

For Information



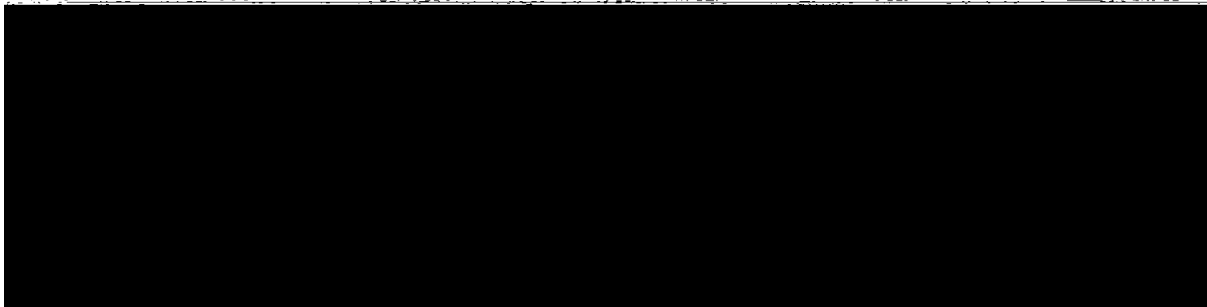
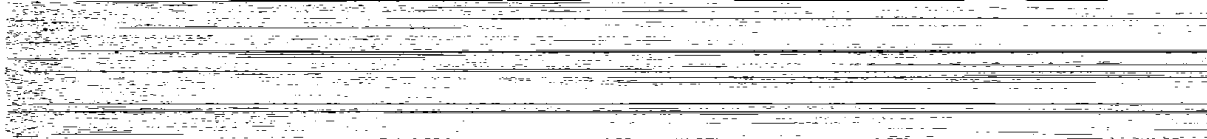
Leading learning and skills

Learning and Labour Market Area Profile

Milton Keynes, Oxfordshire and Buckinghamshire

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

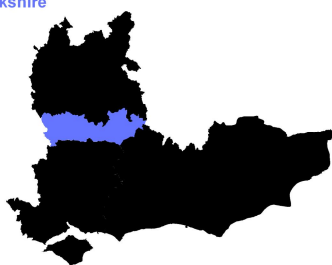
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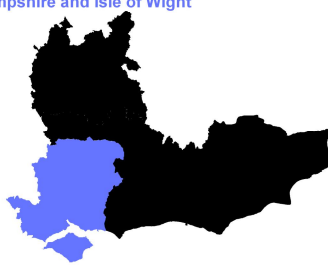
Learning and Labour Market Area Profile

Milton Keynes, Oxfordshire and Buckinghamshire

Berkshire



Hampshire and Isle of Wight



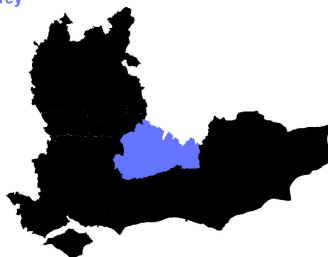
Kent and Medway



Milton Keynes, Oxfordshire and Buckinghamshire



Surrey



Sussex



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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

Milton Keynes, Oxfordshire and Buckinghamshire comprise the Unitary Authority of Milton Keynes and the two Counties of Buckinghamshire and Oxfordshire.

The County of Buckinghamshire includes four local authorities:

- Aylesbury Vale;
- Chiltern;
- South Bucks; and
- Wycombe.

The County of Oxfordshire includes five local authorities:

- Cherwell;
- Oxford;
- South Oxfordshire;
- Vale of White Horse; and
- West Oxfordshire.

Key Statistics

	Milton Keynes, Oxfordshire and Buckinghamshire		South East		England		Source
	#	%	#	%	#	%	
Population	1,326,900	-	8,164,000	-	50,431,700	-	Mid-year population estimate 2005
Working Age Population (% population)	855,100	64.4	5,119,200	62.7	31,318,100	62.1	Mid-year population estimate 2005
Minority Ethnic Groups (% total population)	86,380	6.7	391,630	4.9	4,459,470	9.1	2001 census
Economically Active (% working age population)	695,400	84.1	4,076,800	82.2	23,953,500	78.4	Annual population survey Jan-Dec 2005
In Employment (% working age population)	672,100	81.3	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)	19,170	126	16,758	110	15,273 (UK)	100	Region in Figures 2005
Business Stock	66,150	-	361,520	-	1,973,940	-	Annual Business Inquiry 2004
VAT Businesses (% change from stock at start of year)	54,435	+0.7	287,130	+0.0	1,553,800	+0.2	VAT registrations/de-registrations 2004
NVQ Level 3 and higher (% working age population)	440,100	53.2	2,532,200	51.0	14,239,900	46.6	Local Labour Force Survey Oct-Dec 2005
No qualifications (% working age population)	77,100	9.3	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)	11,650	73.9	72,710	74.6	431,760	69.8	Matched Administrative Data Set
19 year olds achieving Level 3 (% 19 year olds)	8,440	53.6	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)	605,620	73.4	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)	516,970	76.4	2,923,900	74.0	16,660,000	71.5	Annual population survey Jan-Dec 2005
Skills for Life 2004 to 2007 (% 2007 Target)	9,840	61	88,870	89	706,400	96	LSC

Demography

Over the next five years the population of Oxford will grow at more than twice the rate of the sub region

Population change

In mid-2005 the population of Milton Keynes, Oxfordshire and Buckinghamshire was 1,326,900. This represents an increase of 6.5% on the mid 1995 estimate, the highest rate of change observed in local Learning and Skills Councils in the South East (Table R-1).

Overall population change in Milton Keynes, Oxfordshire and Buckinghamshire over the last decade is 1.3 percentage points above that observed in the South East region. This is primarily attributed to increases in the population aged 65 and over observed over this time period. Between 1995 and 2005 the population of children (aged under 15) increased by less than 1% whilst the population aged 65 and over increased by 14% (more than twice the rate of 6% observed across the South East).

The highest rate of change in the area over the past decade is observed in Oxford with an increase in population of 21,300 people (16%), accounting for one in two of the increase in population across Oxfordshire. Milton Keynes also grew by 14% with an additional 26,100 people and Aylesbury Vale grew by an additional 14,000 (9%) accounting for the majority of growth in Buckinghamshire. Chiltern and Wycombe exhibited overall net decreases in their population (Table L-1).

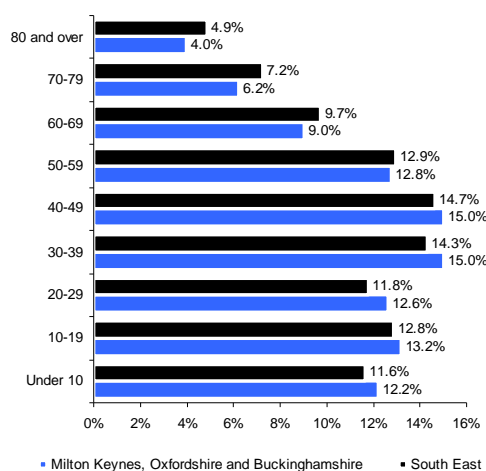
Population structure

There is a near gender equality in the distribution of the population in Milton Keynes, Oxfordshire and Buckinghamshire with 50.4% of the population female (Table R-2).

In Milton Keynes and Oxford there are slightly more male residents than female residents. Generally there are more females than males in Buckinghamshire and a near gender equality in Oxfordshire (Table L-2).

The age structure of Milton Keynes, Oxfordshire and Buckinghamshire is younger than the South East, with 53% of the population aged under 40, compared to 51% in the South East (Table R-3 and Figure L-1).

Figure L-1. Age structure 2005



Milton Keynes has the youngest age profile with 27% of the resident population aged under 20. Wycombe has the oldest age profile with 39% of the resident population aged 50 and over. Fifty-four per cent of the resident population in Oxford are aged 20-49 (Table L-3).

Ninety-three per cent of residents in Milton Keynes, Oxfordshire and Buckinghamshire are of white ethnicity (Table R-4 and Table R-5). The Pakistani and Bangladeshi ethnic groups account for 1 in 50 (1.8%) of all residents, followed by the Mixed and Indian ethnic group (1.3% and 1.0% respectively).

The highest representation of minority ethnic groups was in Oxford where 13% of the resident population were from minority ethnic groups. In Wycombe 12% of the resident population were minority ethnic groups with a particular concentration of the Pakistani and Bangladeshi group (accounting for one in two of the minority ethnic residents) (Table L-5).

According to the Office for National Statistics 2006 Focus Report on Ethnicity and Religion Oxford is ranked 34th out of the 354 England local authorities in terms of ethnic diversity local authority in England, with a score of 0.40. This means that there is a 40% probability that two people chosen at random from Oxford would be of different ethnic groups. Wycombe is ranked 49th with a score of 0.3 and South Buckinghamshire and Milton Keynes are ranked joint 63rd with a score 0.25. The average diversity score in Milton Keynes, Oxfordshire and Buckinghamshire is 0.20 and in the South East 0.16 (Table L-6).

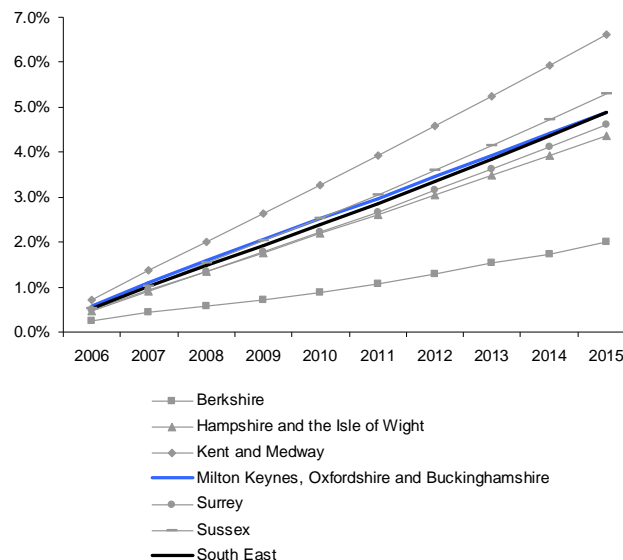
Sixty-four percent of the resident population are of working age which is 1 percentage point above that of the South East region (Table R-7). The proportion of female residents of working age is 61%, and the proportion of male residents of working age is 68%.

At the authority level the proportion of the resident population that are of working age ranges from 60% in Chiltern to 73% in Oxford (Table L-7).

Population projections

Population projections over the next ten years suggest an increase in the resident population of Milton Keynes, Oxfordshire and Buckinghamshire by 4.8% (107,500 people (Table R-8). This increase is equivalent to 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 5,000. There is a projected increase in the 15-64 population over the next 10 years of 20,700 and in the next ten years the population aged 65 and over is projected to increase by 48,700 (26%).

These changes mean that there could be increasing pressures on the working age population to support dependents. The working age population is projected to be 906,900 in 2010 and supporting a dependent population of 450,900 (comprising those aged 0-14 and 65 and over) whilst in 2015 the working age population is project to grow slightly to 907,900 whilst the dependent population will increase to 481,600.

Oxford is projected to continue its growth with an increase between 2005 and 2015 of 11%, more than twice the rate projected for Milton Keynes, Oxfordshire and Buckinghamshire. Further growth is also projected for Milton Keynes, with an increase of 9% for the same time period. Wycombe is the only authority projected to decrease in population size with reductions in the population of children and working age adults (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 Milton Keynes, Oxfordshire and Buckinghamshire West Oxfordshire had the highest net inflow of people with a net influx of 700 people, accounting for 0.7% of the 2005 population estimate. The greatest outflow was observed from Oxford, with a net outflow of 700 people (0.5% of the 2005 population estimate), primarily attributed to an outflow from the 25-44 age group (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 Milton Keynes, Oxfordshire and Buckinghamshire will lose population through outward migration to other regions in the UK, but will have a net growth resulting from 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 Milton Keynes, Oxfordshire and Buckinghamshire 26 super output areas are in the 20% most deprived SOAs in England, accounting for 3% of all SOAs and 7% of the mid-2003 population in Milton Keynes, Oxfordshire and Buckinghamshire (Table R-12). There are also 66 SOAs in the 20% most deprived education, skills and training SOAs in England, accounting for 8% of all SOAs and 8% of the mid-2003 population. These measures suggest that Milton Keynes, Oxfordshire and Buckinghamshire are less deprived than the South East.

Considering the distribution of deprivation by districts Milton Keynes and Oxford contains the majority of most deprived SOAs based on the overall index of deprivation and half of the most deprived SOAs based on the education, skills and training domain. Oxford is ranked 135th out of the 354 local authorities in England putting it in the top 38% of most deprived local authorities. West Oxfordshire is ranked 350th putting it in the 2% least deprived local authorities in England (Table L-12).

Business Stock

Milton Keynes has the highest concentration of large manufacturing businesses in the South East

Businesses

There are 66,150 business units in Milton Keynes, Oxfordshire and Buckinghamshire (Table R-13). Micro-enterprises (1 to 10 employees) and small businesses (11 to 49 employees) account for 96.7% of all business units.

Compared to other areas in the South East, Milton Keynes, Oxfordshire and Buckinghamshire has a higher proportion of businesses in banking, finance and insurance (38% compared to 36% in the South East) and other services (10% compared to 9% in the South East) (Table R-14 and Figure L-3).

Only 25% of employees at businesses in Milton Keynes, Oxfordshire and Buckinghamshire are in banking, finance and insurance. This is higher than the South East (23%), but the difference from the distribution of business highlights that these are small employers although likely to be part of larger organisations (for example bank branches).

Eleven per cent of employees are in manufacturing, which only accounts for 7% of businesses in the area (Table R-15 and Figure L-4). Seven per cent of manufacturing businesses employ 50 or more people which could result in a local dependency on large manufacturing organisations (Table R-16, Table L-16a). In the South East the Unitary Authority of Milton Keynes has the largest concentration

of manufacturing businesses employing more than 50 employees (12%).

Figure L-3. Business structure 2004

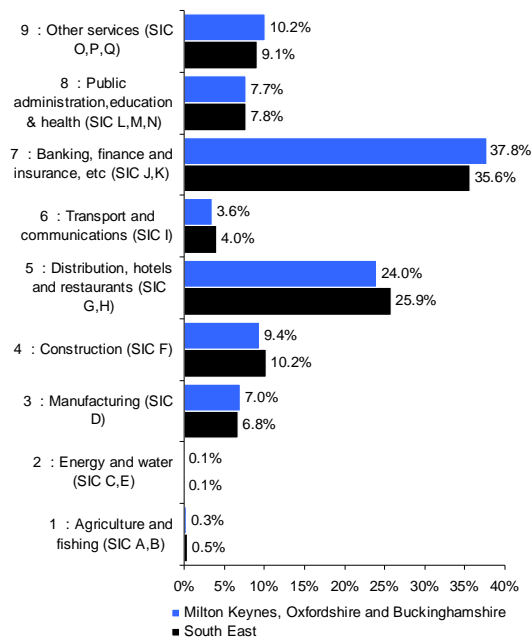
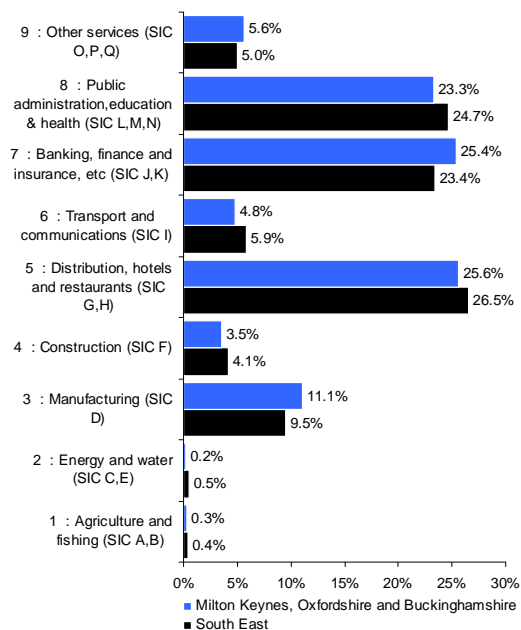


Figure L-4. Employment structure 2004



VAT registrations and de-registrations

There were 54,435 VAT registered businesses at the end of 2004 (Table R-17).

In 2004 there were more registrations (10%) than de-registrations (9.4%), which are often taken as a proxy for business failure.

Compared to other areas in the South East, Milton Keynes, Oxfordshire and Buckinghamshire had the lowest de-registration rate.

Employment and Earnings

Milton Keynes is one of the most productive areas in the South East

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 0.94 jobs density in Milton Keynes, Oxfordshire and Buckinghamshire is one of the highest in the South East (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 Aylesbury and Chiltern at 0.84. This suggests that, given employment rates, working age residents may commute from these locations for employment outside of the districts. Milton Keynes and Oxfordshire have the highest job density at 1.04 each, which suggests that working age persons commute to these areas for employment (Table L-18). However, jobs density alone can not describe community patterns, but it can be used as a measure of local demand.

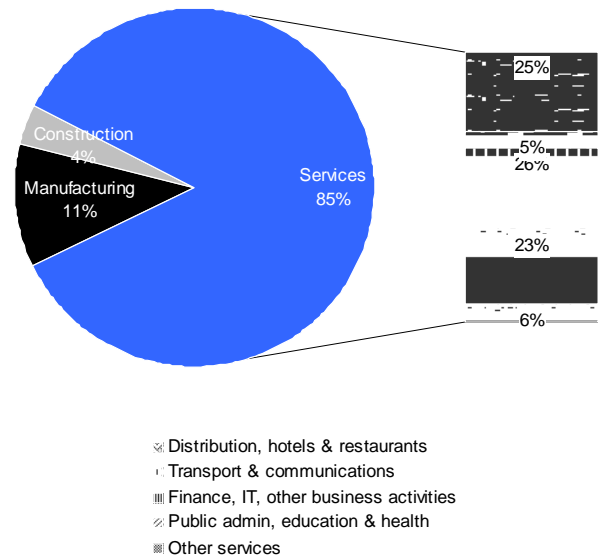
Employee jobs

Seventy per cent of local employment is full-time 4 percentage points above the South East average (Table R-19). The area has the highest full-time employment rate of female workers at 55%.

Full-time employment is highest in Milton Keynes, accounting for 75% of workers where 60% of female workers and 87% of male workers are in full-time employment (Table L-19).

Over one in ten jobs (11%) are in the manufacturing industry the highest in the South East. Twenty-five per cent of local jobs are in finance, IT and other business activities which is above the South East average of 23% (Table R-20 and Figure L-5).

Figure L-5. Employee jobs structure 2004



Employment change

According to Working Futures 2 employment in Milton Keynes, Oxfordshire and Buckinghamshire currently stands at approximately 750,000 and is predicted to increase by 0.8% per annum between now and 2014, at which point employment in the sub-region is likely to total 810,000 (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 from 346,000 to 370,000.

Those employed on a full time basis currently account for 60% of the workforce, with part time workers making up 26% and the self employed being responsible for the remaining 14%. According to the Working Futures projections, full time employment will increase in importance by 2014 to 62%, part time employment will remain constant at 26% with self employment only accounting for 11% of employment at that point (Table L-22).

Women currently make up over 75% of all part time workers in Milton Keynes, Oxfordshire and Buckinghamshire, although this is predicted to fall slightly over the course of the next ten years.

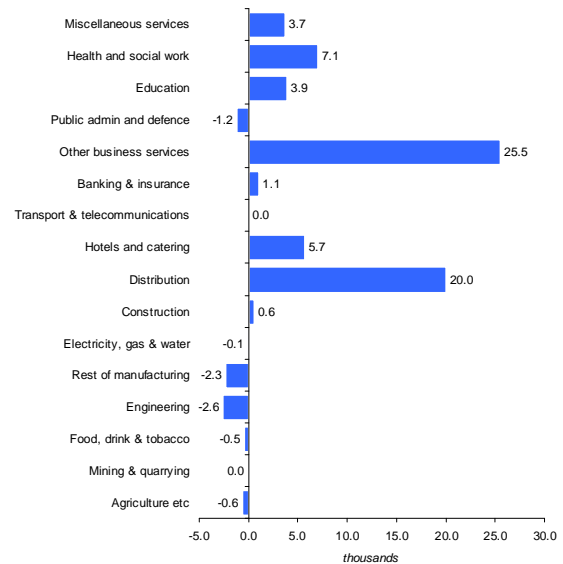
Sectoral trends

Employment in both the Primary and Manufacturing sectors in Milton Keynes, Oxfordshire and Buckinghamshire is predicted to continue to contract over the next decade, although the pace of that contraction will not be as fast as that experienced over the preceding ten years (1994 -2004). By 2014 the manufacturing sector is likely to account for only just over 9% of total local employment, down from 23% in 1984.

The construction sector's share of the total Milton Keynes, Oxfordshire and Buckinghamshire workforce is predicted to remain fairly constant at around 39,000 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 and Transport and Business service Sectors which are both forecast to grow by between 1.1-1.2% per annum. At a more detail sectoral level it is Computing & Related Activities, Other Business Services and Retail & Distribution sectors which are each predicted to see the strongest growth, with employment increasing by over 10,000 in each of these sectors between 2004 and 2014.

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



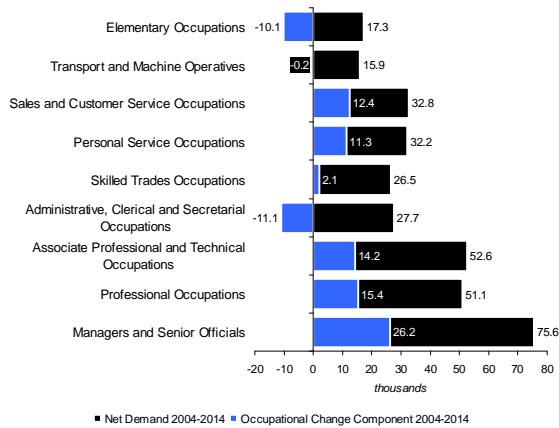
Overall employment in the non-marketed services - such as education, public administration and health - is forecast to continue to increase but by less than 0.5% per annum.

Occupational and replacement demand

As found across the country generally, the occupation mix of the Milton Keynes, Oxfordshire and Buckinghamshire workforce 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 (75,000), Associate Professionals (52,000) and Professionals (50,000).

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



Earnings

Earnings in Milton Keynes, Oxfordshire and Buckinghamshire are above the South East average.

In 2005 average full-time male earnings based on workplace are £496 per week in Oxfordshire, £513 in Milton Keynes and £517 in Buckinghamshire, which is more than £20 above the average full-time male earns in the South East (Table R-25).

Females in full-time employment working in Buckinghamshire and Oxfordshire also earn up to £15 more per week than females in full-time employment in the South East. However, females employed in Milton Keynes only earn £364 per week, which is £8 below the South East average. The differential in earnings between females and males is one of the highest in the South East with a range of £150 in Milton Keynes. This means that a male full-time worker would earn 40% more than their female counterpart

The nature of commuting in Milton Keynes means that the workplace based measure of earnings is indicative of the salary offered by businesses in the area and not the earnings received by persons living in Milton Keynes.

In 2005 the average full-time male earnings based on residence were £509 per week in Oxfordshire, £511 in Milton Keynes and £600 in Buckinghamshire. The average full-time male salary in the South East is £475 per week so male residents in Buckinghamshire are earning £125 more per week than South East average, and £80 more per week than businesses based in

Buckinghamshire pay male full-time workers.

Females in full-time employment resident in Buckinghamshire and Oxfordshire also earn more than full-time females resident in the South East, but full-time females in Milton Keynes continue to earn less than the South East average and earn less than businesses based in Milton Keynes pay full-time female workers (Table R-25).

Productivity and income

In 2002, Milton Keynes had one of the highest productivity outputs in the South East based on Gross Value Added (GVA) measures. The combined Gross Value Added (GVA) of Milton Keynes, Oxfordshire and Buckinghamshire was £24,956m, which equates to 18.5% of the South East total (£134,800m). Across the area, there is a wide variation in GVA per head ranging from £18,148 in Buckinghamshire £22,139 in Milton Keynes where GVA per head was 32% higher than that of the South East as a whole, and 45% higher than the UK (Table R-26).

There are also variations in Gross Disposable Household Income (GDHI) across Milton Keynes, Oxfordshire and Buckinghamshire. Between 1997 and 1999, the GDHI index per head of population was highest in Buckinghamshire at 120 (10% above the South East index) and lowest in Milton Keynes at 98 which is below the South East and UK index (Table R-26). This may be explained by the high income earned by Buckinghamshire residents which is brought back into the household whilst residents in Milton Keynes receive a lower wage.

Labour Supply and Utilisation

Employment is polarised between senior management roles and elementary occupations

Economic activity

Sixty-four per cent of the resident population are of working age compared to 63% in South East (Table R-7) while 84% of the working age population is economically active (Table R-27).

Economic activity rates in Milton Keynes, Oxfordshire and Buckinghamshire are above the South East economic activity rate. It is observed that female economic activity rates are considerably higher than the South East average (80% compared to 77%) which indicates that there is higher participation of females in the local labour market. Male activity rates are higher than the female activity rates (88% compared to 80%), but only one percentage point above the South East male activity rate of 87%.

Employment

Forty-seven per cent of employees in Milton Keynes, Oxfordshire and Buckinghamshire are engaged in management and professional occupations (Standard Occupational Classification 2000 major groups 1-3). This is just above the South East total. The area also has a slightly higher proportion of employees in manufacturing and elementary occupations (SOC major groups 8-9) (Table R-28 and Figure L-8).

More than half of employees in Buckinghamshire are in management and professional occupations, and one in five

(21%) of these are managers and senior officials. In contrast 13% of employees in Milton Keynes and in Oxfordshire are in elementary occupations (Table L-24 and Figure L-9).

Figure L-8. Broad employment structure 2005

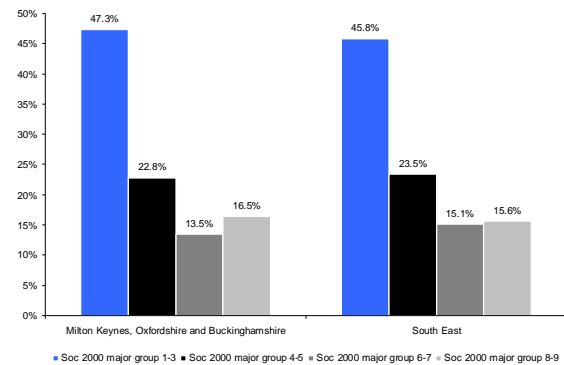
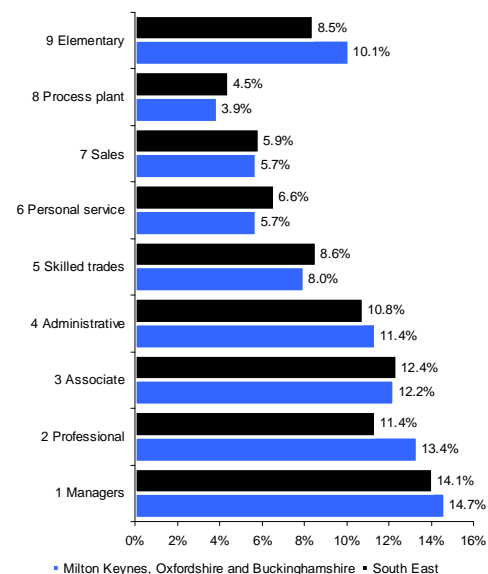


Figure L-9. Employment structure 2005



Economic inactivity

Only 16% of working age people are inactive which is the lowest of all areas in the South East. The economically inactive will 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, fewer people want a job compared to the South East average (26% compared to 27%) (Table R-29).

Oxfordshire has the highest economic inactivity rate at 17% whilst Milton Keynes and Buckinghamshire have the lowest inactivity rate at 15% (Table L-25).

Unemployment

Unemployment for both females and males, measured on the ILO basis, is equivalent to the South East average (Table R-27).

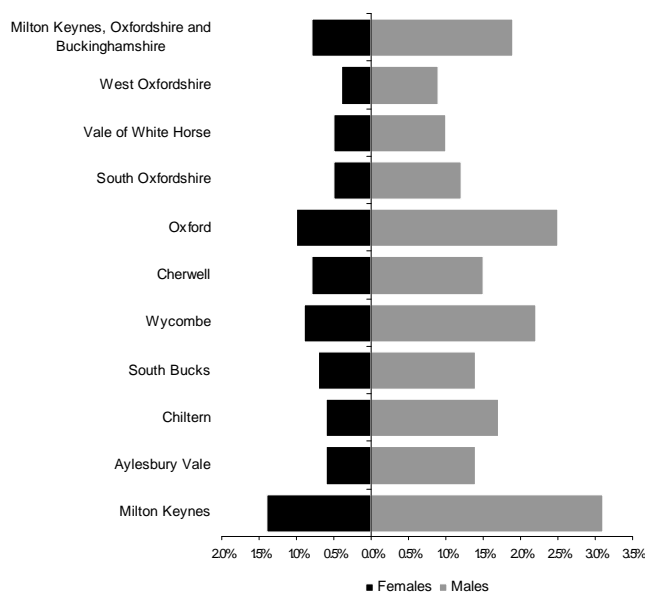
Claimant based unemployment shows that unemployment is locally higher for males and that both female and male unemployment is below that for the South East as a whole (Table R-30, Table L-26 and Figure L-10).

Unemployment is highest in Milton Keynes at 2.3% compared to 1.4% for the area.

to twelve months and lower for claims lasting longer than twelve months (15% of all claimants) compared to the South East (16% of all claimants) (Table L-27). This suggests that the area has a short-term unemployment group that may relate to temporary employment.

Twenty-eight per cent of JSA claims by 18-24 year olds in Milton Keynes. After Milton Keynes, Oxford accounts for 18% of claims made by 18-24 year olds. Wycombe accounts for 14% of all JSA claims.

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 440 claims per single age for the 18-24 age group compared to an index of 248 claims per single age for the 25-49 age group.

However, the proportion of claims made by the 18-24 age group in Milton Keynes, Oxfordshire and Buckinghamshire is below that made by 18-24 year olds across the South East. In contrast the area exhibits a higher claim rate (53%) for the 25-49 age group compared to the South East (52%) (Table R-31).

By duration of claim Milton Keynes, Oxfordshire and Buckinghamshire has a slightly higher proportion of short term claims, up to six months, compared to the South East (67% compared to 65%). The claim rate is comparable for durations of six

Skills and Qualifications

The predicted shift to higher occupational areas will have a significant impact on the demand for qualifications

Workforce qualifications and training

Fifty-three per cent of working age residents in Milton Keynes, Oxfordshire and Buckinghamshire are qualified to NVQ Level 3 and above, which is above the South East proportion of 51%. Less than 10% of the working age population have no qualifications, accounting for 77,100 people and 15% of all people in the South East with no qualifications (Table R-32).

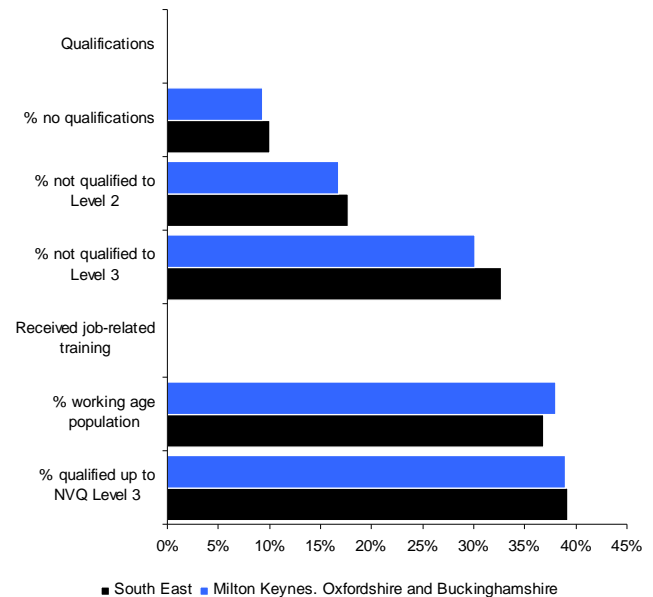
The most qualified workforce is in Buckinghamshire where 56% of the working age population are qualified to NVQ Level 3 and above and only 8% have no qualifications. Milton Keynes is the least qualified where 131,800 people do not have a Level 2 qualification (Table L-28).

Job related training in Milton Keynes, Oxfordshire and Buckinghamshire is high compared to the South East as a whole. Thirty-eight per cent of the working age population stated that they had received training in the previous 13 weeks of the Local Labour Force Survey, compared to 37% across the South East.

However the area did not show any difference to the South East totals in the occurrence of training by qualification level, with 39% of people qualified up to NVQ Level 3 receiving training, compared to 61% of people qualified at NVQ Level 4 and above receiving training (Table R-33).

Job related training was highest in Oxfordshire at 41% and lowest in Buckinghamshire at 35% (Table L-29).

Figure L-11. Workforce Qualifications and Training 2005



Vacancies

Approximately 20% of companies in Milton Keynes, Oxfordshire and Buckinghamshire had vacancies at the time of the 2005 National Employer Skills Survey (NESS). This is slightly less than the figure for the South East region as a whole.

Around half those companies in Milton Keynes, Oxfordshire and Buckinghamshire which were recruiting had difficulty doing so. Hard to fill vacancies were most acute amongst associate professionals and skilled trade occupations. The main causes for hard to fill vacancies were identified by employers as:

- low number of applicants with required skills (38%);
- low number of applicants generally (17%);
- poor terms and conditions (16%); and
- not enough interest in this type of work (15%).

Ninety-two per cent of those companies with hard to fill vacancies reported that they were negatively impacting upon their business performance. For approximately half of these companies hard to fill vacancies were reportedly having a major impact. The main

ways in which hard to fill vacancies were impacting on performance were identified as an increased workload for existing staff and delays in developing new products or services.

Overall 7% of companies surveyed were suffering from skills shortage vacancies, which was higher than the 5.5% of firms affected across the South East region. Skills shortages were most acute among associate professionals and skilled trade occupations.

When recruiting employers reported that the skills most difficult to obtain from recruits were:

- technical/practical/job specific skills (64%);
- oral communication skills (45%);
- customer handling skills (40%);
- written communication (35%); and
- literacy skills (32%).

While this pattern is generally in line with the regional picture, there appears to be a greater deficiency amongst the technical/practical or job specific skills of potential recruits in Milton Keynes, Oxfordshire and Buckinghamshire than in the region overall.

Skills Gaps

In Milton Keynes, Oxfordshire and Buckinghamshire just over one fifth of employers stated that they had skills gaps amongst their existing workforce. This was just slightly above the regional average of 18%.

Also according to NESS there were approximately 49,000 current employees working in the area that were not fully proficient in their roles. Skills gaps were highest among Sales and customer service staff (5.7%), Elementary occupations (5.1%) and Managers (5%).

Employers believed that by far the greatest cause of skills gaps was a lack of experience through newness to the job. Other significant causes for skills gaps were cited as:

- staff lacking motivation (25%);
- the inability of staff to keep up with change (21%);

- and the organisation's own failure to train or develop staff (19%).

Local employers stated that the specific skills needing most improvement amongst their current workforce were, in order of importance:

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

In addition, over a quarter of all employers stated that improving the management skills of their workforce was a priority. Overall the pattern of skills deficiencies within the existing workforce mirrored closely those skills lacking amongst potential new recruits.

Skills gaps impacted on the business performance of approximately two thirds of the employers surveyed. Some of the impacts experienced by employers as a result of the skills gaps were:

- an increased workload for existing staff (70%);
- increase in operating costs (37%); and
- difficulties meeting quality standards (32%).

Training and Planning

In terms of formal planning tools, approximately 55% of companies in Milton Keynes, Oxfordshire and Buckinghamshire had a business plan that identified specific objectives for the forthcoming year. Only around two out of five businesses had a formal training plan and less than a third of organisations had a dedicated training budget for staff development. These patterns were not unique to Milton Keynes, Oxfordshire and Buckinghamshire and closely follow those seen in the South East.

According the findings of the NESS survey, 70% of employers in the sub-region had provided any training to their employees over the previous 12 months. Among those employers who do train, most provide a combination of on-the-job and off-the-job training. However, for almost a fifth of employers all training provided was on-the-job.

Qualifications demand

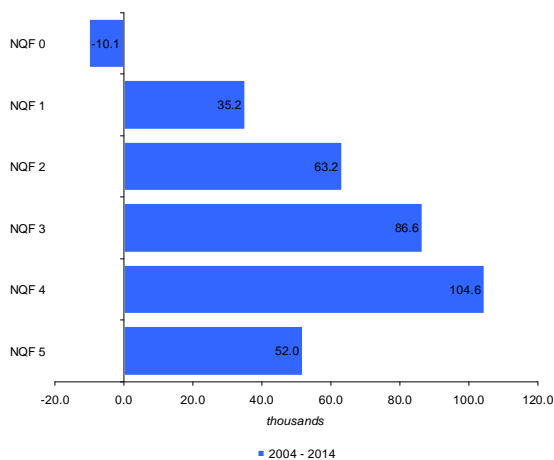
The predicted shift in the employment makeup of the Milton Keynes, Oxfordshire and Buckinghamshire workforce towards the higher end of the occupational spectrum is likely to have a significant impact on the overall demand for qualifications.

Of the 331,000 net employment demand in Milton Keynes, Oxfordshire and Buckinghamshire between 2004 -2014:

- 57,000 will need to have NVQ level 5 qualifications;
- 106,000 will need to be of degree level;
- 90,000 will require the equivalent of NVQ level 3;
- 63,000 will need to possess at least NVQ level 2 competence; and
- 33,000 will need at least a level 1 qualification.

There will also be an overall reduction of 16,000 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

Engineering and manufacturing technologies provision continues to yield high success

Further education providers

In 2005/06 12 further education providers provided education and training to 72,200 learners (Table R-35a and Table R-36).

Ten providers offered provision to 500 or more learners and two providers supported less than 500 learners (Table R-35a and Table R-35b).

There were 73,065 learners resident in Milton Keynes, Oxfordshire and Buckinghamshire and travelling to providers outside of the area, whilst 72,190 learners attended providers in Milton Keynes, Oxfordshire and Buckinghamshire (Table R-36).

Based on the 2001 census, Milton Keynes, Oxfordshire and Buckinghamshire has a lower level of participation in further education amongst young people (28%) and adults aged 19-59 (6.9%) compared to the South East (38% and 7.2% respectively) (Table L-36).

Milton Keynes has the highest number of persons engaged in further education with 2,835 learners aged 16 to 18 (34% participating) and 11,470 learners aged 19-59 (9% participating) (Table L-36).

West Oxfordshire and Cherwell have the highest participation rate for young people at 36% and 35% respectively (Table L-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 65,935 in 2003/2004 to 47,520 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 3% since 2003/2004, 3 percentage points below the South East average. The 19-24 age group reduced by 2% since 2003/2004 and the 25 and over age group reduced by 28% 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, 86% of learners were of White ethnicity. The Indian, Bangladeshi and Pakistani ethnic group accounted for 4.5% of the learner population, followed by Black ethnic group at 4.3%. The other ethnic group, including other Asian, Chinese

and other non-White minority ethnic groups accounted for 4.0% of the learner population (Table R-39). Compared to the South East, Milton Keynes, Oxfordshire and Buckinghamshire has a lower representation amongst the Indian ethnic group.

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

Sixty-three per cent of provision undertaken by learners resident in Milton Keynes, Oxfordshire and Buckinghamshire is at Entry, Level 1 or Level 2 (Table R-41). This is below the proportion offered by providers in Milton Keynes, Oxfordshire and Buckinghamshire (67%) (Table R-42). Instead, 10% of resident learners are enrolled on other provision, compared to only 7% of this provision being offered by providers in Milton Keynes, Oxfordshire and Buckinghamshire.

Fifty-one 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 below the South East average.

Figure L-13. Further Education Learners at providers in Milton Keynes, Oxfordshire and Buckinghamshire, in Skills Programmes by Sector Skills Area Tier and 1 Level of Programme

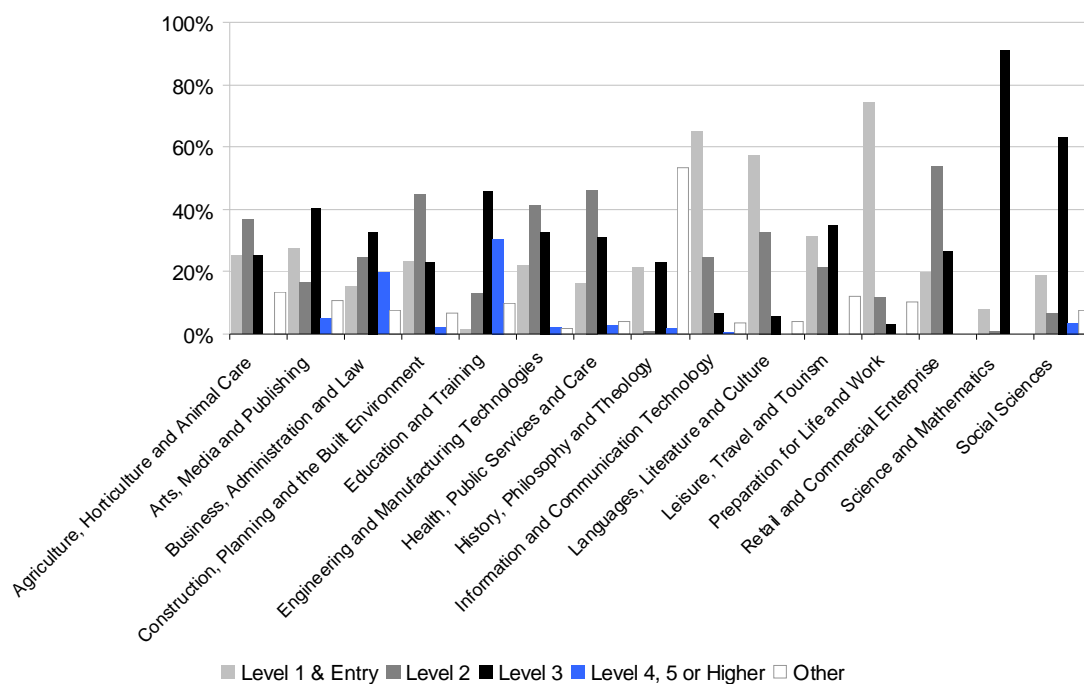
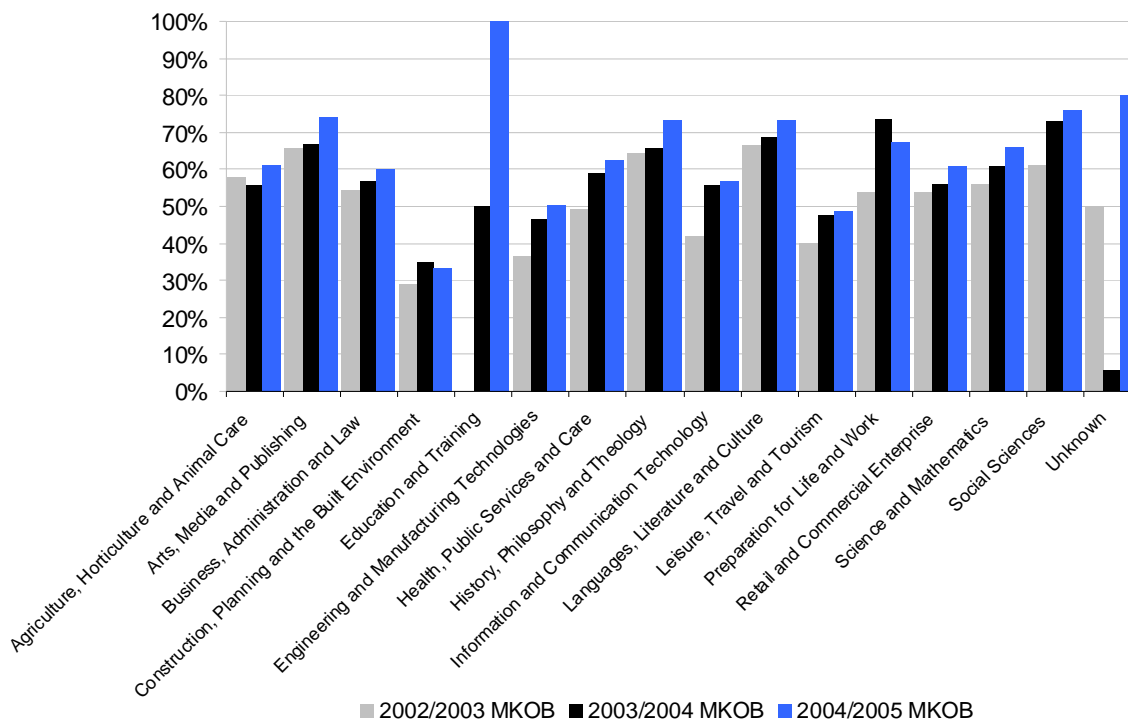


Figure L-14. Further Education Long Success Rates for 16-18 by Sector Skills Area Tier 1



Fifty-four per cent of 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 provision is in Information and Communication Technology accounting for 16% of all skills provision. Sixty-five per cent of this provision is at Entry and Level 1, whilst 25% is at Level 2.

Further education quality

In 2004/2005 success rates for young people on long qualifications in Milton Keynes, Oxfordshire and Buckinghamshire have increased but remain below the South East average (Table L-44). Success rates on long qualifications are 65% (compared to 73% in the South East).

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 Milton Keynes, Oxfordshire and Buckinghamshire, success rates in Construction, Planning and the Built Environment remain

unchanged at 35%, below the South East rate of 46% (Table L-45).

Success for adults in Milton Keynes, Oxfordshire and Buckinghamshire continues to be below the South East success rate. Adult success rates for long qualifications have increased to 58% but this is below the 59% success rate in the South East. Success in short courses has decreased to 78% from 80% in the preceding year, below the 85% success rate in the South East (Table L-44).

For adult learners, success rates in many areas remain below the South East rate. Adult success rates are best in Business Administration and Law where the overall success rate is 72% compared to 65% in the region (Table L-46)

School sixth forms

Excluding special schools, there are 70 school sixth forms in the region with 44% having more than 200 pupils. Seven sixth forms (10%) 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 13,680 learners attending schools with sixth forms in Milton Keynes, Oxfordshire and Buckinghamshire, representing a participation rate of 28% (Table R-47, Table L-47).

In 2004/2005 participation in school sixth forms was highest in Chiltern at 45% of the 16 to 18 age group. Participation was lowest in Oxford.

The volume of learners attending school sixth forms increased by 5% between 2003/2004 and 2005/2006 (Table R-48).

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

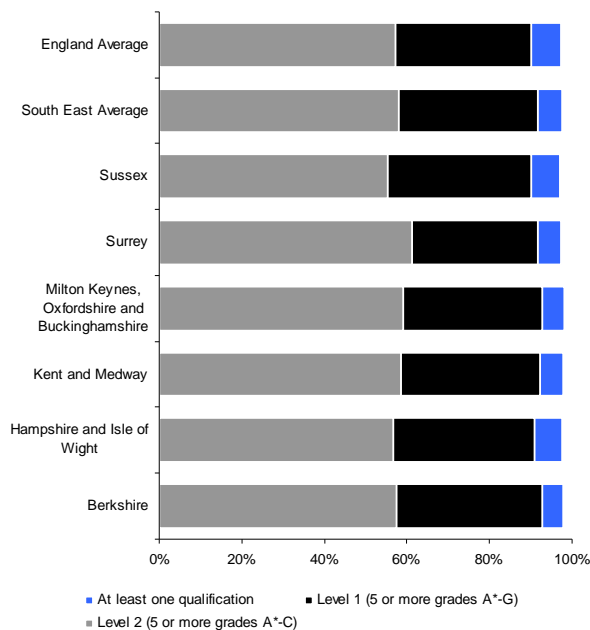
In 2004/2005 14% of learners were from minority ethnic groups. There is a high representation of the Pakistani and Bangladeshi ethnic groups in school sixth form provision (Table R-50).

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 Milton Keynes, Oxfordshire and Buckinghamshire, attainment at Key Stage 4 is above that in the region, with 59% 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.

Milton Keynes, Oxfordshire and Buckinghamshire had the second highest average candidate score in the region and the highest average score per entry in the region (Table R-51).

Work based learning providers

There were 27 work based learning providers funded by LSC Milton Keynes, Oxfordshire and Buckinghamshire 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).

Twenty of the providers supported 100 or more learners and 7 providers supported less than 100 learners (Table R-52).

Participation of young people in work based learning ranges from 7% in Oxford to 13% in Milton Keynes. Overall participation of young people in work based learning is comparable to the South East rate at 10% (Table L-53).

Work based learning trends

The number of learners participating in work based learning has decreased over the last three years (Table R-54).

There has been a 20% decrease in provision for young people since 2003/2004, almost twice the rate of decrease observed in the South East. Number of learners aged 19-25 decreased by 23% in the same period, whilst provision for learners aged 25 and over has grown from 85 in 2003/2004 to 155 in 2005/2006 (Table R-54).

Work based learning structure

In 2005/2006 44% of work based learners being female, compared to only 40% across the South East (Table R-55).

Eight per cent of work based learners were from minority ethnic groups, with the Pakistani and Bangladeshi ethnic group being most dominant (Table R-56).

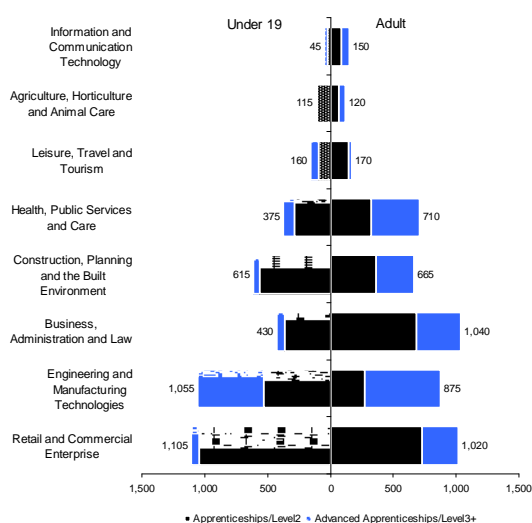
In 2005/2006 18% of work based learners considered themselves to have a learning difficulty, disability and/or health problem, the highest in the South East (Table R-57).

A significant sector in work based learning undertaken in Milton Keynes, Oxfordshire and Buckinghamshire during 2005/2006 was in Engineering and Manufacturing Technologies. Over 1,055 learners aged under 19 and 875 learners aged 19 and over undertook Apprenticeships, Level 2 or Level 3 provision in this area. Apprenticeships for young people

increased from 470 to 530 in 2005/2006, bucking the trend of decreases in the area and in this sector (Table L-58, Table R-58 and Figure R-16).

The most popular skills area was in Retail and Commercial Enterprise where there was a significant amount of Apprenticeships provision undertaken by young learners (Table R-56 and Figure L-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 the Milton Keynes, Oxfordshire and Buckinghamshire have increased significantly in 2005/2006, in line with improvements in the South East. For young people overall success rates have increased from 47% in 2004/2005 to 57% in 2005/2006. Similarly success for adult learners increased from 44% to 51% (Table R-59a and Table R-59b).

For young people success rates are high in Engineering and Manufacturing Technologies at 69%, eleven percentage points above the South East average. Framework success rates in this area are also high at 63%. Construction, Planning and the Built Environment has one of the lowest success rates at 36% and 27% for Framework success. Success rates are also low in Retail and Commercial Enterprise at 55%, although this equals

the sector success rate in the South East (Table L-60a).

Adult learners have high success rates in Engineering and Manufacturing Technologies at 68% and 60% Framework success, whilst Information and Communication Technology has a low success rate at 39% (37% for Framework success) (Table L-60b).

Adult and community learning

In 2004/2005 there were 3 providers of adult and community learning in Milton Keynes, Oxfordshire and Buckinghamshire, supporting 28,320 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 Milton Keynes, Oxfordshire and Buckinghamshire can be made:

- Providers are the largest net importers of learners in the region (Table R-62);
- Provision has decreased for learners aged under 25 (Table R-63);
- Provision has increased by 1% for learners aged over 25 between 2003/2004 and 2004/2005, the only area to see an increase in the region (Table R-63);
- 78% of learners are female (Table R-64);
- Ninety-three per cent of learners are of White ethnicity (Table R-65); and
- Eight per cent of learners consider themselves to have a disability, learning difficulty or health problem (Table R-66).

Ninety-five per cent of provision is at Entry and Level 1. Only two per cent of provision was in Skills for Life learning aims, and of this only 7% 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 1,910 young people not in education, employment or training, representing 4.7% of 16-18 year olds. This is 1 percentage point below that in the South East (Table R-69).

Between November 2004 and November 2005 the proportion in NEET decreased by 4.1%, but between March 2005 and March 2006 the proportion has increased by 1.8% to 5.6%. However NEET in Milton Keynes, Oxfordshire and Buckinghamshire remains one of the lowest in the region (Table R-69).

Key Messages

Overview

This report provides information on the learning and labour market profile of Milton Keynes, Oxfordshire and Buckinghamshire and in presenting this information identifies key messages to inform the planning process of the Learning and Skills Council and stakeholders.

Demography

Overall population change in Milton Keynes, Oxfordshire and Buckinghamshire over the last decade is 1.3 percentage points above that observed in the South East region.

The age structure of Milton Keynes, Oxfordshire and Buckinghamshire is younger than the South East, with 53% of the population aged under 40, compared to 51% in the South East

The highest rate of change in the area over the past decade is observed in Oxford with an increase in population of 21,300 people (16%), accounting for one in two of the increase in population across Oxfordshire.

Business stock

Compared to other areas in the South East, Milton Keynes, Oxfordshire and Buckinghamshire has a higher proportion of businesses in banking, finance and insurance (38% compared to 36% in the South East) and other services (10% compared to 9% in the South East).

In the South East the Unitary Authority of Milton Keynes has the largest concentration of manufacturing businesses employing more than 50 employees (12%).

Employment and earnings

Over one in ten jobs (11%) are in the manufacturing industry the highest in the South East. Twenty-five per cent of local jobs are in finance, IT and other business activities which is above the South East average of 23%.

The real growth in employment numbers are predicted to be in Distribution and Transport and Business service Sectors which are both forecast to grow by between 1.1-1.2% per annum. At a more detail sectoral level it is Computing & Related Activities, Other Business Services and Retail & Distribution sectors which are each predicted to see the strongest growth, with employment increasing by over 10,000 in each of these sectors between 2004 and 2014.

In 2002, Milton Keynes had one of the highest productivity outputs in the South East based on Gross Value Added (GVA) measures.

Labour supply and utilisation

Female economic activity rates are considerably higher than the South East average (80% compared to 77%).

Employment is polarised between senior management roles and elementary occupations. More than half of employees in Buckinghamshire in management and professional occupations, and one in five (21%) of these are managers and senior officials. In contrast 13% of employees in Milton Keynes and in Oxfordshire are in elementary occupations

Skills and qualifications

The most qualified workforce is in Buckinghamshire where 56% of the working age population are qualified to NVQ Level 3 and above and only 8% have no qualifications. Milton Keynes is the least qualified where 131,800 people do not have a Level 2 qualification.

Overall 7% of companies surveyed were suffering from skills shortage vacancies, which was higher than the 5.5% of firms affected across the South East region. Skills shortages were most acute among associate professionals and skilled trade occupations.

Of the 331,000 net employment demand in Milton Keynes, Oxfordshire and Buckinghamshire between 2004 -2014:

- 57,000 will need to have NVQ level 5 qualifications;
- 106,000 will need to be of degree level;
- 90,000 will require the equivalent of NVQ level 3;
- 63,000 will need to possess at least NVQ level 2 competence; and
- 33,000 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.

Provision for young people has increased in further education and in school sixth forms, but decreased in work based learning.

The greatest volume of provision is in Information and Communication Technology accounting for 16% of all skills provision. Sixty-five per cent of this provision is at Entry and Level 1.

Further education and work based learning success rates have improved, but they remain low in Construction, Planning and the Built Environment, and overall success rates are below the regional average.

Success rates in Engineering and Manufacturing Technologies are above the South East average.

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; and
- Other business activities.

The net employment demand suggests that there will be 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.

Current provision in Retail and Commercial Enterprise may need to be expanded to meet the future growth in this sector.

Another potential area of development will be in Business, Administration and Law. 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 25,500 by 2014) may 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.

Whilst Manufacturing is expected to decrease, this remains a major industry in the area, with requirements for ongoing support in the provision of education and training.

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 Milton Keynes, Oxfordshire and Buckinghamshire.

Abbreviations

ABI	Annual Business Enquiry	QCA	Qualifications and Curriculum Authority
ACL	Adult and Community Learning	QIA	Quality Information Authority
ALI	Adult Learning Inspectorate	RDA	Regional Development Agency
APS	Annual Population Survey	SFC	Sixth Form College
BME	Black and Minority Ethnic	SIC	Standard Industrial Classification
DCLG	Department for Communities and Local Government	SOA	Super Output Area
DfES	Department for Education and Skills	SOC	Standard Occupational Classification
DWP	Department for Work and Pensions	SSA	Sector Skills Area
E2E	Entry to Employment	SSC	Sector Skills Council
EI	External Institutions	SSF	School Sixth Forms
EMA	Education Maintenance Allowance	Ufi	University for Industry
ETP	Employer Training Pilot	VAT	Value-added tax
FE	Further Education	VCE	Vocational Certificate of Education
GCE	General Certificate of Education	WBL	Work-based Learning
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		

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.

excluding payments in kind) received by employees (not the self-employed) based on the area in which they work

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

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