

# Summary Strategic Analysis



Leading learning and skills

2008/09 planning round for delivery in 2009/10

October 2008

## Enabling the System to Deliver

The Secretaries of State of the Department for Innovation, Universities and Skills [DIUS] and Department for Children, Schools and Families [DCSF], announced the Machinery of Government [MoG] changes in their publication Enabling the System to Deliver in March 2007. The starting point for these reforms is the ambition to raise the education participation age and deliver better outcomes for all young people, an ambition which has been at the heart of the Every Child Matters agenda and which was emphasised again in the recent Children's Plan.

The reforms provide an opportunity to bring together in one place responsibility for the outcomes and achievement of all young people aged 0-19. The reforms build on the existing role and expertise of local authorities as commissioners of a wide range of services which will help support pre-19 education and training.

From 2010 subject to legislation], local authorities will have a statutory duty to provide learning places for pre-19 year olds. Local Authorities will be supported in this by a new Non Departmental Public Body, the Young People's Learning Agency [YPLA]

The future commissioning process requires local authorities to work together to develop and agree plans in sub regional groupings. Commissioning decisions need to be made collectively to ensure that the decisions of one LA do not adversely impact on another and ensure purchasing decisions provide the best value for money, promote provider stability and provide the highest quality and choice of provision for the learner. Regional Planning Groups of LAs and key partners will agree the plans of the sub-regional groupings; ensuring coherence regionally.

A two stage, Government Office led, process has seen initial sub regional groupings outlined, with DCSF feedback due to be given by November 2008. Comprehensive proposals submitted as 'ready' between November 2008 and February 2009, with feedback given by March 2009.

For adults and employers there will be a new Skills Funding Agency [SFA], which will oversee the distribution of funds to the sector and manage the performance of FE colleges. The Agency will also house the National Apprenticeship Service [NAS], the National Employer Service, and the Adult Careers and Advancement Agency. As has already been announced, the Train to Gain brokerage service will transfer to Regional Development Agencies in April 2009.

Meanwhile, the LSC continues to have a statutory role in post-19, and must continue to focus on expanding the Train to Gain programme, and to tackle adult basic skills, including securing closer integration between skills and employment, and ensuring that a wide range of engagement/progression routes are available to support economic and social inclusion. A blueprint of the future post 19 delivery will be made available in the Autumn 2008.

## **1. THE REGIONAL ECONOMY**

### **1.1 Overview.**

1.1.1 The South West is home to over 5 million people with a working age population of just over 3 million. A fast-growing and dynamic economy, the region has been the second fastest growing region in the UK during the past five years. In 2006, the South West's economy was estimated to be worth £90 billion, equivalent to 9.3% of English total; a share which has grown since the early 1990s.

1.1.2 However, perhaps one of the most significant underlying themes of this analysis is that the overall positive regional picture disguises considerable intra-regional diversity.

1.1.3 In the short term, a mixture of commodity-led inflation and tightening credit is starting [at time of writing] to have an adverse effect on labour market conditions, although the duration and intensity of any future down-turn are unknowable.

### **1.2 The population.**

1.2.1 It is predicted that over next five years, the number of 15 to 19 year olds living in the region will drop by around three thousand [or 1%] per year.

1.2.2 Over the same period of time, it is predicted that the working age adult population will grow by 20,000 [or 1%] per year. This may mean that more target-bearing provision will be required to maintain and accelerate progress towards adult achievement targets.

1.2.3 The post-retirement age population is forecast to reduce by 27,000 [or 2%] per year.

1.2.4 A remarkably large proportion of the SW's adult population growth is driven by immigration, much of it international.

### **1.3 The region's industries.**

1.3.1 The region's employment is distributed across an industrial structure which is very similar to that of the national economy.

1.3.2 Whilst the economy is dominated by the service sector, manufacturing nevertheless continues to provide 1 in 8 of all jobs even though the sector has declined by over 40,000 jobs over the last decade.

1.3.3 Some sectors that are remarkable for their size or that are otherwise strategically significant to the regional economy are noteworthy for the small

numbers of people starting LSC-funded learning that they generate. Examples are Financial services, Logistics and Retail.

1.3.4 Conversely, other sectors which are modest in employment terms are over-represented in LSC provision compared to their share of regional employment. Examples are employers from the e-skills and SkillsActive SSC footprints.

1.3.5 It is expected that the advent of sector compacts will result in LSC's employer-related provision becoming more balanced than it has been in the past.

#### **1.4 Employer demand.**

1.4.1 The best determinant of employer training behaviour remains the industry to which employers belong.

1.4.2 A larger proportion of employers are training their staff, although a smaller proportion are using Further Education colleges to do so. Amongst those employers which do use colleges, satisfaction is increasing.

1.4.3 The proportion of employers reporting skills shortage vacancies is static. The region's skills shortage vacancies are most commonly attributed to lack of skills, qualifications and work experience, and are concentrated in intermediately-skilled occupations.

1.4.4 A quarter of employers think 17 & 18 year olds are ill-prepared for work. There is a decline in the proportion of employers recruiting recent graduates, the South West being an exception to the national trend in this respect. Graduates remain the category of young people which are most likely to be thought well-prepared for work by employers.

1.4.5 The proportion of employers reporting that their existing staff are not fully competent remains static. These skills gaps are most commonly attributed to staff being inexperienced or recently recruited.

#### **1.5 Links with the Regional Economic Strategy.**

1.5.1 The Train to Gain service continues to develop in the region, with the network of providers delivering this activity nearly tripling. This has allowed very large growth in the number of employers and businesses benefiting from the programme.

1.5.2 The number of learner starts and the number of Level 2 achievements increased by 42% and 75%, respectively between 2006/07 and 2007/08, both faster rates than the national average.

1.5.3 Attempts to promote and develop the apprenticeship offer have allowed the number of learners starting the programme to grow by almost 18% in the last two years. Investment in quality improvement has increased success rates and it is expected that the number of achievements in 2007/8 will exceed 13,000 once all delivery has been recorded.

1.5.4 Apprenticeship success rates are rising fast, from 42% in 2004/05 to 64% in 2007/08<sup>1</sup>

1.5.5 It is important to note that for Leitch targets to be achieved, a stretching rate of increase in the number of apprenticeship starts will be required.

1.5.6 Between 2004/05 and 2006/07 the numbers of Skills for Life learners achieving qualifications has risen by over a third and in total more than 190,000 skills for life qualifications have been achieved.

## **1.6 Links with City Strategies.**

1.6.1 Bristol is the only city region in the South West region. Its city strategy is in draft. All the learning and skills targets included are likely to be closely aligned with LSC's operational and / or strategic targets.

## **2. 14-19 DEVELOPMENTS.**

### **2.1 School sixth forms.**

2.1.1 Between 2004/05 and 2007/08, total participation in the region's school sixth forms<sup>2</sup> rose by 2,600 [or 7%], to stand at 39,900.

### **2.2 Further Education colleges.**

2.2.1 Between 2004/05 and 2006/07, the number of people aged 16-18 who were at further education colleges rose by 2,100 [or 3%]

2.2.2 The greatest volume and rate of growth was in level 3 provision, which grew by 2,600 [or 7%].

2.2.3 There is considerable in-region variation in overall success rates for young people at Further Education colleges They are higher and increasing faster than the regional average in Torbay, Bristol and South Gloucestershire. They are lower and increasing more slowly in Bath & North East Somerset, Poole and Swindon, although when only levels 2 and 3 are considered, there is an upward trend in each of these areas.

### **2.3 Offender learning and skills.**

2.3.1 Portland is the only Young Offenders Institution in the region in which LSC funds learning and skills for offenders.

2.3.2 In 2007/08, 44,000 teaching hours were delivered to an operational capacity of 579. 42% of these teaching hours were devoted to vocational subjects, 39% to personal and social subjects and 19% to Skills for Life.

2.3.3 Almost 4,000 qualifications were achieved.

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<sup>1</sup> Part year.

<sup>2</sup> Excluding independent schools and academies.

## **2.4 Learners with learning difficulties or disabilities.**

2.4.1 The South West is the LSC region with the largest number [over 500] of LSC-funded learners with learning difficulties or disabilities. A greater proportion of the 16-24 cohort falls into the LLDD category in the South West than any other region.

2.4.2 The South West was also the region with the fastest rate of growth in the number of learners with learning difficulties or disabilities of all regions between 2005/06 and 2007/08 [+39%, compared to +13% nationally].

2.4.3 Four local authority areas [Somerset, Devon, Gloucestershire, Wiltshire] account for half of learners with learning difficulties or disabilities.

2.4.4 The South West is the LSC region with the highest LLDD cost outside London, and with the fastest growing LLDD cost.

## **2.5 Education Maintenance Allowance.**

2.5.1 The proportion of young people taking-up<sup>3</sup> EMAs is below the national average, although it is greater than that for the Eastern & South East regions, which are the best regional comparators in this case.

2.5.2 The South West recorded the slowest rate of increase in EMA take-up of all regions.

## **2.6 Diplomas**

2.6.1 The delivery of 21 Diploma lines of learning is due to start in the South West in 2008, with all other currently-identified lines starting in 2009.

2.6.2 Diploma delivery commences in 10 of the region's Local Authority areas in 2008.

2.6.3 Around 2,100 places are currently expected to be available in 2008, with a It is initially planned that half of provision will be at level 2, one third at level 1 and the remainder at level 3.

2.6.4 11 consortia will be involved in Diploma delivery in 2008, with the number of places on offer ranging from 29 - 704.

## **2.7 Young people not in education, employment or training.**

2.7.1 There are around 8,100 NEETs in the region, or 5.6% of the 16-18 year old cohort. This proportion is smaller than the national average of 7.1% and the region has the lowest percentage of people classed as NEET in England.

2.7.2 A further 4,800 young people are in destinations 'not known', equivalent to 3.3%. This figure is also below the national average.

2.7.3 The past six months have not seen any significant fall in the number of NEETs in the South West.

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<sup>3</sup> It is important to note that reliable data about the number of young people who come from households with a sufficiently small income to qualify for EMAs is not available.

2.7.4 The South West is ranked 7th out of 9 regions in terms of recent progress in reducing NEETs.

2.7.5 Targets for NEET reduction will not be met in a significant minority of Local Authority areas in the region unless local progress accelerates.

2.7.6 14% of the region's 16-18 year olds are in employment [excluding government-supported training]. Only one region has a larger proportion than the South West. Four out of five of this group are in jobs without training, with this proportion remaining static over time. As would be expected in a region as diverse as the South West, there is great in-region variation in the proportion of young people in jobs without training, with Somerset having half the proportion found in Bournemouth.

## **2.8 September guarantee**

2.8.1 In 2007, the September Guarantee in the South West was met for over 91% of young people leaving year 11, compared to an England average of 88%

2.8.2 The category 'offer refused or Offer not appropriate at this time' accounted for 6% of the cohort. The majority of this group were young people who had elected to take up or seek employment rather than a place in post-16 learning.

## **3. APPRENTICESHIP GROWTH**

### **3.1 Current provision<sup>4</sup>**

3.1.1 Over 22,000 people started apprenticeships in the SW region during 2007/08. This figure increased by 3,100 [or 16%] since 2004/05.

3.1.2 Seven apprenticeship starts out of ten were at level 2, this proportion having fallen slightly in recent years. There is some evidence of unmet employer demand for vocational level 3 skills.

3.1.3 Around a quarter of the regional's local authority areas account for around a half of starts [whilst having only 40% of the population] These are:

- Devon 15%
- Dorset 13%
- Cornwall 13%
- Wiltshire 10%

3.1.4 There is a wide range of growth rates in the region, with Dorset and North Somerset both recording growth rates of 25% or greater over the four years in question, whereas Poole recorded a slight reduction over the same period.

3.1.5 The 10% increase in Apprenticeship starts has been driven by growth in the 19-24 age group, and latterly, in the 25+ group.

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<sup>4</sup> All geographic information based on the area in which apprentices live, unless otherwise stated.

3.1.6 Four sector subject areas<sup>5</sup> account for three quarters of starts. These are:  
Retail & Commercial Enterprise 24%  
Engineering & Manufacturing Technology 21%  
Business Administration & Law 16%  
Health, Public Services & Care 13%.

3.1.7 Other sector subject areas account for much smaller proportions, e.g., Agriculture, Horticulture & Animal Care, Leisure, Travel & Tourism, both 3%

3.1.8 Half of apprenticeship provision in the South West is managed from outside the region.

3.1.9 Between a third and a half of starts in the region's two largest second tier sector subject areas [Engineering and Construction] are managed by the National Employer Service.

### **3.2 Entry to employment.**

3.2.1 The total number of young people from the region starting the programme fell by around 500 [or 12%] between 2004/05 and 2006/07.

3.2.2 Over the same timescale, the proportion of participants who progressed to further training or employment fell by 3.5%.

### **3.3 Train to Gain and Apprenticeships.**

3.3.1 Because of the stretching targets associated with both Apprenticeships and Train to Gain, it is desirable that as many young people as possible use the Train to Gain service as a means to start apprenticeships.

3.3.2 The South West is the region with the third smallest proportion of young people undertaking Level 2 doing so through NVQs via Train to Gain, [with 47% of 19 to 24 year old vocational learners undertaking apprenticeships compared to just 9.4% undertaking Level 2 NVQs through Train to Gain]. This suggests that any issues of balance between apprenticeships and NVQ provision for 19 to 24 year old learners are less acute than in other regions.

3.3.2 Apprenticeship take-up is particularly strong in comparison to NVQ Level 2s in Administration, Hospitality and Catering, Transport, Operations and Maintenance, Retailing and Wholesaling, Engineering and the 'Other' sectors. However, learners are significantly more likely to choose the NVQ route in Construction, Health and Social Care and Manufacturing sectors.

## **4. SKILLS**

### **4.1 Further education for adults.**

4.1.1 Total adult further education participation fell by 45% between 2004/05 and 2006/07. This trend was the same as the national one, although the rate of reduction was somewhat faster. The greatest volume of reduction was sub-level 2

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<sup>5</sup> First tier

[-61%], in line with policy aimed at reducing state support for statutory, short and non-accredited courses, transferring the responsibility to pay for such courses to individuals and employers. There was marked in-region variation in this change.

4.1.2 This change freed £30m to be spent on LSC's priorities.

4.1.3 Adult success rates vary over the region, with South Gloucestershire, Torbay and Swindon having rates which are above, and growing faster than the regional average. Adult success rates in Plymouth, North Somerset and Poole are below the regional average and are rising at a slower rate. If provision other than that at levels 2 and 3 is excluded, Plymouth shows an increasing adult success rate.

4.1.4 A decrease in success rate has only been observed for the adults on sub-level 2 provision.

#### **4.2 The adult safeguard.**

4.2.1 There were 91,000 LSC-funded enrolments on Adult [aged 20+] & Community Learning courses in SW in 2006/07.

4.2.2 Whilst LSC-funded Adult and Community Learning provision is not intended to contribute towards LSC's targets, a small proportion actually did so.

#### **4.3 Train to Gain.**

4.3.1 The region's total of learners starting on Train to Gain related courses grew by 42% between 2006/07 and 2007/08 – a faster rate than the national average.

4.3.2 The regional total of people achieving qualifications through Train to Gain grew by 57%, compared to 39% nationally.

4.3.3 Employer satisfaction with Train to Gain brokers in the South West is high, with eight out of ten employers satisfied. This proportion is higher than the national average.

#### **4.4 The skills pledge.**

4.4.1 Over 400 employers across the region have made the Pledge by signing a Statement of Intent.

4.4.2 Around 180,000 employees in the region are covered by the Skills Pledge.

4.4.3 A further 500 employers in the region continue to express interest in the Pledge.

#### **4.5 Offender Learning Service.**

4.5.1 Skills for Life achievements account for 18% of all qualifications achieved by adult offenders in LSC-funded provision in the region, with approximately 62% at Levels 1 and 2.

4.5.2 Achievement rates in the region for adult offenders on Skills for Life courses are at the national average. Achievement rates in the region for non-Skills for Life programmes are slightly higher than the national average.

## **4.6 Skills for Life.**

4.6.1 The total number of people participation on Skills for Life courses rose by 7,900 [or 29%] between 2004/05 and 2006/07.

4.6.2 The fastest rate of rise was in English for Speakers of Other Languages [+47%] and the fastest volume in Literacy [3,900].

4.6.3 It is estimated that over 400,000 adults in the region lack level 1 literacy skills, and over 600,000 lack entry level 3 numeracy skills.

## **5. PUBLIC SERVICE AGREEMENT TARGETS.**

### **5.1 Young people.**

5.1.1 Young people not in education, employment or training.

The proportion of young people who are NEET is smaller than the South West than the national average, and it is falling, albeit at a slower rate.

5.1.2 16 year olds qualified to level 2.

At 56%, the region's performance outstrips the national average slightly.

5.1.3 19 year olds qualified to level 2

At 76%, the region's performance outstrips the national average slightly. The region makes less progress with this measure between ages 16 and 19 than the national average.

5.1.4 19 year olds qualified to level 3

At 50%, the region's performance outstrips the national average slightly.

### **5.2 Adults.**

5.2.1 Skills for Life

As of 2006/07, the South West region had exceeded its target of adult learners achieving Skills for Life qualifications by 46%.

5.2.2 Adult level 2

At 73%, the region's proportion of adults qualified to level 2 or higher is above the national average and has been growing faster in recent years.

5.2.3 Adult level 3

At 52%, the region's proportion of adults qualified to level 3 or higher is above the national average and has been growing faster in recent years.

5.3 Apprenticeships

The region's apprenticeship success rates have increased by 22% in the last three years and need to increase only by a further one percentage point over the next year to meet the national target of 65%

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