Yorkshire and The Humber
RegionalSkillsPartnership

ENGLAND EUROPEAN SOCIAL FUND 2007-2013

ANNEXES

EUROPEAN UNION
European Social Fund

Yorkshire Alive with Opportunity!

ANNEX A. Y&H REGIONAL SKILLS PARTNERSHIP

Membership and Terms of Reference

BOARD MEMBER	JOB TITLE/ORGANISATION
Martin O'Connell	Independent Chair of Regional Skills Partnership Board
Thea Stein	Executive Director of People, Yorkshire Forward
Margaret Coleman	Regional Director, Learning and Skills Council
Gill Farnsworth	Regional Field Director, Jobcentre Plus
Roger Lewis	Higher Education Funding Council for England
Phil Coppard	Chief Executive, Barnsley Metropolitan Borough Council
Adam Wardle	Chief Executive, North and East Yorkshire and Northern Lincolnshire NHS Workforce Development Confederation
Tim Balcon	Chief Executive, Energy and Utility Skills Ltd
Alan Roe	Unionlearn, Y&H TUC
Chris Taylor	Vice Chancellor, University of Bradford
Mike Galloway	Principal, York College
Sarah Connell	Regional Director, OCN Y&H
John Oakland	Executive Chairman, Oakland Consulting plc
Helen McMullen	Director of Children and Learners, Government Office for Y&H
Mark Andrews	Chief Executive, N G Bailey
Sharon Pickering	Director, Regional Skills Partnership

Overall Statement of Purpose

To bring together the key agencies and sectors in the region, to work in partnership, to give collective leadership to the skills agenda in Y&H, to improve skills outcomes and productivity for the region, aligned with the Regional Economic Strategy (RES).

Strategic Purpose

1. To maintain a clear and informed view of the skills needs of the regional economy going forward, including geographical variations, and of the needs of employers within it
2. To give leadership to the skills agenda in the region and, through discussion and agreed follow up action by partner agencies and sectors, achieve policy alignment and coherence of action to meet those needs
3. Accordingly, to agree and maintain an effective skills strategy for the region, bringing together the contributions of all agencies and sectors, working together collaboratively and coherently, informed by and aligned to the RES
4. To encourage and promote action on a small number of priorities, at any one time, to improve skills outcomes
5. To engage with, to inform and be informed by, wider stakeholders, people and organisations in the region, particularly employers

ANNEX B. TASK AND FINISH GROUP

Membership and Terms of Reference

GROUP MEMBER	ORGANISATION
Phil Coppard	Barnsley MBC (RSP Board Sponsor)
Sharon Pickering	Regional Skills Partnership (Chair)
Ebrahim Dockrat	Learning and Skills Council
Lyndsey Bunn	Y&H Regional Assembly
Carole McDonough	Jobcentre Plus
Gill Browning	Yorkshire Forward
Cath Joyce	Y&H Regional Forum
Alison Biddulph	Government Office for Y&H
Alison Penn	South Yorkshire Partnership
Christine Beardmore	Kirklees Metropolitan Council/Local Government
Elaine Kelly	Sector Skills Development Agency
Sue Hydes	Regional Skills Partnership

Aim

To develop, on behalf of the Regional Skills Partnership, a robust strategic framework for the ESF plan; to ensure the ESF framework supports the delivery of Advancing Together and the Regional Economic Strategy (RES).

Objectives

To ensure the strategic framework takes account of:

- regional employment and skills priorities, and where and how ESF can be targeted to add value to them;
- ensuring that the strategy is consistent with and will contribute to the delivery of the RES and other regional strategies;
- alignment with other regional funding streams including ERDF;
- of the flexibility required within sub regions;
- the broader inclusion agenda and its role in economic development;
- if appropriate, identifying and agreeing any specific regional indicators in addition to those set out in the Operational Programme (any regional indicators will need to be compatible with ESF management information arrangements);
- identifying any high level regional issues with regard to the ESF cross-cutting themes;
- the arrangements for reviewing progress of ESF implementation against the regional strategy and making amendments to the strategy in light of performance and other regional developments;
- the future role of the RSP and make recommendations regarding this issue.

ANNEX C. REGIONAL SOCIO-ECONOMIC ASSESSMENT

Introduction

1. Delivery of ESF in the region will contribute to the Regional Economic Strategy's (RES) ambition to grow the Y&H economy faster and better than its main competitors by 2015. The framework pays full regard to the 6 objectives of the RES, its 3 cross cutting themes and the region's approaches to coordinating resources through investment planning. Two of the Strategy's nine priorities are fundamental to the ESF programme. Firstly the region will train people with the skills that businesses need, including rolling out Train to Gain and reversing the "brain-drain" of graduates thereby keeping more of the most mobile and skilled people in the region. Secondly, the region aspires to the goal of full employment. This includes ensuring that people involved in major job losses quickly re-enter the labour market, helping people get off incapacity benefit and into work, and addressing issues like health and diversity that affect employment. Further priorities around education for enterprise and diversity and renewal are also key here. Making sure that we use the talents of all people in all communities to improve economic opportunities is particularly important. The region's approach to aligning business and skills development support through the Better Deal for Business framework puts customer needs at the forefront.

2. Employment and skills improvements are fundamental to realising the RES ambition; and are recognised nationally as central to raising long-term economic performance and living standards. Employment covers the numbers of people in employment and the wages that they earn. It, necessarily, extends to include entrants and returners to the labour market, some of whom face barriers to re-engagement but whose economic potential contribution is vital for the Lisbon agenda and for their own personal circumstances.

3. Skills are one of five factors that drive productivity[1]. To grow our economy we need people with the right skills and attributes that match good employment opportunities. The quality and quantity of skills is vital and impacts on all the drivers - in determining how businesses innovate and respond to rapidly changing and global markets, boosting business start-up rates and making sure that people are able to access good jobs. Trends suggest that knowledge will be even more important in the future. High level skills in particular appear to make a telling difference to business performance. We need people and businesses to understand the value of learning and skills and develop education and training to better meet the needs of the regional economy.

4. On this basis, this analysis takes employment and skills in turn and presents the key issues and opportunities facing the region and acts as the foundation for setting regional ESF priorities. It uses evidence drawn from a range of regional documents - the RES Companion Document, Progress in the Region and the European Operational Programme 2007-2013. Of necessity, its regional and South Yorkshire dimensions cannot convey the variety within the region. Several other documents including Progress in the Sub-regions, Strategic Economic Assessments, City Regional Development Programmes and more provide local analyses and are frequently updated.

Y&H: Demographics and Diversity

5. Y&H is a region with a large land area covering 15,413 km^2. It is geographically diverse and divided into four sub-regions - North, South, and West Yorkshire and the Humber - each having its own distinct strengths that have played a role in how the economy of the region has developed.

6. The three city regions contained within Y&H, namely Leeds, Sheffield and Hull and Humber Ports city regions, cover approximately 94% of the population of the region and have a commensurately large share of the region's GVA. They are home to around 780,000 people who live in deprived communities and contain 517 of the 10% most deprived super outputs areas in England. This

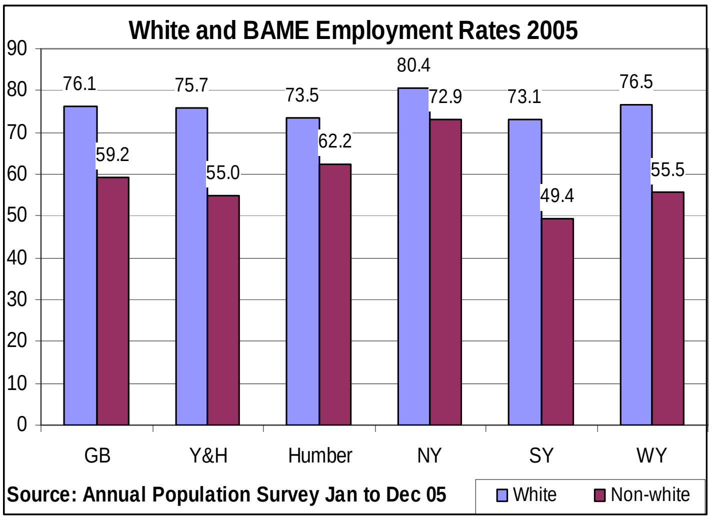
[1] The five drivers of productivity are competition, enterprise, innovation, investment, skills. HM Treasury, Productivity in the UK series

represents 50% more than the national average and 5% more than the regional average. Issues such as economic inactivity, low aspirations and low levels of educational attainment are significant within the city regions.

7. At the fringes of the city regions and beyond, there are remote and sparse rural areas and peripheral coastal zones facing issues of seasonal patterns of work, exposure to structural economic change, traditional skills sets in declining demand and workers ill-equipped to adapt to or be able to access new opportunities. Sparsity and distance adds to the unit costs of conventional employment and skills delivery.

8. The region is home to over 5 million people, concentrated largely in West and South Yorkshire. Over the next 10 years population numbers are predicted to be broadly stable following national trends. However recent evidence suggests that in certain parts of the Region, particularly South Yorkshire, the population may grow.

9. The population is shifting in terms of age profile. Over 16% are 65 and older, 35% are 30 to 54 years old and 26% are under 30. There is a decrease in the population under 10 years old. This follows the UK trend towards an ageing population that shows no sign of reversing. This is expected to result in fewer economically active people 'supporting' an increasingly retired population, raising important questions for policy makers.



10. There is great diversity of culture and ethnicity in the region with over 70 languages spoken. The 'white British' community is the largest, making up nearly 92% of the population. Black, Asian and Minority Ethnic (BME) communities make up 8%, 4.5% of which are of Asian origin. The Pakistani community is the largest BME group, followed by non-British white people, and the Indian community. Those of Pakistani, Bangladeshi, and mixed race are the groups growing the fastest in percentage terms. This diversity is not spread evenly. 8.7% of the West Yorkshire population is of Asian origin, contrasting sharply with North Yorkshire where 98.6% of the population is white.

11. Projections indicate that the BME community within Y&H is set to increase in coming years, with the Asian community seeing the largest growth. In terms of the engagement of BME groups in the labour market, it would be true to say that they are gradually, and generationally (through second and third generation groups) seeking and finding employment in a wider and higher range of occupational areas, thereby achieving greater labour market integration.

Migration

12. As a consequence of inter-regional migration within the UK, there was a net increase of 500 people for the Region between April 2005 and March 2006, down on the 5,800 of the previous year. In total, 92,700 people moved from Y&H to other parts of the UK. There were 93,200 people who moved into the Region from the rest of the UK. Just over a third of these came from the North West or the East Midlands regions. However, migration is also high from the South East (10,700 people) and London (10,600 people).

13. During mid year 2004 to mid year 2005, South Yorkshire districts saw a total of 37,400 people moving out of their metropolitan area and 38,200 moving in, a net increase of 800. This includes people moving within the sub region and region.

Asylum Seekers

14. Over a quarter (28.8%) of the asylum seekers placed in National Asylum Support Service (NASS) accommodation in England were placed in the Y&H region. The five Local Authorities with the highest number of asylum seekers in NASS dispersal accommodation include both Leeds and Sheffield.

15. Prior to this, almost 140,000 people had been granted NASS accommodation in the Region between the second quarter of 2002 to the end of 2005. There is little data to show how long the people who have been placed into Y&H stay within the region, but it is doubtful that they all stay within the region.

Economic Migrants

16. Latest published evidence indicates that the Y&H migrant worker population stood at 36,600 (July 2006) of which 44% were Polish and 12% were Indian. Lithuania and Slovakia were the next highest at 8% and 7% respectively. This equates to 6% of the UK migrant worker population. East Yorkshire and Hull in the Humber have the highest share in the region (equating to 1.5% of the total population), whilst other districts have less than 1% share. Statistically the migrant population do not have a negative impact on the JSA register, contributing positively to the economy of the region. However a training need has been identified in relation to ESOL training for this group and it is evident from local research that many are under-employed given their skills and vocational qualifications from their home countries.

17. With the growth of the EU, the UK Government has put transitional measures in place to regulate access to the labour market (via the Worker Registration Scheme) and restrictions to benefits for eight (referred to as the A8) of the ten countries. The remaining two, Cyprus and Malta, have full free movement rights and rights to work throughout the EU.

18. Between 1 May 2004 and 30 June 2006 there were 447,000 applications to the Worker Registration Scheme (WRS) in the UK. The North East region (which includes Y&H) has 9.5% of registered workers, the 5th highest of the regions.

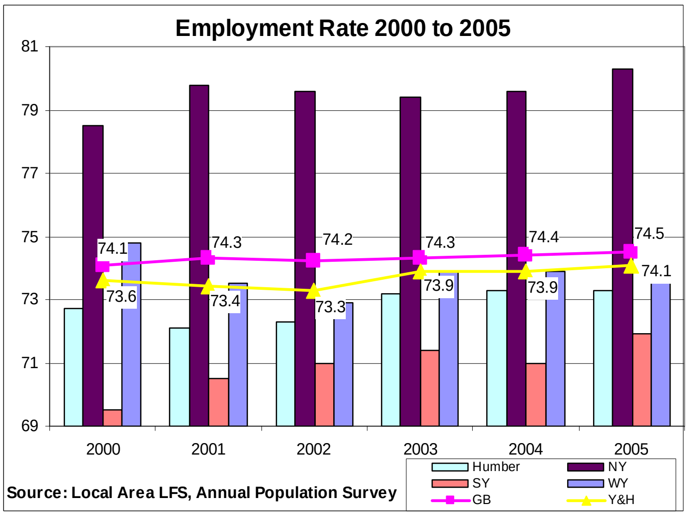
19. Accession workers tend to fall into the younger age groups with 82% aged 18-34.The most common occupation groups that attract A8 workers are Administration, Business and Management, Hospitality and Catering, Agriculture, Manufacturing and Food, Fish and Meat Processing. A major contribution to the training needs of those working would include English language skills and certification of their qualifications to UK equivalents. Further research is currently in place to investigate the scale of economic migration into the region and the skills and training needs implications.

Overall performance of the Y&H Economy

20. The region’s economy has seen strong levels of growth in the last ten years and is performing well. Now worth around £75bn, the Y&H economy makes up around 7.3% of the UK total, comparable to countries such as Denmark, Norway and Scotland. Gross Value Added has increased by 26.6% since 1998, the second highest rate of all English regions.

Employment and Employment Rate

21. There are over 2.2 million people in employment in the region. The employment rate in Y&H is 74.1% of the working age population and 0.4 points below the GB average. Regional employment has grown faster than the GB average. North Yorkshire and South Yorkshire employment rates have been increasing fastest since 2000 rising by 1.8 and 2.4 points respectively, compared to a 0.4 points growth for GB. These 2 areas also provide an example of sub-regional disparities, with high levels of employment in the more affluent North Yorkshire at 80.3% compared to 71.9% in less affluent South Yorkshire (2005).



22. The region as a whole has a 20.7 points employment rate gap between BME and white workers, compared to a 16.9 points gap for GB. Further disparities in employment rates exist between BME communities and the white community. The greater differences between white and non-white rates are currently in South Yorkshire and West Yorkshire, whilst the differences in the Humber and North Yorkshire are less pronounced.

23. There is a clear association between employment rates and levels of qualifications in the region. Those with NVQ4 and above have an employment rate of 87.4%, tailing to 73.1% for those whose highest qualification is NVQ1. For those with no qualifications, the employment rate is only 46.5% which is a gap of huge significance to be addressed.

Employment Structure

24. The Annual Business Inquiry reported 170,667 business units in the region in 2004. Of these, just 0.2% are classed as large firms yet these account for 45.6% of employment.

25. The largest employment sector is public administration and health accounting for 28.2% of the region's employee jobs but only 10.1% of business units. Distribution, hotels and restaurants account for a further quarter of total employee jobs with banking, finance and insurance (17.1%) and manufacturing (13.8%) accounting for the other larger proportions of employee jobs. South Yorkshire has a broadly similar profile but has an even larger public sector presence; and a smaller agricultural sector. Since 2000 the greatest changes in employment have occurred in the largest sectors of the economy. The proportion of employee jobs in manufacturing has declined from 18.5% to 13.8% of the regional total, whilst public administration has grown from 25.1% to 28.2%. These changes broadly mirror national trends. These two sectors are, however, over-represented in employment terms when compared to national averages – clearly demonstrating the importance of manufacturing to the region's economy – and should be considered when comparing economic performance. Employee job growth has been even faster in South Yorkshire (up 13.3%) than both the region and GB.

Employee Jobs by Sector for Region, Sub-region and GB, 2000–2005							
Sectors	2005				2000		
	Y&H(n)	Y&H(%)	SY(%)	GB(%)	Y&H(%)	SY(%)	GB(%)
Agriculture and fishing	16,200	0.7	0.2	0.9	0.9	0.3	1.0
Energy and water	11,700	0.5	0.4	0.6	0.8	0.7	0.8
Manufacturing	312,900	13.8	13.6	11.1	18.5	18.5	15.0
Construction	114,800	5.1	5.0	4.6	4.7	5.3	4.5
Distribution, hotels & rest.	543,700	24.0	23.5	24.1	24.2	23.6	24.1
Transport & comm.	134,700	6.0	6.2	6.0	6.0	6.6	6.1
Banking, finance & ins etc	386,000	17.1	17.0	20.7	15.4	13.5	19.6
Public admin edu & health	637,100	28.2	29.4	26.9	25.1	26.6	24.0
Other services	105,300	4.7	4.7	5.2	4.5	4.9	5.0
Total	2,262,400	100.0	100.0	100.0	100.0	100.0	100.0

Source: Office for National Statistics, Annual Business Inquiry 2006

26. The seven priority growth clusters[2] identified in the RES together account for around 300,000-350,000 jobs. The clusters that have grown most in employment terms between 1994 and 2004 – and that are forecast to continue to grow to 2016 - are Digital Industries and Environmental Technologies. Healthcare Technologies has been steady in growth (but enjoyed very high output growth) whilst others have lost jobs (and are forecast to continue this decline), most notably Chemicals where employment has fallen by around 20% between 2000 and 2004.

27. It is also interesting to look at a number of sectors that are important to the region and that have significant strengths in geographical locations. One such example is the financial and related services sector which is prominent in Leeds and other parts of West Yorkshire and Sheffield. The sector has experienced massive growth in the Leeds area with employment growing at 4.1% per year between 1995 and 2002. Although this is expected to ease, the sector is still forecast to provide a further 49,000 net jobs, 43.4% of regional net employment growth, by 2016. Other sectors noted in the RES of significance are construction, logistics, and tourism – each having its own needs and opportunities. South Yorkshire has a large AEM cluster for both jobs and output and could be disproportionately affected in employment terms by further structural change within the manufacturing sector. Although the sub-region has a smaller share of employment in the digital sector, its business base is the same size as the region, indicating that there is a strong cluster of smaller companies with a potential for stronger growth.

Future Employment Trends

28. Latest employment forecasts predict that there will be over 46,000 (net) more jobs created over the next few years under current economic conditions – an increase of 2%- bringing the total number employed in the Region to over 2,650,000. The occupational area showing the largest net numerical increase is Sales Occupations (10,400) followed by Corporate Administrators (7,700). Proportionately, the biggest increase will be in Health Professionals. There will be similar occupational patterns in South Yorkshire, however, proportionately these increases will be smaller, (e.g. total net jobs up 9,000 and 1.5%).

29. There are still around 330,000 people employed in elementary occupations and this figure is set for a small net increase in the immediate short-term. For South Yorkshire these are 76,000 jobs and the numbers are also increasing. In the longer term the absolute numbers of elementary jobs are forecast to decline.

2 A cluster is a group of companies where a locality has particular strengths and potential to grow and attract innovative businesses. In Y&H the identified clusters are Advanced Engineering and Metals, Bioscience, Chemicals, Digital Industries, Environmental Technologies, Food and Drink, and Healthcare Technologies.

30. Replacement demand (which represents those existing jobs that are vacated due to individuals changing jobs or retirement) within the regional labour market will continue to be a major determinant of available occupational vacancies. It is estimated that this will be around 590,000 between 2006-2010 (or 147,500 pa) of which there will be 300,000 retirements. The numbers will be dependant upon the impact of changes to legislation relating to age and retirement. The number of retirements will continue to increase significantly post 2010 and will have a significant impact on a number of key occupations within the region, a consequence of the region's age-profile. The emerging issue within the region is that the numbers entering the workforce will be insufficient to fill all the vacancies created, and new sources of labour will continue to be attracted from outside the UK in the longer term. However the number of lower order occupations could also be reduced through a combination of rationalisation activities, outsourcing to the Third World and through changes in working practices.

31. The occupational area showing the largest numerical replacement demand is Corporate Administrators (59,000) followed by Sales Occupations (56,000) and Secretarial and Related Occupations (49,000). Despite the drive to improve/increase qualifications, Elementary: Clerical/ Service opportunities also show significant replacement demand (49,000) reflecting high levels of labour turnover at this end of the occupation and skills spectrum.

32. A breakdown of net replacement demand provides an insight into the volume of vacancies that will arise in the next five years in each sub region.

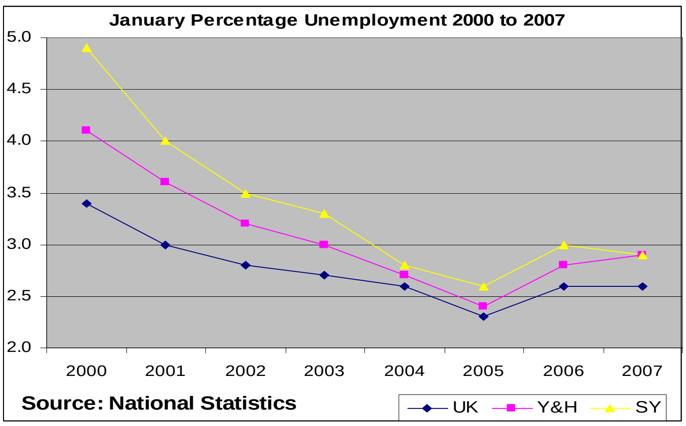
33. It is estimated that the Humber will have around 100,000 vacancies between 2006-2010 (or 25,000 pa). This compares to 92,000 in North Yorkshire, 143,000 in South Yorkshire and 253,000 in West Yorkshire

<u>Earnings</u>

34. Though employment levels have risen significantly, regional average income in 2006, at £25,961, was 88.5% of the UK average of £29,331. Average earnings for South Yorkshire stand at £24,787 which is 95.5% of the region average and only 84.5% of the comparative UK rate. Average weekly gross earnings for full time employees in 2006 for Y&H were £487, which places the region 8th out of the 9 English regions ahead of only the North East. The region has the lowest percentage of medium and higher level skilled jobs of any English region bar London. There also remains a significant gender pay gap in the region, with men earning on average £117.10 more per week than women. Women's earnings in the region are 78% of men's, compared to 78.3% in South Yorkshire, both of which are higher than the UK ratio of 76.7%.

<u>Worklessness</u>

35. Y&H is characterised by relatively high levels of economic activity. Recent Labour Force Survey data for Y&H indicate that the trend in the employment rate is decreasing, but the latest rate is not significantly different from a year ago. There has already been significant progress towards the Government's target of eradicating child poverty by 2020. But despite this success, more support needs to be provided to parents, to help them move into sustainable work, if the interim targets of halving child poverty by 2010 are to be achieved.



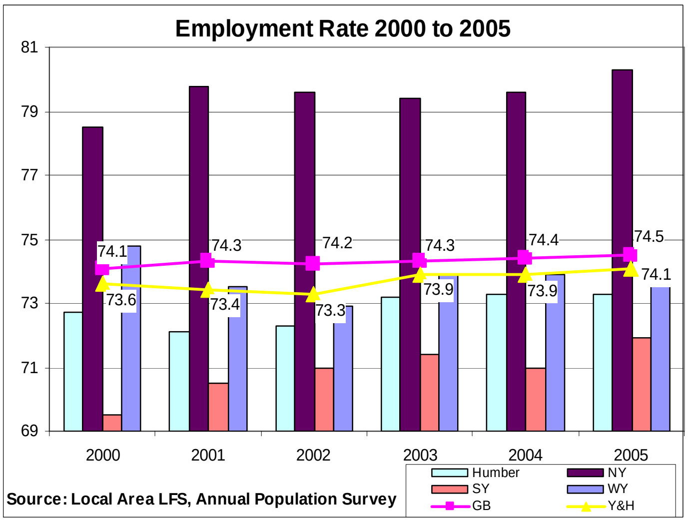
36. The region's claimant unemployment rate was 2.8% in January 2006 and rose slightly to 2.9% in January 2007. The UK remained unchanged at 2.6%. There are variations across the region with North Yorkshire having the lowest sub-regional rate (1.7%) and the Humber the highest (3.8%). South Yorkshire fell to 2.9% below both West and North Yorkshire. On the Government's preferred measure of unemployment, the ILO rate, there were 129,100 people in the region actively seeking work in mid-2006, a rate of 5.4%. Variations range from 1.3% in Harrogate to over 7% in Doncaster, Sheffield and Ryedale. Y&H fares better on the proportion of long-term unemployed claimants – 14.7% in January 2007 had been claiming for over 12 months making it the second lowest region in England and third lowest in the UK, and lower than the UK average of 16.5%. South Yorkshire was also 14.7%. The JSA Claimant count as a proportion of the working age population is lowest in Harrogate and Richmondshire at 1.1%. It is highest in Kingston upon Hull at 5.5%.

37. More than 1.5m people are economically inactive in Y&H. Of these, 661,000 are of working age, but 32% have caring responsibilities, 19% are students, and 27% are on long term sick. The remainder are either retired or categorised as "other". Of those classed as economically inactive, 28% are seeking employment. Again there are variations across the region – East Riding of Yorkshire and North Yorkshire have the lowest proportions and South Yorkshire the highest - and across gender.

38. Latest figures show that there are 62,390 lone parents claiming benefits in the region. Nationally 56% of lone parents of working age are in employment and this trend is increasing. Lone parents are overwhelmingly female and predominantly white. BME lone parents often appear more isolated than others, especially those who have not been in this country very long. As a group, lone parents are low on educational qualifications and reported to be at greater risk of low-income poverty then couple families. South Yorkshire has the lowest rate of employment for this group.

39. There are 275,080 claimants of sickness and disability benefits in the region; the National figure is 2.7m. Latest evidence suggests that the trend is a downwards with a reduction of 6,380 on the previous quarter. Nine out of 10 people on incapacity benefit expect to return to work again when they first make a claim, but statistics show that after one year on Incapacity Benefit, customers have a 20% chance of returning to work, with the average time on Incapacity Benefit after 12 months being 8 years.

40. As of December 2006, the Jobseeker register for customers categorised as 50+ stood at 13,685. There is a genuine push to have increased numbers of older workers (those of 50 to State Pension Age) back in to the labour market. Nationally 6.3 million older workers are in employment. This is a slight increase from a year earlier. It is this group that are the most vulnerable to changes in the labour market, as they may require support in upskilling to enable them to compete for employment in the economy of the future.



41. With employment levels close to the national average and a much tighter labour market, new issues are now emerging. These include improving quality of employment, closing the gap between employment rates amongst groups and re-engaging the economically inactive – where numbers in this region are above the national average. The Y&H region has set a RES target of increasing the ILO employment rate from 74.1% of working age in 2005 to between 78-80% by 2016. This would equate to creating between 103,000 and 164,000 new jobs. Currently South Yorkshire has an employment rate of 71.9%, the lowest in the region. Given

the variances in employment rates across communities and constituencies and levels of economic activity, there is clear potential to effectively target interventions in order to meet this target.

NEET

42. The most recent figures for the Region indicate that there are over 15,450 young people in NEET (December 2006). At the sub-regional level, the NEET levels in the Humber, South Yorkshire, and West Yorkshire are hovering around the 10% mark. North Yorkshire is the exception having 5%, but there are geographically concentrated pockets of young people in NEET in areas like Scarborough, York and Selby.

43. Of those young people who fall into NEET, although in percentage and volume terms, the numbers may potentially not change each month, the individuals involved usually do, as they move in and out of education, seasonal or other employment, and training. Whilst this group require ongoing support to ensure that they remain in their chosen employment and training routes, there is a hardcore group of around 1%, who remain in NEET for long periods. These young people require a significant amount of additional support.

44. European funds are being invested throughout the region in a range of discretionary projects to meet the needs of young people who are unable or unwilling to access Government funded provision.

45. In addition to NEET, we must be mindful of the 16-18 year olds whose current situation is unknown, particularly as a significant proportion fall into NEET when their situation becomes known. Regionally there are a further 12,050 young people whose current position is "not known[3]'. At a sub regional level, the Humber, South Yorkshire, and West Yorkshire have the highest proportion of young people whose situation is 'not known.'

46. Recent national statistics (DfES November 2005) indicate that:

- In comparison to white students, Pakistani and Bangladeshi young people were more likely to be NEET (16% compared with 10%), whereas Indians were least likely (5%).
- Young people with a disability or a health problem were three times more likely to be NEET (27% compared to 9%).
- 23% of low achievers are NEET at 16, compared to 1% of 16 year olds who attained 5 A* - C.
- Those excluded from school at some point in Year 10 or Year 11 were more likely to be NEET (18% compared to 10%).

47. The LSC is taking a leading role in the PSA target to '*reduce the proportion of young people not in education, training or employment by 2 percentage points by 2010.'* A target to 2010 is in the process of being developed and agreed for Y&H. However, if we were to apply the 2 percentage point reduction to the Region's NEET figure for November 2004 of 9.2% (adjusted), it would give a target of 7.2% for 2010.

Offenders

48. Those who have offended are a priority group for funding aimed at securing their engagement through assisting in eliminating the labour market barriers they experience. The latest intelligence suggests that there are 30,000 offenders with entry to employment needs. Over 47% of them are resident in West Yorkshire, with a further 26% in South Yorkshire, 17.5% in Humberside and 9.5% in North Yorkshire.

[4] A young person would fall into the 'not known' category if their Personal Adviser is unable to establish what activity the young person is engaged in.

49. Two thirds of prisoners are reconvicted of another offence within two years of release. Of that number 60% are unemployed. They account for 25% of those young people who are NEET. Nearly half of all prisoners have reading and writing skills that are assessed as below Level 1. Half of all male offenders and 3 quarters of all female offenders have no qualifications. Due to the sensitivity of the subject, exact figures are not known but information suggests that after release 20% of ex-offenders have a job lined up. Additionally, of the 35% of released offenders that book a Freshstart New Jobseeker Interview, only 4% start a job within the next 12 months. Therefore we can expect the ex-offender employment rate to be estimated at 20% to 30%. It is widely recognised that the route out of re-offending is securing employment, and to secure employment is to have relevant skills.

50. Key issues arising from this are approximately 50% of the 30,000 offenders will be aged under 26 (including around 5,000 18-21 year olds). BME offenders are over-represented in this group. Eliminating barriers to the labour market is equally important for those offenders who serve a community sentence as it is for ex-prisoners. In this region, 56% of ex-offenders have been assessed to have an offending related ETE (employment/ training or education) need, above the national average for offenders.

Skills

51. Y&H has seen absolute improvements in education and skills levels. Yet the region still has fewer skilled people than the most successful regions. This needs to improve – alongside attracting and retaining more skilled people to the region – if we are to prevent market failure based on a low-skills equilibrium and to be able to compete in the global market place.

<u>GCSE/GNVQ Attainment</u>

52. An important measure of achievement in schools is GCSE/GNVQ 5+ grades A* to C (NVQ2 level), or equivalent, vocational qualifications. Maintaining achievement levels to and beyond NVQ2 level is vital for the region's future skills performance. Whilst the gap between the lowest and best performing regions has narrowed, Y&H continues to have the lowest attainment rates at GCSE level in England.

GCSE/GNVQ achievements/No Qualifications in Yorkshire and The Humber LEAs, 2000–2006

	GCSE/GNVQ 5+ A* to C								No Qual.	
	2000	2001	2002	2003	2004	2005	2006	change 2000-06	% for 2000	% for 2006
England	49.2	50.0	51.6	52.9	53.7	56.3	59.2	10.0	5.6	2.2
Y&H	43.6	44.4	45.6	46.5	47.1	50.9	54.5	10.9	6.6	3.5
Barnsley	34.9	35.1	35.4	39.3	40.7	45.4	49.5	14.6	7.2	2.8
Bradford	33.8	34.3	37.3	39.6	39.8	46.3	50.2	16.4	8.4	4.6
Calderdale	43.6	48.8	50.5	52.1	52.8	54.6	58.1	14.5	5.3	2.7
Doncaster	36.8	39.9	39.6	40.2	41.0	44.5	51.9	15.1	8.6	4.2
East Riding	49.9	50.1	49.7	51.0	55.6	61.0	62.2	12.3	4.7	1.1
Hull	24.4	27.5	28.9	31.9	34.7	44.1	52.4	28.0	10.5	7.2
Kirklees	43.8	44.2	47.5	47.1	47.4	50.8	53.0	9.2	6.3	3.2
Leeds	40.4	39.6	42.4	44.3	45.4	49.2	52.2	11.8	8.3	4.4
NE Lincolns.	35.8	36.5	37.8	35.2	39.2	42.4	48.2	12.4	6.7	3.8
N Lincolns.	43.8	42.3	42.6	46.9	49.2	50.8	54.1	10.3	3.0	1.9
N Yorkshire	59.3	58.3	60.2	58.7	60.7	62.4	64.2	4.9	2.8	1.9
Rotherham	41.1	43.1	41.6	44.4	46.0	48.9	52.2	11.1	5.4	3.4
Sheffield	41.1	42.0	41.4	43.2	44.8	46.6	48.5	7.4	8.5	5.0
Wakefield	43.2	44.8	45.6	45.7	50.1	56.4	57.8	14.6	4.7	2.5
York	52.6	54.2	56.4	58.8	56.6	59.8	62.1	9.5	4.4	1.9

Source: Department for Education and Skills, School Performance Tables 2006

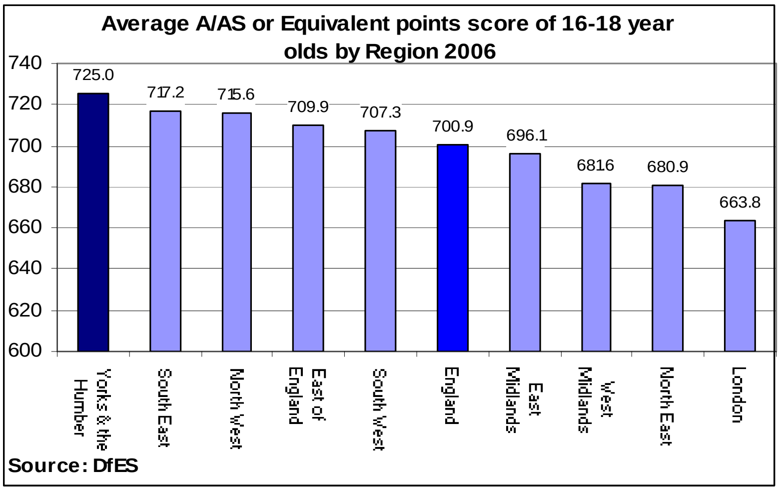
53. At Local Authority level, North Yorkshire, East Riding and York continue to out-perform England. The most impressive improvements were in Hull but good performances were also achieved in Bradford, Doncaster, Wakefield, Barnsley, and Calderdale, where increases exceeded 14 points. The region performed slightly better than England. However, the improvement in pupils achieving no qualification was below the national figure.

54. Girls in the region outperform boys at GCSE/GNVQ, as is the case with the rest of England. In 2004/05 45.4% of boys achieved 5+ GCSEs at A*-C compared to 56.2% of girls. There are also differences in attainment amongst BME groups. The highest performing are from Indian origin at 14 percentage points above the overall average, with Black Caribbean the lowest – around 16 percentage points lower than the average. In all we see that, although not exclusive to this region, a key issue is the fall in performance from Key Stage 2, where the region is closing the gap and is only fractionally below the national average, to GCSE/GNVQ. Research is currently in place to identify the reasons why this fall happens and what can be done to maintain performance.

55. The Y&H region has the second highest number of young people with no qualifications – 3.6% compared to the England average of 2.6%. This is most significant in Hull (7.2%), Bradford (6%) and Sheffield (5.9%). There are clear links from this to those individuals 16-18 year olds who are not in employment, education or training. It is clearly recognised that a culture change is needed if the region is to persuade these young people that their participation will add value to their life opportunities.

<u>'A' Level Attainment</u>

56. In contrast, Y&H performed very well in 2006 against the other English regions for 'A' Level (and equivalent) results for 16-18 year olds. With an average points score of 725 per candidate, the region ranked first. On individual exam entry scores, however, the region at 200.4 per exam ranked 6th out of the 9. This was ahead of West and East Midlands and the North East. England had a 202.2 per entry average. In South Yorkshire all LEA average point scores were below the regional and national figures. Per exam Sheffield scored 207.7, higher than both the region and England, while Barnsley reported 200.5, just above the region.



<u>Skills for Life/Basic Skills</u>

57. The PSA target "*Improving the basic skill levels of 2.25 million adults between the launch of Skills for Life in 2001 and 2010, with a milestone of 1.5 million in 2007*" is the key driver for improving basic skills.

58. Y&H's attainment in literacy and numeracy at entry level, Level 1, and Level 2 generally fall a couple of percentage points below national average attainment levels. In total, it is estimated there are nearly 590,000 adults with only entry level literacy and 870,000 with only entry level numeracy skills. A breakdown by sub-region identifies the strongest need for improved literacy skills in South and West Yorkshire. West Yorkshire also has particularly poor levels of numeracy skills.

59. The Region's demographics, as highlighted earlier in the background information, are also reflected in the strong need for ESOL, particularly in West Yorkshire.

60. Although figures have improved, there are still too many economically active adults with no qualifications – 9.9% compared to the England average of 9%. Looking at the people between 16 and 74, 33.1% have no qualifications compared to a 28.8% English average (Census 2001). South Yorkshire was 35.9%, with Barnsley 41.1%, Doncaster 38.1%, and Rotherham 36.8% all above the regional average and only Sheffield below the region at 32.0%. Taking out those of pensionable age, the South Yorkshire people of working age share would drop to 29.3%. As shown earlier, the employment rate in the region for those with no qualifications is very low.

Level 2 at 19

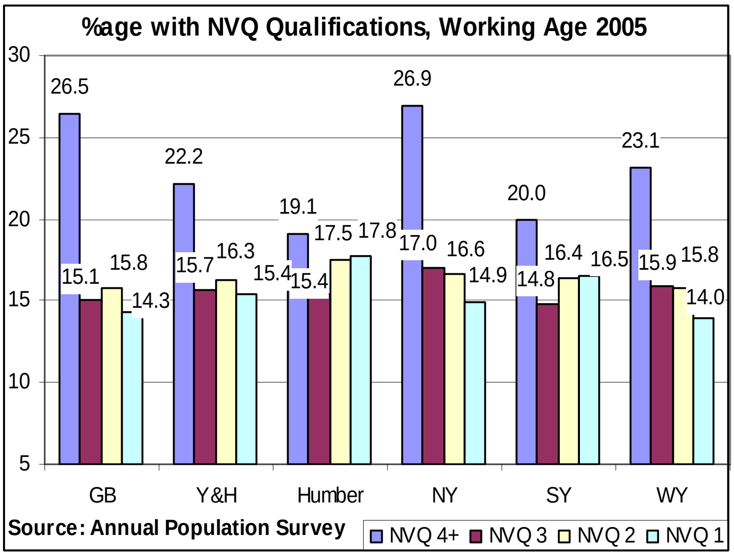
61. The LSC is expected to take a leading role in the PSA target to "*increase the proportion of 19 year olds who achieve at least Level 2 by 3 percentage points between 2004 and 2006, and a further 2 percentage points between 2006 and 2008, and increase the proportion of young people who achieve Level 3*".

62. Y&H's Level 2 performance in 2003/4 was 64.3% and this improved by 2.5% to 66.8% in 2004/5. Unfortunately, the gap between regional and national performance widened by 0.6% and regional performance is now 3% below the national average. In percentage terms, Y&H was the second worst performing region in 2003/4 and it became the poorest performing region in 2004/5. In volume terms, 22,800 young people aged 19 had not achieved a Level 2 in 2003/4, followed by nearly 21,400 in 2004/5.

63. Examination of performance by the 2005-6 19 year old cohort, which is key to achievement of the 2006 PSA target, shows 65% have a Level 2 at age 18. Based on the improvements between age 18 and 19 in 2003/4 and 2004 we can expect a further 5% improvement for the 2005/6 19 year old cohort which would give 70%. This suggests that regionally we can expect to exceed the 2006 PSA target for improvement in performance by 3%.

64. There are significant variations in performance within the Region with North Yorkshire out performing all the other sub regions by over 20% in both 2003/4 and 2004/5. The poorest performance is in South Yorkshire. Performance is slightly better in the Humber and West Yorkshire but both were below regional and national averages in 2004/5.

Adults Not Qualified to Level 2

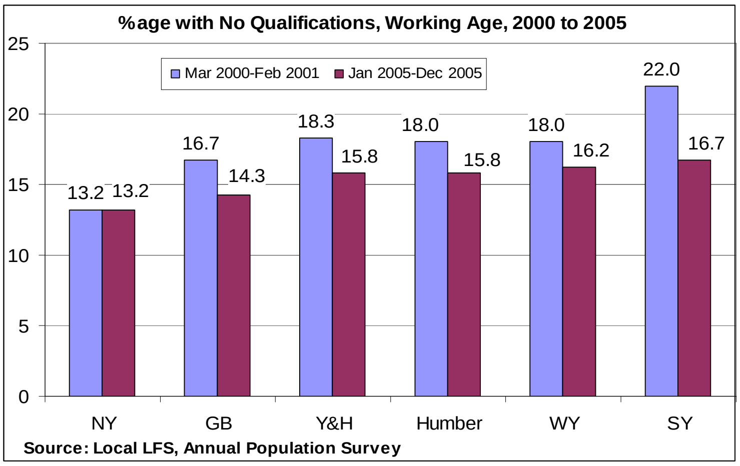


65. Of the 3m people of working age in the region, 950,000 or 31.2% have less than an NVQ2 qualification (equivalent to 5+ A* to C GCSE/GNVQ). All economies need a balance of skills but ideally should maximise their share of NVQ2 level and above qualifications. In the region, 84.2% of people of working age have at least one qualification. More than one in 4 people in GB have an NVQ4+ level qualification (ie first degree equivalent or above) compared to 1 in 5 in the Humber and South Yorkshire sub-regions. Most regeneration initiatives, including Structural Fund programmes, need to provide training for a range of skills to help economies improve their skills equilibrium. This training must be matched to job opportunities to ensure it feeds into the economy.

66. There is considerable variation of the population without a Level 2 within different groups. Recent statistics (West Yorkshire Household Survey, 2005) indicate that:

- Only 60% of people with disabilities have a qualification.
- Over 40% of unskilled and semi-skilled workers are without a qualification.
- By industry, almost a quarter of those in manufacturing (23%) are not qualified in any subject, in contrast with only 8% in public services.
- 33% of those in work are qualified to NVQ Level 4 compared to 24% of the unemployed.

67. There is a direct correlation between qualifications and income. More than a quarter (26%) of those on a low income (relative to other respondents) had no qualifications, compared to just 5% of those in the highest earning bracket.



68. Latest evidence suggests that there are 481,000 people of working age in the region who have no qualifications (15.8%), compared with GB with 14.3%. This is a reduction of 66,000 since 2000. At 16.7%, South Yorkshire has the highest proportion of people with no qualifications, but has reduced its numbers by a quarter over the same period (39,500 fewer people). A reduction in the number of people with no qualifications has to be a priority for the next round of Structural Fund programmes. Provision of basic skills training for people without paid work or in employment across the region will contribute to its competitiveness and to inclusion.

69. Nationally, the baseline for Level 3 performance at age 19 was established as 42% in 2003/4. This had risen to 46% by the end of 2004/05.

70. Y&H's performance in 2003/4 was 38% and this improved by 3% to 41% in 2004/5. The gap between regional and national performance has widened by 0.5% and regional performance is now 4.5 percentage points below the national average. In percentage terms, Y&H was the second worst performing region in both 2003/4 and 2004/5. In volume terms, 37,827 young people aged 19 had not achieved a Level 3 in 2004/5 in Y&H.

71. Within the region, North Yorkshire had the greatest proportion of its young people with a Level 3 qualification in 2003/4 (52%) and it maintained this position in 2004/5 (55%). At the other end of the scale was South Yorkshire with 32% in 2003/4 rising to 35% in 2004/5. South Yorkshire also had the weakest improvement of all sub-regions between the two years at 2.7%.

Adults Qualified to Level 3 and Above

72. In 2005, 48% of economically active adults of working age (as opposed to the working age population) were qualified to at least Level 3 or above in the region. Y&H is the fifth highest region, but still behind the England average of 50%. Since 2000, the Region has improved by 3.8 percentage points, higher than the overall England average increase (3.3 percentage points).

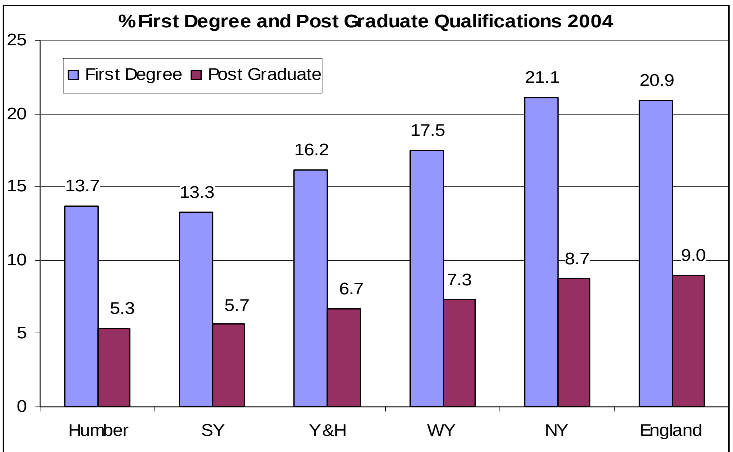
Adults Qualified to Level 4 and Above

73. In 2005 the Region had 25.5% of its economically active adults with a Level 4 qualification or higher. This is 4% less than the England average of 29%, but represents a 3.2 percentage point increase on the 2000 baseline. Y&H is in joint 6th position of the regions, alongside East Midlands.

74. North Yorkshire has a far higher proportion of its population with a Level 4 or above qualification at 32%, whilst the Humber has significantly fewer residents than both the regional and national average (19%). Latest research evidence for the Humber and West Yorkshire (2005), indicate that people with disabilities and non-white respondents are much less likely to have a Level 4 qualification or higher.

Higher Education and Higher Level Qualifications

75. In 2005/06, the region had 194,485 students in higher education, 10.0% of the total number of students in England with more than 40% qualifying. The region has 8 universities, 4 higher education and 30 further education colleges. All are educating students over a wide range of course and levels, from vocational to academic courses. The institutions also provide a range of short courses linked to workforce development, often developed with employers.



Source: Claritas-Acxiom Ltd National Lifestyle Survey, 2004

76. Recent evidence from the National Lifestyle Survey shows that, in 2004, 16.2% of households in Y&H had at least one adult with a first degree and a further 6.7% of households had at least one adult with a postgraduate qualification. These compare poorly to the England averages of 20.9% and 9.0% respectively. At sub-regional level the Humber and South Yorkshire lag behind in terms of first degrees and postgraduate qualifications.

Employer Skills Needs – Skills Shortages

77. Employers are increasingly aware of the needs to improve their skills base to meet the current and emerging competitive challenges that they have to face. Latest evidence (May 2006) indicates that 22% of employers in the region quoted skills problems as inhibiting growth, and 62% cited a high level of workforce skills as the single most important factor to current competitiveness.

78. Evidence from the Learning and Skills Council National Employer Skills Survey highlighted that 26% of vacancies in the region were considered by employers to be ‘skills shortage vacancies’[4] - an increase of on the previous year but marginally worse than the national average of 25%, which had itself increased significantly. These vacancies are most prevalent in skilled trade occupations and least so in personal services and in sales and customer service occupations.

79. However, Jobcentre Plus data indicates that, in contrast to the national trend, in Y&H there has been a marked fall since 2003 in the proportions of employers experiencing difficulty filling vacant posts (currently at 9%), and in the proportion whose difficulties are considered by employers to be caused by a lack of the available skills in the labour market (currently at 7%). This is particularly so in North Yorkshire and the Humber, both figures being two percentage points above the national average. The discrepancy with the findings from recent survey evidence can be explained by the fact that the Job

4 The Department for Education and Skills (DfES) defines skill shortages vacancies as “a situation where there is a genuine shortage in the accessible external labour market of the type of skill being sought, and which leads to a difficulty in recruitment”. Skill shortage vacancies are thus vacancies attributed to a lack of job applicants with the required skills, qualifications or work experience.

Centre data relates to their client base, which accounts for up to 40% of employers, and the fact that they tend to advertise lower occupational order jobs within Job Centres. Despite these improvements, the Region is still ranked first in terms of the largest percentage of employers with vacancies, with hard to fill vacancies and with skills shortage vacancies.

80. In occupational terms, skilled trades positions and personal service occupations appear to be a key focus of recruitment difficulties and of skill shortages although associate professional positions also emerged as posing significant challenges. In volume terms, associate professionals excepted, "lower order" occupations appear to pose more of a skills and recruitment challenge than "higher order" (managerial and professional) occupations – in which skills are ostensibly at a greater premium.

81. Industries experiencing a higher than average incidence of skill-shortage vacancies tend to be either manufacturing/primary industries, construction or service industries dominated by public sector employers, particularly the Health sector and public transport. Some of this is confirmed in the needs identified within the Sector Skills Agreements, which include more provision for Level 3 learning, particularly in craft and specialist areas.

Employer Skills Needs – Skill Gaps

82. Skill gaps affect a significant minority of employers (though this is 23% in Y&H – the highest proportion in the country, compared to 16% nationally) and a smaller minority of the workforce (8% compared to 6% nationally). Skill gaps are the mismatch between the skills workers possess and the skills employers demand.

83. The proportion of employers affected by these proficiency problems has decreased again over the last two years, with the proportion of the workforce lacking proficiency also on the decline. In the Humber Household Survey only 2% of respondents claimed that they didn't feel proficient at work. If we link this to the NESS 2005 findings where, in the view of employers, 8% of the workforce has skill gaps, it suggests that there may be a lack of realism amongst some of the employed workforce.

Skills Gaps	**Y&H**	**National**	**Regional Position**	**Range in regions**
% of companies with any skills gaps	23%	16%	1	23-13%
% of staff with skills gaps	8%	6%	1	8-5%

Source: National Employer Skills Survey (LSC 2005)

84. A greater proportion of the workforce in sales (12%), elementary (11%), personal service occupations (8%) and machine operatives (7%) have been identified by employers as having skills gaps than in the more senior occupations (managers and professionals – 4% and 5% respectively).

85. In terms of the need for management skills, analysis of the work undertaken by the Region's broker network identified managerial training to Level 3 or 4 as a planned area for training, along with foundation degrees and team leadership.

86. Increasingly, and most commonly, skill gaps are caused by a lack of experience/"time served" (and/or related recruitment and staff turnover difficulties). Also, a lack of training and the inability of the workforce to keep up with change each account – at least in part - for around 2 fifths of all skill gaps. Interestingly, a lack of motivation on the part of staff lies at the heart of almost a third of all skill gaps.

87. Employers most commonly react to skill gaps by training – either increasing training for the existing workforce or increasing/expanding trainee programmes. Latest evidence from the Labour Force Survey indicates that, in the region, 31% of the workforce has been engaged in training in the previous 13 weeks (a similar position to that recorded for the previous 2 years), whilst in South Yorkshire the equivalent proportion is 34%. The UK average is 31%. This is to be welcomed, but of more concern are the more than one in ten employers with skill gaps that do nothing to resolve them.

88. Employer views of provision are clearly important and in the 2006 survey of employers visited as part of the Brokerage project over 3 quarters (76%) of companies felt that they could access the relevant training provision within their sub region.

Future Skill Needs of Existing Employees

89. In the latest Survey of Regional Economic Trends, 37% of employers quoted that marketing skills need improving over the next twelve months if they are to meet their business needs, while 30% stated that they required improvement in management skills. ICT competence is of lesser importance, although still quoted by 16% of those surveyed across the region, higher than its usual level of around 13%.

90. Recent press reports give increased importance to foreign language skills particularly in the areas of sales and exports. Employer surveys do not endorse this, with only 6% claiming it as a skill in need of improvement. Perhaps more education of employers is required as, currently, language learning may be best described as a learning need but not a learning demand.

91. The National Employer Skills Survey highlights the skills that employers claim are lacking from their workforce. Significantly, although the main skill lacking is of a technical/practical nature, most of the others on the list are transferable and generic skills.

92. Of the employers surveyed in the Region, 20% were of the opinion that their employees have no skills in need of improvement over the next 12 months; this compared to 18% throughout England. At a sectoral level, the Construction industry is the most likely of all the industries to believe that no skills need improving (30%). The Olympics and other major events in the region (attracted through Yorkshire Forward's Major Event Strategy) will create a new demand for a number of skills, for example those required to put on events or winning major contracts in sectors such as construction. Annex D illustrates current skills supply and demand issues by industrial sector.

93. The publication of the UK Sustainable Development Strategy, Securing the Future, in 2005 sent a clear message to both Y&H and the nation as a whole that we must, in the future, aim to live within environmental limits and create a just society through sustainable economic growth, good governance and sound science. New skills will be required in the light of the region's sustainable development priorities, for example in the Environmental Technologies sector, and appropriate training provision will need to be identified and implemented.

Entrepreneurship

94. Entrepreneurship is a route to business formation, innovation and competitiveness and to an enterprising culture amongst employees. Enterprise in education is a way of diversifying learning methods, developing life skills and cultivating an enterprise culture.

95. A wide range of statistical indicators point to an enterprise deficit in the region and the RES sets stretching targets to remedy this. Recent evidence shows improvements in enterprise formation and survival, growing business ownership and, most significant, a rise in the proportion of the household population who have thought about starting a business.

96. Programmes like the New Entrepreneurship Scholarship Scheme and New Deal for Self-employment as well as evaluations of Yorkshire Forward and Structural Fund Programmes reveal a range of critical factors for successfully overcoming some of the barriers experienced in moving into enterprise. Amongst these are the ways in which enterprise skills are acquired.

97. Currently 5 Districts in the region have been awarded funding under the Government's Local Enterprise Growth Initiative. These are Bradford, Leeds, Sheffield, Doncaster and North East Lincolnshire. Each one is pioneering innovative methods to stimulating enterprise, investment and access to jobs in deprived areas.

98. As with the interface between employment and skills which are not separate silos, entrepreneurship needs to be seen as a process that helps form transferable skills relevant to employment as well as a process to stimulate enterprise formation, survival, job and business growth by providing new proprietors with access to business and enterprise skills.

Conclusion

99. The Y&H region has made some progress in the last seven years in seeking to address its employment and skills issues. There still remains much to be done if it is to become the highly competitive and skilled economy to which it aspires. The ESF framework is not designed to address all that is required. Other public, private and Third sector investment needs to be marshalled behind the RES ambitions through the investment planning approach. The orientation of the deployment of ESF investment is towards those aspects of the employment and skills agenda where it makes an extra, necessary, contribution which, in particular, will not be made by market forces.

ANNEX D. SUMMARY OF SUPPLY AND DEMAND IN Y&H

Structural changes (summarised in terms of net employment) anticipated for the next 5 years include declining employment opportunities in manufacturing (-5%, 16,900 posts) and public administration (-6%, 7,300 posts), whilst construction (+10%, 20,300 posts), communications (12%, 5,600 posts) and professional business support services (5%, 25,600 posts) will continue to expand. These changes, together with labour market churn, will create the greatest number of vacancies in Corporate Administration (58,800), Sales (56,300) and Secretarial and Related (49,500) and Elementary: Clerical/Service Occupations (49,200).

In terms of both incidence and volume, skills-related recruitment difficulties are most acute among employers covered by the following Sector Skills Councils footprints: GoSkills (Passenger Transport), Skills for Health (Health Sector), e-skills UK (IT, Telecommunications and Contact Centres) and Lantra (Environmental and Land-based Industries). The largest volume of skill-shortages is found among employers covered by Skills for Health.

A summary of demand and supply by sector and by a selection of functional skills applicable across sectors is helpful in determining the changes in provision that we will need to make in 2007/08 and beyond. The standardised international classifications of industries for statistical purposes does not easily relate to the Sector Skills Councils footprints. More work regionally is required to reconcile the presentation of intelligence so that programmes and provision are solidly based on the best evidence.

Agriculture, Horticulture and Animal Care

- The sector expects a net reduction in employees of almost 1,000 by 2010, but replacement demand will create a similar number of opportunities at Level 2 and Level 3;
- A significant shift away from FE Level 1 and entry enrolments, with some increase at Level 2 and stable at Level 3;
- FE success rates on long courses for adults at Level 2 and Level 3 are substantially below the national averages. We need to increase rates on these targets.
- WBL only contributes small volumes to the sector. Success rates are below the national averages on both Level 2 and Level 3 programmes.

Business, Administration and Law

- Employment to grow by 13,000 to 2010 net, but opportunities could swell to three times this in terms of replacement demand;
- Large demand for administrative and secretarial roles at Level 2;
- 30% of businesses highlight managerial training required for existing staff;
- Finance and justice sector growing, particularly around Leeds, with demand for management, leadership and partnership working skills at Levels 3 and 4;
- FE learner numbers have fallen but proportion of Level 3 has increased and Level 2 has remained stable. Highest proportion of Level 4 learners within this sector;
- Success rates at adult long courses are marginally above the national rate;
- WBL volume delivery is low. Framework success rates at 59% for Level 2, 4 percentage points below the national average.

Construction

- Expansion of 20,000 (net) to 2010 is forecast;
- Replacement demand will create a higher rate of opportunities across all skill areas, but greatest need in carpentry/joinery, bricklaying, painting and decorating, plumbing and steel erecting;

- Level 2 learning is required for existing employees to upskill;
- More Level 3 highlighted in the Sector Skills Agreement;
- Construction skills in demand for London 2012 Olympic Games facilities;
- Overall FE enrolments fell by 1,000 across all levels, in contrast to employment growth forecasts;
- In 2004/5 FE Level 1, Level 2 and Level 4 success rates fell below the national rate and although Level 3 was above at 59% this has seen a decline over the past three years;
- Success rates in WBL below the national averages for both FMAs and AMAs.

Distribution/Transport[5]

- An expanding sector where a net additional 20,000 jobs are forecast over the next 4 years. If replacement demand is considered, this may mean 2 to 3 times that figure in terms of employment opportunities;
- Shortage of/increasing demand for bus drivers (Level 2/3);
- There is a need to develop management skills at Level 3 or Level 4.

Education and Training

- Expected to fall in next 4 years by a net 3,000 (1%), but replacement demand could mean 20,000 jobs available over that period (Level 4 mainly, but some Level 2 and 3);
- Need to improve the skills of school support staff;
- New vocational qualifications at Level 2 and Level 3;
- 79% of FE enrolments in learning are at Level 2 and Level 3, with 17% at Level 4;
- FE overall success rates for adults and youth lower than the national average;
- WBL advanced apprenticeship success rates below the national rate.

Engineering and Manufacturing

- Growth expected in the manufacture of paper, print and motor vehicle, and also in recycling. Job losses expected in food and drink and further declines in textiles, chemicals and wood products. Engineering should remain fairly constant;
- Skill shortages likely for process plant operatives and engineering professionals;
- Despite a net decline of 16,900 jobs to 2010, replacement demand will create a substantial number of opportunities across all levels;
- Sector Skills Agreements suggest a need for more Level 3 learning;
- Continued emphasis upon Business Improvement Techniques (BIT), with a move from Performance Management Operations (PMO) to BIT. Currently we deliver 750 BIT qualifications;
- In FE, enrolments at Level 1 and entry have decreased. We need to continue with the move in the mix of provision towards Level 2 and Level 3;
- FE success rates for adult long courses above the national average except Level 3;
- Continued increase in WBL framework success is needed, particularly at Level 2.

[5] This is an example where statistical data sources cross over the remits of at least two Sector Skills Councils (GoSkills for passenger transport and Skills for Logistics for freight logistics). The business and skills issues in the respective sectors are distinctively different.

Health and Social Care

- The sector is forecast to grow by a further 10,000 (net) by 2010, which, with replacement demand might give rise to 34,000 employment opportunities;
- Skills recruitment difficulties are greatest for employers linked to this Sector Skills Council;
- Skill shortages are highlighted for occupational therapists, childcare and mental health staff (all trained to Level 3) and approved social workers;
- Level 3 WBL framework success rate is sound but improvement required on Level 2;
- In FE the provision mix has seen a substantial shift with the loss of non priority aims. Level 2 has increased by 10,000 enrolments;
- Need to increase FE success rates at Level 3 for adults. All other levels are above the national rate.

Information Technology[6]

- 16% of businesses across all sectors highlighted IT skills related recruitment difficulties;
- 15% have identified basic ICT needs amongst their workforce;
- 11% have skill needs for IT professionals (Levels 3 and 4) and 22% have general IT user skills needs (Level 2);
- Sector is seeking to introduce a new range of Information Technology Qualifications;
- Significant need in upskilling is forecast as jobs demand higher levels of IT skills;
- Overall FE participation has fallen, including Level 2;
- Low number of WBL apprentices;
- Success rates for adult long courses are above the national averages but below the regional rate for all long courses;
- Apprentice success rates increased to 56%, where the national average was 70%. Need to continue to increase rates, particularly at Level 2.

Languages, Literature and Culture[7]

- Recent press reports give increased importance to foreign language skills particularly in sales and export. Employer surveys do not endorse this, with only 6% claiming it as a skill in need of improvement. Currently language learning may be best described as a learning need, not a learning demand;
- A majority of companies stated they did have use for language skills, but most could accommodate the need from their existing staff;
- Apart from FE Level 1 success rates, both age groups and levels are above the overall regional average.

Leisure, Travel and Tourism

- Currently 77,000 employed in tourism, of which 55% are in the hotel/restaurant sector;
- Recruitment difficulties identified around managers with specific sector skills;
- Key skills identified for improvement are marketing, management, selling, customer care, communications, craft skills and languages (Levels 2 and Level 3);

[6] Commentary here includes IT as a functional and generic skills and specific (e-Skills UK) Sector Skills Council perspectives.
[7] These points relate largely to functional skills applicable across sectors of industry rather than to sector specific skills covered by the Creative and Cultural Skills SSC.

- Delivery of the 2012 London Olympic Games will require skills within hospitality and catering, event management and sport;
- Only 54% of provision in FE is at Level 2 and Level 3;
- All FE success rates for adult long courses significantly below the national averages.

Retail and Commercial Enterprise[8]

- Retail is the third largest sector in the Region with 280,000 employees;
- Employment is forecast to grow by 10,000 in the next four years, but swelled by replacement demand figures to over 55,000 employment opportunities (mainly Levels 1 and 2);
- Level 3 management/supervisory training is required;
- Proportion of FE enrolments falls below the proportion of employment within this large sector;
- Total adult FE success rates fell 6 percentage points to marginally below the national sector rate. Need for a consistent increase in success rates;
- Apprenticeship FMA success rates below the national average while AMAs are above.

Occupation Employment Forecasts in Yorkshire and the Humber

	2006	2010	Net Change 2006-2010	
			No's	%
Corporate Administrators	297,790	305,530	7,740	3%
Managers and Proprietors	85,040	86,860	1,820	2%
Science/Tech Professionals	59,550	63,030	3,480	6%
Health Professionals	30,310	32,380	2,070	7%
Teaching/Research Prof.	114,570	110,060	-4,510	-4%
Business/Public service Prof.	77,830	79,650	1,820	2%
Science Associate Prof.	40,220	39,410	-810	-2%
Health Associate Prof.	101,270	105,980	4,710	5%
Protective Service Occs	36,430	34,380	-2,050	-6%
Culture/Media/Sport Occs	41,540	42,320	780	2%
Bus/Public Serv. Assoc Prof.	128,460	132,280	3,820	3%
Admin & Clerical Occupations	232,020	238,890	6,870	3%
Secretarial & Related Occs	79,750	79,870	120	0%
Skilled Agricultural Trades	19,780	18,920	-860	-4%
Skilled Metal/Elec Trades	116,560	115,220	-1,340	-1%
Skilled Construct. Trades	96,750	100,660	3,910	4%
Other Skilled Trades	67,590	66,650	-940	-1%
Caring Personal Service Occs	151,580	158,370	6,790	4%
Leisure/Oth Pers Serv Occs	49,260	51,380	2,120	4%
Sales Occupations	171,100	181,540	10,440	6%
Customer Service Occupations	38,620	40,670	2,050	5%
Process, Plant & Mach Ops	125,680	116,400	-9,280	-7%
Transport Drivers and Ops	116,930	119,050	2,120	2%
Elementary: Trades/Plant/Mach	98,590	99,820	1,230	1%
Elementary: Clerical/Service	231,530	235,960	4,430	2%
TOTAL	2,608,750	2,655,280	46,530	2%

Source: Regional Econometric Model: Experian BSL: Yorkshire Futures September 2006

[8] SkillsSmart Retail and Automotive Skills SSCs have specific perspectives on this broad classification.

Forecast Occupational Demand (Gross) in the Region 2006-2010

	Structural Change	Labour Market Churn (Replacement Demand)	Gross Demand
Corporate Administrators	7,740	51,050	58,790
Managers and Proprietors	1,820	3,690	5,510
Science/Tech Professionals	3,480	21,640	25,120
Health Professionals	2,070	6,540	8,610
Teaching/Research Prof.	-4,510	25,900	21,390
Business/Public service Prof.	1,820	19,540	21,360
Science Associate Prof.	-810	6,030	5,220
Health Associate Prof.	4,710	21,730	26,440
Protective Service Occs	-2,050	13,970	11,920
Culture/Media/Sport Occs	780	4,780	5,560
Bus/Public Serv. Assoc Prof.	3,820	23,260	27,080
Admin & Clerical Occupations	6,870	16,550	23,420
Secretarial & Related Occs	120	49,400	49,520
Skilled Agricultural Trades	-860	2,180	1,320
Skilled Metal/Elec Trades	-1,340	31,050	29,710
Skilled Construct. Trades	3,910	20,050	23,960
Other Skilled Trades	-940	17,470	16,530
Caring Personal Service Occs	6,790	40,800	47,590
Leisure/Oth Pers Serv Occs	2,120	13,130	15,250
Sales Occupations	10,440	45,830	56,270
Customer Service Occupations	2,050	5,540	7,590
Process, Plant & Mach Ops	-9,280	33,590	24,310
Transport Drivers and Ops	2,120	6,960	9,080
Elementary: Trades/Plant/Mach	1,230	17,660	18,890
Elementary: Clerical/Service	4,430	44,770	49,200
TOTAL	46,530	543,110	589,640

Source: Regional Econometric Model: Experian BSL: Yorkshire Futures September 2006

Note: Labour churn covers those individuals who leave jobs either to take up new posts, leave through retirement or for any other personal reasons and represents replacement demand. Gross demand is the sum of structural change and replacement demand.

ANNEX E. ESF PROCESS FOR PRIORITISATION

The ESF Operational Programme 2007-2013 funding allocation for Y&H is significantly less than the previous programme. This is due to a number of factors, including the fact that investment from previous programmes has allowed the Region to build capacity and make improvements to both the economic and social inclusion position by stimulating demand-led market responses from employers and learners. In order to ensure the best use of the new programme and build upon the progress that the region has made, it is important that a prioritisation was undertaken.

The Task and Finish Group identified the activities that have been evidenced as being able to impact upon the worklessness and employment agenda in the Region. Once this was undertaken, partners were asked to rate the activities as High, Medium or Low priority through consultation with their networks and stakeholders.

Process for Prioritisation

The information from this consultation was analysed by the Yorkshire and Humber Assembly. If there was divergence regarding the rating of the priority then either Job Centre Plus or the LSC were given the ‘deciding vote’, that is: Priority 1 was weighted toward Job Centre Plus and Priority 2 towards the LSC.

The Regional Socio-economic Analysis has been fundamental to this process, but was crucial when identifying the areas that the RSP identified as where the ESF Programme would make the best impact in the Region. The following tables illustrate the original range of activity identified by the Task and Finish Group as appropriate to support the aims of the ESF operational programme. Once the responses to the Consultation Version of the draft framework had been assessed, the prioritisation was fine-tuned as a result.

Priority 1: Extending Employment Opportunities	**Region**	**SY**
Active and preventative measures which ensure early identification of needs, including individual action plans and personalised support	Medium	High
Job-search help, advice and guidance to include activities to help disadvantaged people who persistently return to Jobseekers’ Allowance, address barriers to their retention in sustainable employment	High	High
Work search and work preparation activities, including labour market orientation and work experience placements	Medium	High
Advice and support for self-employment, business creation and social enterprise	Medium	Medium
Skills for Life, including the basic skills of literacy, numeracy and English for Speakers of Other Languages, ICT skills and financial literacy skills	High	High
Activities to provide pathways to employment such as pre-vocational, vocational and access training, community-based activities, volunteering, environmental activities, practical soft skills (such as improving aspirations and motivation), work skills and workplace skills (such as team working) qualifications for employability	High	High
Improving job brokerage to enable a better match between supply and demand	Low	High
Access to childcare and care for dependent persons**,** where caring responsibilities are a barrier to labour market participation	High	Medium
City and other area-based strategies and initiatives to tackle Worklessness in urban areas	High	High
Activities to tackle specific barriers to work faced by unemployed and inactive people in rural areas	Medium	Low
Small grants for voluntary and community organisations to support their capacity to mobilise unemployed and inactive people who are disadvantaged or excluded and to facilitate their integration into the labour market (“ESF Community Grants”)	Medium	High
Activities to help unemployed and inactive people with disabilities or health conditions to enter and remain in work, and appropriate support to retain in employment people who become disabled or develop health conditions	High	High
Activities to prolong working lives by re-engaging inactive older workers or retaining older workers longer in employment, including workers who become disabled or develop health conditions	High	Low
Activities to help lone parents and other disadvantaged parents enter and make progress at work,	High	High

and so contribute to alleviating child poverty		
Mainstreaming and specific action to improve access to employment and increase sustainable participation and progress of women in employment, including in occupations or sectors where they are underrepresented	High	Low
Activities to increase participation by people from ethnic minorities in employment including, where appropriate, training to meet basic English language skills needs	High	High
Activities to develop the employability and skills of offenders and ex-offenders to facilitate labour market entry and, thus, contribute to reduced re-offending	High	High
Initiatives to reform vocational routes for, and develop vocational skills among, 14 to 19 year olds, including developing the vocational curriculum to improve employability	Medium	Medium
Initiatives to help raise awareness of the world of work, enterprise and entrepreneurship among young people (from age 14), including work experience placements	Low	Medium
Activities to engage 14 to 19 year olds not in education, employment or training (NEET), tackle their barriers to learning, and help them access mainstream provision including vocational training and preventative work, for young people at risk of becoming NEET to provide pathways to employment	High	High
Activities to reduce youth unemployment by developing the employability and skills of young people	Medium	High

Priority 2: Developing a Skilled and Adaptable Workforce	**Region**	**SY**
Activities to support access to and provision of apprenticeships	High	High
Skills for Life including the basic skills of literacy, numeracy and English for Speakers of Other Languages and ICT skills	High	High
Activities to support access and progression from foundation level up to level 3	High	High
Training leading to level 2 qualifications (especially for people without current level 2 qualifications, part-time workers and workers in sectors with weak training records)	High	High
Training leading to level 3 qualifications in sectors where there are skills shortages at level 3, in small and medium sized enterprises (up to 250 employees), and for women and ethnic minorities in sectors and occupational areas where they are under-represented at level 3	High	High
Lifelong learning and vocational training for low skilled and low paid women workers to improve their progression	Medium	Medium
Training, mentoring and supporting men and women in occupations or sectors where their gender is underrepresented, in order to tackle gender segregation	Low	Low
Training older workers to update their qualifications and skills and prolong their working lives	Medium	Medium
Training for workers who face redundancy or have been made redundant	High	High
Training in ICT and e-learning skills	Medium	High
Training in environmental management and protection skills and in eco-friendly technologies, including training which supports renewable energy sectors, energy efficiency and recycling	Medium	Medium
Initiatives by the social partners to promote lifelong learning and skills in the workplace	Low	Medium
Initiatives to ensure the supply of skills is relevant to employers’ needs to include skills for entrepreneurship, self employment and social enterprise	Medium	High
Training of childcare and other care workers	High	Low
Activities to prepare people from disadvantaged groups to access Higher Education (but not Higher Education provision itself)	High	High
Training trainers in the public, private or voluntary sector (at any level including level 4 and above) to deliver basic skills and other provision	Medium	High
Lifelong learning and training for managers and workers (at any level including level 4 and above) in small enterprises (up to 50 employees), including training and development in leadership, management, enterprise and technical skills needed for sustainable business development, business growth, innovation and productivity	High	High