

SOUTH EAST

LMI SUMMARY



ABOUT

This document provides a summary of key findings for the South East 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 South East LEP area is projected to rise by around 111,000 over the next decade (2012-2022), an average annual rate of growth of 0.6 per cent. This is the same as the UK average rate.

Sectors

- The sector profile of the LEP area is similar to the UK as a whole. However, the South East area is somewhat “over-represented”, relative to the UK, in wholesale and retail trades, education and construction. It is “under-represented” in information technology and in professional and support services.
- Private sector services as a whole are expected to contribute around 86 per cent of net job growth in the LEP area between 2012 and 2022, similar to the UK average of 85 per cent.
- The leading sources of employment growth in the South East area (in absolute terms) are forecast to be construction (+29,000), health and social work (+21,000), professional services (+18,000), and wholesale and retail trades (+15,000).
- Manufacturing is projected to see a continued decline in jobs (with a loss of 12,000 jobs – the equivalent of a fall of 11 per cent - over the decade in the LEP area). This decline is slightly greater than for the UK as a whole (-9 per cent).
- Public administration is projected to see a net decline in its level of employment between 2012 and 2022 in the LEP area (loss of 5,000 jobs, equivalent to a fall of 6 per cent); this decline is slightly lower than in the UK as a whole (-9 per cent).
- A decline in agriculture is also projected in the LEP area (loss of 5,000 jobs, equivalent to a fall of 22 per cent).

Occupations

- The South East LEP area has a similar representation of employment in higher skilled occupations, as in the UK as a whole. In the LEP area, 44 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 figure is much higher in London (57 per cent).
- The proportion of employment in the three lowest-skilled occupations is also in line with the UK average. In the LEP area, 24 per cent of employment is in sales or customer service, plant/process operatives and elementary roles, compared with a UK average of 25 per cent.
- The proportion employed in middle-ranking occupations is the same as the UK average: jobs in administrative, skilled trades and caring/leisure roles account for 32 per cent of employment in the LEP area and in the UK as a whole.
- 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:
 - 132,000 additional high level jobs (for managers, professionals and associate professionals), with almost 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).
 - 47,000 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 173,000 administrative and secretarial jobs in 2022 in the LEP area, despite the loss of around 35,000 jobs in the previous decade.
 - Around 42,000 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 40 per cent to 49 per cent between 2012 and 2022.
 - Workers with low qualifications (below level 2) are expected to decline from 19 per cent to 13 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 six times as many job openings as net job growth over the next decade: 692,000 openings compared with 111,000.
- 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 58,000 jobs in professional roles is projected to be supplemented by 135,000 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 13,000 jobs will be more than offset by 62,000 job openings resulting from replacement demands.

EMPLOYER SKILLS SURVEY

2013

Skill shortages

- In total, 15 per cent of employers in the South East LEP area reported vacancies at the time of the survey (March to July 2013). This is the same proportion as in England as a whole.
- While in most cases demand for skills is met through successful recruitment, a third of vacancies in the LEP area (33 per cent) are reported to be hard-to-fill. This is higher than the England average of 28 per cent.
- 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 South East area, reflecting the England-wide picture.
- Overall, 'skill-shortage' vacancies represent 24 per cent of all vacancies in the LEP area, similar to the England-wide figure of 22 per cent.

Skill gaps

- Most employers say that they have a proficient workforce with no skill gaps. However, the proportion reporting skills gaps is slightly higher in the LEP area than in England as a whole: 18 per cent compared with 15 per cent. This represents six per cent of the total workforce in the South East area, similar to the figure for the whole of England (five per cent).
- 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 76 per cent of all skills gaps in the LEP area, in line with the figure for England as a whole (75 per cent).
- In the South East 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 sales and customer service jobs, reflecting the picture for England as a whole. In the South East, the greatest density of (external) skill shortages is in the following types of job: managers; skilled trades; caring, leisure and other service staff; and machine operatives. Again, this broadly reflects the England-wide findings, although skill shortages in the South East are more likely to be focused on managers than in England generally.
- 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 two per cent of all employers in the LEP area experience both skill-shortage vacancies and skills gaps; this proportion is similar in England as a whole (one per cent).
- Just under half of employers in the LEP area (47 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 the same as the England-wide figure.

Training and Workforce Development

- Most employers fund or arrange training for their staff: in the LEP area, around two-thirds had done so over the previous 12 months (65 per cent); this is similar to the England-wide figure (66 per cent).
- Half of employers in the South East area provide off-the-job training (50 per cent), slightly higher than the England-wide figure of 48 per cent. In the LEP area, a smaller proportion of employers offer on-the-job training only (15 per cent compared with 17 per cent in England as a whole).
- The number of staff receiving training in the LEP area (60%) is slightly lower than in England generally (62 per cent). The number of days training is similar. In the LEP area, each person trained received an average of 6.8 days training over the previous 12 months, compared with 6.7 days on average in 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, over two-fifths of all employers in the LEP area (42 per cent, including non-trainers that had not delivered any) wanted to provide more training than they had been able to do. The proportion in England as a whole was the same.

Recruitment of Young People

- More than a quarter of employers in the LEP area (28 per cent) recruited at least one education leaver in the two to three years preceding the survey, similar to the England-wide figure (27 per cent). Specifically:
 - Nine per cent had recruited a 16 year-old school leaver (similar to the England average of eight per cent);
 - 13 per cent had recruited a 17-18 year old school leaver (higher than the England figure – 11 per cent);
 - 13 per cent had recruited a 17-18 year old college leaver (similar to the England-wide figure of 12 per cent);
 - 11 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 around two-fifths (41 per cent) of private sector employers in the South East 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 slightly lower than the proportion in England as a whole (45 per cent).

EMPLOYER PERSPECTIVES SURVEY 2014

Employer Perspectives on Recruitment

- Just under half (47 per cent) of employers in the South East LEP area recorded at least one vacancy in the 12 months preceding the survey. This is slightly lower than the proportion across England as a whole (50 per cent).
- Relevant work experience was rated by two-thirds of recruiting employers in the South East area (64 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 55 per cent of recruiting employers. More than half of recruiting employers rated vocational qualifications as critical or significant (53 per cent), while less than half (46 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, 31 per cent of employers in the South East area had taken on someone under the age of 25 in the previous 12 months (the same as the England-wide figure). On the other hand, one in seven employers had taken on someone aged 50 years or older (14 per cent – also the same as the figure for England as a whole).

Employer Perspectives on Work Experience

- Two in five employers in the LEP area (39 per cent) had provided individuals with work placements in the previous 12 months, while 16 per cent had conducted 'work inspiration' activities with people in education (such as mock interviews, delivering talks and holding site visits for students). These proportions are similar to the average figures across England.
- EPS 2014 canvassed employers' awareness of Traineeships and found that around two-thirds of employers in the South East 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 South East area use external providers to deliver training (48 per cent), although internal training provision is more common (57 per cent). The LEP figures for external and internal training 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: 43 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 eight per cent used FE Colleges and four 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.
- More than a quarter of establishments in the South East area (28 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.

- More than one in four establishments in the South East area (28 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 a third of all employers in the LEP area (41 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 seven employers in the LEP area (14 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, around a third of all employers in the South East LEP area were expecting to offer formal Apprenticeships in the future (31 per cent); this is lower than the figure for England as a whole (35 per cent).





UK Commission for
Employment and Skills (UKCES)

www.gov.uk/ukces