

EMPLOYMENT AND SKILLS PROFILE: GATWICK DIAMOND

On behalf of:

Central Sussex College

by

STEP AHEAD RESEARCH Ltd



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Prepared for:

Central Sussex College

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The views expressed in this report are the views of the authors and do not necessarily reflect those of Central Sussex College

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Executive Summary

The Study

- **Step Ahead Research** was commissioned by Central Sussex College (CSC) to collate, analyse and report on available labour market information on employment and skills issues in the Gatwick Diamond growth area.
- The objectives of this study were to:
 1. Establish a robust evidence base on which to develop the Gatwick Diamond 'Skills Escalator'.
 2. Analyse the demand for and supply of skills across the Gatwick Diamond area and with regard to the catchment areas of Central Sussex College and East Surrey College.
 3. Review learning penetration rates by priority sector.
 4. Identify areas of duplication or gaps in provision, and propose appropriate levels of training provision by sector and skills level.
- The study involved a wide review of secondary information from a range of different sources including national statistics, learner records and published documents.

Context

- The Gatwick Diamond is generally regarded as a strong, robust economy. Average gross weekly pay for those working in the area is 15% higher than the average for the South East as a whole. Four fifths of the local working age population are in employment.
- Highly skilled residents with qualifications at Level 4 or above are slightly more common in the Gatwick Diamond than across the South East as a whole. Residents with no or low level qualifications are less common.
- Around 32,600 businesses employing around 312,100 people are located in the Gatwick Diamond area. Between 1998 and 2005, the number of businesses grew by 14% (4,000) and the number of jobs grew by 8% (23,000).
- Around 17% of employers (around 5,500 businesses) report that they have current vacancies. An estimated one in twenty employers (5% or 1,600) report that they have a vacancy that is difficult to fill because of skill shortages in the labour market.
- Taking into account both replacement demand (filling posts vacated by staff who leave) and expansion demand (new jobs being created), Gatwick Diamond employers require an estimated 22,500 new entrants per year.
- Skills gaps (deficiencies within the existing workforce) are experienced by nearly one in five employers (18% or 5,900 businesses).

Key sectors

- Seven key sectors are identified in the Gatwick Diamond Strategy:
 1. Advanced manufacturing & engineering
 2. Pharmaceuticals
 3. Financial services
 4. Professional services
 5. Aviation (transport & supporting activities)
 6. Retail
 7. Hotels & leisure

- These sectors account for 52% of the business base in the Gatwick Diamond (17,100 businesses) and 52% of employment (161,700 employees).
- Of the seven, the professional services sector is the largest in terms of business establishments (7,300 or 22%) while retail is the largest in terms of employment (38,500 or 12%).
- There are more financial services sector businesses in the area than might be expected from the regional sector profile and a higher concentration of employment in transport & supporting activities.
- Professional services can be considered a 'high skill' sector, with 57% of staff in the Gatwick Diamond qualified to Level 4 or above. In contrast, retail and hotels & leisure are low-intermediate skilled sectors, with more than 18% of the workforce qualified to Level 1 or below.
- Between 1998 and 2005 employment across the seven key sectors as a whole grew by 6% (9,500 jobs). However, employment levels decreased in advanced manufacturing & engineering, pharmaceuticals and financial services.
- An additional 11,600 jobs are forecast to be created in the key sectors between 2007-2014, including 3,600 in professional services and 2,600 in retail.
- Employers in three key sectors; financial services, transport & supporting services and hotels & leisure are more likely than average to report current vacancies. Skills shortage vacancies in particular are relatively high in the financial services and advanced manufacturing & engineering sectors.
- Skills gaps in the existing workforce are more prominent in the financial services, retail and hotels & leisure sectors.

The Supply of New Entrants to the Workforce

- Whilst the **total** annual demand for new entrants to employment in the Gatwick Diamond is estimated to be around 22,500, only around 10,000 are expected to come into employment directly from education and training.
- Nevertheless, the average cohort of young people in the area is around 7,000, and this suggests that the demand for employment and skills will outstrip local supply in total each year and there will be a net inflow of workers moving into the Gatwick Diamond.
- In the 2006-07 academic year, there were around 4,290 learners undertaking 'major', predominantly vocational, learning aims with Gatwick Diamond FE providers and 1,100 young people undertaking Work Based Learning courses (Apprenticeships etc).
- This represents an annual flow into the labour market of around 3,030 qualified new entrants, once retention and achievement rates and two year courses are taken into account.
- An estimated 12,790 new entrants are likely to be required by the **key sectors** in the Gatwick Diamond on an annual basis, although only 5-6,000 of these are expected to come directly from education & training.
- Taking success rates for qualifications into account, the total supply of major vocational new entrants (including Work Based Learning) relevant to the key sectors is around 1,220 per annum. This relates to around a fifth of the estimated demand for entrants to these sectors.
- The key sectors represent 57% of the total requirement for new entrants in the Gatwick Diamond but only 40% of 'major' vocational training (excluding WBL) in the two colleges.
- This suggests there is some degree of mismatch between the local vocational offer and demand for skills. For three of the key sectors there is no 'major' vocational learning provision in the Gatwick Diamond that is *directly* relevant.

Figure A1: Summary comparison of provision with key sector demand

Sector	Sector Requirements	Gatwick Diamond provision	Issues
Retail	<ul style="list-style-type: none"> High demand for skills at Level 2 and below Annual demand for around 3,500 new entrants Accounts for 12% of employment 	<ul style="list-style-type: none"> Most learning at Level 2 Very limited directly relevant provision Accounts for less than 1% of supply 	Sector provision appears to be significantly below likely employer demand but this may be met by school leavers and those with non-sector specific qualifications.
Hotels & Leisure	<ul style="list-style-type: none"> High demand for skills at Level 2 and level 3 Accounts for 9% of employment Annual demand for 2,800 new entrants 	<ul style="list-style-type: none"> Learning is more focused at level 3 Accounts for 18% of supply A wide range of subject areas are relevant to the sector 	Provision appears to be relevant in terms of scale but is more focused on performing arts and tourism than hotels & restaurants where demand is stronger
Professional Services	<ul style="list-style-type: none"> High demand for skills at Level 4+ Accounts for 10% of employment Annual demand for 2,800 new entrants 	<ul style="list-style-type: none"> Most learning at Level 3 Accounts for 4% of supply Directly relevant provision strongly focused on ICT practitioners 	Provision does not appear to match employer demand, especially as entrants with ICT practitioner qualifications could join any sector. However, demand but this may be met by Higher Education graduates and those with non-sector specific qualifications.
Transport & supporting services	<ul style="list-style-type: none"> Demand for labour at all Levels Accounts for 10% of employment Annual demand for 2,000 new entrants 	<ul style="list-style-type: none"> Learning strongly focused at Level 1 or below Accounts for 5% of supply Focus on the maintenance side of the sector (motor mechanics) 	Sector provision appears to be below likely employer demand, especially at Level 2+. There may also be scope to develop a greater diversity of provision.
Financial services	<ul style="list-style-type: none"> Demand for labour at all Levels Accounts for 6% of employment Annual demand for 1,200 new entrants 	<ul style="list-style-type: none"> No major vocational learning provision in the Gatwick Diamond that is directly relevant 	Sector provision appears to be significantly below likely employer demand but this may be met by those with non-sector specific qualifications, entrants from Higher Education or training of unqualified entrants 'on the job' with private providers or professional bodies.
Advanced man. & engineering	<ul style="list-style-type: none"> Demand for labour at all Levels High levels of skill shortage vacancies Accounts for 4% of employment 	<ul style="list-style-type: none"> Learning is most common at Level 2 Accounts for 13% of supply Accounts for a significant proportion of all Work Based Learning 	The supply of skills in this sector appears to outweigh demand, although it could be that Gatwick Diamond providers are serving a wide geographical area with this provision

Learning in the existing workforce

- Employers are most likely to report technical, practical or job specific skills as being in need of improvement. They are most likely to cite lack of time for training (43%), lack of cover for training (36%) or lack of funding for training (33%) as barriers to developing or maintaining a proficient team of staff.

- Around 70% of employers in the Gatwick Diamond will fund or arrange training for their staff in any given year. On-the-job training is more common than off-the-job (55% compared with 51%).
- Within the sub-region, each employer provides off-the-job training to an average of 10 employees each year, with an average of 7 days training being undertaken by each staff member trained.
- The Annual Population Survey suggests that 28% of the Gatwick Diamond workforce will have undertaken job-related training in the last three months.
- The more highly qualified and those in professional, associate professional and personal service occupations are more likely to have undertaken job-related training.
- The FE sector makes a significant contribution to this learning. Around 9,800 Further Education learners are studying part-time in the Gatwick Diamond, working towards a total of around 12,500 learning aims.
- The extent to which this learning meets workforce development needs is unclear as it includes individuals taking courses for pleasure and personal interest. However, a quarter of enrolments by part-time FE students report that their learning aim is directly related to their current employment.
- The level of training funded or arranged by the employer is close to the all sector average for most **key sectors**, although financial services firms are more likely to arrange training. The retail sector is less likely than average to provide *off* the job training.
- Both the hotels & leisure and retail sectors have a lower than average spend on training and development, whilst financial services spends more than double the average.
- Employers in the advanced manufacturing & engineering sector are much more likely to have used FE colleges for training or teaching in the previous 12 months than the average for all industries.

Postscript

- Our analysis grouped Further Education enrolments into three categories:
 - 1) **Major** learning aims – aims which are not classed as A-Levels and represent 50% or more of a full-time student's 'Guided Learning Hours'. This category includes the majority of vocational courses meant to directly prepare someone for employment in specific occupations.
 - 2) **A-Levels** – enrolments that are classed as either GCE A, AS or A2 Levels. A-levels are usually more generalist preparation for further learning, often in Higher Education.
 - 3) **Other supporting learning aims** – learning aims which represent less than half of a full-time student's 'Guided Learning Hours' and are not A-levels. These will include supporting courses for those studying major vocational courses (e.g. key skills or preparation for life and work), or short courses that are a foundation to further vocational learning or work experience.
- For a number of reasons our supply-demand matching analysis focused on 'major' vocational learning aims. As learners can only undertake one major vocational course at a time (by definition), their subject area and learning level can give a reasonable indication of the flow of skills into the labour market. These students are also the most likely to be about to enter the labour market without further study and the least likely to be studying courses with little or no direct relevance to the labour market.
- However it is likely that some 'other supporting' learners will undertake a range of qualifications that when viewed together (particularly over time) do constitute a vocational programme enabling them to take up or progress within a particular career.

- Indeed an unfortunate side effect of this focus on major 'vocational' learning aims is that it excludes part-time learners currently in employment, some of whom may be adult learners improving their skills in response to employer skill gaps.
- There is currently no systematic way to match these 'other supporting' learners to employer skills demand.
- However, Gatwick Diamond **providers could go some way to closing this intelligence gap** in the future. An e-survey of course participants or a limited number of additional fields to enrolment forms to clarify at least the 'intended' relationship between specific courses and the labour market could be an important first step.