

# North West Statement of Skills Priorities 2007-2010

## FOREWORD

The Regional Skills Partnership is delighted to introduce the North West Statement of Skills Priorities for 2007 – 2010. The statement is the means by which key elements of the North West Regional Economic Strategy relating to skills, employment and learning will be secured. The Statement will act also as a key framing document for future European Social Funding investment in skills, employment and learning.

Though building on previous years' statements we have this time, as a Regional Skills Partnership, set ourselves a more ambitious remit in producing this Statement of Skills Priorities for 2007 – 2010.

First, we have revisited the evidence base to ensure we are using the very latest available regional trend data. Second, we have produced a statement with a 3 year time horizon to more closely align with the Regional Economic Strategy and to align more effectively with ESF investment timeframes. Third, we have embarked on a significantly greater level of consultation with stakeholders than in previous years. In particular, there has been greater involvement this year from sector representatives and sub-regional partnerships.

This means that the Statement of Skills Priorities for 2007 – 2010 provides a more detailed articulation of the learning, skills and employment needs of the North West's priority sectors than previous statements. The RSP recognises the dynamic skills and employment agenda within our priority sectors and the vital role they play in the regional economy.

It also means that the RSP, through the statement, have been able to acknowledge that the realisation of the priorities will take different forms in each of the sub-regions. We shall look forward to working with regional strategic partners and sub-regional partners in developing specific actions to respond to sub-regional and local issues.

The statement builds on the RSP's commitment to develop intermediate and higher level skills as the means by which we can create the conditions for a more competitive regional economy. The RSP has been delighted this year to lend support to the development of the North West Region's Higher Level Skills Pathfinder, one of only 3 such programmes in the country, and clearly referenced within this North West Statement of Skills Priorities.

The Regional Skills Partnership is keen to see that this statement leads to actions that can be quantified and evaluated in terms of their impact on the North West economy. Strategic partners of the RSP have committed to respond to this statement in a way which will detail how their actions will support delivery of these priorities.

The RSP is, more than ever, resolved to driving forward the learning, skills and employment agendas. We want to ensure that the investment of considerable partner resources in skills, learning and employment is done in the most effective and efficient ways to allow employers and individuals to access high quality support. Our commitment is to enable employers to succeed, individuals to succeed and contribute to a vibrant and successful North West economy.

**David Pickering, Chair, North West Regional Skills Partnership**



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## 1. Summary Statement of Priorities

The North West Regional Skills Partnership has identified seven Skills Priorities for 2007 to 2010. These priorities are a vital reference for the strategic partners with whom responsibility lies for planning and funding skills provision. This statement will guide planning, purchasing and investment decisions and activities of partners and other stakeholders over the next three years.

The priorities address demand and supply issues across the spectrum of activity. An underpinning priority is to ensure that consistently high quality of provision is available to meet the needs of individuals and employers across the region. A further underpinning requirement is to ensure that all activity addresses issues of equality and diversity.

The Priorities for 2007 to 2010 are to:

- Tackle worklessness by linking people, jobs and training;
- Increase the participation of 16-19 year olds in education and/or work based learning, thereby securing increases in Level 2 and Level 3 attainment and progression into higher education;
- Increase the proportion of adults with the skills and qualifications needed for employment, with a focus on Skills for Life and Level 2 attainment;
- Support adults to progress beyond Level 2 and to attain skills and qualifications at Level 3 and above, with a focus on key sectors;
- Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership and intermediate and higher level technical and professional skills;
- Stimulate demand for, and investment in entrepreneurial, intermediate and higher level skills from individuals;
- Support providers to respond to the needs of individuals and employers through delivery of high quality provision.

Ability to address these priorities successfully will be dependent on:

- Availability of appropriate finance to support learners;
- Availability of appropriate information, advice and guidance to individuals and employers;
- Practical support to job seekers, learners and employers appropriate to their needs; and
- Best use of technology to support learners and deliver skills.

## **2. Purpose and Scope of the Regional Statement of Priorities**

### **Purpose**

This new Statement builds upon the Statement of Priorities produced for 2006/07, in light of new emerging priorities, changes in the national, regional and sub-regional policy and economic landscapes, and an updated evidence base. It is closely aligned with the North West's Regional Economic Strategy (RES), and will facilitate delivery of the learning, skills and employment elements of the RES.

The purpose of this Regional Statement of Priorities is to ensure that partners have a set of evidence-based priorities to guide the planning and commissioning of employment and skills provision across the region. This year's Statement has an extended timescale of three years spanning 2007/8 – 2009/10. This aligns the Statement with the lifetime of the RES and enables it to provide a strategic framework for future ESF investment in the North West.

### **Scope**

This Statement is about learning, skills and employment. The scope covers:

- The learning and skills agenda from 14-19 issues through to the adult workforce;
- All skill/qualification levels (from basic skills to higher level skills);
- All provision for skills development – with a particular focus on that which is publicly funded (especially the LSC, Jobcentre Plus, NWDA, and Higher Education);
- Support for those without work to secure employment.

The Statement of Priorities does not cover those business development issues which are not directly skills or workforce development related.

Section 7 describes in more detail how the RSP will monitor progress against the priorities, within an agreed framework of strategic indicators – the performance scorecard.

### **3. Shaping the Statement of Priorities**

#### **Background**

This revised Statement builds upon the 2006/07 Statement and is based on a review of the evidence base. It has been revised and updated to reflect the changing national, regional and sub-regional policy environment as well as the changing economic landscape of the region.

#### **Headline Revisions**

The Partnership has identified seven priorities for the period 2007/08 to 2009/10. In essence, the priorities are little changed from 2006/07, but there is a change of focus that better reflects the appropriate mix of investment between the state, employer and individual at different qualification levels.

The wording of the priority on worklessness is unchanged, but there is a sense amongst those consulted that this is becoming an increasingly important focus of publicly funded activity, given the reduced number of young people predicted to enter the labour market with level 2 qualifications (declining cohort and increased progression) and the increasing pace of economic regeneration across the region which offers substantial opportunities in many localities for engaging people currently without work.

The priority relating to young people is now explicit about the need to increase participation and attainment. The 2006/07 Statement does not mention participation and there is a consensus view amongst stakeholders that driving up participation at 16 and 17 is vital for the region's economic prosperity given the declining cohort of young people in future years and a heightened need to ensure that all young people have the skills for employment.

In the 2006/07 Statement an underpinning priority was 'stimulating the demand for investment in skills from employers and individuals'. In the current Statement this has been expanded into two priorities:

- Stimulate employers to invest more in workforce development which meets business needs including innovation, leadership, management and intermediate and higher level technical and professional skills.
- Stimulate demand for, and investment in entrepreneurial, intermediate and higher level skills from individuals.

This change reflects feedback from the consultation process that suggested there should be a greater focus on stimulating employers and individuals to invest in higher level skills where the financial returns accrue directly to them. The role of public funding is seen as being more about enabling employers and individuals to make informed choices and to access high quality provision, for example by ensuring that imperfections in information provision do not constrain demand.

## **Contributions from Stakeholders**

EKOS Consulting (UK) Ltd was commissioned by the North West Regional Skills Partnership to develop the Regional Statement of Skills Priorities in consultation with stakeholders across the region. The programme of consultation has been a step change from the process for earlier Statements of Skills Priorities with particular emphasis on securing the views of partners in the sub regions. The consultation took a variety of forms:

- Presentation and discussion of the 2006/07 priorities in the context of emerging evidence with regional and sub regional strategy groups as part of their existing calendar of meetings;
- Face to face and telephone interviews with strategic partners and key employers;
- Submissions on priorities and refreshed evidence from skills partnerships;
- Invitation to wider stakeholders to comment on issues raised in a written consultation document; and
- Detailed discussion and refinement of options with regional partners.

A list of organisations that responded to the written consultation is attached as Appendix E.

## 4. The Regional Skills Priorities

The Priorities for 2007 to 2010 are to:

- Tackle worklessness by linking people, jobs and training.
- Increase the participation of 16-19 year olds in education and/or work based learning, thereby securing increases in Level 2 and Level 3 attainment and progression into higher education.
- Increase the proportion of adults with the skills and qualifications needed for employment, with a focus on Skills for Life and Level 2 attainment.
- Support adults to progress beyond Level 2 and to attain skills and qualifications at Level 3 and above, with a focus on key sectors.
- Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership and intermediate and higher level technical and professional skills.
- Stimulate demand for, and investment in entrepreneurial, intermediate and higher level skills from individuals.
- Support providers to respond to the needs of individuals and employers through delivery of high quality provision.

The following tables consider each of the priorities in turn, with additional commentary on the main drivers for prioritisation and the headline evidence supporting action.

The North West Statement of Skills Priorities for 2007-2010 along with the Strategic Analysis & Evidence Base can be obtained through the Skills & Education pages of [www.nwda.co.uk](http://www.nwda.co.uk) and the NW Regional pages of [www.lsc.gov.uk](http://www.lsc.gov.uk).

**Priority: Tackle worklessness by linking people, jobs and training**

**Drivers for prioritisation**

High levels of adult worklessness can be attributed to social problems such as poor health and low levels of attainment and aspiration in deprived communities and have negative impacts on children and young people living in them.

As well as being a social issue, the forecast decline in the cohort of young people indicates that worklessness is increasingly likely to become a constraint on economic growth, particularly in sectors (such as retail) that have tended to employ high volumes of young people. Worklessness is not a priority identified generally by employers and its reduction needs to be marketed as a long term benefit to employers.

Sectors such as Retail and Hospitality are developing strategies to engage workless adults. There is a strong sense from the consultation that careful consideration of recruitment practices and further development of sector strategies to engage employers and trade unions and link people to jobs is needed with recognition that many training requirements are likely to be largely independent of sector. For those who are workless but who have previously held higher skill jobs, HEI involvement could be important in re-skilling and return to employment.

Structural difficulties do exist, for example in some sectors

**Headline evidence**

The proportion of the working age population in employment in the North West is 73%, which is below the England average of 75%. The unemployment rate in the North West is similar to the England average, so the difference in employment rate is almost entirely a result of a higher rate of economic inactivity or worklessness (23% in the North West compared to 21% in England).

There is a strong local dimension to economic inactivity in the region, but the scale of the problem indicates that worklessness is a regional priority. Greater Merseyside has the highest rate of inactivity, with 27% of the working age population being economically inactive.

A number of groups have a higher incidence of economic inactivity than the regional average (23%):

- people with a disability (52.5%);
- people aged between 50 and retirement age (32.4%);
- and Black and Minority Ethnic (BME) groups (the highest rate is 49.4% for people within the Pakistani/Bangladeshi ethnicity grouping).

The rate of inactivity for females (27.8%) is greater than that for males (19.3%). The consultation identified a need

conversion rates of vacancies notified to Jobcentres are very low and key employment growth sectors can develop sector specific pathways to support entry to employment and progression.

for development of routes back into work for people who have taken time out of employment to care for children.

A high proportion of people who are economically inactive have a qualification level below level 2 (54%), compared to 29% for the economically active.

**Priority: Increase the participation of 16-19 year olds in education and/or work based learning, thereby securing increases in Level 2 and Level 3 attainments and progression into higher education.**

**Drivers for prioritisation**

The DfES14-19 Implementation Plan<sup>1</sup> sets the long term ambition to transform participation so that by 2015 90% of 17 year olds are participating. This presents a significant challenge within the region and nationally given that currently only 74% of 17 year olds are in formal education. A number of consultation responses stressed the importance of vocational options having parity of esteem with academic provision, the expansion of vocational options and more flexible 14-19 pathways as being the key to increasing participation.

Level 2 attainment (5 A\*-C grades at GCSE or equivalent) at age 19 is a DfES PSA target, reflecting a belief that attainment of a Level 2 is the minimum a young person requires for employability. Attainment of Level 2 is also a platform for progression to developing intermediate and higher level skills – employers are reporting problems at Level 3.

Population forecasts indicate that young people will become an increasingly scarce resource in future. Employment forecasts for the North West indicate significant replacement demand at Level 2 in a number of occupational categories which have

**Headline evidence**

A relatively high proportion of young people in the North West are neither in education or employment. These young people are described as being in the NEET group – Not in Education or Employment. In June 2006, 10.5% of 16-18 year olds in the North West were in the NEET group, compared to 8.6% nationally. This means that 19,900 young people in the region were outside education and employment.

Of the cohort of young people in the North West who reached age 19 in 2005, 48% had attained Level 2 at age 16, rising to 68% at age 19. This performance is somewhat below the England average, with comparable figures of 50% and 70%.

Of the cohort of young people in the NW who reached age 19 in 2004, 42% had attained Level 3. There was significant variation across sub-regions, with Cheshire & Warrington at 49% and Greater Merseyside at 39%.

Current data on progression to HE by residency is not

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<sup>1</sup> [www.dfes.gov.uk/publications/14-19implementationplan/docs/14-19%20Implementation.pdf](http://www.dfes.gov.uk/publications/14-19implementationplan/docs/14-19%20Implementation.pdf)

traditionally been major employers of young people, in particular in Sales and Customer Services and Personal Services.

Recent growth in new jobs has been concentrated in occupations requiring intermediate and higher level skills and employment forecasts by occupational category suggest significant demand for young people with Level 3 or higher qualifications. Consultation suggests that for many sectors Level 3 attainment is increasingly the entry requirement. It is therefore vital for the economic well being of the regional economy that young people attain at least Level 2 and that a greater number progress beyond this.

Specific needs will be articulated through Sector Qualifications Strategies including Specialised Diplomas and Apprenticeships and consultation indicates that particular focus is also needed on “attitude to work” to underpin attainment levels and secure employability. This has also been noted as an issue for university leavers, over half of whom have been reported to be poorly prepared in terms of soft skills. HEIs are also encouraged to consider the relevance of their offer to local growth sectors when planning provision, informed by Sector Skills Agreements – the North West Higher Level Skills Pathfinder will develop practice in this area.

available, but HEFCE has published a report based on data from 1994-2000<sup>2</sup>. This indicates that 28% of young people in the North West progressed to HE compared to 30% in England as a whole. Whilst HE has expanded significantly in recent years and progression rates are likely to be higher the study provides a useful snap shot of the position relative to England and also of variation by Parliamentary Constituency. There are some stark differences in progression by area, for example just 12% of young people in Salford progress to HE, compared to 50% in Altrincham and Sale West.

Entry to Employment is an LSC programme that focuses on the needs of relatively low skilled young people. It is effectively aimed at preventing people from entering or remaining in the NEET group. The programme is becoming increasingly successful, with 49% of young people going on to a ‘positive destination’. There are some differences by learner characteristics, with somewhat lower positive destination rates for females (47%) and people with a disability (45%).

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<sup>2</sup> Young Participation in Higher Education, HEFCE (January 2005)

**Priority: Increase the proportion of adults with the skills and qualifications needed for employment, with a focus on Skills for Life and Level 2 attainment.**

**Drivers for prioritisation**

Adult attainment of Level 2 is a high profile DfES PSA target. The importance placed on this target reflects a number of concerns:

- the productivity gap with major competitor nations such as Germany and France, which have much higher proportions of their workforces qualified to intermediate and higher levels;
- a resultant need to upskill the adult population, at least to Level 2, and in many cases beyond this; and
- the higher incidence of worklessness amongst low skilled adults.

Survey and sector based evidence indicates that employers in the North West face a deficit of basic literacy and numeracy skills in the adult workforce, which impacts negatively on their growth prospects and productivity levels. Further issues relate to access for the unemployed to vacancies created by internal progression and workplace training for progression. Inward migration levels are substantial and not confined to low skill jobs, with particular concentrations (e.g. in Gtr Manchester) – this presents issues to the nature of, and access to, ESOL and other training to enable their full participation.

**Headline evidence**

Low qualification levels are a particular issue for working age people outside the workforce. The employment rate is 74% for those with Level 2, 78% with Level 3 and 88% for those with Level 4 or higher. Only 45% of working age adults with no qualifications are in employment.

The National Employer Skills Survey (NESS) 2005 indicates a higher incidence of skills gaps in lower skilled occupations (Elementary and Operative) and in Sales/Customer Services. The most commonly cited 'skills lacking' are 'soft' skills (oral communication, customer handling, team working skills, problem solving skills), and technical, practical or job specific skills.

Fewer employers report numeracy and literacy needs directly, although when asked to identify skills lacking in applicants for skills shortage vacancies, North West employers are more likely than employers in any other region to cite literacy and numeracy skills as lacking (31% and 30% in the North West, compared to 22% and 21% in England). Basic literacy and numeracy skills are also stressed as an important skills gap by many sector organisations.

Consultations suggest key opportunities lie in awareness and targeting of Train to Gain, but that the workplace entry requirement is increasingly at Level 3. There is also recognition of the need for provision for adults in employment to be at the workplace, including on-line provision, supported by mentoring and Union Learning Representatives. Capacity to support the cost of training and access to appropriate time off for learning are also important considerations.

Based on survey proportions from the DfES Skills for Life Survey (2003), it is estimated that 2.5m adults in the North West have literacy skills needs and 3.5m have numeracy needs.

Qualification success rates for adult learners are above national averages across all levels. Across levels, long course success rates are lower for male learners and for learners from BME groups.

**Priority: Support adults to progress beyond Level 2 and to attain skills and qualifications at Level 3 and above, with a focus on key sectors.**

**Drivers for prioritisation**

The importance placed on adult progression is a result of studies which find that a large proportion of England's productivity gap with major European competitors such as France and Germany is a result of an intermediate/higher level skills deficit. The Leitch interim report stresses the importance of these skills gaps.

The need to address the skills needs of growth sectors is one of the five key objectives identified under the RES Skills and Education strand. The North West is the only English region with Train to Gain type provision from Level 2 to Level 4 and during the life of this Statement results from pilots are expected to inform approaches to progression. Individuals seeking progression routes from Level 2 do not benefit from free IAG and consultation supports enhancement of this type of service.

Not all sectors require qualifications at Levels 3 and 4, however employment projections undertaken as part of the Strategic Analysis indicate that there are three sectors with very high potential demand for people qualified at Level 4:

- Health & Social Care - additional 7,300 Level 4 employees per annum;

**Headline evidence**

The North West has a deficit in higher level skills when compared to England. For example, if the qualification profile of the North West working age population was in line with the England average the region would currently have an additional 80,000 people with qualifications at Level 4 or above.

The National Employer Skills Survey 2005 indicates that recruitment difficulties in the North West are most prevalent in Skilled Trades and Associate Professional occupations, where intermediate (Level 3) and high level skills will typically be required.

Qualitative evidence at Sector level tends to highlight skills gaps at intermediate and higher levels. This reflects the forward looking nature of these studies and the projected expansion in jobs that require higher skills levels to support value-added corporate strategies in an increasingly competitive global market place.

- Financial Services - additional 9,000 Level 4 employees per annum;
- Education - additional 8,650 Level 4 employees per annum.

In many sectors employers report needing different (business driven) approaches to design and delivery of appropriate training and qualifications, including the need to secure more HEFCE resources to support part-time education for those in work.

**Priority: Stimulate employers to invest more in workforce development which meets business needs including innovation, management, leadership and intermediate and higher level technical and professional skills.**

**Drivers for prioritisation**

National studies such as the Leitch interim report stress the need for UK employers to develop the leadership and management skills of their workforce and to develop intermediate and higher level technical skills that support innovation. These skills are seen as vital to closing the productivity gap with competitor nations.

Nationally, post-16 education policy is increasingly focused on ensuring that the less well skilled receive training opportunities to improve their prospects. Policy expectations are that investment in higher level skills and management development will increasingly be privately funded. Consultation responses noted that most larger companies can identify and support the business case for developing skills levels in employees and that the need (or market failure) is smaller companies, often operating at a lower cost base and 'hesitant' when deciding what additional resource to allocate to training. Ufl reports research indicating that SMEs are prepared to buy-in additional business and management skills needed to do the job rather than simply supporting existing staff to gain qualifications.

The focus should be on supporting employers to invest more in workforce development, particularly where they have identified

**Headline evidence**

Most sectors in the North West report a need to develop management and leadership skills, and requirements are often very specific. This is reflected in the appendix on skills needs by sector.

Many sectors have recognised the need to invest in up-skilling their workforce. Specific examples taken from the RES include:

- Energy and Environmental Technologies - deliver the National Nuclear Skills Academy;
- Advanced Engineering & Materials - extend "Grow Your Future Workforce" which delivers more science and engineering skills;
- Digital and Creative Industries - digital content development skills to support the Media Enterprise Zone, linked to the BBC relocation; and
- Business and Professional Services - support the development of the regional arm of the Financial Services National Skills Academy.

Survey evidence (the National Employer Skills Survey 2005) shows North West employers in a fairly positive light:

skills gaps – for example, in leadership and management. Smaller employers may find it difficult to identify and source relevant training, and public sector agencies can play a co-ordination role to aggregate demand and stimulate the market.

The network of Sector Skills Councils is now complete and during the life of this Statement all SSCs should develop Sector Skills Agreements. A core function of SSCs is to stimulate employer engagement in skills development and SSAs will help influence where provision is focused, including the relevance of qualifications on offer.

Consultation responses reflected the need to nurture leadership skills at all levels of organisations and that this is focused on individuals and design of training rather than specific provision created. Employers were often felt not to articulate what they require in terms of leadership development and quality private sector provision was reported either to be lacking or beyond the means of SMEs.

Consultations suggest that there is perception that innovation is linked to research and technology developments, that strategic approaches to supporting innovation need to include direction of some innovation funding into supporting development of innovation skills and that these are explicitly recognised as linked with employability, management and leadership provision and run alongside knowledge transfer.

There is an expectation that FE Colleges and Higher Education Institutions will become increasingly responsive to employer

- North West employers spend the most per trainee of all the English regions.
- For those North West employees who received training, the average number of days of training is 13, above the England average figure of 12 days.
- The proportion of employers that provide training in the North West is 64%, just below the England average of 65%. Employers in Greater Merseyside are most likely to provide training to their staff – 67% do so.
- For employers that provided training, 60% of their workforce were trained, compared to 61% in England.

The DTI Occasional Paper no. 6: “Innovation in the UK: Indicators and Insights” (July 2006), gives a comprehensive picture of innovation performance across the UK. Key points are as follows:

- The North West has a similar percentage of companies (58%) that are ‘innovation active’ as in England as a whole (57%).
- However, new products or processes developed by companies in the North West are less likely to be highly innovative – the indicators for ‘highly innovative’ are whether a new product is new to the market, or a new process is new to the industry.
- In the North West, the proportion of innovators that introduced ‘new to industry’ processes was 26%, one of the lowest figures of the English regions (range of

needs and increase their income from direct private sector contributions. For example, in its grant letter to HEFCE for 2006, DFES requires HEFCE to: “lead radical changes in the provision of higher education in this country by incentivising and funding provision which is partly or wholly designed, funded or provided by employers”.

The North West Higher Level Skills Pathfinder aims to achieve a step change in demand from employers for higher level skills from 2007. A significant HEFCE initiative, the Pathfinder will aim to increase capacity in NW HEIs and FECs to respond quickly and effectively to employer demand for higher level skills. Provision will be developed proactively in conjunction with SSCs and regional sector partners. The Pathfinder will support the development and delivery of new provision to meet employer demand and will be integrated with NWDA and LSC brokerage programmes including Train to Gain. Focus will be on four sectors: Advanced Engineering and Metals; Business and Professional Services; Construction and Digital and Creative Industries.

22% to 38%).

- The proportion that introduced ‘new to market’ products was 51%, the lowest figure of all English regions.

**Priority: Stimulate demand for, and investment in entrepreneurial, intermediate and higher level skills from individuals.**

**Drivers for prioritisation**

As discussed in the previous priority, a better skilled workforce is vital to ensuring the long-term health of the North West economy and to closing the productivity gap with other regions. Earnings returns from investment in intermediate and higher level qualifications are significant and it should be possible to stimulate investment by individuals in acquiring such skills.

There is recognition that some public sector funding support is required to stimulate investment by individuals. In its recent further education White Paper: "Further Education: Raising Skills, Improving Life Chances", the government announced a new entitlement for young people up to age 25 to complete their initial education and training to Level 3. The White Paper also noted that through the continuing roll out of the Adult Learning Grant (ALG), help with maintenance costs will be provided for those on low incomes.

**Headline evidence**

Public funding support for adults is currently focused on progressing people up to Level 2 (the Level 2 Entitlement was introduced in 2005) and improving Skills for Life, with the implication that there is less funding available for higher level provision. This is particularly true at Level 4.

Compared to the England average, the North West has 20% fewer businesses per head and a lower business start-up rate. The region would need an additional 40,000 businesses to be in-line with the England average and close the enterprise gap.

Business survival rates are also below the England average; the three year survival rate, at 63.6%, is 3.6% points below the England average. The three year survival rate is particularly low in Greater Manchester – 6.1% points below the England average.

The rate of self employment in the North West is 11.4%, below the national average figure of 13.4%. This could to some extent reflect the higher levels skills deficit in the region – people qualified to level 4 or above are more likely to start their own business.

**Priority: Support providers to respond to the needs of individuals and employers through delivery of high quality provision.**

**Drivers for prioritisation**

The skills needed by employers can change quite quickly as processes, products and organisational structures in their industries change. Similarly for individuals, changing lifestyle and work patterns give a need for more flexible provision.

High quality provision is a must for employers and individuals – they must be confident that the learning they are investing in will improve the productivity of their workforce/employment prospects.

In its recent further education White Paper: “Further Education: Raising Skills, Improving Life Chances”, the government makes clear that improving the quality of provision is a priority. For example: “Colleges and providers will be responsible for driving up quality within their own organisations, with an increasing emphasis on self-improvement.” The Quality Improvement Agency has been set up to support providers to improve the quality of provision and to respond to employer needs.

The LSC grant letter for 2007-08 makes explicit the government’s expectation that the LSC will drive out unsatisfactory provision. The HEFCE grant letter describes two key priorities for higher education institutions: to be more responsive to employers; and to increase participation in HE of

**Headline evidence**

Sector evidence suggests a high demand from employers for intermediate and higher level skills in many sectors. The availability of up-to-date high provision, which is delivered flexibly to adults in the workforce, will be key to supporting the Priority Sectors identified in the RES and for closing the productivity gap internationally and with other regions.

Providers in the region are responding to employer and individual demands for higher level quality provision which meets their needs. For example:

In the FE and WBL sectors, the North West has seen a significant expansion in the number of Centres of Vocational Excellence (CoVEs), and there are now 52 CoVEs in the region. Nationally, around £240 million has been invested in the development of the national network of 400 CoVEs that was completed in January 2006. A recent national evaluation of CoVEs found that 89 per cent of employers using CoVEs would recommend them to others.

South Trafford College was recently awarded Beacon status by the Quality Improvement Agency. The Beacon Award recognises and celebrates learning providers in the

people with low-income backgrounds.

Consultation responses highlighted the need for coordinated action on employer engagement and many recognised recent improvements in partnership arrangements. Continued focus on ensuring efficient work to improve awareness, coordination and quality of advice and support to providers to meet both employers and individual needs is seen as essential, with recognised imperatives to review and reform qualification and training provider/delivery systems and improve IAG/brokerage type services.

post-16 education sector that deliver high quality and innovative teaching as well as being well-led and managed. The College is one of only three General FE Colleges in the North West to achieve this status - the other two Colleges are Knowsley and Liverpool.

National Skills Academies aim to involve employers in the development of training which meets the needs of their sector. Proposals must be led by employers and supported by the relevant Sector Skills Council. The first four sectors to develop Skills Academies are construction, financial services, food and drink manufacturing, and manufacturing. All will impact in the NW region.

## 5. Sector Priorities

Analysis of the regional economy clearly demonstrates that there is a significant skills deficit in the North West compared to the rest of the country and that gap is wider in comparison to the UK's international competitors. The need for more people with skills at all levels within the regional economy, from Skills for Life through to higher level skills, is well recognised. It is the RSP's view that all young people and adults should be supported and enabled to develop skills up to and including Level 2 skills, irrespective of the sectors within which they currently work, or they wish to work in the future.

In particular it is crucial that partners continue to work with those sectors that have high volume employment growth opportunities as these are the sectors that have the highest level of replacement demand at Level 2 and can offer entry level opportunities for those adults currently outside the workforce. The 2006 RES has identified a number of sectors that are important to the regional economy because of the employment opportunities they offer. Examples of such sectors are retail, the public sector and care/healthcare<sup>3</sup>.

The RSP also recognises that all sectors of the economy will have a continuing demand for new employees and the upskilling of existing employees, and at all levels. Both the further and higher education sector will continue to provide a wide range of provision to meet the demand from all sectors of the economy.

The RSP is tasked with identifying the sectoral skill priorities for the North West at Levels 3 and 4. To support this, the RSP asked the Sector Skills and Productivity Alliances to set out their skills priorities in formal submissions to the RSP. These submissions are both a significant input into the development of this Statement and a basis for further partnership working through the Alliance structure. Whilst the sector dimension of this Statement focuses on the Level 3 and 4 priorities articulated by the Alliances, the other issues and priorities highlighted by each Alliance will need to be considered as part of the existing working arrangements between partners on the Alliance. A summary of the priorities highlighted by each Alliance is attached at Appendix C.

To establish the Level 3 and 4 priorities for the region, we have considered two key factors. Firstly, we have taken the sectors identified in the draft RES as priority sectors. As well as the key employment sectors described above, the draft RES identifies a number of knowledge based sectors that have international growth potential and contribute significantly to the North West's GVA<sup>4</sup>. These sectors have then been overlaid with an analysis of the Alliance

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<sup>3</sup> The key employment growth sectors listed in the 2006 RES are logistics, construction, the visitor economy, retail, the public sector and care/healthcare.

<sup>4</sup> The key sectors with international growth potential listed in the 2006 RES are biomedical, energy and environmental technologies, advanced engineering and materials, food and drink, digital and creative industries and business and professional services.

submissions to identify which of those sectors have highlighted Level 3 or 4 priorities<sup>5</sup>.

Regional priority sectors for Level 3:

- Advanced engineering and materials (specifically aerospace and engineering, automotive, chemicals)
- Biomedical
- Care/ Healthcare
- Construction
- Digital and creative industries
- Education and Training
- Energy and Environmental technologies including nuclear de-commissioning
- Food and Drink
- Retail
- Visitor economy (specifically tourism)

Regional priority sectors for Level 4:

- Advanced engineering and materials (specifically aerospace and engineering, automotive, chemicals)
- Biomedical
- Business and professional services (specifically financial services)
- Care/ Healthcare
- Construction
- Digital and creative industries
- Energy and Environmental technologies including nuclear de-commissioning
- Food and Drink

The action being taken by partners to respond to specific skill needs of these sectors will be captured as part of the process set out in Section 7.

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<sup>5</sup> Includes leadership and management requirements

## **6. Sub Regional Perspective**

In developing the statement of skills priorities a consultation process was undertaken at sub regional level to capture the influences and economic development drivers that will shape partner activity in each area. The following tables summarise those views and highlight significant developments and issues that could impact on the implementation of the regional priorities.

<b>Sub region: Cheshire &amp; Warrington</b>	
<p><b>Sub regional issues</b></p> <p>Cheshire and Warrington has a high skilled population, with high attainment among young people and the proportion of people qualified to Level 4 or above being above the national average. Several factors were raised during the consultation process that will influence activity in coming years. Although there are high levels of attainment, 22% of the population are reported still to have basic skills needs. The challenge of facing population growth but a decline in working age population was seen to reinforce the priority of the worklessness agenda in the sub region. Concerns were raised on how to manage immigration and the implications of increased immigration on training for employability.</p> <p>The National Employer Skills Survey indicates that 21% of employers have reported skills gaps and a further 7% have vacancies which they are finding difficult to fill because of skills-shortages vacancies. Shortages are concentrated in some of the region's key sectors:</p> <ul style="list-style-type: none"> <li>▪ Financial and Business services;</li> <li>▪ Health and social care;</li> <li>▪ Hospitality;</li> </ul>	<p><b>Economic developments/issues</b></p> <p>Major economic development projects planned or under way in Cheshire and Warrington include:</p> <ul style="list-style-type: none"> <li>▪ <b>Omega;</b> a major new employment site covering 226 hectares in Warrington will start to come on stream. It is envisaged that the Omega development could provide more than 20,000 of 60,000 new jobs to be created over the next decade in the sub region. Jobs created could range from research and development, pharmaceutical, information technology, bio technology, telecoms and tourism to office based jobs in the service sectors.</li> <li>▪ <b>Chester Super Zoo;</b> the vision is to create the finest visitor attraction in Britain and become a 'must see' international destination.</li> <li>▪ <b>Crewe's South East Quadrant;</b> including the site at Basford has the potential to create up to 12,500 new jobs.</li> <li>▪ <b>Weaver Valley Action Plan;</b> development of the Middlewich Easter Bypass will open up a substantial trench of employment land.</li> <li>▪ <b>Macclesfield Learning Zone;</b> includes enhanced FE and Sixth Form facilities, closer relationship between business and education, and a specialist aerospace</li> </ul>

- Retail;
- Wholesale.

There are further concerns about the numbers of young people who are entering employment without training, which is coupled with a lack of employers who are willing and able to offer a suitable mix of employment and training. It has also been identified that there is a clear need for skills progression to NVQ Level 3. Additionally the Pharmaceuticals sector is expected to become the second largest sub-regional industry by 2009, with its share of GVA rising from 6.8% in 2002 to 8.4%. There is currently a need to capitalise on the existing local strength of this sector.

training centre (European Centre for Aerospace Training) which will support the growth of Manchester airport.

The Sub Regional Action Plan for Cheshire and Warrington anticipates that over £3 billion of investment and over 36,000 new jobs will be secured across the area in the next couple of years.

The particular challenge for Cheshire & Warrington is that the target groups are smaller and more fragmented than in urban areas making it more difficult to increase provision and build provider capacity.

<p><b>Sub region: Cumbria</b></p>	
<p><b>Sub regional issues</b></p> <p>Cumbria faces practical issues in the nature of its relatively small and dispersed population and changing demographics, with two thirds of the population over 50 years of age. Retention/re-engagement of this older population in the workforce presents issues with proof of skills (many have no formal qualifications) and reskilling, but also opportunities for transfer of heritage skills to new workers through mentoring/coaching programmes.</p> <p>The 2005/06 Cumbria LSC plan notes that Skills for Life needs in Cumbria are higher than the national average and that further work is needed to close this gap through employer engagement. Consultation responses noted differing issues for the rural areas and pockets of urban deprivation in Carlisle, Whitehaven, Workington, Barrow and Maryport. Tourism and agriculture are two significant employment sectors where further development of literacy, numeracy and level 2 qualifications are required in the workforce. An issue for the areas of urban deprivation is the relative lack of nearby areas of employment growth when compared to other sub regions, limiting access and aspiration.</p> <p>The dispersion of provision was noted to present some challenges in encouraging employer engagement, for example</p>	<p><b>Economic developments/issues</b></p> <p>Key projects currently planned or underway in Cumbria which may have an impact on skills priorities include:</p> <ul style="list-style-type: none"> <li>• <b>University of Cumbria:</b> Current limited provision of Higher Education in the area hinders retaining and attracting young people to assist the economy to move to higher value-added employment. This transformational initiative has implications for the whole of Cumbria and will have specific benefits in terms of employment, skills development and retention/attraction of the young. Planned benefits will be felt county wide, particularly with campuses/access points situated in Carlisle, Barrow, Workington, Kendal, Penrith and Ambleside. A distributed learning network is a key feature of the planned development.</li> <li>• <b>Nuclear sector:</b> remains important to sustaining the economy in Cumbria. The scale of investment in Sellafield and through associated contractors is high and benefits for local businesses are also created. A National Nuclear Skills Academy and a Nuclear Institute will be developed.</li> <li>• <b>Carlisle Renaissance:</b> a project to redevelop the city</li> </ul>

in travelling/using CoVEs which are geographically distant from the workplace. There has been considerable investment in connectivity (broadband) for distance learning; however underpinning ICT competence to use this facility is also reported as an issue.

Consultations reflected a view that sector priorities in Cumbria did not fully align with those identified in the RES. The sub-region has a number of unique assets in key sectors such as the nuclear industry, maritime industries and food processing. There is potential for growth in high value added activities within these sectors. For example, possible MOD commissions for two new aircraft carriers may provide opportunities. A potential constraint is the low proportion of people qualified to level 4 or higher in the sub-region and the relative lack of progression of young people to HE. The development of higher level skills is a key issue which is being addressed through development of the University of Cumbria. A further feature of the Cumbrian economy noted in the consultations is the wide range of high value add small firms in sectors such as digital/creative and automotive, that do not operate in a sub regional economy offering the benefits of clustering and often draw on support from outside the area or region.

centre after the floods will cost more than £180 million from 2006 -2010 and will create up to 1,600 jobs.

- **Cumbria Vision:** is the Regeneration Company for the area, plans for redevelopment are numerous and include:
  - Barrow Masterplan, expected to lever in £100 million of private sector investment and will result in the creation of a mixed used development including a major employment park focused on technology-base business; and
  - On the West Coast, the development of Derwent Forest, market towns, redevelopment of Maryport, West Lakes Science and Technology Park, Whitehaven and Workington.

<b>Sub region: Greater Manchester</b>	
<p data-bbox="190 414 492 446"><b>Sub regional issues</b></p> <p data-bbox="206 486 1120 667">Greater Manchester has concentrations of low skills and employability problems and addressing the particular needs of disadvantaged groups and localities is a key focus for the sub-region. Greater Manchester as a whole has a high proportion of adults not qualified to Level 2.</p> <p data-bbox="206 710 1120 853">A key note from the consultations is the need to recognise the increasing proportion of young people in the Greater Manchester area who will come from BME groups and their specific needs.</p> <p data-bbox="206 896 1120 1114">Consultations also noted the significant geographic concentration of inward migration in the Manchester area, particularly from EU Accession countries (reported as 50% of NW registrations), with resultant economic benefits but also skills needs including provision of English language for those with existing higher level skills.</p> <p data-bbox="206 1157 1120 1327">The sub region has also had success in developing higher value added employment, for example in financial services and there is a need to ensure that the availability of intermediate and higher level skills does not constrain future growth. Consultation respondents noted a perceived lack of Level 3</p>	<p data-bbox="1160 414 1646 446"><b>Economic developments/issues</b></p> <p data-bbox="1176 486 2027 558">A number of regeneration projects are currently being planned and delivered in Greater Manchester, including:</p> <ul style="list-style-type: none"> <li data-bbox="1164 598 2027 853">▪ <b>Manchester Airport:</b> The largest airport outside the South East of England and the only international gateway in the North capable of handling the growth in business and tourist traffic anticipated in the Northern Way Growth Strategy. The growth potential of the Airport and its surrounding business parks is potentially more than 10,000 jobs from 2004 to 2010.</li> <li data-bbox="1164 861 2027 1327">▪ <b>Science City:</b> The Manchester Knowledge Partnership is a driver of growth in high-value added activity in the knowledge economy and is leading on establishing Manchester as the first and one of the most significant Science Cities. Outside the South of England, the sub-region and especially the Oxford Road Corridor in Manchester contains the highest performing research and teaching institutions competing internationally for R&amp;D - both Universities and Hospitals. Project Unity has seen the merger of the University of Manchester and UMIST to form the largest University in the UK. The Oxford Road Corridor Strategy involves building on these existing assets to generate substantial additional</li> </ul>

provision in GM aimed at managers/supervisors in sectors such as Hospitality/Tourism, Retail and Logistics and commented on underlying cultural problems in the attitude to management in some sectors.

Six sectors have been identified as being particularly important to the local economy and needing attention for skills development. These are:

- Construction;
- Creative Industries;
- Finance and Professional Services;
- Healthcare;
- Public Services; and
- Retail.

employment and investment.

- **Regional Media Hub:** Greater Manchester is the North's centre for growth in Creative Industries, acting as home for ITV in the North and the largest BBC broadcasting base outside London. The home of the largest and most dynamic independent media sector in the North and the planned relocation of the BBC will transform the sector and reinforce Greater Manchester's position as the premier broadcasting and commissioning centre outside London.
- **LEGI:** The LEGI aims to increase entrepreneurial activity in deprived areas, support sustainable growth of local businesses and attract inward investment into deprived areas.
- **New East Manchester:** a 1,900 hectare regeneration area that builds on the opportunities made available by the Commonwealth Games. Further projects include City of Manchester Stadium, Central Park, the largest urban business park in the UK, and the restoration of Gorton Monastery. Activity in the regeneration area also includes various job training and skills programmes.
- **Middlebrook, Bolton:** one of the largest integrated and sustainable employment, leisure, sports and retail schemes in the country, housing the Bolton Wanderers' stadium in its centre. Further phases of development include Enterprise Park 3 and Futura Park (both office space).
- **Kingsway, Rochdale:** this 170 hectare site will be developed as a business focused mixed used development to be created over a period of 10 – 15

	<p>years.</p> <p>The Greater Manchester Action Plan identifies a net increase of 130,000 jobs in the area over the three year period of 2006-2009.</p>
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<p><b>Sub region: Lancashire</b></p>	
<p><b>Sub regional issues</b></p> <p>A number of skills needs have been identified as priorities for Lancashire. Identified growth sectors include creative industries, aerospace and advanced manufacturing. Acceleration of the transition to higher value added manufacturing is defined as a priority, as is improving the productivity of the service sector and stimulating entrepreneurship, economic growth and building the knowledge economy. A proposed Manufacturing Skills Academy for the region has been designed to ensure the development of the necessary skills to support the future viability of the Aerospace sector within Lancashire.</p> <p>Current skills needs have also been identified in:</p> <ul style="list-style-type: none"> <li>• Enhancing enterprise and entrepreneurship;</li> <li>• Skills in tourism and hospitality in Blackpool;</li> <li>• Construction related opportunities, derived from Housing Market Renewal;</li> <li>• Major retail and leisure developments in the Urban Centres; and</li> <li>• Currently under representation in digital, information technology and science-based industries is identified as a key challenge for Lancashire.</li> </ul>	<p><b>Economic developments/issues</b></p> <p>The range of planned and current regeneration initiatives in Lancashire includes:</p> <ul style="list-style-type: none"> <li>• <b>Blackpool’s</b> development as a world class resort destination. Over 50 projects are envisaged in total under the key themes of casino development, major town centre renewal, neighbourhood improvements, public realm (a return to nature and the illuminations) and better movement through an increase in parking and the new Tramways. The creation of 22,000 jobs is envisaged. The Casino Training Alliance provides a collective and proactive response to the skills issues arising from the casino development and Blackpool and the Fylde College have established a Regional Gaming Academy.</li> <li>• <b>Preston City Vision</b>; £2 billion of investment by 2021 will build upon the planned Tithebarn retail scheme and develop a central Commercial Quarter alongside a new residential and civic quarter. Preston RiverWorks will capture the latent potential of Preston’s waterways for residential, leisure and tourism use. It is anticipated that 15,000 jobs will be created.</li> <li>• <b>Pennine Lancashire Transformation Agenda</b>; includes the investment planned for the Elevate East Lancashire</li> </ul>

Feedback from consultation commented on the need to address the needs of immigrants for language training. There was also comment that indigenous people are still not accessing available jobs and experiencing loss of opportunities – Lancashire has an estimated 195,000 people who are economically inactive and 51% of this group do not have a Level 2 qualification. Variable coverage of IAG was seen as a challenge in the area. Consultations also noted issues with progression from Level 3 to Level 4 and a need to focus on raising the aspirations of residents in east Lancashire to progress to higher levels.

Housing Market Renewal programme, finding innovative solutions to problems of low demand, negative equity and housing market collapse. The delivery of the Pennine Lancashire Gateway Strategic Employment site and town centre investment in Blackburn and Burnley are key elements of the overall transformational agenda.

<p><b>Sub region: Greater Merseyside</b></p>	
<p><b>Sub regional issues</b></p> <p>Greater Merseyside underperforms the region in terms of young people’s educational performance and a lower proportion of adults are qualified at higher levels. The occupational shift towards a large proportion of employment in higher-level jobs has been present elsewhere but is not being replicated in the sub-region to the same scale.</p> <p>A key issue for the sub-region is its high level of worklessness. A priority for sub-regional partners is to improve the skill base of the local population by prioritising Skills for Life delivery to target groups, increasing the numbers working towards their first Level 2 qualification, and creating adult pathways into progressive learning opportunities. A high proportion of young people are in the NEET group. The reduction of NEET numbers is a sub-regional priority. Consultations highlighted that levels of NEET can be disproportionate within the Boroughs of Greater Merseyside, due partially to relative levels of deprivation and stressed the need to learn from evaluation of Connexions’ pilot Activity Agreement Programmes with disengaged 16 and 17 year olds.</p> <p>Five sectors have been identified by the Greater Merseyside LSC as being important to the local economy and needing</p>	<p><b>Economic developments/issues</b></p> <p>A range of economic development initiatives is planned in Greater Merseyside, including:</p> <ul style="list-style-type: none"> <li>▪ <b>Kings Dock Area:</b> conference and exhibition space, 18,000 square metres of office space, 9,000 square metres of new retail/leisure space, public plaza and up to 1,800 residential homes. This will mean the creation of 2,200 new jobs, 430 construction jobs and attract an additional £7 million of visitor spending each year;</li> <li>▪ <b>Paradise Street Development (opens spring 2008);</b> the largest retail led regeneration project in Europe will include retail space, hotel and a cinema. By 2007 it is estimated that up to 2,000 people will be working on the site, and the development will create 4,000 jobs.</li> <li>▪ <b>Extension of John Lennon Airport:</b> expansion of the airport should ultimately bring more jobs in the logistics sector.</li> <li>▪ <b>Edge Lane Project:</b> improving the gateway into Liverpool including highway improvements, construction of over 550 new housing units and provision of over 1,000,000 sq. ft. of new and refurbished commercial and retail space and community facilities. The project will create and safeguard over 1,900 jobs.</li> </ul>

particular attention for skills development. These are:

- Construction;
- Health and Social;
- Hospitality and tourism;
- Public Sector; and
- Retail.

Consultation responses noted the linkage of increased aspiration and participation in skills improvement programmes to wider regeneration initiatives in the area, for example that Capital of Culture for 2008 should increase the profile of Liverpool with young people and adults considering entry to HE.

- **St Helens LEGI:** The successful round 1 LEGI bid has provided St Helens with funding to improve rates of entrepreneurship, success and employment rates of businesses and attract investment into deprived areas.
- **Housing Renewal Pathfinder:** with the aim of renewing the failing housing market in targeted areas, the Pathfinder involves the construction of new homes and improvement of existing homes, creating employment and promoting wider regeneration.

Tourism is thought to account for over £1 billion of the sub regional economy at present and is expected to grow. Consequently there is the need for up-skilling of people working within the tourism industry as opportunities open up in retail and hospitality. A number of initiatives are currently pertinent to the tourism 'offer' in Merseyside:

- **Liverpool European Capital of Culture 2008:** Key projects to maximise the benefit of this high-status award to the city include the 'Culture Company Business Plan' and 'Implementation and Legacy'.
- **Destination Management Plan:** the aim of which is to promote Merseyside assets as a premier tourist destination and promote Southport as a classic resort.
- **Mersey Waterfront Regional Park:** to deliver a range of activities and investments to transform the Mersey waterfront. Key projects include Brand New Brighton, Pride in our Promenades and River of Light.

## **7. Monitoring progress and assessing impact**

This Statement, by setting out the key skills priorities for the North West, provides a key input to the planning processes of the key strategic partners with whom the responsibility lies for funding and planning skills provision. It is important that the RSP understands the extent to which its priorities are being addressed and the nature of the contribution being made by the key partners.

To support the RSP in assessing progress towards its key priorities, a performance scorecard has been developed. These strategic indicators are designed to measure the general direction of travel in relation to each key priority and are set out in Appendix D. The performance scorecard will be reviewed in light of the proposals for a national set of core indicators published in the recent Government White paper 'Strong and Prosperous Communities'.

Each of the key strategic partners will make a formal response to this Statement, in line with their own planning timetables. This response will set out the key actions that each partner will make in the forthcoming year to address each priority, the resources supporting those actions and the quantifiable outcomes they expect to deliver. The quantifiable element of these plans will form a suite of supporting performance indicators that will enable the RSP to understand how each partner is making its unique contribution and regular updates of data will be part of the ongoing monitoring process. The RSP will coordinate monitoring of progress on action plans with the wider monitoring of activity towards RES goals.

It is expected that partners' responses will be disaggregated, where this is possible, to sub-regional level and will demonstrate the contribution to both the RSP Priorities and to broader economic development priorities established by Sub Regional Partnerships (SRPs). In this context, partners are invited to consider with SRPs whether the creation of sub-regional skills development plans to take forward the priorities in 2007/8 would add value to existing arrangements in each sub-region.

Partners will also be asked to identify the freedoms and flexibilities they would like to have to enable them to better tackle the priorities set out in this document. The RSP has a role in influencing the work of Government departments to better enable partners to deliver the changes required to address the region's skills priorities.

The strategic partners asked to respond are:

- North West Development Agency
- Government Office for the North West
- The LSC
- Jobcentre Plus
- North West Universities Association, on behalf of HEFCE, HEIs and the AOC (for HE in FE)

- Skills for Business Network on behalf of sectors/employers

Each strategic partner is asked to respond by the end of May 2007, with an update on progress in Autumn 2007. Other partners, though not obliged, are welcome to respond within this timescale.

## **Appendix A: National Priorities**

At national level we have considered the main Public Service Agreement (PSA) targets for the key public sector agencies funding and planning skills provision in the region. These are: the LSC, Jobcentre Plus and the North West Development Agency (NWDA). We have also considered the role of the national Skills for Business network.

### **The Learning and Skills Council**

“Raising our Game”, the third Annual Statement of Priorities (ASP) produced by the Learning and Skills Council (LSC), was published on 18 October 2006. It covers the year 2007/08.

The LSC has four priorities that will drive its investment and work in 2007/8. The priorities are to:

- “Raise the quality and improve the choice of learning opportunities for all young people to equip them with the skills for employment, further or higher learning and for wider social and community engagement;
- Raise the skills of the nation, giving employers and individuals the skills they need to improve productivity, employability and social cohesion;
- Raise the performance of a world class system that is responsive, provides choice and is valued and recognised for excellence;
- Raise our contribution to economic development locally and regionally through partnership working.”

The ASP reflects the FE White Paper published in early 2006 and anticipates the Leitch Review of Skills, due for publication in December 2006. The FE White Paper<sup>6</sup> calls for the FE system to further increase its focus on the needs of employers and employability skills. The interim report from the Leitch Review stressed the need for the UK to increase the pace of skills development to maintain and improve its competitiveness with other nations.

In addition the ASP builds on agenda for change, which is focused on reforming the provision of post-16 learning and skills and aims to create a simpler, agile and more responsive sector that is easier for employers and learners to access and navigate. Part of the remit of the recently established Quality Improvement Agency is to support providers to respond flexibly to employer and individual demand.

The LSC operates under targets, including PSA targets, which are:

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<sup>6</sup> Further Education: Raising Skills, Improving Life Chances, 2006, Department for Education and Skills

For young people:

- Increase the proportion of 19 year olds who achieve at least Level 2 by 3 percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008 (**PSA target**);
- Improve attainment at Level 3.

For apprenticeships:

Underpinning both of the above priorities, the LSC has agreed a new Performance Indicator for Apprenticeships. The aim is for 75% more people to complete their apprenticeships in 2007/8 compared to 2002/03.

For adults:

- Improve basic skills of 2.25 million adults between 2001 and 2010 (**PSA target**), with a milestone of 1.5 million in 2007;
- Reduce by at least 40% the number of adults in the workforce lacking NVQ2 or equivalent by 2010 (**PSA target**).

The Secretary of State for Education issued a Grant Letter for 2007/08 to the LSC. As well as the achievement of targets, this letter also stresses the importance of:

- Focusing LSC funding on full Level 2 qualifications, especially those highlighted by the Skills for Business Network;
- Commencing the implementation of a fully demand-led system, as set out in the FE White Paper;
- The contribution that LSC funded learning makes to social equity and the need to reduce NEET numbers, especially in groups who are disproportionately present in the NEET group (e.g. young people with learning difficulties and disabilities).

### **Jobcentre Plus**

For Jobcentre Plus the current key PSA targets are:

- To reduce the rate of unemployment and increase the employment rate (**PSA 3**);
- To increase the relative employment rate in target areas (30 worst local authorities) and target groups (**PSA 4**).

The target groups are:

- Lone parents;
- Black and minority ethnic groups;

- Over 50 year olds;
- Those with the lowest qualifications;
- People with disabilities: a specific objective of Jobcentre Plus is to improve the rights of people with disabilities and remove obstacles which prevent them from fully taking part in society.

On 24 January 2006, the government published a Green Paper on Welfare Reform<sup>7</sup>. The Green Paper sets an objective of achieving an employment rate of 80% of the working-age population. To achieve this aim, the Green Paper sets out three key deliverables:

- Reduce by 1 million the number on incapacity benefits;
- Help 300,000 lone parents into work; and
- Increase by 1 million the number of older workers.

The key programmes to support delivery are the Incapacity Benefit Pathfinders, which offer greater levels of support for IB customers in a bid to help them return to employment and the New Deal for Lone Parents, which is a more flexible response designed to assist lone parents back into work.

### **Regional Development Agencies (RDAs)**

RDAs are expected to make a major contribution to the national PSA target to narrow regional economic growth rate differentials. In practice this means raising the rate of growth of GVA per capita in the North West relative to the national average.

The Department of Trade and Industry (DTI), working in partnership with the RDAs and other Government Departments, has been coordinating the development of a new RDA Tasking Framework to help Departments and the RDAs to work together on regional priorities in way that also serves national interests more effectively. This new approach to 'tasking' came into effect from April 2005.

The New RDA Tasking framework requires each RDA to show in its Corporate Plan for 2005-08 how, in support of its statutory role and responsibilities, it will address the priorities identified in the RES for the region and contribute to the Government's PSA targets on Regional Economic Performance, Sustainable Development and Productivity/ Rural Productivity and through these to the delivery of a range of other PSA targets.

### **Skills for Business Network**

The Skills for Business network (SfBn) is made up of the SSDA and 25 Sector Skills Councils (SSCs). Each SSC is an employer-led, independent organisation that covers a specific sector across the UK. The four key goals are to:

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<sup>7</sup> 'A new deal for welfare: Empowering people to work'

- Reduce skills gaps and shortages;
- Improve productivity, business and public service performance;
- Increase opportunities to boost the skills and productivity of everyone in the sector's workforce;
- Improve learning supply including apprenticeships, higher education; and
- Manage National Occupational Standards (NOS).

Together, the SSCs cover approximately 85% of the UK workforce. The Sector Skills Development Agency (SSDA) has responsibility for providing cover for those industries that fall outside the SSCs and actively engages with trade unions and professional bodies in this role.

The SfBn is also responsible for developing Sector Skills Agreements for all Sectors. SSAs provide a means whereby employers and employees in each sector identify skills and productivity needs, the action they will take to meet those needs and how they will collaborate with providers of education and training so that skills demand can influence the nature of supply.

## **Overall**

In summary, the national targets most relevant to the Statement of Priorities can be condensed to the following:

- Raise the GVA performance of less well performing regions (such as the North West);
- Tackle Skills for Life;
- Increase the number of young people getting NVQ 2 qualifications;
- Increase the number of adults with at least an NVQ 2 qualification;
- Improve attainment at Level 3;
- Improve and extend access to HE;
- Raise the employment rate amongst lone parents, black and minority ethnic groups, people with disabilities, over 50 year olds and those with the lowest qualifications.

## **Regional Priorities**

The NW Regional Economic Strategy (RES), updated in 2006, sets out a vision of “a dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all, continuing the transformation of the North West’s economy by addressing the causes of the low level of GVA per head in the region.” The RES identifies three major drivers which will help the region to close the productivity gap:

- Improve productivity and grow the market;

- Grow the size and capability of the workforce; and
- Create and maintain the conditions for sustainable growth.

Beneath these objectives sit five themes, under which action will be taken to address market failure and help achieve the vision. The themes are business; skills and education; people and jobs; infrastructure and quality of life.

The Northern Way Strategy ('Moving Forward: The Northern Way'), launched in 2004, sets out ambitious plans for the development of the three northern regions. The strategy is designed to raise GVA per capita and close the productivity gap with regions in the Midlands and the South of England.

## **Appendix B: The 2006-07 Priorities**

The 2006/07 Skills Priorities were:

- Increasing the proportion of young people with the skills and qualifications needed for employment, and fostering progression to Higher Education;
- Equipping adults with the skills required for employability, including the Skills for Life of literacy, language and numeracy;
- Addressing employers' skills needs:
  - Equipping individuals with the level 3 skills required within the economy, particularly in key regional sectors;
  - Ensuring that the skills needs of the regional economy, and in key sectors in particular, are addressed at level 4;
- Tackling cross-sectoral leadership and management skills gaps;
- Developing innovation and enterprise skills;
- Tackling worklessness by linking people, jobs and training.

Underpinning priorities

- Stimulating the demand for investment in skills from employers and individuals;
- Providing high quality responsive support to meet regional skills priorities.

### Appendix C: Summary of Skills Needs Identified Through Sector Consultation

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
<b>Automotive</b>	Up Skilling: <ul style="list-style-type: none"> <li>▪ Entry level &amp; part-time opportunities available in the distribution and after care sector.</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>▪ Technical Apprenticeships in the aftercare sector.</li> <li>▪ Evaluation of the Higher Engineering Apprenticeship being piloted through the Automotive Academy required.</li> </ul>		Higher and Management: <ul style="list-style-type: none"> <li>▪ Business Improvement Techniques (BIT), Team Leader and Automotive Retail Management Standards at level 4 (ARMS).</li> </ul>
<b>Aviation</b>	Up skilling <ul style="list-style-type: none"> <li>▪ Pre recruitment Health and Safety and Security training.</li> </ul>	Level 2 and 3: <ul style="list-style-type: none"> <li>▪ ITC, Customer handling, Supervisory Skills and Team Building.</li> </ul>		
<b>Biomedical</b>		Level 2: <ul style="list-style-type: none"> <li>▪ STEM subjects</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>▪ STEM subjects</li> </ul>	Higher and management: <ul style="list-style-type: none"> <li>▪ Bioprocessing and pharmaceutical industry specific key skills.</li> <li>▪ Technical skills - supply of scientists, technologists and mathematicians.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
<b>Biotechnology</b>			Level 3: <ul style="list-style-type: none"> <li>▪ Business related skills gaps e.g. team working.</li> </ul>	Higher and management: <ul style="list-style-type: none"> <li>▪ Technical qualifications e.g. chemists.</li> <li>▪ Entrepreneurial skills.</li> </ul>
<b>Chemicals</b>	Up Skilling: <ul style="list-style-type: none"> <li>▪ 'Skills for Life' (for new migrants and existing older workers).</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>▪ Development of 'hands on' skills through expansion of Young Apprenticeships in Science and Engineering and development of 14 – 19 Diplomas models.</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>▪ BIT, Supervisory Management/Team Leader, Process Skills also conversion courses for individuals transferring from other sectors.</li> <li>▪ Process Skills through the apprentice programmes.</li> <li>▪ Expand Programme Led Apprenticeship model through CoVE and build capacity for apprenticeships.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>▪ Business related and employability skills of graduates.</li> </ul>
<b>Construction</b>		Level 2: <ul style="list-style-type: none"> <li>▪ Need programme led apprenticeships</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>▪ Technical, Supervisory</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>▪ Assessors/Trainers needed.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
		linked to targets for full time employment.	Management & Professional and IT skill gaps. <ul style="list-style-type: none"> <li>19+ provision requires funding to increase accessibility.</li> </ul>	
<b>Contact Centres</b>	Up skilling: <ul style="list-style-type: none"> <li>Pre recruitment training including basic skills (IT, literacy, numeracy) and communication skills.</li> </ul>		Level 3: <ul style="list-style-type: none"> <li>Include team leader &amp; supervisory skills in Level 3 provision.</li> <li>14-19/Apprenticeships - Programme led apprenticeships.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>Graduates with good IT, marketing and customer service skills.</li> <li>Roll out of specialist courses to more NW universities.</li> </ul>
<b>Creative</b>	Up Skilling: <ul style="list-style-type: none"> <li>Strengthen access routes for people without qualifications.</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>Continued development of 'media production' apprenticeship.</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>Technical and sales skills needed – flexible / modular training required.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>Soft skills in graduates.</li> <li>Funded post graduate entrepreneurship, support for new starts including product development and market testing.</li> <li>Technical skills.</li> <li>Managerial skills – strategic approach to leadership and</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
				management required.
<b>Digital</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>▪ Sector specific pre recruitment training, especially development of IT skills in women;</li> <li>▪ Promote ITQ to address IT user up-skilling.</li> </ul>		<p>Level 3:</p> <ul style="list-style-type: none"> <li>▪ IT user and IT Professional qualifications and 'skilled technician staff'.</li> <li>▪ Higher apprenticeships through the IT Diploma.</li> <li>▪ Shortages in networking, network architecture and web development skills.</li> <li>▪ Promotion of clear progression routes to higher education and employment (e.g. through The Concept (pilot) ~ Post 16 to HE Progression learning programme).</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>▪ Need for graduates in the IT industry.</li> <li>▪ Graduate weaknesses in knowledge and interpersonal skills.</li> <li>▪ Access for non-traditional learners to full degree status (via foundation degree).</li> <li>▪ Strategic IT and innovation knowledge and skills in owner managers and senior managers.</li> </ul>
<b>Education</b>	<p>Up skilling:</p> <ul style="list-style-type: none"> <li>▪ IT literacy;</li> </ul>			<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>▪ Management skills and</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
	<ul style="list-style-type: none"> <li>Equal opportunities and diversity.</li> </ul>			management development.
<b>Energy</b>		<p>Level 2:</p> <ul style="list-style-type: none"> <li>Level 2 and 3 in Gas, Water and Electrical Engineering, and marketing.</li> <li>Level 2 / 3 upwards in the downstream gas industry.</li> <li>Level 1 / 2 in the upstream gas industry.</li> <li>At least Level 2 in the water industry (500+ required over the next 18 months).</li> <li>Level 2 and 3 in Nuclear De-commissioning.</li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>Supervisors in upstream gas and water at NVQ Level 3 / 4.</li> <li>Apprenticeships in Electricians, Mechanical Engineering and Construction</li> <li>More apprenticeships in Electrical Engineering, and gas, water and electricity upstream, as well as and roll out of 'Grow your future Workforce'.</li> <li>General, Domestic NVQ, Level 3.</li> <li>Electrical Engineers, NVQ Level 3 – electrical distribution, generation and</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>Further development of Utility Foundation Degree.</li> <li>Develop graduate skills - include Business Skills, Project Management in Science and Engineering courses, develop new modules to include changing technologies such as Fuel Cells, Micro generation and Renewables.</li> <li>Foundation Degree in Nuclear De-commissioning</li> <li>Shortage in Science and Engineering graduates.</li> <li>Level 4 ~ Technical First Line Management.</li> <li>Level 4 and above in Project Management, Contract Management and Commercial Skills.</li> <li>Support entry to the sector by skilled SETs from other</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
			transmission.	sectors through short course provision. <ul style="list-style-type: none"> <li>▪ NVQ Level 4 in downstream gas sector to facilitate transition from technician to line manager.</li> </ul>
<b>Engineering &amp; Aerospace</b>	Up Skilling: <ul style="list-style-type: none"> <li>▪ Basic skills / Skills for Life (literacy / numeracy / ICT) – bite sized training;</li> <li>▪ ESOL - recognised qualifications.</li> </ul>		Level 3: <ul style="list-style-type: none"> <li>▪ Acute shortage at Level 3.</li> <li>▪ Age 19+ apprenticeships.</li> <li>▪ Increase uptake of EAS / A2 in science subjects or GNVQ / OND or equivalent in science, engineering, electronic and computing sectors.</li> <li>▪ Funding required for training apprentices to HNC as a minimum.</li> <li>▪ 'Technician apprentices' capable of progressing and obtaining HNC /</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>▪ Foundation Degrees.</li> <li>▪ Graduate engineers and graduates with specific Technical Skills (BIT, Marketing &amp; Project Management).</li> <li>▪ Progression of the Manufacturing Institute Diploma and MSc aimed at closing the leadership gap.</li> <li>▪ Ongoing NVQ training in project / risk management, BIT, marketing, communication and team working.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
			HND.	
<b>Environmental Technologies &amp; Services</b>			Level 3: <ul style="list-style-type: none"> <li>▪ Need for science based provision in schools.</li> <li>▪ Development of professional apprenticeships in the sector.</li> <li>▪ BIT NVQ Level 3 / 4.</li> <li>▪ Existing NVQ provision needs improvement.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>▪ Encourage more SET graduates, develop general Business modules and encourage graduate placements.</li> <li>▪ Marketing skills in senior environmental technologies personnel.</li> <li>▪ Basic business skills.</li> <li>▪ Technical / Level 4 skills lacking and managerial skills / knowledge lacking in:                             <ul style="list-style-type: none"> <li>▪ Sources of and raising finance;</li> <li>▪ What investors are seeking;</li> <li>▪ Market strategy;</li> <li>▪ Production skills;</li> <li>▪ Liability management;</li> <li>▪ Environmental markets;</li> <li>▪ Environmental regulations and future developments;</li> </ul> </li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
				<ul style="list-style-type: none"> <li>▪ Enforcement practices;</li> <li>▪ Testing, certification for environmental innovations.</li> </ul>
<b>Financial &amp; Professional Services</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>▪ Pre- recruitment – especially for women returners.</li> <li>▪ Modular / flexible delivery of e.g. CPD / ICT – to include work based learning.</li> </ul>		<p>Level 3</p> <ul style="list-style-type: none"> <li>▪ Evaluate Professional Apprenticeships.</li> </ul>	<p>Higher and Management</p> <ul style="list-style-type: none"> <li>▪ Include Communication Skills, General Business Skills, and Leadership and Management skills as part of graduate programmes.</li> <li>▪ Increase mentoring and graduate placements.</li> </ul>
<b>Food &amp; Drink</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>▪ H&amp;S Hygiene;</li> <li>▪ Literacy / numeracy / ITQ training – Skills for Life, includes pre-recruitment / pre employment training (use of skills passport).</li> <li>▪ ESOL.</li> <li>▪ Cultural diversity awareness needs.</li> </ul>	<p>Level 2:</p> <ul style="list-style-type: none"> <li>▪ BIT (Business Improvement Techniques) for manufacturers.</li> <li>▪ Level 2 and Level 3 vocational modules of 14 – 19 diplomas in relation to manufacturing.</li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>▪ Advanced apprenticeships - age 20+ needed in Electrical &amp; Mechanical engineering to realign Engineers from other manufacturing sectors that are in decline.</li> <li>▪ Skills Gaps in Food Technologies &amp;</li> </ul>	<p>Higher Level and Management:</p> <ul style="list-style-type: none"> <li>▪ Operational and Engineering Management.</li> <li>▪ Development of foundation degrees.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
			Scientists, Technical Operators. <ul style="list-style-type: none"> <li>Supervisory management and people management.</li> </ul>	
<b>Health and Social Care</b>	Up Skilling: <ul style="list-style-type: none"> <li>Basic skills – Skills for Life.</li> <li>ICT training.</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>Shortfall in number of colleges offering health and social care awards and Healthcare awards at Level 2 / 3.</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>Need for programmed provision for 16 – 18 year olds.</li> <li>Lack of mentors and appropriate work based learning programmes.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>Competency based programmes and placements for graduates.</li> <li>Leadership and management skills Level 4 required (lack of funding is a barrier).</li> </ul>
<b>Land-based</b>	Up-skilling: <ul style="list-style-type: none"> <li>Skills for Life.</li> <li>ESOL.</li> <li>ICT needs more flexible delivery.</li> </ul>		Level 3: <ul style="list-style-type: none"> <li>Skills requirements in age 25 + cohort.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>Technical skills &amp; high level communication, employability skills and practical experience required in graduates.</li> </ul>
<b>Languages</b>	Up Skilling: <ul style="list-style-type: none"> <li>Basic skills;</li> <li>Customer service (front-of-house) skills.</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>Care assistants, nurses (Health) and sales in Automotive</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>Managers of multicultural and multilingual teams (LANTRA)</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>Shared service centre financial helpline operators (FSSC).</li> <li>Export sales managers.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
				<ul style="list-style-type: none"> <li>Development of specific foreign language skills by managers, team leaders and selected HR staff.</li> </ul>
<b>Logistics</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>Pre employment training (use 'Skills for Logistics' and 'Experience Booster').</li> <li>Licence acquisition – LGV license and related skills.</li> <li>Development of diversity in workforce.</li> <li>Skills for Life.</li> </ul>	<p>Level 2:</p> <ul style="list-style-type: none"> <li>Capacity to deliver Transport Diploma, sector relevant qualifications (e.g. CILT certificates), and transport related GCSEs.</li> <li>Sector specific diplomas – technical training.</li> <li>Roll out of Young Drivers Scheme and Experience Booster.</li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>Young driver scheme.</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>Managerial skills in Marketing, ICT, Business Planning, Workforce Development &amp; Diversity Awareness.</li> <li>CPC and management training.</li> <li>Traffic planning skills.</li> </ul>
<b>Maritime</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>Pre employment training and assessment and work trials.</li> <li>Port operations ( NVQ Level 1 / 2).</li> </ul>	<p>Level 2:</p> <ul style="list-style-type: none"> <li>14 – 19 year old priorities - specialist diploma, and Maritime Schools Challenge.</li> <li>No provision of Stevedoring training.</li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>National and regional shortage of work-based learning in the Port Industry, Engineering, and International Trade</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>Development of 'softer skills' such as communication within Graduate programmes.</li> <li>Leadership &amp; Management and sector specific</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
	<ul style="list-style-type: none"> <li>▪ International trade and services (NVQ Level 1 / 2 / 3).</li> <li>▪ BIT (Business Improvement Techniques).</li> <li>▪ Skills for Life.</li> <li>▪ Adult Apprenticeships (Higher Engineering).</li> </ul>		and Services.	<p>qualifications and skills.</p> <ul style="list-style-type: none"> <li>▪ Higher level technical skills (Level 4) in:                             <ul style="list-style-type: none"> <li>▪ Engineering maintenance;</li> <li>▪ Project maintenance;</li> <li>▪ Quality management;</li> <li>▪ International trade and services.</li> </ul> </li> <li>▪ Level 5 or more skills required in strategic management and operational management.</li> </ul>
<b>Retail</b>	<p>Up Skilling:</p> <ul style="list-style-type: none"> <li>▪ Pre employment training – Skills for Life (especially literacy and numeracy) and sector specific skills</li> </ul>	<p>Level 2:</p> <ul style="list-style-type: none"> <li>▪ Bite size learning opportunities e.g. Certificate in Retail Principles.</li> <li>▪ Skills gaps in:                             <ul style="list-style-type: none"> <li>▪ Customer</li> </ul> </li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>▪ First Line Management and BIT.</li> <li>▪ Implementation of new NVQ unitised qualifications with</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>▪ Foundation degrees – in-house management development programmes – requirements for a flexible, blended learning approach.</li> <li>▪ Specialist skills gaps in:</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
	qualifications – through development of Skill Shops. <ul style="list-style-type: none"> <li>▪ ESOL.</li> </ul>	service; <ul style="list-style-type: none"> <li>▪ Self motivation and acting on own initiative;</li> <li>▪ Verbal communication.</li> <li>▪ Implementation of new qualification framework including unitised NVQ Level 2.</li> </ul>	three Level 3 pathways.	<ul style="list-style-type: none"> <li>▪ ICT;</li> <li>▪ Visual Merchandising;</li> <li>▪ Business Planning.</li> </ul>
<b>Sport &amp; Active Leisure</b>	Up Skilling: <ul style="list-style-type: none"> <li>▪ More funded pre entry level 1 provision in Health &amp; Fitness and Coaching.</li> <li>▪ NVQ Level 1 in outdoor sector qualifications.</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>▪ Workforce Development for volunteers at level 2, pilots for sport specific, Skills for Life in Cumbria, Greater Manchester &amp; Greater Merseyside;</li> <li>▪ Roll out of Young Apprenticeship programme, more opportunities for Adult Apprenticeship and additional funding for Employer demanded</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>▪ Level 3 required in Coaching, Teaching and Instructing Courses.</li> <li>▪ Coaching awards including sports in UK Coaching Certificate Framework and Outdoor sector Coaching / National Governing Body Awards.</li> </ul>	Higher and Management: <ul style="list-style-type: none"> <li>▪ Roll out graduate Apprenticeship Programme and work on more flexible delivery of Foundation Degrees. Include national Governing body awards as part of Sport Science Degrees.</li> <li>▪ More combined health and sport degrees.</li> <li>▪ Improved Graduate skills in communication, motivation and practical development, advanced IT, and marketing.</li> <li>▪ Management Training for the</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
		vocational qualification within the Apprenticeship Framework. <ul style="list-style-type: none"> <li>▪ NVQ Level 2 in Outdoor Qualifications.</li> <li>▪ Availability of Level 2 fitness awards.</li> </ul>		Sport and Active Leisure Learning sector. <ul style="list-style-type: none"> <li>▪ Leadership and Management skills and training for voluntary sector, SMEs and social enterprises.</li> <li>▪ Vocational workshops in:                             <ul style="list-style-type: none"> <li>▪ Leadership and Management;</li> <li>▪ Business Development;</li> <li>▪ Sales and Marketing;</li> <li>▪ Advanced IT.</li> </ul> </li> </ul>
<b>Tourism</b>	Lower Level: <ul style="list-style-type: none"> <li>▪ Pre-employment training required emphasis on customer service. Training to meet needs of employers includes Food Hygiene. Skills Passport.</li> <li>▪ Migrant workers, language and cultural awareness</li> </ul>	Level 2: <ul style="list-style-type: none"> <li>▪ NETP for first Level 2</li> <li>▪ Apprenticeships</li> <li>▪ ‘Grow your own’ young apprenticeships and 14-19 diplomas</li> <li>▪ Technical Skills Shortages – travel, reception, chefs and gaming and gambling.</li> <li>▪ Customer service</li> </ul>	Level 3: <ul style="list-style-type: none"> <li>▪ Customer Service skills</li> <li>▪ Leadership and Management skills</li> <li>▪ Supervisory training to support career change adults – encourage older workers to enter sector.</li> <li>▪ Technical Skills Shortages – travel, reception, chefs</li> </ul>	Higher Level Skills: <ul style="list-style-type: none"> <li>▪ development of a national foundation degree</li> <li>▪ Managing a business course</li> <li>▪ Kite mark of courses to ensure courses meet the need of industry</li> <li>▪ Leadership and management training for managing directors and owners.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
	<p>training. Customer Service Skills. Skills Passport for EU and UK workers.</p> <ul style="list-style-type: none"> <li>▪ Older Workers – Sector has over reliance on EU accession workers. Ensure older workers have the basic industry required skills.</li> <li>▪ Language and Cultural Awareness training – Linked to customer service for customer facing employees.</li> </ul>	skills	and gaming and gambling.	
<b>Textiles</b>	<p>Up skilling:</p> <ul style="list-style-type: none"> <li>▪ Basic Skills.</li> <li>▪ ESOL.</li> <li>▪ More Level 2 and</li> </ul>	<p>Level 2:</p> <ul style="list-style-type: none"> <li>▪ Operative and specialist skills e.g. sewing machinists -</li> </ul>	<p>Level 3:</p> <ul style="list-style-type: none"> <li>▪ Level 3 skills such as in machine technicians, tailors,</li> </ul>	<p>Higher and Management:</p> <ul style="list-style-type: none"> <li>▪ Higher level technical skills such as in designers and garment technologists.</li> </ul>

Sector	Qualification Level			
	Lower/Upskilling	Level 2	Level 3	Higher and Management
	Level 3 training.	need for more commercial training courses which specialise in merchandising, sourcing and off-shore manufacturing.	skilled leather workers, and sample technicians. <ul style="list-style-type: none"> <li>▪ Encourage NW universities to develop a better system to recognise Level 3 vocational qualifications and WBL achievements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Management and supervisory; and sales and marketing skills.</li> </ul>

## Appendix D: Strategic Indicator Framework

### CATEGORY 1 – BROAD ECONOMIC INDICATORS

		NW Baseline April 2003	NW Annual Progress		NW Latest Data	NW Progress	England Latest Data	NW c/f England
			2004	2005	2006			
<b>Gross Value Added</b>								
A1	Headline GVA	£97.1 bn	£101.9 bn	DNYA	DNYA	☺	£823.6 bn	☹
A2	GVA per Head	£14.3 k	£14.9 k	DNYA	DNYA	☺	£17.2k	☺
<b>Employment Rates and Worklessness</b>								
A3	Headline Employment Rates	71.4%	73.9%	73.3%	73.4%	☹	74.7%	☹
A4	Job Seekers Allowance claimants as proportion of working age population	2.8%	2.6%	2.4%	2.7%	☹	2.6%	☹
A5	Incapacity Benefit/SDA claimants as proportion of working age population	11.1%	11%	10.7%	10.7%	☹	7.5%	☹
A6	Income Support claimants as proportion of working age population	13.6%	8.2%	7.9%	7.7%	☺	6%	☹

DNYA = Data Not Yet Available

ND = No Data

**CATEGORY 2 – SKILLS BASED INDICATORS**

		NW Baseline April 2003	NW Annual Progress	NW Latest Data		NW Progress	England Latest Data	NW c/f England
				2004	2005			
<b>Economically active adults qualified</b>								
<b>B1</b>	Percentage of 19 year olds educated to level 2 or higher	ND	64%	68%	DNYA	☺	70%	☹
<b>B2</b>	To at least level 4	25.8%	27.7%	28.1%	DNYA	☺	30.3%	☹
<b>B3</b>	To at least level 3	46.5%	48%	48.9%	DNYA	☺	48.9%	☺
<b>B4</b>	To at least level 2	68.8%	70.1%	70.8%	DNYA	☺	70.9%	☺
<b>B5</b>	With no qualifications	31.2%	29.9%	29.2%	DNYA	☹	29.1%	☹
<b>Participation Rates</b>								
<b>B6</b>	16-18 Year olds in FT Education or training	78%	78%	79%	DNYA	☺	79%	☹
<b>B7</b>	Percentage of young people not in education or training	ND	9%	8.3%	8.5%	☺	7.5%	☹
<b>Success Rates</b>								
<b>B8</b>	Percentage of 15 year olds achieving 5 A-C grades at GCSE or equivalent	49%	51%	54%	DNYA	☺	56%	☺
<b>B9</b>	Percentage of 15 year olds achieving no GSCE passes	5%	4%	4%	DNYA	☺	3.6%	☹

		NW Baseline April 2003	NW Annual Progress	NW Latest Data		NW Progress	England Latest Data	NW c/f England
				2004	2005			
<b>B10</b>	Average point score per candidate at A/AS levels (& equivalent)	248.5	264.7	268.3	DNYA	☺	277.8	☺
<b>B11</b>	Learners counting towards Skills for Life Target	47,830	67,294	88,771	DNYA	☺	554,084	☺
<b>B12</b>	FE Overall Success Rates	71%	74%	76%	DNYA	☺	74%	☹
<b>B13</b>	WBL Apprenticeships Success Rates	40%	43%	51%	55%	☺	56.3%	☹
<b>B14</b>	WBL Apprenticeships Framework Success Rates	27%	30%	38%	48.6%	☺	49.6%	☹

**CATEGORY 3 – OPERATIONAL INDICATORS**

		NW Baseline April 2003	NW Annual Progress		NW Latest Data	NW Progress	England Latest Data	NW c/f England
			April 2005					
			2004	2005	2006			
<b>Employer Indicators</b>								
<b>C1</b>	Proportion of employers investing in training (Drawn from National Employer Skills Survey)	59%	62%	64%	DNYA	☺	DNYA	DNYA
<b>C2</b>	Proportion of employers adopting workforce development tools (NESS)	Not yet available						
<b>C3</b>	Proportion of employers with Skills Gaps (NESS)	22%	19%	16%	DNYA	☺	DNYA	DNYA
<b>C4</b>	Density of skills shortage vacancies (NESS)	0.6%	0.7%	0.9%	DNYA	☹	DNYA	DNYA
<b>C5</b>	Density of hard-to-fill vacancies (NESS)	1.1%	1.3%	1.3%	DNYA	☹	DNYA	DNYA
<b>C6</b>	Number of job vacancies reported to Jobcentre Plus	32,182	41,929	45,198	43,925	☺	209,404	DNYA
<b>Individual Indicators</b>								
<b>C7</b>	Graduates who studied in the NW finding employment in NW	74.6%	74.4%	75.1%	DNYA	☺	64.2%	☺
<b>C8</b>	Total 1 <sup>st</sup> degree who studied in NW entering employment in NW	67.9%	69.0%	69.6%	DNYA	☺	55.5%	☺
<b>C9</b>	Total other undergrads who studied in NW entering employment in NW	90.7%	90.4%	91.2%	DNYA	☺	78.2%	☺

		NW Baseline April 2003	NW Annual Progress		NW Latest Data	NW Progress	England Latest Data	NW c/f England
			April 2005					
			2004	2005	2006			
<b>Programme Delivery</b>								
<b>C10</b>	Number of students engaged in Foundation degrees	23,946	37,859	45,435	DNYA	☹	DNYA	DNYA
<b>C11- C12</b>	Take up and outcome of Train to Gain	To be developed						
<b>Management and Leadership</b>								
<b>C13- C15</b>	Management and leadership indicators	To be developed						
<b>Business Support</b>								
<b>C16</b>	Business Start Ups	18,430	17,640	ND	ND	☹	158,535	☹
<b>C17</b>	Business Survival Rates (net change in stock of VAT registered companies)	2,430	740	ND	ND	☹	2,390	☹
<b>C18- C20</b>	Skills and Business Support brokerage take up and outcome	To be developed						

**CATEGORY 4 - SUB-REGIONAL COMPARISONS**

		NW Latest Data	Cheshire & Warrington	Cumbria	Gtr. Manchester	Lancashire	Merseyside
<b>Employment Rates and Worklessness (April 2006)</b>							
<b>A9</b>	JSA Claim Rate	2.9%	1.8%	2.1%	2.9%	2.3%	4.4%
<b>A10</b>	IB/SDA Claim Rate	10.6%	6.7%	8.8%	11.1%	10%	13%
<b>A11</b>	IS Claim Rate	7.7%	4.2%	5.2%	8.3%	6.6%	10.6%
<b>Economically active adults qualified (March 2005)</b>							
<b>B1</b>	Percentage of 19 year olds educated to level 2 or higher	68%	76%	72%	67%	67%	65%
<b>B2</b>	To at least level 4	28.1%	34.1%	28.7%	27.4%	28.3	25.1%
<b>B3</b>	To at least level 3	48.9%	54.2%	47.9%	48.8%	49.9%	45.0%
<b>B4</b>	To at least level 2	70.8%	74.7%	69.9%	71.2%	71.4%	67.0%
<b>B5</b>	Adults with no qualifications	29.2%	25.3%	30.1%	28.8%	28.6%	33.0%
<b>B8</b>	Percentage of 15 year olds achieving 5 A-C grades at GCSE or equivalent	53.8%	60.3%	57.0%	51.9%	53.9%	52.5%
<b>Employer Indicators</b>							
<b>C3</b>	Proportion of employers with Skills Gaps (NESS) at March 2005	16%	16%	13%	17%	17%	17%
<b>C6</b>	Number of job vacancies reported to Jobcentre Plus as at May 2006	59,384	7,820	2,656	29,442	10,398	9,068

## **Appendix E: Respondents to Written Consultation**

Association of Colleges North West

Business Liverpool

Copeland Borough Council (Economic Prosperity and Sustainability)

Cumbria County Council

Cumbria Sport – Sport Action Zone

Cumbria Strategic Partnership

Flintshire County Council (Economic Development)

Furness Enterprise

Jobcentre Plus North West Region

Jobcentre Plus Liverpool

Lancashire Economic Partnership

Lancaster University Management School – Institute for Entrepreneurship and Enterprise Development

Life Long Learning UK

Manchester Enterprise Ltd

North and Western Lancashire Chamber of Commerce and Industry

North West Trade Union Congress

North West Universities Association

ProSkills

People 1<sup>st</sup>

Rural Business Sector Advisory Group (NWDA)

Science Resources for Students, Teachers and Professionals (SETNET)

University of Central Lancashire

University for Industry (Ufi – improving skills through technology for citizens, communities and business)