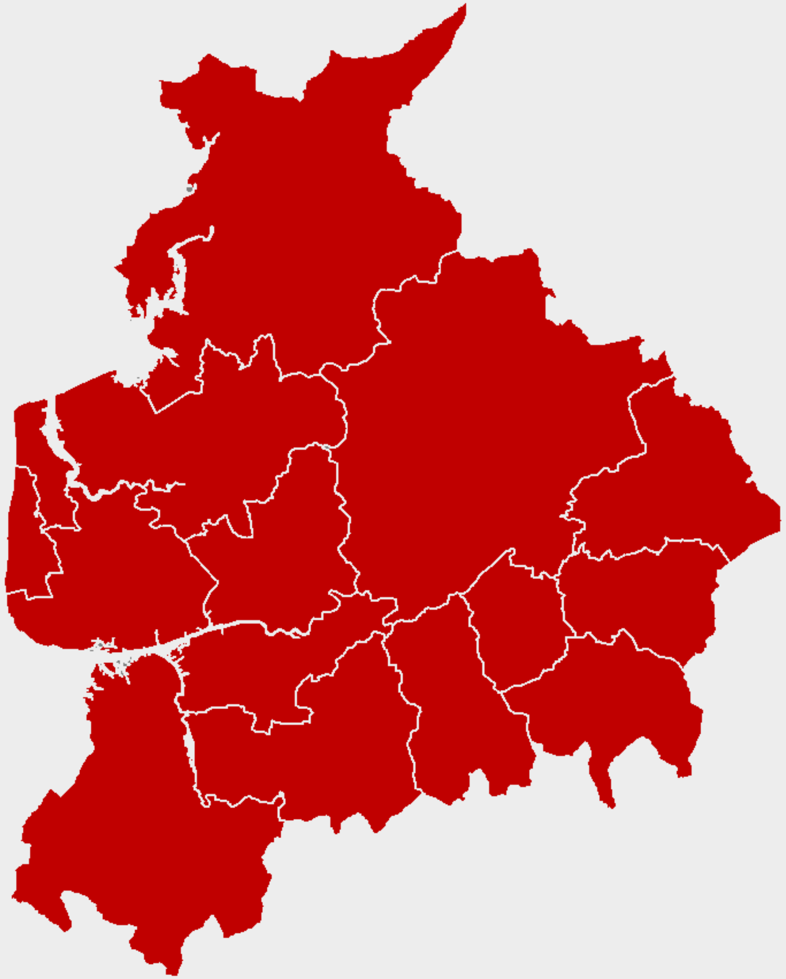
Lancashire
Enterprise Partnership

The Lancashire Labour Market Intelligence Report

Part of the 2018 Lancashire Labour Market Intelligence Toolkit



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The Lancashire Labour Market Toolkit and Report Overview

This report is the **Lancashire Labour Market report**, part of the **2018 Lancashire Labour Market Intelligence (LMI) Toolkit.**

Labour Market Intelligence is the term used to describe the wide range of information that helps inform decisions about work and training, covering topics such as jobs, salaries and employers, as well as education and skills.

The toolkit contains three parts:

- **LMI reports** covering **six travel to work areas in Lancashire**[1], alongside this report covering **Lancashire as a whole**;
- **Fact sheets** on each area; and
- **A data matrix** that contains all of the underpinning data which has been analysed to inform the reports and the fact sheets. This includes time series data (typically for up to 10 years) and data for Local Authorities, the six Travel to Work Areas, Lancashire as a whole, the North West and the national average[1]. The Matrix includes Local Authority and Travel to Work Area summary sheets which allow users to access summary charts and tables for their selected area.

The report covers the four themes set out in the table below. Each theme includes a series of summary sheets, which set out key facts and figures, followed by more detailed analysis and commentary. Conclusions and key messages are also provided.

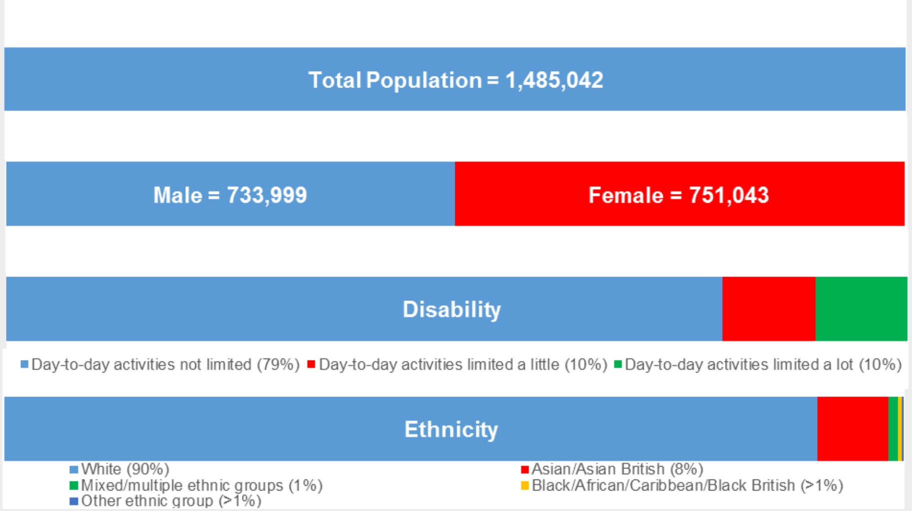
REPORT COVERAGE	
Residents in Lancashire	This section provides data on the residents who live in Lancashire – their employment, occupations, skills and earnings. It also provides information on unemployment and inactivity. It covers the overall resident base including those who work within and outside the travel to work area. *The underpinning data is available in the Population Matrix which can be accessed on the Lancashire Skills Hub website*
The Economy in Lancashire	This section provides data on the jobs available at employers located in Lancashire. This includes jobs that are filled by residents from within and outside the travel to work area. *The underpinning data is available in the Economy and Business Matrix which is located on the Lancashire Skills Hub website*
Economic Forecasts for Lancashire to 2028	This section provides forecasts of the jobs expected to be available at businesses located in Lancashire in the 2018-2028 period. This includes jobs that could be filled by residents from within and outside the travel to work area. *The underpinning data is available in the Economic Forecasts Matrix which can be accessed on the Lancashire Skills Hub website*
The Skills and Education System in Lancashire	This section provides data on participation and attainment levels throughout the education system in Lancashire – from Key Stage 1 through to Higher Education. *The underpinning data is available in the Skills and Education System Matrix which can be accessed on the Lancashire Skills Hub website*
Key Messages	Key Messages

[1] Travel to Work Areas represent labour markets in which the residents of each local area are most likely to work. Not all residents work in the Travel to Work Areas in which they live. England excluding London is used as the national comparator, to remove the distorting effects of the London economy (which differs markedly from the rest of England) from the comparison.

Report Contents

The Population in Lancashire – Who Lives in the Area?

Overview of the Population

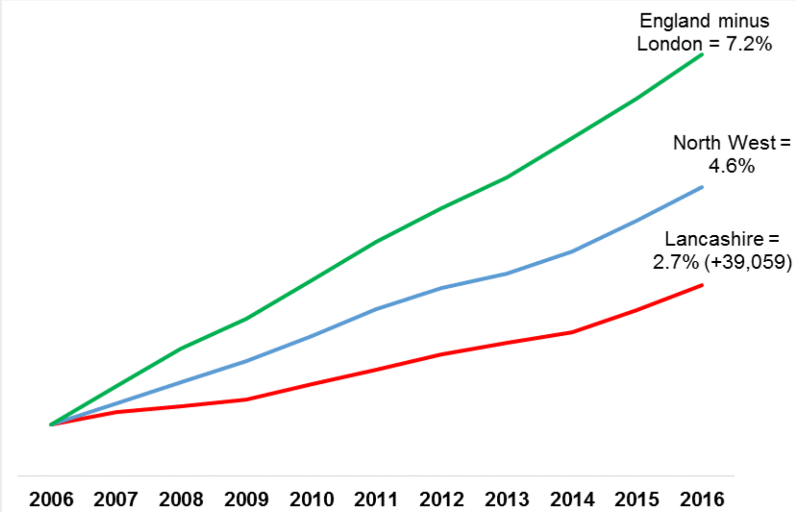


Population by Age Band

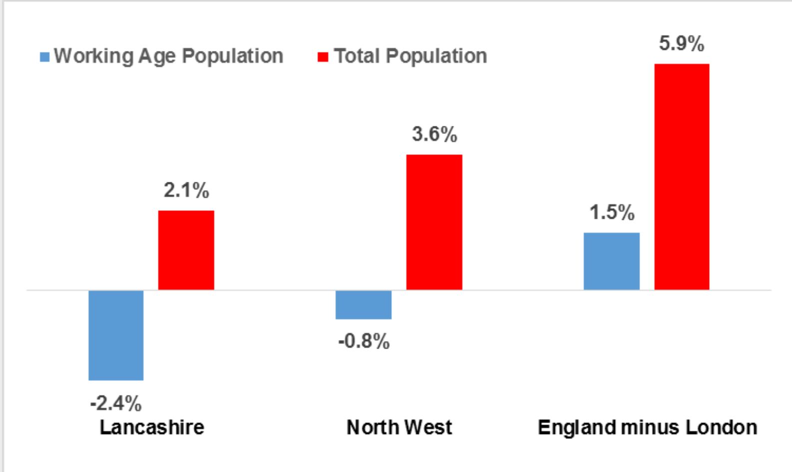
	Lancashire		North West	England minus London
0-14	262,300	18%	18%	18%
15-19	88,600	6%	6%	6%
20-24	95,500	6%	7%	6%
25-34	179,400	12%	13%	13%
35-44	173,200	12%	12%	12%
45-54	213,800	14%	14%	14%
55-64	180,900	12%	12%	12%
65+	291,500	20%	18%	19%

914,500 residents (61.6%) are of working age (aged 16-64). This is slightly lower than the share of the population that are working age in the North West (62.8%) and nationally (62%).

Population Growth: The Past 10 Years (2006-2016)



Population Forecasts: The Next 10 Years (2018-2028)



While the population is expected to grow by almost 31,100 residents between 2018 and 2028, the working population is expected to get smaller. By 2028, there will be almost 21,700 fewer residents of working age living in the area.

The 2015 Evidence Base highlighted the ageing workforce and the expected decline in the working age population as fundamental challenges for Lancashire. The latest data confirms this position. Whilst the population has risen slightly, the rate of growth is lower than nationally, and the working age population has fallen by around 4,000 people.

Total Population

The Lancashire Local Enterprise Partnership area is home to a population of 1,485,042 people, just over one fifth of the North West total (20.6%). The most populated TTW areas within Lancashire are Preston, Chorley and South Ribble (366,270), Blackburn with Darwen, Hyndburn, Ribble Valley, Rossendale (356,298) and Blackpool, Fylde and Wyre (327,446). The smaller TTW areas by population are Burnley and Pendle (178,110), Lancaster and Morecambe (143,517) and West Lancashire (113,401).

The population of Lancashire has grown by 2.7% over the past ten years (2006-2016), with an additional 39,059 residents. However, this rate of growth is below the population growth seen across the North West (+4.6%) and is less than one third of the strong rate of growth seen nationally over the same period (+7.2%).

Gender and Ethnic Make-Up of the Population

The population is split almost evenly between males and females, with a slightly higher proportion of females (50.6%) than males (49.4%).

Just over 90% of the population across the area is of white ethnicity, with Asian / Asian British people accounting for a further 8%. However, there are significant differences within Lancashire. The share of the population of white ethnicity ranges from 83% in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley to 98% in West Lancashire, whilst a large share of Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley's (16%) and Burnley and Pendle's (15%) population are Asian / Asian British, compared to less than 1% in West Lancashire.

Population Demographics

The age profile is very similar to that of the North West and nationally, although the population of Lancashire is, on average, very slightly older. The over 65 years age group accounts for 20% of the total population, compared to 18% in the North West and 19% nationally. Only 12% are aged 25-34 years, compared to 13% in the North West and nationally.

Working Age Population

There are 914,500 people of working age population (16-64 year olds) in Lancashire, 61.6% of the total population. This is just over one fifth (20.1%) of the North West total. Again, this varies somewhat by TTW area, with Blackpool, Fylde and Wyre having a significantly lower share of their population within the working age at 59.0% and Lancaster and Morecambe, at 63.8%, being well above the Lancashire average.

The working age population has declined in Lancashire over the past ten years, despite a growth in the population as a whole. Between 2006 and 2016, the working age population fell by 9,000 people, or 1.0%, while the population as a whole grew by over 39,000 people, or 2.7%. This compares to a growth in the working age population across the North West (1.6%) and nationally (3.6%) over the same period.

Population Projections

The population of Lancashire is expected to continue to grow over the next ten years, with the Office for National Statistics forecasting an additional 31,052 residents (+2.1%). This lags behind the slightly faster rate of growth expected for the North West (+3.6%) and the strong growth nationally (+5.9%). Within Lancashire, Lancaster and Morecambe (+4.1%) and Preston, Chorley and South Ribble (+3.6%) are expected to have by far the fastest rate of growth.

In contrast, the working age population within Lancashire is expected to continue to fall, by 21,683 people, or -2.4%, as is the case across the North West (-0.8%), while there is expected to be growth at the national level (1.5%). A decline in the working age population is expected across all six TTW areas, and is particularly severe in West Lancashire (-4.0%) and Blackpool, Fylde and Wyre (-3.5%).

Sources: Mid-Year Population Estimates, Census, Mid-Year Population Projections, 2016

	Employment *Residents who have a job or are self-employed (either within or outside Lancashire)*	**Unemployment** *Residents without a job, who have been actively seeking work (within the last four weeks)*	**Inactivity** *Residents who are not in work and have not sought work in the last four weeks (e.g. looking after family/home, studying, long-term sick and retired)*
What is happening in Lancashire?	**669,700 people, 74.4%** of the resident working-age population (16-64) are in employment, a 4.7 percentage point increase from 2010	**30,800 people, 4.4%** of economically active residents are unemployed	**200,100 people, 22.2%** of the working-age population are economically inactive
How does this compare to what is happening in the North West and nationally?	Higher than the North West **(72.4%)** but lower than National rates **(74.8%*)**	Lower than North West **(4.8%)** and National rates **(4.5%*)**	Lower than the North West rate **(24.0%)** but higher than the National rate **(21.7%)**
What is happening at the Travel to Work Area level?	Lancaster and Morecambe has the highest employment rate of the Travel to Work Areas at **78.4%** Preston, Chorley and South Ribble's **(77.1%)** and Burnley and Pendle's **(76.9%)** are also above the Travel to Work Area average. Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley is the lowest at **70.8%**, followed by West Lancashire **(71.0%)** and Blackpool, Fylde and Wyre **(72.9%)**	The rate is highest in Burnley and Pendle **(5.9%)** and lowest in Preston, Chorley and South Ribble **(3.4%)**	Blackburn with Darwen, Hyndburn, Rossendale and South Ribble has the highest rate at **26.7%** The lowest rate is **17.9%** in Lancaster and Morecambe

This means that across Lancashire:

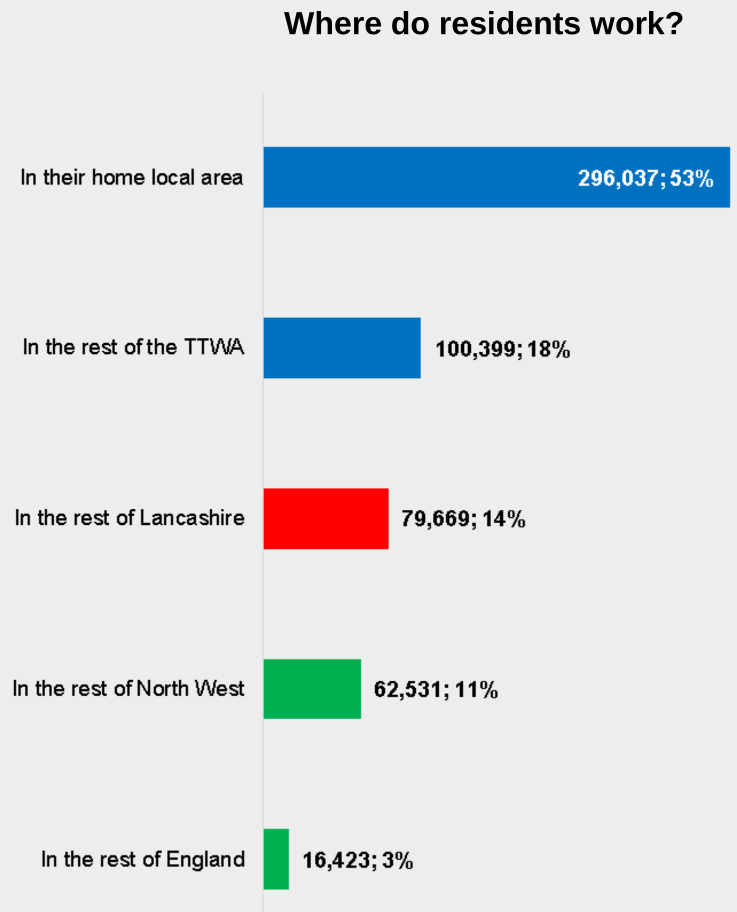
- 30,800 residents are unemployed and looking for work
- 200,100 residents are economically inactive - 48,900 of these residents (24%) would like to work

The main reasons for being economically inactive are: studying (25%), being long-term sick (25%), looking after family/home (24%), and being retired (16%).

Sources: Mid-Year Population Estimates, Census, Mid-Year Population Projections, 2016

Local Residents in Employment (1) – Who is working in Lancashire?

Residents who work…	Lancashire		North West	England minus London
	No.	%		
In self-employment	86,400	12.9%	12.6%	13.8%
Full-time	495,500	74.0%	75.2%	74.0%
Part-time	173,400	25.9%	24.6%	25.8%
Under 10 hours weekly	29,300	4.4%	3.3%	3.7%
10-34 hours weekly	194,900	28.9%	28.1%	28.2%
35-44 hours weekly	300,700	44.7%	47.3%	44.5%
45 hours or more weekly	148,300	22.0%	21.3%	23.6%
In non-permanent employment	40,000	5.7%	5.5%	4.9%

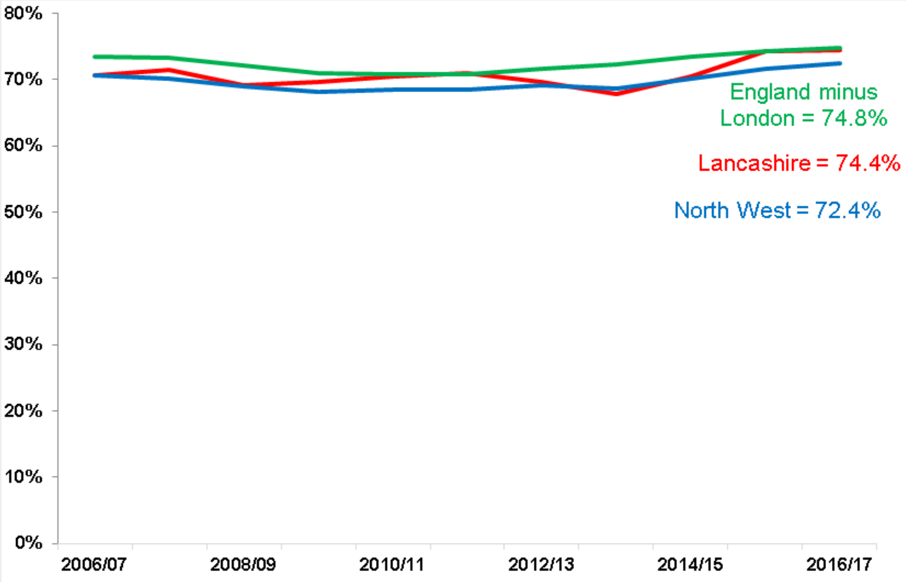


Median resident-based earnings are £25,800 in Lancashire, compared to £26,700 in the North West and £29,100 nationally.

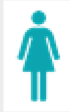
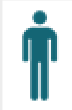
Median workplace-based earnings are marginally lower in Lancashire (£25,700), but the same in the North West and England minus London.

Sources: Annual Population Survey, July 2016 – June 2017; 2011 Census

Employment Rate: The Past 10 Years (2006/07-2016/17)



Employment Rate by Gender (2016/17)

	Lancashire	North West	England minus London
	**70%**	**68%**	**70%**
	**79%**	**77%**	**80%**

The employment rate grew by 3.7 percentage points over the last 10 years, a higher growth than across the North West (1.8 percentage points) and nationally (1.3 percentage points). Employment rates for both males and females are greater in Lancashire than the North West, and similar to nationally.

Employment Rate by Age Band

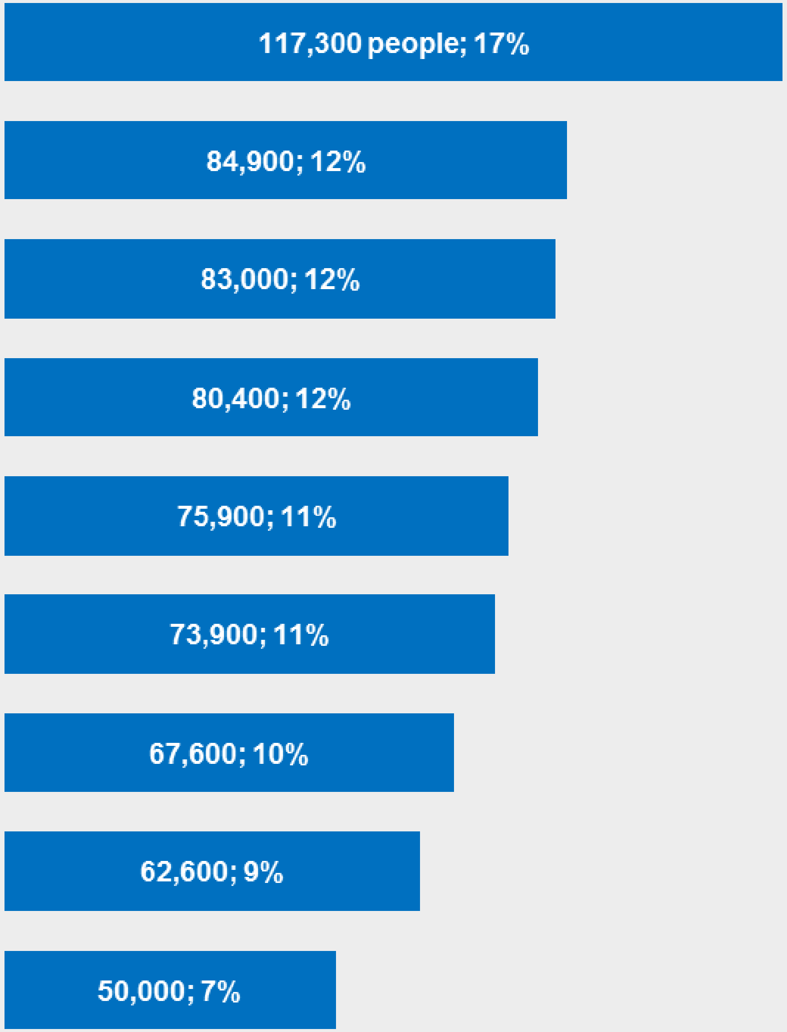
	Lancashire		North West	England minus London
16-19	27,400	40%	34%	37%
20-24	66,500	71%	68%	68%
25-34	146,800	82%	80%	83%
35-49	234,300	86%	83%	85%
50-64	194,600	68%	67%	71%
65+	27,700	10%	9%	10%
16-64	**669,700**	**74%**	**72%**	**75%**

Employment Rate by Ethnicity

	Lancashire		North West	England minus London
White	616,900	77%	74%	77%
Ethnic minority	52,700	52%	59%	64%
Mixed ethnic group	6,200	77%	64%	66%
Indians	15,000	58%	66%	73%
Pakistanis/Bangladeshis	16,000	39%	54%	55%
Black or black British	6,100	57%	60%	68%
All other ethnic groups	9,400	59%	57%	62%
16-64	**669,700**	**74%**	**72%**	**75%**

The employment rate is highest amongst the 25-34 and 35-49 age groups, similar to across the North West and nationwide. The rates for 16-19 year olds (40%) and 20-24 year olds (71%) are higher than in the North West and nationally. It is also highest amongst white and mixed ethnic groups, and higher for mixed ethnic groups than across the North West and nationally.

Occupations of Local Residents – What do people in Lancashire work as?



Professional occupations, including teachers, lawyers, doctors, nurses and other medical occupations, engineers, scientists, social workers, architects and surveyors

Associate professional and technical occupations, including engineering, building and lab technicians, IT technicians, paramedics, police, prison and fire service officers, graphic designers, accounting technicians, health and safety officers

Skilled trades occupations, including welders, mechanics, machinists, electricians, plumbers, plasterers, chefs, cooks

Caring, leisure and other service occupations, including teaching assistants, nursery workers, care workers, hairdressers, beauticians, caretakers and housekeepers

Administrative and secretarial occupations, including admin officers, finance officers, office managers, secretaries, Personal Assistants (PAs) and receptionists

Elementary occupations, including construction labourers, postal workers, cleaners, security staff, catering assistants and waiting / bar staff

Managers, directors and senior officials, including all types of managers (finance, HR, sales, production etc) in all types of organisations

Sales and customer service occupations, including sales assistants and shop workers, telesales and call centre workers and customer service managers

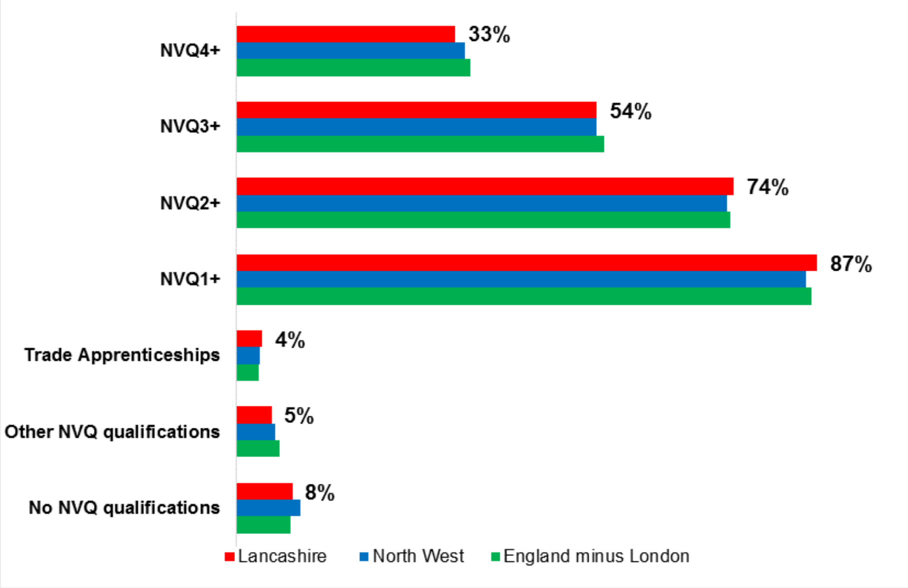
Process, plant and machine operatives, including factory workers, sewing machinists, tyre fitters, scaffolders, road and rail construction workers, lorry, bus and taxi drivers, train drivers and forklift truck drivers

Lancashire has a lower share of residents in Professional occupations (17%) than in the North West and nationally (both 19%). This is accounted for by Lancashire having a greater share of residents in Skilled trades and Care, leisure and other service occupations (both 12%) than the North West and nationally.

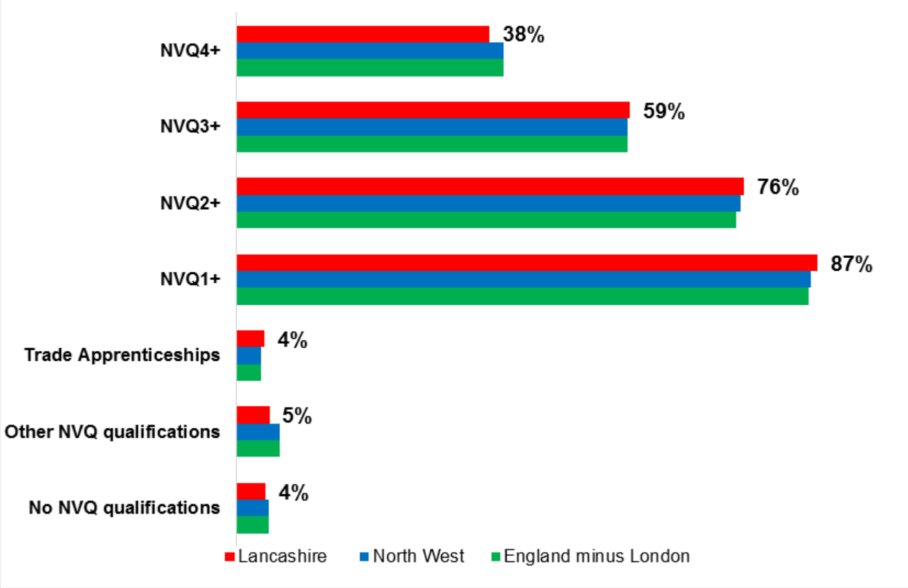
Sources: Annual Population Survey, July 2016 – June 2017

The Skills of Local Residents – How well-qualified are people in Lancashire?

Skills of Local Residents (2016)



Skills of Local Residents in Employment (2016)



How do the skills of local residents differ by gender?	• In general, females are more highly qualified, as is the picture across North West and nationally • 35% of females hold qualifications at NVQ4 or above, greater than 31% for males • Similarly, 86% of female hold qualifications at NVQ1 or above; 79% for males • Slightly more males have no qualifications (9%) than is the case for females (8%)
…and by age?	• Lancashire residents are less qualified (at NVQ4 or above) at all age groups than across the North West and nationally, with the exception of the 40-49 age group • Those aged 40-49 are most highly qualified, which is different to the picture across the North West and nationally, for which the 30-39 age group is most qualified • The 20-24 group has the highest rate of qualifications at NVQ2+ (81%), while 18% of those aged 16-19 do not hold any formal qualifications.

Those in employment are more qualified, on average, than the working age population. A greater share of the resident population have no qualifications (8% v 4%), while a larger share of those in work have qualifications at NVQ4 and above (38% v 33%).

Sources: Annual Population Survey, July 2016 – June 2017

Residents in Employment in Lancashire

Approximately 669,700 (74.4%) of residents of working age (aged 16-64) are in employment. This includes residents who work both within and outside Lancashire. This is a higher employment rate than across the North West (72.4%) as a whole and is slightly below the national (74.8%) average, and is higher than at any time in the last ten years.

The employment rate has fluctuated over the past ten years, consistently outperforming the average across the North West, although generally remaining below the national average. Since the Evidence Base was produced in 2015, the gap in the employment rate between Lancashire and the national average has narrowed considerably, reversing the trend seen between 2011 and 2014 when national recovery meant that employment growth outpaced that seen in Lancashire.

The current employment rate is driven by high rates of employment in Lancaster and Morecambe, Preston, Chorley and South Ribble, and Burnley and Pendle, where 78.4%, 77.1% and 76.9% of working age residents are employed respectively. In contrast, the employment rate in Blackpool, Fylde and Wyre (72.9%), West Lancashire (71.0%) and Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (70.8%) are all below both the Lancashire and national average. For Lancashire to close the gap with the national average, an additional 3,600 working age residents would need to enter employment (equivalent to a 0.5% increase).

Characteristics of those in Employment

In line with national trends, the employment rate for men (79%) is higher than then employment rate for women (70%). The difference in the rates aligns with the difference nationally. This does however mask differences at the TTW area level, particularly in relation to both Lancaster and Morecambe and West Lancashire, where the employment rate for males exceeds the rate for females by twelve percentage points.

The employment rate varies by age group and is highest amongst those aged 25-49, as is the case across the North West and nationally. The key differences in the employment profile by age relate to the youngest and oldest age groups. While the employment rate for those aged 16-19 is significantly higher in Lancashire than in the North West and nationally, the rate for those aged 50+ is much lower than nationally. With the working age population falling, and demand for labour expected to increase (see forecasts section), harnessing the employment potential of older workers will become more important to the success of the Lancashire economy.

There are also variances by ethnicity. The employment rate is highest amongst white and mixed ethnic groups, exceeding the employment rate for these groups in the North West and nationally. Across and within Lancashire there is a particularly low employment rate amongst the Pakistani and Bangladeshi group, especially when compared to the North West and national averages.

Types of Employment

The basis on which residents are employed varies. One in seven working age residents (12.9%) in Lancashire are self-employed. This is marginally above the rate across the North West (12.6%) but is lower than the national (13.8%) average. Within Lancashire, however, the self-employment rate varies widely from 9.5% in Lancaster and Morecambe to almost one in five working age residents (19.4%) in West Lancashire. The rates in Preston, Chorley and South Ribble and Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley are much closer to the Lancashire average.

There are also residents who work on a non-permanent basis, including fixed period contracts, agency temping, casual work and seasonal work. This applies to 5.7% of working age residents in Lancashire, compared to 4.9% nationally. While this is in line with the North West-wide average, the rate of non-permanent work varies across TTW areas, from 4.2%-4.3% in West Lancashire and Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley, to 10.9% in Lancaster and Morecambe.

Sources: Annual Population Survey, July 2016 – June 2017

Occupations

The 2015 Evidence Base highlighted that Lancashire had a smaller proportion of residents employed in highly skilled occupations than the North West or national averages. Relatively little has changed since then, with the three most highly-skilled occupational categories still accounting for 39% of jobs, compared to 42% in the North West and 43% nationally.

The largest occupational group amongst residents is professional occupations, accounting for almost one in six of those in employment. This is followed by associate, professional and technical occupations, and skilled trades occupations.

Key points to note at the local level include:

The representation of highly skills occupations: As noted above, just under two fifths (39%) of residents from Lancashire are employed in highly skilled occupations (managers, directors and senior officials; professional occupations; and associate professional and technical occupations). Lower proportions of Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley's residents work in highly skilled occupations (37%) compared to Lancashire as a whole. Amongst this TTW area's residents each of the highly skilled occupational groups is underrepresented when compared to nationally, particularly professional occupations.

Across the remaining occupational groups: Blackpool, Fylde and Wyre has a particularly high proportion of residents (14%) working in ***administrative and secretarial occupations,*** compared to Lancaster and Morecambe (8%). As a whole, Lancashire (11%) largely aligns with the North West (11%) and national (10%) averages.

Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley has a particularly high proportion of residents (14%) working in ***skilled trade occupations***, consistent with the above-average trend across Lancashire when compared to the North West and nationally. The proportion in Burnley and Pendle is particularly low (9%).

Lancashire has a higher proportion of residents working in ***caring, leisure and service occupations*** (12%), than across the North West and nationally (both 10%), and this is true across all six TTW areas.

Burnley and Pendle (30%) has a high proportion of residents working in ***sales and customer service; process, plant and machine; and elementary occupations***, much higher than Preston, Chorley and South Ribble at 24%.

Location of Employment

There is a reasonably high concentration of residents (71%) who live and work within their own Travel to Work area. Just over half of residents in employment work in their home local area, while 18% work within the wider Travel to Work area. The large majority of residents who work outside the area travel to other parts of Lancashire (14%) or across the wider North West region (11%).

Earnings

Across Lancashire, the median earnings of residents are below the regional and national averages, at approximately £25,800. This is equivalent to 97% of the North West average (£26,700) and 89% of the national average (£29,100). Within Lancashire, the median earnings of Fylde residents is greatest (£30,500), while residents of Blackpool earn the least (£22,900).

When the median earnings of residents from each local area (i.e. resident-based earning) are compared to the median earnings of the jobs based in each area (i.e. workplace-based earnings), the data suggests that:

- Residents from Rossendale, Chorley, Burnley and South Ribble typically travel to access higher paid employment, with workplace-based earnings lower than resident based earnings.
- There is a tendency for people to commute to Ribble Valley, Fylde and Preston for higher paid jobs, with resident based earnings lower than workplace-based earnings in these local areas.

It should also be noted that, similar to the residence-based earnings, workplace-based earnings across Lancashire are equivalent to 96% of the North West and 88% of the national averages.

The Skills Profile

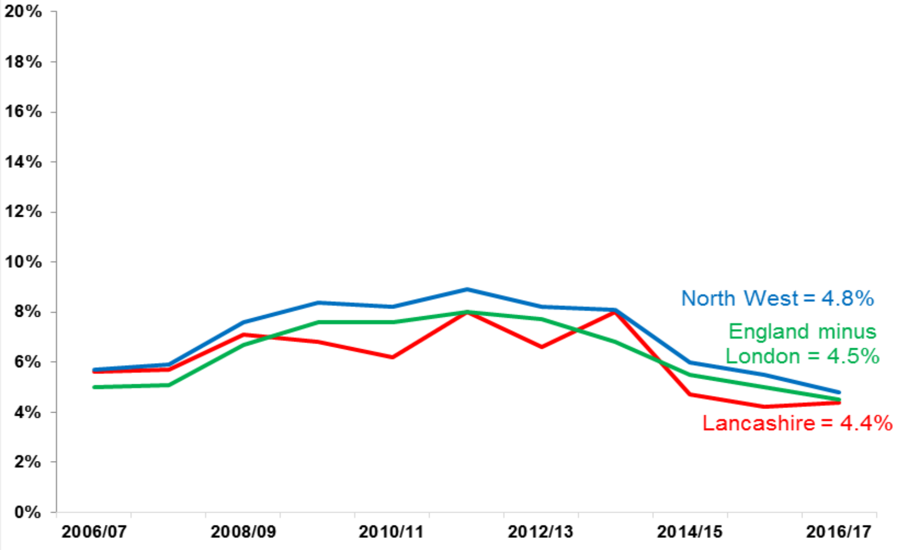
As was the case when the Evidence Base was initially developed in 2015, the working age population in Lancashire remains on average slightly less well-qualified than the working age population across the North West and nationally. At the higher skills levels (level 3+ and level 4+), Lancashire underperforms when compared to the national average. There is also a slightly greater proportion of working age residents that hold no qualifications.

At the Travel to Work level the profile varies, with strong levels of qualifications in both Preston, Chorley and South Ribble and Lancaster and Morecambe. Both areas typically exceed the national average at all levels. The skills profile of residents in West Lancashire, however, is quite different, with only 25% holding qualifications at Level 4 or above (compared to 33% in Lancashire and 35% nationally). A much higher proportion of residents in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley hold no qualifications (12%) when compared to the Lancashire and national averages (both 8%).

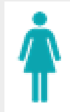
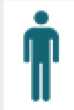
Residents who are in employment are, on average, more qualified than the working age population. For example, 76% of those in employment hold qualifications at Level 2 or above compared to 74% of the working age population. The difference is starker as skills levels increase, with 38% of those in employment holding qualifications at Level 4 or above, compared to 33% of the working age population. This highlights the importance of qualifications in securing employment, and the need to continue to promote the importance of being well-qualified to Lancashire's young people and less well-qualified adults.

Sources: Annual Population Survey, July 2016 – June 2017

Unemployment Rate: The Past 10 Years (2006/07-2016/17)



Unemployment Rate by Gender (2016/17)

	Lancashire	North West	England minus London
	**4%**	**4%**	**4%**
	**5%**	**5%**	**5%**

The unemployment rate fell by 1.2 percentage points over the last 10 years, a greater fall than across the North West (-0.9 percentage points) and nationally (-0.5 percentage points). The unemployment rate for both females and males in Lancashire is in line with those for the North West and nationally.

Unemployment Rate by Age Band

	Lancashire		North West	England minus London
16-19	5,000	15%	21%	20%
20-24	5,600	8%	10%	9%
25-34	6,200	4%	4%	4%
35-49	6,500	3%	3%	3%
50-64	7,500	4%	3%	3%
65+	n/a	n/a	1%	2%
16-64	**30,800**	**4%**	**5%**	**5%**

There are 2,583 young people who are not in education, employment or training in Lancashire (NEET) – 5.0% of 16-17 years old, compared to 5.2% across the North West and 4.7% nationally.

Unemployment Rate by Ethnicity

	Lancashire		North West	England minus London
White	22,300	3%	4%	4%
Ethnic minority	8,600	14%	9%	8%
Mixed ethnic group	n/a	n/a	9%	9%
Indians	1,700	10%	8%	4%
Pakistanis/Bangladeshis	5,200	25%	11%	11%
Black or black British	n/a	n/a	11%	9%
All other ethnic groups	n/a	n/a	7%	6%
16-64	**30,800**	**4%**	**5%**	**5%**

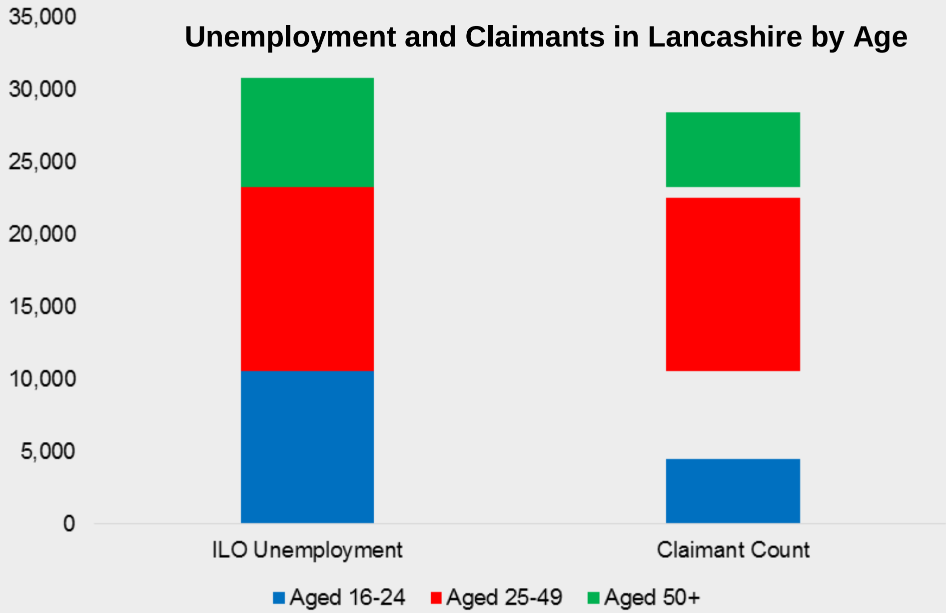
Where data allows comparison, the unemployment rate is highest amongst the 16-19 age group, similar to the picture across the North West and nationwide, although the rate for 16-19 year olds (15%) is significantly lower in Lancashire. By ethnicity, the rate is lower in the white group but higher in the ethnic minority, Indian and Pakistani/Bangladeshi groups, than across the North West and nationally.

Sources: Annual Population Survey, July 2016 – June 2017; Children and Family Wellbeing Service, 2014-2015

‘Unemployment’ refers to people who are actively seeking and available for work, and is measured using an internationally agreed definition (ILO unemployment).

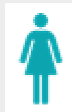
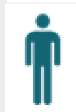
The Claimant Count measures the number of people who are receiving benefits principally because they are unemployed. From April 2015, the Claimant Count includes all Universal Credit claimants who are required to seek work and be available for work, as well as the remaining Jobseeker’s Allowance claimants. Not everyone who is unemployed is eligible to claim unemployment-related benefits.

This page compares the number of unemployed in people in Lancashire, with the number who are claiming unemployment-related benefits.

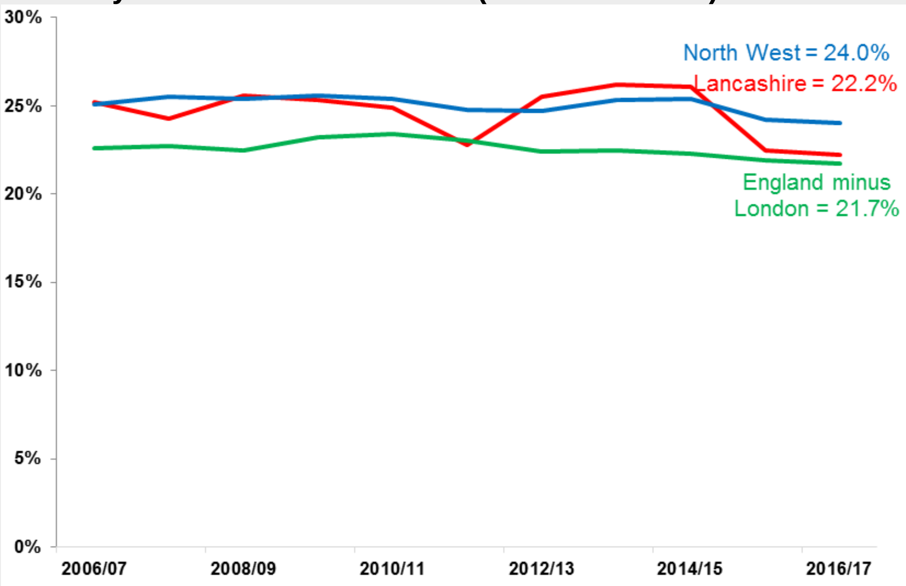


Unemployed people aged 16-24 and over 50 are less likely to receive unemployment benefits, as is the case nationally. Similar to the North West and national position, males are more likely than females to be unemployed and to be claimants in Lancashire.

Residents	Lancashire	North West	England minus London
Claimant Count (no.)	21,505	209,670	525,290
Claimant Count (% of working age population)	2.4%	2.4%	1.8%
Claimants as % of those Unemployed	70%	67%	52%

Lancashire	Unemployment	Claimant Count
	12,300	8,425
	18,500	13,080

Inactivity Rate: The Past 10 Years (2006/07-2016/17)



Top 3 Reasons for Inactivity (2016/17)

1.Studying (25%)

2. Long-term sick (25%)

3. Looking after family and home (24%)

The main reasons for economic inactivity in Lancashire are the same as across the North West and nationally, although the area has a higher share suffering from long-term sickness than nationally (22%) and a slightly lower share looking after family/home than nationally (25%).

Inactivity Rate by Age Band

	Lancashire		North West	England minus London
16-19	36,900	53%	58%	54%
20-24	21,600	23%	25%	26%
25-34	25,100	14%	16%	14%
35-49	32,400	12%	14%	13%
50-64	84,000	29%	31%	27%
65+	252,100	90%	91%	90%
16-64	**200,100**	**22%**	**24%**	**22%**

Of the working age population, inactivity rates are highest in the 16-19 age group at 53% although this is still below the North West and national average. Rates are particularly high in the Pakistani/Bangladeshi and ethnic minority groups, greater than in the North West and nationally.

Inactivity Rate by Ethnicity

	Lancashire		North West	England minus London
White	159,600	20%	23%	21%
Ethnic minority	40,500	40%	35%	32%
Mixed ethnic group	1,700	22%	29%	28%
Indians	9,200	35%	28%	25%
Pakistanis/Bangladeshis	19,900	48%	40%	39%
Black or black British	3,400	32%	33%	27%
All other ethnic groups	6,300	39%	39%	36%
16-64	**200,100**	**22%**	**24%**	**22%**

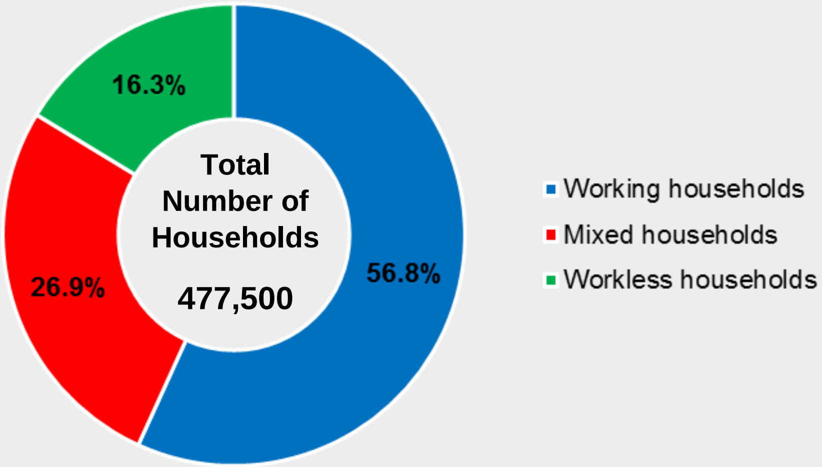
Inactivity Rate by Gender

Female	30,100	27%	29%	27%
Male	16,000	17%	19%	17%
16-64	**200,100**	**22%**	**24%**	**22%**

Sources: Annual Population Survey, July 2016 – June 2017

Household Economic Inactivity – How many workless households are in Lancashire?

Composition of Households (2016)



Lancashire has a higher share of working households than across the North West (54%) and in line with the average nationally (57%). Conversely, Lancashire also has a lower proportion of workless households than in the North West (18%) and slightly greater than nationally (15%). This includes student households. Mixed households – which contain both working and workless members – are less common in Lancashire (27%) than across the North West and nationally (both 28%).

Overview of Workless Households (2016)

Households where no (16+) member is working **16.3%**

Households where all (16+) members are inactive **12.9%**

1.4% of households are workless with a mix of unemployment and inactivity

Households where all (16+) members are unemployed **2.0%**

44,625 children live in workless households

Unemployment in Lancashire

Based on the ILO definition of unemployment, 30,800 people are unemployed in Lancashire. This equates to 4.4% of economically active residents and is lower than the North West (4.8%) and national (4.5%) average.

The unemployment rate has fluctuated over the past ten years and has fallen considerably over the past three years. Levels of unemployment are now below their pre-recession level, representing a considerable improvement from the position in 2015 when the Evidence Base was prepared.

The low unemployment rate reflects the particularly low levels of unemployment in the populous areas of Preston, Chorley and South Ribble (3.4%) and Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (3.5%). In contrast, unemployment in Burnley and Pendle (5.9%) exceeds both the North West and national average.

Characteristics of those who are unemployed

Despite the overall fall, there remain certain groups who are more likely to be affected by unemployment. In line with national trends, the unemployment rate for men (5%) is higher than the unemployment rate for women (4%). While the unemployment rate for men aligns with the North West and national average, the unemployment rate for women is slightly lower than these comparators.

Where data is available, it shows that Lancashire has a lower unemployment rate at all age groups than the North West and nationally, with the exception of the 50-64 years group. The unemployment rate is highest amongst those aged 16-19 (15%). However, this remains well below the rate for 16-19 year olds in the North West (21%) and nationally (20%).

There are also variances by ethnicity. As is the case across Lancashire and nationally, unemployment is higher amongst ethnic minority and Pakistani/Bangladeshi groups.

The claimant count

Focusing on those who are receiving benefits principally because they are unemployed, there are over 21,500 claimants in Lancashire. This is equivalent to 2.4% of the working age population, in line with the North West average (2.4%) and greater than the national average (1.8%). As with unemployment, the low claimant rate is reflective of the low levels of claimants in Preston, Chorley and South Ribble (1.8%) and West Lancashire (1.7%), while the rate in Burnley and Pendle (3.1%) exceeds the regional and national averages.

As all of those who are unemployed will not receive and/or claim benefits, the claimant group is a sub-set of those who are ILO unemployed. In Lancashire, the number of people receiving unemployment-related benefits equates to 70% of the total number unemployed, compared to two thirds in the North West and 52% nationally. Across the TTW areas, a much higher proportion of unemployed residents receive benefits in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (93%) than in West Lancashire (54%).

When the ILO unemployment and claimant counts are broken down and compared in terms of age and gender, the data shows unemployed people aged 16-24 and over 50 are less likely to receive unemployment benefits, as is the case nationally. It also showed that as well as there being a higher claimant count amongst males, a slightly greater proportion of males who are unemployed receive benefits (71%) when compared to females (68%). This is the case across the North West and nationally, although the imbalance is greater at these comparator areas.

Economic Inactivity in Lancashire

Across Lancashire, 200,100 people are economically inactive (i.e. are not in work and have not sought work in the last four weeks for a variety of reasons). This equates to 22.2% of the working age population and is lower than the inactivity rate across the North West (24.0%) but greater than the rate nationally (21.7%). Economic inactivity has fallen sharply since the Evidence Base was produced, with 40,000 fewer economically inactive people.

Sources: Annual Population Survey, July 2016 – June 2017

As with employment and unemployment, levels of inactivity vary by local area. The fairly low rate of Lancashire is reflective of low levels of inactivity in Lancaster and Morecambe (17.9%) and Burnley and Pendle (18.4%). which are both well below the national average. In contrast, Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (26.7%) and West Lancashire's (25.8%) inactivity rates are higher.

Reasons for economic inactivity

The three main reasons for inactivity in Lancashire – studying (25% of those who are inactive), long term sickness (25%), and looking after family and home (24%) – are the same as across the North West and nationally. Lancashire has a greater share suffering from long-term sickness than nationally (22%), but this share has fallen by 4 percentage points since 2014. The other main reason is being retired, which accounts for 16% of the working age population who are inactive in Lancashire, compared to 14% in the North West and 15% nationally.

Characteristics of those who are inactive

As is the case nationally, a much higher proportion of working age females (27%) are economically inactive than males (17%). The lower economic inactivity rate across Lancashire is reflective of a lower inactivity rate amongst both males (17% compared to 19% in the North West) and females (27% compared to 29%). This does however mask differences at the TTW area, particularly in West Lancashire, where the inactivity rate for females (33%) is particularly high, and similarly so in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley for males (22%).

The inactivity rate varies by age group and is highest amongst those aged 16-19, as is the case across the North West and nationally. The key differences in the inactivity profile by age relate to the youngest and oldest age groups. While the inactivity rate for those aged 16-19 and 20-24 is lower in Lancashire than nationally, the rate for those aged 50+ is higher, again indicating that older workers are a potential source of additional labour for Lancashire.

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There are also variances by ethnicity. The inactivity rate is highest amongst the Pakistani and Bangladeshi group in Lancashire as is the case in the North West and nationally (although the Lancashire rate for this group significantly exceeds the regional and national averages). Other groups with high inactivity rates include Indian and ethnic minority groups.

Economic Activity by Household

Of the 477,500 households located in Lancashire, the share classed as working households (57%) is in line with nationally (57%), and above the North West rate (54%), and has increased from 53% in 2014, indicating the continued recovery of the Lancashire economy.

Lancashire has a lower proportion of workless households (16%) than in the North West as a whole (18%), below the North West share (18%) but slightly above that nationally (15%). This includes student households. Mixed households – which contain both working and workless members – are marginally less common in Lancashire (27%) than across the North West and nationally (both 28%):

- ***Working households*** are more prevalent in Burnley and Pendle and Preston, Chorley and South Ribble (accounting for 62% and 61% of households respectively). This compares to just 52% in West Lancashire which continues to be well below the Lancashire and national average.
- ***Workless households,*** including student households, are broadly similar across the six TTW areas in Lancashire, ranging from 13% in Burnley and Pendle to 18% Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley.
- ***Mixed households:*** are more prevalent in West Lancashire (accounting for 33% of households in the area) than in Preston, Chorley and South Ribble (22%).

The majority of workless households in Lancashire are occupied by residents who are economically inactive (rather than unemployed). Over 44,600 children in Lancashire live in households where no-one is in work, 5,000 fewer than in 2013.

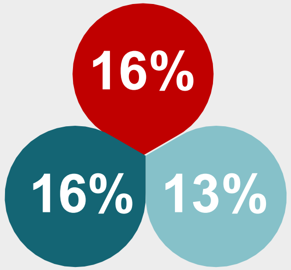
Sources: Annual Population Survey, July 2016 – June 2017

Employment by Sector in Lancashire – What sectors do people work in?

Total Employment

645,000 JOBS

Three Largest Employment Sectors



Wholesale and Retail
Health
Manufacturing

Jobs in the Largest Sectors

102,000 JOBS
1. Wholesale and Retail

101,000 JOBS
2. Health

85,000 JOBS
3. Manufacturing

61,000 JOBS
4. Education

53,000 JOBS
5. Accommodation and Food Services

43,000 JOBS
6. Administration and Support

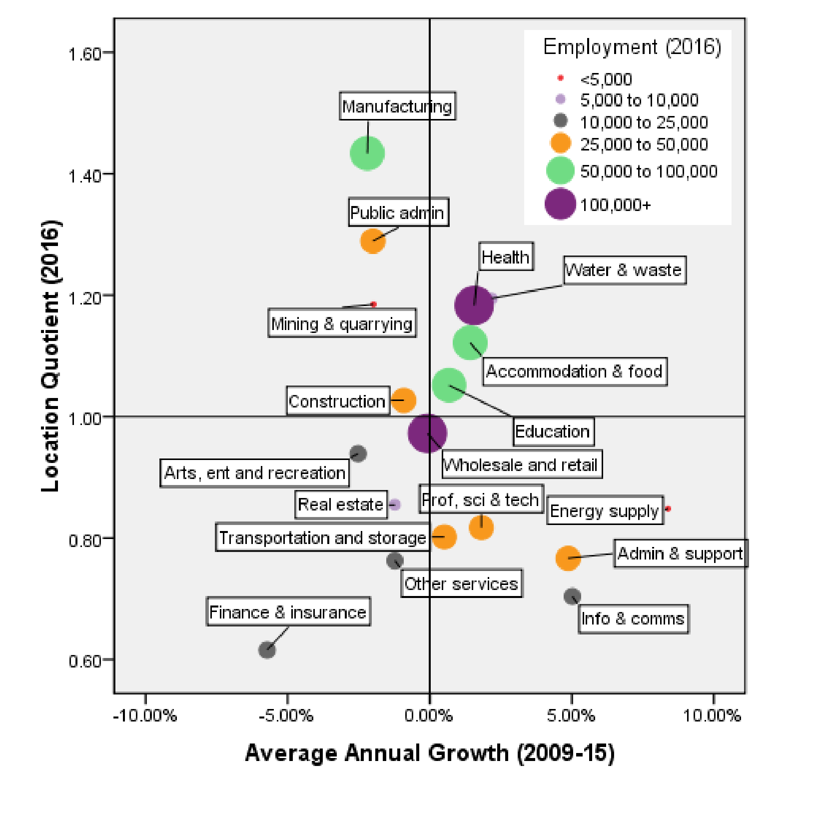
40,000 JOBS
7. Professional, scientific and technical

32,000 JOBS
8. Construction

Employment Growth and Specialisation

Top left: Sectors that have seen employment fall since 2009, and are more highly represented in the local area than the national average

Top right: Sectors that have seen employment growth since 2009 and are more highly represented in the local area than the national average



Bottom right: Sectors that have seen employment fall since 2009 and are less highly concentrated in the local area than the national average

Bottom right: Sectors that have seen employment growth since 2009 and are less highly concentrated in the local area than the national average

Employment by Sector in Lancashire – Lancashire's priority sectors

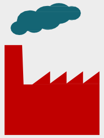
The Lancashire Skills and Employment Strategic Framework has seven designated priority sectors. The sectors have been selected due to their high replacement demand needs and significant growth potential.

Lancashire's Priority Sectors

Sector	Definition	Relation to SIC Sections	Total Employment in Lancashire
Health and Social Care	The sector covers a range of subsectors from hospital activities to childcare services, and from dentistry to residential and non-residential social care	All of: *Human health and social work activities*	100,500
Finance and Professional Services	From accountants and law firms, financial advisors and insurance brokers, specialist property related consultancies and recruitment agencies through to large business process outsourcing organisations.	All of: *Financial and insurance activities*; *Real estate activities* Parts of: *Information and communication* *Professional, scientific and technical activities* *Administrative and support service activities*	90,500
Advanced Manufacturing	Manufacturing which involves the use of technology to improve products and/or processes, with the relevant technology being described as "advanced," "innovative," or "cutting edge."	Parts of: *Manufacturing* *Professional, scientific and technical activities*	78,000
Visitor Economy	Includes industries relevant to the entire visitor experience. From accommodation and food and drink to attractions and tour operators.	All of: *Accommodation and food service activities* Parts of: *Transport and storage* *Administrative and support service activities* *Arts, entertainment and recreation*	63,000
Energy and Environmental Technologies	Includes activities relating to in gas, electricity, renewables, nuclear, water, waste management and environmental technologies	All of: *Electricity, gas, steam and air conditioning supply* Parts of: *Mining and quarrying* *Manufacturing* *Water supply; sewerage etc.* *Construction* *Professional, scientific and technical activities*	39,000
Construction	Includes the construction of buildings, civil engineering and specialised construction activities.	All of: *Construction*	32,500
Creative and Digital	Industries such as: Advertising; Architecture; Crafts; Design; Film & TV, etc.; IT and computing; Publishing; Museums & galleries, etc.; Music & arts, etc.	Parts of: *Manufacturing* *Information and communication* *Professional, scientific and technical activities* *Education* *Arts, entertainment and recreation*	13,500

Sources: Business Register and Employment Survey, 2016

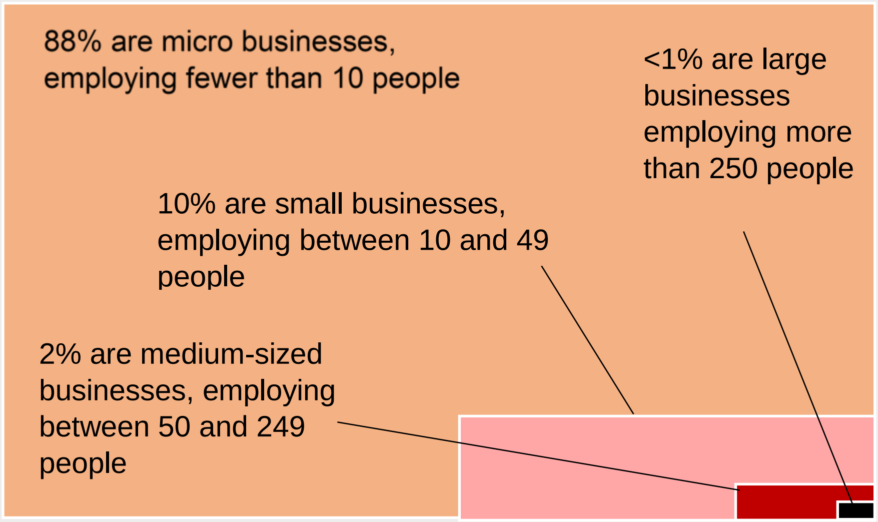
There are 52,100 different businesses in Lancashire, providing a range of employers:



Private Businesses

The Public Sector

Charities and Voluntary Organisations



The split by size of businesses is similar to regional and national averages. Micro businesses account for a slightly smaller proportion of the business base than nationally (89%). Fewer than 1% of employers, around 180, in Lancashire are classed as large employers, employing over 250 people.

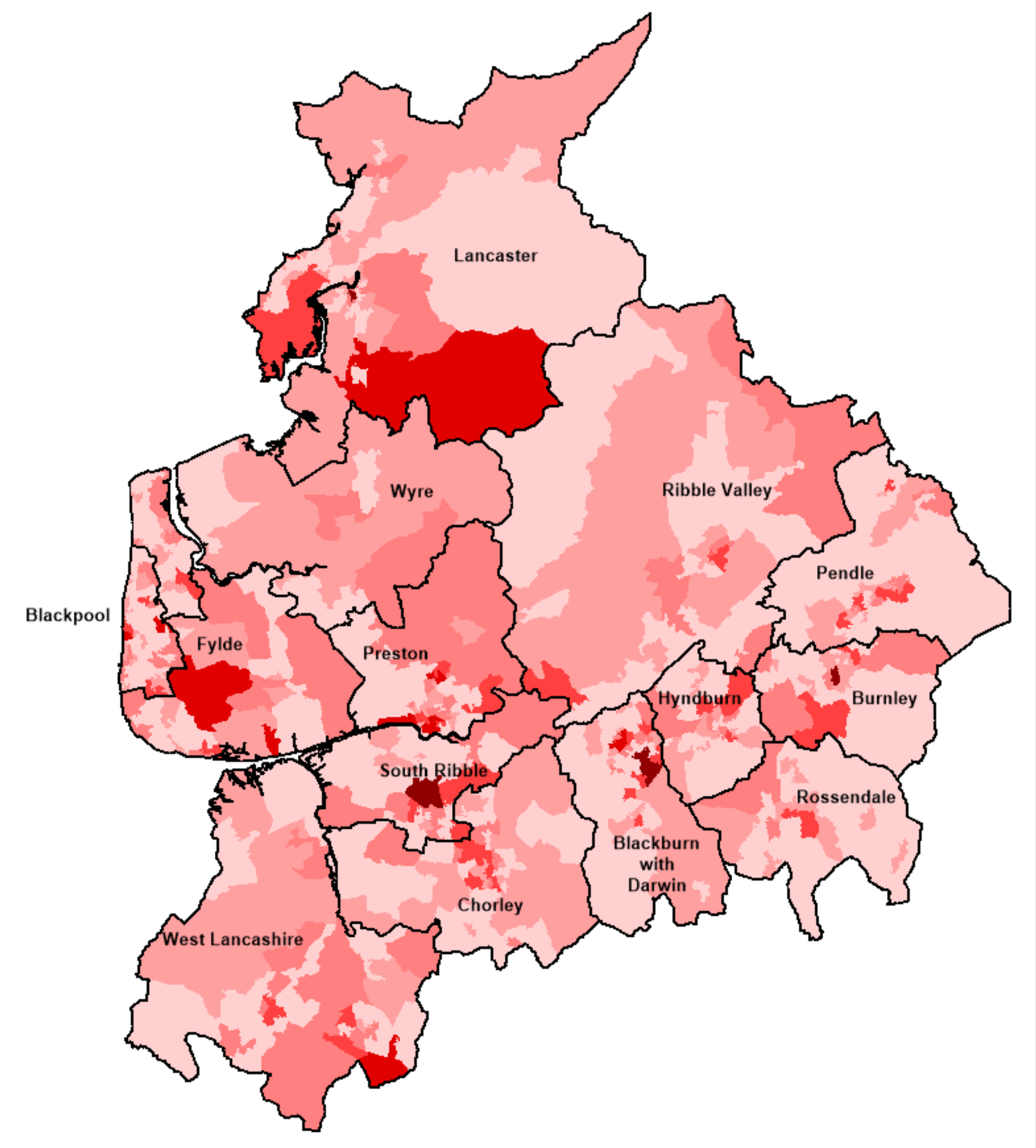
This map shows where employment is concentrated across Lancashire. Darker regions correspond to higher numbers of jobs.

This map highlights the key employment sites and locations – in each Travel to Work Area report an equivalent map also highlights each area's key employers.

Employment is concentrated within the 'arc of prosperity' identified in the Strategic Economic Plan: along the coast, through the central area and along Lancashire's strategic transport corridors.

The Enterprise Zone sites at Samlesbury and Warton, Blackpool Airport and Hillhouse International on the Wyre coast are important sites for future employment growth, along with Lancashire's many business parks and urban centres.

As the map shows, employment is found across all parts of the LEP area, including the more rural locations, where the visitor economy and heritage assets have an important employment role to place.



Employer Skill Requirements – What skills shortages are employers reporting in Lancashire?

The ***UK Employer Skills Survey*** provides a comprehensive source of information on employer skills needs. 1,900 businesses in Lancashire were surveyed. The sample size means that data is only available at Lancashire level.

Skills Gaps within the current workforce

17%
of employers in Lancashire report skills gaps compared with 14% in the North West and nationally

The top ten reasons reported by employers for employee skills gaps:

1.Their training is currently only partially completed 69%
2. They are new to the role 66%
3. They have not received the appropriate training 28%
4. Staff lack motivation 24%
5. They have been on training but their performance has not improved sufficiently 22%
6. The introduction of new working practices 21%
7. Unable to recruit staff with the required skills 17%
8. The introduction of new technology 14%
9. The development of new products and services 13%
10. Problems retaining staff 6%

Skills Shortages – a lack of suitably skilled people when trying to recruit new workers

17%
of employers reported at least one vacancy, lower than the North West (18%) and national (19%) average

Lancashire employers reported a higher proportion of hard to fill and skill shortage vacancies than both the North West and national averages in:
administrative and clerical occupations;
caring, leisure and other service staff; and
machine operatives

They also reported above average skills shortages in **skilled trades**, and hard to fill vacancies in **caring, leisure and other services**

Hard to fill vacancies in Lancashire, by occupation:

Skills shortage vacancies in Lancashire by occupation:

Employment Numbers and Trends

The 645,000 jobs in Lancashire account for 19.3% of the total in the North West. At the time that the Evidence Base was produced, the data indicated that the number of jobs in Lancashire had yet to return to pre-recession levels. Since then, there has been considerable jobs growth, with around 10,000 more jobs recorded over the past year for which data is available (2015-2016). However, over the period from 2009, Lancashire has experienced a slower rate of jobs growth (+1.6%) than seen in the North West as a whole, where total employment has risen by 2.3%. It is also a slightly slower rate of increase than nationally[2] (+1.8%).

Preston, Chorley and South Ribble is the largest of the all the Lancashire Travel to Work areas in employment terms, with 181,000 jobs (28% of the Lancashire total). There are 147,000 jobs in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley and 136,000 in Blackpool, Fylde and Wyre (23% and 21% of the Lancashire total respectively). Lancaster and Morecambe has seen the fastest increase in employment over the past year, gaining around 3,000 additional jobs, whilst Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley is the only TTW area that has not seen job growth.

Sectoral Employment

Two sectors – wholesale and retail, and health – account for around one-third of all employment in Lancashire, some 203,000 jobs. These are also the two largest sectors in the North West as a whole and England minus London, although, at 16%, Lancashire's share of employment in the health sector is greater than the North West's (14%) and nationally (13%). However, beneath this, the sectoral pattern in Lancashire differs somewhat from that in England minus London:

- ***Manufacturing*** is the third largest sector in Lancashire, with 13% of all workers employed in the sector, amounting to 85,000 jobs. Parts of Lancashire have historically been manufacturing bases, and this is shown in the area having a much larger share of employment in the sector than across the North West (10%) and nationally (9%).
- Despite the ***administrative and support services*** sector employing 43,000 people in Lancashire and accounting for 7% of total employment, it lags behind the share of employment in the North West (8%) and nationally (9%). This share is higher in Preston, Chorley and South Ribble. This sector includes business support activities such as building management, office administration and employment agencies, and the high percentage reflects Preston's role as a key business centre within Lancashire.
- The high-value ***professional, scientific and technical*** sector employs some 40,000 people in Lancashire, however the share of total employment (6%) is lower than in the North West as a whole and nationally (both 8%).

Sectoral Trends

Seven sectors have seen growth of at least 1,000 jobs over the past six years: ***Administrative and support services*** (part of the financial and professional services priority sector)***, health and social care, information and communication*** (which has had the fastest growth in percentage terms and is part of the creative and digital industries sector); ***accommodation and food services*** (part of the visitor economy); ***professional, scientific and technical*** (part of financial and professional services); ***education*** and ***wholesale and retail.*** All of these sectors have also grown regionally and nationally. With the exception of the wholesale and retail sector, they have all seen an increase in employment since the Evidence Base was prepared in 2015.

Over the past six years, employment has fallen in seven sectors by at least 1,000 jobs. In percentage terms, the fall has been greatest in ***financial services***, which has seen the loss of 5,000 jobs (-38%) since 2009. This is a greater decline than in the North West (-22%) and nationally (-10%). Around 12,000 jobs have been lost in the ***manufacturing*** sector since 2009, the greatest fall in absolute terms in Lancashire, and the sector has also seen a fall in the North West as a whole and nationally. However, the manufacturing sector has seen employment growth since the Evidence Base was prepared in 2015, with an additional 3,300 jobs having been created. This is a significant change from the long-term trend.

The ***arts and entertainment*** and ***real estate*** sectors have seen the total number employed fall locally, whilst growing nationally. There have also been declines in employment in the ***public administration, construction*** and ***other service activities*** sectors.

Travel to Work Area Sectoral Employment

Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley and **Burnley and Pendle's** role as manufacturing centres is clear from the sectoral make-up of employment in the areas. In these two areas, 28,000 and 15,000 people are employed in the sector respectively (19% and 21% of all employment respectively).

The sectoral employment composition of **Preston, Chorley and South Ribble** mirrors that of Lancashire closely, although there is a particular concentration of construction employment (9%, compared to 5% in Lancashire)[3] and administrative and support services (9%, compared to 7%). However, the area has a much lower level of manufacturing employment, which accounts for 7% of employment, in comparison to 13% in Lancashire as a whole.

Reflecting the importance of its tourism market, there is a concentration of accommodation and food services sector employment in **Blackpool, Fylde and Wyre**. The sector employs around 13,000 people in the area, or 13% of all employment, significantly higher than the sector's 8% share of total employment in Lancashire.

Lancaster and Morecambe has a particular employment specialism in the education sector, which employs around 10,000 people, or 17% of the area's total employment. This is compared to just 9% of total employment in Lancashire.

[3] Particularly in the construction sector, the place of work may not be where the job is registered in the official BRES data (e.g. if workers are employed out on site)

Employer Skill Requirements

The UK Employer Skills Survey provides a comprehensive source of information on employer skills needs. Data is available for Lancashire based on responses from 1,900 businesses.

This highlights that employers continue to face skills gaps within their current workforce and experience skills shortages when trying to recruit new workers, and these issues tend to be more common in Lancashire than in the North West and nationally.

Employers have a reported a range, and often multiple reasons for skills gaps, which are often temporary in nature. The main reasons reported are:

- Employee training is currently only partially complete (reported by 69% of employers)
- They are new to the role (66%)
- They have not received the appropriate training (28%)
- Staff lack motivation (24%)
- They have been on training but their performance has not improved sufficiently (22%).

In terms of hard to fill vacancies and skills shortages vacancies, employers most commonly reported hard to fill vacancies in skilled trades (20%), sales and customer services (17%), caring, leisure and other services (17%) and machine operative (16%) occupations. Skills shortage vacancies were also most common across these occupations.

Compared to the regional and national average, Lancashire employers reported a higher proportion of hard to fill and skills shortage vacancies in administrative and clerical occupations; caring, leisure and other services; and machine operatives.

Employment Forecasts 2018-2028 – Which Sectors will employ people in Lancashire in the Future?

Forecast 10-Year Employment Change				
	Lancashire		North West	UK
2018-2028	18,500	2.6%	4.3%	5.2%

Top 5 Sectors requiring employees due to sector growth (expansion demand)

- **Administrative and Support Services** *(+600 new jobs each year)*
- **Construction** *(+420 new jobs each year)*
- **Professional, scientific and technical activities** *(+420 new jobs each year)*
- **Wholesale and retail trade** *(+350 new jobs each year)*
- **Information and communication** *(+150 new jobs each year)*

Top 5 Sectors requiring employees to fill jobs to replace people leaving or changing jobs (replacement demand)

- **Wholesale and retail trade** *(11,900 jobs each year)*
- **Health and social work** *(8,730 jobs each year)*
- **Accommodation and food services** *(7,700 jobs each year)*
- **Administrative and support service activities** *(6,590 jobs each year)*
- **Manufacturing** *(6,370 jobs each Year)*

Total Employment Requirement Across all Sectors 2018-2028
To meet sector growth and replace people leaving or changing jobs

Sector	Part of Priority Sector?	Average Annual Req'ment	Total Req'ment
Wholesale and retail trade		12,250	134,760
Human health and social work activities	*Health and social care*	8,860	97,470
Accommodation and food service activities	*Visitor economy*	7,830	86,130
Administrative and support service activities	*Finance and professional services*	7,200	79,160
Manufacturing	*Advanced manufacturing* *Creative and digital* *Energy and environmental tech*	5,340	58,700
Education		4,980	54,740
Professional, scientific and technical activities	*Finance and professional services*	4,100	45,110
Construction	*Construction* *Energy and environmental tech*	3,860	42,420
Arts, entertainment and recreation	*Creative and digital* *Visitor economy*	3,260	35,810
Information and communication	*Creative and digital*	2,850	31,400
Transportation and storage	*Visitor economy*	2,760	30,320
Public administration and defence		2,240	24,640
Other service activities		2,140	23,530
Real estate activities	*Finance and professional services*	780	8,580
Agriculture, forestry and fishing		730	8,040
Financial and insurance activities	*Finance and professional services*	670	7,330
Water supply; sewerage etc.		420	4,660
Electricity, gas, steam and air conditioning supply		180	1,950

Sources: Oxford Economics, 2018

Employment Forecasts 2018-2028 – Future occupations in Lancashire

Forecast 10-Year Employment Change				
	Lancashire		North West	UK
2018-2028	18,500	2.6%	4.3%	5.2%

Top 5 Occupations requiring employees due to sector growth (expansion demand)

- **Caring, leisure and other service occupations** *(+225 jobs each year)*
- **Professional occupations** *(+180 jobs each year)*
- **Managers, directors and senior officials** *(+180 jobs each year)*
- **Elementary occupations** *(+140 jobs each year)*
- **Sales and customer service occupations** *(+120 jobs each year)*

Top 5 Occupations requiring employees to fill jobs to replace people leaving or changing jobs (replacement demand)

- **Professional occupations** *(11,390 jobs each year)*
- **Caring, leisure and other service occupations** *(10,050 jobs each year)*
- **Elementary occupations** *(9,550 jobs each year)*
- **Managers, directors and senior officials** *(8,190 jobs each year)*
- **Administrative and secretarial occupations** *(7,570 jobs each year)*

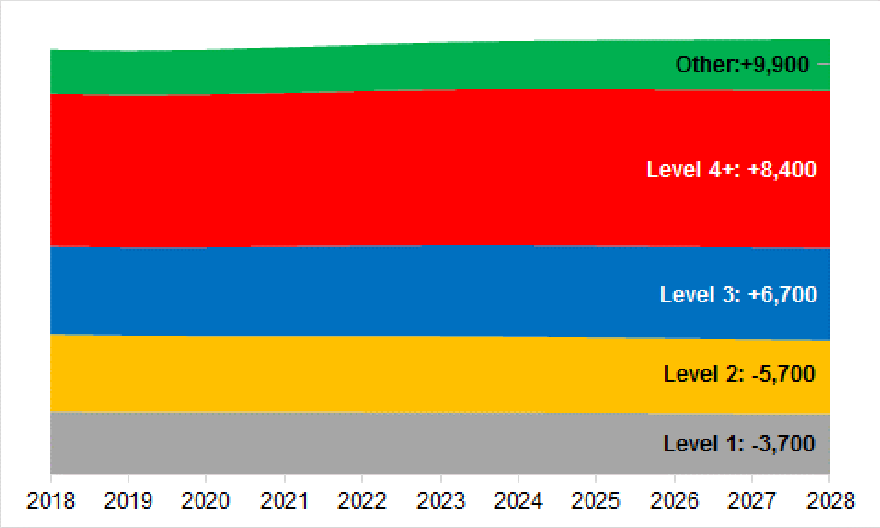
Total Employment Requirement Across all Occupations 2018-2028

To meet occupational growth and replace people leaving or changing jobs

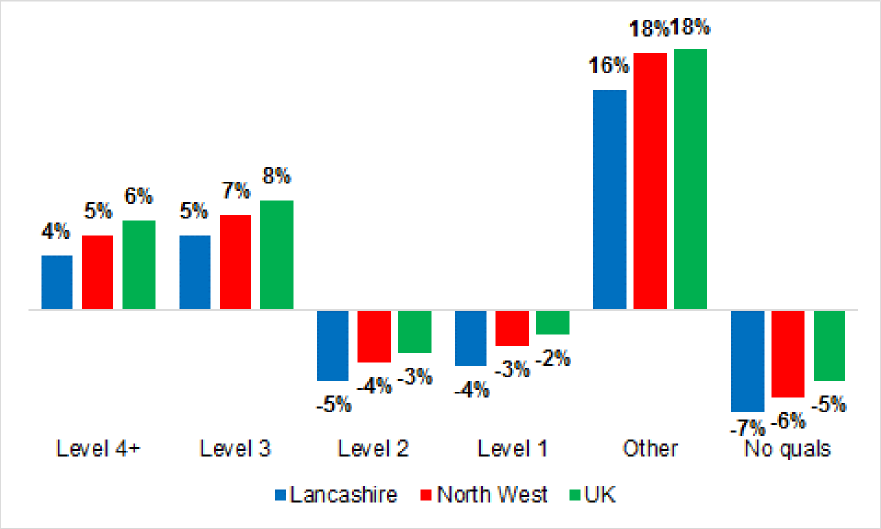
Sector	Average Annual Requirement	Total Requirement
Professional occupations	11,570	127,310
Caring, leisure and other service occupations	10,280	113,070
Elementary occupations	9,690	106,540
Managers, directors and senior officials	8,360	91,960
Administrative and secretarial occupations	7,470	82,120
Associate professional & tech occupations	7,250	79,780
Sales and customer service occupations	6,500	71,470
Skilled trades occupations	5,060	55,680
Process, plant and machine operatives	4,270	47,000

Sources: Oxford Economics, 2018

Change in employment by highest qualification, 2018-2028



Change in employment by highest qualification level, 2018-2028



In line with forecast trends across the region and country, the typical qualifications held by people employed across Lancashire are expected to shift upwards. The Lancashire economy is anticipated to employ over 15,000 more people with Level 3 or higher by 2028, whilst the total employment of people with qualifications lower than Level 2 is set fall over the next ten years.

At a Lancashire level there is forecast to be a particular rise in Level 3 and 4 qualified workers in administrative and secretarial occupations, and caring, leisure and other service occupations.

There will be a growing demand for other qualifications (mainly apprenticeships) in skilled trade occupations and sales and customer service occupations.

Source: Oxford Economics, 2018

Employment Forecasts – Total Employment

Between 2018 and 2028, over 18,500 new jobs will be created in Lancashire, representing a 2.6% increase in total employment. This lags behind the growth forecast across the North West as a whole (4.3%) and the national average (5.2%). Over the same period, the working age population is expected to fall by 21,700.

Job Opportunities

There will be a wide range of job opportunities available between 2018 and 2028, with recruitment across all sectors and occupations, including in each of Lancashire's priority sectors and in sectors which have recently experienced employment decline in recent years, such as manufacturing, accommodation and food and arts, entertainment and recreation. This will include recruitment for new jobs created through sector growth (expansion demand) and jobs that become available as people leave or change jobs (replacement demand).

Typically across all sectors and occupations, replacement demand will be much greater than expansion demand, meaning that people are more likely to enter existing rather than newly created jobs. The high levels of replacement demand reflect factors such as the ageing population with many current workers due to leave the workforce to retire.

Job Opportunities by Sector

Wholesale and retail trade and ***human health and social work*** will provide the highest number of opportunities in Lancashire – requiring over 134,000 and 97,000 people respectively to fill jobs between 2018 and 2028. On average, this will equate to 12,300 and 8,900 people being recruited to these sectors each year.

This is followed by ***accommodation and food services***, where there is a total requirement for over 86,000 people between 2018 and 2028 – or approximately 7,800 people per annum on average, and ***administrative and support services***, which will have opportunities for over 79,000 people (or 7,200 per annum).

Other sectors offering opportunities for over 320,000 people between 2018 and 2028 include:

- Manufacturing (5,300 per annum)
- Education (5,000 per annum)
- Professional, scientific and technical services (4,100 per annum)
- Construction (3,900 per annum)
- Arts, entertainment and recreation (3,300 per annum)
- Information and communication (2,900 per annum)
- Transport and storage (2,800 per annum)
- Public administration (2,200 per annum)

Job Opportunities by Occupation

Across the sectors, a range of occupations will be available. There will be opportunities for at least 45,000 people within each occupational group (equivalent to at least 4,300 or annum) between 2018 and 2028.

Requirements will be highest for ***professional occupations***, with opportunities for over 127,000 people (11,600 per annum), followed by ***caring, leisure and other service occupations*** with opportunities for over 113,000 people (10,300 per annum) and ***elementary occupations*** for over 106,000 people (9,700 per annum). There will also be opportunities for over 106,000 people in; ***manager, director and senior official***; ***administrative and secretarial***; and ***associate professional and technical*** roles. Job opportunities will therefore be concentrated at high and low skills levels, with fewer opportunities for those holding mid-level qualifications.

Skills Requirements

In line with trends forecast for the North West and nationally, demand for higher level skills is expected to increase, as reflected by an upwards shift in the skills profile of the workforce. By 2028, a higher number of people employed in the Lancashire economy will hold qualifications at Level 3 and above, while the number in employment with qualifications at level 2 or below or no qualifications will fall. The number of people in employment with other qualifications, such as apprenticeships, is also expected to increase. This trend typically applies across all occupations.

Source: Oxford Economics, 2018

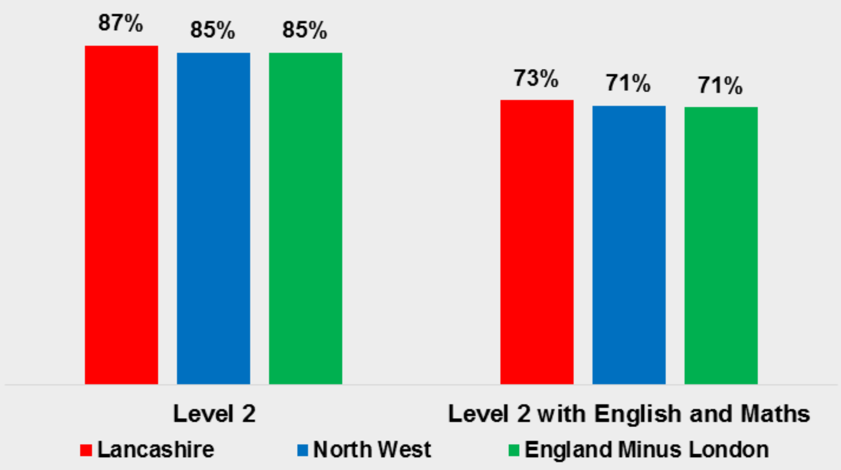
Educational Attainment of Under 16s in Lancashire

Age Group	Performance Measure	What is happening in Lancashire?	National comparison
Key Stage 1 ***5-7 years***	% of pupils who meet the required standard of 'phonic decoding': using knowledge of phonics to accurately read words	Year 1 – **80%-81%** meet the standard Year 2 – **90-92%** meet the standard	Year 1 – 81% Year 2 – 92%
Key Stage 2 ***8-11 years***	% of pupils who meet the required standards in reading, writing and mathematics	**53%** of pupils in Lancashire meet the standard, ranging from 45% in Burnley and Pendle, to 59% in West Lancashire	North West – 53% England excluding London – 53%
Key Stage 4 ***14-16 years*** ***(Recent changes to the GCSE system mean there are three separate performance measures)***	***Average Attainment 8 score***: A measure of attainment – a pupil's average score across a set of eight subjects including English and maths	**49,** ranging from 45 in Burnley and Pendle to 51 in Lancaster and Morecambe, West Lancashire and Preston, Chorley and South Ribble	England excluding London – 50
	Average Progress 8 score: A measure of relative progress - the comparison of pupils' Attainment 8 score with the average Attainment 8 score of all pupils nationally who had a similar KS2 results (0.0 = the national average)	**-0.11** Ranges from -0.27 in Blackpool, Fylde & Wyre to -0.03 in Lancaster and Morecambe and Preston, Chorley and South Ribble	England excluding London: -0.06
	% achieving English Baccalaureate: grade 5 or above in English and maths GCSE, plus C or above in science, a language and history or geography	**21%** achieve the EBacc, ranging from 15% in Burnley and Pendle, to 29% in West Lancashire	North West – 23% England excluding London – 24%
Destinations at age 16	Percentage of pupils in overall sustained education and / or employment / training destination	**94%** Lancashire	England excluding London - 94%

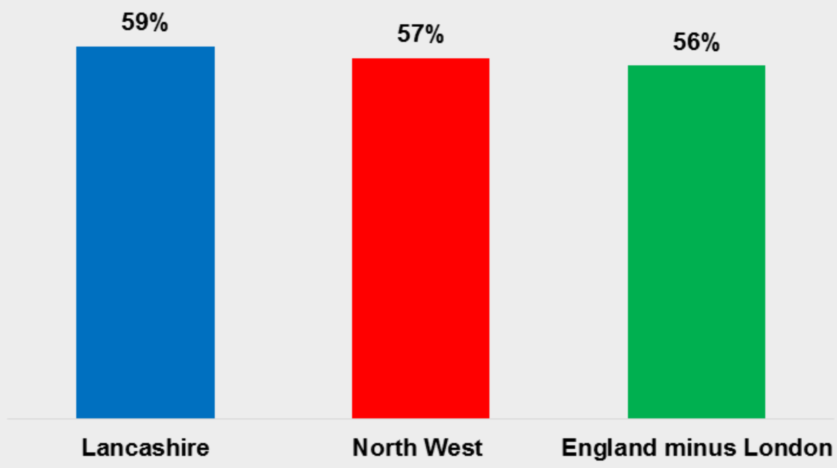
Good levels of educational attainment provide the foundations for a future skilled workforce. On average, Lancashire's pupils match the national average during primary school (Key Stage 1 and 2) – although there are pockets of under-performance. By the time of taking GCSEs, pupils in Lancashire have made less progress, on average, than those with similar KS2 results elsewhere in the country, although the proportion going into positive destinations at age 16 matches the national average.

Sources: Department for Education, 2016

Level 2 attainment by age 19



Level 3 attainment by age 19



KS5 Destinations

88%
of students in Lancashire enter sustained education or employment after Key Stage 5

68%
enter sustained education

20%
enter sustained employment

54%
Higher education institutions

11%
Further education institutions

3%
other

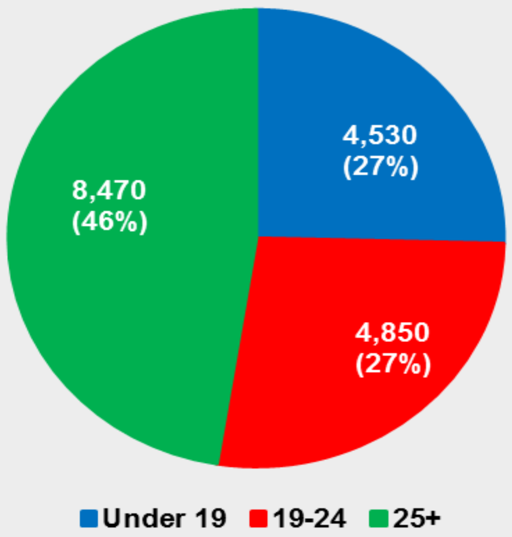
Of which: 8%
Apprenticeships

Attainment levels for 19 year olds are slightly above the national average in Lancashire, although four out of ten have not achieved level 3 (equivalent to A-Levels) by this age. The destinations of 19 year olds are very similar to the national average, with a slightly higher proportion going onto HE institutions, and slightly lower proportion going into FE.

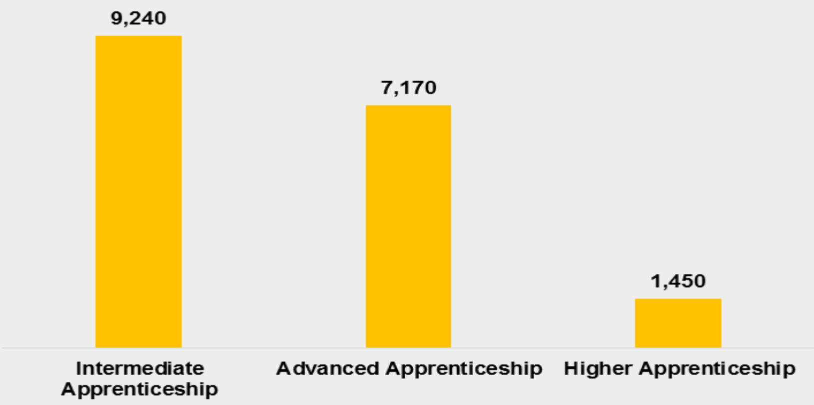
Sources: Department for Education, 2016

Apprenticeships – What apprenticeships are started in Lancashire?

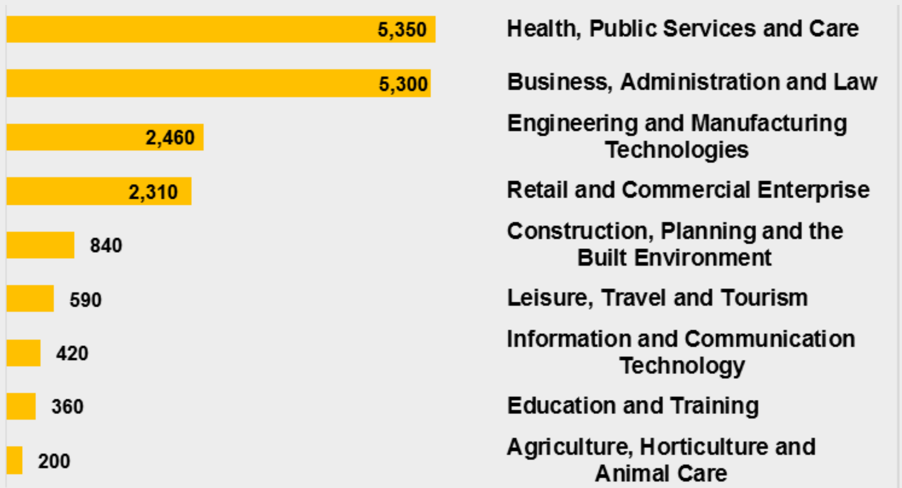
Apprenticeship starts 2016/17 in Lancashire by age



Apprenticeships in Lancashire by Level



Apprenticeships in Lancashire by subject



The age profile of apprentices in Lancashire is slightly younger than typical. A larger proportion of apprenticeship starts in Lancashire are by under 19s than across the North West (24% starts, 27% achievements) and nationally (25%, 28%).

The profile of apprenticeship starts by level is very similar to the North West and national averages. The proportion of advanced and higher starts is in line with the regional and national picture, at around 48%.

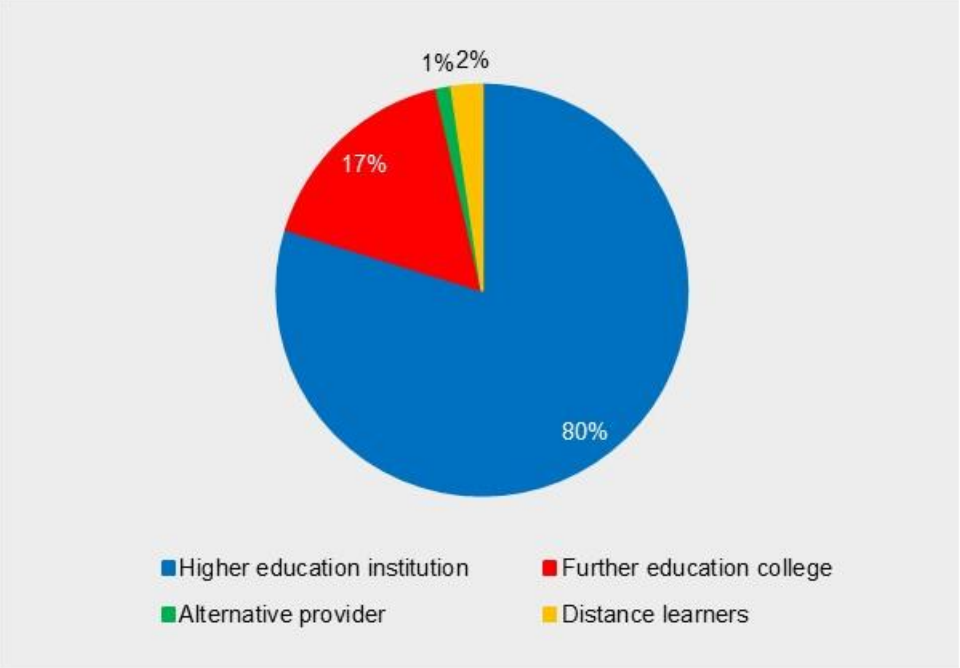
The most popular subject for apprenticeships is health, public services and care, the same as nationally although business, administration and law accounts for the highest number of starts across the North West. Thirty percent of starts are in this field, above the North West (27%) and national (28%) averages.

The rankings of subjects in terms of starts in Lancashire are the same as nationally. Aside from health, public services and care, the notable variation is in retail and commercial enterprise which represent 13% of starts in Lancashire, compared with 15% in both the North West and nationally.

Sources: Department for Education, 2017

There are 53,700 students studying with 16 different higher education providers in Lancashire (including FE and alternative providers)

Location of provision for HE Students in Lancashire



Further education colleges are an important part of HE provision and teach a greater share of higher education students in Lancashire than nationally (17% compared to 7%). Nationally more students are taught in higher education institutions (87%) and from distance (4%) than in Lancashire.

More than two-thirds of students at Lancashire's higher education institutes are from the North West. This is a very high proportion when compared to the national position: across England less than half of HEI students (46%) are studying in their home region. The proportion of International HEI students (11%) is below the national average (14%)

The proportion of HE students in FE colleges who are from the North West is in line with national rate who study in their home region (83%).

Domicile of HE students study in Lancashire by institution type

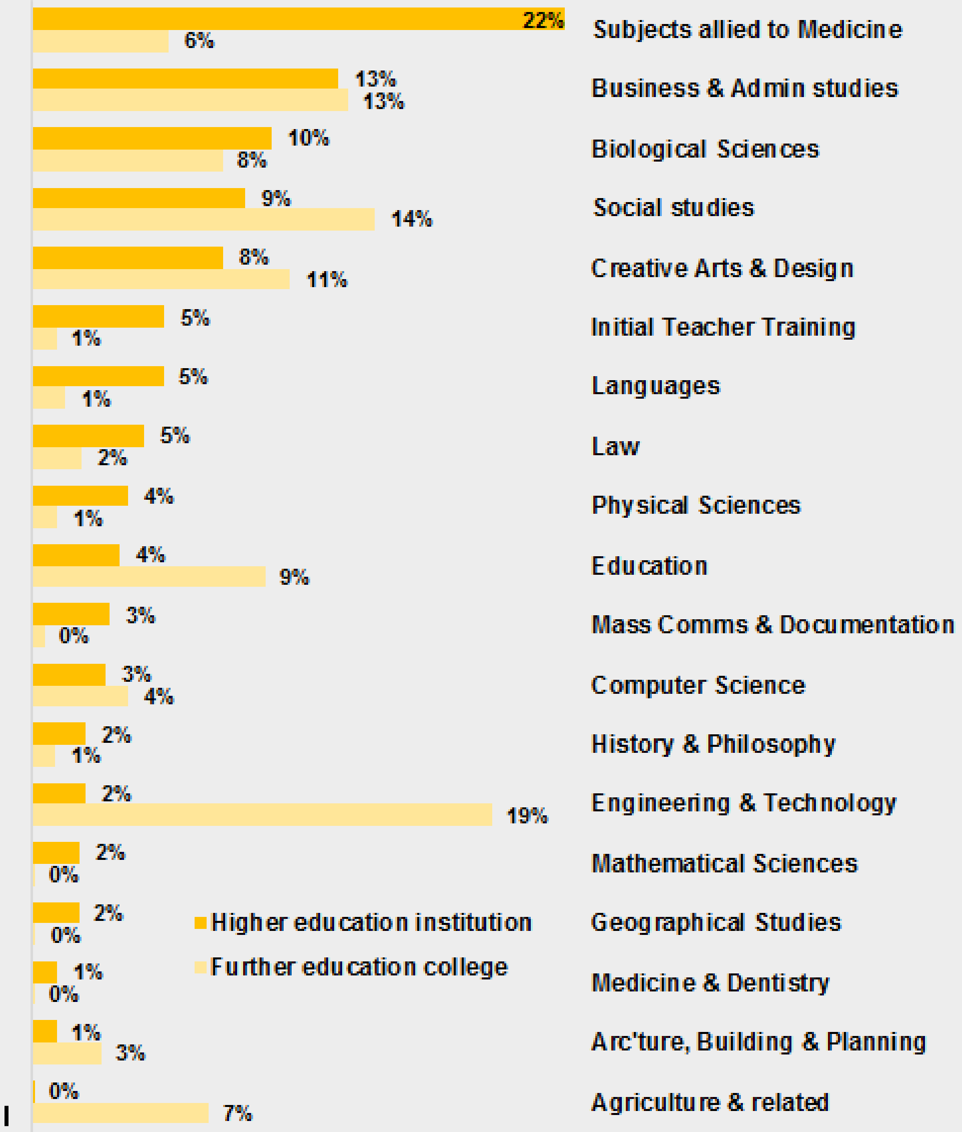
	North West	Rest of UK	EU	Rest of the World
Higher Education Institution	67%	22%	3%	8%
Further Education College	84%	13%	1%	3%
Alternative Provider	33%	59%	5%	2%

Where do Lancashire's higher education students come from?

1. **Lancashire (39%)**
2. **Greater Manchester (17%)**
3. **Liverpool City Region (14%)**
4. **Cheshire and Warrington (4%)**
5. **Cumbria (3%)**

Higher Education – What HE courses are studied in Lancashire?

Higher Education students by subject in Lancashire



Higher Education Providers in Lancashire

- University of Central Lancashire (HE)
- The University of Lancaster (HE)
- Edge Hill University (HE)
- University of Cumbria (HE)
- Accrington and Rossendale College (FE)
- Blackburn College (FE)
- Blackpool and Fylde College (FE)
- Burnley College (FE)
- Cardinal Newman College (FE)
- Lancaster and Morecambe College (FE)
- Myerscough College (FE)
- Nelson and Colne College (FE)
- Preston College (FE)
- Runshaw College (FE)
- St Mary's College (FE)
- West Lancashire College* (FE)
- UCFB College of Football Business (AP)

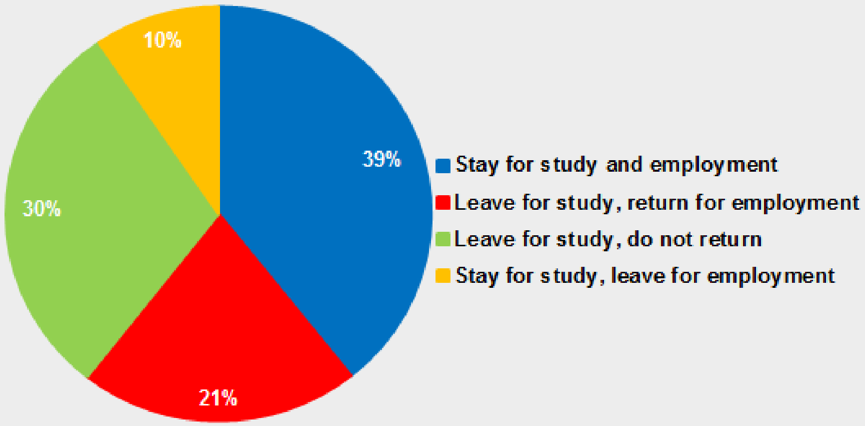
In Lancashire's HE institutions, more than 20% of students are studying subjects allied to medicine, compared to 13% nationally. In contrast, only 2% of students at HE institutions in Lancashire study engineering and technology, compared to 7% nationally.

However, engineering and technology accounts for 19% of higher education students in FE Colleges. This compares to 17% nationally. In Lancashire, there are also more students choosing social studies (14% compared with 8% nationally), and fewer studying creative arts and design (11% compared with 17%).

*Sources: HEFCE 2014/15, *West Lancashire College data is not included in the HE data - it is part of Newcastle College Group*

Higher Education – Where do Lancashire's Students go to Work?

Lancashire Residents Participating in Higher Education



60% of Lancashire residents who participate in higher education go into employment in Lancashire. This proportion is similar to the national average for LEP areas, (60% compared with 59%).

A higher proportion stay to study and then work locally than the LEP average (29%) while the proportion who leave to study outside Lancashire and then return to work locally is lower than the LEP average (30%).

HE Destinations

Where do Lancashire's students go to work?

The top 5 LEP area destinations:

1. **Lancashire (37%)**
2. **Greater Manchester (19%)**
3. **Liverpool City Region (12%)**
4. **Cheshire and Warrington (4%)**
5. **London (4%)**

Outcomes achieved by students of Lancashire's Higher Education Institutions:

One year

After one year 79% of graduates from Lancashire's Higher Education Institutions are in sustained employment. 10% of graduates have no sustained destination, slightly lower than the average for all institutions in the North West where the figure is 11%.

Three years

After three years, the proportion in sustained employment rises to 81%, and only 7% have no sustained destination, again below the North West figure (8%).

Five years

After five years, the proportion in sustained employment remains at 81%. The number with no sustained destination drops again to 6%, still below the regional average (7%).

Sources: HEFCE 2014/15; ONS Longitudinal Education Outcomes data 2005/06 to 2015/16

The Education and Skills System

Data is available for all levels of the education and skills system, from Key stage1 through to Higher Education. The data to Key Stage 5 shows how well education, skills and training providers and residents in Lancashire are performing, as well as providing an indication of the choices that residents make after leaving school.

Data for Higher Education is available at the Lancashire level. It is based on data gathered for the higher education institutions (including further education colleges and alternative providers that deliver higher education) based in Lancashire and therefore generally covers students that study in the area, regardless of where they come from unless otherwise stated.

Key Stage 1 and 2

Across the LEP area between 80% and 81% of Year 1 pupils meet the required standard of phonic decoding compared to 80% in the North West and 81% across England as a whole.

Data that is available for Lancashire shows that by the end of Key Stage 2, 53% of pupils are meeting the required standards in reading, writing and mathematics. Within Lancashire, this ranges from 45% in Burnley and Pendle to 59% in West Lancashire, which outperforms the North West (53%) and national averages (54%).

Key Stage 4 (GCSE)

In terms of measuring performance at Key Stage 4 (GCSE), the Department for Education implemented a new secondary school accountability system in 2016, using Attainment 8 and Progress 8 measures.

Attainment 8 measures the average achievement of pupils in up to 8 qualifications including English (double weighted if the combined English qualification, or both language and literature are taken), maths (double weighted), three further qualifications that count in the English Baccalaureate (EBacc) and three further qualifications that can be GCSE qualifications (including EBacc subjects) or any other non-GCSE qualifications on the DfE approved list.

Progress 8 aims to capture the progress a pupil makes from the end of Key Stage 2 to the end of Key Stage 4. It compares pupils' achievement – their Attainment 8 score – with the average Attainment 8 score of all pupils nationally who had a similar starting point (or 'prior attainment'), calculated using assessment results from the end of primary school. Progress 8 is a relative measure, therefore the national average Progress 8 score for mainstream schools is zero.

Across Lancashire:

- The **average attainment 8 score** is 49, in line with the 49 across the North West and below 50 nationally (excluding London). Within Lancashire, this ranges somewhat between 45% for Burney and Pendle and 51% across three TTW areas – Preston, Chorley and South Ribble, West Lancashire and Lancaster and Morecambe.
- On average, pupils make greater progress from the end of Key Stage 2 to the end of Key Stage 4 than across the North West as a whole but lags behind the national average (excluding London). **The average progress 8 score** in Lancashire is -0.11 (compared to -0.15 for the North West and -0.06 for England minus London). Preston, Chorley and South Ribble and West Lancashire have the strongest progress score of the six Lancashire Travel to Work Areas, although both areas remain behind the national average at -0.03. Progress is weakest in Blackpool, Fylde and Wyre which has a score of -0.27 indicating progress considerably behind the national average when London is included.
- Just over one fifth (21%) **achieve the English Baccalaureate** (a grade 5 or above in English and maths and a grade C or above in science, a language, and geography or history), which is outperformed by the North West average (23%) and the average nationally (excluding London 24%). Burnley and Pendle (15%) and Blackpool, Fylde and Wyre (16%) are below the Lancashire

Sources: Department for Education, 2016

average, while West Lancashire strongly outperforms the national average at 29%.

Upon completion of Key Stage 4, 94% of leavers remain in sustained education and/or an employment / training destination. This is a higher proportion across all of the North West (93%) and is in line with the national average (94%). There are, however, variances by TTW area, with the proportion in sustained education and/or an employment / training destinations ranging from 90% in Burnley and Pendle to 95% in Preston, Chorley and South Ribble, Lancaster and Morecambe and West Lancashire.

As was noted at the time the Evidence Base was produced in 2015, educational performance in Lancashire falls away after Key Stage 2. There are significant pockets of poor performance at GCSE level, which mean that young people in certain parts of the LEP area are disadvantaged in accessing further education, training and employment opportunities.

Young People age 16-19

Despite below average progress between Key Stage 2 and GCSE, Lancashire does better with regard to the attainment of its 19 year olds, building on the progress reported in 2015. Across Lancashire, by the age of 19:

- 87% have **achieved Level 2** and 73% have **achieved Level 2 with English and maths**, outperforming the North West (85% and 71%) and national averages (85% and 71%). The strong performance is driven by Lancaster and Morecambe (89% and 74%) and Preston, Chorley and South Ribble (88% and 76%), although Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley is still largely in line with the national average (86% and 73%).
- 59% have **achieved Level 3**, again outperforming the North West (57%) and national averages (56%). As with Level 2, the strong performance is driven by Preston, Chorley and South Ribble (63%), although Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (62%) also exceeds the regional and national averages.

Upon completion of Key Stage 5, 88% of leavers enter sustained education or employment – broadly in line with the North West (88%) and national (89%) averages. This proportion is broadly similar across all TTW areas, ranging to a small extent between 87% and 90%.

The split between education (68%) and employment (20%) is in line with the split across the North West, but differs slightly from the national profile (65% and 24%) where a higher proportion enter sustained employment, although education remains the preferred choice.

The large majority of those entering sustained education (92%) go to Higher Education Institutions (within and outside Lancashire), while approximately one in five attend further education institutions. Nationally a higher proportion of students enter sustained education attend further education colleges (23%) although higher education remains the preferred choice (73%).

Just under one in ten students start an apprenticeship upon completion of Key Stage 5, in line with the North West and national average.

Apprenticeships

More employers are choosing apprenticeships as a way to get the people and skills they need. In 2016/17, there were over 17,500 apprenticeship starts in Lancashire.

Within Lancashire, the apprenticeships starts are concentrated in the most populated TTW areas of Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley (4,680), Preston, Chorley and South Ribble (4,240) and Blackpool, Fylde and Wyre (3,950). These three TTW areas accounted for nearly three quarters of all starts in Lancashire as a whole (broadly in line with the area's share of the working age population).

Almost half of the starts (47%) were by learners aged 25+, while the remainder were split between learners aged under 19 (25%) and aged 19-

Sources: Department for Education, 2016

24 (27%). This is broadly in line with the picture across the North West and nationally.

Across the TTW areas, the age profile is younger than typical in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley and Preston, Chorley and South Ribble, with a larger proportion of starts accounted for by under 19s (28% and 27% respectively) when compared with the Lancashire and national average. In contrast, a higher proportion of starts in Burnley and Pendle and Blackpool, Fylde and Wyre are accounted for by those aged 25 and over (52% and 51% respectively), higher than the Lancashire (47%) and national (46%) averages.

There are three main levels of apprenticeships:

- **Intermediate apprenticeship:** This is classed as Level 2 and equivalent to 5 good GCSEs
- **Advanced apprenticeship:** This is classed as Level 3 and equivalent to 2 A-Levels
- **Higher apprenticeship:** This can cover level 4, 5, 6 and 7 and is equivalent to foundation degrees and above.

Just over half of the apprenticeship starts in Lancashire in 2016/17 were on intermediate apprenticeships, while a further 40% were advanced apprenticeships. The remaining 8% were higher apprenticeships.

The proportion of advanced and higher level starts in Lancashire (48%) is in line with the North West average and higher than nationally (47%). All TTW areas are above the national average, with advanced and higher level apprenticeships accounting for between 48% and 52% of starts, with the exception of Burnley and Pendle at 43%.

A wide range of subjects are covered by apprenticeships, including subjects which align with Lancashire's priority sectors.

The most popular subjects in Lancashire are health, public services and care, followed business administration and law (which accounted for 30% of starts each in 2016/17). There were also at least 2,300 starts in engineering and manufacturing technology and retail and commercial enterprise (accounting for 14% and 13% of starts respectively).

Other subjects studied include construction, planning and the built environment (5%); leisure, travel and tourism (3%); information and communication technology (2%); education and training (2%); and agriculture / horticulture and animal care (1%).

The profile of subjects studied is largely similar to the North West and national picture, with the main differences including:

- A higher proportion of apprentices (30%) start ***health, public services and care*** than across the North West (27%) and nationally (28%). This varies by TTW area, ranging from 23% in West Lancashire to 36% in Blackpool, Fylde and Wyre.
- The proportion that start ***business, administration and law*** is marginally below the North West average (31%) but above the national average (27%). This varies widely by TTW area and is a more popular choice in West Lancashire (accounting for 37% of starts) than in Lancaster and Morecambe and Burnley and Pendle (both 24%).
- The proportion that start ***engineering and manufacturing technology*** is in line with the North West proportion (14%), lower than the national average of 16%, despite Lancashire having a higher than average concentration of employment in this sector. Numbers are particularly low in Blackpool, Fylde and Wyre, at 11%. Similarly, the proportion that start apprenticeships in ***retail and commercial enterprise*** is lower than the North West and national average (both 15%). Within the TTW areas, this is lowest in the key population centres of Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley, Blackpool, Fylde and Wyre, and Preston, Chorley and South Ribble (all 12%).

Sources: Department for Education, 2016; HEFCE 2014/15

Higher Education in Lancashire

Overall, there are 53,700 students studying at 16 different higher education providers in Lancashire. The large majority (80%) are based at the four higher education institutions based in Lancashire – the University of Lancaster, the University of Central Lancashire, University of Cumbria and Edge Hill University. A further 17% are based in further education colleges. The remainder are either based at an alternative provider (1%) or are distance learners (2%).

Compared to the national profile, a much higher share of students in Lancashire study at further education colleges (17% compared to 7%). In contrast, a smaller share of learners attend higher education institutions (80% compared to 87%) or are distance learners (2% compared to 4%).

The higher education institutions and further education colleges have a strong regional draw. Approximately two thirds of students at Lancashire's higher education institutions are from the North West, which is much higher than the proportion of students (46%) that typically study at higher education institutions in their home region across England. At Lancashire based further education providers, the proportion of higher education students from the North West is even higher (84%) in line with the national average (83%).

Overall, almost two fifths of students are from Lancashire and choose to stay in Lancashire to undertake higher education. Other LEP areas from which students are attracted include Greater Manchester, Liverpool City Region, Cheshire and Warrington and Cumbria.

International students account for between 3% (at further education providers) and 8% (at higher education institutions) of higher education students in Lancashire. This latter is below the national average (10%).

A wide range of subjects are available, covering all sectors and priority sectors.

The popularity of subjects varies by provider type. Across higher education institutions, the most commonly studied subject is subjects allied to medicine (accounting for 22% of students), followed by business and admin studies (13%), biological sciences (10%), social studies (9%) and creative arts and design (8%). When compared with the national profile, the key differences include:

- A much higher proportion of students studying subjects allied to medicine in Lancashire (22% compared to 13% nationally).
- A lower proportion of students studying engineering and technology within HE institutions (2% compared to 4%)

Engineering and technology accounts for a much higher proportion of students (19%), followed by social studies (14%), business and admin studies (13%), creative arts and design (11%0 and education (9%). When compared with the national profile, the key differences include:

- A higher proportion of students studying engineering and technology (19% compared to 17% nationally) and social studies (14% compared to 8%)
- A lower proportion of students studying creative arts and design (11% comparted to 17%)

Higher Education Destinations

Data on higher education destinations is available for:

- Higher education students studying in Lancashire regardless of where they are originally from
- Lancashire residents participating in higher education regardless of where they are studying

Lancashire based higher education students

Over a third (37%) of students studying in Lancashire stay in Lancashire upon completion of their higher education studies.

Other popular destinations include Greater Manchester, Liverpool City Region and Cheshire and Warrington, which is to be expected given the high proposition of students that originate from across the North West. The

Sources: HEFCE 2014/15; ONS Longitudinal Education Outcomes data 2005/06 to 2015/16

other most popular destination is London, although this only applies to 4% of students.

The proportion of Lancashire's higher education students that enter and remain in sustained employed ranges from 79% after one year of completing higher education to 81% five years after. This is slightly higher than the North West average of 77% and 79% respectively.

Lancashire residents participating in higher education

In terms of Lancashire residents that participate in higher education, 60% enter employment in Lancashire. This is similar to the national average for LEP areas (59%). However, this is made up of a much higher proportion of students that stay for study and employment (39% in Lancashire compared to the LEP average of 29%) than those who leave for study and return for employment (21% in Lancashire compared to LEP average of 30%).

Sources: HEFCE 2014/15; ONS Longitudinal Education Outcomes data 2005/06 to 2015/16

Introduction

The Skills and Employment Strategic Framework, developed in 2016, sets out four strategic themes for Lancashire:

1. Future Workforce - Lancashire's continued prosperity depends upon having a workforce that is fit for the future. A group of highly employable young people with the right experience, attitudes and capabilities to take the LEP area's forward.
2. Skilled and Productive Workforce - The LEP area's diverse industries all require skilled employees, so as a LEP area Lancashire needs to invest heavily in developing people's skills.
3. Inclusive Workforce - For Lancashire's economy to succeed, and for the LEP area's businesses to be able to grow, we need to ensure that there are adequate opportunities for all Lancastrians who are unemployed, not in education or training.
4. An Informed Approach - It is vital that we understand the different skills needs and priorities of Lancashire's industries when making strategic plans or future investment decisions.

These themes were identified following the production of a detailed Evidence Base in 2015, including an overview of the Lancashire economy and labour market, and specific studies looking at the skills needs of Lancashire's priority sectors.

Three years on, the production of a labour market toolkit providing area-specific labour market data for partners to use directly contributes to the 'Informed Approach' theme. This report has highlighted key findings from the labour market information at Lancashire level, as well as identifying variations across the Lancashire geography.

This final section highlights some key messages for the Skills and Employment Board, to feed into a future refresh of the Strategic Framework and support the prioritisation and targeting of skills-related investment.

Overview and Key Changes since 2015

At the time that the Evidence Base was produced in 2015, the effects of the financial crisis and subsequent recession were still very visible within the labour market data. Lancashire had experienced a prolonged period of recovery, with overall jobs numbers still below their pre-recession levels and unemployment at its highest for a number of years.

Since then, Lancashire's economy has strengthened. The number of jobs and the employment rate have both increased, and unemployment has fallen significantly. This report is written in a much more positive climate than was the case when the Evidence Base was produced.

And yet many of the fundamental challenges identified in the Evidence Base report and addressed through the Skills and Employment Strategic Framework remain. The competitiveness of the Lancashire economy will continue to depend on the skills of its workforce and the ways in which these are applied in both the manufacturing and service sector.

The need remains for higher levels of educational attainment, and skills and training provision which responds to employer demand. Labour market change happens gradually, with people remaining within the labour market for many years, and the proportion of 'new joiners' relatively small compared to those who have been in work for a number of years. Tackling the challenges set out in the Evidence Base report requires a sustained approach.

Lancashire – a Diverse Economy

Lancashire has a diverse economy, in terms of its sectoral make-up. Manufacturing remains an important part of the overall economy compared to many other parts of the country (and has seen employment growth in recent years, reversing a long-term trend), and Lancashire has a growing financial and professional services sector and priority sectors including energy and environmental technology, the visitor economy and creative and digital industries.

There is diversity in geographic terms too, with different parts of the LEP area having different concentrations of employment – construction in Preston, Chorley and South Ribble, manufacturing in Blackburn with Darwen, Hyndburn, Rossendale and Ribble Valley, West Lancashire, and Burnley and Pendle, the visitor economy in Blackpool, Fylde and Wyre, and education in Lancaster and Morecambe, and some concentrations even more pronounced at local authority level.

The analysis of data at Travel to Work Area highlights the level of diversity – both between and within the Travel to Work Areas. Whilst on many labour market indicators Lancashire is at or close the national average, looking at a local level provides a more nuanced picture, with some areas performing strongly and others having their weaknesses masked through a focus on a Lancashire average. The LMI Toolkit work highlights the importance of tailored local approaches – whether to raise educational attainment, tackle worklessness, meet employer skills needs or increase earnings.

Despite these local differences, there are some shared challenges which apply across the Lancashire area.

Maximising Labour Supply in Lancashire

While the population is expected to grow over the next ten years across Lancashire, the population is ageing – as is the case nationally - and this will present challenges for the economy, and especially local employers, in terms of labour supply and recruitment.

As highlighted in the 2015 Evidence Base, the working age population in Lancashire will fall over the next ten years (and has already declined from the 2015 level), presenting a challenge to those seeking to grow the economy and employment in Lancashire.

This reinforces the need to maximise the participation of local residents in the economy. The employment rate in Lancashire has risen significantly over the past three years and is now close to matching the national average. However, there continues to be a significant cohort of unemployed and inactive adults, many of whom would like to work, as well as adults with low or no qualifications. Identifying opportunities to engage these groups will help to boost prosperity and tackle wider labour market challenges across the area.

The employment rate varies by gender, age and ethnicity and across the local areas, indicating the need for targeted interventions to raise economic participation and employment, and support people into the new employment opportunities which will be created.

Lancashire has a lower unemployment rate at all age groups than the North West and nationally, with the exception of the 50-64 years group. Unemployment amongst this age group indicates that older workers in Lancashire are remaining active within the labour market and continuing to look for work, rather than becoming 'discouraged' by their inability to find work and withdrawing from the labour market (e.g. through unwanted early retirement). Keeping more of these older workers in work (e.g. through re-training and / or adapting the workplace to their needs) could help to offset the potential problems resulting from a declining working age population.

In addition to increasing participation and tackling unemployment, there is a need to consider how residents that are already in work are employed (hours worked, nature of the employment contract etc) and if support can be provided to aid development and progression, and to ensure that these residents are able to continue to find work as employer and skills requirements change.

Skills and Occupations

Residents in Lancashire work in a range of occupations, although the overall proportion working in more highly skilled occupations remains below the national average. One area of growth since 2014 has been in caring, leisure and other service occupations, which now account for 12% of jobs compared to 10%. Many jobs in this category are relatively low skilled, low value added and offer low pay and, sometimes, unfavourable terms and conditions. Whilst the increase in the number of people in work in

Lancashire since the Evidence Base report was completed in 2015 is welcome, to achieve the LEP ambitions it is important that high quality jobs are created, and people are appropriately skilled to access them.

As was the case when the Evidence Base was initially developed in 2015, the working age population in Lancashire remains on average slightly less qualified than the working age population across the North West and nationally. At the higher skills levels (level 3+ and level 4+), Lancashire underperforms when compared to the national average. There is also a slightly greater proportion of working age residents that hold no qualifications.

This may inhibit the growth of more highly skilled occupations (as employers adapt their processes to cope with the lack of availability of highly skilled workers) and could deter potential inward investors.

There has, however, been a continued reduction in the proportion of workers with no qualifications – now down to 8% from 11% in 2014. Despite this, over one-quarter of the working age population do not hold qualifications at Level 2, and risk becoming stuck in low quality, insecure employment. Ensuring that both those entering the workforce and those already in it are able to access the skills, training and development opportunities that they need to secure good quality, sustained employment remains an important priority for Lancashire.

Future Employment Opportunities

Employment is forecast to grow between 2018 and 2028, with the creation of over 18,500 new jobs in Lancashire. This is a slower rate of growth than is expected nationally, and lower than was forecast in 2015, reflecting the impact of wider economic changes on the forecasts for the Lancashire economy.

Despite the slightly slower rate of growth, employment opportunities will be created across all sectors and occupations, both through absolute employment growth and through replacement demand – the opportunities created through labour market churn as current employees retire or move jobs.

Thousands of job opportunities will arise each year, with the sectors offering the most employment opportunities expected to be wholesale and retail, human health and social work, accommodation and food services, and administrative and support services. In terms of occupations, recruitment is expected to be highest for professional occupations, caring, leisure and other service occupations, and elementary occupations reflecting a move towards an ‘hourglass’ shaped labour market with opportunities at the top and bottom end but fewer mid-level roles.

In terms of skills requirements, demand for employees holding qualifications at level 3 and level 4+ is expected to rise, along with growing demand for those holding ‘other’ qualifications – mainly apprenticeships. In contrast, the number of people holding qualifications at levels 1 and 2 is expected to fall over the next ten years. This trend typically applies across all occupations.

Meeting Employers Skills Needs – Now and in the Future

As noted in the 2015 Evidence Base, the skills and qualities of the Lancashire workforce are fundamental to the future success of the Lancashire economy. Meeting the skills needs of employers, both now and in the future, will be crucial to generating GVA growth. Driving up demand for skilled workers is also important if the Lancashire economy is to remain competitive.

The forecasts indicate that in the medium to long-term, demand for skills will increase. However, in the short-term, employers continue to report skills gaps in the current workforce and skills shortages when trying to recruit new workers. There is a need to put in place both longer-term strategies to develop the curriculum and training that employers need (e.g. through engaging Lancashire’s employers in the development of the LEP area’s Technical Education offer), and more immediate responses to current skills gaps and shortages.

Some of the most commonly reported reasons for skills gaps amongst employers relate to employees and potential recruits undertaking and completing relevant training. The data available to date suggests that training provision linked to all sectors and occupations is available across Lancashire, and generally the most popular subject choices for apprenticeships and higher education align with key sectors and employment opportunities locally. Ensuring that the content, availability and level of this provision aligns with employer needs is an important priority for local partners, especially as a number of changes in the way people learn and their learning choices, including changes through Technical Education reform, are implemented. Alongside this, and of equal importance, there is a need to ensure that the current and future labour supply are aware of employer requirements and gain the skills, qualifications and employability skills they need.

The information available through the LMI Toolkit, in particular through the factsheets developed for each Travel to Work Area, are an important part of disseminating labour market information to young people and their advisors, to help them make informed choices about their future careers.

The Skills and Employment Strategic Framework

The 2015 Evidence Base underpinned the development of the Skills and Employment Strategic Framework. Two years on from its production, the underlying rationale and priority issues identified remain valid:

- **Young people's attainment**: whilst the mechanism for measuring progress has changed, the fundamental position remains that Lancashire's young people have lower levels of attainment at Key Stage 4 (GCSE) than the national average. Despite the good performance of the area's primary schools, pockets of underperformance remain, and work needs to continue to address these.
- **Careers Advice and Guidance**: since the Strategic Framework was developed, a network of Enterprise Advisors has been put in place to work with schools and better link the curriculum with employer needs. Continuing this work and linking to changes such as the introduction of Technical Education remains an important priority, with the full economic benefits likely to become more obvious over time.
- **Apprenticeships and work-based training**: are an important part of meeting employer skills needs. Ensuring the content of courses is relevant to employer needs, and continuing to drive up demand and supply of higher level apprenticeships is an on-going priority.
- **Graduate and higher-level skills retention**: new data shows that 60% of Lancashire residents going into Higher Education either remain in the area to work or return to work in Lancashire after studying elsewhere. However, more could be done to attract more 'returners' and encourage more of those who come to Lancashire to study to remain in the area for work. Ensuring that employers recognise the benefits of employing graduates, and that there is a pool of labour market opportunities suitable for graduates will help to achieve this.
- **Construction**: the construction sector was highlighted in the Framework because of the scale of construction activity anticipated in Lancashire, particularly through the City Deal developments. Lancashire has a strong construction base, but continued investment is needed to ensure appropriately skilled new entrants to the labour force.
- **Skills provision**: meeting employer skills needs, both short- and longer-term, remains important to the success of the Lancashire economy. Whilst at the headline level provision is aligned with Lancashire's largest sectors and expected employment growth areas, it is important that provision is flexible enough to respond to specific skills needs, and the content of courses meets employer requirements.
- **Employer engagement**: considerable work has been undertaken to engage Lancashire's employers in the skills agenda, as well as connecting them to schools through the Enterprise Advisor network. The full benefits of this approach will be seen in future

years, once the impact on the employability of young people becomes clear.

- **Employability**: although unemployment and economic inactivity have fallen, there remains a cohort of young people and adults who are not engaged in the labour market. Targeted activity with specific groups and in specific areas is needed to link these people with the many employment opportunities which will be created both through growth and replacement demand, and to support them to remain in the workforce once employed.

Sectors, Occupations and Educational Routes

The table below shows (in broad terms) the relationship between sectors (including Lancashire's priority sectors), occupations and the emerging technical education routes which will provide a pathway into many skilled occupations in future. There is a large degree of overlap between occupations and sectors, with many occupations found across a large number of sectors, e.g. management roles, administrative occupations and support roles such as IT, human resources, etc. The allocation of a technical education route to a specific sector therefore is somewhat simplistic – many routes will be relevant to a number of sectors.

It is also important to note that many occupations require similar underlying skills and qualifications, including numeracy, literacy and IT skills. Technical education is only one route into employment – many people will progress into higher education, where the link between subject studied and occupation subsequently taken up can be less direct.

<table>
<tr><th colspan="4">Sectors, Occupations and Education Routeways</th></tr>
<tr><th>Sector</th><th>Relationship to Lancashire's Priority Sectors</th><th>Occupations*</th><th>Technical Education Routes**</th></tr>
<tr><td>Agriculture, forestry and fishing</td><td>n/a</td><td>Vast majority of jobs are in skilled trades and elementary occupations, e.g. farmers, groundsmen, farm workers etc, plus a small number of higher level occupations e.g. managers, veterinarians, environmental professionals</td><td>Agriculture, environmental and animal care</td></tr>
<tr><td>Mining and quarrying</td><td>Some elements are part of Energy and Environmental Technologies</td><td rowspan="3">One-third work in higher level occupations, including engineers, production managers, health and safety officers etc

20% are process, plant and machine operatives, e.g. plant workers

Relatively high proportion of administrative and secretarial occupations</td><td rowspan="3">Construction

Engineering and manufacturing</td></tr>
<tr><td>Electricity, gas, steam and air conditioning supply</td><td>Energy and Environmental Technologies</td></tr>
<tr><td>Water supply, sewerage, waste management and remediation</td><td>Some elements are part of Energy and Environmental Technologies</td></tr>
</table>

Manufacturing	Some elements are part of Advanced Manufacturing Some elements are part of Energy and Environmental Technologies Some elements are part of Creative and Digital Industries	30% of workers are in professional or technical roles, e.g. production managers, engineers. One quarter are in skilled trades (e.g. welding, machining etc). 20% are in less skilled processing and packing roles.	Engineering and manufacturing
Construction	Construction Some elements are part of Energy and Environmental Technologies	Over half of workers are in skilled trades jobs such as bricklayers, plumbers, carpenters etc 1 in 10 are in professional occupations, including engineers, surveyors etc	Construction
Wholesale and retail, repair of motor vehicles	n/a	As well as sales and customer service jobs, people work as managers, in finance roles, and as cleaners and security staff.	Sales, marketing and procurement
Transportation and storage	Some elements are part of Visitor Economy	One third work in plant and machine operative roles, including bus, train, van, truck and taxi drivers	Transport and logistics
Accommodation and food service activities	Visitor Economy	Jobs include chefs, kitchen and catering assistants, waiters and waitresses, bar staff and cleaners. Some people work as managers, but there are very few professional roles in this sector.	Catering and hospitality
Information and Communication	Some elements are part of Creative and Digital Industries Some elements are part of Finance and Professional Services	A large proportion of workers are in elementary occupations – largely postal workers Professional and associate professional occupations include IT professionals and IT technician roles.	Digital

Sectors, Occupations and Educational Routes

Financial and insurance activities	Part of Finance and Professional Services	44% of roles are in professional and associate professional occupations, including legal roles such as solicitors and barristers, accountancy, advertising etc. 13% work as managers and senior officials 1 in 5 work in administrative and secretarial roles, including as finance clerks	Legal, financial and accounting
Real estate activities	Part of Finance and Professional Services		
Professional, scientific and technical activities	Some elements are part of Finance and Professional Services Some elements are part of Advanced Manufacturing Some elements are part of Energy and Environmental Technologies Some elements are part of Creative and Digital Industries		Legal, financial and accounting
Administrative and support service activities	Some elements are part of Finance and Professional Services Some elements are part of Visitor Economy		Business and Administration
Public administration and defence	n/a	One third of occupations are in professional roles, including medical personnel, social work, teaching roles etc 12% are in associate professional roles such as paramedics 1 in 4 are in caring occupations such as carers, nursery nurses etc	Business and Administration Protective services
Education	Some elements are part of Creative and Digital Industries		Education and childcare
Human health and social work activities	Health and Social Care		Health and science Care services

Sectors, Occupations and Educational Routes

<table>
<tr><td>Arts, entertainment and recreation</td><td>Parts included in Visitor Economy; Parts included in Creative and Digital</td><td rowspan="2">Relatively few people are employed in professional roles

One-third of people work in caring, leisure and other service occupations, such as hairdressing and beauty therapy

Associate professional occupations include artistic occupations such as artists, authors, actors, dancers, musicians, photographers</td><td>Creative and design</td></tr>
<tr><td>Other service activities</td><td>n/a</td><td>Hair and beauty</td></tr>
<tr><td colspan="4">Source: BRES, Annual Population Survey
* Occupations data based on broad sector definitions and applied to SIC sections
** Technical education routes will prepare people for occupations which may be found within a number of sectors</td></tr>
</table>