Liverpool City Region Skills for Growth

ANNUAL REPORT 2013

Contents

Foreword

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Operations Director, Jaguar Land Rover and Chair of the Liverpool City Region Employment and Skills Board

It gives me great pleasure to introduce this first Skills for Growth Annual Report for the Liverpool City Region.

This report provides a snapshot of the current demand for skills in our economy and the current output of our many excellent colleges, schools and training providers to examine the extent to which skills demand and skills supply are coming together.

This has been far from a simple task.

Our economy is changing at an unprecedented rate and there are skills implications from our current economic situation in terms of both sector growth and contraction.

The local economy has many reasons to be looking forward with optimism. In the coming years we have a range of major investments that will not just bring about jobs by building new infrastructure but will drive increases in the skills demanded by a host of industries.

My employer, Jaguar Land Rover has seen significant growth as a result of the global demand for our vehicles, in particular the Range Rover Evoque, built here in our City Region; and we have seen new investments in SuperPort, the Visitor Economy, Low Carbon and Knowledge-based industries too. My colleagues at the Liverpool City Region Local Enterprise Partnership (LEP) have detailed plans on how the City Region can create up to 100,000 more new jobs over the next decade.

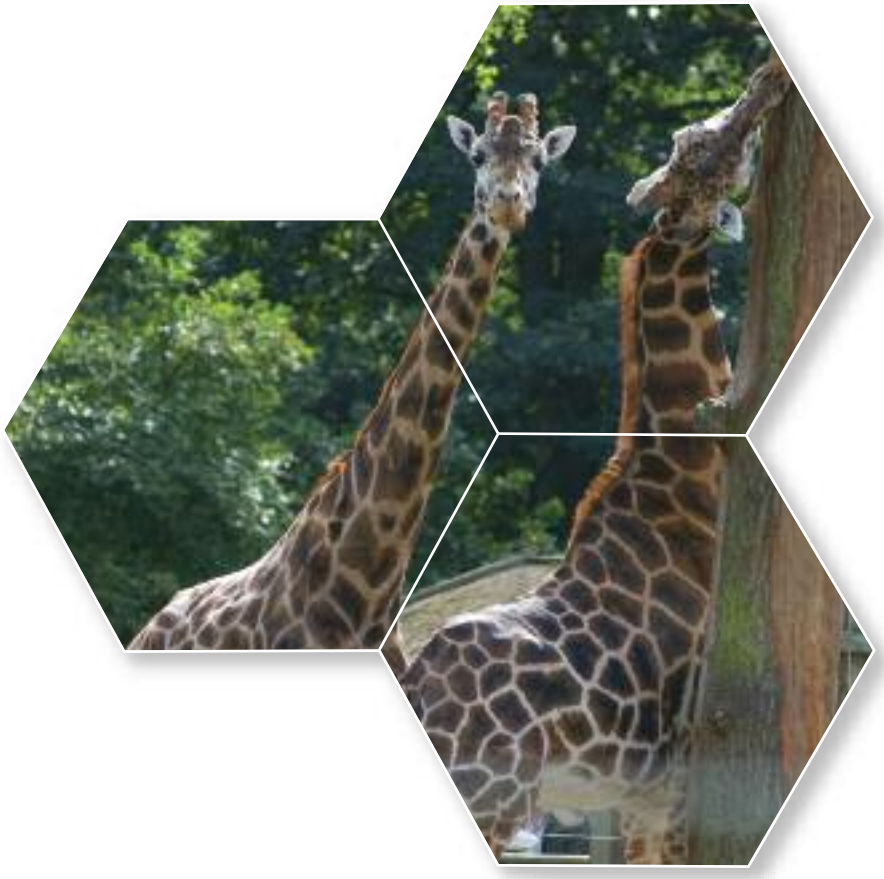
The Labour Market Information Service will be working with the LEP to help support those involved in preparing the workforce of the future, by increasing knowledge and understanding of what these jobs are and what new and existing skills will be critical to delivering economic growth.

This Annual Report will provide a useful starting point to this process.

In addition, we have also commissioned more detailed reports into key economic growth areas spelling out in greater detail how the curriculum of learning programmes needs to evolve and develop to help unlock the economic potential of our City Region. The reports for SuperPort and Visitor Economy are published alongside this Annual Report with more to be published over the coming year.

On behalf of the Employment and Skills Board I would like to express our thanks to the Department for Business, Innovation and Skills and the Skills Funding Agency for investing in our proposal to create a local Labour Market Information Service.

Finally, I would like to say to our many businesses, local partners, colleges, schools, universities and training providers that we look forward to working with you in 2013-14 and beyond to deliver skills for growth.

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1. Headline findings

Core objectives

Liverpool City Region has a unique opportunity for a step change in the performance of its economy. With £12 billion of investment planned over the next decade, the City Region has created the conditions to capitalise on its assets, consolidate existing high-performing sectors of the economy and accelerate growth, thus creating the potential for an additional 100,000 jobs by 2025.

This potential for growth arises in part from four key areas of the economy:

- The SuperPort - bringing together maritime, logistics and aviation;
- The Visitor Economy building on a world class culture, leisure and retail offer;
- The Low Carbon Economy which brings together technologies ranging from micro generation through to off shore wind and nuclear; and
- The Knowledge Economy - which brings together advanced manufacturing industries, professional services, life sciences and creative and digital.

The Liverpool City Region has also negotiated a groundbreaking Deal with the Coalition Government which will help to further drive local economic growth.

Achieving this level of growth is not certain but dependent on a range of factors including the full delivery of major investment schemes, the ability of businesses to successfully compete within changing international market conditions and not least the availability of high quality skills within the City Region labour market. Raising the level and relevance of skills to reflect employer demand and boost productivity is key to improving the attractiveness of the labour market to business investors.

This report will set out the key issues facing the City Region from a skills perspective, primarily to support and inform learning providers in their business planning and curriculum design processes. It will also identify trends in the labour market and a range of actions for employers, learning providers, Councils and schools.

The report is detailed and its evidence base far reaching. It identifies a number of potential areas of mismatch between future demand for skills and current supply of skills. However, from a business planning perspective, learning providers in particular will see this as an opportunity and the basis for undertaking more detailed conversations with businesses. Data will only get us so far and ultimately it will be a culture of genuine collaboration between businesses and learning providers that will bring supply and demand together.

Clarifying the challenge and shared responsibilities

Creating the skills needed for economic growth presents a significant challenge to the Liverpool City Region. While the City Region has experienced increasing qualification levels and steady growth in worker productivity in recent years these improvements have not been at a scale to close the performance gap with averages. For the City Region to match English averages there would need to be:

- 82,700 more people qualified to NVQ 4+
- 71,400 more people qualified to NVQ 3+
- 41,300 more people qualified to NVQ 2+
- 24,400 more people qualified to NVQ 1+
- 32,800 fewer people with no qualifications

The percentage of working age residents with qualifications (all levels) has improved since 2007 but closing the gap remains a significant challenge, particularly for the over 24s and higher level skills.

This is important for the City Region in the current policy landscape where public subsidy for Level 3+ qualifications for those aged 24 and above is being replaced by new loan systems, similar to that already in place for Higher Education. Anecdotal information from learning providers has indicated that this shift will serve to increase their focus on training 16 to 23s where public subsidy is concentrated, further exacerbating a particular demographic challenge for the Liverpool City Region.

There is also a distinct imbalance between the total number of jobs in the local economy and the number of economically active residents, representing a jobs deficit of around 90,000. Such imbalances are common across the UK, though the deficit in the City Region is more pronounced than elsewhere. We cannot assume that without substantive efforts there will be a direct trade off by up to 100,000 new jobs created plugging this jobs deficit. Such shifts in demand will act as a magnet or a demand-side pull for skills and talent.

Learning providers therefore need to pre-empt this by focusing on developing the skills needed to fuel economic growth locally. Otherwise the City Region will not meet this demand, inhibiting our growth and requiring employers to import talent from elsewhere: either result will do little to off-set our overall jobs deficit.

Skills solutions need to be designed to contribute to increases in economic productivity. This cannot be accomplished by operating remotely from the actual economy. Employers need to be embedded into the design process and become the architects as well as consumers of skills services. The central challenge for Liverpool City Region is not just more qualifications but an intelligence-led redesign of provision able to further contribute to higher value business activity and output.

This task can only come from active collaboration and communication between employers and learning providers. The challenge is to create a skills environment where responsibility for the curriculum offer, design and delivery of learning is appropriately shared between learning providers and employers. This requires a new set of relationships and improved communication to ensure that curriculum planning responds directly to the articulated skills needs of businesses in the City Region. In particular:

- Employers must place skills development at the centre of their business planning process - working individually and within sector groups to define and communicate their skills and workforce needs for the short, medium and long term to learning providers. The Skills for Growth Agreement process provides a model for ensuring that the employers' local needs are heard in the design and delivery of training and education within the City Region.
- Skills for Growth Agreements will provide learning providers with a new and expanded source of demand intelligence from employers to inform their business and curriculum planning arrangements. This should deepen and enhance the relationships that are already in place and provide the market knowledge and reassurance to develop new offers and pathways to contribute to the economic growth of the City Region.
- There is a need to increase the use of local labour market information in the development of information, advice and guidance materials within the City Region, and the information contained in this Skills for Growth Annual Report and the suite of Skills for Growth Agreements will help to achieve this. Advice needs to be impartial and focus on the needs of individuals, aligned to meeting the opportunities presented by local businesses.
- The Liverpool City Region's Local Enterprise Partnership and Employment and Skills Board will create the conditions for effective collaboration between employers and providers through initiatives such as the Skills for Growth Bank, the collation of detailed sector intelligence in Skills for Growth Agreements and through influencing Government departments and their agencies.

Building a partnership approach

The Skills for Growth Annual Report 2013 provides a snapshot of conditions and trends to inform but not replace local intelligence and existing partnerships between employers and learning providers.

The Skills for Growth Annual Report alongside the Skills for Growth Agreements will support and challenge existing curriculum and business planning within the context of our local economy and structural economic change. This will draw on national data and local intelligence to stimulate a discussion on current training supply to inform provider plans. This will also help to support a dialogue to identify where there are areas of oversupply of vocational training and where there is insufficient volume or gaps in the currently available curriculum offer.

Our five key challenges

The evidence presented throughout this Skills for Growth Annual Report contains many detailed potential opportunities and challenges. There are however five over-riding challenges which will require a wider mobilisation and strategic focus.

1. Raise skill levels at all ages

There have been significant improvements in the levels of qualification attainment and productivity of employees in Liverpool City Region in recent years, but the pace of this change has not been sufficient to close the gap on national rates. Liverpool City Region has a smaller proportion of the population that are economically active, providing fewer opportunities to raise skills through work. To fully realise the potential of major investments, improvement is required in the qualification levels of employees and specifically in Level 3 skills and graduate level qualifications. These contribute to creating a high-skills equilibrium where the availability of qualified labour incentivises employers to create higher skilled occupations which in turn encourage individuals to further invest in skills. We can practically meet this challenge in the following ways:

- Continue to increase the number of residents with five good GCSEs and Level 2 qualifications to meet minimum skills requirements of employers;
- Emphasise the importance of achieving English, Maths and IT skills at Level 2;
- Increase the proportion of City Region residents with Level 3 and Level 4 and above qualifications, particularly those linked to growth sectors;
- Increase employability by ensuring that entrants to the labour market have the knowledge and positive behaviours to succeed in work; work experience should form part of all post 14 learning programmes;
- Every avenue must be explored to reduce the potential for a reduction in learning participation for those aged 24 and over resulting from the introduction of Advanced Learning Loans.

2. Increase employer ownership of and involvement in the delivery of education, learning and skills

Aligning training output with the specific skills demands of employers is a necessary and important objective in order to support the City Region's growth. It will also help to ensure that the curriculum on offer in our schools, colleges and learning providers is increasingly responsive and in line with genuine employer demand.

This will need businesses of all sizes to be involved in the debate about skills to capture their insight on future demand in order to build higher levels of employer responsiveness within the skills system.

The Liverpool City Region is currently creating the UK's first Skills for Growth Bank, a £32 million venture to give employers ownership of how and where skills funding is invested. Businesses will receive public skills investment money to buy training services for unemployed people, Apprentices and their workforce. To increase our progress towards a more employer-owned skills system the following practical actions should be considered:

- Businesses to invest in up-skilling the workforce utilising the Skills for Growth Bank as a means of obtaining skills investment in their business;
- Colleges and training providers should consider providing training services to businesses through the Skills for Growth Bank Marketplace www.skillsforgrowthbank.org.uk;
- The Local Enterprise Partnership, Chambers of Commerce and the Federation of Small Businesses can help promote the Skills for Growth Bank as an opportunity for their members to address skills needs through employer-led investment;
- Promote sector leadership and innovation to ensure the involvement and voice of small

businesses in the development of the City Region curriculum offer;

- Identify opportunities to gather intelligence on demand linked to key investments in the City Region;
- Local Enterprise Partnership Sector Groups should help create and then 'own' the implementation of their respective Skills for Growth Agreements.

3. All curriculum reviews and decisions need to be routed in a solid demand-side evidence base and wherever possible involve individual businesses

The process of developing a more responsive skills system is necessarily ongoing and will rely on an iterative collaboration between employers and learning providers. Curriculum change will be delivered where informed demand is connected with responsive supply of skills. This will generate mutual accountability in a skills system that works; where there is trust and common purpose between employers and learning providers to capture the opportunities created by economic growth. An increasingly responsive skills system in the City Region should create an efficient market that effectively shapes the supply of skills around articulated demand:

- The Employment and Skills Board will provide and make available key labour market information. However, employers and learning providers will need to gather and apply demand intelligence to the development of the skills system;
- Businesses should be encouraged to work with providers in designing curriculum that will more effectively meet their needs;
- Investigate and develop staff exchange or knowledge transfer opportunities between providers and employers to inform their curriculum offer;
- Schools, colleges and learning providers should seek out a sponsor employer or group of employers for any curriculum and training design activity they undertake to ensure courses developed are viable and effective, utilising the Skills for Growth Sector Agreements.

4. Improve the relevance and consistency of Careers Information, Advice and Guidance

There is a lot of information available for advisors on current and future jobs available in the City Region. The challenge is to publish information in an accessible and understandable format which allows informed learner choice and appreciation of the current and future demands for skills within the City Region. This is made more difficult by the large number of jobs and careers that are now on offer, many of which are extremely specialised. The City Region's Labour Market Information Service will be producing materials to support advisors, which will build on the success of the Jobs for Tomorrow materials.

However, with the numerous sources of information available to learners there is a need for consistency and impartiality in the execution of careers guidance. To meet this challenge the following practical actions could be undertaken:

- The Employment and Skills Board to work with partners for the next round of contracting for the National Careers Service to support the availability of greater locally applicable content;
- Information, Advice and Guidance practitioners to collaborate and consider developing a local standard of delivery that negates organisational self interest and is routed in the labour market intelligence produced locally;
- Localised careers materials and information needs to be more widely shared and embedded across all careers resources;
- Secondary Schools should sign up to and make use of careers information available through 'Mersey Interactive';
- Proactive promotion of Apprenticeships as a high quality option for year 11 leavers;
- Business members of the Local Enterprise Partnership and the Employment and Skills Board to identify industry champions to develop links with schools, colleges, training providers and higher education institutions;
- Secondary schools should introduce an element of careers education from Key Stage 3, to allow pupils to make more informed choices at 14.

5. Work together to tackle youth unemployment

Levels of youth unemployment within the City Region are high, and whilst many young people are able to find work themselves, there are increasing numbers who are unable to do so. The numbers of young people who are classified as being long term unemployed is at risk of increasing unless the City Region commits to working together to make a difference. The Employment and Skills Board's commissioned Youth Unemployment Task Force has recommended the following actions to mitigate this increase:

- Councils and providers to simplify their offers of support to businesses, to make it easier for businesses to engage;
- Businesses to work with providers and Jobcentre Plus to offer work experience placements;
- Schools, learning providers, colleges and universities to ensure that post 14 learning programmes have an element of work experience;
- Providers of support for young people to ensure that there is a balance between developing technical skills, employability skills and personal support;
- Careers support to move from being advice to careers education and to meaningfully involve businesses at all levels.

Longer term vision

It is important to emphasise that changing the skills landscape is envisaged as a long-term challenge. Over the next three years the City Region Deal with Government provides some resource and additional support to galvanise and stimulate local action. However, change can only come through the efforts of partners within the City Region. This Skills for Growth Annual Report marks the start of a process of collaboration and partnership and is geared to stimulate new debate, joint working and a commitment to realising the full economic potential of the Liverpool City Region.

The Skills for Growth Agreements will provide a vital road map for the specific growth sectors, but not the final destination. The detailed analysis and findings of this report lead to a number of headline actions. These actions will need to be achieved to meet the aspirations set out in the City Region Deal with Government in terms of improving our skills system (see Appendix 1).

2. Introduction

2.1 Liverpool City Region has made significant progress over the last decade in restructuring its economy through reinforcing existing high value sectors and attracting new business investment. These achievements have been driven by a confident and strong partnership between the public and private sector. By fully realising major investments in business and infrastructure planned for the next 15 years, the City Region could potentially create an additional 100,000 jobs and add £10 billion in GVA to the City Regional economy over the period 2013-25[1].

2.2 The Skills for Growth Annual Report provides a strategic overview endorsed by the Liverpool City Region Employment and Skills Board of the changing employer demand for skills. The report will provide a framework to guide business development and investment in skills and training across the Liverpool City Region. Provider focused, employer-led and benefiting from wider partner involvement, this report will contribute to achieving better outcomes for our learners, colleges and training providers, employers and for the wider economy.

2.3 Effective planning of skills supply can only take place through a strong collaboration between employers and providers. This report is intended to contribute to creating an environment of collaboration where all partners understand their contribution and responsibilities for growing the skills base in the City Region. The intention of this is to create a virtuous circle where the supply of relevant skills contributes to the confidence of business to invest in growth and this increased demand attracts young people and adults into the employment and training opportunities most needed in the Liverpool City Region economy.

2.4 Realising the full potential of major investment requires a marked improvement to the underlying skill levels and the functionality of the City Region labour market. Insufficient numbers of high skilled residents, unemployment and past slow growth of knowledge intensive occupations has resulted in an economy unable to close productivity gaps with national averages. The potential is present to turn this situation around, however it will require co-ordinated and concerted action to make the step change.

2.5 As part of the City Region Deal with Government, a shared commitment has been made to a number of tasks to reshape the skills environment to fully meet the needs of employers and to improve the competitiveness of the labour market. One of these tasks is the creation of a Liverpool City Region Labour Market Information Service. This is part of a wider trend, with the Government signalling a move away from centralised targets to greater provider freedom and market responsiveness.

2.6 There is a large amount of information available for providers on current and future trends in the job market and in different sectors of the economy. The challenge is to present this information in an accessible and consistent way that enables providers to review, plan and better promote their products and services.

[1] Cambridge Econometrics Forecasts (2012) - Commissioned for Liverpool City Region.
NB the short to medium-term employment prospects have been affected by current unforeseen economic conditions and it should be noted that as a result this was not reflected in the forecasted growth figures.

2.7 The Liverpool City Region Labour Market Information Service, set up as part of the City Region Deal with Government, will make use of five main types of local, national and sector-based intelligence to achieve this:

- Learner data
- Employer data
- Socio-economic data
- Primary research
- Policy and Funding Information

2.8 Using a employer-led and provider focused approach (and benefitting from wider partner involvement) the Service will produce a series of Skills for Growth Agreements covering the key growth sectors identified by the Liverpool City Region Local Enterprise Partnership of:

- Visitor Economy
- SuperPort
- Knowledge Economy
- Low Carbon

2.9 There will be additional Skills for Growth Agreements on particular sub sectors and efforts to support skills agreements for our Enterprise Zones. The key outputs of each Skills for Growth Agreement will include:

- evidence of the anticipated current and future labour demand
- greater intelligence on sector specific employer requirements to help re-design the content of training and course offer
- a starting point to inform local agreements between employers and providers.

2.10 There are substantial changes taking place locally which demonstrate college, university and provider responsiveness. For example, the report highlights the development of three University Technical Colleges tailored to the Low Carbon, SuperPort and Knowledge Economy growth sectors. There are also a number of local employer-led National Skills Academies set up in the region. This includes hubs for Creative and Cultural industries, Environmental Technologies, Financial Services, Food and Drink Manufacturing, Logistics, Media and Retail.

2.11 Skills planning must become central to business development processes for all involved in the delivery of learning and employment services. To release the economic benefit of training, employers need to fully utilise skills in the workplace and where appropriate, and as the Confederation of Business Industry suggests, work collaboratively with firms within their sectors[2] to drive the skills system. Employers are also encouraged to work with partners to become the primary champions of training for their workforce - creating a shared commitment with staff to raising skills.

2.12 Existing partnership structures such as the Local Enterprise Partnership and Employment and Skills Board need to build upon the existing mechanisms to influence colleges and providers to raise the responsiveness of the skills system to better meet the needs of employers. Partners will also work strategically through the Liverpool City Region Employment and Skills Board to facilitate new and productive relationships between employers and providers.

2.13 The Skills for Growth Annual Report sets out:

- contextualised local and sectoral labour market information
- details of relevant skills provision and aligning this to meet the priorities set out in the report (including how all partners can work together to implement the priorities identified)
- intelligence to further enable all learning providers to tailor their provision to meet the employment and socio-economic priorities identified for the Liverpool City Region
- how partners will work together to encourage co-investment from individuals, employers and Government for priority skills needs.

The Annual Report draws on analysis of:

- existing and future demographics and implications for skills
- likely impacts on jobs and growth of future industrial, socio-economic and technology change in the locality and the associated skills implications
- trends and issues in school, further education and higher education capacity and performance
- current and future skills needs within the City Region
- skills gaps and shortages in the locality.

[2] CBI (2011) Business Investment in Skills: The Road Back to Growth

3. Policy and delivery context

National policy context

3.1 Since 2010 there have been significant changes to national policy that have important implications for the direction and funding of skills and training provision within Liverpool City Region. Government has clearly articulated its objective to deliver a skills system that is driven by demand and is responsive to the needs of individuals, communities and employers[3]. Skills are recognised by Government as both a key to improved international competitiveness and the achievement of greater social mobility.

3.2 Local Enterprise Partnerships (LEPs) have replaced Regional Development Agencies to support economic growth for local areas. They are private sector-led strategic organisations which work to secure and channel investment into their area in order to create new opportunities for increased employment and financial growth. The Employment and Skills Board leads on skills for the Liverpool City Region Local Enterprise Partnership, bringing demand and supply together and challenging the investment of public and private sector organisations to improve our human capital and productivity.

3.3 Central to the Department for Business Innovation and Skills (BIS) policy is the devolvement of responsibility for curriculum planning to colleges and providers at the local level, cultivating local demand as the primary determinant of skills training. Government has also taken a view that promoting employer ownership of training output provides a means to ensure the more effective utilisation of skills towards economic productivity. This principle has been reflected in the rapid expansion of Apprenticeships, the removal of centrally imposed delivery targets and the piloting of models for the employer ownership of skills.

3.4 Funding for skills training has also shifted with the creation of a single adult skills budget in 2010 to accompany increased flexibilities to respond to local demand for skills training[4]. There has been a re-direction of funding since 2010, with public funding directed towards learners without Level 2 qualifications and Apprenticeship growth. In line with Government policy of encouraging employers and individuals to invest in skills there will also be an increased provision of loan facilities to meet the cost of learner fees for those aged 24 and over studying at Level 3 and Level 4 from August 2013.

3.5 Government has indicated that there are four priority areas in the provision of skills; these include traineeships, Apprenticeships, standards and qualification reform. They are all aimed four-square at raising the value, the esteem and the regard of further education and skills[5].

3.6 The current Skills Funding Statement (BIS) 2012 to 2015 details an entitlement to first Level 2 provision and Level 3 provision for 19 to 23 year olds as well as free unitised and employability qualifications for the unemployed.

[3] BIS (2010) - Skills for Sustainable Growth: Strategy Document
[4] BIS (2012) - Skills Funding Statement 2012-2015
[5] http://www.education.gov.uk/inthenews/speeches/a00217166/hancock-speech-association-of-colleges-conference

3.7 Across a range of national policies there are considerable key changes and research that will continue to influence both the shape of delivery and the level of individual participation in post 16 education and training. These include:

- **Compulsory education age** - from September 2013, young people will be required to continue in education or training to the end of the academic year in which they turn 17, and from September 2015 they will be required to stay until their 18th birthday.
- There is a re-emphasis in public funding for skills towards **Apprenticeships** over the last 3 years with the skills funding landscape changing generally towards a co-investment model, which will impact on conventional delivery patterns. The Skills Funding Statement 2012-15 states[6]:

> As budgets tighten, it is essential that we strive to reduce the costs of operating the current funding system, in order to maximise the amount of funding available for learners. We will prioritise funding where its impact is greatest - on individuals who would not otherwise have undertaken the training and where market failures are strongest. Colleges and FE providers will be free to decide how best to continue to grow the level of co-investment, in order to rebalance the contribution made by employers, individuals and government.

- **Funding for Higher Education:** from 2012-13 students have seen the annual limit for fees increase to up to £9,000 per year and loan arrangements are in place to defer repayment until the student is earning a salary of over £21,000 a year (repaid at 9% of their earnings).
- New **Advanced Learning Loans** will be introduced for adults over 24 years of age from September 2013 who wish to study Level 3/4 programmes. Loan arrangements will mirror those of higher education.
- Increased focus on employer ownership of skills funding. This is part of a wider agenda to place employers at the heart of decision making and the purchasing of skills. **Employer Ownership Pilots** are being piloted across the country and the City Region have recently secured funds to develop an employer-owned Skills for Growth Bank mutual, which should be operational by Summer 2013.
- The introduction of a new **Chartered Status for the FE sector** is being developed by the Association of Colleges and Association of Employment and Learning Providers (AELP). The Department for Business, Innovation and Skills have confirmed that Local Enterprise Partnerships will approve applications for colleges and training providers chartered status.
- **Traineeships** - the Government has launched a traineeship programme raising the employability skills of 16 to 24 year olds and providing preparation for work and vocational training. Initially for 16 to 18 year olds, the programme has now been extended to 19 to 24 year olds.
- The change in the statutory duty for schools to provide access to impartial and professional **careers guidance services for young people aged 13 to 16** from September 2012 (Education Act, 2011) has recently been extended to cover 16 to 18 year olds and young people from age 12 from September 2013. Individual schools and colleges now have the autonomy to decide what level of support they are prepared to offer from their own budget to meet their statutory duties for face to face information advice and guidance. A telephone and web service is also available for young people through the National Careers Service.
- **National Careers Service** - launched in April 2012 to provide all-age independent and impartial information and advice on learning and work. This combines face to face local advice for adults with call centre support and an interactive website for those aged 13

[6] http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/s/12-p172-skills-funding-statement-2012-2015/pdf

and over. It is noted that proposals are being developed to provide a greater localised emphasis.

- **Richard Review** - the Government commissioned a review of Apprenticeships to assess how far current programmes meet the needs of the economy and the efficient use of public resources. The recommendations include:
  - Focusing on the outcome of an Apprenticeship - what the Apprentice can do when they complete their training
  - Recognised industry standards to form the basis of every Apprenticeship
  - All Apprentices should reach a good level in English and Maths before they can complete their Apprenticeship
  - Redefining Apprenticeships: by targeting only at those who are new to a job or role that requires sustained and substantial training
  - Government funding must create the right incentives for Apprenticeship training. The purchasing power for investing in Apprenticeship training should lie with the employer
  - Greater diversity and innovation in training - with employers and Government safeguarding quality.

  The Government's response (March 2013) sets out its plan to redefine Apprenticeships to build on their success and make them among the best in the world. It will also raise standards, overhaul qualifications, assessment and delivery, and place Apprenticeships firmly in the hands of employers.
- **Lord Heseltine's No Stone Left Unturned**[7] - identifies educational attainment and the availability of a skilled workforce as vital to the health of the UK economy. While recognising the performance of some of the UK's schools as world class, the report notes that it is of deep concern that one in four of the UK working age population are not functionally numerate and one in six is not functionally literate. The report also recommends the creation of a single funding pot to support local areas in securing growth. The Government response to the review indicates that the initial focus will be on housing, transport and skills.

Liverpool City Region Deal with Government

3.8 The Liverpool City Region signed a Deal with Government in July 2012, this marks a new period for devolved responsibilities. The deal provides an opportunity to further build the powerful private sector led partnership that exists through the Liverpool City Region Local Enterprise Partnership in order to accelerate economic growth across the City Region.

3.9 The employment and skills element of the City Region Deal specifically addresses those barriers to growth created by weaknesses in the employment and skills system. Through the City Region Employment and Skills Board, ambitious objectives have been set to further simplify the skills system and influence provision to meet the needs of employers and improve the competitiveness of the labour market. This includes the following actions:

- Establish the first **Skills for Growth Bank** - a business owned mutual to align public and private funding for skills and create an on-line market place to simplify the purchasing of training by employers. This initiative will place up to £32 million of public and private skills investment in the control of individual businesses.

[7] http://www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-unturned-in-pursuit-of-growth. Oct 12

- **Payment by Results** - in partnership with the Skills Funding Agency to design, test and pilot a "payment by results" system within elements of Adult Skills Budget aimed at the unemployed in the Liverpool City Region: this will link the payments providers receive to the progression learning; employment and/or wage gains of learners.
- Create a **Labour Market Information Service (LMIS)** as a resource for the City Region - providing economic knowledge to inform the design of training and support employer collaboration and skills planning.
- Initiate a **Youth Unemployment Task Force** which will investigate how the Liverpool City Region can halve long term youth unemployment in three years. The City Region Deal sets out that a Task Force, led by young people and businesses will produce a report and a set of recommendations to Government and the Employment and Skills Board. In addition to this, a pilot process of co-design between the Task Force and the £6 million Talent Match programme (Big Lottery Funding) will be developed.

3.10 These actions are intended to build a dynamic and effective skills system able to contribute to sustainable economic growth in the City Region. The planned investment in business and infrastructure in the City Region over the next 12 years has the potential to create thousands of new jobs and training opportunities. This will raise productivity, close skills gaps and provide opportunities for young people and adults to access quality employment.

3.11 Using the UKCES Major Drivers of Change model[8], the strategic issues are identified for Liverpool City Region's skills system which are summarised in Appendix 2.

Developing a more responsive skills system

3.12 Delivering a step change in skills and worker productivity relies on leadership and ambition both from employers and from the network of providers in the City Region. Employers need to become more effective and demanding clients of the skills system, working both within their businesses and through sector networks to provide clear statements of skill needs, volumes and timings. Employers must also be willing to commit to providing time for workers to train to impact on productivity. Colleges and private providers in turn must use this greater clarity of demand to adapt the curriculum offer, to continue to innovate and respond to the needs of the economy.

3.13 Providers in the Liverpool City Region offer some excellent training and skills opportunities to young people and adults with more than 160,000[9] qualification achievements in FE in 2010-11. With over 8,000 completed Apprenticeships at intermediate, advanced and higher level and 11,800 new Apprenticeship starts aged 16 to 24. There has been significant success in recent years with substantial increases in GCSE attainment in many parts of the City Region and with progress overall in reducing the Level 2 qualifications gap from 6% in 2004 to 2% in 2010[10].

3.14 There is extensive evidence that the Liverpool City Region skills providers and employers are working together (particularly larger businesses) with Apprenticeship take up higher than other parts of the UK. However, feedback from providers indicates that engagement with small and medium size businesses (SMEs) in the City Region is harder to achieve. Therefore City Region partners may wish to consider how they can support the clustering of demand to accommodate and engage small businesses or provide different opportunities for providers and employers.

8 UKCES Skills for Jobs, Today and Tomorrow, National Strategic Skills Audit for England 2010
9 NB This includes all Levels of accredited provision from short part time courses to full time programmes of study
10 Liverpool City Region Deal with Government (2012)

4. Liverpool City Region labour market

Key Challenges and Messages

- There are large numbers of SMEs in the Liverpool City Region who require wider skills sets from their workers. Strategies to cluster and engage them will need to be explored.
- There is a greater exposure to the challenges of an ageing workforce; therefore providers need to consider replacement demand, whilst ensuring responsiveness to new employers, inward investors and the growing transformational sectors.
- There is a falling population of age 16 plus until 2020, at the same time an increase in participation age is being introduced. The combination of these factors may impact on demand.
- There is further predicted decline in the public sector workforce and therefore training needs to support the rebalancing of the local economy, through provision aimed at redundant or 'at risk' public sector workers to help them move into private sector jobs.
- There are relatively high levels of unemployment in some areas of the City Region, coupled with low skills levels.
- There are current low levels of GCSE achievement at 16 in some boroughs which will require school improvements in achievements and additional support by post 16 learning providers to ensure young people succeed.
- The City Region has significantly higher proportions of residents with no qualifications and fewer with qualifications at Level 4 and above with similar imbalances at Level 2 and 3.
- There needs to be a greater proportion of vocational training offered, which is seen as a progression from school attainments.
- There are explicit ICT, numeracy and literary skills gaps which need to be closed.
- Advancements in technology means that it is increasingly important employees are able to effectively communicate with others digitally.
- There is evidence that some young people don't have a good understanding of the behaviours and soft skills required to enter the workplace.
- Employer's recruitment practices rely on a 'sift through applications' based on qualifications, and have a tendency, once at interview to 'recruit on attitude and train on skill'.
- There are likely to be greater demands for work experience, traineeships and Apprenticeship places which local employers will need to meet.
- Training providers are making use of strategic agreements with employers to deliver major growth projects (e.g. for off-shore wind). Over time this will allow City Region residents to complement and eventually supplement specialist technical staff brought in from elsewhere in the UK and abroad.

4.1 This section provides an overview of the key characteristics of the Liverpool City Region labour market. It is provided as context to demonstrate the opportunities and the challenges to building a competitive and sustainable economy in the City Region. Data has been drawn from a range of national and local sources and from published reports to inform analysis.

Population structure

4.2 Liverpool City Region has a large and vibrant labour market. According to the 2011 Census[11] the City Region has a population of 1,506,935 people of whom 980,326 are aged between 16 and 65 years - traditionally described as working age. This age group constitute almost two-thirds of the total population of the City Region.

4.3 The age structure of the City Region is broadly similar to regional and national patterns, as can be seen in Figure 4.1. It is noted that some 30.8% of the Liverpool City Region population is under the age of 25 this compares with 31% and 30.7% for the North West and England and Wales respectively[12]. Where there is divergence is in the areas reduced proportion of 30 to 44 year olds and increased proportion of 45 to 59 year olds. Whereas the causes of this may be outward economic migration and population decline, the net result for the **City Region is a greater exposure to the challenges of an ageing workforce and training workers to meet replacement demand.**

4.4 Figure 4.2 gives us a clearer idea of the actual population by Council area. The data shows that Liverpool has the greatest proportion of working age population across the Liverpool City Region. It is also important to note that the City Region has 38,151 residents aged 16 and 17 and 156,435 aged between 18 and 24, (Figure 4.3) as Government has prioritised funding for learners aged 16 to 24.

4.5 There is some difference in age profile across Council areas. The mean age of the population in the Liverpool City Region is 40.4 years and ranges between 37.7 years in Liverpool and 42.5 years in Sefton. This difference can be accounted for by the large student population in Liverpool which is nearly double the proportion of residents aged 20 to 24 (at 10.9%) than the other City Region authorities. Conversely Sefton has a significantly higher proportion of residents over the age of 60 years (27.6% compared to Liverpool at 19.3% and the City Region average of 23.2%).

FIGURE 4.1
POPULATION BY AGE BAND, LIVERPOOL CITY REGION, NORTH WEST AND ENGLAND 2011

Source: ONS (2011) Census of Population

FIGURE 4.2
POPULATION LIVERPOOL CITY REGION DISTRICTS 2011

	Total Population		16 - 65 Population	
	Count	% of Total Liverpool City Region	Count	% of Total Liverpool City Region
Halton	125,746	8%	82,338	**8%**
Knowsley	145,893	10%	94,211	**10%**
Liverpool	466,415	31%	322,849	**33%**
Sefton	273,790	18%	163,424	**17%**
St Helens	175,308	12%	111,972	**11%**
Wirral	319,783	21%	199,532	**20%**
Liverpool City Region	1,506,935	-	980,326	**-**

Source: ONS (2011) Census of Population

[11] ONS (2011) Census of Population - Initial Release Data
[12] ONS (2011) Census of Population - Initial Release Data

FIGURE 4.3
16-24 POPULATION, LIVERPOOL CITY REGION 2011

	Age of Resident								
	16	17	18	19	20	21	22	23	24
Halton	1,621	1,718	1,636	1,494	1,565	1,489	1,555	1,693	1,722
Knowsley	2,018	2,102	2,023	1,945	2,049	1,964	1,939	1,896	1,998
Liverpool	5,370	5,441	7,481	10,848	12,509	11,548	9,676	8,745	8,158
Sefton	3,500	3,479	3,323	3,026	3,118	3,158	3,208	3,268	3,163
St Helens	2,202	2,264	2,277	2,032	2,000	1,996	2,099	2,272	2,155
Wirral	4,172	4,264	3,824	3,514	3,432	3,405	3,691	3,904	3,637
Liverpool City Region	**18,883**	**19,268**	**20,564**	**22,859**	**24,673**	**23,560**	**22,778**	**21,778**	**20,833**

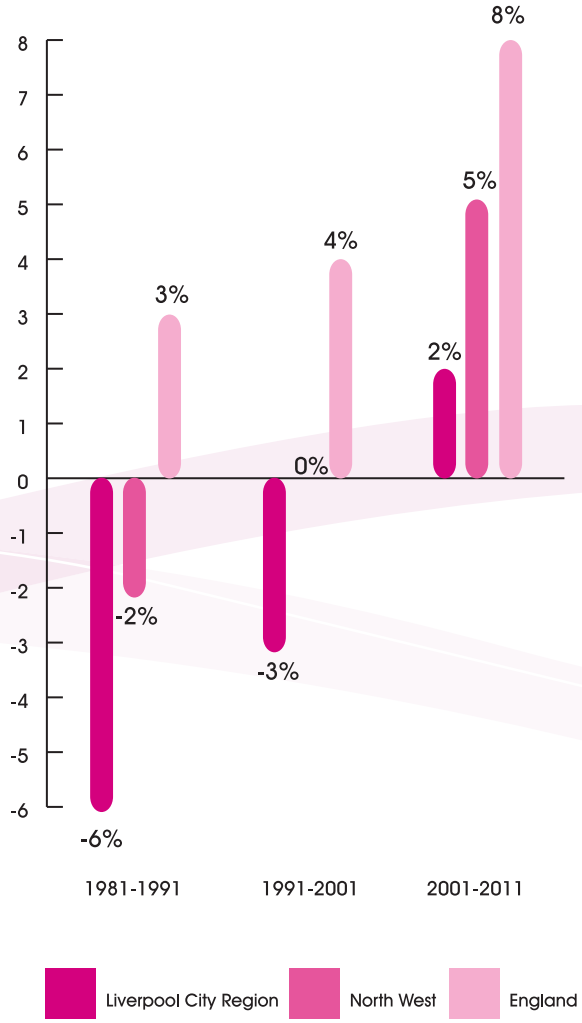
Source: ONS (2011) Census of Population

4.6 Figure 4.4 shows that, over the last 10 years, the **Liverpool City Region's population has grown at a much lower rate than regionally and nationally.** Between 1981 and 2001, the population in the City Region reduced in relation to national growth and at a higher rate than the North West. This will have an impact on learner roles and the future resident working age population rates.

4.7 The involvement of adults (those aged 19+) in skills training is essential for development of the labour market. Within the Liverpool City Region labour market there are 980,326 residents of working age (between 16 and 65 years old), with 91.7% of these aged between 20 and 64 years[13]. Even allowing for changes in retirement age, the vast majority of employees now form the workforce for the next 20 years. **This highlights the importance of vocational training and employers continuing to invest in their workforce.**

Even allowing for changes in retirement age, the vast majority of employees now form the workforce for the next 20 years.

FIGURE 4.4
PERCENTAGE CHANGE OF POPULATION, LIVERPOOL CITY REGION



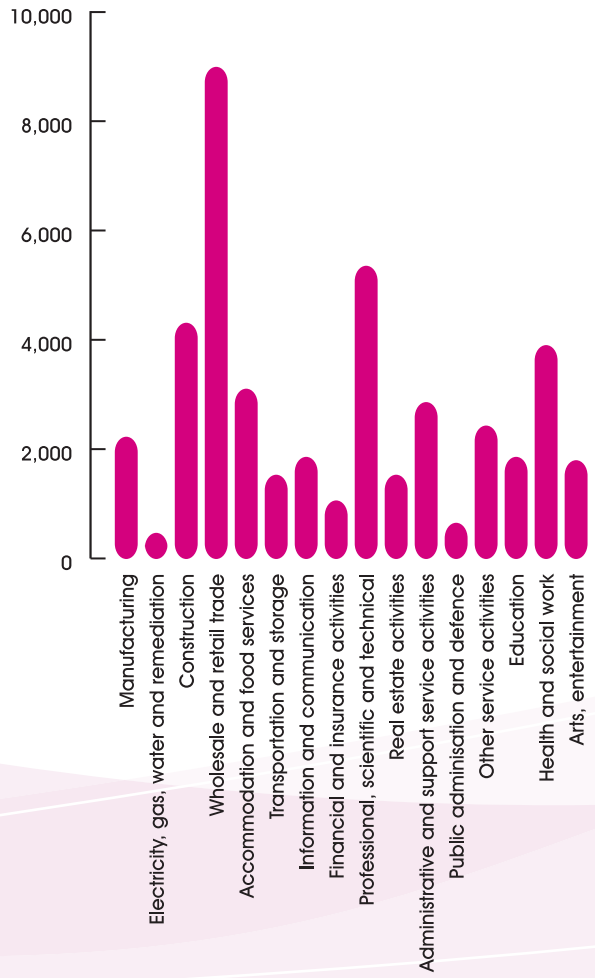
Source: ONS Census, 1981-2011

41,180 business units located in the Liverpool City Region.

Employer population

4.8 National data indicates that there are 41,180 business units located in the Liverpool City Region. Figure 4.5 indicates the distribution by sector of business units. **The largest sector by number of business units is wholesale and retail trades (21.5% of units) followed by professional and technical services (12.7%) and construction (10.4%).**

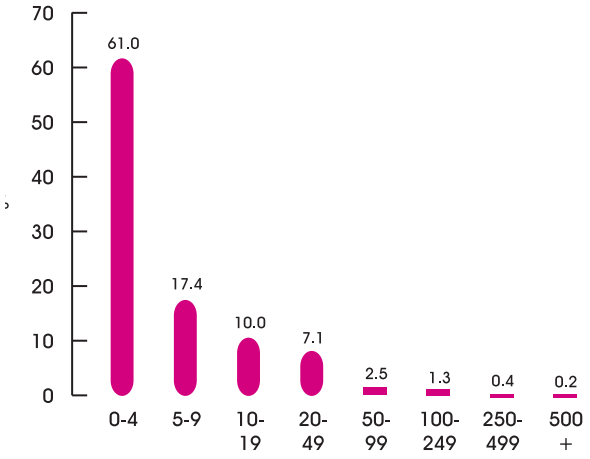
FIGURE 4.5
BUSINESS UNITS BY SECTOR, LIVERPOOL CITY REGION



Source: IDBR, UK Business: Activity, Size and Location - 2012

4.9 On further analysis, a key feature of the **business base shows a prevalence of smaller businesses (by employee size)** for example in the construction sector 78% of business units employ between zero and four people, with 90% of units employing fewer than 10 staff. This is also evident within wholesale and retail trades where 80% of units employ fewer than 10 staff. However, for this sector there are some 45 business units employing 250+ staff within the City Region (see Figure 4.6).

FIGURE 4.6
DISTRIBUTION OF BUSINESS UNITS BY EMPLOYEE SIZE BAND, LIVERPOOL CITY REGION



Source: IDBR, UK Business: Activity, Size and Location - 2012

4.10 Employer size and organisational capacity of businesses has an important bearing on both how employers are able to operate within the labour market and how they deploy skills within the workplace. **Smaller employers typically require greater flexibility in work roles, have less clear boundaries between occupational groups, have the lowest capacity to meet the opportunity costs of providing training to staff and rely more heavily on informal modes of recruitment.**

[13] ONS (2011) Census of Population

SMEs are traditionally harder to engage in staff development as they do not have the economies of scale to support training of employees during work or the time to investigate this support.

4.11 The extent of the SME sector within the City Region (six out of 10 of all business units employ fewer than five staff and around 80% have fewer than 10 staff) brings its own challenges for employer engagement and in the type of provision offered by providers. Evidence from providers indicates that SMEs are traditionally harder to engage in staff development as they do not have the economies of scale to support training of employees during work or the time to investigate this support. Therefore strategies need to be developed to cluster SME skills demand by sector or role in order to develop sustainable and viable training support. The Skills for Growth Agreements and Liverpool City Region Skills for Growth Bank can support this.

Economic productivity

4.12 Gross Value Added (GVA) is used to estimate the relative size of an area's economy and the rate at which it is growing. GVA is the most widely used indicator of local economic growth and, being workplace-based, provides a measure of the wealth generated by commuters as well as residents who work in the City Region.

4.13 ONS data indicates that the **City Region has experienced steady Gross Value Added (GVA) growth over the period 1997-2011 but the gap has widened with England**[14]. Over the period 1997-2011 the Liverpool City Region economy as measured by GVA increased by £8.9 billion or 63%. This compares favourably with the North West which increased by 64% but is lower than the English average of 80% over the same period. Whilst Liverpool City Region demonstrates significant growth, a step change in performance is needed to close the gap with the national average.

4.14 This is illustrated by GVA per head where Liverpool City Region has consistently performed below the North West. According to ONS data output per head of population was £2,139 lower in the City Region than in the North West in 2011 (£15,437 compared to £17,532). Whilst GVA per head increased between 1997 and 2011 this has been insufficient to reduce the output gap with regional and national averages - as seen in Figure 4.7. Part of the explanation for this gap in economic performance can be explained by differences in employment and economic activity rates within the City Region compared to the North West.

4.15 However, a significant proportion of the output gap will be the result of lower productivity levels, explained by sector as well as occupational/job composition within the City Region compared to the North West and national average. Compared with the national average and especially London and the South East, Liverpool City Region has a relatively low proportion of high-level occupations and a higher share of low-level occupations. In addition earnings in these occupations are lower than national averages and those in London and the South East. **Differentials in occupational structure and earnings go some way to explain differences in productivity levels**.

4.16 The relationship between skills, and productivity is well established[15] and raising skill levels is a key focus for national policy as a means to improve UK domestic and international competitiveness[16].

A significant proportion of the output gap will be the result of lower productivity levels, explained by sector as well as occupational/job composition within the City Region.

14 ONS publish data for the Merseyside region
15 CBI (2011) Business Investment in Skills and UKCES (2012) Employer Perspectives Survey
16 BIS (2010) Skills for Sustainable Growth

FIGURE 4.7
CHANGE IN GVA PER CAPITA 1997-2011, MERSEYSIDE, NORTH WEST AND ENGLAND

Source: ONS (2012) Headline GVA - NUTS3 level[17]

Employment profile

4.17 Some 72.2% of working age residents of the City Region are economically active, and 64.9% are in employment. This, as shown in Figure 4.8, compares poorly with both regional and national averages and reflects the weak labour market conditions in many areas of the City Region. To match the regional economic activity rate of 75.3% the City Region would need an additional 28,806 residents to be economically active.

FIGURE 4.8
ECONOMIC ACTIVITY AND EMPLOYMENT RATE, LIVERPOOL CITY REGION, NORTH WEST AND ENGLAND AND WALES

	Number	Economic Activity % Rate	Employment % Rate
Halton	58,200	75.4	67.5
Knowsley	69,300	72.9	62.4
Liverpool	206,200	67.7	60.2
Sefton	125,800	75.5	69.2
St Helens	81,900	72.7	66.1
Wirral	140,300	74.9	68.4
Liverpool City Region	**681,800**	**72.2**	**64.9**
North West	3,347,300	75.3	68.5
England and Wales	27,260,400	76.5	70.2

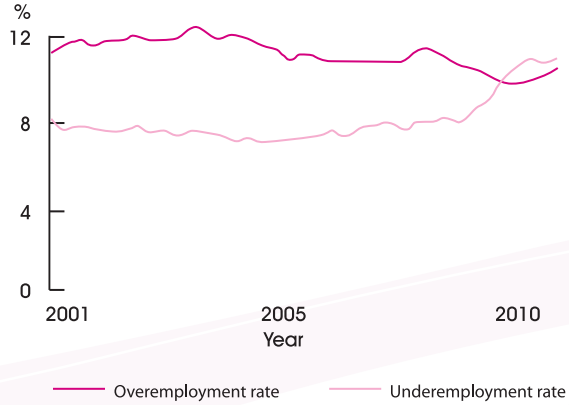
Source: ONS Annual Population Survey 2012

To match the regional economic activity rate of 75.3% the City Region would need an additional 28,806 residents to be economically active.

4.18 **There is also national evidence that the hours of work are changing, with a greater number of employees taking part time work but wanting more hours.** For example the Visitor Economy sector has traditionally relied more on a part-time and a seasonal workforce than other growth sectors within the City Region. If the national trend is mirrored locally, then part time work in the City Region could increase as well. Figure 4.9 shows the increasing rate of underemployment nationally.

FIGURE 4.9
NATIONAL UNDEREMPLOYMENT RATES AND OVEREMPLOYMENT RATES 2001-10

Underemployment rates and overemployment rates, 2001-10 in the United Kingdom (for each quarter from 2001-10)



Source: Extract from Labour Force Survey July 2010

There is an increasing number of people who are 'underemployed' and want to work more hours.

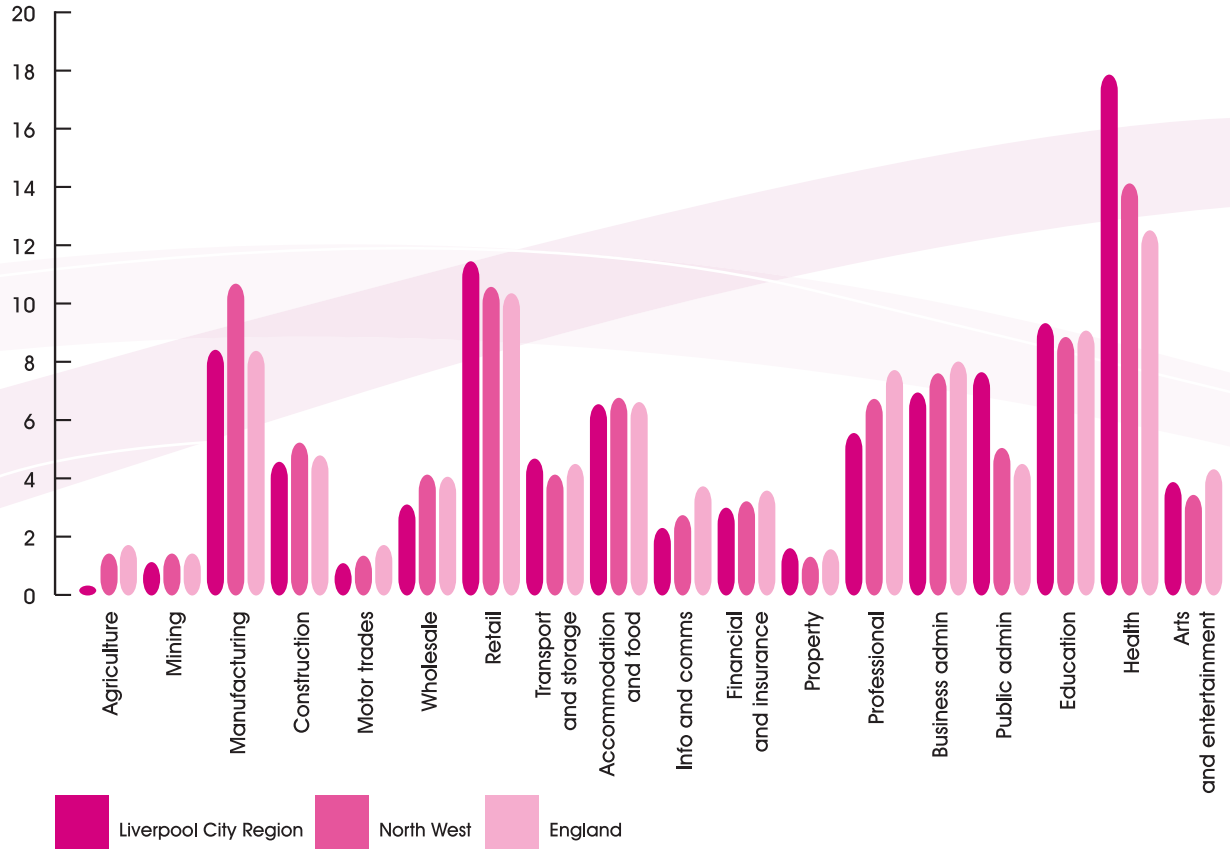
[17] For this measure, data refers to the "Merseyside" figures as a proxy for the Liverpool City Region

4.19 According to official statistics there are 590,967 jobs in the Liverpool City Region including employees and those self-employed[18]. This constitutes 19% of the North West total. As Figure 4.10 shows the primary sectors of employment are public sector and health; finance; professional and business services; retail; wholesale; motor trades and manufacturing. Together these sectors currently provide 80% of employment in the City Region. Therefore it is essential that **providers consider these employment sectors in current provision in order to meet any replacement demand as well as grow volumes of delivery in the sectors that have been identified as developing increased employment opportunities in the next three to 15 year period.**

4.20 The City of Liverpool is the primary centre for employment within the City Region with 229,247 jobs, contributing 38.8% of all employment. **The distribution of jobs among the Liverpool City Region local authority areas is similar in all respects except manufacturing.** For Knowsley and Halton, who have the smallest total employment bases (at 56,093 and 55,417 respectively), manufacturing activity constitutes a relatively large share of the employment base with 18% of jobs in manufacturing in Knowsley and 16% in Halton.

There are 590,967 jobs in the Liverpool City Region including employees and those self-employed. The primary sectors of employment are public sector and health; finance; professional and business services; retail; wholesale; motor trades and manufacturing.

FIGURE 4.10
TOTAL EMPLOYMENT BY SECTOR FOR LIVERPOOL CITY REGION, NORTH WEST AND ENGLAND, 2011



Source: ONS (2011) BRES

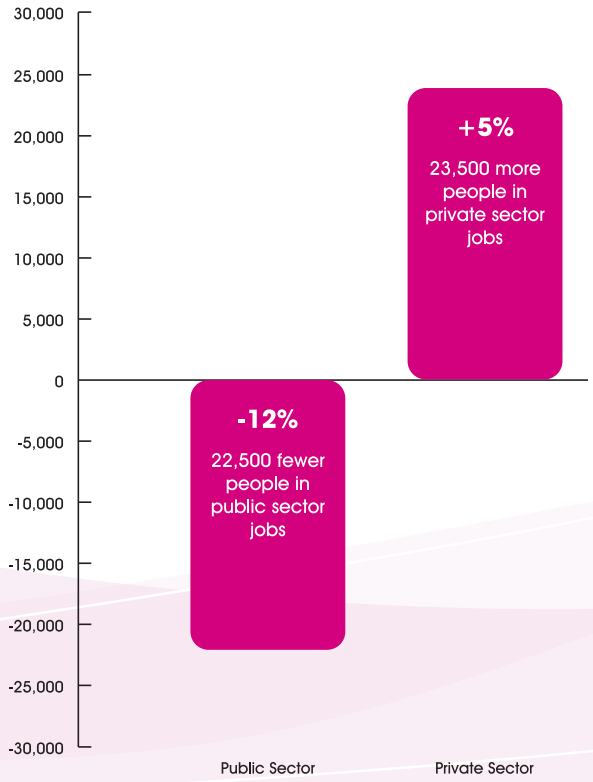
[18] ONS (2011) BRES

4.21 Comparisons between employment by sector in 2011 to that in 2008 show that there have been significant contractions in the size of the City Region's construction, education and financial / insurance sectors over the three year period.

Re-balancing the economy

4.22 Despite the same dataset showing a short-term increase in employment in the health sector in this time, analysis of the Annual Population Survey (Oct 2008 - Sept 2009 to Oct 2011 - Sept 2012) shows a more recent shift in the public/ private sector employment dynamic. The 2009 the Annual Population Survey, showed that **there were 186,300 people employed in the Liverpool City Region's public sector, which accounted for around 30% of all those employed.** Figure 4.11 indicates that **in 2011 this figure has reduced by 22,500 to 163,800 employees, which is a reduction of 12%.**

FIGURE 4.11
NET CHANGE IN PROPORTION OF PUBLIC/PRIVATE SECTOR EMPLOYMENT, LIVERPOOL CITY REGION (2008-11)



Source: Public/Private Sector Employment, Annual Population Survey (Oct 2008 - Sept 2009 to Oct 2011 - Sept 2012)

4.23 The percentage of Liverpool City Region employees working in the private sector has increased to almost 74% of all employed (455,400 employees) and is now 3.6 percentage points 'behind' the national average compared to 6% in 2008.

4.24 Reasons for the growth in the private sector could include the re-classification of public sector jobs into the private sector, for example 196,000 teaching and support staff in FE nationally have been reclassified as private sector[19]. However, it could also be down to the increasing prevalence of part-time work (also noted in the Annual Population Survey) as well as other private sector jobs growth.

4.25 Econometric forecasts[20] produced for the Local Enterprise Partnership **predict a further contraction of the public sector employment base over the next four years in contrast to predicted growth in the City Region's services sector and resurgence in the construction industry.** These increases in employment, spurred on by replacement demand and large scale investment, will support the expansion of the City Region's growth sectors. These current and predicted trends show the impact of the reduction in public spending and the need to better equip young people for employment in the private sector.

4.26 When considering the City Region's overall economy, the same Econometric forecasts show both a short-term (to 2016) and long-term (to 2025) increase in higher-skilled occupations and reduction in demand for lower skills. Once again, this highlights the importance of developing skills supply responsiveness to the local economy and the opportunities to 'up-skill' the City Region's current workforce.

Forecasts show both a short-term (to 2016) and long-term (to 2025) increase in higher-skilled occupations and reduction in demand for lower skills.

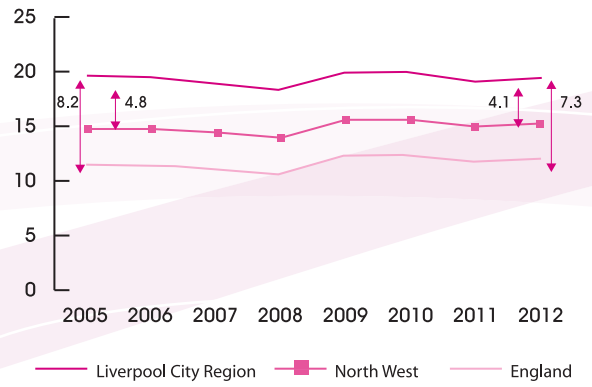
[19] ONS 2012
[20] Liverpool City Region 'Baseline' Economic Forecasts 2011, Cambridge Econometrics

Unemployment Levels

4.27 Liverpool City Region in February 2012 has 219,210 residents in receipt of welfare benefits - 22.9% of the working age population. **Of this 185,350 residents (19.4%) were in receipt of out of work benefits. This is significantly higher than both regional and national rates (15.3% and 12.5% respectively).**

4.28 Despite this significant gap in the proportion of working age residents in receipt of out of work benefits, when Liverpool City Region is compared with regional and national figures, trend information on this category shows a pattern of improvement between 2005 and 2012. Figure 4.12 demonstrates change over the period with narrowing of the gap with the regional comparator of 0.7 percentage points and 0.9 percentage points against the national figure. While as a proportion this appears small it represents some 8,600 fewer benefit claimants when compared to the national rate and that **the City Region is closing the gap against North West and England rates.** It is also worth noting the significant opportunity cost that the contribution of these individuals could provide to the City Region economy, not to mention their own aspirations and goals.

FIGURE 4.12
PROPORTION OF WORKING AGE RESIDENTS IN RECEIPT OF WORK BENEFITS, LIVERPOOL CITY REGION, NORTH WEST OF ENGLAND 2005-12

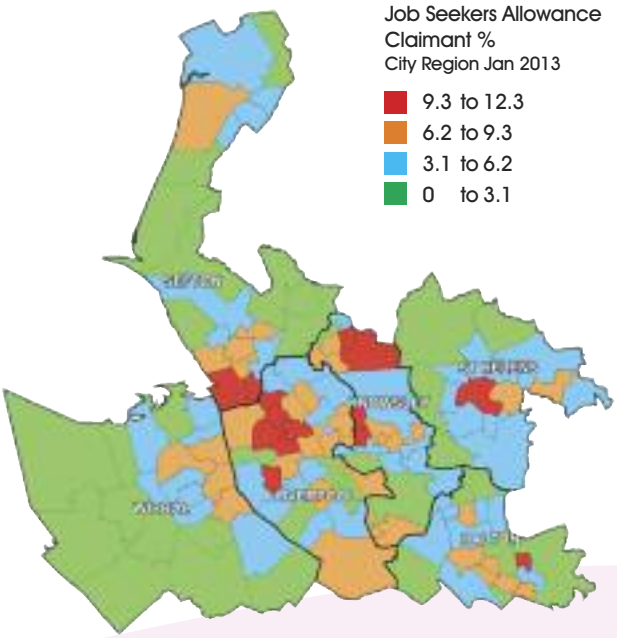


Source: ONS (2012) DWP Quarterley Benefit Claimants - Out of Work Benefits

4.29 There is some geographical variation in the level of unemployment within the Liverpool City Region. The count of Jobseekers Allowance claimants provides an up-to-date proxy for unemployment in an area and there are currently around 53,000 claimants in the Liverpool City Region. This accounts for 5.4% of the working age population and is higher than the regional and national rates of 4.4% and 3.8%, respectively.

4.30 City Region (and, indeed, borough level) statistics for unemployment can disguise local areas with higher levels of deprivation and associated unemployment. Similarly other locations have areas of greater affluence than average. Figure 4.13 shows that, there are concentrated levels of unemployment within the Liverpool City Region. It is also noted that there are further concentrated pockets of deprivation across the City Region that do not appear on the map at this scale.

FIGURE 4.13
JOB SEEKERS ALLOWANCE CLAIMANTS ACROSS THE LIVERPOOL CITY REGION, JANUARY 2013

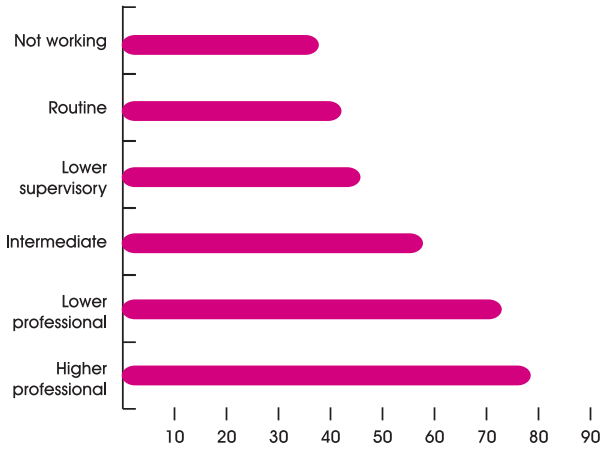


Source: Job Seekers Allowance January 2013[21]

185,350 residents (19.4%) were in receipt of out of work benefits. This is significantly higher than both regional and national rates. However, the City Region is closing the gap against North West and England rates.

4.31 The links between economic disadvantage and low or no skill levels are well evidenced and Figure 4.14 shows that, nationally, **children from a non-working household are less likely to perform well at school than peers with working parents.**

FIGURE 4.14
PERCENTAGE ATTAINING FIVE OR MORE GCSE GRADES A* TO C BY PARENTAL NS-SEC, 2007



Source: Low skills and social disadvantage in a changing economy - UKCES September 2011

4.32 While it is widely accepted that there has been significant progress in GCSE attainment rates across the Liverpool City Region in recent years (with an average five A*-C GCSE attainment rate of 84% compared to 81% nationally), there remain challenges relating to the Key Stage 4 cohort's core subject skills.

4.33 When including English and Maths, around 57% of school leavers in the City Region achieve five A*-C GCSEs compared to 59% across England, with 65% making the expected progress in these subjects between Key Stage 2 and 4. Feedback from further education providers suggests that learners are often held back by their poor written and maths skills, which prevent them from progressing at the desired rate. In order to ensure that young people in the City Region have the opportunity to compete for future jobs, it is essential that providers (in both schools and further education) ensure that these core skills are consistently developed and maintained.

Feedback from further education providers suggests that learners are often held back by their poor written and maths skills.

4.34 The Annual Population Survey 2011 highlights that the City Region's working age population faces considerable challenges in closing the skills gap with national levels. **In order to influence future generations' employment and life chances, a dedicated effort by employers, learning providers, schools and individuals to 'up-skilling' the existing workforce will remain extremely important.**

[21] This map is reproduced from the Ordnance Survey material with the permission of Ordnance Survey on behalf of Her Majesty's Stationery Office © Crown Copyright unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Knowsley MBC. 100017655 (2013)

Skills levels

4.35 Using resident qualifications as a proxy for skills, Liverpool City Region falls below comparative regional and national averages. Furthermore it emphasises the scale of difficulty that unemployment presents to the City Region with large numbers of low skilled adults seeking to enter the job market and meeting the identified skills gaps. Figure 4.15 shows that the **City Region has higher proportions of residents with no qualifications and fewer residents with qualifications at Level 4+ with similar imbalances in between at Level 1, 2 and 3.**

4.36 Compared to the regional average Liverpool City Region also has proportionately fewer residents with Level 4 qualifications than the North West. This is significant because it constrains the potential growth of the economy preventing employers from recruiting the staff and skills they need. However, national research indicates that many graduates are under employed.

4.37 The Organisation for Economic Co-operation and Development's (OECD) research indicates that the number of graduates that are employed in lower skilled jobs has increased from around 26.7% in 2001, or just over one in every four recent graduates, to around 35.9%, or more than one in three recent graduates in the final quarter of 2011[22]. If this is the case in the City Region, it is essential to understand the current and future demand for specific higher skills in order to identify if this is an issue locally. Businesses also need to demand and articulate what higher skilled employees they require, if the City Region is to supply greater numbers of higher skilled individuals in the right disciplines.

It is essential to understand the current and future demand for specific higher skills.

FIGURE 4.15
WORKING AGE POPULATION QUALIFICATIONS, LIVERPOOL CITY REGION, NORTH WEST AND ENGLAND

Source: Annual Population Survey (Jan 2012 - Dec 2012)

The labour market is relatively self-contained, with the 2011 Annual Population Survey indicating that 84% of residents live and work in the City Region.

4.38 The impact of low level skills is amplified in Liverpool City Region because the labour market is relatively self-contained, with the 2011 Annual Population Survey indicating that 84% of residents live and work in the City Region. Given the size of the Liverpool City Region labour market this provides a potential benefit in that targeted investments in education and skills are likely to re-circulate within the City Region and contribute to the quality of the labour market rather than 'leak-out' to other areas. However, it also creates a risk for employers who rely on the local labour market to meet all of their skills and employment requirements.

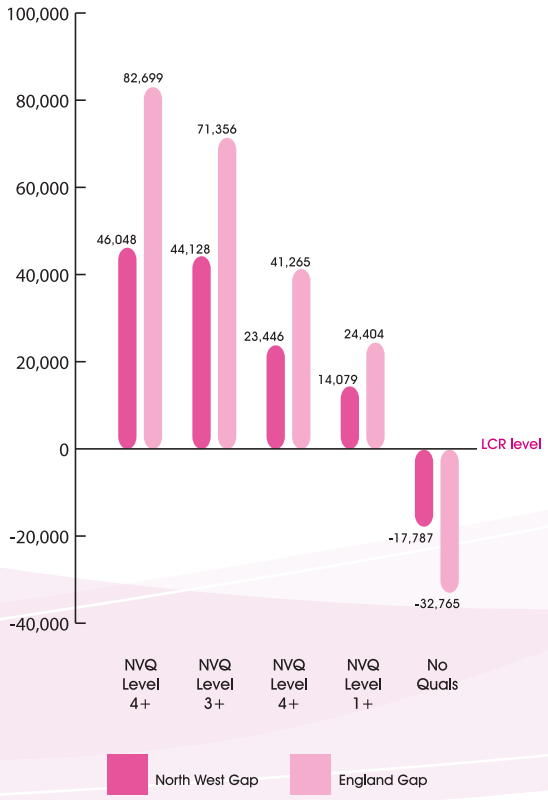
22 http://www.ons.gov.uk/ons/rel/lmac/graduates-in-the-labour-market/2012/graduates-in-the-labour-market.html#tab-Recent-graduates-more-likely-to-work-in-lower-skill-jobs-than-a-decade-ago

4.39 The **Liverpool City Region is making progress in overcoming long term structural issues,** but skills gaps remain the most severe in the country and this has knock on effects to productivity and overall economic performance.

4.40 The **percentage of working age residents with qualifications (at all levels) has improved since 2007** but there is still an issue in closing the national and regional skills gap, and therefore having the opportunity to compete for higher-skilled jobs locally remains a significant challenge; particularly for the over 25s. Figure 4.16 shows that, in order to just meet England averages, the City Region would need:

- 82,700 more people qualified to NVQ 4+
- 71,400 more people qualified to NVQ 3+
- 41,300 more people qualified to NVQ 2+
- 24,400 more people qualified to NVQ 1+
- 32,800 fewer people with no qualifications

FIGURE 4.16
LIVERPOOL CITY REGION SKILLS GAPS WITH NORTH WEST AND ENGLAND, 2012



Source: Annual Population Survey (Jan 2012 - Dec 2012)

Around 57% of school leavers in the City Region achieve five A*-C GCSEs including English and Maths compared to 59% across England.

4.41 As detailed in Figure 4.17 around 57% of school leavers in the City Region achieve five A*-C GCSEs including English and Maths compared to 59% across England. **This rate is generally improving year on year but varies across the six Council areas** and suggests that, with these discreet geographical trends being evident, pupils post-school career prospects will be varied across the City Region and the relative skills gap will be perpetuated.

4.42 Figure 4.18 has been included to demonstrate the value added post 16 education is providing across the City Region, including in terms of 'closing the gap' with regional and national averages at Level 2. This trend is seen across different groupings across more than one year, with the point best illustrated in Figure 4.18 by the group over time reaching aged 19 at the end of 2010-11. **The reasons for the existence of the gap itself could be as a result of but not limited to:**

- **differing post 16 learning styles better suiting some pupils (e.g. use of in-work based training or being in a college environment)**
- **some young people's later development**
- **the need for further improvement within secondary education**
- **Limited aspirations and motivation.**

FIGURE 4.17
PERCENTAGE OF PUPILS ACHIEVING 5+ A*-C GRADES (INC ENGLISH AND MATHS) GCSEs BY COUNCIL AREA, 2011-12

England and Liverpool City Region, Council area (above/below England figure)		% achieving 5+ A*-C GCSEs (or equivalent) including English and maths GCSEs				% achieving Grades A*-C in English and maths GCSEs
		2009	2010	2011	2012	2010-11
England - all schools	Comparison to England Average	49.8%	53.5%	59.0%	59.4%	59.9%
England - state funded schools only		50.7%	55.2%	56.3%	58.8%	59.3%
Halton	▲	44.6%	50.1%	56.3%	59.0%	59.2%
Knowsley	▼	33.5%	38.0%	40.8%	40.9%	41.2%
Liverpool	▼	44.5%	53.0%	55.0%	56.8%	57.3%
Sefton	▼	53.2%	55.8%	59.5%	58.5%	58.8%
St Helens	▼	47.4%	52.8%	55.7%	55.1%	55.5%
Wirral	▲	53.8%	58.7%	64.1%	65.4%	65%

Source: Department of Education Statistical First Release 2011

FIGURE 4.18
GCSE ATTAINMENT AGED 16 TO 19 FOR LIVERPOOL CITY REGION

	Aged 19 at the end of 2010-11				
	by age 16	by age 17	by age 18	by age 19	Added & of cohort achieving Level 2 between 16 and 19
Knowsley	44.7	52.6	65.7	70.8	26.1
Liverpool	56.1	64.2	73.1	77.1	21.0
St Helens	63.7	70.4	78.8	81.4	17.7
Sefton	66.3	74.9	83.4	86.3	20.0
Wirral	62.4	71.5	78.4	81.7	19.3
Halton	64.3	71.6	78.9	82.8	18.5
NW	**61.3**	**69.6**	**77.9**	**81.2**	**19.9**
Liverpool City Region	**61.0**	**70.0**	**77.9**	**81.0**	**20.0**

Source: Department of Education First Statistical Release[23]

4.43 Analysis of the Annual Population Survey makes it clear that substantial progress has been made in closing the gap at Level 2 across all ages and at Level 3 & 4 amongst those under 25. However, there is a specific demographic challenge in the Liverpool City Region around a much wider gap for high level skills amongst those over 25.

There is a specific demographic challenge in the Liverpool City Region around a much wider gap for high level skills amongst those over 25.

[23] http://www.education.gov.uk/rsgateway/DB/SFR/s001059/index.shtml

4.44 The skills gap problem is evident in the City Region from the national UKCES Employer Survey[24] data. While Liverpool City Region employers had a relatively low level of active recruitment, with just 13% holding a vacancy at the time of the survey, **40% of employers with vacancies considered that one or more were 'hard to fill'**. As illustrated in Figure 4.19 this is a particular issue for employers seeking to recruit to high skill positions. Some 36% of employers with 'hard to fill' vacancies stated that there were insufficient interested candidates available to fill their post or jobs remained vacant because they were uncompetitive in terms of pay and conditions (23%) or competition from other employers (19%) suggesting an under-supply of skilled labour in some sectors.

FIGURE 4.19
ALL VACANCIES AND HARD TO FILL VACANCIES BY OCCUPATIONAL GROUP, LIVERPOOL CITY REGION 2011

Source: UKCES (2011) Employer Skills Survey - Liverpool City Region Analysis

4.45 The lack of sufficient skills within the labour market has been substantiated by **employer discussions within the City Region which indicate that specific problems with recruitment at technical and higher skill levels exist.** Discussions with the Local Enterprise Partnership Advanced Manufacturing Forum in December 2012 for example pointed to difficulty in recruiting experienced production supervisors and automotive engineers with Level 4/5 technical skills[25] (although it was recognised this was also an issue for manufacturing nationally). According to the UKCES survey employers in Liverpool City Region cope with this problem by increasing advertising and using flexible working to cover staffing gaps. **Employers also recruit from outside the City Region for higher level positions,** (reflecting the wider labour market catchment for these job types and also providing an indicator of the long term skills gaps the City Region needs to address). There is recognition by employers that **skills gaps contribute to a loss of business to competitors, delays in developing new products and difficulties in introducing new working practices.**

4.46 Overall 70% of employers in the Liverpool City Region (compared to 60% nationally) believe that skills gaps amongst their staff have an impact on how their organisation performs[26]. This indicates a clear need for up-skilling the existing workforce which could be met through workforce training and development.

> There is a clear need for up-skilling the existing workforce which could be met through workforce training and development.

4.47 Employers' responses about the type of attributes lacking across all jobs (shown in Figure 4.20) suggest that the most common skill gaps are things that employees could improve as they become more experienced in their respective roles. This is supported by the responses regarding the reasons for skills gaps which largely relate to in-work training not being completed or efficient.

FIGURE 4.20

SKILLS NEEDED TO IMPROVE
(UK and Liverpool City Region)

- Job specific skills
- Planning & organisation skills
- Customer handling skills
- Problem solving skills
- Team working skills
- Technical or practical skills

SKILLS NEEDED TO IMPROVE
(UK and Liverpool City Region)

- Employees new job role
- Training not yet complete
- Lack of staff motivation
- Training not had desired effect
- New working practices introduced
- Training not been received

Source: Liverpool City Region Youth Unemployment Task Force, 2013

24 UKCES (2012) UK Commision's Employer Skills Survey 2011
25 LMIS discussion with Liverpool City Region Advanced Manufacturing Forum, December 2012
26 UKCES (2011) Employer Skills Survey - Liverpool City Region Analysis

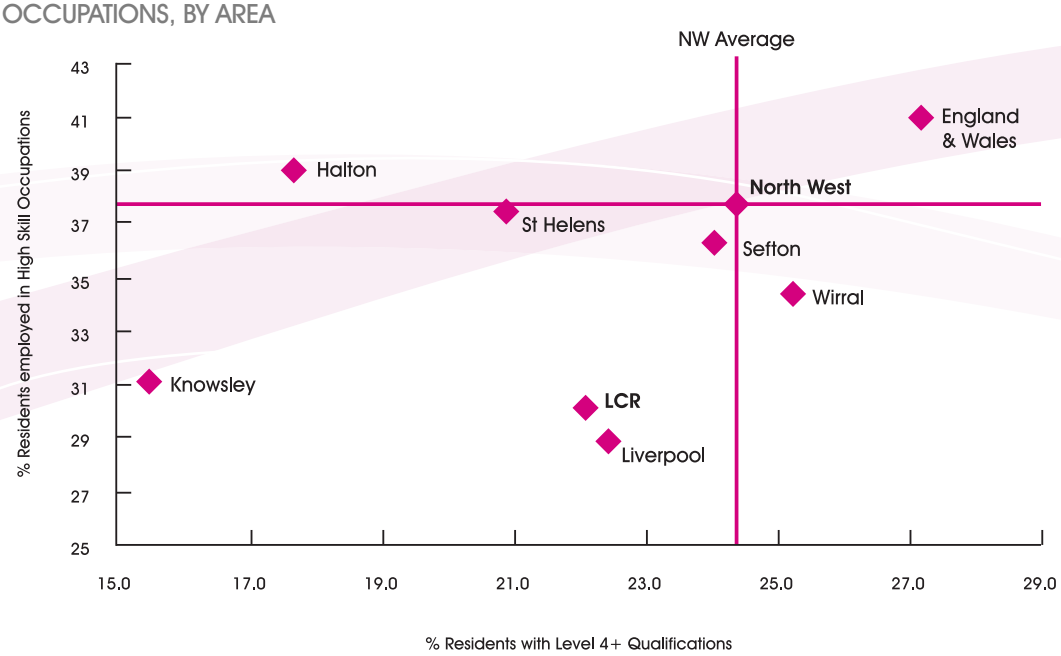
However, there were also **a significant amount of responses that referred to explicit IT, numeracy and literacy skill gaps which suggests that there is a role for employers, schools and providers to ensure that employees and potential employees are better equipped for work.**

4.48 Research on basic skills undertaken by OECD[27] argues that the definition of literacy and numeracy in knowledge-based societies needs to include the use of technologies to find, interpret, evaluate and analyse information. **Therefore it is increasingly important employees are able to effectively communicate with others in digital environments.** The report also explains that technological change has led to an increasing demand for higher-level cognitive skills such as problem solving and complex communication. Ensuring sufficient supply of these skills is therefore a crucial issue for policy.

4.49 A key challenge for Liverpool City Region is to create the condition for a 'high skill equilibrium' labour market where the **availability of a pool of high skills labour creates market confidence to invest in raising the value of business operations.** The relationship between skills and occupations is symbiotic with a focus on higher level activity likely to lead to increased quality of products and investment in the skills of employees[28]. Using Census of Population (2011) data Figure 4.21 maps the percentage of residents employed in high skill occupations against the percentage of residents with Level 4+ qualifications.

A key challenge for Liverpool City Region is to create the condition for a 'high skill equilibrium'.

FIGURE 4.21
LIVERPOOL CITY REGION RESIDENTS WITH LEVEL 4 QUALIFICATIONS AND EMPLOYED IN HIGH SKILLS OCCUPATIONS, BY AREA



Source: ONS Census of Population 2011

27 OECD (2012), Literacy, Numeracy and Problem Solving in Technology-Rich Environments: Framework for the OECD Survey of Adult Skills
28 Green, A. (2012) Skills for Competitiveness: Country Report for United Kingdom, OECD (LEED) Working Papers

4.50 Figure 4.22 suggests that Liverpool City Region as a whole is some distance from creating the conditions for a high skill equilibrium with **most of the Council areas demonstrating either low Level 4 attainment or low access to higher skilled occupations or a combination of both.** This is not to say that there has been no progress in Liverpool City Region, analysis of the **Annual Population Survey suggests that since 2005 there has been a rising trend showing both increases in Level 4 skill and in higher skilled occupations**[29]. Some caution is needed in interpreting this chart as it combines resident based and workplace based data but until Census of Population data is available later in 2013 this provides an indication of recent trends.

FIGURE 4.22
CHANGE IN HIGH SKILL OCCUPATION AND LEVEL 4 QUALIFICATIONS, LIVERPOOL CITY REGION 2004-12

Source: Annual Population Survey (Jan 2012 - Dec 2012)

4.51 There is national evidence that the labour market is diverging. With a "core" of highly-skilled, highly paid and largely protected people for whom businesses compete internationally, surrounded by low-skilled, poorly paid and increasingly insecure workers. This applies in both the private and the public sector. The AGCAS and the Work Foundation report in 2011[30] supports this, indicating that **increasing automation is eliminating routine semi-skilled jobs and forcing people into lower-skill, lower-paid jobs.** However, the report states that overall low-skill jobs are being created in ever-greater numbers and the medium-skill ones are reducing.

4.52 While labour market conditions within the Liverpool City Region are complex, the key challenges are to improve the skills of residents and the workforce and to increase the proportion of higher skilled occupations available within the City Region economy. There are positive trends in both improving level of skills and the utilisation of these skills to raise productivity. However **it is clear that the desire and need to improve the skills gap is hindered by lower GCSE achievements at age 16 in some parts of the City Region, which creates an environment of catch up for these young people post 16.** The City Region also has a smaller proportion of the population who are economically active which creates a further barrier to increase skill levels in later life. The underlying high levels of unemployment and associated deprivation may also limit the pace at which the City Region is able to move towards a high skills equilibrium.

4.53 In order to capture the full benefits of forecast growth the skills system needs to become a more effective vehicle for employers and providers to generate a step change in participation and achievement. The **Liverpool City Region Skills for Growth Bank could be utilised to improve the skill level deficit of employees in the region.**

Further information can be found on www.skillsforgrowthbank.org.uk

[29] This chart combines workplace and resident data so should be used with caution - but provides an indication of change in skills relative to occupations since 2005.
[30] http://www.agcas.org.uk/agcas_resources/367-The-Hourglass-and-the-Escalator-Labour-market-change-and-mobility

FIGURE 4.23
YOUTH POPULATION 2011

Age	10 - 14	15	16 - 17	18 - 19	20 - 24
Halton	7,577	1,613	3,339	3,130	8,024
Knowsley	9,200	2,035	4,120	3,968	9,846
Liverpool	24,315	5,432	10,811	18,329	50,636
Sefton	15,672	3,314	6,979	6,349	15,915
St Helens	10,212	2,184	4,466	4,309	10,522
Wirral	19,005	4,089	8,436	7,338	18,069
Liverpool City Region	85,981	18,667	38,151	43,423	113,012

Source: ONS Census of Population 2011

Young people - the transition from school to work

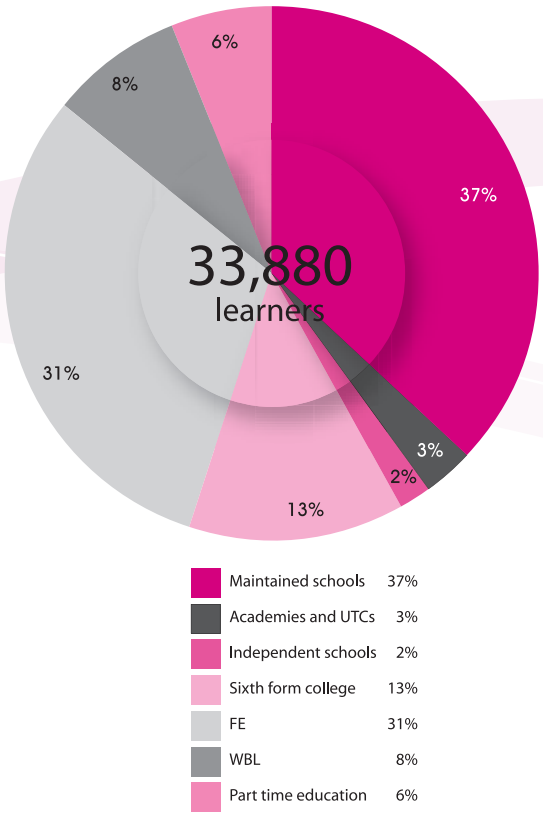
4.54 The ability of young people aged 16 to 24 to make an effective transition from education into training and work is a key issue. The availability of quality education and employment options that offer training and the opportunity to develop higher level skills is key to the functioning of the economy and the retention of young talent in the City Region.

4.55 There are 194,586 people aged 16 to 24 in the Liverpool City Region according to the Census 2011. Economic activity rates, which exclude those people in full time education or training, are 43.9% for 16 to 19 year olds and to 24 year olds. DWP data indicates that there are some 31,000 people under the age of 25 in receipt of benefits.

4.56 Mapping the routes of transition for young people is an important component of effective planning. The latest locally-available figures from the Department of Education's Statistical Release (which refers to the group of learners at the end of 2010) can be used to gain an indicative profile of the current groups of learners. The release shows that there were approximately 33,880 16 and 17 year olds in education across the Liverpool City Region and **almost 50% of learners study at sixth form college or maintained schools, while another 31% are taught in further education college.** Work-based learning accounts for almost one in ten learners while 6% study part time.

The ability of young people aged 16-24 to make an effective transition from school into training and work is a key issue.

FIGURE 4.24
PARTICIPATION IN EDUCATION, TRAINING AND EMPLOYMENT BY 16 TO 18 YEAR OLDS (END 2010)

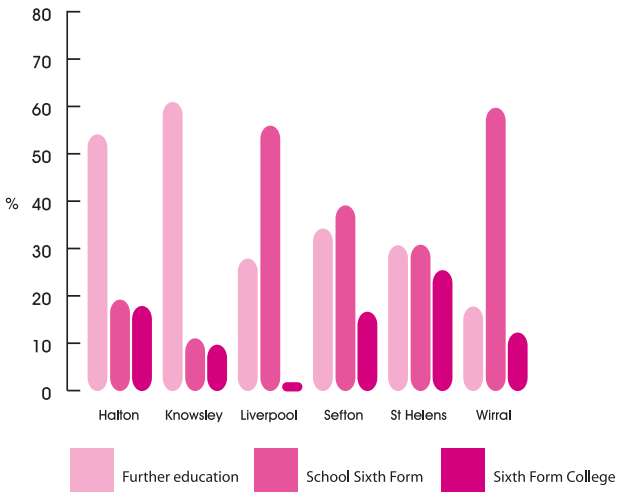


Source: Department of Educational Statistical First Release 2011 for the Liverpool City Region

4.57 Local indications[31] of post 16 destinations for the City Region based on an average for the six Council areas shows that 94.5% of year 11 leavers in June 2012 were in learning at the point of the survey in autumn 2012. Around 92% of this group were in education while 8% were in Apprenticeships or training.

4.58 Learning participation rates post-year 11 are consistent in the City Region, ranging between 93% and 96% across the six Council areas. However, as can be seen in Figure 4.25, **the structure of post 16 education provision varies considerably by Council area.**

FIGURE 4.25
DESTINATION FOLLOWING YEAR 11 LEAVERS INTO EDUCATION AUTUMN 2012, BY COUNCIL AREAS



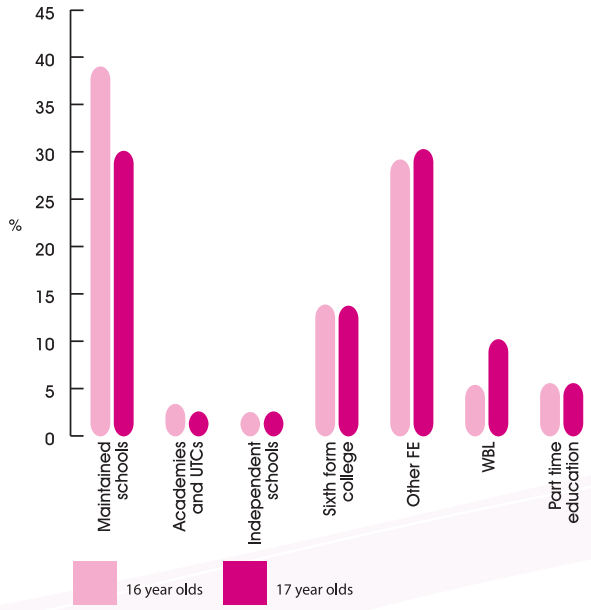
Source: Activity Survey 2011, GMCP on behalf of LCR Councils

This data also suggests that in areas where GCSE attainment rates are higher, the take up of Apprenticeships was lower.

4.59 Department of Education research into the destination of the 2008-09[32] school leaver cohort shows correlation between GCSE attainment by Council area and continuation into further education. This data also suggests that in areas where GCSE attainment rates are higher, the take up of Apprenticeships was lower. It is important to note that, since this research was undertaken, the prominence of Apprenticeships (in all areas) has increased, however the 2012 Year 11 Activity Survey[33] suggests that there remains a variation in Apprentice participation across the City Region (a range of 31% of those in a vocational destination being enrolled on an Apprenticeship in St Helens to 57% in Sefton).

4.60 When considering the age profile of learners, the Statistical First Release 2010 shows that 52% are aged 16 with the balance of learners aged 17. Figure 4.26 shows that **there is a reduction in 17 year olds staying in maintained schools and an increase in 17 year olds going to FE and vocational learning.** A key aspect of the post 16 education and training dynamic from a skills perspective is the proportion of young people who return to maintained schools and Sixth Forms for one year only as evidenced.

FIGURE 4.26
LIVERPOOL CITY REGION PARTICIPATION IN EDUCATION, TRAINING AND EMPLOYMENT BY 16-18 YEAR OLDS (END 2010)



Source: Department of Education Statistical First Release, 2010-11

4.61 Feedback from Further Education providers indicates that there is a switch from maintained schools to vocational courses at age 17. Analysis of the City Region's NEET cohort supports this trend by showing that, when young people become NEET, they are most likely to have come from full time education and that, when moving on, they

31 Year 11 Activity Survey Data 2012, GMCP on behalf of LCR Councils
32 Number of 2008/09 Key Stage 4 cohort going to, or remaining in, an education destination in 2009/10, DfE
33 Year 11 Activity Survey Data 2011/GMCP MI Data, GMCP

are far more likely to go into vocational training or employment than back into full time learning. There could be a number of reasons for this migration including:

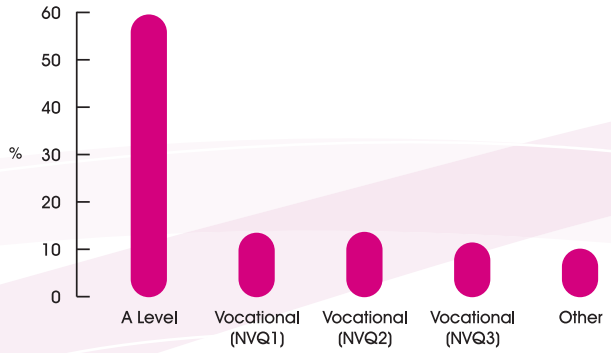
- Genuine progression from academic to vocational routes
- Learner drop out
- Learners not able to progress to year 13, due to poor exam results or attendance in year 12.

4.62 It is essential to understand the reasons for the drop out and change of direction between the age of 16 and 17. There is anecdotal evidence that some young people are choosing to 'stay on' at sixth form for a number of reasons not related to career choices but because:

- their friends are
- they do not know what they want to do
- they like the teachers delivering year 12 subjects
- schools activities to retain students for their year 12 offer.

The reason for this **could be down to limited careers guidance or understanding of the jobs market to inform their next step options at age 16.**

FIGURE 4.27
LIVERPOOL CITY REGION COURSE LEVEL DATA - YEAR 11 LEAVERS 2011



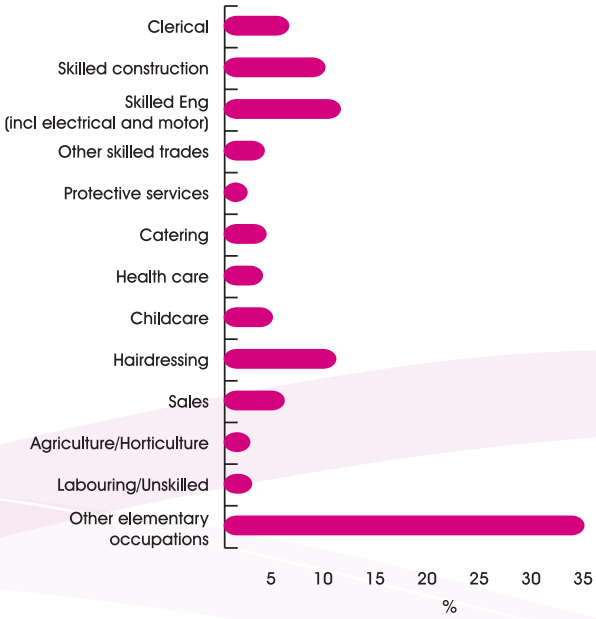
Source: Activity Survey 2011, GMCP on behalf of LCR Councils

4.63 The Activity Survey data for year 11 leavers, gives insight into the types of courses that learners are engaged in and the level of qualification they will receive. For all year 11 leavers engaged in education and training over two thirds (67%) are learning at Level 3 equivalent. As can be seen in Figure 4.27, **the largest group is undertaking A-Levels with just 9% undertaking a vocational qualification at Level 3.**

4.64 The Activity Survey 2011 also provides an indication of primary occupational area. Figure 4.28 shows the breakdown of Year 11 leavers in vocational destinations. More than a third of learners are based within "Other Elementary Occupations" (low skill, low paid) with high proportions based within Skilled Construction, Skilled Engineering and Hairdressing.

It is essential to understand the reasons for the drop out and change of direction between the age of 16 and 17.

FIGURE 4.28
PRIMARY OCCUPATIONAL GROUPS FOR EMPLOYMENT AND TRAINING DESTINATIONS 2011 YEAR 11 LEAVERS



Source: Activity Survey 2011, GMCP on behalf of LCR Councils

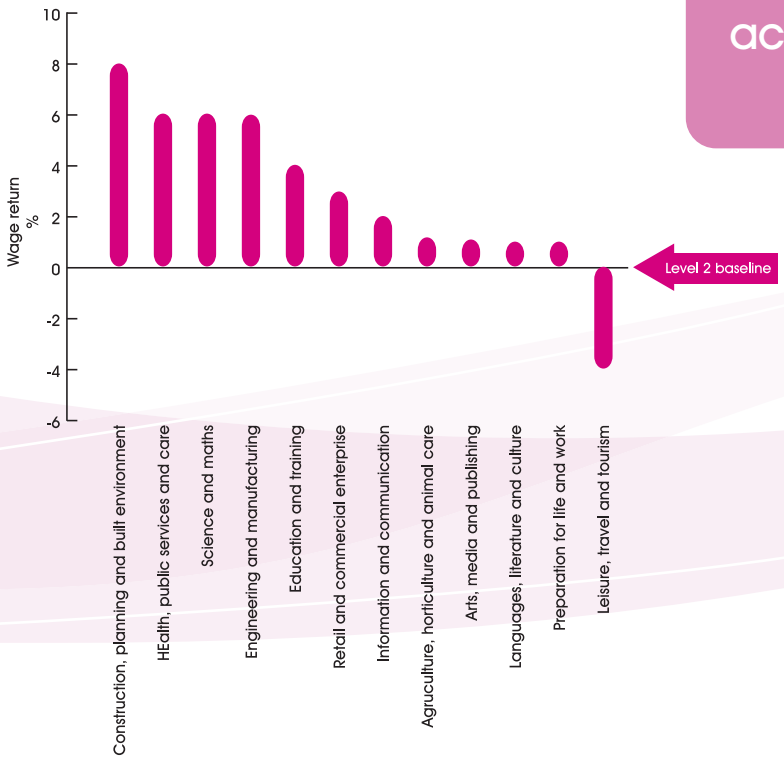
4.65 Post 16 transition from formal education to training and employment is a key period for individuals and **employers indicate that some young people do not always find the transition from education to the world of work easy and do not have a good understanding of the behaviours and soft skills required for entry into the labour market.** All young people need to be equipped with skills to enter the labour market. Changes to 16 to 18 provision, require substantive work experience through a Study Programme and the introduction of Traineeships will help facilitate this understanding.

4.66 As noted previously the City Region has a substantial youth population, with some 299,234 young people aged between 10 and 24 at the point of the Census in April 2011. Figure 4.29 shows that, **over the next few years, the number of school leavers across the City Region (and, therefore, the potential demand from young learners in the FE sector) will fall by around 9%.** Appendix 3 also shows the level of change expected across the City Region's school leaving population across the Council areas.

4.67 The economic value of qualifications as a proxy for skills has long been debated and it is clear that in vocational training there are differing returns depending on the qualification for businesses and individuals. One key way of measuring this return on investment is to look at the wage return gained from undertaking particular programmes of learning.

4.68 Figure 4.30 is derived from a Department for Business, Innovation and Skills (BIS) report from 2011 and shows **substantial differences in wage gains derived by individuals achieving vocational qualifications in different vocational areas.** In this diagram the zero percentage is the baseline of individuals without a Level 2 qualification.

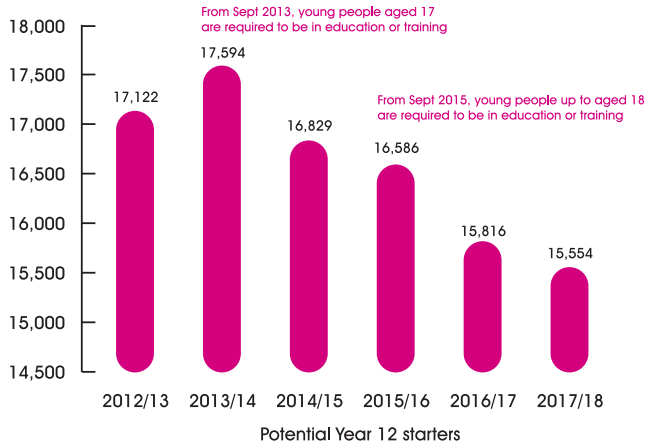
FIGURE 4.30
EARNINGS IMPACT OF VOCATIONAL QUALIFICATIONS, SELECTED SUBJECTS AT LEVEL 2



Source: BIS, Reporting on employment and earnings based upon experimental matched data (London HMSO, 2011)

4.69 Wage gains give us a hard economic indicator of the value the economy is placing on the acquisition of certain skills over others. **This national data is only looking at Level 2 wage gains but does give some clear messages about the impact on individual earnings (and subsequently business productivity) of the learning provision delivered to individuals.**

FIGURE 4.29
COHORT SIZE POTENTIAL IN THE LIVERPOOL CITY REGION BY YEAR, 2012-13 TO 2017-18 AT AGE 16



Source: Department of Education Statistical First Release, 2010-12

Over the next few years, the number of school leavers across the City Region will fall by around 9%.

5. Employer demand for skills

Key Challenges and Messages

- There is a need to engage employers and ensure that the benefits of training investments are seen in terms of increased productivity.
- Employers make decisions about training based on business needs and cost of training. The Skills for Growth Bank provides a means of translating local Apprenticeship grants and skills funding investments more clearly into this economic and productivity decision making.
- The City Region has lower levels of higher skilled residents, however there is also national evidence of graduate underemployment. In addition to providers needing to review the relevance of high-level curriculum it is incumbent on businesses to look at how those with high-level skills can be better utilised within their workforce.
- Local employers and Government have identified the need for young people and job seekers to have a better understanding of the world of work, therefore employers need to support the development of this by offering quality work experience, Traineeships and Apprenticeships.
- Employers are increasingly using the internet and social media to advertise jobs and there is evidence they 'sift on application' based on qualifications/ content, 'recruit on attitude' and then 'train for skill'. Therefore it is essential that employment and skills programmes embed these technological and attitudinal features into their programmes.
- One-off projects and seasonal/short-term demand provides an opportunity for employers to engage in work experience placements, enabling learners to gain a better understanding of the working environment and showcase their skills to potential future employers.
- Encouraging stronger relationships between businesses and providers will further develop young people's understanding of the labour market, encourage co-design of curricula and help facilitate work experience opportunities.

5.1 This section provides an overview of employer demand for labour and skills within the Liverpool City Region. This draws together data on employer investment in training and labour demand as represented by recruitment activity. A further detailed explanation of employer demand focused on the key growth sectors for the City Region is available in Matching Demand and Supply (Section 7).

5.2 It is important to recognise that employers meet their skills needs in various ways through training staff, reorganising corporate structures or processes to release internal capacity or through (formal or informal) recruitment of new staff members. These responses to skill needs may not be mutually exclusive and may, particularly in larger organisations, take place simultaneously as part of workforce development plans.

5.3 **The key challenge for Liverpool City Region is to create a supportive environment where employers are able to commission training or source suitably skilled employees within an improving labour market.** This underpins the rationale for employers to get more involved in the publicly funded skills system. One of the key areas for the City Region is in the creation of a 'Skills for Growth Bank' to unify public and private skills investments around the needs of businesses. (See www.skillsforgrowthbank.org.uk for further information)

Labour demand

5.4 **Liverpool City Region, according to national statistics, has over 41,000 business units employing some 574,000 people** (employees excluding self-employed). Figure 5.1 provides a breakdown of business units compared to total jobs by sector. This indicates that there are a considerable number of employees within the City Region working in health and social care as well the wholesale and retail trade and business activities. There are over 200,000 staff in traditionally public sector funded work environments with projections that indicate further reductions in public sector employment for the next four years.

FIGURE 5.1
JOB RANGE IN LIVERPOOL CITY REGION

Industry	Business Units	Total Jobs
Manufacturing	2,280	49,438
Utilities and Related	225	4,042
Construction	4,275	24,439
Wholesale and retail trade	8,860	88,122
Hotels and restaurants	3,040	36,863
Transport, storage and communication	3,290	27,313
Financial intermediation, Professional and Technical	6,265	18,142
Real estate, renting and business activities	4,190	96,133
Public administration and defence	455	45,269
Education	1,340	55,302
Health and social work	3,565	104,851
Other social and personal service activities	3,395	24,274
Total	**41,180**	**574,188**

* Excludes agriculture and mining

Source: ONS Annual Business Inquiry 2011

5.5 It is difficult to quantify labour demand accurately, other than liaising with employers direct or looking at past and present vacancy notifications. There are recognised issues in trying to undertake this task as there is no single place where vacancies are recorded. The growth of digital technology now means that many employers are advertising their vacancy opportunities online instead of or as well as traditional methods. The Jobcentre Plus Universal Job Match Service now allows employers to upload their own vacancies online, but is unable to capture all opportunities across the City Region. National research also indicates that there is still a great deal of informal methods used which are likely to secure a job (nearly one in three jobs). Recent research undertaken by the Youth Unemployment Task Force also indicates that many young people (one in five) hear about local jobs by word of mouth.

Vacancy rate by occupation

5.6 Data on vacancy rates of occupations is not published by ONS but estimates have been developed by UKCES in the Employer Skills Survey 2011 report. UKCES has calculated a vacancy rate by occupation based on a national survey of 17,000 employers. To provide an indicative demand for occupations this rate can be used to calculate an estimate of total demand by occupation for Liverpool City Region and also compared with the vacancies notified to Jobcentre Plus as presented by the Centre for Economic and Social Inclusion[34], although there are acknowledged data limitations in presenting in this way. See Figure 5.2 below.

FIGURE 5.2
ESTIMATE NUMBER OF VACANCIES BY OCCUPATIONAL GROUP, LIVERPOOL CITY REGION

	Employment base by Occupation [a]	JCP Notified Vacancies Snapshot (Nov 2012) [b]
Managers	51,500	238
Professionals	49,600	447
Associate Professionals	73,700	1,033
Administrative and Clerical	59,300	677
Skilled Trades	42,700	684
Caring Leisure and Other	47,300	999
Sales and Customer Service	38,900	1,671
Machine Operatives	33,300	2,800
Elementary Occupations	53,600	1,505

Source: a - ONS Annual Population Survey (Workplace Statistics); b - ONS Jobcentre Plus Notified Vacancies Nov 2012

5.7 Traditionally, it is estimated that JCP only capture around 33% of all vacancies, a rate that varies considerably by occupational group, skill level and in line with seasonal and economic variations. Some inflation of numbers could be explained by a combination of multiple vacancies placing for the same role (multiple agencies) or employment agencies 'fishing' for generic posts such as drivers and warehouse staff. The introduction of the Jobcentre Plus Universal Job Match Service will encourage employers to advertise job and Apprenticeship vacancies direct on an online platform. The National Apprenticeship Service vacancies website is also available for providers and employers to advertise Apprentice vacancies. http://www.Apprenticeships.org.uk/Be-An-Apprentice.aspx

5.8 **Increasingly employers are using web based advertising as standard practice to fill vacancies as a replacement or to complement more traditional approaches.** This potentially reduces costs and also may expand the labour catchment area. Figure 5.3 provides a list of top vacancies, by occupation, in the City Region that have been web advertised[35] compared to Jobcentre Plus notified vacancies. While there may be issues regarding the coding and description of vacancies the comparison shows similarities in high demand for drivers, sales roles and cleaning staff. Appendix 4 also provides information on the top online vacancies advertised in June 2012, October 2012, January 2013 and June 2013, as well as an overview of the top 70 skills requested across online vacancies over a 12 month period.

FIGURE 5.3
SNAPSHOT OF THE TOP 20 VACANCIES BY VOLUME LIVERPOOL CITY REGION (OCTOBER 2012)

Web Based Advertising

- Sales Executive
- Paralegal
- Drivers
- Receptionist
- Paraplanner
- Recruitment Consultant
- Cleaner
- Chef
- Legal Secretary
- Retail Sales Executive
- Accountant
- Pensions Administrator
- Account Manager
- Sales Consultant
- Sales Representative
- Administrator
- Solicitor
- Controller
- Assistant Manager
- Administrative Assistant

Jobcentre Plus

- Heavy goods vehicle drivers
- Care assistants and home carers
- Sales and retail assistants
- Sales representatives
- Call centre agents/operators
- Cleaners, domestics
- Telephone salespersons
- Other goods handling and storage occupations
- Security guards and related occupations
- Van drivers
- Fork-lift truck drivers
- Market research interviewers
- Nurses
- Train drivers
- Kitchen and catering assistants
- Chefs, cooks
- Packers, bottlers, canners, fillers
- Sales related occupations
- Secondary education teaching professionals
- Plumbers, heating and ventilating engineers

Source: Active Informatics Labour Market Report for Oct 12, ONS Jobcentre Plus Notified Vacancies for Oct 2012

[34] Centre for Economic and Social Inclusion, Hidden Talents: Skills Mismatch Analysis, June 2012
[35] Active Informatics Labour Insight Report - January 2013

5.9 The Jobcentre Plus figures show only a snapshot of current demand and, as a result, do not reflect seasonal variation in the local labour market. Unfortunately, time series data does not take into account changes in recent years to Jobcentre Plus procedures for taking and handling vacancies and, as a result, figures are not comparable over time. **For effective skills planning, data needs to be contextualised by longer-term trends (such as sector growth and contraction), employer feedback along with current and projected investment levels.**

5.10 It is also useful to look at Apprenticeship vacancies registered on the National Apprenticeship vacancies website across the City Region. Nearly 2,500 vacancies have been posted across the Liverpool City Region between 1st August 2012 to February 2013. The sector subject breakdown of the vacancies is shown in Figure 5.4. The Government priority for Apprenticeships growth has lead to an increasing number of employers recruiting Apprentices.

5.11 It is important to note that Figure 5.4 are only the vacancies advertised and are not the total number of Apprentices that start Apprenticeships. There is also a considerable interest from residents looking for Apprenticeships with nearly 50,000 individuals from across the City Region registered on the Apprenticeship Vacancies website and around 150 currently on the live vacancies site in any one day. There is also evidence of an increasing spread of Apprenticeship frameworks now being utilised by businesses. The vacancies can now be accessed via an app for android/IOS phones and mobile devices.

FIGURE 5.4
NATIONAL APPRENTICESHIP SERVICE NOTIFIED VACANCIES FROM AUG 2012 TO FEB 2013

Sector	Total Vacancies	Percentage
Business, Administration & Law	1154	47%
Retail & Commercial Enterprise	393	16%
Engineering & Manufacturing	371	15%
Health, Public Services & Care	247	10%
Information & Communication Technology	92	4%
Construction, Planning & the Built Environment	72	3%
Agriculture, Horticulture & Animal Care	45	2%
Arts, Media & Publishing	29	1%
Leisure, Travel & Tourism	14	<1%
Education & Training	11	<1%
Science & Mathematics	2	<1%

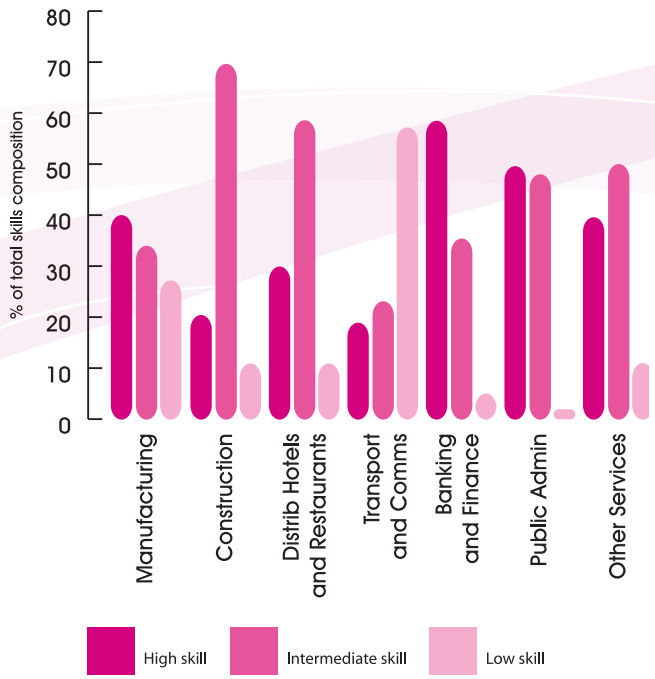
Source: National Apprenticeship Service, 2013

Within each sector of the economy there is a combination of sector specific skills and generic skill requirements.

Skills requirements by sector

5.12 As can be seen in Figure 5.5 across the broad sectors of the City Region there is a diversity of skill requirements which reflect a wide variety of occupational roles and work tasks within each primary sector of the City Region economy. This diversity of roles highlights the complexity of effective sector planning for skills. Within each sector of the economy there is a combination of sector specific skills and generic skill requirements. For example business finance is both a core skill area for employers in the banking and finance sector, but is also in demand from other areas of the economy; qualifying individual job seekers for employment in a wide range of sectors.

FIGURE 5.5
SKILL LEVEL BY BROAD INDUSTRIAL SECTOR, LIVERPOOL CITY REGION



Source: ONS (2011) Annual Population Survey (Workplace Statistics)

5.13 It is important to balance current skills and labour requirements with trend information informed by expectations of future likely demand. **Central to effective planning by universities, colleges and providers is addressing gaps for higher level skills that enable businesses to become more competitive within their markets.** For example while the skills profile for transport and communications is dominated by low skilled occupations, demand from employers is for intermediate skills that can contribute to sector growth. Similarly in the visitor economy and distribution fields, hotels and restaurants employers indicate leadership and management skills are key to growing the sector.

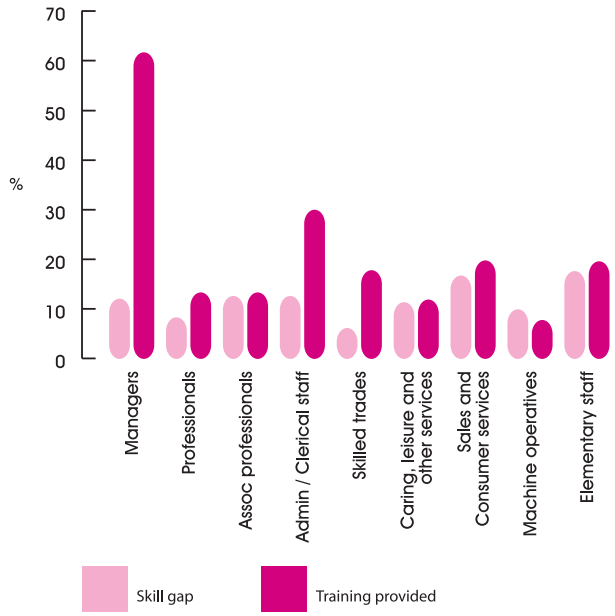
Employer investment in training

5.14 **In line with national trends, a majority of employers in the Liverpool City Region invest in the skills of their staff through on the job and externally provided training.** UKCES survey data collected from 1,500 employers in the City Region shows that **67% of employers provided some form of training for their staff in the 12 months preceding the survey.** The focus of this training varied both in topic and coverage within the workforce, with job specific training including statutory health and safety, first aid and induction training as well as training in new technology being most common. Additionally, training in management and supervision skills was also significant constituting 39% and 34% of the training funded by employers in the City Region.

5.15 Some 36.6% of employers in the Liverpool City Region indicated that they had skills gaps in their workforce. This equates to around 29,000 staff across all occupational groups that employers consider lack some proficiency in their work role. When asked, employers identified a **lack of prior or completed training, new or unfamiliar work roles, lacking motivation or an inability to apply training in the workplace as being the top reasons for inadequate skill proficiency.**

Some 36.6% of employers in the Liverpool City Region indicated that they had skills gaps in their workforce.

FIGURE 5.6
SKILLS GAP AND TRAINING PROVIDED BY OCCUPATION, LIVERPOOL CITY REGION



Source: UKCES (2011) UK Commissions Employer Skill Survey (tables 68 and 103)

5.16 Figure 5.6 shows that employers report skills gaps across the workforce, with an average of 11.1% across all occupations. **There is a skew towards lower skilled occupational groups as having a high rate of skills gaps than those with higher, and perhaps more formal training.** However, in terms of the training funded by employers a greater proportionate share is directed to higher skilled occupations and managers and senior officials in particular. This may be due to publically funded skills provision being available for lower levels skills and occupancy groups.

5.17 Results from the national UKCES survey for England indicate that of the **73% of employers offering training suggest the primary considerations for selection of private and public sector providers are relevance to the business needs and cost of training.** The survey shows that larger companies are more likely to invest in training due to their capacity to effectively source relevant provision and the lower opportunity cost of days lost due to staff training. Information both on the range of available provision and on public subsidy for training appears to be particularly important for smaller employers.

5.18 As identified, the City Region has a large proportion of small medium, sized businesses (SMEs). **The Skills for Growth Bank will be able to support the cost of training, however it is essential that clusters of sector specific SMEs are targeted in order secure engagement from enough employees and employers to achieve viable training provision.** This can be through existing employer groups such as Chambers of Commerce and the Federation of Small Businesses as well as encouraging businesses to form their own sector collaborations.

Young people need the opportunities to develop an understanding of the world of work whilst at school.

Employability skills

5.19 We should not overlook wider employability skills (see Appendix 5) which should ensure the investment in technical skills and proficiencies pay off, through people having the right attitude and disposition when it comes to finding, retaining and progressing in work. **Young people need the opportunities to develop an understanding of the world of work whilst at school and be encouraged to develop essential career management skills to plan their pathway through appropriate learning and employment.** The importance of the right behaviour, attitude and reliability is highlighted in many of the employer focus groups and the Youth Unemployment Task Force research undertaken in the Liverpool City Region. If these are not developed, employers will find it even harder to attract knowledgeable, motivated and experienced young people.

5.20 Employability Skills are a combination of functional skills including the application of number, language and IT skills alongside behavioural characteristics and social skills essential to operating in the workplace.

These might include effective communication, taking personal responsibility, team building, and problem solving all contributing to business success. Moreover, they are as UKCES suggests the 'essential capabilities' that make specific knowledge and technical skills fully productive[36]. UKCES research[37] indicates that having the right attitude and behaviour as well as problem solving skills in work is as important as any other skill or qualification. Therefore it is essential that providers consider how these employability skills can be embedded in curriculum delivery as well as offered as standalone modules, where they are practiced and applied continually to ensure that learners are 'work ready'.

5.21 Work experience provides an excellent opportunity to develop employability skills. From September 2013 training providers will be expected to embed substantive, relevant, work experience into all 16 to 18 years full time programmes of study in order to ensure that students gain a realistic understanding of the work they will be expected to undertake after completing their qualifications. **If this is to succeed, employers will need to be engaged effectively to support this government initiative by providing the opportunities for work experience.**

5.22 The Liverpool City Region Youth Unemployment Task Force surveyed 100 local businesses in order to gain employer insight on their experiences in recruiting young staff. This research identified similar barriers to employing young people which could be addressed through effective employability programmes and greater work experience opportunities. The local survey identified:

- Businesses value young people in their organisation.
- Businesses that are not looking to recruit a young person right now say it is because of the recession, recruitment freeze, not enough work or they need more experienced staff.
- The majority of businesses surveyed have no age preference, however one in five prefer to recruit the 18 to 20 age group rather than 16 to 18.
- One in three businesses require traditional educational qualifications.
- Businesses did not show any clear consistency on vocational qualifications required, as responses were mostly too varied to give a minimum standard with 20% requiring no specific standard. However 13% require NVQ Level 2-3 and 1% require a degree.

5.23 Businesses also identified the skills they felt to be the most important skills when recruiting in Figure 5.7, which also shows the barriers affecting recruitment of young people.

FIGURE 5.7

TOP BARRIERS FOR YOUNG PERSON'S EMPLOYMENT	TOP SKILLS REQUIRED BY EMPLOYERS WHEN RECRUITING
• Lack of effort/interest • Poor timekeeping/attendance • Poor literacy • Poor social skills • Poor quality applications • Lack of relevant skills	• Communication • Team work • Initiative/enterprise • Time management • Self-management

Source: Liverpool City Region Youth Unemployment Task Force Survey

5.24 The research also indicates that **employer's recruitment practices rely on a 'sift through applications' based on qualifications, and have a tendency, once at interview to 'recruit on attitude and once the employee is in post, train on skill'.** The implications of this will impact on applicants that do not hold the minimum qualifications which would normally include Level 2 English and Maths. It also emphasises the importance of the softer skills[38] and attitudes to work. There is also an imbalance between the attitudes required by employers and those available from young people. Businesses identified that they look for commitment and enthusiasm whilst young people think they need to demonstrate confidence. Being clearer on the expectations of businesses is definitely required.

Having the right attitude and behaviour as well as problem solving skills in work is as important as any other skill or qualification.

36 UKCES (2009) The Employability Challenge
37 UKCES (2011) Employer Skills Survey - Liverpool City Region Analysis
38 http://searchio.techtarget.com/definition/soft-skills

More employers need to step forward and offer quality work experience opportunities to young people.

5.25 Research undertaken by UKCES[39] highlights the **importance of generic skills including employability skills and basic functional literacy and numeracy.** Suggesting the importance of a 'T-shaped' skill set where the importance of technical and generic skills is more roundly balanced.

5.26 As well as offering employability skills training, **young people need to have the opportunity to develop a real understanding of a working environment through work experience.** The new Study Programme for all 16-18 year olds supports this aspiration and encourages schools and colleges to embed substantive related work experience into their curriculum offer. However in order for this to work, more employers need to step forward and offer quality work experience opportunities to young people.

5.27 The Business Innovation and Skills' Skills Funding Statement 2012-15 also sets out the importance of employability skills and has widened the scope for colleges and training providers to utilise their Skills Funding Agency allocations for 19 plus provision to support the key qualifications that can enhance an individual's chances of gaining employment.

It is essential that providers and careers advisory services work together with employers to ensure that the key employment and skills growth sectors are promoted across the City Region.

Summary

5.28 Many employers within the City Region are members of the Liverpool City Region Local Enterprise Partnership, its Employment and Skills Board and wider local business networks and are supportive and focused on improving the skills landscape of the local population to meet the needs of the growth sectors.

5.29 There are also substantive numbers of employers who already offer work experience and Apprenticeship opportunities, working with providers and other stakeholders to articulate their skills requirements and job opportunities. However, in order for the City Region residents to **benefit from the forecasted jobs growth and major infrastructure investments, there needs to be clear articulated demand of the skills required (what skills, what level and when) and a dedicated effort by employers, universities, learning providers, schools and individuals to 'up-skill' the existing workforce will remain extremely important.**

5.30 There is also a clear need for young people and job seekers to have a good understanding of the growth sectors, workplace environment and the specific jobs roles and generic skills required alongside the technical skills required for employment. Therefore it is essential that providers and careers advisory services work together with employers to ensure that the key employment and skills growth sectors are promoted across the City Region. Businesses from these sectors in particular need to increase the availability of work experience or Traineeship opportunities to give young people and the unemployed real experience of work and an understanding of our future labour market. Large local employers or employer forums / groups could also consider identifying industry champions to promote the sectors, skills and job roles of the future working with schools, colleges and universities to market these opportunities.

[39] UKCES Skills for Jobs, Today and Tomorrow, National Strategic Skills Audit for England 2010

6. Skills supply

Key Challenges and Messages

- It is acknowledged that changes to the curriculum offer have to be based on realistic evidence of need with articulated current and future demand from actual employers.
- Evidence shows that Apprenticeships are growing in the City Region and therefore it is essential that all stakeholders continue to promote the benefits of Apprenticeships to employers as a realistic option for young people leaving school as well as adults.
- Providers need to continue to develop employability skills alongside technical skills to ensure learners are work ready.
- Provider feedback also indicates that many young and unemployed people have a limited understanding of the jobs market. Businesses and providers need to market the skills required and job opportunities identified for the growth sectors to support impartial Information Advice and Guidance.
- The advancements in the use of technology across industries and sectors mean that it is important for employees to have good ICT skills including the ability to communicate through different media.

6.1 This section provides an outline of the overall capacity of the skills and training system within the Liverpool City Region. The focus is on post 16 provision delivered to residents through education institutions and learning providers and also captures workplace delivery by providers located in the City Region. This section relies significantly on Skills Funding Agency data through the Statistical First Release on provision, which must only be taken as indicative of current supply as provision funded entirely by learners and /or employers will not be recorded.

6.2 This report will consider historical provider delivery data for all funded accredited training that leads to a qualification on the Qualifications Credit Framework (QCF) and the National Qualifications Framework (NQF).

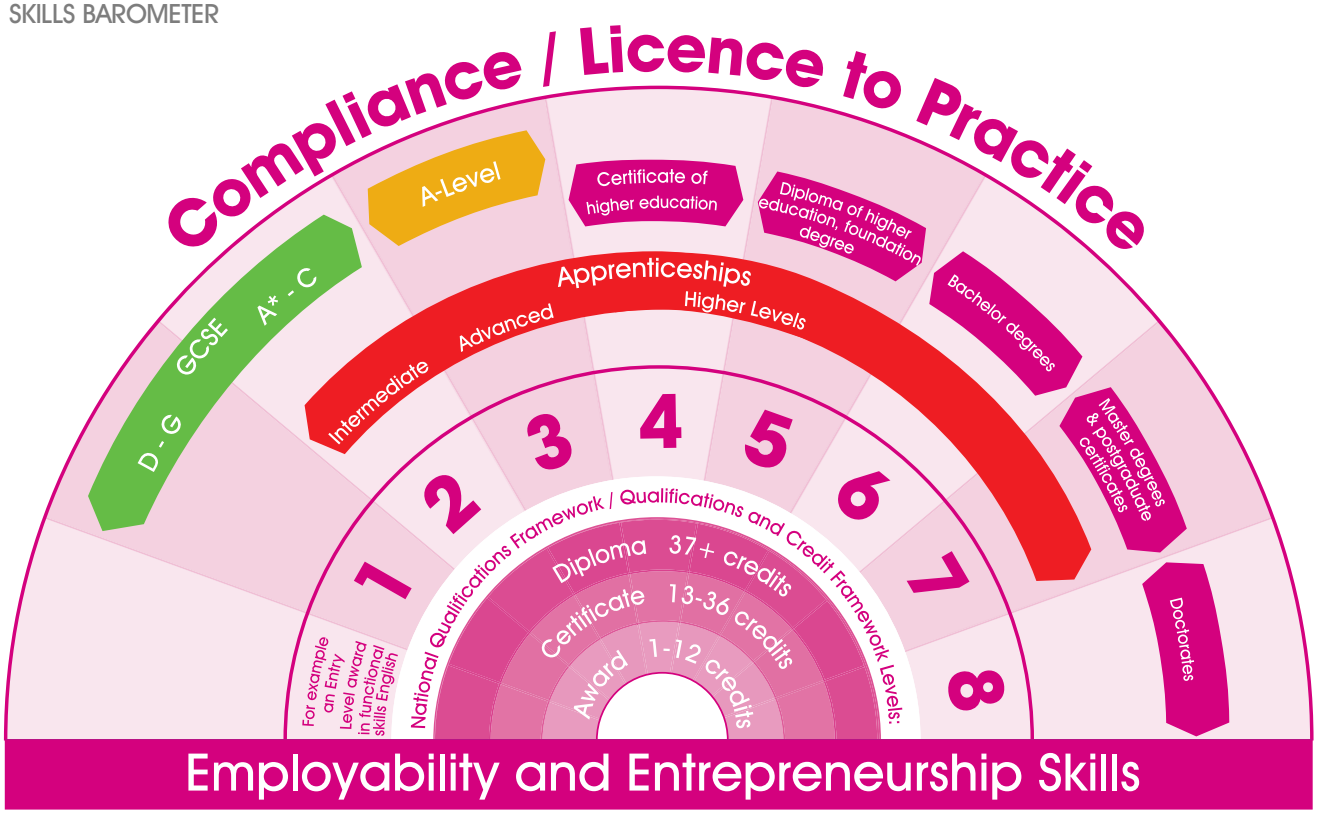
Skills supply landscape

6.3 Level 2 qualification achievement is widely seen as the standard entry requirement for the many employment opportunities. This reflects a long term pattern of rising demand for skills which has been mirrored by growth of managerial, professional and technical occupations[40]. For most jobs employees are expected to work flexibly and adapt to technological changes in the workplace. In addition to minimum educational standards employability skills are also essential as highlighted in the previous Employer Demand for Skills section of the report.

For most jobs employees are expected to work flexibly and adapt to technological changes in the workplace.

[40] UKCES (2010) Skills for Jobs - Today and Tomorrow

FIGURE 6.1
SKILLS BAROMETER



Source: Adapted from the Ofqual model[41]

6.4 As detailed in the Government Skills Funding Statement 2012-15 colleges and providers can fund (through their Skills Funding Agency allocations) from January 2013, certain stand alone qualifications such as health and safety, fork lift truck, food hygiene and first aid for the unemployed learners.

6.5 Traditionally the supply of training has been either:

- Recognised vocational and academic training, nationally accredited and provider delivered (funded by a varying mix of the employer, learner and Government co-investment).
- Informal on-the-job or formal in-house company training, which may or may not be nationally accredited and is employer or trainer delivered (funded by the employer).

6.6 Both methods of training can be valid ways of improving individual employee skills and overall business productivity, with the best approach dependent on circumstance.

The UK Government has recently sought to better link this mixed model of provision by encouraging co-investment in the skills system alongside greater employer ownership of the way skills investment is made and courses. This section considers and reviews the current accredited skills provision in colleges, training providers and universities.

6.7 The skills barometer shown in Figure 6.1 gives a good overview of the types and equivalencies of qualifications by level that is available for accredited training and development. This includes fully accredited training that leads to a qualification on the Qualifications and Credit Framework (QCF) and the National Qualifications Framework (NQF). The diagram also acknowledges the importance of employability and entrepreneurship skills and compliance or licence to practice accreditations.
An example of this is the Construction Skills Certification Scheme (CSCS) card for all staff working in construction or the Qualified Teacher Status (QTS) for teaching in most mainstream education.

[41] http://www.ofqual.gov.uk/help-and-advice/comparing-qualifications/

Supply of post 16 learning

6.8 There is currently an extensive range of post 16 learning providers across the Liverpool City Region. These consist of:

- Four Higher Education Institutions within the City Region boundary including University of Liverpool, Liverpool John Moores University, Hope University and the Liverpool Institute for Performing Arts, as well as several within commuter distance in Ormskirk, Manchester, Lancashire and Chester.
- Seven indigenous Further Education colleges and over 300 other training providers registered for funding with the Skills Funding Agency. These training providers include the 6 Liverpool City Region Local Authority adult community learning providers.
- Three independent sixth form colleges and 48 secondary schools with sixth forms attached.

New supply of 14 to 18 learning

6.9 There are 3 University Technical Colleges (UTC) being developed within the Liverpool City Region. These are aimed at 14 to 18 year olds and will offer employer recognised, full time, technically-oriented courses of study. They are equipped to industry standards, sponsored by a university and supported by local employers and will offer clear progression routes into higher education or further learning in work. These include:

- **Liverpool (Low Carbon and SuperPort) University Technical College,** in partnership with Liverpool John Moores University, Liverpool Community College and supported by Cofely GDF Suez, Peel Ports Ltd and other related employers. Due to open in 2014 with 300 student places available in the first year.
- **Birkenhead (Engineering) University Technical College,** in partnership with Cammell Laird, the University of Liverpool, Liverpool John Moores University, Mersey Maritime Group and Wirral Metropolitan College is due to open in 2014.
- **Liverpool (Life Sciences) University Technical College,** in partnership with North Liverpool Academy, the University of Liverpool, Merseybio, The Royal Liverpool and Broadgreen University Hospitals NHS Trust and supported by private sector partners including Novartis and Redx Pharma. Due to open September 2013 with 200-300 learner places.

Participation in learning - sixth form provision

6.10 In 2011-12, there were around 17,900 A-Level 'passes' (i.e. A*-E grades achieved) across the Liverpool City Region. When considered against the number of A-Level exams sat, this equates to a 97.8% 'pass rate' which is slightly lower than the England level of 98.5%. In keeping with the trend of exams sat, the number of passes has reduced by around 9% since the 2010-11 academic year which is the first time since 2008-09 that there has been a reduction in volume.

6.11 English has remained the most popular A-Level subject in the City Region, currently accounting for almost 12% of all local achievements. This is in keeping with the national trend, although slightly higher than the England rate of 10.7%. Maths has the second highest rate of achievements locally and nationally but the City Region proportion of 8.6% is lower than the England rate of 10%.

6.12 It is encouraging to note that more than one in four of A-Level achievements in the City Region have been within Science or Maths (the importance of STEM skills in regards to future growth opportunities are well documented and of particular value to the City Region's economic growth sectors) and, despite being slightly lower than the England average, this proportion has grown by 6% points in three years compared to 2% points nationally. See Appendix 6 for further information on A-Level take up and success.

It is encouraging to note that more than one in four of A-Level achievements in the City Region have been within Science or Maths.

Participation in learning - further education

6.13 The freedoms and flexibilities colleges and training providers have within their allocations have allowed them to plan provision in order to meet local needs whether these are classroom-based or delivered in the workplace. Colleges and training providers can deliver training from foundation level through to foundation degree level either on a part time or full time basis as well as Apprenticeships from Level 2 (Intermediate) right through to Level 4 and 5 (Higher) and also the new Level 6/7 opportunities being developed.

6.14 Providers of Skills Funding Agency funded learning and Apprenticeships across the City Region delivered around 163,000 'achievements' (across all disciplines and levels) in 2010-11[42].

6.15 In 2011-12, there were around 148,000 individual City Region residents enrolled across four different types of provision (Education and Training, Workplace Learning, Apprenticeships and Community Learning); around 15% of the City Region's entire working age population. This is an increase of around 9% from last year's enrolments but shows an overall decline of 2.4% since 2005-06.

6.16 The Skills Funding Agency holds contracts with colleges and providers with a value in excess of £500,000, with some providers holding sub-contracted provision with smaller providers within the City Region. In 2011-12, there were 117 providers which enrolled 200 or more learner aims across the City Region. These larger providers accounted for around 35% of all enrolments which means that a third of providers delivered 96% of this type of provision. See Appendix 7 for a list of the top 20 largest providers by achievement volume in the Liverpool City Region.

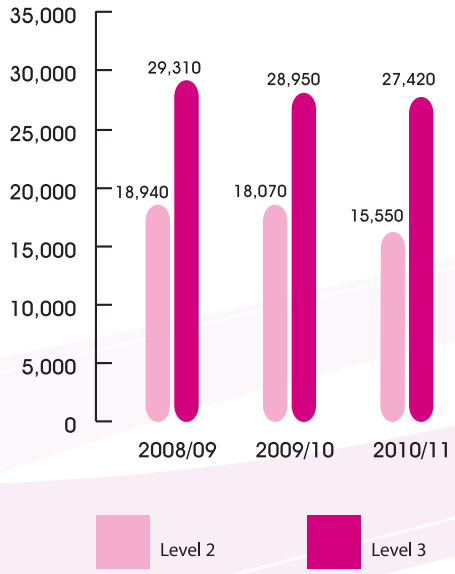
It is encouraging to note that there are almost twice as many Level 3 achievements than Level 2 achievements.

Learner responsive - Classroom based provision (education and training)

6.17 **The Statistical First Release data for 2010-11 shows that there were approximately 109,000 total achievements by City Region residents in Further Education and Training** which shows an increase of around 3% since 2008-09.

6.18 Figure 6.2 shows the number of achievements by learners by level over the last three academic years showing a reduction in volume for both levels. Within the data, around 43,000 of the achievements are classed as either Level 2 (excluding Skills for Life) or Level 3+. It is encouraging to note that there are almost twice as many Level 3 achievements than Level 2 achievements in 2010-11. However, the reductions in Level 2 and 3 against an increase in achievements overall indicates that the majority of growth in achievements is around foundation and Level 1 or Skills for Life programmes (approx. 66,000 achievements).

FIGURE 6.2
LEVEL 2 OR 3+ ACHIEVEMENTS BY CITY REGION RESIDENTS IN FE OR TRAINING, 2008-09 TO 2010-11



Source: Statistical First Release, 2008/9 - 2010/11 (The Data Service)

[42] It should be noted that these Achievements do not necessarily reflect unique individual learners and will include double-counting (for example, where learners have achieved more than one level of provision)

6.19 **The data indicates that providers are securing the majority of achievements at lower levels than GCSE and therefore are addressing lower level skills needs in the local economy before or alongside their Level 2 and 3 mainstream offer.** The reduction in Level 2 and Level 3 classroom based skills provision also needs to be considered alongside the increases in Apprenticeship provision (as detailed later in Figure 6.4).

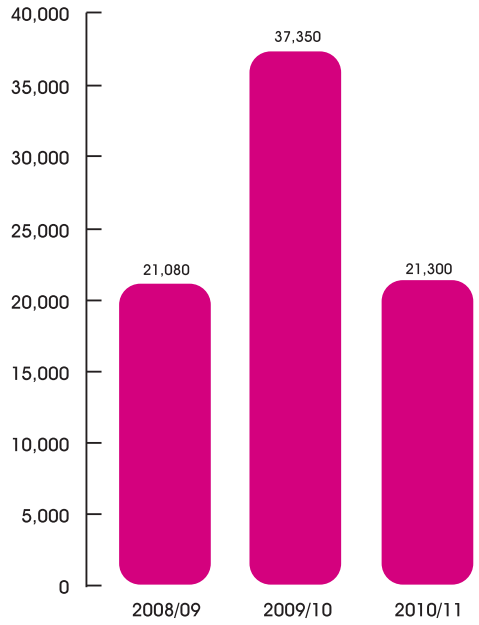
6.20 When considering the type of courses undertaken by residents in this learning stream, around 30,000 courses were aligned to specific subject areas. **Around 13% were focused on Employability, with a further 11% of achievements being in Business Information & Technology, both of which are qualifications that are aligned with local employer feedback regarding skills gaps in the current workforce.**

6.21 **Latest data shows that, in the 2011-12 academic year, there were a total of around 76,000 learners enrolled to study more than 140,000 courses.** Almost half of these learners are aged above 25, with a further 36% aged under 19. In terms of the aims studied, the trend discussed earlier is repeated with more than half of being Level 2 or below[43]. The impact of 24 plus learning loans for Level 3/4 learning will need to be monitored.

Employer responsive work based learning

6.22 The Statistical First Release also allows us to look at work based training outside of Apprenticeship frameworks. **The data indicates that there were around 21,000 workplace-based learning achievements for Liverpool City Region residents in the 2010-11 academic year.** The number of achievements has fallen by around 40% since 2009-10 but is in keeping with 2008-09 rates. **This short term increase in 2009-10 is possibly down to the impact of the Train to Gain programme before the Learning Skills Council was disbanded and the Government prioritising Apprenticeships from 2010-11.**

FIGURE 6.3
NUMBER OF WORKPLACE ACHIEVEMENTS BY LIVERPOOL CITY REGION RESIDENTS, 2008-09 TO 2010-11



Source: Statistical First Release, 2008/9 - 2011/12 (The Data Service)

6.23 Workplace learning figures for 2011-12 show that there were only around 17,000 enrolments for work based learning outside of Apprenticeships in the City Region, therefore, not surprisingly, achievements will have dropped significantly again for 2011-12.

Skills for life achievements in the Liverpool City Region

6.24 The City Region follows the national and regional trend for achievements of skills for life and also when this is broken down to English, Maths and English for Speakers of Other Languages ESOL[44]. There is a clear rise in delivery between 2006-07 and 2009-10 with a small drop in achievements in 2010-11 (which may well correspond to changes towards delivery of Functional Skills). **City Region employers and partners may need to consider the need for ESOL locally as international trade and economic migration across the EU affects demand,** however not all of these ESOL needs would attract public funding.

43 NB: From 2011/12, as a result of the introduction of the Single Individualised Leaner Record (ILR) data collection system, the number of Total Learners enrolled is not the sum of the four different types of provision (Education and Training, Workplace Learning, Apprenticeships and Community Learning). As a result, learners undertaking courses in more than one mode/level of provision will be counted once in each applicable mode of provision but only once in the Total Learners.

44 http://www.thedataservice.org.uk/Statistics/fe_data_library/skills_for_life/

Community learning

6.25 The Skills Funding Statement 2012 to 2015 states that in 2013-14 all directly funded providers of community learning will be required to deliver a truly locally-determined learning offer and operate in strong local partnerships to ensure plans and strategies are underpinned by engagement and consultation with communities, Councils, Local Enterprise Partnerships, and other key local stakeholders. These plans build upon the Community Learning Trust pilots.

6.26 **There are 13 locally based providers of Community Learning in Liverpool City Region that are directly funded by the Skills Funding Agency including Councils, Colleges and other providers.** In 2011-12, Community and First Step learning supported almost 26,000 learners across a broad range of provision. Community Learning can help to re-engage individuals in learning, support their employability through skills development and support their further progression into learning and employment.

6.27 The Labour Market Information Service is well placed to work with emerging local community learning partnerships in order to better inform and support the contribution Community Learning can make to the employment and skills progression of local people.

Apprenticeships

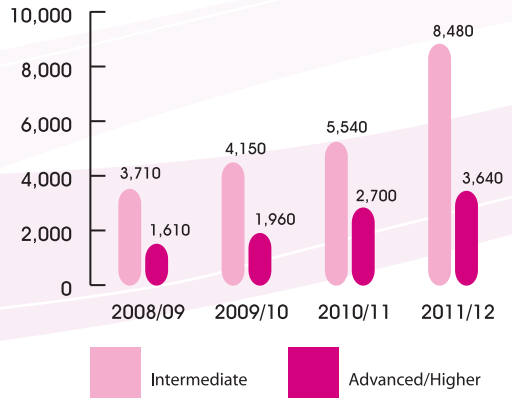
6.28 All Apprenticeships should now have a minimum duration of one year and are available from Level 2 up to Level 5 with developments to progress to Level 7. The three levels of Apprenticeship available to learners are known as:

- **Intermediate Apprenticeships**
  Apprentices work towards work-based learning qualifications such as a Level 2 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge-based qualification.
- **Advanced Apprenticeships**
  Apprentices work towards work-based learning such as a Level 3 Competence Qualification, Functional Skills and, in most cases, a relevant knowledge-based qualification.
- **Higher Apprenticeships**
  Apprentices undertake a framework at Level 4 and above which will include a competence-based qualification, Functional Skills and, in some cases, a broader vocationally-related qualification which could be a Foundation degree.

6.29 Historic Apprenticeship data provides a useful overview of baseline and future patterns of demand amongst learners and the wider economy. **In 2011-12, more than 15,000 Liverpool City Region residents started[45] an Intermediate Apprenticeship with approximately 8,800 more undertaking an Advanced or Higher Apprenticeship.** This count of total starts (almost 24,000) is a 16% increase from 2010-11 and, as would be expected with the national and local commitment to prioritise Apprenticeships starts and achievements, the rate of uptake has increased year on year since 2008-09 (provisional figures for 2012-13 show 5,700 starts in Quarter 1 alone).

6.30 The 23,800 new Apprenticeship starts in the City Region, with a greater number at Level 3 and above (63% Intermediate, 37% Advanced/Higher), **it is encouraging to see a slight increase in the rate of Advanced/ Higher Apprenticeships since 2010-11 (32%) as it will remain important for all stakeholders to encourage Apprenticeships at this level in order to help learners remain truly competitive in the economy.** Provisional figures show that, by October 2012, there had already been 5,740 new starts for the 2012-13 academic year.

FIGURE 6.4
NUMBER OF APPRENTICESHIPS ACHIEVEMENTS BY LIVERPOOL CITY REGION RESIDENTS, 2008-09 TO 2011-12



Source: Statistical First Release, 2008/9 - 2011/12 (The Data Service)

[45] A* 'Start' is defined as a learner continuing an Apprenticeship/FE course past a certain point (often, six weeks) and should not be confused with 'Enrolment' numbers which are also published but not included in this analysis.

6.31 In keeping with this, Figure 6.4 show that the rate of Achievements has also increased each year in the same period with more than 12,000 Achievements in 2011-12. As previously noted this provision has been converted into Apprenticeship opportunities in line with the Government priorities. **Around seven out of 10 of these Achievements are at Intermediate level (Level 2) with the remaining 30% being Advanced or Higher Level (Level 3 or Level 4/5).**

6.32 This proportion is comparable to the national split between intermediate and advanced/ higher level Apprenticeships (66% Intermediate and 33% Advanced Higher in 2011-12) as shown in Figure 6.5.

In 2011-12, more than 15,000 Liverpool City Region residents started an Intermediate Apprenticeship with approximately 8,800 more undertaking an Advanced or Higher Apprenticeship.

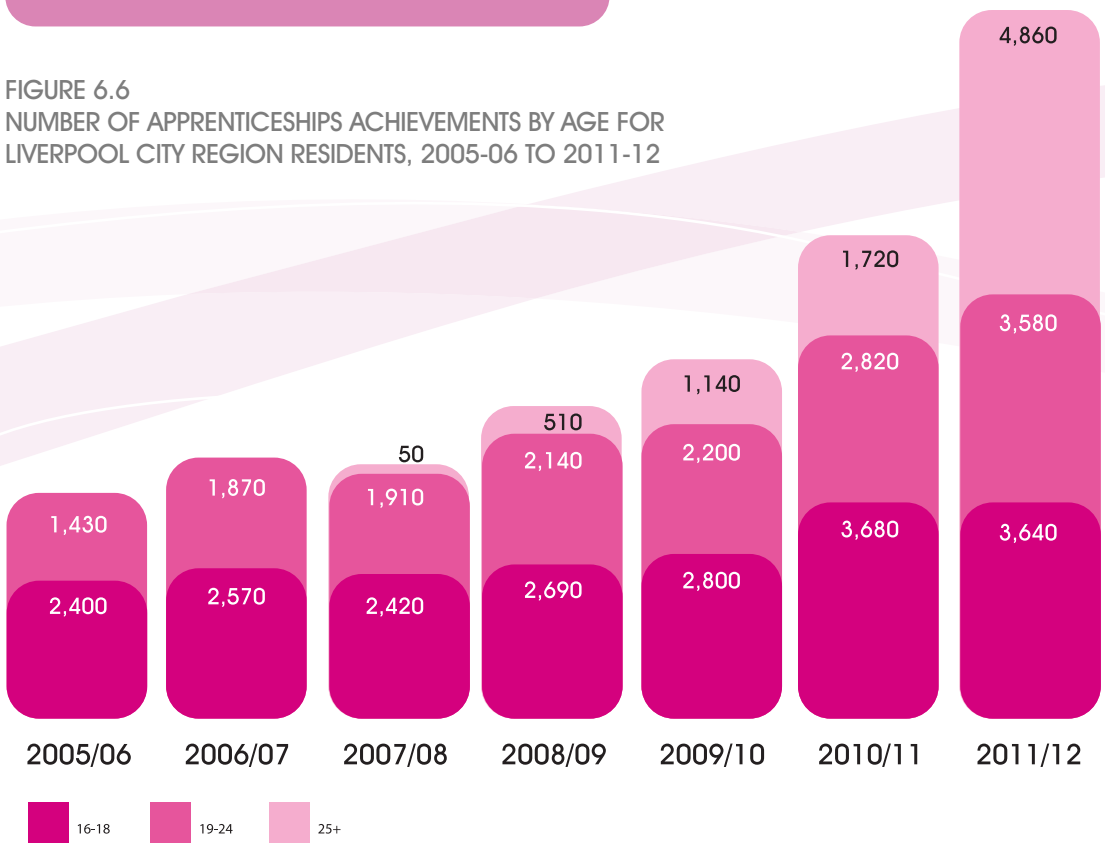
FIGURE 6.5
APPRENTICESHIP FRAMEWORK ACHIEVEMENTS BY LEVEL, 2011-12

	Liverpool City Region	% of all in LCR	England	% of all in England
Level 2	8,480	69.96	170,500	66.70
Level 3/4	3,640	30.03	85,100	33.29
Total	**12,120**		**255,600**	

Source: The Data Service First Statistical Release

6.33 When looking at Apprenticeship achievements by age in Figure 6.6, **it is noted that the 25+ age Apprenticeship achievements has grown substantially in 2011-12 and overtaken the numbers at other traditional age groups.** This has been as a result of policy and funding shifts towards Apprenticeships as the main route of vocational learning in the workplace as opposed to the previous 'Train to Gain' programmes. The data suggests that the under 19 achievements has levelled out over the last two years.

FIGURE 6.6
NUMBER OF APPRENTICESHIPS ACHIEVEMENTS BY AGE FOR LIVERPOOL CITY REGION RESIDENTS, 2005-06 TO 2011-12



Source: Statistical First Release, 2005/6 - 2011/12 (The Data Service)

6.34 When considering the Apprenticeship providers who are registered within the Liverpool City Region there are 40 indigenous main providers with over 20,000 starts. However it is important to note that this does not include providers who are registered as based outside of the City Region and could include Apprentices from outside the City Region: an example of this is Pera Innovation Ltd, who deliver training on behalf of the Jaguar Land Rover Apprenticeship programme. This reflects the fact that the Skills Funding Agency operates in a national funding system allowing employers greater flexibility and choice in selecting their training provider.

6.35 In order to gain an understanding of learner demand (and to gain a proxy indication of the industrial focus of future employees), it is useful to consider the most popular sectors (based on Skills Funds Agency Sector lead bodies) for recent Apprenticeship achievements. Figure 6.7 shows the most popular sectors for Liverpool City Region Apprentices from 2011-12.

FIGURE 6.7
TOP FIVE ALL APPRENTICESHIP ACHIEVEMENTS 2011-12

- Business, Administration and Law - 32% of total
- Retail and Commercial Enterprise - 19% of total
- Engineering and Manufacturing Technologies - 17% of total
- Health, Public Services and Care - 16% of total
- Leisure, Travel and Tourism - 6% of total

Source: Statistical First Release, 2011-12 (The Data Service)

6.36 Of more than 12,000 learners achieving an Apprenticeship in 2011-12, almost one third were in Business, Administration and Law which has remained a popular framework classification for a number of years. A further 2,250 learners (19%) achieved an Apprenticeship in Retail and Commercial Enterprise, while a similar number completed an Apprenticeship in Engineering and Manufacturing Technologies.

6.37 It is promising to note the prominence of these sectors, given the locally-identified growth sectors of Visitor Economy, Financial and Professional Services, Advanced Manufacturing and SuperPort which will all benefit strongly from learners with experience in these industries.

Higher education participation and achievement

6.38 The Department for Education data provides information on the percentage of students who entered an A Level or equivalent qualification that progressed onto an educational institution in the following year. 2010/11 data provided shows that out of 10,320 learners 68.5% of A Level (or equivalent) leavers continued in education, a decrease of 1% on the year before (7840 learners). Almost 4% of leavers were identified as participating in work based learning, an increase of 1.5% on 2009/10 which was also an increase from the 2008/09 figure of 2.5%. The dataset does not capture almost a quarter of these learners who may have entered the labour market. Detailed data is shown in Figure 6.8.

FIGURE 6.8
POST A LEVEL (AND EQUIVALENT) DESTINATIONS, LIVERPOOL CITY REGION 2009-10 AND 2010-11

Destination	2009-10	2010-11
Total learners	**7,840**	**10,320**
	Percentage	Percentage
Any education destination	**69.6**	**68.5**
Further Education College	11.5	11.2
Other Further Education Provider	1.8	1.9
School Sixth Form	1.8	3.2
Sixth Form College	1.0	1.0
Higher Education Institution	53.6	50.9
Work Based		
Apprenticeships	2.4	3.9
Work Based Learning	0.1	0.1
Not Captured in the Date	27.8	24.2

Source: DfE Information Release: Destinations of Key Stage 4 and Key Stage 5 pupils: 2009-10 and 2010-11 (DfE, 2013)

6.39 The proportion of learners progressing from A Levels onto Apprenticeships may increase further as employers become accustomed to using Higher Level Apprenticeships and learners consider alternatives to full time Higher Education because of increased tuition fees.

6.40 In 2011-12, there were more than 50,000 Liverpool City Region residents in Higher Education across the country; 22,390 of whom were in their first year. This is a decrease from 2010-11 but shows a small increase from 2008-09 figures.

In 2011-12, there were more than 50,000 Liverpool City Region residents in Higher Education across the country.

6.41 Of the total number of Liverpool City Region learners, 58% (30,400) study at local institutions while the remaining 47% are enrolled elsewhere in the country. Currently, one in five learners (11,100 in total) are attending Russell Group universities for all students in 2011-12; this trend is the same for first year entrants.

6.42 **Around one in five of students were studying subjects allied to medicine (such as Nursing, Biomedical Sciences or Physiotherapy) while HE qualifications in Education or Business Studies subjects were also popular (11% and 9% of all students, respectively).**

6.43 Approximately six out of 10 City Region residents in Higher Education are aged 24 or below. Amongst this younger cohort, studies in Life Sciences are amongst the popular with around 3,300 (11%) studying in this subject area. Courses in Business Studies and Creative Arts & Design also each account for 10% of HE learners from the City Region which suggests that graduates will be equipped with skills that align with City Region's Knowledge Economy, an identified growth sector.

6.44 As discussed regarding trends in A-Level subjects, it is encouraging to note that around 27% of Liverpool City Region learners are studying degrees related to a broad grouping of STEM-related subjects (Sciences, Technology, Engineering and Maths).

27% of Liverpool City Region learners are studying degrees related to a broad grouping of STEM-related subjects.

High-level skills in these disciplines are increasingly important across a wide range of industries and have been identified as having particular value to the Liverpool City Region's economic growth sectors.

6.45 However, in relation to specific university courses, Liverpool City Region learners are most likely to be studying Nursing which accounts for 13% of current learners and courses associated with Education and Teaching (around 11%). This suggests that the future skill sets of Liverpool City Region graduates are likely to be aligned to careers in the public sector and may reflect the job opportunities historically available in the City Region.

6.46 Just as important to the future local economy are learners who study at the City Region's main **Higher Education institutions; many of whom come from outside the Liverpool City Region. Figure 6.9 shows that, since 2001, there has been an 18% increase in Higher Education learners studying at the City Region's universities totalling a combined cohort of around 58,300**[46]. The full impact of the introduction of Higher Education tuition fees from September 2012 is not yet clear, however early indications show that there have been changes to the demand for some degrees.

Liverpool City Region learners are most likely to be studying Nursing and courses associated with Education and Teaching.

FIGURE 6.9
LIVERPOOL CITY REGION HIGHER EDUCATION ENROLMENTS 2000-11

Source: HEFCE, 2012

[46] i.e. In the University of Liverpool, John Moores University, Hope University or Liverpool Institute of Performing Arts.

6.47 In addition to these institutions within the Liverpool City Region, the nearby University of Chester and Edge Hill University remain important to the City Region's economy and attracting graduates from all of these universities to work in the Liverpool City Region is a key driver for future growth.

6.48 In total, using this wider definition including the University of Chester and Edge Hill University, there are currently more than 98,000 university students in Liverpool City Region's functional economic area, almost 70% of whom have travelled from outside the City Region. The number of learners who travelled from elsewhere to study locally, has increased by around 7% since 2008-09 although, in keeping with all volumes, there has been a slight drop in numbers from 2010-11.

6.49 Almost 60% were aged 24 or under and, amongst this group, courses in Education, Biological and Business Studies subject areas remained amongst the most popular (as did those allied to Medicine) with between 10% and 12% of all younger students studying in each of these areas. As discussed, around 30% of these learners were from within the City Region and, therefore, these figures should be viewed independently to the earlier analysis about local residents to avoid double counting.

6.50 Retaining the skills of graduates is a key challenge for the City Region in order to improve the quality of the labour market offer. A partial picture of graduate destinations from the HE institutions located in the City Region can be seen in data from Liverpool John Moores University. This shows that, at a point six months following graduation in 2011, 65% of graduates were in employment; around one in ten were undertaking further study and 8% were unemployed. Of those working, 75% were employed in the North West and around two out of three in the Liverpool City Region.

There are currently more than 98,000 university students in Liverpool City Region's functional economic area.

6.51 It is notable from the data that between 2009 and 2011, the proportion of graduates in full time employment has fallen while part-time work has increased suggesting an increase of under-employment amongst high-skilled individuals.

6.52 The City Region has worked over a number of years to improve graduate employability and career prospects, with each university having its own careers centre to provide information, advice and guidance to students and on-going tailored support for unemployed or underemployed graduates to allow them to best utilise their skills in the workforce. During the 1990s the City Region benefited from various initiatives including LJMU's Business Bridge, University of Liverpool's Graduates into Employment Unit and the Higher Skills for Business Single Regeneration Budget (SRB) programme.

6.53 Currently, the *Graduate to Merseyside* initiative funded via the European Regional Development Fund (ERDF) provides graduate placement opportunities within local businesses and is managed by the University of Liverpool in partnership with Liverpool Hope University. It links the skills of graduates from the 3 main city universities, (University of Liverpool, Liverpool John Moores University and Liverpool Hope University), to local businesses through substantive paid placement opportunities, specifically targeting Liverpool City Region SMEs. It also assists graduates from other Higher Education institutions returning to the City Region. The total number of graduates placed via support from the University of Liverpool is 290 to date, in a range of high value graduate level positions. For further information and case study examples please see www.graduatetomerseyside.co.uk.

6.54 The LJMU World of Work programme also provides a range of support to under-graduates and graduates to develop their employability skills. Their curriculum now has explicit work related learning and the development of eight Graduate Skills embedded within all academic programmes. Students are encouraged to recognise and develop a set of higher level employer specified World of Work Skills, contained within three themes: Self Awareness, Organisational Awareness and The Ability to Make Things Happen.

Summary

6.55 Feedback from providers in the City Region indicates a clear willingness to adapt and develop provision around the needs of local employers as well as the current and future job market. The Skills Funding Agency innovation code enables FE providers to develop new provision for employers and Universities can develop and validate new degrees given enough lead time. However, changes to the curriculum offer has to be based on realistic evidence of need, (what skills, how many and when for) with articulated demand from both employers and learners.

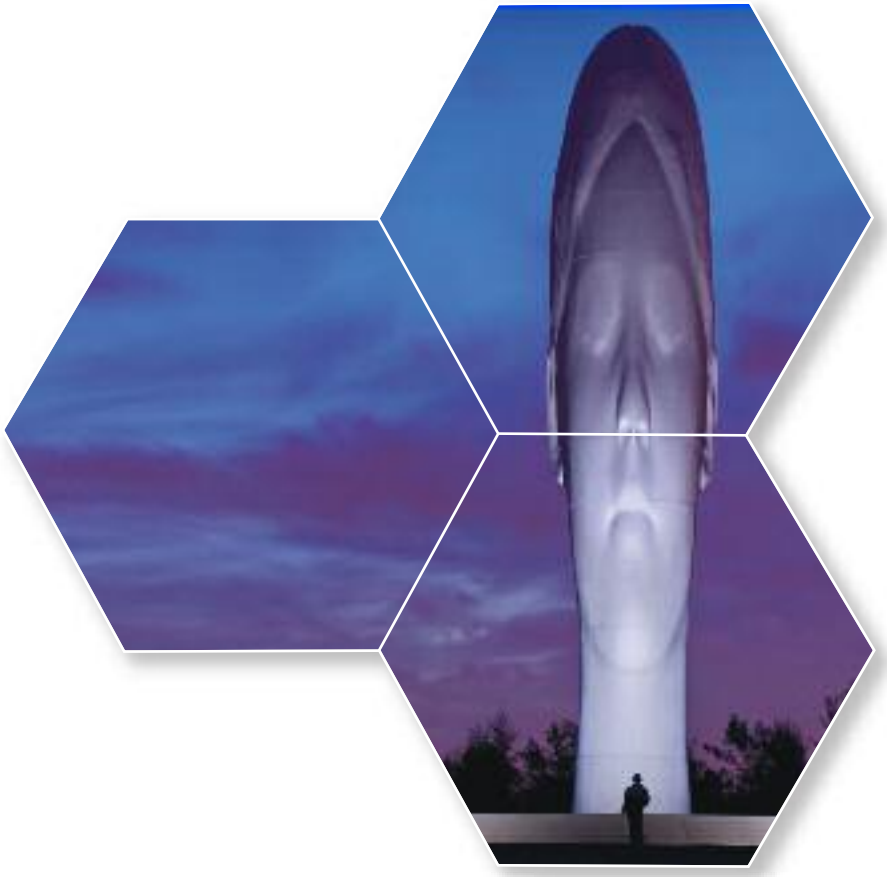
6.56 Provider feedback also indicates that many young people and the unemployed have a limited understanding of the jobs market and have set ideas of what career path they wish to follow when approaching providers, which creates additional challenges in matching supply and demand. Therefore, **it is essential that employers, and learning providers work together to promote the growth job sectors in order to guarantee sufficient interest, supported by robust quality impartial independent advice and guidance**. Feedback from providers indicates that they are well placed to deliver vocational careers information sessions to local schools and parents, but have often encountered difficulties in accessing pupils, especially where they are in schools with dedicated sixth forms. However, there is anecdotal evidence from the consultation period on this report that schools are opening their doors to information sessions on Apprenticeships.

Changes to the curriculum offer has to be based on realistic evidence of need, (what skills, how many and when for) with articulated demand from both employers and learners.

6.57 It is also essential that any new provision developed can recruit viable numbers of learners for delivery, to ensure that providers can benefit from the economies of scale. This is particularly challenging when considering the numbers of small, medium businesses in the City Region and the recognised difficulties in clarifying and supporting employee training for this group. Therefore, **the sector needs to consider how to cluster this demand by sector or role**.

6.58 A key challenge for providers and others in the City Region is to access more effective labour market information for forward planning. The Skills for Growth Agreements produced by the new Labour Market Information Service aims to provide more detailed information about the skills requirements of the growth sectors, however the obvious source of employer skills demand information will come from employers themselves; therefore, **providers should continue and expand on the interactions they already have with businesses in the City Region**.

6.59 Council economic development departments can often be the first to know about inward investment and economic changes and the potential skill needs from any new developments across the City Region. Therefore, **it would be advantageous for all provider and college networks to develop links with these departments to offer their services in meeting the skills needs of employers and in order to get advance warning of new or growing businesses**.



7. Matching demand and supply

Key Challenges and Messages

- There are estimated to be around 11,000 vacancies in the Liverpool City Region each month.
- The potential for net additional job growth is estimated to be 2,500-7,800 per year.
- There is broadly a positive fit between sector areas of study and employer demand.
- Evidence shows that this masks mismatches at the level of individual jobs.
- Demographic challenges in key industries do not fit well with the age profile of specific sector-based qualifications.
- There is an on-going risk of losing vital technical and accumulated knowledge in Advanced Manufacturing, Low Carbon and SuperPort sectors as older workers with specific technical knowledge and experience reach retirement.
- There are clear benefits to the economy in increasing Apprenticeship opportunities.
- More effective links need to be made between skills/training planning and business development and succession planning.

7.1 This section aims to bring together the data on the employer demand for skills and the output from training and skills providers within the Liverpool City Region. **It is important to recognise that the City Region operates within a wider regional, national and global economy and there is not necessarily a direct causal relationship between employer demand and the output of providers based in the City Region.**

7.2 For example, only 44% of City Region employers in the UKCES Employers Skill Survey[47] indicated that decisions on recruitment and training were solely taken on site, with the balance having various levels of input to decisions by head offices which may or may not be located in the City Region. **Many employers will require specialist skills that are available only on a national or international level and indeed individuals undertaking sector focused training may not choose to make their career in that sector.** The objective here therefore is to inform a best fit between demand and supply, conditioned by the market, where there are opportunities for employers and providers to work together to improve the function of the labour market.

7.3 In the context of this dynamic, the following section aims to describe the characteristics and identify key trends in the demand for and supply of skills within the City Region. **It is intended to inform planning of provision and to galvanise discussions between employers and providers rather than to offer a rigid blueprint for delivery.**

7.4 In a range of areas such as low carbon, where new industrial processes and new markets are being established, it becomes particularly important to intensify communication between employers and providers to adapt existing curricula and build new forms of training to correspond with emerging business opportunities. This section provides an overview of the demand and supply of skills in the City Region and this is followed by a consideration of skill needs for the City Region growth sectors.

[47] UKCES Employer Skills Survey 2011 - LCR Analysis

Overall labour market

7.5 Liverpool City Region has a large and diverse economic base with total employment of 574,188 jobs and as indicated in Figure 7.1 there are estimated to be some 11,000 vacancies in a typical calendar month. These job opportunities will be generated through a combination of staff turnover and employer expansion or restructuring of operations. It is important for skills planning that employers and providers are prepared to meet both the requirements of replacement demand and also create the capacity to respond to growth within the economy. **Employment forecasts for the City Region[48] suggest that there will be an additional labour demand of between 2,500 and 7,800 per year between 2013 and 2025 depending on the delivery and impact of planned major investments into the City Region.**

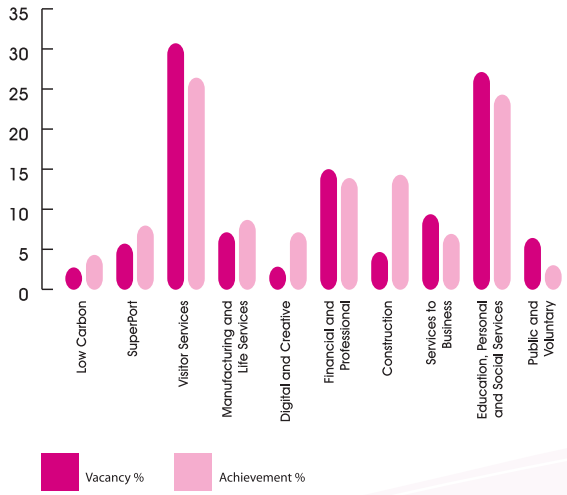
7.6 Assuming that there is no large scale migration of population into the City Region and based on the currently available travel to work data[49], **around 90% of these jobs could be taken by people who are currently resident in the City Region.** A key source of labour and new skills is the training and education system, producing entrants to the labour market as young people move from education into higher learning and work.

7.7 The total 'output' of the post 16 training system in the City Region is therefore a key indicator of the nature of new supply of skills into the economy. Statistical First Release data for Liverpool City Region based providers for 2010-11 academic year show over 163,000 learners obtaining skills achievements. **From the data, it is possible to say for all learners that around 31% of achievements were from courses that had a specific sector focus with the remainder being academic or non-sector specific education and training.** A key challenge for the Labour Market Information Service, with the support of providers, is to work together to effectively analyse, understand and share the relevant official and other labour market datasets and information to best assist college and training provider business planning.

7.8 **It is recognised that in order for providers to invest in new courses there needs to be good market intelligence to identify the size of the potential market (jobs); prospective learners who are attracted to the provision; support from funders and sector skills councils to develop curriculum materials and accreditation; and genuine interest from employers.**

7.9 An overall picture of employment demand compared with the output of sector identified training is provided in Figure 7.1. This indicates the distribution (percentage) of achievements by sector for the Liverpool City Region and estimates sector based vacancies using ONS calculated rates. While this should be used cautiously it is intended to illustrate the proportionate share of qualification achievements by sector against estimated vacancies in the City Region economy, also by sector.

FIGURE 7.1
COMPARING DEMAND AND SUPPLY



Source: ONS calculated vacancy rates (Nov 2012) for industry applied (BRES) to Liverpool City Region jobs by sector and Statistical First Release data on qualification achievements 2010-11

48 Cambridge Econometric forecasts for Liverpool City Region
49 Travel to work data will be updated during 2013 following full release of the 2011 census data

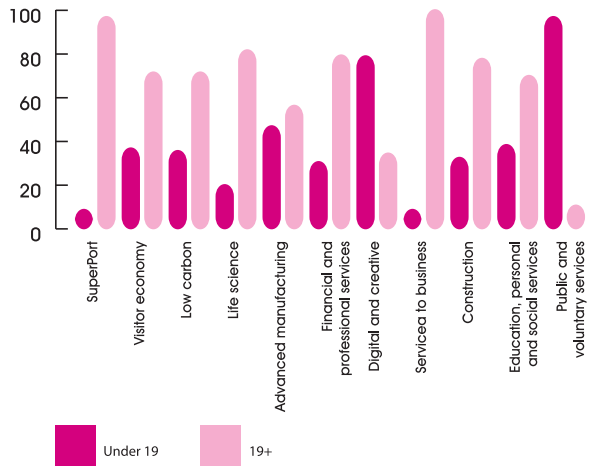
7.10 As can be seen there is broadly a fit in the share of vacancies when compared to the share of qualification achieved in 2010-11. There are two issues to consider when analysing this data. Firstly, Figure 7.1 indicates a broad correlation between vacancies and training output. Remembering that the data derives from different sources, this distribution suggests that demand does in some way inform qualifications being delivered in the City Region. **However the presence of hard to fill vacancies in the City Region would suggest that this is not clear cut. The broad categories used in the analysis can hide a great deal of mismatch for individual jobs, for example the lack of large goods vehicle drivers, engineers and management expertise.** There is also evidence that the current skills developed do not always meet the needs of the businesses, for example there are considerable starts and achievements for chefs, however there is still a shortage of top quality chefs available in the Liverpool City Region. This may mean that there is a discussion required in the quality of outcomes as well as in the quantity of outcomes.

7.11 Secondly, the contribution of training to meet future demand in order to build labour market capacity in key sectors. For example the training output of the **low carbon sector and the digital and creative sector shows that the level of training delivered is above vacancy levels, this may be positive for the economy** as skills in these areas will be increasingly in demand and are applicable across a range of industrial sectors as identified by the Liverpool City Region Local Enterprise Partnership. Also in **SuperPort, Construction and Advanced Manufacturing sectors where there may be issues of an ageing workforce or long lead in time to build marketable skills.**

7.12 **It should be noted that data available for 2011-12 cannot be compared to the 2010-11 definitions of growth sectors and therefore any sector specific analysis of trends in training in this chapter will refer to 2010-11 data.**

7.13 Figure 7.2 shows a diversity of participation by age across the main sector groups of training, using Statistical First Release data for 2010-11. Overall, half of achievements during this period (49.6%) were from learners under the age of 19. As can be seen this hides extremes in participation with Statistical First Release data showing **learners aged 19+ dominating SuperPort and Services to Business at 95% and 96% respectively.** Conversely young people form the majority in public and voluntary sector training at 89% of learners, although this has the lowest achievements within the Statistical First Release data. The difference across the sectors could be down to the requirements of the job, for example **SuperPort employ Stevedores and HGV drivers who have a tendency to be older people** because of insurance and legislation related to health and safety and hours of work related to age.

FIGURE 7.2
AGE PROFILE OF ACHIEVEMENTS BY SECTOR GROUPING, LIVERPOOL CITY REGION 2010-11



Source: Statistical First Release Data for Liverpool City Region

7.14 The popularity of Apprenticeships amongst Liverpool City Region residents has increased year-on-year since 2005 with numbers of starts more than doubling between 2009-10 and 2011-12 with almost 24,000 residents starting in the last full academic year. **There are clear benefits to the economy in increasing Apprenticeship opportunities.** The findings of the report on the impact of Apprenticeships just published in March 2013[50] provide some very useful and quantifiable benefits of Apprenticeships and the return on investment. The report outlines the Centre for Economics and Business Research (CEBR) analysis of the contribution of Apprenticeships to the economy, examining current trends and future developments and exploring the productivity impact of Apprenticeships. Key findings include:

- The potential for Apprenticeships to contribute more to the economy is significant. Based on CEBR's forecasts, between 2012-13 and 2021-22, 3.8 million people will complete an Apprenticeship. It is estimated this would contribute £3.4 billion to the UK economy a year in productivity gains by 2022.
- Apprenticeships are boosting productivity by enabling businesses to grow their skills base. The average Apprenticeship completer increases business productivity by £214 per week leading to increased profits, lower prices, better products and higher wages.
- Productivity gains from former apprentices vary according to the industry sector. The engineering and manufacturing sectors see the greatest gains (£414 per week) followed by construction and planning (£401) and business, administration and legal (£268).
- A portion of productivity gains are passed on to workers in the form of higher wages and Apprenticeship completers' wages are on average 10% higher than non-completers.
- The National Audit Office also demonstrates the very high level of return on investment delivered by the Apprenticeship programme, indicating that adult Apprenticeships deliver £18 of economic benefits for each pound of Government investment.

7.15 Figure 7.3 sets out intermediate and higher level Apprenticeship achievements for the Liverpool City Region in 2010-11. This shows that there are 8,230 achievements, with two thirds of these being at an intermediate level. Three sectors dominate Apprenticeship delivery in 2010-11; visitor economy, financial and professional services and education, personal and social services making up 79% of all achievements. However we are aware from local intelligence that there are dramatic increases in starts in the advanced manufacturing sector, with Jaguar Land Rover recruiting 2,400 Apprentices since late 2011.

FIGURE 7.3
APPRENTICESHIP ACHIEVEMENTS 2010-11

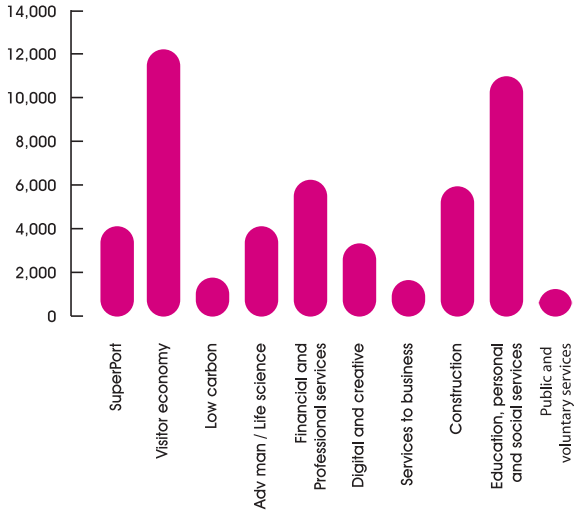
	Intermediate Apprenticeships	Advanced/ Higher Apprenticeships
SuperPort	100	0
Visitor Economy	2,430	650
Low Carbon	90	60
Life Science	0	20
Advanced Manufacturing	370	250
Financial and Professional Services	950	750
Digital and Creative	0	0
Services to Business	20	20
Construction	450	310
Education, Personal and Social Services	1,090	670
Public and Voluntary Services	0	0

Source: Statistical First Release Data for Liverpool City Region

7.16 The period between 2006-7 and 2010-11 registered a rise of 5.4% in participation rate. While this trend is positive there was considerable variation year on year while data from 2011-12 (although not directly comparable since the introduction of the Independent Learner Record) suggests a slight decline in participation. Given the overall weak position of the labour market, **a sustained increase in participation rates remains an important goal for Liverpool City Region in order to improve its underlying skills position.**

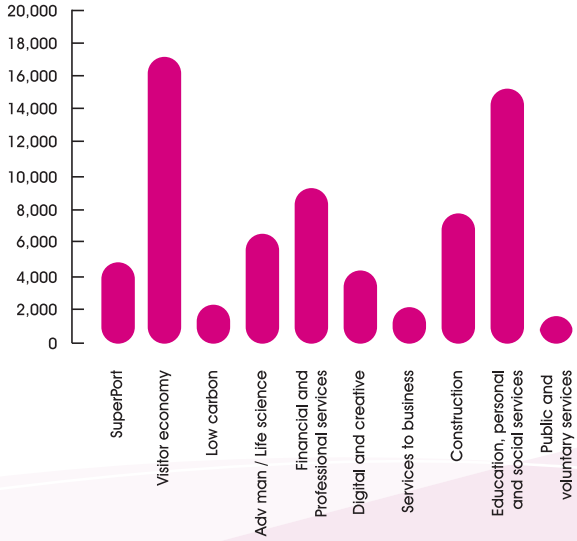
[50] Productivity Matters: The Impact of Apprenticeships on the UK Economy (CEBR)

FIGURE 7.4
ACHIEVEMENTS 2010-11, LIVERPOOL CITY REGION



Source: Statistical First Release Data for Liverpool City Region

FIGURE 7.5
TRAINING STARTS 2010-11, LIVERPOOL CITY REGION



Source: Statistical First Release Data for Liverpool City Region

7.17 **Analysis of sector based training for 2010-11 also suggests a positive position**, as illustrated by Figure 7.4 and 7.5 above. This shows achievements by sector as well as new starts in 2010-11. While some drop out should be expected from those starting in 2010-11 the trend indicates growing participation in key sectors of the economy.

7.18 Recent research undertaken by Manpower[51] suggests that currently the North West is still seeing a decline in areas such as production, however there is currently a renewed demand in the public and financial services sectors.

The growth sectors

7.19 The Liverpool City Region Local Enterprise Partnership, working through the Employment and Skills Board, is helping to support those involved in preparing the workforce of the future, by increasing knowledge and understanding of what the jobs of the future are and what skills will be critical to delivering economic growth.

7.20 The Local Enterprise Partnership has identified four key Skills for Growth Sectors that offer the greatest potential for economic growth:

- Knowledge Economy
- Low Carbon Economy
- SuperPort
- Visitor Economy

7.21 Figure 7.6 shows the Key Sector clusters within the City Region. From this diagram it can be seen that there is a good mix of Key Sector strengths across the City Region, with Figure 4.5 in the Labour Market section showing the density of business base in each sector by Council area.

[51] Manpower Employment Outlook Survey UK, Q2/ 2013.
http://files.shareholder.com/downloads/MAN/2367821867x0x641160/9DD10387-F2B3-4A59-9B9A-BF2A0525FAB9/UK_MEOS_Q2_2013.pdf

FIGURE 7.6
MAP TO SHOW MAJOR PROJECTS AROUND THE GROWTH SECTORS IN THE LIVERPOOL CITY REGION

Source: Liverpool City Region Local Enterprise Partnership, The Mersey Partnership Economic Review 2012

7.22 The identification of these Sectors provides a useful way to achieve economic development actions across discrete groups of companies on issues of shared interest. There is necessarily a significant element of cross-over between individual companies and wider industry groupings and this is acknowledged (for example maritime engineering companies in the SuperPort sector have an important role to play in the off-shore wind industry which is part of Low Carbon Economy).

7.23 For background information, Appendix 9 sets out some of the **major infrastructure projects taking place in the City Region's Key Sectors over the next 15-20 years**. This list has been compiled to help to inform providers of skills needs and will be further populated, updated and disseminated by the Labour Market Information Service during the course of 2013-14.

7.24 Throughout 2013, the Liverpool City Region Local Enterprise Partnership is leading and coordinating the development of the Liverpool City Region EU Investment Plan, working with local partners to define clear strategic priorities for the next European Structural and Rural Funding Programme. Eight thematic objectives (with six of them - Education, Skills & Training, Innovation, Competitiveness, SuperPort and Visitor Economy - being particularly relevant to this report) have been identified as emerging early potential investment priorities and, as these are further developed, will fully reflect the City Region's EU ambitions.

7.25 When looking at the Liverpool City Region employment numbers by sector against training achievements as shown in Figure 7.7, the data in the table shows that the proportional split of sector training as a percentage of jobs is roughly in line with the needs of the growth sectors. However, **the volume of provision will need to increase in response to additional demand in the growth sectors. In addition new training infrastructure and course content may be required to meet future employer needs.**

FIGURE 7.7
GROWTH SECTOR DEMAND AND TRAINING OUTPUT, LIVERPOOL CITY REGION

Sector	Employment Base[a]	Sector Training Achievements[b]	Sector Training as % of Jobs	Employment Forecast (% change) 2009-25[a]	
				Base line	Growth
Low Carbon	14,563	1,660	11.4	7.4	43.9
Knowledge Economy:					
Advanced Manufacturing	35,082	3,950	11.3	-4.2	39.6
Digital & Creative	25,934	3,240	12.5	-2.9	13.8
Life Sciences	56,201	100	0.2	2.1	10.5
Financial & Professional Services	70,553	6,320	9.0	10.4	30.3
Visitor Economy	49,951	12,350	24.7	2.6	41.2
SuperPort	30,759	3,990	13.0	6.3	79.6

Sources: Liverpool City Region data a - Cambridge Econometrics forecasts; b- Statistical First Release

Ageing technical workforce

7.26 A clear weight of qualitative evidence gained from Local Enterprise Partnership (LEP) employer forums and engagement with individual businesses within the City Region points towards replacement demand being a significant economic issue. **Specifically, there is an on-going risk of losing vital technical and accumulated knowledge in Advanced Manufacturing, Low Carbon and SuperPort sectors as older workers with specific technical knowledge and experience reach retirement.**

7.27 These older workers would typically be time served trades people and/or supervisors who have decades of specialist industry experience. The medium to long term problem, particularly for business supply chains and SME businesses, is to up-skill the next generation of workers to fill these roles.

7.28 In order for this up-skilling to happen, **more effective links need to be made between skills/training planning and business development and succession planning.** Practical actions to tackle this issue in the medium-long term would include advanced and higher (Level 3/4) Apprenticeship programmes and workplace mentoring programmes where older workers could pass on their knowledge to newer workers in a structured manner.

Knowledge economy

7.29 The Knowledge Economy Sector involves the successful input, application and exploitation of the most recent up-to-date knowledge (including skills and innovation) into the development of goods and services. The knowledge economy in the Liverpool City Region is composed of four discrete sectors:

- advanced manufacturing
- life sciences
- financial and professional services
- digital and creative

7.30 **Together these sectors employ 187,700 people** and generate an estimated £6.3 billion in GVA. This grouping was selected due to its scale of operation, constituting some 31% of City Region GVA, but also because of the capacity for growth and potential contribution to the City Region.

7.31 As high skill, high value sectors there is a strong prospect of growth given planned investments into the City Region and with favourable national and global market conditions. **Forecasts indicate that over the period 2009 to 2025 there is the prospect of jobs growth ranging between 6,300 and 44,800** depending on the delivery of key investment and the availability of skilled labour.

FIGURE 7.8
SECTOR FOCUSED TRAINING 2010-11 - KNOWLEDGE ECONOMY (ACHIEVEMENTS)

	Intermediate Apprenticeships	Advanced / Higher Apprenticeships	Level 2 Qualifications	Level 3 Qualifications	Other Workplace Training
Advanced Manufacturing	370	250	750	560	1290
Life Science	0	20	10	0	30
Financial and Professional	950	750	2560	1570	1820
Digital and Creative	0	0	870	1740	30
TOTAL	**1,320**	**1,020**	**4,190**	**3,870**	**3,170**

Source: Statistical First Release Data for Liverpool City Region

7.32 Knowledge economy employment is predominantly based around higher level professional and technical occupations. For example UKCES[52] state that in the creative sector 43% of roles are at associate professional and technical occupations. Data for **Liverpool City Region shows that 45% of employment in the Banking, Finance and Insurance sector is in technical professional and managerial roles**[53].

7.33 Across the City Region there is a substantial core of training being delivered linked to growth sector occupations, totalling 13,610 qualification achievements based on 2010-11 job data. **Achievements from the Knowledge Economy have a high proportion of young people, with 41.5% of qualifications gained by learners under the age 19**. However, from current data there is an apparent gap in the delivery of Apprenticeships both for the digital and creative sector and life sciences.

7.34 Relative to the economy as a whole the knowledge economy has a greater proportion of high level skilled roles. **However, the high skill and technical nature of many occupations sets higher barriers to entry into the sector than for others where there are a higher proportion of low and intermediate skill level positions.**

7.35 This creates a particular challenge for the City Region to ensure that there is close communication and more specific tailoring of provision to directly address employer skill needs and create skills pathways into the sector (which for example the new life sciences University Technical College and existing work to promote STEM subjects in schools already goes some way to achieve this).

Advanced manufacturing

7.36 The core subject areas within Advanced Manufacturing include automotive, process and manufacture, science, engineering and manufacturing technologies and chemicals, life sciences, pharmaceuticals and polymers. The sector is estimated to create around 12,000 new jobs by 2025.*

7.37 National research[54] and insight from City Region employers shows that advanced manufacturing requires an increasing proportion of roles at higher levels. In addition (as noted previously) the sector will increasingly require technically skilled people within manufacturing engineering to replace retiring workers and Apprenticeship programmes and structured mentoring schemes to up-skill existing workers are ways to address this issue.

7.38 Qualitative evidence from Local Enterprise Partnership engagement with Advanced Manufacturing companies in the **City Region highlights the negative impact that a poor/outdated image of "manufacturing" is having on some manufacturer's ability to recruit, especially for SME companies in the sector**. This suggests a need to encourage greater engagement with learners about manufacturing as an aspirational career choice and for employers and providers to work together to create more structured career pathways into the sector.

Advanced manufacturing requires an increasing proportion of roles at higher levels.

52 Financial, Insurance and other Professional Services: Sector Skills Assessment, UKCES (2012)
53 ONS (2011) Annual Population Survey - Workplace Analysis
54 UKCES (2012) Sector Skills Insights: Advanced Manufacturing
* This figure and timescale should not be treated as a definitive, as it is based on economic forecasting work undertaken prior to recent changes in economic conditions and is based on a large number of variables. Instead, it is an aspirational target and will be updated when further economic forecasting work for the City Region is commissioned.

7.39 Analysis of the Higher Education Statistical Agency (HESA) **Destination of Leavers Survey 2010-11 shows that retaining City Region engineering graduates in manufacturing can also be a problem** Anecdotal evidence from Advanced Manufacturing companies suggest engineering graduates are also in demand in the Financial and Professional Services industry, where remuneration packages are generally more attractive.

7.40 However, it must be noted that for **large companies with name brand recognition there are high levels of competition for coveted manufacturing engineering Apprenticeships and graduate placement schemes**. For example, when Jaguar Land Rover's Halewood plant in the City Region recruited 1,500 Apprentices (including 90 advanced Apprentices and 60 higher Apprentices), competition for places was high with at least 22 applications for each position.

7.41 The forthcoming Skills for Growth Agreement in Advanced Manufacturing will contain more detail on meeting these challenges.

Life sciences

7.42 Core subject areas include Chemicals, Life Sciences, Pharmaceuticals and Polymers. As with Advanced Manufacturing, the **Life Science sector relies on a supply of high level technical and professional scientific skills**. According to UKCES[55] the availability of qualifications across Science, Technology, Engineering and Mathematics (STEM) subjects is most critical for future labour supply to both these sectors. UKCES also identify the following skills needs in the sector; scientific and health regulation knowledge, commercial negotiation, procurement and customer handling skills.

7.43 In addition to the provision of specialist skills a key feature of emerging demand is the need for **cross-disciplinary knowledge and the application of skills within a commercial environment**. The speed of change in the sector also highlights the need for the **workers to have higher levels of flexibility, agility and a broader spread of soft skills across the workforce, including inter-personal and communications**.

The majority of employment growth over the next 24 months in Life Science in the City Region was anticipated to be within production business units for process technicians and clean room operatives.

7.44 The Liverpool City Region Life Science Sector Skills Study commissioned by the Greater Merseyside Learning Provider Federation (GMLPF, 2013) and funded by the National Apprenticeship Service highlighted the following key issues as cited by life science employers:

- The business life cycle in the **SME Life Science sector is significantly different from other growth sectors and this can make the employment of salaried staff less likely** and free lance workers with highly specialised skills and proven industry experience more desirable.
- While the sector has a cluster of innovative research focused SME Life Science businesses and a cluster of important large life science manufacturing companies, there is a need to build critical mass particularly in terms of mid-sized growth companies. **The current lack of such a critical mass makes finding local recruits with proven industry experience more difficult**.
- The majority of employment growth over the next 24 months in Life Science in the City Region was anticipated to be within production business units for process technicians and clean room operatives. Associated competencies required are: routine replication of tasks, science qualification or background (at degree level or an Apprenticeship including the newly developed Level 4/5 Higher Apprenticeships for Life Science and Chemical Science Professionals), and preferably laboratory experience. The sector is estimated to create around 6,000 new jobs by 2025.*

[55] The supply of and demand for high-level STEM skills, UKCES 2011

* This figure and timescale should not be treated as a definitive, as it is based on economic forecasting work undertaken prior to recent changes in economic conditions and is based on a large number of variables. Instead, it is an aspirational target and will be updated when further economic forecasting work for the City Region is commissioned.

7.45 The Life Science sector in the City Region has internationally important assets on which to build including Daresbury Sci-tech Enterprise Zone, The Heath in Runcorn and the Liverpool School of Tropical Medicine. There are also capital expansion plans at Unilever on the Wirral, at the Liverpool Bio-Innovation Campus and the Royal Liverpool Hospital Re-development.

7.46 The proposed Skills for Growth Agreement for Life Science and the planned Skills for Growth Agreement for Daresbury Sci-tech will contain more detail on meeting these challenges.

Financial and professional

7.47 Core subject areas include Business Administration and Governance, Business IT and Telecoms, Finance Accounting, Management and Leadership, Purchasing and Supply and Legal Services.
The sector is estimated to create around 22,000 new jobs by 2025.*

7.48 Financial and professional sectors have a significant presence both in the City Region and the North West. The recession has impacted significantly in this sector in overall employment levels and on decisions to invest in business development. UKCES[56] suggest that as part of the **on-going restructuring of the sector greater emphasis will be placed on risk management and compliance that will require training for intermediate and high level occupations**. They also indicate **growth in para-legal and associate professional occupations in legal services and property management**.

7.49 There is a strong **cluster of insurance and financial and legal services firms centred in Liverpool City Centre**. On a wider City Region level, there are numerous financial and professional services firms (with a strong SME base), many of the smaller firms serving local catchment areas e.g. accountancy firms providing services to local businesses. Vacancy data analysis also indicates an increased demand for para planner roles.

There is a strong cluster of insurance and financial and legal services firms centred in Liverpool City Centre.

Digital and creative

7.50 Core subject areas include IT, Creative and Cultural, Creative Media and Fashion and Textiles.

7.51 For the digital and creative sector, UKCES suggests[57] that **there is an over-supply of potential entrants to the sector but a mismatch between the skills presented and the needs of the sector**. Skills issues for the sector are both technology based in the development and application of new products and systems and in regard to sufficient management and leadership skills. While popular as a vocational choice for young people evidence from UKCES advise that a greater degree of commercial tailoring is required to improve the fit between training and employer needs.

7.52 However there is **strong growth in online sales which require a number of IT and web design roles**, national evidence indicates that roles in this area has risen by 32,000 over the past year, according to technology recruiter Greythorn[58]. This is a 12% rise compared with the retail sector which only saw a 3% rise over the same period. Therefore IT hiring is growing at four times the rate of retail as online sales continue to grow. The sector is estimated to create around 6,000 new jobs by 2025.*

IT hiring is growing at four times the rate of retail as online sales continue to grow.

56 Financial, Insurance and Professional Services: Sector Skills Assessment, UKCES 2012
57 UKCES (2010) Skills for Jobs: Today and Tomorrow
58 http://www.computerweekly.com/news/2240179517/Apprentices-to-contribute-34-billion-a-year
* This figure and timescale should not be treated as a definitive, as it is based on economic forecasting work undertaken prior to recent changes in economic conditions and is based on a large number of variables. Instead, it is an aspirational target and will be updated when further economic forecasting work for the City Region is commissioned.

Low carbon

7.53 Core Subject Areas include Energy and Utilities, Land Based Environmental Industries, with a broad range of related skill sets in terms of energy efficiency and recycling across the broader economy including construction, manufacturing and transport.

7.54 The **low carbon sector is complex to define as it relates both to a set of industrial 'products' such as the manufacture of wind turbines, photovoltaic cells and energy efficient engines and also reflects a wider set of behavioural changes that are intended to result in the reduced use of energy or of carbon emissions**. The latter in particular has generated demand for new skills and new cross-sectoral economic activity over the last decade that ranges from specialist environmental consultancy through to new technologies and practices in the workplace that require employees to develop their skills[59].

7.55 Based on a BIS endorsed definition that includes a range of environmental, renewable and low carbon activities, **Liverpool City Region has a low carbon and environmental goods and services employment base of approximately 22,300** full-time equivalent jobs in 2011-12. The sector is made up of some 1,200+ companies within the City Region and commands sales worth more than £2.6 billion per year.

7.56 These employment and output figures are likely to under-estimate the economic significance of the low carbon sector as it excludes construction, fabrication, mechanical and engineering companies that are engaged in or part of the supply chain for low carbon oriented business activity.

7.57 With projections of continuing rapid growth in the low carbon business market, businesses in the Liverpool City Region are well placed to capture new markets. **Key opportunities include on and offshore wind farms (with the Liverpool City Region awarded CORE status - centre for offshore renewable engineering - centered on the assets that exist in Wirral); micro-generation of energy; civil nuclear supply chain; tidal power; combined heat and power networks; low emission vehicles; and retrofitting of social housing**. Capturing these developments offers the potential for significant growth and demand for skilled employment in the City Region. Forecasts suggest that this growth could generate up to 5,000 additional jobs by 2025.*

7.58 Given the breath of potential applications of low carbon practices to various sectors it is difficult to assess the occupational / skills mix that will be required by employers. However, by drawing from a study commissioned by DEFRA in 2009[60] we can begin to characterise skill requirements of so called 'green collar' occupations by identifying the range of competences that will be needed to develop a low carbon economy.

- Design and innovation of renewable and low carbon products in manufacturing and services;
- Management of waste minimisation processes and technologies and effective recycling of finite resources such as water;
- Energy generation and management systems including implementation of business strategies to control energy usage;
- Development of energy efficient materials and construction methods including building management standards and integration of renewable energy systems (photovoltaic and combined heat and power etc);
- Transport impact minimisation concerning the development and use of hybrid and electric vehicles and transport modelling; and
- Financial skills concerning the development and management of energy technology investment models, carbon trading schemes etc.

7.59 **There is significant capacity to deliver specialist training through the universities in the City Region** with both the University of Liverpool and Liverpool John Moores University offering education and consultancy services in environmental sciences.[61]

7.60 Colleges and training providers also have a significant part to play in the sector, both in terms of existing provision and via new forms of provision (including the Birkenhead UTC and Low Carbon and SuperPort UTC).

59 BIS (2009) The UK Low Carbon Industrial Strategy
60 DEFRA (2009) Skills for a Low Carbon and Resource Efficient Economy - a Review of Evidence
61 Lancaster University (2009) Environmental Capabilities in England's Northwest
* This figure and timescale should not be treated as a definitive, as it is based on economic forecasting work undertaken prior to recent changes in economic conditions and is based on a large number of variables. Instead, it is an aspirational target and will be updated when further economic forecasting work for the City Region is commissioned.

7.61 As set out in Figure 7.9 **in 2010-11 academic year there were 1,250 achievements from training in energy and utility and land-based and environmental industries** sectors in the City Region, with a further 1,680 new starters.

FIGURE 7.9
SECTOR FOCUSED TRAINING - LOW CARBON (2010-11 ACHIEVEMENTS)

Qualification Type/Level	Achievements 2010-11
Apprenticeships	90
Advanced / Higher Apprenticeships	60
Level 2 Qualifications	450
Level 3 Qualifications	250
Workplace Training	400
Total	**1,250**

Source: Statistical First Release Data for Liverpool City Region

7.62 As indicated above sector activity is not restricted to those businesses offering low carbon products or services as all employers aim to reduce energy usage and emissions. The importance of low carbon practice is vital to all sectors and this is gradually being reflected in existing qualifications and Apprenticeship frameworks. In common with other sectors, specific training identified in Figure 7.7 represents only a small proportion of the potential skills pool available to employers. From within the sector training delivered in the City Region identifies areas that may offer complementary skill sets to the core skills associated within low carbon.

The importance of low carbon practice is vital to all sectors and this is gradually being reflected in existing qualifications and Apprenticeship frameworks.

7.63 There are a number of key issues that will be important to ensuring sufficient supply of skills for the low carbon sector. Firstly, this is an emerging sector of economic activity with changing requirement for skills as new technologies and working practices come into place. **To ensure that the training and qualification offer keeps pace with employer demands there need to be clear channels of communication between businesses and providers.**

7.64 Secondly, the cross sector character of low carbon provides opportunities to develop training that is applicable to a range of employers where there are common issues such as energy management and adaptation of low carbon technologies. **There is a need to accelerate the integration of low carbon curricula materials into training and Apprenticeship frameworks** - contributing the breadth of the skills base and potentially contributing to skills development both within sectors and along supply chains.

7.65 Finally, low carbon provides a good opportunity to develop collaborative approaches to the delivery of training that engages the workplace and draws on further and higher education facilities. **As a new sector there is significant scope for innovation in both the form and content of training delivery** to offer bespoke qualifications that meet current need but also contribute the skills to deliver future economic growth in the City Region.

SuperPort

7.66 **The SuperPort Sector brings together and integrates the strengths of the marine, logistics and aviation sector** located in Liverpool City Region to become a key driver of the economy. It aims to create the most effective and cost efficient environment for freight cargo logistics and passenger transit in the UK.

7.67 **The current employment for the maritime, logistics and aviation sector is estimated to be around 34,000**, or approximately 5% of jobs within the City Region, and SuperPort generates £975.5 million of GVA (as of 2009 figures) for the local economy.

7.68 Through concerted efforts by business and the public sector a shared vision has previously been agreed for SuperPort to potentially create around **24,000 new jobs by 2025*. At the heart of SuperPort is the development and delivery of a small number of major capital infrastructure projects** (as detailed in Appendix 9) that will strengthen the capability of the Liverpool City Region to handle more freight and passengers and lead to job creation.

7.69 The sector has a nationally important concentration of freight traffic, with the Port of Liverpool handling 30 million tonnes of cargo per year and passenger traffic of over six million per year though John Lennon Airport and cruise and ferry services. **Additionally, the City Region has shipbuilding, manufacturing and specialist professional services supporting maritime and logistics sectors.**

7.70 The occupational structure of the sector is distinctive, with evidence from the Skills for Growth Agreement for SuperPort[62] of **the largest SuperPort job growth being at Level 2** within Process, Plant and Machinery. Given this, the use of Apprenticeship provision and also of employment support services to help people into work (e.g. Jobcentre Plus, Work Programme Providers and Councils) will be vital.

7.71 In addition to meet replacement[63] and growth demand the sector will increasingly require technically skilled people and Apprenticeship programmes (including at higher level) and structured mentoring schemes to up-skill existing workers as ways to address this issue.

7.72 Qualitative evidence from engagement with SuperPort companies in the City Region highlights **the importance of good careers advice on the sector**, so that all ages understand it and the range of jobs available.

7.73 SuperPort employers reported that **some staff occupying 'operative' and 'elementary' occupations could, if required, benefit from functional skills development** for learning difficulties such as dyslexia, as well as application of literacy, numeracy, communication and customer service.

7.74 There is evidence of good practice across the sector with key employers already developing in house training to up skill their workforce in the logistics sector and key partnerships developing with individual learning providers as well as the opening of the two new University Technical Colleges related to the SuperPort sector.

7.75 **Across the City Region there were 3,880 qualification achievements in the core sectors associated with SuperPort** and a further 4,900 new starts. As can be seen in Figure 7.10 a large proportion of the training was delivered in the workplace, and Statistical First Release data indicate that **95% of training was undertaken by learners aged 19+.**

FIGURE 7.10
SECTOR FOCUSED TRAINING 2010-11
ACHIEVEMENTS - SUPERPORT

Qualification Type/Level	Achievements 2010-11
Apprenticeships	100
Advanced / Higher Apprenticeships	0
Level 2 Qualifications	530
Level 3 Qualifications	30
Workplace Training	3,220
Total	**3,880**

Source: Statistical First Release Data for Liverpool City Region

7.76 Based on the Statistical First Release, the core subject areas of SuperPort have been identified as Engineering, Construction, Maritime, Freight and Logistics and Passenger Transport. However, there is also a number of other related sector training that complements, and potentially provide pathways into, careers in the sector. **These related skills sets include Finance and Accountancy, Languages and Intercultural Working, Management and Leadership, Science, Engineering and Manufacturing Technologies, Business IT and Telecommunications, Security Industry and Customer Service.**

62 Liverpool City Region SuperPort Skills for Growth Agreement, (LMIS, 2012)
63 The sector has an ageing workforce with just 9 % of employees under 25 years of age
* This figure and timescale should not be treated as a definitive, as it is based on economic forecasting work undertaken prior to recent changes in economic conditions and is based on a large number of variables. Instead, it is an aspirational target and will be updated when further economic forecasting work for the City Region is commissioned.

Visitor economy

7.77 The Liverpool City Region Visitor Economy Strategy to 2020 sets out a vision to:

> Promote the Visitor Economy as a first choice career and to address skills gaps in the hospitality workforce including management and leadership, customer service and elite chefs.

7.78 The sector includes all aspects of tourist activity including retail, hotels and food and drink and conference and business tourism. The City Region has a very strong cultural, heritage and sporting offer and has developed an attractive programme of festivals and events. An interactive career map showing the range of businesses and job opportunities in the Visitor Economy is available on the UKSP (People 1st) website on the following link: http://www.uksp.co.uk/Career-Map.

7.79 **The sector supports some 50,000 jobs based on annual visitor spend of £4.2 billion**[64] which together generate an estimated GVA of £768.5 million per year (using 2009 figures). Following the success of its year as European Capital of Culture the City Region has maintained its position as one of the most popular destinations for leisure and business visitors.

7.80 Building on existing assets and the growing profile of the City Region as a national and international destination, there are strong prospects for growth in this sector.

7.81 The Liverpool City Region Local Enterprise Partnership is preparing a Destination Management Plan for the Visitor Economy. This includes a series of targets for overall tourism supported jobs that indicates a **steady growth of tourism supported jobs in the sector from 2012 (45,000) to 2023 (57,000).**

7.82 The labour and skill needs of the visitor sector are distinctive due to the heavy reliance on interpersonal skills of staff and the delivery of a high quality experience for the visitor. For this reason **the improvements in the relevance and quality of skills is paramount.**

7.83 As would be expected the dominant occupations within the Visitor Economy are jobs that are categorised as sales and customer service. This occupation constitutes 31% of the sector in the Liverpool City Region[65]. The second largest occupational group at 27% are elementary occupations (including jobs such as cleaners, porters and groundskeepers). Around one quarter of jobs (24%) are in higher skilled managerial, professional and technical roles, **with managers being the largest group (at 15%) among high skilled occupations.**

7.84 **The sector remains attractive to new applicants and it is likely that the key challenges will not be an expansion of skills provision but an increase in its overall relevance.** Consultation with visitor economy business[66] in the City Region has identified a number of key themes.

- Development of communication and inter-personal skills as part of improved employability of new recruits to the sector. This includes ensuring aptitude for an understanding of the demands of the sector and the World class aspirations of the employers in the sector.
- That specific skills gaps in terms of quality of customer service skills and specific occupational requirements for elite chefs be addressed (along with increased basic foreign language skills among customer facing staff).
- Higher level, management and leadership development skills for existing staff and new entrants to the sector connected to undergraduate and postgraduate university provision. Utilisation of the Level 5 Apprenticeship framework in management as a vocational pathway.

[64] TMP - LCR Visitor Strategy
[65] ONS (2012) Annual Population Survey (Workplace Analysis)
[66] LCR (2013) Draft Skills for Growth Agreement - Visitor Economy

7.85 The visitor economy is one of the largest sectors of training delivered within the City Region. **During 2010-11 there were over 11,000 qualification achievements** in a range of sector skill areas within the visitor economy as well as a further 15,000 starts. Some 31% of qualifications were achieved by learners aged under 19 and 73% of were achievements were at Level 2. **While visitor economy has one of the highest take up of Apprenticeships, just 22% of achievements were at a higher level.**

FIGURE 7.11
SECTOR FOCUSED TRAINING 2010-11
ACHIEVEMENTS - VISITOR ECONOMY

Qualification Type/Level	Achievements 2010-11
Apprenticeships	2,430
Advanced / Higher Apprenticeships	650
Level 2 Qualifications	2,290
Level 3 Qualifications	870
Workplace Training	4,860
Total	**11,100**

Source: Statistical First Release Data for Liverpool City Region

7.86 While there are high levels of participation in sector specific training for visitor economy, **evidence from employers questioned the relevance of some provision in terms of equipping learners for work.**

7.87 Based on the Statistical First Release, **the core subject areas of the Visitor Economy have been identified as Active Leisure, Customer Service and Contact Centre, Food and Drink, Passenger Transport, Hospitality Leisure and Travel, Retail, Languages and Intercultural Working and Parking.** Related skills areas include Finance and Accountancy, Creative Cultural and Media, Management and Leadership, Marketing and Sales, Business IT and Telecommunications, Security Industry and Hair and Beauty.

The visitor economy is one of the largest sectors of training delivered within the City Region.

7.88 While the visitor economy is attractive to prospective employees in the sector, with high volumes of applications and nearly one third (31%) of achievers in 2010-11 under the age of 19. There is also no shortage of vacancies in the sector, of which many are part time or unsociable hours, however a key challenge for the visitor sector is to improve the relevance of provision and understanding of those interested in joining the sector.

7.89 This can only be achieved through greater collaboration between employers and providers to review and redesign curricula and create more effective pathways into employment and through good information advice and guidance to inform and attract the right people into the sector. **The Jobs for tomorrow careers resources being developed by the new Labour Market Information Service could consider how these resources can be utilised to support these needs.**

7.90 Skill development and retention is vital for the sector in the Liverpool City Region - high turnover inhibit the creation of a stable workforce able to maintain the quality of offer to visitors to the City Region. **Creating career paths through Apprenticeships, flexible workplace training and management and leadership are vital to creating a workforce for the future.**

8. Delivering skills for growth

8.1 The business led Local Enterprise Partnership and Employment and Skills Board is committed to improving the skills system to ensure that training matches employer needs within the City Region. This will be achieved not by the imposition of targets or performance frameworks but through creating an environment of collaboration where articulated demand combines with robust labour market intelligence to inform curriculum design and provider business planning.

8.2 This approach is reflective of the dynamic skills market within the City Region and recognises that employer and provider good practice already takes place. Delivering Skills for Growth will involve raising awareness and focusing action on what is needed to further add value and improve outcomes for the City Region. Appendix 8 shows the list of Liverpool City Region Stakeholders who have provided a written commitment to address the five key challenges identified.

8.3 While this approach relies on an effective market for the provision of training it also creates responsibilities:

- Employers should be encouraged to place skills development at the centre of their business planning process and work individually and within sector groups to articulate their skills needs for the short, medium and long term.
- This demand intelligence can then be used by training providers to effectively shape the curriculum offer and create clear career pathways for young and adult learners. This will include providing information on the value of training in terms of return on investment and wider employability/business benefits.

8.4 The City Region deal with Government and the planned major investments in the City Region creates a unique opportunity to accelerate economic growth. The extent to which this opportunity can be captured will in part depend on the ability of the Liverpool City Region Local Enterprise Partnership, local businesses and the wider partnership of the public sector and community to create labour market conditions that secure the future supply of labour and skills.

8.5 Councils and their partners have a key strategic role to play in helping employers and providers deliver the skills for growth agenda. Actions can include ensuring that all planning applications for major investments request training and skills plans. The Local Employment and Skills Partnerships that exist in each Council area can help translate investment and development proposals into these training and skills plans, detailing with providers what training is most likely to be required and the timescales for this and encouraging targeted recruitment and training.

8.6 As set out in the City Region deal with Government, improving the skills system in the City Region will be founded on three key challenges:

- The alignment of provision to meet economic priorities, particularly in high growth sectors of the economy;
- The creation of structures of mutual accountability that secure effective partnership working; and
- The expansion of employer investment and participation in training and skills development - leveraging major investments into the City Region.

8.7 Over 2013-14 the Liverpool City Region Labour Market Information Service will be researching and producing detailed Skills for Growth Agreements for the key sectors - Low Carbon, SuperPort, Visitor Economy, and Knowledge Economy. The development of this suite of employer led, provider focused and wider stakeholder informed Skills for Growth Agreements will be used to raise skills and productivity within the City Region.

8.8 The process is necessarily iterative but the Skills for Growth Agreements provide an opportunity to both challenge the relevance of existing provision and also agree the most effective ways of building the future workforce.

8.9 Initial Skills for Growth Agreement feedback has proved important both for businesses to come together and discuss the collective skills needs of their sector and for providers who have gained greater insight into the skills requirements of each growth sector. Example feedback so far includes:

> The Visitor Economy Agreement helped us re-design our curriculum content to better meet industry needs.
>
> Vice-Principal, FE College
>
> I found the provider event beneficial in understanding the skills manufacturers want.
>
> Employer Engagement Lead, FE College
>
> This Agreement is a very useful explanation of what SuperPort means in practice.
>
> Economic Development Director

8.10 The detailed analysis and findings of this report lead to a number of recommended headline actions based on the key challenges identified throughout the report (see Appendix 1). All stakeholders within the Liverpool City Region will need to collaborate to ensure that these are achieved to meet the aspirations set out in the City Region Deal with Government in terms of improving the skills system.

9. Glossary of terms

BIS	Department for Business Innovation and Skills
CORE	Centre for Off-shore Renewable Engineering
DEFRA	Department for Environment, Food and Rural Affairs
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
ESB	Employment and Skills Board
ESOL	English for Speakers of other Languages
FE	Further Education
GMLPF	Greater Merseyside Learning Providers Federation
GVA	Gross Value Added
HEFCE	Higher Education Funding Council for England
HESA	Higher Education Statistical Agency
ICT	Information Communication Technology
JCP	Jobcentre Plus
LCR	Liverpool City Region
LEP	Local Enterprise Partnership
LJMU	Liverpool John Moores University
NAS	National Apprenticeship Service
NCF	National Curriculum Framework
OECD	Organisation for Economic Co-operation and Development
Ofqual	Office of Qualifications and Examination Regulation
ONS	Office of National Statistics
QCF	Qualification Curriculum Framework
SFA	Skills Funding Agency
SFR	Statistical First Release
SMEs	Small Medium Enterprises
SRB	Single Regeneration Budget
STEM	Science, Technology, Engineering and Mathematics
UCAS	Universities & Colleges Admissions Service
UKCES	United Kingdom Commission for Employment and Skills
UTC	University Technical College
WBL	Work Based Learning

Appendices

Appendix 1

Summary of the key challenges identified in headline actions

Appendix 2

Major drivers of change

Appendix 3

Potential supply of learners year-on-year change (2013-14 to 2017-18)

Potential supply of learners cumulative change (2013-14 to 2017-18)

Appendix 4

Top online vacancies advertised in June 2012, October 2012, January 2013 and June 2013

Appendix 5

What are employability skills?

Appendix 6

A Level volumes and results across the Liverpool City Region 2009-12

Appendix 7

Provider overview - top 20 largest providers by achievement volume of Liverpool City Region learners 2008-11

Appendix 8

Stakeholders who have made a written commitment to address our five key challenges

Appendix 9

Liverpool City Region - major development projects and associated skills requirements

Appendix 1

Summary of the key challenges identified in headline actions

Key challenge	Recommended commitment	Who is responsible?						
		Local Enterprise Partnership, ESB and LMIS Team	Schools and Sixth Form	Colleges and Training Providers	Higher Education Institutions	Councils	Personal Advisers	Employers and Employer Networks
1. Raise skill levels at all ages	Continue to increase the number of residents with 5 good GCSEs and Level 2 qualifications to meet minimum requirements of employers for skills		x	x		x		
	Emphasise the importance of achieving English, Maths and IT skills at Level 2		x	x		x	x	x
	Increase the proportion of City Region residents with Level 3 and 4+ qualifications, particularly those linked to growth sectors		x	x	x			x
	Increase employability by ensuring that entrants to the labour market have the knowledge and positive behaviours to succeed in work; work experience should form part of all post 14 learning programmes		x	x	x			x
	Every avenue must be explored to reduce the potential for a reduction in learning participation for those aged 24 and over resulting from the introduction of Advanced Learning Loans	x		x			x	x
2. Increase employer ownership and involvement in the delivery of education, learning and skills	Businesses to invest in up-skilling the workforce utilising the Skills for Growth Bank as a means of obtaining skills investment in their business	x		x				x
	Colleges and training providers should consider providing training services to businesses through the Skills for Growth Bank Marketplace			x	x			
	The Local Enterprise Partnership, Chambers of Commerce and the Federation of Small Businesses can help promote the Skills for Growth Bank as an opportunity for their members to address skills needs through employer-led investment	x						x

Key challenge	Recommended commitment	Who is responsible?						
		Local Enterprise Partnership, ESB and LMIS Team	Schools and Sixth Form	Colleges and Training Providers	Higher Education Institutions	Councils	Personal Advisers	Employers and Employer Networks
	Promote sector leadership and innovation to ensure the involvement and voice of small businesses in the development of the City Region curriculum offer	x	x	x	x			x
	Identify opportunities to gather intelligence on demand linked to key investments in the City Region	x				x		
	Local Enterprise Partnership Sector Groups should help create and then 'own' the implementation of their respective Skills for Growth Agreements	x						x
3. All curriculum reviews and decisions need to be routed in a solid demand-side evidence base and wherever possible involve individual businesses	The Employment and Skills Board will provide and make available key labour market information. However, employers and learning providers will need to gather and apply demand intelligence to the development of the skills system	x	x	x	x	x		x
	Businesses should be encouraged to work with providers in designing curriculum that will more effectively meet their needs	x		x	x			x
	Investigate and develop staff exchange or knowledge transfer opportunities between providers and employers to inform their curriculum offer	x		x	x	x		x
	Schools, colleges and learning providers should seek out a sponsor employer or group of employers for any curriculum and training design activity they undertake to ensure courses developed are viable and effective, utilising the Skills for Growth Sector Agreements	x	x	x	x			x
4. Improve the relevance and consistency of Careers Information, Advice and Guidance	The Employment and Skills Board to work with partners for the next round of contracting for the National Careers Service to support the availability of greater locally applicable content	x					x	
	Information, Advice and Guidance practitioners to collaborate and consider developing a local standard of delivery that negates organisational self interest and is routed in the labour market intelligence produced locally	x	x	x	x		x	
	Localised careers materials and information needs to be more widely shared and embedded across all careers resources	x	x	x	x	x	x	
	Secondary Schools should sign up to and make use of careers information available through 'Mersey Interactive'		x				x	
	Proactive promotion of Apprenticeships as a high quality option for year 11 leavers	x	x	x	x	x	x	x

Key challenge	Recommended commitment	Who is responsible?						
		Local Enterprise Partnership, ESB and LMIS Team	Schools and Sixth Form	Colleges and Training Providers	Higher Education Institutions	Councils	Personal Advisers	Employers and Employer Networks
	Business members of the Local Enterprise Partnership and the Employment and Skills Board to identify industry champions to develop links with schools, colleges, training providers and higher education institutions	x					x	x
	Secondary schools should introduce an element of careers education from Key Stage 3, to allow pupils to make more informed choices at 14		x				x	
5. Work together to tackle youth unemployment	Councils and providers to simplify their offers of support to businesses, to make it easier for businesses to engage	x				x		
	Businesses to work with providers and Jobcentre Plus to offer work experience placements	x	x	x	x	x		x
	Schools, learning providers, colleges and universities to ensure that post 14 learning programmes have an element of work experience	x	x	x	x	x		
	Schools, learning providers, college and Universities to ensure that young people are work ready when they leave their programme of studies and able to enter the workplace		x	x	x			
	Businesses to prepare for the potential changes associated with having young people working	x						x
	Providers of support for young people to ensure that there is a balance between developing technical skills, employability skills and personal support	x	x	x	x	x	x	
	Careers support to move from giving advice to careers education and to meaningfully involve businesses at all levels	x	x	x	x		x	x

Appendix 2

Major drivers of change

Consumer Demand	• The 16-18 year old full-time provision is driven by consumer demand as providers competitively market to learners as well as employers who are willing to employ young people • Changes to statutory duties connected to independent information advice and guidance - needs to ensure that individuals are making informed career choices based on a real understanding of the jobs market and taking the right qualifications to follow their desired career path • The push of an economic downturn and the pull of Government funding policy have focused attention on Apprentices as a solution to combat unemployment with rising Apprenticeship numbers • Increasing learner fees for Higher Education - drive towards value, seen in terms of future employment prospects / wage gains from learning • Uncertain impact of Further Education loans for 24+ groups studying Level 3/ 4 on the market for skills training in terms of demand from individuals, volumes and price sensitivity
Regulation and Governance	• Simplification of funding and provider flexibility at local and national scale • Introduction of Skills Funding Agency Innovation code to allow greater flexibility and speed up responses to local employer demand • Employer Ownership Pilot allows employers to drive demand for skills training • More provider competition (University Technical Colleges and Studio Schools) as Government policy increases provider choice, allowing market forces to operate • Less public money in the system - call from Government for greater co-investment in skills by learners and employers • Ending of core public funding for Sector Skills Councils (SSC) and support agencies (LSIS and Institute for Learning), the differential impact being seen with a mixed picture of expansion / contraction and closure • National Industrial Partnerships • Advanced Manufacturing Supply Chain Initiative & High Value Manufacturing Study and Liverpool City Region pilot of this • Regional Growth Fund • Changes to responsibility for independent advice and guidance, (schools statutory requirement and introduction of a National Careers Service) • Introduction of Chartered Status for colleges and providers which will be approved by Local Enterprise Partnerships • Withdrawal of compulsory registration for Qualified Teacher Learning and Skills (QTLS) or Associate Teacher Learning and Skills (ATLS) status in the state system
Demographic Change	• Replacement demand issue - succession planning and mentoring for technical skills required within the City Region • Continued reduction of 16-18 year olds due to falling birth rates in the City Region up to 2020 • Idea of skills conversion, portfolio careers / transferable skills / support for re-training • Rising retirement age and the push to work longer (both statutory pension and because of cost of living, reducing returns from pension pots) will impact on level of retraining required for the older workforce

	• Rising dependency ratio / flip side of this increasing demand in service industry and care industry • Lower population growth can be seen in the Liverpool City Region compared with the North West and England
Environmental Change	• Greening of existing jobs and green jobs • Exploiting green opportunities for the City Region eg Wirral's Centre for Off -shore Renewable Engineering (CORE) status for off-shore wind • Introduction of smart metering and housing retro-fitting in stock of housing across the City Region • College investment in low carbon, but regulatory uncertainty affecting employer demand? • Embedding sustainability across the curriculum offer
Economics and Globalisation	• Re-shoring of manufacturing supply chains to increase resilience / as transport costs rise • Re-shoring of food supply chains (to ensure integrity of supply / to provide consumer re-assurance) • Rise of the robots - potential for automation of some manual jobs e.g. in manufacturing and transport • From BRIC to MIKT (Mexico, Indonesia, South Korea and Turkey) and the unparalleled rise of China's global economic power. Inward investment / export implications of this • Continued fiscal retrenchment in UK public finances • Mersey Waters Enterprise Zone and other major projects including the Mersey Gateway Scheme
Technological Changes	• Cutting edge research in the City Region including Higher Education. Daresbury Sci-tech Enterprise Zone, The Heath, Liverpool School of Tropical Medicine, Royal Liverpool Hospital Trust, Liverpool Bio-Innovation Park, major employers R&D functions e.g. Unilever, Pilkingtons/NSG and INEOs Chlor • Materials Science (lightweight and composites) • Advancements in Technology in all areas of work require workforce to have good ICT skills • Developments and opportunities in sensors, robotics and automation, bio-processing, big data processing and storage and energy management in the City Region

Appendix 3

Potential supply of learners year-on-year change (2013-14 to 2017-18)

	2013-14	2014-15	2015-16	2016-17	2017-18
Halton	106	-27	-22	-52	14
Knowsley	15	-82	-23	-154	-11
Liverpool	246	-289	-87	-204	-88
Sefton	90	-170	-119	-91	-45
St Helens	47	-82	24	-94	-84
Wirral	-32	-115	-16	-175	-48
Liverpool City Region	472	-765	-243	-770	-262

Potential supply of learners cumulative change (2013-14 to 2017-18)

	2013-14	2014-15	2015-16	2016-17	2017-18
Halton	106	79	57	5	19
Knowsley	15	-67	-90	-244	-255
Liverpool	246	-43	-130	-334	-422
Sefton	90	-80	-199	-290	-335
St Helens	47	-35	-11	-105	-189
Wirral	-32	-147	-163	-338	-386
Liverpool City Region	472	-293	-536	-1,306	-1,568

Source: Department of Education Statistical First Release, 2010-12

Appendix 4

Top online vacancies advertised in June 2012, October 2012, January 2013 and June 2013

Job title	Online Jun 12
Drivers	116
Sales Executives	82
Receptionist	69
Chef	56
Cleaner	55
Paralegal	53
Account Manager	51
Paraplanner	53
Pensions Administrator	47
Recruiting Consultant	44
Store Manager	41
Accountant	40
Customer Services Adviser	37
Legal Secretary	36
Retail Sales Manager	28
Tracking Assistant	27
Sales Representative	27
Sales Consultant	23
Support Worker	23
English Teacher	23
Administrative Assistant	22
Sales Team	21
Registered Nurse	20
Assistant Manager	19

Job title	Online Oct 12
Sales Executive	128
Paralegal	110
Drivers	106
Receptionist	105
Paraplanner	81
Recruitment Consultant	75
Cleaner	67
Chef	62
Legal Secretary	61
Retail Sales Executive	60
Accountant	52
Pensions Administrator	52
Account Manager	50
Sales Consultant	49
Sales Representative	49
Administrator	47
Solicitor	43
Controller	41
Assistant Manager	39
Administrative Assistant	33
Contract Manager	32
Social Worker	32
Customer Service Adviser	31
Support Worker	29

Job title	Online Jan 13
Drivers	107
Sales Executive	77
Paralegal	57
Receptionist	46
Recruitment Consultant	35
Account Manager	33
Chef	27
Paraplanner	24
Accountant	24
Delivery Driver	24
Sales Consultant	23
Solicitor	23
Estimator	23
Retail Sales Manager	23
Web Developer	23
Typist	23
Administrator	22
Support Worker	21
Welder	21
Pensions Administrator	19 19
Sales Representative	19
Assistant Manager	19
Housekeeper	19
Care Assistant	19

Job title	Online Jun 13
Drivers	107
Sales Executive	77
Paralegal	57
Receptionist	46
Recruitment Consultant	35
Account Manager	33
Chef	27
Paraplanner	24
Accountant	24
Delivery Driver	24
Sales Consultant	23
Solicitor	23
Estimator	23
Retail Sales Manager	23
Web Developer	23
Typist	23
Administrator	22
Support Worker	21
Welder	21
Pensions Administrator	19
Sales Representative	19
Assistant Manager	19
Housekeeper	19
Care Assistant	19

Source: Active Informatics

Top 70 online skills indentified from vacancies between May 2012 and April 2013

Skill	Job openings
Accounting	7,118
Sales	5,546
Telecommunications	4,983
Purchasing	4,798
Logistics	4,688
Contract Management	4,184
Retail Sales	4,080
Business Development	3,894
Javascript	3,444
Account Management	3,265
Procurement	3,157
Litigation	2,360
Sales Management	2,288
Mental Health	1,899
Sql	1,669
Corporate Finance	1,638
It Support	1,585
Administrative Support	1,557
Emergency Services	1,540
.net	1,520
Intellectual Property	1,474
Child Care	1,446
Microsoft C#	1,376
Java	1,273
Sql Server	1,240
Repair	1,192
Business Analysis	1,191
E-Commerce	1,185
Computer Aided Draughting/Design (cad)	1,163
Operations Management	1,114
Structured Methods	1,060
Sap	1,031
Web Site Development	980
Product Sale And Delivery	947
Oracle	943

Skill	Job openings
Electronic Commerce	929
Marketing	877
Case Management	875
Cold Calling	843
Software Development	805
Midwifery	804
Electrical Design	802
Mentoring	800
Sustainability	774
Cooking	772
Jquery	758
Appointment Setting	757
Supply Chain Management	753
Sales Support	751
Public Health	739
Inspection	728
Forecasting	710
Mechanical Engineering	705
Account Reconciliation	695
Technical Support	689
Hvac Design	686
Hypertext Preprocessor (php)	683
Extensible Markup Language (xml)	672
Merchandising	621
Accounts Payable	598
Claims Adjustments	590
Linux	584
Surveys	547
Scheduling	540
Inside Sales	534
Spreadsheets	532
Mathematics	531
Electrical Engineering	528
Financial Accounting	509

Source: Active Informatics

Appendix 5

What are employability skills?

Employability defines the knowledge, skills, attitude and behaviour you need to get work, stay in work and do your job well.

The UK Commission for Employment and Skills (UKCES) define employability skills as 'the skills almost everyone needs to do almost any job'.

Employability skills build up in three layers, starting with a foundation of **Positive Approach**, which includes: being ready to participate, making suggestions, accepting new ideas and constructive criticism and taking responsibility for outcomes.

This base of Positive Approach supports the three *Functional Skills* of using numbers, language and ICT effectively. These functional skills are utilised in the context of four **Personal Skills**:

- self-management
- thinking and solving problems
- working together and communicating
- understanding the business

Source: http://www.skillsforlifenetwork.com/article/employability-skills/3947

Appendix 6

A level options and results across the Liverpool City Region 2009-10, 2010-11 and 2011-12

	Liverpool City Region A-Level Exams Sat			Liverpool City Region A*-E results ('Pass Rate')			Liverpool City Region A*-A results ('Pass Rate')		
	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12	2009-10	2010-11	2011-12
English	2,488	2,384	2,150	99.4%	99.6%	99.5%	17.4%	18.3%	16.3%
General Studies	2,580	2,207	1,767	95.7%	95.2%	96.0%	11.0%	10.6%	11.5%
Mathematics	1,411	1,632	1,556	97.9%	98.6%	99.0%	36.4%	39.6%	33.9%
Psychology	1,296	1,423	1,300	97.1%	97.9%	98.2%	14.5%	16.2%	12.4%
Biological Sciences	1,248	1,316	1,218	97.4%	97.6%	97.8%	21.0%	24.1%	23.7%
Chemistry	988	1,061	1,064	98.2%	98.9%	98.6%	26.8%	31.6%	26.9%
History	1,028	1,031	964	98.8%	99.4%	99.1%	17.8%	20.3%	18.0%
Art and Design	869	990	916	99.1%	99.7%	99.0%	25.5%	21.1%	26.1%
M/F/T Studies[3]	668	677	577	97.9%	99.4%	99.7%	8.1%	9.0%	8.0%
Sociology	659	633	601	98.2%	98.9%	98.5%	12.9%	17.7%	12.1%
Physics	607	624	610	98.2%	97.0%	98.2%	21.9%	22.9%	25.7%
Business Studies	683	622	591	98.4%	98.1%	99.0%	15.2%	15.0%	15.2%
Religious Studies	625	618	616	97.4%	99.0%	97.6%	16.0%	17.2%	16.6%
Geography	593	612	523	98.8%	98.7%	99.8%	24.1%	21.4%	22.4%
Physical Education	545	600	428	97.4%	98.2%	99.3%	9.9%	12.8%	15.0%
Law	452	429	402	98.0%	97.9%	99.3%	29.2%	28.0%	25.4%
Design and Technology	403	378	324	97.5%	96.0%	96.9%	9.4%	9.8%	11.1%
Drama	358	347	285	98.3%	99.7%	99.3%	14.0%	15.3%	11.6%
Other Comms Studies	316	300	318	98.7%	99.7%	100.0%	8.2%	13.3%	8.5%
ICT[2]	274	267	265	96.7%	96.3%	98.9%	8.8%	13.5%	7.9%
Spanish	293	247	230	99.3%	99.6%	98.7%	30.7%	26.7%	31.7%
French	242	246	204	100.0%	99.6%	100.0%	36.0%	38.6%	36.8%
Government and Politics	217	242	176	97.7%	98.8%	100.0%	29.5%	19.4%	27.3%
Further Mathematics	166	196	191	100.0%	99.5%	100.0%	50.6%	51.0%	39.8%
Economics	180	186	200	98.3%	98.9%	100.0%	36.1%	33.3%	29.5%
Music	165	183	151	106.7%	97.8%	98.0%	8.5%	10.4%	9.3%
Computer Studies	99	90	78	82.8%	96.7%	96.2%	16.2%	15.6%	14.1%
Classical Studies	61	77	99	91.8%	98.7%	99.0%	37.7%	29.9%	22.2%
German	74	61	67	98.6%	98.4%	98.5%	27.0%	27.9%	37.3%
Other social studies	84	60	90	91.7%	98.3%	97.8%	17.9%	16.7%	17.8%
Accounting and Finance	68	58	45	86.8%	94.8%	91.1%	11.8%	10.3%	0.0%
Other modern languages	41	52	50	100.0%	98.1%	100.0%	63.4%	42.3%	48.0%
Other Science	49	51	59	100.0%	92.2%	100.0%	40.8%	39.2%	45.8%
All subjects	**19,902**	**19,912**	**18,123**	**97.9%**	**98.3%**	**98.6%**	**19.5%**	**20.9%**	**19.9%**

Source: DfE A/AS Level Statistical First Release, 2009-10 to 2011-12

Appendix 7

Provider overview - top 20 largest providers by achievement volume of Liverpool City Region learners 2008-11

Provider	Achievements 2008-09	Achievements 2009-10	Achievements 2010-11
Liverpool Community College	16,550	20,150	19,300
Liverpool City Council	18,580	16,940	15,200
Wirral Metropolitan College	14,110	12,740	11,840
Knowsley Community College	10,680	10,610	8,090
Riverside College	9,000	8,780	8,010
St Helens College	8,640	9,040	7,920
Carmel College	7,860	6,720	7,060
Hugh Baird College	8,230	9,020	6,570
King George V College	6,220	5,490	6,280
Southport College	6,210	6,890	5,260
The Manchester College	580	6,020	5,080
Birkenhead Sixth Form College	5,980	4,410	5,050
UFI Limited	14,580	3,900	4,850
Sefton Metropolitan Borough Council	2,780	2,940	4,060
Knowsley Metropolitan Borough Council	2,840	2,860	2,620
Workers Education Authority	3,140	2,630	2,550
Priestley College	1,210	1,800	1,960
Winstanley College	1,330	1,390	1,480
Sysco Business Skills Academy Limited	980	1,280	1,290
Oakmere Community College	550	670	1,240

Source: The Data Service Statistical First Release

Appendix 8

The following stakeholders have made a written commitment to address our five key challenges (providing supporting detail to the Employment and Skills Board on how they as an organisation will do this):

A4e
Asset Training and Consultancy Ltd
The City of Liverpool College
Employment and Skills Group
Greater Merseyside Learning Providers Federation
Greenbank College
Halton Borough Council
Intraining
John Percival Marine Associates
Learndirect/JHP Group
Liverpool John Moores University
Michael John Academy
National Careers Service
National Skills Academy for Retail
Oakmere Community College
Progress to Excellence Ltd
Sefton Metropolitan Borough Council
Skills Funding Agency
St Helens Chamber
St Helens College
The Prince's Trust
Wirral Metropolitan College

Appendix 9

Liverpool City Region - major development projects and associated skills requirements

Timeframe	Development projects	Known jobs / skills required	Estimated job volumes
2013 - 2017	**Mersey Gateway Bridge** - one of the KPMG top 100 infrastructure projects in the World. £600m scheme to build a new six lane toll bridge between the towns of Runcorn and Widnes. Contractor still to be appointed.	New jobs as well as an opportunity for Apprenticeships and work placements /internships. First phase of recruitment will be around a range of construction and civil engineering trades from Sept 2013. Second phase of recruitment for toll operations will require skills that range from customer service, marketing, finance and quality from Sept 17.	5,000 jobs covering construction and operation phases and associated development.
2013 - 2015	**3MG expansion** - one of the UK's largest inter-modal logistics parks at Widnes. Potential for up to 3.5m sq ft of warehousing. Direct access to West Coast Main Line handling 60,000 containers per annum. Partnership between Halton Council and Stobart Group.	Growth in demand for numerous skills however 65% of recruitment will be for warehouse operatives, pickers and packers. There will be further demand for additional LGV drivers, crane pilots, drivers, health & safety advisors, fork lift truck drivers, rail shunting engineers, traffic operators, logistics managers, admin assistants, receptionists and Apprenticeships.	Approx. 3,450 new posts mainly around logistics.
2015 - 2020	**Manchester Ship Canal** - up to 5m sq ft of port and ship canal warehousing.		Over 330 new posts per annum over 4 years.
On-going	**Ship building and ship repair - Cammell Laird** offer the following services: Ship-building, ship repair, ship conversion, ship refit, ship outfitting, heavy fabrication, specialist engineering, electrical engineering, marine coatings & blasting and thermal insulation & sheet metal work.	Shipbuilding specialists -mechanical engineers, pipefitters and welders. Significant opportunities relating to the off-shore engineering/civil nuclear sector.	
2013 - 2020	**Off-shore wind - Cammell Laird:** • Port & quayside facilities for RWE for the construction of the Gwynt y Mor Off-shore Wind Farm • Supporting the development opportunities of the Irish Sea Round three wind farm developments and the extension of Burbo Bank • Liverpool City Region Centre for Renewable Engineering (CORE) • Wirral Council awarded £5m RGF to support development of off-shore wind sector • Research & development to expand / diversity within the off-shore wind sector • Increase in demand for Work Boat sector	Cammell Laird provide base port harbour facilities; operations & maintenance facilities; heavy fabrication and assembly skills. Significant employment opportunities in the next 18 months: Engineers, welders, pipe-fitters, marine architects, technicians. Significant opportunities related to off-shore engineering / civil nuclear. Peak demand 2014-15 • High skilled research roles • WorkBoat/Wind Farm Transport Vessels • Crew members (including skippers and engineers) • Work Boat/Wind Farm Transfer Vessel design / build / repair	500+ jobs across the range of Off-Shore wind opportunities listed, including proposed development of survival school and centre of excellence in operations and maintenance. 250 construction jobs. 100-150 Operation & Maintenance. 100-200 associated supply chain jobs.

Timeframe	Development projects	Known jobs / skills required	Estimated job volumes
2014 - 2024	**MERSEY WATERS ENTERPRISE ZONE International Trade Centre four** - phased development of one of Europe's largest International Trade Centres totalling in excess of 2.5m sq ft with plans to enable up to 1,000 separate companies from China, India, South Korea or other emerging economies, to exhibit, sell, assemble and distribute their goods into the UK, Irish and European markets.	Phase 1 development planned to provide 300 new businesses (1,000 new businesses in total) Job roles will include: • Customer service • Warehousing/fork lift truck • Logistics • Management and administration • Language skills	Phase 1 - 500 jobs.
2013	Automotive Supply Park which could employ up to 1,000 people to be built as part of the Wirral Waters project at Birkenhead.		Up to 1,000 jobs.
2015 - 2050	**MERSEY WATERS ENTERPRISE ZONE Wirral Waters** - The £4.5bn East Float regeneration scheme plans to transform the derelict Birkenhead docks. It comprises 17 million sq ft of mixed use floor space, including commercial, tourism, educational and residential development opportunities. It is estimated to deliver over 20,000 new jobs and be home to up to 30,000 new residents with significant amounts of residential, office, employment and complementary commercial activity.	First phase projects include redevelopment of the Hydraulic Tower, development of a light rapid transport scheme, new housing development and advanced manufacturing park.	600 jobs projected by 2016.
2013 - 2020	**MERSEY WATERS ENTERPRISE ZONE Wirral Waters Partnership Areas** The Wirral Waters regeneration programme will transform the Birkenhead docklands, however it is Wirral Council's strategy to ensure a co-ordinated approach to regeneration of the areas alongside Wirral Waters. A number of proposals including Woodside, North Birkenhead and Tower Road are planned as the initial areas to be addressed.	Wirral Council has in place an approved Masterplan for the redevelopment of the area around the Woodside Ferry Terminal, a major gateway into the Borough. The plan provides a major opportunity to achieve a landmark private sector led development, consisting of a range of business, residential, leisure, cultural and tourism uses which would drive the regeneration of this important part of Birkenhead.	It is planned that a number of key developments will be driven forward in 2013-14 developing both industrial and commercial office space with c 250 new jobs projected in construction and inward investment which would include advanced manufacturing.
2013 - 2030	**MERSEY WATERS ENTERPRISE ZONE - Liverpool Waters - Port of Liverpool -** (part of Peel Waters/ Liverpool Waters Development of Port Logistics Zone) inland of Liverpool 2 river berth - 150 acres of Liverpool Docks in North Liverpool, costing £5.5bn from 2012-30. The scheme will incorporate over 300,000 sq m of offices, more than 9,000 homes, hotel and conference facilities, restaurants and cafes, public open space, and a cruise liner facility.		Peel suggested a 2015 peak, but continues with 159 jobs per annum post recruitment peak.
On-going	**Port Wirral** A proposed new port and port-centric distribution facility adjacent to the entrance to the Manchester Ship Canal at Eastham, to replace outdated facilities at Ellesmere Port Docks and Runcorn Docks.	The draft Mersey Ports master plan indicates a proposed 20 year phased development period which will cover an area of 146 acres including 1 million sq ft of covered operational floorspace and a new quay wall.	
2013 - 2018	**Wirral International Business Park (WIBP)** Development of remaining sites within the Business Park.	WIBP has been a huge success over the last decade, attracting a range of investment into Wirral. 50 acres of developable land remains with key developments proposed in logistics / distribution and advanced manufacturing as well as key office development.	Construction jobs. 100-150 jobs within distribution logistics and 150 jobs in Law / HR related development within planned office development.

Timeframe	Development projects	Known jobs / skills required	Estimated job volumes
2013 - 2015+	**Liverpool 2 £300m deep water post-Panamax terminal** project includes: • dredging the river estuary (2013-15) • construction of the river berth (2013-15) • operation of the terminal (2015 onwards)		1,500 construction jobs during the build phase, plus 500 operational jobs in the terminal.
2015	**Langton River terminal** additional Roll-on/Roll-off facility with one clear recruitment peak in 2015.		150 jobs.
2013 - 2020	**L5 Zone** - development of a logistics zone inland of Liverpool 2 river berth on the L5 site between Regent Rd and Derby Rd.	Logistics staff including warehouse operatives, fork lift truck drivers, LGV drivers as well as management and admin roles.	
2014 - 2016	**Royal Liverpool University Hospital** - A new £451 million hospital build and a "BioInnovation Centre" for research and development in partnership with the University of Liverpool and Liverpool School of Tropical Medicine. Hospital Autumn 2016 completion / BioInnovation Centre Winter 2014 Completion.		
2013 - 2015	**Rebuild of Alder Hey Children's Hospital**		
2013 - 2014	**Liverpool Arena and Convention Centre** - new exhibition and events centre with bars, restaurants and 200 bed 4 or 5 star hotel.		
2016 - 2028	**Pall Mall / Exchange** - Major new mixed-use development to provide office floorspace with ground floor retail/restaurant uses, residential units and parking.		

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