LIVERPOOL CITY REGION LOCAL SKILLS REPORT

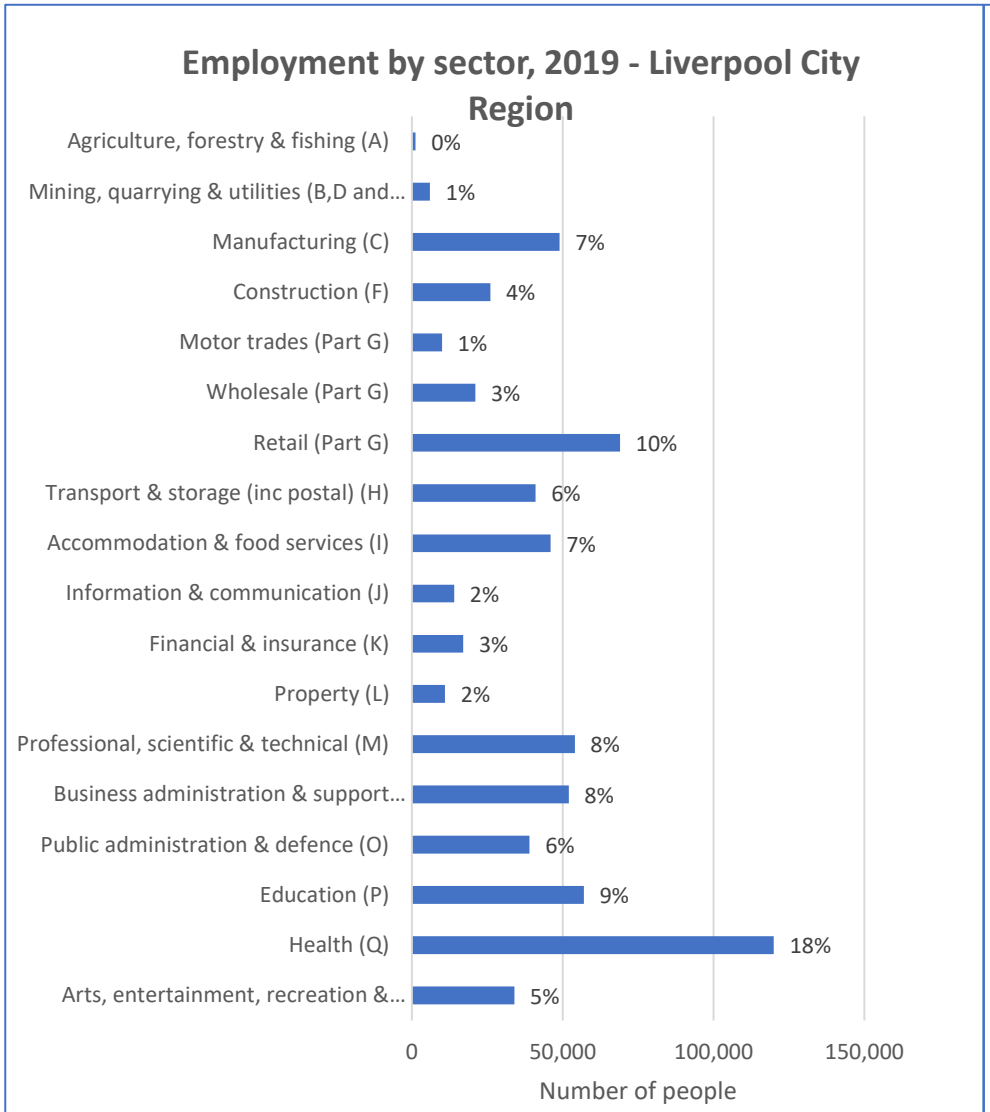
2021-22 ANNEX A

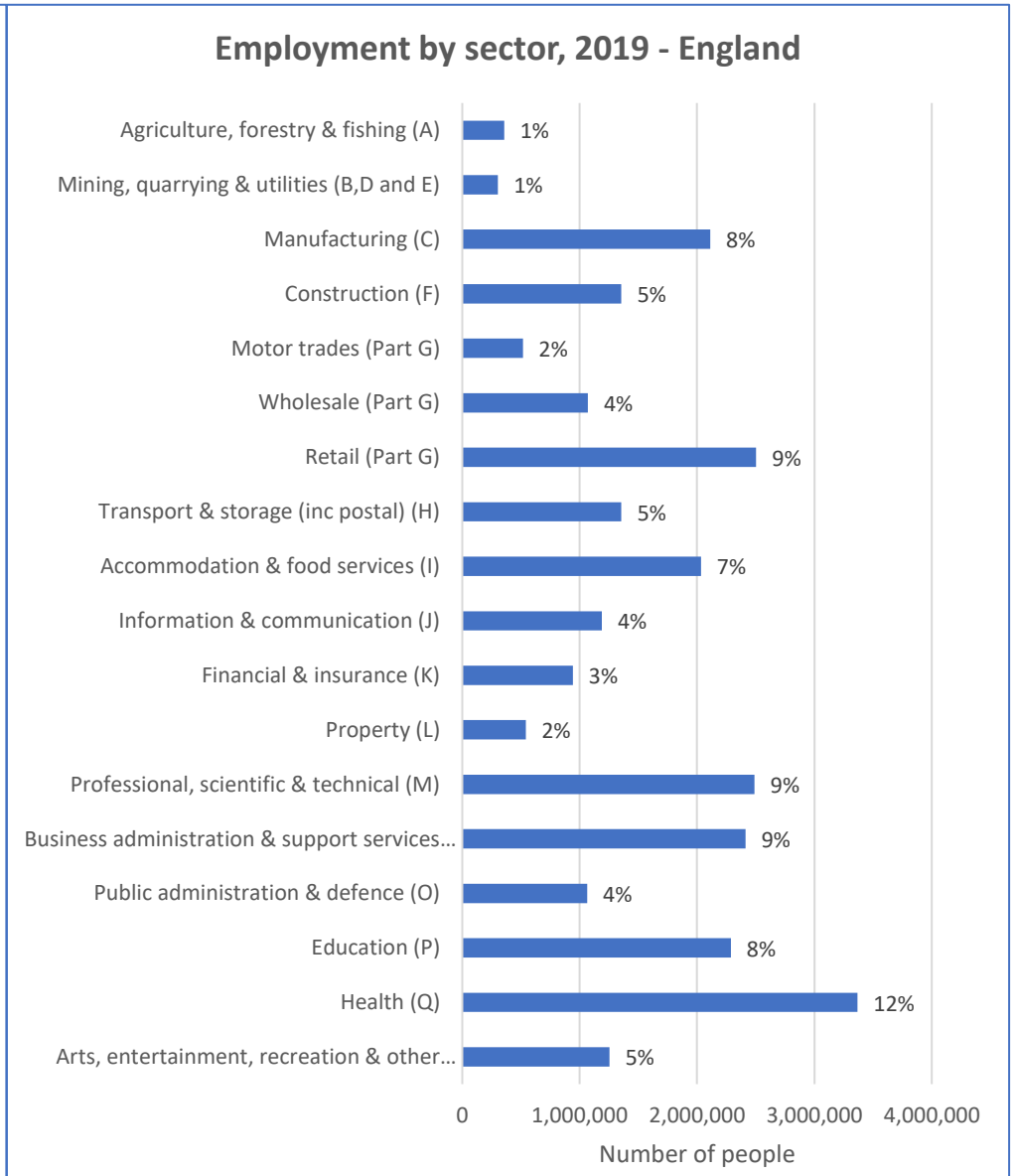
ANNEX A CORE INDICATORS

Local Landscape

Local Landscape - Summary

- As a proportion of the total population, Liverpool City Region has a similar sized working age population as the rest of the country. Many of these working age residents tend to be younger. 20-34 year- olds make up 21% of the LCR population compared to 20% nationally, while 35 to 49 year- olds make up 18% compared to 19%. This is likely to be driven by the large student population in Liverpool. Many of these students remain in the City Region after graduating and join the labour force;
- We recognise that many gaps need to be narrowed and that long-standing issues remain; this includes higher than average levels of economic activity due to ill-health. However, we must not overlook the considerable progress that the Liverpool City Region has made in recent decades to strengthen our economy and revitalise our area;
- In the last decade, we have added over £1.5bn to our economy in real terms, against the backdrop of a significant recession;
- Improvements to our levels of employment and skills attainment levels have been made and (pre-COVID-19 impact) the city has become the fourth most visited destination in the country;
- Prior to the pandemic, we had seen good progress on improving employment rates and reducing unemployment and economic inactivity. This progress is now at risk due to the impact of;
- The wages gap (residents and workplaces) between Liverpool City Region and England has been narrowing;
- There are still gaps for particular groups which need to be narrowed, whilst historic deprivation has not been fully alleviated; and
- The impact of COVID-19 will adversely affect indicators in the immediate term.





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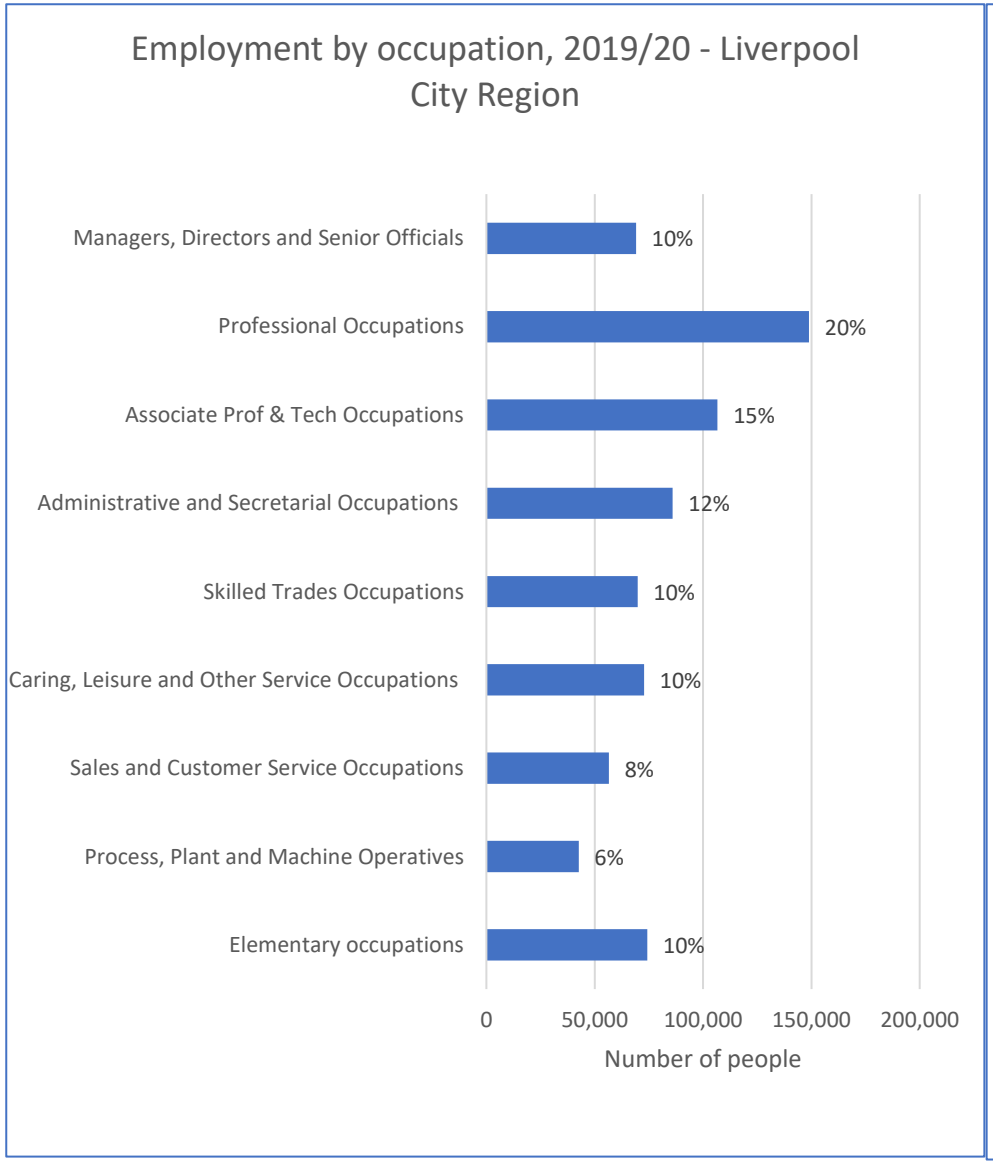
[1] Source: Business Register and Employment Survey, 2019 (published 2020), 2020 SAP boundaries

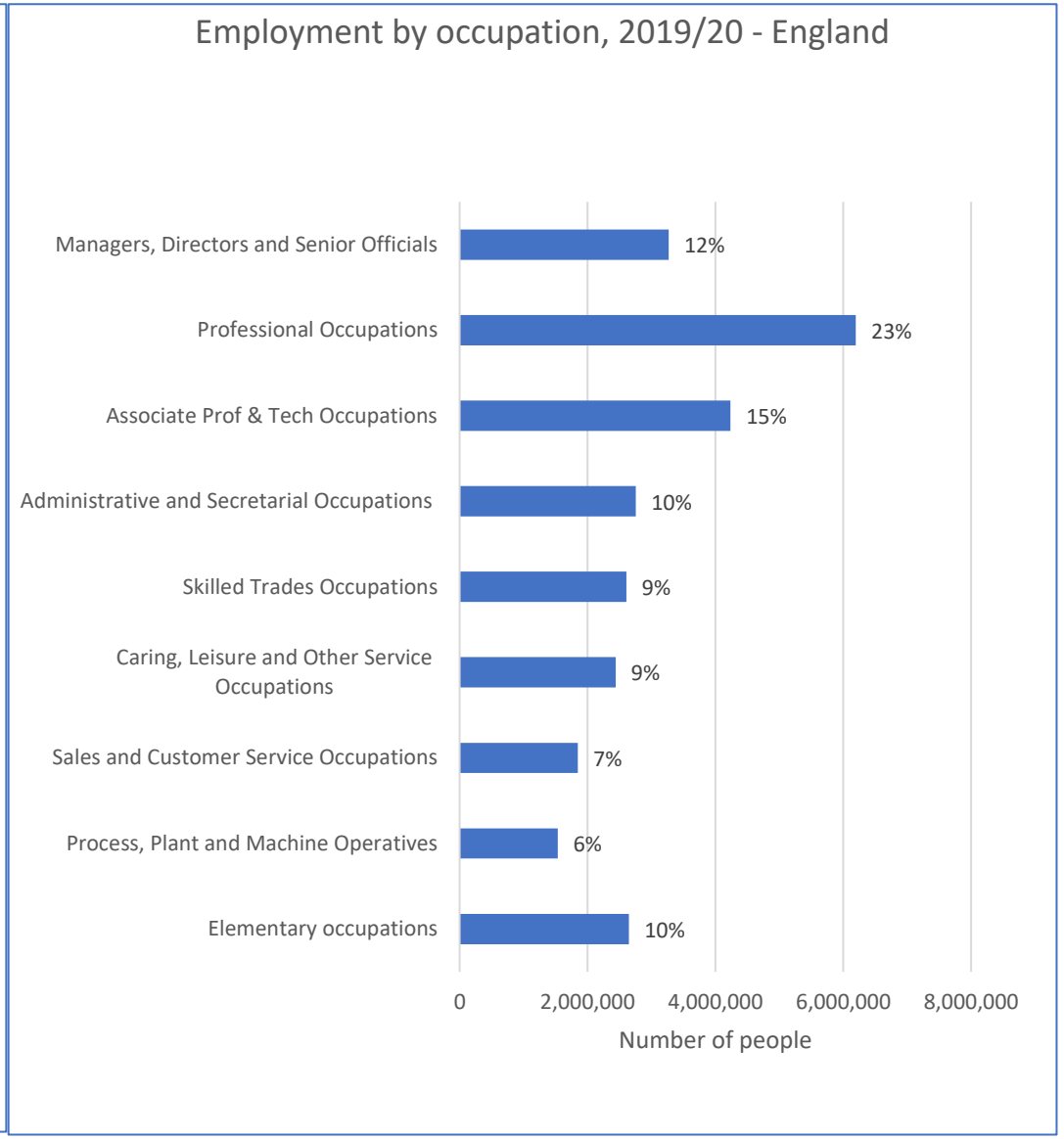
Employment

- Each sector will have particular needs based on their business size, customers, markets, geographical locations and wider operations, and it is important that these needs are addressed on this basis through working with employers and their networks. Locally, we have a higher proportion of job roles classified as managerial, directors or senior officials that reflects both the size of the public sector (including education institutions) as well as other significant and large private sector employers;

- Prior to the COVID-19 pandemic and the subsequent health and economic impact, particular sectors and occupations were forecast to grow strongly whilst others were forecast to grow less strongly. These forecasts, together with the skills that need to be developed on the workforce as a whole, are shown in the charts and tables below. The key trends are:

    - Health and social care is forecast to remain a critical sector for LCR both as a growth sector and as a volume provider of jobs and this was the case without the effects of COVID-19;
    - It remains to be seen how COVID-19 affects the projected growth in the Arts and Entertainment sector and the associated customer care type roles forecast for growth;
    - Whilst IT as a sector is projected to be amongst the sectors with the highest forecast growth, occupations relating to health and social care are forecast to grow more strongly;
    - Digital Skills needs, problem solving, adapting to new equipment and techniques and general product/ service knowledge are cited as key needs amongst the workforce; and
    - Occupations with the lowest growth forecasts are many of those at greatest risk of automation and digitalisation.





[2]Source: Annual Population Survey, October 2019 – September 2020, 2020 SAP boundaries

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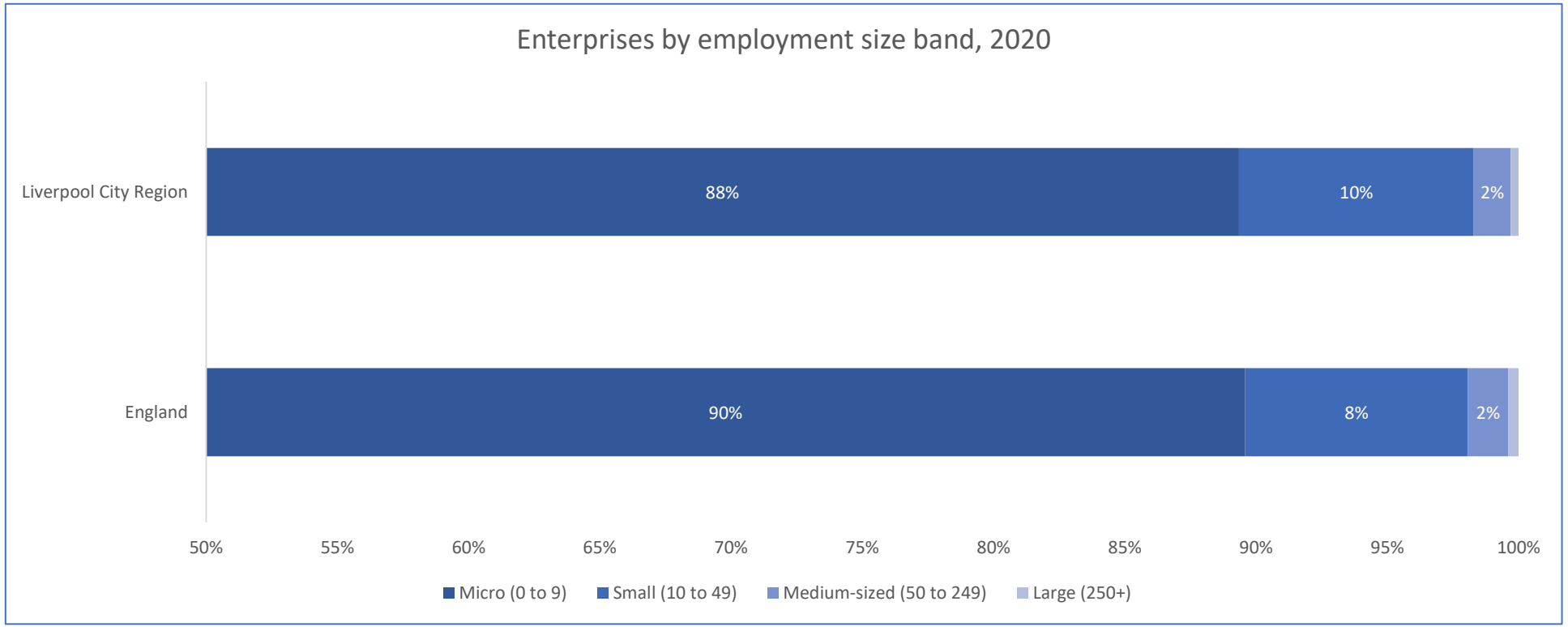
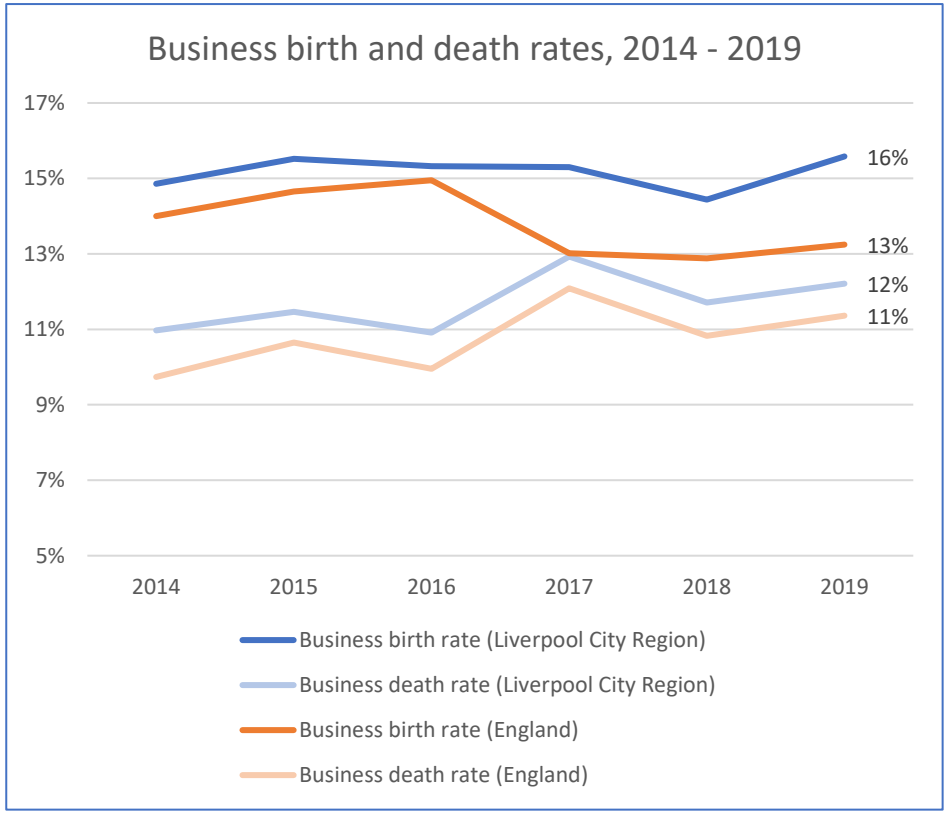


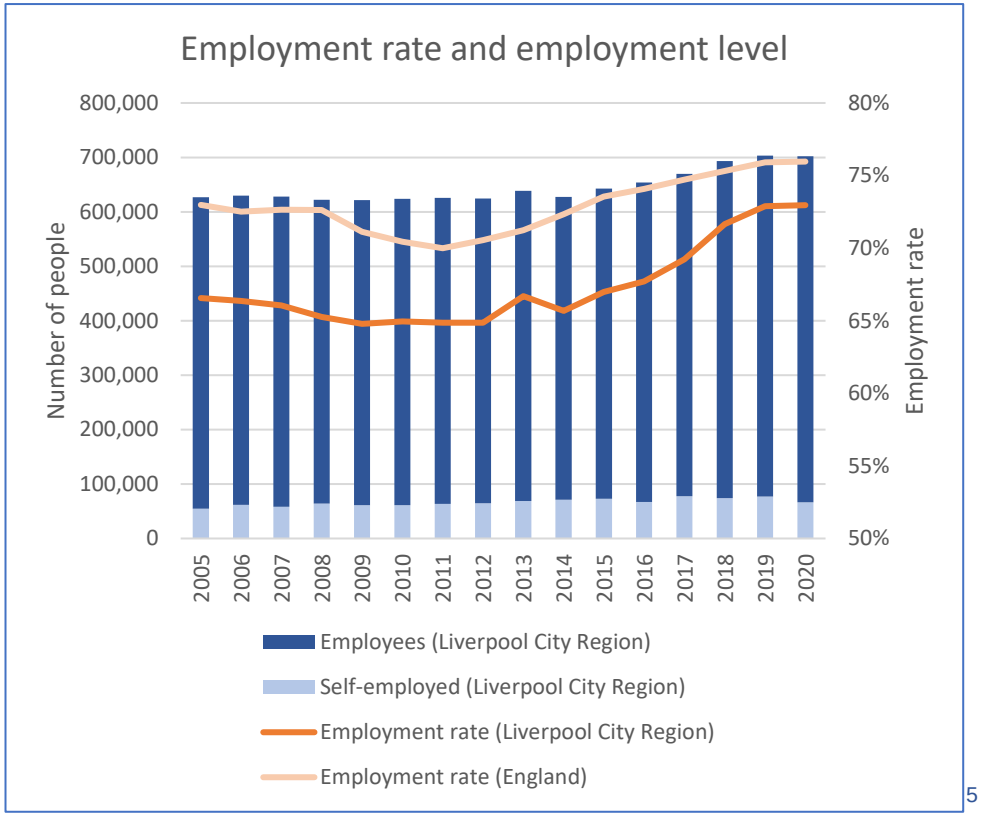
Enterprises by employment size band:

- Our business base has grown consistently each year for a number of years and at a faster rate than the UK, although the proportion of businesses failing to survive has increased slightly;
- LCR has slightly fewer micro size businesses and fewer large employers than the England;
- Creating the conditions for entrepreneurship and business start-up; improving business density and the number of jobs in the City Region remains a key priority during recovery: LCR has the second lowest business density of all LEP areas; and
- The SME business needs to be grown and more businesses nurtured and supported through to survive beyond their third year

3 Source: nomisweb.co.uk/datasets/idbrent

[4]





[5]

[6]

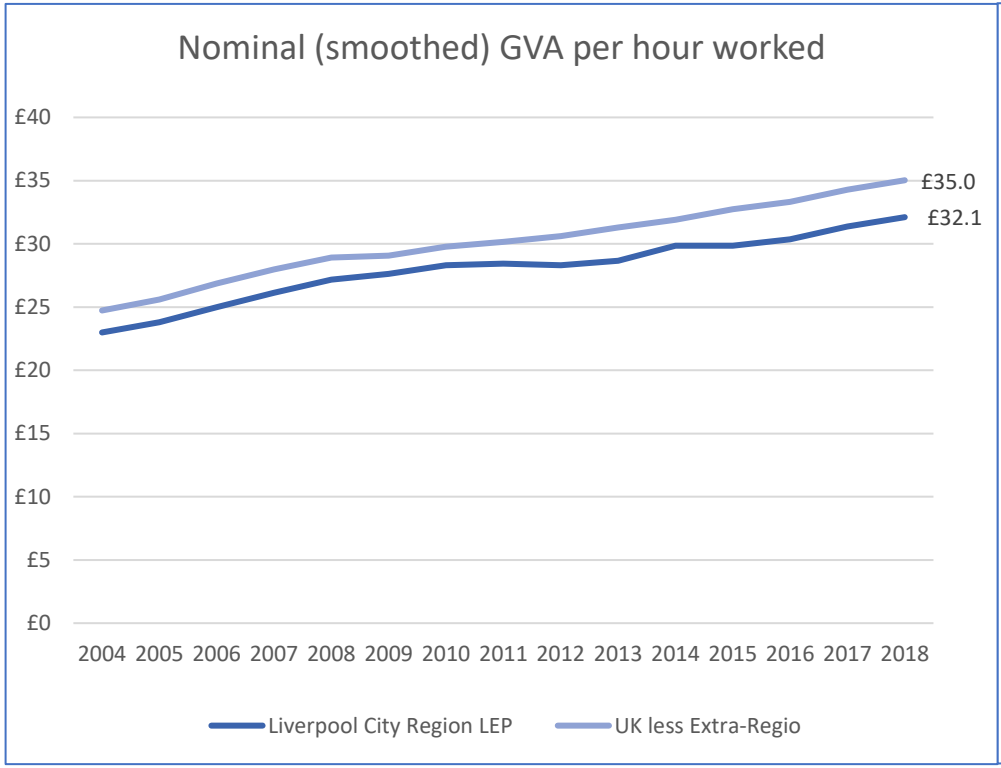
Business birth and death rates:

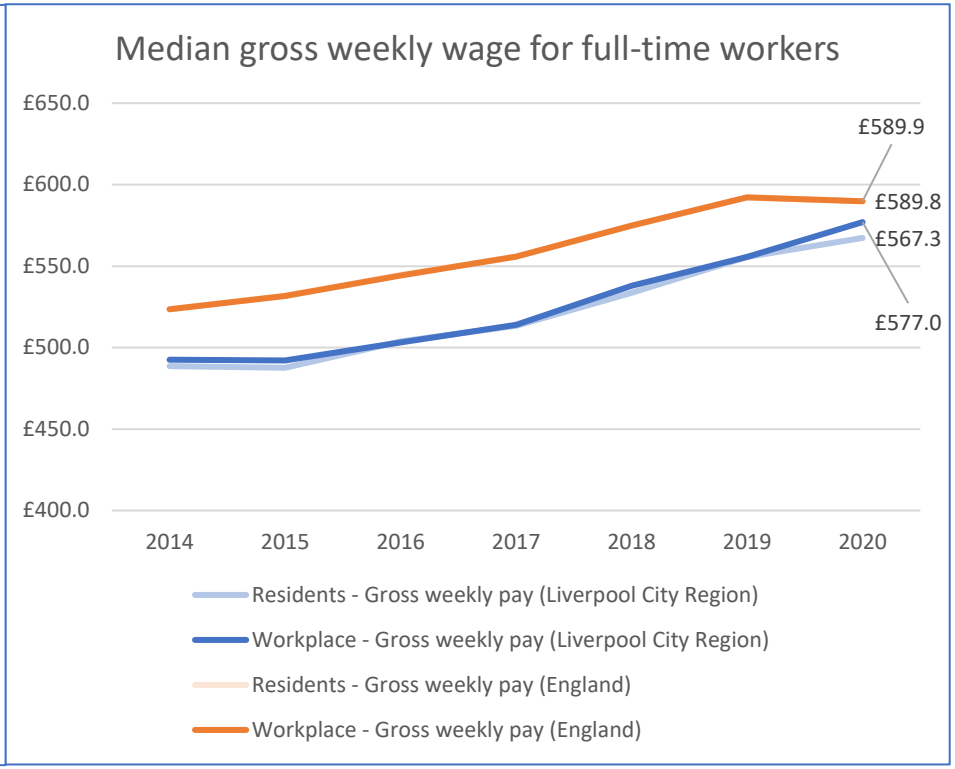
- Prior to the pandemic, Liverpool City Region had a growing business base, supported by a strong business birth rate;
- Since 2014, LCR's business base has grown at a faster rate than the North West and national average;
- The growth in the business base was not significant enough to close the business and jobs deficit in the LCR;
- Our business survival rates, already below national averages prior to COVID-19 are likely to fall further, at least in the immediate term; and
- Newly formed SMEs are an important driver of the local economy's job creation and productivity growth.

[4] Source: UK Business Counts, 2020, 2020 SAP boundaries
[5] Source: Annual Population Survey, 2005 - 2020, 2020 SAP boundaries
[6] Source: ONS Business Demography, 2014 - 2019 (published 2020), 2020 SAP boundaries

Employment rate and level:

- Prior to the pandemic, LCR had made significant progress against key indicators closing many of the gaps with national averages. Since 2010:
    - The employment rate has grown at a faster rate than UK levels and the gap between the local and national employment rate has narrowed
    - The number of economically inactive residents has fallen considerably.
    - When compared to other Mayoral Combined Authorities, our employment rate of 72.9% places us joint third and with an employment rate growth of 7.7%: this rate of growth has largely been consistent since 2012 whereby we are narrowing the employment rate gap with England.
- The number of self-employed people has remained flat after some initial trends upwards in the middle half of the decade;
- COVID-19, in the short-term will have an impact and necessity quick and targeted interventions to prevent long term unemployment and disengagement from the labour market;
- There will be a need for reskilling in the post-pandemic world;
- The challenges associated with high levels of precarious work and zero- hour contracts will remain; and
- Unemployment has fallen significantly from 6.2% in 2004, to 3.7% in 2019, lower than that of both the North West and the UK. However, we expect the COVID-19 health pandemic to negatively impact the City Region hard.





Median gross weekly wage for full-time workers:

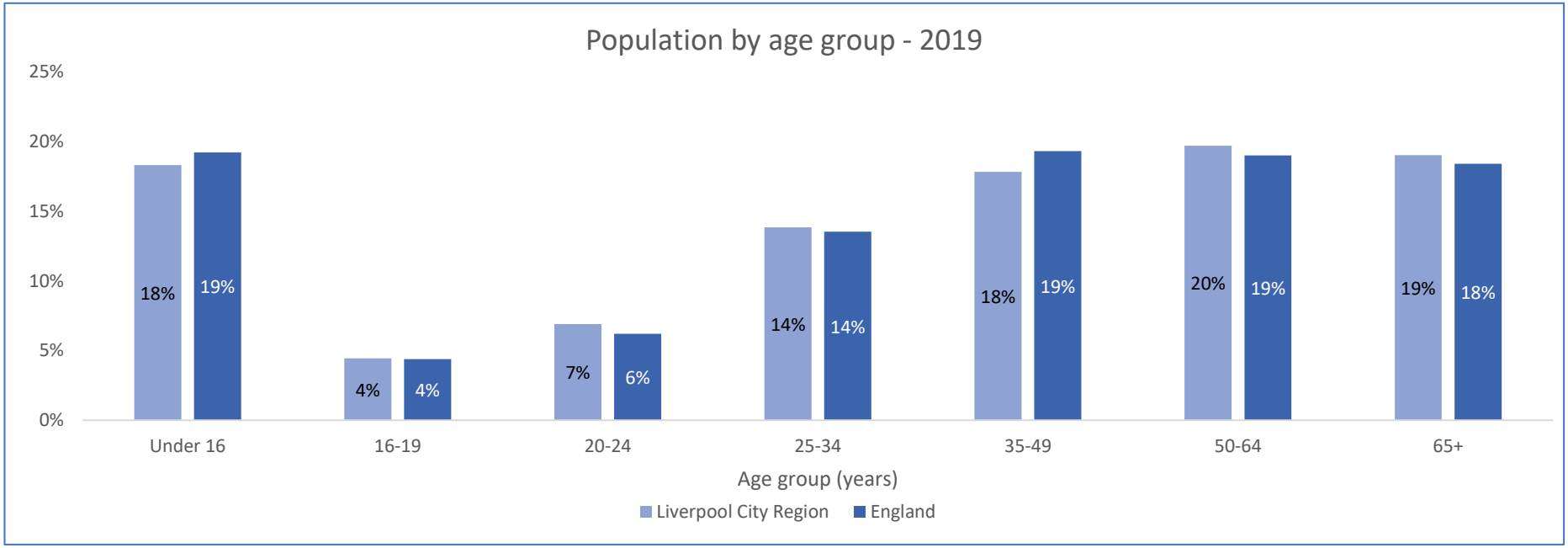
- A growing economy together with the sectoral nature of this growth has meant that there are now more people in employment;
- There has been a growth in median gross weekly wages for those in full-time employment, and particular local residents: there is now no difference between residents and workers;
- Since 2015, there has also been a narrowing of the gaps with England;
- On average, LCR residents earn around £28,500 per year and LCR is ranked 22nd out of all LEPs. While many of the LEPs with higher salaries also have higher cost of living, LCR salaries are similar to the North West average and greater than those of many neighbouring LEPs. Over the last 5 years, median salaries have grown at the national rate (12%);
- Median wages vary significantly between the six local authorities in Liverpool City Region;
- There is often a difference between resident and workplace earnings in each of the local authorities;
- Workplace wages are significantly higher than resident wages in Halton, Knowsley and Liverpool, while residents of Wirral, Sefton and St. Helens tend to earn more than workers in those local authorities. This is indicative of significant commuting flows between the local authorities.

[7] Source: ONS Subregional Productivity, 2004 - 2018 (published 2020), 2018 LEP/MCA boundaries

Nominal GVA per hour worked:

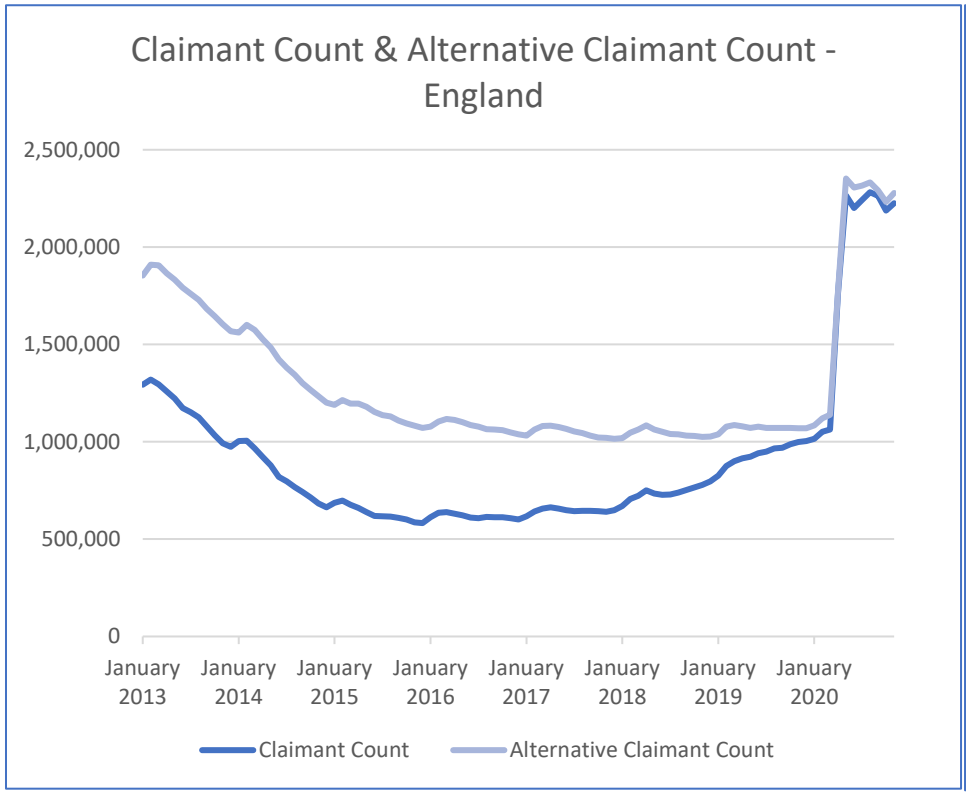
- Real GVA per hour and per capita have grown at a similar rate to national levels, with particularly fast growth in the last couple of years;
- As a City Region we produce c10% less output per hour worked than national averages;
- The City Region generates significant output through manufacturing, particularly in Halton and Knowsley (contributing 36% of all GVA).

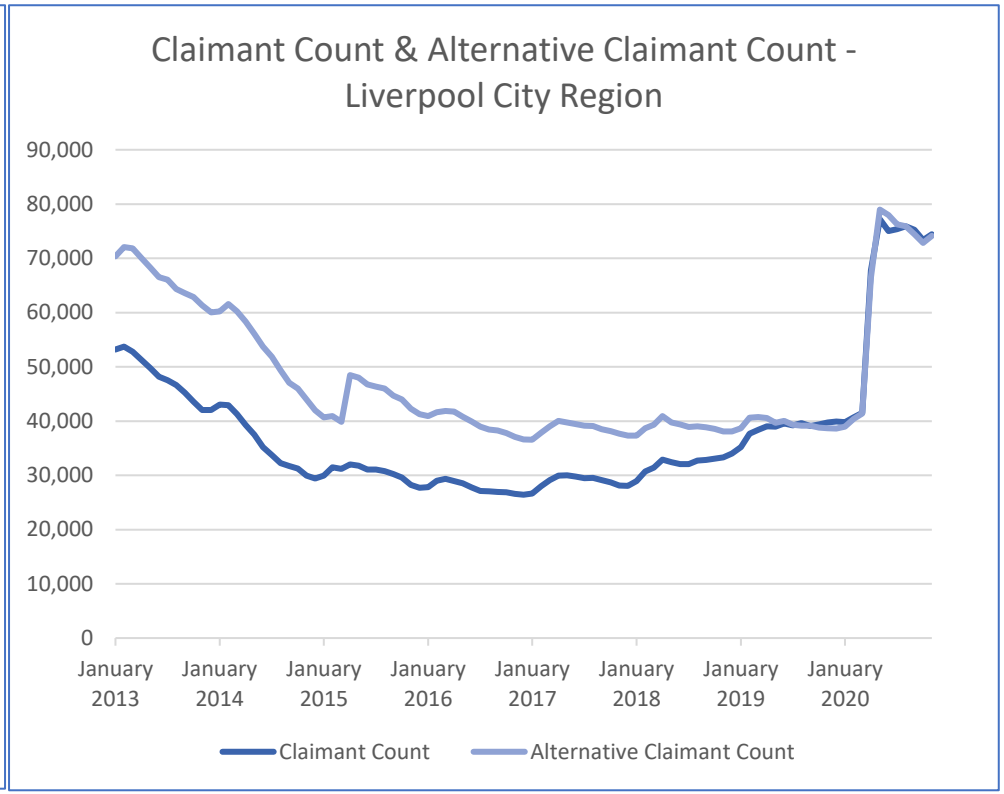
[8]



Population by age group:
Taking the population as a whole, the City Region has fewer young people and more older residents. With a higher proportion of our population in the 50-64 age group, and in the context of skills and education gaps, this represents a 'tight' labour market during more favourable economic conditions which may inhibit growth and prevent opportunities from being maximised.

[8] Source: ONS NOMIS 2019

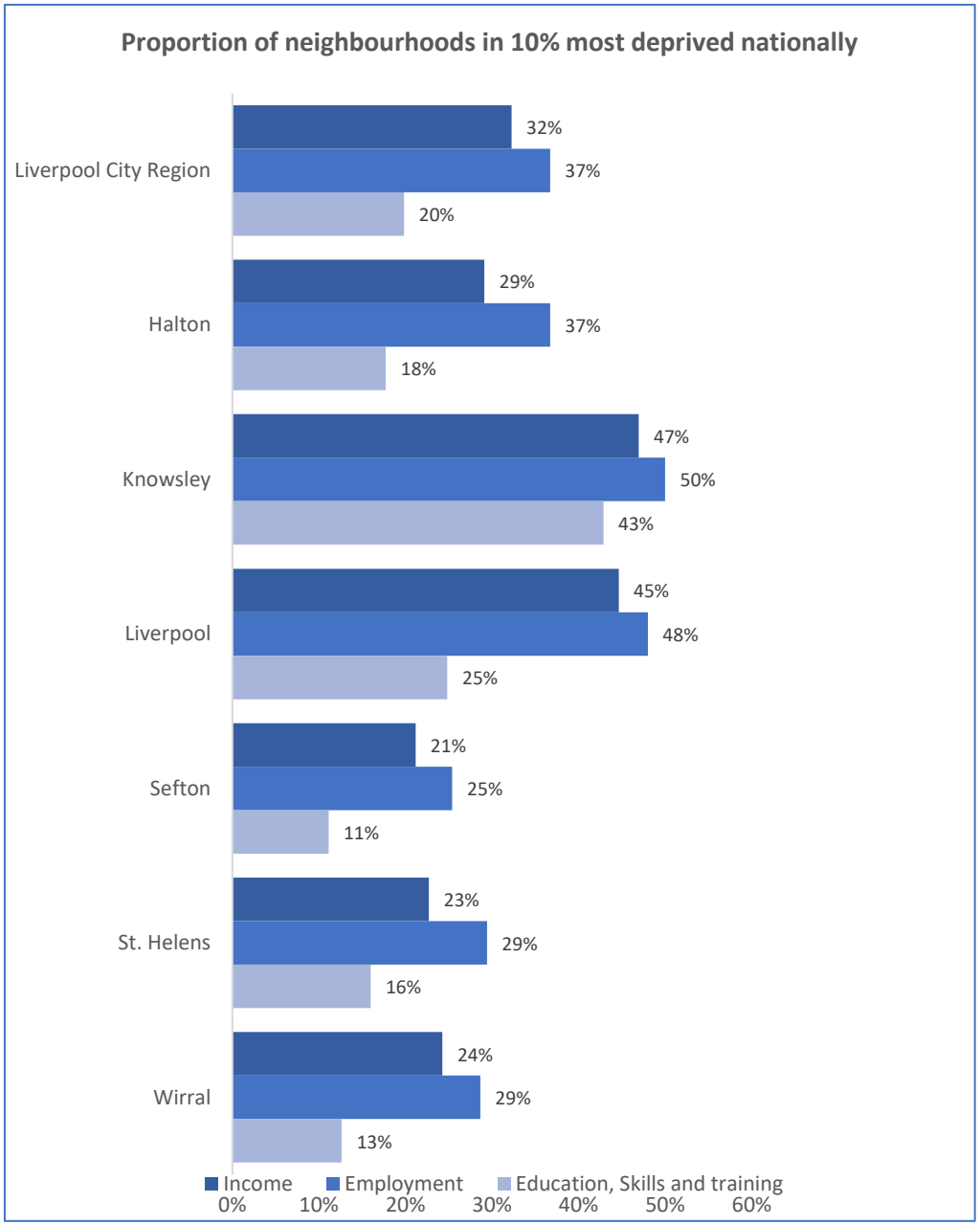




Claimant Count and Alternative Claimant Count:

- Before the COVID-19 outbreak, the Liverpool City Region claimant count rate (the number of people claiming an unemployment benefit) was already significantly greater than national levels;
- Following Spring 2020, the rates jumped sharply. Between January and October 2020, the claimant rate grew by 91% in LCR. This was slightly lower than national rates (increase of 125%) but started from a higher base;
- The current economic impact of the COVID-19 health pandemic for those individuals seeking employment has been significant; between March and May 2020, the number of claimants per 1,000 jobs (those seeking work) in the economy has almost doubled- and has remained constant since; and
- Our worst affected sectors- principally those associated with the visitor economy- are the sectors that provide entry level jobs and labour market entry opportunities for young people in particular.

[9] Department for Work & Pensions, StatXPLORE



Income, Employment and Education deprivation:

- Liverpool City Region has significant levels of geographically concentrated deprivation- many of our local areas are the most deprived in the country, particularly in Liverpool and Knowsley;
- Almost one third of all City Region lower super output areas (LSOAs) are in the most deprived decile in England. These are particularly concentrated in east Wirral, north Liverpool/south Sefton and north Knowsley.
- The City Region has seen the third fastest growth in the number of working age residents with Level 4+ qualifications out of all LEPs,
- The number of people with no qualifications has more than halved. In both measures, the City Region is catching up with the North West and the UK.
- Short-term job risk is highly correlated with level of education. Those with lower qualifications are more likely to work in Covid affected/ shutdown sectors and therefore be most at risk of permanent job loss and longer periods of unemployment.
- The educational performance of young people within Liverpool City Region has been an issue of concern for many years;
- Liverpool City Region remains behind both the national average for Key Stage 2 (age 11) and significantly behind at Key Stage 4 (age 16), at both regional and combined authority level.
- This mitigates the ability of young people to secure better quality work, and often means that they spend time catching up to GCSE level when they could be developing the technical skills requested by employers.

[10] Source: Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP boundaries

CORE INDICATORS : Skills Supply

Skills Supply – Summary

- The City Region has seen the third fastest growth in the number of working age residents with NVQ4+ qualifications out of all LEPs, while the number of people with no qualifications has more than halved. In both measures, the City Region is catching up with the North West and the UK;
- The City Region, utilising programmes such as Apprenticeships, Traineeships, the devolved Adult Education Budget (AEB) and Community Learning Provision, continues to make progress across all levels of study at 19+; and
- 32 providers are funded locally through our devolved Adult Education Budget: the providers comprise Colleges, Local Authorities, Independent Training Providers and other non- college providers.

In 2019/20 64,500 learning aims were delivered to 36,800 learners through devolved AEB. The three most popular (AEB funded) Sector Subject Areas by Learner are: SSA14 – Preparation for Life and Work; SSA1 – Health, Public Services and Care; SSA7 – Retail & Commercial Enterprises.

This delivery is reflective of learners' prior educational attainment, and also the priority sector demands locally.

- Adult community learning fills a vital role in targeting the hardest to reach adults, including learners in deprived communities, and those furthest from the job market (over 12,000 enrolments in 2019/20); and
- Acquiring English and maths/functional skills remains a significant barrier for individuals to access and progress in employment.

Apprenticeships:

- Based on the latest national data, more than 460 different providers delivered apprenticeships to residents of the Liverpool City Region in 2018/19 which is reflective of the national programme's funding and delivery methodologies;
- Liverpool City Region has a strong history of delivering apprenticeships successfully with year-on-year increases in starts until 2016/17 after which starts have fallen coinciding with the introduction of the apprenticeship reforms; and
- Provider and sectoral delivery diversification is still required locally to address emerging sector priorities.

Qualification levels:

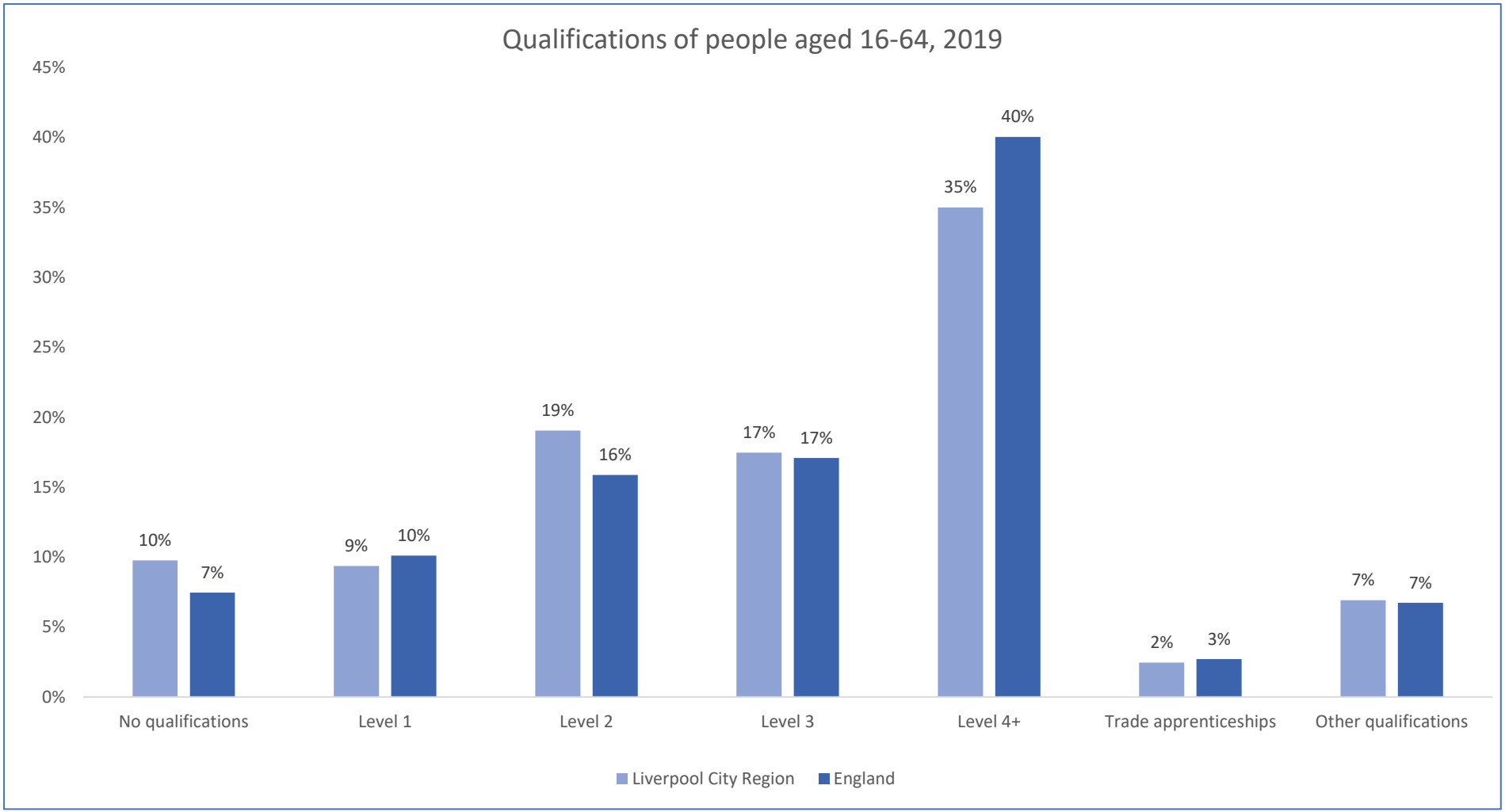
- Significant progress has been made to improve the skills of our residents and workforce in recent years; gaps have narrowed to national rates at all qualification levels but there remain further gaps to be closed.

- Improving levels of qualification are associated with higher levels of skills, productivity and income.

- In order to get to national rates, Liverpool City Region would need to see:

    - 48,300 more residents qualified to Level 4 and above;
    - 46,300 more residents qualified to Level 3 and above;
    - 16,400 more residents qualified to Level 2 and above; and
    - 22,200 fewer residents without any qualifications.

- Liverpool City Region remains behind both the national average for Key Stage 2 (age 11) and significantly behind at Key Stage 4 (age 16), at both regional and combined authority level.
- Only 35.6% of young people at KS4 obtain Grades 5-9 including English & Maths, compared to 40.2% Nationally and 41.2% in the NW.



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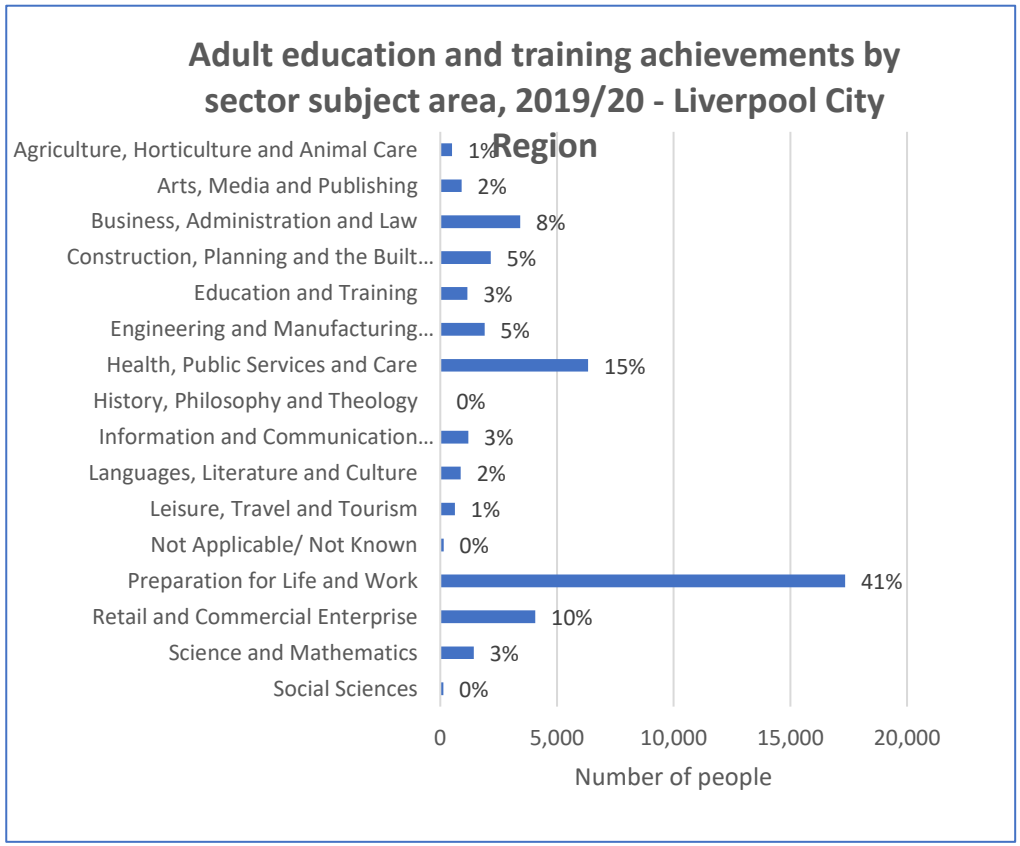
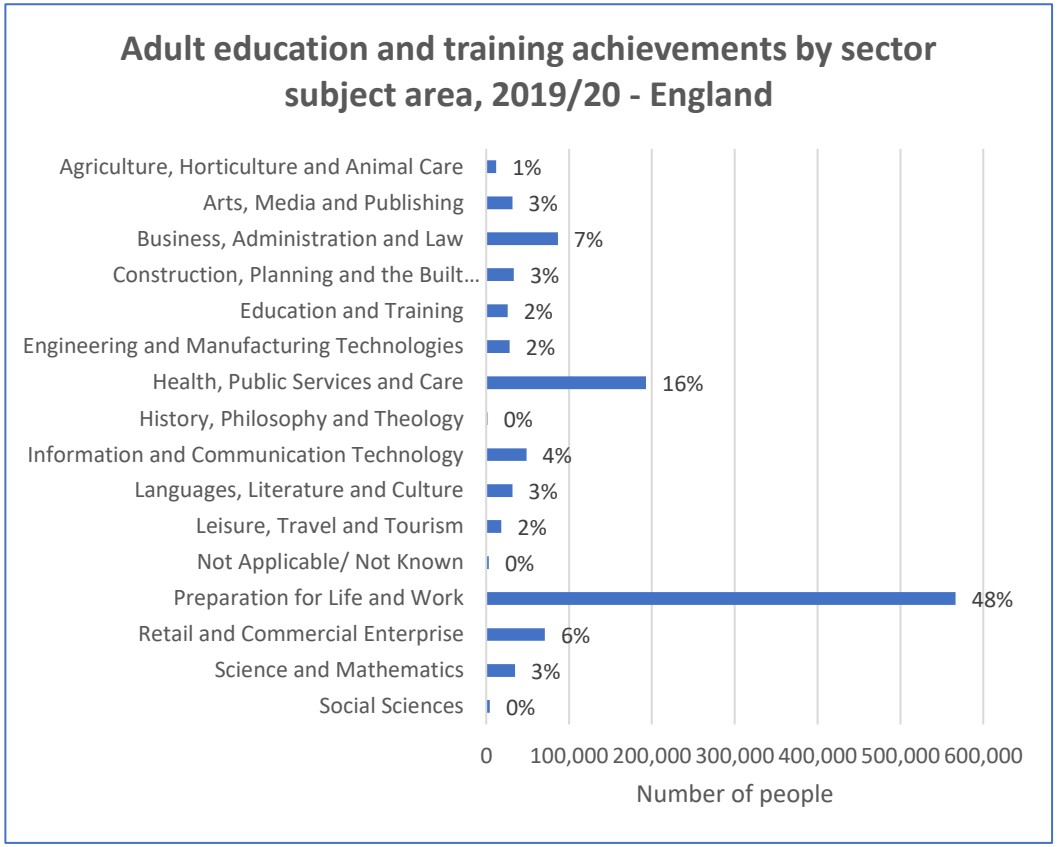
[11] ONS, NOMIS 2019





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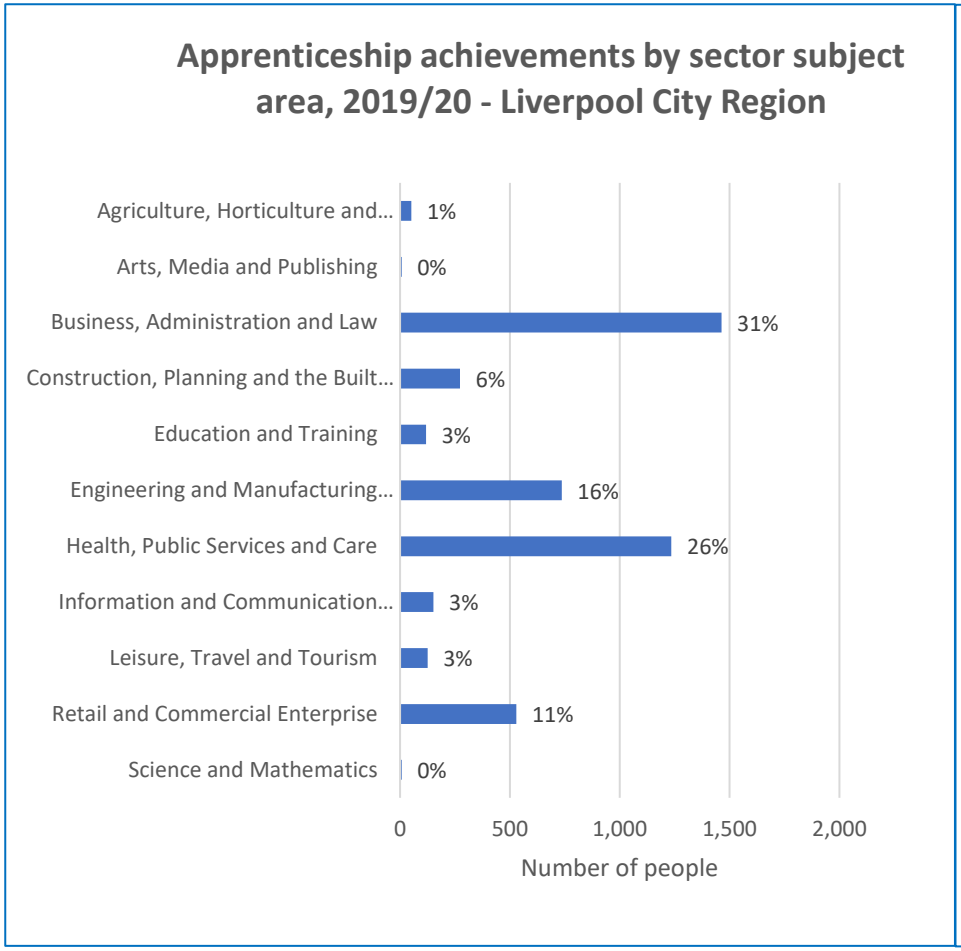
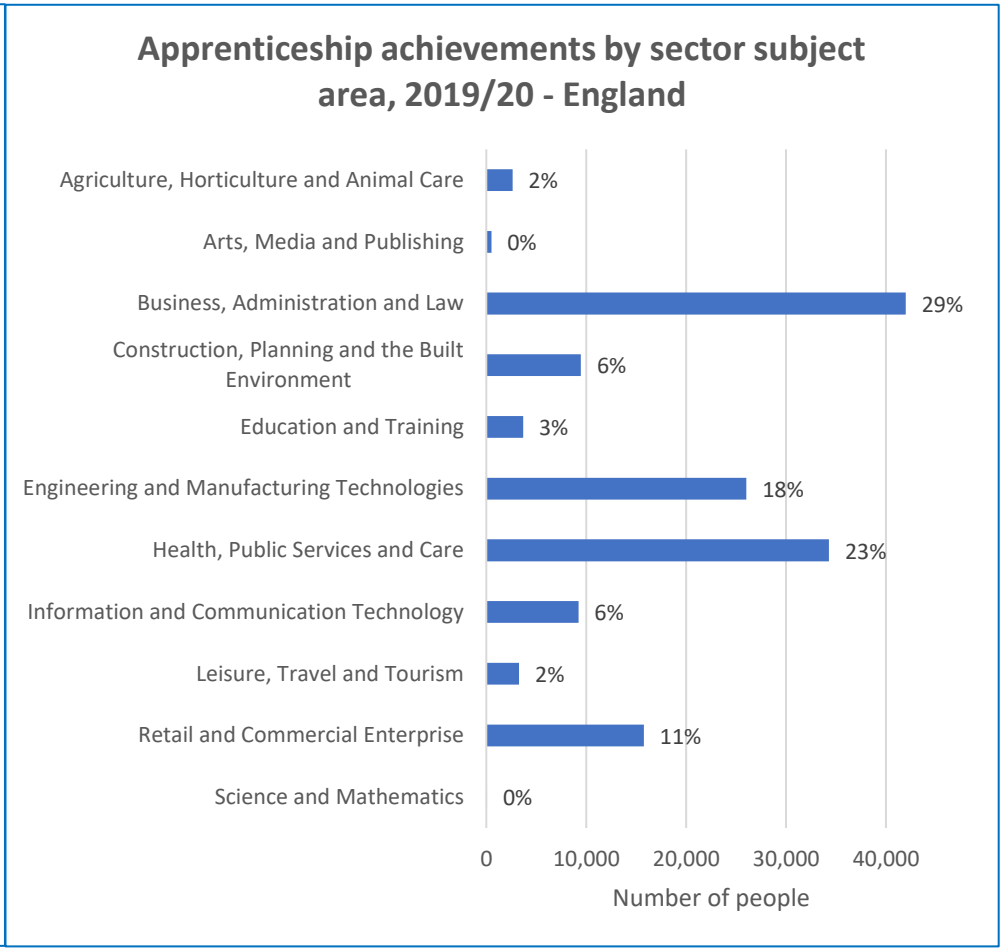
FE Education and Training Achievements:

- Delivery and achievements through AEB is reflective of learners' prior educational attainment, and also the priority sector demands locally; it is not too dissimilar to the national picture. The proportion of achievements in the SSA Preparation for Life and Work lags the national picture and is perhaps indicative of the large number of adults deemed inactive in the local labour market. Apprenticeship delivery (subject and level) is similarly characterised. There will be an increasing trend for digital skills at all levels and some sectors (e.g. Visitor economy) may face both short-term and long-term disruption that requires a different skill set.

[12] Source: Further Education & Skills data, DfE, (published 2020), 2020 SAP boundaries

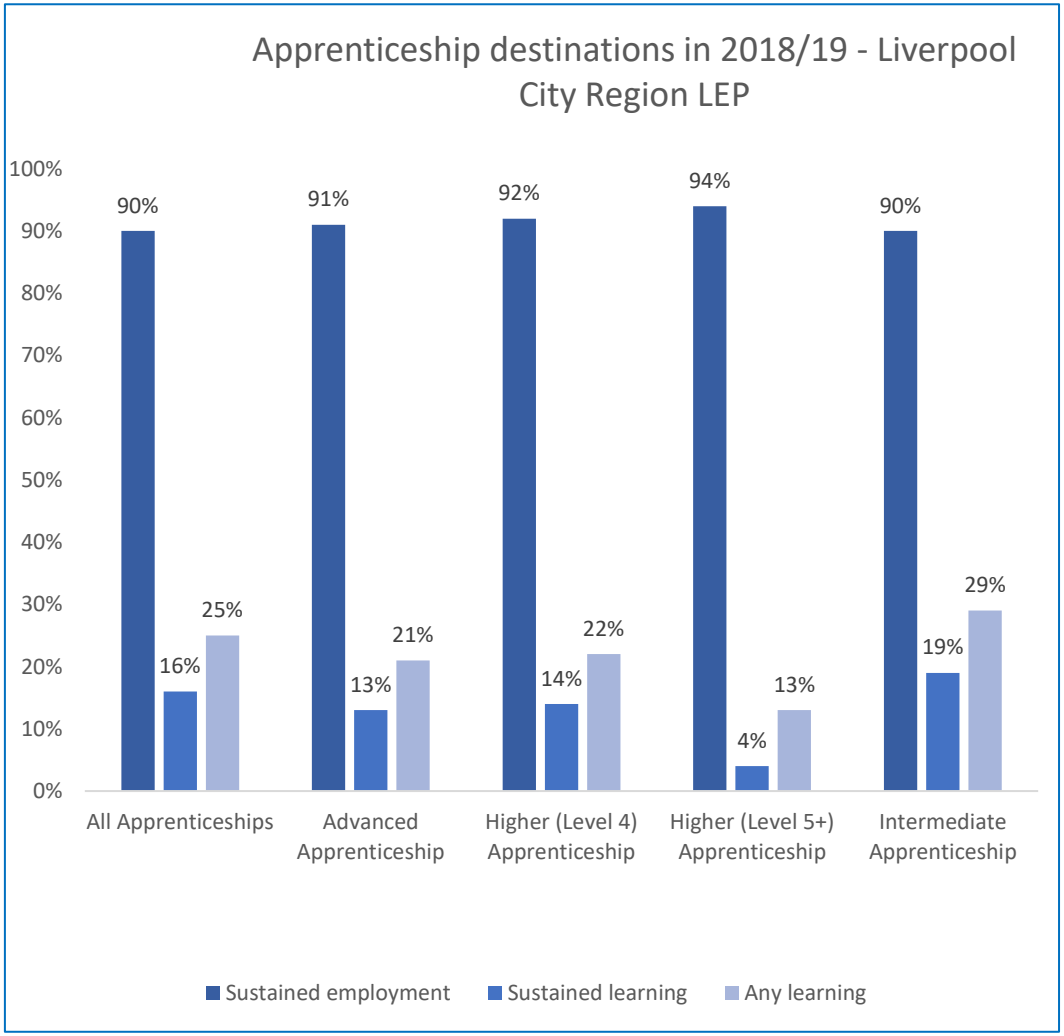


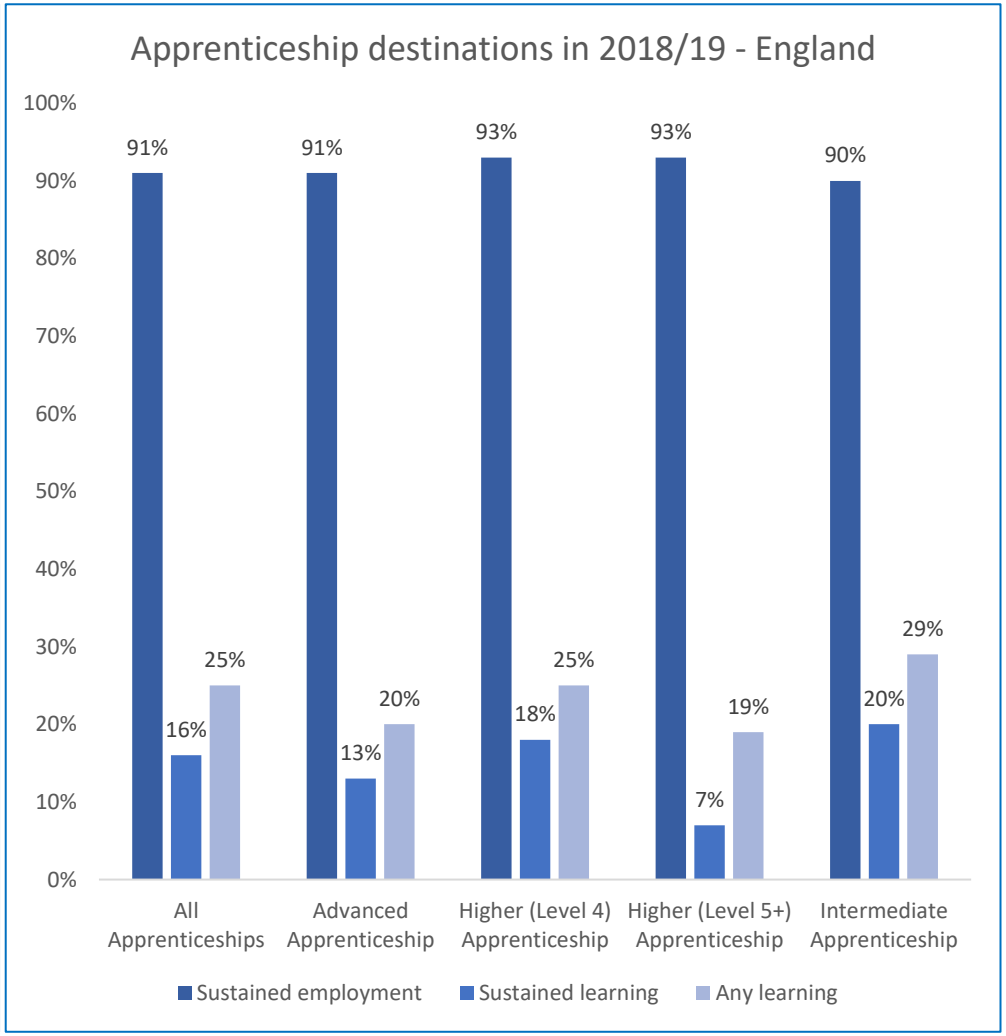


Apprenticeship Achievements:

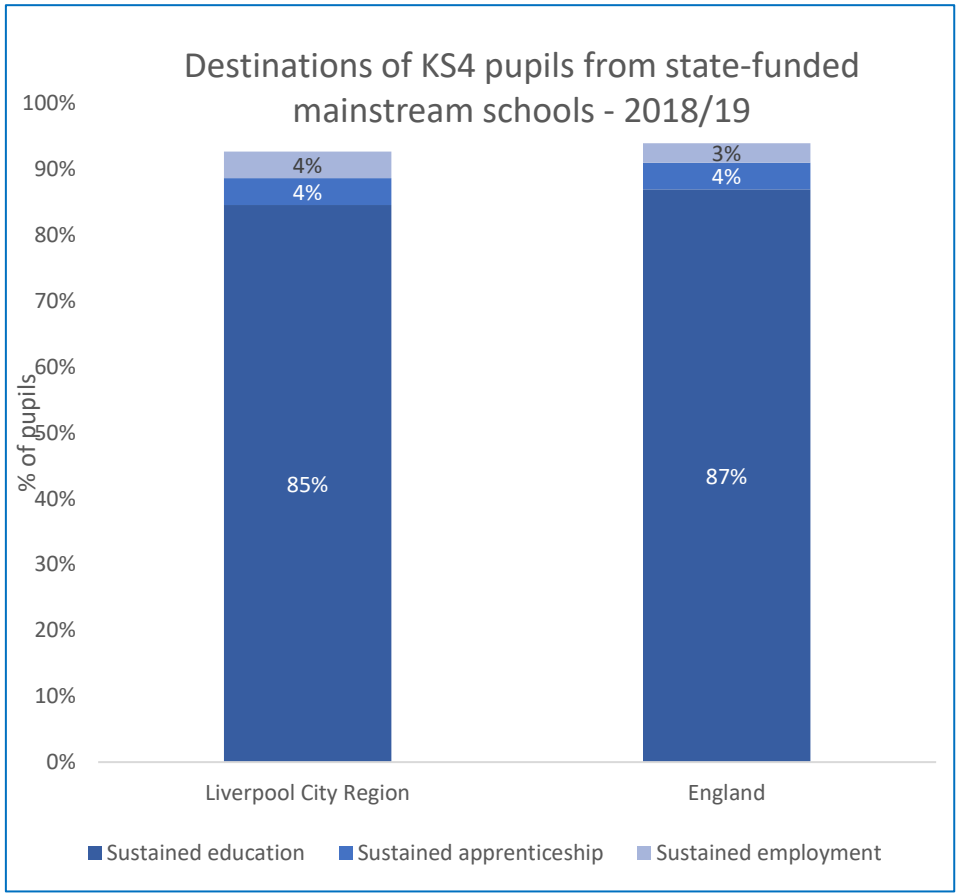
- Liverpool City Region has a strong history of delivering apprenticeships successfully with year-on- year increases in starts until 2016/17 after which starts have fallen as result of the impact of apprenticeships reforms; consequently, fewer starts equals fewer achievements. LCR mirrors the England picture in most aspects of apprenticeships achievement rates and the balance and mix of sector delivery areas;
- There has been a trend away from employers recruiting young people; legal age barriers prevent young people from securing particular roles in employment growth areas such as Care roles;
- There has been a welcome trend towards higher level apprenticeships being studied and although small in number this is encouraging- but L2 options are still needed. Given the local demand and nature of business operations, arguably there is a need to expand the number of IT related standards delivered e.g. cyber security.

[13] https://content.explore-education-statistics.service.gov.uk/api/download/apprenticeships-and-traineeships/2019-20/ancillary/d33b6e81-562b-4457-5063-08d88c68ab27





[14] https://explore-education-statistics.service.gov.uk/find-statistics/further-education-outcome-based-success-measures



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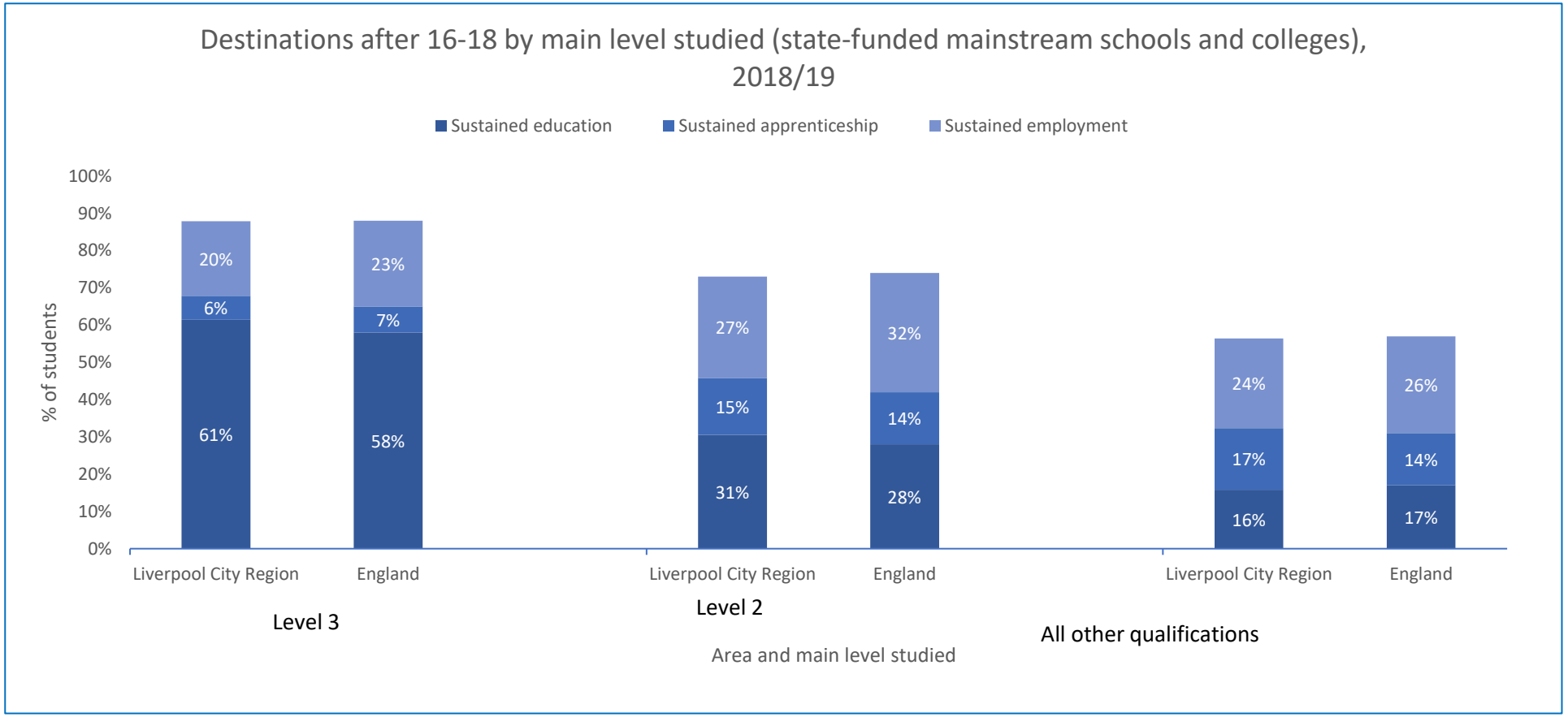
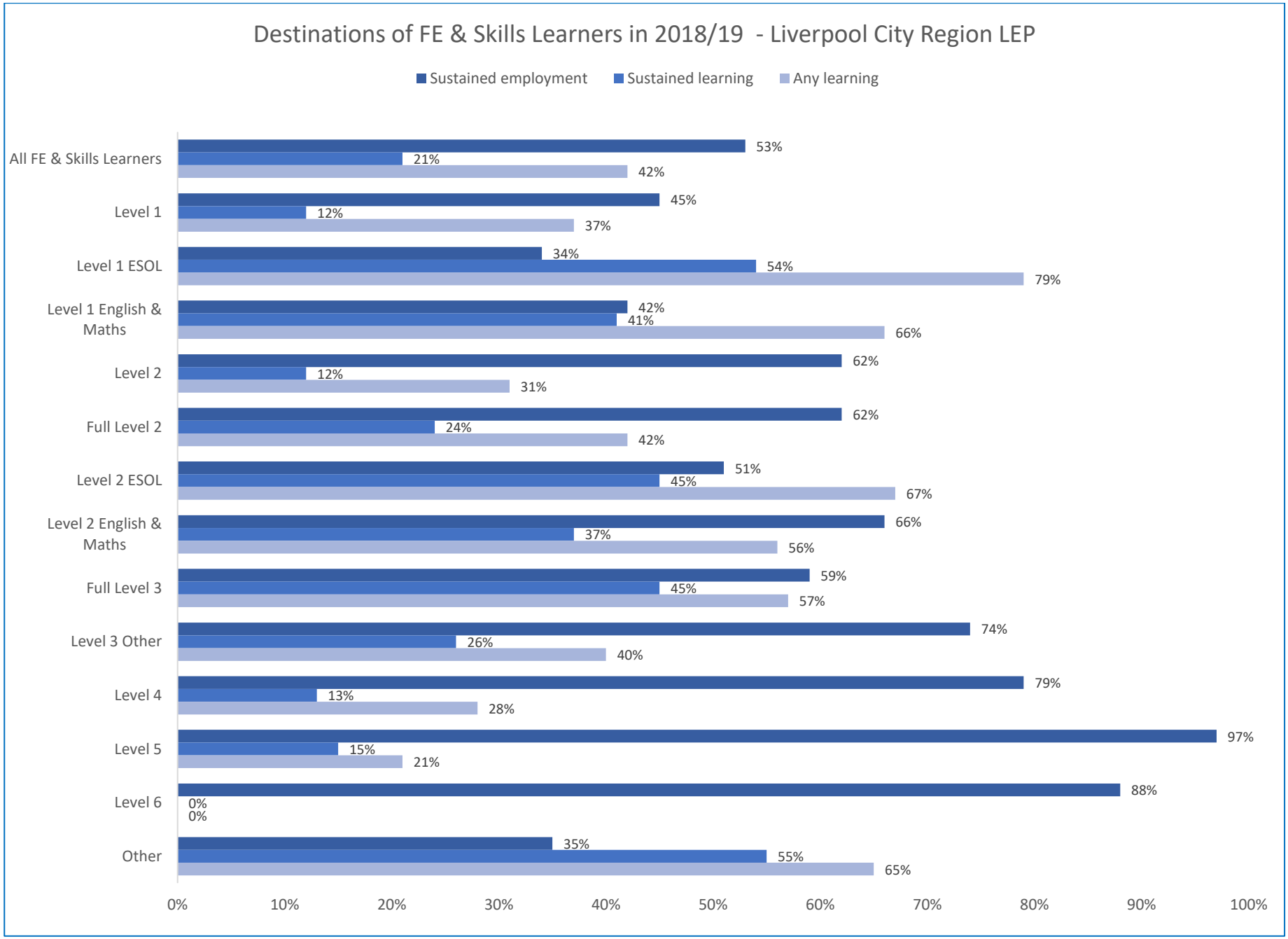
[15] Source: KS4 destination measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries



KS5 destinations:

- Both Liverpool City Region's Level 2 and Level 3 learners progress to a sustained education destination at a higher level than the England average. Many young people who leave secondary education do not achieve a full Level 2 at age 16 but achieve it later. Learners, therefore, having completed a Level 2, but later, may therefore be progressing to Level 3 study rather than employment.

[16] Source: 16-18 Destination Measures, DfE, 2018/19 (published 2020), 2020 SAP boundaries


Destinations of FE & Skills Learners in 2018/19 - Liverpool City Region LEP
Sustained employment
Sustained learning
Any learning
All FE & Skills Learners
53%
21%
42%
Level 1
45%
12%
37%
Level 1 ESOL
34%
54%
79%
Level 1 English & Maths
42%
41%
66%
Level 2
62%
12%
31%
Full Level 2
62%
24%
42%
Level 2 ESOL
51%
45%
67%
Level 2 English & Maths
66%
37%
56%
Full Level 3
59%
45%
57%
Level 3 Other
74%
26%
40%
Level 4
79%
13%
28%
Level 5
97%
15%
21%
Level 6
88%
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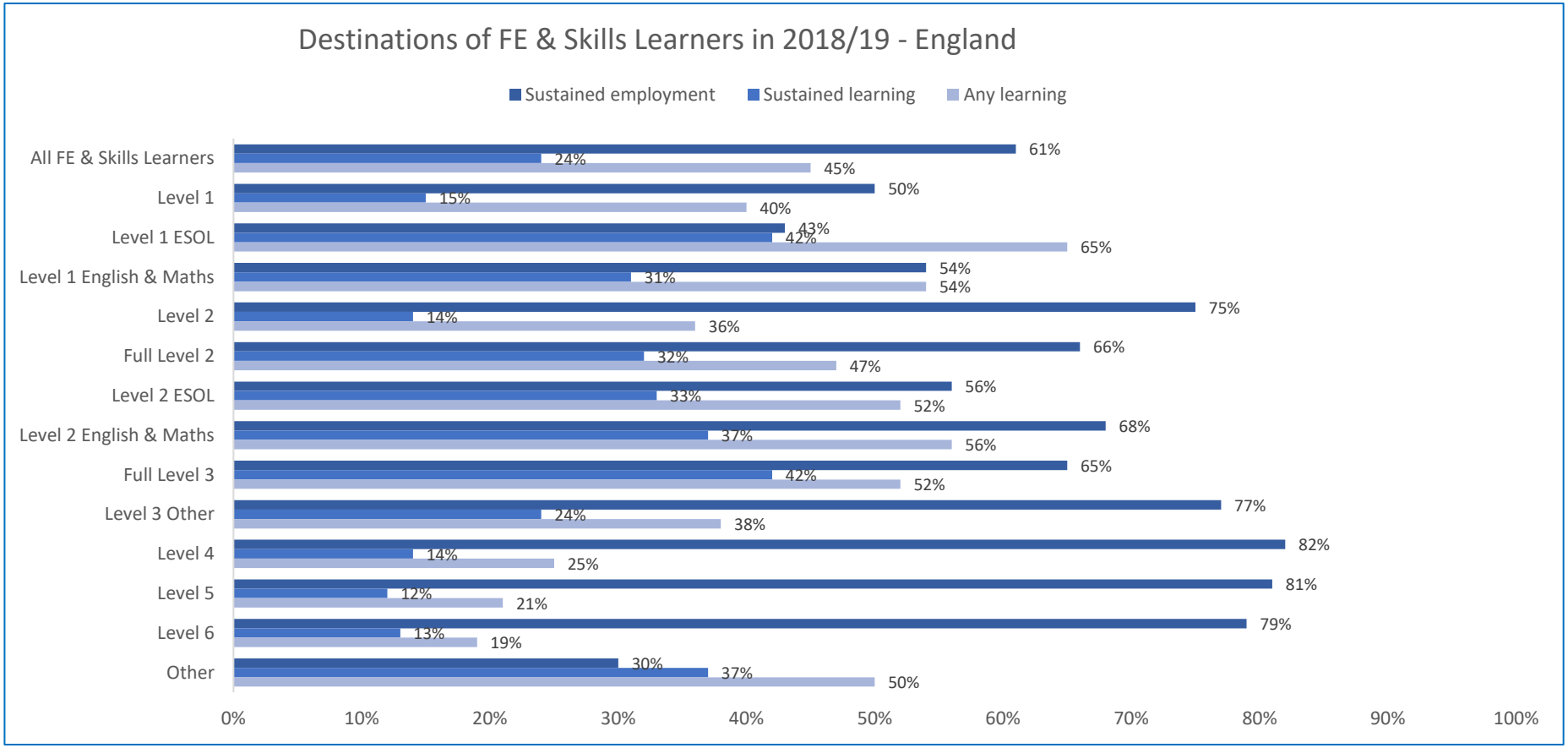
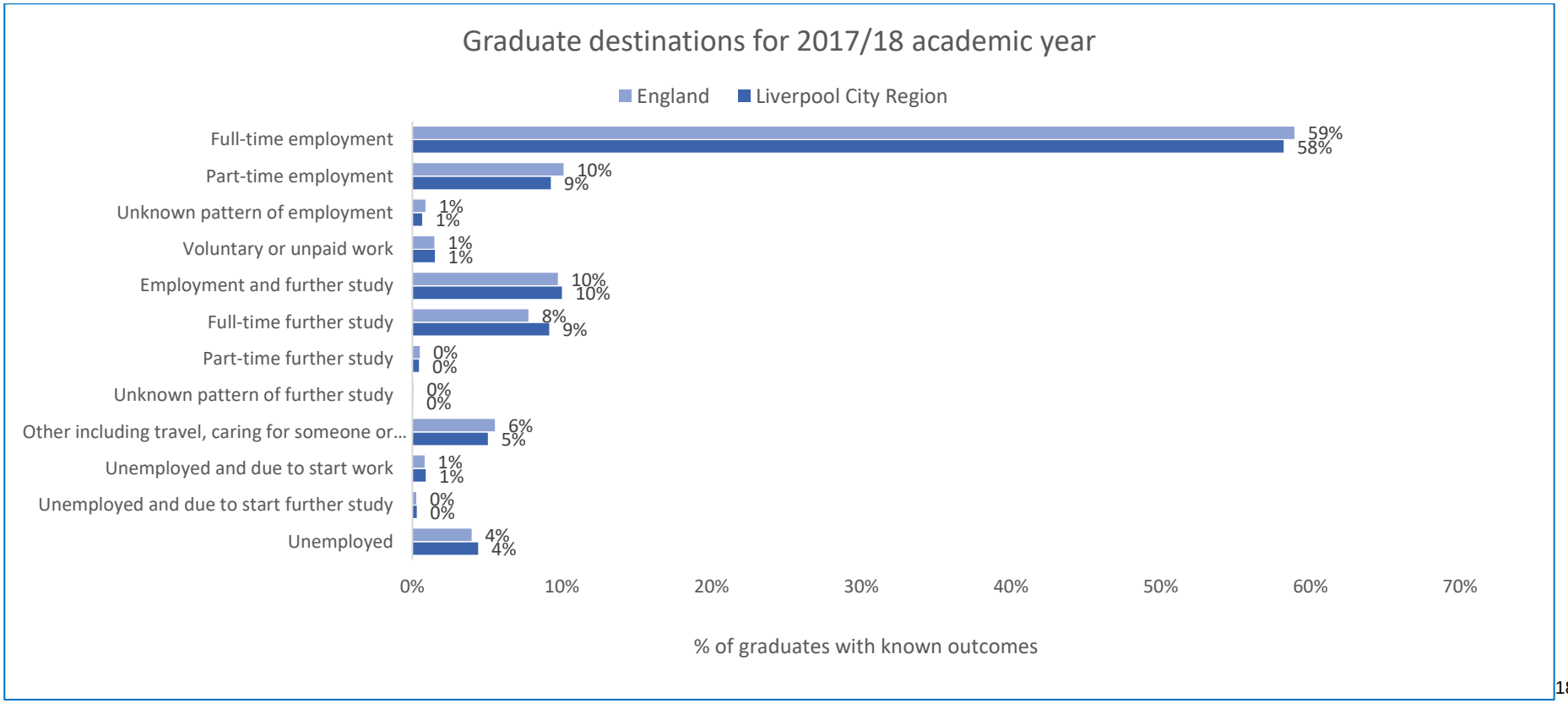


FE and skills destinations:

- Sustained employment in Liverpool City Region increases significantly with the level of qualification studied; 97% of learners who have studied L5 qualifications and 88% who have studied L6 progress to sustained employment. These are much higher than the England averages. Those learners in FE who have undertaken lower level courses are more likely to progress to further learning. Such a distribution is reflective of a number of factors such as the general qualifications gaps at all levels (although the gaps has narrowed at L4), as well as the lower jobs density in the city region: more people chasing fewer jobs leads to more competition and potential displacement/ exclusion of those with lower skills and qualifications. People will be in jobs that they are over-qualified for, with frequent skills underutilisation in the job role. This has emerged as an issue in the immediate post-COVID- 19 period.

[17] Source: FE outcome- based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries



[18]

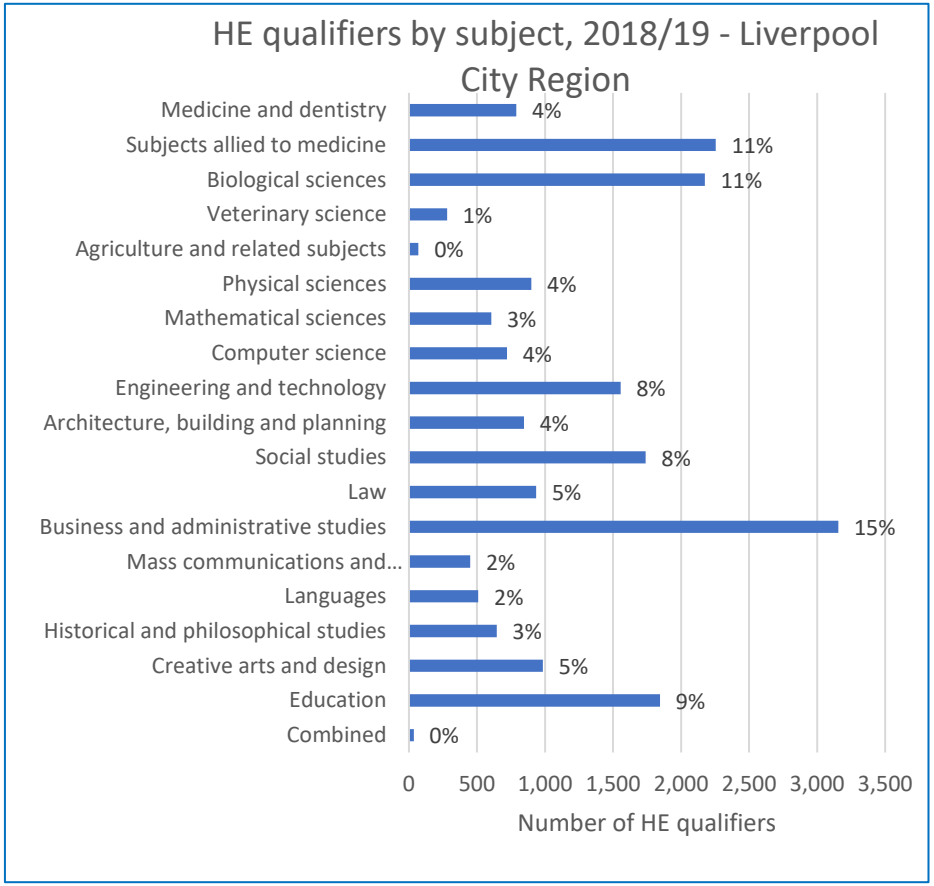
HE Graduate destinations:

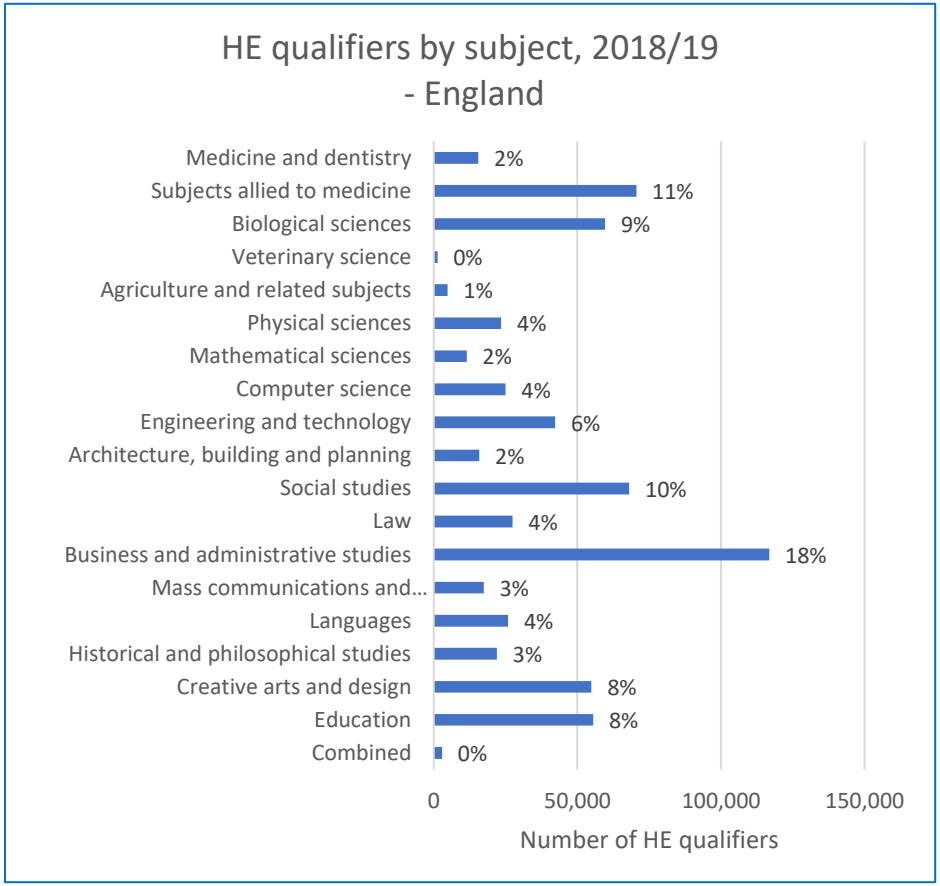
- Known outcomes for LCR graduates are broadly in line with the rest of England (-1% difference). 62% of LCR graduates were still living in the North West five years after graduating. This compares to around 50% of all graduates from English universities staying in the same region as the university. This rate rises to around 70% from LJMU and Liverpool Hope, while the University of Liverpool is similar to national rates;
- Research from local higher education institutions indicates that only 24% of STEM graduates actually take up STEM occupations six months later after graduation: this is despite large numbers of students undertaking courses in departments rated as world class in research areas;
- A higher proportion of graduates from HEI's in LCR progress into further study- reflecting the research opportunities locally and businesses linked to the areas of research; and
- In statistical terms, Graduates are no more likely to be unemployed having graduated from a local HEI compared to national levels: n.b. the data does not reflect the 'home' post code of the graduate i.e. those domiciled in LCR.

18. Graduate Outcomes in 2017/18, DfE, (published 2020), 2020 SAP boundaries

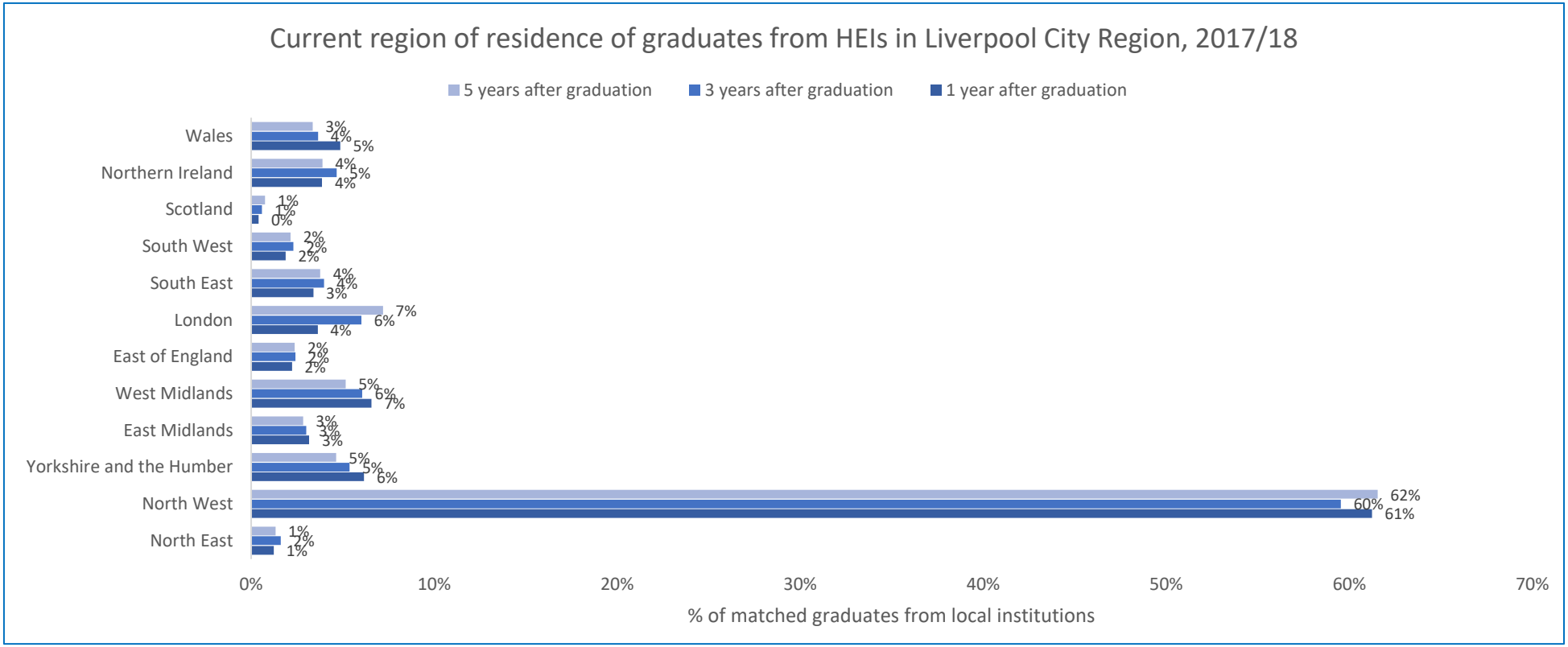
HE Qualifiers:

- The balance and mix of the qualifications gained by those completing HE courses at LCR HEIs reflects the research and wider specialisms of our institutions, local employers and other specialist organisations such as the Liverpool School of Tropical Medicine; and
- STEM subjects, medicine and dentistry, and subjects allied to medicine, feature prominently in the qualifications secured and are in many of these areas proportionately higher than either England or other comparable regions' figures. This helps position the LCR's competitive and strong offer in relation to Life Sciences expertise.





[19] HESA, 2017/18 graduates (published 2020), 2020 SAP boundaries



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Graduate retention:

- Based on the latest data, local HEIs 'supply' in excess of 8,000 Graduates each year;
- The majority (60%+) of graduates from local HEIs remain in the North West 1, 3 and 5 years after graduation (c5,000 graduates). Yorkshire and the Humber, The West Midlands, London, and the South East account for the main destinations of those who do not stay;
- Research from local higher education institutions indicates that only 24% of STEM graduates actually take up STEM occupations six months later after graduation: this is despite large numbers of students undertaking courses in departments rated as world class in research areas;
- LCR has a net inflow of students at local HEIs which total in excess of 57,000 students. Retention rates post-graduation can vary across institutions; LJMU has traditionally recruited students from within the LCR; by comparison, the University of Liverpool had (prior to COVID-19) recruited more international students and students from elsewhere in the UK. This is also reflective of the courses offered and departments such as Medicine and Dentistry; and
- Universities play an important role in attracting talented people into the region, research investment as well as upskilling current residents.

[20] https://data.explore-education-statistics.service.gov.uk/api/download/graduate-outcomes-leo-provider-level-data/2017-18/ancillary/Provider_Table_GB.xlsx

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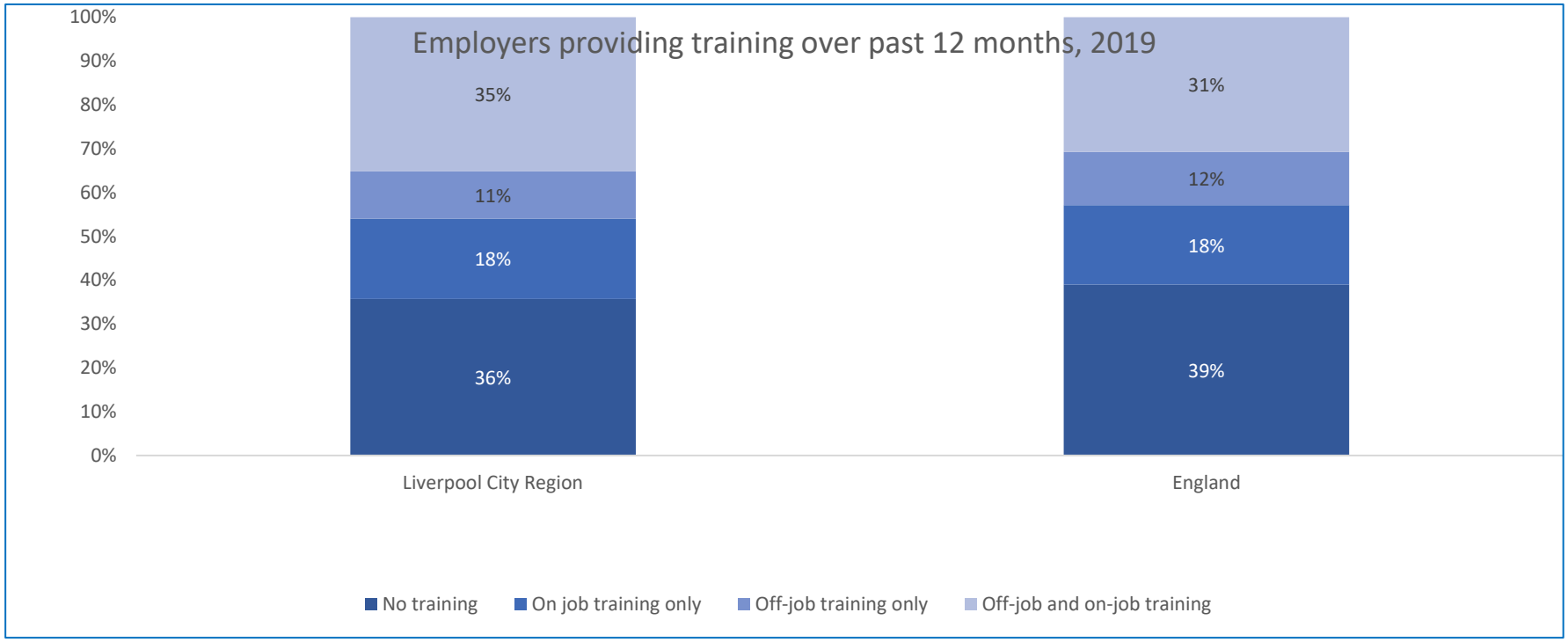


Employer provided training:

- 64% of LCR employers have indicated that they provide training- higher than the national average. Our own local and extensive employer skills survey indicated a figure of 84% of employers provided some form of training;
- The number of hard to fill vacancies and skills shortage vacancies remains a significant barrier for employers;
- Our own local employer skills survey of 2017 suggested that there are over 194,000 current workers lacking the necessary skills for their job but when questioned more than 20 percent said that they had taken no action to address their skills needs;
- Whilst further work still needs to be undertaken, local experience and anecdotal evidence suggests that in addition to the cost issues it remains difficult for many (especially smaller) employers to understand and navigate the many different publicly funded employment and skills training opportunities that exist. The Government is currently trialling a number of skills programmes to test and evaluate employer engagement and co-investment levels in training. SMEs generally have no dedicated training budget compared to larger employers;and
- Impartial skills brokerage plays an important role: LCR has invested in a Skills Brokerage service within our business facing Growth Platform (LEP) to help address the market gap.

[21] Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

Skills Demand

Skills Demand – Summary

- Engaging businesses and delivering interventions at scale whilst meeting individual employer demand is a challenge. Working with employer networks, intermediaries and other trusted bodies is essential when seeking to address skills needs of the workforce;
- The City Region will require around 30,000 new workers per year to replace retired employees or those on extended periods of areas of particular focus (prior to COVID-19) are: Elementary Occupations; Clerical and Services related Administrative Occupations; Sales; Caring and Personal Service Occupations Health Professionals. Local employer feedback indicates that other job roles-particularly driving roles in the logistics sector are likely to require replacement workers;
- Many of the sectors and occupational areas where replacement demand is an issue are also areas where demand for staff is growing- particularly in heath and caring roles and warehousing and logistics. IT as a sector is projected to be also amongst the sectors with the highest forecast growth;
- Overall, the City Region has a similar breakdown to the UK in terms of occupations but this masks significant variation between the six districts;
- Digital Skills needs, problem solving, adapting to new equipment and techniques and general product/ service knowledge are cited as key in demand skills needs amongst the workforce by employers. Skills demand is becoming more nuanced in some job roles with additional skills, often digital focussed, becoming increasingly prevalent e.g. Higher- level laboratory roles requiring proficiency in data analysis systems and techniques;
- Occupations with the lowest growth forecasts are many of those at greatest risk of automation and digitalisation. Upskilling becomes ever more critical as many of the jobs most at risk are at entry level /in elementary occupations as well as in industries critical to the City Region's economic performance; and
- Locally we have a higher proportion of job roles classified as managerial, directors or senior officials that reflects both the size of the public sector (including education institutions) as well as other significant and large private sector employers. Demand for skills programmes linked to leadership and management; change management and adapting to new technologies remains strong.

Online vacancies:

- By the beginning of March 2021, evidence of recovery is starting to emerge- albeit lagging other areas;
- Vacancies in LCR stood at 11,100 – a 7.5% drop since pre-lockdown in March 2020;
- Over the last 30 weeks (up to March 2021), the largest sector increases across the City Region on average have been in: Trade and Construction; Teaching; IT Jobs; Healthcare and Nursing; Engineering; Accounting and Finance; Social Work; Logistics & Warehouse; (Adzuna data);
- Health and social care is forecast to remain a critical sector for LCR both as a growth sector and as a volume provider of jobs and this was the case without the effects of COVID-19;
- There remains a significant jobs gaps in the Liverpool City Region and is the highest among comparator areas; and
- Occupations with the lowest growth forecasts and reduced vacancy numbers are many of those at greatest risk of automation and digitalisation- including jobs relating to some of our key priority sectors.

Please note these forecasts were produced prior to COVID-19:

Liverpool City Region LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**
1) Caring personal service occupations	1) Secretarial and related occupations
2) Customer service occupations	2) Process, plant and machine operatives
3) Health and social care associate professionals	3) Textiles, printing and other skilled trades
4) Health professionals	4) Skilled metal, electrical and electronic trades
5) Corporate managers and directors	5) Administrative occupations[22]

Occupation growth forecasts:

- Traditional skills requirements associated with specific occupations is changing and being disrupted;
- Health and Social Care (including allied medical occupations) is forecast to remain a critical sector for LCR both as a growth sector and as a volume provider of jobs and this was the case without the effects of COVID-19;
- Prior to COVID-19 there was strong projected growth in the Arts and Entertainment sector and the associated customer care type roles forecast for growth;
- Occupational demand relating to Green Jobs is expected to grow but as yet the demand for particular skills, job roles and within particular sectors requires further analysis;
- The Maritime and Logistics sector, increasingly at the forefront of automation, innovation and the application and facing new customer demands, is expected to lead to specific occupational skills demand specific to the sector (HGV replacement demand) but also skills that cut across others such as Engineering;
- The forecast occupational growth areas highlight the need to create quality, high value jobs; and
- Occupations with the lowest growth forecasts are many of those at greatest risk of automation and digitalisation.

[22] Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries

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

Sector growth forecasts:
It is important to distinguish between sector growth as it relates to employees (jobs growth) and growth as it pertains to GVA: of the 20 main sectors, prior to COVID-19, 15 sectors were predicted to be growing or stabilising in terms of demand for employees:

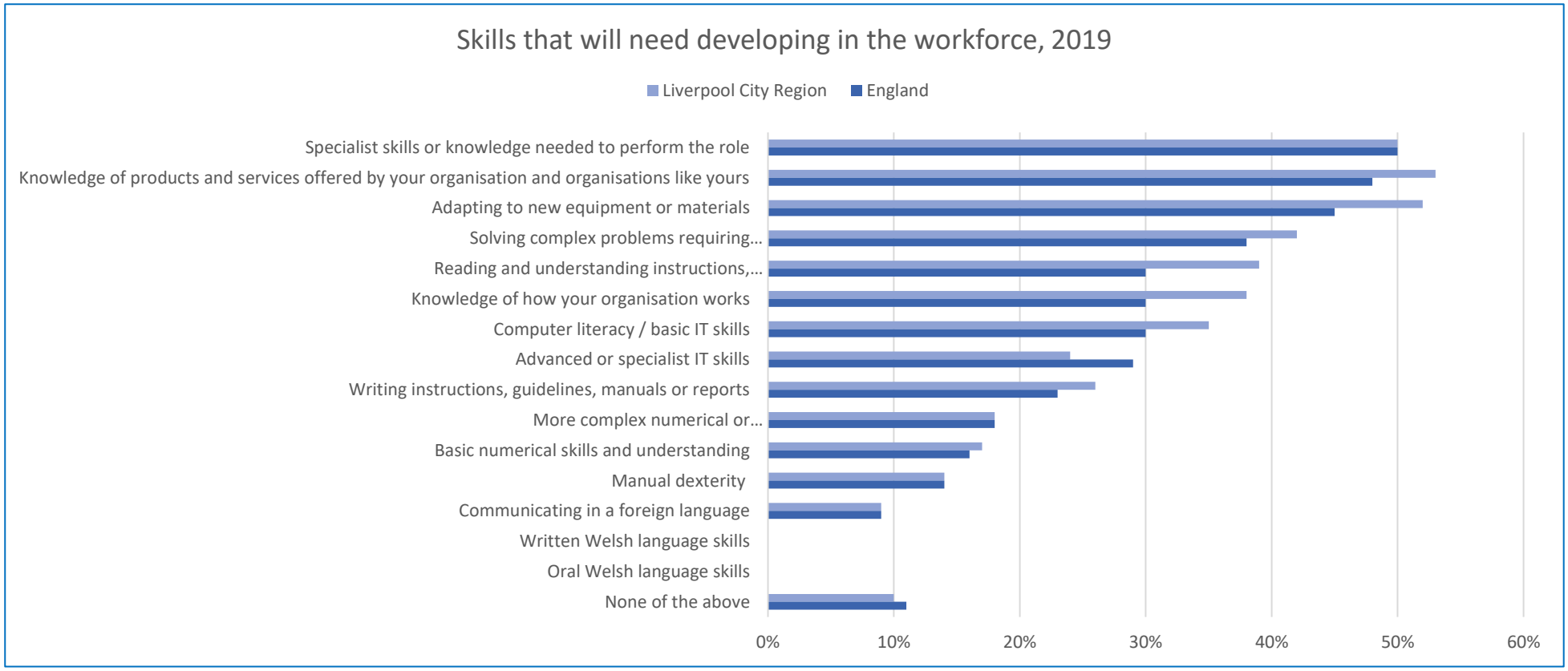
- Health and social care is forecast to remain a critical sector for LCR both as a growth sector and as a volume provider of jobs and this was the case without the effects of COVID-19;
- It remains to be seen how COVID-19 affects the projected growth in the Arts and Entertainment sector and the associated customer care type roles;
- IT as a sector is projected to be amongst those sectors with the highest forecast growth, occupations relating to health and social care are forecast to grow more strongly;
- Digital Skills needs; problem solving; adapting to new equipment; and techniques and general product/ service knowledge are cited as key needs amongst the workforce;
- Occupations with the lowest growth forecasts are many of those at greatest risk of automation and digitalisation; and
- In addition, other sectors forecast to experience jobs growth before and after COVID-19 include construction, professional and business services, Warehousing and support activities.

[23] Source: Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries

Mapping Skills Supply and Demand

Skills Supply and Demand - Summary

- Employment gaps still exist with national levels and, without appropriate interventions, the pandemic has the potential to very quickly undo much of the progress that has been made;
- In addition to growing Skills provision at Levels 4 and 5 and in particular supporting more people who have studied STEM skills into employment, the Liverpool City Region needs to grow both the volume and quality of job opportunities and ensure that our local employer/ organisational assets can be maximised economically;
- Many growth areas and replacement demand critical sectors have traditionally provided significant volumes of entry- level job opportunities for those seeking to enter the labour market for the first time (including part-time work opportunities for young people), as well as for those seeking to re-enter the labour market after a period of absence. Sectors such as Health also provide multiple progression opportunities and are becoming more 'tech focused' like many occupations. Maths and English remains an issue for many seeking to progress in learning and into employment at all ages;
- There remains a need to focus on ensuring that we are able to provide more apprenticeships and in a more diverse range of sectors and occupational areas, as well as ensuring that young people are still able to progress from Traineeships into the programme;
- Devolved AEB delivery is reflective of learners' prior educational attainment: a significant percentage of our AEB funding supports the delivery of national entitlements, and with the introduction of the digital entitlement in 2020/21 this is expected to increase. AEB contracting addresses the priority sector demands locally. Year-one delivery MI indicates that the three most popular (AEB funded) Sector Subject Areas by Learner are: SSA14 – Preparation for Life and Work ; SSA1 – Health, Public Services and Care; and SSA7 – Retail & Commercial Enterprises;
- Upskilling becomes ever more critical as many of the jobs most at risk from automation and digitalisation are at entry level /in elementary occupations as well as in industries critical to the City Region's economic performance; reskilling and upskilling will enable those who have lost their jobs to move back and be better placed to meet the demand from employers.
- The impact of COVID-19 on the local economy is both demand and supply in nature: people's demand for goods and services has reduced, and so too has the ability of businesses and organisations to provide goods and services. The future challenge is to support organisations and businesses to recover, stabilise and grow as well as supporting individuals into work (e.g. young people) or back into work, and to progress in work through responsive and relevant employment and skills support;
- Supporting young people with no or relatively little experience of the labour market will be a key priority: 16-24 Youth Employment stands at 0.7% (March 2021) equating to 11,000 Individuals;
- Narrowing the employment gaps across particular groups of the population will be a priority action area: gaps and variations do exist, particularly for those with disabilities and those from a none-white ethnic background.
- Sector Skills Shortages and Skills Gaps must be identified, communicated and addressed- there is a need to develop our understanding further as to why these shortages and gaps exist and in particular if there are specific qualifications or delivery approaches that prevent needs being met. The detailed analysis and work already undertaken with employers to identify sector priorities already provides a framework through which to respond and meet employer needs; more detailed sector skills plans will strengthen this.
- Whilst specific sector skills priorities have been identified by our analysis and employer discussions, there are areas of need that are common to all sectors: Employability skills; Digital Skills; Leadership and Management; and Change Management.



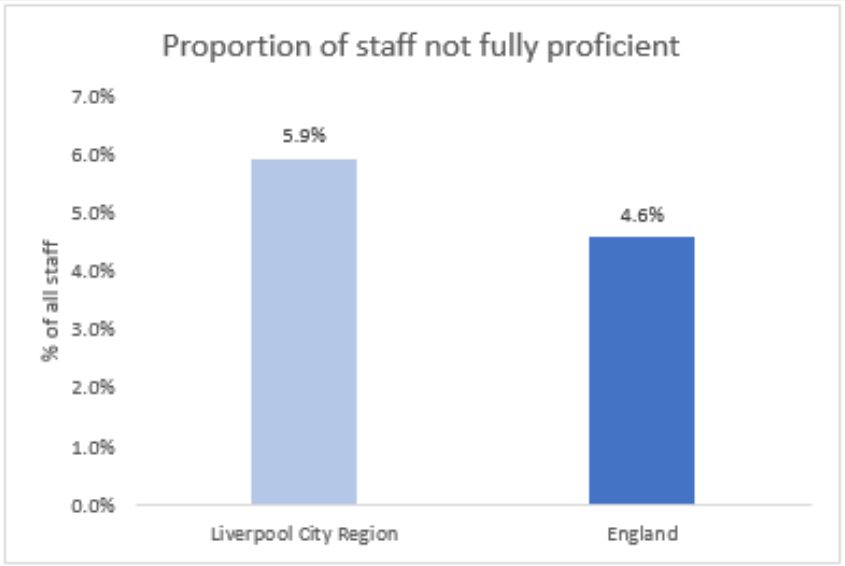
Skills that need developing:

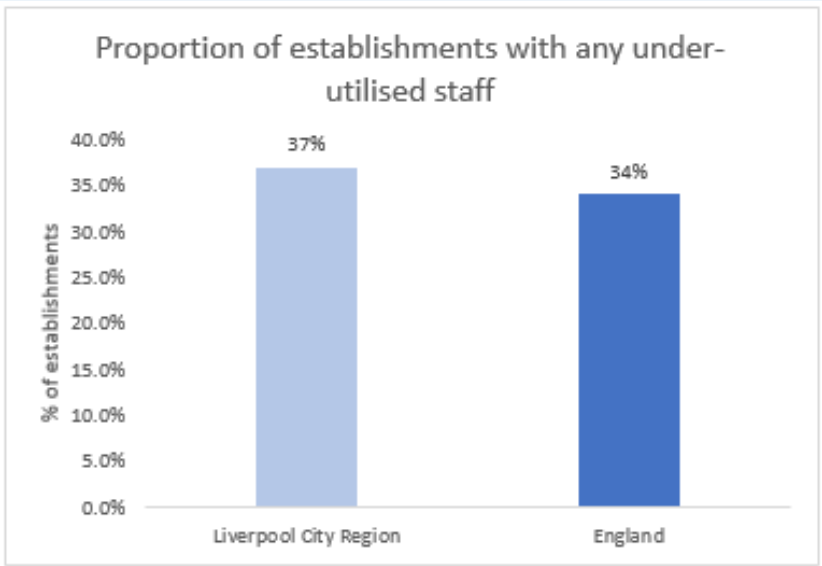
- In addition to the skills requirements that relate to individual sectors and job-roles, feedback from partners is suggesting that employers are indicating that employability skills remain a concern;
- When compared to England averages, LCR employers seem to have identified particular skills in need of development, in particular: specialist skills or knowledge and skills required to perform the job role; product knowledge; adaptability; and problem solving. This chimes with local employer feedback whereby a number of common and cross-cutting needs have been identified, including:
    - Digital skills; Leadership and management; and change management; and
    - Employers expectations around specific employability remain an ongoing development area, in particular reliability, timekeeping, trustworthiness; problem solving; working as a team; and workplace communications and manner.

[24] Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

Proficiency of the local workforce:

- Local employers have in the past indicated difficulties recruiting the right applicants; the survey results have highlighted particular skills lacking in the workforce and therefore staff who are not fully proficient;
- The 2019 National Skills Survey also suggests that there are significant numbers of employer establishments that have employees who have skills underutilised in their job roles; feedback from our Employment and Skills Board suggests that this may be increasing further due to the impact of the pandemic; people with more qualifications and transferable skills are accepting roles for which many are seemingly overqualified and receiving wages that are lower than they may have received previously. This could add to an increased volatility in the labour market as the economy recovers





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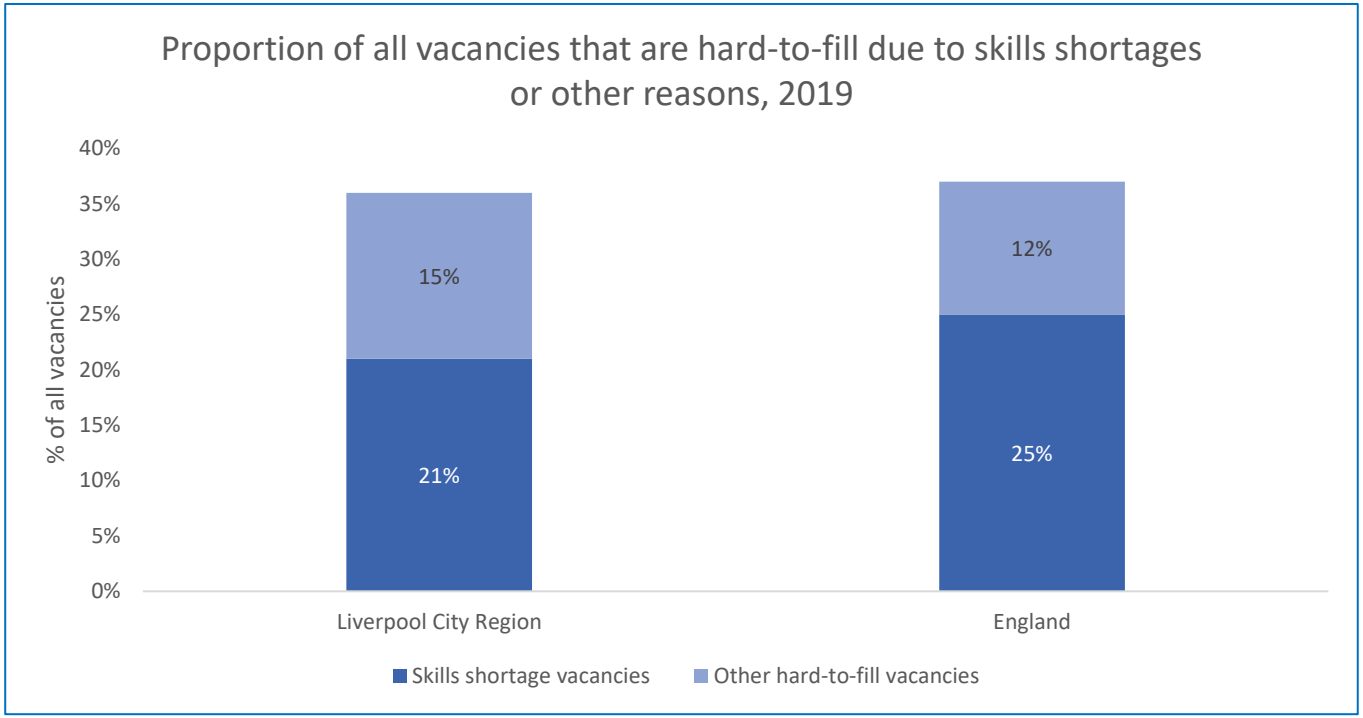
[25] Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries



Skills shortage vacancies

- Our previous Employer Skills Survey and work with local employers has suggested that, of those businesses with vacancies, two out of five reported that they have experienced difficulty in filling them, with many of those citing skills shortages as one of the principal reasons for having recruitment difficulties;
- Some employers have to hire workers with lower skills than desired at the job entry point; and
- Survey information suggests that skills shortage vacancies in LCR appear fewer than the England average but such survey information is supplemented with ongoing employer feedback. Employers who have more generic and less specialist skills needs have a wider choice of candidates during economic slowdowns such as that experienced during the COVID-19 pandemic.

[26] Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

End

March 2021