



Report to:	Employment and Skills Committee
Date:	15 February 2024
Subject:	Economic and Sector Reporting
Director:	Felix Kumi-Ampofo, Director of Inclusive Economy, Skills and Culture
Author:	Peter Glover, Economic Evidence Manager

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this report

- 1.1 To provide an update on labour market and skills situation in West Yorkshire, highlighting key issues that are pertinent to the work of the Committee.

2. Information

Monitoring arrangements

- 2.1 At its meeting on the 29 October 2021, the Employment and Skills Committee agreed a new approach to monitoring and reporting. The Committee approved a set of indicators relevant to its remit and agreed to receive regular reporting against these indicators, with this topic becoming a standard item on the Committee's agenda. These are the key regional indicators that measure the outcomes that the work of the committee is seeking to improve. Indicators will be reported on by exception i.e. when fresh data becomes available for each indicator, allowing the analysis to be updated.
- 2.2 The State of the Region indicators are intended to provide a high level, strategic picture of performance rather than a detailed examination of operational performance of specific projects. The indicators have also been incorporated into the West Yorkshire Plan as

part of a wider basket of indicators selected to measure progress towards the Plan's Vision and Missions.

Key messages from State of the Region indicators

- 2.4 The core State of the Region indicators agreed by the Committee are set out below. A headline overview of performance against these indicators is provided in Appendix 1:
- Employment rate
 - Jobs paying below the real living wage
 - Employment rate gaps (employment equality)
 - Unemployment
 - Quality work
 - People qualified at Level 4 and above (higher level qualifications)
 - People with no / low qualifications (qualified below level 2)
 - Apprenticeship take-up
 - NEETs.
- 2.5 Key messages relating to these indicators are set out below.
- 2.6 The main employment indicator used in State of the Region suggests that the overall level and rate of employment in West Yorkshire is below its pre-pandemic level, reflecting the national position and has remained flat for a number of periods. However, this may reflect technical issues with this ONS dataset, as HMRC admin-based statistics indicate that the count of employees in the region is well above the level recorded immediately before the health crisis.
- 2.7 West Yorkshire faces challenges relating to inclusivity of employment, with key groups, including women, people from ethnic minorities and disabled people still facing employment rate gaps. However, these groups have seen improvements in their employment rates in recent years and the figures suggest that the ethnicity employment rate gap has narrowed over time in West Yorkshire.
- 2.8 Young people not in education, employment or training (NEET) face an increased likelihood of unemployment, low wages, or low-quality work later in life. The proportion of young people who are NEET in West Yorkshire increased between 2021/22 and 2022/23 and is above the national average, with significant variations at local authority level. Updated figures for 2023/24 will be available shortly.
- 2.9 The proportion of jobs paying below the Real Living Wage remained largely unchanged in West Yorkshire in 2023, according to recently released figures. Around 14% of employee jobs pay below the Real Living Wage threshold in West Yorkshire compared with the national average of 13%. The proportion rises to 17% for both Bradford and Kirklees.

- 2.10 Turning to the quality of jobs available, most jobs in West Yorkshire offer satisfactory hours and the worker's desired contractual status. However, large majorities of West Yorkshire employees say that their job does not offer opportunities for career progression and does not offer good employee engagement.
- 2.11 Over the last two decades West Yorkshire's working age population has steadily become better qualified. It is difficult to discern whether this has continued on the basis of the latest data for 2022 due to a break in the timeseries to take account of the shift to the Regulated Qualification Framework. A substantial gap remains with the national average with regard to the proportion of people with higher qualifications (Level 4 and above). Performance against this indicator is highly variable at local authority level, with Wakefield lagging well below the West Yorkshire average. Meanwhile, 15% of West Yorkshire's working age population either lack any qualifications or are qualified below Level 2; this is higher than the national average of 12%.
- 2.12 Apprenticeships provide an important pathway into sustainable careers whilst enabling employers to address their core skill needs. West Yorkshire has strong take-up of apprenticeships relative to its population base compared with many other areas. However, take-up apprenticeships (as measured by apprenticeship starts) remained static in the 2022/23 academic year, remaining well below 2018/19 (pre-pandemic) levels. However, there was year on year growth for higher apprenticeship starts and for starts in *ICT and Health, public service and care* subjects; whilst Bradford and Kirklees also saw overall growth in starts in 2022/23.

Key messages from labour market indicators

- 2.13 In addition to the State of the Region indicators, analysis of a range of more timely indicators is also included in the appendix to provide the most up to date picture of labour market conditions in West Yorkshire. Alongside this an overview of the national picture provides important context. These indicators provide a picture of a labour market that is starting to cool at West Yorkshire and national levels, as reflected in the following:
- Plateauing of the employee count across West Yorkshire, suggesting that the sustained employment growth seen since the pandemic has at least paused.
 - Signs of levelling off of growth in median pay, contributing to a picture of softening labour demand as higher interest rates impact on the economy. Although the picture is complicated by the latest flash estimate (subject to revision) which points to renewed pay growth in December, both nationally and for West Yorkshire.
 - Moderate growth in the count of claimant unemployed across West Yorkshire.
 - Indications of a decline in job openings (online job postings) across the region, although levels of postings remain high in historic terms and the West Yorkshire labour market remains tight (based on ratio of unemployed claimants to count of job postings).
 - Emergence of a general pattern of decline in job postings across occupational areas.

3. Tackling the Climate Emergency Implications

- 3.1 There are no implications for tackling the climate emergency directly arising from this report. However, further analysis undertaken by the Combined Authority indicates that demand for “green skills” is increasing as evidenced in online job posting data. Occupational groups that are key to the transition to net zero, including engineering roles and skilled trades in construction, for example, are currently affected by skill shortages.

4. Inclusive Growth Implications

- 4.1 A number of the State of the Region indicators have direct relevance to an inclusive economy, including unemployment, NEETs and jobs paying below the real living wage. The evidence shows that improving inclusiveness, in terms of access to jobs and the education and training system, is key to supporting growth and achieving the wider economic agenda for West Yorkshire. If the labour market continues to cool this could lead to a general deterioration in employment opportunities that is likely to impact more severely individuals and groups who are already disadvantaged.

5. Equality and Diversity Implications

- 5.1 Some of the indicators provide direct measures of equality and diversity, most notably the comparison of employment rates for different groups, which shows significant inequality in terms of participation in employment. The full State of the Region report examines equality issues in more detail. The general picture provided is one of a continuing need to promote quality and diversity in respect of both employment and in terms of access to education and training opportunities.

6. Financial Implications

- 6.1 There are no financial implications directly arising from this report.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 No external consultations have been undertaken.

10. Recommendations

10.1 The Committee is asked to note the latest intelligence relating to employment and skills in West Yorkshire and the current performance of West Yorkshire against the State of the Region indicators.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1: Indicator report