TEES VALLEY COMBINED AUTHORITY | TEES VALLEY MAYOR

# LOCAL SKILLS REPORT
# TEES VALLEY ANNEXES
## CORE INDICATORS AND ADDITIONAL DATA
## MARCH 2021

**Annex A - Core indicators**

**LOCAL CONTEXT**

**Local Context - Summary**

- Tees Valley is a predominantly urban area, covering five distinct town centres, with a wide range of extensive development sites, opportunities and financial incentives including **the single biggest development opportunity in the UK in the form of the Mayoral South Tees Development Corporation – Teesworks,** together with three Enterprise Zones offering Business Rate Relief.

- In addition to ranking as one of the most deprived parts of the country, Tees Valley has a highly polarised distribution of deprivation. **It ranks as the second most deprived Local Enterprise Partnership (LEP) area in England with all five Tees Valley districts ranking in the most deprived 15% of local authorities nationally.**

- **The Tees Valley total resident population stood at 675,900 in 2019 – the smallest Combined Authority in terms of total population numbers.** However, in terms of the wider economic catchment area population, around three million people live within an hour's drive of Tees Valley.

- **The area has a relatively aged population profile and, as with many other areas, an ageing population,** with slow population growth over recent years, below national increases, along with significant out migration of working age people.

- Tees Valley has significant sectoral strength and relatively high employment in higher productivity sectors such as **Chemical & Process**, **Clean Energy**, **Low Carbon & Hydrogen** and **Advanced Manufacturing**. **Construction** sub-sectors including civil engineering and specialised construction together with Logistics sub-sectors such as road freight transport are also well represented**. Health and Social Care, Retail and Education are** also some of the largest sectors for employment in Tees Valley.

- Tees Valley consistently has a **lower than average job density with a higher than average number of residents unemployed and Economically Inactive**, in particular those who are long term sick.

- Employment in several Tees Valley key sectors has risen since the SEP baseline of 2014, including **Biologics**, **Digital**, **Logistics**, **Creative, Culture and Leisure** and **Professional and Business Services**.

- Youth unemployment is an issue with a higher than average number of 16-24-year olds unemployed and claiming benefits. In addition, a **high number of 16-17-year olds are NEET** (Not in Education, Employment or Training).

- Private sector employment has dropped by more than national for the last 2 years, with overall employment in several of Tees Valley's key sectors falling over the last year, including **Chemical and Process**, **Health and Social Care**, **Advanced Manufacturing** and **Clean Energy Low Carbon.**

- The Covid-19 pandemic has exacerbated Tees Valley's underlying economic weaknesses, particularly relating to the area's labour market and relative lack of jobs. Additionally, Tees Valley has consistently recorded some of the highest economic inactivity and unemployment rates in the country. However, economic output per job is closer to national averages and above the North of England average, demonstrating that there are well paid and productive jobs in the region with the opportunity for further growth.

- **Wages are lower than average**, which although may attract investors to the region discourages workers from remaining in the area. The amount of disposable income available to Tees Valley households is much lower than national despite a recent rise.

- Gross Value Added (GVA) per hour worked was £31.8 in 2018, **third highest of all North of England LEPs** and at 90.9% of the UK rate, far closer to the national average than the GVA per capita measure (71.5% of UK rate). However, whilst there are many high-skilled jobs in the area, there are also a relatively high proportion of low skilled jobs with a low percentage of residents employed in high value occupations compared to the national average, impacting on the area's productivity.

- The number of business enterprises located in Tees Valley stood at 17,610 in mid-March 2020. This total represents 63.7% of the UK rate for enterprises per resident adults aged 16+.

**Employment by sector**
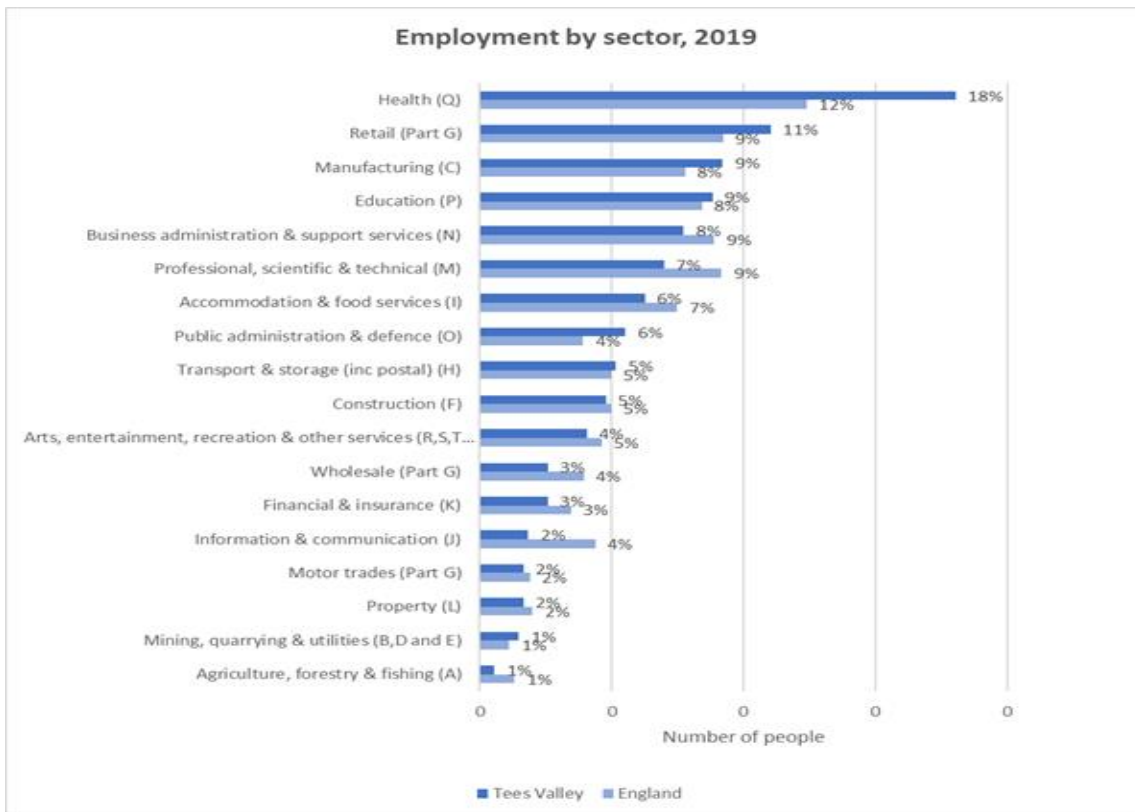


*Source: Business Register and Employment Survey, 2019 (published 2020), 2020 SAP boundaries*

Health was the largest sector for employment in Tees Valley with around 49,000 people employed in businesses in Tees Valley in 2019, 18% of all Tees Valley employment compared to 13% nationally and the highest of any Skills Advisory Panel (SAP) area.

This was followed by 11% of employment in the Retail sector (30,000 employed), compared to 9% nationally and ranked 4th out of 36 SAP areas.

9% of employment was in Manufacturing (25,000 employed) compared to 8% nationally and 16th place when compared to all 36 SAP areas.

A quarter of employment in Middlesbrough (25%) was in the Health sector, the third highest of all local authorities, this was followed by 20% of employment in Darlington, 16% in Hartlepool, 15% in Redcar and Cleveland and 13% in Stockton-on-Tees.

15% of employment in Redcar and Cleveland was in the Retail sector, followed by 13% in Hartlepool and 10% in Darlington, Middlesbrough and Stockton-on-Tees.

Employment in the Manufacturing sector was highest in Stockton-on-Tees at 13%, followed by Redcar and Cleveland at 12%, Hartlepool at 11% whilst 6% of employment in Darlington was in Manufacturing and 5% in Middlesbrough.

Tees Valley Combined Authority have identified ten key sectors in the Tees Valley, which are:

Advanced Manufacturing; Bioscience; Chemical and Process; Clean Energy, Low Carbon and Hydrogen; Construction; Creative, Culture and Leisure; Digital; Health and Social Care; Logistics; and Professional and Business Services.

Employment in several Tees Valley key sectors has risen since the Strategic Economic Plan (SEP) baseline of 2014, including Biologics, Digital, Logistics, Creative, Culture and Leisure and Professional and Business Services.

Tees Valley has a sectoral strength in Chemical and Process with a Location Quotient (LQ) of 2.3[1]. This means that the proportion of total employment accounted for by Chemical and Process sector employment in Tees Valley is over twice (2.3 times) that observed nationally. However, this sector has seen a fall in jobs over the last five years compared to a rise nationally.

Tees Valley also has a higher LQ in Health and Social Care (1.3), Advanced Manufacturing (1.2), Other Public Services (1.2), Clean Energy Low Carbon (1.1) and Other Private Services (1.1).

High levels of employment already concentrated in the Health & Social Care sector puts Tees Valley in the best possible position to grow this sector further. This sector is seeing the greatest number of new vacancies following the Covid-19 pandemic and is now expected to be the fastest growing sector across the country.

Tees Valley has a greater number of sector strengths across non-service sectors that have been more resilient to the impact of Covid-19. These include Chemical and Process and Clean Energy, Low Carbon and Hydrogen.

The Covid-19 pandemic has resulted in increased digitalisation, both within businesses and households. New technologies can boost productivity, create jobs, and encourage innovation and idea sharing and with the underlying digital skills and infrastructure in place, the Tees Valley could benefit from this shift. A shift to ecommerce has also resulted in an increased demand for logistics companies to provide warehouse and delivery services, with requirements for shorter delivery times resulting in a rise in demand for local logistics warehouses. There could be significant opportunities if the Tees Valley workforce is able to meet these demands.

Whilst retail employment fell only marginally in high street areas between 2015 and 2018, it increased by nearly 1,000 (over 5% up) in non-high street areas. The Covid-19 pandemic has accelerated this trend with ever increasing amounts of retail business being undertaken digitally.

Overall employment in high streets was decreasing in Tees Valley before the Covid-19 pandemic. This is being driven by falls in services sector employment other than Retail or Accommodation & Food Services. However, both Retail and Accommodation & Food Services have been two of the worst affected sectors during the Covid-19 pandemic.

Several towns within Tees Valley are set to benefit from funding from the Governments towns funds and town deal settlements.

Darlington have been awarded £22.3m of regeneration funding through the Governments Town Fund. The funding will be used to complement, and extend, regeneration schemes in the town centre including the areas around the rail station and the cattle market.

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[1] Tees Valley Economic Assessment 2020

Middlesbrough stands to benefit from a Town Deal settlement and, coupled with its own capital investment programme, aims to transform the commercial mix of its urban economy, creating a new business destination and enabling the attraction and retention of increasingly skilled employment.

The Town Investment Plan for Redcar contains several proposals which it is proposed will be delivered through the Government's Towns Fund and which will help to drive economic growth in the town. The plan will be submitted to government in January 2021. In December 2020 Redcar and Cleveland Borough Council received a provisional funding offer of £5.8m from the Governments Future High Streets Fund. The funding will transform the Loftus area of the borough into a modern market town providing facilities and attractions for residents and a memorable destination for visitors.

In December 2020 Stockton Borough Council also received a provisional funding offer of £16.5m from the governments Future High Street Fund as well as submitting its first stage application into the Government's Towns Fund for Thornaby.

### Employment by occupation
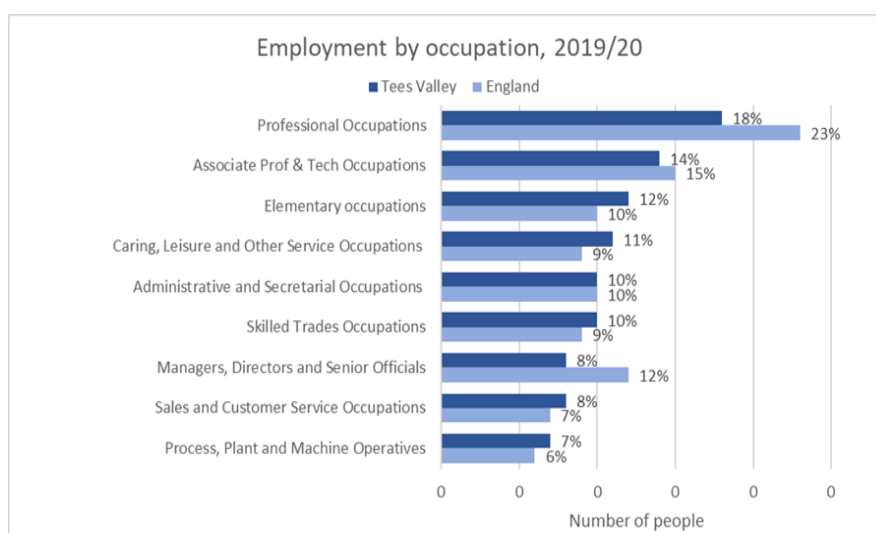


*Source: Annual Population Survey, October 2019 – September 2020, 2020 SAP boundaries*

The largest occupation group for employment in Tees Valley in 2020 was Professional Occupations with 18% employed (53,200), lower than the 23% observed nationally and the 5th lowest percentage of all SAP areas. This was followed by Associate Professional and Technical Occupations with 14% employed (41,400), however this was lower than the national figure (15%).

Employment in Elementary occupations was higher in Tees Valley at 12% (36,300) compared to 10% nationally (ranked 2nd out of 36 SAP areas) and for Caring, Leisure and Other Service Occupations at 11% (32,100) compared to 9% nationally and the second highest of all SAP areas.

Employment was also higher for Skilled Trade Occupations at 10% (29,800) compared to 9% nationally, Sales and Customer Service Occupations at 8% (24,400) compared to 7% nationally and Process, Plant and Machine Operatives at 7% (21,600) compared to 6% nationally.

Employment in Managers, Directors and Senior Officials Occupations was lower in Tees Valley at 7% (21,600) compared to 12% nationally and the second lowest percentage of all SAPs.

Tees Valley has a lower percentage of high skill jobs[2] than nationally at 41% of all jobs compared to 50% nationally.

A large proportion of those in Skilled Trades Occupations and Process, Plant and Machine Operatives were estimated to have been furloughed during the Covid-19 pandemic and redundancies are expected to be above average for these occupations.

**Enterprises by size**
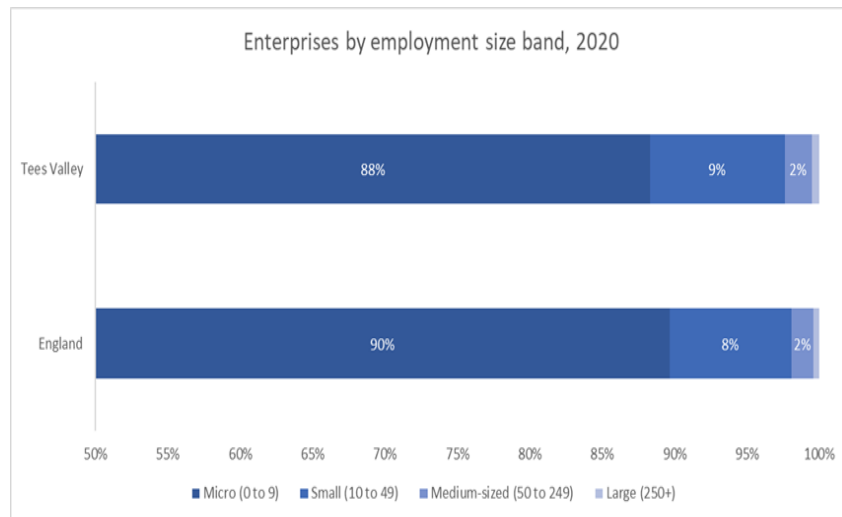


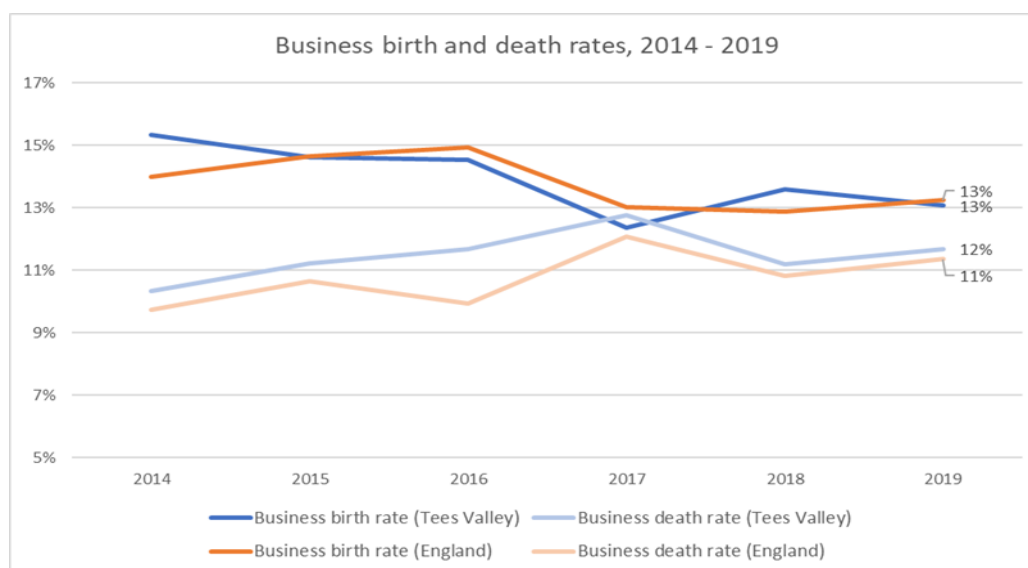*Source: UK Business Counts, 2020, 2020 SAP boundaries*

The number of business enterprises located in Tees Valley stood at 17,610 in mid-March 2020. This total represents 63.7% of the UK rate for enterprises per resident adults aged 16+. Tees Valley has the smallest number of enterprises of all SAPs. The number of Tees Valley business enterprises increased by 1,110 between 2015 and 2020, an increase of 6.7%. However, this rate of growth was a little slower than for the UK resulting in Tees Valley business density falling from 65.5% of the national rate in 2015 and the business gap increasing from 7,700 to 10,000 over this time. Business density remains a key challenge for Tees Valley going forwards. However, with historical sectoral strength in those sectors where fewer but larger firms tended to predominate e.g. traditional heavy industry, the ongoing diversification of the economy can only help to close the present enterprise gap.

88% (15,550) of Tees Valley enterprises are Micro, compared to 90% nationally and 9% (1,640) of Tees Valley enterprises are Small, compared to 8% nationally.

2% (330) of enterprises in Tees Valley are Medium-sized, matching the national figure. There are 90 Large enterprises in Tees Valley (250+ employees) accounting for 0.5% of all enterprises, compared to 0.4% nationally.

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[2] High Skill jobs defined as Managers, Directors and Senior Officials, Professional Occupations and Associate Professional and Technical Occupations.

**Births and deaths of enterprises over time**



Business birth and death rates, 2014 - 2019

Business birth rate (Tees Valley)  Business death rate (Tees Valley)
Business birth rate (England)  Business death rate (England)

*Source: ONS Business Demography, 2014 – 2019 (published 2020), 2020 SAP boundaries*

The business birth rate in Tees Valley was 13% in 2019, up from a low of 12% in 2017, however this figure is lower than the 14% observed in 2018. This matches the national figure.

The business death rate in Tees Valley was 12% in 2019, up from 11% in 2018 and from a low of 10% in 2014. This compares to a rate of 11% nationally.

Middlesbrough saw the highest business birth rate of the Tees Valley local authorities in 2019 at 15%, followed by Darlington and Stockton-on-Tees at 13%, Hartlepool at 12% and Redcar and Cleveland at 11% whilst the business death rate was lowest in Redcar and Cleveland and Stockton-on-Tees at 11%, followed by Darlington, Hartlepool and Middlesbrough at a rate of 12%.

Business birth and death rates in Tees Valley are broadly in line with national rates, however if rates are calculated using resident adult population instead of existing business stock, as for business density, then birth and death rates come in at only around two-thirds of UK rates. This, combined with business survival generally around national rates, indicates that the Tees Valley has relatively low levels of business churn and a stagnant business base.

The Tees Valley Economic Assessment 2020 contains detailed analysis on business survival rates in Tees Valley.

Smaller businesses are more likely to close as a result of the Covid-19 pandemic, however Tees Valley has relatively high concentrations of larger organisations, both public and private, which has protected the local business base with a focus on sustainable businesses with growth potential.

**Employment level and rate over time**
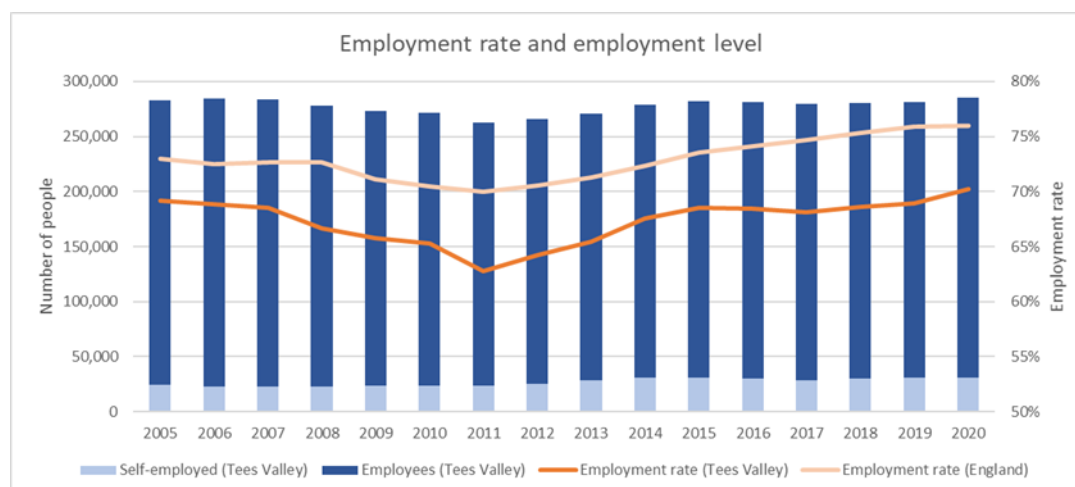


Employment rate and employment level

The employment rate in Tees Valley in 2020 was 70%, up 1.3 percentage points compared to the previous year from 69% in 2019. This compares to an employment rate of 76% nationally and a rise of 0.1 percentage points over the last year.

Whilst lower than the national rate, employment rates in Tees Valley followed national trends and fell from 69% in 2007 to 64% in 2012 before rising steadily to 2016 when there was a slight 0.1 drop followed by a 0.3 drop in 2017.

When comparing the Tees Valley local authorities, the employment rate is highest in Stockton-on-Tees at 75% followed by Darlington at 74%. The employment rate is lowest in Middlesbrough at 64%.

The proportion of people who were employees in Tees Valley in 2020 was 62% whilst 8% of people were self-employed.

Of the Tees Valley Local Authorities, self-employment was highest in Darlington, Redcar and Cleveland and Stockton-on-Tees at 8%, whilst self-employment was at 7% Hartlepool and Middlesbrough.

Tees Valley has some of the country's highest economic inactivity rates – closely correlated with relatively low levels of health and well-being and high unemployment rates when compared to other areas.  25.4% of the working age population in Tees Valley were economically inactive in June 2020 compared to 20.3% nationally. 27% of the inactive population were long-term sick compared to 23% nationally and 3.1% temporarily sick compared to 1.8% nationally.

The Covid-19 pandemic has exacerbated Tees Valley's underlying economic weaknesses, particularly relating to the area's labour market and relative lack of jobs.

**Nominal (smoothed) GVA over time**
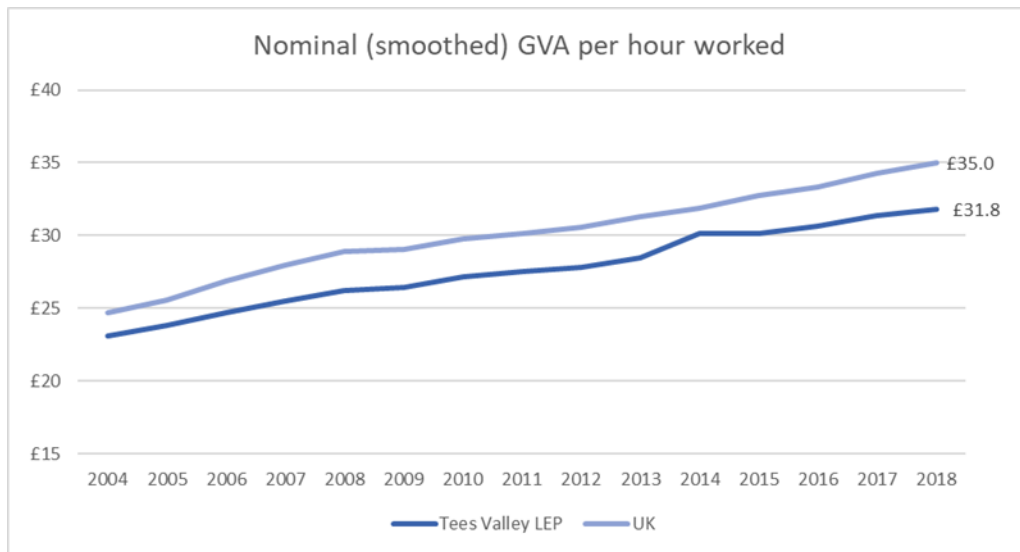


*Source: ONS Sub regional Productivity, 2004 – 2018 (published 2020), 2018 LEP/MCA boundaries*

Over the last year, GVA per hour worked in Tees Valley has risen £0.5 from £31.3 in 2017 to £31.8 in 2018, compared to a £0.7 rise nationally.

Following national trends, GVA per hour worked has risen steadily year on year from £23.1 in 2004 to £31.8 in 2018, however there was an increase of £1.77 in 2014 followed by no change in 2015. GVA per hour worked in Tees Valley was 90.9% of the UK rate in 2018 and ranks in the mid-point of all SAP areas (18/38).

In 2018 Gross Disposable Household Income (GDHI) per head in Tees Valley was £16,619, compared to £21,609 nationally. Over the last 5 years GDHI has risen by 14% in Tees Valley from £14,623 in 2013 to £16,619 in 2018, compared to a 17% rise nationally.

Wages are lower than average, which although may attract investors to the region discourages workers from remaining in the area. The amount of disposable income available to Tees Valley households is much lower than national despite a recent rise. However, as the cost of living is also low this also improves the quality of life.

Tees Valley has significant sectoral strength and relatively high employment in higher productivity sectors such as Chemical & Process, Clean Energy, Low Carbon & Hydrogen and Advanced Manufacturing.

**Median wages over time (residents and workplace)**



Median gross weekly wage for full-time workers
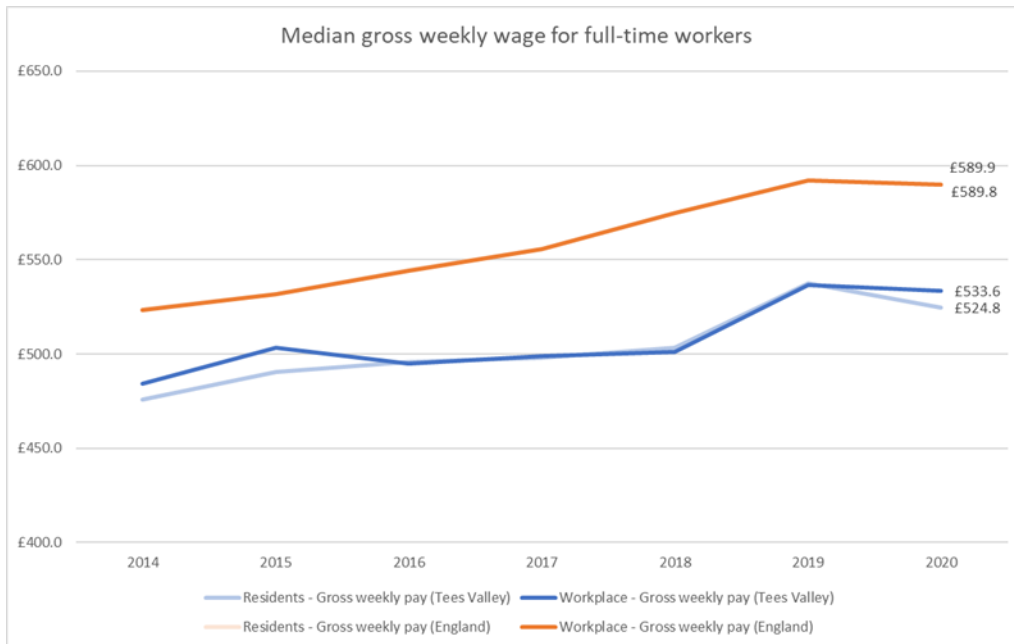
*Source: Annual Survey of Hours and Earnings, 2014 – 2020, 2019 LEP boundaries*

The median gross weekly wage for full-time workers for Tees Valley residents in 2020 was £524.8, compared to £589.8 nationally. There has been a 2% decrease over the last year, from £537.5 in 2019 (down £12.7), compared to a 0.4% decrease nationally and a 10% increase since 2014, from £475.9 (up £48.9), compared to a 13% increase nationally.
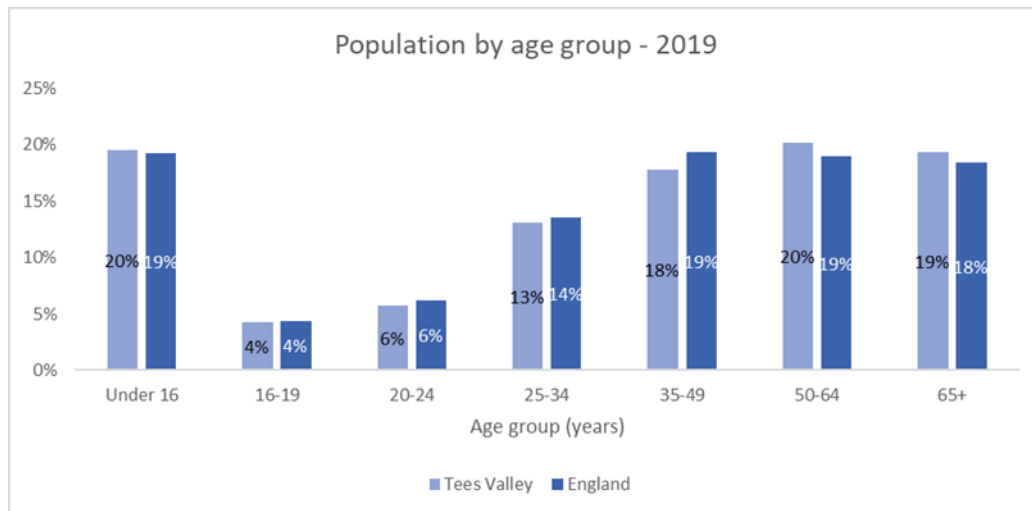
Stockton-on-Tees residents have the highest weekly full-time earnings in the Tees Valley at £558.6 per week, followed by Hartlepool at £550.1 per week and Middlesbrough at £517.5 per week. Darlington residents have the lowest weekly earnings at £488.9 followed by Redcar and Cleveland at £502.9.

The median gross weekly workplace wage for full-time workers based in Tees Valley in 2020 was £533.6, compared to £589.9 nationally. There has been a 1% decrease over the last year, from £536.7 in 2019 (down £3.1), compared to a 0.4% decrease nationally and a 10% increase since 2014 from £484.2 (£49.4 extra), compared to a 13% rise nationally.

There is no difference in the median wages for residents and those working in the local area both locally and nationally.

The Tees Valley can be defined as a functional economic area with close to 9 in 10 local jobs filled by Tees Valley residents and similarly close to 9 in 10 local residents employed within Tees Valley i.e. relatively small and balanced levels of in and out-commuting.

**Population by age group over time**



Population by age group - 2019

| | Under 16 | 16-19 | 20-24 | 25-34 | 35-49 | 50-64 | 65+ |
|---|---|---|---|---|---|---|---|
| Tees Valley | 20% | 4% | 6% | 13% | 18% | 20% | 19% |
| England | 19% | 4% | 6% | 14% | 19% | 19% | 18% |

■ Tees Valley  ■ England

61% of the adult population in Tees Valley in 2019 were aged between 16 and 64, with 19% aged 65 and over. This compares to 62% aged between 16 and 64 and 18% aged 65 and over nationally.

When compared to other SAP areas, Tees Valley had the 6th lowest total adult population. Tees Valley ranked 20th when looking at the percentage of the population aged between 16 and 64.

Middlesbrough had the youngest population of all five Tees Valley local authorities with 63% of residents aged between 16 and 64 followed by Stockton-on-Tees with 62%.

Redcar and Cleveland had the largest percentage of population aged 65 and over at 23% followed by Darlington with 21%.

61% of Hartlepool's adult population were aged between 16 and 64 and 19% were aged 65 and over.

An ageing workforce is contributing towards potential skills shortages, and gaps that employers cannot fill, particularly in key sectors.

The 18-29-year-old population in Tees Valley is projected to continue its decrease until 2026, potentially resulting in a smaller higher education cohort.

**Claimant count and alternative claimant count over time**



Claimant Count & Alternative Claimant Count - Tees Valley



Claimant Count & Alternative Claimant Count - England
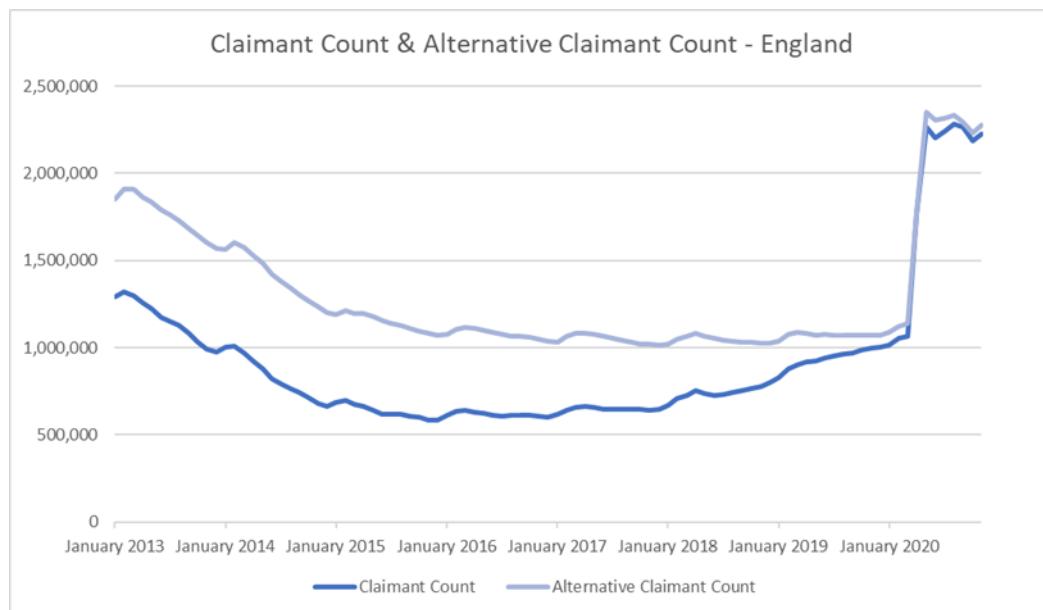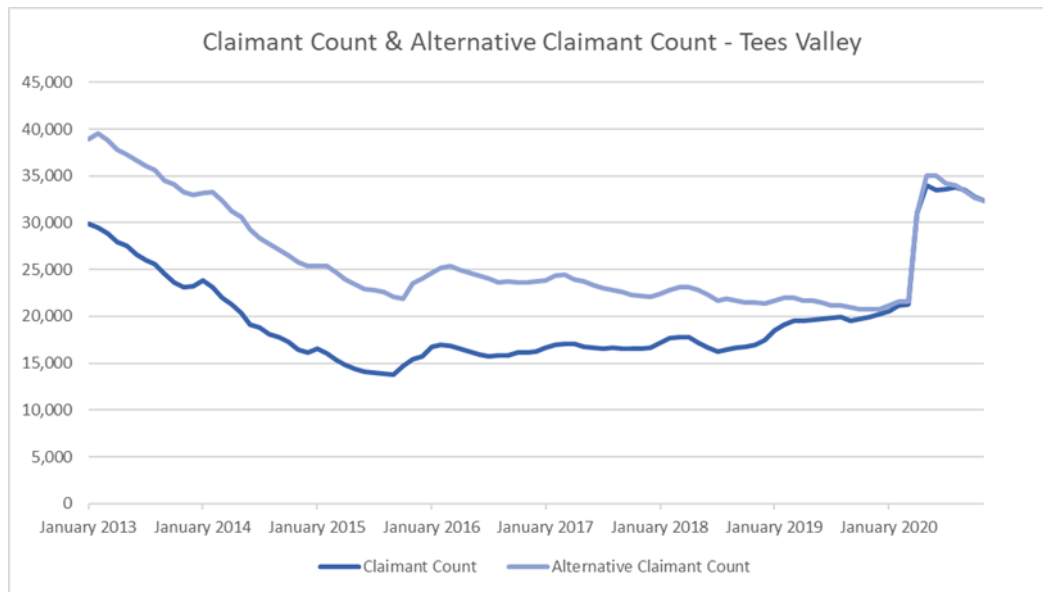
*Source: ONS claimant count & DWP Stat Xplore, January 2013 – November 2020, 2020 SAP boundaries*

The number of people claiming unemployment benefits in Tees Valley in November 2020 was 32,314, 7.8% of the working age population compared to 6.5% nationally. This rises to 9.7% for 16-24-year-old residents compared to 7.1% nationally.

Compared to November 2019 the number of people claiming unemployment benefits has risen by 11,591, with the rate increasing 2.8 percentage points from 5.0% in November 2019, compared to a rise of 3.4 nationally. This rise can be attributed to the effects of Covid-19 pandemic with unprecedented levels of demand for unemployment benefits.

The percentage of working age population claiming unemployment benefits in Middlesbrough was 10.3%, this has risen 4 percentage points from 6.3% in November 2019.

In October 2015 the SSI Steelworks in Redcar and Cleveland closed resulting in the loss of around 4,000 jobs at SSI and across associated suppliers and contactors; a rise in the number of people claiming unemployment benefits can be seen following this in 2016.

Unemployment has risen significantly because of the Covid-19 pandemic, particularly amongst men, the young and those working in certain industry sectors such as accommodation and food, manufacturing, retail, tourism and culture. This exacerbates a situation in which unemployment levels in the Tees Valley were already much higher than national.  However, despite the recent rise in unemployment due to the Covid-19 pandemic, unemployment has fallen by more than the national average over the past 5 years.

The Covid-19 pandemic has created unprecedented levels of unemployment, and although the number of job vacancies appears to have recovered, the competition for these roles will be high.

**Proportion of LSOAs in most deprived 10% nationally (income, employment, education)**
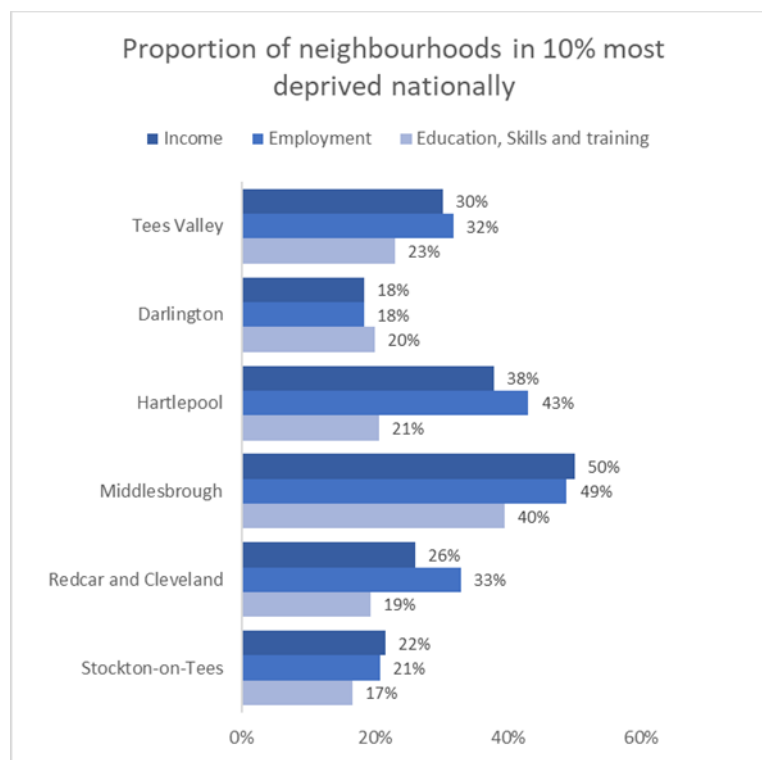


*Source:  Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP Boundaries*

When compared to other SAP areas Tees Valley has the second highest proportion of Lower Super Output Areas (LSOAs) in the most deprived 10% for several domains including Income, Employment and Education, Skills and Training.

30% of LSOAs in Tees Valley are in the most deprived 10% nationally for Income.

Middlesbrough ranks most deprived of all 317 Local Authority areas for Income with 50% of LSOAs in the most deprived 10% nationally, this is followed by Hartlepool which ranks 7th most deprived with 38% of LSOAs in the most deprived 10% nationally.

26% of LSOAs in Redcar and Cleveland were in the 10% most deprived nationally for Income, compared to 22% of Stockton-on-Tees' and 18% of Darlington's.

32% of LSOAs in Tees Valley are in the most deprived 10% nationally for Employment.

Middlesbrough is the second most deprived Local Authority for Employment with 49% of LSOAs in the most deprived 10% nationally, this is followed by Hartlepool which ranks 5th most deprived with 43% of LSOAs in the most deprived 10%.

33% of LSOAs in Redcar and Cleveland were in the 10% most deprived nationally for Employment, compared to 21% of Stockton-on-Tees' and 18% of Darlington's.

23% of LSOAs in Tees Valley are in the most deprived 10% nationally for Education, Skills and Training.

Middlesbrough is the third most deprived local authority for Education, Skills and Training with 40% of LSOAs in the most deprived 10% nationally.

21% of Hartlepool LSOAs are in the 10% most deprived nationally for Education, Skills and Training, compared to 20% of Darlington's, 19% of Redcar and Cleveland and 17% of Stockton-on-Tees'.

**SKILLS SUPPLY**

**Skills Supply – Summary**

- Tees Valley has five general Further Education (FE) Colleges situated in each of the towns of Darlington, Hartlepool, Middlesbrough, Redcar and Stockton (Stockton and Redcar are part of the Education Training Collective), as well as one specialist college (The Northern School of Art), **all of which are rated as either Good or Outstanding by Ofsted**.   There are also five sixth form colleges along with several schools that contain a sixth form college.

- In recent years, a number of Tees Valley providers have been **piloting T Level courses** with various employers. From September 2021, **Middlesbrough College** will be offering T Level courses in digital, engineering, science, healthcare, childcare and construction, and from September 2022, T Level courses will also be offered by **Darlington College** and the **Education Training Collective**.

- Other specialist provision in Tees Valley is delivered through the **North East - Institute of Technology**, with **Middlesbrough College** a key provider. One of only 15 such specialist centres planned across the country, the Institute delivers quality higher-level technical training in subjects such as digital, advanced manufacturing, and construction from Level 3 to Level 6 and works in close collaboration with anchor employer partners.

- Other specialist provision is delivered through the **Teesside University College Partnership** where a wide range of L4+ provision is offered by **Darlington College** and the **Education Training Collective**, including in engineering, construction, digital, health and other priority sectors.

- Tees Valley has **good quality Post 16 skills provision** with overall achievement and pass rates for 16-18-year olds at Tees Valley FE+ colleges higher than national. The Further Education (FE) Colleges also offer a range of Access to Higher Education (HE) provision.

- **Teesside University** is described as the UK's leading higher education institution for working with business and received the Queen's Anniversary Prize for work at world-class level in the field of enterprise and business engagement.

- The **University of Durham, Middlesbrough College** and **The Northern School of Art** have been awarded a **Gold standard Teaching Excellence Framework** after a rigorous review of higher education standards judged that they provide teaching of the highest quality in the UK.

- **Participation in Higher Education (HE) is above average**, and **top subjects for participation support key sector strengths**.  However, it's worth noting that postgraduate participation and achievement is lower than national.

- In academic year 2019/20, Tees Valley has received **approximately £28million of devolved Adult Education Budget (AEB) funds** for Tees Valley leaners and are currently funding 31 main providers and 23 subcontractors; including Further Education and Sixth Form Colleges, Local Authorities and Independent Training Providers.

- Tees Valley has maximised its allocation of **£84.5m of European Social Fund (ESF)** and currently has a number of projects delivering skills support programmes across Tees Valley.

- **The Covid-19 pandemic has resulted in an increased requirement for health care workers; however, the Health Care sector has seen the largest fall in Tees Valley graduate qualifications over the past year**.  This fall may be reflective of the removal of the nursing bursary in 2017, after which nursing enrolments dropped and consequently qualifications in nursing are now reflecting this drop.

- The percentage of graduates in employment 15 months after graduating matches the national. However **graduate retention is an issue**, with only 41% of Tees Valley graduates finding employment within the Tees Valley 15 months after graduating.  Over a quarter of graduates

(28%) were working in non-graduate roles, potentially displacing those with lower level skills into unemployment.

- Tees Valley has a **higher percentage of 16-34-year-old residents starting an apprenticeship than nationally and apprenticeship achievement rates are consistently higher than national.** However, starts have fallen by 23% over the last year compared to an 18% drop nationally, with the Covid-pandemic impacting heavily on apprenticeships. **Apprenticeship starts are almost half what they were three years ago** (47% lower) compared to a 35% drop nationally.

- The number of Tees Valley residents with **higher level skills is below national average** and Tees Valley has a **higher than average number of residents with no qualifications**, which although has seen a drop over the last year, has risen in general over the past 5 years.

**Highest qualification level of people aged 16-64**



Qualifications of people aged 16-64, 2019
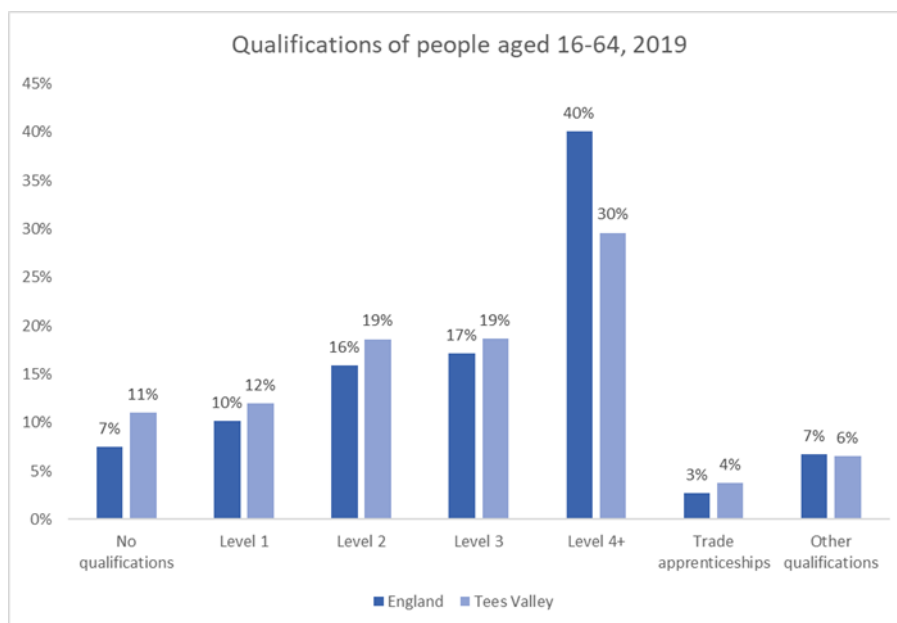
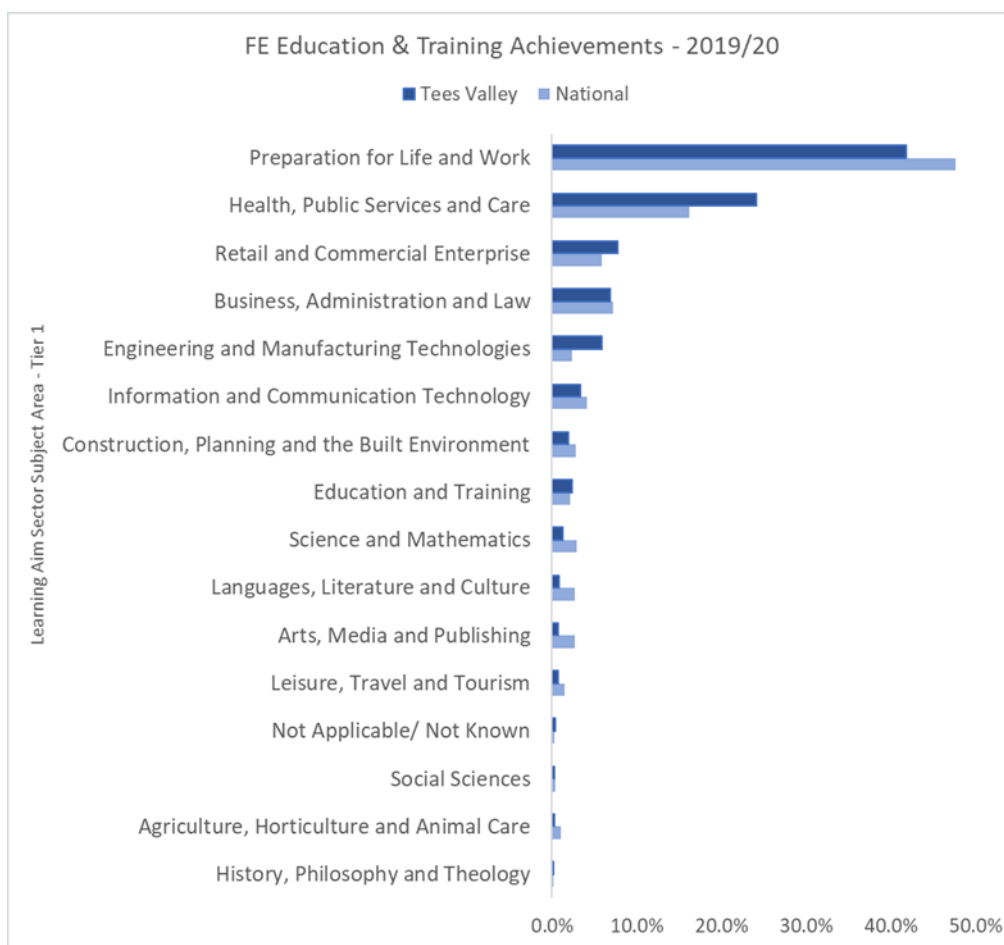*Source: ONS Annual Population Survey January 2019 - December 2020*

The number of Tees Valley residents with higher level skills is below national average and Tees Valley has a higher than average number of residents with no qualifications, which although has seen a drop over the last year, has risen in general over the past 5 years.

29.6% of 16-64-year olds Tees Valley residents are qualified to at least a level 4, compared to 40% nationally, the second lowest of any SAP area, with Greater Lincolnshire the lowest SAP area at 29.5%.

The rates differ by Local Authority with residents of Stockton-on-Tees highest at 34.1% at Redcar and Cleveland the lowest at 26.2%.

11% of Tees Valley residents have no qualifications, compared to 7% nationally, the second highest of any SAP area, with West Midlands higher at 11.3%.

**Adult FE Education & Training achievements by sector subject area**



FE Education & Training Achievements - 2019/20
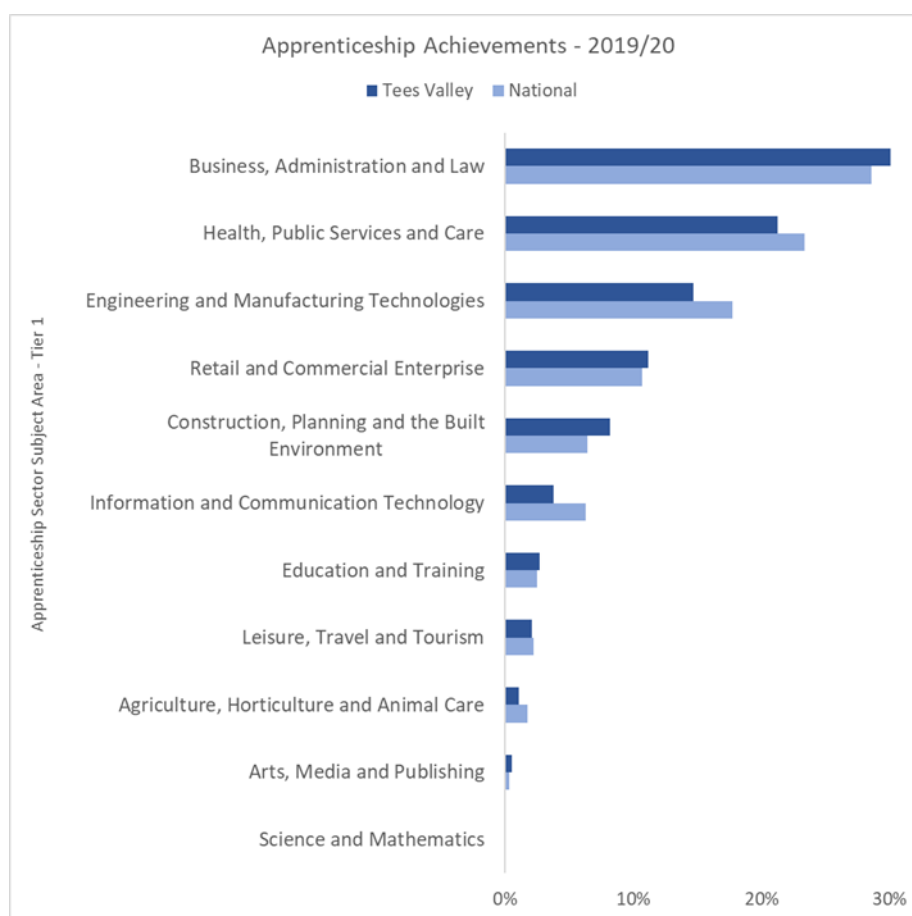■ Tees Valley ■ National

41.8% of all FE achievements are in the sector subject area of 'Preparation for Life and Work', compared to 47.6% nationally.

24.1% of all achievements gained by Tees Valley residents are in Health, Public, Service and Care, compared to 16.2% nationally. Health Care is one of the priority sectors in Tees Valley, with high levels of employment.

Tees Valley also has a higher percentage of achievements than national in Engineering and Manufacturing Technologies (5.9% compared to 2.4%), and Retail and Commercial Enterprise (7.8% compared to 5.9%).

However, achievements are lower than national in a number of subjects, in particular Arts, Media and Publishing (0.7% compared to 2.7%), Languages, Literature and Culture (0.9% compared to 2.7%) and Science and Mathematics (1.3% compared to 2.9%).

**Apprenticeship achievements by subject area**



Apprenticeship Achievements - 2019/20

■ Tees Valley  ■ National

*Source: DfE Localism Dashboard 2019/20 apprenticeship achievements*

Tees Valley has a higher percentage of 16-34-year-old residents starting an apprenticeship than nationally and apprenticeship achievement rates are consistently higher than the national. average. However, apprenticeship starts have fallen by 23% over the last year compared to an 18% drop nationally, with the Covid-pandemic impacting heavily on apprenticeships.  Apprenticeship starts are almost half what they were three years ago (47% lower) compared to a 35% drop nationally.

34.2% of apprenticeships achieved by Tees Valley residents are in Business, Administration and Law, compared to 28.6% nationally.

Tees Valley also has a higher percentage of apprenticeship achievement than national in Construction, Planning and the Built Environment at 8.2% compared to 6.4%, another of the Tees Valley's priority sectors.

The percentage of residents achieving apprenticeships in Health, Social Services and Care is slightly lower than the national at 21.3% compared to 23.3%.

The Tees Valley also has a lower percentage of residents achieving apprenticeships in Engineering and Manufacturing Technologies at 14.7% compared to 17.7% and Information and Communication Technologies at 3.8% compared to 6.3%.

**HE qualifiers by sector subject area**
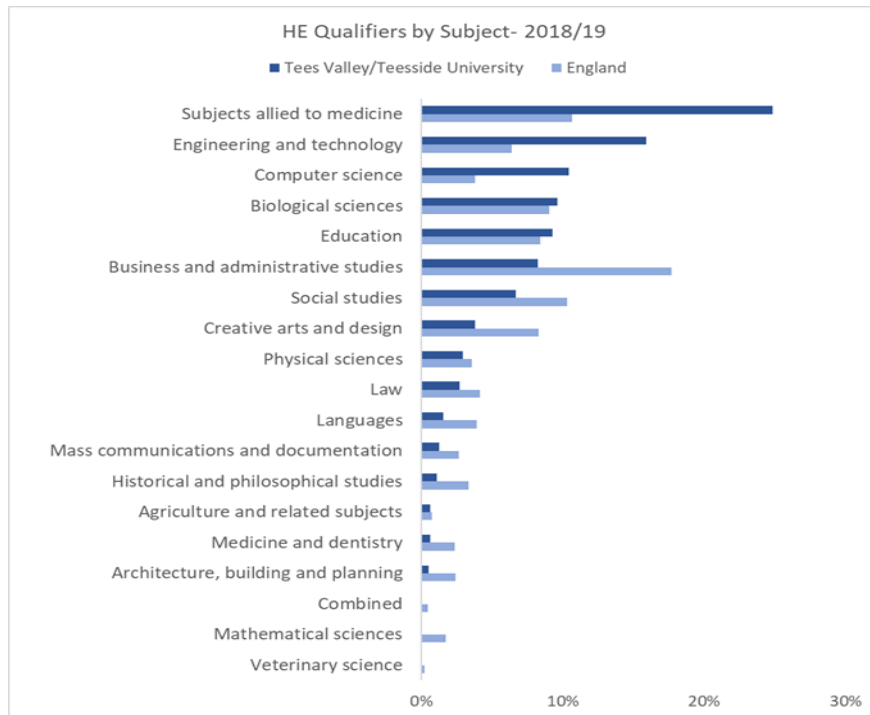


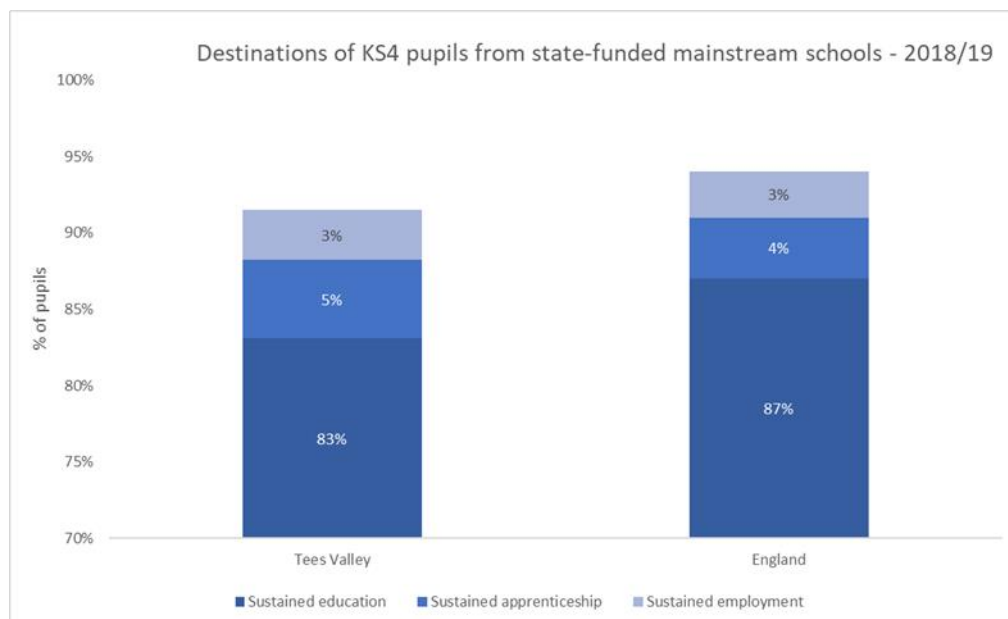*Source: HESA, 2018/2019 qualifiers (published 2020)*

Data has been provided for HE undertaken in Tees Valley only, and therefore data relates to qualifications obtained at Teesside University. Detailed analysis on all HE qualifications obtained by Tees Valley residents can be found here, of which 48% obtain their qualification from Teesside University and 70% from universities in the North East region.

A quarter of all qualifications obtained at Teesside University were in Subjects Allied to Medicine, compared to 11% nationally. Tees Valley also has strengths in Engineering and Technology with 16% of all qualifications being in this area, compared to 6% nationally, along with Computer Science with 10% of all qualifications, compared to 4% nationally.

Tees Valley's strengths in Subjects Allied to Medicine, Engineering and Technology and Computer Science align with our key sectors of Health Care, Advanced Manufacturing and Digital. However, Tees Valley is lower than national for the percentage of students obtaining HE qualifications in Business and Administrative Studies at 8% compared to 18% nationally.

Tees Valley is also lower than national for Social Studies and Creative Arts and Design at 7% compared to 10% and 4% compared to 8%.

**KS4 destinations**



Destinations of KS4 pupils from state-funded mainstream schools - 2018/19

91.5% of Tees Valley key stage 4 students were in sustained education, apprenticeships or employment, compared to 94% nationally. However, this is the lowest value of any SAP area.
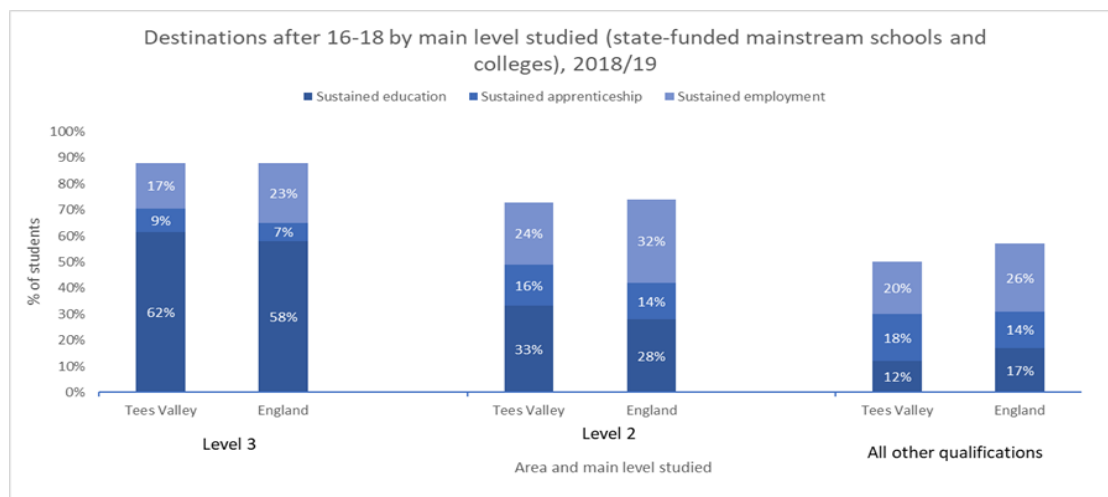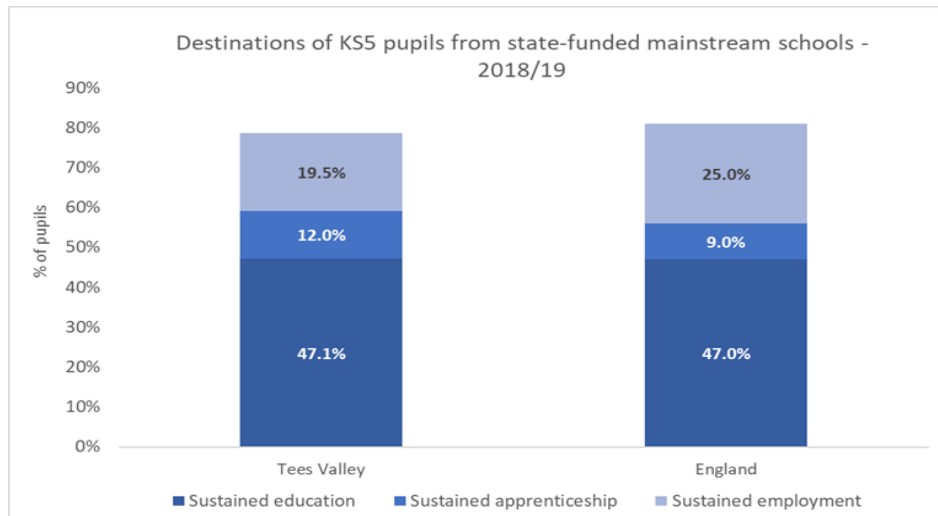
Tees Valley has a lower percentage in Sustained Education at 83% compared to 87% nationally, but a slightly higher percentage in sustained apprenticeships at 5% compared to 4% nationally, whilst the percentage in sustained employment matches the national at 3%.

The Tees Valley Economic Assessment contains detailed analysis of 16-17-year olds Not in Education, Employment or Training (NEET)

The improvement of Careers and Enterprise provision in Tees Valley schools and colleges from September 2018 has been significant, all 71 of the 11-18 establishments that the Combined Authority work with are now part of the Tees Valley Careers Hub, and evidence from the Careers and Enterprise Company suggests that Hubs have made accelerated progress towards the Gatsby Benchmarks compared to those who are not part of a Hub.

Currently in Tees Valley all schools and colleges are achieving at least 1 Gatsby benchmark. There are 11 establishments achieving all 8 benchmarks (1 college) and 8 are achieving 7 benchmarks (2 colleges). In comparison to data from February 2019; 2 schools were achieving 7 & 8 benchmarks and in total 11 establishments (5 colleges) were achieving 0 benchmarks.

**16-18 destinations**


Destinations of KS5 pupils from state-funded mainstream schools - 2018/19


Destinations after 16-18 by main level studied (state-funded mainstream schools and colleges), 2018/19

*Source: [KS5 destinations of 2018/1019 leavers, DfE, (published 2020)](#)*

78.6% of Tees Valley key stage 5 students were in sustained education, apprenticeships, or employment, compared to 81% nationally.

Tees Valley matches the national average for the percentage of KS5 students in sustained education at 47%, with a higher percentage in sustained apprenticeships at 12% compared to 9% nationally. However, the percentage of KS5 students in sustained employment is lower than national at 19.5% compared to 25% nationally.

73% of those who have gained a qualification at Level 2 are in sustained education, apprenticeship or employment, compared to 74% nationally.

88% of those who have gained a qualification at Level 3 are in sustained education, apprenticeship or employment, which matches the national.

50% of those who have gained 'All other qualifications' are in sustained education, apprenticeships or employment, compared to 57% nationally.

Please see 'KS4 destinations' section above for information on progress against Gatsby benchmarks.

## Outcomes for adult FE and Skills learners
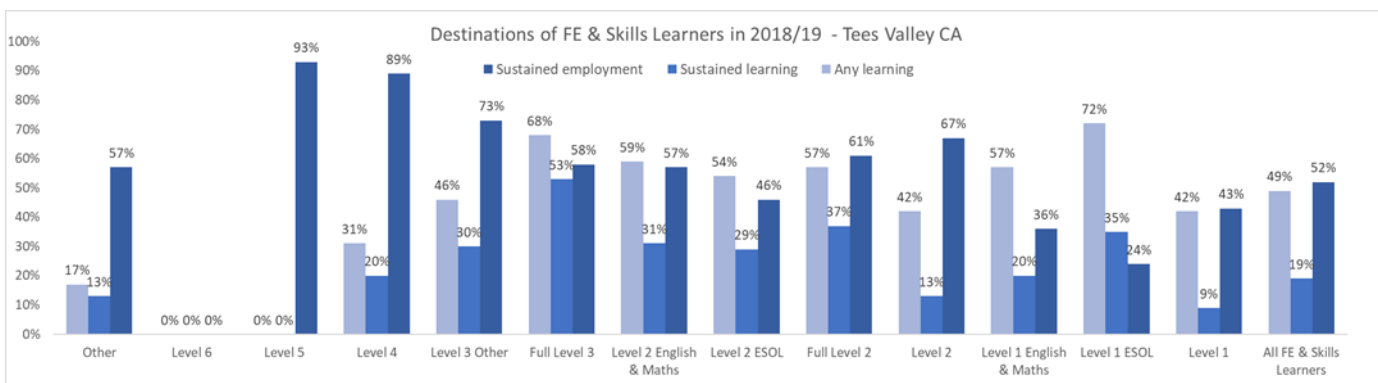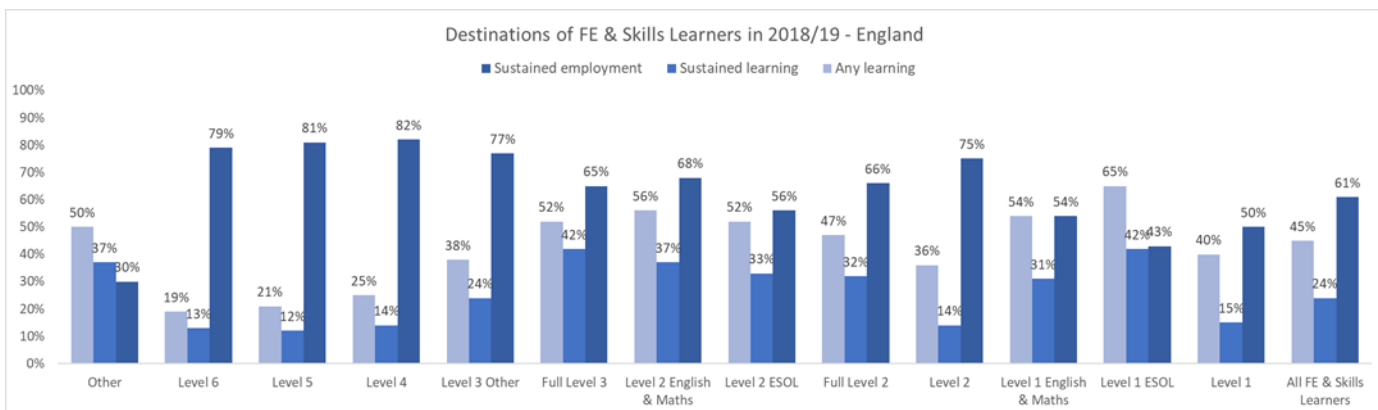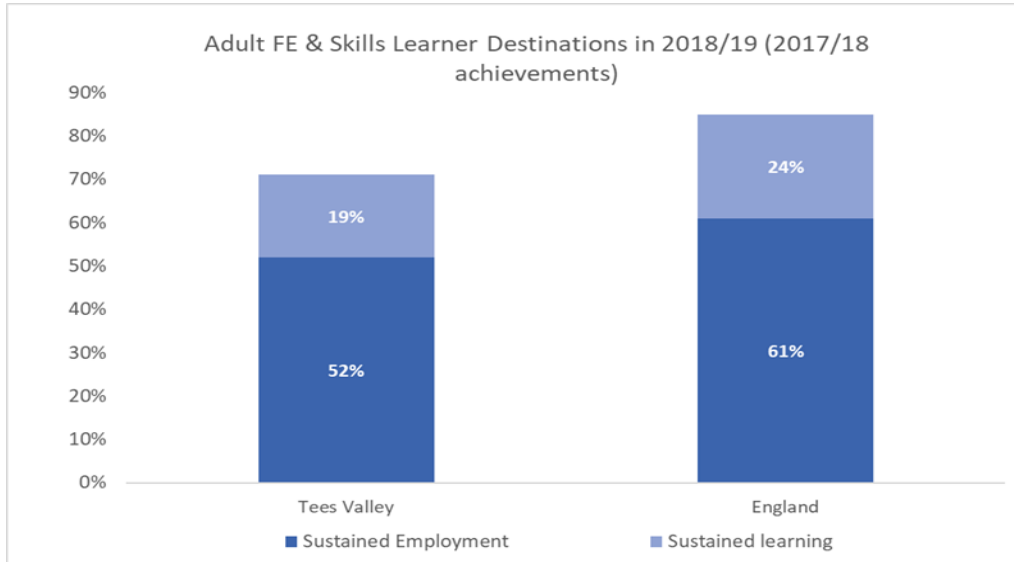






***Source:*** [***FE outcome-based success measures, 2018/19 destinations, DfE, (published 2020)***](#)

71% of adult learners were in sustained education or employment, compared to 85% nationally, the lowest of any SAP area.

Tees Valley learners who undertook a Level 3 qualification were much more likely than national to be in sustained learning, at 53% compared to 42% for full level 3 and 30% compared to 24% for level 3 – other.

However, Tees Valley leaners who undertook an Entry/level 1 – English & Maths qualification were much less likely to be in sustained employment or learning, at 36% compared to 54% for sustained employment and 20% compared to 31% for sustained learning.

### Outcomes for apprenticeships by level



Apprenticeship destinations in 2018/19 - Tees Valley LEP



Apprenticeship destinations in 2018/19 - England

90% of Tees Valley apprenticeship leaners were in sustained employment, compared to 91% nationally. 17% were in sustained learning, compared to 16% nationally and 30% were in any learning, compared to 25% nationally.

Learning destinations for Tees Valley learners who undertook Advanced level apprenticeships are higher than the national. All destinations for Tees Valley learners who undertook a Level 5 Higher apprenticeship are higher than national

Sustained employment and learning is lower than national for those Tees Valley learners who undertook an Intermediate level apprenticeship, whilst any learning destination was higher than national.

Sustained employment is higher than national for those Tees Valley learners who undertook a level 4 Higher apprenticeship, whilst learning destinations were lower than national.
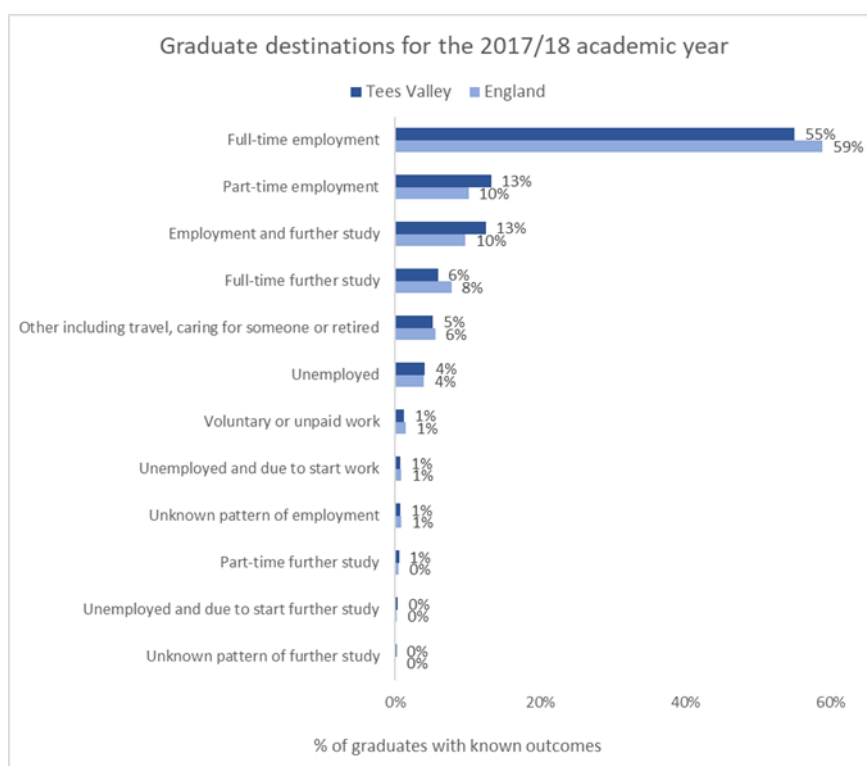
**HE graduate destinations**



*Source: [HESA, 2017/18 graduates (published 2020)](#)*

Data has been provided for HE undertaken in Tees Valley only, and therefore data relates to destinations of graduates whose undertook their HE at Teesside University. Detailed analysis on the graduate destinations of all Tees Valley domicile HE students can be found [here](#), of which 48% obtain their qualification from Teesside University and 70% from universities in the wider North East region.

Tees Valley has a lower percentage of graduates in full time employment than nationally at 55% compared to 59% nationally, however there are a higher percentage in part time employment at 13% compared to 10%, and a higher percentage in employment and further study at 13% compared to 10%.

The average salary for Tees Valley graduates in full-time paid employment at any level in 2017/18 was £24,900, compared to £26,000 nationally.

**Region of residence of HE graduates from local providers, 1, 3 and 5 years after graduation**



Region of residence of graduates from HEIs in Tees Valley, 2017/18

- 1 year after graduation
- 3 years after graduation
- 5 years after graduation

| Region | 1 year | 3 years | 5 years |
|---|---|---|---|
| North East | 78% | 68% | 73% |
| Yorkshire and the Humber | 10% | 14% | 10% |
| North West | 3% | 4% | 4% |
| East Midlands | 2% | 3% | 3% |
| South East | 1% | 2% | 2% |
| London | 2% | 1% | 2% |
| West Midlands | 1% | 2% | 1% |
| Scotland | 1% | 1% | 1% |
| East of England | 1% | 2% | 1% |
| South West | 1% | 1% | 1% |
| Northern Ireland | 1% | 1% | 0% |
| Wales | 0% | 0% | 0% |

% of matched graduates from local institutions
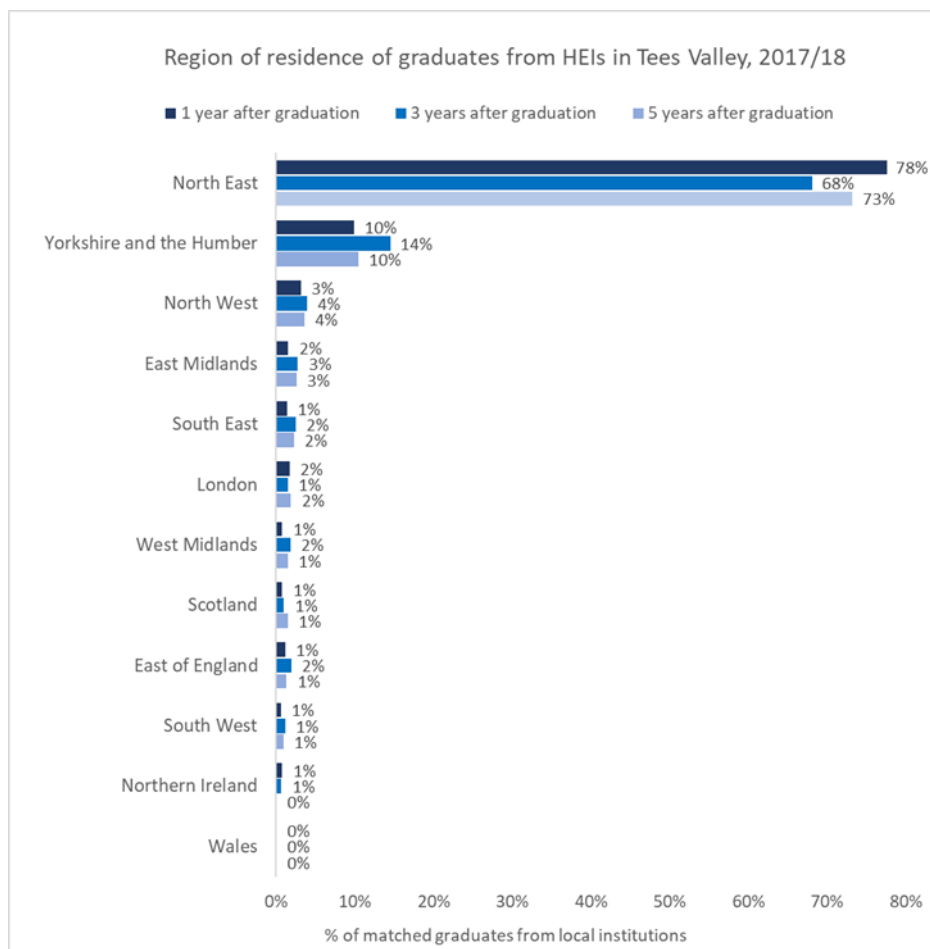
73% of graduates from Higher Education Institutions (HEIs) in Tees Valley remain employed within the North East region 5 years after graduation. 10% have moved to Yorkshire and Humber region, whilst 4% have moved to the North West.

The Tees Valley has a lower percentage of professional level jobs available compared to national (37% compared to 42%), which may result in graduates travelling out of the area to find employment. In addition, the median gross annual full-time wage in Tees Valley is lower than national (£28,080 compared to £31,770) which may result in graduates travelling outside of the area to find higher paid employment. However, the low cost of living in the Tees Valley, including low house prices may entice graduates to remain in the area for employment.

Detailed analysis on the graduate destinations of all Tees Valley domicile HE students can be found here. This analysis shows that 41% of Tees Valley domicile HE students had found employment within the Tees Valley 15 months after graduating in 2017/18 and 49% in the wider North East region.

**Employer provided training over past 12 months (% no training/on job only/off job only/ on and off job)**
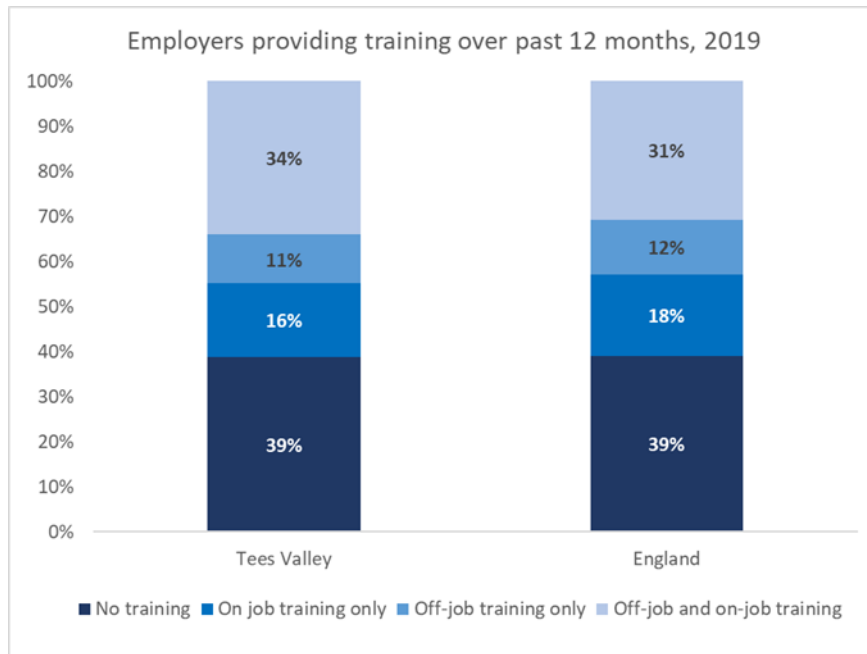
Employers providing training over past 12 months, 2019

61% of Tees Valley employers provided training over the past 12 months, which matches the national. Tees Valley had a higher percentage of employers offering both off the job and on the job training at 34% compared to 31% nationally.

16% provided on the job training, compared to 18% nationally, whilst 11% provided off the job training, compared to 12% nationally.

34% of Tees Valley establishments have trained staff towards a nationally recognised qualification in past 12 months, compared to 26% nationally, with the majority training towards a level 2 or 3 qualification. 16% of Tees Valley establishments have arranged or funded training designed to lead to a recognised vocational qualification the last 12 months, compared to 11% nationally.

Just under half of all establishments who have provided training over the past 12 months would have provided more training if they could have done. The main barriers to providing further training include having lack of funds or training expertise and not being able to spare the staff's time.

**SKILLS DEMAND**

**Skills Demand Summary**

- Following the initial impact of the Covid-19 pandemic on the job market, **the number of job vacancies advertised in Tees Valley is 10% higher than this time last year**. The Covid-19 pandemic has created unprecedented levels of unemployment, and although the number of job vacancies appears to have recovered, the competition for these roles will be high.

- The largest number of job vacancies in Tees Valley in 2020 were for **Nurses, Care Workers**, **Teachers, Sales and Customer Service staff, Social Workers and IT staff**, with increased demand in 2020 reflecting the impact of Coronavirus on the Health Care sector in particular.

- Tees Valley is home to the **UK's largest industrial development zone, Teesworks**, providing the opportunity for businesses to access global markets through high quality physical and digital infrastructure. **The Tees Valley also contains one of the UK's first freeports.**

- As part of the evidence base developed for the Tees Valley Local Industrial Strategy research was undertaken into the Digital sector in Tees Valley, showing that the challenge of finding skilled people to fill digital jobs is a key barrier to growth, especially for experienced staff. Of recent adverts for digital occupations in Tees Valley, **Software Developers and IT Managers** were the most frequently advertised posts, and Tees Valley has strong demand (relative to the national average) for **Web Developers, IT Managers, IT Service Managers** and **IT Trainer roles**. Popular skills that are in particularly high demand in Tees Valley include skills related to **IT management** (e.g. hardware, network security, configuration management, CompTIA A, Puppet), and **web development** (e.g. Search Engine Optimization (SEO), HTML5, accessibility). Less popular skills but which are in higher demand in Tees Valley than elsewhere include skills related to Tees Valley **animation and games subsectors** (e.g. character animation, character design).

- Prior to the Covid pandemic, Working Futures predicted that 100,000 jobs may need filling by 2027, including 95,000 replacement jobs. Driven by the underlying labour market trend away from lower skill occupations towards higher skill, 74% of the 100,000 total job requirement will require higher level skills. However, there will still be a need for intermediate and lower level skills, particularly in replacement jobs where just 47% of jobs are expected to require high level skills.

- Following the pandemic, Tees Valley's already sizable health and social care sector, together with the associated skillset of the local population, puts the area in a strong position to meet any further increases in sectoral demand. In addition, further opportunities aligned to vaccine production and the extension to Fujifilm and National Horizons Centre, could be enhanced. **Digitalisation, both within businesses and households, may create new opportunities** and a shift to ecommerce has also resulted in an **increased demand for logistics**. There could be significant opportunities if the workforce is able to meet these demands.

- **Automation and robotics is likely to impact disproportionally on lower skilled work**, potentially leading to relatively more unemployment in the short-run but also acting as a driver of productivity increase and economic growth via a rebalancing of paid work into intermediate and higher skilled new jobs in the longer-term.

**Number of vacancies by sector**



Tees Valley Job Vacancies



Tees Valley Job Vacancies by Broad Occupation (2 digit SOC)
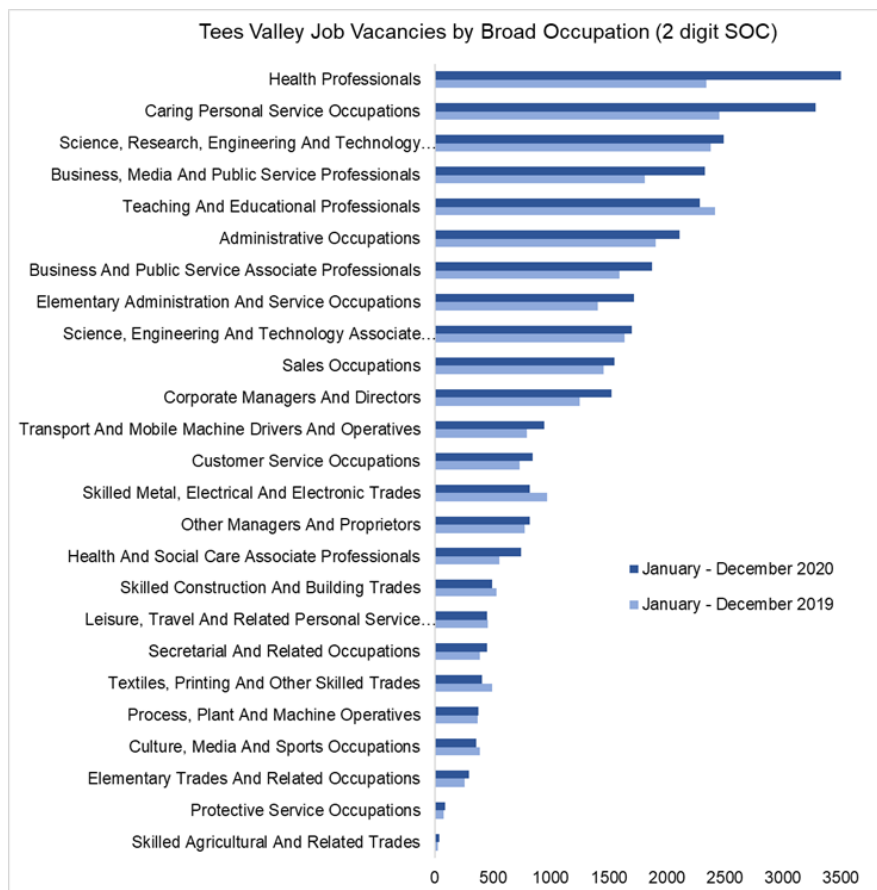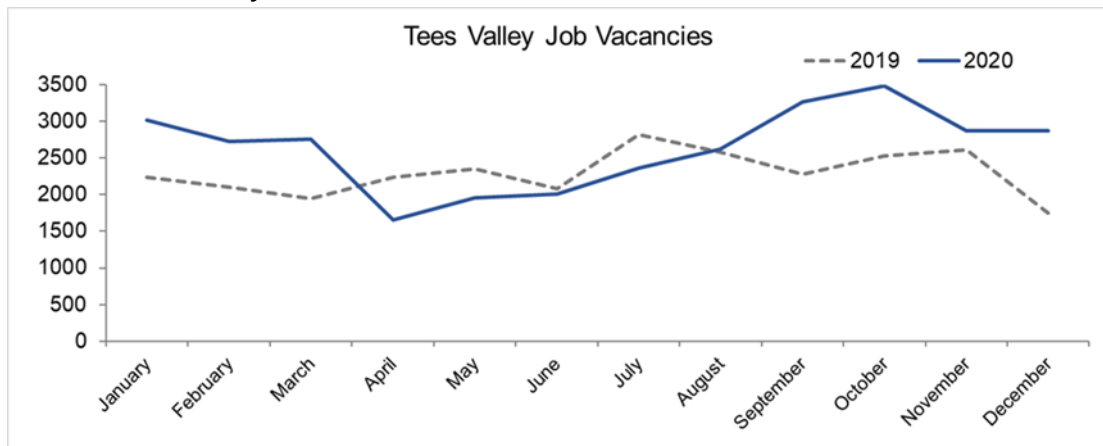
*Source: Burning Glass Labour Insight*

There were estimated to be around 31,530 job vacancies advertised online in Tees Valley between January 2020 and December 2020. This is a 15% rise when compared to the same period in 2019 (4,020 extra vacancies), in comparison to a 6% rise across the North of England and an 8% drop nationally

The impact of the Covid-19 pandemic can be observed in the fall in vacancies experienced between March and April in the initial national lockdown, with a 40% reduction in vacancies from March to April 2020, compared to a 51% drop nationally.

From April 2020 vacancies have recovered with numbers in December 2020 5% higher than they were in February 2020 (140 extra vacancies), compared to a 14% drop nationally.

The largest rise in job vacancies when compared to 2019 was for Health Professionals, with a 49% rise and vacancies increasing from 2,340 to 3,500. There was an increase in Nurses, Physiotherapists, Pharmacists and Occupational Therapists, reflecting the demand on the Health Care sector due to the Coronavirus pandemic.

The largest fall in job vacancies when compared to 2019 has been for Textiles, Printing and Other Skilled Trades with a 17% fall and vacancies dropping from 490 to 410. In particular, there was a fall in vacancies for Chefs and Catering and bar managers which come under 'Other Skilled Trades' and reflects the effects of the Coronavirus pandemic on the hospitality sector.

**5 highest and lowest sectors by forecast growth of new jobs**

| Tees Valley LEP | | | |
|---|---|---|---|
| Sectors with highest % forecast growth in new jobs (2017-2027) | % Growth | Sectors with lowest % forecast growth in new jobs (2017-2027) | % Growth |
| 1) Real estate | 13% | 1) Rest of manufacturing | -17% |
| 2) Health and social work | 11% | 2) Food drink and tobacco | -7% |
| 3) Professional services | 9% | 3) Agriculture | -5% |
| 4) Information technology | 8% | 4) Education | -4% |
| 5) Finance and insurance | 7% | 5) Transport and storage | -4% |

*Source: Working Futures Employment Projections 2017-2027*

Please note Working Futures projections indicate a possible future, based on past patterns of behaviours and performance: they should not be regarded as precise forecast. They are indicative of general trends and orders of magnitude, providing a systematic benchmark view across the whole economy and labour market but are not intended to be prescriptive. Please note these forecasts pre-date the COVID-19 crisis. Mining and quarrying has been excluded from this analysis as this sector has low employment subject to locally-specific factors which are difficult predict.

Driven largely by replacement demand, 100,000 jobs are projected in Tees Valley between 2017 and 2027, implying an average annual rate of 10,000 jobs. This is 33,000 fewer jobs than were projected in the last iteration of Working Futures (2014 to 2024).

6% of the 100,000 job opportunities in Tees Valley between 2017 and 2027 are projected to be new job opportunities, this is down from the 17,000 projected between 2014-2024. The remaining 94% are forecast to be replacement jobs from those who will leave the workforce, down from 116,000 projected between 2014 and 2024.

In terms of new jobs, the largest percentage increase is projected to be in Real Estate with a 13% rise. This is followed by a 11% rise in new jobs in Health and Social Work. The highest forecast shrinkage is projected to be a 17% fall in jobs within 'Rest of Manufacturing'.

National and local research on the impact of Covid-19 has indicated that certain sectors are likely to experience an increase in demand going forwards. Following the pandemic, Tees Valley's already sizable health and social care sector, together with the associated skillset of the local population, puts the area in a strong position to meet any further increases in sectoral demand. Digitalisation, both within businesses and households, can create new opportunities. New technologies can boost productivity, create jobs and encourage innovation and idea sharing and with the underlying digital skills

and infrastructure in place, the Tees Valley could benefit from this shift. A shift to ecommerce has also resulted in an increased demand for logistics companies to provide warehouse and delivery services, with requirements for shorter delivery times resulting in a rise in demand for local logistics warehouses. The projected increases in Health and social work are likely to be even greater, given the anticipated increase in demand we have seen as a result of the Covid-19 pandemic. In comparison projected increases in Wholesale and retail trade are likely to be lower given the impact of Covid-19 on the retail sector. The Covid-19 pandemic is also likely to negatively impact the projected rise in jobs in both Accommodation and food and Arts and entertainment with many jobs furloughed and high levels of anticipated unemployment within these sectors.

Detailed analysis of the Working Futures projections is available upon request for those who have a valid Business Register and Employment Survey (BRES) notice.

**5 highest and lowest occupations by forecast growth of new jobs**

| Tees Valley LEP | | | |
|---|---|---|---|
| Occupations with highest forecast growth (2017-2027) | % Growth | Occupations with lowest forecast growth (2017-2027) | % Growth |
| 1) Health professionals | 19% | 1) Secretarial and related occupations | -45% |
| 2) Health and social care associate professionals | 19% | 2) Process, plant and machine operatives | -24% |
| 3) Customer service occupations | 19% | 3) Textiles, printing and other skilled trades | -21% |
| 4) Caring personal service occupations | 16% | 4) Skilled metal, electrical and electronic trades | -16% |
| 5) Business, media and public service professionals | 14% | 5) Elementary trades and related occupations | -6% |

*Source: Working Futures Employment Projections 2017-2027*

Again, please note that Working Futures projections indicate a possible future, based on past patterns of behaviours and performance - they should not be regarded as precise forecast. They are indicative of general trends and orders of magnitude, providing a systematic benchmark view across the whole economy and labour market but are not intended to be prescriptive. Please note these forecasts pre-date the COVID-19 crisis.

There is projected to be a 19.4% rise in Health Professionals. This is followed by a 19.1% rise in Health and social care associate professionals. Customer service occupations are projected to see a 18.6% rise and Caring, personal service occupations are projected to see a 16% rise. Business, media and public service professionals are projected to rise by 14%.

There is projected to be a 45% shrinkage in Secretarial and related occupations. This is followed by a 24% fall in Process, plant and machine operatives. Textiles, printing and other skilled trades are projected to see a 21% fall and Skilled metal, electrical and electronic trades are projected to see a 16% fall. Elementary trades and related occupations are projected to fall by 6%.

There is an increasing need for higher level skills with around three quarters (74%) of all job opportunities between 2017 and 2027 projected to require a Level 4 (HE below degree level) qualification or above, up from the 61% projected in the 2014 – 2024 projections. This rise is due to an increase in jobs projected to require a level 6 (first degree) qualification, with 43% of all jobs and 63% of all new jobs projected to require at least a level 6 qualification (up from 32% and 52% in the 2014-2024 projections). However, there will still be a need for intermediate and lower level skills, particularly in replacement jobs, with over half (53%) of all replacement job opportunities projected to require a level 3 or below qualification, with 31% projected to require a level 2 or lower.

Again, detailed analysis of the Working Futures projections is available upon request for those who have a valid Business Register and Employment Survey (BRES) notice.

**Employer reported skills that will need developing**



Skills that will need developing in the workforce, 2019
■ Tees Valley ■ England
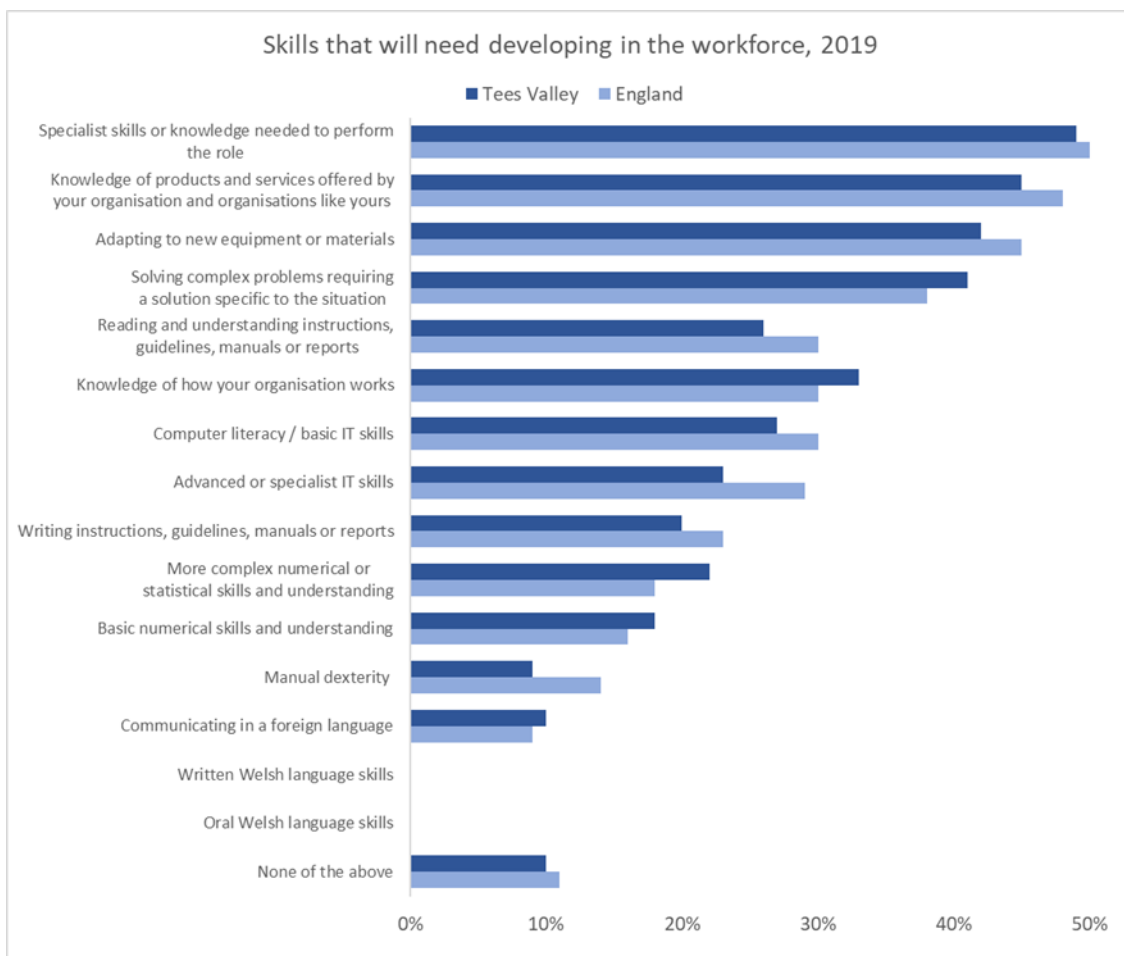
49% of Tees Valley employers stated that 'Specialist skills or knowledge needed to perform the role' would need developing over the next 12 months, compared to 50% nationally.

45% will require 'Knowledge of products and services offered by your organisation and organisations like yours', compared to 48% nationally.

Tees Valley employers are more likely than national to state that the following skills will require developing over the next 12 months:

- Complex numerical or statistical skills and understanding (22% compared to 18%)
- Knowledge of how the organisation works (33% compared to 30%)
- Solving complex problems requiring a solution specific to the situation (41% compared to 38%)
- Basic numerical skills and understanding (18% compared to 16%)
- Foreign language skills (10% compared to 9%)
- Tees Valley employers are less likely than national to state that the following skills will need developing over the next 12 months:
- Advanced or specialist IT skills (23% compared to 29%)

- Manual dexterity (9% compared to 14%)
- Reading and understanding instructions, guidelines, manuals or reports (26% compared to 30%)
- Adapting to new equipment or materials (42% compared to 45%)
- Writing instructions, guidelines, manuals or reports (20% compared to 23%)
- Knowledge of products and services offered by your organisation and organisations like yours (45% compared to 48%)
- Computer literacy / basic IT skills (27% compared to 30%)
- Specialist skills or knowledge needed to perform the role (49% compared to 50%)

Please refer to **Annex B** for a link to detailed analysis on the DfE Employer Skills Survey.

**MAPPING SKILLS SUPPLY AND DEMAND**

**Mapping Skills Supply and Demand Summary**

- **The percentage of employers reporting skills shortage vacancies is lower than national** and has dropped since 2017, with a particular drop within the education industry sector.

- However, there has been **a large rise in skills shortage vacancies** within the **Transport and Storage** sector in Tees Valley. This is coupled with an increased demand for logistics to feed rising e-commerce as a result of the Covid-19 pandemic.

- In March 2020 (pre Covid) Tees Valley Combined Authority (TVCA) commissioned Emsi to undertake an analysis of the skills demands of ten priority industry sectors within Tees Valley (further information can be found in Annex B). This analysis found that the **Chemical and Process, Bioscience**, **Logistics**, and **Creative, Culture and Leisure** industry sectors all have **very high demand for low skill labour-intensive roles.** The largest unmet demands are in the lower skill roles such as **elementary occupations, sales, customer service and administrative roles**. Professional and management roles are highly varied and overall, there is a good supply, but individual roles do have gaps e.g. management consultants or estimators.

- In January 2021 TVCA commissioned further analysis by Emsi to undertake a detailed analysis of Tees Valley occupations, grouping occupations into key occupational clusters and performing detailed skills supply, demand and gap analysis for these clusters. This analysis found that **speciality clusters in the Tees Valley include chemicals and hydrocarbons, metal work and electronics and electricals, which all make up a higher proportion of jobs in the area than in the UK on average**. The prominence of these specialised clusters among others in the area leads to the workforce of the Tees Valley having a stronger focus on **physical rather than analytical skills**, which are less important in clusters that feature more physically intensive activities.

- Some clusters have also been found to have skill profiles that make it easier for workers to transition between clusters. Larger and less specialised clusters such as **sales, healthcare support and food and beverage services have been found to have more skill transferability**, with lower levels of transferability in more specialised clusters (e.g. construction management and glass and ceramics). However, this does not mean that workers from clusters with more skill transferability may find it easier to find new jobs, as the clusters they can enter may have less job openings, creating a slimmer opportunity for employment.

- Initial gap analysis between the supply of learners and labour demand using job openings indicates there may be an **undersupply of labour for clusters that could be considered as focused on lower skill levels such as retail, food and beverage services and transport and distribution.** However, more refined analysis by benchmarking local demand and supply against England allows for a better understanding of how these trends fit within a broader context.

- The comparison against England shows that clusters such as **sales and retail have a more aligned supply and demand position compared**, while other clusters such as **chemicals and hydrocarbons, metal work and healthcare delivery have a higher level of demand than supply**, indicating that the supply of labour with the right skills to meet the needs of these clusters may require increasing to saturate demand. On the other side, clusters such as **cleaning, maintenance and security, administration and support and electronics and electricals indicatively have more supply than required to meet demand.**

- Skills needed to meet demand in clusters that could require more supply vary, with some such as chemicals and hydrocarbons and metal work requiring higher level physical skills and others including healthcare delivery and policing, fire and prison services requiring more interpersonal skills.

**Proficiency of workforce (% not fully proficient staff and employers with under-utilised staff)**



Proportion of staff not fully proficient, 2019

Proportion of establishments with any under-utilised staff, 2019
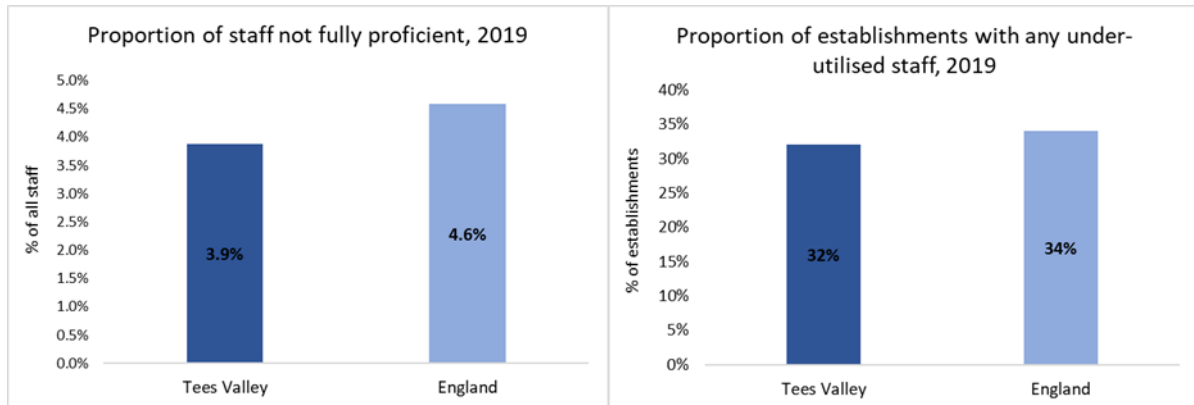
3.9% of staff in Tees Valley are not fully proficient, compared to 4.6% nationally. This is the 5th lowest out of 38 LEP areas.

32% of Tees Valley establishments report having under-utilised staff, compared to 34% nationally. This is the 9th lowest out of 38 LEP areas.

Of all the existing Tees Valley workforce with skills gaps 92% need to improve their technical or practical skills (90% nationally), whilst 82% need to improve their people and personal skills (83% nationally). 60% need to improve their operational skills, compared to 56% nationally. 41% need to improve their digital skills, compared to 38% nationally.

Please refer to **Annex B** for a link to detailed analysis on the DfE Employer Skills Survey.

**Summary of vacancies (% skills shortage vacancies and % hard to fill vacancies)**



Proportion of all vacancies that are hard-to-fill due to skills shortages or other reasons, 2019
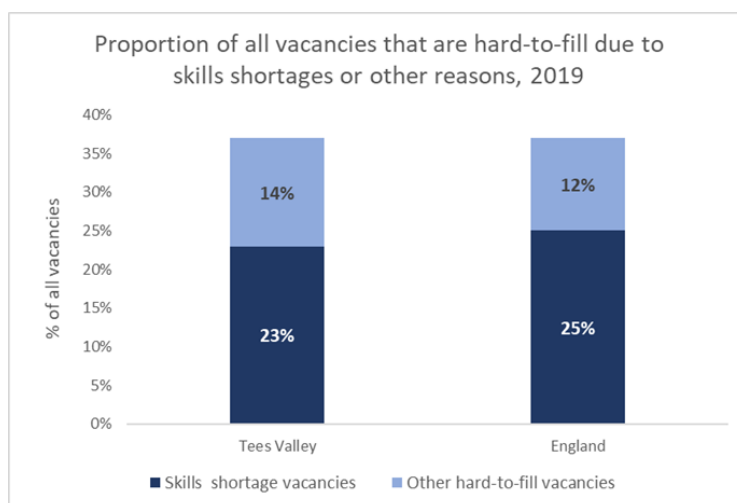
37% of all vacancies that were advertised by Tees Valley establishments, were hard to fill vacancies, compared to 36% nationally.  This has risen from 32% in 2017, a rise of 4 percentage points compared to a rise of 3 nationally.

Poor attitude, motivation and/or personality was cited as the main cause of a vacancy being hard to fill (62% of businesses, comparted to 58% nationally), with 'skills' being cited by just under half of establishments (45% compared to 60% nationally).

23% of all vacancies that are were advertised by Tees Valley establishments were SSV's, compared to 25% nationally.  This has dropped from a high of 29% in 2015, a drop of 6 percentage points compared to a rise of 2 percentage points nationally.

71% of all Transport and Storage vacancies in Tees Valley were SSV's, compared to 23% nationally. This has risen in Tees Valley from 27% in 2017, a rise of 44 percentage points compared to a drop of 6 nationally.  Compared to 2017 SSV's have dropped in Education, Construction and Manufacturing. SSV are more likely to be in skilled trade occupations, with 36% of Tees Valley employers reporting SSV's in skilled trade occupations, compared to 26% nationally.

Technical and practical skills were cited as most difficult to obtain by Tees Valley employers, followed by People and Personal skills.

Again, please refer to **Annex B** for a link to detailed analysis on the DfE Employer Skills Survey.

**Annex B - Additional analysis and references**

**Additional Analysis**

The **Tees Valley Economic Assessment 2020** is the agreed Tees Valley wider SAP evidence base and is available to view here.

**Local Context**

The **Tees Valley Economic Assessment 2020** included detailed analysis of business survival rates, a link to the Economic Assessment report can be found above.

**Skills Supply**

**Higher Education**
Detailed analysis on participation in Higher Education and Higher Education qualifications gained by Tees Valley domicile students, along with graduate destinations and retention can be found in the detailed **Tees Valley Higher Education analysis** – available to view here.

**NEET**
The Tees Valley Economic Assessment included detailed analysis of 16-17-year olds NEET, a link to the Economic Assessment report can be found above.

**EMSI July 2020**
In March 2020 (pre Covid) TVCA commissioned Emsi to undertake an analysis of ten priority industry sectors within Tees Valley, producing ten detailed sector reports, with each report containing a detailed economic overview by sector, including demographics, job trends, salaries and key occupations, as well as a recruitment outlook and overview of the talent pool.  In concluding their work, Emsi have recognised that some of the projections included in their analysis will likely have been overtaken by events following the Covid-19 pandemic. The key **skills supply** findings from this analysis are summarised below

- **Advanced Manufacturing.**  The leading subject grouping feeding the Advanced Manufacturing sector is engineering, with the highest number of achievements and also the largest share of achievements in further education. Whilst electrical and electronics engineering is almost entirely dependent on higher education supply, all specialist engineering disciplines are also highly dependent on HE provision including production and manufacturing engineering, mechanical engineering and science.

- **Bioscience.**  Higher education supply dominates science, research, engineering and technology professional roles, with a significant role at the associate professional level too. For the process, plant and machine operatives' level, further education dominates.

- **Chemical and process.**  The sector relies on further education and apprenticeship provision to feed a large proportion of its workforce, in particular process, plant and machine operatives and skilled trades. As expected, there is a larger proportion of higher education learners in managerial, engineering, business and research roles. The biggest sector occupation, process,

plant and machine operatives, is made up purely of learners with further education and apprenticeship qualifications.

- **Clean Energy, Low Carbon and Hydrogen.** The majority of further education leavers in sector-relevant subjects are found in skilled metal, electrical and electronic trades. Higher education qualifications dominate among science, research, engineering and technology professionals, as well as with business, media and public service professionals. The leading subject grouping feeding the Clean Energy, Low Carbon and Hydrogen sector is engineering.

- **Construction.** The sector relies heavily on further education provision and apprenticeships to fill most of its occupations, in particular skilled trades with higher education delivering most of the sector's science and technology professionals. Interestingly, managerial roles are filled by higher education and apprenticeship learners, as opposed to those with degrees, suggesting a high degree of mobility for non-HE learners within the sector.

- **Creative, Culture & Leisure.** Further education is the dominant source of education supply, even within the culture, media and sports professional category. Education for professional roles is dependent upon further education, while dedicated provision for lower-skilled roles, which make up such a large part of the workforce, is much smaller in scale. Sport and fitness, media and communication and performing arts are all better served than hospitality and catering.

- **Digital.** The large professional element within the workforce is highly dependent upon higher education supply, with associate professionals more dependent on further education. ICT practitioner skills lead, while creative design skills are second, but dependent on higher education.

- **Health and Social Care.** The split between professional and caring roles is crucial in understanding the education supply mix supporting Health and Social Care sector workforce development. For health professional and associate professional roles, higher education is dominant in supplying newly qualified workers, while for caring personal service occupations, further education and apprenticeships are critical. Apprenticeships especially have become important in health and social care provision, while nursing is now degree-driven.

- **Logistics.** The Logistics workforce in the Tees Valley is likely to depend solely on further education and apprenticeship provision, in particular in subjects linked to elementary occupations and transport drivers and operatives, aligning perfectly with the sector's two main specialist concentrations — Large Goods Vehicle (LGV) drivers and elementary storage occupations.

- **Professional and Business Services.** Higher education is critical to corporate manager, professional and associate professional roles, while further education is dominant for secretarial roles, personal service roles

**EMSI January 2021**
In January 2021 TVCA commissioned further analysis by Emsi to undertake a detailed analysis of Tees Valley occupations, grouping occupations into key occupational clusters and performing detailed skills supply, demand and gap analysis for these clusters. The key **skills supply** findings from this analysis are summarised below

- The education system will help play a role in supplying the labour needed to meet future demand in different clusters, with the FE, HE and apprenticeship parts of the system providing different types of levels of skilled labour to meet varying needs.

- The analysis of the FE and HE pipeline and supply has shown a strong relationship between the two systems, with FE institutions preparing many learners go move onto further learning at HE institutions. The HE institutions subsequently deliver graduates that are needed in professional occupations than the FE and apprenticeship systems, but professional roles depend on the flow of learners through the FE system to HE institutions.

- In occupational terms, this translates to the FE system training many learners to subsequently go onto HE to undertake further learning that could enable them to take up occupations in Standard Occupational Classifications (SOCs) 1-3. The HE system acts as an accelerator to push learners to these career outcomes. The FE system also contributes to enabling learners that may go onto take up jobs in the SOCs 4-9, which the apprenticeship systems also does.

- Tees Valley has FE educational supply strengths in Engineering, reflecting the Tees Valley's industrial strength, with the majority of Full Time Learner Equivalent (FTLE) achievements and an SQ (Subject Quotient – similar to Location Quotient) of 2.36, indicating more than double the volume of education as typically. Second and third are warehousing and distribution (SQ 2.04) and transport operations and maintenance (SQ 1.51).


**Skills Demand**

Detailed analysis of the Tees Valley findings from the **Working Futures Employment Projections** is available upon request for those who have a valid Business Register and Employment Survey (BRES) notice.

Detailed analysis of the Tees Valley findings from the **DfE Employer Skills Survey** included analysis of which skills employers have reported will need developing. A link to the analysis can be found here.


EMSI July 2020

As mentioned in the skills supply section in March 2020 (pre Covid) Tees Valley Combined Authority (TVCA) commissioned Emsi to undertake an analysis of ten priority industry sectors within Tees Valley. The key **skills demand** findings from this analysis are summarised below

- **Advanced Manufacturing.**  Compared to the wider Tees Valley economy, the sector's workforce demands are led by professional and skilled trade roles, especially design engineers and welding trades along with process roles.

- **Bioscience.**  Reflecting the strength of the Tees Valley Bioscience sector in production industries, process roles are particularly important: food, drink and tobacco process operatives, chemical process operatives and plastics process operatives all feature. In terms of science-specific roles, laboratory technicians are also sizeable, and heavily concentrated within the sector, as are chemical scientists.

- **Chemical and process.**  The sector's workforce has a high proportion of process, plant and machine operatives and associate professional and technical occupations. Job numbers are also high for technical and elementary occupations. Predominant specialisms within these roles

include chemical and related process operatives, but also a high number of farm workers, highlighting the link with the Tees Valley agricultural sector.

- **Clean Energy, Low Carbon and Hydrogen.** This sector is most specialised within skilled trades occupations with process, plant and machine operatives second. The sector's workforce consists of a broad mix of low-skill and high-skill occupations, ranging from skilled trades and elementary occupations to professional occupations and managerial roles. Refuse and salvage occupations are the Tees Valley's most concentrated specialism.

- **Construction.** The Construction sector is most specialised within skilled trades occupations. Second is process, plant and machine operatives. Key specialisms include elementary construction occupation, scaffolders and riggers and carpenters and joiners. With the exception of construction and building trades supervisors, the majority of these roles are in elementary and intermediate skill-level occupations, such as skilled trades or general construction support roles.

- **Creative, Culture & Leisure.** Compared to the wider Tees Valley economy, the sector's workforce demands are overwhelmingly driven by low-skilled, elementary roles. These roles include bar staff, waiters and waitresses. Skilled trades occupations are also important. In contrast, the sector demands a particularly small number of professional roles.

- **Digital.** The Digital sector is most specialised within professional occupations and associate professional and technical occupations. Overall skills demands are led by programming languages and methodologies. Methodologies include agile software development and DevOps, while programming languages are led by C# and Structured Query Language (SQL). Cloud infrastructure also features, led by Microsoft Azure and Amazon Web Services.

- **Health and Social Care.** The sector's workforce demands are split between professional and caring roles. Nursing skills dominate employers' requirements in job postings. Beyond that, the Tees Valley's specialism around residential care and social work for the elderly and disabled emerges as an important driver: learning disabilities; nursing care; mental health; personal care; care planning all feature in the top 10.

- **Logistics.** The two most concentrated occupations are large goods vehicle drivers and elementary storage occupations. Other key occupations include postal workers and fork-lift drivers. Whilst numbers are highest across low-skill occupations, the sector also has a high concentration of managers and supervisors in areas related to transport, storage, distribution and warehousing. Compared to the wider Tees Valley economy, the sector's workforce demands are made up primarily of process and elementary roles, towards the lower end of the skills scale.

- **Professional and Business Services.** Overall skills demands are a mixture, reflecting the diverse range of industries within the sector. The leading roles are those within the financial part of the Professional and Business Services sector — bank clerks, financial institution managers and finance and investment analysts, with pension clerks included elsewhere. The rest of the list is made up of a range of other roles, including more professional roles such as management consultants and solicitors, but also security guards and call centre occupations.


**EMSI January 2021**

As mentioned in the skills supply section, in January 2021 Tees Valley Combined Authority (TVCA) commissioned further analysis by Emsi to undertake a detailed analysis of Tees Valley occupations. The key **skills demand** findings from this analysis are summarised below

- EMSI projections indicate occupational demand could equate to 92,360 job openings between 2021 and 2028 (11,550 openings annually). The highest numbers of job openings are projected in the transport and distribution, food and beverage services and primary, secondary and further education.

- Analysis also indicates that a number of clusters may see small increases in skill requirements because of occupational structure changes. Improvements are more likely to be needed in analytical and interpersonal skills, with physical skills becoming less important.

- The largest occupational clusters in 2019 were transport and distribution, retail, food and beverage services, administration and support and primary, secondary and further education. None of these clusters were amongst the most concentrated, with other clusters such chemicals and hydrocarbons, metalwork and healthcare delivery having higher LQs.

- Of those clusters that grew between 2015 and 2019, the largest absolute increases were in transport and distribution, administration and support and human resources. In comparison, policing, fire and prison services experienced a larger proportional increase. Some of the locally concentrated clusters such as chemicals and hydrocarbons and electronics and electricals experienced decreases in jobs.

- The analysis suggests that among the half the clusters (e.g. chemicals and hydrocarbons and metal work) require high levels of physical skill and that the second most important area in all clusters is analytical skills.

## Mapping Skills Supply and Demand

Detailed analysis of the Tees Valley findings of the **DfE Employer Skills Survey** includes findings relating to Skills Shortage Vacancies and Hard to Fill vacancies. A link to the analysis can be found here.

**EMSI July 2020**
As mentioned in the skills supply and demand sections in March 2020 (pre Covid) TVCA commissioned Emsi to undertake an analysis of ten priority industry sectors within Tees Valley, producing ten detailed sector reports. The key **skills gap** findings from this analysis are summarised below

- **Advanced Manufacturing**

  o Gap analysis, comparing education supply with projected labour market demand, highlights production managers in manufacturing, metal machining setters and metal working machine operatives as the largest unmet demands in the Advanced Manufacturing labour market. For the two metal working roles above, engineering drawing skills are in high demand, with a combination of other tools and processes. For production managers, management tools and methods are in high demand.

  o The greatest gaps comparing labour market demand to education supply also hint at the issue between engineering employment (professional and high-skilled) and production employment (skilled trades and low-skilled process roles) with the split between production managers and metal worker roles; although professional engineering roles did not figure highly here, it remains the case that attracting and retaining those skills will always be difficult and making progress on producing more skilled engineers will always be of value.

- On the managerial side, across engineering roles and production managers there is a pronounced need to develop management skills — a mixture of performance management, change management, and analysis, including forecasting and auditing.

- At the same time, the scale of the Tees Valley's need for specialist metal process operative roles suggests a need for continued skill development, and one which will likely draw on apprenticeship as well as FE delivery — skills such as engineering drawing, machining and the operation of other tools are likely best learned in a workplace context, and as many of these roles often have aging workforces (reflecting past declines in staffing) there is a need to ensure the pipeline is there to support potential growing replacement demands.

- **Bioscience**

  - Comparing education supply with projected labour market demand, highlights process and production roles: packers, bottlers, canners and fillers top; food, drink and tobacco process operatives third, with business sales executives also included.

  - In terms of specific skills for business sales executive roles the highest demands are around selling techniques, performance measures and managing sales territories, with more specific requirements around smart metering and telemarketing methods. The two production roles emphasise skills on the production line, warehousing and packaging and labelling plus machine operation.

  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can also identify the largest gaps between supply and demand. The largest absolute gaps are at for 'chemistry' and 'analytical techniques', with 'high-performance liquid chromatography' also in demand.

  - Reflecting the Tees Valley sector's place at the production end of the sector, good manufacturing practices and warehousing also feature high up, with production line, food safety and machine operation also appearing.

- **Chemical and process**

  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand. The largest absolute gap is for Auditing, more than 1 in 7 postings demand it, but only around 2% of profiles list it as a skill. The next-biggest gap is for Chemistry, followed by Good Manufacturing Practices and Corrective and Preventive Action (CAPA), the latter two are more likely to fall under the category of training qualifications or continued professional development.

  - Comparing current achievement volumes with projected job demands show that the biggest skills gaps are predicted to be for managerial roles. Sales accounts and business development managers come top. Production managers and directors in manufacturing will likely also be difficult to recruit, with more than 60 openings projected to remain unfilled by local education supply. In terms of elementary occupations, the biggest gap is predicted for farm workers, although the numbers are far lower than for managerial roles.

  - In terms of specific skills for managerial occupations we see the biggest skills gaps in areas such as Key Performance Indicators (KPIs), Good Manufacturing Practice, Auditing and Selling Techniques. It is worth emphasising that many of the managerial

skills drawn from job postings and profiles are less tangible than the 'hard skills' found in elementary occupations. For instance, Key Performance Indicators are obviously not a skill as such —but they could suggest a demand for strategic planning professionals or others with the skills to design and implement performance measurement processes. As such, it is important to consider the context in which these 'skills' appear and what that could mean in terms of demand.

- o For farm workers, the biggest skills gap is in Welfare, with more than 10% of postings listing it as a requirement, but only a few per cent of profiles naming it as a skill.

- o The sector's links to agriculture and farming present opportunities, providing they are maintained and strengthened, and the two areas do not become overly co-dependent on one another. There are also opportunities here in terms of skills crossover potential, where gaps or shortages in the Chemical & Process sector could be filled by looking to the agricultural and horticulture workforce.

- o The Chemical and Process sector is more likely than other heavy industries to depend on higher education supply to fill supervisory roles.

- o As is the case for many key sectors in the Tees Valley, one of the challenges is a labour market which seems increasingly polarised between managerial or technical employment — professional and high-skilled — and production employment — skilled trades and low-skilled process roles. That means that any workforce strategy will have to tackle two very different sets of challenges.

- **Clean Energy, Low Carbon and Hydrogen**

- o By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand.  The largest absolute gap is in skills related to handling pressure washers, nearly 5% of postings demand it, but less than 1% of profiles have it. Next comes safety standards, which likely relate to specific certifications or training required to perform certain roles. There is also a skills gap in waste management and water treatment, they are a requirement in around 4% of postings, but listed on less than 2%.

- o Comparing current achievement volumes with projected job demands show that most of the sector's skilled labour is predicted to come from further education learners and apprentices in subjects related to skilled metal and electrical trades.  Higher education achievements are predicted to fill roles in science, research, engineering, technology, business and public service professions.

- o The largest unmet demand within the sector is likely to be for refuse and salvage occupations, industrial cleaning process occupations and sales administrators, with local education supply predicted to fall short.

- o In terms of specific skills for refuse and salvage occupations we see the biggest skills gaps in areas such waste collection and waste management, Personal Protective Equipment (PPE) and warehousing.  The largest skills gaps for industrial cleaning process occupations are with production line skills, safety standards, Personal Protective Equipment (PPE) and machine operation.  The largest skills gaps for sales administrators are in Customer Relationship Management (CRM), telemarketing, quotations and order processing.

- **Construction**

  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand. Aside from PPE, which is more likely referring to the need to self-supply in light of Covid-19, the biggest skills gaps emerge in plastering, asbestos awareness, tiling and carpentry. Of these, the greatest demand is for plasterers, who are sought after in around 7% of postings, but appear in less than 3%.

  - Comparing current achievement volumes with projected job demands show that Metal plate workers and riveters are expected to be in high demand, with 18 net openings annually and very few people with relevant qualifications entering the labour market. Crane drivers and valuers will also be sought after.

  - However, a slight oversupply of labour is predicted for other occupations — rail construction and maintenance operators, steel erectors, quantity surveyors, tilers, and TV and audio engineers. However, the numbers are small and thus they are more likely to indicate a strong talent pipeline as opposed to a saturated labour market.

  - In terms of specific skills required by crane drivers and metal plate workers and riveters, overhead crane operation skills are required on nearly 30% of job postings, but only listed on 10% of job seekers profiles and structural steel skills are found on more than 35% of job postings, but listed on less than 15% of job seekers profiles.

- **Creative, Culture & Leisure**

  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand. We can see the influence from the pub and restaurant industry with skills in restaurant operation, selling techniques, stock control, and catering management are in the top four. The presence of sports and leisure roles is also clear, with the presence of welfare and functional skills qualifications also high up in the ranking.

  - Gap analysis, comparing education supply with projected labour market demand sees the largest gaps in hospitality roles: kitchen and catering assistants, bar staff, waiters and waitresses, chefs, cooks make up the top 5. Restaurant related skills are in high demand. Some of these roles are relatively low skilled and so educational achievements will tend to be relatively short interventions. The potential for skills development is stronger with waiters and waitresses with more specific skills including patisserie, artisan and Wine & Spirit Education Trust (WSET) certification.

- **Digital**

  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand. The leading skills fall into three main categories — methodology- and competence-related skills such as Agile Software Development, Software Engineering, Software Design; software skills such as C#, SQL, JavaScript and Java; and infrastructure skills such as Microsoft Azure and Amazon Web Services.

  - Gap analysis, comparing education supply with projected labour market demand, highlights roles outside of the technical occupations — call centres, marketing and sales directors, and management consultants and business analysts. Management

consultant skills are IT-driven, cutting across SQL and automation; marketing directors focus on digital methods

- o The largest gap by far is in call and contact centre roles — which also has one of the largest numbers of job openings of any relevant occupation, with an estimated 87 projected job openings averaged across five years, compared to 40 learners achieving relevant qualifications each recent year. Next are marketing and sales directors (43 estimated job openings per annum), and management consultants and business analysts (42 estimated job opening per annum), both with gaps of more than 20 roles per annum.

- o In terms of specific stills required - call and contact centre roles are characterised by demands for skills around finance — collections, loans, numeracy feature — while management consultants and business analysts have a pronounced technology dimension, with skills in SQL and automation. Marketing and sales director demands tend to be much more niche and specific — as evidenced by the low absolute shares attributed to each one — and focus on a range of questions including management methods as well as e-commerce.

- **Health and Social Care**

  - o By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can then identify the largest gaps between supply and demand. Nursing skill features in a number of them, and indeed nursing is the largest single occupation, and so it's unsurprising that the demand and supply of nurses is at a high volume. Beyond that, the role of care services in driving jobs growth is visible, with significant roles played for nursing care, rehabilitation, personal care, care planning and rehabilitation.

  - o Gap analysis, comparing education supply with projected labour market demand, highlights two roles outside of the dedicated health professional occupations — medical secretaries and care managers — alongside midwives. Medical secretary skills favour a number of specialist requirements, such as audio transcription, while care managers need not only skills in nursing and therapies, but also the Care Standards Act 2000.

  - o In terms of specific skills required - for medical secretaries, a mix of sector-relevant — rehabilitation and paediatrics — and administrative skills are important, with audio transcription standing out as linking to the specialism. For Midwives, the mix of skills is reflective of the core role, with service improvement planning also featuring. Finally, for care managers, the predictable skills of nursing and Care Standards Act 2000 skills are matched with specialist skills around learning disabilities and autism therapies.

  - o While midwives are underserved in terms of local higher education participation, local action may be able to make faster progress against under-served demands for medical secretaries, residential care managers and health service managers. On this last point, the likely consequences of the current Covid-19 pandemic are only live to increase demands for health service managers, and so the problem is likely to rise in prominence. These roles require a mixture of skills and knowledge to understand delivery, but also to understand the complex regulatory world they operate in, and to perform administrative work.

- **Logistics**
  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can identify the largest gaps between supply and demand. We do this first across all of the distinctive occupations characterising Logistics within the Tees Valley. This shows that the largest absolute gap is for warehousing — nearly 1 in 5 job postings demand it, but less than 1 in 10 job profiles have it. Next come Key Performance Indicators (KPIs), not a skill as such but likely linked to supervisory capabilities, followed by numeracy. A blend of manual labour and back office skills also emerges.
  - Gap analysis, comparing education supply with projected labour market demand, highlights LGV drivers, van drivers and business sales executives as the largest gaps, followed by office supervisors.
  - In terms of specific skills sought, LGV drivers require skills in trunking, palletisation, collections, PPE and waste management, while van drivers require skills in collections, warehousing, customer experience and vehicle maintenance. Business Sales executives require skills in selling techniques, KPI's, smart metering and telemarketing.
  - There is a notable lack of dependency on higher education supply in this sector — even management subjects consist predominantly of further education and apprenticeship learners. This presents opportunities for FE providers to align their provision with local job demands and ensure learners are entering a non-saturated labour market. The biggest gaps are predicted for LGV and van drivers, but also business sales executives. In order for the sector to continue on its strong growth trajectory, in particular in the aftermath of Covid-19, the Tees Valley will need to ensure it can field a workforce that meets the sector's demands — and where necessary upskill those within the workforce to fill supervisory or sales roles. Many of the skills involved for leading roles are heavily workplace-related — palletisation, warehousing — and so will likely need close collaboration with local employers to ensure an alignment of skills with business processes.

- **Professional and Business Services**
  - By looking at the share of job postings looking for skills and the share of job profiles already holding them, we can identify the largest gaps between supply and demand. Looking across the Professional and Business Services sector there is a rich mix of skills reflecting the diverse range of industries within the sector — resourcing, guarding, collections, advising and patrolling all feature in the top ten. More generic skills and managerial skills are a constant theme, with KPIs, numeracy leading the list
  - Gap analysis, comparing education supply with projected labour market demand, highlights a range of occupations — with the top four occupations including call centre roles, security guards, finance and investment analysts and bank clerks — a mix of administrative, professional and elementary occupations. The volumes of unmet labour market demands are significant; for the top eight occupations, 187 job openings not met by new supply each year.
  - In terms of specific skills sought the two financial roles — bank clerks and finance and investment analysts and advisers — both require contact centre skills, but have a clear division in terms of skill, with bank clerk roles seeking customer-facing skills, and finance and investment analyst and adviser roles seeking skills in brokerage and

accountancy. Security guard roles involve patrolling, guarding, Closed-Circuit Television (CCTV) and knowledge of security systems.

o Financial analyst and adviser roles are also under-served by education supply, and so too are management consultants — despite their more limited role in the Tees Valley economy. Evidence suggests a strong technical dimension to both of these roles, with financial adviser skills around Association of Chartered Certified Accountants (ACCA) qualification being important, and consultants being IT-focused within the area. Overall, looking across the mix of under-served needs, they fall into two groups: the lower-skill business service roles — contact centre and security roles — and then the wider range of primarily financial roles — investment advisers, bank clerks, financial managers, brokers. The sector's strong base in finance, especially in support services around pensions and insurance, offers an opportunity to create a strong workforce specialism to support it.

**EMSI January 2021**

As mentioned in the skills supply and demand sections, in January 2021 Tees Valley Combined Authority (TVCA) commissioned further analysis by Emsi to undertake a detailed analysis of Tees Valley occupations. The key **skills gap** findings from this analysis are summarised below

- Alignment analysis indicates that, compared to the national pattern, there are relative gaps in demand for clusters such as healthcare delivery, public administration, marine and maritime and chemicals and hydrocarbons. Areas where there is less demand include administration and support, cleaning, maintenance and security and sales. This translates into a need for physical skills that are required in a number of the clusters that are currently underserved (e.g. chemicals and hydrocarbons and metal work). Furthermore, there is clearly a need for strong interpersonal skills in clusters such as policing, fire and prison services and primary, secondary and further education.

- The analysis indicates that relative to England a number of clusters such as metal work, chemicals and hydrocarbons, healthcare delivery and policing, fire and prison services face supply gaps, whilst others such as administration and support, cleaning, maintenance and security and electronics and electricals are oversupplied.

- The alignment analysis demonstrates that while production skills in principle are well-served, the production specialisms of the Tees Valley — mining and quarrying, marine and maritime, metal work and chemicals and hydrocarbon — are barely and sometimes not at all education specialisms. Compared to the rest of the country, the Tees Valley requires as many as two or three times these kinds of workers as other areas, but the FE and Apprenticeship system produces relatively similar numbers to those elsewhere.

- The presence of substantial health service employment in the Tees Valley means a persistent high demand for healthcare skills, which given national trends — both long-term such as aging and then the last year's shock to public health will continue to be a source of job creation. The alignment analysis demonstrates the healthcare delivery occupation cluster stands out as an area where education supply does not correspond with the Tees Valley's employment strength in this field.

- In common with most areas, there are clear gaps in service-intensive and high-volume occupation clusters: retail, sales and cleaning, maintenance and security. While these do not greatly differentiate Tees Valley from other areas, and in the short-term the disruption brought

by Covid-19 will mitigate demand, in the medium-term with potential limits on immigration as a source of labour supply, and the growth of the service sector, up-skilling the recruitment pool for this area represents an opportunity to improve the functioning of a large and (the short-term consequences of Covid-19 aside) growing part of the economy.

**References**

Below are references to other documents mentioned throughout the Local Skills Report, including hyperlinks to other publications if applicable.

**Tees Valley Economic Assessment 2020**
https://teesvalley-ca.gov.uk/wp-content/uploads/2021/02/Tees-Valley-Economic-Assessment-2020.pdf

**Tees Valley Higher Education Report 2021**
https://teesvalley-ca.gov.uk/research-intelligence/edu-emply-and-skills/higher-education/

**Tees Valley DfE Employer Skills Survey Analysis**
https://teesvalley-ca.gov.uk/wp-content/uploads/2021/05/DfE-Employer-Skills-Survey-2019-Tees-Valley.pdf

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