UNIVERSITY OF EXETER

Gloucestershire Skills Statement Evidence Base Executive Summary

Produced by Marchmont Observatory

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GLOSSARY

ABI	Annual Business Inquiry
BIS	Department for Business, Innovation and Skills
CIPD	Chartered Institute of Personnel Directors
CPD	Continuing Professional Development
CSR	Comprehensive Spending Review
DWP	Department of Work and Pensions
ESF	European Social Fund
EU	European Union
FE	Further Education
FECs	Further Education colleges
FSB	Federation of Small Businesses
FTE	Full time equivalents
GDP	Gross Domestic Product
GVA	Gross Value Added
HE	Higher Education
HNC	Higher National Certificate
HND	Higher National Diploma
HtFV	Hard-to-fill Vacancy
IAG	Information, Advice and Guidance
ICT	Information and Communications Technology
IMD	Index of Multiple Deprivation
IoD	Indices of Deprivation
IT	Information Technology
JCP	Jobcentre Plus
NEET	Not in Education, Employment or Training (Young People)
ESS	Employer Skills Survey
NVQ	National Vocational Qualifications
ONS	Office for National Statistics
SFA	Skills Funding Agency
SME	Small and Medium-Sized Enterprises
SSA	Sector Skills Assessment
SSC	Sector Skills Council
SSV	Skills Shortage Vacancy
STEM	Science, Technology, Engineering and Maths
UK	United Kingdom
UKCES	UK Commission for Employment and Skills
WBL	Work-based Learning

1. INTRODUCTION

This Report provides the evidence base for the Gloucestershire Local Enterprise Partnership (LEP) *Skills Statement,* which aims to influence the delivery of skills which meet the needs of individuals and businesses in the Gloucestershire LEP area.

An important starting point is a shared understanding of the employment and skills needs based on a clear evidence base. This Evidence Base builds a picture of employer need in the Gloucestershire LEP area and compares that with the skills of the current workforce and the provision of skills and education for the future workforce.

This Report contains some detail on the needs of some key sectors for Gloucestershire. It also consolidates the views of stakeholders in Gloucestershire about skills needs.

This research and analysis was carried out between October and November 2013 by the Marchmont Observatory at the University of Exeter. This Evidence Base draws together information from:

- A range of reports on Key Sectors which draws on a wide range of evidence from Sector Skills Councils (SSCs) and the UK Commission for Employment and Skills (UKCES).

- An extensive review of data on employment and skills, including forecasts from LEFM made available by Gloucestershire County Council and supply-side data from the Skills Funding Agency (SFA).

- An online survey of stakeholders.

- A review of evidence emerging from a series of consultation events with business.

2. KEY FINDINGS

2.1 Skills Demand

Employment Structure

The sectoral distribution of employment in the Gloucestershire LEP area broadly reflects the pattern seen across the UK as a whole. Construction, Retail, Professional scientific & technical, Business administration & support services, Public administration & defence, Education and Health are all major employers. However, Gloucestershire has particular concentrations of employment in Manufacturing, Public administration & defence and Agriculture. It has lower than average proportions of employment in Transport & storage, Accommodation & food service, Information & technology, Finance and Insurance.

Looking first at highly-skilled jobs in the Gloucestershire LEP area, the three highest-skilled occupational groups (Managers & senior officials, Professionals, and Associate professional & technical occupations) account for 46.6% of local employment, a slightly higher proportion than that found across England (44.1%) or the South West (43%).

Looking at individual occupations, relative to the national average Gloucestershire LEP has particular concentrations of employment in Professional, Skilled trades and Sales & customer service occupations. Interestingly, given the prevalence of Manufacturing activity, it has a lower than average proportion of employment among Process, plant & machine operatives. This may be indicative of a prevalence of capital-intensive manufacturing activity in the area.

At 52%, Gloucestershire has the same share of Knowledge-Intensive Sector[1] employment in its economy as the national average. Most of this employment is in knowledge-intensive services (125,500) but medium-high technology manufacturing (9,600) and high-technology manufacturing (8,900) businesses also provide significant numbers of jobs. Four-fifths (80%) of employment within the Gloucestershire LEP area is in the private sector. This is comparable with the England average of 81%.

Recession and job losses

Gloucestershire lost around 1,400 jobs between 2009 and 2011, equivalent to around 1% of all employment, faring slightly worse than the England average. By sector, Wholesale & retail (-3,100), Professional, scientific & technical activities (-2,000) and Arts, entertainment & recreation (-1,900) lost the most jobs between 2009 and 2011 respectively. The main employment gains were in Public administration & defence (+5,900 jobs) and Administrative &

[1] Knowledge-intensive sectors are defined by Eurostat as:

- High-technology manufacturing
- medium-high technology manufacturing
- knowledge-intensive services

support service activities (+4,000 jobs), so no sign of the rebalancing towards the private sector that is the key thrust of current Government policy.

Productivity

While Gloucestershire is more productive than the South West as a whole, it is one of the least productive areas within the wider Gloucestershire, Wiltshire and Bristol/Bath NUTS2 area. Perhaps, more importantly, while most other parts of the wider NUTS2 area have made productivity gains vis-à-vis the UK average, Gloucestershire has become relatively less productive. In 2004, Gloucestershire's GVA per hour worked was 2.2% higher than the UK average but by 2007, the productivity advantage against the UK had been eroded. Subsequent year-on-year below-average productivity gains now mean it is 6.7% less productive than the UK average.

Skills shortages and skills gaps

Around 675 local employers (3% of the total) had at least one vacancy that was hard to fill - a total of 1,100 such vacancies (or 0.4% of all employment). Almost 77% of all Hard-to-Fill Vacancies (HtFVs) reported in the Gloucestershire LEP area were difficult to fill due to a lack of skilled applicants (a total of just over 850 Skills Shortage Vacancies (SSVs)). This is just above the all-England average of 74%. Skilled trades occupations made up 23% of SSVs locally compared with 17% nationally; and Sales & customer service occupations, 15% locally compared with 6% nationally.

18% of Gloucestershire LEP employers (3,600 employers) reported having a skills gap, with around 14,500 employees assessed as not being fully proficient in their jobs. This accounted for 5.6% of total employment (in line with the national average. Less common, though still an issue in around 20% of cases where staff lacked proficiency, were insufficient strategic management skills, which have particular potential to impact on business performance and growth. 57% of employers in the Gloucestershire LEP area with skills gaps felt that they were having an impact on the performance of the organisation, 12% feeling they had a major impact (around 450 employers).

2.2 Future skills demand

Employment is expected to increase by 34,000 (or 11%) over the 13-year period between 2012 and 2025. The Health (+12,400), Business administration & support services (+6,500), Construction (+5,700) and Accommodation & food services (+4,500) sectors are projected to create the largest numbers of jobs while employment in Wholesale, Manufacturing and Education is expected to fall. The increase in Health employment is also significant in percentage terms, representing an expansion in the sector's workforce of more than one-third (34%) on 2012 levels in 2025. Employment in the Property sector will also increase at a similar rate (34%) with Business administration & support services (29%), Accommodation &

food services (27%), Construction (26%) and Financial & insurance (25%) all expanding by one-quarter or more. The contraction in Education employment predicted is significant, representing a loss of 8,400 jobs and 30% of the 2012 workforce.

The three higher-level occupations are forecast to add 34,000 jobs and to comprise 49% of total employment in 2025, compared with 43% in 2012. The highest rate of employment growth is expected to be seen in the Professional occupations (+43%), in Caring, leisure & other service occupations (+25%) and among Managers, directors & senior officials (+22%).

Jobs growth and replacement demand

Working Futures data suggests that employment prospects for the Gloucestershire LEP area are better than the national average, with a projected increase of 5.7% in the total number of jobs between 2010 and 2020, compared with 5.4% for England as a whole. This is the equivalent of an increase of 18,000 jobs by 2020. There is a clear shift away from lower-skilled employment, outside the Caring, leisure & other service occupations. The three higher-level occupations are forecast to add 23,000 jobs over the next 10 years and to comprise 44.6% of total employment in 2020, compared with 39.8% in 2010.

Replacement demand occurs where there is a need to recruit and train new entrants into jobs to replace those leaving[2]. In occupations where employment is projected to expand, the addition of replacement demand leads to an even greater total net employment requirement. Working Futures estimates that there will be a requirement to fill 142,000 jobs between 2010 and 2020. Total net requirements are positive across all occupations, which shows that there is a continuing need for relevant skills provision, even in areas where overall employment levels may be falling. The overall requirement is again skewed towards higher-level occupations.

This shift towards higher-level occupations will generate a rising demand for higher levels of skills and qualifications. Working Futures projects that, from 2010 to 2020, there will be an additional 13,000 jobs that require a first degree, and an additional 14,000 jobs that require an 'Other higher degree' and a further 2,000 jobs requiring a doctorate. The number of jobs requiring no qualification is projected to fall by 10,000.

2.3 Skills Supply

Population forecasts

The population of the Gloucestershire LEP area will increase by around 46,000 (8%) over the next decade, rising to 644,000 in 2021, slightly less than the England average (9%). A total of 29,400 is forecast to be due to inward migration mainly from elsewhere in the UK. Recent demographic trends are expected to continue, resulting in a further ageing of the population; however, the working age population (aged 16-64) of the LEP area is predicted to remain fairly

[2] 'Replacement demand' is defined as the number of retirements, plus occupational mobility, plus migration.

static throughout the forecast period. This will limit the pool from which employers can recruit and may have implications for the ability of the local economy to grow, unless growth is accompanied by a rise in productivity. The 16-18 and 19-24 age groups are set to shrink in absolute terms over the forecast period, with a total drop of more than 5,300 16-24 year olds (-8.2%) living in the Gloucestershire LEP area in this time.

Economic activity

While the size of the working age population is an important factor in looking at the volume of labour supply in the region, we need also to look at how many people of working age are economically active. In 2012, the economic activity rate in Gloucestershire was 81.2%, compared with 78.4% for the South West and 77.1% for England. Economic activity fell between 2007 and 2010 but recovered in 2011, with the local recovery being stronger than that seen regionally or nationally.

In 2012, the employment rate for the Gloucestershire LEP was 79.7%, well above the national average of 72.6%. The employment rate for Gloucestershire fell between 2007 and 2010, in line with the wider national trend. However, in 2011, the local employment rate appeared to recover strongly, while regionally and nationally it remained relatively static.

In March 2013, the claimant count unemployment rate for the Gloucestershire LEP was 2.7% (10,270 claimants), equal to the rate for the South West (2.7%), and well below the national average of 3.8%. ILO unemployment is much higher, at 6.0% (16,200 unemployed). The pattern is similar to that of the claimant count, with the LEP being just below the regional average and significantly below the average for England as a whole.

The recession had a particularly sharp impact on youth unemployment in the Gloucestershire LEP area. The unemployment rate for 18-24 year olds rose dramatically, by 4.2 percentage points between September 2007 and August 2009, compared with rises of 2.0 percentage points for people aged 25 to 49. This rise in youth unemployment has been a major concern, prompting fears of a generation becoming permanently detached from the labour market. Although there has been a significant fall in the proportion of young claimants over the last two years, from 6.4% in August 2011 to 4.7% in August 2013, the level of youth unemployment remains more than 50% higher than it was before the recession. Unemployment rates for older age groups also remain significantly above their pre-recession levels.

The proportion of the unemployed who are very long-term unemployed (more than one year) has risen dramatically in the last two years, from 17.7% in August 2011 to 27.1% in August 2013. In absolute terms, the number of long-term unemployed (over six months) locally rose sharply from 1,600 in August 2008 to 4,550 in August 2012, before falling back to 4,050 in the last year, to August 2013. This hardening of unemployment, which leads to a loss of skills, motivation and workplace behaviours, is an important issue and one that may have a lasting legacy, as long-term unemployment is normally slowest to fall during periods of economic recovery.

Pockets of deprivation

Although unemployment rates in the Gloucestershire LEP area are low compared with the national average, the area includes 19 wards in which the unemployment rate is higher than the national average. At the time of Census 2011, the unemployment rate among 16-74 year old adults in the Matson & Robinswood and Barton & Tredworth wards in Gloucester were both around 50% higher than the England average (4.4%). The majority of the 19 wards with adult unemployment above the England average were in urban centres. Five were found in both Gloucester and Cheltenham. The Forest of Dean was also badly affected, including four of the worst affected wards. This shows that deprivation and high unemployment levels are by no means solely an urban issue.

NEETs

Much attention is now focused on the prevalence of young people (aged 16-18) who are Not in Education, Employment or Training (NEET). The concern is that such people are effectively a ‘lost generation’ whose social and economic prospects will be reduced significantly as a result of their lack of productivity at this early age. In March 2013, an estimated 4.7% of 16-18 year olds in the Gloucestershire area were NEET (862 young people), lower than both the regional (5.4%) and national (6.1%) averages. A further 9.5% of this age group's activities were unknown. Of more significance, given the raising of the participation age agenda, is that there were 1,670 16-18 year olds in employment without training, equating to 7.2% of 16-18 year olds locally, compared with 4.9% nationally.

Participation in learning

In 2011, 87% of 16 and 17 year olds in the Gloucestershire LEP area were engaged in some form of education or work-based learning, a rise of six percentage points from 77% in 2002. The long-term increase in participation is entirely due to the rise in the number of young people continuing in full-time education, as opposed to a rise in apprenticeships.

Recruitment of young people

In 2011, around 6,000 employers in the Gloucestershire LEP area (30% of all employers) recruited a young person directly following their education in the last two to three years. This was just below the national average of 31%. One-fifth (20%) of employers had recruited a young person in the last 12 months.

Skills of the workforce

A slightly higher than average proportion of Gloucestershire LEP's workforce (35.5%) is qualified to Level 4 and Level 3 (21.8%) compared with the national average. The proportion who hold only qualifications at Level 1 (14.4%) or who hold no qualifications at all (7.3%) both appear to be lower than the national averages. Over recent years, there has been a fairly consistent rise in the achievement of qualifications at all levels. At the highest level (Level 4 and above), Gloucestershire has broadly followed the regional and national trends over the period as a whole, showing consistent gradual growth.

2.4 Skills Pipeline

Key Stage 3

Key Stage 3 comprises the first three years of secondary school, from age 11 to 14 (years 7, 8 and 9). Evidence shows that if children do well at Key Stage 3, they significantly increase their chances of doing well at GCSE and beyond. Most children are expected to achieve level 5 or level 6 by the end of Key Stage 3. The proportion of 14 year olds in the Gloucestershire LEP area who attain level 5 in English, Maths and Science is roughly in line with the national average and that the proportion who attain level 6 is significantly above both the national and regional averages across all subject areas.

GCSEs

In 2012/13, 61.6% of pupils in Gloucestershire schools achieved five or more GCSEs at grades A* - C including Maths and English, above both the regional and national averages of 59.1% and 58.6% respectively. However, the area has shown slower than average growth over the last seven years which means that it was just 3.0 percentage points above the average in 2012/13, narrowing the gap with the national average.

In terms of achievement in Science, Technology, Engineering and Maths (STEM) subjects at GCSE level, in 2012/13, 73.8% of young people in the Gloucestershire LEP area gained a GCSE in Mathematics at grade C or above. This was above the England average of 71.2%. Achievement in GCSE Science can be examined through the proportion of young people who gain the science element of the English Baccalaureate. To achieve this, pupils either need to get an A*-C pass in core and additional science or they must take all of the three single sciences and get an A*-C pass in two of them. In 2012/13, 70.3% of young people in the Gloucestershire LEP area were entered for sciences at English Baccalaureate level, a figure significantly higher than the England average of 65.3%. Unsurprisingly, the proportion of young people gaining the science component of the English Baccalaureate was also higher, at 54.6%, compared with 48.4% for England as a whole.

Attainment of Level 2 and Level 3 qualifications at age 19

The achievement of a Level 2 or 3 qualification by age 19 is a key indicator for the Department for Education (DfE). The proportion of Gloucestershire LEP's 19 year olds achieving a Level 2 qualification increased significantly, by 7.8 percentage points between 2006/07 and 2011/12 to 83.1%, just above the national average (83.0%). However, the gap with the national average has closed in recent years due to slower local growth in achievement against this measure.

The proportion of 19 year olds achieving a Level 3 qualification has also risen consistently over the last five years, by 7.0 percentage points to 60.7% in 2011/12. The rate of improvement has been similar to the regional average, but slightly behind that seen across England as a whole (9.7 percentage points).

HE participation

44% of the young people from Gloucestershire who progressed through A Levels or other Level 3 qualifications entered Higher Education (HE) in 2010/11, above the regional average (of 40%) but also four percentage points below the average for England (of 48%). The proportion going on to Oxbridge, Russell Group or 'Top third' universities is slightly above the national average. Turning to local provision, 2,335 HE students from the Gloucestershire LEP area were attending an HE Institution (HEI) in the area in 2011/12, which is low compared with many other LEP areas and has fallen by 2.4 percentage points since 2007/08. The most popular institution for local people outside the LEP area was the University of the West of England. The Open University also attracted large numbers of local students. Other popular HEIs are generally those close to the area, indicating scope to increase local provision.

Learning routes

In terms of take-up of learning opportunities, funded through the Education Funding Agency (EFA) and the Skills Funding Agency (SFA)[3], in 2012/13 there were almost 76,000 learner starts with providers in the Gloucestershire area. Young people (aged under 19) accounted for more than half (55%) of starts and Adult learners (aged 19 and over) accounted for the remaining 45%. By programme, Education and Training accounts for 82% of learner starts, with Adult Safeguarded Learning (10%), Apprenticeships (7%) and Workplace Learning (2%) accounting for relatively small number of learners. Youth education and training accounts for 53% of all Government-funded learner starts in Gloucestershire.

Between 2008/9 and 2012/13, the youth share of the learning market expanded from 46% to 55%, while the adult share contracted. The contraction in adult learning reflects changes in government policy, notably the cessation of Train to Gain and Other Employer-Based Training, and the contraction in Adult Safeguarded Learning. The overall volume of adults starting government-funded courses fell by 16% over the period. The rise in adult Apprenticeships is a particularly interesting development with adults accounting for almost three-quarters (73%) of all Apprenticeships in 2012/13, compared with 56% in 2008/09.

By contrast, youth participation in government-funded education and training has increased, with volumes in 2012/13 20% higher than in 2008/9. Most of the increase was in Education & Training, although youth Apprenticeship starts increased at a faster rate.

[3] It focuses initially on learning that is delivered locally: that is it includes learners who access learning opportunities from local providers irrespective of where the learner lives (some will live outside the Gloucestershire LEP area). We then incorporate data on learners who live in the Gloucestershire LEP area to examine the extent to which learners can access learning opportunities locally.

37% of all starts in 2012/13 were at Level 2 or above and 19% were at Level 3 or above. Only 1% of starts were at Level 4, 5 or higher. Young people are more likely to be learning at Level 2 or above (46%) than adult learners (37%). Adults starting learning at 'other' levels account for the largest single learner cohort (18% of all learners). This category includes all Apprenticeship qualifications. The next largest cohorts are youth learners studying Level 3 qualifications (15%). Looking at trends over time, Government funding for adult learning has been concentrated on learning at Entry level and Level 1. The volume of adult learner starts at Entry Level and Level 1 increased by 61% between 2008/9 and 2012/13, while government-funded adult learning at higher levels roughly halved.

In terms of areas of study, by far the most common broad area of study was Preparation for Life and Work (36%). Among common sector subject areas were Arts, media & publishing (accounting for 8% of all learner starts) and Leisure, Travel & Tourism (6%). Compared with adult learners, young learners are more likely to study Maths & English, and other 'academic' subjects such as the Social Sciences, and Agriculture, Horticulture & Animal Care. Adult learners, on the other hand, are more concentrated in Business, Administration, Finance & Law, ICT and Arts, Media & Publishing courses.

Youth apprenticeships

Youth Apprenticeships accounted for 3% of starts across all youth learning programmes in the Gloucestershire LEP area in 2012/13 and for 27% of all Apprenticeship starts. Youth Apprenticeship starts have increased in three of the last four years with starts in 2012/13, 34% higher than in 2008/9. The lion's share of Apprenticeship starts continues to be at the intermediate level (69%) although there is growing interest in Advanced and Higher Apprenticeships. Construction, Planning & the Built Environment (17%), Business, Administration, Finance & Law (16%) and Health, Public Services & Care (15%) were the most popular subject areas[4] for youth apprenticeships in 2012/13.

Adult Apprenticeships

More than 3,600 adults started an Apprenticeship during 2012/13. Apprenticeships accounted for 11% of all adult learning in 2012/13 and for 73% of Apprenticeship starts. The number of adult Apprenticeship starts has increased year-on-year since 2008/09, to the point where, in 2012/13, the total number of starts was 176% higher than it was in 2008/9. Adult Apprenticeship starts are now broadly equally split between those at Intermediate (50%) and Advanced (47%) levels. In line with national policy, growth in 202/13 was focused on Advanced Apprenticeships at Level 3. There is a small but rapidly growing minority at Higher level (3%). Adult Apprenticeship starts are heavily clustered in three sector subject areas: Health, public services and care (30%), Business, administration, finance and law (24%) and Retail and customer services (15%).

[4] Note: The 233 Apprenticeship Frameworks have been classified into 25 broad sector areas to aid analysis.

Local HE provision

In 2011/12, there were 10,270 students studying at Gloucestershire's two HEIs. In the same years, there were 18,100 people domiciled in the Gloucestershire area who were students of HEIs across the UK, making Gloucestershire a net exporter of around 8,000 students. Looking first at provision being delivered by the two local HEIs, there were 2,850 students in STEM subjects in 2011/12, representing 27.8% of all students. The Royal Agricultural Colleges has a large proportion of STEM students (74.8%), due to Agriculture and related subjects and Architecture, building and planning both falling within this broad STEM heading. 21.6% of the students at the University of Gloucestershire study STEM subjects. This figure is considerably below the national average of 42%.

Looking at the subject choices of local residents compared with the level of provision being offered locally suggests that there are some areas of demand from local people that are not being met by the current local HE offer. This is most obviously in those subject areas not offered by the two local HEIs i.e. Medicine & dentistry, Mathematical sciences and Engineering and technology. There are other subjects where the apparent level of demand from local people is higher than the current local supply of provision, e.g. Subjects allied to medicine, Biological sciences, Physical sciences, Languages, Historical & philosophical studies and Creative arts and design. While it may be unreasonable to expect an area with so few HEIs to be able to cater for all the demands for HE provision from local people, the data does suggest some areas that may have a positive impact on levels of graduate retention if provision could be expanded to meet indicative levels of demand from local people.

Employer-sponsored learning

64% of employers in the Gloucestershire LEP area had arranged or funded training for staff in the 12 months prior to the survey, compared with 66% nationally. There was a slightly lower than average incidence of off-the-job training. National data suggests that there has been a slight fall in the incidence of training since the 2009 survey, particularly in the level of off-the-job training being arranged. The fall has been most prominently in the smallest establishments employing two to four people suggesting that the impact of the recession on training has hit smallest establishments the hardest. The survey estimated that a total of 142,000 employees in the Gloucestershire LEP area had received training in the last year, equating to 55% of the workforce. This was above the national average, where 51% of the workforce received training. Approximately 34,000 (24%) of these studied towards a nationally-recognised qualification, a figure in line with the national average (also 24%).

2.5 Mismatch

Arts, media and publishing - is the third most popular subject area among HE students (13%) and the joint second most popular choice among young people in Further Education & Training. On the face of it, there would appear to be an over-supply of Arts, media and publishing courses delivered locally, given local demand for these courses. However, many students reading these subjects within HEIs locally may be anticipating employment outside Gloucestershire, while only a (very) small share of local employment is supported within the formal Arts, media and publishing sector (around 3,400 jobs). However, the fact that creative skills are deployed across a wide variety of other sectors does mean that the proportion of employment in 'creative' occupations may be underestimated in this analysis.

Business, administration, finance and law - this sector accounts for 13% of employment in the Gloucestershire LEP area. It includes a broad range of activities including financial services (such as banking, insurance and pensions), real estate, law, the operation of head-offices and business services (such as advertising and market research). It is a popular subject area among most types of learner and, on the face of it, its large share of learner starts implies an over-supply of learners. However, many learners will find employment not just in this sector, but in business support functions in all other sectors. Interestingly, it is less popular among young people starting Further Education and Training courses.

Engineering and manufacturing technologies - Manufacturing accounts for 13% of employment across the Gloucestershire LEP area although many of these roles will be in support functions (for example, finance and marketing) and therefore this over-estimates somewhat employment in engineering and manufacturing technology-related occupations. The supply of Apprentices in this subject area is broadly balanced with supply. Further Education and Training starts in this subject are uncommon and there is an absence of HE provision. The popularity of engineering Apprenticeships is unsurprising given that Apprenticeships have a long tradition in this industry, and are a more established early route-way into the industry. However, the LEP may wish to encourage the expansion of other route-ways into the industry within the locality.

Health and care - the Health and care sector accounts for 13% of employment within the Gloucestershire LEP area. Around half of employment in this sector is in activities related to human health with the remainder broadly evenly split between residential care activities and social work. Health and social care is a popular subject area among apprentices, particularly adult Apprentices but is less common among Further Education and Training and HE students. Given the importance of the sector now and in the future, there may be further opportunities to promote this sector among young people.

Information and communication technology - the Information and communication technology (ICT) 'sector' is relatively small, accounting for 2% of employment in the Gloucestershire LEP area. The share of starts and students on ICT-related courses in Further Education and Training and HE is higher than the sector's share of employment but this does not necessarily imply an over-supply of these subjects, since ICT capabilities are valued across a wide range of sectors. ICT is a less popular subject choice among apprentices.

Logistics and transport - Logistics and transport is a small but significant employment sector locally. Around half of employment in this sector locally is in land transport but warehousing and support activities for transportation and postal and courier activities are also important. Few learners are studying subjects allied to this sector although some may be studying wholesaling as part of a combined course with retailing. It is not a subject area offered by local HEIs.

Retail, wholesale & customer services – this is the largest sector in the Gloucestershire LEP area, providing 15% of total employment in the sub-region. The sector is also closely aligned to the Transport and logistics sector which accounts for a further 3% of employment[5]. In common with some other large sectors (i.e. Engineering & manufacturing technologies and Health & care), it accounts for very few Further Education (FE) and HE starts, although it is more popular among apprentices, and particularly adult apprentices. HE courses relevant to this sector are more broadly concerned with business administration, marketing or advertising and are therefore analysed elsewhere.

Hospitality and catering - Hotels and restaurants, an approximation to the Hospitality & catering sector, accounts for 7% of employment locally. The sector and allied subject areas are closely related to the Leisure and tourism sector, which accounts for a further 2% of employment. Hospitality & catering is not a particularly popular subject choice among young people or adults on apprenticeships, and it is not a subject offered by FE institutions within the area.

[5] A further 2% of employment is in Wholesale, retail and repair of motor vehicles.

3. KEY ISSUES AND RECOMMENDATIONS

To supplement the data analysis, an online survey sought the views of stakeholders in order to assess the skills needs of the LEP area. 96 individuals responded to the survey which took place in November 2013. The outcomes of this survey have informed the development of the key issues and recommendations presented here.

3.1 Independent Information, Advice and Guidance

Information, Advice and Guidance (IAG) was the key issue to emerge from the stakeholder consultation. It is one of the primary issues identified in relation to 'improving the preparedness of young people for the world of work'.

The statutory responsibility for careers guidance and wider IAG has now moved from local authorities to schools. The shift to school autonomy makes managing the consistency of IAG more problematic, with the potential that large numbers of young people will fail to get quality access to guidance on all of the training and career options open to them. Those responding to the consultation were dissatisfied with current IAG services. 82% of respondents when asked: 'in your opinion is the quality of careers advice for young people good enough?' said "no".

The sectoral analysis which accompanies this report also highlighted the need to raise young people's interest in careers in a range of sectors such as Engineering and science-related industries.

Central to this is also fostering better links between employers and local schools, so that young people can better understand and take advantage of growing employment opportunities.

Recommendations

There is strong support for a single high-quality service for Gloucestershire. The LEP should build on this and work with partners to:

- co-ordinate the activities of key partners;
- identify and co-ordinate bids for funding;
- support schools and colleges to improve the quality and scale of provision; and
- examine the feasibility of developing a single service, commissioned by GFirst, in support of schools and colleges.

3.2 Employability Skills

Employability skills are a critical issue for businesses recruiting in the Gloucestershire area. Lack of work-readiness in potential recruits is a major barrier for employers, even in areas and sectors where no specific skills gaps and shortages have been reported. At the same time, there are an interconnected set of factors and problems to be faced in tackling the issue of work-readiness.

Recommendations

- **Consider the development of an employability chartermark** – where businesses are being urged to work with educational establishments to ensure that more youngsters can get a real understanding of the world of work and become employable.

- **Develop and deliver an Employability Strategy** - setting out both the shared targets and actions of the partners and the individual contributions which they could make to the employability agenda.

3.3 Apprenticeships

The Richard's Review, commissioned by the Government, proposes to alter fundamentally the funding mechanism for Apprenticeships in England. The Review recommends that employers who take on apprentices should receive remissions in either tax or National Insurance contributions that then can be used to pay for the training. The announcements made in the *Chancellor's Autumn Statement 2013* have accepted this proposal and this is likely to see a major shake-up in terms of Apprenticeship delivery. There are many examples around the region of successful Apprenticeship campaigns which could be replicated, perhaps in conjunction with the Sector Groups.

Recommendations

- **Improve penetration rates** - engage more enterprises in Apprenticeship delivery and make it easier for small companies to get involved, particularly in sectors which are under-represented but employ a lot of young people.

- **Raise awareness** - work with partners to raise awareness of the opportunities that Apprenticeships provide for rewarding careers and progression in an exciting industry.

- **Build the pipeline** - it is also essential to build the pipeline of skills, generating interest in these new higher-level and technical occupations and to develop progression routes that allow people to move along a pathway, from the age of 14, through Advanced and Higher Apprenticeships, undergraduate and post-graduate study into the jobs that employers are looking to fill, today and tomorrow.

- **Higher-level apprenticeships** - providers should review their capability of delivering a greater number of higher-level Apprenticeships in line with recent announcements (*Chancellor's Autumn Statement, 2013*).

- **Support for Pre-Apprenticeships –** ensure that there is an effective traineeship offer, particularly in terms of access by NEETS and those in employment without training.

- **The Apprenticeship Clearing House** – proposed as part of the EU SIF, it will be based on the UCAS model. The Apprenticeship Clearing House will coordinate Apprenticeship recruitment across the county.

3.4 STEM Skills

STEM skills are a government priority and they are critical to Gloucestershire's growth sectors. The sector analysis reinforces this. Employers need to be proactive in promoting interest in engineering, aerospace and marine-focused careers and in encouraging the acquisition of the STEM skills their industries require. While the majority of children enjoy science at school, '*most young people's science aspirations and views of science are formed during the primary years and have solidified by age 14, by which point the idea of science as 'not for me' becomes very difficult to change'*[6].

Recommendations

- **STEM Strategy** - to deliver a collaborative and co-ordinated STEM provision across the county that aligns STEM education capability with STEM sector industrial growth and demand.

- **Foster links between employers and schools** - so that young people better understand and take advantage of growing employment opportunities available which require STEM skills. Adults need to engage better with STEM provision.

- **Address gender imbalance** - there is a need to develop programmes to address the gender imbalance in the sector and increase the number of young women who have an interest in careers in engineering.

- **STEM intelligence -** public sector partners (such as STEMNET, the local EBPs) should work together to provide a coherent package of information and support for employers demonstrating the benefits and opportunities that exist for employers wishing to be active in improving the flow of skills into their sector.

- **Employer support for CPD in learning** - encourage employers to contribute to the CPD of teachers and technicians, particularly in vocational education. Curriculum enrichment

[6] Ten Science Facts and Fictions, Aspire Project, Kings College London, 2012.

projects that deliver the Science and Maths curriculum through projects jointly designed with industry, making the learning relevant to local employment, can help to engage young people in subjects and skills that might otherwise appear 'academic' or irrelevant.

- **Support curriculum development** - employers are being encouraged to develop qualifications that meet the needs of their industries. This could extend to the development of a qualification focused on the specific functional maths skills required by particular sectors.

- **Equipment support -** employers have a role in donating or sponsoring the purchase of equipment which could be used directly for the delivery of training that meets the needs of their organisations.

3.5 Higher Education

Gloucestershire has healthy resident HE participation rates and many choose to study close to home. However, turning to local provision, 2,335 HE students from the Gloucestershire LEP area were attending an HEI in the area in 2011/12, which is low compared with many other LEP areas. In 2011/12, 18,100 people domiciled in the Gloucestershire area were students of HEIs across the UK, making Gloucestershire a net exporter of around 8,000 students. Analysis of subject choices of local residents compared with the level of provision being offered locally suggests that there are some areas of demand from local people that are not being met by the current local HE offer. This is most obviously in those subject areas not offered by the two local HEIs i.e. Medicine & dentistry, Mathematical sciences and Engineering and technology.

Recommendations

- **Review the HE offer** – evidence suggests learner demand for provision that is not supplied locally. The opportunities to extend local HE provision should be explored.

- **Talent pool** – through the EU SIF, support the retention of skills in the county by facilitating work placements, work experience, graduate placements and graduate recruitment. Talent attraction would also be supported by the talent pool which would provide an 'entry' point for graduates and international students interested in developing their skills and working in the county.

3.6 Raising the Skills of the Workforce

18% of Gloucestershire LEP employers (3,600 employers) reported having a skills gap, with around 14,500 employees assessed as not being fully proficient in their jobs. Looking to the future, there will be a requirement to fill 142,000 jobs between 2010 and 2020 with a net requirement across all occupations but with a particular emphasis on more highly-skilled jobs. Insufficient higher-level provision locally may be a barrier to this. Recent demographic trends are expected to continue, resulting in a further ageing of the population; however, the working age population (aged 16-64) of the LEP area is predicted to remain fairly static throughout the forecast period. This will limit the pool from which employers can recruit and may have implications for the ability of the local economy to grow, unless growth is accompanied by a rise in productivity. Analysis of skills mismatch indicates that there are a number of sectors where provision may be insufficient.

Recommendations

- **Review provision** – work with providers to review provision in relation to the key sectors and in relation to the areas of mismatch identified in the report.

- **Enterprise accelerator** – through the EU SIF, provide specialist mentoring, training and dedicated resources for entrepreneurial individuals who can accelerate business start-ups and growth. This innovative programme will deliver a cohesive cross-county provision to support the development of entrepreneurs of any age by providing the fundamental skills needed to develop and grow a successful business.

- **GREEN Skills** – through the EU SIF, the Gloucestershire Renewable Energy, Engineering and Nuclear (GREEN) Skills project will regenerate the decommissioned part of the former Berkeley Nuclear site. The proposal will ensure that the skills infrastructure supports the growth in Gloucestershire's economy by future-proofing and providing capacity. The GREEN Skills project will focus on the opportunities presented by infrastructure projects (e.g. Nuclear), Low Carbon and Manufacturing in which Gloucestershire leads nationally.

3.7 Worklessness

Whilst overall unemployment is relatively low, the recession had a particularly sharp impact on youth unemployment, prompting major concerns of a generation becoming permanently detached from the labour market. Long-term unemployment is also hardening and has risen sharply. Pockets of unemployment and deprivation exist in the Gloucestershire LEP area, with 19 wards in which the unemployment rate is higher than the national average.

Recommendations

- **Network Hub SEE PROMOTION TOO** - identify the existing network, community groups and third sector businesses supporting skills and employment delivery across the county. Share best practice between them, supporting wider communication and information-sharing in order to address the key challenge areas.

- **Address unemployment hotspots** – areas of deprivation exist in Gloucestershire where unemployment is significantly above the national average. A concerted programme of support will be required to address multiple disadvantage found in these areas.