

## **EAST OF ENGLAND SKILLS PRIORITIES STATEMENT 2011/12**

### **ABOUT THIS DOCUMENT**

This Statement identifies the skills and areas for action required to support economic growth and innovation and increase employment levels over the next 3 to 5 years in the East of England. The document is laid out as follows:

#### **Executive Summary**

- A summary of the key objectives, priorities and desired actions for delivering the statement

#### **Section 1: Skills Objectives and Priorities**

- Sets out the high-level challenges, priorities and market factors that must be addressed to align skills with the needs of the economy

#### **Section 2: Current and Future Economic Demand**

- An assessment of the demand for skills now and in the future

#### **Section 3: Distribution of Current Investment**

- An assessment of where current investments in skills are being directed

#### **Section 4: Shifts in Investment and Other Priorities for Intervention**

- Recommendations for shifts in investment to ensure the development of skills which are critical for the growth of the East of England economy

#### **Annex A: Recommendations for the Skills Funding Agency**

- Identification of skills needs and deficits which are recommended to the Skills Funding Agency as areas for additional action

#### **Annex B: Area Assessments**

- Analysis of the skills issues facing the eleven top tier local authorities in the East of England

#### **Annex C: Local Skills Priorities Statements**

- Statements with a local focus provided by some local authorities and used in constructing the East of England statement

#### **Annex D: Consultative Approach**

- The consultative approach undertaken to facilitate the production of this statement

#### **Annex E: Sources of Evidence**

- Key documents and resources consulted in developing this document

#### **Annex F: Sector Analysis** (for release to BIS only)

- An analysis of sectoral employment and skills issues and the implications for publicly funded training provision in the East of England based on privileged access to Data Service datasets not available in the public domain.

## EXECUTIVE SUMMARY

***The economy of the East of England needs continued investment to develop its skills base to compete in the global market***

### **What needs to be done to improve the skills base**

- Improve the poor progression from initial levels of education and training into higher levels of technical, vocational and academic learning
- Increase progression opportunities for residents to develop graduate level skills – East of England Higher Education Institutions deliver 40% fewer degrees per 1,000 of population than the UK as a whole
- Upskill the workforce with employer led training and qualifications
- Increase investment by employers, individuals and government in skills development in the East of England
- Ensure that "at risk" localities and groups of individuals are prioritised in skills development to mitigate the danger of falling further behind as we emerge from the recession
- Use economic opportunities such as Growth Points and the Olympics to improve the skills base

### **Skills needed to support economic development and growth**

- Skills needed to get into work - such as basic literacy, numeracy, and ICT, teamwork and people skills, enterprise skills, English for speakers of other languages and work experience
- Generic higher level skills needed in an increasingly technological and service-led economy such as leadership and management, a basic appreciation of science, technology, engineering, mathematics and carbon reduction methods, technician-level skills, business and commercial awareness, and professional-level ICT
- Sector-specific skills to meet the needs of those sectors where most individuals are employed such as business services, construction, hospitality, retail, health and social care and distribution
- Sector-specific skills for high growth, high value or high-tech sectors that will drive future wealth creation such as Life Sciences, Energy, ICT, Advanced Manufacturing and Food Science and Farming

### **What needs to be done to improve training for the private and public sectors**

- Delivery to employers and individuals that is more flexible and quicker to respond to changing needs and new markets and technologies
- Develop training providers that specialise in meeting the needs of small businesses and disadvantaged individuals and communities
- Make qualifications and training meet the needs of employers, by joint working between employers, providers and Sector Skills Councils
- Help individuals and employers to understand the benefits of investing in high-quality skills development
- Widen entry routes to occupations and sectors to increase opportunities for individuals and choice for employers

## **What needs to be done to deliver the needed change**

### ***Skills Funding Agency***

- Commission training providers to collectively deliver flexible training of the highest quality, including top up units of learning, that addresses the East of England Skills Priorities Statement
- Ensure stakeholders have information by which training providers can be held to account
- Ensure delivery of high-quality information, advice and guidance on careers and future job opportunities to individuals of all ages

### ***Department for Business, Innovation and Skills (BIS)***

- Ensure that the training market can respond effectively to the needs of the changing economy and that it addresses market failure
- Ensure that the high-quality labour market intelligence that the market needs at all levels exists and is effectively used
- Co-ordinate activity and funding across government departments to provide a total approach to economic growth and skills development
- Co-ordinate activity and funding to ensure economically vulnerable areas, communities and groups benefit from economic growth

### ***Employers***

- Develop current and future leaders and managers and deploy high performance working practices including business and skills planning to get the most from staff and the business
- Understand the business's current and future skills needs and work with training providers to develop high-quality training that meets them
- Inspire young people to develop knowledge and skills appropriate to the technologies and careers of the future in your industry

### ***Local Authorities***

- Develop and implement robust economic development strategies that address skills for those out of work and those in employment
- Work across administrative boundaries to deliver investment projects critical to economic growth
- Convene and facilitate networks between industry and providers to deliver quality skills for economic growth and leverage R&D assets
- Require training providers to deliver against identified skills deficits and demand management information by which training providers can be held to account

### ***Training providers***

- Work with other education and training providers to deliver academic and vocational pathways to higher level skills
- Embed employability and core skill delivery within training provision at all levels and as part of integrated support to people out of work
- Deliver high quality leadership and management training at all levels – appropriately contextualised to meet the needs of employers of all sizes and in all sectors
- Work to demonstrate to individuals and employers that investment in skills development pays economic and social dividends.

## SECTION 1: SKILLS OBJECTIVES AND PRIORITIES

### Skills and Employment Challenges

Despite a comparatively buoyant economy the East of England has an under qualified workforce when compared nationally and internationally. With skills improvement contributing nearly a third to GVA increase overall, a lack of skills is a significant threat to growth and sustained economic development<sup>1</sup>. Schools, colleges, universities, businesses and government must individually and collectively address this weakness of the economy as a matter of urgency.

East of England Higher Education Institutions (HEIs) collectively confer 40 per cent fewer degrees per 1,000 of population than the UK as a whole<sup>2</sup>. Investments in higher education in Southend and Ipswich are producing notable improvement as will recent investment in Peterborough and Harlow. It is evident though that comparative underinvestment in higher education remains an issue that needs to be addressed.

In the region progress of students from school or lower vocational education to A-levels or advanced vocational education and onto university or higher vocational education is comparatively poor. Development of progression pathways from lower to intermediate and higher levels remains a priority as does the continual improvement in the quality of training delivered by all educational establishments, funders of education and government.

There is persistent under-investment in training in the East of England by the private sector and government. Training volumes are consistently below the national average. In 2008/9 the East of England had 12.4 per cent less public expenditure on education per head than the national average and the lowest level of total expenditure per head on post-secondary education - some 26.1 per cent below the UK average<sup>3</sup>. Local and national government and the private sector should consider the threat to economic competitiveness of this continued underinvestment in skills development.

Average percentage measures of the East of England labour market produce an illusion of comparative success, but there remains considerable room for improvement. With 192,000 people unemployed, a similar number under-employed and a growing number of economically inactive people<sup>4</sup> there are considerable losses to economic prosperity and individual aspiration. This warrants action by government and funding agencies.

Maximum advantage must be taken of the significant growth plans in the region particularly those for the Thames Gateway, Milton Keynes South Midlands, M11 Corridor and Haven Gateway and other growth points and the opportunities available through the 2012 London Olympic and Paralympics.

Special consideration must be given to places vulnerable to change, for example coastal and rural areas are at risk of below average economic growth if consideration is not paid to their particular needs. Dependency on public sector employment in some of the region's towns and cities is high and will warrant consideration as government shrinks. In addition, some groups are insufficiently connected to the wider economy and warrant particular consideration, for example, the Pakistani/Bangladeshi ethnic community in the region has an unacceptably low employment rate of 47 per cent.

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<sup>1</sup> Insight East (June 2010) Skills Insight

<sup>2</sup> Innovation Insight – The innovation performance of the East of England', Insight East and the Work Foundation (March 2009), derived from information on p16.

<sup>3</sup> East of England Strategic Authority Leaders (June 2010) *Analysis of Skills Outcomes in the East of England*

<sup>4</sup> Insight East (July 2010) Regional Labour Market Statistics: March 2010 to May 2010

The rural nature of the region inevitably impacts on residents' access to jobs and education, training and employability services.

## Priority skills for the East of England economy

**Basic employability and core skills** are required by all people to underpin their participation in the economy. To tackle longer-term unemployment packages of support must offer basic skills<sup>5</sup>, soft skills<sup>6</sup>, enterprise skills and work experience to enable individuals to gain practical, technical and on-the-job skills.

**Generic higher level skills** are becoming more important for employers as their businesses reflect the development of technology and our increasingly service-led economy. Thus competencies in science, technology, engineering and mathematics are universally required and increased attention is required to improve competencies and volumes of engineers, technicians and professionals with ICT skills. We also need subject specialists with business, commercial, people management, financial management, and project management competencies. Critically, we need better leadership and management competencies across all occupations and sectors. Across all sectors competencies in low carbon methods, techniques and technologies will be essential in the coming years.

**Occupational and sector-specific skills** must be world-class to enable the region's employers to be internationally competitive. In addition the training must be accessible and relevant to employers' needs.

Sector-specific skills in high employment sectors are important in delivering economic development in the short-term. These sectors are business services, construction, hotels and restaurants, retail, health and distribution. The occupations facing highest net recruitment growth are corporate managers, caring and personal service occupations, teaching and research professionals, administration and clerical occupations, sales occupations, clerical/service related elementary occupations; business and public service associate professionals; transport/mobile machine drivers and operatives.

**Sector-specific skills in high growth sectors** or those involving high or emerging technologies typically have lower employment volumes but are critical in creating growth in the medium term and are in need of focused support from training providers. The East of England is at the forefront of many high-value knowledge-based markets such as life sciences, energy, ICT, advanced manufacturing (such as low-carbon vehicles) and food and agri-food but their growth will be constrained without further investment in skills<sup>7</sup>.

## Making the market work

To make the market work we need...

**Flexible and responsive training providers** who can meet the needs of individuals and employers. This must include information, method of training delivery, lead-times and fitness for purpose.

**An adaptable training offer that is fit for purpose.** Adapting training to ensure its maximum effectiveness for the client.

**Flexible provision** that can respond to the demands of the regions' small business economy

**Targeted interventions to address inequalities** among areas/groups and to improve access to provision in rural areas

<sup>5</sup> Basic skills include literacy, numeracy, basic IT skills, financial capability and English for speakers of other languages.

<sup>6</sup> Soft skills include customer service skills; team working; and oral and written communication skills.

<sup>7</sup> Source Blueprint for Growth 2010

**Increased demand** for training from individuals and businesses and a willingness to pay. Advice on relevant skills, fostering aspiration, and demonstration of benefit are all critical.

**Increased employer engagement** with providers and Sector Skills Councils to ensure relevant training linked to qualifications is available

**An appreciation of the benefits of investment** of time, energy and money in skills among individuals and employers

**A wider range of entry routes** to various occupations and sectors, for example, through apprenticeships and volunteering.

## SECTION 2: CURRENT AND FUTURE ECONOMIC DEMAND

### Workforce skills

National data<sup>8</sup> suggests that around 1.8 million adults in the East of England region need to improve their literacy skills to reach Level 2. Around a quarter were identified to be at entry levels 1-3. This is region-wide but evidence demonstrates Luton has relatively more adults with entry level literacy than elsewhere.

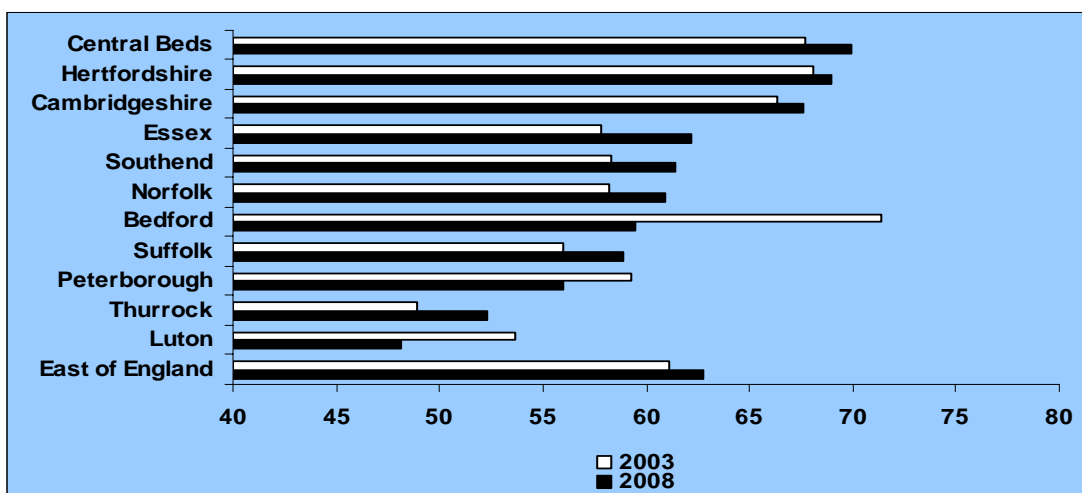
The East of England's performance is weaker on working age skills indicators, and in particular on higher level skills. With just 26.8 per cent of working age population qualified to NQF level 4 at a time when there is a shift to occupations requiring higher skills levels, this could pose a threat to longer term economic growth. Worryingly, the improvement at NQF Level 4+ qualification between 2002 and 2008<sup>9</sup> is amongst the lowest in England.

### Sub-regional variations

Figure 1 shows there is significant variation in performance across the region, with Luton, Peterborough and Thurrock having the lowest rates of qualification at Level 2.

Improvement over the last five years has not been universal with Peterborough and Luton having fallen behind the East of England trend.

Figure 1: Working Age Population Qualified to at least NVQ Level 2 by upper tier LA (%), 2003 and 2008



Source: Annual Population Survey; Labour Force Survey.

Note: Bedford figures likely to show statistical sampling error

### Graduate population

The capacity of the region to generate qualified graduates is also significantly limited by resources. Universities in the East of England<sup>10</sup> confer the second lowest number of graduate degrees of any UK region. Just 6.3 higher education qualifications per 1,000 residents were attained in the East of England, compared to 10.7 across the UK as a whole and 15.8 in London.<sup>11</sup>

<sup>8</sup> National Skills for Life survey 2003

<sup>9</sup> Analysis of working age workers by highest qualification held in England by region 2002 and 2008, using UK Employment and skills Almanac data in UKCES, 2010, *National skills Audit Volume 2* p.43.

<sup>10</sup> EEDA and The Work Foundation 2009. Innovation Insight, Insight East March 2009 p16. The figures refer to HEIs Headquarters and awarding qualifications in the East of England..

<sup>11</sup> Higher education qualifications obtained per thousand population. All higher education qualifications obtained (HESA, HE qualifications obtained (2006/07), Total population (ONS, Mid-Year Population Estimate, 2007).

## Future needs

Forecasts for the East of England show that demand will be strongest for individuals qualified to degree level. As Figure 2 shows, increasing the skills of the workforce to this level represents a significant challenge for the East of England.

Figure 2: Qualification Demands of Future Jobs (2008-2018) and Current Qualifications Profile (2008)

	Qualifications of Working Age Population (%), 2008	Qualifications of Projected Jobs (%), 2008-2018
No Qualifications	12	9
Level 1 (lower grade GCSEs and equivalent)	21	17
Level 2 (higher grade GCSEs and equivalent)	23	20
Level 3 (A-Levels and equivalent)	18	19
Level 4 or Above (Degrees and equivalent)	26	35
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Insight East (2010) *Qualification Forecasts for the East of England, 2008-18* (EEFM-based)

## Industrial structure of employment

At a broad sectoral level, the East of England's employee structure matches the national structure<sup>12</sup> with only agriculture emerging as a clear regional specialism. More detailed analysis shows a number of subsector specialisms. Within manufacturing these include food processing, printing, pharmaceuticals, plastics, computing and electronics, agricultural machinery, and aircraft maintenance. Within construction, there is a concentration of employees in civil engineering and other specialised construction activities including roofing. Within the service sector, the most significant specialisms include wholesaling and warehousing, wired telecommunications activities, technical testing and analysis and scientific research and development. Within public services there are specialisms in pre-primary education and residential care activities for the elderly and disabled.

## Employment growth by sector

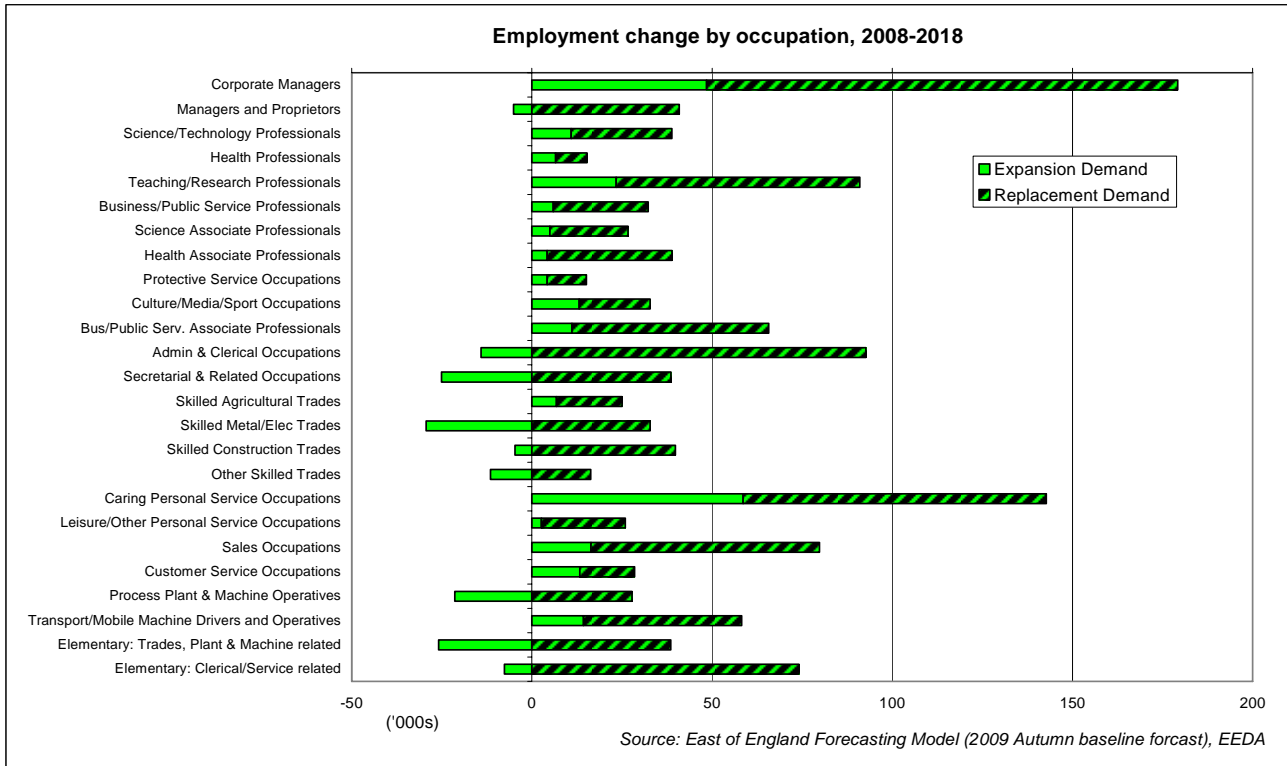
Employment growth over the next five years is forecast to be dominated by business services, which covers a broad range of services such as professional services, R&D, property, recruitment, marketing and cleaning services. This sector is anticipated to account for over half of the net employment growth across the region between 2010 and 2015.

## Employment growth by occupation

At an occupational level, replacement demand (job turnover and retirement) means there will be opportunities in every occupational type. The largest net employment growth is expected among higher order occupations, in particular managers and senior officials (215,000), professional occupations (177,400), associate professional and technical (179,200) but also lower level in particular personal service (168,600) and sales and customer service (108,300).

<sup>12</sup> Source Annual Business Inquiry 2008

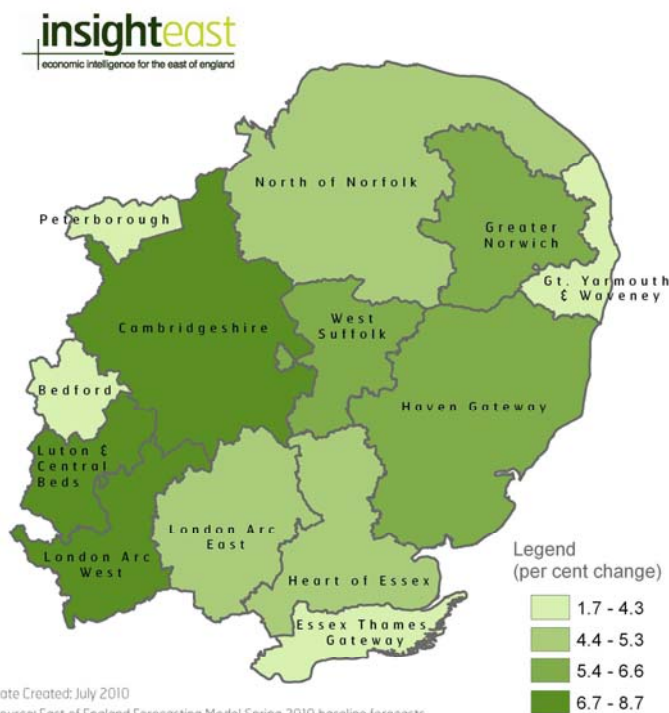
Figure 3: Employment change by occupation 2008-2018



### Employment growth by sub-region

Significant spatial variations are expected in employment growth, with Great Yarmouth and Waveney forecast to grow by less than 2,000 jobs (1.8per cent) over the 2010-15 period compared to 30,000 (9.1per cent) in Cambridgeshire.

### Forecast growth in employees in employment - 2010-15



Date Created: July 2010  
 Source: East of England Forecasting Model Spring 2010 baseline forecasts.  
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## Current employment situation

The recession has impacted on all industries, but most significantly on manufacturing, retail & hospitality and business & financial services. Analysis of JSA claimants by usual or previous occupation shows the largest absolute increases have been among skilled trades, process, plant and machine operatives and elementary occupations (manufacturing and construction), administrative and secretarial occupations (business and financial services) and customer service occupations (retail and hospitality). Managers and senior officials have seen the greatest percentage increase, but from a low base.<sup>13</sup>

Analysis of Jobcentre plus vacancy data<sup>14</sup> shows that job opportunities are greatest in care, retail, tourism hospitality and leisure, and business and professional services sectors.

Comparing the ratio of vacancies notified to those sought<sup>15</sup>, the higher ratios are in the associate professional and technical and personal service occupations with the lower values in managers and senior officials and administrative and secretarial occupations. It is worth noting that the only managerial role showing an excess of vacancies over demand is residential and day care managers – a recognised skills shortage area identified by Skills for Care.

Employment losses have hit some groups disproportionately hard - particularly men, young people and employees in the production sectors. Trends are changing however as the national deficit reduction programme begins to impact on employment in the public sector and its private and third sector supply chain.

In the first six months of 2010 the number of public sector redundancies was more than twice the level seen in the whole of 2009. During this period women have accounted for virtually all of the increase in unemployment. Employment prospects for women are likely to weaken further as job losses in the public sector increase.

Unemployment has remained fairly stable over the last year with 192,000 unemployed in the quarter ending May 2010 (6.8 per cent of economically active working age population)<sup>16</sup>. While claimant count numbers have fallen, there has been an increase in inactivity rates and under-employment (involuntary temporary and part-time workers)<sup>17</sup>. There is concern about the ability of the wider economy to create sufficient new jobs to take up the slack in the labour market in a reasonable timescale<sup>18</sup>. There is also a risk that people facing barriers to participation (such as disability) and the long-term unemployed will become increasingly detached from the labour market

<sup>13</sup> TERU 2009 East of England *Economic Participation Study*

<sup>14</sup> Analysis of May 2010 jobcentre plus vacancy data for the East of England

<sup>15</sup> Ibid

<sup>16</sup> Insight East (July 2010) *Regional Labour Market Statistics: March 2010 to May 2010*

<sup>17</sup> Ibid

<sup>18</sup> See Brinkley, I., Levy, C. and Morris, K. *The Jobs Gap: A Statement from the Work Foundation* (Work Foundation 2010)

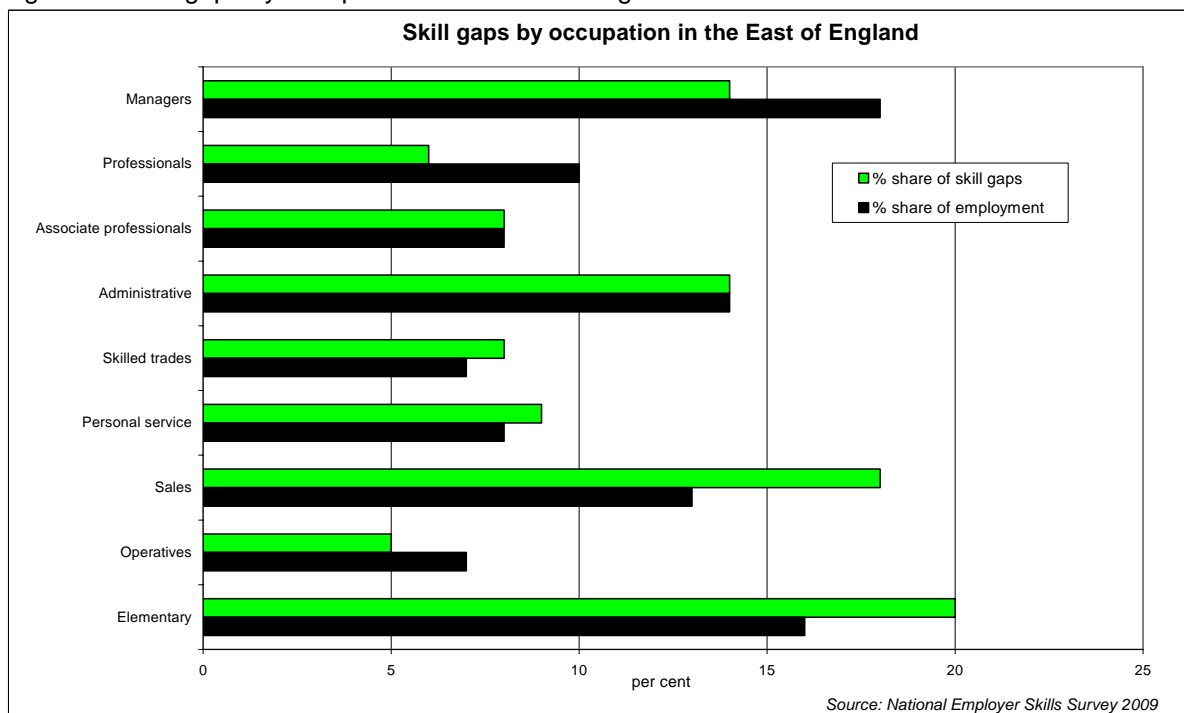
## Skills issues relevant to the main employment sectors in the East of England

The East of England is one of four regions least affected by skills deficiencies in the existing workforce<sup>19</sup>. However, more recently these skill gaps have been exacerbated as employers cut costs and improve productivity in response to the current economic climate.

Currently there are approximately 160,000 employees in the East of England with skill gaps and this is likely to be just a fraction of the total number of people that require training to update and develop new skills. Skills gaps are disproportionately high in larger workplaces.

At an occupational level, the East of England has a relatively low share of skills gaps in management and professional occupations with higher proportions in sales and elementary occupations as shown in Figure 4 below.

Figure 4: Skills gaps by occupation in the East of England



The most commonly cited generic skills gaps are:

- technical and practical skills (64%)
- team working (53%)
- oral communication (51%)
- problem solving (51%)
- customer handling (50%)

A recent survey<sup>20</sup> reinforces this observation and notes the concerns that employers have around the literacy, numeracy and IT skills of their lower skilled workforce and of younger people.

<sup>19</sup> 17% of establishments with skills gaps compared to 19% in England (National Employer Skills Survey, 2009).

<sup>20</sup> CBI/EDI Education and Skills Survey 2010

<http://www.cbi.org.uk/ndbs/content.nsf/802737AED3E3420580256706005390AE/C4393B860D00478E802576C6003B0679> (Accessed June 2010)

Figure 5: Summary of skills issues relevant to the main employment sectors in the East of England<sup>21</sup>

Employment Sector	Skills Issues
<p><b>Agriculture</b> East of England specialism – particularly in Fenland, Norfolk and Suffolk</p>	<p>Skill needs continue to rise against a backdrop of falling employment. Managerial and professional roles will be an increasingly important part of the workforce</p> <p>Increasing skills needs due to technological advances, diversification and commercialisation (e.g. scientific research; management and business skills)</p> <p>Need for job-specific technical skills such as farming; operating machinery and animal care/handling</p> <p>Growing need for higher level skills as businesses merge into larger operations and research and development into sustainable food supply is applied to production and processing</p> <p>Skilled trades still required to operate and service machinery</p> <p>High reliance on migrant workers, particularly at peak season, but numbers declining. This may create lower skill opportunities but literacy &amp; numeracy still required</p> <p>Ageing workforce, particularly among managers, raising importance of succession planning</p>
<p><b>Construction</b> World leading research and training in sustainable construction at BRE in Watford. Construction is not expected to recover to pre-recession employment level until 2019 despite relatively strong output growth forecast</p>	<p>Increasing emphasis on modern methods of construction and other productivity drivers will influence skills needs</p> <p>‘Green’ skills/ carbon reduction agenda will influence skills needs of many roles</p> <p>Need to retrain people in declining trades into growing trades such as HVAC (Heating, Ventilation, Air-Conditioning)</p> <p>Strong growth for some professional and technical roles, e.g. civil engineers and surveyors</p> <p>Growth in non construction operatives will stimulate demand for generic and managerial skills such as procurement</p> <p>Larger projects often dependent on migratory labour with smaller scale repair &amp; maintenance (the largest share of output) locally serviced. Strongest growth likely to come from major port and road schemes</p> <p>However, declining migrant workforce may increase opportunities, particularly in skilled trades</p>
<p><b>Creative and Cultural Sectors</b> Opportunities across the region with many clusters of sub sectors. Royal Opera House Production Park will be a key training resource for the region</p>	<p>High volume of education and training provision tends to be learner rather than employer led. As a result there are few clear career pathways</p> <p>Lack of good quality IAG for learners in the sector – an over supply of entrants means many have to work for free/ volunteer to gain a foothold</p> <p>Need for multi-skilling; multi-platform skills; management, leadership, business and entrepreneurial skills; IP and monetisation of content; archiving; and sales and marketing.,</p> <p>High level of self employment creates need for business and enterprise skills</p> <p>Much of the sector inextricably linked to emerging digital economy e.g. games design, film and moving image production, and animation</p>

<sup>21</sup> Sources: Sector Skills Council Research analysis in TERU (2010) *Review of East of England ESF and Mainstream Worklessness Funding*; Insight East (2010) *Skills Insight*; stakeholder consultations

<p><b>Engineering and Manufacturing</b> East of England specialisms in food processing; printing; pharmaceuticals; plastics; computing and electronics; agricultural machinery and aircraft maintenance</p>	<p>Backdrop of declining employment masks growth in new and emerging sub sectors, significant productivity gains and increasing demand for skills even where employment levels falling</p> <p>Region has strong presence in many of the emerging industrial technologies</p> <p>Shift from manual (skilled and unskilled) to professional and technical roles will continue. Range of existing skill gaps include computer aided design (CAD), tool setting and welding skills</p> <p>More businesses need to be encouraged to adopt high value added/high skill business models. Relatively little demand for skills at Level 3+. More responsive training provision required – just in time, work-based</p> <p>Need for more apprenticeships in parts of the sector and related IAG to promote sector as a career option. Need to encourage greater take up of STEM at school</p>
<p><b>Financial Services</b> Clusters in Norwich (which has a Financial Services Skills Academy), Brentwood, Ipswich, Peterborough and Southend on Sea</p>	<p>Employment growth constrained by increasing levels of globalisation, continued efficiency drives, suppressed consumer demand and on-going globalisation</p> <p>Shift towards higher level skills as routine functions are moved abroad or automated</p> <p>Shrinking pool of highly numerate indigenous workforce and strong competition from overseas applicants. Entry level candidates often lack numeracy, problem solving and people skills</p> <p>Skills shortages in high level quantitative, language and financial-specific skills. Need for greater focus on up-skilling and higher level skills such as leadership and management, risk management and compliance, product knowledge and advice, and cultural and language skills.</p>
<p><b>Leisure and Hospitality</b> Major employer across the region. Growth forecast over next five years. Spin off effects expected from 2012 Olympics</p>	<p>Strong sector recruitment needs due to high turnover. Polarised employment structure with most staff in managerial or entry level roles</p> <p>High entry level employment provides potential focus for active labour market and basic skills programmes</p> <p>Frequently cited skills shortages and gaps for chefs and cooks</p>
<p><b>Health &amp; Social Care</b> Major employment sector accounting for 1 in 8 of workforce. Growth forecast in healthcare staff at all levels</p>	<p>Employment expected to increase by 50-80% in next 20 years but sector already has recruitment and retention difficulties</p> <p>Increased demand due to ageing of workforce but public expenditure constraints will drive new delivery models. Opportunities relating to telecare systems and technologies</p> <p>Greater flexibility of workforce will require a more flexible qualification framework allowing staff to progress across roles, to include leadership and management, health and social care diplomas at levels 2 and 3, the development of units linked to specialist need e.g. autism and end of life care.</p> <p>Need for pre-employment pathways for young people and long term unemployed</p> <p>Literacy &amp; numeracy still issues in lower order occupations</p> <p>Sources Skills for Care 2010</p>
<p><b>Retail</b> Major employment sector with current and future job opportunities across the region</p>	<p>Significant entry route to employment provides potential for greater link to active labour market policies. However, significant occupational changes forecast with strong growth in managerial and professional roles. E-commerce is generating a demand for new technical skills and processes</p> <p>Leadership and management, product knowledge and customer services skills all seen as important in achieving competitive edge</p> <p>Qualification levels low compared to sector nationally. Lack of Level 3 training for progression</p>

<p><b>Transport and Logistics</b></p> <p>Important hubs in Thames Gateway, Haven Gateway and Stansted Airport are among the most important clusters in the UK</p>	<p>Transport related employment heavily dependent on state of the economy. Jobs lost during the recession will be regained as economy recovers</p> <p>Port expansion schemes will be a key driver for growth and will stimulate new logistics hubs</p> <p>Process, plant &amp; machine operatives will remain largest occupation but strongest growth in managerial and customer service roles</p> <p>Future skills needs focused on: legislative and regulatory knowledge; technical and generic (e.g. team working, project management, business development and IT); management skills for more complex logistics systems; analytic and communication skills</p>
<p><b>Business services</b></p> <p>Major and diverse employer covering high and low valued added activities. Forecast to account for half of net employment growth over the next five years</p>	<p>Much of the sector appears to be recovering from the recession strongly with high levels of vacancies being notified to Jobcentre Plus</p> <p>Low value added business services – security, cleaning, call centres – focus on generic skills such as customer care and inter-personal skills</p> <p>Lack of career pathways discourage employers and individuals from investing in skills</p> <p>Employment opportunities may increase if weaker labour market discourages migrant workers</p> <p>Professional services, computing and R&amp;D will continue to generate demand for higher skilled workers</p> <p>Older age profile of some high value added sectors will increase replacement demand and intensify skill gaps</p> <p>Many professional services represented by professional institutes rather than SSCs and make little use of vocational programmes such as Apprenticeships</p>

### Skills issues associated with high value added growth industries

The East of England is the base of several high-technology clusters rich in research and development activity. Of all the UK regions the East of England has the highest levels of private sector R&D expenditure. Science, technology, engineering and mathematics (STEM) education underpins much activity in these sectors. Encouraging schools, colleges and universities to provide STEM courses (at levels 2, 3 and 4), which underpin the sector's skills development supply chain, remains critical to the region's success.

Higher up the skills development supply chain, universities and research institutes provide higher level skills development from level 4 upwards. The expertise of these organisations places them well to identify areas most likely to produce fruitful outcomes for their graduates, researchers and investors. However, these organisations and their staff need to be encouraged to participate in networks to ensure their understanding about progress of knowledge and the opportunities for commercialisation of research are current. Encouragement is also needed to ensure a strong flow of information outwards from their research and high-level expertise into appropriate clusters as a means of maintaining and stimulating the rich interaction that is frequently the basis of further research and commercial activity. Knowledge Transfer Partnerships and similar activity is an important component of this work.

Figure 6: Summary of skills issues relevant to high value growth industries in the East of England

Opportunities in the East of England	Skills issues
<p><b>Life Sciences</b></p> <p>Globally significant cluster covering pharmaceuticals, medical biotechnology, medical technologies.</p> <p>Opportunities are clustered around key assets such as the Sanger Institute and Babraham Institute in Cambridge and major science parks such as Colworth Science Park in Bedfordshire and Bio Park in North Essex.</p>	<ul style="list-style-type: none"> <li>- STEM levels 2 – 4.</li> <li>- skills gaps reported among corporate managers and scientific researchers; scientific and technical occupations hardest to fill.</li> <li>- high proportion of vacancies for professional engineers, scientists and technologists.</li> <li>- higher and more interdisciplinary skills in future, driven by changes in manufacturing processes, new business models in pharmaceuticals and integration and marketing of health care management.</li> <li>- key issues around security and quality of higher level and technical and process operator skills supply.</li> <li>- small start ups in the sector need commercial and business skills delivered within a sectoral context – such as business case development, marketing and negotiating skills, commercial awareness, business management (short courses at levels 3 and 4).</li> </ul> <p>Sources: Semta, Cogent, Skills for Health (2010) Life Sciences &amp; Pharmaceuticals Future Skills Review; BMG (2009) Labour Market Survey; UKCES (2010) National Skills Audit; stakeholder consultations in the East of England.</p>
<p><b>Food Science and Farming</b></p> <p>The region’s agri-food sector contains the largest concentration of food related R&amp;D in Europe. Includes agriculture, food processing and ancillary services; industrial biotechnology, plant and crops science, and food science.</p> <p>Norwich Research Park (includes the Institute of Food research, the Genome Analysis Centre and the John Innes Centre); Rothamsted Research in Hertfordshire and Suffolk; Cranfield University; Colworth Enterprise Hub, the Innovation Farm at NIAB.</p>	<ul style="list-style-type: none"> <li>- operators for large, complex computerised machinery.</li> <li>- managers with balanced technical &amp; management skills.</li> <li>- specialist scientists and professionals e.g. engineers, bankers, accountants and solicitors.</li> <li>- leadership and entrepreneurs to innovate.</li> <li>- shortage of skill sets around production, continuous improvement, technology, management and leadership (including empowerment; collaboration; marketing; entrepreneurship).</li> <li>- improved identification of industry skill needs.</li> <li>- an enhanced programme to develop entrepreneurship</li> <li>- inetworking of academia, R&amp;D and commercial practice</li> </ul> <p>Sources: East of England Sustainable Farming and Food Group (2010), The Skills Challenge for the East of England's Food &amp; Farming Sector to 2020</p>
<p><b>ICT</b></p> <p>Digital and creative industries e.g. games design, film and moving image production, and animation are visible across the region.</p> <p>Significant assets include the BT research headquarters at Adastral Park in Suffolk and the digital creativity and media cluster in Hertfordshire.</p> <p>Adoption and exploitation of IT in non-IT sectors is important for increase in productivity in the regional economy.</p>	<ul style="list-style-type: none"> <li>- technology workforce predicted to grow four times the rate of the rest of the economy, strongest growth in software professional occupations.</li> <li>- skills gaps in IT programme management, supplier management, service management and delivery.</li> </ul> <p>Source: UKCES (2010) National Skills Audit</p>

<p><b>Advanced Manufacturing</b></p> <p>Aerospace: aerospace/defence cluster, high-tech automotive and electronics; maintenance, repair and overhaul around regional airports</p> <p>Silicon and plastic electronics: opportunities clustered around leading companies such as Plastic Logic, Cambridge Display Technologies and Philips in Cambridge. UEA at Norwich has expertise in inorganic and organic materials.</p> <p>Composites: construction and automotive sectors; expertise at Cranfield University.</p> <p>Nanotechnology -internationally important capabilities at the University of Cambridge along with Cranfield. Cluster of high R&amp;D businesses including Toshiba Research Europe, Hitachi (Cavendish Laboratory, Cambridge), Philips and Schlemberger. Centre for Integrated Photonics in Ipswich.</p>	<ul style="list-style-type: none"> <li>- high level technical skills</li> <li>- insufficient in-flow of non-graduates (via apprenticeships and vocational routes) to meet replacement demand in processing and technician roles.</li> <li>- STEM and research skills at levels 4-5 provide the ability to commercialise innovations.</li> <li>-multi-disciplinary expertise drawing together natural sciences and engineering.</li> <li>-intellectual property management, new product and process development, production and manufacturing engineering and marketing.</li> </ul> <p>Sources: UKCES (2010) National Skills Audit; TERU (2010) Review of East of England ESF and Mainstream Worklessness Funding.</p>
<p><b>Low carbon</b></p> <p>Alternative fuels, ultra low carbon vehicles, aerospace and aviation ,low carbon building technologies, offshore wind, nuclear, geothermal, photovoltaic, biomass, waste recovery and recycling</p>	<ul style="list-style-type: none"> <li>- dependence on high level STEM skills</li> <li>- specialist skills gaps requiring substantial investment in training and workforce development (e.g. high integrity pipe welders and civil engineers)</li> <li>- top up skills for existing workforce skills, primarily in technical levels 3-4 (e.g. technical training to enable an electrician to fit solar panels on roofs)</li> <li>- shortages of generic skills (management and leadership; project management; technology transfer skills)</li> <li>- generic “green” skills (impact of working practices on an organisation’s carbon footprint).</li> </ul> <p>Sources: Jenny Bird and Kate Lawton, The Future’s Green: Jobs and the UK Low Carbon Transition, IPPR, October 2009; GHK, Identification of the National Spatial Distribution of Expertise and Excellence for key NINJ Industrial Technologies: East of England Regional Report, February 2010; Sector Skills Councils, Low Carbon Cluster: Sector Skills Assessment Report, December 2009; UKCES (2010) National Skills Audit</p>

## SECTION 3: DISTRIBUTION OF CURRENT INVESTMENT

### Overall training activity

Training activity tends to be lower in the East of England than elsewhere in the UK, with training levels for individuals and employers below average.

Evidence suggests that:

- Individuals in the East of England are less likely to participate in work-related training than anywhere else in the UK, apart from Northern Ireland<sup>22</sup>.
- Employers are less likely to have provided training for their employees in the last 12 months, with the joint second lowest levels in England.
- Employers in the region are the least likely in England to have provided training for their collective workforce, apart from the West Midlands<sup>23</sup>.
- The proportion of employers with a training plan (41 per cent) or training budget (35 per cent) is also amongst the lowest in the country.

The Skills Funding Agency (SFA) funds a minority of the estimated 1.3 million employees receiving training each year. Employers purchase much of their training from private providers.

Almost half (47 per cent) of employers with less than five employees in the East of England provide no training. One in five (21 per cent) of employers with five to 24 employees provide no training. In contrast, very few firms with 25+ employees provide no training.<sup>24</sup> Smaller firms are also much more likely to rely exclusively on on-the-job training. This is likely to be delivered in-house, be non-accredited and of short duration.

Women are more likely to receive training than men. The difference between the UK and the East of England is most marked within the under 25 age group with figures in the East of England demonstrating significantly lower uptake of training.

Almost one in five people in the East of England with a degree or other higher education qualification have undertaken training in the last four weeks. This compares with less than just 3 per cent of people with no qualification.

Occupations with the highest levels of workers qualified to higher education level – professionals and associate professionals – have the highest proportions of employees receiving training. Nationally, personal services employees are also more likely to have received training, presumably due to the high levels of direct contact with customers. However, this trend is much less apparent in the East of England.

Public services staff are the most likely to have received training followed by the energy and water industries, business and other services. Employees in the East of England are less likely to have received training across most sectors. Energy and water is the notable exception to this rule.

<sup>22</sup> See *Skills Insight*: figures taken from the Labour Force Survey, 2009 Q2 (taken from 'Education and Training Statistics for the UK: 2009', DSCF (November 2009)).

<sup>23</sup> Ibid: figures taken from the National Employer Skills Survey for England 2009', UKCES (March 2010).

<sup>24</sup> Source: National Employers Skills Survey 2009

## Publicly funded education and training provision

Total spending on education in the East is the joint second lowest in the UK, alongside the South East and marginally ahead of the South West. Funding per head in the East of England was £1,188 for education and training in 2008/09 which was below the UK average of £1,349 and below that in all the other regions apart from the South East (£1,183) and the South West (£1,179)<sup>25</sup>.

In terms of total spend on post-secondary education the region falls further behind, scoring the lowest figure of 74 against a UK index of 100 and with funding per head of £257 compared to a UK average of £341.<sup>26</sup> The highest English region scores 131 and the next lowest regions are the South East and South West at 82 with a spend of £288 and £287 respectively

An analysis of Learning and Skills Council expenditure reveals that the East of England fares relatively poorly across most programmes in comparison to the other eight English regions and particularly poorly on post 19 and adult programmes. The highest ratings are fifth for 16-18 FE and young apprenticeships.

## Profile of learning commissioned between 2006/07 and 2008/09

An analysis of SFA learner data<sup>27</sup> provides an indication of the scale of provision funded in 2008/09 but it does not breakdown enrolments for adult learner responsive provision. However, the LSC's Commissioning Statement, 2008/9 stated that in 2006/7, the LSC funded a total of 381,850 learners. Much of the provision supported full-time students – in sixth forms, sixth form colleges or further education.

Figure 7: Skills Funding Agency Learner Data, 2006/7 to 2008/9 – East of England

	2006/7	2007/8	2008/9
<b>Employer Responsive Provision - Starts</b>			
<b>Train to Gain Starts</b>	19,200	30,700	71,200*
Train to Gain Achievements	4,900	16,900	44,700
Achievement as % of Starts	25%	55%	63%
<b>Apprenticeships - Starts</b>			
<b>Advanced Apprenticeships - Starts</b>	4,600	6,400	6,600
Total Starts	16,800	21,000	21,200
<b>Apprenticeships Success Rates</b>	58.6%	61.9%	69.9%
<b>FE Participation</b>			
Young People (16-18)	99,300	103,600	106,900
Adults ( 19+)	293,000	314,300	355,200
<b>Overall FE Success Rates</b>	78.9%	81.5%	82.4%
<b>Skills for Life Participation</b>			
% Literacy	52%	51%	51%
% Numeracy	40%	42%	43%
% ESOL	8%	7%	6%
Skills for Life Achievement	73,500	73,700	90,100
Achievement as % of Participation	62%	62%	66%

Source: Statistical First Release, June 2010, The Data Service all volumes rounded to the nearest 100

<sup>25</sup> Analysis of Skills Outcomes in the East of England', East of England Strategic Authority Leaders (January 2010).

<sup>26</sup> Ibid

<sup>27</sup> Source: Statistical First Release, June 2010, The Data Service FE - Overall FE and Skills participation and achievement by geography and equality and diversity : published 24/6/10; Table S3 Train to Gain - breakdown by geography, equality and diversity and sector subject area ; published 24/6/10; Table S7.1/7.2. Apprenticeships - Breakdown by geography, age and level; published 24/6/10; Table S6.1/6.2. Skills for Life: Overall skills for life participation and achievement by geography; published 24/6/10; Table S5

\* Figures for 2008/09 are not comparable with earlier years as in 2008/09 onwards NVQs delivered in the workplace previously funded by FE are now funded by Train to Gain. East of England volumes for Train to Gain are approximately 9% of all starts for England

Comparison by subject sector area for Train to Gain shows the highest starts in business administration & law, construction, engineering & manufacturing, health and retail.

For Apprenticeships, most starts can be attributed to a small number of subject areas – business administration, retail, health, construction and engineering. Numbers are reasonably stable over the three years with the most notable shift being business administration increasing from 22% starts to 26% and retail falling from 29% to 19%. Apprenticeships success rates for East of England fall slightly below national success rates of 59.5%, 64.2% and 70.9% respectively.

\*\* Figures for 2008/09 onwards are not directly comparable to earlier years (as the introduction of demand led funding has changed how data is collected and how funded learners are defined from 2008/09 onwards).

FE success rates for region compare favourably with England as a whole which are 76.9%, 80.2% and 80.6% respectively.<sup>28</sup>

Further analysis of the SFA data<sup>29</sup> demonstrates:

- Take up rates are low in some sectors for both Apprenticeships and Train To Gain.
- Some sectors are focused almost exclusively on school leavers and are not addressing their broader workforce development needs.
- There is little evidence of employer responsive programmes being used to support career pathways with few sectors supporting training above Level 2 (when funding tails off) or entry level/ level 1.
- Train to Gain peaked in 08/09 and has declined
- Declines in FE adult provision reflects a government decision to reduce developmental learning

Many sectors – such as agriculture, process manufacturing, transport & logistics and health & social care – have a low take up of apprenticeships among young people. This suggests difficulties in ‘selling’ these sectors as a career option to young people. Other sectors seem to focus on young people almost exclusively; automotive retail and hair & beauty both focus on level 2 apprenticeships for 16-18 year olds. Financial services and hotels & restaurants both focus on apprenticeships and therefore tend to direct training at people aged under 30. This possibly reflects a relatively young age profile within their workforces.

When enrolments in apprenticeships and advanced apprenticeships<sup>30</sup> are mapped against local authority population figures for the 16-24 year old age group it demonstrates:

<sup>28</sup> Source: Statistical First Release, 24<sup>th</sup> June 2010: Table S1-3; Success rates, achievement rates and retention rates by level, institution type, sector subject area and equality and diversity

<sup>29</sup> Skills Funding Agency Learner & Sector Analysis - see Note 1 in the Annex E Evidence Sources

<sup>30</sup> Ibid

- Suffolk had the highest number of residents in this age bracket that started some form of apprenticeship for the year 2006/7.
- Central Bedfordshire, Norfolk and Essex were also notable for residents enrolling on Apprenticeship courses above the regional average of 9.6 per cent.
- Cambridgeshire had the lowest number of residents starting an apprenticeship programme in 2006/7.

In terms of Skills for Life<sup>31</sup>, approximately 22 per cent of all adult learners and 17 per cent of young people enrolled for Literacy, Numeracy or ESOL courses. The percentage of adults enrolling for ESOL is significantly higher when compared with young people.

In terms of sectoral split, enrolments are highest in construction, health and social care (including employees working with children), hair and beauty, agriculture, building services, financial services and other generic and occupational skills, the creative and cultural sector (including sport and leisure), IT, and hotels and restaurants, all of whom had high levels of take-up by young people.

The analysis shows learner demand for particular sectors is high, particularly in information technology, sports and leisure, creative and cultural skills, hair and beauty, health, hospitality, leisure, travel and tourism but, as with employer responsive funding, there appears to be low take up in comparison to size of sectors in manufacturing and food and drink.

Employer demand is very low for IT and the creative and cultural sector as measured through employer responsive provision. Some sectors share high levels of provision across both SFA funding streams hair and beauty, health and social care and construction. It is important to help ensure individuals in these sectors either progress upwards into more technical and highly skilled roles or are able to utilise skills learned in particular sectors to move into other sectors as both employees or as businesses owners in their own right.

### **Worklessness**

Worklessness provision needs to help individuals develop their employability and key generic skills, tackle personal barriers, provide quality information, advice and guidance on employment opportunities in particular sectors and provide support and aftercare to retain individuals in work.

An analysis of worklessness provision delivered in the East of England helps summarise what is currently on offer:<sup>32</sup>

- There is £110,247,546 of funded worklessness provision in the East of England, with 70 per cent of the total funding through DWP/Jobcentre Plus.
- A minimum of 71,592 clients are targeted through this provision.
- Average spend per client is £1,068.
- 58 per cent of contracted services state that their funding will end during or at the end of 2010, with the percentage highest amongst SFA provision.

<sup>31</sup> <sup>31</sup> Skills for Life: Overall skills for life participation and achievement by geography; published 24/6/10; Table S5

<sup>32</sup> *Review of East of England ESF and mainstream worklessness funding: final report*, EEDA (June 2010). Funded by ESF Technical Assistance funding.

Figure 8 Funding across Employment Pathway Stages (£ and %), 2010<sup>1</sup>

CLIENTS OUT OF WORK			CLIENTS IN WORK		
Engaging with Clients	Assessing Client Needs	Tackling Personal Barriers	Tackling Skills / Job-Related Barriers	Job Search and Placement	In Work Support and Aftercare
9%	12%	18%	24%	22%	14%

The analysis showed that in broad terms there has been a re-focusing of resources on the work preparation stages of the employment pathway, with lower levels of provision targeted at early stages of the pathway: ‘Engaging with Clients’ and Assessing Client’s Needs’.

An analysis of specific activities that contractors / providers state that they are funded to deliver shows the broad shape of employability provision. The analysis does not show the intensity of the provision or the level of resources committed to each activity nor does it show where activities are packaged to meet the needs of clients by individual contractors or if these activities are joined up across providers.

The analysis shows that:

- Personal development activities, such as confidence building are on offer to approximately 39,000 clients.
- Information, advice and guidance (IAG) is delivered in high volumes—important given that this study excludes the ‘off the street’ IAG provision provided by Jobcentre Plus personal advisers and NextStep advisers.
- For clients nearing employment there is a lot of provision around job search and interview preparation –this does not capture the provision provided by Jobcentre Plus personal advisers and NextStep advisers, much of which would fall into this category of activity.

In terms of potential gaps or weaknesses in targeted client group provision, there appear to be:

- Relatively few activities around tackling the barriers around benefits, welfare and money advice or childcare provision.
- For up-skilling and work preparation, the level of activity focuses around work trials, job related training to NVQ Level 3 or equivalent, volunteering and mentoring activities to help increase an individual’s employability, experience and confidence.
- Pre-apprenticeship training courses that support young people to compete for and sustain apprenticeship programmes. For example, many apprenticeships require at least Level 2 qualifications and knowledge of what the profession involves, something which some young people are lacking.

### Investment in Higher Education

The East of England suffers from low levels of Higher Education (HE) funding. The regions’ share of the Higher Education Funding Council for England’s (HEFCE) Higher Education teaching and research budget was the lowest per head of population and per person without a NVQ Level 4 equivalent qualification of all English regions in 2008/09.<sup>33</sup> HEFCE uses formulae to allocate funding across Higher Education Institutes and the East

<sup>33</sup> ‘Barnett Formula and the East of England’, EEDA (2010).

of England's low share is undoubtedly, in part, a reflection of the low level of Higher Education places available in the region.

Higher Education capacity has increased in the region in recent years. In proportional terms the strongest increases have been in postgraduates and part-time undergraduates. However, student numbers remain well below other regions. In 2005 there were 19,900 Higher Education students accepted by East of England universities and colleges – an increase of 12.1 per cent since 2001.<sup>34</sup> This level was the joint lowest alongside the North East. Only 19 per cent of young students from the East of England remained 'in-region' to study. Again this was the lowest rate in England with even the second lowest – South West – achieving over 30 per cent. This correlates with the high net outflow of students from the East of England. There are over 10,000 more students leaving the East of England than entering the region to study. Alongside London (net outflow of less than 5,000) it is the only region to experience a net outflow.<sup>35</sup>

University presence within a locality provides a tangible driver for raising aspiration. Research into skills levels show that there is a correlation between areas with low take-up of HE and areas of deprivation, with the school leaver population in these areas less likely to travel away to learn. Recent investment in new HE sites in Southend and Suffolk have already shown that effective marketing of a local HE offer has resulted in significant increase in take-up of HE places, not primarily by the traditional "A" Level young applicants, but by local mature students, both from work, unemployment and through further education progression.

The East of England has higher concentrations of HE provision delivered in FE colleges, which tends to be provided at a lower cost than equivalent university courses and introduces non-traditional entrants to HE.

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<sup>34</sup> 'Higher Education in the East of England', EESCP (February 2007).

<sup>35</sup> A more up to date profile of Higher Education students will be available when HEFCE publish their updated regional profiles.

## SECTION 4: SHIFTS IN INVESTMENT AND OTHER PRIORITIES FOR INTERVENTION

This section sets out suggestions for shifts in investment to ensure the development of skills that are critical for the growth of the East of England economy.

**a) Basic employability and core skills**, with a focus on disadvantaged areas and groups. These include:

- Basic skills - literacy, numeracy, ESOL, basic IT and financial capability skills
- Soft skills such as customer handling/service skills, team working, communication skills
- Enterprise skills
- Work experience to gain practical, technical and on-the-job skills

**b) Cross-sector skills** which are increasingly important for employers across a wide range of sectors, including:

- STEM (science, technology, engineering and maths)
- Technician skills
- Professional ICT skills
- Engineering, particularly in support of manufacturing
- Business and commercial skills
- Leadership and management
- Generic management skills, including people management, financial management, programme and project management
- Low carbon skills

**c) Occupational and sector specific skills** provision that is fit for purpose - high quality, accessible and relevant to employers' needs:

The sectors with the highest forecasted employment growth in the East of England are business services, construction, hotels and restaurants, retail, health and distribution. The occupations facing highest net recruitment growth are corporate managers, caring and personal service occupations, teaching and research professionals, admin and clerical occupations, sales occupations, clerical/service related elementary occupations, business and public service associate professionals, transport/mobile machine drivers and operatives.

**d) Skills for high technology sectors**, which are significant for the region's GVA and its competitiveness at an international level. These include in particular:

- Life Sciences
- Energy
- Information and Communication Technology
- Advanced Manufacturing
- Food Science and Farming

They have specialist and higher level skills associated with new and convergence technologies where is a lack of established demand and evidence for skills. However, failing to address skills shortages in these areas promptly could constrain the growth of these key industries.

## **Making the market work**

For the market to deliver the right skills solutions there is a need to:

- a) Improve the flexibility and responsiveness of provision.
- b) Raise demand for skills among individuals and employers.

To improve the flexibility and responsiveness of provision we must:

- ***Ensure worklessness support is more closely linked to employer demand.***
- ***Provide employers with bite sized training modules delivered in convenient locations.***
- ***Encourage providers to deliver rapid response solutions to meet the needs of emerging markets and new technologies, such as renewable energy technologies and low carbon industries.***
- ***Provide good information and communication regarding labour market needs and opportunities and establish effective links between industry and providers and ensure there are clear employment focused outcomes all of which have an important role to play in encouraging a responsive training market.***

To raise demand for skills we must:

- ***Deliver high quality information advice and guidance informed by sophisticated labour market intelligence that can significantly influence individuals' career choices and investment in skills.***
- ***Raise aspirations in deprived areas and among disadvantaged groups .***
- ***Diversify and widen access to entry routes to a range of occupations and sectors, for example, through apprenticeships and volunteering routes.***
- ***Encourage employers to offer progression to higher level skills to their workforce by, for example, using learning reps.***
- ***Drive up utilisation of skills and business competitiveness using high performance working practices.***

## **Implications and recommendations**

**The challenges set out below will be particularly relevant for Skills Funding Agency, BIS, Employers, Local Authorities and Training Providers. We highlight the key messages and recommendations for each of these stakeholders in the Executive Summary to this document.**

### **Commissioning and provision of worklessness support**

Virtually all of the stakeholders and partnerships we consulted emphasised the need for a high quality information, advice and guidance service for all ages, underpinned by up to date data and locally relevant labour market information. Information, advice and guidance advisers need to understand the labour market, the demand for skills and the opportunities and pathways for progression. This will enable them to offer good quality advice and enable learners to make informed choices about their careers. These requirements need to be built into the specification and performance management of information, advice and guidance services along with a clear mechanism in place to help advisers to keep their knowledge and skills up to date.

- ***Commissioners and funders of information, advice and guidance provision need to prioritise quality and LMI issues.***
- ***Self-employment needs to be an integral part of the information, advice and guidance offer.***
- ***Consideration should be given to the mechanism for gathering, analysing and disseminating labour market information at the appropriate geographic level in the East of England to inform provision of skills, worklessness support and information, advice and guidance.***

We have experienced significant difficulties in obtaining relevant information about service provision. Furthermore, organisations across the region have commented about the complexity and fragmentation of provision. Front line workers need to have a good understanding of local provision in order to refer clients appropriately. There needs to be improved co-ordination of provision in order to address the multiple and inter-related barriers to employment often experienced by the most disadvantaged clients.

- ***Providers need to share information about employment and skills provision in order to deliver a more effective customer journey.***
- ***Commissioners should stipulate that key contract delivery information needs to be provided to upper tier Local Authority level.***
- ***Local Authorities should encourage and facilitate local provider networks and forums.***

Deprivation is significant in parts of the East of England, concealed by the rural nature of the region. There are unacceptable inequalities and structural unemployment barriers that need to be tackled through integrated programmes of support which include basic employability and core skills.

- ***It is important that robust economic interventions are in place to support growth, particularly in the more vulnerable areas and to align skills investment and worklessness support to economic development strategies.***
- ***Basic employability and core skills (including literacy, numeracy, ESOL and financial capability and money management skills) need to be embedded in training provision at all levels and as part of integrated support to people out of work.***
- ***More impetus is needed to engage young people from ethnic minority communities to take up apprenticeships.***
- ***There should be a focus on raising aspiration and ambition particularly in some localities – e.g. Luton, Peterborough, Basildon, Fenland etc.***
- ***There is a need to incentivise collaboration between FE and HE particularly with regard to vocational progression pathways.***
- ***There is potential for greater entry level opportunities through apprenticeships in some sectors - agriculture, food and drink, retail, hotels and restaurants, health and social care and parts of the business services sector such as security, cleaning and call centres. These should be targeted for active labour market programmes such as the new “Work” programme and for basic skills provision.***

- ***Specialist providers have an important role to play in the delivery of training particularly for some groups and communities. It is very important that skills and employment commissioning frameworks allow sufficient room for such providers to operate alongside or as part of large scale contracts.***

### **Commissioning and provision of workforce skills**

Raising demand for skills is key to tackling the region's weak skills profile. There is ample evidence of the benefits of high performance working and we know that relative to international competitors we have too few businesses operating in high value markets and investing in skills as part of long term business development. In the East of England there is a significant low wage low value economy alongside high technology industries particularly in some parts of the region such as Norfolk, Suffolk, and Thurrock. There is clear scope to drive up GVA for the benefit of the UK as a whole by providing targeted supported for businesses.

- ***Business support organisations need to provide an integrated offer for businesses incorporating skills in business planning and development alongside specialist legal services (e.g. intellectual property, and developing business for international markets) as well as access to finance. This needs to be particularly targeted to businesses with potential to grow and move up the value chain***
- ***There needs to be flexible, accessible and high quality leadership and management training for managers at all levels, developed in collaboration with business and appropriately contextualised to meet the needs of businesses e.g. third sector; start ups; growth businesses.***

Research and development is a strong asset in the East of England but we need to improve the connection of businesses to this knowledge base. This is particularly important for high technology sectors of the economy. Encouragement is needed to stimulate knowledge transfer between Industry and Research Institutes/Universities and to increase opportunities for the commercialisation of research.

- ***Universities, research institutes and businesses should be encouraged to participate in networks that support knowledge transfer.***

Provision needs to relate more strongly to economic demand. The future economy of the East of England requires a greater proportion of Level 3 and higher skills. There is evidence of current recruitment difficulties at this level with indications that this will increase significantly particularly in relation to technician skills.

- ***Funding solutions need to be flexible, focusing on “top-up” units of learning to up-skill the existing workforce, as well as new entrants.***
- ***Networks and links between industry and providers need to be encouraged.***
- ***Funders should seek outputs and outcomes that are directly related to the job market (e.g. measures for effective training should include job outcomes).***
- ***Funding flexibilities should be available to all providers.***

- ***There is scope for improved higher level and technical skills (levels 3 & 4) through Train to Gain and apprenticeships in a number of sectors – agriculture, construction, manufacturing, retail, transport and logistics, health and social care and hotels and restaurants, and in some parts of the broad business services sector (e.g. IT, legal, accountancy, advertising) to provide opportunities for progression.***

We need to see a greater focus on investment in the following skill sets:

- ***STEM***
- ***Technician skills***
- ***Professional ICT skills***
- ***Engineering, particularly in support of manufacturing***
- ***Business and commercial skills***
- ***Generic management skills, including people management, financial management, programme and project management***
- ***Low carbon skills***