Learning and Skills Council North West

European Social Fund
LSC Co-financing Plan for the North West of England
For the period January 2007 to December 2010

Companion Document:
LSC Response to the ESF Northwest Regional Framework and Sub-Regional Analysis November 2007 (FINAL)

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ANALYSIS

The analysis which underpins the ESF Co-Finance Plan is drawn from the North West Strategic Analysis and Sub Regional Analysis Reports for Cheshire & Warrington, Cumbria, Greater Manchester, Greater Merseyside and Lancashire - December 2006. These can be found at www.lsc.gov.uk.

The Regional Strategic Analysis report, which has been prepared on behalf of the Regional Skills Partnership, is the quantitative evidence base that underlies the North West Statement of Skills Priorities 2007-10 and also acts as the evidence base for European Social Fund (ESF) prioritisation for the 2007-13 programme. The information set out below was extracted from this report and the complementary sub-regional reports on the basis that it has particular relevance to evidence to those issues which we will address through the use of ESF funding. The exception is additional data in respect of NEET which was provided by Government Office for the North West.

1 Gtr Merseyside (phasing in area)

1.1. Demographic Analysis

1.1.1 Population Growth and Location

The resident population in Greater Merseyside declined by 47,129 or 3.1% between 1991 and 2001 compared to stability in the region as a whole. Between 2001 and 2005 the population grew by 0.4% in Greater Merseyside, an increase compared with recent historic trends, but was by far the lowest rate of growth of the North West sub-regions.

Table 33 - Total Population, 1991 - 2005

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 - 2005
Cheshire & Warrington	832,900	864,864	+3.8%	874,600	+1.1%
Lancashire	1,383,998	1,414,727	+2.2%	1,439,200	+1.7%
Cumbria	483,163	487,609	+0.9%	498,900	+2.3%
Greater Manchester	2,499,441	2,482,328	-0.7%	2,547,600	+2.6%
Greater Merseyside	1,527,358	1,480,229	-3.1%	1,485,900	+0.4%
North West	6,726,860	6,729,764	0%	6,846,200	+1.7%
England	47,055,204	49,138,831	+4.4%	50,431,700	+2.6%

Source: ONS Census 1991, 2001, Mid Year Population Estimates 2005

The decline in the working age population between 1991 and 2001 was slightly less than the decline in total population: -2.9% versus -3.1%.

The table below shows population growth in Greater Merseyside by district between 1991-2005. The largest change in the last four years has been witnessed in Liverpool where there has been a percentage increase of 1.8%. This reflects an influx of people into the city, drawn through employment opportunities and new housing developments, both of which are strongly linked to the city's regeneration. However, in contrast to the regional and national trends, three districts have witnessed a decline in population between 2001-2005 and these are; Knowsley; Sefton; and St. Helens.

Table 34 - Total Population by District, 1991 - 2005

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 – 2005
Halton	123,716	118,208	-4.5%	118,800	+0.5%
Knowsley	152,091	150,459	-1.1%	149,400	-0.7%
Liverpool	452,450	439,473	-2.9%	447,500	+1.8%
Sefton	289,542	282,958	-2.3%	280,900	-0.7%
St Helens	178,764	176,843	-1.1%	176,300	-0.3%
Wirral	330,795	312,293	-5.6%	313,100	+0.3%

Source: ONS Census 1991 and 2001, Mid Year Population Estimates 2006

The age profile of the sub-region's working age population relative to the other North West sub-regions is shown in the table below. The age profile of the Greater Merseyside working age population is similar to that of the region and England. It does have a slightly higher proportion of those aged 16-19 though. However, the number of 16-19 year olds will decline significantly between now and 2015.

Table 35 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64	Total
Cheshire & Warrington	7.2	28.3	36.6	21.5	8.4	552,903
Cumbria	7.2	27.1	34.1	22.4	9.2	306,346
Greater Manchester	8.1	32.7	32.6	19.1	7.5	1,585,596
Greater Merseyside	8.8	30.0	33.6	19.4	8.2	930,149
Lancashire	8.2	29.8	33.1	20.7	8.2	886,481
North West	8.1	30.5	33.3	20.1	8.0	4,261,475
England	7.7	31.8	33.3	19.6	7.6	31,429,250

Source: Census 2001

The age profile does differ somewhat within the sub-region, as shown in the table below. Liverpool has the highest volume of people living in the city in the 20-34 bracket, at 34.3%. This is to be expected as this age group is most likely to be attracted to central city living and the available work opportunities. Outside of Liverpool, the other areas of Greater Merseyside have similarly high proportions of people of working age in the 35-49 and 50-59 brackets. Sefton has a relatively high proportion of people in the 60-64 age range.

Table 36 - Age Profile of Working Age Population (% of Total), 2001

District	16-19	20-34	35-49	50-59	60-64	Total
Halton	8.6	30.1	34.0	20.2	7.2	76,560
Knowsley	9.2	30.4	35.2	17.3	7.9	93,646
Liverpool	9.7	34.3	31.9	16.7	7.4	283,810
Sefton	8.3	26.5	35.1	20.8	9.3	172,297
St Helens	7.8	29.6	32.8	21.2	8.6	112,665
Wirral	8.4	26.9	34.5	21.6	8.6	191,171

Source: Census, 2001

The table overleaf illustrates population forecasts by district from the years 2005-2020. The only district with a significant forecast population increase is the Wirral (+1.8%). Halton and Liverpool are relatively stable whereas the district with the highest forecast population decline is St. Helens. It is forecast that Greater Merseyside as a whole will decline in population by 0.9%, by 2020.

Table 37 - Population Forecasts by District, 2005 - 2020

000s	2005	2010	2015	2020	%Change 2005 - 2020
Halton	118.2	118.0	118.1	118.3	0.1
Knowsley	149.3	147.3	145.6	144.3	-3.3
Liverpool	439.8	437.5	437.2	438.1	-0.4
Sefton	280.5	278.4	276.9	276.3	-1.5
St Helens	175.5	172.8	170.3	167.9	-4.3
Wirral	313.9	314.9	316.9	319.5	1.8
Greater Merseyside	1,477.2	1,468.9	1,465.0	1,464.4	-0.9

Source: Census 2001

Projected changes in the age profile by district are shown in the table below. The main points to note are:

- That the Districts show an ageing population by 2020, with the percentage of people aged 65+ growing markedly in several areas;
- For the 0-14 and 15-24 age groups, there are forecast to be significant population declines in all districts but especially in Sefton and St. Helens; and
- Population levels within the 25-34 age bracket are expected to grow in all districts, in contrast to age groups that sit either side of it.

Table 28 - Population Forecasts by District and by Age Group, 2005 - 2020

% Change	0-14	15-24	25-34	35-44	45-54	55-64	65+
Halton	-6.6	-18.1	4.1	-19.9	-4.2	11.9	38.7
Knowsley	-8.0	-17.9	16.4	-26.9	2.6	37.7	15.3
Liverpool	-2.2	-18.5	16.4	-14.8	-1.3	23.5	9.0
Sefton	-10.3	-14.8	18.9	-28.3	-4.2	18.3	21.7
St Helens	-16.6	-18.4	3.0	-19.9	9.4	8.6	33.8
Wirral	-8.6	-15.4	13.1	-22.0	2.7	8.5	21.2
Greater Merseyside	-7.8	-17.2	13.5	-21.2	0.4	17.2	20.2

Source: Census 2001

1.1.2 Economically Active population

Despite significant improvement in the numbers of economically active in the sub region (increasing by 3.8% in the last ten years[1]), Greater Merseyside continues to lag behind the regional average rate by almost four percentage points, and the national average by almost five percentage points.

Table 39 - Economic Activity Rate, 2004 – 2005

	2004	2005	% Change
England	78.3%	78.4%	0.6%
North West	76.2%	76.6%	0.7%
Halton	72.1%	77.0%	6.5%
Knowsley	70.9%	72.3%	1.9%
Liverpool	66.2%	67.9%	2.7%
Sefton	78.1%	76.5%	-2.1%
St Helens	74.7%	76.2%	1.5%
Wirral	77.3%	76.2%	-1.6%
Greater Merseyside	72.7%	73.4%	0.9%

Source: ONS; Annual Population Survey, November 2005

[1] Source: LFS Four Quarter Averages

Greater Merseyside as a whole is similar to the North West average of economic activity in the 20-24 age group at 76.5% compared with the North West average of 76.8% and the England average which is 75.2%. Other points to note include:

- Across all Greater Merseyside districts, the economic activity rates are more likely to be below the England average in the older age groups (35-49, 50-retirement age, and above retirement age). This is especially the case for those between 50 and retirement age in Liverpool.
- In contrast, economic activity rates for the 20-24 age group are higher than the national average in almost all Greater Merseyside districts. The one exception to this is Liverpool, which has the lowest district rates across all age groups.

1.1.3 Migration

According to the number of National Insurance Number (NiNo) registrations of Foreign Nationals, Greater Merseyside has the third highest level of in-migration in the North West (behind Lancashire and Greater Manchester). The top ten nationalities entering the Greater Merseyside area are shown in the table below. The City of Liverpool has the second highest level of in-migration from foreign nationals. Sefton also features within the top 10 Local Authorities with high levels of in-migration. The LSC is working with Jobcentre Plus, employer organisations, Train to Gain brokers and learning providers to monitor the language training needs of these individuals.

The nationality with the highest level of in-migration within the region is Poland, accounting for 34% of all NiNo registrations in 2005/06.

Table 40 - National Insurance Registrations (NiNo) in Greater Merseyside 2005/06

	All (NW)	All (sub region)	Knowsley	Liverpool	St. Helens	Sefton	Wirral	Halton
All	**48,620**	**7,740**	**190**	**4,450**	**470**	**1,470**	**860**	**300**
Poland	**16,860**	**2,700**	60	1,420	130	570	370	150
India	**3,160**	**590**	30	410	20	50	60	20
Slovak Rep	**2,240**	**380**	-	200	70	60	40	10
Rep of Latvia	**1,010**	**310**	-	70	50	170	10	10
China Peoples Rep	**1,450**	**270**	-	200	10	20	30	10
Rep of Lithuania	**1,640**	**260**	-	120	10	120	10	-
Czech Rep	**1,570**	**230**	-	170	20	30	10	-
South Africa	**1,020**	**220**	-	40	10	130	30	10
Rep of Ireland	**700**	**190**	10	130	20	10	10	10
Nigeria	**920**	**160**	10	140	-	-	10	-

Source: DWP

1.1.4 Population Change

The Regional ESF Framework identifies that in addition to the issues highlighted for the North West as a whole, Merseyside has also experienced net out-migration over the past two decades (although evidence suggests this has slowed markedly). Whilst Liverpool has a significant pool of graduates, it struggles to retain many of these in the sub-region. Future trends are for higher order skills and occupations, which means there is a greater need for graduate retention and workforce development activity through to L4/5 particularly in the areas of leadership and management.

LSC Response

The reduction of out migration is dependent on two things:
- Availability of employment opportunities.

- Ensuring that individuals within the sub-region have the skills which enable them to access those opportunities. The LSC will work with the NWDA, RSP, SSCs and other employer organisations through the mechanism of a demand led system to ensure that skills investment is meeting employer and individual needs.

The LSC will work to increase the investment which employers make in skills and to improve the responsiveness of the provider network to those employer needs. Skillworks continues to play a key role in stimulating employer investment and commitment to the skills pledge.

1.2. Economic Performance.

1.2.1 Sub-Regional Economic Performance Overview

Of the sub-regions in the Northwest Greater Merseyside faces the biggest challenges in terms of economic performance. It has the lowest GVA per capita in the 5 sub-regions and is well below the England average. New business starts, at 25 per 10,000 of the adult population is the lowest within the 5 sub-regions. Employment growth has risen since the early 90's and Greater Merseyside has the highest employment growth anywhere within the region. However, it still has the lowest employment rate of the 5 sub-regions within the North West and unemployment and economic inactivity are critical issues for the sub-regional economic performance.

Major issues affecting the sub-regions economic performance include:

1 High levels of worklessness and low rates of economic activity
2 The low skills base of the population
3 A low proportion of the working age population with higher level skills
4 A high proportion of working age people not qualified to Level 2

Greater Merseyside has GVA of £16.1 billion, 19% of the regional total, and was historically dominated by port and port related service activities. The sub-region has concentrations in chemicals and public sector administration, and a developing services sector. The City of Liverpool is the major city and has 447,000 residents. The most significant features are the importance of the public sector in GVA, the low importance of manufacturing and the significance of financial and business services overall. In relative terms Greater Merseyside has an above regional average concentration of GVA and employment in the financial services sector, but its shares of GVA in business services are similar to the regional average and its employment share lower. Maritime and increasingly tourism are key sectors.

The Merseyside phasing-in sub-region is a slightly smaller area than Greater Merseyside as it excludes the unitary authority area of Halton. Its overall industrial structure is similar to Greater Merseyside as are its challenges. Its population is 1.4 million

The GVA per capita, at £11,846 in 2004, is well below the England and regional averages (£16,521 and £14,269) and is the lowest of the five North West sub-regions.

1 .2.2 Economic Performance and Growth Prospects

The Regional ESF Framework identifies that despite recent improvements, the economic performance of Greater Merseyside is weak when compared to England average benchmarks and the other sub-regions in the North West. Despite strong employment growth in recent years, there remains a jobs 'deficiency' (reflected in low employment densities). However, there are reasons for optimism, including strong employment growth in recent years, significant regeneration activity (e.g. European Capital of Culture 2008), and a relatively young population. The Liverpool/ Merseyside conurbation has made a significant recovery after three decades of major decline, with substantial fast growth in outputs and jobs – but alongside there are continuing entrenched major concentrations of worklessness and multiple deprivation. Liverpool and Knowsley are ranked No1 and 3 on the Indices of Deprivation. Across the sub region there is a commitment from all partners and stakeholders to the social justice principle of ensuring that the benefits of economic growth reach the most disadvantaged communities.

Merseyside is expected to experience employment growth close to the regional average, with Liverpool expected to be a key driver of this growth. In the medium term the sub region economy is expected to grow with an estimated 35,000 net new jobs being generated within the Mersey conurbation. However, it is economically imperative that the benefits of the positive economic trends are maximised for the benefit of the most disadvantaged communities.

LSC Response

The LSC will work with key partners to:

- Link LSC investment to major employment opportunities.
- Sustain initiatives such as Skills Works to improve competitiveness and increasingly lever employer investment in skills as a mechanisms to drive competitiveness and employment growth.
- Work with employers to secure employment opportunities for those currently workless and to increase the number of individuals in areas of high worklessness to secure the employment opportunities which are available.
- Further develop sector led routeways and Borough Response Programmes targeted at young people.
- Develop and deliver a new continuum of skills and employment support for businesses and workless individuals, meeting specific and identified demand for skills and labour.
- Support individuals to sustain employment and progress up the career ladder.
- Integrate and align employment and skills action within the City Employment Strategy.
- The LSC will seek to sustain initiatives such as the Inward investment rapid response fund which aims to equip individuals in the sub-region with the skills to secure employment opportunities.
- Key growth sectors like retail, leisure, tourism and maritime will be a focus for skills investment.
- Make a real difference to businesses and communities around the opportunities for economic prosperity linked to Liverpool as the European Capital of Culture 2008.

1.2.3 Employment

Greater Merseyside has benefited from an economic revival since the mid 1990s, following a period of decline during the 1980s and early 1990s. Since 1996 it has experienced above average employment growth relative to the North West and England, with employment growth in the sub-region between 1996 and 2004 of 19%, compared to 13% nationally. However, the employment rate in Greater Merseyside remains below that of other North West sub-regions, despite the higher rate of employment growth in recent years. Merseyside was starting from a low employment base in 1996, and its relative high rate of growth has only partly closed the gap with other parts of the North West.

Current data indicates employment volume of over 639,000 jobs, an increase of nearly 143,000 jobs since 1996. Employment growth dipped between 2002 and 2003 but has regained a steady growth since.

1.2.4 Employment by Sector

Growth in jobs since 1996 has been most significant in service sectors, particularly Health and Social work (33% growth 1996-2004), Education (50%), and Retail and Repair (35%). Employment in Manufacturing has continued to decline over the period, with a loss of 16,444 jobs.

Table 41 - Employment by Industrial Sector, 1996 & 2004

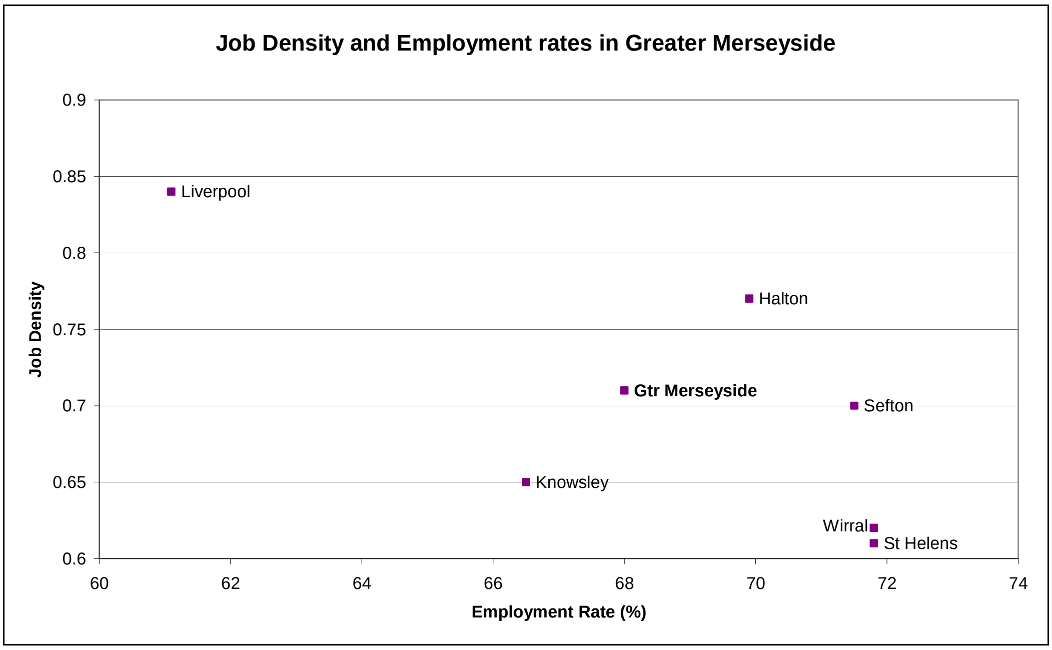
	Greater Merseyside				England
	1996	%	2004	%	%
Agriculture, forestry & fishing*	251	0.1	166	0.0	0.2
Mining and utilities	2,075	0.4	1,254	0.2	0.5
Manufacturing	79,331	16.0	63,572	10.8	12.0
Construction	16,417	3.3	21,882	3.7	4.5
Wholesale and retail trade	90,689	18.3	106,622	18.1	18.2
Hotels and restaurants	27,145	5.5	35,359	6.0	6.8
Transport and communication	28,377	5.7	34,402	5.8	6.1
Financial intermediation	19,301	3.9	23,484	4.0	4.1
Real estate and business activities	54,417	11.0	68,342	11.6	16.6
Public admin' and defence	38,806	7.8	45,779	7.8	5.4
Education	42,732	8.6	64,304	10.9	9.2
Health and social work	70,736	14.2	94,008	15.9	11.4
Other community and personal services	26,528	5.3	30,308	5.1	5.1
Total	**496,805**		**589,480**	**100**	**100**

Source: Annual Business Inquiry; NOMIS, 1996, 2004
*In-depth DEFRA Agriculture employment figures unavailable

The table above shows the sectors which have experienced the greatest increases in employment since 1996. The number of jobs has increased most significantly in; Health & Social Care; Education; Retail & Repair; and Other Business Activity sectors. The growth rates in the first three of these sectors are well above the respective rates for England.

Overall, the decline in manufacturing is a trend experienced throughout the country although at greater levels in Greater Merseyside. Despite this, manufacturing employment continues to be of higher significance in Greater Merseyside than it is nationally accounting for 14% of employment (63,500 jobs) in 2004.

1.2.5 Job Density and Employment rates



Source: NOMIS

Analysis of the job density and the employment rates allows us to compare the availability of employment with economic activity rates an issue which has been explored by DWP in developing the national ESF programme. The conclusion reached nationally is that with recent economic growth a lack of jobs is no longer the key factor in terms of the levels of worklessness. However, the availability of employment varies significantly across the region and within sub-regions.

Within Greater Merseyside, we can see that Liverpool has the highest job density within the sub-region but it also has the lowest employment rates. This implies that local residents within Liverpool are not necessarily accessing the growing employment opportunities in Liverpool or the wider sub-region.

Analysis of other areas such as Wirral and St Helens reveals that a relatively high level of employment compared to a low job density. This implies that these areas have a relatively low level of employment opportunities available but its residents are more likely to be employed in the nearest economic hub (i.e. Liverpool).

1.2.6 Occupational Structure

There has been a marked change in the occupational structure of the workforce in Greater Merseyside, reflecting the changing nature of the economic base.

The table below shows the number of people employed in different occupations in Greater Merseyside in 2005, and compares this to the profile for England. Key differences between the Greater Merseyside and England profiles are as follows:

- There are a lower proportion of higher skilled jobs in Greater Merseyside than in England. The Manager and Senior Official category accounts for 12% of Greater Merseyside jobs, compared to 15% nationally, and the Professional category accounts for 10% of jobs, compared to 13% nationally[2].
- Similarly, there are a higher proportion of lower skilled jobs in Greater Merseyside particularly for; personal services; sales; and plant & machine operatives.
- Elementary occupations and skilled trades are in line with the national averages.

Table 41- Employment by Occupational Group, 2005

	G. Merseyside		England
(SOC 2000)	2005	%	% 2005
Managers & senior officials	74,000	12	15
Professional occupations	65,000	10	13
Associate prof' & technical	82,000	13	14
Administrative & secretarial	91,000	14	13
Skilled trades	71,000	11	11
Personal services	57,000	9	8
Sales & customer services	58,000	9	8
Plant & machine operatives	60,000	9	7
Elementary occupations	75,000	12	12
		100	**100**

Source: Labour Force Survey, Quarterly Averages; NOMIS, 2005

The Standard Occupational Classifications (SOC) changed in 2001/02, so that comparisons pre and post 2001 have to be undertaken with care. In the table below, we show changes in employment by occupational category between 1996-2001 and 2002-05.

[2] Source: Labour Force Survey, Quarterly Averages; NOMIS, 1996, 2005 – Note: Whilst the occupational categories remain broadly consistent between the two periods, it needs to be considered a number of significant occupation have changed groups to provide specific analysis.

Table 42 - Employment Change by Occupational Group, 1996-2001 & 2002-2005

	G. Merseyside		England
Change 1996 - 2001 (SOC 1990)	Change	% Change	% Change
Managers & administrators	16,000	24	8
Professional occupations	14,000	26	12
Assoc. prof' & technical	9,000	16	22
Clerical, secretarial	4,000	4	5
Craft & related occupations	-4,000	-6	-2
Personal, protective	1,000	1	10
Sales	-3,000	-6	13
Plant & machine operators	-15,000	-24	-4
Other occupations	-2,000	-5	-3
Change 2002 - 2005 (SOC 2000)	Change	% Change	% Change
Managers & senior officials	4,000	6	10
Professional occupations	-1,000	-2	10
Associate prof' & technical	1,000	1	3
Administrative & secretarial	-4,000	-4	-5
Skilled trades	13,000	22	-1
Personal services	7,000	14	8
Sales & customer services	8,000	16	3
Plant & machine operatives	6,000	11	-9
Elementary occupations	1,000	1	-3

Source: Labour Force Survey, Quarterly Averages; NOMIS, 1996-2005

Note: Data unavailable for 2001-02 due to a change in classifications. 1996-2001 & 2002-2005 covers an eight year period which is the same timescale as Employment Change by Industrial Sector.

Focussing on the changes between 2002-05, it is evident that:

- There have been significant increases in Skilled Trades, Sales & Customer Services and Personal Service jobs. This does not mirror the national pattern of growth; for instance, the additional 13,000 jobs in Skilled Trades in Greater Merseyside represents an increase of 22% on 2002, compared to a national decrease of 1% over the same period. This reflects factors specific to Greater Merseyside, such as the large scale of regeneration activity across the sub-region
- Growth in higher skilled occupation jobs (Professional, Associate Professional & Technical, and Managers & Senior Officials) has lagged behind the England average, suggesting that Greater Merseyside is losing ground in its ambition to become a relatively high skilled knowledge-based economy.

1.2.7 Employment by District

The Greater Merseyside sub-region is composed of the six districts of Halton, Knowsley, Liverpool, Sefton, St. Helens and Wirral. Examination of employment changes by sector over the period 1996 to 2004 highlights differences across the districts:

- The sub-regional decline in employment in the agriculture and fishing, and mining and utilities sectors is not reflected in Halton, where significant employment growth was experienced in both sectors. Halton also experienced a boom in transport and communications employment with almost 200% growth over the period (nearly 5,000 new jobs).
- Contrary to the sub-regional and regional patterns of employment, Knowsley experienced employment growth of more than 50% in the manufacturing sector, creating more than 4,000 jobs.

- Knowsley also experienced much greater than average employment growth in the sectors of financial intermediation and education, with nearly 470% growth creating 1,300 jobs in the former sector and 24% growth creating 7,700 jobs in the latter.
- Liverpool experienced employment growth approximately double that of the sub-region in the wholesale and retail, and hotels and restaurants sectors, creating 17,000 new jobs between 1996 and 2004

Similarly, district level differences in the changing structure of employment by occupation are evident:

- Both Sefton and St. Helens have experienced substantial growth in employment in professional (20% and 57% growth) and associate professional occupations (19% and 22%), contrary to the overall trend in the sub-region (-2% for professional occupations and 1% for associate professional). This accounted for the creation of 11,000 jobs.
- Liverpool differs from the overall trend at both ends of the skill pool with large declines in employment in professional (-20%), process and plant machine (-13%) and elementary (4%) occupations, accounting for the loss of 7,000 jobs.
- Whilst moderate employment growth was achieved in the sub region in manager and senior official occupations and losses where experienced for administrative and secretarial occupations, Halton experienced good growth (exceeding 33%) in both occupations, with 6,000 jobs created.
- Knowsley and the Wirral both experienced growth in elementary occupations far in excess of that experienced in the sub-region as a whole, with 5,000 jobs created.

1.2.8 Employment Forecasts

The 2006 Working Futures report produced by the Institute of Employment Studies gives some insights into the projected sector and occupational mix of the Greater Merseyside economy to 2014. The economic model which underpins Working Futures is trend based, and so the model will miss significant regeneration or other initiatives underway or planned in specific areas. We address this in a separate section below through qualitative analysis of major projects underway or planned in Greater Merseyside.

The Working Futures forecasts show employment growth in Greater Merseyside of 2.5% between 2004 and 2014 (cumulative growth), which translates into 15,000 new jobs. This growth rate is below that predicted for the North West region of 3%.

Table 43 - Employment Change Forecasts by Sub-Region, 2004-2014

	Employment 2004 (000)	Employment 2014 (000)	Change (000)	Change (%)
Cheshire & Warrington	537	559	22	4.1%
Cumbria	235	239	4	1.7%
Greater Manchester	1318	1365	47	3.6%
Greater Merseyside	602	617	15	2.5%
Lancashire	666	680	14	2.1%
North West	**3358**	**3459**	**101**	**3.0%**

Source: Working Futures 2006

The table below shows forecast employment in Greater Merseyside by sector to 2014.

Table 44 - Employment Change Forecasts by Industrial Sector, 2004-2010

	Employment (000)		Change		North West Change (%)
	2004	2014	(000)	(%)	
Primary sector & utilities	2	1	-1	-50.0%	-11.1%
Manufacturing	61	55	-6	-9.8%	-11.0%
Construction	27	25	-2	-7.4%	-4.4%
Distribution, transport etc	176	180	4	2.3%	3.6%
Business & other services	133	144	11	8.3%	11.4%
Non-marketed services	204	212	8	3.9%	4.4%

Source: Working Futures, 2006

- The sectors showing declines in employment in Greater Merseyside mirror those for the region, but the scale of decline is larger in the sub-region in both the primary sector and utilities employment and construction employment.
- The greatest change from the growth experienced 1996-2004 is in the construction sector, which experienced significant growth from 1996-2004, but is forecast to suffer a contraction in employment of 7.4% to 2014. The decline in construction employment is at a higher rate than that for the region as a whole (4.4% decline).
- The Distribution and Transport, Business and Other Services, and Non-Marketed services sectors are all forecast to grow jobs over the period, but at a lower rate than in the region. The highest growth is expected in Business and Other Services employment, at 8.3%; significantly, this is 3% points below the growth rate forecast for the North West.

1.2.9 Skills Gaps and Shortages

The Regional ESF Framework identifies that Merseyside experiences similar issues in terms of the skills gaps and shortages experienced by employers. Though some variation in nature of occupation specific skills shortages currently and expected in the future. A larger, more highly skilled workforce is needed to counter the growing skills and labour shortages. The main source of additional labour supply is from the extensive pools of workless people in the conurbation. However, the relatively low skills and qualification levels mean that job placement is insufficient on its own and must be supported by up skilling once in work. Skills shortages expected in Maritime and Retail due to key growth opportunities.

LSC Response

Through the mechanism of a demand led system and the prioritisation given to skills for life and employability skills we will continue to investment significant resources in addressing these needs and will utilise ESF to enhance this investment. In Merseyside within the ‘current' Objective 1 ESF programme the LSC has developed a range of interventions which are specifically targeted at providing the skills necessary for individuals to access employment in he public sector. The LSC intends to sustain this type of intervention. Skillworks will continue to play a key role in supporting local SMEs to increase their competitiveness.

1.2.10 Skills Level of the Resident Population

Qualifications are often used as a proxy indicator for the skills of the workforce. The following chart shows the qualification profile of the working age population in England, the North West and the five sub regions. Whilst the qualifications profile of the regional working age population is very similar to the profile in England as a whole, there are considerable variations between the sub regions. Greater Merseyside has the least well qualified workforce, with fewer than 27% holding degree-level qualifications and nearly 32% holding less than a Level 2 qualification or having no qualifications at all.

Table 45 - Qualification Profile (%) of the Economically Active Population, 2006

	Level 4+	Level 3+	Level 2+	No Level 2
England	30.7%	19.6%	21.2%	28.5%
North West	29.2%	20.5%	21.6%	28.7%
Gtr Merseyside	26.9%	19.4%	22.1%	31.6%

Source: DfES, 2006

The qualification profile of the economically inactive population is shown below. The key point to note is the much lower qualification levels of people who are inactive – in the North West, 54% of this group are not qualified to Level 2 (58.3% in Greater Merseyside).

Table 46 - Qualification Profile (%) of the Economically Inactive Population, 2006

	Level 4+	Level 3+	Level 2+	No Level 2
England	11.8%	15.5%	23.1%	49.6%
North West	9.3%	14.4%	22.3%	54.0%
Gtr Merseyside	6.9%	13.8%	21.0%	58.3%

Source: DfES, 2006 (EKOS estimates derived from figures for working age population and economically active population.

Low skills have an impact on employment opportunities, for example, of working age people in Greater Merseyside with no qualifications, only 40% are in employment. This compares to an average employment rate in Greater Merseyside of 68.3%.

Table 47 - Employment Rate by Qualification Attainment, 2005/06

	Level 4+	Level 3+	Level 2+	< Level 2	No Quals	Overall
England	87.1%	78.0%	75.4%	72.7%	48.8%	74.7%
North West	87.9%	78.2%	74.4%	70.2%	45.3%	72.7%
Merseyside	88.2%	74.9%	71.1%	68.2%	40.0%	68.3%

Source: Annual Population Survey

These sub regional profiles identify a major challenge for the sub-region. There is a danger that in spite of strong employment growth in what have previously been under performing parts of the region the fact that a very large proportion of the workless have poor qualifications (and possibly poor skills) is acting as a barrier to them accessing the new employment opportunities.

However, the LSC recognises that this is only one factor amongst a whole range of barriers which are preventing people accessing and sustaining employment and we will be working closely with Jobcentre Plus, City Employment Strategy and other key stakeholders to identify the specific barriers and to develop interventions which overcome them.

1.2.11 Qualifications

The Regional ESF Framework identifies that the sub-region has a low proportion of the working age population with higher level skills (21% to Level 4 compared to 26% in England). This relatively low supply of highly qualified people is reflected in an occupational profile which relative to England has less high skilled jobs. There is a high proportion of working age people not qualified to at least Level 2 (39% of the working age population do not have a Level 2 qualification compared to 33% for England as a whole). This represents a very significant challenge in terms of workforce upskilling. Merseyside has a relatively weak qualification performance amongst its young people. Whilst a similar number of young people remain in education or training at 16, attainment of Level 2 is significantly below the England average (at aged 19, 65% achieve Level 2, 5% points below the England average). A significant issue for Greater Merseyside is the high proportion of young people in the NEET group – 12.2% currently, versus 8.6% for England. The NEET proportion in Knowsley is the highest in the region.

LSC Response

The LSC will continue to support The Mersey partnership, local authorities and the NWDA in terms of diversifying the Merseyside economy and driving up GVA. By supporting appropriate inward investment and targeting investment at level 3 and 4 in growth sectors.

We will increasingly target activity in respect of Skills for Life and level 2 activities on:

- Ensuring that workless people can achieve skills and qualifications necessary to gain and sustain employment.
- Supporting those in work with either a skills for life need and or who lack a first level 2
- The LSC will use ESF to enhance our interventions to reduce NEET via the 14-19 partnerships.
- Resources will be specifically targeted at those areas with both a high volume and high proportion of young people classified as NEET. We will refine this approach to especially focus on those areas where current interventions are not having the desired impact.
- Develop integrated employment and skills actions through the City Employment Strategy.

1.3 Unemployment and Worklessness

1.3.1 Sub-Regional Overview

Of the working age population in the North West:

- 72.6% are in employment;
- 4.0% are unemployed; and
- 23.4% are economically inactive.

Whereas, of the working age population in Greater Merseyside:

- 68.4% are in employment;
- 5.0% are unemployed; and
- 26.6% are economically inactive.

The table below shows the employment, unemployment and economic inactivity rates for England, the North West and of Greater Merseyside.

Table 48 - Employment Status of Working Age Population (by %), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	74.6%	3.9%	21.6%	100%
North West	72.6%	4.0%	23.4%	100%
G. Merseyside	68.4%	5.0%	26.6%	100%

Source: Annual Population Survey, December 2005

Greater Merseyside has an employment rate of 68.4%, the lowest of all the North West sub regions. Similarly, it has the highest unemployment rate and the highest rate of economic inactivity. Converted into population numbers, the table below shows that 603,800 people are in employment, 44,200 are unemployed and 235,100 are economically inactive in Greater Merseyside.

Table 49 - Employment Status of Working Age Population (by number), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	22,776,000	1,177,400	6,582,100	30,535,500
North West	2,975,300	164,500	959,800	4,099,600
G. Merseyside	603,800	44,200	235,100	883,100

Source: Annual Population Survey, December 2005

To improve its economic performance, the North West needs to increase the proportion of working age people in employment, especially those who are currently economically inactive. To enable effective targeting of individuals, to ensure they get the support they need to enter employment, it is important to understand the key characteristics of the unemployed and inactive groups. The next sections look at the characteristics of these groups in detail.

1.3.2 The Unemployed

The unemployment figure for the North West is 164,500 and of this, Merseyside accounts for 44,200. More detailed analysis of the unemployed can be found in the Northwest Strategic Analysis. The section below highlights the key points relevant to Greater Merseyside.

- Unemployment rates are consistently higher for men than for women across the regions. In the North West, the rate for men is 5.8%, compared to 4.5% for women (as a % of the economically active). The England average for men is lower than the North West at 5.3% although the rate for women is the same at 4.5%. In Greater Merseyside, the unemployment rates for both sexes are above the regional averages, at 7.9% and 5.6% respectively, although the figure for men is especially high.
- Compared to the overall population, those who are disabled have consistently higher unemployment rates. In the North West, the unemployment rate for all disabled people is 7.5%, just below the England average of 7.6%. In Greater Merseyside, the rate is 9.6%, the highest of the North West sub-regions.
- At 17.9%, the unemployment rate of those in the Black/Black British ethnic group is significantly higher for Greater Merseyside than it is for the North West and England (8.7% and 9.5%).

Analysis of unemployment claimant count data (those claiming Job Seeker's Allowance (JSA)), shows that only 4% of the unemployed (4,700 people) in the region have been unemployed for over two years. In Greater Merseyside, although the figure is higher at 6.4%, this is still relatively low compared to the rates in the 1980s and 1990s. Whilst this may indicate that long-term unemployment is no longer a major issue, it should be noted that the majority of incapacity benefit recipients are long-term claimants.

Unemployment rates are a particular issue in a number of "hotspots". Greater Merseyside houses four wards that had claimant unemployment rates above 10% in April 2006 – Granby, Birkenhead, Speke and Breckfield in Liverpool.

1.3.3 Economic Inactivity

Of the 1,124,300 working age people in the North West who are not in work, and excluding those who are classed as unemployed, 959,800 people are economically inactive. This figure equates to nearly a quarter of the working age population in the North West at 23.4%. In comparison, the economic inactivity rate for England is 21.6%, whilst the figure for Greater Merseyside is higher at 26.6%.

As shown in the figure below, this gap with England has been a consistent feature of the past ten years. The rate of economic inactivity in Greater Merseyside has consistently been above the North West average although there are also signs of convergence with the region. Furthermore, the recent upturn in overall economic inactivity in the North

West (and in England) has not been mirrored in Greater Merseyside, where the inactivity rate has continued to fall.

As shown in the table below, the Annual Population Survey gives us an estimate of the proportion of the economically inactive who wish to work. In Greater Merseyside, this figure is 18.7%, equivalent to 43,900 people.

Table 50 - Profile of Economically Inactive Population, 2005

% of economically inactive	DO NOT want a job	DO want a job	DO want a job (Breakdown)			
			Long-term sick	Looking after family/home	Students	Other reason
England	76.1%	23.9%	6.6%	6.8%	3.0%	4.3%
North West	80.1%	19.9%	6.6%	5.2%	2.1%	3.4%
Cheshire & Warrington	84.2%	15.8%	4.2%	4.7%	1.5%	2.2%
Cumbria	76.2%	23.8%	7.9%	6.2%	2.4%	5.0%
Lancashire	80.2%	19.8%	5.7%	5.7%	2.3%	3.3%
G. Manchester	78.8%	21.2%	7.9%	5.2%	2.0%	3.9%
G. Merseyside	81.3%	18.7%	6.3%	4.9%	2.2%	2.7%

Source: Annual Population Survey, December 2005

There are 42 districts in the North West and of these, the unitary authorities of Liverpool and Knowsley have the second and third highest inactivity rates (after Manchester) at 32.1% and 27.7% of the working age population. The remaining districts in Greater Merseyside fall between fifteenth and twentieth place.

1.3.4 Economic Inactivity by Gender

Nationally, the rate of economic inactivity is higher for women than for men - 26.9% versus 16.5%. In the North West, the rate of inactivity for men is notably higher than the national average (by 2.8% points), indicating that economic inactivity amongst men is a particular issue for the region. Furthermore, Greater Merseyside has a rate of male inactivity that is significantly above both the regional and England averages (at 22.3%). The female inactivity rate in Greater Merseyside is also relatively high (31.1%).

Table 51 - Economic Inactivity Rate (of Working Age Population) by Gender, 2005

	Male		Female		Total	
	%	Number	%	Number	%	Number
England	16.5	2,591,200	26.9	3,990,900	21.6	6,582,100
North West	19.3	406,800	27.8	553,000	23.4	959,800
Cheshire & Warrington	16.3	44,800	23.2	59,200	19.6	104,000
Cumbria	17.7	26,800	24.0	33,300	20.7	60,100
Lancashire	18.8	82,900	27.1	112,100	22.8	195,000
G. Manchester	19.3	152,700	28.5	212,900	23.7	365,600
G. Merseyside	22.3	99,600	31.1	135,500	26.6	235,100

Source: Annual Population Survey, December 2005

1.3.5 Economic Inactivity by Disability

Across all areas, the rate of economic inactivity for people with a disability is significantly higher than the rate for the overall population. This is particularly true for the North West, which has an inactivity rate for people with a disability of 52.5%, 7.6% points above the national average. Greater Merseyside has the highest rate of all the North West sub regions at 58.1%.

1.3.6 Economic Inactivity by Ethnicity

Nationally, the highest rate of inactivity exists for people in the Pakistani/Bangladeshi ethnic group, whereas the lowest rate exists for people in the white ethnic group. However, in Greater Merseyside, this pattern is not repeated. Instead, the black/black British group has the highest rate and the other ethnic group has the lowest. Of particular note is the relatively high inactivity rate within the white ethnic group, as well as the low rates for the Indian and Pakistani/Bangladeshi groups.

Table 52 - Economic Inactivity Rate (of Working Age Population) by Ethnicity, 2005

	White	Indian	Pakistani/ Bangladeshi	Black/ Black British	Other Ethnic
England	20.0	25.3	49.4	28.5	34.9
North West	22.3	35.8	50.7	28.8	32.2
Cheshire & Warrington	19.3	!	!	!	23.9
Cumbria	20.8	!	!	!	!
Lancashire	21.1	43.1	51.9	24.5	39.0
G. Manchester	21.7	34.1	50.8	28.6	37.5
G. Merseyside	26.6	21.9	30.1	31.8	20.2

Source: Annual Population Survey, December 2005 ! = Data is suppressed due to small sample size

1.3.7 IB and SDA

A high proportion of workless people are in receipt of Incapacity Benefit, and this is a key target group for efforts to reduce worklessness. There is a reasonable level of characteristics data on IB/SDA claimants, which is summarised in the following paragraphs. This gives some indication of the type of barriers to employment that exist for IB/SDA claimants.

Table 53 - IB/SDA Claimants by Number and as a % of the Working Age Population by Benefit Type, 2006

	Incapacity Benefit		Severe Disablement Allowance		IB + SDA	
	%	Number	%	Number	%	Number
England	6.1	1,882,900	0.7	229,300	6.8	2,112,200
North West	8.9	372,600	0.9	37,400	9.8	410,000
G. Merseyside	11.0	99,800	1.2	11,200	12.2	111,000
Halton	10.7	8,000	1.6	1,200	12.3	9,200
Knowsley	13.0	11,800	1.2	1,100	14.2	12,900
Liverpool	12.5	35,800	1.4	3,900	13.8	39,700
Sefton	8.8	14,500	1.1	1,800	9.9	16,300
St Helens	10.5	11,300	1.3	1,400	11.8	12,700
Wirral	10.0	18,500	1.0	1,800	11.0	20,300

Source: ONS; DWP Benefits Data, February 2006
Note: Claimants and working age population are based on location of residence

Greater Merseyside has a high rate of incapacity benefit claiming, with 11% of the working age population in receipt of the benefit, higher than the regional figure of 8.9%. Within Greater Merseyside, there are some significant differences. As can be seen above, the IB rate in Sefton is actually below the regional average whilst the figure for Knowsley is one of the highest in the region.

1.3.8 Economic Participation

The Regional ESF Framework identifies that the sub-region has a very high rate of economic inactivity (26.6% compared to 23.4% regionally and 21.6% nationally). Inactivity is particularly high amongst BME groups, registered disabled and people who are aged 50 to retirement age. A key contributor to the relatively high rate of inactivity in Greater

Merseyside is the relatively low skills base of the population. Of the economically inactive, 58% are below Level 2, compared to 50% nationally. The lone parent rate has been improving but is also below England averages.

LSC Response

The LSC has worked closely with DWP (Jobcentre Plus), Local Authorities, through the mechanisms of LSPs, and Local Area Agreements to ensure a closer link between skills provision and targeted activity to tackle worklessness. The LSC will target ESF resources at those areas with high levels of worklessness through the mechanism of the City Employment Strategy enhancing our Borough level adult investment plans. Through the Objective 1 ESF programme the LSC has developed a range of interventions directly targeted at increasing economic activity. We will increasingly seek to target activity in respect of Skills for Life and level 2 activities on ensuring that workless people can achieve skills and qualifications necessary to sustain employment. This will include developing further demand led approaches including sector led route ways. The LSC will work with its partners to develop interventions which support individuals to secure employment and subsequently with their employers to further develop their skills to sustain employment. In response to Leitch the LSC will work with partners to improve the effectiveness of interventions in terms of securing employment outcomes

1.3.9 NEET

Analysis of worklessness in young people is measured through recording the level of young people Not in Education, Employment or Training (NEET). Within the new ESF programme, targeting the NEET group is a key priority within Priority 1. The table below shows the size of the NEET population within each local authority compared to the overall 16-18 cohort. It also shows the percentage size of the NEET population in 2004 and the change in the percentage size.

Proportionally, Knowsley has the largest NEET population within Greater Merseyside with 13.7% of the population being classed as NEET. However, analysis of the cohort size shows that Knowsley has the third lowest NEET population within the sub-region (690). This number is dwarfed by the number of NEET within Liverpool (2,040) and to a lesser extent, the Wirral (1,210). The sub-region as a whole has experienced a 2.2% point fall in the proportion of the NEET population however areas with concentrated numbers of NEET (Liverpool and Wirral) have experienced growth within the size of the NEET population. Halton, despite having the smallest NEET size, has experienced the largest % growth of NEET within the sub-region.

Table 54 – NEET Analysis by Area

NW	16-18 year olds known to Connexions	16-18 yr olds NEET Estimated number	%	% of 16-18 year olds whose current activity is not known	NEET% in June 2004	% point change since 2004
Halton	4,540	540	11.8%	5.2%	9.1%	2.7%
Knowsley	5,020	690	13.7%	6.2%	14.5%	-0.8%
Liverpool	15,490	2,040	13.2%	4.5%	13.0%	0.2%
Sefton	11,440	870	7.6%	6.9%	8.4%	-0.8%
St. Helens	6,840	680	10.0%	2.8%	11.1%	-1.1%
Wirral	12,130	1,210	10.0%	4.2%	9.4%	0.6%
G. Merseyside	55,460	6,030	10.9%	4.9%	13.1%	-2.2%

2. Cheshire and Warrington

2.1 Demographic Analysis

2.1.1 Population Growth and Location

Cheshire and Warrington makes up 12.7% of the total population of the North West. It has the second lowest population of the five sub-regions. Table 55 shows that Cheshire and Warrington currently had a population growth rate above the regional rate during 1991-2001 but has recently witnessed a slowing down of its population growth which has fallen below the regional and national averages.

Table 55 - Total Population, 1991-2005

	1991	2001	2005	% Change 1991-2001	% Change 2001-2005
Cheshire & Warrington	832,900	864,864	874,600	+3.8	+1.1
North West	6,726,860	6,729,764	6,846,200	0	+1.7
England	47,055,204	49,138,831	50,431,700	+4.4	+2.6

Source: ONS Census 1991, 2001, Mid Year Population Estimates 2006

Analysis of the population size and growth by Local Authority shows that the area with the highest population is Warrington, closely followed by Macclesfield. Vale Royal has experienced the largest growth since the 1991 census and Congleton has also experienced population growth.

Table 56 - Total Population by District, 1991 - 2005

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 – 2005
Chester	115,971	118,210	1.9%	118,600	0.3%
Congleton	84,525	90,655	7.3%	91,800	1.3%
Crewe and Nantwich	103,164	111,007	7.6%	113,600	2.3%
Ellesmere Port and Neston	80,873	81,672	1.0%	80,600	-1.3%
Macclesfield	151,590	150,155	-0.9%	150,500	0.2%
Vale Royal	114,092	122,089	7.0%	124,600	2.1%
Warrington	182,685	191,080	4.6%	194,700	1.9%

Source: ONS Census 1991, 2001, Mid Year Population Estimates 2005

The age profile of the sub-region's working age population is shown in the table below. Cheshire & Warrington has an age profile which is somewhat skewed towards the older age categories, compared to the region and England. It is second to Cumbria in the region for having the highest population size in the two highest age cohorts.

Table 57 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64	Total
Cheshire & Warrington	7.2	28.3	36.6	21.5	8.4	552,903
North West	8.1	30.5	33.3	20.1	8.0	4,261,475
England	7.7	31.8	33.3	19.6	7.6	31,429,250

Source: Census 2001

Overall, the age profiles are comparatively similar within the sub-region, as shown in the table below. Macclesfield stands out though as having relatively high proportions of people in the higher age bands.

Table 58 - Age Profile of Working Age Population (% of Total), 2001

	16 - 19	20 - 34	35 - 49	50 - 59	60 - 64	Total
Chester	7.4%	30.6%	32.5%	21.0%	8.4%	75,939
Congleton	7.1%	27.4%	34.1%	23.0%	8.3%	58,967
Crewe and Nantwich	7.4%	28.8%	34.3%	21.3%	8.2%	70,231
Ellesmere Port and Neston	7.4%	28.2%	34.9%	20.5%	8.9%	51,286
Macclesfield	6.6%	25.4%	35.7%	23.2%	9.0%	94,535
Vale Royal	7.2%	27.7%	35.0%	22.1%	8.1%	77,715
Warrington UA	7.4%	29.7%	35.0%	20.0%	7.9%	124,230

Source: Census 2001

The table below illustrates population forecasts by district for the years 2005-2020. A number of districts are forecast to experience significant population increases but Vale Royal and, to a lesser extent, Crewe & Nantwich, stand out as being especially high at 11.6% and 9.3% respectively. The only district with a forecast population decline is Ellesmere Port & Neston. It is forecast that Cheshire & Warrington's population as a whole will increase by 4.7%, by 2020.

Table 59 - Population Forecasts by District, 2005 – 2020

000s	2005	2010	2015	2020	% Change 2005 - 2020
Chester	118.7	119.1	119.6	120.3	1.3
Congleton	92.3	94.4	96.1	97.7	5.9
Crewe & Nantwich	114.3	118.1	121.6	124.9	9.3
Ellesmere Port & Neston	80.6	79.9	79.5	79.2	-1.7
Macclesfield	150.3	150.4	151.2	152.5	1.5
Vale Royal	126.4	131.6	136.4	141.0	11.6
Warrington	194.2	196.7	199.4	202.2	4.1
Cheshire & Warrington	876.8	890.2	903.8	917.8	4.7

Source: ONS

2.1.2 Economically Active population

The number of economically active people in Cheshire & Warrington has increased by 0.9% in the last ten years[3], and in 2005, the sub-region had an economic activity rate of 80.4%, higher than both the regional and national average rates. Within Cheshire & Warrington, Chester has the highest economic activity rate at 82.9%. The lowest rate is in Ellesmere Port & Neston at 76.6% and this rate is the same as the regional average.

[3] Source: LFS Four Quarter Averages, 1995-2005

Table 60 - Economic Activity Rate, 2004 - 2005

	2004	2005	% Change
England	78.3%	78.4%	0.6%
North West	76.2%	76.6%	0.7%
Chester	80.1%	82.9%	3.1%
Congleton	82.3%	82.4%	0.0%
Crewe and Nantwich	77.3%	77.7%	1.3%
Ellesmere Port and Neston	77.1%	76.6%	-0.8%
Macclesfield	81.7%	81.3%	-0.4%
Vale Royal	79.4%	79.9%	1.3%
Warrington	82.2%	80.8%	-1.2%
Cheshire & Warrington	80.4%	80.4%	0.4%

Source: ONS; Labour Force Survey, 1995-2005 and Annual Population Survey, November 2005

The table below shows economic activity by age group and district in 2005. Points to note include:

- Across most Cheshire & Warrington districts, the economic activity rate for those aged 50-retirement age is above the England average - it is a small number of larger districts that are pulling the sub-region's rate downwards.
- Economic activity rates for the 20-24 age groups are higher than the national averages in all Cheshire & Warrington districts.

Table 61 - Economic Activity Rate by Age Group, 2005

	16-19	20-24	25-34	35-49	50-retirement age	Above retirement age
England	56.8%	75.2%	83.5%	85.0%	73.3%	10.3%
North West	56.0%	76.8%	83.0%	84.4%	67.6%	8.5%
Chester	66.9%	85.3%	89.6%	89.2%	76.5%	10.7%
Congleton	45.4%	83.8%	88.8%	88.3%	79.2%	10.8%
Crewe and Nantwich	52.9%	83.7%	85.2%	83.1%	71.7%	10.7%
Ellesmere Port and Neston	58.4%	83.0%	87.0%	80.3%	67.8%	11.4%
Macclesfield	58.7%	83.1%	89.1%	86.6%	74.4%	16.5%
Vale Royal	55.2%	77.6%	83.1%	86.7%	76.1%	11.5%
Warrington	61.6%	90.6%	85.4%	89.7%	67.9%	8.1%
Cheshire & Warrington	58.0%	84.4%	86.6%	86.8%	73.1%	11.5%

Source: ONS; Annual Population Survey, November 2005

The table below illustrates the economic activity rate by gender in 2005. Overall, Cheshire & Warrington has rates for both sexes that are higher than the regional and national averages, especially so for women. Relative to Cheshire & Warrington, rates for men are low in Crewe & Nantwich (80.7%) whereas for women, economic activity rates are lowest in Ellesmere Port & Neston (71.7%).

Table 62 - Economic Activity Rate by Gender, 2005

	Male	Female
England	83.5%	73.1%
North West	80.7%	72.2%
Chester	87.6%	77.7%
Congleton	87.2%	77.4%
Crewe and Nantwich	80.7%	74.4%
Ellesmere Port and Neston	81.2%	71.7%
Macclesfield	84.5%	77.7%
Vale Royal	84.8%	74.6%
Warrington	81.3%	80.3%
Cheshire & Warrington	83.7%	76.8%

Source: ONS; Annual Population Survey, November 2005

The table below illustrates rates of economic activity by disability. Whilst economic activity rates for the overall population in Cheshire & Warrington are relatively high, for those with disabilities, the activity rate is below the national average.

Table 63 - Economic Activity Rate by Disability, 2005

	Disabled	DDA & Work-limiting	DDA only	Work-limiting only	All Working Age
England	55.1%	38.2%	84.8%	74.9%	78.4%
North West	47.5%	31.6%	83.5%	71.6%	76.6%
Chester	67.5%	63.8%	82.2%	69.5%	82.9%
Congleton	56.9%	42.4%	57.9%	100.0%	82.4%
Crewe and Nantwich	49.1%	37.9%	82.4%	64.8%	77.7%
Ellesmere Port and Neston	39.6%	31.0%	65.4%	!	76.6%
Macclesfield	55.3%	43.9%	79.4%	56.1%	81.3%
Vale Royal	50.7%	36.0%	82.7%	76.3%	79.9%
Warrington	48.9%	34.5%	85.0%	74.0%	80.8%
Cheshire & Warrington	52.2%	40.4%	78.0%	70.4%	80.4%

Source: ONS; Annual Population Survey, November 2005

2.1.3 Migration

Using the National Insurance number (NiNo) registrations in 2005/06 as an indicator, 11.5% of migrant workers have taken up settlement in Cheshire and Warrington. This is the second lowest in-migration of the 5 sub-regions within the North West. However, a local authority analysis of migrant NiNo registrations shows that Crewe and Nantwich has the 8th highest in-migration in the North West. The highest foreign nationality settling in Cheshire and Warrington is Polish with a total of 2,790. Chester and Warrington also show high in-migration levels of foreign nationals. The LSC is working with Jobcentre Plus, employer organisations, Train to Gain brokers and learning providers to monitor the language training needs of these individuals.

Table 64 - National Insurance Registrations of Foreign Nationals in Cheshire and Warrington 2005/06

	All (NW)	All (sub-region)	Chester	Congleton	Crewe and Nantwich	Port & Neston	Macclesfield	Vale Royal	Warrington
All	**48,620**	**5,590**	**1,230**	**270**	**1,380**	**330**	**790**	**430**	**1,160**
Poland	**16,860**	**2,790**	550	140	1,050	100	220	190	540
Slovak Rep	**2,240**	**340**	60	30	50	80	50	20	50
India	**3,160**	**300**	50	-	30	-	50	20	150
Rep of Lithuania	**1,640**	**150**	40	-	20	40	30	10	10
Philippines	**560**	**150**	10	10	20	-	40	20	50
South Africa	**1,020**	**130**	20	-	30	10	30	10	30
Czech Rep	**1,570**	**120**	30	-	10	-	50	10	20
Germany	**700**	**90**	30	-	10	-	10	20	20
Bulgaria	**290**	**90**	70	10	-	-	10	-	-
Australia	**700**	**80**	20	-	10	-	30	-	20

Source: DWP

2.1.4 Population Change

The Regional ESF Framework identifies that whilst the population of the North West is expected to grow, there is a fundamental issue around the potential decline in the working age population (due to fewer young people entering the labour market and an aging population structure). The ability of employers to meet their skills needs will be heavily influenced by the retirement decision of older people. There is a healthy flow of internal migration into Cheshire & Warrington, with Vale Royal and Crewe & Nantwich also experiencing population growth above that of GB (2000-05). However, this is matched with weak job creation and low job density in Vale Royal and Congleton which produces the risk of mid Cheshire becoming a dormitory economy serving the city regions with employees. Ellesmere Port & Neston conversely, has experienced a decline in population. The age profile of the population also shows a significant shift into declining numbers of young adults. The proportion of population aged 20-39 has declined substantially since 1993 in both Cheshire & Warrington with particular concerns emerging in Chester and Vale Royal.

(Source: Cheshire & Warrington Economic Review & Forecasting Study July 200 SQW Consulting & Cambridge Econometrics).

LSC Response

The LSC will use ESF to:

- Decline in traditional manufacturing employment will lead to significant demand for re-skilling and updating skills, particularly in older workers.
- Support older workers to update the skills and qualifications
- Work with NWDA and DWP (Jobcentre Plus) to target support to workers affected by economic restructuring to re-equip them to either sustain employment or to re-enter employment.
- Increase the availability of skilled labour by:
    - Supporting workless people to acquire the skills required to secure and sustain employment
    - Ensuring that young people acquire the necessary employability and vocational skills to make a successful transition into employment and avoid becoming NEET

- o Increasing the range of Apprenticeship opportunities available to young people

2.2 Economic Performance.

2.2.1 Sub-Regional Economic Performance Overview

The economic performance of Cheshire & Warrington is strong when compared to the region and the England average:

- Economic activity is above the regional and England averages. In only two districts in the sub region – Ellesmere Port and Neston and Crewe & Nantwich – is the activity rate below the England average, and even then the gap is small. It is a relatively high rate of female economic activity that largely accounts for Cheshire % Warrington's strong performance.

- Strong performance in economic activity is one reason for the sub-regions relatively strong performance in terms of GVA per head. GVA per head is above the regional level by 24% and compared to the England average, it is 7% higher.

- Cheshire & Warrington is the only sub-region of the North West to have a new business start rate above the England average.

- The occupational structure is relatively high skilled (compared to the region and England), which is reflected in a relatively highly qualified workforce (the proportion of working age people qualified to Level 4 or above is 5% points above the England average).

Employment growth in the sub-region between 1996 and 2004 outperformed both the regional and national averages. However, during the latter two years, employment in the sub-region contracted, whilst that of the region and England continued to show growth. Forecasts from Working Futures for the period 2004-14 show Cheshire and Warrington with the highest growth rate in the region (4.1% v 3%).

2.2.2 Economic Performance and Growth Prospects

The Regional ESF Framework identifies that the North West has a significant productivity gap compared to the England average and trend based economic forecasts suggest that this gap will widen in future. In respect of a number of drivers of productivity, the North West compares unfavourably to England averages. A headline issue for Cheshire & Warrington is the reported recent lag in GVA per capita growth, particularly in the Cheshire County Council geographic area compared to maintained GVA growth in Warrington. Whilst the size of the business population is expanding at a faster rate than regionally and nationally, there has been flat growth in workplace based earnings with all geographical areas apart from Macclesfield and Ellesmere Port & Neston experiencing a decrease in workplace earnings growth relative to the UK, with Chester and Vale Royal experiencing the flattest growth.
(Source: Cheshire & Warrington Economic Review & Forecasting Study July 200 SQW Consulting & Cambridge Econometrics).

Employment growth is forecast to slow significantly over the next ten years, relative to the previous decade. The growth in employment will be concentrated heavily in a few service sectors and in particular locations (typically the cities, larger towns, and urban fringe locations). Whilst employment growth due to expansion is expected to be modest, there will be substantial 'replacement' demand. The nature of this predicted employment growth has important implications for training provision. Whilst there will continue to be strong demand for workers with skills at NVQ Level 2, there will be higher demand at Levels 3 and 4. A faster rate of job shedding is expected in manufacturing in Cheshire & Warrington than elsewhere in the North West. Cheshire & Warrington is also forecast to experience stronger growth in demand for managers & senior officials than regionally.

(Source Cheshire & Warrington Worklessness Study June 2007, Regeneris Consulting).

Cheshire & Warrington has a diverse economic base and is not reliant on the public sector. There is a higher proportion of employees in KIB's (Knowledge Intensive Businesses) than in the North West or UK wide. However, significant highly productive sectors such as chemicals, water supply & insurance have shrunk. There are also significant threats to future economic growth forecasts within Cheshire & Warrington with risks in pharmaceutical sector scale backs and potential off-shoring or corporate restructuring of banking, financial and professional services & the knock on effects to the supply chains.
(Source: Cheshire & Warrington Economic Review & Forecasting Study July 200 SQW Consulting & Cambridge Econometrics).

LSC Response

The LSC will continue to work closely with the NWDA, sub-regional economic partnerships, Local Authorities through the mechanism of LSPs and LAAs and SSCs to ensure that investment in skills is linked to major growth opportunities and meets employer skills gaps and shortages. We will seek to align the ESF and mainstream investment with the ERDF programme.

Developing sector led route ways into employment will be a priority building on successes in respect of the health &social care and retail sectors. We will work closely with DWP (Jobcentre Plus) and the City employment strategies to ensure that the appropriate support is available to en sure that workless individuals can access opportunities in the labour market.

There is significant replacement demand at both level 2 and level 3. Through Train to Gain the LSC will address skill gaps at both level 2 and level 3. The LSC will complement the use of TTG by utilising ESF to:

- Targeting groups which may be ineligible for TTG who may be eligible for ESF support
- Providing additional support to individuals not yet ready for a level 2 programme
- Supporting employees to secure an additional level 2 to meet a specific employer skill shortage and to enable individuals to either secure and/or sustain employment

In respect of level 3 we will work with providers, SSCs and employer organisations to increase the contribution which employers and individuals make. Resources will be targeted at smaller business in key growth sectors where there are skill shortages.

Resources at level 4 will be targeted at smaller organisations and at raising the overall quality of leadership and management which we see as a key factor in deriving competitiveness. We will seek to increase the range of level 4 provision which is employer focused and tailored to individual employer and sector needs

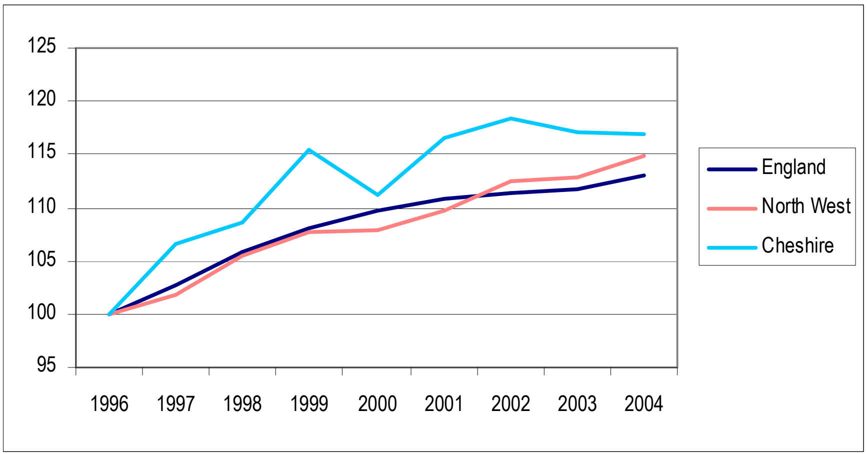
Key employment growth sectors are:

- Tourism
- Education
- Transport and Communications
- Financial

2.2.3 Employment

The most recent figures on employment show that there are over 487,000 people employed in Cheshire & Warrington, an increase of 132,000 since 1996. Furthermore, employment growth in the sub-region between 1996 and 2004 outperformed both the regional and national averages. However, during the latter two years, employment in the sub-region contracted, whilst that of the region and England continued to show growth.

Diagram 1: Rate of Employment Change, 1996-2004 (100 = Baseline Comparator)



Source: Annual Business Inquiry; NOMIS, 1996, 2004
Note: employment based on workplace location

2.2.4 Employment by Sector

Employment levels by sector for 1996 and 2004 are shown in the table below. The key points to note are:

- The high proportion of the population employed in Manufacturing relative to England (14.3% v 12%).
- The relatively low proportions of people employed in the public sector (Health and Social Work, Education, and Public Admin and Defence).

Table 65 - Employment by Industrial Sector, 1996 & 2004

	Cheshire & Warrington				England
	1996	%	2004	%	2004%
Agriculture, forestry & fishing*	1,057	0.3%	1,314	0.3%	0.2%
Mining and utilities	6,596	1.9%	3,235	0.8%	0.5%
Manufacturing	74,376	21.0%	59,121	14.3%	12.0%
Construction	15,618	4.4%	17,692	4.3%	4.5%
Wholesale and retail trade	72,920	20.5%	78,290	18.9%	18.2%
Hotels and restaurants	22,743	6.4%	35,977	8.7%	6.8%
Transport and communication	19,541	5.5%	29,990	7.2%	6.1%
Financial intermediation	11,574	3.3%	17,993	4.3%	4.1%
Real estate and business activities	50,214	14.1%	67,184	16.2%	16.6%
Public admin' and defence	13,691	3.9%	16,512	4.0%	5.4%
Education	19,815	5.6%	31,015	7.5%	9.2%
Health and social work	31,536	8.9%	40,887	9.9%	11.4%
Other community and personal services	15,254	4.3%	15,437	3.7%	5.1%
Total	**354,934**	**100**	**414,648**	**100**	**100**

Source: Annual Business Inquiry; NOMIS, 1996, 2004
*In-depth DEFRA Agriculture employment figures unavailable

Since 1996, employment growth has predominantly been in the service sectors and in particular, the Real Estate and business activities sector, where 17,000 new jobs were created in the eight year period. Other high performing sectors have included Hotels & Restaurants, and Education sectors where employment growth rates were nearly 60%. The Transport & Communications sector and Financial Intermediation sector also both experienced employment growth rates exceeding 50%.

Table 66 - SIC2 Industrial Sectors with the Largest Employment Growth, 1996-2004

	Cheshire & Warrington		England
	Change	% Change	% Change
Hotels and restaurants	13,234	58	22
Other business activities	11,830	32	29
Education	11,200	57	37
Health and social work	9,351	30	21
Retail & repair, exc' motor vehicles	6,575	14	26
Auxiliary travel/transport activities	5,042	98	41
Post and telecommunications	4,408	70	5
Auxiliary finance activities	3,883	271	34

Source: Annual Business Inquiry; NOMIS, 1996, 2004

Employment decline has come predominantly in the manufacturing sector – a decline of 25,000 jobs between 1996 and 2004, representing a reduction in the share of total employment from 20.2% to 14.3%. All other sectors, with the exception of Mining and Utilities, experienced increases in the absolute level of employment, although in some cases this is still reflected in a lower proportion of the share of total employment.

The scale of the decline in manufacturing is shown in the table below which lists the industrial sub-sectors with the highest employment declines.

Table 67 – SIC2 Industrial Sectors with the Largest Employment Decline, 1996-2004

	Cheshire & Warrington		England
	Change	% Change	% Change
Manufacture of coke, petrol, nuclear fuel	-3,846	-66	-24
Manufacture of apparel, dyeing of fur	-3,474	-82	-70
Collection & distribution of water	-2,701	-64	-53
Manufacture of fabricated metal products	-2,137	-31	-27
Manufacturing of food & beverages	-1,658	-22	-8
Insurance and pension funding	-1,213	-66	-15
Manufacture of other machinery	-1,196	-27	-27
Manufacture of chemicals	-1,160	-8	-20

Source: Annual Business Inquiry; NOMIS, 1996, 2004

2.2.5 Employment by District

The Cheshire and Warrington sub-region is composed of the two administrative areas of Cheshire (shire county with districts) and Warrington. The regional employment changes, in some cases, are experienced in differing proportions between the two areas:

- Whilst both areas experienced a decline in manufacturing employment, the decline was much greater in Warrington, declining by 41% compared with a decline of 16% in Cheshire.
- Warrington experienced employment growth of around 70% in the sectors of transport and communications, and public administration and defence, far in advance of the sub-region.
- The 6% sub-regional growth in employment of managers and senior officials was experienced exclusively in Cheshire; employment in these occupations remained constant in Warrington between 2002 and 2005.

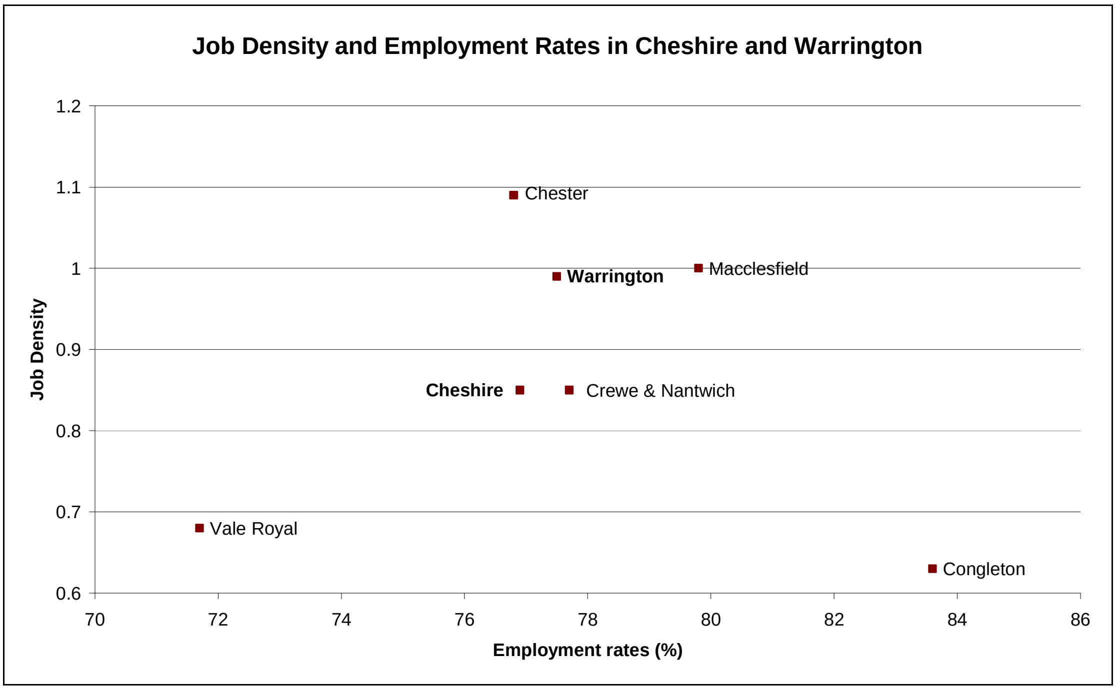
- Both areas experienced a decline in skilled trade occupations between 2002 and 2005, but Warrington's employment decreased by over 36% compared to only 3% in Cheshire.
- Whilst Cheshire experienced reductions in employment in sales and customer services and elementary occupations of 7.1% and 28.3%, respectively, Warrington experienced significant employment growth (over 20%) for both occupations.

2.2.6 Job Density and Employment Level

Analysis of the job density and the employment rates allows us to compare the availability of employment with economic activity rates an issue which has been explored by DWP in developing the national ESF programme. The conclusion reached nationally is that with recent economic growth and increased overall employment a lack of jobs in itself is not the key factor contributing to overall levels of worklessnness. However, the availability of employment varies significantly across the region.

Cheshire and Warrington has the highest employment rates in the region as well as having relatively a high job density compared to the rest of the region. Areas of high job density such as Chester, Warrington and Macclesfield have an average employment rate compared to the rest of the sub-region but a high level of employment when looked at from a regional perspective.

Within, the region, the specific area of concern is Vale Royal which has a low employment rate as well as a low job density.



Source: NOMIS

2.2.7 Employment Forecast model

The 2006 Working Futures report produced by the Institute of Employment Studies[4] gives some insights into the projected sector and occupational mix of the Cheshire & Warrington economy to 2014. The economic model which underpins Working Futures is trend based, and so the model will miss significant regeneration or other initiatives underway or planned in specific areas.

The Working Futures forecasts show employment growth in Cheshire & Warrington of 4.1% between 2004 and 2014 (cumulative growth), which translates into 22,000 new jobs

[4] Working Futures 2004-2014 Spatial Report (2006), Institute of Employment Studies

and exceeds the forecast employment growth for the North West by one percentage point.

Table 68 - Employment Change Forecasts by Sub-Region, 2004-2014

	Employment 2004 (000)	Employment 2014 (000)	Change (000)	Change (%)
Cheshire & Warrington	537	559	22	4.1%
Cumbria	235	239	4	1.7%
Greater Manchester	1318	1365	47	3.6%
Greater Merseyside	602	617	15	2.5%
Lancashire	666	680	14	2.1%
North West	**3358**	**3459**	**101**	**3.0%**

Source: Working Futures 2006

The table below shows forecast employment in Cheshire & Warrington by sector to 2014.

Table 69 - Employment Change Forecasts by Industrial Sector, 2004-2014

	Employment (000)		Change		North West Change (%)
	2004	2014	(000)	(%)	
Primary sector & utilities	11	10	-1	-9.1%	-11.1%
Manufacturing	73	63	-10	-13.7%	-11.0%
Construction	40	39	-1	-2.5%	-4.4%
Distribution, transport etc	168	177	9	5.4%	3.6%
Business & other services	138	158	20	14.5%	11.4%
Non-marketed services	107	111	4	3.7%	4.4%

Source: Working Futures 2006

- As would be expected, decreases in employment are forecast in the primary sector & utilities, manufacturing, and construction sectors.
- The rate of decline in employment in the manufacturing sector is predicted to be greater at the sub-regional level than regionally (-13.7% versus -11%).
- Business and other services sector employment is forecast to grow the fastest at 14.5%, exceeding the regional increase by more that 3% points.

2.2.8 Skills Gaps and Shortages

The Regional ESF Framework identifies that the incidence of skills gaps amongst employees in the North West is broadly comparable to England averages but there are significant skills gaps and shortages. Gaps in the basic and ‘soft’ skills sought by employers are a particular issue in the region. The scale and nature of skills shortages vary significantly within the region, but are quite marked in some locations, especially where employment growth has been strong and the economic base is adjusting in light of the decline of traditional sectors. 5% of Cheshire & Warrington employers report skills shortage vacancies in comparison to 3.8% in England as a whole. Whilst the qualification profile of the economically inactive population is significantly lower compared to the active, the trends are broadly similar. Given the relatively high local employment rate, many adults with skills needs are already in employment.

LSC Response

The LSC will continue to work with SSCs, SSPAs the NWDA and sub-regional economic development partnerships to target resources where they will have the greatest impact focusing resources on growth sectors. Through the mechanism of a demand led system and the prioritisation given to skills for life and employability skills we will continue to investment significant resources in addressing these needs and will utilise ESF to enhance this investment.

There is a clear need to strengthen linkages between training providers and employers to improve engagement and encourage training.

(Source Cheshire & Warrington Worklessness Study June 2007, Regeneris Consulting).

2.2.9 Skills Level of the Resident Population

Qualifications are often used as a proxy indicator for the skills of the workforce. The following table shows the qualification profile of the economically active population in England, the North West and the five sub regions. Cheshire and Warrington has the most highly qualified economically active population, with 36% holding degree-level qualifications.

Table 70 - Qualification Profile (%) of the Economically Active Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	30.7%	19.6%	21.2%	28.5%
North West	29.2%	20.5%	21.6%	28.7%
Cheshire & Warrington	35.7%	19.1%	20.4%	24.8%
Cumbria	26.8%	21.6%	24.2%	27.4%
Lancashire	30.0%	21.3%	20.7%	28.1%
Greater Manchester	28.2%	20.8%	21.9%	29.1%
Gtr Merseyside	26.9%	19.4%	22.1%	31.6%

Source: DfES, 2006

The qualification profile of the economically inactive population is shown below. As can be seen, rates are significantly lower for the economically inactive compared to the active. However, within this group, the trends are broadly similar for Cheshire & Warrington. For example, relatively low proportions at below Level 2 and comparatively high proportions at Level 4.

Table 71 - Qualification Profile (%) of the Economically Inactive Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	11.8%	15.5%	23.1%	49.6%
North West	9.3%	14.4%	22.3%	54.0%
Cheshire & Warrington	16.2%	16.7%	21.0%	46.1%
Cumbria	11.2%	9.8%	26.5%	52.4%
Lancashire	9.5%	15.7%	24.2%	50.6%
Greater Manchester	8.5%	14.2%	21.6%	55.7%
Gtr Merseyside	6.9%	13.8%	21.0%	58.3%

Source: DfES, 2006 EKOS estimates derived from figures for working age population and economically active population.

Low skills have an impact on employment opportunities. For example, of working age people in Cheshire & Warrington with no qualifications, 57% are in employment. This compares to an average employment rate in Cheshire & Warrington of 77%.

Table 72 - Employment Rate (%) by Qualification Attainment, 2005/06

	Level 4+	Level 3+	Level 2+	< Level 2	No Quals	Overall
England	87.1%	78.0%	75.4%	72.7%	48.8%	74.7%
North West	87.9%	78.2%	74.4%	70.2%	45.3%	72.7%
C&W	87.2%	78.4%	78.0%	72.9%	56.8%	77.4%
Cumbria	86.4%	86.5%	78.4%	70.8%	50.8%	76.9%
G. Mcr	88.2%	78.2%	74.5%	70.0%	43.5%	72.1%
Lancashire	88.3%	78.4%	74.0%	70.7%	49.3%	73.9%
Merseyside	88.2%	74.9%	71.1%	68.2%	40.0%	68.3%

Source: Annual Population Survey

2.2.10 Qualifications

The Regional ESF Framework identifies that the qualifications of the region's residents highlight some significant skills challenges, especially in light of the nature of employment change which is predicted over the next decade and the growth in demand for Level 3 and 4+ qualifications. Participation and success rates in further and work based learning vary significantly amongst different learner groups, in particular amongst women in some parts of the region and BME groups across the region. Lower success rates for qualifications are strongly linked to higher levels of deprivation. Cheshire & Warrington is the highest qualified sub-region in the North West with a growth in the proportion of people with NVQ4+ higher than the North West and GB. Of the working age people in Cheshire & Warrington with no qualifications 62% of men are in employment compared to only 51% of women. This compares to the average employment rate in Cheshire & Warrington of 77%.

LSC Response

The LSC will work with providers to increase the number of adults progressing to Level 3 qualifications and achieving a first full Level 3 as well as working with employers and providers to develop further level 4 programmes which are directed at specific skills shortages including SMEs. ESF resources will be specially targeted at reducing the variance in both participation and success rates and to support individuals facing particular barriers to participation and success.

The LSC is committed to working with the community and voluntary sector to increase participation in learning especially in relation to developing the skills necessary to access and sustain employment. We will also work closely with learning providers to ensure that there is an appropriate foundation learning tier in place and that progression routes are clearly mapped. We will sustain the work which we have undertaken with the TUC in this respect.

2.3 Unemployment and Worklessness

2.3.1 Sub-Regional Overview

Cheshire & Warrington has an employment rate of 77.7%, a rate that is above both the regional and national averages. Similarly, rates of unemployment and of economic inactivity in Cheshire & Warrington are lower than the regional and national averages. Converted into population numbers, the table below shows that 412,400 people are in employment, 14,300 are unemployed and 104,000 are economically inactive in Cheshire & Warrington.

Table 73 - Employment Status of Working Age Population (by number), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	22,776,000	1,177,400	6,582,100	30,535,500
North West	2,975,300	164,500	959,800	4,099,600
Cheshire & Warrington	412,400	14,300	104,000	530,700
Cumbria	220,900	9,000	60,100	290,000
Lancashire	628,700	31,900	195,000	855,600
G. Manchester	1,109,500	65,000	365,600	1,540,100
G. Merseyside	603,800	44,200	235,100	883,100

Source: Annual Population Survey, December 2005

To improve its economic performance, the North West needs to increase the proportion of working age people in employment, especially those who are currently economically inactive. To enable effective targeting of individuals, to ensure they get the support they need to enter employment, it is important to understand the key characteristics of the unemployed and inactive groups. The next sections look at the characteristics of these groups.

2.3.2 The Unemployed

The unemployment figure for the North West is 164,500 and of this, Cheshire & Warrington accounts for 14,300 people only. More detailed analysis of the unemployed can be found in the Northwest Strategic Analysis. The section below highlights the key points relevant to Cheshire and Warrington.

- Unemployment rates are consistently higher for men than for women across regions. In England, the rate is 5.3% for men and 4.5% for women (as a % of the economically active). This compares to 5.8% and 4.5% respectively for the North West. Continuing to the sub regional scale, the unemployment rates for both men and women in Cheshire & Warrington (4.0% and 2.6% respectively) are much lower than the regional and national averages. The female rate is particularly low relative to other sub regions.
- Compared to the overall population, those who are disabled have consistently higher unemployment rates. In the North West, the unemployment rate for all disabled people is 7.5%, just below the England average of 7.6%. Lower than both of these figures, the rate in Cheshire & Warrington is 5.5%.

2.3.4 Economic Inactivity

The rate of economic inactivity in Cheshire & Warrington has consistently been below the regional average and most years, it has fallen below the average for England. However, recent trends have seen the figure rising in line with most other North West sub regions.

As shown in the table below, the Annual Population Survey gives us an estimate of the proportion of the economically inactive who wish to work. In Cheshire & Warrington, this figure is 15.8%, equivalent to 16,400 people.

Table 74 - Profile of Economically Inactive Population, 2005

% of economically inactive	DO NOT want a job	DO want a job	DO want a job (Breakdown)			
			Long-term sick	Looking after family/home	Students	Other reason
England	76.1%	23.9%	6.6%	6.8%	3.0%	4.3%
North West	80.1%	19.9%	6.6%	5.2%	2.1%	3.4%
Cheshire & Warrington	84.2%	15.8%	4.2%	4.7%	1.5%	2.2%
Cumbria	76.2%	23.8%	7.9%	6.2%	2.4%	5.0%
Lancashire	80.2%	19.8%	5.7%	5.7%	2.3%	3.3%
G. Manchester	78.8%	21.2%	7.9%	5.2%	2.0%	3.9%
G. Merseyside	81.3%	18.7%	6.3%	4.9%	2.2%	2.7%

Source: Annual Population Survey, December 2005

2.3.5 Economic Inactivity by Gender

Nationally, the rate of economic inactivity is higher for women than for men - 26.9% versus 16.5%. In the North West, the rate of inactivity for men is notably higher than the national average (by 2.8% points), indicating that economic inactivity amongst men is a particular issue for the region. In Cheshire & Warrington, economic inactivity rates for both men and women fall below the national and regional averages. For women in Cheshire & Warrington, the rate is significantly lower than the England averages.

Table 75 - Economic Inactivity Rate (of Working Age Population) by Gender, 2005

	Male		Female		Total	
	%	Number	%	Number	%	Number
England	16.5	2,591,200	26.9	3,990,900	21.6	6,582,100
North West	19.3	406,800	27.8	553,000	23.4	959,800
Cheshire & Warrington	16.3	44,800	23.2	59,200	19.6	104,000
Cumbria	17.7	26,800	24.0	33,300	20.7	60,100
Lancashire	18.8	82,900	27.1	112,100	22.8	195,000
G. Manchester	19.3	152,700	28.5	212,900	23.7	365,600
G. Merseyside	22.3	99,600	31.1	135,500	26.6	235,100

Source: Annual Population Survey, December 2005

2.3.6 Economic Inactivity by Disability

Across all areas, the rate of economic inactivity for people with a disability is significantly higher than the rate for the overall population. This is particularly true for the North West, which has an inactivity rate for people with a disability of 52.5%, 7.6% points above the national average. In comparison, Cheshire & Warrington has a rate of 47.8%, slightly above the England rate.

2.3.7 Economic Inactivity by Ethnicity

Nationally, the highest rate of inactivity exists for people in the Pakistani/Bangladeshi ethnic group, whereas the lowest rate exists for people in the White ethnic group. In Cheshire & Warrington, the relatively small ethnic minority populations mean that reliable data is mostly unavailable. The only ethnic groups that can be examined are the white and Other ethnic populations. Compared to other North West sub regions, the economic inactivity rates for both of these groups are relatively low.

Table 76 - Economic Inactivity Rate (of Working Age Population) by Ethnicity, 2005

	White	Indian	Pakistani/Bangladeshi	Black/Black British	Other Ethnic
England	20.0	25.3	49.4	28.5	34.9
North West	22.3	35.8	50.7	28.8	32.2
Cheshire & Warrington	19.3	!	!	!	23.9
Cumbria	20.8	!	!	!	!
Lancashire	21.1	43.1	51.9	24.5	39.0
G. Manchester	21.7	34.1	50.8	28.6	37.5
G. Merseyside	26.6	21.9	30.1	31.8	20.2

Source: Annual Population Survey, December 2005
! = Data is suppressed due to small sample size

2.3.8 IB and SDA

A high proportion of workless people are in receipt of Incapacity Benefit, and this is a key target group for efforts to reduce worklessness. There is a reasonable level of characteristics data on IB/SDA claimants, which is summarised in the following paragraphs. This gives some indication of the type of barriers to employment that exist for IB/SDA claimants.

Table 77 - IB/SDA Claimants by Number and as a Proportion of the Working Age Population by Benefit Type, 2006

	Incapacity Benefit		Severe Disablement Allowance		IB + SDA	
	%	Number	%	Number	%	Number
England	6.1	1,882,900	0.7	229,300	6.8	2,112,200
North West	8.9	372,600	0.9	37,400	9.8	410,000
Cheshire & Warrington	5.5	29,600	0.7	3,800	6.3	33,400
Chester	6.0	4,400	0.8	600	6.8	5,000
Congleton	4.4	2,500	0.5	300	5.0	2,800
Crewe and Nantwich	6.1	4,200	0.6	400	6.7	4,600
Ellesmere Port and Neston	6.2	3,000	1.0	500	7.2	3,500
Macclesfield	4.2	3,800	0.8	700	5.0	4,500
Vale Royal	5.7	4,300	0.8	600	6.5	4,900
Warrington	6.1	7,400	0.6	700	6.7	8,100

Source: ONS; DWP Benefits Data, February 2006
Note: Claimants and working age population are based on location of residence

Relative to the averages for England and the North West, Cheshire & Warrington has a low proportion of incapacity benefit claimants, with 5.5% of the working age population in receipt of the benefit. Within Cheshire & Warrington, rates are relatively even although there are some differences. Referring to the table above, the IB rate in Ellesmere Port & Neston is the highest rate in the sub region although this is only slightly higher than the England average. Meanwhile, figures for Congleton and Macclesfield are among the lowest in the region. Most districts in Cheshire & Warrington fall below the national average of 6.1%.

Considering IB/SDA by duration of claiming, unlike unemployment benefit, a very high proportion of IB/SDA claimants have been in receipt of benefit for more than two years – 78.1% of recipients in the region, compared to 76.1% nationally. In Cumbria, the figure is higher than both at 78.7%.

2.3.9 Economic Participation

The Regional ESF Framework identifies that the employment rate for the North West is slightly less than for England as a whole, but is markedly lower amongst some groups and in some locations. A key challenge for the region is reducing the scale of economic inactivity within the region, both in terms of tackling the output gap and economic and social disadvantage. Of the gap of 80,000 fewer people in the region not in employment compared to the England average, around 70,000 are accounted for by just six local authority areas.

In order for Cheshire & Warrington to achieve 80% of working age population in employment (the Government target rate for full employment) a further 16,000 people would need to enter work. The total workless population of Cheshire & Warrington is 122,000 broken down as follows:

- 91,000 who are inactive
- 16,000 who want but are not seeking work
- 15,000 who are seeking work

This creates a relatively 'tight' labour market within Cheshire & Warrington with relatively small numbers of out of work people who are actively looking for work. In percentage terms, 10% of UK working age adults are out of work and would like a job compared to 6% in Cheshire & Warrington.
(Source Cheshire & Warrington Worklessness Study June 2007, Regeneris Consulting).

LSC Response

The LSC has worked closely with DWP (Jobcentre Plus) Local Authorities, through the mechanisms of LSPs, and Local Area Agreements to ensure a closer link between skills provision and targeted activity to tackle worklessness. The LSC will target ESF resources at those areas with high levels of worklessness through the mechanisms of City Employment Strategies or their equivalent in other areas of the Northwest. We will increasingly target activity in respect of Skills for Life and level 2 activities on ensuring that workless people can achieve skills and qualifications necessary to sustain employment. This will include developing further demand led approaches including sector led route ways. The LSC will work with its partners to develop interventions which support individuals to secure employment and subsequently with their employers to further develop their skills to sustain employment. In response to Leitch the LSC will work with partners to improve the effectiveness of interventions in terms of securing employment outcomes. ESF resources will support the direction of local economic partnership priorities in targeting priority groups, individuals and geographic areas. In addition to the LAA target ward areas, flexibility will be given to Super Output Areas demonstrating relative concentrations of priority groups.

2.3.10 NEET

Analysis of worklessness amongst young people is measured through recording the level of young people Not in Education, Employment or Training (NEET). Within the new programme, targeting the NEET group is a key part of priority 1. The table below shows the size of the NEET population using data collected by Connexions from November 2006 to January 2007 within each local authority compared to the overall 16-18 cohort. It also shows the percentage size of the NEET population in 2004 and the change in the percentage size.

Cheshire and Warrington has the second lowest number of young people within the NEET group in the North West behind Cumbria. However, it does have the lowest percentage rate of NEET in the North West of 5.7%. Cheshire has the largest number of NEET within the sub-region, however due to the large geographical size of Cheshire, further analysis maybe required to study the different NEET populations within Cheshire. Warrington has the highest percentage rate of NEET within the sub-region, however, different pockets of NEET within Cheshire may reveal higher local NEET populations within the sub-region. Overall, the region has experienced a fall in NEET proportional size since 2004 with Warrington recording a 0.2% drop in NEET proportional size. Again however, further analysis within Cheshire is required to attain the NEET population changes.

Table 78 - NEET figures for Cheshire and Warrington 2006/07

NW	16-18 year olds known to Connexions	16-18 yr olds NEET		% of 16-18 year olds whose current activity is not known	NEET% in June 2004	% change
		Estimated number	%			
Cheshire	23,360	1,260	5.4%	2.2%	5.4%	0.0%
Warrington	6,430	450	7.0%	3.4%	7.2%	-0.2%
C+W	29,790	1,710	5.7%	2.8%	6.3%	-0.6%

Source: LSC

3. Cumbria

3.1. Demographic Analysis

3.1.1 Population Growth and Location

Cumbria makes up 7% of total North West population (NOMIS, 2005) and has the lowest population of the 5 sub-regions despite being the largest of the sub-regions in terms of its geographical size. The sub-region faces particularly challenges which arise from its low population density and its relative geographic isolation. As the table below shows, the population has grown slightly since 1991-2001 and has followed the regional trend by accelerating slightly during the period 2001-2005. Cumbria has the second fastest population growth rate in the NW region.

Table 79 - Population Growth in Cumbria 1991-2005

	1991	2001	2005	% Change 1991-2001	% Change 2001-2005
Cumbria	**483,163**	**487,609**	**498,900**	**+0.9**	**+2.3**
North West	6,726,860	6,729,764	6,846,200	0	+1.7
England	47,055,204	49,138,831	50,431,700	+4.4	+2.6

Whilst there is overall population growth within the sub-region, this has not been within the working age population. This poses a challenge to future economic development. Alongside Greater Merseyside, Cumbria has experienced a reduction in the working age population from 1991-2001.

Table 80 - Working age population growth in Cumbria 1991-2001

	Working Age Population 1991	Working Age Population 2001	% Change working age	% change population
Cumbria	**307,917**	**306,346**	**-0.5**	**0.9**
North West	4,249,738	4,261,475	0.3	0
England	30,065,426	31,429,250	4.5	4.4

Table 81 shows that within each of Cumbria's Local Authorities, it has higher proportion of the population in the 50-59 age cohort and 60-64 age cohort than the North West and England averages. It also has a lower proportion in the 16-19 and 20-34 age cohorts than both the North West and England averages.

Table 81 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64
Allerdale	7.1	26.8	33.7	23.1	9.3
Barrow-in-Furness	7.5	28.6	33.4	21.5	9.0
Carlisle	7.6	28.9	34.3	20.7	8.5
Copeland	7.5	27.6	34.8	21.2	8.9
Eden	6.7	25.6	34.7	23.7	9.5
South Lakeland	6.9	24.9	33.8	24.4	10.1
Cumbria	7.2	27.1	34.1	22.4	9.2
North West	8.1	30.5	33.3	20.1	8.0
England	7.7	31.8	33.3	19.6	7.6

Source: Census 2001

The table below illustrates population forecasts by district for the years 2005-2020. A number of districts are forecast to experience population increases but Eden and, to a lesser extent, Carlisle stand out as being especially high at 11.5% and 6.9% respectively. The remaining districts are expected to have growth rates that are similar to the Cumbria average, whereas the only district with a forecast population decline is Barrow-in-Furness. It is forecast that Cumbria's population as a whole will increase by 2.5% by 2020.

Table 82 -Population Forecasts by District, 2005 - 2020

000s	2005	2010	2015	2020	%Change 2005 - 2020
Eden	52.1	54.4	56.3	58.1	11.5
Carlisle	102.8	105.3	107.6	109.9	6.9
Allerdale	94.8	95.5	96.2	97	2.3
South Lakeland	102.5	102.9	103.6	104.7	2.1
Copeland	69.4	69.4	69.4	69.5	0.1
Barrow-in-Furness	69.7	67.7	66	64.6	-7.3
Cumbria	**491.3**	**495.2**	**499.1**	**503.8**	**2.5**
North West	6820.1	6874.9	6942.5	7016.8	2.9

Source: ONS Population Projections

3.1.2 Economically Active Population

The number of economically active in Cumbria has increased by 5.5% in the last ten years, and in 2005, the sub-region had an economic activity rate of 79.3%, higher than both the regional and national average rates. Within Cumbria, Eden has the highest economic activity rate at 85.7% whilst the lowest is in Barrow-in-Furness at 74.8%.

Table 83 - Economic Activity Rate, 2004-2005

	2004	2005	% Change
Allerdale	75.5	79.0	4.3%
Barrow-in-Furness	74.5	74.8	0.3%
Carlisle	78.5	81.0	3.4%
Copeland	76.5	76.0	-0.6%
Eden	83.1	85.7	3.2%
South Lakeland	83.5	80.0	-3.8%
Cumbria	78.6	79.3	1.0%
North West	76.2	76.6	0.7%
England	78.3	78.4	0.6%

Source: ONS; Labour Force Survey, 1995-2005 and Annual Population Survey, November 2005

The table below shows economic activity by age group and district in 2005. Overall, Cumbria is typically higher than both the regional and the national averages for those aged 16-49 and especially for those aged 16-24. For those aged 50+, economic activity rates for England as a whole are higher than they are in Cumbria.

Table 84 - Economic Activity Rate by Age Group, 2005

	16-19	20-24	25-34	35-49	50-retirement	Above retirement age
Allerdale	68.4	76.9	83.1	89.0	69.0	6.0
Barrow	71.4	77.1	79.8	83.6	58.2	3.7
Carlisle	75.7	83.1	89.4	85.2	71.5	10.8
Copeland	69.5	82.9	82.3	83.8	59.9	3.1
Eden	70.4	86.1	92.9	93.4	76.4	14.0
South Lakeland	57.3	91.8	89.4	87.1	69.3	13.6
Cumbria	68.9	82.4	86.0	86.6	67.7	8.9
North West	56.0	76.8	83.0	84.4	67.6	8.5
England	56.8	75.2	83.5	85.0	73.3	10.3

Source: ONS; Annual Population Survey, November 2005

The table below illustrates the economic activity rate by gender in 2005. Whilst the economic activity rate for men in Cumbria falls in between the regional and national average levels, for women, rates in Cumbria are comparatively high at 76%. Rates for men are especially low in Barrow-in-Furness (74%) whereas for women, economic activity rates are lowest in Copeland (69%).

Table 85 - Economic Activity Rate by Gender, 2005

	Male	Female
Allerdale	82.9	74.8
Barrow-in-Furness	74.3	75.3
Carlisle	84.4	77.4
Copeland	82.6	68.8
Eden	88.0	83.1
South Lakeland	82.1	77.7
Cumbria	82.3	76.0
North West	80.7	72.2
England	83.5	73.1

Source: ONS; Annual Population Survey, November 2005

The table below illustrates rates of economic activity by disability. The economic activity rate of people with a disability in Cumbria is above the North West average but below the England average. There is considerable variation by district.

Table 86 - Economic Activity Rate by Disability, 2005

	All Working Age	Disabled	DDA & Work-limiting	DDA only	Work-limiting only
England	78.4%	55.1%	38.2%	84.8%	74.9%
North West	76.6%	47.5%	31.6%	83.5%	71.6%
Allerdale	79.0%	42.1%	35.3%	73.2%	!
Barrow-in-Furness	74.8%	49.0%	23.9%	79.0%	78.3%
Carlisle	81.0%	49.0%	39.1%	100.0%	45.7%
Copeland	76.0%	40.2%	17.9%	100.0%	!
Eden	85.7%	59.9%	48.1%	80.1%	!
South Lakeland	80.0%	66.2%	60.0%	67.9%	75.3%
Cumbria	79.3%	51.4%	36.7%	81.4%	68.8%

Source: ONS; Annual Population Survey, November 2005

3.1.3 Migration

Using the National insurance number (NiNo) registrations in 2005/06 as an indicator, 6% of migrants entering the North West have taken up settlement in Cumbria. This is the lowest in-migration of the 5 sub-regions. The Local Authority with the highest level of migrants is South Lakeland. Following the Regional trend, the nationality with the highest number of national insurance registrations is Poland with 1,200 registering for a NiNo in 2005/06. The skills level of the migrant workers is unknown as is the length of stay which many migrant workers reside within the region. Further analysis is required if we are to assess the full contribution of migrant workers to the economic development of the area. The LSC is working with Jobcentre Plus, employer organisations, Train to Gain brokers and learning providers to monitor the language training needs of these individuals.

Table 87 - National Insurance Number registrations in Cumbria 2005/06

	All (NW)	Cumbria	Allerdale	Barrow-in-Furness	Carlisle	Copeland	Eden	South Lakeland
All	**48,620**	**2,970**	**540**	**130**	**720**	**140**	**440**	**1,000**
Poland	**16,860**	**1,200**	160	40	380	30	220	370
India	**3,160**	**90**	-	10	10	20	20	30
Rep of Lithuania	**1,640**	**180**	100	-	30	10	10	30
Slovak Rep	**2,240**	**230**	60	10	60	10	20	70
South Africa	**1,020**	**200**	30	-	20	10	50	90
Australia	**700**	**70**	20	-	-	10	10	30
Rep of Latvia	**1,010**	**60**	-	-	10	-	10	40
Czech Rep	**1,570**	**120**	30	-	20	10	20	40
China Peoples Rep	**1,450**	**50**	-	10	20	10	-	10
Spain	**730**	**70**	10	-	10	-	10	40

3.1.4 Population Change

The Regional ESF Framework identifies that whilst the population of the North West is expected to grow, there is a fundamental issue around the potential decline in the working age population (due to fewer young people entering the labour market and an aging population structure). The ability of employers to meet their skills needs will be heavily influenced by the retirement decision of older people. Cumbria has an ageing population, levels of which vary across districts. It is predicted that 25% of the population will be over 65 years of age by 2020, well above the regional average of 20%.

LSC Response

The LSC will use ESF to:

- Decline in traditional manufacturing employment will lead to significant demand for re-skilling and updating skills, particularly in older workers. Support older workers to update the skills and qualifications. Cumbria will need to address the needs of people aged 50+, both currently in and out of employment.

- Work with NWDA and DWP (Jobcentre Plus) to target support to workers affected by economic restructuring to re-equip them to either sustain employment or to re-enter employment. There is a significant need to support offenders and those at risk of offending into placement and employment opportunities.

- Increase the availability of skilled labour by:
  - Supporting workless people to acquire the skills required to secure and sustain employment

- o Ensuring that young people acquire the necessary employability and vocational skills to make a successful transition into employment and avoid becoming NEET
- o Increasing the range of Apprenticeship opportunities available to young people

Whilst there is a relatively low rate of young people in NEET compared with regional and national averages, it is important that they acquire employability skills. A large proportion of the NEET group are from vulnerable groups (such as young parents). It is important to specifically target these groups and ensure flexibility of provision to be able to deliver effectively.

In order to improve the rate of business start up, there is a need to improve enterprise skills in Cumbria.

3.2 Economic Performance

3.2.1 Sub-Regional Economic Performance Overview

The economic performance of Cumbria is weak when compared to England average benchmarks and the other sub-regions in the North West. For example:

- GVA per capital, at £12,217 in 2004, is well below the England and regional averages (£16,521 and £14,269 respectively) and is the second lowest of the five North West sub-regions (behind Greater Merseyside).
- New business starts, at 31 per 10,000 adult population, is the second lowest of the five sub-regions. This is particularly notable because more rural areas typically have lower rates of start-up.

Employment growth in Cumbria since 1996 has been at a rate slightly above the regional average. Employment levels have been more volatile than other sub-regions, since Cumbria is a relatively small economy and is more vulnerable to shocks, such as foot and mouth disease. The economy recovered quickly from foot and mouth, but there are some significant challenges for Cumbria going forward, including nuclear decommissioning.

There are some significant differences in the sector profile of employment when compared to England. In particular:

- The high proportion of people employed in manufacturing
- the high proportion of people employed in hotels and restaurants, and;
- the low proportion of people employed in real estate and business activities

The occupational structure is also quite different to the national average. There is a lower proportion of higher skilled jobs in Cumbria than nationally, and this is especially true for the Professional and Associate Professional categories – the share of employment accounted for by these occupational categories is 2% points and 3% points below the national average respectively.

The Working Futures forecasts indicate employment growth in Cumbria of 1.7% between 2004 and 2014 (cumulative growth), which translates into 4,000 new jobs. This growth rate is the lowest of the North West sub-regions and well below the North West projection of 3% growth. The forecasts are for:

- Further employment decline in the manufacturing and primary & utilities sectors.
- A decline in employment in the construction sector and at a faster rate than regionally.
- Employment growth in the business and other services sector of 7.7%.

The employment rate in Cumbria is actually above national and regional averages (79.5% versus 75.1% and 73.5% respectively). Cumbria's problems are less about getting people into employment and more around the type of jobs available in the sub-region. To close the GVA gap with other sub-regions, Cumbria needs to attract a greater number of high skilled jobs

A significant supply-side constraint that Cumbria faces is the low proportion of its population with higher level qualifications, which makes it a relatively unattractive location for higher value added businesses. Of the economically active population, 27% are qualified to Level 4 or above, compared to 29% in the North West and 31% in England.

3.2.2 Economic Performance and Growth Prospects

The Regional ESF Framework identifies that the North West has a significant productivity gap compared to the England average and trend based economic forecasts suggest that this gap will widen in future. In respect of a number of drivers of productivity, the North West compares unfavourably to England averages.

The economic performance of Cumbria is weak, but improving, when compared with other sub-regions of the North West, particularly in relation to GVA per capital and a low rate of business start-ups which is unusual for a rural area.

The sector employment profile is markedly different to other areas, notably with higher proportionate levels of employment in manufacturing and in hotels and restaurants. There is also a lower proportion of higher skilled jobs in Cumbria, which corresponds to the lower proportion of the population with higher level qualifications. Cumbria has only 27% of the economically active population qualified to Level 4 or above.

Employment growth is forecast to slow significantly over the next ten years, relative to the previous decade. The growth in employment will be concentrated heavily in a few service sectors and in particular locations (typically the cities, larger towns, and urban fringe locations). Whilst employment growth due to expansion is expected to be modest, there will be substantial ‘replacement’ demand. The nature of this predicted employment growth has important implications for training provision. Whilst there will continue to be strong demand for workers with skills at NVQ Level 2, there will be higher demand at Levels 3 and 4. Cumulative employment growth of 1.4% is predicted between 2004 and 2014, which would mean 4,000 new jobs. This growth masks a decline in manufacturing and primary/utilities sectors and a faster rate of decline in the construction than elsewhere in the NW. However, it is expected that there will be employment growth in business and other service sectors.

Levels of educational attainment in the economically active population are low, and lower still for the economically inactive population. 52.4% of economically inactive people in Cumbria do not have a level 2 qualification.

LSC Response

The LSC will continue to work closely with the NWDA, sub-regional economic partnerships, Local Authorities through the mechanism of LSPs and LAAs and SSCs to ensure that investment in skills is linked to major growth opportunities and meets employer skills gaps and shortages. We will seek to align the ESF and mainstream investment with the ERDF programme.

Cumbria is working closely with LAA partners and CumbriaVision, the sub-regional economic partnership to address current and future skills needs. Joint targets are agreed to improve adult skills levels, the take-up of apprenticeships by 16 to 24 years olds and for attainment at age 16 and 19. Specific sector activities are highlighted in other joint agreements, including the Nuclear sector developments in West Cumbria.

ESF investment will need to support these joint actions and will need to improve the impact of skills and learning on key regeneration projects, including:

- Carlisle Renaissance

- West Cumbria Masterplan and the Energy Coast plan
- Barrow Waterfront and Masterplan
- Nuclear sector developments

as well as growth developments in Eden and South Lakeland.

Priority sectors for Cumbria are: Tourism, Health and Social Care, Nuclear, Manufacturing, Retail and Agriculture. There is predicted growth in Business and other Services sectors. Other sectors that need to be considered as important for Cumbria are Sports and Leisure and Construction

Developing sector led route ways into employment will be a priority building on successes in respect of the health &social care and retail sectors. We will work closely with DWP (Jobcentre Plus) and the City employment strategies to ensure that the appropriate support is available to en sure that workless individuals can access opportunities in the labour market.

There is significant replacement demand at both level 2 and level 3. Through Train to Gain the LSC will address skill gaps at both level 2 and level 3. The LSC will complement the use of TTG by utilising ESF to:

- targeting groups which may be ineligible for TTG who may be eligible for ESF support
- providing additional support to individuals not yet ready for a level 2 programme
- supporting employees to secure an additional level 2 to meet a specific employer skill shortage and to enable individuals to either secure and/or sustain employment

In respect of level 3 we will work with providers, SSCs and employer organisations to increase the contribution which employers and individuals make. Resources will be targeted at smaller business in key growth sectors where there are skill shortages.

Resources at level 4 will be targeted at smaller organisations and at raising the overall quality of leadership and management which we see as a key factor in deriving competitiveness. We will seek to increase the range of level 4 provision which is employer focused and tailored to individual employer and sector needs.

ESF investment will need to build on and support core activity in employability skills and progressing individuals into sustainable employment. Route ways into employment in key sectors will be important as will route ways into jobs linked to regeneration activities.

To support economic growth in Cumbria, it will be important to address the needs of long term claimants would want to return to the job market and to anticipate and provide appropriate opportunities for re-skilling employees from declining employment markets.

In order to address the large number of people either unqualified or only qualified to Level 1, it is essential that ESF resources in Cumbria specifically target these adults, both in and out of work.

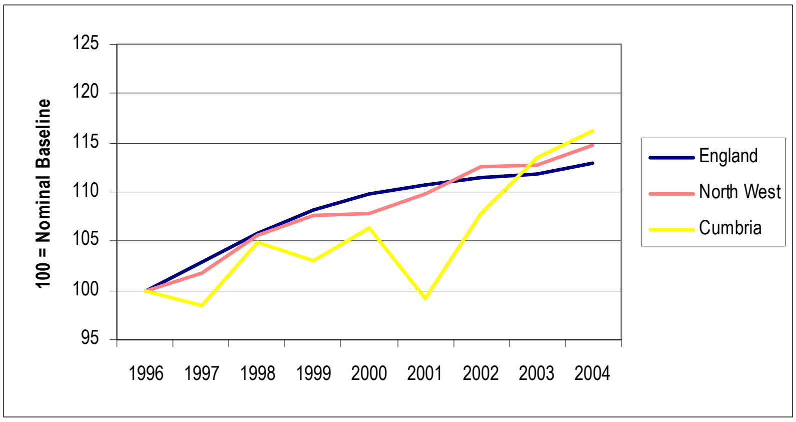
Whilst there is still significant need to address lower level and pre-entry skills, second level 2 and levels 3 and 4 are also necessary to develop the skills levels in the county to meet future needs.

3.2.3 Employment

Approximately 247,000 people are currently employed in Cumbria according to the most recent Labour Force Survey Statistics. This is an increase of over 60,000 in the period since 1996.

Cumbria has experienced employment growth at a rate slightly above the regional average since 1996. Being a relatively small economy, it is vulnerable to shocks, as witnessed in the chart below by the large fall in employment in 2001 – a result of the spread of foot and mouth disease. The economy recovered quickly from this, but there are some significant challenges for Cumbria going forward, including nuclear decommissioning.

Diagram 1: Growth in Employment, 1996-2004



Source: Annual Business Inquiry; NOMIS, 1996, 2004 (Note: employment based on workplace location)

3.2.4 Employment by Sector

There are some significant differences in the sector profile of employment when compared to England. In particular:

- the high proportion of people employed in manufacturing (17.2% v 12%);
- the high proportion of people employed in hotels and restaurants (9.7% v 6.8%); and
- the low proportion of people employed in real estate and business activities (10% v 16.6%).

Table 88 - Employment by Industrial Sector, 1996 & 2004

	Cumbria				England
	1996	%	2004	%	%
Agriculture, forestry & fishing*	795	0.4%	722	0.3%	0.2%
Mining and utilities	1,739	0.9%	1,409	0.7%	0.5%
Manufacturing	42,012	22.9%	36,755	17.2%	12.0%
Construction	7,457	4.1%	10,588	5.0%	4.5%
Wholesale and retail trade	32,573	17.8%	42,420	19.9%	18.2%
Hotels and restaurants	19,301	10.5%	20,600	9.7%	6.8%
Transport and communication	8,985	4.9%	10,094	4.7%	6.1%
Financial intermediation	4,830	2.6%	2,884	1.4%	4.1%
Real estate and business activities	13,364	7.3%	21,402	10.0%	16.6%
Public admin' and defence	8,931	4.9%	8,965	4.2%	5.4%
Education	11,182	6.1%	16,951	8.0%	9.2%
Health and social work	24,110	13.1%	25,717	12.1%	11.4%
Other community and personal services	8,151	4.4%	14,609	6.9%	5.1%
Total	**183,431**	**100**	**213,116**	**100**	**100**

Source: Annual Business Inquiry; NOMIS, 1996, 2004
*In-depth DEFRA Agriculture employment figures unavailable

The sectors exhibiting the highest employment growth rates since 1996 are shown in the table overleaf. Employment growth has predominantly been in the service sector. In particular, when compared to national growth rates, Cumbria has experienced significant growth in employment in recreational, cultural and sport activities, highlighting the sub-region's increasing popularity as a tourist destination.

3.2.5 Employment Forecast Model

The 2006 Working Futures report produced by the Institute of Employment Studies[5] gives some insights into the projected sector and occupational mix of the Cumbria economy to 2014. The economic model which underpins Working Futures is trend based, and so the model will miss significant regeneration or other initiatives underway or planned in specific areas.

Table 89 - Employment Change Forecasts by Sub-Region, 2004-2014

	Employment 2004 (000)	Employment 2014 (000)	Change (000)	Change (%)
Cheshire & Warrington	537	559	22	4.1%
Cumbria	235	239	4	1.7%
Greater Manchester	1318	1365	47	3.6%
Greater Merseyside	602	617	15	2.5%
Lancashire	666	680	14	2.1%
North West	**3358**	**3459**	**101**	**3.0%**

Source: Working Futures 2006

The table below shows forecast employment in Cumbria by sector to 2014.

Table 90 - Employment Change Forecasts by Industrial Sector, 2004-2014

	Employment (000)		Change		North West Change (%)
	2004	2014	(000)	(%)	
Primary sector & utilities	6	5	-1	-16.7%	-11.1%
Manufacturing	42	39	-3	-7.1%	-11.0%
Construction	14	13	-1	-7.1%	-4.4%
Distribution, transport etc	82	85	3	3.7%	3.6%
Business & other services	39	42	3	7.7%	11.4%
Non-marketed services	53	56	3	5.7%	4.4%

Source: Working Futures, 2006

The Working Futures forecasts show employment growth in Cumbria of 1.7% between 2004 and 2014 (cumulative growth), which translates into 4,000 new jobs. However, this growth rate is the lowest of any of the sub-regions and therefore below that predicted for the North West region as a whole (3%).

- Employment declines that have been experienced in the manufacturing sector and primary & utilities sectors are forecast to continue.
- Despite the employment growth experienced in the construction sector between 1996 and 2004, the forecast is for employment to decline, and at a faster rate than regionally.
- The highest employment growth rate is predicted to be in the business and other services sector, 7.7%. However, even this is almost 4% behind the forecast growth rate for the North West as a whole.

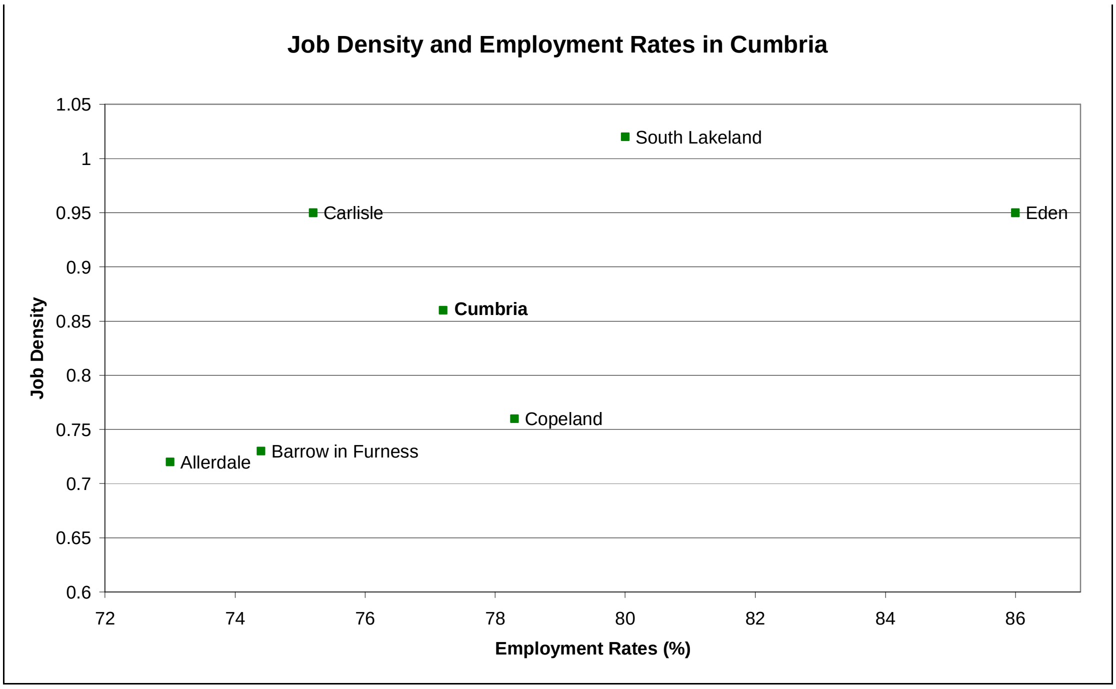
3.2.6 Job Density and Employment Rates

Analysis of the job density and the employment rates allows us to compare the availability of employment with economic activity rates an issue which has been explored by DWP in developing the national ESF programme. The conclusion reached nationally is that with recent economic growth a lack of jobs is no longer the key factor in terms of the levels of worklessness. However, the availability of employment varies significantly across the region.

[5] Working Futures 2004-2014 Spatial Report (2006), Institute of Employment Studies

Cumbria has an employment rate in line with the North West regional average and its job density level is slightly higher (0.86). The area showing the healthiest sign of economic growth and sustainability is Eden which both possesses the highest employment rate and the second highest job density in the region.

In strong contrast, Allerdale faces the biggest challenge within the sub-region as it has relatively low employment rates and the lowest job-density within the region. Another area of concern is Barrow in Furness which possesses low employment and job density rates.



Source: NOMIS

3.2.7 Skills Gaps and Shortages

The Regional ESF Framework identifies that the incidence of skills gaps amongst employees in the North West is broadly comparable to England averages but there are significant skills gaps and shortages. Gaps in the basic and ‘soft’ skills sought by employers are a particular issue in the region. The scale and nature of skills shortages vary significantly within the region, but are quite marked in some locations, especially where employment growth has been strong and the economic base is adjusting in light of the decline of traditional sectors. Future skills gaps in Cumbria are likely to be in the higher skilled occupations, managers, senior officials and professionals, where growth is predicted. Sales and customer services are also predicted to grow at faster rates than the NW average, reflecting the importance of tourism in Cumbria. Reductions predicted in manual occupations demonstrate the need for re-skilling individuals.

LSC Response

The LSC will continue to work with SSCs, SSPAs, the NWDA and sub-regional economic development partnerships to target resources where they will have the greatest impact focusing resources on growth sectors. Through the mechanism of a demand led system and the prioritisation given to skills for life and employability skills we will continue to investment significant resources in addressing these needs and will utilise ESF to enhance this investment.

Increasing lower skills levels across Cumbria is essential to meet future needs.

To meet the increased demand for higher skilled occupations including managers, it will be necessary to improve softer skills.

With over 50% of economically inactive individuals having no Level 2 qualification, lower skills needs have to be addressed.

3.2.8 Skills Level of the Resident Population

Qualifications are often used as a proxy indicator for the skills of the workforce. The following chart shows the qualification profile of the working age population in England, the North West and the five sub regions. Whilst the qualifications profile of the regional working age population is very similar to the profile in England as a whole, there are considerable variations between the sub regions. Cumbria has a relatively low proportion of its economically active population holding degree-level qualifications at 27% - 4% points below the English average.

Table 91 - Qualification Profile (%) of the Economically Active Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	30.7%	19.6%	21.2%	28.5%
North West	29.2%	20.5%	21.6%	28.7%
Cheshire & Warrington	35.7%	19.1%	20.4%	24.8%
Cumbria	26.8%	21.6%	24.2%	27.4%
Lancashire	30.0%	21.3%	20.7%	28.1%
Greater Manchester	28.2%	20.8%	21.9%	29.1%
Gtr Merseyside	26.9%	19.4%	22.1%	31.6%

Source: DfES, 2006

The qualification profile of the economically inactive population is shown below. As can be seen, qualification levels are significantly lower for the economically inactive compared to the active.

Table 92 - Qualification Profile (%) of the Economically Inactive Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	11.8%	15.5%	23.1%	49.6%
North West	9.3%	14.4%	22.3%	54.0%
Cheshire & Warrington	16.2%	16.7%	21.0%	46.1%
Cumbria	11.2%	9.8%	26.5%	52.4%
Lancashire	9.5%	15.7%	24.2%	50.6%
Greater Manchester	8.5%	14.2%	21.6%	55.7%
Gtr Merseyside	6.9%	13.8%	21.0%	58.3%

Source: DfES, 2006 EKOS estimates derived from figures for working age population and economically active population.

Low skills have an impact on employment opportunities, for example, of working age people in Cumbria with no qualifications, only 51% are in employment. This compares to an average employment rate in Cumbria of 77%.

Table 93 - Employment Rate by Qualification Attainment, 2005/06

	Level 4	Level 3	Level 2	< Level 2	No Quals	Overall
England	87.1%	78.0%	75.4%	72.7%	48.8%	74.7%
North West	87.9%	78.2%	74.4%	70.2%	45.3%	72.7%
C&W	87.2%	78.4%	78.0%	72.9%	56.8%	77.4%
Cumbria	86.4%	86.5%	78.4%	70.8%	50.8%	76.9%
G. Mcr	88.2%	78.2%	74.5%	70.0%	43.5%	72.1%
Lancashire	88.3%	78.4%	74.0%	70.7%	49.3%	73.9%
Merseyside	88.2%	74.9%	71.1%	68.2%	40.0%	68.3%

Source: Annual Population Survey

3.2.9 Qualifications

The Regional ESF Framework identifies that the qualifications of the region's residents highlight some significant skills challenges, especially in light of the nature of employment change which is predicted over the next decade and the growth in demand for Level 3 and 4+ qualifications. Performance of the educational system in Cumbria is relatively good, with higher than average attainment at ages 16 and 19. However, there is a need to improve the levels of attainment that includes English and Maths. Participation and success rates in further and work based learning vary significantly amongst different learner groups, in particular amongst women in some parts of the region and BME groups across the region. Lower success rates for qualifications are strongly linked to higher levels of deprivation.

Post-16 participation in education and associated achievement is improving but still lags the England average. Adult skill level needs in Cumbria include addressing a higher than national average need for Skills for Life, reducing the numbers of people in and out of work with no Level 2 qualifications and improving the proportion of population with Level 3 qualifications. Participation and success rates in Cumbria are often complicated by rurality and sparsity and need to be taken into account when planning learning provision.

LSC Response

The LSC will work with providers to increase the number of adults progressing to Level 3 qualifications and achieving a first full Level 3 as well as working with employers and providers to develop further level 4 programmes which are directed at specific skills shortages including SMEs.

ESF resources will be specially targeted at reducing the variance in both participation and success rates and to support individuals facing particular barriers to participation and success.

The LSC is committed to working with the community and voluntary sector to increase participation in learning especially in relation to developing the skills necessary to access and sustain employment. We will also work closely with learning providers to ensure that there is an appropriate foundation learning tier in place and that progression routes are clearly mapped. We will sustain the work which we have undertaken with the TUC in this respect.

ESF resources need to be targeted to removing barriers to learning, increasing the attainment of Skills for Life and enabling individuals to achieve Level 2 and above qualifications, all of which should contribute to achieving LAA targets.

Solutions to learning barriers such as rurality and sparsity need to support new models of delivery, such as the Eden Skills Centre,

With replacement demand for skills, as a result of declining industries, there is also a need to support second Level 2 and 3 qualifications in new vocations.

Development of a learning consortium of Third Sector providers in the county is necessary to ensure that both young people and adults are engaged in learning. This will enable clear referral pathways and progression for individuals.

Programmes aimed at deprived wards and specific priority workless groups are needed to improve engagement and achievement, including programmes aimed at reducing vulnerable groups within young people in NEET

There remains a need to encourage men and women into non-traditional occupations.

The capacity of local providers to work with learners in the workplace needs to be developed.

Demand for learning by individuals in the workplace needs to be encouraged through targeted interventions by union and non-union learning advocates.

3.3 Unemployment and Worklessness

3.3.1 Sub-Regional Overview

Table 94 - Employment Status of Working Age Population (by %), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	74.6%	3.9%	21.6%	100%
North West	72.6%	4.0%	23.4%	100%
Cumbria	76.2%	3.1%	20.7%	100%

Source: Annual Population Survey, December 2005

Cumbria has an employment rate of 76.2%, a rate that is above both the regional and national averages. Similarly, rates of unemployment and economic inactivity in Cumbria are lower than the regional and national averages. Converted into population numbers, the table below shows that 220,900 people are in employment, 9,000 are unemployed and 60,100 are economically inactive in Cumbria.

3.3.2 The Unemployed

The unemployment figure for the North West is 164,500 and of this, Cumbria accounts for 9,000 people. Detailed analysis of the unemployed can be found in the regional version of the strategic analysis but for this report, the section below highlights the key points for Cumbria.

- By gender, unemployment rates are consistently higher for men than for women across regions. In England, the rate is 5.3% for men and 4.5% for women (as a % of the economically active). This compares to 5.8% and 4.5% respectively for the North West. Continuing to the sub regional scale, the unemployment rates for both men and women in Cumbria (4.2% and 3.6% respectively) are lower than the regional and national averages. The male rate is particularly low relative to other sub regions.
- Compared to the overall population, people who are disabled have a higher unemployment rate across the country. In the North West, the unemployment rate for all disabled people is 7.5%, just below the England average of 7.6%. Lower than both of these figures, the rate in Cumbria is 2.7%, the lowest of any sub region in the North West.
- Because the sample populations of minority ethnic groups in Cumbria are small, no reliable unemployment rates can be calculated.

3.3.3 Economic Inactivity

Of the 1,124,300 working age people in the North West who are not in work, and excluding those who are classed as unemployed, 959,800 people are economically inactive. This figure equates to nearly a quarter of the working age population in the North West at 23.4%. In comparison, the economic inactivity rate for England is 21.6%, whilst the figure for Cumbria is even lower at 20.7%.

As shown in the figure below, the North West's gap with England has been a consistent feature of the past ten years. The rate of economic inactivity in Cumbria has fluctuated markedly over the past ten years although the rate of 21% is the same now as it was in 1995. Of note is the decline in the inactive rate between 2001 and 2003 and whilst this was experienced in other sub regions, it was particularly marked in Cumbria

As shown in the table below, the Annual Population Survey gives us an estimate of the proportion of the economically inactive who 'want a job'. In Cumbria, this figure is 23.8%, equivalent to 14,300 people.

Table 95 - Profile of Economically Inactive Population, 2005

% of economically inactive	DO NOT want a job	DO want a job	DO want a job (Breakdown)			
			Long-term sick	Looking after family/home	Students	Other reason
England	76.1%	23.9%	6.6%	6.8%	3.0%	4.3%
North West	80.1%	19.9%	6.6%	5.2%	2.1%	3.4%
Cumbria	76.2%	23.8%	7.9%	6.2%	2.4%	5.0%

Source: Annual Population Survey, December 2005

Across the region, there is a high level of variation in economic inactivity rates. In total, there are 42 districts in the North West and of these, no districts from Cumbria fall within the top ten highest rates. The district with the highest rate in Cumbria is Copeland at 24% although this is only slightly higher than the regional average. Meanwhile, Eden has the lowest economic inactivity rate out of the 42 (14.3%). Most other districts are below the average for England.

3.3.4 Economic Inactivity by Gender

Nationally, the rate of economic inactivity is higher for women than for men - 26.9% versus 16.5%. In the North West, the rate of inactivity for men is notably higher than the national average (by 2.8% points), indicating that economic inactivity amongst men is a particular issue for the region. In Cumbria, economic inactivity for men falls in between national and regional averages. For women in Cumbria, the rate is much lower than the England and North West averages.

Table 96 - Economic Inactivity Rate (of Working Age Population) by Gender, 2005

	Male		Female		Total	
	%	Number	%	Number	%	Number
England	16.5	2,591,200	26.9	3,990,900	21.6	6,582,100
North West	19.3	406,800	27.8	553,000	23.4	959,800
Cheshire & Warrington	16.3	44,800	23.2	59,200	19.6	104,000
Cumbria	17.7	26,800	24.0	33,300	20.7	60,100
Lancashire	18.8	82,900	27.1	112,100	22.8	195,000
G. Manchester	19.3	152,700	28.5	212,900	23.7	365,600
G. Merseyside	22.3	99,600	31.1	135,500	26.6	235,100

Source: Annual Population Survey, December 2005

3.3.5 Economic Inactivity by Disability

Across all areas, the rate of economic inactivity for people with a disability is significantly higher than the rate for the overall population. This is particularly true for the North West, which has an inactivity rate for people with a disability of 52.5%, 7.6% points above the national average. Cumbria has a rate of 48.6%, below the regional average, but above the national average.

3.3.6 Economic Inactivity by Ethnicity

Nationally, the highest rate of inactivity exists for people in the Pakistani/Bangladeshi ethnic group, whereas the lowest rate exists for people in the White ethnic group. In Cumbria, the relatively small ethnic minority populations mean that reliable data is in most cases unavailable. The only ethnic group that can be examined is the White group, and compared to other North West sub regions, the economic inactivity rate is relatively low.

Table 97 - Economic Inactivity Rate (of Working Age Population) by Ethnicity, 2005

	White	Indian	Pakistani/ Bangladeshi	Black/Black British	Other Ethnic
England	20.0	25.3	49.4	28.5	34.9
North West	22.3	35.8	50.7	28.8	32.2
Cheshire & Warrington	19.3	!	!	!	23.9
Cumbria	20.8	!	!	!	!
Lancashire	21.1	43.1	51.9	24.5	39.0
G. Manchester	21.7	34.1	50.8	28.6	37.5
G. Merseyside	26.6	21.9	30.1	31.8	20.2

J Source: Annual Population Survey, December 2005
! = Data is suppressed due to small sample size

3.3.7 IB and SDA

A high proportion of workless people are in receipt of Incapacity Benefit, and this is a key target group for efforts to reduce worklessness. Further information on the characteristics of IB/SDA claimants is available in the North West Strategic Analysis this gives some indication of the type of barriers to employment that exist for IB/SDA claimants.

Table 98 - IB/SDA Claimants by Number and as a Proportion of the Working Age Population by Benefit Type, 2006

	Incapacity Benefit		Severe Disablement Allowance		IB + SDA	
	%	Number	%	Number	%	Number
England	6.1	1,882,900	0.7	229,300	6.8	2,112,200
North West	8.9	372,600	0.9	37,400	9.8	410,000
Cumbria	7.1	21,200	0.8	2,300	7.9	23,500
Allerdale	6.6	3,800	1.0	600	7.7	4,400
Barrow-in-Furness	13.6	5,700	1.0	400	14.5	6,100
Carlisle	6.3	4,000	0.9	600	7.3	4,600
Copeland	9.2	4,000	0.7	300	9.9	4,300
Eden	4.8	1,500	0.3	100	5.1	1,600
South Lakeland	4.0	2,400	0.3	200	4.4	2,600

Source: ONS; DWP Benefits Data, February 2006
Note: Claimants and working age population are based on location of residence

Relative to the average for England, Cumbria has a high rate of incapacity benefit claimants, with 7.1% of the working age population in receipt of the benefit, although this is lower than the regional figure of 8.9%. Within Cumbria, there are some significant differences though. Referring to the table above, the IB rate in Barrow-in-Furness is the highest rate for all districts in the North West whilst the figure for South Lakeland is the second lowest rate in the region. Most districts in Cumbria fall in between the national and regional rates of 6.1% and 8.9%. A very high proportion of IB/SDA claimants have been in receipt of benefit for more than two years – 78.1% of recipients in the region, compared to 76.1% nationally. In Cumbria, the figure is higher at 78.7%.

3.3.8 Economic Participation

The Regional ESF Framework identifies that the employment rate for the North West is slightly less than for England as a whole, but is markedly lower amongst some groups and in some locations. A key challenge for the region is reducing the scale of economic inactivity within the region, both in terms of tackling the output gap and economic and social disadvantage. Of the gap of 80,000 fewer people in the region not in employment compared to the England average, around 70,000 are accounted for by just six local authority areas. Cumbria has relatively low unemployment rates, although this disguises particular areas of high unemployment and rural deprivation.

Key wards that combine problems of high claimant rates and priority workless groups are:
- Barrow: Barrow Island, Central, Hindpool, Ormsgill, Risedale
- Allerdale: Ewanrigg, Moorclose, Moss Bay
- Copeland: Mirehouse, Sandwith
- Carlisle: Upperby

It is worth noting that the IB rate for Barrow is the highest for all districts of the NW.

Rural deprivation focuses on individual households that depend on low wage employment and experience long hours associated with multi-jobbing.

LSC Response

The LSC has worked closely with DWP (Jobcentre Plus) Local Authorities, through the mechanisms of LSPs, and Local Area Agreements to ensure a closer link between skills provision and targeted activity to tackle worklessness.

The LSC will target ESF resources at those areas with high levels of worklessness through the mechanisms of City Employment Strategies or their equivalent in other areas of the Northwest.

We will increasingly target activity in respect of Skills for Life and level 2 activities on ensuring that workless people can achieve skills and qualifications necessary to sustain employment. This will include developing further demand led approaches including sector led route ways. The LSC will work with its partners to develop interventions which support individuals to secure employment and subsequently with their employers to further develop their skills to sustain employment.

In response to Leitch the LSC will work with partners to improve the effectiveness of interventions in terms of securing employment outcomes. Development of a sub-regional partnership that will bring together key agencies and manage the delivery of resources, funded through ESF and other sources, is essential to ensure coherent activity across Cumbria.

Targeted ESF intervention is required to improved levels of employability, pre-entry activity to enable Skills for Life and Level 2 attainment.

Involvement and inclusion of third sector agencies is essential to ensure successful outreach activities within urban and rural settings.

3.3.9 NEET

Analysis of worklessness in young people is measured through recording the level of young people Not in Education, Employment or Training (NEET). Within the new programme, targeting the NEET group is a key part of priority 1. The table below shows the size of the NEET population using data collected by Connexions from November 2006 to January 2007 within each local authority compared to the overall 16-18 cohort. It also shows the percentage size of the NEET population in 2004 and the change in the percentage size.

Cumbria has the lowest NEET population size and proportion to its cohort of the five sub-regions within the region. It has also recorded a drop in the proportion of NEET within the region since 2004. The data presented here however does not allow us to identify hotspots within the region where the NEET population is most concentrated so further research will need to be conducted in order to target funding effectively.

Table 99 - NEET population growth and change in 2004-2007

NW	16-18 year olds known to Connexions	16-18 yr olds NEET		% of 16-18 year olds whose current activity is not known	NEET% in June 2004	% change
		Estimated number	%			
Cumbria	16,360	950	5.8%	1.9%	6.5%	-0.7%

Source: Connexions

4 Gtr Manchester

4.1 Demographic Analysis

4.1.1 Population Growth and Location

The resident population in Greater Manchester has declined by 0.7% between 1991 and 2001, compared to a stable population in the region as a whole. Between 2001 and 2005 the population grew by 2.6%, the highest growth rate of any of the sub-regions.

Table 100 - Total Population of Gtr Manchester compared to the NW

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 - 2005
Greater Manchester	2,499,441	2,482,328	-0.7%	2,547,600	+2.6%
North West	6,726,860	6,729,764	0%	6,846,200	+1.7%
England	47,055,204	49,138,831	+4.4%	50,431,700	+2.6%

Source: ONS Census 1991, 2001, Mid Year Population Estimates 2005

The table below shows population growth in Manchester, by District between the period 1991 -2005. The largest change during this period can be witnessed in Manchester itself, where there has been a percentage increase of 12.3%. This reflects an influx of people into the city, drawn through employment opportunities and new housing developments. The only district which witnessed a decline in population during this period was Stockport (-1.0%).

Table 101 - LA population, 1991 – 2005

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 – 2005
Bolton	258,584	261,037	0.9%	265,400	1.7%
Bury	176,760	180,608	2.2%	183,500	1.6%
Manchester	404,861	392,819	-3.0%	441,200	12.3%
Oldham	216,531	217,273	0.3%	219,200	0.9%
Rochdale	202,164	205,357	1.6%	206,400	0.5%
Salford	220,463	216,103	-2.0%	216,400	0.1%
Stockport	284,395	284,528	0.0%	281,600	-1.0%
Tameside	216,431	213,043	-1.6%	214,100	0.5%
Trafford	212,731	210,145	-1.2%	213,200	1.5%
Wigan	306,521	301,415	-1.7%	306,700	1.8%

Source: ONS Census 1991 and 2001, Mid Year Population Estimates 2006

The age profile of the Greater Manchester working age population is similar to that of the region and England.

Table 102 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64	Total
Greater Manchester	8.1	32.7	32.6	19.1	7.5	1,585,596
North West	8.1	30.5	33.3	20.1	8.0	4,261,475
England	7.7	31.8	33.3	19.6	7.6	31,429,250

Source: Census 2001

The age profile does differ within the sub-region, as shown in the table below. Most notably, Manchester has a very high proportion (42.5%) of population in the 20-34 age bracket, reflecting the large number of students living in the City and its attractiveness as a centre for younger workers.

Table 103 - Age Profile of Working Age Population (% of Total), 2001

	16 - 19	20 - 34	35 - 49	50 - 59	60 – 64	Total
Bolton	7.9	31.6	32.6	20.2	7.7	165,351
Bury	7.5	29.7	34.4	20.6	7.8	115,000
Manchester	9.5	42.5	28.1	13.9	6.0	258,025
Oldham	8.2	30.9	33.0	20.0	7.9	136,249
Rochdale	8.3	30.7	34.1	19.6	7.3	129,067
Salford	8.5	33.7	31.7	18.5	7.7	136,812
Stockport	7.3	29.0	34.6	20.8	8.3	179,718
Tameside	7.7	30.9	33.5	20.1	7.7	135,644
Trafford	7.5	30.0	35.5	19.4	7.7	133,552
Wigan	7.5	30.7	32.3	21.4	8.1	196,178

Source: Census, 2001

4.1.2 Economically Active Population

The rate of economic activity (the proportion of working age people in employment or unemployed) in Greater Manchester is 76.3%, below the regional (76.6%) and England average (78.4%). As the table below shows, there is substantial variation across the districts. The rate varies from a low of 65.3% in Manchester to 83.9% in Stockport.

Table 104 - Economic Activity Rate, 2004 – 2005

	2004	2005	% Change
England	78.3	78.4	0.6%
North West	76.2	76.6	0.7%
Bolton	78.6	76.1	-2.9%
Bury	80.5	81.4	1.5%
Manchester	65.3	65.2	0.8%
Oldham	75.6	78.2	3.7%
Rochdale	74.7	76.0	2.2%
Salford	71.8	74.0	3.2%
Stockport	83.9	84.4	0.9%
Tameside	79.1	77.7	-1.4%
Trafford	78.1	79.6	2.3%
Wigan	79.1	77.8	-1.7%
Greater Manchester	76.1	76.3	0.6%

Source: ONS; Labour Force Survey, 2004 and Annual Population Survey, November 2005

The table below shows economic activity by age group in 2005. Key points to note are:

- The low rate of economic activity in the 50+ age group is an issue for the region and the Greater Manchester sub-region.
- In other age brackets, activity rates are only marginally below England averages.
- The low rate of activity in Manchester is apparent in all age brackets, but particularly in the younger brackets. This is likely to reflect the greater number of students resident in Manchester.

Table 105 - Economic Activity Rate by Age Group, 2005

	16-19	20-24	25-34	35-49	50-retirement age
England	56.8	75.2	83.5	85.0	73.3
North West	56.0	76.8	83.0	84.4	67.6
Bolton	56.7	77.8	81.4	83.0	68.0
Bury	52.2	86.4	87.1	87.0	76.3
Manchester	40.0	57.1	75.6	76.0	56.9
Oldham	55.9	82.9	85.0	84.0	70.6
Rochdale	46.3	75.1	80.6	84.1	71.2
Salford	61.4	81.7	79.8	80.1	59.6
Stockport	65.4	80.8	91.7	91.0	76.4
Tameside	58.3	84.8	82.1	85.6	66.7
Trafford	64.1	77.3	87.7	86.0	70.2
Wigan	64.0	69.7	86.3	86.5	64.1
Greater Manchester	54.2	74.1	82.9	84.2	67.8

Source: ONS; Annual Population Survey, November 2005

Analysis of Economic Activity by gender shows that Greater Manchester as a whole performs well in comparison to the average activity rate for men in the North West, which is 80.7% in both areas. It is however, below the average for England which is 83.7%. The rate for women in Greater Manchester is 71.5% which is below both the North West and England averages. Other points to note include:

- Nationally, the activity rate for men is 10.4% higher than for women.
- In the sub-region, the male-female activity gap is highest in Rochdale at 13%.

- o Stockport has the highest percentage of men and women economically active at 86.4% and 82.3% respectively. This rate of female activity is 9% points above the England average.

4.1.3 Migration

According to the number of National Insurance Number (NiNo) registrations of Foreign Nationals, Greater Manchester has the highest level of in-migration in the North West . The top ten nationalities entering the Greater Manchester area are shown in the table below. The nationality with the highest level of in-migration within the sub-region is Poland, accounting for 27% of all NiNo registrations in 2005/06 compared with 34% for the region.

The LSC is working with Jobcentre Plus, employer organisations, Train to Gain brokers and learning providers to monitor the language training needs of these individuals.

Table 106 -

	All (NW)	All (sub-region)	Bolton	Bury	Manchester	Oldham	Rochdale	Salford	Stockport	Tameside	Trafford	Wigan
All	**48,620**	**23,730**	**1,980**	**1,110**	**10,810**	**1,330**	**1,180**	**2,920**	**880**	**910**	**1,670**	**940**
Poland	**16,860**	**6,450**	280	470	2,490	270	360	1,120	270	380	610	200
India	**3,160**	**1,330**	260	60	480	50	50	80	50	40	140	120
Rep of Lithuania	**1,640**	**630**	120	30	270	40	20	30	10	10	10	90
Slovak Rep	**2,240**	**1,010**	80	40	430	50	20	160	20	20	100	90
Pakistan	**2,880**	**2,150**	200	90	990	290	290	50	60	80	90	10
France	**740**	**460**	20	10	230	20	20	80	20	10	30	20
Czech Rep	**1,570**	**930**	70	50	460	20	30	180	30	30	50	10
China Peoples Rep	**1,450**	**820**	20	10	510	10	20	150	30	20	30	20
Nigeria	**920**	**710**	160	10	400	10	20	60	10	10	20	10
Bangladesh	**710**	**490**	20	10	140	170	50	20	10	60	10	-

4.1.4 Population Change

The Regional ESF Framework identifies that whilst the population of the North West is expected to grow, there is a fundamental issue around the potential decline in the working age population (due to fewer young people entering the labour market and an aging population structure). The ability of employers to meet their skills needs will be heavily influenced by the retirement decision of older people.

LSC Response

The LSC will use ESF to:

- Decline in traditional manufacturing employment will lead to significant demand for re-skilling and updating skills, particularly in older workers.
- Support older workers to update the skills and qualifications
- Work with NWDA and DWP (Jobcentre Plus) to target support to workers affected by economic restructuring to re-equip them to either sustain employment or to re-enter employment.

- Increase the availability of skilled labour by:
    - o Supporting workless people to acquire the skills required to secure and sustain employment
    - o Ensuring that young people acquire the necessary employability and vocational skills to make a successful transition into employment and avoid becoming NEET
    - o Increasing the range of Apprenticeship opportunities available to young people

4.2 Economic Performance

4.2.1 Sub-Regional Economic Performance Overview

Economic activity is below the England average: 76.2% in Greater Manchester, compared to 78.5% in England. Activity is low, compared to comparable England figures, in a number of groups of people (figures in brackets show rate of economic activity in Greater Manchester and England)

- People in the Indian ethnic group (65.9% v 74.7%).
- People who are registered disabled (46.7% v 55%).
- People who are aged 50 to retirement age 67.8% to 73.3%).

For the relative economic performance of the sub-region to improve, this economic activity rate gap needs to be narrowed.

Moreover, the employment rate for people in Greater Manchester with no qualifications lags behind the comparable rate for England (43.3% v 48.8% - a 5.5% point gap). Across all levels of qualifications, the employment rate gap is 2.6%. There is a need to directly address the skills and qualifications of those who are workless and as a consequence are at a disadvantage in the labour market.

Attainment of Level 2 at age 19 is 67%, 3% points below the England average of 70%.

The proportion of young people in Greater Manchester who remain in full-time education after leaving school (aged 16) being 71.8%, below the England average of 74.2%. Within some districts, post 16 participation rates are very low – Salford (62.8%), Wigan (68.8%), and Rochdale (69.7%). The Salford figure is the lowest of all districts in the region.

Part of the reason for the Level 2 attainment gap is the relatively low success rate in Work Based Learning for level 2 qualifications – 48% in Greater Manchester compared to 54% in England (full framework). However, for young people in FE, the full Level 2 success rate in Greater Manchester is 66% - 2% points above the England average.

The proportion of the workforce qualified to level 4 or above is 23% in Greater Manchester, compared to 26% in England. This relatively low supply of highly qualified people is reflected in an occupational profile which relative to England, has less high skilled jobs.

4.2.2 Economic Performance and Growth Prospects

The Regional ESF Framework identifies that the North West has a significant productivity gap compared to the England average and trend based economic forecasts suggest that this gap will widen in future.

In respect of a number of drivers of productivity, the North West compares unfavourably to England averages.

Employment growth is forecast to slow significantly over the next ten years, relative to the previous decade. The growth in employment will be concentrated heavily in a few service sectors and in particular locations (typically the cities, larger towns, and urban fringe locations). Whilst employment growth due to expansion is expected to be modest, there will be substantial ‘replacement’ demand. The nature of this predicted employment growth has important implications for training provision. Whilst there will continue to be strong demand for workers with skills at NVQ Level 2, there will be higher demand at Levels 3 and 4.

LSC Response

The LSC will continue to work closely with the NWDA, sub-regional economic partnerships, Local Authorities through the mechanism of LSPs and LAAs and SSCs to ensure that investment in skills is linked to major growth opportunities and meets employer skills gaps and shortages. We will seek to align the ESF and mainstream investment with the ERDF programme.
Key major growth opportunities include:

- MediaCity:UK
- Manchester Airport
- Manchester Casino
- Kingsway Park, Rochdale
- Ashton Moss, Tameside
- Tameside M60 Invest Area (Aston Moss, St Petersfield, Droylsden Marina)
- Westwood Park, Pemberton Park, Stone Cross Park, Leigh Commerce Park (Wigan)
- Hollinwood and Zetex, Oldham
- Wingates, Middlebrook and Cutacre, Bolton
- Manchester: Knowledge Capital Initiative
- Merseyway Shopping Centre and A6 West Office Quarter, Stockport
- Spinningfields, Manchester

Developing sector led route ways into employment will be a priority building on successes in respect of the health &social care and retail sectors. We will work closely with DWP (Jobcentre Plus) and the City employment strategies to ensure that the appropriate support is available to en sure that workless individuals can access opportunities in the labour market.

There is significant replacement demand at both level 2 and level 3. Through Train to Gain the LSC will address skill gaps at both level 2 and level 3. The LSC will complement the use of TTG by utilising ESF to:

- targeting groups which may be ineligible for TTG who may be eligible for ESF support
- providing additional support to individuals not yet ready for a level 2 programme
- supporting employees to secure an additional level 2 to meet a specific employer skill shortage and to enable individuals to either secure and/or sustain employment

In respect of level 3 we will work with providers, SSCs and employer organisations to increase the contribution which employers and individuals make. Resources will be targeted at smaller business in key growth sectors where there are skill shortages .

Resources at level 4 will be targeted at smaller organisations and at raising the overall quality of leadership and management which we see as a key factor in deriving competitiveness. We will seek to increase the range of level 4 provision which is employer focused and tailored to individual employer and sector needs

Key employment growth sectors are: Financial and Professional Services, Life Science Industries Education, Hospitality and Tourism Construction, Creative, Digital and New Media Retail, ICT Digital and Communications, Sport

4.2.3 Employment

The most recent statistics on employment show that over 1,187,000 people are employed in Greater Manchester, an increase of over 133,000 since 1996. Employment in Greater Manchester increased by 12.7% over the period, the lowest rate of growth of the five sub-regions.

4.2.4 Employment by Sector

The extent of changes in employment across sectors experienced in the sub-region between 1996 and 2004 is shown in the table below. Manufacturing employment declined rapidly during the period, although in 2004, there were still 149,000 people employed in manufacturing, accounting for 12.6% of jobs in the sub-region.

Table 107 - Employment by Industrial Sector, 1996 & 2004

	Greater Manchester				England
	1996	%	2004	%	%
Agriculture, forestry & fishing*	835	0.1	735	0.1	0.2
Mining and utilities	7,736	0.7	1,944	0.2	0.5
Manufacturing	203,879	19.3	149,383	12.6	12.0
Construction	42,469	4.0	64,771	5.5	4.5
Wholesale and retail trade	187,677	17.8	215,862	18.2	18.2
Hotels and restaurants	55,886	5.3	62,666	5.3	6.8
Transport and communication	69,507	6.6	80,423	6.8	6.1
Financial intermediation	38,900	3.7	47,740	4.0	4.1
Real estate and business activities	131,555	12.5	201,554	17.0	16.6
Public admin' and defence	53,611	5.1	56,838	4.8	5.4
Education	81,958	7.8	113,432	9.6	9.2
Health and social work	135,949	12.9	132,079	11.1	11.4
Other community and personal services	48,835	4.2	59,876	5.0	5.1
Total	**1,053,797**	**100**	**1,187,303**	**100**	**100**

Source: Annual Business Inquiry; NOMIS, 1996, 2004
*In-depth DEFRA Agriculture employment figures unavailable

The table below shows the sectors which have experienced the greatest increases in employment since 1996. The number of jobs has increased most significantly in the Other Business Activities, Education, Retail and Repair, and Construction sectors. The growth rates in Other Business Activities and Construction are well above the respective figures for England.

Table 108 - SIC2 Industrial Sectors with the Largest Employment Growth, 1996-2004

	Greater Manchester		England
	Change	% Change	% Change
Other business activities	43,781	41	29
Education	31,475	38	37
Retail and repair, exc' motor vehicles	22,308	20	26
Construction	22,302	53	40
Computer and related activities	12,858	144	75
Real estate activities	10,172	104	54
Recreational, cultural and sport activities	7,420	34	25
Other service activities	7,277	80	23

Source: Annual Business Inquiry; NOMIS, 1996, 2004

The table below shows the sectors that experienced the largest employment decline - the top six are all in the Manufacturing sector. Nearly 11,000 jobs were lost in the manufacture of textiles alone in Greater Manchester.

Table 109 - SIC2 Industrial Sectors with the Largest Employment Decline, 1996-2004

	G. Manchester		England
	Change	% Change	% Change
Manufacture of textiles	-10,843	-49	-51
Manufacture of apparel, dyeing of fur	-7,646	-71	-70
Manufacture of fabricated metal products	-6,193	-30	-27
Manufacture of other machinery	-6,018	-33	-27
Manufacture of paper products	-5,710	-54	-33
Manufacture of other electrical machinery	-5,458	-44	-33
Electricity, gas, steam, hot water supply	-4,263	-75	-26
Health and social work	-3,869	-3	21

Source: Annual Business Inquiry; NOMIS, 1996, 2004

The decline in manufacturing is a trend experienced throughout the country. Greater Manchester also experienced a 3% fall in employment in health and social care employment, which compares to growth in this sector nationally of 21% over the same period.

4.2.5 Employment by Local Authority Area

The Greater Manchester sub-region is made up of ten districts, and employment change by sector varies quite significantly between them.

For example:

- The growth in real estate and business activities in the sub-region was experienced at higher levels in Manchester, Oldham and Wigan where growth of 70% occurred, compared to 50% in Greater Manchester.

Examination of employment by occupation at the district level also demonstrates variations across the geographies:

- In contrast to Greater Manchester's growth in employment of managers and senior officials, Bolton, Salford and Trafford each experienced declines over the period, accounting for the loss of 3,000 jobs.
- Contrary to the sub-regional decline in elementary occupations, Manchester, Oldham, Stockport and Trafford all experienced employment growth with 5,000 jobs created.
- The 10% growth in personal services employment opportunities was concentrated in Bury and Manchester who achieved growth exceeding 50% (8,000 jobs): and
- Professional occupations experienced a sub-regional decline but Wigan and Manchester both experienced growth of 30% with 8,000 jobs created over the period.

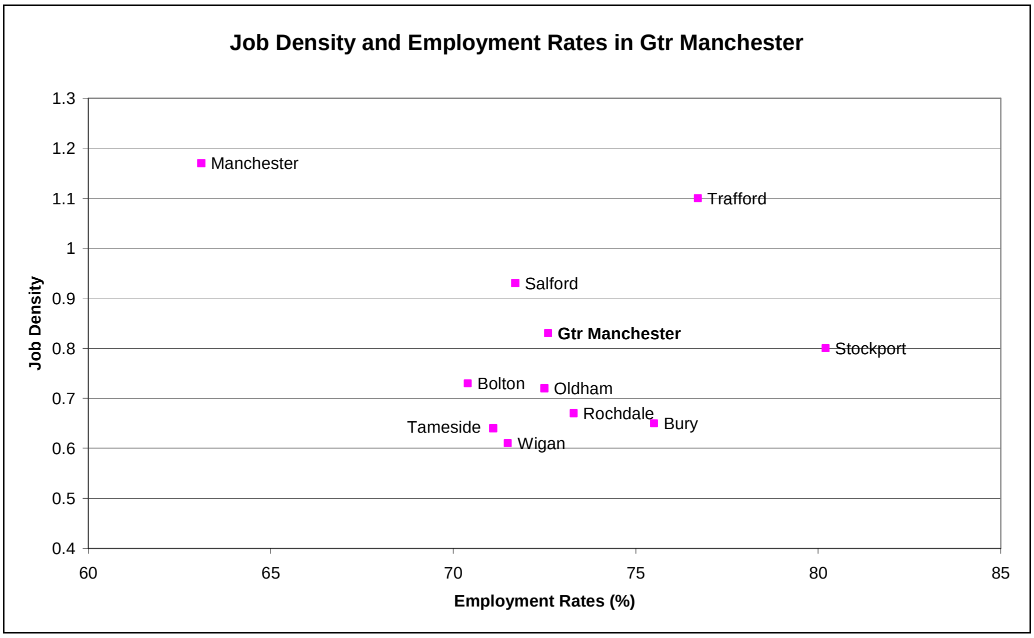
4.2.6 Job Density and Employment Rates

Analysis of the job density and the employment rates allows us to compare the availability of employment with economic activity rates an issue which has been explored by DWP in developing the national ESF programme. The conclusion reached nationally is that with recent economic growth a lack of jobs is no longer the key factor in terms of the levels of worklessness. However, the availability of employment varies significantly across the region. Within Greater Manchester, we can see that the City of Manchester has the highest job density within the sub-region but it also has the lowest employment rates.

This is in contrast to Trafford which contains relatively high employment rates and high job density. Areas of specific concern include Tameside and Wigan which have relatively low employment rates and the areas have a low job density.

These sub regional profiles identify a major challenge for the sub-region. There is a danger that in spite of strong employment growth in what have previously been under performing parts of the region the fact that a very large proportion of the workless have poor qualifications (and possibly poor skills) is acting as a barrier to them accessing the new employment opportunities.

However, the LSC recognises that this is only one factor amongst a whole range of barriers which are preventing people accessing and sustaining employment and we will be working closely with Jobcentre Plus, City Employment Strategy and other key stakeholders to identify the specific barriers and to develop interventions which overcome them.



Source: NOMIS

4.2.7 Skills Gaps and Shortages

The Regional ESF Framework identifies that the incidence of skills gaps amongst employees in the North West is broadly comparable to England averages but there are significant skills gaps and shortages.

Gaps in the basic and ‘soft’ skills sought by employers are a particular issue in the region. The scale and nature of skills shortages vary significantly within the region, but are quite marked in some locations, especially where employment growth has been strong and the economic base is adjusting in light of the decline of traditional sectors.

LSC Response

The LSC will continue to work with SSCs, SSPAs, the NWDA and sub-regional economic development partnerships to target resources where they will have the greatest impact focusing resources on growth sectors.

Through the mechanism of a demand led system and the prioritisation given to skills for life and employability skills we will continue to investment significant resources in addressing these needs and will utilise ESF to enhance this investment.

4.2.8 Skills Level of the Resident Population

Qualifications are often used as a proxy indicator for the skills of the workforce. The table below shows the qualification profile of the economically active (employed and unemployed) population in England, the North West and the five sub regions. Compared to England, the NW has a lower proportion of people qualified to level 4 or above (29.2% v 30.7%). In Greater Manchester, the figure is 28.2%.

Table 110 - Qualification Profile (%) of the Economically Active Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	30.7%	19.6%	21.2%	28.5%
North West	29.2%	20.5%	21.6%	28.7%
Cheshire/Warrington	35.7%	19.1%	20.4%	24.8%
Cumbria	26.8%	21.6%	24.2%	27.4%
Lancashire	30.0%	21.3%	20.7%	28.1%
Greater Manchester	**28.2%**	**20.8%**	**21.9%**	**29.1%**
Gtr Merseyside	26.9%	19.4%	22.1%	31.6%

Source: DfES, 2006

The qualification profile of the economically inactive population is shown below. The key point to note is the much lower qualification levels of people who are inactive – in the North West, 54% of this group are not qualified to level 2 (55.7% in Greater Manchester). There is a clear and direct correlation between low skills and low rates of economic activity. However, the LSC recognises that whilst a lack of skills is a major barrier to sustained employment it is one of a wide number of barriers. The LSC is working with Jobcentre Plus and other key stakeholders to ensure that a range of appropriate interventions are available.

Table 111 - Qualification Profile (%) of the Economically Inactive Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	11.8%	15.5%	23.1%	49.6%
North West	9.3%	14.4%	22.3%	54.0%
Cheshire & Warrington	16.2%	16.7%	21.0%	46.1%
Cumbria	11.2%	9.8%	26.5%	52.4%
Lancashire	9.5%	15.7%	24.2%	50.6%
Greater Manchester	**8.5%**	**14.2%**	**21.6%**	**55.7%**
Gtr Merseyside	6.9%	13.8%	21.0%	58.3%

Source: DfES, 2006 (derived from figures for working age population and economically active population)

Low skills are one factor that is likely to limit employment opportunities. For example, of working age people in Greater Manchester with no qualifications, only 43.5% are in employment. This compares to an average employment rate in Greater Manchester of 72.1%.

Table 112 - Employment Rate by Qualification Attainment, 2005/06

	Level 4	Level 3	Level 2	< Level 2	No Quals	Overall
England	87.1%	78.0%	75.4%	72.7%	48.8%	74.7%
North West	87.9%	78.2%	74.4%	70.2%	45.3%	72.7%
C&W	87.2%	78.4%	78.0%	72.9%	56.8%	77.4%
Cumbria	86.4%	86.5%	78.4%	70.8%	50.8%	76.9%
G. Mcr	88.2%	78.2%	74.5%	70.0%	43.5%	72.1%
Lancashire	88.3%	78.4%	74.0%	70.7%	49.3%	73.9%
Merseyside	88.2%	74.9%	71.1%	68.2%	40.0%	68.3%

Source: Annual Population Survey

4.2.9 Qualifications

The Regional ESF Framework identifies that the qualifications of the region's residents highlight some significant skills challenges, especially in light of the nature of employment change which is predicted over the next decade and the growth in demand for Level 3 and 4+ qualifications. Participation and success rates in further and work based learning vary significantly amongst different learner groups, in particular amongst women in some parts of the region and BME groups across the region. Lower success rates for qualifications are strongly linked to higher levels of deprivation. Post-16 participation in education and associated achievement is improving but still lags the England average.

LSC Response

The LSC will work with providers to increase the number of adults progressing to Level 3 qualifications and achieving a first full Level 3 as well as working with employers and providers to develop further level 4 programmes which are directed at specific skills shortages including SMEs.

ESF resources will be specially targeted at reducing the variance in both participation and success rates and to support individuals facing particular barriers to participation and success.

The LSC is committed to working with the community and voluntary sector to increase participation in learning especially in relation to developing the skills necessary to access and sustain employment. We will also work closely with learning providers to ensure that there is an appropriate foundation learning tier in place and that progression routes are clearly mapped. We will sustain the work which we have undertaken with the TUC in this respect.

Participation in learning in 16 and 17 year olds (as a % of population) is lowest in Tameside, followed by Oldham and Salford, Wigan and Rochdale, then Stockport, Bolton, Bury, Manchester and finally Trafford.

The NEET group (as a % of population) is largest in Bolton, followed by Rochdale, Manchester, Salford, Wigan, Tameside, Stockport, Oldham, Bury and finally Trafford.

4.3 Unemployment and Worklessness

4.3.1 Sub-Regional Overview

The table below shows the employment, unemployment and economic inactivity rates for England, the North West and of Greater Manchester.

Table 113 - Employment Status of Working Age Population (by %), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	74.6%	3.9%	21.6%	100%
North West	72.6%	4.0%	23.4%	100%
G. Manchester	72.0%	4.2%	23.7%	100%

Source: Annual Population Survey, December 2005

Greater Manchester has an employment rate of 72%, the second lowest of the North West sub-regions after Greater Merseyside. This is similarly the case for rates of unemployment and of economic inactivity which are second highest in the region. When shown as population numbers, the table below shows that 1,109,500 people are in employment, 65,000 are unemployed and 365,600 are economically inactive in Greater Manchester.

Table 114 - Employment Status of Working Age Population (by number), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	22,776,000	1,177,400	6,582,100	30,535,500
North West	2,975,300	164,500	959,800	4,099,600
G. Manchester	1,109,500	65,000	365,600	1,540,100

Source: Annual Population Survey, December 2005

To improve its economic performance, the North West needs to increase the proportion of working age people in employment, especially those who are currently economically inactive. To enable effective targeting of individuals and to ensure they get the support they need to enter employment, it is important to understand the key characteristics of the unemployed and inactive groups.

4.3.2 The Unemployed

The unemployment figure for the North West is 164,500 and of this, Greater Manchester accounts for 65,000 people. Detailed analysis of the unemployed can be found in the Northwest Strategic Analysis. The section below highlights key issues for Greater Manchester.

- By gender, unemployment rates are consistently higher for men than for women across regions. In England, the rate is 5.3% for men and 4.5% for women (as the percentage of the economically active). This compares to 5.8% and 4.5% respectively for the North West. At the sub regional level the figures for Greater Manchester are higher than the England average with unemployment rates of 5.9% for men and 5.0% for women. The rate for women in the sub region is particularly high, compared to the North West and England averages:
- Compared to the overall population, those who are disabled have consistently higher unemployment rates. In the North West, the unemployment rate for all disabled people is 7.5% which is just below the England average of 7.6%. In Greater Manchester, the rate is 8.1%, one of the highest sub regional figures in the North West:
- By ethnicity, the unemployment rates for those of Black/Black British, Pakistani/Bangladeshi and Other ethnicities are all lower for Greater Manchester than they are for the North West and England averages (8.7% and 9.5% respectively). The rate for the white ethnic group in Greater Manchester is relatively high compared to other sub regions.

Analysis of unemployment claimant count data (those claiming Job Seeker's Allowance (JSA)), shows that only 4% of the unemployed (4,700 people) in the region have been unemployed for over two years. In Greater Manchester, the figure is even lower at 2.8% and this indicates that, unlike the situation in the 1980s and 1990s, long-term unemployment is no longer a major issue. However, it should be noted that the majority of incapacity benefit recipients are long-term claimants and this is still a major issue for the sub region. The Northwest Strategic Analysis contains further information on the characteristics of IB benefit claimants.

4.3.3 Economic Inactivity

Of the 1,124,300 adults of working age in the North West who are not in work, and excluding those who are classified as unemployed, 959,800 people are economically inactive. This figure equates to nearly a quarter of the working age population in the North West at 23.4%. In comparison, the economic inactivity rate for England is 21.6%, whilst the figure for Greater Manchester is higher than both averages at 23.7%.

The gap with England has been a consistent feature of the past ten years. The rate of economic inactivity in Greater Manchester dropped significantly between 1997 and 1999, and this allowed it to fall below the regional average. However, it has since risen slightly, albeit at a slower rate than other North West sub regions, and is now above the regional average.

As shown in the table below, the Annual Population Survey gives us an estimate of the proportion of the economically inactive who state that they wish to work. In Greater Manchester, this figure is 21.2% or the equivalent of 77,600 people.

Table 115 - Profile of Economically Inactive Population, 2005

% of economically inactive	DO NOT want a job	DO want a job	DO want a job (Breakdown)			
			Long-term sick	Looking after family/home	Students	Other reason
England	76.1%	23.9%	6.6%	6.8%	3.0%	4.3%
North West	80.1%	19.9%	6.6%	5.2%	2.1%	3.4%
Cheshire & Warrington	84.2%	15.8%	4.2%	4.7%	1.5%	2.2%
Cumbria	76.2%	23.8%	7.9%	6.2%	2.4%	5.0%
Lancashire	80.2%	19.8%	5.7%	5.7%	2.3%	3.3%
G. Manchester	78.8%	21.2%	7.9%	5.2%	2.0%	3.9%
G. Merseyside	81.3%	18.7%	6.3%	4.9%	2.2%	2.7%

Source: Annual Population Survey, December 2005

Across the region, there is a high level of variation in economic inactivity rates. In total, there are 42 Districts in the North West and of these, Manchester has the highest inactivity rate at 34.8% of the working age population. The next highest district from Greater Manchester is Salford at eighth place (26%). Stockport has the second lowest rate in the region at 15.6%.

4.3.4 Economic Inactivity by Gender

Nationally, the rate of economic inactivity is higher for women than for men - 26.9% in comparison 16.5%. In the North West, the rate of inactivity for men is notably higher than the national average (by 2.8%), indicating that economic inactivity amongst men is a particular issue for the region. Greater Manchester has a rate of male inactivity which is the same as the regional average (at 22.3%). However, the female inactivity rate in Greater Manchester is higher than both the regional and national average (at 28.5%).

Table 116 - Economic Inactivity Rate (of Working Age Population) by Gender, 2005

	Male		Female		Total	
	%	Number	%	Number	%	Number
England	16.5	2,591,200	26.9	3,990,900	21.6	6,582,100
North West	19.3	406,800	27.8	553,000	23.4	959,800
Cheshire & Warrington	16.3	44,800	23.2	59,200	19.6	104,000
Cumbria	17.7	26,800	24.0	33,300	20.7	60,100
Lancashire	18.8	82,900	27.1	112,100	22.8	195,000
G. Manchester	19.3	152,700	28.5	212,900	23.7	365,600
G. Merseyside	22.3	99,600	31.1	135,500	26.6	235,100

Source: Annual Population Survey, December 2005

4.3.5 Economic Inactivity by Disability

Across all areas, the rate of economic inactivity for people with a disability is significantly higher than the rate for the overall population. This is particularly true for the North West, which has an inactivity rate for people with a disability of 52.5%, 7.6% points above the national average. Furthermore, Greater Manchester has an even higher rate at 53.3%, with only Greater Merseyside having a higher rate in the North West.

4.3.6 Economic Inactivity by Ethnicity

Nationally, the highest rate of inactivity exists for people in the Pakistani/Bangladeshi ethnic group, whereas the lowest rate exists for people in the White ethnic group. In Greater Manchester, this pattern is repeated and the inactivity rates of ethnic groups are aligned quite closely to the regional figures. The major exception is the Indian ethnic group which has a much higher inactivity rate than the England average (34.1% v 25.3%).

Table 117 - Economic Inactivity Rate (of Working Age Population) by Ethnicity, 2005

	White	Indian	Pakistani/Bangladeshi	Black/Black British	Other Ethnic
England	20.0	25.3	49.4	28.5	34.9
North West	22.3	35.8	50.7	28.8	32.2
Cheshire & Warrington	19.3	!	!	!	23.9
Cumbria	20.8	!	!	!	!
Lancashire	21.1	43.1	51.9	24.5	39.0
G. Manchester	21.7	34.1	50.8	28.6	37.5
G. Merseyside	26.6	21.9	30.1	31.8	20.2

Source: Annual Population Survey, December 2005
! = Data is suppressed due to small sample size

4.3.7 IB and SDA

A high proportion of workless people are in receipt of Incapacity Benefit, and this is a key target group for efforts to reduce worklessness. There is further information on IB/SDA claimants in the Northwest Regional Strategic Analysis.

Table 118 - IB/SDA Claimants by Number and as a Proportion of the Working Age Population by Benefit Type, 2006

	Incapacity Benefit		Severe Disablement Allowance		IB + SDA	
	%	Number	%	Number	%	Number
England	6.1	1,882,900	0.7	229,300	6.8	2,112,200
North West	8.9	372,600	0.9	37,400	9.8	410,000
G. Manchester	9.4	149,000	0.8	12,000	10.1	161,000
Bolton	8.4	13,700	0.7	1,100	9.1	14,800
Bury	8.2	9,200	0.6	700	8.8	9,900
Manchester	11.7	34,100	0.9	2,500	12.5	36,600
Oldham	9.5	12,500	0.8	1,000	10.2	13,500
Rochdale	10.6	13,400	0.8	1,000	11.3	14,400
Salford	11.0	14,800	0.8	1,100	11.8	15,900
Stockport	6.1	10,500	0.6	1,000	6.7	11,500
Tameside	9.9	13,100	1.0	1,300	10.9	14,400
Trafford	6.5	8,500	0.7	900	7.2	9,400
Wigan	9.9	19,000	0.7	1,400	10.6	20,400

Source: ONS; DWP Benefits Data, February 2006
Note: Claimants and working age population are based on location of residence

Greater Manchester has a high rate of incapacity benefit claimants, with 9.4% of the working age population in receipt of the benefit, which is higher than the regional figure of 8.9%. Within Greater Manchester, there are some significant differences. As can be seen above, the IB rate in Stockport is the same as the national average, whilst the figure for Manchester is one of the higher rates in the region.

4.3.8 Economic Participation

The Regional ESF Framework identifies that the employment rate for the North West is slightly less than for England as a whole, but is markedly lower amongst some groups and in some locations. A key challenge for the region is reducing the scale of economic inactivity within the region, both in terms of tackling the output gap and economic and social disadvantage. Of the gap of 80,000 fewer people in the region not in employment compared to the England average, around 70,000 are accounted for by just six local authority areas.

LSC Response

The LSC has worked closely with Jobcentre Plus Local Authorities, through the mechanisms of LSPs, and Local Area Agreements to ensure a closer link between skills provision and targeted activity to tackle worklessness.

The LSC will target ESF resources at those areas with high levels of worklessness through the mechanisms of City Employment Strategies or their equivalent in other areas of the Northwest.

We will increasingly target activity in respect of Skills for Life and level 2 activities on ensuring that workless people can achieve skills and qualifications necessary to sustain employment. This will include developing further demand led approaches including sector led route ways. The LSC will work with its partners to develop interventions which support individuals to secure employment and subsequently with their employers to further develop their skills to sustain employment.

In response to Leitch the LSC will work with partners to improve the effectiveness of interventions in terms of securing employment outcomes

Greater Manchester City Strategy Target Wards are listed below, however we would not want to see ESF activity for the workless restricted to these wards:

Priority target groups are: IB/SDA claimants, Lone Parents, JSA claimants and within these groups the specific barriers faced by BME, Over 50’s, those with no qualifications and ex-offenders will be addressed.

Table 119 – Greater Manchester City Strategy Target Wards

Bolton	**Salford**	**Manchester**		**Stockport**	**Wigan**
Burnden	Barton	Ardwick	Newton Heath	Brinnington	Abram
Central Bolton	Blackfriars	Baguley	Old Moat	Cale Green	Atherton
Derby	Broughton	Barlow Moor	Rusholme	Davenport	Bedford-Astley Beech Hill
Farnworth	Kersal	Benchill	Sharston	Brinnington	Hindley
	Langworthy	Beswick and Clayton	Whalley Range		Hindsford
Bury	Little Hulton	Blackley	Woodhouse Park	**Tameside**	Hope Carr
Besses	Ordsall	Bradford		Ashton St. Peters	Ince
East	Pendleton	Brooklands		Ashton St. Michaels	Leigh Central
Moorside	Walkden North	Burnage		Denton South	Leigh East
Radcliffe Central	Weaste and Seedley	Central Manchester		Hyde Godley	Newtown
Radcliffe North	Winton	Charlestown		Longdendale	Norley
Radcliffe South		Cheetham		Hyde Newton	Swinley
Redvales		Crumpsall		Stalybridge North	Whelley
		Gorton North			Worsley Mesnes
Rochdale	**Oldham**	Gorton South		**Trafford**	
Balderstone	Alexandra	Harpurhey		Clifford	
Central and Falinge	Coldhurst	Hulme		Bucklow	
Middleton Central	Hollinwood	Levenshulme			
Middleton West	Lees	Lightbowne			
Newbold	St. Marys	Longsight			
Smallbridge and Wardleworth	St Pauls	Moston			

4.3.9 NEET

Analysis of worklessness in young people is measured through recording the level of young people Not in Education, Employment or Training (NEET). Within the new programme, targeting the NEET group is a key part of priority 1. The table below shows the size of the NEET population using data collected by Connexions from November 2006 to January 2007 within each local authority compared to the overall 16-18 cohort. It also shows the percentage size of the NEET population in 2004 and the change in the percentage size.

With the largest population in the North West, Greater Manchester also has the largest NEET population within the region. Measuring the percentage of the 16-18 cohort shows that Greater Manchester has the second highest proportion of NEET in the region behind Greater Merseyside. The highest number of NEET within Greater Manchester is in the City of Manchester with 1,760. This is followed by Bolton (1,170) and Wigan (1,140). In terms of the percentage rate compared to the overall cohort, Bolton has the highest proportion of the NEET population, followed by Rochdale (12.1%), then the City of Manchester (11.4%).

In terms of percentage change since June 2004, the NEET population within Greater Manchester has increased by 0.9%. Bolton and Rochdale have recorded the highest rates of growth within this period (2.6%). The City of Manchester however, has recorded the largest drop in the proportion of the NEET population (-2.7%).

Table 120 - NEET cohort size/ proportion and change in size since 2004.

NW	16-18 year olds known to Connexions	16-18 yr olds NEET		% of 16-18 year olds whose current activity is not known	NEET% in June 2004	% change
		Estimated number	%			
Bolton	9,210	1,170	12.7%	5.6%	10.1%	2.6%
Bury	6,830	550	8.0%	3.7%	8.0%	0.0%
City of Manchester	15,410	1,760	11.4%	5.3%	14.1%	-2.7%
Oldham	8,560	750	8.8%	3.3%	7.4%	1.4%
Rochdale	5,920	720	12.1%	7.0%	9.5%	2.6%
Salford	7,350	750	10.2%	4.3%	10.0%	0.2%
Stockport	9,200	810	8.8%	3.1%	6.6%	2.2%
Trafford	6,700	490	7.3%	3.1%	6.2%	1.1%
Tameside	7,880	720	9.1%	3.2%	9.0%	0.1%
Wigan	11,540	1,140	9.9%	3.4%	9.8%	0.1%
G. Manchester	**88,600**	**8,860**	**10.0%**	**4.2%**	**9.1%**	**0.9%**

Source: Connexions 2007

5. Lancashire

5.1 Demographic Analysis

5.1.1 Population Growth and Analysis

The resident population in Lancashire increased by 30,729 or 2.2% between 1991 and 2001. This cumulative rate of growth was one of the highest of the North West sub-regions and compared to 0% population growth for the region as a whole. Between 2001 and 2005, the population grew by a further 1.7%, higher than rates for Cheshire & Warrington and Greater Merseyside but the same as the average rate for the region.

Table 121 - Total Population, 1991 - 2005

	1991	2001	% Change 1991 – 2001	2005	% Change 2001 - 2005
Lancashire	1,383,998	1,414,727	+2.2%	1,439,200	+1.7%
North West	6,726,860	6,729,764	0%	6,846,200	+1.7%
England	47,055,204	49,138,831	+4.4%	50,431,700	+2.6%

Source: ONS Census 1991, 2001, Mid Year Population Estimates 2005

The table below shows population growth in Lancashire by district between 1991 and 2005. Geographically, the largest percentage change in the last four years has been witnessed in the Ribble Valley at 5.4% or an increase of 2,940 people. In absolute terms, the largest growth has been in Wyre (4,282 people). In contrast to the sub-regional, regional and national trends, the district of Burnley has witnessed a decline in population between 2001-2005 of -2.1%.

Table 122 - Total Population by District, 1991 – 2005

	1991	2001	% Change 1991 - 2001	2005	% Change 2001 – 2005
Blackburn with Darwen	136,612	137,470	0.6%	140,200	2.0%
Blackpool	146,069	142,283	-2.6%	142,900	0.4%
Burnley	91,130	89,542	-1.7%	87,700	-2.1%
Chorley	96,504	100,449	4.1%	103,700	3.2%
Fylde	70,999	73,217	3.1%	76,400	4.3%
Hyndburn	78,390	81,496	4.0%	81,600	0.1%
Lancaster	123,856	133,914	8.1%	138,000	3.1%
Pendle	85,111	89,248	4.9%	89,300	0.1%
Preston	126,082	129,633	2.8%	131,300	1.3%
Ribble Valley	51,767	53,960	4.2%	56,900	5.4%
Rossendale	65,681	65,652	0.0%	66,000	0.5%
South Ribble	102,001	103,867	1.8%	105,800	1.9%
West Lancashire	107,978	108,378	0.4%	109,500	1.0%
Wyre	101,818	105,618	3.7%	109,900	4.1%

Source: ONS Census 1991 and 2001, Mid Year Population Estimates 2006

The age profile of the sub-region's working age population relative to the other North West sub-regions is shown in the table below. The age profile of the Lancashire working age population is most similar to that of the region although it does have a relatively low proportion of those aged 20-34 and a comparatively high proportion of those aged 50-64 years.

Table 123 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64	Total
Cheshire & Warrington	7.2	28.3	36.6	21.5	8.4	552,903
Cumbria	7.2	27.1	34.1	22.4	9.2	306,346
Greater Manchester	8.1	32.7	32.6	19.1	7.5	1,585,596
Greater Merseyside	8.8	30.0	33.6	19.4	8.2	930,149
Lancashire	8.2	29.8	33.1	20.7	8.2	886,481
North West	8.1	30.5	33.3	20.1	8.0	4,261,475
England	7.7	31.8	33.3	19.6	7.6	31,429,250

Source: Census 2001

The age profile does differ somewhat within the sub-region, as shown in the table below. For the 16-24 age groups, Lancashire's more urban districts stand out as having relatively high proportions of this population. These districts are Blackburn with Darwen, Burnley, Lancaster and Preston. This is to be expected as these age groups are more likely to be attracted to urban living and the available work opportunities. In less urban districts, the effect is reversed with higher proportions of people of working age in the 50-59 and 60-64 brackets. Examples are Fylde, Ribble Valley and Wyre.

Table 124 - Age Profile of Working Age Population (% of Total), 2001

	16-19	20-34	35-49	50-59	60-64	Total
Blackburn with Darwen	9.1	33.2	32.8	18.0	6.9	84,478
Blackpool	7.0	28.9	32.6	21.7	9.7	87,554
Burnley	8.3	30.1	33.9	20.1	7.5	55,598
Chorley	7.1	28.7	34.0	22.3	7.8	66,316
Fylde	6.7	25.5	34.9	23.2	9.7	43,713
Hyndburn	7.8	31.3	33.3	19.6	7.9	50,584
Lancaster	10.2	32.4	30.4	19.2	7.7	85,156
Pendle	8.7	29.8	34.2	20.0	7.4	55,229
Preston	9.4	34.9	31.3	17.3	7.0	83,654
Ribble Valley	7.4	25.3	34.8	23.5	9.0	34,028
Rossendale	7.6	28.9	34.8	21.4	7.3	41,548
South Ribble	7.4	28.2	34.3	21.8	8.3	66,722
West Lancashire	8.2	27.4	33.2	22.3	9.0	69,430
Wyre	8.0	25.4	33.1	23.0	10.6	62,471

5.1.2 Economically Active Population

The number of economically active in Lancashire has increased by 0.5% in the last ten years[6], and in 2005, the sub-region had a economic activity rate of 77.2%, slightly above the regional average but one percentage point lower than the national average. Within Lancashire, the Ribble Valley has the highest economic activity rate at 83.6% whilst the lowest is in Hyndburn at 72.4%.

Table 125 - Economic Activity Rate, 2004 – 2005

	2004	2005	Percentage point change
England	78.3	78.4	0.1
North West	76.2	76.6	0.4
Lancashire LLSC	76.8	77.2	0.4
Blackburn with Darwen	73.7	73.0	-0.7
Blackpool	75.8	76.2	0.4
Burnley	74.4	73.8	-0.6
Chorley	80.0	82.5	2.5
Fylde	79.7	80.2	0.5
Hyndburn	75.5	72.4	-3.1
Lancaster	69.6	77.4	7.8
Pendle	73.0	74.8	1.8
Preston	75.6	72.5	-3.1
Ribble Valley	79.8	83.6	3.8
Rossendale	80.1	77.9	-2.2
South Ribble	84.2	83.3	-0.9
West Lancashire	78.8	80.0	1.2
Wyre	81.9	78.7	-3.2

Source: ONS; Labour Force Survey, 1995-2005 and Annual Population Survey, November 2005

The table below shows economic activity by age group in 2005 and compares the sub region to both the regional and the national average. Overall, Lancashire is similar to the North West average of economic activity in the 20-24 age group at 76.6% compared with the North West average of 76.8%. The North West average however, is higher than the average for England in this bracket, which is 75.2%. Other points to note about these figures include:

[6] Source: LFS Four Quarter Averages, 1995-2005

- Across all Lancashire districts, the economic activity rates are more likely to be below the England average in the older age groups (35-49, 50-retirement age, and above retirement age). This is especially the case for those between 50 and retirement age in Burnley.
- In contrast, economic activity rates for the 20-24 age group are higher than the national average in the majority of Lancashire districts. The exceptions to this are Hyndburn, Lancaster and Rossendale.

5.1.3 Population Forecast

The table below illustrates population forecasts by district for the years 2005-2020. A number of districts are forecast to experience significant population increases but three stand out as being especially high; Ribble Valley (+14.7%); Wyre (+12.3%); and Fylde (+12.1%). The majority of districts are expected to have growth rates of 1% to 3% whereas the only district with a forecast population decline is Burnley. It is forecast that Lancashire's population as a whole will increase by 4.6%, by 2020.

Table 126 - Population Forecasts by District, 2005 – 2020

000s	2005	2010	2015	2020	% Change 2005 - 2020
Blackburn with Darwen	139.9	140.5	141.9	143.6	2.6
Blackpool	142.8	145.0	147.6	150.4	5.3
Burnley	87.6	85.6	84.5	83.7	-4.5
Chorley	103.3	106.5	109.7	112.8	9.2
Fylde	76.3	79.4	82.5	85.5	12.1
Hyndburn	81.9	82.4	83.3	84.3	2.9
Lancaster	136.0	137.3	138.0	138.9	2.1
Pendle	89.0	88.6	88.7	89.0	0.0
Preston	130.2	130.4	130.9	131.6	1.1
Ribble Valley	57.3	60.5	63.2	65.7	14.7
Rossendale	66.1	66.4	67.0	67.8	2.6
South Ribble	106.1	108.4	110.7	113.1	6.6
West Lancashire	109.5	110.7	111.7	112.6	2.8
Wyre	110.5	115.3	119.8	124.1	12.3
Lancashire	1,436.5	1,457.0	1,479.5	1,503.1	4.6

Source: ONS

Projected changes in the age profile by district are shown in the table below. The main points to note are:

- That the Districts show an ageing population by 2020, with the percentage of people aged 65+ growing markedly in several areas;
- For the 0-14 and 15-24 age groups, there are forecast to be significant population declines in all districts but especially in Fylde, Lancaster and Wyre; and
- Population levels within the 25-34 age bracket are expected to grow in almost all districts, in contrast to age groups that sit either side of it. The two districts that do not fit this pattern are Chorley and Ribble Valley

5.1.4 Migration

Using the National Insurance number (NiNo) registrations in 2005/06 as an indicator, 17.6% of migrant workers have taken up settlement in Lancashire. This is the second highest in-migration of the 5 sub-regions within the North West behind Greater Manchester. Local authority analysis of migrant NiNo registrations shows that Preston is in the top ten highest LA's for in-migration in the North West according to the level of NiNo's registered. The highest foreign nationality settling in Lancashire is Polish with a total of 3,720 settling within the sub-region. The LSC is working with Jobcentre Plus, employer organisations, Train to Gain brokers and learning providers to monitor the language training needs of these individuals.

Table 127 - NiNo registrations of Foreign Nationals in Lancashire in 2005/06

	All (sub-region)	Blackburn with Darwen	Blackpool	Chorley	Fylde	Hyndburn	Lancaster	Pendle	Preston	Ribble Valley	Rossendale	South Ribble	West Lancashire	Wyre
All	8,590	1,070	1,380	210	330	420	1,320	670	1,460	140	180	270	800	340
Poland	3,720	300	870	80	90	250	720	180	490	80	40	130	460	30
India	850	190	80	20	60	10	60	10	240	-	20	10	20	130
Rep of Lithuania	420	90	20	-	10	10	20	180	30	10	-	10	40	-
Slovak Rep	280	50	40	10	20	-	20	50	50	10	-	-	10	20
South Africa	150	10	10	10	10	10	20	-	40	10	-	10	10	10
Pakistan	550	170	10	10	-	70	10	160	90	-	20	-	-	10
Rep of Latvia	310	30	60	10	40	10	10	10	50	-	-	20	70	-
Czech Rep	170	20	20	10	-	10	20	20	10	-	40	-	10	10
China Peoples Rep	240	-	10	-	-	-	80	-	150	-	-	-	-	-
Portugal	90	-	-	-	-	-	10	10	10	-	-	-	60	-
Italy	100	10	10	-	30	-	10	10	20	-	-	-	-	10
Hungary	120	10	10	10	-	-	10	-	30	-	-	20	30	-

Source: DWP

5.1.5 Population Changes

The Regional ESF Framework identifies that whilst the population of the North West is expected to grow, there is a fundamental issue around the potential decline in the working age population (due to fewer young people entering the labour market and an ageing population structure). The ability of employers to meet their skills needs will be heavily influenced by the retirement decision of older people. Lancashire's population has increased overall by 1.7% between 2001 to 2005 and by 4.6% by 2020. Although the population is generally aging the urban areas stand out as having relatively high 16-24 age group. Lancashire has seen the second highest in-migration in the region. 17.6% of migrant workers settled in Lancashire.

LSC Response

The LSC will use ESF to:

- Decline in traditional manufacturing employment will lead to significant demand for re-skilling and updating skills, particularly in older workers. Links to City Strategy and LEGI areas and LSC matching activities There may need to be more emphasis on L3/4 as older workers may already have L2 qualifications as well as a need for second L2's to facilitate career change or return to work following a period of worklessness.
- Work with NWDA and Jobcentre Plus to target support to workers affected by economic restructuring to re-equip them to either sustain employment or to re-enter employment. We will seek to support preparation for and entry/re-entry to the labour market particularly where linked to transformational projects such as Elevate,

Tithebarn, Blackpool Masterplan, Skelmersdale Town Centre Community Regeneration and others as they emerge.

- Support may also be offered to train or re-train people seeking employment opportunities with inward investing or expanding employers.

There have been several exemplar projects on NEET that we may wish to carry forward in hotspots or expand across the sub region. Support will also be offered to those identified as being at risk of becoming NEET. There have been several exemplar projects on NEET that we may wish to carry forward in hotspots or expand across the sub region. Support will also be offered to those identified as being at risk of becoming NEET

Consideration will need to be given to the impact of migrant workers on low skilled jobs and the availability to existing population. The need to up skill will be all the more vital.

Increase the availability of skilled labour by:

- Supporting workless people to acquire the skills required to secure and sustain employment
- Ensuring that young people acquire the necessary employability and vocational skills to make a successful transition into employment and avoid becoming NEET
- Increasing the range of Apprenticeship opportunities available to young people

Links to City Strategy and LEGI areas and LSC matching activities. We will seek to support preparation for and entry/re-entry to the labour market particularly where linked to transformational projects such as Elevate, Tithebarn, Blackpool Masterplan, Skelmersdale Town Centre Community Regeneration and others as they emerge.

Support may also be offered to train or re-train people seeking employment opportunities with inward investing or expanding employers.

Consideration will need to be given to the impact of migrant workers on low skilled jobs and the availability to existing population. The need to up skill will be all the more vital.

5.2 Economic Performance

5.2.1 Sub-Regional Economic Performance Overview

In terms of GVA per capital, at £13,389 in 2004, Lancashire is below the England and regional averages (£16,521 and £14,269 respectively). New business starts, at 33 per 10,000 adult population, is in line with the regional figure but well below the England average figure of 41.

Over 645,000 people are employed in the sub-region of Lancashire, an increase of 108,000 since 1996. Over this period, employment growth in the sub-region has been lower than that experienced in the region, but in line with the national average. In recent years, the pace of employment growth has actually been above regional and national averages. The sectors of greatest significance (by employment numbers) in Lancashire are manufacturing (17.8% of workforce), retail (17.6%) and health & social work (12.8%). The proportion of employment in manufacturing is well above the England average (12%).

The relatively high proportion of manufacturing employment is one reason for relatively low projections of future employment growth, given the further restructuring expected in the sector. The Working Futures forecasts show employment growth in Lancashire of 2.1% between 2004 and 2014 (cumulative growth), which translates into 14,000 new jobs. This growth rate is below that predicted for the North West region of 3%.

A key challenge for the region is to support the economy to grow at an above trend rate and to attract new jobs in non-traditional industries to the sub-region. Initiatives such as the proposed development of Blackpool have the potential to have a significant impact.

The rate of economic inactivity in Lancashire is below the regional average (22.8% v 23.4%). For people in the Indian ethnic group, the rate of inactivity at 43.1% is well above regional and national averages for that group (35.8% and 25.3%).

5.2.2 Economic Performance and Growth Prospects

The Regional ESF Framework identifies that the North West has a significant productivity gap compared to the England average and trend based economic forecasts suggest that this gap will widen in future. In respect of a number of drivers of productivity, the North West compares unfavourably to England averages. GVA per capita is below national and regional averages demonstrating Lancashire's reliance on low level/low skill employment in manufacturing as well as in service industries such as care (12.3%), retail (10%) and hospitality (6.9%).

Employment growth is forecast to slow significantly over the next ten years, relative to the previous decade. The growth in employment will be concentrated heavily in a few service sectors and in particular locations (typically the cities, larger towns, and urban fringe locations). This reflects the further restructuring of the manufacturing sector. Whilst employment growth due to expansion is expected to be modest, there will be substantial 'replacement' demand. The nature of this predicted employment growth has important implications for training provision. Whilst there will continue to be strong demand for workers with skills at NVQ Level 2, there will be higher demand at Levels 3 and 4. There is also predicted to be a dramatic reduction in jobs requiring a low skill level by 2015. Taken in combination with economic migration from EC accession states this could lead to the development of an underclass of workless families if action is not put in place to up skill those in danger of 'falling out' of the labour market

LSC Response

The LSC will continue to work closely with the NWDA, sub-regional economic partnerships, Local Authorities through the mechanism of LSPs and LAAs and SSCs to ensure that investment in skills is linked to major growth opportunities and meets employer skills gaps and shortages. We will seek to align the ESF and mainstream investment with the ERDF programme.

We will work with partners to ensure links with Lancashire Skills Strategy and SRP Action Plan as these are the main economic drivers and link activity to growth sectors to maximise jobs take up.

Work with the Lancashire Economic Partnership (LEP), the LSPs and LAAs has identified areas within the county where skills development will be vital to support successful delivery of transformational projects. The LEP has identified six strategic headline economic priorities :-

- Blackpool World Class Resort Destination
- Preston City Vision
- Pennine Lancashire Transformational Agenda
- Aerospace and Advanced manufacturing
- Skills
- Tourism & Rural Development

ESF investment will need to support these actions as well as other proposed development such as Tithebarn in Preston.

Alignment of ESF, mainstream and ERDF monies will be achieved through close partnership working with the relevant organisations including JCP, LEP and the VCF Sector.

Developing sector led route ways into employment will be a priority building on successes in respect of the health &social care and retail sectors. We will work closely with

Jobcentre Plus and the City employment strategies to ensure that the appropriate support is available to en sure that workless individuals can access opportunities in the labour market.

Expand existing route ways especially around construction in the Elevate areas. Also to take account of proposed Tithebarn retail development, Skelmersdale Town Centre Community Regeneration, Blackpool Masterplan and other major projects as they develop. We will ensure the use of existing good practice as exemplars and build upon that identified within Lancashire and elsewhere.

There is significant replacement demand at both level 2 and level 3. Through Train to Gain the LSC will address skill gaps at both level 2 and level 3. The LSC will complement the use of TTG by utilising ESF to:

- Targeting groups which may be ineligible for TTG who may be eligible for ESF support
- Providing additional support to individuals not yet ready for a level 2 programme
- Supporting employees to secure an additional level 2 to meet a specific employer skill shortage and to enable individuals to either secure and/or sustain employment

In respect of level 3 we will work with providers, SSCs and employer organisations to increase the contribution which employers and individuals make. Resources will be targeted at smaller business in key growth sectors where there are skill shortages .

Targeting brokerage at hard to reach employers could include support for specific sectors or BME owned businesses in particular SMEs. Those individuals seeking to re-enter the labour market often lack appropriate and current qualifications and may be ineligible for TtG but could be supported through ESF in achieving further L2 or L3 qualifications in a different vocational area particularly in sectors where skills shortages or potential shortages have been identified. And those forecast growth sectors as identified by LEP.

Resources at level 4 will be targeted at smaller organisations and at raising the overall quality of leadership and management which we see as a key factor in deriving competitiveness. We will seek to increase the range of level 4 provision which is employer focused and tailored to individual employer and sector needs

Key employment growth sectors are:

- Manufacturing
- Retail
- Health and Social Work

Activities to support L4 achievement may need to be expanded beyond Leadership & Management. There is a need for higher level skills in the construction and creative & digital industries. Need to ensure the ‘sector needs’ are flexible enough to these and other sectors. Level 4 demand is identified by the Lancashire Skills Strategy across almost all sectors both for replacement and expansion. It is particularly needed in Retail, Professional and other Business Services, Public Administration, Health & Social Work and Education as well as in those sectors already identified above.

5.2.3 Employment Forecast Model

The 2006 Working Futures report produced by the Institute of Employment Studies[7] gives some insights into the projected sector and occupational mix of the Lancashire economy to 2014. The economic model which underpins Working Futures is trend based, and so the model will miss significant regeneration or other initiatives underway or planned in specific areas. We address this in a separate section below through qualitative analysis of major projects underway or planned in the sub-region.

[7] Working Futures 2004-2014 Spatial Report (2006), Institute of Employment Studies

The Working Futures forecasts show employment growth in Lancashire of 2.1% between 2004 and 2014 (cumulative growth), which translates into 14,000 new jobs. However, this growth rate is relatively low and below that predicted for the North West region (3%).

Table 129 - Employment Change Forecasts by Sub-Region, 2004-2014

	Employment 2004 (000)	Employment 2014 (000)	Change (000)	Change (%)
Lancashire	666	680	14	2.1%
North West	**3358**	**3459**	**101**	**3.0%**

Source: Working Futures 2006

The table below shows forecast employment in Lancashire by sector to 2014.

Table 130 - Employment Change Forecasts by Industrial Sector, 2004-2014

	Employment		Change (2004 - 2014)		North West Change
	2004 (000)	2014 (000)	(000)	(%)	(%)
Primary sector & utilities	10	10	0	0.0%	-11.1%
Manufacturing	119	106	-13	-10.9%	-11.0%
Construction	44	43	-1	-2.3%	-4.4%
Distribution, transport etc	190	195	5	2.6%	3.6%
Business & other services	124	137	13	10.5%	11.4%
Non-marketed services	179	189	10	5.6%	4.4%

Source: Working Futures, 2004

- Decreases in employment are forecast in the manufacturing and construction sectors with zero growth in primary sectors and utilities. Each decline is less than that experienced in the North West, in particular for primary sectors and utilities employment. .
- Business and other services sector employment is forecast to grow the fastest at 10.5%, although this is forecast nearly 1% below the regional average.
- Non-marketed services is the only sector in which employment growth is forecast at a higher level than regionally, 5.6% versus 4.4%.

The table below shows forecast employment in the Lancashire sub-region by occupational group to 2014.

Table 131 - Employment Forecasts by Occupational Group, 2004-2014

	Employment		% of Total Employment		% Change (2004 – 2014)	North West % Change (2004 – 2014)
	2004 (000)	2014 (000)	2004	2014		
Managers & senior officials	92	100	13.8%	14.7%	8.7%	8.4%
Professionals	78	93	11.7%	13.7%	19.2%	18.4%
Associate professionals & technical	89	94	13.3%	13.8%	5.6%	5.5%
Admin, clerical, secretarial	79	74	11.8%	10.9%	-6.3%	-1.8%
Skilled trades	83	80	12.4%	11.7%	-3.6%	-5.3%
Personal services	54	67	8.1%	9.8%	24.1%	19.0%
Sales & customer services	53	58	8.0%	8.5%	9.4%	14.2%
Machine & transport operatives	62	57	9.2%	8.3%	-8.1%	-5.7%
Elementary	77	59	11.6%	8.6%	-23.4%	-21.9%

Source: Working Futures, 2004

Key points to note are:

- Growth in employment in the higher skilled occupations (managers, professionals, associate professionals) is expected to outstrip the forecast for the region.
- Personal services, and sales and customer services employment are also forecast to grow, the former at a higher rate than regionally.
- Employment is predicted to fall in both machine and transport operatives and elementary occupations, and at greater rates than regionally.

5.2.4 Skills Gaps and Shortages

The Regional ESF Framework identifies that the incidence of skills gaps amongst employees in the North West is broadly comparable to England averages but there are significant skills gaps and shortages. Gaps in the basic and 'soft' skills sought by employers are a particular issue in the region. The scale and nature of skills shortages vary significantly within the region, but are quite marked in some locations, especially where employment growth has been strong and the economic base is adjusting in light of the decline of traditional sectors.

LSC Response

The LSC will continue to work with SSCs, SSPAs, the NWDA and sub-regional economic development partnerships to target resources where they will have the greatest impact focusing resources on growth sectors. Through the mechanism of a demand led system and the prioritisation given to skills for life and employability skills we will continue to investment significant resources in addressing these needs and will utilise ESF to enhance this investment.

The LSC is moving towards the point where the qualifications offered by FE are directed by the relevant SSC; within the lifetime of this plan these qualifications will be offered to those in the ESF target groups. This will include economically inactive adults and young people.

The Lancashire Skills Strategy identified the increasing need for higher level qualifications at L4 and above; ESF could be used to develop progression routes into FE and HE for non traditional and/or under represented groups. The development of soft skills including leadership and management will be essential to the future development of the county's economy.

5.2.5 Skills Level of the Resident Population

Qualifications are often used as a proxy indicator for the skills of the workforce. The following chart shows the qualification profile of the working age population in England, the North West and the five sub regions. Whilst the qualifications profile of the regional working age population is very similar to the profile in England as a whole, there are considerable variations between the sub regions.

Lancashire has a relatively high proportion of its economically active population holding degree-level qualifications at 30%, above the regional average of 29.2%. It also has a relatively high proportion with Level 3 qualifications. As in all sub-regions and nationally, a significant proportion of people are not qualified to Level 2 – 28.15 in Lancashire compared to 28.7% in the region and 28.5% nationally.

Table 132 - Qualification Profile of the Economically Active Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	30.7%	19.6%	21.2%	28.5%
North West	29.2%	20.5%	21.6%	28.7%
Cheshire & Warrington	35.7%	19.1%	20.4%	24.8%
Cumbria	26.8%	21.6%	24.2%	27.4%
Lancashire	30.0%	21.3%	20.7%	28.1%
Greater Manchester	28.2%	20.8%	21.9%	29.1%
Gtr Merseyside	26.9%	19.4%	22.1%	31.6%

Source: DfES, 2006

The qualification profile of the economically inactive population is shown below. As can be seen, a far higher proportion of the economically inactive are not qualified to Level 2.

Table 133 - Qualification Profile of the Economically Inactive Population, 2006

	Level 4	Level 3	Level 2	No Level 2
England	11.8%	15.5%	23.1%	49.6%
North West	9.3%	14.4%	22.3%	54.0%
Cheshire & Warrington	16.2%	16.7%	21.0%	46.1%
Cumbria	11.2%	9.8%	26.5%	52.4%
Lancashire	9.5%	15.7%	24.2%	50.6%
Greater Manchester	8.5%	14.2%	21.6%	55.7%
Gtr Merseyside	6.9%	13.8%	21.0%	58.3%

Source: DfES, 2006 EKOS estimates derived from figures for working age population and economically active population.

Low skills have an impact on employment opportunities, for example, of working age people in Lancashire with no qualifications, only 49% are in employment. This compares to an average employment rate in Lancashire of 74%.

5.2.6 Qualifications

The Regional ESF Framework identifies that the qualifications of the region's residents highlight some significant skills challenges, especially in light of the nature of employment change which is predicted over the next decade and the growth in demand for Level 3 and 4+ qualifications.

Participation and success rates in further and work based learning vary significantly amongst different learner groups, in particular amongst women in some parts of the region and BME groups across the region. Lower success rates for qualifications are strongly linked to higher levels of deprivation.

Post-16 participation in education and associated achievement is improving but still lags the England average.

15% of Lancashire's population are without a qualification of any sort and a further 22% are qualified below L2. 17% are qualified to L2, 22% to L3 and 24% to L4 or above.

Participation in FE and the pursuit of qualifications at L3 and above currently declines sharply after age 25 falling to 5% or less for all age groups.

The rural areas of Lancashire face a number of challenges with local but acute social exclusion in terms of poverty and low skills and a high need for public services. Issues of accessibility (to employment and learning opportunities) are increasing with the erosion of public transport and the centralisation of services and of the FE offer. There is an over dependence on a low wage economy in most parts of rural Lancashire.

LSC Response

The LSC will work with providers to increase the number of adults progressing to Level 3 qualifications and achieving a first full Level 3 as well as working with employers and providers to develop further level 4 programmes which are directed at specific skills shortages including SMEs.

ESF resources will be specially targeted at reducing the variance in both participation and success rates and to support individuals facing particular barriers to participation and success.

The LSC is committed to working with the community and voluntary sector to increase participation in learning especially in relation to developing the skills necessary to access and sustain employment. We will also work closely with learning providers to ensure that there is an appropriate foundation learning tier in place and that progression routes are clearly mapped. We will sustain the work which we have undertaken with the TUC in this respect .

Lancashire LSC will continue to support improvements to FEs ability to respond to the needs of employers and employees in a timely and professional way and to meeting needs and delivering qualifications identified by SSCs and other employer groups.

Addressing the needs of the NEET and potentially NEET group will prevent young people joining the economically inactive in the long term and contribute to breaking the cycle of inactive families.

Improvements to access to learning and development in rural areas through flexible and innovative provision could be supported through ESF. There is great untapped potential within these areas as 40% of the business stock is based there (compared to 19% of the population) and this could be exploited as a route into employment for NEET young people and economically inactive adults through locally delivered work preparation and access training, work placement and on-the-job delivery and distance learning.

There is a need to make use of the social enterprise network – SELNET - to target potential growth social enterprises. There will be issues around the PQQ and e-procurement process for voluntary/community groups. There is a danger these will be excluded from the process. The VCFS has the potential to play a key role in enabling hard to reach groups to access training and development opportunities particularly around work preparation and access training for entry to L2 and/or employment.

5.2.7 Skills Shortages

Table 134 - Distribution of Skills Shortage Vacancies by Occupation, Lancashire

	Lancashire		North West	
	Number	%	Number	%
Managers	112	3%	947	4%
Professionals	372	12%	1,611	6%
Associate professionals	411	13%	5,102	19%
Admin/clerical staff	167	5%	1,220	5%
Skilled trades staff	482	15%	6,027	23%
Personal service	411	13%	2,130	8%
Sales/customer service staff	392	12%	4,056	15%
Machine operatives	426	13%	2,358	9%
Elementary staff	341	11%	2,550	10%
Unclassified staff	104	3%	222	1%
Total	3,218	100%	26,223	100%

Source: NESS 2005

In Lancashire, the distribution of skills shortage vacancies is more balanced between occupations that regionally. The skills shortage vacancies are split relatively equally between higher and lower skilled occupations.

Compared to regional figures, employers in Lancashire report a higher than average level of SSVs in three of the main occupational categories – professionals, personal service, and machine operatives. The difference is most marked for the higher skilled, professional occupations with double the proportion of employers reporting skills shortage vacancies compared to regional levels. In the associate professional, skilled trades and sales / customer service occupational categories employers report a lower than average number of skills shortage vacancies. The difference is greatest for skilled trade and associate professional occupations for which the proportions of employers reporting SSVs are eight percentage points and six percentage points respectively, below the regional average.

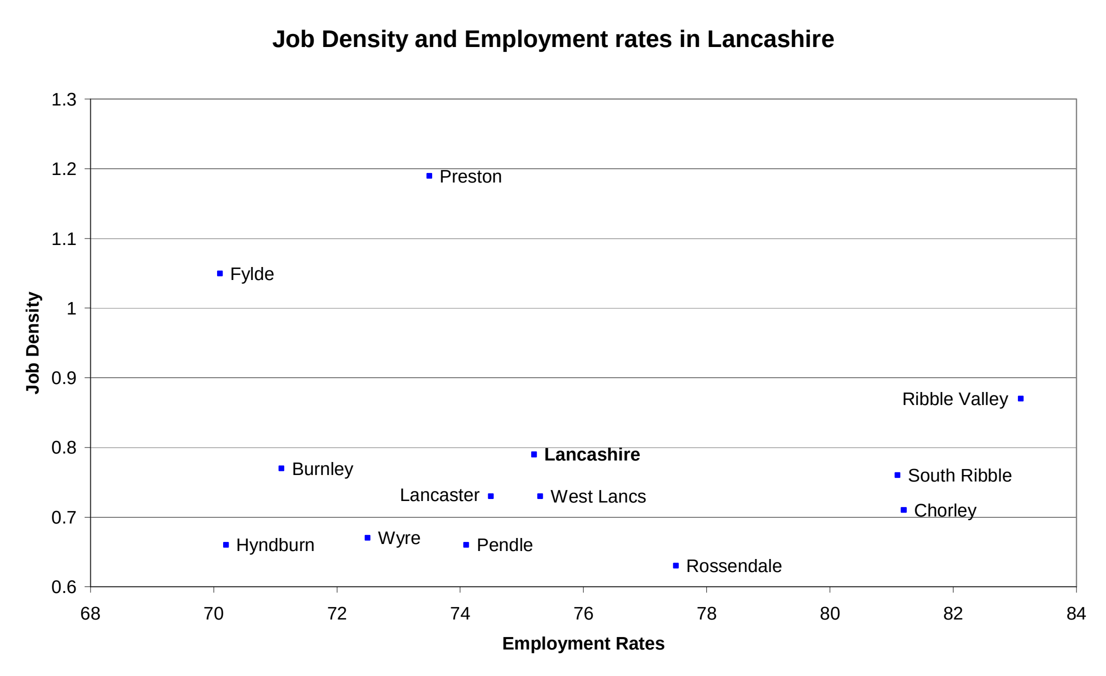
The survey also asks about skills gaps in the existing workforce. This is shown in the table below. The distribution of skills gaps in Lancashire is relatively similar to the North West average and this is particularly true for managerial, professional, associate professional, personal service and elementary occupations. Lancashire does stand out with a high skills gap in the administrative/clerical group though (16% of employers reporting a skills gap compared to 10% for the North West). However, Lancashire performs well against the regional average in some occupations: skilled trades; sales / customer service; and machine operatives

5.2.8 Job Density and Employment Rates

Analysis of the job density and the employment rates allows us to analyse to what extent local people are obtaining local jobs. Lancashire has the second highest employment rate within the North West. However, its job density is slightly below the North West regional average. The variance between the job density and employment rates for each local authority is more varied than any other region and this could be attributed to its geographical size and proximity to other major business centres (e.g. Liverpool and Manchester).

Preston has the region's highest job density however, like other sub-regions economic hubs, it has a below average employment rate inferring that local jobs are not necessarily going to local people.

Areas such as Fylde, Hyndburn and Burnley all have low employment levels however the latter two are of particular concern as they have the low job density levels compared to the rest of the sub-region.



5.3 Unemployment and Worklessness

5.3.1 Sub-Regional Overview

Table 135 - Employment Status of Working Age Population (by %), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	74.6%	3.9%	21.6%	100%
North West	72.6%	4.0%	23.4%	100%
Cheshire & Warrington	77.7%	2.7%	19.6%	100%
Cumbria	76.2%	3.1%	20.7%	100%
Lancashire	73.5%	3.7%	22.8%	100%
G. Manchester	72.0%	4.2%	23.7%	100%
G. Merseyside	68.4%	5.0%	26.6%	100%

Source: Annual Population Survey, December 2005

Lancashire has an employment rate of 73.5%, a rate that is higher than the regional average but below the national average. Similarly, rates of unemployment and of economic inactivity in Lancashire fall between the regional and national averages. Converted into population numbers, the table below shows that 628,700 people are in employment, 31,900 are unemployed and 195,000 are economically inactive in Lancashire.

Table 136 - Employment Status of Working Age Population (by number), 2005

	Economically Active		Economically Inactive	Working Age Population
	Employed	Unemployed		
England	22,776,000	1,177,400	6,582,100	30,535,500
North West	2,975,300	164,500	959,800	4,099,600
Cheshire & Warrington	412,400	14,300	104,000	530,700
Cumbria	220,900	9,000	60,100	290,000
Lancashire	628,700	31,900	195,000	855,600
G. Manchester	1,109,500	65,000	365,600	1,540,100
G. Merseyside	603,800	44,200	235,100	883,100

Source: Annual Population Survey, December 2005

To improve its economic performance, the North West needs to increase the proportion of working age people in employment, especially those who are currently economically inactive. To enable effective targeting of individuals, to ensure they get the support they need to enter employment, it is important to understand the key characteristics of the unemployed and inactive groups. The next sections look at the characteristics of these groups in detail.

5.3.2 The Unemployed

The unemployment figure for the North West is 164,500 and of this, Lancashire accounts for 31,900 people. Detailed analysis of the unemployed can be found in the regional version of the strategic analysis but for this report, the section below highlights the key points for Lancashire.

- By gender, unemployment rates are consistently higher for men than for women across regions. In England, the rate is 5.3% for men and 4.5% for women (as a % of the economically active). This compares to 5.8% and 4.5% respectively for the North West. Continuing to the sub regional scale, the unemployment rate for men in Lancashire (5.4%) is higher than the regional average but slightly higher than the national average. For women, the unemployment rate in Lancashire (4.1%) is lower than both the national and regional averages although Cheshire & Warrington and Cumbria do have even lower rates within the North West.

- Compared to the overall population, those who are disabled have consistently higher unemployment rates. In the North West, the unemployment rate for all disabled people is 7.5%, just below the England average of 7.6%. Consistent with both of these figures, the rate in Lancashire is 7.6%.
- By ethnicity, the unemployment rates in Lancashire are mostly in keeping with national and regional figures, with the exception of the Other group which is lower than average. The highest rate in Lancashire is for the 'black/black British' group (9.5%) whilst the white and 'other' ethnic groups have the lowest rates (3.6% and 3.7% respectively).

Analysis of unemployment claimant count data (those claiming Job Seeker's Allowance (JSA)), shows that only 4% of the unemployed (4,700 people) in the region have been unemployed for over two years. In Lancashire, the figure is even lower at 2.6% and this indicates that, unlike in the 1980s and 1990s, long-term unemployment is no longer a major issue. However, it should be noted that the majority of incapacity benefit recipients are long-term claimants.

5.3.3 Economic Inactivity

Of the 1,124,300 people in the North West who are not in work, and excluding those who are classed as unemployed, 959,800 people are economically inactive. This figure equates to nearly a quarter of the working age population in the North West at 23.4%. In comparison, the economic inactivity rate for England is 21.6%, whilst the figure for Lancashire falls between both averages at 22.8%.

As shown in the figure below, the North West's gap with England has been a consistent feature of the past ten years. The rate of economic inactivity in Lancashire has fluctuated over the past ten years around an average of approximately 22%. This has consistently been below the regional average and at times, it has fallen below the average for England. However, recent trends have seen the figure rising in line with most other North West sub regions.

As shown in the table below, the Annual Population Survey gives us an estimate of the proportion of the economically inactive who wish to work. In Lancashire, this figure is 19.8%, equivalent to 38,600 people.

Table 137 - Profile of Economically Inactive Population, 2005

% of economically inactive	DO NOT want a job	DO want a job	DO want a job (Breakdown)			
			Long-term sick	Looking after family/home	Students	Other reason
England	76.1%	23.9%	6.6%	6.8%	3.0%	4.3%
North West	80.1%	19.9%	6.6%	5.2%	2.1%	3.4%
Cheshire & Warrington	84.2%	15.8%	4.2%	4.7%	1.5%	2.2%
Cumbria	76.2%	23.8%	7.9%	6.2%	2.4%	5.0%
Lancashire	80.2%	19.8%	5.7%	5.7%	2.3%	3.3%
G. Manchester	78.8%	21.2%	7.9%	5.2%	2.0%	3.9%
G. Merseyside	81.3%	18.7%	6.3%	4.9%	2.2%	2.7%

Source: Annual Population Survey, December 2005

Across the region, there is a high level of variation in economic inactivity rates. In total, there are 42 districts in the North West and of these, Lancashire has four districts that fall within the top ten highest rates. These are Hyndburn (27.6%), Preston (27.5%), Blackburn with Darwen (27%), and Burnley (26.2%). Meanwhile, South Ribble and Ribble Valley have two of the lowest rates in the region (16.7% and 16.4% respectively).

5.3.4 Economic Inactivity by Gender

Nationally, the rate of economic inactivity is higher for women than for men - 26.9% versus 16.5%. In the North West, the rate of inactivity for men is notably higher than the national average (by 2.8% points), indicating that economic inactivity amongst men is a particular issue for the region. Similar to previous trends, Lancashire has rates of economic inactivity, for both men and women that are in between regional and national averages.

Table 138 - Economic Inactivity Rate (of Working Age Population) by Gender, 2005

	Male		Female		Total	
	%	Number	%	Number	%	Number
England	16.5	2,591,200	26.9	3,990,900	21.6	6,582,100
North West	19.3	406,800	27.8	553,000	23.4	959,800
Cheshire & Warrington	16.3	44,800	23.2	59,200	19.6	104,000
Cumbria	17.7	26,800	24.0	33,300	20.7	60,100
Lancashire	18.8	82,900	27.1	112,100	22.8	195,000
G. Manchester	19.3	152,700	28.5	212,900	23.7	365,600
G. Merseyside	22.3	99,600	31.1	135,500	26.6	235,100

Source: Annual Population Survey, December 2005

5.3.5 Economic Inactivity by Disability

Across all areas, the rate of economic inactivity for people with a disability is significantly higher than the rate for the overall population. This is particularly true for the North West, which has an inactivity rate for people with a disability of 52.5%, 7.6% points above the national average. In comparison, Lancashire has a rate of 48.7%. Furthermore, for those with a work-limiting disability (as opposed to those registered under the DDA) the unemployment rate is 21.5%, lower than both the North West and England averages.

5.3.6 Economic Inactivity by Ethnicity

Nationally, the highest rate of inactivity exists for people in the Pakistani/Bangladeshi ethnic group, whereas the lowest rate exists for people in the White ethnic group. In

Lancashire, this pattern is repeated although the inactivity rates of the ethnic groups themselves vary compared to other sub regions. In particular, the economic inactivity rates for Indian and Other ethnic groups are particularly high in Lancashire whilst the rate for the black/black British group is relatively low.

Table 139 - Economic Inactivity Rate (of Working Age Population) by Ethnicity, 2005

	White	Indian	Pakistani/ Bangladeshi	Black/Black British	Other Ethnic
England	20.0	25.3	49.4	28.5	34.9
North West	22.3	35.8	50.7	28.8	32.2
Cheshire & Warrington	19.3	!	!	!	23.9
Cumbria	20.8	!	!	!	!
Lancashire	21.1	43.1	51.9	24.5	39.0
G. Manchester	21.7	34.1	50.8	28.6	37.5
G. Merseyside	26.6	21.9	30.1	31.8	20.2

Source: Annual Population Survey, December 2005
! = Data is suppressed due to small sample size

5.3.7 Economic Participation

The Regional ESF Framework identifies that the employment rate for the North West is slightly less than for England as a whole, but is markedly lower amongst some groups and in some locations. A key challenge for the region is reducing the scale of economic inactivity within the region, both in terms of tackling the output gap and economic and social disadvantage. Of the gap of 80,000 fewer people in the region not in employment compared to the England average, around 70,000 are accounted for by just six local authority areas. Lancashire's unemployment rate amongst the economically active is slightly below the averages for England and the NW but its rate of economic inactivity is higher than the national average and only marginally below that for the NW. These figures mask hot spots of low rates of activity which have been identified so far in Blackpool, Burnley, Preston, Chorley, Blackburn with Darwen, Accrington and Skelmersdale with the worst having 51% of the working age population in receipt of benefit and economically inactive. Whilst economic activity rates are below the average for the NW there are significant variations at a local level and within certain BME groups such as Indian and Pakistani/Bangladeshi populations (43% and 52% respectively).

The Lancashire Skills Strategy predicts a sharp decline in low skilled and unskilled jobs over the next ten years. ESF activities will target those at risk of being left behind by labour market changes.

LSC Response

The LSC has worked closely with Jobcentre Plus Local Authorities , through the mechanisms of LSPs, and Local Area Agreements to ensure a closer link between skills provision and targeted activity to tackle worklessness.

The LSC will target ESF resources at those areas with high levels of worklessness through the mechanisms of City Employment Strategies or their equivalent in other areas of the Northwest.

We will increasingly target activity in respect of Skills for Life and level 2 activities on ensuring that workless people can achieve skills and qualifications necessary to sustain employment. This will include developing further demand led approaches including sector led route ways. The LSC will work with its partners to develop interventions which support individuals to secure employment and subsequently with their employers to further develop their skills to sustain employment.

In response to Leitch the LSC will work with partners to improve the effectiveness of interventions in terms of securing employment outcomes

We must ensure that LSC ESF activity links to strategic development projects in order to achieve sustainable outcomes by working with JCP and CXL will ensure that ESF interventions compliment existing provision and routeways and provide coherent pathways from benefit dependency to employment.

Activity will be targeted at the areas of greatest need including but not exclusive to, City Strategy and LEGI areas.

Building on work already done with young people in the NEET group in Blackpool and Blackburn with Darwen, support will be extended to those in the NEET group (or at risk of entering it) in other hotspots across Lancashire particularly but not exclusively already identified wards in East Lancashire.

5.3.8 NEET

Analysis of worklessness in young people is measured through recording the level of young people Not in Education, Employment or Training (NEET). Within the new programme, targeting the NEET group is a key part of priority 1. The table below shows the size of the NEET population using data collected by Connexions from November 2006 to January 2007 within each local authority compared to the overall 16-18 cohort. It also shows the percentage size of the NEET population in 2004 and the change in the percentage size.

Lancashire has the third highest NEET population (2,820) and percentage rate of NEET within the North West (7.7%). It should be noted however that the population size and percentage rate is significantly lower than the Greater Manchester figure of 8,830 (10%) and Greater Merseyside figure of 6,030 (10.9%). The data supplied does not allows us to conduct a full analysis of NEET within the various Local Authorities within Lancashire so we are unable to identify where the highest NEET areas specifically within the region. However, we can identify that the region has experienced a slight drop in the proportion of the NEET group in the sub-region with Blackburn and Darwen and Blackpool both recording large drops in the proportion of NEET within there areas.

Table 140 - NEET population size and change 2004-2007 in Lancashire.

NW	16-18 year olds known to Connexions	16-18 yr olds NEET		% of 16-18 year olds whose current activity is not known	NEET% in June 2004	% change
		Estimated number	%			
Blackburn with Darwen	8,070	600	7.4%	2.7%	11.6%	-4.2%
Blackpool	7,000	620	8.8%	3.0%	11.9%	-3.1%
Lancashire	36,620	2,820	7.7%	3.1%	7.9%	-0.2%

Source: Connexions