



Evidencing the South East's skills gaps and challenges

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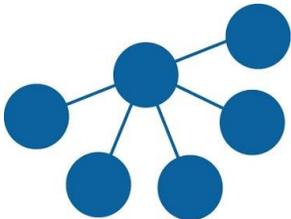
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The South East skills landscape

The South East has a strong base to build on but displays a *polarisation* of job opportunities:

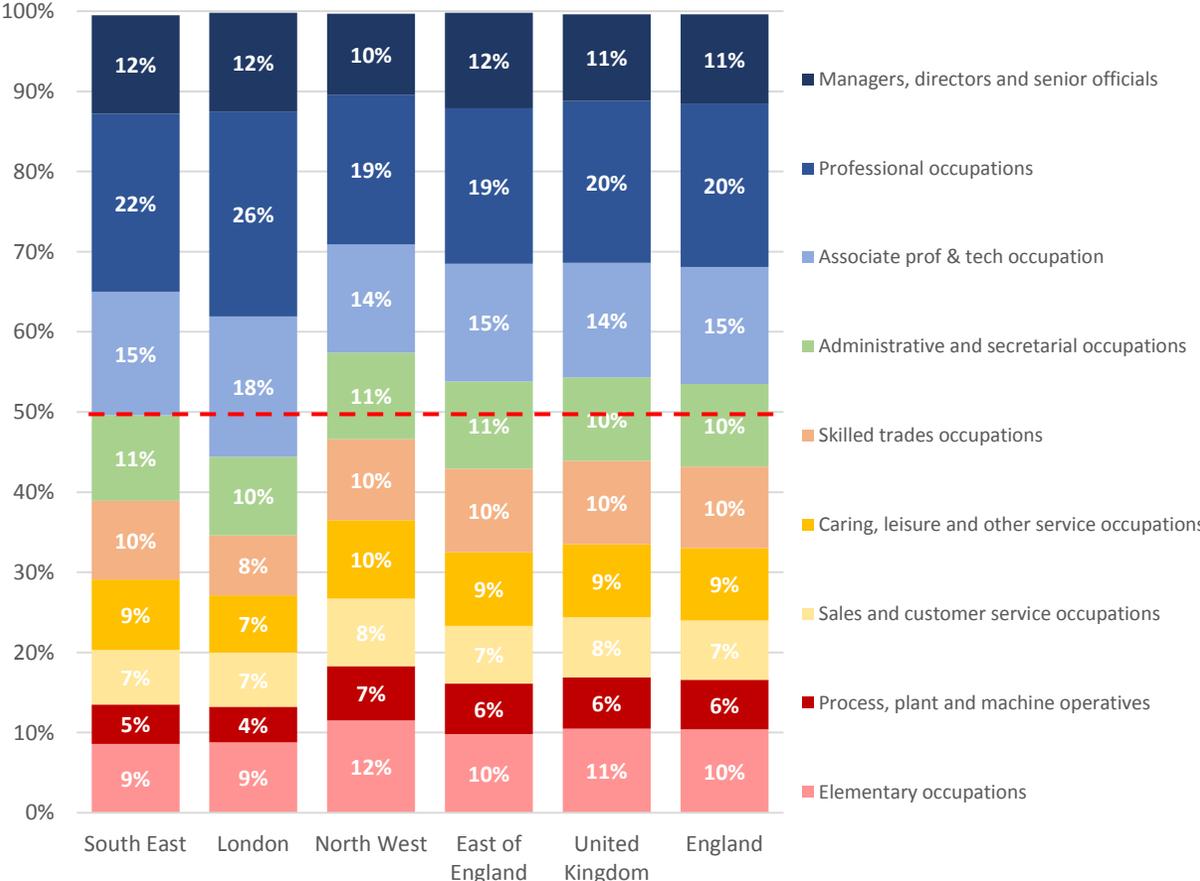
- In 2016, the South East was the only UK region alongside London with labour productivity above the UK average (6% above) **and the South East has higher employment levels (79%) than London (75%) or England (76%)**
- **45% of those employed have skill levels** NV4 level + (broadly equivalent to degree) and approximately **50% work in high-skilled occupations**
- The **South East labour market has grown by 13%** (+582,000 net new jobs) since 2010 (until 2017) with 88% of this growth coming from **service-based, predominantly knowledge-intensive, industries**
- **High-skilled job opportunities.** E.g. 1 in 10 are employed in the education sector and 22% of workers have professional occupations
- **Low-skilled job opportunities.** Between 2010 and 2017, 25% of new jobs in the South East, and about 23% of real GVA was created in the distribution, transport, accommodation & food sectors
- **Hollowing out of some traditionally medium-skilled occupations.** Between 2010 and 2017, the number of workers with an administrative and secretarial occupation has shrunk by 4% (-20,100 jobs). Since 2004 admin and secretarial workers as an occupation has shrunk by 10% while skilled trade occupations have shrunk by 2%

The occupational and industrial structure of South East England



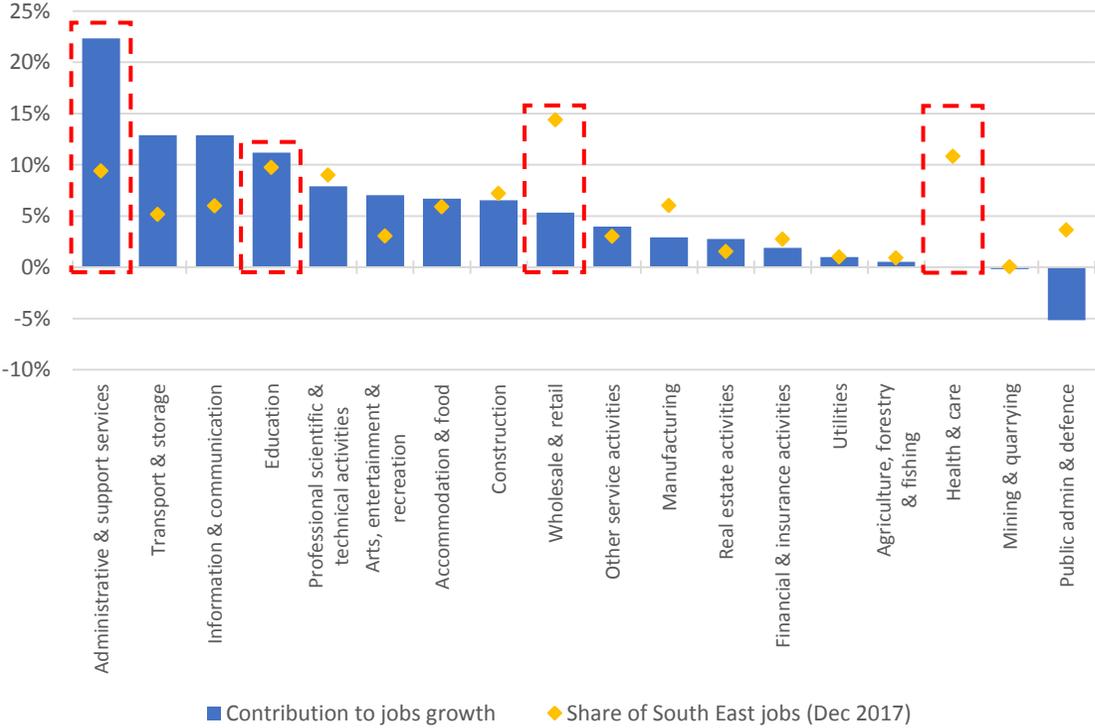
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Occupational composition of South East workers compared to London, North West, East of England, and England, 2017



Source: ONS Annual Population Survey – workplace analysis.

Sector contributions to total growth in South East (2010 – 2017) and share of current employment (at December 2017)



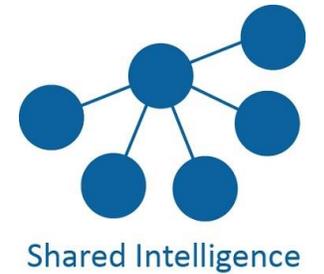
Source: ONS Workforce Jobs 2018

Emerging skills gaps

The key South East *skills gaps* (or potential issues) emerging from the current skills landscape include:

- Ensuring that everyone has the **basic skills required to gain and sustain employment**. 87,000 of South East 16-24 years olds not in education, employment, or training (NEET) and adult skills training equivalent to level 2 has dropped by 57% since 2011/12
- **Ensure provision of relevant high-skill training to meet demand from skilled (e.g. high-tech) employers**. Only around 4,000 of 47,000 apprenticeships are NVQ level 4+ and HE application rates have declined (relatively) compared to other regions in England
- **The ability to meet public service (particularly care) needs for the growing older population**. Almost one-fifth of all entry level job vacancies in the 2015 were in education (10% of all vacancies) or care (8.5% of all vacancies)
- **Preparing for potential decline in EU workers post Brexit**.
- **Balancing the needs of high GVA-creating sectors**, such as business services, and transport and accommodation, with the needs of public service sectors, such as health, care and education, that are **important for the wellbeing of the South East population**.

Current and emerging global economic change



There are a number of *current and emerging trends* that the South East might look to maintain or improve on to positively impact on the economic performance and skills of the region:

- **Keeping pace with the needs of an ageing population.** At 805,000 in 2017, the South East has the UK's largest 75+ population, with over 75s expected to nearly double (+89%) by 2039. Working age population is only expected to increase by 5.4% putting increased strain on sectors such as health and care. 11% of South East jobs are in this sector but it has not grown as a whole since 2010.
- **Technological change and emerging sectors.** High proportion of workers in the high-tech sector (10.4%) compared the England average (7.5%). Technological change likely to increase demand for high level skills.
- **Increased demand for high-level skills.** UKCES projections reflects increased demand by employers for those with higher level skills. At present the employment rate for those with NVQ level 4+ quals is 85% compared to 51% for those with no qualifications.
- **Sectoral gaps emerging from Brexit.** E.g. 14% of agricultural workers in South East are EU national (compared to 7% nationally) and high reliance on exports to the EU. Need to bolster sectors which might experience decline in exports e.g. the EU is largest constituent importer of South East services for all industries aside from Manufacturing.