



**Solent LEP Skills Strategy
Evidence Base Report
EXECUTIVE SUMMARY**

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1. Introduction

Solent Local Enterprise Partnership (Solent LEP) has set ambitious targets for growth¹. Achieving those stretching targets requires an employment and skills system which meets the needs of employers both now and in the future. This report provides the evidence base for the *Solent LEP Skills Strategy*, which aims to influence the delivery of skills which meet the needs of individuals and businesses in the Solent LEP area. This evidence base draws extensively on existing research and strategies, on a detailed review of the data and on the views of a wide range of partners and stakeholders.

Developing a world-class workforce is central to Solent's growth ambitions and is a key strategic priority within Transforming Solent, *Strategic Economic Plan*. The *Skills Strategy* is therefore essential 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. These include the *Southampton and Portsmouth City Deal*, the *Solent EU Strategic Investment Funds Strategy 2014 – 20* and the forthcoming *Local Growth Deal*.

2. Key Findings

In broad terms Solent has a relatively healthy labour market

Solent has higher employment and activity rates and a relatively well skilled workforce, but the nature of the challenges 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, that will also constrain Solent's future growth ambitions.

Solent has a mixed economy

The industrial structure 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. Solent 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. The Isle of Wight is home to an emerging cluster of renewable energy, composite materials and marine technology businesses². The largest sectors in employment terms in Solent are Wholesale/retail/motor trades, Education and Human health and social work activities, Accommodation and food service activities and Manufacturing, reflecting the employment structure in the wider South East. The Business services and Transport sectors are large employers in the Solent but are under-represented compared with the wider South East.

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

² Isle of Wight bid for Assisted Area Status.

Solent has relatively high concentrations of employment in Public administration and defence. It is 1.32 times as high in the Solent relative to the wider region, and 1.29 times higher 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 sets Solent apart is the Maritime and marine sector

Solent's coastal location, clustering of businesses and educational strengths place it at the heart of the UK's marine and maritime economy. The Maritime 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 18% to the Solent's GVA. It accounts for 33,800 direct jobs or 5% of total private sector jobs in the sub-region. Supply chains serving the 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.

What types of jobs does Solent have?

Looking at highly-skilled jobs, in the Solent the three most highly skilled occupational groups account for 45.8% of local employment, 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 and service occupations, but a lower than average proportion of employment among Process, plant and 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 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 whole (5.75% of employees). This has an impact in terms of the business performance, with 16% of employers reporting a major impact.

Solent lacks resilience to public spending cuts

Employment in the public sector is higher than the average for the South East. 79% of employment in the Solent LEP area is in the private sector and whilst this is in line with the England average (79%), it is significantly below neighbouring LEP areas. The Defence sector is a large employer in Portsmouth, while Portsmouth, Southampton and Winchester host important administrative centres. As a result, public sector cuts are likely to have significant implications.

Solent benefits from a relatively well-skilled workforce

Solent has a higher proportion qualified to Level 3 (22%) and Level 2 (23%) than is the case nationally and in the South East, 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. This is a concern as 82% of local employers predict that their skills needs will increase over the next three years³ and this has implications for the Solent's economy and for individuals' access to employment. With forecast demand for skills set to rise, this could act as a brake on Solent's economic growth aspirations.

The challenge of rebalancing remains

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, thus there is little evidence of rebalancing in the economy. 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.

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.

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 shows that unemployment is hardening, potentially leaving a lasting legacy (as long-term unemployment is normally slowest to fall during periods of economic recovery). It is also notable that the recession had a particularly sharp impact on youth unemployment. The unemployment rate for 18-24 year olds in the Solent increased by 3.4 percentage points between September 2007 and August 2009, compared with rises of 1.8 percentage points for people aged 25-49 and 0.9 percentage points for those aged

³ Hampshire County Council (2012) Hampshire Employers Skills Survey 2011.

50 and over. This rise in youth unemployment has been a major concern, prompting fears of a generation becoming permanently detached from the labour market.

In addition, there were also 10,600 people in the LEP area who had been on Incapacity Benefit or the Employment Support Allowance (ESA) for over a year. These individuals face a range of barriers to employment - caring responsibilities, drug or alcohol dependency, life skills, debt management or homelessness. Much attention is now focused on the prevalence of young people (aged 16-18) who are Not in Education, Employment or Training (NEET). The concern is that such people are effectively a 'lost generation' whose social and economic prospects will be reduced significantly as a result of their lack of productivity at this early age. In March 2013, an estimated 4.7% of 16-18 year olds across the wider Solent LEP area⁴ were NEET (2,695 young people), although this reached 7.7% in Portsmouth and 6.1% in Havant. The area also has a higher rate of young people in jobs without training.

Solent has substantial pockets of social deprivation

There are pockets of deprivation where significant numbers of working age residents are 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 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%.

Solent economy is forecast to generate an additional 46,000 jobs by 2020

Forecasts estimate that employment prospects for the Solent LEP area are better than the national averages, with a projected increase of 6.2% in the total number of jobs between 2010 and 2020, compared with 5.4% for England as a whole. This is the equivalent of an increase of 46,000 jobs by 2020. There is a clear shift away from lower-skilled employment, outside the caring, leisure and other service occupations. The three higher-level occupations are forecast to add 56,500 jobs over the next ten years and to comprise 48.5% of total employment in 2020, compared with 44.1% in 2010.

Replacement demand will require 340,000 people to be recruited by 2020

However, taking into account replacement demand due to retirements, it is estimated that 340,000 people will need to be recruited between 2010 and 2020 to meet expansion and replacement demand. Net requirements are positive across all occupations, which shows that there is a continuing need for relevant skills provision even in occupations where overall employment levels may be falling. Growth is skewed towards higher-level occupations, i.e. managers and senior officials, professional and associate professional and technical occupations, which is consistent with national trends and the shift towards a knowledge economy.

⁴ Data is only available at the upper tier authority level. Therefore the whole of the Hampshire has been included as being within the Solent LEP area.

Forecasted new jobs will require skills at a higher level

The three higher-level occupations 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. The proportion of jobs requiring a degree-level qualification or higher is projected to rise from 24% in 2010 to 32% in 2020 (an additional 35,000).

The working age population will remain static

The total population will rise by around 108,000 during this period, yet the working age population is predicted to remain almost static. Those 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 as forecast, unless growth is accompanied by a significant rise in productivity.

The pipeline of future skills presents a challenge

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 average for English, Maths and Science at both level 5 and at level 6, all other areas within Solent LEP lag the national averages. In Portsmouth and on the Isle of Wight, the gap at level 5 is around -3 to -5 percentage points, but the gap widens to between -7 percentage points and -11 percentage points at level 6, suggesting that a smaller than average proportion of 14 year olds attain at the higher level. The gap with the national average in Southampton is pronounced at both level 5 and at level 6, raising concerns about the number of young people within the city who may be failing to build a strong foundation for future achievement.

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%. As with attainment at Key Stage 3, there is a significant level of variation across the LEP area. Provisional results for 2012/13 suggest that 59.6% of pupils attained this benchmark in Hampshire, compared with 57.6% in Southampton, 48.5% in the Isle of Wight and 47.1% in Portsmouth.

The proportion of the Solent LEP's 19 year olds achieving a Level 2 qualification has 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, from 61.4% of 19 year olds in Hampshire achieving this benchmark level, compared with 51.1% in Portsmouth, 49.3% in Southampton and 48.8% on the Isle of Wight. These last three areas all lag behind the national (56.0%) and regional (59.2%) averages by a considerable margin.

Solent also has low levels of residents participating in Higher Education

In 2011/12, 42,600 people from the Solent LEP were participating in Higher Education (HE)⁵. The trend has been for rising participation, and, despite a levelling off and decline in recent years, it remains 12% higher than in 2007/08. Nevertheless, HE participation rates were below the English average in 2010/11 for Solent residents, particularly in the urban core and the two cities. Around 35% of young people in Portsmouth and 36% in Southampton entered or remained in HE in 2009/10, compared with 52% nationally⁶. Low levels of educational attainment affect the employment prospects of young people and have an impact on businesses' ability to access the skills they need. Businesses also frequently report a more general lack of employability skills amongst school leavers.

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 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 and Work (+10%, 2,070); Business, Administration, Finance & 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.

⁵ It should be noted that this data only covers HEIs, and does not include any students taking HE courses at FE Colleges.

⁶ ONS Destinations of KS4 and KS5 leavers in 2009/10 <https://www.gov.uk/government/publications/destinations-of-key-stage-4-and-key-stage-5-pupils-academic-year-2009-to-2010>

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 and Care (11%), Retail & Customer Services (7%) and ICT (7%) were the most popular subject areas⁷ in 2012/13. Apprenticeship volumes have risen fastest in the following sectors: Health and Care (152); ICT (133); and Retail and Customer Services (115). At the same time, Apprenticeship volumes have dropped most in: Engineering (-307); Public Services (-178); Education and Training (-101) and Hospitality and Catering (-74).

The five most popular frameworks among adult apprentices are: Health and Social Care (2,680); Business Administration and Management (2,050); Retail and Customer Services (1,563); Engineering (1,390); ICT (732). The fastest rates of growth were in the following sectors: Warehousing and Logistics; Health and Care; and, Business Administration and 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 also 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 Higher Education Institutions (HEIs). In the same years, there were 53,450 people domiciled from the wider Solent area (including the whole of Hampshire) who were students in HEIs across the UK. The Solent LEP area is, therefore, a net importer of around 13,300 students⁸. This HE presence is a major strength for the Solent area.

42.0% of all students (28,035) studying at the Solent's four HEIs were studying Science, Technology, Engineering and Mathematics (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% of students 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 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.

The number of students studying STEM subjects at HEIs in the Solent LEP areas has grown by 10.2% since 2007/08.

⁷ Note: The 233 Apprenticeship Frameworks have been classified into 25 broad sector areas to aid analysis.

⁸ 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.

Comparing the subject choices of local residents with provision being offered locally in each subject suggests that there are very few areas of demand from local people that are not being met by the current local HE offer. Those studying Veterinary Science and Agriculture travel outside the area to do so. Local HEIs do not offer much in the way of 'combined' degrees. At the same time, Solent's strengths in Business and Administrative Studies and Engineering and Technology draw in large numbers of students from outside the Solent LEP boundary. If retained, they could greatly enhance the Solent's skills base.

Skills mismatch

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 is 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.

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.

Logistics and transport 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 under supply of learners. Retail, wholesale and 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 and logistics sector which accounts for a further 4% of employment⁹. Uniquely among large sectors, it accounts for very few FE and HE education starts, although it is more popular among apprentices, and particularly adult apprentices, thus there is an under supply of learners.

Finally, Hotels and restaurants (an approximation to the Hospitality and catering sector), accounts for 7% of employment locally. The sector and allied subject areas are closely related to the Leisure and tourism sector, which accounts for a further 2% of employment. Hospitality

⁹ A further 2% of employment is in the Wholesale, retail and repair of motor vehicles.

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.

Raising employer investment in skills

A large body of evidence suggests that employers' skill needs are influenced by their product market strategies and the extent to which their skill strategies or policies are encompassed within those product market strategies, or whether they are expected to respond as and when various skill demands emerge. A frequently-cited reason for the lack of demand for skills is that businesses are stuck in low value product strategies. To grow and be more productive, they need to raise their game, thus in turn raising the demand for skills.

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. Evidence¹⁰ 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.

Supporting business development and growth requires entrepreneurial skills, and these need to start young. A recent evaluation of entrepreneurship education¹¹ 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 concluded 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.

The NESTA report, *Measuring Sectoral Innovation*¹², 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

¹⁰ *West Midlands Regional Skills Partnership Cross Cutting Issues 2006: Leadership and Management*, West Midlands Observatory, 2006.

¹¹ *Enterprise Education Impact in Higher Education and Further Education*, Department of Business, Innovation and Skills.

¹² *Measuring sectoral innovation capability in nine areas of the UK economy*, Report for NESTA, Innovation Index project, Nov 2009, NESTA.

the UK. High-growth businesses come from all sectors, include start-ups and established firms and small businesses.

Several conditions are associated with innovation and growth¹³, 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.

3. Recommendations

Both the data review and the consultation process identified that the *Skills Strategy* should be shaped by the following strategic themes:

- Developing world-class skills
- Transitions to employment
- Raising business investment in skills
- Delivering a responsive skills and employment system.

Developing world-class skills

Solent's growth ambitions require a world-class workforce. The combined efforts of employers, together with Solent's schools, colleges, universities and other educational institutions working together, will be needed to: drive up GCSE attainment in core and STEM subjects; improve provision and take-up of Apprenticeships; raise participation in higher-level skills; and improve the alignment between the needs of business and skills delivery. Key priorities for action will be:

- Raising higher-level skills in the economy by: improving graduate retention; raising resident participation rates in HE and improving vocational pathways to higher-level skills such as through Higher Apprenticeships.

¹³ *Vital growth: The Importance of High-Growth Businesses to the Recovery*, 2011, NESTA

- Raising the level of STEM skills in the economy to create a world-class skilled labour pool.
- Addressing underachievement at Key Stage 3 and GCSE to address achievement gaps against the national averages, particularly in STEM subjects.
- Addressing sector-specific skills requirements of employers, supporting new emerging high-growth sectors and service industries, linking employer and learner need to local provision to meet skills gaps and shortages.

Transitions to employment

Connecting young people with the world of work and addressing worklessness and exclusion from the labour market will be critical in supporting effective transitions to work. Addressing the employability skills of young people and the unemployed will be needed, providing better advice, guidance and opportunities, exposing young people to the world of work and providing support for unemployed people to enter work. Key priorities for action will be:

- Improving employability skills – placing increased focus on the work-readiness of school, college and university leavers e.g. work ethic, positive attitude, team work, problem-solving, customer service and communication skills.
- Improving Information, Advice and Guidance (IAG) - to improve the scale and quality of impartial IAG provision for young people and adults - within schools from Year 8 or below.
- Increasing youth employment options to combat high levels of unemployment amongst 16-24 year olds and supporting better recruitment processes with employers.
- Promoting talent retention and job mobility for those unemployed and faced with redundancy.
- Improving the opportunities and skills of the unemployed.

Raising employer investment in skills

Raising the productivity of Solent's workforce and developing one which is better able to take advantage of new and emerging opportunities requires a range of interlinking activities in support of business, skills utilisation and innovation. Brought together, they will stimulate employer investment in the skills (including higher-level skills) of their staff, address prominent skills gaps and plan towards future skills requirements. Key priorities for action will be:

- Supporting 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.
- Improving leadership and management skills to promote better employer investment in the skills of the existing workforce.
- Promoting entrepreneurship skills.

- Supporting innovation linked to skills.

Delivering a responsive skills and employment system

A skills delivery system which is increasingly flexible, co-ordinated and better able to respond to the changing needs of individuals and employers is needed. Realise the full potential of Solent's FE and HE system. Key priorities for action will be:

- Providing better access to business and labour market intelligence.
- Joint planning arrangements.
- Investing in skills assets, and providing affordable investment capital for colleges.

Underpinning these Strategic Themes and priorities for action, Solent LEP should measure and monitor performance to assess the impact of its activities and investments.

Overview of the Solent Labour Market

- The Solent labour market has a relatively high employment rate and relatively low unemployment and economic inactivity. The employment rate remains below pre-recession levels, and has been hit by large private sector job losses.
- Jobs growth over the coming years will exceed the working age population growth.
- 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 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 and 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.
- Solent LEP performs less well in terms of the proportion of the workforce with higher-level skills.
- Although two-thirds of firms aim to recruit employees with graduate and post-graduate skills, a relatively low proportion of residents are qualified to this level.
- HE 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 averages. However, the urban core and the Isle of Wight underperform 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.