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Sheffield City Region Local Skills Report

Version 8

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Contents

Foreword

Education and skills shape the economic context of our landscape in South Yorkshire. They provide the foundations for prosperity, growth and equity and promote social mobility within our industrial landscape.

Our research shows that across the country those areas with a strong appetite for learning and with strong educational and skills attainment are the most successful and prosperous places. The South Yorkshire economy is shaped and led by the attainment and skills of its residents, employers and businesses. For us to realise the true potential of our region, the skills of the workforce must underpin our economic potential; whether through our employer communities supporting SME businesses or through medium and large scale employers contributing to the civic agenda across the region; the outstanding knowledge economy, research and innovation realised by the two Universities in our region; aligning skills supply to skills demand; or the availability of high quality training in our priority sector areas that drives improvements in the workforce.

Our ambitions are supported by a network of strong schools, colleges, Universities, private training providers and employers and we have a great opportunity to work collaboratively to realise the true potential of our region and to ensure greater prosperity for all.

Despite our ambition, there remains a number of challenges made clear by the statistics. There remains a productivity gap in South Yorkshire when compared to the UK; the workforce experience lower pay levels than that of the UK as a whole; attainment at school leaving age is below the national average and unemployment – particularly that of young people – is higher than the national average and the number of adults holding a qualification at Level 4 or above remains lower than we estimate the demand in the local economy to be. Our employers tell us that they need a highly skilled technical and practical workforce, with good people and communication skills and the ability to analyse and solve problems.

We firmly believe that education and skills provide an inclusive solution to deprivation and social mobility. We know that failing to make best use of our workforce will impact on the economy across the region and will have consequences for all of our communities. If we do not act now to address these challenges then our businesses will not be supported to grow and expand; fewer residents will achieve a job of value and worth and South Yorkshire will not achieve the potential that it undoubtedly has.

Since March 2020, the Covid-19 pandemic has brought much of this into stark relief for us. The impact of the pandemic on young people, and particularly their aspirations and opportunities has been significant. Our Skills Advisory Network (SAN) has sought to bring a network together that can address the shared challenges that we face and to work together to provide solutions. We must understand how we can improve outcomes for all and must develop a partnership approach to projects, initiatives, investment and outcomes that truly do impact across our region.

This Local Skills Report sets out how far along our journey we are and identifies our future direction of travel. We have identified our current priority areas and will work together to ensure that everyone in South Yorkshire can access the education and skills that they need to gain worthwhile work and to support business, inclusion and growth.

Our intent is to develop the capacity of our education and skills sector to ensure access for all aligned to priority growth sectors in our economy; to support employers and businesses to grow, leading to increased prosperity; to ensure that we create an environment in which skills and training opportunities are tailored to individual and business need, and lead to better outcomes for more people.

We have significant opportunities in South Yorkshire alongside those challenges. Through our Skills Report and subsequent Skills Strategy, we will translate our aspirations around education, skills and employment into individual successes, into business growth and development and into a blueprint for inclusive growth and prosperity in South Yorkshire.

Angela Foulkes
Sheffield College Chief Executive & Principal
Chair of the SCR SAN

1. Introduction

Text from Department for Education: Skills Advisory Panels and the national context
Skills Advisory Panels (SAPs) bring together employers, skills providers and key local stakeholders to better understand and resolve skills mismatches at a local level. There are 36 SAPs across England as part of Mayoral Combined Authorities and Local Enterprise Partnerships.

The Department for Education (DfE) supports SAPs with grant funding primarily to produce high quality analysis of local labour markets and Local Skills Reports. The Reports set out the local strengths and skills needs and how the SAP proposes its area addresses its key priorities. The Reports aim to influence local partners and feed intelligence to central government, including the national-level Skills and Productivity Board (SPB).

In January 2021, DfE published its White Paper "Skills for Jobs: Lifelong Learning for Opportunity and Growth," which set out a number of reforms aimed at putting employers more firmly at the heart of the skills system. The White Paper outlined plans to test in 2021-22, in a small number of areas, "Local Skills Improvement Plans" created by business representative organisations.

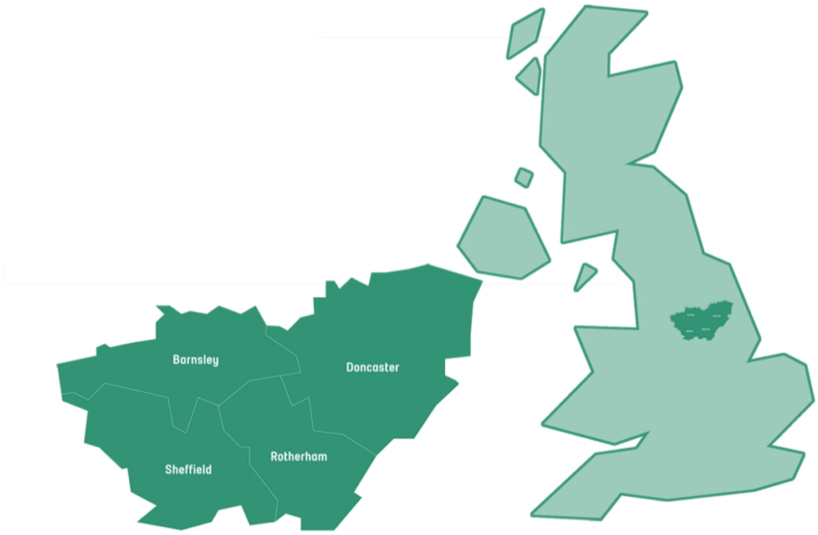
The White Paper committed to build on the work of SAPs to date. SAPs and their Local Skills Reports will continue as the DfE trailblazes "Local Skill Improvement Plans" and until any potential changes are made to a SAP's remit and responsibilities.

The Skills Advisory Network (SAN) is Sheffield City Region Mayoral Combined Authority's version of Skills Advisory Panel (SAPs). Skills Advisory Panels (SAPs) are a 2017 Conservative manifesto commitment to "deal with local skills shortages and ensure that colleges deliver the skills required by employers through Skills Advisory Panels and Local Enterprise Partnerships working at a regional and local level".

The SAN feeds into the Governance structure of the Mayoral Combined Authority (MCA) and Local Enterprise Partnership (LEP) to support the Education, Skills & Employability decision-making Board for the Sheffield City Region. The word network was chosen to reflect the more extensive linkages within the group and an aspiration to work at a "regional and local level"

The MCA and LEP's boundaries are now co-terminus. The geography consists of the four Local Authority districts in South Yorkshire (Barnsley, Doncaster, Rotherham and Sheffield).

Figure 1: South Yorkshire& Sheffield City Region Map:



The purpose of SAN and SAPs across England is to strengthen the relationship between employers and education or training providers in local areas. The SAN will use robust labour market analysis to understand skills needs and supply and address priorities effectively, improving productivity and their local economy. This analysis is critically important for development of effective labour market and skills strategies across the region and will drive SCR MCA's work in delivering the priorities set out in the Strategic Economic Plan and Renewal Action Plan. This report will also provide invaluable analysis to support development of an Inclusion Plan, which will help all residents across the area participate in and benefit from economic growth activity.

The recent FE White Paper has firmly positioned employers as lead partners in driving change in the skills system and in delivering the skills that businesses need for productivity and growth through the introduction of Local Skills Improvement Plans (LSIP). We believe that analysis provided in this report along with the development of a network bringing business representative groups together with education and skills partners from across the region will stand South Yorkshire in good stead for development of our LSIP.

The SAN is already assessing and will continue to assess skill demand/need data and manage relationships in order to use the analysis to create a common understanding and move skill priorities forward, and deliver priorities through influencing a more efficient allocation of resources. It will focus upon:

- Data
- Intelligence
- Identifying priorities
- Influencing provision and demand

1.1 Organogram

The Organogram at Figure 2 explains how the SAN feeds into the LEP and MCA Governance structure. The Chair of the SAN attends the meetings of the Education, Skills and Employability Board.

The MCA Board: The MCA is the legally Accountable Body for all funds awarded to the LEP and approves the LEP annual capital and revenue budgets prior to the start of the financial year. However, the LEP advises on how these funds are prioritised

LEP Board: The focus of the LEP Board is to discuss the following:

- South Yorkshire Economy – such as research on how well the South Yorkshire economy is performing and the issues and needs of different sectors and markets;
- Accepting Schemes to the LEP Programme – LEP approval is needed before a project can be accepted onto the LEP funded pipeline programme;
- Performance - of LEP funded programmes;
- Providing a Forum for Debate - between the public and private sectors; and
- Economic Strategy and Policy Development – on new initiatives being brought forward.

Thematic boards (most relevant Education, Skills & Employability): Thematic Boards were first established by the MCA in early 2019. The rationale for these Boards includes:

- Achieving an efficient, effective and transparent model for decision making;
- Collaborating to build collective and combined decisions to deliver the outcomes identified in the Strategic Economic Plan (SEP);
- Providing strong and accountable leadership in setting the agenda and delivering a defined programme of activity to rigorously realise the outcomes of the SEP; and
- Scrutinising the planned and ongoing activity to deliver the best outcomes for the region and value for money

Figure 2: Governance Organogram

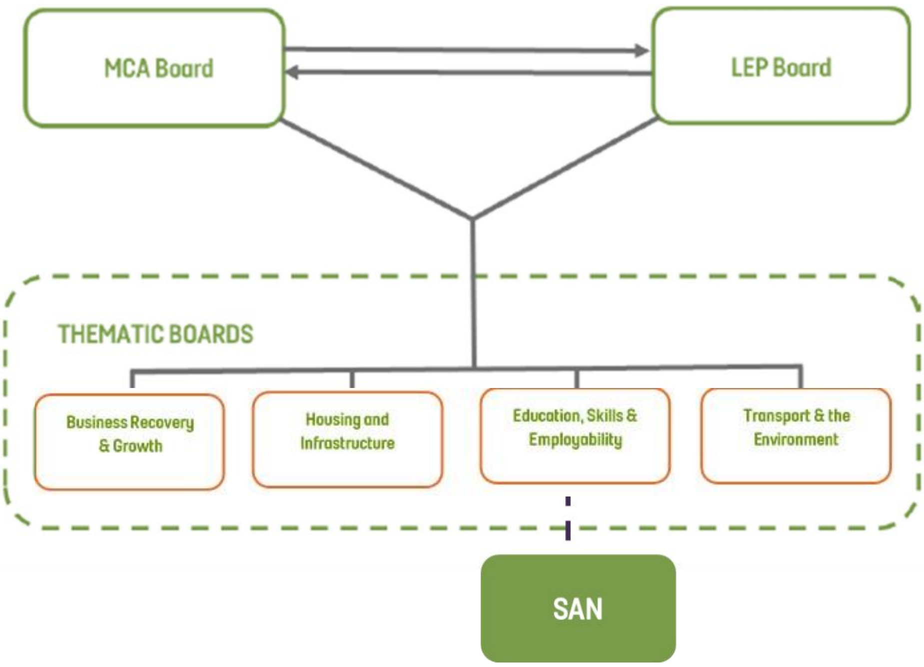
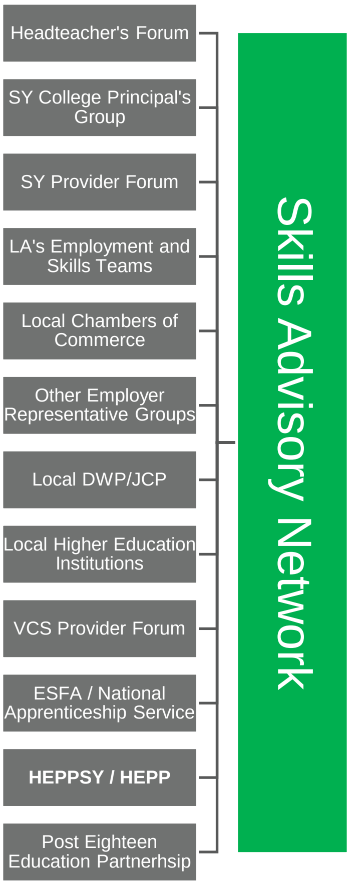


Figure 3 - Organogram Showing Stakeholder Groups Linked into the Skills Advisory Network



1.2 Network Members & Schedule

- Chair: Angela Foulkes Principal of The Sheffield College, Member of SY College Principal's Group and Member of the Post Eighteen Education Partnership
- Dan Fell, Doncaster Chamber of Commerce
- Louise Harrison-Walker, Sheffield Chamber of Commerce
- Bev Moxon – ESFA/ National Apprenticeship Service
- Claire Reading - Federation of Small Businesses
- Jamie McMahon – Delta Trust
- Jayne Vose – Chair of the Sheffield City Region Providers Network
- Kam Grewal-Joy – Head of Meadowhead School
- Matthew Dean – Chief Executive of Zest and member of the SCR Third Sector Forum
- Sharon Thorpe - DWP
- Tom Smith – Barnsley Council and Chair of the LA Employment and Skills Officers Group
- Andrew Dickerson, University of Sheffield & Member of the Government's Skills & Productivity Board

Meetings are held every 2 months.

1.3 Contact

Please contact Rob.Harvey@sheffieldcityregion.org.uk if you would like to contact Network Members or you would like further detail on SCR's Skills Advisory Network. Please contact economy@sheffieldcityregion.org.uk if you have data and evidence queries.

The SAN Website is available at: https://sheffieldcityregion.org.uk/skills-advisory-network/

2. Skills strengths and needs

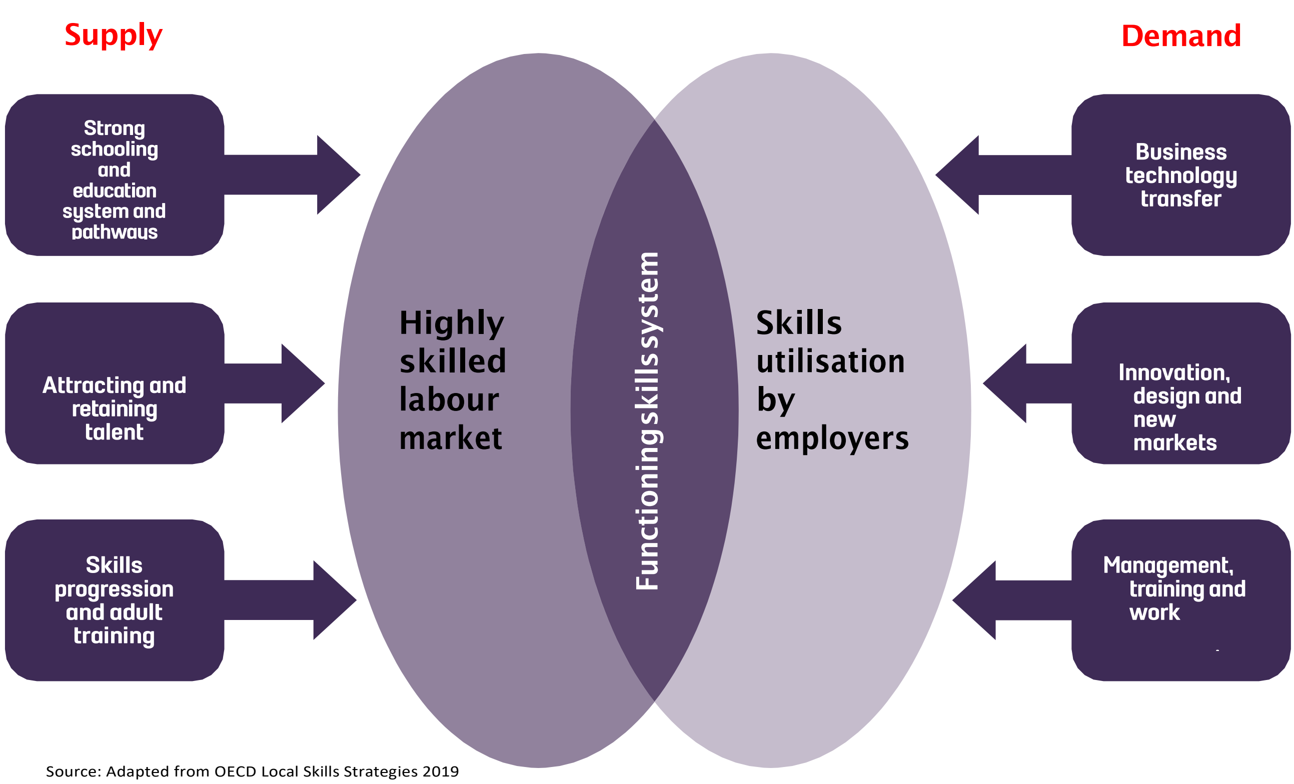
Quick reference:

- The available data and evidence indicates that on most measures of skills demand and supply South Yorkshire is below the national average. The picture varies depending on the variables under analysis with South Yorkshire performing better on some indicators. The skills supply data is less equivocal, with South Yorkshire underperforming the national average on most indicators.
- The direction of travel also varies with SY performing better over the latter half of the past decade on some indices than others. For example, since 2014, SCR's productivity grew at a similar rate to the UK.
- However, despite improvements, SY has not closed the productivity gap with national rates in England or with comparator MCAs. Earnings levels are also significantly lower. For example, Pay levels in South Yorkshire are 90% of those in England. Productivity and earnings have improved but at similar rates to England so that the gap persists. There is a gender pay gap in SCR and England, although the gap has narrowed in SCR much more than nationally.
- There are above average levels of employment in the SCR although this is in relatively low skilled, low wage jobs. In these jobs, employee's skill levels can be met in-house through on-the-job training or induction training.
- Ethnic Minorites and disabled people also tend to score lower on a variety of indicators in relation to their comparator groups. The economic activity rate of Ethnic Minorities in SCR is much lower than the national average (61% in SCR compared to 72% in England)
- Educational attainment at school level is lower in several areas of South Yorkshire.
- A wide range of Post 16 programmes is delivered to SY residents by Further Education Colleges, local authority providers and Independent Training Providers. This includes Study Programmes for 16-18 year olds, second chance learning for people aged 19+ often studying at Level 2 and below and vocational programmes including apprenticeships and T levels. 8,340 19+ learners participated in Education and Training s at FE Colleges in 2020/21[1].
- Apprenticeship take up has fallen over the past year as opportunities have reduced as a result of the pandemic, this follows a slight decline in earlier years as the Government has refocused the programme from high volume to high quality. Recent trends show increases in higher level apprenticeships which is welcome. 890 Apprentices started their courses with FE Colleges in South Yorkshire in 2020/21[2].
- The destination of students at school and sixth form differs within South Yorkshire. For example, apprenticeships are a more popular for destination for school leavers in Barnsley than other LA areas in South Yorkshire. College and Sixth Form leavers in Sheffield are more likely to go to University and specifically Russell group universities in the UK than their counterparts in the other LAs in South Yorkshire.
- HE in South Yorkshire is delivered by two universities and by five FE colleges. The two universities accommodated almost 61,000 HE learners (2019/20), a significant proportion of whom were studying STEM subjects[3]. In the same year there were a further 969 starts at FE Colleges in South Yorkshire on provision at Level 4 (Degree Level) and above.

[1] ESFA Localism Dashboard
[2] Ibid
[3] HESA Statistics https://www.hesa.ac.uk/data-and-analysis/students/table-1-(2019-20)-051.csv

A useful framework to inform the presentation and understanding of the most relevant skills intelligence uses three elements: the supply of skills; the demand for skills; and the existence or otherwise of any 'mismatches' between them. This has been picked up by the SCR MCA Strategic Economic Plan which highlights the importance of matching supply and demand and addressing education, skills and employability issues to deliver a functioning skills system.

Figure 4: Balanced Skills Supply and Demand



Source: Adapted from OECD Local Skills Strategies 2019

In exploring supply and demand of skills, often the detail and level of specificity is challenging. This is because skills supply and demand is "live", changes happen all the time and is best assessed at the level of individual employer. However, supply and demand analysis can still provide broad priorities and insight into the skills and employment needs to inform SCR MCA's skills agenda.

2.1 Context

Population

In 2019, there were 1.4 million[4] residents in South Yorkshire. Of these two out of five lived in Sheffield and the remainder were split almost equally across the three other Local Authority Districts(LADs). Sheffield's student population inflates the number of 20-24-year olds, but otherwise the age distribution is similar across the LADs. Two thirds of the population (890,000 people) are of working age, a proportion that will decline as the average age of the population increases.

Between 2019 and 2043 there are forecast to be modest population changes. However, around 27,500 more people will leave the workforce than enter it.

[4] ONS Population Estimates (2019)

Economic Activity

At 77% or 694,900 people, the economic activity of the South Yorkshire working population is lower than that of England, with all LADs below the national average. In part, the relatively high economic inactivity rates are due to a higher incidence of people with long term health conditions (51,500 people).

Economic activity rates are lower for Ethnic Minorities and disabled people across England. This is true for South Yorkshire, but the gap between Ethnic Minorities and disabled people relative to their comparator groups is higher in South Yorkshire than nationally.

On the ILO definition of unemployment, there are higher levels of unemployment in South Yorkshire than England. The unemployment rate is reducing more slowly in South Yorkshire compared to England, this is due to higher levels of unemployment and a slower rate of decline in Sheffield.

The proportion of young people who meet the definition of ILO unemployment is much higher than other age groups, especially the unemployment rate of 20-24-year olds in Doncaster and Rotherham. Young people's unemployment is also not falling as fast as that in other age groups in most areas in South Yorkshire. The ILO unemployment rates Ethnic Minorities and disabled people are twice that of their comparator groups.

Unemployment measured by the claimant count shows a narrower range of unemployment across South Yorkshire and the LADs when compared to England. The claimant count unemployment rate is also falling faster in South Yorkshire than nationally.

Just under third of SCR households claim in-work benefits which is higher than the national average especially in Doncaster. There are also higher levels of households claiming out of work benefits than the national average, especially in Barnsley.

Deprivation

Compared to the comparator LEP areas South Yorkshire has lower levels of deprivation on the income and employment measures. However, South Yorkshire and it's four Local Authorities have much higher levels of deprivation on the education, skills and training indicator, especially in Doncaster.

On social mobility scores, there are a wide range of scores across the Local Authorities and comparator LEP areas. South Yorkshire and the Local Authorities have lower rankings on the youth and adulthood indicators. Youth social mobility is particularly low in Barnsley and Doncaster.

On a range of variables of economic disadvantage – economic inactivity, unemployment, benefit claimants, deprivation and social mobility – South Yorkshire and its Local Authorities show relatively higher levels of disadvantage compared to England for: economic inactivity, unemployment, benefit claimants, deprivation and social mobility. However, on most of these measures SCR and the Local authorities are only a percentage point (pp) or two below the national average.

Comparing the four South Yorkshire Local Authorities, the findings are not unequivocal, with some areas performing better on some measures than others.

Youth unemployment, education, skills and training deprivation and the social mobility of young people do appear to be the most significant issues.

For more detail on the local economy and characteristics see the evidence base for the Strategic Economic Plan (SEP) here: https://sheffieldcityregion.org.uk/sep/

2.2 Skills demand

On a large number of key variables, the structure and performance of the South Yorkshire economy is similar to that of England. There are key differences but there do not appear to be fundamental weaknesses in the South Yorkshire economy. On enterprise and employment growth, South Yorkshire performs less well than England but not to a great degree. The main gaps when compared to England are in levels of productivity and wages.

Overall rates of enterprise activity in South Yorkshire are lower than in England as measured by the number of businesses per head of population and the birth and death rate of enterprises. Doncaster has the highest measures on all of these indicators showing a relatively vibrant business base.

Compared to England, South Yorkshire has higher levels of medium and larger businesses, except for Doncaster which has more micro businesses. The number of businesses grew at a faster rate than in England 2014-19, especially micro and larger businesses.

South Yorkshire's Key Sectors

There are a range of sectors which are important to South Yorkshire's Economy. Some sectors, like Healthcare and Retail are important by virtue of them providing employment to large numbers of people in South Yorkshire. In the following diagram these sectors are classed as 'Big Employment Sectors'. There are sectors like Transport, Storage & Warehousing, that have seen significant growth in the overall number of people employed in them, categorised here as Growing Sectors. The final group of sectors highlighted here are sectors which can bring a multiplier effect – for example the Low Carbon sector will not only provide jobs for residents it will also help the region to become carbon neutral. This would support Sheffield City Region's ambitious Energy Strategy.

Big Employment Sectors	Growing Sectors	Sectors with potential
Healthcare: 91,000	Transport, Storage & Warehousing; 6,000+ jobs since 2015	Digital (e.g. EdTech) (18,000 in Information &communication)
Retail: 58,000	Healthcare 4,000 jobs since 2015	Low carbon (1,000 in Supply of energy)
Manufacturing: 59,000	Insurance & Pensions; 2,000 jobs since 2015	Advanced Manufacturing (59,000 in manufacturing)
Education: 59,000	Creative & Digital; 2,000 jobs since 2015 (digital production and programming)	Specialised construction & infrastructure (31,000 roles in Construction)

There were increases in the number of enterprises in all South Yorkshire sectors. Compared to England, the number of businesses grew faster in construction and transport and storage, but not as fast in professional, scientific and technical services.

South Yorkshire has a higher proportion of high growth businesses compared to the comparator LEP areas and the UK.

Productivity in South Yorkshire is 82% of the UK and lower than the comparator LEP areas. Sheffield's productivity rate is 95% and Barnsley, Doncaster and Rotherham is 78%. South Yorkshire growth in productivity since 2004 is the same as the UK's but this means that the gap hasn't closed. There were larger than national increases in Doncaster and Rotherham so that by 2018 productivity levels in these two Local authorities and Barnsley were very similar.

The largest output sectors in South Yorkshire, as measured by GVA, were manufacturing, wholesale and retail, health and social care and education.

There is a similar sectoral employment distribution to England except that South Yorkshire has more public administration, education and health jobs and fewer business, finance and insurance jobs. Employment growth 2014-19 was 6% compared to 7% in England. South Yorkshire had fewer growth sectors than England. In terms of the sectoral structure of employment, Sheffield is closer to the England average and Rotherham differs the most.

South Yorkshire has three groups of priority sectors: big employment sectors with potential, and growing sectors. All of these priority sectors increased job levels between 2014-2019.

As with the employment profile by sector, the distribution and recent change by occupation is very similar in South Yorkshire and England. South Yorkshire, however, has a lower proportion of high skilled jobs and the percentage is lowest in Barnsley. Between 2014 and 2019 there was a large increase in the number of high skilled jobs in South Yorkshire, driven by change in Sheffield. More occupations saw job increases in England than South Yorkshire.

The employment forecasts were published in January 2020, just before the impact of the pandemic was felt. Bearing this in mind, there are expected to be positive and negative changes by different sectors and occupations resulting from macroeconomic and sector changes. However, the net requirements on all sectors and occupations will increase due to replacement demand i.e. the need to replace older-age people as they leave the labour market.

There is expected to be a continuation of the trends from manufacturing and primary to service sector jobs; from manual to non-manual occupations; and from low to high skill employment.

Overall, there is expected to be an increased need for people with Level 4+ qualifications.

Pay levels in South Yorkshire are 90% of those in England. Pay levels have grown in both areas by the same amount so the same gap remains. Pay in Doncaster grew at a much slower rate than other areas.

The gender pay gap in South Yorkshire in 2016 was very similar to that in England. However, in the intervening years South Yorkshire has narrowed that gap compared to England.

Job posting trends pre-pandemic were similar in South Yorkshire, England and the comparator LEP areas. They were highest for professional, and associate professional jobs in all locations. They comprised a lower proportion in South Yorkshire, which had greater demand for administrative and secretarial, and manual job postings.

Cross-sectoral skills (e.g. team working and communication) are mentioned the most in job postings. However, the ESS found that employers found technical and practical skills, people and personal skills, and complex analytical skills the hardest to find.

South Yorkshire has lower levels of skills shortage and hard to fill vacancies. However, skills gaps and staff underutilisation are much more significant issues for employers in all areas.

Just under one third (63%) of employers in South Yorkshire provide some form of staff training, this is higher than in England. However, different measures of training behaviour provide different rankings in the level of training by area. Most training is job specific, but a high proportion is health and safety and basic induction.

Of those employers who do not train, more than 80% say that their staff are fully proficient and so there is no need to train. For those employers who do train, the main reasons they do not increase their levels of training are because of the costs associated with losing staff whilst they train, and the actual costs of funding the training.

Due to Government job retention or business operation support the full impact of COVID-19 on the demand for skills has not yet materialised and is unlikely to until the support and lockdown are lifted. The data available suggests that, due to Government support, the impact to date has been relatively small. Levels of job postings were initially hit hard by the lockdown in March 2020 but recovered quite quickly by the summer. Employment and enterprise data show minimal changes overall and by sector and occupation.

To support the Skills Advisory Network's understanding about the skills needs of priority sectors the network commissioned a separate research project from our local chambers of commerce. The full report is available on the Skills Advisory Network website.

2.3 Skills supply

School Age

In general, the picture for young people is that across South Yorkshire on the various indicators, South Yorkshire falls below the national average, but the extent of this (and the variation across the South Yorkshire Local Authorities) differs. However, unlike the indicators of skills demand, South Yorkshire tends to fall below the national average on almost all measures.

Educational attainment, as monitored by several indicators at school level, is lower in several areas of South Yorkshire compared to the national average.

For young people at KS4, South Yorkshire has a lower Attainment 8 score than England, but in Rotherham and Sheffield it is closer to the national average. There are high levels of positive destinations in South Yorkshire, slightly lower than in England. At KS4, young people in South Yorkshire are more likely to enter apprenticeships and employment, than further education. Young Ethnic Minorities and women are slightly more likely to enter further education and training than their comparator groups, however, SEND young people have a significantly lower rate.

At KS5, attainment levels of young people in Rotherham and Sheffield are similar to the national average, but lower in Barnsley and Doncaster. 18-24 year olds in South Yorkshire have higher unemployment rates than nationally and are less likely to enter full-time education. Barnsley and Doncaster appear to have higher NEET rates. Barnsley had higher NEET rates consistently throughout the last decade. There appear to be high levels of 18-24 year old unemployment in Doncaster, but the data needs to be investigated more.

The destination of students at school and sixth form differs within South Yorkshire. For example, apprenticeships are more popular for school leavers in Barnsley whilst more 6th form and college leavers in Sheffield go to University and specifically Russell group universities in the UK.

19+ FE budgets

Adult Education Budget (AEB), Adult Learner Loans(ALL), apprenticeships and Community Learning (CL) – collectively funded 77,000 learning aim starts in 2018/19. These are delivered by a large number of providers, 624 in total[5].

Apprenticeships

Apprenticeships are delivered by 462 providers, of which 232 deliver fewer than five learning aim starts. Apprenticeship take up has been flat despite a huge push from Government. Recent trends show increases in higher level apprenticeships which is welcome. In South Yorkshire, latest figures suggest that 22,920 workplaces employed apprentices in Yorkshire in 2018/19. Nationally, 82.2% were small businesses (0-49 employees), 12.3% were medium businesses (50-249 employees) and 5.5% were large businesses (250+ employees). Employing and undertaking apprenticeships has been more challenging during the pandemic. There has been a drop in starts but there is plenty of support from apprenticeship providers and the Government. In South Yorkshire, Apprenticeship starts peaked at 10,540 in 2018/19, by 2020/21 Apprenticeship starts had fallen to 4,330[6].

Adult Education Budget

AEB and particularly Community Learning is used to support older learners (in comparison to Apprenticeships). This extends to level of provision: 60% of AEB learning aim starts are at Entry or Level 1.

The programme of Adult Skills provision seems to be in line with South Yorkshire sectoral priorities, for example, funding provision in STEM, health and social care, construction, transport, storage and warehousing, and business administration. At the same time there is also much provision available at Entry and Level 1 to support those with no or low qualifications.

Around half of learners (across all FE provision) undertake provision that is at a higher level than the learner's prior level of attainment. Across apprenticeships more than half of individuals take higher levels of provision than their prior attainment whereas for AEB it is 43%.

Higher Education

Higher Education in South Yorkshire is delivered by two universities and five FE colleges. These two universities accommodated almost 61,000 HE learners in 2019/20[7], a significant proportion of whom were studying STEM subjects. In the same year there were a further 969 starts at FE Colleges in

[5] ESFA Localism Dashboard
[6] ESFA Localism Dashboard
[7] Annual HESA Statistics 19/20

South Yorkshire on provision at Level 4 (Degree Level) and above[8]. Level 4 and above provision at FE colleges includes undergraduate and post graduate degrees as well as vocations qualifications such as Higher National Diplomas.

Very high levels of HE students enter positive destinations with only 4% becoming unemployed. South Yorkshire appears to have a lower student retention rate than nationally, however the data is from a number of years ago and should be updated as increased HE student retention increases skills levels in the local economy.

The proportion of people in South Yorkshire with no or low qualifications (below Level 3) is not dissimilar to the national average. The main difference is that people in South Yorkshire are more likely to hold Level 3 qualifications and less likely to be qualified at Level 4+. Within South Yorkshire, Doncaster has the largest proportion of people with no or Level 1 qualifications and fewer at Level 3+.

South Yorkshire has a higher proportion of people with no qualifications and a lower proportion with higher level skills than the national average. Many areas have seen their profile change, but this has occurred at a slower rate than the national average.

Levels of international in-migration are heavily influenced by the presence of the two universities in Sheffield. Net international in-migration rose in all Local Authorities in the first half of the last decade but then fell after 2015/16.

A step change in the claimant count rate followed the implementation of the lockdown in March 2020. However, it appears to have affected all areas, age groups and genders equally. Even though the full impact of the pandemic came halfway through the 2019/20 academic year, there were significant falls in the learning aims starts in all of the funding programmes except for ALL.

2.4 Conclusions

The analysis of data has shown that on most measures of skills demand and supply South Yorkshire is below the national average. On indicators of skills demand, the picture varies depending on the variables under analysis with South Yorkshire performing better on some indicators. The skills supply data is less equivocal, with South Yorkshire underperforming the national average on most indicators.

The direction of travel also varies with South Yorkshire performing better over the latter half of the past decade on some indices than others.

Within South Yorkshire, especially on skills supply data, Sheffield and Rotherham generally perform better than Barnsley and Doncaster. The latter in particular appears to have relatively low qualification levels and there is a potential issue over youth unemployment which needs exploring in more detail.

Ethnic Minorities and disabled people also tend to score low on a variety of indicators in relation to their comparator groups.

On skills demand, South Yorkshire has much lower productivity rates than England and the comparator MCAs. Earnings levels are also significantly lower. Both have improved but at similar rates to England so that the gap persists. There is a gender pay gap in South Yorkshire and England., although the gap has narrowed in South Yorkshire much more than nationally.

[8] ESFA Datacube 19/20

3. Skills strategy and action plan

The evidence contained in this report sets out the challenges facing policy makers across South Yorkshire in setting out a coherent and effective strategy for skills. However, we need to look more deeply behind the evidence to understand the reasons why South Yorkshire has the skills profile that it has in order to find effective ways to bring about change. Increased productivity, inclusion and social mobility – the measures that we must focus on if we are to achieve the kind of inclusive growth that benefits residents and creates opportunities for the future – are limited by the South Yorkshire skills profile and by patterns of employment.

However, we do have some really important opportunities in the region, through growth in our key sectors and through jobs that we expect to open up with the emphasis in low carbon. To achieve real sustainable change, we will need to address the multiple factors that have resulted in the current position including the consequences of public policy, challenges in improving educational outcomes, the changing nature of employment, geographic variances and inequities across the region; we will not achieve progress by focusing on the 'skills system' alone.

The Sheffield City Region Education, Skills and Employability Board (ESE) has prioritised the development of a South Yorkshire Skills Strategy. This strategy will be developed during 2021 on behalf of the ESE Board. Development of the strategy will be consultative, drawing in views from residents and stakeholders across South Yorkshire. It will also draw on the work that each of the local authorities has been doing to set out their own local skills strategies. These include Sheffield's Education and Skills Strategy, Barnsley MBC's More and Better Jobs Employment and Skills Strategy and Rotherham MBC's Extending Prosperity to All – Employment and Skills Strategy.

The SAN will support the development of the Skills Strategy and provide advice on key questions. This Local Skills Report provides a really insightful body of evidence on which to base development of thinking for the strategy. Critically, the report gives us new insights into the scale and nature of the challenges facing South Yorkshire in seeking a step change in the skills levels needed to increase inclusion and drive productivity and growth.

The skills strategy will support two significant plans published in 2020 by the Mayoral Combined Authority and Local Enterprise Partnership; the Strategic Economic Plan (SEP) and the Renewal Action Plan (RAP).

The SEP is a long-term strategy for the City Region intended to develop the South Yorkshire economy over the next 20 years, the strategy aims to deliver an extra £7.6bn GVA, 33,000 extra people in higher level jobs, create a net zero carbon economy reduced income inequality and improve wages by over £1,500 for the lowest paid. The Strategic Economic Plan has been developed in collaboration with South Yorkshire's four councils and will help the Sheffield City Region MCA and LEP secure additional funding from Government, such as through the UK Shared Prosperity Fund.

Our strategy will set out how we want the skills system to respond to ensure employers have access to the skills they need and to ensure that there are clear pathways for residents to upskills and to take advantage of new employment opportunities as they arise. We will work to increase the profile of apprenticeships across South Yorkshire and will be working with employers and apprenticeship providers to consider flexibilities and other ways to make the system work more effectively in South Yorkshire. We will refresh our Skills Bank and make sure we continue to support a meaningful offer that employers value.

At the same time as publishing the SEP the MCA/LEP also published the RAP. The RAP focuses on the immediate challenges the City Region faces and sets out how the MCA/LEP intends to kick-start South Yorkshire's social and economic fightback from the coronavirus pandemic. The RAP is a COVID-19 specific, jobs-led plan, focused on addressing the direct and indirect impacts of the pandemic. The SEP and the RAP include cross-cutting skills interventions which are integral to the overall objectives of these plans.

The ESE Board has already identified two key areas of concern resulting from the pandemic. The first is the impact on young people across South Yorkshire. Even before the pandemic NEET rates across South Yorkshire were already higher than comparator areas in England, particularly among 18-24 year olds. Among certain groups – such as young females in Barnsley and Doncaster – rates were among the highest in the country with over 19% of young women in these areas NEET. These figures are likely to have been exacerbated by the decline in sectors such as retail and personal services during the pandemic and we will need an approach which focuses not just on addressing the shorter term lack of employment opportunities but also the longer term chronic scarring of young people's lives through under-achievement.

The ESE Board is also concerned about the impact of the pandemic on older workers, both in terms of the loss of skilled jobs but also the need for new opportunities for those displaced by the pandemic. As part of our strategy, we will be considering ways to retain the skills and talent of people already in the workforce, with support for them to upskills / reskills and pivot into new opportunities where that is an option.

3.1 Skills Action Plan

The SAN in South Yorkshire has been established later than most other areas' SAPs. As such the SAN has used this Local Skills Report to identify future priorities. These priorities are outlined in Chapter 6 – Looking Forward.

The activities the SAN agreed to deliver with the funding allocated in 2020/21 are as follows: -

1. <u>Sector Based Skills Dialogue Events</u>

The SAN commissioned four local Events with employers in priority sectors. The events were hosted by four of the local Chambers of Commerce: -

Sector	Host
Digital and ICT	Sheffield Chambers of Commerce
Health and Public Services	Doncaster Chamber of Commerce
Business administration and law	East Midlands Chamber of Commerce
Construction, Planning and the Built Environment	Barnsley and Rotherham Chamber of Commerce

These events were intended to provide a far more specific review of the skills challenges within some of the region's priority sectors.

The report summarising this research activity will be published in May 2021 on the SAN's website alongside this Local Skills Report.

2. Spotlight on Engineering and Manufacturing

Engineering UK have been commissioned to conduct this project. The first phase of the project will be similar to the Chamber Events and will explore the skills challenges that these sectors face. The second phase of this project will explore how manufacturing and engineering can be positioned as an accessible, exciting, realistic and worthwhile career for young people and those seeking new career opportunities.

The output from this project will be published in Summer 2021 on the SAN's website

3. Online Data Visualisation Platform (ODVP) within the Intelligence Hub

The final element of the work is the Online Data Visualisation Platform which will form a central part of the South Yorkshire MCA Intelligence Hub[9]. The Mayoral Combined Authority is commissioning the development of the platform and the SAN is supporting this work. The purpose of the platform is to provide stakeholders with dynamic access to a wide range of LMI data and insight to support policy making.

The ODVP (and the wider Intelligence Hub) will support a range of operational areas for the MCA/LEP. The SAN has been consulted and provided direction on the key metrics required for the portal will provide to be the definitive source of data on local skills and the labour market.

The Online Data Visualisation Platform will be ready in Summer 2021 and will be accessible through the SCR MCA and SAN webpages.

[9] Further details on the Intelligence Hub are provided in Chapter 5 – Case Studies.

4. Assessment of progress

Ahead of indicators being set and an appropriate amount of time elapsing to evaluate progress we provide an indication into assessment of progress to date and provide an insight to the context for redevelopment of the strategic direction within SCR MCA.

4.1 Strategic Context

SCR MCA/LEP has recently agreed a new economic plan. Progress against the 2015 SEP was highly positive, with a target: Create 70,000 net new jobs by 2024, with 30,000 to be highly skilled the data showed that SCR MCA was approximately 4 years ahead of schedule on achieving this target with 37,000 jobs created since 2014. This growth has been private sector led with the business services and manufacturing sectors adding the most jobs. In addition to that there was a target for more highly skilled occupations and approximately 30,000 highly skilled occupations to create a more prosperous economy. Again the data shows strong performance with 25,000 highly skilled occupations in our labour market[10].

However, further analysis of progress highlights several issues. This includes the gap between South Yorkshire and national data remaining and South Yorkshire not improving its relative position when it comes to employment, productivity or skills metrics. Furthermore, undertaking further shift-share type analysis highlights that employment growth has largely been in low pay and low skilled jobs, whilst the meeting of targets has been driven by natural change in the economy.

As such we have not met the needs of our people and businesses and there is a need to refocus and support skills development, grow our economy so it is fairer and so that more people can contribute and benefit. This includes building upon our strengths and addressing some of our challenges.

The new 2021 strategic economic plan outlines indicators for a stronger, fairer and greener economy which will be monitored. These include relative indicators around:

- Productivity improvements – Improving our productivity ahead of the national average.
- Attainment improvements - More highly skilled occupations, approximately 30,000 highly skilled occupations to create a more prosperous economy
- Wages - More highly skilled occupations, approximately 30,000 highly skilled occupations to create a more prosperous economy
- Occupations - More highly skilled occupations, approximately 30,000 highly skilled occupations to create a more prosperous economy
- More people in employment
- Skills levels

Outcomes and targets will be set by the forthcoming SCR Skills Strategy and Local Skills Improvement Plans.

4.2 Leadership

To date the SAN has met four times. We anticipate that it will become a local leader for skills related work. The SAN provides a platform for stakeholders who wouldn't necessarily have the opportunity to interact to discuss the skills challenges facing the Region. It is anticipated that the SAN will support the LEP/MCA Education, Skills and Employability Board with longer term strategic

[10] EMSI Data Analyst 2021

challenges. The Chair of the SAN has attended the ESE Board and provided input to discussions. This is part of how the two governance structures interact.

4.3 Enhancing local knowledge

Already the SAN has made a strategic input into the SCR Intelligence Hub and sharing of LMI across networks and there is further scope through the wider forums and groups across South Yorkshire (e.g. Headteacher's forum and Post 16 Education Partnership).The SAN is developing a clear understanding of current and future skills needs and will have up to date information in the coming weeks.

4.4 Impact on local skills provision

a. To what extent is your SAP influencing skills providers so that their offer better meets the skills and labour market needs in the area? This could include any provision you directly commission and/or any devolved budgets, functions or responsibilities (e.g. devolved AEB in MCA areas).

Manufacturing and Engineering - In recognition of the priority placed on this industrial sector the SAN has commissioned a piece of work to look at the skills issues that this sector faces as well as working to identify appropriate ways of dealing with the skills issues identified.

AEB Devolution – The MCA aspires to shift what is being delivered via the Adult Education Budget. The SAN will play a supportive role of this. The SAN's Intelligence Hub will be used to help to narrate the impact of devolution.

4.5 Covid-19 recovery and renewal plans

SCR MCA/LEP's RAP has been developed in close partnership with local authorities, businesses, trade unions, universities and other partners through the Mayor and the LEP's COVID-19 response groups. The RAP will make our economy and society:

- Stronger – an economic transformation to create not just a bigger economy but a better one: higher-tech, higher skill, and higher-value
- Greener – a green transformation to decarbonise our economy, improve our environment, and revolutionise our transport
- Fairer – a transformation of wellbeing and inclusion, raising our quality of life, reducing inequality, and widening opportunity

Our Plan has been submitted to government and the Mayor and the LEP will continue to lobby the Government for the powers and investment we need to unleash our potential.

We expect the SAN to provide a supportive and important role in the implementation of this plan. For example, helping to identify opportunities to deliver the aspirations and support with evidence on groups that need targeting. In the next 18 months we will:

- Help people improve their skills, get back to work, remain and/or progress in work, or set up in business
- Accelerate our Net Zero Carbon transition
- Back our progressive employers and job creators
- Get South Yorkshire moving by foot, bike, bus, tram and train
- Put cranes in the sky and spades in the ground

5. Case studies

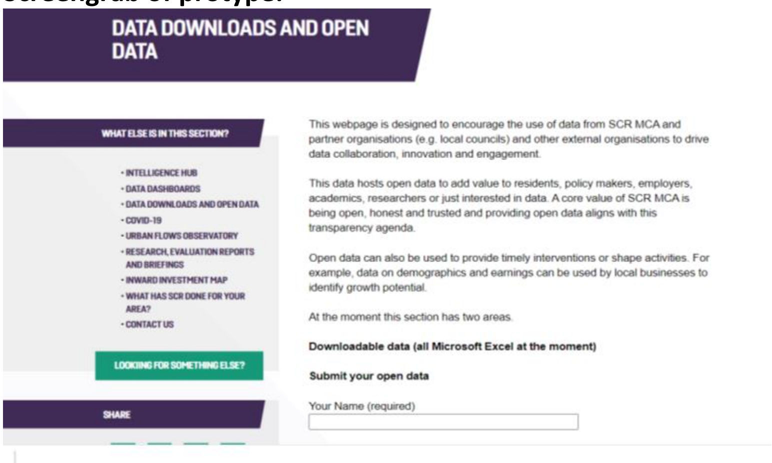
Despite the limited time frame that the SAN has been in operation, there have been a series of actions from meetings, feedback and strategic direction which has resulted in the below case studies.

Case study: SCR Intelligence Hub - Increasing stakeholders and employers' access to local skills information.

The SCR Intelligence Hub is an open dashboard and data-sharing resource where anyone can access data relating to South Yorkshire. The platform provides a range of data useful for understanding the local economy, labour market and wider aspects of our lives. It also helps to understand relative performance and change in data.

Whether you're a resident, employer, academic, researcher or just interested in data, the site provides resources to help you understand SCR's economy and develop evidence-based solutions. SCR Intelligence Hub works to bring stronger, greener and fairer value in South Yorkshire through data.

Screengrab of protype:



Case study: Covid-19 Labour Market Information updates

SCR MCA has developed COVID-19 Labour Market Information, providing succinct and up-to-date evidence on the impact on South Yorkshire's economy, business and people. It includes spotlights on specific sectors and regions and also summarises the key challenges alongside the ongoing response from SCR MCA.

Given the pace at which the effects of the pandemic are being felt, the normal sources of published data are not, by themselves, sufficient for assessing the immediate and short-term impacts. For this reason, as well as using published data and gathering insight from lead economic and labour market experts, SCR MCA is also using private data to inform this work.

The combined authority has shared this with enterprise coordinators, local authorities, schools and others.

Case study: South Yorkshire Headteacher's forum

The SAN has been pivotal in strengthening the purpose of the Head Teacher's Advisory Forum in South Yorkshire. The Forum is established to provide access to high-quality advice and networks to the Skills and Employment Thematic Board (SEB) for the SCR MCA. The Forum provide a vehicle to ensure that the current challenges and opportunities faced by schools across South Yorkshire are considered in the development of policy and practice in the City Region. The SAN has established clear communication links and therefore will receive input from the Headteacher's forum on the following topics:

- Providing strategic direction, intelligence, challenge and advice to the SCR Skills and Employment Board.
- Acting as Ambassadors for the Headteacher's Forum, by:
- actively engaging with Local Headteacher networks; disseminating relevant information to colleagues and contacts
- ensuring linkages with relevant activities
- promoting the work of the forum to colleagues and contacts
- Connecting LMI into local schools.

In addition to the case studies from the SAN, the below examples demonstrate the wider variety of useful work ongoing across the City Region.

Case study: Working Win Project

Working Win is a randomised control trial testing the efficacy of an Individual Placement and Support model for those with health conditions. It supported people to get back or stay in work. Working Win gave personalised and intensive support to participants and employers to help them maximise their potential, by identifying their strengths, finding employment that met the needs of participants and co-ordinating knowledge of the employers and health professionals.

The support involved:

- Working with a health care team
- Support once in employment
- Help talking to employers about workplace needs.

The total number of residents supported by Working Win has now reached more than 3,570, with more than 500 supported during the extension phase. This has helped the region's fightback against the Coronavirus pandemic. The scheme has supported people in South Yorkshire and Bassetlaw with physical and mental health issues to find or stay in training and work.

An evaluation is due soon and will be disseminated where possible.

Case study: Devolution of Adult Education Budget (AEB)

As part of its Sheffield City Region Mayoral Combined Authority Devolution Deal, the authority will take responsibility for more than £36m of devolved Adult Education Budget (AEB) from August 1st, 2021 and will commission adult skills provision for the residents of Barnsley, Doncaster, Rotherham and Sheffield. This means a new way of commissioning adult skills provision, local control over the AEB allows us to set priorities that meet the needs of our residents, communities and businesses.

Read more here:
https://sheffieldcityregion.org.uk/project/adult-education-budget/

Case study: South Yorkshire College Group

South Yorkshire Colleges Group is a collaboration consisting of The Sheffield College, Barnsley College, DN Colleges, RNN Group, and the University of Sheffield AMRC Training Centre. This group meets regularly to discuss challenges to the sector as well as to discuss upcoming opportunities. The College Group reflects the evolution of FE in South Yorkshire away from competition towards a more collaborative model of working. Currently the College Group is chaired by Barnsley College’s Principal Yiannis Koursis.

In addition to the above, case studies will be available on several other areas in the near future around the following subjects:

- A platform for careers LMI in South Yorkshire;
- Direction of apprenticeships and challenges in Covid-19;
- Skills needs and requirements in manufacturing and engineering;
- Stakeholder & Governance case studies around linkages to the Doncaster Opportunity Area; and,
- The positive role of Chambers of Commerce in South Yorkshire and linkages to LEP and MCA activities.

6. Looking forward

The SAN has used the Local Skills Report, and the analysis that underpins it, along with the insight and expertise of Network members to identify six priorities for the coming year. Those six priorities are:

1. Impact of Covid-19
2. Apprenticeships
3. Level 3 Qualifications Take- up for Adults
4. Achievement at Level 2 and below
5. Careers and Information, Advice and Guidance
6. Green Skills & Jobs

This chapter of the Local Skills Report explores why these future priorities have been set.

1. Impact of Covid-19 and strategies to mitigate

The impact of COVID-19 has been profound. However, because of the high level of Government support for people in work and businesses the true impact will only be felt when these forms of Government support are withdrawn. The data available at the sub-regional level suggests that, due to Government support, the impact to date of COVID-19 on jobs has not been as dire as had been expected. Therefore, the impact of the pandemic as South Yorkshire emerges from the lockdown and support is lifted, needs to be closely monitored.

A separate report on the Skills Challenges in South Yorkshire's Priority Sectors has been commissioned and will be available on the SAN website. This report looks at the impact of Covid on these priority sectors.

Young people's unemployment was a significant issue after the 2007-8 global financial crisis, with repercussions for young people's employment chances that lasted for a number of years. In the period after the financial crisis the number of unemployed young people (18-24) more than doubled, and the unemployment rate for young people was twice that of older people. Furthermore, in the post-financial crisis recession, young people found it difficult to establish themselves in the labour market, especially those with no or low-level qualifications. This translated quite quickly into young people experiencing lengthy and lengthier periods of unemployment.

Evidence suggests that, once again, the economic impact of the COVID-19 pandemic will impact on the employment prospects of young people much greater than other age groups. Levels of job postings in South Yorkshire (and comparator areas) were initially hit hard by the lockdown in March 2020, but recovered quite quickly by the summer as the economy opened up again through Schemes such as 'Eat Out to Help Out' and demand for domestic tourism Employment and enterprise data for 2020 show minimal changes overall, and by sector and occupation. There was a step change in the claimant count in South Yorkshire (and comparator areas) as the lockdown was implemented, more than doubling the rate. However, the impact was very similar in each of the areas, and amongst population groups (including by age group). Two months after the lockdown was implemented the claimant count rate plateaued.

However, the consequences of further lockdown and the end of the furlough scheme have yet to be fully understood in terms of the impact on the labour market. There is a real risk of a lasting and profound impact on young people as key youth employment sectors struggle to recover post pandemic.

Although more accurate data is needed (from the APS), the analysis shows that there may be high levels of youth unemployment (18-24) in some South Yorkshire's Local authorities. In the first half of the last decade, Barnsley had the highest level of NEET within South Yorkshire. Current data suggests high levels of young people's unemployment in Doncaster. Therefore, if the effects of the last recession are replicated it could hit young people and particular Local authorities quite hard.

2. Apprenticeships

Apprenticeships are a really valuable offer within the skills and employment landscape, providing employers with a route for developing and training staff with the knowledge, skills and behaviours they need and providing South Yorkshire residents with opportunities to develop skills for work and progression. However, changes to the apprenticeship programme have affected take up across South Yorkshire and as a SAN, we are interested in the gap between demand and supply across South Yorkshire and particularly how we can start to stimulate and support demand both from an employer and individual perspective.

Between large employers who pay the levy and government funding, the value of investment in apprenticeships across South Yorkshire is significant. But we are not currently seeing the full value of that investment realised through the new apprentice jobs or career development opportunities that would help to ensure good quality jobs and careers are available to residents across the region in sectors that we expect will offer long term growth and greater job security. As a SAN, we want to understand how to prime the Apprenticeship market for better results.

In fact, and as illustrated in Annex A, developments within the Apprenticeship programme have resulted a significant shift in the level of apprenticeships and the age of apprentices that we need to better understand in order to make sure the supply of apprenticeships meets its full potential. For example,

- Nationally, following the introduction of the Apprenticeship Levy, there has been a fall in 16-18 apprentices and a rise on those aged 25+.
- There has been a major decrease in the number of Intermediate Apprenticeship starts and an increase in Advanced and, to a much greater extent, Higher level apprenticeships.
- Analysis by age and type shows that the number of starts in each age group has fallen for Intermediate but increased for both Advanced and Higher level apprenticeships.
- A similar picture emerges when analysing trends by SSA where Intermediate apprenticeships have fallen in each SSA but increased for Advanced and Higher.

At a national level over the past decade, there have been large changes by the size of organisation, with large increases in apprenticeship starts in larger firms and reductions in smaller ones. Since the introduction of the apprenticeship levy these trends have accelerated, however, it is more to do with whether an organisation pays the levy rather than employment size per se. Within each size band, levy payers have increased their apprenticeship recruits whilst non-levy payers have reduced their numbers.

This has impacted on apprenticeship opportunities for younger people because, according to the national Employer Skills Survey (ESS), smaller employers (i.e. non levy payers) are more likely to recruit younger people and Intermediate apprentices.

According to the latest ESS, just over one quarter of South Yorkshire employers (28%) currently have, offer or have offered apprenticeships in the past three years. This is slightly above the national average. However, if the direction of travel in South Yorkshire is the same as England, these employers will increasingly be larger and offering Advanced and (in particular) Higher level apprenticeships to their existing workforce.

These trends imply that one of the traditional vocational routes into the labour market is being reduced for young people i.e. via Intermediate apprenticeships. COVID-19 inspired incentives prior to the recent budget predominantly favoured 16-18 year olds, however, the budget announced that £3,000 incentives would be available to support all apprentices.

As the economy picks up following the pandemic, there is likely to be a reduction in apprenticeship demand for certain sectors hit hardest by the pandemic and other factors (e.g. retail). However, the experience from the 2008 Financial Crisis showed that apprenticeship recruitment levels held up fairly well nationally during the subsequent recession. There is likely to be a further concern due to a pause in recruitment for the sectors who are likely to continue to recruit apprentices. Furlough and social distancing has meant that many apprenticeships were put on hold and the normal September intake for many employers was paused because the previous batch of apprentices had not yet completed.

The work under this strand could involve specifically focusing on priority sectors and trying to unlock greater engagement with Apprenticeships. The SAN might also choose to explore if there is data on which specific employers are engaging on apprenticeships.

3. Level 3 take up at 18 and above

Achievement at Key Stage 4 and Key Stage 5 in all of the four South Yorkshire Local authorities are lower than in England, although the gap between the Local authorities and England varies considerably (and at the two stages). The issue is greatest in Barnsley where it has the lowest KS4 and KS5 attainment of the four South Yorkshire Local authorities. Within the working population, there are high levels of people in Doncaster with no or low (below Level 2) qualifications.

Employment forecasts suggest that there will be an increase in qualification levels required in the workforce in South Yorkshire and elsewhere. This is as a result of an increase in higher skill level occupations (e.g. professional, and associate professional and technical jobs) as well as an increase in qualification levels in medium and low skill occupations.

The largest forecast change in qualification levels in South Yorkshire is at Level 4 and above. This is where the biggest gap lies between South Yorkshire and England. Therefore, the biggest challenge is not just to increase take-up of Level 3 qualifications within South Yorkshire, but to then progress people from Level 3 on to higher level qualifications.

In August 2021 the Adult Education Budget is devolved from DfE to the Sheffield City Region Mayoral Combined Authority. At the same time the funding for the Lifetime Skills Guarantee will also be devolved. The combination of these schemes will provide far greater control over this aspect of the skills system.

This strand of work has the potential to help the region unpick the scale of the challenge there is in moving learners from Level 2 upwards. As the analysis behind this report has also suggested it is important that any steps to increase the skills of the population are supported by work to increase employer demand for learners with higher qualifications.

4. Achievement at Level 2 and below

Basic Skills are the foundation of learning. This is especially so for Adults who may not necessarily acquired this learning. The SAN is keen to ensure that there are no barriers for people with low and no skills to progress to higher levels of learning with all the benefits that these can bring. Across South Yorkshire as a whole, achievement at Level 2 is only slightly higher than in England. This is perhaps due to the large HE student population in Sheffield. South Yorkshire is closer to the national average than the three comparator MCA areas. (It must be remembered that England has a relatively low qualified population compared to competitor nations such as the G7).

Within South Yorkshire there are much larger gaps between the Local Authorities and England, especially in Doncaster. In addition, within Barnsley, Doncaster and Rotherham, the gap widens at Level 2 rather than at Level 1 and below. This suggests that a key issue in these three Local authorities is progression from no and Entry/Level 1 qualifications to Level 2 (and higher). The SAN is keen to explore the reasons for these inequalities and to understand how to encourage people with lower level qualifications to progress further as this would reduce the gap between the three Local authorities and England.

5. Careers Information Advice and Guidance

Ensuring all learners have access to a high quality, universal, all age CIAG service would start to help to deal with some of the inequalities that the research in the Local Skills Report has highlighted. Feedback suggests current provision is limited to specific cohorts or tends to be patchy. Older adults in particular struggle to know where to go for support. Better information about the future value of skills and qualifications would allow potential learners to make more informed choices, it will help providers to ensure the curricula offered is what is needed for the future and it will ensure employers have a ready supply of appropriately skilled labour.

6. Skills for the Green Economy

Everyone is becoming more conscious of our environmental impact. Transitioning towards a Green Economy will create a demand for new skills and create new opportunities. Some of these skills and opportunities are likely to feel more like evolution – plumbers fitting heat source pumps as well as traditional gas boilers – mechanics servicing and repairing electric vehicles as well as vehicles with combustion engines. However, the Green Economy will also create demand for completely new jobs, for example construction via Modern Methods of Construction can involve very different skills than traditional construction. South Yorkshire must be prepared to service both these needs. This strand is intended to identify how upskilling / reskilling of residents in South Yorkshire will help to them remain in or find work as the green economy evolves. The benefit of being at the forefront of the Green Economy is that South Yorkshire is well positioned to benefit from both the environmental and economic dividends that this will bring.

Annex A: Core indicators

Skills Analysis Report:

Annex A

By

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March 2021

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Glossary

AEB	Adult Education Budget
ALL	Advanced Learner Loans
BAME	Black and Minority Ethnic
BRES	Business Register and Employment Survey
CL	Community Learning
DfE	Department for Education
ESS	Employer Skills Survey
FE	Further Education
GBSLEP	Greater Birmingham and Solihull LEP
GVA	Gross Value Added
HE	Higher Education
HECSU	Higher Education Careers Services Unit
HESA	Higher Education Statistical Agency
IB	Incapacity Benefits
IDBR	Inter Departmental Business Register
IMD	Indices of Multiple Deprivation
ILAs	Individualised Learning Accounts
ILR	Individual Learner Record
ILO	International Labour Organisation
JSA	Jobseeker's Allowance
KS4	Key Stage 4
KS5	Key Stage 5
LCR	Liverpool City Region
LEED	Local Employment and Economic Development
LEO	Longitudinal Education Outcomes
LEP	Local Enterprise Partnership

LSOAs	Lower-layer Super Output Areas
MCA	Mayoral Combined Authority
NEET	Not in Employment, Education or Training
ONS	Office for National Statistics
pp	Percentage point
SAN	Skills Advisory Network
SAP	Skills Advisory Panel
SCR	Sheffield City Region
SEND	Special educational needs and disability
SIC	Standard Industrial Classification
SMC	Social Mobility Commission
SMI	Social Mobility Index
SOC	Standard Occupational Classification
STEM	Science, Technology, Engineering and Mathematics
TVCA	Tees Valley Combined Authority
UP	Upskilling Pathway
WMCA	West Midlands Combined Authority

Introduction

Warwick University Institute for Employment Research was commissioned by Sheffield City Region's (SCR) Skills Advisory Network in February 2021 to support the production of its first Local Skills Report.

Each Mayoral Combined Authority (MCA) and Local Enterprise Partnership (LEP) area has been requested by the Department for Education (DfE) to establish a Skills Advisory Panel (SAP), and to develop a skills analysis to inform their future work. DfE has published guidance on the format the skills report and data analysis should take.[11]

SCR skills report

This report follows the structure of DfE's analytical toolkit methodology and suggested data sources.

Where information is available, the report analyses data on 2019 as the last year before the impact of the pandemic. For each indicator, the analysis provides a time series from 2014 to show the direction of travel pre-pandemic. Where possible data is provided for each of the four the City Region local authority districts – Barnsley, Doncaster, Rotherham and Sheffield[12] – and England (in some case Great Britain and the UK). Data permitting, there are also comparisons with benchmark MCA/LEP areas – Liverpool City Region (LCR), Tees Valley Combined Authority (TVCA), and the West Midlands Combined Authority (WMCA).[13]

The impact of COVID-19 has been profound. However, because of the high level of Government support for people in work and businesses the true impact will only be felt when these forms of Government support are withdrawn. Where possible, analysis is provided to identify changes pre- and post-COVID, but this will only provide a partial indication of impact and the situation will need to be closely monitored through the coming months as lockdown and support are eased.

Structure of the report

The report is organised into four further sections focusing on the: local landscape; skills demand; skills supply; and then a final section titled mapping supply and demand which also serves as a conclusion.

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[11] See https://www.gov.uk/government/publications/skills-advisory-panels

[12] Most of the data for SCR equates to the sum of the four local authority areas. However, a small amount of data covers the four local authority areas and parts of Derbyshire, where this geography is used we refer to the area as SCR LEP.

[13] LEP and MCA areas are coterminous for LCR and TVCA. WMCA is not, it covers three LEP areas: the Black Country LEP; part of Coventry and Warwickshire LEP; and GBSLEP. Where LEP only data is provided, the GBSLEP is used as the comparator area for WMCA.

Local landscape

Introduction

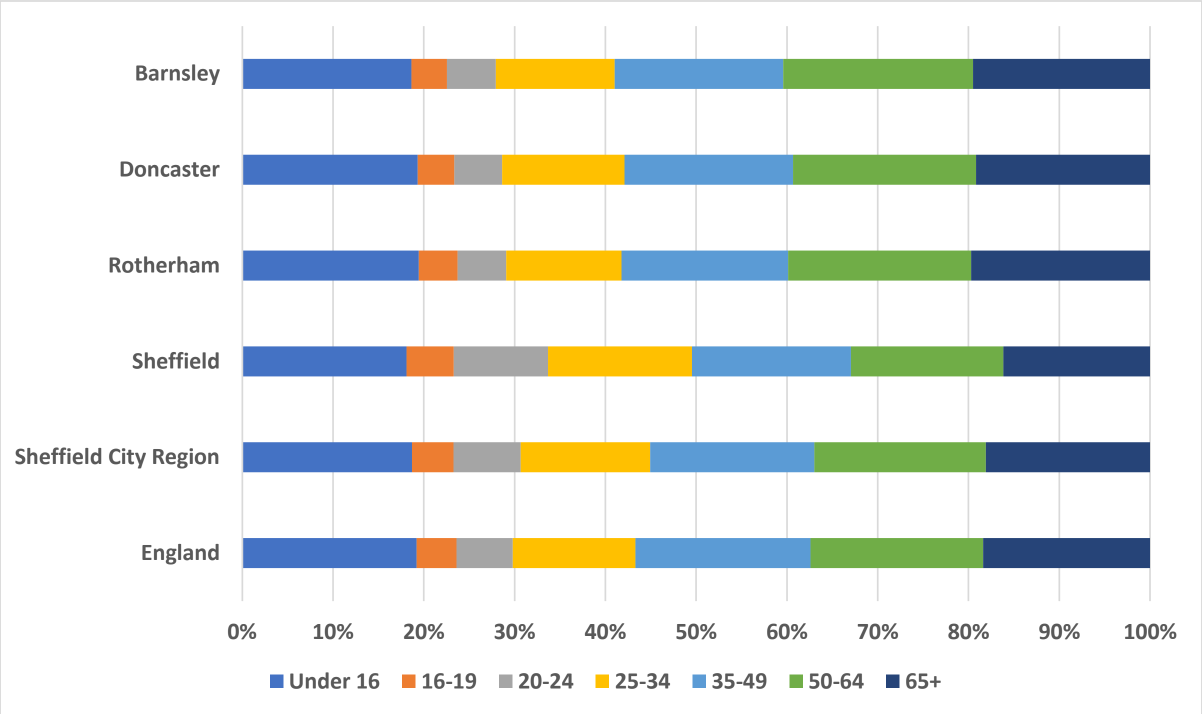
This section provides an overview of the economic, demographic and skills structure and direction of the SCR MCA. It presents data for the four local authorities against the benchmark of the country as a whole. Comparisons are also made with similar MCA areas – LCR, TVCA and WMCA. For the most part data is presented for 2019 (where the data allows) as the final whole year before the COVID-19 pandemic struck. A direction of travel is provided for the period from 2014 (where data allows) and a longer term perspective is available from economic and labour market analyses that SCR has produced since its inception in 2014.

Population

In 2019, there were just over 1.4 million people resident in the City Region. The largest number lived in Sheffield (585,000 or 42%) with the remainder split almost equally between Doncaster (22%), Rotherham (19%) and Barnsley (18%). Just under two thirds (63%) of the City Region population is of working age (16-64), around one in five (19%) are aged under 16, and a similar proportion (18%) are aged 65 and over.

Figure 1 shows that the age structure of the population of the City Region and local authorities was similar. Sheffield had a higher proportion of people aged 16-64 (66%) compared to the other local authorities (62%), this was because Sheffield had a lower proportion of people aged 65 and over (16%) compared to the other districts (19%). The age profile of the City Region is almost identical to that of England.

Figure 5: Population by age – the City Region, local authorities and England, 2019



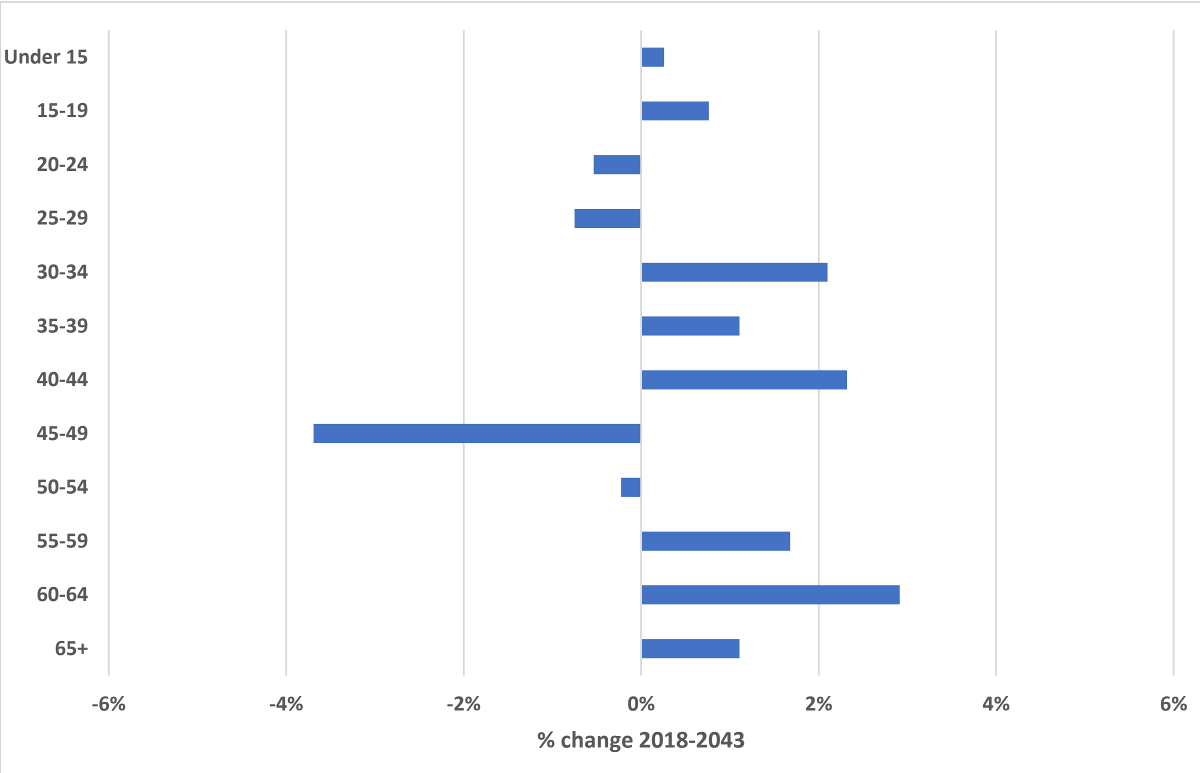
- Source: ONS Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland 2020

The population of the City Region has risen over the past decade by 4% (2012-2018) and across all four districts. Barnsley saw the largest population increase (6%), and Doncaster and Rotherham the smallest (3%).

There are forecast to be modest population changes over the next 20 years (an increase of 2%, see Figure 2), although population projections are likely to change in the wake of the pandemic. The total population of the City Region is expected to grow by less than 10,000 people to just under 1.5 million people by 2043. However, there are predicted to be changes in the age profile of the population. The number of older people (aged 65+) in the City Region is forecast to increase by only 0.5% and the number of children to increase by a similar amount (0.3%). The number of people of working age is expected to increase by 0.5%.

The changing age structure has important implications for job opportunities for younger people. People leaving the workforce creates replacement demand for those entering the workforce (see Section 3.5). Over the next 20 years, more of the City Region population will leave the workforce than enter it, with an estimated net loss of 27,500 people of working age.

Figure 6: Population forecasts – the City Region, 2019-2043



- Source: ONS Population projections for local authorities: Table 2, March 2020

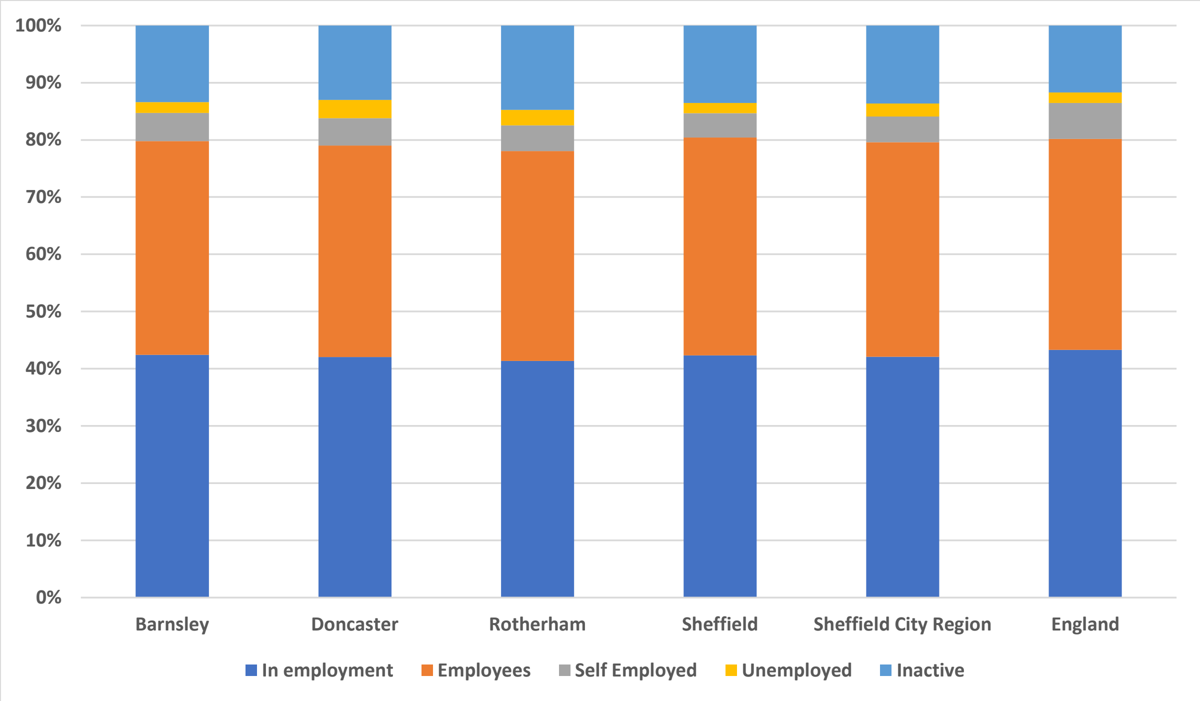
The ethnic composition of the population varies across the four local authority areas. Sheffield is closer to the England average in terms of the percentage of the population that is of White ethnic origin (84% and 85% respectively). In the other three local authority areas, more than nine in ten people are of White ethnic origin, with Barnsley having the highest proportion (98%).

Economic activity and inactivity

In 2019/2020 (April 2019-March 2020) there were just under 900,000 people aged 16-64 in the City Region. Of these over three quarters (77%) were economically active (i.e. employed or unemployed) and 23% were economically inactive (e.g. students and retired people). Figure 3 shows the economic inactivity rate in the City Region ranged from 22% in Doncaster to 25% in Rotherham. All areas are above the economically inactive rate for England as a whole (21%).

Rotherham also has the lowest employment rate (70% compared to 73% in the City Region and 76% in England) and the highest unemployment rate (5%, 4% and 3% respectively).

Figure 7: Economic activity and inactivity – the City Region, local authorities and England, April 2019/March 2020



- Source: IER analysis of NOMIS data based on the Annual Population Survey

The City Region has the tenth highest economic inactivity rate across all LEPs, with 23% of people aged 16 to 64 being economically inactive. This equates to around 266,500 individuals. The economic inactivity rate for the City Region has remained higher than the level for the UK since 2004 and the difference has been stable.[14]

The City Region has a high proportion of people who are economically inactive due to long-term health conditions (29% of economically inactive people) compared to 21%. The proportion is particularly high in Barnsley (31%) and Doncaster (33%).

Economic activity and inactivity varies by population groups. In the City Region, the economic activity of people of White ethnic origin (78%) is higher than people of BAME origin (61%). Both of these figures are lower than the national average but the economic activity rate of people of BAME origin is much lower than the national average (61% in the City Region compared to 72% in England) compared to those of White ethnic origin (78% and 81% respectively).

There are similar discrepancies between different ethnic groups, and compared to England, for employment rates. In the City Region, employment rates are higher for those of White ethnic origin (74%) compared to those of BAME origin (56%). This is mostly due to higher economic inactivity rates rather than unemployment rates. The respective figures for England are 78% and 67%.

[14] Sheffield City Region (May 2019), Sheffield City Region Economic Evidence Base: Skills and Employment

Disabled people[15] are much more likely to be disadvantaged in the labour market compared to non-disabled people. In the City Region, disabled people are twice as likely to be unemployed (6% compared to 3% for non-disabled people), economically inactive (41% compared to 17%), and much less likely to be in employment (53% compared to 80%).

Unemployment and deprivation

There are two main measures of unemployment: the International Labour Organisation (ILO) definition[16]; and the claimant count.

Total unemployment

Table 1 presents unemployment data from the APS (according to the ILO definition) for the City Region using a two year average of the data (because of seasonal fluctuations). The two year average in the City Region was 42,100 people (16-64 year olds) or 6.4% of the economically active workforce. The unemployment rate varied across the City Region with Sheffield having the highest unemployment rate (6.6%) and Rotherham the lowest (5.9%). All City Region areas had unemployment rate higher than the average for Great Britain (4.7%).

All areas saw a significant decline in levels of unemployment as Table 1 shows. Doncaster and Rotherham both saw rates of decline higher than across Great Britain. Barnsley and Sheffield saw large falls but below the national average. Overall over the period, unemployment in the City Region fell by 52%.

Table 1: Unemployment rate and percentage change – the City Region, local authorities and Great Britain

	Average % 2016-18	% change 2010-2012 to 2016-18
Barnsley	6.3	-44%
Doncaster	6.4	-76%
Rotherham	5.9	-79%
Sheffield	6.6	-33%
SCR	6.4	-52%
Great Britain	4.7	-62%

- Source: SCR Inclusive Growth Indicators based on the Annual Population Survey

In 2016, whilst 16% of unemployed people were unemployed for less than 6 months, almost one in five (18%) had been out of work for 2-5 years, and almost half (47%) had been unemployed for five or more years. The longer someone is unemployed the more difficult it is for them to re-enter the labour market.[17] Periods of very long term unemployment (2 years+) increase with age, especially for the over 45 age group.

Unemployment by demographic group

[15] As defined by the Equality Act 2010 i.e. a physical or a mental condition which has a substantial and long-term impact on your ability to do normal day to day activities.
[16] The LFS uses the ILO definition of unemployment includes people not in employment who have been actively seeking work in the past four weeks and are available to start work in the next two weeks; or who have found a job and are waiting to start it in the next two weeks.
[17] Sheffield City Region (2016), LMI Report

Table 2 shows the most recent unemployment data in the 12 months before the pandemic lockdown in April 2020. Across the City Region, the unemployment rate was 5.1% which is above the rate for Great Britain (4.0%) but a narrower gap than shown in Table 1 above.

Table 2 also shows the unemployment rate by age group as a proportion of the 16-64 economically active population. Comparisons between the City Region and Great Britain show very similar unemployment rates with less than one percentage point (pp) difference for most age groups. The main exception is 20-24 year olds where the difference is 3.3pp.

Unemployment rates amongst 16-19 year olds in Barnsley and especially Rotherham are much higher than in other areas. In Doncaster and Rotherham, unemployment amongst 20-24 year olds is also much higher than in other areas, whilst in Barnsley and Sheffield it is lower than the national average. In Doncaster and Rotherham, 22% of 16-24 year olds are unemployed compared to 10% in Barnsley, and is almost double the Great Britain average (12%).

Table 2: Unemployment rate by age group – the City Region, local authorities and Great Britain April 2019 to March 2020

	Barnsley	Doncaster	Rotherham	Sheffield	SCR	Great Britain
16-19	20.6%	13.3%	35.3%	NA	20.3%	18.0%
20-24	5.2%	25.6%	17.5%	8.2%	12.6%	9.3%
25-34	3.5%	3.8%	#VALUE!	2.8%	3.0%	3.5%
35-49	4.1%	3.6%	4.1%	3.8%	3.8%	2.6%
50-64	NA	5.4%	3.3%	3.4%	3.5%	2.6%
Total 16-64	**4.2%**	**7.0%**	**6.1%**	**4.1%**	**5.1%**	**4.0%**

- Source: IER analysis of NOMIS data based on the Annual Population Survey

Between 2014/15 and 2019/20 there were double digit percentage declines in the number of unemployed people in most age groups in each of the local authorities. There were large increases in the number of unemployed people aged 50-64 years old in Doncaster (33%) and Rotherham (27%). Barnsley had an increase of 8% in 16-19 unemployed people, and Rotherham had an increase of 5% in the number of unemployed 20-24 year olds.

There are differences in the unemployment rates by broad ethnic group and disability:

- **Unemployment by broad ethnic group.** The unemployment rate for people of BAME origin (9.1%) is almost twice as high than for people of White ethnic origin (4.8%). Both rates are higher when compared to Great Britain, but the gap is larger in the City Region.
- **Unemployment by disability.** The unemployment rate for disabled people in the City Region (9.8%) is more than twice as high as the rate for non-disabled people 3.9%. The rate for disabled people in Great Britain is lower (7.2%) but the gap between disabled and non-disabled is very similar to the City Region. The gap between the unemployment rate for disabled people is greatest in Rotherham and Sheffield.

Claimant count

In 2019 the alternative claimant count in the City Region numbered 31,735 (this is the average monthly total for the year), and this compared with 34,500 according to the ILO definition. The

City Region percentage is only just below the figure for England. Across the City Region, the alternative claimant count rate varies from 3.4% in Sheffield to 4.0% in Doncaster. The City Region has a lower level of the alternative claimant count compared to the three comparative MCA areas.

Similar to the ILO figure, the number of people in the alternative claimant count category fell significantly in the five years to 2019. In the City Region, the number fell by -34% compared to -24% for England. The decline in all the City Region local authorities was greater than the England average. The decline in the City Region was also larger than in the comparable MCA areas.

In-work benefit claimants

The latest available data shows that in 2016/17, 30% of working household in the City Region were claiming in-work tax credits. This compares to 24% in Great Britain. Within the City Region, Sheffield (25%) has the lowest proportion of working household claiming in-work tax credits, whilst Doncaster had the highest (35%). The City Region is similar to the level for LCR (29%) but lower than both Tees Valley and WMCA.

The number of households in the City Region and each local authority claiming in-work tax credits fell by about 10% in the five years to 2016/17 (similar to Great Britain), but this may be as a result of changes to benefit rules and conditionality requirements rather than increases in household income.

Out of work benefit claimants

In 2016, just over one in ten (10.7%) of 16-64 year olds living in the City Region were claiming out of work benefits. Sheffield (9.7%) had the lowest proportion of people claiming out of work benefits and Barnsley the highest (11.9%). All City Region areas were above the figure for Great Britain (8.4%). The City Region's rate was below each of the comparator MCA areas.

In the five years to 2016, the number of City Region residents claiming out of work benefits fell by -25% which was just below the national average. Barnsley and Doncaster saw the largest falls (-27%) and Sheffield the smallest (-22%).

Deprivation and social mobility

Levels of deprivation in the City Region LEP have been historically high and in the top quintile of LEP areas.[18] Three of the Indices of Multiple Deprivation (IMD) domains – income, employment, and education and training – are analysed, and shows the proportion of Lower-layer Super Output Areas (LSOAs) in the 10% most deprived in England.

Figure 4 shows comparative IMDs for SCR LEP, its four local authorities and the comparator LEP areas in 2019. There is variation across the three domains:

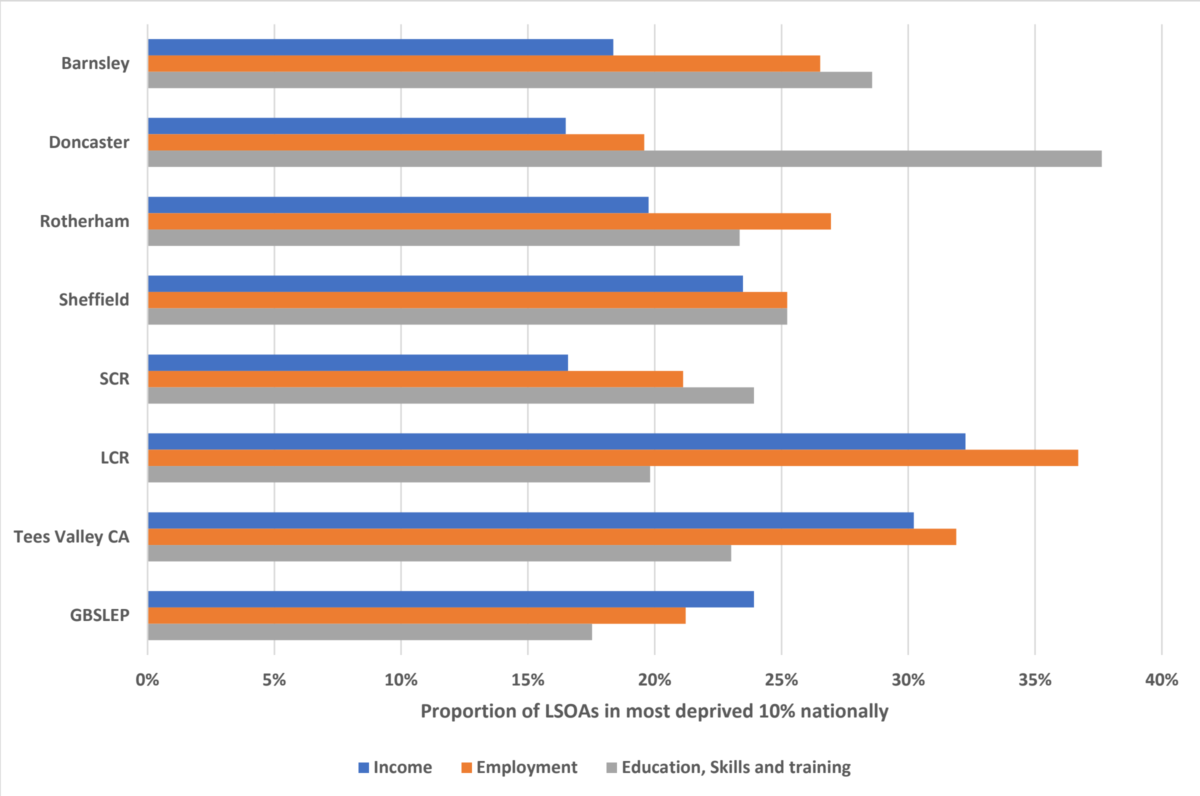
- **Income domain:** SCR LEP, and each of the four local authorities, has lower deprivation levels on the income domain compared to the three comparator MCA areas. Within SCR LEP, Sheffield has the highest deprivation levels and Doncaster the lowest.
- **Employment domain:** SCR LEP has much lower levels of deprivation on the employment domain than LCR and Tees Valley, and the same as Greater Birmingham

[18] Sheffield City Region (2016), LMI Report.

and Solihull LEP (GBSLEP) area.[19] Within SCR LEP, Doncaster has the lowest deprivation levels, and Barnsley and Rotherham the highest.

- **Education and training domain:** on this measure, SCR LEP has much higher levels of deprivation than LCR and GBSLEP and marginally above Tees Valley. Doncaster has much higher levels of deprivation, as does Barnsley.

Figure 8: Indices of Multiple Deprivation – SCR LEP, local authorities and comparator LEPs, 2019



- Source: SCR Core Indicators Data, February 2021

The Social Mobility Commission (SMC) publishes indices of social mobility (Social Mobility Index [SMI]), the latest available data is for 2017. The SMI produces several composite indicators based on a range of data.[20]

The social mobility scores are ranks out of 324 areas, with a rank of 324 designating the lowest social mobility score and 1 the highest:

- **Overall score:** there is a large range across the four City Region local authorities (see Table 3). Barnsley and Doncaster have lower overall levels of social mobility than any other area. Rotherham and Sheffield have similar levels to Middlesbrough, lower than Liverpool but much higher than Birmingham.
- **Youth score:** every City Region local authority has a much higher SMI ranking than the three comparator areas indicating much lower levels of social mobility for young people. Within the City Region there is a wide range. Barnsley and Doncaster have

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19 Data isn't available for the WMCA so the GBSLEP area is used instead.

20 For example, the SMI for youth is based on the attainment of young people eligible for FSM, and their entry rates to the most selective universities. See https://www.gov.uk/government/publications/social-mobility-index-2017-data

lower levels of youth social mobility than Rotherham. Sheffield is much lower than the other City Region local authorities but still higher than the comparator areas.

- **Adulthood score:** there is great variation on the adulthood scores. Sheffield has the lowest ranking and therefore the highest levels of social mobility for adults compared to the other areas. Doncaster has the lowest levels of adult social mobility, just ahead of Middlesbrough. Levels of social mobility in Barnsley and Rotherham are much lower than in Sheffield.

Table 3: Social Mobility Index – the City Region, local authorities and comparator areas, 2017

Scores out of 324	Overall score	Youth	Adulthood
Barnsley	291	307	234
Doncaster	298	290	280
Rotherham	188	253	229
Sheffield	212	156	124
Liverpool	274	137	176
Middlesbrough	210	118	277
Birmingham	136	28	188

- Source: IER analysis of SMI data

Summary

On a range of variables of economic disadvantage – economic inactivity, unemployment, benefit claimants, deprivation and social mobility - the City Region and its local authorities show relatively higher levels of disadvantage compared to England for: economic inactivity, unemployment, benefit claimants, deprivation and social mobility. However, on most of these measures the City Region and the local authorities are only a percentage point or two below the national average.

Comparing the local authority areas the findings are not unequivocal, with some local authority areas performing better on some measures than others.

Youth unemployment, education, skills and training deprivation and the social mobility of young people do appear to be the most significant issues.

Skills demand

Introduction

This section focuses on the main drivers of skills demand in the City Region: enterprise activity; productivity; present and forecast sectoral and occupational distribution; earnings; and vacancies.

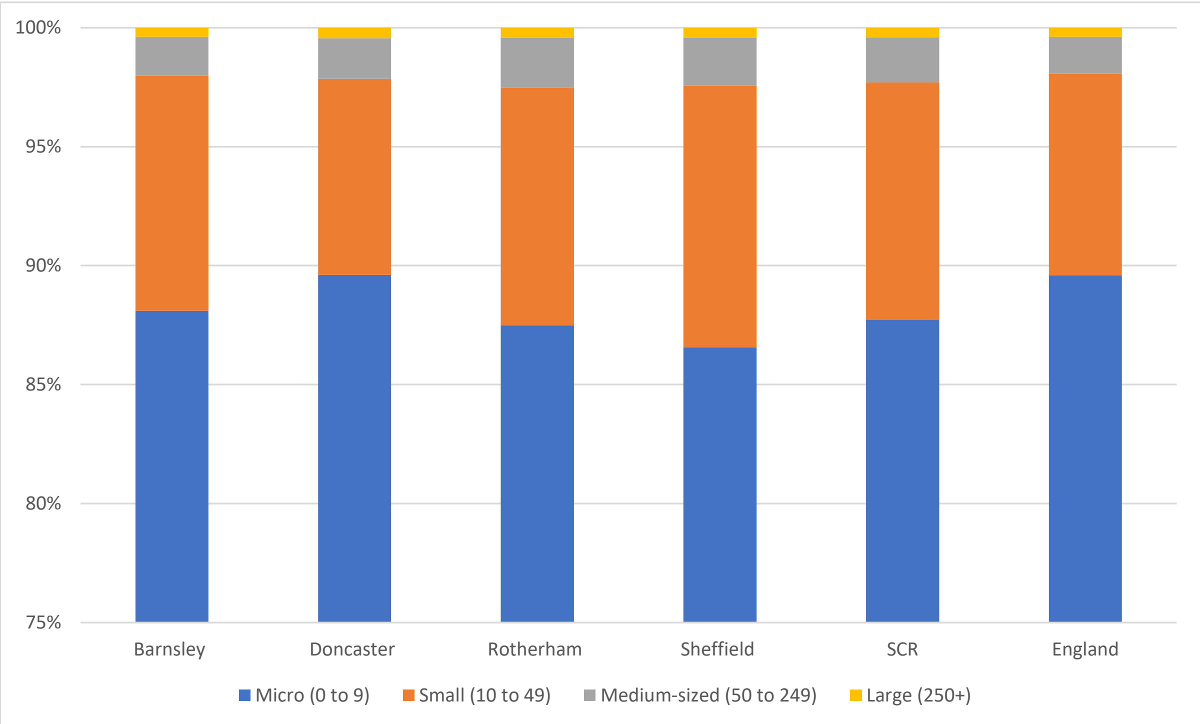
Enterprise activity

Number of businesses

In 2019, there were just over 38,500 businesses in the City Region. On the business density measure the City Region's enterprise levels are lower compared to most other areas.[21] The City Region also has a relatively low business start-up rate in the first half of the last decade, around two thirds of the national average (4.4 births per 1,000 working age residents in the City Region compared to 6.8 in England)[22], but seems to have improved (see below).

The large majority of businesses in each area (about nine out of ten) are micro businesses employing up to nine people (Figure 5). Few enterprises are large businesses (less than 0.5%). Doncaster has an above average proportion of micro businesses but fewer small businesses. The percentage of medium and large businesses is similar across the areas.

Figure 9: Enterprises by size – the City Region, local authorities and England 2019



- Source: IER analysis NOMIS data based on UK Business Counts

The number of businesses of all sizes grew in every area 2014-19. In the City Region the total number of businesses increased by 25%, micro (28%) and large (18%) enterprises in particular. This was slightly above the national average for England (21%). Within the City

[21] Sheffield City Region (February 2016), European Structural & Investment Fund Strategy 2014-20, page 81.
[22] Sheffield City Region (March 2014), Strategic Economic Plan: 2015 - 2025, page 21.

Region, Doncaster in particular (35%) and Rotherham (25%) were above the City Region average. In Barnsley and Doncaster there were big increases in the number large businesses, but this was from a numerically small base.

In the City Region in 2019, the largest number of businesses were in construction (14%) and professional, scientific and technical services (13%).

Enterprise activity

Table 4 shows business births and deaths, and net change, for each area 2014-2019. There is a constant rotation in every area of businesses coming into being and ceasing to trade. In the City Region in 2019, 14% of the stock of businesses were created and 11% stopped trading, this is a similar proportion in each area. The turnover rate of business births and deaths is higher in Doncaster than any other area by about 3pp difference.

The turnover across business births and deaths has been fairly constant in each area, except for 2017 and 2018 when there was a reduction in the birth rate and an increase in the death rate in each of the areas. This can happen if there is a change in definition or a change in the VAT threshold rate for registering a business. The number of business births was greater that of deaths meaning that the stock of businesses rose steadily in each area.

Table 4: Business births and deaths – the City Region, local authorities and Great Britain, 2014-2019

		2014	2015	2016	2017	2018	2019
Barnsley	**Births**	870	870	1,000	840	920	950
	Deaths	595	640	650	810	735	800
	Net change	275	230	350	30	185	150
Doncaster	**Births**	1,505	2,135	1,955	1,480	1,605	1,815
	Deaths	920	1,000	1,490	2,185	1,355	1,320
	Net change	585	1,135	465	-705	250	495
Rotherham	**Births**	985	1,110	1,220	950	955	1,185
	Deaths	695	750	725	950	850	890
	Net change	290	360	495	0	105	295
Sheffield	**Births**	2,225	2,285	2,525	2,200	2,155	2,315
	Deaths	1,780	1,940	1,855	2,080	1,830	2,080
	Net change	445	345	670	120	325	235
SCR	**Births**	5,585	6,400	6,700	5,470	5,635	6,265
	Deaths	3,990	4,330	4,720	6,025	4,770	5,090
	Net change	1,595	2,070	1,980	-555	865	1,175
England	**Births**	312,920	344,065	373,580	335,280	331,305	349,675
	Deaths	217,645	249,995	248,655	311,285	278,490	299,935
	Net change	95,275	94,070	124,925	23,995	52,815	49,740

- Source: SCR Core Indicators Data, February 2021

Another measure of the economic health of a area is the proportion of high growth businesses[23]. The City Region has a higher proportion of high growth businesses than comparable metropolitan authority areas. In 2018, 4.1% of the City Region businesses displayed 20% employment growth over a three year period compared to 3.4% in the UK. This is higher than the Tees Valley, and West Midlands metropolitan areas. When measured by turnover, more than one in ten (1.5%) of City Region businesses are high growth compared to 8.0% in the UK.

Productivity

Gross Value Added (GVA)

Since the Financial Crisis, productivity in the City Region has increased. However, previous analyses of productivity in the City Region (using GVA per worker) concluded that in the first half of the past decade, productivity levels were lower than the national average and below that of the three comparator MCA regions. Between 2010-2016 the gap between Great Britain and the MCA comparators did not close and in some cases widened.[24] In 2012, productivity levels in each City Region sector was below the national average, including in some key growth sectors, such as finance and insurance and business services (around 35% lower).[25]

Productivity is measured by GVA of which there are several indicators.[26] The one used in the Table 5 and Figure 6 below is **GVA per hours** worked because it provides a direct comparison between the level of economic output and the direct labour input of those who produced that output.[27]

Table 5 shows that in 2004, GVA per hour in the City Region (£20.39) which was below the UK average (£24.73) and also below the three comparator MCA areas. Within the City Region, Rotherham had the lowest productivity level (£18.09).

By 2018, GVA per hour in the City Region had risen to £28.68 which was still below the UK average (£35.03), but the gap with two of the three MCAs (LCR and Tees Valley) had narrowed slightly.

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[23] A high growth business is an enterprise with average annualised growth greater than 20% per annum, over a three year period. Growth can be measured by the number of employees or by turnover.
[24] Beatty, C. et al (April 2019), Embedding inclusive growth in the Sheffield City Region. Sheffield City Region
[25] Sheffield City Region (February 2016), European Structural & Investment Fund Strategy 2014-20.
[26] Research found that using different GVA measures, productivity in SCR varied from 69% to 92% of the national average depending on the GVA indicator used. Beatty, C. and Fothergill, S. (May 2020), Productivity in Sheffield City Region. CRESR, Sheffield Hallam University.
[27] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2020

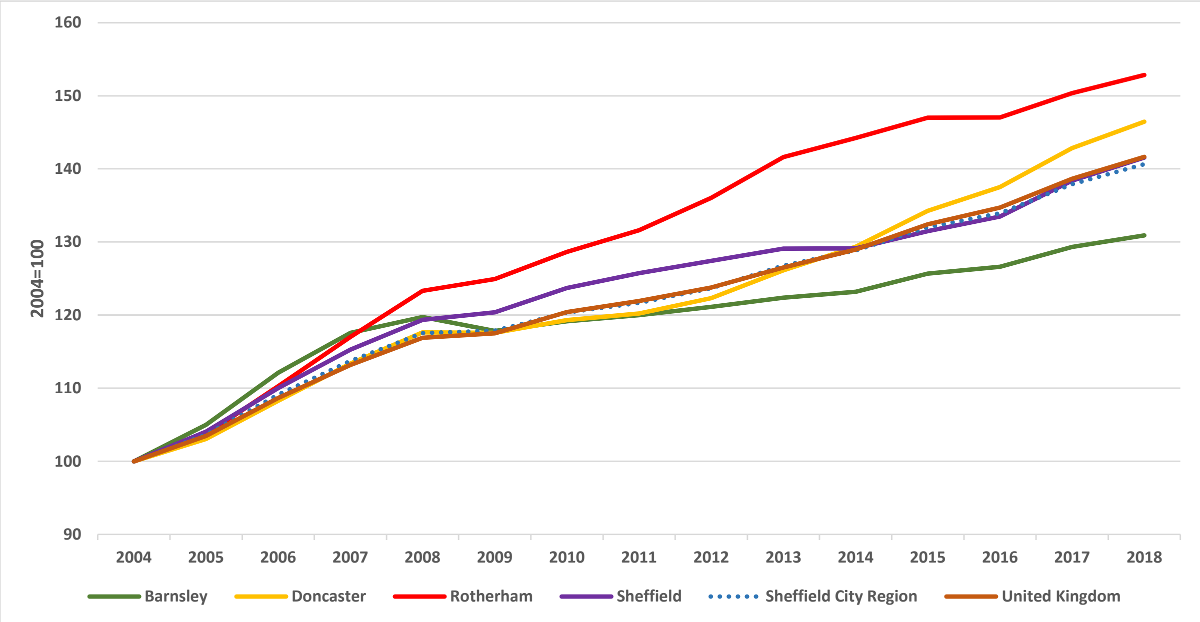
Table 5: Gross Value Added per hour – the City Region, local authorities and United Kingdom 2018

	GVA per hour	
	2004	2018
Barnsley	£20.87	£27.32
Doncaster	£18.60	£27.24
Rotherham	£18.09	£27.65
Sheffield	£21.38	£30.26
Sheffield City Region	£20.39	£28.68
United Kingdom	£24.73	£35.03
Liverpool City Region	£22.99	£32.11
Tees Valley	£23.10	£31.84
West Midlands	£21.70	£32.07

- Source: SCR Core Indicators Data, February 2021

Figure 6 shows that GVA per hour increased by around 40% in the City Region between 2004-2018. This was just below the UK average. The trajectory for productivity in the City Region and the UK was virtually identical over the 15 year period. Productivity in Rotherham outperformed all other areas, rising to £27.65 in 2018, an increase of 53%. Productivity in Barnsley, however, grew by a relatively modest 31% to £27.32.

Figure 10: Gross Value Added per hour – the City Region, local authorities and UK 2004-2018



- Source: SCR Core Indicators Data, February 2021

Structure of employment

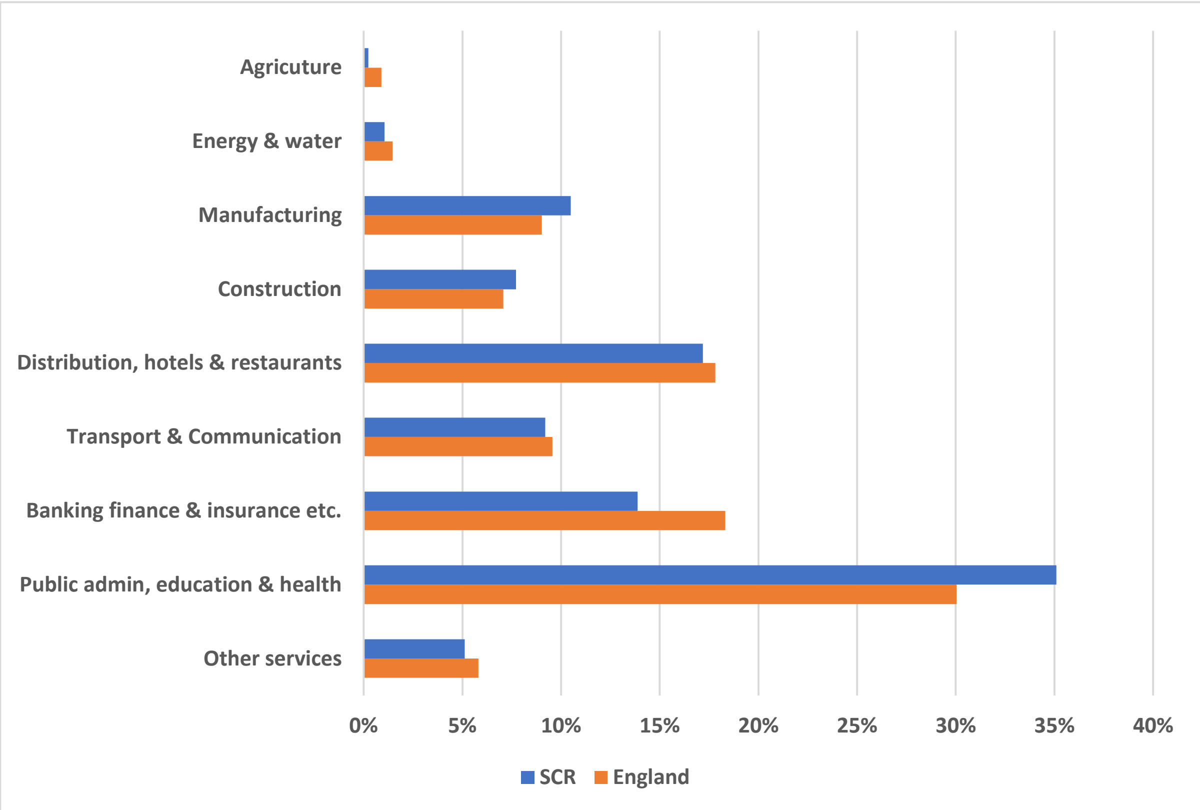
Employment by sector

Employment in the City Region was greatly affected by the Financial Crisis in 2008. Whilst employment grew steadily over the past decade, much of this growth happened after 2013. In the first part of the 2010s employment fell, and the jobs that were created tended to be part-time and lower paid.[28] Much of the reason for this was the reduction in public sector employment and an increase in private sector jobs.[29]

In 2019/20, in the 12 months before the lockdown started, there were just over 650,000 people employed in the City Region. Despite the large reduction in public sector jobs since 2008, Figure 7 shows that the largest sector for employment was public administration, education and health (35%), followed by distribution (17%), and then banking finance and insurance etc. (14%). Non service sectors accounted for 19% of all jobs, with manufacturing the largest non-service sector with one in ten of all jobs.

Comparing the sectoral composition of the City Region workforce with that of England shows two main differences. The public sector accounts for more jobs in the City Region than in England (35% compared to 30%) and fewer people work in banking finance and insurance etc. (14% and 18%).

Figure 11: Employment by sector – the City Region and England April 2019/March 2020

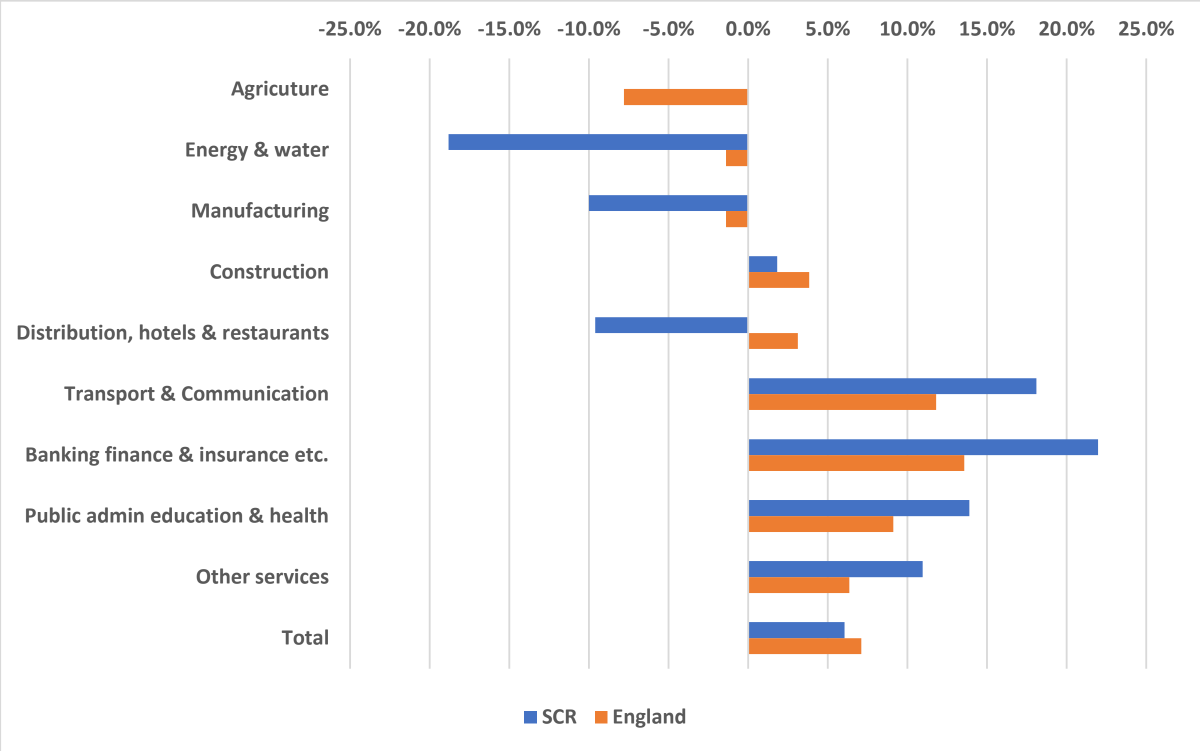


- Source: IER analysis of NOMIS data based on the Annual Population Survey

[28] Sheffield City Region (May 2019), Sheffield City Region Economic Evidence Base: Skills and Employment
[29] Sheffield City Region (February 2016), European Structural & Investment Fund Strategy 2014-20

Over the previous five years to 2019/20, total employment in the City Region grew by 6% which was one percentage point below England (7%). Figure 8 shows that in the City Region employment grew significantly in all service sectors except distribution, with growth exceeding more than 10%, higher than in England. However, employment in distribution fell by 10% in the City Region when it grew by 3% in England. Furthermore, the number of jobs in manufacturing, and energy and water fell by much more than in England. The construction workforce in the City Region grew by 2% which is half of the increase experienced in England.

Figure 12: Employment change by sector – the City Region and England 2014/15-2019/20



- Source: IER analysis of NOMIS data based on the Annual Population Survey

Occupational structure of employment

Occupation is closely related to wage levels, modes of working and qualification levels and so the occupational structure of an economy is an indicator of position and prospects of an area.

After the Financial Crisis, there were increases in some higher level occupational categories in the City Region, professional occupations in particular. Whilst there were also increases in managerial, and associate professional jobs growth was much lower than in the rest of the country. There were also above national increases in lower skilled occupations such as sales and customer service, plant and machine operatives, and elementary occupations.[30]

In 2019/20, the overall distribution of employment by occupation in the City Region is not too dissimilar to that of England, as Figure 9 shows. In no occupation category is there more than two percentage points difference. However, grouping the occupations into high, medium and low skill level occupations shows that 44% of jobs in the City Region are in higher skill level occupations (i.e. managerial, professional and associate professional) compared to 48%

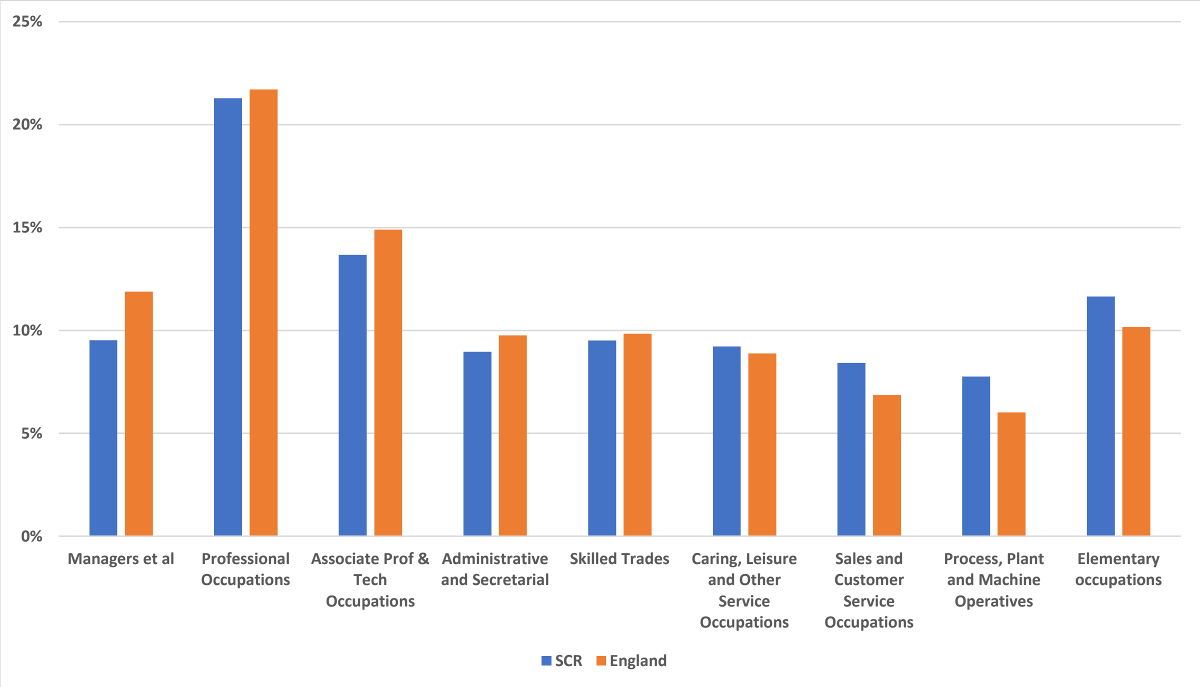
[30] Sheffield City Region (May 2019), Sheffield City Region Economic Evidence Base: Skills and Employment

across England, and 28% of City Region jobs are in lower skills occupations (i.e. sales and customer service, plant and machine operatives and elementary occupations) compared to 23% in England. If City Region jobs displayed the same occupational profile as England there would be around 31,500 people working in lower skilled occupations and 26,000 in higher skilled jobs.

The spread of jobs in medium skill level occupations (i.e. all other occupations) is almost identical in the City Region and England.

Across the City Region area, Sheffield has the highest levels of people working in high skill occupations (43%) which is a similar level to England (45%). However, Sheffield also has higher levels of people working in low skills occupations (30%), compared to one quarter in England. Doncaster and Rotherham have the highest proportion of people working in medium level qualifications (36%), whilst Barnsley has the highest level of people in low skill jobs (36%).

Figure 13: Employment by occupation – the City Region and England April 2019/March 2020



- Source: IER analysis of NOMIS data based on the Annual Population Survey

The direction of change of jobs in the City Region has been towards higher level occupations. People employed in the higher level occupations increased in the five years to 2019/20 at a higher rate in the City Region than in England, especially managerial jobs. This builds on trends since 2007 but for the first time outstrips that of England.

The number of jobs in medium skilled occupations has fallen in the City Region at a higher rate than in England. Lower skills sales jobs fell in both the City Region (-14%) and in England (-4%) with both areas seeing a slight increase in process, plant and machine operative jobs.

In Barnsley (26%), Rotherham (17%) and Sheffield (31%), the percentage of people employed in high skill jobs increased significantly (2014/15-2019/20), at a faster rate than the national average (12%). The number of low skill jobs also fell in these local authority areas faster than the national average (-13%, -8% and -22% respectively compared to -1% in England).

Doncaster had slower growth in high skilled jobs (6%) but also an increase in low skilled employment (8%). In Doncaster the fastest growing occupation 2014-2019 was sales and customer service, whereas in the other three local authorities it was managerial and professional occupations.

Employment forecasts

Industrial employment trends

This is a period of almost unprecedented uncertainty for the British economy, as it adjusts to leaving the European Union and experiences the unknown effects of the COVID-19 pandemic. Any projections must therefore be treated with extra caution. The employment forecasts presented in this section are from the Working Futures 2017-2027 projections commissioned by the DfE.[31] They were created during Winter 2018/19 and published by DfE in early 2020.

Working Futures projections are available for the SCR LEP area (which covers the City Region together with neighbouring parts of northern Derbyshire).

The tables and figures in this section provide two main components of change: net change[32] and replacement demand.[33] There is forecast to be an increase of 17,000 jobs due to net changes in the City Region and 280,000 because of replacement demand, this provides a total requirement (i.e. the number of jobs the economy needs over the period) of 297,000.

Table 6 shows that overall, employment is projected to grow more slowly 2017-2027, than it did 2007-2017. Total employment in the SCR LEP, is projected to grow by 17,000 to 863,000 jobs by 2027, this is an increase of 2.0% compared with 2.8% for England as a whole.

This net change of 17,000 in employment represents the overall expansion of labour demand in industries located in the LEP over the period. Within this total, employment in manufacturing is forecast to decline (by 14% to 2027), but this will be offset by increases in jobs in non-marketed services (6.3%) and business and other services (5.7%). The rate of change in employment demand is slower than for England in all sectors except construction and non-marketed services.

[31] These are based on the outputs of a multi sectoral macro-economic model of the economy which produces projections of output and employment which drive further models of employment by industry, occupation and educational qualifications.

[32] Net change is the overall change due to overall macroeconomic factors and specific sectoral impacts.

[33] Replacement demand are the jobs created due to people leaving the workforce e.g. due to retirement.

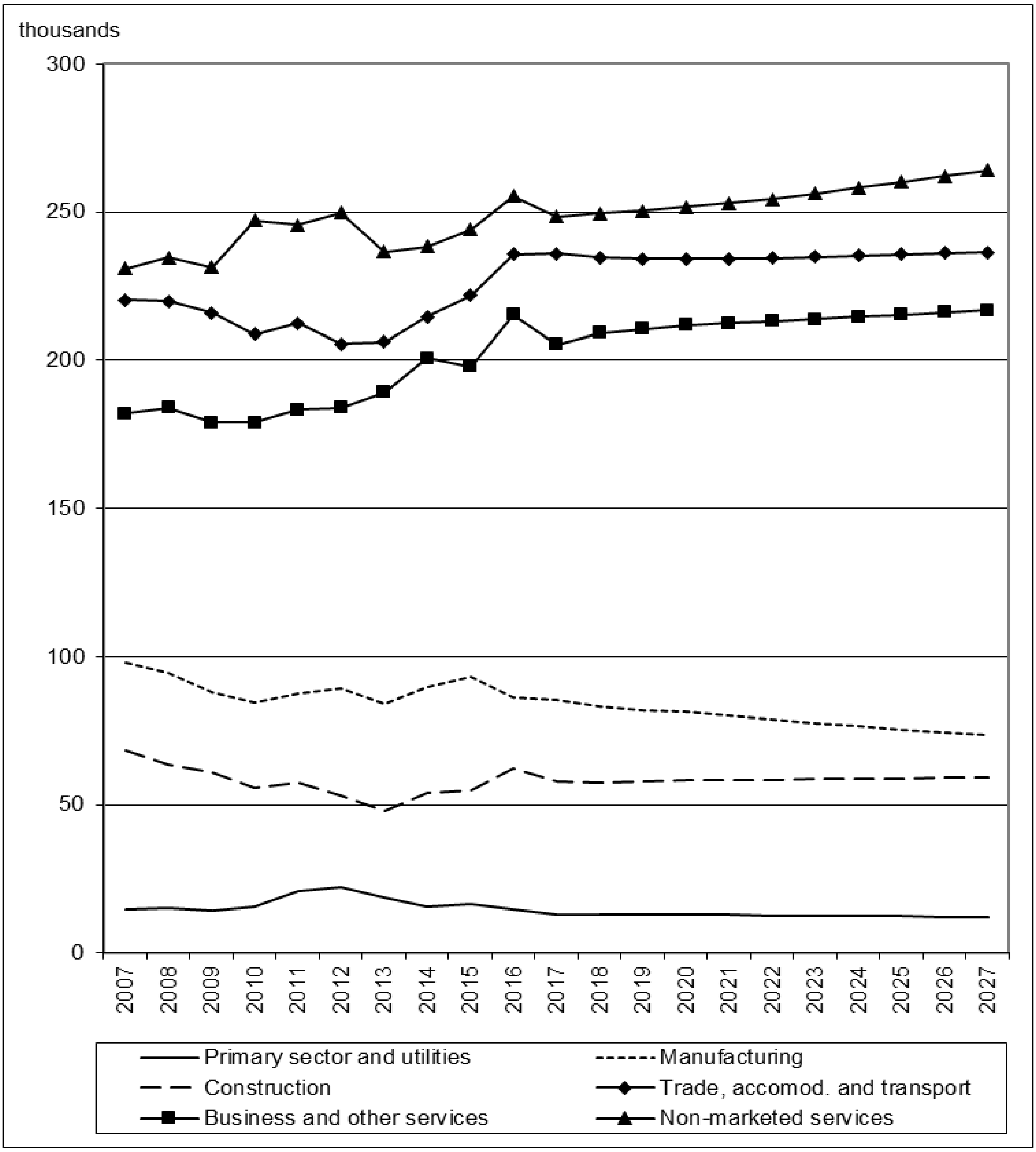
Table 6: Projected employment change in SCR LEP by industry sector, 2017-2027

	Employment (000s)			Change 2017-2027 (000s)		
	2007	2017	2027	Net change	Replacement Demand	Total change
Primary sector and utilities	15	13	12	-1	4	3
Manufacturing	98	85	74	-12	23	11
Construction	68	58	59	2	16	18
Trade, accomod. and transport	220	236	237	1	75	75
Business and other services	182	205	217	12	69	80
Non-marketed services	231	248	264	16	93	109
All industries	814	846	863	17	280	297

Source: DfE and IER Working Futures 2007-2017

Figure 10 shows that established trends in each sector are mostly expected to continue from 2017-2027, with the construction and trade, accommodation and transport sectors being projected to maintain employment at best. However, the data does not take into account the impact of COVID-19 or Brexit and therefore present a best case scenario.

Figure 14: Projected change in employment for SCR LEP by industry sector



Source: DfE and IER Working Futures 2007-2017

The largest individual industries in the City Region in both 2017 and 2027 are projected to be health and social work, and wholesale and retail trades. The former is projected to grow strongly, while the latter is projected to stagnate over the ten year period. The share of individual manufacturing industries is projected to shrink, with a shift towards service sector industries. The highest rates of decline in employment are for the primary sector, food and drink and “the rest of manufacturing”, while a number of service sector industries are projected to have relatively high rates of employment increase (arts and entertainment, professional services, support services and Information Technology). However, the number of jobs in the accommodation and food and education industries is projected to decline. Projected rate of employment change tend to be in the same direction as the average for England, but exaggerated.

Replacement demand is likely to create a large number of job opportunities(280,000 in total) as the unusually large number of people born in the 1960s reach retirement age. Such replacement demand 2017 to 2017 is equivalent to 35% 2017 employment. Replacement demand is particularly high in non-marketed services (reflecting the older age structure of industries like education). There is replacement demand in all sectors, but it is least in declining sectors (such as manufacturing).

Occupational employment trends

Table 7 shows the occupational pattern of projected employment change for 2017 to 2027. The percentage of employment in managerial, and professional occupations (which includes teaching) is projected to increase from 27% in 2017 to 29% in 2027, with total labour requirement increasing by nearly half (49% and 47% respectively) in both of these occupations (due to replacement demand). The expected growth in employment in associate professional occupations (which includes nursing) is nearly as large (42%).

However, the fastest projected rate of increase is for caring, leisure and other service occupations (net change of 16% plus replacement demand of 41%) increasing the total labour requirement for this occupation by 57%.

In contrast, jobs in administrative occupations, skilled trades occupations, process, plant and machine operative, sales and customer service and elementary occupations are projected to decline. These trends reflect those for England as a whole, but the growth in caring, leisure and other services occupations is projected to be stronger, and the decline in skilled and semi-skilled manual occupations is projected to be faster than across the country. The projected net change percentage rate increase in managerial, and professional occupations is slower than across England.

Replacement demand, however, is significant in each occupation group more than outweighing any declines in employment due to net changes. For example, whilst there is forecast to be a fall (due to net changes) of 11% in skilled trades in the City Region, there is expected to be an increase of 26% due to replacement demand, leading to a total employment requirement increase of 15%.

These different factors have a varying effect on different occupation groups, but for each occupation there is a positive employment requirement by 2027.

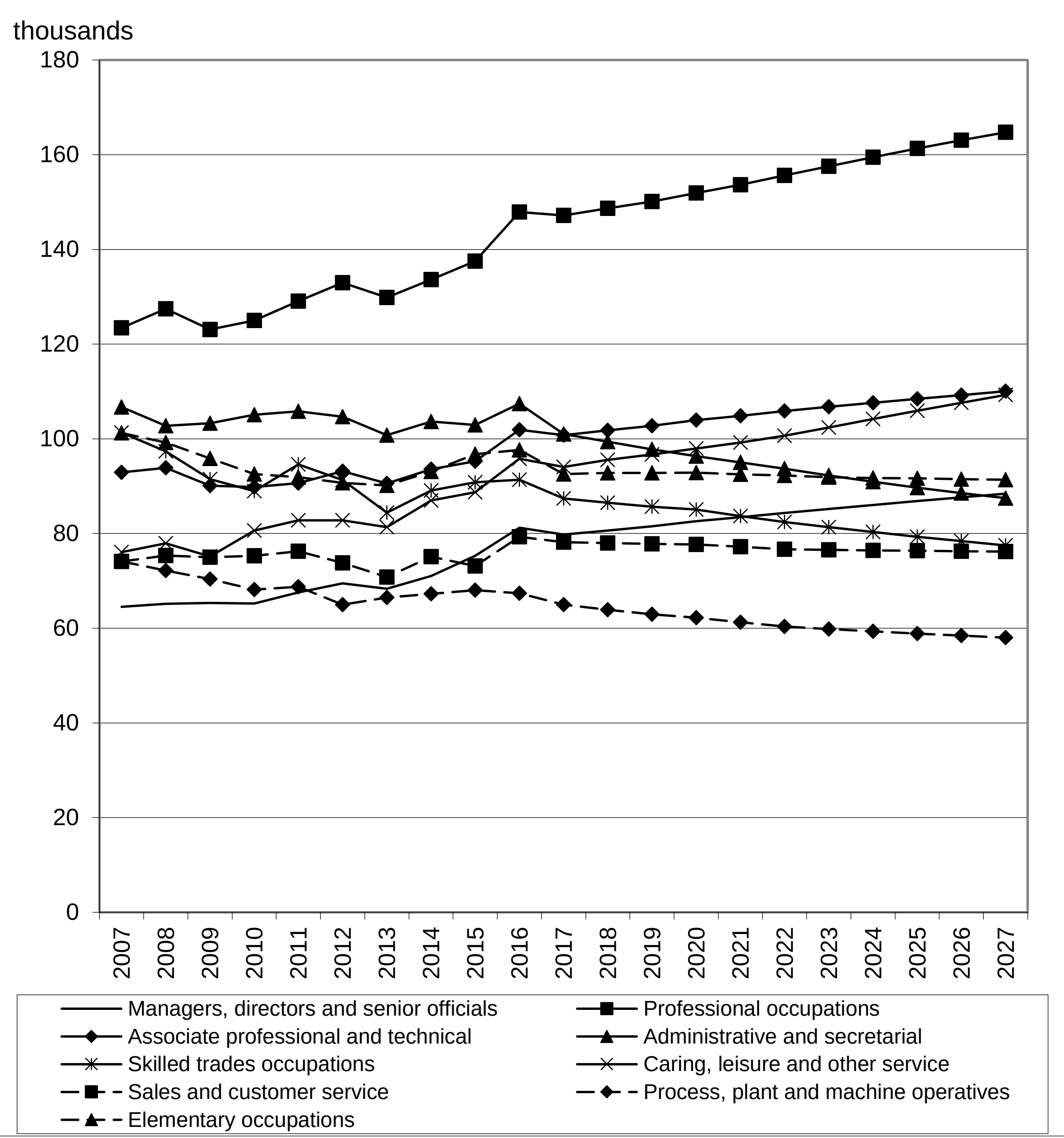
Table 7: Projected employment change by broad occupation in SCR LEP, 2007-2027

SOC Major Group of occupation	Percentage of employment			% change 2017-2027			
	2007	2017	2027	Net change	Replacement demand	Total requirement	England net change
Managers, directors and senior officials	7.9	9.4	10.2	10.8	38.5	49.3	12.2
Professional occupations	15.2	17.4	19.1	11.9	35.0	47.0	11.8
Associate professional and technical	11.4	11.9	12.8	9.2	32.9	42.2	8.5
Administrative and secretarial	13.1	11.9	10.1	-13.4	31.3	17.9	-17.0
Skilled trades occupations	12.4	10.3	9.0	-11.4	26.1	14.7	-9.2
Caring, leisure and other service	9.3	11.1	12.7	16.2	41.0	57.2	13.9
Sales and customer service	9.1	9.2	8.8	-2.6	30.8	28.2	-1.6
Process, plant and machine operatives	9.1	7.7	6.7	-10.7	29.1	18.4	-9.4
Elementary occupations	12.4	10.9	10.6	-1.3	30.9	29.6	-0.4
All occupations	100.0	100.0	100.0	2.0	33.1	35.1	2.8

Source: DfE and IER Working Futures 2007-2017

Figure 11 provides an overview of occupation change (net change) in the SCR LEP area 2007-2027. It shows the consistent rise of professional, associate professional and technical, and caring, leisure and other service jobs over the 20 years from 2007. It also charts the fall in skilled and semi-skilled manual jobs (skilled trades and process, plant and machine operative) but also the fall in administrative and secretarial employment.

Figure 15: Projected employment change by occupation in SCR LEP, 2007-2027



Source: DfE and IER Working Futures 2007-2017

Trends in job qualifications

Table 8 provides the implications of projected industrial and occupational trends in terms of the demand for workers by highest educational qualification levels. This reflects shifts towards higher skill occupations but also the increased demand for higher qualifications across all occupation groups.

In 2017, those with Level 2 (GCSE A to C) qualifications comprised the largest group within the City Region workforce (180,000 or 21%). People holding Level 3 (A level and equivalent) were the next largest category (175,000 and 21%).

However, between 2017 and 2027, there will be increase in qualification levels. By 2027, there will be an increase of over a third in the number with a first degree (37%), and an increase in nearly a quarter in the number with Higher Education (HE) below degree level (24%).

The numbers with each level of qualification above Level 2 is projected to increase, while the number with less than an A-level or equivalent as their highest qualification is projected to fall. The largest projected declines are for those with no qualifications (-32%) or Level 1 (-28%) as their highest qualification.

The rate of increase in those with higher qualifications is lower than the average for England, while the projected rate of decline in the least qualified is also lower than the England average. The percentage with highest educational qualification of Level 5 or above is projected to increase from 33% to 37%.

Table 8: Projected employment by highest qualification in SCR LEP, 2017 to 2027

Highest educational qualification RQF level	Employment (000s)		Share of employment (%)		Change, 2017-2027 (%)	
	2017	2027	2017	2027	SCR	England
Level 8 Doctorate	11.6	12.8	1.4	1.4	10.7	32.1
Level 7 Other higher degree	78.1	83.5	9.2	9.2	6.9	31.0
Level 6 First degree	145.0	198.0	17.1	20.5	36.6	34.4
Level 5 Foundation degree; Nursing; Teaching quals.	46.6	50.5	5.5	5.7	8.5	16.7
Level 4 HE below degree level	41.5	51.3	4.9	5.5	23.6	29.5
Level 3 A level & equiv.	174.6	182.4	20.6	21.1	4.5	-4.8
Level 2 GCSE(A-C) & equiv.	180.3	165.0	21.3	20.2	-8.5	-14.7
Level 1 GCSE(below C) & equiv.	126.3	90.8	14.9	12.4	-28.1	-35.3
No Qualification	41.9	28.5	5.0	4.0	-31.9	-47.3
All qualifications	845.8	862.9	100.0	100.0	2.0	2.8

Source: DfE and IER Working Futures 2007-2017

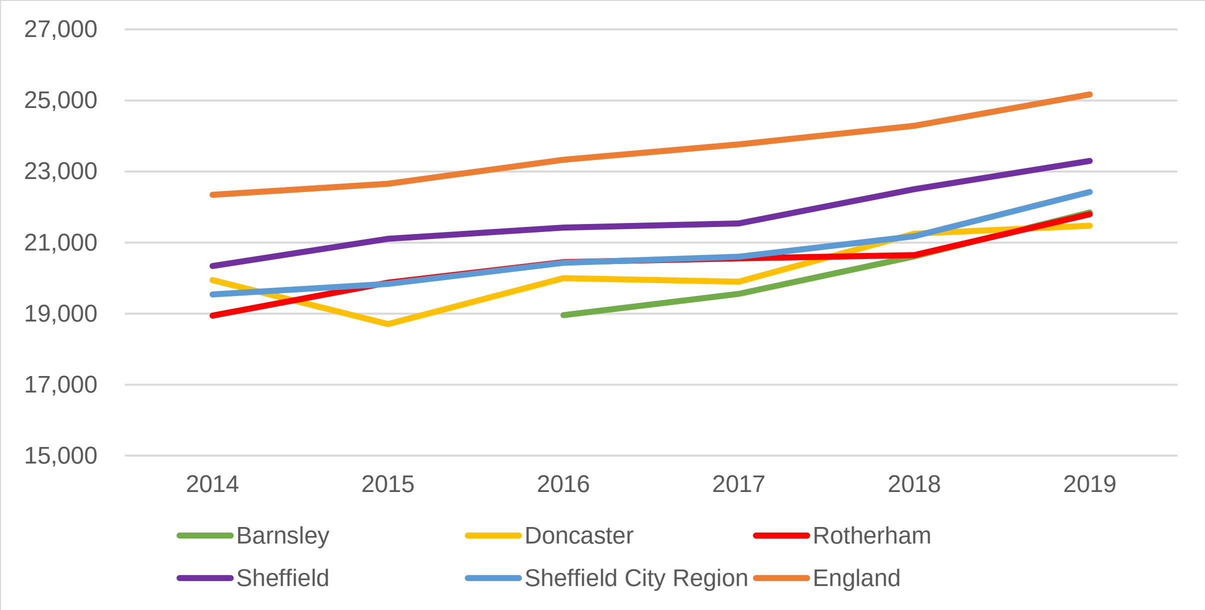
Earnings and hours

Earnings levels and change provides an indication of labour demand in the local economy. In 2019, the workplace median annual gross pay of all employees in the City Region was £22,423, this is 89% of the corresponding figure for England (£25,169).

Figure 12 shows the change in employee median annual pay for the local authorities, the City Region and England between 2014-2019. The gap in median pay between the City Region and England increased by 6% over this period.

Within the City Region, Sheffield has the highest median pay levels (£23,297), followed by Barnsley (£21,271) and Rotherham (£22,183). The times series trend suggests that the median annual gross pay in Barnsley has grown relatively faster than the other local authority.

Figure 16: Median annual pay (Gross £) of all employees – the City Region, local authorities and England 2014-2019



Source: Annual Survey of Hours and Earnings (ASHE). Office for National Statistics (ONS)

There is a difference in the pay rates of men and women, referred to as the gender pay gap. Median hourly pay is used to reflect the fact that women are approximately three times more likely to be employed part-time than men in the City Region.[34]

The hourly gender gap in the City Region is large (14% in 2019) but lower than the national average (19%). Only Rotherham has a higher gender pay gap than the national average. The gender pay gap has dropped significantly in all areas in the City Region faster than the national average between 2014-2019, with the exception of Rotherham which has had an increase.

The median number of paid hours from 2014 to 2019 has been very consistent at an average of 37 hours per week for all the City Region, the local authorities and England.

Labour and skills demand

Vacancies/job postings

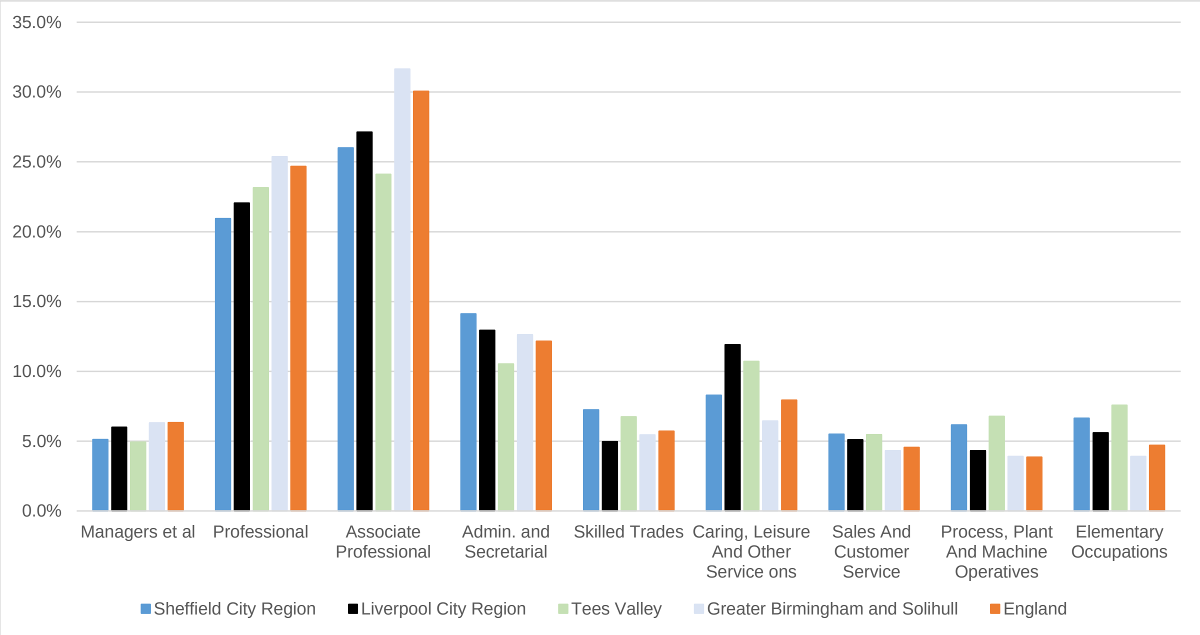
LMI for All monitors job postings in the main recruitment websites. The number of web based job vacancy postings remained relatively constant during 2019. The number of vacancies in England averaged 71,270 per month, and varied between 58,000 and 79,000. The City Region averaged 1,300 vacancies per month, ranging between 1,479 and 1,116. Patterns of job postings followed a similar monthly trend across all of the LEP areas, suggesting common seasonality in employer recruitment activity.

Figure 13 shows the distribution of job placements by occupation. The distribution by occupation is broadly similar with the highest number of job placements for professional, and associate professional occupations in each area, followed by administrative and secretarial.

Sheffield has relatively high levels of job postings for skilled trade, process, plant and machine operatives and elementary occupations.

Figure 17: Job placements by occupational group – the City Region, LEP areas and England 2019

[34] Sheffield City Region (February 2016) European Structural & Investment Fund Strategy 2014-20



Source: LMI for All vacancy dataset

Hard to fill and skill shortage vacancies

Labour and skills demand is also measured by the level of hard to fill, and skill shortage vacancies. According to the ESS, in 2019 the City Region had vacancy levels just below the national average. In the City Region, 15% of all employers had at least one vacancy compared to 17% in England. The number of vacancies corresponds to 2.8% of the City Region workforce compared to 3.2% of the national workforce.

Table 9 shows that there are a variety of recruitment and skills issues facing employers. It shows the total number of vacancies (as a proportion of jobs and number of employers), hard to fill vacancies, skill shortage vacancies, skills gaps, and staff underutilisation.[35]

Across all areas, the total number of vacancies is less than 4% of total jobs and represents less than one in five employers (who have at least one vacancy). The level of hard to fill vacancies is even lower, less than 1.5% of jobs and affecting fewer than one in ten employers. Skills shortage vacancies are less than 1% of employment and affect less than 7% of employers in any of the areas.

By contrast, skills gaps represent between 3%-6% of all jobs, and are experienced by more than one in ten employers (12%-16%). Staff underutilisation affects around one third of employers in each area. Furthermore, skills gaps and staff underutilisation are more likely to affect City Region employers compared to England.

Hard to fill and skills shortage vacancies represent a relatively small proportion of recruitment and skills issues than skills gaps and underutilisation.

Table 9: Vacancies skills gaps and underutilisation - the City Region, local authorities and England 2019

[35] Skills gaps refers to the number of staff who are not fully proficient in their jobs. Staff underutilisation are those staff that have both qualifications and skills that are more advanced than required for their current job role.

		Barnsley	Doncaster	Rotherham	Sheffield	SCR	England
Total vacancies	% jobs	1.4%	3.2%	2.0%	3.5%	2.8%	3.2%
	% employers	14%	18%	14%	15%	15%	17%
Hard to fill vacancies	% jobs	0.6%	1.2%	0.5%	1.1%	0.9%	1.1%
	% employers	8%	9%	4%	6%	6%	8%
Skill shortage vacancies	% jobs	0.5%	0.9%	0.4%	0.5%	0.5%	0.8%
	% employers	3%	5%	4%	4%	4%	6%
Skills gaps	% jobs	3.3%	3.6%	5.5%	3.8%	4.2%	4.6%
	% employers	12%	15%	13%	16%	15%	13%
Staff underutilisation	% jobs	-	-	-	-	-	-
	% employers	39%	32%	32%	34%	36%	34%

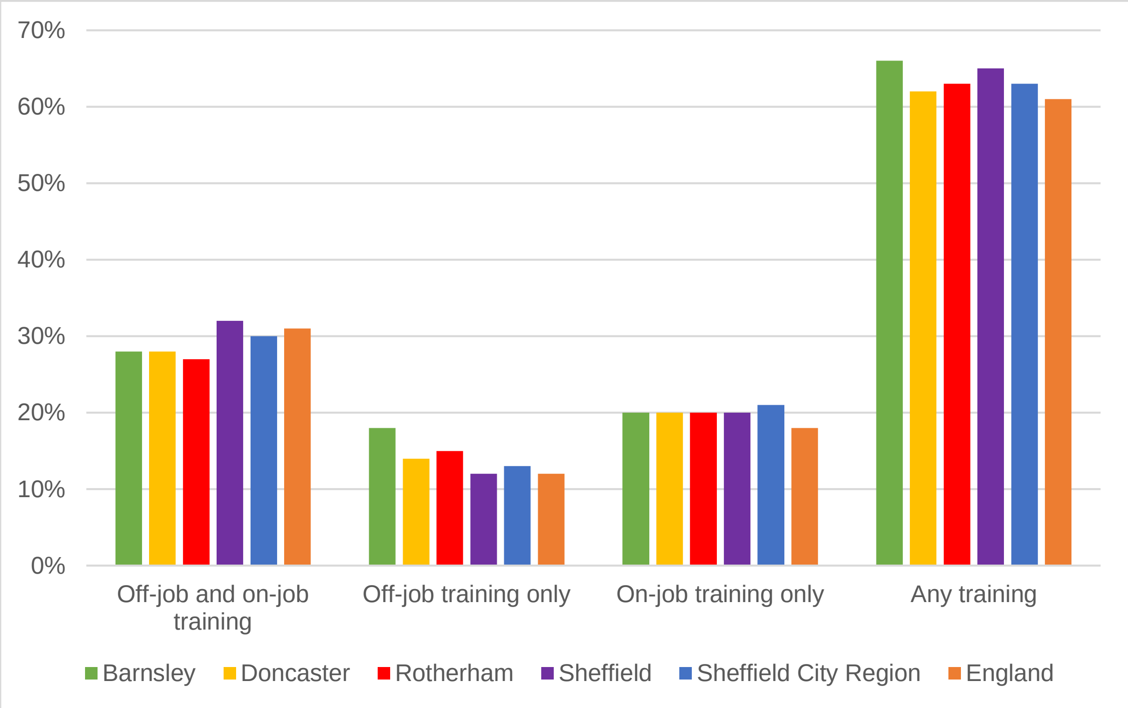
Source: Employer skills survey (ESS) 2019

Employer training behaviour

Figure 14 shows that overall levels of training are higher in the City Region than England. In the City Region 63% of employers provide some training for their staff compared to 61% in England. Levels of on- and off-the-job training are similar between the City Region and England.

Across the four local authorities, employers are more likely to train in Barnsley (66%) and Sheffield (65%) compared to Doncaster (62%) and Rotherham (63%). Barnsley employers are also more likely to provide off-the-job training.

Figure 18: Levels of training in the past year - the City Region, local authorities and England 2019



Source: Employer skills survey (ESS) 2019

However, when measured by the average number of days training per member of staff, Barnsley (4.3 days) and Doncaster (4.0 days) has the highest incidence of training. Therefore, whilst fewer employers in Doncaster train their staff, those that do provide more days of training for them, Barnsley employers do both.

On this indicator, the City Region and England have the same levels of training (3.6 days).

Most employer training in all local authority areas is job specific training, 80% of employers who train provide this form of training in each area (except Barnsley, 78%). Over 40% of employers who train provide training in new technology in each area. However, a significant proportion of training is health and safety, first aid, and/or basic induction training. The profile of training in the City Region is similar to that of England.

The profile of training by occupation is similar between the City Region and England. The main difference is that process, plant and machine operatives receive more training compared to England. Profiling training by occupation skill level shows that high skill occupations receive less training in the City Region (30% of employers who provide training train these occupations) than England (38%). High skill occupations in the City Region also receive lower levels of training than the comparator LEP areas.

Table 10 provides responses form employers as to why they do not train more than they do. For employers who not train any of their staff, the preponderant reason across all areas is that their staff are fully proficient and/or staff do not need any training. This accounts for around three quarters of no training employers in the City Region (74%) and 70% in England).

For those employers who do train their staff, the two main reasons in the City Region, England and each local authority area concerns the costs of training, either in terms of not having staff available because they are training and/or paying the costs of any training. Around half of employers in the City Region and England, and most local authority areas, give these reasons.

Table 10: Reasons for not training/undertaking more training - the City Region, LEPs and England 2019

	Barnsley	Doncaster	Rotherham	Sheffield	SCR	England
Employers who do not train – reasons for not training						
Staff fully proficient/no need for training	82%	74%	71%	75%	74%	70%
Employers who train – why not do more training						
Can't spare more staff time	25%	55%	49%	50%	49%	49%
Lack of funds for training / training expensive	47%	48%	46%	51%	49%	48%
Hard to find the time to organise training	19%	19%	14%	14%	13%	15%
Staff not keen	12%	4%	7%	9%	7%	4%
Staff now fully proficient / don't need it	7%	1%	4%	7%	4%	4%
Don't know	15%	2%	5%	2%	4%	2%

- Source: Employer skills survey (ESS) 2019

Impact of COVID-19 on skills demand

The impact of the lockdown on job postings was to significantly reduce the number in all areas in March and April 2020. The number of job postings fell by the largest amount in GBSLEP and the City Region, but the City Region rebounded back more quickly and by the summer 2020 had surpassed per-COVID 19 levels.

Across each area the employment share by sector changed very little, largely due to government policies so that relatively few people became unemployed i.e. even though people were furloughed they were still employed. The employment share increased mainly in pubic sector jobs (including health and education) in the City Region and most of the local authorities.

The impact of the pandemic on occupational share of employment was similar with few significant changes over the same period. In the City Region, job falls in administrative and secretarial, skilled trades and sales and customer services occupations were offset by increases in all other occupations.

Summary

On a large number of key variables, the structure and performance of the City Region economy is similar to that of England. There are key differences but there do not appear to be fundamental weaknesses in the City Region economy. On enterprise and employment growth, the City Region performs less well than England but not a great degree. The main gaps when compared to England are in levels of productivity and wages.

Skills supply

Introduction

This section provides an analysis of data relating to skills supply. It presents data on the attainment and destinations of young people; publicly funded post-19 FE provision; HE delivery and destinations; qualifications in the wider population; population migration; and the impact of COVID-19 on skills supply.

Young people

Key stage 4

In 2019/20 in Key Stage 4 (KS4), the average Attainment 8 score in Barnsley (46.1), Doncaster (46.8), Rotherham (48.1) and Sheffield (47.7) were all lower than England (50.2) reflecting the higher levels of deprivation and disadvantage in the City Region area.

On Progress 8 scores in 2017/18, all of the local authority districts were below the national average with the exception of Sheffield which was the same level as Great Britain. Barnsley and Doncaster had negative average scores whilst Sheffield had positive scores and Rotherham fell below the national average only in the final year. However, the City Region performed relatively better than the comparator MCA areas.

The level of overall sustained destinations is similar for the City Region (94%) compared to England (95%). However, there are differences in the types of destinations with more City Region pupils likely to enter apprenticeships than in England (6% compared to 4% respectively) and fewer entering further education (83% and 86%).

The percentage of BAME young people engaged in education and training is slightly higher than White young people in all areas except for Barnsley. Rotherham (97%) and Doncaster (96%) have very high levels of BAME young people engaging in education and training.

In Barnsley, Doncaster and England SEND young people aged 16-17 are less likely than non-SEND young people to participate in education and training. The largest difference is in Doncaster where SEND young people are 6pp less likely to participate in education and training (88% compared to 94%). In Rotherham and Sheffield, however, SEND young people are more likely to participate in education and training.

Key stage 5

At Key Stage 5 (KS5) the proportion of young people in the cohort achieving at least 2 substantial Level 3 qualifications is lower in Barnsley (76%), Doncaster (84%), Rotherham (76%), and Sheffield (84%) than in England (86%).

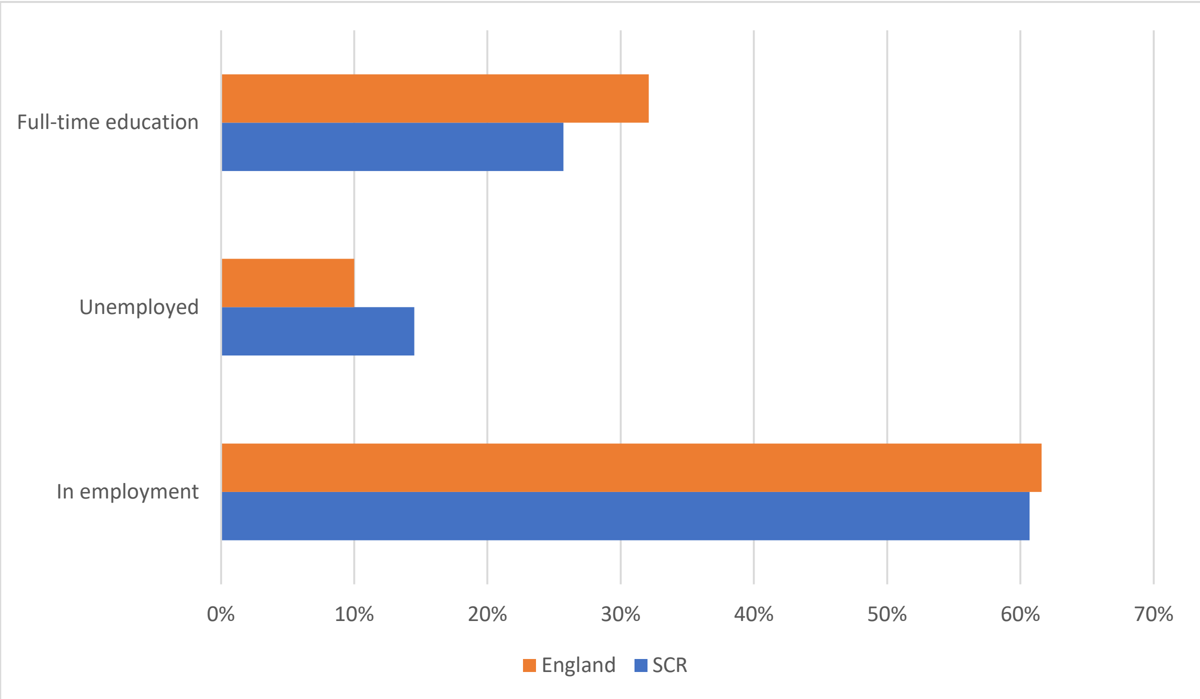
Throughout the first half of the previous decade the level of Not in Employment, Education or Training (NEET) in the City Region and each local authority fell, as it did across England. In this period, Barnsley had the highest level of NEET within the City Region and Rotherham the lowest. Another consistent trend is that the level of NEETs rises as young people get older so that the NEET rate for 18 year olds is much higher than that for 16 and 17 year olds (this is a result of raising of the participation age but this occurred before the leaving age was raised).[36]

[36] Sheffield City Region (2016), LMI Report

In the absence of destination data for KS4 students, the APS provides information on the economic activity rates of young people aged 18-24. However, because of rounding the data is only valid for the City Region and England. Figure 15 shows that in 2019/20, 61% of 18-24 year olds in the City Region were in employment, 26% were in full-time education and 15% were unemployed. Compared to England, similar proportions were in employment (62% in England) but fewer were in full-time education (32%) and more were unemployed (10%).

As was mentioned above the local authority data is affected by the rounding of the information presented. However, there does appear to be a significantly higher level of 18-24 years olds in Doncaster who are unemployed which is twice the City Region average, this should be explored more fully.

Figure 19: Economic activity of 18-2 year olds – the City Region, local authorities and England April 2019-March 2020



- Source: IER analysis of NOMIS data based on the Annual Population Survey

FE funded post-18 learning provision

This section analyses data from the Individual Learner Record (ILR) on FE funded learning provision in the City Region. It reports on four streams of funding: Adult Education Budget (AEB), Advanced learner Loans (ALL), Community Learning (CL), and Apprenticeships. Data is provided for the period July 2018 to August 2019 which is the full year pre-COVID. All data, except for apprenticeships, is for learners aged 19 and over.

Overview of FE provision

In 2018/19, there were over 77,000 FE learning aim starts, the large majority of which were funded through the AEB (57%) and just over a quarter (28%) were funded through CL.

There is a large amount of skills provision across the City Region.[37] There are a large number of providers delivering most types of provision. Overall, there are 624 providers delivering at least one learning start in the four funding programmes. Apprenticeships, in particular, has a large number of providers with a total of 462 across the City Region, 232 of whom deliver fewer than 5 learning aim starts.

Table 11 shows that the level of learning varies by funding stream in 2018/19. Almost one third (60%) of AEB learning supports provision at Entry and Level 1, whereas nine out of ten ALL starts are at Level 3 (89%). This reflects the strategic aims, priorities and restrictions around the different budgets. Around two out of five apprenticeships are at Level 2 (39%) with a similar proportion at Level 3 (41%), and one in five at Level 4 and above. Most CL provision is not assigned a NVQ level (84%).

Table 11: FE funded provision by level - the City Region 2018/19

Starts – learning aims	AEB N=43,235	ALL N=1,950	Apprentice N=9,857	CL N=21,187
Entry level	26%	0%	0%	7%
Level 1	34%	1%	0%	8%
Level 2	39%	2%	39%	1%
Level 3	1%	89%	41%	0%
Level 4	0%	8%	20%	0%
Level 5	0%	0%	0%	0%
Not Applicable/Known	0%	0%	0%	84%
Total	100%	100%	100%	100%

- Source: SCR ILR data 2018/19

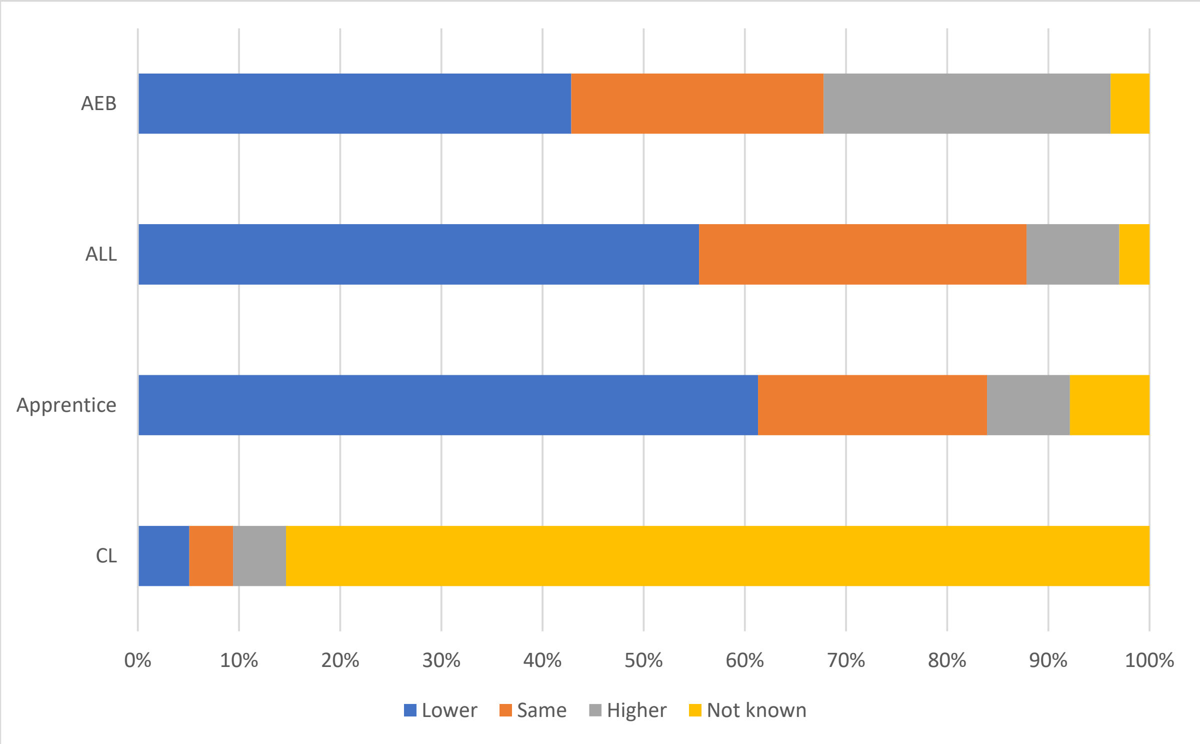
Figure 16 shows the learners level of prior attainment compared to the level of the provision they are starting. For example, someone in the 'lower' category would have prior attainment that was at a lower level than their current level of highest qualification (e.g. someone with an existing Level 2 qualification starting an Advanced *Level 3) apprenticeship.

Around half of learners are funded to undertake provision which is above their prior qualification level. For apprenticeships, 61% of starts are for levels of provision which are higher than the learner's current highest qualification. For ALL the figure is 55% and for AEB is 43%.

About one quarter of learners are on provision which is the same level as their highest qualification. For AEB the proportion is 25%, 32% for ALL and 24% for apprenticeships. One in ten ALL (9%) and apprentice (8%) learners are on provision at a lower level than their highest qualification, and this rises to 38% for AEB learners.

[37] There is likely to be a high level of double counting of providers by local authority, the provider numbers should not be totalled across districts nor across different funding programmes. There is also likely to be double counting of learners across local authorities and funding programmes, but this is likely to be much less numerous. There is no double counting of learning aims.

Figure 20: Level of prior attainment compared to level of provision – the City Region 2018/19



- Source: SCR ILR data 2018/19

Table 12 shows the top ten detailed subject areas (learning aim starts) for the four main funding streams. There is wide variation in the subjects. The only consistent pattern is that, apart from apprenticeships, the top three subjects account for a significant proportion of funded provision, 63% for AEB, 52% for ALL, and 68% for CL. The subject spread is much broader for apprenticeships with the top three subjects only account for 18% of learning aim starts.

Table 12: Top 20 detailed subjects by funding stream - the City Region 2018/19 (learning aim starts)

AEB (N=43,235)		ALL (N=1,950)		Apprentice (N=9,857)		CL (N=21,187)	
Foundations for Learning/Life	35%	Health & Social Care	27%	Business Administration	7%	Foundations for Learning/Life	32%
Preparation for Work	17%	Service Enterprises	16%	Team Leader or Supervisor	6%	Crafts, Creative Arts & Design	29%
Health & Social Care	12%	Sport, Leisure & Recreation	9%	Construction Skills	5%	ICT for Users	6%
Administration	5%	Engineering	5%	Children's Care Learning & Development	4%	Sport, Leisure & Recreation	5%
Warehousing & Distribution	3%	Direct Learning Support	5%	Adult Care Worker	4%	Hospitality & Catering	4%
ICT for Users	3%	Accounting & Finance	5%	Operations/Departmental Manager	4%	Health & Social Care	4%
Business Management	3%	Social Sciences	4%	Lead Adult Care Worker	3%	Preparation for Work	3%
Mathematics & Statistics	2%	Science	3%	Customer Service Practitione	3%	Other Languages, Literature & Culture	3%
Building & Construction	2%	Business Management	3%	Industrial Applications	2%	History	2%
Languages, Literature & Culture of British Isles	2%	Animal Care & Veterinary Science	3%	Business Administrator	2%	Performing Arts	2%
Hospitality & Catering	2%	Crafts, Creative Arts & Design	3%	Engineering Technician	2%	Marketing & Sales	2%
Service Enterprises	2%	Child Development & Well Being	2%	Care Leadership & Management	2%	Environmental Conservation	2%
Public Services	2%	Teaching & Lecturing	2%	Nursing Associate	2%	ICT Practitioners	1%
Transportation Ops & Mainten	1%	Building & Construction	2%	Hair Professional	2%	Horticulture & Forestry	1%
Retailing & Wholesaling	1%	ICT Practitioners	2%	MES Plumbing	2%	Linguistics	1%
Sport, Leisure & Recreation	1%	Law & Legal Services	1%	Installation Electrician & Maintenance Electrician	1%	Child Development & Well Being	1%
Engineering	1%	Nursing & Vocations Allied to Medicine	1%	Engineering	1%	Manufacturing Technologies	0.4%
Accounting & Finance	1%	Horticulture & Forestry	1%	Management	1%	Teaching & Lecturing	0.3%
Direct Learning Support	1%	Hospitality & Catering	1%	Retailer	1%	Business Management	0.1%

- Source: SCR ILR data 2018/19

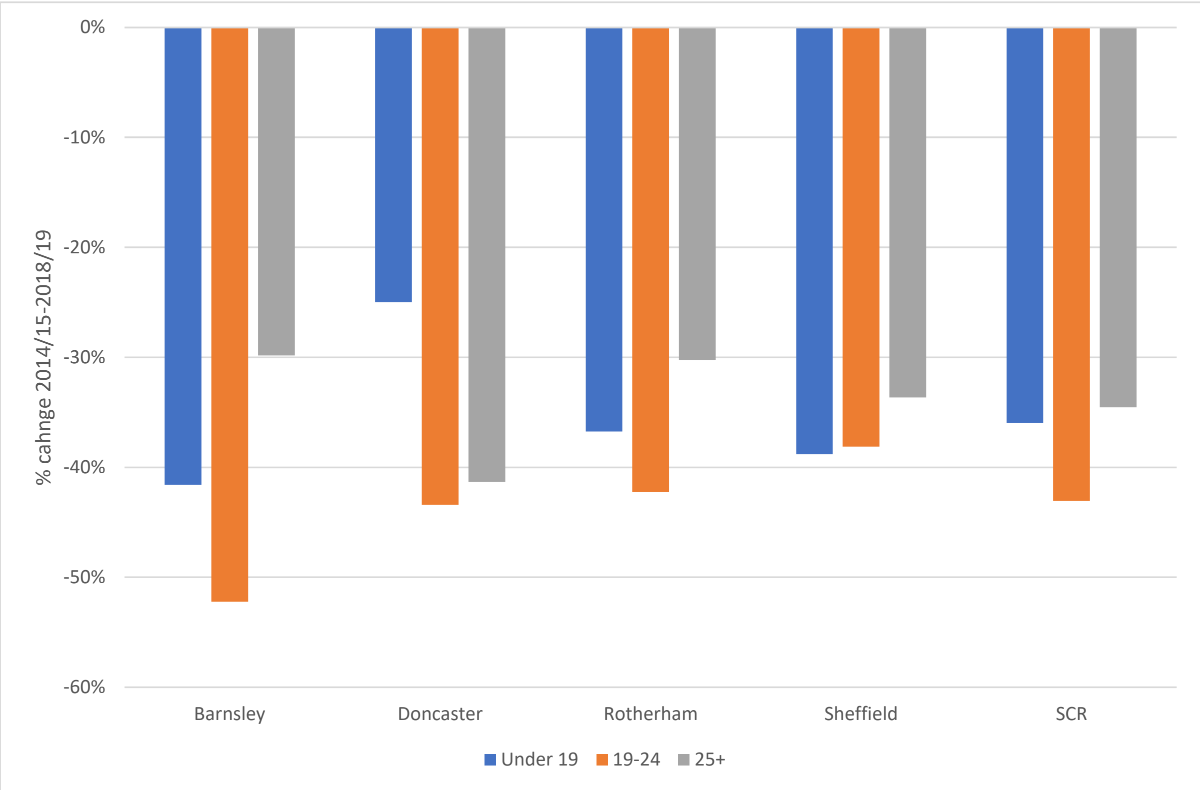
Apprenticeships

Data from DfE show that the introduction of the apprenticeship levy in Spring 2017 had a significant negative impact on apprenticeship numbers. Until the reforms were introduced, apprenticeship starts had been on an upward trajectory. In 2016/17, apprenticeship starts began to fall, and this decline accelerated in the following year. Since 2017/18 numbers began to increase slightly except for Sheffield. The impact of the apprenticeship reforms was similar in all four districts ranging from -40% in Barnsley to -36% in Rotherham. In numerical terms there were almost 6,000 fewer apprentices in 2018/19 compared to 2014/15. wally

One was reason for the increase in the number of apprentices up to 2015/16 was an increase in the number of older apprentices aged 25+. Figure 17 shows that across the City Region the apprenticeship starts of 19-24 year olds declined the most (-43%) with under 19s (-36%) and over 25s (-35%) falling by similar amounts. At a district level, 19-24 year old starts fell the most (except in Sheffield). However, Barnsley, Rotherham and Sheffield, the starts of under 19s fell greater than those aged 25+. The exception was in Doncaster where there was a much larger decline in 25+ starts.

It is important to note that the above trends mostly occurred between 2014/15 and 2017/18. Since the number of apprentice starts have begun to rise again, this is due to a significant increase in 25+ apprenticeship starts across the City Region (11%). There has been a small increase in the number of 19-24 starts (2%) but a large decrease in under 19 starts.

Figure 21: Apprenticeship starts in the City Region and local authorities by age – 2014/15 to 2018/19

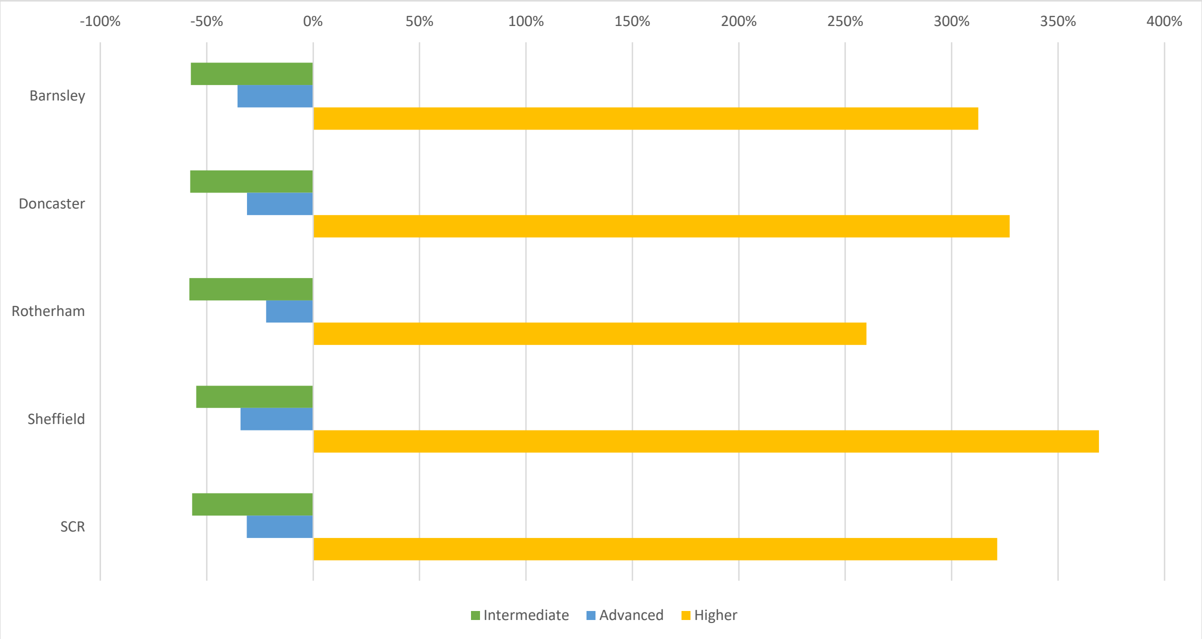


- Source: Department for Education Apprenticeship Data Pack

Another key trend of the past decade has been the increase in higher level apprenticeships. Figure 18 shows that there was a sizeable shift to higher level apprenticeships in the City Region. In the five years to 2018/19, the number of higher level apprenticeships rose by 321%

across the City Region, and this large increase happened in each district. In part this was because the number of higher level apprenticeships was relatively small in 2014/15. In this year only 3% of apprenticeship starts were at this level, however, by 2018/19 this had risen to 18%.

Figure 22: Apprenticeship starts in the City Region and local authorities by level – 2014/15 to 2018/19



- Source: Department for Education Apprenticeship Data Pack

Changes in apprenticeship subjects is more complicated to analyse because some subject areas are quite small (e.g. education and training) and small changes can have large percentage changes. In 2014/15 there were five subjects which accounted for more than 2% of apprenticeship starts in the City Region and each local authority district.[38] Limiting the analysis to these five subjects, Figure 19 shows that the number of apprentice starts fell in each subject area in each district with the exception of construction which increased in every area. However, the numbers in each subject area and in each district all fell from 2014/15 to 2017/18, with the exception of construction in Barnsley, Doncaster and Sheffield.

In general, the increase higher level apprenticeships failed to offset falls in intermediate and advanced starts. Within each subject area, (with the exception of construction where numbers rose for each level) the number of higher level apprenticeship starts increased but the number of intermediate and advanced apprenticeships fell across the City Region. In each subject in each district, there was a fall in the number of intermediate apprentice starts (with the exception of construction) and an increase in higher level apprenticeships. Although there were some exceptions (mostly construction and engineering), the number of advanced apprenticeship starts also fell in each subject in each local authority area.

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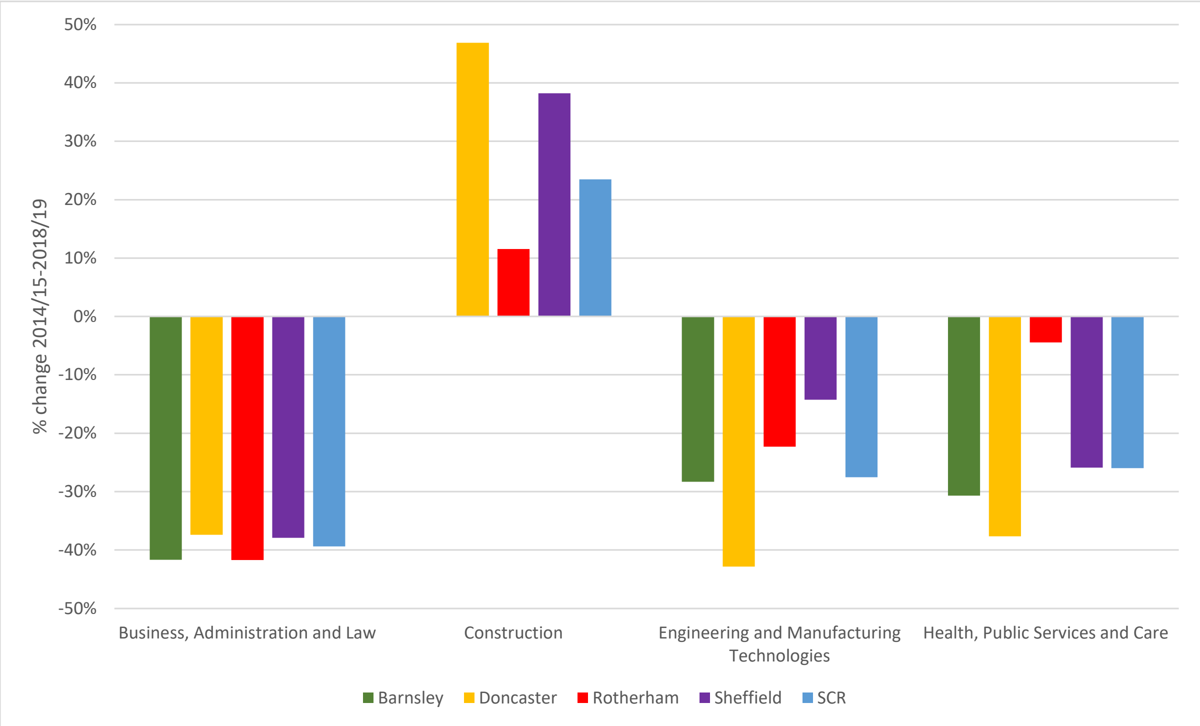
[38] These were: Business, Administration and Law ; Construction, Planning and the Built Environment; Engineering and Manufacturing Technologies; Health, Public Services and Care; and Retail and Commercial Enterprise

Figure 23: Apprenticeship starts in the City Region and local authorities by largest five subjects – 2014/15 to 2018/19



- Source: Department for Education Apprenticeship Data Pack

Higher Education

Across the City Region, HE provision is delivered primarily through the two universities based in Sheffield - Sheffield University and Sheffield Hallam University. Each of the five City Region FE colleges – Barnsley College, Dearne Valley College, Doncaster College, Rotherham College and Sheffield College – also offer HE provision, but this is not included in the Higher Education Statistical Agency (HESA) data. Almost three quarters were undergraduate students (72%).

The largest areas of study are: subjects allied to medicine (14%), engineering and technology (13%), business and management (13%) and social sciences (11%). A significant proportion of subject studied by students are Science, Technology, Engineering and Mathematics (STEM) subjects.

The HESA Destination of Leavers from HE survey of Sheffield graduates for 2014/5 to 2016/7 (combined) found that 36% of university graduates remaining in the City Region were in employment and 63% were in further study. Around one in ten Sheffield university graduates were in part time employment 6 months after graduating. However, these were mostly 'stop-gap' jobs before moving away to graduate jobs.

HECSU reported that the 5 largest professional occupations for Sheffield university graduates were nurses, primary and nursery education teaching professionals, medical practitioners, marketing associate professionals, and general office jobs. The 5 largest employing organisations were: hospital activities, primary education, government, aerospace and general secondary education.

Qualifications in the population

Table 13 shows that the proportion of the City Region working age population (16-64) with no qualifications is almost identical to England (7.5% and 8.2% respectively). However, people in England are qualified to higher levels. Similar proportions of the City Region and England populations hold qualifications below Level 3, but people in England are more likely to hold Level 4+ qualifications whereas people in the City Region are more likely to hold Level 3 qualifications.

Within the City Region, there are large differences between Sheffield and the three other local authorities. Almost half of the working age population of Sheffield is qualified to Level 4+ (47%) compared to around one quarter in the three other local authorities. One quarter of Doncaster's working age population hold no or a Level 1 qualification which is the highest proportion in the City Region.

Compared to the comparator MCA areas, the City Region population is better qualified and more likely to hold a Level 4+ qualification. There has been a similar rate of growth in the proportion of the working age population holding a Level 4+ qualification in the City Region, England and the comparator MCA areas of 15 percentage points since 2004.

Table 13: Highest qualification working age population – the City Region, local authorities and England, 2019

	Percentage of people aged 16 to 64with highest qualification						
	No qualifications	NVQ Level 1	NVQ Level 2	NVQ Level 3	NVQ Level 4+	Trade apprenticeships	Other qualifications
Barnsley	9.3	9.1	18.0	22.8	26.6	4.5	9.7
Doncaster	10.9	13.6	19.5	19.3	23.7	4.0	9.0
Rotherham	7.5	12.1	18.9	23.5	27.3	3.6	7.2
Sheffield	6.7	8.4	13.1	17.6	47.2	2.7	4.3
SCR	8.2	10.3	16.3	19.9	35.0	3.4	6.8
England	7.5	10.1	15.9	17.1	40.0	2.7	6.7

- Source: ONS Annual Population Survey, January to December 2019

Population migration

The high number of university students in the population is one of the factors underlying the relatively high rate of net international migration (a change of country of residence lasting at least 12 months) into Sheffield which is higher than the England average.

Since 2010, in-migration in the City Region and England has fluctuated from year to year, with the City Region having an international in-migration rate lower than England. The presence of the two universities means that Sheffield has an international in-migration rate four times that of the other local authorities.

Net international migration (the difference between in- and out-migration) has been positive in all parts of the City Region since 2010. Sheffield again has much higher rates than England and the other three City Region local authorities. Net in-migration peaked in 2011/12 and 2015/16 in most areas, but then declined after the Brexit vote.

It is difficult to predict the impact of Brexit on migration patterns in the City Region. This is because the pandemic is severely restricting the movement of people, and because the trade deal has yet to take full effect (for example, it does not include services). The new points based immigration system restricts the in-migration of both EU and non-EU citizens to work in the UK.

Overseas students make up a significant proportion of university students at the two City Region universities (see Section 4.5). Most of these are non-EU residents. Student numbers are sensitive to changes in immigration policy. The Home Office introduced restrictions in 2010/11 which subsequently led to a decline overseas student numbers in the UK.[39]

Impact of COVID-19 on labour supply in the City Region

A step change in the claimant count rate followed the implementation of the lockdown in March 2020. However, it appears to have affected all areas, age groups and genders equally.

Even though the full impact of the pandemic came halfway through the 2019/20 academic year, there were significant falls in the learning aims starts in all of the funding programmes except for ALL.

Summary

In general, the picture for young people is that across the City Region on the various indicators, the City Region falls below the national average, but the extent of this (and the variation across the City Region local authorities) varies. However, unlike the indicators of skills demand, the City Region tends to fall below the national average on almost all measures.

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[39] See https://migrationobservatory.ox.ac.uk/resources/briefings/international-student-migration-to-the-uk/

Mapping Skills Supply and Demand

Introduction

This data analysis and assessment produced for the City Region provides an overview of the demand for, and supply of skills, and the extent of any skill mismatches and in so doing provides a snapshot of the current position and, where time-series data allow, the direction of travel to the current position. Any pathway to improving the current situation will need to be undertaken in a manner which is consistent with current national skills policy but in a way that responds to local circumstances and needs.

Overview

The report has analysed a wide variety of data on the background characteristics, skills demand and skill supply of the City Region and its four composite local authorities.

The analysis of data has shown that on most measures of skills demand and supply the City Region is below the national average. On indicators of skills demand, the picture varies depending on the variables under analysis with the City Region performing better on some indicators. The skills supply data is less equivocal, with the City Region underperforming the national average on most indicators.

The direction of travel also varies with the City Region performing better over the latter half of the past decade on some indices than others.

Within the City Region, especially on skills supply data, Sheffield and Rotherham generally perform better than Barnsley and Doncaster. The latter in particular appears to have relatively low qualification levels and there is a potential issue over youth unemployment which needs exploring in more detail.

People of BAME origin and disabled people also tend to score low on a variety of indicators in relation to their comparator groups.

On skills demand, the City Region has much lower productivity rates than England and the comparator MCAs. Earnings levels are also significantly lower. Both have improved but at similar rates to England so that the gap persists. There is a gender pay gap in the City Region and England., although the gap has narrowed in the City Region much more than nationally.

This skills report has analysed a large amount of skills, employment and other data. However, a number of data gaps remain. A key area is employer data from the ILR. At the moment it is not possible for the City Region (or anyone else) to identify which employers in which sectors and locations are being supported through the City Region's skills budget or, more importantly, those who are not. Another important area of omission is the lack of information on HE in FE provision. FE providers are increasingly delivering HE provision and to important groups in the population who do not usually go to university. Furthermore, little is known about the retention of graduate skills in the local labour market. Sheffield is home to two renowned universities which attract a large number of qualified people from other parts of the UK and internationally. It is not known how many of these people remain once they have graduated and can contribute to the City Region economy. Finally, data is not available at the local level on wage rates by sector and occupation. Wage levels are an indication of skill level, employer demand and productive contribution, and changes over time can be used to identify changing business demand for certain types of occupation and skill.

1 Annex B: Additional analysis and references

View the Local Skills Report Core Indicator Report produced by Institute of Employment Research (attached or weblink).

SCR MCA has produced a range of different documents related to the ambitions of the Skills Advisory Network. These include:

- Strategic Economic Plan Evidence Base (2020):
  - https://sheffieldcityregion.org.uk/sep/
- Digital Action Plan (2018):
  - https://sheffieldcityregion.org.uk/wp-content/uploads/2018/09/SCR-Digital-Action-Plan-The-Evidence-Base.pdf
- Inclusive Growth Report (2019):
  - https://sheffieldcityregion.org.uk/wp-content/uploads/2019/09/SCR-Inclusive-growth-report-FINAL.pdf
- Independent Economic Review (2013):
  - https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/Independent-Economic-Review.pdf
- A Sheffield City Region Combined Authority Report on skills shortages and hard to fill vacancies.(2017):
  - https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/SCR-Skills-Report-PDF-V1R4.pdf
- Sheffield City Region Combined Authority Labour Market Information Report (2016):
  - https://sheffieldcityregion.org.uk/wp-content/uploads/2018/01/2016_LMI_Report_v1.2_20170209_FINAL-1.pdf

Further documents will be uploaded in future at a dedicated resource linked to the SCR Intelligence Hub.

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