

Youth Labour Market in England: National context for local labour market analysis

A Report to the Youth Futures Foundation from Ipsos UK



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Contact:

Get in touch

Youth Futures Foundation

Fivefields,
8 - 10 Grosvenor Gardens,
London
SW1W 0DH

Email: analysis@youthfuturesfoundation.org

www.youthfuturesfoundation.org



Executive summary

Ipsos UK was appointed by Youth Futures Foundation (Youth Futures) to provide Local Labour Market Analysis (LLMA) to localised partnerships that had been awarded a grant through the Connected Futures Programme. This report complements the LLMA that was delivered to the local partnerships, providing a statistical overview of the youth labour market across England as a whole. It aims to provide local, regional and national stakeholders an understanding of the wider economic and labour market conditions that are shaping opportunities for young people, and to act as a guide for local areas wishing to gain a deeper understanding of their local youth labour market through data. This report presents the data we provided to Connected Futures partnerships locally, now analysed at national and (in some cases) regional levels. We've combined these sources with additional national datasets to explore economic and labour market trends from 2015 (where available) through to our 2035 forecasts.

This report uses data available at the time of the Connected Futures programme and therefore does not include the most recent updates in some cases.

Productivity, Jobs and Wages

The UK economy has grown steadily over the past decade except for a dip in 2020 during the pandemic lockdown. GDP reached £744 billion in Q1 2025, which was a 57% increase from 2015 in nominal terms. However, when adjusted for inflation, real growth was more modest at 13%. Productivity, measured as GVA per hour worked, increased over the same period, reaching £47 nationally in 2024. However, there were wide regional disparities with this measure, with workers in London generating an average of £54 per hour compared to £36 in the North East.

There were 29 million jobs in England in 2024, which was 11% higher than in 2015. There were some changes in the industrial structure over this period, with retail declining from 16% to 14% of all jobs, whilst health and social work increased from 13% to 14% to become the joint-largest employing industry. Other major sectors include professional services, administrative and support services, education, and hospitality, each representing approximately 10% of jobs. Manufacturing declined from 8% to 7% of employment, whilst construction increased slightly from 4% to 5%.

Average weekly earnings in Great Britain totalled £733 in September 2025, 54% higher than the figure of £476 in January 2015. However, real wage growth over the period was 10% (when adjusted for inflation). Regional earnings in Q3 2025 ranged from £696 weekly in the North East to £1,025 in London, with a national mean of £826 for full-time workers.

Employment, Unemployment and Economic Inactivity

There were 36.8 million people of working age in England in 2024, which was 6% higher than in 2015. There was a shift in the age profile of the population over that time, with modest growth in the numbers of young people and the highest rates of growth amongst those in older age groups. Looking ahead, these trends are set to continue. The number of 16-24 year olds is forecast to increase by 11% by 2035, whilst the numbers of people aged 65 and over is expected to increase by 23% over the same period.

There were 2.9 million young people aged 16-24 in employment in England in 2025, with an employment rate of 50%. This was four percentage points lower than in 2020. The youth employment rate has remained approximately 20 percentage points below the overall working age employment rate since 2015. Regional youth employment rates in 2025 ranged from 58% in the South West to 42% in London. Of those young people who were in employment in England, 36% worked in retail, hotels or restaurants and 21% worked in public services (administration, education and health).

In 2025, 440,900 young people aged 16-24 were unemployed, representing 13% of that age group. The youth unemployment rate peaked at 15% in 2021, before falling in 2023 and then increasing in 2024 and 2025. The youth claimant rate (18-24) stood at 5.7% in July 2025, with 266,700 young people claiming unemployment-related benefits. The rate peaked at 9.3% in July 2020, fell to 4.5% by July 2022, and has also since increased steadily.

In 2025, 2.4 million people aged 16-24 were economically inactive, accounting for 42% of that age group. The economic inactivity rate has increased since the pandemic. The NEET rate¹ (not in employment, education or training) for 16-24 year olds reached 12.7% in Q3 2025, compared to 9.7% in Q2 2021. Of those who were NEET, 61% were economically inactive.

Employer Perspective

Findings from the Employer Skills Survey (ESS) reveal a significant "experience gap" that presents a major barrier for young job seekers. Most employers across England (61%) cite relevant work experience as a critical or significant factor in their recruitment decisions, rating it higher than academic or vocational qualifications. Yet only 38% of employers

¹ This indicator was a new addition for this report to ensure completeness and not included in the local level reports.

offer work experience, suggesting employers may not be embedded early enough in supporting young people to get experience of the workplace.

Recruitment methods also pose a challenge. The most common routes taken by employers across England to hiring young people (under the age of 25) are word-of-mouth and personal recommendations. This can disadvantage young people who lack access to professional networks. Employers also report a high prevalence of skills mismatches, with many vacancies considered "hard-to-fill" due to a low number of applicants with the required skills.

National Forecasts

Labour market projections to 2035 indicate a continued shift towards a higher-skilled and higher-qualified workforce. The demand for highly qualified individuals is set to rise, with over half (54%) of all jobs in England expected to require a degree-level qualification by 2035, a substantial increase from the equivalent figure of 41% in 2020. Consequently, there will be very few opportunities for those with no qualifications at all, accounting for just 2% of all jobs in 2035.

The sectors expected to see the largest net increase in jobs include health and social work, accommodation and food services, professional services, and construction. However, the greatest number of job openings, 17.2 million, will come from "replacement demand" to fill positions left by those who retire or move on.

Introduction

Overview

Ipsos UK was appointed by Youth Futures Foundation (Youth Futures) in June 2022 to provide Local Labour Market Analysis (LLMA) to eight localised partnerships² that had been awarded a grant through the Connected Futures Programme³. An additional two partnerships (Sheffield and Walsall) were awarded funding through Connected Futures and the LLMA study was extended to include these too. Connected Futures aims to bring together delivery organisations, local authorities, and young people in localised partnerships across England to drive systems change. The purpose of the LLMA study was to provide partnerships with local labour market insights to help them develop a shared understanding of the opportunities and challenges in the youth labour market. This analysis, combined with local evidence and insights, was intended to help partnerships identify priority areas for addressing the employment challenges facing by young people in their areas.

Local Labour Market Analysis

Ipsos analysed data from a wide range of secondary sources (detailed below) to profile the local labour market in each Connected Futures partnership area. The findings were presented through a series of local workshops with facilitated discussion on the scale and nature of labour market opportunities and challenges, focussing on employment, education and training outcomes for young people.

The framework for the analysis is set out in Ipsos' Local Labour Market Diagnostic Model (Figure 2.1). It is separated into two overarching themes:

- **Understanding the characteristics of labour supply:** the size and profile of the working age population; levels of employment, unemployment and inactivity; and the skills and qualifications of the workforce. These factors enable an overview of what provision exists to support particular sectors and can determine or facilitate the education and labour outcomes of young people.

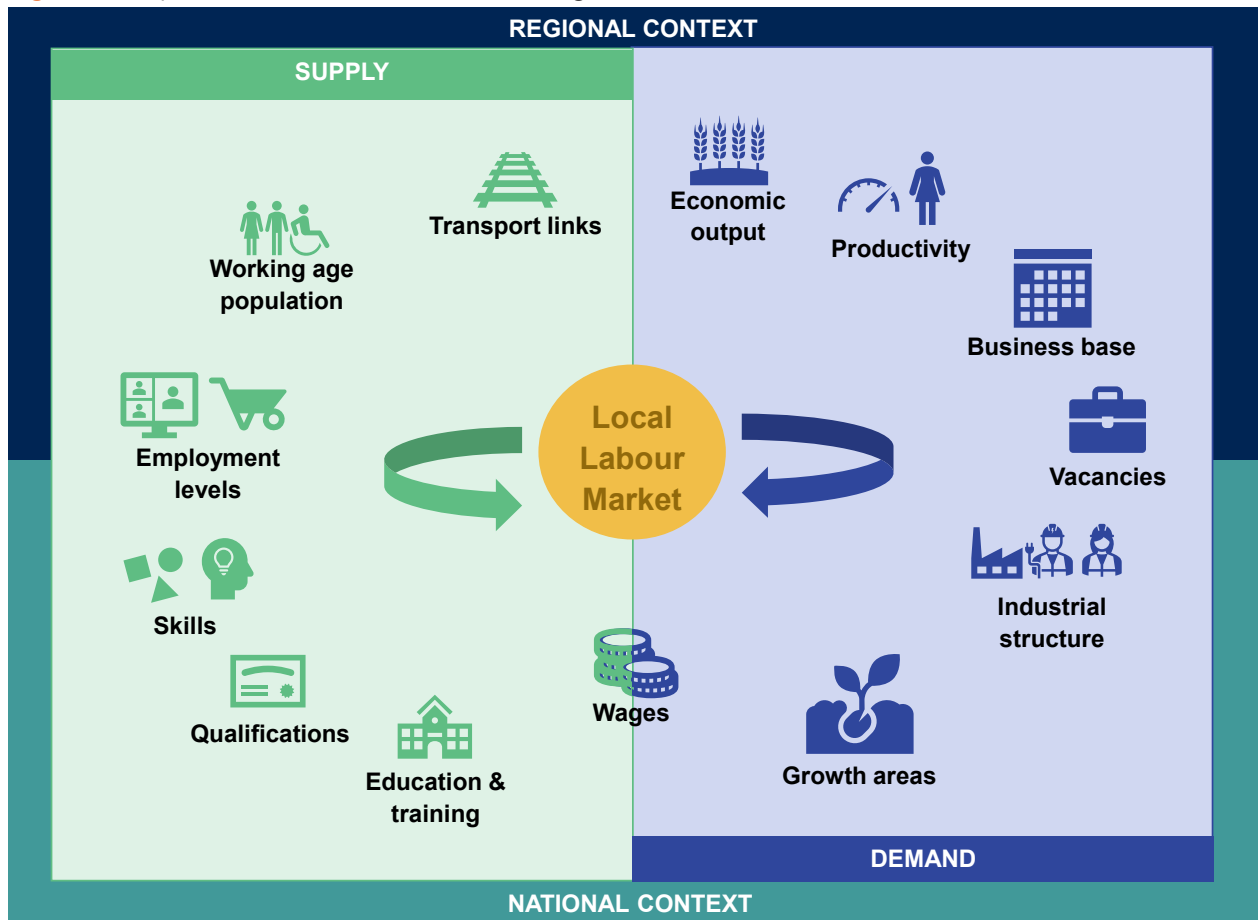
² Based in: Blackpool, Brent, Burnley, East Midlands, Haringey, Hastings, Hull and Lewisham

³ <https://youthfuturesfoundation.org/what-we-do/flagship-programmes/connected-futures/>

- **Understanding the composition of labour demand and how it is changing:** the health of the local economy; profile of the business base; industrial structure in terms of occupational split and sectors; and key growth areas (i.e., where labour demand will come from in the future).

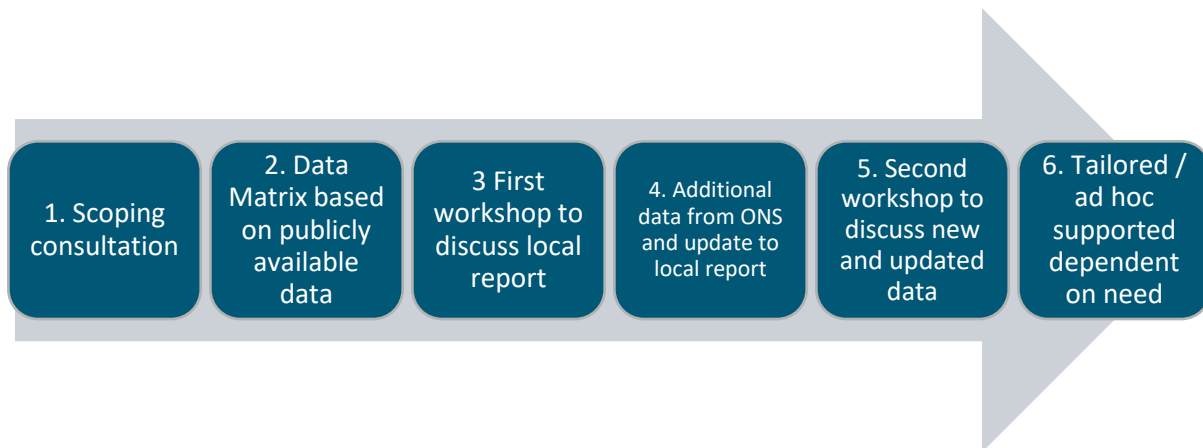
The nature of supply and demand must be contextualised by the local, regional and national context. Where possible trends at the local level were compared with those regionally and nationally.

Figure 2.1. Ipsos' Local Labour Market Diagnostic Model



There were six main stages involved in the provision of LLMA to each Connected Futures partnership (Figure 2.2). The sections that follow provide further detail on what was involved at each stage.

Figure 2.2. Connected Futures partnership journey through LLMA study



Scoping Consultations

Initial conversations with each partnership explored their existing sources of labour market data and evidence and identified what additional labour market information would support their needs. These consultations considered each area's local context and their aims for the Connected Futures programme. This helped determine both the data to be gathered and the stakeholders to include in future communications and workshops.

Data Matrix

The next step was to bring together publicly available data into a bespoke 'Data Matrix' for each area. This included relevant labour market indicators from the following sources (more detail can be found in Annex B):

- Annual Population Survey / Labour Force Survey
- Annual Survey of Hours and Earnings
- Business Register and Employment Survey
- Claimant Count / DWP Benefit Claimants
- Population estimates / projections
- Regional accounts (GVA / productivity)
- Census

Where possible, time series data was provided for each variable, enabling partnerships to see how trends were changing over time. The data covered each partnership area at the most detailed geographic level available, along with regional and national comparators. Details of the variables included in the Data Matrix are listed in Annex A.

Local Reports

A local report was produced for each partnership based on the Data Matrix figures. Each report included measures from the diagnostic model along with regional and national comparators. These were presented as charts with accompanying narrative on key messages.

First Workshop

A workshop was held with each Connected Futures partnership where Ipsos presented the local report and facilitated discussion around this. Partnerships drew on local insights to interpret the data, enabling them to consider the LLMA findings alongside the other locally-collected evidence.

Additional Data

Ipsos successfully applied to the Office for National Statistics (ONS) for access to datasets held within the Secure Research Service (SRS). This included the Employer Skills Survey (ESS), a Department for Education telephone survey that asks employers about their current recruitment and employment practices, including vacancies, recruitment, apprenticeships and placements.

Additional analysis of labour market forecasts identified which occupations and industries were expected to grow and decline over the coming years. These forecasts were developed through 'The Skills Imperative 2035: Essential skills for tomorrow's workforce'⁴ research programme funded by the Nuffield Foundation, with subregional analyses funded by the Department for Education.

Second Workshop

A second workshop was held with each Connected Futures partnership to present the additional data alongside updates to the original labour market indicators included in the local reports. Most workshops were held in-person, facilitating networking and collective agreement on key issues facing each area. For newer partnerships, this workshop brought together key stakeholders and established a baseline understanding of their local labour market issues.

⁴ <https://www.nuffieldfoundation.org/project/the-skills-imperative-2035>

Ad hoc Support

Following the second workshop, each partnership could request additional support from Ipsos to address their labour market information needs. This included requests for data not covered in the core offer (such as housing data or analysis for specific subgroups or geographies of interest). It could also include support with analysing and interpreting findings, including for bids to subsequent phase of the Connected Futures programme.

Feedback from Local Partnerships

Feedback gathered from two of the Connected Futures partnerships highlight how they combined the LLMA provided through the study with local knowledge and insights to⁵:

- **Create a shared evidence base:** Enabling coordinated action across partners by grounding programme design in consistent evidence rather than assumptions.
- **Reveal knowledge gaps and fresh perspectives:** Some stakeholders were unaware of the true scale and nature of local challenges, whilst others gained new insights into youth employment issues and emerging growth sectors.
- **Build confidence and validation:** The data validated frontline observations and strengthened partnerships' commitment to improving youth opportunities.
- **Drive programme redesign and strategic focus:** Leading to tangible service changes (such as shifting from quick job placements to sustainable career pathways) and sharpening both operational and strategic decision-making.
- **Identify opportunities and sector-specific action:** Highlighting growth sectors like construction and healthcare, enabling targeted employer engagement and creation of industry-specific pathways aligned with labour market demand.
- **Focus on quality and sustainability:** Reinforcing the need to prioritise long-term career progression over quick fixes, ensuring provision supported pathways into further education, apprenticeships and quality employment.

Purpose and Use of this Report

This report reflects and builds on data sources and indicators used in the local labour market analysis to provide a statistical overview of the national economy and labour market. It is intended to provide local, regional and national stakeholders working in youth employment with an understanding of the wider economic and labour market context. It enables benchmarking of local areas against regional and national

⁵ Full quotes provided in Annex C

averages, helping stakeholders identify where their areas align with or diverge from broader patterns⁶.

This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252.

Structure of Report

The report is structured as follows:

- **Chapter 3** – Productivity, Jobs and Wages
- **Chapter 4** – Employment, Unemployment and Inactivity
- **Chapter 5** – Employer perspective
- **Chapter 6** – Future forecasts
- **Chapter 7** – Conclusion
- **Annexes**

⁶ When using data from this report, please compare with appropriate local-level indicators and note any differences in time periods.

Productivity, Jobs and Wages

This section looks at the following key indicators:

- Economic output
- Productivity
- Jobs
- Industrial structure
- Wages

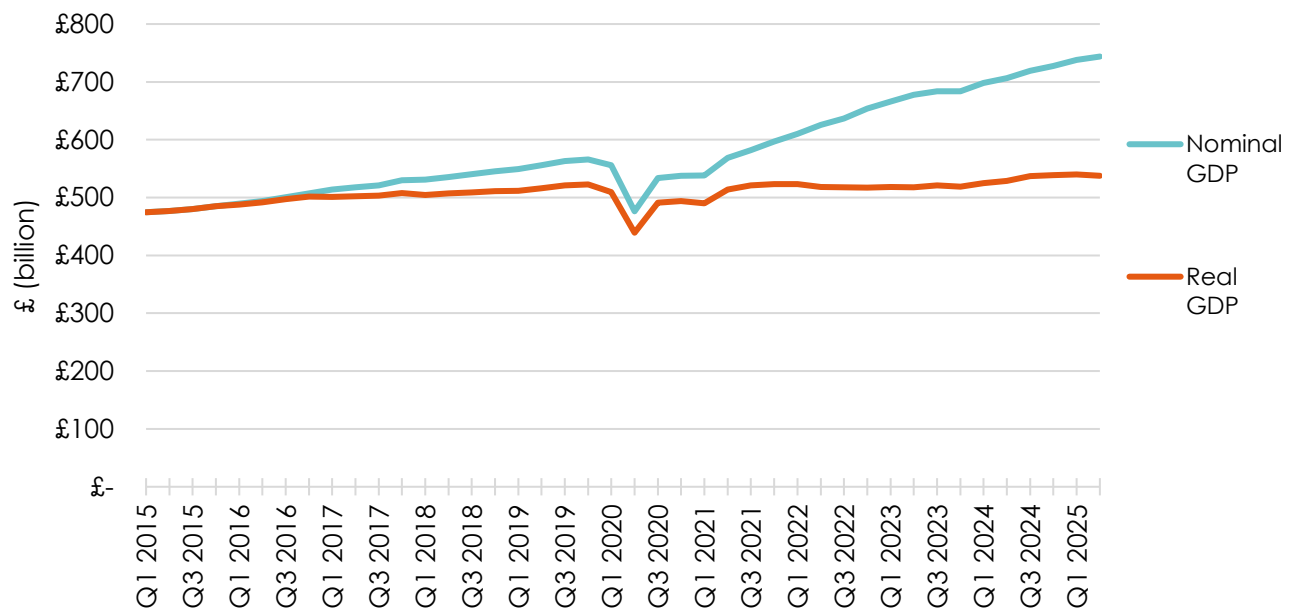
Economic Output

A key measure of the health of the national economy is economic output, as measured by Gross Domestic Product (GDP). This represents the monetary value of all goods and services produced over a specified period. When GDP grows, it indicates economic expansion, which typically results in greater demand for goods and services. To meet this increased demand, businesses often need to hire more employees, leading to higher employment rates. Conversely, when GDP contracts, demand decreases, and businesses may reduce their workforce, potentially resulting in increased unemployment.

UK GDP amounted to £744 billion in Q1 2025, which was 57% higher than in Q1 2015 (Figure 3.1). However, real terms growth was 13% over the period when taking account of inflation, which increased by 36% over the same period⁷. The dip from 2019 to 2020 shows the impact of the global pandemic on the national economy when many services had to cease operation due to lockdown restrictions.

⁷ ONS CPI (consumer price inflation) annual rate

Figure 3.1: UK GDP in nominal and real terms (£ billions) 2015 – 2025



Source: ONS, Real-time database for GDP Current Price (YBHA), 2025

Nominal GDP is in current prices and not adjusted for inflation.

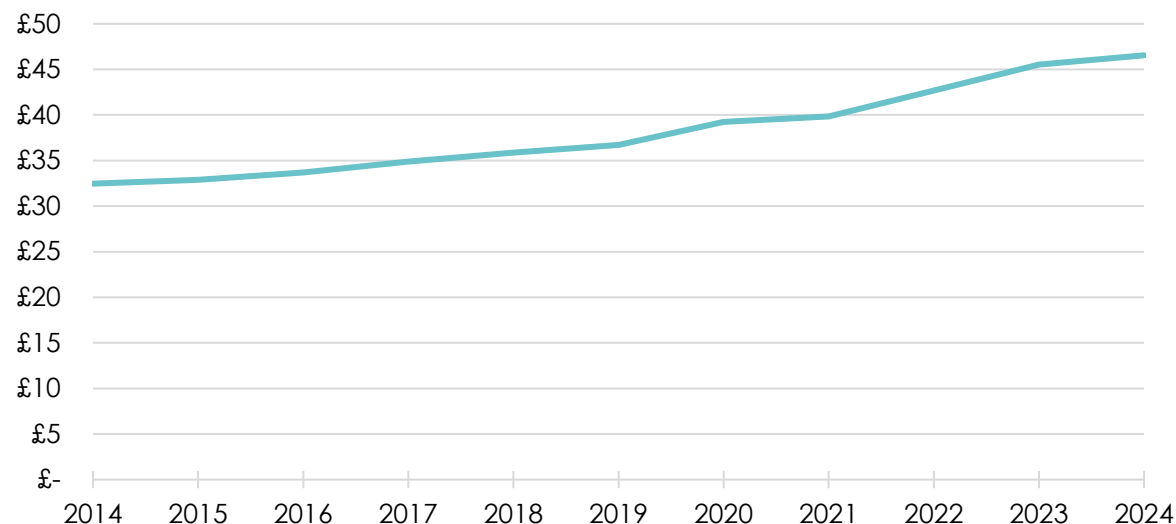
Real GDP is in constant (Q1 2015) prices and has been adjusted for inflation.

Productivity

Productivity is a measure of the efficiency and effectiveness of labour in producing goods and services and is a key indicator of economic health and competitiveness. It is typically measured by dividing total economic output by number of hours worked (to account for differences in working hours) and allows for an understanding of how efficiently a workforce produces economic output. This is influenced by factors such as the mix of sectors in a region, levels of investment, innovation, workforce skills, and the value that businesses are able to generate from their goods and services, including through higher prices or profits. For local partnerships, understanding productivity helps identify skills gaps, inform training priorities, and target interventions where they can have the greatest economic impact. Gross Value Added (GVA) per hour worked is a better measure of productivity than GDP per hour worked as it takes out the effect of taxes and subsidies which may distort actual productivity. Higher GVA per hour indicates a more productive workforce.

In 2024, UK GVA per hour worked amounted to £46.54. This has been increasing steadily in gross terms over the past decade, with the exception of a dip in 2020 at the onset of the pandemic (Figure 3.2).

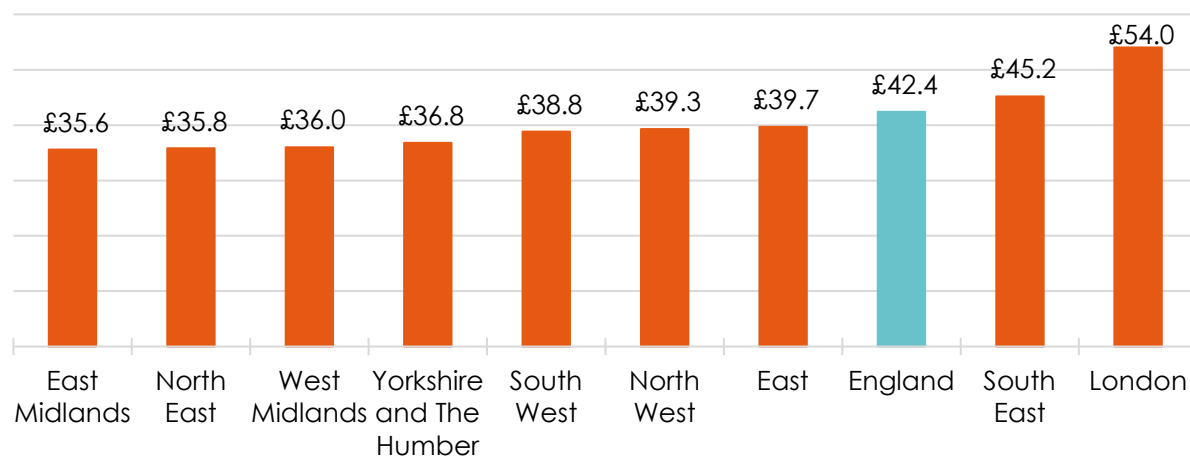
Figure 3.2: UK Annual GVA per hour worked (£) 2014-2024



Source: ONS, National Annual Output per Worker
Current prices and not adjusted for inflation.

The latest available regional data is from 2023 and shows that average GVA per hour worked across England was £42.40. The East Midlands and North East had the lowest levels of GVA per hour worked at (£35.80 and £35.60), whilst London and the South East had the highest regional GVA per hour worked (£54 and £45.20).

Figure 3.3: Regional GVA per hour worked, 2023

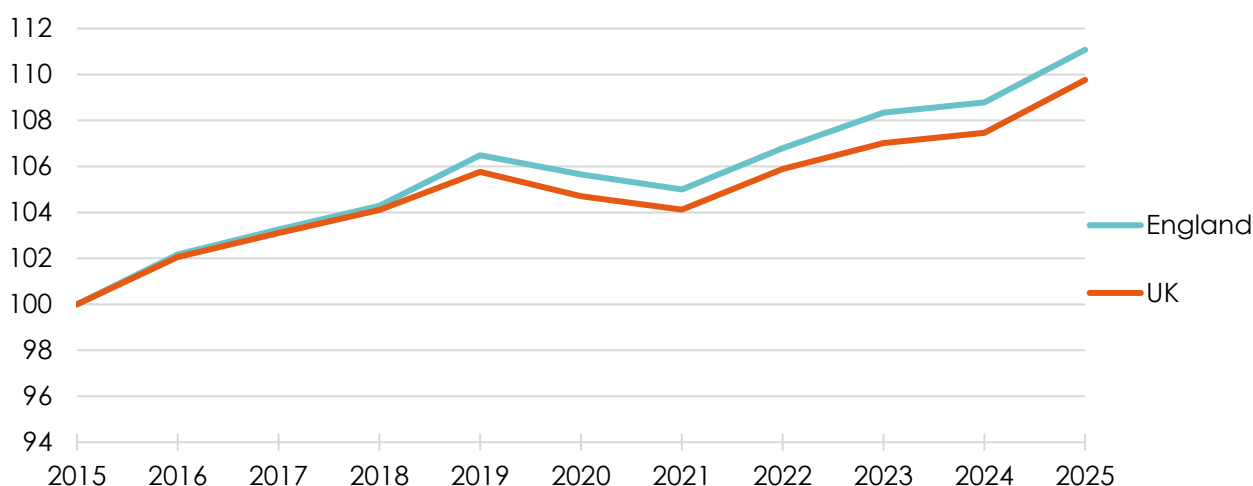


Source: ONS Sub Regional Productivity – current price (smoothed)

Jobs⁸

There were 29.2 million jobs in England in 2024, which was 11% more than in 2015. Jobs growth in England has outpaced that of the UK over the past decade (Figure 3.4). Following a period of strong growth between 2015 and 2019, there was a decline in job numbers between 2019 and 2021, followed by a return to growth in more recent years.

Figure 3.4: Index of total jobs (2015=100)



⁸ Job vacancies provide a better indicator of labour demand, but this data is not available at local levels and was therefore excluded from both the local reports and this national report.

Source: Labour Force Survey (LFS), ONS

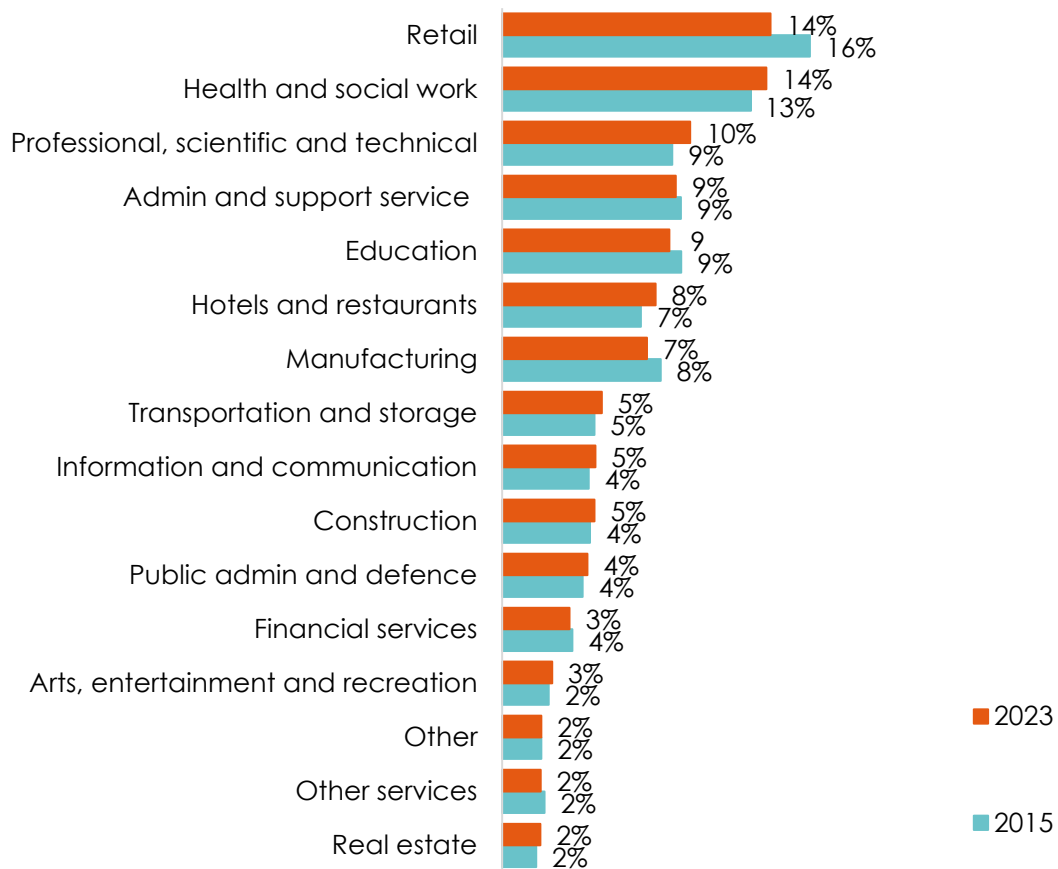
Industrial Structure

Figure 3.5 provides a breakdown of total jobs by industry. It shows that:

- **Retail** is the largest employing industry in England accounting for 14% of all jobs in 2023, which is two percentage points lower than the figure of 16% in 2015.
- **Health and social work** is the second largest employing industry in England accounting for 14% of all jobs, a slight increase from 13% in 2015.
- The other largest industries in jobs terms are all in **service sectors** with professional services, administrative and support services, education and hotels and restaurants each accounting for around one in every ten jobs.
- The number of **manufacturing** jobs in the UK has been in long term decline since its peak in the 1960s. This has been driven by globalisation and competition from overseas, technological advancements and automation, deindustrialisation and the rise of the service economy. Whilst the scale of decline has slowed in recent years, a downward trend is still evident with the sector accounting for 7% of all jobs in England in 2023 compared to 8% in 2015.
- **Construction** accounted for one in every 20 jobs (5%) in 2023, up slightly from 4% in 2015.

There are notable regional variations in industrial structure. London and the South East have higher concentrations of jobs in professional, financial and information and communication services, whilst regions in the north of England are more dependent on manufacturing and retail sectors for jobs.

Figure 3.5: Employment by Industry, England, 2015 and 2023

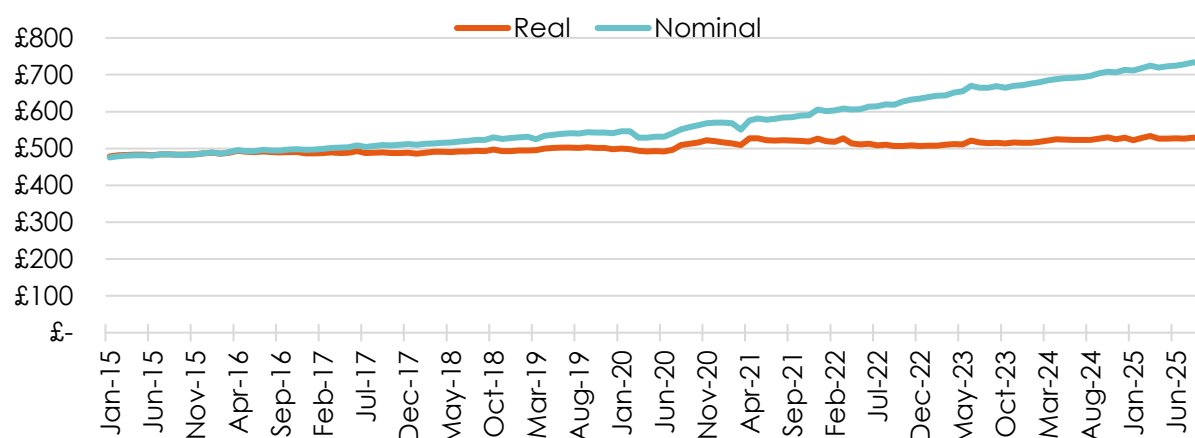


Source: Business Register for Employment Services (BRES), ONS

Wages

Total average weekly earnings in Great Britain were £733 per week in September 2025 (Figure 3.6). This was 54% higher than the equivalent figure of £476 in January 2015. However, when accounting for the cumulative rise in inflation over the same period, real wages have only increased by 10%.

Figure 3.6: Average Total Weekly Earnings, GB, January 2015 – September 2025

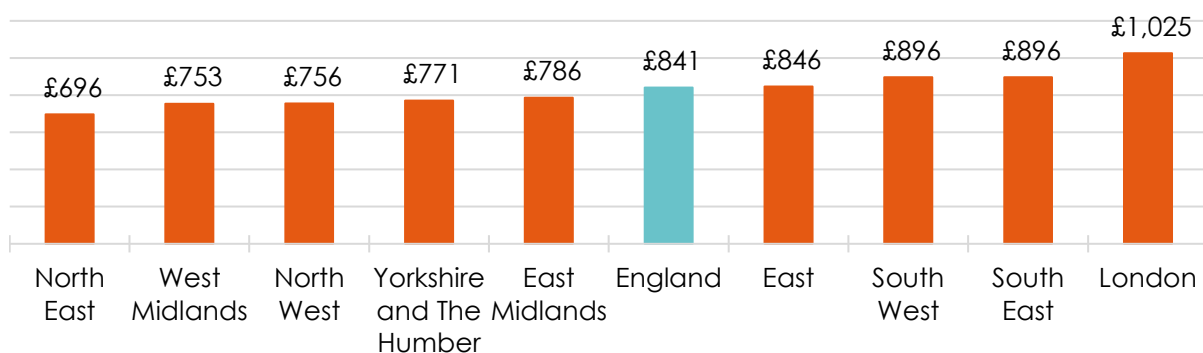


Source: Average weekly earnings, seasonally - adjusted, ONS

Nominal refers to wages at current prices that have not been adjusted for inflation. Real refers to wages in constant (2015) prices that have been adjusted for inflation.

The mean gross weekly earnings of full-time workers in London and the South East are above the national average at £1,025 and £896 respectively (Figure 3.7). Earnings in the North East and West Midlands are the lowest of all regions in England at £696 and £753.

Figure 3.7: Average (mean) gross weekly earnings of full-time employees, Q3 2025



Source: Earnings and employment from Pay As You Earn Real Time Information, non-seasonally adjusted, ONS

Figures are not seasonally-adjusted or adjusted for inflation and should not be compared with figure 3.6.

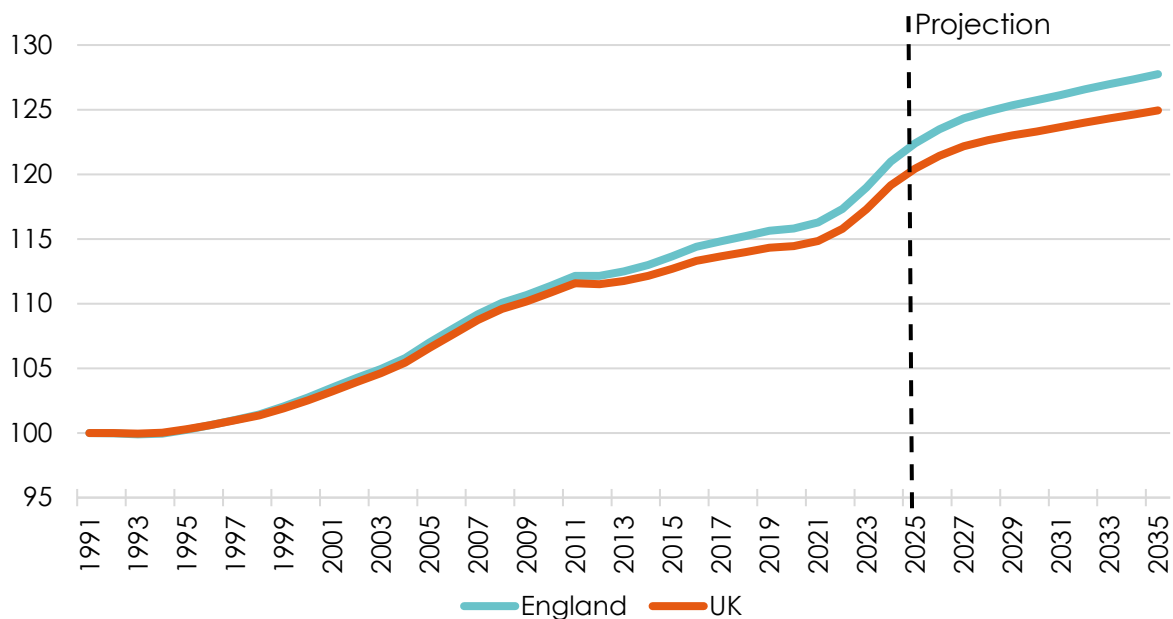
Employment, Unemployment and Economic Inactivity

Population by Age

Across England, there were 36.8 million people of working age in 2024, accounting for 85% of the total working age population of the UK.

There has been strong growth in the working age population in England in recent decades with an overall increase of 20% between 1991 and 2024. There were 2.1 million more people of working age in England in 2024 than in 2015, an increase of 6%. This has accelerated in recent years with 2023 and 2024 recording the highest growth rates over this period (1.4% and 1.2% respectively). Looking ahead, the population of England is expected to continue to grow over the coming decade outpacing the UK as a whole.

Figure 4.1: Index of Working Age Population (16-64) (1991=100), 1991-2035⁹



Source: Population estimates/Population projections, ONS

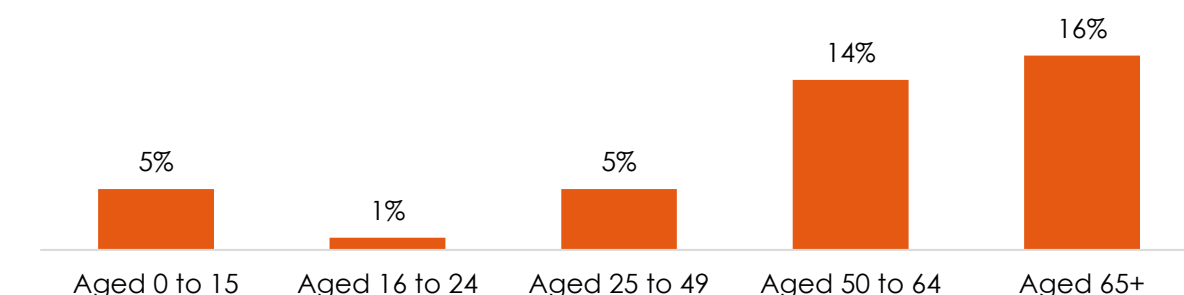
⁹ Projection data for England starts in 2025, but 2024 for the UK

Population growth over the past decade has not been evenly spread across age groups. Figure 4.2 shows:

- **Modest growth in the numbers of children and young people** – there has been a 5% increase in the number of people under the age of 16 and a 1% increase amongst those aged 16-24 over the past decade.
- **Modest growth amongst those of ‘prime’ working age** – there has been a 5% increase in the numbers aged 25 to 49. This age range is generally considered the most economically productive, as people have often completed their education, gained several years of work experience, and are actively contributing to the labour force.
- **A marked ageing of the population** - the greatest population increases have been amongst older age groups with a 14% increase in those aged 50-64 and a 16% increase in those above retirement age.

It is worth noting that there are increasing numbers of people over the age of 60 who are still in work due to the rising State Pension Age (SPA), particularly women¹⁰. There are also increasing numbers of people working beyond the SPA¹¹, although it is common for them to work fewer hours. There has also been a rise in inactivity amongst those aged 50-64, which has become more pronounced since the pandemic¹².

Figure 4.2: Population Change by Age Band, England 2014-2024



Source: Population estimates, ONS

¹⁰ https://ifs.org.uk/sites/default/files/output_url_files/R212-Recent-and-future-patterns-of-work-around-state-pension-age.pdf

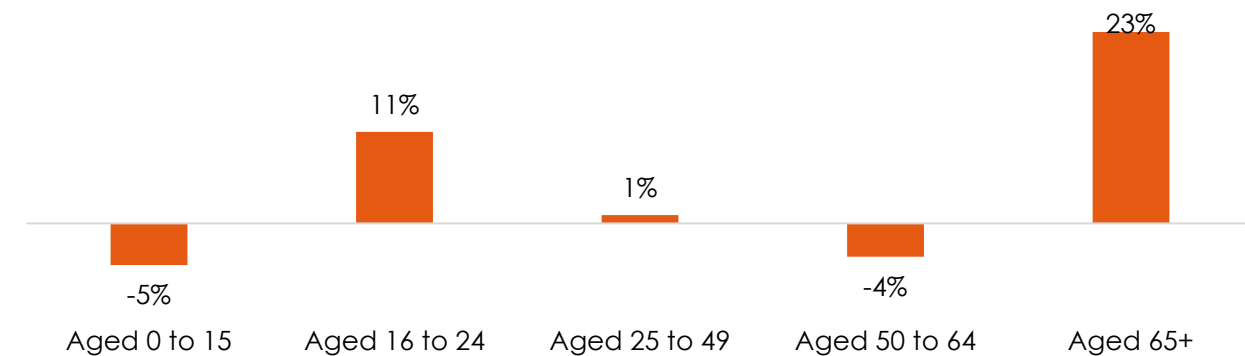
¹¹ <https://www.nihr.ac.uk/2281-healthy-extended-working-lives#:~:text=People%20who%20work%20beyond%20State%20Pension%20age,expected%20to%20continue%20for%20the%20foreseeable%20future.>

¹² [https://obr.uk/box/why-has-working-age-inactivity-risen-since-the-pandemic/#:~:text=The%20change%20in%20the%20number,the%20composition%20of%20inactive%20people\).](https://obr.uk/box/why-has-working-age-inactivity-risen-since-the-pandemic/#:~:text=The%20change%20in%20the%20number,the%20composition%20of%20inactive%20people).)

The recent ageing of the population in England is expected to accelerate over the coming decade. There are forecast to be 23% more people of retirement age (65 and over) by 2035. This is the highest expected growth of all age groups (Figure 4.3). At the same time, there is expected to be a decline of 5% in the numbers of children and young people under the age of 15, which is being partly driven by the falling birth rate.

The number of young people aged 16-24 is expected to increase by 11% over the period, many of whom will be entering the labour market for the first time following the increase in those aged 0-15 between 2014-2024. However, overall population growth is partly offset by stagnation in the 'prime' working age group of 25-49, following subdued growth in those aged 16-24 in 2014-2024, and a decline in the numbers aged 50-64.

Figure 4.3: Projected population change by age band 2025 - 2035



Source: Population projections, ONS

Indicators in sections 4.2, 4.3 and 4.4. are derived from the Annual Population Survey (APS), which draws on the Labour Force Survey (LFS). They should be treated with caution given recent quality issues with these surveys. As with any survey, they are subject to sampling variability and margins of error. In recent years, both surveys have experienced declining response rates, raising concerns about the quality and reliability of the data. More detail on all data sources can be found in Annex B.

Youth Employment

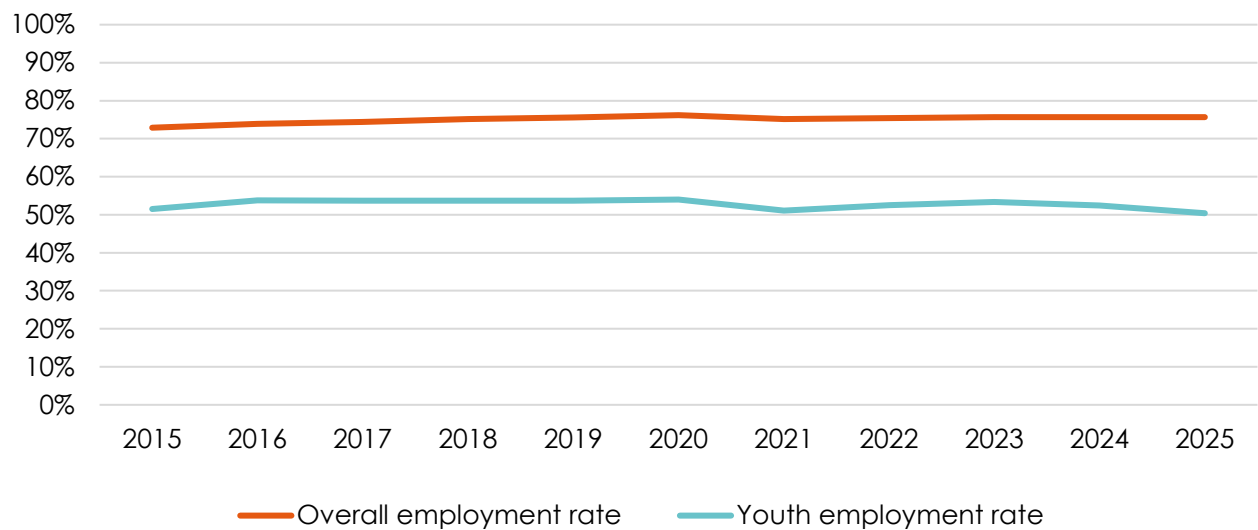
The employment rate is a measure of how many people of working age are in employment. It includes those who are paid a wage by an employer for their work, whether in permanent or temporary contracts, as well as those who are self-employed.

There were 26.7 million people in England in employment in 2025 accounting for 76% of the working age population. The employment rate has been relatively stable over the past decade, increasing by three percentage points since 2015 (Figure 4.4). There was a

temporary drop in the employment rate in 2021 but it has since returned to pre-pandemic levels.

There have been greater fluctuations in the youth employment rate in recent years. In 2025, there were 2.9 million people aged 16-24 in employment accounting for 50% of all people in that age group (Figure 4.4). This was four percentage points lower than in 2020 immediately before the pandemic. The youth employment rate fell in 2021 and has not returned to pre-pandemic levels. The youth employment rate has been consistently 20 percentage points lower than the working age employment rate over the past decade and experienced a slightly more pronounced dip during the pandemic.

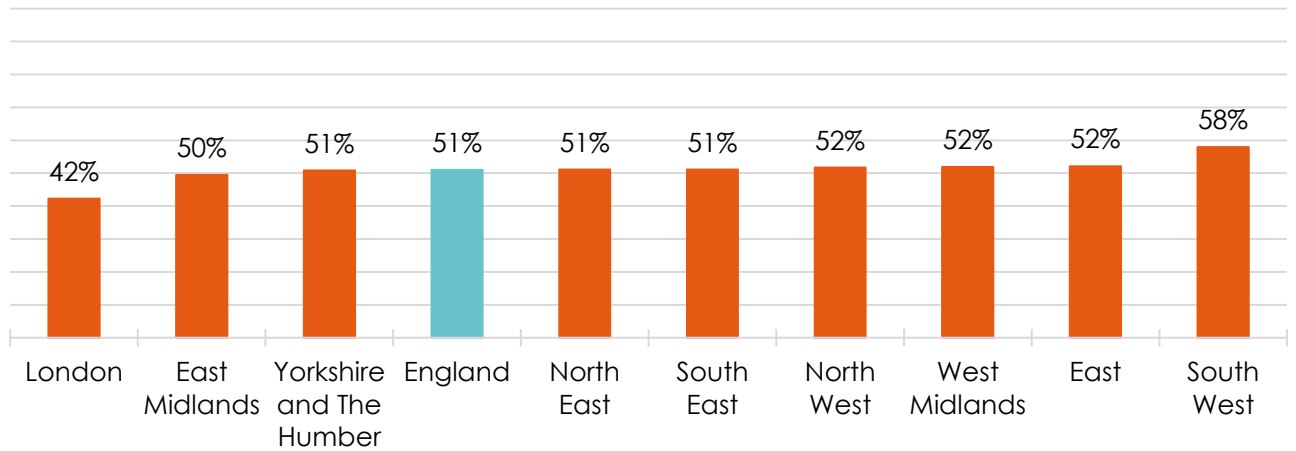
Figure 4.4: England employment rate (16-64), 2015-2025



Source: Annual Population Survey (APS), ONS

There are wide variations in the youth employment rate across regions in England. Figure 4.5 shows that the South West has the highest youth employment rate with 58% of all young people aged 16-24 in employment in the region in 2025. At the other end of the scale, London has the lowest youth employment rate at 42% - nine percentage points lower than the national average for England.

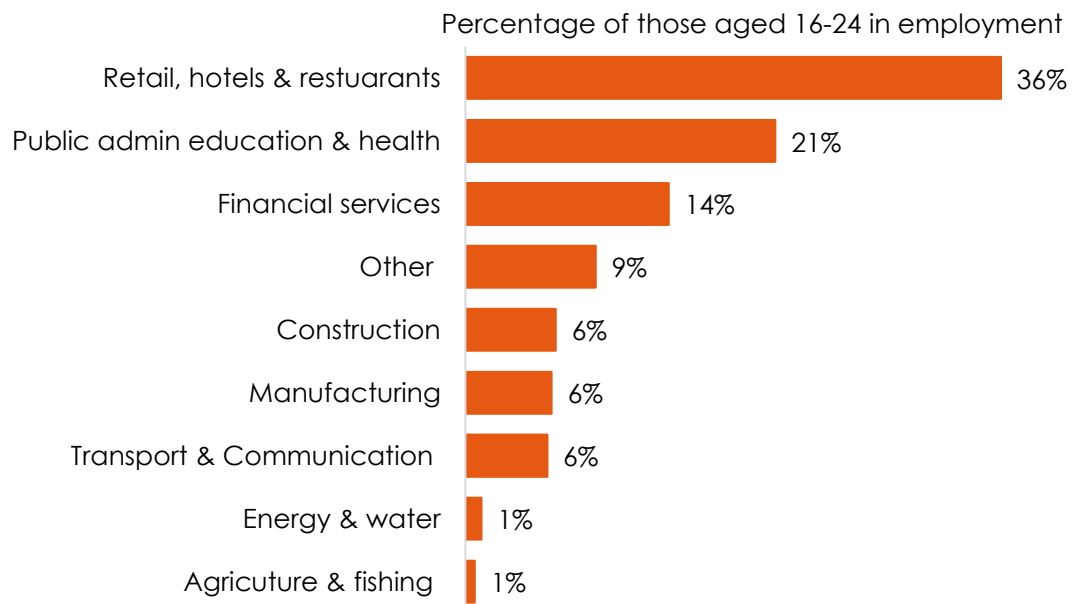
Figure 4.5: Youth employment rate (16-24) by region, 2015-2025



Source: Annual population survey (APS), ONS

Over a third (36%) of all young people aged 16-24 who are in employment work in retail, hotels or restaurants, which is the largest employing industry for that age group (Figure 4.6). This is followed by public services – administration, education and health – which account for around one in every five young people in work (21%). Fewer young people work in construction, manufacturing, transport, energy and agriculture.

Figure 4.6: Employment by industry for those aged 16-24, England 2025



Source: Annual Population Survey (APS), ONS

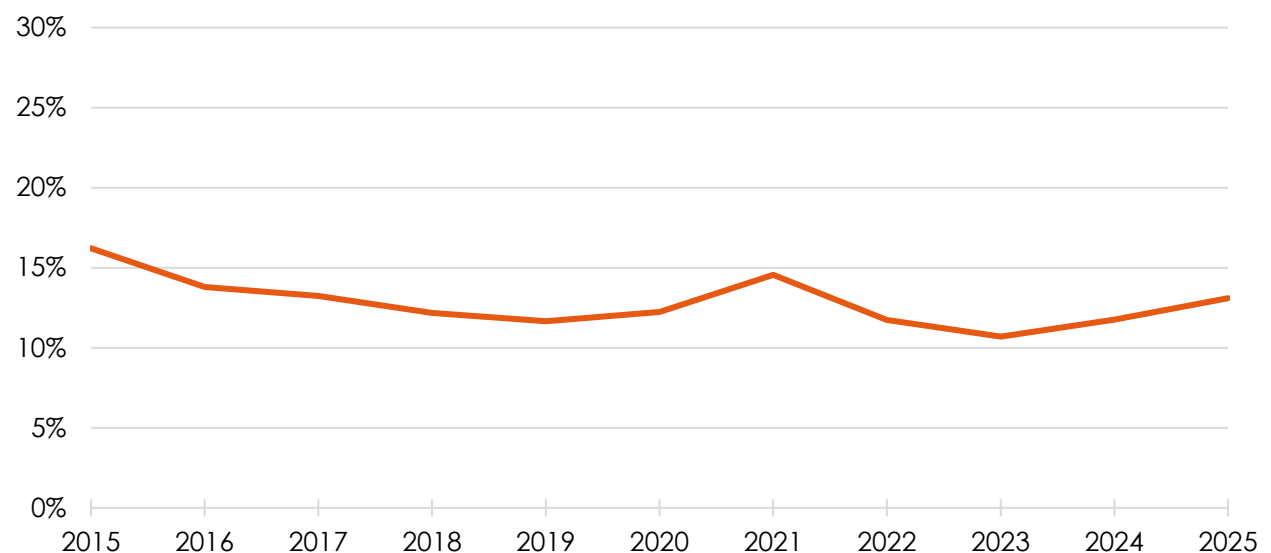
Youth Unemployment

Unemployment is defined as being not currently in employment (without work), actively looking for employment (seeking work), and available to start work if offered a job (available to work). It is typically measured using the unemployment rate which is the proportion of people in the labour force (in or seeking employment) who are not currently in work.

The claimant rate is sometimes used as a proxy measure of unemployment. It represents the proportion of the population who are claiming out-of-work benefits. The most common benefits included in the claimant count are Jobseeker's Allowance (JSA) and claims made through Universal Credit (UC) where the claimant is required to seek work. It is an administrative count and therefore highly accurate, even at small geographic levels and for subgroups of the population. However, the claimant rate typically underestimates youth unemployment as not all young people who are unemployed claim out-of-work benefits, particularly if they are still living at home.

In 2025, 440,900 young people aged 16-24 in England were unemployed, representing 13% of all those aged 16-24 that are in the labour market (Figure 4.7). There has been some fluctuation in the youth unemployment rate over the past decade. It reached 15% in 2021 immediately following the pandemic before returning to pre-pandemic levels by 2022 and the lowest in the decade in 2023. It has since increased in the two latest years for which data is available (2024 and 2025).

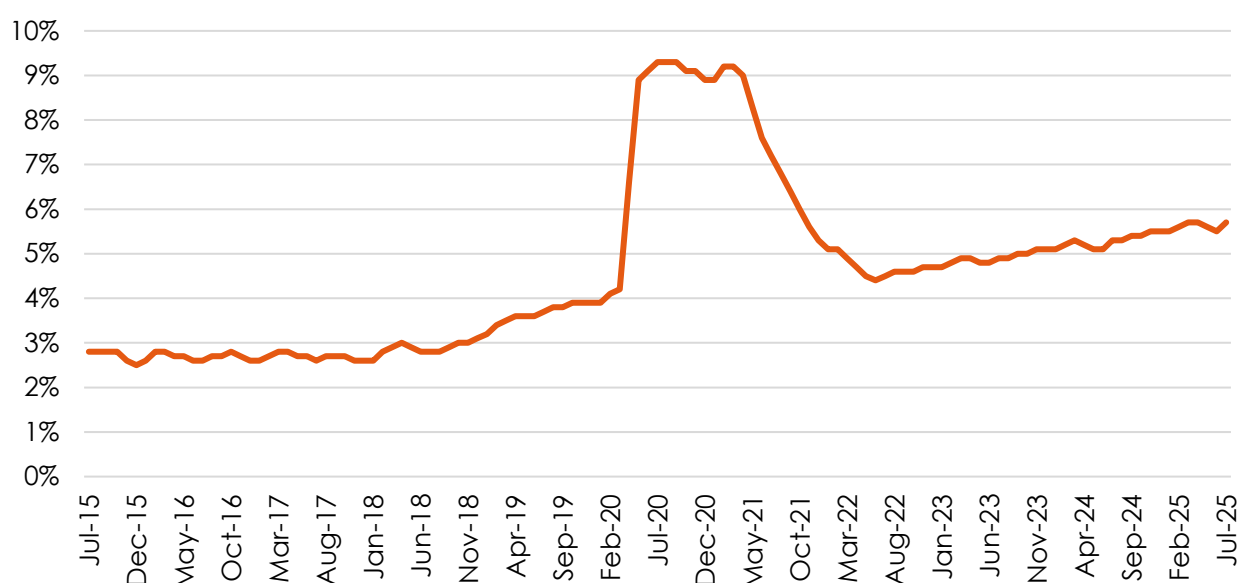
Figure 4.7: Youth unemployment rate (16-24), England, 2015-2025



Source: Annual Population Survey (APS), ONS

There were 266,700 young people aged 18-24 claiming unemployment-related benefits in July 2025, accounting for 5.7% of all people in that age range. The youth claimant rate rose sharply during the pandemic to reach a peak of 9.3% in July 2020 before falling back to 4.5% by July 2022. However, it has never returned to pre-pandemic levels and has in fact been increasing steadily since summer 2022 with some seasonal fluctuations.

Figure 4.8: Youth claimant rate (18-24), 2015-2025¹³



Source: DWP Claimant Count

Youth Economic Inactivity

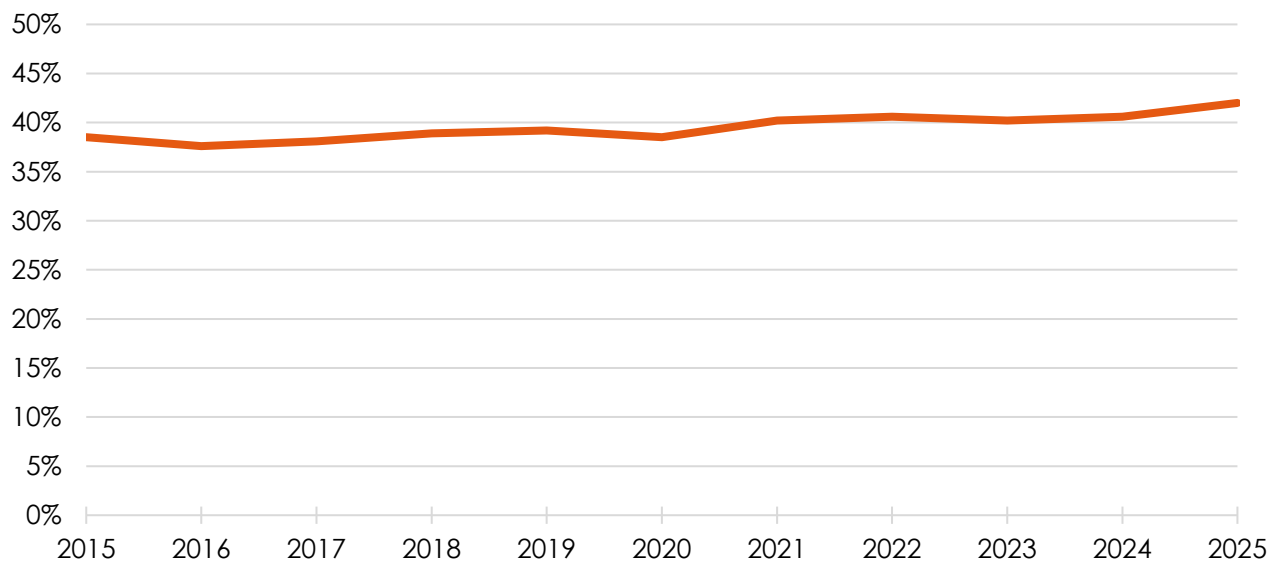
Economic inactivity refers to individuals who are not in employment and not actively seeking work. This includes people who are not part of the labour force for various reasons such as being students, retired, looking after family or home, or being long-term sick or disabled. The economically inactive do not meet the unemployment criteria of actively searching for work or being available to start work and may face barriers to work, including health conditions and disabilities. Many young people in this category are full-time students.

There were 2.4 million people in England aged 16-24 who were economically inactive in 2025, accounting for 42% of all people in this age group (Figure 4.9). The proportion of

¹³ Only ages 18-24 available as you need to be of working age to be in the claimant count.

young people who are economically inactive has been relatively stable over the past decade, although there has been an overall increase since 2020. There was a 1% increase from 2020 to 2021 following the pandemic, and again from 2024 to 2025.

Figure 4.9: Youth economic inactivity rate (16-24), 2015-2025

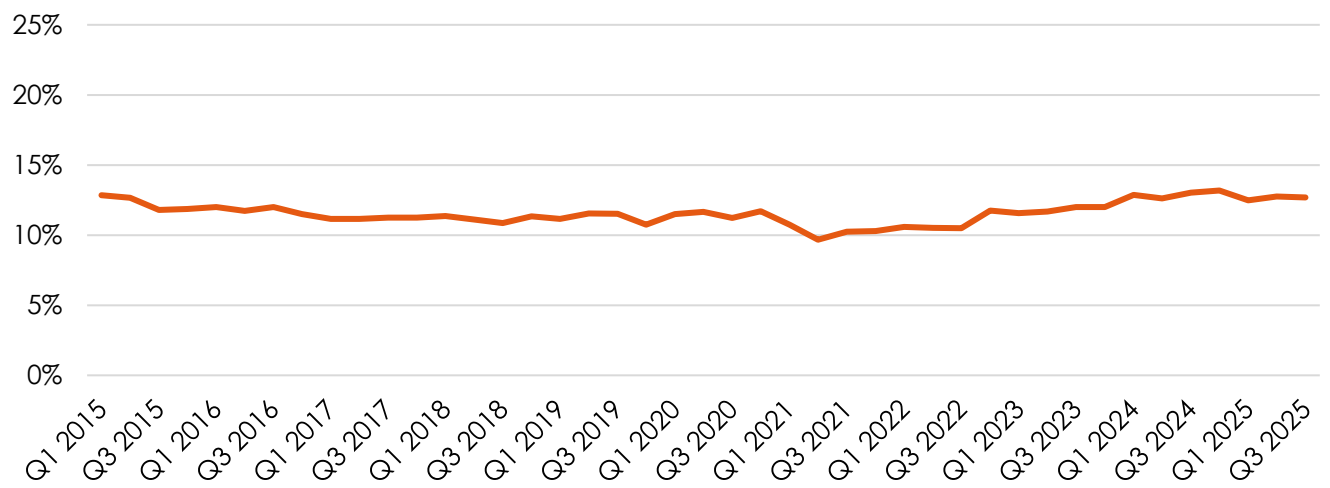


Source: Annual Population Survey (APS), ONS

The proportion of young people who are not in employment, education or training (NEET)¹⁴ has also been increasing steadily since 2021. In Q3 2025, 12.7% of all 16-24 year olds in England were NEET compared to 9.7% in Q2 2021. The majority of these (61%) were economically inactive meaning that they are not actively looking for work.

¹⁴ This indicator was not provided as part of the local labour market analysis to the Connected Futures partnerships but has been added here for completeness.

Figure 4.10: NEET rate (16-24), Q1 2015 – Q3 2025



Source: Seasonally adjusted NEET rate, ONS

Employer Perspectives

There is no direct measure of the mismatches between the demand for and supply of skills within an economy. Inferences about the balance of the two are typically made through employer reports of skills and recruitment challenges. This chapter looks at potential skills mismatches and information frictions based on data from the Employer Skills Survey 2022 covering:

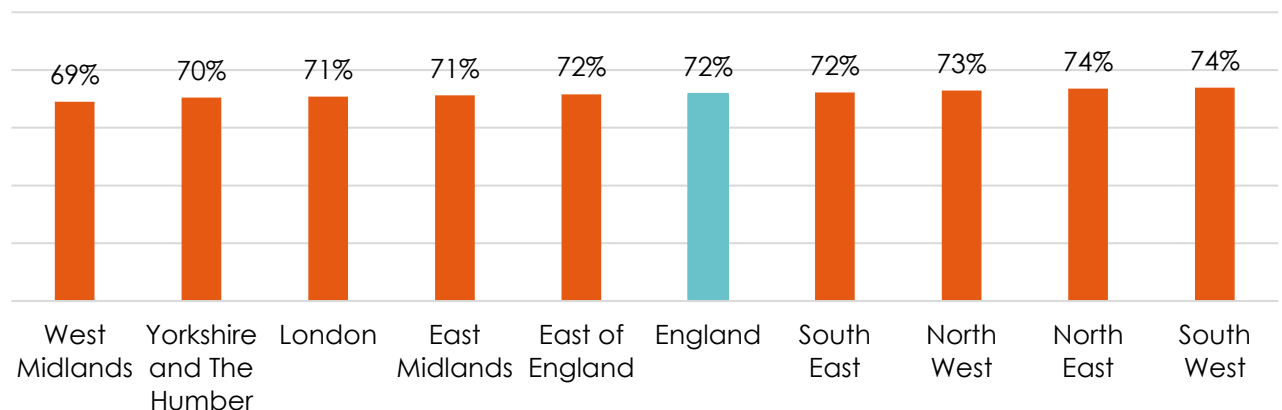
- Vacancies
- Recruitment
- Placements and internships
- Apprenticeships.

The results are based on a survey of 72,918 employers across the UK. The fieldwork for the survey was undertaken between June 2022 and March 2023.

Vacancies

The majority of employers who took part in the survey reported having had at least one vacancy in the preceding 12 months. Across England, 72% of employers had at least one vacancy for full or part-time staff in the 12 months prior to taking the survey. Figure 5.1 shows that the South West and North East had a slightly higher proportion of employers with recent vacancies than other regions. Employers in the West Midlands were least likely to report having had a vacancy in the previous year.

Figure 5.1: Proportion of employers who had at least one vacancy for full or part-time staff in the 12 months prior to the survey

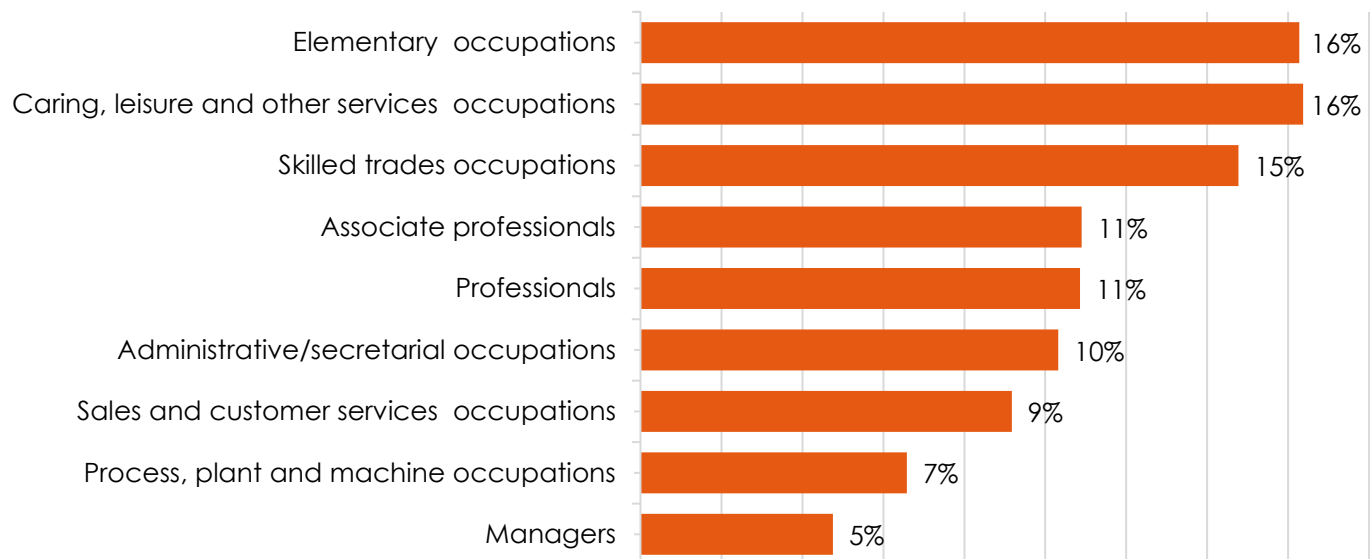


Source: ESS, 2022
Base: All employers surveyed

At the time of the survey, around one in every three (32%) of employers across England had a current vacancy. There was some variation on this measure across regions, with a slightly higher proportion of employers in London and the South East reporting having a vacancy (35% and 34% respectively) compared to the North East (29%).

Across England, vacancies were most commonly in elementary or caring, leisure and other service occupations (each accounting for 16% of the total). Elementary occupations are typically entry-level roles requiring minimal skills, qualifications and / or previous experience. This was followed closely by skilled trade occupations, which accounted for 15% of vacancies. Only 5% of current vacancies were for managers and 7% were for process, plant and machine operatives. Looking at variations between regions, London had higher volume of vacancies in professional (14%) and associate professional roles (15%) compared to England as a whole. At the same time, the South East had the highest proportion of elementary and skilled trades occupations (17% and 16%, respectively) than other areas.

Figure 5.2: Proportion of total vacancies by occupation



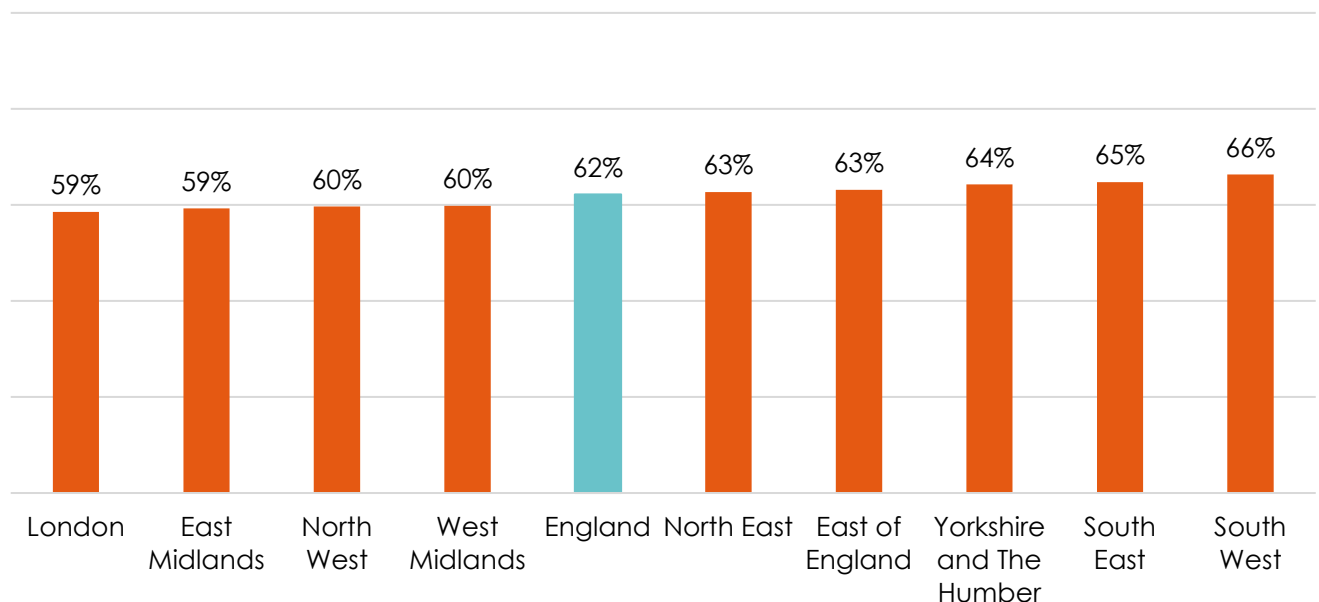
Source: ESS, 2022, proportion of total vacancies in the 12-months prior to the survey
Base: Employers that had a vacancy

Of those employers who reported having had a vacancy in the previous 12 months, 62% said they had at least one 'hard-to-fill' vacancy which are symptomatic of a skills mismatch. Caring, leisure and other service occupations were reported by employers to be the most challenging to fill accounting with almost one quarter (23%) of roles in this occupation considered hard-to-fill. These occupations are often in sectors that employ a

relatively high share of young people, such as retail, hospitality and health (see Figure 4.6). This was followed by elementary occupations and skilled trades occupations, both of which suggested that 22% of vacancies in these occupations were hard-to-fill. Elementary occupations are typically entry-level jobs that do not require high level qualifications or extensive experience and so are also commonly occupied by young people.

Hard-to-fill vacancies were particularly pronounced across the South East of England and were least prevalent in London and the East Midlands (Figure 5.3).

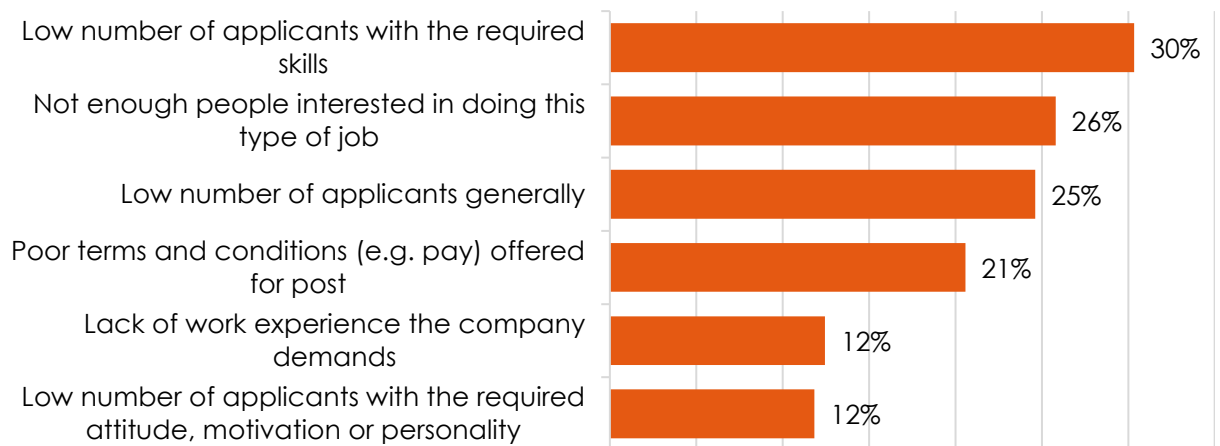
Figure 5.3: Proportion of vacancies that were reported as 'hard to fill' by region



Source: ESS, 2022, proportion of total vacancies reported as hard-to-fill
Base: Employers that had a vacancy

The most common reason reported by employers for having hard-to-fill vacancies was a low number of applicants with the required skills (30%). This was followed by not enough people interested in doing the job (26%) or low numbers of applicants generally (25%). Around one in five employers (21%) who had a hard-to-fill vacancy said this was due to poor terms and conditions for the post. Less common reasons related to lack of work experience and low numbers of applicants with the required attitude, motivation or personality.

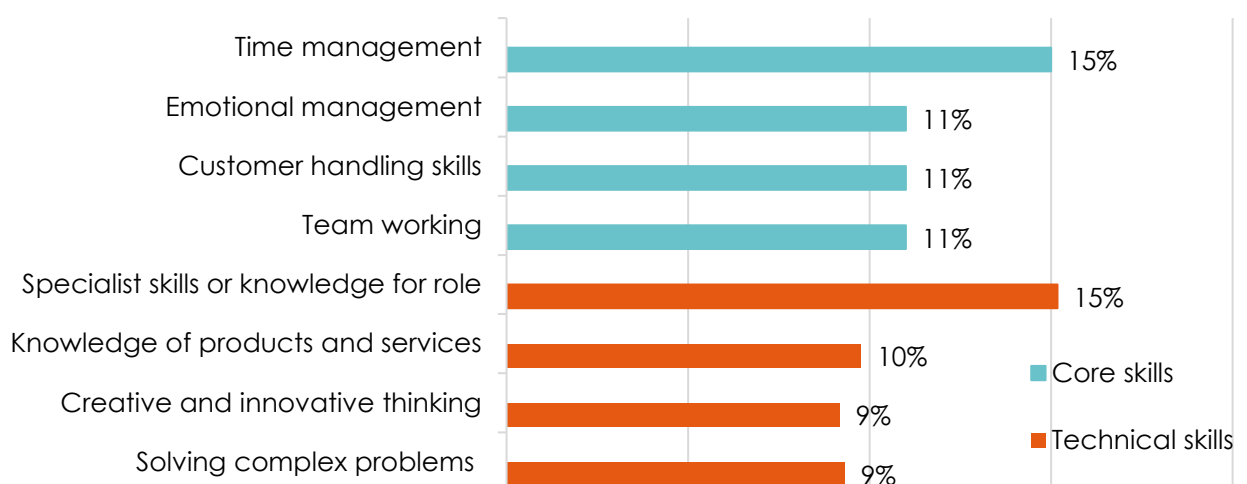
Figure 5.4: Top reasons employers reported having a 'hard to fill' vacancy



Source: ESS, 2022, multiple answered could be selected
Base: Employers that had a hard-to-fill vacancy

Employers who were finding it difficult to fill vacancies due to skills shortages reported a range of core and technical skills to be lacking amongst those applying for roles (Figure 5.5). The most common skills perceived by employers to be lacking among applicants were time management, and specialist skills or knowledge for the role. There were some regional variations on this measure, with employers in London least likely to report a lack of candidates with specialist skills or knowledge compared to employers in the North East who were most likely to report this.

Figure 5.5: Technical and core skills employers have found difficult to obtain from applicants



Source: ESS, 2022, Proportion of employers with vacancies due to a technical or core skill shortage
Base: Employers reporting a skills shortage vacancy

Employers with hard-to-fill vacancies reported a range of negative impacts. The majority (84%) said it was resulting in an increased workload for their current employees, almost half (47%) said it had resulted in increased operating costs and over two fifths (44%) said it had impacted their ability to meet customer service objectives.

Recruitment

Around two thirds (65%) of employers across England had recruited at least one person in the 12 months prior to the survey. There was very little regional variation on this measure as shown in Figure 5.6.

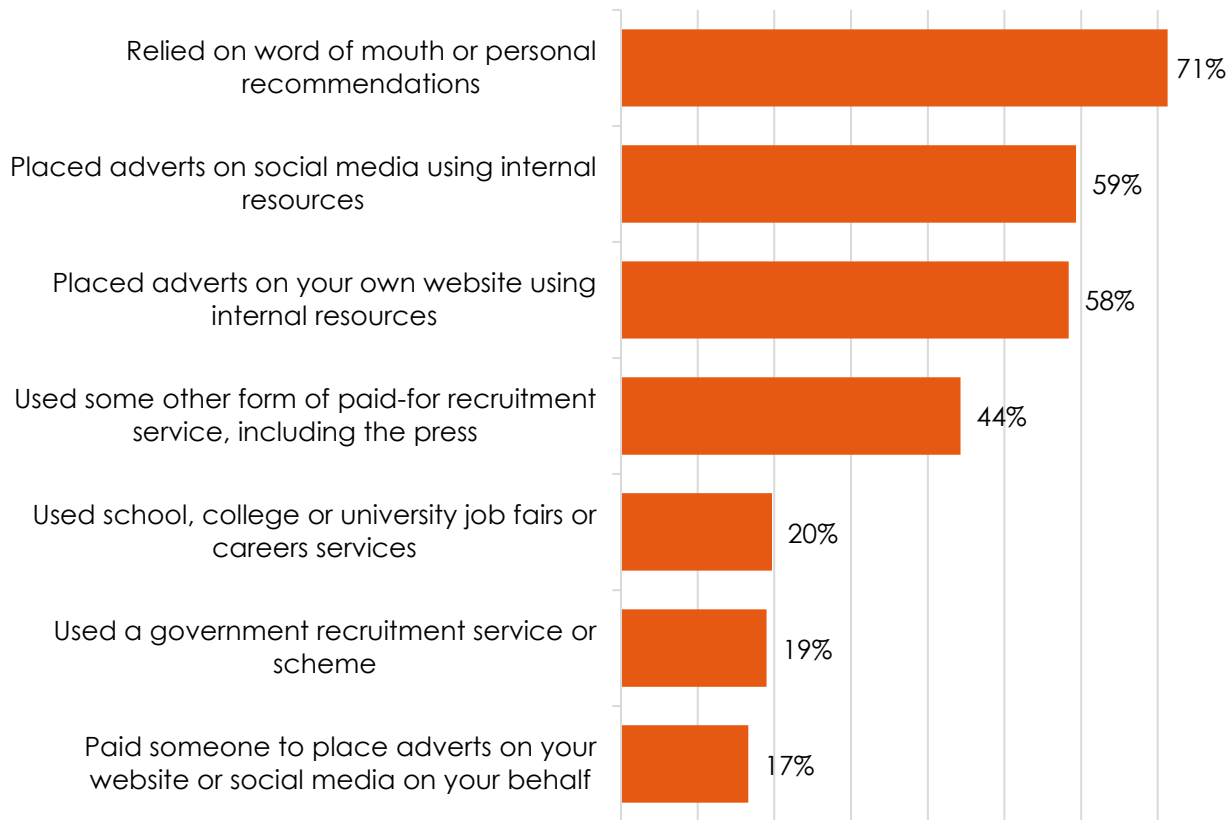
Figure 5.6: Proportion of employers across England that had recruited at least one person in the 12 months prior to the survey

(08)

Source: ESS, 2022
 Base: All employers surveyed

Employers used a range of recruitment methods, but the most popular across all regions was word-of-mouth and personal recommendations (Figure 5.7). This highlights the importance of personal networks in accessing opportunities. More than half of employers used adverts on social media (59%) or their website (58%) to recruit. Relatively few employers reported having used careers fairs or government services as channels for recruitment.

Figure 5.7: Recruitment channels used to recruit in past 12 months

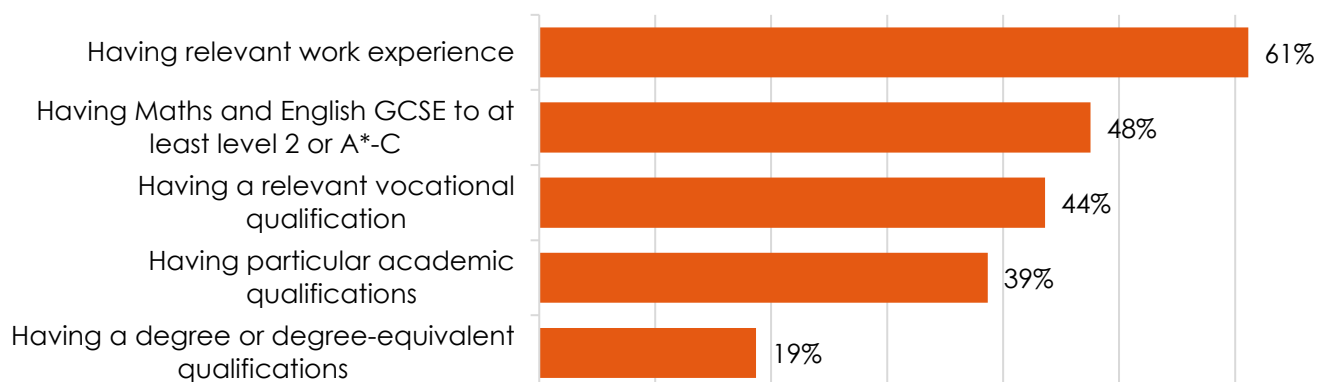


Source: ESS, 2022, multiple answers could be selected

Base: Employers that reported they had recruited in the 12 months prior to the survey

Of those employers who had recruited in the previous 12 months, the majority (61%) cited having relevant work experience as critical or of significant importance in candidates (Figure 5.8). Around half (48%) considered having Maths and English qualifications as being critical and lower proportions cited having vocational (44%) or academic (39%) qualifications. Around one in five (19%) said having a degree was of critical importance, reflecting the types of vacancies that were available (previous referenced in Figure 5.2).

Figure 5.8: Factors that employers across England consider critical or of significant importance in candidates

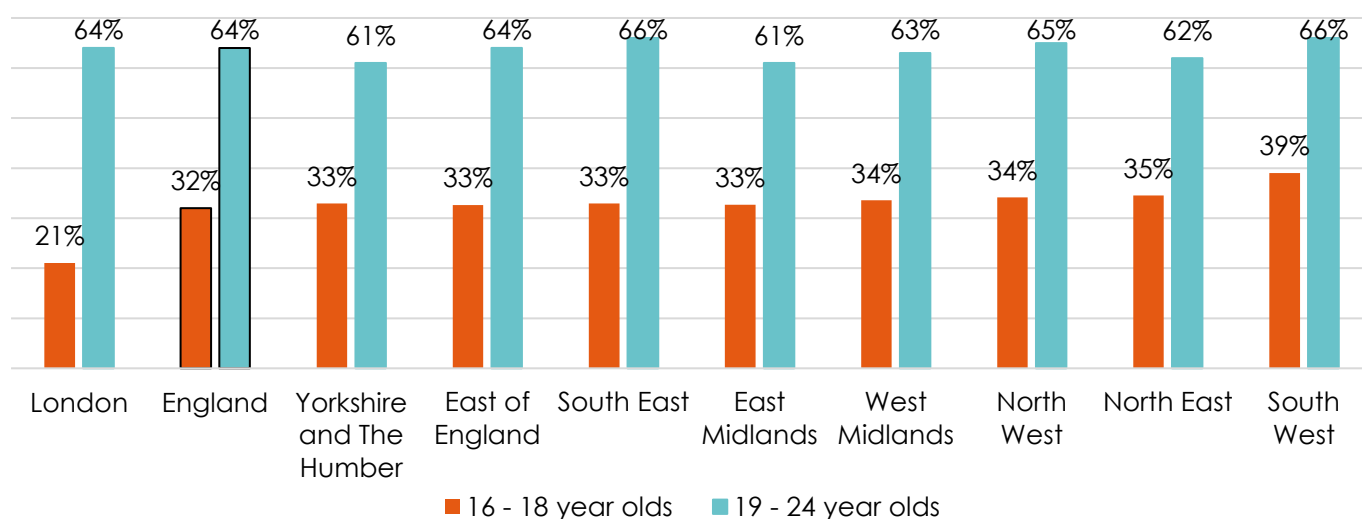


Source: ESS, 2022, multiple answers could be selected

Base: Employers that reported they had recruited in the 12 months prior to the survey

Around a third (32%) of employers across England had recruited at least one person under the age of 18 in the 12 months prior to the survey. There were wide variations on this measure across regions, with just 21% of employers in London reporting having recruited some under the age of 18 compared to 39% of employers in the South West. Across England, around two thirds (64%) of employers had recruited at least one person aged 19-24 in the 12 months prior to the survey – there was less variability in this measure across regions.

Figure 5.9: Proportion of employers that had recruited at least one young person in the 12 months prior to completing the survey



Source: ESS, 2022

Base: Employers that recruited a young person (below 25) in the 12 months prior to the survey

The most common method used by employers to recruit young people under the age of 25 was word-of-mouth or personal recommendations, used by 59% of employers who had recruited from this age group in the previous 12 months (Figure 5.10). This highlights the importance of networks for young people to access opportunities, which can create disparities between those from more or less advantaged backgrounds. Other common methods used to recruit young people were website adverts (used by 45%) and social media (41%). Relatively few employers reported having used paid-for recruitment services, government schemes or careers fairs to recruit young people. This analysis suggests that employers are less likely to use multiple methods to fill vacancies for people aged under 25, compared with general recruitment (as shown in figure 5.7).

Figure 5.10: Methods used to fill a vacancy last time someone under 25 was recruited across England

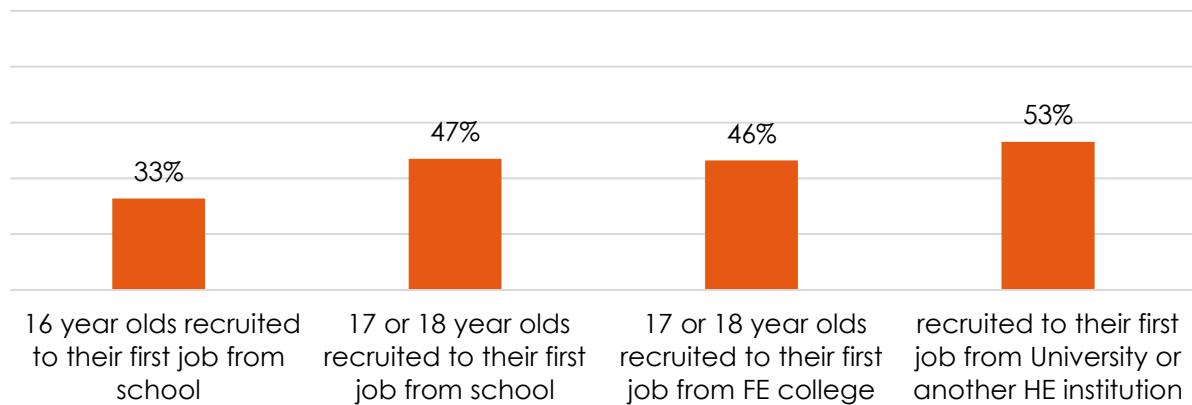


Source: ESS, 2022, multiple answers could be selected

Base: Employers that had recruited a young person in the 12-months prior to the survey

Figure 5.11 shows the proportion of employers across England that had recruited education leavers in the previous two to three years. A third (33%) had recruited 16-year-olds into their first job from leaving school and almost half had recruited 17-18 year olds to their first job from leaving school (47%) or college (46%). Over half (53%) of employers had recruited someone into their first job following university (or equivalent). This was particularly pronounced across London (73%) and the South East (55%) where there are many professional graduate opportunities.

Figure 5.11: Proportion of employers that had recruited education leavers across England in the 2-3 years prior to the survey

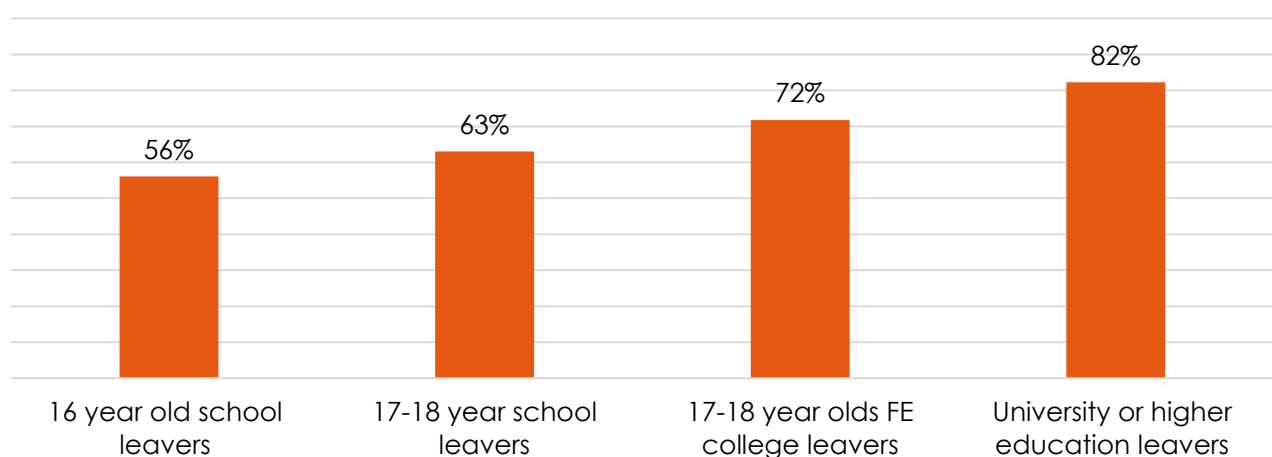


Source: ESS, 2022, multiple answers could be selected

Base: Employers who have recruited a young person in the 2-3 years prior to the survey

Employers reported higher levels of preparedness of young people recruited from education as they progressed through the education system (Figure 5.12). Just over half (56%) of employers who had recruited a 16-year-old school leaver considered them to be well or very well prepared for work. This rises to 82% for those recruited from university or higher education. Of those who considered to not be well prepared, this was primarily due to a lack of experience followed by poor attitude and motivation or lack of interpersonal skills.

Figure 5.12: Employers who consider those recruited to their first job to well or very well prepared for work by highest education stage of recruits



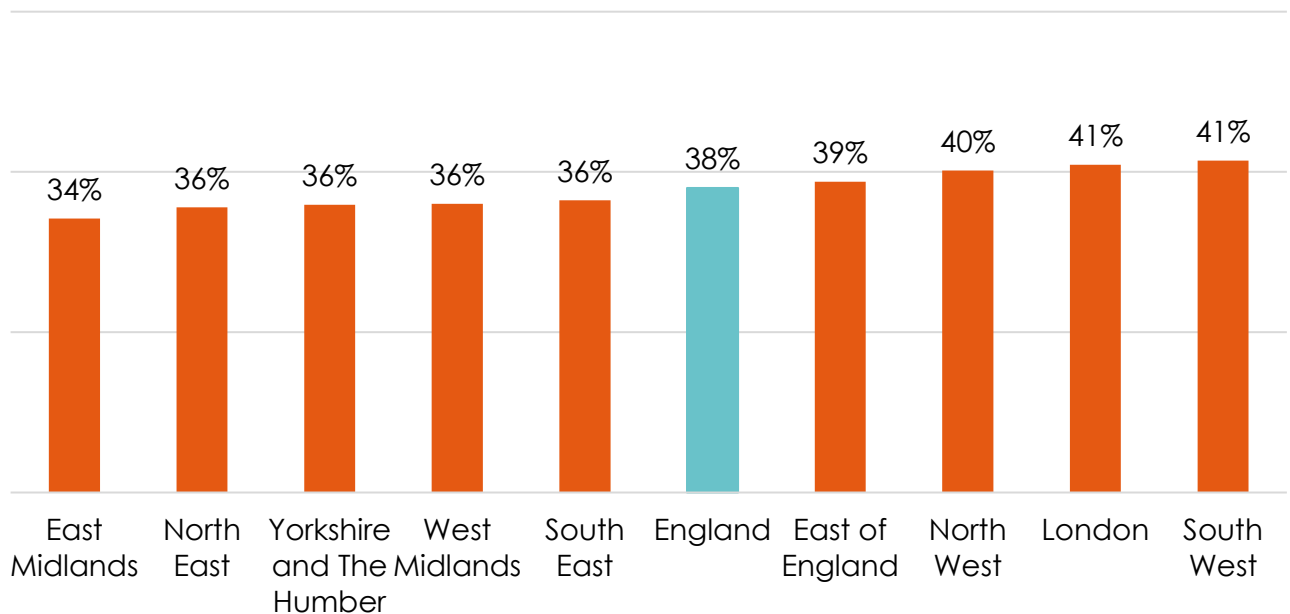
Source: ESS, 2022, multiple answers could be selected

Base: Employers that had recruited an education leaver into their first job

Placements and Internships

Across England, 38% of employers had offered some form of work experience placement in the previous 12 months. This was highest in London and the South West (41% respectively) and lowest in the East Midlands (34%).

Figure 5.13: Proportion of employers across England that had offered a placement in the 12 months prior to the survey

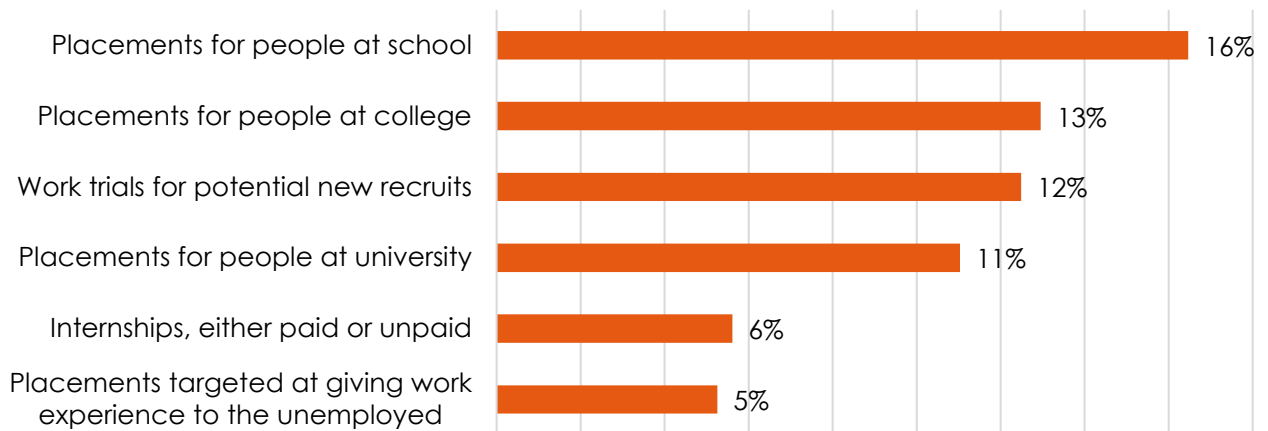


Source: ESS, 2022

Base: Employers that had offered some type of placement in the 12 months prior to the survey

Employer placements were most commonly offered to people at school or college as shown in Figure 5.14. Around one in eight employers offering placements (12%) used them as work trials for new recruits. School placements were most commonly offered amongst London employers (17%), as were placements for university students (16% of London employers). A lower proportion of employers offering placements offered internships (6%) or placements to those unemployed (5%).

Figure 5.14: Types of placements offered by employers in England in the 12 months prior to the survey

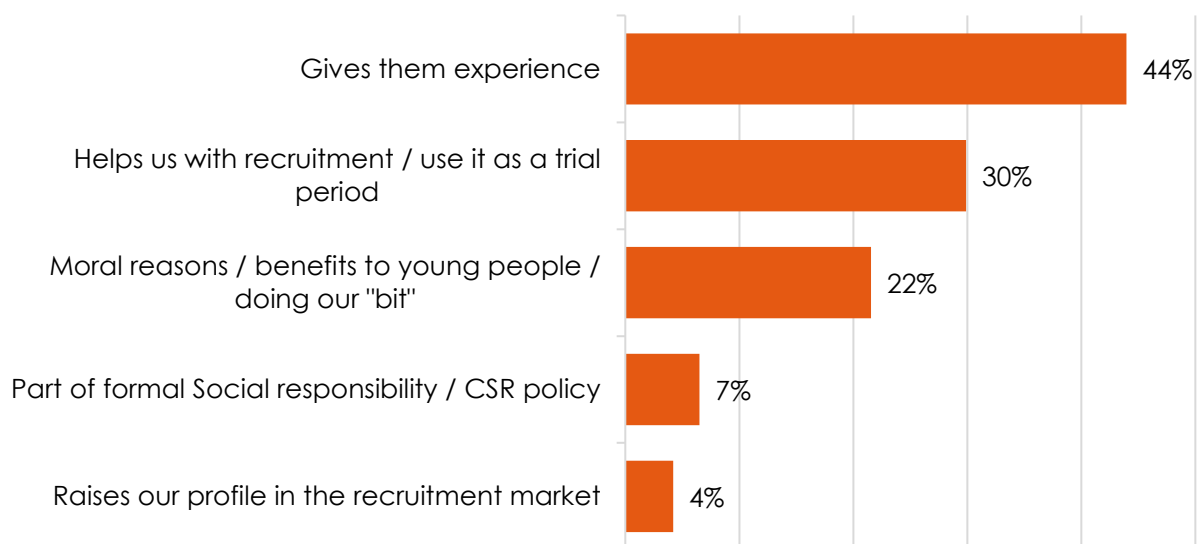


Source: ESS, 2022, single answered selected

Base: Employers that had offered a place in the 12 months prior to the survey

Figure 5.15 shows that over two fifths (44%) of employers who offered placements and internships said they did so to give them experience. A further 30% did it to help with recruitment as it enabled them to use the placement as a trial period to see if the individual may be a good fit. Around a fifth (22%) did it for moral reasons and relatively few did it for CRS reasons (7%) or to boost their profile in the recruitment market (4%).

Figure 5.15: Main reasons employers offered placements or internships

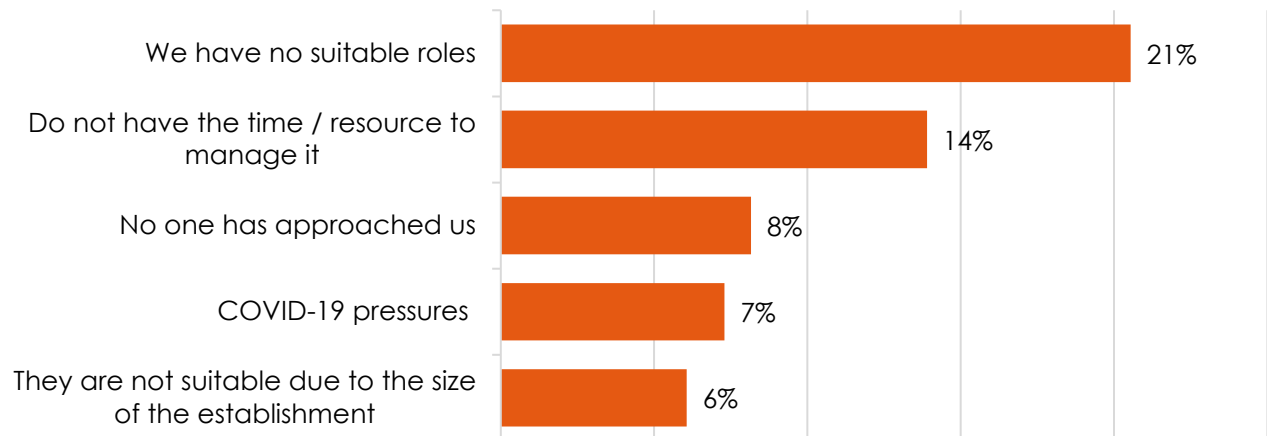


Source: ESS, 2022, multiple answers could be selected

Base: Employers that have offered a placement

Of those employers who did not offer placements, one fifth (21%) said this was because they had no suitable roles (Figure 5.16). A further 14% suggested that they do not have the time or resource to manage a placement.

Figure 5.16: Top 5 reasons employers did not offer a placement or internship



Source: ESS, 2022, multiple answers could be selected

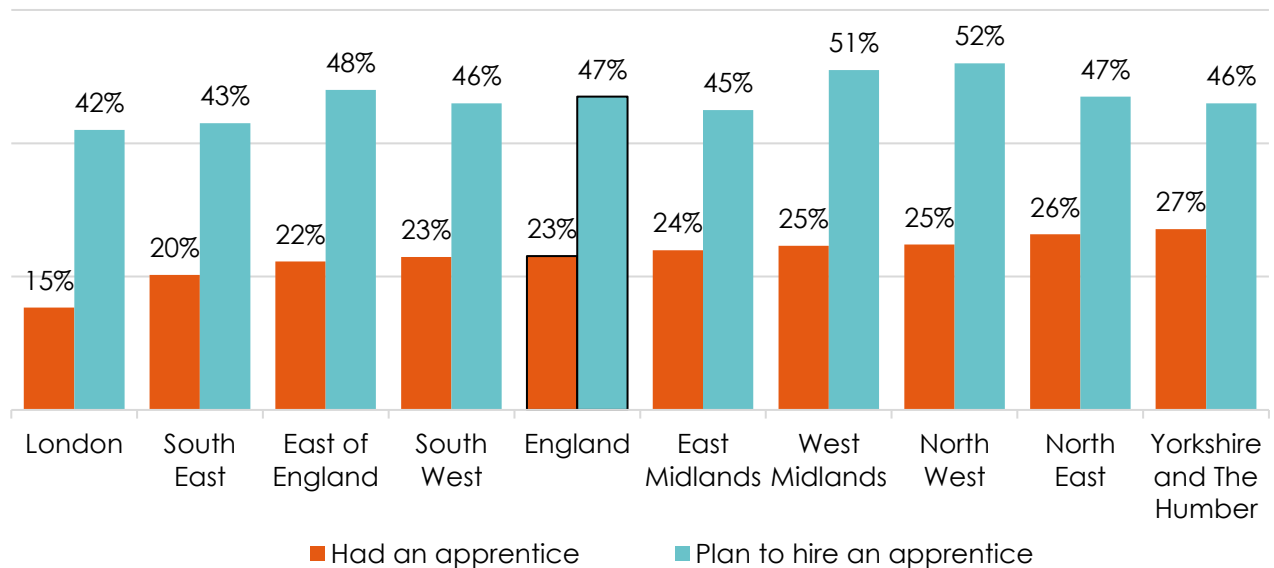
Base: Employers that have not offered placements or internships in the 12 months prior to the survey

Just over 12% of employers across England reported said they had delivered work inspiration activities in the 12 months prior to the survey, which includes things like job shadowing, workplace tours, career talks and mock interviews. This was highest in the North West (16%) and lowest in the East of England (11%).

Apprenticeships

Across England, nearly one quarter (23%) of employers had an apprentice on their payroll. This was highest in Yorkshire and the Humber (27%) and lowest in London (15%) as shown in Figure 5.17. A much higher proportion of employers said they planned to hire an apprentice in the future (47%).

Figure 5.17: Employers across England that had an apprentice on the payroll in the 12 months prior to the survey and those that plan to hire one in the following 12 months



Source: ESS, 2022

Base: Proportion of that had (12 months prior), and planned to have (12 months following), an apprentice on the payroll

Of those employers that did not offer apprenticeships, the most common reasons were that they were not suitable for the size of the establishment and they are not looking to recruit new staff. Others said that apprenticeships were not offered in their industry, that they could not afford to or that they preferred to hire experienced staff.

National Forecasts

Determining future demand for people and skills requires an examination of predicted changes in employment by sector, as well as the occupational profile of the workforce. This chapter considers likely future demand for skills in the national economy covering:

- Projections by industry
- Changing occupational structure and replacement demands
- Demand for qualifications.

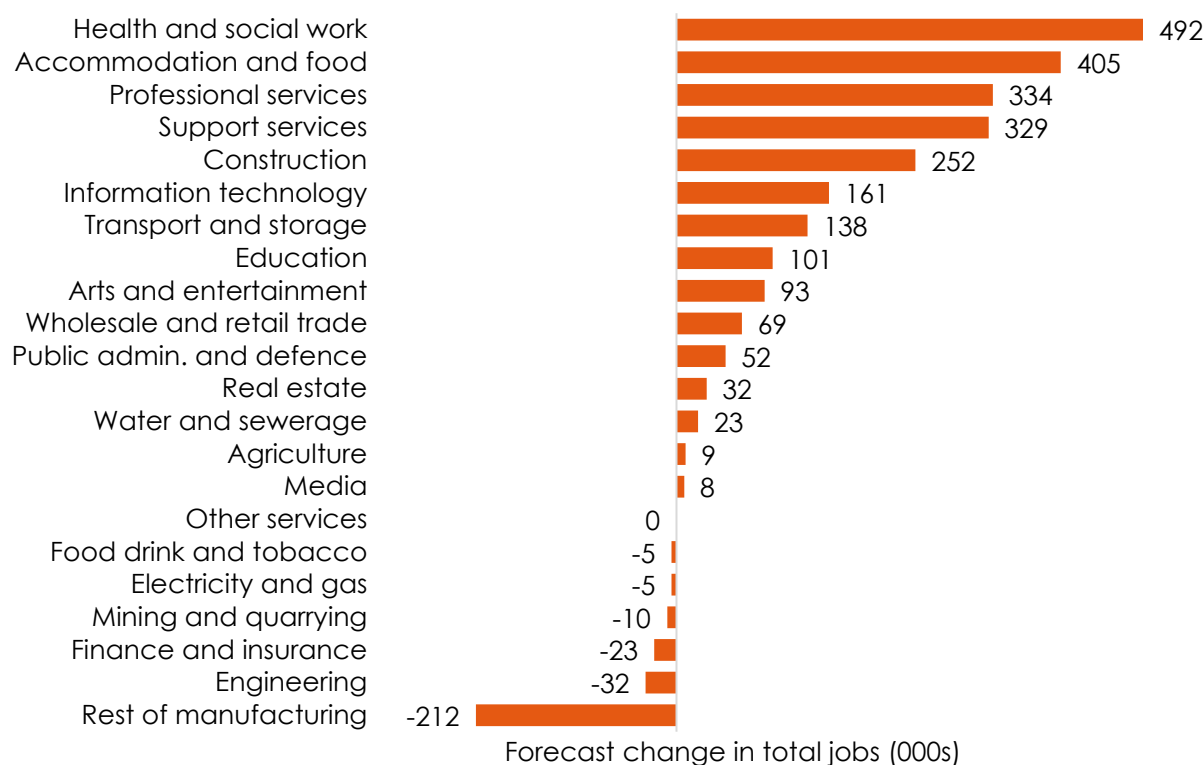
The data presented is based on labour market and skills projections produced as part of 'The Skills Imperative 2035: Essential skills for tomorrow's workforce' research programme¹⁵. This was funded by the Nuffield Foundation, with subregional analyses funded by the Department for Education, and led by the National Foundation for Education Research (NFER) working in partnership with the Institute for Employment Research at the University of Warwick.

Projections by Industry

There are expected to be 32 million jobs in England in 2035, a net increase of 2.2 million (or 7%) from the total in 2020. The greatest employment increases are expected to come from health and social work and accommodation and food services, which combined are expected to contribute around 900,000 additional jobs (Figure 6.1). Strong growth is also expected in professional and support services and construction, which combined are expected to be the source of 900,000 new jobs. Manufacturing is expected to continue its long-term trend of decline, losing over 200,000 jobs over the period.

Figure 6.1: Projected change in net jobs by industry, England 2020-2035

¹⁵ <https://www.gov.uk/government/publications/labour-market-and-skills-projections-2020-to-2035>



Source: The Skills Imperative 2035: Essential skills for tomorrow's workforce - labour market and skills projections, NFER

Changing occupational structure and replacement demands

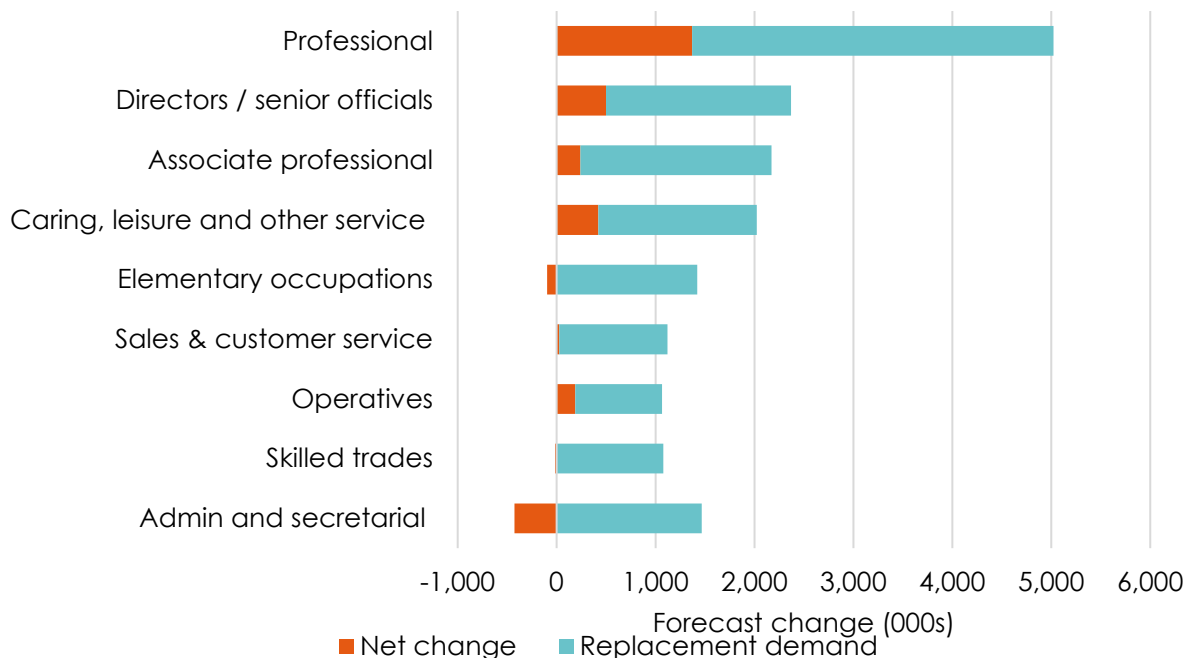
Job opportunities arising to replace those who retire or move on is expected to be many times greater than those arising from net growth. As noted, expansion demand is expected to result in the creation of 2.2 million new jobs in England between 2020 and 2035. However, replacement demand – to replace those who retire, change occupations or move away – is expected to result in 17.2 million job openings across England over the same period. These openings will occur across all types of jobs, including those that are expected to decline in net terms.

Professional occupations are expected to be the source of largest number of vacancies over the period, driven by both expansion demand and replacement demand. There are expected to be 5 million job openings in professional occupations between 2020 and 2035, 1.3 million of which will come from expansion and 3.7 million from replacement. This is a broad category and includes professionals working across a wide

range of sectors including business, media, public services, science, research, engineering, technology and health.

The second highest level of demand is expected to be for people in director / senior level positions accounting for 2.4 million job openings, followed by associate professionals where there are expected to be 2.2 million openings. Administrative and secretarial occupations are expected to be the source of over 1 million job opportunities, despite a net decline of around 400,000 expected in the total number of people working in these types of jobs.

Figure 6.2: Projected job openings by occupation, England 2020 - 2035



Source: The Skills Imperative 2035: Essential skills for tomorrow's workforce - labour market and skills projections, NFER

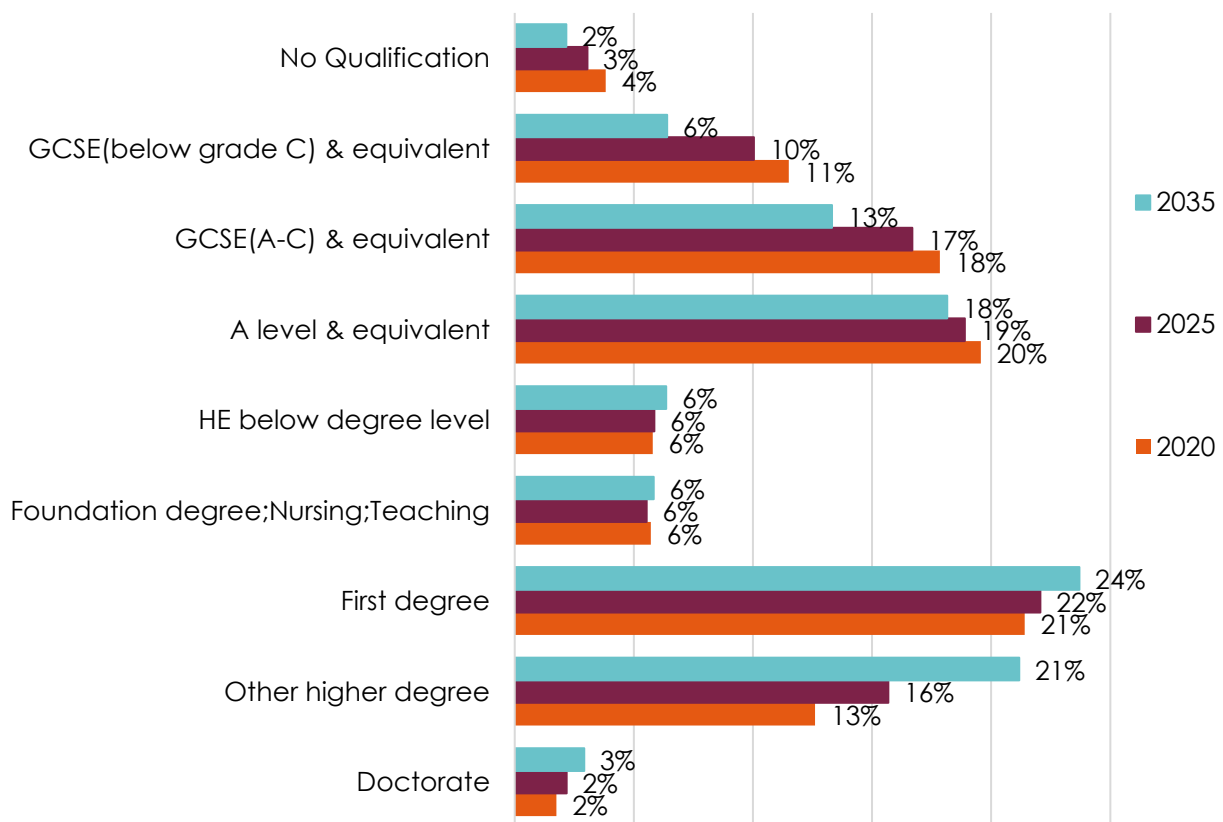
Projections by Qualifications

Over half (54%) of all jobs in England in 2035 are expected to require qualifications at degree level or above (Figure 6.3). This is much higher than the equivalent figure of 41% in 2020 and reflects a long-term shift in the UK labour market toward jobs requiring higher level skills and qualifications. This is being driven by technological advancements,

particularly in artificial intelligence (AI) and automation, which are transforming job roles and employer demands^{16,17}.

By 2035, almost one quarter (24%) of all jobs are expected to require people with a post-graduate level qualification. This is nine percentage points higher than the equivalent figure of 15% in 2020. It's expected that there will be limited job opportunities available to people with no qualifications in 2035, with just 2% of jobs expected to be suitable for this group compared to 4% in 2020.

Figure 6.3: Forecast change in jobs by qualification



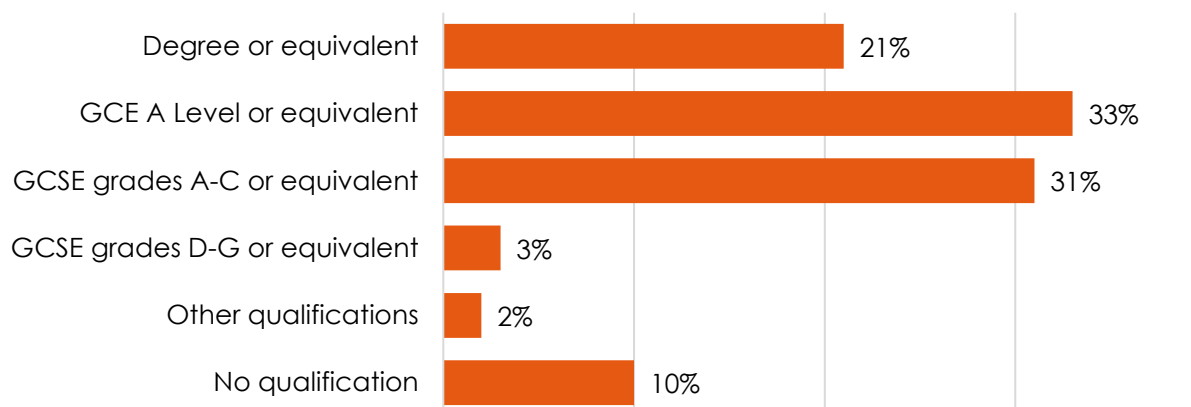
Source: The Skills Imperative 2035: Essential skills for tomorrow's workforce - labour market and skills projections, NFER

¹⁶<https://www.mckinsey.com/~media/mckinsey/industries/public%20and%20social%20sector/our%20insights/skill%20shift%20automation%20and%20the%20future%20of%20the%20workforce/mgi-skill-shift-automation-and-future-of-the-workforce-in-brief-may-2018.pdf>

¹⁷ <https://institute.global/insights/economic-prosperity/the-impact-of-ai-on-the-labour-market>

Figure 6.4 shows the 2024 labour supply by qualification across England amongst those aged 16-24. Only 21% of the those aged 16-24 year old hold a degree level qualification or above, whilst 54% of jobs require this level. Similarly, a higher proportion of young people hold GCSEs or A-Levels as their highest level qualification than the proportion of future jobs that are expected to require this level.

Figure 6.4: Qualifications of those aged 16-24, UK, 2024



Source: Labour Force Survey (LFS), England, ONS

Conclusion

This report has provided a statistical overview of trends in the national economy and labour market. Whilst national data provides essential context for economic trends and benchmarking, this analysis demonstrates that national averages mask significant local variations that fundamentally shape young people's opportunities. Significant regional disparities – such as productivity ranging from £54 per hour in London to £35.60 in the North East, and youth employment rates ranging from 42% to 58% – demonstrate why national data alone is insufficient to address local issues. National trends set the framework, but local analysis reveals where and how to act effectively.

The Connected Futures experience demonstrates the value of local analysis in identifying actionable insights. The local analysis provided to partnerships enabled the identification of specific growth sectors, revealed knowledge gaps amongst key stakeholders, and exposed misalignments between perception and reality in local labour markets. This granular understanding enabled local partners to move beyond generic youth employment programmes to the development of targeted interventions, with the aim of connecting young people to real opportunities available locally. Local analysis also reveals the particular combinations of challenges each area faces, from high inactivity rates to sector-specific skill shortages, enabling tailored responses.

When combined, local and national evidence and insights transform both strategic planning and practical delivery. National data provides the evidence for system-wide policy and investment decisions, whilst local analysis ensures these resources are deployed effectively. As partnerships demonstrated, this dual intelligence led to concrete changes: redesigning of services to focus on sustainable careers rather than quick placements, creating sector-specific pathways aligned with local growth areas, and building employer connections in industries with local demand. It helps shift the focus from reacting to youth unemployment statistics to proactively building pathways that connect young people to real opportunities in their local economies. This evidence-based approach ensures interventions are both ambitious in scope and grounded in local labour market realities.

Annexes

Annex A: Variables covered in the data matrixes

	Indicators
Profile of local/regional economy	Gross Value Added (GVA)
	GVA per Head
	Total jobs
	Total jobs by sector (sections in NOMIS)
	Business count by industry
	Business count by size
	Wages by M/F/FT/PT - resident based
	Wages by M/F/FT/PT - workplace based
	Levels of deprivation (2019)
labour market	Working age population
	Projected working age population
	YP aged 16-24
	YP aged 16-24 by gender
	YP aged 16-24 by ethnicity
	Total employment (16-64)
	Employment by gender and age
	YP Employment aged 16-24
	Total unemployment (16-64)
	Unemployment by gender (16-64)
	YP Unemployed aged 16-24
	Economic inactivity (16-64)
	Economic inactivity by gender and age
	YP aged 16-24 economic inactivity
	Labour market status of YP aged 18-24
	Total employment by ethnicity (16-64)
	Rate of employment by ethnicity (16-64)
	Total JSA claimants
	JSA claimants by occupation
	JSA claimants by age
	JSA claimants by duration
	Claimant count by sex
	Claimant count by age

Annex B: Overview of data sources¹⁸

Data Source	Source description	Methodology	Strengths	Limitations
Annual Population Survey¹⁹ / Labour Force Survey²⁰	The APS and LFS are both continuous household surveys conducted by the ONS in the UK. The APS is derived from the LFS, designed to provide more detailed, localised, and robust data than the quarterly LFS, particularly for small geographical areas. It encompasses questions on population, demographics, economic activity (employment and unemployment), economic inactivity and qualifications²¹. It also covers housing,	The LFS is a large-scale, quarterly survey of households used for headline labour market indicators. The APS is built by merging data from two waves (1 and 5) of the quarterly LFS, and combining them with additional "local sample boosts" (extra interviews) in England, Scotland, and Wales. The APS has a much larger sample size (approximately 320,000–360,000 respondents) compared to the quarterly LFS	▪ It has the largest coverage of any UK household survey (with the exception of the census). ▪ It allows for the generation of statistics for small geographical areas (down to local levels). ▪ It provides in-depth information on employment, unemployment, housing, ethnicity, religion, health, and education. ▪ Due to its large sample size and single-stage sampling, it has lower sampling errors	▪ Falling response rates (especially since 2020) significantly reduce the statistical power, making estimates less reliable, particularly for smaller geographical areas or population segments. ▪ Due to these quality concerns, the UK Statistic Authority removed its accreditation for APS-derived statistics, marking them as "official

¹⁹ [Annual population survey \(APS\) QMI](#)

²⁰ [Labour Force Survey \(LFS\) QMI](#)

	ethnicity, religion, health and education.	(approximately 55,000–60,000 respondents). The LFS offers quarterly data (3-month average), while the APS offers 12-month rolling datasets.	compared to other social surveys. ▪ It is a continuous survey, allowing for the monitoring of estimates between censuses.	statistics in development" ²² .
Annual Survey of Hours and Earnings²³	The Annual Survey of Hours and Earnings (ASHE) is carried out in April each year. It provides information on the structure and distribution of earnings in the UK, including the levels, distribution and make-up of earnings and paid hours worked for employees in all industries and occupations ²⁴ . The ASHE tables contain estimates of earnings for employees by sex and full-time or part-time status. Further breakdowns include by region, occupation, industry, age	ASHE is based on a random 1% sample of employee jobs taken from HM Revenue and Customs (HMRC) and Pay As You Earn (PAYE) records. Information on earnings and hours is obtained in confidence from employers. ASHE does not cover the self-employed nor does it cover employees not paid during the reference period. The sample size of the data set is approximately 300,000 people, with figures updated annually.	▪ Employer-provided data from PAYE records makes it more reliable for earnings than self-reported surveys like the LFS / APS. ▪ A 1% sample of the workforce provides comprehensive coverage across industries, occupations, and regions, allowing detailed analysis. ▪ Offers detailed breakdowns by gender, age, occupation, and detailed location (postcode), crucial for policy	▪ Sampling error risks, as ASHE estimates are based on a sample rather than a census. ▪ Non-Sampling error risks, such as jobs that are not registered on PAYE schemes are not surveyed. These jobs are known to be different from the PAYE population in the sense that they typically have low levels of pay. ▪ Consequently, ASHE estimates of average

²² [Labour market in the regions of the UK: December 2024](#)

²³ [Annual Survey of Hours and Earnings \(ASHE\)](#)

²⁴ [Annual Survey of Hours and Earnings, Low pay and Annual Survey of Hours and Earnings pension results QMI](#)

	group and public or private sector. There are two versions of ASHE with a distinction in make up of earnings, one collected based on employee's residence, and the other on employee's workplace.		insights (e.g., minimum wage, gender pay gap). Serves as the primary data source for many UK official earnings statistics and minimum wage policy analysis.	pay are likely to be biased upwards with respect to the actual average pay of the employee population.
Business Register and Employment Survey²⁵	The Business Register and Employment Survey (BRES) is an employer workforce survey. BRES is the official source of employee and employment estimates by detailed geography and industry in the UK.	The sample is collected via GB trading businesses registered for VAT and/or PAYE. Northern Ireland data is received direct from the Northern Ireland Statistics and Research Agency (NISRA) which are used to create UK estimates. The data set is surveyed and published annually, with an approximate sample size of 87,000 people An employer survey of the number of jobs held by employees broken down by	- Offers detailed employee and employment data by industry (SIC codes) and geography, down to lower super output areas/data zones. - Covers both employees and working owners, providing detailed breakdowns by public/private sector, full/part-time status. - Crucial for updating the Inter-Departmental Business Register (IDBR), the frame for other surveys.	- Sampling Error: Being a sample survey, it has sampling variability; estimates for smaller areas (sub-national) have lower quality and higher error (measured by Coefficient of Variation - CV). - Excludes very small businesses not registered for VAT or PAYE, meaning it doesn't capture all UK employment.

²⁵ [Business Register and Employment Survey](#)

		full/part-time and detailed industry (5-digit SIC2007). The survey records a job at the location of an employee's workplace. Available from country down to lower level super output area and Scottish data zone.	Provides a valuable snapshot of the economy at a specific time.	- Design/classification changes create discontinuities, making consistent time-series analysis challenging. - Subject to coverage, measurement, processing, and non-response errors, which are harder to quantify.
Claimant Count²⁶ / DWP Benefit Claimants	The Claimant Count is a measure of the number of people claiming benefits principally for the reason of being unemployed, based on administrative data from the benefits system. This is primarily Jobseeker's Allowance but will also include certain Universal Credit claimants ²⁷ .	The Claimant Count is based on a tabulation of monthly extracts from the Department for Work and Pensions (DWP) administrative systems. Currently the Claimant Count is a composite of the number of people claiming Jobseeker's Allowance (JSA) and those claiming Universal Credit (UC) who are required to seek work to qualify for their	- Data is available monthly, much quicker than surveys, ideal for short-term changes. - Excellent for tracking trends in small geographic areas (e.g., local authority level). - Uses existing administrative data, making it cheaper to produce than large surveys.	- Doesn't align with the International Labour Organisation (ILO) definition of unemployment; excludes those not eligible for benefits (e.g., some students, partners of earners, those with savings). - Eligibility rules changes (like Universal Credit)

²⁶ [Claimant Count](#)

²⁷ [Claimant Count ONS](#)

		benefits. Combining these two identifies all the people claiming benefit principally for the reason of being unemployed. Results are published approximately 5 weeks after the reference date that they relate to ²⁸ .	Conceptually simple (number of people claiming unemployment benefits).	affect figures, making comparisons difficult and potentially distorting trends. Counts people not actively looking for work (e.g., due to illness, or claiming for National Insurance credits). Difficult to track flows on/off benefits and duration under the Universal Credit system.
Population estimates²⁹ / projections³⁰	The Population estimates and projections are calculated forecasts about the Potential future population size and structure based on assumed levels of future fertility, mortality and migration. These projections are only available for England, Wales, Scotland	The National Population Projections (NPPS) is calculated using a number of standard demographic methods based on three vital indicators, fertility, mortality, and migration rates. ONS determine these levels using a mixture of data observation	- These data provide users with an indication of the potential size, age and sex structure of the future population of the UK and its constituent countries. - Projections are produced on a nationally consistent basis using the internationally	Population projections are not predictions of the future; they are an illustration of future population size and structure based on assumed levels of fertility, mortality, and migration.

²⁸ [Claimant count QMI](#)

²⁹ [Population estimates](#)

³⁰ [Population projections](#)

and Northern Ireland at country level³¹.

and extrapolation, as well as consideration of expert opinion³².

accepted cohort component methodology and the same data sources across the constituent countries of the UK.

- Variant projections offer a wide range of alternative demographic scenarios.

- Demographic behaviour is inherently uncertain and therefore projections will inevitably differ from actual future population trends.
- In recent years, the UK has experienced relatively rapid demographic change, including declines in fertility rates, large fluctuations in international migration and continued change in mortality. Given the magnitude and pace of these changes, it is particularly challenging to make assumptions about future components of population change required for projections.

³¹ [National population projections quality and methodology information ONS](#)

³² [National population projections quality and methodology information ONS](#)

Regional accounts (GVA / productivity)³³	Regional GVA is the value generated by any unit engaged in the production of goods and services. It is measured at current basic prices, excluding taxes on products. GVA plus taxes on products is equivalent to gross domestic product (GDP). Regional GVA is measured by both the income and production approaches. Estimates are measured as the total of all goods and services produced during the reference period (output), less goods and services used up or transformed in the production process (intermediate consumption)^{34,35}.	Regional GVA(P) estimates are produced at current basic prices and measured using the production approach. The components of production-based GVA(P) are output and intermediate consumption. GVA(P) is then calculated as output less intermediate consumption³⁶. Primary data sources include: ▪ Annual Business Survey (ABS) ▪ Annual Survey of Hours and Earnings (ASHE) ▪ Business Register and Employment Survey (BRES)	▪ Given the substantial volumes and range of data required, GVA calculations undergo rigorous quality assurance, where important regional indicators are acquired from published administrative data and structural business surveys. These data are subject to a rigorous validation process that entails a mechanism for referral back to data suppliers where appropriate. ▪ Produces fine-grained estimates (112 industries) that can be aggregated to published breakdowns and chain-linked, yielding smoother, more accurate time series responsive to structural change. ▪ Accommodates valuation of non-market output (for	▪ Sample sizes can vary year-on-year. According to ONS, these variations are unavoidable in the collation of reliable time series data for the calculation of GVA(P). ▪ No regional price indices are available (except for imputed rent), so national deflators are used, limiting the ability to reflect regional price variation in constant-price estimates. ▪ Heavy reliance on the Annual Business Survey (ABS), which covers about two-thirds of the
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³³ [Regional GVA \(balanced\) by industry: all ITL regions](#)

³⁴ It is important to note that this definition relates to the production approach of regional GVA (regional GVA(P)). This is due to constant price GVA(P) series removes the effects of inflation by deflating the current price values with price indices and can be used to show the “real” change in the quantity or volume of goods.

³⁵ [Regional gross value added \(production approach\) QMI ONS](#)

³⁶ [Regional accounts methodology guide: June 2019 ONS](#)

		▪ Agricultural Accounts from Department for Environment, Food and Rural Affairs (Defra) ▪ Self-Assessment (Pay As You Earn and Self-Assessment), Her Majesty's Revenue and Customs (HMRC) ▪ Regional estimates of bank and building society fees and commission and FISIM (Bank of England) ▪ Labour Force Survey (LFS) Together, the range of data sets provides data on income, hours worked, demographic, raw materials and inputs, numbers of businesses and more, to develop robust GVA estimates. Regional GVA(P) estimates are calculated at Nomenclature of Units for	example, government and <u>Non-Profit Institutions Serving Households</u> (NPISH)) via the sum-of-costs convention, enabling comprehensive regional coverage. ▪ Underpins the balanced measure (GVA(B)) by providing both current price and real-terms inputs, giving users a single, consistent view of regional economic activity.	economy and excludes the public sector and much financial activity, therefore relying on proxy indicators to be used for excluded areas. ▪ Current-price regional GVA(P) is constrained to national Supply and Use totals and, due to different methods and sources, regional GVA(P) may differ from GVA(I) (Income approach of GVA).
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		Territorial Statistics: NUTS1 and NUTS2 levels of geography. Published annually.		
Census³⁷	The Census provides detailed information about the characteristics of all the people and households in England and Wales. As per the Census Act 1920, it is a legal requirement for everyone in England and Wales to be counted in the census and to provide accurate information. The Census therefore provides information such as sex, age, household count, ethnicity, economic activity, religion, health and more ³⁸ .	Collected via a nation-wide online questionnaire, followed by a post-census Census Coverage Survey (CCS) to estimate under- and over-coverage areas, the census provides less margin for error than with surveys based on a sample of the population, because the whole population is included.	▪ Most detailed picture of the entire population, with the same core questions asked of everyone in England and Wales, giving richer information than sample surveys. ▪ Lower margin for error than sample surveys because the whole population is included. ▪ High participation and coverage, with a 97% response rate overall and more than 88% in every local authority. ▪ Legal requirement to take part (Census Act 1920), supporting completeness and data quality.	▪ Published once every decade, therefore becomes outdated over time ▪ Highly costly and administrative ▪ Census results are estimates rather than exact counts, with measures of uncertainty. ▪ Specifically, to the 2021 census, the coronavirus pandemic may have affected where some people (notably students and in some urban areas) considered their usual residence on

³⁷ [Census 2021](#)

³⁸ [Quality and methodology information \(QMI\) for Census 2021ONS](#)

			Strong comparability, as core questions are asked across UK censuses and alignment to international standards where possible, enabling comparisons over time and between areas.	Census Day, potentially influencing results. Changes to questions and response options since 2011 improve relevance but limit comparability over time.
Employer Skills Survey³⁹	The Employer Skills Survey is a large-scale telephone survey of employers across the UK. It provides official statistics on labour market and skills issues faced by employers^{40 41}.	Fieldwork is conducted via telephone interviews using computer assisted systems (CATI). A random probability approach is taken to sampling. All data gathered is cleared by the ONS based on a 95% confidence level. The survey data also undergoes weighting by region, size of business and sector to increase representativeness.	- UK-wide, establishment-level survey across all sectors and sizes, with a large, robust sample (72,918 employers in 2022). - Covers recruitment challenges (vacancies and skill-shortage vacancies), internal skills gaps, training and workforce development (including investment), apprenticeships, work placements, and future skills needs. Enabling for deeper insights beyond standard ONS data sets.	- Due to the large scale of the fieldwork, there is often a time lag between data collection and publication. - The survey relies on employers' subjective opinions on whether staff are "fully proficient" or why a vacancy is "hard to fill." It does not measure technical skill levels directly, but rather perceived skills gaps.

³⁹ [Employer Skills Survey 2022-2024 ONS](#)

⁴⁰ [Employer Skills Survey 2022-2024 ONS](#)

⁴¹ It is important to note that we have included figures achieved during for the ESS in 2022, as figures and targets for 2024 have changed.

			▪ Robust methodology and quality, with credible sampling method achieving a 53% response rate and representable outputs due to multiple weight sets for different analyses, and statistical significance testing at the 95% level with published sampling errors and reporting conventions. ▪ Provides up-to-date labour market intelligence to inform skills and productivity policy at national, sectoral and local levels.	▪ The survey typically excludes sole traders and, in some cases, businesses with only one person on the payroll (depending on the specific year), which may miss trends in the smallest business segment.
The Skills Imperative 2035⁴²: Occupational Outlook – Long-run employment	The skills imperative 2035 dataset aims to provide a robust, consistent set of historical estimates and projections of UK employment by industry and occupation (to 2035), with associated labour supply, qualifications, and replacement demand	The data set was developed through multiple approaches, though underlying the whole set of projections is the use of a detailed multi-sectoral macroeconomic model. Where there are inconsistencies between official sources or there are no	▪ The Skills Imperative data set builds on strong methodological foundation. Developed via Cambridge Econometrics' MDM-E3 multi-sectoral macro-econometric model with an input-output core and co-integrating/error-correction	▪ Typical projection error. Given that indicative historical ranges are $\pm 10\%$ for industry employment over 5–10 years, and $\pm 7\%$ for occupations (shares usually within ± 2 percentage points).

⁴² https://www.nfer.ac.uk/media/jlzf5tq0/the_skills_imperative_2035_occupational_outlook_long_run_employment_prospects_for_the_uk_working_paper_2c.pdf

prospects for the UK	estimates, to inform skills policy and planning⁴³.	official data are published, the industrial information (currently from Workforce Jobs and BRES/ABI data) is given precedence and estimates are generated by assuming common patterns to the next level of aggregation up at which official estimates are available. Core data sources used to develop the Skills Imperative include⁴⁴: ▪ Business Register and Employment Survey (BRES)/Annual Business Inquiry (ABI) ▪ Labour Force Survey (LFS) and Census of Population ▪ Detailed trade, investment by industry, household final	estimation, ensuring logical and national accounts consistency. ▪ As the data set primarily uses ONS sources and reconciles them through RAS balancing, results therefore align with published aggregates ▪ The Skills Imperative provides detailed documentation of sources, methods, assumptions, statistical robustness, caveats and typical projection errors, highlighting its transparencies and quality assurance procedures ▪ The data set delivers a complete and consistent picture across industry, occupation, qualification, gender/status and region that is not available from other	Revisions to historical data are a major source of error ▪ Difficulties in forecasting specific topics, such as replacement demand and qualifications. This is due to weak data on certain sub-topics and reliance on a singular source ▪ Similarly, due to the ONS being the primary source for data, ONS confidentiality rules and limited official publication of detailed regional/sectoral series (especially for self-employment) restrict dissemination at the most granular levels ▪ The MDM-E3 macro-econometric
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⁴³ [The Skills Imperative 2035: Working Paper 2c: Technical report on sources and methods National Foundation for Educational Research \(NFER\)](#)

⁴⁴ [The Skills Imperative 2035: Working Paper 2c: Technical report on sources and methods National Foundation for Educational Research \(NFER\)](#)

		consumption (COICOP), prices and earnings ▪ National and Regional Accounts (ESA 2010 compliant), Supply-Use/Input-Output tables, chained volume measures (reference year 2018), Blue Book	sources in a single coherent dataset.	model is driven by historical relationships, therefore shocks are only incorporated via explicit assumptions. Forecasts for individual industries are less certain than aggregates, and residual errors persist.
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Annex C: Quotes from Local Partnerships

Feedback from Walsall Connected Futures Partnership:

"The evidence grounded our programme design and strengthened our confidence in clearly articulating what we were already observing through frontline delivery, while also giving us a shared, credible evidence base to influence system partners."

"A key learning was that some stakeholders, who would be expected to hold this insight, were not fully aware of the scale or nature of the local labour market challenges."

"In response, we reshaped our IAG, coaching and mentoring offer to support young people to move beyond short-term job outcomes and towards sustainable career pathways. This has directly supported young people to progress into FE, accredited training, apprenticeships, employment and, in some cases, higher education."

"Importantly, the Ipsos analysis identified construction as a local growth sector. Acting on this, we engaged employers, creating pathways for young people to access sector insight, employer networks and routes into work aligned with labour market demand."

"Persistently high youth economic inactivity reinforced the need to prioritise sustained progression and quality employment. With over 45% of the young people we support being NEET, our model intentionally embeds access to employers, mentors and networks, ensuring provision is both responsive to local data and ambitious for young people's long-term futures."

Feedback from Blackpool Connected Futures Partnership:

"For some, the data reinforced existing knowledge and increased confidence that current approaches are rooted in the realities of the local economy. For others, it offered fresh perspective—particularly around the scale of challenges facing young people, the need to connect them to better paid and more sustainable employment, and the workforce demands emerging in sectors such as healthcare."

"A strong theme was the importance of ensuring all partners have access to and confidence in using shared data, enabling more aligned conversations and coordinated action. Even where the local context was already well understood, the workshops helped consolidate insight and sharpen focus, supporting both immediate decision-making and longer-term strategy."

“Overall, Ipsos’ work was seen as grounding ambition in solid evidence, strengthening the partnership’s determination to improve opportunities for young people, and ensuring that future action is informed, targeted and responsive to the realities of the Blackpool labour market.”