

## **Briefing Note No. 19**

# **Employment Trends in Kirklees: 1998 to 2003**

Annual Business Inquiry (ABI) employment data is now available for each year between 1998 and 2003. EDS Briefing Note 13 explained the background and rationale to the annual survey, which allows analysis of business and employment trends and patterns at a detailed industry and geographical level. This note outlines the key employment changes in the Kirklees economy between 1998 and 2003. Where appropriate, the data gives regional and national comparisons.

## Employees in employment

Reflecting a period of steady economic growth, there was a net increase of 4,450 jobs (3%) in the Kirklees economy between 1998 and 2003. However, this lagged behind growth of 5.6% in Great Britain (GB) and 6.6% in the Yorkshire and Humber (Y&H) region.

Part of the reason for the district's below-average performance is the industry mix in Kirklees. Between 1998 and 2003, the hard-pressed manufacturing sector shrank by 8,300 jobs (-19%) to a total of 35,700. A little over 23% of the district's workforce now works in the sector, double the national average (13%) and well above the regional average of 16%.

Offsetting this decline, the district's service sector grew by 13,170 jobs (13.4%) over the same period. This was very much in line with the regional trend and a little higher than the national average increase.

Despite a relatively buoyant economic performance over the period, employment levels in the construction sector rose only marginally, by 0.2%.

Table 1 shows the change in employment levels by sector over the five years to 2003. In numerical terms, the distribution; hotel and catering group of industries saw the largest growth, but there were significant gains throughout the service sector.

**Table 1: Change in number of employees in employment in Kirklees 1998-2003 by industry group**

	1998	2003	Change	
			Number	%
<b>Primary Production</b>	<b>1,138</b>	<b>741</b>	<b>-397</b>	<b>-35</b>
<b>Manufacturing</b>	<b>44,028</b>	<b>35,698</b>	<b>-8,328</b>	<b>-19</b>
<b>Construction</b>	<b>5,412</b>	<b>5,423</b>	<b>11</b>	<b>0.2</b>
<b>Distribution; hotels and catering</b>	32,055	37,149	5,094	16
<b>Transport and communications</b>	5,532	6,570	1,038	19
<b>Banking, finance and insurance</b>	15,537	18,439	2,902	19
<b>Public admin. education &amp; health</b>	38,703	42,074	3,371	9
<b>Other services</b>	6,415	7,179	764	12
<b>All Services</b>	<b>98,242</b>	<b>111,411</b>	<b>13,169</b>	<b>13</b>
<b>Total</b>	148,819	153,274	4,454	3

**Source: Annual Business Inquiry**

Table 2 gives a breakdown of employment in Kirklees firms in 2003 by industry with a regional and national comparison. The importance of the manufacturing sector as a provider of jobs is clear, as is the relatively small size of the finance, banking, insurance and business services group of industries. Overall, the service sector remains a little under-developed in Kirklees compared to GB, and the region to a lesser extent

**Table 2: Employees in employment in Kirklees 2003 by industry group with GB and regional comparison**

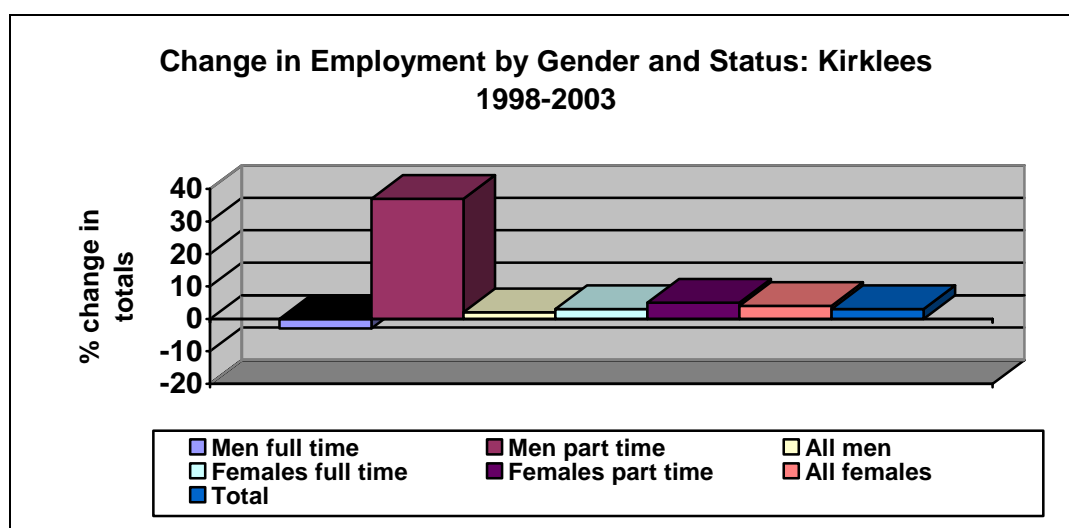
	Jobs	% of total jobs	% of total jobs (Y&H)	% of total jobs (GB)
<b>Primary Production</b>	741	0.5	1.3	1.6
<b>Manufacturing</b>	35,698	23.3	15.8	12.6
<b>Construction</b>	5,423	3.5	4.9	4.4
<b>Distribution; hotels and catering</b>	37,149	24.2	24.4	24.7
<b>Transport and communications</b>	6,570	4.3	6.1	6.0
<b>Banking, finance and insurance</b>	18,439	12.0	15.7	19.8
<b>Public admin. education &amp; health</b>	42,074	27.5	27.1	25.8
<b>Other services</b>	7,179	4.7	4.6	5.2
<b>Total</b>	153,274	100	100	100

**Source: Annual Business Inquiry**

Analysis of employment change by gender and status between 1998 and 2003 shows, in particular, that opportunities for men working full time were adversely affected, by changing labour market demand generally and manufacturing decline in particular.

As Chart 1 shows, there was a 3% fall in male full time employment over the five year period – in all 2,000 fewer jobs. This contrasted with growth in the region and GB of 3.5% and 1.7% respectively.

**Chart 1**



**Source: Annual Business Inquiry**

However, the fall in full time male employment was more than offset by an increase of 3,380 men working part time. The bulk of these new part time jobs for men were in distribution, hotels and restaurants (1800) - retailing in particular grew by 1,400 - but there was also good growth in banking, finance and insurance (800 new jobs overall). Only the primary production sector saw a fall in male employment across the board.

Despite these areas of growth, reflecting the changing industry balance of the labour market and the nature of new jobs on offer, only one in three new jobs in Kirklees since 1998 were taken by men.

A breakdown by industry shows that 97% of job losses amongst male full-time workers (6,330) were in manufacturing. These losses were offset partially by growth in the service sector, in particular distribution; hotels and restaurants (1,500 more jobs), the public sector (up 1,270) and transport and communications (up 934).

Below district level, there is an enormous geographical variation to employment patterns. For example, whilst nearly 48% of employment in Batley East Ward is in manufacturing, in neighbouring Batley West the proportion falls to 17%. In the central Huddersfield wards of Almondbury, Paddock and Lindley, fewer than 10% of jobs are in manufacturing: public sector, retailing and hospitality jobs dominate. Annex 1 refers.

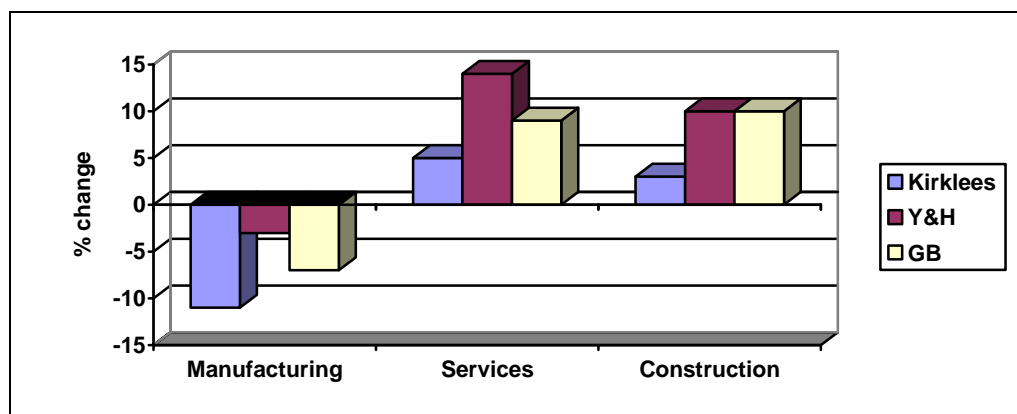
One consistent pattern is that all the rural and semi-rural Wards of south Kirklees have a higher than average proportion of employees in manufacturing, ranging from 24% in Kirkburton on the urban fringe to 44% in the Colne Valley. Company closures and job losses in these relatively small centres of population have a significant impact on local communities.

## Businesses

As with the trend in job change, there was a modest increase in the number of firms in Kirklees between 1998 and 2003, with, again, growth noticeably slower than in the region and in GB.

The number of businesses in Kirklees with employees increased by 334 firms - a net increase of just less than 3%. Over the same period, there was 5% growth in the region's business base and a 7.4% increase in GB. Growth was less pronounced because of a higher than average decline in manufacturing and a below average growth in service sector businesses.

**Chart 2: Change in number of businesses by sector: Kirklees, region and GB: 1998-2003**



Source: Annual Business Inquiry

Compared to a GB benchmark, the Kirklees business population is under-represented in the primary production sector; in banking, finance and insurance and, to a lesser extent, in the public sector and other (private) services. The local population remains significantly over-represented compared to GB in manufacturing and also in the distribution; hotel and restaurant group of industries, the former in overall decline and the latter a very volatile group of industries in labour market terms.

**Table 3: Firms in Kirklees 2003 by industry group with GB and regional comparison**

	Firms	% of total firms	% of total firms (Y&H)	% of total firms (GB)
<b>Primary Production</b>	45	0.3	0.7	0.7
<b>Manufacturing</b>	1,631	12.6	9.3	7.8
<b>Construction</b>	1,245	9.6	9.4	9.0
<b>Distribution; hotels and catering</b>	4,402	34.0	33.3	29.5
<b>Transport and communications</b>	615	4.8	5.6	4.7
<b>Banking, finance and insurance</b>	2,874	22.2	24.1	30.5
<b>Public admin. education &amp; health</b>	1,017	7.9	9.4	8.7
<b>Other services</b>	1,105	8.5	8.3	9.2
<b>Total</b>	12,934	100	100	100

**Source: Annual Business Inquiry**

Despite overall growth, only four industry groups saw an increase in company numbers between 1998 and 2003. There was modest growth in:

- the public sector - specifically education and health
- construction – mainly installation and plumbing activities
- transport and communication – post and courier activities and telecommunications

**but**

- a very large increase in banking, finance, insurance and business services.

**Table 4: Change in number of businesses in Kirklees 1998- 2003 by industry group**

	1998	2003	Change	
			Number	%
<b>Primary Production</b>	53	45	-8	-15
<b>Manufacturing</b>	1,824	1,631	-192	-11
<b>Construction</b>	1,207	1,245	38	3
<b>Distribution; hotels and catering</b>	4,437	4,402	-34	-1
<b>Transport and communications</b>	566	615	49	9
<b>Banking, finance and insurance</b>	2,349	2,874	525	22
<b>Public admin. education &amp; health</b>	980	1,017	37	4
<b>Other services</b>	1,184	1,105	-78	-7
<b>All Services</b>	9,516	10,013	497	5
<b>Total</b>	12,600	12,934	334	3

**Source: Annual Business Inquiry**

The bulk of the increase in firms between 1998 and 2003 was amongst those with fewer than five employees. The net increase of 280 micro firms accounted for more than 80% of the total increase in the number of businesses.

Against the prevailing trend, the number of companies in the 100-199 employees size band fell by 15%. It is not possible to know to what extent changes in this size band were the results of company growth, downsizing or closure.

The most significant change in Kirklees between 1998 and 2003 was the 22% increase in the banking, finance and insurance group of companies – a net increase of 525 firms. This was in line with wider national and regional trends.

Although direct comparison is difficult because of some minor changes to industrial classifications, the biggest increases in this group came in business and management consultant activities, property letting, architectural and technical consultancy, and computer-related activities (an increase of 123 firms in total).

These new businesses have created jobs and are likely to continue to do so, although in all probability not in large numbers. The major significance is their contribution to up-skilling of the local economy and the diversification of the district's business base.

Research by Local Futures in 2004 suggests that the industries most likely to provide job growth in the future are concentrated in the South of England. In Yorkshire and Humber, between 55% and 60% of knowledge economy jobs are in the public sector, where the generation of a significant number of new businesses is unlikely. In London, knowledge workers are spread more widely: 75% work in the private sector.

Further evidence of the ground to make up in the Y&H region is shown by the proportion of jobs in knowledge-driven sectors. Against a Great Britain average index of 100, Yorkshire and Humber achieves an index of 78, compared to 116 in the south east and 153 in London. Only Wales scores lower.

### **Comparisons with VAT data**

VAT registrations and de-registrations are an alternative method of estimating the size of the business population. These figures do not, however, give the complete picture of start-up and closure activity in the economy. Coverage excludes a few VAT exempt sectors and the very smallest one person businesses operating below the threshold for VAT registration.

At the end of 2003, the threshold for VAT registration was an annual turnover of £56,000, and 1.8 million of the estimated 4.0 million enterprises in the UK were VAT-registered.

Over the 1998 to 2003 period, there was a 5.4% increase in the number of Kirklees companies registered for VAT, the same level of increase as in GB overall and above that for the region (4.1%). For Kirklees, this was a more positive trend than the ABI data showed (3% overall business growth).

**Table 5: VAT registration and de-registrations 1994 to 2003; Kirklees**

<b>Date</b>	<b>Registrations</b>	<b>De-registrations</b>	<b>Stock at end of year</b>	<b>Net change</b>
<b>2003</b>	1,225	980	10,400	245
<b>2002</b>	1,020	965	10,155	55
<b>2001</b>	995	930	10,100	65
<b>2000</b>	975	885	10035	90
<b>1999</b>	930	845	9,945	85
<b>1998</b>	1,045	825	9,860	220

**Source: DTI**

Over the period, growth was highest in education and health; real estate; hotels and restaurants and transport and communications. The manufacturing sector saw the largest numerical decline, but there was also a significant fall in agriculture.

Annex 1

Employment in Kirklees wards by industry sector: 2003

Manufacturing		Construction/ Primary		Services		All		Area
Jobs	%	Jobs	%	Jobs	%	Jobs		
183	7.8	60	2.6	2,107	89.7	2,350		Almondbury
3,143	47.7	218	3.3	3,222	48.9	6,583		Batley East
1,205	16.7	250	3.5	5,761	79.8	7,217		Batley West
776	27.3	415	14.6	1,653	58.1	2,845		Birkby
2,096	22.6	460	5	6,714	72.4	9,270		Birstall/Birkenshaw
2,252	29.8	767	10.1	4,542	60.1	7,561		Cleckheaton
1,503	43.5	219	6.3	1,731	50.1	3,453		Colne Valley West
654	18.6	213	6.1	2,650	75.3	3,517		Crosland Moor
343	16.3	82	3.9	1,677	79.8	2,102		Dalton
3,738	14.5	168	0.7	21,799	84.8	25,704		Deighton
1,218	26.6	226	4.9	3,142	68.5	4,585		Denby Dale
1,381	15.7	262	3	7,131	81.3	8,773		Dewsbury East
2,177	39.1	174	3.1	3,216	57.8	5,567		Dewsbury West
850	28.6	174	5.9	1,950	65.6	2,974		Golcar
2,018	21.3	183	1.9	7,265	76.7	9,466		Heckmondwike
1,355	32.2	280	6.7	2,572	61.1	4,207		Holme Valley North
1,019	24.3	235	5.6	2,945	70.1	4,199		Holme Valley South
922	24.3	228	6	2,638	69.6	3,788		Kirkburton
503	8.6	167	2.9	5,196	88.6	5,866		Lindley
1,376	28.7	261	5.5	3,149	65.8	4,786		Mirfield
1,486	15.2	139	1.4	8,155	83.4	9,780		Newsome
587	7.9	129	1.7	6,694	90.3	7,409		Paddock
1,421	39.8	262	7.3	1,885	52.8	3,567		Spennings
3,494	47.1	302	4.1	3,619	48.8	7,415		Thornhill
<b>35,698</b>	<b>23.3</b>	<b>6,164</b>	<b>4</b>	<b>111,411</b>	<b>72.7</b>	<b>153,274</b>		<b>Kirklees</b>
	<b>12.6</b>		<b>6</b>		<b>81.4</b>			<b>Great Britain</b>

Source: Annual Business Inquiry