medium-high tech manufacturing and in High-tech Knowledge Intensive Services are relatively low.

2.2.2 Occupations

Looking at occupational structure (Figure 21), Torbay has high levels of employment in Personal service occupations and the skilled trades. Employment in Managerial and Professional occupations is lower than the South West and England averages.

Figure 21: Employment by occupation, Jul 2008 – Jun 2009

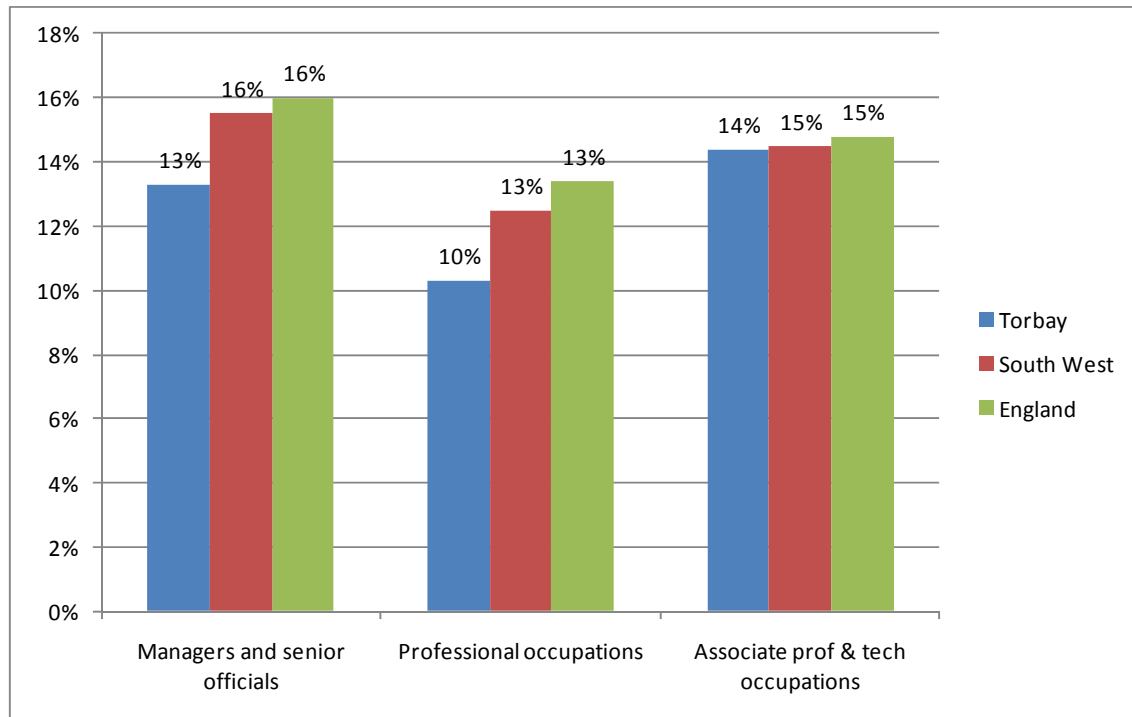


Source: Annual Population Survey

1	Managers and senior officials
2	Professional occupations
3	Associate professional & tech 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

Looking more closely at higher level occupations, 38% of people in Torbay are employed as Managers & senior officials, in Professional occupations or Associate professional & technical occupations. This falls below both the regional and national averages, of 43% and 44% respectively.

Figure 22: Employment in higher level occupations, Jul 2008 - Jun 2009



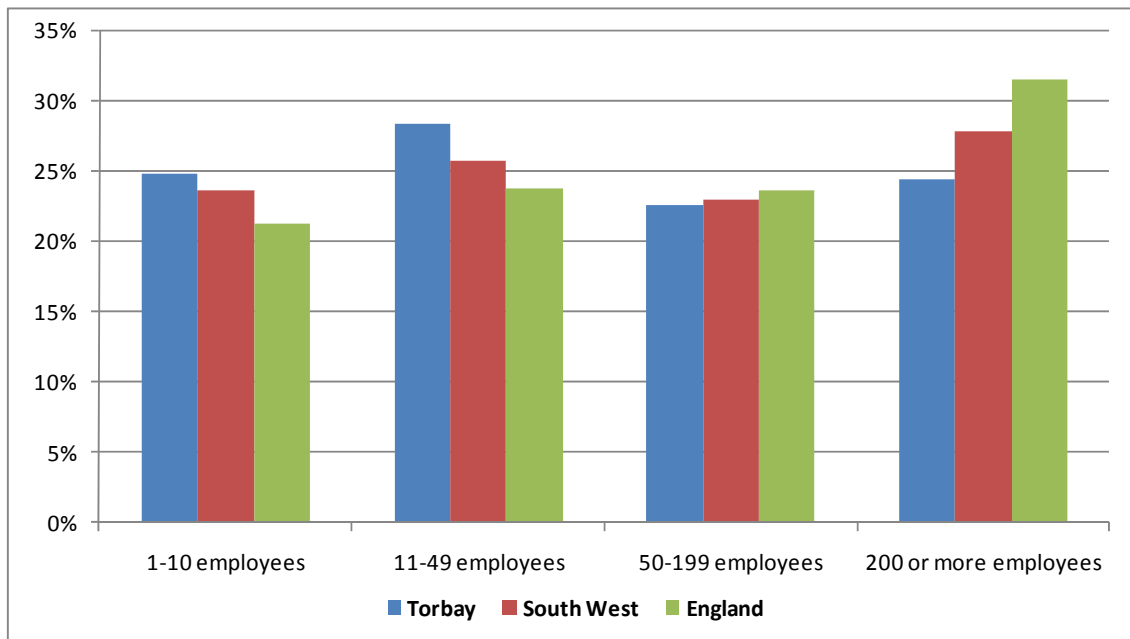
Source: Annual Population Survey

2.2.3 Employment by size of business

The South West has the highest proportion of employees in micro, small and medium sized businesses in England and one of the lowest proportions employed by large firms.

In Torbay 24.7% of employees work in organisations with fewer than ten employees, compared to 23.5% in the South West and 21.3% in England. Employment in organisations with between 11 and 49 in Torbay (28.3%) also exceeds the regional (25.8%) and national (23.7%) figures. Conversely, only 24.4% of people in Torbay work in organisations with 200 or more employees, compared to 27.8% in the South West and 31.4% in England as a whole.

Figure 23: Employment by size of business, 2008



Source: Annual Business Inquiry

The relatively high proportion of employment in SMEs is a mixed blessing – a high turnover of small firms can contribute to a well functioning economy and labour market, through innovation and the creation of new employment opportunities in growth areas. On the other hand, in some circumstances a high dominance of small firms is a sign of economic stress – indicating a lack of opportunities in large firms. In addition, large firms may be able to invest more in their workforce, e.g. through training.

2.2.4 Working patterns and job types

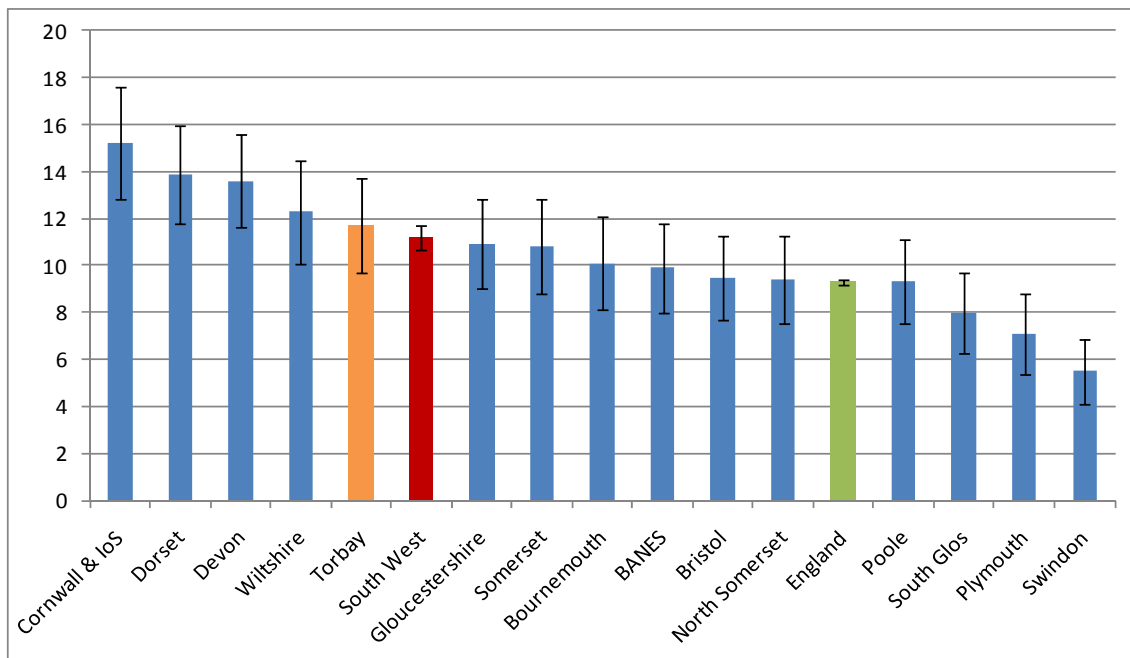
This section looks at:

- Self-employment;
- Part-time workers;
- Temporary employment.

Self-employment

The South West has the highest rate of self-employment of all the English regions and devolved administrations – 11.2% of the working age population in the South West are self-employed, compared to the England average of 9.3% (July 2008 to June 2009). As with many indicators, there is substantial variation between the South West sub-regions. Rural areas such as Cornwall (15.2%), Dorset (13.9%) and Devon (13.6%) have the highest rates of self-employment. Urban areas such as Swindon (5.5%) and Plymouth (7.1%) have the lowest. In Torbay around 11.7% of employment is self-employment, a figure roughly in line with the regional average of 11.2%. As small businesses, self-employment can contribute to a dynamic economy and labour market, however it can also indicate an economy where there are few opportunities in larger, perhaps more productive, firms.

Figure 24: Self-employment as a % of all employment, Jul 2008 to Jun 2008

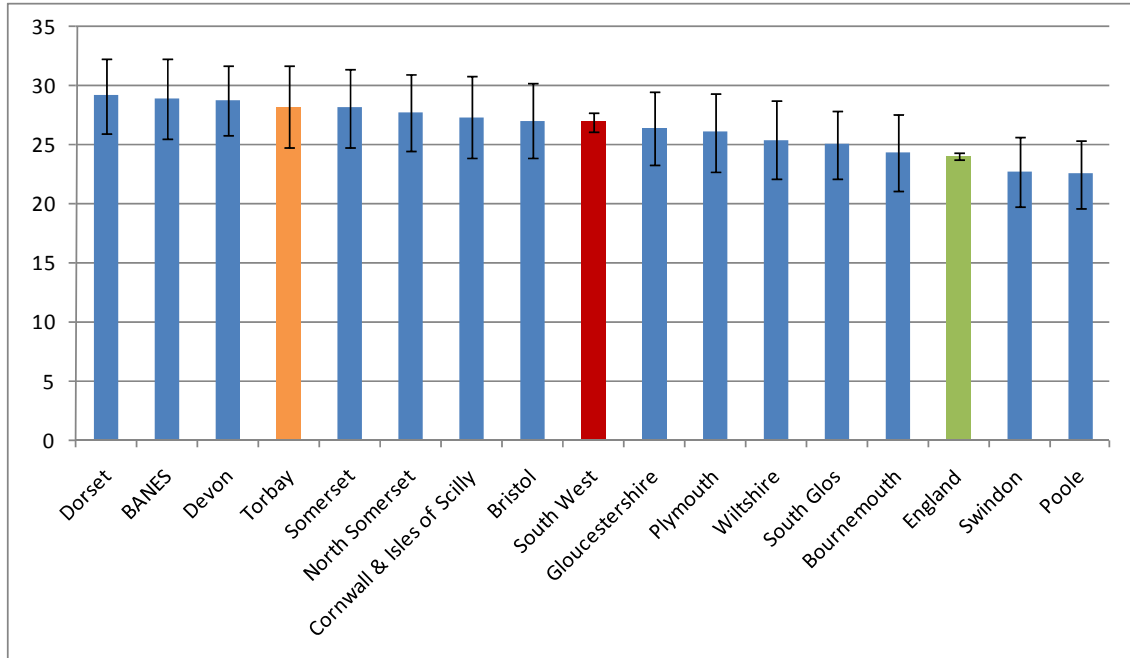


Source: Annual Population Survey

Part-time working

Like most sub-regions across the South West, the proportion of people who work part-time in Torbay (28.2%) is significantly higher than that for England as a whole (24.0%).

Figure 25: Part time working as a % of all employment, Jul 2008 to Jun 2008



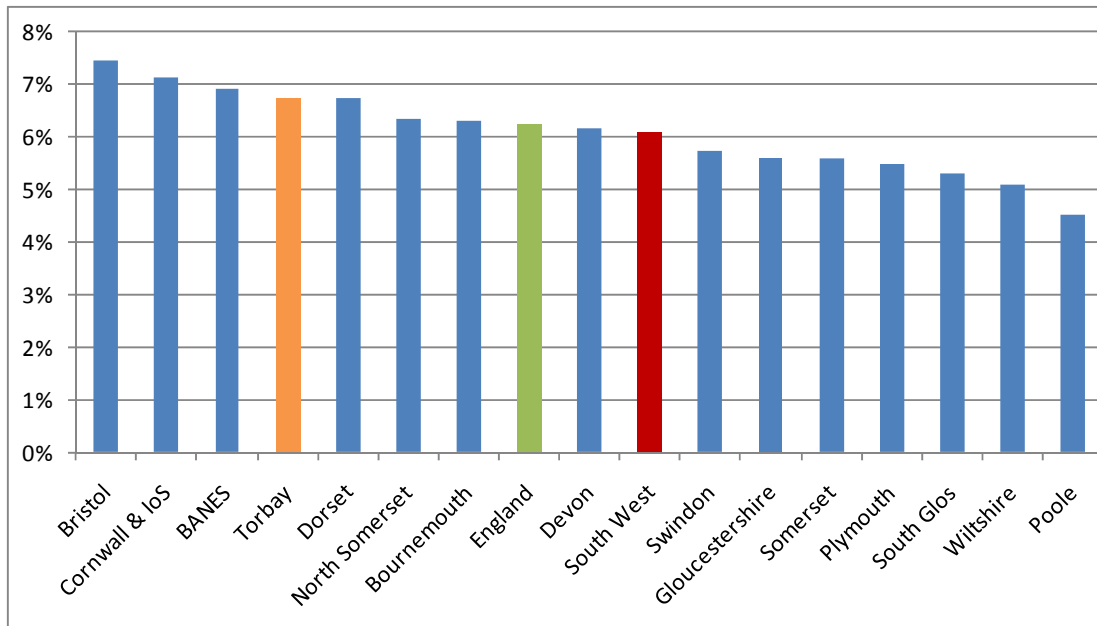
Source: Annual Population Survey

The female part time working rate is higher than the male rate across the board – in 2007 in the South West, 11% of men worked part time compared to 45% of women. There has been little change in the proportion of self-employed since 2004 in the South West.

Temporary Work

In the year from July 2008 to June 2009 6.7% of all people employed in Torbay did not have permanent contracts. While significant confidence intervals apply to this data, the figure is slightly higher than the proportion of people in temporary work in the South West (6.1%) and across England as a whole (6.2%).

Figure 26: Temporary employment, as a % of all employment, Jul 2008 to Jun 2009



Source: Annual Population Survey

3. WORKLESSNESS

In this section we consider the issue of unemployment and inactivity. We also look in more detail at the issue of long-term unemployment and youth unemployment.

3.1 Unemployment

As with redundancies, unemployment is normally assessed using two measures - the Claimant Count and Labour Force Survey (LFS). The Claimant Count is, as the name suggests, a precise count of the number of people claiming Jobseeker's Allowance (JSA) benefits in any single month. LFS unemployment is derived from survey responses, based on the number of people who state that they are actively seeking employment, but are not actually in employment.

Normally the two measures move in concert, with the claimant count significantly below the LFS measure due to factors such as people with savings or working partners deciding that it is not worth their while to 'sign on' once their entitlement to benefits based on their National Insurance contributions has lapsed.

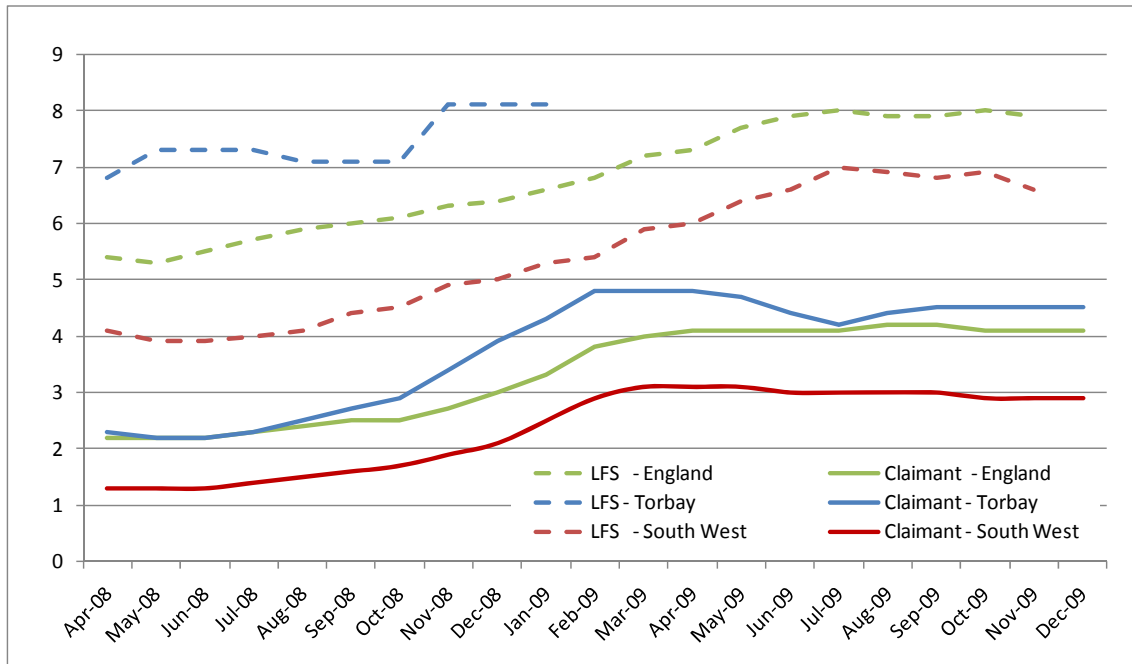
Figure 27 (overleaf) shows unemployment trends in Torbay, the South West and England using these two measures. The Claimant Count for Torbay has remained above both regional and national levels before and during the recession. From a low of 2.2% in May 2008 it more than doubled, rising to 4.8% by February 2009. Since February the rate has fallen by 0.3% to 4.5%. As of December 2009 the Torbay Claimant Count was 1.6% above the regional figure of 2.9% and 0.4% above the national figure of 4.1%.

LFS data at the sub-regional level is erratic and lags⁶. However, the trend for Torbay is consistent with the Claimant Count, showing local unemployment as being higher than regional and national levels and rising from October 2008.

⁶ Technical Note: Data on the (International Labour Organisation (ILO) measure of unemployment for local authority areas is taken from the Annual Population Survey (APS). Unfortunately, although updated quarterly, this data is presented for the four previous quarters, which has the effect of diluting the rapid rise in unemployment observed for the nation as a whole, based on quarter-by-quarter data from the Labour Force Survey (LFS).

Therefore, SLIM has taken the approach of using the mid point of the year being measured in local APS data. Therefore, with the latest local APS data covering the period from July 2008 to June 2009, the unemployment data is taken as a measure for the three months to January 2009.

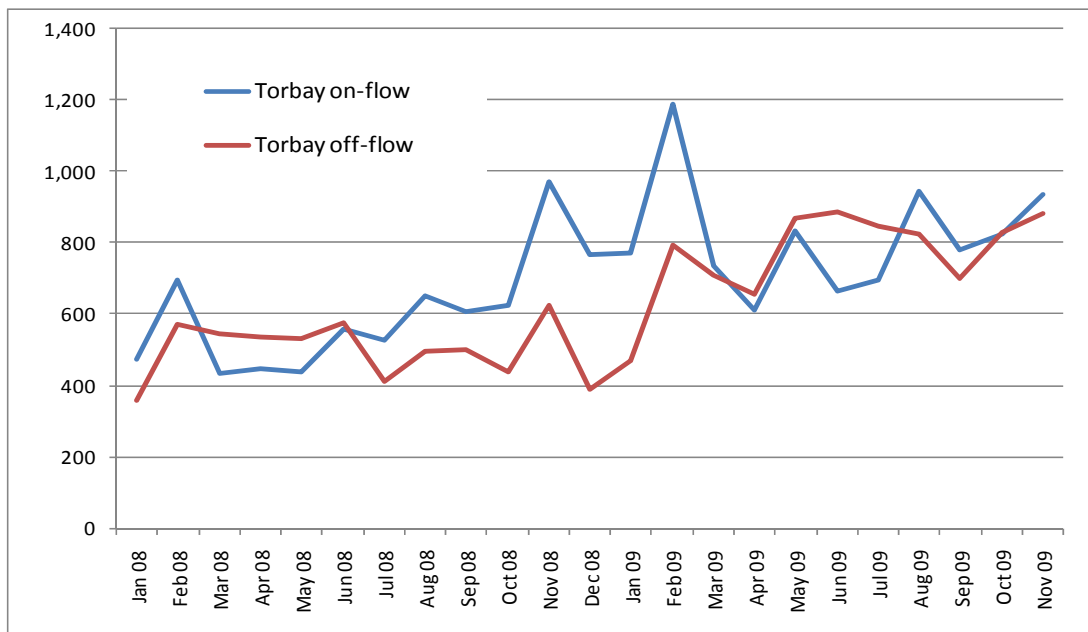
Figure 27: LFS Unemployment & Claimant Count, Apr 2008 to Dec 2009



Source: Claimant Count & Labour Force Survey

Looking at claimant on-flows and off-flows, Figure 28 shows that from July 2008 to March 2009, the number of new benefit claimants exceeded the number leaving benefits, resulting in rising unemployment. Since March, the two lines have come together, remaining at a high level with between 700 and 900 people joining and leaving JSA each month, suggesting a continued high level of turbulence and potential instability within the labour market.

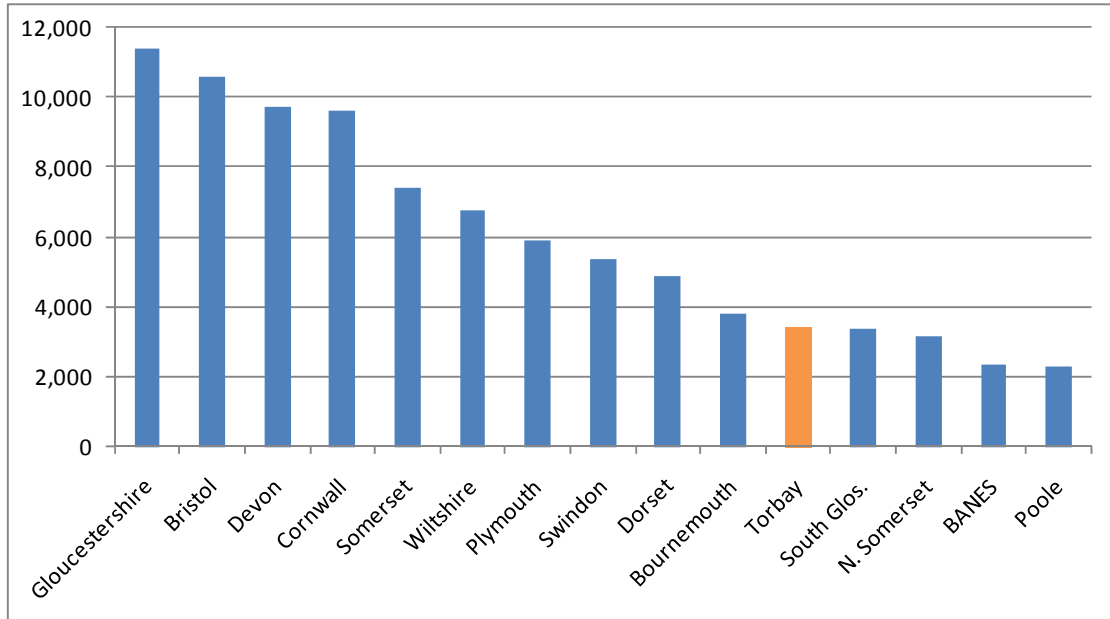
Figure 28: Claimant In-flows and Off-flows, Torbay, Apr 2008 to Nov 2009



Source: Claimant Count

Looking solely at volumes, ignoring the impact of general population sizes of different areas, in December 2009 the greatest numbers of claimants in the South West were in Gloucestershire (11,400) and Bristol (10,600), compared to 3,600 in Torbay.

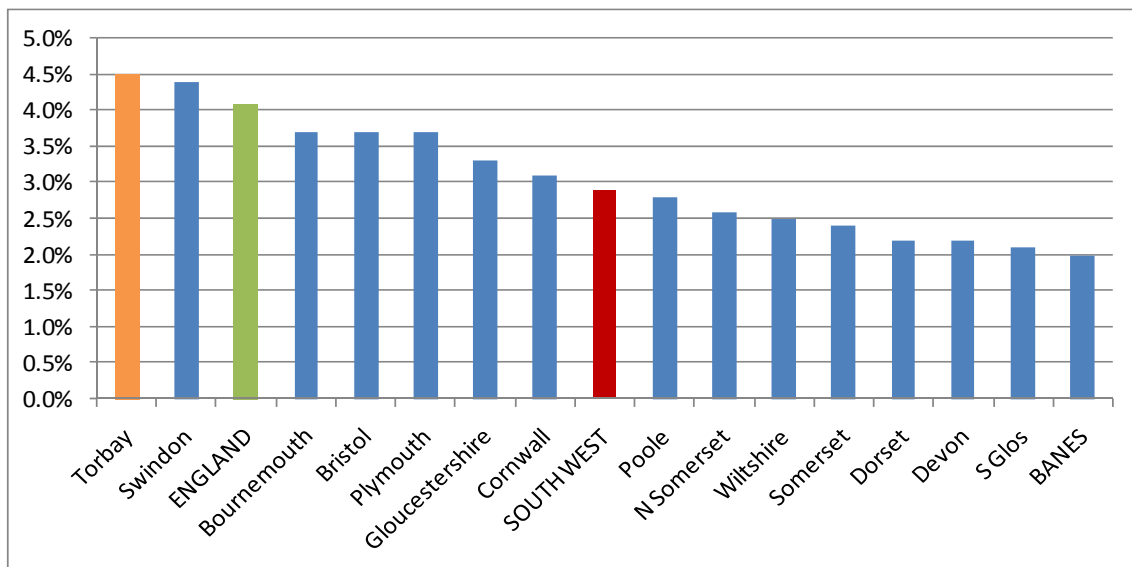
Figure 29: Total Number of Claimants, December 2009



Source: Claimant Count

Looking at the Claimant Count Unemployment Rate i.e. the number of claimants as a proportion of the working age population, Figure 30 shows that the claimant rate for Torbay (4.5%) was the highest in the region in December 2009. This was significantly higher than the regional rate of 2.9%, and slightly higher than the national rate as a whole (4.1%).

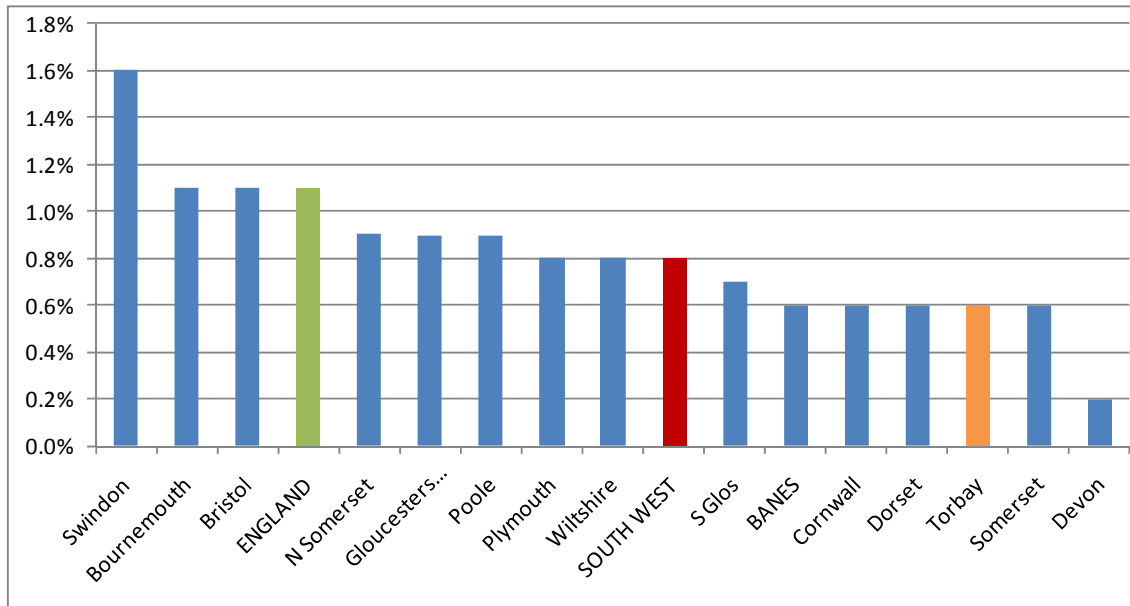
Figure 30: Claimant Rate, December 2009



Source: Claimant Count

Figure 31 shows that the unemployment rate has increased across all areas of the South West between December 2008 and December 2009. In Torbay, the increase was 0.6 percentage points, the joint third lowest in the South West.

Figure 31: Growth Claimant Count Rate, December 2008 to December 2009



Source: Claimant Count

Figure 32 shows that people in lower-skilled occupations are far more likely to be JSA claimants than those in higher-skilled occupations. While 11.2% of all employment in Torbay is in Elementary Occupations, people whose usual job was in an elementary occupation made up 29.8% of claimants in December 2009. People working as Plant & machine operatives, in Sales & customer service or Skilled trade occupations are also over-represented within the claimant count in Torbay.

Figure 32: Composition of Employment & Claimant Count, Torbay, Dec 2009

Occupation - Torbay	% Claimants	% Employment
Managers and Senior Officials	3.83	13.30
Professional Occupations	2.65	10.30
Associate Professional and Technical Occupations	4.86	14.40
Administrative and Secretarial Occupations	6.33	10.40
Skilled Trades Occupations	16.79	13.70
Personal Service Occupations	6.92	11.60
Sales and Customer Service occupations	18.70	8.80
Process, Plant and Machine Operatives	10.01	6.10
Elementary Occupations	29.75	11.20

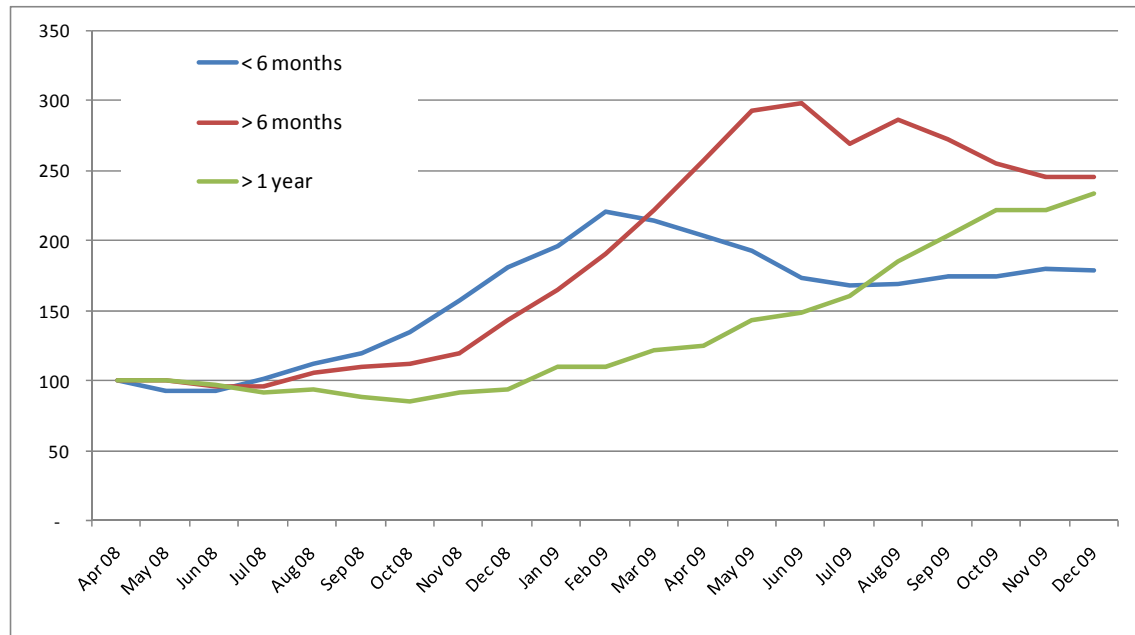
Source: JC+ Administrative Data & LFS / NOMIS

3.2 Long-term Unemployment

Early on in the recession, from July 2008 to February 2009, there was a sharp rise in the number of new claimants (those claiming for six months or less) in Torbay. By January 2009, there were more than twice as many new claimants as there had been in April 2008.

The number of long-term claimants dropped during much of 2008, before starting to rise in September 2008. While the number of short-term claimants started falling from February 2009, the number of long-term unemployed (six months or over) continued to rise for a further three months before starting to fall in May 2009. The number of very long-term (>12 months) claimants has continued to grow, from around 165 before the recession to 385 in December 2009. This shift, sometimes referred to as a 'hardening' of unemployment, is a cause for concern as long-term unemployment leads to loss of skills and confidence and can result in long-term detachment from the labour market.

Figure 33: Claimant Count by duration of claim, Torbay, Apr 2008 – Dec 2009 (Indexed, April 2008 = 100)

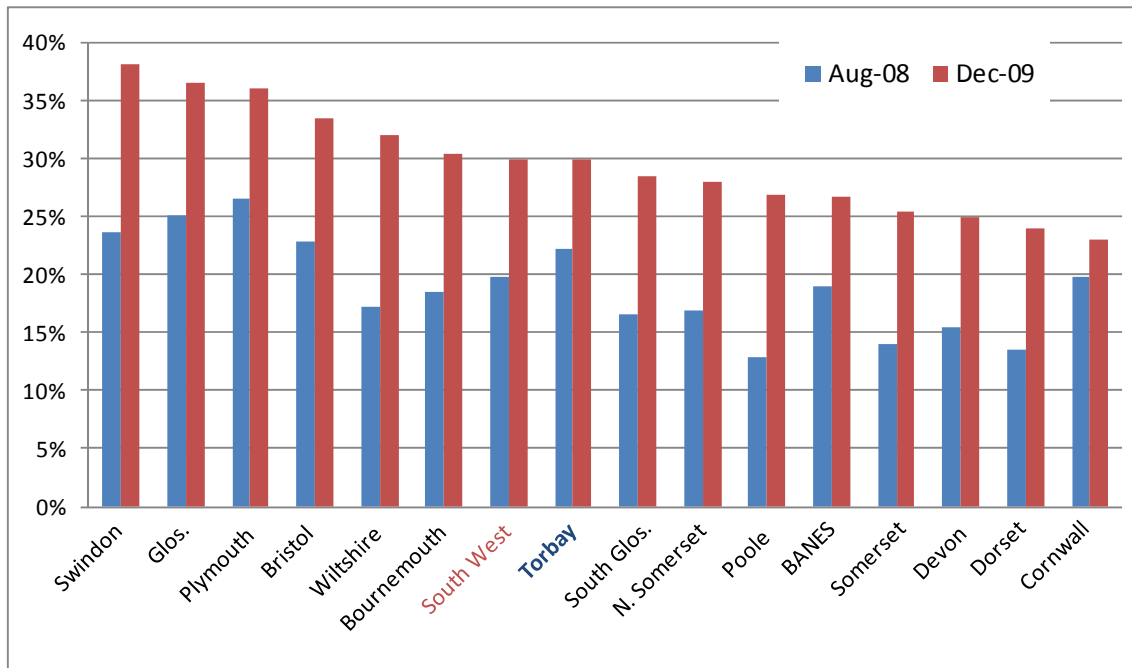


Source: Claimant Count

Figure 34 (below) also shows that long-term unemployment (six months or over) has become more prevalent in all local authority areas during the recent recession. In Torbay, in December 2009, 30% of all claimants have been out of work for six months or longer, a figure in line with the regional average (also at 30%).

All South West sub-regions have seen rapid rates of growth in long-term unemployment during the recession. In Torbay, the proportion of JSA claimants, claiming for six months or longer increased by 8 percentage points between August 2008 and December 2009, a slightly lower rate of growth than seen across the South West (10 percentage points).

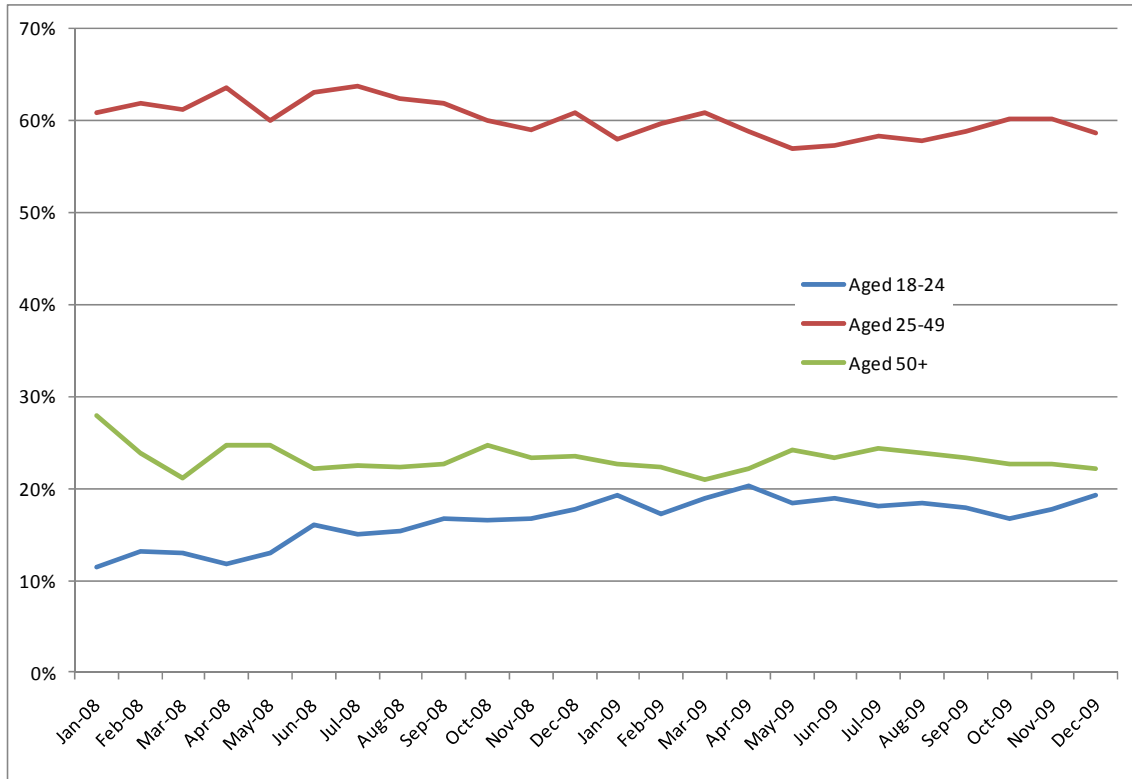
Figure 34: Percentage of Claimants unemployed for six months or longer, Aug 2008 and Dec 2009



Source: Claimant Count

Looking at the distribution of long-term unemployment by age, Figure 35 shows that the proportion of the long-term unemployed who are in the 18 to 24 year old age band has grown over the course of the recession. In January 2008, 18 to 24 year olds made up 12.6% of the long-term unemployed in Torbay. This peaked at over 20% in April 2009, before falling back very slightly to 19% in December 2009

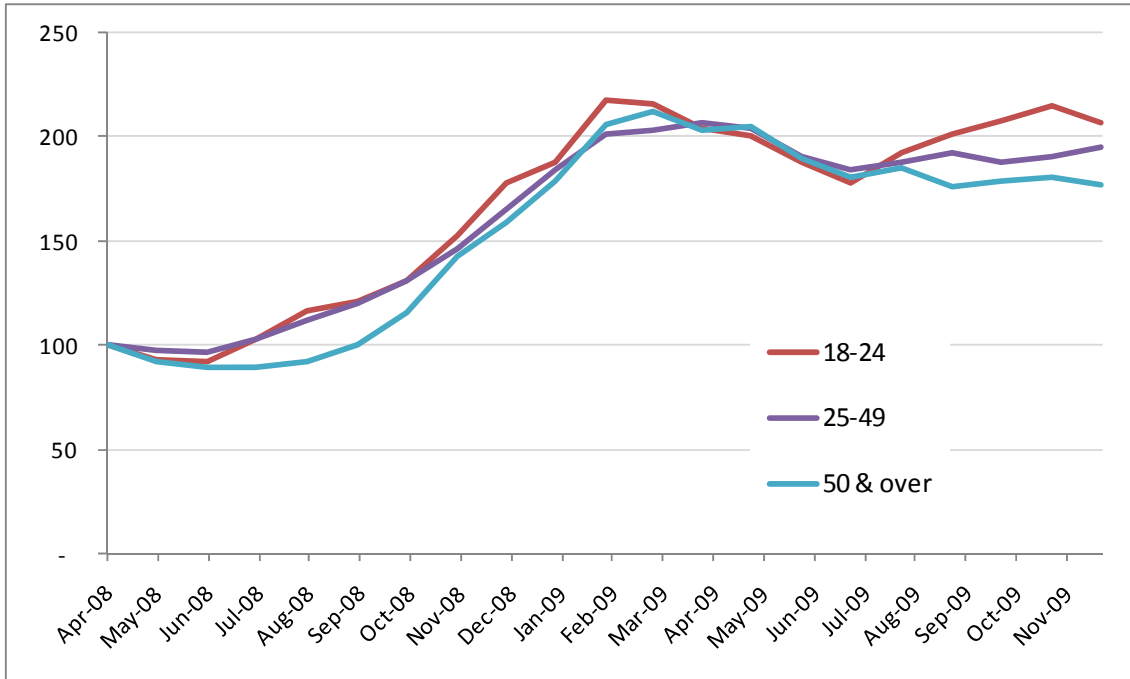
Figure 35: Trends in long term unemployment by age, Torbay, Jan 2008 – Dec 2009



Source: Claimant Count

Looking at the overall Claimant Count, Figure 36 shows that claimant growth-rates have been broadly similar for all age groups over the course of the recession. There does however seem to have been some divergence in recent months, from July to December 2009. During this period the number of claimants aged 18 to 24 rose fairly rapidly, while the number of claimants in older age groups remained steady. This may be a result of young people leaving school, college and university having difficulty finding work.

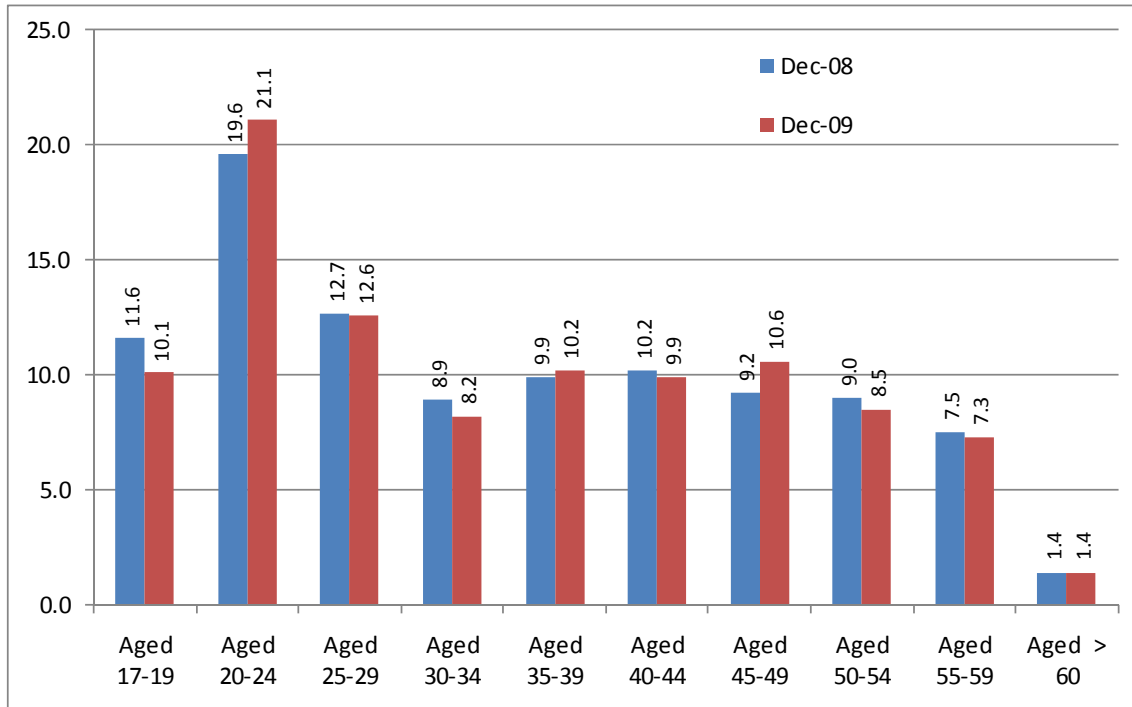
Figure 36: Claimant Count by Age, Torbay, Apr 2008 to Dec 2009



Source: Claimant Count

The breakdown of claimants by age band shown in Figure 37 (overleaf) tells a similar story. In Torbay, 11.6% of all claimants were aged 17 to 19 in December 2008, compared to 10.1% in December 2009. The corresponding figures for the 20 to 24 year olds were 19.6% in 2008 and 21.1% in 2009. The recession does not appear to have a huge impact on the distribution of claimants across the age bands. However, young people aged 20 – 24 were over-represented among the unemployed in December 2008 and they remain disproportionately affected now.

Figure 37: Proportion of total claimant count in each age band, Torbay, Dec 2008 and Dec 2009



Source: Claimant Count

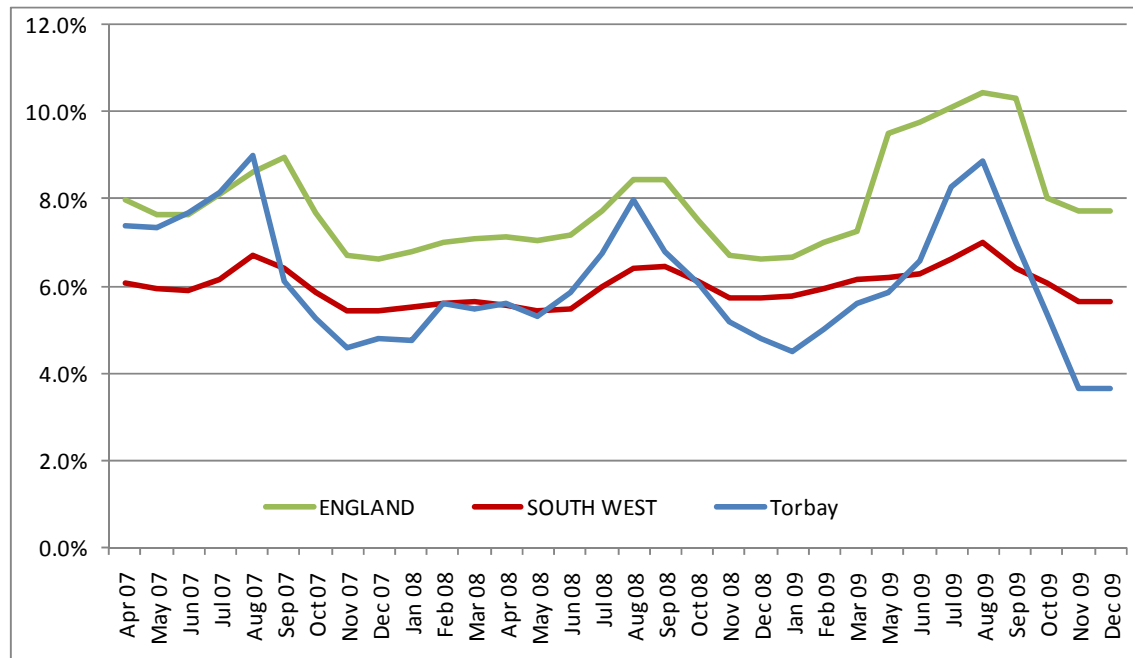
3.3 NEETS

The ability of young people to make a successful transition from school to Further Education, employment or training has been identified as being a crucial safeguard against social exclusion in later life. In recognition of this, the Department for Children, Schools and Families (DCSF) has a PSA target to reduce the proportion of NEET 16 to 18 year olds by two percentage points, from 9.6% in 2004 to 7.6% by 2010.

The characteristics of NEET children are described in the DCSF publication, Youth Cohort Study & Longitudinal Study of Young People in England: The Activities and Experiences of 16 years olds (England 2007). The results show that more than one-third (36%) of 16 year old respondents who had left school with no qualifications were NEET (compared with 2% of those who achieved at least five GCSE grades A* - C), as were just over a quarter (27%) of persistent truants. Children from families where the head of household (HOH) worked in lower supervisory, routine or (especially) other/not classified occupations, or where the HOH had low or no qualifications, were also much more likely to be NEET. Personal characteristics appear less important: white respondents were more likely to be NEET than those from other ethnic backgrounds and those with a disability were almost twice as likely to be NEET as those without an impairment (15%, compared to 8%).

Regional and Local Authority estimates of the NEET population are derived from the Client Caseload Information system (CCIS) maintained by the Connexions Service and are not directly comparable to those obtained from the SFR or the LFS. According to this source, 3.6% of young people aged 16 to 18 year olds in Torbay known to Connexions were NEET in December 2009. This is lower than the South West average (5.6%) and the average for England as a whole (7.7%). The trend for NEET numbers in Torbay follows a distinct seasonal pattern, peaking regularly over the summer months in each of the last three years (see Figure 38).

Figure 38: 16-18 year old NEETs (percentage), Apr 2007 – Dec 2009

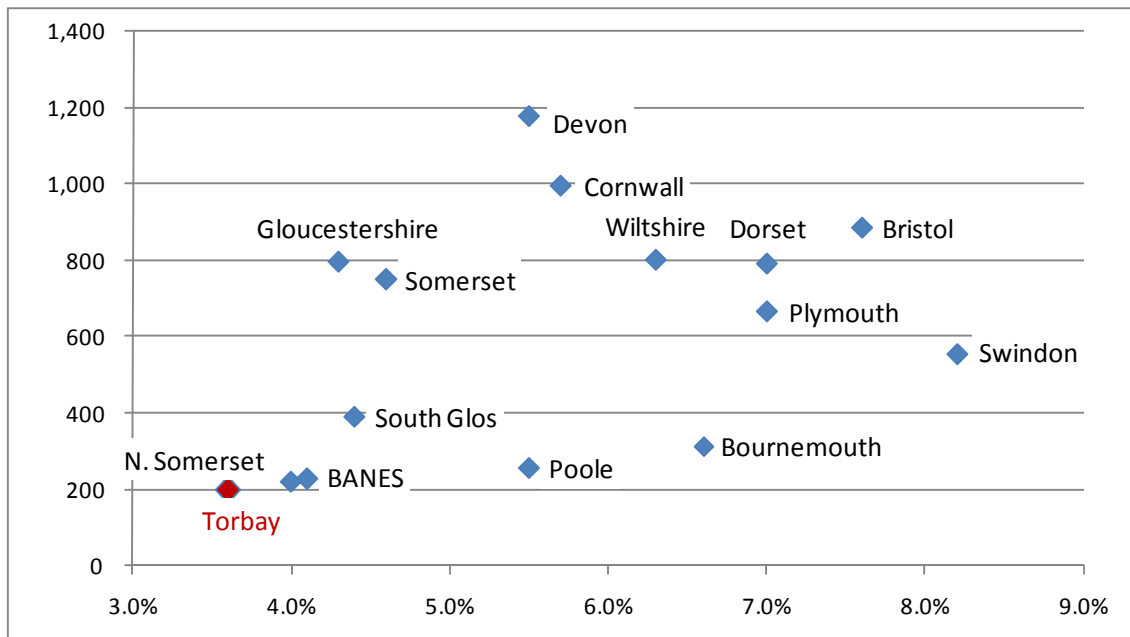


Source: NCCIS

Compared to other English regions, the South West is noteworthy for its combination of low volume and proportion of young people categorised as NEET.

LSC analysis has suggested that Torbay, along with North Somerset, Bath & North East Somerset, South Gloucestershire and Poole, form a group of relatively small sub-urban unitary authorities areas characterised by small volumes and low- to medium proportions of NEETs (Figure 39).

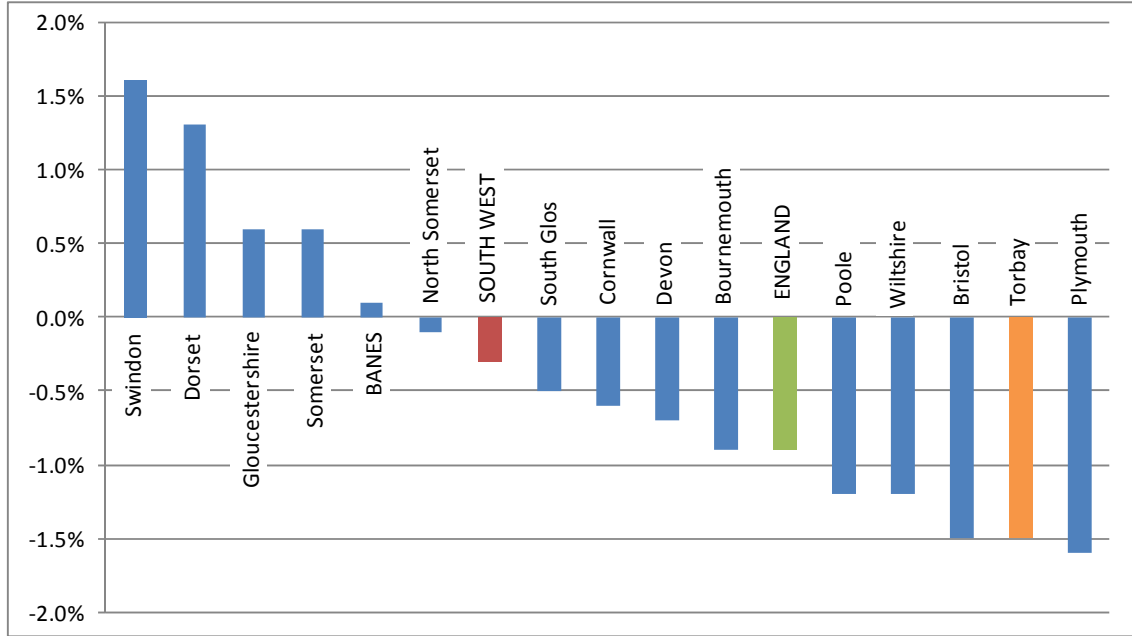
Figure 39: Number and proportion of NEETs, December 2009



Source: NCCIS

In the year to Sept / Nov 2009⁷, the proportion of NEETs has decreased in Torbay by 1.5 percentage points from 6.8% to 5.3% of 16-18 year olds. This was one of the largest falls the South West (Figure 40).

Figure 40: Change in proportion of NEETs, 2008-2009



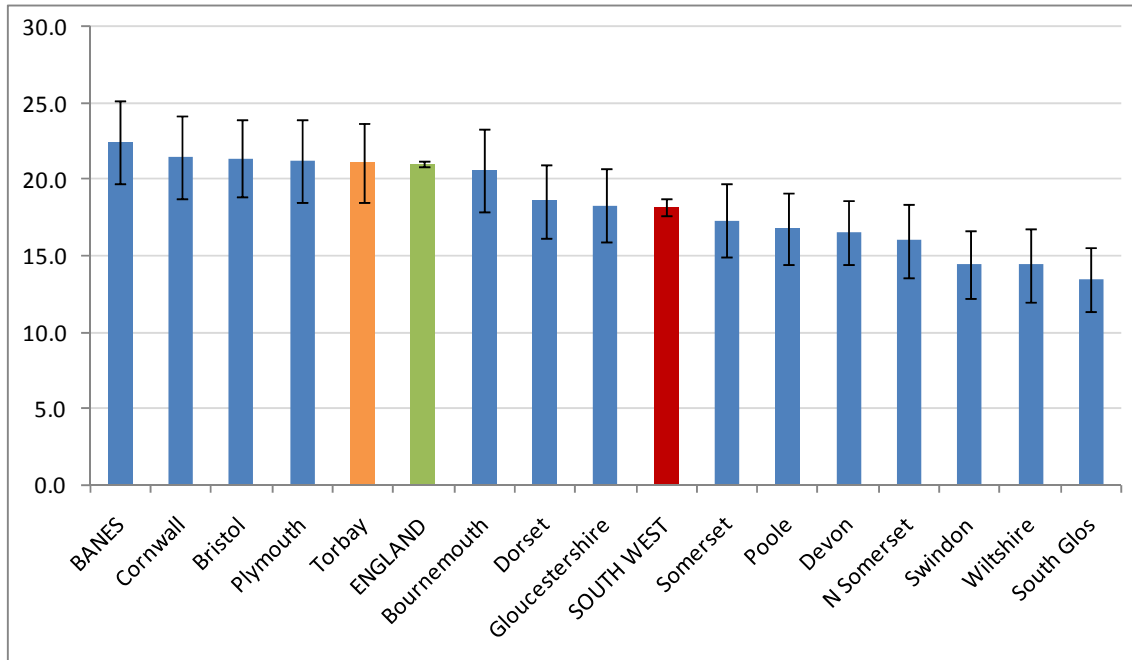
Source: NCCIS

⁷ Monthly data can fluctuate significantly. We have therefore looked at the change in average NEET numbers between two quarters, Sept -Nov 2008 and Sept – Nov 2009.

3.4 Economic Inactivity

Economic inactivity in the South West had been showing a gradual decline until the start of 2009, including during the first quarter of the recession. It has risen rapidly since. In Torbay, the inactivity rate was 21.1% in the period covering July 2008 to June 2009. This is above the South West rate of 18.2%, and in line with the national average of 21% (Figure 41).

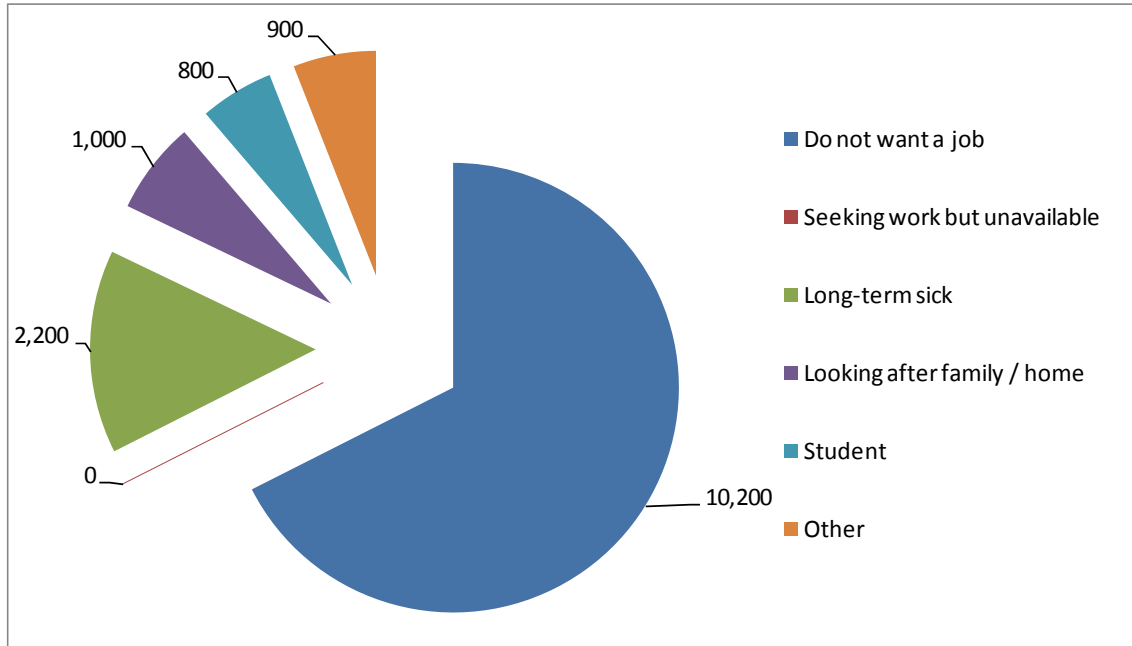
Figure 41: Economic Inactivity Rate of the Working Age Population, Jul 2008 - Jun 2009



Source: Annual Population Survey

Figure 42 shows the composition of inactivity in Torbay from July 2008 to June 2009. Almost two-thirds of the inactive people (10,200) in Torbay do not want a job. Of those who want a job, the largest group is those who are long-term sick.

Figure 42: Composition of Inactivity, Torbay, Jul 2008 - Jun 2009



Source: Annual Population Survey

4. SKILLS IN THE WORKFORCE

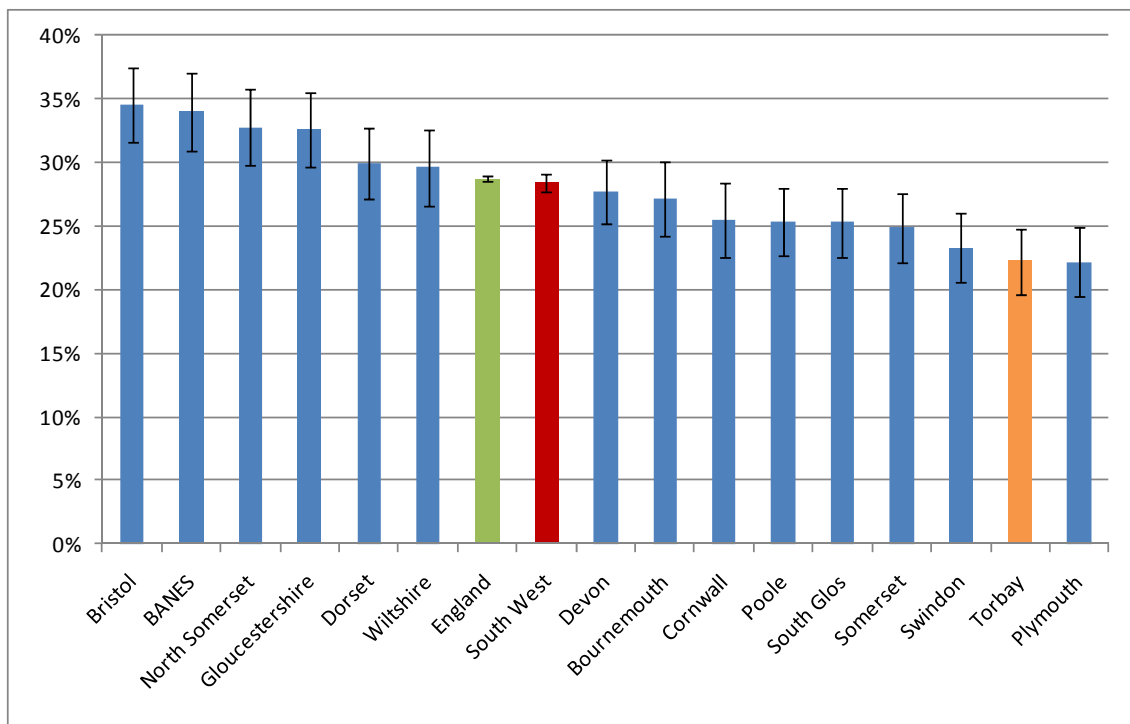
This section is concerned principally with the characteristics of the pool of labour from which employers must draw when addressing issues relating to vacancies, skills shortages and other recruitment difficulties. It begins by looking at the stock of qualifications across the working age population (the best proxy for skill levels), before going on to look at participation and achievements by young people and adults in education and learning activities.

4.1 Workforce skills

4.1.1 Level 4 and above

Figure 43 shows that – at 22.2% in 2008 - Torbay had the second lowest percentage of its working age population qualified to at least Level 4 in the South West. This is well below both the regional and national averages (28.3% and 28.7% respectively).

Figure 43: Proportion of the working age population qualified to Level 4 and above, 2008

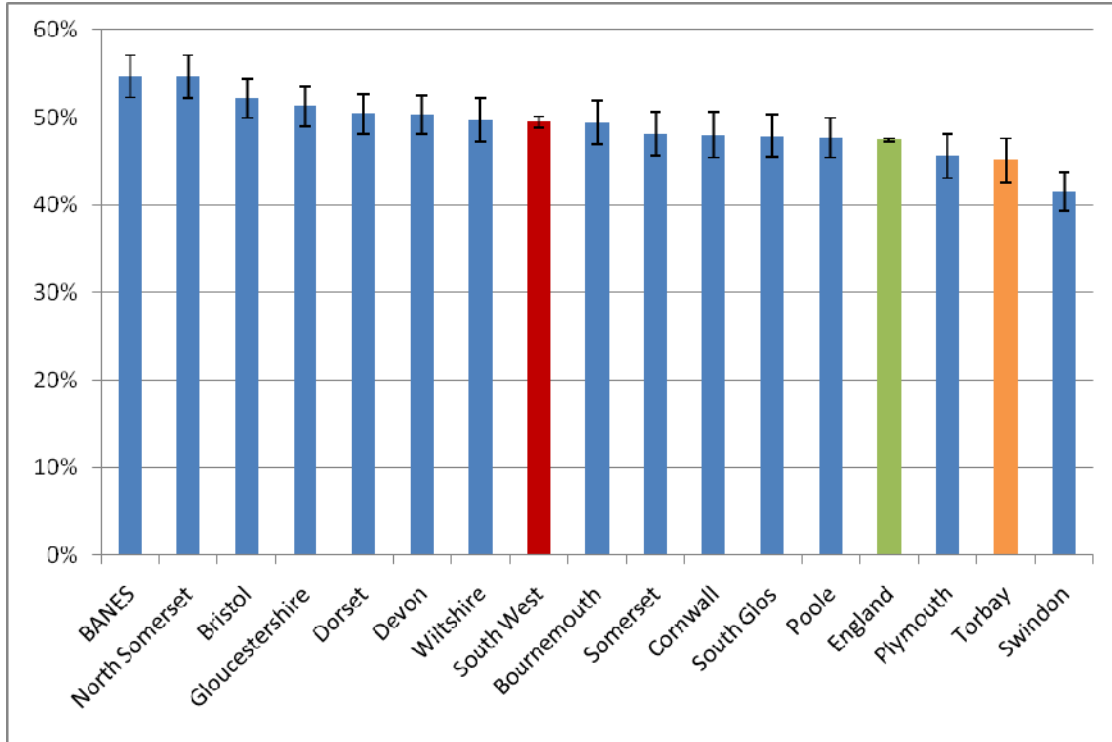


Source: Annual Population Survey (via Nomis)

4.1.2 Level 3 and above

45.1% of Torbay's working age population were qualified to at least Level 3 in 2008 (Figure 44). As with Level 4 and above, this is the second lowest level in the region, some way below both the regional (49.5%) and national (47.4%) averages.

Figure 44: Proportion of the working age population qualified to Level 3 and above, 2008

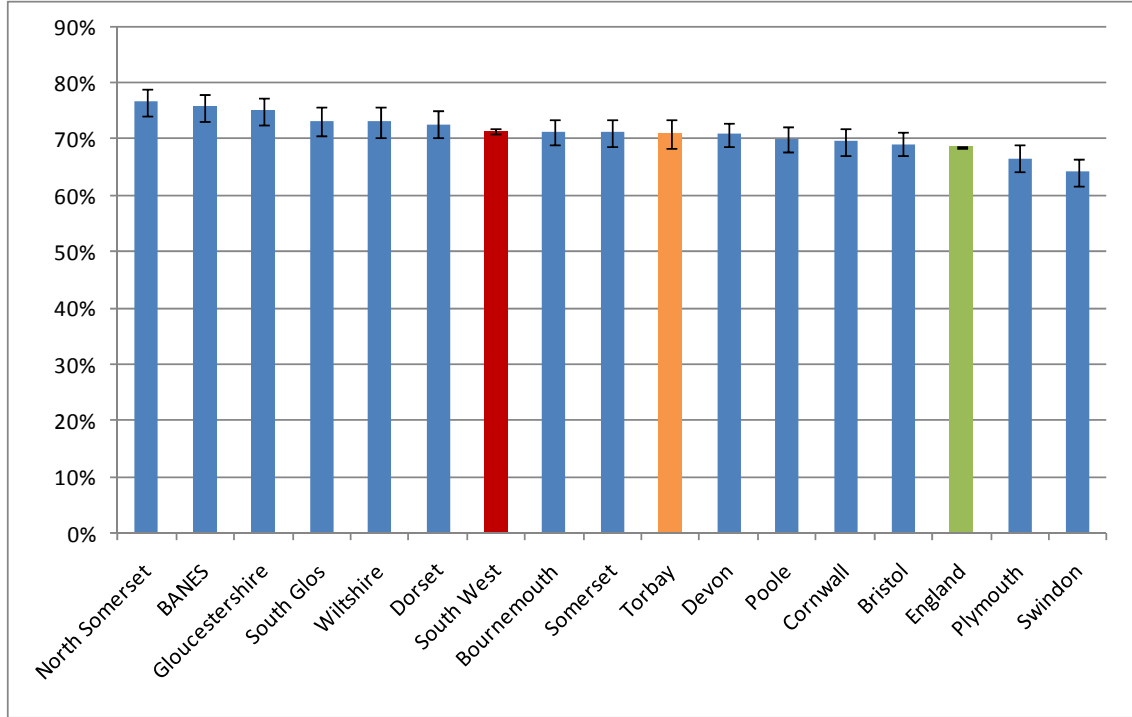


Source: Annual Population Survey (via Nomis)

4.1.3 Level 2 and above

Figure 45 shows that in 2008, 70.9% of Torbay's working age population were qualified to at least Level 2. This is 0.5 percentage points below the regional average (71.4%) and 2.3 percentage points above the national average (68.6%).

Figure 45: Proportion of the working age population qualified to Level 2 and above, 2008

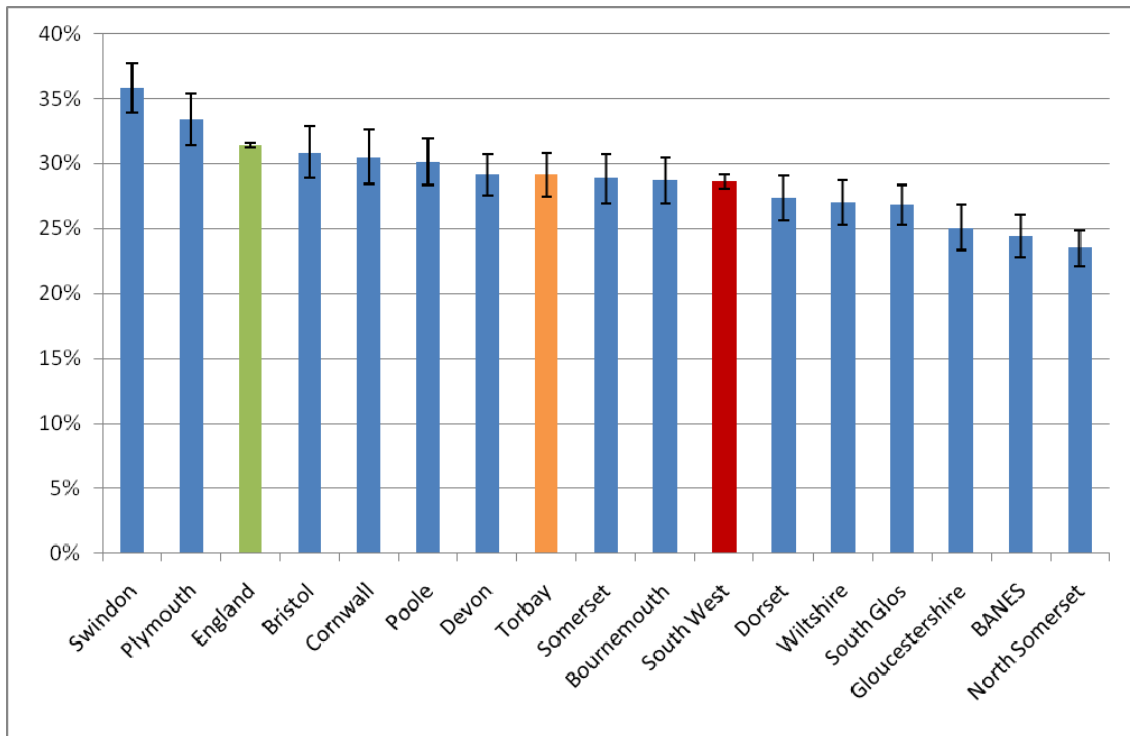


Source: Annual Population Survey (via Nomis)

4.1.4 Qualifications below Level 2

29.1% of Torbay's working age population do not hold at least a Level 2 qualification, generally considered to be the minimum for employability. This is 0.5 percentage points higher than the regional average of 28.6%, but 2.3 percentage points below the national average of 31.4%.

Figure 46: Proportion of the working age population without a Level 2 qualification, 2008



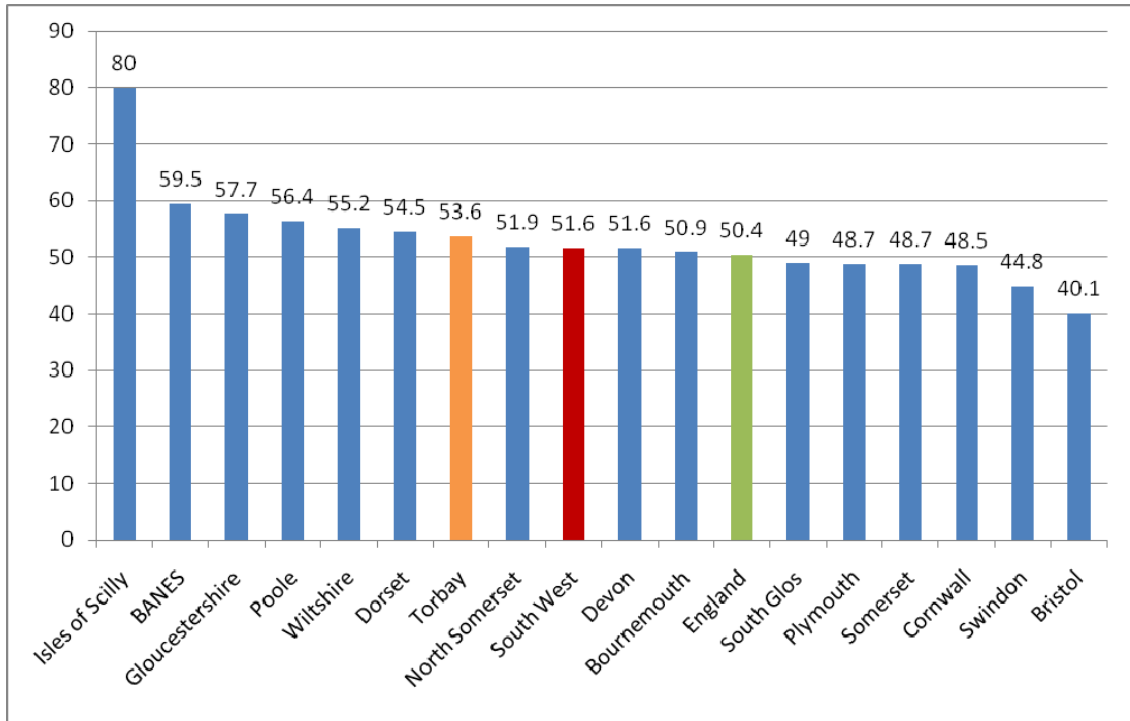
Source: Annual Population Survey (via Nomis)

4.2 Participation and attainment of young people

4.2.1 Achievement at GCSE

Torbay performs well in terms of GCSE achievements. In 2009, 53.6% of pupils in Torbay schools achieved five or more GCSEs at grades A* - C, including Maths and English. This is higher than the regional (51.6%) and national (49.7%) averages (see Figure 47).

Figure 47: Percentage of 15 year olds achieving 5+ A*-C grades at GCSE, including English and Maths, 2009

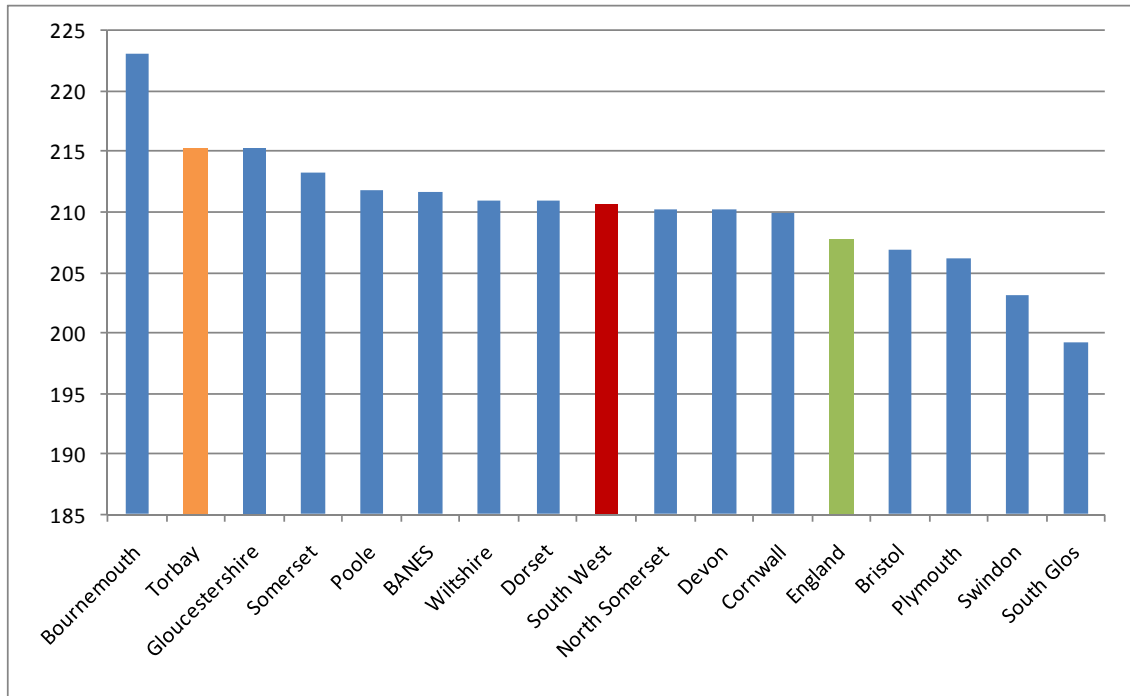


Source: DCSF

4.2.2 Achievement at A level

Torbay is also well above average for the A Level achievements of its young people. In terms of the average points score per A Level entry, Torbay is the second highest in the South West, with an average score 7.4 points (per entry) better than the national average (see Figure 48).

Figure 48: Average points score per entry at A Level, 2009

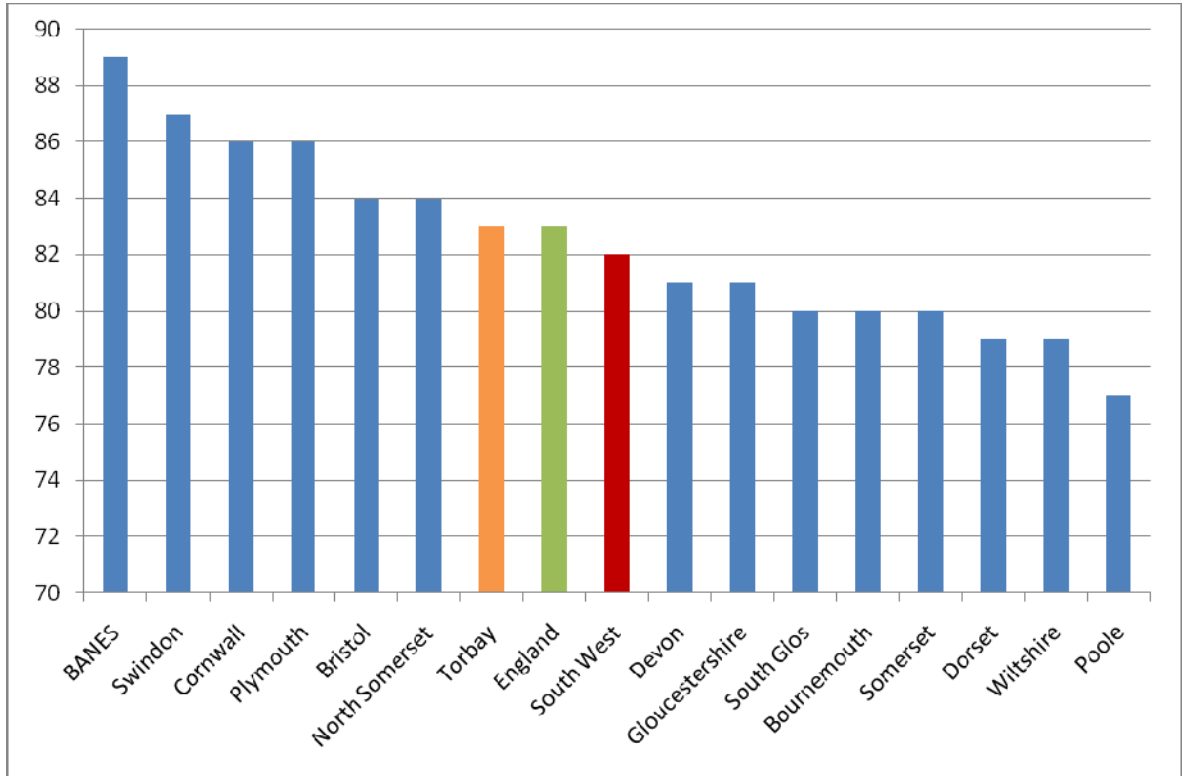


Source: DCSF

4.2.3 Participation of 16 and 17 year olds

In the context of low participation in the UK as a whole, data from the DCSF (Figure 49) shows that in 2007, 83% of the Torbay's 16 to 17 year olds were engaged in education and training, just above the South West average of 82% and equal to the national average (83%).

Figure 49: Proportion of 16 to 17 year olds in education and training, 2007



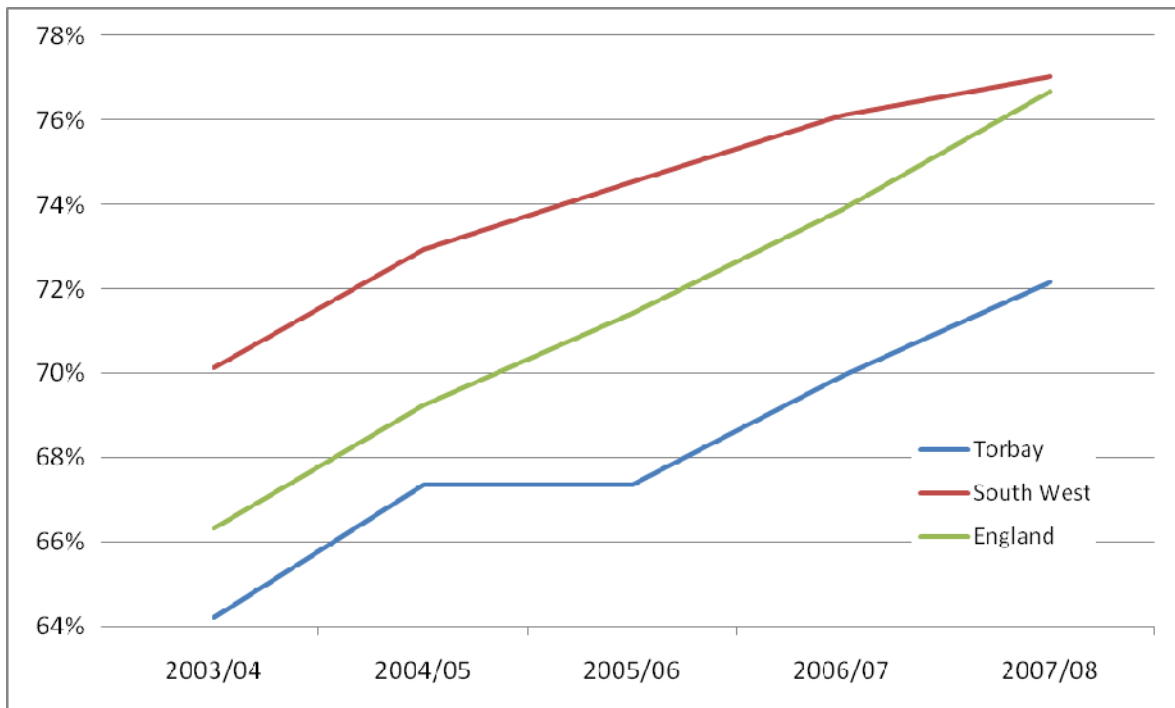
Source: DCSF, SFR12/2009

4.2.4 Attainment of Level 2 and Level 3 qualifications at 19

The proportion of 19 year olds achieving a Level 2 qualification has increased significantly in recent years, with 72.0% reaching this level in Torbay in 2007/08. Attainment rates have increased year on year since this measure was introduced in 2003/04. However, a lower starting point and comparable rates of growth regionally and nationally mean that Torbay continues to lag both the regional (77.0%) and national averages (76.7%).

The current national PSA target is to increase the proportion of young people achieving Level 2 at age 19 to 82% by 2011.

Figure 50: Attainment of Level 2 at age 19, 2008

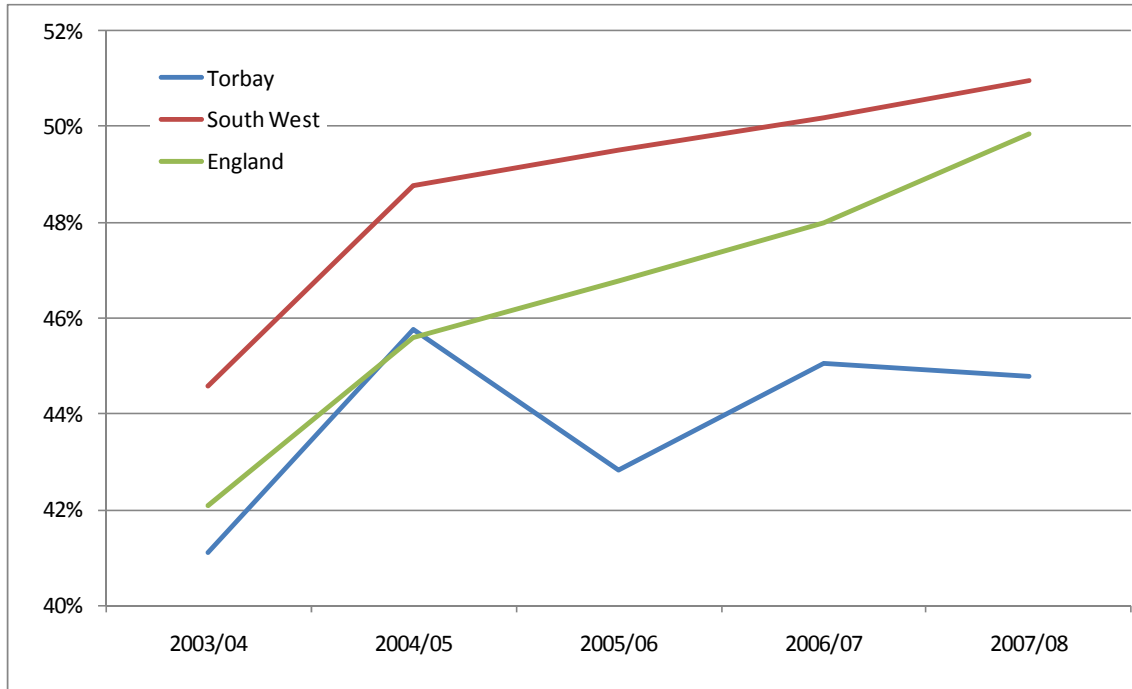


Source: DCSF, SFR 04/2009

The proportion of 19 year olds achieving a Level 3 qualification has risen by around four percentage points in Torbay since 2003/04 (Figure 51). This is a lower rate of improvement than has been seen regionally and nationally. As a consequence there has been a growing gap between achievement levels in Torbay (44.8%) and those seen regionally (51.0%) and nationally (49.8%).

The current national target is to increase the proportion of young people achieving Level 3 at age 19 to 54% by 2011.

Figure 51: Attainment of Level 3 at age 19, 2004-2008



Source: DCSF, SFR 04/2009

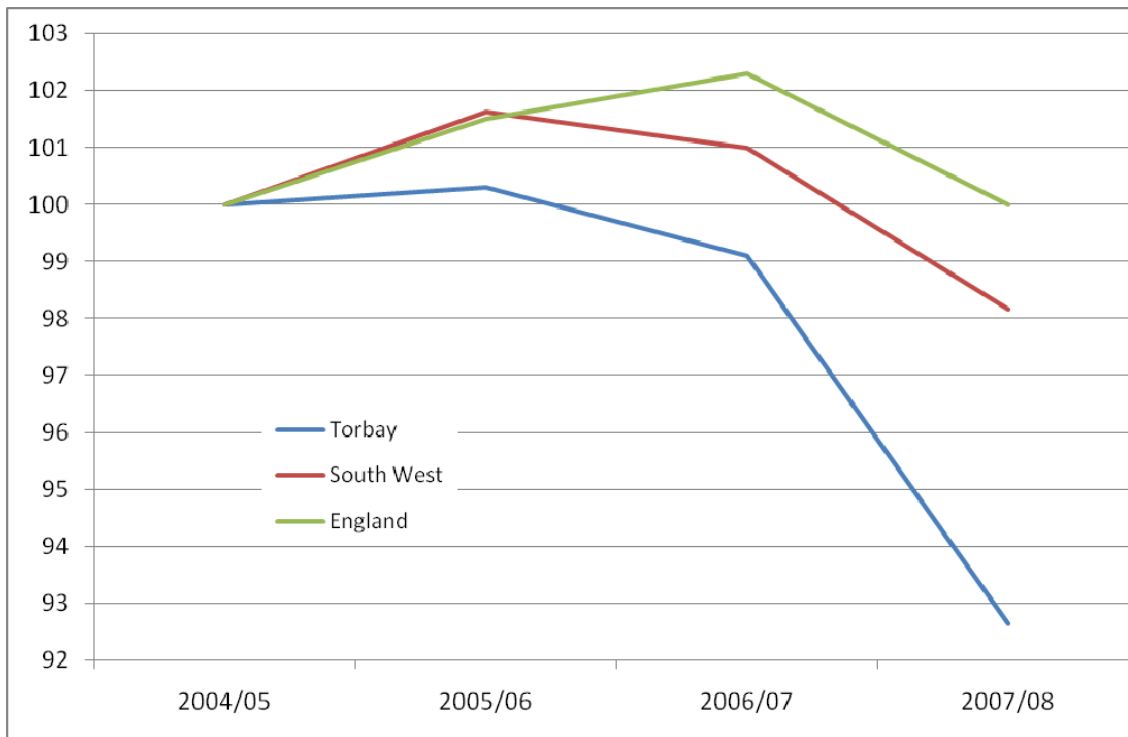
4.3 Adult participation

There is increasing emphasis on the development of skills and knowledge throughout people's working lives. Two important aspects of the health of the labour market are the extent to which people go into Higher Education (HE), and also the participation of people of working age in any learning activities (taught, non-taught learning, or both).

Figure 52 shows that since 2005/06, falling numbers of people from Torbay have been going into HE, with 3,085 students from Torbay in 2007/08, 7.0% lower than in 2004/05.

This fall – mirrored across England - has been driven by falls in part-time and postgraduate student numbers as a result of changes to national policy regarding HE funding. However, nationally, there has been consistent growth in full-time and undergraduate participation (unfortunately there is no equivalent data available at local authority level to measure any increase in full-time equivalents).

Figure 52: Participation in HE by students from the LA, 2004/05 - 2007/08 (Index 2004/05 = 100)

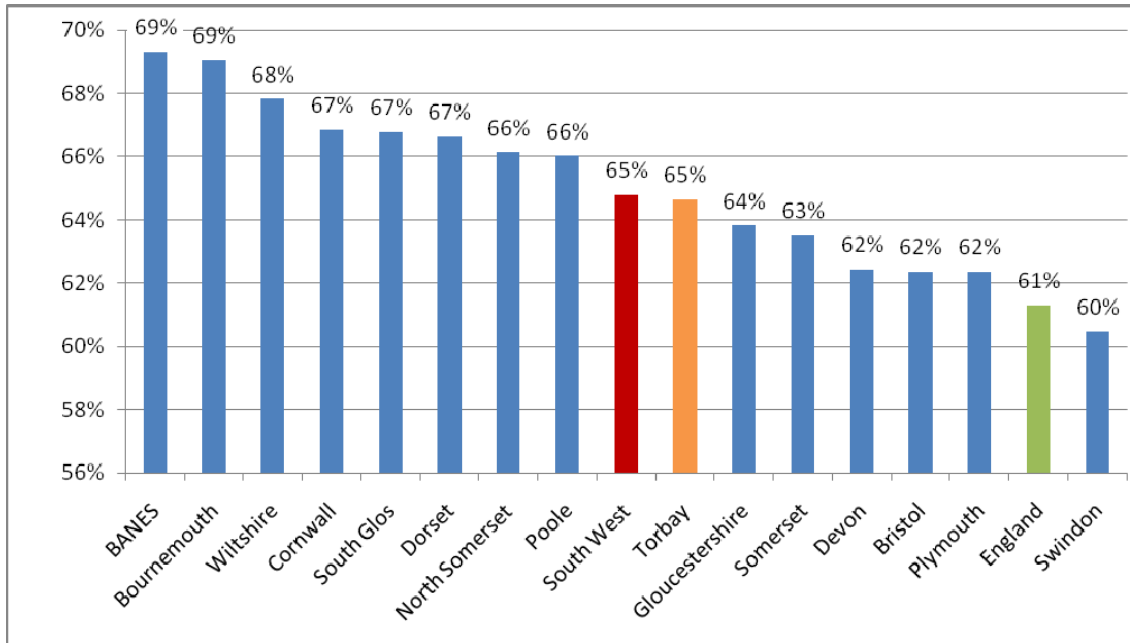


Source: HESA

Data is based on a headcount of students

Data from the APS shows that the proportion of adults in Torbay who participated in learning in 2008 (65%) was in line with the regional average. The participation rate in both Torbay and the South West is however significantly higher than that seen nationally (61.3%). By comparison, Bath & North East Somerset - the best performing local authority area in the region – had 69.3% of adults engaged in any learning (Figure 53).

Figure 53: Proportion of adults⁸ participating in any learning in the last 12 months, 2008 (%)



Source: Annual Population Survey

⁸ Adults refers to those aged 19+ who are not in full-time education

5. MEETING THE JOBS AND SKILLS AMBITION

5.1 Leitch Targets

The Leitch Review sets out a vision of the UK becoming a world leader in skills, benchmarked against the upper quartile of the OECD. Stretching targets to be achieved by 2020 include:

- 95% of adults to achieve the basic skills of functional literacy (at least Level 1) and functional numeracy (at least Level 3), an increase from levels of 85% for literacy and 79% for numeracy in 2005 – equating to an additional 7.4 million achievements over the period. Intermediate targets for 2011 of 89% of adults with functional literacy and 81% of adults with functional numeracy have also been set.
- More than 90% of adults qualified to at least a full Level 2, an increase from 69% in 2005 – equating to an additional 5.7 million achievements over the period at a rate of around 450,000 attainments per annum. An intermediate target for 2011 of 79% of adults qualified to this level has been set.
- 1.9 million additional full Level 3 attainments over the period, at a rate of 213,000 per annum. An intermediate target for 2011 of 56% of adults qualified to this level has been set.
- 40% of adults qualified to Level 4 and above, up from 29% in 2005 – equating to an additional 5.5 million attainments over the period. An intermediate target for 2014 of 36% of adults qualified to this level has also been set.

This section aims to establish Torbay's baseline position in relation to these targets, and to establish the scale of the task facing the local area if these ambitious targets are to be met.

5.1.1 Baseline vs Intermediate (2011) targets

Torbay, in common with the majority of local authorities, currently does not achieve all of the intermediate targets as set by Leitch. Based on the most recent available data, Figure 54 summarises the current position against each target, and shows that:

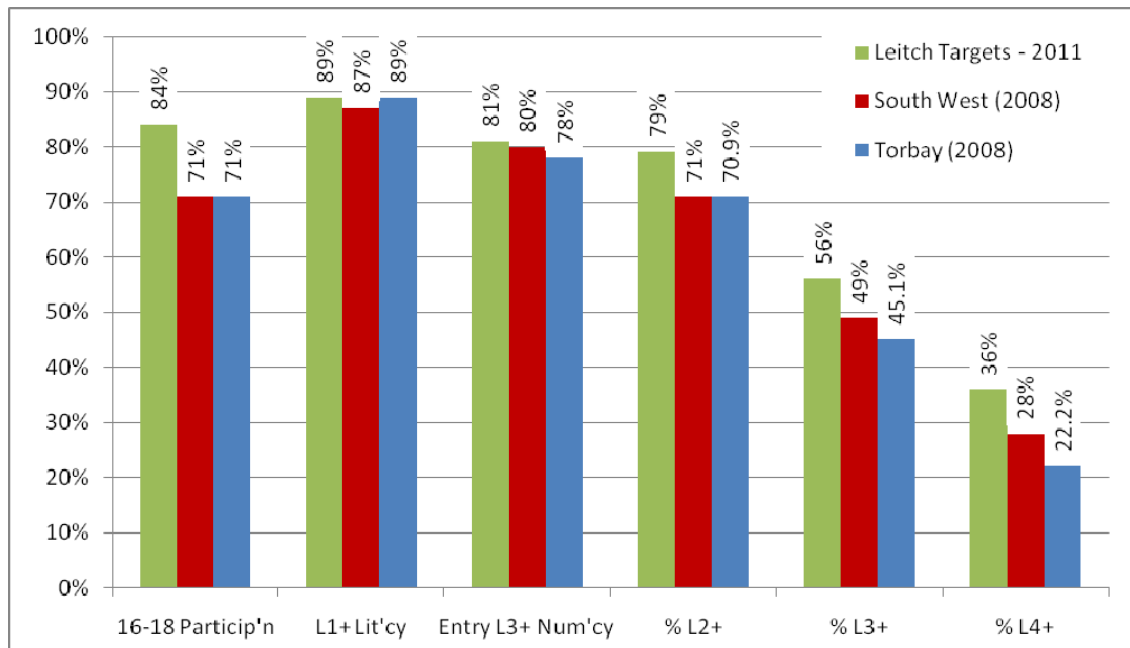
Torbay is in line with the regional average in terms of participation in full-time education amongst those aged 16 to 18. However, as of 2008, it was falling short of the 2011 Leitch target by 13 percentage points.

Torbay is two percentage points above the regional average in terms of the proportion of adults with literacy skills equivalent to level 1 (89% compared to 87%). Torbay currently meets this target.

Torbay is two percentage points below the regional average in terms of the proportion of adults currently with numeracy skills equivalent to entry Level 3 (78% compared to 80% for the South West). This target has not yet been met. Torbay falls short of the target by three percentage points.

Torbay also has lower than average proportions of adults holding qualifications equivalent to NVQ Levels 2, 3 and 4 or higher. None of the intermediate targets have yet been met, either locally or regionally. The shortfalls between the targets and achievement rates in Torbay are currently 8, 11 and 14 percentage points respectively.

Figure 54: Baseline position against Leitch intermediate targets⁹ 2011, Torbay vs South West



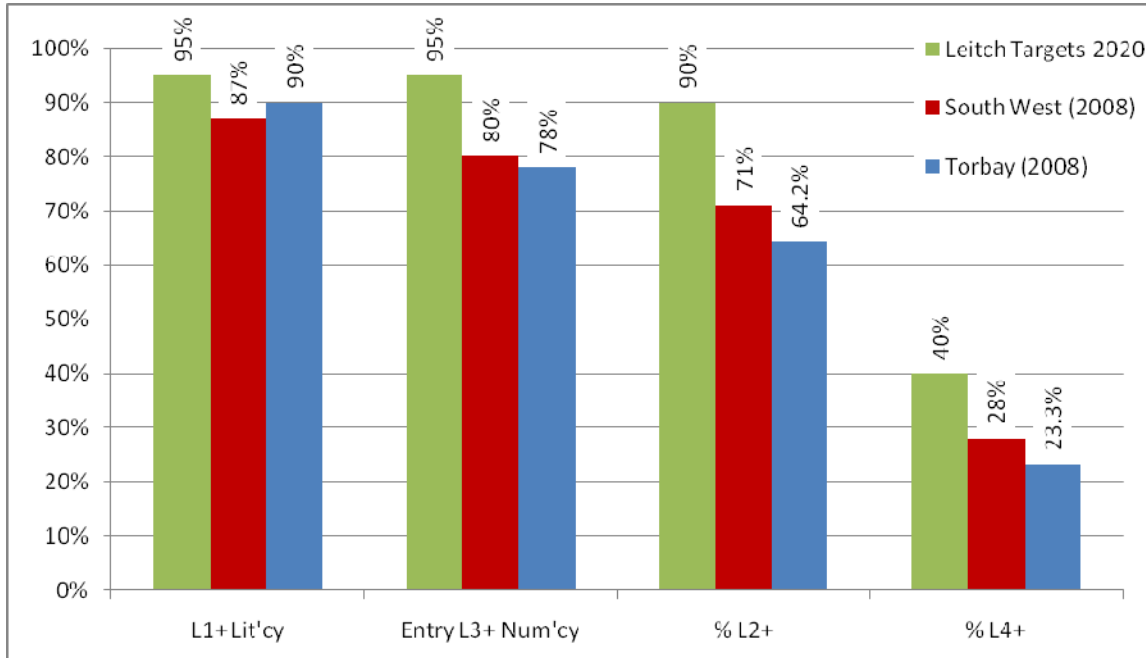
Source: Derived from DfES Basic Skills Survey (2003), APS (2008), DCSF SFR12/2009, Leitch (2006)

⁹ Intermediate target for Level 4+ is for 2014

5.1.2 Baseline vs Full (2020) targets

Figure 55 summarises Torbay's position against the full targets, and shows that none of the four targets have yet been reached.

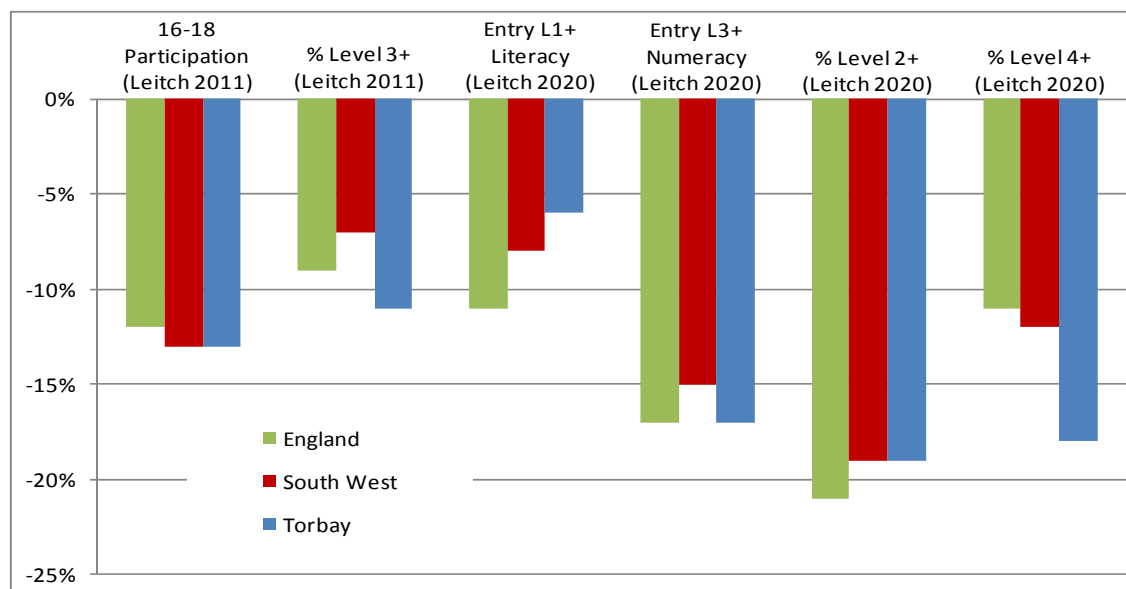
Figure 55: Baseline position against Leitch full targets 2020, Torbay vs South West



Source: Derived from DfES Basic Skills Survey (2003), APS (2008), DCSF SFR12/2009, Leitch (2006)

Figure 56 show the estimated shortfall in Torbay against the targets in terms of percentage points and total volumes. In Torbay, the target that is closest to being achieved is in relation to adult literacy, where the shortfall is six percentage points (around 5,100 adults). The biggest shortfall is in relation to Level 2 qualifications (19 percentage points, or 14,300 adults).

Figure 56: Difference between Leitch 2020 targets and baseline, Torbay vs South West and England (percentage point shortfall)



Source: Derived from DfES Basic Skills Survey (2003), APS (2008), DCSF SFR12/2009, Leitch (2006)

Figure 57: Difference between Leitch targets and baseline by Local Authority (Numbers)

Area	Intermediate Targets (2011)		Full Targets (2020)			
	16-18 Full-Time Participation	% L3+	L1+ Literacy	Entry L3+ Numeracy	% L2+	% L4+
South West	18,888	200,180	265,975	479,355	572,445	359,200
Bath & NE Somerset	280	1,503	3,090	13,740	16,011	6,754
Bournemouth	624	6,454	5,910	13,860	18,180	12,560
Bristol	844	10,968	13,129	46,149	58,905	15,420
North Somerset	700	1,665	2,747	12,377	16,293	8,767
Plymouth	1,144	16,352	7,038	28,428	36,823	28,098
Poole	692	6,582	3,363	11,953	15,880	11,585
South Torbay	1,028	12,814	3,790	16,930	26,573	23,265
Swindon	616	17,398	7,385	21,415	31,106	20,177
Torbay	640	8,177	5,154	13,524	14,301	13,302
Cornwall	1,556	24,674	22,922	57,202	63,386	44,949
Devon	2,492	24,532	15,054	47,284	82,830	53,080
Dorset	2,128	12,176	4,868	26,538	37,975	22,140
Gloucestershire	2,124	16,616	7,390	34,320	52,670	25,940
Somerset	2,336	23,738	17,838	42,043	56,656	45,525
Wiltshire	1,700	16,630	8,503	28,673	44,807	27,570

Source: Derived from DfES Basic Skills Survey (2003), APS (2008), DCSF SFR12/2009, Leitch (2006)

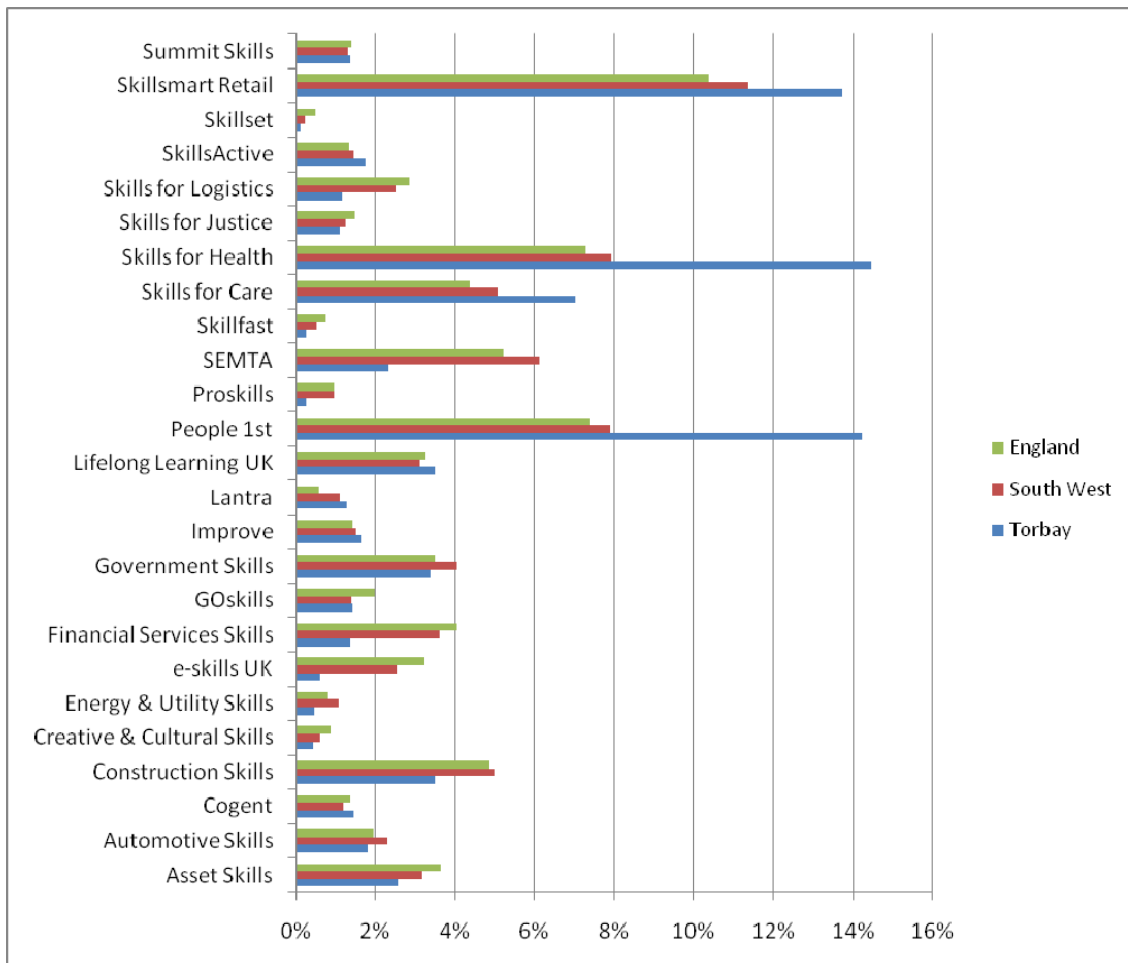
6. DEMAND FOR SKILLS

6.1 Employment by Sector Skills Council

In 2008, four SSCs accounted for at least 5% of total employment in Torbay:

- Skills for Health 6,900 employees 14.5% of local employment
- People 1st 6,800 14.2%
- Skillsmart Retail 6,500 13.7%
- Skills for Care 3,300 7.0%

Figure 58: Employees in employment by Sector Skills Council, Torbay vs South West and England, 2008

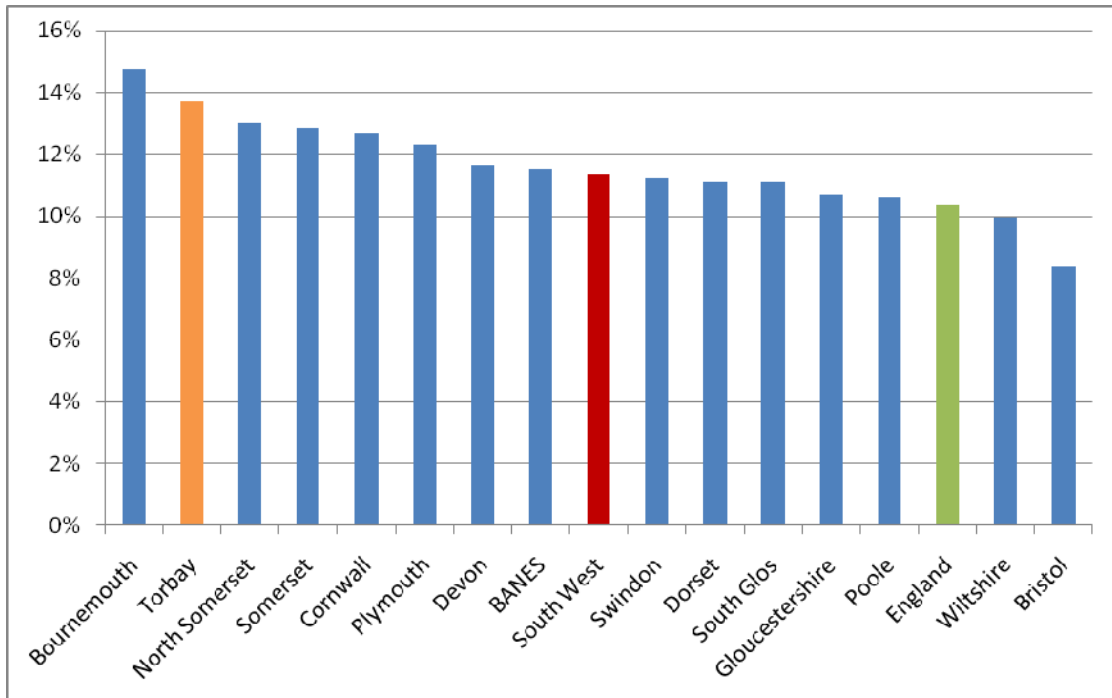


Source: Annual Business Inquiry, 2008

Levels of employment in Torbay a number of highly productive sectors, such as Financial Services, SEMTA (manufacturing) and E-skills (ICT) are significantly below regional and national levels.

Looking specifically at the four largest SSCs in turn, Figure 59 shows that Torbay had the second highest level of retail employment in the South West in 2008 (13.7%), above both regional (11.4%) and national (10.4%) levels.

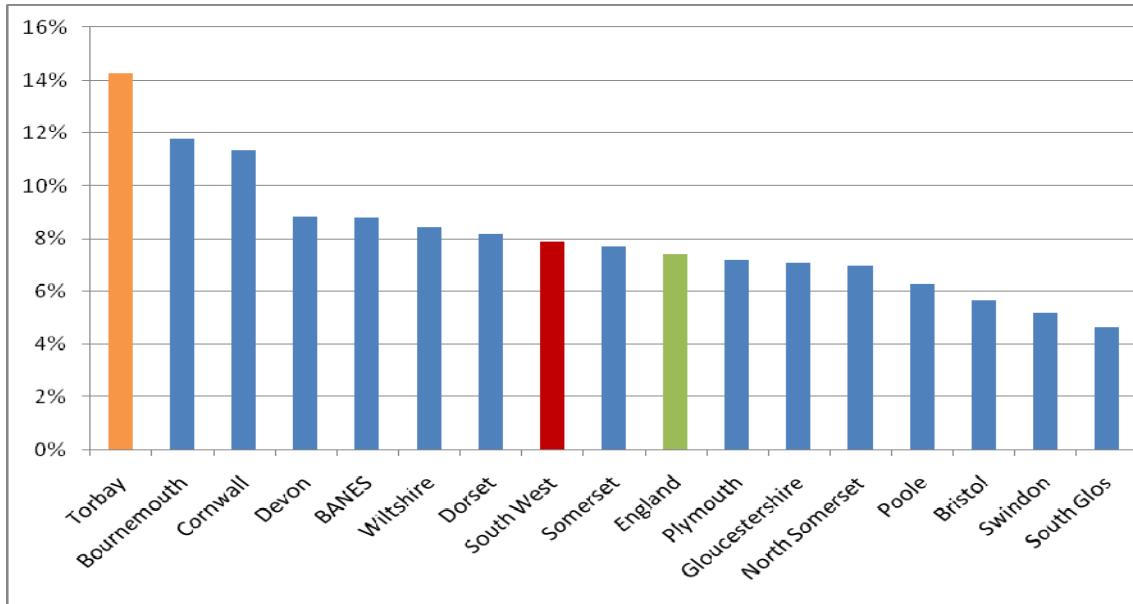
Figure 59: Employees in employment (% of total), Skillsmart Retail, 2008



Source: Annual Business Inquiry, 2008

In 2008, 14.2% of Torbay's employment was in the People 1st footprint, which covers the hospitality, leisure, travel and tourism sectors (Figure 60). This is the highest in the South West, well above the regional (7.9%) and national (7.4%) averages.

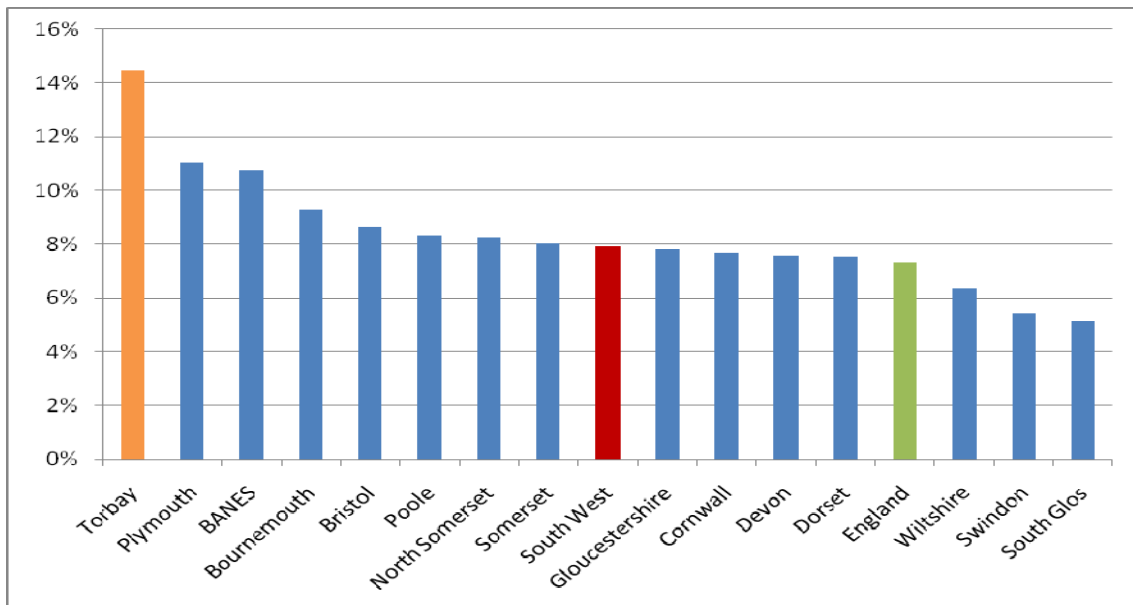
Figure 60: Employees in employment (% of total), People 1st, 2008



Source: Annual Business Inquiry, 2008

Figure 61 shows that 14.5% of Torbay's employment was in the Skills for Health sector in 2008, which again is significantly above both the regional (7.9%) and national (7.3%) averages.

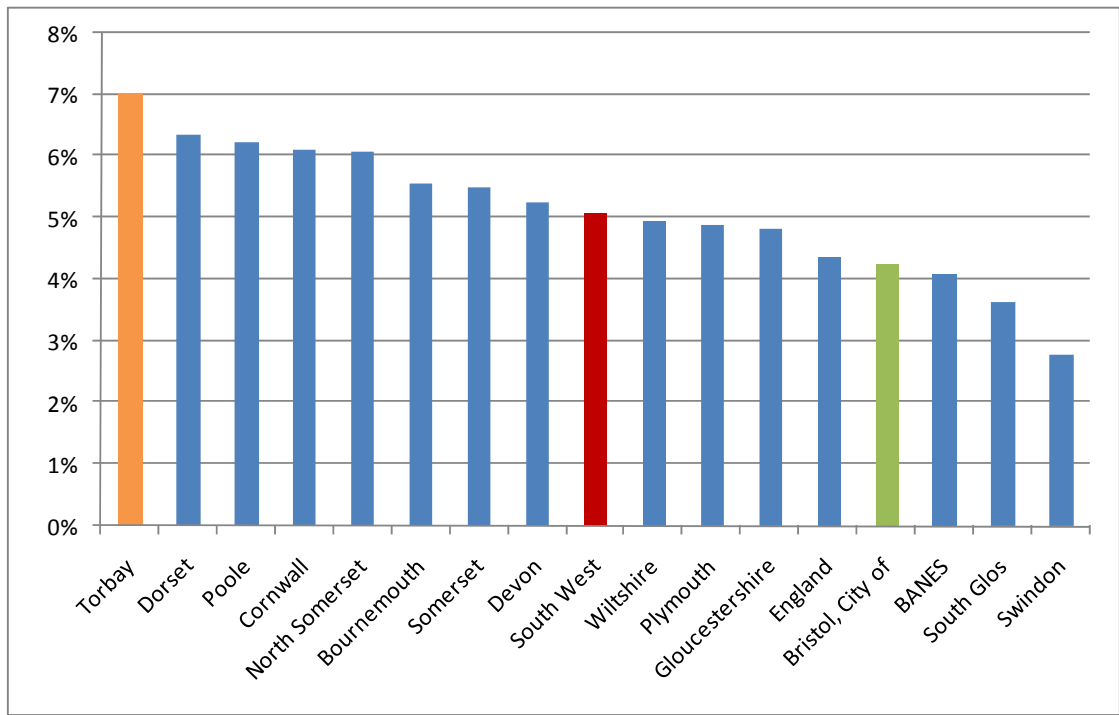
Figure 61: Employees in employment (% of total), Skills for Health, 2008



Source: Annual Business Inquiry, 2008

Figure 62 shows that 7.0% of Torbay's employment was in the Skills for Care sector in 2008, significantly above both the regional (5.1%) and national (4.4%) averages.

Figure 62: Employees in employment (% of total), Skills for Care, 2008



Source: Annual Business Inquiry, 2008

7. DEMAND FOR LABOUR - TOMORROW'S JOBS

7.1 Future employment forecasts

Determining future jobs and skills priorities requires an examination of predicted changes in the occupations and sectors. Forecasts provide some indication about likely developments in employment structure and patterns. Working Futures III, 2007-2017, develops its predictions based on past trends and provides the forecasting data used by Government and other national agencies to predict future employment and thus trends in skills. The baseline macroeconomic forecast, on which the data projections were based, were from early 2008. At this time economic conditions were predicted to deteriorate, but the depth and intensity of the recession was unclear. The data is thus not generally reliable in estimating employment change over the short term, which is likely to underestimate the impact of the recession. However, medium to long-term trends are more reliable.

When looking at future employment, it is important to note that two distinct features are in play:

- expansion demand - where new jobs are anticipated;
- replacement demand – which provides a more accurate picture of skills demand because it looks at that demand which arises due to retirement and thus which requires jobs and skills need to be replaced (because of retirement), even where the sector is not in expansion.

7.1.1 Expansion demand

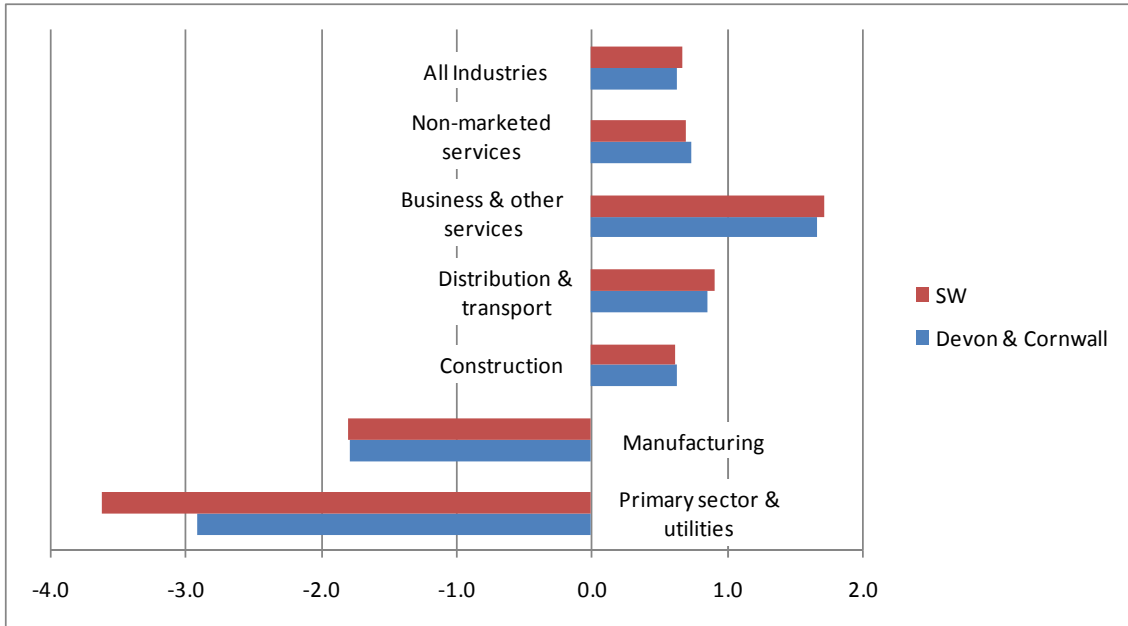
Working Futures III data suggests that employment growth in the South West will be above the projected national increase of 6.5% between 2007 and 2017. Figure 63 below shows how employment in different industry sectors across Devon and Cornwall¹⁰ are predicted to change in comparison with regional predictions, while Figure 64 shows the overall change locally in terms of total numbers in employment. It shows that employment growth in Devon and Cornwall is forecast to lag slightly behind the region as a whole over this period, with employment expected to increase by 0.6% per annum (50,000 jobs in total), compared to 0.7% for the South West.

Patterns of growth and decline across the industry sectors in Devon and Cornwall are very similar to those forecast at regional level. The Primary sector & Utilities and Manufacturing are expected to see declining employment levels, of -2.9% and -1.8% per annum respectively. Employment in other sectors is expected to grow, with Business and other services seeing the fastest growth, of 1.7% per annum, amounting to an additional 27,000 jobs over the ten year period.

¹⁰ Working Futures data is not available at lower level geographies.

Given the current levels of UK government debt, the three main political parties all agree that public spending cuts need to be implemented cuts are necessary. It therefore seems inevitable that significant cuts will impact on public sector employment levels, suggesting that the growth forecast shown in Non-marketed Services shown Figure 64 is unlikely to be realised.

Figure 63: Projected employment change by sector, 2007-2017 (% per annum), Devon & Cornwall vs South West



Source: Working Futures III

Figure 64: Projected employment change by sector, 2007-2017 (000s), Devon & Cornwall

Change (000s)	2007-2017
Primary sector & utilities	-8
Manufacturing	-12
Construction	4
Distribution & transport	22
Business & other services	27
Non-marketed services	17
All employment	50

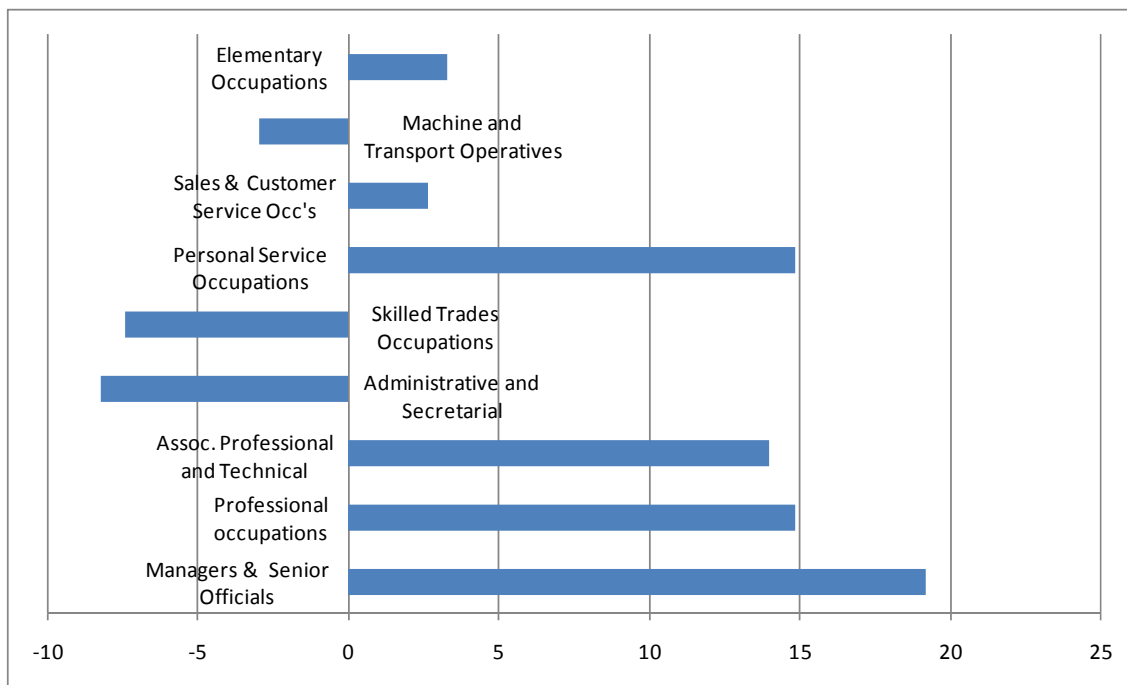
Source: Working Futures III

As well as projections by industry, Working Futures has also produced occupational forecasts to 2017. Over the period from 2007 to 2017 significant growth is expected in higher-level occupations, with the number of Managers & senior officials in Devon and Cornwall forecast to rise by 19,000, the number of Professionals by 15,000 and the number of Associate professional/technical jobs by 14,000.

Employment growth, amounting to around 15,000 jobs, is also expected in the Personal services, a group of occupations involving the provision of a service to customers, whether in a public protective or personal care capacity. These include occupations involving the care of the sick & the elderly; the supervision of children; the care of animals and the provision of travel, personal care and hygiene services.

Employment declines are forecast in skilled trades (-7,000 jobs), administrative/secretarial occupations (-8,000 jobs) and in the number of machine & transport operatives (-3,000) that are required in Devon and Cornwall over the period 2007-2017.

Figure 65: Projected Employment change by Occupation, 2007 - 2017 (000s), Devon & Cornwall



Source: Working Futures III

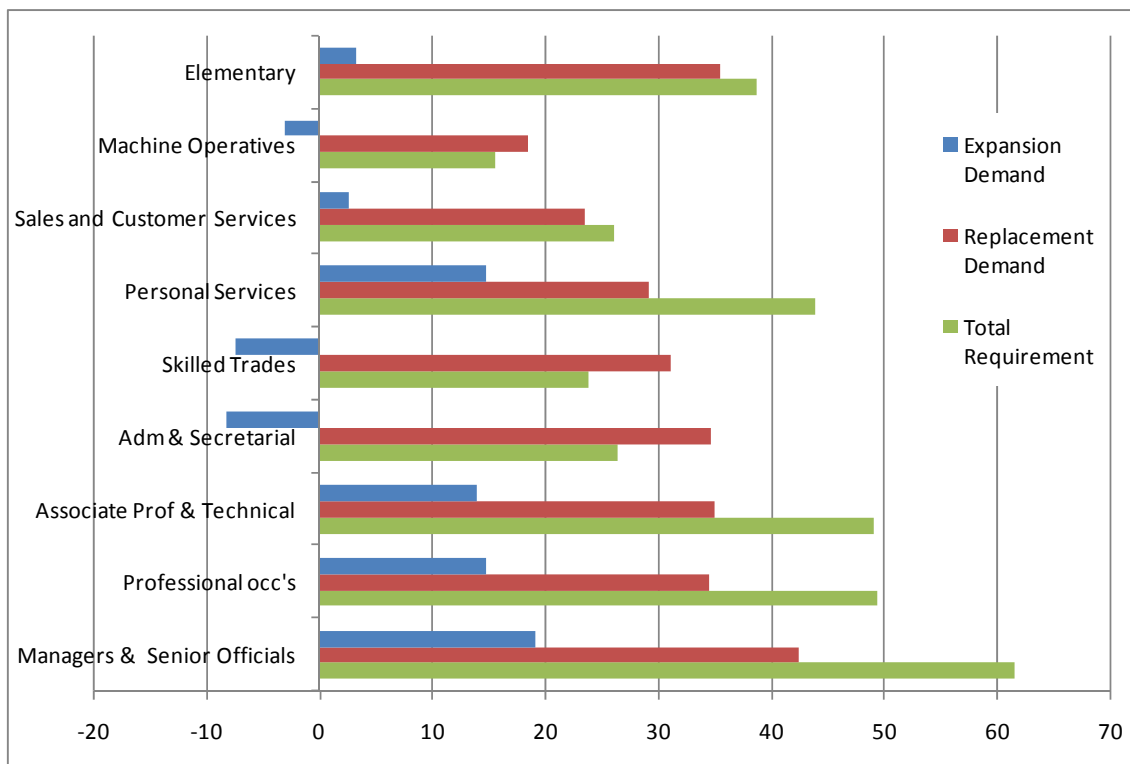
7.1.2 Replacement Demand

When looking at the demand for skills, it is also important to take into account the need to replace those in the workforce who will be leaving because of retirement or other factors. This is termed 'replacement demand'. Outflows in terms of replacement demand typically account for about a third or more of current employment levels over a 10 year period and outweigh any projected employment expansion or decline.

Replacement demand occurs where there is a need to recruit and train new entrants into jobs to replace those leaving. Where employment is projected to rise, such replacement demand will lead to even greater requirements. 'Replacement demand' is defined as the number of retirements, plus occupational mobility, plus migration. Net labour requirement is equal to expansion demand plus replacement demand.

Net requirements are positive across all major groups. The overall requirement is skewed towards higher-level occupations, i.e. managers and senior officials, professional and associate professional and technical occupations, which is consistent with national trends and the shift towards a knowledge economy. 48% of the Total Requirement in Devon (inc. Plymouth and Torbay) and Cornwall will come from these three occupational groups, and is a cumulative effect of both expansion and replacement demand.

Figure 66: Replacement demand, expansion demand and net requirement by occupation, 2007-2017 (000s), Devon (inc. Plymouth and Torbay) & Cornwall



Source: Working Futures III



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