

**South West
Observatory
Skills & Learning
Intelligence
Module**



Marchmont Observatory, University of Exeter

The Labour Market Handbook: 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 IS THE LABOUR MARKET AND LABOUR MARKET INFORMATION?

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

The labour market can experience both "shortages" and "surpluses". Typically this occurs because of skill mismatches, immobility of the labour force and incomplete information of 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 & 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 16-64 and women aged 16-59. 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 Organisation (ILO)¹ convention.

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

- 1) temporary illness or disability;
- 2) personal or family responsibilities;
- 3) bad weather;
- 4) labour dispute at the place of work;
- 5) vacation; and
- 6) 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. Typically, many jobs in the primary sector are seasonal.

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; working conditions; management development; cooperatives; social security; labour statistics and occupational safety and health.

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 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 & 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** system of classification is as follows:

<i>Major group:</i>	2	Professional occupations
<i>Sub major group:</i>	2.1.	Science & technology professionals
<i>Minor group:</i>	2.1.1.	Science professionals
<i>Unit group:</i>	2.1.1.1.	Chemists

The major SOC groups are:

- 1 Managers & senior officials
- 2 Professional occupations
- 3 Associate professional & technical occupations
- 4 Administrative & secretarial occupations
- 5 Skilled trades occupations
- 6 Personal service occupations

- 7 Sales & customer service occupations
- 8 Process, plant & machine operatives
- 9 Elementary occupations

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

<i>Section:</i>	D	Manufacturing (comprising divisions 15 to 37)
<i>Subsection:</i>	DB	Manufacture of textiles and textile product (comprising divisions 17 and 18)
<i>Division:</i>	17	Manufacture of textiles
<i>Group:</i>	17.5	Manufacture of other textiles
<i>Class:</i>	17.51	Manufacture of carpets and rugs
<i>Subclass:</i>	17.51/1	Manufacture of woven carpets and rugs

There are 17 sections, 16 subsections, 62 divisions, 225 groups, 517 classes and 285 subclasses.

The major SIC groups are:

- A Agriculture, hunting & forestry
- B Fishing
- C Mining & quarrying
- D Manufacturing
- E Electricity, gas & water supply (utilities)
- F Construction
- G Wholesale & retail; repair of motor vehicles, motorcycles & personal & household goods
- H Hotels & restaurants
- I Transport, storage & communication
- J Financial intermediation
- K Real estate, renting & business activities
- L Public administration & defence; social security
- M Education
- N Health & social work
- O Other community, social & personal service activities
- P Private households employing domestic staff
- Q Extra-territorial organisations & bodies²

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:

² 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.

- a) Goods-producing industries include: agriculture, fishing, forestry, mining, construction, and manufacturing
- b) Service-producing industries include: trade, transportation, communications and other public utilities, finance, insurance and real estate, community, personal and business services (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**.

- a) The **primary** sector includes agriculture, fishing, forestry and mining. The last three industries are sometimes referred to as the "other primary industries".
- b) The **secondary** sector includes construction and the manufacturing industries.
- c) 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 (SSCs)

Sector Skills Councils (SSCs) exist to bring together businesses and stakeholders to meet the skills challenge – identifying skills their employees are missing and developing actions plans to tackle those skills shortages.

Within the UK there are 25 Sector Skills Councils (SSCs). Each SSC is an employer-led, independent organisation that covers a specific sector across the UK. The four key goals of SSCs are:

- to reduce skills gaps and shortages
- improve productivity, business and public service performance
- increase opportunities to boost the skills and productivity of everyone in the sector's workforce
- improve learning supply including apprenticeships, higher education and National Occupational Standards (NOS).

All SSCs are licensed by the Secretary of State for Education and Skills, in consultation with Ministers in Scotland, Wales and Northern Ireland.

- *Asset Skills* – Property, housing, cleaning and facilities management
- *Automotive Skills* – Retail motor industry
- *Creative and Cultural Industries*
- *Cogent* – Chemical, nuclear, oil, gas, petroleum & polymer industries
- *Construction Skills* – Construction industries
- *Energy & Utility Skills* – Electricity, gas, waste management & water industries
- *e-skills Uk* – IT, telecommunications and contact centres
- *Financial Services SSC* – Financial industries
- *Go Skills* – Passenger transport
- *Improve* – Food & drink manufacturing
- *Lantra* – Environmental & land-based industries
- *Lifelong Learning Uk* – Community based learning, FE, HE and library & information industries
- *People 1st* – Tourism & hospitality
- *Proskills* – Process & manufacturing (coatings, extractives, glass, building products and printing industries)
- *SEMTA* – Science, engineering, aerospace and manufacturing technologies
- *SkillsActive* – Active, leisure, outdoor and playwork
- *Skillfast Uk* – Apparel, textiles, footwear and related industries
- *Skills for Care* – Social care sector
- *Skills for Health* – NHS, independent & voluntary health organisations
- *Skills for Logistics* – Freight logistics & warehousing industries
- *Skills for Justice* – Justice sector
- *Skillset* – Audio visual industries
- *Skillsmart Retail* – Retail sector
- *SummitSkills Ltd* – Electro-technical, heating, ventilating, air conditioning, refrigeration and plumbing

3.3.3 Priority industry sectors

The South West Regional Development Agency (SWRDA) has identified a number of industry sectors within the South West that are key to the economic growth and development of the region. The sectors currently receiving active support through the South West RDA are as follows:

- *Established Regional Sectors* – Sectors that are important to the region for either employment, GDP or because they are a

specialised sector for the region. These are Aerospace, ICT, Food & Drink, Marine and Tourism.

- *Emerging Sectors* – Sectors that have the potential to be important to the economy of region in the future. These are Creative Industries, Biotechnology and Environmental Technologies.

The recent review of the Regional Economic Strategy (Sept 2005) has proposed some changes to these sectors.

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

- ◆ 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 are 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

The public sector is the largest employer in the region and can have a significant influence on the economy through its spending and its regulatory powers. The RES proposes a number of targeted initiatives to encourage the public sector to become more productive and innovative, and to use its regulatory and purchasing power to improve economic performance in the region.

3.4 Unemployment

There are two main ways of measuring unemployment:

1. ILO³ unemployment
2. 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.

³ See footnote (1)

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 Jobseekers 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 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 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 are published by ONS only at National and Government Office Region level. 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 and 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:** this 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*: this arises from the mismatch of skills and job opportunities as the pattern of demand and supply for labour change 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 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)** 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; 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 councilor represents on local authority councils.

4.5.3 Jobcentre Plus areas

The Jobcentre Plus areas are administrative areas which reflect the structure that are 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 Learning Partnerships

The Department for Education and Skills (DfES) and its national partners have put in place Learning Partnerships (LPs) that will bring together all existing local partnership arrangements covering post-16 and lifelong learning. There are 104 LPs in England, based mainly on Local Education Authority areas.

4.5.5 Local Learning and Skills Councils/Education

There are currently 47 Local Learning and Skills Councils (LLSCs) in England, and their boundaries are coterminous with one or more Local Education Authorities. The equivalent to the LLSCs in Wales are the 4 regional Education and Learning Wales (ELWa) areas.

5 LMI DATA – AVAILABILITY & LIMITATIONS

5.1 Primary sources of LMI

5.1.1 Annual Population Survey

The majority of labour market information 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.

Data is available from the NOMIS data service, which requires registration but is free

<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 one per cent 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.

5.1.4 Department for Education & Skills

The Department for Education and Skills (DfES) holds 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 DfES also provide access to their extensive range of research on topics such as adults and skills for life needs, young people not in education or training and so on <http://www.dfes.gov.uk/research/> .

5.1.5 The Learning & Skills Council

The LSC collate a wide range of information the Individualised Learner Record (ILR), Staff Individualised Record (SIR) and other collections. Access to data can be found as follows <http://www.lsc.gov.uk/National/Partners/Data/default.htm> .

Information on Apprenticeships including related research and current take-up figures can be found at: <http://www.apprenticeships.org.uk/partners/>

5.1.6 Office for National Statistics

The Office for National Statistics (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 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 the part of 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 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* (1999, 2001 and 2002). This series of surveys provides good time series data on employers' recruitment problems, and on skills deficiencies and workforce development activities. A detailed regional and local analysis of the 2005 survey is underway for SLIM. This will be published shortly and made available to brokers.

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 2004-2014 at SSC footprint, country, regional and sub-regional (local LSC) level.

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

The regional report of the 2004-2014 *Working Futures* data is available as follows:

<http://www.ssda.org.uk/ssda/PDF/Working%20Future%2020042014%20Spatial%20Report%20R%20060215.pdf>

A word of caution does need to be made 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 that would seem to be able to tell you everything all this data is not without it's limitations and problems.

5.3.1 Timeliness

Timeliness is a major issue for the majority of labour market data. Information from the Census 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 9 occupational groups and 17 industrial sectors.

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, that there is plenty to go on.

5.3.3 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 for survey respondents to answer the questions in way that truly reflects their circumstances. There are a wealth of issues 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 Size

Even with the largest of surveys, such as the APS, the quality of information begins to breakdown 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 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 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, help is at hand as there are several places you can go.

6.1 South West Healthy Labour Market Review

The South West Healthy Labour Market Review (HLMR) provides a wide range of labour market information in support of the South West Skills Strategy and the South West Regional Economic Strategy. It is based on a set of labour market indicators that covers topics such as output and productivity, economic activity, business generation and participation in learning and training. The report and all the data you could need is found here: <http://www.swslim.org.uk/labourmarket/hlmrdata/index.asp>

6.2 South West At a Glance

This is a summary of what is currently happening in the South West labour market. It is a complementary publication to the HLMR and is based on a small selection of the indicators that are used in the HLMR. It is available to view online and also as a downloadable brief:

<http://www.swslim.org.uk/labourmarket/glance/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. The State of the South West consists of 15 chapters. Each has its own home page and contents and can be found at the following:

http://www.swo.org.uk/State_of_the_South_West/index.asp

6.4 South West Region in Figures

Region in Figures, published by the Office for National Statistics, 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. The publication is available at:
<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=6632&More=N>

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/labourmarket/index.asp>

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

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