

Reviewing the South East's Priority Sectors

LSC South East Region in partnership
with SEEDA and the RSPA

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Executive Summary

- The objective of this project is to review, revise and update the South East sector skills prioritisation framework to inform level 2 and 3 sector skills priorities for the region. The Learning and Skills Council (LSC) and South East England Development Agency (SEEDA) seek to invest in skills to improve the productivity of the region, help people enter and progress in work and lead better lives. Key to achieving this is identifying industry sectors in the region with a high reliance on skills at Levels 2 and 3, where maximum impact can be achieved by ensuring that the supply of skills meets the needs of the workforce and industry.
- A priority sector is characterised as having a high reliance on Level 2/3 skills and an above average employment share, either now or in the future. The results from this project will help inform LSC 2008/9 commissioning and to focus LSC marketing and demand stimulating activities.
- In order to overcome some shortcomings of the 2006 methodology, a number of key changes are made, including:
 - Use of 4-digit SIC data to analyse priority sectors by Sector Skills Council (SSC) rather than at broad level SIC and SOC level, and to identify priority sub-sectors.
 - The inclusion of replacement demand as an additional indicator of skills needs.
- The analysis reveals 11 priority sectors. These largely correspond to those identified in the 2006 analysis and a number of these are also highlighted as being important to the region in the South East RES, namely media technology & telecommunications (e-skills UK) and property & construction (Construction Skills and Asset Skills).

South East Priority sectors

SSC	Relevant industries
e-skills UK	Information technology
Construction skills	Construction
People 1 st	Hospitality
Skillsmart Retail	Retail
Financial Services Skills Council	Financial services
Asset Skills	Real Estate & facilities management
Skills for Care	Social care
Skills for Health	Health sector
SummitSkills	Plumbing & electrical engineering
Skillfast-UK	Clothing & textile manufacture
Skills for Logistics	Logistics

- Detailed 4-digit SIC analysis also identifies a number of priority sub-sectors, many of which lie within the priority sectors:
 - Software consultancy and supply (e-skills UK)
 - Non-bank/building society credit granting (Financial Services Skills Council)
 - Catering, restaurants and bars (People 1st)
 - Real estate activities (Asset Skills)
 - Joinery installation (Construction Skills)
 - Postal & courier activities (Skills for Logistics)
- In addition the sub-sectoral analysis identifies priority areas in non-priority SSCs:
 - Sewage and refuse disposal, sanitation and similar activities (Energy & Utility Skills)
- Within the South East, there are a number of key areas in terms of the location of priority sectors. These are:
 - IT services (e-skills UK) in Berkshire
 - Financial Services in Surrey and Sussex
 - Mechanical and electrical engineering (SummitSkills) in Surrey and Hampshire and the Isle of Wight.
- The Regional Sector Classification of the Individualised Learner Records (ILR) is used to map learning provision to SSC sectors. This is based on the Learn Direct Classification System and broadly aligns with SSC footprints. The mapping found that the two largest sectors in terms of LSC learning provision are e-skills UK and Skills for Health, accounting for around 15 per cent each of sector related training.
- Analysis of demand for learning by South East priority sectors and supply of sector related learning is based on Sector Skills Agreement (SSA) evidence from the SSCs. The mis-match between supply and demand in the SSAs is conveyed as a combination of quantity and quality concerns (on a national basis), with a number of SSCs drawing out the implications for level 2 and level 3 provision:
 - This highlights the need for greater level 3 provision for IT professionals and in hospitality (People 1st), and for level 2 in ConstructionSkills. Construction Skills and People 1st also raise the issue of low completion rates for apprenticeships.
 - A further concern for SummitSkills, People 1st, Financial Services and Skillsmart Retail is the plethora and type of qualifications that are not necessarily delivering to the demands of employers.

Introduction

Project context and objectives

In 2004, and again in 2006, Learning and Skills Council (LSC) South East in partnership with South East England Development Agency (SEEDA) and the Regional Skills for Productivity Alliance (RSPA) identified a number of priority sectors and associated Level 2 and Level 3 skills priorities for the South East. The aim of this work was to articulate the disparities between demand from sectors and supply of skills, in order to inform and improve LSC provision and planning.

The analysis and associated 'scorecard' has been widely used to inform funding policy. However, given the increasing influence of priority sectors in determining adult skills provision, the LSC and SEEDA agreed the need to revisit this work to ensure sufficient sensitivity to the needs of sub-sectors and strategic regional economic development.

In September 2007 Experian was commissioned to review, revise and update the South East Sector Skills Prioritisation Framework. In particular, whilst the previous scorecard methodology was transparent and robust, there were felt to be a number of shortcomings which needed to be addressed. These include:

- the appropriateness of broad level SIC and SOC coding
- the inability to identify sub-sectors
- the inability to acknowledge emerging technologies
- not sufficiently in line with the needs of the economy/economic development.

To account for these, we have reviewed and improved the methodology in order to make the results more in line with both economic development policy and policy makers. In particular, the analysis has been conducted at detailed 4-digit SIC level with the results presented by Sector Skills Council (SSC) code.

The LSC seeks to invest in skills to improve the productivity of the region, help people enter and progress in work and lead better lives. Key to achieving this is identifying industry sectors in the region with a high reliance on skills at Levels 2 and 3, where maximum impact can be achieved by ensuring that the supply of skills meets the needs of the workforce and industry.

Findings from this research should be considered in conjunction with other intelligence e.g. in depth intelligence on employer skills requirements from the Sector Skills Councils, surveys and local intelligence.

Report structure

The remainder of the report is structured as follows:

1. Identifying the region's priority sectors: analysis of the revised scorecard methodology and identification of the priority sectors and sub-sectors.
2. Analysis of the supply of skills relevant to priority sectors.
3. Identifying the gaps in training provision.
4. Concluding comments.

1 Identifying the region's priority sectors

1.1 Reviewing the scorecard methodology

The principal idea behind the scorecard methodology is to score the importance of different sectors on the basis of different criteria:

- **Economic scale** – larger sectors are of higher priority as they are more likely to require significant resource allocation.
- **Growth potential** – strong growth sectors are of higher priority as they are more likely to support future regional competitiveness.
- **Skills needs** – sectors with unmet skills needs and/or intermediate level skills needs are those where LSC provision can make most difference. As such this criteria was concerned with Level 2 and 3 qualifications, rather than Level 4 and above.

Table 1 gives the range of indicators used in the scorecards and the data sources for each.

Table 1: Indicators used in the 2007 sector scorecard

Sector scorecard indicator	Key data source	Criteria
GVA share (industry output/South East GVA)	ONS	Economic scale
Employment share (industry employment/South East total employment)	ONS	
Relative employment concentration (location quotient) ¹	ONS	
GVA per employee	ONS	Growth potential
Expected employment growth 2004-14 ²	Experian	
Replacement demand	LFS	Skills needs
Proportion of employees with sub-Level 2 qualifications ³	LFS	
Proportion of employees with Level 2 or 3 qualifications ³	LFS	
Hard-to-fill vacancies as a proportion of total employment ⁴	NESS 05	

1. Calculated as regional industry level employment share/national industry level employment share
2. Experian's employment regional forecasts take into account the likely impact of the 2012 Olympics.
3. Due to the quality of the LFS qualifications data at 4-digit SIC level, 2-digit SIC data was used for the qualification indicators and mapped to SSC code.
Qualifications recorded as 'other' in the LFS are not proportioned to either level 2 or level 3 in the scorecard
4. Data on hard-to-fill vacancies was extracted at SSC level from NESS.

The 2006 scorecard analysis profiled 13 broad sectors and 25 occupations against a range of economic indicators relevant to these criteria. However, this SIC and SOC methodology was felt to be too broad and insufficiently relevant to the structure of current strategic policy delivery, particularly with respect to skills and the labour market.

The 2007 scorecard methodology has, where possible, been undertaken at the 4-digit SIC level (around 500 industries) with all the results presented by the 25 Sector Skills Council footprints. This allows a more detailed analysis of priority sectors, especially the identification of key sub-sectors. Furthermore, it is intended that by having the analysis at SSC footprint level the findings will be more readily usable by those tasked to deliver skills policy.

An additional change from the 2006 methodology is the inclusion of replacement demand as an indicator to identify priority sectors.¹ This reflects the importance of high labour turnover and/or an ageing workforce for many industries, meaning that replacing these lost skills is of particular concern.

1.2 Identifying the priority sectors

The full 2007 scorecard is shown in Table 3 on page 8. This highlights the priority sectors resulting from the full scorecard methodology (final column) and also key sectors with respect to each of the indicators. A more detailed analysis on each of the nine indicators is given in Appendix A.

Where an individual indicator was 1.5+ multiples above the average it was awarded 3 points (red cells) and where an indicator was between 1 and 1.5 multiples relative to the average it was awarded 1 point (yellow cells), as in the 2006 scoring methodology.

The 2007 scorecard analysis identifies 11 priority sectors, summarised in the table below.²

Table 2: Priority sectors of the South East

SSC	Relevant industries
People 1 st	Hospitality
e-skills UK	Information technology – users and professionals
Construction skills	Construction
Skillsmart Retail	Retail
Financial Services Skills Council	Financial Services
Asset Skills	Real Estate & facilities management
Skills for Care	Social care
Skills for Health	Health sector
SummitSkills	Plumbing & electrical engineering
Skills for Logistics	Logistics
Skillfast-UK	Clothing & textile manufacture

¹ Employment growth estimates and forecasts are net changes in employment, i.e. change due to expansion or contraction. In addition, a job opportunity is generated whenever someone leaves an industry – either for another industry or to leave employment altogether (replacement demand). To estimate this Experian have taken three years of LFS data between 2004 and 2006 and created a complex mapping of industries where people were working in one year previously compared to the industry that they are employed in now. Additionally a mapping of industries where people were working in one year previously compared to various inactive categories has been created. The historical replacement rates have been combined and applied to our employment forecasts to derive a forecast of replacement demand.

² Since the 11 priority sectors were first identified, the scorecard was split to present level 2 and level 3 qualification profiles. This does expand the list of priority sectors to include Automotive Skills and Lantra.

The key sectors emerging from the 2007 analysis largely correspond with those identified in 2006. Importantly, a number of the priority sectors identified in this analysis also reflect those identified in the South East Regional Economic Strategy (RES). In particular, Media technology & telecommunications (e-skills UK) and Property & construction (Construction Skills and Asset Skills). In 2007 manufacturing/engineering has been split into more detailed SSC sectors and we are now able to identify priority industries within manufacturing/engineering more closely. This results in SummitSkills and Skillfast-UK being identified as priority sectors.

1.2.1 People 1st

Given the demographics of the South East and its proximity to London, the hospitality sector scores highly in terms of economic scale (GVA and employment share). It is also a priority sector in terms of skills needs, with high labour turnover (reflecting both the sector's low wages and its relatively young and transient workforce) and hard-to-fill vacancies. Similar to the construction sector, migrant workers are also likely to be an important issue for this sector, and one which requires further investigation.

1.2.2 e-skills UK

Information technology users and professionals, covered by e-skills UK, come out as the top priority sector in the South East in our analysis. This reflects high scoring in terms of economic scale and growth potential. However, given its highly skilled workforce the sector scores low in terms of skills needs.

1.2.3 Construction Skills

Construction scores highly in terms of economic scale and skills needs, but not growth potential. With respect to skills need, a key issue for this sector is its ageing workforce which means that over the coming decade the need for skilled labour to replace those lost through retirement will increase. Another issue of particular relevance to this sector is migration and construction workers in the black economy. Unfortunately, insufficient data means that we have not been able to take this into account but anecdotal evidence suggests it is a significant issue both for the South East and for this sector in particular.

1.2.4 Skillsmart Retail

The retail sector scores highly under all three criteria, but in particular for economic scale. A further issue for the sector is its relatively low skilled workforce (a fifth have below Level 2 qualifications).

1.2.5 Other priority sectors

Of the other priority sectors, highest scoring are Financial Services and Asset Skills, the latter also identified as a priority sector in the 2006 scorecard analysis. In 2007 the finance sector scored particularly highly in terms of GVA share and GVA per employee. Reflecting the 2006 analysis, health and social care are also identified as key sectors through their expected employment growth and workforce size. Social care is also a priority sector in terms of hard-to-fill vacancies. Despite its small size relative to the regional economy, clothing and textile manufacturing is classified as a priority sector because of the skills base of its workforce (a high share with below level 2 qualifications) and also the sector's high share of hard-to-fill vacancies.

Table 3: South East sector scorecard, 2007

	GVA share (%)	GVA per employee (£)	Employment share (%)	Relative employment concentration (location quotient)	Annual average employment growth 2004-14 (%)	Replacement demand (%)	Proportion with sub-Level 2 qualifications (%)	Proportion with Level 2 qualifications (%)	Proportion with Level 3 qualifications (%)	Hard to fill vacancies as % of total	Score
e-skills UK	7.9	52,644	4.9	1.68	2.2	9.7	7.6	8.9	13.7	1.0	13
Skillsmart Retail	14.1	30,768	15.2	1.15	1.2	14.5	20.2	26.8	20.0	0.7	12
SEMTA	5.6	45,099	4.1	0.89	-1.6	10.5	12.1	12.8	22.4	0.6	6
People Ist	9.9	29,577	11.1	0.95	0.5	20.7	14.7	26.4	23.0	1.8	15
Cogent	3.2	76,797	1.4	0.90	-2.5	12.7	16.2	18.1	16.3	0.9	6
ConstructionSkills	5.9	29,591	6.6	1.00	0.1	7.4	16.2	17.2	26.6	1.8	12
SkillsActive	1.5	28,919	1.7	1.19	2.4	13.3	17.1	21.9	14.5	0.9	7
Automotive Skills	2.4	37,516	2.1	1.01	-0.7	10.8	16.1	26.1	29.0	1.1	8
Skills for Logistics	3.1	43,116	2.4	0.95	1.2	11.7	22.1	19.2	17.6	1.1	8
Skillfast-UK	0.2	16,243	0.5	0.59	-1.7	15.3	23.6	13.7	15.0	2.2	7
SummitSkills	2.0	30,698	2.1	1.16	2.2	8.0	16.3	16.4	28.1	1.5	9
Energy and Utility Skills	3.1	85,253	1.2	1.09	0.2	11.3	10.3	14.3	24.8	0.4	6
Lantra	0.5	18,692	0.9	1.25	1.4	11.4	12.3	32.0	12.7	1.0	8
Skills for Justice	1.3	38,787	1.1	0.86	1.2	4.6	12.2	19.9	17.1	0.4	3
Skillset	0.3	26,832	0.4	0.67	0.6	12.7	16.0	19.1	14.7	0.8	3
Skills for Health	4.1	18,169	7.5	0.90	1.6	6.5	11.4	16.5	13.4	0.8	7
Asset Skills	4.3	42,114	3.4	1.04	2.6	12.6	9.9	20.9	20.2	1.0	10
Lifelong Learning UK	2.1	20,599	3.4	1.01	1.7	9.6	7.4	12.8	11.5	0.6	5
Creative and Cultural Industries	0.8	26,871	1.0	0.98	0.8	10.7	16.0	19.8	15.1	1.4	3
GoSkills	2.4	46,046	1.7	0.89	-0.3	8.7	19.3	18.9	19.3	0.8	4
Financial Services Skills Council	7.6	82,228	3.1	0.85	0.4	10.4	13.1	23.8	26.2	1.3	9
Skills for Care	2.0	17,729	3.8	0.99	1.6	12.0	11.4	16.5	13.4	2.7	8
Improve	1.0	61,281	0.5	0.40	-1.8	13.7	16.5	13.4	17.6	0.5	5
Proskills	1.6	59,785	0.9	0.83	-2.5	11.4	17.7	18.2	13.9	0.9	6
GovSkills	2.8	38,088	2.4	0.72	-0.7	8.2	12.2	19.9	17.1	0.9	2
Average (for scorecard)	3.6	33,106	3.3	1.00	0.9	11.9	14.7	18.9	18.5	1.1	
Base	£145 million		4.4 million								
Sources and notes	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	Experian (April 2007 forecast)	LFS	LFS, Spring 2006	LFS, Spring 2006	LFS, Spring 2006	NESS 2005	

1.3 Identifying priority sub-sectors

As the 2007 scorecard analysis was undertaken at 4-digit SIC level, priority sub-sectors (below SSC level) can be identified. This allows us to identify specific areas of importance within the priority sectors already identified, but also important sub-sectors in non-priority SSC sectors.

In order to score the sub-sectors, 4-digit SIC data was used where possible, but for the qualification and hard-to-fill vacancy indicators, SSC level data was used for the scoring.

The key priority sub-sectors are shown in Table 4, categorised by the relevant SSC. Given the number of sub-sectors involved these were identified for scoring more than 2.5 multiples above the average score. A more detailed breakdown of the scoring for these sub-sectors is given in Table 5, and as follows:

- The sub-sectoral analysis has identified priority areas within e-skills UK, People 1st and Construction Skills. Software consultancy and supply (in e-skills UK) scores especially highly in terms of economic scale and growth potential rather than in terms of skills need.
- The sub-sectors of catering, restaurants and bars (in People 1st) and joinery installation (in Construction Skills) score the highest in terms of skills needs, especially hard-to-fill vacancies.³
- In terms of postal and courier activities, whilst it scores highly in terms of the economic criteria (like most of the other priority sub-sectors), skill needs are also an issue, particularly with regards to the high share of employees with below Level 2 qualifications.
- The analysis also identifies sewage and refuse disposal, sanitation and similar activities (Energy & Utility Skills), a SSC that was not identified in the priority sector analysis (section 1.2).

Table 4: Key priority sub-sectors

Sub-sector	Sub-sector code	Relevant SSC
Software consultancy & supply	7220	e-skills UK
Postal & courier activities	6411, 6412	Skills for Logistics
Other credit granting (non bank/building society)	6522	Financial Services Skills Council
Catering, restaurants & bars	5552, 5530, 5540	People 1st
Real Estate activities	7031, 7032	Asset Skills
Joinery installation	4542	Construction Skills
Sewage and refuse disposal, sanitation and similar activities	9000	Energy & Utility Skills

³ A hard-to-fill vacancy occurs when an employer reports that an existing vacancy is proving difficult to fill for any reason. The reason for hard-to-fill vacancies ranges from simply a low number of applicants to the vacancy generally, poor pay and working conditions to a low number of applicants with required skills.

Table 5: South East sub-sector scorecard – top priority sub-sectors, 2007

Sub-sector and 4-digit SIC code	GVA share (%)	GVA per employee (£)	Employment share (%)	Relative employment concentration	Annual average employment growth 2004-14 (%)	Replacement demand	Proportion with sub-Level 2 qualifications (%)	Proportion with Level 2 or 3 qualifications (%)	Hard to fill vacancies as % of total	Score
7220 - Software consultancy and supply	4.2	50,941	2.7	1.99	3.0	8.3	7.6	22.6	1.0	18
7260 - Other computer related activities	1.0	50,772	0.7	1.80	3.5	11.0	7.6	22.6	1.0	18
6522 - Other credit granting	1.0	86,477	0.4	1.69	3.2	12.8	13.1	50.0	1.3	18
6411 - National post services	1.3	59,555	0.7	0.98	1.6	9.8	22.1	36.8	1.1	16
4542 - Joinery installation	0.3	29,092	0.4	1.02	2.1	7.5	16.2	43.8	1.8	15
5552 - Catering	0.6	18,205	1.2	1.37	1.9	15.3	14.7	49.4	1.8	16
6412 - Courier activities	0.5	60,839	0.3	1.06	2.2	15.2	22.1	36.8	1.1	16
6720- Activities auxiliary to insurance and pension funding	0.8	49,734	0.5	1.09	2.5	12.7	13.1	50.0	1.3	16
4525 - Other construction	0.4	29,096	0.5	0.98	1.7	7.5	16.2	43.8	1.8	14
5530 - Restaurants	1.1	18,168	2.1	0.96	2.3	22.7	14.7	49.4	1.8	17
5540 - Bars	1.0	18,785	1.8	0.96	1.8	32.6	14.7	49.4	1.8	17
7031- Real estate agencies	0.8	51,496	0.5	1.25	1.4	12.9	9.9	41.2	1.0	15
7032 - Management of real estate on a fee or contract basis.	0.6	50,346	0.4	1.09	9.7	7.5	9.9	41.2	1.0	14
9000 - Sewage and refuse disposal, sanitation and similar activities	0.8	54,785	0.5	1.07	4.4	11.0	10.3	39.1	0.4	14
Average (all sub-sectors)	0.2	33106	0.2	1.00	0.9	11.9	14.7	37.5	1.1	5.3
Base	£145 million		4.4 million							
Sources and notes	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	ONS, Experian estimates for 2006	Experian (April 2007 forecast)	LFS	LFS, Spring 2006	LFS, Spring 2006	NESS 2005	

1.4 Sub-regional analysis

This section examines the sub-regional breakdown of the priority SSC sectors, specifically those scoring at or above the regional average score (yellow and red cells in Table 3). A detailed analysis on each of the local LSC areas (the five local LSC areas, and Berkshire and Milton Keynes, Oxfordshire & Buckinghamshire separately (now Thames Valley)) and the 3 RES geographies is contained in separate Appendix B reports. Here we summarise the sub-regional findings.

Table 6 shows the relative employment concentrations for the identified priority sectors in the 10 sub-regional geographies (employment shares relative to the South East as a whole). Again, we have coloured the cells to highlight those areas with above average concentrations (red for above 1.5 multiples of the average and yellow for at or up to 1.5 multiples of the average).

The key messages to come out of this are:

- A concentration of the IT sector (e-skills UK) in Berkshire, reflecting the clustering of IT businesses in and around Reading.
- A concentration of mechanical and electrical engineering (SummitSkills) in Surrey and Hampshire and the Isle of Wight.
- A concentration of financial services in Surrey and Sussex.
- Relatively low priority sector employment concentration in Milton Keynes, Oxfordshire and Buckinghamshire.

Comparing these findings with the 2006 priority sector analysis shows some similarities,⁴ including the high concentration of IT services in Berkshire and a generally significant presence of priority sectors in Kent and Medway. However, in contrast to 2006 findings, we also find a generally strong presence of these sectors in Hampshire and the Isle of Wight.

In terms of the three RES areas – Inners, Coastal and Rural South East – the key messages are:

- A concentration of the IT sector (e-skills UK) and, to a lesser extent construction, in Inner South East.
- A concentration of construction and clothing/textile manufacture in Rural South East.
- A strong presence of construction and also health and social care in Coastal South East, the latter possibly reflecting the demographics of this area (a relatively large older population).

⁴ Although due to the differences in the industry definitions used (broad SIC versus SSC code) in some cases it is difficult to make direct comparisons.

Table 6: Relative employment concentrations (local geography relative to the South East)

	Berkshire	Hampshire & Isle of Wight	Kent & Medway	Milton Keynes, Oxfordshire, Buckinghamshire	Surrey	Sussex	Thames Valley*	Inner South East	Coastal South East	Rural South East
Eskills	2.34	0.78	0.38	0.92	1.18	0.52	1.67	1.51	0.49	0.87
Skillsmart Retail	0.85	1.05	1.20	0.95	0.94	1.12	0.89	0.89	1.19	0.96
People 1st	1.04	1.03	1.06	0.91	0.94	1.33	0.94	0.95	1.08	1.01
Construction skills	0.77	1.30	1.40	0.83	1.03	0.90	1.18	1.41	1.31	1.72
Skills for logistics	1.03	0.83	1.20	1.03	0.70	0.80	1.11	1.00	0.93	1.11
Skillfast uk	0.67	1.33	1.00	1.00	0.67	0.67	1.26	0.67	1.00	1.67
Summitskills	1.10	1.70	1.40	0.90	2.10	1.00	0.77	0.93	0.93	1.21
Skills for health	0.71	1.00	1.07	0.94	0.93	1.19	0.86	0.91	1.22	0.90
Asset skills	0.80	0.98	0.73	0.83	1.35	0.88	0.88	1.08	0.81	1.11
Financial services skills council	0.90	1.03	1.00	0.83	1.53	1.53	0.76	1.09	1.06	0.79
Skills for care	0.75	1.03	1.25	0.80	0.85	1.28	0.78	0.73	1.30	1.13

* Thames Valley includes Berkshire, Milton Keynes, Oxfordshire and Buckinghamshire
 Source: Annual Business Inquiry, 2005

2 Skills and training in priority sectors

2.1 Supply mapping methodology

The methodology used to map learning supply to the priority sector analysis is based upon learning as categorised by the Learn Direct Classification System. This database contains over 7,000 subject areas, which the regional LSCs have used to identify sector related qualifications and learning, to reclassify learning by categories more closely aligned to sectors (the Regional Sector Classification). Information on the methodology behind this classification is contained in Appendix D.

In order to map the supply of learning to our priority sector analysis we have mapped these regional LSC subject areas to SSCs (see list below. Note the subjects covered by business management are too broad to map to any one SSC).

<u>Regional LSC subject areas</u>	<u>Relevant SSC</u>
Business management	LSC subject area too broad to map to SSC
Clothing and textiles	Skillfast
Communication media	Skillset
Construction and the built environment	Construction and SummitSkills (also Asset Skills)
Creative and cultural	Creative & Cultural Skills
Early years and childcare	Skills for Care
Education and teaching	Lifelong Learning
Engineering	SEMTA (also Cogent, Automotive Skills, EU Skills and Proskills)
Food and drink manufacturing	Improve
Health	Skills for Health
Hospitality, leisure, travel and tourism	People 1st
Information technology: IT professional	e-skills UK
Information technology: IT user	e-skills UK
Land-based and environmental	Lantra
Lifelong learning	Lifelong learning
Personal care and development, health and beauty	No SSC coverage
Public services	Gov Skills
Retail	Skillsmart Retail
Social care	Skills for Care
Sports, games and recreation	Skills Active
Transport and logistics	GoSkills and Skills for Logistics
Generic	N/A

In the most part they align relatively well, however, there are a few anomalies which are particularly relevant for the South East's priority sectors.

- *Business management* – this area of learning contains a wide range of subjects, related to finance, accounting, law, marketing, sales, administration and general management. Many of these are occupation related areas of learning and therefore covered by a range of SSCs. We believe this is an area that needs further categorisation in order to more closely align it to a specific SSC sector.
- *Personal care & development, health & beauty* is not currently covered by a SSC.
- Construction & the built environment covers both Construction Skills and SummitSkills, and, strictly speaking, Asset Skills. However analysis of the learning titles which make up Construction & the Built Environment show that whilst learning relevant to Asset Skills falls in this category it makes up a very small proportion of the total. Therefore, we have not included it in our mapping.
- *Transport & logistics* covers two SSCs – GoSkills and Skills for Logistics. However, only one of these (Logistics) is a key sector for the region.
- *Engineering* primarily covers learning related to SEMTA. However, in addition it includes qualifications and learning aligned to Automotive Skills, Energy & Utility Skills, Proskills and Cogent.
- The SSC Skills for Care covers two sector learning areas – *Social Care and Early Years and Childcare*.
- The SSC Lifelong Learning covers two sector learning areas – *Lifelong learning and Education & teaching*, although the latter also contains some courses associated with compulsory education (currently not covered by a SSC).

2.2 Learning provision in the South East

The Individualised Learner Record (ILR) shows that in 2005/06 there were around 1.5 million LSC funded enrolments in the South East. Of these, nearly 90 per cent were vocational courses, with the remainder studying for GCSEs or GCE A/AS/A2 level. Building on the methodology used in 2006 for the 2007 supply mapping we concentrate solely on these vocational courses (which are considered more relevant for alignment with the demand side analysis) and specifically those vocational courses that are sector specific.

Table 7 shows the provision of vocational learning (enrolments) in the South East by SSC sector and by Level 2 and 3. The two largest sectors in terms of LSC learning provision are e-skills UK (IT) and Skills for Health, accounting for about 15 per cent each of sector related learning.

By level, close to 40 per cent of sector related learning is at Level 2 and just over a quarter is at Level 3.

Table 7: Learning provision in the South East by SSC sector and level

Sector	Total enrolments*	Level 2 enrolments	Level 3 enrolments
Financial Services Skills Council		[n/a LSC subject area too broad]	
Skillfast	500	0	500
Skillset	4,000	1,000	2,700
Construction and SummitSkills (also Asset Skills)	27,600	16,800	4,700
Creative & Cultural Skills	24,000	6,500	13,100
Skills for Care	29,800	14,700	12,100
SEMTA (also Cogent, Automotive Skills, EU Skills and Proskills)	36,900	17,100	15,900
Improve	200	100	0
Skills for Health	58,600	15,900	9,300
People 1 st	34,700	15,900	3,800
e-skills UK	52,100	14,200	6,300
Lantra	12,400	6,500	3,800
Lifelong learning	7,100	1,500	3,900
Gov Skills	2,000	1,500	200
Skillsmart Retail	4,200	3,300	600
Skills Active	19,700	6,000	5,300
GoSkills and Skills for Logistics	5,100	1,600	300
Total	319,000	122,700	82,500

* Total enrolments include enrolments at all levels (not just Level 2 and 3)

Source: ILR 2005/06

The supply mapping methodology reveals a total of 319,000 sector specific enrolments, which is just a fifth of total enrolments in 2005/06. This reflects the fact that almost a third of enrolments are for generic subjects, both vocational and non-vocational learning. Furthermore, we have also excluded from the analysis non-accredited courses. Unfortunately, the result of these omissions is that we are excluding a significant share of generic and transferable learning at all levels that can and are likely to be relevant to different industries. However, whilst we would ideally include it in the analysis, due to the nature of this learning it is impossible to accredit these courses to particular sectors.

The consequence of this for policymakers is that these figures need to be used as baseline figures of sector related learning provision showing only that learning that is directly relevant to the sector and not generic or transferable learning. Any skills policy would in addition need to take into account the latter, which employer surveys such as NESS show is also very relevant for many occupations across all industries.

3 Identifying the gaps in training provision

3.1 Analysing the sectoral gaps

In this section we give details of the supply and demand match of skills in the priority sectors of the South East, based on Sector Skills Agreement (SSA) evidence from the SSCs. This analysis provides an additional tool to help planners clearly identify those areas where attention needs to be focused. Whilst the previous section identified sector related LSC funded learning, when assessing the supply of provision it is also important to recognise the large extent of learning and training undertaken in the private sector, often run by employers themselves.

Each SSA was drafted with guidance from the Sector Skills Development Agency (SSDA) and we present the headline evidence and challenges, and the supply-side issues these raise. The mis-match between supply and demand in the SSAs is conveyed as a combination of quantity and quality concerns, with a number of SSCs drawing out the implications for level 2 and level 3 provision (for further information the full document reference has been provided). Although the SSAs are primarily a discussion of national issues and do not specifically focus on the South East, the implications can be reviewed at the local level with providers and employers to strengthen the actions that emerge.

e-skills UK		
<i>The Sector Skills Agreement for IT: 2005–2008 Action Plan – England, e-skills UK, June 2005</i>		
	Evidence/challenges	Supply-side issues
1.	The majority of IT training in FE is for IT users focused on basic proficiency (levels 1 and 2)	The majority of these learners will move into non-IT related industries and/or occupations and there is evidence of over-supply.
2.	Most IT professional training in FE is at level 3 but the vast majority of IT professional training is delivered by the private training sector.	Support IT as a priority for Train to Gain level 3 pilots
3.	There is little FE provision above level 3, although the recent introductions of New Technology Institutes and Foundation Degrees are helping FE colleges to offer higher level learning opportunities, often in partnership with Higher Education.	Help to develop FE capacity for level 3+ IT skills development
4.	There are currently over 600 different IT qualifications in the UK, mostly related to IT user skills, and too often not perceived by employers as relevant to employment.	Need for more activity in the strategic application of IT and IT professional skills development.

Construction Skills		
<i>Sector Skills Agreement for Construction – England, Construction Skills, September 2005.</i>		
	Evidence/challenges	Supply-side issues
1.	ConstructionSkills' vision is for all construction workers to have the required skills levels to do their job, and a means of proving it.	To achieve the industry's own target of a fully qualified workforce by 2010 at least 70,000 people a year need to achieve an NVQ level 2 qualification and over 250,000 people still need to brush up their skills to a relevant Vocational Qualification at Level 2 or equivalent.
2.	There is still a need to address the number of education and training applications from women and ethnic minorities.	Positive action for female and black minority ethnic people in the objectives of provision.
3.	Increase apprentice completions and widen opportunities for onsite practice	Currently the framework completion rate for traditional apprenticeships is 35 per cent (and the target is 75 per cent by 2010) Significant numbers of young people in England and Wales are unable to become qualified as there is a lack of placements available for them to obtain the necessary work based experience. This lack of capacity must be addressed. There is a need to increase the amount of site-based provision.

SummitSkills		
<i>Sector Skills Agreement Stage 3: Gap Analysis and Market Testing for the building services engineering sector in England, SummitSkills, October 2007</i>		
	Evidence/challenges	Supply-side issues
1.	There appear to be a number of qualifications currently in the system that have not been funded (and therefore assumed not to have been run) for a considerable amount of time.	Reduce the number of courses and qualifications that are surplus to employers' requirements, and concentrate on those that truly meet the sector's needs.
2	When assessing employer views on the quality of training provision, generally there is more dissatisfaction with the quality of service and teaching provided by further education than for private training providers.	Issues revolve around communication, the quality of teaching, resources and general curriculum planning.
3.	There is a significant amount of funding directed at stand-alone technical certificates, which offer a theory-based qualification but no work-related experience. Technical certificates without an accompanying NVQ are seen by employers as a non-economically valuable skill and do not meeting their business needs.	Resources currently spent on stand-alone technical certificate training should be re-directed to develop provision in areas such as environmental technologies, business development and apprenticeships for adults.

People 1st <i>National Skills Strategy for the hospitality, leisure, travel and tourism sector in England, People 1st, January 2007</i>		
	Evidence/challenges	Supply-side issues
1.	Strong management and leadership are crucial to the performance of the sector, yet nearly a third of employers report that their managers lack the skills required to meet their business needs,	The sector needs a suite of management and leadership qualifications at levels 3 and 4 that provide the required management and leadership skills. The undergraduate management apprentice takes advantage of the large number of undergraduates working across the sector.
2.	The UK has a poor reputation for customer service, and 64 per cent of employers believe new entrants lack the required skills and more critically 63 per cent believe their current staff lack the necessary customer service skills to meet their business needs.	Using the 2012 Games as a catalyst a suite of customer service qualification will be put in place to raise the levels of customer service.
3.	The sector continues to struggle to recruit chefs with a sound foundation of skills and knowledge. Over the past decade the NVQ in food preparation and cooking has provided the main route through further education, but employers are concerned about its consistency with different colleges covering different areas, with many employers complaining that new entrants are lacking the basics.	The new Professional Chef Diplomas will deliver a robust entry route for chefs coming into the sector and will provide an effective means to reduce skill shortages. Similar qualifications need to be developed at levels 3 and 4.
4.	Currently, completion rates on the Apprenticeship frameworks are low and are not providing the foundation skills and knowledge required.	The apprenticeships need to be refocused to ensure it is delivering the skills required by employers. Apprentices should be registered at the start of their programmes to provide ongoing support and allow them to move employers if they are not gaining the relevant support.

Financial Services Skills Council <i>The Skills Bill: Assessment of education and training provision in UK financial services, Financial Services Skills Council, March 2007</i>		
	Evidence/challenges	Supply-side issues
1.	Barriers exist for the industry to undertake publicly funded training provision. The lack of relevance, the qualification levels targeted and, to a lesser extent, firms' reluctance to recruit outside traditional channels raises a number of questions on the current public strategy for funding training provision of the right quality and level for the financial industry.	Government-funded NVQ/SVQs and apprenticeships are not meeting employers' expectations. Employers generally welcome opportunities to liaise with training providers at all levels and appreciate any chance to engage further with the education system.

Skillsmart Sector Skills Agreement Stage Two: Assessment of Current Provision, Skillsmart Retail, Summer 2007		
	Evidence/challenges	Supply-side issues
1.	With over 150 qualifications available, there is evidence of a clear commitment by awarding bodies and training organisations to up-skill the sector. However, for the target audience, employers and employees, the current market is clouded by lack of clarity.	A streamlined and cleansed qualification offer would ensure that any potential customers know exactly what is available, at what level and what is required.
2.	With the exception of publicly-funded Apprenticeships, the public education and training system seems to engage very little with the retail sector in any organised sense.	
3.	Only about one in every two thousand of the qualifications being studied by FE students is directly related to the retail sector. The majority of these courses are at level 2.	The improvement in Apprenticeship completion rates needs to continue, as reduced labour turnover is one of the major aspirations of retailers in subscribing to Apprenticeships. This will evidently need joint working between employers and providers. If Train to Gain is to add value in the retail sector, it will need to target the 'hard to reach' employers (such as the small independents), and to target those employees who actually need to add to their skills.

Skills for Health		
<i>Sector Skills Agreement for Health: Stage 3. Delivering a Flexible Workforce to Support Better Health and Health Services - The Case for Change, Skills for Health, January 2006.</i>		
	Evidence/challenges	Supply-side issues
1.	This assessment of current education and training provision has shown that, for the core occupations in the health sector, provision of satisfactory to good quality provision is widely available and for the most part is relevant and effective, and that the volume of provision has kept pace with the rapid growth in the size of the workforce to date.	Further growth in vocational qualifications, as predicted by employers, linked to role redesign and upskilling of existing staff would also require additional sourcing from FE.
2.	The potentially rich pool of health workers with level 2 and 3 qualifications and those increasingly acquiring vocational qualifications could be utilised more efficiently, and should be given greater opportunities to develop their skills.	The findings argue for greater flexibility and more widely available provision, with stronger links between vocational, academic and professional qualifications, and a greater emphasis on competence and work-based learning and assessment.

Skills for Care and Development		
<i>Sector Skills Agreement Stage 2 - Skills for Care, Skills for Care and Development, April 2007.</i>		
	Evidence/challenges	Supply-side issues
1.	Training and development which meets needs of 'the workforce of the future'.	Developing a 'learning culture'; development and delivery of learning; involvement of employers and people who use services; particular needs of volunteers.
2.	Qualifications appropriate to job and competency needs and career progression.	Rationalisation of qualifications; career pathways; flexibility; 'mix and match' – modularisation; competency vs. qualifications.
3.	Funding which satisfies the skill-development needs of workforce.	Funding methods which meet the needs of the learner and service delivery; coherence; clarity and knowledge about what opportunities are available and how to access these; long-term planning and sustainability.

Asset Skills		
<i>Sector Skills Agreement: Summary of key issues and proposals for England, Asset Skills, November 2006</i>		
	Evidence/challenges	Supply-side issues
Housing	31% of those working in the housing industry are aged 50-64 compared to 25% in the UK economy as a whole. Only 9% of the workforce are aged 24 or under compared with 15% in the UK economy.	About 85% of housing learners in FE are aged 25-59 and only 4% of learners in HE were below the age of 20.
	Qualitative research has revealed that employers do not feel that FE/HE course provision reflects changing trends and requirements.	Significant and increasing trend towards in-house provision. FE and HE will need to both develop demand and provide more flexible and bespoke course provision in order to meet the needs of housing organisations.
Property	Only 10% of all Chartered Surveyors are female. Research indicates that the average age of surveyors is mature. 9% of the workforce are aged 24 or under and 31% aged 50 or over (compared with 15% and 25% respectively in the UK economy).	Available evidence indicates a slight shortage on the supply side at level 4 and above. Considerable shortage of provision below level 4 across the UK. Broadening the entry routes into the profession through NVQ and Foundation degrees is likely to enable increased access to the profession by young people. Promote the specialised Diploma in the Built Environment for 14-19 year olds.

Asset Skills		
<i>Sector Skills Agreement: Summary of key issues and proposals for England, Asset Skills, November 2006</i>		
	Evidence/challenges	Supply-side issues
	The Royal Town Planning Institute point to considerable recruitment difficulties in the profession. In 2005 some 66% of local authorities indicated that they had recruitment difficulties (an increase of over 6% on the previous year).	Need to develop provision below university degree level in order to try and increase the number of access points to the planning career ladder. Development of broader skills mix in relation to the built environment and promotion of the specialised Diploma in the Built Environment for 14-19 year olds.
Facilities m'tment	Widely agreed by employers and professional bodies/associations that: a) the completion of a standards and qualifications framework is needed for the development of the FM industry. b) there is a need for qualifications at the assistant/junior/technician levels (NVQ Levels 1-3).	An important challenge facing the industry is to improve the awareness, definition, visibility and credibility of FM qualifications. Lack of supply side definition and job roles.
	Aging workforce profile (37% are aged 50 or over compared with just 25% in the UK economy as a whole). Lack of entry levels – an almost complete block in the FM career development path at all levels below level 4.	Currently very little FM provision within FE. Currently 0.2% of expenditure that falls within the Asset Skills footprint is spent on FM course provision within FE.
Cleaning	Professional bodies and training providers currently believe that the current status of training is poor within the industry with a low penetration in cleaning training and associated competences. Only 19% of companies surveyed had a budget for training expenditure. 39% of the workforce has no qualifications (compared to 12% in the UK economy). Cleaning contractors face considerable barriers to training and skill development.	Need for client company 'buy in' to enable contractors to provide relevant training and skills development activities. The government will increasingly be seeking contributions from employers for NVQ provision from September 2006. Use of 'Skills Pathway Card' to enable recording of all training activity undertaken for presentation to different employers.

Skills for Logistics		
<i>An Assessment of Current Provision for Skills Needs in the Logistics Sector (Stage 2), Skills for Logistics, November 2005</i>		
	Evidence/challenges	Supply-side issues
1.	FE colleges have an important role in the delivery of logistics training, in two respects. Many provide vocational courses relevant to logistics, usually at certificate level (equivalent to NVQ levels 2 and 3) and sometimes higher. College staff also provide assessment services for NVQs.	The picture of training in logistics is unclear, as there is not an effective way of tracing staff involvement and course details change frequently in response to funding availability and local demand. Employers do not support the system of NVQs pro-actively
2.	Market forces have shortened courses, and also skewed them towards compliance with regulations	Providers should focus more positively on the medium and longer term needs of their customers, on productivity issues and a wider range of skills, alongside the basic requirements for compliance training.

Skillfast-UK		
<i>Assessment of current education and training provision for apparel, footwear, textiles and related businesses in England, Skillfast-UK, February 2006</i>		
	Evidence/challenges	Supply-side issues
1.	There is a comprehensive range of VRQs and NVQs available to the sector, which is broadly adequate to meet needs.	There are a small number of emerging gaps in the portfolio of NVQs and occupational standards as NVQs near their expiry date and standards become in need of revision.
2.	Employers identify a range of gaps in vocational education and training provision that are required to meet specific industry needs. Some of these gaps are due to a lack of provision in the employer's immediate locality but some are due to a shortage of provision on a national level.	The NVQ infrastructure in England for sector-related skills is now limited in terms of its size and the scope of its coverage, with particular industries reliant on small numbers of centres or, in some cases, having no centres at all.

3.2 Summary of training gaps

The SSCs have identified a number of training gaps that are a combination of quality and quantity concerns, though it should be noted that these are at a national level rather than specific to the South East.

Level 2 is a priority for ConstructionSkills as it has a target to full qualify the workforce to at least this level by 2010. In contrast, there is a need for greater level 3 provision for IT professionals in the public sector generally and for People 1st to enhance professional, managerial and leadership skills in the hospitality sector.

ConstructionSkills and People 1st also raise the issue of completion rates for apprenticeships, and for the construction sector this stems from the lack of work placements and site-based provision, and for hospitality the concern is around the relevancy of apprenticeships to employers and the level of support received.

In terms of the quality of training, SummitSkills, People 1st, Financial Services and Skillsmart Retail highlight the number and type of qualification that are available. This suggests that in the upcoming years there is likely to be a review and rationing of qualifications in response to the SSAs.

4 Concluding comments

The analysis presented in this report has resulted in a number of interesting outcomes and leads the way in developing a planning tool to directly use in regional capacity planning.

Firstly, the analysis has further developed the scorecard methodology to identify the South East's priority sectors. This work has resulted in sectors being identified that are defined more specifically than the previous analysis and also in a way that is more closely in line with skills policy making (i.e. defined by SSC footprint). The LSC can now more easily map the findings to wider skills evidence from the SSCs, which will inform discussions with providers in the local area on their future provision plans. These discussions can also be focused around the geographical concentrations of sectors in the South East, such as IT in Berkshire and Thames Valley and financial services in Surrey and Sussex.

The 11 priority sectors identified (see table below) in terms of economic scale, growth potential and skills needs largely corresponded to those identified in the 2006 analysis. A number of these are also highlighted as being important to the region in the South East RES, namely media technology & telecommunications (e-skills UK) and property & construction (Construction Skills and Asset Skills).

South East Priority sectors

SSC	Relevant industries
e-skills UK	Information technology
Construction skills	Construction
People 1 st	Hospitality
Skillsmart Retail	Retail
Financial Services Skills Council	Financial services
Asset Skills	Real Estate & facilities management
Skills for Care	Social care
Skills for Health	Health sector
SummitSkills	Mechanical & electrical engineering
Skills for Logistics	Logistics
Skillfast-UK	Clothing & textile manufacture

Secondly, using the Regional Sector Classification of the ILR developed by the regional LSCs we have, to a large extent, assessed the supply of SSC sector related learning in the region. This analysis has considered both sector related learning as a whole and at Level 2 and 3. However, the baseline is only for sector related learning and not generic or transferable learning and thus LSC policy would need to consider the latter - job-specific skills are only one of a long list of skills including communication and team working that are demanded by employers (as evidenced in employer surveys).

Thirdly, we have drawn on existing evidence to match the demand for learning by priority sectors in the region with supply of sector related learning. This particularly highlights the need for greater level 3 provision for IT professionals and in hospitality (People 1st), and for level 2 in ConstructionSkills. Construction Skills and People 1st also raise the issue of low completion rates for apprenticeships. A further concern for SummitSkills, People 1st, Financial Services and Skillsmart Retail is the plethora and type of qualifications that are not necessarily delivering to the demands of employers.

For all aspects of training gaps, this evidence should be reviewed at the local level with providers and employers to strengthen the policies and actions that emerge. A more detailed analysis of the ILR would help identify provision on a provider basis, and consultation with these providers would provide a much richer picture of training for the priority sectors.



Appendix A

Detailed scorecard results

Results for the scorecard indicators

GVA share

- Of the 11 priority sectors, five score highly in the regional prioritisation framework (1.5 multiples above the average).
- Of the non-priority sectors, SEMTA is one of the largest sectors in the South East in terms of GVA.
- In terms of sub-sectors, the top ten largest industries in the South East (based on GVA) are shown below. Of these only Software consultancy and supply scores as a priority sub-sector overall.

Top ten sub-sectors by GVA share, 2006

Sub-sector	SIC code	GVA share (% of SE)
1 Software consultancy & supply	7220	4.2
2 Labour recruitment & provision of personnel	7450	3.1
3 Banks & Building societies	6512	2.6
4 Hospital activities	8511	2.5
5 General construction of buildings & civil engineering works	4521	2.3
6 Retail sales in non-specialised stores with food, beverages or tobacco predominating	5211	2.2
7 Primary education	8010	1.9
8 Telecommunications	6420	1.7
9 Other business activities n.e.c.	7484	1.7
10 General public service activities	7511	1.6

Source: ONS, Experian 2006 estimates

GVA per employment

- Of the 11 priority SSC sectors, e-skills UK and Financial Services score highly in terms of GVA per employment.
- Of the non-priority sectors, four score highly for this indicator – Cogent, Energy & Utility Skills, Proskills and Improve.
- In terms of sub-sectors, highest GVA per employment is, unsurprisingly, in the manufacturing sector and therefore not within any of the region's priority sectors.

Top ten sub-sectors by GVA per employment, 2006

Sub-sector	SIC code	GVA per employment (£)
1 Manufacture of tobacco products	1600	436,347
2 Processing of nuclear fuel	2330	205,520
3 Manufacture of gas; distribution of gaseous fuels through mains	4020	173,399
4 Production & distribution of electricity	4010	169,088
5 Manufacture of prepared unrecorded media	2465	164,102
6 Manufacture of other inorganic basic chemicals	2413	149,257
7 Manufacture of soap & detergents, cleaning & polishing preparations	2451	145,099
8 Manufacture of dyes & pigments	2412	139,185
9 Life insurance	6601	136,406
10 Manufacture of other organic basic chemicals	2414	133,941

Source: ONS, Experian 2006 estimates

Employment share

- Of the priority sectors, four score in excess of 1.5 multiples above the average in terms of employment share – Skillsmart Retail, People 1st, ConstructionSkills and Skills for Health.
- There are no non-priority sectors that score highly in terms of employment share.
- In terms of sub-sectors, the top ten largest industries in the South East (based on employment) are shown below. Of these only Software consultancy and supply scores as a priority sub-sector overall.

Top ten sub-sectors by Employment share, 2006

Sub-sector	SIC code	Total employment ('000s)	Employment share (% of SE)
1 Hospital activities	8511	207.3	4.7
2 Retail sales in non-specialised stores with food, beverages or tobacco predominating	5211	158.5	3.6
3 Labour recruitment & provision of personnel	7450	146.6	3.3
4 Primary education	8010	132.3	3.0
5 Software consultancy & supply	7220	119.3	2.7
6 General construction of building s & civil engineering works	4521	116.2	2.7
7 Higher education	8030	91.9	2.1
8 Retail sale of pharmaceutical goods, cosmetics & toiletries	5530	90.6	2.1
9 Social work activities without accommodation	8532	86.8	2.0
10 Other business activities n.e.c.	7484	81.0	1.8

Source: ONS, Experian 2006 estimates

Relative employment concentration

- Of the priority sectors, only e-skills UK has an employment concentration more than 1.5 times the average. Skillsmart Retail and Construction Skills have concentrations between the average and 1.5 times the average. The People 1st priority sector has an employment concentration below the average.
- Non priority sectors which score above average are Skills Active, Automotive Skills, Summit Skills, Energy and Utility Skills, Lantra, Asset Skills, and Lifelong Learning.
- In terms of sub sectors, the sectors with the highest relative employment concentration are shown below. Of these construction of water projects and reproduction of computer media fall into priority sectors.

Top ten sub-sectors by relative employment concentration, 2006

	Sub-sector	SIC code	Relative employment concentration
1	Manufacture of homogenised food preparations & dietetic food	1588	3.29
2	Growing of fruit, nuts, beverage & spice crops	0113	2.82
3	Construction of water projects	4524	2.69
4	Manufacture of weapons & ammunition	2960	2.52
5	Manufacture of industrial gases	2411	2.41
6	Reproduction of computer media	2233	2.36
7	Sea & coastal water transport	6110	2.34
8	Manufacture of cutlery	2861	2.12
9	Market research & public opinion polling	7413	2.10
10	Software consultancy & supply	7220	1.99

Source: ONS, Experian 2006 estimates

Expected employment growth

- Of the priority sectors e-skills UK, SummitSkills, Skills for Health, Asset Skills and Skills for Care has expected employment growth of more than 1.5 times the average. People 1st has expected growth of between the average and 1.5 times the average while Skillsmart Retail and Construction Skills have expected employment growth below the average.
- Looking at sub sectors, the following have high levels of expected employment growth:
 - 2622: Manufacture of ceramic sanitary fixtures (20.96%)
 - 1591: Manufacture of distilled potable alcoholic beverages (16.81%)
 - 1587: Manufacture of condiments and seasonings (12.84%)
 - 1552: Manufacture of ice cream (10.70%)

Top ten sub-sectors by expected employment growth 2004-14

Sub-sector	SIC code	Annual average employment growth, 2004-14
1 Manufacture of ceramic sanitary fixtures	2622	21.0
2 Manufacture of distilled potable alcoholic beverages	1591	16.8
3 Manufacture of condiments & seasoning	1587	12.8
4 Manufacture of knitted & crocheted hosiery	1771	11.6
5 Manufacture of ice cream	1552	10.7
6 Recycling of non-metal waste & scrap	3720	10.5
7 Renting of air transport equipment	7123	10.0
8 Management of real estate on a fee or contract basis	7032	9.7
9 Silk-type weaving	1724	8.7
10 Regulation of and contribution to more efficient operation of business	7513	8.6

Source: Experian's April 2007 forecast

Replacement demand

- Of the priority sectors, only People 1st has a replacement demand above 1.5 times the average for all SSC sectors while Skillsmart Retail, Skills for logistics, Skillfast UK, Asset Skills and Skills for Care score above average. Non priority SSC sectors which scored above average for this indicator are: Cogent, Skills Active, Energy and Utility Skills, Lantra and Skillset.
- The sub sectors which scored highly in this indicator are:
 - 1760: Manufacture of knitted and crocheted fabric (54.8%)
 - 1594: Manufacture of cider and other fruit wines (48.2%)
 - 1752: Manufacture of cordage, rope, twine and netting (42.9%)
 - 1823: Manufacture of underwear (39.4%)

Top ten sub-sectors by expected replacement demand 2004-14

Sub-sector	SIC code	Average replacement demand (%), 2004-14
1 Manufacture of knitted and crocheted fabric	1760	54.8
2 Manufacture of cider and other fruit wines	1594	48.2
3 Manufacture of cordage, rope, twine and netting	1752	42.9
4 Manufacture of underwear	1823	39.5
5 Retreading and rebuilding of rubber tyres	2512	35.5
6 Bars	5540	32.6
7 Manufacture of wallpaper	2124	31.6
8 Manufacture of articles of cork, straw and plaiting materials	2052	31.1
9 Striking of coins and metals	3621	29.8
10 Manufacture of dyes and pigments	2412	27.7

Source: Experian's April 2007 forecast

Qualification profile

Workforce (total numbers), by highest qualification level

Sector Skills Council	Below Level 2 ¹	Level 2	Level 3
e-skills UK	10,200	12,000	18,600
Skillsmart Retail	84,400	111,700	83,500
SEMTA	34,400	36,500	63,800
People 1st	22,500	40,300	35,100
Cogent	12,500	14,100	12,600
ConstructionSkills	46,400	49,300	76,400
SkillsActive	9,600	12,300	8,200
Automotive Skills	12,400	20,000	22,300
Skills for Logistics	29,500	25,700	23,500
Skillfast-UK	5,000	2,900	3,200
SummitSkills	12,500	12,700	21,600
Energy and Utility Skills	4,600	6,500	11,200
Lantra	6,500	16,900	6,700
Skills for Justice	7,900	12,900	11,100
Skillset	3,100	3,700	2,900
Skills for Health	35,200	51,000	41,600
Asset Skills	9,900	20,900	20,200
Lifelong Learning UK	8,000	14,000	12,500
Creative and Cultural Industries	6,300	7,800	5,900
GoSkills	19,100	18,700	19,100
Financial Services Skills Council	26,400	48,100	52,900
Skills for Care	19,000	27,500	22,400
Improve	4,100	3,400	4,400
Proskills	9,400	9,600	7,300
GovSkills	23,800	38,700	33,300
Whole economy	592,800	771,900	759,400

¹ Does not include individuals with 'no qualifications'

Qualifications recorded as 'other' in the LFS are not proportioned to either level 2 or level 3 in the scorecard

Source: Labour Force Survey, Spring 2006



Appendix B

Sub-regional reports

Berkshire

Data from the Annual Business Inquiry shows that the Berkshire local LSC area has just under 451,000 employee jobs making it the smaller of the local LSCs in the South East. Employee jobs in the SIC codes that make up the 11 top scoring SSCs account for around 50% of total employee jobs in the region.⁵

Employment by SSC

In Berkshire, employee jobs in the top scoring SSCs total just over 228,000. Figure 1 shows numbers in each of the priority SSC sectors- i.e. those which scored above average in the regional sector prioritisation framework.

Figure 1: Employee jobs in the priority sectors in Berkshire, 2005.

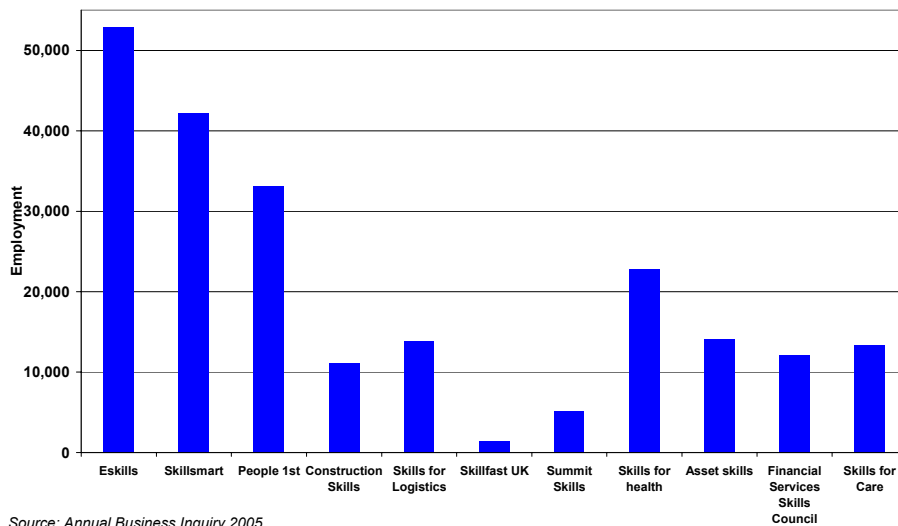


Figure 1 shows that the SSCs with the largest number of employee jobs in Berkshire are:

- e-skills UK (IT)
- Skillsmart Retail (retail)
- People 1st (hospitality)

Together these three SSCs account for over 128,000 employees, 56 per cent of all employee jobs in the 11 top scoring SSC sectors and 28 per cent of the total employee jobs in Berkshire. The smallest SSC in terms of employees is Skillfast-UK with just over 1,400 employee jobs.

⁵ Berkshire LSC is made up of the six unitary authorities of Bracknell Forest, Reading, Royal Borough of Windsor and Maidenhead, Slough, West Berkshire and Wokingham

Employment share

Figure 2 presents the share of total Berkshire employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in Berkshire in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employment by its regional share of employees.

Figure 2: Employment Location Quotients for Berkshire.

SSC	Share of total employees	South East share of employees	ELQ
e-skills UK	11.7	4.5	2.34
Skillsmart Retail	9.4	11.3	0.85
People 1st	7.3	7.3	1.04
Construction Skills	2.3	3.2	0.77
Skills for Logistics	3.1	2.8	1.03
Skillfast UK	0.2	0.3	0.67
Summitskills	1.1	1.4	1.10
Skills for Health	5.0	6.9	0.71
Asset Skills	3.2	3.7	0.80
Financial Services Skills Council.	2.7	3.4	0.90
Skills for Care	3.0	4	0.75

Source: Annual Business Inquiry 2005

Compared to the South East region e-skills UK has a significantly higher share of total employees in the Berkshire LSC area than in the region as a whole, accounting for 12 per cent of employees in Berkshire compared to five per cent in the South East.

The ELQ data shows:

- Those SSCs in Berkshire which have an ELQ of below 1, indicating that the SSCs are under-represented in Berkshire compared to the South East, are **Skillsmart Retail, Construction Skills, Skillfast UK, Skills for Health, Asset Skills, Financial Services Skills Council, and Skills for Care.**
- Those SSCs which have an ELQ of above 1 and are therefore well represented in Berkshire compared to the South East are **e-skills UK, Skills for Logistics, People 1st and SummitSkills**, e-skills UK has a particularly large share of employees, accounting for over twice the proportion of employees in Berkshire as it does in the South East.

Breaking down the SSCs into their constituent four digit level SIC codes highlights some specific industries which are well represented in Berkshire. The data shows that the largest four digit SIC codes in Berkshire are:

- *7222: Other software consultancy and supply (5.4 per cent of total employee jobs)*
- *6420: Telecommunications (4 per cent)*
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating (3.1 per cent)*
- *8511: Hospital activities (3.1 per cent)*
- *5552: Catering (2.2 per cent)*

The four digit SIC data for Berkshire highlights some specific sub-sectors which have a comparatively high representation in Berkshire in relation to the South East. These are:

- *7222: Other software consultancy and supply* - 5.4 per cent in Berkshire compared to 2.3 per cent in the South East.
- *6420: Telecommunications*- four per cent in Berkshire compared to one per cent in the South East
- *5552: Catering* - 2.2 per cent in Berkshire compared to 1.3 per cent in the South East.
- *7260: Other computer related activities* - 1 per cent in Berkshire compared to 0.6 per cent in the South East.

Despite being the smaller of the local LSC areas in the South East, Berkshire has high concentrations of employees in the priority sectors and particularly the e-skills UK sector where it has over double the regional concentration. This is reflected in the 4 digit SIC code data which shows that the largest sub-sector in employment terms and the industry which has the greatest concentration compared to the region is *other software consultancy and supply*.

Hampshire & Isle of Wight

Data from the Annual Business Inquiry shows that the Hampshire & IOW local LSC area has a total of almost 851,000, employee jobs, making it one of the larger of the local LSC areas in the South East.⁶ Employee jobs in the SIC codes that make up the 11 top scoring SSCs account for just over 50% of this total.

Employment by SSC

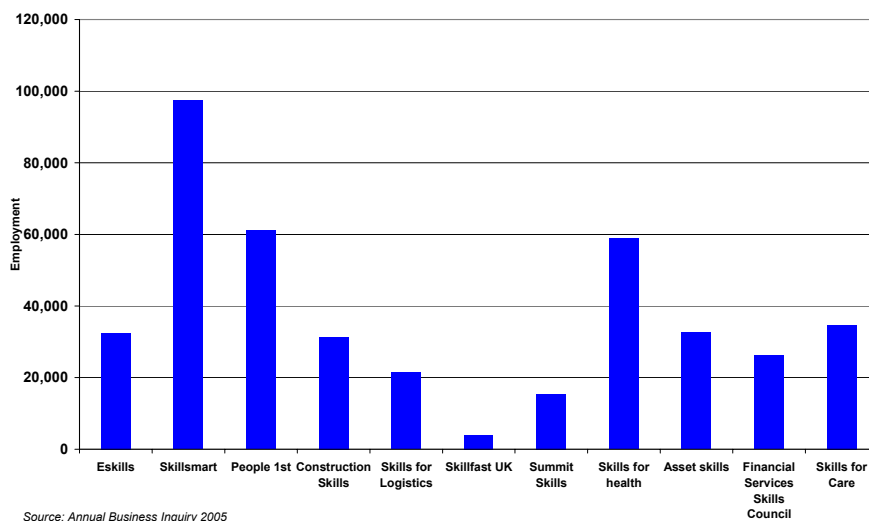
In Hampshire & IOW, employee jobs in the 11 top scoring SSC sectors total just over 426,000. Figure 3 shows this broken down by each of the 11 priority SSC sectors.

The largest SSC sectors in Hampshire & IOW in employment terms are:

- Skillsmart Retail, the SSC for the retail sector which employs 97,500 in Hampshire & IOW,
- Skills for Health, the SSC for the health sector, which employs almost 59,000, and
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector which employs just over 61,000.

These three SSC sectors alone account for over a quarter of total employee jobs in Hampshire & IOW.

Figure 3: Employee jobs in the priority sectors in Hampshire & Isle of Wight, 2005.



⁶ Hampshire & IOW LSC is made up of the Unitary Authorities of Southampton, Portsmouth and the Isle of Wight, and the Local Authorities of Basingstoke and Deane, East Hampshire, Eastleigh, Fareham, Gosport, Hart, Havant, New Forest, Rushmoor, Test Valley and Winchester.

Employment share

Figure 4 presents the share of total Hampshire & IOW employees contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in Hampshire & IOW in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employees by its regional share.

Figure 4: Employment Location Quotients for Hampshire & IOW.

SSC	Share of total employees	Share of South East employees	ELQ
e-skills UK	3.9	4.5	0.78
Skillsmart Retail	11.5	11.3	1.05
People 1st	7.2	7.3	1.03
Construction Skills	3.9	3.2	1.30
Skills for Logistics	2.5	2.8	0.83
Skillfast UK	0.4	0.3	1.33
Summitskills	1.7	1.4	1.70
Skills for Health	7.0	6.9	1.00
Asset Skills	3.9	3.7	0.98
Financial Services Skills Council.	3.1	3.4	1.03
Skills for Care	4.1	4	1.03

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in Hampshire & IOW which have an ELQ of below 1, indicating that the SSCs are under-represented in Hampshire & IOW compared to the South East, are **e-skills UK**, **Asset Skills** and **Skills for Logistics**.
- Skills for Health has an ELQ equal to 1, indicating that this SSC has the same proportion of employees in Hampshire & IOW as in the region as a whole.
- Those SSCs which have an ELQ of above 1 and are therefore well represented in Hampshire & IOW compared to the South East are **Construction Skills**, **Skillsmart Retail**, **People 1st**, **Skillfast UK**, **Financial Services Skills Council**, **Skills for Care** and **SummitSkills**.

Breaking down the SSCs into their constituent four digit level SIC codes shows a close correlation between the percentage share of employees in Hampshire & IOW and that in the region. The SIC codes which account for the highest proportions of employees in Hampshire & IOW are:

- 8511: Hospital activities (4.5 per cent of employee jobs)
- 5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating (4.4 per cent)
- 8532: Social work activities without accommodation (2.3 per cent)
- 5530 : Restaurants (2.1 per cent)
- 5540: Bars (2.1 per cent)
- 7470: Industrial cleaning (2.1 per cent)

The SIC codes in Hampshire and IOW which have a high proportion of employee jobs compared to the same SIC code in the South East as a whole include:

- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* - 4.4 per cent of employee jobs compared to 4.1 per cent in the South East.
- *7470: Industrial cleaning* - 2.1 per cent compared to 1.8 per cent in the South East.
- *4533: Plumbing* - 0.8 per cent compared to 0.5 per cent in the South East.
- *4521: General construction of buildings and civil engineering works* - 1.9 per cent compared to 1.7 per cent in the South East.
- *5510: Hotels* - 1.2 per cent compared to one per cent in the South East

Almost 23 per cent of the employee jobs in the priority sectors in Hampshire & Isle of Wight are in the Skillsmart Retail SSC, the largest SSC in employment terms. However the SSC which has the largest employment share compared to the region is the smaller Summit Skills. Despite this, the four digit sub-sector in Hampshire and Isle of Wight which accounts for the highest share of employee jobs is *Hospital Activities*, part of Skills for Health.

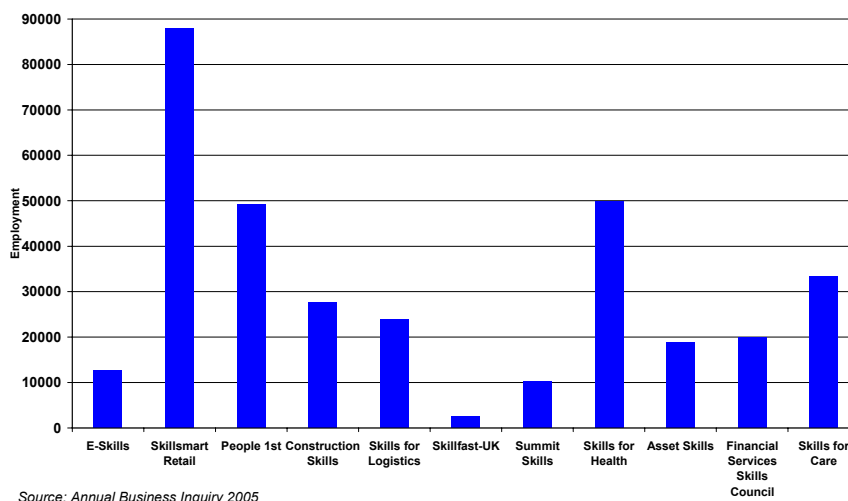
Kent & Medway

Data from the Annual Business Inquiry shows that the Kent and Medway local LSC area has just fewer than 666,000 employee jobs.⁷ Employees in the SIC codes that make up the 11 top scoring SSCs account for almost 52 per cent of total employee jobs.

Employment by SSC

In Kent & Medway, employees in the priority sectors, i.e. those that scored above average in the regional sector prioritisation framework, total just over 343,000. Figure 5 shows the numbers employed in each of the key sectors:

Figure 5: Employee jobs in the priority sectors in Kent & Medway, 2005.



The priority SSCs with the largest number of employee jobs in Kent and Medway are:

- Skillsmart Retail, the SSC for the retail sector, with 88,000 employee jobs
- Skills for Health, the SSC for the health sector, with 50,000 employee jobs, and
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector, which has just over 49,000 employee jobs.

Skillsmart Retail alone accounts for 13 per cent of all employee jobs in Kent and Medway making it a key sector for the county.

⁷ Kent & Medway LSC is made up of the Unitary Authority of Medway Towns and the Local Authorities of Ashford, Canterbury, Dartford, Dover, Gravesham, Maidstone, Sevenoaks, Shepway, Swale, Thanet, Tonbridge & Malling, and Tunbridge Wells.

Employment share

Figure 6 presents the share of total Kent & Medway employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in Kent & Medway in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employees by its regional share.

Figure 6: Employment Location Quotients for Kent & Medway.

SSC	Share of total employees	Share of South East employees	ELQ
e-skills UK	1.9	4.5	0.38
Skillsmart Retail	13.2	11.3	1.20
People 1st	7.4	7.3	1.06
Construction Skills	4.2	3.2	1.40
Skills for Logistics	3.6	2.8	1.20
Skillfast UK	0.3	0.3	1.00
Summitskills	1.4	1.4	1.40
Skills for Health	7.5	6.9	1.07
Asset Skills	2.9	3.7	0.73
Financial Services Skills Council.	3.0	3.4	1.00
Skills for Care	5.0	4	1.25

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in Kent & Medway which have an ELQ of below 1, indicating that the SSCs are under-represented in Kent & Medway compared to the South East, are **e-skills UK** and **Asset Skills**.
- The SSCs in Kent & Medway which have an ELQ equal to 1 are **Skillfast UK**, and **Financial Service Skills Council** indicating that these SSCs have the same proportion of total employees in Kent & Medway as in the region as a whole.
- The SSCs which have an ELQ of above 1 are **Construction Skills**, **People 1st**, **Skills for Logistics**, **Skills for Health**, **Skillsmart Retail**, **Skills for Care** and **Summit Skills** indicating that they are well represented in Kent & Medway compared to the region as a whole.

Breaking down the SSCs into their constituent four digit SIC codes highlights some specific industries which are well represented in Kent & Medway:

- *8511: Hospital activities* (4.8 per cent of employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (4.7 per cent)
- *8531: Social work activities with accommodation* (2.6 per cent)
- *5530: Restaurants* (2.4 per cent)
- *8532: Social work activities without accommodation* (2.4 per cent)

The four digit SIC data for Kent & Medway highlights some specific sub-sectors which have a comparatively high representation in Kent & Medway in relation to the South East. These are:

- *8531: Social work activities with accommodation* - 2.6 per cent compared to 1.9 per cent in the South East.
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* - 4.7 per cent compared to 4.1 per cent in the South East.
- *6024: Freight transport by road* - 1.4 per cent compared to 0.9 per cent in the South East.
- *4521: General construction of buildings and civil engineering works* - 2.1 per cent compared to 1.7 per cent.
- *5242: Retail sale of clothing* - 1.9 per cent compared to 1.5 per cent in the South East.

Kent & Medway is well represented by priority key sectors, the largest of which is Skillsmart Retail with a relatively high proportion of employee jobs in Kent & Medway. Construction Skills and Summitskills, both have an employment share of almost one and a half times that in the region.

Milton Keynes, Oxfordshire & Buckinghamshire

Data from the Annual Business Inquiry shows that the Milton Keynes, Oxfordshire & Buckinghamshire local LSC area has 659,000 employee jobs.⁸ Employee jobs in the SIC codes that make up the 11 top scoring SSCs account for 46 per cent of total employee jobs, relatively less than the proportion than in other local LSC areas.

Employment by SSC

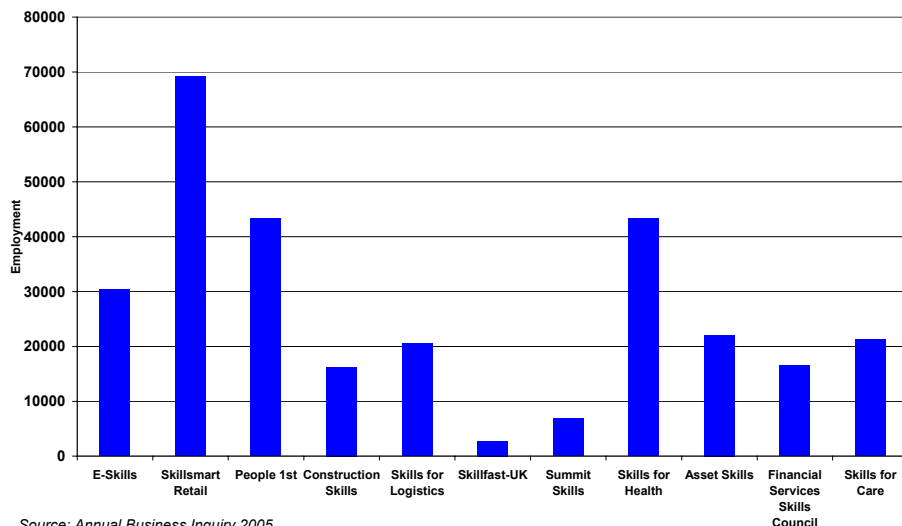
Employment in the priority sectors in Milton Keynes, Oxfordshire and Buckinghamshire is over 300,000. Figure 7 shows the numbers employed in each of the priority sectors in Milton Keynes, Oxfordshire and Buckinghamshire.

The priority SSC sectors with the largest employment in Milton Keynes, Oxfordshire and Buckinghamshire are:

- Skillsmart Retail, the SSC for the retail sector which has over 65,000 employee jobs,
- Skills for Health, the SSC for the health sector, which employs over 43,000, and
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector, which also employs over 43,000.

Together these three SSC sectors account for almost a quarter of all employee jobs in Milton Keynes, Oxfordshire and Buckinghamshire.

Figure 7: Employee jobs in the priority sectors in Milton Keynes, Oxfordshire and Buckinghamshire 2005.



Source: Annual Business Inquiry 2005

⁸ Milton Keynes, Oxfordshire and Buckinghamshire LSC is made up of the Unitary Authority of Milton Keynes and the Local Authorities of Aylesbury Vale Cherwell, Chiltern, Oxford, South Buckinghamshire, South Oxfordshire, Vale of White Horse, West Oxfordshire, and Wycombe.

Employment share

Figure 8 presents the share of total Milton Keynes, Oxfordshire and Buckinghamshire employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in Milton Keynes, Oxfordshire and Buckinghamshire in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employees by its regional share.

Figure 8: Employment Location Quotients for Milton Keynes, Oxfordshire and Buckinghamshire.

SSC	Share of total employees	Share of South East employees	ELQ
e-skills UK	4.6	4.5	0.92
Skillsmart Retail	10.5	11.3	0.95
People 1st	6.4	7.3	0.91
Construction Skills	2.5	3.2	0.83
Skills for Logistics	3.1	2.8	1.03
Skillfast UK	0.3	0.3	1.00
Summitskills	0.9	1.4	0.90
Skills for Health	6.6	6.9	0.94
Asset Skills	3.3	3.7	0.83
Financial Services Skills Council.	2.5	3.4	0.83
Skills for Care	3.2	4	0.80

Source: Annual Business Inquiry 2005

The employment shares in the priority sectors in Milton Keynes, Oxfordshire and Buckinghamshire are just below, or in line with shares in the region as a whole. The share of employment of Skills for logistics is slightly above that of the region as a whole at 3.1 per cent compared to 2.8 per cent in the South East.

The ELQ data shows:

- Those SSCs in Milton Keynes, Oxfordshire and Buckinghamshire which have an ELQ of below 1, indicating that the SSCs are underrepresented in Milton Keynes, Oxfordshire and Buckinghamshire compared to the South East, are **e-skills UK, People 1st, Construction Skills, Summit Skills, Skills for Health, Asset Skills, Financial services Skills Council, Skillsmart Retail and Skills for care.**
- **Skillfast UK** in Milton Keynes, Oxfordshire and Buckinghamshire has an ELQ equal to 1 indicating that this SSC has the same proportion of total employee jobs in Milton Keynes, Oxfordshire and Buckinghamshire as in the region as a whole.
- Only **Skills for logistics** has an ELQ of above 1 indicating that they it is well represented here in relation to the region as a whole.

Analysis of the four digit SIC code data shows that the largest SIC codes in the priority SSC sectors in terms of share of employee jobs in Milton Keynes, Oxfordshire and Buckinghamshire are:

- *8511: Hospital activities* (4.5 per cent of total employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (4.2 per cent)
- *7222: Other software consultancy and supply* (2.5 per cent)
- *8532: Social work activities without accommodation* (2 per cent)
- *5530: Restaurants* (1.8 per cent)
- *5540: Bars* (1.8 per cent)

The four digit SIC data for Milton Keynes, Oxfordshire and Buckinghamshire highlights some specific sub-sectors which have a comparatively high representation in Milton Keynes, Oxfordshire and Buckinghamshire in relation to the South East. These are:

- *6024: Freight transport by road*- 1.4 per cent of total employee jobs compared to 0.9 per cent in the South East
- *6312: Storage and warehousing*- 0.7 per cent compared to 0.4 per cent in the South East.
- *7222: Other software consultancy and supply* – 2.5 per cent compared to 2.3 per cent in the South East.
- *5552: Catering* – 1.5 per cent compared to 1.3 per cent in the South East.

While Milton Keynes, Oxfordshire and Buckinghamshire has a slightly lower proportion of employee jobs in the priority sectors compared to the other LSCs, these sectors are still important in the area, particularly Skillsmart Retail which employs significant numbers of employees and Skills for Logistics which is over represented in the local area compared to the region as a whole. Indeed the 4 digit SIC code which has the largest employee share compared to the region is Freight transport by road, which falls into the Skills for Logistics SSC sector.

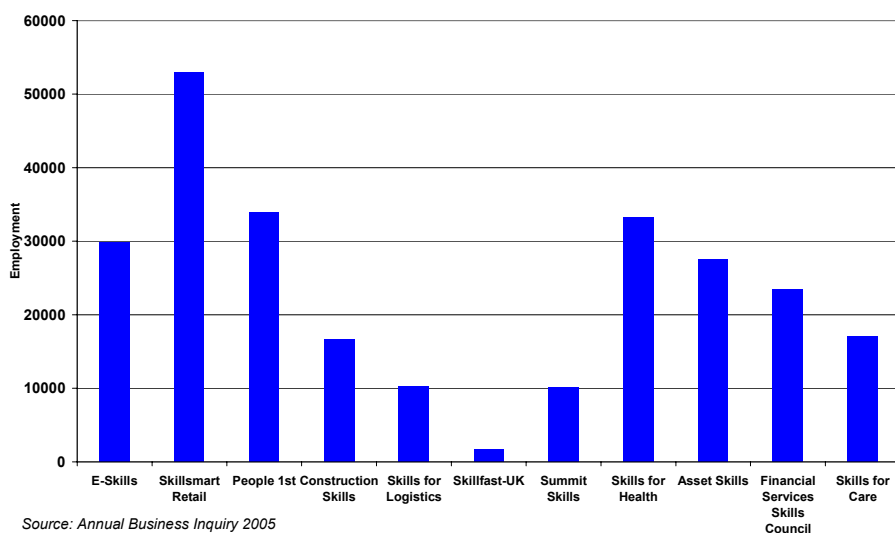
Surrey

Data from the Annual Business Inquiry shows that the Surrey local LSC area has 510,000 employees.⁹ Employees in the SIC codes that make up the 11 top scoring SSCs account for around 53% of total employee jobs, therefore the county has a relatively high concentration of priority sectors within it.

Employment by SSC

In Surrey, employee jobs in the top scoring SSC sectors total just over 270,000. Figure 9 shows the total employment numbers in each of the priority SSC sectors- i.e. those SSCs which scored above average in the regional sector prioritisation framework.

Figure 9: Employee jobs in the priority sectors in Surrey, 2005.



The SSCs with the highest number of employee jobs in Surrey are:

- Skillsmart Retail, the SSC for the retail sector which employs 53,000;
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector which employs almost 34,000, and
- Skills for Health, the SSC for the health sector, which also employs almost 34,000

These three sectors make up 24 per cent of employee jobs in Surrey, showing that the area has a significant proportion of employment in its key priority sectors.

⁹ Surrey LSC is made up of the Local Authorities of Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Spelthorne, Surrey heath, Tandridge, Waverley, and Woking.

Employment share

Figure 10 presents the share of total Surrey employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employment in Surrey in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employee jobs by its regional share.

Figure 10: Employment Location Quotients for Surrey

SSC	Share of total employee jobs	Share of South East employees	ELQ
e-skills UK	5.9	4.5	1.18
Skillsmart Retail	10.3	11.3	0.94
People 1st	6.6	7.3	0.94
Construction skills	3.1	3.2	1.03
Skills for logistics	2.1	2.8	0.70
Skillfast UK	0.2	0.3	0.67
Summitskills	2.1	1.4	2.10
Skills for Health	6.5	6.9	0.93
Asset Skills	5.4	3.7	1.35
Financial Services Skills Council.	4.6	3.4	1.53
Skills for Care	3.4	4	0.85

Source: Annual Business Inquiry 2005

The table above shows that Surrey has an especially high presence of jobs in industries covered by Summitskills and the Financial Services Skills Council, compared with the region as a whole.

The ELQ data shows:

- Those SSCs in Surrey which have an ELQ of below 1, indicating that the SSCs are underrepresented in Surrey compared to the South East, are **Skillsmart Retail, People 1st, Skills for Logistics, Skills for Care, Skillfast UK, and Skills for Health.**
- Those SSCs which have an ELQ of above 1 and are therefore well represented in Surrey compared to the South East are **e-skills UK, Construction Skills, Summit Skills, Asset Skills, and Financial Services Skills Council.**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the sub-sectors with the highest share of employee jobs in Surrey are:

- *8511: Hospital activities* (4.2 per cent of total employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (3.8 per cent)
- *7222: Other software consultancy and supply* (3.5 per cent)
- *7420: Architectural and engineering activities and related technical consultancy* (2.6 per cent)
- *7470: Industrial cleaning* (2.6 per cent)

The four digit SIC data for Surrey highlights some specific industries which have a comparatively high representation in Surrey in relation to the South East. These are:

- *7222: Other software consultancy and supply* - 3.5 per cent of total employee jobs compared to 2.3 per cent in the South East.
- *7420: Architectural and engineering activities and related technical consultancy* - 2.6 per cent compared to 1.4 per cent in the South East.
- *7470: Industrial cleaning* - 2.6 per cent compared to 1.8 per cent in the South East.
- *4531: Installation of electrical wiring and fittings* - 1.3 per cent compared to 0.6 per cent in the South East.
- *6603: Non-life insurance* - one per cent compared to 0.4 per cent in the South East.

Compared to other local LSC areas, Surrey has a relatively high proportion of employee jobs in the 11 priority sectors with Summit Skills having over double the share of employees than the region as a whole. The largest SSC priority sector is Skillsmart Retail, although this SSC has an employment location quotient slightly below one, indicating it has a relatively low share of employee jobs compared to the South East.

Sussex

Data from the Annual Business Inquiry shows that the Sussex local LSC area has 636,500 employee jobs.¹⁰ The SIC codes that make up the 11 top scoring SSCs account for around 53% of total employee jobs, giving Sussex a relatively high concentrated of priority sectors.

Employment by SSC

The priority SSC sectors account for almost 338,000 employee jobs in Sussex. Figure 11 shows this breakdown by sector.

Figure 11: Employee jobs in the priority sectors in Sussex, 2005.

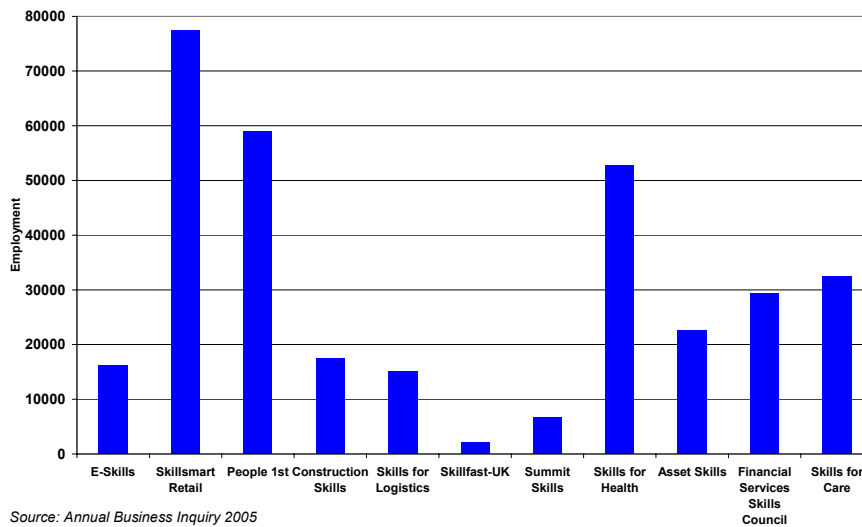


Figure 11 shows that the three largest priority sectors in Sussex are:

- Skillsmart Retail, the SSC for the retail sector, which employs almost 77,500 in Sussex,
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector which employs almost 59,000, and
- Skills for Health, the SSC for the health sector, which employs just under 53,000.

¹⁰ Sussex LSC is made up of the Unitary Authority of Brighton and Hove and the Local Authorities of Eastbourne, Hastings, Lewes, Rother, Wealden, Adur, Arun, Chichester, Crawley, Horsham, Mid Sussex and Worthing.

Employment share

Figure 12 presents the share of total Sussex employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in Sussex in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employees by its regional share.

Figure 12: Employment Location Quotients for Sussex

SSC	Share of total employee jobs	Share of South East employees	ELQ
e-skills UK	2.6	4.5	0.52
Skillsmart Retail	12.3	11.3	1.12
People 1st	9.3	7.3	1.33
Construction Skills	2.7	3.2	0.90
Skills for logistics	2.4	2.8	0.80
Skillfast UK	0.2	0.3	0.67
Summitskills	1.0	1.4	1.00
Skills for Health	8.3	6.9	1.19
Asset Skills	3.5	3.7	0.88
Financial Services Skills Council.	4.6	3.4	1.53
Skills for Care	5.1	4	1.28

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in Sussex which have an ELQ of below 1, indicating that the SSCs are underrepresented compared to the South East, are **e-skills UK, Construction Skills, Skills for Logistics, Skillfast UK, and Asset Skills.**
- Summit Skills has an ELQ equal to 1 indicating that it has the same proportion of total employees in Sussex as in the region as a whole.
- Those SSCs which have an ELQ of above 1 and are therefore well represented in Sussex compared to the South East are **Skillsmart Retail, People 1st, Skills for Health, Financial Services Skills Council, and Skills for Care.**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the sub-sectors with the highest share of employee jobs in Sussex are:

- *8511: Hospital activities* (6 per cent of total employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (4 per cent)
- *5530: Restaurants* (2.9 per cent)
- *8531: Social work activities with accommodation* (2.8 per cent)
- *5540: Bars* (2.4 per cent)

The four digit SIC data for Sussex highlights some specific industries which have a comparatively high representation in Sussex in relation to the South East. These are:

- *8511: Hospital activities* - 6 per cent of total employee jobs compared to 4.6 per cent in the South East.
- *8531: Social work activities with accommodation* - 2.8 per cent compared to 1.9 per cent in the South East.
- *6522: Other credit granting* -1.2 per cent compared to 0.4 per cent in the South East.
- *5530: Restaurants* – 2.9 per cent compared to 2.2 per cent in the South East.

Sussex has a relatively high share of employee jobs in the priority sectors. It has several SSC sectors with high employment location quotients, particularly the financial services sector and the hospitality, leisure, travel & tourism sector.

Thames Valley

The Thames Valley LSC area comprises the local LSC areas of Berkshire and Milton Keynes, Oxfordshire and Buckinghamshire. Data from the Annual Business Inquiry shows that the Thames Valley local LSC area has total employee jobs of over 1.1 million.¹¹ Jobs in the SIC codes that make up the 11 top scoring SSCs account for around 48% of total employee jobs.

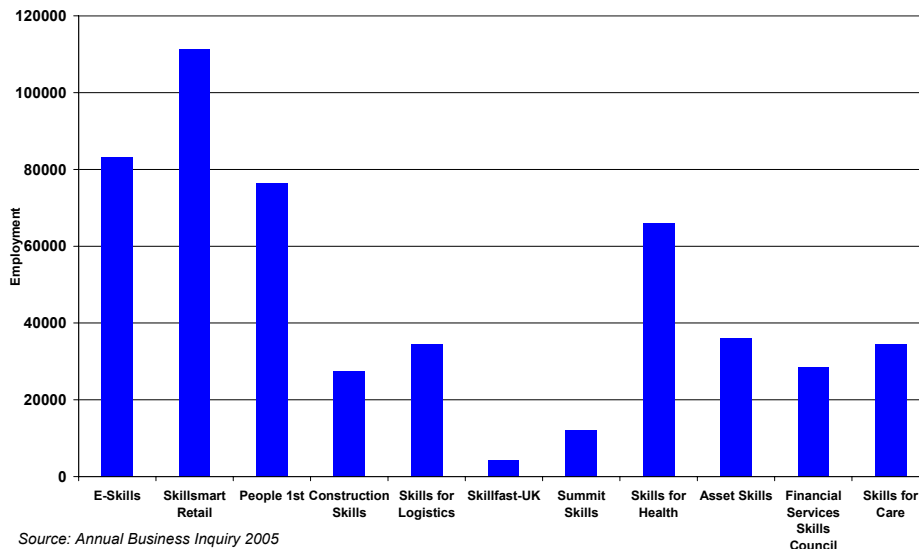
Employment by SSC

Employment in the priority sectors in the Thames Valley is 529 000, making up 48 per cent of total employment in the Thames Valley. Figure 13 shows the number of employee jobs in each of the priority sectors in the Thames Valley in 2005.

The SSCs with the largest employment in Thames Valley are:

- Skillsmart Retail, the SSC for the retail sector which employs over 111,000 people in the Thames Valley,
- e-skills UK, the SSC for the IT sector which employs around 83,000,
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector employing 76,000.

Figure 13: Employee jobs in the priority sectors in Thames Valley, 2005.



¹¹ Thames valley LSC is made up of the Unitary Authorities of Milton Keynes Bracknell Forest, Reading, Royal Borough of Windsor and Maidenhead, Slough, West Berkshire and Wokingham, and the Local Authorities of Aylesbury Vale Cherwell, Chiltern, Oxford, South Buckinghamshire, South Oxfordshire, Vale of White Horse, West Oxfordshire, and Wycombe.

Employment share

Figure 14 presents the share of total Thames Valley employment contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employment in Thames Valley in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employment by its regional share of employment.

Figure 14: Employment Location Quotients for Thames Valley

SSC	Share of total employee jobs	Share of South East employee jobs	ELQ
e-skills UK	7.5	4.5	1.67
Skillsmart Retail	10.0	11.3	0.89
People 1st	6.9	7.3	0.94
Construction skills	3.8	3.2	1.18
skills for logistics	3.1	2.8	1.11
Skillfast UK	0.4	0.3	1.26
Summitskills	1.1	1.4	0.77
Skills for health	6.0	6.9	0.86
Asset skills	3.3	3.7	0.88
Financial services skills council.	2.6	3.4	0.76
Skills for care	3.1	4	0.78

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in Thames Valley which have an ELQ of below 1, indicating that the SSCs are underrepresented in Berkshire compared to the South East, are **Skillsmart Retail, People 1st, SummitSkills, Skills for Health, Asset Skills, Financial Services Skills Council and Skills for Care.**
- Those SSCs which have an ELQ of above 1 and are therefore well represented in Thames Valley compared to the South East are **e-skills UK, Construction Skills, Skills for Logistics, and Skillfast UK.**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the sub-sectors with the highest share of employee jobs in Thames Valley are:

- *8511: Hospital activities* (3.9 per cent of total employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (3.7 per cent)
- *7222: Other software consultancy and supply* (3.7 per cent)
- *6420: Telecommunications* (two per cent)
- *8532: Social work activities without accommodation* (1.9 per cent)

The four digit SIC data for Thames Valley highlights some specific industries which have a comparatively high representation in Thames Valley in relation to the South East. These are:

- *7222: Other software consultancy and supply* - 3.7 per cent of total employee jobs compared to 2.3 per cent in the South East as a whole
- *6420: Telecommunications* - 2 per cent compared to 1 per cent in the South East.
- *5552: Catering* - 1.7 per cent compared to 1.3 per cent in the South East as a whole
- *6024: Freight transport by road* - 1.2 per cent compared to 0.9 per cent in the South East.
- *6312: Storage and warehousing* - 0.6 compared to 0.4 in the South East.

The Thames Valley has a slightly lower proportion of its employees in the priority sectors than other LSCs, but due to its size, still has significant numbers employed in these sectors. The Thames Valley has a significantly high share of employees in the e-skills UK sector, largely due to the high share within Berkshire.

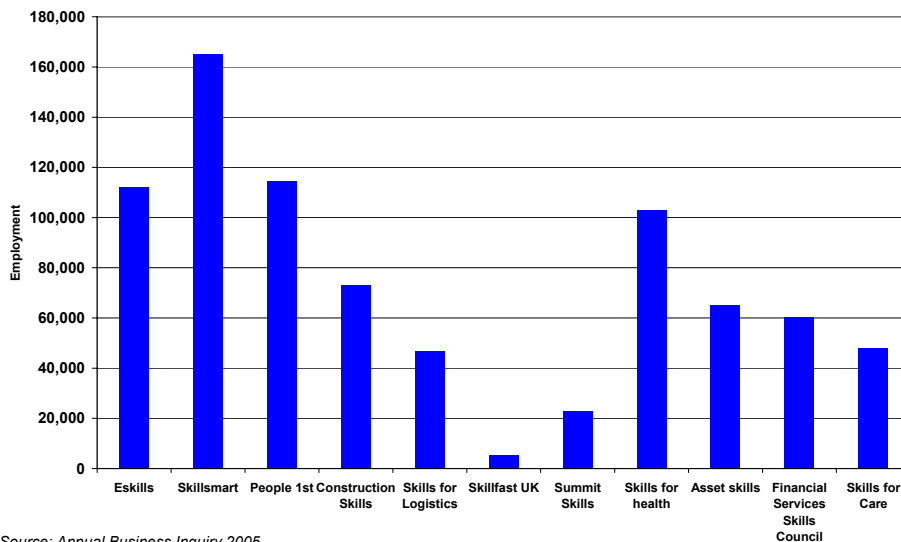
Inner South East

Data from the Annual Business Inquiry shows that the Inner South East sub-regional area, as defined in the South East Regional Economic Strategy has a total of 1,643,000 employee jobs, 44 per cent of the regions workforce, making it the largest of the three sub regions in employment terms.¹² Employee jobs in the 11 top scoring SSC sectors in the regional sector prioritisation framework account for half of total employee jobs in the Inner South East.

Employment by SSC

The 11 top scoring SSC sectors, i.e. those scoring above average in the regional sector prioritisation framework, account for 817,500 employees in the Inner South East. Figure 15 presents these employees by SSC sector.

Figure 15: Employee jobs in the priority sectors in the Inner South East, 2005.



Source: Annual Business Inquiry 2005

The SSCs with the largest employment in Inner South East are:

- Skillsmart Retail, the SSC for the retail sector, which accounts for 165,000 employees;
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector, which employs 114,500 in the Inner South East, and
- e-skills UK, the SSC for the IT sector, which employs 112,000 in the sub region.

These three priority SSCs alone account for almost a quarter of all employees in the Inner South East, making them key sectors within the sub region.

¹² Inner South East is made up of South Buckinghamshire, Wycombe, Oxford, South Oxfordshire, Bracknell Forest, Reading, Slough, Windsor & Maidenhead, Wokingham, Elmbridge, Epsom & Ewell, Guildford, Mole Valley, Reigate & Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Woking, Basingstoke & Deane, Hart, Rushmoor, Crawley, Mid Sussex, Sevenoaks, Aylesbury Vale, and Milton Keynes.

Employment share

Figure 16 presents the share of total Inner South East employees contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employees in the Inner South East in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs sub regional share of employees by its regional share.

Figure 16: Employment Location Quotients for Inner South East

SSC	Share of total employee jobs	Share of South East employee jobs	ELQ
e-skills UK	6.8	4.5	1.51
Skillsmart Retail	10.1	11.3	0.89
People 1st	6.9	7.3	0.95
Construction Skills	4.5	3.2	1.41
Skills for Logistics	2.8	2.8	1.00
Skillfast UK	0.2	0.3	0.67
Summitskills	1.3	1.4	0.93
Skills for Health	6.3	6.9	0.91
Asset Skills	4.0	3.7	1.08
Financial Services Skills Council.	3.7	3.4	1.09
Skills for Care	2.9	4	0.73

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in the Inner South East which have an ELQ of below 1, indicating that the SSCs are underrepresented in the Inner South East sub region compared to the South East as a whole, are **Skillsmart Retail, People 1st, Skillfast UK, Summit Skills, Skills for Health, and Skills for Care.**
- **Skills for Logistics** has an ELQ equal to 1, indicating that this SSC has the same proportion of total employment in the Inner South East as in the region as a whole.
- Those SSCs which have an ELQ of above 1 and are therefore well represented in the Inner South East compared to the South East are **e-skills UK, Construction Skills, Asset Skills and the Financial Services Skills Council.**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the sub-sectors with the highest share of employee jobs in the Inner South East are:

- *8511: Hospital activities* (4.3 per cent of total employee jobs)
- *7222: Other software consultancy and supply* (3.6 per cent)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (3.6 per cent)
- *5530: Restaurants* (2 per cent)
- *7470: Industrial cleaning* (2 per cent)

The four digit SIC data for the Inner South East highlights some specific industries which have a comparatively high representation in the Inner South East in relation to the South East. These are:

- *4512: Test drilling and boring* - 1.6 per cent of total employee jobs in the Inner South East compared to zero per cent in the South East as a whole.
- *7222: Other software consultancy and supply* - 3.6 per cent compared to 2.3 per cent.
- *4532: Insulation work activities* - 0.5 per cent compared to zero per cent in the South East.
- *4525: Other construction work involving special trades* - 0.7 per cent compared to 0.3 per cent in the South East.
- *6420: Telecommunications* - 1.4 per cent compared to one per cent in the South East.

The Inner South East is well represented by the priority sectors and has significantly large shares of employees in industries covered by e-skills UK and Construction Skills. In terms of numbers, its largest sector is Skillsmart Retail, although the proportion of employees in this sector is slightly below that in the region as a whole.

Coastal South East

Data from the Annual Business Inquiry shows that the Coastal South East sub-regional area, as defined in the South East Regional economic Strategy has a total of 1,220,000 employee jobs, 32 per cent of the South East total.¹³ Employment in the SIC codes that make up the priority SSC sectors as identified in the regional sector prioritisation account for 52% of total employee jobs in the sub region.

Employment by SSC

In the Coastal South East, employee jobs in the priority SSC sectors total 638,400. Figure 17 shows the numbers in each of the 11 key SSC sectors in the sub region.

Figure 17: Employee jobs in the priority sectors in the Coastal South East, 2005.

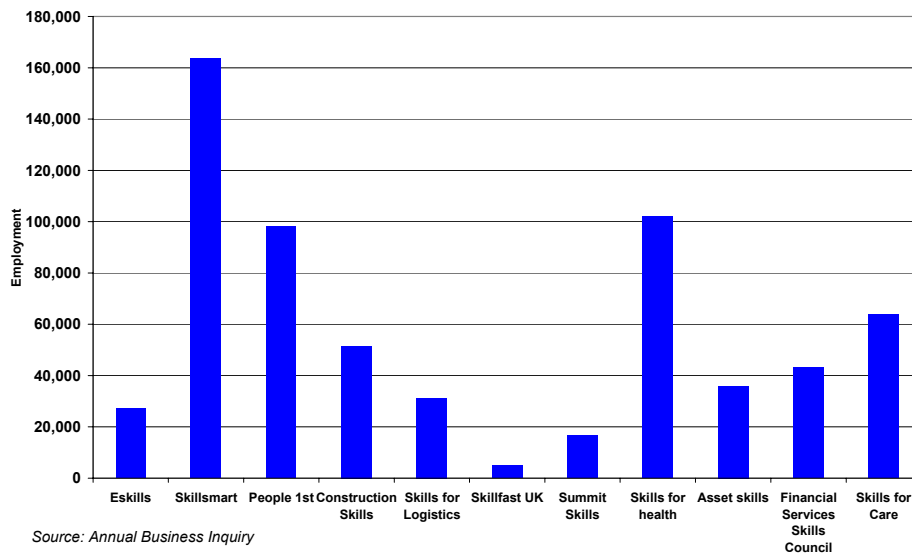


Figure 17 shows that Skillsmart Retail, the SSC for the Retail sector, has by far the largest number of employees- almost 164,000- 13 per cent of all employment in the sub region. The other SSCs with high numbers of employees are:

- Skills for Health, which employs 102,000 in the sub region, and
- People 1st, which employs 98,000 in the sub region.

¹³ Coastal South East is made up of Eastleigh, Fareham, Gosport, Havant, Portsmouth, Southampton, Isle of Wight, Adur, Arun, Worthing, Brighton & Hove, Eastbourne, Hastings, Lewes, Canterbury, Dartford, Dover, Gravesham, Shepway, Swale, Thanet, Medway Towns, and Ashford.

Employment share

Figure 18 presents the share of total Coastal South East employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employment in the Coastal South East in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employee jobs by its regional share.

Figure 18: Employment Location Quotients for Coastal South East

SSC	Share of total employee jobs	Share of South East employee jobs	ELQ
e-skills UK	2.2	4.5	0.49
Skillsmart Retail	13.4	11.3	1.19
People 1st	7.9	7.3	1.08
Construction Skills	4.2	3.2	1.31
Skills for Logistics	2.6	2.8	0.93
Skillfast UK	0.3	0.3	1.00
Summitskills	1.3	1.4	0.93
Skills for Health	8.4	6.9	1.22
Asset Skills	3.0	3.7	0.81
Financial Services Skills Council.	3.6	3.4	1.06
Skills for Care	5.2	4	1.30

Source: Annual Business Inquiry 2005

The ELQ data shows:

- Those SSCs in Coastal South East which have an ELQ of below 1, indicating that the SSCs are underrepresented in the Coastal sub region compared to the South East, are **e-skills UK, Skills for Logistics, Summit Skills, and Asset Skills,**
- **Skillfast UK**, the SSC for apparel, footwear, textiles & related businesses in the Coastal South East has an ELQ equal to 1 indicating that this SSC has the same proportion of total employment in the Coastal South East as in the region as a whole.
- Those SSCs which have an ELQ of above 1 and are therefore well represented in the Coastal South East compared to the South East are **Skillsmart Retail, People 1st, Construction Skills, Skills for Health, Financial Services Skills Council and Skills for Care.**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the SIC codes with the highest share of employee jobs in the Coastal South East are:

- *8511: Hospital activities* (5.9 per cent of employee jobs)
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* (4.7 per cent)
- *8531: Social work activities with accommodation* (2.7 per cent)
- *5530: Restaurants* (2.6 per cent)
- *8532: Social work activities without accommodation* (2.5 per cent)

The four digit SIC data for the Coastal South East highlights some specific sub-sectors which have a comparatively high representation in the Coastal South East in relation to the South East. These are:

- *4512: Test drilling and boring* - 1.5 per cent of employee jobs in the Coastal South East compared to zero per cent in the South East as a whole.
- *8511: Hospital activities* - 5.9 per cent in the Coastal South East compared to 4.6 per cent in the South East region.
- *8531: Social work activities with accommodation*- Social work activities with accommodation - 2.7 per cent compared to 1.9 per cent in the South East as a whole.
- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating* - 4.7 per cent compared to 4.1 per cent in the Coastal South East.

The Coastal South East is well represented in many of the priority sectors, although it is significantly under represented in the e-skills UK sector, which has less than half the percentage of employees as the South East.

Rural South East

Data from the Annual Business Inquiry shows that the Rural South East sub-regional area has around 899,000, employee jobs, 24 per cent of employee jobs in the South East.¹⁴ Employment in the SIC codes that make up the 11 priority SSC sectors, i.e. those that scored above average in the regional sector prioritisation framework, account for half of total employee jobs in the sub region.

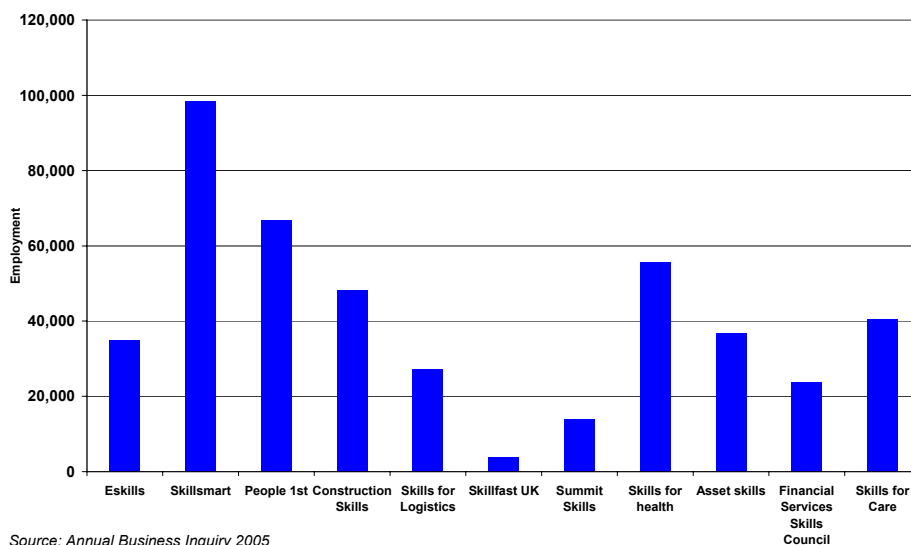
Employment by SSC

In Rural South East, employee jobs in the 11 priority sectors totals 450,400. Figure 19 shows the numbers employed in the 11 key sectors:

The SSC sectors with the largest number of employee jobs in Rural South East are:

- Skillsmart Retail, the SSC for the retail sector, which employs 98,500 in the Rural South East.
- Skills for Health, the SSC for the health sector, which employs 55,500, and
- People 1st, the SSC for the hospitality, leisure, travel and tourism sector which employs 67,000.

Figure 19: Employee jobs in the priority sectors in the Rural South East, 2005.



Source: Annual Business Inquiry 2005

¹⁴ Rural South East is made up of the districts of Chiltern, Cherwell, Vale of White Horse, West Oxfordshire, West Berkshire, Waverley, East Hampshire, New Forest, Test Valley, Winchester, Chichester, Horsham, Rother, Wealden, Maidstone, Tonbridge & Malling, and Tunbridge Wells.

Employment share

Figure 20 presents the share of total Rural South East employee jobs contained in each of the priority SSC sectors. It also shows Employment Location Quotients for each sector to identify those that represent a proportionally large share of employment in the Rural South East in relation to their share in the South East as a whole. ELQs are calculated by dividing the SSCs local share of employment by its regional share.

Figure 20: Employment Location Quotients for Rural South East

SSC	Share of total employee jobs	Share of South East employee jobs	ELQ
e-skills UK	3.9	4.5	0.87
Skillsmart Retail	10.9	11.3	0.96
People 1st	7.4	7.3	1.01
Construction Skills	5.5	3.2	1.72
Skills for Logistics	3.1	2.8	1.11
Skillfast UK	0.5	0.3	1.67
Summitskills	1.7	1.4	1.21
Skills for Health	6.2	6.9	0.90
Asset Skills	4.1	3.7	1.11
Financial Services Skills Council.	2.7	3.4	0.79
Skills for Care	4.5	4	1.13

Source: Annual Business Inquiry 2005

Compared to the South East region, Construction Skills and Skillfast UK have significantly higher total employment shares than the region as a whole. Construction Skills accounts for 5.5 per cent of employment in the rural sub region compared to three per cent in the region as a whole while Skillfast UK accounts for 0.5 per cent of employment in the sub region compared to 0.3 per cent in the region as a whole.

The ELQ data shows:

- Those SSCs in Rural South East which have an ELQ of below 1, indicating that the SSCs are underrepresented in Berkshire compared to the South East, are **e-skills UK, Skillsmart Retail, Skills for Health, and Financial Services Skills Council**.
- Those SSCs which have an ELQ of above 1 and are therefore well represented in the Rural South East compared to the South East are **People 1st, Construction Skills, Skills for Logistics, Skillfast UK, Summit Skills, Asset Skills, and Skills for Care**

Breaking down the SSCs into their constituent four digit level SIC codes shows that the sub-sectors with the highest share of employee jobs in the Rural South East are:

- *5211: Retail sale in non-specialised stores with food, beverages or tobacco predominating (4.4 per cent of employee jobs)*
- *8511: Hospital activities (3.5 per cent)*
- *5540: Bars (2.4 per cent)*
- *8532: Social work activities without accommodation (2.4 per cent)*
- *8531: Social work activities with accommodation (2.1 per cent)*

The four digit SIC data for the Rural South East highlights some specific SIC codes which have a comparatively high representation in the Rural South East in relation to the South East. These are:

- *4512: Test drilling and boring* - 2 per cent in the Rural South East compared to zero per cent in the South East as a whole.
- *4532: Insulation work activities* - 0.5 per cent compared to zero per cent in the region as a whole.
- *4524: Construction of water projects* - 0.4 per cent compared to zero per cent in the South East.
- *4525: Other construction work involving special trades* - 0.7 per cent compared to 0.3 per cent in The South East.
- *5540: Bars* - 2.4 per cent compared to two per cent in the South East.

The Rural South East Sub region is well represented in terms of the priority sectors. Like many of the other local and sub regional areas discussed, Skillsmart Retail is the largest sectors in terms of employee jobs, however unlike many other areas discussed, two sectors which have a significantly high share of total employee jobs are Construction Skills and Skillfast UK, the SSC for apparel, footwear and textiles.



Appendix C

Sector Skills Council definitions

About the SSCs

Sector Skills Councils (SSCs) are independent, UK wide organisations developed by groups of influential employers in industry or business sectors of economic or strategic significance. SSCs are employer-led and actively involve trade unions, professional bodies and other stakeholders in the sector. SSCs are licensed by the Secretary of State for Education and Skills, in consultation with Ministers in Scotland, Wales and Northern Ireland, to tackle the skills and productivity needs of their sector throughout the UK. By the end of 2005 there was a network of 25 SSCs covering 85 per cent of the workforce.

SSCs give responsibility to employers to provide leadership for strategic action to meet their sector's skills and business needs. In return they receive substantial public investment and greater dialogue with government departments across the UK. This will enable sector employers to have a far greater impact on policies affecting skills and productivity, and increased influence with education and training partners.

Each SSC agrees sector priorities and targets with its employers and partners to address four key goals:

- Reducing skills gaps and shortages
- Improving productivity, business and public service performance
- Increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities
- Improving learning supply, including apprenticeships, higher education and national occupational standards

Good quality sectoral labour market data and, crucially, interpretation and analysis of data (i.e. adding intelligence to the information) is vital to the success of each SSC. This is in terms of being able to articulate specific employer skills needs to key stakeholders and providers; making provision more responsive, relevant and tailored; furthering the understanding of sector skill needs to employers and other partners; and developing the influence of the SSC itself.

Asset Skills

Asset Skills is the Sector Skills Council for property, housing, cleaning and facilities management. The sector includes:

- property managers;
- residential estate agents;
- caretakers;
- facilities management professionals;
- cleaners;
- town planners; and
- letting agents and housing managers.

Asset Skills covers the Standard Industrial Classification (SIC) Codes 70 and 74.7.

www.assetskills.org

Automotive Skills

Automotive Skills is the Sector Skills Council for all businesses and people involved in the sale, maintenance and repair, daily rental and operating leasing of new and used vehicles and associated parts and accessories.

The sector comprises:

- providers of servicing, maintenance, repair and valeting services;
- bodyshops (repairers, rebuilders and refinishers);
- vehicle inspection and MOT testing;
- specialist sellers and fitters of parts;
- accessories, and motor fuels;
- vehicle rental, leasing and fleet management and insurance; and
- roadside assistance and recovery.

Automotive Skills covers SIC codes 50 (excluding 50.5) and 71.1.

www.automotiveskills.org.uk

Cogent

Cogent is the Sector Skills Council for chemicals, nuclear, oil and gas, petroleum and polymers. The SSC covers five industry groupings, which share a common foundation - science and technology. The groupings are:

- oil and gas extraction;
- nuclear and radiological technology;
- chemicals manufacturing;
- petroleum industry; and
- polymers.

Cogent covers SIC codes 11, 23 to 25 (excluding 24.3, 24.64, 24.7, 25.11 and 25.12) and 50.5.

www.cogent-ssc.com

ConstructionSkills

ConstructionSkills is the Sector Skills Council for the construction industry and covers a wide range of sectors in the development and maintenance of the built environment, including:

- house building (public and private);
- infrastructure (roads, railways and utilities);
- non-residential building in the private sector (schools and colleges, hospitals, offices);
- industrial building by the private sector (factories, warehouses); and
- commercial building by the private sector (offices, shops, entertainment, health and education).

Additionally, the sector covers maintenance and repair work in all sectors. The sector also covers the renting of construction machinery and professional and design work in consultancies (engineering, architecture and surveying).

ConstructionSkills covers SIC codes 45 (excluding 45.31 and 45.33) and 74.2.

www.constructionskills.net

Creative and Cultural Skills

Creative and Cultural Skills is the Sector Skills Council for those involved in arts, cultural heritage and craft and design. The sub-sectors covered are:

- the arts - music, performing arts, visual arts and literary arts;
- cultural heritage - museums, galleries and heritage organisations;
- craft - including designer makers of contemporary crafts, covering over 50 specialist trades and occupations; and
- design - specialist consultancies covering graphic, spatial and domestic products.

Creative and Cultural Skills covers SIC codes 22.14, 22.31, 36.22, 36.3, 74.4, 92.31, 92.32, 92.34, 92.4 and 92.52.

www.ccskills.org.uk

e-skills UK

e-skills UK is the Sector Skills Council for information technology, telecommunications and contact centres and is responsible for developing the quality and quantity of professional skills of:

- the IT industry
- IT professionals working in all industries and Telecommunications; and
- contact centres dedicated to outsourced services and contact centres operating within all industries.

e-skills UK covers SIC codes 22.33, 64.2, 72 and 74.86, which cover:

- reproduction of recorded media;
- telecommunications;
- computer consultancy, data processing, data base activities and maintenance; and
- call centre activities.

These codes do not cover IT and Telecoms manufacturing.

www.e-skills.com

Energy and Utility Skills

Energy and Utility Skills is the Sector Skills Council for electricity and renewables, gas, waste management and water industries. It represents:

- generation, transmission and distribution of electricity, combined heat and power;
- production and distribution of gas and water; and
- removal of waste water and treatment of waste products.

These industries cover a range of fundamental services that are vital to a successful UK economy and are key to the attainment of environmental targets on water quality, fuel utilisation and waste management.

Energy and Utility Skills cover SIC codes 37, 40.1, 40.2, 41, 60.3, 90.01 and 90.02.

www.euskills.co.uk

Financial Services Skills Council

Financial Services Skills Council is the Sector Skills Council for the financial services sector. It includes:

- banks, building societies and central banking;
- leasing;
- credit unions, factoring and other credit granting organisations;
- investment, unit trusts and venture capital;
- life insurance, non-life insurance (general insurance) and insurance brokers;
- administration of financial markets;
- pension funding;
- independent financial advisers and tied financial advisers;
- unit trust and investment trust companies;
- fund managers, asset managers and pension management; and
- securities and derivatives traders.

Financial Services Skills Council covers SIC codes 65, 66 and 67.

www.fssc.org.uk

GoSkills

GoSkills is the Sector Skills Council for passenger transport, which includes:

- aviation (airports, operators and ground services);
- chauffeurs and coaches;
- community bus services;
- driving instructors;
- private hire vehicles;

- scheduled bus services;
- taxis;
- trams; and
- transport planners.

GoSkills covers SIC codes 60.1, 60.21, 60.22, 60.23, 61.1, 61.2, 62.1, 62.2, 63.21, 63.22, 63.23 and 80.41.

www.goskills.org

Government Skills

Government Skills is the Sector Skills Council for central government. The sector includes:

- government departments;
- executive agencies;
- non-departmental public bodies; and
- armed forces

Government Skills covers SIC codes 75.1, 75.21, 75.22 and 75.3.

www.government-skills.gov.uk

Improve Ltd.

Improve Ltd. is the Sector Skills Council for food and drink, which represents employers operating in all sectors of the food and drink manufacturing and processing industry. The sector includes:

- sea fishing;
- craft bakery;
- meat and poultry;
- dairy; and
- general food and drink.

Improve Ltd. covers SIC codes 15 and 51.38.

www.improveltd.co.uk

Lantra

Lantra is the Sector Skills Council for the environmental and land-based sector. This includes:

- agricultural livestock and crops;
- animal care;
- animal technology;
- aquaculture;

- environmental conservation;
- equine;
- farriery;
- fencing;
- fisheries management;
- floristry;
- trees and timber;
- game conservation;
- land-based engineering;
- landscaping;
- productive horticulture; and
- veterinary nursing.

Lantra covers SIC codes 01, 02.01, 02.02, 05.02, 20.1, 51.88, 85.2 and 92.53.

www.lantra.co.uk

Lifelong Learning UK

Lifelong Learning UK is the Sector Skills Council for community based learning and development, further education, higher education, library and information services and work-based learning.

Lifelong Learning UK covers SIC codes 80.22, 80.3, 80.42 and 92.51.

www.lifelonglearninguk.org

People 1st

People 1st is the Sector Skills Council for the hospitality, leisure, travel and tourism sector, representing employers of all sizes in the following industries:

- hotels;
- pubs, bars and nightclubs;
- membership clubs;
- gambling;
- tourist services;
- youth hostels;
- self-catering accommodation;
- restaurants;
- contract food service providers;
- events;
- travel services;

- visitor attractions;
- holiday parks; and
- hospitality services.

People 1st covers SIC codes 55.1, 55.21, 55.23, 55.3-55.5, 63.3, 92.33 and 92.71.

www.people1st.co.uk

Proskills

Proskills is the Sector Skills Council for the process and manufacturing sector. The sector includes:

- coatings;
- extractives;
- glass;
- building products; and
- printing.

Proskills covers SIC codes 10, 12 to 14, 21.24, 22.2, 24.3, 26.1, 26.26, 26.4-8 and 40.3.

www.proskills.co.uk

SEMTA

SEMTA is the Sector Skills Council for science, engineering and manufacturing technologies and represents the sectors of:

- aerospace;
- electrical engineering;
- electronics, including semi-conductors;
- mechanical engineering and metal trades;
- motor vehicles;
- shipbuilding;
- biotechnology;
- nanotechnology;
- mathematics; and
- forensic science.

SEMTA covers SIC codes 25.11, 25.12, 27 to 35 inclusive, 51.52, 51.57 and 73.10.

www.semta.org.uk

Skillfast-UK

Skillfast-UK is the Sector Skills Council for apparel, footwear, textiles and related businesses. Its remit covers a wide variety of activities, including:

- production of raw materials e.g. leather production;
- manufacture of apparel, footwear, textiles and fibres;
- servicing of apparel, footwear and textile products e.g. dry cleaning and shoe repair;
- design activities related to apparel, footwear and textiles; and
- trading in apparel, footwear and textile products, including specialist wholesale activities and activities of brand-driven holding companies.

Skillfast-UK covers SIC codes 17, 18, 19, 24.7, 51.16, 51.24, 51.41, 51.42, 52.71 and 93.01.

www.skillfast-uk.org

Skills for Care and Development

Skills for Care and Development is the Sector Skills Council for social care, children and young people. Social care policy is fully devolved to each of the four countries. The scope of the sector is defined by legislation in each of the countries, with some differences for the devolved administrations. The current scope of the sector is:

- children's homes;
- care homes;
- domiciliary care and support agencies;
- day centres and services;
- social work;
- fostering agencies and services, and foster carers;
- nurse agencies; and
- adoption services.

Skills for Care and Development covers SIC code 85.3.

www.skillsforcareanddevelopment.org.uk

Skills for Health

Skills for Health is the Sector Skills Council that represents the four UK health departments, all key stakeholders within the health sector, and has close-working relationships with similar bodies working in related sectors.

Skills for Health covers SIC code 85.1.

www.skillsforhealth.org.uk

Skills for Justice

Skills for Justice is the Sector Skills Council for custodial care, community justice and police, in public, private and voluntary organisations.

Skills for Justice covers SIC codes 75.23 and 75.24.

www.skillsforjustice.com

Skills for Logistics

Skills for Logistics is the Sector Skills Council for the logistics sector. The sector covers:

- freight transport by road;
- storage and warehousing;
- activities of other transport agencies;
- courier services;
- airfreight;
- rail freight;
- freight inland; and
- sea and coastal water transport

Skills for Logistics covers SIC codes 60.24, 63.1, 63.4 and 64.1.

www.skillsforlogistics.org

SkillsActive

SkillsActive is the Sector Skills Council for active leisure and learning. The sector covers:

- sport;
- recreation;
- children's play;
- health and fitness;
- outdoor education;
- training;
- caravans; and
- adventure

SkillsActive covers SIC codes 55.22, 92.6 and 93.04.

www.skillsactive.com

Skillset

Skillset is the Sector Skills Council for the audio-visual industries. The sector covers:

- broadcast;
- film;
- video;
- interactive media; and
- photo imaging.

Skillset covers SIC codes 22.32, 24.64, 74.81, 92.1 and 92.2.

www.skillset.org

Skillsmart Retail

Skillsmart Retail is the Sector Skills Council for the retail sector, established in 2002 and includes:

- supermarkets, department stores and corner shops;
- specialist food, drink and tobacco stores;
- specialist retailers of goods including textiles, clothing, footwear and leather, furniture, electrical, hardware, books and stationary, floor coverings and photographic equipment;
- antique retailers; and
- markets and mail order.

Skillsmart Retail covers SIC codes 52.1 to 52.6.

www.skillsmartretail.com

SummitSkills

SummitSkills is the Sector Skills Council for the electrotechnical, heating, ventilating, air conditioning, refrigeration and plumbing industries. The sector covers:

- design, installation and maintenance of electrotechnical heating, ventilation, air conditioning, refrigeration and plumbing; and
- oil and gas fitting design, installation and maintenance.

SummitSkills covers SIC codes 31.1, 31.62, 33.3, 45.31, 45.33, and 52.72.

www.summitskills.org.uk



Appendix D

Understanding the Regional Sector Classification

Understanding the Regional Sector Classification

All educational provision funded by the LSC is recorded on an Individualised Learner Records (ILR) by the learning providers who deliver it. Learning activities, referred to as learning aims, are individually captured on this record and assigned a unique number through the Learning Aims Database (LAD) which is administered by the LSC. A learning aim can be anything from an NVQ to college developed and certificated provision.

To assess the uptake and performance of learning provision relevant to particular sectors the learning aims within the LAD can be classified. The resulting categories of learning aims, deemed comparable in the skills they are designed to impart, are used to give an overview of the volume and quality of provision for a given area of learning.

Several learning aim classifications are regularly used by the LSC and partner organisations, the main being:

- Sector Subject Area – developed jointly between the LSC, QCA and other partners, this two tier category is used regularly to report on sectoral delivery.
- Learning Direct Classification System (LDCS) – based on the old Superclass 2 categories, the LDCS were first published in 1999 and subsequently revised. They are the most detail well established category currently available.

There are inherent difficulties in assigning learning aims to a given sector. Some are easily classified but others may be rightly assigned as relevant to more than one, or no, sector or Sector Skills Council (SSC). For the purposes of this report a classification developed internally by the LSC (referred to in this report as the Regional Classification) was used for its comparability to defined Sector Skills Council footprints. This classification was applied to all LSC funded activity (Adult and Community Learning, European Social Fund, Further Education and Work Based Learning) to obtain the figures displayed in the report. Those learning aims that were not identifiable as relevant to a particular sector were not included.



Appendix E:
Understanding Experian's regional
employment forecasts

Understanding Experian's regional employment forecasts

We adopt a combination of 'top-down and bottom-up' approaches to produce forecasts at the regional (GOR) levels. At all stages, the national macroeconomic forecast is the main control, followed by the regional forecast.

The starting point for our forecasts is a very wide range of historical economic data that is collected at a highly disaggregated level and covers all the major economic indicators. The majority of this data come from the Office of National Statistics (ONS), formerly the CSO (Central Statistical Office) and OPCS (Office of Population Censuses and Statistics). Data also come from a number of other sources including the Labour Force Survey, the CBI's survey of manufacturing industries, and the European Commission's survey of consumer confidence.

National forecasts

The historical data describe the historical performance of the UK economy. Two areas of effort are then required. The first is to ensure that the data are consistent with one another as data from different sources are invariably of different vintages. Furthermore, official data are frequently revised in the light of new information.

The second exercise is the construction of equations that represent the historical pattern of relationships between the many indicators involved. Each equation explains the performance of a particular indicator in terms of a number of other indicators. There is an equation for all the major indicators at the national level. In principle, everything is related to everything else.

The short-term forecast is driven entirely by demand factors. The longer-term forecast is shaped by supply-side factors. Assumptions are made for population growth, changes in participation rates and productivity growth, enabling us to generate a forecast for potential GVA growth over the course of the cycle. We then use our input-output model to generate long-term output forecasts for the 30 industry sectors (SIC92).

Regional forecasts

In common with the national model, at the regional level the short-term forecast is driven by demand factors. A series of equations are constructed which explain the performance of that indicator in a region in terms of a number of other regional and national level indicators. We use a regional input-output model to capture the impact of changes in one region on other regions.

We adopt a 'bottom up' approach to produce long-term forecasts for regions. The long-term county model (see section 4.3) is used to generate county shares of national employment. These are county estimates are aggregated to regions, and together with assumptions about regional productivity, determine the shape of the long-term regional forecast.

The short-term and long-term models are then brought together, and the results constrained to the UK view, to produce an initial regional forecast. This is inspected and adjusted by regional and sector experts both internal and external to the company. Alterations are made for significant pieces of inward investment, or infrastructure development, or changes to European funding, in the form of "add factors". A new forecast is then produced, which is again subject to rigorous inspection. This process continues until those ultimately responsible for the forecast are satisfied with the results.



Appendix F

Executive Summary of the 2006 South East Sector Prioritisation report

2006 South East Sector Prioritisation Report - Executive Summary

- Step Ahead Research was commissioned to revise, update and extend the South East Sector Skills Prioritisation Framework, first developed in 2004/5 for the Regional Skills for Productivity Alliance, building on the positive outcomes of this work.
- This project aimed to further develop the Framework in order to provide the South East LSCs, SEEDA and partners with a robust 'tool' to enable them to:
 - respond effectively and consistently to the emerging Sector Skills Agreements;
 - articulate the evidence in a meaningful way to the 'supply side' so that provision can respond to the identified needs;
 - highlight where SSCs could potentially work together to tackle a common generic or occupational skills need;
 - inform sub-regional sector skills prioritisation and provision planning
- The project made significant progress against all of these objectives, resulting in the development of a suite of tools that can be used to underpin evidence-based decision-making in the South East. As this project was mainly concerned with developing the evidence-base, there are relatively few direct recommendations made about sector priorities. This is the role of regional and local partnerships to determine, guided by this report and supported by local knowledge.
- However, the updated Framework confirmed the evidence for the regional priority sectors agreed by the Regional Alliance last year. These are (in no particular order):
 - Health and Social Care
 - Construction
 - Manufacturing/Engineering
 - Wholesale and Retail
 - Real estate, renting and business activities
- For each priority sector, the report identifies some of the key occupations to be considered when planning workforce development activity.
- The research also found that the regional priority sectors apply equally at sub-regional level, although there is variation in their relative importance.
- The updated Framework also added to the evidence base by identifying the sub-sectors of particular importance within the regional priority sectors. Of these, IT services stood out as the most significant sub-sector in the regional economy. Four out of the top six sub-sectors in terms of relative concentration in the South East are within the business services sector.
- The research also identified differences in the sub-sectors of particular importance in local areas. Local Alliances may wish to consider this new evidence when reviewing local priority sectors.
- This report has also mapped the SSCs whose footprints overlap with the regional priority sectors identified in this study, and highlighted where SSCs could consider working together to tackle a common skills need.
- We detail progress made towards developing a fully functional 'provision planning tool' for the region. Next steps in the development of the tool are identified.



Appendix G

About us

Who we are

Experian's Business Strategies Division

Experian's Business Strategies Division provides an understanding of consumers, markets and economies in the UK and around the world, past, present and future. Its focus is consumer profiling and market segmentation, retail property analysis, economic forecasting and public policy research, supporting businesses, policy makers and investors in making tactical and strategic decisions. As part of the Experian group, it has access to a wealth of research data and innovative software solutions. The division's economic research team is devoted to analysing national, regional and local economies for a range of public and private sector clients. Its statisticians, econometricians, sociologists, geographers, market researchers and economists carry out extensive research into the underlying drivers of social, economic and market change.

For more information, visit www.business-strategies.co.uk

Experian

Experian is a global leader in providing information, analytical and marketing services to organisations and consumers to help manage the risk and reward of commercial and financial decisions.

Combining its unique information tools and deep understanding of individuals, markets and economies, Experian partners with organisations around the world to establish and strengthen customer relationships and provide their businesses with competitive advantage.

For consumers, Experian delivers critical information that enables them to make financial and purchasing decisions with greater control and confidence.

Clients include organisations from financial services, retail and catalogue, telecommunications, utilities, media, insurance, automotive, leisure, e-commerce, manufacturing, property and government sectors.

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