

Labour market profile – Malvern Hills

1. Introduction

- 1.1. This profile shows how the labour market is projected to change in Malvern Hills between 2006 and 2020¹. It uses employment projections data produced by Cambridge Econometrics which are based on a public sector austerity scenario. The projections were generated in July 2009 in anticipation of the forthcoming Government spending cuts.
- 1.2. The public sector austerity scenario assumes that public spending will fall year-on-year through to 2013, with the sharpest fall in 2011 (by 2 percent), which will result in employment contracting. It assumes that spending will rise again in 2015/2016 but growth will be modest.
- 1.3. As well as drawing on employment projections produced by Cambridge Econometrics, the paper draws on sub-national population projections produced by the Office for National Statistics and our own projections on qualification levels².
- 1.4. The analysis is focused around three points in time³:
 - **Pre-recession** - 2006 is taken as a snapshot of the labour market before the recession;
 - **Post-recession** - 2010 is taken as a snapshot of the labour market as the recession ended; and
 - **Long-term** - 2020 is taken as a snapshot of the labour market in the future to give an idea of longer term trends.
- 1.5. This paper uses the following indicators to measure labour market supply and demand:
 - Number of jobs in the workplace by occupation;
 - Population change and supply of working age people;
 - Residence employment and worklessness levels;
 - Job density by occupation; and
 - Residence qualification levels.

¹ We have also produced labour market profiles for Local Authorities in the West Midlands and a regional profile which draws together the key findings from these.

² There are no robust projections in place to give an indication of what qualification levels will be in the future. As a proxy measure, we have projected what qualification levels would be if current trends continued. We did this by calculating the average annual rate of change from 2004 to 2009 in the number of people qualified at each NVQ level and applying this to future years. The qualification projections are the least robust as they are based on a fairly short term trend. Also the data was taken from the Annual Population Survey rather than being a count of people with each qualification.

³ The time points we chose were restricted by dates that the projections were available for: 2001, 2006, 2010, 2020, 2026 and 2031.

- 1.6. There are a few caveats to bear in mind. This paper looks at *total employment* in the workplace rather than *new jobs* created. Many of the jobs in the workplace will already be filled by people so the figures don't show which occupations will offer the most new jobs in the future.
- 1.7. Also, the paper does not take into account 'replacement' demand for jobs which arises as people retire from the workforce. Some occupations have an older workforce than others so job opportunities will arise as they replace retiring staff. Therefore, it shouldn't be assumed that occupations with the most employment will have the most new jobs or that replacement demand will be the same across all occupations.
- 1.8. For further information on the methodology used, please refer to the methodology paper.

2. Overview of key issues

2.1. In summary, the key labour market issues for Malvern Hills are as follows:

- There will be 1,800 fewer jobs in Malvern Hills workplace in 2020 than in 2006. Malvern Hills will lose jobs between 2006 and 2010 and gain jobs between 2010 and 2020.
- The working age population in 2020 will be slightly smaller than in 2006.
- The number of jobs per 100 working age residents in 2020 (76) will be similar to 2006 (77). But there still won't be enough jobs to keep all working age people in employment.
- Malvern Hills needed six thousand additional jobs to employ those that wanted to work in 2006 and is projected to need five thousand additional jobs to employ all those that want to work in 2020.
- There will be 400 more workless residents in Malvern Hills in 2020 than in 2006. Malvern Hills' employment rate will fall from 87 percent in 2006 to 85 percent in 2020. Malvern Hills' employment rate (85 percent) will be above the West Midlands average (70 percent).
- The occupational structure of the labour market will change. Higher skilled occupations⁴ will still account for the most employment in 2020 (46 percent compared to 42 percent in 2006), and will gain 500 jobs over 2006 and 2020.
- Skilled trade occupations will lose the most jobs between 2006 and 2020 (-1,300 altogether).

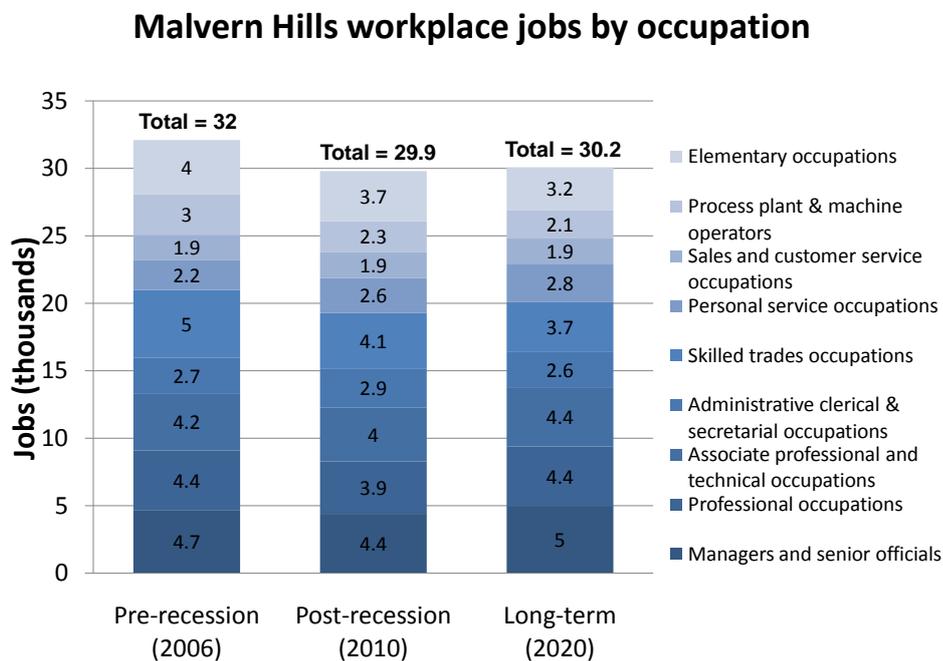
⁴ This includes: managerial and senior professional, professional, and associate professional and technical occupations.

- Personal services occupations will gain the most jobs between 2006 and 2020 (+600 altogether).
- There is a ‘mismatch’ between skills supply and demand. In 2006 there were three thousand more higher skilled residents than higher skilled jobs in Malvern Hills. As the supply of higher skilled residents increases, there will be six thousand more higher skilled people than higher skilled jobs by 2020.
- There were one thousand more unskilled 16-64 year olds in Malvern Hills in 2006 than unskilled jobs. As the number of unskilled 16-64 year olds increases, there will still be 13 thousand more unskilled jobs than unskilled 16-64 year olds in 2020.

3. Fewer jobs in the workplace

3.1. Malvern Hills’ economy will contract slightly between 2006 and 2020 in line with the region. There will be 1,800 fewer workplace jobs in Malvern Hills in 2020 than in 2006 (see Figure 1), these jobs will be lost between 2006 and 2010. Malvern Hills will gain jobs over 2010 and 2020 but not enough to offset the jobs lost between 2010 and 2020.

Figure 1

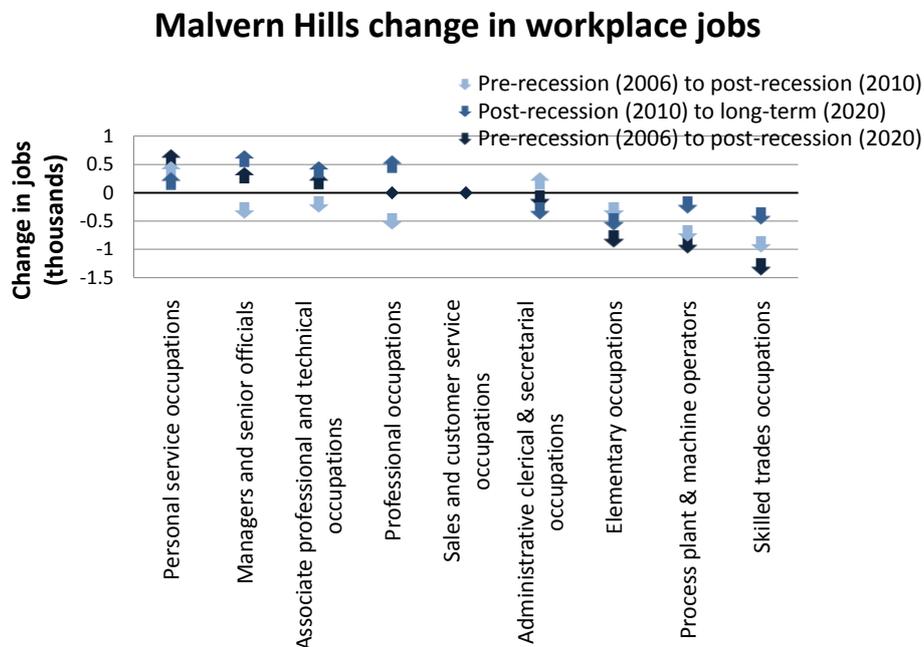


3.2. The loss of workplace jobs between 2006 and 2020 in Malvern Hills will be average compared to other West Midlands’ Local Authorities.

4. Lower skilled occupations most vulnerable to job losses

4.1. As the number of workplace jobs contract, Malvern Hills' occupational structure will change (see Figure 2).

Figure 2



Source: Cambridge Econometrics employment projections – austerity scenario

4.2. In line with the region, skilled trade occupations will be hit the hardest - losing 1,300 jobs in total. The following occupations will also lose jobs over 2006 and 2020: process plant & machine operators (-900 jobs), elementary (-800 jobs) and administrative, clerical & secretarial (-100 jobs). All of these occupations (apart from administrative, clerical and secretarial occupations) will lose jobs between 2006 and 2010 and again between 2010 and 2020.

4.3. In 2020, skilled trade occupations will account for 12.3 percent of employment, elementary occupations will account for 10.6 percent of employment, process plant & machine operators will account for 7 percent of employment and administrative, clerical & secretarial will account for 8.6 percent of employment.

5. Higher skilled occupations more resilient to job losses

5.1. Higher skilled occupations⁵ will be more resilient to job losses. These occupations will offer 500 more jobs in 2020 than in 2006. Managerial and senior official and associate professional and technical occupations will lose jobs between 2006 and 2010, but these losses will be offset by jobs gained between 2010 and 2020. Professional occupations will lose the same number of jobs between 2006 and 2010 as those

⁵ This includes: managers and senior officials, associate professionals and technical staff and professionals.

gained between 2010 and 2020, so will offer the same number of jobs in 2020 as in 2006.

- 5.2. This is similar to the regional trend except that professional occupations will offer fewer jobs in 2020 than in 2006.
- 5.3. Overall, this will mean that higher skilled occupations will account for a larger share of employment in Malvern Hills in 2020 (46 percent) than in 2006 (42 percent).

6. Personal service occupations will expand the most

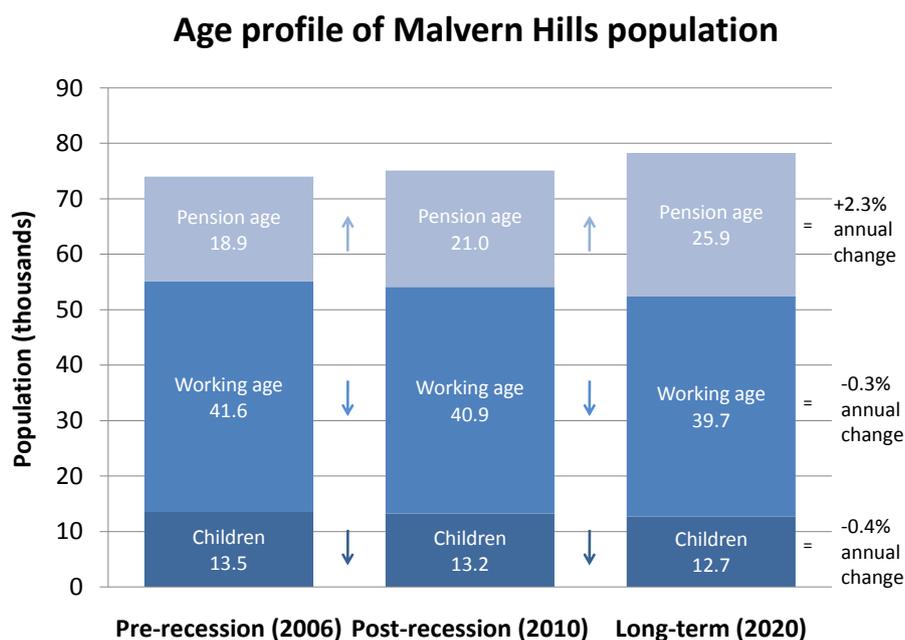
- 6.1. Personal service occupations⁶ will gain the most workplace jobs over 2006 and 2020, resulting in 600 new jobs being created (400 jobs between 2006 and 2010, and 200 between 2010 and 2020). By 2020 personal service occupations will account for 9.3 percent of Malvern Hills employment – three percentage points more than in 2006.
- 6.2. Sales and customer services will offer the same number of jobs in 2020 as in 2006.
- 6.3. These trends are similar to the region except administration, clerical and secretarial occupations will gain jobs in the region between 2006 and 2020.

7. Population profile

- 7.1. Malvern Hills population is projected to grow between 2006 and 2020 (see Figure 3). This growth will be driven by more people migrating into the area than out of it. As the existing working age population ages, the pension age population will increase whilst the working age population will decrease. The number of children will decrease as the death rate exceeds the birth rate.
- 7.2. Overall, working age people will account for a smaller proportion of the population in 2020 (51%) than in 2006 (56%). Overall annual population growth between 2006 and 2020 is projected to be average compared to other West Midlands' authorities.

⁶ Personal service occupations includes the following jobs: nursery nurses and assistants, childminders and related occupations, play workers, teaching assistants, educational support assistants, veterinary nurses, pest control officers, animal care services, nursing auxiliaries and assistants, ambulance staff, dental nurses, houseparents and residential wardens, care workers and home carers, senior care workers, care escorts, undertakers, mortuary and crematorium assistants

Figure 3



Source: ONS 2006 mid-year estimates, ONS 2008-based sub-national population projections

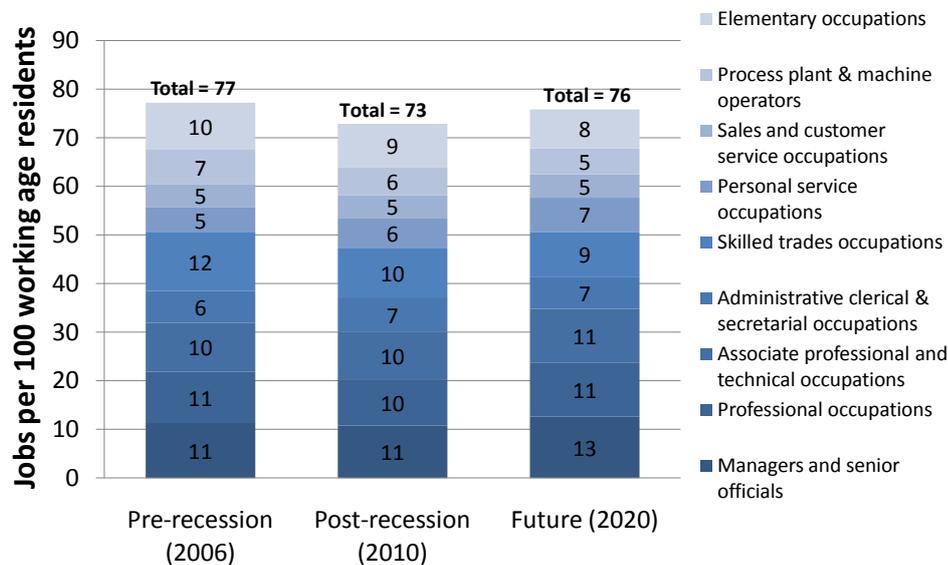
8. Enough jobs to keep people employed?

- 8.1. If the projections are correct, the number of available jobs and working age population in Malvern Hills will contract slightly between 2006 and 2020. This means that job availability will be similar in 2020 to 2006.
- 8.2. Figure 4 shows there still won't be enough jobs for all working age people to enter employment in Malvern Hills by 2020 (76 per 100 working age people in 2020). This will be one job less per 100 working age people than in 2006. This issue will be further exacerbated by an increase in the state pension age. As people work for longer, fewer opportunities will arise from replacement demand (created when people retire).
- 8.3. Although, Malvern Hills residents can commute to other areas for work, the lack of available jobs is clearly a barrier to addressing economic inactivity. In 2009, 19.8 percent of Malvern Hills residents aged 16-64 were economically inactive⁷, which was below the UK average (23.5 percent).

⁷ This group includes people that are not in employment, and are either not seeking work or not available to start work.

Figure 4

Malvern Hills' jobs per 100 working age residents



Source: Cambridge Econometrics employment projections – austerity scenario, ONS 2006 mid-year estimates, ONS 2008-based sub-national population projections

- 8.4. This issue is further exacerbated by there not being enough jobs to keep working age people employed in the region. For example, in 2006 there were only 81 workplace jobs for every 100 working age people in the West Midlands. This means that if all working age people wanted a job in the region, they would have to work outside of the West Midlands.
- 8.5. Compared to other Local Authorities, Malvern Hills job density per 100 working age residents will improve from twelfth lowest in 2006 to close to middle place in 2020.

9. Fewer jobs will be available in a number of occupations

- 9.1. Figure 4 shows that the following occupations will lose jobs per 100 working age people between 2006 and 2020: skilled trades (-3 jobs), process plant & machine operators (-2 jobs) and elementary (-2 jobs).
- 9.2. The following occupations will gain jobs per 100 working age people over 2006 and 2020: managerial and senior official (+1 job), professional (+1 job), associate professional and technical (+1 job), and personal services (+2 jobs). The number of jobs per 100 working age in administrative, clerical & secretarial and sales and customer services occupations will be the same in 2020 as in 2006.

10. Over a third of jobs will be in higher skilled occupations

- 10.1. Higher skilled occupations will offer the most jobs per 100 working age people in 2020 as in 2006. These occupations (managerial and senior official, professional, and associate professional and technical) will provide 35 jobs per 100 working age people in 2020. This is three more than in 2006 (32 jobs per 100 working age people).

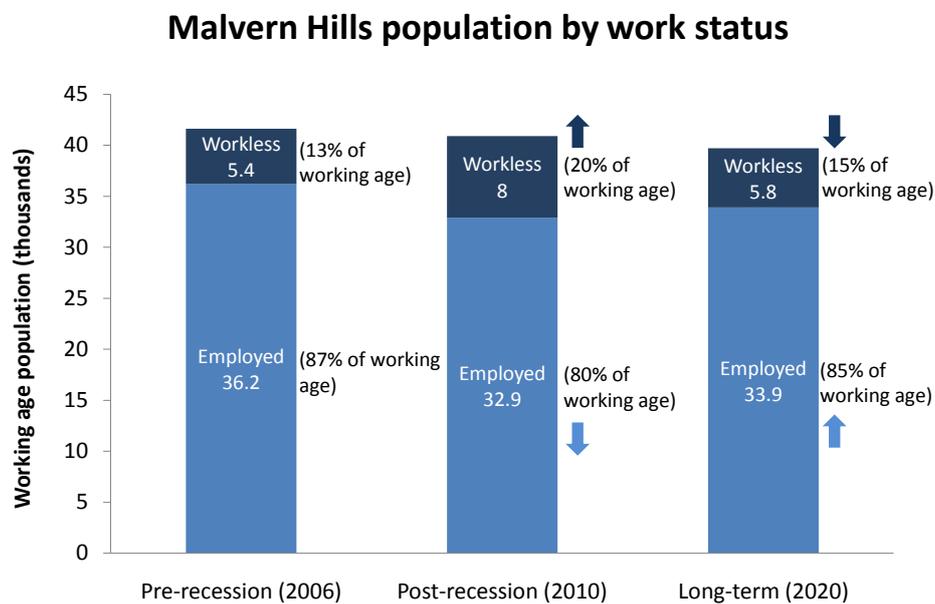
10.2. In contrast, sales and customer services occupations and process plant & machine operators will offer the least jobs per 100 working age people in 2020 (5 jobs per 100 working age people).

11. The employment rate will fall

11.1. As workplace jobs in Malvern Hills contract over 2006 and 2020, the employment rate is projected to fall from 87 percent in 2006 to 85 percent in 2020 (see Figure 5).

11.2. This will mean there will be slightly more workless residents⁸ in 2020 (+400) than in 2006.

Figure 5



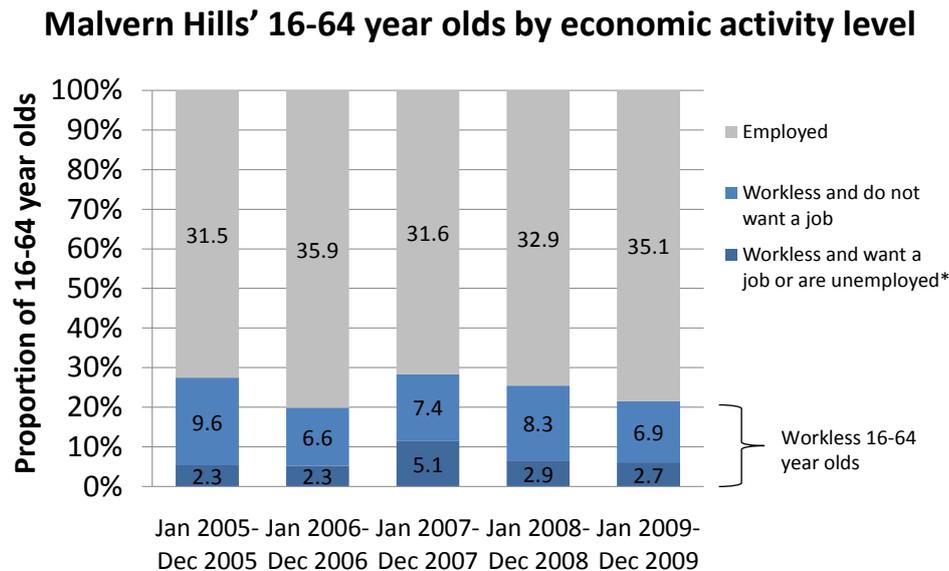
Source: Cambridge Econometrics residence based employment projections, ONS 2006 mid year estimates, ONS 2008 based sub-national population projections

⁸ We have adopted the broadest definition of worklessness, which includes anyone not holding a job. This does not distinguish between those that want to work and those that don't want to work.

12. Although not all those without work require a job

12.1. For context, Figure 6 distinguishes between the proportion of 16-64 year olds that were workless and wanted to work⁹ (6 percent) in 2009 and those that were workless but didn't want to work¹⁰ (15 percent). This shows that although 21 percent of 16-64 year olds were workless, only 6 percent of 16-64 year olds didn't have a job but wanted one.

Figure 6



*The 2006 figure is not available so the 2005 figure has been used as a substitute. The 2009 figure is not available either so the 2008 figure has been used as a substitute.

Source: Annual Population Survey

13. A significant number of jobs still need to be created

13.1. If this split between workless people in terms of those that do and don't want to work is applied to the 2020 projection, the oversupply of labour is less than first anticipated, but remains significant. This shows there were two thousand workless people that wanted to work in 2006 remaining the same by 2020.

13.2. This means that Malvern Hills needed six thousand additional jobs to employ all of the people that wanted to work in 2006¹¹. Malvern Hills is projected to need five thousand additional jobs to employ all people that want to work in 2020.

⁹ This includes people that are economically active but don't have a job, and those that are economically inactive but want a job.

¹⁰ This includes people that are not seeking work, and those that are unavailable to start work and don't want to work.

¹¹ This figure doesn't take into account people filling jobs from outside of Malvern Hills. It just compares the number of jobs available in the workplace to the number of working age people that want to work. People that want to work are defined as those that are economically active and those that are economically inactive but want a job.

13.3. There are a number of reasons for people not wanting to enter into the labour market and people can contribute to the labour market without entering paid employment. For example, those caring for young children are raising the future workforce for the economy, but are classed as workless. Also, those in training are developing their skills to enable them to enter into the labour market in the future, but are also classed as workless. In addition, those who cannot enter work because they are: caring for elderly or disabled relatives, or are ill are classed as workless. Therefore, it is unlikely that we would ever reach a point where all working age people wanted a job.

14. Qualification levels are improving

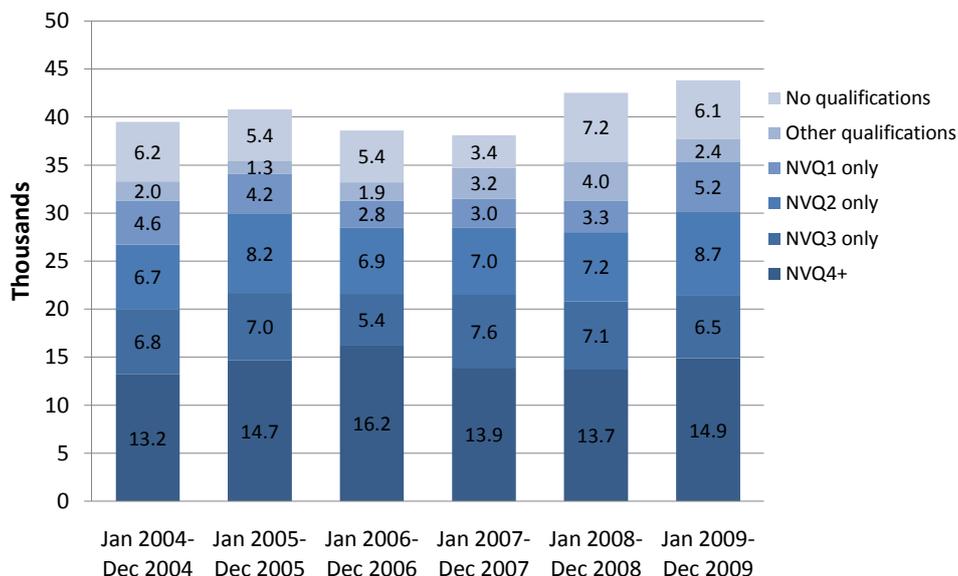
14.1. Figure 7 shows trends in the highest qualification held by Malvern Hills residents aged 16-64¹². We deem those without qualifications to be unskilled and those qualified to NVQ level 4+ to have higher skill levels.

14.2. Figure 7 indicates that the number of 16-64 year olds without qualifications living in Malvern Hills decreased slightly over 2004 to 2009. Malvern Hills rate of residents aged 16-64 without qualifications in 2009 (13.6 percent) was below the West Midlands average (16.2 percent).

14.3. The number of residents qualified to NVQ level 4+ increased in Malvern Hills over this period. In 2009 the proportion of residents aged 16-64 qualified to NVQ level 4+ in Malvern Hills (33.4 percent) was above the West Midlands average (24.8 percent).

Figure 7

Malvern Hills 16-64 population by highest qualification held



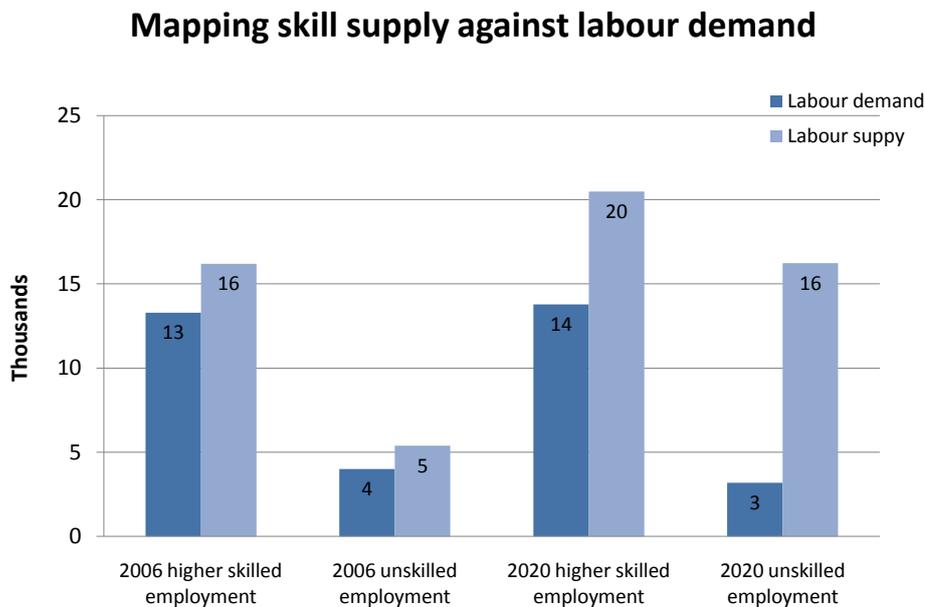
Source: Annual Population Survey

¹² This data is only available for the 16-64 age group. Elsewhere in the report we define working age as men aged 16-64 and women aged 16-59.

15. There is a 'mismatch' between skills supply and demand

15.1. Figure 8 shows the skills supply in Malvern Hills in 2006 compared to skills demand. It also shows how skills supply and demand will compare in 2020 *if* current trends in qualification levels continue¹³.

Figure 8



Source: Cambridge Econometrics employment projections and Annual Population Survey – residence based

15.2. Figure 8 shows that there were slightly more higher skilled residents in Malvern Hills in 2006 than higher skilled jobs. This suggests that people commuted out of Malvern Hills for work.

15.3. In 2006, there were also more unskilled people than unskilled jobs in Malvern Hills. The lack of unskilled jobs is further exacerbated by skilled people filling some of the unskilled jobs. Given the choice, employers may decide to employ a skilled person over an unskilled person for an unskilled job. This is problematic as it indicates there are not enough entry level jobs to enable unskilled people to engage with the labour market.

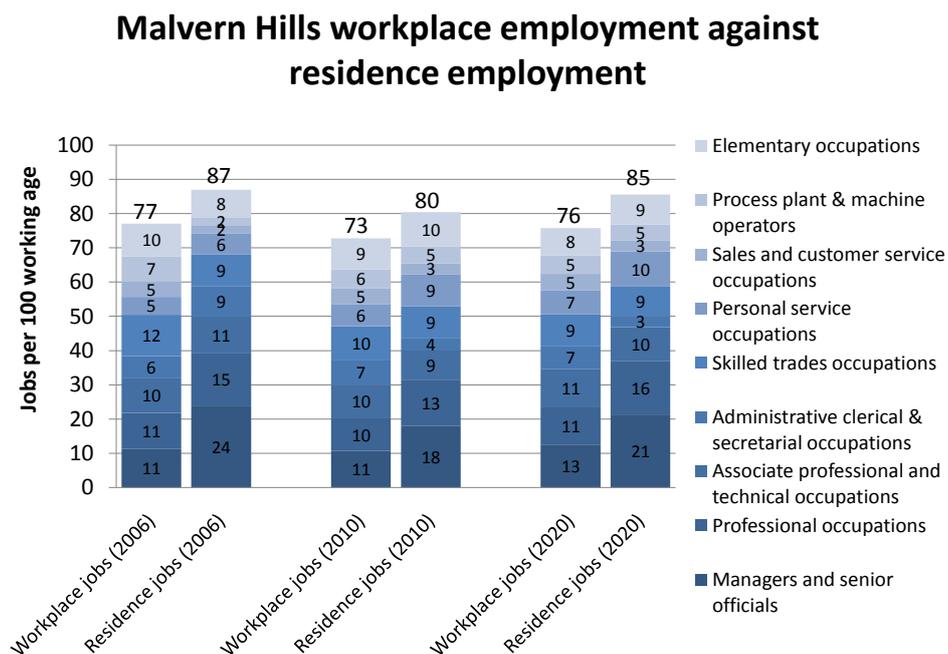
15.4. If current trends continue, by 2020 there will be even more higher skilled residents than higher skilled jobs available. There will also be far more 16-64 year olds with no qualifications than unskilled jobs.

¹³ This Figure is an approximation. The data was calculated by applying the average annual rate of change at each qualification level (over 2004 to 2009) to future years. Therefore it does not take into account population projections.

16. Skills imported from other areas

- 16.1. Figure 9 shows which jobs were on offer in the workplace in 2006 by occupation per 100 working age residents, compared to the jobs held per 100 working age residents living in Malvern Hills. It also looks at how this will change up to 2020. This helps to indicate where skills mismatches are and will occur.
- 16.2. Figure 9 shows there were more residents employed¹⁴ in the following occupations in 2006 than workplace jobs available: managerial and senior official, professional, associate professional and technical occupations, administrative, clerical and secretarial, and personal services occupations. This indicates that residents commuted to other areas to work in these occupations.
- 16.3. In all other occupations there were more workplace jobs than residents employed in them (skilled trades (+3 jobs), sales and customer services (+2 jobs), process plant & machine operators (+5 jobs) and elementary occupations (+1 job)). This indicates that people commuted into Malvern Hills to fill these jobs.

Figure 9



Source: Cambridge Econometrics, Office for National Statistics

- 16.4. By 2020, residents will commute for work in the following occupations: managerial and senior official, professional, personal services and elementary. Commuting will be highest for managerial and senior official occupations, there will 13 workplace jobs available in these occupations per 100 working age residents and 21 residents employed in them.

¹⁴ It is important to note that this doesn't necessarily mean local residents filled all of the other jobs available in the local labour market. The residence based data doesn't record which area the resident is working in, just the area that they live in. Therefore, residents may still be commuting to other areas for employment.

16.5. The following occupations will have more workplace jobs per 100 working age residents than residents employed in them: associate professional and technical, administrative, clerical & secretarial, and sales and customer services. Administrative, clerical and secretarial will have the most extra workplace jobs (+3 jobs per 100 working age). The number of people employed in skilled trades and process plant and machine operator occupations will match the number of jobs available.

17. Conclusions

17.1. Overall workplace employment levels and the working age population will fall slightly in Malvern Hills. This will mean that job availability in 2020 will be similar to 2006. But by 2020 there still won't be enough jobs available for all working age people.

17.2. The occupational structure of the labour market will shift. The following occupations will gain jobs: personal services, managerial and senior official, and associate professional and technical occupations. Job levels in professional and sales and occupations will be the same in 2020 as in 2006. All other occupations will contract, with skilled trades losing the most jobs. Higher skilled occupations will offer the most employment.

17.3. There is a mismatch between the supply and demand of skills in Malvern Hills labour market. Malvern Hills has too many higher skilled and unskilled residents for the jobs available in the workplace.

17.4. The number of higher skilled residents in Malvern Hills is increasing, and by 2020 there will be even more higher skilled residents than higher skilled roles. The number of unskilled people is also projected to increase whilst the number of unskilled jobs will decrease.

17.5. Employment levels in 2020 will be slightly lower than in 2006 and worklessness is expected to increase slightly in Malvern Hills.