



11 January 2007

Introduction

- 1 The Regional Strategic Analysis forms a key part of the Learning and Skills Council's annual business cycle. Its purpose is to underpin our Regional Plan by providing the evidence to inform decisions about our strategic priorities in 2007/08, and about the learning provision we need to commission from our providers. The Analysis is intended to provide a comprehensive picture of the needs of learners, employers and communities in the North East, and to assess the extent to which the mix and quality of the region's LSC-funded learning provision meets these needs.

The North East region

- 2 The North East is the smallest of the nine English regions in terms of population, and the second smallest (after London) in terms of geographical area.
- 3 Two thirds of the region is rural, and to a large extent the population is concentrated in relatively few urban areas.
- 4 Levels of deprivation across the North East are high, and economic activity, productivity levels, qualifications attainment and participation in learning are all below average.

Learning provision in the North East

- 5 A wide range of learning providers in the North East receive funding from the LSC.
- 6 33 organisations deliver LSC-funded Further Education.
- 7 89 organisations deliver LSC-funded Work Based Learning.
- 8 65 School Sixth Forms and 35 Special Schools deliver learning to 16–18 year olds, funded by the LSC through the 12 local authorities in the region.
- 9 A large number of organisations deliver Adult and Community Learning, including many in the Voluntary and Community sector, funded by the LSC through the 12 local authorities.
- 10 2 providers deliver LSC-funded learning through the Offender Learning and Skills Service.
- 11 The LSC is negotiating with 81 organisations to deliver learning provision through Train to Gain.
- 12 The LSC manages a range of contracts co-financed via the European Social Fund (ESF) and its own matched funding. The total regional ESF budget for 2004–2008, the current ESF round, is £107,000,000.

Regional demographics

Population profile

- 13 Around 2,545,000 people live in the North East.
- 14 Recent population growth in the region has been slower than that seen nationally.
- 15 This trend is projected to continue, with population growth in the North East projected to be slower than in any other region.
- 16 The region's population is ageing faster than the national rate.

14–19 population change

- 17 Recent growth in the North East's 14–19 population has been slower than the growth seen nationally.
- 18 Projections suggest that the region's 14–19 population will decline in future years. This decline will be more significant than that projected in England.
- 19 Between 2006 and 2007, the 14–19 population is projected to decline by 1,900 people (1.1 per cent), with a further decline of 1,200 people (0.7 per cent) between 2007 and 2008.
- 20 The rate of decline is projected to intensify after 2009.

16–18 population change

- 21 Recent growth in the North East's 16–18 population has been slightly slower than that seen nationally.
- 22 Indicative projections suggest that growth will reverse in the future, with decline projected to be far more significant among the North East's 16–18 population than that projected nationally.
- 23 Despite projected long-term decline, the 16–18 population is expected to remain relatively stable between 2006 and 2007, at around 102,000 people. Slight growth to 103,000 people is projected between 2007 and 2008. Decline is projected to continue after 2008.

Ethnicity

- 24 While growing, the black and minority ethnic population in the North East remains small. The proportion of people from BME communities among the region's population (2.4 per cent) is significantly lower than the national average (9.1 per cent).
- 25 The BME population is larger in Middlesbrough (6.3 per cent) and Newcastle (6.9 per cent) than in other Partnership Areas.
- 26 There is a wide diversity in ethnic backgrounds among the region's BME population.
- 27 Local authority data suggests the number of young people from black and minority ethnic backgrounds is growing.

Refugees and asylum seekers

- 28 Home Office figures suggest that around 8 per cent of asylum seekers in England (some 3,300 people) are dispersed to the North East, with a third of these housed in Newcastle.
- 29 A quarter of asylum seekers dispersed to the North East are believed to settle in the region. The number of refugees – former asylum seekers – living in the region is much higher than the number of asylum seekers.
- 30 Refugees and asylum seekers are a diverse group, comprising many different nationalities, with a high degree of language capability and variety.
- 31 Many refugees and asylum seekers speak English, though a small but significant minority cannot. Refugees and asylum seekers' confidence in their ability to write in English tends to be lower than their confidence in speaking English.
- 32 Few refugees and asylum seekers appear to receive information, advice or guidance on training and employment.

Migrant workers

- 33 The North East has the lowest foreign-born population of any region in England, though in relative terms this population is growing rapidly. In the last two years, for example, 4,700 migrants came to the North East from the eight Central and Eastern European states which joined the EU in May 2004.
- 34 The potential of migrant workers to help meet skills needs in the North East and contribute to economic growth is increasingly being recognised.
- 35 Migrant workers are employed across the region, increasingly in smaller towns and rural areas. Migrant workers are mainly employed in jobs that have previously been hard to fill, often in Tourism and Hospitality, Manufacturing, Health and Social Care, Retail and Education.
- 36 There are significant barriers to the integration of the migrant workforce. In particular, many migrants have only limited English language skills, though most migrants are keen to improve their English.
- 37 The perceived inflexibility of current ESOL provision, coupled with the employment conditions of many migrant workers, means that take-up of ESOL provision has been low among migrant workers.
- 38 Poor English skills can also act as a barrier to further learning. Some North East employers have been reluctant to access Train to Gain provision for migrant workers because of their poor English skills.
- 39 Research suggests that a lack of information, advice and guidance can also impact on migrant workers' access to appropriate learning provision.

Learners with learning difficulties and/or disabilities

- 40 The North East has a higher proportion of young learners with learning difficulties and/or disabilities than the national average, but fewer adult learners.

- 41 Demand is greatest from young people with learning difficulties and/or disabilities who consider that help with finding employment is the most important reason for continuing in post-16 learning.
- 42 There are concerns that there is a lack of provision to meet demand, particularly in E2E and in provision to meet the needs of learners with specific learning difficulties and/or disabilities, such as autistic spectrum disorders or dyslexia.
- 43 Transport issues can act as a barrier to learning among learners with learning difficulties and/or disabilities.
- 44 Progression opportunities for learners with learning difficulties and/or disabilities are limited.

Deprivation

- 45 The level of deprivation in many parts of the North East is high, particularly in densely populated urban areas.
- 46 Some 548,000 people in the region – 21.8 per cent of the population – live in areas ranked among the 10 per cent most deprived in England.
- 47 There are close correlations between areas with high levels of deprivation and low qualification levels, low participation in learning and high unemployment among the population.

Skills for Life

- 48 More people in the North East have poor literacy and/or numeracy skills than in England.
- 49 63 per cent of the working age population in the region have literacy skills below Level 2, compared with the national average of 56 per cent.
- 50 79 per cent of the region's population have numeracy skills below Level 2, compared with 75 per cent in England.
- 51 Few adults acknowledge a need to improve their literacy or numeracy skills.
- 52 People with poor basic skills are less likely than average to participate in learning. They are also less likely to identify incentives which might encourage them to do so.

The labour market context

- 53 There are around 67,800 workplaces in the North East. A little over 1 million jobs are located in the region.
- 54 The Retail sector, the Science, Engineering and Manufacturing Technologies sector, the Hospitality, Leisure, Travel and Tourism sector and the Public Services are the largest employers in the region.
- 55 There has been a shift in the economy towards service sectors and related occupations, exemplified by employment decline in manufacturing sectors and growth in service sectors.

Economic activity

- 56 Economic activity in the North East (75.1 per cent) is below the national average (78.5 per cent).
- 57 The employment rate in the North East (70.6 per cent) is also below average (74.7 per cent).
- 58 The lower the level of qualification a person holds, the less likely they are to be in employment.

Worklessness

- 59 An estimated 444,000 working age people in the North East are workless. Both economic inactivity and unemployment in the region are above average.
- 60 Around a quarter of the economically inactive people in the North East would like a job, but they are not actively seeking work. The most common reason for this is long-term sickness.
- 61 A higher than average proportion of the population in the North East claim Incapacity Benefit.
- 62 Long term unemployment is slightly lower than average in the North East. Unemployment is often a recurring situation, however, and for many people the available employment opportunities are short term in nature with little continuity between jobs.

Young people and learning

Participation in learning among young people

- 63 DfES figures suggest the overall level of participation in education and training among 16 year olds in the North East is slightly higher than the national average, while participation among 17 year olds is in line with the national average.
- 64 Participation in Work Based Learning among young people in the region is higher than average, while participation in full time education is below average.
- 65 Participation in learning among 17 year olds is significantly lower than among 16 year olds. The decline in participation between ages 16 and 17 is greater in the region than nationally.
- 66 The decline in participation between ages 16 and 17 is most significant in full-time education, while participation in Work Based Learning and part-time education among 17 year olds is higher than among 16 year olds.
- 67 Connexions data shows a further decline in participation at age 18, with a significant increase in employment rates between each age group.
- 68 Almost one in four young people in the region who are in employment are without training to Level 2.

- 69 The decline in participation between ages 16 and 17 also means that 17 year olds are more likely not to be in education, employment or training than 16 year olds.

The NEET group

- 70 Young people in the North East are more likely than average not to be in education, employment or training. In March 2006, 10.7 per cent of 16–18 year olds in the region were NEET, compared with the national average of 7.9 per cent.
- 71 The NEET group has not reduced significantly in the last two years, despite successes in moving young people into employment or learning, as there has been a balancing flow into the NEET group from successes in identifying young people whose activity is not known.
- 72 There is also a significant inflow into the NEET group at age 17 among young people who leave learning or fail to progress.
- 73 Most NEET young people are available for work or learning. The older they are, however, the less likely they are to be so.
- 74 Among young people who are not available for work or learning, illness is a common cause of being NEET.
- 75 A small but significant proportion of young people in the North East are NEET because of teenage pregnancy or parental responsibilities.

Young people in LSC-funded learning

- 76 Over 70,000 young people aged 16–18 were in LSC-funded learning with North East providers in 2005/06, predominantly in Further Education.
- 77 Participation among 16–18 year olds declined by 2.8 per cent between 2003/04 and 2005/06, compared with a slight increase nationally. The decline was particularly significant in Work Based Learning and Entry to Employment.
- 78 The decline does not appear to be due to a shift towards participation in the independent sector, for example in Academies. The introduction of pre-E2E provision may account partly for the decline, though further analysis is needed.

Young people in LSC-funded learning by ethnicity

- 79 The number of young people from black and minority ethnic communities in Further Education in the North East increased between 2004/05 and 2005/06. The proportion of young learners from BME communities also increased.
- 80 The number of young people from BME communities in Work Based Learning in the region declined between 2004/05 and 2005/06.
- 81 Young people from BME communities are under-represented in WBL compared with FE. 1.2 per cent of 16–18 year olds in WBL in 2005/06 were from BME communities, compared with 4.8 per cent in FE.

- 82 The largest ethnic group among young learners from BME communities in both FE and WBL in 2005/06 were from Asian or Asian British backgrounds.

Young people in LSC-funded learning by subject

- 83 Despite the decline in the number of young people participating in Further Education between 2003/04 and 2005/06, the number of learning aims taken up by young learners increased by 3.7 per cent over this period.
- 84 Two in every five learning aims taken up by young people in FE in the region in 2005/06 were in Preparation for Life and Work subjects. In most cases, this learning is likely to be delivered alongside learning in other subjects.
- 85 There is a strong gender bias in many subject areas in FE. Construction, Planning and the Built Environment subjects and Engineering and Manufacturing Technologies are dominated by young men. Retail and Commercial Enterprise subjects and Languages, Literature and Culture subjects are dominated by young women.
- 86 In contrast to FE, take-up of Work Based Learning among young people in the North East is concentrated in relatively few subject areas.
- 87 As in Further Education, there is a strong gender bias in Work Based Learning, with male learners dominating most subject areas. Young women dominate learning in Health, Public Services and Care subjects, and to a lesser extent in Retail and Commercial Enterprise subjects and Business, Administration and Law subjects.

Young people in LSC-funded learning by level

- 88 There has been a marked increase in participation among young people in full Level 2 provision in FE, though growth is slower than in England (24.0 per cent between 2003/04 and 2005/06, compared with 30.6 per cent nationally).
- 89 The proportion of 16–18 year olds in FE who are in full Level 2 provision in the North East is higher than average (23.9 per cent in 2005/06, compared with 21.3 per cent in England).
- 90 Participation among young people in full Level 3 provision in FE has also increased, again at a slower rate than nationally (2.6 per cent in the region between 2003/04 and 2005/06, compared with 6.6 per cent in England).
- 91 The proportion of 16–18 year olds in FE who are in full Level 3 provision in FE in the North East is below average (34.7 per cent in 2005/06, compared with 39.0 per cent in England).
- 92 Participation among young people in full Level 2 provision in WBL has declined slightly (by 1.4 per cent between 2003/04 and 2005/06), in contrast to slight growth nationally (0.9 per cent).
- 93 The proportion of 16–18 year olds in WBL who are in full Level 2 provision in the North East is higher than average (70.0 per cent in 2005/06, compared with 65.9 per cent in England).

- 94 Participation among young people in full Level 3 provision in WBL has fallen (by 18.4 per cent between 2003/04 and 2005/06). The decline is more significant than that seen nationally (11.4 per cent).
- 95 The proportion of 16–18 year olds in WBL who are in full Level 3 provision in the North East is below average (29.8 per cent in 2005/06, compared with 34.0 per cent in England).

Funding young people's learning

- 96 Funding for 16–18 year old learners in FE increased between 2003/04 and 2005/06, though growth in the North East (22.0 per cent) was slightly smaller than that seen nationally (24.7 per cent).
- 97 Funding for full Level 2 qualifications in FE for 16–18 year olds increased by 34.2 per cent in the North East between 2003/04 and 2005/06.
- 98 A higher proportion of FE funding for young learners funds full Level 2 provision in the North East (21.2 per cent in 2005/06) compared with the national average (19.1 per cent).
- 99 Funding for full Level 3 in FE for young learners increased between 2003/04 and 2005/06, though as at Level 2 the increase was slightly smaller in the North East (20.9 per cent) than in England as a whole (22.7 per cent).
- 100 While young learners in FE in the region are less likely to participate in full Level 3 provision than in England as a whole, the proportion of FE funding for 16–18 year olds which funds full Level 3 provision in the North East (39.9 per cent in 2005/06) is very similar to the national average (40.1 per cent).

Young people and the provision mix

- 101 67.5 per cent of the funding of young people's learning in Further Education in the North East directly contributes to LSC targets, while 26.6 per cent funds other priority provision.
- 102 The proportion of funding that contributes directly to LSC targets is slightly below the national average, while the proportion in other priority provision is a little above average.
- 103 Relatively little funding is in lower priority provision, though the proportion of lower priority funding in the region is slightly above average.

Qualifications and attainment among young people

Level 2 at 19

- 104 Young people in the North East are less likely than average to achieve Level 2 qualifications. 67.4 per cent of the region's cohort aged 19 in 2005 had achieved a Level 2, compared with 69.8 per cent in England.
- 105 22.9 per cent of the North East cohort achieved a Level 2 between their 16th and 19th birthdays, compared with 19.5 per cent of the national cohort. They were most likely to do so through NVQ/VRQ Level 2 provision in FE colleges.
- 106 Young women were more likely to have achieved a Level 2 than young men. Young people from black and minority ethnic communities, and learners with

learning difficulties and/or disabilities, were less likely to have achieved a Level 2 than average.

Level 2 including English and mathematics

- 107 39.1 per cent of the North East cohort aged 19 in 2005 had achieved a Level 2 qualification including English and mathematics, compared with 45.3 per cent in England.
- 108 Improvement in attainment of Level 2 qualifications including English and maths is slower than improvement in overall attainment of Level 2 qualifications.
- 109 Few young people appear to achieve success in GCSE English and maths after the age of 16. Only 1.8 per cent of the region's cohort achieved a Level 2 including English and maths between the ages of 16 and 19.

Attainment at 16

- 110 While improving, attainment of GCSE and equivalent qualifications among Key Stage 4 pupils in the North East remains below average.
- 111 Provisional results for 2005/06 suggest that 57 per cent of school pupils in the North East had achieved five or more GCSEs at grades A*–C by the end of Key Stage 4, compared with 59 per cent in England.
- 112 In the North East, only two in five school pupils ended Key Stage 4 in 2005/06 with five GCSEs at grades A*–C including English and mathematics, well below average.
- 113 The move to a performance measure which includes GCSE attainment in English and maths at grades A*–C will have a significant effect on the relative performance of many Partnership Areas.

Level 3 at 19

- 114 40 per cent of the North East cohort aged 20 in 2005 had achieved a Level 3, compared with the national average of 45 per cent.
- 115 The North East has the lowest proportion of the cohort aged 20 who have achieved a Level 3 in any region.
- 116 However, the proportion of the cohort who achieved a Level 3 after the age of 19 (4 per cent) was higher than in any other region.

Adults and learning

Participation in learning among adults

- 117 The overall level of participation in learning among working age adults in the North East is below average.
- 118 Participation in taught learning, nevertheless, is close to the national level, indicating that adults in the North East are as likely to participate in formal learning as they are nationally.

119 Older adults, however, are significantly less likely to participate in learning than their younger counterparts.

Adults in LSC-funded learning

120 Over 225,000 adults aged 19 and over were in LSC-funded learning with North East providers in 2005/06, mainly in Further Education.

121 Adult learner numbers saw a sharp downturn between 2004/05 and 2005/06, though the decline in the North East was not quite so significant as that seen nationally. The greatest decline was in Further Education.

Adults in LSC-funded learning by ethnicity

122 The number of adult learners from BME communities in FE fell between 2003/04 and 2005/06, though as a proportion of all learners in FE participation among those from BME communities has increased.

123 The number of learners from black and minority ethnic communities in Work Based Learning also fell between 2004/05 and 2005/06, though there had been an increase the previous year.

124 The proportion of learners in Further Education who are from BME communities is higher than the proportion in the population as a whole.

125 In contrast, learners from BME communities are under-represented in Work Based Learning. The actual number of adult learners from BME communities in Work Based Learning is very small.

126 The largest ethnic group among adult learners from BME communities in FE and WBL were from Asian or Asian British backgrounds.

Skills for Life provision

127 In line with national trends, the number of Skills for Life learners in the North East saw a sharp increase between 2003/04 and 2004/05, but a slight decline the following year.

128 Participation in learning which contributes to the Skills for Life target increased by 11.3 per cent in the North East between 2004/05 and 2005/06, compared with an increase of 2.7 per cent in England.

129 There is something of a mismatch between participation in Skills for Life provision and basic skills needs. Often, relatively few Skills for Life learners are recruited from wards where the highest proportions of the population have poor literacy and numeracy skills.

130 Achievements in Skills for Life provision which count towards the Skills for Life target have increased between 2003/04 and 2005/06, despite a decline in the last year among young people.

131 Adult achievements are less likely to count towards the Skills for Life target than achievements among young people.

132 Skills for Life achievements suggest a slight bias towards literacy provision, especially in comparison with basic skills needs which are greatest in relation to numeracy skills.

133 It is not clear whether the balance of achievements reflects the existing mix of provision, which has tended towards literacy provision due to a historical shortage of numeracy tutors, or whether it reflects learner demand.

Adults in LSC-funded learning by subject

- 134 One in every four learning aims taken up by adults in FE in the region in 2005/06 were in Preparation for Life and Work subjects. In most cases, this learning is likely to be delivered alongside learning in other subjects.
- 135 Women account for a higher proportion of enrolments than men in most subject areas, reflecting the greater number of women among adults in FE. In particular, women dominate Social Sciences subjects, Retail and Commercial Enterprise subjects, Science and Mathematics subjects and Education and Training subjects.
- 136 Men, on the other hand, dominate take-up in Engineering and Manufacturing Technologies subjects and Construction, Planning and the Built Environment subjects.
- 137 In contrast to FE, take-up of Work Based Learning among adults in the North East is concentrated in relatively few subject areas.
- 138 There is a particularly strong gender bias among adults in several subjects in Work Based Learning. There are more women than men in Health, Public Services and Care subjects, Education and Training subjects, Business, Administration and Law subjects in WBL.
- 139 In contrast, there were significantly more men than women in Construction, Planning and the Built Environment subjects, and in Engineering and Manufacturing Technologies subjects.

Adults in LSC-funded learning by level

- 140 Participation among adults in full Level 2 provision in FE has seen a significant increase, with much faster growth than in England (52.5 per cent between 2003/04 and 2005/06, compared with 24.5 per cent nationally).
- 141 The proportion of adults in FE who are in full Level 2 provision in the North East is higher than average (10.0 per cent in 2005/06, compared with 8.1 per cent in England).
- 142 Participation among adults in full Level 3 provision in FE has also increased, at a slightly faster rate than nationally (32.3 per cent in the region between 2003/04 and 2005/06, compared with 27.1 per cent in England).
- 143 The proportion of adults who are in full Level 3 provision in FE in the North East is very slightly below average (6.1 per cent in 2005/06, compared with 6.3 per cent in England).
- 144 In relative terms, participation among adults in full Level 2 provision in WBL shows a marked decline (14.6 per cent between 2003/04 and 2005/06) which is more significant than that seen nationally (8.2 per cent). In real terms, the decline represents around 400 fewer learners.

- 145 The proportion of adult learners in WBL who are in full Level 2 provision in the North East is below average (48.9 per cent in 2005/06 compared with 52.6 per cent in England).
- 146 Participation among adults in full Level 3 provision in WBL has fallen slightly (by 2.2 per cent between 2003/04 and 2005/06). The decline is less significant than that seen nationally (8.5 per cent).
- 147 The proportion of adults who are in full Level 3 provision in WBL in the North East is above average (48.6 per cent in 2005/06, compared with 45.9 per cent in England).

Funding adult learning

- 148 Funding for full Level 2 provision for adults in FE more than doubled in the region, and the increase in funding in the North East (101.5 per cent between 2003/04 and 2005/06) was twice that seen nationally (50.6 per cent).
- 149 The proportion of FE funding for adult learners which funds full Level 2 provision in the region is above average (20.2 per cent in 2005/06, compared with 14.4 per cent in England).
- 150 Funding for full Level 3 provision for adults in FE increased in the region, though the growth was slightly behind that in England (55.7 per cent between 2003/04 and 2005/06, compared with 58.0 per cent nationally).
- 151 The proportion of FE funding for adult learners which funds full Level 3 provision is slightly below the national average (14.8 per cent in 2005/06, compared, with 15.2 per cent in England).
- 152 42.3 per cent of the funding of adult learning in Further Education in the North East directly contributes to LSC targets, while 29.9 per cent funds other priority provision.
- 153 The proportion of funding that contributes directly to LSC targets is in line with the national average, while the proportion in other priority provision is slightly below average.
- 154 While more than a quarter of adult FE funding is in lower priority provision, the proportion of lower priority funding in the region is only slightly above average.
- 155 The shift towards funding learning which contributes to LSC targets has been greater than average in the North East, though the region has started from a lower than average position.

Qualifications and attainment among adults

Qualifications among the working age population

- 156 Qualification levels among the North East's working age population are lower than in England.
- 157 Fewer people in the region are qualified to Level 3 or above than average (41.0 per cent compared with 44.9 per cent in England).

- 158 The proportion without qualifications at Level 2, on the other hand, is higher than average (34.7 per cent compared with 33.5 per cent in England).
- 159 Women are less likely to hold Level 2 qualifications than men. Older people are less likely to hold Level 2 qualifications than younger people. White people are generally less likely to hold qualifications at Level 2 than people from black and minority ethnic communities.
- 160 Qualification levels are improving, but at the same rate as in England. The qualifications gap between the North East and England is not closing.

Qualifications among economically active adults

- 161 A slightly higher proportion of economically active adults (aged 18 to retirement) in the North East are qualified to Level 2 than in England (72.2 per cent compared with the national average of 71.5 per cent).
- 162 Fewer economically active adults in the North East (47.8 per cent) are qualified to Level 3 than in England (50.3 per cent).
- 163 The gap between attainment of Level 2 qualifications among the working age population and economically active adults suggests that a large number of adults in the region who do not hold qualifications at this level are economically inactive.
- 164 As well as not engaging in the labour market, economically inactive adults without Level 2 qualifications may be difficult to engage in learning.
- 165 Research suggests that economically active adults without Level 2 qualifications may also be difficult to engage in learning.

Travel to learn patterns

Learner recruitment patterns

- 166 The North East is a net importer of learners – more learners live outside the North East and travel into the region to learn than the number of learners who live in the North East but travel to other regions to learn.
- 167 While this is true of Further Education and Adult and Community Learning, Work Based Learning sees a net export from the region, though the number of learners in WBL who travel across the region's border is small.
- 168 Some Partnership Areas in the region see more significant learner flows across their boundaries than others.
- 169 Learner movement within the region tends to be more common in WBL and FE than in ACL or School Sixth Forms.

Employers' skills needs

Recruitment difficulties and skills shortages

- 170 Recruitment difficulties are slightly more common in the North East than in England.

- 171 Skills shortages, however, are no more common in the region than nationally. 5 per cent of employers reported skills shortages in Summer 2005, affecting 23 per cent of vacancies.
- 172 Skills shortages were particularly apparent in craft level occupations (Skilled Trades).
- 173 Technical, practical and job-specific skills were most commonly reported as being difficult to obtain from job applicants.

Skills gaps

- 174 From the perspective of employers, skills gaps are more significant in the North East than in England, affecting 21 per cent of employers compared with the national average of 16 per cent.
- 175 Employers report that skills gaps affect a similar proportion of employees in the region to that in England (6 per cent).
- 176 According to employers, over 53,000 people working in the North East need further skills development in their current jobs.
- 177 Employers report that technical, practical or job-specific skills most commonly need improving among their staff.
- 178 The most common employer response to skills gaps is to increase training. However, one in ten employers do nothing to address skills gaps among their workforce.

Employer engagement in training and development

- 179 Employers in the North East are more likely than average to provide training for their staff.
- 180 71.4 per cent of establishments in the region funded or arranged training in the year to Summer 2005, compared with 64.8 per cent in England. Small employers are less likely to provide training than larger employers.
- 181 On-the-job training was more common than off-the-job training.
- 182 The most common reasons for not providing training are that staff are fully proficient, followed by a preference for employees to learn by experience, without formal training.

Participation in job-related training

- 183 Participation in job-related training in the North East is higher than average.
- 184 North East employers report that they provided training for 74.2 per cent of their employees in the year to Summer 2005, compared with the national average of 66.3 per cent.
- 185 Employed people living in the region report a slightly higher level of involvement in job-related training (an average of 24.1 per cent in any quarter in 2005) than reported nationally (22.3 per cent).

- 186 People in the North East, however, receive slightly less training than average (11.9 days per trainee in the year to Summer 2005, compared with 12.3 days in England).
- 187 Job-related training is not evenly distributed across the workforce, but differs by sector and occupation.

Training and qualifications

- 188 North East employers are more likely than average to train their staff towards nationally recognised qualifications.
- 189 Reflecting this, employer engagement with National Vocational Qualifications is higher than average in the North East.
- 190 Employers in the Public Services were most likely to engage in training towards NVQs.

Training and development expenditure

- 191 Training and development expenditure among North East employers in the year to Summer 2005 totalled around £1.1 billion. Indirect costs accounted for the majority of expenditure.
- 192 Direct expenditure on training among employers in the region is estimated at around £155 million, just 14.6 per cent of total expenditure.
- 193 Fees paid directly to training providers account for 9.3 per cent of total expenditure.

Employer engagement with training providers

- 194 66.3 per cent of employers in the North East who provided training for their staff in the year to Summer 2005 had used FE colleges or other providers to deliver training, compared with the national average of 64.4 per cent.
- 195 There were clear preferences for training delivered by non-FE providers, rather than by FE colleges, in most sectors.
- 196 The most common reasons for not using FE colleges to deliver training were a perception that the courses available were not relevant, followed by a preference for delivering training in-house.
- 197 Most North East employers who used external providers were satisfied with the provision. Satisfaction levels were lower with regard to FE college provision, however, than other provision.

Future demand

Projected employment change

- 198 Total employment in the North East is projected to increase by 2.5 per cent between 2004 and 2014, compared with growth of 4.6 per cent in England.
- 199 The trend in the economy towards growth of service sectors is expected to continue, offset by decline in other sectors.

- 200 The number of jobs requiring intermediate and higher level skills is expected to continue to grow, while the number of jobs in occupations with low skills needs is projected to fall.
- 201 In particular, employment projections suggest strong employer demand for qualifications at Level 3, and at Level 4 and above.
- 202 Employment among people qualified to Level 1, and particularly among those with no formal qualifications, is projected to decline.
- 203 Nevertheless, replacement demand remains significant at all levels, even in sectors where employment is projected to decline.
- 204 Between 2004 and 2014, net recruitment demand in the North East is projected to equate to over 420,000 job opportunities arising.
- 205 As many as 80 per cent of the workforce of 2020 may already be in employment, highlighting the need to develop the skills of the existing workforce as well as skills among young people entering the labour market.

How provision is meeting employer needs

Train to Gain

- 206 Train to Gain was introduced in the North East in April 2006, replacing the Employer Training Pilot (eQ8) which had run across the region since 2004/05.
- 207 Most employers supported through Train to Gain are small, with less than 50 staff.
- 208 To date, most learners engaged in Train to Gain have been aged between 26 and 55, with relatively few older learners in particular.

How provision is meeting sector needs

- 209 In broad terms, LSC-funded learning provision appears to reflect sector needs.
- 210 Some areas of concern remain, however, particularly in terms of the cross-sector decline in Work Based Learning. There are also concerns within individual sectors.
- 211 Ongoing analysis of the extent to which provision is meeting needs will highlight these concerns in order for them to be addressed through the LSC's planning process with providers.

Quality of provision

Inspections and assessments

- 212 FE colleges in the North East inspected since October 2005 have predominantly achieved good inspection grades. A small number of colleges have received inadequate grades in relation to leadership and management.
- 213 First-time inspections of Work Based Learning providers in the North East in the six months to September 2006 showed a marked improvement on the

previous six month period. However, 10 per cent of the region's WBL provision continues to be graded as inadequate.

Success rates among young people

- 214 The overall retention rate among young people in FE in the North East is slightly higher than the national average (86 per cent in 2004/05, compared with 85 per cent in England).
- 215 The overall achievement rate among young people in FE in the region is slightly below average (84 per cent in 2004/05, compared with 85 per cent in England).
- 216 The overall success rate among young people in FE in the North East is slightly above average (73 per cent compared in 2004/05, with 72 per cent in England).
- 217 Success rates in FE are slightly lower among young men (70.3 per cent) than among young women (73.7 per cent).
- 218 FE success rates are lower than average among young people from Black Caribbean backgrounds, Pakistani, Bangladeshi or Indian backgrounds, and Mixed ethnic backgrounds. Success rates are higher than average among young learners from Black African backgrounds, Chinese backgrounds and Other backgrounds.
- 219 The overall framework achievement rate among young people in WBL in the region is below average (51.7 per cent in 2005/06, compared with 54.2 per cent in England).
- 220 Framework achievement rates in WBL are slightly higher among young men (52.7 per cent) than among young women (50.8 per cent).
- 221 Framework achievement rates are lower than average among young people from Asian or Asian British backgrounds, from Black African or Black Caribbean backgrounds, and from most Mixed ethnic backgrounds. Framework achievement rates are higher than average among White Irish backgrounds, Mixed White and Asian backgrounds, and Other Black backgrounds.

Success rates among adults

- 222 The overall retention rate among adult learners in FE in the North East is slightly higher than the national average (88 per cent in 2004/05, compared with 87 per cent in England).
- 223 The overall achievement rate among adults in FE in the region is also slightly above average (88 per cent in 2004/05, compared with 87 per cent in England).
- 224 The overall success rate among adults in FE in the North East is above average (77 per cent compared in 2004/05, with 75 per cent in England).
- 225 There is no difference between success rates among men and women in FE in the North East.

- 226 Success rates among adults from black and minority ethnic backgrounds in FE are lower than average.
- 227 The overall framework achievement rate among adult learners in WBL in the region is very close to average (52.0 per cent in 2005/06, compared with 52.7 per cent in England).
- 228 Framework achievement rates among adults in WBL in the North East are very slightly higher among men (51.4 per cent) than among women (50.6 per cent).
- 229 Framework achievement rates among adult in WBL are lower than average among adults from Asian or Asian British backgrounds, Black African background, Chinese backgrounds and Mixed White and Black Caribbean backgrounds. Framework achievement rates are higher than average among adults from Black Caribbean backgrounds, Mixed White and Asian or Mixed White and Black African backgrounds, or Other ethnic backgrounds.

Success rates by sector subject area

- 230 Success rates in Further Education in the North East vary by sector subject area, but generally compare favourably with national averages. Success rates are only significantly below average among young learners in Agriculture, Horticulture and Animal Care subjects.
- 231 Between 2002/03 and 2004/05, success rates improved in all sector subject areas in FE, and among both young people and adult learners, with the exception of adult learners in Preparation for Life and Work subjects, where success rates fell slightly.
- 232 Framework success rates in Work Based Learning show significant variation by sector subject area, and tend to be lower in the North East than in England.
- 233 Among 16–18 year old learners in WBL, framework success rates are lowest in Leisure, Travel and Tourism subjects. Among learners aged 19 and over, framework success rates are equally low in Health, Public Services and Care subjects and Agriculture, Horticulture and Animal Care subjects.
- 234 Between 2004/05 and 2005/06, improvements in framework success rates in WBL also varied by sector subject area. In many subjects, improvement was below the level of that seen in England, particularly among adult learners.

Provider fee income

- 235 The proportion of theoretical fee income collected in the North East is significantly lower than the national average.
- 236 Fee income is lower than average in the North East because the relative economic deprivation in the region limits the capacity of FE providers to collect fees.
- 237 Some providers also appear to show a policy-driven reluctance to increase levels of fee collection from learners.

Learner satisfaction

- 238 North East learners generally express high levels of satisfaction with the learning experience.
- 239 While few learners described themselves as dissatisfied, learners in FE and WBL were most likely to do so.
- 240 Just over half of North East learners experience difficulties during their learning, most commonly relating to fitting the learning around other commitments at work or at home.
- 241 While negative experiences of learning may alienate some learners from further learning, many others are prepared to return to learning in the hope of a more satisfying experience.

Publication no. LSC-P-NER-070003
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Phone 0191 492 6424
Date created 2 January 2007
Document ref. \\tywfp001\site\RONER\Learning Planning and Performance\Research and LMI\Regional Strategic Analysis 2007-08\ner-draftregionalstrategicanalysis200708summary-br-1nov2006-v2-0.doc

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