



SOLENT
LOCAL
ENTERPRISE
PARTNERSHIP

SOLENT LEP SKILLS STRATEGY 2014 - 2016



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Foreword

We want Solent to be defined by aspiration and achievement, both of which are critical to our economic success both now and in the future. Transforming the Solent economy will require us to build a knowledge-rich and creative economy, one which will require the highest levels of education in our entire workforce.

This Skills Strategy aims to support the development of a world-class workforce to drive our future economic success. It aims to ensure that Solent's growth ambitions are supported by an employment and skills system which meets the needs of employers and individuals. We are very fortunate to have four universities based in Solent, together with a network of excellent Further Education colleges, private learning providers and schools. They represent a major economic asset, providing a source of highly-skilled employment, generating new businesses, supporting existing businesses and bringing significant revenues to the local economy. They also give us an excellent capacity to deliver skills for the local economy.

Ultimately, the success of this Strategy will be measured by improvements in performance. We are committed to improving the skills of the current and future workforce, and ensuring that the labour market works more effectively and efficiently. But the success of the Skills Strategy cannot simply be measured by improving performance; it must also be measured by the extent to which it brings together our businesses, universities, learning providers and public agencies into a joint effort. This Strategy will be underpinned by new ways of working and new processes for collaboration between the key actors in the Solent LEP area. Critically, it also underpins our *Transforming Solent* our Strategic Economic Plan and its growth ambitions.

Sarah McCarthy-Fry
Chair
Solent Employment and Skills Board

1 Introduction

Current Government policies on employment and skills emphasise the need to use increasingly scarce resources in a smarter way and to move to a more 'demand-led' system where employers and individuals have a greater ownership of the skills and employment agenda. This is intended to strengthen the link between skills provision and the current and future requirements of the economy.

As well as promoting a 'demand-led' approach, Government strategy stresses the importance of localism: the idea that local people and businesses know best what is needed in their area. This move to localism has resulted in Local Enterprise Partnerships (LEPs) being given increasing strategic responsibility for economic development in their areas. This *Skills Strategy* has been developed in response to these new responsibilities and to support the development of *Transforming Solent*, the Solent Strategic Economic Plan.

1.1 Purpose

Developing a world-class workforce is central to our growth ambitions. The *Solent Skills Strategy* has been developed to ensure that the provision of skills and learning, and the support for employment, meet the needs of the Solent LEP economy for the next three years and into the future. The development of the Strategy has been overseen by the Solent Employment and Skills Board (ESB) and the Skills Strategy Steering Group (see Annex 1 for membership) and produced by the Marchmont Observatory at University of Exeter..

This *Skills Strategy*:

- sets out the labour market opportunities and challenges of the Solent area;
- highlights the strategic priorities and actions;
- allows national and European funding to be effectively targeted on local priorities; and
- can be used as a basis for ensuring that publicly-funded provision and private investment in skills and employment support reflect local labour market requirements.

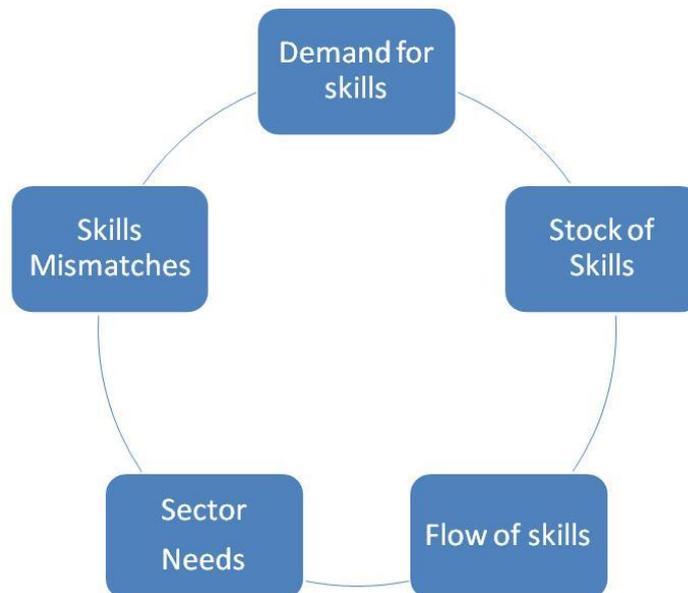
1.2 Evidence Base

This Strategy has been informed by an extensive evidence base presented in the *Solent Skills Strategy Evidence Base Report*, (Marchmont Observatory (2013)). Work was carried out between October and November 2013, although findings from the earlier European Structural & Investment Funds (SIF) consultation process, which began in the summer of 2013, were used in support of the *Skills Strategy*. The *Evidence Base Report* draws together:

- A review of latest policy developments.
- Analysis from a wide range of data sources, including forecasts from Working Futures and Oxford Economics, separately commissioned by Solent LEP, and data on learning provision made available by the Skills Funding Agency (SFA).

- A range of reports on key sectors which draws on evidence from Sector Skills Councils (SSCs) and the UK Commission for Employment and Skills (UKCES).
- An online survey which secured responses from 34 stakeholders, including businesses, learning providers, business support agencies and Local Authorities and interviews with nine key partners.
- A series of consultation events, working groups, and meetings with Solent Further Education (FE) colleges, representatives of Partnership for Urban South Hampshire (PUSH) local authorities with responsibility for skills and employment, meetings of the Solent ESB and a meeting with the Association of Learning Providers for Hampshire and the Isle of Wight (ALPHI).
- This evidence report also draws on the extensive consultation that underpinned the development of the *European Union Structural and Investment Funds 2014-2020 Draft Strategy*.

Together these enable us to consider the following aspects of the labour market:



1.3 Investment Priorities

The *Solent Skills Strategy* will play an important role not only in identifying priorities for collaborative action, but will drive the future investment strategy and the deployment of resources in support of local growth. Solent LEP has been successful in securing funding from a range of sources, and we are committed to ensuring that these public funds are properly integrated and work to lever in and maximise private sector investment. These include the *Southampton and Portsmouth City Deal*, the *Solent EU Strategic Investment Funds Strategy 2014–2020* and the forthcoming *Local Growth Deal*.

2 Vision

The Solent has set ambitious targets for growth¹. Achieving those stretching targets requires an employment and skills system which meets the needs of employers and individuals both now and in the future.

2.1 Transforming Solent

The Solent LEP vision for the Solent area is to:

create an environment that will bring about sustainable economic growth and private sector investment in the Solent. It will assist this globally-competitive area reach its full potential, enabling existing businesses to grow, become more profitable and to be greener; enabling the creation of new businesses and attracting new businesses to the region².

Transforming Solent, the Solent LEP Strategic Economic Plan, sets the following targets. By 2020 we will:

- In addition to current forecasts, create an additional 15,500 new jobs in the Solent LEP area.
- Achieve GVA growth of 3%.
- In addition to current forecasts, increase GVA per capita by an additional £3,000 per head and close the gap with the South East.
- Increase employment rates to 80% from the current 78% and improve economic activity rates from 80% to 81%.
- Raise the business birth rate from 3.6% to 4.1% (or create 1,000 new businesses).
- Improve the business survival rate³ from 61.4% to 62.5%.
- Raise the proportion of the population with Level 4 and above skills to 36% of the working age population from the current 32%.
- Support the raising of education attainment rates to above the UK average.
- Increase inward investment into Solent, attracting at least 5% of Foreign Direct Investment (FDI) projects entering the UK.

¹ *Transforming Solent, Draft Strategic Economic Plan, 2014-20, Solent LEP December 2013.*

² Ibid.

³ Three-year business survival rate.

- Improve productivity (GDP per head) closer to the South East average.

In doing so, we will also seek to maximise value for money from key public sector investments focusing on areas that are economically vulnerable, and linking local people to jobs through effective procurement processes whilst leveraging private sector investment in skills and employment.

A key thematic priority is to deliver *Skills for Growth*. This recognises that there is a need to make the best use of the assets that the area already possesses: highly-skilled people, world-class businesses, outstanding Further and Higher Education (FE and HE), and the resident labour market. The aim is to achieve sustainable economic growth by anticipating and meeting the employment and skills needs of employers within the area, and by developing and retaining the talents of people to work within their local economy.

The approach aims to better align public and private investment in training and workforce development to growth: achieved by employers taking a lead, signalling how the public sector and business can co-invest most intelligently to maximise opportunities for employers and people.

2.2 Skills Strategy Themes

Four strategic themes have been identified through the consultation with stakeholders and the analysis of the evidence base:

- **Develop world-class skills**
- **Transitions to employment**
- **Raise business investment in skills**
- **Develop a responsive skills and employment system**

2.3 What will success look like?

Through the consultation, stakeholders told us what success should look like for the Solent economy and its labour market and it is against this that success will need to be measured. Stakeholders in the Solent believe that the Solent economy should be one which:

- Raises aspirations.
- Grows the right kind of knowledge-led innovative businesses.
- Has a workforce which is highly skilled with high levels of STEM skills.
- Has an inclusive labour market with low levels of unemployment.
- Offers skills progression and workplace learning.
- Builds on our strengths and supports key growth sectors.
- Has research, development and innovation at its heart.

- Aligns the demand for skills from employers and learners with good responsive supply of provision.
- Provides effective transition for young people into the world of work, equipping them with the right skills and good information about the opportunities available.
- Is less reliant on a few major industries but which has a strong and vibrant Small and Medium-sized Enterprise (SME) base.

3 The Solent Economy

Table 1: Solent Economy Overview

	Solent	UK
GVA Per Head	18,820	21,030
Employment Rate	78%	75%
Activity Rates	80%	77%
Business Birth Rates (per 1000 per head population)	3.6	4.1
% working age population qualified to Level 4+	32%	34%
Foreign Direct Investment	Solent attracting 2% of FDI projects entering UK	

Source: Oxford Economics, Annual Population Survey (2013 apart from NVQ 4+ which is 2012)

The Solent is an economy with many underlying strengths and a host of assets. The Solent benefits from the presence of two major urban centres that act as hubs for knowledge-intensive growth. The Centre for Cities identifies that: “the two cities are well placed to drive growth in the private knowledge-intensive industries, due to the benefits that high value businesses derive from being located in close proximity to each other and their workers”⁴. Together, the two cities account for 37% of all highly-skilled jobs in the Solent LEP area⁵.

Solent is very well placed in terms of strategic accessibility, although transport connections within the sub-region need improving, particularly within the cities and urban boroughs. Solent benefits from good road links to London and the ports play a vital role in access to global markets. Solent enjoys relatively close proximity to London. This proximity to London has many advantages, supporting commuting and benefiting local businesses within the area.

The four universities based in Solent are a major economic asset, providing a source of highly-skilled employment, generating new businesses, supporting existing businesses and bringing significant revenues to the local economy. Innovation and the exploitation of new knowledge by the private sector is fundamental to future growth and Solent is fortunate that three of its Higher Education Institutions (HEIs) have strengths in its strategic sectors that, if harnessed, can anchor knowledge-intensive economic activity and employment in the area. The higher education sector in the Solent is also a growth sector in terms of employment, particularly higher level skilled employment.

⁴ *Anchoring Growth, An economic assessment of the Solent area*, Centre for Cities, May 2013, p13

⁵ *Ibid.*

But the Solent economy also faces challenges. Whilst economic activity is concentrated in Portsmouth and Southampton, on a range of indicators, these two cities are punching below their economic weight, although competitiveness overall is improving⁶. At the same time, the Isle of Wight, with a population of 138,253, has GDP well below the average for Solent as a whole⁷.

Economic output has grown relatively quickly in Solent, but this growth in economic output has not been accompanied by any large increases in private sector employment and our GVA lags behind the national average. The area remains more dependent on large employers and the public sector than the wider South East, making it vulnerable to business failure and public sector cuts. And whilst the employment rate is high compared with the UK average, this is due in part to rising levels of part-time working.

The Solent economy has been affected by the prolonged recession, yet while the loss of Ford was a big blow, the Solent weathered the downturn better than most. Still, it is characterised by areas of high public sector dependency and a decline in business stock, particularly in the SME sector. More recently, it has had to absorb the news of the proposed ending of shipbuilding in Portsmouth, with the loss of 950 jobs. It is therefore critical that the Solent rebalances its local economy in favour of the private sector and revitalises its economic base, focusing on knowledge-based industries and high value-added manufacturing as a catalyst for regeneration.

Yet the area has real potential to deliver growth for the UK economy. Strategies to support a sustained economic recovery in the Solent will need to be based on the area's real assets and strengths. These include the area's global connections through the ports and the airport, and the four universities.

What sets the Solent apart is our Marine and maritime sector. This sector makes an important economic contribution to the Solent economy and its underlying assets are of national significance. In terms of output, the sector contributes 20.5% to the Solent's GVA. It accounts for 40,000 direct jobs or 5% of total private sector jobs in the sub-region. Supply chains serving the Marine and maritime sector include component-manufacturing, logistics, financial services and catering. Taking account of these indirect jobs, this figure rises to 48,300 jobs. Over the period to 2025, the Marine and maritime sector is projected to grow by 5% in the Solent region. The Solent sub-region also plays a significant role in Advanced manufacturing with significant clusters linked to our key economic assets. Employment rates in this sector are significantly higher when compared with the UK average, particularly in: Computing; Electronic & optical products; and Electrical equipment. Indeed, from 2009-11, despite the ongoing challenges facing the Manufacturing sector (contracting by 1.2% across England), locally, it grew by almost 8%, creating 4,600 new jobs (to 58,800).

⁶ The Good Growth for Cities (November 2013), PWC/DEMOS's report on economic wellbeing in UK urban areas, places Southampton fourth in a ranking of cities for good growth and the most improved City (in terms of ranking) since last year. The main reasons for the change in ranking include declines in: unemployment (6.4% to 5.3%), long-term sick (20% to 17%) and commuting times (26.4 – 24.8 minutes). At the same time, Portsmouth was ranked 15th, above the UK average and 16th in terms of most improved. The Solent LEP as a whole ranks 5th in terms of the LEP Good Growth Index.

⁷ In addition, it has to contend with geographic isolation. In recognition of these challenges, a case is currently being made for Assisted Area status for the Isle of Wight.

The Solent's marine research assets are second to none. The Southampton Marine and Maritime Institute (SMMI), launched in March 2012, is a collaboration between Lloyd's Register and the University of Southampton. It is a unique internationally-recognised centre of excellence, bringing together a research, innovation and education community from universities, research institutes, industry and governments. In 2014, Lloyd's Register's marine headquarters will move into a brand new Global Technology Centre at the University of Southampton, chosen because it is at the heart of world-class marine engineering and naval architecture.

With the move towards a more knowledge-intensive economy, the future growth prospects for the Solent are dependent on the ability of the cities to attract businesses by offering access to suppliers, customers, and skilled workers, and to drive growth. Solent LEP is thus committed to making the most of the opportunities offered by Portsmouth and Southampton, whilst also helping those cities tackle a range of challenging issues.

4 Labour Market Opportunities and Challenges

This section provides a summary of Solent labour market opportunities and challenges. A more detailed analysis is available from the *Solent Skills Strategy Evidence Base*.

Overview of the Solent Labour Market

- The Solent area has a relatively high employment rate and relatively low unemployment and economic inactivity. However, the employment rate remains below pre-recession levels, and has been hit by large private sector job losses.
- Jobs growth in the next decade will exceed the growth in the working age population.
- Demand for higher-level skills will increase across all occupations and within all sectors. Over half of job openings up to 2020 will require higher-level skills.
- Growth sectors will increasingly require Science, Technology, Engineering and Maths (STEM) skills.
- Solent is relatively reliant on public sector employment.
- Solent has higher than average employment in lower-level occupations, reflected in below average earnings in Portsmouth, Southampton and the Isle of Wight.
- There are skills shortages and recruitment difficulties, suggesting a deficit of managerial and technical skills, most prevalent in the Building and construction, Financial and business services, and Maritime sectors.
- Businesses in the Solent area are taking on fewer staff and investing less in employee training. Lack of investment in training is likely to impact on workforce development and business productivity.
- The Solent workforce has strong intermediate-level skills, and the proportion of those without qualifications is falling. However, the workforce performs less well in terms of the proportion of the workforce with higher level skills.
- Higher Education participation rates were below the English average in 2010/11 for Solent residents, particularly in the urban core and the two cities.
- From early years through to GCSE level, the Solent performs in line with the national average. However, the urban core and the Isle of Wight underperforms significantly at Key Stage 3 and GCSE, with implications for the skills of the future workforce.
- Youth and long-term unemployment remain much higher than before the recession. There are 34 Wards where the unemployment rate is 5.0% or over, located primarily on the Isle of Wight, and in Gosport, Southampton, Portsmouth and Havant.

An analysis of the Solent labour market shows where Solent's strengths and weaknesses lie, and the opportunities and threats that face it now and in the future. In broad terms, Solent has a healthy labour market, but the nature of the challenges to be faced in the future means it will be a challenge to stand still in the globally competitive environment in which it operates. There are a number of complex reasons for this, but one thing is clear - lack of high-level skills is a contributing factor, and without radical action, will constrain Solent's future growth ambitions. So too is the pipeline of skills in which the attainment levels of young people in parts of the Solent economy are significantly below the national averages, indicating future skills deficiencies.

4.1 Demand for Skills

Solent has a mixed economy

The industrial structure of the Solent is a key factor and driver for economic growth. Solent benefits from a mixed economy, with strengths from research through to production across a range of sectors. It is home to an advanced manufacturing and marine cluster of national importance, contributing £3.6 billion and £1.9 billion GVA to the economy respectively, and accounts for 33,800 direct jobs or 5% of total private sector jobs in the sub-region. The Isle of Wight is home to an emerging cluster of renewable energy, composite materials and marine technology businesses⁸. The largest employment sectors in Solent are Wholesale, retail & motor trades, Education and Human health & social work activities, Accommodation & food service activities and Manufacturing, reflecting the employment structure in the wider South East. Solent has relatively high concentrations of employment in Public administration & defence, which is 1.32 times as high in the Solent, relative to the wider region, and 1.29 times as high in Manufacturing. At the same time, relative to the South East, Solent has low levels of employment in a number of high-value sectors.

What types of job does Solent have?

45.8% of employment is highly skilled, higher than the England average (44.1%), but below the average for the South East as a whole (48.3%). It has concentrations of employment in Professional and Caring, leisure & service occupations, but lower than average proportions of employment among Process, plant & machine operatives.

Skills shortages and gaps exist but at a lower level than nationally

Around 2,300 local employers (5%) had at least one vacancy that was hard to fill, with a higher than average proportion of Skills Shortage Vacancies (SSVs) in Professional occupations (26%) compared with the national average (18%). 20% of Solent LEP employers (8,500 employers) report having a skills gap, with around 35,000 employees assessed as not being fully proficient in their jobs. This accounts for 5.3% of total employment, a slightly lower level than was reported by employers across England as a whole (5.75% of employees). This has an impact in terms of business performance, with 16% of employers reporting a major impact.

⁸ Isle of Wight bid for Assisted Area Status.

4.2 Future Demand for Skills

According to Working Futures, the Solent economy is forecast to generate an additional 46,000 jobs between 2010 and 2020

This rise (6.2%) in the total number of jobs is higher than the average (5.4%) for England as a whole. Higher-skilled occupations are forecast to add 56,500 jobs over this period and will comprise 48.5% of total employment in 2020, compared with 44.1% in 2010. This shift towards higher-level occupations will generate rising demand for higher levels of skills and qualifications with an additional 35,000 jobs requiring a degree-level qualification by 2020.

Replacement demand will require 347,000 people to be recruited by 2020

However, taking into account replacement demand due to retirements, it is estimated that 347,000 people will need to be recruited between 2010 and 2020 to meet expansion and replacement demand. Net requirements are therefore positive across all occupations, highlighting the continuing need for relevant skills provision even in occupations where overall employment levels may be falling. Even here, growth is skewed towards higher-level occupations.

Yet, the working age population will remain static

Whilst the total population will rise by around 108,000 during this period, the working age population is predicted to remain almost static. Those aged 65 and over will see a growth of around 26%. At the same time, there will be a drop in the number of 16-24 year olds (9,700). This will limit the pool from which employers can recruit and will have implications for the ability of the local economy to grow.

Meeting future demand - the pipeline of future skills

The pipeline of skills coming through gives us cause for concern and parts of the Solent area face significant educational attainment gaps. Solent has an attainment gap in terms of performance at Key Stage 3 and GCSE, which raises concerns about the area's ability to meet the future skills demands. Whilst the level of education attainment at Key Stage 3 in Hampshire is roughly in line with the national averages for English, Maths and Science, all other areas within the Solent area lag behind the national average and in some areas the gap is pronounced. In 2012/13, 57.2% of pupils in Solent LEP schools achieved five or more GCSEs at grades A*-C including Maths and English, slightly below the regional and national averages of 62.0% and 58.6% respectively. Attainment in the Isle of Wight (48.5%) and Portsmouth (47.1%) was substantially lower.

The proportion of the Solent LEP's 19 year olds achieving a Level 2 qualification has however increased significantly, and is just above the national average (83.0%). Yet again, there are considerable differences in attainment. The proportion of 19 year olds achieving a Level 3 qualification has also risen consistently over the last five years, but there is variation within the LEP area.

Solent also has low numbers of residents participating in HE

In 2011/12, 54,865 people from Hampshire, the Isle of Wight, Southampton and Portsmouth were participating in HE⁹, a number 8% higher than in 2007/08. The proportion of young people from the Solent area who progress into HE is lower than the national average. The proportion of young people

⁹ It should be noted that this data only covers HEIs, and does not include any students taking HE courses at FE Colleges.

from Portsmouth and Southampton participating in HE is particularly low. Just 31% of young people who entered an A level or another Level 3 qualification in 2009/10 in these areas progressed to a UK HEI, significantly below the UK average of 48%. The Solent as a whole (41%) also lagged behind the national average. The proportion progressing to the country's 'best' universities is around 50% below the national average. The Isle of Wight performs somewhat better, but also lags behind significantly on this measure.

4.3 Supply of Skills

Solent benefits from a relatively well-skilled workforce

Solent has a higher proportion of its workforce qualified to Level 3 (22%) and Level 2 (23%) than is the case nationally and in the South East, so there is much to build on. Solent also has a lower than average proportion of people in the Solent (7%) with no qualifications, compared with the national average (9%). This represents approximately 3,600 individuals entering the labour force each year, with questions about their skills and preparedness for work.

Solent performs less well at higher-skilled levels

Solent has a lower proportion of its workforce qualified to Level 4 and above (32%). And whilst the trend is upwards, it is below the national average and there is a significant gap when compared with performance in the wider South East (that gap is projected to widen). The share of residents qualified to graduate level has increased in the Solent but at a slower rate than in the wider South East. As a result, the gap is widening. With forecast demand for higher-level skills set to rise, this could act as a brake on Solent's economic growth aspirations.

Worklessness is relatively low but remains significant

In March 2013, the claimant count unemployment rate for the Solent LEP was 2.7% (26,600 claimants), higher than the rate for the South East (2.5%), but well below the national average of 3.8%. Unemployment is much higher when measured by the ILO rate compared with the claimant count at 6.0% (45,500 unemployed) and remains significantly higher than its pre-recession level.

Long-term unemployment is hardening and in May 2013, 6,000 people across the LEP had been claiming Jobseeker's Allowance (JSA) for over a year, a rise of around 250% on 2007. This potentially leaves a lasting legacy for the economy and the individuals concerned. The recession has also had a particularly sharp impact on youth unemployment. The unemployment rate for 18-24 year olds in the Solent increased by double the rises for people aged 25-49, prompting fears of a generation becoming permanently detached from the labour market. Across the wider Solent LEP area¹⁰, 4.7% of 16-18 year olds were Not in Education, Employment or Training (NEET) (2,695 young people), although this reached 7.7% in Portsmouth and 6.1% in Southampton. The area also had a higher rate of young people in jobs without training (6.2% as opposed to 4.9% in England as whole). There were also pockets of deprivation where significant numbers of working age residents were disengaged from the labour market. There were 34 Wards where the unemployment rate was 5.0% or over (Census 2011). Of these, 16 were located on the Isle of Wight, five were in both Gosport and

¹⁰ Data is only available at the upper tier authority level. Therefore the whole of the Hampshire County Council area has been included as being within the Solent LEP area.

Southampton and four were in both Portsmouth and Havant. Four wards had an unemployment rate of over 7%, which is far above the England average of 4.4%.

Learner numbers have remained broadly stable

In 2012/13, just under 272,000 learner starts were recorded with providers in the Solent LEP area. Young people (aged under 19) accounted for more than three-fifths (62%) of starts in 2012/13. However, the composition of the market has changed, with younger learners increasing in number while the adult share contracted, reflecting changes in government policy.

Young people are most likely to study: Preparation for Life and Work (23%); Arts, Media and Publishing (10%); and Science and Mathematics (9%). Compared with adult learners, youth learners are significantly more likely to study Science and Mathematics. Vocational subject areas dominate the subject choices of adult learners. Here there has been a decline in Engineering and Manufacturing Technologies, but growth in: Preparation for Life & Work (+10%, 2,070); Business, Administration, Finance and Law (+33%, 1,316); and Information and Communication Technology (ICT) (+19%, 975).

The overall distribution of learners has remained relatively stable. The four most commonly studied subjects in 2008/09 remained the most commonly studied subjects in 2012/13. However, there are some interesting areas of growth, notably: Health, Public Services and Care (+30%); Science and Mathematics (+20%); Agriculture, Horticulture and Animal Care (+50%); Engineering and Manufacturing Technologies (+45%). However, numbers studying Construction, Planning & the Built Environment and Preparation for Life and Work fell.

Apprenticeships

In 2012/13, Youth Apprenticeships accounted for 2% of all learner starts on any youth learning programme and for 24% of all Apprenticeship starts. However, reversing the trends in learning overall, in the case of Apprenticeships, the number of adult learners has more than doubled, from 5,300 in 2008/09 to 12,100 in 2012/13. Apprenticeships thus account for 12% of all adult learning in 2012/13 and for 76% of apprenticeship starts. The number of Adult Apprenticeship starts has increased year-on-year since 2008/09, to the point where, in 2012/13, the total number of starts was 129% higher than it was in 2008/9. Adult Apprenticeship starts are now broadly equally split between those at Intermediate (49%) and Advanced (49%) level. There is a small, but rapidly growing, minority at higher level (2%). The rise has been particularly large in Advanced Apprenticeships, whilst the number of Intermediate Apprenticeships fell between 2011/12 and 2012/13.

For young people, Business Administration and Management (16%), Engineering (14%), Health & Care (11%), Retail & Customer Services (7%) and ICT (7%) were the most popular subject areas¹¹ in 2012/13. Apprenticeship volumes have risen fastest in the following sectors: Health & care (152); ICT (133); and Retail & customer services (115). At the same time, Apprenticeship volumes have dropped most in: Engineering (-307); Public services (-178); Education & training (-101) and Hospitality & catering (-74).

The five most popular frameworks among adult apprentices are: Health and Social Care (2,680); Business Administration & Management (2,050); Retail & Customer Services (1,563); Engineering

¹¹ Note: The 233 Apprenticeship Frameworks have been classified into 25 broad sector areas to aid analysis.

(1,390); ICT (732). The fastest rates of growth were in the following sectors: Warehousing & logistics; Health & care; and, Business administration & management. Whilst the volume of Adult Apprenticeship starts in Engineering rose by 58%, from 877 starts in 2008/09 to 1,389 in 2012/13, it is below the average growth rate for Adult Apprenticeships across all sectors – 129%.

Higher Education

In 2011/12, there were 66,710 students studying at the Solent LEP's HEIs and the Solent LEP area is, therefore, a net importer of around 13,300 students¹². This HE presence is a major strength for the Solent area. 42.0% of all students (28,035) studying at Solent's four HEIs were studying STEM subjects, the same as the national average. The proportion of students in STEM subjects varies from 11.1% at the University of Winchester to 56.4% at the University of Southampton. The University of Southampton has large numbers of students studying Medicine and the Physical Sciences, for example, while the University of Portsmouth has strengths in Computer Science. The number of students studying STEM subjects at HEIs in the Solent LEP areas has grown by 10.2% since 2007/08.

The proportion of students studying Engineering and Technology is significantly higher than the UK average (6.5%) at each of the Universities of Portsmouth (10.0%), Southampton (12.9%) and Southampton Solent (14.8%). This is a clear local strength. Data indicates that provision being offered locally in each subject meets local demand. At the same time, Solent's strengths in Business & Administrative Studies and Engineering and Technology draw in large numbers of students from outside the Solent LEP boundary. If retained in the area post graduation, they could greatly enhance the Solent's skills base.

4.4 Skills Mismatches

Understanding skills mismatches, where skills supply does not reflect skills demand, is difficult for a range of reasons. However, looking at provision compared to the levels of employment in the following sectors, we are able to look at the potential for mismatches. There is an over- supply of provision in relation to local demand in Arts, Media and Publishing, though many may leave for jobs in the capital and there is potential to build on these skills to support development of the Creative sector in the Solent. In terms of Business, Administration, Finance and Law, provision is broadly balanced, with a close alignment between the share of apprentices and HE students studying related subjects and the share of employment in this sector. Engineering and Manufacturing accounts for 9% of employment across the Solent LEP area and the supply of apprentices and HE students in this subject area is broadly balanced; however, given replacement demand in this sector, reductions in learners in this area are potentially problematic. Health and Care is broadly balanced, accounting for 14% of employment within the Solent LEP area. Around half of employment in this sector is in activities related to human health with the remainder broadly evenly split between residential care activities and social work.

¹² The figure for students domiciled in the wider Solent LEP area includes students domiciled across the whole of Hampshire. Unfortunately a figure for students domiciled only within that part of Hampshire that falls within the LEP area is not available. If it were, the result would be to show that the LEP area was a net importer of a much larger volume of students.

The ICT 'sector' is relatively small, accounting for 3% of employment in the Solent LEP area. The share of starts and students on ICT-related courses is rather higher than the sector's share of employment, but this does not necessarily imply an over-supply of these subjects since ICT capabilities are valued across a wide range of sectors.

Transport & logistics is a small but significant employment sector locally. Few learners are studying subjects allied to this sector, although some may be studying Wholesaling as part of combined course with Retailing; thus there is an undersupply of learners. Retail, wholesale & customer services is the largest sector in the Solent LEP area, providing 15% of total employment in the sub-region. The sector is also closely aligned to the Transport & logistics sector which accounts for a further 4% of employment¹³. Uniquely, among large sectors, it accounts for very few FE and HE starts, although it is more popular among apprentices, and particularly adult apprentices, thus there is an undersupply of learners.

Finally, Hotels and Restaurants (an approximation to the Hospitality & catering sector) accounts for 7% of employment locally. The sector and allied subject areas are closely related to the Leisure & tourism sector, which accounts for a further 2% of employment. Hospitality and Catering is not a particularly popular subject choice among young people or adults on FE courses or Apprenticeships and there may be an undersupply here.

¹³ A further 2% of employment is in the Wholesale, retail and repair of motor vehicles.

5 Strategic Themes and Priority Actions

Through the review of the evidence and the feedback from stakeholders and partners, four strategic themes have been clearly identified:

- **Developing world-class skills**
- **Transitions to employment**
- **Raising business investment in skills**
- **Responsive skills and employment system**

Measuring success will underpin these broad strategic themes.

The following sections take each of these strategic themes and identify priorities for action and the responsibilities of key stakeholders. The types of actions include:

- **Delivery** – of specific provision or projects to meet identified needs, both current and future.
- **Influencing and shaping** – actions which seek to share knowledge and build on best practice through effective partnership arrangements.
- **Building capacity** – measures which build the capacity of the skills and employment system within the Solent area.

6 Developing World-Class Skills

Solent's growth ambitions require a world-class workforce. Through the combined efforts of employers together with Solent's schools, colleges, universities and other educational institutions, we will drive up GCSE attainment in core and STEM subjects, improve provision and take-up of Apprenticeships, and raise participation in higher-level skills.

The Rationale

The proportion of jobs requiring higher-level skills has increased substantially with changes in technology and the global economy. Future demand for skills indicates that the demand for higher-level skills will continue to increase as the industrial and occupation profile of the economy changes.

Higher-level skills are becoming increasingly important in the global economy. They drive growth, facilitate innovation and are crucial for world-class management and leadership. They are likely to increase rates of innovation, including capacity to adopt new processes, new working procedures and use of ICT. Solent is currently a net importer of students and there is high competition for vacancies in the Solent region, with insufficient graduate opportunities. More graduates would wish to stay within the region if there were the appropriate opportunities, but a significant number leave taking their newly acquired skills to other parts of the country.

Creativity skills contribute not just to the creative sector but also are 'embedded' in creative economies not classed as creative industries, for example, those in design for engineering, marine, aerospace and construction, those in advertising, marketing and communications for business, and those in software and innovation strategy for the public/private sectors (*PUSH* 2012). Creativity skills also contribute to innovation and economic growth.

Apprenticeships are an important strategic priority across the FE and work-based learning provider network, although experiences vary considerably in how well the supply of apprentices and the demand from local employers are aligned. The investment in Apprenticeship through the EU SIF offers an opportunity to address some of the market failures, but also to stimulate workforce development activity in priority and growth sectors.

We also need to build the pipeline of skills. We need to generate interest in these new higher-level and technical occupations and to develop progression routes that allow people to move along a pathway, from the age of 14, through Advanced and Higher Apprenticeships, undergraduate and post-graduate study into the jobs that employers are looking to fill, today and tomorrow.

Since August 2013, people aged 24 and over need to take out a loan covering 50% of the cost of learning at Levels 3 and 4 (with the exception of Apprenticeships). The impact of this policy is uncertain, but we are clear that we need flexibility to respond to any market failure that results and, if

necessary, to be able to drive demand for the higher-level skills that are critical to our strategic sectors, particularly among employees of SMEs, where the employer contributions towards the cost of higher-level learning will be less forthcoming.

Priorities

Priority 1	Address underachievement at Key Stage 3 and GCSE to address achievement gaps against the national average and particularly in STEM subjects.
Priority 2	Increase take-up of Apprenticeships, particularly in technical/STEM subjects and at Advanced and Higher levels.
Priority 3	Raise the level of STEM skills in the economy to create a world-class skilled labour pool.
Priority 4	Raise higher-level skills in the economy by: raising resident participation rates in HE, improving vocational pathways to higher-levels skills such as through Higher Apprenticeships, and improving graduate retention.
Priority 5	Address sector-specific skills requirements of employers, support new emerging high-growth sectors and service industries. Linking employer and learner need to local provision to meet skills gaps and shortages.

Key Targets

Support the raising of educational attainment rates to above the UK average.

Raise the proportion of the working age population with skills at Level 4 and above to 36% from the current 32% by 2020.

Raise the proportion of the working age population with skills at Level 3 and above skills to 63% of the working age population from the current 57%

Reduce the proportion of the working age population without skills at Level 2 or above from the current 25% to 17% by 2020.

Priority	Action	Lead
<p>1 Address underachievement at Key Stage 3 and GCSE</p>	<p>Solent LEP Action Group on educational attainment - the divergence of performance in relation to Key Stage 3 and GCSE attainment indicates that area-specific initiatives are needed to both understand the nature of the attainment gaps and the possible causes. A joint LEP, local authority and schools campaign should be established to address attainments gaps where required, supported by business. Build on best practice both with Solent and outside to develop bespoke local initiatives, aimed at improving attainment.</p>	<p>Schools Local Authorities Learning providers Businesses</p>
<p>2 Increase Apprenticeships</p>	<p>Improve penetration rates - engage more enterprises in Apprenticeship delivery and make it easier for small companies to get involved, particularly in sectors which are under-represented but employ young people. Use the Business Hub to provide advice and support to companies seeking to recruit an Apprentice.</p> <p>Raise awareness - alongside this, providers and employers need to work together to raise awareness of the opportunities that Apprenticeships provide for rewarding careers and progression in an exciting industry, including support for local campaigns.</p> <p>Build the pipeline - It is also essential to build the pipeline of skills, generating interest in these new higher-level and technical occupations and to develop progression routes that allow people to move along a pathway, from the age of 14, through Advanced and Higher Apprenticeships, undergraduate and post-graduate study into the jobs that employers are seeking to fill, today and tomorrow. Providers should review their capability and capacity to deliver a greater number of higher-level Apprenticeships.</p> <p>Support for Pre-Apprenticeships - through the EU SIF, enable Traineeship providers to reach out and engage greater numbers of employers, creating Enhanced Traineeships opportunities for young people in the Solent. Increase the flexibility of the Traineeship offer, adding components such as work tasters, short-periods of skills training and encouragement/support with continuous jobs</p>	<p>Businesses NAS Learning providers</p> <p>Solent LEP Businesses NAS Learning providers</p> <p>Learning providers NAS Business</p> <p>Solent LEP SFA Learning providers Businesses</p>

	<p>search while in placements; and provide a payment of £56 per week¹⁴ to young people aged 16 and 17 who are NEET and wish to undertake a Traineeship.</p> <p>Apprenticeship Grants for Employers - Solent LEP will use EU SIF to manage the supply of Apprenticeships, prioritising technical and higher-level frameworks (at Levels 3 and 4) and areas where there are identified skills shortages, through grants to employers.</p>	<p>Solent LEP SFA Learning providers Businesses</p>
<p>3 Raise STEM skills</p>	<p>Foster links between employers and schools - so that young people better understand and take advantage of growing employment opportunities available which require STEM skills. Adults need to engage better with STEM provision. Employers need to be proactive in promoting interest in Engineering, Aerospace and Marine-focused careers and in encouraging the acquisition of the STEM skills their industry requires.</p> <p>Address gender imbalance - there is a need to develop programmes to address the gender imbalance in the sector and increase the number of young women who have an interest in careers in Engineering.</p> <p>STEM intelligence - public sector partners (such as STEMNET, the local Education Business Partnerships (EBPs)) should work together to provide a coherent package of information and support for employers in the Solent, particularly in priority sectors, demonstrating the benefits and opportunities that exist for employers wishing to be active in improving the flow of skills into their sector.</p> <p>Employer support for CPD in learning - encourage employers to contribute to the CPD of teachers and technicians, particularly in vocational education. Curriculum enrichment projects that deliver the Science and Maths curriculum through projects jointly designed with industry, making the learning relevant to local employment, can help to engage young people in subjects and skills that might otherwise appear 'academic' or irrelevant.</p>	<p>Schools Businesses EBPs STEMNET</p> <p>As above</p> <p>Learning providers EBPs</p> <p>Businesses Schools Learning providers</p>

¹⁴ This is equivalent to the JSA that is, very rarely, paid to young people aged 16 and 17. At this age, young people are expected to be supported by their parents. Traineeships that feel like work without pay may be a barrier to participation.

	<p>Support curriculum development - employers are being encouraged to develop qualifications that meet the needs of their industry. This could extend to the development of a qualification focused on the specific functional maths skills needed in the aerospace sector.</p> <p>Equipment support - employers have a role in donating or sponsoring the purchase of equipment which could be used directly for the delivery of training that meets the needs of their organisations. Solent LEP should work to support partnerships between employers and providers which secure appropriate equipment, e.g. aircraft/components required for 'Type Training' appropriate for the Virgin fleet.</p> <p>Solent LEP STEM Task and Finish Group - Solent LEP should set up a STEM Task and Finish Group to develop a cross-LEP approach to improving STEM skills, mapping STEM assets, engaging STEM employers and developing a programme of support, in conjunction with organisations such as STEMNET to provide impetus to the Solent's STEM activities.</p>	<p>Businesses Schools Learning providers SSCs</p> <p>Businesses Learning providers</p> <p>Multi-partner</p>
<p>4 Raise higher-level skills</p>	<p>Raise resident participation rates in HE - in the medium to long term, addressing poor HE participation rates will be essential. Lack of participation in HE amongst the resident population is a direct consequence of earlier attainment deficiencies. This issue clearly needs to be addressed if, in the long term, the trends in HE participation are to be reversed. Building on best practice in linking HEIs with schools will be essential, if Solent's young people are to aspire to higher-level skills.</p> <p>Improving vocational pathways to higher-levels skills such as through Higher Apprenticeships is also important. It will be necessary to consider whether the Solent has appropriate pathways to higher-level skills for those whose attainment at earlier stages has been impeded. Solent LEP is fortunate in being home to a number of large, reasonably well-differentiated education and training providers. Although some competition is inevitable, it is important that providers collaborate to ensure that the right pathways are created across the provider network, particularly in provision which will support strategically important sectors. More use should be made of FE</p>	<p>Schools HEIs Learning Providers Local Authorities Business</p> <p>HEIs Learning Providers Careers advice services</p>

	<p>colleges to deliver HE and more FE/HE partnerships may be required to facilitate this. Solent should develop an area-wide prospectus of its HE offer, including access courses and the full range of HE offer, to improve understanding of the available routes.</p> <p>Improve graduate retention - in the short term, improving graduate retention can start to make strides towards closing the higher-level skills gap. There needs to be a good supply of graduate-level vacancies, and graduates need to be encouraged to consider opportunities offered by SMEs and for start-ups. Linking graduates with support for business start-ups, and linking them with SMEs via Innovation Vouchers¹⁵, may open up new opportunities.</p>	<p>Solent LEP through EU SIF HEIs Learning providers Business</p>
<p>5 Address sector-specific skills</p>	<p>Solent Skills for Growth Fund - Solent LEP will support the new tripartite skills investment vehicle, with funds used to lever private sector investment from employers, individually and collectively, and to align skills provision across the eight major colleges in the Solent LEP area.</p> <p>Improve understanding of local skills gaps – providers should take steps to understand better the nature of the gaps and how they should be met. Some providers are actively recording instances where provision is unavailable to meet employer needs. This practice should be adopted across the provider network and intelligence shared to allow provision to be revised and developed to meet needs. This could be trialled as part of the Skills for Growth Fund operation.</p>	<p>Solent LEP Learning Providers SFA</p> <p>Learning Providers</p>

¹⁵ Proposed within the EU SIF.

7 Transitions to Employment

Increase the employability of young people and the unemployed by providing better advice, guidance and opportunities, exposing young people to the world of work and providing support for unemployed people to enter work.

The Rationale

The report, *Nothing in common: The career aspirations of young Britons mapped against projected labour market demand*, recently found no relationship between young people's career goals and employers' projected needs. This mismatch is a significant contributor to youth unemployment.

Consultation with partners in relation to the EU SIF and the development of the Skills Strategy identified the provision of impartial Information, Advice and Guidance (IAG) as being critically important in supporting the transition to work for young people and adults, as well as informing skills pathways.

However, the 2012 Employer Perspectives Survey found that only 27% of UK employers had recruited a young person aged 16 to 24 in the previous year and just 9% of employers had an Apprentice. In countries such as Germany and Austria, where over a quarter of employers provide Apprenticeships and nearly 50% of young people enter work via an Apprenticeship, the difference between the youth and adult unemployment rate is minimal. In the Solent, in May 2013, the JSA Unemployment rate for 18-24 year olds was nearly 80% higher than that for people aged 25- 64.

To address this, we need to respond to employers' concerns about young people lacking the right skills and attitudes for work or an Apprenticeship¹⁶. Too many have little or no experience of seeking, or being in, work. At a time when they are competing for jobs against adults with more skills and experience, young people are too often passed over.

Traineeships and Apprenticeships are invaluable in helping young people make the often difficult transition from education to work, simultaneously addressing both youth unemployment and employers' skills needs.

Furthermore, youth unemployment is 'hardening'. In May 2013, 2,365 people aged 18 to 24 in the Solent had been unemployed for longer than six months, compared with just 670 in May 2008. We are concerned that the proportion of young people claiming JSA for six months or longer (38%) was higher in May 2013 than at any point during the recession. We need to prevent these young people becoming permanently detached from the labour market.

¹⁶ National Employer Perspectives Survey, UKCES, 2012.

Priorities

Priority 1	Improve employability skills – placing increased focus on the work-readiness of school, college and university leavers.
Priority 2	Improve the scale and quality of impartial IAG provision for young people and adults.
Priority 3	Increase youth employment options to combat high levels of unemployment amongst 16-24 year olds and support better recruitment processes with employers.
Priority 4	Promote talent retention and job mobility for those unemployed and faced with redundancy.
Priority 5	Improve the opportunities and skills of the unemployed.

Key Targets

The key targets are set out in the EU SIF. Between 2014 - 2020:

2,000 young people provided with intensive Information Advice and Guidance

1,700 young people entering Traineeships, with cost of living support

2,330 additional Apprenticeships

3,000 people taking part in employer-led skills programmes

4,200 unemployed adults provided with skills support into work

2,400 participants in community programmes

1,140 people entering supported employment through the Solent Jobs Pilot.

Priority	Action	Lead
<p>1 Improve employability skills</p>	<p>Consider the development of an employability chartermark – such as that developed in the West of England. There, businesses are being urged to work with educational establishments to ensure that more youngsters can get a real understanding of the world of work and become employable. The Chartermark will be awarded to schools, colleges and universities in recognition of business engagement activities that produce work-ready students. It is a business-defined and assessed quality mark for the city-region, which any educational institution (school, college or university) can sign up to, committing them to ensuring that their pupils or students are work-ready through a range of agreed activities.</p>	<p>Schools Learning Providers HEIs Businesses Local Authorities Jobcentre Plus Solent LEP</p>
	<p>Develop and deliver an Employability Strategy - setting out both the shared targets and actions of the partners and the individual contributions which they could make to the employability agenda.</p>	<p>As above</p>
	<p>Develop an effective skills pledge - proposition with a preventive focus to ensure that vulnerable people already in work are supported and retained, especially within the public sector.</p>	<p>As above</p>
<p>2 Improving Information, Advice and Guidance</p>	<p>Use EU SIF investment to improve IAG provision - Solent LEP proposes to use ESF to:</p> <ul style="list-style-type: none"> ➤ improve young people’s understanding of the local labour market and the variety of job opportunities it offers, particularly in the Solent’s priority sectors, and ➤ provide more intensive IAG to support young people, particularly those who are NEET, as they make learning and career choices and prepare to enter the labour market. <p>This will be done by fostering closer links between employers, schools and colleges through activities such as:</p> <ul style="list-style-type: none"> ➤ getting more employers involved in delivering IAG; ➤ extending the availability of workplace visits; ➤ creating more opportunities for work experience; ➤ supporting STEM enhancement and enrichment 	<p>SFA</p> <p>Schools</p> <p>Education and Business Partnerships and Adult Careers Service providers</p>

	<p>activities;</p> <ul style="list-style-type: none"> ➤ encouraging employers to act as STEM Ambassadors. <p>Enhance the face-to-face guidance - to be made available to young people aged 16 to 18, who are not in education and who, by virtue of their age, are not entitled to support via the National Careers Service (for Adults).</p> <p>Foster closer links between employers, schools and colleges - increasing learner understanding of employer needs and opportunities through increasing employer engagement with schools and colleges and improving IAG.</p>	
<p>3 Increase youth employment options</p>	<p>Pre-Apprenticeships - more needs to be invested in preparing young people for Apprenticeships. August 2013 saw the launch of the national Traineeships programme¹⁷. Solent should build on the development in the Isle of Wight, recently extended across the Solent¹⁸, in which 16 and 17 year olds were paid the minimum Apprenticeship wage while on a work placement lasting up to 26 weeks. A proposal contained within the EU SIF to expand opportunities should support this to:</p> <ul style="list-style-type: none"> ➤ enable Traineeship providers to reach out and engage greater numbers of employers, creating more Traineeships opportunities for young people in the Solent; ➤ increase the flexibility of the Traineeship offer; and ➤ provide a payment ¹⁹ to young people aged 16 and 17 who are NEET and wish to undertake a Traineeship but are unable to do so because of lack of finance. <p>Monitor provision - Solent LEP should support a dialogue between learning providers and schools in relation to the raising of the participation age to ensure that there is a sufficient choice of provision available at the local level. This could take the form of a post-16 prospectus for all students.</p>	<p>Solent LEP Learning Providers Businesses</p> <p>Solent LEP Learning Providers Schools Local Authorities</p>

¹⁷ Traineeships help 16 to 24 year olds to develop the skills they need for employment and Apprenticeships by combining a defined core (work preparation, a work placement of up to 26 weeks and English and Maths) with a high degree of flexibility.

¹⁸ The extended Solent Programme was launched in December 2012. So far it has helped 42 young people into placements. Early signals are promising, but as 31 young people remain in placements, it is too early for a proper evaluation.

¹⁹ This is equivalent to the JSA that is, very rarely, paid to young people aged 16 and 17. At this age, young people are expected to be supported by their parents. Traineeships that feel like work without pay may be a barrier to participation.

<p>4 Promote talent retention and job mobility</p>	<p>Skills support for redundancy – EU funding will be used to enable a coordinated response to redundancies and downsizing, to support development activities within the pre-redundancy or closure period, and tailored to meet the needs of individuals. Interventions should be focused on up-skilling or re-skilling individuals to improve their employment opportunities, in line with the needs of employers offering recruitment opportunities.</p> <p>Talent retention programmes - which seek to retain the skills of workers to the sector, should be established building on best practice established in many parts of the country during the recession.</p>	<p>Solent LEP Businesses Trade Unions Learning providers Jobcentre Plus</p>
<p>5 Improve support for the unemployed</p>	<p>Skills support for the unemployed - Solent LEP will use ESF to assist unemployed adults who are claiming JSA and Employment Support Allowance Work-related Activity Group (ESA WRAG) benefits, are looking to enter the labour market, and need skills training to do so. The training and skills support provided will respond to individuals' needs and will be delivered in the context of a personalised skills training action plan. It will be designed to help move people into sustainable work, Apprenticeships or self-employment and to meet the needs of local employers or the labour market.</p> <p>Jobs matching - the current situation in Solent suggests some areas where there is a mismatch between the skills of the unemployed and those skills currently needed by local employers. There is also evidence of unfilled vacancies present in some sectors alongside jobseekers with previous experience in the sector. Closer collaboration between providers, Jobcentre Plus and employers is needed to secure effective job matches..</p> <p>Community grants - it will be important to tackle the barriers faced by people in this group in a holistic way, which may include support with caring responsibilities, drug or alcohol dependency, life skills, debt management or homelessness. We also recognise that, for some, conventional job-search will have failed and that more needs to be done in order to enable them to attain the confidence and employability skills required to compete in the open labour market. Through ESF, Solent LEP will support small-scale grants through community groups to support people experiencing multiple disadvantage.</p> <p>The Solent Jobs Pilot - will provide intensive integrated support to people on Incapacity Benefit, the ESA and the very long-term unemployed. It will comprise three main elements: pre-</p>	<p>SFA DWP Jobcentre Plus Learning providers</p> <p>Jobcentre Plus Businesses</p> <p>Third Sector Local Authorities Big Lottery?</p> <p>Local Authorities Employers</p>

	<p>employment support, IAG and employability training; a subsidised job, for up to 25 hours per week over six months; and intensive post-placement support. Support will come through City Deal and ESF.</p> <p>Solent Talent Bank - Solent LEP proposes to adopt a socially innovative approach to the delivery of much of its ESF activity through aligning the work to the Solent Talent Bank, which will use the leverage available through procurement to secure best economic value for partners across the Solent. This will create opportunities for work experience, Traineeships, Apprenticeships and supported employment under the Solent Jobs Pilot via public authority tendering and contracting procedures.</p>	<p>Jobcentre Plus</p> <p>Local Authorities</p>
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8 Raising Employer Investment in Skills

Raising the productivity of Solent's workforce requires a range of interlinked approaches and activities in support of business development, skills utilisation, creativity and innovation. Brought together, these will stimulate employer investment in the skills (including higher-level skills) of their staff, address prominent skills gaps and plan towards future skills requirements.

The Rationale

A large body of evidence suggests that employers' skill needs are influenced by their product market strategies. A frequently cited reason for the lack of demand for skills is that businesses are stuck in low value product strategies. To grow, be more productive and move up the value chain, they need to raise their game.

At the same time, simply raising the supply of skills does not lead to improved productivity. Skills utilisation is the vital link between skills acquisition and productivity. Skills utilisation is about ensuring the most effective application of skills in the workplace to maximise performance.

Research shows that investing in leadership and management has a greater impact on skills utilisation than any other factor. The choices that managers make and the working environments that they create influence the opportunities and motivations for skills to be used and the extent to which employers themselves invest in skills.

Leadership and management skills are also strongly correlated to business growth and success, playing a significant role in influencing business performance and enhancing business competitiveness. Evidence²⁰ shows that investment in leadership and management and improvements in management structures, resource planning and staff training and development can have a positive impact on 'bottom line' business performance.

Business development and growth require entrepreneurial skills, and these need to start young. A recent evaluation of entrepreneurship education²¹ found that, while the proportion of the working age population involved in starting or running a business in the UK compares favourably with many of our international competitors, levels of enterprise ambition compare less favourably. It concludes that addressing the ambition gap requires early intervention to provide young people with hands-on enterprise experience. It found that, while enterprise and entrepreneurship education appears to be strengthening, it is not yet widely embedded in the full range of vocational learning.

²⁰ *West Midlands Regional Skills Partnership Cross Cutting Issues 2006: Leadership and Management*, West Midlands Observatory, 2006.

²¹ *Enterprise Education Impact in Higher Education and Further Education*, Department of Business, Innovation and Skills.

Evidence suggests a strong causal inter-relation between the supply of higher levels of education, training and skills and increased demand for and supply of technical and organisational innovation. Making the most of available skills for innovation depends in part on workplace organisation. Concepts such as employee engagement, high performance working and learning organisations are being more widely studied; they include features such as job flexibility, delegation of authority and incentives for innovation. The evidence shows a link between management of human resources and innovation. Recent research²² suggests that creative occupations are also a fundamental driver of innovation. Roughly 2 million people are employed in creative occupations across the U.K. economy, more than 40 percent of which are in industries other than the creative sector. Workers in creative occupations across all industries were essential in spreading innovative processes and products around the economy, as they introduced learned innovations to other firms. The key to innovation is creative workers, both within and outside of creative industries.

The NESTA report, *Measuring Sectoral Innovation*²³, highlights the importance of innovation to economic growth. The research suggested that innovating firms grow significantly faster than those not undertaking innovation in each of the nine sectors surveyed. They also experienced four times the sales growth of non-innovators within the same sector. In 2009, NESTA research, *The Vital 6 Per Cent*, highlighted the importance of the small number of fast-growing businesses that, between 2002 and 2008, generated the lion's share of employment growth in the UK. High growth businesses come from all sectors, include start-ups and established firms and include SMEs.

Several conditions are associated with innovation and growth²⁴ including:

- Ensuring access to finance to support growth, especially venture capital and expansion capital.
- Investing in a skilled and creative workforce.
- Using research and university funding to support strong networks between researchers and businesses.
- Harnessing government procurement to provide a market for innovation.

There is significant evidence from the analysis of sectors that networking and business support will be critical in supporting many sectors with their growth and development. Partners see a need for Solent's universities to work together, to pool resources, and to reach out and support a greater number of enterprises, in line with their specific institutional strengths.

²² Lee, N and Andrés Rodríguez-Pose, A, Creativity, Cities and Innovation, *CEPR Discussion Paper No. DP9598* August 2013

²³ *Measuring sectoral innovation capability in nine areas of the UK economy*, Report for NESTA, Innovation Index project, Nov 2009, NESTA

²⁴ *Vital growth: The Importance of High-Growth Businesses to the Recovery*, 2011, NESTA

Priorities for Action

Priority 1	Support greater business engagement and skills brokerage to increase the pool of employers engaging with schools, colleges, universities and other learning providers, and providing work placements.
Priority 2	Improve leadership and management skills to promote better employer investment in skills.
Priority 3	Promote entrepreneurship skills.
Priority 4	Support innovation linked to skills.

Key Targets

Increase the proportion of establishments providing training, that fund or arrange management training from 38% in 2011 to 42% by 2019.

Increase the proportion of managers and senior professionals who report having received training in the last 13 weeks from 40% to 50% by 2020.

Delivery of 100 level 4 management and leadership qualifications in 2015/16.

100 new/safeguarded jobs.

100 new apprenticeships.

Priority	Action	Lead
<p style="text-align: center;">1 Support greater business engagement</p>	<p>Increase and co-ordinate employer engagement to increase the pool of employers engaging with schools, colleges, universities and other learning providers and providing work placements. The Skills for Growth Fund could provide the basis for better collaboration on employer engagement.</p> <p>Sector dialogues – business should be engaged in a dialogue with FE and HE providers through a series of sector-based ‘dialogues’, bringing together key players to discuss key skills issues and related curriculum development.</p> <p>Skills Brokerage - the Business Hub will offer a range of services to business and this should include support with understanding skills needs and accessing local provision where appropriate through a skills brokerage service.</p> <p>Raise employer awareness of the commercial benefits of learning - developing higher-level skills could be strengthened, as could employer/employee knowledge of the new 24+ Advanced Learning Loan arrangements and the opportunities that they offer. Share materials and case studies. Promote awareness campaigns with trade associations and chambers of commerce.</p>	<p>Learning providers Business Hub Solent LEP Trade Associations</p> <p>Learning providers Business Hub Solent LEP Sector Skills Councils Trade Associations</p> <p>Business Hub</p> <p>Learning providers Solent LEP Trade Associations Business</p>
<p style="text-align: center;">2 Improve Leadership and Management Skills</p>	<p>Solent Leadership and Management Programme - is key in terms of investment in skills of the wider workforce. Solent LEP is proposing a new leadership and management programme through the Local Growth Deal. There is scope to improve these skills in the Solent area, especially in SMEs with growth potential. Many of the businesses that need to develop these skills may, however, not recognise that, so incentives and peer support businesses are likely to be important. There are valuable assets in the area, including HEIs, that can be utilised in support of this programme. The LEP is keen to grow export activity. Developing the skills needed to achieve such growth, especially amongst SMEs, is likely to require targeted and sector-specific training interventions with a degree of subsidy.</p>	<p>Businesses Business Hub Learning providers</p>

	<p>come together across departments, disciplines, institutions, sectors, industries and borders, to solve particular problems that are beyond the capacity of the department or firm itself.</p> <p>Graduate Innovation Placements - will help enterprises across the Solent to gain access to graduate skills and knowledge, supplemented by support from the Knowledge Base. It will do this by supporting placements of between six and nine months, with expert input, focused on delivering projects that stimulate innovation within participating businesses. ERDF funding will be used to provide a package of support. This initiative is designed to act as a stepping stone towards more substantial innovation programmes, such as Knowledge Transfer Partnerships. It will help enterprises to move up the innovation 'escalator' towards longer-term engagement with the knowledge base. Graduate Innovation Placements that support the transfer of skills into the Marine, Maritime, Offshore engineering, Renewable energy, Low carbon transport and renewable technologies sectors will be particularly encouraged.</p> <p>Innovation Grants - Solent LEP supports the need for a flexible grants programme to support promising RTD initiatives on a case-by-case basis. These might be focused on proving the viability of a new concept, on the creation of prototypes or on demonstrating the commercial viability of new methods. They may be conducted with single companies or involve collaboration across extensive supply chains. It is difficult to predict.</p> <p>Improve the innovation ecosystem - through the Business Hub and Solent Innovation, Solent should seek to improve the innovation ecosystem and ensure that links between business and learning providers, particularly HEIs, are working effectively to create higher-level skilled jobs in the economy.</p>	<p>Solent LEP HEIs Businesses Business Hub</p> <p>Solent LEP HEIs Businesses Business Hub</p> <p>Solent LEP HEIs Businesses Business Hub Learning providers</p>
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9 Responsive Skills and Employment System

Create a skills delivery system which is increasingly flexible, co-ordinated and better able to respond to the changing needs of individuals and employers. Realise the full potential of Solent's FE and HE system and improve the alignment between the needs of business and skills delivery.

The Rationale

In line with Government policy, there is a need to move towards a more market-led, flexible and responsive delivery system so that it can respond more comprehensively to the needs of the local economy. The shift towards localism in the planning of skills needs to be matched by effective processes for understanding employers' needs, engaging business and planning to make the best use of public resources and maximize the impact of public investments.

The four universities based in Solent are a major economic asset, providing a source of highly-skilled employment, generating new businesses, supporting existing businesses and bringing significant revenues to the local economy. Innovation and the exploitation of new knowledge by the private sector is fundamental to future growth and Solent is fortunate that three of its HEIs have strengths in its strategic sectors that, if harnessed, can anchor knowledge-intensive economic activity and employment in the area.

The presence of a network of excellent FE and sixth form colleges also provides an opportunity to support skills development and create the environment that enables businesses to develop and train their workforces, to access the support they need to succeed and to recruit from a workforce of local residents equipped to take up the new jobs that they offer.

A key issue is how to make the publicly-funded learning provision more responsive to the needs of employers and learners. The Skills for Growth Fund approach provides a potential model for future collaborative working within the FE college network and beyond, if successful.

In many ways, the Solent is well served but the evidence base indicates that there is scope for additional capital development to support the existing FE estate. To achieve this, Solent is looking for a balanced mix of innovative investment and ongoing support for colleges to ensure 21st century facilities for the area's learners and the employers they serve. In all, 28% of the Solent LEP FE

buildings//infrastructure are in categories C and D²⁶, some 51,154 square metres (m2), in line with the national average.

Priorities for Action

Priority 1	Provide better access to business and labour market intelligence.
Priority 2	Joint planning arrangements.
Priority 3	Invest in skills assets to provide affordable investment capital for colleges.

Key Targets

Deliver the target for capital investment in FE college estate within the Strategic Economic Plan.

²⁶ Category A – **As New** - Gross Internal Area (m2) typically built in last 5 years, or may have undergone a major refurbishment within this period. Category B – **Sound** – Operationally safe and exhibiting only minor deterioration. Category C – **Operational** – Major repair or replacement needed in the short to medium term (within 3 to 5 years) Category D – **Inoperable** – space at serious risk of major failure or breakdown, requiring immediate upgrade to continue service.

Priority	Action	Lead
<p>1 Business and Labour Market Intelligence</p>	<p>Intelligence – this Strategy and its underpinning evidence base will need to be regularly reviewed and updated. Consideration should be given to investing in a joint intelligence facility to ensure that the system has access to robust labour market intelligence.</p> <p>Data-sharing - effective provision will require access to up-to-date and rigorous data on provision and its outcomes. FE colleges and the wider network of providers should work towards agreed data sharing to support the planning of further education provision.</p> <p>Solent Business Survey - Solent should consider investing in a regular business survey which can underpin its analysis of the demand and supply of skills, ensuring that provision is meeting needs and there is a clear understanding of gaps and capacity.</p>	<p>Solent LEP Learning providers</p> <p>SFA Solent LEP Learning providers</p>
<p>2 Joint Planning arrangements</p>	<p>FE/LEP group – has already been established and is working towards a range of joint activities in support of a more responsive system. As this rolls out and demonstrates value for the Solent area and its providers, consider extending the arrangements to the wider provider network.</p>	<p>Solent LEP FE Colleges</p>
<p>3 Skills Capital</p>	<p>FE estate - Solent LEP should establish a programme to support capital requirements for the FE estate based on an assessment of need and in order to maintain it. A Skills Capital Investment Plan and Fund will form part of the Local Growth Deal. The amount should be sufficient to at least ensure that the LEP can provide a reasonable resource to cover the upgrading of the current category D buildings plus the category C buildings.</p> <p>Flagship capital projects - a separate allocation will be made within the Skills Capital Infrastructure Plan for identified flagship projects, which may be outside the FE estate.</p>	<p>Solent LEP Learning providers</p> <p>Solent LEP Business Learning Providers</p>

10 Measuring Success

Solent LEP is committed to measuring progress towards its ambitions to ensure that interventions and investments are having the intended impact, and ensuring that the skills and employment planning process is efficient and effective.

The Rationale

The extent to which the baseline position against each of the key measures of success changes over the next three years will be influenced by a broad array of factors, including political, economic, social and technological issues. The correlation between the actions in the plan and measurable change in Solent is not a direct one. The actions in the plan have a very important part to play, but they will not be the sole drivers. With this in mind, and with only one exception, the targets that have been set are deliberately relative rather than absolute.

It is, therefore, important to look at how the Solent LEP performs now relative to other areas and set ambitious goals for improvement, such as the need to exceed national averages, improve performance against competitor LEPs and relative performance against other LEPs over time.

Priorities for Action

Priority 1	Benchmark performance (comparisons will be made with historic performance and with other LEPs)
Priority 2	Develop quality improvement system in relation to the skills planning process

Priority	Action	Lead
<p style="text-align: center;">1</p> <p>Performance</p>	<p>Benchmarking performance – Solent LEP should commission a set of benchmark comparator areas and develop a framework for benchmarking performance against a range of key indicators.</p>	<p>Solent LEP Solent ESB</p>
<p>2 Quality Improvement</p>	<p>Quality improvement systems – Solent LEP should work with learning providers to review data sharing and performance measures, including monitoring the diversity of performance across Solent.</p>	<p>Solent LEP Learning providers</p>

11 Skills Investment Plan

Contribution of Solent LEP Strategic Investment to Skills Strategy 2014/15 – 2019/20

Strategic Priorities	City Deal	EU Strategy	Local Growth Deal
Enterprise			
Solent Leadership and Management			✓
Skills			
Skills Capital			✓
Skills Revenue	✓	✓	✓
Innovation			
Solent Innovation		✓	
TOTAL INVESTMENT			

Implementation of the Skills Strategy will focus on those key strategic interventions which, when addressed collectively, will add value to support growth of the economy.

This *Skills Strategy* does not attempt to set out all the things that the Solent will do now and in the future. We have articulated a clear vision, set out our targets for skills and set out the priorities which will deliver against these. A range of strategic growth funds will contribute to the delivery of the Skills Strategy, in addition to mainstream funding. This also shows how the key strategic growth fund streams, City Deal, EU SIF and Local Growth Deal align and provide an integrated approach to a series of planned skills and employment investments.

Annex 1 Skills Strategy Steering Group

Angela Alderman - Assistant Director, BIS South Central & West

Amanda Beable - Marine Growth Sector Manager, Hampshire County Council

Denise Edghill – Skills Lead for City Deal and ex officio support to Solent ESB

Graham Ellis - Board Member, Solent ESB

Sarah-Jane Hadley - Head of Marketing & Recruitment (UK), Astrium Ltd

Anne-Marie Mountifield – Solent LEP Chief Executive

Paul Quigley – Visiting Business Entrepreneur, Portsmouth University

Nasser Siabi – Private sector representative from Micro link PC Limited

Dee Williams - British Marine Federation

Fiona Wilmot – Board Member, Solent ESB



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Should you have any general queries on any of the information included in this document, please contact Richard Jones at the Solent LEP using the contact information:

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