

HEART OF THE SOUTH WEST

LMI SUMMARY



UKCES

UK COMMISSION FOR
EMPLOYMENT AND SKILLS

ABOUT

This document provides a summary of key findings for the Heart of the South West LEP area, based on findings from three major UKCES research products: Working Futures, the Employer Skills Survey (ESS) and the Employer Perspectives Survey (EPS).

Throughout the document, findings for the LEP area are compared with England or the UK as a whole.

For ESS and EPS differences are only reported when they are statistically significant; when figures are described as 'similar' or 'no different', this means that there is no statistically significant difference. Whilst the percentages may differ slightly between the figure for the LEP area and England/the UK, when we say 'similar' it means that we cannot be confident that the difference is due to anything more than chance. In the case of Working Futures statistical significance is a more complex issue, since the analysis is forward-looking. The published guidelines relating to the interpretation of this dataset have been followed.



Working Futures

Working Futures uses robust sources of national data on demographics, education, employment and the economy to make projections of the UK labour market. Whilst not a crystal-ball, Working Futures moves beyond anecdotal guesses to provide rigorous, evidence-based projections through the application of proven models.



Employer Skills Survey

The Employer Skills Survey is the UK's definitive source of intelligence on employer investment. Exploring the skills challenges that employers face, the levels and nature of training investment, recruitment of young people and the relationship between skills challenges and business strategy, the ESS gives us a reliable, timely and valuable insight into the skills issues employers face.



Employer Perspectives Survey

The Employer Perspectives Survey provides insights into the thoughts and behaviour of UK Employers as they make decisions about how to engage with training providers, schools, colleges and individuals in the wider skills system, to get the skills they need.

WORKING FUTURES

2012 - 2022

Jobs and the economy

- The overall picture for the UK economy over the next decade (2012-2022) is one of gradual upturn, but with no quick return to long term trends as observed following previous recessions.
- Overall, the number of jobs in the Heart of the South West LEP area is projected to rise by around 46,000 over the next decade (2012-2022), an average annual rate of growth of 0.6 per cent. This is the same as the projected UK average growth rate.

Sectors

- The sector profile of the LEP area is broadly similar to the UK as a whole. However, the Heart of the South West area is somewhat “over-represented”, relative to the UK, in the accommodation and food sector, health and social work, and in agriculture. It is “under-represented” in professional and support services, and in finance and insurance.
- Private sector services as a whole are expected to contribute around 78 per cent of net job growth in the LEP area between 2012 and 2022, slightly lower than the UK average of 85 per cent.
- The leading sources of employment growth in the Heart of the South West area (in absolute terms) are forecast to be health and social work (+15,000), construction (+11,000) and professional services (+9,000).
- Public administration is projected to see a net decline in its level of employment between 2012 and 2022 in the LEP area (loss of 4,000 jobs, equivalent to a fall of 9 per cent); this decline is in line with the overall UK picture. A decline in agriculture is also projected in the LEP area (loss of 5,000 jobs, equivalent to a fall of 19 per cent).
- Manufacturing is projected to see a continued decline in jobs (with a loss of 4,000 jobs – the equivalent of a fall of 5 per cent - over the decade in the LEP area). This decline is somewhat lower than for the UK as a whole (-9 per cent).

Occupations

- The LEP area has a slightly lower representation of employment in higher skilled occupations, compared with the UK as a whole. In the Heart of the South West area, 40 per cent of employment is in the three high skilled occupational groups: managers, professionals and associate professionals. This compares with a UK average of 43 per cent. The difference is partly the result of a much higher figure in London (57 per cent).
- The proportion of employment in the three lowest-skilled occupations is in line with the UK average. In the LEP area, 25 per cent of employment is in sales or customer service, plant/process operatives and elementary roles, the same as the UK average.
- The proportion employed in middle-ranking occupations is slightly higher than the UK average: jobs in administrative, skilled trades and caring/leisure roles account for 34 per cent of employment in the LEP area, compared with 32 per cent in the UK.
- As with the wider UK picture, we expect to see job growth concentrated in higher level roles, as well as in lower level roles relating to care. The projections for the LEP area are for:
 - 56,000 additional high level jobs (for managers, professionals and associate professionals), with around half of these in professional roles. Higher skilled jobs are expected to grow at the same rate as the UK as a whole (17 per cent over the course of the decade).
 - 20,000 fewer jobs in middle ranking administrative, secretarial and skilled trades occupations. Nevertheless, these areas of decline are expected to remain significant sources of employment by the end of the decade. For example, there are still expected to be around 76,000 administrative and secretarial jobs in 2022 in the LEP area, despite the loss of around 13,000 jobs in the previous decade.

- Around 20,000 additional jobs in caring or leisure roles.
- Women are expected to take around two-thirds of the additional high level jobs created in the LEP area over the decade, as well as most of the additional jobs in caring roles. However, female workers will be hit by the losses noted above in sales, administrative and elementary jobs.

Qualifications

- As a result of supply and demand factors, the qualification profile of employment is expected to shift markedly in the LEP area:
 - The proportion of jobs held by people qualified at a higher level (level 4 and above) is projected to increase from 38 per cent to 47 per cent between 2012 and 2022.
 - Workers with low qualifications (below level 2) are expected to decline from 18 per cent to 12 per cent of the total workforce over this period.

Replacement Demands

- We estimate that replacement demands (i.e. job openings created by people leaving the labour force temporarily or permanently) will contribute around seven times as many job openings as net job growth over the next decade: 323,000 openings compared with 46,000.
- Replacement demands mean that there will be a need to recruit suitably skilled people across all broad occupational groups, including those projected to decline:
 - For some occupational groups (mostly higher skilled ones), we expect to see strong net growth in the number of jobs, supplemented by large replacement demands. For example, net growth of 29,000 jobs in professional roles is projected to be supplemented by 62,000 job openings arising from replacement demands.
 - For those occupational areas in which we expect to see a net decline in the number of jobs, replacement demands mean that we can still expect a strong supply of job openings. For example, in administrative roles, it is projected that a net loss of around 5,000 jobs will be more than offset by 28,000 job openings resulting from replacement demands.

EMPLOYER SKILLS SURVEY

2013

Skill shortages

- In total, 14 per cent of employers in the Heart of the South West LEP area reported vacancies at the time of the survey (March to July 2013). This is similar to the proportion in England as a whole (15 per cent).
- While in most cases demand for skills is met through successful recruitment, one in five vacancies in the LEP area (20 per cent) are reported to be hard-to-fill. This is one of the lowest figures in England, and is much lower than the England average of 28 per cent; another LEP in the South West, Swindon and Wiltshire, also has a low figure.
- When asked (without prompting) about the main reasons for hard-to-fill vacancies in their establishment, a shortage of suitably skilled workers is seen as the main reason in the Heart of the South West area, reflecting the England-wide picture. Employers in the LEP area also felt that applicants were lacking in relevant work experience, qualifications and the required attitude or motivation for the types of job on offer.
- Overall, 'skill-shortage' vacancies represent 14 per cent of all vacancies in the LEP area, much lower than the England-wide figure of 22 per cent. Again, this is one of the lowest figures anywhere in England, with a low figure also seen in the Swindon and Wiltshire LEP area.

Skill gaps

- Most employers say that they have a proficient workforce with no skill gaps. The proportion reporting skills gaps is similar in the LEP area as in England as a whole: 14 per cent compared with 15 per cent. This represents five per cent of the total workforce in the Heart of the South West area, the same as the figure for the whole of England.
- In most cases, proficiency problems are due at least in part to employees being new in their roles and/or still in training for their roles. These factors account at least in part for 63 per cent of all skills gaps in the LEP area, lower than in England as a whole (75 per cent). In addition, employers in the LEP area also attribute skills gaps to staff lacking motivation (42%, similar to the England-wide figure of 41%).
- In the Heart of the South West area, and in England more widely, the main impact of proficiency problems is an increased workload for other staff.
- In the LEP area, (internal) skills gaps are most prominent in low-skilled jobs, specifically among machine operatives and in elementary jobs, while the greatest density of (external) skill shortages are among staff in skilled trades. This reflects the picture for England as a whole: (internal) skills gaps are also focused on elementary staff as well as sales and customer services, with skill shortages most acute for skilled trades.
- In general, employers tend to be challenged either in terms of having inadequate skills among some of their existing workforce or struggling to find new recruits with the skills that the vacant positions require. It is very rare for employers to be challenged from both directions; just one per cent of all employers experience both skill-shortage vacancies and skills gaps; this proportion is the same in the LEP area as in England as a whole.
- Just over two in five employers in the LEP area (43 per cent) report skills under-use (i.e. they have staff who are over-skilled and over-qualified for the jobs that they are currently doing); this is lower than the England-wide figure of 47 per cent.

Training and Workforce Development

- Most employers fund or arrange training for their staff: in the LEP area, more than two-thirds had done so over the previous 12 months (70 per cent); this is higher than the England-wide figure (66 per cent).

- Half of employers in the Heart of the South West area provide off-the-job training (49 per cent), similar to the England-wide average figure (48 per cent). However, a greater proportion of employers in the LEP area offer on-the-job training only (22 per cent compared with 17 per cent in England as a whole).
- The number of staff receiving training in the LEP area (63%) is in line with England generally (62 per cent). The number of days training is also consistent with the national picture. In the LEP area, each person trained received an average of 6.7 days training over the previous 12 months, the same as the average for England.
- While most employers could be described as being in 'training equilibrium' having been able to provide all the training that they wanted over the previous 12 months, two-fifths of all employers in the LEP area (40 per cent, including non-trainers that had not delivered any) wanted to provide more training than they had been able to do. This is slightly lower than the proportion in England as a whole (42 per cent).

Recruitment of Young People

- A quarter of employers in the LEP area (25 per cent) recruited at least one education leaver in the two to three years preceding the survey, slightly lower than the England-wide figure (27 per cent). Specifically:
 - Eight per cent had recruited a 16 year-old school leaver (the same as the England average);
 - 10 per cent had recruited a 17-18 year old school leaver (in line with the England figure of 11 per cent);
 - 14 per cent had recruited a 17-18 year old college leaver (higher than the England-wide figure of 12 per cent);
 - Nine per cent had recruited someone from a university or HEI (lower than the England figure of 14 per cent).

High Performance Working practices and Product Market Strategies

- High Performance Working (HPW) is defined by the UK Commission as 'a general approach to managing organisations that aims to stimulate more effective employee involvement and commitment in order to achieve high levels of performance' (UKCES 2009).
- The survey identifies a minority of employers – 11 per cent in the LEP area – who are "HPW employers" in the sense that they adopt a number of HPW practices. This is similar to the proportion in England as a whole (12 per cent).
- Product Market Strategies (PMS) are defined within the survey by aggregating responses to a series of questions exploring pricing strategies, approaches to innovation and the nature of the product market (the extent to which the market attracts a "premium" and the extent of customisation of products and services in the market).
- Aggregating these responses classifies almost half (45 per cent) of private sector employers in the Heart of the South West area as having a high or very high product market strategy, indicating that their competitive success is not dependent on price, they pursue innovation, they compete on quality and/or that they offer customised goods or services. This is the same as the proportion in England as a whole.

EMPLOYER PERSPECTIVES SURVEY

2014

Employer Perspectives on Recruitment

- Around two-fifths (41 per cent) of employers in the Heart of the South West LEP area recorded at least one vacancy in the 12 months preceding the survey. This is lower than the proportion across England as a whole (50 per cent).
- Relevant work experience was rated by more than half of recruiting employers in the Heart of the South West area (59 per cent) as being a critical or significant factor looked for in candidates. Core Maths and English skills followed next, rated as critical or significant by 51 per cent of recruiting employers. Just under half of recruiting employers rated vocational qualifications as critical or significant (47 per cent), although only two in five (40 per cent) said this about academic qualifications. These priorities broadly reflect the wider picture across England, although academic qualifications are less likely to be seen as important in the LEP area than in England as a whole (where they are equal in importance to vocational qualifications). Over time, the survey as a whole has seen an increasing importance placed on both academic and vocational qualifications by recruiting employers.
- Overall, 23 per cent of employers in the Heart of the South West area had taken on someone under the age of 25 in the previous 12 months (lower than the England-wide figure of 31 per cent). On the other hand, one in eight employers had taken on someone aged 50 years or older (12 per cent – in line with the figure of 13 per cent in England as a whole).

Employer Perspectives on Work Experience

- More than a third of employers in the LEP area (37 per cent) had provided individuals with work placements in the previous 12 months (similar to the England-wide figure), while 11 per cent had conducted ‘work inspiration’ activities with people in education (such as mock interviews, delivering talks and holding site visits for students); this is lower than average figure across England (18 per cent).
- EPS 2014 canvassed employers’ awareness of Traineeships and found that around two-thirds of employers in the Heart of the South West area (67 per cent) had heard of the scheme, similar to the figure for England. However, the survey as a whole indicates that many of these employers had limited knowledge of the scheme.

Employer Perspectives on People Development

- A considerable proportion of employers in the Heart of the South West area use external providers to deliver training (42 per cent), although internal training provision is more common (57 per cent). These are similar to the England-wide figures.
- Employers most commonly look to private providers (private sector training firms or third sector providers) when they are looking outside of their own organisation to deliver training: 39 per cent of all employers in the LEP area engaged the services of private providers (in line with the England-wide figure of 41%), while only ten per cent used FE Colleges and five per cent HEIs (again similar to the figures seen in England generally). The survey as a whole indicates that the gap between use of private and public provision has widened in recent years.
- A quarter of establishments in the Heart of the South West area (25 per cent) offered training that is designed to lead to a vocational qualification (similar to the figure for the whole of England – 26 per cent).
- Around one in five employers in the LEP area (18 per cent) had worked with other employers to access, develop or share expertise on skills and training. This is in line with the proportion for England as a whole (17 per cent). In general, the survey found that the nature of these relationships was equally likely to be formal or informal/ad hoc.
- Almost a third of establishments in the Heart of the South West area (29 per cent) had sought external information, advice or other practical help on skills and training-related issues in the last 12 months. This is similar to the England-wide figure (27 per cent).

- National Occupational Standards (NOS) specify the standard of performance an individual must achieve when carrying out a function in the workplace, together with the knowledge and understanding they need to meet that standard consistently. Broadly speaking, there was some awareness of the standards: around two in five employers in the LEP area (42 per cent) had heard of National Occupational Standards; this is broadly in line with the proportion in England generally (39 per cent).

Employer Perspectives on Apprenticeships

- One in six employers in the LEP area (17 per cent) offered formal Apprenticeships (following a framework and designed to lead to a nationally recognised qualification), similar to the England-wide figure of 15 per cent.
- At the time of the survey, more than a third of all employers in the Heart of the South West LEP area were expecting to offer formal Apprenticeships in the future (37 per cent, broadly in line with the figure of 35 per cent for England as a whole).



A top-down view of a meeting around a wooden table. Several people are seated around the table, their hands and arms visible. The table is covered with various documents, including a large pie chart with three segments (green, blue, and dark blue), a line graph, and a bar chart. A laptop is open on the right side of the table. There are also several coffee cups and glasses on the table. A large red diamond shape is overlaid in the center of the image, containing the text 'UK Commission for Employment and Skills (UKCES)' and the website 'www.gov.uk/ukces'.

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