For Information

Leading learning and skills

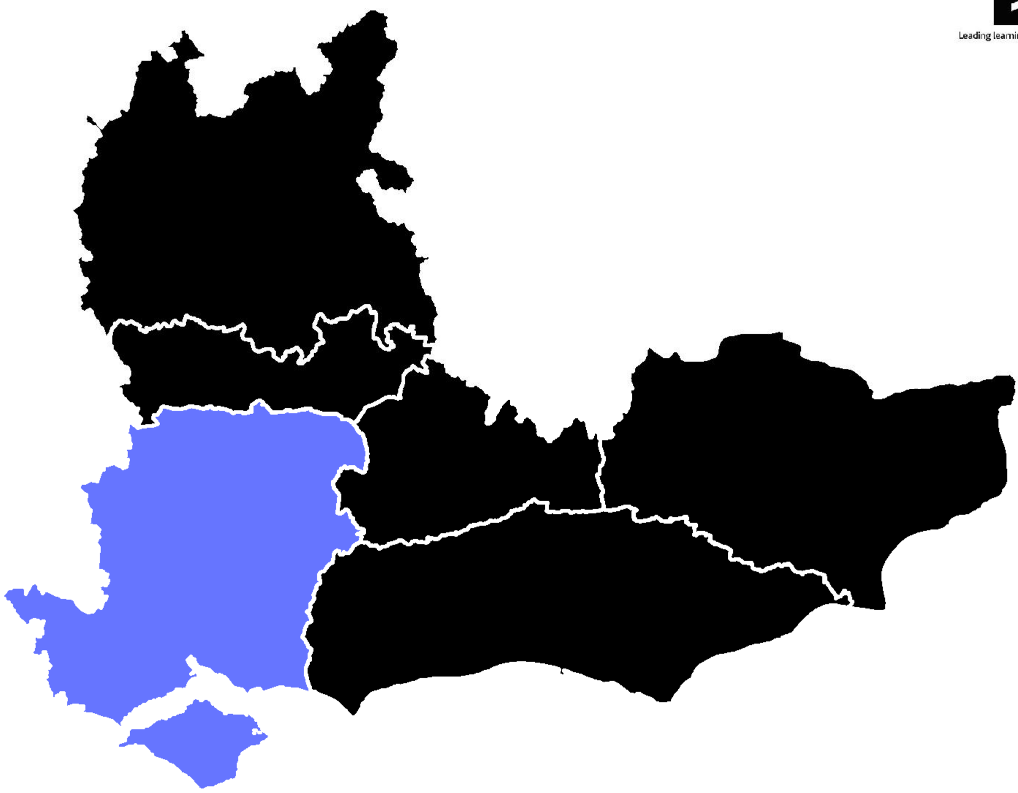
Learning and Labour Market Area Profile

Hampshire and the Isle of Wight

Analysis of the socio-economic profile, labour market and skills supply and demand in the South East Learning and Skills Councils

06/07

Version 1.1



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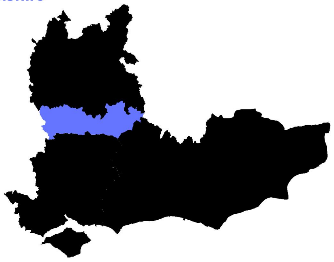

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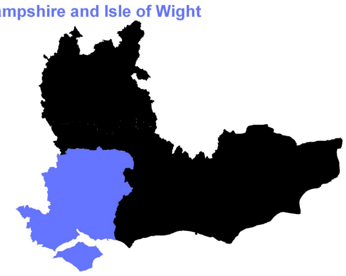

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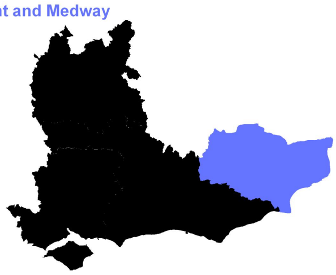

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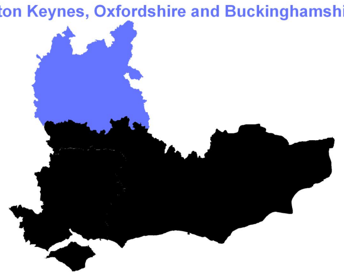

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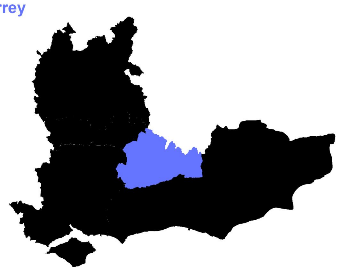


Sussex

Contents

Introduction **1**
- Aim of the report 1
- Objectives 1
- Structure 1
- Information sources 1
- Known issues **2**
- Geography **2**

Key Statistics **3**

Demography **4**
- Population change 4
- Population structure 4
- Population projections 5
- Migration 5
- Deprivation 6

Business Stock **7**
- Businesses 7
- VAT registrations and de-registrations 7

Employment and Earnings **8**
- Labour demand 8
- Employee jobs 8
- Employment change 8
- Sectoral trends 9
- Occupational and replacement demand 9
- Earnings 9
- Productivity and income 10

Labour Supply and Utilisation **10**
- Economic activity 10
- Employment 10
- Economic inactivity 11
- Unemployment 11

Skills and Qualifications **12**
- Workforce qualifications and training 12
- Vacancies 13
- Skills gaps 13
- Training and planning 14
- Qualifications demand 14

Education and Training **15**
- Further education providers 15
- Further education trends 15
- Further education structure 15
- Further education quality 17
- School sixth forms 17
- School sixth form quality 17
- Work based learning providers 18
- Work based learning trends 18
- Work based learning structure 18
- Work based learning quality 19
- Adult and community learning 19
- Not in education, employment and training 19

Key Messages **21**
Overview 21
Demography 21
Business Stock 21
Employment and earnings 21
Labour supply and utilisation 21
Skills and qualifications 21
Education and training 22
Matching demand and supply 22
Contribution to targets 22

Abbreviations **23**

Glossary **24**

Introduction

The local area profile provides information about labour market and learning provision

Aim of the report
This report provides local intelligence to support the annual business planning process. It considers the learning and skills demand and supply, highlighting significant differences between national, regional and local areas.

Objectives
The report seeks to provide the following:

- Analysis of the local and regional social, economic, geographical and environmental conditions with particular attention to issues that will have an impact on policy making in the learning and skills sector;
- Analysis of the current state of learning for young people, including Year 11 destinations, post-16 participation patterns, young people's achievements and progression into higher education;
- Analysis of the current state of learning for adults, including analyses of levels of qualifications held in the workforce;
- Identification of current and likely future skills demand in the local labour market (based on the Working Futures II Survey); and
- Analysis of the quality, volumes, and curriculum mix of the provision offered by local providers.

Structure
The report is structured into 11 sections. The first section is a one-page summary of relevant key statistics for the area. This is followed by a commentary based on examination of labour market and learning data.

In an effort to make the report free-standing two further reports are provided. Containing material mostly in the form of annotated maps and tables, the purpose of these data reports is to enable users to undertake a limited amount of inter-area comparisons without having to cross-reference to other source documents.

Two data reports are provided, one for the region and one for the local Learning and Skills Councils. References to these data reports use the notion R for regional information and L for the relevant local data report.

A glossary of terms and definitions is provided.

Information sources
Data have been sourced from several providers and these are acknowledged accordingly. In particular, extensive use has been made of Crown Copyright materials, which are reproduced here under licence.

The main basis for the report is taken from the NOMIS area profiles which can be accessed at www.nomisweb.co.uk

Data on the education and training sector has been produced by the LSC Data Analysis teams.

Other information sources used in this report include:

- Higher Education Statistics Agency;
- Working Futures II;
- National Employer Satisfaction Survey;
- Connexions destinations survey; and
- Annual Business Inquiry.

Local indicators relating to population and society can also be examined using the Audit Commission area profiles website at www.area-profiles.audit-commission.gov.uk

The latest Office for National Statistics Region in Figures for the South East was published for 2004/05 at the end of 2005. It can be accessed at http://www.statistics.gov.uk

The South East England Development Agency has produced the third Regional Economic Strategy for the South East, 2006-2016. This provides the framework within which the Regional Development Agency works and defines the region's priorities and targets for the work of all the partners in its delivery. It can be accessed at http://www.seeda.co.uk/res/

The South East Regional Assembly provides a Regional Spatial Strategy for the South East to 2026. The current draft plan, which sets out a vision for the region from 2006-2026, focusing on housing, transport, economy and the environment, is available at http://www.southeast-ra.gov.uk/southeastplan/index.html. Similarly this plan is available through the Government Office for the South East at http://www.go-se.gov.uk/gose/planning/regionalPlanning/ where information on the latest response to the plan can also be found.

The Government Office also has a role, on behalf of central government, in leading the discussions on Local Area Agreements. Further information on these can be found at http://www.go-se.gov.uk/gose/localGovt/. In addition to the Government Office, the South East England intelligence network also provides additional research and data that provide further context to this report and can be accessed at www.see-in.co.uk.

The Learning and Skills Council has also produced an annual progress report in 2006 which provides an analysis of the national and regional extent and nature of education, training and skills. This report can be accessed at www.lsc.gov.uk.

An LSC internal document providing performance review information is also available providing a summary of the contribution to key target areas and priorities alongside provider toolbox and planned delivery.

Known issues
This report is based on a range of information sources which include administrative, census and survey data.

Resident approaches are used in this report to provide a clearer link between supply and demand. However, resident based information is not always available. Where this is the case the terms workplace and provider may be used to identify that data relates to an entity located in the geographic area.

This report provides information for the region and for the local Learning and Skills below this where the data permits it. However a number of data sources are restricted in reporting for small areas due to disclosure (Annual Business Inquiry most not be disclosed below 50 units) or through confidence intervals (Annual Population Survey confidence intervals may be large)

Additional information regarding these issues is included as a note to the data sources in the supplementary data report.

Throughout this report information is rounded. The level of rounding varies on the information source and provider.

Geography
Hampshire and Isle of Wight comprises the three Unitary Authorities comprising the City of Portsmouth, City of Southampton and the Isle of Wight.

In addition to these the County of Hampshire includes eleven local authorities:

- Basingstoke and Deane;
- East Hampshire;
- Eastleigh;
- Fareham;
- Gosport;
- Hart;
- Havant;
- New Forest;
- Rushmoor;
- Test Valley; and
- Winchester.

Key Statistics

	Hampshire and the Isle of Wight		South East		England		Source
	#	%	#	%	#	%	
Population	1,811,100	-	8,164,000	-	50,431,700	-	Mid-year population estimate 2005
Working Age Population (% population)	1,141,900	63.1	5,119,200	62.7	31,318,100	62.1	Mid-year population estimate 2005
Minority Ethnic Groups (% total population)	55,540	3.1	391,630	4.9	4,459,470	9.1	2001 census
Economically Active (% working age population)	905,600	82.0	4,076,800	82.2	23,953,500	78.4	Annual population survey Jan-Dec 2005
In Employment (% working age population)	873,100	79.0	3,920,600	79.0	22,776,000	74.6	Annual population survey Jan-Dec 2005
Gross Value Added £ per head 2002 (% of UK GVA)	14,924	98	16,758	110	15,273 (UK)	100	Region in Figures 2005
Business Stock	72, 320	-	361,520	-	1,973,940	-	Annual Business Inquiry 2004
VAT Businesses (% change from stock at start of year)	55,760	+0.4	287,130	+0.0	1,553,800	+0.2	VAT registrations/de-registrations 2004
NVQ Level 3 and higher (% working age population)	550,700	49.9	2,532,200	51.0	14,239,900	46.6	Local Labour Force Survey Oct-Dec 2005
No qualifications (% working age population)	110,300	10.0	500,100	10.1	4,292,100	14.1	Local Labour Force Survey Oct-Dec 2005
19 year olds achieving Level 2 (% 19 year olds)	15,835	74.6	72,710	74.6	431,760	69.8	Matched Administrative Data Set
19 year olds achieving Level 3 (% 19 year olds)	11,140	52.5	51,880	53.2	283,780	45.9	Matched Administrative Data Set
Adults achieving Level 2 or higher (% working age population; 16-59F/16-64M)	759,680	68.9	3,506,000	70.8	20,274,600	66.5	Annual population survey Jan-Dec 2005
Adults achieving Level 2 or higher (% economically active population; 18-59F, 18-64M)	531,580	71.8	2,923,900	74.0	16,660,000	71.5	Annual population survey Jan-Dec 2005
Skills for Life 2004 to 2007 (% 2007 Target)	25,110	112	88,870	89	706,400	96	LSC

Demography

The population of children and young people is decreasing, whilst the population of older people is increasing

Population change
In mid-2005 the population of Hampshire and the Isle of Wight was 1,811,100. This represents an increase of 4.7% on the mid 1995 estimate (Table R-1).

Population change in Hampshire and the Isle of Wight over the last decade is below that observed in the South East region. This is primarily attributed to the large decrease in children observed over this time period. Between 1995 and 2005 the population of children (aged under 15) decreased by 13,000.

The highest rate of change within the area over the past decade is observed in the Isle of Wight with an increase in population of 13,800 people (11%), accounting for one in six of the increase in population across Hampshire and the Isle of Wight. Other high growth areas include Winchester (+10,000, 9.8%) and the Test Valley (+8,700, 8.4%) (Table L-1). Havant showed a decrease in population by 1.5% attributed to decreases in the population aged under 65.

In the South East region Hampshire and the Isle of Wight had the second highest increase in the population aged 75 and over. These increases were concentrated in Fareham (+2,600), Eastleigh (+2,100) and Havant (+2,600).

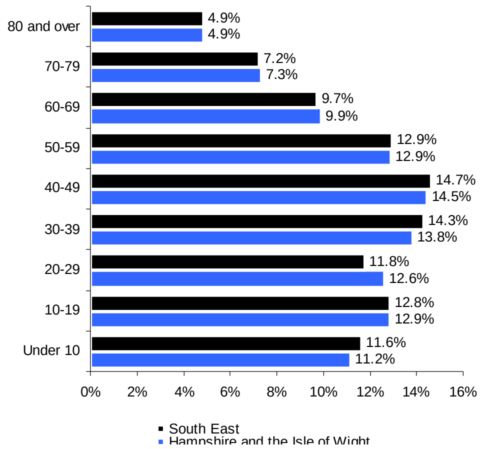
In contrast the population of children (aged under 15) decreased in 9 of the 14 authorities. The largest decrease in this age group was observed in Havant (-3,100).

Population structure
Fifty-one percent of the Hampshire and Isle of Wight population are female, equivalent to profile of the South East region (Table R-2).

The highest proportion of females is found in the New Forest accounting for 52% of the resident population, and the lowest proportion of females is found in the City of Southampton (49%) (Table L-2).

The age structure of Hampshire and Isle of Wight indicates that, despite increases in the population aged 75 and over, there is no difference in the proportion of people aged 50 and over resident in the area (35%) compared to the South East (Table R-3 and Figure L-1).

Figure L-1. Age structure 2005



For local authorities the proportion of people aged 50 and over ranges from 29% in the City of Southampton to over 44% in the New Forest (Table L-3). The lowest proportion of people aged under 19 is on the Isle of Wight at 22%, whilst East Hampshire and Hart have more than 25% of their population aged under 19.

Ninety-seven per cent of residents in Hampshire and Isle of Wight are of white ethnicity (Table R-4 and Table R-5). Bangladeshi, Indian and Pakistani ethnic groups account for 1 in 100 (1.1%) of all residents.

The highest representations of minority ethnic groups were resident in the City of Southampton, accounting for 8% of the population. The City of Portsmouth has the next highest proportion of minority ethnic groups accounting for 5% of the resident population). Ten of the fourteen local authorities have a minority ethnic group representation of less than 3% of the resident population (Table L-5).

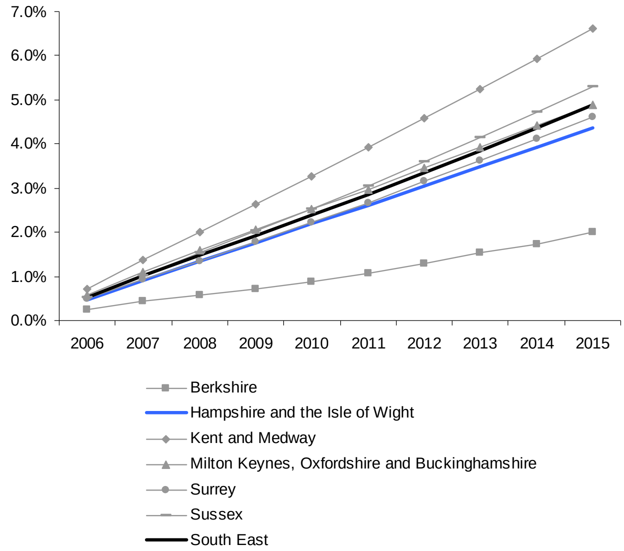
According to the Office for National Statistics 2006 Focus Report on Ethnicity and Religion Southampton is ranked 80^{th} out of the 354 England local authorities in terms of ethnic diversity local authority in England, with a score of 0.23. This means that there is a 23% probability that two people chosen at random from Southampton would be of different ethnic groups. The average diversity score in Hampshire and Isle of Wight is 0.10 and in the South East 0.16 (Table L-6).

Sixty-three percent of the resident population are of working age equivalent to the average in the South East region (Table R-7). The proportion of female residents of working age is 59%, and the proportion of male residents of working age is 67%.

The proportion of the resident population that are of working age ranges from 57% in the New Forest to 68% in the City of Southampton (Table L-7). The proportion of females that are of working age is lowest in the New Forest and in the Isle of Wight (53% each) and highest in the City of Southampton at 64%. For males the proportion that are working age is lowest in New Forest at 61% and highest in the City of Southampton at 72%.

Population projections
Population projections over the next ten years suggest an increase in the resident population of Hampshire and the Isle of Wight by 4.3% (78,300 people) (Table R-8). This increase is 0.5 percentage points below the projected increase for the South East (4.8%).

Figure L-2. Projected population growth relative to 2005



It is projected that the population of children (aged under 15) will decrease over the next five years by 12,200, slowing to a decrease of 2,400 between 2010 and 2015. There is a projected increase in the 15-64 population over the next 5 years of 25,800 which slows to become a decrease of 3,100 people between 2010 and 2015. In the next ten years the population aged 65 and over will increase by 70,200 (25%). These changes mean that the population of Hampshire and the Isle of Wight is ageing.

The working age population is projected to be 1,218,400 in 2010 and supporting a dependent population of 632,500 (comprising those aged 0-14 and 65 and over).

The Isle of Wight is projected to increase the most between 2005 and 2015 at a rate of 12%, whilst Havant is projected to decrease by 1% over the same time period. Over the next ten years Hart is projected to increase its population of children by 1,200, equivalent to a 7% rise (Table L-8).

Migration
The South East is the only region in England to show an increase in the net inflow of people from other areas in England and Wales between mid-2004 and mid-2005 (Table R-9). The London region observed a decrease in the outflow of people from the region, but the largest outflow of people

from London continues to be into the South East region.

In Hampshire and the Isle of Wight the Isle of Wight and New Forest had the highest net inflow of people with a net influx of 1,600 and 1,200 people respectively. In both these areas the 16 to 24 year group had a net outflow. The greatest overall outflow was observed from Southampton, with a net outflow of 1,300 people, although there was a net inflow of 16 to 24 year olds (Table L-9)

Total international migration, based on the International Passenger Survey which takes into account asylum seekers, shows that the South East region had a net influx of 14,900 migrants in 2004. This represents a decrease from 16,500 in 2003. By comparison the London region had a net influx of 125,400 migrants in 2004 accounting for over 50% of the net influx to England and an increase in the region from 70,800 in 2003 (Table R-10).

Summaries of overall migration show that Hampshire and the Isle of Wight will grow by more than 2,000 persons per year as a result of internal and international migration into the area (Table R-11).

Deprivation

The index of multiple deprivation 2004 provides a basis for assessing the extent of deprivation. In Hampshire and Isle of Wight 86 super output areas are in the 20% most deprived SOAs in England, accounting for 7% of all SOAs and 7% of the mid-2003 population in Hampshire and Isle of Wight (Table R-12). There are also 167 SOAs in the 20% most deprived education, skills and training SOAs in England, accounting for 14% of all SOAs and 14% of the mid-2003 population. These measures suggest that Hampshire and Isle of Wight is less deprived than the South East in the overall measure of deprivation, but more deprived than the South East distribution in terms of education, skills and training.

Considering the distribution of deprivation by districts Southampton contains the majority of most deprived SOAs based on the overall index of deprivation and many of the most deprived SOAs based on the education, skills and training domain. Southampton is ranked 96th out of the 354 local authorities in England putting it in the top 28% of most deprived local authorities. However, its overall rank is affected by areas of lower deprivation and Portsmouth is actually ranked, on the basis of the overall index at 88th. The least deprived district is Winchester, ranked at 338th putting it in the 5% least deprived local authorities in England (Table L-12).

Business Stock

Hampshire and Isle of Wight contains one in four of the largest manufacturing employers in the South East

Businesses
There are 72,230 business units in Hampshire and Isle of Wight (Table R-13). Micro-enterprises (1 to 10 employees) and small businesses (11 to 49 employees) account for 96.3% of all business units.

Compared to other areas in the South East, Hampshire and Isle of Wight has a higher proportion of businesses in manufacturing (7.2% compared to 6.8% in the South East), construction (11.2% compared to 10.2% in the South East) and distribution, hotels and restaurants (26.8% compared to 25.9% in the South East) (Table R-14 and Figure L-3).

Accordingly employees are primarily engaged in manufacturing (11% of all employees), construction (5%) and distribution, hotels and restaurants (26%) (Table R-15 and Figure L-4). In contrast whilst public services only account for 8% of businesses in the area, they account for 26% of employment.

In Hampshire and Isle of Wight 16% of public service businesses employ 50 or more employees and these are concentrated in Hampshire (Table R-16, Table L-16a). Six per cent of manufacturing businesses in Hampshire and Isle of Wight also employ 50 or more employees.

Figure L-3. Business structure 2004

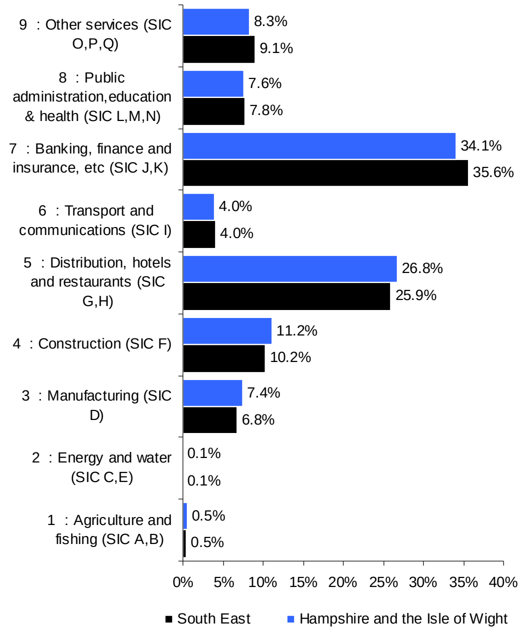
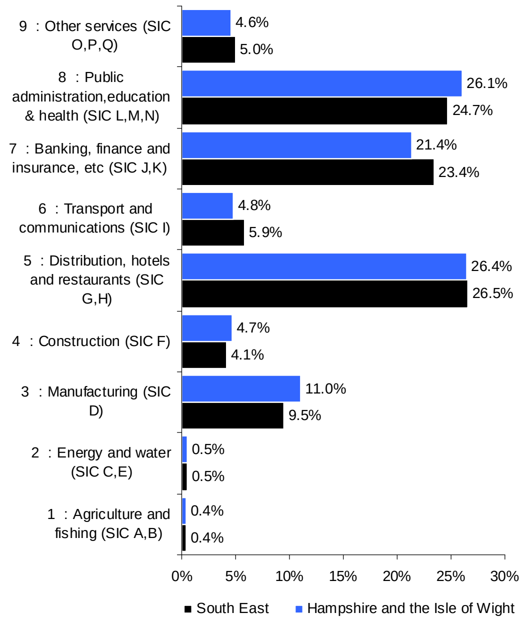


Figure L-4. Employment structure 2004



VAT registrations and de-registrations
There were 55,760 VAT registered businesses at the end of 2004 (Table R-17).

There were 5,595 new VAT registrations during 2004 representing a 10% registration rate. De-registrations (often taken as a proxy for business failure) amounted to 9.6% of the business stock, so there were more business unit creations than closures.

Compared to other areas in the South East, Hampshire and Isle of Wight had a higher the registration rate and a lower de-registration rate.

Employment and Earnings

Resident based full-time earnings in Portsmouth and Southampton are below the regional average

Labour demand
Jobs density figures show the ratio of total jobs to working-age population. The total number of jobs is a workplace-based measure and comprises employees, self-employed, government-supported trainees and HM Forces.

At 0.86 jobs density in Hampshire and Isle of Wight is equal that in the South East, but above that in England (Table R-18). This means that, in theory, every job in the area could be filled by working age residents.

Jobs density in the area is lowest in Gosport at 0.53. Havant has a jobs density of 0.68 which means that working age persons commute to these areas for employment (Table L-18). Winchester has the highest jobs density of 1.10 followed by the City of Portsmouth at 1.02. However, jobs density alone can not describe commuting patterns, but it can be used as a measure of local demand.

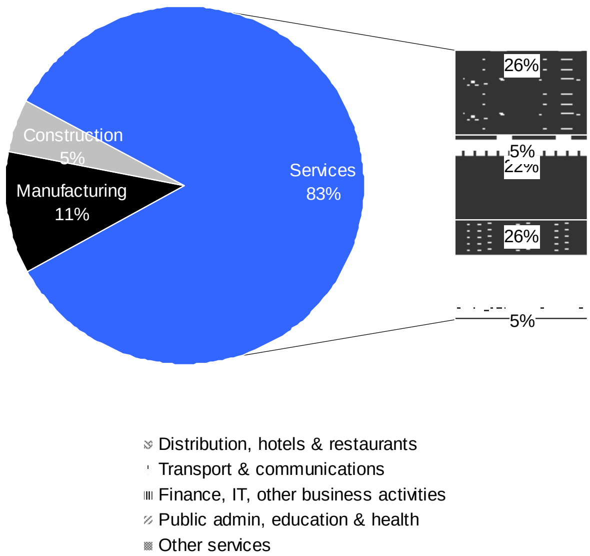
Employee jobs
Sixty-six per cent of local employment is full-time which is equal to the proportion of full-time employment in the South East (Table R-19).

Full-time employment is highest in the City of Southampton, accounting for 67% of workers where 52% of female workers and 82% of male workers are in full-time employment (Table L-19).

Female full-time employment in Southampton is 4 percentage points above the overall Hampshire and Isle of Wight female full-time employment rate.

Eight out of ten jobs (83%) are in the service industry and 9% of jobs are tourism-related. Twenty-six per cent of local jobs are in distribution, hotels and restaurants and a further 26% are in public admin, education and health industries (Table R-20 and Figure L-5).

Figure L-5. Employee jobs structure 2004



Employment change
Employment in Hampshire and Isle of Wight currently stands at approximately 914,000 and is predicted to increase by 5,000 per annum between now and 2014 (Table L-20).

Men currently account for a majority (54%) of those employed locally and this level is predicted to remain fairly constant over the course of the next decade. However, in absolute terms female employment will rise between 2004 and 2014 by approximately 31,000.

Those employed on a full time basis currently account for 55% of the workforce, with part time workers making up 30% and the self employed being responsible for the remaining 15%. According to the Working Futures projections, full time employment will remain the same in importance in 2014 and part time employment will only increase by 3% by 2014, with self employment decreasing to account for 12% of employment at that point (Table L-22).

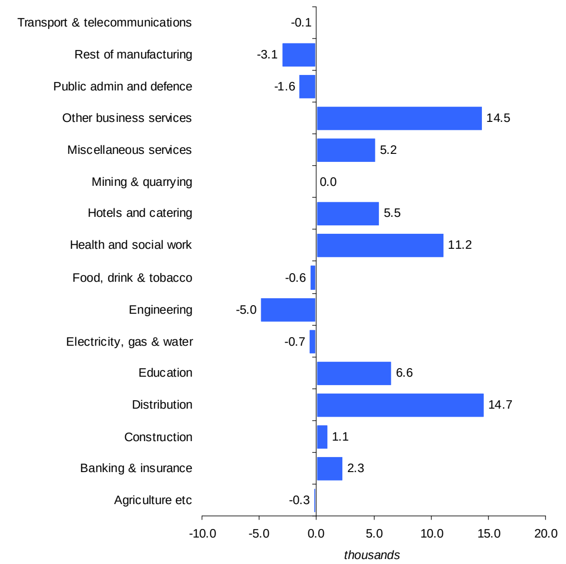
In Hampshire and Isle of Wight, women currently make up over 74% of all part time workers, and this is predicted to remain fairly constant over the course of the next ten years.

Sectoral trends
In the sub-region, employment in both the Primary and Manufacturing sectors is predicted to continue to contract slightly over the next decade (1,000 and 9,000 respectively). By 2014 the manufacturing sector is likely to account for only 9% of total local employment, down from 18.8% in 1984.

The construction sector's share of the total Hampshire and Isle of Wight workforce is predicted to remain fairly constant, with only a slight increase of 1,000 workers between now and 2014 (Table L-21, Table L-22, Figure L-6).

The real growth in employment numbers are predicted to be in Distribution & Transport and Business Service Sectors which are both forecast to grow by approximately 2,000 and 2,200 employees per annum respectively. At the more detailed sectoral level, it is the Other Business Services sector that is predicted to see the strongest growth, with employment increasing by over 15,000 between 2004 and 2014.

Figure L-6. Growth in employment by sector, 2004-2014

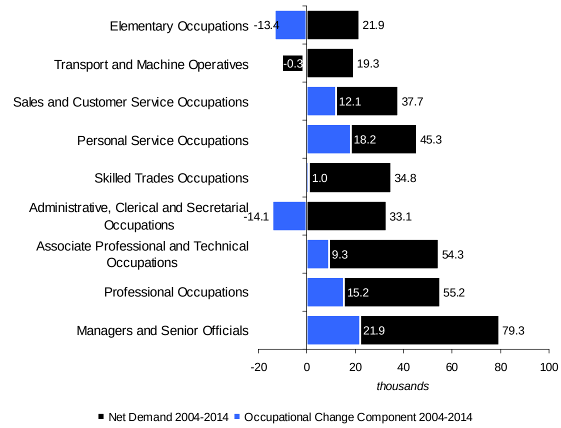


Overall employment in the non-marketed services - such as Education and Health - is forecast to continue to increase but by less than 700 and 1,100 per annum respectively.

Occupational and replacement demand
The occupation mix of the Hampshire and Isle of Wight workforce, as across the country generally, is predicted to shift over the course of the next decade towards higher order occupations. Despite the absolute decline in a number of occupational groups, there will be a requirement for new workers in all occupation groups to replace those who retire or change occupations during the period (Table L-23, Figure L-7).

The occupational areas with the greatest need for new workers over the next decade will be Managers (79,300), Professionals and Associate Professionals (55,200 and 54,300) and Personal Services (45,300).

Figure L-7. Net employment demand, 2004-2014



Earnings
In 2005 average full-time male earnings based on workplace range from £409 per week on the Isle of Wight, to £452 in the City of Portsmouth, £499 in Hampshire and at their highest at £507 in the City of Southampton. Only the average full-time male earnings in Southampton are above the South East average.

Females in full-time employment earn up to £20 less per week in Portsmouth, Southampton and Hampshire, whilst full-time females working on the Isle of Wight earn, on average, £70 less than the South East average (Table R-25).

In 2005 the average full-time male earnings based on residents of the County of Hampshire and the Isle of Wight earn up to £35 per week more than offered by businesses in those areas. In the Cities of Portsmouth and Southampton, residents earn up to £50 per week less than offered by businesses in those areas. The average full-time male salary in the South East is £475 per week so only residents in Hampshire earn more than the regional average (Table R-25).

Earnings for females in full-time employment follow a similar pattern to their male counterparts, with only residents of Hampshire earning more than the regional average for full-time females.

Productivity and income
In 2002, Hampshire and Isle of Wight had one of the lowest productivity outputs in the South East based on Gross Value Added (GVA) measures. The Gross Value Added (GVA) of Hampshire and Isle of Wight was £26,684m, which equates to 20% of the South East total (£134,800m). Across Hampshire and Isle of Wight, there is a wide variation in GVA per head ranging from £9,522 on the Isle of Wight to £17,440 in Portsmouth (Table R-26).

There are also variations in Gross Disposable Household Income (GDHI) across Hampshire and Isle of Wight. Between 1997 and 1999, the average GDHI Index per head of population in Hampshire was 107 compared to 87 in Portsmouth and 88 in Southampton (Table R-26). Compared to the South East GDHI in Hampshire and the Isle of Wight was 8% below than the South East average.

Labour Supply and Utilisation

Job seekers allowance claims by 18-24 year olds are the highest in the South East

Economic activity
Sixty-three per cent of the resident population are of working age equal to the rate in the South East (Table R-7) while 82% of the working age population is economically active (Table R-27).

Economic activity rates in Hampshire and Isle of Wight are similar to the South East economic activity rate. It is observed that female economic activity rates are one percentage point higher than the South East average (78% compared to 77%) which indicates a slightly higher participation of females in the local labour market. Male activity rates are higher than the female activity rates (86% compared to 78%), but one percentage point below the South East male activity rate of 87%.

Employment
Only 43% of employees in Hampshire and Isle of Wight are engaged in management and professional occupations (Standard Occupational Classification 2000 major groups 1-3) which are 3 percentage points below the South East profile. The area has a higher representation from the other employment areas, particularly those from processing and elementary industries (SOC major groups 8-9) (Table R-28 and Figure L-8).

More than 20% of employees in Portsmouth and Southampton are in processing and elementary occupations. In contrast

Hampshire has the highest proportion of employees in management and professional occupations a lower proportion of employees in management and professional occupations, accounting for 44% of employees (Table L-24 and Figure L-9).

Figure L-8. Broad employment structure 2005

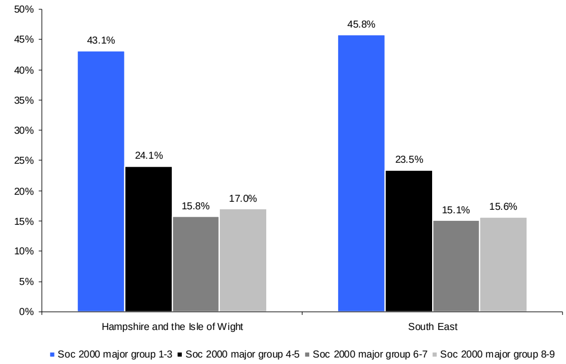
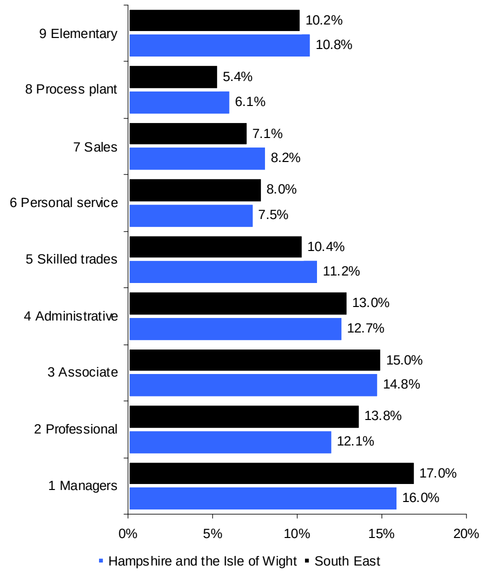


Figure L-9. Employment structure 2005



Economic inactivity

One in six working age people are inactive. The economically inactive consist of a diverse group comprising the early retired, students and sick or disabled that vary in their closeness to the labour market.

Of this group, however, the proportion of inactive people who want a job is close to the South East average (27.2% compared to 27.1%) (Table R-29).

The City of Southampton has the highest economic inactivity rate at 25% whilst Hampshire has the lowest inactivity rate at 16% (Table L-25). In the City of Portsmouth 30% of the economically inactive reported that they wanted a job, compared to only 22% in the City of Southampton.

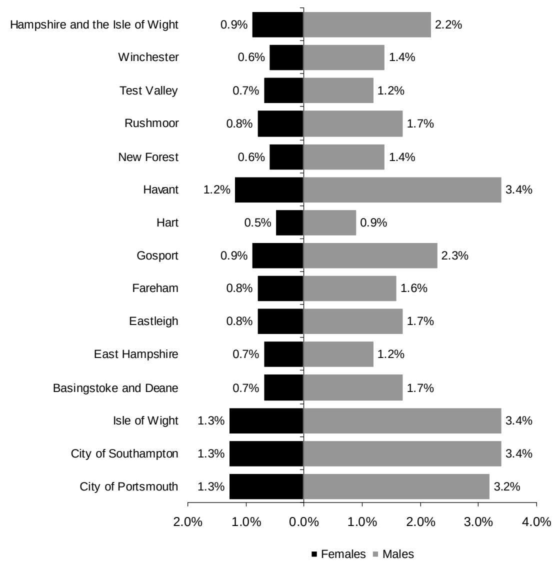
Unemployment

Unemployment measured on the ILO basis is slightly below the rate for the South East (Table R-27).

Claimant based unemployment shows that unemployment is also just below the rate calculated for the South East (1.6% compared to 1.7%) (Table R-30).

Claimant based unemployment ranges from 2.4% in the City of Southampton, where male unemployment is at 3.4%, to below 0.9% in East Hampshire and the Test Valley, where male unemployment rates are 1.2% (, Table L-26 and Figure L-10).

Figure L-10. Job Seekers Allowance Claimants as a proportion of working age population, 2006



The highest rate of JSA claims is amongst 18-24 year olds with an index of 797 claims per single age for the 18-24 age group compared to an index of 364 claims per single age for the 25-49 age group. The proportion of claims made by the 18-24 age group in Hampshire and Isle of Wight is the highest in the South East, accounting for 32% of all JSA claims. In contrast Hampshire and Isle of Wight exhibits a lower claim rate (49%) for the 25-49 age group compared to the South East (52%) (Table R-31).

JSA claims amongst 18-24 year olds are highest in Gosport at 38% of all claims and in the City of Southampton at 34% of all claims (Table L-27).

By duration of claim Hampshire and Isle of Wight has a higher proportion of short term claims, up to six months, compared to the South East. The claim rate is then lower for durations over six months (29% of all claimants) compared to the South East (35% of all claimants). This suggests that Hampshire and Isle of Wight has a short-term unemployment group that may be indicative of the working patterns of the area (Table L-27).

Skills and Qualifications

Employers state that the technical and practical skills gaps of current staff need improvement

Workforce qualifications and training
Fifty per cent of working age residents in Hampshire and Isle of Wight are qualified to NVQ Level 3 and above, which is below the South East proportion. One in ten of the working age population have no qualifications, accounting for 110,300 people and 22% of all people in the South East with no qualifications (Table R-32).

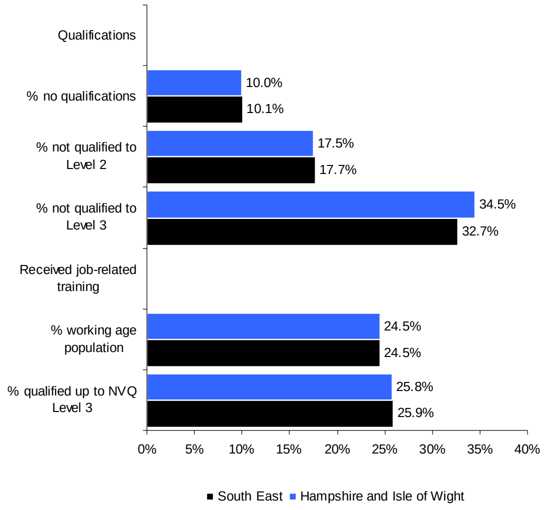
The most qualified workforce is in the City of Southampton where 51% of the working age population are qualified to NVQ Level 3 and above but this contrasts with the 12% of the working age population that have no qualifications. Fourteen per cent of the working age population in the City of Portsmouth also have no qualifications (Table L-28).

The proportion of people receiving job related training within 4 weeks of the Local Labour Force Survey in Hampshire and Isle of Wight is the lowest in the South East (11.6% compared to 12.4%). Although 25% of the working age population stated that they had received training in the previous 13 weeks of the Local Labour Force Survey, equal to that reported across the South East.

The same proportion of working age people qualified up to NVQ Level 3 received training as did across the South East at 26%. Forty-three per cent of the working age people qualified to NVQ Level 4 and above received training above that in the South East (41%) (Table R-33).

Job related training was lowest in the City of Portsmouth and the City of Southampton at 23% each (Table L-29).

Figure L-11. Workforce Qualifications and Training 2005



Vacancies
Approximately 17% of the organisations surveyed within Hampshire and Isle of Wight had vacancies at the time of the NESS survey. This equates to approximately 17,800 vacancies and is slightly below the findings for the whole South East (SE) region in percentage terms.

Within the Hampshire and Isle of Wight sub-region, just over half of those companies trying to recruit reported that they were having difficulty doing so. This finding reflects the average for the SE region. Hard to fill vacancies were the highest amongst:

- personal services staff;
- skilled trade occupations;
- associate professionals; and
- elementary staff.

The main causes for hard to fill vacancies were:

- low number of applicants with required skills (32%);
- low number of applicants generally (19%); and
- not enough people interested in doing this type of job (18%).

Among those employers having problems recruiting, 93% of companies surveyed stated that there was an impact on their business by being unable to recruit people in Hampshire and Isle of Wight. The main impacts of hard to fill vacancies were identified as:

- an increased workload for existing staff (84%);
- delays in developing new products or services (40%);
- increase in operating costs (35%); and
- having difficulties introducing new working practices (32%).

These findings for Hampshire and Isle of Wight were broadly in line with the findings for the SE region as a whole.

In total, 4.7% of the companies surveyed were affected by skills shortage vacancies, with approximately 4,600 vacancies. Skills shortages were reported to be highest among skilled trade's staff, associate professionals and professionals.

The skills most difficult to obtain from potential recruits in Hampshire and Isle of Wight were for:

- technical/practical/job specific skills (59%);
- customer handling skills (41%);
- team working skills (42%);
- oral communication skills (41%);
- written communication skills (33%); and
- literacy skills (33%).

Overall the findings for Hampshire and Isle of Wight were marginally above the average for the SE region.

Skills gaps
Eighteen per cent of employers in the area reported that they had skills gaps amongst their existing workforce. This result is in line with the SE regional average.

The estimated number of existing employees in this sub-region who are not fully proficient in their roles is approximately 41,000. Skills gaps were highest among sales and customer service staff (4.9%), managers (3.8%) and administration and clerical staff (3.3%).

Within the Hampshire and Isle of Wight area, the greatest cause of skills gaps reported by employers was a lack of experience through newness to the job (74%). The other significant causes for skills gaps were staff lacking motivation (28%) and failure to train and develop staff (23%).

The specific skills highlighted by employers as needing the most improvement amongst their current workforce were:

- technical/practical/job specific skills;
- customer handling skills;
- problem solving skills;
- team working skills; and
- oral communication skills.

Three out of four of companies with skills gaps reported that these had some impact on their business performance, although 60% of the companies who responded only reported that skills gaps only had a minor impact on their business. Some of the impacts experienced by employers as a result of the skills gaps were:

- increased workload for existing staff (73%);
- increasing operating costs (40%);
- difficulties meeting quality standards (33%); and
- experiencing difficulties with introducing new working practices (32%).

Training and planning
Within Hampshire and Isle of Wight, over half of the businesses surveyed cited having a business plan that specifies objectives for the forthcoming year. Nearly half of the organisations surveyed had a formal training plan and just under a third had a dedicated training budget for staff development.

Over the previous 12 months, approximately 71% of employers in Hampshire and Isle of Wight had provided some form of training to their employees. Among those who do train, most provide on and off the job training, however for almost a fifth of employers, all training provided was on the job.

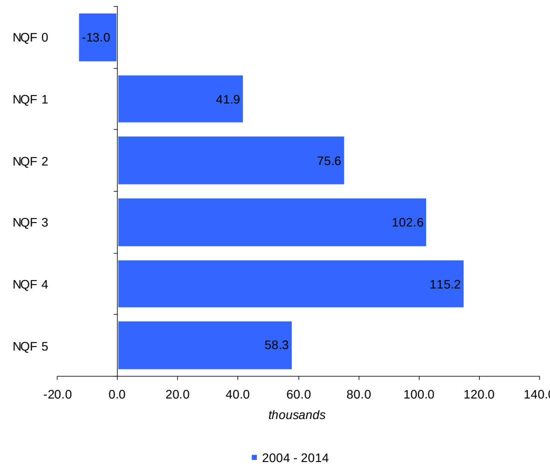
Qualifications demand
The predicted shift in the employment makeup of the Hampshire and Isle of Wight workforce towards the higher end of the occupational spectrum is likely to have a significant impact on the overall demand for qualifications.

Of the 381,000 net employment demand in the sub-region between 2004 -2014:

- 58,000 will need to have NVQ level 5 qualifications;
- 115,000 will need to be of degree level;
- 103,000 will require the equivalent of NVQ level 3;
- 76,000 will need to possess at least NVQ level 2 competence; and
- 42,000 will need at least a level 1 qualification.

There will also be an overall reduction of 13,000 jobs that do not require staff to have any qualifications at all (Table L-34, Figure L-12).

Figure L-12. Net qualification demand, 2004-2014



Education and Training

Success rates in Construction are the highest in the South East

Further education providers
In 2005/06 26 further education providers provided education and training to 139,420 learners (Table R-35a and Table R-36).

Ten providers offered provision to 5,000 or more learners and 12 providers supported between 500 and 5,000 learners (Table R-35a and Table R-35b).

There were 133,890 learners resident in Hampshire and Isle of Wight, whilst 138,955 learners attended providers in Hampshire and Isle of Wight (Table R-36).

Based on the 2001 census, Hampshire and Isle of Wight has a higher level of participation in further education amongst young people (55%) compared to the South East (38%). Participation of adults aged 19-59 is 5% compared to 7% in the South East (Table L-36).

Southampton and Portsmouth have the highest number of persons engaged in further education with over 4,000 learners aged 16 to 18 each (more than 50% participating) and over 10,000 learners aged 19-59 (9% participating) (Table L-36).

Fareham has the highest participation rate for young people in further education with 2,930 out of 3,955 persons aged 16 to 18 in further education (Table L-36).

The New Forest has the highest participation rate for adults aged 19-59 with an estimated 12% of the residents participating in further education. This authority also has the highest participation rate of adults aged 60 and over at 6% (Table L-36).

In 2005/2006 there were 10 General FE providers, 11 sixth form providers and 5 other providers in Hampshire and Isle of Wight. General FE providers supported 95,720 learners whilst sixth form colleges supported 39,120 learners (Table R-35a, Table R-35b and Table R-36)

Further education trends
Since 2003/04 there has been a steady decline in the number of learners attending further education providers. The majority of the decline in numbers is attributed to decreases in adult provision which may be attributed to changing education policies. Provision for persons aged 25 and over has decreased from 125,500 in 2003/2004 to 79,000 in 2005/2006 (Table R-37).

Provision for under 19 year olds has increased in the three years between 2003/2004 and 2005/2006, with an increase of 6% since 2003/2004, equal to the South East average. The 19-24 age group reduced by 17% since 2003/2004 and the 25 and over age group reduced by 37% in the same time period, with the majority of the reduction between 2004/2005 and 2005/2006 (Table R-37).

Further education structure
Females account for 59% of the learner population, representing a higher participation rate amongst females when compared to the resident population (Table R-38).

In 2005/2006, 93% of learners were of White ethnicity. The Indian, Bangladeshi and Pakistani ethnic group accounted for 1.4% of the learner population, followed by Black ethnic group at 1.3%. The other ethnic group, including other Asian, Chinese and other non-White minority ethnic groups accounted for 2.8% of the learner population (Table R-39). Compared to the South East, Hampshire and Isle of Wight has a higher representation amongst the Indian ethnic group.

Twelve per cent of learners considered themselves to have a disability, learning difficulty and/or health problem (Table R-40).

Fifty-one per cent of provision undertaken by learners resident in Hampshire and Isle of Wight is at Entry, Level 1 or Level 2 (Table R-41). This is above the proportion offered by providers in the area (50%) (Table R-42). Instead, 32% of provision is at Level 3, 5 percentage points above the average in the South East, which may be due to the high number of sixth form college provision in the area.

Sixty-five per cent of learners working towards a Skills for Life learning aim are considered to count towards the Skills for Life target (Table R-41 and Table R-42), which is above the South East average.

Figure L-13. Further Education Learners, resident in Hampshire and the Isle of Wight, in Skills Programmes by Sector Skills Area Tier and 1 Level of Programme

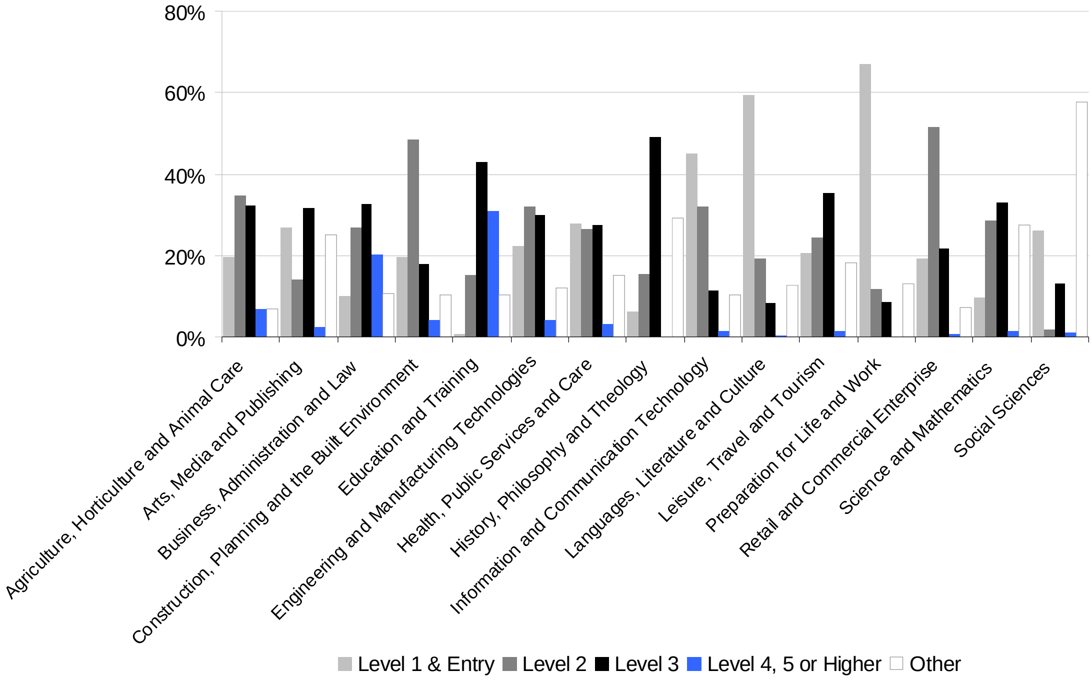
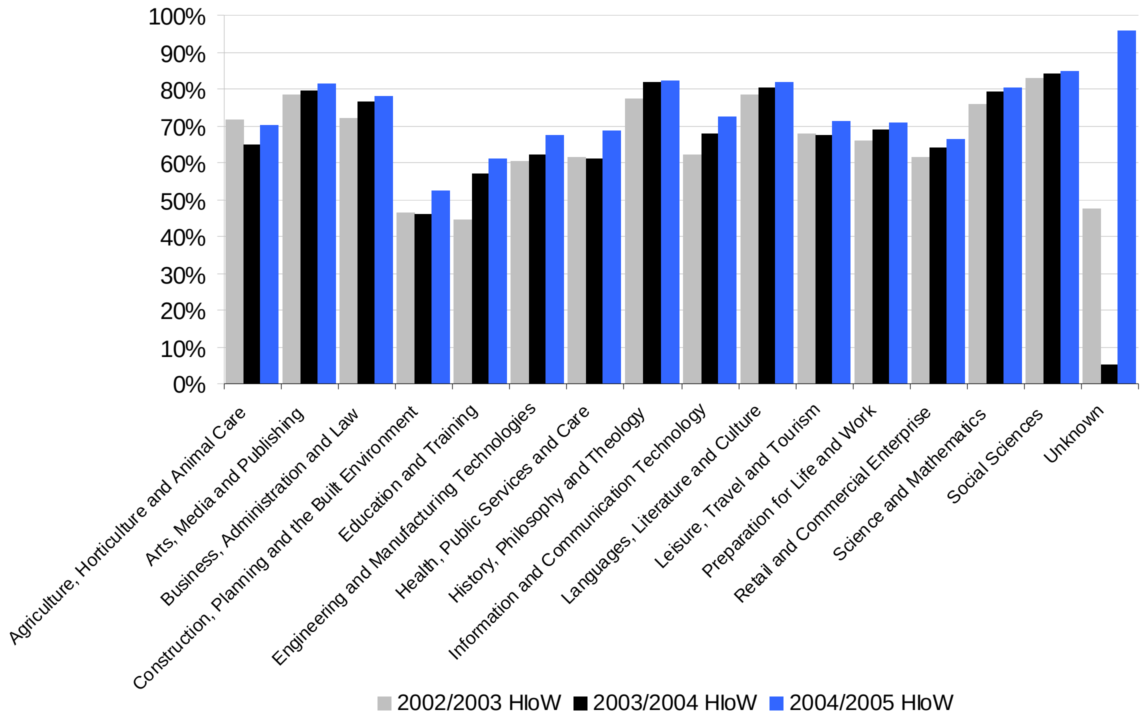


Figure L-14. Further Education Long Success Rates for 16-18 by Sector Skills Area Tier 1



Fifty-one per cent of skills provision in Retail and Commercial Enterprise is offered at Level 2, the highest proportion of Level 2 delivery in all the Sector Skills Areas (Table L-37 and Figure L-13).

The greatest volume of skills provision is in Health, Public Services and Care accounting for 22% of all skills provision. Fifty-four per cent of this provision is at Entry and up to Level 2.

Further education quality
In 2004/2005 success rates for young people in Hampshire and Isle of Wight increased in-line with improvements in the region (Table L-44) to 78% for long qualifications and 85% for short qualifications.

It is observed that the South East has an overall lower success rate in Construction, Planning and the Built Environment for long qualifications. Whilst success rates have improved in this area, they remain below the national rate (Table R-45, Table R-46, and Figure R-14). In Hampshire and Isle of Wight, success rates in Construction, Planning and the Built Environment are above the South East rate, and have increased to 58% in 2005/2006 from 52% in 2004/2005 (Table L-45).

Success for adults in Hampshire and Isle of Wight has, in 2005/2006 also increased to remain above the South East success rate. Adult success rates for long qualifications are 61% and short courses are 87% (Table L-44).

For adult learners, success rates are also high in Construction, Planning and the Built Environment at 68% compared to 63% in the South East as a whole (Table L-46)

School sixth forms
Excluding special schools, there are 15 school sixth forms in Hampshire and Isle of Wight with 53% having more than 200 pupils. Two sixth forms (13%) have a roll of less than 80 pupils. The national average for small school sixth forms is 10%, and the average in the South East is 12%.

There were just under 3,580 learners attending schools with sixth forms in Hampshire and Isle of Wight, representing a participation rate of 5% (Table R-47, Table L-47).

In 2004/2005 participation in school sixth forms was highest on the Isle of Wight 31% of the 16 to 18 age group. Participation rates were also high in the New Forest at 13%. Participation was lowest in Portsmouth and Eastleigh, with less than 1% of 16 to 18 year olds in school sixth forms.

Hampshire and Isle of Wight is a net exporter (net 9% outflow) of learners attending schools with sixth forms, with just under 300 learners attending school sixth forms than there are learners attending Hampshire and Isle of Wight school sixth form provision (Table R-47).

The volume of learners attending school sixth forms increased by 4% between 2003/2004 and 2004/2005, but had a small decrease in 2005/2006 (Table R-48).

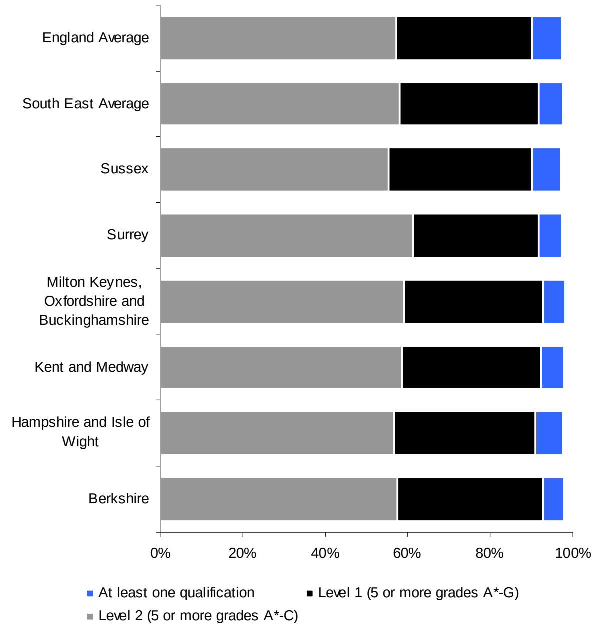
In 2004/2005 fifty-four per cent of learners are female, higher than the general resident profile for young people in the region (Table R-49).

In 2004/2005 3.3% of learners were from minority ethnic groups. This is the lowest representation of minority ethnic learners in school sixth forms in the region (Table R-50).

School sixth form quality
Improvements in the performance of all schools and colleges in England in 2005 have narrowed the gap in the attainment of Level 1 in schools between the South East and England to just 1 percentage point. Nearly 58% of pupils in schools in the South East attain Level 2 at Key Stage 4 (Table R-51 and Figure R-15).

In Hampshire and Isle of Wight, attainment at Key Stage 4 is half a percentage point below that in the region, with 56.6% of pupils reaching Level 2.

Figure R-15. Key Stage 4 Results 2005



At Key Stage 5 performance is based on the GCE/VCE achievements. The South East region has the highest average candidate score (276.1) of all England regions. However, this remains below the average candidate score in England (277.8) (Table R-51). The reason for this is due to the differential achievement between females and males.

As the average candidate score is based on all persons either in England, or in the South East the distribution of pupils by gender affects the results calculated. In the South East the average female candidate score is 288.6 and the average male candidate score is 261.7. In England the average female candidate score is 286.3, but the average male candidate score is 267.9. Given the lower volume of female learners in school sixth forms in the South East this results in an overall average candidate score below that of England.

Hampshire and Isle of Wight has the highest average candidate score in the region, but a lower point score per entry (Table R-51).

Work based learning providers

There were 39 work based learning providers funded by LSC Hampshire and Isle of Wight during 2005/2006. On average there were 28 providers funded by each LSC in the South East, although individual providers could be funded by more than one LSC for different contracts (Table R-52 and Table R-53).

Sixteen providers supported less than 100 learners, whilst 6 providers supported 500 or more learners (Table R-52).

Participation of young people in work based learning ranges from 6% in East Hampshire and Hart to 32% in Gosport. Overall participation of young people in work based learning is nearly three percentage points above the South East rate (13% compared to 10%) (Table L-53).

Work based learning trends

The number of learners participating in work based learning has decreased over the last three years. The number of young people in work based learning has decreased by 13% since 2003/2004(Table R-54).

A decrease is also observed in provision for learners aged 19-25 of 12%. Conversely, provision for learners aged 25 and over has grown from 105 in 2003/2004 to 485 in 2005/2006 (Table R-54).

Work based learning structure

In 2005/2006 only 35% of work based learners were female, compared to 40% across the South East (Table R-55).

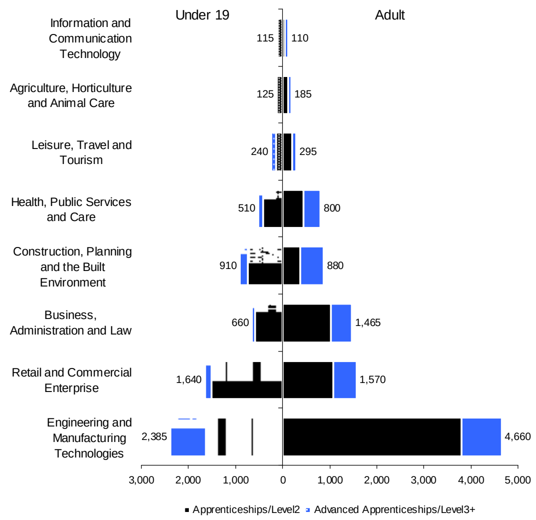
Just 3.5% of work based learners are from minority ethnic groups, with the Black ethnic group being most dominant (Table R-56).

In 2005/2006 13% of work based learners considered themselves to have a learning difficulty, disability and/or health problem, one percentage point above the proportion across the South East (Table R-57).

The most popular skills area was in Engineering and Manufacturing Technologies. Retail and Commercial Enterprise is also a major area of provision (Table R-56 and Figure L-16).

Significantly Apprenticeships in Business Administration and Law have increased since 2004/2005 by 22% for young people and by 60% for adults (Table L-58, Table R-58 and Figure R-16).

Figure L-16. Work Based Learners by Age and Programme and by Sector Skills Area Tier 1



Work based learning quality

Success rates for work based learners in Hampshire and Isle of Wight have remained high in 2005/2006 and are above the South East average. For young people overall success rates have increased from 57% in 2004/2005 to 59% in 2005/2006. Similarly success for adult learners increased from 58% to 60% (Table R-59a and Table R-59b).

For young people success rates in Construction, Planning and the Built Environment are 51% (43% Framework success) the highest in the region. However when compared to the South East, success rates are low in Engineering and Manufacturing Technologies at 56%, compared to 58% in the South East (Table L-60a).

Adult learners have high success rates in Health, Public Services and Care at 72% (63% for Framework success), compared to the South East (58% and 42% for Framework Success) (Table L-60b).

In Business Administration and Law success rates are high for both young people and adults at 69% and 63% respectively, above the South East rate of 62% each.

Adult and community learning

In 2004/2005 there were 4 providers of adult and community learning in Hampshire and Isle of Wight, supporting 26,635 learners (Table R-61).

Across the South East the absence of returns in 2005/2006 and data quality of some returns in 2004/2005 makes detailed resident investigation of adult and community learning difficult. However the following observations for Hampshire and Isle of Wight can be made:

- Providers are net importers of learners (Table R-62);
- Provision has decreased by 10% between 2003/2004 and 2004/2005 (Table R-63);
- Three out of four learners are female (Table R-64);
- Ninety-six per cent of learners are of White ethnicity (Table R-65); and
- Eleven per cent of learners consider themselves to have a disability, learning difficulty or health problem (Table R-66).

Almost 100% of provision is at Entry and Level 1. Of the 12% of provision in Skills for Life learning aims, none counted towards the target (Table R-67).

Arts, Media and Publishing are the main skills area followed by learners in adult and community learning, followed by Leisure, Travel and Tourism (Table R-68).

Not in education, employment and training

In November 2005 there were an estimated 3,625 young people not in education, employment or training, representing 6.1% of 16-18 year olds. This is one half a percentage points above the South East (Table R-69).

The trend in NEET since November 2004 was an increase of 30% (from 4.7% to 5.6%). Analysis of March NEET shows an increase of 8.5% from March 2005 to March 2006 (NEET of 6.4% reported in March 2006) (Table R-69).

The latest data for March 2006 indicates that NEET was highest in Southampton, but that this was unchanged from the previous year. The population NEET has grown most on the Isle of Wight (increase of 21% to 5.8%) and in Hampshire (increase of 15% to 5.3%).

Key Messages

Overview
This report provides information on the learning and labour market profile of Hampshire and Isle of Wight and in presenting this information identifies key messages to inform the planning process of the Learning and Skills Council and stakeholders.

Demography
Population change in Hampshire and the Isle of Wight over the last decade is below that observed in the South East region. This is primarily attributed to the large decrease in children observed over this time period. Between 1995 and 2005 the population of children (aged under 15) decreased by 13,000.

It is projected that the population of children (aged under 15) will decrease over the next five years by 12,200, slowing to a decrease of 2,400 between 2010 and 2015. There is a projected increase in the 15-64 population over the next 5 years of 25,800 which slows to become a decrease of 3,100 people between 2010 and 2015. In the next ten years the population aged 65 and over will increase by 70,200 (25%). These changes mean that the population of Hampshire and the Isle of Wight is ageing.

Business stock
Compared to other areas in the South East, Hampshire and Isle of Wight has a higher proportion of businesses in manufacturing (7.2% compared to 6.8% in the South East), construction (11.2% compared to 10.2% in the South East) and distribution, hotels and restaurants (26.8% compared to 25.9% in the South East.

In Hampshire and Isle of Wight 16% of public service businesses employ 50 or more employees and these are concentrated in. Six per cent of manufacturing businesses in Hampshire and Isle of Wight also employ 50 or more employees.

Employment and earnings
The construction sector's share of the total Hampshire and Isle of Wight workforce is predicted to remain fairly constant, with only a slight increase of 1,000 workers between now and 2014.

The real growth in employment numbers are predicted to be in Distribution & Transport and Business Service Sectors which are both forecast to grow by approximately 2,000 and 2,200 employees per annum respectively. At the more detailed sectoral level, it is the Other Business Services sector that is predicted to see the strongest growth, with employment increasing by over 15,000 between 2004 and 2014.

Labour supply and utilisation
More than 20% of employees in Portsmouth and Southampton are in processing and elementary occupations. In contrast Hampshire has the highest proportion of employees in management and professional occupations a lower proportion of employees in management and professional occupations, accounting for 44% of employees.

The City of Southampton has the highest economic inactivity rate at 25% whilst Hampshire has the lowest inactivity rate at 16%. In the City of Portsmouth 30% of the economically inactive reported that they wanted a job, compared to only 22% in the City of Southampton.

JSA claims amongst 18-24 year olds are highest in Gosport at 38% of all claims and in the City of Southampton at 34% of all claims.

Skills and qualifications
The skills most difficult to obtain from potential recruits in Hampshire and Isle of Wight were for:

- technical/practical/job specific skills (59%);
- customer handling skills (41%);
- team working skills (42%);
- oral communication skills (41%);

- written communication skills (33%); and
- literacy skills (33%).

Overall the findings for Hampshire and Isle of Wight were marginally above the average for the SE region.

Skills gaps were highest among sales and customer service staff (4.9%), managers (3.8%) and administration and clerical staff (3.3%).

Of the 381,000 net employment demand in the sub-region between 2004 -2014:

- 58,000 will need to have NVQ level 5 qualifications;
- 115,000 will need to be of degree level;
- 103,000 will require the equivalent of NVQ level 3;
- 76,000 will need to possess at least NVQ level 2 competence; and
- 42,000 will need at least a level 1 qualification.

Education and training

There is a continued decline in the volume of learners attending provision which is accounted for by the decrease of adult provision over the last three years.

The sub-region is characterised by further education and sixth form college provision and high participation in work based learning. There is a net flow of residents out of the sub-region to attend school sixth form provision.

The greatest volume of provision is in Health, Public Services and Care accounting for 22% of all skills provision.

Further education and work based learning success rates have improved, and there are high success rates in Construction, Planning and the Built Environment.

Business Administration and Law has grown significantly in work based provision.

Matching demand and supply

Considering the education and training characteristics of the region and the projected need for skills there are apparent requirements to support sectors in:

- Retail and distribution
- Other business activities; and
- Health and social work.

The net employment demand suggests that there will are clear and significant requirements for managers and professional occupations, but replacement demand also shows a requirement to support service occupations.

In turn this relates to a predicted qualification demand for NVQ Level 2 and higher courses, underpinned by an employer identified requirement for practical/job specific skills and customer service.

It is apparent in the existing education supply that there is provision in the key sector area of Health and Social Care. Construction, whilst exhibiting small growth is still a key industry in the area and provision for this is also available and of high quality.

Another potential area of development will be in Business, Administration and Law and there are signs of these being a major growth area. Whilst ICT provision is strong this may be too generic and the employment specific skills desired by employers may not be met by this provision. The significant growth in other business services (additional 14,500 by 2014) however, may still not be met by the current provision offer in the area and further research in the matching of qualifications to the expectation of employers may be required.

Contribution to targets

The South East continues to contribute to national targets. Tables R-70 through R-75 and Table L-70 to L71 provide information on the latest available data regarding such progress for Hampshire and Isle of Wight.

Abbreviations

ABI	Annual Business Enquiry
ACL	Adult and Community Learning
ALI	Adult Learning Inspectorate
APS	Annual Population Survey
BME	Black and Minority Ethnic
DCLG	Department for Communities and Local Government
DfES	Department for Education and Skills
DWP	Department for Work and Pensions
E2E	Entry to Employment
EI	External Institutions
EMA	Education Maintenance Allowance
ETP	Employer Training Pilot
FE	Further Education
GCE	General Certificate of Education
GDHI	Gross Disposable Household Income
GFEC/TC	General FE and Tertiary College
GOSE	Government Office for the South East
GVA	Gross Value Added
HEFCE	Higher Education Funding Council for England
ILO	International Labour Organisation
ILR	Individualised Learner Record
IMD	Indices of Deprivation 2004
ISC	Independent Schools Council
JSA	Job Seekers Allowance
LFS	Labour Force Survey
LLDD	Learners with learning difficulties, disabilities and/or health problems
LLFS	Local Labour Force Survey
LSC	Learning and Skills Council
MEG	Minority Ethnic Group
NEET	Not in education, employment or training
NESS	National Employer Skills Survey
NVQ	National Vocational Qualification
ONS	Office for National Statistics
PI	Performance Indicator
PLASC	Pupil Level Annual School Census
PSA	Public Service Agreement
QCA	Qualifications and Curriculum Authority
QIA	Quality Information Authority
RDA	Regional Development Agency
SFC	Sixth Form College
SIC	Standard Industrial Classification
SOA	Super Output Area
SOC	Standard Occupational Classification
SSA	Sector Skills Area
SSC	Sector Skills Council
SSF	School Sixth Forms
UfI	University for Industry
VAT	Value-added tax
VCE	Vocational Certificate of Education
WBL	Work-based Learning

Glossary

Adult and Community Learning – now referred to as Personal, Community and Development Learning. Data used in this report includes references to ACL due to the period covered by this report and introduction of PCDL and safeguard

Annual Business Inquiry – The ABI is an annual business survey which collects data from a sample of businesses to generate estimates of employment and business establishments by industry and geography. ABI figures do not include the self-employed. Figures for Chichester were revised following consultation with the Office for National Statistics

Census – The most comprehensive survey of the UK population, conducted every 10 years (most recently undertaken in 2001).

Claimant Count - A measure of unemployment which is a full count of the number of people claiming Jobseeker's Allowance each month.

Economic Activity Rate - Those of working age who are in work or actively seeking work (i.e. measures the number of people in employment plus unemployed)

Economic Inactivity Rate - Economic inactivity is defined as those people who are neither in employment nor unemployed. This group includes, for example, all those who were looking after a home or retired. Although most LFS analysis is for the 16+ population, this group would also include all people aged under 16.

Employment Rate – Proportion of working age residents who are in employment (full-time, part-time or self employed)

Ethnic Minority – Those residents whose ethnic group is not classified 'White British', 'White Irish', 'White Other'.

Gross Disposable Household Income - GDHI is defined as total household income (including benefits) less current taxes on income, wealth and other social contributions. While GVA gives an indication of the value of all economic activity in a given area, gross disposable household income (GDHI) measures what financial resources households have available to spend on goods and services. As with GVA, GDHI data is not produced at the district level and is only available at a sub-regional, NUTS 3 level. GDHI is presented as an index where the UK has an index of 100.

Gross Value Added - GVA is measured as the sum of incomes earned from the production of goods and services in a region/sub-region. Individual income components include: compensation of employees (formerly known as income from employment), gross operating surplus, mixed income and taxes (less subsidies) on production. Regional GVA is calculated both on a workplace and a residence basis. Residence-based GVA allocates the incomes of commuters to where they live, whereas workplace GVA allocates their incomes to where they work. At a NUTS 2 and 3 level, estimates are only produced at a workplace level.

Gross Value Added per head - The wide variation in the size, demography, industrial structure and economic performance of the regions and sub-regions of the UK makes it difficult to compare the regions economic performance using monetary totals. Comparisons are therefore usually expressed in terms of amounts per head of the resident population. The estimates of NUTS 3 GVA per head are calculated by dividing the estimate of workplace GVA for an area by the resident population for that area. Estimates of GVA per head will therefore be high in areas with high levels of inward commuting and a low resident population. Conversely, estimates of GVA per head will be low in areas with significant levels of outward commuting and high resident populations.

Indices of Deprivation 2004 - produced by the Office of the Deputy Prime Minister measure deprivation in relation to seven different factors (or 'domains'). These domains are: low income, lack of work, poor health, lack of education, poor housing and access to services, crime and poor living environment. Scores from each domain are combined to provide an overall measure of the extent of multiple deprivation in any area. There are 354 local authority districts in England. Each district is given a score and a rank. The most deprived District is ranked 1 and the least deprived is ranked 354.

Labour Force Survey – The LFS is a quarterly sample survey of 60,000 households living at private addresses in Great Britain and provides information on the UK labour market. The LFS does include the self employed.

Micro Businesses – Businesses with between 1 and 10 employees

National Employer Skills Survey, 2005 - The NESS is a survey of 72,100 employers across England. It provides details on recruitment problems, skills gaps and training activity. The NESS does not include figures for self employed businesses or businesses with 1 employee.

NUTS 3 Area – European classification of regions. NUTS3 refers to County or Unitary Authority level

People with Disabilities - The Labour Force Survey questions on health and disability reflect the provisions of the Disability Discrimination Act (DDA) 1995 and are entirely based on self-reporting of disability. People whose health problem(s) or disability(ies) are expected to last more than a year are also asked whether their health problem/disability affects the kind or amount of work that they might do (i.e. a work-limiting disability). Those who meet the criteria for either (or both - as is usually the case) current DDA or work-limiting definitions of disability are defined as having a current long-term disability and are therefore included in the 'people with disabilities' group.

Residence-based Earnings - Weekly gross pay (i.e. before tax, national insurance or other deductions and excluding payments in kind) received by employees (not the self-employed) based on the area in which they live

Skills Gaps - skills deficiencies in the existing workforce.

Skill Levels
The analysis of skills in this paper uses qualifications as a proxy measure for skill level. Whilst this is not ideal, qualifications are the best measure available. Three broad skill levels are used:

- **Low skill** (NVQ 1 or less including those with no qualifications). Common skills requirements for jobs at this level include basic literacy, numeracy and IT skills and a range of generic skills.
- **Intermediate skill** (NVQ 2-3). Skills requirements in for occupations at this level are often vocational or technical in nature. They may also require higher level generic skills including analytical and problem solving abilities.
- **High skill** (NVQ 4+). These skills are important in managerial and professional and associate professional roles. They are sometimes technical in nature but usually require high level analytical, communication and people management skills.

Skills Provision – an approach to assigning a level into sector skills areas based on the guided learning hours of the learning aims studied by the learner, where:

- The levels of the learner's learning aims are examined. If one of the learning aims is at a higher level than all others, the learner is assigned that aim's sector subject area
- If several learning aims are at the same level, the guided learning hours (GLH) of each are examined. The learner is assigned the sector subject area for the learning aim with the most guided learning hours
- If the learner has one or more 'A' Levels as their highest level aim, the learner is assigned to a separate category of 'A-level learners'.
- If the learner has one or more GCSEs as their highest level learning aims, the learner is assigned to a separate category of 'GCSE learners'.

- If the learner's highest level learning aim is an ACL learning aim, the learner is assigned to a separate category of 'ACL learners'.
- In a very small number of cases a learner may have more than one vocational learning aim at the same level, with the same guided learning hours, but in different sector subject areas, in these cases, the learner will be arbitrarily assigned one sector subject area.

Skill Shortages - a lack of suitably skilled people in the labour market

Small Businesses – Businesses with between 11 and 49 employees

Standard Industrial Classification of Economic Activities – method for classifying business establishments by the type of economic activity in which they are engaged

Standard Occupational Classification – method for classifying occupations

Super Output Areas - statistical areas which are smaller than wards and contain around 1,500 people.

Unemployment Rate – The International Labour Organisation definition of unemployed includes those without a job who were able to start work in the two weeks following their LFS interview and had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

VAT registrations and de-registrations - It should be noted that VAT registrations and de-registrations provide only an *indication* of what is going on in business population. As well as businesses opening or closing down, the measures also include firms moving above or below the threshold for payment of VAT, currently £58,000. The measures do not take account of businesses below the VAT threshold so very small businesses are not included.

Workplace-based Earnings – Weekly gross pay (i.e. before tax, national insurance or other deductions and excluding payments in kind) received by employees (not the self-employed) based on the area in which they work

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