

**For Information**



Leading learning and skills

# Learning and Labour Market Area Profile

## Sussex

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



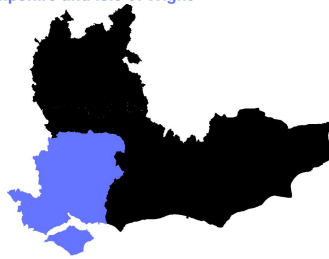
## Learning and Labour Market Area Profile

### Sussex

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](http://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](http://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](http://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](http://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**

Sussex comprises the Unitary Authority of Brighton and Hove and the two counties of East Sussex and West Sussex.

The two counties comprise 12 local authorities.

In East Sussex these are:

- Eastbourne;
- Hastings;
- Lewes;
- Rother; and
- Wealden.

In West Sussex these are:

- Adur;
- Arun;
- Chichester;
- Crawley;
- Horsham;
- Mid Sussex; and
- Worthing.

# Key Statistics

	Sussex		South East		England		Source
	#	%	#	%	#	%	
Population	1,517,300	-	8,164,000	-	50,431,700	-	Mid-year population estimate 2005
Working Age Population (% population)	908,200	59.9	5,119,200	62.7	31,318,100	62.1	Mid-year population estimate 2005
Minority Ethnic Groups (% total population)	51,330	3.4	391,630	4.9	4,459,470	9.1	2001 census
Economically Active (% working age population)	729,200	81.5	4,076,800	82.2	23,953,500	78.4	Annual population survey Jan-Dec 2005
In Employment (% working age population)	695,600	77.8	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)	14,219	93	16,758	110	15,273 (UK)	100	Region in Figures 2005
Business Stock	66,500	-	361,520	-	1,973,940	-	Annual Business Inquiry 2004
VAT Businesses (% change from stock at start of year)	51,655	-1.0	287,130	+0.0	1,553,800	+0.2	VAT registrations/de-registrations 2004
NVQ Level 3 and higher (% working age population)	455,500	50.9	2,532,200	51.0	14,239,900	46.6	Local Labour Force Survey Oct-Dec 2005
No qualifications (% working age population)	89,400	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)	12,100	71.9	72,710	74.6	431,760	69.8	Matched Administrative Data Set
19 year olds achieving Level 3 (% 19 year olds)	8,290	49.3	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)	639,000	71.7	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)	415,000	75.3	2,923,900	74.0	16,660,000	71.5	Annual population survey Jan-Dec 2005
Skills for Life 2004 to 2007 (% 2007 Target)	17,120	97	88,870	89	706,400	96	LSC

# Demography

## By 2010 the working age population is projected to grow by 30,000 people

### Population change

In mid-2005 the population of Sussex was 1,517,000. This represents an increase of 5.1% on the mid 1995 estimate (Table R-1).

Population change in Sussex over the last decade is similar to that observed in the South East region. However, within this change Sussex has shown a significant increase in the 15-64 age group with an additional 69,900 persons (+7.9%) compared to a decade earlier.

The highest rate of change within Sussex over the past decade is observed in Horsham with an increase in population of 11,400 people (10%), accounting for one in seven of the increase across Sussex. Forty per cent of the increase in children aged up to 14 in Sussex is attributed to Horsham (Table L-1).

In the South East region Sussex had the second highest increase in the population of children (+4,800). These increases were concentrated in Eastbourne (+1,000), Arun (+1,100) and Horsham (+1,900).

In contrast the 65+ age group decreased by 700 persons, although this includes an increase of 7,300 in the number of people aged 75 and over. The largest decrease in the 65+ age group is observed in Brighton and Hove (-7,100).

### Population structure

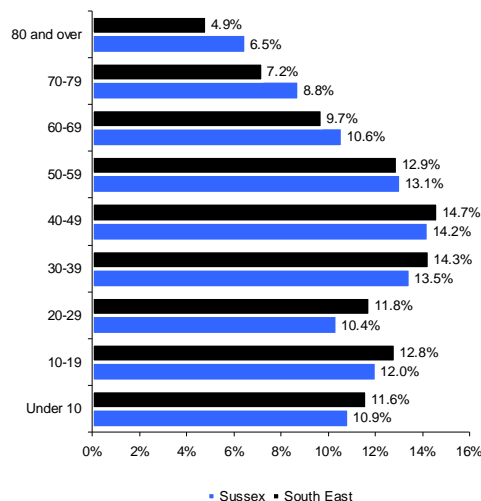
Fifty-two percent of the Sussex population are female, the highest of all local Learning and Skills Councils in the South East region (Table R-2).

The highest proportion of females is found in Eastbourne accounting for 53% of the

resident population, and the lowest proportion of females is found in Crawley (49%) (Table L-2).

The age structure of Sussex indicates that, despite decreases in the population aged 65 and over, there are more people aged 50 and over resident in Sussex at 39%, compared to 35% across the South East and 34% across England (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 28% in Rushmoor to over 44% in the New Forest (Table L-3).

Ninety-seven per cent of residents in Sussex 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 Sussex residents.

According to the 2001 census one in ten residents in Crawley are from minority ethnic groups (11,400 people accounting for 11% of the resident population). Brighton and Hove has the next highest proportion of minority ethnic groups (14,400 people accounting for 6% of the resident population) (Table L-5).

According to the Office for National Statistics 2006 Focus Report on Ethnicity and Religion Crawley is ranked 53<sup>rd</sup> out of the 355 England local authorities in terms of ethnic diversity local authority in England, with a score of 0.28. This means that there is a 28% probability that two people chosen at random from Crawley

would be of different ethnic groups. Brighton and Hove is ranked 77<sup>th</sup> with a score of 0.22. The average diversity score in Sussex is 0.13 and in the South East 0.16 (Table L-6).

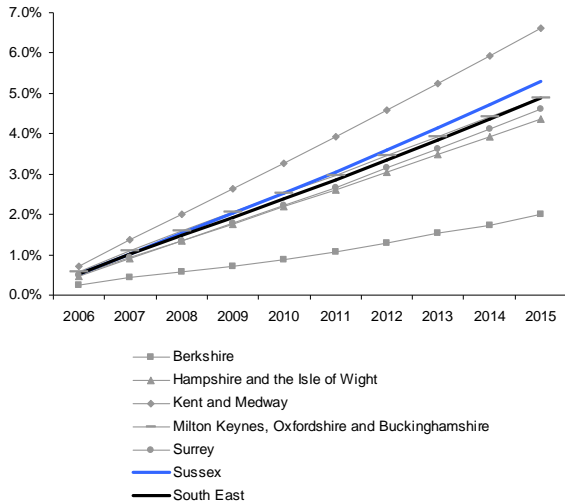
Sixty percent of the resident population are of working age (Table R-7). This is the lowest of all local Learning and Skills Councils in the South East region. The proportion of female residents of working age is below 56%, and the proportion of male residents of working age is 64%.

Brighton and Hove has the highest proportion of working age population at 68%, followed by Crawley with 64% (Table L-7).

**Population projections**

Population projections over the next ten years suggest an increase in the resident population of Sussex by 5.3% (80,800 people) (Table R-8). This increase is 0.5 percentage points above 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 7,000, slowing to a decrease of 2,100 between 2010 and 2015. There is a projected increase in the 15-64 population over the next 5 years of 29,000 which slows to an additional 6,500 people between 2010 and 2015. Between 2010 and 2015 the projected population

increase will come from the 65 and over population.

The working age population is projected to be 984,200 in 2010 and supporting a dependent population of 573,500 (comprising those aged 0-14 and 65 and over).

Eastbourne is projected to increase in population by 10% between 2005 and 2015, whilst Crawley is projected to decrease by 2% over the same time period. Brighton and Hove is projected to increase its population of children by 2,400 over the next ten years, an increase of over 6% (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 Sussex the Rother had the highest net inflow of people with a net influx of 1,200 people, accounting for 1.4% of the 2005 population estimate. The greatest outflow was observed from Crawley, with a net outflow of 1,000 people (1.0% of the 2005 population estimate), with an outflow across all age ranges (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 Sussex will grow by more than 11,000 persons per year as a result of internal migration into the area. This accounts for the majority of the net growth observed in the South East (Table R-11).

## Deprivation

The index of multiple deprivation 2004 provides a basis for assessing the extent of deprivation. In Sussex 71 super output areas are in the 20% most deprived SOAs in England, accounting for 7% of all SOAs in Sussex and 7% of the mid-2003 population (Table R-12). There are also 93 SOAs in the 20% most deprived education, skills and training SOAs in England, accounting for 9% of all SOAs and 9% of the mid-2003 population. These measures suggest that Sussex is more deprived than the South East in the overall measure of deprivation, but slightly less deprived than the South East distribution in terms of education, skills and training.

Considering the distribution of deprivation by districts Brighton and Hove and Hastings contain 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. Brighton and Hove is ranked 83<sup>rd</sup> out of the 354 local authorities in England putting it in the top 24% of most deprived local authorities. The least deprived district is Mid Sussex, ranked at 346<sup>th</sup> putting it in the 4% least deprived local authorities in England (Table L-12).

# Business Stock

## In 2004 one in ten businesses de-registered from value added tax, an indicator of business failure

### Businesses

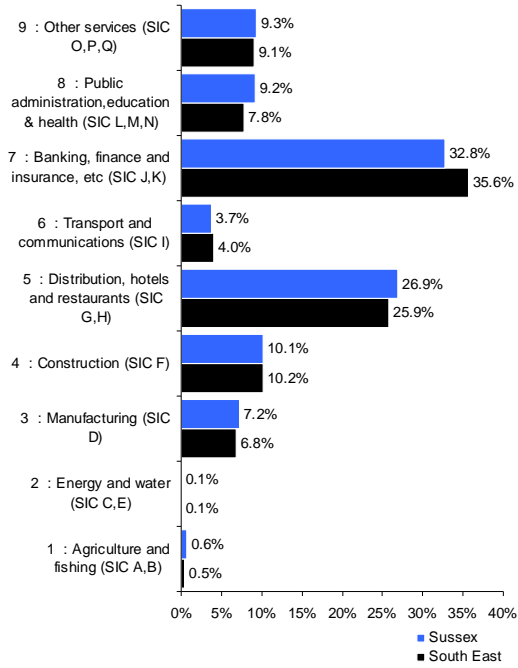
There are 66,500 business units in Sussex (Table R-13). Micro-enterprises (1 to 10 employees) and small businesses (11 to 49 employees) account for 97.1% of all business units.

Compared to other areas in the South East, Sussex has a higher proportion of businesses in manufacturing (7.2% compared to 6.8% in the South East), distribution, hotels and restaurants (26.9% compared to 25.9% in the South East), and public administration, education and health (9.2% compared to 7.8% in the South East) (Table R-14 and Figure L-3).

However, only 9% of employees at businesses in Sussex are employed in manufacturing, which suggests that many of these businesses are small employers (Table R-15 and Figure L-4). In contrast whilst public services only account for 9% of businesses in the area, they account for 28% of employment. A further twenty-eight per cent of employment is in the distribution, hotels and restaurants industry.

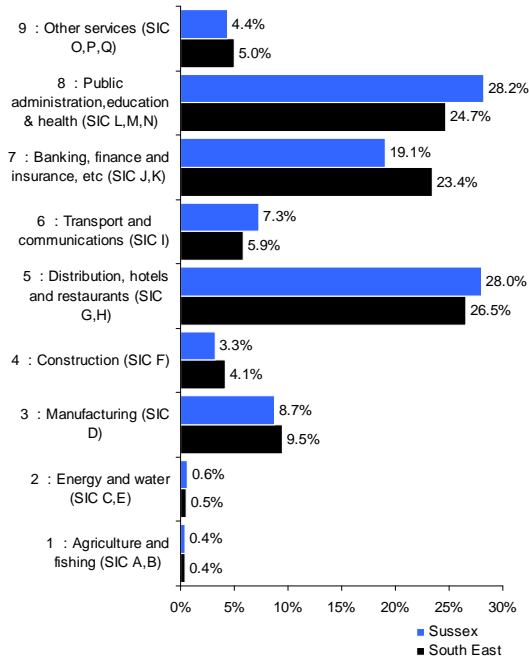
In Sussex 13% of public service businesses employ 50 or more employees and these are concentrated in West Sussex (Table R-16, Table L-16a and Table L-16b).

**Figure L-3. Business structure 2004**



registration rate and the lowest registration rate.

**Figure L-4. Employment structure 2004**



**VAT registrations and de-registrations**

There were 51,655 VAT registered businesses at the end of 2004 (Table R-17).

Turnover rates are high and in 2004, de-registrations (often taken as a proxy for business failure) amounted to 10.2% of the business stock. In the same period the registration rate (a proxy for business formation) was 9.2%.

Compared to other areas in the South East, Sussex had the highest de-

# Employment and Earnings

## One in ten local jobs are in tourism related industries

### 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 0.84 jobs density in Sussex is below 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 Adur at 0.64. This could mean that this is a location where residents are not employed locally or that this is an area of unemployment or inactivity. Crawley has the highest job density at 1.40, which means that working age persons commute to these areas for employment (Table L-18). However, jobs density alone can not describe commuting patterns, but it can be used as a measure of local demand.

### Employee jobs

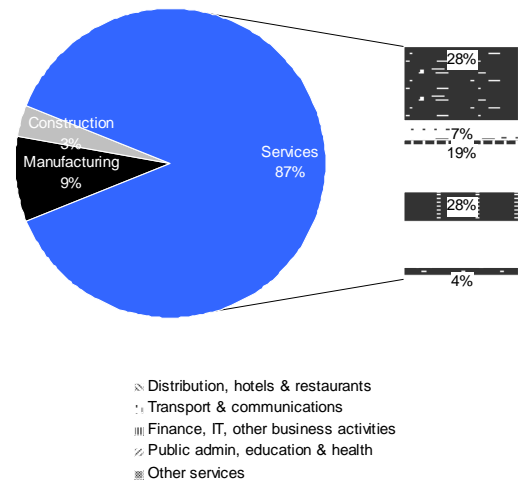
Sixty-two per cent of local employment is full-time which is significantly below other areas in the South East (Table R-19).

Full-time employment is highest in West Sussex, accounting for 65% of workers where 48% of female workers and 82% of male workers are in full-time employment (Table L-19).

Almost nine out of ten jobs (87%) are in the service industry and one in ten jobs are tourism-related. Twenty-eight per cent of local jobs are in distribution, hotels and restaurants and a further 28% are in public admin, education and health industries, the

highest of all local Learning and Skills Councils (Table R-20 and Figure L-5).

Figure L-5. Employee jobs structure 2004



### Employment change

Employment in Sussex currently stands at approximately 721,000 and is predicted to increase by 0.6% per annum between now and 2014, at which point employment in the sub-region is likely to total 762,000 (Table L-20).

Men currently account for a majority (51%) 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 350,000 to 373,000.

Those employed on a full time basis currently account for 56% of the workforce, with part time workers making up 30% and the self employed making up the remaining 15%. According to the Working Futures projections, full time employment will stay static to 2014, part time employment will increase to 32%, while self employment will reduce to 13% of employment at that point (Table L-22).

Women currently make up 76% of all part time workers in Sussex, although this is predicted to increase slightly over the course of the next ten years.

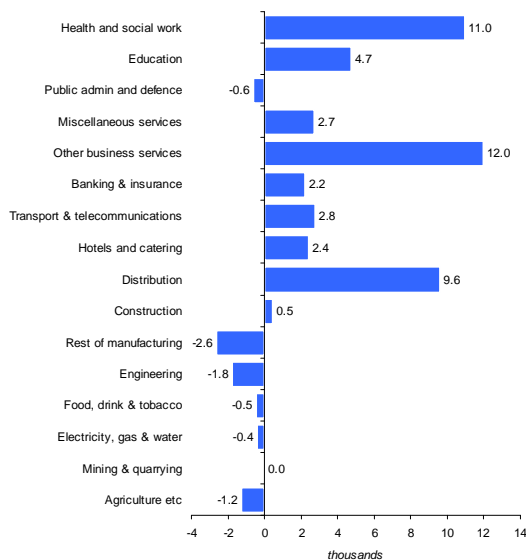
## Sectoral trends

Employment in both the Primary and Manufacturing sectors in Sussex 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 8% of total local employment, down from 16% in 1984.

The construction sector's share of the total Sussex workforce is predicted to remain fairly constant at around 45,000 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 & Transport and Business service Sectors which are forecast to grow by 0.6% and 0.9% respectively per annum. At a more detailed sectoral level it is Other Business Services and Retail & Distribution sectors which are each predicted to see the strongest growth, with employment increasing in Other Business Services by over 10,000 in Sussex between 2004 and 2014.

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



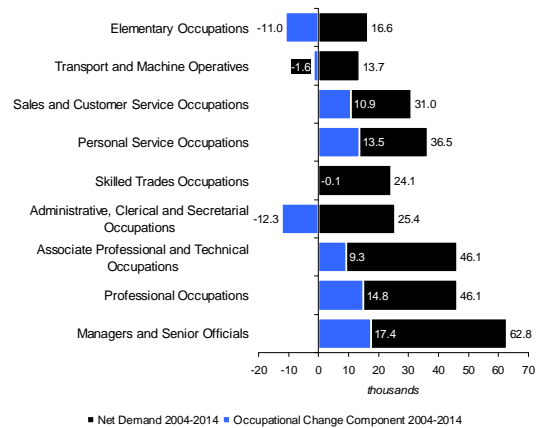
Overall employment in the non-marketed services - such as Education, Public Administration and Health - is forecast to continue to increase by 0.8% per annum, with particularly strong growth in Health and Social Work.

## Occupational and replacement demand

As found across the country generally, the occupation mix of the Sussex 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 (63,000), Associate Professionals (46,000) and Professionals (46,000).

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



## Earnings

With a high dependence on service industries, earnings in Sussex are below that observed in other areas of the South East.

In 2005 average full-time male earnings based on workplace are £409 per week in East Sussex, £419 in Brighton and Hove and rise to £452 in West Sussex, which are more than £45 less than the average full-time male earns in the South East. Females in full-time employment also earn up to £14 less per week than females in full-time employment in the South East. The smaller gap is explained by the differential in earnings between females and males, which ranges from £50 per week in Brighton and Hove to £65 in East Sussex and £87 in West Sussex (Table R-25).

The nature of commuting in Sussex 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 Sussex.

In 2005 the average full-time male earnings based on residence are £449 per week in Brighton and Hove, £455 in East Sussex and £492 in West Sussex. The average full-time male salary in the South East is £521 per week so residents in Sussex continue to earn up to £20 less per week than the average full-time male resident in the South East. Females in full-time employment resident in East Sussex and West Sussex also earn up to £30 less per week than full-time females resident in the South East, but full-time females in Brighton and Hove earn just above the region average (Table R-25).

### **Productivity and income**

In 2002, Sussex had one of the lowest productivity outputs in the South East based on Gross Value Added (GVA) measures. The combined Gross Value Added (GVA) of West Sussex, East Sussex and Brighton & Hove was £21,341m, which equates to 15.8% of the South East total (£134,800m). Across Sussex, there is a wide variation in GVA per head ranging from £16,265 in West Sussex to just £10,758 in East Sussex. Brighton and Hove has a GVA per head of £14,879. GVA per head in East Sussex was 36% lower than that of the South East as a whole (Table R-26).

There are also variations in Gross Disposable Household Income (GDHI) across Sussex. Between 1997 and 1999, the average GDHI Index per head of population in West Sussex was 114 compared to 105 in Brighton and Hove and 103 in East Sussex (Table R-26). Compared to the South East GDHI in West Sussex was 4% higher than the South East average, but income in Brighton and Hove and East Sussex was up to 6% below the South East average.

# Labour Supply and Utilisation

## Female economic activity rates in Sussex are the highest of the South East region

### **Economic activity**

Sixty per cent of the resident population are of working age compared to 63% in South East (Table R-7) while 82% of the working age population is economically active (Table R-27).

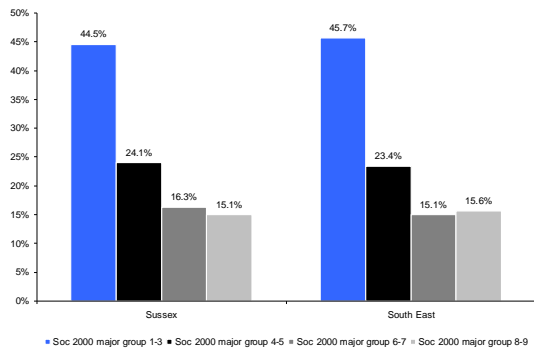
Economic activity rates in Sussex are similar to the South East economic activity rate. Female economic activity rates are equivalent to the South East average at 77% but male activity rates are 1 percentage point below South East activity rates (86% compared to 87%).

### **Employment**

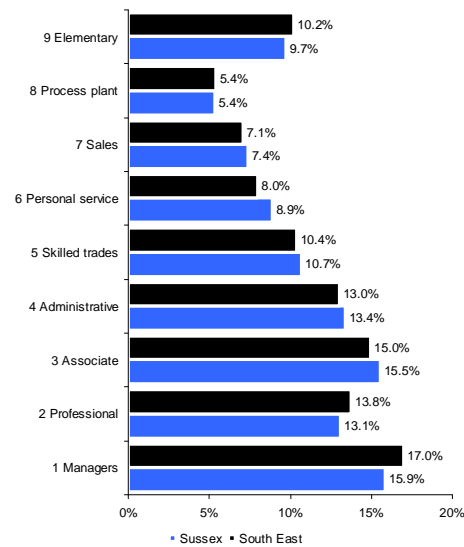
Forty-five per cent of employees in West Sussex are engaged in management and professional occupations (Standard Occupational Classification 2000 major groups 1-3). This is just below the South East total. The area also has a slightly higher proportion of employees in service industries (SOC major groups 6-7) (Table R-28 and Figure L-8).

More than half of employees in Brighton and Hove are in management and professional occupations. East and West Sussex have a lower proportion of employees in management and professional occupations and also have a higher concentration of employees in services, accounting for 17% of employees each (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, there are slightly more people who want a job compared to the South East average (27.3% compared to 27.1%) (Table R-29).

Brighton and Hove has the highest economic inactivity rate at 22% whilst West Sussex has the lowest inactivity rate at 17% (Table L-25). In East Sussex 34% of the economically inactive reported that they wanted a job.

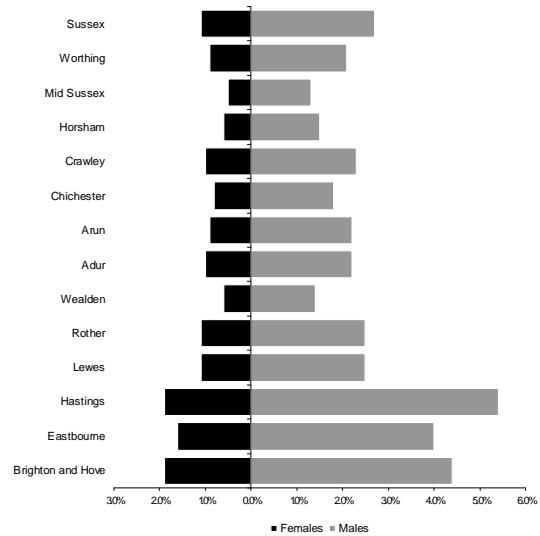
**Unemployment**

Unemployment measured on the ILO basis is locally higher for both females and males compared to the South East (Table R-27).

Claimant based unemployment shows that unemployment is locally higher for males,

but not for females compared to the South East (Table R-30, 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 to 24 year olds with an index of 644 claims per single age for the 18-24 age group compared to an index of 381 claims per single age for the 25-49 age group. However, the proportion of claims made by the 18-24 age group in Sussex is below that made by 18-24 year olds across the South East. In contrast Sussex 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 Sussex has a lower proportion of short term claims, up to six months, compared to the South East. The claim rate is comparable for durations of six to twelve months but is significantly higher for claims lasting longer than twelve months (20% of all claimants) compared to the South East (17% of all claimants). This suggests that Sussex has a long-term unemployment group (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-one per cent of working age residents in Sussex are qualified to NVQ Level 3 and above, which is equal to the South East proportion. One in ten of the working age population have no qualifications, accounting for 89,400 people and 18% of all people in the South East with no qualifications (Table R-32).

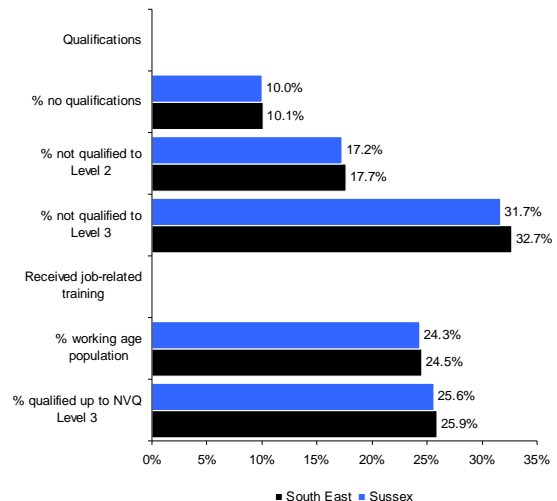
The most qualified workforce is in Brighton and Hove where 54% of the working age population are qualified to NVQ Level 3 and above but this contrasts with the 12% of the working age population that have no qualifications. West Sussex has the lowest proportion of working age population with no qualifications (8%) (Table L-28).

The proportion of people receiving job related training in Sussex is comparable to that in the South East as a whole. 24.3% of the working age population stated that they had received training in the previous 13 weeks of the Local Labour Force Survey, compared to 24.5% across the South East.

Similarly the area exhibited a slightly lower proportion of working age people qualified up to NVQ Level 3 receiving training at 25.6%, compared to 25.9% in the South East. Whilst 43% of working age people qualified to NVQ Level 4 and above received training compared to 41% in the South East (Table R-33).

Job related training was highest in both East Sussex and West Sussex at 24.3% and 24.8% respectively and lowest in Brighton and Hove at 23% (Table L-29).

Figure L-11. Workforce Qualifications and Training 2005



## Vacancies

Approximately 18% of the organisations surveyed in the Sussex sub-region had vacancies at the time of the NESS survey, equating to in the region of 16,000 actual vacancies. This is a similar percentage to the figure for the whole South East (SE) region as a whole.

Of those companies surveyed in Sussex trying to recruit, 49% reported that they had difficulty doing so. Hard to fill vacancies were the highest amongst skilled trade occupations and elementary positions. The main causes for hard to fill vacancies were:

- low number of applicants with required skills (36%);
- low number of applicants with the required attitude, motivation or personality (21%);
- not enough people interested in doing this type of work (18%); and
- poor terms and conditions (17%).

Of those companies with hard to fill vacancies in Sussex, 88% reported that the hard to fill vacancies were impacting upon their business performance; 41% reported that hard to fill vacancies were having a major impact. The main impacts of hard to fill vacancies were identified as an increased workload for existing staff and delays in developing new products or services.

Six percent of companies surveyed were suffering from skills shortage vacancies, equating to approximately 4,300 vacancies

due to skills shortages. Skills shortages were reported to be highest among:

- associate professionals (17%);
- skilled trade occupations (16%); and
- sales and customer service staff (16%).

Employers reported that when recruiting, the skills most difficult to obtain from recruits were:

- technical/practical/job specific skills (48%);
- customer handling skills (37%);
- written communication (37%);
- problem solving skills (36%);
- oral communication skills (36%); and
- literacy skills (31%).

While this pattern is generally in line with the regional picture, there appears to be a lower number of recruits with insufficient technical/practical or job specific skills in the Sussex sub-region than in the region as a whole.

### **Skills gaps**

Just under one fifth of employers stated that they had skills gaps amongst their existing workforce in the Sussex sub-region. This was in line with the regional average of 18%.

The current number of employees working in the Sussex area who are not fully proficient in their roles is approximately 38,000. Skills gaps were highest among sales and customer service staff (5.3%) and elementary occupations (4.5%).

Employers believed that by far the greatest cause of skills gaps was a lack of experience through newness to the job. The other significant cause for skills gaps was staff lacking motivation (27%).

Looking at the skills gaps with existing staff, employers stated that the specific skills needing most improvement amongst their current workforce were:

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

The finding for the technical/practical/job specific skills needing the most improvement in the Sussex sub-region is above the average for the SE region as a whole.

Approximately three quarters of businesses reported that skills gaps impacted on their business performance. Some of the impacts experienced by employers as a result of the skills gaps were:

- increased workload for existing staff (72%);
- increased operating costs (37%);
- difficulties introducing new working practices (36%); and
- difficulties meeting quality standards (36%).

### **Training and planning**

With regard to business plans that specify objectives for the forthcoming year, 53% of companies surveyed in Sussex reported having these in place. Around 42% of businesses had a formal training plan and over a third of organisations had a dedicated training budget for staff development. The findings for Sussex mirrored the findings for the SE as a whole.

According to 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 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.

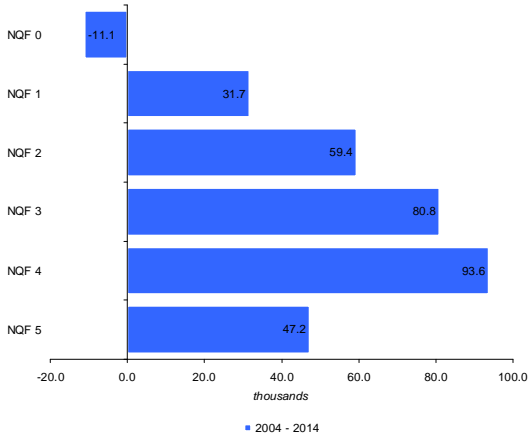
### **Qualifications demand**

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

Of the 301,000 net employment demand in Sussex between 2004 -2014, 47,000 will need to have NVQ Level 5 qualifications, 94,000 will need to be of degree level, 81,000 will require the equivalent of NVQ Level 3, 49,000 will need to possess at least NVQ Level 2 competence and a further 32,000 will need at least a Level 1 qualification. There will also be an overall reduction of 11,000 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

## 15,000 learners participated in Health, Public Services and Care provision

### Further education providers

In 2005/06 17 further education providers provided education and training to 89,740 learners (Table R-35a and Table R-36).

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

There were 92,735 learners resident in Sussex, whilst 89,930 learners attended providers in Sussex (Table R-36).

Based on the 2001 census, Sussex has a higher level of participation in further education amongst young people (48%) and adults aged 19-59 (8%) compared to the South East (38% and 7% respectively) (Table L-36).

Brighton and Hove has the highest number of persons engaged in further education with 3,775 learners aged 16 to 18 (50% participating) and 12,025 learners aged 19-59 (8% participating) (Table L-36).

Worthing has the highest participation rate for young people in further education with 2,170 out of 3,000 persons aged 16 to 18 in further education (Table L-36).

Hastings has the highest participation rate for adults aged 19-59 with an estimated 9% of the residents participating in further education. Crawley has the highest participation rate of adults aged 60 and over (Table L-36).

In 2005/2006 there were 6 General FE providers, five sixth form providers and 6

other providers in Sussex. General FE providers supported 70,000 learners whilst sixth form colleges supported 9,700 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 84,000 in 2003/2004 to 53,900 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 8% since 2003/2004, 2 percentage points above the South East average. The 19-24 age group reduced by 10% since 2003/2004 and the 25 and over age group reduced by 36% 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 58% of the learner population, representing a higher participation rate amongst females when compared to the resident population (Table R-38).

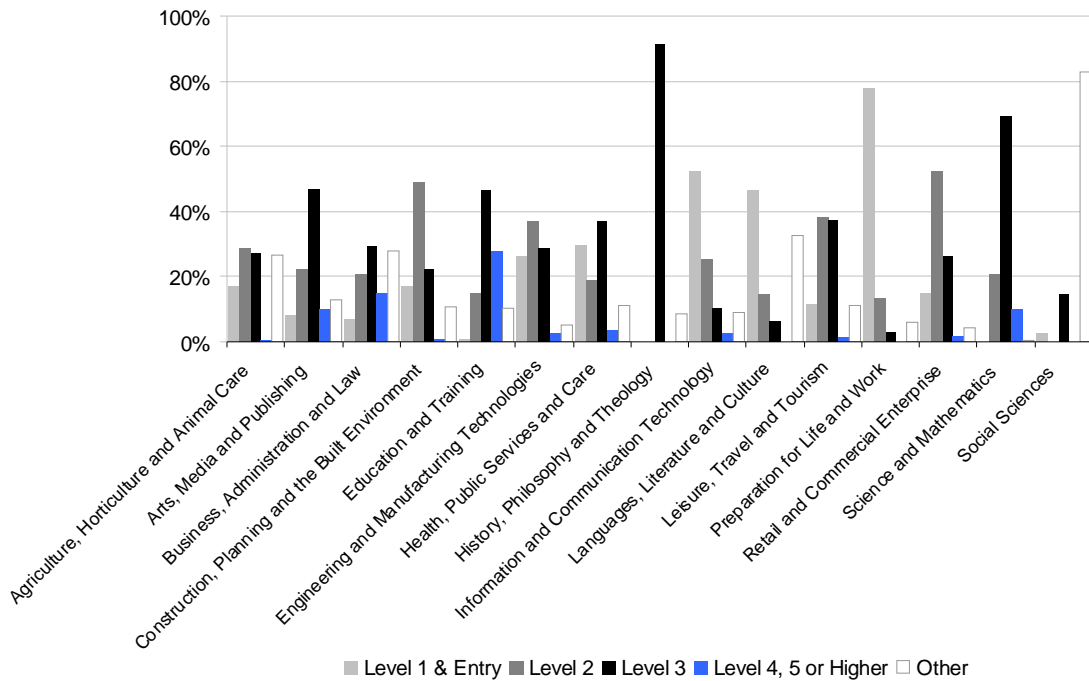
In 2005/2006, 92% of learners were of White ethnicity. The Indian, Bangladeshi and Pakistani ethnic group accounted for 1.5% of the learner population, followed by Black ethnic group at 1.6%. The other ethnic group, including other Asian, Chinese and other non-White minority ethnic groups accounted for 3.8% of the learner population (Table R-39). Compared to the South East, Sussex has a lower representation amongst the Indian, Bangladeshi and Pakistani groups.

Thirteen per cent of learners considered themselves to have a disability, learning difficulty and/or health problem (Table R-40). This is the highest proportion in the South East.

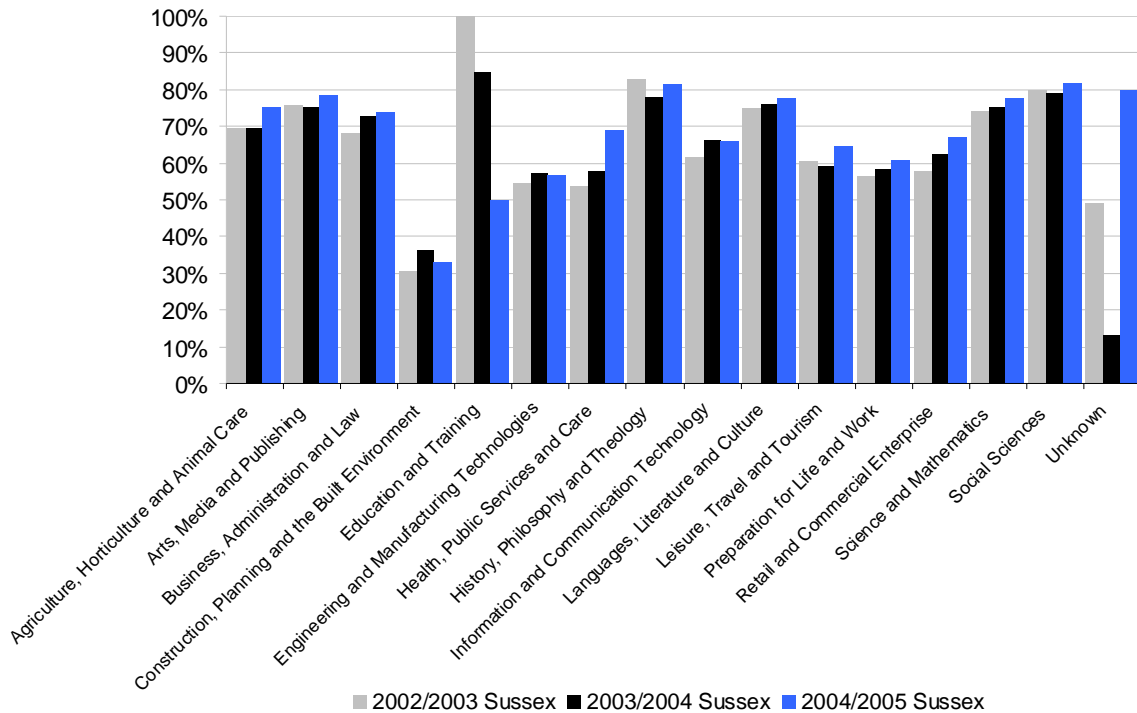
Fifty-four per cent of provision undertaken by learners resident in Sussex is at Entry, Level 1 or Level 2 (Table R-41). This is above the proportion offered by providers in Sussex (51%) (Table R-42). Instead, over 30% of provision is at Level 3, 3 percentage points above the average in the South East.

Sixty-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 above the South East average.

**Figure L-13. Further Education Learners, at providers in Sussex, 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-two 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 Health, Public Services and Care accounting for 18% of all skills provision. Thirty-seven per cent of this provision is at Level 3.

#### **Further education quality**

In 2004/2005 success rates for young people in Sussex increased in-line with improvements in the region (Table L-44) to 73% for long qualifications and 80% 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 Sussex, success rates in Construction, Planning and the Built Environment are below the South East rate, and decreased to 33% in 2005/2006 from 36% in 2004/2005 (Table L-45).

Compared to the South East, Sussex performs best in Retail and Commercial Enterprise, with an overall young people success rate of 68% compared to 66% in the region (Table L-45).

Success for adults in Sussex has, in 2005/2006 fallen to below the South East success rate. Adult success rates for long qualifications have increased but remain below the South East rate. Success in short courses has decreased to 83% from 84% in the preceding two years (Table L-44).

For adult learners, success rates in Health, Public Services and Care remain below the South East rate (57% compared to 62%) and have not increased from the previous year. Adult success rates have improved to 76% in Retail and Commercial Enterprise and these are now above the regional rate of 75% (Table L-46)

#### **School sixth forms**

Excluding special schools, there are 36 school sixth forms in the region with 44% having more than 200 pupils. Three sixth forms (8%) 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 8,000 learners attending schools with sixth forms in Sussex, representing a participation rate of 16% (Table R-47, Table L-47).

In 2004/2005 participation in school sixth forms was highest in Hastings at 28% of the 16 to 18 age group. Crawley and Wealden also had high similarly participation rates. Participation was lowest in Eastbourne and Worthing, associated with the availability of sixth form college provision.

Sussex is just a net exporter (net 2% outflow) of learners attending schools with sixth forms, with 70 more learners attending school sixth forms than learners in Sussex school sixth form provision (Table R-47).

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

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

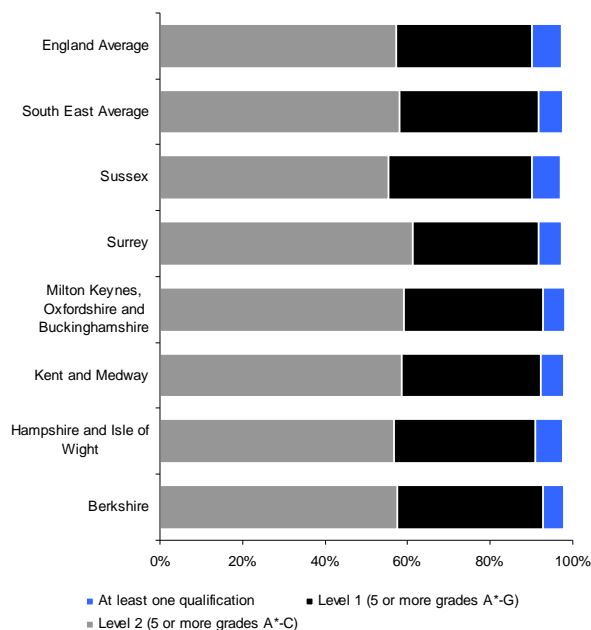
In 2004/2005 8.5% of learners were from minority ethnic groups. There is a high representation of the Indian, Pakistani and Bangladeshi ethnic groups in school sixth form provision (Table R-50).

#### **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 Sussex, attainment at Key Stage 4 is below that in the region, with only 55% 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.

Sussex has the lowest average candidate score in the region (Table R-51).

### Work based learning providers

There were 25 work based learning providers funded by LSC Sussex 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).

The low number of work based learning providers in Sussex can be explained by their greater size, with 4 of the 25 supporting 500 or more learners and only 3 providers supporting less than 100 learners (Table R-52).

Participation of young people in work based learning ranges from 6.3% in Mid Sussex to 11% in Brighton and Hove and Eastbourne. Overall participation of young people in work based learning is one percentage point below the South East rate (9% compared to 10%) (Table L-53).

### Work based learning trends

The number of learners participating in work based learning has remained stable over the last three years, with an increase between 2003/2004 to 2004/2005 being cancelled out by a decrease since 2004/2005. However there was an overall decrease in the South East which Sussex has not experienced (Table R-54).

A decrease is also observed in provision for learners aged 19-25, albeit at a rate below that observed in the South East as a whole (-8% since 2003/2004 compared to -14%). Provision for learners aged 25 and over has grown from 40 in 2003/2004 to 215 in 2005/2006 (Table R-54).

### Work based learning structure

In 2005/2006 there was a near gender equality in work based learning, with 48% of work based learners being female, compared to only 40% across the South East (Table R-55).

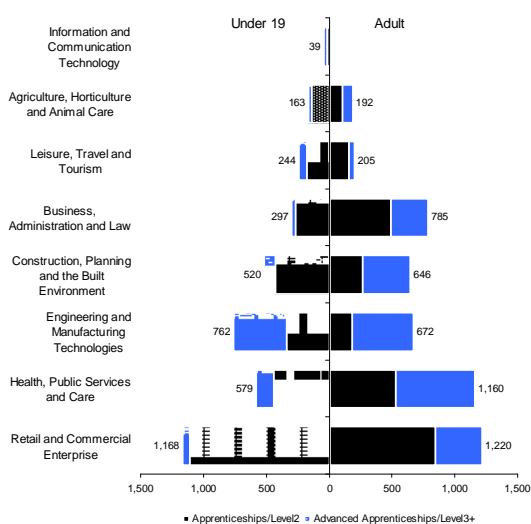
Just 3% of work based learners are from minority ethnic groups, with the Black ethnic group being most dominant, one of the lowest in the region (Table R-56).

In 2005/2006 15% 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).

A significant sector in work based learning undertaken in Sussex during 2005/2006 was in Health, Public Services and Care. Over 570 learners aged under 19 and 1,160 learners aged 19 and over undertook Apprenticeships, Level 2 or Level 3 provision in this area. This accounts for 24% of all young people participating in this area in the South East and 30% of all adults (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, increasing from 440 in 2004/2005 to 1,110 in 2005/2006 (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 Sussex have increased significantly in 2005/2006, in line with improvements in the South East. For young people overall success rates have increased from 44% in 2004/2005 to 53% in 2005/2006. Similarly success for adult learners increased from 47% to 56% (Table R-59a and Table R-59b).

However, success rates are still below the South East average. For young people success rates are three percentage points below the South East average, and

framework success rates are five percentage points below the South East average.

For young people success rates are high in Health, Public Services and Care at 65%, three percentage points above the South East average. However framework success rates in this area are low at 47% (below the South East average in this skills area). Construction, Planning and the Built Environment has one of the lowest success rates at 47% and 40% for Framework success. Success rates are also low in Engineering and Manufacturing Technologies at 50%, compared to 58% in the South East (Table L-60a).

Adult learners have high success rates in Engineering and Manufacturing Technologies at 65% and 53% Framework success, whilst Health, Public Services and Care has a low success rate at 51% (35% for Framework success) (Table L-60b).

### Adult and community learning

In 2004/2005 there were 12 providers of adult and community learning in Sussex, accounting for one-third of all providers in the South East (Table R-61). Uckfield Community Technology College is a new provider in 2005/2006.

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 Sussex can be made:

- Providers are net importers of learners (Table R-62);
- Provision has grown by 13% between 2003/2004 and 2004/2005 for learners aged under 25 (Table R-63), more than twice that of the region;
- Provision has decreased by 4% for learners aged over 25 between 2003/2004 and 2004/2005 (Table R-63);
- Three out of four learners are female (Table R-64);
- Ninety-eight per cent of learners are of White ethnicity (Table R-65); and

- Six per cent of learners consider themselves to have a disability, learning difficulty or health problem (Table R-66).

Ninety-one per cent of provision is at Entry and Level 1. Only one per cent of provision was in Skills for Life learning aims, but of this 35% 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 2,890 young people not in education, employment or training, representing 6.2% of 16-18 year olds. This is 2 percentage points below that in England, but just above that in the South East (Table R-69).

The trend in NEET is of small increases. In November 2004 and March 2005 NEET was reported to be 6.0%. This increased to 6.2% in November 2005 and 6.4% in March 2006 (Table R-69).

The latest data for March 2006 indicates that NEET was highest in Brighton and Hove at 11%, accounting for 665 young people and an increase of 28% from March 2005. A high proportion, 23%, of 16-19 year olds with learning difficulties and disabilities are NEET in Brighton and Hove. In March 2006, NEET in East Sussex was 7.2% and 4.6% in West Sussex.

# Key Messages

## Overview

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

## Demography

Sussex has shown a significant increase in the 15-64 age group with an additional 69,900 persons (+7.9%) compared to a decade earlier. The highest rate of change has been observed in Horsham.

It is projected that the population of children (aged under 15) will decrease over the next five years by 7,000, slowing to a decrease of 2,100 between 2010 and 2015.

Eastbourne is projected to increase in population by 10% between 2005 and 2015, whilst Crawley is projected to decrease by 2% over the same time period. Brighton and Hove is projected to increase its population of children by 2,400 over the next ten years, an increase of over 6%.

## Business stock

The South East contains two major industries in distribution, hotels and restaurants and public administration, education and health.

Compared to other areas in the South East, Sussex had the highest de-registration rate and the lowest registration rate, suggesting a high turnover of businesses.

## Employment and earnings

Twenty-eight per cent of local jobs are in distribution, hotels and restaurants and a further 28% are in public admin, education

and health industries, the highest of all local Learning and Skills Councils.

The real growth in employment numbers are predicted to be in Distribution & Transport and Business service Sectors which are forecast to grow by 0.6% and 0.9% respectively per annum. At a more detailed sectoral level it is Other Business Services and Retail & Distribution sectors which are each predicted to see the strongest growth, with employment increasing in Other Business Services by over 10,000 in Sussex between 2004 and 2014.

With a high dependence on service industries, earnings in Sussex are below that observed in other areas of the South East.

## Labour supply and utilisation

Female economic activity rates in Sussex are the highest of the South East region.

More than half of employees in Brighton and Hove are in management and professional occupations. East and West Sussex have a lower proportion of employees in management and professional occupations and also have a higher concentration of employees in services, accounting for 17% of employees each.

Of the economically inactive more people want to re-engage in the labour force compared to the South East and England.

## Skills and qualifications

The most qualified workforce is in Brighton and Hove where 54% 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.

There appears to be a lower number of recruits with insufficient technical/practical or job specific skills in the Sussex sub-region than in the region as a whole.

The finding for the technical/practical/job specific skills needing the most improvement in the Sussex sub-region is above the average for the SE region as a whole.

Of the 301,000 net employment demand in Sussex between 2004 -2014, 47,000 will need to have NVQ Level 5 qualifications, 94,000 will need to be of degree level, 81,000 will require the equivalent of NVQ Level 3, 49,000 will need to possess at least NVQ Level 2 competence and a further 32,000 will need at least a Level 1 qualification. There will also be an overall reduction of 11,000 jobs that do not require staff to have any qualifications at all.

### **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 Health, Public Services and Care accounting for 18% of all skills provision. Thirty-seven per cent of this provision is at Level 3.

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.

The supply of Health, Public Services and Care skills is significant in the area.

### **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:

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

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.

It is apparent in the existing education supply that there is provision in the key sector area of Health and Social Care.

Current provision in Retail and Commercial Enterprise is primarily in Hospitality and Catering and in Service Enterprises, but the potential growth may be in Retailing and Wholesale distribution which are not currently significant areas of provision in further education.

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 12,000 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.

### **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 Sussex.

# 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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Learning and Skills Council South East  
Princes House  
53 Queens Road  
Brighton  
BN1 3XB  
T 01273 783541  
F 01273 783555  
[www.lsc.gov.uk](http://www.lsc.gov.uk)