

# Employer Facing Provision



Leading learning and skills

2008

## North West Strategic Analysis – Employer Facing Provision

Issue 1– Meeting PSA Targets .....	3
Issue 2 – Ambitions for Growth Through Train to Gain.....	6
Issue 3 – Responding to Employer Need .....	14
Issue 4 - Have we engaged the right Size Employers? .....	15
Issue 5 – Have we engaged employers in appropriate Sectors?.....	16
Issue 6 – Have we engaged and delivered in the areas where provision is needed?.....	17
Issue 7 – The required growth in Apprenticeships.....	23

DRAFT

### **The Level 2 and 3 PSA Targets are Challenging for our Region**

- This is especially true of the level 3 target. For the North West this means an increase of 9.2 percentage points over the next 4 years, this will require an improvement in performance as the rate of increase is currently 0.6 percentage points per year (aver. 2005-2006 and 2006-2007).

### **The Region Has to Build on Strong Performance of 19+ Apprenticeships**

- Performance of Apprenticeships in the North West is strong compared to other areas. However the targets associated with Apprenticeship provision require further improvements for our region. The current North West 19+ success rate at level 2 is 65.8 per cent, showing both an upward trend in the last 3 years as well as plenty of room for improvement.

### **Ambitious Intended Expansion of Train to Gain has been Set out in the National Train to Gain Plan for Growth**

- In the North West this means a 54.9 per cent increase from current overall learner volumes and a 27.4 per cent increase in those starting level 2 qualifications to 67,400 in 2010/11.
- The required proportion of growth of Train to Gain is not as vast in this region as in others. This may be as a result of the North West delivering the highest volume of Train to Gain starts of any English region in the previous year. However delivering to these targets, as well as those associated with Apprenticeship provision, has implications for the way we engage with employers, both in scale and in co-ordination of activities.

### **Sector Based Analysis and Activity is Vital to the Achievement of Our Targets**

- The analysis in this chapter shows that the weighting of LSC funded employer facing provision broadly aligns to both the sector composition of the region as well as the qualification profile of the North West. However, there are areas where this targeting could be more appropriate, further analysis may be required to establish this, and local intelligence is essential to provide insight into this process.

### **The Quality of LSC Funded Provision in the North West is High**

- Shown here through analysis of success rate information, recent activity such as Minimum Levels of Performance (MLP) has continued this improving trend. For example, the 19+ Advanced Apprenticeship Success Rate for the region has increased by 11.5 percentage points in the last 3 years, this increase was highest in Greater Merseyside with a rise of 13.9 per cent over the same period.

## **The North West**

- 1 Detailed information on the working age population of the region is available in the Adult Learner Responsive Section of this Analysis. However, some key facts important to an analysis of Employer Responsive Provision include:

- There are 3.15 million Economically Active Adults<sup>1</sup> in the region, this has risen from 3.0 million in 2006 and accounts for 13 per cent of the national total (Annual Population Survey 2007).
  - Of the economically active population aged 18-59/64, 72.9 per cent are qualified to level 2, the same as the national rate. The highest rate in the North West is in Cumbria (76.6%); the lowest is in Greater Merseyside (70.6%). This regional rate drops to 51 per cent for level 3, which is below the national rate (52.2%).
  - The working age population (Age 19-59/64) in the region is 3,932,000 this has risen by around 100,000 from 2006 and makes up 13.3 per cent of the national total.
  - Of those aged 19-59/64, 67.7 per cent are qualified to at least level 2 compared to 68.9 per cent nationally.
- 2 These two data sets, showing the economically active and overall working age population with different age groups have been used here to give 2 comparators to employer facing provision.

## Issue 1– Meeting PSA<sup>2</sup> Targets

- 3 The national PSA targets with ambitions set out by Lord Leitch, along with the North West Regional Skills Priorities for the period 2007-10 broadly align with the results of research showing the expected future demand for skills to be for intermediate and higher levels. This is also in line with the anticipated shift in required occupations across industry sectors towards managerial and senior positions.
- 4 Some of the national PSA targets for adult skills that have relevance for Learning and Skills Council (LSC) funded employer facing provision are shown in Figure 1. Please note that the targets for Skills for Life are included in the chapter on Adult Learner Responsive Provision.

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<sup>1</sup> Economically Active includes those in work as well as those who are claiming Jobseekers Allowance (ie: all those who are available to the labour market). Adults is defined here as ages 18-59/64.

Note: The APS data used to cross reference analysis of Train to Gain (TtG) later in this chapter shows the working age population as 19-59/64 – to fit the age range covered by TtG – rather than the economically active population aged 18-59/64

<sup>2</sup> Public Service Agreement Targets apply only to England. The full set can be found at [http://www.hm-treasury.gov.uk/pbr\\_csr/psa/pbr\\_crs07\\_psagrowth.cfm](http://www.hm-treasury.gov.uk/pbr_csr/psa/pbr_crs07_psagrowth.cfm)

**Figure 1 PSA Targets**

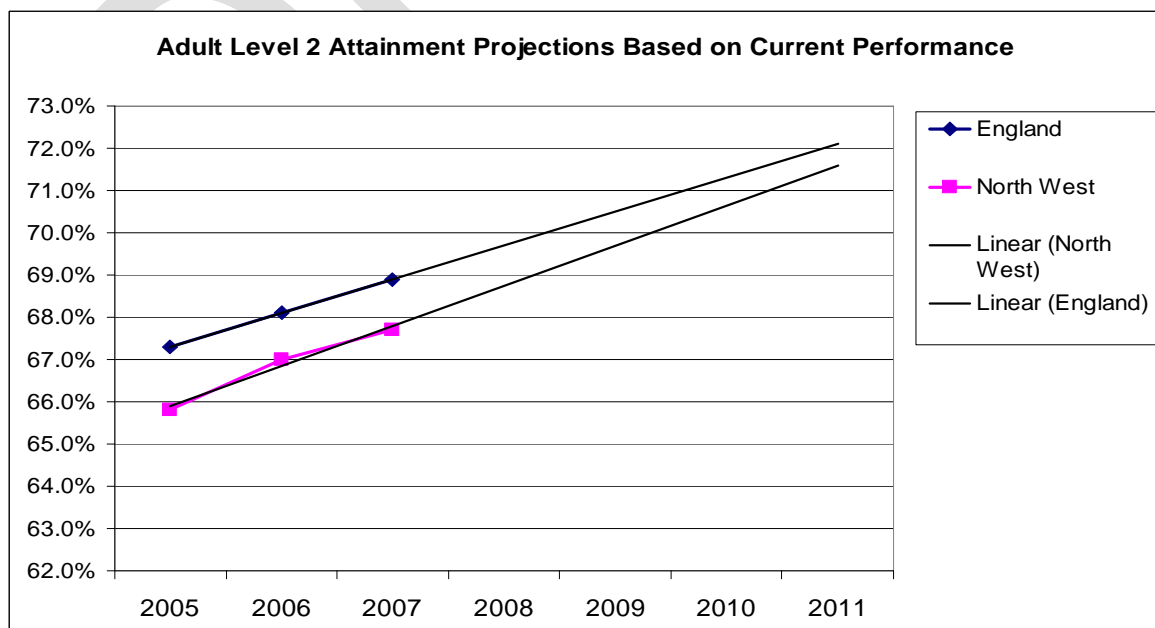
- PSA Targets**
- 79 per cent of adults qualified to at least Full Level 2
  - 56 per cent of adults qualified to at least Full Level 3
  - 130,000 apprentices to complete the full apprenticeship

**The North West Lags behind England in Qualifications Attainment, and at Level 3 the Gap is Increasing**

**Level 2**

- 5 According to the 2007 Annual Population Survey (APS) 67.7 per cent of working age (19-59/64) adults in the North West are qualified to at least a level 2. This is an increase from the previous year, but is behind the national rate of 68.9 per cent.
- 6 The PSA Target is for 79 per cent of adults to be qualified to Level 2 by 2011. Figure 2 shows that based on current performance significant action is required if this target is to be achieved. A trend line has been added to the current rate of improvement to project where the regional and national rate will be in 2011. It shows that the North West could narrow the gap with the national rate, but both would miss the target by around 5 percentage points.

**Figure 2: Adult Level 2 Attainment Projections**

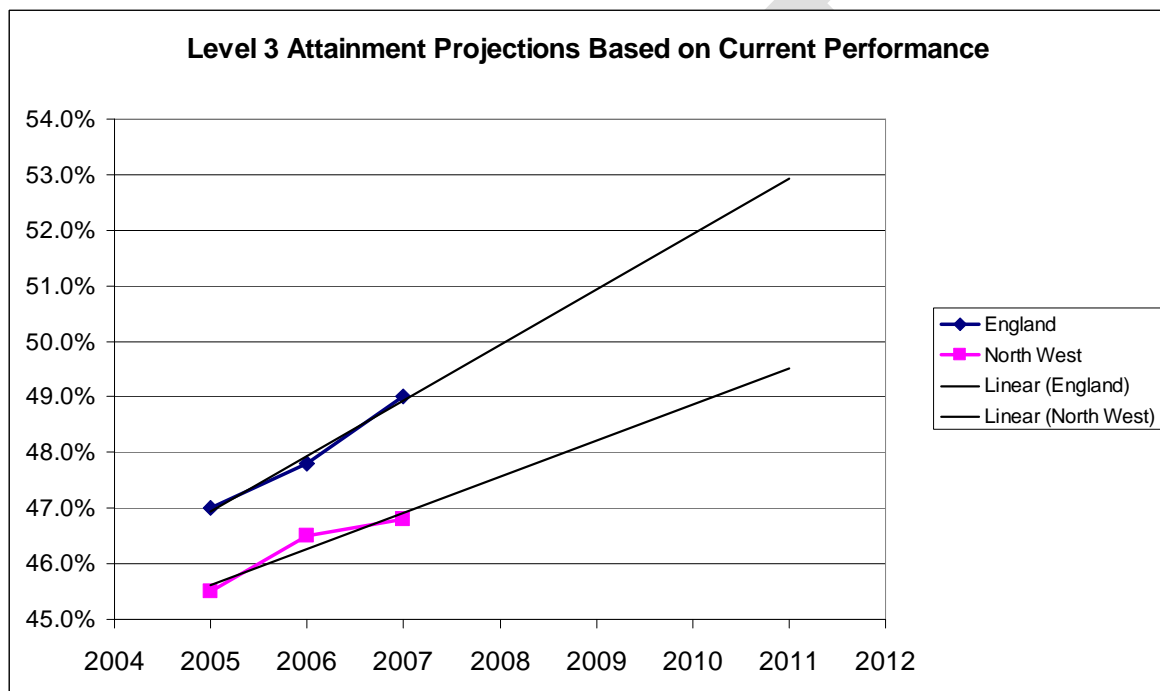


Source: Annual Population Survey 2007

### Level 3

- 7 The 2007 APS shows that in the North West 46.85 per cent of working age adults are qualified to at least a level 3. This is below the national rate of 49 per cent and 9.2 percentage points behind the 2011 target of 56 per cent.
- 8 Level 3 attainment rates from the last three years (Figure 3). Together with a projection of the current rate of increase through to the target year of 2011. According to this model both the national and regional rates need to improve above the current rate of increase if the target is to be met. Another factor for the region to consider is that based on current performance the gap with the national rate is set to widen.

**Figure 3: Level 3 Attainment Projections**



Source: Annual Population Survey 2007

**Strong Performance on Apprenticeships Must Continue if Targets are to be Met**

### Apprenticeships

- 9 A key issue for adult skills provision in the North West is what the above targets mean in our region, and how we are to achieve our contribution to the national picture. When analysing the Apprenticeship targets' impact in the North West the picture is more complex.
- 10 The target for 130,000 Apprentices to complete the full Apprenticeship nationally up to 2011 is split across Young People aged 16-18 those aged 19-24 as well as those who are aged 25+. It also has to include both 'local'

provision and that delivered by the National Employer Service, which is provision contracted for nationally, but delivered in the regions.

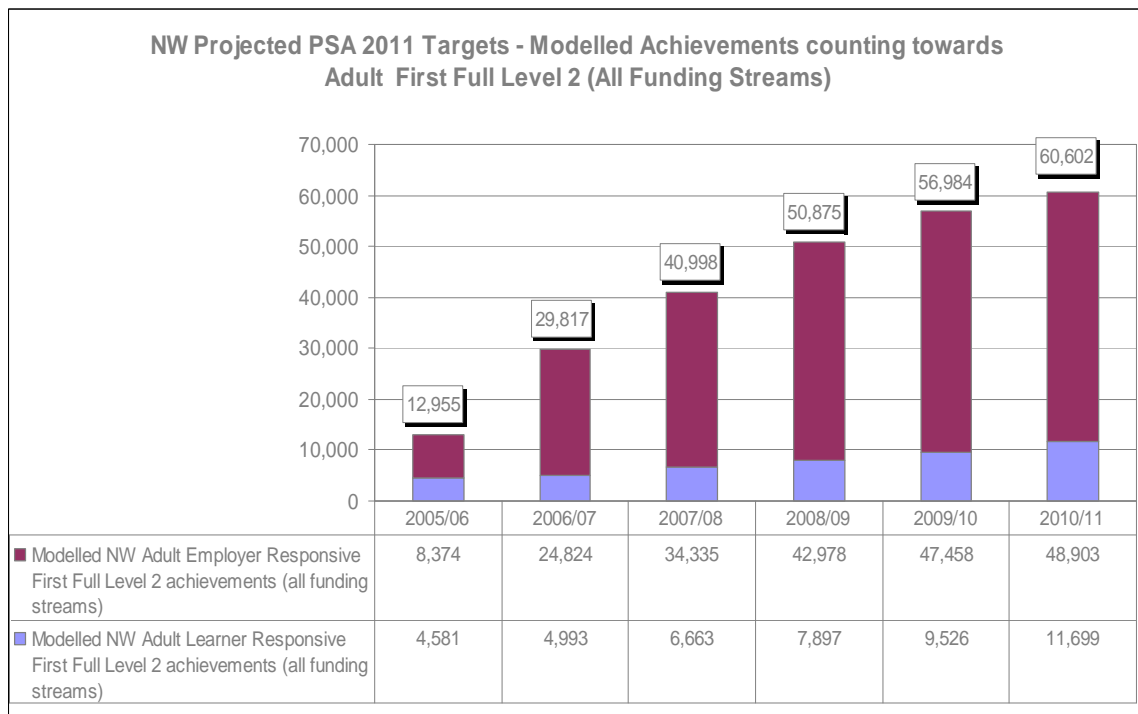
**11 In 2006/07, the North West delivered:**

- a 15.5 per cent of national 16-18 Apprenticeship achievements
  - b 15.4 per cent of national 19-24 Apprenticeship achievements
  - c 12.6 per cent of National Employer Service Apprenticeship achievements were delivered in the region
  - d 15.1 per cent of the national total apprenticeship achievements were delivered in or by the North West.
- 12 If the region were to assume 15.1 per cent of the 130,000 target for 2011, that would mean a total of 19,630 achievements for the North West. On face value this does not seem like an enormous jump for the region, in 2006/07 the region delivered 17,300 achievements plus 1,890 through the National Employer Service totalling 19,190. However, the region must not become complacent as an increase on already high performance is still required.

## **Issue 2 – Ambitions for Growth Through Train to Gain**

- 13 It has been identified that much of the growth in adult learner volumes at level 2 and 3 to meet Leitch targets should come through provision that directly responds to employer need.
- 14 Figure 4 shows the increase required in the North West split between provision that responds to employer need and that aimed at individuals. The figures in the chart are based on a 14.7 per cent share of the national volume. It highlights the expected delivery from employer responsive training leading up to 2010/11

**Figure 4 PSA Adult Level 2 Target Modelling**



Source: Comprehensive Spending Review (CSR) & NW LSC Research Team Calculation

15 In future, Train to Gain will be the 'cover-all' term for :

- That currently identified as Train to Gain provision

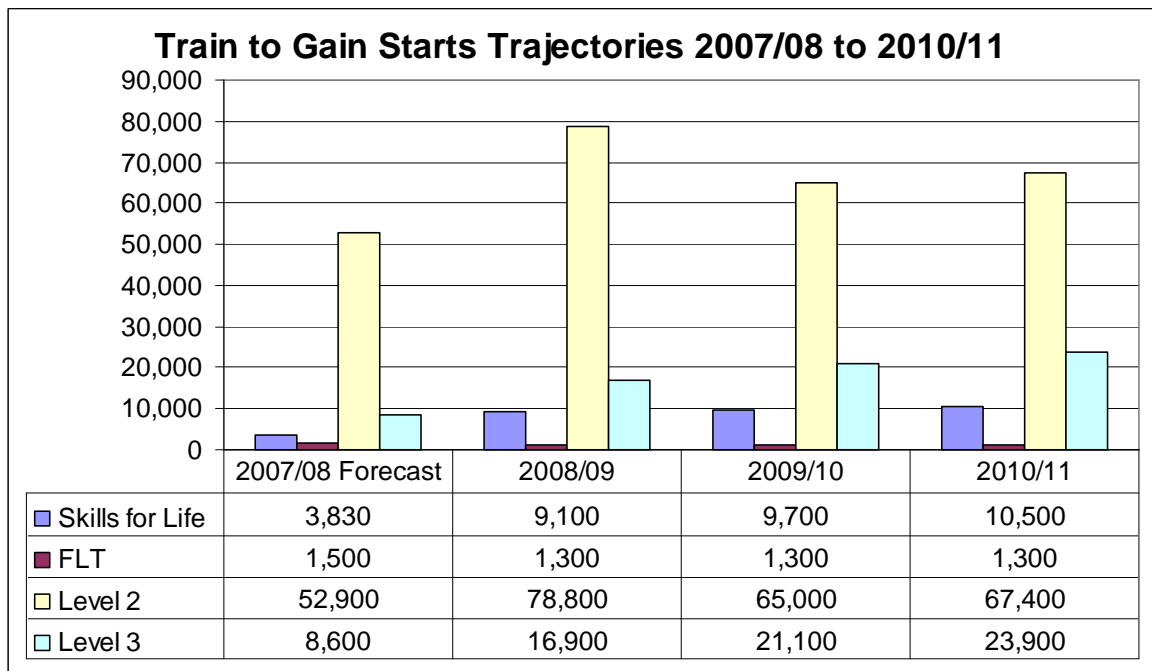
As well as:

- Employer Facing Further Education NVQ provision.

16 However, analysis of current delivery through these two funding streams will be shown separately later in this chapter. The Train to Gain trajectory information on the following page displays the figures as combined moving forward into 2010/11.

17 Figure 5 outlines the planned increases in Train to Gain in the next three years.

**Figure 5: Train to Gain Trajectories 2007/08 to 2010/11**



Source: Train to Gain Plan for Growth Regional Trajectories

18 On the surface these statistics show high levels of growth in all areas of Train to Gain (with the exception of the Foundation Learning Tier). Together with an overall growth up to 2010/11 of 54.9 per cent, the North West Region has to deliver a 174.2 per cent (or 6,670 starts) increase in Skills for Life provision, as well as an increase of 177.9 per cent (or 15,300 starts) at Level 3, in the context of the much higher overall rate of increase required nationally.

**Figure 6 Ambitions for Growth in Train to Gain National & North West**

TtG Starts 2007/08 to 2010/11	National Growth	North West Growth
Overall	108.2%	<b>54.9%</b>
Skills for Life	214.3%	<b>174.2%</b>
FLT	-10.0%	<b>-13.3%</b>
Level 2	75.5%	<b>27.4%</b>
Level 3	269.4%	<b>177.9%</b>

Source: Train to Gain Plan for Growth Regional Trajectories

19 The disparity between the required increases in England and the region may reflect the success of the Employer Training Pilots in the North West, which were in place before Train to Gain was established nationally. This indicates that the North West is already 'ahead' in terms of infrastructure and capacity and other parts of the country have still to develop their employer facing provision to match that set out in the pilot areas.

## The North West Regional Skills Priorities

- 20 The NW Skills Priorities identified in the [North West Statement of Skills Priorities 2007-10](#) sets out the means by which key elements of the [North West Regional Economic Strategy](#) relating to skills, employment and learning will be secured.
- 21 The Regional Skills Priorities document includes statements about young people as well as those who are workless<sup>3</sup>, shown below are those which directly relate to employer responsive training provision.
- Support adults to progress beyond Level 2 and to attain skills and qualifications at Level 3 and above, with a focus on key sectors;
  - Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership and intermediate and higher level technical and professional skills;
  - Stimulate demand for, and investment in entrepreneurial, intermediate and higher level skills from individuals;
  - Support providers to respond to the needs of individuals and employers through delivery of high quality provision.
- 22 The five key objectives identified in the Regional Economic Strategy are:
- Tackle the lack of basic skills and qualifications to improve employability and reduce worklessness.
  - Meet the skills needs of sectors and growth opportunities - essential to support expansion.
  - Invest in workforce development - the development of intermediate and higher level skills in the current workforce is a key driver of productivity and economic growth.
  - Develop leadership, management and enterprise skills - crucial to company survival, innovation and productivity improvement.
  - Develop the educational infrastructure and skills of the future workforce - ensuring young people are developing the skills they need for employment and progression to Higher Education.
- 23 These priorities are cohesive with current policy on a demand led system; the ambitions set out by Lord Leitch as well as anticipated shifts in the economic landscape identified through research such as Working Futures.

**Understanding the Changing Dynamics of the North West Economy is Essential to Enable Appropriate Targeting of Provision**

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<sup>3</sup> Workless is defined as the sum of those who are Economically Inactive & those who are Unemployed

- 24 The following section provides a picture of the current and anticipated economic structure in the North West, incorporating employer size and industry sector as well as the possible future demand for skills.

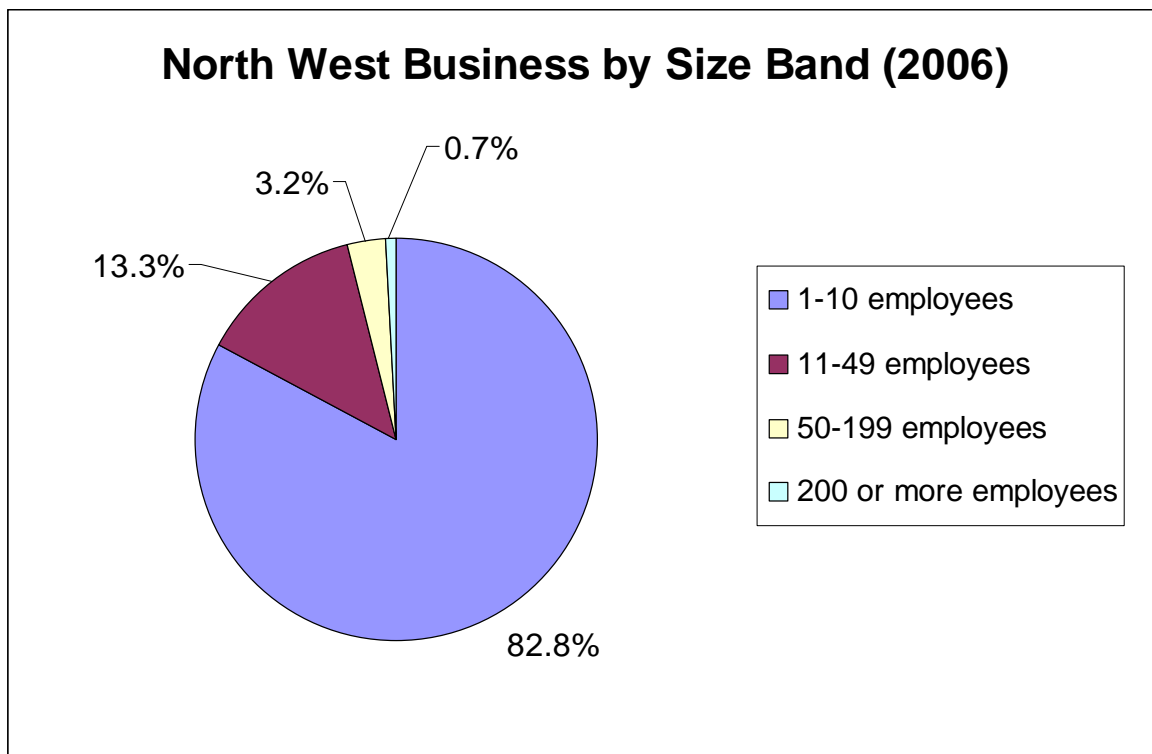
## Employer Size

- 25 82.8 per cent of business in the region employ between 1 and 10 people, compared to 84.6 per cent nationally. This might demonstrate a high level of enterprise in the region which should be encouraged and supported and could indicate a need for business management skills. (Figure 7).
- 26 Only 0.7 per cent or 1,817 businesses employ 200 or more people, 147 of these are in the 1000+ size band, this is proportionately similar to the national picture. This is important as *Growing Train to Gain in the North West*<sup>4</sup> states that in order to meet the challenging targets set for us; we need to increase the volume of large employers we engage with in order to deliver greater learner volumes.
- 27 The North West has 13.3 per cent of the national total working age population (19-59/64), but only 11.1 per cent of the national total VAT registered companies (2006). Both London and the South East region have a higher proportion of the nations VAT registrations than their share of the national working age population. If the North West priority of stimulating demand for, and investment in entrepreneurial skills in the current workforce is to be met this balance has to be addressed.
- 28 In 2006, the North West had 17,900 **new** VAT registrations, this accounted for 11.2 per cent of the national total. (Compared to 21% in London and 18% in the South East).

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<sup>4</sup> To be found at

**Figure 7 North West Businesses by Size Band (2006)**

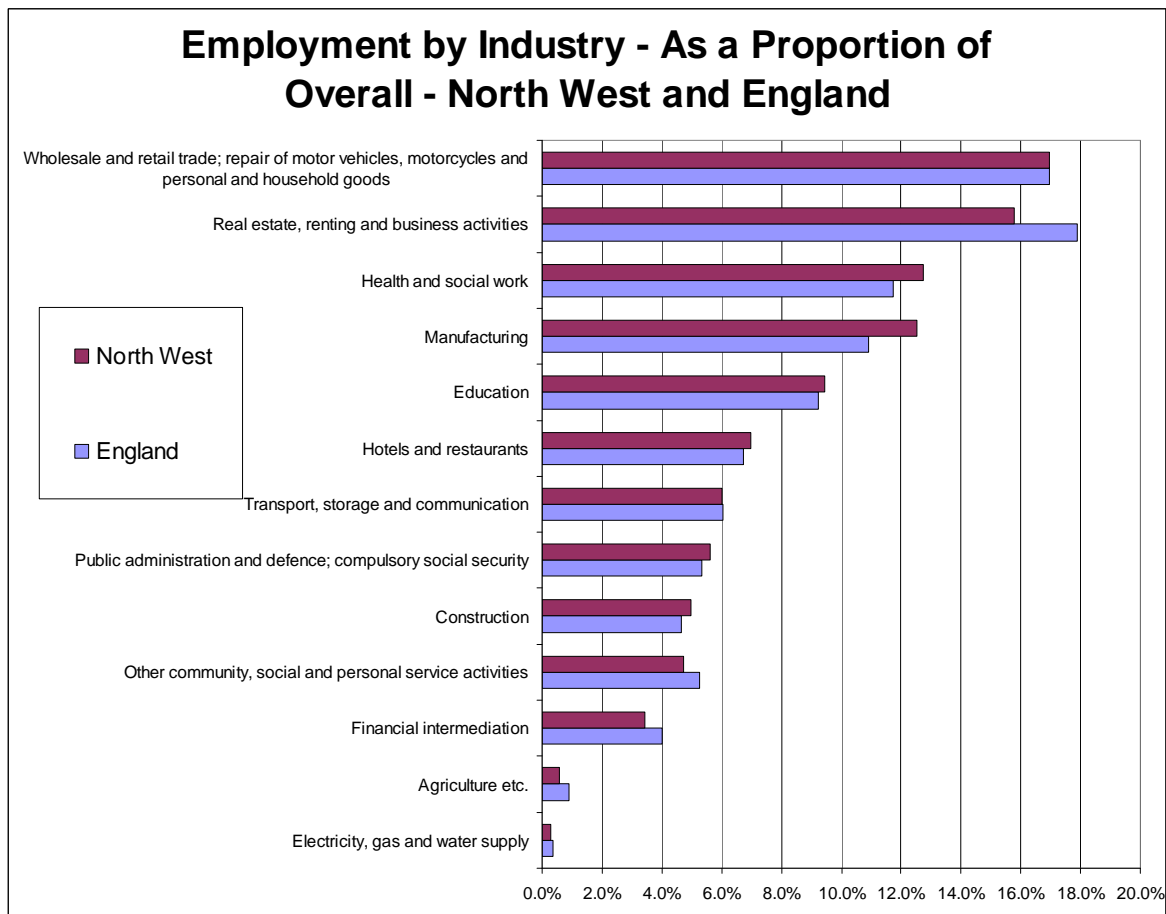


Source: Annual Business Enquiry 2006

### **Sectors of Employment in the North West**

- 29 Around 17 per cent of people both in the North West and England are employed in the wholesale and retail trade; repair of motor vehicles and personal & household goods sector. 510,000 people in the region are employed in this sector making it the largest sector of employment in the North West (Figure 8).
- 30 A key difference between the regional and national economies is in the real estate, renting and business activities sector, which is the highest sector of employment nationally (17.9%) but not in the North West
- 31 Across these sectors 3,010,728 people are employed in the North West, which is 13.2 per cent of the national total of 22.7 million.
- 32 Those industrial sectors with a higher proportion of employment in the region, compared to the national picture include; health and social work, manufacturing, education as well as hotels and restaurants.

**Figure 8: Employment by Industry**



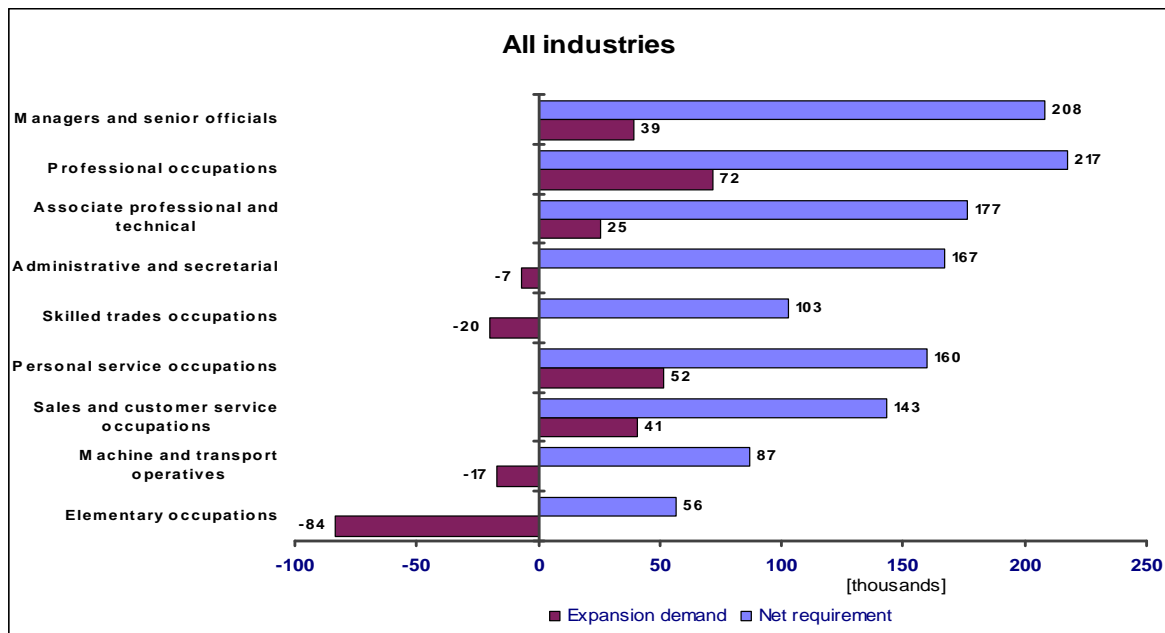
Source: Annual Business Enquiry 2006

## Future of the Economy

- 33 The largest net<sup>5</sup> requirement by occupation for all industries in the North West is for workers in professional occupations. This suggests a need for an increase in workers qualified to at least level 3.
- 34 The largest reduction in terms of expansion demand is in elementary occupations, this has implications for the region's employment rate which is already higher for those with no qualifications. Progression to higher level skills is essential to move workers away from this declining (in terms of expansion) occupational area.
- 35 Working Futures Forecasts, shown in Figure 9 are useful as a starting point for discussions on economic and occupational demand but should be placed in the context of wider research. The overall direction of travel of occupational groups as shown in the chart should be the main message rather than the exact figures shown.

<sup>5</sup> Net Requirement is the sum of expansion and replacement demand

**Figure 9 Net Requirement All Industries 2004-2014**



Source: Working Futures 2

- 36 The key issue here for the region is progression, to ensure that employees are given opportunities to continue learning into intermediate and higher level qualifications to meet the changing demands of the economy.
- 37 The required increase in workers qualified to level 3 is shown in Figure 10, this appears to correlate with the changes in occupational profile shown in the previous chart.
- 38 The large percentage increase in requirement of those with level 5 qualifications could mask relatively low volumes compared to those at level 2 and 3.
- 39 The reduction in the requirement for people with no qualifications links into the reduction in expansion demand for those in elementary occupations shown in the previous chart. The implications for both the regional employment rate and the working age economic activity rate could be severe if people with no qualifications are not helped to progress to at least level 2 / 3 to enable sustainable employment. This links in with analysis set out in the Adult Learner Responsive Provision section. NQF, referred to in the following chart is the National Qualification Framework; the **National Qualifications Framework (NQF)** sets out the levels against which a qualification can be recognised in England, Wales and Northern Ireland.

**Figure 10 Incremental Demand by Qualification 2004 to 2014**



Source: Working Futures 2

### Issue 3 – Responding to Employer Need

- 40 A key feature on the policy landscape regarding adult skills in recent years is the idea that provision must be developed that is able to respond to the changing demands of employers.
- 41 Having reviewed the current and anticipated future picture regarding the economy, the following pages will consider LSC funded provision and to what degree it is responsive to employer need. At regional level this analysis is not designed to assess specific qualification requirements, but to provide an overview of performance.

#### National Employer Skills Survey (NESS)

- 42 According to the National Employer Skills Survey 2007, North West employers appear to be slightly more focused on training than the national average - North West employees receive around 16 days training per annum on the job and an additional eight days off the job. This is two days higher in total than the England average. This may be one of the reasons why employers in the North West report fewer skills shortages than for England as a whole

#### Skills Pledge

- 43 Our Skills Pledge strategy for 2007/08 focussed on putting in place both an effective response to the needs of employers wishing to go through the Skills Pledge journey, and on engaging the largest employers in the region. Whilst this has resulted in a large number of employees covered by employers who have committed to the Skills Pledge, by the end of 2007/08 we did not have

many employers who had reached stage 1 of the Skills Pledge journey. For 2008/09 therefore, we are focussing on increasing the number of employers committing to and the number of employees covered by the Skills Pledge.

- 44 In the North West 610 employers have signed up to the Skills Pledge, this is 10.3 per cent of the national total. Covering 229,330 employees across these companies (4.8% of the national total employees). Source: Skills Pledge MI Report as at 31st July 2008.

## Engagement with Employers

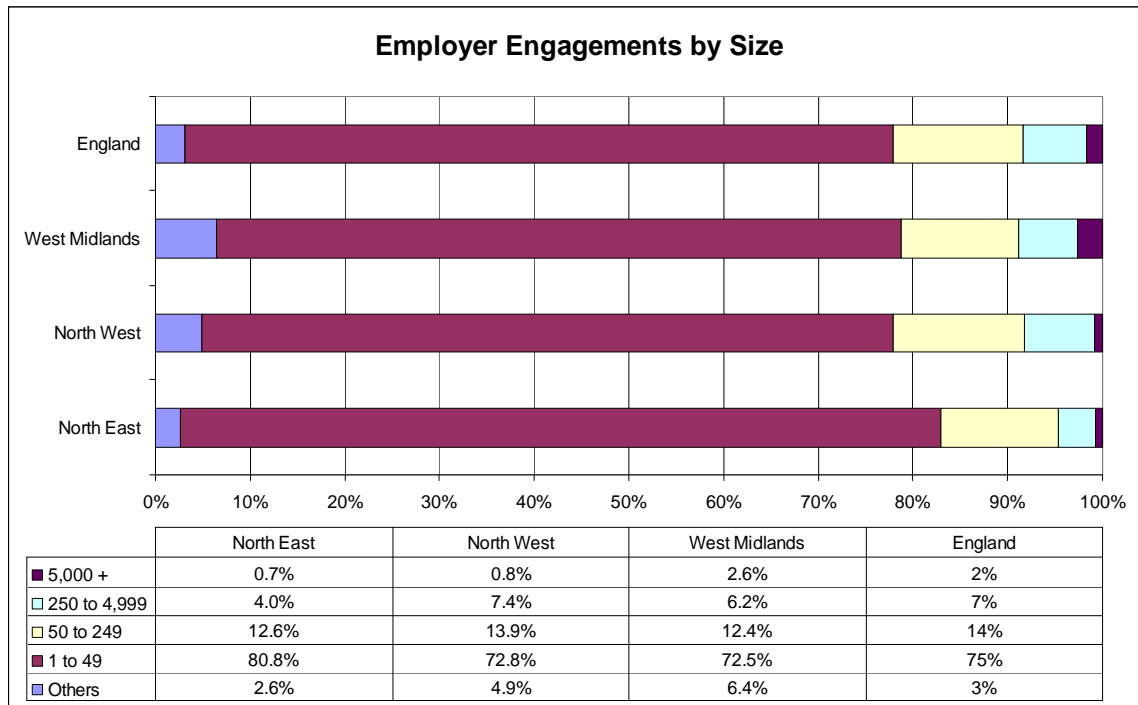
- 45 Through Train to Gain in the North West we have engaged with 3,670 employers at period 11 (June 2008), there have been issues with data reporting from the region into the national database, and with this in mind the region currently accounts for 8.1 per cent of the national total.
- 46 Analysis of Employer Responsive Provision has generated a picture of engagements made with employers through Train to Gain. It will be important in future to develop employer engagement management information available to analysts for Apprenticeship provision, as targets around the volume of employers involved in Apprenticeships might be set.

### Issue 4 - Have we engaged the right Size Employers?

- 47 As part of the Train to Gain Plan for Growth in the North West, it has been identified that in order to meet the challenging targets we are faced with we must engage with a higher volume of larger employers (who employ 1000+ people), in order to yield more learners per employer.
- 48 The region has a lower proportion of engagements with employers 5000+ than is seen nationally and in the West Midlands (which is our statistical neighbour for the purposes of this analysis). This is not reflective of regional and national economies as both have a very similar level of businesses employing 5000+ employees (around 0.002% of the total volume of businesses) (Figure 11).
- 49 This would suggest that there is scope for growth in this area in the region; however the role of the national employer service has to be considered here as well.
- 50 When compared to the results of the Annual Business Enquiry (ABI) 2006 the region has delivered a relatively high proportion of engagements with businesses sized 50 to 249. The figures from the ABI show that 3.2 per cent of companies are sized 50-199, the latest engagement figures tell us that 13.9 per cent of businesses engaged are in the 50 to 249 category (note the difference in size band comparison, however there is still a significant variance in the two statistics).
- 51 Information relating to business size shown here from the ABI has to be placed in the context of the overall picture, both with other sources of information regarding business size, as well as other economic and sector

based indicators. The ABI data used here can be a good starting point for discussion on employer engagements and future direction of travel.

**Figure 11 Employer Engagements by Size**



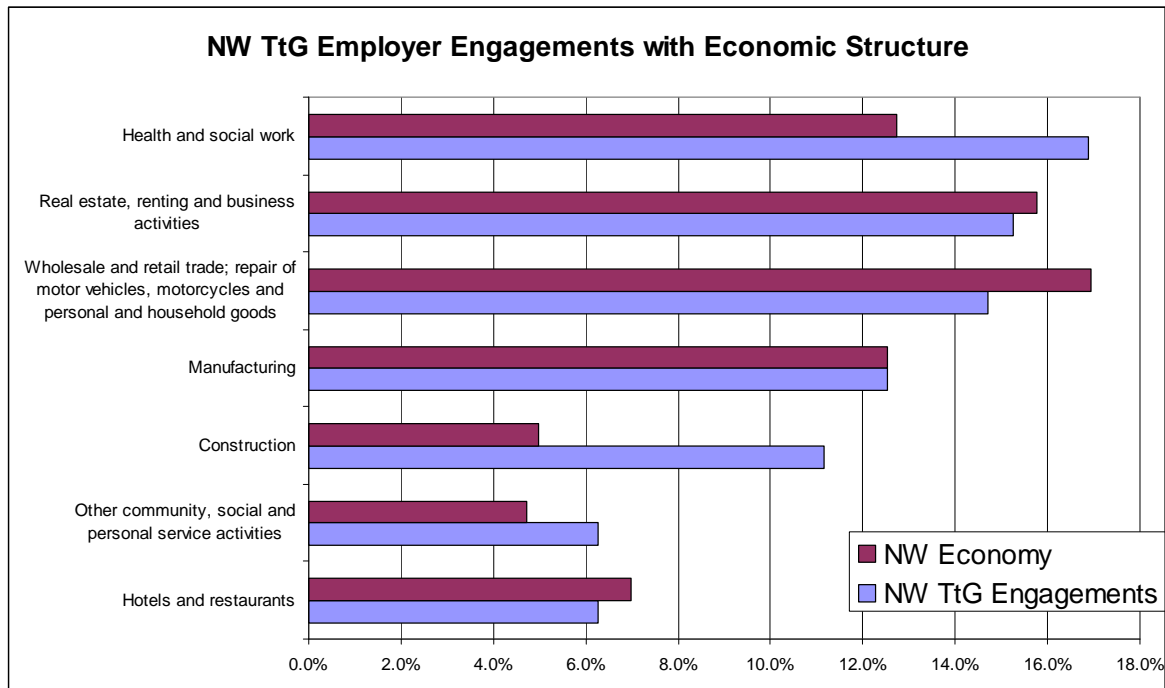
Source: National Train to Gain Performance Reports

52 For further information on activity in this area in the North West, including the Large Employer Service and re-focusing of the brokerage service towards larger employers, please see the “Expanding Train to Gain in the North West” document.

### Issue 5 – Have we engaged employers in appropriate Sectors?

- 53 Compared to the structure of the economy Train to Gain employer engagements appear to be broadly in line. Overall the highest sectors of employment are also the highest sectors of Train to Gain engagements.
- 54 Within this, there are slight differences between the two sets of data. Health and Social work accounts for a higher level of Train to Gain engagements than employment, this may be explained by the high volumes of care home staff accessing training for statutory qualifications.
- 55 Conversely, wholesale & retail trade: repair of motor vehicles accounts for a lower proportion of engagements than in the economy as a whole. This may be explained by the prevalence of Apprenticeships in this industry mitigating the need for higher levels of Train to Gain.

**Figure 12 North West Train to Gain Employer Engagements with Economic Structure**



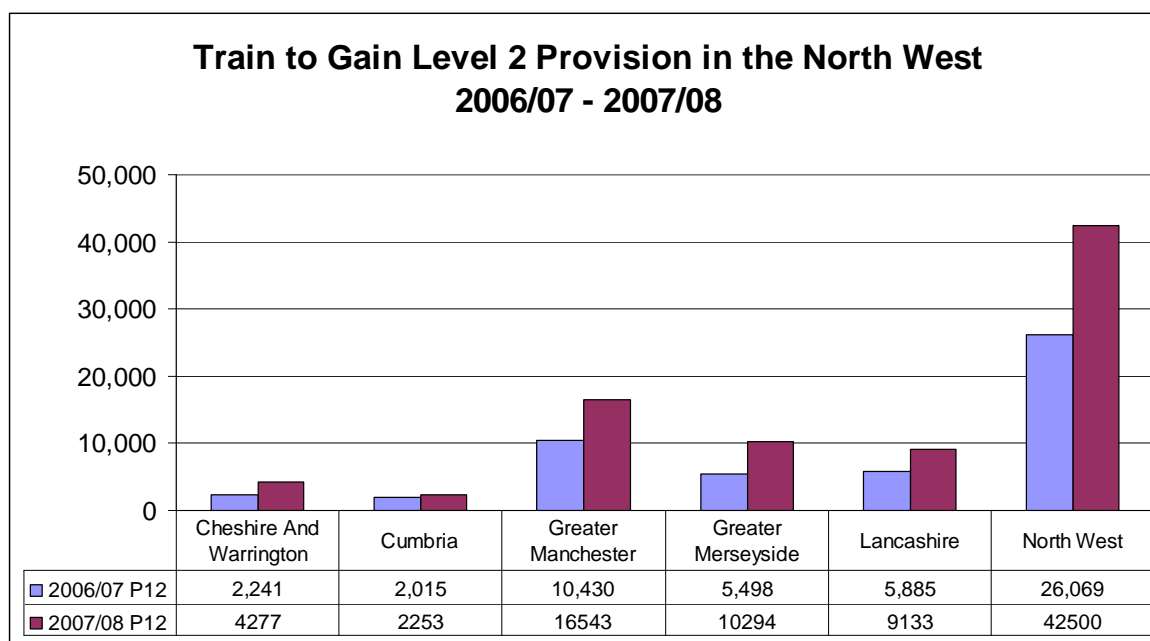
Source: National Train to Gain Performance Reports & Annual Population Survey 2007

## Issue 6 – Have we engaged and delivered in the areas where provision is needed?

### Train to Gain Starts

- 56 Note: All data shown here regarding Train to Gain Starts is based on the residency of the learner.
- 57 Figure 13 shows the volume of Train to Gain level 2 starts in the region in 2006/07 (P12) and 2007/08 (P12). (Please note that the Train to Gain figures quoted here do not include Employer Facing FE NVQ Provision – This is described later in the report).
- 58 The highest volumes in both years shown are in Greater Manchester, rising to 16,543 in 2007/08. The highest volume increase is also in Greater Manchester (+6,113). However, the highest proportion of growth is seen in Cheshire and Warrington, with an increase of 90.9 per cent, this could be the result of a shift away from FE employer responsive provision (see Figure 16) into Train to Gain by a major provider in the area as well as the relatively small learner volumes compared to some other areas.

**Figure 13: Train to Gain Level 2 Provision NW 2006/07 P12 to 2007/08 P12**



Source: Train to Gain ILR 2006/07 (P12), 2007/08 (P12)

- 59 The latest available National Employer Service (NES) Train to Gain data shows that there was a sharp reduction in level 2 starts in the North West; a drop of 32.2 per cent from 3,102 (2006/07 P12) to 2,102 (2007/08 P12).
- 60 A reduction of 1,000 learners is significant and this issue may require further investigation.
- 61 The data shown in Figure 14 tells us that 4.7 per cent of the total level 2 Train to Gain provision delivered in the North West in 2007/08 is through the NES.
- 62 The highest proportion of reduction was in Greater Manchester, this is particularly significant because this area also had the highest volume reduction. The reasons for this reduction may require further investigation. Comparisons to the working age population qualified to at least a level 2, as well as to the volume of FE level 2 learners in Greater Manchester could provide insight.

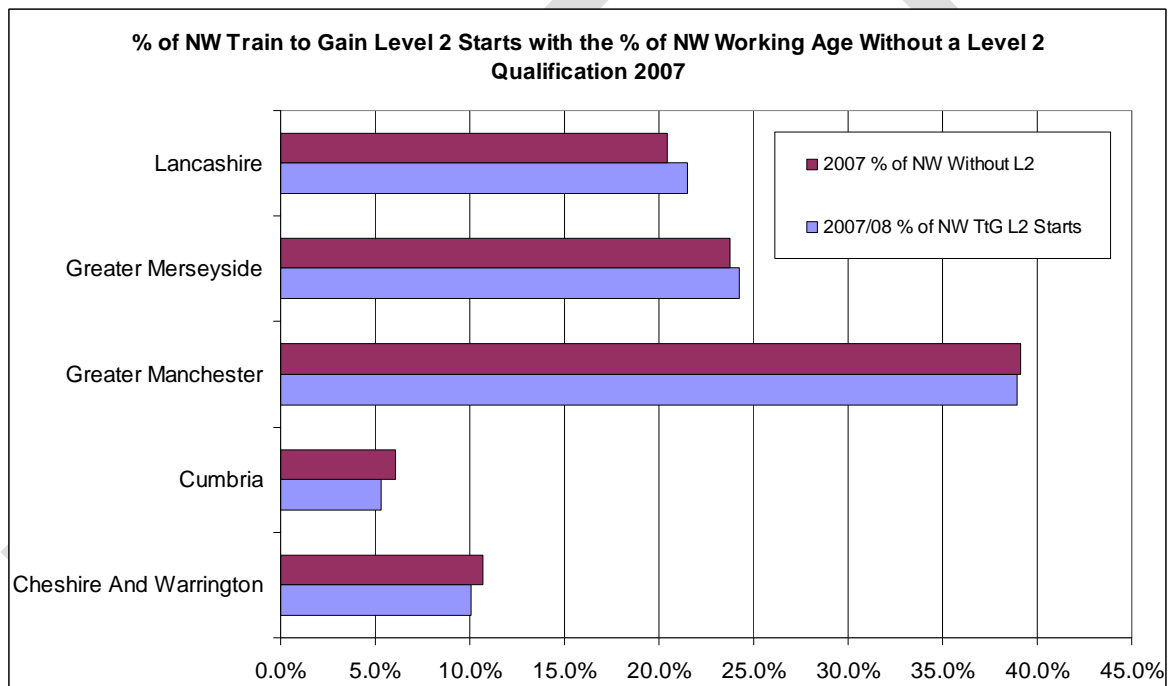
**Figure 14: NES Level 2 Train to Gain Provision NW**

	2006/07	2007/08	Growth	Change
Cheshire & Warrington	613	390	-36.4%	-223
Cumbria	208	100	-51.9%	-108
Greater Manchester	823	334	-59.4%	-489
Greater Merseyside	605	434	-28.3%	-171
Lancashire	853	844	-1.1%	-9
North West	3,102	2,102	-32.2%	-1,000

Source: Train to Gain NES ILR 2006/07 & 2007/08

- 63 Figure 15 shows Level 2 Train to Gain Residency-based Starts by sub-region as a proportion of the North West total, contrasted with the percentage of working age (19-59/64) people in each sub-region without a level 2 qualification, also as a proportion of the North West total.
- 64 Provision appears broadly in line with the proportion of people in each area who do not have a level 2 qualification.
- 65 The North West currently has 1,269,000 people of working age who do not have a level 2 qualification. This is 13.8 per cent of the national total.
- 66 The highest volume of working age people without a level 2 qualification are in Greater Manchester, however, the highest rate is seen in Greater Merseyside, where 36.2 per cent of the working age population do not have a level 2 qualification (compared to 31.1% nationally).

**Figure 15: % of North West TtG Starts & % of Total North West Working Age Population without a Level 2**



Source: TtG ILR 2007/08 (P12) & Annual Population Survey 2007

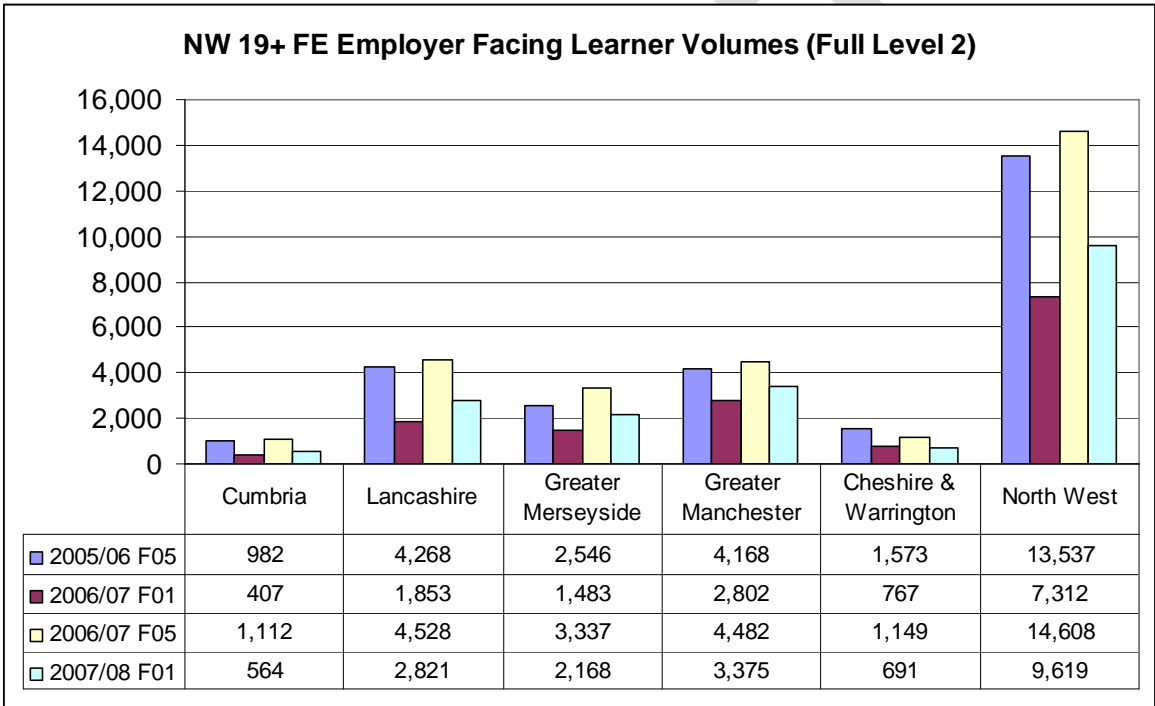
### Employer Responsive Further Education Provision

- 67 The latest available data shows that there were 9,600 learners aged 19+ who were undertaking employer facing further education (FE) provision (Figure 16). Note: these figures are taken from the 2007/08 F01<sup>6</sup> data return and will increase substantially when a full year of data is available.

<sup>6</sup> The F01 Data return is the first FE learner information received for an academic year. More complete data is subsequently returned through F04 and F05 data returns. It is not accurate to compare different data returns unless analysing growth between the two.

- 68 The 2007/08 F01 data represents a 31.6 per cent increase from the previous years F01.
- 69 Based on previous full year data we can estimate that the final 2007/08 full level 2 employer facing FE learner volumes could be between 16,000 and 19,000. Note: These figures do not include Train to Gain learners described above.
- 70 Cheshire and Warrington are the only local LSC area to have a reduction in learner volumes between 2005/06 and 2006/07, further investigation may be required into the cause of this, it is possibly an example of the displacement effect the introduction of Train to Gain might have had during this period.

**Figure 16: FE Employer Responsive Full Level 2 Learners (Age 19+)**



Source: FE ILR 2005/06 (F05) to 2007/08 (F01)

**2007/08 F04 Updated Data – Level 2**

- 71 As an update to this report, the F04 (Autumn 2008) data return for Further Education provision has been included below.
- 72 The North West has 15,787 Level 2 learners on FE employer responsive provision. The highest of these volumes is in Greater Manchester (5,413 or 34.2% of the NW total).
- 73 Regionally, 52.9 per cent of FE employer facing learners were at level 2, this was the highest ratio of any learning level. By local LSC Greater Merseyside had the highest ratio of learners at level 2 (58.1%), where as Cheshire and Warrington had the lowest (45.6%). This may reflect the qualifications attainment profile of the two areas.

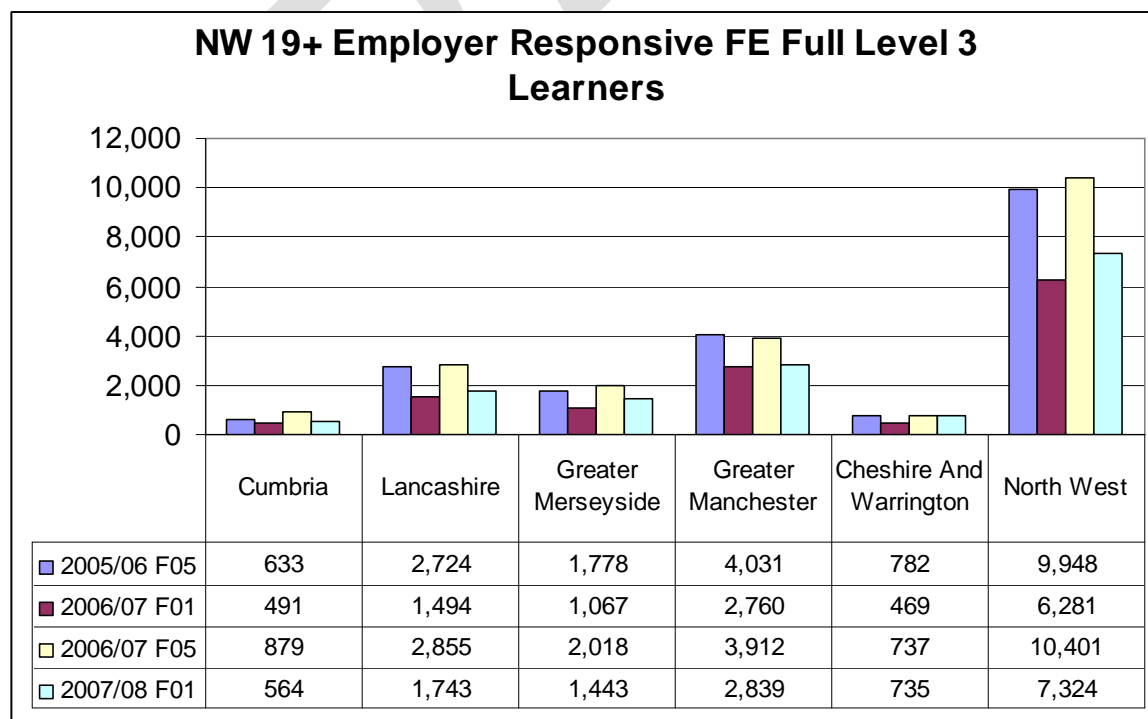
**Figure 17: FE Employer Facing Level 2 Learners F04 2007/08**

Provider LSC	Number Of Learners Overall	FL2 Learners	% of Overall Employer Facing FE	% of NW Level 2 Employer Facing FE
Cumbria	2,060	1,090	52.9%	6.9%
Lancashire	8,173	4,620	56.5%	29.3%
Greater Merseyside	5,965	3,468	58.1%	22.0%
Greater Manchester	11,036	5,413	49.0%	34.3%
Cheshire And Warrington	2,624	1,196	45.6%	7.6%
<b>North West</b>	<b>29,858</b>	<b>15,787</b>	<b>52.9%</b>	<b>100.0%</b>

Source: FE ILR F04 Data Return 2007/08

- 74 7,324 learners took part in employer responsive FE provision at full level 3 in 2007/08 (F01) (Figure 18). This figure could rise to between 11,200 and 12,200 based on previous full year (F05) data.
- 75 Regional learner volumes increased by 4.6 per cent between 2005/06 and 2006/07. However both Greater Manchester and Cheshire & Warrington had a reduction (-3% & -5.8%).
- 76 Despite this decrease the highest learner volumes were in Greater Manchester although the gap with other LSC areas has narrowed.

**Figure 18: NW 19+ Employer Responsive FE Full Level 3**



Source: FE ILR 2005/06 (F05) to 2007/08 (F01)

## 2007/08 F04 Updated Data – Level 3

- 77 The 2007/08 F04 data return shows that there are 11,177 level 3 employer facing learners in the region. Greater Manchester has 41.1 per cent of these which is by far the highest proportion of any sub-region.
- 78 37.7 per cent of North West employer facing learners are studying at level 3, by sub-region Greater Merseyside and Lancashire have the lowest balance of level 3 learners (32% for both areas), Cheshire and Warrington has the highest ratio of level 3 learners (43%). This analysis is a mirror image of the picture at level 3 and may also reflect the qualifications attainment profile of each local area.

**Figure 19: FE Employer Facing Level 3 Learners F04 2007/08**

Provider LSC	Number Of Learners Overall	FL3 Learners	% of Overall Employer Facing FE	% of NW Level 3 Employer Facing FE
Cumbria	2,060	867	42.1%	7.8%
Lancashire	8,173	2,663	32.6%	23.8%
Greater Merseyside	5,965	1,921	32.2%	17.2%
Greater Manchester	11,036	4,597	41.7%	41.1%
Cheshire And Warrington	2,624	1,129	43.0%	10.1%
<b>North West</b>	<b>29,858</b>	<b>11,177</b>	<b>37.4%</b>	<b>100.0%</b>

Source: FE ILR F04 Data Return 2007/08

- 79 According to the Annual Population Survey (APS) 2007, there are 821,000 people of working age (19-59/64) in the region who have a level 2 qualification but not a level 3. The proportion of these individuals resident in each sub-region is shown below (Figure 20).
- 80 Also in the table is the proportion of FE Employer Responsive level 3 provision in each LSC area. This analysis begins to explore the balance of provision in the region, as well as highlighting possible progression issues by geography.
- 81 Further research into this may be required as a) only one funding stream is being shown here and may not give a complete picture b) this analysis should show those in work, not the working age population (to be updated when available) c) the LSC actual figures are based on institution rather than learner residency. Despite these issues this analysis could be useful as a catalyst for discussion.

**Figure 20: % of NW Total Qualified to Level 2 with L3 Employer Facing FE**

	% of NW Total Qualified to Level 2 Only	% of NW Employer Facing L3 FE (2006/07 F05)
Cheshire & Warrington	12.4%	7.1%
Cumbria	8.2%	8.5%

	% of NW Total Qualified to Level 2 Only	% of NW Employer Facing L3 FE (2006/07 F05)
Greater Manchester	36.5%	37.6%
Lancashire	20.8%	27.4%
Greater Merseyside	22.1%	19.4%

Source: Annual Population Survey 2007 & LSC FE ILR Data 2006/07 F05

## Issue 7 – The required growth in Apprenticeships

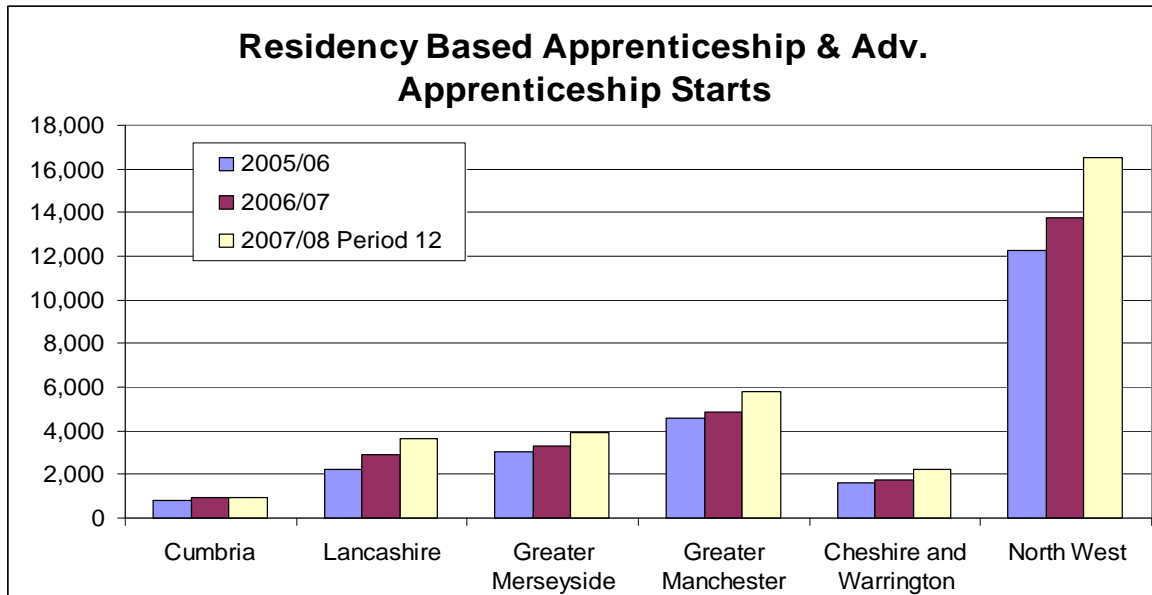
- 82 Performance on Apprenticeships has traditionally been high in the North West compared to other areas. However, Apprenticeship take-up and performance are set to have continued and increasing significance in the near future due to the Machinery of Government Changes as a result of which a National Apprenticeship Service (NAS) is to be created.
- 83 The NAS will be charged with delivering the high volume of Apprentices required to meet the PSA target outlined earlier in this chapter. The actions to be undertaken by NAS in the region will not only aim to meet the target but in doing so will open up Apprenticeships to a wider selection of industry sectors and prove a benefit to the economy. If apprenticeships are to be delivered to a wider group of industrial sectors there has to be demand from these industrial groups as well as the infrastructure and capacity within the provider base to deliver.
- 84 The national PSA target has not (at the time of writing) been officially disaggregated to regional or sub-regional level. The figures discussed here are based on an assumption of around 15% of the national total in line with current performance.
- 85 As stated earlier in this chapter, if the region were to assume 15.1 per cent of the national target we would have to deliver 19,630 Apprenticeship achievements in 2010/11 (Including 16-18, 19-24, 25+ & NES at L2 & L3)

### Current Performance of Apprenticeships is Strong, with Sustained Growth in the North West

- 86 Figure 21 shows that between 2005/06 and 2007/08 (period 12) the volume of 19+ Apprenticeships increased by 34.8 per cent or 4,262.
- 87 The highest rate of growth was in Lancashire, where a 63.6 per cent increase occurred. This was also the highest volume increase with an additional 1,406 apprentices aged 19+. Greater Manchester had the second highest volume increase with 1,160 and the highest overall volume of starts in 2007/08 with 5,775.

88 When considering the challenge to the region set by the PSA targets the period of growth seen in the previous three years is encouraging. However, it may also mean that the region has to perform very well in order to maintain high levels of improvement.

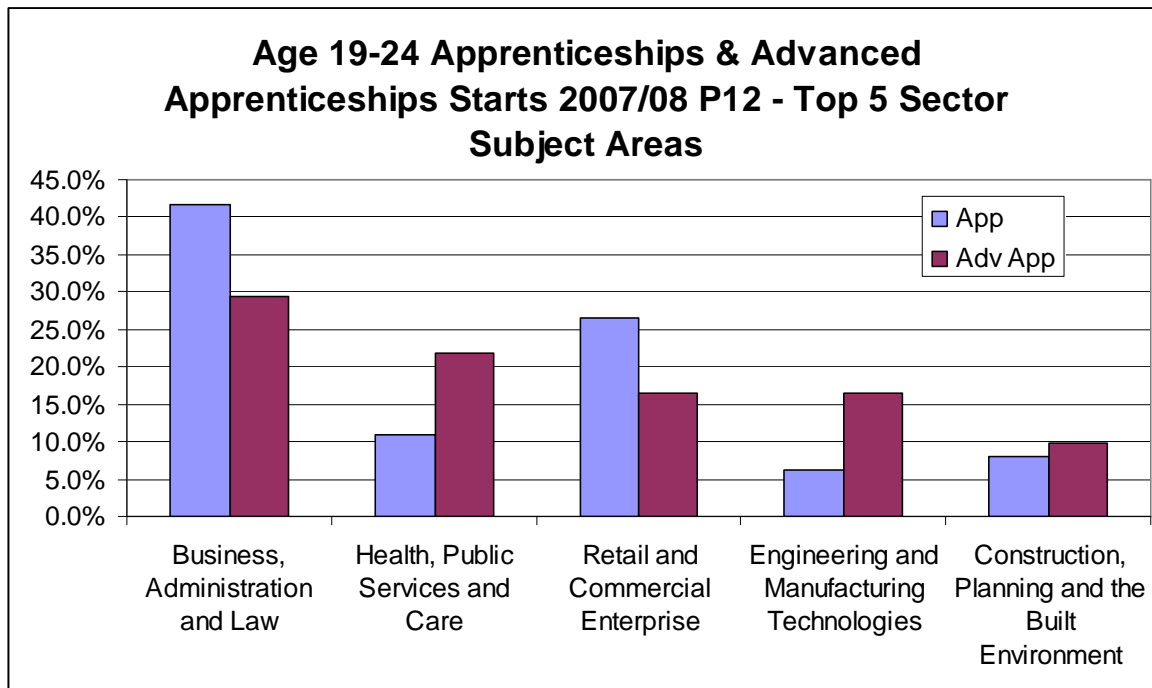
**Figure 21: 19+ Residency Based Apprenticeship & Advanced Apprenticeship Starts**



Source: Work-based Learning ILR 2005/06 to 2007/08 (P12) (Residency Based Analysis)

- 89 The information shown in Figure 22 tells us that Business, Administration and Law accounts for the highest proportion of learners both at Apprenticeship and Advanced Apprenticeship level (41% of total L2, 29% of total L3). It has been suggested that this figure is possibly slightly misleading however, due the high level of Apprentices studying business improvement techniques who are actually employed in the Engineering sector.
- 90 The chart also shows how certain historical trends are continuing, with higher volumes of level 2 apprentices in Retail, as well as more level 3 provision in the Engineering and Manufacturing sector.
- 91 When compared to the economic structure of the region, Construction, Planning and the Built Environment appears to take a higher priority in Apprenticeships than in the economy as a whole. This may well display the traditional perception that apprenticeships have been strong within this industry as well as highlighting the scope for growth in apprenticeships in sectors that have not traditionally embraced them.

**Figure 22: Age 19-24 Apprenticeship & Advanced Apprenticeship Starts by Sector**



Source: Work-based Learning ILR 2005/06 to 2007/08 (P12) (Residency Based Analysis)

**Performance Management is Essential in Delivering What Employers Demand Together with our Contribution to PSA Targets**

- 92 Employers demand quality of provision, the LSC continues to move towards meeting this particular demand. Our contribution to the PSA targets described at the start of this chapter is dependant on high success rates to provide an efficient performance against the volume of starts on LSC funded provision.
- 93 The following pages assess success rates of LSC funded provision for learners aged 19+ in the North West (including FE, Apprenticeships and Train to Gain).

**Success Rates**

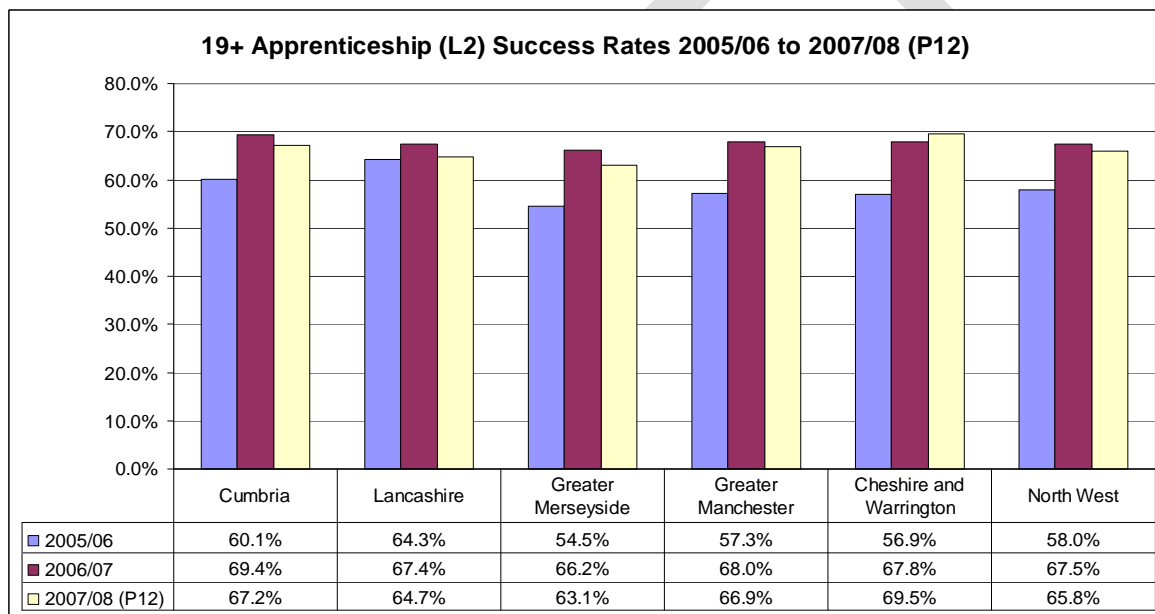
**Level 2**

- 94 Success rates for those aged 16-18 undertaking Apprenticeships are examined in the 14-19 section of this analysis. Level 2 success rates have been consistently higher for adults at regional level in the last three years. Where as those aged 16-18 have had higher success rates than adults on Advanced Apprenticeships since 2005/06.
- 95 Figure 23 shows Apprenticeship (Level 2) success rates for learners aged 19+ in the region. Please note that these figures are based on the residency

of the learner, and that the apparent reduction in success rates in 2007/08 may be due to this being taken from period 12, meaning that any direct comparison to previous years may not be fair.

- 96 Between 2005/06 and 2007/08 (P12) success rates have risen in the North West by 7.8 percentage points. This included a large jump between 2005/06 and 2006/07 then an apparent levelling out in the following (as yet incomplete) year. This may be evidence of the impact of Minimum Levels of Performance standards implemented by the LSC during this period.
- 97 The largest increase in success rates occurred in Cheshire and Warrington, where success rates rose by 12.6 percentage points. Cheshire and Warrington are also the only area to have an increase in success rate between 2006/07 full year and 2007/08 period 12.

**Figure 23: 19+ Apprenticeship Success Rates 2005/06 to 2007/08 (P12)**



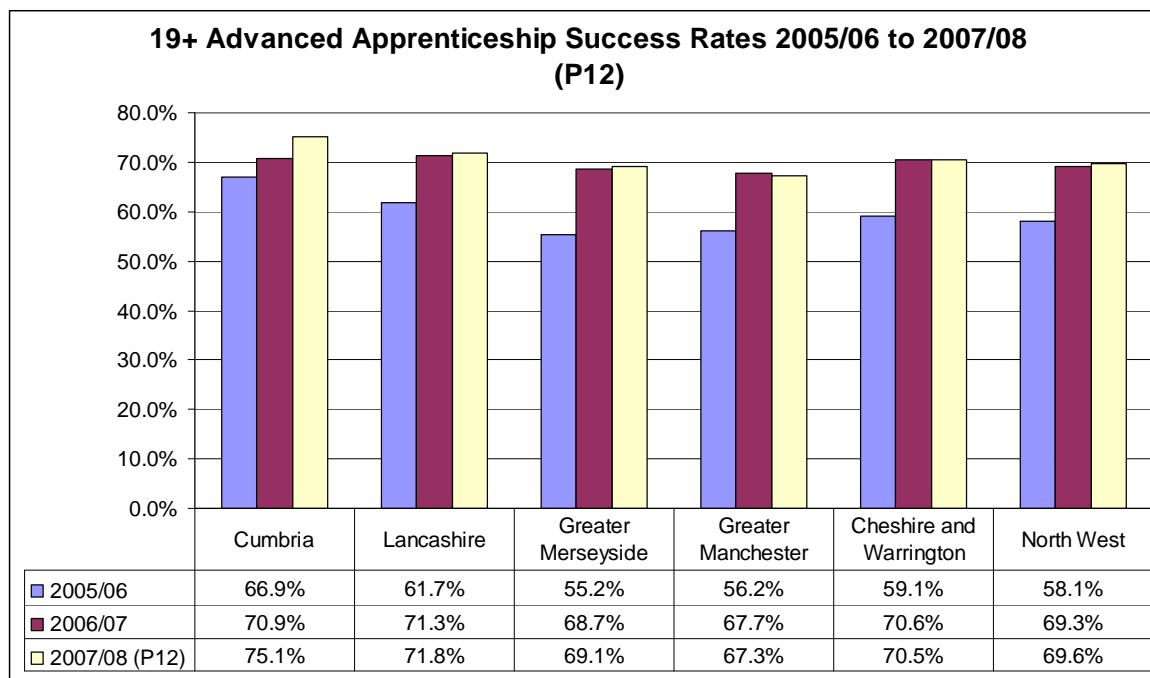
Source: Work-based Learning ILR 2005/06 to 2007/08 (P12) (Residency Based Analysis)

### Level 3

- 98 Figure 24 shows 19+ Advanced Apprenticeship success rates for the North West between 2005/06 and 2007/08 (P12). As with the Apprenticeship (Level 2) success rates the 2007/08 data shown is not a full year's data, however there does not appear to be as much of a 'dip' in this year as was seen with the level 2 success rates.
- 99 The Advanced Apprenticeship success rate for learners aged 19+ has risen by 11.6 percentage points in the period to 69.6 per cent. The highest increase was seen in Greater Merseyside with an increase of 13.9 per cent to 69.1 per cent.

100 The highest success rate in the region is in Cumbria with 75.1 per cent, the lowest is in Greater Manchester with 67.3 per cent. All areas in the region are above the latest available national comparator (2006/07) of 56.5 per cent.

**Figure 24: 19+ Advanced Apprenticeship Success Rates 2005/06 to 2007/08 (P12)**



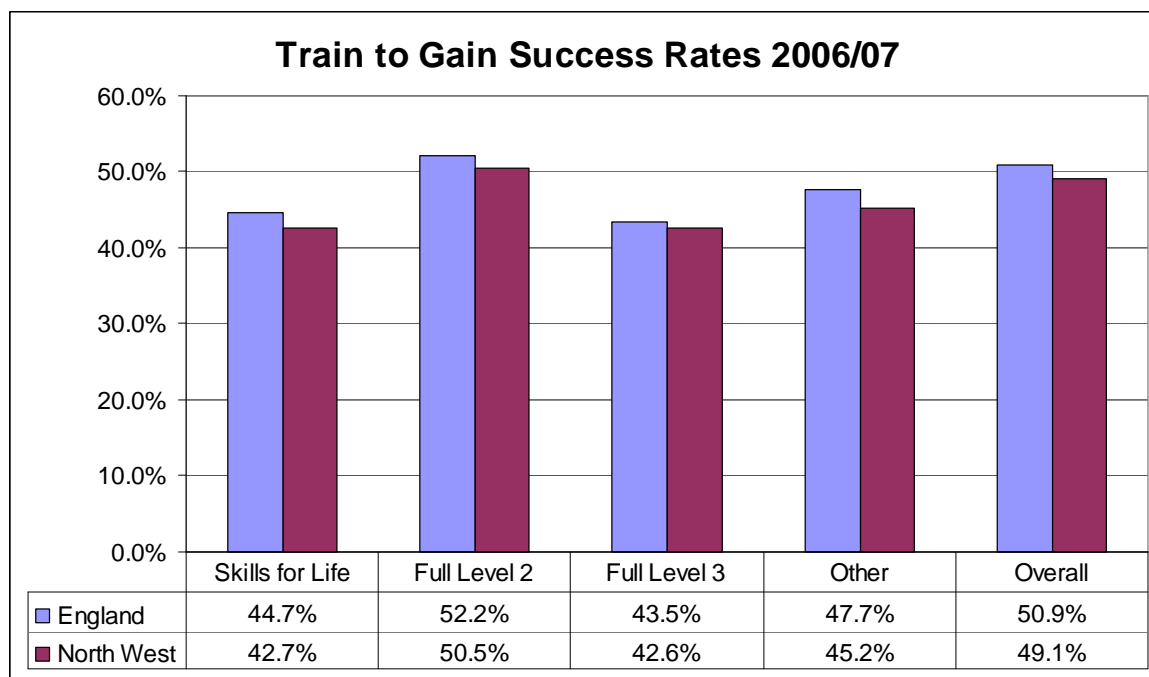
Source: Work-based Learning ILR 2005/06 to 2007/08 (P12) (Residency Based Analysis)

### Train to Gain

101 Figure 25 shows success rates in Train to Gain provision in 2006/07. Because Train to Gain provision is still being established nationally there isn't enough available data to make fair time-series comparisons. Therefore the information shown in the chart compares 2006/07 performance in the North West to national rates.

102 The chart shows that the region is slightly behind the national rate of success in all areas of Train to Gain provision. Although there are no large gaps between the two rates, this disparity needs to be addressed. It should be said that there are large variances between regions in success rates (as much as 17.2 percentage points at level 2 and 44.5 percentage points at level 3). This may be due to the relatively new provision still being established.

**Figure 25: Train to Gain Success Rates 2006/07**



Source: Train to Gain ILR 2006/07

## FE Success Rates

103 At the time of writing success rates for the employer facing element of further education provision are not available. The success rates analysed on the following pages are for FE courses delivered to those aged 19+ studying both employer facing and adult learner facing qualifications. The success rates highlighted here for FE provision are based on the location of the institution rather than the residency of the learner<sup>7</sup>.

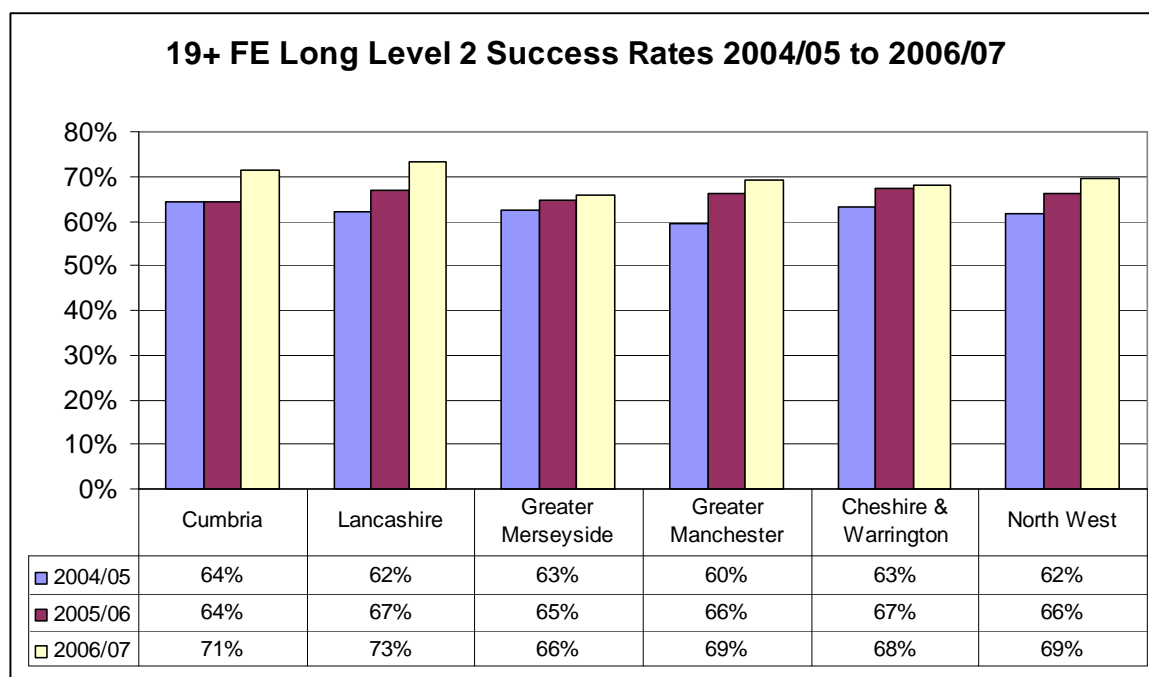
### 19+ FE Long Level 2 Success Rates

104 The North West success rate for 19+ FE Long Level 2 courses is 69 per cent, this has risen by 7 percentage points since 2004/05 and is level with the national rate, however the national rate has 'caught-up' with the North West rate in this period (Figure 26).

105 The highest success rate in the region is in Lancashire (73%) this area has also had the highest rate of improvement in the three year period, rising by 11 percentage points. The lowest success rate in the region is in Greater Merseyside (66%). Importantly, this area has also increased at a slower rate than other areas meaning that the attainment gap has widened.

<sup>7</sup> Residency-based success rates are desirable for an analysis of this type, and have been included for Apprenticeships but are unavailable (at the time of writing) for FE.

**Figure 26: 19+ FE Long Level 2 Success Rates**

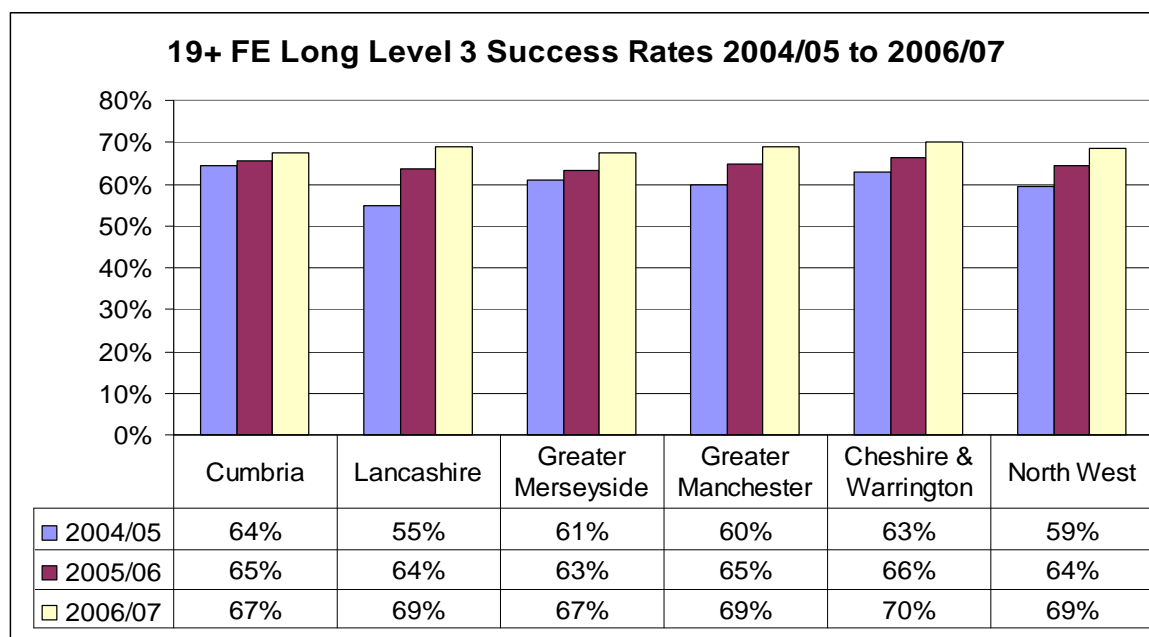


Source: LSC FE ILR 2004/05 to 2006/07

### 19+ FE Long Level 3 Success Rates

- 106 The North West success rate for 19+ FE Long Level 3 qualifications is 68 per cent. This has risen by 10 percentage points since 2004/05 and remains 1 percentage point above the national rate.
- 107 The highest success rate in the region is in Cheshire & Warrington (70%). The lowest is in both Cumbria and Greater Merseyside (67%). However, Greater Merseyside remains the lowest rate in the region from the previous year, but Cumbria has moved from having the highest rate in the North West in 2004/05. – it should be noted that all local areas have increased their success rates in this period (Lancashire by 14 percentage points), and that there is now only a 3 percentage points gap between the highest and lowest rates in the region, compared to a 9 percentage point gap in 2004/05 (Figure 27).

**Figure 27: 19+ FE Long Level 3 Success Rates**



Source: LSC FE ILR 2004/05 to 2006/07

## Summary

- 108 In recent years the balance of LSC funded adult skills provision has shifted dramatically towards target-bearing employer facing provision. This is evidenced by both the increase in Apprenticeships as well as the large growth seen in Train to Gain. In addition to this Further Education providers have been increasingly shifting their provision for adults towards that which directly responds to the needs of local employers.
- 109 This trend is set to continue, key developments driving this include the exponential increase planned in Train to Gain funding as well as the creation of the National Apprenticeship Service (NAS).
- 110 Another key development is the creation of Skills Accounts. A Skills Account will give learners access to a new range of services which will help them take control of their learning and working life. They will also include a confidential record of an individual's achievements so that they can share these with employers and careers services. Each account holder will also have a Unique Learner Number which will be used to link the different services and build a verified record of their learning.
- 111 Analysis of the economic structure of the North West has been included in this chapter. The forecasts used in the analysis project forward 10 years to estimate changes of the economic make-up of the area. Given the current economic climate and uncertainty any shorter term forecasts should be used with caution.
- 112 In previous periods of economic downturn there is evidence of employers undertaking less training amongst their workforce. In light of these previous trends the effects of the current economic climate on levels of training

amongst employers should be monitored closely in order for progress against challenging PSA targets to be maintained and improved upon.

- 113 In past years the volume of Apprenticeship opportunities being offered by employers has been particularly affected by the economic climate. With the formation of the National Apprenticeship Service (NAS) a result of increasing government focus, NAS will enable close monitoring and the ability to react quickly to any changes that arise in future.

DRAFT