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# Skills for Employability and Growth

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A Strategy and Action Plan for the Partnership for Urban South Hampshire (PUSH)



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## Our Vision

*By 2026, the PUSH area will be a highly productive and dynamic economy and a cohesive and prosperous society driven by a talented and growing workforce. Adult learning and skills development will play a driving role in increasing productivity and reducing economic inactivity by raising workforce skills.*

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# Contents

Foreword ( <i>to be completed by the LSC</i> ).....	i
Executive summary.....	ii
Introduction .....	1
The key assumptions behind economic growth in Urban South Hampshire.....	4
The wider strategic context.....	9
The strategic framework .....	19
Developing the framework and transformational actions.....	21
Targets, delivery and action planning .....	54
ANNEX A: GVA per employee in growth sector scenarios	
ANNEX B: Growth SIC Analysis (Summary)	
ANNEX C: Strategic Employment Sites in South Hampshire	
ANNEX D: Growth sectors (SIC) ranking by local authority	
ANNEX E: Case studies from across Urban South Hampshire	

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**Foreword** *(to be completed by the LSC)*

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# Executive summary

## The PUSH challenge for economic growth

The Partnership for Urban South Hampshire (PUSH) is committed to substantial economic and productivity growth over the next two decades. This translates to a Gross Value Added (GVA) growth scenario of 3.5% per annum by 2026, an ambitious target given historical growth trends. Absolutely key to the growth model is a commitment to Smart Growth. This will be achieved, inter alia, through higher employment rates and enhanced business productivity. Improved skills – across the existing and the potential workforce – are intrinsically important to both.

At the same time, partners – from the private, public and third sectors – must position themselves for the future, recognising that the structure of the local economy has changed fundamentally over recent decades, and that further on-going restructuring should be anticipated in the years ahead. The intention is that the economy adopts a stronger knowledge-based focus and this in turn will have implications for workforce skills. Equally, it must be recognised that patterns of work are changing radically: home-working is becoming very much more important as are flexible forms of employment, and – because of issues relating both to pensions and life expectancy – more people are either choosing or being encouraged to work well into their 60s and beyond.

The Strategy and Action Plan for the PUSH area anticipates and responds to issues of this nature, focusing on both the demand for and supply of learning and skills for employability and growth.

## The role and contribution of the strategy

The Strategy builds upon the work already undertaken and presents a framework for the future adult learning and skills development of PUSH residents. It takes as its foundations the analysis of Urban South Hampshire's strengths, weaknesses, opportunities and threats – and builds on these to provide a framework for future action. It is designed to contribute to the step change in economic performance required for Urban South Hampshire to meet its growth ambitions, sustainably and cohesively. In making this contribution, the Strategy sits alongside the other core areas of activity that compile the area's Economic Development Strategy: Enterprise, Innovation and Business Support, Inward Investment, Employment Land and Employment and Inactivity.

The actions required to stimulate this step change will not replace the substantial level of activity already underway across Urban South Hampshire to meet the specific skills issues and opportunities across the area's 11 Local Authorities. The role of this Strategy is to harness this momentum and, coupled with policy and funding developments, shape and build upon it so that Urban South Hampshire as a whole can meet its objectives.

## The key assumptions behind economic growth in Urban South Hampshire

In early 2007, DTZ Consulting developed and tested a range of growth scenarios for the Urban South Hampshire area, based on the GVA growth of 2.5% per annum, 3% per annum and 3.5% per annum. They were tested with a range of productivity growth assumptions<sup>1</sup> and a preferred target level of GVA growth emerged in line with the 3% per annum trajectory. This was in line with achieving a rate of growth slightly above trend, and in line with other growth forecasts for the South East region - but it also represents a step change for Urban South Hampshire where historically growth rates have lagged behind the regional average.

As reported by DTZ Consulting, meeting the target of GVA growth of 3.5% by 2026 will demand an uplift in GVA per employee above historical trends. In meeting this challenge, we need to target skills-development actions on the employment sectors within Urban South Hampshire offering the greatest potential for growth and high value-added activity. Over the last decade it is the businesses within the following sectors that have experienced the above-trend GVA per employee growth that PUSH needs to nurture and support (Table 1).

Table 1: Employment growth in PUSH growth sectors and associated South East GVA per employee growth

Key growth sectors (SIC)	PUSH Employment 2005*	Change in employment since 1998	South East** GVA per employee 2005 (£)	Change in GVA per employee since 1998
Business & financial services	114,933	33%	£48,195	28%
Construction	29,396	32%	£53,403	73%
Distribution & wholesale	17,159	21%	£59,635	56%***
Health and Social Care	44,576	42%	£12,819***	46%***
Hotels restaurants & catering	39,377	22%	£14,675	30%***
Manufacturing	15,491	34%	£58,444	37%
Retail	60,344	31%	£20,609	29%
Transport	15,821	56%	£47,299	19%

\* Note: Employment totals DO NOT equate to the total employment in each sector, they only represent the employment for growth Standard Industrial Classification codes (SICs) within that sector

\*\* Note: South East GVA data have been taken due to data limitations as smaller geographical scales. The data for the South East matches the two digit SICs identified as growth SICs within PUSH

\*\*\* Note: Health and Social Care, Hotels restaurants & catering, Distribution & wholesale data taken from National ABI statistics due to data limitations

Source: ABI, 2005

Table 2 below sets out three potential scenarios for GVA growth in the PUSH area. Focusing in the growth sectors listed in Table 2, we have estimated the potential uplift in GVA arising from employment growth in these sectors and developed three scenarios illustrating the impact of above trend increases

<sup>1</sup> Economic growth is a product of both employment and productivity increases. DTZ Consulting assumed that employment growth is a more significant contributor over the short to medium term while productivity increases are more significant over the medium to long term. Note that skills are identified as only one of the five drivers of productivity by the Treasury 'Productivity in the UK 5: Benchmarking UK Productivity Performance' (HMT, 2005); hence the importance of the other PUSH strategies in contributing to the achievement of the growth potential of the area.

in GVA per employee. The table also shows the impact on GVA if 10% of economically inactive residents who hold no qualifications but want to work are supported into employment.

The growth model sets a number of clear challenges for the Strategy:

- GVA per employee will need to play a defining role if the GVA growth target is to be achieved; moreover, even in growth sectors, GVA per employee will need to increase by at least 10% above historical growth rates
- GVA from new employment will also be central to meeting the GVA growth target; in order for GVA growth to be maximised it will be important that efforts are made to ensure that new employment opportunities are encouraged in growth and high value-added businesses
- Supporting into work 10% of economically inactive residents holding no qualifications, could generate around £0.5 billion of the £12.8 billion required growth in annual GVA.

Table 2: Scenarios for achieving 3.5% per annum GVA growth by 2026

	Scenario 1 10 % increase in current GVA growth rate	Scenario 2 20% increase in current GVA growth rate	Scenario 3 30% increase in current GVA growth rate
Marginal GVA/employee uplift (£ms)	£4,259	£8,966	£14,171
GVA from new employment (£ms)	£7,362	£7,362	£7,362
GVA from economically inactive into work (£ms)	£439	£439	£439
Totals	£12,060	£16,768	£21,973
DTZ GVA uplift target £ms to achieve 3.5%/annum GVA by 2026	£12,800	£12,800	£12,800
<b>Over/under target of £12.8 billion (£ms)</b>	<b>-£740</b>	<b>+£3,968</b>	<b>+£9,173</b>

Table 3 sets out the forecast skills growth for the growth sectors in Table 1 up to 2026. These forecasts are based upon trend analysis of changes in growth sector skills profiles since 1997. As with the GVA forecasts and linking specifically to the challenge of raising levels of GVA per employee, the forecasts sets a number of challenges for the Strategy:

- There will be significant increases in Level 4 qualifications – which in 2026 will make up almost 40% of the workforce
- Those with Level 2 and Level 3 qualifications will make up 15% and 19% of the workforce respectively, with Level 2 seeing a fall of 1.7% and Level 3 a rise of 2.7% by 2026
- Qualifications below Level 2 and those with no qualifications will fall by 4.7% and 4.4% respectively and together will make up 14% of the workforce by 2026

- Trade Apprenticeships will make up less than 2% of the workforce and will fall by almost 3% by 2026
- Over 11% of the workforce will be made up of those holding other qualifications, a rise of 1.3% by 2026.

Further details of the forecasting data can be found in Annex A, including detailed skills forecasts for each growth sector.

Table 3: Forecast skills growth 2007 – 2026

All Growth Sectors	Total 2007	%	Total 2026	%	Change 2007 - 2026	Percentage point change
Level 4	99,283	29.5%	160,459	38.9%	61,176	9.5%
Level 3	54,334	16.1%	77,497	18.8%	23,164	2.7%
Level 2	57,450	17.0%	63,109	15.3%	5,659	-1.7%
Below Level 2	47,209	14.0%	38,413	9.3%	-8,796	-4.7%
Trade Apprenticeships	14,425	4.3%	6,585	1.6%	-7,840	-2.7%
Other qualifications	33,407	9.9%	46,098	11.2%	12,691	1.3%
None	30,989	9.2%	19,937	4.8%	-11,052	-4.4%
<b>Total</b>	<b>337,097</b>	<b>100%</b>	<b>412,097</b>	<b>100%</b>	<b>75,000*</b>	

\*Note: This total figure excludes the 4,100 employment opportunities forecast by DTZ to be generated in 'other' sectors

The challenge for the Strategy is clear. Skills will have a vital role to play in enabling the Urban South Hampshire area to meet its GVA challenge, but the task is a difficult one. The PUSH area requires a step change in skills levels over the next 20 years if it is to ensure that its businesses' employment profile matches that of Table 3. More than this, however, and recognising the growing investment in Apprenticeships through to 2010/11 and the Government's drive to improve their composition and delivery through the new National Apprenticeship Service (NAS), the Strategy must also work to reverse the forecast decline in Apprenticeships and Level 2 qualifications for the long-term future.

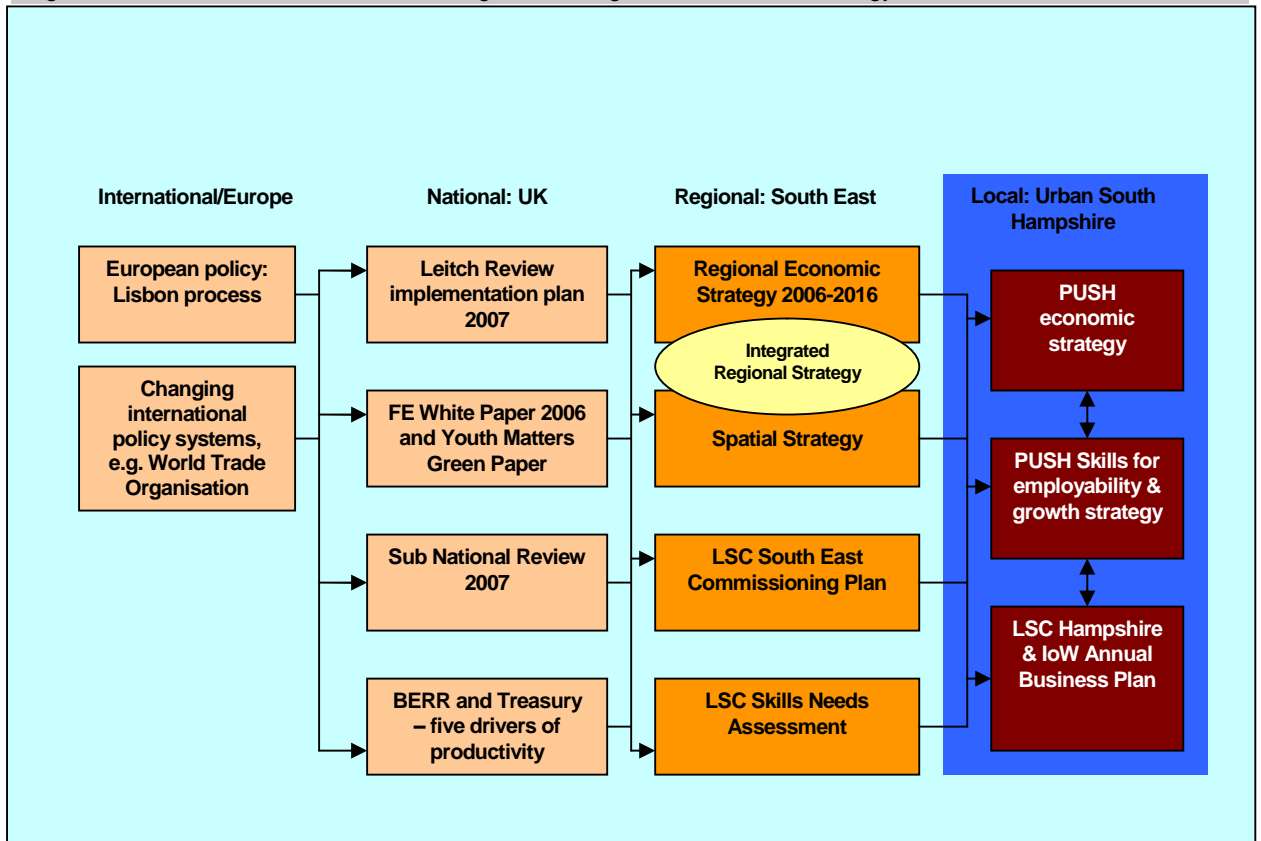
The extent to which these challenges are addressed with targeted actions in the area's most promising growth and high value-added businesses, will be a significant factor in Urban South Hampshire meeting its GVA growth objective.

## The strategic context

The Strategy sits within a complex matrix of other strategies and policy developments. From the European Lisbon process to the three Local Area Agreements, all of these need to be taken into account to ensure that the Strategy can achieve its strategic aims and can drive forward activity in a joined up way. Figure 1 below illustrates where the Strategy fits with wider regional, national and international strategies. It will be essential that the Strategy recognises and builds upon these

strategies. In particular, in 2006, Lord Leitch<sup>2</sup> identified the need to invest in better skills and qualifications for adults in the UK, acknowledging that there are significant weaknesses in the national skills base, especially among working adults, that contribute to the continuing productivity gap that the UK has with its other counterparts. The crux of the Leitch review and its recommendations lay in establishing a ‘demand led’ and partnership approach which translates into engaging with employers and learners effectively in both understanding skills needs and ensuring that the supply of skills is responsive to employer and learner requirements. It also emphasised strongly the need to integrate employment and skills to help people prepare for and face challenges in the labour market.

Figure 1: The international, national and regional strategic context for the Strategy



The Urban South Hampshire area has a number of local strategies focused on delivering skills and employment objectives, which could support the PUSH Strategy and Action Plan. These include the Community Strategies for Hampshire and Portsmouth and the Sustainable Community Strategy for Southampton, which are long-term strategies developed by Local Strategic Partnerships to increase the social, economic and environmental well-being of the respective areas.

There is also a myriad of supporting mainstream plans and strategies informing the Community Strategies and shaping activity delivered through Local Area Agreements. It is within this strategic framework that the Strategy will sit at the local level. Looking forward, the PUSH area status as a pilot area for a Multi Area Agreement (MAA) - the South Hampshire Agreement (SHA) - will also need to link with the Strategy.

<sup>2</sup> Leitch (2006) Prosperity for all in the global economy: world class skills, HM Treasury.

## **The strategic framework and transformational actions**

The strategic framework provides the structure for the transformational actions required for skills to make its contribution Urban South Hampshire's growth target. It therefore identifies the strategic aims required to deliver skills for employability growth– the key objectives required to change the area for the better. Under the strategic aims are transformational actions – these are more practical, and it is by achieving these that the required changes will come about. The framework, presented in summary overleaf, has been developed, refined and validated through extensive consultation with the business community, public bodies and providers in the Urban South Hampshire area.

## **Delivery**

The principle vehicle for taking forward the actions necessary to deliver the Strategy will be the emerging Employment and Skills Board for the PUSH, which will be locked into three Local Area Agreements of Hampshire, Portsmouth and Southampton and the PUSH area's Multi Area Agreement (MAA).

The Strategy is concerned with creating a step change in skills for employability and growth in the area. This will only be achieved if, through the LAAs and supporting partnerships, we can successfully target mainstream public sector resources and private sector leverage to meet the specific needs and opportunities identified in particular employment sectors and local authority areas. Additional Section 106 funds could help boost activity in the areas of most need, but, working with employers, it is the services provided by the LSC, Job Centre Plus, Business Link, and local authorities, and the strategic and commissioning support of SEEDA, that can make the long-term difference to skills development and employment rates in Urban South Hampshire.

**Vision: By 2026, the PUSH area will be a highly productive and dynamic economy and a cohesive and prosperous society driven by a talented and growing workforce. Adult learning and skills development will play a driving role in increasing productivity and reducing economic inactivity by raising workforce skills.**

Cross Cutting Themes	Strategic Aim 1	Strategic Aim 2	Strategic Aim 3	Strategic Aim 4
<p><b>1. Foresight</b></p> <p>Through rigorous data analysis and stakeholder assessment, ensure evidenced based decisions and actions. Ensure evidence and opportunities are communicated to partners (including businesses) and learners through improved IAG</p>	<p><b>Employment rates and economic inactivity:</b></p> <p><b>Providing the skills for sustainable employment in growth sectors</b></p>	<p><b>Workforce productivity:</b></p> <p><b>Tackling skills shortages and gaps in growth sectors</b></p>	<p><b>High value added sector activity:</b></p> <p><b>Releasing high value added potential</b></p>	<p><b>Skills infrastructure:</b></p> <p><b>Deliver world class skills in a demand led system</b></p>
<p><b>2. Purpose and delivery capacity</b></p> <p>Building a strong sense of purpose amongst our businesses, skills providers and public stakeholders to meet and lead initiatives</p>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Negotiate S106 Agreements and securing procurement contracts</li> <li>Develop area-specific programmes:                             <ul style="list-style-type: none"> <li>for supporting young people who are NEET and NET with a short/medium term focus on:                                     <ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> </ul> </li> <li>for addressing adult economic inactivity – particularly for those with no skills - integrating employment and skills services and developing progression routes from Adult Safeguarded Learning with short/medium term focus on:                                     <ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant and</li> <li>Gosport</li> <li>New Forest</li> </ul> </li> </ul> </li> </ul>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Implement Sector Skills Agreements (SSAs) in the area with a short/medium term focus on:                             <ul style="list-style-type: none"> <li>business &amp; financial services</li> <li>retail</li> <li>health and social care</li> <li>hotels, restaurants and catering</li> </ul> </li> <li>With a short/medium term focus on the above sectors, expand Train to Gain, with particular attention to:                             <ul style="list-style-type: none"> <li>the Skills Pledge</li> <li>Leadership &amp; management</li> <li>Level 3 Trials</li> <li>High-level skills</li> </ul> </li> <li>Roll out the Skills Pledge, with short/medium term focus on the County Council and two Unitary Authorities</li> <li>Work with the National Employers Service and flagship businesses as key influencers in rolling out the Skills Pledge</li> <li>Maximise linkages between the existing National Skills Academies in growth sectors:                             <ul style="list-style-type: none"> <li>business &amp; financial services</li> <li>construction</li> <li>manufacturing</li> </ul> </li> </ul>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Build upon Action in Strategic Aim 2, with a short/medium term focus on:                             <ul style="list-style-type: none"> <li>business &amp; financial services:                                     <ul style="list-style-type: none"> <li>managers and senior officials</li> <li>professional occupations</li> <li>associate professional and technical occupations</li> </ul> </li> <li>marine sector:                                     <ul style="list-style-type: none"> <li>associate professional and technical occupations – particularly, engineering and boat marine technology technicians</li> </ul> </li> </ul> </li> <li>Play a key role in the development of four/five Higher Education Clusters (HECs) in the South East, with a short/medium term focus on securing a marine sector HEC for Urban South Hampshire</li> <li>With a short/medium term focus secure an Regional Resource Centres (RRC) for Urban South Hampshire specialising in the supply of science, technology, entrepreneurship and management skills relevant to the marine sector</li> </ul>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Strengthen pre-level 2 provision in areas of greatest need, including Foundation Learning Tier and pre-apprenticeship pathways</li> <li>Work with the National Apprenticeship Service to redress forecast decline in Apprenticeship participation</li> <li>Work with key employers in growth sectors to strengthen apprenticeship and Diploma provision for young people and to accredit workforce development for adults</li> <li>Strategic planning, co-ordination and alignment of resources</li> <li>Development of Skills Development Zones</li> <li>Strengthen progression pathways to and through Level 2 and 3 including apprenticeship frameworks and 14-19 Diplomas</li> <li>Ensure excellent learning facilities improve the learning environment</li> </ul>
<p><b>3. Inclusion and equality</b></p> <p>Ensuring all initiatives and activities are working towards social inclusion and equality of opportunity</p>	<ul style="list-style-type: none"> <li>Develop a more rounded approach to learning, including family learning</li> <li>Support those working in areas of declining activity</li> <li>Maximise the opportunities presented by Local Employment Partnerships</li> <li>Build on the September Guarantee</li> </ul>	<p>and develop links to emerging National Skills Academies in growth sectors</p>	<ul style="list-style-type: none"> <li>Retain local graduates, and attract higher skilled workers to live and work in the PUSH area</li> </ul>	<ul style="list-style-type: none"> <li>Work with Aim Higher and Lifelong Learning Networks to strengthen vocational pathways from Level 3 to Level 4</li> <li>Work with FE and HE providers to expand provision in priority subject/ sector areas at Level 4, particularly Foundation Degrees</li> </ul>
<p><b>4. Sustainable development</b></p> <p>Ensuring change through the Strategy is driven with regard to the LSC and HEFCE Sustainable Development Strategies</p>				

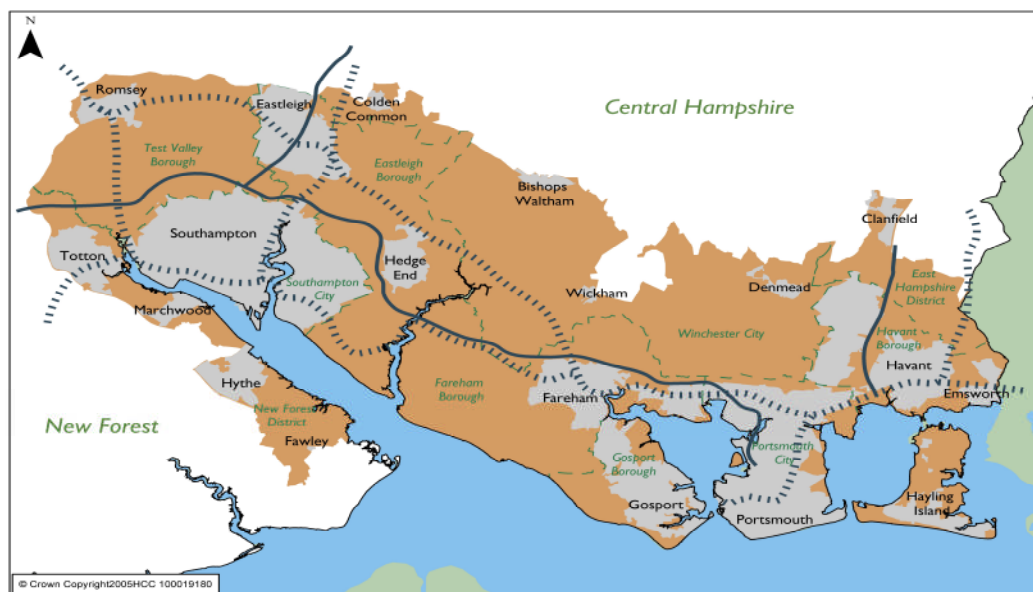
## 1

## Introduction

### The PUSH challenge for economic growth

The Partnership for Urban South Hampshire (PUSH) is committed to substantial economic and productivity growth over the next two decades. This translates to a Gross Value Added (GVA) growth scenario of 3.5% per annum by 2026, an ambitious target given historical growth trends. Absolutely key to the growth model is a commitment to Smart Growth. This will be achieved, inter alia, through higher employment rates and enhanced business productivity. Improved skills – across the existing and the potential workforce – are intrinsically important to both.

Figure 2-1: Map of Urban South Hampshire



At the same time, partners – from the private, public and third sectors – must position themselves for the future, recognising that the structure of the local economy has changed fundamentally over recent decades, and that further on-going restructuring should be anticipated in the years ahead. The intention is that the economy adopts a stronger knowledge-based focus and this in turn will have implications for workforce skills. Equally, it must be recognised that patterns of work are changing radically: home-working is becoming very much more important as are flexible forms of employment, and – because of issues relating both to pensions and life expectancy – more people are either choosing or being encouraged to work well into their 60s and beyond.

The Strategy and Action Plan anticipates and responds to issues of this nature, focusing on both the demand for and supply of learning and skills for employability and growth.

The Strategy builds upon the work already undertaken and presents framework for the future adult learning and skills development of PUSH residents. It takes as its foundations the analysis of Urban South Hampshire's strengths, weaknesses, opportunities and threats – and builds on these to provide the framework for future action.

This Strategy provides a framework for future action. It identifies the strategic aims required to deliver skills for employability and growth in Urban South Hampshire – the key objectives required to change the area for the better. And it proposes transformational actions for each strategic aim – these are more practical, and it is by achieving these that the required changes will come about.

## **Developing the strategy**

The Strategy builds on evidence collated from a number of intertwined work strands delivered between August 2007 and April 2008.

- A review of existing strategy and policy documents operating at, or impacting on, the PUSH area
- A scenario planning workshop with stakeholders to 'check and challenge' sector projection forecasts
- Building on DTZ Consulting's work, undertaken the following further analysis:
  - Developing a sectoral model of PUSH area businesses that have experienced significant growth over the past seven years and/or have high value-added potential (termed 'growth sectors')
  - Estimating the contribution to GVA that could arise if the employment growth forecast by DTZ is concentrated within these growth sectors
  - Estimating the contribution to GVA that could arise if the GVA per employee in growth sectors was to rise above trend
  - Forecasting the change in the skills profile of growth sectors between 2007– 2026
- Consultations with key public sector partners and learning providers involved with skills development within the PUSH area
- The establishment of a business reference group to test the Strategy and ensure that it responds to skills needs of business

- A review of statistical evidence demonstrating the performance of the PUSH area with respect to adult learning and skills
- The production of a data summary paper setting out the research findings to inform consultations and a visioning workshop event held in June 2007
- Feedback generated during, and after, the visioning workshop held in October 2007
- An Action Planning workshop held in December 2007
- A presentation of the Draft Strategy to the PUSH Skills Sub-group in April 2008

## **Document Layout**

The document is organised as follows:

- Section 2 discusses the key assumptions underpinning economic growth in the PUSH area
- Section 3 discusses the Strategic Context for the Strategy
- Section 4 introduces the Strategic Framework
- Section 5 discusses in more detail the Vision and Aims that form the core of the Strategy and discusses the challenges and transformational actions required to delivery the Strategy
- Section 6 discusses targets and delivery and sets out the Action Plan for the Strategy.

# 2

## The key assumptions behind economic growth in Urban South Hampshire

In early 2007, DTZ Consulting developed and tested a range of growth scenarios for the Urban South Hampshire area, based on the GVA growth of 2.5% per annum, 3% per annum and 3.5% per annum. They were tested with a range of productivity growth assumptions<sup>3</sup> and a preferred target level of GVA growth emerged in line with the 3% per annum trajectory. This was in line with achieving a rate of growth slightly above trend, and in line with other growth forecasts for the South East region - but it also represents a step change for Urban South Hampshire as historically growth rates have lagged behind the regional average.

PUSH has also set a target of 2.3% per annum growth in productivity, which is above historic trend rates but in line with the aspiration to enhance higher value-added activities. The PUSH preferred growth scenario, as devised by DTZ Consulting<sup>4</sup> is based upon the following assumptions:

- Initial GVA growth is set at 2.75% per annum in line with historic trends
- Annual GVA growth increases over time, reaching 3.3% by 2026
- Annual labour productivity (GVA per employee) growth increases over the scenario period
- Average annual productivity growth between 2006 and 2026 is constrained to 2.3% per annum.

### Projections for the labour market under the preferred scenario

Under the preferred scenario, DTZ Consulting projected the following changes in the Urban South Hampshire labour market for the period 2006-2026:

- Growth in business services and distribution (including retail and tourism)

<sup>3</sup> Economic growth is a product of both employment and productivity increases. DTZ assumes that employment growth is a more significant contributor over the short to medium term while productivity increases are more significant over the medium to long term. Note that skills are identified as one of the five drivers of productivity by the Treasury 'Productivity in the UK 5: Benchmarking UK Productivity Performance' (HMT, 2005)

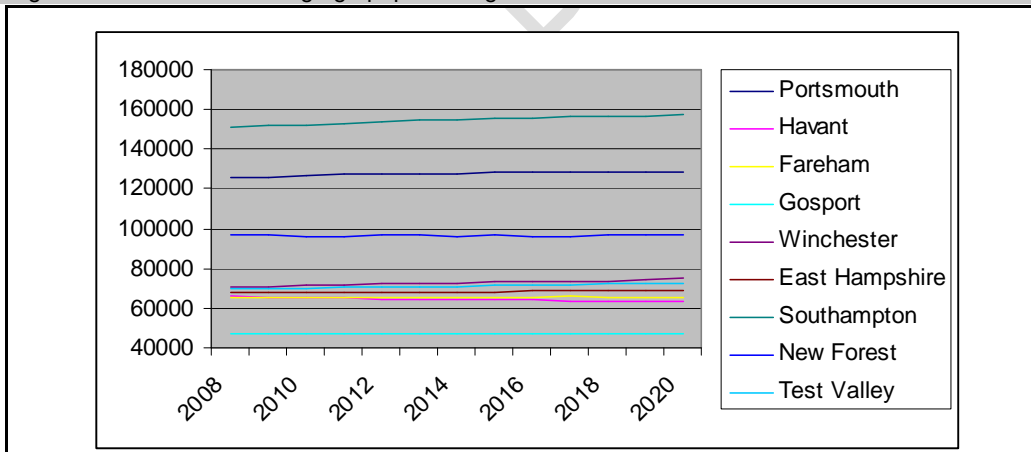
<sup>4</sup> 'PUSH, South Hampshire Economic Drivers and Growth: Combined Report' (DTZ Consulting and Research, 2007).

- Decline in manufacturing, disguising the current importance of the advanced manufacturing sector
- Growth in distribution (which includes tourism and retail)
- The largest absolute increase will be in administrative and secretarial occupations followed by professional occupations, managers and senior officials and associate professionals
- Decline in skilled trade occupations, followed by process, plant and machine operatives and personal service occupations
- Overall, there will be a gross increase in employment of 79,100 and net employment growth of 58,600 (once the decline in manufacturing, agriculture and energy jobs have been deducted) between 2006 and 2026

These projections have been accepted by PUSH and provide the basis for economic development strategy making for the sub-region.

Figure 2-1, illustrates forecast working age population growth for all Urban South Hampshire local authorities. Population growth will be accommodated with 80,000 new homes built up to 2026.

Figure 2-1: Forecast working age population growth for PUSH local authorities



Source: Experian Business Strategies, Local Market database 2007

## Building upon the preferred scenario

The Local Skills Productivity Alliance (LPSA) 'Summary of Business Sector Skills Research 2006' (June 2006, p. 4) offers the following sector typology for the whole of Hampshire and the Isle of Wight:

- 'LSC Hampshire and Isle of Wight priority sectors' - health and social care; construction; marine, engineering and manufacturing; retail

- The LSPA identifies two other 'emerging and significant' sectors - business services and tourism and hospitality - as growth areas for economic activities and future skills needs

In addition to these sectors, other sectors recognised as being important to the local economy include digital media, information technology (IT) and animation, and creative industries.

Building upon DTZ Consulting's employment and skills projections, we have developed a model around the Urban South Hampshire growth sectors. The model allows us to estimate:

- How increased employment in growth sectors and increases in trend GVA per employee will impact on the achievement of the GVA growth target of 3.5% per annum by 2026
- The scale of skills investment required and the skills levels and sectors where efforts need to focus in order for skills to increase GVA per employee.

We recognise the importance of the marine, digital media, IT and animation and the creative industry sectors within for the Urban South Hampshire economy, but is not possible to map these sectors using Standard Industrial Classification (SIC) analysis because they cut across traditional sectoral activity. However, we have used local studies that have considered these sectors when developing the strategic aims and actions.

As reported by DTZ Consulting, meeting the target of GVA growth of 3.5% by 2026 will demand an uplift in GVA per employee above historical trends. In meeting this challenge, and focusing on the priority sectors discussed above, we need to target sector activity within Urban South Hampshire that offers the greatest potential for growth and high value-added activity. Over the last decade it is the businesses within these sectors that have experienced the above-trend GVA per employee growth that PUSH needs to nurture and support (Table 2-1).

Table 2-1: Employment growth in PUSH growth sectors and associated South East GVA per employee growth

Growth SICs by sector	PUSH Employment 2005*	Change in employment since 1998	South East** GVA per employee 2005 (£)	Change in GVA per employee since 1998
Business & financial services	114,933	33%	£48,195	28%
Construction	29,396	32%	£53,403	73%
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\* Note: Employment totals DO NOT equate to the total employment in each sector, they only represent the employment for growth Standard Industrial Classification codes (SICs) within that sector

\*\* Note: South East GVA data have been taken due to data limitations as smaller geographical scales. The data for the South

Growth SICs by sector	PUSH Employment 2005*	Change in employment since 1998	South East** GVA per employee 2005 (£)	Change in GVA per employee since 1998
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*East matches the two digit SICs identified as growth SICs within PUSH*

\*\*\* Note: Health and Social Care, Hotels restaurants & catering, Distribution & wholesale data taken from National ABI statistics due to data limitations

Source: ABI, 2005

Table 2-2 below sets out three potential scenarios for GVA growth in the PUSH area. Focusing in the growth sectors listed in Table 2.1, we have estimated the potential uplift in GVA arising from employment growth in these sectors and developed three scenarios illustrating the impact of above trend increases in GVA per employee. The table also shows the impact on GVA if 10% of economically inactive residents who hold no qualifications but want to work are encouraged and supported into employment.

The growth model sets a number of clear challenges for the Strategy:

- GVA per employee will need to play a defining role if the GVA growth target is to be achieved; moreover, even in growth sectors, GVA per employee will need to increase by at least 10% above historical growth rates
- GVA from new employment will also be central to meeting the GVA growth target; in order for GVA growth to be maximised it will be important that efforts are made to ensure that new employment opportunities are encouraged in growth and high value-added businesses
- Supporting into work 10% of economically inactive residents who hold no qualifications but want to work, could generate around £0.5 billion of the £12.8 billion required growth in annual GVA.

Table 2-2: Scenarios for achieving 3.5% per annum GVA growth by 2026

	Scenario 1 10 % increase in current GVA growth rate	Scenario 2 20% increase in current GVA growth rate	Scenario 3 30% increase in current GVA growth rate
Marginal GVA/employee uplift (£ms)	£4,259	£8,966	£14,171
GVA from new employment (£ms)	£7,362	£7,362	£7,362
GVA from economically inactive into work (£ms)	£439	£439	£439
Totals	£12,060	£16,768	£21,973
DTZ GVA uplift target £ms to achieve 3.5%/annum GVA by 2026	£12,800	£12,800	£12,800
<b>Over/under target of £12.8 billion (£ms)</b>	<b>-£740</b>	<b>+£3,968</b>	<b>+£9,173</b>

Table 2-3 sets out the forecast skills growth for the growth sectors in Table 2-1 up to 2026. These forecasts are based upon analysis of changes in growth sector skills profiles since 1997. As with the GVA forecasts and linking specifically to the challenge of raising levels of GVA per employee, the forecasts set a number of challenges for the Strategy:

- There will be significant increases in Level 4 qualifications – which in 2026 will make up almost 40% of the workforce
- Those with Level 2 and Level 3 qualifications will make up 15% and 19% of the workforce respectively, with Level 2 seeing a fall of 1.7% and Level 3 a rise of 2.7% by 2026
- Qualifications below Level 2 and those with no qualifications will fall by 4.7% and 4.4% respectively and together will make up 14% of the workforce in 2026
- Trade Apprenticeships will make up less than 2% of the workforce and will fall by almost 3% by 2026 (note: whilst the forecasts suggest a fall, the growing investment in Apprenticeships and the development of the National Apprenticeships Service (NAS) will seek to reverse this trend)
- Over 11% of the workforce will be made up of those holding other qualifications, a rise of 1.3% by 2026.

Further details of the forecasting data can be found in Annex A, including detailed skills forecasts for each growth sector.

Table 2-3: Forecast skills growth 2007 – 2026

All Growth Sectors	Total 2007	%	Total 2026	%	Change 2007 - 2026	Percentage point change
Level 4	99,283	29.5%	160,459	38.9%	61,176	9.5%
Level 3	54,334	16.1%	77,497	18.8%	23,164	2.7%
Level 2	57,450	17.0%	63,109	15.3%	5,659	-1.7%
Below Level 2	47,209	14.0%	38,413	9.3%	-8,796	-4.7%
Trade Apprenticeships	14,425	4.3%	6,585	1.6%	-7,840	-2.7%
Other qualifications	33,407	9.9%	46,098	11.2%	12,691	1.3%
None	30,989	9.2%	19,937	4.8%	-11,052	-4.4%
<b>Total</b>	<b>337,097</b>	<b>100%</b>	<b>412,097</b>	<b>100%</b>	<b>75,000*</b>	

\*Note: This total figure excludes the 4,100 employment opportunities forecast by DTZ to be generated in 'other' sectors

The challenge for the Strategy is clear. Skills will have a vital role to play in enabling the Urban South Hampshire area to meet its GVA challenge, but the task is a difficult one. The PUSH area requires a step change in skills levels over the next 20 years if it is to ensure that its businesses' employment profile matches that of Table 2.3. More than this, however, and recognising the growing investment in Apprenticeships through to 2010/11 and the Government's drive to improve their composition and delivery through the new National Apprenticeship Service (NAS), the Strategy must also work to reverse the forecast decline in Apprenticeships and Level 2 qualifications for the long-term future. The extent to which this can be achieved, and achieved in the area's most promising growth and high value-added businesses, will be a significant factor in Urban South Hampshire meeting its GVA growth objective.

# 3

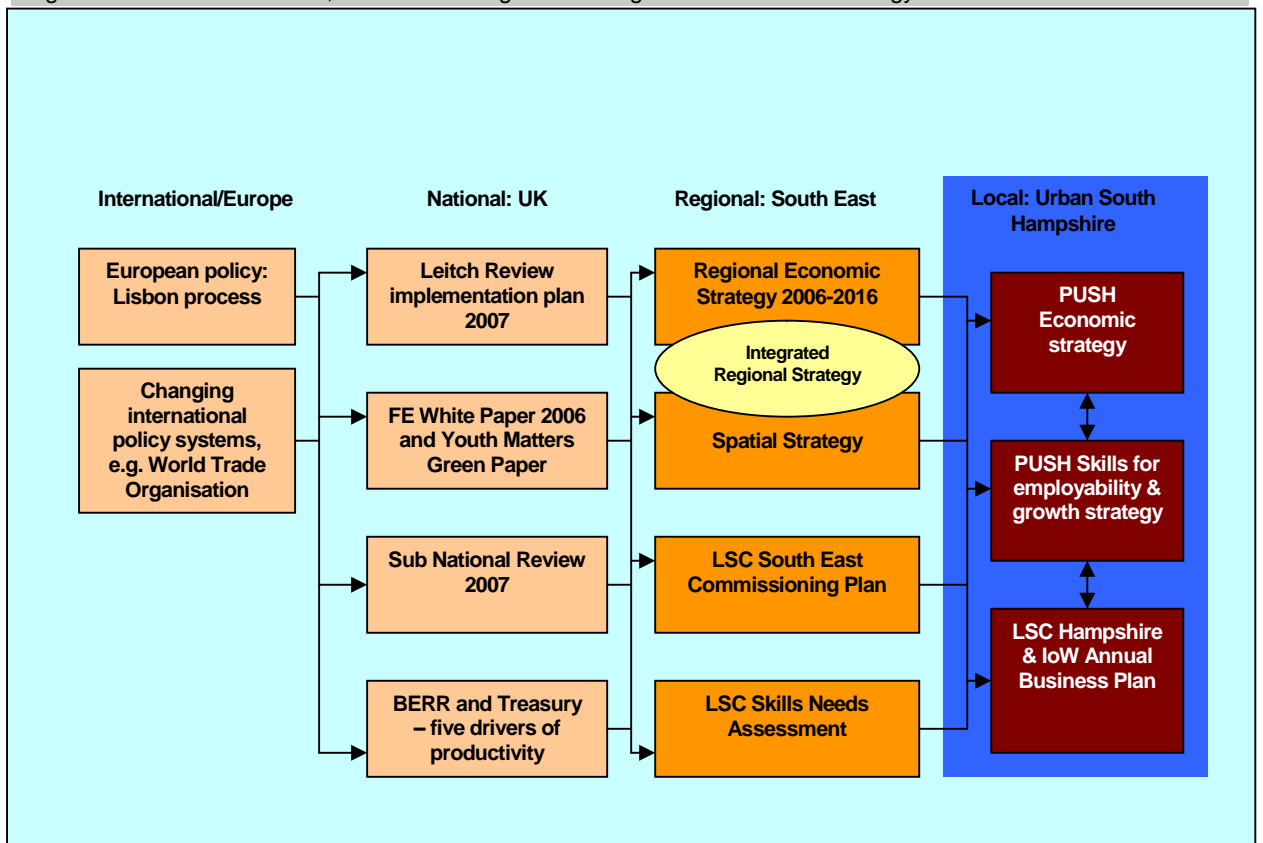
## The wider strategic context

The Strategy sits within a complex matrix of other strategies and policy developments. From the European Lisbon process to the three Local Area Agreements, all of these should be taken into account to ensure that the strategy can achieve all of its objectives and can drive forward activity in a joined up way.

Figure 3-1 below illustrates where the Strategy fits with wider regional, national and international strategies. It will be essential that the Strategy recognises and builds upon these strategies.

7

Figure 3-1: The international, national and regional strategic context for the Strategy



## International and European Policy Environment

Trade and other economic processes are increasingly operating at the international scale. The continuing emergence of China, India and other developing nations puts increasing pressure on established economies, as global competition sees new economies providing lower-cost alternative locations. Established economies therefore must adapt and change in response, demonstrating new comparative advantages where possible, and recognising that in the majority of cases, they can no longer compete internationally on cost.

The Lisbon process has provided the European Union with the goal of becoming "*the most dynamic and competitive knowledge-based economy in the world*" by 2010. Updated in 2005 during the United Kingdom's Presidency of the European Council to include national reform programmes that set out detailed programmes for action, the Agenda remains focused on the development of jobs and growth in the European Union thus leading to greater prosperity and social justice. (Note - the Treaty will not come into effect until the Governments of all EU countries have agreed the final text of the Treaty, and then ratified the Treaty in accordance with their constitutional requirements. The recent rejection by Ireland has led to a question mark about the future of the Lisbon Treaty).

Central to the success of the Lisbon process is a significant increase in investment in research and innovation and the cultivation of a business climate that encourages businesses to start and to grow. Furthermore, in its commitment to the need for high skills and sustainable development, the Lisbon process provides the perfect European-level policy backdrop to the actions necessary to tackle the skills challenge in Urban South Hampshire.

## The UK vision for skills growth

The PUSH vision is not the only vision for the sub-region and the South East that we ought to be considering. Skills are acknowledged as one of the five drivers of productivity (HMT/DTI, 2006) and the UK government is committed to reducing its productivity gap with international competitors by employing and developing world-class skills in the UK economy as a whole.

In 2006, Lord Leitch<sup>5</sup> identified the need to invest in better skills and qualifications for adults in the UK, acknowledging that there are significant weaknesses in the national skills base, especially among working adults, that contribute to the continuing productivity gap that the UK has with its competitor countries. The crux of the Leitch review and its recommendations lay in establishing a 'demand led' and partnership approach which translates into engaging with employers and learners effectively in both understanding skills needs and ensuring that the supply of skills is responsive to employer and learner requirements. It also emphasised strongly the need to integrate employment and skills to help people prepare for and face challenges in the labour market.

<sup>5</sup> Leitch (2006) Prosperity for all in the global economy: world class skills, HM Treasury.

The government response to the Leitch Review of Skills<sup>6</sup> set out a plan for implementing many of the report's recommendations in England and included a commitment to raise skills levels across the board by 2020. It reiterated the Leitch recommended targets to 2020 but also confirmed more immediate targets to 2011, and committed £440 million to Train-to-Gain in 2007/2008, rising to £650 million in 2008/09 and £900 million in 2010/2011. By 2010/2011, the government envisages that the total amount of employer-responsive funding for training will be approximately £1.3 billion.

The plan also stresses that most of the government's budget for adult further education and training in England will be devoted to the lowest skilled and least qualified adults. However, even that will not be sufficient to address skills deficiencies, and substantial investments by employers and individuals will be required to achieve the long-term ambition of significantly raising skills in the country.

The implementation plan also discussed the potential routes for implementing the Leitch ambitions at sub-national levels. Regional Development Agencies (RDAs) already work with a range of partners to derive regional economic strategies that provide a framework for action for skills and employment to support economic development. Lord Leitch acknowledged in his 2006 review that there are several bodies that are involved in the delivery of employment and skills services to employers and individuals, and he recommended the integration of these services under a new network of local employer-led Employment and Skills Boards (ESBs), supported by the new UK Commission for Employment and Skills.

The ESBs are intended to be locally-led initiatives that provide a simplified and clear landscape for employers to engage with and influence. An ESB could be especially relevant in a sub-region such as Urban South Hampshire: potentially, the effective integration of skills and employment services can contribute to economic development, especially to help workless individuals to access local jobs and training opportunities. It could also be a powerful vehicle where significant regeneration projects will generate particular skills demand and will require not just manpower planning but partnership working and helping employers to become aware of and employ appropriate individuals.

The Government acknowledges that there is no single way of setting up such an initiative, and that existing local area arrangements and the views of local partners should determine how best to join up work in their area. However, it stresses the need to simplify current arrangements and activities targeted at employer engagement within the framework of ESBs. **This has been recognised by the PUSH. Indeed, the establishment of an ESB is an integral element of the area's negotiations with Government regarding its status as one of England's pilot Multi Area Agreement areas.**

The Government has also recently published its Sub-National Review of Economic Development and Regeneration (SNR). This is a lengthy and wide-ranging document but elements that hold specific relevance to the Strategy are:

- the commitment to transfer funding for 16-19 year olds' education and skills from the Learning and Skills Council (LSC) to Local Authorities

<sup>6</sup> HM Government (2007) World Class Skills: Implementing the Leitch Review of Skills in England.

- the commitment to stronger investment planning – and potentially the delegation of funding – to sub-regional economic areas, providing appropriate governance arrangements are in place
- the commitment to a further – and more extensive – Regional Funding Allocation exercise (from January 2008), the scope of which could well be extended to include funding for skills

The SNR emphasises sub-regional and functional economic geographies throughout and its focus is strongly on the delivery of economic growth. Hence it resonates strongly with elements of the PUSH agenda and it ought to be seen as a substantial opportunity.

## The South East strategic context

The draft South East Plan identifies 21 Regional Hubs as centres of economic activity and transport services including Portsmouth and Southampton. Urban South Hampshire (including Portsmouth and Southampton) has also been identified as a Diamond for Investment and Growth due to the area's potential for targeted growth, and was highlighted as a focus for investment in infrastructure in the Regional Funding Allocation guidance submitted to Government in January 2006. This will involve provision for 80,000 new homes by 2026, two million square metres of new business floor space and the creation of 59,000 new jobs. Up to around 2016, development will be concentrated on existing allocations and other sites within existing urban areas plus a number of urban extensions. Thereafter, development will be concentrated on sites within existing urban areas and in two Strategic Development Areas, both in close proximity to the area's two cities.

The 2006-2016 Regional Economic Strategy (RES) and Implementation Plan developed by the South East England Development Agency (SEEDA) sets out the overarching vision for the South East: '*By 2016 the South East will be a world class region achieving sustainable prosperity*'. Underpinning this vision are three objectives, in all of which learning and skills have an important role to play:

- **Global competitiveness** (competing in the global marketplace) – learning and skills development, particularly in high growth and high value-added sectors will play an important role in achieving growth and sustainability through innovation and creativity
- **Smart growth** (higher prosperity without an increasing ecological footprint through strengthened interplay between productivity drivers<sup>7</sup>) – learning and skills development has a vital role in raising productivity through reducing economic inactivity, increasing employee GVA and encouraging enterprise and innovation
- **Sustainable prosperity** (through preserving quality of life as a competitive advantage) – learning and skills development has an important role in developing and transferring knowledge surrounding sustainable development, and makes a key contribution to developing vibrant, thriving and inclusive communities

<sup>7</sup> Enterprise, skills, innovation, competition and investment, employment and quality of life

Linking with the Regional Economic Strategy, the LSC South East Regional Commissioning Plan for 2007/08 sets out its four regional priorities for action:

- **Regional priority 1: Action for young people:** to improve substantially the range and accessibility of practical and vocational learning opportunities for all young people which inspire and engage them and lead to progression
- **Regional priority 2: Action for skills:** to improve skills training and employer engagement through implementing the South East Action for Business Strategy and further developing the responsiveness of the further education and work based learning provider network
- **Regional priority 3: Action for excellence:** to raise performance and improve the quality of provision, using the Framework for Excellence, to further develop a self-critical provider network with a focus on quality improvement
- **Regional priority 4: Action for communities:** to increase economic activity and productivity, and support the regeneration and growth of communities, by developing the South East Action for Communities model and aligning the LSC's investment with that of others

## The Urban South Hampshire strategic context

The Urban South Hampshire area has a number of local strategies delivering skills and employment objectives, which could support the Strategy and Action Plan. These include the Community Strategies for Hampshire and Portsmouth and the Sustainable Community Strategy for Southampton, which are the long-term strategies to increase the social, economic and environmental well-being of the respective areas developed by Local Strategic Partnerships.

Figure 3-2 below shows the strategic fit between the skills-related strands of the Community Strategies and the Hampshire and Isle of Wight LSC Annual Plan 2007/08. There is also a myriad of supporting mainstream plans and strategies informing the Community Strategies and shaping activity delivered through Local Area Agreements. It is within this strategic framework that the Strategy will sit at the local level. Looking forward, the PUSH area status as a pilot area for a Multi Area Agreement (MAA) - the South Hampshire Agreement (SHA) - will also need to link with the Strategy. The most recent version of the Draft SHA<sup>8</sup> focuses on five outcome areas:

- Collaboration in delivery
- Promoting economic success (including employment and skills)
- Transport infrastructure

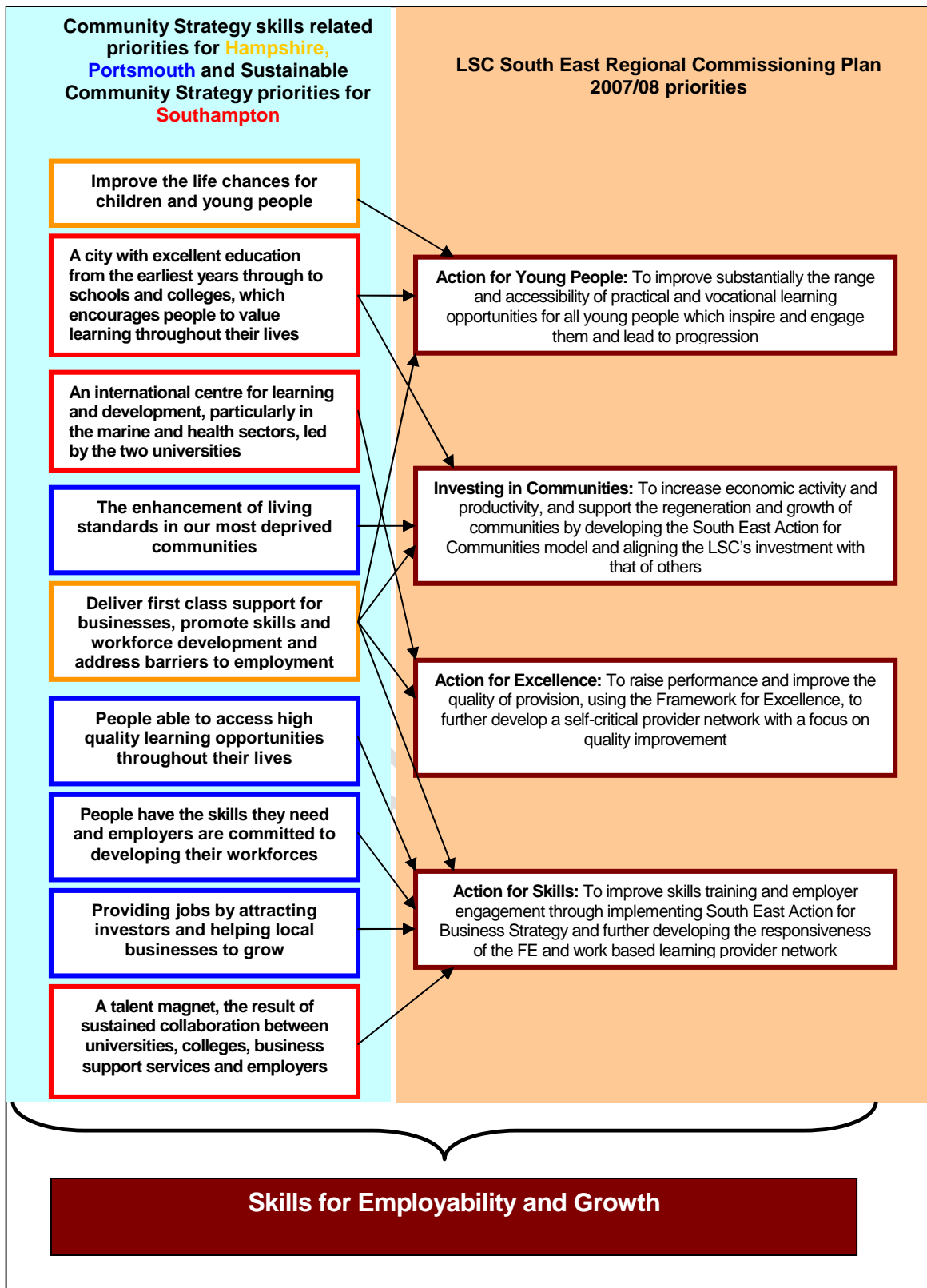
<sup>8</sup> The South Hampshire Agreement (Multi Area Agreement), Draft v3.2, April 2008

- Sustainability and social infrastructure
- Housing and Planning.

The specific delivery mechanisms that will support the delivery of the LAAs and the new MAA are discussed in Chapter 6.

FINAL DRAFT

Figure 3-2: The local strategic context for the Strategy



It is important to recognise and identify the linkages that the Strategy will have with the key strategies currently pursued by the 11 local authorities that make up the Urban South Hampshire area and other mainstream partners. These key areas of joint action are:

***Improving the skills of young people and reducing social exclusion and economic inactivity, particularly in the area's most deprived neighbourhoods:***

- The national entitlement to 17 Diploma lines of learning will be extended to all young people from 2013
- The Hampshire, Southampton and Portsmouth Local Area Agreements aim to reduce economic inactivity and unemployment in under-represented groups
- The Employment Strategy for Hampshire 2007 -2009 recognises economic inactivity as a key priority
- The LSC South East Regional Commissioning Plan aims to increase 16-18 participation in learning to 90% by 2015, and reduce NEETs by 2% by 2010
- In the short term (1-2 years), the LSC aims to increase the delivery of the first full Level 2 among those claiming benefits and economically under-active people; increase volumes of learning below Level 2 in every local area with attention to those areas with high numbers of NEETs; increase the numbers of young people participating in apprenticeships by 4.5% and apprenticeship framework completions by 2%; and increase the proportion of 19 year olds who achieve Level 3 at 19 by 1%

***Workforce development and raising competitiveness:***

- The Leitch implementation plan states that by 2020 ...
  - 95% of adults will have basic skills of functional literacy and numeracy, up from 85% literacy and 79% numeracy in 2005
  - More than 90% of adults will have gained at least a Level 2 qualification, up from 69% in 2005, with a commitment to achieve 95% as soon as possible
  - The balance of intermediate skills will shift from Level 2 to Level 3 (equivalent to 2 A Levels) with 1.9m more people achieving Level 3
  - 500,000 people a year will be in apprenticeships

- More than 40% of all adults will have a higher education qualification at least at Level 4 and above, up from 29% in 2005
- ... and by 2011
  - 16-18 year olds' participation in learning will rise to 84%
  - 89% of adults will be qualified to at least Level 1 literacy and 81% will be qualified to at least entry Level 3 numeracy
  - 79% of adults will be qualified to at least full Level 2
  - 56% of adults will be qualified to at least full Level 3.
- The Leitch Implementation Plan aims to complete Sector Qualification Strategies (SQSs) submitted to the Qualifications and Curriculum Authority (QCA) for the Qualification and Credit Framework (QCF) and increase the proportion of public funding for adult training that is 'demand led' in the medium-term (3-4 years)
- The South East England Regional Economic Strategy aims to ensure education and training providers deliver skills provision and services to meet business requirements in the long term (5-10 years)
- The LSC Hampshire and Isle of Wight Business Plan aims to improve provision and success rates in six priority sectors - construction, health and social care, retail, marine, engineering and manufacturing, and business services in the short term (1-2 years)
- The Portsmouth, Southampton and Hampshire Local Area Agreements aim to improve apprenticeship completion rates in the priority sectors in the medium term (3-4 years)

### ***Improving adult learning and skills provision***

- Greater institutional specialisation driven by National Skills Academies (NSAs), with 12 NSAs to be in place in the short-term (1-2 years)
- Develop and sustain the local network of Centres of Vocational Excellence (CoVEs) and Action for Business Colleges (A4B), and develop CoVEs in priority sectors: medium-term (3-4 years), Portsmouth Local Area Agreement
- Work with the network of accredited Action for Business Networks, Centres of Vocational Excellence (CoVEs) and other providers to manage effectively the transition to the New Standard: short-term (1-2 years), LSC Hampshire and Isle and Wight Annual Business Plan 2007/08

- The Higher Education Funding Council for England (HEFCE) grant letter for 2007/08 points to the further expansion of Foundation Degrees to 100,000 enrolments by 2010, up from 61,000 in 2006, and an increase to 5,000 in the annual number of places to be co-financed by employers from 2008/09
- The (former) DfES also asked HEFCE and the LSC to work more closely together in 2007/08 to progress 'seamlessly between further and higher education'.

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# 4

## The strategic framework

The key structural components of the Strategy and Action Plan are as follows:

- A **Vision** that describes what the PUSH Skills Sub-Group is seeking to achieve ultimately for the area, and reflects the key emphases of the approach we will adopt
- Four **Strategic Aims** that define at a strategic level the objectives the framework is seeking to realise
- Within each Strategic Aim, a series of **Transformational Actions**, which define the high level areas of practical activity that will be pursued in the Framework's name to achieve the Strategic Aims
- Finally, four **Cross-Cutting Themes**, which run across and permeate the framework, and condition the achievement and delivery of the Strategic and Transformational Actions and the Indicative Activities through supporting change and policy outcomes
- The framework, presented in summary overleaf, has been developed, refined and validated through extensive consultation with the business community, public bodies and providers in the Urban South Hampshire area

**Vision: By 2026, the PUSH area will be a highly productive and dynamic economy and a cohesive and prosperous society driven by a talented and growing workforce. Adult learning and skills development will play a driving role in increasing productivity and reducing economic inactivity by raising workforce skills.**

Cross Cutting Themes	Strategic Aim 1	Strategic Aim 2	Strategic Aim 3	Strategic Aim 4
<p><b>1. Foresight</b></p> <p>Through rigorous data analysis and stakeholder assessment, ensure evidenced based decisions and actions. Ensure evidence and opportunities are communicated to partners (including businesses) and learners through improved IAG</p>	<p><b>Employment rates and economic inactivity:</b></p> <p><b>Providing the skills for sustainable employment in growth sectors</b></p>	<p><b>Workforce productivity:</b></p> <p><b>Tackling skills shortages and gaps in growth sectors</b></p>	<p><b>High value added sector activity:</b></p> <p><b>Releasing high value added potential</b></p>	<p><b>Skills infrastructure:</b></p> <p><b>Deliver world class skills in a demand led system</b></p>
<p><b>2. Purpose and delivery capacity</b></p> <p>Building a strong sense of purpose amongst our businesses, skills providers and public stakeholders to meet and lead initiatives</p>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Negotiate S106 Agreements and securing procurement contracts</li> <li>Develop area-specific programmes: <ul style="list-style-type: none"> <li>for supporting young people who are NEET and NET with a short/medium term focus on: <ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> </ul> </li> <li>for addressing adult economic inactivity – particularly for those with no skills - integrating employment and skills services and developing progression routes from Adult Safeguarded Learning with short/medium term focus on: <ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> <li>New Forest</li> </ul> </li> </ul> </li> <li>Develop a more rounded approach to learning, incl. family learning</li> <li>Support those working in areas of declining activity</li> <li>Maximise the opportunities presented by Local Employment Partnerships</li> <li>Build on the September Guarantee</li> </ul>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Implement Sector Skills Agreements (SSAs) in the area with a short/medium term focus on: <ul style="list-style-type: none"> <li>business &amp; financial services</li> <li>retail</li> <li>health and social care</li> <li>hotels, restaurants and catering</li> </ul> </li> <li>With a short/medium term focus on the above sectors, expand Train to Gain, with particular attention to: <ul style="list-style-type: none"> <li>the Skills Pledge</li> <li>Leadership &amp; management</li> <li>Level 3 Trials</li> <li>High-level skills</li> </ul> </li> <li>Roll out the Skills Pledge, with short/medium term focus on the County Council and two Unitary Authorities</li> <li>Work with the National Employers Service and flagship businesses as key influencers in rolling out the Skills Pledge</li> <li>Maximise linkages between the existing National Skills Academies in growth sectors: <ul style="list-style-type: none"> <li>business &amp; financial services</li> <li>construction</li> <li>manufacturing</li> </ul> </li> </ul> <p>and develop links to emerging National Skills Academies in growth sectors</p>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Build upon Action in Strategic Aim 2, with a short/medium term focus on: <ul style="list-style-type: none"> <li>business &amp; financial services: <ul style="list-style-type: none"> <li>managers and senior officials</li> <li>professional occupations</li> <li>associate professional and technical occupations</li> </ul> </li> <li>marine sector: <ul style="list-style-type: none"> <li>associate professional and technical occupations – particularly, engineering and boat marine technology technicians</li> </ul> </li> </ul> </li> <li>Play a key role in the development of four/five Higher Education Clusters (HECs) in the South East, with a short/medium term focus on securing a marine sector HEC for Urban South Hampshire</li> <li>With a short/medium term focus secure an Regional Resource Centres (RRC) for Urban South Hampshire specialising in the supply of science, technology, entrepreneurship and management skills relevant to the marine sector</li> <li>Retain local graduates, and attract higher skilled workers to live and work in the PUSH area</li> </ul>	<p><b>Transformational Actions</b></p> <ul style="list-style-type: none"> <li>Strengthen pre-level 2 provision in areas of greatest need, including Foundation Learning Tier and pre-apprenticeship pathways</li> <li>Work with the National Apprenticeship Service to redress forecast decline in Apprenticeship participation</li> <li>Work with key employers in growth sectors to strengthen apprenticeship and Diploma provision for young people and to accredit workforce development for adults</li> <li>Strategic planning, co-ordination and alignment of resources</li> <li>Development of Skills Development Zones</li> <li>Strengthen progression pathways to and through Level 2 and 3 including apprenticeship frameworks and 14-19 Diplomas</li> <li>Ensure excellent learning facilities improve the learning environment</li> <li>Work with Aim Higher and Lifelong Learning Networks to strengthen vocational pathways from Level 3 to Level 4</li> <li>Work with FE and HE providers to expand provision in priority subject/ sector areas at Level 4, particularly Foundation Degrees</li> </ul>
<p><b>3. Inclusion and equality</b></p> <p>Ensuring all initiatives and activities are working towards social inclusion and equality of opportunity</p>				
<p><b>4. Sustainable development</b></p> <p>Ensuring change through the Strategy is driven with regard to the LSC and HEFCE Sustainable Development Strategies</p>				

# 5

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## Developing the framework and transformational actions

### The vision statement

The Strategy is positioned within regional, national and global economic contexts. The foundational rationale for the vision is that by developing the workforce skills required by existing and new PUSH businesses the area will create wealth and compete effectively. At the same time, the economy alone cannot achieve sustainable economic development. The key challenge is to bring the whole population into sustainable employment, and so raise aspirations and fulfil potential.

Against this background, the vision for the Strategy is as follows:

***By 2026, the PUSH area will be a highly productive and dynamic economy and a cohesive and prosperous society driven by a talented and growing workforce. Adult learning and skills development will play a driving role in increasing productivity and reducing economic inactivity by raising workforce skills.***

The planning process that underpins this Strategy has developed four interrelated Strategic Aims, which together, can deliver the transformational actions required to meet the PUSH skills challenge:

- Strategic Aim 1: **employment rates and economic inactivity**: providing the skills for sustainable employment in growth sectors
- Strategic Aim 2: **workforce productivity**: tackling skills shortages and gaps in growth sectors
- Strategic Aim 3: **High value added sector activity**: releasing high value added potential
- Strategic Aim 4: **Skills infrastructure**: deliver world class skills in a demand led system

We now present the rationale behind the strategic aims, identify areas where attention needs to be targeted, and outline the transformational actions required to deliver the strategic vision. Supporting the actions, the LSC has developed a series of case studies illustrating good practice across Urban South Hampshire. These case studies, which are referenced throughout this Chapter, can be found in Annex E.

## **Strategic Aim 1 – Employment rates and economic activity – providing the skills for sustainable employment in growth sectors**

### Strategic aim

With a growing and generally buoyant economy, Government is placing increasing emphasis on tackling economic inactivity which, despite economic growth, has remained stable and in many cases is increasing. Lacking appropriate skills has been recognised as one of the main barriers preventing people entering the labour market.

### Why increase employment and reduce economic inactivity in Urban South Hampshire?

In addition to increasing the productivity of the workforce in growth sectors, the size of the workforce will also need to increase through higher levels of overall employment if the Urban South Hampshire area is to meet its GVA target of 3.5% per annum growth by 2026. Targeted support for those who are low-skilled and economically inactive but want to work<sup>9</sup> could alone increase GVA across the Urban South Hampshire area by up to £0.45 billion per annum, contributing 4% of the required GVA uplift of £12.8 billion per annum by 2026. To achieve this we need to move 10,000 economically inactive residents into sustainable employment<sup>10</sup>.

Reducing economic inactivity also has wider positive effects in the PUSH area. Economic inactivity, poor health, high crime rates and low incomes become interdependent and self-reinforcing in pockets of deprivation, leading to neighbourhoods that are disconnected from wider society and the economy. Many of the land, property and business investment opportunities in the PUSH area<sup>11</sup> are in or close to these deprived areas, and offer opportunities for these neighbourhoods to play a pivotal role in the development of the PUSH area. The challenge over the next five to 10 years is to ensure that residents benefit from new employment opportunities created by new and existing employers, and that through coordinated regeneration strategies these areas become attractive places to live and work and attract new residents.

### Evidence of the issue - Economic inactivity and NEETs

Looking at the economically inactive population, local authorities in the PUSH area generally have a greater proportion of people with no qualifications compared with the South East but less than England as a whole. In seven of the 11 PUSH local authorities, 30% of economically inactive residents aged

<sup>9</sup> Prosperity through diversity, Employment Strategy for Hampshire, 2007-2009 states that of the 123,700 economically inactive in the county, 32,300 (26%) want to work

<sup>10</sup> The figure of 10,000 has been derived from a) the number of economically inactive residents with no qualifications b) the proportion of these that want to work, reconciled against c) the number of new jobs demanding low skills levels likely to be available.

16-24 hold no qualifications. Overall, there are 11,073 economically inactive residents aged 16-24 who hold no qualifications in the PUSH area. Figures show that in February 2008, Southampton (9.9%), Havant (9.3%) and Portsmouth (8.5%) have the highest number of NEETs 'based on 'resident' cohort' statistics.

*The retail sector has problems which are not too different from other sectors. We lack employees with basic literacy and numeracy abilities as well as problem solving ability.*

*There are two types of individual that pose difficulties in terms of recruiting suitable skilled staff:*

- *those who are put of school at age 16 – they are struggling to get onto to the job market and are almost unemployable*
- *university students – they don't want to do mundane jobs and expect to get top jobs rather than work their way up the ranks.*

Business view from the Retail sector

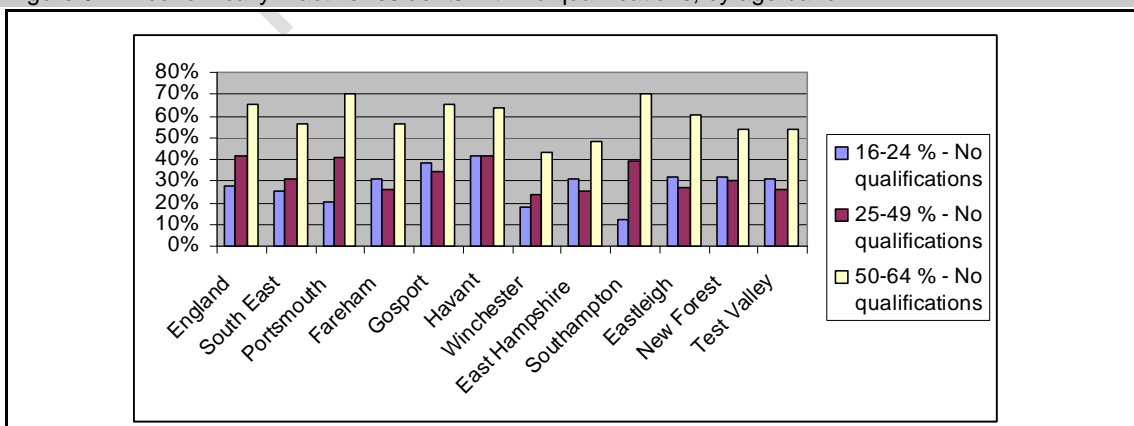
While the numbers involved are small compared to the economically active population (there are 77,925 inactive residents in the Urban South Hampshire area who hold no qualifications), the wider drag effects of economic inactivity (such as individual and neighbourhood deprivation) mean that this group will need to be addressed if Urban South Hampshire is to achieve its growth targets.

Related to this, with 14% of all economically inactive residents who hold no qualifications being aged 16-24, a particular focus is required on young people and young adults.

*The difficulty we have is in terms of skills at the 'entry level' especially in clerical areas. Basic skills levels particularly in numeracy and literacy are lacking in entry-level staff.*

Business view from the Banking and finance sector

Figure 5-1: Economically-inactive residents with no qualifications, by age band



Source: ONS, 2001 Census, Standard Table S003, Sex and age of qualifications by economic activity

<sup>11</sup> A table listing strategic employment sites for physical developments planned for the Urban South Hampshire area is provided in Annex C This is accompanied by a list of major retail and leisure developments as well as a range of smaller developments

Table 5-2: Proportions of 16-18 year olds not in education, employment or training (NEET) in PUSH

Adjusted NEET (%) 'based on 'resident' cohort' statistics Aug 2007	
Portsmouth	8.5%
Southampton	9.9%
Eastleigh	5.1%
Fareham	3.6%
Gosport	6.4%
Havant	9.3%
New Forest	5.5%
Test Valley	4.9%
Winchester	3.3%
East Hampshire	4.5%

Source: South Central Connexions Partnership, February 2008

*The shortage is partly attributable to the quality of apprenticeships coming through. When they go to sites they don't want to do the dirty jobs. The overall perception is that construction is dirty, long hours and not glamorous. Having said that there are a lot more apprenticeships programmes in the PUSH area but not enough quality candidates who are willing to do the 'dirty' work.*

Business view from the Construction sector

## Where should we focus action?

There are pockets of deprivation across the Urban South Hampshire area. This strategic aim in the Strategy focuses on local authorities that exhibit the highest levels of economically inactive residents with no skills:

- **Southampton** - where there is an estimated<sup>12</sup> 15,400 economically inactive residents with no qualifications, of which 2,200 are aged between 16 and 24
- **Portsmouth** – where there is an estimated 13,500 economically inactive residents with no qualifications, of which 2,100 are aged between 16 and 24
- **Havant** - where there is an estimated 8,800 economically inactive residents with no qualifications, of which 1,230 are aged between 16 and 24.

In addition to these areas, focus will also be placed on two further areas. Firstly, despite having relatively lower absolute numbers of economically inactive residents with no qualifications, **Gosport** does exhibit pockets within the local authority with very high rates of economic inactivity. Secondly, **New Forest** will also be included despite the fact that it only partially falls within the PUSH area. This is because a significant proportion of the economically inactive in New Forest reside within the Waterside Area of the authority, a locality lying within the PUSH boundary.

<sup>12</sup> Inactivity data has been taken from the 2001 Census which, whilst dated, provides the most robust indication of economic inactivity by skills level within local authority areas.

Two groups make up the largest part of the total economically inactive population: the long-term sick (including disabled people and those with health conditions) (37%); and those looking after their families (28%)<sup>13</sup>. Actions targeted on those that want to return to work will need to address barriers such as affordable childcare<sup>14</sup> and disabled access and facilities at work. They will require individualised tailored approaches to balance the employment aspirations of those who have been out of work and not in formal learning for some time, with the skills and employment needs of employers in the area.

## Who should benefit?

### *Young people*

No young person learning, working or living in the PUSH area should reach the age of 18 without a recognised qualification that can help secure further learning or employment within the life of the Strategy. The rapid expansion in the number of apprentices planned for 2008/09 to 2010/11, the introduction of the national entitlement for 14-19 year olds to access 17 diploma lines by 2013, and the change in the compulsory education and training leaving age to 18 by 2015, will all help to achieve this goal. We will work closely with central government to support the expansion of learning pathways for young people in Urban South Hampshire as these policies are implemented, but we recognise that targeted support is needed for young people who are currently not in education, employment or training (NEET) as well as those that are in jobs without training (i.e. not in education or training - NET). Action must respond to the nature and characteristics of NEETs and NETs in particular local authority areas and build upon current employer/college partnerships for young people. In particular, we will focus on the following areas that in the past have exhibited relatively high proportions of young people aged 16-18 classified as being NEET<sup>15</sup>:

- **Southampton** which in August 2007 had 526 NEETs or 10.8% of the total 16-18 year old population living within the local authority
- **Portsmouth** which in August 2007 had 366 NEETs or 8.6% of the total 16-18 year old population living within the local authority
- **Havant** which in August 2007 had 260 NEETs or 9.2% of the total 16-18 year old population living within the local authority
- **Gosport** which in August 2007 had 155 NEETs or 7.9% of the total 16-18 year old population living within the local authority

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<sup>13</sup> Prosperity through diversity, Employment Strategy for Hampshire, 2007-2009.

<sup>14</sup> By 2010 parents of all children in England aged 3 and 4 will be entitled to 15 hours of free childcare each week offered on a flexible basis, administered by local authorities (up from 12.5 hours currently).

<sup>15</sup> Figures quoted are based on resident cohort statistics as they are seen as giving a more accurate picture of NEET issues in small (i.e. local authority) areas.

## Adults

Supporting economically inactive residents into work is a resource-intensive activity involving a range of different services focused on increasing employability and securing sustainable employment. It is essential that a coordinated, multi-organisational approach is adopted that utilises the capacity of local community voluntary sector organisations, maximises private sector leverage and makes interventions based upon local intelligence. Employer involvement in both pre- and post-employment support training will help to ensure skills supply is directly relevant to their needs. The Strategy addresses economic inactivity by targeting growth sectors with significant opportunities for entry-level employment in low-skilled occupations (National Vocational Qualification [NVQ] level 2 and below)<sup>16</sup>:

- **Retail:** which despite an overall decline in lower-level qualifications forecast between 2007 and 2026 is still forecast to have almost 19,000 jobs requiring below level 2 qualifications, trade apprenticeships, 'other' and no qualifications, providing substantial replacement demand opportunities
- **Business and financial services:** this sector is forecast to experience employment growth of 42,800 between 2007 and 2026, with 1,300 new jobs requiring below level 2 qualifications. In addition, with 7,062 existing jobs requiring trade apprenticeships or no qualifications, this sector also offers replacement demand opportunities
- **Hotels, restaurants and catering:** which is forecast to experience growth of 3,000 jobs between 2007 and 2026 requiring 'other' qualifications. A proportion of these will be attainable by those with no skills
- **Construction:** which despite a general trend of up-skilling within the sector, is forecast to experience growth of 4,500 jobs between 2007 and 2026 requiring 'other' qualifications. A proportion of these will be attainable by those with no skills

The Strategy will also work to prevent economic inactivity through targeted support for employees working for large employers in declining industries, and especially those operating in lower-value added **manufacturing** and **marine sector** activity.

## What do we need to action?

There are several areas for PUSH to action:

- **Negotiating Section 106 Agreements and local procurement** (see Case Study 1 in Annex E) – we need to learn from good practice and develop a consistent approach to securing Section 106 Agreements through the planning application process. Working with the Local Development Frameworks developed by each local authority, Section 106 Agreements could:

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<sup>16</sup> A full breakdown of employment forecasts by sector and skills level can be found in Annex A.

- Provide a valuable level of resource for developing tailored skills training and/or training infrastructure
- Ensure that local businesses are able to compete for development contracts through early release of contract requirements that allow business to cluster/acquire the required skills sets
- Develop a tiered contract tendering process<sup>17</sup> whereby it is agreed that contracts will be broken up and tendered in such a way that allows local SMEs to compete for contracts
- Ensure that a proportion of construction workers employed on developments are sourced locally and supported through recruitment and training programmes
- Maximise local recruitment of employers occupying new developments by supporting tailored training and recruitment programmes

Where Section 106 Agreements are not appropriate or cannot be secured, other means of agreeing support for training of local residents should be explored.

- **Developing area-specific programmes** – working with the partnerships discussed in Chapter 6, we need to utilise the full range of LSC provision for young people and adults and develop a suite of tailored local provision and support, including:
  - **For supporting young people who are NEET and NET, or at risk of becoming so** (see Case Study 3 in Annex E): working closely with local school and further education (FE) colleges in the local authorities highlighted for targeted action above, we will add to the current NEET Action Plans by rolling-out and piloting an improved 14-19 offer, including Diplomas, GCSEs, Apprenticeships, Entry to Employment, Young Apprenticeships, Key Stage 4 engagement, opportunities for young parents-to-be, work-related learning and other individual packages of learning
  - **Integrating Employment and Skills:** we will ensure that the range of programmes on offer to support adults into work funded through the LSC (i.e. Information Advice and Guidance, Skills for Jobs, Train to Gain) and Jobcentre Plus (i.e. New Deal and Pathways to Work) operate in a far more joined up manner, in line with the aspirations set out in the joint DWP/DIUS paper “Ready for Work, Skilled for Work”. LSC and Jobcentre Plus programmes should combine to provide a seamless service that helps individuals to both gain and sustain work. Delivering this may require joint commissioning, shared systems and potentially shared staff

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<sup>17</sup> This tiered tendering process has been developed and implemented by the Olympic Delivery Authority (ODA) as part of the developments required for the 2012 Olympic Games in London. Essentially the ODA has broken contracts into seven tiers – where tier one is the principle contractor and tier two a subcontractor to tier one and so on.

- ***Progression Routes from Adult Safeguarded Learning:*** we will ensure that Adult Safeguarded Learning provision is complemented with entry points to learning such as First Steps Provision (i.e. learning that includes progression pathways with the Foundation Learning Tier) and where appropriate onto Skills for Jobs provision for people seeking to return to work
- ***Developing a more rounded approach to learning, including family learning:*** ensure that funding from Extended Schools and family learning deliver a rounded approach to learning and skills covering education, workplace and community settings
- ***For supporting those in declining industries:*** ensure that flows into economic inactivity are minimised through early identification of employees at risk of redundancy and a comprehensive support programme to link these people into new opportunities such as the new VT Shipbuilding Carrier contract in Portsmouth (see *Case Study 2 in Annex E*)
- ***Local Employment Partnerships (LEP):*** ensure that the opportunities presented by the major national retail outlets (Asda, B&Q, Marks and Spencer, Sainsbury's and Tesco) signing up to the LEP pledge (to consider those on benefits when recruiting) are maximised in Urban South Hampshire and that these flagship businesses encourage others to commit to the pledge. Through the LEP, this will involve Jobcentre Plus working closely with these businesses and the LSC to ensure people are fully prepared to enter employment.
- ***Building on the September Guarantee:*** we will ensure that every 16-year old learner has been offered a place in education or training by September of every year and that the 'offer' given to young people is tailored to their needs and enables progression to employment, and that support is available both in accessing the offer and securing a positive outcome.

## Strategic Aim 2 – Workforce productivity – tackling skills gaps in growth sectors

### Strategic Aim

Safeguarding and improving the future quality of life enjoyed by residents in United Kingdom demands that we continually seek to improve the income generated for businesses and individuals through the economy. Ensuring that businesses have the skills required to operate efficiently and strive for improvement will be key in securing future competitive advantage, wealth and prosperity.

### Why increase workforce productivity in Urban South Hampshire?

Raising GVA through increasing productivity<sup>18</sup> is vital for:

- Ensuring that the economy remains nationally and internationally competitive
- Ensuring that the housing and employment growth planned for Urban South Hampshire is maximised in terms of the increased wealth that it provides the area, but minimised in terms of the land use
- Ensuring that the prosperity and quality of life for Urban South Hampshire residents is protected and enhanced

While increasing the employment rate will make an important contribution to meeting Urban South Hampshire's GVA target of 3.5% per annum growth by 2026, the target will not be met unless we can raise the productivity of our current and future workforce. Focusing on our growth sectors, by increasing current GVA per employee growth by 10% per annum (i.e. for a given year in sector 'x' achieving a 4.4% GVA growth rate oppose to 4%), could increase GVA by £4.3 billion per annum, contributing 33% of the required GVA uplift of £12.8 billion per annum by 2026.

In addition to our current employment base, employment in Urban South Hampshire is forecast to grow by 80,000 over the next 20 years. We need to ensure that the new businesses that invest and develop in the Urban South Hampshire area maximise their contribution to the overall GVA. Indeed, if these new businesses can be attracted into our highest growth and productive sectors, this will add a further £7.4 billion per annum GVA by 2026, 58% of the £12.8 billion target.

Taken together, therefore, to achieve this GVA uplift we need to support 337,000 employees in over 34,000 businesses to become more productive, and prepare to support productivity growth among the 80,000 new employees forecast to arrive over the next two decades.

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<sup>18</sup> A proxy of productivity has been taken as GVA per employee

## Evidence of the issue – skills in the labour force, skills shortages and skills gaps

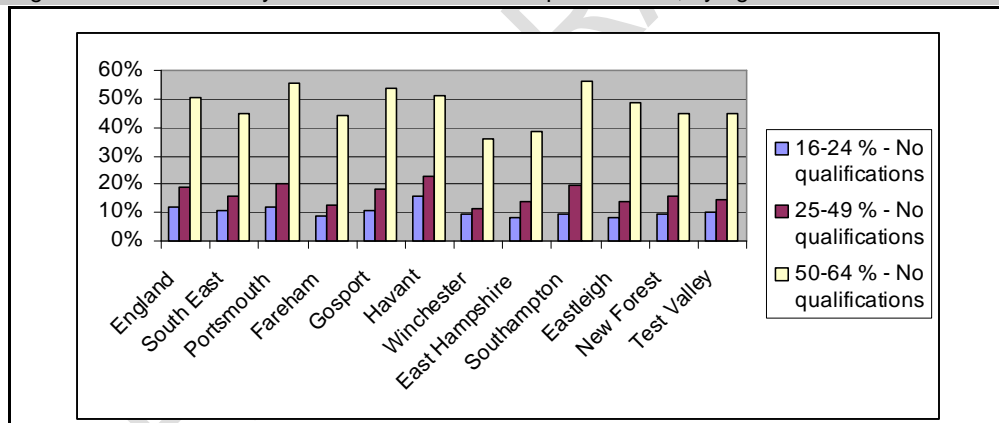
### **Skills in the labour force**

The South East compares favourably against England, with lower proportions holding no qualifications across all age groups and, with the exception of the 16-24 age group, higher proportions holding high level qualifications.

Three local authorities in the Urban South Hampshire area (Portsmouth, Havant and Gosport) have higher proportions of 16-24 year old residents holding no qualifications compared to the South East. These three areas are home to almost 50%<sup>19</sup> (8,307) of all the 16-24 year olds with no qualifications in Urban South Hampshire.

With the exception of Winchester and East Hampshire (both of which only partially fall within the PUSH area), all PUSH local authority areas have lower proportions of residents aged 25-49 years old with high qualifications compared to the South East.

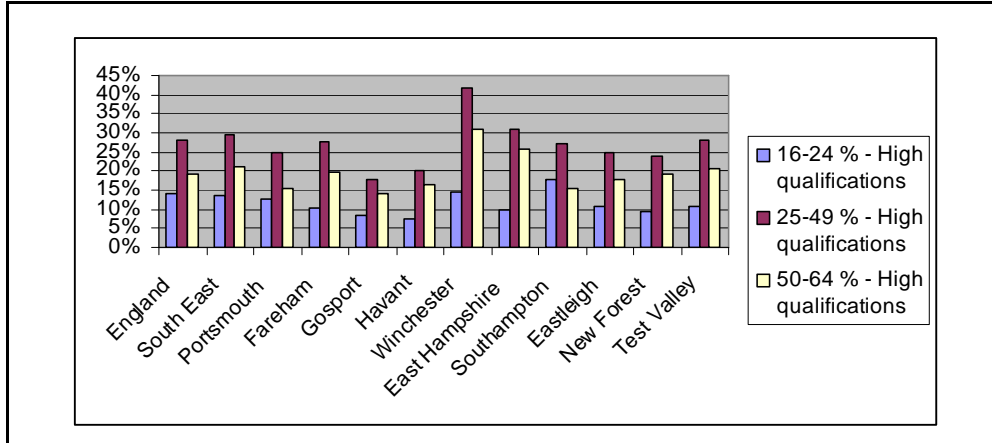
Figure 5-3: Economically-active residents with no qualifications, by age band



Source: ONS, 2001 Census, Standard Table S003, Sex and age of qualifications by economic activity

<sup>19</sup> Only the local authorities that fall entirely within the PUSH area have been used to compile this statistic: Southampton, Eastleigh, Fareham, Gosport, Portsmouth and Havant

Figure 5-4: Economically-active residents with high qualifications (L4), by age band



Source: ONS, 2001 Census, Standard Table S003, Sex and age of qualifications by economic activity

*We need technical skills. The sector is not bad on Levels 1 and 2 but it is scraping by on Level 3. Ideally, we need to be above Level 3.*

*The introduction of new technologies is driving EU legislation in the transport sector. For example, new technology can detect even more levels of emissions and so EU bring out new legislation to monitor emission levels – for instance Euro 5 which is a standard emissions level for goods vehicles.*

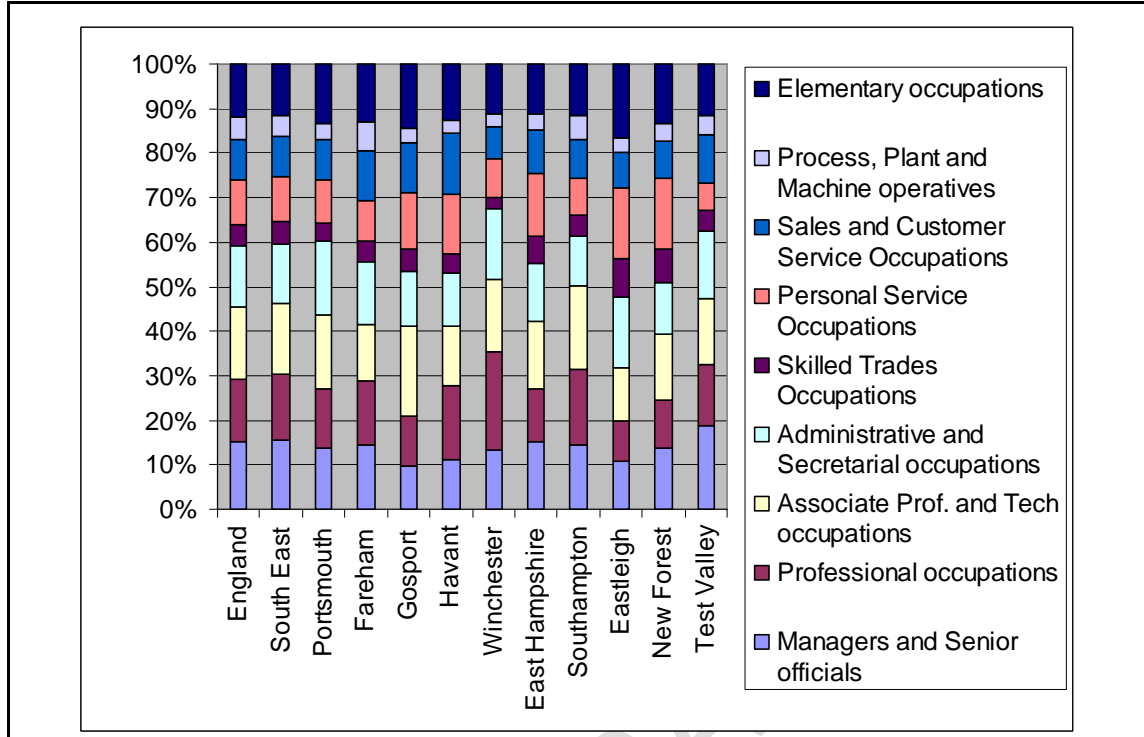
*The advancement in technology has had a knock-on effect in the sense that the transport sector has had to recruit suitable engineering staff or drivers who have transferable skills into areas such as mechanical and electronic engineering.*

Business view from the Transport and logistics sector

The distribution of occupations in the South East follows very closely the distribution at a national level. Managers and senior officials and professional occupations account for a very slightly higher proportion of jobs in the South East, but five Urban South Hampshire local authorities exhibit lower proportions than the proportion for the South East.

On the other hand, sales and customer service occupations and process, plant and machine operatives account for lower proportion of jobs in the South East than England as a whole, but these occupations are more likely to be employed in the PUSH local authority area.

Figure 5-5: Occupations (2005)



Source: Annual population survey, 2005

The South East and PUSH both comprise a highly qualified workforce. Nearly a third of people in the South East were qualified to NVQ Level 4 and above, higher than England as a whole. The PUSH area as a whole has a lower proportion of skilled people (with qualifications at NVQ level 3+) than the South East, although four PUSH local authorities do have higher proportions.

Compared to the South East, the PUSH area local authorities have a greater proportion of people with Trade Apprenticeships and NVQ1 level qualifications as their highest qualification. Gosport and Havant had relatively higher proportions with no qualifications than other areas in PUSH, and significantly higher than the South East as a whole.

Table 5-1 Qualifications distribution in the PUSH area

	NVQ4+	NVQ3+	NVQ2+	NVQ1+	Other qualifications	No qualifications
<i>England</i>	27.1%	44.9%	63.3%	77.6%	8.7%	13.6%
<i>South East</i>	30.5%	49.4%	68.0%	82.7%	7.7%	9.6%
<i>PUSH</i>	28.5%	48.4%	67.7%	83.5%	6.4%	10.1%
East Hampshire	28.7%	48.1%	73.8%	87.4%	7.0%	5.6%
Eastleigh	32.6%	51%	72.8%	85%	4.7%	10.3%
Fareham	30.0%	47.2%	68.0%	87.3%	4.0%	8.7%
Gosport	22.8%	39.4%	59.3%	82.9%	2.1%	15.1%
Havant	19.6%	35.8%	55.9%	77.9%	4.4%	17.7%
New Forest	29.4%	52.1%	71.4%	86.7%	5.8%	7.5%
Portsmouth	23.8%	42.9%	61.0%	77.2%	9.3%	13.5%
Southampton	26.2%	48.4%	65.5%	82.2%	7.2%	10.5%
Test Valley	29.5%	54.2%	73.1%	85.6%	6.5%	7.9%
Winchester	46.5%	63.7%	78.7%	87.9%	8.2%	3.9%

Source: ONS, annual population survey, 2006 data

### **Skills shortages and skills gaps**

Skills shortage vacancies as a percentage of all vacancies fell in all regions in England between 2003 and 2005. In the LSC Hampshire and Isle of Wight area, skills shortage vacancies fell from 22% to 19%.<sup>20</sup>

Public sector organisations were more likely to report skills shortage vacancies in general. In the LSC Hampshire and Isle of Wight area, employers in the health and social care and the marine engineering and manufacturing sectors were more likely than the other priority sectors to experience skills shortage vacancies. In the health and social care sector these vacancies were concentrated in professional, associate professional and support occupations.

The number of firms reporting skills gaps is falling in all regions in England, and in most local areas in the South East. However, in 2005 almost one fifth (18%) of establishments reported skills gaps in the South East, particularly for personal service occupations (11% of all employees), followed by sales and elementary occupations. For the LSC Hampshire and Isle of Wight area, 11% of employees in sales occupations were reported to have skills gaps, followed by 8% of employees in personal service occupations.

Employers in the retail and the health and social care sectors were more likely to report skills gaps than the other priority and 'emerging and significant' sectors. More than 60% of skills gaps in the retail

sector were related to sales and customer service occupations. Almost one third (31%) of employers in tourism and hospitality reported skills gaps, mostly concentrated in elementary and customer service occupations.

*Overall, there is significant impact on growth if there is lack of quality skilled staff. The scenario that often emerges is that instead of employing someone who is the right individual for the job, you end up offering the job to the best available.*

Business view from the Retail sector

In tourism and hospitality, employers were most likely to believe that employees need to improve customer handling skills. In the LSC Hampshire and Isle of Wight area, managers accounted for a significant share of skills gaps in the 'emerging and significant' sectors.

A main reason cited for skills gaps was lack of experience, or the recent recruitment of staff. Communication, problem solving, administration and team working were the most commonly cited skills requiring further development among managerial staff.

With regard to basic skills, 18% of employers in LSC Hampshire and Isle of Wight area reported that they had skills gaps in literacy, and 17% had skills gaps for numeracy.

### ***Meeting future skills demand***

The qualification profile of PUSH growth sectors has changed significantly over the past decade and is set to continue to do so. Our forecasts show that Level 3 and 4 skills are set to see a substantial increase, and by 2026 to make up almost 60% of the workforce. Detailed sectoral skills forecasts can be found in Annex A.

## **Where should we focus action?**

There is a need to raise per capita GVA in growth sectors across the Urban South Hampshire area. Across the Urban South Hampshire local authorities attention needs to be given to the growth sectors that are either important in terms of the number of employees working in the sector compared to other local authorities, and/or the significance of the sector to the local (authority) economy. The table in Annex D ranks local authorities according to these two considerations. The shaded boxes in the table, which represent the top three combined sectoral averages for each local authority, provide an initial framework for guiding support for sectors across the area. Within this analysis, it should be recognised that due to data limitations the digital animation, IT and media and creative and cultural and, most notably the marine sector, have not been included although they are subsumed within the broader sectors.

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<sup>20</sup> National Employers Skills Surveys, (LSC, 2003 and 2005)

This strategic aim, therefore, has a dual focus:

- local authorities that hold the largest proportions of Urban South Hampshire growth sector employment
- growth sectors which contribute significantly to employment in a given local authority.

This dual approach leads to the following areas of focus<sup>21</sup>:

- **Portsmouth** - hotels, restaurants and catering (7,336 employees)<sup>22</sup>, retail (9,915 employees), high-value manufacturing (2,262 employees) and business and financial services (15,316 employees)
- **Southampton** - business and financial services (25,011 employees), transport (5,842 employees), construction (4,832 employees) and retail (9,919 employees)
- **Eastleigh** - business and financial services (16,378 employees), distribution and wholesale (3,474 employees) and retail (8,915 employees)
- **Fareham** - distribution and wholesale (1,778 employees), high value manufacturing (1,547 employees) and transport (1,393 employees)
- **Gosport** - high-value manufacturing (481 employees), health and social care (1,762 employees) and hotels, restaurants and catering (1,406 employees)
- **Havant** - retail (5,676 employees), construction (2,232 employees) and health and social care (3,851 employees)
- **New Forest** - construction (2,766 employees), hotels, restaurants and catering (6,084 employees) and high-value manufacturing (2,242 employees)
- **Test Valley** - high-value manufacturing (2,522 employees), distribution and wholesale (2,930 employees) and transport (1,723 employees)
- **Winchester** - health and social care (7,221 employees), business and financial services (13,514 employees) and hotels, restaurants and catering (4,350 employees)
- **East Hampshire** - business and financial services (10,443 employees), distribution and wholesale (1,375 employees) and health and social care (3,499 employees)

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<sup>21</sup> It should be noted that due to growth rates that did not meet the criteria set out when defining growth sectors and activities employment in the area's hospitals (which makes up a around 30,000 employees) was not included. Further discussions are required regarding whether these should be included and targeted as part of the push to increase GVA

<sup>22</sup> These employment figures are for growth sectors in 2007, they do not include forecast employment growth or businesses activity within these sectors that have not experienced growth over the past seven years.

Over the next five years (i.e., the medium term) we will need to focus our attention on the largest growth sectors in each local authority:

- **Business and financial services** which currently employees 115,000 and is expected to increase to 160,000 by 2026
- **Retail** which currently employees 60,000 and is expected to increase to 67,000 by 2026
- **Health and social care** and which currently employees 45,000<sup>23</sup> and is expected to increase to 54,000 by 2026
- **Hotels restaurants and catering** which currently employees 39,000 and is expected to increase to 46,000 by 2026.

Within this, it should be noted that in addition to these sectors, attention will also be paid to sectors with particularly high value-added potential, namely the marine sector and business and financial services. Actions to support these sectors are discussed under Strategic Aim 3: High value added sector activity.

## Who should benefit?

Everyone in the current and future workforce should be encouraged to raise productivity through skills development. However, with respect to meeting the GVA target of 3.5% GVA per annum by 2026, this strategic aim will, over the next five years, focus on the largest employment growth sectors. Within these sectors, the following areas should be targeted:

- **Business and financial services:** with 53% of employees in this sector forecast to need a Level 4 qualification or above by 2026, action needs to be focused on up-skilling those who currently hold Level 2 and 3 qualifications, particularly managers and senior officials, professionals and those in associate professional and technical occupations
- **Retail:** with a forecast fall in employees in this sector holding qualifications below Level 2, action needs to be focused on supporting these employees (11,232 in 2007) to reach at least a Level 2 qualification. Action is also required to up-skill managers and senior officials working in the sector with qualifications at Levels 3 and 4, which are forecast to be held by 50% of the workforce by 2026 (see Case Study 6 in Annex E).
- **Health and social care:** again with a forecast fall in employees in this sector holding a qualification below Level 2, action needs to be focused on supporting these employees (4,863 as at 2007) to reach at least a Level 2 qualification. Action is also required to up-skill managers and senior officials, professionals and those in associate professional and technical occupations working in the sector with qualifications at levels 3 and 4, which are forecast to comprise 71% of the workforce by 2026.

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<sup>23</sup> See above footnote

- **Hotels, restaurants and catering:** with 19% of employees in this sector forecast to hold 'other qualifications' by 2026, sector-wide and employer-based action is required ensure the skills recognised in these qualifications gain recognition within the Qualifications and Credit Framework. With a forecast decline in employees in this sector holding qualifications at Level 2 or below, action is needed to support these employees (6,102 with Level 2 qualifications in 2007) to attain at least a Level 3 qualification.

## What do we need to action?

There are several areas for PUSH to action:

- **Implementing Sector Skills Agreements (SSAs):** with a five-year focus on the four sectors highlighted, and building upon the new Employer Responsiveness and Vocational Excellence Standard for providers, we will ensure that Sector Skills Councils have the required support and information necessary to develop regional SSA implementation strategies with local providers. Within this, we will use the new Qualifications and Credit Framework to ensure that professional qualifications and employer-based training within the business and financial services sector and the hotels, restaurants and catering sector are recognised and accredited.
- **Train to Gain** (see Case Study 4 in Annex E): ensuring that the expanding 2008/09-10/11 budget for Train to Gain is targeted at the four sectors highlighted, with particular focus on:
  - **Skills pledge:** ensure that significant employers in the retail, health and social care and hotels, restaurants and catering sector sign the Skills Pledge (noted under strategic aim 1)
  - **Leadership and management:** ensure that the Organisational Needs Analysis consider leadership and management development opportunities, particularly in the business and financial services sector
  - **Level 3 trails:** use the new 50% subsidy to encourage employers across the four sectors to invest in training their employees up to a Level 3 qualification
  - **Higher-level skills:** using the HEFCE and LSC 'Ways of Working' document, learn from the pathfinders in the North East, North West and South West to develop a higher-level skills referral and brokerage service in the PUSH area; and work with Aim Higher and Lifelong Learning Networks in the South East to encourage progression on vocational pathways from FE to HE
- **Rolling out the Skills Pledge** (see Case Study 5 in Annex E): the LSC along with the three first-tier local authorities (Hampshire, Portsmouth and Southampton) will lead on signing up to the Skills Pledge whereby they commit to support all employees in developing

ncluding literacy and numeracy, and work towards relevant, valuable and full qualifications to at least Level 2.

- **National Employer Service:** Through the Skills Pledge use flagship businesses as key influencers, both in encouraging supply firms and competitors to adopt the Skills Pledge and reinforce a positive image around the LSC and investing in skills development
- **National Skills Academies:** maximise linkages between the business and financial services, construction and manufacturing sectors and respective National Skills Academies and ensure that emerging Academies in retail and hospitality link to growth sectors through strong local employer and provider engagement focused on delivering the higher-skills levels in the sectors targeted by this strategic aim.

FINAL DRAFT

## **Strategic Aim 3 – High value added sector activity – releasing high value added potential**

### Strategic Aim

Skills are recognised by the HM Treasury as one of the five drivers of productivity, and were the primary vehicle highlighted by Lord Leitch for improving the UK's competitive advantage. Working alongside the wider PUSH Economic Development Strategy, we need to focus support on the businesses that offer the largest potential for employment growth and high value-added activity.

### Why do we need to focus on high value added activity in Urban South Hampshire?

Raising GVA through increasing productivity<sup>24</sup> is vital for ensuring the long-term competitiveness and prosperity of our economy and the quality of life for our residents in Urban South Hampshire. Strategic Aim 2 set out the need for a general uplift in workforce productivity, and proposed actions focused on sectors exhibiting significant historical GVA per-employee growth, and forecast to experience significant employment growth between 2007 and 2026. In addition to the actions outlined under Strategic Aim 2, other actions in other areas are required in order to achieve this uplift in GVA across a broad range of growth sectors, by

- Developing Urban South Hampshire's reputation as an area for high value-added activity and (combined with the area's high quality of life offer) attracting more highly skilled individuals into the area to live and work
- Maximising the proportion of business activity within the growth sectors that are leading the market in service and product design, so that firms can
  - influence supply chains and competitors through clustering
  - act as magnets for investment from outside the sub-region
  - partner with universities in the area to attract and retain graduates in the sub-region

By achieving these effects, high value-added activity can drive up-skilling and productivity gains across the sub-region.

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<sup>24</sup> A proxy of productivity has been taken as GVA per employee.

## Assessing the evidence base – growth sectors for employment and productivity

In 2003, GVA per head in the South East was £17,565, higher than at a UK level (£15,980)<sup>25</sup>. Similar to the UK as a whole, the greatest contributors to GVA in the South East were the following sectors: real estate, renting and business activities; manufacturing; and wholesale and retail trade.

The average GVA per capita across the main Urban South Hampshire local authorities was £14,554<sup>26</sup>, with Winchester, Portsmouth and Southampton closer to the South East productivity figures at £20,904, £17,440 and £16,727 per capita respectively. Seven of the nine local authorities that are either wholly or partially contained within the PUSH area lag behind South East per capita GVA.

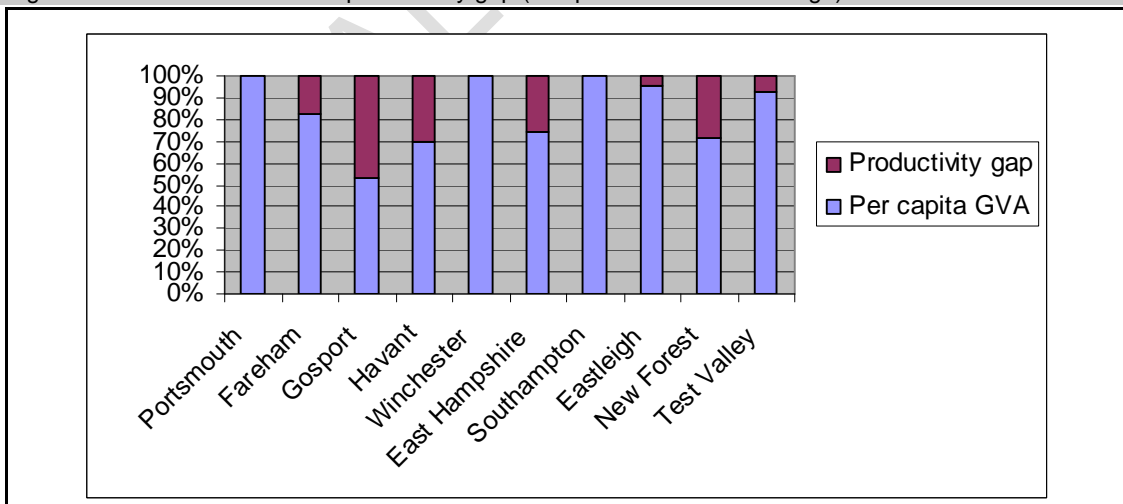
GVA per capita at the local authority level should not be interpreted necessarily as the GVA of the local population or resident workforce, especially in parts with high levels of in- or out-commuting. This is likely to be particularly true for the cities of Portsmouth and Southampton which, despite relatively well structured and buoyant economies, have pockets of high unemployment, economic inactivity and young people who are NEET.

*The more you improve skills then the more productivity gains will be realised.*

*'Up-skilling' allows people across the board to make a greater contribution as they develop their skills.*

Business view from the Transport and logistics sector

Figure 5-6: GVA and the PUSH productivity gap (compared to the SE average)



Source: SEEDA estimates based upon data sets from ONS and RHA, 2002

<sup>25</sup> Office for National Statistics, 2005, Region in Figures: South East, Winter 2004/5, No. 9.

<sup>26</sup> SEEDA estimates based on ONS and RHA.

## **PUSH area growth sectors**

In order to understand the skills profiles of growth sectors, we have developed a model of the growth and high value-added sectors within the Urban South Hampshire economy. Further details of this model can be found in Annex B.

Growth for absolute GVA and GVA per employee has been positive for all Urban South Hampshire growth sectors between 1998 and 2005 across the South East. Business and financial services have seen a 78% uplift in GVA and a corresponding 28% increase in GVA per employee. Manufacturing has only seen minimal growth over the period (2%), although GVA per employee is the second highest of all sectors (£58,444), seeing a rise of 37% since 1998. Construction has experienced the most significant growth in both GVA (96% uplift) and GVA per employee (73%), highlighting the importance of this sector for the South East and the changing nature of the workforce within the sector.

Table 5-3: Employment growth in PUSH growth sectors and associated South East GVA per employee growth

Growth SICs by sector	PUSH Employment 2005*	Change in employment since 1998	South East GVA per employee 2005 (£)	Change in GVA per employee since 1998
Business & financial services	114,933	33%	£48,195	28%
Construction	29,396	32%	£53,403	73%
Distribution & wholesale	17,159	21%	£59,635	56%**
Health and Social Care	44,576	42%	£12,819**	46%**
Hotels restaurants & catering	39,377	22%	£14,675	30%**
Manufacturing	15,491	34%	£58,444	37%
Retail	60,344	31%	£20,609	29%
Transport	15,821	56%	£47,299	19%

\* Note: Employment totals DO NOT equate to the total employment in each sector, they only represent the employment for growth SICs within that sector

\*\* Note: Health and Social Care, Hotels restaurants & catering, Distribution & wholesale data taken from National ABI statistics due to data limitations

Source: ABI, 2005

In addition to these sectors, the **Marine Sector** is also a growth sector of key importance to the Urban South Hampshire economy. Consisting of three core types of activity (ports and shipping, naval and defence, and marine leisure), the marine sector cuts across the growth sectors of Business and financial services, Construction, Distribution and Wholesale, Manufacturing, Retail and Transport. The Solent Waterfront Strategy<sup>27</sup> (an area which, excluding Chichester and the Isle of Wight covers the Urban South Hampshire Area) estimates that:

- The sector supports 25,000 direct jobs

<sup>27</sup> Solent Waterfront Strategy, Adams Hendry Consulting Limited & Atkins and Marina Projects Limited, November 2007 (DRAFT).

- In terms of GVA and GDP, the sector contributes around 18% of the value of the Solent economy
- GVA per employee is estimated to be £125,000.

*With the increasing sophistication of the sector and in particular ship building, the occupational groups that will be vital for future growth of the marine sector will be:*

- *tradesman*
- *mechanical fitters*
- *electrical engineers*
- *supervisors.*

Business view from the Marine sector

## Where should we focus action?

It is acknowledged that within all growth sectors there will be businesses engaged in high value-added activity. However, in order to achieve this Strategic Aim, attention will focus action on employment sectors demonstrating three key 'growth potential' characteristics between 1998 and 2005: high overall GVA per employee; strong increases in GVA per-employee; large numbers of employees in the sub-region. Applying these criteria lead us to focus on the following sectors:

- **Marine sector** – made up primarily from components of the distribution and wholesale, retail, transport, construction, high value-added manufacturing, and business and financial service, this sector has an estimated GVA per employee of £125,000<sup>28</sup> – higher than any other sector in the sub-region
- **Business and financial services** – employing 115,000 people and with a GVA per employee of £48,000

Given the importance of these sectors to the Urban South Hampshire area, we will not target actions on particular local authorities but rather take a business-led approach and target actions where there is greatest latent potential for developing high-growth activity.

## Who should benefit?

It is acknowledged that the marine sector is very difficult to define, and also that we have been unable to undertake the same skills forecasting exercise for this sector as we have for the other growth sectors. However, by drawing from a survey completed as part of the recently completed Solent Waterfront Strategy<sup>29</sup>, we can identify the following focus areas for action:

<sup>28</sup> Solent Waterfront Strategy, November 2007, developed by Adams Henry Consulting Limited and Atkins and Marina Projects Limited, SEEDA.

<sup>29</sup> Solent Waterfront Strategy, November 2007, developed by Adams Henry Consulting Limited and Atkins and Marina Projects Limited, SEEDA.

- **Marine engineering** – the survey identified that in terms of the type of skills shortages experienced in the sector, over 57% of marine companies identified engineering skills as being significantly in short supply. Related to this, the Strategy will also focus action on the development of marine-related manufacturing, related in particular to boat and marine technology. The Solent Waterfront Strategy states that:

*Nearly fifty percent of all manufacturing of ships and boats within the southeast happens in Hampshire, reflecting its coastal location and rich history. The manufacture of ships and boats and marine technology is the biggest sector in Hampshire as evaluated by the number of companies, with 140 boat and ship manufacturers in the county.*

- **Business and financial services:** it has been forecast that by 2026, 53% (82,826 employees) of all business and financial services employment will be taken by employees holding a Level 4 qualification, and a further 11% will hold 'other qualifications' many of which will be professional qualifications. We will use the new Qualifications and Credit Framework to ensure that professional qualifications and employer-based training within the business and financial services sector are recognised and accredited.

## What do we need to action?

In addition to the actions set out under Strategic Aim 2, there are several areas for PUSH to action:

- **Higher Education Clusters:** in close partnership with SEEDA, we want to play a key role in the development of the four or five<sup>30</sup> Higher Education Clusters planned for the South East. Through demonstrating leading partnership work and good practice between our colleges, universities and business, secure at least one of the clusters for development in Urban South Hampshire. With Portsmouth host to Vosper Thornycroft (VT, the largest commercial marine company in the South East), Southampton College marine industry CoVE, maritime industry subject specialism at Portsmouth, Southampton and Solent universities, and the established Manufacturing, Engineering and Marine Skills Partnership, the area should be able to make a strong case for a cluster focused on the marine sector. (see Case Study 7 in Annex E).
- **Regional resource centres:** the PUSH area should make a strong case for the development of a Regional Resource Centre, focusing on the supply of science, technology, entrepreneurship and management skills relevant to the Marine sector. This should link into the Train to Gain higher-level skills programme (see Strategic Aim 2) whereby we will develop a higher-level skills referral and brokerage service in the PUSH area.
- **Graduate retention:** building upon the success of the Southampton Graduate Retention Programme, we want to increase the proportion of local graduates brokered into

<sup>30</sup> The exact number of Higher Education Clusters is still being negotiated

relationships with high value-added businesses, particularly in the marine and business and financial services, both during their studies and after graduation.

FINAL DRAFT

## **Strategic Aim 4– Skills Infrastructure: Deliver world class skills in a demand led system**

### **Strategic Aim**

In order to deliver the world class skills needed to realise the PUSH skills for employability and growth vision, universities, colleges, training providers and employers will need to address the workforce development needs of the growth sectors in the PUSH area. Engaging employers, understanding their needs and encouraging their partnership and investment in more responsive and flexible provision are ascendant policy priorities for the LSC and Higher Education Funding Council for England (HEFCE), and the education and training provision they plan and fund.

Providers in the PUSH area benefit from the presence of a HEFCE-funded Lifelong Learning Network and LSC-funded Centres of Vocational Excellence and the Action for Business Network of colleges and training providers. The Strategy should build on these strengths with a greater focus on the priority sectors to support employment and productivity growth in the Urban South Hampshire area.

### **Why do we need to focus on the skills infrastructure in Urban South Hampshire?**

The preceding Strategic Aims underline the centrality of skills in delivering the growth ambitions for Urban South Hampshire. Ultimately, the Strategy will be delivered through the skills infrastructure of providers, partners, planners and funders. Strengthening the skills infrastructure by sharpening its focus on social inclusion, economic development and learner and employer needs is therefore vitally important. In order to deliver the demand-led world-class skills needed to achieve the growth potential of the area, the skills infrastructure must change, as it is changing throughout England. The purpose of this Strategic Aim is to ensure that the skills infrastructure in Urban South Hampshire seizes the opportunities presented by the increasing levels of investment in the FE and HE sectors order to realise the PUSH skills for employability and growth vision.

The impetus for strengthening the national skills infrastructure received a significant boost in 2006 when Lord Leitch<sup>31</sup> argued for greater investment in the skills and qualifications for delivering higher productivity, wealth creation and social justice in the UK. The crux of the Leitch review and its recommendations lay in establishing a demand-led and partnership approach which translates into engaging with employers and learners effectively in understanding skills needs and ensuring that skills supply is responsive to these needs. It also emphasised strongly the need to integrate employment and skills to help people prepare for and face challenges in the labour market.

These goals are reflected in the priorities underpinning the Strategy. The planned changes to the skills infrastructure needed to deliver the Leitch vision create opportunities for system reform within the sub-region. The government's response, 'World Class Skills: implementing the Leitch Review of Skills in England' (DIUS, July 2007), signalled significant changes to the national skills infrastructure, including the formation of the UK Commission for Employment and Skills overseeing Local Employment and Skills Boards, and a stronger remit for Sector Skills Councils including raising employer ambition and investment in skills and ensuring that employer demand drives skills supply, including higher-level skills, at national, regional and local levels. The advent of the Skills

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<sup>31</sup> Leitch (2006) Prosperity for all in the global economy: world class skills, HM Treasury.

Pledge, the evolution of the Train to Gain brokerage service, and the increased financial entitlements for adults receiving basic skills training and achieving first full level 2 qualifications, are all key elements of the reform package which will impact on provision at the sub-regional level. So too is the recommendation that all young people in England should participate in education or training until their 18th birthday from September 2015, announced in 'Raising Expectations: staying in education and training post 16' (DfES, March 2007).

Train to Gain and Apprenticeships in particular will receive significantly higher levels funding over the period 2008/09 to 2010/11. Train to Gain, the government's flagship employer engagement initiative, is set to become a mainstream part of every provider's offer, with around a third of the adult skills and FE budget to be routed through it by July 2011. 'Train to Gain: a plan for growth: November 2007 – July 2011' (LSC, November 2007), sets out how the volume of Train to Gain provision will increase rapidly, with a strong emphasis on increasing employer demand, reforming skills brokerage, reducing provider bureaucracy, and extending learner eligibility to include Apprenticeships for those aged over 19 years and also second level 2 qualifications and support for level 3 qualifications and higher-level skills. It is the purpose of this Strategic Aim to ensure that the skills infrastructure in Urban South Hampshire makes best use these and other resources to support the delivery of employment and productivity growth in the area.

## Evidence base – the pattern of publicly-funded provision

### ***LSC-funded provision***

In 2006/07, there were approximately 103,400 learner enrolments on LSC-funded provision in the Urban South Hampshire area.<sup>32</sup> The number of learner enrolments in 2006/07 was particularly high in two subject sector areas: preparation for life and work; and health, public services and care. These are key strengths in relation to reducing overall economic inactivity, and securing employment in a major employment sector in the area.

Overall LSC investment in provision in Urban South Hampshire has increased consistently between 2004/05 and 2006/07, but with considerable decreases in adult and community learning (ACL) funding (consistent with national trends).<sup>33</sup> In each year, Level 3 qualifications received the largest number of enrolments (between 49% and 53% of all starts) at FE colleges. For work-based learning (WBL), Level 2 and Level 3 qualifications received an equal share of enrolments.

However, overall LSC-funded enrolments have fallen in the same period. For the FE funding stream, enrolments fell by 25% from 134,580 in 2004/05.<sup>34</sup> The fall in enrolments was concentrated in particular subject sector areas: 83% in leisure, travel and tourism (from 1,770 to 293); 50% in information and communication technology (from 3,107 to 1,580), and 35% in construction, planning and the built environment (from 1,640 to 1,064). In contrast, the number of starts increased for engineering and manufacturing technologies and in retail and commercial enterprise. Overall success rates have increased steadily since 2004/05 to reach 78% in FE and 69% in WBL in 2006/07.

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<sup>32</sup> The vast majority these enrolments were recorded in the ILR FE funding stream.

<sup>33</sup> The majority of ACL funding was made up of Adult and community learning/personal and community development learning (ACL/PCDL), and family language, literacy and numeracy (FLLN) funding.

<sup>34</sup> The WBL funding stream enrolments fell by more than 50%, albeit from a small base of 792 to 362.

The mixed results for the growth sectors needed to realise the PUSH skills vision argue for a stronger focus on these sectors when planning of LSC-funded provision in the future:<sup>35</sup>

- **Business and financial services** (subject/sector area 'business, administration and law') - below average decline in adult enrolments (-17%) and near average decline young people enrolments (-2%)
- **Construction** (subject/sector area 'construction, planning and the built environment') – below average decline in adult enrolments (-20%) and above average growth in young people enrolments (16%)
- **Health and social care** (subject/sector area 'health, public services and social care') – near average decline in adult enrolments (-31%) and above average decline in young people enrolments (-12%)
- **Hotels, restaurants and catering** (proxy for tourism, subject/sector area 'leisure, travel and tourism') – above average decline in adult enrolments (-85%) and near average growth in young people enrolments (5%)
- **Manufacturing** (subject/sector area 'engineering and manufacturing technologies') – below average decline in adult enrolments (-14%) and above average decline in young people enrolments (-15%)
- **Retail** (subject/sector area 'retail and commercial enterprise') – below average decline in adult enrolments (-19%) and above average growth in young people enrolments (31%)
- **Preparation for life and work** – below average decline in adult enrolments (-6%) above average growth for young people (35%)

*Current education and training provision is finding it difficult to meet the skills needs for future growth. However, the introduction of the new diplomas in construction from about 2009 for 14-19 year olds will help towards filtering the best-skilled candidates. It will introduce the kids to the sector and give basic knowledge, making them better equipped for apprenticeships in construction*

*There has been the piloting of GCSE in Construction and Environment but the problem has been that it is taught by design and technology teachers. I hope that the new diplomas will not follow the same fate.*

Business view from the Construction sector

### **HEFCE-funded provision**

The Urban South Hampshire area has three main HE institutions: University of Portsmouth, University of Southampton, and Southampton Solent University. There were 54,670 enrolments at these

<sup>35</sup> Based on FE funding stream ILR data.

institutions in 2005/06, 43% of which were at the University of Southampton. Enrolments across all three institutions were concentrated in business and administrative studies (15%, compared to 13% nationally), followed by subjects allied to medicine (12%, compared to 13% nationally) and social studies (12%, compared to 8.7% nationally). The emphasis on business studies bodes well for developing high-level skills in the business and financial services sector (high productivity) and in subjects allied to medicine (high employment levels), to support the delivery of the PUSH skills for employability and growth vision, providing graduates from both can be retained in the area.

Two thirds of the total post-graduate enrolments were at the University of Southampton, while the University of Portsmouth had a higher proportion of undergraduate enrolments. One fifth of the enrolments at the University of Portsmouth were in social studies, while the dominant subject area at the University of Southampton was subjects allied to medicine. One third of all enrolments at Southampton Solent University were in business and administrative studies.

Almost two-thirds (65%) of all enrolments in the Urban South Hampshire universities were in first-degree courses, considerably more than the average for England (54%). Enrolments for first degrees increased by nearly 6% between 2003/04 and 2005/06, with the largest increase in enrolments in Architecture, building and planning. Overall, however there was a net decline in enrolments between 2003/04 and 2005/06 at the three universities, driven by declining enrolments in other undergraduate courses (i.e. sub-degree awards) and in postgraduate courses.

## Where should we focus action?

### ***Securing flexibilities in planned national and regional investments in order to meet sub-regional priorities***

*LSC regional commissioning plan 2008/09 and LSC local statement of need 2008/09*

The increasing levels of adult learner- and employer-responsive funding announced in the national LSC's statement of priorities for 2008/09 to 2010/11 and LSC South East regional commissioning plan for 2008/09 provide a short- to medium-term (1-4 years) impetus for immediate action in key areas supporting the delivery of the Strategy and Action Plan.

The national LSC statement of priorities featured substantial growth in funding for Train to Gain and Apprenticeships and the introduction of pre-Apprenticeships over the next three years in order to strengthen attainment at levels 2 and 3. In 'World-class Apprenticeships' (January 2008) the DCSF set out how Apprenticeships will become a major pathway for young people and adults over this period. It announced that an Apprenticeship place should be available for all qualified young people by 2013, and also the creation of a National Apprenticeship Service (with a regional and sub-regional presence) with end-to-end responsibility for the entire Apprenticeship programme, including funding for all Apprenticeship places and the operation of a vacancy matching service. Action supporting the delivery of this Strategic Aim should seek to secure flexibilities in planned investments in order to meet the increasing levels of funding for Train-to-Gain and Apprenticeships and engage with the evolving funding and planning infrastructure, to deliver Transformational Actions focused on increasing attainment at levels 2 and 3 and progression to level 4 in the growth employment sectors.

The LSC South East regional commissioning plan for 2008/09 prioritises the delivery of Foundation-Tier Learning, Skills for Life provision, and the achievement of full level 2 and level 3 qualifications. It targets provision for young people who are NEET and 'workless' adults in deprived communities, and on meeting the needs of employers in key sectors which have identified skills needs at levels 2 and 3 (built environment, children's services and childcare, engineering and manufacturing, health and social care, hospitality and tourism, retail, transport and logistics). All are directly relevant to the skills development priorities identified in the Strategy. The 2008/09 Local Area Statement of Need for LSC Hampshire and Isle of Wight reflects these priorities at local level and identified the alignment of activities and investment in skills and employment priorities to the priorities identified in the Regional Diamond for Investment and Growth of Urban South Hampshire. The LSC continues to commit to supporting Personal and Community Development and Learning (PCDL) Partnerships in Hampshire, Portsmouth and Southampton. In 2008/09 and subsequent years LSC support for PCDL Partnerships should focus on Urban South Hampshire local authorities with the highest concentrations of economic inactivity combined with low skills levels, namely Southampton, Portsmouth, New Forest and Havant.

Investments which securing flexibilities in planned investments in order to meet the needs identified in this Strategy should contribute to delivering the following Transformational Actions supporting this Strategic Aim:

- Strengthen pre-level 2 provision in areas of greatest need, including Foundation Learning Tier and pre-Apprenticeship pathways
- Work with the National Apprenticeship Service to redress the forecast decline in apprenticeship participation (see Case Study 10 in Annex E).
- Work with Aim Higher and Lifelong Learning Networks to strengthen vocational pathways (including work-based learning) from Level 3 to Level 4
- Work with key employers in growth sectors to strengthen apprenticeship and Diploma provision for young people and accredit workforce development for adults (see Case Study 11 in Annex E).

#### *Local LSC Capital Plan 2007/08*

The June 2007 supplement to the 2007/08 local capital plan (LSC, March 2006) aims to ensure that 'the pattern and mix of provision can meet current needs and future priorities for all learners'. Investments will target priority areas of greatest need where the FE estate is not satisfactory, where there are large numbers of young people who are NEET, and where relatively low rates of participation, retention and achievement persist. Within the Urban South Hampshire area, these include four of the five identified priority areas: Fareham, Gosport, Havant, Portsmouth and Southampton. Investments in these areas which aim to modernise vocational facilities (e.g. by developing new local skills centres or redeveloping existing estates and facilities) should build on planned funding commitments, to ensure that investments in 2008/09 and subsequent years support the expansion of learning opportunities in subject sector areas with greatest potential for future employment growth and productivity improvements in Urban South Hampshire. Action in this area should contribute to delivering the following Transformational Action supporting this Strategic Aim:

- Through capital investment, ensure excellent learning facilities improve the learning environment (see Case Study 9 in Annex E).

### ***Strategic planning, co-ordination and alignment of resources***

Responding to the challenges of re-shaping programme design and delivery requires a more radical approach. PUSH is proposing, as a key intervention and catalyst for change, the creation of an Employment and Skills Board (ESB). This will:

- coordinate and align resources and policy of all key agencies
- lead the delivery of the employment and skills strategy
- by developing the training infrastructure, deliver sustainable numbers of skilled employees.

An employer-led ESB would provide an opportunity to engage employers with purpose and make public sector agencies accountable for the services they deliver. However, most existing models, even if employer-led in terms of representation, are ultimately advisory and subject to agency / local authority control over decision-making.

The establishment of the ESB, as an enabler to drive the actions necessary to deliver the Strategy and the action plan, will be crucial. Without it, South Hampshire will lose the opportunity of a clear and influential business led 'voice' to develop solutions that are most appropriate for the area. Furthermore, the opportunity to provide a vehicle which can bring together the local authorities and other partners together with central government to agree new approaches and appropriate devolution of responsibilities, could also be lost<sup>36</sup>.

### ***Skills Development Zones***

Building on the model proposed for Southampton, Urban South Hampshire will develop Skills Development Zones (SDZ). SDZs address the skills needs of an area through a single co-ordinated source of provider information and contact management. The aim of the zones is to match demand to provision delivered through an innovative partnership between employers, higher education, private training providers, further education and the voluntary sectors. The intention for Urban South Hampshire is to build a scaleable, replicable and transferable skills development model that, focusing initially on public services, can be applied to the private sector, particularly growth sectors (see Case Study 8 in Annex E).

### ***Develop provision in key sector subject areas***

Urban South Hampshire already has a high-quality network of learning and skills and higher education providers. The Action for Business Network of LSC-funded and SEEDA-sponsored colleges and training providers, for example, is recognised to offer quality skills and training solutions which meet the needs of local employers. In meeting the challenges and opportunities in

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<sup>36</sup> The MAA process will normally be the means by which the Government Departments will conduct any dialogue with local areas about devolving responsibilities.

the Urban South Hampshire area, we will build upon our current strengths and areas of excellence in priority sectors and those sectors that support substantial employment. In the short- to medium-term (1-4 years) this will involve focusing action on particular LSC- and HEFCE-funded providers.

#### *LSC-funded providers*

The existing Centres of Vocational Excellence (CoVEs) in Urban South Hampshire should apply for recognition under the new employer responsiveness Training Quality Standard, and should be encouraged to achieve excellence status under the standard where their current CoVE subject sector areas align with subject sector areas of greatest significance for employment and productivity growth:

- Basingstoke College of Technology - Retail CoVE (in partnership with Eastleigh College)
- City College Southampton - Marine industry CoVE (in partnership with Eastleigh College)
- Eastleigh College - Electrical installation CoVE, refrigeration and air-conditioning
- Highbury College (Portsmouth) - Financial and accounting services CoVE (in partnership with Farnborough College of Technology)
- Hospitality Training Partnership Ltd (in Southampton) - Hospitality and catering skills CoVE, (in partnership with Isle of Wight College)
- South Downs College - Mental health and learning disabilities care CoVE (in partnership with Totton College and Rainer City Training Solent)
- Sparsholt College - Leadership and management CoVE (in partnership with Brockenhurst College and Hoskins Management Development Ltd)

#### *HEFCE-funded providers*

The three universities located in Urban South Hampshire, plus the University of Surrey which offers Foundation Degrees delivered at Highbury College in Portsmouth, have a significant role to play in supplying graduates with high-level skills to the growth employment and high productivity sectors in the area. In particular, these providers should be encouraged to increase the supply of graduates in the following established subject areas:

- University of Southampton - engineering, science and mathematics, medicine, health and life sciences
- University of Portsmouth - business, technology, creative and cultural industries, health sciences and social work

- Solent University - business and law, maritime and the environment (and professional maritime training at the Warsash Maritime Academy), technology and media arts
- University of Surrey - Foundation Degrees in Business Management, Fashion Retail, and Hospitality Management delivered at Highbury College in Portsmouth.

Additional student numbers for HEFCE-funded Foundation Degrees have grown significantly in recent years. This trend is set to continue with the expansion of awarding body powers to include employers and FE colleges in the future. Moreover, strengthening vocational progression pathways from FE and WBL to Foundation Degrees features as a priority for the HEFCE-funded Lifelong Learning Network (LLN) for Hampshire and the Isle of Wight, 'Progres2Succeed'. The LLN has secured £3m in HEFCE funding up to 2009 to encourage progression from FE to HE in subject sector areas which align with priority sectors in the Urban South Hampshire area, including business and management, construction, creative industries, engineering, health and social care, and retail. Action supporting progression from FE to HE, the delivery of HE in FE, and the expansion Foundation Degree provision in priority subject sector areas in Urban South Hampshire, would contribute to the delivery of the following Transformational Actions supporting this Strategic Aim:

- Work with Aim Higher and Lifelong Learning Networks to strengthen vocational pathways (including work-based learning) from Level 3 to Level 4
- Work with FE and HE providers to expand provision in priority subject sector areas at level 4, particularly Foundation Degrees

## Who should benefit?

Everyone in Urban South Hampshire should have access to comprehensive, high quality and flexible learning and skills provision. In terms of meeting the Urban South Hampshire GVA target, however, this means that action taken to deliver Strategic Aim 4 should be targeted to benefit the following groups:

### ***Strategic Aim 1: employment rates and economic inactivity***

- Economically inactive who could/want to work but have no qualifications
- Young people classified as, or at risk of becoming, NEET or NET
- Employees working in declining industries and at risk of becoming redundant

### ***Strategic Aim 2: Workforce productivity***

- Employees working in areas/sectors with low levels of GVA
- Employers and employees working in micro and small businesses in priority sectors

***Strategic Aim 3: High value-added sector activity***

- Employees working in potentially high value-added activity
- Graduates in disciplines relevant to priority sectors and, in particular, high value-added activity

FINAL DRAFT

# 6

## Targets, delivery and action planning

### Skills Targets

As set out in Chapter 2, achievement of the Strategy vision will require a step change in current Urban South Hampshire performance with respect to skills development, employment rates and, ultimately, GVA growth. In supporting PUSH in the development of an Economic Strategy and associated Business Plan for the area and building upon previous growth forecasting work, DTZ Consulting developed a set of skills targets required to meet the GVA growth targets. The argument put forward is presented in the shaded box below. This is followed by Table 6-1, which sets out DTZ Consulting's initial targets and, in response to these, the revised targets put forward by the LSC (see Table 6-1).

DTZ Consulting developed a set of initial targets around skills indicators as part of the process to develop a performance management and evaluation framework. LSC suggested an amended set of indicators in response.

Leitch suggests a Level 2 target of 90% of the working age population in the UK by 2020 and 95% soon after. To achieve the Leitch targets there will be a need to grow the skills base in line with DTZ targets. Although South Hampshire currently lags behind the benchmark position from which the Leitch targets are set, in line with the PUSH aspiration of outperforming both the South East and UK economies it is important that the skills base grows accordingly. The higher target for Level 2 will also support achievement in line with RES targets for 2016. With current targets, the PUSH area will continue to lag behind the South East RES target for Level 4 at 2016. LSC targets tie in to current LAA targets for proportions of the workforce with skills at Levels 2, 3 and 4.

It should be noted that the skills targets around Levels 2, 3 and 4 are for skills 'stock' and not the 'flow' of new achievements. Further consideration of whether achievement-based targets are relevant may be required by PUSH partners. In addition, the stock-based targets will follow an upward trajectory as a result of a low incidence of formal qualifications among those retiring from the workforce being replaced by younger entrants with higher levels of formal qualifications. The targets therefore need to be stretching in terms of achievement to ensure South Hampshire performs better than competitor areas.

*Source: Urban South Hampshire Skills Paper (DTZ Consulting, December 2007).*

Table 6-1 Skills targets 2005 – 2026

	PUSH targets		
	2006	2011	2026
<sup>1</sup> Working age population with L2 or above %	67.7	79.0	91.4
<sup>2</sup> Working age population with L3 or above %	48.4	56.0	73.0
<sup>3</sup> Working age population with L4 or above %	28.5	30.0	45.4
<sup>4</sup> Achievement of a L2 qualification by the age of 19	65.3*	73.8	Tbc
<sup>5</sup> Apprenticeships (L2)	900*	1,500	2,000
<sup>6</sup> Advanced Apprenticeships (L3)	330*	480	780
<sup>7</sup> Skills for Life	14,400*	26,400	56,400
% Achieving 5 GCSEs grade A*-C (incl Maths & Eng)	No trend data but should target upward movement		
	<sup>1</sup> 1.0% a year to 2011; 1.5% thereafter <sup>2</sup> 1.0% a year to 2011; 1.5% thereafter <sup>3</sup> 1% a year throughout <sup>4</sup> 1.25% a year to 2011 <sup>5</sup> Slight drop anticipated in 2007; thereafter will rise <sup>6</sup> +20 a year throughout <sup>7</sup> 2,000 a year increase * 2005 data		

Source: Urban South Hampshire Skills Paper, December 2007, DTZ

In addition to these targets, the LAAs for Hampshire, Southampton and Portsmouth also set out targets for reducing NEETs (Table 6-2)

Table 6-2: Targets for reducing 16-19 year olds not in education, employment or training (NEET) in PUSH

	NEET cohort baseline	NEET cohort Nov 2009/10 target
Hampshire	4.9% (Nov 2005)	3.5%
• Gosport	• 5.8% (Nov 2006)	• 5.1%
• Havant	• 8.0% (Nov 2006)	• 6.4%
Southampton	10.4% (Nov 2006)	7.6%
Portsmouth	7.4% (Nov 2004)	6.5%

Source: Hampshire Local Area Agreement, April 2007; The City of Southampton Strategy, a 20 Year Vision; Portsmouth LSP and City Council Local Area Agreement

## Delivery arrangements

The principle vehicle for taking forward the actions necessary to deliver the Strategy will be the emerging ESB for the PUSH, which is locked into three Local Area Agreements of Hampshire, Portsmouth and Southampton and the PUSH area's Multi Area Agreement (MAA). Once formed, the ESB will work with existing organisations and partnerships to raise economic activity rates and

workforce productivity, through addressing local skills needs, signposting businesses to appropriate partners such as Train to Gain, encouraging business start-ups and working with employers to develop and implement more flexible working policies. Within this, there are a number of delivery mechanisms that are of particular importance:

- **LSC, and LSC-funded providers** (including general FE colleges, sixth-form colleges, school sixth forms, adult education services, and work-based learning providers)
- **HEFCE, and HEFCE-funded institutions, Aim Higher South East and the 'Progress2Succeed' LLN**
- **Employer-led task and finish groups** operating as sub-groups to the PUSH Skills sub-group, to champion, design and pilot innovative interventions tailored to address local needs and development opportunities, and disseminate and demonstrate good practice. We will develop these groups in the following areas/sectors:
  - **For Strategic Aim 1:** establish an overarching task and finish group for areas with the highest levels of residents that are economically inactive and hold no qualifications, focusing on the main employment opportunities identified for the area
  - **For Strategic Aim 1:** establish a manufacturing and marine engineering task and finish group, building on the current Southampton pre-redundancy support programme, to route vulnerable employees and NEETs into training and employment opportunities within the sector, in particular the new VT Shipbuilding Carrier contract in Portsmouth
  - **For Strategic Aim 2:** expand on the task and finish group established for Strategic Aim 1 (above), by establishing a task and finish group for each of the priority growth sectors identified under this aim
- **Local Employment Partnerships (LEP)** announced in the 'In work better off' (DWP, July 2007) Green Paper and led by Job Centre Plus, the LEP pledge commits employers to consider those on benefits when recruiting. Jobcentre Plus, working with the LSC, will focus on ensuring that people are job ready.
- **The County and two City local authorities** charged with delivering Connexions services from April 2008
- **Local Authority Skills Partnerships** while some are more developed than others, we will work with all of the pre-existing local authority skills partnerships as we recognise the local knowledge and networks that have been built up by these bodies and we will be required to tap into their capacity for, and experience in, delivering actions on the ground. For the County and two City local authorities this includes:

- **Hampshire:** Hampshire Economic Partnership
- **Southampton:** the Skills and Employability Board
- **Portsmouth:** Economic Well Being Partnership Board: a working group of the main LSP
- **Local Authority Planning departments** – responsible for developing Local Development Framework documents and negotiating Section 106 Agreements with developers
- **Skills Development Zones** – (see Strategic Aim 4)

## Action Planning

The Strategy is concerned with creating a step change in skills for employability and growth in the area. This will only be achieved if, through the LAAs and supporting partnerships, we can successfully target mainstream public sector resources and private sector leverage on meeting the specific needs and opportunities identified in particular employment sectors and local authority areas. Additional Section 106 funds could help boost activity in the areas of most need, but, working with employers, it is the services provided by the LSC, Job Centre Plus, Business Link, local authorities and the strategic and commissioning support of SEEDA that can make the long-term difference to skills development and employment rates in Urban South Hampshire.

Table 6-2 sets out the transformational actions for Strategic Aims 1-3, along with their target group, short/medium-term (i.e over the next 5 years) sectoral and spatial focus, the lead partner(s) required to drive the action forward, key sources of funding and longer-term considerations/priorities. Table 6-3 sets out the transformational actions for Strategic Aim 4.

Table 6-2: Summary Action Plan for Strategic Aims 1 to 3

	Short/medium term target groups	Short/medium term target sectors	Short/medium term Local Authority focus	Lead partner(s)	Funding sources	Long term priorities/considerations
<b>Strategic Aim 1: employment rates and economic inactivity: providing the skills for sustainable employment in growth sectors</b>						
1. Negotiating S106 Agreements and local procurement – see Annex C for details of Strategic Employment (SE) sites over 5 hectares	NEETs and economically inactive adults with low/no skills	<i>Development Phase:</i> Construction (labour and wider procurement)  <i>End-use:</i> All sectors	There are SE sites, retail/leisure and smaller employment development sites across the PUSH area	Local Planning Authorities	n/a – although subsequent S106 skills programmes need to match fund other mainstream employment programmes and discretionary funds	<ul style="list-style-type: none"> <li>Ensure good practice in negotiating 106 agreements is disseminated across Urban South Hampshire</li> </ul>
2. Developing area-specific programmes:						
<ul style="list-style-type: none"> <li>For supporting young people who are NEET or NET, or at risk of becoming so</li> </ul>	Young people who are NEET or NET, or at risk of becoming so	<ul style="list-style-type: none"> <li>Retail</li> <li>Business &amp; financial services</li> <li>Hotels, restaurants and catering</li> <li>Construction</li> </ul>	<ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> </ul>	<ul style="list-style-type: none"> <li>County and two City Local Authorities (Hampshire, Southampton and Portsmouth)</li> <li>LSC and LSC-funded providers</li> <li>14-19 partnerships</li> </ul>	<ul style="list-style-type: none"> <li>County and two City Local Authorities</li> <li>LSC – improved 14-19 offer (including e2e and pre-apprenticeships)</li> <li>ESF funded programmes focused on PUSH</li> </ul>	<ul style="list-style-type: none"> <li>Roll activity out to other local authorities and growth sectors</li> </ul>
<ul style="list-style-type: none"> <li>For supporting economically inactive adults with low/no qualifications (via integrated employment and skills services and progression routes from Adult Safeguarded Learning)</li> </ul>	Economically inactive adults with no qualifications	<ul style="list-style-type: none"> <li>Retail</li> <li>Business &amp; financial services</li> <li>Hotels, restaurants and catering</li> <li>Construction</li> </ul>	<ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> <li>Havant</li> </ul>	<ul style="list-style-type: none"> <li>Job Centre Plus (via the area's three Local Employment Partnerships)</li> <li>LSC and LSC-funded providers</li> </ul>	<ul style="list-style-type: none"> <li>Job Centre Plus (via the area's three Local Employment Partnerships)</li> <li>LSC – Adult Safeguarded Learning/First Steps Provision/Skills for Jobs</li> <li>SEEDA led – Grow our own and Action for Communities funding</li> </ul>	<ul style="list-style-type: none"> <li>Roll activity out into other local authorities and growth sectors</li> <li>Investigate expansion of action to support the economically inactive with entry level/basic skills</li> </ul>
<ul style="list-style-type: none"> <li>Developing a more rounded approach to learning, including family learning</li> </ul>	Disadvantaged young people NEET or NET and their families	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>Southampton</li> <li>Portsmouth</li> <li>Havant</li> <li>Gosport</li> <li>New Forest</li> </ul>	<ul style="list-style-type: none"> <li>Local Education Authorities (LEAs) Extended Schools</li> <li>LSC and LSC-funded providers</li> <li>14-19 partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Extended Schools subsidy for disadvantaged pupils</li> <li>LSC funding for family learning</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen Extended Schools services offer across all PUSH LEAs</li> </ul>

	Short/medium term target groups	Short/medium term target sectors	Short/medium term Local Authority focus	Lead partner(s)	Funding sources	Long term priorities/considerations	
	• For supporting those in declining activities	economically active adults with low/no/redundant skills at risk of redundancy	• Marine • Manufacturing	Focus should be placed on 19,700 forecast by DTZ to lose employment in the Manufacturing (inc Marine) sector to 2006	• Community and voluntary sector • Job Centre Plus (via the area's three Local Employment Partnerships) • IBP Training and Employment (who lead a programme in Portsmouth and Southampton)	• Job Centre Plus (via the area's three Local Employment Partnerships) • LSC • SEEDA - Training Pools	• Investigate expansion of action to support other sectors
3. Maximising the opportunities presented by the Local Employment Partnerships	Economically inactive adults with no qualifications	• Retail • Business & financial services • Hotels, restaurants and catering • Construction	• Southampton • Portsmouth • New Forest • Havant	• Job Centre Plus • LSC	• Job Centre Plus • LSC • Employers	• Linking into the Skills Pledge – ensure that all SMEs across Urban South Hampshire sign-up to the LEP pledge	
4. Building upon the September Guarantee	• Secondary schools pupils 11 – 16 years olds • Sixth form and FE students aged 16 – 19 year olds • Young people NEET and NET	• Retail • Business & financial services • Hotels, restaurants and catering • Construction	• Southampton • Portsmouth • Havant • Gosport	• LSC and LSC-funded providers • LEAs and secondary schools • 14-19 partnerships • Education Business Partnerships	• LSC – improved 14-19 offer • ESF funded programmes focused on PUSH • LEA school funding • SEEDA – Enhancing employer engagement in the curriculum	• Continue to review the quality of the 'offer' given to young people and ensure constancy across Urban South Hampshire	
<b>Strategic Aim 2: workforce productivity: tackling skills shortages and gaps in growth sectors</b>							
6. Implementing Sector Skills Agreements (SSAs)	(see pages 31-33 and Annex A and B for summary of occupational/qualification needs by sector)	• Business & financial services • Retail • Health and Social Care • Hotels, restaurants and catering	(see Annex A and D for summary of growth sector activity across local authorities)	• SSCs • LSC • SEEDA • ESB	• SSCs • LSC • SEEDA	• Implement SSAs for all growth sectors	
7. Train to Gain • Skills Pledge • Leadership & Management • Level 3 Trials • Higher-level skills	(see page 31-33 and Annex A and B for summary of occupational/qualification needs)	• Business & financial services • Retail • Health and Social Care • Hotels, restaurants and	(see Annex A and D for summary of growth sector activity across local authorities)	• LSC • SSCs • SEEDA • ESB	• LSC – Train to Gain • SSCs • Employers • Individual learners	• Continue to review the success of the expanded Train to Gain programme • Roll out good practice in all growths sectors/local	

	Short/medium term target groups	Short/medium term target sectors	Short/medium term Local Authority focus	Lead partner(s)	Funding sources	Long term priorities/considerations
	by sector	catering				authorities
8. Rolling out the Skills Pledge	All those working for the County and two City Local Authorities and the LSC with below Level 2 qualifications	Public sector	PUSH-wide	<ul style="list-style-type: none"> <li>County and two City Local Authorities</li> <li>LSC and LSC-funded providers</li> </ul>	<ul style="list-style-type: none"> <li>LSC – Train to Gain</li> <li>County and two City Local Authorities</li> </ul>	<ul style="list-style-type: none"> <li>See Action 3</li> </ul>
9. National Employer Service	Flagship businesses	<ul style="list-style-type: none"> <li>Business &amp; financial services</li> <li>Retail</li> <li>Health and Social Care</li> <li>Hotels, restaurants and catering</li> </ul>	PUSH – wide	<ul style="list-style-type: none"> <li>LSC National Employer Service</li> </ul>	<ul style="list-style-type: none"> <li>LSC (national)</li> </ul>	<ul style="list-style-type: none"> <li>See Action 3</li> </ul>
10. National Skills Academies	n/a	<ul style="list-style-type: none"> <li>Business &amp; financial services</li> <li>Construction</li> <li>Manufacturing</li> <li>Retail</li> <li>Hotels, restaurants and catering</li> </ul>	PUSH – wide	<ul style="list-style-type: none"> <li>LSC (national)</li> <li>SSCs</li> </ul>	<ul style="list-style-type: none"> <li>LSC revenue and capital funding</li> <li>Employer investments</li> </ul>	<ul style="list-style-type: none"> <li>Continue to investigate how to maximise the National Skills Academies and ensure linkages to emerging National Skills Academies in growth sectors</li> </ul>
<b>Strategic Aim 3: High value-added sector activity: releasing high value-added potential</b>						
11. Higher Education Clusters (HECs)	n/a	<ul style="list-style-type: none"> <li>Marine sector</li> </ul>	PUSH/Solent wide	<ul style="list-style-type: none"> <li>SEEDA</li> <li>LSC</li> <li>HEFCE</li> </ul>	<ul style="list-style-type: none"> <li>SEEDA</li> <li>HEFCE</li> <li>LSC</li> </ul>	<ul style="list-style-type: none"> <li>Continue to investigate how to maximise the HECs across the South East (e.g. understanding how to improve linkages between business and HE for knowledge development and diffusion)</li> </ul>
12. Regional resource centres	Marine sector businesses	<ul style="list-style-type: none"> <li>Science, technology, entrepreneurship and management skills relevant to the marine sector</li> </ul>	PUSH/Solent wide	<ul style="list-style-type: none"> <li>SEEDA</li> <li>LSC</li> <li>SSC</li> <li>Association of South East Colleges</li> </ul>	<ul style="list-style-type: none"> <li>SEEDA</li> </ul>	<ul style="list-style-type: none"> <li>Potential for other Resource Centres in sectors such as Digital Media and Creative Industries should be explored</li> </ul>
13. Graduate retention	Graduates from PUSH Universities	<ul style="list-style-type: none"> <li>Business &amp; financial services</li> <li>Marine sector</li> </ul>	PUSH-wide	<ul style="list-style-type: none"> <li>Southampton Solent University (leads current programme)</li> <li>LSC</li> <li>SSC</li> </ul>	<ul style="list-style-type: none"> <li>SEEDA</li> <li>Employer contributions</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of programme across all growth sectors</li> </ul>

Table 6-3: Summary Action Plan

	Key learning provision types	Short/medium term Local authority focus (if relevant)	Short/medium term sector/subject focus	Short/medium term Institution focus	Lead partner(s)
<b>Strategic Aim 4: Skills infrastructure: deliver world class skills in a demand led system</b>					
14. Securing flexibilities in planned national and regional infrastructure investments in order to meet sub-regional priorities					
<ul style="list-style-type: none"> <li>Strengthen Level 2 provision in areas of greatest need</li> </ul>	<ul style="list-style-type: none"> <li>Foundation Learning Tier</li> <li>pre-Apprenticeship pathways</li> </ul>	As per Strategic Aim 1 and 2	As per Strategic Aim 1 and 2	PUSH-wide	<ul style="list-style-type: none"> <li>LSC</li> <li>Colleges</li> <li>Secondary Schools</li> </ul>
<ul style="list-style-type: none"> <li>Work with the National Apprenticeship Service (NAS) to redress the forecast decline in Apprenticeship participation</li> </ul>	<ul style="list-style-type: none"> <li>Apprenticeships</li> <li>Pre-Apprenticeship pathways</li> </ul>	As per Strategic Aim 1	As per Strategic Aim 1	PUSH-wide	<ul style="list-style-type: none"> <li>NAS</li> <li>LSC</li> <li>employers</li> </ul>
<ul style="list-style-type: none"> <li>Strengthen progression pathways to and through Level 2 and 3 including Apprenticeship frameworks and 14-19 Diplomas in growth subject/sector areas</li> </ul>	<ul style="list-style-type: none"> <li>Apprenticeship Frameworks</li> <li>14-19 Diplomas</li> </ul>	As per Strategic Aim 2	<ul style="list-style-type: none"> <li>See page 51 for CoVEs in growth sectors and specialised subjects</li> </ul>	<ul style="list-style-type: none"> <li>See page 51 for CoVEs in growth sectors and specialised subjects</li> </ul>	<ul style="list-style-type: none"> <li>LSC and LSC-funded providers</li> <li>SSCs</li> </ul>
<ul style="list-style-type: none"> <li>Through capital investment, ensure excellent learning facilities improve the learning environment</li> </ul>	n/a	<ul style="list-style-type: none"> <li>Across FE network in Urban South Hampshire</li> </ul>	As per Strategic Aim 1, 2 and 3	<ul style="list-style-type: none"> <li>LSC</li> <li>Colleges</li> </ul>	<ul style="list-style-type: none"> <li>LSC</li> </ul>
15. Establishment of an Employment and Skills Board	n/a	Across the PUSH area	As per Strategic Aim 1, 2 and 3	n/a	<ul style="list-style-type: none"> <li>LSC</li> <li>Jobcentre Plus</li> <li>Employers</li> <li>Colleges</li> <li>Universities</li> <li>Training providers</li> <li>SEEDA</li> </ul>

16. Development of Skills Development Zones	n/a	Across the PUSH area	As per Strategic Aim 1, 2 and 3	n/a	<ul style="list-style-type: none"> <li>• LSC</li> <li>• Employers</li> <li>• Colleges</li> <li>• Universities</li> <li>• Training providers</li> <li>• Voluntary sector</li> </ul>
<b>17. Develop provision in key sector subject areas</b>					
<ul style="list-style-type: none"> <li>• Work with Aim Higher and Lifelong Learning Networks to strengthen vocational pathways (including work based learning) from level 3 to level 4</li> </ul>	<ul style="list-style-type: none"> <li>• Work-based learning</li> <li>• Foundation Degrees</li> </ul>	As per Strategic Aim 2 and 3	See page 51 for key subject areas by institution	<ul style="list-style-type: none"> <li>• LSC-funded providers</li> <li>• University of Southampton</li> <li>• University of Portsmouth</li> <li>• Solent University</li> <li>• University of Surrey</li> <li>• Highbury College</li> </ul>	<ul style="list-style-type: none"> <li>• LSC</li> <li>• Progress2Succeed</li> <li>• Employers</li> <li>• Individual learners</li> </ul>
<ul style="list-style-type: none"> <li>• Work with FE and HE providers to expand provision in priority subject areas at Level 4+</li> </ul>	<ul style="list-style-type: none"> <li>• Foundation degrees</li> <li>• Honours degrees</li> <li>• Post-graduate awards</li> </ul>	As per Strategic Aim 3	See page 51 for key subject areas by institution	<ul style="list-style-type: none"> <li>• LSC-funded providers</li> <li>• University of Southampton</li> <li>• University of Portsmouth</li> <li>• Solent University</li> <li>• University of Surrey</li> <li>• Highbury College</li> </ul>	<ul style="list-style-type: none"> <li>• LSC</li> <li>• Progress2Succeed</li> <li>• Employers</li> <li>• Individual learners</li> </ul>

Source: SQW Consulting

## ANNEX A: GVA/employee in growth sector scenarios

### Scenario 1

Table A-1 GVA resulting from 10% uplift in productivity of employees in growth sectors

	Growth per annum 2007-2026	GVA/employee 2026	Estimated employment growth	Current growth sector employees and new employment	GVA £m	Uplift in GVA £m
Business & financial services	4.4%	£119,045	42,800	157,733	£18,777	£1,454.32
Construction	11.5%	£226,131	2,200	31,596	£7,145	£454.97
Distribution & wholesale	8.8%	£350,516	6,333	23,492	£8,234	£1,182.22
Health and Social Care	7.2%	£55,508	9,700	54,276	£3,013	£364.87
Hotels restaurants & catering	4.7%	£38,610	6,333	45,710	£1,765	£145.64
Manufacturing	5.8%	£191,501	0	15,491	£2,967	£296.13
Retail	4.6%	£52,539	6,333	66,677	£3,503	£280.23
Transport	3.0%	£87,604	1,300	17,121	£1,500	£80.86
		£1,121,456	75,000	412,097	£46,904	£4,259

## Scenario 2

Table A-2 GVA resulting from 20% uplift in productivity of employees in growth sectors

	Growth per annum 2007-2026	GVA/employee 2026	Estimated employment growth	Current growth sector employees	GVA £m	Uplift in GVA £m
Business & financial services	4.8%	£119,045	42,800	157,733	£20,348	£3,024
Construction	12.5%	£226,131	2,200	31,596	£7,626	£936
Distribution & wholesale	9.6%	£350,516	6,333	23,492	£9,604	£2,552
Health and Social Care	7.9%	£55,508	9,700	54,276	£3,425	£777
Hotels restaurants & catering	5.1%	£38,610	6,333	45,710	£1,923	£304
Manufacturing	6.3%	£191,501	0	15,491	£3,294	£623
Retail	5.0%	£52,539	6,333	66,677	£3,807	£584
Transport	3.3%	£87,604	1,300	17,121	£1,585	£166
		<b>£1,121,456</b>	<b>75,000</b>	<b>412,097</b>	<b>£51,611</b>	<b>£8,966</b>

### Scenario 3

Table A-3 GVA resulting from 30% uplift in productivity of employees in growth sectors

	Growth per annum 2007-2026	GVA/employee 2026	Estimated employment growth	Current growth sector employees	GVA £m	Uplift in GVA £m
Business & financial services	5.2%	£139,744	42,800	157,733	£22,042	£4,719
Construction	13.6%	£257,464	2,200	31,596	£8,135	£1,445
Distribution & wholesale	10.4%	£476,268	6,333	23,492	£11,189	£4,136
Health and Social Care	8.5%	£71,691	9,700	54,276	£3,891	£1,243
Hotels restaurants & catering	5.6%	£45,820	6,333	45,710	£2,094	£475
Manufacturing	6.9%	£235,958	0	15,491	£3,655	£985
Retail	5.4%	£62,012	6,333	66,677	£4,135	£912
Transport	3.5%	£97,830	1,300	17,121	£1,675	£256
		<b>£1,386,787</b>	<b>75,000</b>	<b>412,097</b>	<b>£56,816</b>	<b>£14,171</b>

## Skills Forecasts for growth sectors

Table A-4 Forecast skills growth 2007 – 2026

<b>Business &amp; financial services</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	53,835	82,826	53%	28,991
Level 3	15,437	20,486	13%	5,049
Level 2	15,394	16,953	11%	1,559
Below Level 2	12,524	13,793	9%	1,269
Trade Apprenticeships	2,261	1,328	1%	-933
Other qualifications	8,828	16,612	11%	7,785
None	6,653	5,734	4%	-919
<b>Total</b>	<b>114,933</b>	<b>157,733</b>	<b>37%</b>	<b>42,800</b>

Table A-5 Forecast skills growth 2007 – 2026

<b>Construction</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	4,350	5,506	17%	1,156
Level 3	5,733	4,515	14%	-1,219
Level 2	3,403	5,436	17%	2,034
Below Level 2	4,257	3,744	12%	-513
Trade Apprenticeships	4,739	2,167	7%	-2,572
Other qualifications	3,356	7,901	25%	4,545
None	3,558	2,327	7%	-1,231
<b>Total</b>	<b>29,396</b>	<b>31,596</b>	<b>7%</b>	<b>2,200</b>

Table A-6 Forecast skills growth 2007 – 2026

<b>Distribution &amp; wholesale</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	3,004	5,813	25%	2,809
Level 3	2,831	7,312	31%	4,481
Level 2	2,723	6,091	26%	3,368
Below Level 2	3,393	2,094	9%	-1,299
Trade Apprenticeships	1,124	606	3%	-518
Other qualifications	2,075	801	3%	-1,274
None	2,010	776	3%	-1,234
<b>Total</b>	<b>17,159</b>	<b>23,492</b>	<b>37%</b>	<b>6,333</b>

Table A-7 Forecast skills growth 2007 – 2026

<b>Health and Social Care</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	17,353	29,735	55%	12,382
Level 3	7,223	8,444	16%	1,221
Level 2	8,345	9,756	18%	1,411
Below Level 2	4,863	2,487	5%	-2,377
Trade Apprenticeships	1,036	420	1%	-616
Other qualifications	3,626	2,816	5%	-810
None	2,130	619	1%	-1,511
<b>Total</b>	<b>44,576</b>	<b>54,276</b>	<b>22%</b>	<b>9,700</b>

Table A-8 Forecast skills growth 2007 – 2026

<b>Hotels restaurants &amp; catering</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	5,443	12,151	27%	6,707
Level 3	7,463	10,079	22%	2,617
Level 2	8,516	6,370	14%	-2,146
Below Level 2	6,102	5,202	11%	-900
Trade Apprenticeships	1,010	227	0%	-782
Other qualifications	5,795	8,726	19%	2,931
None	5,048	2,954	6%	-2,094
<b>Total</b>	<b>39,377</b>	<b>45,710</b>	<b>16%</b>	<b>6,333</b>

Table A-9 Forecast skills growth 2007 – 2026

<b>Manufacturing</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	4,296	5,449	35%	1,153
Level 3	2,638	3,744	24%	1,106
Level 2	2,199	2,737	18%	538
Below Level 2	2,266	1,823	12%	-443
Trade Apprenticeships	1,488	628	4%	-860
Other qualifications	1,421	649	4%	-771
None	1,184	461	3%	-722
<b>Total</b>	<b>15,491</b>	<b>15,491</b>	<b>0%</b>	<b>0</b>

Table A-10 Forecast skills growth 2007 – 2026

<b>Retail</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	8,322	14,330	21%	6,008
Level 3	10,695	19,446	29%	8,751
Level 2	14,601	14,204	21%	-397
Below Level 2	11,232	7,780	12%	-3,452
Trade Apprenticeships	1,838	850	1%	-988
Other qualifications	5,412	5,167	8%	-245
None	8,245	4,901	7%	-3,344
<b>Total</b>	<b>60,344</b>	<b>66,677</b>	<b>10%</b>	<b>6,333</b>

Table A-11 Forecast skills growth 2007 – 2026

<b>Transport</b>	<b>2007</b>	<b>2026</b>	<b>% of all employment 2026</b>	<b>Change 2007 - 2026</b>
Level 4	2,680	4,650	27%	1,970
Level 3	2,313	3,471	20%	1,158
Level 2	2,269	1,561	9%	-708
Below Level 2	2,572	1,490	9%	-1,082
Trade Apprenticeships	929	359	2%	-571
Other qualifications	2,896	3,426	20%	530
None	2,161	2,164	13%	3
<b>Total</b>	<b>15,821</b>	<b>17,121</b>	<b>8%</b>	<b>1,300</b>

Table A-12 Forecast skills growth 2007 – 2026

<b>ALL</b>	<b>Total 2007</b>	<b>%</b>	<b>Total 2026</b>	<b>%</b>	<b>Change 2007 - 2026</b>	<b>Percentage point change</b>
Level 4	99,283	29.5%	160,459	38.9%	61,176	9.5%
Level 3	54,334	16.1%	77,497	18.8%	23,164	2.7%
Level 2	57,450	17.0%	63,109	15.3%	5,659	-1.7%
Below Level 2	47,209	14.0%	38,413	9.3%	-8,796	-4.7%
Trade Apprenticeships	14,425	4.3%	6,585	1.6%	-7,840	-2.7%
Other qualifications	33,407	9.9%	46,098	11.2%	12,691	1.3%
None	30,989	9.2%	19,937	4.8%	-11,052	-4.4%
<b>Total</b>	<b>337,097</b>	<b>100%</b>	<b>412,097</b>	<b>100%</b>	<b>75,000</b>	

## ANNEX B: Growth SIC Analysis (Summary)

Table 5-2 Growth SICs analysis: growth, local authorities, occupations and skills

Growth sector	Sectoral breakdown	Local Authority analysis	Occupational skills breakdown and skills change
<b>Business and financial services– growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 114,933 employees in the sector, the largest four digit SICs are 'labour recruitment and provision or personnel' (29,973 employees), 'industrial cleaning' (13,682 employees) and 'other software consultancy and supply' (8,743).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'other credit granting' (254%), 'activities auxiliary to financial intermediation not classified elsewhere' (174%) and 'security broking and fund management' (173%).</li> <li>While the South East has seen overall growth of 24% in the sector between 1998 and 2005, the PUSH area has seen growth of 33%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Southampton (22%), Eastleigh (14%), Portsmouth (13%) and Winchester (12%) together hold 61% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 40% of the workforce in East Hampshire and Eastleigh, while it employs just 25% in Gosport and 23% in New Forest.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows 46% of all jobs are taken by 'managers and senior officials' and 'professional occupations'.</li> <li>Across all occupational groups, 47% hold an NVQ Level 4 or above. Only 11% of all jobs in the sector are held by individuals holding below a NVQ Level 2 qualification.</li> <li>While the sector has experienced national growth of 23% between 1998 and 2007, there has been a 32% increase in employees holding a NVQ Level 4 qualification and a 24% increase in those holding an NVQ Level 3.</li> </ul>
<b>Construction – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 29,396 employees in the sector, the largest four digit SICs are 'general construction of buildings and civil engineering works' (12,004 employees), 'other construction work involving special trades' (4,318 employees) and 'installation of wiring and fittings' (4,040 employees).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'plumbing' (126%), 'other building installation' (111%) and 'joinery installation' (106%).</li> <li>While the South East has seen overall growth of 15% in the sector between 1998 and 2005, the PUSH area has seen growth of 32%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Southampton (16%), New Forest (15%) and Eastleigh (14%), together hold 45% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs over 10% of the workforce in New Forest (13%) and Fareham (11%).</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows 53% of all jobs are taken by 'skilled trades occupations'.</li> <li>Across all occupational groups, 34% hold an NVQ Level 3 or 4 or above. Only 14% of all jobs in the sector are held by individuals holding below a NVQ Level 2 qualification, although 11% do hold other qualifications.</li> <li>While the sector has experienced national growth of 33% between 1998 and 2007, there has been an 89% increase in employees holding other qualifications, a 67% increase in those holding an NVQ Level 2 qualification and a 54% increase in employees holding a NVQ Level 4.</li> </ul>
<b>Distribution and wholesale – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 17,159 employees in the sector, the largest four digit SICs are 'wholesale of other household goods' (3,404 employees), 'wholesale of other machinery for use in industry, trade and navigation' (2,828 employees) and 'wholesale of wood, construction materials and sanitary equipment' (2,311 employees).</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Eastleigh (20%), Test Valley (17%) and Southampton (13%), together hold 50% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 10% of the workforce in just one local authority, Test Valley.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows a good spread of jobs across occupational groups, with the exception of 'professional occupations' where total employment is just 3%.</li> <li>Across all occupational groups, 34% hold an NVQ Level 3 or 4 or above. Almost 20% of all jobs are held by individuals holding below a NVQ Level 2</li> </ul>

Growth sector	Sectoral breakdown	Local Authority analysis	Occupational skills breakdown and skills change
	<ul style="list-style-type: none"> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'agents involved in the sale of machinery, industrial equipment, ships and aircraft' (112%), 'agents specialising in the sale of particular products or ranges of products not elsewhere classified' (82%) and 'wholesale of hardware, plumbing and heating equipment and supplies' (38%).</li> <li>While the South East has seen overall growth of 18% in the sector between 1998 and 2005, the PUSH area has seen growth of 21%.</li> </ul>		<p>qualification.</p> <ul style="list-style-type: none"> <li>While the sector has experienced national growth of 22% between 1998 and 2007, there has been a 61% increase in employees holding NVQ Level 3 qualifications and a 16% fall in those holding below an NVQ Level 2 qualification.</li> </ul>
<b>Health and social care – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 44,576 employees in the sector, the largest four digit SICs are 'social work activities with accommodation' (15,864 employees), 'social work activities with accommodation' (11,377 employees) and 'other human health activities' (11,377 employees).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'other human health activities' (159%), 'social work activities without accommodation' (31%) and 'dental practice activities' (29%).</li> <li>While the South East has seen overall growth of 37% in the sector between 1998 and 2005, the PUSH area has seen growth of 42%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Southampton (17%), Winchester (16%) and Portsmouth (15%), together hold 48% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 20% of the workforce in Winchester, 19% in Gosport and 17% in Havant.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows that 40% of all jobs are in 'personnel service occupations'.</li> <li>Across all occupational groups, 55% hold an NVQ Level 3 or 4 or above.</li> <li>While the sector has experienced national growth of 22% between 1998 and 2007, there has been a 54% increase in employees holding NVQ Level 4 qualifications and a fall of 11% and 17% in those holding below a NVQ Level 2 qualification and trade apprenticeship respectively.</li> </ul>
<b>Hotels, restaurants and catering – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 39,377 employees in the sector, the largest four digit SICs are 'bars' (13,863 employees) and 'restaurants' (13,352 employees).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'restaurants' (41%), 'other lodgings not elsewhere classified' (24%) and 'bars' (16%).</li> <li>While the South East has seen overall growth of 26% in the sector between 1998 and 2005, the PUSH area has seen growth of 22%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Portsmouth (19%), Southampton (17%) and New Forest (15%) together hold 51% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 17% of the workforce in New Forest and 15% in Gosport and Portsmouth.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows that 50% of all jobs are in 'elementary occupations'.</li> <li>Across all occupational groups, 34% hold an NVQ Level 3 or 4 or above. Almost half (46%) of all jobs are held by individuals holding NVQ Level 2 or below, trade apprenticeships, other or no qualifications.</li> <li>While the sector has experienced national growth of 24% between 1998 and 2007, there has been a 73% increase in employees holding NVQ Level 4 qualifications and a 45% rise in those holding below an NVQ Level 3 qualification.</li> </ul>
<b>Manufacturing – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 15,491 employees in the sector, the largest four digit SICs are 'printing not classified elsewhere' (3,870 employees), 'publishing of journals and periodicals' (1,195 employees) and</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Test Valley (16%), Portsmouth (15%) and New Forest (14%) together hold</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows that 22% of all jobs are in both 'manager and senior officials' and 'skilled trades occupations'.</li> </ul>

Growth sector	Sectoral breakdown	Local Authority analysis	Occupational skills breakdown and skills change
	<p>'manufacture of electricity distribution and control apparatus' (1,092 employees).</p> <ul style="list-style-type: none"> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'manufacture of basic pharmaceuticals' (1092%), 'casting of light metals' (403%) and 'manufacture of engines, and turbines, except aircraft, vehicle and cycle engines' (277%).</li> <li>While the South East has seen overall decline of 57% in the sector between 1998 and 2005, the PUSH area has seen growth of 59%.</li> </ul>	<p>45% of all jobs in the sector.</p> <ul style="list-style-type: none"> <li>In terms of total local authority employment, the sector employs 8% of the workforce in Test Valley and 6% in New Forest and Fareham.</li> </ul>	<ul style="list-style-type: none"> <li>Across all occupational groups, 45% hold an NVQ Level 3 or 4 or above.</li> <li>While the sector has experienced a national decline of 6% between 1998 and 2007, there has been a 19% increase in employees holding NVQ Level 3 qualifications and a 13% rise in those holding below an NVQ Level 4 or above qualification. There has also been an 11% decline in employees holding an NVQ Level 2 or below qualification.</li> </ul>
<b>Retail – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 60,344 employees in the sector, the largest four digit SICs are 'retail sale in non-specialised stores with food, beverages or tobacco predominating' (28,566 employees), 'other retail in specialised stores' (11,241 employees) and 'retail sale of clothing' (8,347 employees).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'retail sale of medical and orthopaedic goods (478%), 'retail sale of cosmetic and toilet articles' (157%) and 'retail sale of clothing' (69%).</li> <li>While the South East has seen overall growth of 22% in the sector between 1998 and 2005, the PUSH area has seen growth of 31%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Southampton (16%), Portsmouth (16%) and Eastleigh (15%) together hold 47% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 25% of the workforce in Havant, 22% in Eastleigh and 21% in Portsmouth.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows that 49% of all jobs are in both 'sales and customer service occupations' and 19% in 'managers and senior officials'.</li> <li>Across all occupational groups, 42% hold an NVQ Level 3 or 4 or above, and 24% hold an NVQ Level 2.</li> <li>While the sector has experienced national growth of 14% between 1998 and 2007, there has been a 50% increase in employees holding NVQ Level 3 qualifications and a 47% rise in those holding an NVQ Level 4 or above qualification. There has also been a 10% decline in employees holding no qualifications.</li> </ul>
<b>Transport – growth SICs</b>	<ul style="list-style-type: none"> <li>Out of 15,821 employees in the sector, the largest four digit SICs are 'sea and coastal water transport' (2,722 employees), 'storage and warehousing' (2,425 employees) and 'activities of travel agents and tour operators; tourist assistance activities nor elsewhere classified' (2,360 employees).</li> <li>The four digit SICs that have experienced the largest growth between 1998 and 2005 are 'other supporting air transport activities' (574%), 'other supporting land transport activities' (259%) and 'cargo handling' (151%).</li> <li>While the South East has seen overall growth of 26% in the sector between 1998 and 2005, the PUSH area has seen growth of 56%.</li> </ul>	<ul style="list-style-type: none"> <li>Looking at the share of the sector across the PUSH area, Southampton (37%), Portsmouth (12%) and Test Valley (11%) together hold 60% of all jobs in the sector.</li> <li>In terms of total local authority employment, the sector employs 9% of the workforce in Southampton, 6% in Test Valley and 5% in Fareham.</li> </ul>	<ul style="list-style-type: none"> <li>The national occupational breakdown of the sector shows that 34% of all jobs are in both 'process plant and machine occupations' and 17% in 'elementary occupations'.</li> <li>Across all occupational groups there is a range of qualification levels with 18% holding other qualifications and 17% holding NVQ Level 4.</li> <li>While the sector has experienced national growth of 16% between 1998 and 2007, there has been a 52% increase in employees holding NVQ Level 4 and above qualifications and a 44% rise in those holding an NVQ Level 3. There has also been a 28% decline in employees holding trade apprenticeships and a 7% decline in those holding below and NVQ Level 2 qualification.</li> </ul>

## ANNEX C: Strategic employment sites in South Hampshire

Table C-1 Strategic employment sites in South Hampshire

Local authority	Site	Size (ha)	Status at April 2007
Southampton	Former Vosper Thornycroft Site Woolston	12.5	Site cleared. Not started. Owned by SEEDA
	Land at Test Lane South	6.5	Allocation
Portsmouth	Land east of IBM Headquarters, Northarbour	9.8	Allocation
	Land adjacent to Military Road	8.2	Allocation
	Phase 6-9, Blueprint Hilsea Gasworks Site, Hilsea	6.0	Permission. Not started
Test Valley	Adanac Farm east of M271	30.0	Allocation.
	Land at Kennels Farm Manor Road Chilworth	5.9	Permission. Started. Extension to existing Research Park.
Eastleigh: SOUTH HAMPSHIRE STRATEGIC EMPLOYMENT ZONE	Northern Business Park Eastleigh Airport	19.5	Permission. Not started. BAA owned.
	Railtrack Land Eastleigh Airport	8.5	Permission. Not started.
	Alstom Railway Land	19.0	Allocation
Fareham	Whiteley: Area 12 Phase 2 west of distributor road	11.1	Under construction
	Land at Little Park Farm, Little Park Farm Road, Park Gate (plus 1.30ha in Winchester)	5.6	Allocation
Winchester	Whiteley: Remainder of Solent 1 Solent Business Park	5.2	Permission. Not started.
	Plots 2000-2500 and 3400, Solent Business Park	8.1	Permission. Part built, Part not started.
	Solent 2, Area 12 Rookery Avenue	8.1	Under construction. Predominantly small business units.
	Waterlooville: Land adjacent to Brambles Farm	30.0	Allocation
Havant	Land at Dunsbury Hill Farm Park Lane	13.2	Allocation
	Land between A27 and railway	5.8	Allocation for employment use

Local authority	Site	Size (ha)	Status at April 2007
Gosport	Former HMS Daedalus site Broom Way	13.9	Allocation. Defence States Organisation ownership.
New Forest	Cracknore Industrial Park Cracknore-Hard Lane	7.0	Permission. Part completed. Predominantly small business units.
	Petro-chemical works Fawley	18.5	Permission. Part Built. Development restricted to refinery related uses.

Source: Commercial Land Supply Schedule 1<sup>st</sup> April 2007 (with minor updates); Hampshire County Council

N.B. The number hectares shown relates to the size of the whole site which may include some land for non-employment creating uses. Only sites of greater than 5 hectares in total have been included in the above list. Retail and leisure activities are excluded from this list together with smaller sites which have significant employment implications. Some examples of these in Southampton and Portsmouth are in the Table below.

Table C-2 Additional Southampton and Portsmouth developments

Local Authority	Name of site/development	Details
Southampton	Antelope House Bursledon Road	Identified for mixed use development to include light industrial. Development underway. 200-400 jobs expected. S.106 for jobs and training agreed
	Former Calor Gas Site	Warehouse, light industrial trade counter occupiers expected. Completion expected in 2009 (4.8 ha.). S.106 for construction and training underway.
	Mayflower Plaza West Park Road/ Havelock Road/ Commercial Road	Hotel/Hospitality and Catering, Office, Retail & Construction. 580 jobs expected. Completion expected 2010.
	Ordnance Survey Maybush	Outline planning application submitted. Possible office/industrial/retail/care sectors
	BAT Millbrook	Identified majority of site as major employment site and south of site for light industry, research and development purposes.
Portsmouth	Northern quarter redevelopment	Mixed use redevelopment including: - up to 96,200 sq. m. retail (including John Lewis store) - up to 6,650 sq. m. leisure - 150 bed hotel
	Voyager Park and Merlin Park	Voyager Park: in two phases with a total of up to 60,000 sq. m. of industrial and warehousing. Merlin Park: 3,300 sq. m. prelet to Wellmans Defence with a further 3 ha. That could accommodate new production/warehouse space.
	Station Square and Station Street	Supplementary Planning Document adopted. Wide range of uses proposed including retail, commercial and car parking on central Portsmouth site.
	Tipner Regeneration	Consultation being carried out on proposals for new city neighbourhood with 1,600 houses, offices, hotel and local centre.

Source: provided by the Learning and Skills Council

**ANNEX D: Growth SIC sectors ranking by local authority (Summary – full details can be found in the supporting Data Annex report)**

Table D-1: Growth sectors (SIC) ranking by local authority

	Business & financial services		Construction		Distribution & wholesale		Health and Social Care		Hotels restaurants & catering		Manufacturing		Retail		Transport	
	<p>A = ranking of local authority employees in growth sector as a proportion of total employees in growth sector in PUSH area                      B = ranking of employees in growth sector as a proportion of all growth sector employees in local authority                      For both A and B, 1 donates the largest proportion compared to other PUSH local authorities and 10 the lowest</p>															
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Portsmouth	3	6	4	10	6	8	3	5	1	3	2	5	2	3	2	5
Southampton	1	3	1	7	3	7	1	7	2	6	4	10	1	9	1	1
Eastleigh	2	2	3	4	1	2	8	10	6	10	6	9	3	2	4	6
Fareham	6	5	6	2	5	3	9	9	9	9	5	3	8	5	5	3
Gosport	10	9	10	9	10	4	10	2	10	2	10	4	10	4	9	4
Havant	9	8	8	3	9	9	5	3	8	5	9	8	5	1	10	10
New Forest	8	10	2	1	4	6	4	4	3	1	3	2	4	7	6	7
Test Valley	7	7	5	5	2	1	7	8	5	7	1	1	7	8	3	2
Winchester	4	4	7	8	8	10	2	1	4	4	7	7	6	10	7	8
East Hants	5	1	9	6	7	5	6	6	7	8	8	6	9	6	8	9

Source: SQW Consulting

### Case Studies

#### Strategic Aim 1

#### Case Study 1: Adanac Park, Nursling – Section 106 Agreement



#### Background

The planning application for Adanac Park at Nursling, east of the M271, represents the single largest employment development that Test Valley Borough Council has received, involving 4,000 jobs on 75,500 square metres on a site of 32 hectares. Adanac Park is on the edge of Test Valley Borough, close to its boundary with Southampton and, in particular, the relatively deprived Southampton wards of Shirley and Redbridge.

The site has been safeguarded for one or several major large office employers since the 1980s. The site is being brought forward by owners, the Barker Mill Trustees, to enable Ordnance Survey (OS) to re-locate from their current premises in Maybush, Southampton, to a new purpose-built headquarters. OS will occupy 16,400 square metres and provide the first 1,000 jobs on Adanac Park.

#### The case for using Section 106 contributions towards workforce skills development

Economic Prosperity is one of Test Valley Borough Council's key priorities. Improving workforce skills has been a longstanding means of achieving this, through training courses and skills brokerage. The demand for employment which the development of Adanac Park will create on an area characterised both by a relatively tight labour market yet one in need of upskilling, presents appropriate circumstances for the use of S.106 contributions to offset that impact.

Policy RE2 of RPG 9 (March 2001) states:

*"in order to assist access to job opportunities, the scope for the provision of training and childcare facilities in association with development should be explored through the use of Section 106 agreements between local authorities and developers, following advice set out in Circular 1/97. (Planning Obligations)*

In addition guidance in PPS1 (para 27) notes that development plans should

*"promote regional, sub-regional and local economies by providing, in support of the Regional Economic Strategy, a positive planning framework for sustainable economic growth to support efficient, competitive and innovative business, commercial and industrial sectors."*

By securing relevant training the obligation would allow local people access to apprenticeships or jobs involved either during or post development and this would relate directly to the development.

In line with its emerging Supplementary Planning Document, "Infrastructure and Developer Contributions", the Council sought S.106 contributions to mitigate the impact on the local labour market of the significant number of new jobs to enhance skills training.

Developing south Hampshire's labour market is critical to achieving the PUSH objective of 3.5% GVA growth by 2026. Adanac Park is one of the largest employment sites in the sub-region and therefore it is vital for it to play its part in contributing to the PUSH strategy.

#### **How it will work**

The Agreement requires the staged contribution of several hundred thousand pounds (excluding OS because these are not new jobs) towards training co-ordinators who will work both with the workforce occupying the new development and in the local community to develop skills and employability. The co-ordinators will augment existing skills training brokerage and the national Train to Gain programme by working with local residents, employers, Jobcentre Plus and other relevant agencies to develop the size and capability of the local labour market by encouraging individuals to begin and to progress in skills training initiatives.

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## Strategic Aim 1

### Case Study 2: Into Work – the Confederation of Shipbuilding and Engineering Unions, Jobcentre Plus and VT Shipbuilding work in partnership in Portsmouth



#### Background

Into Work is an innovative project aimed at addressing labour shortages and skill gaps in the marine sector by offering training and job opportunities in the shipbuilding industry to unemployed adults.

Spearheaded by the Confederation of Shipbuilding and Engineering Unions (CSEU) the project is a joint venture involving a number of organisations including;

- Jobcentre Plus
- CSEU
- Eastleigh College – training provider
- VT Shipbuilding - employer

These organisations have worked together to provide sector specific job preparation training for unemployed people using the CSEU Learning Centre. Trainees completing the course are guaranteed a job interview and, if successful, a job offer.

The CSEU considered Portsmouth a good location to pilot the initiative, which could then be replicated in other shipbuilding areas, such as Plymouth, Barrow, Tyneside and the Clyde. Already, discussions have begun to replicate this model in Barrow. The model could also be used in industries other than shipbuilding.

VT is fully committed to the Governments Local Employment Partnership (LEP) agenda and made this pledge official in December 2007. The Into Work project encapsulates the LEP agenda and has helped shape the development of other projects currently operating in partnership with Jobcentre Plus.

#### The project

The project involves the following stages:

- **Promoting Into Work** to potential applicants through an open day at VT Shipbuilding, and advertising by Jobcentre Plus and providers / intermediaries
- **Recruitment and selection** – eligible applicants were invited to an open day. For those who were unsuccessful they were referred to an advisor for further advice and support
- **Into Work open day** – involving a video about VT, a presentation from the Training Manager and Union Learning Representatives and a tour of the shipyard
- **Final selection** – the VT Training Manager and ULRs selected candidates for a 2 year adult training programme based on trade balance needs, aptitude, availability and commitment to the initial 5 week course
- **Pre-employment course** – a 5 week course covering employability training, mentoring, preparation for interview, tutor support, individual learning plans, literacy and numeracy training up to Level 1 of National Tests and ICT training (OCN accredited)
- **On-going employment** – trainees interviewed by trade supervisor and HR people for on-going employment

The project has been a success. 46 applications were received, 32 people attended the open day, 12 candidates were selected for the pre-employment course and 9 were considered suitable for on-going employment.

The two main success factors have undoubtedly been:

- The offer of a work preparation routeway linked with an employer offering the prospect of real job opportunities
- The collective contribution made by **all** the partners involved

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## Strategic Aim 1

### Case study 3: Havant 14-19 Skills Centre



#### Background

The Borough of Havant has nearly 350 young people not in education, employment and training (NEETs), accounting for over 9% of the year 11 population. This figure is almost twice the Hampshire average. These young people are not engaging in learning despite there being four further education colleges and PETA (a local private training provider) offering a range vocational and e2e programmes within a 12 mile radius of the Borough.

To address this issue plans are in hand to develop a 14-19 vocational skills centre in Leigh Park, Havant.

The vision for the skills centre is to:

- Create a prestigious, leading edge learning environment at the heart of a disadvantaged community
- To reduce the number of NEET youngsters and improve their skills base to support entry to employment
- Give opportunities for re-engagement through a widened and more flexible, varied choice of curriculum delivery
- Allow for opportunities for progression and act as a feeder to existing full time FE and Apprenticeship programmes
- Improve the quality of life and create capacity in the Leigh Park community

In order to address the issue of NEETs Havant College held initial consultations and focus groups with a range of key stakeholders. The consultation highlighted the need for young people to have access to a wider choice of flexible provision, particularly vocational provision at level 1, based in their local community (travelling was one of the barriers to learning). Research undertaken by Havant Connexions indicated that young people would have most interest in subject areas such as construction, motor vehicle, hair & beauty, childcare, IT and sport.

The College engaged with two local providers to discuss partnership arrangements: Highbury College due to its experience and expertise in delivering Construction and their local knowledge of the area as a result of the provision they offer at the Apex Centre in Leigh Park; and PETA who have extensive experience and expertise in delivering engineering at level 1 and through their entry to employment programme, working with young people from the Havant area.

The skills centre will provide flexible, roll on, roll off, unitised, vocational programmes which will aid progression from the skills centre to further programmes, employment and / or apprenticeships. This method of working reflects the Havant & Waterlooville 14-19 Consortium arrangements for the new Diplomas and embraces the ethos of consortium work. The offer consists of 5 distinct pathways whilst accommodating 2 existing offers (construction and engineering).

- 1 Construction (delivered by Highbury College)
- 2 Engineering (delivered by PETA)
- 3 Motor Vehicle and Motorcycle Maintenance (new)
- 4 Hospitality & Catering (new)
- 5 Hair & Beauty: Nail technology/Beauty (new)
- 6 Health & Social Care – focus on Early Years (new)

The skills centre will be a unique offer to re-engage young people who are currently NEET. On completion of their programme individuals will have the opportunity to progress to a level 2 or level 3 programme at their local college or training provider.

The Centre is due to open in September 2009.

FINAL DRAFT

## Strategic Aim 2

### Case Study 4: Train to Gain



#### About Train to Gain

Businesses in Urban South Hampshire are benefiting from the new Train to Gain service that makes sure their staff have the right skills to do the best job. Train to Gain helps businesses identify and undertake the training they and their employees need. The skills and training advice is free and impartial. The training is tailored to suit a business's needs and offered at a convenient time and place.

The advice is provided through a broker service delivered by Skills South East, an independent company owned by the region's six Business Links.

The skills broker works closely with the employer, training provider and learner to make sure everything goes smoothly. Specially selected training providers are sourced for each employer. The skills broker can recommend the best ways of funding training explaining all of the options available. Train to Gain provides some funding itself. This might include:

- Funded training to help employees gain their first full Level 2 qualification and Skills for Life first numeracy and literacy qualification. This includes all training towards NVQ Level 2 or equivalent, Skills for Life programmes, higher level skills and a wide range of other training programmes for staff.
- Wage compensation for companies with less than 50 employees
- Funded programmes, including Apprenticeships and NVQ Level 3 or equivalent

#### BS Care Limited

BS Care Limited is a domiciliary care agency covering West Sussex and Hampshire. The Portsmouth-based company started 10 years ago and now employs approximately 80 staff. Through the skills broker assigned by the LSC, BS Care was matched with Havant College, to deliver a training programme that would suit their needs.

Sandra Shannon, training manager at BS Care, said: *"Train to Gain has really helped BS Care to grow and expand. Since we've been using Train to Gain the staff are more motivated and happy. There is even a waiting list for staff wanting to go on courses. We have also been able to start doing our own in-house training after our staff went on teaching courses."*

Havant College had found working with a skills broker helpful as the Train to Gain brokers have taken the time to listen and find out about the responsive way the college works with employers.

Anne McCabe, director of partnerships and business development at Havant College, said, *"By listening to employers in the local area, we have tailored our NVQ packages in Health and Social Care Levels 2 and 3 to more closely meet the needs of our customers. For example, we have recently developed a Health and Social Care NVQ to match the needs of those working with clients who have learning disabilities."*

## Oliver Construction



Oliver Construction is a ground-working company based in Southampton that was established 10 years ago and now employs 22 members of staff. Through the skills broker assigned by the LSC, Oliver Construction was matched with Eastleigh College, to deliver a training programme that would suit their needs.

Sean Oliver, contracts manager at Oliver Construction, said: *“When bidding for contracts, qualifications are becoming essential in proving to our clients that our workforce will be able to deliver effectively. We could have taken a short-term view that we would just get them on site but we chose to recognise the skills that they possess in a more formal manner. Train to Gain has given us a cost-effective means of showing our clients what we already knew – that we have a skilled, competent and effective workforce.”*

Eastleigh College makes their training responsive to learners needs through a process of enrolment where each learner is assessed individually. Nick Tattershall, project manager at Eastleigh College, said: *“In terms of construction, we use a tool called Skillsmatch from the CITB (Construction Industry Training Board). From that we get an assessment of workers’ strengths and weaknesses and then we can develop a training plan that targets their weaknesses.”*

FINAL DRAFT

## Strategic Aim 2

### Case study 5: Skills Pledge – Southampton City Council



#### Background

The Skills Pledge is a voluntary, public commitment by the leadership of a company or organisation to support all its employees to develop their basic skills, including literacy and numeracy, and work towards relevant, valuable qualifications to at least Level 2 (equivalent to 5 A-C GCSEs). The purpose is to ensure that all staff are skilled, competent and able to make a full contribution to the success of the company / organisation.

The Pledge can be given by the Chief Executive, Chief Operating Officer, owner / manager or other Board Member, on behalf of the organisation. It is a corporate commitment covering the whole company / organisation. For those employees who do not already have a full Level 2 qualification, the Government will provide funding to help them gain basic literacy and numeracy skills as well as their first full Level 2 qualification. The Skills Pledge is open to all employers of all sizes in the private, public and voluntary sectors.

When a company or organisation registers its intention to make the Skills Pledge, it will be able to access the support and advice of a skills broker. They will work with organisations to understand business priorities, help identify skill needs and work with organisations to design a training package that will best meet the skill needs of the organisation.

#### Southampton City Council

Southampton City Council is committed to signing the Skills Pledge and is working within a wider strategic partnership of other major public sector organisations including Higher Education to provide a more joined up approach to skills development.

The City Council already has a range of innovative support programmes to enable staff to gain skills and qualifications, most notably its Union Learning Representative Initiative and the very successful Train to Gain programme to support a large number of waste collection operatives to gain qualifications.

## Strategic Aim 2

### Case Study 6: Developing the retail skills base in Portsmouth and South East Hampshire

#### skillsmart retail™

##### Background

In June 2006 details emerged of a proposed retail skills academy for the Portsmouth area which could help meet the immediate and future skills needs of this growth sector which is forecast to grow further as a result of developments such as the Northern Quarter which alone is expected to create 2,300 retail / leisure oriented jobs. The academy approach was put forward on the basis of bringing together existing providers and agencies to better meet the needs of the sector, promote the sector as an attractive employment and career opportunity, and provide a comprehensive offer of skills provision from entry to level 4, with additional customised training to meet specific skill needs.

A retail skills working group was established to take forward this work and agree an appropriate way forward. Members of the group include the LSC, Portsmouth City Council, University of Portsmouth, Jobcentre Plus, Business Link, Skillsmart Retail and local FE Colleges and private training providers. Significantly there is also a strong employer representation including John Lewis Partnership, Southern Co-operative and Gunwharf Quays.

The LSC commissioned DTZ undertake a review of the retail skills base, an options appraisal and a detailed feasibility of the preferred option(s) that can radically improve the retail skills base in Portsmouth and South East Hampshire in order to realise the potential of current and planned retail developments.

##### Evidence of need

There has been historic growth of employment in the retail sector in Portsmouth and South East Hampshire. Over the period from 1998 to 2005, there was an increase of 6,000 employees. Looking forward, DTZ forecasts suggest that expansion in the retail sector will create a demand for 12,000 additional workers 2007-2012, and the replacement of those leaving retail employment will create a demand for an additional 11,000 workers; a total of 23,000 new workers, or an average of 2,300 new workers per year. Demand for skills will be at all qualification levels, although the largest requirement will be a Level 2 and below.

Growth in the sector and the need for replacement labour will generate a need for skills training at all levels in the retail sector if the area is going to achieve its potential in terms of absolute size and quality of employment (which ultimately translates into GVA). The sector already has low levels of skills, there is a need to provide training to up-skill those already in the workforce, particularly to support growth in higher level skills.

##### Way forward

A range of models for delivery were explored by DTZ from simply improving the co-ordination of existing services to the development of retail skills centre. DTZ have recommended the development of a virtual network which would build on the model of improved co-ordination but provide additional revenue based resource to facilitate the network, broker relationships and deliver outreach activities. This would include staffing costs and related marketing budgets. However, all delivery of core services would continue through existing providers. The network organisation would provide a clear focal point and drive for the retail sector rather than relying on the goodwill of partners. A virtual network would use either the premises of retailers, existing providers or hire venues as and when required. Office accommodation of the staff would be sought within the facilities of one of the partner organisations. The virtual approach would provide flexibility to respond to the short term requirements across the sub-region, rather than being tied to a single location.

The model will be aligned with the proposed National Retail Academy 'Skills Shops' concept that is being led by Skillsmart Retail and so benefit from national branding and accreditation.

Partners are now considering next steps with a view to extending the work to support the implementation of the virtual network.

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## Strategic Aim 3

### Case study 7: City Growth Portsmouth – developing clusters



#### Background

City Growth is a fresh approach to economic development and urban revitalisation, first developed in the U.S. The approach is market led and looks to build on local strengths and competitive advantages rather than purely focusing on weaknesses. Portsmouth was one of several areas in England to be selected by the Government in 2004 as a City Growth area. At the heart of the City Growth model is the development of priority clusters. Three clusters have been identified in Portsmouth for further development:

- **Tourism, Leisure and Retail** – a growing sector employing some 23,900 people with 1,800 businesses, serving the local market but also the significant number of visitors that come to the City.
- **Marine** (including related advanced engineering) – a key sector that is important to Portsmouth both in economic and cultural terms. Made up of 250 firms with around 7,100 employees the sector faces some considerable challenges with all but the recreational marine sub-sector experiencing falling employment.
- **Information and Communication Technology** – employing some 11,800 people with 450 businesses, the ICT sector is a growing sector with significant competitive strengths and leading edge companies, supported by the University.

Teams have been established for each cluster the majority of whom are businesses, but with support from key public sector stakeholders and funders.

#### Importance of skills

The City Growth strategy also includes cross cutting issues. Addressing these issues is a necessary pre-condition to the growth of Portsmouth. Improving the skills base of the population is one of these key issues.

In relation to the key issues and challenges that have been identified for each cluster, skills feature heavily in all of them. For example:

- **Tourism, Leisure and Retail** – current skill shortages across leisure, hospitality and retail sector with potential for increased skills shortages in the future, particularly in the retail sector with major planned expansion of the Northern Quarter
- **Marine** – shortages of skilled labour entering the workforce, an ageing workforce, matching labour and skills from declining sub-sectors with growth areas
- **Information and Communication Technology** – low levels of business, management and leadership skills.

## Strategic Aim 4

### Case study 8: Southampton Skills Development Zone Proposal



Southampton City 

Primary Care Trust

The Skills and Employability Board (SEB) of the Southampton Partnership has put forward the proposal to develop Southampton Skills Development Zone. The initiative is being led by Southampton City Council and Southampton City Primary Care Trust.

The aim of the Zone is address the skill needs of the City through a single co-ordinated source of provider information and contact management to match demand to provision delivered through an innovative partnership between employers, higher education, private training providers, further education and the voluntary sectors. The strategy is build a scaleable, replicable and transferable skills development model initial focused on public services, that can then be applied to the private sector, concentrating on growth areas in business services, advanced manufacturing (including marine) and creative and media industries.

The initial focus will be on the development of health and social care skills to meet the needs of the Southampton City Primary Care Trust (SCPCT).

The SCPCT employs over 2,000 people and has a particular challenge in terms of workforce development through the changing national and individual expectations in the commissioning and delivery of health care services. It is planned that the NHS workforce will grow and change through an integrated 'skills escalator' programme. Particular skill gaps identified by SCPCT include health and social care skills, customer care, hospitality, estate and craft trades, and business administration, management and leadership. The development and implementation of 'lean thinking' to better integrate the care pathways is also a priority.

Extension of the initial development based on the skills needs of the SCPCT will be to the wider health and social cares sector of the local economy. Southampton General Hospital and Southampton City Council have now been identified as the two employers for immediate extension of the scheme. It is envisaged that all three employers will sign up for the Skills Pledge.

## Strategic Aim 4

### Case study 9: capital investment in the further education estate - redevelopment of Highbury College

#### Background

State-of-the-art buildings can make a huge difference to educational attainment. The Government's goal is to make England's further education estate a world leader – a system in which learning is delivered in inspirational, innovative and sustainable environments equipped with industry-standard facilities. The Government has already demonstrated its commitment to this goal through £1.8 billion of capital investment since 2001, a record £2.3 billion will be invested over the next three years.

The rebuilding and modernisation of the FE estate is not an end in itself. Capital investment is a key part of the drive to boost the UK's productivity and global competitiveness. It will help to secure capacity for high quality Diploma programmes, improve employer responsiveness and build a more specialised and vocationally excellent FE system to deliver the ambitions of Lord Leitch's report, *Prosperity for all in the global economy – world class skills*.

Capital investment also contributes to the achievement of wider government objectives, acts as a catalyst for regeneration and encourages others to invest in communities.

In the Partnership for Urban South Hampshire area, significant capital investment in the FE estate is either taking place or planned, totalling some £400 million.

#### Highbury College capital investment



Highbury College is in the middle of an extensive capital programme totalling some £52 million, the latest phase of which is the £34.8m redevelopment of the **Highbury Campus** in Cosham, Portsmouth, the detailed application for which was approved by the LSC in May 2007. The redeveloped campus is due to be completed in April 2009.



*Artist impression of the new Highbury Campus*

The recently completed £12.3 million **Highbury City of Portsmouth Centre** (opened to students on 29 October 2007) has its origins in a Local LSC tender to establish entry level / level 1 and 2 provision in the centre of Portsmouth to reduce the numbers of young people not in education, employment or training (NEET). The College has extended this project to offer better progression opportunities by moving all of its Hospitality & Catering, Travel & Tourism and Health & Care provision from the Highbury Campus to the City of Portsmouth Centre. The Centre is equipped with the most up-to-date equipment with state-of-the-art technology.



*Highbury City of Portsmouth Centre*

The third main site of the College at **Highbury Northarbour Centre** has been purpose built to provide courses in construction and building services. It was opened by Phil Hope MP in June 2006 and replaces a smaller less flexible building next to Portsmouth Dockyard, previously leased from MOD. It provides for pre-16 school pupils and 16+ students from foundation level to foundation degrees. Northarbour was designed by College staff to ensure each area was purpose built to offer students state of the art facilities in each specialism. The total cost of the building was £9.5 million.

## **Strategic Aim 4**

### **Case study 10: National Apprenticeship Vacancy Matching Service (NAVMS)**

Apprenticeships Online was successfully introduced throughout Hampshire and Isle of Wight in 2006. It has since contributed to an efficient and professional Apprenticeship Service being offered in the County.

Despite localised approaches to Apprenticeship vacancy matching, across the country there is currently no consistent national system or infrastructure to bring together employers who have apprenticeship vacancies with potential apprentices. The implementation of a matching service for England has been identified as a key driver to increase participation rates in Apprenticeships and meet the aspirations set out in World Class Skills, for 1 in 5 undertaking an Apprenticeship each year by 2020. This figure currently stands at 1 in 15.

The National Apprenticeship Vacancy Matching Service (NAVMS) will be launched in November 2008. It will provide a single web based location for all information on apprenticeships for use by potential apprentices, their parents/guardians, employers, those providing advice and training providers.

The recent publication of the Apprenticeship review "World-Class Apprenticeships: Unlocking talent, building skills for all" identified, in addition to the vacancy matching service the need for a new, focused leadership for the Apprenticeship programme through the creation of a new National Apprenticeship Service (NAS).

The NAS will bring together a wide range of services and operations which are currently dispersed among a range of agencies and will have end-to-end responsibility for the Apprenticeship programme, including ultimate accountability for the national delivery targets

The South East Region has been selected as a test bed region for early implementation of the Vacancy Matching Service and the supporting NAS in September 2008.

## Strategic Aim 4

### Case study 11: shaping the future workforce - 14-19 Diplomas in Portsmouth & South East Hampshire



#### Background

With the introduction of the 14-19 Diplomas the education system is about to go through a radical change to ensure that we shape the workforce for the 21<sup>st</sup> Century. By studying for a Diploma young people, through a combination of theoretical and practical learning, will gain the skills, knowledge, experience and employability skills needed for sectors of employment.

Diplomas are new qualifications for 14 to 19 year olds, which help prepare them in an innovative and exciting way for university or employment. All Diploma students study English, Maths and ICT alongside their chosen discipline. They do an extended project, specialist learning in a related subject and at least 10 days work experience. These qualifications have been developed by employers, so practical, work-related learning is at the heart of the qualification.

The Diplomas will be taught in 17 disciplines including Engineering, Creative & Media, Construction, Hospitality & Catering to name but a few. Diplomas are being phased into schools and colleges over the next few years from 2009. There has never been a better time for employers to get involved in education – the new Diplomas provide employers with a strong voice to develop a truly demand led skills system that they require.

#### Employer engagement in Portsmouth and South East Hampshire

The three 14-19 consortia of Havant, Fareham & Gosport and Portsmouth are working together to pool resources and expertise and maximise their engagement with local employers. The 14-19 Co-ordinators have begun to meet together to look at common issues and plan where appropriate joint initiatives. The initiatives planned include Business Breakfasts and a one day seminar for curriculum timetablers.

The key objectives of the collaboration are to:

- Promote the Diplomas that the three 14-19 consortia will be running from 2009
- Introduce the concept of Diplomas to employers and explain how employers can support both the curriculum planning and the delivery of the programmes
- Establish one employer group per Diploma line across the three 14-19 consortia to avoid employers being approached by the consortia individually.