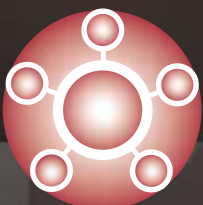


Skills Issues in the South West

The South West in Figures 2002

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South West Skills & Learning Intelligence Module
www.swslim.org.uk

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Chapter 1

Introduction

1. Objective and approach

1.1. The drive towards the provision of labour market and skills data at a local level has proceeded quickly in the past two years, with the development of the Office for National Statistics '*Neighbourhood Statistics*' website www.statistics.gov.uk; the increased sample size for the Labour Force Survey; and the wealth of information from Department for Education & Skills on *Skillsbase* www.skillsbase.dfee.gov.uk

1.2. In the South West the development of the *Objective 3 Regional Development Plan* (available at www.gosw.gov.uk) has also involved a comprehensive review and data gathering exercise relating to skill issues, assessing the implications of labour market and skills trends and linking them to the priorities for the ESF programme in the South West.

1.3. The South West Skills and Learning Intelligence Module of the Regional Observatory (www.swslim.org.uk) commissioned this report to add value to the work already undertaken.

1.4. The purpose of this report is to:

- Provide a resource for those wanting an overview of 'where we are now' in the development of skills in the South West, and offer comparisons across the regions and at a national level
- Stimulate debate on the issues most pertinent to the region
- Highlight the data available and how to access it
- Better inform those planning education and training provision
- Provide a 'baseline' document, offering the facility to interrogate relevant data and benchmark local conditions
- Identify gaps in the data and potential topics for further research

1.5 This is very much a 'document in development'. It aims to include as much information as possible whilst recognizing that there is valuable work being done across the region to inform the skills and learning agenda. It is hoped that this document will identify gaps in research, stimulate debate, raise issues and encourage the questioning of available data to ensure that what is presented is accessible and useful. Those wishing to challenge statements made in this report, add to the discussion points or offer other sources of information and data are

encouraged to contact SLIM, who will welcome dialogue and include matters raised in future editions.

2. Structure

2.1. The report follows a standard structure, examining the demand and supply of skills within the region, then considering the impact of the potential mismatch – skill gaps and shortages, earnings across occupations and across the region.

2.2. However, as recent developments have made labour market and skills intelligence ever more accessible, this report had to be more than paragraphs of analysis linked to data tables. Consideration was given to the linking of indicators to particular labour market and skills policy issues. The cut-off point for data in this report was set at April 2002.

2.3. It was decided, therefore, to identify a number of 'key issues' that the data may address or 'points for discussion', seeking to shed light on the issues raised by analysing the data available. These questions are highlighted in the text of the report, and cannot be exhaustive. Those coming to this report will have their own views on what are the major issues facing regional and local agencies in the South West region.

2.4. Additionally, and importantly, many of the most interesting questions can only really be addressed properly by qualitative study rather than quantitative data analysis. This approach does however go some way towards meeting the objective of stimulating debate and identifying priority areas for future research, particularly relating to work on skill development within the region.

2.5. At certain points in the text, a particular issue of relevance nationally and having regional implications will be discussed in more detail under the heading '*Focus on...*'. These topics are based on national research which will be referenced in the text and linked to any document available to download.

3. Using the report

3.1. A comprehensive data-gathering exercise has been undertaken, resulting in the availability of a considerable number of tables and graphs.

3.2. For the document to remain coherent and accessible with so much information at its disposal a decision was taken to publish this report on CD-ROM. Direct links to data tables, relevant documents and websites are provided in the text, enabling more information to be made available than is possible in a hard copy document.

3.3. At relevant points in the text, a web address, table or graph number will be highlighted. In order to access the information you need only click on the reference to be taken to linked files.

3.4. You may also wish to visit the SLIM website (www.swslim.org.uk). This contains a wealth of other information relevant to skills issues and provides an overview of the aims and objectives of its role within the Regional Observatory.

3.5. The Appendices to this report offer a comprehensive bibliography and list of relevant and useful websites for those wishing to undertake further research in this area.

4. Sources

4.1. As many sources as possible have been examined, and the following are those utilised most frequently:

- The Local Labour Force Survey
- The Employer Skill Survey 2001 (Institute for Employment Research and IFF Ltd)
- Projections of Occupations and Qualifications 2000/01 (Institute for Employment Research)
- Adult Basic Skills Survey (Basic Skills Agency)
- The Annual Business Inquiry 2000
- The Indices of Local Deprivation 2000
- Skills Task Force Research papers

4.2. NOMIS was used to access much of the raw data, including Labour Force Survey, unemployment and Annual Business Inquiry figures.

(www.nomisweb.co.uk). Access to DfES data was obtained via the website at www.dfes.gov.uk.

This report is based on the collation of regional labour market research. The report was commissioned by the South West Regional Development Agency and undertaken by Suzanne Grogan Associates on behalf of the Skills and Learning Intelligence Module (SLIM). The cut off point for the data contained in the report was April 2002. The data contained in the report was believed to be correct at that time.

Printing from the report

The options below will link to your print dialogue menu. You will need to select the appropriate pages.

Print Full Report	Print all 33 pages
Print Chapter 1	Print pages from: 2 - 3
Print Chapter 2	Print pages from: 4 - 5
Print Chapter 3	Print pages from: 6 - 9
Print Chapter 4	Print pages from: 10 - 18
Print Chapter 5	Print pages from: 19 - 25
Print Chapter 6	Print pages from: 26 - 28
Print References	Print pages from: 29 - 31
Tables	Print pages from: 32 - 32

To print individual tables, graphs and appendices, either click on the relevant reference within the report or use the full list on page 32. The tables will launch in Excel or Word.



A Profile of the South West Region

1. Population

1.1. The South West Region is comprised of eight counties – Cornwall, Devon, Dorset, Gloucestershire, Somerset, Wiltshire, the former Avon area and the Isles of Scilly. It is the largest geographical region in England, sharing a boundary with the South East, the West Midlands and Wales. At its longest point there is a distance of some 350km from the north east of the region to the south west. The most northerly part of the region in Gloucestershire is a similar distance away from the borders of Scotland as it is to the westernmost point of Cornwall. This distance contributes significantly to the diversity of experience for the population of the region, and makes it vitally important to consider an issue at a sub-regional level as far as is possible, to ensure that diversity is reflected in policy.

1.2. The region is home to some 8.5% of the total population of the United Kingdom. (Table 1). Overall population density is, as would be expected in a large rural area, below the national average.

1.3. The major urban centres are Bristol, Bournemouth & Poole and Plymouth. Bristol is by far the largest having a population of more than 400,000 people in 1998. Bristol is also the most densely populated urban area with in excess of 3,600 inhabitants per square kilometre. Bristol is the main centre for producer services activity within the South West, accounting for almost a third of all employment.

1.4. In excess of one third of the population of the region live in urban areas larger than 100,000 persons. However, more than 50% live in rural areas or towns of fewer than 20,000 residents. This has major implications for access to all services, particularly the provision of education, training and skill development.

1.5. The South West has the highest proportion of residents of pensionable age of any UK region, some 21%. However, it has a lower than average proportion of young people in the age range 15-24. In parts of the region this profile becomes more marked where a dearth of employment and training opportunities results in the out-migration of those in the younger age groups. The latest mid-year population estimates (2000) for the South West at unitary/county authority level are given in Table 2. That table is interesting (if not predictable) in that it shows the highest concentration of people in the younger age brackets in urban areas such as Bristol and Plymouth. The highest proportion of those aged 60+ is based within

Torbay, and Devon as a whole. For details of the South West in comparison to other regions, see Table 1.

1.6. Table 2 also details internal migration figures – that is the movement of the population into and out of the South West region to and from other parts of the United Kingdom. Clearly, the greatest increases in population numbers occur in the county of Devon, and contrary to popular preconception, the majority of in-migrants are aged between 25 and 64 rather than 65+. To support the point made in 1.5 above, all areas other than the former county of Avon exhibit an overall reduction in the numbers of those in the age group 16-24 (the new labour force entrants). The reduction is highest in Somerset (which may be partly due to its proximity to Avon which shows an increase) and Cornwall and the Isles of Scilly, an area of lower incomes experiencing higher levels of employment deprivation.

1.7. Within the region those choosing to commute outside their own county generally only work in a neighbouring county. London draws a significant number of the commuters working out of the region, but this mainly applies to the eastern parts. Most in-commuters to the South West travel into the eastern parts of the region, particularly Gloucestershire, Wiltshire, Dorset and the former county of Avon.

1.8. The Office for National Statistics now offers mid-year estimates for 1998. Table 3 shows the population change in the South West by local authority from 1991 to 1998. It can be seen that the county of Devon experienced the greatest increase in population over the period 1991 to 1998. However, when looking at the components of that increase it is clear that much of it is due to migration. There was a natural decline in population in the county over that period. This is a key issue relating to a possible 'displacement effect' (i.e. whether those migrating from outside the region are taking the places of local people in the labour market), and will be discussed in more detail later in this report under the supply of skills in the labour market.

1.9. When looking at population figures from 1981 onwards, the South West has the fastest population growth of all UK regions. Between 1981 and 1996 the population increased by 11% - some 460,000 persons. Much of this growth is accounted for by migration into the region. As examined above, this is partly due to the popularity of the area as a retirement destination - 75% of all in-migrants to the South

West in 1996 were of working age. Migration into the South West from other regions over the past 20 years has been higher than for any other English region.

Point for Discussion:

Does this migration into the South West have a positive effect in terms of labour supply or does it have a negative effect, particularly in terms of housing issues and the incentive to develop and train local people?

2. The Regional Economy

2.1. The economy of the South West region has grown steadily over the past ten years. However the Government Office for the South West in the Regional Planning Guidance, published in 2001, (www.rpg-sw.gov.uk) indicates that this growth is declining in comparison with other regions of the United Kingdom. This position might have been exacerbated by the economic impact of Foot & Mouth disease in 2001/2002.

2.2. GDP in the region is 7.5% of the UK total, but GDP per capita is below the national and European Union averages. However, it must be borne in mind that the national figures are skewed by the high performance and levels of wealth generated in London and the South East. When those two areas are excluded from the equation, the South West region has the third highest GDP per capita in the United Kingdom (behind the Eastern region and Scotland).

2.3. These figures do mask significant social and economic imbalances within the region. **Table 4** shows GDP by NUTS 1, 2 and 3 areas for 1995 to 1998. GDP per capita in Wiltshire and Gloucestershire is well above the national average, whilst Dorset and Devon and Cornwall all exhibit levels between 60% and 90% of the national average. Cornwall and Torbay have the lowest figures, only 65% and 69% of the UK average respectively in 1998. In Cornwall, GDP per capita of £8,185 in 1998 is some £10,000 per capita lower than in Swindon.

2.4. A more complex picture emerges when average earnings and household disposable income is examined. Regardless of the high levels of GDP per capita in Avon, earnings and disposable income are below national averages. (See later discussion on returns to qualifications).

2.5. Levels of deprivation are higher and academic achievement lower in some of the most urbanized areas within the region – Bristol, Plymouth and Torbay (See **Chapter 5**). Rural deprivation is also a major concern, but as it is less concentrated it is less obviously visible.

2.6. Employment in the region has increased significantly, (see **Chapter 4**) and unemployment has fallen both in absolute terms and in relation to the UK average (**Chapter 6**).

2.7. Financially, Tourism is the most important sector to the regional economy, accounting for approximately 10% of GDP. However, this is a vulnerable sector, as illustrated by the impact of Foot & Mouth disease, the reduction in foreign visits following September 11th, and the long-term decline of seaside holiday business and the necessity to diversify the offer.

Focus on.....

Key Sectors

In February 2002, BMG Ltd on behalf of the NTO National Council, published the report *Mapping Supply and Demand for Skills in Priority Sectors Identified by the South West of England Regional Development Agency*.

The report was undertaken to review information available for skills planning purposes at South West regional level, and draws out the main points necessary to enable NTO's to put together effective Action Plans for the six sectors identified by the Regional Development Agency as 'priority sectors'. It also undertook the creation of a web portal to facilitate the sharing of information and ideas amongst a 'skills community', and to create a constantly evolving information resource to make available the latest information necessary for skills planning.

Detailed analysis of demand, supply and mismatch is available for the six key sectors:

Construction	ICT
Tourism	Food and Drink
Advanced Engineering	Marine Industries

There is also detailed analysis of two sectors of particular importance at a sub-regional level – Polymers in Wiltshire and Swindon and Printing and Packaging in Bournemouth, Dorset and Poole, the West of England and Wiltshire and Swindon.

Two 'emerging sectors' have also been identified by the RDA. These are biotechnology and environmental technology. However, these are not covered in great detail as other research work is currently being undertaken in these areas.

The report is a comprehensive one and it is not possible to summarise all the valuable information it contains within the remit of this work.

A copy of the full report is available at:
<http://www.swslim.org.uk/downloads/SL1146.pdf>

Chapter 3

The Demand for Skills in the South West

1. Introduction

1.1. The United Kingdom is currently experiencing its highest ever levels of overall employment. However, at the same time there has been a considerable change in the composition of the UK labour market. The major trends include:

1.2. A shift away from employment in manufacturing and the increase in employment in the service sector. This trend is forecast to continue, with the manufacturing sector in recession and the service sector facing a temporary slowdown in growth. Employment growth has therefore been highest in regions with a higher concentration of service industry employment. This has tended to be in regions south of the Midlands, giving the impression of an increasing 'north south divide'. However, it is clear that within the South West region for example, there is a significant difference in the experience of the different counties in terms of employment change. The loss of heavy industry in parts of the South West has had as significant an impact on the local economy as that experienced in the North of England. This increase in service sector employment is relevant to another trend which has developed over the past twenty years. The role of women in the labour market has changed significantly over that period, and the majority of jobs taken by those women are within service sector industries.

1.3. An increase in the flexibility of the labour market. During the 1980's and 1990's there has been a substantial increase in part time employment, (many of those jobs taken by women entering the labour market for the first time). 'Part-time' work is defined as a contract where an employee works anything less than the organisation's basic weekly hours. Use of part time workers can benefit both company and employee, however there are issues relating to the potentially increased costs of workforce development. The use of temporary and contract workers has also increased, and although part time workers now enjoy the same employment rights as those working full-time, the same does not apply to temporary or sub-contracted workers.

1.4. New ways of working utilising the latest technology. This has resulted in an increase in the number of people able to work out of the traditional office environment. This impacts on the mobility of the labour force, as it is no longer necessary to live within easy travelling distance of the place of employment. In many cases this has widened the

available labour pool, but there is a risk that the concept of 'local jobs for local people' will be lost if there is a skills mismatch within the local labour market. Therefore investment in the skills required to work in knowledge-based industries can offer the opportunity for good returns in terms of employment and productivity.

Key Issue:

How strong has the shift to white collar work from blue-collar manual been in the SW? What has been the decline in numbers employed in 'traditional' industries in the region?

1.5. Owing to the numerous changes in the way data has been collected over the past decade, it is now very difficult to look at sectoral employment trends historically.

2. Employment by sector and sectoral change

2.1. **Table 5** looks at employment by sector over the last three years (the period over which the new Annual Business Inquiry has been developed). It is difficult to draw any long-term conclusions from this. However, analysis by the Institute for Employment Research (*Projections of Occupations and Qualifications 2000/2001* - Wilson) shows that nationally, the largest increases in the number of people employed has been seen in the business services sector. Manufacturing has seen the greatest losses.

2.2. When seeking to address the *Key Issue* identified above, **Table 6** shows the profile of change in the South West compared to other regions. Manufacturing losses are small, with only the East Midlands exhibiting a slower rate of decline. Losses in the primary sector and utilities though are comparatively severe – this category would include mining in Cornwall for example. Growth in business services, so marked in the South East and London, is much more modest in the South West, where growth is higher only than the poorly performing North East region.

2.3. **Table 5** also details employment by sector (regionally, by unitary/county authority and LSC area) according to the latest (2000) figures from the ONS Annual Business Inquiry. Employment in the South West is, as in other regions, increasingly service-led.

Key sectors are Distribution, hotels and restaurants (consistent with an economy heavily reliant upon tourism), Public administration, education & health, Business services and Manufacturing. In comparison to Great Britain as a whole, the South West has a higher proportion of employment in Agriculture & forestry.

2.4. For an analysis of the key industry sectors in each local authority area within the South West see **Appendix 1**.

3. Employment by occupation and occupational change

3.1. **Table 7** examines employment by occupation according to figures from the Local Labour Force Survey 2000/2001. Data is available at LSC area level, but for the purposes of this report it is most interesting to look at contrasts when the data is analysed by unitary or county authority. Plymouth for example has a high percentage of those in employment in 'other occupations', 'plant & machine' and 'sales' (traditionally 'blue collar' lower paid, lower skilled jobs) and a low percentage of 'managers and administrators' and those in 'professional' jobs. Conversely, Swindon has a high percentage employed as 'managers and administrators' and a low percentage in 'other occupations' suggesting a generally higher skilled, better paid workforce (white collar).

3.2. **Table 8** illustrates the regional changes in employment by occupation between 1991 and 1998, in a similar way to that adopted in **Table 6** to examine sectoral change. Clearly the decline in skilled trades, and machine operatives, as well as elementary occupations reflects the change in the sectoral profile of the region. However, there has also been a significant reduction in the number of administrative and secretarial jobs.

3.3. Although the decline in manufacturing and in manual occupations has been less severe in the South West region, there is still an overall reduction in such employment. This fact, when considered alongside the rapid increases in the number of managerial, professional and assistant professional occupations, goes some way to addressing the *Key Issue*. There is a significant increase in the number of jobs requiring higher and different skills, and a reduction in 'traditional' (primarily male) manual work.

4. Future developments

Key Issue:

Is the occupational profile of the South West forecast to change in line with national trends, or are there significant differences that need to be taken into account when planning skills development?

4.1. **Table 9** is taken from the IER report *Projections of Occupations and Qualifications 2000/2001*.

4.2. The South West differs from the overall UK picture in significant respects:

- nationally, skilled and elementary metal, construction and building trades are forecast to decline. In the South West some growth is forecast in these areas, particularly in construction and building.
- increased demand for 'Health Professionals' and 'Health and Social Welfare Associate Professionals' is forecast to be lower in the South West than nationally, but the number of jobs in 'Caring Personal Service Occupations' is forecast to grow more quickly in the region. These jobs tend to be lower skilled and lower paid.

4.3. Where the South West is forecast to share the national experience, the greatest increases are forecast to be in the fields of Business & Public Service professionals, Culture Media & Sports Occupations, Leisure occupations and Personal services. These are occupations predicted to increase nationally at a similar rate over the same period.

4.4. In general terms, the greatest increases are seen in the professional occupations in the service sector. This suggests that there will be a greater demand for a higher skills level amongst the local labour force up to 2010.

4.5. In the South West, 'Secretarial and Clerical occupations' are, with many occupations in the agricultural sector, those in which the IER and Cambridge Econometrics forecast the number of jobs will decline to 2010. These occupations are also forecast to decline nationally over the same period. This has the most serious implications for the workforce in the Bristol, Bournemouth and Swindon areas where the percentage of those employed in those occupations is particularly high.

5. 'Replacement' and 'Expansion' demand

5.1. It is not only the creation of new jobs ('expansion demand') and the loss of old ones that is crucial to the regional and local labour market. 'Replacement demand' is the demand to replace skills lost in the natural labour turnover. Often, it is the creation of jobs that creates headlines, but employers need to replace those who retire or change careers, for example. These jobs are far more significant in terms of overall numbers.

5.2. Nationally, for example, the Institute for Employment Research in *Projections of Occupations and Qualifications* points out that although there is forecast to be a large net decline in the number of jobs in secretarial and related occupations, skilled metal trades and plant and machine workers, this decline will be compensated for and outweighed by replacement demand. In occupations that are currently the focus for expansion and job creation, such as corporate managers and IT specialists, anticipated expansion demand plus anticipated replacement demand will result in even higher demand for staff with those, usually higher level, skills.

Key Issue:

How can we ensure that the challenge this demand poses will be met?

5.3. How can people be attracted into what are perceived to be sectors in long term decline or those that are cyclically vulnerable, such as construction or engineering? Using the move towards employment of older workers to fill skill gaps is unlikely to be realistic, as manual work will be less attractive to an older person. In a leisure-based economy it may also be difficult to expect younger people to opt for manual occupations. This may partly be cultural in that the value of manual and craft skills has been downgraded.

5.4. At this point attention is drawn to the series of reports entitled *Skills Dialogues*, developed following consultation with industrial and business sectors and which is a useful source of information on skills supply and demand at a sectoral level.

5.5. They are downloadable from:
www.skillsbase.dfee.gov.uk

5.6. How policy can meet this challenge:

- Seek to attract non-traditional entrants into these traditionally male dominated careers, for example women or those from ethnic minority

communities. This may be difficult to achieve, not just because discrimination may currently be a factor. The problems arguably also arise in lower skilled female dominated sectors, where there is also relatively little success in attracting males into work. (The Skills Dialogue relating to the Care sector is due for publication on the Skillsbase website shortly).

- Look to find better methods of attracting younger people, who have not had a successful academic career into these occupations. Anecdotal evidence suggests a perverse situation is developing whereby young males, unsuccessful in the school system, are unable to access jobs in the construction industry and other manual based occupations, due to the barriers of initial 'key skills' assessments. Companies operating within this sector claim that there are not enough people interested in the jobs available (see **Skills Dialogue SD1 Construction**) whilst those actually dealing with recruitment 'on the ground' complain that those who are interested are discouraged, or face entrance barriers. This is in part due to the traditional output related funding of training schemes and the desire for the construction industry to raise its status by raising its entrance requirements.

5.7. One way to address this problem is to review the value placed on the 'key skills' within the sector. Either industry must find ways of coaching people to get through key skills assessments or the key skills requirements in these sectors must be relaxed.

Point for Discussion:

A further potential problem relates to not just the nature of work, but the terms and conditions of work in the expanding industries. Lower skilled service sector employment remains poorly paid compared with virtually unskilled manual labour, much of which is traditionally remunerated in direct relation to the unpleasant or dangerous nature of the tasks involved. Is work in the service sector therefore unattractive to many people who have previously worked in traditional industries?

5.8. It is useful here to examine the caring services as a good example of an area in which employment is forecast to grow. (Table 9) The sector is unlikely to decline owing to the nature of the work with an ever increasing elderly population, but it has so far failed to impact on male employment. There has been evidence of widespread staff recruitment problems in these areas; but how far is a significant culture change necessary? Are these jobs that older men, for example, may not consider even if retraining were on offer?

5.9. What specific training courses within the region are aimed at older males to retrain? What barriers to employment do they face and might some of them be similar to barriers that non-traditional workers faced in manual occupations in the past?

5.10. We should also remember that many service sector occupations relied heavily on supplementary female labour, the supply of which is now much reduced as the range of higher status occupations that females (continuing in education longer than males) are now able to access. The care sector can no longer rely on the female labour it once was able to take for granted.

6. Sub-regional demand

Key Issue:

Are opportunities for employment, and therefore the demand for skills, different across the sub-regions?

6.1. As discussed above, **Table 5** shows how important different industrial sectors are at a sub-regional level. It is clear from the table that the numbers of people employed in Agriculture for example are concentrated in Devon and Cornwall & the Isles of Scilly. Manufacturing is now concentrated to the west of the region, in Gloucestershire and North Somerset, although the move has been away from traditional industries to high-tech high-value production.

7. Mobility

7.1. The South West region is made up of a number of very diverse local economies, with the profile of employment in the less accessible western part of the region quite different from the east, where the 'London effect' still has an impact in terms of transport and communications and financial and business services. (There are almost twice as many people working in Banking & Finance etc in the Former Avon area than there are in Devon & Cornwall.) What is the wider impact in terms of mobility? When **Table 7** is examined again, it is quite clear that the highest concentrations of managerial, professional and associate professional jobs are concentrated to the east of the region, with agriculture related employment, traditionally lower-paid service sector jobs and manual employment more significant to the west. With these jobs predicted to be in the greatest danger of decline over the years to 2010, (**Table 9** indicates which occupations have a less positive future) what steps are being taken to ensure that those in vulnerable employment are receiving the

necessary training to benefit from the burgeoning employment in high value added industries whilst they are currently in work (as opposed to when they become unemployed)?

7.2. Why should people wish to move around the region if the required skill sets are different? Perhaps the issue is the development of a mixed economy in each area. However, this is somewhat outmoded now with regional policy favouring 'clusters'.

Chapter 4

The Supply of Skills in the South West

1. The Labour Force in the South West

1.1. The IER in *Projections of Occupations and Qualifications 2000/2001* forecasts an increase in the population of the South West to 5.19 million by 2010. Population growth in the South West could be twice that of the UK as a whole. The workforce is projected to increase by some 230,000 in the years to 2010, giving a total regional workforce of 2.69 million. The economic activity rate in the South West is already relatively high in comparison to other regions, and is set to increase to nearly 85% by 2010.

1.2. **Table 10** shows detailed data on economic activity in the South West by Learning Partnership, Learning & Skill Council and unitary/county authority area, with regional national data for comparison purposes.

1.3. Economic activity rates in the South West as a whole are above the national average. The economic activity rate of those of working age is 81.8% in the SW compared to 78.6% nationally.

1.4. A distinct pattern emerges when looking at the data at a more local level. **Graph 1** shows that rates of economic activity are considerably higher to the east of the region, with a variance of between 10 and 15 percentage points between Cornwall and areas in Wiltshire and Gloucestershire. Rates of male economic activity are particularly high in Swindon & Wiltshire, and female activity is some 10 percentage points higher than the national average in Gloucestershire (as a whole and the south of the county). Where employers report relatively high levels of hard to fill and skill shortage vacancies, this suggests some shortage in the labour market itself. One way to meet the needs of employers is to widen the labour pool and increase economic activity.

1.5. Measures could be sought to do this in the west of the region where activity rates are lower. However, where rates are already high in the east of the region there are fewer people to encourage back into the labour market. It would be interesting here to look at the potential impact of making the skills of older retired, particularly highly-skilled workers re-available to employers.

Focus on.....

Older Workers

The issue of the older person in the labour force is particularly relevant to the South West where there are a greater number of people in the older age brackets (see **Table 2**), and where economic activity rates amongst those aged over 50 vary from nearly 90% in Swindon to the down to 78% in Cornwall and 75% in Bournemouth. (see **Table 11**) At a time when companies are recording high levels of hard to fill and skill shortage job vacancies (as detailed later in this report), this is a potentially important pool of labour.

There is increasing anecdotal evidence to suggest that employers discriminate against older workers in anything but the lowest-earnings occupations once they have left the labour market, even following re-training. High profile recruitment campaigns by companies such as B&Q, the DIY store, targeted older workers to apply for work in which they would most probably not have experienced age discrimination in any event, in an industry offering relatively low rates of pay. Problems are more likely to arise for those made redundant from a middle-management position or skilled engineering post who retrain at great expense to be experts in ICT only to find that the best opportunities always go to the young 'whiz-kid'.

There is often little labour market value in older people investing in their own training, compared to the potential benefits available to younger workers. This group will have relatively little time to recoup the outlay in training costs, compared to younger workers. At the same time, this group are likely to have lower levels of educational qualifications than younger people and are also likely to have been the victim of skills based change that has occurred in the labour market over a period of time. In other words, the very group that is most likely to need to retrain has the least incentive to do so.

Older people do not seem to be taking advantage of training available to them whilst in employment. The Labour Force Survey indicates that a much smaller percentage of employees over 50 had participated in training in the previous 13 weeks, compared to those under 50. The South West Training & Enterprise Council survey *Perspectives on Individuals Learning & Employment* conducted just

prior to the establishment of Learning & Skills Councils, indicated that older people, perhaps well established with an employer, consider themselves to be in less need of ongoing training than younger workers. Findings from the research (available at www.southwestsurvey.com) concluded that workers aged over 50 were one of the groups least likely to undertake training. On a more positive note, however, the numbers of workers aged over 50 undertaking some form of training was increasing at a rate above the average and it could therefore be said that the gap in participation rates was closing slightly.

A report entitled *'Fit and Fifty'* was published by the Economic & Social Research Council (ESRC) in August 2000. The significant impact the over 50's have on the wealth of the nation was highlighted – they own about 80% of the country's asset wealth and are the group most likely to vote in general elections. The report also confronts the views some may have of the value of age in the workforce (some still consider older workers 'take' job opportunities from the young). It also looks at the attitudes and aspirations of those aged 50-59 – allying them more closely with those currently in their 30's and 40's than those aged over 60.

Point for discussion:

Why have an increasing number of older men 'dropped out' of the labour market?

The reduction in economic activity amongst older males has become a central issue for labour market policy makers at the beginning of the 21st century.

The reasons why older males are not working are numerous, and include:

- more people are retiring early and have access to private pension schemes
- early retirement policies enacted by firms wishing to shed labour and save on future pension costs
- a shift in the labour market profile within particular regions and the consequent rise in long term unemployment and long-term sickness amongst older males.

According to Disney in *'Why Have Older Men Stopped Working?'*, (The State of Working Britain 1998) the economic activity rate for 60-64 year olds fell from 80% to 50% in the last two decades of the last century, whilst the economic activity rate for 55-59 year olds fell from 90% to 75% over the same period.

By the mid 1990s around one quarter of 60-64 year old males and one fifth of 55-59 year old males were in receipt of Invalidity Benefit. Only one third of 60 year old males are in employment.

Disney suggests that it is misleading to suggest that the main reason for this decline in older workers' labour market participation is a decision by older workers to retire early. He suggests that the pattern is much more complex than this and often involves periods of unemployment followed by long term sickness and often subsequent low levels of income. The decision to leave the labour market is mainly "at the behest of employers rather than as the outcome of an individual decision-making process".

Furthermore older male workers who lose their jobs find it much harder to re-enter the labour market than their younger colleagues.

There may be:

- an age discrimination by employing organisations
- a lack of willingness on behalf of older people to accept lower paid employment
- a lack of willingness on behalf of both parties to invest in skills training

There is a strong argument to re-focus government-supported training towards older workers. Older workers (and particularly lower skilled older males) suffer particular labour market disadvantage and government intervention may be necessary to address this issue.

All of the above issues also contribute to the disincentives for employing organisations to invest in the training of older workers. The returns on any investment are likely to be lower than those for a younger employee.

This is clearly an issue in the national spotlight. The Joseph Rowntree Foundation (www.jrf.org.uk) has recently commissioned a number of studies into older workers and life after 50, due to report in 2002 and The Institute for Employment Studies (www.employment-studies.co.uk) too has undertaken work entitled 'The Fifties Revival!'

2. Qualifications of the actual and potential workforce

Key Issue:

How well qualified is the South West as a region?

2.1. Qualifications are frequently used as a proxy for skills, as this is the most effective method of analysis. However, there are always some dangers inherent in this method. For example there are many wealthy entrepreneurs and business managers without any paper qualifications, so to equate 'low qualifications' with 'low skills' may be necessary but its potential flaws must be recognized.

2.2. The South West is a generally well-qualified region, with the percentage of those with NVQ equivalent qualifications at all levels just above the national average (and consequently the percentage of those with no qualifications is below the national average).

2.3. **Table 12** and its attendant graphs give the most recent data on National Learning Targets available from the Department for Education & Skills (www.dfes.gov.uk). It shows that the South West as a whole compares favourably to the figures for other regions and England as a whole. In 2000 the South West had exceeded the target set for 19 and 21 year olds and was only just below the target set for levels 3 and 4 in the adult population.

2.4. **Table 13** shows different skills levels distributed across the region and compares the figures to the South West and national averages. Analysis is undertaken across all available areas (see individual worksheets) and the main points that emerge are as follows:

- The east of the region has a higher percentage of its working age population qualified to NVQ Level 4 or above. (Former Avon, Wiltshire & Swindon and Gloucestershire).
- The largest percentages of those qualified to Level 4 are seen in Bath & NE Somerset (32.5%) and Bristol (29.5%). This is particularly obvious in the age range 25-29 where in Bath almost 47% of the working age population is qualified to Level 4, some 16% points higher than the national average (31%).
- Level 4 qualifications are most likely amongst the older age groups in the South West. In the younger age groups figures are below the national average.

Point for discussion:

Does this suggest that many highly qualified young people leave the South West after completing their education? Are many of those currently resident with NVQ level 4+ either well-established returnees or those migrating in from other regions?

- The Bournemouth, Dorset and Poole and Devon & Cornwall LLSC areas are the least well qualified overall within the region.
- The percentage of those with trade apprenticeships is highest in Devon & Cornwall.
- Plymouth is identified as having the lowest percentage of its working age population educated to NVQ4+ (16.1%).
- Plymouth also has the highest percentage of those of working age without any type of qualification (16.9%).

3. Higher education

3.1. **Table 14** shows that 32,286 applications were made to UCAS from the South West region in 2000, over 8% of the United Kingdom total. Of the 12 regions, the South West has the 6th highest number of applicants. 46.49% were from men and 53.51% from women. This is line with the national average.

3.2. 79.76% of applications were successful, again in line with the national figure. The success rate was very slightly higher for men than for women, but women were more like to be accepted on degree courses than men, who in turn were more likely to undertake an HND course. The differences in figures however are very small and in all cases almost identical to national averages.

3.3. The University of the West of England, Bristol has the highest number of students enrolled in 2000, followed by the University of Plymouth (**Table 15**).

3.4. Subjects studied by more than 5,000 students include: science subjects, engineering, business and management studies, social studies, humanities, design and arts, education and computer software engineering.

3.5. It would be interesting to compare these figures with first destination statistics where available. This would indicate which colleges in which towns/cities are most likely to keep students in the area to work following graduation, and with qualifications in which subject areas.

3.6. UCAS calculates that 94% of applicants to all courses in the South West are from the UK.

Just over 2% are from the European Community. The largest group of those students applying from outside the EU is resident in the Far East.

3.7. The vast majority of applicants from all areas apply for degree courses. However, HND courses are most popular amongst applicants from the UK and Africa.

3.8. Of the UK applicants, the majority are resident in the South East or South West at the time of application.

4. Research and development

4.1. Institutions of Higher Education are frequently prime movers in the development of local skills specialties – particularly in the fields of science, medicine and electronics.

4.2. The University of Bristol attracts the most research income into the South West. Veterinary Science is a specialism at Bristol and accounts for 36.3% of the total for England and 16.5% of the UK total in that subject.

4.3. The University of Plymouth attracts the largest income in the fields of clinical medicine and earth, marine and environmental sciences. Science is again a major source of income for the University of Exeter and the University of Bath, where Engineering also features strongly. Education research is centred at the University of Exeter (Table 16).

5. Basic skills

5.1. Although the South West is a generally well qualified region, according to the Basic Skills Agency (www.basic-skills.co.uk) there are wards within individual local authorities which have particular difficulties in relation to the basic literacy and numeracy skills of their population. Basic Skills are defined as follows:

5.2. "The ability to read, write, and speak in English (or Welsh), and to use mathematics at a level necessary to function at work and in society in general".

5.3. Basic Skills Agency data shows that 24% of the population of England has low or very low levels of literacy and numeracy. Table 17 shows a regional comparison, and it is clear that the South West, along with the London, the South East, and Eastern regions, has a lower than average percentage of its population with poor basic skills. However Table 18 and Table 19 show that sub-regionally there is a wide variation in the level of skills reported. Local authorities in the east of the region generally exhibit lower percentages

of the population with poor skills. When looking at levels of literacy, areas in Devon and Cornwall have particularly high percentages, up to 5 percentage points higher than the national average.

5.4. Analysis of the data is available to ward level, and this has highlighted the difficulties in using BSA data at such a local level. There has been some debate about the size of the sample used in the research overall. Torrington District, for example, illustrates how the population figures within each ward can skew the results. Torrington does appear to have serious problems with basic literacy skills amongst its adult population. Of the 27 wards in the district only 3 have a population with poor literacy skills lower than the national average. Of the remaining 24 wards, 12 experience figures greater than 30%. However, the most seriously affected wards have very much the smallest populations – well under 1000 persons aged 16-60 – and it is likely that the way the figures have been calculated is unreliable at this level.

5.5. Another interesting set of figures to examine when considering basic skills is the data collected by DfES in relation to work-based training (WBT). Table 20 shows the percentage of those undertaking work-based training who consider themselves in need of basic literacy and numeracy support. The percentage of adults in WBT in the South West considering themselves to need help with literacy and numeracy is below the national average, second lowest of all regions. Additionally, there is very little demand for basic skills support amongst speakers of other languages in the South West, according to this data.

5.6. A report undertaken by SLIM on key issues relating to basic skills data in the South West is available as Appendix 2. A full discussion of issues relating to basic skills in the workplace, and research briefs on the topic is available at www.swslim.org.uk.

Focus on.....

The relationship between employment deprivation and educational deprivation in the South West
There is considerable interest about the relationship between education/skills disadvantage and its relationship with employment and income disadvantage both regionally and nationally.

Current policy rests on the close relationship between the two and an assumption that the improvement in education and skills within a locality will improve employment prospects in that area.

Much of the work that has previously been done

shows that, in a general sense, those people with higher levels of qualifications are most likely to have a strong attachment to the labour market, whilst those people with low educational attainment are likely to have a weak attachment to the labour market.

It is possible to look at the relationship between employment and education in very local areas by using the Index of Multiple Deprivation 2000. The IMD 2000 ranks all the wards in England by six different domains, including employment deprivation and educational deprivation. It could reasonably be assumed that those wards that showed a high level of educational disadvantage would also show a high level of employment disadvantage, if the relationship between the two is as strong as is currently assumed.

However, an analysis of the IMD 2000 shows that this is not necessarily the case. Some areas in the region have a high level of employment deprivation and a low level of educational deprivation, whilst in other areas the reverse is the case.

There are 1,147 wards in the region. If the relationship between skills and employment is a strong one in the region it would be reasonable to expect that the ranking of the two separate domains would be similar. As part of this project work was undertaken to highlight any local wards in which there was a 10% variation in the ranks between the two different domains. Analysis shows that in fact only 312 wards do not have as much as a 10% variation. The remainder are ranked either significantly higher by employment deprivation or significantly higher by educational deprivation, suggesting that the relationship between education and employment at local area level is quite weak.

Employment deprivation and higher levels of educational attainment

The wards that exhibit the most extreme example of high levels of employment deprivation combined with high levels of educational attainment, are:

St Erth & St Hilary (Penwith)	
Liskeard South (Caradon)	Arwenack (Carrick)
St Ives (Caradon)	St German (Caradon)
Helsdon South (Kerrier)	Stithians (Kerrier)

Many of the most employment deprived wards in the region are far from being deprived in terms of education and skills, according to the Index. For example, Penzance East is the second most employment deprived ward in the region, but only the 632nd (out of 1,147 wards) most educationally deprived ward. Penzance West is ranked as the fifth

most deprived ward in terms of employment, but 881st by the education/skills domain.

A list of other wards in which the difference is equally strong can be viewed in [Appendix 3](#).

All of the wards listed are amongst the worst 20% most employment deprived in the region, but cannot be described as being educationally or skills deprived. Indeed, according to the ILD2000 some of the people living in these wards are amongst the most highly educated in the South West. St Ives, for example, is ranked as the 7th most educated ward in the region.

The districts that have most wards with high levels of education, but low levels of employment are as follows:

Carrick (10 wards)	Caradon (9 wards)
Kerrier (6 wards)	North Cornwall (6 wards)
Penwith (7 wards)	South Hams (9 wards)
West Dorset (7 wards)	

It is unlikely, therefore, that a lack of skills and education is the main barrier to employment for people living in these areas, and a strategy to increase employability must consider this.

Education deprivation with high employment levels

In other parts of the region, there is a high level of employment, co-existing with low levels of educational attainment. In such areas, it may be more difficult to promote labour market advantage as a key selling point for life-long learning. A different strategy is also likely to be required, and workforce development issues become much more important in these areas.

Wards in which this phenomenon appears to exist most acutely are listed [Appendix 4](#).

Particular examples include Bulford (Salisbury) which is the fourth least employment deprived ward in the whole region; despite being in the 20% most education deprived wards in the South West. Blunsden (Swindon) is the 38th least employment deprived ward in the region, but is ranked as the 130th most deprived ward in the region by the education domain.

Employment AND Education Deprivation

The areas in which the promotion of learning for employability is most likely to have an impact might be those in which the relationship between employment deprivation and educational deprivation is strongest and where the level of employment deprivation is high.

The full list of wards in the South West where this link appears strongest is available in [Appendix 5](#).

All these areas are within the worst 20% of wards in both the employment and educational deprivation domains.

Of course, this is a very localised analysis. An analysis of income deprivation with educational deprivation may show a slightly different picture to that which is shown by the relationship between education and employment. Equally, an analysis of income deprivation with employment deprivation may expose areas in which people are less dependent upon employment for their income.

There are of course, limitations in the use of the data in this way, and this analysis was undertaken to highlight alternative ways of examining and interpreting local area deprivation statistics to inform strategy development.

6. Adult Education

Key Issue:

Adult education – who participates? What are the regional variations in learning patterns? Are people in some parts of the region more/less likely to be training/have trained in the recent past? Does this vary by age or gender for example?

6.1. There are numerous facets to 'adult education'. Examining the DFES website at www.dfes.gov.uk one finds 21 different web sites offering access to information for 'adult learners'. These include New Deal, learndirect, University for Industry, Lifelong Learning and the Get On campaign. However, reliable and useful statistics relating to participation at a local level are not so easy to access.

6.2. [Table 21](#) shows the most recent data from the Local Labour Force Survey. It examines participation in 'taught' (including work-based) and 'non-taught' (self-directed) adult learning (in the 4 weeks prior to survey) and the numbers undertaking no learning of either kind. The data can be looked at by gender, age and ethnicity, but the figures are sometimes suppressed for reliability at LSC level.

6.3. In general terms, the table shows that the population of the South West region is slightly less likely to participate in taught adult learning. Figures for Avon, Somerset and Wiltshire & Swindon are particularly low. In contrast, the Devon & Cornwall area exhibits percentages consistently above the national figures, most notably amongst working-age females. Non-taught adult learning (i.e. learning that

is self-directed and subject to a very broad definition) is popular across the region, with percentages well above the national average. Interestingly, rates are particularly high in Avon where participation in taught learning is lowest.

6.4. Those figures are supported by those in [Table 22](#), showing Adult Education enrolment rates in Local Education Authorities within the region. The South West has the highest enrolment rate of all the English regions. However, within the South West itself, there are wide variations in the percentage of population engaging in adult education. The population of the Isles of Scilly being relatively small may skew the results, but six other LEA's have an enrolment figure above 4%, and a further two above 3% (the England average is 2.7%).

6.5. Plymouth, Devon and Dorset exhibit higher rates of participation in taught adult learning according to the LLFS, figures reflected here too, where the same areas have enrolment rates well above the England average.

6.6. The low figures in Bath & NE Somerset and Wiltshire correlate with the figures relating to participation in adult learning from the LLFS, showing that same areas with a low rate of participation in taught adult learning.

Point for discussion:

Is there a resistance to the formality of taught programmes to the east of the region suggesting a pursuit of academic knowledge for pleasure rather than for vocational reasons? Are there fewer courses on offer or are they not appealing to the local population?

6.7. Adult education has in the past been aimed at middle class women in more affluent areas to occupy leisure time. This report does not have within its remit a detailed examination of the courses offered by each LEA. The argument with the future funding of adult education is whether it should be focused towards employment including raising the levels of basic skills. The Learning & Skills Council have the latter approach at the top of their agenda but in some areas of the country this view clashes with the local LEA view.

7. Participation amongst disadvantaged groups

Key Issue:

Inclusive participation in adult education - can we examine the hypothesis that those who need it the most access/participate it least?

7.1. When looking at potentially disadvantaged groups, it is difficult to get any figures at anything lower than regional level and then data on ethnic minority participation and participation by those with a disability is weak, with full results only when taught and non-taught learning are combined. However, **Graph 2** and **Graph 3** illustrates that figures for those 'with no adult learning' show that those in the South West with a disability are considerably more likely to be engaged in some form of learning than the Great Britain average. Figures for the 'non-white' population are still not available for males, but again the data available indicates that in the South West participation is higher than the national average.

Focus on.....

Ethnic Minority Participation

In October 2000 *Minority Ethnic Participation and Achievements in Education, Training and the Labour Market* (Owen et al) was published. The report was commissioned by DfEE and is published as a research report available in full at: www.dfes.gov.uk

The work aimed to become a 'benchmark' for future studies, and its main findings were as follows:

- There is no uniformity of experience amongst ethnic groups. Some have made good progress in both educational attainment and the labour market. Other groups still experience considerable disadvantage.
- At GCSE, more pupils from Indian or 'other' ethnic groups achieve five or more passes at A* to C than their white counterparts.
- When considering Adult National Learning Targets, all minority ethnic groups (apart from the Pakistani and Bangladeshi communities) exceed the achievements of white people.
- Demographic projections suggest that those from minority ethnic groups will account for more than 50% of the growth in the working age population over the next 10 years.
- The economic activity rate for males in the 45-64 age range is only 62% amongst the Pakistani community and 40% for those from Bangladesh. This compares to an economic activity rate of 78% amongst white males in that age group.
- Outside London, women from the Chinese and 'Other' ethnic groupings have a higher income than white women. Unemployment is highest for Bangladeshi, Pakistani and Black African people – almost twice the rate for white people. Unemployment is relatively low in the Indian and Chinese communities.

- Analysis of the New Deal programme suggests that Bangladeshi participants benefit most from the scheme.

Pre-16 Education (Compulsory)

The data utilised in the report suggests that socio-economic disadvantage is a key factor in the results a young person taking GCSE's can expect. 69% of students who have a father in an occupation that can be classified as 'managerial' or 'professional' gain 5 GCSE's at grades A* to C. This is in stark contrast to those with fathers in a 'manual' occupation, only 36% of whom got the same results. Evidence indicates that pupils from ethnic minority groups are more likely to come from a family experiencing low income and socio-economic disadvantage. This has serious implications for urban, particularly inner-city areas with a large minority ethnic population, such as Bristol.

Further Education

In the field of further and higher education, it is clear from the research that the majority of students attending 'Post 92' universities (previously polytechnics) are more likely to be from a minority ethnic background, most particularly Black-African. (68.6% compared to 37.7% from white groups). Black students are also more likely to be over the age of 21 i.e. 'mature' (Only 20% are aged less than 21 compared to nearly 50% of white students).

These findings need to be examined alongside the work published in 1998 by Susan Scott of the Commission for Racial Equality and Richard Kwiatkowski of the University of East London. A survey of the biggest graduate recruiters in the United Kingdom, eleven of which could be described as 'blue chip' was undertaken. All were apparently committed to equal opportunities, and no 'deliberate or direct' discrimination was uncovered. However it appears that the recruitment and selection policies adopted indirectly discriminated against black and African Caribbean applicants, as anyone applying from a Post '92 university had much reduced chances of success. Opportunities for those from a minority ethnic background were further reduced when findings suggested that mature students also experienced difficulties in obtaining graduate employment.

Overall, African Caribbean applicants were only half as likely to be successful as those from the Indian community. Chinese graduates had a better success rate than white candidates.

The Labour Market

The DfEE research also highlighted the differences experienced by ethnic groups in the labour market. White groups are more likely to be economically active, with 85% of white men aged 16-64 actively participating in the labour market. This compares to 77% of all ethnic minority groups. When examining female patterns of employment, the difference is more marked still – 74% of white women are economically active compared to only 56% of women from ethnic minorities.

Most interesting was the analysis of minority ethnic employment by industry sector. The service sector industries are the main sources of employment for ethnic minority groups, particularly distribution (including restaurants and the retail trade) in which Bangladeshi and Chinese men are over-represented. (70% and 58% compared to 17% of white and 19% of black men).

Only a very few industries provide employment opportunities for women. These are public administration, education and health, as well as banking finance and insurance. 55% of Black-Caribbean and 47% of Black-African women work in public sector services.

8. Young people's participation in education and training

8.1. **Table 23** shows the destination of Year 11 students in the South West in 2000, by Careers Service area boundary. Categories include full time education, government supported training, employment, employment with training, and 'not settled' (i.e. potentially unemployed).

8.2. The main points to highlight are as follows:

- The highest percentage of pupils remaining in full-time education is found in the Careers Service West area (74.6%). The lowest is found in Somerset (71.1%). However, as a total, Somerset has the second highest percentage of its young people in some form of education or training.
- Somerset exhibits the highest percentage of Year 11 pupils moving into government supported training (10.7%). The lowest percentage in this category is found in Wiltshire at just 4.9%.
- The proportion of Year 11 moving directly into non-government supported employment is highest in Wiltshire at 13.2%. Cornwall & Devon has the lowest percentage (7.4%).

- The highest percentage of young people not working or continuing in full time education (i.e. potentially unemployed) is found in Dorset, where the figure is 7% compared to a South West regional average of 4.5%. In Wiltshire the proportion is just 2.7%.

8.3. A point of concern however is the data relating to achievement age 16-19. **Table 24** details South West school performance post-16 based on the combined A/AS level and Advanced GNVQ scores of pupils entered for the examinations.

8.4. Although students in Bournemouth achieved the best results (21 points per student, scoring 3.6 points more than the England average of 17.4.) and Gloucester, Somerset and Torbay also achieved results well above the England average, students in 9 out of the 16 LEA's achieved average points scores lower than that for England as a whole.

9. Educational attainment pre-16

9.1. At this point it is relevant to examine whether this relatively low educational attainment is in evidence at an earlier stage. **Table 25** shows achievements at GCSE in the South West. It is clear that with an average of just 31.8% (more than 18 percentage points lower than the national average) of pupils achieving 5 or more GCSE's at Grade A*-C, the City of Bristol has by far the worst results of any LEA in the South West region. Swindon, with 44.5% of pupils achieving 5 A-C grades also has results significantly below the national average (50%).

9.2. This evidence can be examined alongside Key Stage 3 results (age 14) where it is clear that it is poor performance of boys in English subjects that should cause the greatest concern. (**Table 26**) Poor Literacy skills would affect a young person's ability to do well in many other GCSE subjects where the writing of an essay is a key component of the course work and exam. However, at Key Stage 3 the number of students achieving at least Level 5 is consistently above the national average.

Point for discussion:

What happens between Key Stage 3 and GCSE level education that increases the likelihood of pupils in the South West failing to reach their potential in terms of exam results?

10. Workplace & job-related training

10.1. When looking at the availability of and participation in workplace training, it is useful to consider how far the skills and qualifications in the available workforce can impact on the productivity of an individual business or on the region or sub-region.

10.2. If the working population has good basic skills in literacy and numeracy (see earlier discussion) then an area is more likely to be competitive. However, providing basic skills training for an individual or group of individuals in need is likely to have a more significant impact on the life of the individual rather than on the overall productivity of businesses in a region. It is high level and entrepreneurial skills that generate wealth in an economy, therefore investment in developing those particular skills is more likely to show an economic (rather than a social) impact.

10.3. In any event, workplace training, whether specifically job-related or not, has a significant contribution to make to increased participation and raising attainment levels.

10.4. The recently published DfES report *Learning and Training at Work 2001* by David Spilsbury (available to download either in full or as an executive summary at: www.dfes.gov.uk) contains much interesting data, although it is only available at a national level. Main findings include:

- The provision (within the 12 months before date of survey) of job-related training by employers had declined over the year since the previous report from 92% to 88%
- However, overall the percentage of workers receiving training has increased from 27% to 28%.
- The amount of training per employee had increased from 1.7 days in 2000 to 2.3 days in 2001.
- 28% of employers are recognised as an Investor in People and 49% had a formal training plan.
- 51% of employers had linked with external organisations to offer training opportunities to employees.

10.5. In January 2002, DfES with IFF Research Ltd published results from the 2001 Employers Skill Survey by Local Learning & Skills Council area. Sample sizes are, on the whole, small but where data is available can be a useful indicator of current employer attitudes to skills and training issues. The full report is available as **Appendix 6**, but for the purposes of this section it is most useful to look at employers' attitudes to training as identified by the survey.

10.6. **Table 27** and **Table 28** detail the steps taken by employers to manage skill shortage and hard to fill vacancies, and it is clear that increased job related training is a preferred option for many responding employers. However, the results are not always clear cut, and training is clearly seen as part of an overall package of measures to deal with recruitment problems. When looking at the actions taken by employers to deal with internal skill gaps (**Table 29**) training is the primary method of addressing need in all areas in the South West. Additionally, an increase in trainee programmes is considered an option by approximately one third of employers.

11. The LLFS and job-related training

11.1. Analysis of the Local Labour Force Survey 2000/01 shows that on average, employees within the South West Region are more likely to have undertaken job related training within the last 4 weeks than employees in Great Britain as a whole. Men employed within the South West have particularly high levels of work related training - in 6 out of the 10 categories the region has the highest rate of participation of all 10 regions within Great Britain.

11.2. **Table 30** and the graphs attached offer data in full at regional, LSC, Learning Partnership, unitary and county and local authority area. At the most local level many figures become statistically unreliable. However, much analysis is possible, with key points as follows:

- Those working in the LSC area covering Former Avon are most likely to have undertaken recent work related training. That area has the highest rate of participation across all categories.
- By contrast, men in Somerset are least likely to have undertaken such recent training with percentages consistently below national levels.
- For women, training is least likely in the Bournemouth Dorset & Poole area where figures are again below the Great Britain average across all categories.
- Interestingly, although analysis at LSC level shows that Somerset is the area undertaking least training, when the data available at unitary authority level is examined the clearest 'hotspot' for low rates of participation in work related training is Poole, where the only category (of the 15) with a figure above the national average is that relating to professional males.
- Manager and professional staff are more likely to undertake job related training than other staff in service industries.

Chapter 5

Deficiency & Imbalance in the Labour Market

1. Introduction

1.1. There is a wide variety of data that can be examined to assess the possible 'mismatch' between skills demand and supply in the South West. Growing wage differential is a possible indicator of demand growing faster than supply, as is the expected returns to vocational and academic qualifications. Unemployment, particularly long-term can indicate the types of skills that are over-supplied, or out-dated in a local economy. Examination of data from Employer surveys, identifying the level of skill shortage and hard to fill vacancies and the potential reasons for those vacancies, beside evidence of the steps employers are currently taking to address the skill needs of potential new recruits and current staff can offer an interesting picture for a consideration of workforce development programmes.

2. Average earnings

2.1. **Table 31** shows the New Earnings Survey (NES) data for the South West by local authority area, with a national comparison.

2.2. The average gross weekly earnings in the South West are significantly lower than the national average. At £408.50 this equates to an annual gross income of £21,242 compared to £444.30 per week or £23,106 per annum nationally.

2.3. Only 4 local authority areas exhibit average earnings above the figure for Great Britain (but caution must be used as the sample size is small at local level and some figures become unavailable) and they are all to the east of the region - South Gloucestershire (£459.90), Cheltenham (£466.90) Swindon (£489.20) and Poole (£448.50). The far west of the region attracts the lowest average earnings. The average for Cornwall is just £334.20 per week or £17,348 per annum. More than 34% of employees in Cornwall earn less than £250 per week (£13,000 per annum) compared to 20.5% nationally.

2.4. The reasons for this disparity in earnings across the region are varied, but a main factor must be the predominance of high-tech, high-value added industry to the east of the region, and the importance of the generally less well paid seasonal service sector employment to the west.

2.5. Workers in the South West also work longer hours (including overtime) than the national figure (39.8 hours per week). The difference is most marked in East Dorset, Teignbridge and the Forest of Dean where the average employee works in excess of 41 hours per week including overtime.

Focus on.....

Regional differences in the cost of living
Table 32 looks at the 26 local authorities in the South West for which figures from the New Earnings Survey are available.

It ranks the following:

1. The rank of average weekly earnings according to the New Earnings Survey 2001 (NES)
2. The rank of high earners and the rank of low earners according to the NES
3. The rank of the ratios between high earners and low earners to measure comparative local earnings inequalities
4. The rank of average house prices using Land Registry quarterly figures
5. The rank of the ratio between average earnings and average house prices
6. The rank of the ratio between low earners and average house prices
7. The rank of the ratio between high earners and average house prices

The table shows the following:

Average house prices are highest in East Dorset at £171,720, lowest in Plymouth at £77,123.

Average earnings are highest in Swindon, at £25,508 per annum, lowest in Carrick at £17,294 per annum.

When examining the highest earnings in an area, Swindon is top of the table with £42,589. By contrast, a high income in Mid Devon is just £24,672.

The lowest annual income is experienced by employees in Carrick at £9,162. In Swindon, the lowest income is £12,365 per annum.

The ratio between high and low earners in the region is greatest in Stroud at 3.95 (highest £42,045, lowest £10,636). The difference is smallest

(2.37) in Mid Devon where high earners gross £24,672 and low earners £10,391 per annum.

Interestingly, the South West is one of the most 'equal' regions in terms of high and low earnings, most particularly to the west of the region. 11 of the 26 areas listed are in the 25% most equal in England, and only 5 are in the 25% least equal. Of the 255 wards in England for which figures are available, the two local authority areas exhibiting the lowest high/low earnings ratios (and therefore potentially the most 'equal') are Sedgmoor (Somerset) and Mid Devon. However, it should be noted that the equality does not emerge through the higher earnings of the lowest paid - it arises through the low earnings of the highest paid. When the local authority areas above are compared to others in the English regions, Mid Devon actually has the lowest paid 'high earners'. Where high earners in Reading for example can expect to earn nearly £50,000 per annum, those in Mid Devon earn half that amount. The highest earners are predictably based in London.

However, it is not necessarily the level of earnings that determines an economic quality of life or cost of living. Housing costs are a major component of every household budget. Work undertaken for this project has examined not only the ratio between highest and lowest earnings, but also the ratio between highest and lowest earnings and average house prices. Analysis indicates the following:

Overall, Kerrier appears to be the most expensive area within which to live, as with an average income of £17,852 one earner would require more than 9 times that figure to meet the average house price of £171,317.

The lowest earners in Kerrier would require 17 times their annual income to purchase the average house.

Plymouth has the lowest house price to earnings ratio; one earner on the average annual income of £20,475 would need less than 4 times that figure to buy the average house at £77,123.

The lowest earners in Plymouth require just over 7 times their income of £10,375 to buy the same property.

What is perhaps most significant and of greatest interest to those developing policy and strategy in the South West is the fact that the areas where people tend to earn the lowest average annual wages are areas with the highest property prices.

Point for discussion:

As high earnings are difficult to come by in the west of the region, do the highest skilled migrate to the east of the region where incomes are higher and house prices cheaper? Should action be taken to raise skills levels and incomes in the west of the region to meet housing costs, or does it require a policy of restricting the number of people retiring to the area from the Home Counties with equity to push house prices beyond the reach of local people?

3. The returns to qualifications

3.1. Unfortunately there is no region-specific research available, but the Skills Task Force Research Paper 20 (SKT27) The Returns to Academic, Vocational and Basic Skills in Britain undertakes some detailed analysis at a national level and there is no reason to suspect that the rates of return to particular levels of qualification would be exceptional in the South West region. The full report is available to download in Word format from the Skillsbase website at: www.skillsbase.dfes.gov.uk

3.2. The research paper looks at the impact of each qualification held on an individual's earnings, unlike other work which has simply taken the highest qualification held as a marker. It also examines whether the average rate of return to a student of a particular level of qualification is affected by the route that student takes to acquire the qualification – that is whether there is any difference in the earning potential between those taking the traditional route to a degree immediately following leaving school with A levels and the mature student who enters FE with no higher level qualifications.

3.3. The reports key findings were as follows:

- Returns to academic qualifications are higher than returns to vocational qualifications at the same level.
- The gap between returns to the two different types of qualifications closes significantly when the time taken to obtain the qualification is taken into account – vocational qualifications generally taking a shorter time to complete.
- Women on average gain a higher return to academic qualifications, such as a degree, than men.
- When looking at vocational qualifications, returns vary according to gender and course studied. Men will gain more from HNC/HND, ONC/OND and higher level City & Guilds, whereas women gain the highest returns from teaching and nursing.

3.4. The actual returns to the achievement of particular levels of qualification were as follows:

4. Returns to academic qualifications

	Men	Women
O level/GCSE	12-21%	10-19%
A level	add 12%	add 18-23%
Degree	add 10-28%	add 21-26%

5. Vocational qualifications

5.1. The economic returns on the lower level NVQ and City & Guilds qualifications were not significant. This is not to say that taking these qualifications was of little immediate financial benefit. The lower level qualifications can be viewed as a stepping stone or confidence building exercise towards those at a higher level.

- NVQ levels 3-5 can produce a 6-9% return for men, although only 1-5% for women.
- City & Guilds Craft and Advanced yield a return of between 4 and 10% for men, but there is no discernable economic benefit to those qualifications for women.
- ONC/OND for men is worth an extra 7-12% and around 8% for women.
- HNC/HND qualifications offer the possibility of a 6-22% return for men with a smaller range – 3-12% – for women.
- Nursing (16-30%) and teaching (18-28%) have positive returns for women.
- Professional qualifications offer the greatest potential rewards, in the range 16-35% for men and 20-40% for women.

6. Returns to basic skills acquisition – Literacy & numeracy

6.1. SKTRP27 also looks at the benefits accruing from the acquisition of better basic skills. The report lists the following as its key findings:

- Approximately 80% of English adults have level 1 literacy skills and 60% have level 1 numeracy skills. The Moser Report (DfEE 1999) recommends targets of 90% and 70% by 2010.
- There was a significant effect on potential earnings from the acquisition of even entry level numeracy skills, and more so for level 1.
- Data suggests there is a similar premium attached to literacy skills (although the report points out that the data available is less clear cut).
- There was recognition that the focus on economic benefits ignores the benefits to society and the individual of increasing basic skills.

6.2. The best local data available to look specifically at the issue of returns to qualifications is detailed in **Table 33** and the graph attached.

6.3. It is clear (and predictable) from the graph that the higher salaries are paid in traditionally higher skilled occupations.

6.4. Although wages are lower for women across all occupational groups, it is in the professional occupations that they are likely to earn the highest salary. Men find greater returns in managerial positions, which need not be the exclusive domain of those with higher formal qualifications. It seems likely that the entrepreneurial male is still more highly rewarded than a woman in a similar position of responsibility.

6.5. It is certainly worth noting that, according to the National Skills Task Force, at every level above level 3 females gain financially to a greater extent than males. At a further education level, this has some gender significance. The high staying-on rates and achievement rates amongst females have some rationale.

6.6. **Table 14** reinforces this, showing as it does that more women than men apply and are accepted for degree courses in the South West, although a slightly higher number of men take the more vocational HND courses.

6.7. There is a greater incentive for females to continue to study academic subjects than there is for males. The issue of status of different qualification types then becomes an interesting one in terms of gender participation and the school based vocational curriculum.

7. Unemployment

7.1. Unemployment is not as simple a matter as simply counting the number of people without work at any given point in time. There are different types of unemployment and it is measured in different ways offering different results.

7.2. Supply side implications - The structure of the South West economy is such that seasonal unemployment is a concern. Coastal regions employ a greater number of people within the summer months, laying them off in the winter, whereas the converse is true in urban areas. Fortunately, although there has been a decrease in the number of jobs within individual sectors, the South West has not suffered from structural unemployment in a similar way to other more industrialized regions.

7.3. Demand side – the loss of employment due to the introduction of new technology or new managerial processes can make certain available skills outdated. This is not to decry technological advances – the development of high-tech high value added industry in the eastern part of the South West region has increased production and employment and the need for new skills. However, the lowest skilled workers are disproportionately vulnerable to long-term unemployment should their skill needs not be met.

7.4. The South West *Objective 3 Regional Development Plan*, available at: www.gosw.gov.uk, includes a very detailed analysis of unemployment in the South West, and much more data has been gathered and analysed than was within the remit of this report. The key points can however, be summarised as follows:

- Between 1996 and 2001 the number of unemployed in the South West fell from 168,000 to 51,000 – a 70% fall, higher than the national figure of 58%.
- Overall 26% of unemployment in the region is within the Devon county area. However, all sub-regions have experienced dramatic falls over the past 5 years.
- Cornwall is the only county within the region with a claimant count unemployment rate above 3%.
- The lowest unemployment rates are to be found to the east of the region – the figure is as low as 0.7% in North Dorset.
- Predictably, the greatest number of unemployed are found within urban areas such as Bristol and Plymouth, which account for 13% and 8% of the total South West unemployment respectively.

7.5. At this time of strong employment growth it should be of concern to policy makers that there remains a number of long-term unemployed for whom the labour market currently has nothing to offer.

Key Issue:

What is the composition of unemployment in the South West? How does it vary by age and gender and sub-region, with particular reference to the length of time spent unemployed?

7.6. **Table 34** is reproduced from the Objective 3 RDP and offers the following summary of unemployment by sub-region, gender age and duration.

The West of England

- Largest labour force in SW
- Low overall unemployment rate concealing concentrations in urban areas such as Bristol
- Unemployment is predominantly young, (under 25) male and short-term (less than 3 months)

Devon

- Second largest labour force
- Relatively high overall unemployment rate of 2.6%
- Unemployment again is predominantly young, male and short term.
- The unemployment is concentrated in urban areas (such as Torbay) rather than rural.

Bournemouth Dorset & Poole

- Low unemployment rate of 1.5%
- The share of male unemployment is the highest in the region
- That male unemployment also tends to be older – 21.4% are over 50

Wiltshire & Swindon

- Unemployment is the lowest in the region
- The share of female unemployment is highest in the region
- Long-term unemployment is the lowest in the region at 9% (12 months +)

Gloucestershire

- A relatively high percentage of the 2.2% unemployed are young females
- Highest share of long-term unemployment – 20% have been looking for work for more than 12 months

Somerset

- Smallest sub-region with a workforce of 230,000
- Unemployment is low at 1.9%
- This area appears to have the highest proportion of older long term unemployed in the South West

7.7. The data utilised in the Objective 3 RDP was from 2000. Although it does not allow such detailed examination of age and duration, **Table 35** shows claimant count unemployment in February 2002. It does give an up to date picture of long-term unemployment within the region however, and it is clear that in general terms long-term unemployment in the South West is lower than the national average. However, with levels of long-term unemployment still in double figures, and increasing in terms of percentage of overall unemployment, this indicates structural deficiencies in the labour market.

Key Issue:

What is the potential social impact of long-term worklessness and a change in the working structure of households in the South West?

7.8. Changes in employment patterns and in household structures have contributed to a split in the labour market, where some households are multi-earning households, whilst others have no-one in work at all. The following facts are significant:

- By 1998 17.9% of working age households had no-one in work, compared to 6.5% in 1975.
- Nearly 20% of children were living in households with no-one in work, compared to 4% in the mid-1970s.
- In 1996, the UK had the fourth highest workless household rate amongst OECD countries and the highest workless household rate for households with children; this was despite a relatively high employment rate and low unemployment rate.

7.9. The increase can be accounted for in a number of ways:

- changing household structures (which apparently account for around one third of the increase),
- changing labour market participation,
- increases in flexible working patterns, and
- skills change, which has contributed to the marginalisation of the lower skilled.

7.10. The growth in female employment has largely benefited well-qualified women. Research indicates that females in the labour market are less likely to be from households in which their partner is not in work. The result of this is that whilst employment is as plentiful as it was in the 1970s, it is concentrated in a narrower range of households.

7.11. The South West region has not been as badly affected by the rise in workless households as many other regions in the UK. The workless household rate in the South West rose from 9.1% in 1979 to 13.9% in 1998. The worst affected areas have been those that have previously relied on males working in heavy industry. In South Yorkshire, for example, the rate rose from 7.5% to 23.6% over this period and in Tyne and Wear it rose from 10.9% to 26.2%.

7.12. This issue skews the social context of unemployment, when compared internationally. Although the unemployment rate in Spain is significantly higher than in the UK for example, there is less household worklessness.

7.13. Gregg, Hansen and Wadsworth in *The State of Working Britain* have analysed the financial incentives to entering employment for different groups. Their analysis shows that women without partners, female lone parents and single women are likely to gain significantly less from re-entering employment than single females who are living with their parents and females with working partners. The same pattern emerges for males.

7.14. It needs to be fully acknowledged that lower paid employment can be more easily accessed by those who have the support of another income. The over-focus on individual opportunity at the expense of household units has, in the past, been a major oversight in policy development.

7.15. This disincentive effect needs to be considered alongside the social networking factors that enable those people from work rich households to access work much more easily than those from non-working households, who are more often denied access to in-work networks.

8. Skill shortages, vacancies and gaps

8.1. The Employer Skill Survey (ESS) 2001 was undertaken by the IER and IFF Research for DfES, as a follow up to the original large scale survey undertaken in 1999. National and regional data is now available from the DfEE website at www.skillsbase.dfee.gov.uk. There are a number of tables relating to employer difficulties with recruitment to certain posts, the skills needed to fill those vacancies and the steps currently taken to address these skill needs. Similarly, there is an examination of skill gaps, that is the identified divergence between the skills of the current workforce and the actual needs of the company in terms of its business need.

8.2. Summarised below are the key issues for employers identified at a national level, and then at a regional level. It must be borne in mind, however, that although DfES make the data available at the level of Local Learning & Skill Council, the sample size is small and the data should be treated with caution. An Excel spreadsheet offering tables relating to all the main questions analysed at such a local level is available as **Appendix 7**. It can be seen from those tables that the number of employing organisations responding in each area is low, with some data suppressed for statistical unreliability.

9. The National picture

- Skill shortage vacancies affect approximately 4% of employers with concentrations in particular sectors.
- The sectors most seriously affected are manufacturing, construction, wholesale/retail, social care and health. The sector most seriously affected, however, is Business Services.
- 40% of the vacancies are concentrated in establishments employing fewer than 5 people.
- Three occupational groupings (SOC 2000) account for more than 50% of the vacancies – professional, associate professional and craft.
- The most sought after skills are advanced information technology and technical/practical skills (not IT).
- The South West is one of the areas in which skill shortage vacancies are concentrated, along with London, the South East and East where there is a strong relationship between the number of vacancies and areas with high levels of employment and faster rates of jobs growth.
- Skill gaps affect approximately 7% of establishments, particularly prevalent in manufacturing and hospitality. These gaps can act as a significant brake on increased levels of productivity, as can latent skill gaps – those that may develop if the establishment improved its performance in comparison to its competitors.

10. The South West region

Key Issue:

What is the actual or potential impact of skills shortages/gaps on the regional economy?

10.1. In order to assess the impact of skills shortages and gaps on the local economy an assessment of the overall benefit of investment in certain skill levels needs to be undertaken.

- Should investment in high level skills be a regional priority in order to improve the competitiveness of the region as a whole?

Or..

- Does increasing the overall basic skill levels of the workforce generate sufficient growth to justify the expenditure necessary to engage disadvantaged groups in the learning process?
- Does the social benefit attached to the raising of basic skills in an individual contribute to the equation?

10.2. There does not appear to be any local research into this issue and it would be useful.

10.3. Skill gaps can seriously hinder organisational performance. Customer service can suffer; competitors gain advantage in the market as delays in developing new product lines occur through lack of trained staff. It is not only producer services that can be affected – the Employer Skills Survey indicates that public sector organisations also experience serious difficulties.

10.4. It must be borne in mind, however, that a company or organisation having difficulties recruiting the right staff may not be able to attribute it to any factor relating to skills. Apart from pay and conditions, the location of the workplace and availability of transport can have a significant impact on the desirability or otherwise of a particular job. In the *Employer Skill Survey 2001*, data from the Dorset LLSC area suggested that a high percentage of the employing organisations felt that their location created difficulties when recruiting staff.

10.5. Levels of Hard to Fill and Skill Shortage vacancies are higher to the east of the region, with Gloucestershire reporting the greatest number and highest percentage of such vacancies. 50% of all vacancies in that area are described by employers as 'skills shortage', numbering approximately 9,669 jobs. Dorset and Wiltshire are also seriously affected.

10.6. When asked the causes of skills shortages, more than 80% of respondents in the South West cite 'low number of applicants with skills', which although it appears to state the obvious, is interesting when compared to the far fewer establishments stating 'lack of qualifications' or 'lack of work experience' as a major factor. What 'skills' are being referred to here, if not formal qualifications or a familiarity with a similar working environment?

10.7. Other key points to emerge from the survey at local level include:

- Hard to Fill vacancies require predominantly 'Other technical/practical' skills. These skills are not specifically defined in available data, but generally the term excludes basic computing and advanced IT skills.
- The only area which does not report this as the most sought after skill is Dorset, where the lack of company or job specific skills contributes to 42% of the vacancies.
- Manufacturing and Construction industries in Dorset and Gloucestershire appear to have the most serious internal skill gaps.

- When looking at the size of the establishments it is the largest employers that experience the greatest difficulty with skill gaps.
- Internal skill gaps occur across all occupations. However, in Devon & Cornwall skill gaps predominate in process, plant & machine operatives; in Somerset respondents report more gaps amongst sales and customer service staff; in Gloucestershire managers appear to need greater support; Dorset experiences skills gaps in elementary occupations; Wiltshire has a relatively even spread across most occupations, and like Somerset, Bristol appears to have a significant problem with skills of sales and customer service staff.
- Basic skills of literacy & numeracy are not in the greatest demand as the types of skills employers feel they need to develop in relation to internal skill gaps, although establishments in Gloucestershire report a significant level of such need.
- 'Communication' skills and 'Technical and practical' skills are in the greatest demand. It would be interesting to look closely at what the definition of these skills options includes.
- There are a wide variety of reasons why staff are not deemed fully proficient at the tasks involved in their work. Failure to train and develop staff features strongly however, and it could be argued that other highly rated reasons such as inability to cope with change and poor labour retention can be attributed at least in part to that failure to develop and train staff.
- The most usual response to internal skill gaps is to provide further training. 82% of responding establishments in Wiltshire stated that this was a key policy. Similarly increasing trainee opportunities is a popular (and cost-efficient) way of dealing with skill gaps in the workforce, as is a change in working practices.

Point for Discussion:

Changing working practices is an interesting option - exactly what changes are being made? Are other staff being asked to work more hours perhaps, or are other terms and conditions of employment altered? Are these to the benefit of the employee, the employer or both?

11. The South West employer survey

11.1. In 1999, just prior to the advent of the Learning & Skills Councils, Training & Enterprise Councils in the South West collaborated to undertake the *South West Employer Survey*. The final regional report and individual reports for each of the TEC areas can be downloaded from www.southwestsurvey.com.

11.2. As this work was commissioned in the region, the sample size is larger and results can be looked at with greater confidence.

11.3. Some key issues to emerge were:

- Skill and labour shortages and difficulties with recruiting suitable staff are more likely to be cited as constraints on the business by firms with between 25 and 199 employees.
- In the South West, skill shortages and recruitment difficulties are of greatest concern to the transport and communication sector.
- Recruitment difficulties are highest in Gloucestershire, Wiltshire & Swindon and WESTEC. i.e. the north and east of the region.
- In general, recruitment difficulties are less of a difficulty in Managerial and Professional occupations, and more common in Personal and Protective services and Craft occupations.
- Approximately 25% of employers in the South West region report skills gaps with a similar situation experienced in all parts of the region. However, in the WESTEC area, one third of employers report skill gaps.
- Concern about skills gaps increases with the size of company. The TEC survey report speculates that "This may result because larger firms are likely to require more specialised roles from individuals, and will therefore become aware of specific weaknesses, or they may simply be more attuned to noting and analysing corporate strengths and weaknesses."
- Skills gaps are most frequently reported by employers in the 'Other Services' and Manufacturing sectors, and least common in Distribution, Transport & Communications and Hotels & Catering. However, this may be as much to do with the size of employer as with the sector it operates in.
- The most commonly reported skill gaps relate to ICT skills – both basic and advanced, most particularly in the WESTEC area where the high-tech, high value added industries have experienced buoyant employment growth.

Chapter 6

Identifying Gaps in the Research

Key Issue:

What appear to be the key gaps in skills information and intelligence?

1. Introduction

1.1. There is currently a move on government websites towards providing data at ever more local levels so that access to information about a particular area is now much more readily available.

1.2. It is crucial, however, that those using the data are offered more than just 'figures'. Those deciding policy and strategy at a regional or sub-regional level must have the full picture of skills and training needs. The data needs to be analysed into intelligence, making it accessible and easy to disseminate to interested parties.

1.3. Skills research is problematic in that many of the key concerns are inextricably linked to wider issues of social inclusion and the wider regional economic picture. This means that as the picture becomes 'broader' so do the data requirements, and the task of bringing the data together to offer an intelligent profile at regional or sub-regional level becomes increasingly difficult.

1.4. As this report has progressed, therefore, it has become clear that expectations of skills data and intelligence is still outstripping the rate at which it is released. Too often, work is still undertaken at a local level in isolation from its surrounding area, resulting in valuable research projects limited in their use by lack of compatibility.

2. Census 2001

2.1. One of the key developments in data availability over the coming months will be the gradual release of the results of the 2001 UK Census. The Census is a count of all people and households in the UK. It provides essential statistical information utilised in the development of public service policy and strategy. It is also an invaluable research tool available from the UK level down to small geographical areas.

2.2. Even in 2002, research work has to rely on the 1991 Census for key information – the most telling example being analysis of the ethnic background of an area's residents. The past ten years have rendered that information obsolete, but as yet there is, officially, nothing else.

2.3. The latest Census took place on 29th April 2001. The ONS aims to make the first results available from August 2002, with the main results being released between December 2002 and summer 2003. For full details on the Census see www.statistics.gov.uk.

2.4. Although 2001 Census data will not be fully available for many months to come, the timing of its release should drive any updating of this document in 2003.

3. Gaps in official data

3.1. In November 2001 the Office for National Statistics released the first data from the Local Labour Force Survey, which offered data at a more local level than ever before following an increase in the sample size. In addition to this, the ONS developed the Neighbourhood Statistics website, offering data at ward level and individual ward profiles. This site now incorporates a Geographical Information System. It offers improved search options allowing users to search areas which cross ward boundaries.

3.2. The new system allows the following:

- Identification of the ward in which a property or street falls
- The generation of tables cutting across national and local authority boundaries
- Flexible arrangement of tables
- It is possible to access the updated Neighbourhood Statistics site via this link: www.neighbourhood.statistics.gov.uk.

3.3. Of course, this new and easy access to data is welcome. However it does raise expectations and it is still not possible to obtain the following information for all local authorities in the South West:

- ILO unemployment rates
- New Earnings Survey data (although it is available for many LA areas in the SW)
- Job related training
- Qualifications of the population
- Ethnic minority participation in education and training

3.4. The frustration is that sample size makes data available for some areas and not for others, which negates the value of what is available through lack of comparison. This is however, an issue that is being addressed by central government and the ONS website is regularly updated to report on progress.

4. Where future research should be focused in the South West

There are a number of key areas where gaps in data and research exist at the regional and sub-regional level. The following are particularly relevant to the South West:

4.1. *Data on replacement and expansion demand at a sub-regional level.*

4.1.1. As discussed in Chapter 4, issues relating to the replacement of skills lost to the current labour market – perhaps through retirement or career change – are as important as analysis of skills needs in growing sectors. Care must be taken to examine data carefully to assess the impact of normal labour turnover in sectors and occupations forecast to experience ‘negative’ employment changes as that replacement demand can outweigh potential losses.

4.1.2. When looking at replacement demand at regional and sub-regional levels, research is largely reliant on the large forecasting models developed by BSL, Cambridge Econometrics and most particularly the Institute for Employment Research (IER) at Warwick University, whose model is used by the Department for Education and Skills. Official statistics as currently collected have a pre-occupation with stocks of people at a particular moment rather than looking at flows from one state to another.

4.1.3. The Skillsbase website (www.skillsbase.dfee.gov.uk) acknowledges that it is not currently possible for the lay person to estimate replacement demand even at a national level, but offers the following potential methodology to enable regional and sub-regional estimates to be made:

4.1.4. Ideally, one requires a full set of demographic accounts which trace people’s movement from one socio-economic state (e.g. employment in a particular occupation) to another (e.g. retirement). In practice, such a complete set of accounts does not exist even at national level. However, the Labour Force Survey now provides a sufficiently large sample to obtain rough estimates of the main elements.

The key components are:

- information on the age and gender structure of occupational employment;
- information on rates of outflows due to retirement (and other reasons for leaving the workforce);
- inter-occupational mobility;
- mortality.

4.1.5. Consideration should be given to the commissioning of a forecasting model for the South West, at the same time ensuring that those utilising the data produced are aware of the limitations and fallibilities of such models and apply the appropriate caveats.

4.2. *Analysis of the demographic and educational profile of in-migrants to the South West.*

4.2.1. This is most important in areas to the west of the region where property prices are high and incomes low. Devon in particular has seen a rapid rise in population solely attributable to in-migration – natural population growth has actually declined in the county. There are huge implications for local people when well-qualified migrants (from the South East, East and London in particular) move to the area and ‘downsize’ – that is accept lower salaries for a job that is perceived to be less stressful.

4.3. *Further development of IMD2000 as a tool to examine links between education and employment and to extend analysis further to look at potential links between education and income.*

4.3.1. This was the subject of a ‘Focus on.’ topic in Chapter 5 of this report. Results of this work might be challenged, but at least inform debate on the priorities for skills development in the South West (and across all regions). Are people encouraged into further education and training by the prospect of a more rewarding job or by the prospect of higher earnings?

4.3.2. This would also go some way towards identifying the key factors motivating people to remain in learning or return to it after a break. It would also be useful to examine why young people choose to stay in education after the age of 16. This is particularly important in light of government policy to encourage young people into higher education. As yet, there is no evidence that this policy benefits (in economic terms) either the individual student or the economy as a whole.

4.4. *Evidence on the impact of training and skills development on productivity and business performance*

4.4.1. As discussed in Chapter 6, to make an assessment of the real impact of skills shortage, skills gaps and hard to fill vacancies on the productivity of individual businesses and on the local economy, it is necessary to undertake a comprehensive evaluation of the particular benefits of investment in high, intermediate level and basic skills in the actual and

potential workforce. It would also be valuable to assess the value of employer investment in recreational training courses for staff as an aid to retention, motivation and organisational performance. This is not simply a regional issue; this gap has been identified at a national level too.

(See www.skillsbase.dfee.gov.uk for a summary of the report)

4.4.2. Before the advent of the Local Learning and Skills Councils, Training & Enterprise Councils across the South West undertook comprehensive survey work to identify both individual and employer skill needs and issues. (www.southwestsurvey.com) That work has been used in this report as thus far the work has not been repeated across the region. Where possible, a multiparty approach to this type of work is vital to ensure that data gathered across the region is compatible. Costs can also be much reduced by such partnership working.

4.5. *Returns to skills and qualifications in specific subjects at a sub-regional level*

4.5.1. Although there is no reason to suppose that the returns to qualifications for those resident in the South West is markedly different from those experienced at a national level (and discussed in Chapter 6), from a policy point of view regional and sub-regional evidence is important.

4.5.2. This is particularly relevant to the work undertaken for this project on the regional differences in earnings ratios and cost of housing. High earnings are much more difficult to achieve to the west of the region – how does that affect motivation to train and raise qualification levels? What impact does this have on the mobility of younger people? How far is the South West losing young ‘talent’ to the east, and what impact does this have on economic performance?

4.6. *Coordinated collection of data on what training is actually undertaken - its content and quality over the region*

4.6.1. It is appreciated that a project to map all training across the region would be logistically difficult and very expensive. Quality of training would also be open to different interpretation and politically sensitive. However, a coordinated approach to such data gathering would enhance local and regional policy development, detect gaps in provision and identify areas where that provision is less effective.

References

Main Sources of Data/Information used

This is a brief summary of sources of labour market and skills information and the data they can provide.

NOMIS www.nomisweb.co.uk

Nomis is an on-line database, which not only gives access to the LFS data but also includes claimant count unemployment and Jobcentre vacancy data. Claimant count unemployment is available to ward level, but includes only those eligible for Jobseekers Allowance. Jobcentre vacancy data is available to Jobcentre level, but the figures are notoriously inaccurate and can not be used over time series. The data also suffers from the fact that only about one third of all vacancies are notified to jobcentres.

Labour Force Survey (LFS)

www.nomisweb.co.uk

This is the most comprehensive source of labour market information, and with the additional boost given by the addition of the English Labour Force Survey, more data is available at a more local level. However, first examination of available data suggests that there are still many LEA's in the region, for which the sample size is still too small against many of the variables, making it difficult to cross tabulate across disadvantaged groups for example. The questions asked in this survey include those used in the National Adult Learning Survey (NALS).

Annual Business Inquiry (ABI)

www.nomisweb.co.uk

This replaced the Annual Employer Survey. UK businesses are sampled according to their employment size and industry, according to the Standard Industrial Classification (SIC 92) codes. This gives a valuable breakdown of the sectoral make up of the local economy and labour market, but is workplace based so gives no indication of whether those employee jobs identified are occupied by residents of the area or commuters.

New Earnings Survey (NES)

www.nomisweb.co.uk

This is a sample survey of earnings of employees across Great Britain. Data is obtained on levels of earnings, and their distribution in all industrial and occupational groups. Earnings against hours worked are also available, as are details of the % of those within an area earning under certain thresholds. Sample sizes at very local level must be watched, and again the data related to the value of the employment in a given area, not to the income enjoyed by its residents.

Index of Multiple Deprivation 2000

www.neighbourhood.statistics.gov.uk/home.asp

This is vitally important for those areas bidding for funding as it is widely used by Government in the allocation of resources to the most deprived areas in England. Far more robust than its predecessors the ILD 98 and ILC it includes domains relating to income deprivation, employment deprivation, health and disability, education, housing and access to services, with the addition of a child poverty index. Data is available to ward level, and for the purposes of this report, the education domain is the most useful. This domain of the Index is calculated using the following indicators: working age adults with no qualifications, children aged 16 and over who are not in full-time education, proportions of 17-19 year old population who have not successfully applied for HE, KS2 primary school performance data, primary school children with English as an additional language and absenteeism at primary level.

The Employer Skills Survey (ESS)

www.skillsbase.dfee.gov.uk

The 2001 survey is now available, which builds on the ESS 1999, which surveyed 27,000 businesses to account for the extent causes and implications of skill deficiencies. Data to regional and LSC level is freely available. A Report on the 2001 results is available.

Individuals Perspectives on Learning & Employment www.southwestsurvey.com

This survey was commissioned by the 6 South West TECs in 2000. The sample size is 7,600 chosen to represent the economically active within the region. Cross tabulation enables more information about disadvantaged groups to be extracted, and the survey provides valuable data on the views people hold of their skills, motivation and barriers to learning in the region. Reports are available for individual TEC areas.

Basic Skill Agency Survey

www.basic-skills.co.uk

This data is available via non-downloadable/copiable tables on a cd-rom. It gives numbers and percentages on basic skills for areas down to ward level. However, the sample size over England was approximately 8000 and results for local areas are modelled to ward level, so the data is not necessarily robust.

Datasphere/Skillsbase

www.skillsbase.dfee.gov.uk

The data available from DfES on education skills and training is becoming more comprehensive all the time. These websites are a vital source of data relating to access and achievement from early years to adult education.

The Office for National Statistics

www.statistics.gov.uk also provides a great deal of data now via its Neighbourhood Statistics Service and its links to other government websites such as the DTI. It also has a considerable amount of data and maps from the LFS easily accessible.

Major Research to Impact on Project

Projections of Occupations and Qualifications 2000/2001

www.skillsbase.dfee.gov.uk (IER/DfEE)

This work was undertaken to support the work of the National Skills Task Force and is based on a model forecasting how occupations and qualifications will grow or decline to 2010. Data is available to regional level with some smaller level detail given in the report.

Skills In England 2001 (Policy Research Institute)

www.skillsbase.dfee.gov.uk

This comprehensive report reviews and assesses available evidence on the demand for and supply of skills in England. Although no data is included below regional level and it is all secondary research, it is a very useful pointer to other sources of data.

Learning and Training at Work 2000

(IFF Research/DfEE) www.dfes.gov.uk/research/

Information on employer's commitment to training, awareness of and involvement with training initiatives and training costs were gathered from some 4000 employers. Work was also undertaken to compare the findings with the Skills Needs in Britain (SNIb) Surveys undertaken in 1997/98. Some data is available at a regional level. SNIb data is now around 4 years old, and use of data from that survey should be used with caution.

Additional/Background Information

- *Objective 3 South West Regional Development Plan* – (Draft) Dec 2001
- *Mapping Supply and Demand for Skills in Priority Sectors Identified by the South West of England Regional Development Agency* – NTO/BMG
- *The Returns to Academic, Vocational and Basic Skills in Britain* – Skills Task Force Research Paper
- *Skills Matter: A Synthesis of Research on the extent Causes and Implications of Skill Deficiencies* – DfES/IER Oct. 2001
- *Employer Skill Survey: Existing Survey evidence and its use in the Analysis of Skill Deficiencies* – Skills Task Force Research Paper
- *Spatial Skill Variations: Their Extent and Implications* – Skills Task Force Research Paper 14
- *The Learning Divide Revisited: a report on the findings of a UK-wide survey on adult participation and learning* (Sergeant) – NIACE 2000
- *Basic Skills, Soft Skills and Labour Market Outcomes* – DfEE Research Report RR250
- *Improving Adult Basic Skills: benefits to the Individual and to Society* – DfEE Research report RR251

Useful Websites

LMI Specific

Datasphere www.dfee.gov.uk/datasphere
 DfEE Statistics www.dfes.gov.uk/statistics
 Eurostat www.europa.eu.int
 Nomis Web www.nomisweb.co.uk
 Higher Education Statistics Agency (HESA) www.hesa.co.uk
 LMI Matters www.ctad.co.uk/lmimatters
 National Statistics www.statistics.gov.uk
 Neighbourhood Statistics Service managed by Office of National Statistics www.neighbourhood.statistics.gov.uk/home.asp
 Skillsbase www.skillsbase.dfee.gov.uk

National Organisations

Advisory Centre for Education www.ace-ed.org.uk/
 Adult Learning Inspectorate www.ali.gov.uk
 Association of Colleges www.aoc.co.uk
 British Library www.bl.uk
 Basic Skills Agency www.basic-skills.co.uk
 BBC Education www.bbc.co.uk/education
 BBC - Skillswise www.bbc.co.uk/skillswise/
 British Council www.britcoun.org
 Campaign for Learning www.campaign-for-learning.org.uk
 Careers Research and Advisory Centre (CRAC) www.crac.org.uk/
 Careers Services Unit www.prospects.ac.uk
 Centre for Economic and Social Inclusion www.cesi.org.uk
 Charities Direct www.caritasdata.co.uk/index1.htm
 Her Majesty's Stationery Office (HMSO) www.tso-online.co.uk
 Home Office www.homeoffice.gov.uk
 Institute of Personnel and Development (IPD) www.ipd.co.uk
 Investors in People UK (IiP) www.iipuk.co.uk
 Learn Direct www.learndirect.co.uk
 Learning and Skills Development Agency www.lstda.org.uk
 Lifelong Learning (DfEE) www.lifelonglearning.dfee.gov.uk
 National Grid for Learning www.ngfl.gov.uk
 National Learning and Skills Council www.lsc.gov.uk
 NIACE (The National Institute of Adult Continuing Education) www.niace.org.uk

National Literacy Trust www.literacytrust.org.uk/
 National Youth Agency www.nya.org.uk
 Parliamentary Education Unit Home Page www.explore.parliament.uk/
 Qualifications and Curriculum Authority (QCA) www.qca.org.uk
 Sixthform UK www.sixthform.co.uk
 Skills Task Force (research papers) www.dfee.gov.uk/skillsforce/9.htm
 Social Exclusion Unit www.cabinet-office.gov.uk/seu/index.htm
 Social Science Gateway (SOSIG) www.sosig.ac.uk
 Southern Association of Voluntary Action Groups for Europe (SAVAGE) www.savage-europe.org.uk
 TeacherNet www.dfes.gov.uk/teachers
 Techdis (technological issues) www.techdis.ac.uk
 Technologies for Training (TFT) www.tft.co.uk
 University for Industry (Ufi) www.ufiltd.co.uk/
 UK Online www.ukonline.gov.uk
 UK Skills www.ukskills.org.uk
 UK Trade Information www.uktradeinfo.com

Research Institutes

Institute for Employment Research www.warwick.ac.uk/ier
 Institute for Employment Studies www.employment-studies.co.uk
 Institute for Fiscal Studies www.ifs.org.uk
 Joseph Rowntree Foundation www.jrf.org.uk
 Policy Studies Institute (PSI) www.psi.org.uk

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