

**SKILLS ISSUES IN PRIORITY SECTORS
IN BOURNEMOUTH, DORSET, POOLE AND
SOMERSET**

SUMMARY REPORT

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Introduction

1. In 2006, BMG Research was commissioned by LSC Bournemouth, Dorset and Poole to assist the LSC to develop its policies and programmes in respect of eight local sectors. These are....
 - Engineering
 - Construction
 - Retail
 - Hospitality and tourism
 - Financial services
 - Social care
 - Childcare
 - Health
2. These sectors are regarded as current priorities for the LSC on a number of grounds. They each employ significant numbers of people in the local economy. Several of them have significant local focus (in the sense of employing above-UK average proportions of the workforce in the local area). They have an importance to local economies which extends beyond direct employment – generating wealth externally to the local area which is ‘imported’ into the local area for distribution as local incomes and wages, supporting or linking with other key activities, or providing fundamental services (in house building or social welfare, for example) which are essential underpinnings of an effective society and economy. There is also significant prima facie evidence to suggest that these sub-sectors face a substantial challenge to maintain the flow of labour and skills which they need to secure an optimal level of efficiency. This is not to say, of course, that other local sectors do not have these properties. But, with limited resource, the LSC’s intent was to seek progress in *some* sectors rather than dissipate resources too widely. Attention will turn to other areas of the economy in due course.
3. The essence of each study was broadly to undertake a desk review of available information on the sector which describes each local sector, recognises how the sector is developing and the challenges each sector faces, considers how this change process affects skills needs and supply, and, thus, identifies a set of ‘skills issues’ on which the LSC and its partners may focus with recommendations for appropriate action.
4. Throughout the latter half of 2006, a series of eight individual sector reports was produced. Because of the recent re-configuration of LSC activity in the South West Region, these reports, whilst originally commissioned by the local LSC for Bournemouth, Dorset and Poole, actually consider the new LSC sub-regional area which combines *Bournemouth, Dorset, Poole, and Somerset*, commonly referred to as ‘the BDPS area’ in those reports.
5. This short report now collates and summarises key data for each of the sectors and draws out some overall messages with regard to skills supply and demand.

Share of employment

6. A first and basic characteristic of a sector is its employment contribution to the local economy. Employment is not, however, always easy to estimate. Some sectors (such as construction) have high levels of self-employment which is not readily identifiable in official statistics. Other sectors, such as hospitality and retail, have high levels of seasonal employment – employment in the sector at any one point in the year might be quite different from another point. And, where part-time employment is significant, there is a question as to whether the gross number of people employed should be counted or whether part-time jobs should be 'combined' to produce full-time equivalents. However, allowing for these uncertainties, the following table gives a broad picture of employment in the eight priority sectors, mostly drawing on the Annual Business Inquiry to do so:

Table 1: Employment in eight priority sectors in the BDPS area

	Employment	% share of all local jobs	% share of all national jobs	% full-time	% male
Engineering	35,000	7.3	5.1	95	82
Construction	52,000*	10.8	9.4	97	90
Retail	70,100	14.6	11.1	33	40
Hospitality and Tourism	45,000	9.4	7.1	56	40
Financial Services	16,300	3.4	4.1	78	43
Social Care	22,500	4.7	3.9	39	15
Childcare	12,300	2.6	2.3	N/A	2
Health	41,600	8.7	7.4	60	21

* Includes broad definition of construction (both Construction Skills and Summitskills SSC areas) and estimate for self-employment

** Main source is Annual Business Inquiry, 2004; additional data from Working Futures II and from the ConstructionSkills SSC is used to estimate construction sector employment; childcare employment is estimated using projections from national statistics produced by the Children's Workforce Development Council

7. Basically, the table reveals that, in gross employment terms, the retail sector is the largest employer in the BDPS area followed by construction, hospitality and the health sector (though it should be noted that the employment estimate for the construction sector is less robust, because of the self-employment factor, than that of other sectors).
8. The sub-region is estimated to have a slightly higher proportion of its employment in each of the sectors than is the case nationally, except for the financial services sector (where the national average is weighted by the very strong concentration of jobs in London).
9. The table also shows very great variations between sectors in their employment of men and women and in their rates of full-time and part-time working. Construction and engineering have particularly high rates of male and full-time

employment, whilst the caring sectors (social care, childcare, and health) and retail have majorities of female staff and extensive part-time working.

10. These basic characteristics, overall employment, full- and part-time working, and levels of male and female working are connected with other labour market phenomena, such as levels of recruitment need and labour turnover, which are relevant to later discussions in this report.

Size of workplaces

11. However, it is important to note that it is not just the employment total of a sector is important. Where people are employed in large workplaces, there is a much better chance of their being subject to formal Human Resource Development practices – regular performance appraisals, for example – and of receiving formal training. It is also the case that external intervention is more easily able to reach larger proportions of employment in a sector where that employment is located in relatively few workplaces – supporting one large employer to adopt HRD best practices may affect more individual staff than support to 50 or more micro-businesses. Some measures of employment concentration are set out below:

Table 2: Indicators of employment concentration in workplaces of different sizes

	Average workplace size (employees)	% of employment in workplaces with 5 or more staff
Engineering	20	65
Construction	4	25
Retail	11	45
Hospitality and Tourism	11	25
Financial Services	18	61
Social Care	17*	35*
Childcare	9	0
Health	45	72

* Calculations include social work departments; average direct care establishments are likely to be smaller

** Draws on the same sources as Table 1

12. These statistics show that the engineering, health, and financial services sectors are strongly concentrated in relatively few establishments. In construction, hospitality, social care, and childcare, employment is much more fragmented. The retail sector is more dichotomous than other sectors. Large supermarkets and department stores generate a significant proportion of jobs in larger establishments in the sector, but a very high number of small shops generate a low average workplace size.

Local concentration of employment

13. It has been noted that several sectors have a higher overall concentration in the BDPS area when compared with the national average. However, the relative concentration of jobs *within* the BDPS area can also be observed:

Table 3: Local employment focus of eight priority sectors

Sector	Focus
Engineering (7.3% of all employment in BDPS area)	Generates around 7% of jobs in BDPS area but 17% in South Somerset, 14% in Christchurch, 12% in East Dorset, and 11% in Poole. The influence of Augusta Westland at Yeovil, Flight Refuelling at Wimborne, of Bournemouth International Airport, and of Poole's traditional engineering and boatbuilding sector can be seen.
Construction (10.8%)	Construction employment is widely and evenly distributed across the BDPS area.
Retail (14.6%)	Retail employment is widely and fairly evenly distributed as a proportion of Districts' and Unitary Authorities' total employment, but Bournemouth, with over 13,000 retail jobs, is clearly the pre-eminent retail centre.
Hospitality and Tourism (9.4%)	As a proportion of all local employment, hospitality and tourism is most significant to West Somerset (21% of all jobs), Weymouth and Portland (19%), Bournemouth (16%), and Purbeck (12%). In absolute term, Bournemouth, with nearly 12,000 jobs, has much the largest number of jobs in the sector.
Financial Services (3.4%)	Sector employment is very strongly concentrated in Bournemouth and Poole where it contributes 9% and 8% of jobs respectively. In total, 71% of all financial services jobs in the BDPS area are located in those two Unitary Authority areas.
Social Care (4.7%)	Social care employment is widely and fairly evenly spread across the BDPS area.
Childcare (2.6%)	Childcare employment is widely and fairly evenly spread across the BDPS area.
Health (8.7%)	Health sector employment shows concentrations in Bournemouth, Poole, West Dorset and Taunton because of the location of the sub-region's major general hospitals in those Unitary Authority areas/Districts.

* *Draws on the same sources as Table 1*

Employment trend and forecast

14. Recent employment change and a forecast for future employment in each sector are summarised in the following table:

Table 4: Local sector employment trend

Sector	Employment change 1998-2004	Employment forecast	Commentary
Engineering	Decline of 8%	Decline of 19% is forecast for the decade 2004-2014	A sector in which global pressures on UK manufacturing are continuing to put pressure on productivity and employment levels. The BDPS area is not, of course, immune from these pressures.
Construction	Very strong growth – of around 33% – between 1998 and 2004	Growth to continue at a lower rate, around +2% per annum	Buoyant house prices stimulated private investment in house building and refurbishment; public expenditure drove up building of schools and hospitals. Outlook now more uncertain as rate of growth in public expenditure declines and interest rates rise.
Retail	Strong growth – of +27% – between 1998 and 2004	Uncertain – estimates range from small decline (Experian) to further growth of 10% between 2006 and 2014 (Working Futures II). Skillsmart acknowledges that future growth at national level is far from certain.	Economic growth, consumer confidence, and willingness to borrow drove strong local employment growth in recent years. Lesser confidence and rising interest rates indicate a much more uncertain future. The trend to internet shopping may weaken the prospects of local bricks-and-mortar retailing.
Hospitality and tourism	Growth of +7% between 1998 and 2004	Slow growth of less than 2% between 2004 and 2014	Growth in recent years was driven by general economic expansion, social trends which continued to favour more eating-out, and relaxed licensing laws. The future is less propitious as consumer confidence declines and cheap flights continue to support holiday destinations abroad.
Financial services	Stability between 1998 and 2004	Continued stability (Working Futures II forecast)	The sector is highly vulnerable to significant shifts in employment – upwards or downwards. On one hand the sector is vulnerable to international outsourcing of back office and call centre jobs. On the other, the Bournemouth/Poole financial cluster may attract further significant inward investments of major institutions.

Sector	Employment change 1998-2004	Employment forecast	Commentary
Social care	5% growth between 1998 and 2004	Growth of 9%-10% forecast between 2004-2014	A growing elderly population is the main driver of growth. The key question mark concerns the cost pressures on providers generated by the Care Standards Act and limited Local Authority budgets and rates for care. These pressures dispose to increased productivity from staff, not to increased staffing levels.
Childcare	24% growth between 1998 and 2003	Uncertain	Driven by extensive government interest and legislation on childcare since 1997, the childcare workforce – particularly that which is publicly provided or funded – rose rapidly. It remains to be seen whether such rapid expansion will continue as the network of Children's Centres continues to develop, but the reduced rate of growth in public expenditure suggests that any future growth will be much more modest.
Health	35% growth between 1998 and 2004	An annual growth rate of around 1% to 2010 is forecast (by Working Futures II)	Very rapid growth in the BDPS area (faster than the 23% national rate of growth) was experienced in recent years. This was, of course, driven by public expenditure increases. A low level of further growth is forecast by the Working Futures II model but even this may be optimistic given the well-publicised pressure on NHS Trust budgets at national level. It seems likely that local Trusts will be extremely cautious as to future staffing levels.

* *Employment change estimates are mostly based on ABI data for 1998 and 2004; various sources for employment forecasts include Working Futures II, 2005 (the economic forecasting model produced by IER for the LSC and SSDA), Experian, the CITB-ConstructionSkills forecasting model, and other industry estimates*

15. This table suggests that most priority sectors grew during the late 90s and the early years of this decade, with consumer confidence and public spending being major drivers of growth. The main exception was engineering in which employment declined, largely as a consequence of pressure from low wage manufacturers in Eastern Europe and the Far East. Even here, however, as a consequence of the sub-region's above-average representation in the transport equipment sub-sector (mainly aerospace components and boatbuilding in the BDPS area), which performed better than the whole-engineering average on a national scale, the rate of engineering decline in the BDPS area (-8%) was considerably slower than the national rate of decline (-26%).

16. The future, however, seems generally less certain – consumer confidence, or at least the willingness to borrow, may be somewhat lower, public expenditure growth will slow significantly from 2008, and the pressure from overseas manufacturing seems unlikely to abate.

Recruitment needs

17. However, even though absolute employment levels may grow much more slowly, or in the case of engineering, decline, there will still be substantial recruitment needs, driven by the need to replace staff who leave. Calculating local (or indeed, national) replacement needs is difficult. Some staff leave employment in a sector entirely (to retire, to have and look after families, or to move to another sector). Others 'churn' between employers in a sector. However, broad estimates of future replacement demand are set out below:

Table 5: Estimated annual recruitment needs (accounting both for absolute employment change and replacement)

Sector	Number	As % of employment in sector	Commentary
Engineering	800	2	With negative employment growth, recruitment need is driven by replacement of those leaving the sector, particularly through retirement as the sector has an older-than-average age profile. Recruitment will increasingly shift the occupational base of the sector towards high skilled craft workers, technicians, and professional engineers, with an overall emphasis on flexible working and multi-skilled staff. Single-craft manual workers and low skilled workers will decline as a proportion of all staff.
Construction	1,000	2	Again, the main driver for recruitment is the retirement of older workers. And, again, demand will be at higher occupational levels – managers, technicians and professionals, and craft workers, particularly multi-skilled ones. The number of low-skilled workers will decline.
Retail	15,000	20	The retail sector, particularly in large supermarkets and department stores, has a stable core of managers, supervisors, technical staff in logistics, and craft workers in butchery and bakery. However, it also has a large proportion of part-time and temporary staff who turn over at very high rates. Replacing these staff is a virtually on-going exercise for personnel departments.
Hospitality and tourism	15,000	33	A similar position, but exacerbated by a strong element of seasonal working, is found in the hospitality and tourism sector which needs to recruit a third of its workforce – mainly bar staff, cleaners and domestics, kitchen assistants, and waiters – each year. However, the sector also has instability amongst its key craft group – chefs and cooks.

Sector	Number	As % of employment in sector	Commentary
Financial services	900	4	The sector pays relatively highly across all its grades. Whilst there is an element of replacement, this largely affects routine jobs in call centres and is mostly 'churn' – people moving from one employer to another to obtain a pay increase.
Social care	2,600	12	Pressures on the sector (identified earlier) keep many care assistant jobs at minimum wage levels. This generates considerable churn both within the sector and in interaction with the retail and hospitality sectors. The rate identified here (a projection from national statistics) was suggested as being too low by local industry representatives.
Childcare	1,000	13	Again, low wages are a strong factor in generating replacement needs. It is also reported that many women work in the sector just so long as their own children are in 'childcare years' and then leave it when they are not.
Health	1,250	3	Major replacement needs largely reflect turnover amongst nurses and administrative staff – some who leave the sector, others who move within it for career progression. Sector representatives suggests that labour turnover is not problematic and is frequently useful in allowing the balance of health provision to be re-structured without redundancies.

* Most replacement rates built into these estimates are based on projections of national rates quoted in *Working Futures II* but where more specific industry replacement rates are available these have been used as an alternative

18. There is probably a fairly high margin of error on each of the numerical estimates in the table above. However, the general points made by the data are robust:
- There is a high level of turnover among low-skilled staff in the hospitality and tourism and retail sectors, and to a lesser extent in the social care and childcare sectors.
 - In engineering and construction, the retirement of older workers is a significant factor. In engineering particularly, the sector's workforce is shifting significantly towards high skill occupations in 'niche' or specialised engineering businesses as routine engineering manufacturing is increasingly lost to overseas production.
 - The financial services and health sectors are relatively highly paid and/or have good career structures. Labour turnover is either at lower skill grades or reflects career movement amongst intermediate and highly skilled staff.

Developing skill demands

19. As well as requiring staff in certain numbers, the priority sectors will also increasingly require people with particular skills.
20. These growing skill needs are, of course, extremely varied and complex across any group of sectors which, as here, have quite different functions and technologies. However, a number of developing skills needs were identified which had some commonality across the sectors:

Table 6: Skills in growing demand in the priority sectors

Skill	Commentary
IT skills	<p>Several sectors report continuing demand for IT skills, for example:</p> <ul style="list-style-type: none"> • Advanced and user IT skills relating to complex ICT systems and call centre operations in financial services • CNC skills in engineering • Skills to handle major new IT systems in the NHS • Basic ability to maintain records in the care sector.
Customer-service and customer focus skills	<p>Customer-facing staff – in retail, hospitality, in financial services call centres, and in the health sector – increasingly require customer service skills as organisations seek to develop higher levels of presentation. Several sectors report considerable difficulties in getting staff at low wage levels, particularly young ones, who have the basic attributes of good customer service. In other sectors, such as engineering and construction, there is a growing recognition that the ability to respond effectively to customer requirements is necessary for success in increasingly competitive conditions.</p>
Leadership and management	<p>Organisations, too, particularly larger ones, are increasingly concerned that leadership and management skills should be at a higher level overall and should extend down the occupational structure as organisations become less hierarchical and require that staff at lower levels take more responsibility for delivery and quality.</p>
Team working and communications including literacy and numeracy	<p>With this trend towards devolved responsibilities and associated team structures, more emphasis is placed on team working and communication skills. As the average skill level rises and low skill jobs are reduced, literacy and numeracy demands increase. These demands are often related to the specific level of the job. Thus, for example, a manager or professional can have insufficient levels of numeracy and/or literacy because of the high standard required, even if his/her numeracy and literacy levels would be wholly adequate for a lower level job.</p>
Commercial awareness	<p>Just as customer focus is increasing and responsibilities are devolved, so employers increasingly require commercial awareness skills among more staff – essentially, recognition by staff of the costs involved in delivery, so that work inputs are judged correctly. A frequent complaint of employers is that young recruits, including graduates, though they may have basic knowledge and skills, lack awareness of the pace at which that knowledge and those skill needs to be applied in order to be cost effective for the business.</p>

Skill	Commentary
English and integration skills for in-migrant work	With an increasing influx of migrant workers, particularly into construction, hospitality, and care sectors, there is a requirement for these workers to develop the English language and 'cultural' skills which enable them to fit into working and customer-servicing roles. A particular driver is Health and Safety legislation, where basic understanding of regulations depends on adequate levels of English comprehension.
Level 2, Level 3 and graduate qualifications	Whilst skills are necessary in all sectors, some have a particular requirement for <i>certificated</i> skills. This particularly concerns the social care and childcare sectors where relatively new regulatory demands have been placed on employers to qualify particular groups within the workforce to particular levels. The 'Skills Card' scheme in the construction sector places a similar industry-driven requirement on workers on major sites, whilst some occupations, in electrical and gas installation, for example, are increasingly required to have particular certification as a license to practice.

* *Main sources are industry-specific labour market analyses (eg. Sector Skills Agreement documents)*

Labour and skills supply

21. Are these requirements – to recruit staff and to acquire skills, particularly those in growing demand – likely to be met?
22. The studies make the general point that general labour supply is fairly tight. Unemployment remains low in the sub-region and employment rates (ie. The percentage of those of working age in work) remain higher than UK averages across most of the BDPS area. House prices are high in relation to available wages. The broad implication is that gross labour supply at low and intermediate skills levels, paying low to moderate wages, is likely to be highly competitive. This explains the labour turnover and labour churn which were found to be more or less factored into the business model of many hospitality and retail businesses. It also reveals why migrant labour, willing both to work at low wages and to accept poor accommodation standards, has been readily taken up by employers in several of the priority sectors.
23. In terms of *skill development*, it is not possible to set skill outputs (from training of different kinds) against skill needs of particular kinds in order to calculate a numerical balance. Statistics on either side of that equation are not accurate enough.
24. However, it is possible to summarise some features of the skill development process. These include the proportion of employers which train, the numbers of people in Apprenticeship programmes, and the number of people studying in Further Education – in the last two cases, of course, in relevant skill or subject areas. In a simple analysis, these can be set against the number of people employed in each sector:

Table 7: Some skills supply indicators

	No. of people employed	No. of people finishing an Apprenticeship 2004/05	No. of learning aims in FE 2004/05*	% of employers which train staff
Engineering	35,000	660	1,506	68
Construction	52,000	553	3,277	55
Retail	70,100	263	175	61
Hospitality and Tourism	45,000	577	3,232	58
Financial Services	16,300	117	2,204	88
Social Care	22,500	229	18,612	85
Childcare	12,300	238	1,943	90
Health	41,600	249	2,359	85

* Courses pursued, not an exact count of numbers of students who may take more than one course

** Sources: ILR 2004/05; NESS 2005

25. This data shows that:

- Apprenticeship is at its strongest in the sectors where an apprenticeship was traditionally a mode of entry into the sector – in engineering and construction.
- Formal training via Apprenticeship or Further Education is seldom pursued by retail employers who predominantly train in-house.
- Huge numbers of learning aims related to the care sector are pursued in Further Education. Many of these, however, are short courses on specific aspects of care.
- Overall, the social care, childcare, and the health sectors are the 'strongest' sectors in terms of employer engagement in workforce development. A mix of statutory targets for qualified staff and public sector budgets for training dispose employers in those sectors towards staff training. The local financial services sector is also a strong training sector, as across the UK, with high training levels in this sector being driven by induction training in call centre operations, a high degree of innovation in products, and rapid turnover of technologies.

The adequacy of labour and skills supply

26. The key question, of course, is whether employers are able to obtain an adequate flow of people with the right skills to match the recruitment skill needs which were identified earlier. Table 8 below sets out indicators of recruitment difficulty and skills deficiencies:

Table 8: Percentages of businesses in each sector with vacancies, hard-to-fill vacancies, skills shortage vacancies, and skills gaps

	Vacancy %	Hard-to-fill vacancy %	Skills shortage vacancy %	Skills gaps %
Engineering	16	8	5	17
Construction	14	8	5	13
Retail	18	6	3	21
Hospitality and Tourism	20	9	5	19
Financial Services	27	8	6	17
Social Care	29	11	5	18
Childcare				
Health	25	10	6	12

Source: NESS 2005

27. It can be seen that relatively few employers have hard-to-fill vacancies, and fewer have skill shortage vacancies. However, more substantial proportions report skills gaps in existing workforces. Skills gaps are particularly frequent in two sectors, retail and hospitality, where skill levels are not high on average. The difficulty concerns those staff at lower levels where low wages and high turnover are endemic. Even though the skill level in these jobs is not high, the quality and commitment of those who hold them may be below even the modest standard required.
28. What is particularly significant, however, is that skills problems are frequently declining in number. The following table shows that the incidence of skills gaps has reduced very considerably for most sectors:

Table 9: Percentage of employers experiencing skills gaps, 2003 and 2005

	2003	2005
Engineering	24	17
Construction	13	13
Retail	32	18
Hospitality and Tourism	32	19
Financial Services	34	17
Social Care	21	18
Childcare	21	18
Health	29	12

Source: NESS 2005

29. Generally, too, the number of hard-to-fill vacancies in these sectors has reduced between 2003 and 2005 though rates of skill shortage vacancies remain broadly stable.
30. What appears to be the case is that a slightly slower rate of employment growth in the more recent period together with substantial in-migration have combined to reduce the general problems of *labour* availability. Problems with *skills gaps* may have reduced as a consequence both of higher labour stability (as the economy grows less strongly people tend to move jobs less often and, therefore to become more skilled at the job they are in) and of increases in employer training which occurred in most sectors between 2003 and 2005:

Table 10: Percentage of employers training in 2003 and 2005

	2003	2005
Engineering	60	68
Construction	47	55
Retail	51	61
Hospitality and Tourism	56	58
Financial Services	79	88
Social Care	87	85
Childcare		
Health	79	88

Source: NESS 2005

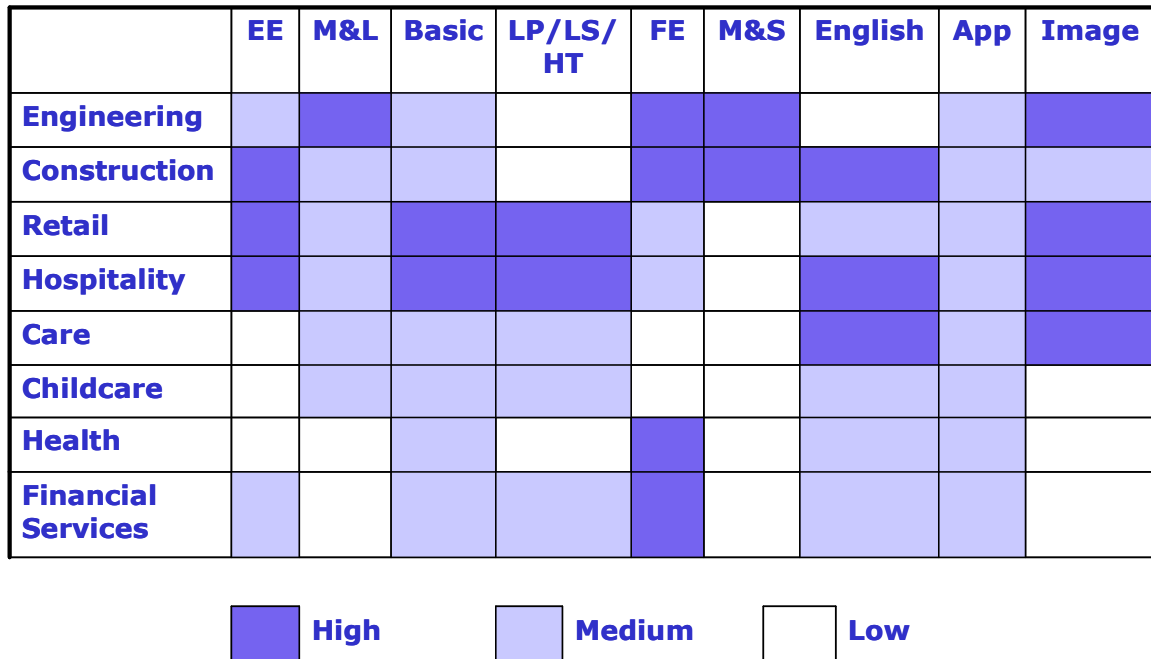
Skills issues

31. In analysing skills supply and demand into the eight priority sectors, a number of skills-related issues were apparent:
 - *Differential levels of employer engagement* both in workforce development and with external bodies concerned with sector skills development (such as the relevant SSC, the LSC, Colleges, and so on). This primarily concerns those sectors which are fragmented across many small independent businesses – the construction, retail and hospitality sectors – and was less significant for sectors, such as social care, childcare and health which have a significant public sector element.
 - *The quality of management and leadership* in the sector – this issue is, of course, one for most sectors but it is particularly critical in the engineering sector where global competition is particularly intense and business restructuring, the introduction of new technologies and processes, and product/market re-design are frequently demanded.
 - The problem of *low basic skills* – of literacy, numeracy and communication skills – is widespread but is particularly

obvious in low wage sectors such as retail and hospitality where poor standards undermine efficiency and customer service standards.

- Frequently, businesses in these sectors (as to some extent do care homes) operate to a *low pay/low skill/high labour turnover* business model because of competitive and other pressures.
 - Businesses in several sectors are concerned about *the flexibility and responsiveness of Further Education*. Broadly, they tend to believe that FE Colleges are not sufficiently attuned to their needs – offering ‘generic’ courses aimed at particular qualifications and unable to deliver the short, more company-specific training they want. (Of course, Colleges debate this, pointing out that their principal role is, indeed, to do the former, and that more focussed job-specific training is an employer responsibility).
 - Businesses in the engineering and construction sectors, particularly, are concerned that *science and maths education* in schools does not generate enough young people with the basis for further training at technical and graduate level in civil and mechanical engineering. Allied to this, doubts are frequently expressed as to the quality and commitment of young people entering the *Apprenticeship programme*, and more widely, there are concerns about rates of completion and achievement on the programme.
 - As noted above, a specific issue concerns the availability of provision to develop the *English language skills of in-migrant workers*.
 - And finally, many sectors are concerned that their industry is not presented positively enough by schools and careers services – that too many young people have a *poor or wrong image* of the quality of employment and of progression opportunities in the sector.
32. These various issues and the degree to which they affect different sectors are shown graphically below. Of course, their intensity varies, and the ‘high’, ‘medium’, and ‘low’ impact assessments are somewhat impressionistic:

Figure 1: Skills issues; their impact on priority sectors



EE = Employer engagement; M&L = Management and leadership; Basic = literacy, numeracy, and communication skills; LP/LS/HT = Low pay/low skill/high turnover equilibrium; M&S = the quality of maths and science education; English = English for in-migrants; App = Quality of Apprenticeship; Image = Poor sector image

Tackling the issues

33. It is evident from previous analyses, that some labour market characteristics are moving in the right direction. For a variety of reasons, skills deficiencies have become less frequent. Employer training appears to be becoming more frequent and other indicators of good Human Resource Development practices (such as performance appraisals and development of training plans for staff) are also positive.

34. The LSCs broad priorities for 2007/2008 indicate that it recognises, on a national scale, the kind of issues identified in respect of eight priority sectors in Bournemouth, Dorset, Poole, and Somerset:
 - Better quality and choice of learning for young people.
 - Higher skill levels in the adult workforce.
 - Need for a 'world class' system of Further Education.
 - Requirement to make a strong contribution to regional and local economic development.

35. However, further progress will not be made solely by the LSC. Clearly, the LSC's partners – the relevant SSCs, training providers, employers, and the schools and Higher Education sectors – will also have to act if the issues raised above are to be successfully addressed in the foreseeable future.

36. In summary, therefore, some of the key relationships between skills problems for the priority sectors and some of the 'players' who need to be involved in their solutions are identified in a table below:

Table 11: Sector skills problems and key players in their solutions

The issue or problem	Key players in the solution
Poor levels of employer engagement in workforce development	<ul style="list-style-type: none"> • SSC articulates sector needs • Contracted brokers identify suitable businesses for support • LSC funds via Train to Gain • Employers commit themselves to higher levels of investment in skills development
Insufficient management and leadership skills	<ul style="list-style-type: none"> • Employers acknowledge deficits • HE and other providers deliver leadership and management training
Poor basic and generic skills	<ul style="list-style-type: none"> • Employers acknowledge deficits • LSC supports development via Skills for Life funds • FE Colleges and other providers deliver good quality training
Low pay/low skill/high turnover equilibrium	<ul style="list-style-type: none"> • Business advisors (including Business Link) and skills brokers work with businesses to break the 'low skill equilibrium' business model and encourage higher added value delivery of goods and services
Insufficient flexibility and responsiveness of FE	<ul style="list-style-type: none"> • SSCs and employers articulate what they actually want from FE • LSC funding follows employer demand • Colleges show the necessary adaptivity
Poor quality of maths and science education	<ul style="list-style-type: none"> • Changes to the national curriculum and return to single-subject sciences • More investment by schools in their maths and science departments
Better quality of Apprenticeship	<ul style="list-style-type: none"> • LSC, employers and providers work together to raise standard of placements, improve fit between trainees and placements, and raise levels of monitoring and mentoring
More provision for English for in-migrants	<ul style="list-style-type: none"> • LSC and providers work together to ensure provision is adequate and adequately marketed
Poor sector image	<ul style="list-style-type: none"> • Where the problem <i>is</i> the image and not the reality, employers and the SSCs work with schools and other advisors to generate greater accuracy of representation.