For information

Leading learning and skills

East Midlands Learning and Skills Council Regional Strategic Analysis 2008/09

Part 3: Apprenticeships in the East Midlands

October 2008

Of interest to partners, providers and employers, and all those interested in learning and skills in the East Midlands.

Leading learning and skills

Foreword

I am pleased to present the Learning and Skills Council's (LSC) Regional Strategic Analysis for the East Midlands for 2008/09. This is a high level report used to support the production of the Regional Commissioning Statement.

The Strategic Analysis provides a strategic overview of what the LSC has achieved in the East Midlands and an insight into its ambitions for the future. The report integrates local and regional issues on the demand and supply of skills using an evidence-based approach. The content also aims to illustrate the major themes in current LSC activity.

In line with the Machinery of Government changes, this year's Strategic Analysis has been published in three parts. Each part comprises of a strategic overview of the demand for learning and skills within the region and one of the following sections:

- A review and analysis of participation and achievement in the 14-19 sector in the East Midlands (Part 1).
- A review and analysis of activity in Adult Skills in the East Midlands (Part 2).
- A review and analysis of activity in Apprenticeships in the East Midlands (Part 3).

Once the Regional Commissioning Statement is published in the autumn, we will update this analysis to take account of more current data and intelligence to inform the later stages of our planning processes. This will ensure that we are using the best intelligence on the current economic climate to decide how we invest in learning and skills for the region in 2009/10.

Tom Crompton
Regional Director, LSC East Midlands

MACHINERY OF GOVERNMENT REFORMS

Enabling the System to Deliver

The Secretaries of State of the Department for Innovation, Universities and Skills (DIUS) and Department for Children, Schools and Families (DCSF), announced the Machinery of Government (MoG) changes in their publication *Enabling the System to Deliver* in March 2007. The starting point for these reforms is the ambition to raise the education participation age and deliver better outcomes for all young people, an ambition which has been at the heart of the *Every Child Matters* agenda and which was emphasised again in the recent Children's Plan.

The reforms provide an opportunity to bring together in one place responsibility for the outcomes and achievement of all young people aged 0-19. The reforms build on the existing role and expertise of local authorities as commissioners of a wide range of services which will help support pre-19 education and training.

From 2010 subject to legislation), local authorities will have a statutory duty to provide learning places for pre-19 year olds. Local Authorities will be supported in this by a new Non Departmental Public Body, the **Young People's Learning Agency (YPLA).**

The future commissioning process requires local authorities to work together to develop and agree plans in sub regional groupings. Commissioning decisions need to be made collectively to ensure that the decisions of one LA do not adversely impact on another and ensure purchasing decisions provide the best value for money, promote provider stability and provide the highest quality and choice of provision for the learner. Regional Planning Groups of LAs and key partners will agree the plans of the sub-regional groupings; ensuring coherence regionally.

A two stage, Government Office led, process has seen initial sub regional groupings outlined, with DCSF feedback due to be given by November 2008. Comprehensive proposals submitted as 'ready' between November 2008 and February 2009, with feedback given by March 2009.

For adults and employers there will be a new **Skills Funding Agency (SFA)**, which will oversee the distribution of funds to the sector and manage the performance of FE colleges. The Agency will also house the National Apprenticeship Service (NAS), the National Employer Service, and the Adult Careers and Advancement Agency. As has already been announced, the Train to Gain brokerage service will transfer to Regional Development Agencies in April 2009.

Meanwhile, the Learning and Skills Council continues to have a statutory role in post-19, and must continue to focus on expanding the Train to Gain programme, and to tackle adult basic skills, including securing closer integration between skills and employment, and ensuring that a wide range of engagement/progression routes are available to support economic and social inclusion. A blueprint of the future post 19 delivery will be made available in the Autumn 2008.

East Midlands Strategic Analysis 2008/09

Apprenticeships in the East Midlands

KEY ISSUES FOR APPRENTICESHIPS IN THE EAST MIDLANDS

- The East Midlands has an ageing population, which is particularly prominent in rural localities. Eighty per cent of the workforce needed for 2012 is already in employment. Older workers must therefore be a focus of future labour market and educational policy.

- The 14-19 population is predicted to decrease until 2020. Achievement rates of young people need to increase and the proportion of those who are Not in Education, Employment or Training (NEET) needs to decrease.

- The population of the East Midlands is predominantly from a White heritage. However, there are considerable variations in the ethnic minority make-up of the region with concentrations of particular groups in localised areas. For example, Leicester City has a high concentration of residents from an 'Asian or Asian British' Indian heritage whereas Derby City has a high proportion of people of an 'Asian or Asian British' Pakistani heritage compared to other areas in the region.

- Deprivation is most apparent in the three cities, in isolated rural areas and the former coalfields and Lincolnshire coast.

- The East Midlands has two pathfinder City Strategies in Leicester and Nottingham. These are concerned with increasing the employment rate by at least 3% and reducing the numbers on work-related benefits.

- Employment rates and economic activity in the East Midlands are stable and above the national average. There is however, significant sub-regional variation in economic activity, with Nottingham City having a particularly low rate.

- The East Midlands has a high proportion of its workforce employed in low skilled occupations compared to England and a lesser proportion in high skilled occupations. Future predictions suggest that employment for elementary occupations is declining.

- The largest claimant group are Incapacity Benefits Claimants. A large proportion of these claimants have no formal qualifications.

- The East Midlands was the least likely region to report Hard to Fill Vacancies or Skills Shortage vacancies. The highest number of Skills Shortage Vacancies were found in engineering (SEMTA), hospitality (People 1st), Construction (Construction Skills) and Retail (Skillsmart).

- The qualification level of the East Midlands is improving. The proportion of the population without any qualifications decreased between 2001 and

2007. However, the East Midlands is the third lowest region in the country in terms of the proportion of the population qualified to Level 2.

- Fifteen per cent of establishments in the East Midlands had a Skills Gap. Skills Gaps are mainly reported for low skilled occupations and were most numerous for employees in Sector Skills Council sectors of Cogent[1], Financial Services Skills, Lifelong Learning UK, SEMTA[2] and Skills for Justice.

- The Construction, Engineering, Retail, Health and Social Care and the Public Sector are priority sectors for the East Midlands Learning and Skills Council.

- Construction and Engineering sectors have a higher than average level of vacancies whilst Retail and Health and Social Work have a lower proportion. All priority sectors are forecast to experience a growth in employment for intermediate and high order occupations apart from the Engineering sector.

- There is no one over-riding issue affecting the priority sectors, with the exception of possible redundancies amongst Apprentices, which will need to be monitored carefully to ensure that replacement training is available. The issues affecting specific sectors can be found on pages 26-53.

- The region made significant improvements in Apprenticeship participation in 2007/08 due to the successful implementation of the regional strategy and robust provider management. The introduction of the National Vacancy Matching System in 2009 is expected to continue this upward trend by matching employer vacancies with potential apprentices.

- Progression between Apprenticeships and Advanced Apprenticeships is not yet robust. Many sectors now require a Level 2 qualification as an entry and employment forecasts show increases in more highly skilled occupations. The region will need to improve its progression pathways into Advanced Apprenticeships and from these to foundation degrees if the economic needs of the region are to be met.

- Increases in both the number of Framework completions and completion rates have slowed. Whilst this is unsurprising given the fall in participation over the last few years, with increasing numbers of Apprentices entering programmes, maintaining and improving completion rates will be essential. In particular, more Level 3 achievements are needed to support the ambitions for the region from the Regional Economic Strategy and improve the region's competitiveness.

[1] Sector Skills Council for the Chemicals and Pharmaceuticals, Oil and Gas, Nuclear, Petroleum and Polymer industries
[2] Science, Engineering and Manufacturing Technologies industries

- There is employer support for adult Apprenticeships within the region, coupled with provider capacity to increase the number of learners to support Leitch targets.
- The introduction of Apprenticeships for 25+ learners has been very successful. Participation rates are high and success rates encouraging.
- The economic downturn may have implications in regards to apprenticeships. In some sectors as employers scale back recruitment plans the availability of apprenticeships places may reduce. There is also the risk that current Apprentices may be made redundant. This is particularly apparent in, but not restricted to, the construction sector

Important note:

The Strategic Analysis has been written using the most recently available datasets, which are often from previous year(s). The current UK and world economic difficulties that have been developing over the recent weeks have not yet been reflected in published datasets. The problems starting with American ‘sub-prime’ mortgages, leading to the ‘Credit Crunch’ will affect short term economic activity. Whilst the possible duration of the downturn is as yet unclear the likely long term direction of change for sectors and occupations should remain valid.

SECTION ONE: DEMAND FOR SKILLS

POPULATION

Age

Table 1: Current population of the East Midlands by Unitary Authority area (thousands)

	0-15	Working age (16-59F/64M)	Over 60F/65M	Total Population
Derby City	46.7	146.7	42.9	236.3
Derbyshire	140.8	460.7	152.7	754.1
Leicester City	59.9	188.1	41.6	289.7
Leicestershire	117.6	395.1	122.5	635.1
Lincolnshire	122.3	406.4	157.6	686.2
Northamptonshire	134.3	420.8	114	669.1
Nottingham	49	196.5	40.9	286.4
Nottinghamshire	141.6	474	153.5	769.1
Rutland	7.4	22.8	8.1	38.3
East Midlands	819.4	2,711.10	833.7	4,364.20
England	9,674.00	31,626.70	9,462.30	50,762.90

Source: Office of National Statistics (ONS) Mid 2006 Population Estimates

1 Similar to national trends, the East Midlands has an ageing population. 80% of the workforce needed for 2012 is already in employment. Older learners and workers must therefore be a focus of future labour market and educational policy.

2 The growth in the pensionable age population has been particularly prominent in rural areas and this growth is forecast to continue at a higher rate than any other region in England. Between 2003 and 2028 it is anticipated that the region will experience an increase of 63.4% in the pensionable age population in rural areas (compared to 51.5% in these areas nationally).[3]

3 The ageing workforce has numerous implications and considerations for policy makers in the East Midlands. Firstly, there are implications in regards to ill health as the likelihood of being of ill health increases with age. On an individual perspective, support will be required where the onset of an illness changes a person's career path. On a workforce perspective, there will be increased pressure on medical and health services resulting in an increased demand of workers in those sectors.

4 Secondly, there are general issues that policy makers will need to consider in order to increase and maintain the participation of older workers in the labour market, particularly for those older workers that may not have financial reasons for doing so. The engagement of older workers in updating and refreshing their skills in order to be attractive to employers will be important, especially for those sectors that are declining. Employers will also need to

[3] Source: East Midlands Development Agency (2008), *The Rural East Midlands.*

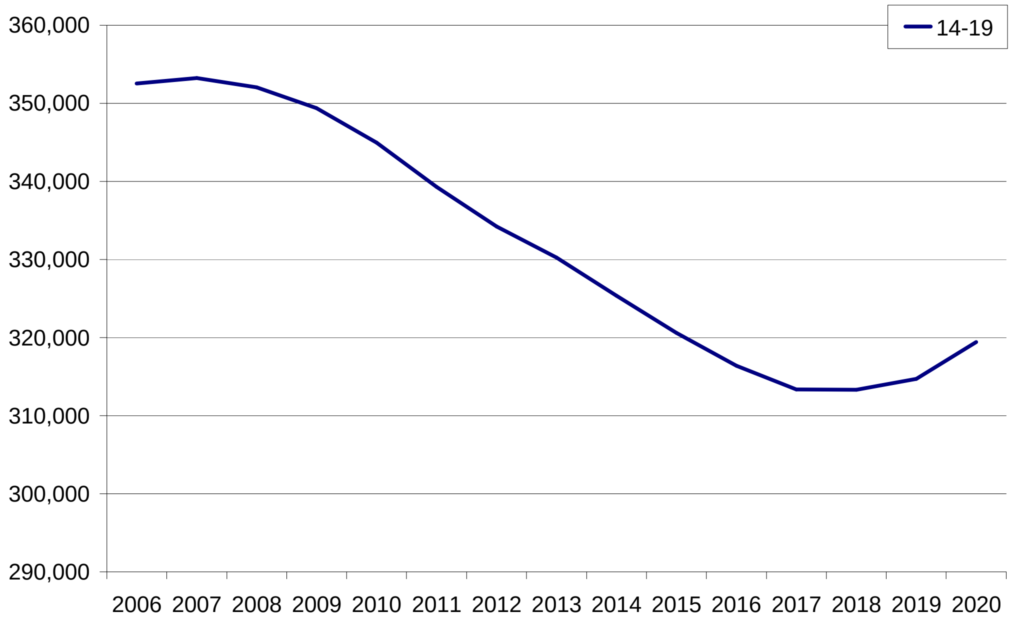
develop age friendly recruitment practices. It is not clear what the exact impact of the ageing workforce will be and so the Learning and Skills Council (LSC) East Midlands has commissioned research into this issue which is due to be published this Autumn.

5 Whilst the working age population is predicted to increase it is anticipated that ***the 14-19 cohort will decrease***. It is therefore important that achievement rates of these young people continue to increase whilst further efforts are made in decreasing the number of young people Not in Employment, Education or Training (NEET).

6 It is currently planned that circa 101,000 new homes will be built by 2021 in North and West Northamptonshire[4] as part of the Milton Keynes South Midlands Development[5]. It is estimated that the planned housing expansion will lead to an increase of 14,000 under 18 year olds by 2020-21[6]. There is already evidence of major changes in cohort sizes coming through the education system and placing new demands on providers. However, the overall projected trend[7] is for the number of young people to decrease. The LSC is already planning ahead with local authorities and other partners to ensure that future capacity in the Further Education (FE) system will be flexible enough to meet the needs of these young people. A joint plan has also been developed with neighbouring LSCs, which will ensure a common approach to planning as well as effective sharing of good practice. LSC economic development managers are already working closely with many local partnerships to ensure a co-ordinated response is made to these major shifts in population.

[4] 52,100 in North Northamptonshire and 48,900 in West Northamptonshire, Source: Milton Keynes South Midlands Sub-regional Strategy (2005), East of England Plan the Secretary of State's Proposed Changes to the Draft Revision to the Regional Spatial Strategy for the East of England in Milton Keynes South Midlands Business Plan Executive Summary, August 2008
[5] The 2003 Sustainable Communities Plan (Office of the Deputy Prime Minister, February 2003) identified four Growth Areas for housing and employment in the South East of England, which included Milton Keynes and the South Midlands area. The Milton Keynes and South Midlands Development (MKSM) covers three regions (East of England, East Midlands and South East) and 16 Local Authority Areas. A total of 224,000 new homes are planned for the MKSM area between 2001 and 2021 and the creation of 192,000 new jobs (84,600 in Northamptonshire)
[6] 'Understanding the Revenue Implications of High Population Growth' Northamptonshire County Council and Price Waterhouse Coopers, September 2006
[7] Office of National Statistics, 2006-based Population Projections,

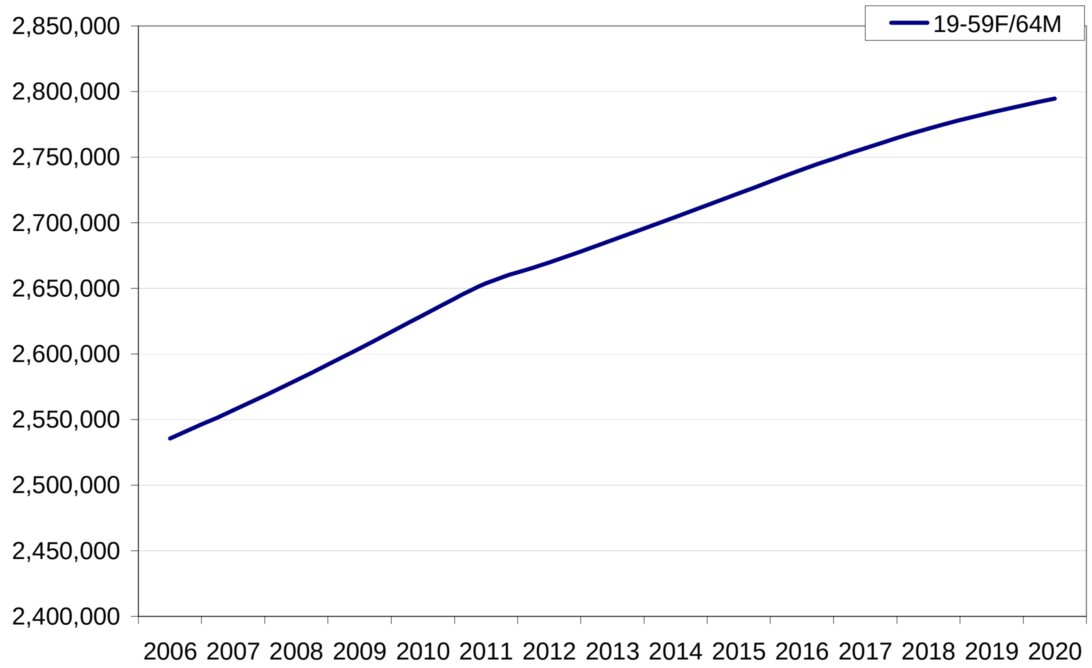
Figure 1: East Midlands population projection for the 14-19 age group[8]



Source: ONS, 2006 based sub national population projections

[8] It should be noted that the population projections do not take account of local developments.

Figure 2: Working Age (19-59F/ 64M) population projections for the East Midlands



Source: ONS, 2006 based sub national population projections

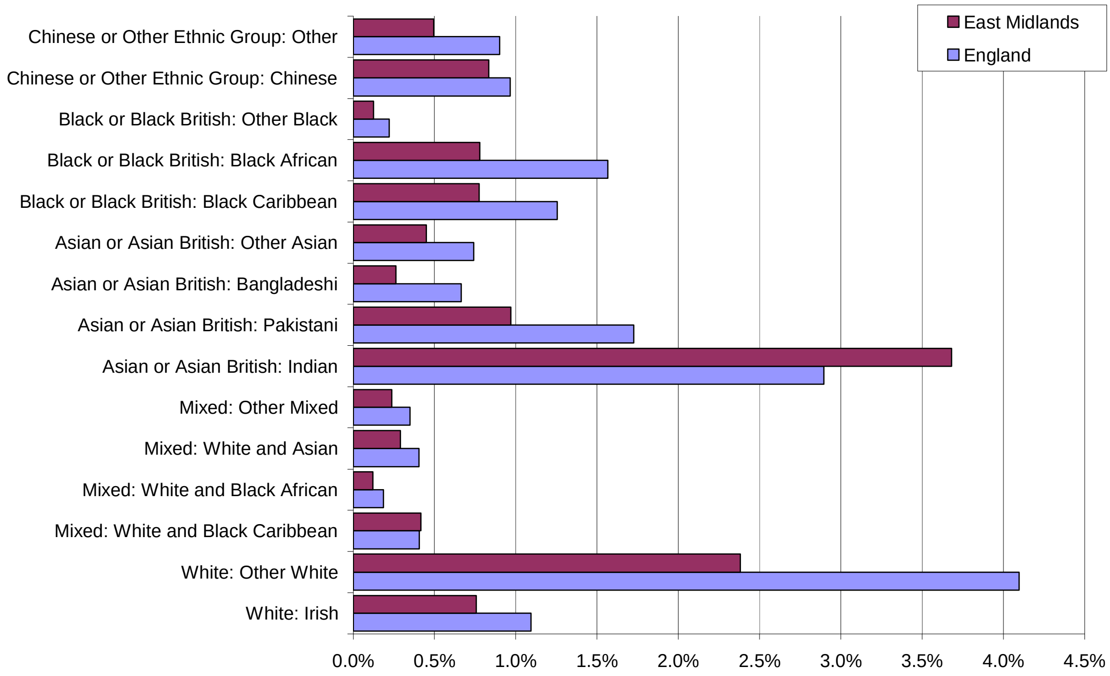
Ethnicity

7 It is well documented that some minority ethnic groups face substantial and persistent disadvantage within the labour market. This is a result of the interplay of numerous factors such as educational disadvantage, family influence in employment choices, employer discrimination (actual and perceived), social mobility and poor English language skills[9]. ***92% of the population of the East Midlands is from a 'White' heritage[10] which is higher than the proportion in England overall (89%).*** However, there are considerable sub regional variations. The following figure shows that a high proportion of the population are from an 'Asian or Asian British Indian' heritage in the East Midlands. These are mainly concentrated in Leicester City where they account for 26% of the working age population[11].

8 Traditionally, achievement amongst those from an Asian heritage is higher than those of a white heritage, particularly for those who are male and reside in areas of deprivation within the cities. For example, GCSE attainment in 2007 was 65.1% for this group compared to 56.9% for those from a White heritage[12].

[9] Sourced from the East Midlands LSC Equality and Diversity Review 2008, unpublished
[10] Those of 'White Heritage include 'White British, White Irish and White Other as defined by the Census 2001, Office of National Statistics
[11] Excluding 'White British' working-age population
[12] DCSF Statistical First Release: National Curriculum Assessment, GCSE and Equivalent Attainment and Post-16 Attainment by Pupil Characteristics, in England 2006/07

Figure 3: Ethnic profile of the East Midlands



Source: ONS 2006 Experimental population estimates by ethnicity (August 2008)

Migration

9 ***There is no single comprehensive dataset that can be used to measure the number of migrants in the UK***. Those datasets that do exist only provide a partial picture and have significant difficulties in terms of measurement. This outflow of migrants from the United Kingdom (UK) is not recorded, there is no dataset to capture illegal migrants, schemes do not require de-registration when a migrant leaves the UK or change employer.

10 In 2008, the new points based system to 'manage migration' was introduced for those migrants from outside of the European Union (EU). There are five tiers that underpin this system as detailed below.

Tier 1: Highly skilled individuals to contribute to growth and productivity;

Tier 2: Skilled workers with a job offer to fill gaps in United Kingdom labour force;

Tier 3: Limited numbers of low skilled workers needed to fill temporary labour shortages;

Tier 4: Students;

Tier 5: Youth mobility and temporary workers: people allowed to work in the United Kingdom for a limited period of time to satisfy primarily non-economic objectives

11 At the time of writing the Migration Advisory Committee released a draft list of job shortages that should be open to people from outside of the EU. This

included nurses, consultants, some Engineering occupations and maths and English teachers. The list refers to Skilled Workers who are defined as having two ‘A’ levels or qualified to National Vocational Qualification (NVQ) Level 3, have a good grasp of English and earn more than £24,000. This will have a significant impact on the sectors that rely on the employment of people from these countries in low skilled occupations such as in the health care sector.

12 In regards to EU migrants, National Insurance Number (NiNO) registrations show that the most popular destination for migrants in the UK is London, followed by the East Midlands. However, the Workers Registration Scheme (WRS) shows that East Anglia is the most popular destination, followed by the Midlands. Nevertheless, both datasets identify the ***East Midlands as the second most popular destination with a substantial proportion of the UK’s share of migrants***.

13 Migrants are highest in volume in urban areas. However there is a faster rate of growth in migrants in rural areas compared to urban.

14 ***Migrants in the East Midlands are predominantly young***. The WRS shows that 78.9% of the non UK born population are aged 18-34 and the Annual Population Survey (APS) 2006 showed that 79% were aged 34 and under. This is interesting in the context of an ageing population in the East Midlands.

15 The young age profile of migrants may be attributed to the large number of higher education (HE) students enrolled on courses at the Universities in the East Midlands. There are approximately 150,000 HE students in the East Midlands.

16 As migrants are younger they tend to bring fewer dependents with them. There is evidence nationally that where children arrive with their parents there has been an impact on the schools and Local Educational Authorities (LEA) which are required to provide education in additional languages. The school census revealed that nationally 10% of pupils in grant maintained schools have a first language other than English.[13] However, it is not clear if these migrants are in the UK on a temporary or permanent basis.

17 The Labour Force Survey (LFS) (2001-2006) reports that there are a number of sectors that can be classified as ‘migrant dense’ in the East Midlands. At the highest Industry breakdown (Standard Industrial Classification (SIC) industry sector) the following industries are identified as being the most ‘migrant dense’:

- Hotels and Restaurants;
- Real Estate, Renting;
- Health and Social work;
- Manufacturing; and
- Transport, storage.

[13] Crossing the borders: responding to the local challenges of migrant workers (January 2004) Audit Commission

18 Migrants are mainly employed in those industries that have declining employment growth, but with replacement demand requirements. These sectors also have a shrinking UK born population; however data sources cannot show whether this displacement effect is voluntary or involuntary. Without migrants some industries would collapse. Migrants are particularly important in this respect to the food production, processing and packaging industry in Lincolnshire.

19 The APS shows that migrants ***work in both high and low skilled jobs as Health Professionals and in Elementary Occupations***. However, the WRS shows that this split is skewed towards low skilled occupations such as Process Plant and Machine Operatives and Elementary Occupations.

20 There is evidence that migrants working in the UK, and regionally in the East Midlands, are ***employed in occupations below their skill level***. Reasons for this include a lack of recognition of overseas qualifications in the UK and the fact that migrants are more willing to work for longer hours, in poorer conditions and for lower wages than their UK counterparts. Migrants often work at the minimum wage, however, this is substantially more than what they can earn in their home country. There is also evidence that migrants have a lack of information before coming to the UK, especially regarding job vacancies, entitlements and rights in the UK.

21 On arrival into the UK, migrants can encounter many challenges in integrating into a new community and working culture. Possessing good English language skills is vital for migrants to be able to integrate as well as gain confidence to develop further skills. We need to ensure that 'English for Speakers of Foreign Languages' (ESOL) provision is available and easily accessible for migrants, particularly in areas where there are high concentrations of these new communities.

22 Any skills and training provision for migrants also needs to consider the often transient nature of the migrant population due to the type of work they undertake. Employers may therefore be unwilling to provide training for this part of their workforce as they would not see the longer term benefits. Migrants might also be reluctant due to time implications and the fact that training courses might not fit with their working hours. We therefore need to promote the opportunities for work-related training (i.e. Train to Gain) or short courses, especially in industries that are migrant 'dense'. This would benefit both the employers as well as those migrants who want to improve their skills[14].

23 It is documented that migrants often suffer from a lack of information before coming to the UK regarding their entitlement to learning and training and job vacancies. We need to consider working with partners, such as Jobcentre Plus, to improve this information[15].

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[14] East Midlands LSC Equality and Diversity Review 2008, unpublished
[15] East Midlands LSC Equality and Diversity Review 2008, unpublished

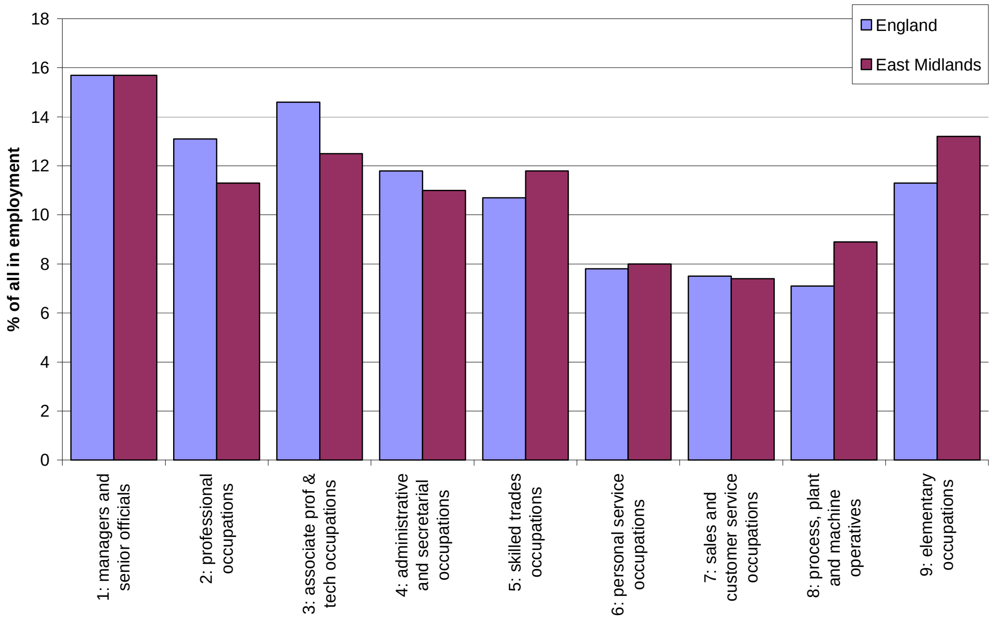
EMPLOYMENT AND SKILLS

24 The East Midlands has an ***employment rate*** which is stable (74.4% in 2004 to 75.9% in 2007[16]) and ***above the national average (74.4%).***

Occupation profile

25 ***Compared to England, the East Midlands has a higher proportion of the workforce employed in occupations requiring a low level of skill*** (Elementary Occupations and Process, Plant and Machine Operatives) ***and a lower proportion of the workforce employed in high skilled occupation.*** This may indicate that employers in the East Midlands are demanding low skills which is concerning given that funding for learning and skills will alter to become more employer driven.

Figure 4: Occupation profile of all in employment, 2007



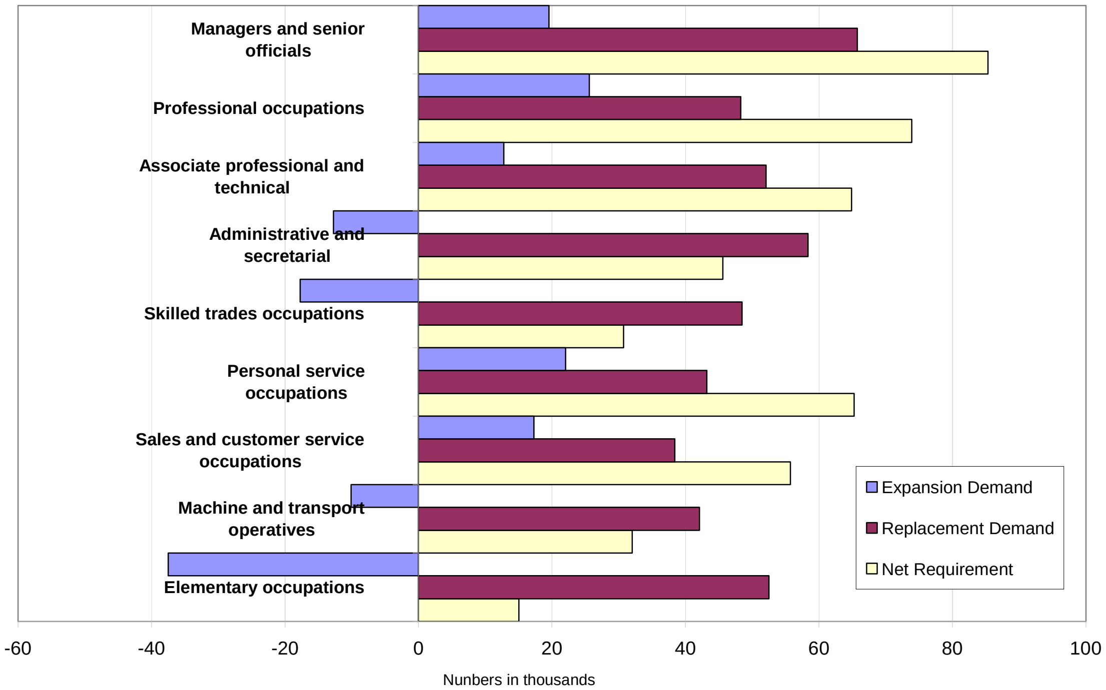
Source: Annual Population Survey 2007

26 Conversely to the current occupational profile, Working Futures (a model used to predict future employee levels) suggests that there will a ***considerable future demand (to 2010) for employees in higher order occupations*** such as managers, senior officials and professional occupations. Expansion is also seen in personal service occupations and sales and customer service occupations and this is linked to the employment growth in business and miscellaneous services shown in Figure 13. The decline in skilled trades occupations and machine/transport operatives is due to the declining employment forecast for various manufacturing sectors in the region.

[16] Annual Population Survey January 2007 to December 2007

27 Also of significance is the ***decline in the number of elementary occupations***. While there is still replacement demand for people within this occupational group, the overall reduction in the number of opportunities requiring low skills shows an increase in the skills requirements of most jobs. However, there are sub-regional variations within this.

Figure 5: Occupational change in the East Midlands 2004-2010



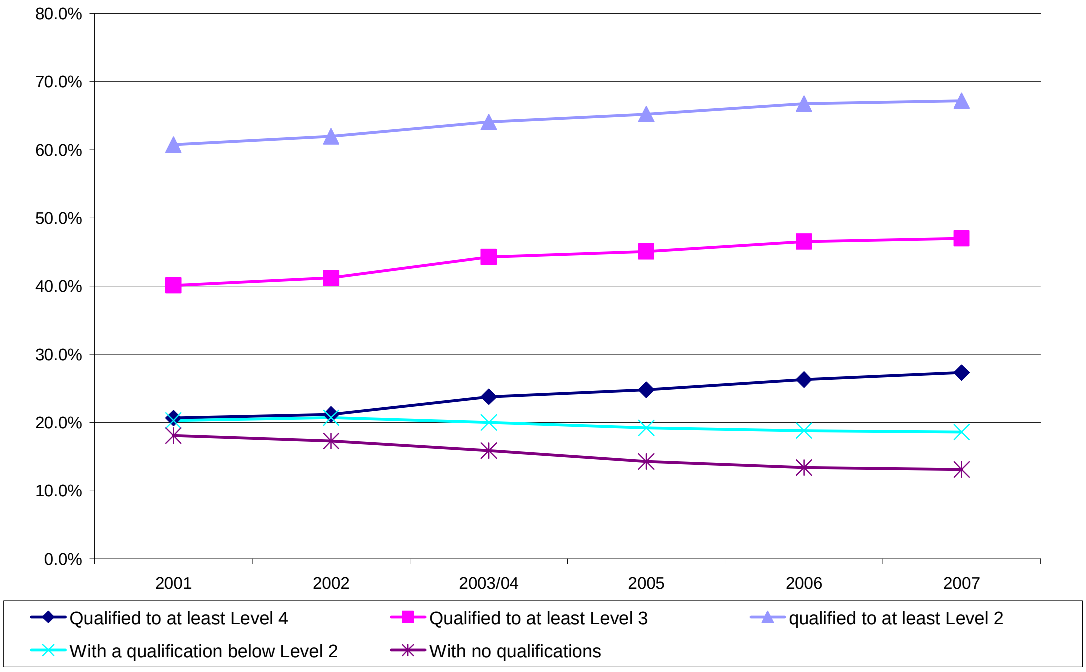
Source: Working Futures 2

Qualification levels

28 ***Levels of qualification amongst the East Midlands population (19-59/64) has been increasing, improving the skill levels within the region's workforce.*** Increases have been seen at all levels of qualification except those below Level 2. The proportion of adults without any qualifications has also decreased substantially. ***However, despite these positive shifts, the region still remains below the national average (68.9%) and has the third lowest proportion of its population qualified to at least Level 2 (67.2%)[17].***

[17] Source: Annual Population Survey 2007 (DIUS, Highest qualification held by population aged 19-59/64, http://www.dcsf.gov.uk/rsgateway/DB/STA/t000809/index.shtml)

Figure 6: Highest qualification held by East Midlands 19-59/64 population 2001-2007



Source: Annual Population Survey, (DIUS, Highest qualification held by population aged 19-59/64, http://www.dcsf.gov.uk/rsgateway/DB/STA/t000809/index.shtml)

29 There is also significant variation across the region, with differences between the urban and rural partnership areas. This is most marked in Leicestershire LSC area. Only 57.6% of Leicester City's adult population is qualified to at least Level 2, compared with 70.9% in Leicestershire. Understanding this pattern better, will help the LSC to prioritise areas and deliver learning provision more efficiently in our efforts to meet our targets for adult Level 2 and Level 3 qualifications.

30 As shown by the following table, it is clear that there is a higher employment rate amongst those with higher level qualifications compared with those with lower or no qualifications. However, the difference in employment rate gaps was greater amongst those with no qualification and those with Level 2 qualifications. This supports the need for learning and skills to be an integral part in any worklessness strategies such as the City Strategies discussed later in this document.

Table 2: Employment rates by Level of qualification, 2007

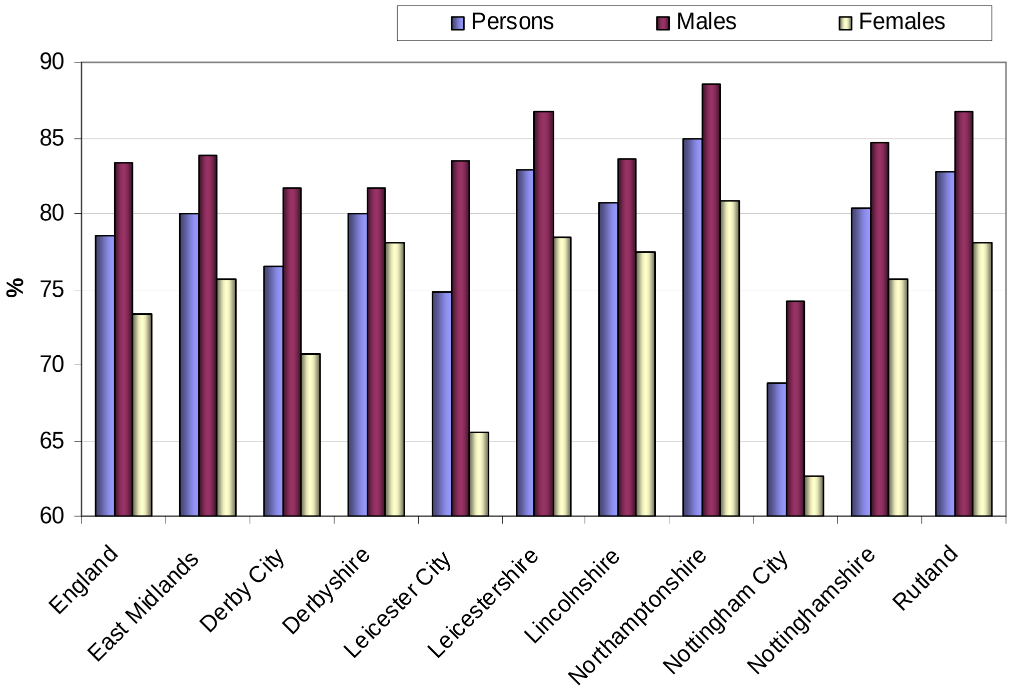
	Overall	Qualified to at least Level 4	Highest qualification Level 2	No qualifications
North East	71.6%	87.3%	73.9%	41.7%
North West	72.4%	87.4%	72.7%	43.1%
Yorkshire & Humber	73.2%	86.8%	75.3%	45.1%
East Midlands	75.9%	87.1%	77.4%	52.3%
West Midlands	72.5%	86.8%	73.3%	46.7%
East of England	77.4%	87.4%	77.3%	56.3%
London	69.9%	84.8%	65.2%	42.2%
South East	78.5%	87.7%	76.8%	57.2%
South West	78.2%	87.2%	78.8%	50.4%
England	74.4%	86.8%	74.3%	48.0%

Source: Annual Population Survey[18]

Economic activity

31 ***The economic activity rate in the East Midlands is above the national average*** although there are considerable sub regional variations. This is shown in Figure 7. Economic activity is particularly low in Nottingham City but also lower in the other major cities. The highest Economic activity rates can be found in Northamptonshire, Leicestershire and Rutland.

Figure 7: Working Age (16-59/64) Economic Activity Rates by Unitary Authority Area, 2007



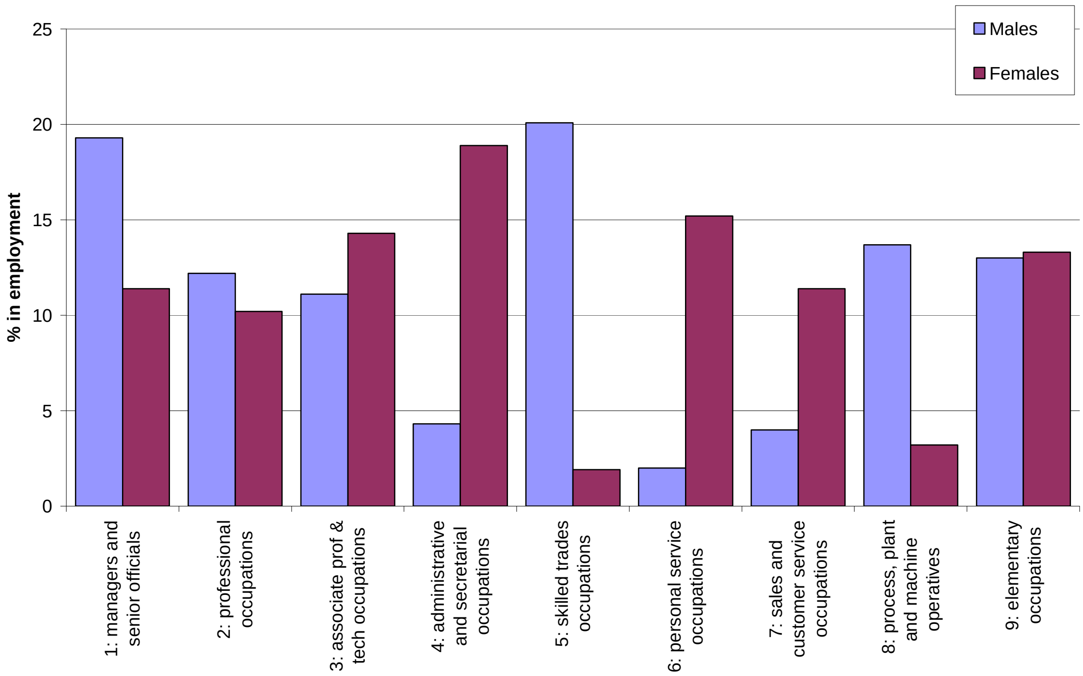
Source: Annual Population Survey (APS) Jan-Dec 2007

[18](http://www.dcsf.gov.uk/rsgateway/DB/STA/t000809/Table4Employratesbuhighestqualofpopaged19to59_64.xls)

32 Despite there being equal proportions of males and females in the population (50.5% females to 49.5% males) and a higher proportion of females qualified to Level 4 (23.6% of males compared to 26% of females), ***females tend to a have lower economic activity*** rates than males. Greater engagement of women in the labour market can therefore clearly contribute to the East Midlands Development Agency's (EMDA) vision of a highly skilled, knowledge intensive workforce (characterised by high levels of people qualified to Level 4 or above) which will require programmes that the LSC funds to help them reach this level.

33 Common reasons cited for the low economic activity rates of females include the fact that females tend to take time out of work to have children and look after the home and family. Whilst out of work their qualifications and skills become outdated which can make it difficult to find employment. Family commitments such as taking children to school and caring responsibilities can mean that women need to work closer to home. They are therefore affected by changes in the local labour market such as the decline of sectors. An example of this is the textile industry in Leicestershire. This is a particular problem for women residing in deprived areas as they are characterised by a low wage economy, making their disadvantage persistent. In addition, women who reside in coastal and rural localities may also experience problems gaining well paid jobs as their local labour market is characterised by seasonal work in tourism, agriculture and care which is also low paid. The tax and benefit system may also be a disincentive for women to gain employment[19].

Figure 8: Gender profile of occupations in the East Midlands 2007



Source: Annual Population Survey 2007

[19] East Midlands Equality and Diversity Review 2008, unpublished

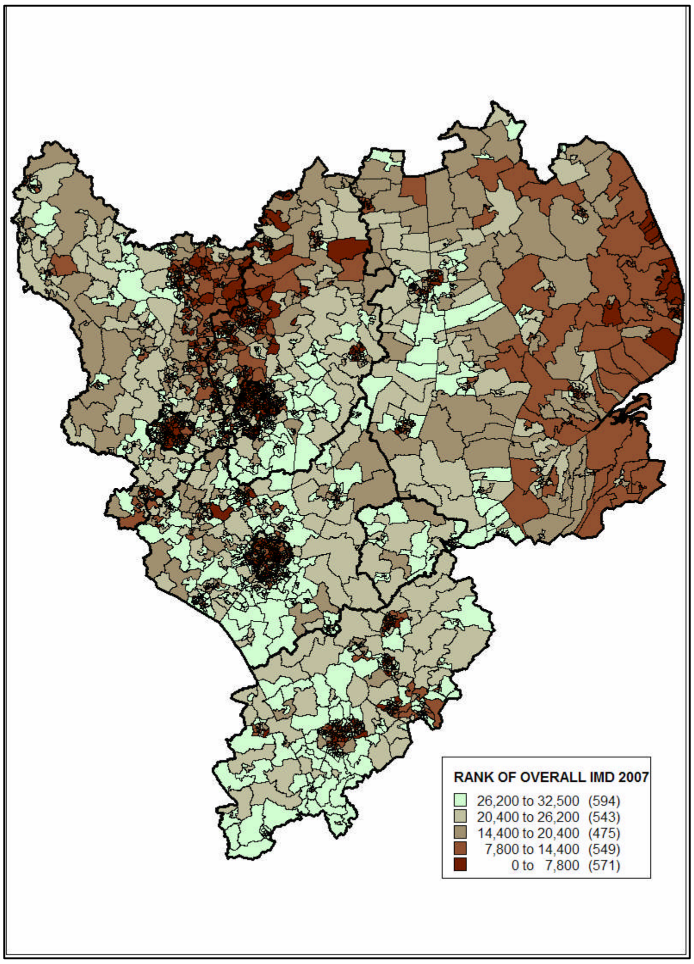
DEPRIVATION AND WORKLESSNESS

34 Both the region's three major cities and rural locations[20] are characterised by pockets of high levels of deprivation.

35 Although residents within these rural areas tend to have high employment and qualification levels, rural locations which are relatively isolated and have poor transport links tend to have lower than average employment rates and suffer from long term persistent deprivation i.e. the former coalfield areas and the Lincolnshire coast.

36 In contrast, the cities are characterised by other factors, such as higher levels of ethnic diversity, densely populated areas with high levels of unemployment which add a different dimension to initiatives tackling worklessness such as the 'City Strategies'.

Figure 9 – Index of Multiple Deprivation (IMD) 2007[21]



Source: Multiple Indices of Deprivation 2007

[20] The East Midlands is the third most rural region in England. 29.5% of the total population reside in a rural settlement and this is ten percentage points higher than the English average.
[21] Each Lower Super Output Area (LSOA) is positioned by its 'Rank' within England. Rank=1 equals the LSOA with the highest Level of deprivation.

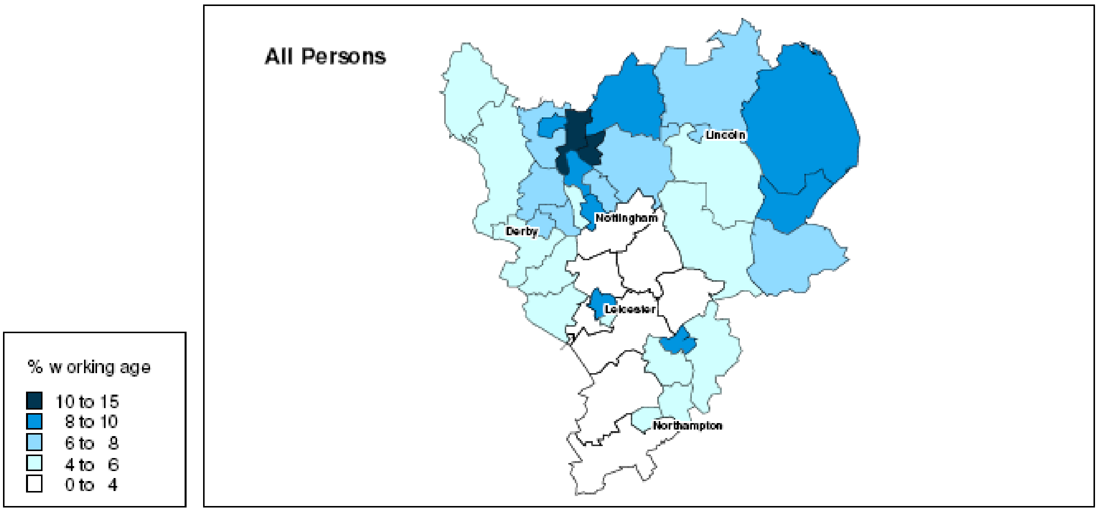
Incapacity Benefit claimants

37 There are 177,000 incapacity benefit (IB) claimants in the East Midlands. ***They are the single largest group working age benefit claimant group in the region***, accounting for 6.5 per cent of all adults of working age or three times the number of claimant unemployed[22].

38 It is crucial to understand the differences between reported unemployment and 'hidden unemployment'. [23] This is particularly important for the large numbers of people in receipt of IB in the region some of whom could be supported back into work but are 'hidden' from unemployment figures.

39 ***The highest concentrations of IB claimants are found in some northern parts of the region, mainly the former coalfields and the Lincolnshire coast which coincides with high concentrations of deprivation.***

Figure 10: IB Claimant Rates by District, May 2007,



Source: May 2007, IB Claimants by District, DWP, ONS

40 Sheffield Hallam Survey data[24] from localities around Britain indicates that 60 per cent of IB claimants ***have no formal qualifications*** and so a large proportion of the IB claimant group will be disadvantaged in the eyes of potential employers by exceptionally poor qualifications. The government has acknowledged the effect of 'hidden unemployment' and has a target for a 1 million reduction in the number of IB claimants by 2016. To meet this government target, a reduction of the order of 65,000 will be necessary in the

[22] LSC East Midlands commissioned report. Sheffield Hallam University (2008) *Incapacity Claimants in the East Midlands Identifying their characteristics, aspirations and skills needs*: http://readingroom.lsc.gov.uk/LSC/EastMidlands/Incapacity_Claimants_in_the_East_Midlands.pdf

[23] Official estimates of unemployment are produced by the Office of National Statistics (ONS) based upon the International Labour Organization (ILO) definition. Unemployment is a count of jobless people who want to work, are available to work, and are actively seeking employment. The ILO definition is the Government's preferred measure of unemployment.

[24] LSC East Midlands commissioned report. Sheffield Hallam University (2008) *Incapacity Claimants in the East Midlands Identifying their characteristics, aspirations and skills needs*:

East Midlands. If this is to be achieved it is clear that the low level of qualifications needs to be addressed. The introduction of the new Foundation Learning Tier (FLT) will play a part in achieving this.

41 Given that the likelihood of claiming IB increases with age, it is particularly important to engage these people in the labour market in the context of an ageing population.

City Strategies initiative

42 As part of a wider Government agenda to tackle worklessness in some of the most disadvantaged communities in the UK, the Department for Work and Pensions (DWP) has developed the City Strategy Pathfinder Project.

43 The strategy is intended to support the Government's national ***aim of achieving an 80% employment rate for the working age population*** and reducing the number of people on work-related benefits.

44 In July 2006[25], ***Nottingham and Leicester were identified as two out of fifteen pathfinder[26] areas***. The pathfinder programme was due to end in March 2009, but Ministers have agreed to extend DWP's support for all the pathfinders for a further two years.

45 It has been agreed that these Pathfinders will achieve a 3% reduction in the numbers of people on benefit and the equivalent increase in employment rates.

46 In order to achieve this, the cities have focussed on specific disadvantaged groups that have included;

- Incapacity Benefit Claimants
- Black and Minority Ethnic (BME) groups, including New Arrivals
- Over 50's
- Offenders

47 To date, in order to meet these targets strategies have included developing partnership working with major retailers such as the new Highcross shopping development in Leicester, ensuring that that clients have the relevant training and experience to enter into the workplace through a process of skills assessment and training provision and providing support for disabled people that have gained employment as a result of the City Strategy project.

[25] The first two pathfinders, East and West London, were announced in April 2006 and the remaining 13 in July 2006.

INDUSTRIAL PROFILE

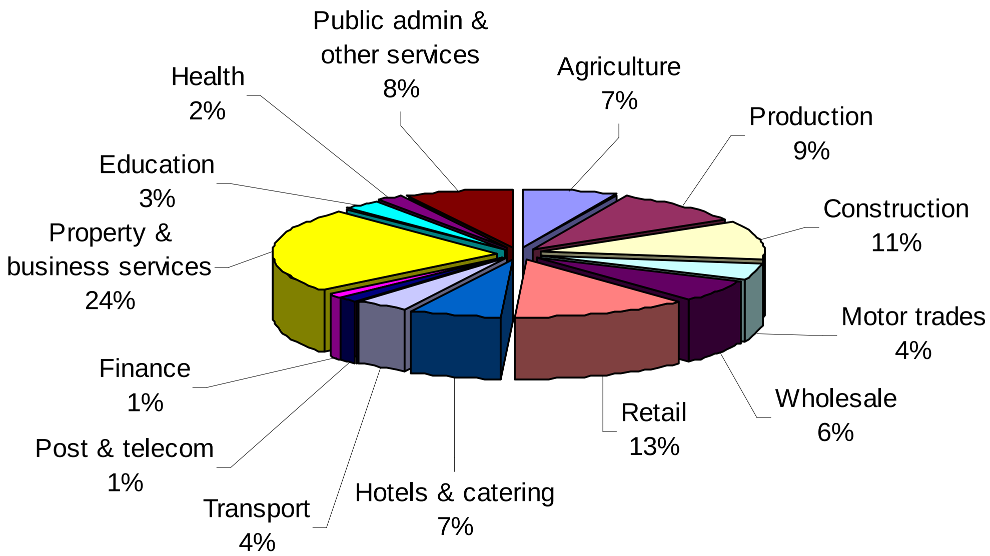
48 Employer engagement is essential in ensuring that learners receive education and training that can be utilised in the labour market, the region and the UK is economically competitive and the participation of the unemployed is increased. Employer engagement is therefore an essential component in achieving the LSC's vision of the UK being a world class leader in skills by 2020.

49 In order to effectively engage with employers their characteristics and skills requirements must be understood.

50 ***The greatest number of business units in the East Midlands is associated with the 'Property and Business Services' sector (24%), Retail (13%) and Construction (11%).***

51 However, there are sub regional differences. Lincolnshire has considerably more agricultural businesses; many of which are family run. Siblings tend to learn the required skills from their parents and by doing the job. It is therefore difficult to engage these employers in providing formal education for their staff. This sector is a local priority sector for Lincolnshire and Rutland LSC. Unsurprisingly, the three cities have more Retail business compared to the counties. Many large retail businesses tend to develop their own in house training. This sector is a regional priority and is therefore discussed in further detail later in this section of the report. The three cities and Northamptonshire have more Property and Business service businesses.

Figure 11: East Midlands Industry Type Distribution by Local Unit[27]



Source: ONS Inter-Departmental Business Register (IDBR), 2007

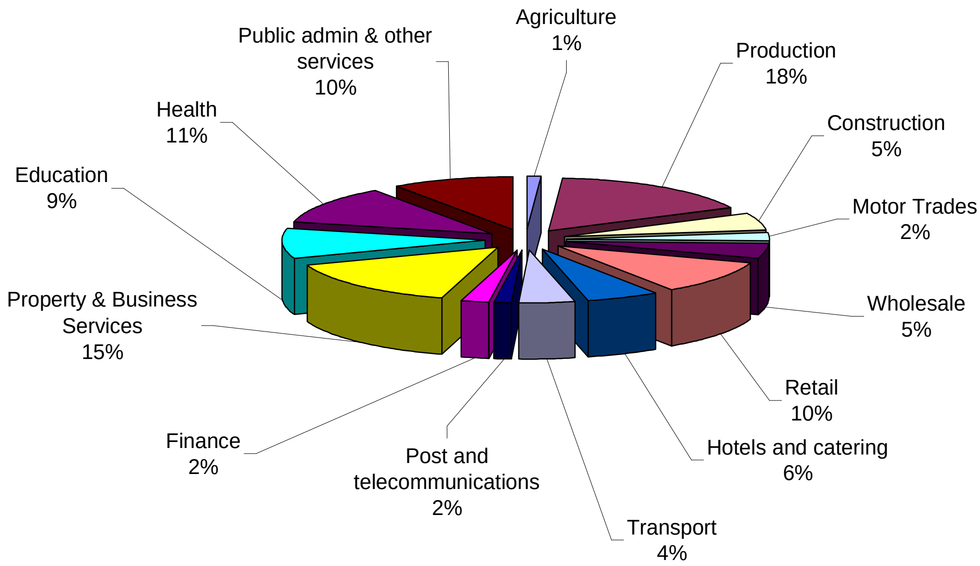
[27] Local Units are individual workplaces. i.e. a company with 2 workplaces counts twice.

52 In terms of employment the greatest number of employees can be found in Production (16.6%), ‘Property and Business Services’ (14.8%) and the ‘Health’ sectors. It should be noted that the ‘Property and Business Service’ sector consists of wide ranging sector types[28].

53 The distribution of employees by sector and sub region is relatively consistent, apart from in;

- Northamptonshire where there is a high proportion of people employed in the Property and Business Services sector,
- Leicester City where there is high levels of employment in the Health sector which is a regional priority sector
- Rutland where there is a high employment in education and public administration and other services.

Figure 12: East Midlands employment by industry sector, 2006



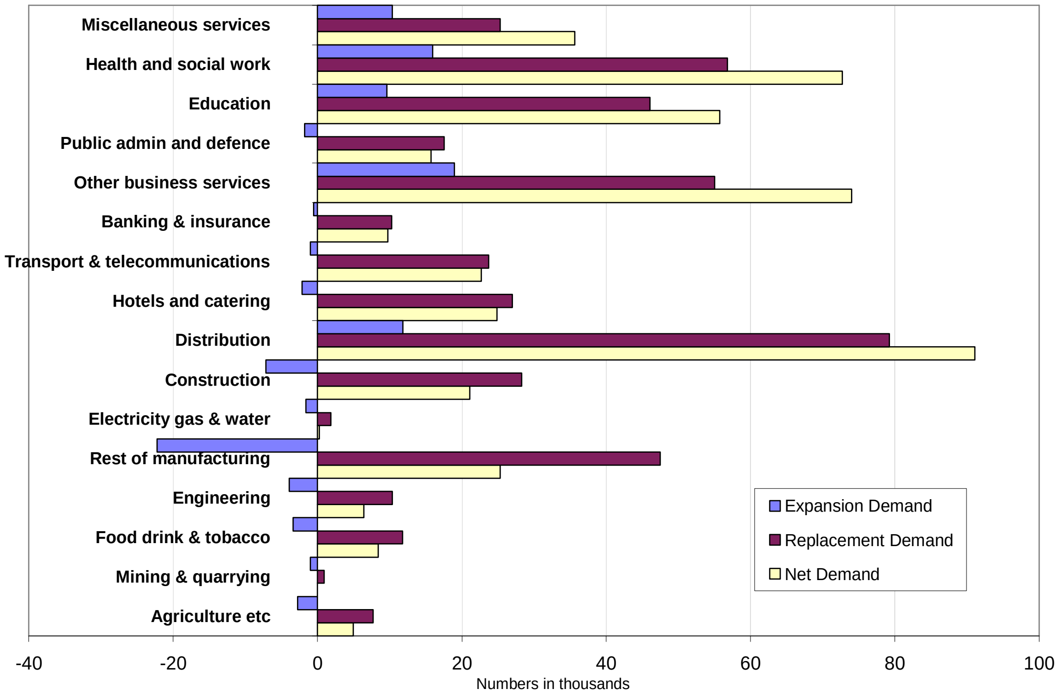
Source: ONS Annual Business Inquiry (ABI) 2006

54 Working Futures 2 is an employment forecasts commissioned by the LSC, Sector Skills Development Agency (SSDA) and the Department for Education and Skills (DfES) in 2004. The forecasts are in the process of being updated and are due to be published later this year.

[28] The Business Services sector consists of Software consultancy and supply, Data processing, Database activities, Maintenance and repair of office, accounting and computing machinery, Other computer related activities, Research and experimental development on natural sciences and engineering, Research and experimental development on social sciences and humanities, Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings, Architectural and engineering activities and related technical consultancy, Technical testing and analysis, advertising, Labour recruitment and provision of personnel, Investigation and security activities, Industrial cleaning and Miscellaneous business activities not elsewhere classified; including photographic activities, packaging activities, secretarial and translation activities, credit reporting and collection agency activities, speciality design activities, exhibition and fair organisers

55 As the forecasts used below were created in 2004/05, they are based on data and assumptions available at that time. They do not take into account more recent economic data and developments. They have been used here to give some indication of the general trends in employment, occupations and the key sectors for the East Midlands. This section will be updated when the new forecasts are available in October.

Figure 13: Employment change in the East Midlands 2004-2010



Source: Working Futures 2

56 The sectors forecast the highest expansion in employment in the region are health and social work and other business services, with education, distribution and miscellaneous services also showing positive expansion demand. Alongside this growth in the numbers employed within these sectors, there is also very significant replacement demand. This shows that overall these sectors require many thousands of people to fill the jobs that become available due to growth and to replace retirees. The need to replace retirees and others who leave the sector is also a major issue for sectors that are forecast declining numbers of employees, such as manufacturing and construction. In these sectors the problem is more acute and it will be harder to attract new recruits into a sector where employers are diminishing.

SKILLS SHORTAGES AND SKILLS GAPS

57 This section summarises the results from the National Employer Skills Survey (NESS) 2007. This survey was commissioned by the LSC along with its partners, the Department for Innovation, Universities and Skills (DIUS) and the Sector Skills Development Agency (SSDA). It is the latest in a series of employer surveys, designed to provide the LSC and its partners with robust and reliable information on skills deficiencies and workforce development.[29]

Skill shortage vacancies

58 It is encouraging that establishments located within the East Midlands were the least likely region in the UK to report that they had Hard-to-Fill Vacancies (HtFV) or Skills Shortage Vacancies (SSV). This indicates that employers feel that the workforce in general meets their requirements in terms of skills and experience. However, it is important to note that a high proportion of the workforce in the East Midlands is employed in low skilled occupations as discussed previously.

59 The main reasons given for the existence of HtFV relate to skills reasons; 34% of establishments stated that 'there were a low number of applicants with the required skills' and 20% stated that 'applicants lacked the work experience the company demands'. 70% of employers stated that of HtFV were SSV[30]. This supports the need for greater employer engagement in the design and provision of learning. In addition, 17% of employers stated that not enough people were interested in doing the type of job. This may indicate a need for individuals to receive information, advice and guidance geared towards labour market opportunities.

60 It is interesting that in order to overcome HtFV, 46% of establishments in the East Midlands increased advertising/ recruitment spend and 18% used new recruiting methods or channels. ***Only 11% of establishments increased the training given to their existing workforce*** and 13% did nothing. This should be considered when marketing learning programmes to employers.

61 SSV mainly affected low skilled occupations i.e. those relating to technical, craft trades and operative jobs. In *numerical* terms the sectors with the most SSV are engineering (SEMTA), hospitality (People 1st), construction (ConstructionSkills), and retail (Skillsmart) in that order. In proportional terms, ***SSV tend to comprise a higher proportion of total vacancies in manufacturing (Proskills), public transport (GoSkills), construction (ConstructionSkills) and SummitSkills)), land based industries (Lantra) and engineering (SEMTA).***

[29] The full regional report is available via http://readingroom.lsc.gov.uk/lsc/EastMidlands/Regional_NESS_2007_Report_July_08a.pdf
[30] i.e. vacancies that are HtFV because applicants are either lacking the skills, experience

62 A combination of the sector and occupational split of SSV is shown in the table below. It should be noted that a significant proportion (41% of SSVs) occur in establishments without a Sector Skills Council (SSC) attribution[31].

Table 3: Sectors and Occupations where SSV account for at least 100 vacancies

Sector	Occupation
Hospitality	Low skilled staff (366)
	Chefs and other skilled trades (189)
Engineering	Skilled trades (320)
	Professional mechanical and electrical engineers (199)
	Machine operators (150)
Construction	Plumbers and electricians (246)
	Skilled building trades (excl. plumbers and electricians) (170)
	Professional civil engineers ((161)
	Labourers (117)
Audio-visual	Technicians (133)
Retail	Sales staff (110)

Source: LSC, National Employer Skills Survey 2007

Training

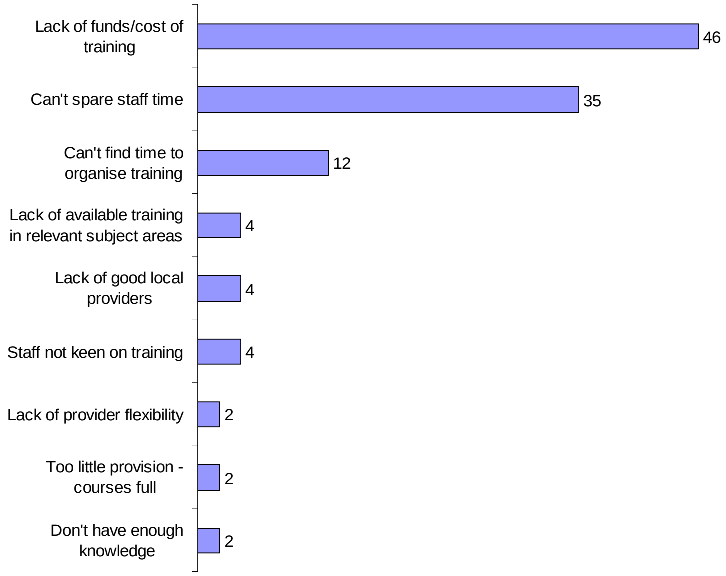
63 ***68% of establishments provided training to their staff*** with 45% of employers supply off-the-job training, whilst 53% of employers supply on-the-job training, with considerable overlap between the two groups – 30% of employers supply both. A significant proportion of training was driven by health and safety statutes or the need to induct new staff. On average, a quarter (25%) of all off-the-job training was of one or other of these kinds.

64 Employees in the public sector and the financial services sector are more likely to be trained.

65 Reasons given for constraining some employers which train from doing more training than they do are shown in Figure 14.

[31] **Note:** The Sector Skills Development Agency suggests that around 85% of the workforce is employed within organisations which have an SSC representing employers in the sector. 15% of the workforce is employed in a disparate range of activities (including pharmaceuticals, hair and beauty, maritime industries, publishing, journalism, the security industry, and others) which have not yet established SSC representation of their industries.

Figure 14: Reasons employers gave for preventing them providing training



Source: LSC, National Employer Skills Survey 2007

66 In regards to publicly supported training:

- ***21% of establishments in the East Midlands had used Further Education (FE) Colleges to train staff (compared to 18% in England overall) and 84% of these were quite satisfied or very satisfied***. Learners appear to be least satisfied with FE compared to employers; the National Learner Satisfaction Survey 2008 indicated that 69% of learners in the East Midlands we either extremely satisfied or very satisfied. The main reasons given for establishments not using FE Colleges was that the courses were not relevant (32%) and they prefer to train in house (26%).

- ***14% of establishments had offered Apprenticeships or Advanced Apprenticeships 12 months prior to the survey***. Employers stated that the main reasons that they offered Apprenticeships was 'they can train staff in their way of doing things' (32%), Training the workforce of the future (24%) and because they find it difficult to recruit staff with the skills they need (18%). The reason that employers did not offer Apprenticeships was that all staff were fully trained (20%), it is not relevant to their business/ don't need them (16%) and the business is too small (12%).

- ***5% of establishments were involved with Train to Gain and 30% of aware it (slightly higher than the national proportion of 28%).*** However, since the NESS survey was conducted there has been significantly more marketing undertaken.

Recruitment of young people

67 Eight % of employers had recruited 16 year olds and 13% of employers had recruited 17-18 year olds 12 months prior to the survey. 23% of employers stated that 16 year olds were poorly prepared and 16% of 17-18 year olds.

The main reason that was given was that they lacked life/ work experience and motivation. This supports the drive for an increase in apprenticeships and the development of diplomas for 14-19 year olds.

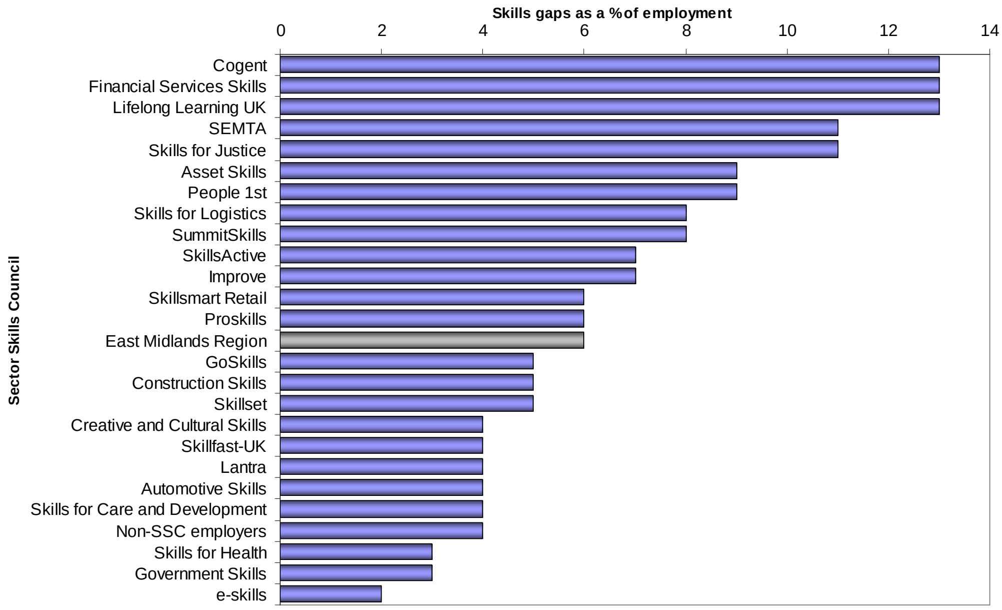
Skills gaps

68 Skills gaps occur when employees within an organisation are not proficient. In line with national proportions, 15% of establishments in the East Midlands had a Skills gap which constituted 6% of people employed. ***Only 55% of employers in the region formally assessed skills gaps which indicates*** that they may be under estimated. ***Establishments in the East Midlands also had the lowest spend per employee*** (£1350) compared to other establishments within other regions of the UK. This supports the inclusion of the occupational needs analysis and wage compensation elements of Train to Gain.

69 ***Skills gaps are mainly reported for low skilled occupations*** i.e. elementary and sales. However, ***Managers and Administration/Clerical staff are most likely to receive off the job training whilst those employees working in low skilled occupations are the least likely***. Technical, Practical and Job Specific Skills were mainly lacking (54%), followed by team working skills (31%), customer handling (28%), problem solving (25%), oral communication (24%) and management skills (23%).

70 Employers in Government Skills, Skills for Justice, Improve, Summitskills, SEMTA and Proskills were the most likely to report that they had *any* skills gaps. However, the following graph shows the proportion of people employed that had a Skills Gap.

Figure 15: Prevalence of skills gaps by SSC sectors



Source: LSC, National Employer Skills Survey 2007

71 ***The main reason given for staff having skills gaps is a lack of work experience/recently recruited (73%) indicating that SSV are internalised within establishments and appear as skills gaps.***

LSC PRIORITY SECTORS

72 For several years, the East Midlands LSC has prioritised certain sectors because of their importance in economic and employment terms for the region. Currently, the priority sectors are Construction, Engineering, Health and Social Care and the Public Sector. Retail is a priority sector in several local LSC areas and so is included here also for more detailed analysis of skills needs and forecasts.

Construction

Characteristics of the sector

73 The Construction sector accounts for 5% of regional employment, in total nearly 99,000 workers.[32] Despite the rapid growth of employment within the sector over the last few years, the workforce has remained predominantly male – in 2006 84% were male, and this percentage is consistent with previous years. 98% of the workforce in the region is of white origin and this percentage has remained at this level since 2004.[33] Only 17% of the workforce in this sector in the region is aged below 25. While over 60% are aged between 25-29, the remaining 24% are aged over 50.[34] This is a very high proportion and is already a significant issue for the SSC.[35]

74 The sector has experienced several years of very high growth, largely due to the strength of the housing market and the demand for new homes. This has been matched by considerable investment from publicly funded authorities in schools, hospitals and other infrastructure projects. However, recent global economic problems have weakened house prices and created much uncertainty about future economic performance. The housing market has been the first to be hit by the 'credit crunch' and house-builders the first affected by the consequences. Recent redundancies announced by Caterpillar, Persimmon and Taylor Wimpey may not all directly affect the East Midlands but they do give an indication of the current position and prospects of the sector.

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[32] Actual figure is 98963 from Annual Business Inquiry 2006, downloaded from Nomis 12th August 2008.
[33] Annual Population Survey/Labour Force Survey 2004-2007
[34] Annual Population Survey, Jan-Dec 2007
[35] Construction Skills, 'Construction industry warnings on 'workforce time bomb', press release 26/06/08 downloaded from http://www.constructionskills.net/news/whatsinthenews/20080626-constructionindustrywarnings.asp on 15th August 2008.

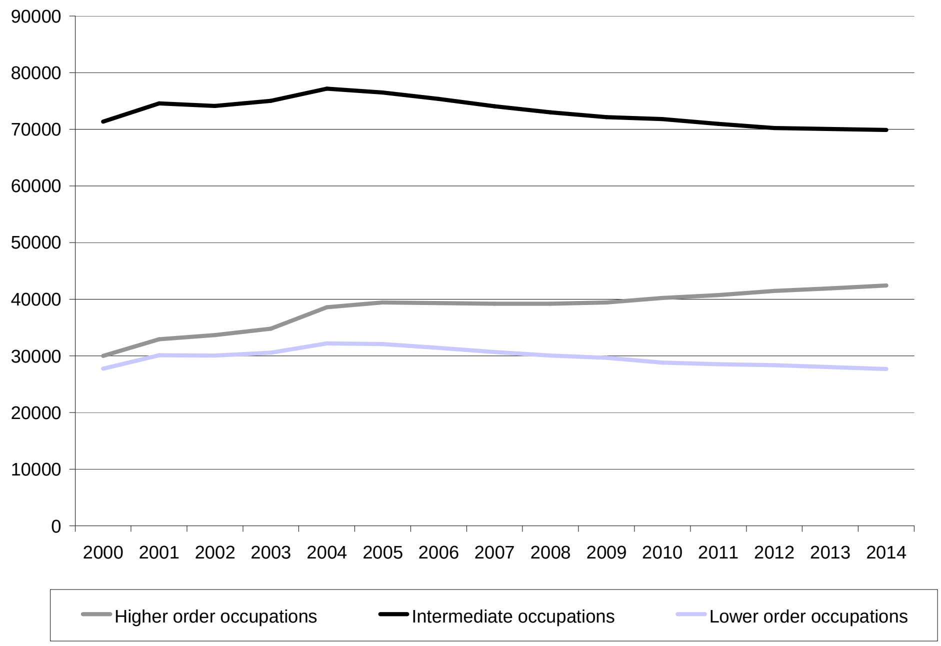
75 Demand from the public sector will be sustained through several large infrastructure projects across the region. Four local authorities are involved in the first three waves of Building Schools for the Future and substantial redevelopment of Nottingham station and the Broadmarsh Shopping Centre is underway.

76 ***Employers within the Construction Skills footprint were experiencing recruitment difficulties according to results from the National Employer Skills Survey 2007. A higher proportion of employers had vacancies than the regional average, and higher proportions of these vacancies were classified as both hard-to-fill and skill shortage vacancies than average***. The level of skills gaps within the existing workforce was similar to the regional average (8%) as was the proportion of employers supplying training (65%).

Sector priorities/forecasts

77 2004-based employment forecasts for the sector predict an increase in the number of employees in higher order occupations (managerial, professional and associate professional/technical) and decreases in both intermediate and lower order occupations. While the decline in lower order occupations is less of a concern, especially since the industry now requires an NVQ Level 2 or equivalent as its entry level, the decline in intermediate occupations includes skilled trades. Although the actual number of employees within this group is forecast to decline, it is forecast to remain a significant proportion (40%) of the construction workforce in 2014, only slightly lower than in 2004 (43%).

Figure 16: Occupational Change in Construction in the East Midlands 2000-2014



Source: Working Futures 2; 25EM.xls

78 The trend towards higher skills levels is also evident in the growth in higher order occupations. In 2004 higher order occupations, such as managers and

professionals, made up 26% of construction employees in the East Midlands. By 2014, this is set to rise to 30%. This will be an issue for the LSC as the bulk of our delivery is at Levels 2 and 3. These higher order occupations tend to have requirements for NVQ Level 4 or equivalent and these qualifications are not within the remit of the LSC's targets/mainstream delivery.

Table 4: Change in employment structure in Construction in the East Midlands 2004-2014

	2004 %	2014 %
Higher order occupations	26	30
Intermediate occupations	52	50
Lower order occupations	22	20
Full time employees	55	57
Part time employees	4	4
Self employed	41	39
Total employment	100	100

Source: Working Futures 2; 25EM.xls

79 The type of employment available within the sector is also forecast to shift slightly with a decrease in self-employment. The level of part-time opportunities is forecast to remain very low and will have an impact on the sector's ability to attract women into employment to increase the diversity of the workforce.

80 ***Construction Skills has recently highlighted the sector's ageing workforce as a national issue. Despite the number of employees peaking in 2004, the sector is forecast to need 39,000 in the East Midlands to 2014 to be able to sustain even a reduced level of employment in the region.*** Skilled construction occupations are forecast to require 13,000 new entrants to the sector to cover retirees.[36]

LSC delivery and potential gaps in provision/areas of unmet demand

81 Construction has been a priority sector for the LSC in the East Midlands for several years. As a result the delivery of construction training has increased across FE and the Apprenticeship programme, with rising numbers of Apprenticeship starts and 16-18 starts in FE.

82 Although the number of 19+ FE starts has decreased to 2006, the number of aims achieved has remained fairly constant and is a tribute to improving success rates and better quality provision.

83 The number of starts within the Apprenticeship programme has increased over the last three years (rising to 1742 in 2007/08), with most being at Level 2 (85% of starts in 07/08 were for Apprenticeships). The majority of all starts were for 16-18 year olds (71% in 07/08), and were predominantly within the Apprenticeship programme. 19+ starts were spread more evenly across both programmes.

84 The sector does face issues in increasing the number of Apprenticeships for 16-18 year olds. There are health and safety issues concerning young people

[36] Working Futures 2; 25EM.xls replacement module

on site and the level of supervision they require which can be difficult for businesses to manage alongside tight timescales and pressure on costs. Also the SSC has specified a Level 2 qualification as the entry to working in the sector and so progression routes to more advanced training from Apprenticeships need to available and well-flagged.

Table 5: Number of starts within Apprenticeships in the East Midlands (at June 2008)

Number of starts by framework sector	Age Group at Start		Grand Total
	16-18	19+	
Construction	910	333	1243
Fencing	-	-	-
Gas Industry	-	-	-
Glass Industry	-	-	-
Heating, Ventilation, Air Conditioning and Refrigeration	-	-	34
Plumbing	300	154	454
Grand Total	1241	501	1742

Source: ILR, WBL and E2E Provider Drill Down 0708.xls. Actual numbers for some frameworks have been withheld to protect confidentiality due to low numbers of learners.

85 The bulk of the Apprenticeship programme within the region falls within general construction, with plumbing being the second largest sector. Construction Skills forecasts predict that growth will be high for occupations in wood trades, interior fit-out, professional and technical staff, electrical trades and installation.[37] There is an issue around lack of these skill specialisms within LSC provision in the East Midlands.

86 Framework completion rates across both Apprenticeship programmes have increased when compared with the same stage last year, particularly so for Advanced Apprenticeships. This improved performance needs to be continued and translated into similar improvements in the Apprenticeship framework completion rate so that young people entering the sector have achieved the required Level 2 qualification.

87 In terms of delivery that meets the priorities specified by the SSCs, Construction Skills and Summit skills, LSC East Midlands is delivering a substantial number of aims that fall within the SSCs' footprints.[38] For Construction Skills, these are predominantly at Level 2 and Level 1 & Entry. This may be an issue as the sector has a minimum entry requirement of a Level 2 qualification and a lack of employees with higher level qualifications. The lower numbers of Level 3 qualifications is something for the LSC to address.

[37] Construction Skills Network: East Midlands, Labour Market Intelligence 2008-2012, p.7
[38] Summit Skills covers building services engineering, including heating, air conditioning, plumbing and electro-technical.

Table 6: Number of qualifications across FE, Apprenticeship programme and Train to Gain (TTG) n Construction skills footprint

Aim Level	Year			Grand Total
	2005/2006	2006/2007	2007/2008*	
Level 1 & Entry	2198	2583	2777	7558
Level 2	5262	8703	7354	21319
Level 3	1016	1203	1029	3248
Level 4 or 5 or Higher	89	69	13	171
Grand Total	8566	12558	11173	32297

*Source: Construction Skills ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

88 For Summit Skills, there is more delivery at Level 3 but this is in the more refined sector definition of building services engineering (e.g. plumbing, ventilation etc.). While it shows there is some Level 3 provision in the expanding areas of electrical trades and installation, there are still gaps (e.g. wood trades and interior fit-out) that are not currently within LSC provision.

Table 7: Number of qualifications across FE, Apprenticeship programme and TTG in Summit skills footprint in the East Midlands

Aim Level	Year			Grand Total
	2005/2006	2006/2007	2007/2008*	
Level 1 & Entry	361	370	402	1133
Level 2	4280	4319	3848	12447
Level 3	2062	2580	2137	6779
Level 4 or 5 or Higher	35	32	24	91
Grand Total	6738	7301	6411	20450

*Source: Summit Skills ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

89 The figures for 2007/08 are based on the October data return, and so are not as complete as the data for the previous years. However, by comparing across the years, the impact from Train to Gain funding is clear as the number of Level 2 qualifications rises dramatically in 06/07 to 2909 from 392 the previous year. While the rate of increase will slow, it will be important to maintain the level of contact with the sector to encourage more employers to undertake training and increase the skills levels of their workforce.

Table 8: Number of Construction Skills SSC footprint qualification aims by funding stream and year

Year	Funding Stream	Level 1 & Entry	Level 2	Level 3	Level 4 or 5 or Higher	Grand Total
2005/2006	FE F05	2198	3232	723	89	6243
	TTG		392	-		412
	WBL		1638	273		1911
2005/2006 Total		2198	5262	1016	89	8566
2006/2007	FE F05	2583	4120	745	69	7517
	TTG		2909	103		3012
	WBL		1674	355		2029
2006/2007 Total		2583	8703	1203	69	12558
2007/2008	FE F01	2777	3127	685	-	6602
	TTG		2188	48		2236
	WBL		2039	296		2335
2007/2008 Total		2777	7354	1029	-	11173

*Source: Construction Skills ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05. Some data withheld to protect confidentiality due to low numbers of learners.*

90 Key issues

- Potential redundancies (Caterpillar, Taylor Wimpey/Bryant East Midlands) Despite downturn in housing market, still substantial public investment in region e.g. Building Schools for the Future.
- Higher than average level of vacancies (including hard-to-fill and skills shortage).
- Attracting new entrants into the workforce to improve the diversity of employees and address ageing workforce issues.
- Only two-thirds of employers within the sector provide training to their employees.

91 Provision issues

- LSC delivery has been increasing across both FE and the Apprenticeship programme – impact of Train To Gain funding needs to be maintained both to meet LSC targets and sector needs.
- LSC provision predominantly at Level 2 and below, more Level 3 needed to offer progression and meet sector's increasing skills demands – both in FE and from Apprenticeships.
- Sector forecasts growth in wood trades, electrical trades and installation and professional and technical staff. LSC provision is mainly in construction, plumbing and electrical frameworks – more needed in wood trades and interior fit-out, professional and technical staff.
- There will be difficulty in recruiting qualified tutors.

Engineering

Characteristics of the sector

92 There is no clear definition of the Engineering sector but for the analysis here, Engineering covers the manufacture of metals and metal goods, all types of machinery and equipment, and medical precision and optical instruments, watches and clocks. Transport equipment manufacture is a significant sub-sector of manufacturing for the East Midlands. Emda has highlighted it as a priority sector within the Regional Economic Strategy (RES) evidence base 2006 due to its higher productivity, high quality employment and earnings and due to the significant number of large employers within the region. It also contains the motorsport and aerospace presence in the region.[39] The sector is included within the SEMTA footprint.

93 Cogent is also an SSC that covers some elements of engineering (chemicals and pharmaceuticals, oil and gas, nuclear, petroleum and polymer industries). The coverage of this is fairly small within the region, covering 2% of employment,[40] although there is polymer processing cluster with rubber and plastic manufacturers linked to the packaging industry.

94 The Engineering sector in the East Midlands comprised of over 5,400 workplaces employing in total some 80,000 people in 2006.[41] Of these, 82% were male. The largest number of both workplaces (48%) and employees (35%) fall within the manufacture of metal products. The sub-sector of transport equipment manufacture is also sizeable, with over 500 employers and nearly 33,000 employees. Again, the workforce is male dominated, at 88% of employees in transport equipment manufacture.

95 46% of the workforce in the East Midlands is aged 45+, a larger proportion than in the workforce as a whole (40%).[42] ***Although the sector has been shrinking over the last few years, and is forecast to continue to decline, the age of the existing workforce is a major issue if the sector is to maintain even reduced employment levels in the future.***

96 SEMTA estimate that 13% of employees within this engineering sector in the East Midlands hold no qualifications. This compares with an average for the East Midlands of 10%. The sector also has a lower proportion of employees qualified to NVQ Level 4 (18%) compared with a regional average of 28%.[43]

97 Cogent estimate that there are too many employees within their sector who hold Level 1 and below for the low-skilled opportunities that there are. They also estimate that there is a 15% deficit of the workforce qualified to Level 2 and a 12% deficit for Level 3 within the East Midlands.[44]

[39] Emda, *The East Midlands in 2006: Evidence Base for the Regional Economic Strategy 2006-2020*, p.99
[40] Cogent, *EM Regional Factsheet*, 2007
[41] Source: Annual Business Inquiry, 2006
[42] SEMTA, *Skill Needs Assessment for the Metals, Mechanical Equipment and Electrical Equipment Sectors: East Midlands Region SSA Stage 1 Report*, January 2008, p.5
[43] SEMTA, *Skill Needs Assessment: East Midlands*, p. 6
[44] Cogent, *EM Regional Factsheet*, 2007

98 The sector is experiencing recruitment difficulties with higher levels of vacancies, Hard-to-Fill and Skill Shortage vacancies than the regional average. 74% of employers within the SEMTA footprint supplied training in 2006, higher than the regional average. Higher proportions of engineering employers used an FE College for training (31%) and used Apprenticeships (18%) than the regional averages (26% and 14% respectively).18% of employers reported skills gaps within their workforce.

99 There are a number of challenges that are facing the sector and are causing it to restructure. Globalisation has brought competition from countries such as India and China, which can compete on expertise as well as growth.[45] The region already has prestigious motorsport venues and associated manufacturing, research and development companies. This 'cluster' has been targeted as a way to increase innovative and highly-skilled precision engineering to boost the sector as whole in the region.[46]

100 Already the region has several major developments for training: [47]

101 National Skills Academy for Manufacturing – East Midlands 'spoke' will be chaired by Rolls-Royce plc and supported by a range of regional businesses, as well as University of Derby and Derby College.

102 National College for Motorsport in Northamptonshire, based in Silverstone, Northamptonshire.

103 Further work to engage other employers within the region will be needed for these initiatives to be successful. They will need to work closely with skills brokers and Train to Gain to ensure that the available support for training and for employers in the sector are linked and presented as a coherent package.

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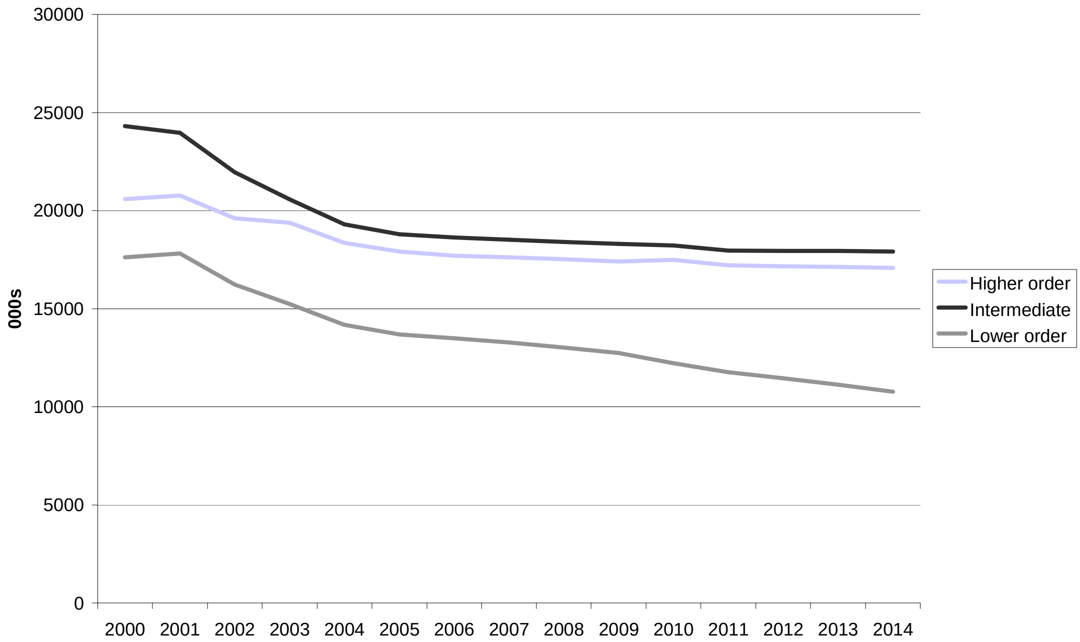
[45] SEMTA, *Skill Needs Assessment: East Midlands*, p.11
[46] EMDA identified this cluster in the previous RES, *Destination 2010* and it is part of an internationally recognised cluster (DTZ Pieda Consulting, *Cluster Development: The Way Forward*, March 2005 in EMDA, *The East Midlands in 2006*, p.99
[47] SEMTA, *Skills Needs Assessment: East Midlands*, p.15

Sector priorities/forecasts

Figure 17: Occupational Change in Engineering in the East Midlands 2000-2014



Source: Working Futures 2; 25EM.xls

104 Employment within engineering in the East Midlands is forecast to decline, with the greatest reduction in Lower order occupations (Machine operatives and Elementary occupations). However, this decline masks the high level of replacement demand that the sector will require, in total around 30,000 people to 2014.[48]

105 The occupations experiencing high demand in the sector are managerial occupations, clerical, skilled trades and operatives; although for these latter two occupational groups this is largely replacement demand to replace retirees.[49]

Table 9: Change in employment structure in Engineering in the East Midlands 2004-2014

	2004 %	2014 %
Higher order occupations	35	37
Intermediate occupations	37	39
Lower order occupations	27	24
Full time employees	86	77.6
Part time employees	7.6	13.3
Self employed	6.4	9
Total employment	100	100

Source: Working Futures 2; 25EM.xls

[48] Working Futures 2, Replacement demand module EM25.xls (combining Metals and Metal goods and Machinery and equipment nes)
[49] SEMA, *Skill Needs Assessment: East Midlands*, p.6

106 There is little change in the occupational split, with higher order and intermediate occupations increasing slightly to 2014. There is forecast an increase in part-time employees and self-employed within the workforce and this change may help to attract women into the sector and increase the diversity of the workforce.

107 SEMTA has several Sector Skills Agreements (SSA) to cover the various sub-sectors covered by the very general term 'engineering'. Skills issues highlighted in the Metals, Mechanical and Electrical SSA are the need for leadership and management training, not just to improve leadership and management skills but also to increase training generally through leading by example. Other priorities include improving companies' abilities to improve their in-house training as most companies require specific technical skills. The SSC will develop plans to double the number of apprenticeships by 2013.[50]

108 To further address these priorities, SEMTA and the Government have made a new agreement to deliver more skilled workers within science, engineering and manufacturing. Nationally, £65million from the Train to Gain budget will help SEMTA invest in the skills of the sector's workforce, including those who already hold Level 2 or 3, but need more up-to-date qualifications. In return for this funding, SEMTA will encourage employers to use Train to Gain, make the Skills Pledge, and offer more Apprenticeships.[51]

LSC delivery and performance

109 Engineering has been a priority sector for the LSC in the East Midlands for several years. The number of people, especially 16-18, participating in FE and the Apprenticeship programme within Engineering has increased over the previous two years. Alongside this, success rates in FE have also been increasing so that the expansion in provision has led to no loss in quality, but significant improvements instead.

110 Recruitment within the Apprenticeship programmes is higher to Advanced Apprenticeships, accounting for 66% of starts in 2007/08. This needs to continue given the reduction in low skilled occupations the sector is forecast. New entrants to the sector will need to start off with a high level of skills. 71% of starts comprised of young people, aged 16-18. This is positive for the sector as attracting young people into the sector as a career choice is vital to fill the gaps left by retirees. The success of these programmes will need to continue but increasing further will be dependent on the capacity of providers within the region. Ensuring the region maximises the benefits of the SEMTA compact could help address this.

111 The highest number of Apprenticeship starts fell within the engineering framework sector, with significant numbers also in electrotechnical and industrial applications frameworks.

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[50] SEMTA, Metals, Mechanical and Electrical Sector Skills Agreement: Highlights, Issue 5, Winter 2008

[51] DIUS Press release, *New Drive to boost skills in Science, Engineering, Manufacturing and Technology Industries*, May 28 2008.
http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=368695&NewsAreaID=2

Table 10: Number of starts within Apprenticeships in the East Midlands (as at June 2008)

Number of starts within Engineering (Framework sector)	Age Group at Start		Grand Total
	16-18	19+	
Electrical and electronic servicing	-	-	-
Electrical Industry	31	21	52
Electrotechnical	135	77	212
Engineering	410	136	546
Industrial applications	-	-	102
Installing cabling systems	-	-	-
Land-based service engineering	-	-	44
Marine engineering	-	-	-
Grand Total	713	255	968

Source: ILR, WBL and E2E Provider Drill Down 0708.xls. Some data withheld to protect confidentiality due to low numbers of learners.

112 Framework completion rates have increased in both programmes for the 19+ age group, and in Apprenticeships for 16-18 when compared with the same stage last year.[52] Only the rate for Advanced Apprenticeships 16-18 is lower when compared with the corresponding dataset from last year. This will need to be carefully monitored to ensure no further deterioration and that performance returns to previous levels and actually improves.

113 In terms of delivery that meets the priorities specified by the SSC, these are broader than the SSA Tier 2 of engineering. SEMTA also covers transport equipment and automotive which are included in the tables below, but not in the overall LSC performance tables. Tables are included here for SEMTA, but not for Cogent as the number of aims within this SSC footprint is very small (only 57 in total across FE, Train to Gain and the Apprenticeship programme in 2007/08, a decrease from 172 the previous year). There may be an opportunity/need to increase this, given that High Performance Engineering and Pharmaceuticals is one of the esp’s priority industries. Train to Gain could have a role in procuring the delivery of these specialist qualifications.

[52] WBL and E2E provider Drill Down.xls (June 2007)

Table 11: Number of qualifications across FE, Apprenticeship programme and TTG in SEMTA footprint in the East Midlands

Aim Level	Year			Grand Total
	2005/2006	2006/2007	2007/2008*	
Level 1 & Entry	842	721	492	2055
Level 2	3788	5497	4131	13416
Level 3	1907	2293	2332	6532
Level 4 or 5 or Higher	35	27	5	67
Grand Total	6572	8538	6960	22070

*Source: SEMTA ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

114 59% of the qualifications within the SEMTA footprint for 2007/08 were at Level 2, and a further 34% at Level 3. The number of qualifications at Level 1 & Entry has been reducing since 2005/06 which supports both the sector's needs and LSC targets.

115 The Level 1 & entry qualifications have been delivered through FE. The Level 2 and Level 3 qualifications for 2007/08 seem lower than for previous years and this will be due to the comparison between data received at the start and that received at the end of the academic year and F05[53] data. Later data collections should show increased numbers of qualifications within this footprint delivered by FE providers. Apprenticeship programme has increased the number of qualifications delivered by 38% at Level 2 and 24% at Level 3 between 2006/07 and 2007/08.

[53] Standard college data returns, FO1 data returns occur at the beginning of the FE period and F05 at the end.

Table 12: Number of SSC footprint qualification aims by funding stream and year

Year	Funding Stream	Level 1 & Entry	Level 2	Level 3	Level 4 or 5 or Higher	Grand Total
2005/2006	FE F05	841	3197	1115	35	5188
	TTG		30			30
	WBL	-	561	792		-
2005/2006 Total		842	3788	1907	35	6572
2006/2007	FE F05	721	3008	1278	27	5034
	TTG		1913	63		1976
	WBL		576	952		1528
2006/2007 Total		721	5497	2293	27	8538
2007/2008	FE F01	492	1936	1130	-	-
	TTG		1397	24		1421
	WBL		798	1178		1976
2007/2008 Total		492	4131	2332	-	-

*Source: SEMTA ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05. Some data withheld to protect confidentiality due to low numbers of learners.*

116 **Key issues**

- Metals Mechanical and Electrical Sector already experiencing recruitment difficulties, yet attracting more new entrants to the sector is vital to ensure replacement demand is met
- Success already in attracting young people on to Apprenticeship programmes, need to continue this and learn from this to attract other under-represented groups
- Specialist sub-sectors clusters (e.g. motorsport) offer opportunities to attract related businesses to the region. Highly-skilled workers are also an attraction to potential investors
- Cogent estimate deficits in staff qualified to Level 2 and Level 3 in the region
- Sector facing pressure from globalisation – requires innovation and expertise to compete with India and China; skill levels will need to keep up and adapt to technical change

117 **Provision issues**

- SEMTA/LSC compact – will need to ensure the East Midlands benefits from this new joint-working initiative
- Is there capacity within the region to deliver more engineering qualifications? Support of SEMTA, employers and the Skills Academy will be vital in ensuring access to the latest equipment and techniques and experienced tutors

- LSC delivery moving away from Level 1 and Entry and this shift needs to continue
- Drop in 16-18 Advanced Apprenticeship framework completion rate – will need to be investigated when the final year data is complete

Retail

Characteristics of the sector

118 Retailing is the UK's largest private sector employer, employing one in ten of the working population or around 3 million people[54] . The sector is evenly distributed throughout the UK's Regions and Nations but there is a stark polarisation between the number of very large and very small businesses[55]. For example, nationally, there are 10 major retailers which employ 1 million staff.

119 ***In the East Midlands there are a considerably higher proportion of retail units[56] with smaller workforces***. A unit represents a workplace rather than a separate business, so different branches of the same chain will be counted separately. In 2006, 86% of the units in the region employed 10 or less employees and 98% of the local units in the region had a workforce with less than 50 employees. This structure does present difficulties to the delivery of training. Firstly, as most retail workplaces are comparable to small enterprises, all the issues of cover for staff training and taking time off to learn will apply and need to be addressed. Secondly, many retail chains have their own in-house training programmes to meet their business needs and so may not wish to support their staff through standard qualifications.

Table 13: Retail Employers by Size Band, East Midlands, 2006

Employer Size Band	**%**
1-4 employees	68.2
5-10 employees	18.2
11-24 employees	8.7
25-49 employees	2.5
50-199 employees	1.6
200 +- employees	0.7

Source: Annual Business Inquiry, 2006

[54] Skillsmart Retail: East Midlands Regional Summary, Spring 2008
[55] Skillsmart Retail: East Midlands Regional Summary, Spring 2008
[56] The Annual Business Inquiry (ABI) estimates cover all UK businesses registered for Value Added Tax (VAT) and/or Pay As you Earn (PAYE), classified to the 1992 or 2003 Standard Industrial Classification. East Midlands has 20,000 local units that are retail-related. A local unit is an 'individual site' where a business is based.

120 In 2006, 191,500 employees were working in the retail sector in the East Midlands[57] This accounts for 10% of the East Midlands total workforce and 8% of England's retail workforce.[58]

Table 14: East Midlands Retail Employee Characteristics, 2006

Retail Employee Characteristics	%
Full-time	43
Part-time	57
Male	36
Female	64
Male Full-time	22
Male Part-time	14
Female Full-time	21
Female Part-time	43

Source: Annual Business Inquiry, 2006

121 57% of the retail workforce in the East Midlands is part-time. This is considerably higher than the regional average for all other sectors (31%) but is also similar to the retail structure nationally. The opportunities for part-time working will help to attract older workers as people seek more flexible ways of working.

122 ***The sector also has other strong employee features such as being predominantly female and having a younger workforce. For instance, in the East Midlands, 28% of the retail trade workforce is 16-24 compared to 14% for all sectors[59].*** However, given that, in line with England, the East Midlands has an ageing population and most of the workforce of 2020 is already employed, this is of concern. It is therefore necessary for the sector to focus its attention on the retention of its current workforce and particularly the engagement and skill development within the industry. Progression and promotion opportunities will help to retain young people, who often see a job in retail as a first step into work rather than as a career choice. Addressing the negative perceptions of working in retail[60] (low pay, long hours) and promoting the careers within the sector (management) will help retail employers keep skilled young people and attract graduates to the sector.

Retail developments in the East Midlands

123 In 2006, Nottingham and Leicester were the largest retail centres in the region in terms of sales turnover, with several other significant town centres

[57] Annual Business Inquiry 2006, figures have been rounded following ABI user guidelines. 'Retail' has been defined using industry code 52: Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods.
[58] Annual Business Inquiry 2006
[59] Labour Force Survey 2006/ SSDA Sector Skills Matrix
[60] 70% of parents reject retail as career choice for their children (Skillsmart Retail research findings, Regional Summary, June 2008)

and out of town shopping parks in the region. Nottingham is a top five UK shopping destination and attracts over 30million visitors each year.[61] CACI Centre Futures data which uses construction pipeline information and projection of future sales shows that Nottingham is projected to dominate the retail industry in the region in 2015 followed by Leicester and Derby[62]. Northampton and Kettering are also expected to feature as major shopping destinations in the region in 2015[63].

124 Recent retail developments in the regions' cities will have boosted the number of retail businesses in the region and the numbers employed in the sector. Derby's new Westfield shopping centre opened in October 2007 and is estimated to have created 2850 new jobs. Leicester's Highcross development is due to open in September 2008, creating 2000 new jobs. In Nottingham, the planned development of the existing Broadmarsh Centre is expected to create 5000 new jobs.

125 These developments in the region will generate further demand for existing and new skills, arising from technological advances in the ways that people choose to buy goods, e.g. increase in online shopping,[64] and the changing nature of the industry. Skillsmart Retail has already outlined some of these skill shifts:

- Delivery drivers are required to give advice and expertise on the product that they are delivering, rather than just delivering it on time.
- IT specialists are required to develop and maintain online shopping websites.
- Centralisation of businesses creates large warehouses and so higher levels of management skills are needed.
- Customer advice for online shopping sites will also need to be available.
- Managers need to develop strategies to compete with products and their associated prices in other countries. Therefore an understanding of global markets and their cultures is required.

Sector priorities/forecasts

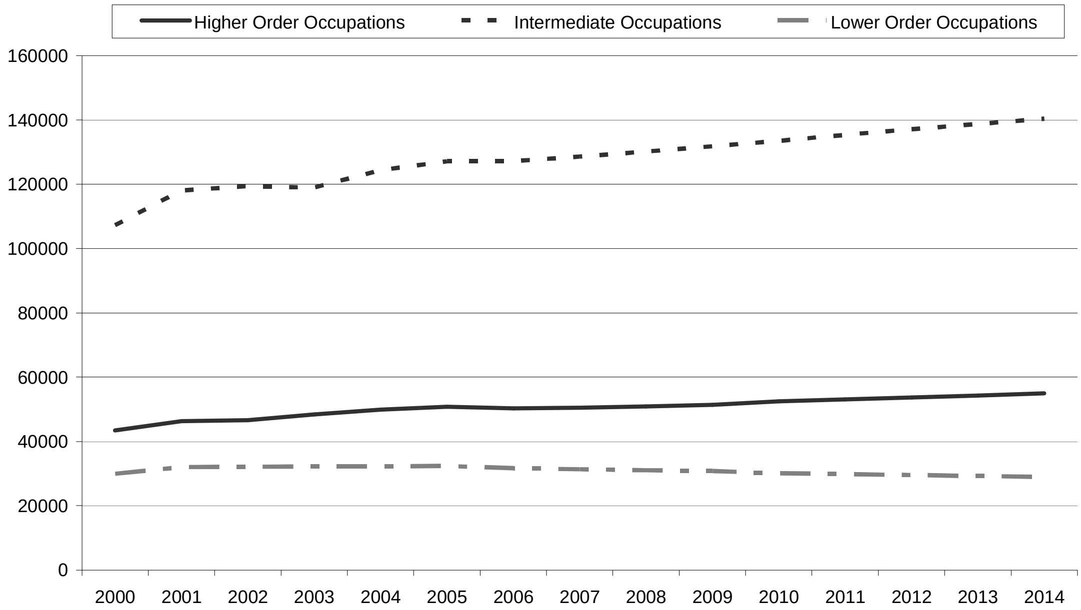
126 Forecasts of future employment for the East Midlands indicate that between 2004-2014, employment in the retail sector will increase by 17,000 and a further 78,000 vacancies will need to be filled as a result of people leaving the sector (replacement demand).[65]

127 There is a projected increase in the number of intermediate occupations in the retail sector between 2004 and 2014. This increase is predominantly made up of Sales and Customer Service Occupations. Higher Order Occupations are also expected to increase, particularly the Manager, Senior Officials and Professional type occupations. Sales and customer service occupations and Managers and senior officials account for over half of the

[61] Nottingham City Council, *Notice Nottingham*, 2008, http://www.nottinghamcity.gov.uk/Notice_Nottingham_2008_Edition.pdf
[62] Skillsmart Retail: East Midlands Regional Summary, Spring 2008
[63] Skillsmart Retail: East Midlands Regional Summary, Spring 2008
[64] Skillsmart Retail: East Midlands Regional Summary, Spring 2008
[65] Working Futures 2, 25EM.xls

employees in the Skillsmart Retail sector currently and will continue to dominate the occupation profile in the future.

Figure 18: Occupational Change in Retail (Skillsmart Retail) in the East Midlands 2000-2014



Source: Working Futures 2, Skillsmart Retail

Table 15: Projected proportion of employees in the Retail Sector by characteristics, 2004 and 2014

Types of Employees	2004%	2014%
Higher Order Occupations	24	24
Intermediate Occupations	60	63
Lower Order Occupations	16	13
Total Employment	100	100
Full-time Employees	34	33
Part-time Employees	58	64
Self Employed	7	3
Total Employment	100	100

Source: Working Futures 2, Skillsmart Retail

128 The table above shows that the overall structure of the retail workforce in the East Midlands is projected to remain similar in 2014 compared to 2004, with the dominance of intermediate occupations and part-time employees remaining strong characteristics of the industry. However, there is expected to be a change in the size of the proportions, with an increase in intermediate occupations, and a decrease in lower order occupations. This pattern fits with the general trend across all sectors as the skills levels increase overall and elementary occupations decline.

129 There is also a projected growth in part-time employees over full-time employees. This reflects the change from established opening hours to more flexible opening times as customers want to be able to access shops after work and at weekends. More part-time opportunities will be created to cover new shift patterns.

130 The number of self-employed in the sector is though expected to decrease. This is probably due to the proliferation of large retail chains and the reduction of small independent traders on the high street. However, this may shift in the future as on-line retailing may prove more viable for smaller retail businesses.

Skills need and training

131 According to the Skillsmart Retail, the SSC for the industry, ***Labour Force Survey data shows there are around 18,000 retail sales and customer service staff and 5,000 retail managers working in the East Midlands without any qualifications*** (LFS July 2006 – June 2007). SSC research has also found that skills levels required from store managers in large retailers has also changed in the last five years (including leading and developing teams, setting and monitoring customer service policies, Information Technology, strategic planning and financial management).

132 Results from the National Employer Skills Survey 2007 show that there was a much lower incidence of Skills Shortage Vacancies within East Midlands employers within the Skillsmart Retail footprint. Only 6% of retail vacancies were due to skills shortage reasons, compared with a regional average of 21%. There was also a lower than average proportion of vacancies that were

Hard-to-Fill, suggesting that the sector was not experiencing any significant recruitment difficulties.[66] Levels of skills gaps were also close to the regional average (6%), as was the proportion of employers supplying training (65%).[67]

133 Employers from the Skillsmart Retail footprint were more likely to have recruited young people than most other sectors – only People 1st (Hospitality and tourism) and Skills Active (Leisure, sport and camping) showed similar levels of recruitment of 16 year old school leavers and 17-18 year olds.[68] This shows the importance of sector to the LSC as it provides a high number of opportunities for young people who do not want to stay in full-time education. Ensuring that those young people who enter the retail workforce at 16-18 receive training as part of their employment will help progress towards the Level 2 and Level 3 targets at 19.

134 To tackle some of these skills challenges the National Skills Academy (NSA) for Retail is currently being developed by the Skillsmart Retail. Its purpose will be to develop Retail Skills Shops in high streets and shopping centres across the county. The shops will be one-stop centres for retail skills information, advice, and training and there is planned to be at least one shop in each region. In the East Midlands it is proposed that there will be three skills shops which will include an existing shop in Derby and two further planned in Nottingham and Leicester[69]. The NSA is expected to be launched in March 2009.[70]

Current LSC delivery of 'Retail' qualifications

135 The information in this section examines current delivery of retail related qualifications by the LSC in the East Midlands within Further Education, Apprenticeship programme and Train to Gain. Retail has been a regional priority sector and remains a priority to several local areas, particularly in the region's cities.

Further Education

136 The number of people participating in Retail and Commercial Enterprise courses has declined overall, due to a marked decrease in the number of people aged 19+ starting learning in all sectors. The number of 16-18 year old learners has remained fairly consistent between 2004 and 2006 and increasing success rates have grown the number of qualifications achieved over the same period. This is positive given the importance of young people to the sector's workforce.

Apprenticeships

137 The bulk of Apprenticeship starts fall within the Retail framework sector (95%), with very few (<50) starts in Retail Financial Services. Only 38% of

[66] BMG/LSC, *National Employer Skills Survey 2007 for the East Midlands Region of England*, September 2008, p.36
[67] BMG, *National Employer Skills Survey 2007*, p. 74 and p.84
[68] BMG, *National Employer Skills Survey 2007*, p.57
[69] http://www.skillsmartretail.com/nsa/pdfs/appendix_3_-_skills_shop_mapping.pdf
[70] http://www.skillsmartretail.com/nsa/index.php

starts were within the 16-18 age group, highlighting the importance of increasing employer engagement with the Apprenticeship programme for these young people. 76% of 19+ starts were on the Level 2 Apprenticeship programme, rather than the Level 3 Advanced Apprenticeship. This is higher than for other sectors within Apprenticeships and is an issue which will hinder the development of higher level skills within the retail workforce.

138 In terms of delivery that meets the priorities specified by the SSC, Skillsmart Retail, LSC East Midlands is delivering a substantial number of aims that fall within the sector footprint. These are predominantly at Level 2 and Level 1 & Entry.

Table 16: Number of qualifications across FE, Apprenticeship programme and TTG in Skillsmart Retail footprint in the East Midlands

Aim level	2005/2006	2006/2007	2007/2008	Grand Total
Level 1 & Entry	2697	4940	3797	11434
Level 2	17571	22579	17133	57283
Level 3	1926	3466	3040	8432
Level 4/5 or Higher	82	113	67	262
Grand Total	22286	31098	24037	77421

*Source: Skillsmart Retail ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

139 A high proportion of these for Level 2 are being delivered through the Apprenticeship programme Comparison of 2005/06 and 2006/07 shows that there has been an increase in the number of Aims being delivered during this period. This increase is particularly evident for Train to Gain which increased by 3521 aims during this period demonstrating the growing importance of Train to Gain as a delivery mechanism. The growth is also evident in 2007/08 and although these are based on FO1 returns, it is clear that there is an upward trend since 2006/07.

140 Level 3 aims have also increased from 2005/06 to 2006/07 across the funding streams though this needs to be addressed further by the LSC.

Table 17: Number of Skillsmart Retail footprint qualification aims by funding stream and year

Year	Funding stream	Level 1 & Entry	Level 2	Level 3	Level 4 or 5 or Higher	Grand Total
2005/2006	FE	2697	3421	712	82	6922
	TTG		283	14		297
	WBL		13867	1200		15067
2005/2006 Total		2697	17571	1926	82	22286
2006/2007	FE	4940	4436	1054	113	10543
	TTG		3804	316		4120
	WBL		14339	2096		16435
2006/2007 Total		4940	22579	3466	113	31098
2007/2008	FE	3797	2492	730	67	7086
	TTG		3649	517		4166
	WBL		10992	1793		12785
2007/2008 Total		3797	17133	3040	67	24037
Grand Total		11434	57283	8432	262	77421

*Source: Skillsmart Retail ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

141 Key issues

- The current economic downturn could impact on sectors such as retail with less people spending money on the High Street and other parts of the industry.
- Forecasted increase in the employment in the sector and the growth in intermediate and higher order occupations will increase the demand for existing skills.
- Industry change and technological advances will generate demand for new types of skills and flexible and adaptable training provision.
- Increasing demand for higher order occupations and higher level skills, especially in management.
- In particular current employee characteristics of the sector as part-time, female and young will need to be considered in addressing current and future skills needs/demands and training delivery.

142 Provision issues

- Lack of Level 3 – especially in the Apprenticeship programme. Opportunity within sector due to high levels of recruitment of young people but not exploiting this by increasing Advanced Apprenticeships.
- Provision within the region will need the ability to keep up with rapid technological change and changes in working practices.
- The volumes required to meet local developments will require temporary shifts in capacity and flexibility of delivery.

- Need to engage more employers to ensure that young people they recruit/have recruited have access to training to continue their skills development (Train to Gain, Apprenticeships).

Health and Social Care

143 Two SSCs cover the Health and Social Care Sector; Skills for Health and Skills for Care. Information is therefore split between these sectors in this section of the report.

Characteristics of the sector

Skills for Health

144 Healthcare data can not be segregated into National Health Service (NHS), independent and voluntary but approximations can be calculated. The Health Care sector is predominantly NHS (72%), with a further 23% of organisations independent, 4% Voluntary/Community and 1% other.

145 The Healthcare Sector in the East Midlands has:

- One of the lowest proportions of employees qualified to NVQ3 and above.
- ***One of the highest proportions of employees qualified to NVQ2.***
- 79% of the workforce is female (Skills for Health, 2008). Although, the proportion of males working in the sector has increased in recent years.
- 89% of the workforce in the East Midlands is white.
- ***12% of workers in the Health and Social Care sector were born outside of the UK in 2004. In addition, 33% of medical professionals qualified overseas and 37% of registered nurses (Experian, 2006).***

146 The National Employer Skills Survey (NESS) 2007 shows that in comparison to the region overall, the Skills for Health sector

- has a lower proportion of vacancies that were Hard to Fill Vacancies (HtFV) (19% compared to 30%),
- has a lower proportion of HtFV that were Skill Shortage Vacancies (SSV) (59% compared to 70%),
- has a significantly higher proportion of employers that provided training to their staff (84% compared to 68% respectively).

147 The demand and need for health and healthcare services will increase as a result of an ageing population and the expansion of services to meet their needs, including the growth of chronic disease and long term illness and increasing emergency hospital admissions (Skills for Health, 2008).

Skills for Care

148 The term ‘social care’ covers a huge range of services from care homes and “meals-on-wheels” to drop-in centres for disabled people and adult placement services. They range from large national providers with multi-million pound turnovers, to small services working with just a dozen or so

people. There are a range of other micro providers, not quite volunteers as they make a small charge for their service, who are included in some regulated services.

149 In England, the main adult social care workforce falls into the following main categories: Adult day care, Adult residential care, Domiciliary care, Housing support and Local authority fieldwork, including social work. (Skills for Care, 2007)

150 With the introduction of direct payments (since 1997) many people who use services now find themselves as direct employers of their own staff. Whilst some have opted to recruit from care employment agencies an increasing number have taken the opportunity to directly recruit and employ their own care workers. In the year to 31 March 2005, numbers of direct payments had increased by 57% to 22,000 people in England. This category of employer, and the staff they employ, will become an increasingly significant part of the workforce if direct payments continue to increase at the current dramatic rate (Skills for Care, 2007). IFF Research, 2008 identified that;

- Just under half of Personal Assistants (PA) was known by their employer before being employed by them (family, friends, those previously supplied by the LA).
- Just over a half of PAs were recruited ‘through a more usual exercise’ and a third of ‘employers’ experienced difficulties in recruiting a suitable PA, mainly because of poor attitudes, motivation or personality of the candidates. However, ‘employers’ tend to value personal traits over skills and experience; only one in ten employers specify qualifications and a fifth pervious experience.
- There is some evidence of displacement from elsewhere within the social care sector, mainly from a domiciliary care or nursing care agency, but also from care home. Around a fifth of the overall PA workforce has been displaced from elsewhere. If these proportions hold constant as the scheme is expanded this could have relatively serious consequences for the workforce as a whole. The proportion that has moved directly from employment within Local Authority care services is relatively small (2%).
- A third of PAs want to improve their skills, particularly in the administering of medication, moving and handling and personal care. However, only 7% of ‘employers’ had paid for training for their staff and frequently sited the reason for this being high cost.

151 This system requires new skills of those employing staff, but also restricts the opportunities for assistants to undertake training as patients will only receive funding for the care they receive. There is an opportunity under the public sector compact to work with local authorities to develop ways these staff can receive the training they require to develop their skills without jeopardising the care of their patients.

152 NESS 2007 shows that in comparison to the region overall, the Skills for Care and Development sector;

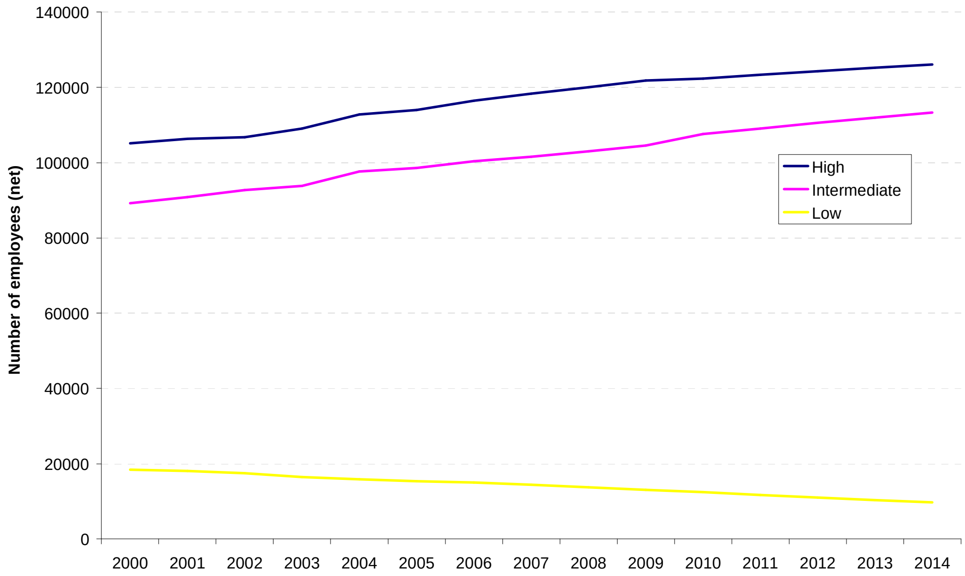
- had a lower proportion of vacancies that were HtFV (15% compared to 30% respectively)

- had a lower proportion of HtFV that were SSV (55% compared to 70% respectively).
- A significantly higher proportion of employers that provided training to their staff (91% compared to 68% respectively).

Sector priorities/forecasts

153 The Health and Social Care sector has a low proportion of low skilled occupations and this is projected to decrease to 2014 where it is forecast it will comprise 4% of the workforce. The net demand for high and intermediate skilled occupations is predicted to increase to 2014.

Figure 19: Occupational Change in Health and Social Work in the East Midlands 2000-2014



Source: Working Futures 2; 16EM.xls

Table 18: Change in employment structure in Health and Social Work in the East Midlands 2004-2014

Types of Employees	2004%	2014%
Higher Order Occupations	50	51
Intermediate Occupations	43	45
Lower Order Occupations	7	4
Full-time Employees	44	44
Part-time Employees	48	51
Self Employed	8	5
Total Employment	100	100

Source: Working Futures 2; 25EM.xls

154 Skills for Health identified nationally that the most growth over the next 2/3 years would be in hospitals and for complementary therapies (Skills for Health, 2008).

LSC delivery and performance

155 ***The number of starts and aims achieved decreased considerably between 2005 and 2006; the number of starts decreased by 48.4% and the aims achieved decreased by 51%.*** This decrease was mainly seen for adults and reflects a decrease in the funding available for adults overall.

156 Success rates also decreased during this period from 85.5% in 2005 to 81.6% in 2006. However, 16-18 year old Success Rates increased (by 2.2 percentage points) whilst 19+ Success Rates decreased (by percentage points). Even though the success rates are still relatively high, this decrease is still of concern given the volume of learners at 19+ and the importance of the sector to the region.

157 Similarly, Apprenticeships framework completion rate also decreased between 2006/07 and 2007/08 (from 61.7% to 57.4%). This trend is apparent for both Apprenticeships and Advanced Apprenticeships. This may be concerning given the projected demand in this sector for intermediate and high skilled occupations as discussed in the previous section.

158 The 'Health and Social Care' framework accounts for the second highest proportion of 19+ starts accounting for 43%, but only 10% of 16-18 year old starts. In terms of individual frameworks associated with the Health and Social Work sector, the highest number of starts is for the 'Children's Care Learning and Development' framework. This framework accounts for 87% of 16-18 year olds starts and 53% of 19+ year old starts. Given the expansion of services required by older people, attracting more young people into the social care sector will be important if the forecast increases in employment are to be met.

Table 19: Number of starts within Work Based Learning in the East Midlands (as at June 2008)

Framework sector	16-18	19+	Total
Active Leisure and Learning	-	-	7
Children's Care Learning and Development	796	350	1146
Dental Nursing	-	-	35
Health and Social Care	92	287	379
Pharmacy Technicians	-	-	-
Grand Total	917	659	1576

Source: ILR, WBL and E2E Provider Drill Down 0708.xls. Some data withheld to protect confidentiality due to low numbers of learners.

159 ***The number of qualifications at all levels delivered by the LSC within the SSC footprint of both Skills for Health and Skills for Care have declined since 2005/06. However, the most significant decrease has been in 'other qualifications' which shows the shift in LSC provision to more target bearing qualifications.***

160 Positively, there is an increase in 2006/07 in Level 3 aims, despite the drop in learner numbers and this will need to be maintained as the SSCs have prioritised this level of achievement.

Table 20: Number of qualifications across FE, Apprenticeship programme and TTG in Skills for Health SSC footprint in the East Midlands

Aim level	2005/2006	2006/2007	2007/2008	Grand Total
Level 1 & Entry	1907	971	118	13996
Level 2	9104	6920	2250	18274
Level 3	3105	3596	1958	8659
Level 4 or 5 or Higher	117	216	252	585
Other	4583	142	46	4771
Grand Total	29816	11845	4624	46285

*Source: Skills for Health ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

Table 21: Number of qualifications across FE, Apprenticeship programme and TTG in Skills for Care SSC footprint in the East Midlands

Aim level	2005/2006	2006/2007	2007/2008	Grand Total
Level 1 & Entry	73	26	23	122
Level 2	1664	170	30	1864
Level 3	930	320	119	1369
Level 4 or 5 or Higher	575	381	192	1168
Grand Total	3242	897	364	4503

*Source: Skills for Care ILR_SQS Data AP Template.xls, August 2008. *2007/08 data is taken from the F01 return; for the two previous years the data is taken from the F05.*

161 The bulk of LSC provision within the Skills for Health and Skills for Care footprints is delivered within FE. Train to Gain has not made the impact at Level 2 within these sectors that it has in other priority sectors. This is clearly an opportunity for both the LSC and employers within this sector. Engaging employers within this sector will require different methods depending on the size of the organisation. What would make a successful approach to very large NHS employers would not be as successful with a small voluntary care provider.

Table 22: Number of Skills for Health SSC Footprint qualification aims by funding steam in the East Midlands

Year	Funding Stream	Level 1 & entry	Level 2	Level 3	Level 4 or 5 or higher	Other	Grand total
2005/2006	FE	12907	9080	3053	117	4583	29740
	TTG		7				7
	WBL		17	52			69
	Total	12907	9104	3105	117	4583	29816
2006/2007	FE	971	6722	3437	216	142	11488
	TTG		179	46			225
	WBL		19	113			132
	Total	971	6920	3596	216	142	11845
2007/2008	FE*	118	2161	1811	252	46	4388
	TTG		89	50			139
	WBL			97			97
	Total	118	2250	1958	252	46	4624
Grand Total		13996	18274	8659	585	4771	46285

*Source: Skills for Health ILR_SQS Data AP Template.xls, August 2008. *2007/08 FE data is taken from the F01 return; for the two previous years the data is taken from the F05.*

Table 23: Number of Skills for Care SSC Footprint qualification aims by funding steam

Year	Funding Stream	Level 1 & entry	Level 2	Level 3	Level 4 or 5 or higher	Grand total
2005/2006	FE	73	1252	810	575	2710
	TTG		-			-
	WBL		393	120		513
	Total	73	1664	930	575	3242
2006/2007	FE	26	170	316	381	893
	WBL			-		-
	Total	26	170	320	381	897
2007/2008	FE*	23	30	118	181	352
	TTG				-	-
	WBL			-		-
	Total	23	30	119	192	364
Grand Total		122	-	1369	-	4503

*Source: Skills for Care ILR_SQS Data AP Template.xls, August 2008. *2007/08 FE data is taken from the F01 return; for the two previous years the data is taken from the F05. Some data withheld to protect confidentiality due to low numbers of learners.*

162 **Key issues**

- A high proportion of the workforce within the health and care sectors is already qualified to Level 2 and very high proportions of employers already providing training.
- The changing system of funding care means patients can directly employ their assistant, funded by the Local Authority. This severely restricts the opportunities for these assistants to undertake training
- High levels of non-UK staff due to recent international recruitment to meet severe skills shortages. This presents issues of language and comparability and equivalence of qualifications and skills.

- Employer size varies dramatically – many large employers (especially NHS) but equally many very small organisations, often voluntary. Very different methods of engagement will be required to bring those employers not providing training in line with sector trends.
- Forecast increase in number of employees because of the ageing population and the expansion of services to meet the needs of that population

163 **Provision issues**

- Decrease in the number of adults due to the reduction in adult funding overall. However, decreasing success rates for 19+ learners are an issue given the volume of learners and the importance of the sector.
- 16-18 recruitment has reduced slightly also, although success rates have improved so the drop in the number of qualifications is not so critical as for adult learners.
- There an opportunity for the LSC to work within the public sector compact and the new system of direct employment of PAs by their patients to allow these staff to access training.
- Most 16-18 year olds starting a Health and Social care Apprenticeship do so within Children's Care and Development. There is demand for childcare staff, but need to attract younger people also into the social care sector.
- Less impact of Train to Gain at Level 2 within SSC footprints than seen in other priority sectors, SSC aims are predominantly delivered within FE.

Public sector

Characteristics of the sector

164 The public sector covers a vast range of employers that provide many different kinds of service to the general public. Alongside central government departments, local authorities are often large employers in themselves and account for large proportion of employees. The LSC definition of public sector also includes the following organisations*:*

- Social Care
- Prison Service
- Police
- Probation Service
- Youth Justice Board
- Fire Service
- Ambulance Service
- Health and Blood Service
- Central Government Agencies and Departments
- Local Government
- Armed Forces
- Universities
- Schools
- Further Education Colleges
- Court Services

- Children's Services

165 Data on 'public sector' employees is variable in terms of how 'public sector' employment is defined in different datasets and what organisations are included. Therefore it is difficult to obtain an accurate picture of the number of employees working within public sector and particularly at a regional level.

166 ***The public sector is one of the biggest employers in the East Midlands accounting for 26% of the working age workforce***.[71] Separately, health and social care and education make up a sizeable proportion of overall employment in the region with 11.4% and 9.4% of employees respectively working in these industries[72]. Employees working for organisations classified as 'Public Administration and Defence; Compulsory Social Security[73]' make up 5.4% of the overall proportion.[74]

167 For this report, the narrower definition of Public Administration and Defence is used as health and social care is covered in a separate section. Education is more difficult to analyse given the large numbers of private education and training providers.

Sector priorities/forecasts

168 In 2006, over half of employees within Public Administration and Defence were female (55%)[75] and this national picture is replicated in the East Midlands. In the East Midlands, again as nationally, the sector is predominantly made up of full-time workers (71%) but a large proportion work part-time (29%).[76]

169 Higher order occupations make up a large proportion of jobs within the sector, followed by intermediate occupations highlighting that there is high level of skills/experience required within this field. For example, in a recent Government Skills[77] Employee Survey (2007), it was found that the workforce currently meets or exceeds the Leitch targets for Level 4+ and Level 3+.[78] This is in contrast to the overall workforce in England and the East Midlands where adult Level 3 and 4 Leitch targets which are still to be

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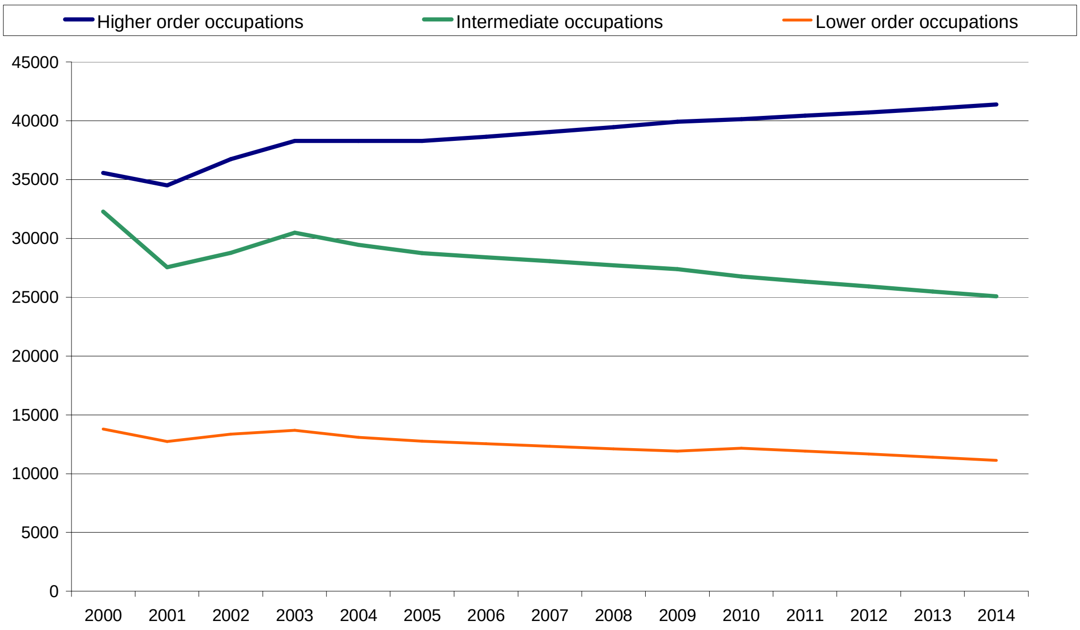
[71] Annual Population Survey January 2007 – December 2007, % working-age in employment working in public administration, education and health
[72] Source: Annual Business Inquiry, 2006 (NOMIS). The APS definition for 'public admin, education and health' may vary from that used in ABI and therefore care must taken in drawing any conclusions using the two datasets. The datasets are also based in different time periods.
[73] See SIC (2003) code L: Includes central, regional and local government bodies carrying out an administrative function; justice and judicial activities; defence activities; public security, law and order activities; fire service activities; compulsory social security activities. Operational units, such as a school or NHS hospital are classified to other appropriate sic codes (M - Education and N – Health and Social Work, respectively)
[74] Source: Annual Business Inquiry, 2006 (NOMIS)
[75] Source: Annual Business Inquiry 2006
[76] Source: Annual Business Inquiry 2006
[77] Government Skills is the Sector Skills Council which covers Central Government, all civil service departments and agencies, unaffiliated non-departmental government bodies and Armed Forces.
[78] In England, Scotland, Wales, NICS and Northern Ireland excluding NICS, Government Skills Employee Survey 2007 Executive Summary

achieved.[79] According to the survey, the 2020 Leitch targets for Level 2 qualifications[80] is also yet to be achieved across the English regions, including the East Midlands, though there were other regions flagged as requiring greater improvement.

170 Occupational projections in the sector identify that there is an expected increase in the number of higher order occupations in Public Administration and Defence between 2000 and 2014. This projected growth is particularly evident for Manager and Senior Officials type occupations and professional occupations. Intermediate and lower order occupations in contrast are forecasted to decrease over this period. These reductions are due to the substantial projected decreases in Administrative and Secretarial occupations and the decline in Machine and Transport Operative jobs.

Figure 20: Occupational Change in Public Administration and Defence in the East Midlands 2000-2014



Source: Working Futures 2; 25EM.xls

[79] Percentage of adults to be qualified to at least Full Level 3: 56% by 2011; Percentage of adults to be qualified to at least Full Level 4: 36% by 2014. According to the Annual population Survey, in 2007, the % of working-age population (19-19/64) qualified to at least a Level 3 was 47% and Level 4 was 27.3%.
[80] 90% of the workforce being qualified to Level 2+

171 Due to the breadth and variety of public sector jobs, a range of Sector Skills Councils (SSCs) cover this workforce. These include Government Skills[81], Skills for Health[82], Skills for Justice[83] and Lifelong Learning UK.[84]

172 There is a real commitment by SSCs covering the public sector workforce to raise the profile of the sector and develop its employees. Initiatives include the Public Sector Compact which has been set up to support the development and skills of public sector workers, which has been developed by SSC Lifelong Learning UK, through LSC funding, with support from other SSCs working in the public sector.

173 In the East Midlands, SSCs have supported the initiative to bring together employers from the public services across the counties of Nottinghamshire, Derbyshire, Lincolnshire & Rutland and Northamptonshire to form skills compacts. The Leicestershire model has been upheld for its good practice and is being used by other counties as guidance.

174 In April 2007, leaders across central government made a skills pledge to train all eligible staff up to a Level 2 qualification, following the Leitch Review recommendations. In the East Midlands, since June 2007, over 250 organisations have made a commitment to the Skills Pledge which has included 16 public sector organisations covering almost 65,000 employees. The East Midlands LSC is also hosting events in Autumn 2008 to encourage more public sector organisations to taken on the Skills Pledge[85].

175 Government Skills is currently running an apprenticeship pathfinder as part of its Skills Strategy with government departments. This will involve 500 new apprenticeships for staff in central government, starting in September 2008.

176 In addition, Government Skills is working in partnership with other SSCs including Skills for Health, Skills for Justice, Skills Plus, Asset Skills, Lifelong Learning UK, the Council for Administration and the Management Standards Centre to develop a Diploma in Public Services for 14 to 19 year olds that is designed to enable progression into further or higher education or employment. The Diploma will be available through selected providers from September 2010 and will be offered to all 14 to 19 year olds in England from 2013.

177 The Diploma which is available at Foundation, Higher and Advanced levels, is expected to help students into a range of careers in the public sector, including central and local government, the health service, the Armed Forces, the emergency services, the justice system and voluntary organisations.

[81] SSC for Central Government, all civil service departments and agencies, unaffiliated non-departmental government bodies and Armed Forces
[82] SSC for Health and Healthcare
[83] SSC for Justice sector
[84] SSC for Community Learning and Development, Further Education, Higher Education, Libraries, Archives and Information Services and Work Based Learning
[85] http://www.kc-jones.co.uk/events/Public-Sector-Skills-Challenge-Breakfast-Launch-/ and http://www.kc-jones.co.uk/events/Public-Sector-Skills-Challenge-Seminar/

Current LSC delivery

178 LSC delivery of aims which meet the priorities specified SSC footprints for Government Skills and Skills for Justice in the East Midlands are currently delivered within FE only.[86] However, there are Work Based Learning aims being delivered by the National Employer Service (NES) and by other regions for Government Skills and Skills for Justice. There is some Work Based Learning East Midlands LSC delivery for Skills for Health and Lifelong Learning UK, though the number and types of aims delivered are low and primarily at Level 3.

179 For certain industries, such as those under Skills for Justice, Work Based Learning opportunities, including Train to Gain currently have a limited impact due to its primary focus on the development of Level 2 skills whereas initial training for many key roles in the sector is at Level 3. If the scope for Train to Gain is widened to Level 3, it is more likely to have an impact on the Justice sector[87].

180 There may also be other public sector relevant related aims may be being delivered by the LSC in the East Midlands but they are not captured as such because of the way aims are categorised. Many administration aims, for example, would be relevant to the sector and may well be being delivered to public sector employers. Information on the type of employer needs to be captured alongside the learner information so who the LSC is delivering to can be analysed as well as what is being delivered.

181 **Key issues**

- Definitional variations in datasets on 'public sector' employees pose difficulties in identifying the true population in this workforce. However, all data sources indicate that it covers a substantial number of employees in the region.

- 'Public sector' covers a broad spectrum of employers and industries with variable skill demands in terms of types and levels of qualifications. Some aspects of the sector demand higher level qualifications which impacts on the LSC's ability to deliver

- Key developments by certain SSCs through Apprenticeships and raising the profile of opportunities within the sector through compacts and the availability of a Diploma in Public Service aimed at 14-19's will encourage more young people to consider it as a career choice.

- The benefits of the Government Skills Apprenticeship pathfinder will primarily be seen in London where the majority of central government departments are based. These practices need to be translated at a regional level for those working in regional and local government organisations.

[86] 2006/07 figures have been used for this section
[87] Skills for Justice, 'Justice sector qualification strategy' March 2008: http://www.skillsforjustice.com/websitefiles/Justice%20Sector%20Qualification%20Strategy.pdf

SECTION TWO: APPRENTICESHIPS

182 The East Midlands already has a high employment rate and there are many opportunities currently for people with all skills levels. However, with increasing technological change and international competition, the region will need to develop a highly skilled workforce that can be innovative and responsive to fluctuations in the national and world economies.

183 Employment forecasts show increases in occupation groups requiring high levels of skills and qualifications: managers and senior officials, professional and technical occupations. Despite strong increases over the past few years, the East Midlands remains below the national average for qualifications held by the working age population and this presents the region with a serious challenge to increase its skills levels so that the requirements of the future can be met. The LSC's targets to increase attainment at National Vocational Qualification (NVQ) Level 2 and NVQ Level 3 present a significant and important challenge for us in this region.

184 Upskilling also brings substantial benefits to the people of the region – better jobs lead to better incomes, and better income increases quality of life and health. Ensuring that all the region's residents can exploit these opportunities will require agencies to work together to gain maximum value from public funds and to target areas of deprivation and disadvantage.

185 It should be noted that the strategic analysis has been written using the most recently available datasets, which are often from previous year(s). The current UK and world economic difficulties that have been developing over the recent weeks have not yet been reflected in published datasets. The problems starting with American 'sub-prime' mortgages, leading to the 'Credit Crunch' will affect short term economic activity. This economic downturn may have implications in regards to apprenticeships. Whilst employers scale back recruitment plans the availability of apprenticeships places may reduce. There is also the risk that current Apprentices may be made redundant. This is particularly apparent in, but not restricted to, the construction sector.

186 This section of the strategic analysis sets out how Apprenticeships are providing people with training while they work. This will enable us to understand which areas of our provision are performing strongly, which are underperforming and where we need to develop new areas of delivery to meet the region's economic needs as outlined in the 'Demand' section of our report.

187 This document provides analysis relating to Apprenticeship providers that the LSC East Midlands contracts with (not residency) and therefore excludes National Employer Service (NES) provision.

YOUNG PEOPLE

Participation

188 On both Apprenticeship programmes, participation for 16-18 year olds had fallen year on year up to 2006/07. This is a result of a number of factors which include a focus on raising completion rates, the introduction of the minimum levels of performance to ensure high quality provision, an increase in College and School Sixth Form numbers and the availability of apprenticeship opportunities with employers.

189 ***In 2007/08 Apprenticeship participation increased and the number of young people starting and Apprenticeship programme to date has already outstripped the total number for the previous year by 12%.*** This rate of growth is considerably higher than the national average (2%).[88] This has been largely due to the successful implementation of a regional strategy designed to improve all aspects of Apprenticeships in the East Midlands from recruitment right through to the learners' achievements. In addition, the regional and national campaign to promote Apprenticeships to employers was also active.

190 The September Guarantee, which guarantees every young person an offer of learning or training after completing their GCSEs, facilitated better tracking of young people and the learning choices they were making. The availability of a prospectus gave young people better information on the opportunities open to them and enabled them to make informed decisions earlier. Providers and the LSC were then able to respond more quickly to meet that demand. Recruitment to Apprenticeships was one area in particular that benefited from the guarantee.[89]

191 ***It will be a challenge for the LSC to continue to sustain and improve this growth*** in line with the Leitch ambitions and the Government's target of an Apprenticeship place for all qualified young people that want one by 2013.

192 Apprenticeship participation levels will be encouraged through investment in Programme Led Apprenticeships (PLA's)[90], and in young Apprenticeships to encourage future progression. In addition, the introduction of the National Apprenticeships Vacancy Matching System (NAVMS) will also help to raise participation further. This system matches employer vacancies with potential apprentices

193 ***Occupancy[91] also shows improvement in 2007/08, when compared with the final figures for 2006/07.*** Increases can be seen in Leicestershire and Nottinghamshire in particular where the average number of learners on an Apprenticeship is considerably higher than the previous year.

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[88] LSC, *2007/08 Apprenticeships MI Report – Period 12*, September 2008,
[89] East Midlands LSC, *First findings on the impact of September Guarantee*, Paper, August 2008, para 5
[90] Programme Led Apprenticeships are undertaken where an employer has not yet been found.
[91] The Occupancy measure is used to show the average number of learners on an Apprenticeship programme in a month.

Table 24: Apprenticeship and Advanced Apprenticeship Participation

Local area	Programme	2006/07 16-18 starts*	2007/08 16-18 starts**	2006/07 16-18 occupancy*	2007/08 16-18 occupancy**
Derbyshire	Apprenticeships	1522	1671	1752	1766
	Advanced Apprenticeships	421	405	771	810
	Total	1943	2076	2523	2576
Nottinghamshire	Apprenticeships	1779	1995	1905	1959
	Advanced Apprenticeships	449	492	753	850
	Total	2228	2487	2658	2809
Lincolnshire & Rutland	Apprenticeships	833	939	989	1032
	Advanced Apprenticeships	255	260	432	466
	Total	1088	1199	1421	1498
Leicestershire	Apprenticeships	1075	1442	1331	1457
	Advanced Apprenticeships	474	560	582	845
	Total	1549	2002	1913	2302
Northamptonshire	Apprenticeships	1045	1066	1299	1271
	Advanced Apprenticeships	203	226	350	362
	Total	1248	1292	1649	1633
East Midlands	Apprenticeships	6254	7113	7276	7485
	Advanced Apprenticeships	1802	1943	2887	3332
	Total	8056	9056	10163	10817

*Source: ILR, (WBL and E2E Provider Drill Down 2006/07 and WBL and E2E Provider Drill Down 2007_08.xls). *2006/07 data is for the complete year (P13). **2007/08 data is to July 2008 (P12).*

Sector profile

194 Recruitment to Apprenticeship programmes across most sectors has increased, with numbers of starts in both Construction and in Engineering rising by over 30%. The increase in volume is largely seen in the Level 2 Apprenticeship programme. For Construction, this is the entry level for careers in the sector so progression routes to more advanced skills and training are needed to ensure long-term careers in the sector for these young people. For Engineering, there is also more demand for Level 3 qualifications and higher level skills so encouraging progression beyond Level 2 will be necessary for young people to remain within the sector.

195 Two sectors, Retail and Leisure, show lower numbers of starts at this point in the year when compared with the total number of starts for 2006/07. Major retailers also work with the LSC nationally through the NES and will include Apprentices within the East Midlands. [92] However these numbers are not shown in Table. There will be an update taking place in December 2008.

[92] It should be noted that NES data is not included within this report but further analysis of Apprentices living in the East Midlands funded nationally through NES will be highlighted as a research need.

196 Retail is an important sector for the region as the three largest cities all have plans for major redevelopment. With the opening of the Westfield shopping centre in Derby, and Highcross in Leicester and the planned redevelopment of the Broadmarsh shopping centre in Nottingham, there are currently and will be further opportunities for young people to begin a career in Retail. We will need to monitor recruitment to Apprenticeships (both through our regional providers and through NES) in this sector to ensure that these opportunities for employment with training are maximised.

Table 25: East Midlands Starts by Sector Subject Area and Apprenticeship type

	2006/07 (complete year)			**2007/08 (to July)**		
Subject Sector Tier 1	Advanced Apprenticeship	Apprenticeship	Grand Total	Advanced Apprenticeship	Apprenticeship	Grand Total
Agriculture, Horticulture and animal care	36	216	252	*	243	261
Business, administration and law	310	1185	1495	261	1255	1516
Construction, planning and the built environment	131	893	1024	112	1233	1345
Engineering and manufacturing technologies	665	774	1439	797	1154	1951
Health, public services and care	287	922	1209	283	1017	1300
Information and communication technologies	*	68	83	*	69	72
Leisure, travel and tourism	187	64	251	187	46	233
Retail and commercial enterprise	141	2026	2167	155	1883	2038
Not available	20	89	109	25	192	217
Grand total	1802	6254	8056	1943	7113	9056

Source: ILR, WBL and E2E Provider Drill Down 200607.xls and WBL and E2E Provider Drill Down 200708.xls (September 2008). Data for Arts, media and publishing and Education and Training has been withheld to protect confidentiality of learners.

Achievements

197 The Framework completion rate is the measure of achievement used for Apprenticeships.

198 ***Overall Framework completion rates have been increasing since 2005/06*** although the rate of improvement slowed in 2006/07. Alongside this, the actual number of completions did not increase over this time, largely due to the falls in participation in 2006/07.

199 ***Performance so far for 2007/08 does show a slight increase in the number of completions for Advanced Apprenticeships (2%) but the percentage of learners achieving their framework reduced to 62.7%***. However, 2007/08 data is not for a complete year and end of year completions are expected to boost the final rate for the year.

200 For Apprenticeships, the position so far is that both the numbers of completions and the completion rate are lower than the final figures for 2006/07. Final year data may well show some improvement to this but we will monitor this closely and work with our providers to ensure the quality of these programmes.

201 It is likely that the increased participation being seen in 2007/08 will take time to fully reflect in achievement data due to the duration of training. In addition the reduction in success rate may be due to a widening of participation to boost the number of learners starting a programme.

Table 26: 16-18 Framework Completion rates by programme and by Sector Subject Tier 1

	2006/07 (complete year)				**2007/08 (to July)**			
	Advanced Apprenticeship		Apprenticeship		Advanced Apprenticeship		Apprenticeship	
Framework completions	No.	%	No.	%	No.	%	No.	%
Agriculture, Horticulture and animal care	*	*	135	65.2%	*	*	121	60.5%
Business, administration and law	199	77.1%	978	69.7%	212	74.9%	736	67.3%
Construction, planning and the built environment	73	61.9%	505	57.8%	92	74.2%	431	55.5%
Engineering and manufacturing technologies	327	69.4%	628	66.9%	290	60.5%	423	62.2%
Health, public services and care	135	64.9%	420	59.8%	165	65.0%	472	55.5%
Information and communication technologies	*	*	44	46.8%	*	*	25	58.1%
Leisure, travel and tourism	*	*	45	53.6%	*	*	40	60.6%
Retail and commercial enterprise	98	57.5%	1143	61.3%	97	55.4%	1100	61.3%
Grand total	867	67.3%	3910	62.9%	884	62.7%	3358	60.5%

Source: ILR, WBL and E2E Provider Drill Down 200607.xls and WBL and E2E Provider Drill Down 200708.xls (September 2008). Data for Arts, media and publishing and Education and Training has been withheld to protect confidentiality of learners.

202 ***Framework completions by sector mirror the overall pattern, with numbers of completions and completion rates generally lower so far for 2007/08.*** Within Advanced Apprenticeships, there has been improvement in both the numbers of completions and the success rates in the two priority sectors of Construction and Health. This success must be built on further so that the increases continue and best practice can be shared so that learners on Apprenticeships within the sector also benefit.

ADULTS

Participation

203 Programme occupancy reduced in 2005/06 and this trend continued in 2006/07, falling short of planned figures by 15%. However, the total number of learners starting an Apprenticeship in 2006/07 was up 1% on the previous year, but this was one of the lowest rates of increase in the country.[93]

204 Through the successful implementation of our regional work based learning strategy, performance in 2007/08 has dramatically improved with a substantial increase in learners starting an Apprenticeship. Already in this year, there are 39% more starts than the total for 2006/07. This increase in recruitment is seen across both Apprenticeships at Level 2 and Advanced Apprenticeships at Level 3 and follows the national picture of resurgent interest in the programme.

205 The introduction of NAVMS will also help to raise participation further. This system matches employer vacancies with potential apprentices.

206 The introduction of Apprenticeships for learners aged 25 and over (1900 starts to Period 12[94]) has had a significant impact on the number of starts. Robust provider management has also made sure that regional performance in recruitment and retention has made significant strides forward.

[93] LSC East Midlands, *Regional Performance Report*, para67-68
[94] LSC, *Apprenticeships 2007/08 Period 12 MI Report*, September 2008, data annex

Table 27: Adult learner participation and occupancy rates as at July 2008

Local area	Programme	2006/07 19+ starts*	2007/08 19+ starts**	2006/07 19+ occupancy*	2007/08 19+ occupancy**
Derbyshire	Apprenticeships	549	836	628	831
	Advanced Apprenticeships	486	961	687	723
	Total	1035	1797	1,315	1554
Nottinghamshire	Apprenticeships	1256	1024	1,152	1199
	Advanced Apprenticeships	921	1429	1,110	1112
	Total	2177	2453	2,262	2311
Lincolnshire & Rutland	Apprenticeships	531	528	468	536
	Advanced Apprenticeships	407	647	497	489
	Total	938	1175	965	1025
Leicestershire	Apprenticeships	601	700	608	752
	Advanced Apprenticeships	498	1034	636	736
	Total	1099	1734	1,244	1488
Northamptonshire	Apprenticeships	515	586	584	623
	Advanced Apprenticeships	399	821	528	615
	Total	914	1407	1,112	1238
East Midlands	Apprenticeships	3452	3674	3,440	5701
	Advanced Apprenticeships	2711	4892	3,458	5083
	Total	6163	8566	6,898	10784

*Source: ILR, (WBL and E2E Provider Drill Down 2007_8.xls (September 2008)). *2006/07 data is for the complete year. **2007/08 data is to July 2008.*

207 There is significant capacity to increase adult participation as there is demand from employers across all local areas. This would support the drive for more Apprenticeships as outlined in the Leitch targets and ambitions.

Sector profile

Table 28: 19+ Work Based Learning Starts by Subject Sector

	2006/07 (complete year)						2007/08 (to July)			
Subject Sector Tier 1	Advanced Apprenticeship	Apprenticeship	NVQ 2	NVQ 3	NVQ 4	Grand Total	Advanced Apprenticeship	Apprenticeship	NVQ 4	Grand Total
Agriculture, Horticulture and animal care	48	86	0	0	0	134	45	121	0	166
Arts, Media and Publishing	7	1	0	0	0	8	1	2	0	3
Business, administration and law	820	1137	0	87	0	2044	1061	1858	63	2982
Construction, planning and the built environment	246	264	1	0	0	511	177	372	0	549
Education and Training	4	4	0	0	0	8	14	4	0	18
Engineering and manufacturing technologies	382	264	0	0	0	646	507	419	0	926
Health, public services and care	550	378	0	0	3	931	1091	525	0	1616
Information and communication technologies	19	44	0	0	0	63	18	61	0	79
Leisure, travel and tourism	30	97	0	0	0	127	45	89	0	134
Retail and commercial enterprise	578	1122	0	0	0	1700	683	1354	0	2037
Not available	27	55	0	0	0	84	32	71	0	103
Grand total	2711	3452	1	87	3	6256	3674	4892	63	8629

Source: ILR, (WBL and E2E Provider Drill Down 200607.xls and WBL and E2E Provider Drill Down 200708.xls (September 2008)).

208 Participation in Apprenticeships has risen across most sectors, with the highest increases seen in Business, administration, law; in Health, public services and care; and in Retail and commercial enterprise. This high increase in Health is vital as the number of learners and aims within this sector in Further Education (FE) has dropped considerably and employment in this sector is forecast to grow appreciably over the next few years.[95]

209 For construction, the number of starts to date in 2007/08 is only slightly above the number achieved in the complete year 2006/7 and reflects capacity issues that are hampering the further development and expansion of provision in this sector area. These include a lack of tutors and assessors and employer placements.

Achievements

210 Overall Framework completion rates have improved in the region over the last couple of years, in line with national averages, although the rate of increase slowed between 2005/06 and 2006/07.

[95] Working Futures 2 EM25.xls

211 This improvement in success rates shows that the quality of the Apprenticeship programmes has not been lost in the rapid growth in the numbers of learners. Measures introduced through the regional strategy have developed Apprenticeships at all stages, increasing the number of learners; ensuring learners stay on the programme; and improving success rates. As the numbers of Apprenticeships are forecast to expand further, we will continue to work to deliver high quality programmes that deliver the skills needed by the regional workforce and economy.

212 There is very little difference between completion rates for Apprenticeships and Advanced Apprenticeships (62.3% and 63.3%). The Advanced Apprenticeship completion rate is slightly lower in 2007/08 to date than in 2006/07, but end of year completions in 2007/08 are expected to improve the final rate for the year. Apprenticeship completion rates increased during this period.

Table 29: 19+ Framework Completion rates by programme and by Sector Subject Tier 1

	2006/07 (complete year)				**2007/08 (to July)**			
	Advanced Apprenticeship		Apprenticeship		Advanced Apprenticeship		Apprenticeship	
Framework completions	No.	%	No.	%	No.	%	No.	%
Agriculture, Horticulture and animal care	20	57.1%	52	69.3%	36	76.6%	43	61.4%
Business, administration and law	615	66.6%	820	67.1%	479	69.0%	721	67.8%
Construction, planning and the built environment	124	69.7%	183	62.7%	123	70.7%	153	63.2%
Engineering and manufacturing technologies	226	72.2%	212	68.6%	187	73.0%	163	73.1%
Health, public services and care	218	64.5%	244	58.7%	255	54.0%	168	51.4%
Information and communication technologies	10	58.8%	77	63.1%	13	86.7%	25	67.6%
Leisure, travel and tourism	14	43.8%	87	71.3%	12	48.0%	63	72.4%
Retail and commercial enterprise	244	52.0%	615	56.8%	325	54.5%	696	60.9%
East Midlands Total	1485	63.4%	2296	62.5%	1443	62.3%	2054	63.3%

Source: ILR, (WBL and E2E Provider Drill Down 200607.xls and WBL and E2E Provider Drill Down 200708.xls) (September 2008).

213 By sector, framework completion rates for both Apprenticeships and Advanced Apprenticeships are on a par with previous years, even though the 2007/08 data is for an incomplete year. In Engineering and Retail, two key sectors for the region given employment forecasts, completion rates have increased. The decrease in completion rates in Health in both programmes is of concern given the importance of this sector going forward and we will look to address this going forward.

GLOSSARY

ABI	Annual Business Inquiry
APS	Annual Population Statistics
ASD	Autistic Spectrum Disorder
BESD	Behavioural, Emotional and Social Development
DCSF	Department for Children, Schools and Families
DfES	Department for Education and Skills
DIUS	Department for Innovation, Universities and Skills
DWP	Department for Work and Pensions
EM	East Midlands
EMA	Educational Maintenance Allowance
E2E	Entry to Employment
esp	Employment, Skills and Productivity Partnership
emda	East Midlands Development Agency
ENT	Employed, No Training
ESF	European Social Fund
ESOL	English for speakers of other languages
FE	Further Education
FLT	Foundation Learning Tier
GCSE	General Certificate of Secondary Education
GLH	Guided Learning Hours
GNVQ	General National Vocational Qualification
GVA	Gross Value Added
HE	Higher Education
HEFCE	Higher Education Funding Council (England)

HESA	Higher Education Statistical Agency
HtFV	Hard-to-Fill Vacancies
IB	Incapacity Benefit
IES	Integrated Employment and Skills
ILO	International Labour Organisation
ILR	Individual Learner Record
ISP	Independent Specialist Provider
JSA	Jobseekers' Allowance
LAA	Local Area Agreement
LEPs	Local Employment Partnerships
LFS	Labour Force Survey
LLDD	Learners with a learning difficulty and/or disability
LSC	Learning and Skills Council
LLSC	Local Learning and Skills Council
LSOA	Lower Super Output Area
KS4	Key Stage 4
MI	Management Information
NAVMS	National Apprenticeships Vacancy Matching System
NQF	National Qualifications Framework
NSA	National Skills Academy
NESS	National Employer Skills Survey
NEET	Not in Education, Employment or Training
NES	National Employers' Service
NESS	National Employers Skills Survey
NHS	National Health Service

NiNO	National Insurance Number
NOMIS	National Online Manpower Information System
NVQ	National Vocational Qualification
OLASS	Offender Learning and Skills Service
ONS	Office for National Statistics
PDO	Personal Development Opportunity
PLA	Programme Led Apprenticeships
PMLD	Profound and multiple learning difficulties
PSA	Public Service Agreement
PCDL	Personal and Community Development Learning
RDA	Regional Development Agency
RES	Regional Economic Strategy
ROCPA	Raising of the Compulsory Participation Age
RSP	Regional Skills Partnership
RSP	Regional Statement of Priorities
SDA	Severe Disability Allowance
SIC	Standard Industry Classification
SHD	Society Health and Development Diploma
SME	Small and Medium Sized Enterprises
SSDA	Sector Skills Development Agency
SSA	Sector Skills Agreement
SSC	Sector Skills Council
SSV	Skills Shortage Vacancies
UK	United Kingdom
WBL	Work Based learning

WRS	Workers Registration Scheme
YCS	Youth Cohort Study

Management Information supply-side data definitions

Achievement rates:
'Achievement Rate – all completers' is the number of aims that have been fully achieved divided by the number of aims that have been completed.

'Achievement Rate – known outcomes' is the number of aims that have been fully achieved divided by the number of aims that have been completed and have a known outcome.

Aims: An individual course undertaken by a learner. A learner may be studying several Aims at the same time.

Average point score per student: Each 'A', 'AS' and Vocational and equivalent level qualifications in England has an equivalent point score. The average point score per student is the calculation of the total points gained by all pupils within a specific geography (e.g. East Midlands) divided by the number of students.

Framework completion rates: Numbers completing a full Apprenticeship (including NVQ, Key Skills, Technical Certificates and other required sector knowledge) against those commencing the learning programme.

Positive outcomes (E2E): Movement into employment, and/or further learning.

September Guarantee: The 'September Guarantee' is an offer of a place in learning to young people completing compulsory education. It will be extended to cover 17 year olds in 2008.

Starts: number of learners starting learning (reported in relation to a specific time period)

Success Rates: number of aims successfully completed as a proportion of the number of all aims ending in the time period in question.

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