

Heart of the South West Employment and Skills Review

In this edition

Introduction.....	1
Take 10.....	2
Employment & jobs.....	3
Jobs and industry sector.....	3
Employees.....	3
Self-employment.....	4
Full and Part-time employment	5
Industry.....	5
Occupations.....	6
Labour market environment...	7
Wages.....	7
Vacancies.....	7
Redundancies.....	8
Labour supply.....	9
In Employment or Wants a Job	9
Unemployment.....	9
Claimant Count.....	10
Skills Supply.....	11
Job Related Training.....	11
Special Feature: The Skills Imperative 2035	13
HotSW: At a glance	16

Introduction

Welcome to the May 2023 edition of the quarterly Heart of the South West LEP area Employment and Skills Review.

Cost-of-living pressures remain at the forefront of the public mind, with 92% of respondents to an ONS survey reporting the cost-of-living crisis as one of the most important issues facing the UK today¹. Inflation continues to bite, with the Consumer Prices Index (CPI) rising by 10.1% in the 12 months to March 2023, down from 10.4% in February².

This edition of the Employment and Skills Review includes a look at employment, the labour market environment (including wages and vacancies), the levels of labour supply across both the working age population and those in or seeking employment, and levels of economic inactivity, unemployment and the number of people claiming benefits - primarily for the reason of being unemployed.

This quarter's special feature looks at the future of the labour market and how industrial and occupational structures are expected to change.

The Employment and Skills Review is produced by Gabrielle Climie at the University of Exeter on behalf of the Heart of the South West Skills Advisory Panel.

Contact: G.Climie2@exeter.ac.uk

¹ [Public opinions and social trends, Great Britain - Office for National Statistics](#)

² [Consumer price inflation, UK - Office for National Statistics](#)





Take 10

1

Employee numbers have risen slowly over the past few months. Self-employment figures remain low in comparison to before the pandemic but are recovering better locally compared to the national average.

2

Full-time work levels remain comparatively stable. Part-time employment remains below pre-pandemic levels and has seen small upward movement, including being a notable part of increased employment.

3

Agriculture and fishing employment saw a major decrease locally again, while employment increased rapidly in construction. Caring, leisure and other service occupations saw a major decrease in employment in the LEP despite the national increase, while associate professional and technical occupations and process, plant and machine operative occupations increased.

4

Wages in the Heart of the South West have historically been considerably lower than the national average. Torbay and Devon are particularly low ranked compared to other county level local authorities, an ongoing trend.

5

The number of unemployed people per vacancy is slowly dropping but remains high. Demand for care and healthcare roles continues to dominate locally.

6

Redundancy rates are very low locally and have dropped rapidly compared to a small decrease at the local level. Numerically the highest level of redundancies was in manufacturing, and the highest rates were in information and communication and administrative and support services.

7

Unemployment levels continue to grow slowly nationally but are lower than in 2021, while the local level remains stable. Economic inactivity levels have largely dropped, particularly in Somerset, but Plymouth has seen an increase of over 10%.

8

The claimant count rate remains stable with minimal changes compared to the last edition: the claimant count locally is notably lower than this time last year and only slightly above the pre-pandemic level.

9

Job-related training has seen considerable decreases between both 2021 and 2022 and compared to before the pandemic, with Plymouth seeing an almost 50% decrease in respondents who had received training in the past four weeks.

10

This edition's special feature covers the NFER Skills Imperative 2035 projections, looking at the changing labour market and the influence of replacement demand.

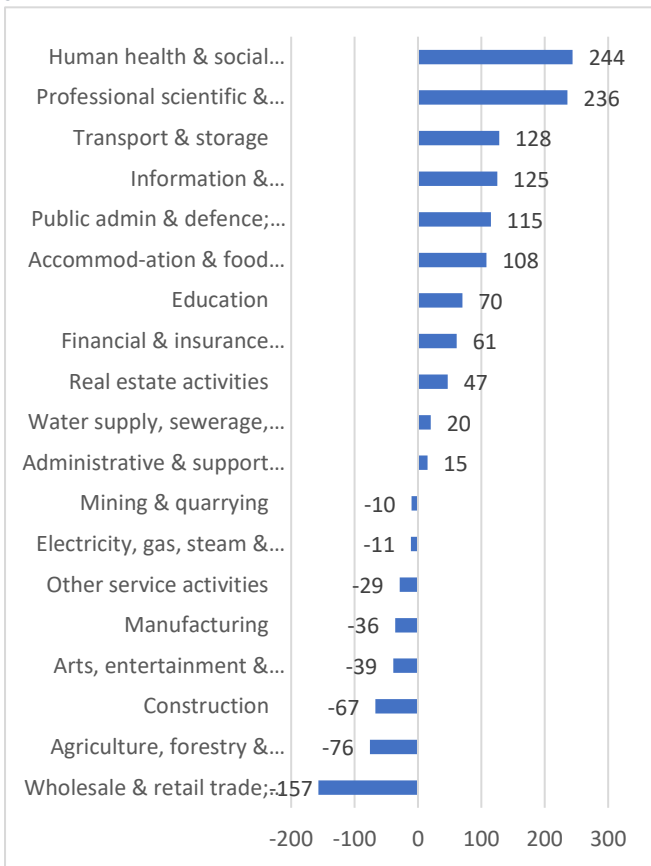
Employment & Jobs

The UK economy faces further challenges in the face of the cost-of-living crisis, high inflation, and the economy moving into recession.

Jobs and industry sector

Taking workforce jobs³ first, the latest count suggests there were 978,000 more workforce jobs in the UK in December 2022 than in December 2021. This is approximately 87,000 more jobs than the increase between December 2020 and December 2021 (891,000). Between December 2019 and December 2022, the total number of jobs increased by 744,000.

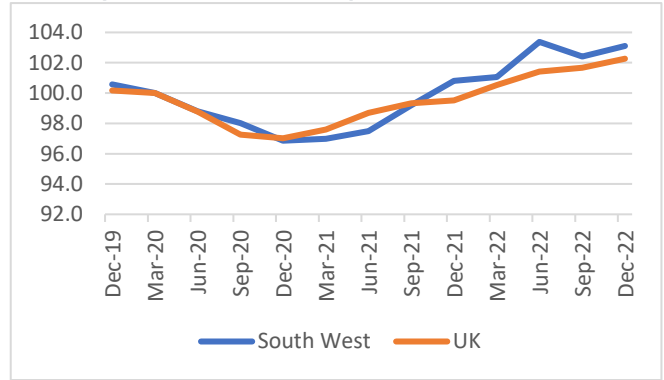
Figure 1 Change in number of workforce jobs; UK: December 2019 to December 2022



Source: [ONS](#) - Summary of labour market statistics

Professional, scientific and technical jobs saw an increase of over twice as many jobs as in the previous edition of this report, while the increase in financial and insurance activities tripled.

Figure 2 Workforce jobs, South West and England, December 2019 to December 2022; Index (March 2020 = 100)



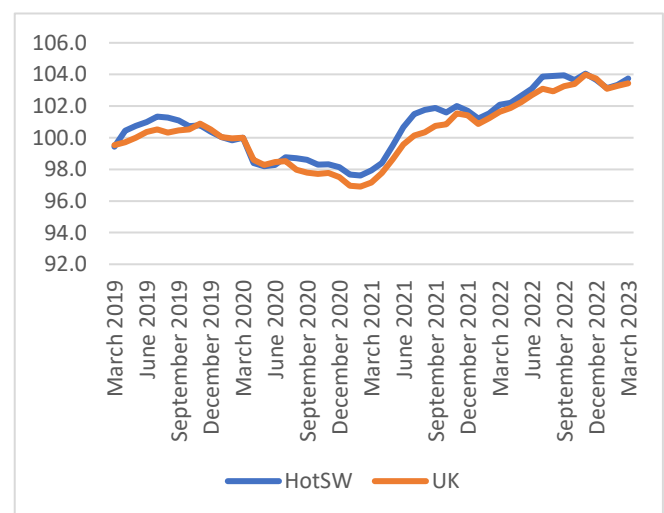
Source: [ONS – Workforce Jobs by Region and Industry](#)

The ONS does not publish estimates for workforce jobs for geographies lower than regions. The South West of England has recovered to above pre-pandemic levels of workforce jobs (Figure 2).

Employees

In addition to workforce jobs, the ONS - in partnership with HMRC - publishes statistics for the number of employees registered for PAYE. Unlike the former, the PAYE series counts people rather than jobs. Indexed against March 2020, the Heart of the South West has a similar pattern to the UK.

Figure 3 Payrolled employees; Heart of the South West and the UK, December 2019 to December 2022; Index (March 2020 = 100)



Source: [ONS and HMRC](#)

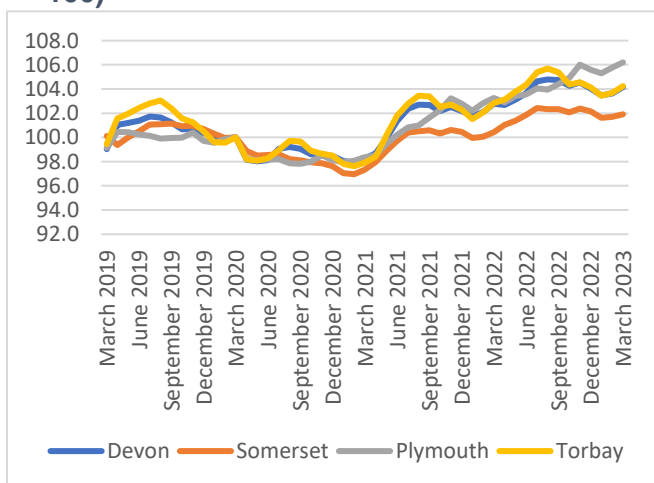
³ Employee and self-employment jobs.

According to this data there were 743,652 payrolled employees in the Heart of the South West in March 2023. By residential local authority area, this headline figure is broken down by:

- 327,623 in Devon CC
- 242,166 in Somerset
- 119,20 in Plymouth
- 54,654 in Torbay

These figures are largely small increases compared to the previous edition of this report (Figure 4).

Figure 4 Payrolled employees; Heart of the South West Upper Tier Local Authorities, March 2019 to March 2023; Index (March 2020 = 100)



Source: [ONS and HMRC](#)

Self-employment

According to the workforce jobs series, national self-employment jobs in December 2022 were 7.9% lower than their pre-pandemic level. This is a decrease in the difference between pre- and post-pandemic figures and increase in the number of self-employment jobs from the previous edition of this report.

The Annual Population Survey suggests that the number of people locally who are self-employed is currently 6.8 percent lower than pre-pandemic. This is change of 4 percentage points compared to the previous edition and suggests self-employment recovery may be starting to stutter.

However, it still compares well to self-employment at the national level – which is 13.2% lower than before the pandemic, although this is a smaller

difference than in the previous edition of this report as the self-employment figures for the UK show limited but notable signs of recovery.

This is important as self-employment is an important source of employment locally. The LEP saw a self-employment rate of 18.2% of those in employment between January 2022 and December 2022 compared to the national average of 13.2%. Self-employment is highest in West Devon (36.5%), Torrington (28.7%) and Mendip (27.0%).

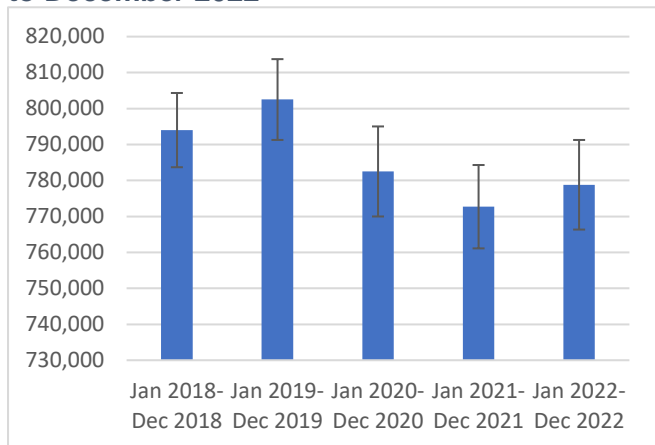
People in employment

In addition to workforce jobs and payrolled employees, the ONS monitors economic activity via the Labour Force Survey. The number of people in employment measured by the LFS consists of people aged 16 and over who did one hour or more of paid work in the week leading up to their interview. A person with more than one job would only be counted once in these statistics.

The LFS is the foundation for the Annual Population Survey (APS) - a key source of labour market statistics at the local level. According to the APS, 778,800 people living in the Heart of the South West and aged between 16 and 64 were in employment during January 2022 to December 2022 (an employment rate of 76.7%); and 799,900 people in this age group were employed in workplaces in the area. This means that there are more people working in businesses in the area than living here. The gap between these two has increased but remains within the confidence value for the workplace analysis. However, this is worth further observation, should a trend towards people living outside of the area but working inside, begin to develop.

The APS suggests that there were around 6,100 more Heart of the South West residents in employment between January 2022 and December 2022 than during January 2021 to December 2021 (Figure 5).

Figure 5 Total employment (resident base); Heart of the South West: January 2018 to December 2022



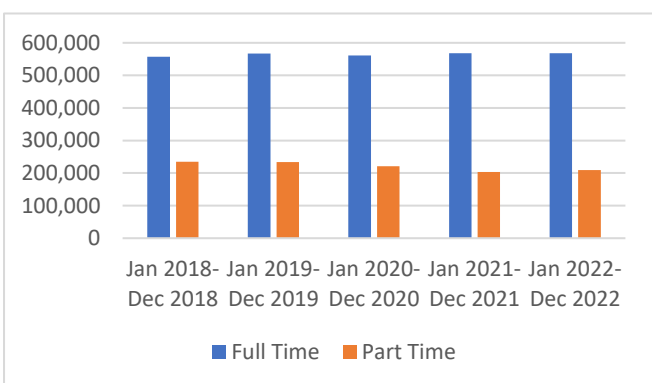
Source: Annual Population Survey - NOMIS

Full and Part time employment

Between the most recent data (January 2022 to December 2022) and before the pandemic, the number of people working full time nationally increased by 327,400, but the number of people working part-time dropped by 370,000. This is a smaller increase in full-time work and decrease in part-time than in the previous edition of this report.

The number of people working part-time has started to increase after a comparative low point in 2021 (Figure 6).

Figure 6 Full and part time employment (16-64); Heart of the South West, January 2018 to December 2022



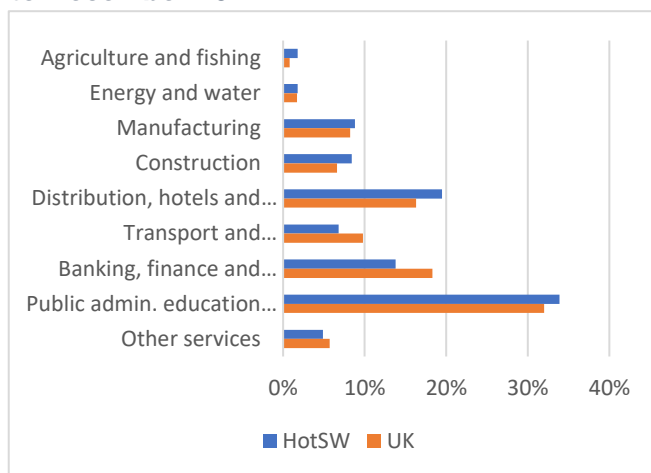
Source: Annual Population Survey, NOMIS

Within the Heart of the South West the number of people working full time locally has generally followed a gradual upward trend (Figure 6), but with changes largely not statistically significant.

Industry

The industrial profile of the LEP area can be looked at through the Annual Population Survey or the Business Register and Employment Survey (BRES) which offers more detail down to the 5 digit SIC (industry classification) level. The next data release for the BRES is due in the autumn, and so this edition covers the Annual Population Survey data on employment by industry. The LEP profile (Figure 7) shows local strengths and weaknesses.

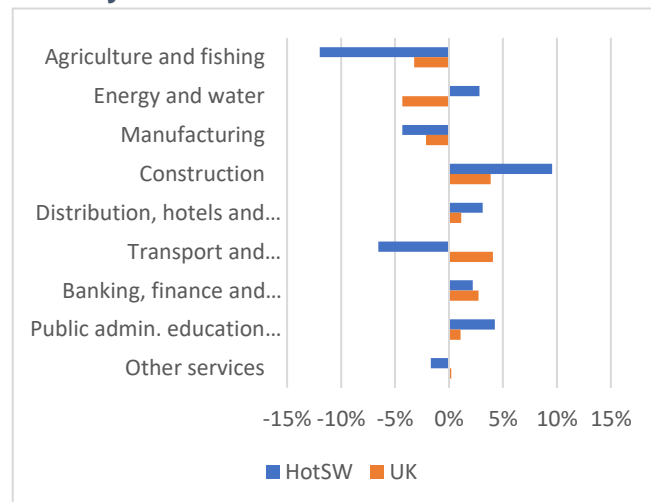
Figure 7 Industrial Employment Profile, Heart of the South West and UK, January 2022 to December 2022



Source: Annual Population Survey (APS) – NOMIS

In Figure 8, the changes in these sectors over the previous year can be seen.

Figure 8 Change in employment by industrial sector, Heart of the South West and England, January 2021 to December 2021 to January 2022 to December 2022



Source: Annual Population Survey (APS) – NOMIS

The major decrease in Agriculture and fishing compared to the national average is notable considering the proportionally larger amount of employment that it accounts for in the LEP area, but the sample size is relatively small. The decrease in Transport and communications also goes against the national pattern, so may be worth further investigation. The increase in public administration, education and health reflects trends of high demand for these sectors, while the large increase in construction locally is harder to explain.

Occupation

Challenges in the labour market have not affected all occupations equally. Over December 2022 to February 2023 quarter increased employment was largely driven by part-time employees and self-employed workers⁴.

Increases in employment locally over the past year saw considerable increases in Associate professional and tech occupations. This is related to increased demand for higher level skills. However, process, plant and machine operatives saw a similar percentage increase, and skilled trades saw the next largest increase at 8% suggesting that higher demand for high-skilled occupations is not the only force influencing occupational change. Meanwhile, caring, leisure and other service occupations employment saw a fall of nearly a fifth: this may seem surprising in the context of the pandemic in 2021's impact on hospitality businesses suggesting there would be

scope for growth. However, these occupations are largely poorly paid in the face of a cost-of-living crisis and leisure and hospitality face serious business pressures not only due to spiking energy prices but also as households cut back on unnecessary spending. The removal of support systems from the pandemic leaves greater scope for businesses to fail and employees to lose their jobs in the face of a different kind of crisis.

Table 1 shows the year-on-year percentage changes in occupation employment across the Heart of the South West compared with England⁵.

Table 1 Change in employment by occupation; Heart of the South West and England; January 2021 to December 2021 to January 2022 to December 2022

Occupation (SOC2010)	HotSW	England
Managers, directors and senior officials	-4%	2%
Professional occupations	6%	4%
Associate prof & tech occupations	13%	2%
Administrative and secretarial occupations	2%	-3%
Skilled trades occupations	8%	1%
Caring, leisure and other service occupations	-19%	2%
Sales and customer service occupations	2%	-3%
Process, plant and machine operatives	13%	2%
Elementary occupations	-6%	2%

Source: Annual Population Survey - NOMIS

⁴ [Employment in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

⁵ Due to the change in classification from SOC2010 to SOC2020 for the comparator years below, the following data is not a perfectly like-for-like comparison

Labour Market Environment

Wages

Real time data from HM Revenue and Customs puts seasonally adjusted median gross monthly pay across the Heart of the South West during March 2023 at

- £1977 in Devon
- £2052 in Somerset
- £2044 in Plymouth
- £1865 in Torbay

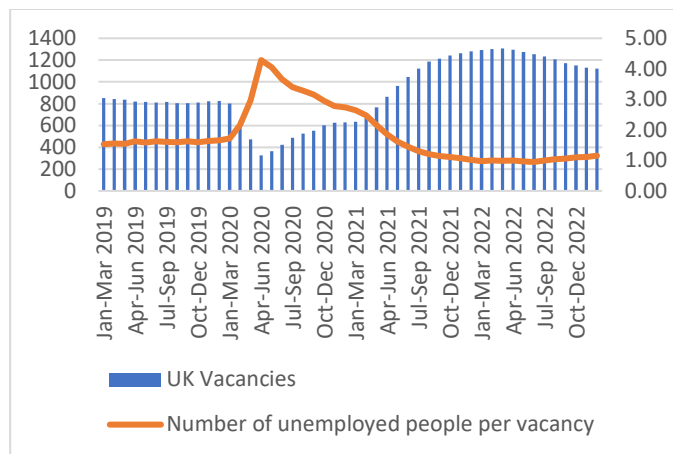
This is consistently below the average for the UK, which over the same time period had a median gross monthly wage of £2200⁶, and largely negligible changes from the December 2022 figures. Torbay remains among the lowest ranked local authorities by average wage.

Estimates for March 2023 indicate that median monthly pay increased by 6.3% compared with March 2022 and increased by 18.7% when compared with February 2020⁷. This reflects a sharp decrease in median pay in April 2020 but overall wages have returned to their previous trend.

Vacancies

The number of vacancies nationally fell by 49,000 between the September to November 2022 and December 2022 to February 2023 periods. This is the ninth consecutive period of negative growth, with vacancies falling in 13 of 18 sectors, with the majority of industry sectors seeing a fall in their rate of quarterly growth⁸. There are currently 1.105 million job vacancies nationally. In September to November 2022, the number of unemployed people per vacancy was at 1.2, a further increase from the previous edition of this report as the number of vacancies at the national level continues to drop.

Figure 9: UK Vacancies: January to March 2019 to November 2022 to January 2023

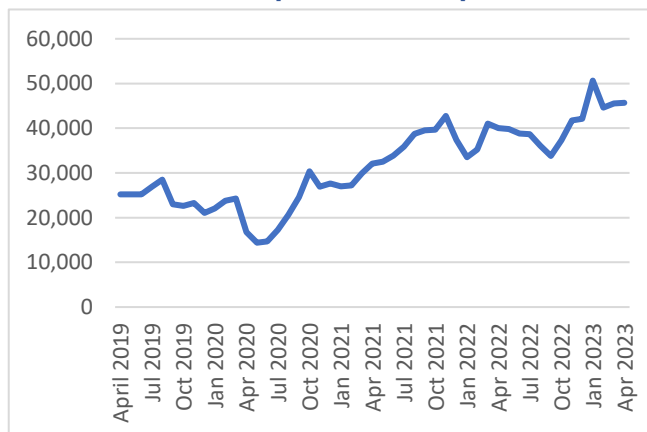


Sources: [ONS Vacancy Survey](#), and [UNEM01 SA: Unemployment by age and duration \(seasonally adjusted\) - ONS](#)

Real-time vacancy information is generated by Lightcast. This source identified 45,658 unique postings assigned to locations within the Heart of the South West LEP area in April 2023.

The number of job postings changes from month-to-month but is 14.0% higher in April 2023 than in April 2022. Local vacancies spiked in January 2023, but have dropped since. Nonetheless, vacancies remain historically high.

Figure 10: Total postings in the Heart of the South West LEP, April 2019 to April 2023



Source: Lightcast

⁶ Earnings and employment from Pay As You Earn Real Time Information, UK: Apr 2023

⁷ [Earnings and employment from Pay As You Earn Real Time Information, UK - Office for National Statistics \(ons.gov.uk\)](#)

⁸ [Vacancies and jobs in the UK - Office for National Statistics \(ons.gov.uk\)](#)

Demand for support workers is consistently high, as is the demand for care and health care workers, as well as nurses, cleaners, and kitchen staff.

Table 2: Top 10 unique postings for the Heart of the South West: April 2021, April 2022 and April 2023

April 2021 (32,072)	April 2022(40,055)	April 2023 (45,658)
Nurses (1908)	Care Workers and Home Carers (2670)	Care Workers and Home Carers (2427)
Care Workers and Home Carers (1815)	Nurses (1929)	Nurses (1600)
Sales Related Occupations n.e.c. (843)	Customer Service Occupations n.e.c. (1209)	Other Administrative Occupations n.e.c. (1493)
Other Administrative Occupations n.e.c. (835)	Kitchen and Catering Assistants (1149)	Sales Related Occupations n.e.c. (1380)
Customer Service Occupations n.e.c. (769)	Other Administrative Occupations n.e.c. (1135)	Kitchen and Catering Assistants (1318)
Programmers and Software Development Professionals (573)	Sales Related Occupations n.e.c. (985)	Cleaners and Domestic (1182)
Van Drivers (556)	Chefs (951)	Customer Service Occupations n.e.c. (1127)
Managers and Proprietors in Other Services n.e.c. (537)	Cleaners and Domestic (795)	Van Drivers (759)
Chartered and Certified Accountants (534)	Programmers and Software Development Professionals (639)	Sales and Retail Assistants (664)
Solicitors (508)	Van Drivers (578)	Chefs (659)

Source: Lightcast

Redundancies

Labour Force Survey data provides valuable coverage of where redundancies are occurring⁹, but this data is unavailable below the region level. Regional data only provides numbers and rates with no further breakdown. Between December 2022 and February 2023:

- The redundancy rate for the South West (1.2) was lower than the national average (3.2), but the South West rate has more than halved while the national rate has dropped by only 0.2 points since the previous quarter¹⁰.
- By industrial sector, the largest numbers of redundancies were in manufacturing. The highest rate was in information and communication (9.0) and administrative and support services (8.0).
- Redundancy rates were highest among those aged 25-34 and 35-49 (3.6). The highest number was among 35–49-year-olds.

Redundancies have dropped away again after a small increase in late 2022. Whether this will hold up as businesses face pressures from high energy costs and cost-of-living challenges is yet to be seen.

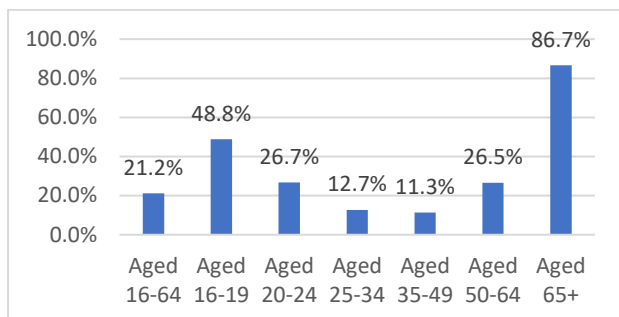
⁹ RED02: Redundancies by age, industry and region - Office for National Statistics (ons.gov.uk)

¹⁰ The redundancy rate is the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, multiplied by 1,000.

Labour Supply

Economic Inactivity

Figure 11 Economic Inactivity Rate by Age, Heart of the South West, January 2022 to December 2022



Source: Annual Population Survey (APS)

The current economic inactivity rate for those aged 16 to 64 in the Heart of the South West is 21.2%, a decrease of 0.4% on the previous year and 0.3% on the previous period (October 2021 to September 2022).

Overall the LEP area saw a 1.7% decrease in economic inactivity in 16 to 64 year olds over the past year. However, this pattern was not consistent: 20- to 24-year-olds saw an increase of 61.5%, a drastic change equivalent to an increase of nearly 10,000 people. All other demographics, including over 65-year-olds, saw decreases in their economic inactivity levels with the largest proportional decreases being among 16 to 19-year-olds (-7.9%) and 25- to 34-year-olds (-6.5%). Compared to the previous year, economic inactivity among 50-64 year olds has decreased, but is still above the 24.1% local level prior to the pandemic. The UK saw a change of 0.1%, too small to be statistically significant. Plymouth saw a 10.7% increase in economic inactivity, a further notable increase compared to the previous edition of this report. The rest of the Heart of the South West, however, saw decreases ranging from -6.4% (Somerset) to -2.8% (Devon). Changes in the number of those who were economically

inactive and did not want a job locally were not statistically significant, but the national level showed a very small increase in this figure.

In the latest three-month period (December 2022 to February 2023) decreases in economic inactivity at the national level were largely driven by people inactive because they are students or aged 16-24 although economic inactivity decreased across all age groups¹¹.

In Employment or Wanting a Job

A comprehensive definition of the workforce includes those employed, the unemployed, and the economically inactive who want a job. Using this definition there were around 841,400 individuals comprising the Heart of the South West labour force between January 2022 and December 2022, made up of the following:

- 568,500 people aged 16 to 64 working full time
- 209,300 people aged 16 to 64 working part time
- 21,700 people aged 16+ who are unemployed
- 41,900 people aged 16 to 64 who are economically inactive but want a job

There are 173,400 economically inactive residents who do not want a job: the number of these who could return to the workforce with support is unclear. An indeterminate number of the 356,700 economically inactive residents aged 65 and over may also want a job.

The labour force in the LEP area saw an increase of 7,600 compared to the previous year, a change of less than 1%.

Unemployment

According to the latest Annual Population Survey 21,600 people aged 16 to 64 were unemployed¹² in the Heart of the South West between January 2022 and December 2022, a negligible change on the previous year. Over half were aged between 25 and 49 (56.0%), approximately a third were

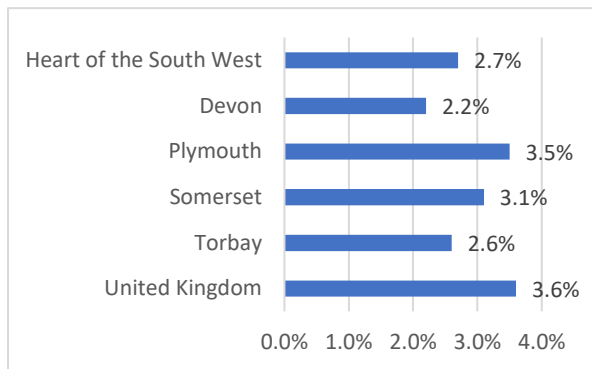
¹¹ [Employment in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹² The [ILO](#) definition of unemployment is that "an unemployed person is a person aged 15 or over: without a job during a given

week; available to start a job within the next two weeks; and actively having sought employment at some time during the last four weeks or having already found a job that starts within the next three months."

aged between 16 and 24 (33.8%), and the smallest group were aged 50 to 64 (10.2%). The LEP area and its county level local authorities have lower unemployment rates than the national average.

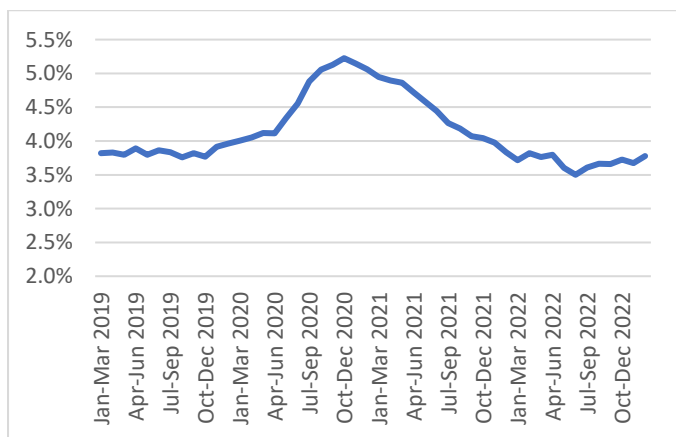
Figure 12 Unemployment rate, aged 16 to 64, January 2022 to December 2022



Source: NOMIS – Annual Population Survey

The most recent LFS data provides the more recent national quarterly figures. The national unemployment rate has risen from its historic low between June and August 2022, but only from 3.5% to 3.8%.

Figure 13 Unemployment rate in the UK; quarterly January 2018 to February 2023



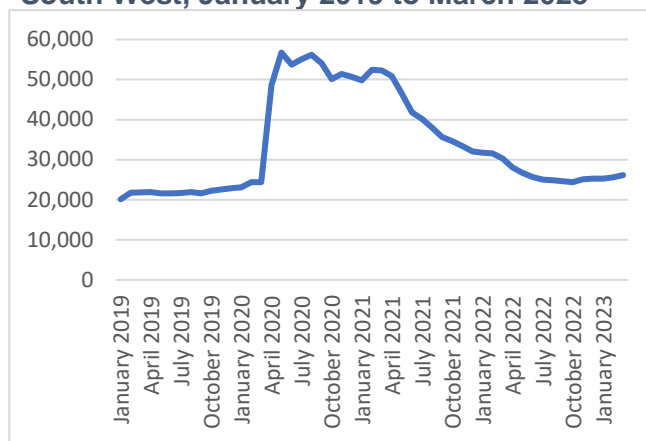
Source: ONS - Summary of labour market statistics

Claimant Count

Many people who are unemployed are eligible for unemployment-related benefits and government support to help them back into work. The claimant count is an administrative count of individuals who are claiming benefits principally as they are unemployed. In March 2023, the claimant count in the Heart of the South West stood at 26,125 people. This remains above the

pre-pandemic level (February 2020, 24,400) (Figure 14).

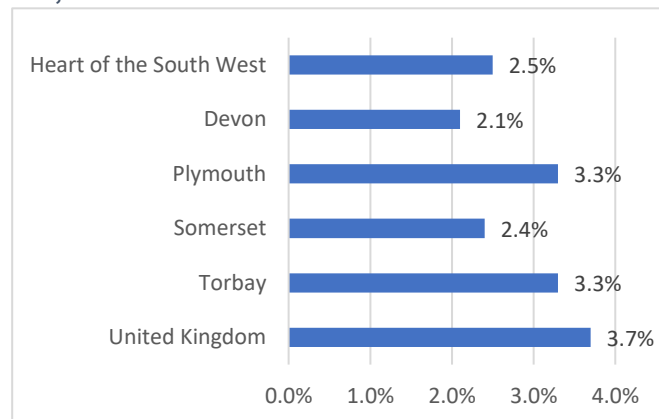
Figure 14 Claimant count – Heart of the South West, January 2019 to March 2023



Source: NOMIS – Claimant Count

The claimant count is also published as a proportion of the resident population aged 16 to 64, producing the claimant rate. In March 2023, the local claimant rate was 2.5%, 1.2 percentage points below the national average of 3.7%, and the same as for December 2022 reported in the previous edition of this report.

Figure 15 Claimant count, Heart of the South West, Upper tier local authorities, and UK, March 2023



Source: NOMIS – Claimant Count

Skills Supply

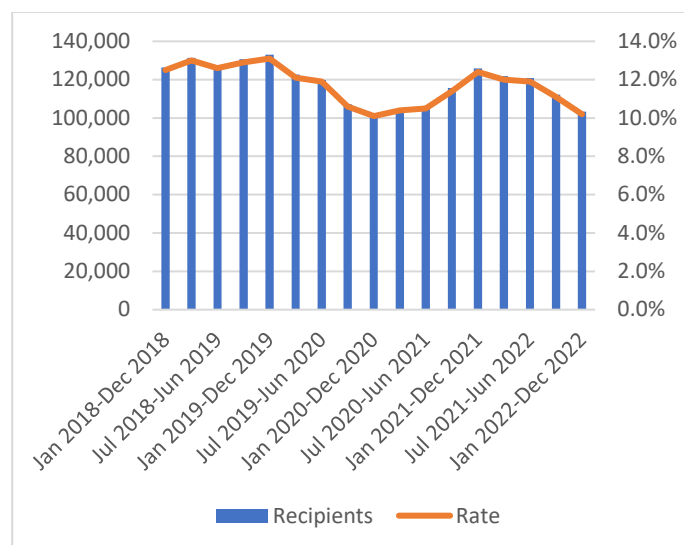
Job-related Training

Skills are not solely developed through the education system: many are learned on the job, and employers train their staff across a variety of skill types from specific technical skills to transferable foundational skills. Employer-provided training is shown to increase productivity and profitability for employers and wage and career prospects for employees, as well as impacts at industry level and wider social benefits¹³. However, access to job-related training differs: constraints such as time, attitude, access and finances apply, as well as differing skill demands by sector. The last two decades have seen a general decline in participation in job-related training, especially among the young, high skilled, and highly educated workforce who historically received more training compared to the rest of the workforce¹⁴.

In the Heart of the South West LEP area, 103,300 workers aged between 16 and 64 had training in the past 4 weeks between January 2022 and December 2022, a rate of 10.2%. This is slightly higher than the national average over this time period of 10.9%, but not statistically significant. A notable dip in training provision was seen during the pandemic (Figure 16): there has been some recovery, but there are already signs of a further downward trend.

When looking at additional factors, those aged between 25 and 64 were slightly less likely (11.6% compared to 11.8%) to receive training, but this was not statistically significant. The difference between training provision for full and part-time workers locally was also not statistically significant. The major difference was between public sector and private services and production. 24% of public sector employees had received job-related training, while this figure dropped to 12.4% for private services, and down to only 7.9% for production.

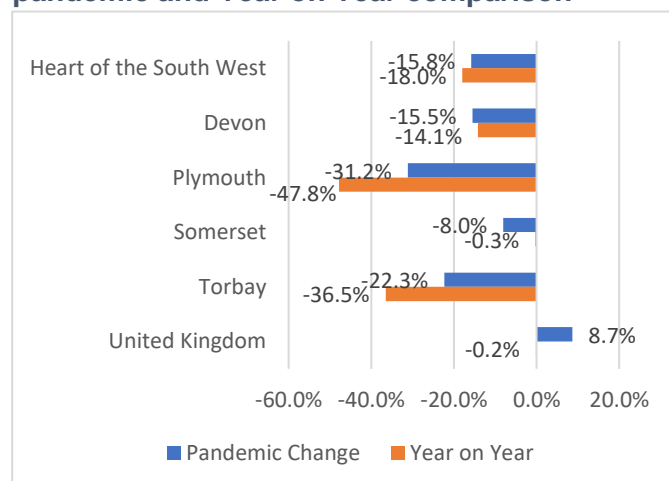
Figure 16 Recipients of job-related training in the previous 4 weeks, Heart of the South West, January 2018 – December 2022



Source: NOMIS - Annual Population Survey

Between 2021 and 2022, the Heart of the South West saw a considerable drop in the number of people who had received training in the past 4 weeks. Training provision has dropped considerably compared to the pandemic and is low compared to the previous year (Figure 17). Plymouth has seen particularly major decreases in provision.

Figure 17 Change in recipients of job-related training, Heart of the South West, Upper tier local authorities, and UK, Pre-pandemic and Year on Year comparison



Source: NOMIS - Annual Population Survey

¹³ [3. Why do enterprises train? | Training in Enterprises : New Evidence from 100 Case Studies | OECD iLibrary \(oecd-ilibrary.org\)](#)

¹⁴ [Centre for Vocational Education Research – Trends in job-related training and policies for building future skills into the recovery \(lse.ac.uk\)](#)

Special Feature: The Skills Imperative 2035

This special feature looks at the University of Warwick's Institute for Employment Research (IER) projections as part of the NFER-led *The Skills Imperative 2035: Essential skills for tomorrow's workforce* research programme. Recently data was released allowing for analysis at the LEP level as well as the national level. Previous projections were published under Working Futures. These projections were developed in 2021/22 on the assumption of continued gradual recovery from the 2008 recession, an orderly departure of the UK from the EU, and understanding the impact of the coronavirus pandemic.

Forecast Assumptions

In order to create the projections the IER produced a range of scenarios. For the local data, only the baseline scenario was used: this assumes that existing technological trends and environmental transitions continue at a similar pace¹⁵. The baseline projections for the Skills Imperative 2035 were developed prior to recent events such as the war in Ukraine and subsequent energy crisis as well as high inflation and increased interest rates that have impacted the cost of living. Nonetheless, the long-term structural trends around demographics, automation and economic change should remain relatively consistent.

There are five kinds of key drivers of change that apply at both the national and the local level. These are:

- Technological change – faster adoption of technology in the workplace, especially automation, AI, and information and communications technology (ICT)
- Competition and changing patterns of consumer demand – these have increased the emphasis on customer handling skills
- Structural changes – these include globalisation, sub-contracting and extension of supply chains, heightening the need for effective management skills at various levels
- Working practices – the introduction of team or cell based production in engineering and call centres in financial services have increased demand for communication and team working skills, while labour markets have generally increased in flexibility
- Regulatory changes – especially important in the public sector, as well as increased concern about environmental issues, making skill demands upon staff for key sectors such as construction and finance

Key context of these projections included the covid-19 pandemic and associated acceleration of trends, the effects of the EU-UK Trade and Cooperation Agreement in the long term (estimated to be a decline in exports of approximately 13%), technological development such as digitisation, automation and AI, climate change and the transition to a greener economy, and changing demographic patterns as the population ages and increasing numbers of women join the workforce.

National Headlines

The headline report features key trends that will affect the national as well as the local picture/ These include¹⁶:

- Brexit and the pandemic caused the economy to contract sharply, but it will recover in the medium term
- Output is projected to grow modestly over the next 15 years, although growth will vary by sector

¹⁵ [The Skills Imperative 2035: Occupational Outlook – Long-run employment prospects for the UK - Working Paper 2: Headline Report \(nfer.ac.uk\)](#)

¹⁶ [The Skills Imperative 2035: Occupational Outlook – Long-run employment prospects for the UK - Working Paper 2: Headline Report \(nfer.ac.uk\)](#)

- There are projected to be 2.6 million new jobs by 2035, the majority of which will be taken by women
- The projections show major changes to the industrial structure of employment, which is increasingly dominated by services
- While the adoption of new technologies will lead to some job losses, there will be many new opportunities too
- Employment in the Health industry is projected to increase the fastest in all scenarios
- Most of the new jobs created by 2035 will be in Professional and Associate professional occupations
- Replacement demand (the need for roles to be replaced with new workers as current occupants leave the workforce) will significantly exceed expansion demand (new roles created by sectoral growth), even in occupations which are expected to decline
- Substantial changes are projected for the detailed occupational structure of employment by 2035

National Trends

Industries

All sectors apart from Primary sector and utilities are projected to grow between 2020 and 2035. Manufacturing and Construction are looking at some major changes nationally over the next 12 years. Manufacturing is expected to see its share of the economy at the national level drop from 7.7% in 2015 and 7.4% in 2020 to 6.1% in 2035. Between 2020 and 20235 this will be a decrease of 249,000 people employed in the sector. Meanwhile Construction is expected to see a change from 6.7% and 6.8% to 7.0% of employment in 2035, a small change in percentage total, but the highest net percentage change in employment with an increase of 12.6% of current employment. Employment in health is projected to increase fastest (+369,000). Food and beverage services and Land transport are also projected to see some of the largest increases in employment. For 2-digit sectors, the largest declines are primarily focused in Manufacturing. This includes Metal products (-41,000) and Other transport equipment (-22,000).

Occupations

The projections suggest that most new jobs created by 2035 will be in Professional and Associate professional occupations. This embodies existing trends in occupational employment that existed prior to the pandemic. The increases in these occupational categories are projected to be partly due to a considerable rise in Health and social care associate professionals (+600,000), but the 2-digit SOC projected to see the largest net increase is Science, research, engineering and technology professionals (+900,000). Administrative and secretarial and Skilled trades occupations are forecast to see the greatest negative net changes (-150,000 and -60,000 respectively). The largest decline for 2 digit SOCs is expected to be Elementary administration and service occupations (-520,000).

However, replacement demand is expected to outstrip new job formation. Professional and Associate professional occupations are projected to have the greatest replacement demand (+42. And +2.4 million). The lowest level of replacement demand is projected to be among Process, plant and machine operatives. All 2 digit SOCs will have replacement demand in excess of their number of jobs lost: one of the largest of these is the replacement demand for 1.36 million for Elementary administration and service occupations, well over twice the decline in employment.

At the national level, the analysis performed by the NFER includes information of the 412 4-digit level SOC groups. Care workers and home carers, Programmers and software development professionals, Higher

level teaching assistants and Nursing auxiliaries and assistants occupations are projected to see the largest growth in raw figures by 2035, while the greatest declines are expected among Receptionists, Personal assistants and other secretaries, Warehouse operatives and Kitchen and catering assistants. Health occupations such as Health associate professionals n.e.c. and Pharmaceutical technicians are expected to see some of the highest percentage based growth rates, as are some green-related occupations such as Conservation professionals. Despite the overall projected increase in Construction employment, skilled trades occupations common to the Construction sector including Floorers and wall tilers, Plumbers and heating and ventilation installers and repairers, Roofers, roof tilers and slaters, Plasterers, Painters and decorators, Stonemasons and related trades and a number of other occupational categories are among the occupations with the fastest rates of decline.

Forecasts for the Heart of the South West LEP

Industries

Construction is projected to see the highest percentage growth in demand across the LEP area (approximately 14,000 additional jobs, a change of 21.8%), as well as having a strong need for replacements: Manufacturing, meanwhile, is expected to see an 11.2% decrease. This reflects the national trends. Both Business and other services and Non-marketed services are expected to see notable increases, with the highest changes in terms of raw numbers. Business and other services is expected to see an increase of 29,000 jobs across the LEP by 2035, equivalent to 13.5%, and Non-marketed services is projected to see growth of 33,000 jobs, equivalent to 14.1%. Health and social work employment is projected to increase fastest (+27,000) followed by Accommodation and food (+14,000). The latter forms 90% of projected growth in Trade, accommodation and transport locally.

Occupations

Professional occupations in the Heart of the South West LEP area are projected to see a net increase in demand of 43,000, almost twice that of the next highest net increase, 24,000 additional jobs in Associate professional occupations. The LEP area is also projected to see a notable increase in employment in Caring, leisure and other service occupations (11,000), but this is not as large as the Professional and Associate professional occupation increases. However, Caring, leisure and service occupations has a replacement demand level of 58.4%, the equivalent of 50,000 jobs and almost five percentage points above the next highest (Associate professionals at 53.5%). Replacement demand is consistently higher than increases or decreases but this particular occupational category is the highest percentage comparatively. The only projected decrease for the LEP area is Administrative and secretarial occupations (-3000, -3.3%).

At the 2-digit SOC level, the highest numerical increase between 2020 and 2035 is projected to be 22,000 additional Science, research, engineering and technology professionals, followed by 17,000 Health and social care associate professionals and 16,000 Elementary trades and related occupations. The change for Science, research, engineering and technology professionals is a net change of 45.1%, but the other largest increases are considerably higher percentages. The increase in Health and social care associate professionals is 95.1%, while the increase in Elementary trades and related occupations is 121.8%. This latter figure, in combination with a replacement demand level of 89.8%, results in a total demand of over 200%. Replacement demand for Health and social care associate professionals is similarly high at 95.3%. The largest decrease mirrors the national trend: Elementary administration and service occupations are projected to see a decrease of 11,000 locally (-15%). The largest percentage decreases in occupations for the Heart of the South West LEP are Community and civil enforcement occupations (-28.9%) and Secretarial and related occupations (-21.9%).

Key Concerns for the Future

Major changes are expected to the overall structure of employment: the projections suggest the services will continue to be increasingly important. This will be especially true for Non-market services due to the greater demand for better-quality education, health and care services. Construction and Trade, accommodation and transport are expected to grow fastest. Professional and associate professional occupations are projected to form the majority of job growth, but replacement demand will far outweigh any other changes.

The number of people holding higher qualifications is projected to rise, especially at the highest level (NVQ7-8 equivalent). Correspondingly, the share of people who are economically active who are considered unqualified is projected to continue to fall. This group is expected to form less than 2.5 percent of the population by 2035. Technological skills will also pose a challenge: the NFER projection suggest that up to two million jobs could be lost due to technological change, and displaced workers are likely to need very different skills for the new jobs created. Workers with low levels of education or in low-skilled or routine task-based roles are at particular risk from automation, but impact is likely at all levels¹⁷.

¹⁷ [The Skills Imperative 2035: what does the literature tell us about essential skills most needed for work? - NFER](#)

Heart of the South West: At a glance

Indicator	Latest		Trend
	Period	Result	Change on previous year
Total in employment, 16+	Jan 2022 - Dec 2022	833,000	3.10%
Employment rate, 16 to 64	Jan 2022 - Dec 2022	76.70%	+0.5pp
Total employees, 16+	Jan 2022 - Dec 2022	679,500	0.70%
Total in self-employment, 16+	Jan 2022 - Dec 2022	151,700	8.40%
Self-employment rate, 16+	Jan 2022 - Dec 2022	18.20%	+1.0pp
In employment, part-time rate, 16 to 64	Jan 2022 - Dec 2022	26.90%	+0.5pp
In employment, private sector, rate	Jan 2022 - Dec 2022	75.70%	-1.5pp
In employment, job related training, rate	Jan 2022 - Dec 2022	10.20%	-2.2pp
With NVQ4+, 16 to 64, rate	Jan 2021 – Dec 2021	37.90%	+1.3pp
Unemployed, 16+	Jan 2022 - Dec 2022	21,700	0.00%
Unemployment rate, 16+	Jan 2022 - Dec 2022	2.50%	-0.1pp
Economically inactive, 16 to 64	Jan 2022 - Dec 2022	215,300	-1.70%
Of whom, wants a job	Jan 2022 - Dec 2022	41,900	-1.7%
Economic inactivity rate, 16 to 64	Jan 2022 - Dec 2022	21.20%	-0.4pp
Claimant Count, 16+	Mar-23	26,125	-13.8%
Claimant rate	Mar-23	2.50%	-0.4pp