ANNEX A: CORE INDICATOR ANALYSIS

Contents

1. LOCAL LANDSCAPE

1.1. Overview

How does the local context presented in this data align with wider strategic priorities and aims? • Does the data align with local intelligence? Are there further insights from local employers about the local labour market and economy? • What are the main challenges and opportunities arising as a result of the context of the local area? • How has COVID-19 affected this context? • How have national or local policies and interventions (e.g. devolution, growth deals, industrial strategies, economic plans etc.) affected this context? • SAPs analytical toolkit questions: What is the labour market and skills performance of the local area? How does that compare with neighbouring or similar areas, and how does it sit regionally and nationally? Is there potential for the local area to be comparable to various geographical levels (e.g. international, national, and regional)?

Located in the peninsula of the South West of England, the Heart of the South West is one of the England's largest LEP areas. Its economy is broadly-balanced and while many of its industrial strengths capitalize on its rich endowment of environmental assets, it is has high-tech specialisms in aerospace, photonics and ship building with strategies in place to capitalize on the golden opportunities afforded by marine, nuclear, aerospace and advanced engineering, data analytics, health and care and rural productivity. Its economic strategy envisions double the size of the economy but with an emphasis on clean, and inclusive growth.

In order to meet this challenge the LEPs will need to unlock the region's productive potential whilst creating quality employment opportunities for its residents in the broader context of Covid-19 recovery and recalibration of the UK's trading relationship with the European Union. Skills will be integral to realizing these ambitions. Productivity is low by national standards due to a combination of factors relating not only to skills but also innovation capacity and capability, the nature of economic activity and ownership of enterprises, business dynamism and propensity to export and 'connectiveness' within other major Cities. This will involve, on particular, reaping the economies of industrial clusters and improving our leadership and management skills so that our businesses and organisations are more efficient, fully utilize the capabilities of all staff and adopt the latest technologies and management practices.

The LEPs working age population is not expected to grow significantly in the years ahead: is it therefore essential that young people fulfil their potential and <u>all</u> adults, not just the converted few, are encouraged and supported to develop their skills throughout their working lives to ensure that they are able to respond to the needs of the workplace of the future.

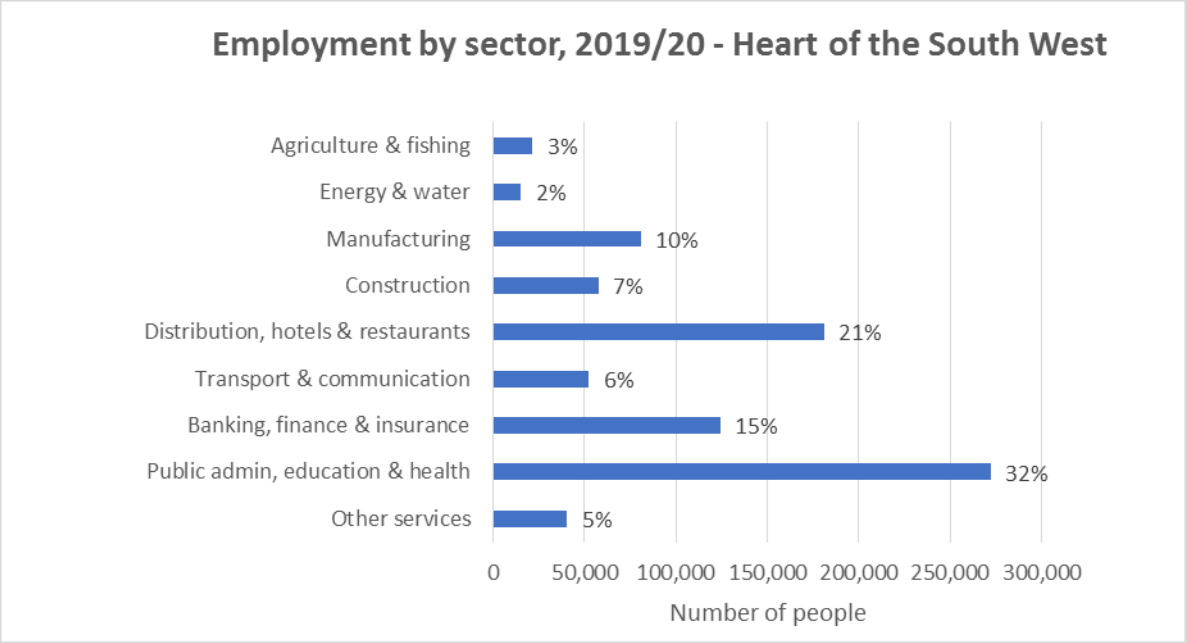
1.2. Employment by sector

What are the main sectors of employment? How do these align with local priority sectors and overarching economic strategies? Which sectors are represented highly compared to the national average? What does location quotient suggest about sector specialisation?

Sector is a key determinant of labour demand affecting not only the number of jobs available but also the occupations required, and the types of contract offered. Examination by industry sector reveals a distribution which broadly mirrors the England average with more than half of employment locally (53%) is in two sectors: public administration & heath (32%) and distribution, hotels and restaurants (21%). This reflects, in part, the significance of the tourism industry locally and local market orientation of Heart of the South West employers[1].

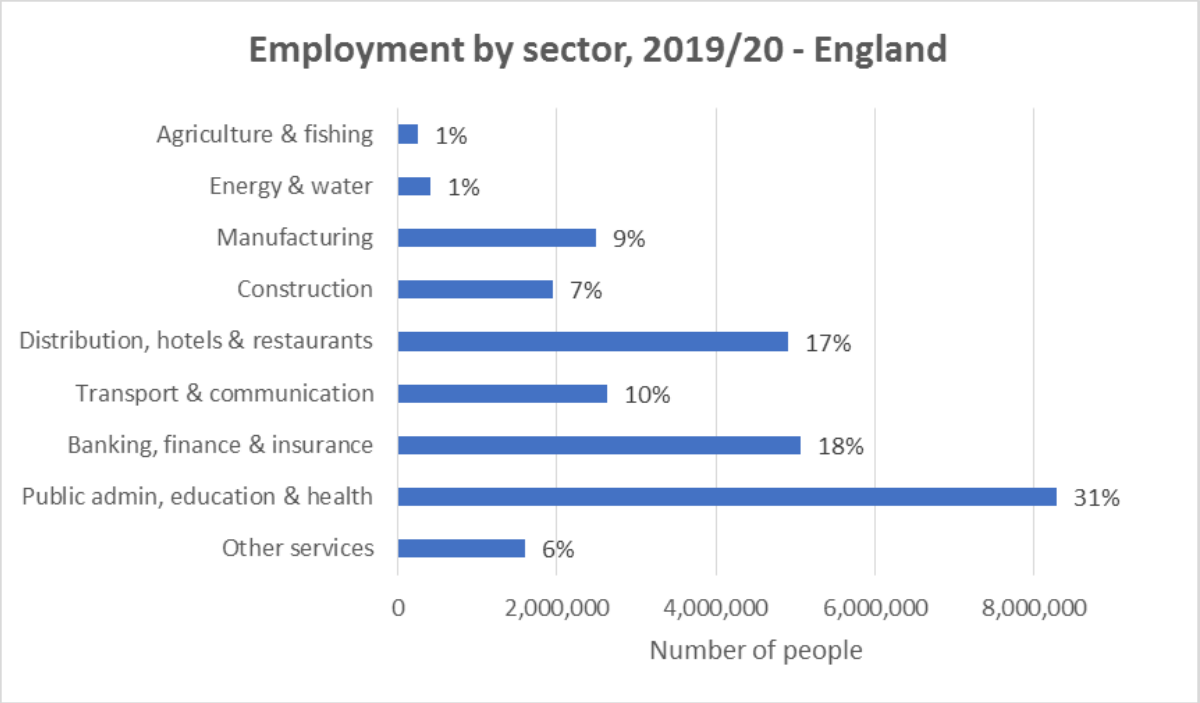
Compared the England average, the Heart of the South West is characterised by higher shares of employment in *distribution, hotels & restaurants* and *agriculture & fishing*; and lower shares in *transport and communications* and *banking and finance and insurance* (Chart 1)[2]. These patterns are largely replicated across the Heart of the South West but with greater reliance on the following:

- *Energy & water* (3%) in Somerset
- *Manufacturing* (13%) in Plymouth
- *Public services* in Plymouth (38%) and Greater Exeter area (36%)



[1] According to the UK Employers Skills Survey 2019, 52% of Heart of the South West employers said that their customers were primarily located in their local area compared to 47% of employers nationally who replied similarly.

[2] Differences between the LEP and the England average for other sectors, are not statistically significant.



These results from the Annual Population Survey data concur with the sectoral specialisms revealed by the Business Register and Employment Survey (BRES). In particular, the significance of:

- Manufacturing which accounts for on-tenth of employment locally with specialisms in: transport (especially boat and ship building and aerospace); food and farming (dairy products, tanning and dressing of leather and animal feed); domestic appliances; electric motors, generators and transformers; medical and dental instruments and supplies and general purpose machinery.
- Land-based sectors such as agriculture and the quarrying of stone, sand and clay; and tourism-related activities (i.e. camping and caravan sites and holiday accommodation) which depend on a high-quality natural environmental to attract visitors
- Generation, transmission, and distribution of electric power
- Activities related to human and animal health including medical and dental practices residential care homes and veterinary activities.

The Heart of the South West LEP aims to focus on six 'Golden Opportunities', as described in the Devolution Prospectus[3], which are Marine, Nuclear, Aerospace and Advanced Engineering, Data Analytics, Health and Care, and Rural Productivity. While these do not correspond easily to Standard Industrial Classification best-fit analysis suggest that these sectors accounted for x% of all employment in 2019. While the Heart of the South already has higher concentrations of employment in "marine" and "rural productivity" and to a lesser extend "health and care", the other sectors tend to be more concentrated in specific locations (i.e. "nuclear" in Somerset) and therefore have lower location quotients at the LEP level.

Table 1 Location Quotient and Total Employment by Golden Opportunity, Heart of the South West LEP area and Great Britain, 2019

	Total Employment	LQ
Aerospace and Advanced Engineering	26,000	0.98
Digital Sector	18,000	0.43
Health and Care	91,000	1.04
Marine	12,000	3.36
Nuclear	28,000	0.73
Rural Productivity	49,000	1.90

Source: Business Register and Employment Survey (BRES)

Our analysis (Annex B) also suggests that the Heart of the South West is particularly exposed to the labour market impact of Covid-19 due to its greater reliance on those sectors that have been most affected by the pandemic. These include: accommodation and food service activities; arts, entertainment and recreation; other services; administrative and support services activities and wholesale & retail and the repair and sale of motor vehicles and motorcycles. Together these sectors account for 38% of employment across the LEP area compared to 36% for England but with higher concentrations in Torbay (42%) and Devon (39%). These impacts are likely to persist during the second lockdown and potentially longer, depending on the outcome of the "Brexit" negotiations.

1.3. Employment by occupation

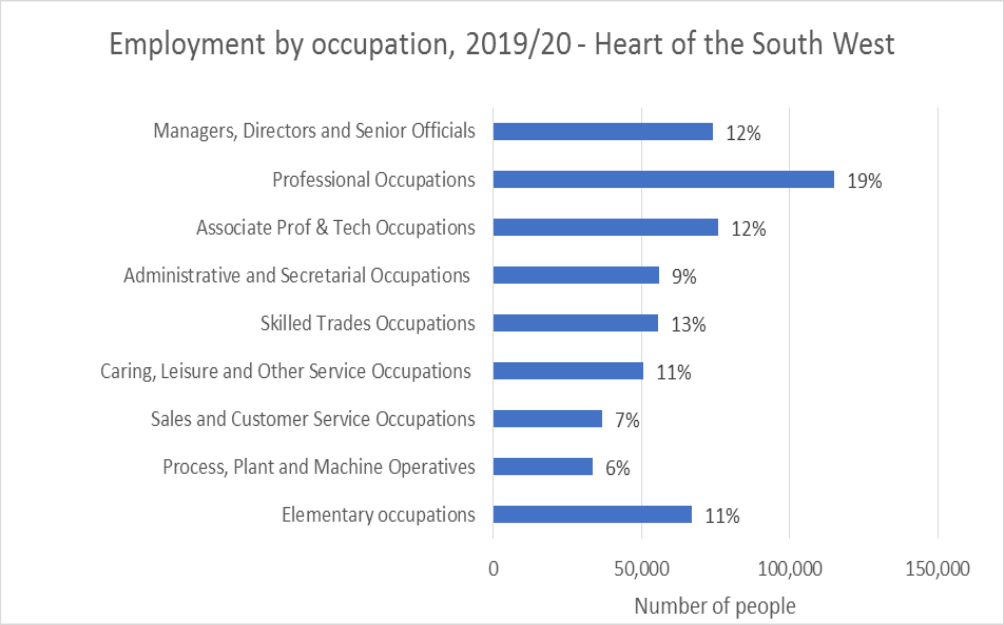
What are the main occupations of employment? What does this suggest about the profile of jobs available locally, and how does this compare to the national profile? How does this link to local strategies and overarching economic plans?

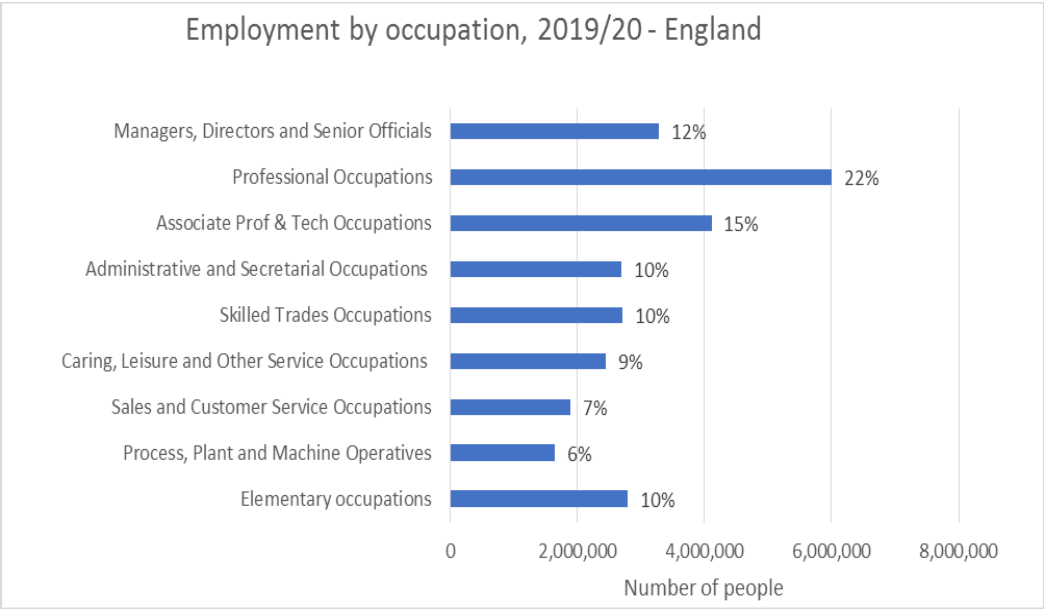
Since the jobs that people do can influence the education and training they need, it is important to understand the occupational structure of employment locally. In the Heart of the South West, employment is distributed across occupations in a similar proportions to the national average (chart) with 'high skill' occupations - a grouping incorporating managers

[3] https://heartofswlep.co.uk/wp-content/uploads/2016/09/Heart-of-the-South-West-Devolution-Prospectus.pdf

and senior officials and professions and associate professionals accounting for more than two-fifths of all those in employment. The remainder is broadly equally distributed between:

- Middle-skill occupations (22%) comprising administrative and secretarial and skilled trades
- Service-intensive occupations (18%) including caring and personal services and sales and customer service occupations; and
- Labour-intensive service occupation (17%) comprising plant and machine operatives and elementary occupations.





Within these broad groups the largest single occupations at the sub-major SOC level are: elementary administrative and service occupations (10%), caring personal service occupations (9%), administrative occupations (8%) and corporate managers and directors (7%) and business and public service associate professionals (6%). The distinctive characteristics of employment in the Heart of the South West vis-à-vis the England average[4] include particularly high shares of employment among:

- Other managers and proprietors
- skilled trades occupations and in particular skills agricultural and related trades, textiles and printing and other trades;
- Caring personal service occupations
- Elementary occupations.

Taken as a group, 'high-skill' occupations are under-represented in Plymouth, Somerset and Torbay with lower than average shares in some specific groups at the LEP level:

- Corporate managers and directors
- Science, research, engineering, and technology professionals
- Business, media and public service professionals and associate professionals
- Culture, media, and sports occupations.

Devon's employment structure is not statistically different to that of England[5]. The occupational profile reflects the industrial structure of the local area and in particular the

- Under-representation of financial and business service employment and associate job opportunities in professional occupations.
- Over-representation of the production sector locally, creating demand for skilled trades

Since working practices and hours of work differ across occupations, the LEPs occupational structure also influences the nature of employment opportunities available locally. The over-representation of service–intensive occupations, for example, is likely to partly explain the greater significance of part-time working locally particularly among women and in East Devon and Exeter, and Devon overall[6]. The rate of temporary working is low (5%) and is only statistically higher than the England average in Exeter. Local employment is also characterised by high levels of self-employment especially in rural areas[7] with almost a fifth

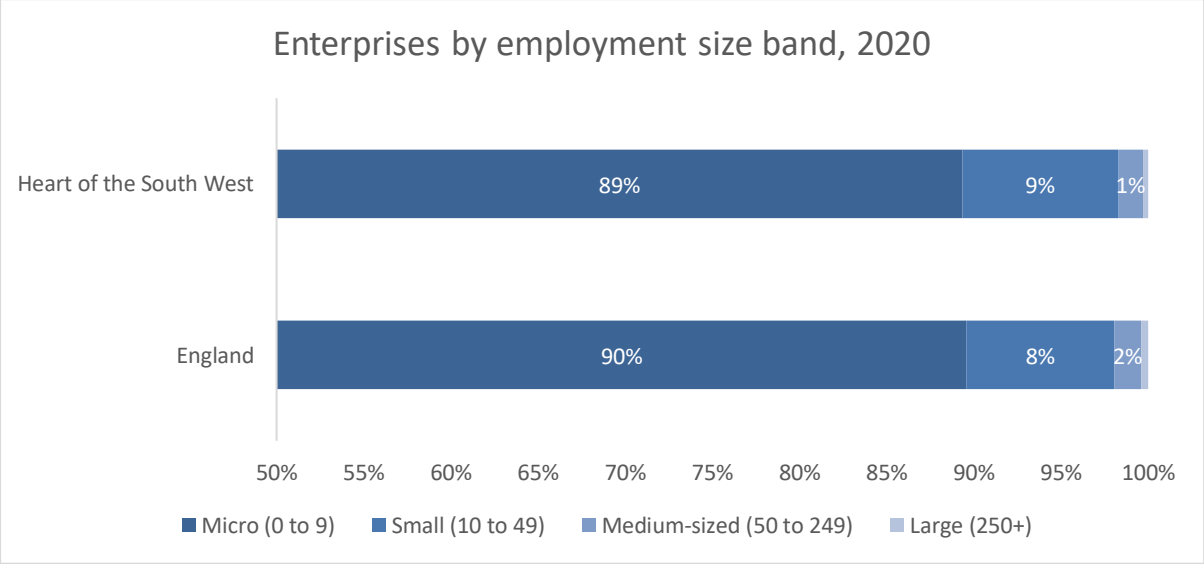
[4] Only includes differences that are statistically significant at the 96% confidence interval.
[5] Small sample sizes mean that most differences between the occupational profile of local authority areas in the Heart of the South West and the England average are not statistically significant even when occupations are into collapsed into larger groups.
[6] Part time working is lower than the national average in Sedgemoor (21%).
[7] Self-employment is particularly high in rural Devon but is only statistically higher than the England average in Torridge (40%) and West Devon (31%).

(19%) of those in employment in the Heart of the South West working for themselves rather than as an employee (compared to 15% across England).

1.4. Enterprises by size

What does the local business landscape look like? E.g. is it predominantly made up of small or large employers? How does this compare to national trends? What implications does this have for the particular challenges these employers face, and how the SAP can best engage with them?

The Heart of the South West is host to a thriving business community. While the region has relatively few very large employers[8] they include globally significant companies which together support around half of the LEP area's total employment[9]. Large companies support an even greater share of employment in Exeter and Plymouth, these two cities only account for around of quarter of the region's employment in large companies. The remainder are reasonably well distributed across the other districts with many towns hosting one or two major employers and their supply chains. These large companies are significant from a skills perspective because large companies are more likely than smaller companies to train their staff, invest in R&D and adopt high performance management practices.



Around one in ten enterprises in the Heart of the South West are either small or medium-sized employers with between 10 to 249 staff. Together this companies support around 30% of employment locally. The vast majority (89%) of enterprises locally, as nationally, are micro enterprises comprising businesses that are run solely by the owner-manager ('zero' employees) and those that employ between 1 and 9 other people. Micro enterprises are particularly important in rural districts of Devon such as West Devon (38%) Torridge (36%)

[8] Enterprises employing 250+.

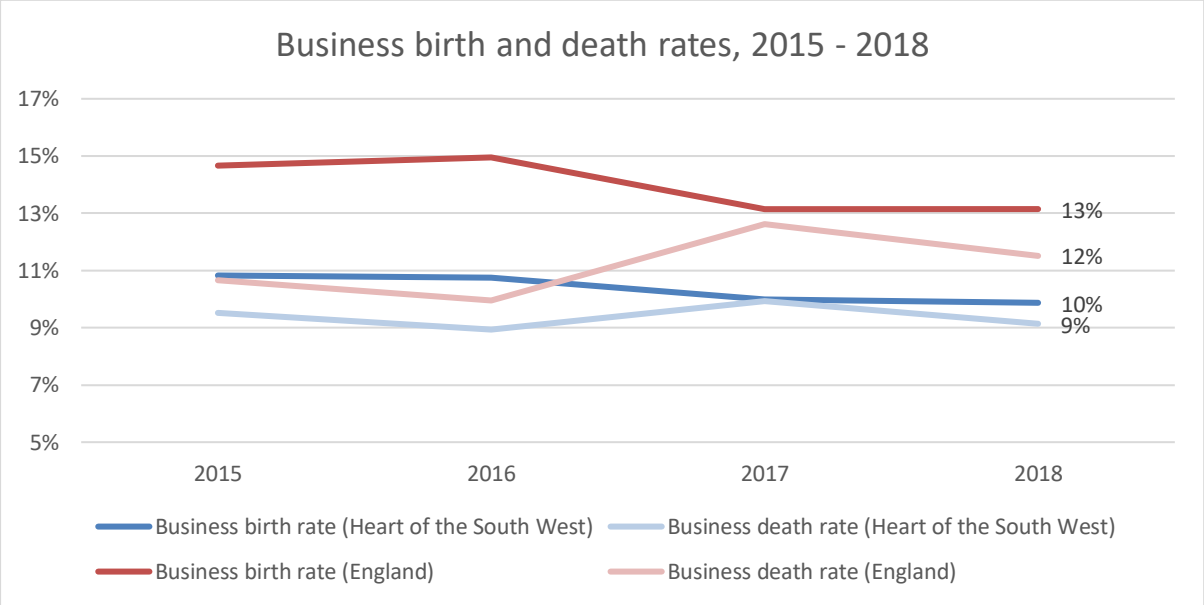
[9] https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/adhocs/12416heartofthesouthwestlocalenterprisepartnershipleplocalunitemploymentandemployeesbysize2020

where their contribution to total employment far exceeds the LEP (22%) and England average (18%).

1.5. Births and deaths of enterprises over time

How have the rates of enterprise births and deaths changed over time? How does this compare to national trends, and what does this suggest about the dynamics of the local economy? What does local intelligence or other data suggest about the survival rates for new businesses?

According to the ONS "a steady rare of business creation and closure is necessary for an economy to grow in the long-run because it allows new ideas to flourish"[10]. New businesses accounted for around a third of jobs created in the UK between 1999 and 2019 and crucially, created more jobs than were lost in businesses that closed. While this analysis of business birth and death rates omits consideration of the employment effects of these changes, it provides an indication of the scale of business dynamism locally.



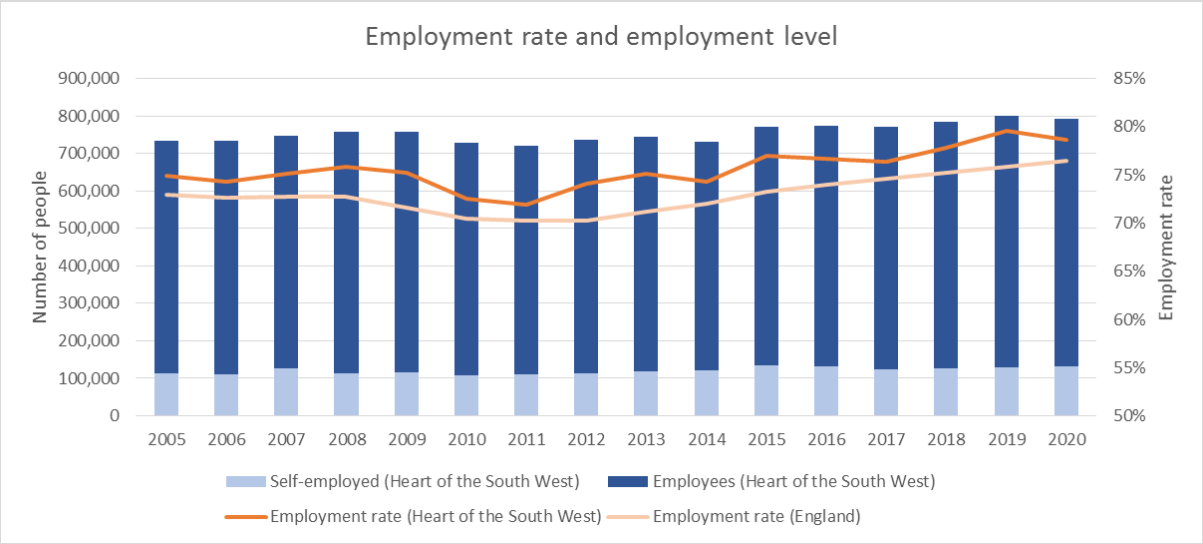
Since both the business birth and death rates in the Heart of the South West are three percentage points lower than the England average this suggests a slightly lower level of business dynamism locally than is typical of the Country as a whole. Business survival rates, however, compare favourably against the England average in most parts of the region although less so for longer durations in Plymouth and Torbay.

10 https://www.ons.gov.uk/businessindustryandtrade/changestobusiness/businessbirthsdeathsandsurvivalrates/bulletins/businessdynamismintheukeconomy/quarter1jantomar1999toquarter4octtodec2019

1.6. Employment level and rate

Employment rate and level: Add narrative How has the employment rate changed over time, and how does that compare with national trends? Are these measures relatively consistent across all area in the SAP, or do some LAs have higher/lower employment rates than others? How does the proportion of self-employed individuals compare to the proportion of employees? What does other data and local intelligence suggest about the levels and causes of economic inactivity? What does local data suggest about the impact of COVID-19 on employment levels?

The Heart of the South West has excellent track record in generating employment opportunities for local people. At 78.6%, the latest estimate is close to the level traditionally associated with 'full employment' and has comfortably exceeded the national average in each of the last 16 years.



Employment has followed a generally upward trajectory since 2010/11 although it is impossible to determine, whether, or to what extent, the decline in the employment rate between 2018/19 and 2019/20 captures early effects of Covid-19 as the change is well within the confidence interval associated with the point estimates[11]. It seems likely, though, that the employment level and rate are currently lower currently lower than the estimates for July 2019 to June 2020 suggest, since both have fallen across the UK since December to February 2019. National trends suggest that employment has fallen most (and for some, continues to fall) among:

- Self-employed and part time employees. This is a particular concern locally, as the Heart of the South West has a greater incidence of self-employment (19%) than the England (15%) average particularly in rural areas[12]. Additionally, part-time working,

[11] At best, we can conclude that the current rate is higher than it was during 2009/2010 to 2010/2011 but is not statistically higher than during any year subsequent to this.

[12] Self-employment is particularly high in rural Devon but is only statistically higher than the England average in Torridge (40%) and West Devon (31%).

is also more common locally (29%, compared to England average of 24.5%) particularly among women and in East Devon and Exeter, and Devon overall[13].

- The youngest and oldest workers. Lockdown immediately reduced employment among those aged 16 to 24 and those aged 65 and over with the most dramatic changes evident for 16 to 17 year olds. The number of working students has also fallen. Take-up of the Government's furlough scheme, the CJRS, is also highest among the youngest[14] and oldest workers and is slightly higher among females than males.

This reduction in employment opportunities for young people is likely to have long-term consequences (source). Local providers have also expressed concern about young peoples' lack of access to work experience placements as a result of Covid-19. These opportunities are particularly valuable to young people from less advantaged backgrounds who may not benefit from the networks that are often available to their peers.

The Heart of the South West has a greater share of employment in sectors that have been most affected by the pandemic (see previous section) particularly in Torbay (73%) where employment rates are already lower than those in Somerset and Devon[15].

Economic inactivity among the working age population locally (18%) is lower than the national average (20%). While low inactivity rates among those aged 25 to 49 should be viewed positively, low rates among young people can reflect lower levels of participation in full time engagement and training. Significantly, young people (aged 16 to 19) in the Heart of the South West have much lower economic activity rates (40%) than the England (56%) average. This is consistent with the lower progression rates discussed in subsequent sections. Residents aged 50 and over are most likely to be economically inactive (58%), however, with this rising to 87% of those aged 65 and over. Economic inactivity among older people is higher than the national average. The reasons for inactivity are consistent with the trends described above by age. For example, almost (19%) one-fifth are inactive because they have retired with this reason accounting for a greater share of inactivity than the England average (13%).

1.7. Nominal (smoothed) GVA over time

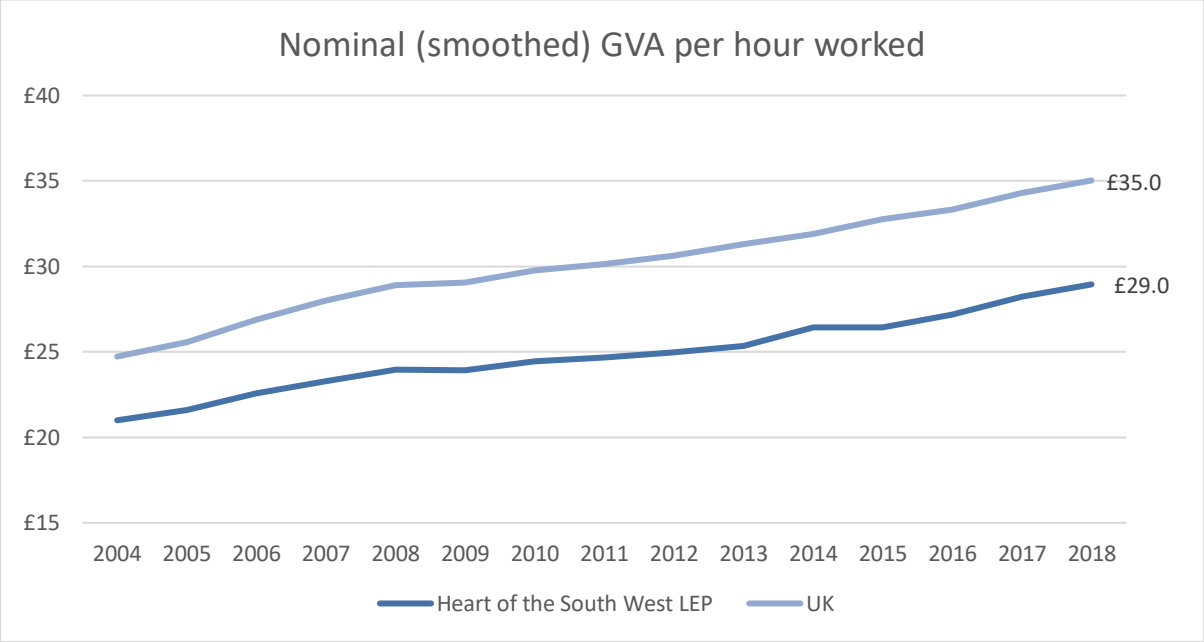
How has productivity for the local area changed over time, and how does this compare to trends for the UK? How does this link to wider trends in pay and living standards? Are there particular sectors which significantly contribute to GVA in the local area?

[13] Part time working is lower than the national average in Sedgemoor (21%).

[14] The take up rate among workers aged under 18 is 16% and those aged 65 and over is 14%. Comparable rates for other age groups are: 18 to 24 (13%), 25 to 64 (10%). SourceL HMRC CJRS and APYE Real Time Information. https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-october-2020

[15] But are not statistically different to the England average.

Productivity, measured in terms of GVA per hour worked, was 17% lower in the Heart of the South West (£29.00) than the UK (£35.00) average in 2019. When ranked on this measure, the Heart of the South West features among several other rural enterprise regions with relatively low labour productivity including Cornwall & the Isles of Scilly, the Marshes, Stoke-on-Trent and Staffordshire, Worcestershire and Greater Lincolnshire ranking 31st of 38 LEP areas overall[16].



Productivity is lower than the national average in all local authority districts within the LEP area but only marginally so in Exeter (£34.60). Mendip the poorest performing district locally (£25.00) was also the lowest ranked of all NUTS3 areas nationally[17].

Nominal productivity data suggests that the productivity gap with the UK widened between 2004 and 2015 but narrowed marginally over the next three years. The Heart of the South ranks mid-table in terms of *real* productivity growth between 2004 and 2018: improving by 4.5% over this period, compared to 9.7% for the UK as a whole.

Recognising the Heart of the South West's growing productivity gap with the rest of the UK, the Heart of the South West LEP has agreed an ambitious Productivity Strategy[18] underpinned by an evidence base exploring the drivers of productivity[19]. This, and subsequent, analysis identifies local weakness in terms of:

[16] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/subregionalproductivitylabourproductivitygvaperhourworkedandgvaperfilledjobindicesbylocalenterprisepartnership

[17] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/regionalandsubregionalproductivityintheuk/february2020#results-for-enterprise-regions

[18] https://heartofswlep.co.uk/growing-our-economy/productivity-strategy/

[19] https://heartofswlep.co.uk/wp-content/uploads/2020/01/Driving-Productivity-in-HotSW-Green-Paper-AC-Updates-030719.pdf

- Skills – the proportion of residents[20] in employment with Level 4 qualifications or above is lower than the England average (39% compared to 45%)[21].
- Innovation - on numerous measures the LEP areas performs the lower end of the scale in terms of innovation. For example, business investment in research development as a proportion of GDP in Devon is typically less than half the UK average[22].
- Enterprise – the Heart of the South West tends to create fewer new businesses, and has fewer foreign-owned business[23]. Productivity lags the national average in all sectors apart from public administration and in some sectors, such as finance and insurance and information and communication the gaps in very large. In addition, the LEP area as lower densities of employment in this highly productive financial and insurance and information and communication sectors and higher densities of employment in a number of relatively low productivity sectors[24].
- Competitiveness – a greater share of employers locally primarily serve their local area (52%) than the England (47%) average[25] and a lower share of GVA locally is exported (10% compared to 18%).[26]
- Infrastructure – located within the South West peninsular, it can take around 3½ hours to drive to London from Exeter and 4 hours from Plymouth. Transport and digital connectivity is one of four key priority areas identified in the Heart of the South West LEP area 2018 Productivity Strategy[27].

The Industrial Strategy Council recently identified three narratives that help to explain the deep roots of spatial productivity differences across the UK[28] in a paper published earlier this year. The agglomeration narrative posits that "some places have been able to attract clusters of economic activity which have become self-sustaining as a result of a circular economic logic" due to localisation[29] and urbanisation economies[30]. According to this narrative local strategies to develop clusters of activities that capitalise of the "Golden Opportunities" identified in the Devolution Prospectus will assist in this realisation of these economies but as yet, the Heart of the South West lacks business clusters of great scale,

[20] Aged between16 to 64.

[21] Annual Population Survey, January to December 2019.

[22] According to Eurostat, business sector investment in R&D as a percentage of GDP was 0.55% in Devon in 2018 compared to 1.17% in the UK.

[23] At 0.3% of the total business population the LEP area has one of the lowest shared of foreign-owned businesses of all LEP areas.

[24] Including: arts, enterataining & recreation; accommpation and food servides; agriculture; and human and social work

[25] UK Employer Skills Survey 2019. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/925755/ESS_2019_LEP_Data_Tables_Controlled_v01.01.xlsx

[26] Heart of the South West LEP (2020) Developing the evidence base for the review of the South West Innovation Ecosystem. Unpublished.

[27] Stepping up to the Challenge. Productivity Strategy, Heart of the South West LEP area Partnership 2018

[28] https://industrialstrategycouncil.org/sites/default/files/attachments/UK%20Regional%20Productivity%20Differences%20-%20An%20Evidence%20Review_1.pdf

[29] Whereby specialised firms benefit from the ability to trade and interact with other firms in their industry that form part of the same cluster

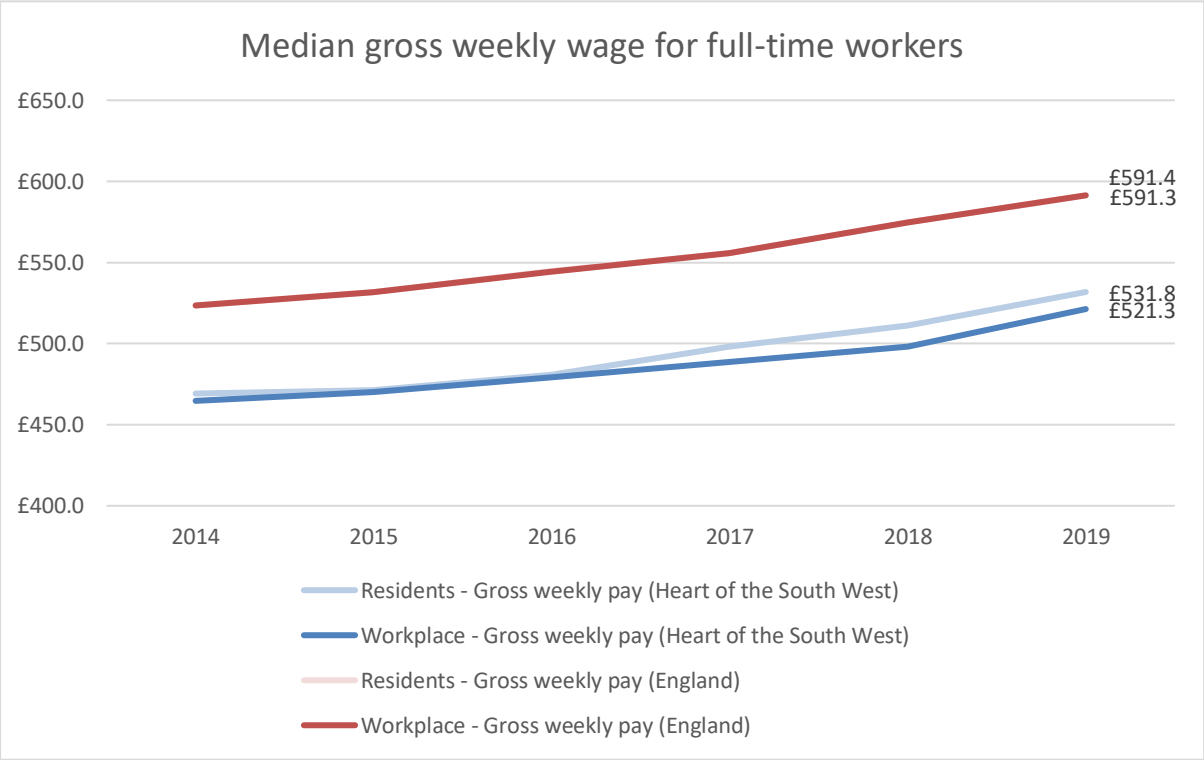
[30] Whereby firms benefit from sharing the specific common resources offered by large cities

and its key cities, are small by national standards[31]. It may therefore take time for these economies to be realised.

1.8. Median wages over time

How have wages changed in the local area over time? How does this compare to national trends? Are there particular differences between the trends for residents and those working in the local area? What does suggest about the local labour market? How does this link to patterns of commuting? Are wages consistent across all areas of the SAP?

There is a close relationship between productivity and earnings because "compensation of employees" accounts for the largest component of Gross Value Added (55%). In 2019, the median full time weekly wage for people working in the Heart of the South West was £522[32] and £532 for people living in the Heart of the South West although these results are not statistically different to each other. Both estimates are lower than the England average: the former, 12% lower and the latter 10% lower.



As the ASHE estimates are subject to fairly large confidence intervals, particularly, at the local authority district level, and changes over time tend to be relatively small, variations within the LEP area and over time, should be treated with a degree of caution. It is possible

[31] The City of Plymouth is 17th and Exeter, 50th in the ranking of 112 major towns and cities in England based on 2019 population estimates.

[32] The standard error associated with both these estimates is ± 1.7% of the figure.

to conclude, however, that median earnings for full time employees working in the Heart of the South West are:

- Higher in Exeter (£580) than most other local authorities but are not statistically different to those in Somerset West & Taunton (£567) and South Somerset (£570).
- Lower than the LEP average in Torbay (£458), large swathes of rural Devon[33] and Mendip (£462).
- Lower than the England average in most lower-tier local authority districts with the Heart of the South West but are not statistically different to the national average in Exeter, Somerset West & Taunton and South Somerset.
- Higher in the Heart of the South West for 2019 than in previous years, including 2018; but at 12%, the percentage change in nominal earnings between 2014 and 2019 is unlikely to be statistically different to the England average (13%).

Differences in residence and workplace based earnings reflect commuting patterns within the LEP area, with higher-skilled employees choosing to commute to nearby cities to access higher-paid work here from satellite towns and villages. The median full-time earnings of Mendip (£572) and Mid Devon (£547) residents, for example, far exceeds the wages earned by employees working in the district probably due to net commuter flows to Bristol and Bath, and Exeter respectively from these districts.

National data (presented in Annex B) suggests that real average weekly earnings only recently recovered to levels recorded before the 2007/8 financial crisis and that while pay has held up for most employees, some employees have fared less well in terms of earnings growth over the 12 months to April 2020; most notably younger employees, the lowest-paid part time employees and working in accommodation and food services. Nationally, more than one in ten (11%) employees were furloughed with reduced pay in April 2020 but with significantly larger proportions than this reported for the following groups of employees:

- Accommodation and food service activities (39%), arts, entertainment and recreation (27%), Construction (26%) and other services (20%).
- Process plant and machine operatives (26%), Sales and customer services 20%), caring, leisure and other service occupations (22%).
- 16 to 17 (29%) and 18 to 21 (22%) year olds.

Looking forward, the Bank of England Monetary Policy Report sets out an expectation of subdued pay growth in the coming months due to fears of rising unemployment and reduced volumes of job-to-job moves, which are both determinants of upward pressure on pay[34].

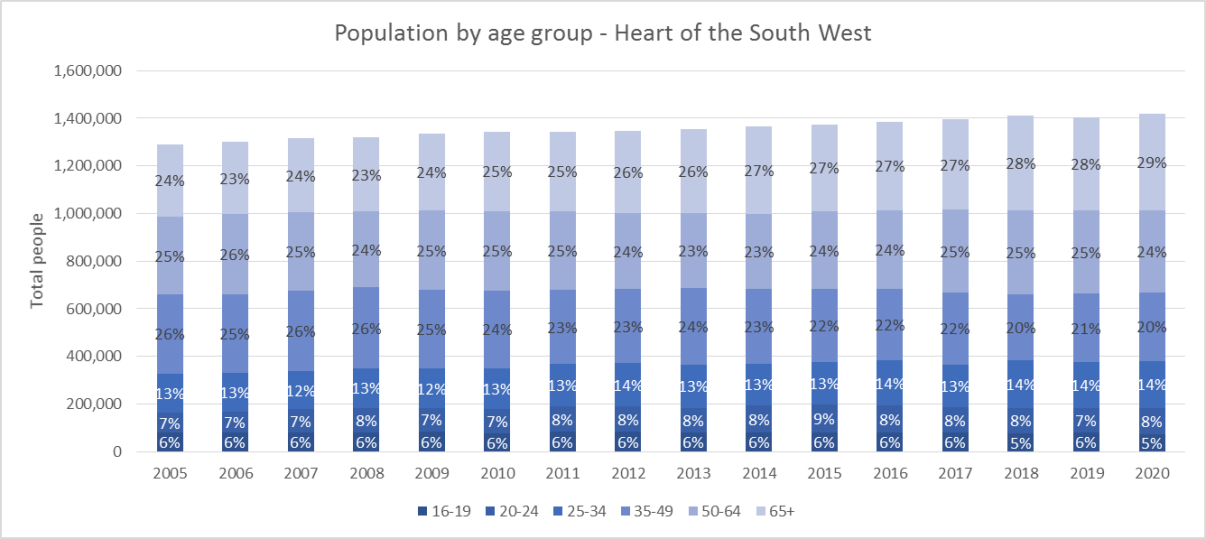
[33] Mid Devon (£462), North Devon (£492), Teignbridge (£467) and Torridge (£458).

[34] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/latest#earnings-growth

1.9. Population by age group over time

What is the age profile of the population? How has this changed over time? What are the implications for the local workforce and labour market? Does it present any particular challenges or opportunities?

The Heart of the South West is home to more than 1.4 million people aged 16 and over. More than half the adult population (53%) is aged 50 and over with a further third (34%) aged between 25 and 49. Young adults aged between 16 and 24 account for the remaining 13% of residents. Compared the England as whole, the Heart of the South West has a higher share of its adult population in the oldest (46%) age group and a lower share in the middle age group (41%). The share of the adult population aged 16 to 24 is the same as the England average.



Most of the local authorities in the Heart of the South West share a similar age structure with Exeter and Plymouth being the notable exceptions. In common with other UK cities these have a younger age profile than average (and have fewer older residents). West Devon (67%) and Torbay (60%) have a higher share of older residents than the Heart of the South West average.

The Heart of the South West's working age population[35] has increased only modestly (2%) over the last 15 years and by a smaller percentage than the national average (8%). Within, this sub-set of the population, as nationally, the number of 16 to 19 year olds and 35 to 49 year olds, has declined, while all other age groups have increased. In addition the number of residents aged 65 and over by contrast has also increased, by over one-third (35%).

The Heart of the South West is one of the most rural LEP areas overall with Plymouth, Exeter and Torbay contrasting sharply with local authority districts such as West Devon,

[35] Aged 16 to 64.

South Hams, Mid Devon, West Somerset and South Somerset hat have a predominately rural population[36].

These characteristic pose a number of challenges:

- Labour shortages could constrain future economic growth if the working age population continues to grow only slowly. While the current jobs crisis means that this may not be an immediate concern, labour shortages could emerge in some parts of the region, and in some sectors. This is most likely to affect employers in rural areas, and those with older populations. Policy responses fall into three main camps, measures to (i) retain existing residents, particularly graduates in the area; (ii) attract workers into the area either permanently (i.e. relocations) or temporarily (i.e. commuters or home-workers); and (iii) reduce economic inactivity by supporting greater participation in the labour market.
- Fewer young people will have implications for education and training providers. A shrinking cohort of young learners, however, could be compensated by growing demand for learning among adults.
- Rurality poses problems for residents and employers alike. Young people in particular, can struggle to access education and training opportunities. Access to affordable housing among young people is also an issue especially in popular tourist destinations. Employers in rural areas can find it difficult to find the staff the need especially if they need specialist skills and/or are located in inaccessible or sparsely populated areas.
- Employers' human resources strategies and policies need to reflect the ageing population. The implications for corporate culture, recruitment, training, occupational health and retention are wide-ranging and could include actions to facilitate inter-generational learning and the sharing of corporate knowledge.
- The rise in the number and share of people aged 65 and over is likely to pose a challenge in terms of both retirements and care needs. As this demographic leaves the labour market, replacement demand will increase. Additionally, this demographic is more likely to have complex medical and care needs, placing additional demand on both public services and other workers who will have caring responsibilities for ageing parents and other relatives.

[36] https://www.gov.uk/government/statistical-data-sets/rural-statistics-local-level-data-sets

1.10. Claimant count

How has the number of claimants changed over time? How does this compare to national trends? How has this changed since the onset of COVID-19? What particular skills issues does this suggest? How do these findings link to national and local initiatives around unemployment in the context of COVID-19?

Restrictions imposed to safeguard public health against Covid-19 have precipitated a substantial increase in joblessness despite the Government investing more than £52bn in furlough, and self-employment income support schemes. These programmes are currently supporting 71,000 employees[37] and 66,100 self-employed individuals[38] locally although this number may increase as data related to the second national lockdown becomes available. These individuals are also potentially vulnerable to unemployment in the months ahead for example, if businesses cannot afford their contribution to the scheme.

The increase in joblessness is being fuelled by record numbers of people reported being made redundant[39] nationally, in the three months to September with the last estimate exceeding that posted during the peak of the 2008/09 financial crisis[40]. Redundancy rates nationally are highest among young people (aged 16 to 24) and within large swathes of the private sector but particularly accommodation & food services and construction.

The rise is joblessness locally is illustrated by the rapid rise in the 'claimant count': the headline measure of the number of people claiming benefits principally for the reason of being unemployed[41]. The rise in the count predates the pandemic but contributed to an almost doubling of the count between March and April as a consequence of the first national lockdown. The level has fluctuated since then reaching a peak of 56,740 in May but falling to 56,190 in August 2020 and more latterly, 51,260 in October. It seems likely, however, that the second national lockdown will result in a rise in the count during November.

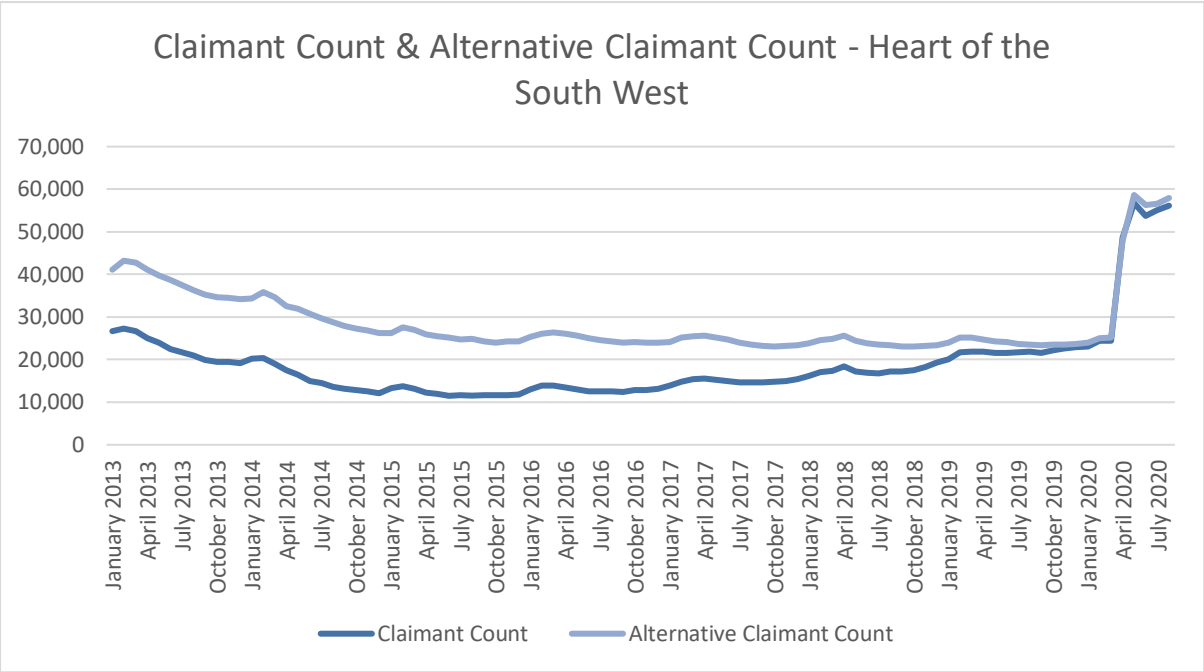
[37] As at 31st August.

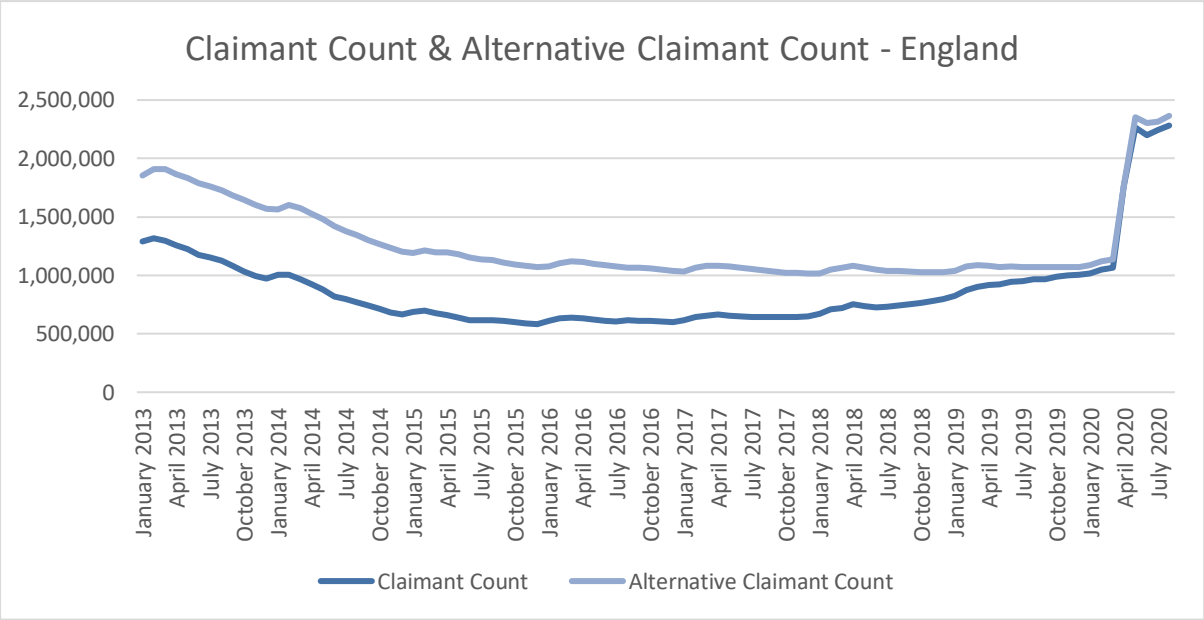
[38] As at 30th September.

[39] Or taking voluntary redundancy.

[40] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/november2020#redundancies

[41] although the introduction of Universal Credit means that some claimants are in work but have low income.





The count has risen across the LEP area with higher rates of increase typically recorded in rural areas, where levels were originally low. In August 2020, the claimant count rate was higher than the England (6.5%) average in Torbay (7.8%) and Plymouth (6.6%).

Unfortunately claimant count statistics are not published as a rate by client group, however, the national Labour Force Survey reveals that the ILO unemployment rate has risen most among the group that already had the highest risks of unemployment: young people. The statistics suggest that facing poor hiring possibilities many individuals in the youngest and oldest age groups are becoming economically inactive: the former probably choosing to

continue their education or education this is and the latter, taking a 'sabbatical' form work or early retirement. These trends pose two challenges for local policy makers: firstly, those individuals who are currently looking for work are probably doing so because other options such as further education & training or early retirement are either unattractive to them or simply not viable. Support in job search and in some cases, re-training to orientate around local opportunities will be crucial. Secondly, as the population projections reviewed earlier suggest a tightening in labour supply, when recovery comes, it will be important to provide routes back to employment to those that have withdrawn from the labour market in recent weeks. This is a particular issue for the Heart of the South West which has an older workforce than average.

The outlook for unemployment is currently fairly bleak with further rises expected during 2020. The median independent forecast published in the last 3 months[42], suggest that unemployment across the UK could reach 3.2 million (or 7.5%) during the final quarter of this year before easing back to 2.7 million (6.7%) in the final quarter of next year. Given that the ILO measure of unemployment for the Heart of the South West was around 92% of the UK rate during July 2019 to June 2020[43], this suggests ILO unemployment in the area could reach 6.9% (60,700) this year, and 6.2% (54,200) next, up from 3.5% (30,404) during the 12 months to June 2020.

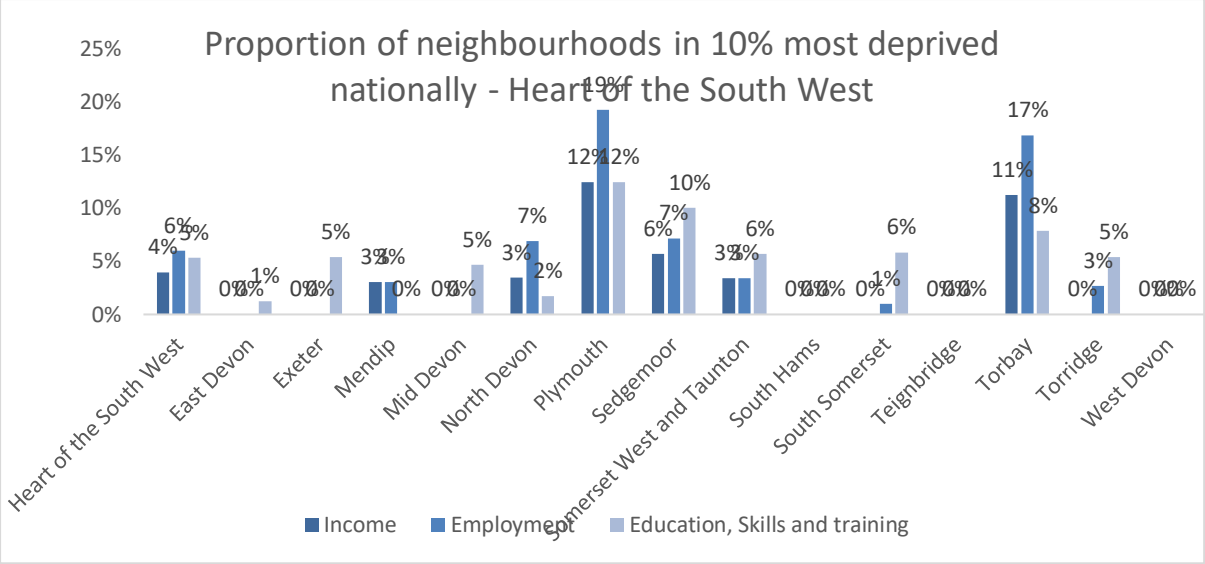
1.11. Proportion of LSOAs, in most deprived 10% nationally (income, employment, education

What are levels of deprivation like in the local area? How does this vary across LAs? What implications does this have for living standards and skills issues more generally?

Overall, while the Heart of the South LEP performs well on measures of material advantage, pockets of deprivation exist within its communities. From a geographic perspective, these neighbourhoods are most numerous – in relative terms – in Plymouth, Torbay and Sedgemoor but also exist in Somerset West and Taunton and North Devon. These neighbourhoods perform poorly on income, employment and education, skills and training measures. Other districts have pockets of deprivation in terms of lack of attainment and skills in the local population particularly South Somerset, Torridge, Mid-Devon and Exeter.

[42] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/931717/Forecomp_October_2020.pdf

[43] At this time the ILO rate of unemployment in the Heart of the South West was 3.5% compared to 3.8% across the UK.



Source: MHCLG

2. SKILLS SUPPLY

What are the main challenges and opportunities in the skills pipeline? • What does the overall picture of local provision look like? For example, how is it split between FE, apprenticeships, and HE? How many independent providers are there? What does this mean in terms of how the SAP can successfully engage with local providers? • How does the data presented here align with local intelligence, particularly insight from local providers? • What challenges for skills supply has COVID-19 introduced? • How do these findings link to national policies (e.g. Apprenticeship Levy, T-levels, Advanced Learner Loans) and local interventions? • SAPs analytical toolkit questions: Are there provisions in place to ensure the labour force will have skills for current and future demand? What are the reasons that may prevent this?

2.1. Overview

The education system is effective in ensuring that most young people attain a Level 2 qualification at age 19 although attainment at this level has fallen in each of the last four years and disadvantaged pupils are considerably less likely to achieve educationally than their peers. National studies, however, show that many of those that do not achieve by age 19, do achieve Level 2 or 3 by age 25[44]. These 'second', or even 'third' chance opportunities are crucial for those individuals who did not achieve formal qualifications at school or college and will undoubtedly be important in supporting young learners in the months and years ahead.

The Covid-19 pandemic risks a lasting deleterious impact on the life chances of disadvantaged pupils through: learning loss experienced during the first lockdown and subsequent summer holiday; the effects of low income on health and well-being; and the lack of apprenticeship or other employment opportunities for those not entering further of higher education. There is also a risk that young people who chose to remain in education, in response to the lack of employment opportunities, may suffer psychologically, if they are not adequately supported in their studies. Restrictions are also likely to have reduced the availability of work placements which offer vital opportunities for less well connected students to forge relationships with adults outside their immediate family.

Those that do remain in education tend to achieve well, and acquire qualifications in subjects valued by employers – as evidenced by their better-than-average employment rates. Rudimentary assessment of labour market fit suggests that there is an opportunity, perhaps, to encourage more learners to access courses at all levels in subjects allied to information & communication, business administration & law; health, public services and care (including teaching) and engineering and manufacturing technologies. This needs to be underpinned by access to good quality careers information, advice and guidance.

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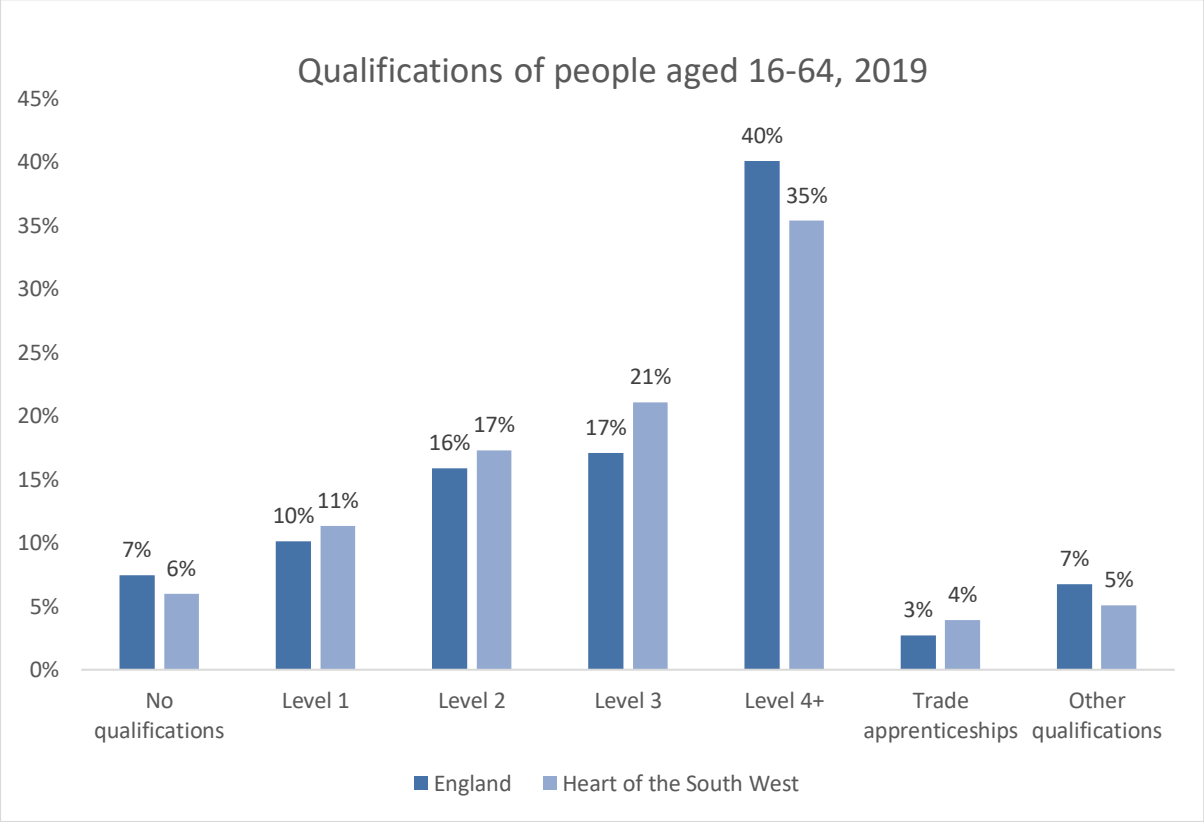
44 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/881199/Level_2_and_3_attainment_by_19_2019_statistical_commentary.pdf

Progression into higher education is low, however, given attainment at Level 3 and graduate retention is a challenge as it is for many areas outside London and the South East. The further development of industrial clusters may aid this process and entice experienced workers into the area with the possibility of opportunities beyond the 'destination job'. While salaries are lower than the England average, the Heart of the South West performs well on various quality of life metrics including house prices and environmental quality.

2.2. Highest qualification

What are the qualifications of the local workforce? How does this compare to national trends? Are there any particularly notable differences between different groups (e.g. when comparing age groups, economically active vs. inactive or across different LAs?)

The qualification profile of the Heart of the South West residents broadly mirrors the England average but with greater emphasis on intermediate level qualifications and correspondingly fewer residents with the highest (and lowest) level of qualification.



This pattern holds across all age groups although the gap in attainment at Level 4 and above is widest among residents in their 20s and 30s. This is likely to reflect lower levels of participation in higher education locally but also the 'brain drain' among recent graduates which is partially offset by incoming experienced graduates in their 40s and 50s.

As nationally, economic activity, and especially employment, is associated with higher levels of qualification consistent with the lower levels of unemployment experienced by well-qualified people. The profile of qualifications is congruent with the greater emphasis on technician level occupations locally, than the national average. Within the Heart of the South West, the proportion of residents with qualifications at Level 2 or above is higher than the England average in South Hams, Somerset West and Taunton and Exeter.

The recent Lifetime Skills Guarantee announced by the Government could potentially benefit around 334,000 adults locally, aged between 25 and 64 who have not already achieved a qualification at Level 3 or above. Within this group are 145,000 people who already hold a Level 2[45] qualification and who therefore potentially offer the shortest progression journey. National research suggests however, that around half of the population in the lowest socio-economic group have not engaged in any learning activity since leaving school: engaging this group in learning will be a key challenge locally.

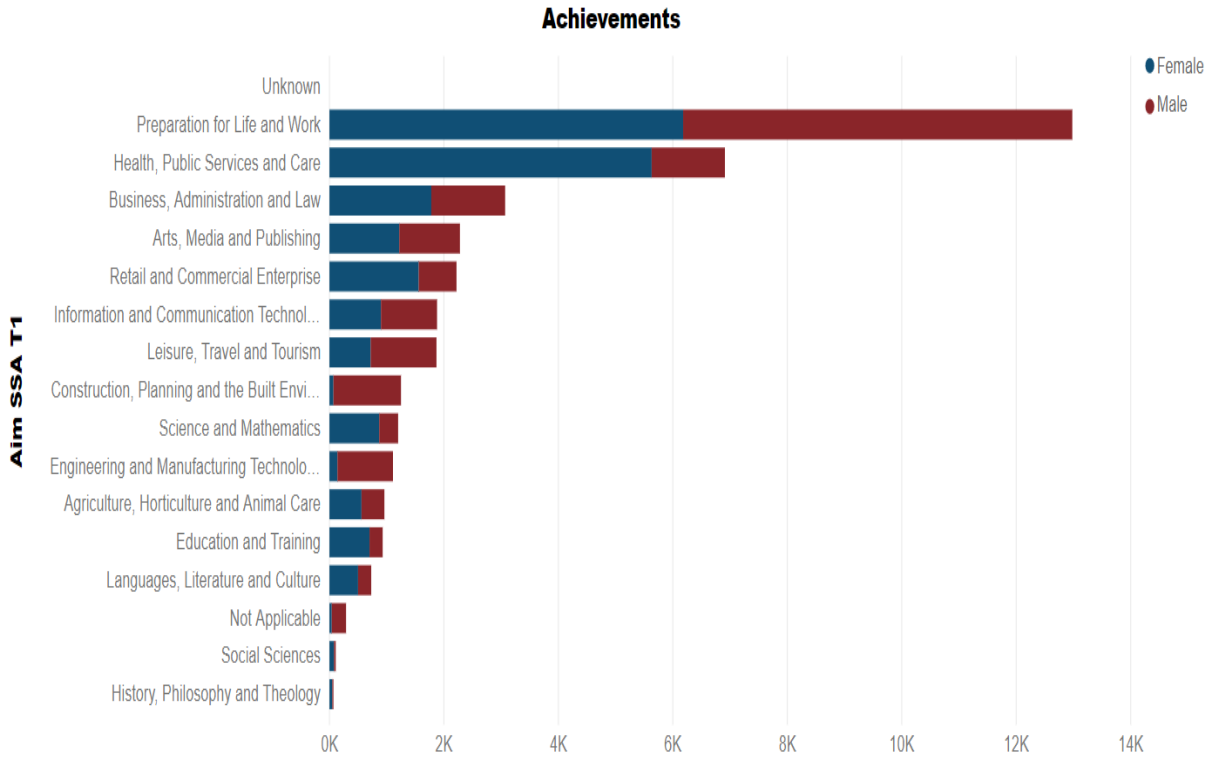
Crucially, workforce skills have not improved in recent years partly reflecting a fall in the proportion of young people leaving school or college with Level 2 qualifications but also, a decline in adult participation in learning. This trend could also reflect changing migration patterns among the well-qualified. Given employment projections suggest rising demand for high level qualifications, a shortage of suitably qualified workers could hamper economic growth locally.

2.3. Adult FE Education and Training Achievements by Sector Subject Area

Are achievements concentrated in particular subjects? How does this compare to the national picture? If possible, how do these align to priority sectors and the main sectors of employment? Is this data consistent with intelligence from local providers? Are there interesting trends in terms of the qualification levels of trends?

Broadly, the distribution of achievements across Sector Skill Areas locally follows the England average with 'preparation for life and work' accounting for the largest share followed by health, public services and care, business, administration and law, and arts, media and publishing.

[45] This is the sum of 127,300 already qualified to Level 2 and 50% of those with a Trade Apprenticeship (17,150).



The sector subject areas can be split into four broad groups:

- Vocational subjects[46]: Around half (49%) of the achievements are in vocational subjects with the most popular being: health and social care; sport, leisure and recreation; crafts, creative arts and design; service enterprises[47], building and construction and business management. Attainment is typically at either Level 2 (42%) or below Level 2 (38%).
- Preparation for life and work: Almost two-fifths (38%) of qualifications are in 'preparation for life and work': commonly in employability skills that help prepare learners for working life. Qualifications tend to be at a fairly low level with the vast majority (85%) below Level 2 with most of the remainder (13%) at Level 2. These qualifications account for a smaller share of all government-funded training locally, than the England average (49%).
- Basic skills[48] One-in-ten qualifications are in Maths & English or IT for users locally, lower than the England average (7%).

[46] This group includes: Agriculture, Horticulture and Animal Care; Arts, Media and Publishing; Business, Administration and Law; Education and Training; Engineering and Training; Engineering and Manufacturing Technologies; Health, Public Services and Care; Information and Communications Technology for x; Leisure, Literature and Culture; and Retail and Commercial Enterprise.

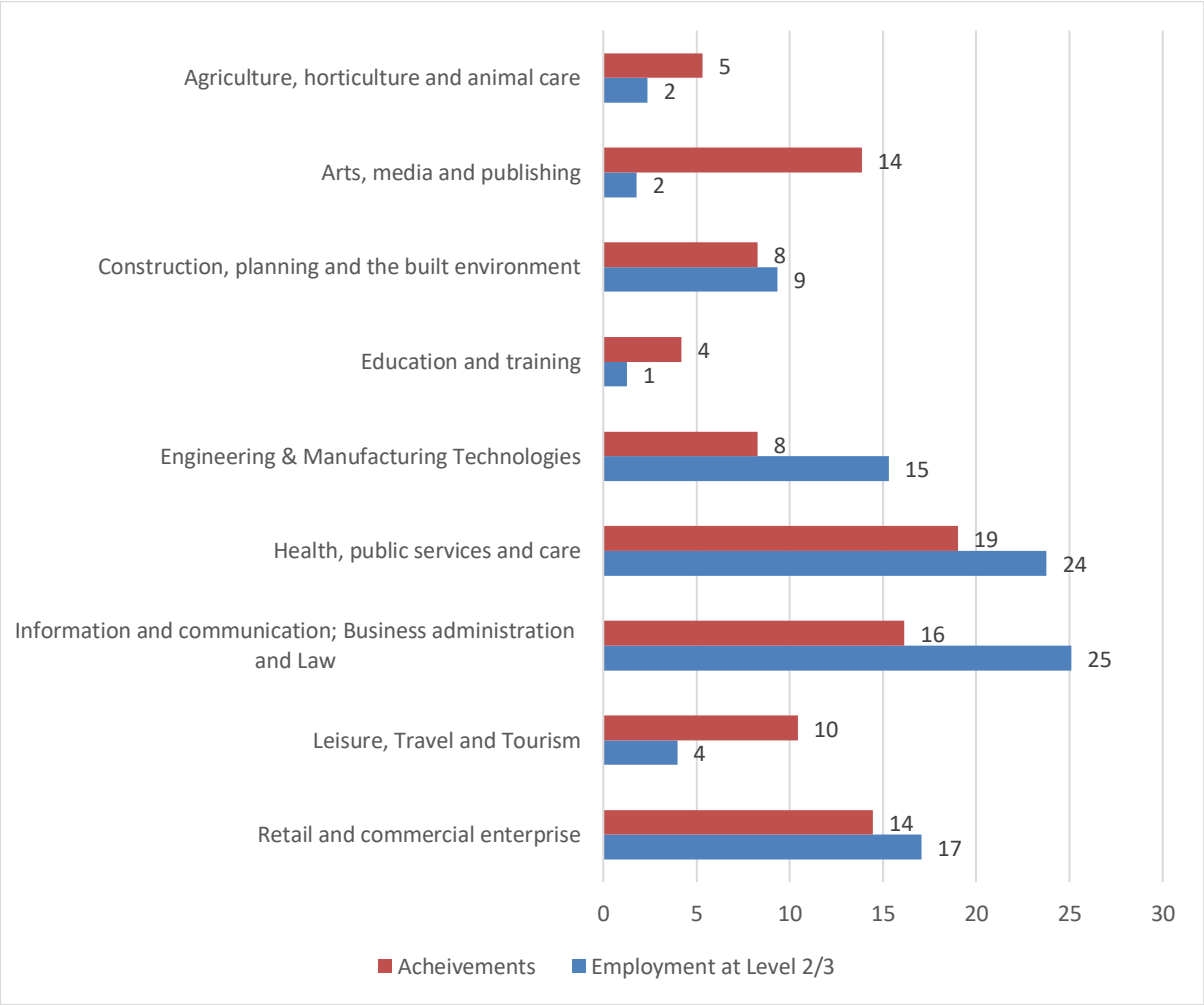
[47] Mainly hairdressing, barbering and beauty therapies.

[48] This includes: Languages (English); Information Technology for Users; and Mathematics and Statistics

- Academic subjects (other than English and maths)[49]: There is a very small number of qualifications in other academic subjects (other than Maths and English).

Comparing the profile of achievements across vocational subjects with the profile of employment across sectors provides a crude assessment of the 'fit' between qualifications awarded and the needs of the local economy (Figure 1).

Figure 1 Distribution of adult FE Education and Training achievements in vocational subjects compared to the distribution of employment in matched occupations, Heart of the South West; 2018/19



Source: Department for Education – Individualised Learner Record and NOMIS – Annual Population Survey

Methodological limitations aside, this simple exercise highlights that given the share of employment in matched occupations at Level 2 and 3 locally, the share of adult further education achievements is broadly matched for *retail & commercial enterprise* and *construction, planning & the built environment*. Where imbalances exist these are for:

[49] This group includes: History, Philosophy and Theology; Languages, Literature and Culture: x; Science and Social Sciences.

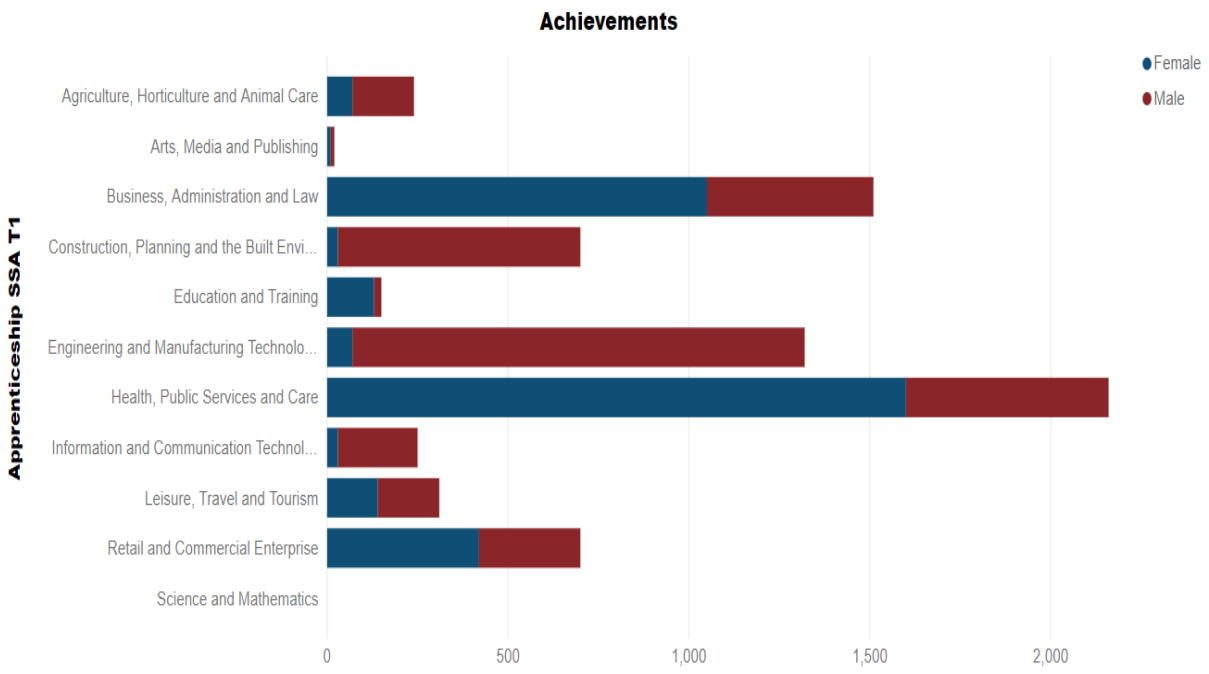
- A potential 'over-supply' of qualifications allied to: *arts, media & publishing*, *leisure, travel & tourism* and to a lesser extent *agriculture, horticulture & animal care*. The relative popularity of these courses among learners is not matched to the share of employment at Level 2 and Level 3 in these occupations, at least locally.

- A potential 'under supply' of qualifications in subjects allied to *information & communication*, *business administration & law*, *engineering & manufacturing technologies* and *health, public services & care,* relative to current employment levels in related occupations. Given that projections suggest that employment in business & financial services and health & social care will grow strongly in future, these are areas where there appears potential to grow local demand.

2.4. Apprenticeship achievements by subject area

Are achievements concentrated in particular subjects? How does this compare to the national picture? If possible, how do these align to priority sectors and the main sectors of employment? Is this data consistent with intelligence from local providers? Are there interesting trends in terms of the qualification levels of trends? What does local intelligence suggest about the role of apprentices? How has this changed as result of the apprenticeship levy?

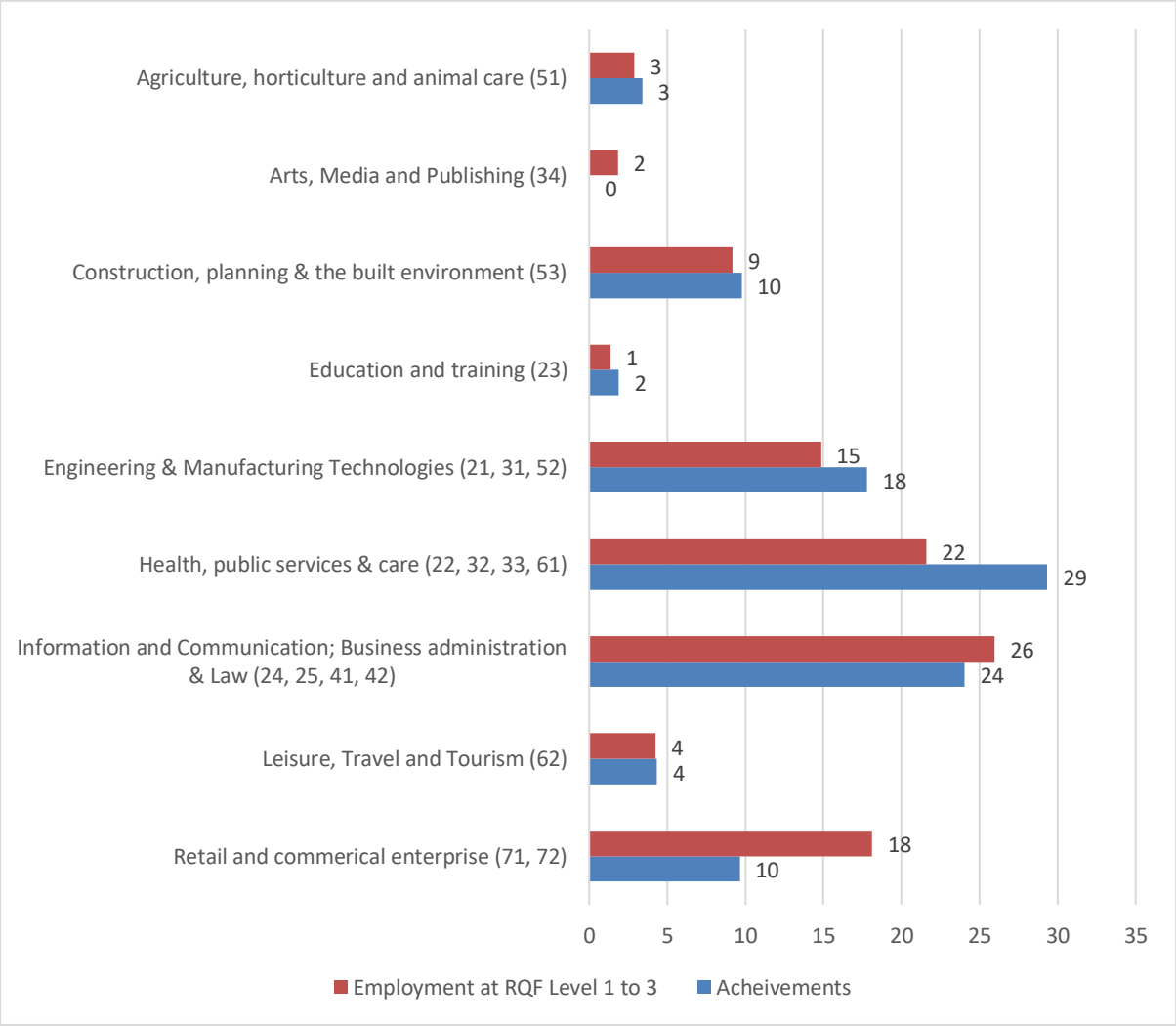
The distribution of apprenticeship achievements across sector subject areas broadly follows the national patterns with most occurring within health, public services & care (29%), business, administration & law (21%) and engineering & manufacturing technologies (18%).



The main differences between the Heart of the South West and the England average are: greater share of achievements in health, public services & care, and construction, planning & the built environment; and a smaller share in business, administration & law and retail & commercial enterprise. However, given the lower representation of employment in business services locally, the lower share of apprenticeships is perhaps not unexpected.

Comparing the profile of apprentices with the profile of employment at Level 1 to 3 in matched occupations (Figure 2) suggests that the supply of apprenticeships aligns well against the current and future needs of the economy particularly with respect to three most popular subject areas.

Figure 2 Comparison of the distribution of apprenticeship achievements in 2018/9 with the distribution of employment at Level 1 and 3 in matched occupations in 2017



Source: DfE and Working Futures

There is an under-representation within retail and commercial enterprise for apprenticeships but is set against an over-representation within adult further education.

The number of apprenticeship starts has fallen since the introduction of the apprenticeship levy and mainly among older apprentices (aged 25 and over) and those at intermediate level. Higher level apprenticeships have bucked the trend and while they still account for a relatively small share of all starts this has increased year-on-year, rising from 3% in 2014/15 to 16% in 2018/19.

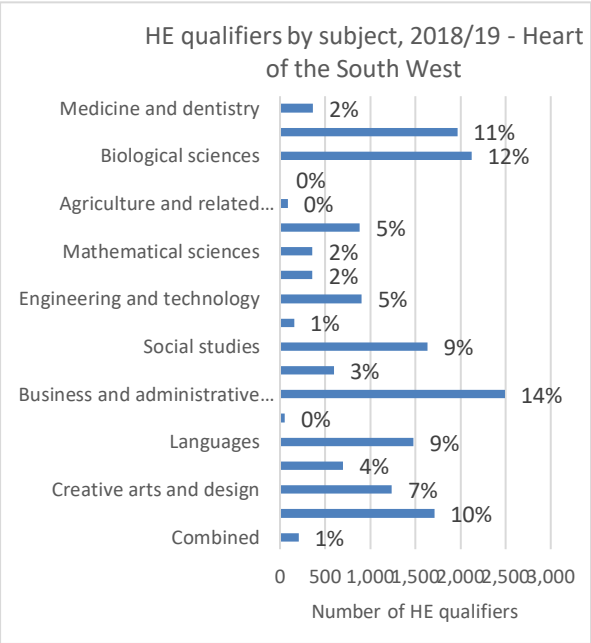
Apprenticeships are popular locally, particularly in Plymouth which has among the highest levels of participation in apprenticeships at KS4 and Level 3 in the Country. Fewer apprenticeship vacancies are being advertised this year compared to last, with particularly large falls occurring in the months after coronavirus restrictions were implemented[50]. Nationally, July and August 2020 vacancies were lower than those in the previous year, but more in line with differences seen prior to restrictions being implemented. This reduction is also likely to have affected the availability of apprenticeships locally; and will particularly areas such as Plymouth, which reply on these opportunities to help young people make a firm foothold in the labour market.

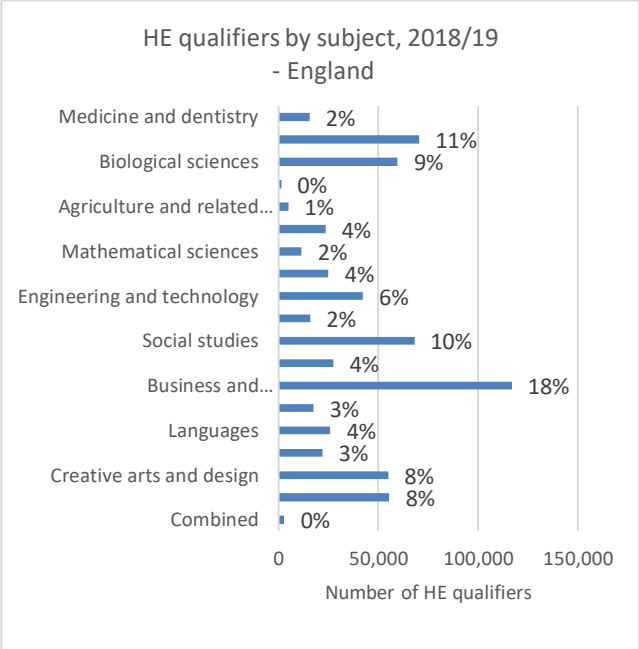
The reduction in vacancies post-Covid-19 is a cause for concern reducing the opportunities for young people to make a firm foothold in the labour market at a very difficult time generally for recruitment.

2.5. Higher Education qualifiers by Sector Subject Area

Are qualifiers concentrated in particular subjects? How does this compare to the national picture? If possible, how do these align to priority sectors and the main sectors of employment? Is this data consistent with intelligence from local providers?

[50] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/924957/october_2020_release_main_text.pdf





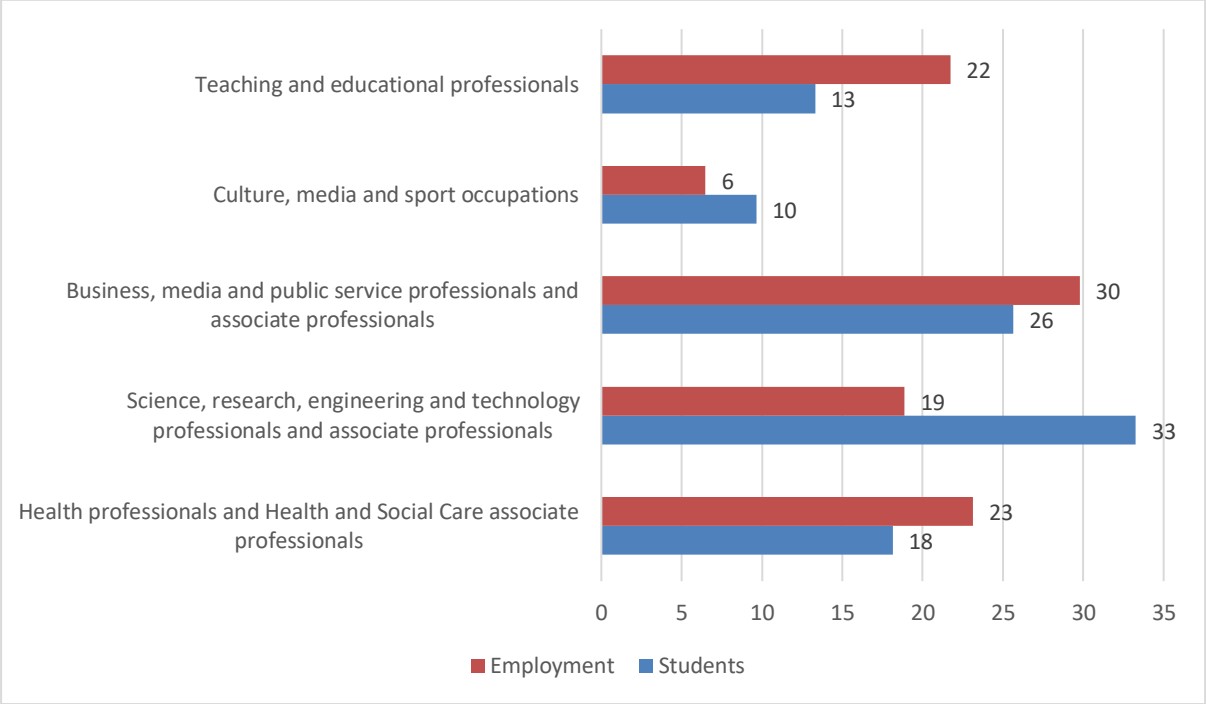
Source: [HESA, 2018/2109 qualifiers (published 2020), 2020 SAP]

The Heart of the South West is endowed with four higher institutions located in the cities of Plymouth and Exeter educating around 50,000 students at any one time. Plymouth is host to the University of Plymouth, the University of St Mark and St John and Plymouth College while the University of Exeter is located 45 miles away in the administrative city of Devon. While the four institutions differ markedly in their offer, their combined offer displays a similar profile across courses as the national average. The most popular five subject areas locally are the same as those nationally but with some differences in ranking beyond the most popular, *business and administrative studies*. The LEP also has the same proportion of students to the UK average on STEM related courses at 42%. Differences in the share of students studying each subject areas between the Heart of the South West and UK are generally small but with the most notable being:

- Higher proportion of students locally studying languages, biological sciences, physical sciences and education
- Lower proportion of students locally studying business and administrative studies, mass communications and documentation, computer science, architecture, building and planning and engineering and technology.

Comparing the distribution of students across subjects with the distribution of employment at RQF level 4 and above across selected professional and associate professional occupations provides a crude assessment of the degree of 'fit' between local provision and the needs of the local economy (Figure 3).

Figure 3 Distribution of students and employment at RQF level 4 and above in selected professional and associate professional occupations[51]; Heart of the South West, 2017



Source: Working Futures 2017

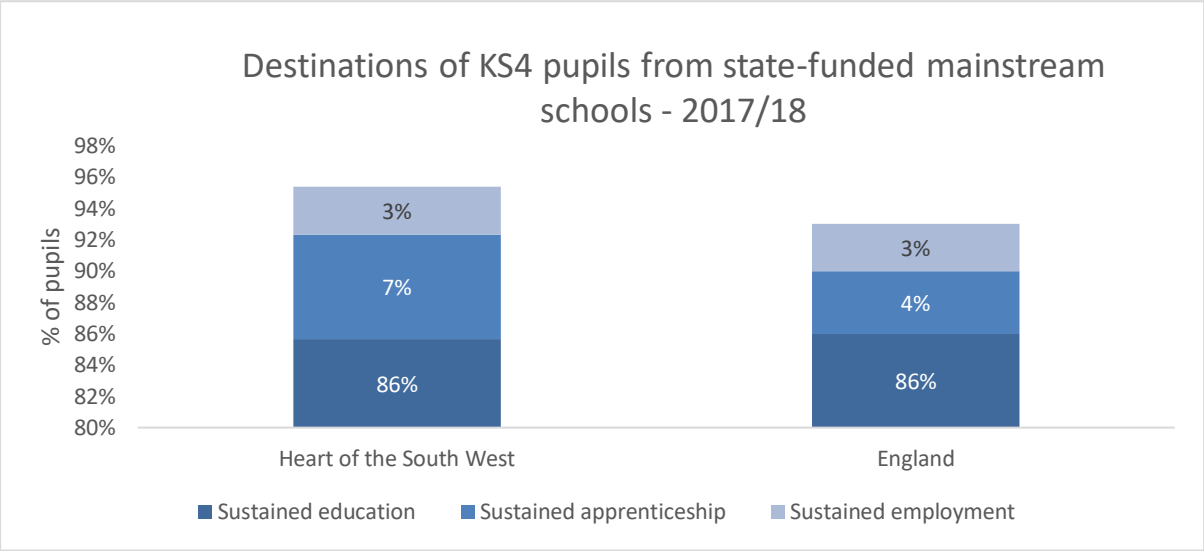
Including only subjects and occupations that can be broadly mapped to one another[1] reveals a fair degree of synergy between the two measures. For example, 30% of students included in the analysis are on courses that can be broadly mapped to professional and associate professional occupations in business, media and public services. This includes, for example, students on courses leading to higher education qualifications in business and administrative studies and law. These occupations accounted for more than a quarter of employment at RCQ level 4 and above within the Heart of the South West in 2017 according to the Working Futures employment projections. The fit between local provision and local needs is similarly broadly balanced for health and social care.

The share of students on courses allied to science, research, engineering and technology is greater than the share of highly qualified employment in these sectors suggesting considerable scope for local employers to tap into graduates leaving with these qualifications. The opposite is true, however, for student on education courses.

[51] Includes total employment at RQF level 4 and above in selected professional and associate professional occupations.

2.6. Key stage 4 destinations

What are the destinations of KS4 students, and how does this compare to national data? How does this align with intelligence from local schools? How does this link to careers advice and progress against the Gatsby benchmarks?



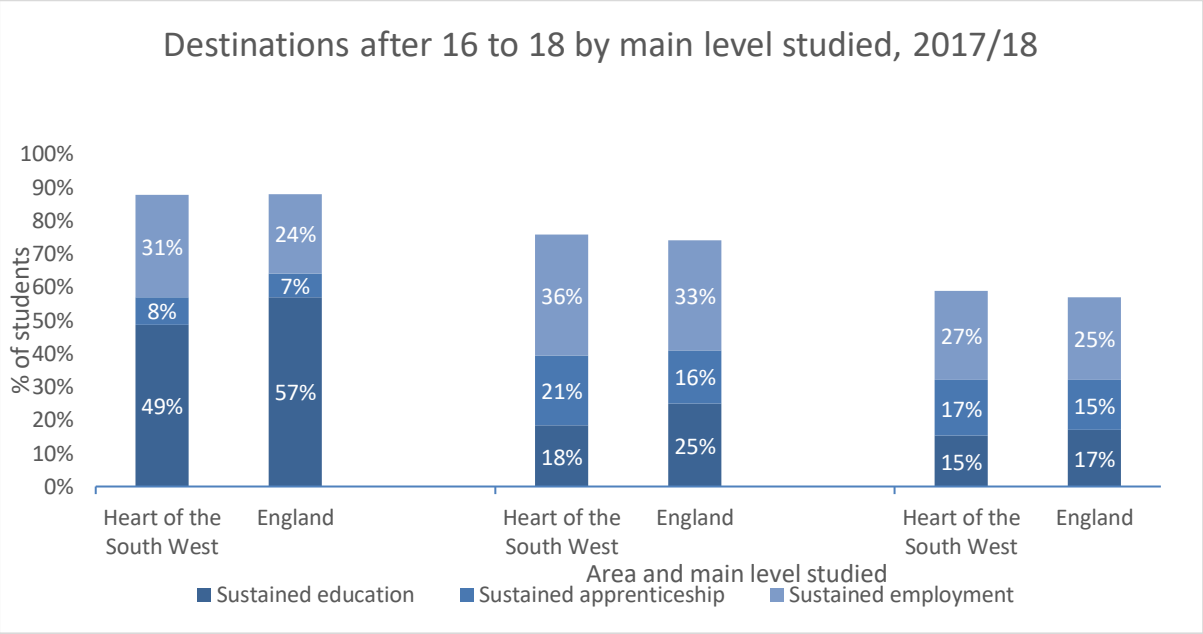
Source: KS4 and KS5 destinations of 2017/18 leavers, DfE (published 2019), 2020 SAP boundaries

As nationally, the vast majority (96%) of local pupils enter sustained destinations after key stage 4. The relative popularity of specific destinations – education, apprenticeship and employment – follows the national pattern across each of the local authority areas of the Heart of the South West with most pupils electing to continue their education (85%). This is a particularly popular choice among pupils in Torbay (91%). Pupils eligible for free-school meals are typically less likely to remain in education than other pupils. This 'gap' in staying on rates is most pronounced locally in Torbay and the South Hams where the difference is 12 percentage points.

In Devon, Plymouth and Somerset one-in-ten pupils choose to enter employment with each of these areas successfully securing employment with training for most of these pupils through an Apprenticeship. These positive results notwithstanding, around 630 pupils - from a cohort of more than 15,000 - either entered employment (with or without learning) or had not secured a sustained destination at that time. These young people, who are probably entering the labour market with no or low level qualifications, or who are possibly already unemployed, face an uncertain future in a labour market that increasing prizes and rewards higher level qualifications.

2.7. Key stage 5 destinations

What are the destinations of KS5 students, and how does this compare to national data? How does this vary by qualification level? How does this align with intelligence from local providers? How does this link to careers advice and progress against the Gatsby benchmarks?

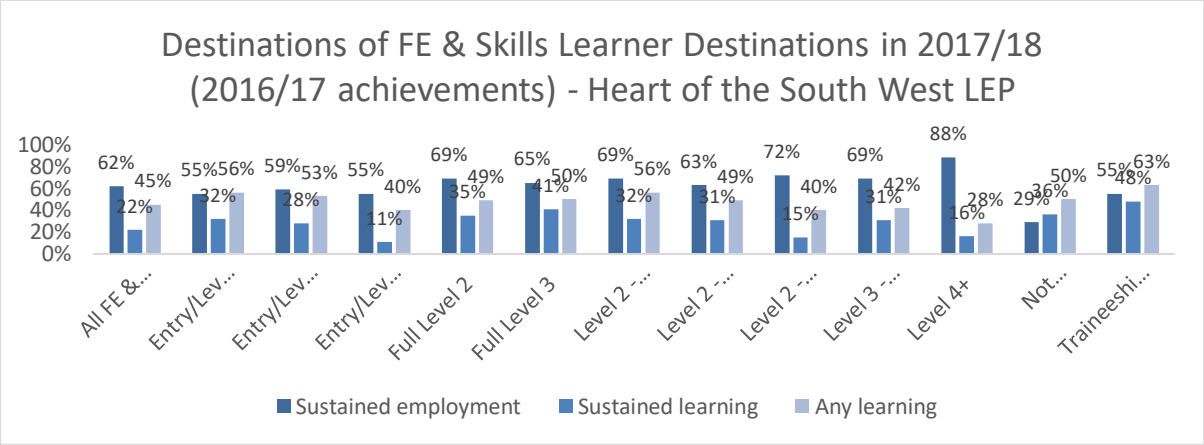


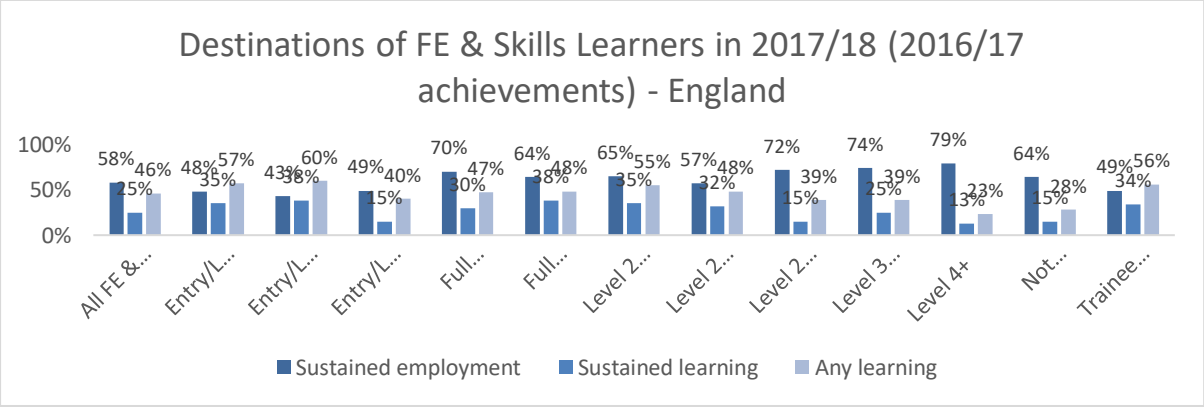
Source: KS4 & KS5 destinations of 2017/2018 leavers, DfE (published 2019)

The local area suffers from surprisingly low levels of progression into higher education: less than two-fifths (38%) of the Level 3 cohort progressed into higher education in 2017/18 compared to almost half (49%) of this cohort nationally. All areas within the Heart of the South West have lower than average level of progression into HE, but this is because a higher proportion of leavers are progressing into other sustained destinations rather than a less positive rate of sustained destinations. More than a quarter (26%) of the LEPs 227 MSOAs are in the bottom quintile of MSOAs nationally with the lowest rates of progression and only 4% fall into the top quintile.

2.8. Outcomes for adult FE and Skills learners

What are the destinations of adult FE & skills learners, and how do these vary by qualification type and level? How do these trends compare to national data? How does this align with local intelligence?





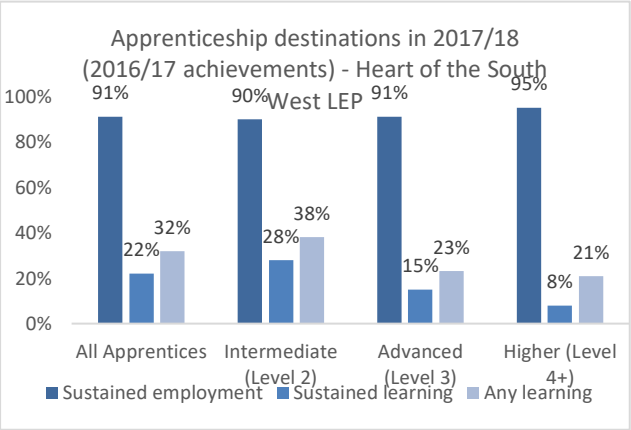
Source: FE outcome based success measures, 2016/17 achievements, DfE, (published 2019), 2018 LEP/MCA boundaries

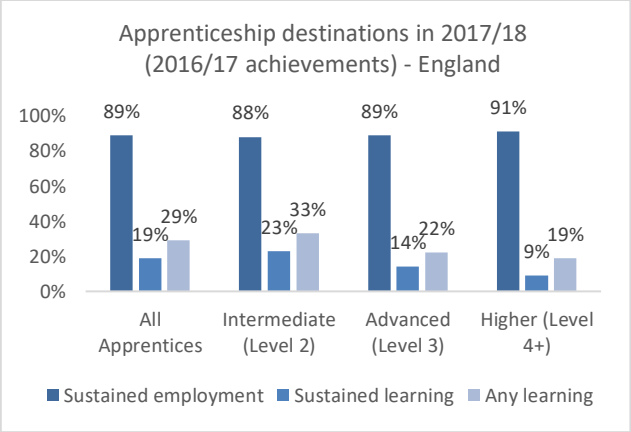
Most learners accessing government funded further education and skills provision at ages 19 and over progress into sustained employment with this outcome becoming progressively more likely with increases in the level of qualification studied. Thus, learners achieving a Level 4 qualification (86%) are significantly more likely to enter sustained employment than those achieving an Entry or Level 1 qualification (55%). At each level, learners in the Heart of the South West are more likely than the England average to be in sustained employment.

Almost half of learners (47%) participate in any learning – sustained or otherwise – and 30% enter sustained learning. Learners at almost all levels in the Heart of the South West are less likely enter sustained or un-sustained learning that the national average.

2.9. Outcomes for apprenticeships by level

What are the destinations of apprenticeships, and how do these vary by qualification level? How does this align with local intelligence on apprenticeship destinations? Do destinations vary by sector subject area?





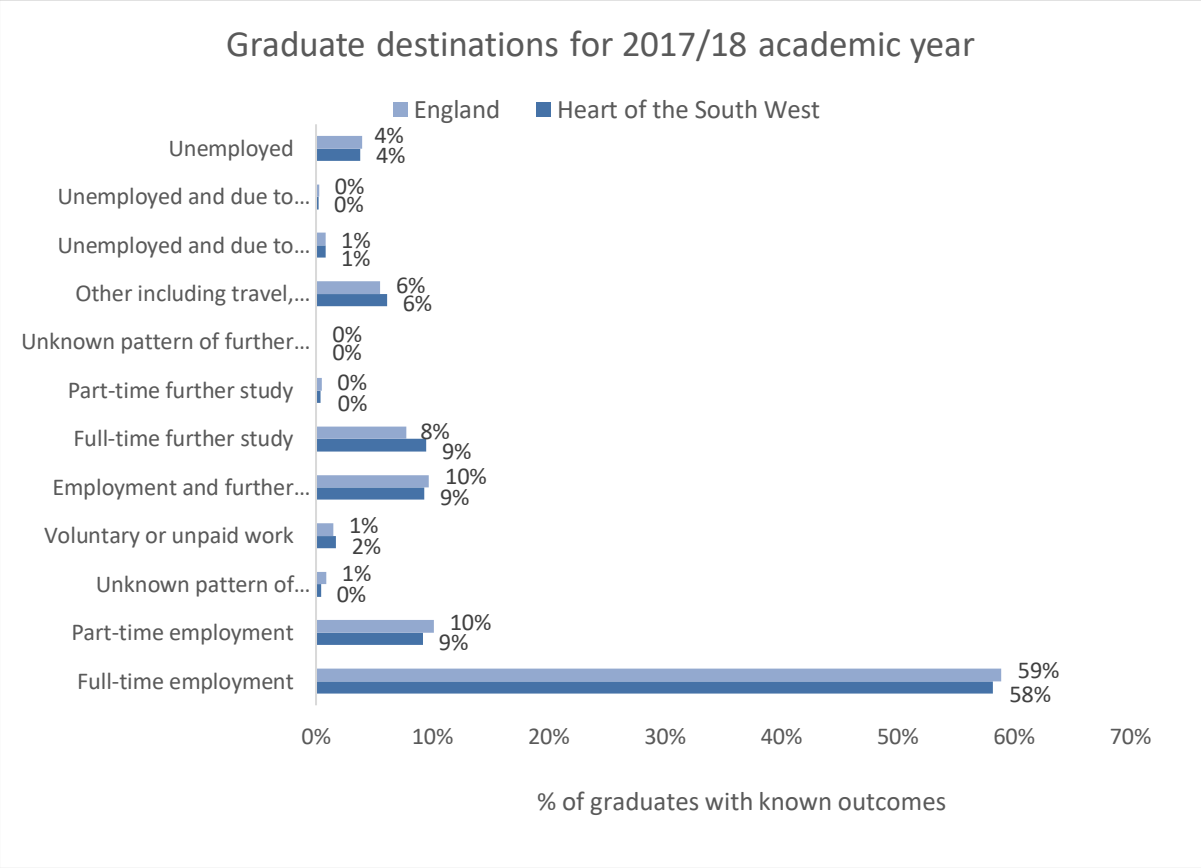
The Apprenticeship programme is being delivered very successfully locally, as demonstrated by the high percentages of apprentices being in sustained employment following completion of their framework (91%).

Employment rates are higher than the England average for each level of apprenticeship and almost all sector subject areas, and are highest for higher level apprenticeships (95%). Local providers are particularly successful, compared to those nationally, in securing sustained employment for those completing apprenticeships in leisure, travel and tourism (89% compared to 81% nationally). Employment rates do not vary substantially by sector subject but are lowest for agriculture, horticulture and animal care (82%) and education & training (84%) and highest for science and maths (100%) and health, public services and care (93%).

Many of those achieving an intermediate apprenticeship (Full Level 2) continue their learning (28%) with most of these learners progressing to an Advanced Apprenticeship (22%) at Level 3 or above. Progression to a higher level of apprenticeship is particular common for those completing intermediate apprenticeships in education and training (42%) and engineering and manufacturing technologies (38%) but is lesson common amongst learners completing an intermediate apprenticeship in retail and commercial enterprise (12%).

2.10. Higher Education graduate activities

What are the destinations of HE graduate from local institutions? How does this compare with national data? How does this align with intelligence from local providers? What is the profile of earnings for graduates from local institutions? What does this suggest about graduate outcomes?



Destinations are known for around half (52%) of students graduating from HEIs in the Heart of the South west in 2017/18. As nationally, the vast majority of graduates were in work and/or further study 15 months after graduation (87%) although the patterns of destinations varied by institution reflecting among other things the share of undergraduates among the cohort of leavers (since many of these will progress into further study rather than enter employment).

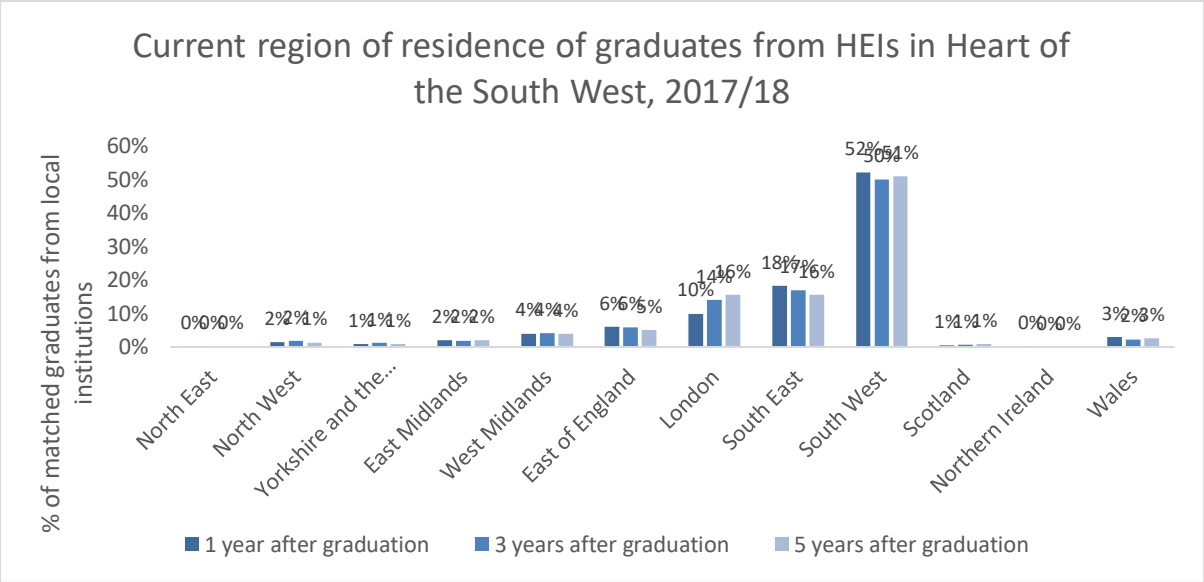
Salaries earned by graduates of HEIs in the Heart of the South West compare favourably with the England average. The median undergraduate salary is £24,000 to £26,000 a year, with almost one quarter (23%) of graduates from local HEIs earning this sum (compared to 21% of students nationally). Local graduates are as likely as those nationally to be earning more than the median salary (33%) and are less likely to be earning less than £24,000 a year (44% compared to 47%). Within the LEP area, median earnings were higher among

University of Exeter graduates (£32,100) than those attending the University of Plymouth (£24,100) or The College of St Mark and St John Foundation (£21,500)[52].

2.11. Region of residence of HE graduate from local institutions, 1, 3 and 5 years after graduation

What proportion of HE graduates remain in the region after graduation? Which regions are graduates most likely to move to? What does local intelligence suggest about graduate retention? What factors are likely to impact on graduate retention (e.g. living costs, employment opportunities)? Is this pattern consistent across providers or do some providers have higher levels of graduate retention than others?

Graduate retention is a significant issue for the area not least because all the region's job growth over the next decade is expected to be in occupations requiring higher education qualifications. Students who chose to study in the Heart of the South West are an important source of graduate level skills and efforts to retain them, likely to drive local growth and productivity[53]. As a group however, graduates, are highly mobile and the so-called 'graduate brain drain' to London, well documented[54].



Analysis of graduate mobility flows undertaken by the Higher Education Funding Council for England in 2017 found that almost two-thirds of students move away from their home LEP area to study, but nearly 50% return after graduation. The fact that many graduates return to their home region to work explains some of the differential in graduate retention rates by

[52] https://www.gov.uk/government/collections/statistics-higher-education-graduate-employment-and-earnings

[53] https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/graduate-retention-meeting-local-skills-needs.pdf

[54] The Great British Brain Darin – Where graduates move and why, Centre for Cities, 2016.

higher education institutions in the Heart of the South West and in particular the finding that the Plymouth-based institutions retain a significantly greater share of graduates within the South West of England than the University of Exeter. For example, more than half (54%) of University of Exeter graduates in 2017/18 who had graduated five years before, were living in London or the South East, compared to one-fifth (20%) of University of Plymouth graduates. Across all institutions in the Heart of the South West retains around half of graduates within the wider region but 'loses' almost a third (31%) to London and the South East.

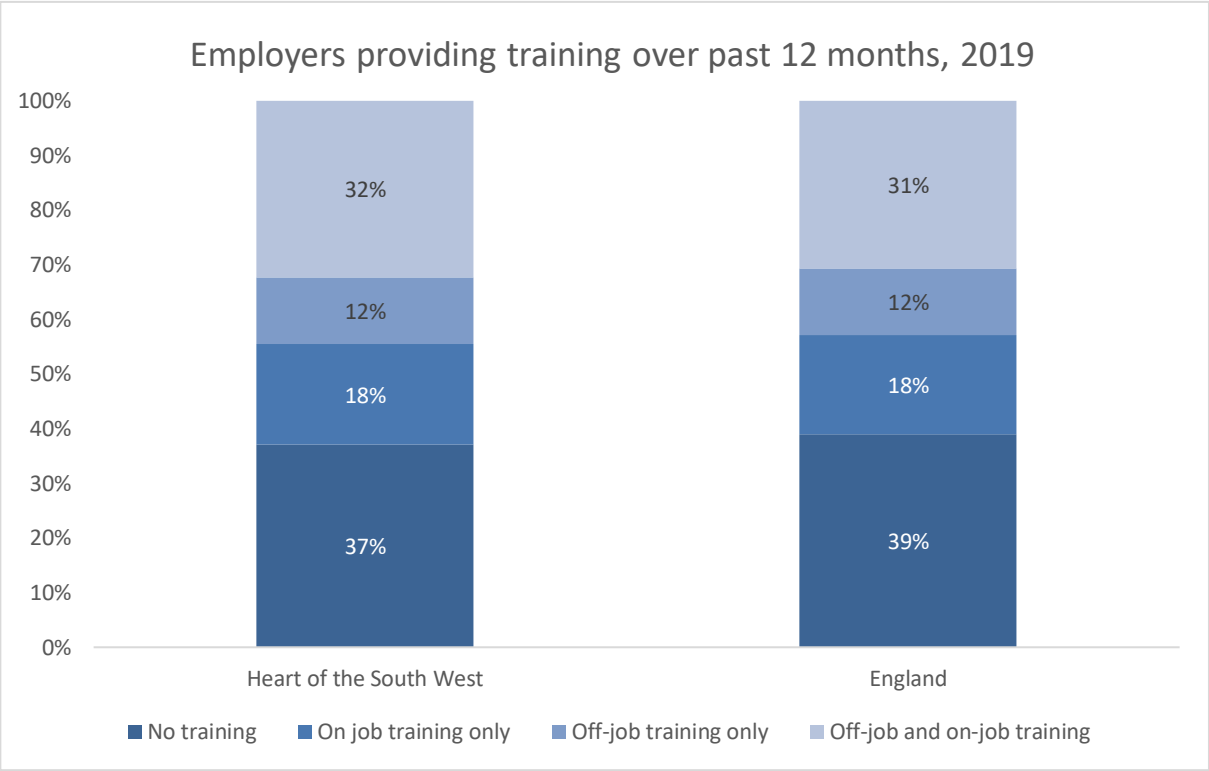
Importantly, from a social mobility perspective, research has found that while graduates from lower socio-economic backgrounds are less likely to be mobile, they are better outcomes if they are: this suggests that while this group may be the easiest to retain, encouraging them to stay may have an adverse effect on their career outcomes. The lack of graduate opportunities locally is likely to have a negative impact on graduate retention locally especially among the relatively large share of students on courses in business and administrative studies. According to High Fliers research, accounting & professional services was one of the largest recruiters of graduates in 2019 (23%). Initiatives set-up to improve graduate retention locally include Gradsouthwest, a graduate job board for South West England[55].

2.12. Employer provided training over the last 12 months

What proportion of employers provide training, and what type of training does this tend to be? Is this consistent with local intelligence on provider training? What does local intelligence and other data suggest are the main barriers to employer provided training? What kind of training does local intelligence suggest employers consider to be most valuable, and what kind of skills is this likely to focus on? For employers who are not investing in skills training, what are the reasons?

Encouragingly, the vast majority of employers in the Heart of the South West provide training and the LEP area performs well against the England average on most measures of employer provided training. However, the 2019 ESS reveals declining levels of employer provided training overall and among all types except on-line learning or e-learning. The results are also less favourable for the Heart of the LEP in terms of the intensity of training both vis-à-vis the national average and changes over time.

[55] https://www.gradsouthwest.com/



Source: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

The UK ESS findings echo those of the 2019 Adult Participation in Learning Survey which uncovered the lowest participation rate among adults in the 23-year history of the survey. It also found evidence of persistent inequalities, with the adults who could most benefit from participating in learning being the least likely to do so. This latter finding is also reflected in the local UK ESS results: people working in professional and associate professional occupations are among the most likely to have received training from their employer. Managers by contrast are the least likely to train. On a more positive note, caring, leisure and other services staff have the highest densities of employer training locally, with rates for this group and machine operatives comparing favourably with the national average.

Observations about the nature of this training includes:

- For the most part, training tends to be job-specific followed by health and safety or first aid training, and basic induction training. More specialised training (for example, training in technology or management) tends to be less commonly offered.
- Less than one-fifth (18%) of learners trained towards a nationally recognised qualification (a similar proportion to the national average) most often at Level 3 or 2.
- Almost all employers providing off-the job or external training used “non-public” providers to do so most commonly commercial organisations such consultants or private training providers. Employers are much less likely to have used “public” providers and were less likely to do so than the national average.

- Less than one-in ten (8%) of employers had experienced any skills and training related issues in the last 12 months which may have required external information, advice or practical help but had not sought or received any advice on these issues. Those that had received advice had most often sought this from private training providers or employer collectives or representatives.

Most employers are in 'training equilibrium' in so far as they had no desire for more training, or in the case of non-training employers, had no desire for any training. However, two-fifths of employers would have liked to undertake more training over the previous 12 months including 27% of employers who had not offered training but had wanted to do so. The desire for more training was highest among sizes of establishment and sectors that already had high levels of training.

Employers who trained but would have provided more training in the past 12 months if they could were most likely to cite 'lack of funds for training/training expensive' and 'can't spare more staff time (having them away on training)' as the reasons for not doing more. Employers who had not provided training were overwhelmingly most likely to say that 'all our staff are fully proficient/ no need for training'. Few cited other barriers to training but those that did most often mentioned 'training not available in relevant subject' or 'training not considered to be a priority for the establishment' or 'all staff training has been arranged AND funded elsewhere'.

3. SKILLS DEMAND

3.1. Overview

Add summary of key points, bringing in information beyond core indicators as relevant. As data in this area is more limited, SAPs should focus more on drawing in local intelligence and analysis to provide a local picture of current and future demand. • What does local intelligence suggest about current and future demand? • What are the key national trends for skills demand, and how might these impact on the local area? • How might COVID-19 impact on skills demand? What have the main changes been to date? • How do the findings link to national policies and local interventions (e.g. Digital Skills Partnerships, National Retraining Scheme, Careers and Enterprise Company, employment initiatives)? • SAPs analytical toolkit questions: What barriers are preventing businesses from securing the labour to meet their skills needs?

While it is too early to identify the impact of the Covid-19 pandemic on local headline measures of *labour* demand, economic forecasts are generally pessimistic with few predicting employment growth nationally this year or next[56]. This reduction in labour demand is disproportionately young people due to reduced hiring possibilities and their greater presence in locked-down sectors[57].

In the short-term, *skills* demand will depend on how the second lockdown and any subsequent restrictions affect commercial activities and ultimately business survival. Redundancy rates and take-up of Government job retention support suggests that the pandemic is disproportionately affecting demand for customer-facing sectors such as arts, entertainment and recreation and accommodation & food services but also construction and manufacturing. Demand for occupations related to health and care, and the skills implicit within these, however, appears strong. While employers are most likely to identify skills deficiencies in, and a need to improve, job or company specific skills or knowledge, people and digital skills are also identified as areas in need of improvement. The pandemic is likely to have further increased the need for digital competencies and enhanced leadership and management skills. Indeed, even before the pandemic employers were most likely to identify managers as those most in need of developing their skills in future. This would certainly help to address issues of skills utilization and unlock the potential for productivity improvements therein.

Longer-term, *skills* demand will continued to be shaped by mega trends such as technological change, globalization, climate change and demographic change with the pace of these changes potentially accelerated due to the Covid-19 pandemic: for example, increased remote-working and online shopping. It is perhaps too early to call whether

[56] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/936250/Forecomp_November_2020.pdf

[57] https://www.ifs.org.uk/uploads/BN278-Sector-Shutdowns.pdf

changes in consumer preferences and work design and will persist over the longer-term, however, the broad direction of travel is unlikely to change. Employment projections for the Heart of the South West predicts that while there will be a net requirement for workers with qualifications at all levels from Level 2 upwards, expansion demand is concentrated solely among occupations requiring for higher education qualifications[58] and particularly first degrees. Opportunities for those with no qualifications or those at Level 1 are expected to diminish. Patterns of employment change by occupation are such that:

- Health and social work is predicted to create more 'new' jobs than any other sector locally over the next 10 years particularly among caring personal service occupations but also health professionals. The existence of skills shortages and gaps within the sector now, suggest that encouraging more adults and young people to follow careers in health & care should be a priority.

- Professional[59] and support[60] services and information technology are predicted to be key source of job growth locally over the next 10 years underpinning demand for a range of mainly high-skilled occupations particularly in the former[61]. Within this, Nesta predicts strong demand for skills groups related to data engineering, IT security operations, market research and app web development.

- Accommodation & food and arts & entertainment, along with other services and wholesale & retail trade were also predicted to create new opportunities over the next 10 years. The extent to which these opportunities will be realised will depend on how quickly these sectors recover from the pandemic and the extent to which consumer preferences and business models within these sectors have evolved as a consequence.

- Construction, a sector that currently has the second highest redundancy rate, nationally is predicted to increase employment locally. Most of the increase is anticipated to be at professional and associate professional and managerial level, although demand for construction trades will also increase. The fortunes of the construction sector tend to track those of the wider economy those these jobs will depend on the outcome of the Brexit negotiations and the broader recovery.

- Other – mainly production orientated sectors – but including transport and storage and public administration & defence are anticipated to reduce employment overall although even within these industries there will be a requirement for new workers to replace those retiring. For example, the total requirement for science, research, engineering and technology professionals and associate professionals is expected to

[58] At RQF Level 4 and above.

[59] Incudes: legal & accounting Head offices etc.; Architectual & related; scientific research; advertising etc.; other professional and veterinary

[60] Includes: Rental & leasing; employment activities; travel etc.; security etc.; services to buildings; office administration.

[61] Finance & insurance and media are the only business and other service sectors anticipated to contract in employment terms between 2017 and 2027.

increase by 19,000 and the requirement for skilled trades[62] by 10,000 over the 10 year period covered by the projections.

As technology is deployed to undertaken routine tasks, augmenting existing roles and creates new ones, personal skills such as creativity, critical thinking, people management, emotional intelligence, judgement and decision-making and negotiation will become increasingly important.

3.2. Number of vacancies by sector

How have trends in the number of online vacancies changed over time? How do these vary by sector? What does local intelligence suggest about current levels of demand? How have these been impacted by COVID-19?

According to Labour Insights, an online vacancy data source, there were almost 13,000 unique job postings in the Heart of the South West in September 2020. At this time, the most common job postings across the LEP area were:

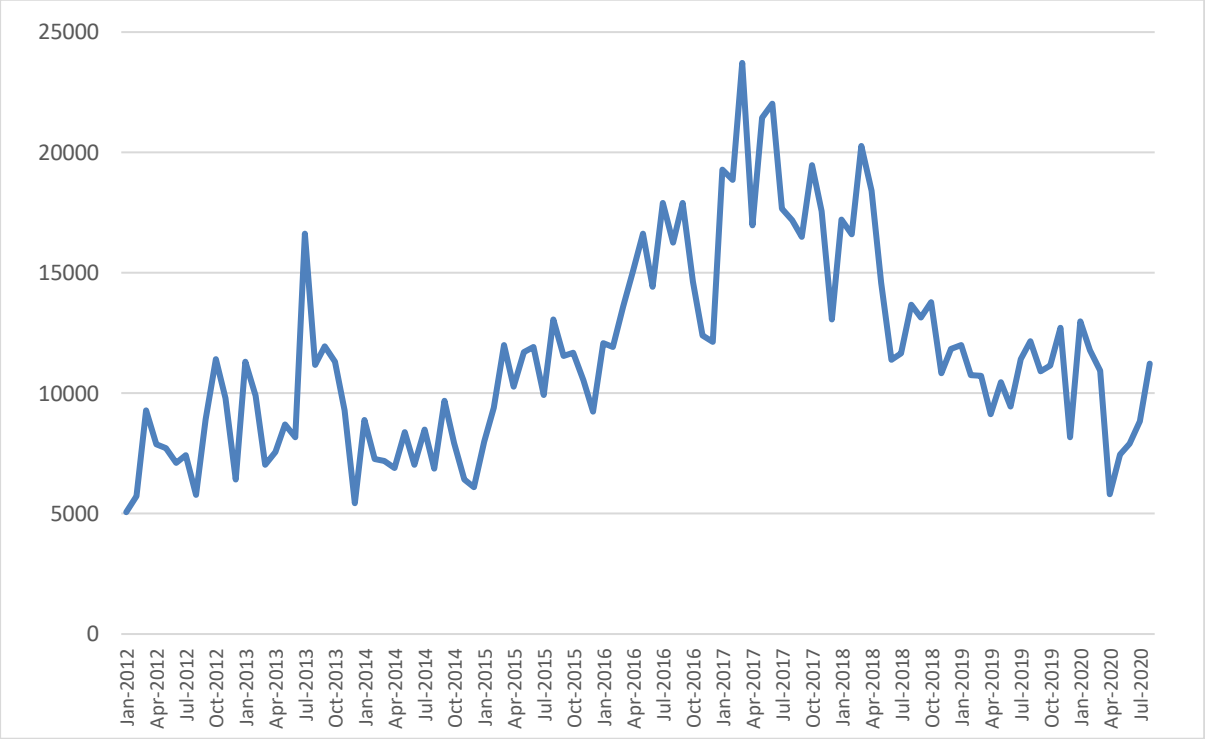
- Nurses
- Care workers and home carers
- Programmers and software developers
- Other administrative occupations n.e.c.
- Cleaners and domestics

Compared to the England average, job postings in the Heart of the South West were less concentrated within high-skill occupations but with a higher share of vacancies in skilled trades and caring, leisure and other services staff. While timely indicators of recruitment activity, a comparison of 2019 data with the UK Employers Skills Survey, suggests that web-based vacancy tools, underestimate the volume of vacancies for middle-skill, service-intensive and labour-intensive positions mainly because these positions are often filled through other recruitment channels.

While the number of job postings tends to fluctuate from month to month (Figure 1) the data suggests that recruitment activity across the Heart of the South West had slowed long before the Covid-19 pandemic precipitated a decline in the volume of vacancies in the weeks following the introduction of the national lockdown in March 2020.

[62] other than construction and building trades

Figure 4 Number of vacancies in the Heart of the South West, 2012 to 2020



Source: Labour Insights, Burning Glass Technologies

This decline in recruitment activity is also reflected in the UK ESS 2019 which identified almost 20% fewer vacancies in 2019, than two years previously[63]. Our analysis of job postings immediately after the first lockdown and the recovery period to September 2020 (See Annex B) shows that while the number of jobs postings for each occupation fell between March and April, they have subsequently increased, and in most cases exceed pre-lockdown levels in September. Job areas that have recovered most strongly since lockdown include:

- Manufacturing and production
- Information Technology
- Maintenance, repair and installation
- Construction, extraction and architecture
- Agriculture, horticulture and the outdoors
- Personal services

[63] As nationally, fewer employers in 2019 than in 2017 had any vacancies (17% compared with 20%), and the 21,473 vacancies reported at the time of the survey was 19% lower than the number in 2017.

However, job families that have yet to return to pre-lockdown levels include job postings in the performing arts, marketing and public relations and design, media and writing. The challenges of second national lockdown and adoption of new trading relationships with the EU in the New Year suggest a less than positive outlook for recruitment activity in the weeks and months ahead.

3.3. Highest and lowest sectors by forecast growth

What are the main trends in terms of sector growth expected to be? Is this consistent with local intelligence and analysis? What does local intelligence suggest about the impact of COVID-19 and how it may affect sectors?

It is clear that the pandemic is playing out very differently across industry sectors and that the Heart of the South West depends disproportionately on some of the sectors than are most affected (Annex B Table 6). These include:

- Accommodation and food service activities
- Arts, entertainment and recreations
- Other services
- Administrative & support service activities
- Wholesale & retail; repair of motor vehicles and motorcycles

Looking ahead, employment projections published before the pandemic and based on assumptions of a managed Brexit suggests that the 'total requirement' for workers locally will increase employment by 321,000 between 2017 and 2027. The majority of the change stems from the need to replace existing workers (297,000) rather than 'expansion demand' (25,000) which increases the overall number of people in employment.

Focusing solely on expansion demand the largest number of jobs are anticipated to be created in health and social work, professional services, support services, accommodation and food and construction. In percentage terms, the most rapid growth will be in health and social work, professional services, arts and entertainment, information technology and support services (table below).

Heart of the South West LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1) Health and social work	1) Food drink and tobacco
2) Professional services	2) Public admin. and defence
3) Arts and entertainment	3) Engineering
4) Information technology	4) Agriculture
5) Support services	5) Media

3.4. Highest and lowest occupations by forecast growth

What are the main trends in terms of occupation growth expected to be? Is this consistent with local intelligence and analysis? What does local intelligence suggest about the impact of COVID-19 and how it may affect

The sectoral changes described above will drive changes in demand for occupations and qualifications, although as noted above, expansion demand is only part of the 'total requirement' for labour. Additionally, workers will be needed to replace those leaving the labour market, primary for retirement. The total requirement work workers give a more complete perspective on the demand for labour over the near term. While employment in several occupational areas is expected to decline over the next 10 years, demand for workers will still increase in all but secretarial and related occupations due to the need to replace the workers who leave the labour market. The total requirement for workers is anticipated to be greatest for:

- *Caring personal service occupations* (+46,000)
- *Corporate managers and directors* (+31,000)
- *Elementary administrative and service occupations* (+26,000)
- *Business and public service associate professionals* (+24,000)
- *Health professionals* (+23,000)
- *Teaching and educational professionals* (+22,000).

Focusing solely on expansion demand the occupations predicted to increase and decrease most in percentage terms are highlighted in the table below:

Heart of the South West LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**
1) Caring personal service occupations	1) Secretarial and related occupations
2) Health and social care associate professionals	2) Process, plant and machine operatives
3) Health professionals	3) Textiles, printing and other skilled trades
4) Customer service occupations	4) Skilled metal, electrical and electronic trades
5) Corporate managers and directors	5) Administrative occupations

Due to its older than average demographic combined with a higher than average proportion of disabled people, the Heart of the South West has high demand for care, and this is projected to be a major increase in the coming years. Demand for other health related

occupations is also expected to be high: additional impact may be expected from the coronavirus pandemic as well as the demographic shifts of an ageing population.

Manufacturing related occupations are expected to see heavy negative impact, as do secretarial occupations. These are areas where there will need to be focused skills policy to enable adult learning, upskilling and retraining so that the shrink of these sectors does not lead to long term career damage for these workers.

The projections described above reveal a growing 'total requirement' for qualifications at each qualification level at Level 2 and above but particularly at Level 6 and 7[64] (Annex B section 3.4.4). The demand for level 2 and 3 qualifications is solely to replace existing workers, however, with the total number of people in the workforce with these as their only qualifications expected to fall. Opportunities for workers with no qualifications or those at Level 2 is anticipated to reduce over time.

3.5. Skills that need developing

What skills do local employers anticipate will need developing? How does this align with local intelligence from employers? How does this compare to national trends?

Most local employers (60%) participating in the UK Employer Skills Survey could identify at least one occupation area in which there was a need to develop skills and knowledge in future - most commonly Managers. The skills needing developing were numerous but were most commonly specific to the job or company although the following proportions cited the need to develop:

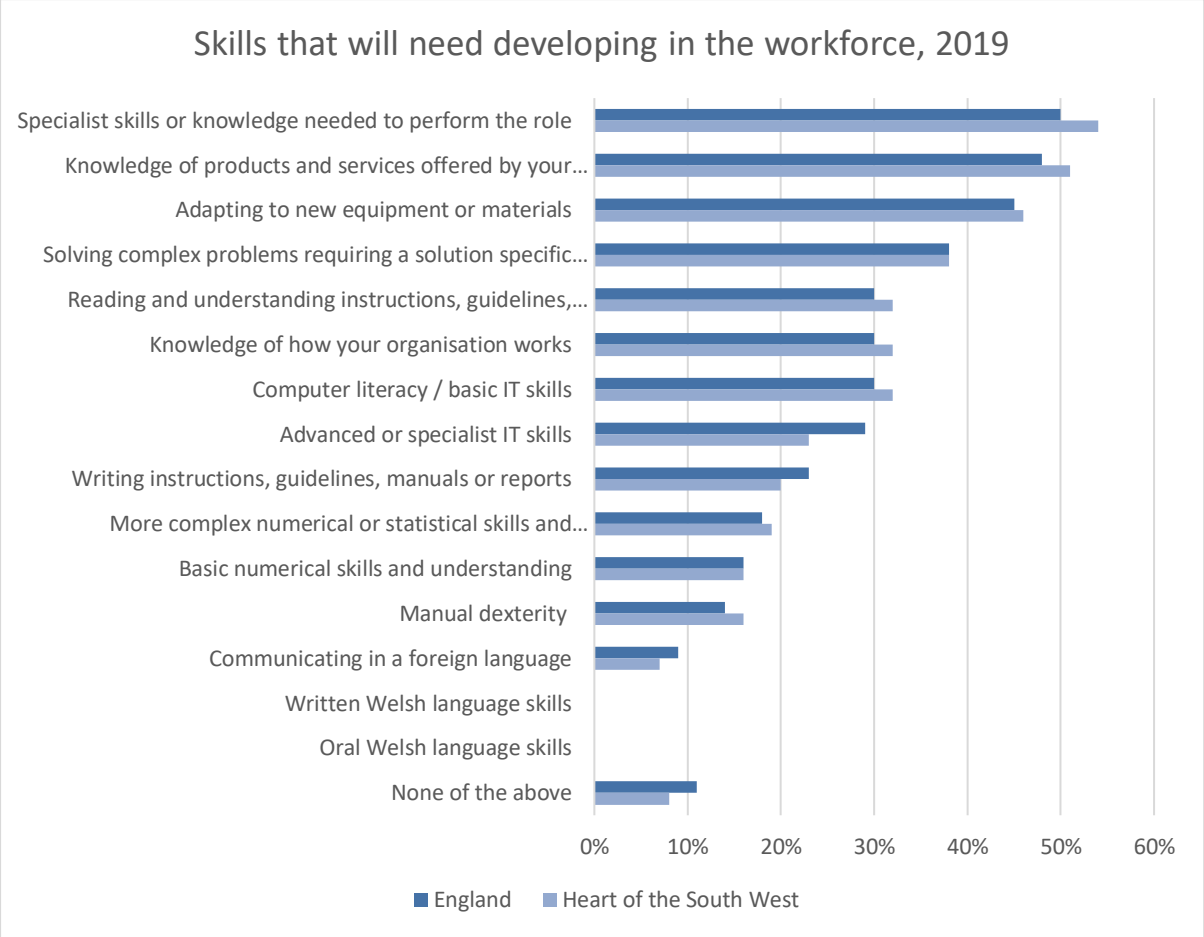
- Self-management skills (53%)
- Management and leadership skills (48%)
- Sales and customer service skills (46%)
- Digital skills (45%) mostly using new or updated company software of programmes
- Complex analytical skills (43%)

The need for new skills was bring driven, in the main, by:

- New legislative or regulatory requirements (39% of all establishments)
- Introduction of new technologies or equipment (39%)
- Development of new products and services (33%)
- Introduction of new working practices (33%)

[64] First and higher degree.

- Increased competitive pressure (21%)
- The UKs decision to leave the EU (16%)



Our research brief on the future of work (Summarised in Annex B section 3.4.3) identifies strong demand nationally for skills in: data engineering, IT security systems, marketing research, app development and web development[65]. Furthermore, World Economic Forum (WEF) research[66] states that the Top 10 skills that will be in demand in the near future are: complex problem-solving; critical thinking; creativity; people management; coordinating with others; emotional intelligence; judgment and decision-making; service orientation; negotiation and cognitive flexibility.

[65] https://www.nesta.org.uk/report/which-digital-skills-do-you-really-need/

[66] The Future of Jobs. World Economic Forum 2016. https://www.weforum.org/reports/the-future-of-jobs

4. MATCHING SUPPLY AND DEMAND

4.1. Overview

Add summary of key points, bringing in information beyond core indicators as relevant. As data in this area is more limited, SAPs should focus more on drawing in local intelligence and analysis, and reflect on the insights from the previous supply and demand sections. • What does local intelligence suggest about the alignment about supply and demand? • What do the previous insights about qualifications and destinations suggest about how well skills supply is aligned to demand? • How have national policies and local interventions impacted on this alignment? • SAPs analytical toolkit questions:: How responsive is the skills system? Do the labour force supply the skills to meet current and future demand? Where does the skill supply fail to meet the demand at different levels (e.g. sectoral and occupational)? Is there significant demand for the current and future supply? Does the demand provide opportunity to fully exploit the supply of skills available now and in the future?

The CIPD recently described the Heart of the South West as being in "skills surplus[67]": a situation of high supply and low demand for skills. Our analysis suggests that the picture is rather more complex than this with inter-dependencies between local labour markets highlighting the need for a strategic and nuanced approach to tackling weak demand for, and poor utilisation of skills across most – but not all – of the LEP area. These disparities largely consist of situations of:

- high supply and high demand for skills in Exeter (i.e. "High-skills equilibrium")
- low demand and low demand for skills in Somerset, Plymouth and Torbay (i.e. "Low skills equilibrium"); and
- high supply and low demand for skills across the rest of Devon (i.e. "Skills surplus").

That is not to say, however, that skills gaps and skills shortages do not exist: they do but tend to be concentrated in specific occupations and industries. More specifically

- *Skilled trades* and *caring, leisure and other services* staff have higher than average incidence of both skills shortages <u>and</u> skills gaps.
- *Professional* occupations and *transport & storage*, *information & communications*, *construction* and *health & social work* are higher than average incidence of skills shortages but lower than average incidence skills gaps.
- *Elementary occupations* and to a lesser extent *sales & customer services* and *associate professionals* and staff in *hotels & restaurants* are more likely than average

[67] In common with: Dorset LEP; York, North Yorkshire and East Riding; and Worcestershire LEPs.

to have skills deficiencies but skills shortage are less frequently reported in these occupations and industries than average.

Most of the occupations and industries that have a highest incidence of skills shortages account for a relatively small share of the staff affected. The notable exceptions are:

- *Health and social work* which accounts for a quarter of skills shortages followed up in the survey. Hotels & restaurants (15%) and wholesale and retail (14%) account for the next largest shares but have average incidence of skills shortages
- *Caring, leisure and other service staff* (24%), *skilled trades* (20%), *professionals*[68] (15%) and *elementary staff* (13%).

Analysis of learner achievements suggests that potential to encourage more young people to access training opportunities that could lead to employment within health and social work. The share of apprenticeships already broadly mirrors the share of employment in this occupations but the number of adult FE achievements and higher education qualifications in somewhat lower. Given existing skills shortages, robust vacancy data and favourable employment projections further investment in this area would seem warranted. Persistent skills shortages in skilled trades remain although this is part of a national phenomenon.

While skills shortages were the most common cause of hard to fill difficulties, employers also reported problems with the quantity of applicants and a range of contextual issues. For example, employers in the Heart of the South West were twice as likely as employers' nationally to cite problems related to accessibility reflecting the rural location of many employers.

While the process of skills obsolesce and growth in occupations requiring high-skilled occupations means it will remain important for individuals, employers and Government to invest in lifelong learning, the presence of widespread skills under-utilisation should also be recognised and challenged. It is clear that increasing the stock of degree level qualifications while possibly a necessary condition to unlock productivity improvements[69] it is not sufficient. With this fact in mind, the OECD has argued for policies to tackle skills mismatch through improved job design, human resource management and businesses' product market strategies." Moreover, the OECD suggests that these strategies best tackled at the local level particularly with respect to "SMEs, which are much more likely to serve local markets and are required to draw from a local supply of skills. It is also the case that smaller firms find it particularly difficult to put in place practices that make best use of their employees' skills because of poor management of a lack of specialised HR function".

The HotSW Skills Strategy should therefore prioritise investments in the region's leadership and management capability and capacity as a way to fully capitalise on investments in its workforce.

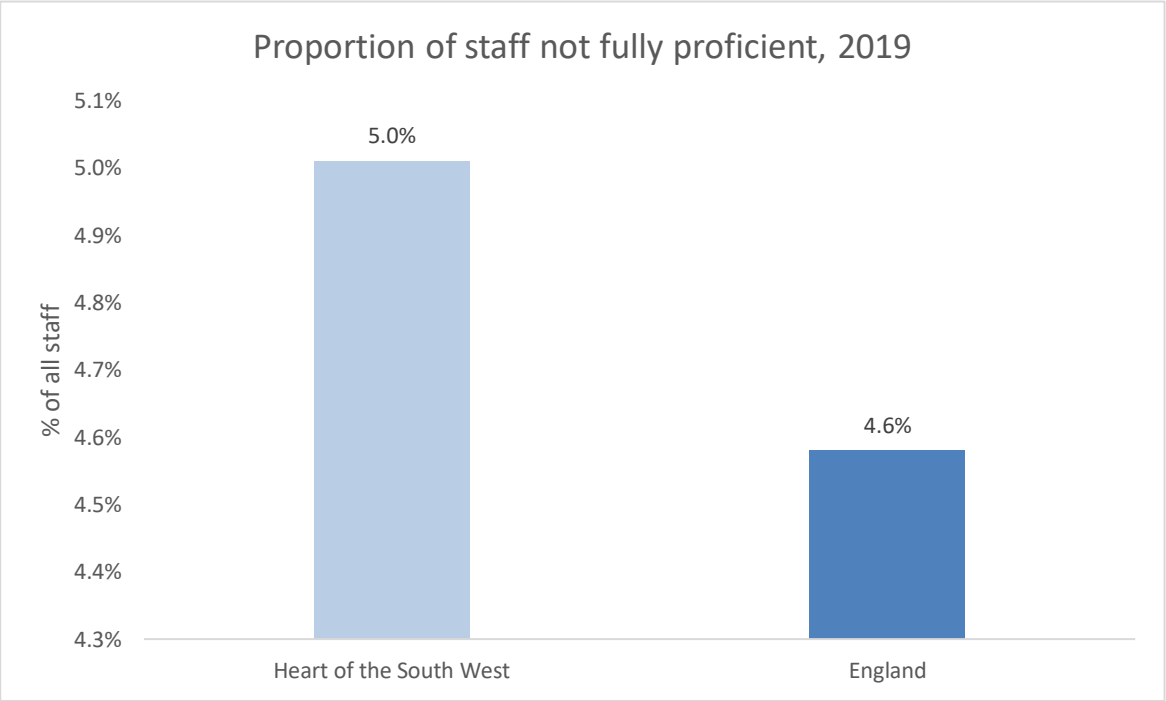
[68] More than three-quarters (77%) of people working in professional occupations in the Heart of the South West work in the public administration & health (63) and banking, finance and insurance (14%) sectors.

[69] through shift to higher=value product market strategies

4.2. Proficiency of the workforce

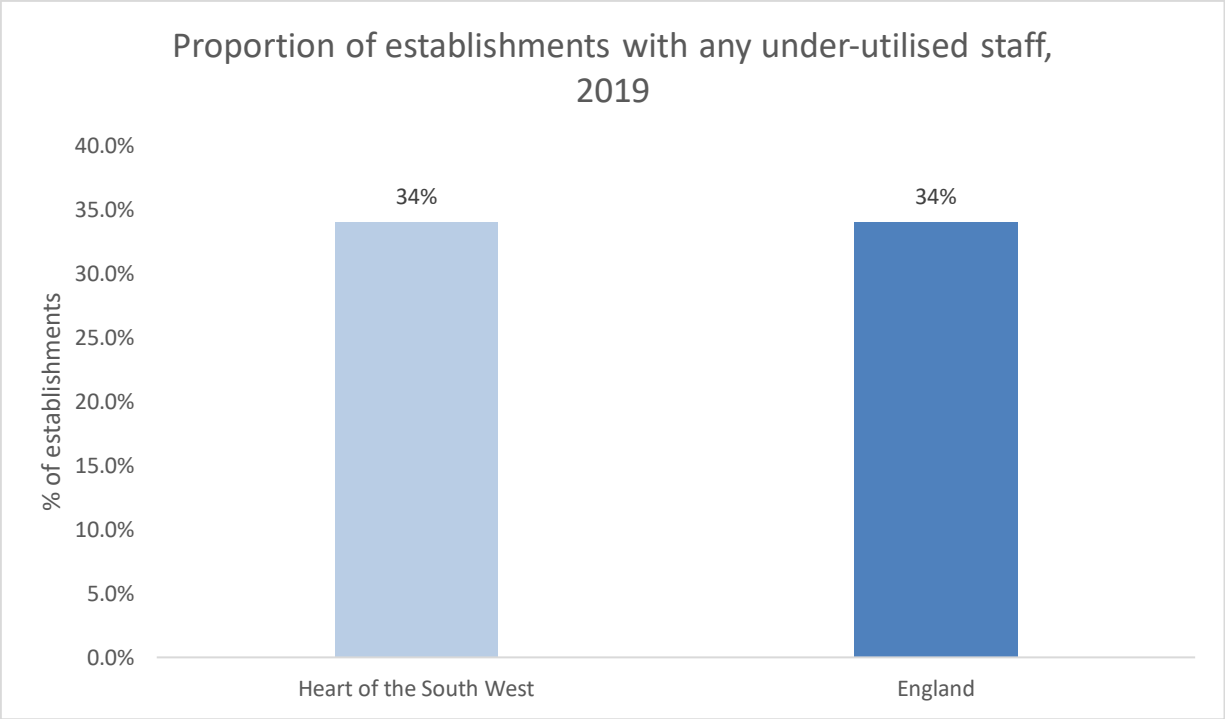
What proportion of staff are over and under qualified? What does this suggest about the local alignment of supply and demand? What further insights does local intelligence provide? E.g. where are mismatches most likely to occur and why?

Possibly reflecting the lower qualification profile of the local workforce, local employers (16%) are more likely than the England (13%) average to report that they have a least one employee who lacks the required proficiency or proficiencies to fulfil their role effectively. Or in other words, they have a "skills gap" within their existing workforce. Around one-in-twenty (5%) staff in the Heart of the South West are not fully proficient in their roles, a similar proportion to the England average (4.6%).



Employers are most likely to identify skills gaps among staff in intermediate and low-skilled occupations and particularly elementary occupations (9.5% of all employees in this occupation) and in the hotels & restaurants (10%) sector. Most skills gaps are most often transient in nature – attributed to staff being new in their role or training only being partially completed – and this is reflected in types of skills that employer report need improving. In most cases, these are specialist skills or knowledge that employees need to perform in their role, or knowledge about their organisation or the products or services offered by their organisation (or organisations like the one they work in). Notwithstanding this, a significant minority of skills gaps are caused by perceived deficiencies in: self-management skills (76%); management and leadership skills (58%); sales & customer service skills (47%); complex analytical skills (44%); basic skills (33%) and digital skills (30%).

Arguably, a more interesting result from the UK Employers Skills Survey is that employers are considerably more likely to identify at least one member of staff with qualifications and skills that are more advanced than those required for their current role (34%), than they are to identify at least one member of staff with a skills deficiency (16%).



Research by Keep [70] and Wright and Sissons[71] suggests that between 35 per cent and 45 percent of individual workers believe that they have skills that were not being fully used at work. The CIPD[72] notes that:

> *"How skills are effectively used, or not, in the workplace has important economic and social implications. Individuals who report using their skills fully in the workplace have increased job satisfaction, earn more, and are more resilient to change, while businesses benefit from a more productive workforce and increased profitability."*

[70] Keep, E, 2016, Improving Skills Utilisation in the UK – Some Reflections on What, Who and How?, SKOPE Research Paper No. 123

[71] Wright, J., and Sissons, P. 2012. 'The Skills Dilemma, Skills Under-Utilisation and Low-Wage Work', A Bottom Ten Million Research Paper, London: Work Foundation

[72] https://www.cipd.co.uk/Images/productivity-and-place-the-role-of-leps-v2_tcm18-54430.pdf

CIPD argues that Government policy that focuses on the supply-side is underpinned by the by the flawed assumption that simply delivering higher level skills into the local economy will result in employers offering employment that requires these skills, moving up the value chain and enhancing productivity. The inference is that any response to regional skills challenges must go beyond exhorting or incentivising the supply side to behave differently, and should extend to a consideration of management practices and the extent to which these fully exploit the skills already available.

The OECD Local Economic and Employment Development programme has been particularly influential in pressing the case and has argued that policies to tackle skills mismatch include improved job design, human resource management and businesses' product market strategies. Further, these should be focused at the local level, as: 'it is often at the local level where the interface of these factors can be best addressed'.

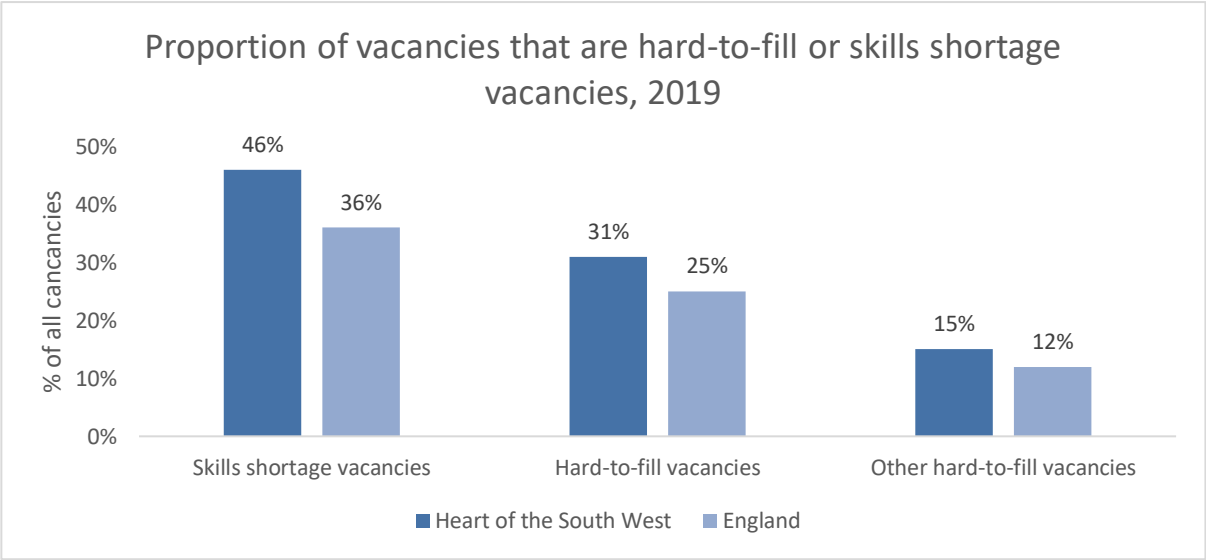
The importance of the local dimension is particularly relevant in the case of SMEs, which are much more likely to serve local markets and are required to draw from a local supply of skills. It is also the case that smaller firms find it particularly difficult to put into place practices that make best use of their employees' skills because of poor management or a lack of a specialised HR function. As nationally, the UK Employer Skills Survey found that local employers were more likely to report under-utilisation of skills (34%) than skill gaps, with the former also affecting a larger percentage of the workforce (5%) than the latter (9%). This suggests that the response to local skills challenges must go beyond exhorting or incentivising the supply side to behave differently and should extend to a consideration of management practice and the extent to which these fully exploit the skills readily available. There is also likely to be a role for more widespread adoption of family-friendly working practices and improved careers IAG.

4.3. Hard-to-fill and skills shortage vacancies

What proportion of vacancies are skills shortage or hard-to-fill vacancies? What does local intelligence suggest are the possible causes for this?

Almost half (46%) of vacancies locally are hard-to-fill. These difficulties are most often attributed to difficulties in finding applicants with appropriate skills, qualifications or experience. These so-called skills shortage vacancies (SSVs) account for almost one-third (31%) of vacancies locally. SSVs are more prevalent locally than the England average both overall and across most industries and occupations. Within the heart of the South West, employers are most likely to report skills shortages for skilled trades reflecting a long-term, national shortage of people with these skills. Skills shortages are also particularly acute locally relative to other occupational groupings in the area, and the same grouping nationally within:

- Professional occupations; and among
- Caring, leisure and other services staff.



While there were fewer SSVs in 2019 than in 2017 they account for a growing share of vacancies reflecting the tightening of the labour market at the time of the UK ESS in terms of a continued reduction in unemployment and reduced access to migrant labour since 2016. Contextual factors can also affect the ease with which an employer can appoint the staff they need. Prominent among these, is the issue of 'remote location or poor public transport' which is cited by more than one-fifth (22%) of employers experiencing recruitment difficulties[73]. Three factors may underpin the recruitment difficulties observed in the Employers Skills Survey:

- Firstly, since the labour market for highly skilled occupations is often national or even international, employers in the Heart of the South West face stiff competition when recruiting into these roles, and especially those that are also in short supply nationally. The Heart of the South West has a strong 'quality of life' offer but this is set against a scarcity of large, world-leading companies and relatively modest employment clusters which may discourage people from undertaking costly and disruptive relocations if these factors are perceived to limit individuals' opportunity for progression and sustained employment.
- Secondly, the Heart of the South West's dispersed settlement structure means that journey to work times can also be longer than people are prepared to travel even for relatively well-paid positions. 'Home-grown' companies are often located in towns or villages that may prove to be sub-optimal for workforce purposes, as they expand their operations.
- Thirdly, typically low paid roles such as caring, leisure and services occupations, which are normally recruited within relatively short distances, may also be subject to recruitment difficulties due to poor accessibility especially in rural areas. High transport costs relative to earnings can also prohibit young people from accessing employment opportunities and render part-time jobs uneconomic.

[73] This is compared to 10% of employers with hard-to-fill vacancies in England.