

## Executive Summary: Regional Skills Objectives and Priorities

There are early signs of economic recovery in the South East. The region's diverse economy, strong knowledge base and skilled workforce mean it is well placed for long term sustainable economic growth. Skills development at all levels will be essential to achieving productivity gains and creating jobs as the recovery takes shape. Evidence and consultation with key stakeholders have identified three core objectives in achieving this:

**(I) Develop the skills base to meet and stimulate the demands of emerging and growth industries, especially higher level skills**

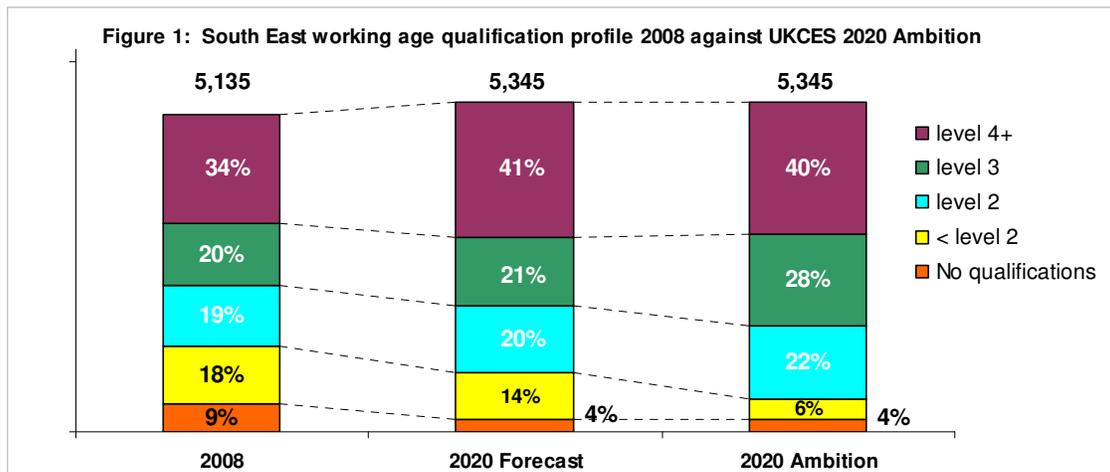
Evidence suggests shortcomings in the quantity of some training at levels 3 and 4 and its relevance to business needs. Dialogue with employers indicates a need for a multi-disciplinary knowledge base and improved provision in specialised areas. In particular, providers urgently need to prepare for current and future skills needs and opportunities associated with the low carbon economy and growth in the global environmental technologies market.

In response to fierce international competition, growing skills gaps and higher rates of under employment, it is essential that employers make better use of skills through effective leadership and management, and ambitious growth plans which result in new and higher value added jobs.

**(II) Increase the skills of those in and entering employment to improve individual progression and to support higher levels of productivity**

Whilst the skills base in the South East is strong, the rate of increase is lagging behind other English regions. Renewed emphasis on progression at all ages and skills levels is essential in order to help maintain the competitiveness of the region's labour market.

Figure 1 shows the proportion of the region's working age population according to their highest qualification, comparing the current position, the forecast position for 2020 and the skills ambition set out by UKCES, defined as the skills base needed to place the UK in the top eight global nations by 2020. Analysis suggests that the level 4 ambition will be met but without action there will be a significant deficit in level 3 skills.



Raising attainment and participation rates amongst 16-19 year olds to prepare and equip them for the forecast growth in occupations requiring at least a level 3 (which is likely to become the new employability standard by 2020) is a particular priority, especially in technological, business and science areas.

***(III) Provide effective support for those areas and groups disadvantaged in the labour market***

Unemployment has risen by a third since September 2009 and currently there are over half a million people in the region seeking work, with high concentrations along the coast and in many urban areas. Providers working with Jobcentre Plus must ensure coordinated, relevant and accessible provision for the unemployed, aligned with the new Work Programme; this must meet the needs of target groups, especially 16-24 year olds and the long term workless.

Critical to addressing all these challenges is the provision of **effective and expert information, advice and guidance services** that are focused and tailored on the needs of the individual, and **strong employer-led partnerships**, in particular involving Higher Education and Further Education, which drive long term innovative training solutions.

## Introduction

This Statement provides an overview of skills required to support economic growth and sets out the skills priorities that require attention within and across the South East for the 2011/12 academic year. It outlines patterns of current provision which help identify shifts in investment to help the region continue to climb out of recession into growth, through increasing trade, inward investment, innovation and developing new industries.

The Statement has been prepared for use by a wide range of stakeholders involved in the delivery, funding and planning of skills within the region, including training providers, universities, local authorities, brokers and advisers and employers. It supplements and complements intelligence emerging from local economic assessments (LEAs) and points towards issues that might be addressed by future Local Enterprise Partnerships (LEPs). This Statement also sets out key facts and skills priorities for local areas in the South East (Annex 2).

Supporting this Statement is a comprehensive evidence base which will be circulated in September 2010 to accompany the finalised Statement. The evidence has been compiled from a range of quantitative sources such as government and employer surveys and has been supplemented by qualitative evidence from a number of regional and local partners.

## 1. Economic and Skills Context

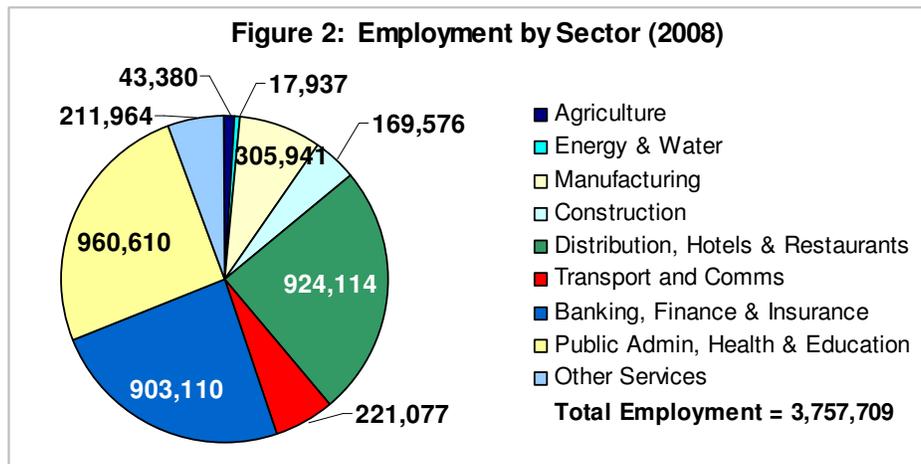
This section describes the economic and skills backdrop for the South East region.

The South East contributes £182 billion, or 18% of the UK's residence-based Gross Value Added (GVA) and has relatively high employment and skills levels in comparison to the national average, although significant disparities persist within the region.

Economic forecasts from early 2010 suggest the region will recover more quickly than others, with GVA rising by around 2.6% p.a. from 2011, though this rate falls significantly short of growth achieved in recent years. Recovery of employment levels is expected to lag behind productivity, with further contraction expected in 2010 and a slow return to pre-recession levels of employment by 2013. Recent evidence suggests that in some parts of the region vacancy levels are increasing only slowly, redundancy notifications continue and access to finance remains a problem.

Central to the recovery will be further growth of the region's priority sectors. These account for 42% of the region's GVA and 35% of employment, and are forecast to grow at a relatively high rate:

- financial and professional services
- ICT, software and digital media
- pharmaceuticals, life sciences and healthcare
- advanced engineering and marine
- environment and energy
- aerospace and defence



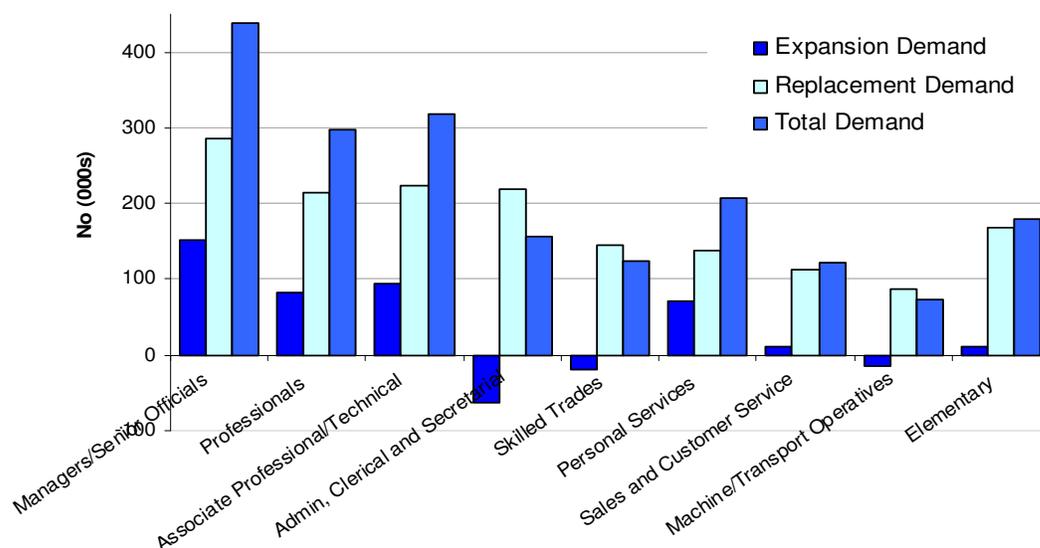
Also significant for the region are sectors which employ large numbers, with relatively high proportions of lower skilled employees. Together, retail, care and hospitality sectors account for about 35% of the South East's workforce.

Figure 2 shows the current shape of employment by sector in the South East; notably, the public sector employs just over a quarter of workers.

Looking forward, forecasts suggest that total employment will fall slightly over the next year and then start increasing, such that by 2012 it will have grown by 49,000. Longer term forecasts predict an increase of about 7% from 2007 to 2017, through an additional 325,000 new jobs and 1.6 million jobs resulting from replacement demand (i.e. replacing employees who leave through retirement, career moves or other reasons). Taking into account both replacement and expansion demand, 'other business services' (mainly in ICT, legal, accounting, tax, labour recruitment and industrial cleaning) are expected to grow by 18%, hotels and catering by 15%, and health and social work by 13%. In the shorter term, some recovery and growth is expected in distribution and construction.

These shifts will continue the trend of occupational growth in service sector roles, which is characterised by a reduction in low skilled occupations and a corresponding increase in higher skilled, knowledge based occupations; this will widen the gap between the two (Figure 3).

**Figure 3: Occupational forecasts including replacement demand (2007-17)**



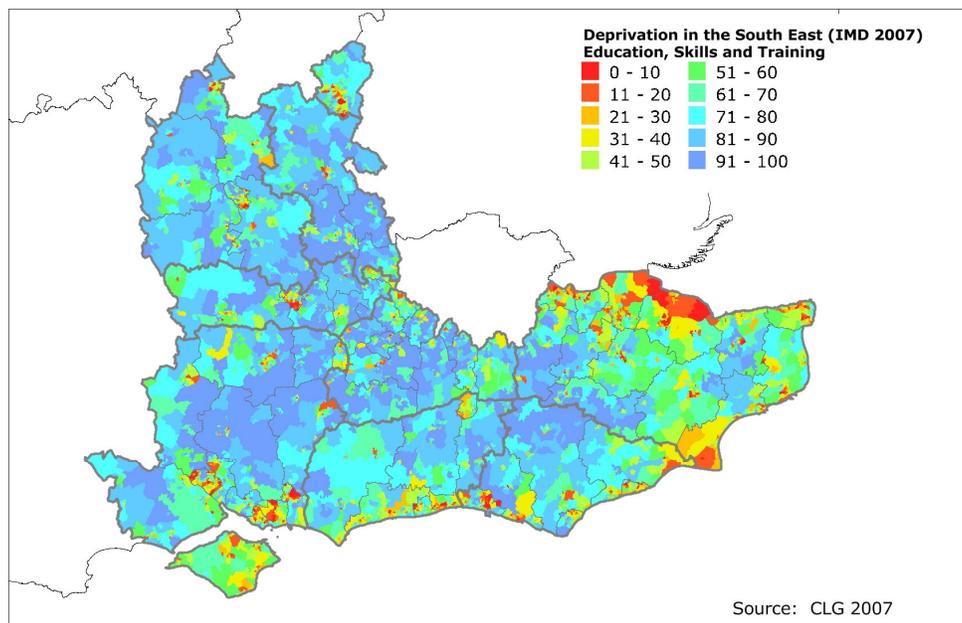
Changing skill needs within some occupations will be significant; for example, technological and scientific advancements will affect roles in, for example, manufacturing and biopharma.

Specific spatial areas also warrant focus given their role in driving growth. These include eight Diamonds for Investment and Growth (which aim to generate over 50% of the GVA growth in the South East to 2016) and three growth areas (Thames Gateway, Milton Keynes Aylesbury Vale and Ashford). It is also worth noting the strong impact of London on the economy and employment of the South East; 410,000 commute to London daily from the South East.

Demographics within the region are also changing, with forecast population growth averaging 3.9% between 2009 and 2014, and ranging from 1.9% for 0-15 year olds to 11.4% for 59-64 year olds.

The South East's relatively strong economic performance masks significant disparities within the region, with over 450,000 people living in areas classified as amongst the 20% most deprived in England (illustrated by the orange and red areas in Figure 4). In some parts of the region, unemployment exceeds 8%. In others over 11% of the working age population have no qualifications. These areas are often characterised by low skills levels, social and economic deprivation and a relative lack of private sector employment.

**Figure 4: Areas of deprivation in the South East<sup>1</sup>**



© Crown Copyright and database right 2010. All rights reserved. Ordnance Survey Licence number 100029140  
Produced by SEEDA Research & Economics © All rights reserved 2010

<sup>1</sup> The key indicates the percentage decile of deprivation, where red is the most deprived, i.e. those living in the red/orange areas live in the 20% most deprived areas in England.

## 2. Current and Future Economic Demand

This section outlines changing skills needs relevant to each of the three objectives:

### ***(I) Develop the skills base to meet and stimulate the demands of emerging and growth industries, especially higher level skills***

#### **2.1 Meet skills needs for emerging and growth industries**

The South East has the second highest concentration of high growth businesses in the UK and its strong knowledge based economy (one third of current employment) is recognised as key to the region's competitiveness and growth prospects. Over the last decade there has been significant growth in employment in managerial, professional and associate professional roles which together now total almost half of regional employment. It is anticipated that the vast majority of expansion (i.e. new jobs) over the next seven years will continue to be in these higher skilled occupations especially relating to new technology, science and engineering including software, bio-science and new construction techniques, and in the service sector, such as corporate and finance managers.

**Key message:** there is demand from both replacement and new jobs for managerial, professional and associate professional skills across a variety of high growth and high volume sectors.

#### **2.2 Promote the importance of science, technology, engineering and maths skills (STEM)**

There is an ongoing need for skills in STEM subjects from levels 2 to 4 and beyond to enable further growth of identified priority sectors within the South East, which are critical for its competitiveness and raising productivity (see page 1).

- In financial and professional services skills shortages include management, analytical, statistical and regulatory compliance areas. Future shortages are forecast in skills such as risk management, corporate governance, and legal services in part driven by stricter regulation. This sector is important throughout the region with heaviest concentrations in areas such as Surrey and North Sussex.
- Evidence from ICT, software and digital media businesses suggests skills gaps currently affect around 75% of technology professionals, particularly in ICT programme management, supplier management and service management. The technology professional workforce is forecast to grow at 1.2% per year with the strongest growth being in high skills areas, particularly software professionals. The Thames Valley is expected to continue to be a focus for ICT companies.
- Skills needs in pharmaceuticals, life sciences and healthcare include management, customer handling and engineering. Life sciences and medical technologies are experiencing skills gaps in mathematical skills, technical skills and leadership and management. Future drivers for skills will be heavily linked to emerging technologies. These sectors have a notable presence in parts of Oxfordshire, Kent and Sussex.
- Advanced engineering and marine skills shortages have been recognised in high end STEM and associate technician roles. Specific skills needs include circuit design, control systems, and mathematical modelling, and skills shortages are a particular problem in the composite sector, electrical installation and boat building. There is a perception among employers of poor STEM skills held by some graduate engineering entrants. Geographical concentrations of these sectors

include South Hampshire and Kent. Key infrastructure projects include Cross Rail, and redevelopments of Reading station and Slough Trading/Business Estate.

- Environment and energy businesses are highly dependent on STEM skills at levels 2 to 4 associated with engineering and research and development roles. Parts of this sector are still in a formative stage but the number of STEM graduates is not expected to be sufficient to meet demand; alongside engineering, skills such as mathematical modelling, prototyping and computer simulation are expected to be in short supply. This will be especially critical for offshore wind developments in areas such as Kent (where graduate retention is already a challenge) and in Hampshire and the Isle of Wight. In these areas associated onshore developments will also be important.
- Within the aerospace and defence sector skills demand is particularly high for engineers in the satellite and defence industries. 10% of organisations are currently experiencing skills gaps, with 14% reporting difficulty in recruiting STEM graduates because of competition. Upskilling and multi-skilling will also be important because of the ageing workforce. This sector is especially significant in parts of Hampshire.
- There is widespread, cross sectoral recognition of an increased demand for skills, especially STEM, to support the growing low carbon revolution in, for example, waste management, construction and energy reduction.

**Key message:** there is current and growing demand for STEM skills at levels 2 to 4 across all high growth sectors.

### 2.3 Improve the match of supply and demand of graduates

Just over a third of the working age population have qualifications to at least level 4, though the rate of increase is slowing. Despite this relatively high figure, recent levels of graduate unemployment and underemployment have been exacerbated by the downturn. These are noticeably less pronounced for graduates in STEM-related subjects, partly because these skills are critical for the majority of the region's priority sectors.

Graduate related challenges are especially evident in parts of the region such as north Kent and Ashford, where there are low retention rates of graduates, and Brighton and Hove, where there is severe underemployment. In areas such as Milton Keynes and Basingstoke there is a drive to increase the number of people training to level 4, and working and living in the area.

**Key message:** whilst continuing to improve the proportion of the workforce with level 4 and above it is increasingly important that there is a good match with the subjects needed by employers, and more effective utilisation by employers of graduates' skills and potential.

### 2.4 Raise level 3 skills, especially at technician level

Level 3 is increasingly recognised as the platform for employment and business competitiveness. Although over half the working age population now has at least a level 3 qualification, which is above the national level, the recent rate of improvement is slower than other regions, threatening to erode the region's competitive advantage. Shortages of level 3 skills are now evident in some sectors, including manufacturing, construction management, communications and banking and insurance. In particular the lack of availability of STEM skills at technician level has been cited as important for many priority sectors such as environment and energy. Those areas which have

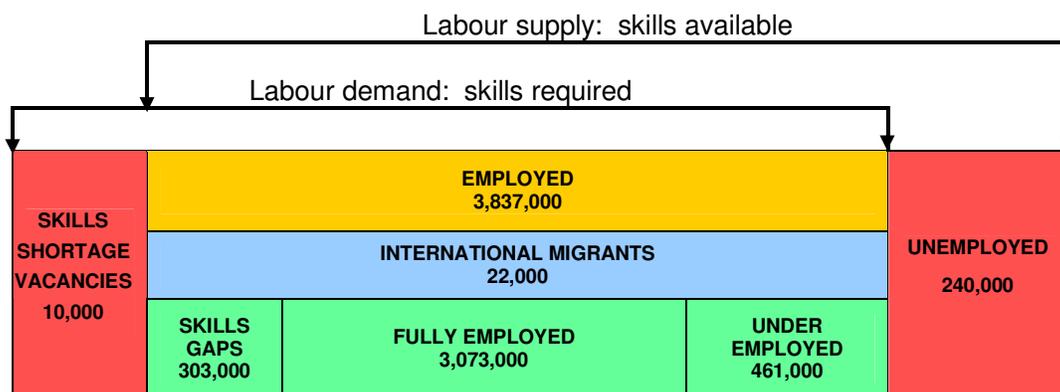
the lowest proportions of population qualified to level 3 include Medway, Slough and the Isle of Wight.

**Key message:** level 3 skills show the greatest need for improvement in the South East, particularly at technician level, with improved progression to and beyond level 3 also being important.

**(II) Increase the skills of those in and entering employment to improve individual progression and to support higher levels of productivity**

Figure 5 below describes the relationship between skills available in the workforce and the skills required by businesses in the region.

**Figure 5: Skills mismatches – key components**



**2.5 Ensure skills of the workforce are kept up to date and refreshed**

Regular updating of skills and knowledge to current industry good practice, technology and processes is essential to individuals staying in work and for broader economic growth. In many sectors, workforce skills are on average one level behind current standards, with this being particularly prevalent in care and construction.

Forecasts for short term growth to 2012 suggest that distribution, hotels and catering, finance and business services and construction will see the greatest employment growth, and will account for 90% of overall growth. Much of the recent growth has been, and is anticipated to be, in part time employment.

In the longer term, within these sectors there will be significant job opportunities due to both replacement demand and expansion, with forecasts indicating a need for an additional 420,000 managers, 600,000 associate/professional roles and 200,000 personal service roles, especially in customer care, in the period 2007-2017. There is also qualitative evidence of a need across all these roles for a higher level of generic skills, including communications and ICT user skills.

Occupations which have recently declined in numbers have been mainly at lower skill levels, especially in administrative and skilled trade occupations, including ICT operations roles, cleaners, sales representatives and secretaries. The most notable decline going forward is anticipated in the public sector, where spending cuts have yet to significantly impact employment, with forecasts suggesting ongoing reductions to at least 2013.

For the short term it is likely that competition for some jobs will be high, given the shortage of vacancies and current high level of unemployment. Examples of this include the halving of vacancies classified as hard to fill in the two years to 2009, and

the fact that only 3% are classed as skills shortage vacancies. However both these continue to be a challenge for SMEs. The care sector bucks this trend, with a high level of both hard to fill and skill shortage vacancies.

One area of specific need is the London 2012 Olympic Games where there will be a range of skills opportunities relevant to the South East, especially relating to customer care in hospitality, tourism, retail and the voluntary sector. There is potential for skills shortages in catering (especially chefs), security and stewarding.

**Key message:** job opportunities will exist across a range of service sector occupations, especially at higher skills levels, and attention will be needed to ensure progression from level 2 to level 3 and beyond. There will be a need to support the reskilling of public sector workers.

## **2.6 Improve the proportion with at least a level 2**

Level 2 is increasingly the starting point for most employment in the South East and whilst 73% of the working population is qualified to at least this level, the rate of growth lags behind the national average. Level 2 skills are especially important in all the major employment sectors including retail, health and hospitality and there is evidence of skills gaps and shortages affecting a number of these. For example, 17% of retail employers report skills gaps and these are most prevalent for sales and customer service. The areas with the lowest proportion of level 2 qualified adult working age residents are Slough, Medway and Portsmouth.

**Key message:** there remains a need to develop routes to achieve level 2 skills, especially in high volume employment sectors.

## **2.7 Address skills gaps**

Since 2007 there has been a 6 percentage point increase in the volume of skills gaps (when employers perceive their existing workforce as not being fully proficient in their jobs), resulting in over a fifth of organisations reporting them. This is likely to be a result of the recession as employers seek additional skills from existing employees. By far the greatest number of skills gaps (over a fifth of the total) are in sales roles. The main reported gaps related to a lack of “technical, practical and job specific skills” (65%), followed by customer handling and problem solving. Migrant workers have recently played a key role in filling skills gaps, shortages and hard to fill roles, especially in the manufacturing, hospitality and health and care sectors, and sometimes in posts that are unattractive to the local population. The proposed introduction of an annual limit to migration from countries outside the European Economic Area (EEA) could lead to greater shortages in these sectors in the future if action is not taken to upskill the local workforce.

**Key message:** attention is needed to reskilling and upskilling to address the increase in skills gaps, especially in the light of the changing position regarding migrants.

## **2.8 Improve leadership and management skills**

Leadership and management skills need further improvement to meet the changing needs of businesses and to drive economic growth across almost all employment sectors and at all levels, from supervisory and first line management up to specialist and senior roles. Evidence during the recession highlighted a need for improved skills associated with multi-skilling, strategy and planning, especially in SMEs. There is a need for skills to develop new businesses, self-employment and enterprise, so that new and expanding businesses can succeed and grow. Entrepreneurship is of growing importance to both small businesses and within larger companies.

It is notable that levels of management and professional training in the South East were lower than nationally despite it being a proportionately more important occupation; only 46% received training in the South East compared with a national average of 49%.

**Key message:** there is a significant need to increase training in management and leadership across many employment sectors.

## **2.9 Equip young people for working life**

The number of 15-19 year olds will decline by over 5% from 2009-2014, with a similar fall forecast for 10-14 year olds, indicating lower numbers of younger people for some years to come.

The South East rate of participation in learning in 2007/08 was 86% for 16 year olds and 74% for 17 year olds (2 and 4 percentage points below the national rates respectively). 78% of 19 year olds were qualified to at least level 2 in 2008/09 (slightly below the England rate), with 54% qualified to at least level 3 (2 percentage points above the national figure).

In 2009, 24% of employers considered 16 year olds poorly or very poorly prepared for work; for 17-18 year olds the figure is 18% and for HE leavers 11%. Immaturity, poor attitude and lack of motivation were the main reasons given for 16-18 year olds.

**Key message:** improving participation and attainment rates and ensuring young people match the expectations of employers are priorities for the South East given its changing skills needs and the declining number of 15-19 year olds.

## **2.10 Re and upskill public sector workers**

On average, the public sector cuts indicated in 2.5 above suggest that slightly under 2% of the workforce in the South East risk losing their jobs, rising to around 3% in the most affected areas. It is also likely that there will be private sector job losses as an indirect effect of public sector cuts. This could push total job losses in the South East above 100,000. Broadly speaking, Kent, Hampshire, East Sussex and Oxfordshire are most exposed to public sector cuts. These are mostly coastal areas, where unemployment rates tend to be higher than in other parts of the South East and private sector employment growth is expected to be more subdued.

**Key message:** public sector funding pressures are expected to lead to a high level of redundancies across the South East, with particular impact in certain vulnerable areas.

### ***(III) Provide effective support for those areas and groups disadvantaged in the labour market***

## **2.11 Address needs of those disadvantaged and living in deprivation**

There are areas of deprivation throughout the South East and this is particularly apparent in coastal areas of north Kent, East Sussex and the Isle of Wight, as well as in parts of many urban areas such as Slough, Portsmouth and Milton Keynes. This is also significant in small, dispersed pockets, including rural areas. In these areas individuals often face multiple challenges including low skills, limited accessibility, housing and environmental challenges and poor health.

A significant proportion of those in deprived areas have lower skills levels. While better than the national position, 8.5% of the South East working age population still have no formal qualifications (403,000) and this challenge is greatest in Portsmouth, Kent, Slough and Southampton. There is a need for more jobs in these areas to be accessible to local residents.

**Key message:** despite the relative affluence of the South East as a whole, there are many people throughout the region facing considerable challenges in the labour market, especially given its relatively high skills base and current low levels of vacancies.

## 2.12 Respond to the needs of the unemployed

Over half a million people are seeking work in the region. This comprises 300,000 of the economically inactive who want to work, and 240,000 unemployed. The unemployment figure has increased by almost a third over the year to September 2009 (latest available data), to a rate of 5.7%. The narrower claimant count of the unemployed stood at 3% in April 2010 (152,000) compared with 1.5% five years earlier.

	April 2005	April 2010	Change	% change
Aged 18-24	18,765	40,710	+21,945	+117%
Aged 18-24 claiming for over 6 months	3,125	9,975	+6,850	+219%
Aged 50+	13,900	26,770	+12,870	+93%
Aged 50+ claiming for over 6 months	5,545	11,810	+6,265	+113%
Total claiming for over 6 months	21,185	55,160	+33,975	+160%
Total unemployment	72,970	151,910	+78,940	+108%

These rates conceal significant sub-regional variations with especially high rates in Medway, the Isle of Wight, Brighton and Hove, Portsmouth and parts of Kent, such Thanet and Gravesham. They also conceal differences by age, skills levels and duration of unemployment. Those claiming for more than six months have increased by 160% (to 55,000) in five years and 24,000 have been unemployed for over a year (160% increase in a year). 18-24 unemployment now stands at 41,000 (April 2010) compared with 19,000 (April 2005), although there are recent indications that unemployment amongst this age group is starting to decline as a result of significant public sector interventions. There is also some evidence that older workers have found it especially hard to re-engage in the labour market since the recession. In addition, the skills profile of the unemployed has changed, with the proportion holding level 3 qualifications having risen from around 12% of total unemployment in 2005 to over a fifth in 2009.

The impact of the forthcoming reassessment of those on incapacity benefits and of public sector redundancies is likely to see a continuation of relatively high levels of unemployment.

**Key message:** unemployment rates are at relatively high levels with a disproportionate impact on younger people and those unemployed for longer periods of time, necessitating targeted and coordinated interventions.

## 2.13 Tailor support for target groups

A number of groups of the population face major challenges in joining or remaining in employment and /or in skills development.

Many young people are outside of learning and training and classified as Not in Education, Employment or Training (NEET). In March 2010, 12,700 young people were NEET in the South East (5.7%). This meant the region was second highest by volume, and second lowest by rate, and the scale and importance of NEET means it remains a priority issue. In addition, a significant volume of young people are in employment without training (EWT) and though the rate (6% of 16-18 year olds) has

decreased by a third in the past year it remains just above the national average (5%) and is especially high in Portsmouth, Oxfordshire and Bracknell Forest.

Older workers are an increasingly significant group and they represent an under-exploited opportunity for the region. It is forecast that there will be 124,000 more older (45-65) workers by 2015, so that 42% of workforce will then be "older". Already 13% of people over state pension age were working in 2007/8 (higher in coastal areas) and in the longer term, future growth of the South East could be constrained by labour shortages necessitating higher economic activity from older workers.

Another major challenge is those in the South East who still lack basic skills. Data suggests that 160,000 have very low literacy skills and 200,000 have very low numeracy skills. In parts of the region a significant percentage of the population needs help with English language skills. Lack of childcare provision is a key reason many do not attend courses in English for Speakers of Other Languages (ESOL), and engagement of males is low. Many highly qualified migrants have their skills under-utilised, as language barriers restrict them to low-skilled jobs.

**Key message:** there are a number of groups who have specific challenges in finding and retaining employment and developing skills. They require intensive and tailored support.

### 3. Distribution of Current Investment<sup>2</sup>

This section outlines public and private investment in skills training.

#### 3.1 Encourage increased employer investment in training

Around two million employees in the region received training in 2009 (54% of the workforce), and estimates indicate that employers in the region spent around £6bn on training in 2009.

The proportion of employers providing training increased slightly (to 70%) although the proportion of the workforce receiving training declined by 7 percentage points, to 54%. The latter figure compares with the England average of 56%. Survey evidence also suggests that rates of training were generally lowest amongst small employers and highest in the public sector.

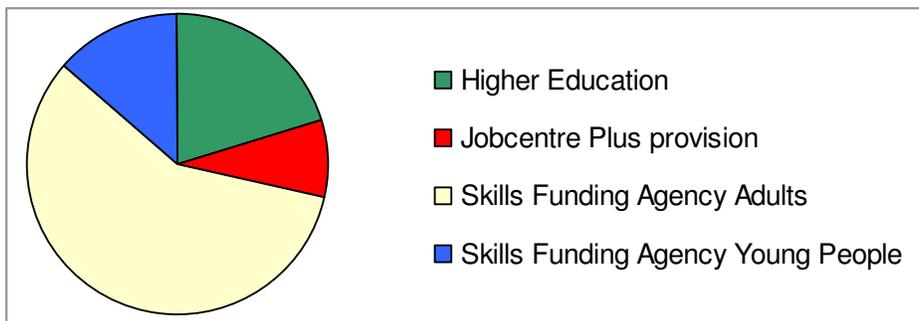
28% of employers provided training over the previous 12 months via Further Education (FE) colleges (3 percentage points lower than England) with the service sector being significantly less likely to engage with FE colleges in the South East than nationally.

**Key message:** there are opportunities for FE to be more involved in providing training for employers, especially in the public sector and with SMEs.

#### 3.2 Focus public support in line with employer and individual needs

Annual public expenditure on post 16 education, training and skills in the South East support over 1.1 million learners in 2008/09, divided as shown in Figure 6.

**Figure 6: Overall proportions of learner volumes (2008/09)**



Overall, volumes and levels of Skills Funding Agency<sup>3</sup> funded learning have remained stable over the last three years<sup>2</sup>.

Public funding policy has been focused on level 2, resulting in over half of all starts funded by the Skills Funding Agency in 2008/09 being at level 2 or below, very similar to the previous two years. Levels 3 and 4 proportions have also remained constant<sup>2</sup>.

However, there have been shifts from delivery at level 2 to level 3 and between sectors in some specific programmes and sectors.

<sup>2</sup> Underpinning this statement is a detailed set of data and information on the take up of skills training by industry sector (by both the sector qualification and SIC footprints) in the region, produced by the Data Service from Skills Funding Agency learner data. This sectoral analysis is not currently available as part of the Government's published Statistical First Release, and therefore cannot be referenced or included within the Statement. For further regional information from the Statistical First Release, see: <http://www.thedataservice.org.uk/statistics/statisticalfirstrelease>

<sup>3</sup> Provision between 2006 and 2009 was funded by the Learning and Skills Council (LSC) which was succeeded by the Skills Funding Agency and Young People's Learning Agency from 1 April 2010.

Enrolments on apprenticeships (level 2) and advanced apprenticeships (level 3) have both risen in the past three years as a result of funding increases<sup>4</sup>, with two thirds of provision at level 2.

Volumes of Skills for Life delivery have been high and this remains a significant component of skills delivery in the South East<sup>5</sup>.

**Key message:** Overall levels of provision show much stability over the past three years, with increases in volume largely reflecting budget changes.

Skills Funding Agency Employer Responsive Starts <sup>6</sup>		2006/07	2007/08	2008/09
<b>Adult Apprenticeships</b>	Apprenticeship starts	7,500	11,500	14,200
	Advanced apprenticeship starts	4,900	6,800	8,100
	<b>Total starts</b>	<b>12,400</b>	<b>18,300</b>	<b>22,300</b>
<b>Young People's Apprenticeships</b>	Apprenticeship starts	10,900	10,800	9,700
	Advanced apprenticeship starts	3,200	3,000	3,100
	<b>Total starts</b>	<b>14,100</b>	<b>13,800</b>	<b>12,800</b>
<b>Train to Gain</b>	<b>Total starts</b>	<b>22,300</b>	<b>39,200</b>	<b>92,800</b>
<b>Total Employer Responsive Starts</b>		<b>48,800</b>	<b>71,300</b>	<b>127,900</b>

Overall Skills Funding Agency FE and Skills Participation <sup>7</sup>		2006/07	2007/08	2008/09
<b>Adults</b>	Participation volumes	419,600	441,100	492,500
	<i>(Incl. Skills for Life starts)</i>	<i>102,000</i>	<i>104,880</i>	<i>118,600</i>
<b>Young People</b>	Participation volumes	147,600	152,100	155,400
	<i>(Incl. Skills for life starts)</i>	<i>69,800</i>	<i>70,200</i>	<i>73,700</i>
<b>Total Learner Responsive Participation</b>		<b>567,200</b>	<b>593,200</b>	<b>647,900</b>

### 3.3 Align skills provision to match gaps and changes in employer demand

The top six sectors (accounting for almost half of all starts over the last three years) across all Skills Funding Agency funded adult (aged 18+) programmes were<sup>2</sup>:

- Health and care
- ICT
- Construction
- Hospitality
- Building services
- Customer services

Almost a fifth of all starts over the last three years funded by Skills Funding Agency programmes have been delivered in areas related to health and caring<sup>2</sup>; legislative requirements have contributed to this high proportion.

In some sectors such as health and care, transport, construction and hospitality, provision appears to broadly meet need. Provision has shifted in some cases in line with need, such as an increase in level 3 in health and social care and increasing adult apprenticeships in customer service. There are potential progression issues where large volumes of level 2 delivery are not matched by significant volumes at higher levels, for example with ICT<sup>2</sup>.

<sup>4</sup> Statistical First Release, 24th June 2010, Table S6.1

<sup>5</sup> Statistical First Release, 24th June 2010, Table S5.1

<sup>6</sup> Statistical First Release, 24th June 2010, Tables S6.1, S7.1

<sup>7</sup> Statistical First Release, 24th June 2010, Tables S3.1

**Key message:** Responsiveness to employer demand varies, with some re-alignment needed.

### 3.4 Further increase participation in young people's learning

There has been an increase in the volume of young learners over the past three years with over 196,000 in learning in 2009/10. Around 45% of young people are following GCSE and 'A' Level courses, 42% are in vocational learning and 7.5% are apprentices<sup>8</sup>. The overall proportion taking 'A' levels has remained relatively static with the top three subject areas being 'science and mathematics', 'arts, media and publishing' and 'languages, literature and culture'. These accounted for almost 60% of the starts over the last three years<sup>2</sup>.

In non-apprenticeship vocational learning, the top four sectors by learner starts have been creative and cultural (mainly level 3), sport and leisure, hair and beauty and hospitality (both the latter mainly at level 2). These sectors equated to nearly 40% of starts over the three years. There has been significant growth in some vocational sectors with modest numbers of learners, e.g. ICT<sup>2</sup>.

There was a 7% rise in young people's Skills for Life starts over the last three years reaching 73,500 starts in 2008/09<sup>5</sup>.

**Key message:** Provision funded by the Young People's Learner Responsive budget has increased in line with learner demand though patterns of provision have remained fairly static.

### 3.5 Increase the scope and volume of apprenticeship provision to meet industry demand

About 7.5% of 16-18 year olds in learning in 2009/10 are apprentices. Apprenticeships starts for young people have decreased by 9% to 12,800 in 2008/09<sup>4</sup> although there is evidence of a significant increase in starts in 2009/10. The top four sectors by starts volumes from 2006/07 to 2008/09 were hair and beauty, engineering and manufacturing, automotive and construction, together accounting for almost half of starts in 2008/09<sup>2</sup>.

There are some mismatches with employer demand, including a gap in ICT provision in medium sized businesses (feedback from employers suggest that the framework is better suited to big companies) and a lack of providers offering apprenticeships in creative and cultural subjects, logistics and telecoms.

**Key message:** Apprenticeships remain important for a significant proportion of young people and help meet skills demand in a number of key sectors, with potential for more support for growth sectors and new technologies.

### 3.6 Support employer demand through adult apprenticeships

Following the introduction of apprenticeships for people aged over 25 in 2007/08, total apprenticeship starts increased by almost 21% to 22,300 with particularly strong growth at level 2<sup>4</sup>. The top three occupations in 2008/09 were customer services, science and engineering and hospitality, together accounting for 34% of starts in 2008/09<sup>2</sup>. Customer services, hospitality, health and retail, particularly at level 3, tend to attract older recruits, partly because of a supervisory and management element to the qualifications. Starts relating to the Ministry of Defence contributed a notable proportion to the total starts over this period.

<sup>8</sup> YPLA 2010 Strategic Analysis Regional Summary Paper

When surveyed in 2009 approximately 8% of all South East employers offered apprenticeships with the top four in volume terms relating to building services, the motor industry, construction and science and engineering<sup>9</sup>.

**Key message:** Adult apprenticeships have seen strong take up demonstrating considerable interest from employers in up and reskilling through this route, especially in science and engineering.

### **3.7 Continue to support businesses through work based training**

Of the 154,000 Train to Gain learners<sup>10</sup> over the last three years almost three quarters of all starts were at level 2 with a shift towards level three in line with policy developments and funding over the same period<sup>2</sup>.

The top three sectors funded by Train to Gain were health and care, construction and customer service and accounted for 45% of all starts over the period<sup>2</sup>.

There have been significant increases in Skills for Life volumes due to the expansion of the Train to Gain programme and increased flexibilities in the delivery of this component of the programme<sup>11</sup>.

Employers with 1-49 employees in the South East accounted for around 40%<sup>2</sup> of Train to Gain starts over the last three years but only equates to 31% of South East employees<sup>12</sup>.

**Key message:** Train to Gain has helped raise qualification rates, especially in key employment sectors such as health and care and construction.

### **3.8 Maintain provision to support those at lower skills levels**

Overall FE and skills participation for adults totalled 492,000 in 2008/09<sup>7</sup> with around three quarters at level 2 or below and proportions of levels 3 and 4 also remaining constant<sup>2</sup>.

The top three sectors funded by Adult Learner Responsive (ALR) have remained the same over the period: health and care, ICT and building services accounting for one third of all enrolments in 2008/09. ICT provision has focused at level 1 health and care at level 2 and building services has a slightly higher focus at level 3<sup>2</sup>.

There was a 16% rise in adult FE and skills participation in Skills for Life provision over the last three years with 118,400 learners in 2008/9<sup>5</sup>. Overall participation in both numeracy and literacy have increased over the last three years with the increase in numeracy growth almost 20 percentage points higher than that of literacy. There has been an overall decrease in ESOL participation during this period<sup>5</sup>.

**Key message:** Adult learning funds, though reducing, have continued to support high volumes of learning and to be especially important at lower skill levels.

### **3.9 Build on the strengths of HE and continue shifts to meet changing employer needs<sup>13</sup>**

In 2008/09 233,000 students were enrolled in Higher Education (HE) institutions in the South East, which was a rise of 4 percentage points from the previous year. The most notable trends in the last three years have been increases in volumes in

<sup>9</sup> UKCES (2010), National Employer Skills Survey for England 2009: South East Report

<sup>10</sup> Statistical First Release, 24th June 2010, Table S7.1

<sup>11</sup> Skills Funding Agency South East data

<sup>12</sup> Small Business Service Analytical Unit

<sup>13</sup> Higher Education Statistics Agency (HESA) commissioned analysis. For the purposes of this section learner numbers and funding relating to the Open University (which is based in the South East) have been excluded.

business and administrative studies, creative arts and design, biological sciences and languages courses, and decreases in subjects allied to medicine.

The age profile of students has remained static over the period and is slightly older than the national picture with almost 40% of students aged over 25. Proportions across each level of study also remained static across foundation, undergraduate and postgraduate degrees, at 3%, 74% and 22% respectively. There is a slightly lower proportion of postgraduates to undergraduates than the national average.

In 2008/09 there were proportionately more undergraduates in the South East studying law and media, film, television and publishing than the national average (8% and 11% more respectively), and fewer in agriculture and related subjects and mathematical sciences. There were 4 percentage points fewer students studying part-time (61,000) than the national average of 30%. Almost 13,000 HE students were taught within Further Education colleges (FE) in 2007/08.

**Key message:** Participation in HE has increased at a faster pace than demographics and some shifts in provision have aligned with changing skills needs.

## 4. Shifts in Investment and Other Priorities for Intervention

This section sets out the highest priorities for attention to ensure skills provision better supports the South East's drive to create more employment opportunities, increase productivity and advance economic success.

### *(I) Develop the skills base to meet and stimulate the demands of emerging and growth industries, especially higher level skills*

**4.1 Increase the quantity and relevance of training at levels 3 and 4** to better meet higher skills needs in all sectors and maintain the South East's competitiveness compared to the UK and globally. Dialogues with employers indicate a need for a multi-disciplinary knowledge base, combining technical and specialist qualifications with skills such as commercialisation and business development.

**4.2 Raise participation and attainment of STEM skills at level 3 and above** including in environmental engineering, aerospace and defence, biopharma and ICT software sectors, which are forecast to create significant employment. Support partnerships of providers and employers to improve provision in specialised and niche areas, such as renewable energy including off shore wind, low carbon construction, advanced engineering including composites, aircraft maintenance and software engineering. To achieve economies of scale providers may need to aggregate demand from a range of companies, many of them SMEs.

**4.3** In the light of evidence pointing to skills levels being one level behind industry requirements in some sectors, renew emphasis on **progression to and attainment at level 3**, to include an increasing focus on apprenticeships. Improve capacity to deliver skills to feed growth in **associate professional and technician occupations** especially relating to STEM subjects, health and care and ICT.

**4.4** Prepare for **current and future skills needs associated with the low carbon economy** in response to the expected impact of the combined forces of climate change, resource scarcity and energy security, which will lead to a growth in the global environmental technologies market. Alongside this, many mature sectors will need to adapt to new low carbon opportunities and challenges, for example in environmental and energy metering, low carbon construction and low carbon facilities management.

**4.5** Ensure provision is available to respond to skill gaps emerging amongst **managers and professionals** across a range of sectors, especially in relation to ICT, the digital economy and technological change more broadly. Consider the emerging needs for cross cutting skills and skills combinations such as law and low carbon skills, ICT and biopharma.

### *(II) Increase the skills of those in and entering employment to improve individual progression and to support higher levels of productivity*

**4.6** Maintain levels of **training at lower skills levels, including Skills for Life and level 2**, with a stronger emphasis on progression. Focus on frontline personal service occupations, especially in the care sector, customer service and sales where there are ongoing skills gaps and recruitment opportunities. Review

balance of private and public investment given evidence of some reliance on the latter and possible reductions in funding.

- 4.7 Continue focus on building **skills in health and care** given high levels of anticipated demand (e.g. associate professional) and replacement demand (e.g. social care) and specific skills such as ICT to support technological advancements in telecare and in assisted living. This is a critical sector for recruitment from unemployment.
- 4.8 Provide adequate **training opportunities for individuals in skills shortage areas** highlighted by the Migration Advisory Committee and to fill gaps likely to result from the introduction of limits on number of workers entering the UK from outside the EEA (e.g. health, care, food operations, hospitality and professional areas such as research). These skill and job areas could present opportunities for the unemployed.
- 4.9 Raise **attainment and participation rates amongst 16-19 year olds** to prepare and equip them for the forecast growth in occupations often requiring at least a level 3 (which is likely to become the new employability standard by 2020), especially in technological, engineering, business and science areas. Ensure there is attention to raising generic employability and business skills to better meet employers' expectations. Maintain the focus on reducing NEET volumes.
- 4.10 Develop a stronger learning and skills culture, supported by effective advice and guidance and a coordinated skills system, which will enable **progression through learning** and help to address the falling rates of qualification increases at levels 2 to 4.
- 4.11 In response to growing skills gaps, higher rates of underemployment and lessening qualification deficits, **work with employers to enable them to make best use of skills**, in improving the skills of their lower performing people and making more use of the skills of their better qualified people, including graduates. It is important that employers consider the returns on investment that skills training can bring, to stimulate a cycle of higher skills supporting job creation and business growth.
- 4.12 Provide training which improves **leadership and management skills**, including addressing skills issues in major sectors such as business and financial services, in emerging areas such as risk, change, financial management and corporate governance and more specific sector needs. Focus on the needs of SMEs and skills to drive enterprise, entrepreneurship and innovation.

***(III) Provide effective support for those areas and groups disadvantaged in the labour market***

- 4.13 Further develop vocationally relevant and accessible **provision for the unemployed**, effectively coordinated in conjunction with partners and the emerging new Work Programme, to ensure training meets current and future skills needs (e.g. care, retail, hospitality), and especially supports those in areas where residents face barriers in accessing local jobs.
- 4.14 Provide better specialist and flexible employability and skills training for **target groups** amongst those unemployed, especially those aged 16-24, those who have been out of work for long periods of time, including those moving from other benefits, and those with multiple and diverse needs.

**4.15** Consider the need to review and tailor support for reskilling former **public sector** workers, for example by providing private sector work experience and specific job training (e.g. commercial skills, cost/profit based project management).

### ***Cross-cutting themes***

**4.16** Further develop effective and expert **information, advice and guidance** for young people and adults, including using ICT to access services, and a focus on skills needs of new and changing employment opportunities. Support the development of structured mechanisms to collate and disseminate robust employer-led labour market intelligence, to enable providers to better monitor and promote outcomes of provision.

**4.17** Build on the strengths of **existing and emerging partnerships**, especially Local Enterprise Partnerships, to ensure skills are a priority issue, with effective identification of skills needs, strategic priorities and solutions, and close collaboration between employers, public bodies agencies and providers. Maximise the opportunities arising from providers' new flexibilities and autonomy to determine the best ways to address employer and individual needs. Consider establishing new arrangements to respond to a range of skills needs, including at higher levels. HE and FE collaboration assumes a new importance and high priority in this.

**4.18** Continue to work with employers and training providers to align provision to national standards identified by Sector Skills Councils and to **ensure provision reflects new and changing practices**, especially in new technologies and low carbon sectors. Support the development of flexible and modular approaches and CPD opportunities (including professional) to ensure the workforce is fully conversant with new practices and legislation, including in areas such as finance and governance.

## **ANNEX 1: ENGAGEMENT AND CONSULTATION**

The draft South East Skills Priorities Statement has been subject to extensive input and development from a wide range of partners including:

- The Skills Working Group (SWG), representing the full range of private sector, local government, third sector and skills provider interests<sup>14</sup>, has guided the development of the draft Statement and endorsed the key objectives and evidence base underpinning the Statement. The Group has reported to and consulted with the South East Economic Development and Skills Board on skills issues and priorities.
- Issuing a questionnaire to a wide range of stakeholders inviting evidence and qualitative/soft intelligence on the skills needs of the South East. To date, 24 responses have been received from a wide range of stakeholders including Sector Skills Councils, business groups, colleges and universities and third sector representatives.
- Bilaterals and workshops with a range of stakeholders on emerging findings, including local Employment and Skills Boards, Association of South East Colleges, Association of Learning Providers South East, Sector Skills Councils, Jobcentre Plus, Economic Partnerships, nextstep, local authorities and the three funding agencies for skills – the Higher Education Funding Council for England (HEFCE), Skills Funding Agency (including National Apprenticeship Service) and the Young People’s Learning Agency.

Over the summer, the draft South East Skills Priorities Statement will be published on the SEEDA website and subject to wider consultation.

---

<sup>14</sup> The purpose of the South East Skills Working Group is to help grow the economy of the South East through identifying skills needs and setting work in hand to ensure a match between skills demand and supply.

## ANNEX 2: LOCAL AREA EMPLOYMENT AND SKILLS SUMMARIES

Some indicators below have been colour coded according to their position relative to the regional average. Because of statistical confidence levels associated with much of this data, results should be treated with caution.

### BERKSHIRE

	BRACKNELL	READING	SLOUGH	WEST BERKSHIRE	WINDSOR AND MAIDENHEAD	WOKINGHAM
Area (km <sup>2</sup> ) <sup>15</sup>	109	40	33	704	197	179
Total Population (000) <sup>6</sup>	115	146	121	153	143	159
Economic Activity Rate (%) <sup>16</sup>	85.6	82.6	78.3	85.9	83.4	82.8
Economic Inactivity Rate (%) <sup>2</sup>	14.4	17.4	21.7	14.1	16.6	17.2
Self Employment (%) <sup>2</sup>	9.2	6.6	7.6	10.5	10.2	8.4
Unemployment (No) <sup>2</sup>	3,300	5,700	4,100	3,800	3500	4900
Unemployment (%) <sup>2</sup>	5.1	7.0	6.7	4.6	4.8	5.8
% Working age with no qualifications (%) <sup>17</sup>	6.0	9.8	10.2	5.5	6.7	5.0
% Working age with at least level 2 (%) <sup>4</sup>	75.0	67.9	67.1	77.7	77.3	82.5
% Working age with at least level 3 (%) <sup>4</sup>	55.9	51.6	44.5	59.8	60.2	66.9
% Working age with at least level 4 (%) <sup>4</sup>	33.3	34.7	26.4	38.6	41.6	47.2
% Employed In Elementary Occupations (%) <sup>2</sup>	9.3	12.5	13.2	7.1	6.0	5.9
% Employed in Professional/ Associate Professional/Mgr Roles (%) <sup>2</sup>	47.9	49.7	42.0	50.7	61.6	62.3
Top 5 Sectors (Employment) (%) <sup>18</sup>						
• ICT	11%	11%	10%	13%	10%	16%
• Professional Scientific and technical	18%		8%	9%	12%	11%
• Retail	9%	11%		9%	10%	
• Business, admin and support services	8%	10%	12%			9%
• Public admin and other		10%		9%	9%	8%
• Manufacturing			12%	12%		
• Education					9%	16%

### EMPLOYMENT AND SKILLS PRIORITIES

- Potential flatness in growth of skills – concern ‘glass ceiling’ has been reached
- ICT skills for hard programming and sales and marketing skills
- More progression opportunities to level 3 and 4
- More employer engagement with the education and skills system (and link to improving Apprenticeship/Internship offer)
- Increase labour market participation (Reading Diamond)
- Reading – strong demand for financial and professional services and ICT
- Unemployment particular issue for Slough
- Lack of HE provision in Slough; need to increase proportion with qualifications at levels 2 to 4
- Key developments include: Cross Rail project; business park developments in Slough Trading Estate; redevelopment of Reading Station

<sup>15</sup> Regional Trends 2009

<sup>16</sup> LFS, 2009

<sup>17</sup> <http://www.thedataservice.org.uk/NR/rdonlyres/AC4DC94B-54F2-4F31-A7FF-E4E08C2210C4/0/TABLESFORWEBAPSSupplementarytablesbrokendownbylocallevelrevised25Aug.xls>

<sup>18</sup> ABI, 2008

## MILTON KEYNES, OXFORDSHIRE AND BUCKINGHAMSHIRE

	MILTON KEYNES	OXFORDSHIRE	BUCKINGHAMSHIRE
Area (km <sup>2</sup> )	309	2,605	1,565
Total Population (000)	232	640	493
Economic Activity Rate (%)	83.7	82.9	83.9
Economic Inactivity Rate (%)	16.3	17.1	16.1
Self Employment (%)	6.1	10.2	14.7
Unemployment (No)	9,600	16,400	11,700
Unemployment (%)	7.6	5.0	4.7
% Working age with no qualifications (%)	9.7	5.0	8.7
% Working age with at least level 2 (%)	69.3	76.1	71.9
% Working age with at least level 3 (%)	49.2	60.3	52.8
% Working age with at least level 4 (%)	31.7	38.6	35.6
% Employed In Elementary Occupations (%)	12.2	9.5	6.4
% Employed in Professional/ Associate Professional/Mgr Roles (%)	46.6	50.0	53.1
Top 5 Sectors (Employment) (%)			
• Retail	12%	10%	10%
• Professional Scientific and technical	10%	10%	9%
• Education	8%	14%	9%
• Public admin and other		10%	10%
• Health		11%	11%
• Business, admin and support services	9%		

## EMPLOYMENT AND SKILLS PRIORITIES

### MILTON KEYNES

- Qualifications lag behind statistical neighbours and are lower than needed for a growing knowledge economy
- More graduate level jobs
- Network Rail creating 3000 jobs
- Logistics Apprenticeships associated with MKSM
- Low carbon opportunities – low carbon “live and work” ambition: linked to Smart Grid, low carbon living, work skills
- Knowledge based industries (creative and digital, advanced engineering, sustainable construction, high end logistics, financial services)
- Regeneration challenges in some parts of the city
- Opportunities for young people (partly linked to unemployment/NEET levels) with stronger progression pathways
- MKSM sector priorities are logistics, creative industries, motor sport/high performance engineering and sustainable construction/built environment

### OXFORDSHIRE

- Science and technology skills in the south of the county especially technician level
- Desire to redirect public expenditure towards strategic business sectors with a propensity for high growth
- Issues around soft skills
- Commercial opportunities for graduates
- Improved aspirations with appropriate guidance for young people
- Space industry atomic energy research at and around Harwell
- Bicester ecotown development potential

### BUCKINGHAMSHIRE

- Enterprise skills – aim of “the entrepreneurial heart of England”
- Some evidence of shortage of intermediary skills
- Skill gaps in sales, technical, admin services, sales and marketing; most pronounced in Wycombe,
- Young people to have better awareness of tomorrow’s jobs

## SUSSEX AND BRIGHTON

## SURREY

	BRIGHTON & HOVE	EAST SUSSEX	WEST SUSSEX	SURREY
Area (km <sup>2</sup> )	83	1,709	1,991	1,663
Total Population (000)	257	510	781	1110
Economic Activity Rate (%)	78.8	81.7	82.8	82.0
Economic Inactivity Rate (%)	21.2	18.3	17.2	18.0
Self Employment (%)	11.3	15.9	11.3	11.8
Unemployment (No)	10,900	13,900	20,500	19,600
Unemployment (%)	8.0	6.1	5.5	3.5
% Working age with no qualifications (%)	8.2	9.8	9.2	6.5
% Working age with at least level 2 (%)	78.9	70.6	71.9	78.6
% Working age with at least level 3 (%)	63.9	48.9	51.1	62.1
% Working age with at least level 4 (%)	42.0	28.3	31.8	42.5
% Employed In Elementary Occupations (%)	9.8	11.2	11.3	6.6
% Employed in Professional/ Associate Professional/Mgr Roles (%)	49.8	40.5	45.1	56.6
Top 5 Sectors (Employment) (%)				
• Health	14%	18%	12%	11%
• Retail	11%		12%	10%
• Education	12%	11%	9%	10%
• Public admin and other	10%	11%	9%	
• Business, admin and support services	10%	5%		9%
• Professional Scientific and technical		5%		11%

## EMPLOYMENT AND SKILLS PRIORITIES

<p><b>BRIGHTON &amp; HOVE</b></p> <ul style="list-style-type: none"> <li>• Creative and digital media in Brighton and Hove and Sussex coastal strip</li> <li>• Increasing number of high value added jobs in area</li> <li>• Lack of higher level jobs relative to the graduate population. Need higher value added opportunities</li> <li>• NEET numbers and educational attainment remain a concern</li> </ul>	<p><b>EAST SUSSEX</b></p> <ul style="list-style-type: none"> <li>• Soft skills lacking e.g. customer service, communication</li> <li>• Lack of understanding about the offer</li> <li>• Commitment to training is poor by national standards</li> <li>• Need to address loW skills base and create more pathways up to and into HE</li> <li>• Creating a more enterprising and entrepreneurial culture</li> <li>• Responding to low business start-ups</li> </ul> <p><b>WEST SUSSEX</b></p> <ul style="list-style-type: none"> <li>• Progression level 2 to 3 and beyond in Crawley and Gatwick Diamond</li> <li>• Enterprise and SME support in Gatwick Diamond and coastal towns</li> <li>• Level 3 and 4 technical skills in the Gatwick Diamond</li> <li>• Modest knowledge based economy</li> <li>• Polarised skills base</li> <li>• Low skills and aspirations, particularly in 25-50 age group</li> <li>• Interested in developing sustainable construction technologies</li> </ul>	<p><b>SURREY</b></p> <ul style="list-style-type: none"> <li>• High skill levels overall, many related to knowledge-based industries</li> <li>• Strong influence of London, high volumes of commuters, some outsourcing from London</li> <li>• Skills to support economic strength areas e.g. Guildford in R&amp;D, creative skills and pharmaceuticals</li> <li>• Needs of lower skilled and workless people need to be accounted for</li> <li>• High levels of NEET in parts of urban Surrey</li> <li>• Key sectors include IT, pharma, multi-media creative industries and finance and business services, especially in Guildford</li> <li>• Need to support entry level training for low skilled jobs, e.g. retail and leisure</li> <li>• Demand expected from town centre redevelopments including Redhill and Woking</li> <li>• Key developments include McLaren establishing a new production facility near Woking</li> </ul>
--	--	---

## HAMPSHIRE, PORTSMOUTH, SOUTHAMPTON AND ISLE OF WIGHT

	HAMPSHIRE	PORTSMOUTH	SOUTHAMPTON	ISLE OF WIGHT
Area (km <sup>2</sup> )	3,679	40	50	380
Total Population (000)	1,286	200	235	140
Economic Activity Rate (%)	84.9	77.9	77.9	75.7
Economic Inactivity Rate (%)	15.7	22.1	22.1	24.3
Self Employment (%)	9.0	7.2	7.1	10.9
Unemployment (No)	32,800	8,100	8,800	4,800
Unemployment (%)	5.1	7.9	7.0	8.2
% Working age with no qualifications (%)	7.7	11.7	10.1	9.6
% Working age with at least level 2 (%)	74.0	70.4	68.7	70.6
% Working age with at least level 3 (%)	52.4	50.7	50.3	48.7
% Working age with at least level 4 (%)	32.8	27.5	28.5	25.1
% Employed In Elementary Occupations (%)	11.1	13.2	9.5	13.1
% Employed in Professional/ Associate Professional/Mgr Roles (%)	46.4	44.0	44.3	38.2
Top 5 Sectors (Employment) (%)				
• Health	10%	15%	16%	16%
• Retail	11%	11%	11%	13%
• Public admin and other	10%	14%	9%	12%
• Education		9%	12%	11%
• Manufacturing	10%	10%		
• Business, admin and support services	9%		11%	

### EMPLOYMENT AND SKILLS PRIORITIES

- Deprivation remains a concern in South Hampshire; unemployment black spots Isle of Wight and wards in Southampton and Portsmouth
- Aerospace opportunities in North Hampshire
- Strong tourism base and marine skills base in South Hampshire and the Isle of Wight
- Environmental technology skills including offshore wind seen as opportunity for area (IoW, PUSH and Hampshire) and spin offs
- Low skills base, basic skills needs, lack of high skills opportunities
- Management and leadership skills lower than South East
- Surplus of graduates looking for relevant employment, though need to improve skills across levels 2 to 4
- PUSH areas has identified strengths in advanced manufacturing, marine, environmental technologies and transport and logistics
- Keen to develop low carbon economy in South Hampshire
- Potential development of Whitehill and Bordon ecotown
- Key developments include: Vestas building their R&D capacity on the Isle of Wight; development of 47.5 hectares of employment land at Hartland Park in Farnborough; construction of 168 homes beginning at Woolston Riverside in Southampton; wind farm construction scheduled for the Isle of Wight in 2013

## KENT AND MEDWAY

	KENT	MEDWAY
Area (km <sup>2</sup> )	3,544	192
Total Population (000)	1407	254
Economic Activity Rate (%)	81.4	80.2
Economic Inactivity Rate (%)	18.6	19.8
Self Employment (%)	10.7	7.4
Unemployment (No)	43,900	13,500
Unemployment (%)	6.5	10.6
% Working age with no qualifications (%)	11.4	9.6
% Working age with at least level 2 (%)	68.9	68.1
% Working age with at least level 3 (%)	48.4	43.9
% Working age with at least level 4 (%)	27.3	24.5
% Employed In Elementary Occupations (%)	11.5	13.2
% Employed in Professional/ Associate Professional/Mgr Roles (%)	43.8	42.2
Top 5 Sectors (Employment) (%)		
• Health	13%	14%
• Retail	13%	13%
• Education	11%	13%
• Public admin and other	10%	9%
• Manufacturing	8%	10%

## EMPLOYMENT AND SKILLS PRIORITIES

- Increasing numbers of people trained and educated for knowledge intensive industries
- Improving poor graduate retention levels to help meet needs of key growth sectors
- Priority sectors around ports and logistics, advanced manufacturing, construction, health and care. Opportunities anticipated in environmental technologies, business and financial services, creative industries and tourism and leisure
- Sustainable construction technique
- Relatively low skill levels across levels 2 to 4
- Renewable energy which links offshore wind opportunities (e.g. maintenance skills) around Thanet offshore and London array
- Reducing worklessness and economic activity; Thanet has highest skills need
- Oversupply of lower paid work
- Priorities for Thames Gateway include: environmental technologies, construction, finance, creative industries, advanced manufacturing and logistics. For Ashford, priorities include: employability and enterprise skills, business/financial services, transport, logistics, advanced manufacturing, engineering, ICT, life sciences, creative industries and environmental technologies.

## ANNEX 3: THE EVIDENCE BASE

Supporting this Priorities Statement is a comprehensive evidence base for the South East drawing together a range of sources. These include the following regional and sub-regional sources:

- Government derived data sets such as employer and labour force surveys, unemployment data, migration figures, etc,
- Employer surveys including analysis from NESS 2009
- Other sector-specific research including SSC and RDA reports
- South East and sub-regional contextual and skills reports
- UKCES Annual Skills Audit and Working Futures 3 data
- Additional bespoke analysis produced by the Institute for Employment Studies
- Academic research
- Additional qualitative research undertaken for this evidence base where quantitative information was limited

The structure of the evidence base is shown below with each chapter having a concluding section on key implications for the region.

### **1 Economic Context**

- 1.1 The South East context
- 1.2 Recent trends
- 1.3 Spatial variation
- 1.4 Recession/post recession
- 1.5 Productivity
- 1.6 Population forecasts
- 1.7 Economic activity/part-time/full-time employment
- 1.8 Business volumes/sizes/sector summary
- 1.9 Business formation rates
- 1.10 Earnings
- 1.11 Links to other issues – transport, housing, cost of living etc
- 1.12 2012 Olympics

### **2 Skills and Jobs in the South East**

- 2.1 Employment and occupational structure and forecasts
- 2.2 Skill levels
- 2.3 Sector headlines
- 2.4 Generic skills
- 2.5 Unemployment
- 2.6 Special interest groups (e.g. young people, older workers)

### **3 Skills Mismatches and Issues**

- 3.1 Skills shortages
- 3.2 Skills gaps
- 3.3 Underemployment
- 3.4 Training activity
- 3.5 Migration

### **4 Sectors**

- 4.1 Environment and energy
- 4.2 Advanced engineering and marine
- 4.3 Aerospace and defence
- 4.4 Pharmaceutical, life sciences and healthcare
- 4.5 ICT, software and digital media
- 4.6 Financial and professional services
- 4.7 Retail
- 4.8 Care
- 4.9 Culture/leisure/tourism

### **5 Supply**

- 4.1 YPLA sourced data
- 4.2 Skills Funding Agency sourced data (detail to be confirmed)
- 4.3 Higher Education sourced data