



**Learning and
Skills Council
South West**

Strategic Analysis

Executive Summary

November 2006

Of interest to everyone involved in
improving skills and learning
opportunities in the South West

Executive Summary

1. Introduction

1.1 The South West Strategic Analysis 2006 has been carried out to inform the statement of priorities for the South West and the corresponding Commissioning Plan for 2007/08. The analysis of learning and skills in the region examines the supply and demand components as well as the capacity to deliver the skills required in the region. It is based principally on quantitative data sourced from national and regional/local research and the LSC's management information. The key challenges for the region emerging from this analysis are set out in the final section of the document. It should be noted that the region is particularly diverse and that variations across the region are often greater than those between the South West and other regions or when the region is compared with England as a whole.

2. Context

2.1 The South West has the largest land mass but only the sixth largest population of the nine English regions. As a result, the South West is the least densely populated region in England, although there is a very wide variation in population densities between local authority areas. The population of the region is approximately 5.1 million people with 38% aged 50+. There are 3.05 million people aged 16- retirement and 199,000 16 to 18 year olds. The population is predominantly white British and Irish (96%) with the largest minority group being 'white other'. The South West has seen growth in the migrant population though the extent is difficult to quantify. In terms of many indicators it is a polarised region with the more productive and wealthier north/east and the poorer and less productive south west.

2.2 Although the region is less productive, people are also less likely to be workless than in England. There are approximately 204,500 businesses in the region. The South West has an almost identical business size structure to England but the region has greater representation of land based, fishing, mining, utilities, construction, hotels and restaurants and health and social work businesses compared with England. Fourteen percent of all those in employment are self-employed.

2.3 Population projections to 2015 show that the region's annual population growth rate (0.6%) is higher than for England. Among 16-18 year olds, the regional population growth rate is projected to decline before an actual annual reduction is seen in the number of 16-18 year olds from 2009 onwards. The working age population is projected to continue growing to 2015 with the most significant average annual growth in the 50- retirement age group.

2.4 Unemployment stands at 3.5%. Whilst this rate is below the England average, there are localised unemployment hot spots. Amongst those individuals who are economically inactive, over a quarter would like to engage

in the labour market. There are almost 200,000 Incapacity Benefit claimants of whom almost half are aged 50+

2.5 Of the nine English regions, the South West has the third lowest proportion of local areas in the most deprived 20% of England. The spread of deprivation is uneven and there are significant pockets of deprivation within Devon and Cornwall and West of England areas. Education, Skills and Training deprivation is greatest in West of England and Wiltshire and Swindon areas.

3. Current and Future Demand for Learning and Skills

3.1 Growth in LSC funded 16-18 learner numbers has not kept pace with demographic change with the result that overall 16-17 participation rates have fallen in recent years from 83% to 80%. Over the last year, growth in school sixth forms was higher than in FE providers and Work Based Learning numbers fell. Only 6% of employers have Apprentices.

3.2 The region has 8,300 young people who are not in education, employment or training; a rate of 6% which is considerably below the England average. In addition, approximately 10% of 16-18 year olds are in employment but are not engaging in training or accredited training leading to at least a Level 2 qualification.

3.3 There is a significant proportion of learners with special needs: 13% in schools (14-19); 15.1% in FE (16-18) and 21.5% in WBL (16-18). Compared with England, rates of LLDD are lower for schools but higher for FE and WBL. LLDD learners as a proportion of all learners vary considerably within the region.

3.4 Regional attainment (57.9%) is above the national average at Key Stage 4 but the inclusion of English and Maths GCSEs results in a drop of 12 percentage points to just 46% of young people attaining the new 'gold standard'. At Key Stage 5, again, the South West performs better than England, as it does for attainment of Level 3 by age 19. However, there are very large differences between the sub-regions and the attainment of young people across schools, colleges and work based learning providers.

3.5 The South West region has approximately 2.2 million employees in employment. This workforce is employed mainly in the service sector and, primary and manufacturing sectors employment continues to decline. Sectors accounting for the highest proportions of employees are wholesale and retail trade (19%), real estate, renting and business activities (13%), health and social work (12%) and manufacturing (12%). There are significant differences in employment profile by local authority. 28% of employees are employed in the largest one percent of establishments. Employment is predominantly full time, though growth has been greatest in part-time jobs.

3.6 Over a quarter of the region's workforce lacks a Level 2 qualification. The highest proportions of people lacking a Level 2 are to be found among

older age groups (aged 35+). The proportion of employees without Level 2 varies significantly across Sector Skills Councils ranging from 49% for Skillfast UK to 8% in Lifelong Learning UK.

3.7 The demand for literacy and numeracy skills remains extensive despite the very good progress that has been made to address this skills need. Skills shortages and skills gaps continue to impact on the region's economy although they have reduced compared to previous years. Of all vacancies, 31% are hard-to-fill and 18% are skill shortage vacancies. Industrial sectors with highest numbers of skill shortage vacancies are construction, tourism and retail. Of all skill shortage vacancies, the largest proportions were found amongst skilled trades occupations, associate professionals and machine operatives. It is important to stress, however, that hard-to-fill vacancies, skills shortages and skills gaps were present in all sectors and across all occupations. In addition to a lack of technical skills, employers continue to report a lack of generic/employability skills, which is the predominant reason for skills gaps. Employability skills are lacking among adults and among young people entering the labour market between the ages of 16-18.

3.8 Employment forecasts suggest that by 2014, there will be an additional 101,000 jobs. Gains will be significant in the retail sector, businesses and other services and health and social work. The primary sector and utilities are expected to decline by 14% to 2014. In addition to the new jobs, approximately 921,000 jobs will need to be replaced as workers change career or retire. The occupational profile of 2014 moves towards the higher level skills, requiring particularly growth in the proportions of people having Level 5, 4 and 3 qualifications. Elementary occupations will decline significantly. Localised spikes of skills demand will be also generated by developments such as town centre regeneration schemes, new towns and business parks as well as the Olympics.

3.9 Participation in job related training appears to be contracting and there are particular sector skills councils such as Skillfast, Lantra and Automotive where engagement in training is well below the South West average. Many smaller employers are reluctant to supply training to employees.

4. Supply of learning

4.1 The South West learning infrastructure comprises 33 FE colleges, 113 WBL providers, 35 ACL providers, 176 school 6th forms and two Sixth Form Colleges. There are 12 independent specialist colleges and 45 Centres of Vocational Excellence. Because of its rurality and sparsely populated areas, there are challenges for providing breadth and depth of the curriculum offer. It is estimated that 71% of the FE estate in the region is in category A (excellent/as new).

4.2 Two thirds of all enrolments in FE are from the 19+ age group, however, they have been reducing over the last three years whilst 16-18 enrolments have been increasing. More than two in five enrolments for adults are at entry level or Level 1 and a further one in five enrolments is for other

qualifications.' For young people just over one third of all enrolments are at entry level, Level 1 or other qualifications.' The proportion of 16-18 year older learners in FE engaged in full Level 2 and full Level 3 in the South West has grown in the last three years. The 19+ age group in FE has also seen a growth in participation in full Level 2 and 3.

4.3 Some 24,100 learners engage in the WBL route. Of these 65% are aged 16-18; the remainder 19+. The more popular route is the Apprenticeship programme leading to Level 2 qualifications. There has been an overall reduction of learners in WBL between 2004/05 and 2005/06.

4.4 There are approximately 38,400 young people engaging in school 6th form provision; a 2.6% increase over 2004/05. Eighty seven per cent of the provision in schools is of academic qualifications.

4.5 Progression routes for learners are difficult to map. There is not sufficient hard evidence to demonstrate that learners are moving from lower to higher levels of qualifications.

4.6 The FE overall success rate in the region (75%) is just marginally above the England average (74%). Within this, 16-18 success rates are below the England average for both short and long courses and 19+ success rates are below the England average for long courses. Success rates for *long* courses were below the England average for all sector subject areas except health and construction. Learners with LLDD perform below the England average overall and on long courses.

4.7 WBL framework completion rates have been improving year on year; the 2005/06 rate being 55% (56% for 16-18 and 53% for 19+). This overall rate is 2% points above the England average. There is a 4% point difference in framework completions between apprenticeships (56%) and advanced apprenticeships (52%).

4.8 FE learner satisfaction is high and stands at 90% (of which 69% were very/extremely satisfied). Two thirds of learners are very or extremely satisfied with the teaching/training experience. The proportion of employers accessing FE training declined between 2003 and 2005 from 33% to 30%. However, during the same period satisfaction levels rose to 82% from 77%. Dissatisfaction centred on lack of relevance of courses.

5. Emerging Challenges

5.1 Based on the evidence summarised above, Section 6 of the report highlights the key challenges for the LSC which help define the South West region's 2007/08 priorities. The Strategic Analysis is available in full on the South West region pages of the LSC website at <http://www.lsc.gov.uk/Regions/SouthWest/>.