Report of the Head of Strategic Regeneration, Housing and Development Service

Agenda Item No:
Meeting: 8 December 2010

NORTH LINCOLNSHIRE COUNCIL

CABINET

NORTH LINCOLNSHIRE SKILLS AND WORKFORCE PLAN

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 This report provides a summary of the North Lincolnshire Skills and Workforce Plan that has been developed and outlines the recommendations made by the Plan.

1.2 That the Cabinet accepts the recommendations made and adopts the North Lincolnshire Skills and Workforce Plan as the document that will guide our approach to developing the North Lincolnshire labour market.

2. BACKGROUND INFORMATION

2.1 North Lincolnshire Council (NLC) secured funding from Yorkshire Forward through the Employability Programme to commission a Skills and Workforce Plan for North Lincolnshire. In November 2009, the council commissioned consultants Shared Intelligence, using this funding, to undertake the work which was completed in September 2010.

2.2 The purpose of the plan was to identify the labour market trends, requirements and business skills needs associated with the growth of a number of sectors that are important to the North Lincolnshire economy both now and in the future. The plan makes recommendations for how we should respond to these needs and ensure that the people of North Lincolnshire are best placed to access employment opportunities associated with the growth areas and that our businesses can benefit from a skilled and responsive workforce. The development of the plan also involved an extensive business consultation exercise to ensure that the recommendations made truly reflect the needs of our businesses.

2.3 The Employment, Enterprise and Skills (EES) sub group of the North Lincolnshire Partnership's Economic Development Board has been overseeing the commission and have had the opportunity to feed their comments into the development of the plan. The group includes representatives from organisations including Jobcentre Plus, Business Link Yorkshire, Skills Funding Agency, North Lindsey and John Leggott Colleges, as well as representatives from North Lincolnshire Council's Strategic Regeneration, Housing and Development and Children and Young People's Services.

2.4 In order to support the delivery of the North Lincolnshire Skills and Workforce Plan, a detailed Action Plan was also produced. The Action Plan is designed to be a working document that will be amended and developed as actions are achieved, the policy context changes and as priorities are developed. The North Lincolnshire EES Group will be responsible for overseeing the delivery of the action plan and partners will be responsible for delivering elements of the action plan.

2.5 In summary, the report makes the following recommendations:

- NLC should adopt a stronger leadership role across the skills and employment agendas and tie this to its established strategic role in 14-19 learning.

- NLC should set out a clear vision for skills and employment in North Lincolnshire to provide a clear direction for the Council, funders and delivery partners, employers and individuals.

- The following learner groups should be identified as priorities for action:
    - young people
    - relatively low skilled adults (typically without a Level 2 qualification)
    - people who are qualified to level 3 or above
    - graduates from North Lincolnshire

- As part of the ongoing development of the Key Stage 4 and 5 (16-19) curriculum NLC should review the current approach to developing ‘employer friendly’ or ‘employability’ skills and attitudes.

- NLC’s Connexions Service should undertake further research on the information, advice and guidance (IAG) received by a cohort of 16-19 year old learners to provide a consumer perspective on how IAG can be improved for young people.

- NLC should also work with adult IAG providers to establish a coherent and integrated approach to the implementing the new Adult Advancement and Careers Service and to ensure local provision remains in place across a range of settings.

- NLC should liaise with the Skills Funding Agency (SFA) and Yorkshire Forward (YF) to ensure that the emerging Regional Skills Strategy – and/or whatever might replace it – highlights the importance of achieving an increase in commissioning of employer focused training, Apprenticeships provision and adult learner focused provision, in the following sectors which have been identified as key to the future growth of the North Lincolnshire economy:

    - Business services
    - Advanced manufacturing and engineering
    - Construction
    - Retail and leisure
    - Health and social care

    - Offshore wind and the low carbon economy

- NLC should liaise with the Chamber of Commerce and key employers on how they could strengthen their advocacy/ambassadorial role for skills and workforce development, including the potential to establish an Employer Forum to strengthen market intelligence links with Colleges/training providers and to provide employer input into the development of 14-19 learning provision.

- NLC and partners to undertake more detailed, qualitative research with the largest employers in the mechanical engineering and advanced material sector to identify current and future levels of technology deployed; the role of innovation in driving processes and products; and current and future skills needs.

- With YF, the SFA and other Humber local authorities, NLC should commission further, detailed research on the options for accelerating the development of low carbon skills. This should consider the specific requirements associated with renewable energies and carbon capture and set out options to accelerate provision of specialist skills for the offshore wind sector, particularly at Levels 3 to 5.

- NLC should bring together North Lindsey College and other training providers with employers in all six priority sectors to review demand and supply-side barriers to take up of learning provision at Level 3 and beyond and to establish a clear 'routemap' of learning provision for each sector to increase the supply of young people entering the labour market with relevant associate professional/technical and trade skills.

- NLC and its neighbouring local authorities should consider whether to develop skills and employment proposals in the context of the new Government's proposals for Local Enterprise Partnerships and the Regional Growth Fund. In the meantime NLC should lobby the SFA on both the policy and delivery measures which could be introduced to reduce employer barriers to both mainstream and more flexible training programmes.

- The public sector must continue to play an exemplary role in championing learning and workforce development, through the Skills Pledge and other activities. The Council should review opportunities to increase the number of Apprenticeships it is able to host – potentially through partnerships with other public and voluntary sector agencies to share costs and risks.

- NLC and the SFA should commission further research with local employers to identify the barriers to Apprenticeships and support sector-based training organisations to address this challenge.

- Removing barriers to learning for those individuals who are excluded from the labour market is also an important priority for NLC and its partners. NLC, Jobcentre Plus and other stakeholders should review the approach adopted by the Government's emerging Work Programme – which is due to commence in summer 2011 - to integrate learning/training with employment support and to ensure that Work Programme contractors make appropriate and effective referrals to learning provision. Early engagement with the appointed contractors is vital.

- NLC, through its 14-19 role, should continue to support both North Lindsey and John Leggott Colleges. Where possible, it should use its influence to ensure that their curricula are complementary and avoid competition in provision.

- NLC should liaise with HE providers and the SFA regarding the development of bespoke and/or sector-based leadership and management programmes, targeting the priority sectors identified.

- NLC/Jobcentre Plus/SFA should review hard to fill vacancies in light of evidence from the employer skills survey which suggests they are concentrated in skilled trades posts in the retail, transport and construction sectors.

- NLC should review the current approach to place marketing to consider how to attract and retain young people, young families and skilled, mobile workers in North Lincolnshire.

3. OPTIONS FOR CONSIDERATION

3.1 Option 1: That the council accepts the recommendations made and adopts the North Lincolnshire Skills and Workforce Plan as the document that will guide our approach to developing the North Lincolnshire labour market.

3.2 Option 2: That the council accepts some of the recommendations made by the North Lincolnshire Skills and Workforce Plan and agrees to work towards delivering against those specific recommendations, rather than adopting the document as a whole.

3.3 Option 3: That the council does not accept the recommendations made by the North Lincolnshire Skills and Workforce Plan and does not adopt it as the document that will guide our approach to developing the North Lincolnshire labour market.

4. ANALYSIS OF OPTIONS

4.1 By accepting the recommendations of the report and adopting the North Lincolnshire Skills and Workforce Plan, this will support the development of the North Lincolnshire labour market and ensure that it both meets the needs of the economy and businesses in the area as well as supporting the people of North Lincolnshire.

4.2 By limiting support for the recommendations made, the council risks not maximising the opportunities presented by the Plan to the potential detriment of the local economy and community. A number of the recommendations made are directly influenced by the council and not fully accepting the document could demonstrate a lack of commitment to the development of the labour market in support of our businesses and the future demands of the economy. Consultation and involvement by partners has taken place.

4.3 By not accepting the recommendations made and not adopting the Plan, the council would again risk not maximising opportunities to develop the local labour market to support our businesses and enable them to access future employment opportunities. A significant amount of work has been undertaken to develop the North Lincolnshire Skills and Workforce Plan which would be wasted if we did not take this forward.

4.4 Option 1 is the preferred option.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial

The North Lincolnshire Skills and Workforce Plan makes a number of recommendations that will not have any direct financial implications. It outlines activities that will be achieved by working more effectively together in order to deliver on the recommendations made. The commissioning of additional research work will be progressed using existing staff resources and existing budgets.

Opportunities for accessing external funding sources will also be explored moving forward, as well as influencing funding strategies of partner organisations including the new Work Programme and Regional Growth Fund.

5.2 Staffing

Staff from across the council will be required to work together, as well as with other partner organisations, to deliver on the recommendations made by the North Lincolnshire Skills and Workforce Plan.

No additional staff will be required to deliver the plan and this will be achieved by managing existing workloads and by focusing on immediate priorities within the plan. There is the recognition that not all actions will be able to be progressed immediately and we are working closely with the North Lincolnshire EES Group to identify high priority interventions.

5.3 Property

There are no property implications to this report.

5.4 Information Technology

There are no information technology implications to this report.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 None

7. OUTCOMES OF CONSULTATION

7.1 The Skills and Workforce Plan is based on extensive research and consultation with local businesses and support agencies. The North Lincolnshire Employment, Enterprise and Skills Group partners have had the opportunity to influence and contribute to the Plan and have been asked to comment on the various drafts of the report. The Action Plan will be a working document that all partners will continue to have input into as it moves forward.

8. RECOMMENDATIONS

8.1 That the Cabinet accepts the recommendations made and adopts the North Lincolnshire Skills and Workforce Plan as the document that will guide our approach to developing the North Lincolnshire labour market.

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Background Papers used in the preparation of this report:

North Lincolnshire Skills and Workforce Plan

SHARED INTELLIGENCE

A Skills and Workforce Plan
for North Lincolnshire

FINAL REPORT

SEPTEMBER 2010

Contents

Executive Summary

Shared Intelligence, Skills Strategy Research and PCP Market Research were commissioned by North Lincolnshire Council in November 2009 to develop a Skills and Workforce Plan for North Lincolnshire. The overall objective of the Skills and Workforce Plan is to

"provide direction to the work of the council and its partners over the coming years to improve the skills and employability of local people to meet the demand for skills from employers."

Economic performance

The North Lincolnshire economy has under-performed regional/national output and employment growth rates since 1998. Only three of North Lincolnshire's eight priority sectors demonstrated significant jobs growth (transport, construction, business services) over this period whilst a fourth (environmental technologies) grew very modestly. Employment declined sharply in the remaining four (chemicals/petro-chemicals, mechanical engineering and advanced materials, food and drink, and retail).

The recession has had a significant impact on employment across North Lincolnshire, with the JSA claimant count increasing by 135% between October 2007 and January 2010 – significantly higher than the regional average. A large proportion of the increase is accounted for by the rise in claimants aged 18-24.

Attainment

Although at least until 2009, North Lincolnshire has lagged the England average for GCSE attainment by some distance, the number of adults with no qualifications is below the regional average and attainment is at or just below average up to and including NVQ Level 2. There is a significant gap in attainment at Levels 3 and 4+ however.

Previous research has suggested that North Lincolnshire suffers from a typical 'low skills equilibrium', with employers failing to generate a demand for intermediate/higher level skills which in turn disincentives individuals to acquire them. Testing this assumption has been an important focus for the research.

Business survey

As part of the research the consultants undertook a major telephone and face to face survey with 300 North Lincolnshire businesses, concentrated in the priority sectors identified by the Council.

There were a small number of vacancies across most occupations, with the largest numbers being in sales and customer service occupations and the skilled trades. The greatest proportion of sales vacancies were in the retail sector (with very small numbers in business services and transport) while the businesses with skilled trades vacancies were from the transport, construction and mechanical engineering sectors. Hard to fill vacancies were primarily but not exclusively in the retail sector and in the transport and construction sectors for the skilled trades. More than half of the skilled trades hard to fill vacancies were attributable to applicants having insufficient skill (45%) and/or insufficient qualifications (20%).

The skills that were missing were often practical, technical or job specific (30.8% overall) but there were also signs that literacy, numeracy, communication and customer handling skills are weaknesses in some applicants for skilled trades employment.

The number of businesses reporting training and learning needs, otherwise known as skills gaps, among their workforce is 47 overall (17.1%). This is marginally lower than the findings of the National Employer Skills Survey (19%) **The number of workers that exhibit skills gaps is estimated to be 1,550 (19.6%)**; it should be noted that this number is boosted by several large businesses that identify training needs among relatively large proportions of their key workers.

For most sectors the greatest numbers of workers with learning and training needs are from within the skilled trades category. However, proportionately, the skills gaps needs are highest among process and machine operatives and associate professional/ technical workers. Businesses also report proportionately high levels of learning and training needs amongst

- managers in transport, construction and business services sectors
- process, plant and machine operators in transport, construction and food manufacturing sectors;
- skilled trades in transport, construction and environmental technologies.

Some 63% of the businesses have invested in training for their workforce in the last year, although the figure is distinctly lower in the retail and leisure sector at 53%. Nationally, the 2009 NESS suggested that 69% of firms had invested in training in the previous year.

Nearly half the respondents identify developing leadership and management, and raising workforce skills and knowledge as important in their plans for developing the business over the next five years.

Future growth

Looking forward, the latest Regional Econometric Forecasts suggest that manufacturing employment will continue to decline sharply and that, despite forecast growth in business services and the health/social care sector, this will be insufficient to counter the decline in manufacturing jobs. North Lincolnshire's potential to attract investment in the manufacture, installation and maintenance of offshore wind turbines to serve the new North Sea sites could be critical in securing the long-term future of the residual base of mechanical/electrical engineering and other specialist firms.

The majority of the Council's priority economic sectors are expected to reduce 'net' employment (i.e. the total number of jobs), with the exception of business services, retail and leisure. However, demand to replace existing jobs is likely to be a significant factor as the North Lincolnshire workforce ages over the next decade. If the Working Futures forecasts are accurate the **total demand for new workers in the NLEDS priority sectors plus the health and social care sector could amount to between 15,070 and 19,700 additional workers over the period from 2007-2017.**

Recommendations for action

The report sets out 18 recommendations for North Lincolnshire Council and its partners. Appendix 1 presents a detailed Action Plan to take forward implementation of the Skills and Workforce Plan.

1. Introduction

Shared Intelligence, Skills Strategy Research and PCP Market Research were commissioned by North Lincolnshire Council in November 2009 to develop a Skills and Workforce Plan for North Lincolnshire. The overall objective of the Skills and Workforce Plan is to

"provide direction to the work of the council and its partners over the coming years to improve the skills and employability of local people to meet the demand for skills from employers."

In developing the Skills and Workforce Plan the consultant team undertook a range of tasks, including:

- reviewing and validating the economic growth sectors identified by the Council and its partners, drawing together a range of existing forecasts and sector studies
- a detailed analysis of the current strengths, weaknesses and performance of the North Lincolnshire labour market, considering both attainment and occupational profiles and identifying any spatial differences
- engaging with key local employers to build a rich, bottom-up picture of the prospects for and barriers to growth and the implications for skills and employment in the short, medium and long-term
- identifying both generic and job specific skills gaps within the existing workforce in the priority economic sectors identified by the Council and current and future skills shortages
- reviewing current provision of FE/HE and Work Based Learning within North Lincolnshire's 'travel to learn' area to identify how learner demand is articulated; the range, take up and completion rates of existing provision and to consider current and future progression routes
- benchmarking current/anticipated provision against employer demand to assess the effectiveness of current provision in meeting identified skills gaps and skills shortages
- identifying the strategic priorities for skills in North Lincolnshire, underpinned by more detailed priorities and actions for North Lincolnshire Council and other key stakeholders.

This Final Report has been prepared in August 2010 and draws together key findings from the desk research on current and future labour supply and demand and the survey of North Lincolnshire businesses and sets out conclusions and recommendations for action.

2. Context

In this section of the report we provide a brief review of the evidence linking skills and labour market participation with economic competitiveness and productivity. We then provide a brief overview of the raft of national, regional and local policies which combine to provide a framework for the North Lincolnshire Workforce Skills Plan.

Skills and economic competitiveness

There is clear evidence of the benefits of skills to both individuals and businesses and strong links between workforce skills and economic competitiveness at macro-economic level. Lord Mandelson, in the former Government's Skills Strategy[1], notes that *'skilled people are more productive, they are more innovative and they build stronger businesses.'*

Boosting workforce skills and encouraging increased participation in the labour market have, since the late 1990s, been recognised by successive Governments as key drivers of productivity - as measured by economic output or Gross Value Added per worker – and economic growth, alongside competition, innovation, investment and enterprise.

The UK Commission for Employment and Skills notes that in 2007 the UK was ranked the 11th most productive economy in the world[2] – generating average Gross Domestic Product per hour worked of \$110.4 compared to \$173.7 for Norway and \$140.9 for Ireland. The UK ranked 10th on the proportion of our working age population in employment[3] in 2007, with 72.9% of people aged 15-64 in employment. Iceland (85%); Switzerland (78.6%); Norway (77.5%); Denmark (77.3%) and Sweden (75.7%) comprised the top 5. Typically those countries with high levels of productivity also have high employment rates – most notably the Scandinavian countries, the Netherlands and US. UKCES estimate that every 1% increase in each measure is worth £10 billion per annum to the UK economy, in perpetuity.

The most recent (2008)[4] review of the UK's productivity and competitiveness suggests that the economy retains competitive strengths in its

"science base, high-level skills, openness to international competition and effectiveness of regulatory and competition regimes…(but) there is scope for further improvement in areas such as business investment, R&D expenditure and leadership and management skills."

Disparities in workforce skills and employment rates account for significant differences in regional economic performance and between sub/city-regions. London and the South East generated 34% of the UK's Gross Value Added in 2007 (if the East of England is included, the figure is 43%) whilst the North of England (the North East, North West and Yorkshire and the Humber) contributed just 20%. In the ten years from 1997, London's share of UK GVA increased by 1.7%; Yorkshire and the Humber's fell by 0.4%.

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1 Skills for Growth – the national skills strategy; Department for Business, Innovation and Skills November 2009

2 Ambition 2020: World Class Skills and Jobs for the UK, UK Commission for Employment and Skills May 2009

3 Towards Ambition 2020: skills, jobs, growth, UK Commission for Employment and Skills, October 2009

4 The 2008 Productivity and Competitiveness Indicators, Department for Business, Enterprise and Regulatory Reform, 2008

When compared on the basis of GVA per hour worked, the contrast between the London and Yorkshire and the Humber economies is even more stark; London achieves 129.7% of the UK average (partly a result of the high levels of economic output generated by the financial and business services sector and other tradeable services). However, Yorkshire and the Humber achieved just 89.2% of the UK average in 2007 – the lowest of the English regions.

UKCES argue that the differences in productivity between regions are primarily a result of the variation in performance of the same sectors in different regions, rather than a factor of economic structure or sectoral mix. This is in part a result of differing workforce skills levels; the English regions with the highest levels of productivity per worker are also those with the highest proportion of their workforce qualified to NVQ Level 4 or better.

National policy framework: a demand-led system?

Over the last decade public sector investment in skills has moved from a long period of centrally planned provision – essentially a supply-led system driven by FE colleges and other providers – to a more demand-led approach, advocated by Lord Leitch in his 2006 review[5]. Leitch proposed a more demand-led system, with providers required to be much more responsive to the demand expressed by individual learners and employers, alongside a much stronger focus on economically valuable skills and a greater emphasis on investment in skills by employers and individuals where they derived tangible economic benefits.

New Industries, New Jobs and *Skills for Growth* marked a discernible shift in Government policy towards a more balanced approach, combining some elements of the demand-led system with a more centralised approach to planning for growth in key sectors of the economy. This was particularly the case for those 'future oriented' sectors including the low carbon economy where as yet there is insufficient critical mass of employer/individual demand to influence provision.

In addition, the House of Commons Select Committee on Innovation, Universities, Science and Skills issued a report in January 2009, *Re-skilling for recovery,* which questioned whether employers and learners could adequately provide for the economy's skills needs through their choices in the open market. The report argued that many firms or young people lacked sufficient information to make effective investment decisions. Small firms in particular find it difficult to access support for their training needs and find the plethora of different programmes confusing – a point reinforced by the recent Public Accounts Committee report on the Train to Gain programme.

An April 2009 speech by the then Universities, Innovation and Skills Secretary John Denham argued that it is vital to understand

"what drives employer spending on skills and whether our current framework will maximise it? Whether a system that responds to the demands of individual employers will produce the critical mass of learners with the right skills? Whether government and business should work more effectively together in areas of strategic skills needs?"

5 Leitch Review: Prosperity for All in the Global Economy: World Class Skills, HM Treasury 2006

Furthermore, despite the provision of careers advice, some young people can lack information on the range of employment opportunities available within their travel to work area; or seek careers which are not suited to their skills, qualifications or experience. This can result in high demand for some College courses which are not strongly linked to the economic strengths or growth prospects of an area.

New Industry, New Jobs

New Industry, New Jobs was launched in April 2009 and used the language of 'industrial activism' to set out the former Government's approach to driving the UK economy out of recession and back towards sustainable growth – and a vision of what the UK economy might look like in 2020. The report notes that

"any constraint on the ability of UK-based businesses to exercise comparative advantage on the basis of high levels of skills or knowledge must be regarded as a serious impediment to the UK's economic success"

and identified five key priorities for reform of UK industrial policy:

- turning excellence in science and technology into innovation and new opportunities – recognising that the UK must improve its track record in commercialising our science and knowledge assets

- fostering a talented workforce

- ensuring access to capital for growing businesses, through the Enterprise Finance Guarantee Scheme and other initiatives

- investing in the necessary infrastructure, including the UK's digital infrastructure and networks

- accessing open global markets.

The report further suggested that

"we require a skills system that not only responds to demand but is also able to anticipate future growth in the economy in areas such as low carbon or bioscience, or in those driven by broader demographic change such as the care, hospitality and leisure sectors…"

New Industry, New Jobs identified a series of future-oriented, sector-specific growth opportunities including:

- reducing barriers to growth in the low carbon sector, including support for ultra low carbon vehicles
- creating a more dynamic investment climate for the UK's digital media sector
- developing the life sciences and pharmaceuticals sector, including enhancing the role of the NHS as a key driver of innovation
- accelerating the growth of our advanced manufacturing sector through opportunities including aerospace; composites; industrial biotechnology and plastic electronics
- developing professional and financial services
- enhancing productivity and skills in the engineering construction sector
- capitalising on the opportunities created by an ageing society.

Some of these opportunities are particularly important for North Lincolnshire – including the development of the low carbon sector; advanced manufacturing and engineering/construction.

Skills for Growth

Skills for Growth built firmly on NINJ by advocating a shift in both public and private sector investment in skills towards these future economic growth sectors. In particular, whilst highlighting the increase in the proportion of the population qualified to at least degree level (NVQ Level 4) Skills for Growth highlighted a significant gap in the provision of technical/craft skills – typically at NVQ Level 3 – and set out twin objectives for national skills policy:

'wider and more flexible access to skills training at every level, including through more opportunities to study part-time, and an even greater focus on the skills required for the modern world of work.'

whilst proposing a significant expansion of the advanced Apprenticeships programme to achieve this.

Coalition Government policies

The Coalition Government has yet to set out detailed policies on sub national economic development, employment or skills although it is to issue a White Paper on regional economic growth later in 2010 and has set out initial proposals to abolish the Regional Development Agencies and invite local authorities to consider establishing Local Enterprise Partnerships to deliver some of their functions. Some of the other emerging messages from the new Government which are of relevance to the study include

- **a strong focus on the need to rebalance the UK economy** – and in particular to wean parts of the UK off their dependency on public sector employment (during the last decade, at least 75% of the jobs growth in the North of England came from the public sector) and to reconsider the role of financial services as *the* driver of economic growth

- **a discernible shift away from the 'industrial activism' adopted by the previous administration**; although the current and former administrations share a similar perspective on those areas of the economy which should drive future growth (advanced manufacturing, digital and creative industries and a broadly defined low carbon economy), the new Government has signalled that it will invest in the infrastructure and skills to unlock their potential but is less likely to support individual firms

- **substantive welfare reforms**, including reducing the disincentives to work generated by the benefits system; a new national Work programme more focused on rewarding providers for achieving long term employment outcomes: further tightening of 'conditionality' tests for all Incapacity Benefits claimants and the cessation of the Future Jobs Fund

- **a shift in adult skills investment** from Train to Gain towards sector-focused Apprenticeships (there are proposals to fund 50,000 extra Apprenticeship places in 2010/11 alongside efforts to reduce regulatory burdens on Further Education Colleges and introduce a more flexible funding and performance management regime; the 2010/11 priorities for the Skills Funding Agency, issued in a letter from the Secretary of State for Business and Industry in June 2010, include:

  - strengthening the supply of technician level skills particularly through level 3 apprenticeships
  - reducing the number of 18-24 year olds not in employment, education or training (NEETS)
  - developing high quality training opportunities for the unemployed
  - delivering independent careers guidance
  - developing a programme of Lifelong Learning Accounts
  - encouraging an increasing number of people to participate in adult and community learning
  - implementing sector-based joint investment proposals in high-growth areas of the economy and the development of a new growth and innovation fund

- **simplification of funding for 16-19 education and learning;** whilst local authorities are to retain a strategic role as 'champions of young people's learning' there is no longer a requirement for regional or sub-regional planning and providers and more decisions on learning opportunities are to be made by schools, colleges and other providers; funding for 16-19 provision will now be directed via the Young Person's Learning Agency rather than through local authorities.

Whilst there are some similarities between the new Government's policies and those of the previous administration, there is a clear shift towards removing the regulatory and funding burdens for schools and colleges. There are is less scope for local authorities to play a strong role in influencing and in some circumstances directing funding for both 16-19 and adult learning.

Regional policies

In January 2010 Yorkshire Forward prepared the first Regional Statement of Priorities for the emerging Skills Funding Agency. The Regional Statement reflects the objectives set out in Skills for Growth and New Industry, New Jobs and aims to provide a framework for the SFA's investment; it does not address wider issues including 14-19 provision or Apprenticeships. The Regional Statement considered both current and future skills priorities, including

- the role of part-time, evening and short-course provision in achieving upskilling

- demand for short and bespoke learning packages from SMEs

- the importance of generic leadership, management, enterprise and innovation skills are important but support should be focused on sectoral priorities.

The Statement recognised the importance of achieving a shift in public sector skills investment towards both NINJ and 'volume' employment sectors, including advanced manufacturing; low carbon sectors, including carbon capture and storage and offshore wind; health and social care; retail and wholesaling; construction; distribution and logistics and financial and business services.

Yorkshire Forward is now developing the Regional Skills Strategy, building on the initial regional statement of priorities for the SFA.

Local policies

LSC Humber prepared a Local Area Action Plan[6] for North Lincolnshire in 2008. The Plan notes that:

"Among the local workforce, and the population in general, qualifications levels tend to be lower than the regional and national averages; and the number of people that are not in education, employment of training is also higher"

The Plan goes on to identify that North Lincolnshire, along with the other Humber local authorities, continues to underperform in relation to skills, when compared with regional and national comparators. It also highlights the apparent lack of skills gaps within the existing workforce, or more strategic skills shortages linked to staff recruitment, suggesting that North Lincolnshire may be suffering from a 'low skills equilibrium' where employers fail to recognise the value of investment in workforce skills and individuals are disincentivised to invest in their own training as a result of the lack of higher skilled employment opportunities available.

The Local Area Action Plan also highlights the high levels of young people not in education, employment or training in North Lincolnshire, noting that *"disengagement at this scale can be read as a symptom of a variety of deep seated, inter-related social problems."*

The North Lincolnshire Children's Trust Strategic Partnership has developed a NEET Action Plan which sets out 11 priorities for action to reduce the number of young people not in education, employment or training. These include:

- undertaking detailed research on the characteristics of the NEET population and why young people fall out of education, employment or training

- developing a traffic light system to facilitate early indication of young people at risk of becoming NEET

- strengthening the transition from Key Stage 4 to post 16 learning and developing more flexible learning provision which is responsive to the needs of young people at risk of becoming NEET

- developing personal support and outreach/locality working.

6 Local Skills Action Plan – North Lincolnshire, IFF for the LSC, July 2008

3. Labour supply in North Lincolnshire

Summary

It is expected that the population will increase steadily in North Lincolnshire over the next 20 years, reaching 184,000 by 2021 and 198,900 by 2031. The working age population is forecast to increase by 8% over this period but with more modest growth over the next decade. New developments like the Lincolnshire Lakes scheme (see page 36 of this report) will play an important role in widening housing choice and enhancing quality of place to attract and retain economically active residents.

Economic activity and employment rates are above the regional average although self-employment rates are low – and very low in the case of self-employed women.

Employment in higher level managerial, professional and associate professional/technical jobs is substantially lower in North Lincolnshire than in the region or in Great Britain as a whole but it is substantially higher in the more basic occupations, including 'elementary occupations', and especially in the area of process plant and machine operatives. (While one factor in this is likely to be the structure of the districts businesses, another factor is a tendency for senior employees to live outside the North Lincolnshire boundaries).

Unemployment in North Lincolnshire has increased significantly as a result of the recession. Unemployment among 16-19 year olds is giving cause for serious concern; the situation worsened by 52% between December 2007 and December 2008 by which time the unemployment rate had reached 11.3%, compared with 9.3% in Y&H and 7.5% in England. The number of 18-24 year olds in receipt of JSA increased by more than 140% between June 2008 and February 2010. The great majority of North Lincolnshire's unemployed young people are looking for unskilled work.

Despite this, North Lincolnshire has below average levels of economic inactivity or worklessness – people of working age who are out of work but not part of the official unemployment figures.

Low levels of qualifications in the population are undoubtedly associated with the profile of employment that is available but it is also clear that a proportion of the population is under qualified for the work they do.

Student performance in schools remains below national benchmarks although GCSE performance improved significantly in 2009 following several years of modest improvement. Overall performance at A level remained static in 2009 although both John Leggott College and Sir John Nelthorpe School both improved. North Lindsey College appears effective in meeting the needs of individual learners and can demonstrate a number of examples of successfully meeting employers' needs. North Lindsey is also the provider of most of the Higher Education in the district while the region's universities attract a substantial proportion of John Leggott College's A level graduates.

Population

The total resident population of North Lincolnshire is estimated to be 161,000 (2009) as compared with 5.2 million in Yorkshire and Humber. Population growth over the ten years to 2009 has been 5.3% but forecasts are for higher growth. It is expected that the population will increase steadily in North Lincolnshire over the next 20 years, reaching 184,000 by 2021 (+10.4%) and 198,900 by 2031 (+23%). This represents a higher growth rate than for Yorkshire and Humber and some five percentage points more growth than in England.

Data from 'Migrant Workers in the Humber Region'[7] shows that inward migration has contributed significantly to the growth that has occurred since 2004. Despite this, the BME population is small in North Lincolnshire, and appears to have fluctuated over the last five years between 1.4% at its peak down to 0.7% at the most recent measurement[8]. Forecasts of population change are given in the table.

Fig. 1: Forecasts of population change

Year	North Lincolnshire	Yorkshire and Humber	England
2009	160.0	5,258.4	51,809.7
2013	170.3	5,474.2	53,514.4
2018	178.9	5,720.1	55,540.1
2023	187.3	5,961.9	57,546.6
2028	194.8	6,190.7	59,403.9

Source: 2006 sub-national population projections, ONS

Age profile

The population as a whole has grown by 5.5% over ten years while the population of working age has grown at the similar if slightly lower rate of 4.8%. In that same period the population of 25-34 year olds has dropped by a staggering 23% whereas, in contrast, the population at 60 years plus has grown by 19%.

While the age profile of the population will change over time, uncertainties mean that projections must be used with care. Over the next ten years there is expected to be growth in the proportion of 0-14 year olds, 25-39 year olds; and the over 50s in North Lincolnshire[9]. **The population of working age is expected to increase slowly from 96,100 in 2008 to just under 103,600 (representing growth of 8%) by 2026.**

Travel to Work

Recent research by the Work Foundation suggests that North Lincolnshire has one of the most self-contained labour markets in Yorkshire and the Humber[10]. In 2004, 83% of North Lincolnshire residents of working age lived and worked in North Lincolnshire. Labour market relationships with North East Lincolnshire (4.8% of North Lincolnshire residents work here) and Doncaster (3.6%) are limited; just 0.7% of North Lincolnshire residents commute to Kingston upon Hull and 0.4% to the East Riding.

7 Craig G et al, Migrant Workers in the Humber Region, Humber Improvement Partnership, 2008

8 Annual Population Survey, March 2009

9 2006 based sub-national population projections, ONS, 2008

10 Hull and Humber Ports City Relationships, Work Foundation for the Northern Way and Humber Economic Partnership, June 2010

Research suggests that the Humber Bridge tolls remain a significant barrier to opening up the sub-regional labour market.

Economic activity and employment

The ONS mid-year estimates for 2008 indicate a North Lincolnshire working age population of 96,100 (60% of the whole population, as compared with 62.3% in the region as a whole). However, in the year to December 2009, 79,500 are described as economically active (i.e. people defined as employed or unemployed) – just above the regional and GB average. Of these 72,400 are in employment (70.6% of those of working age, above the regional average of 68.8%), comprising 65,200 employees and 6,800 (6.6%) self employed. The rate of self-employment remains below the regional average (8.7% in December 2009) and the gap is widening.

The table compares these data with previous years (a data discontinuity in ONS data precludes use of earlier data to explore longer term trends).

Fig. 2: Economic activity rates 2005-2009

	Economically active	Employed	Employees	Self employed
Oct 2005-Sept 2006	81.4%	77.2%	69.5%	7.5%
Oct 2006-Sept 2007	79.5%	74.8%	66.1%	8.2%
Oct 2007-Sept 2008	80.3%	75.7%	67.3%	7.6%
Oct 2008- Sept 2009	79.5%	71.9%	64.9%	6.4%
Jan 2009-Dec 2009	77.6%	70.6%	63.6%	6.6%

Source: Annual Population Survey, ONS. These data have been reweighted; earlier data that have not been reweighted are not shown.

The differences associated with gender are substantial; 83.7% of males are economically active as compared to 71.5% of females. Self employment rates are 9.8% for males and 3.4% for females; the female rate of self employment is notably low in comparison with both the regional and national data.

The North Lincolnshire Interim Economic Development Strategy identifies that 80%, a relatively high proportion, of the workforce is 'local' while the balance travel to work from adjacent districts, primarily North East Lincolnshire, Doncaster and Hull, with smaller numbers travelling from elsewhere. Smaller proportions of North Lincolnshire residents travel out to work in these same districts so that North Lincolnshire is a net importer of labour. The table identifies the main sectors that provide jobs in North Lincolnshire and provides comparisons with the region and Britain.

The biggest employing sector by far in North Lincolnshire is manufacturing although this is masked to some extent by the aggregation of sub-sectors into the two sectors that the table suggests come close in terms of overall numbers. Significantly, the proportion of jobs provided by North Lincolnshire's manufacturing sector is more than twice as high as the Great Britain average and nearly twice that of the region. Employment in the public sector is proportionately low in North Lincolnshire and lower still in banking, finance and insurance. North Lincolnshire's transport, communications and construction all employ comparatively high proportions of the workforce.

In North Lincolnshire, 71.3% of employee jobs are full time, as compared with 67.1% in Yorkshire and Humber and 69% in Great Britain.

Employment in higher level managerial, professional and associate professional/technical jobs is substantially lower in North Lincolnshire than in the region or in Great Britain as a whole. However, employment is closely in line with regional and national averages for administrative, secretarial and skills trades occupations.

The proportion employed in personal service, sales and customer service occupations in North Lincolnshire is a little below regional and national averages but substantially higher for the more basic occupations, including 'elementary occupations', and especially in the area of process plant and machine operatives.

Fig.3: Occupational groups

	North Lincolnshire Number	**%**	**Yorkshire and Humber (%)**	**Great Britain (%)**
Soc 2000 major group 1-3	26,700	37.0	40.3	44.1
1 Managers and senior officials	11,000	15.2	14.7	15.7
2 Professional occupations	6,700	9.2	11.7	13.6
3 Associate professional & technical	9,000	12.4	13.7	14.7
Soc 2000 major group 4-5	14,100	19.5	21.5	21.7
4 Administrative & secretarial	7,400	10.2	10.9	11.2
5 Skilled trades occupations	6,700	9.3	10.5	10.4
Soc 2000 major group 6-7	10,500	14.6	17.3	16.1
6 Personal service occupations	5,500	7.6	9.2	8.6
7 Sales and customer service occs	5,000	6.9	8.0	7.4
Soc 2000 major group 8-9	20,800	28.8	20.9	18.1
8 Process plant & machine operatives	10,500	14.5	8.2	6.7
9 Elementary occupations	10,300	14.2	12.7	11.3

Source: ONS annual population survey January-December 2009

Unemployment and economic inactivity

There were 4,368 JSA claimants, 4.3% of the working age resident population, in North Lincolnshire in July 2010. This figure had risen from a long time low of 2,221 (2.3%) in October 2007 to a peak of 5,222 (5.1%) in January 2010, but it does not yet compare with the near high of 6.7% reported 16 years ago in October 1993.

The first table records the increase in unemployment (job seekers allowance claimants) since October 2007 while the second table presents comparative data for April 2010. The box presents a summary of an ONS review of the impact of the recession.

Fig. 4: Job Seekers Allowance Claimants since October 2007

	North Lincolnshire Numbers	%	Yorkshire and Humber (%)	Great Britain (%)
Oct-07	2,221	2.3	2.3	2.1
Jan-08	2,377	2.5	2.4	2.2
Apr-08	2,297	2.4	2.5	2.2
Jul-08	2,444	2.5	2.6	2.3
Oct-08	2,752	2.9	2.9	2.5
Jan-09	4,202	4.4	3.9	3.4
Apr-09	4,958	5.2	4.7	4.1
Jul-09	4,942	5.1	4.7	4.1
Oct-09	4,830	5.0	4.8	4.1
Feb-10	5,153	5.4	5.1	4.3
Apr-10	4,981	5.2	4.8	4.1
Jul-10	4,368	4.3	4.1	3.6

Source: ONS claimant count

Fig.5: Job Seekers Allowance Claimants (July 2010)

	North Lincolnshire (numbers)	North Lincolnshire (%)	Yorkshire and Humber (%)	Great Britain (%)
All people	4368	4.3%	4.1	3.6
Males	3181	6.2%	5.9%	5.0%
Females	1187	2.3%	2.3%	2.1%

Source: ONS claimant count with rates and proportions.

59% of JSA claimants had been claiming for 6 months or less. 20.1% had been in receipt of JSA for between 6-12 months and 21% for longer than a year, above the regional and national average. The number of long-term claimants more than doubled (from 400 to 910) between July 2009 and July 2010.

The International Labour Organisation (ILO) operates a broader definition of unemployment which includes those who are actively seeking and available for work and those who have found employment but are waiting to start it, therefore capturing those people who are ineligible for JSA. In December 2009, the ONS estimated that there were 6,900 unemployed people of working age in North Lincolnshire (8.7%, higher than the regional and national averages). Thus at that time there were over 2,000 'hidden unemployed' in the area not included in the claimant count statistics. This measure is now at its highest since February 1997; on the wider measure of unemployment North Lincolnshire has been above the regional and GB averages since March 2009.

Whilst unemployment remains a significant challenge, there is a far larger group of economically inactive residents of working age in North Lincolnshire. The most recent Annual Population Survey data from December 2009 shows that there were 22,500 **economically inactive residents in North Lincolnshire**, of whom over 75% did not want a job.

Although the economic inactivity rate for the area has been below the regional and GB averages since March 2004, the number of economically inactive residents has remained static for much of the last decade.

The majority (63.5%) of economically inactive residents in North Lincolnshire are women, whereas women comprise just 27% of JSA claimants.

Fig.6: Key benefits claimants (November 2009)

	North Lincolnshire (numbers)	North Lincolnshire (%)	Yorkshire and The Humber (%)	Great Britain (%)
Total claimants	16,300	17.0	16.8	15.8
Job seekers	4,870	5.1	4.6	4.0
ESA and incapacity benefits	6,400	6.7	7.2	7.1
Lone parents	1,730	1.8	1.8	1.9
Carers	1,410	1.5	1.3	1.1
Others on income related benefits	510	0.5	0.5	0.5
Disabled	1,160	1.2	1.1	1.0
Bereaved	210	0.2	0.2	0.2
Key out-of-work benefits[†]	13,520	14.1	14.2	13.4

In November 2009, some 13,520 economically inactive residents were in receipt of one or more key working age benefits, representing 14.1% of the working age population. With the exception of JSA claimants and carers, in general North Lincolnshire has a below average proportion of claimants compared with Yorkshire and the Humber as a whole.

The number of claimants of key out of work benefits increased by over 1,500 in the year from November 2008 (12.2%, compared with a 16.6% increase regionally), largely accounted for by the increase in JSA claimants.

Box: Impact of the recession

The ONS' review of the impact of the recession on the labour market provides a small number of important headline findings, as follows:

- Restructuring (redundancies) only really began to bite at the end of 2008.
- In quarters 3 and 4 of 2008 the fall of GVA in manufacturing was the greatest for 30 years; the situation worsened in the first quarter of 2009 leading to the expectation of big job losses.
- In both the 1980s and 1990s recessions, employment rates fell by more than 6% before beginning to recover.
- Unemployment rates are the highest among young people but the 25-34 year old group are also suffering. The inference is that there exists an opportunity for some higher level skills training (degrees in subjects relevant for the future of North Lincolnshire) to start as soon as possible.

Source: The Impact of the Recession on the Labour Market, May 2009, ONS

Unemployment among 16-19 year olds is also giving cause for serious concern in North Lincolnshire. The situation had worsened by 52% between December 2007 and December 2008 by which time the unemployment rate had reached 11.3%, compared with 9.3% in Y&H and 7.5% in England. The most recent data from ONS suggests that there were 1,360 JSA claimants aged 18-24 in July 2010 – some 31.3% of claimants, above the regional and national averages, but below the January 2010 peak of 1,705 claimants. The majority of unemployed young people (this time in the 16-24 age group) in North Lincolnshire are looking for unskilled work.

Vacancies

There is evidence to suggest that the number of vacancies managed by Jobcentre Plus is increasing as employers begin to emerge slowly from the recession. In April 2010, there were 864 notified vacancies – representing a 41% increase on the comparative figure for April 2009. The top six notified vacancies by occupation were:

- HGV drivers (11% of vacancies)
- Sales representatives (8%)
- Labourers in plant and process operations (8%)
- Care assistants and home carers (6%)
- Packers, bottlers, canners, fillers (5%)
- Sales and retail assistants (5%)

whereas the most popular occupations sought by the JSA on-flow were

- sales and retail assistants (9%)
- general office assistants/clerks (7%)
- other goods handling and storage occupations (5%)
- labourers in construction trades (4%)
- labourers in process and plant operations (4%)

suggesting that there is a degree of mismatch between the vacancies available and the aspirations of new JSA claimants. For example, there were 94 vacancies for HGV drivers in April 2010 but just 20 on flow claimants were seeking a post of this type.

Earnings

Workplace earnings in North Lincolnshire in 2009 averaged £463 (gross weekly pay) – above the regional average of £450. Male full-time earnings were significantly higher than the regional average (£506 per week compared to £487.90) although female average earnings for full-time were much lower (£382.9) than the regional average of £395.60.

The differential between resident and workplace earnings appears comparatively small. The earnings of resident full-time workers averaged £461; male full-time workers living in North Lincolnshire earned more (£513.30 per week) than those working in the area and female resident earnings were significantly higher (£404.90) than workplace earnings.

Although some caveats should be applied to the sampling associated with this data, the relatively high level of workplace earnings suggests that some North Lincolnshire employers pay their workers comparatively well. At the same time, unlike a number of other areas across the region, there is little evidence to suggest that in-commuting has inflated workplace earnings above those of people who live and work in the area; to some extent, this reinforces the view of North Lincolnshire as a very self-contained labour market.

Skills

The former LSC Action Plan for North Lincolnshire highlighted a number of issues relating to adult skills attainment in 2007:

- a small increase in the proportion of adults qualified at level 2 (2007 data) although, at 67%, this is well below the national figure of 72%;
- improvements at level 3; 44% of the adult population qualified at this level, compared to 51% nationally;
- 22% of adults qualified at level 4, well below the national average of 32%;
- improvements in the proportion of adults without qualifications, to 11% (2006), compared to 9% nationally and ranked third of the four Humber LADs.

The Plan also presents some headline data on young adults in the prospective workforce:

- GCSE performance was getting close to the national average, 70% achieving GCSEs or an equivalent NVQ 2 as compared with 74% nationally;
- 41% achieve five GCSEs including English and Maths in North Lincolnshire, compared with 43% in the region and 47% nationally in England.

More up to date data from the Annual Population Survey appears to conflict in some ways with that presented in the LSC Action Plan. According to the population survey, the proportion of people with no qualifications is lower in North Lincolnshire than in the region or Great Britain as a whole. However, other qualifications data is less positive. Proportions of adults with NVQ2 or higher level qualifications are lower than in the region and significantly lower than the Great Britain average.

The situation then deteriorates further with qualifications at level 3 and 4, so that North Lincolnshire is 7.2 percentage points behind the national average for level 4 qualifications (3.9% behind the region) and 5.9 percentage points behind the national average for level 3.

The relatively low levels of qualifications at level 4 appear to be associated with a similarly low proportion of jobs at that level but is important to note that the data also suggests that a high proportion of North Lincolnshire's managers and owner managers are poorly qualified for their work. However, the rate of increase in the proportion of the working age population in North Lincolnshire with level 4 qualifications is greater than the regional and national averages, suggesting that the gap at level 4 is narrowing slightly. Similarly the high proportion of occupations in the lower Standard Occupational Classifications (SOC) is most probably associated with the low levels of qualifications.

Fig.7: Qualifications

	North Lincolnshire Numbers	North Lincolnshire %	Yorkshire and the Humber (%)	Great Britain (%)
NVQ4 and above	22,800	22.7	26.6	29.9
NVQ3 and above	43,700	43.4	47.0	49.3
NVQ2 and above	61,100	60.7	63.5	65.4
NVQ1 and above	80,500	80.0	78.6	78.9
Other qualifications	9,800	9.8	8.6	8.8
No qualifications	10,300	10.2	12.8	12.3

Source: ONS Annual Population Survey January 2009 - December 2009

Participation and attainment in learning

83% of 16-17 year olds in North Lincolnshire were participating in learning in 2007, in line with the national average[11]. 34% attended 6th form colleges, 32% FE Colleges and 7% were in work-based learning. 17% were not in education or work-based learning.

In 2009/10, just over 80% of 16-18 year olds in North Lincolnshire were undertaking GCSEs. AS levels or A levels. 10.9% were engaged in an Apprenticeship and 8.9% were in Foundation Learning. No learners were undertaking the new vocational Diplomas.

In 2009 some 532 16-18 year olds (9.2%) in North Lincolnshire were not in employment, education or training, above the regional and national averages. 50% of the NEET cohort are aged 18 and 50% of the NEET cohort have learning difficulties or disabilities (LDD), highlighting the importance of flexible and appropriate learning provision including foundation learning and other forms of supported learning. In 2-2010, over 650 LDD learners aged 16-18 are in Further Education – representing 16.9% of the entire student population and well above the regional average.

There are 13 secondary schools in North Lincolnshire. Using the measure of 5 A-Cs at GCSE including English and Maths, three of these schools achieved better results than 'all England' in 2008. However, overall North Lincolnshire school performance is significantly below the 'all England' level.

The table summarises North Lincolnshire schools' comparative GCSE and A level performance. Attainment of 5 A-Cs including English and Maths improved by 3.8% in 2009, a significant increase following several years of modest improvement and compared to a 2.2% improvement in the all schools average for England. North Lincolnshire performs above the all England average on the number of pupils securing 2 grades at A-C in Science at over 58.3%.

The majority of young people (approximately 80% for each of the last three years) progress from GCSEs either to a sixth form college or to FE. The performance at A level was more disappointing in 2009, with a modest decline in the average for A level points and points per entry, although a number of schools, most notably John Leggott College, continued to perform strongly.

11 2010 Strategic Analysis, Young Persons Learning Agency

Three of the secondary schools have sixth forms, two of which work together as a consortium under the name of Brigg Sixth Form College. John Leggott College is a Beacon College which is classified 'Good', by Ofsted. It has some 2,300 students including 100 international fee payers. The great majority of students follow level 3 (A level) programmes while there are also 150 level 2 and 50 level 1 learners. Learning tends to be academic with progression to university being the aim. However, small numbers of level 3 students do progress directly to employment and/or apprenticeships with organisations such as Corus, the public and retail sectors. The College has indicated that its science curriculum is a particular strength.

Fig.8:School and FE college performance 2009

School	5 A-Cs inc. English and Maths (%)	2 A-C in science (%)	A level points	Points per entry
'All England'	49.8	53.7	739.3	211.7
North Lincolnshire	45.4	58.3	729.7	201.4
Baysgarth School	33	55	467.1	166.3
Brumby College	31	58		
Frederick Gough	49	83		
Foxhills College	38			
St Lawrence Academy	35	27		
Huntcliff School	51	65		
Melior Community College	34	21		
North Axholme College	41	100		
St Bede's Catholic School	48	81		
Sir John Nelthorpe School	68	58	700.3	202.8
South Axholme Community School	60	59		
Vale of Ancholme Technology College	53	67	566	177.3
Winterton Comprehensive School	54	64		
John Leggott Sixth Form College			838.2	204.5
North Lindsey College			492.1	191.2
Brigg Sixth Form College			710.3	194.2

Source: DCSF; data for 2009

Just under 91% of North Lincolnshire's young people in Further Education attend North Lindsey College (Scunthorpe), which is North Lincolnshire's only general Further Education College. The College is also classified as 'Good' by Ofsted while its provision for 14-16 year olds is considered 'Outstanding'.

North Lindsey College focuses strongly on meeting employers' needs, both locally and nationally, through its Kingsway Centre. It provides learning and training through apprenticeships, Train to Gain, HNCs and other opportunities for most of North Lincolnshire's key sectors. The main exception is chemicals and petrochemicals but the College is also cutting back on its provision for catering.

The College has recently announced a plan to develop its Science Technology Engineering and Mathematics (STEM) provision. Level 2 and 3 provision embraces a mix of sector specific and generic business skills.

Student numbers (2008/9) were 1800 full time; 1300 part time; 1800 Train to Gain learners within the region and 1400 Train to Gain learners beyond Yorkshire and the Humber. A relatively high proportion of students are following level 1 and 2 programmes but numbers on level 3 are lower in comparison. The College has more than 840 Higher Education students.

In 2008/9, just over 2,700 North Lincolnshire-resident learners commenced a qualification at the College and 1968 achieved a qualification; 81% of qualifications were at Level 2, with the most popular including:

- Health and social care (11.3% of those achieving level 2)
- food manufacture (10.4%)
- business improvement techniques (8.9%)
- driving goods vehicles (8.2%)
- warehousing and storage (6.8%)
- construction operations (5.9%)

416 learners commenced a Level 3 qualification in 2008/9 and 157 achieved a qualification. Of those Level 3 starts, the most popular included:

- health and social care (27.9%)
- management (18%)
- business and administration (13.4%)
- customer service (6.7%).

This suggests that although a wide range of Level 2 provision is delivered through the College, health and social care appears particularly over-represented in the mix of Level 3 starts; the sector accounted for just 11.5% of employment in 2008. The College delivered very few Level 3 qualifications in manufacturing or engineering-related subjects or in other key areas of the North Lincolnshire economy including retail or construction.

Like other FE Colleges, North Lindsey is facing a reduction in its adult learner responsive funding and in other areas of provision; the implications identified by the College are summarised in the box below:

Adult Learner Responsive – a 20% reduction (£302,737) in funding.

The impact will be a reduction in 19+ adult FE enrolments from 1400 to 950 – a 35% reduction in numbers because the range of funded courses has been reduced, removing many shorter courses. In 2010/11 North Lindsey will subsidise many enrolments by waiving fees (with no compensation from Skills Funding Agency) – although this position is likely to change in the future.

Higher Education – a 5% reduction (£125,427) in funding.
The impact will be a severe brake on growth which has been 30% in the last 3 years.

Train to Gain – zero growth
The College estimates that local demand for this form of training is 20% greater than the funding will support.

Apprenticeships - 9% reduction (£114,871) in funding.

Unlike the areas described above demand for apprentice places has been low in 2009/10 and appears low heading into 2010/11. Thus the reduction in funding will have less impact. Additionally, funding for this stream may be increased in year if demand picks up.

173 North Lincolnshire learners (5%) attend the Grimsby Institute of Further and Higher Education; Bishop Burton College (East Riding of Yorkshire); Doncaster College and Franklin College also attract very small numbers of learners.

The Grimsby Institute (GIFHE) offers an extensive range of AS levels and Apprenticeships to school leavers and around 100 HE courses in a broad range of subjects, many of which are of direct relevance to local employers. The institute has more than 4,000 14-18 year old students and 16,000 adults, mostly in part time provision. Like North Lincolnshire's colleges, GIFHE has been rated good by Ofsted.

Doncaster College offers a range of Apprenticeships, a full range of FE courses and more than 40 HE courses in a range of subjects. It has some 4,000 full time and 14,000 part time students; 340 Apprentices; 2,800 Train to Gain learners and 2,300 HE students. In 2008 Ofsted reported the College to be satisfactory overall and inadequate in achievement and standards. The partial re-inspection report (March 2010) found improvement to satisfactory in both these areas.

Bishop Burton College is one of the country's leading providers of land-based education at both FE and HE levels, and also provides learning in some other areas including sport, tourism and public services. It has more than 3,000 students, 300 of whom live in on the campus. Ofsted described the College as outstanding in 2009.

Franklin College, Grimsby, is a sixth form college that provides a broad (but not comprehensive) range of subjects, primarily at 'A' level. It has some 2,500 full time and part time students (2007 data). Franklin achieves good A level results and good results among its many part time adult students. The most recent Ofsted report describes the College as good in all areas.

Adult Education

North Lincolnshire Council's Adult and Community Education Service provides Adult Safeguarded, (non-accredited) and Adult Learner Responsive learning throughout North Lincolnshire. The provision is delivered through four main and 17 community based centres, and includes an increasing amount of outreach work.

Ofsted has recognised considerable improvements in the service which is now graded as satisfactory, after having been deemed to be inadequate in 2008[12]. Numbers in 2009 were 1300, Adult Part Time; 1500 Adult Safeguarded provision; and 45 young learners (mostly NEET with basic skills needs)[13]. The service is a major provider of Skills for Life learning and reports that it is the only local provider for adults with learners with learning difficulties and disabilities (LLDD).

12 North Lincolnshire Council (Inspection), Ofsted, September 2008

13 North Lincolnshire Council Inspection Report, Ofsted, January 2010

According to Ofsted (2010), learner achievements are now on a par with national levels and 'there is significant activity in areas of deprivation as well as increased working with local employers'[14]. The work with employers provides some specialist high value training which is very well received.

Most learning providers are now anticipating cuts in their budgets. The Adult Education Service has identified a number of cuts – the national SFA budget for informal adult learning is just over £200 million per annum and funding for this area of provision has declined over a number of years.

Apprenticeships

The main providers of Apprenticeships in North Lincolnshire are HETA (Engineering and process industries – Ofsted report 'Good'); NLT (e.g. business and manufacturing subjects); North Lindsey College; (e.g. Business; Engineering; Motor Vehicle; Construction); South Bank Training (e.g. Administration; Warehousing and Distribution). Other providers promoting apprenticeships in the district are Chamber Training Humber; and Kaplan Financial.

National providers and major providers from adjacent districts, e.g. JTL and the Grimsby Institute respectively, also offer local apprenticeships from time to time.

In 2008/9 10.9% of 16-18 year olds in North Lincolnshire had started an Apprenticeship. There is some evidence to suggest that Apprenticeships are aligned with the needs of the North Lincolnshire economy. In 2008/9 the most popular Apprenticeships taken by 16-18 year old learners were in engineering (21.4%); business administration (16.6%); hairdressing (14.1%) and construction (8%). Almost 65% of participants in Apprenticeships were male in 2008/9, highlighting a significant under-representation in female Apprentices.

Train to Gain

At the time of the interview that informed this paragraph, Business Link had three skills advisers and eight business advisers dedicated to North Lincolnshire. Business Link engaged with 3,182 businesses in North Lincolnshire in 2009/10, representing a 17% increase on 2008/9 figures and equivalent to approximately 59% of the business stock in North Lincolnshire. Around 10% of these firms accessed in-depth support from an adviser. The team of advisers also works outside North Lincolnshire in order to use its time effectively.

In 2009/10 110 firms – just 2% of North Lincolnshire's business stock – accessed a detailed diagnosis of their skills needs. Although seemingly low, this is in line with the regional average.

Kingsway Consulting, a subsidiary of North Lindsey College, is a major provider of Train to Gain and delivers a range of provision both within and outside North Lincolnshire. Data from the former LSC suggests that between 33% and 50% of Level 2 provision through North Lindsey College/Kingsway is delivered outside the district.

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14 North Lincolnshire Council Inspection Report, Ofsted, January 2010

CATCH

The Centre for Assessment of Technical Competency Humber (CATCH) is an important training facility in North East Lincolnshire, originally conceived to fill a gap in training and assessment provision for the processing industries. Its mission is to

"enable processing, energy, and manufacturing businesses and the associated support services in the Humber region to adopt best practice in approaches to workforce development and competence assessment, increase their investment in workplace learning and skills development and improve their performance, through partnership with providers."

CATCH provides off-site training in an 'authentic' industrial environment and provides a base for the Humberside Engineering Training Association (HETA). It also provides specialist facilities including a full scale processing plant, workshops and a conference centre.

CATCH could play a critical role in ensuring that North Lincolnshire and the wider Humber sub-region develops the skills to underpin the growth of the low carbon economy. This issue is considered further in subsequent chapters of this report.

Higher Education

The Council and other stakeholders are concerned about levels of graduate retention in North Lincolnshire although it has not been possible to assemble any detailed evidence on this issue. This may be compounded by the lack of a dedicated Higher Education institution in North Lincolnshire; wider 'quality of place' issues (explored in subsequent chapters of this report) and low levels of jobs requiring higher level skills. To match the average occupational profile for Great Britain (see figure 3) North Lincolnshire would require to create a further 5,000 managerial, professional or associate professional/technical jobs.

North Lincolnshire does not have a University. However, North Lindsey College works in partnership with the Universities of Lincoln, Huddersfield and Hull to offer higher education at Foundation Degree, Honours Degree and Masters levels. The University of Hull in particular has worked in partnership with Kingsway Consulting to deliver training for some of the larger companies.

Around 70% of John Leggott College pupils progress into Higher Education at the end of their studies. The College's international students tend to progress to a comparatively wide range of institutions across the UK and overseas; between 2005-2008, the most popular UK Universities for the College's international students included:

- Imperial College London (22 placements)
- Warwick University (18)
- Oxford University (16)
- UCL (13)
- Bath (9)
- LSE (9).

The most popular Universities within the region for international students were York (6 placements) and Hull (3 placements).

The College reports that North Lincolnshire-born students have a much greater propensity to progress to undergraduate courses at institutions which are based in the region. Nonetheless, the nearest universities are in Hull and Lincoln both of which are within daily travelling distance (approx 28 miles each way from Scunthorpe) for those North Lincolnshire residents who are able to do so.

The University of Hull recorded a 25% increase in undergraduate applications in 2009, following a significant fall in 2008. The University performs well in the National Student Survey for its comparatively low cost of living and the quality of its teaching, although it has been less successful than other regional institutions in the Research Assessment Exercise (RAE).

The University includes the 'Hull York Medical School' which is developing a strong reputation for the quality of its undergraduate teaching and faculties of Science, Education, Health and Social Care, and Arts and Social Science. The University's divisions include engineering, economics and computer science among many others and it delivers a number of courses which align closely with the needs of the sub-regional economy. These include the Logistics Institute which forms part of the Business School and delivers both academic research and training to support growth of the logistics and distribution sectors.

Hull had the lowest proportion of 'world-leading' research among England's older universities in the 2008 RAE. Health subjects, geography and environmental science, and drama, dance and performance achieved the best grades. The University has faced some criticism for closing its Mathematics department following poor recruitment to the honours degree.

The University of Lincoln's faculties and departments include the Lincoln School of Engineering; Business and Law; Art, Architecture and Design; Media Humanities and Technology; Health, Life and Social Sciences. The University initially initially concentrated on social sciences, but the university now has a wider range of courses and it now has more than 8,000 students in and around Lincoln with a range of new buildings across its city centre campus.

The University of Lincoln and Siemens have developed the first purpose built School of Engineering to be created in the UK for over 20 years, with funding of more than £4.3m from HEFCE. The new school will focus on industrial power and energy and will be the first UK higher education institution to focus exclusively on this area. Siemens will relocate some of its facilities and training activity to the new centre and commission research from the new school. The new school has now commenced delivery of both undergraduate and postgraduate programmes.

28% of the University's research was considered to be world-leading or internationally excellent in the 2008 RAE. Communication, cultural and media studies and computer science and informatics produced the highest grades.

Student applications have increased significantly during the last five years, despite the introduction of top up fees, and there has been a major expansion of undergraduate/post-graduate teaching and research. Lincoln is the most improved university in 2009-10 according to the Times Good University Guide (May 2010); it is notably popular with its students.

Both 'local' Universities offer course provision – particularly around engineering and other STEM subjects – which is aligned to the needs of the sub-regional economy, although the 2008 Research Assessment Exercise suggests that their research strengths tend to lie in health and the arts and social sciences. Moving forward, it will be important to strengthen links between North Lincolnshire employers and both Universities to drive research and innovation in key areas including the petrochemical and process industries; food and drink; mechanical engineering and the low carbon economy.

4. The North Lincolnshire economy – demand for skills

Introduction

Section 4 considers recent trends in the development of the North Lincolnshire economy and reviews current and future demand for skills.

Our starting point was to undertake a brief review of the 'New Market Development' report prepared by PACEC for North Lincolnshire Council. The PACEC report informed the identification of sectoral priorities by NLC, subsequently confirmed in the North Lincolnshire Interim Economic Development Strategy:

- Transport and communications
- Environmental technologies (including bio-refineries, biofuel production, renewable energy generator manufacture and installation, renewable energy generation, carbon capture technology, recycling, energy from waste)
- Chemicals and petro-chemicals
- Food and drink manufacture and packaging
- Construction and the built environment
- Business services (finance, legal, insurance, business support, back office functions)
- Retail and leisure
- Mechanical Engineering and Advanced Materials.

Our aim was to review the 2006 analysis in light of the global economic recession and other factors and consider whether, looking forward, the sectoral priorities set out in NLC's Interim Economic Development Strategy still offer long-term prospects for growth. In addition, we have explored the future growth prospects for the health and social care sector, which has not been identified as a priority by NLC to date but may offer future employment opportunities at entry level as well as in higher skilled occupations.

Economic Structure[15]

North Lincolnshire's economy has important structural differences compared with England as a whole. Manufacturing is far more predominant in North Lincolnshire, accounting for 22.8% of employment in 2008 compared with 10.2% at a national level. In contrast, North Lincolnshire had considerably less banking, finance and insurance employment in 2008 with these sectors accounting for just 11.5% of employment compared with the national average of 22.9%.

Employment in North Lincolnshire has grown at a much slower rate than that of the country as a whole – just 0.6% compared with 9.3% for England over the period from 1998 to 2008. Between 2007 and 2008 – as the global recession began to bite – North Lincolnshire shed 1,046 jobs.

15 All data referenced in this section is from the Annual Business Inquiry except where noted

Even before the recession, North Lincolnshire experienced significant economic restructuring, resulting in a shift in employment between sectors. Although North Lincolnshire is still over-represented in manufacturing jobs, over 6,500 manufacturing jobs were lost in the ten years from 1998 – a much sharper decline than at the national level.

Fig.9: Employment by Broad Sector (1998 & 2008)[16]

Sector	North Lincolnshire				England			
	1998		2008		1998		2008	
	Count	%	Count	%	Count	%	Count	%
Agriculture and fishing	157	0.2%	325	0.5%	51,413	0.2%	67,284	0.3%
Energy and water	471	0.7%	606	0.9%	149,022	0.7%	114,867	0.5%
Manufacturing	22,297	32.5%	15,736	22.8%	3,504,659	16.7%	2,337,081	10.2%
Construction	4,605	6.7%	5,566	8.1%	916,302	4.4%	1,063,832	4.6%
Distribution, hotels and restaurants	15,028	21.9%	15,088	21.9%	5,155,857	24.6%	5,419,154	23.6%
Transport and communications	4,889	7.1%	5,934	8.6%	1,259,143	6.0%	1,373,769	6.0%
Banking, finance and insurance, etc	7,045	10.3%	7,904	11.5%	4,079,160	19.4%	5,241,649	22.9%
Public administration, education & health	11,860	17.3%	15,613	22.6%	4,888,515	23.3%	6,091,849	26.6%
Other services	2,232	3.3%	2,202	3.2%	979,334	4.7%	1,220,376	5.3%
Total	**68,583**		**68,974**		**20,983,405**		**22,929,862**	

Employment in all of the other broad sectors increased between 1998-2008. Public administration education and health sectors which have seen growth in employment of 5.3% between 1998 and 2008 compared with 3.3% for England as a whole – although North Lincolnshire remains under-represented in public sector jobs.

Food and drink, a key subset of North Lincolnshire's manufacturing sector, has seen a large decline in employment of 43.7% since 1998, compared to a 22.9% reduction for England as a whole.

Employment in textiles/clothing manufacture fell by a massive 92% between 1998-2008, compared with a 70% decline for England as a whole. Other smaller manufacturing sub-sectors such as beverage manufacturing have disappeared entirely. More than 1,000 jobs were lost in the manufacture of iron and steel over the decade from 1998 although given substantial global restructuring, the sector remains comparatively robust in North Lincolnshire compared with other parts of the UK.

Elements of the construction sector grew rapidly between 1998 to 2008; employment in building installation grew by 166.1% whilst employment in building completion grew by 51.3% more than doubled (+166.1% increase) and this has also driven growth in building supplies manufacture (+92.8%) and other elements of the supply chain. In North Lincolnshire it is important to make a distinction between the 'general' construction sector and those specialist electrical/mechanical engineering and building services firms serving Corus and the petrochemicals sector.

16 Annual Business Inquiry

Public administration activities have grown strongly over the period 1998 to 2008 and at a faster rate than the national average. However, this masks a wide difference in growth patterns within sub-sectors. Employment in the education and health sub-sectors has grown substantially, with primary school employment growing rapidly in contrast to adult education, where employment has fallen by almost 50% since 1998. The number of healthcare jobs has increased by just over 50%, compared to 26.3% for England over the same period.

Location Quotient Analysis

One way of analysing the relative importance of different sectors for the local economy is to examine the location quotient (LQ) for each of the SIC sectors recorded in the Annual Business Inquiry. LQs measure the rate of employment concentration in a given area relative to the national economy. An LQ greater than 1 indicates a relatively high concentration of such activity compared to the national average, whilst an LQ of less than 1 indicates a relatively low concentration of such activity.

The largest noted increase in LQ between 1998-2008 was 62.18 for the manufacture of cement, lime and plaster and the largest decrease in LQ over the period being -27.7 for the dressing, dyeing and manufacture of fur products, a relatively small industry which has disappeared almost entirely in North Lincolnshire over the last 10 years.

Of the 186 sectors present in North Lincolnshire in 1998, 63 were of relatively high concentration compared to the England average and 123 were of relatively low concentration compared with the country as a whole. By 2008 there were 60 concentrated sectors and 125 low concentration sectors. Of those 'high concentration' sectors almost 60% remained static or became less concentrated. This reflects the decline in manufacturing jobs and the growth of other sectors.

Despite the reduction in manufacturing employment, the LQ analysis demonstrates clearly that North Lincolnshire remains relatively specialised in manufacturing, with the broad manufacturing sector increasing in concentration from a LQ of 1.95 in 1998 to 2.24 in 2008. The largest increases in concentration occurred within iron and steel alloys, cement, lime and plaster and refined petroleum products. By contrast, motorcycle and bicycle manufacturers showed a steep decline and some industries, as has been previously mentioned, effectively ceased operating altogether.

Sector specific analysis[17]

Here we present a more detailed, desk-based analysis of the performance of the growth sectors set out in the North Lincolnshire Interim EDS. The following SIC analysis breaks each priority sector down by individual (3 digit) SIC sub-sectors; in some cases the sub-sectors form part of more than one sector.

Transport, Storage and Communications

The sector as defined below accounted for 7% of employment in 1998 and 8.5% in 2008 and saw a large growth in jobs between 1998-2008. The vast majority of the jobs growth was in 'cargo handling and storage' which saw employment increase by almost 300%, reflecting the presence of key logistics sector employers including Bibby.

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17 All data from this section is from the Annual Business Inquiry

Fig.10: Transport, Storage and Communications Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
601 : Transport via railways	0	25		2.3%
602 : Other land transport	2,709	2,345	-13.4%	3.0%
611 : Sea and coastal water transport	36	3	-91.7%	-20.3%
612 : Inland water transport	4	0	-100.0%	4.2%
621 : Scheduled air transport	56	223	298.2%	1.3%
622 : Non-scheduled air transport	40	89	122.5%	46.2%
631 : Cargo handling and storage	431	1,676	288.9%	95.6%
632 : Other supporting transport activities	203	486	138.4%	95.2%
634 : Activities of other transport agencies	793	489	-38.3%	-0.4%
641 : Post and courier activities	461	446	-3.3%	-9.8%
642 : Telecommunications	73	48	-34.2%	1.7%
Sector Total	**4,806**	**5,830**	**21.3%**	**10.8%**

Environmental Technologies

The Standard Industrial Classification as currently constituted does not have a separate category for environmental technologies. Hence for this analysis we have defined the environmental technologies sector (ETS) in terms of the sub-sectors with 'potential' involvement in ETS or the low carbon economy. For example, manufacture of other chemical products could include biofuels and manufacturer of electrical components such as generators and distribution equipment could potentially support green energy generation.

The ETS as defined here remains a very small employer in North Lincolnshire. This sector accounted for approximately 0.7% of employment in both 1998 and 2008, despite a rise in employment of 6.1% in the intervening period. Employment in the production and distribution of electricity – which accounts for 87% of ETS jobs as defined here - has grown by almost 55% compared to a 15.4% decline nationally. In contrast, employment in the manufacture of such components as tanks, radiators and boilers has fallen by much more than the average national decrease.

Fig. 11: Environmental Technology Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
246 : Manufacture of other chemical products	8	8	0.0%	-39.6%
282 : Manufacture of tanks, reservoirs and containers of metal; manufacture of central heating radiators and boilers	112	16	-85.7%	-25.7%
283 : Manufacture of steam generators, except central heating hot water boilers	5	20	300.0%	-4.3%
311 : Manufacture of electric motors, generators and transformers	9	0	-100.0%	-36.1%
312 : Manufacture of electricity distribution and control apparatus	50	19	-62.0%	-42.4%
401 : Production and distribution of electricity	274	423	54.4%	-15.4%
Sector Total	**458**	**486**	**6.1%**	**-30.0%**

Chemicals and petro-chemicals

The chemicals/petrochemicals sector in North Lincolnshire is dominated by the Conoco/Philips and Total oil refineries, which account for just over 50% of jobs. Overall employment in chemicals/petro-chemicals reduced from 4.9% to 3.7% of total employment in North Lincolnshire over the period 1998 to 2008, although the fall in employment was less acute than for England as a whole.

There was a heavy decline in basic chemical manufacture and a total loss of pharmaceuticals jobs – a key NINJ sector – in North Lincolnshire over this period. The sub-sectors involved in the manufacture of refined petroleum products and the manufacture of plastic products both saw large declines in employment, though not as severe as at the national level. However, the latter sub-sector saw an especially large decline between 2007 and 2008.

Fig.12: Chemicals and Petro-Chemicals Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
232 : Manufacture of refined petroleum products	1,612	1,311	-18.7%	-26.4%
241 : Manufacture of basic chemicals	343	50	-85.4%	-50.1%
242 : Manufacture of pesticides and other agro-chemical products	0	2	n/a	-52.3%
243 : Manufacture of paints, varnishes and similar coatings, printing ink and mastics	139	152	9.4%	-37.3%
244 : Manufacture of pharmaceuticals, medicinal chemicals and botanical products	156	0	-100.0%	-26.9%
245 : Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	264	286	8.3%	-40.5%
246 : Manufacture of other chemical products	8	8	0.0%	-39.6%
252 : Manufacture of plastic products	833	738	-24.1%	-27.9%
Sector Total	**3,355**	**2,547**	**-24.1%**	**-34.4%**

Food and Drink Manufacture and Packaging

This sector declined heavily in employment terms over the period 1998 to 2008. In 1998 it accounted for 6.7% of total employment in North Lincolnshire but by 2008 this had fallen to just 3.7%. Employment related to the production and processing of meat products declined by more than 45%, resulting in over 1,400 jobs being lost in this sub-sector locally, although key employers including ESCA Foods remain and have not witnessed large scale redundancies in recent years. Employment related to the manufacture of other food products also declined steeply, particularly between 2007 and 2008 (where employment fell by more than 40%) as the recession began to bite. Employment in the processing and preserving of fruit and vegetables has grown slightly but in overall terms the decline of the food sector is of concern considering the relative level of labour specialisation that is present in the sector as a whole.

Fig. 13: Food and Drink Manufacture and Packaging Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
151 : Production, processing and preserving of meat and meat products	3,072	1,658	-46.0%	-26.2%
152 : Processing and preserving of fish and fish products	0	2	n/a	-28.8%
153 : Processing and preserving of fruit and vegetables	485	499	2.9%	-3.4%
154 : Manufacture of vegetable and animal oils and fats	13	17	30.8%	-58.6%
155 : Manufacture of dairy products	16	12	-25.0%	-39.9%
158 : Manufacture of other food products	943	385	-59.2%	-20.4%
159 : Manufacture of beverages	45	0	-100.0%	-25.7%
Sector Total	**4,574**	**2,573**	**-43.7%**	**-22.9%**

Construction and the Built Environment
Employment in the Construction and Built Environment sector grew by 20.8% between 1998 and 2008, noticeably above the 16.1% increase seen at a national level. The sector as a whole accounted for 8.1% of total employment in 2008 compared with 6.7% in 1998. However, the business survey provides evidence that the construction sector has seen a significant decline in employment since 2008 which is not as yet captured by the Annual Business Inquiry data.

Between 1998-2008, employment in key sub-sectors such as building installation and building completion increased significantly. The only significant decline in employment was in the related sector of renting of construction or demolition equipment which saw a 48.3% decline in employment.

Fig. 14: Construction and the Built Environment Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
451 : Site preparation	41	47	14.6%	9.4%
452 : Building of complete construction or parts thereof; civil engineering	3,226	3,181	-1.4%	-5.2%
453 : Building installation	502	1,336	166.1%	58.3%
454 : Building completion	571	864	51.3%	50.4%
455 : Renting of construction or demolition equipment with operator	265	137	-48.3%	-14.5%
Sector Total	**4,605**	**5,565**	**20.8%**	**16.1%**

Business Services
The Business Services sector accounted for 10.8% of employment in 2008, up from 8.2% in 1998. The strong growth that has been seen locally mirrors national trends although this sector remains significantly under-represented in North Lincolnshire compared to the national average.

North Lincolnshire does not have a strong representation in financial services employment. 'Other financial intermediation' saw a decline in employment of 74.5% compared with a national rise in employment of 3.9%. Employment within sub-sectors involving the renting of machinery and transport equipment declined over the period in contrast to an increase in employment at the national level.

Many other sectors performed well, however. Employment involved in letting of own property increased by more than 360 jobs. SIC code 741, which covers a wide range of legal, accountancy, research and consultancy professions saw an increase in employment of 120%, significantly higher than the equivalent national increase. Miscellaneous business activities also saw significantly higher employment growth than the national average.

Fig. 15: Business Services Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
651 : Monetary intermediation	705	598	-15.2%	-3.8%
652 : Other financial intermediation	247	63	-74.5%	3.9%
660 : Insurance and pension funding, except compulsory social security	121	64	-47.1%	-39.4%
671 : Activities auxiliary to financial intermediation, except insurance and pension funding	17	46	170.6%	114.5%
672 : Activities auxiliary to insurance and pension funding	109	114	4.6%	25.7%
701 : Real estate activities with own property	83	112	34.9%	-4.3%
702 : Letting of own property	78	440	464.1%	78.6%
703 : Real estate activities on a fee or contract basis	332	185	-44.3%	89.1%
711 : Renting of automobiles	55	68	23.6%	11.0%
712 : Renting of other transport equipment	60	41	-31.7%	14.1%
713 : Renting of other machinery and equipment	479	399	-16.7%	12.9%
714 : Renting of personal and household goods not elsewhere classified	28	28	0.0%	-36.3%
721 : Hardware consultancy	10	8	-20.0%	93.2%
722 : Software consultancy and supply	94	153	62.8%	68.6%
723 : Data processing	28	2	-92.9%	-47.5%
724 : Data base activities	0	4	n/a	125.7%
725 : Maintenance and repair of office, accounting and computing machinery	15	19	26.7%	-34.3%
726 : Other computer related activities	38	51	34.2%	39.9%
731 : Research and experimental development on natural sciences and engineering	9	28	211.1%	15.3%
741 : Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings	644	1,417	120.0%	59.5%
742 : Architectural and engineering activities and related technical consultancy	449	552	22.9%	34.2%
743 : Technical testing and analysis	41	87	112.2%	32.9%
744 : Advertising	16	40	150.0%	-3.1%
745 : Labour recruitment and provision of personnel	1,602	2,236	39.6%	37.7%
748 : Miscellaneous business activities not elsewhere classified	382	682	78.5%	43.6%
911 : Activities of business, employers and professional organisation	4	4	0.0%	30.9%
Sector Total	**5,646**	**7,441**	**31.8%**	**31.7%**

Retail and leisure

This sector has seen employment decline by 2.1% over the period against national employment growth of 6.0%; this is of particular concern as it affords opportunities for entry level employment which can be critical in areas with a comparatively low skills base. Nonetheless, the sector still accounted for some 20.8% of local employment in 2008.

Fig. 16: Retail and Leisure Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
501 : Sale of motor vehicles	1,204	749	-37.8%	-27.2%
503 : Sale of motor vehicle parts and accessories	287	256	-10.8%	-1.8%
504 : Sale, maintenance and repair of motorcycles and related parts and accessories	39	21	-46.2%	13.8%
505 : Retail sale of automotive fuel	231	80	-65.4%	-36.6%
511 : Wholesale on a fee or contract basis	136	218	60.3%	28.9%
512 : Wholesale of agricultural raw materials and live animals	55	48	-12.7%	-8.1%
513 : Wholesale of food, beverages and tobacco	591	508	-14.0%	0.7%
514 : Wholesale of household goods	138	446	223.2%	4.3%
515 : Wholesale of non-agricultural intermediate products, waste and scrap	728	1,074	47.5%	0.7%
518 : Wholesale of machinery, equipment and supplies	527	404	-23.3%	-10.7%
519 : Other wholesale	126	158	25.4%	-31.1%
521 : Retail sale in non-specialised stores	2,857	3,157	10.5%	8.0%
522 : Retail sale of food, beverages and tobacco in specialised stores	691	446	-35.5%	-38.6%
523 : Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles	185	278	50.3%	21.6%
524 : Other retail sale of new goods in specialised stores	2,321	2,282	-1.7%	13.0%
525 : Retail sale of second-hand goods in stores	27	51	88.9%	17.4%
526 : Retail sale not in stores	208	191	-8.2%	-0.2%
551 : Hotels	618	581	-6.0%	5.2%
552 : Camping sites and other provision of short-stay accommodation	7	55	685.7%	53.1%
553 : Restaurants	1,079	1,009	-6.5%	39.0%
554 : Bars	1,740	1,395	-19.8%	-0.4%
633 : Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified	82	84	2.4%	-11.4%
923 : Other entertainment activities	51	75	47.1%	7.0%
926 : Sporting activities	554	562	1.4%	44.5%
927 : Other recreational activities	148	197	33.1%	40.7%
Sector Total	**14,681**	**14,325**	**-2.1%**	**6.0%**

A number of large retail sub-sectors have seen a decrease in employment. Most noticeably this includes the sale of motor vehicles and employment in restaurants and bars, the latter in contrast with an increase in jobs for England as a whole. Employment in hotels also declined in the face of an increase at the national level over the same period. Whilst employment in other entertainment and recreational activities grew over the period, the overall pattern for leisure employment was one of decline.

Other important sectors which saw a decline in employment included wholesale of machinery, equipment and supplies and retail sale of food, beverages and tobacco in specialised stores. Both of these reflect wider trends in the decline of the UK's manufacturing sector and the shift towards large supermarkets.

Nonetheless, some sub-sectors did grow between 1998-2008, including retail sale in non-specialised stores, wholesale of household goods and retail sale of pharmaceuticals and medicines. These sectors saw employment growth above the national average.

Mechanical Engineering and Advanced Materials

The mechanical engineering and advanced materials sector is not specifically defined using SIC codes. The term itself covers a number of sub-sectors from basic chemical manufacture to advanced materials science such as nanotechnology.

In order to avoid repetition, the definition of sub-sectors below does not cover the chemical industry areas of materials engineering, focussing instead on the additional areas of manufacturing and engineering which are not covered by the chemicals and petro chemicals sector.

The sector as defined saw a slight decline in employment between 1998 and 2008 with a reduction in local employment of 0.4% compared to 29.1% at the national level – suggesting that it remains comparatively robust in North Lincolnshire. In 2008 the sector still accounted for 11.6% of total local employment compared with 11.8% in 1998.

The largest single decline in absolute employment was in the manufacture of basic iron and steel which lost over 1,000 jobs over the period in question. Despite this, the sector still accounted for 56.6% of sectoral employment in 2008; had the sector declined in line with the national average, almost 2,300 jobs would have been lost suggesting that Corus in particular remains in comparatively 'good shape' in North Lincolnshire compared with other parts of the UK.

Some sub-sectors have increased employment over this period, including the manufacture of structural metal products and the manufacture of other special purpose machinery. These sub-sectors increased their proportion of sectoral employment from 11.5% in 1998 to 29.5% in 2008.

As with the ETS, getting a clear understanding of the health and prospects of this sector is dependent upon conducting a more in-depth survey to understand the types of firms in the local area and the level of technology and skills intensity of their respective production processes. However, it is clear that the large decline in local iron and steel manufactories observed over the period has been partially offset by increased employment in manufacturing enterprises related to building and construction. Moreover, there is some suggestion that basic manufacturing has been replaced by more specialised manufacturing employment which has taken advantage of the large pool of local skills.

Fig.17: Mechanical Engineering and Advanced Materials Employment by Sub-Sector

Sub Sector	1998 Employment	2008 Employment	% Change in Employment	% Change in Employment for England as a whole
265 : Manufacture of cement, lime and plaster	367	921	151.0%	-19.2%
266 : Manufacture of articles of concrete, plaster and cement	214	395	84.6%	-2.7%
271 : Manufacture of basic iron and steel and of ferro-alloys	5,552	4,544	-18.2%	-41.1%
275 : Casting of metals	198	370	86.9%	-51.8%
281 : Manufacture of structural metal products	336	658	95.8%	10.6%
284 : Forging, pressing, stamping and roll forming of metal; powder metallurgy	15	8	-46.7%	-39.6%
285 : Treatment and coating of metals; general mechanical engineering	392	252	-35.7%	-18.3%
286 : Manufactory of cutlery, tools and general hardware	5	6	20.0%	-45.9%
287 : Manufacture of other fabricated metal products	31	46	48.4%	-32.5%
291 : Manufacture of machinery for the production and use of mechanical power, except aircraft, vehicle and cycle engines	38	2	-94.7%	-31.5%
292 : Manufacture of other general purpose machinery	273	149	-45.4%	-26.1%
293 : Manufacture of agricultural and forestry machinery	52	74	42.3%	-37.2%
294 : Manufacture of machine tools	52	10	-80.8%	-59.3%
295 : Manufacture of other special purpose machinery	14	393	2707.1%	-36.0%
297 : Manufacture of domestic appliances not elsewhere classified	1	0	-100.0%	-44.5%
300 : Manufacture of office machinery and computers	15	0	-100.0%	-57.0%
311 : Manufacture of electric motors, generators and transformers	9	0	-100.0%	-36.1%
312 : Manufacture of electricity distribution and control apparatus	50	19	-62.0%	-42.4%
341 : Manufacture of motor vehicles	11	32	190.9%	-33.0%
342 : Manufacture of bodies (coachwork) for motor vehicles: manufacture of trailers and semi-trailers	108	66	-38.9%	-23.1%
343 : Manufacture of parts and accessories for motor vehicles and their engines	33	0	-100.0%	-44.1%
351 : Building and repairing of ships and boats	9	6	-33.3%	-4.5%
352 : Manufacture of railway and tramway locomotives and rolling stock	77	63	-18.2%	6.6%
353 : Manufacture of aircraft and spacecraft	4	2	-50.0%	-8.4%
354 : Manufacture of motorcycles and bicycles	204	9	-95.6%	-24.1%
355 : Manufacture of other transport equipment not elsewhere classified	1	0	-100.0%	-24.5%
Sector Total	**8,061**	**8,025**	**-0.4%**	**-29.1%**

Future growth[18]

The Yorkshire and Humberside Regional Economic Model (REM) has forecast GVA growth of 37.4% over the period 2009 to 2026 for North Lincolnshire under the 'baseline' growth scenario. This compares unfavourably with the region which is forecasted to achieve GVA growth of 57.7% but better than the Hull and Humber sub-region which is forecast to see GVA growth of just 30%.

Fig. 18: GVA and FTE growth 2009 - 2026

Year	North Lincolnshire		Yorkshire and Humberside	
	Baseline FTEs (000's)	Baseline Output (£m)	Baseline FTEs (000's)	Baseline Output (£m)
2009	67.0	£2,519	2055.4	£76,402
2015	64.0	£2,780	2012.3	£88,074
2020	63.8	£3,104	2057.5	£102,264
2026	62.3	£3,462	2083.1	£120,523
Growth 2009 – 2026	**-6.9%**	**37.4%**	**1.3%**	**57.7%**

The REM shows that a large number of sectors will experience GVA growth, with total GVA forecast to increase by over £940m over the period 2009 to 2026. A large proportion of this GVA growth is forecast to come from business services and other related industries which total £464.3m of GVA improvement over the period. Health will produce important increases in GVA at the local level but not in proportion with the increase in employment. By contrast, construction and retailing will see large increases in GVA out of proportion to the additional employment generated by these activities. Manufacturing will continue to play an important part in the local economy with £107m worth of GVA increases from related growth sectors.

Fig. 19: North Lincolnshire Growth Sectors by forecast GVA 2009 - 2026 (£m)

Sector	North Lincolnshire
Business Services	306.7
Health	136.8
Construction	91.1
Retailing	95.3
Banking & Insurance	85.4
Other Financial & Business Services	72.2
Wholesaling	66.5
Other Services	51.1
Communications	37.1
Metals	31.9
Chemicals	26.8
Minerals	26.3
Education	19.9
Machinery & Equipment	9.2
Rubber & Plastics	9.1
Hotels & Catering	6.5
Transport	3.7
Electrical & Optical Equipment	2.8
Public Admin & Defence	1.4
Food, Drink & Tobacco	0.9
Total Growth Sectors	**1,080.7**

18 All data referenced in this section is from the Yorkshire and Humberside Regional Economic Model (REM) – last updated in September 2009.

Within individual industries the REM forecasts the largest increases in GVA for North Lincolnshire across the period 2009 to 2026 occurring within the banking and insurance, banking services and other financial services industries, with significant increases in employment projected for these sectors as well. The largest GVA increase of any sector is expected to come from business services.

More worryingly, North Lincolnshire is expected to see a decline in full time equivalent (FTE) employment of 6.9% compared with a 1.3% increase at regional level.

The REM projects that over the period 2009 to 2026 North Lincolnshire will lose a further net 4,601 jobs. The majority of the job losses are forecast in

- Transport: -1,775 jobs
- Agriculture, Forestry and Fishing: -980 jobs
- Food, Drink & Tobacco: -934 jobs
- Metals: -915 jobs
- Fuel Refining: -784 jobs.

The REM also forecasts that five sectors will experience employment growth totalling 5,610 FTEs. The two most important sectors are health and business services. Local growth in employment in the health sector is forecast to be out of proportion to the rate of the growth in the region as a whole, demonstrating the increasing importance of the public sector in employment terms. The remaining growth sectors are primarily business-oriented, with a small increase in employment growth in the retail sector.

Fig. 20: North Lincolnshire Growth Sectors by Employment 2009 - 2026 (FTEs)

Sector	North Lincolnshire
Health	2,304
Business Services	2,156
Other Financial & Business Services	818
Banking & Insurance	280
Retailing	52
Total Growth Sectors	**5,610**

North Lincolnshire has witnessed relatively strong growth in business services employment over the last decade. Other sectors including chemicals, minerals and metals are forecasted for large increases in GVA growth over the period but also large decreases in FTEs. Some technical sectors such as wood products, textiles and clothing are forecasted to decline in both GVA and employment terms. The largest declines in employment are expected in agriculture and mining activities which will see a reduction in FTEs of over 75% each within the local authority area over the period.

The Council's Local Development Framework considers how future growth will be accommodated in North Lincolnshire and sets out a spatial strategy for growth. The Core Strategy submission draft was published in May 2010 and sets out proposals to

- accommodate up to 168 hectares of additional employment land (or approximately 10.5 hectares per annum, compared to historic take-up of just over 7 hectares per annum) over the period to 2026, of which the majority is for light industrial or general industrial uses; the plan assumes further growth at key locations including the Scunthorpe industrial estates, South Humber Gateway, Sandtoft and Humberside International Airport; the plan assumes a significant net increase in employment over the period to 2026 in contrast to the more pessimistic view adopted in the REM

- 15,700 new dwellings over the period from 2004-2026, and at a rate of 750 dwellings per annum from 2008 to meet the Council's housing requirement as set out in the Regional Spatial Strategy (it is important to note that the new Government has removed the requirement to meet RSS targets); this level of housing provision reflects the growth opportunities provided by the Humber Ports and the potential to focus housing and economic growth in Scunthorpe; the Lincolnshire Lakes scheme has the potential to accommodate up to 6,000 homes over this period and will create a major, mixed use community; new developments like the Lincolnshire Lakes scheme will play an important role in widening housing choice and enhancing quality of place to attract and retain economically active residents.

Demand for new workers

This section develops forecasts of the numbers that will need to be recruited (and trained) to maintain and refresh each sector's workforce between 2007 and 2017. The forecasts combine data from the Regional Econometric Model (covering net change in employment) with material from the UKCES 'Working Futures Model' which also considers replacement demand, or the natural churn in the workforce, created by workers retiring or leaving for other reasons.

Great caution should be used in interpreting the forecasts; limitations in the available data mean that the method cannot be wholly robust for a comparatively small economy like North Lincolnshire's and, furthermore, the forecasts were made at a time when there was little consensus about how the economy and workforce would grow out of the recession. The forecasts were also made in 2007 (Working Futures) and 2009 (REM) and are based on very different growth assumptions; as a result the latter, prepared during the recession, inevitably adopts a more pessimistic view of future growth prospects. Nonetheless, with these important caveats, they do provide an indication of future demand for skills in the area.

The table presents alternative scenarios for the number of new workers (the total requirement) that will be required in the key sectors in the ten years from 2007 to 2017. This encompasses both the net increase or decrease in overall employment (i.e. the number of new jobs created, or jobs lost) and replacement demand for existing posts. The overall number of jobs in the majority of the growth sectors is forecast to decline (with the exception of business services and retail) over the period to 2017 although most are forecast to experience a significant increase in replacement demand as workers retire or leave the workforce for other reasons.

The method employed to produce these estimates is to express each sector's national replacement demand, for the period 2007 to 2017, as a percentage of the sector's workforce in 2007. That percentage is then applied to the North Lincolnshire sector workforce total for 2007 to calculate replacement demand for North Lincolnshire.

The replacement demand figure is then adjusted by the net change in the size of the sector's workforce over the 2007 – 2017 period this adjusted figure is the 'Total Requirement (REM scenario). It is notable that with the exception of business services and retail, the REM assumes a net overall decline the size of each sector.

The column 'Total requirement (Growth Scenario)' presents alternative forecasts, based on calculations suggested by Working Futures national data. These do not take account of the recession and therefore present a more optimistic scenario for growth. Together, they provide a useful range.

Fig. 21: Total requirement for labour to 2017, North Lincolnshire

	National replacement demand %	North Lincs. workforce 2007	Replacement demand to 2017	Net change	Total Requirement (REM scenario)	Total requirement (Working Futures Growth scenario)
Food	36.12	2665	963	-419	540	790
Construction	32.33	5575	1802	-886	915	2245
Chemicals and petroleum	34.44	2993	1031	-1089	-60	570
Business Services	36.53	7681	2806	505	3310	4070
Mech. eng & materials	33.48	4902	1641	-1127	515	785
Retail and leisure	37.06	11003	4078	194	4270	4840
Transport	34.55	5908	2041	-993	1050	2300
Health and social care	40.12	7884	3163	1357	4520	4010

More detailed forecasts for each of the sectors are described separately in the following sections. They report North Lincolnshire's change in employment in the sector between 1998 and 2007 and compare this with the change in England. They then present alternative forecasts for change between 2007 and 2017; the first is based on data from the Regional Econometric Model (REM) which does attempt to take account of the effects of the recession; while the second is based on Working Futures. The total requirement figures from the table, above, are then included and further tables are used to show predicted changes in workforce profiles between 2007 and 2017 and to suggest 'Possible North Lincolnshire total requirement for new workers – by occupation - from 2007 to 2017.'

Food sector forecast

Employment in North Lincolnshire's food manufacturing sector contracted from 4574 to 2665, a reduction of 41.7%, between 1998 and 2007. This was a much more severe reduction than the 18.6% average for England.

The REM forecasts a further 15.7% decline in employment between 2007 and 2017. In contrast, the more optimistic analysis in Working Futures forecasts a reduction of 6.4% in the same period. These give rise to forecasts of requirements for new workers which are respectively 540 and 790. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig.22: Occupational mix and new worker requirements – food sector

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	13.7	17.5	205
Professionals	4.4	5.3	60
Associate professional & technical	8.5	9.4	85
Admin, clerical and secretarial	8.4	6.6	30
Skilled trades	14.6	13.3	70
Personal service	0,9	0.8	6
Sales & customer service	7.9	6.1	6
Machine and transport	25.5	25.2	205
Elementary work	16.1	15.9	120
TOTAL			790

These data suggest that the food sector in North Lincolnshire will need many more new managers, professionals and technical staff than staff for the more basic occupations. Given the small number of food sector businesses in North Lincolnshire the absolute number of new managers seems unlikely. Meanwhile there should still be opportunities for new workers in the skilled trades.

Construction sector forecast

Employment in North Lincolnshire's construction sector grew from 4605 to 5575, an increase of 21.1%, between 1998 and 2007. This growth rate was a little higher than the 19.4% experienced across England in the same period.

The REM now forecasts a 15.9% decline in employment between 2007 and 2017. In contrast the more optimistic Working Futures forecasts further growth of 8% in the same period. These give rise to forecasts of requirements for new workers which are respectively 915 and 2245. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig23: Occupational mix and new worker requirements – construction sector

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	13.1	15.2	426
Professionals	5.7	6.2	157
Associate professional & technical	5.2	5.8	157
Admin, clerical and secretarial	6.1	5.3	112
Skilled trades	48.9	47.7	988
Personal service	0.5	0.5	15
Sales & customer service	1.3	1.4	35
Machine and transport	10.7	10.1	202
Elementary work	8.5	7.9	135
TOTAL			2245

The construction sector is interesting in that Working Futures forecasts a decline in the proportion of skilled trades occupations, yet high levels of replacement demand suggest that almost 1,000 new skilled trades people will be required in North Lincolnshire over the period to 2017.

Chemical and petroleum forecasts

Employment in North Lincolnshire's chemicals and petroleum sectors contracted from 3,355 to 2,993, a reduction of 10.8%, between 1998 and 2007. This was a significantly smaller proportion than the 26.2% reduction for England.

Fig 24: Occupational mix and new worker requirements – chemicals and petroleum

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	14.6	17.1	142
Professionals	8.5	9.5	68
Associate professional & technical	10.8	11.6	74
Admin, clerical and secretarial	8.4	7.3	40
Skilled trades	14.7	13.9	57
Personal service	2.3	2.4	17
Sales & customer service	2.6	2.7	17
Machine and transport	25.1	23.3	108
Elementary work	13.1	12.1	45
TOTAL			570

The REM forecasts a 36.4% further decline in employment between 2007 and 2017. In contrast, the more optimistic Working Futures forecasts a reduction of 15.6% for the same period. These give rise to forecasts of requirements for new workers which are respectively -60 and 570. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Business services

Employment in North Lincolnshire's broadly defined business services sector grew from 5,646 to 7,441, an increase of 31.8% between 1998 and 2008. This essentially matched the growth rate in England (31.7%).

The REM forecasts a further 6.8% increase in employment between 2007 and 2017. In contrast the more optimistic Working Futures forecasts growth 14.2%. These give rise to forecasts of requirements for new workers which are respectively 3310 and 4070. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig 25: Occupational mix and new worker requirements – business services

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	17.9	19.3	855
Professionals	15.9	16.9	692
Associate professional & technical	17.9	19.0	773
Admin, clerical and secretarial	22.4	18.1	610
Skilled trades	4.2	3.6	122
Personal service	6.5	7.6	366
Sales & customer service	5.0	5.2	205
Machine and transport	3.2	3.2	122
Elementary work	7.0	7.0	285
TOTAL			4070

Mechanical engineering and advanced materials

Employment in North Lincolnshire's engineering and advanced materials sectors contracted from 5,781 to 4,902, a reduction of 15.2%, between 1998 and 2007. This was much smaller than the 25.7% reduction for England.

The REM forecasts a further reduction of 23% between 2007 and 2017. In contrast Working Futures forecasts a reduction of 18.2% over the same period. These give rise to forecasts of requirements for new workers which are respectively 515 and 785. Working futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig 26: Occupational mix and new worker requirements – mechanical engineering and advanced materials

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	14.1	15.8	180
Professionals	9.5	10.2	86
Associate professional & technical	9.9	10.9	102
Admin, clerical and secretarial	7.6	7.6	86
Skilled trades	26.0	24.0	94
Personal service	1.4	1.6	24
Sales & customer service	1.9	2.3	31
Machine and transport	19.4	18.3	55
Elementary work	10.1	9.4	47
TOTAL			785

Should these forecasts prove to be correct recruitment in the mechanical engineering and advanced materials sector will be little different from that in the food manufacturing sector.

Retail and leisure
Employment in North Lincolnshire's retail and leisure sectors grew from 10,568 to 11,003, a 4.1% increase, between 1998 and 2007. This was a lower growth rate than the 10.6% reported for England.

The REM now forecasts a 1.6% growth in employment in the sector between 2007 and 2017. This compares with Working Futures higher forecast of 6.5% growth between 2007 and 2017. These give rise to forecasts of requirements for new workers which are respectively 4270 and 4840. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig 27: Occupational mix and new worker requirements – retail and leisure

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	21.3	22.9	1210
Professionals	3.0	3.1	194
Associate professional & technical	7.6	8.5	436
Admin, clerical and secretarial	7.6	6.3	242
Skilled trades	9.9	8.5	290
Personal service	3.8	4.5	290
Sales & customer service	24.1	22.9	1016
Machine and transport	5.1	5.1	242
Elementary work	17.9	18.1	919
TOTAL			4840

In the case of retail and leisure the forecast suggests that, provided there is a good recovery from the recession, this sector will continue to be a significant recruiter. It seems that the sector will need as many recruits to managerial and professional posts as it will need sales and customer service workers.

Transport sector forecasts
Employment in North Lincolnshire's transport sector increased from 4,806 to 5,908 an increase of 22.9%, between 1998 and 2007. This was much higher than the 10.8% growth in England.

The REM forecasts a 15.8% reduction in employment between 2007 and 2017 while Working Futures forecasts some growth of 4.5% in the same period. These give rise to forecasts of requirements for new workers which are respectively 1050 and 2300. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig28: Occupational mix and new worker requirements – transport sector

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	12.2	13.5	368
Professionals	5.1	5.2	115
Associate professional & technical	8.5	8.8	207
Admin, clerical and secretarial	14.5	15.3	437
Skilled trades	10.7	9.2	138
Personal service	4.4	4.9	138
Sales & customer service	3.3	4.1	115
Machine and transport	27.6	25.9	552
Elementary work	13.8	13.1	253
TOTAL			2300

Health and social care sector forecast

Employment in North Lincolnshire's health and social care sector grew from 5639 to 7884, an increase of 39.8%, between 1998 and 2007.

The REM now forecasts a further 17.2% growth in employment between 2007 and 2017. In contrast, Working Futures forecasts further growth of 10.7% in the same period (this is the one occasion when Working Futures forecasts lower growth than that indicated by the REM). These give rise to forecasts of requirements for new workers which are respectively 4,520 and 4,010. Working Futures also forecasts changes in the proportions of different occupations within the industry. The table, based on Working Futures' data, shows comparative profiles of the sector in 2007 and 2017 while the final column presents a statement of possible new worker requirements by occupation.

Fig 29: Occupational mix and new worker requirements – health and social care

Occupations	Occupational mix in 2007 (UK %)	Predicted occupational mix for 2017 (UK %)	Possible North Lincolnshire total requirement for new workers from 2007 to 2017
Managers and senior officials	11.9	13.6	600
Professionals	15.6	16.7	680
Associate professional & technical	28.6	29.0	1200
Admin, clerical and secretarial	7.6	5.3	120
Skilled trades	1.7	1.5	40
Personal service	26.2	27.7	1200
Sales & customer service	1.5	1.2	40
Machine and transport	1.6	1.5	40
Elementary work	5.3	3.5	40
TOTAL			4010

The data demonstrates the potential significance of the health and social care sector as a recruiter over the next ten years. They also suggest that a substantial proportion of recruits will have to be qualified at level 4 or above.

The Government has highlighted the importance of maintaining frontline health spending although it is clear that the NHS will be required to make extensive savings to maintain this commitment. The Chief Executive of the NHS has set out the need for efficiency savings of between £15-20 billion over the period from 2011-2014[19] whilst protecting frontline services. This could have a significant impact on overall employment within the health and social care whilst shifting resources into primary care and away from the acute/hospitals sector.

Environmental technologies and the low carbon economy
As it is difficult to define the environmental technologies/low carbon economy sector using the Standard Industrial Classification, there is a very low baseline of employment in North Lincolnshire at present (the sector accounts for less than 0.7% of employee jobs) and the sector does not feature in the 2007-2017 Working Futures projections we have not prepared a detailed forecast.

Nonetheless, the previous Government's Low Carbon Industrial Strategy[20] notes that the UK low carbon environmental goods and services market is worth £106 billion and employs 880,000 people directly or through the supply chain. It is estimated that over 1 million people will be employed in this sector across the UK by 2015, representing growth of 14%. North Lincolnshire has emerged as a key location in the region's efforts to reduce $C0^2$ emissions and increase the supply of renewable energy. A range of opportunities have been identified including

- development of the offshore wind sector, embracing manufacturing, installation and maintenance activity associated with the Round 3 licensing of offshore wind sites by the Crown Estate including the Hornsea, Dogger Bank and Norfolk Bank zones which together could generate over 20GW of renewable power by 2020 (or the equivalent of 4,000 5 MW turbines); sites at the South Humber Gateway are being promoted to the successful licensees and recent research by BIS suggests that up to 70,000 jobs could be created in the UK by 2020 in the offshore wind sector.

- the establishment of a carbon capture and storage infrastructure at South Humber Gateway, potentially attractive to power generation and other firms requiring a low carbon location; the site's deep water access and location at the heart of an expansive rural hinterland capable of producing large supplies of biomass feedstock has already alerted a number of key players in biofuels and other sectors including Greenergy, Eon and Drax.

Conclusions

Four of the eight NLEDS priority sectors have seen employment grow faster than the national average over the period 1998 to 2008, namely transport, storage and communications, environmental technology (albeit showing marginal growth from a low baseline), construction and the built environment and business services. Two more (retail and leisure and mechanical engineering and advanced materials) have seen a small decline in employment – although the latter (at least until 2008) was performing comparatively well in the context of a 30% national decline in employment since 1998.

19 NHS 2010-2015: from good to great; Department of Health 2010

20 The UK Low Carbon Industrial Strategy, BIS/DECC. June 2009

The chemicals and petro-chemicals sector has declined significantly, though less than the equivalent rate for England as a whole. However, food and drink manufacture declined by almost twice as much as the national average and there are now only around 30 employers in this sector.

More critically, looking forward the latest projections from Yorkshire Forward's Regional Economic Model suggest that growth in North Lincolnshire's economic output will lag that of the region as a whole and that employment will decline by 6.9% over the period to 2026. We understand that this forecast is predicated on the assumption of further increases in unemployment through 2010 and early 2011.

Our review suggests that the majority of the NLEDS priority sectors are forecast to demonstrate either GVA or net employment growth, or both, in the long-term. It is clear that the manufacturing sector will continue to make a significant contribution to North Lincolnshire's economic output although employment will continue to fall.

Whilst employment in the chemicals/petro-chemicals is forecast to decline by over 20% over the period to 2026, chemicals sector output is expected to increase by almost 55%, highlighting its pivotal contribution to North Lincolnshire's GVA. Employment in metals is also expected to decline although GVA is forecast to increase, which may reflect a trend towards more specialised manufacturing employment in the local area as lower value-added manufacturing is rendered uncompetitive due to international competition.

In contrast the food and drink sector in North Lincolnshire is forecast to experience a significant, further fall in employment and a negligible increase in GVA, albeit out-performing regional forecasts. The refining sector is also forecast to demonstrate over a 50% fall in employment and output. These both represent significant challenges for the North Lincolnshire economy moving forward.

The REM forecasts a major increase in both employment and GVA in banking and insurance and business services, reflecting national growth in this sector in the period up to the recession and confidence that jobs – particularly in business services – will return. However the financial services sector is very under-represented in North Lincolnshire and achieving growth as forecast in the REM remains particularly challenging.

Although they have experienced mixed fortunes in employment terms since 1998, both the health and retail sectors are also expected to experience significant employment growth and an even greater increase in GVA. This could afford important 'entry level', low skilled employment opportunities for North Lincolnshire residents as well as higher skilled jobs; whilst the Government has committed to protecting frontline NHS services and expenditure, it remains likely that substantial savings in other areas of activity will be required and that this could impact on health employment.

Our analysis of forecasts from the Regional Econometric Model and the UCKES Working Futures model seeks to identify the future demand arising from both 'net growth' in employment and replacement demand resulting from retirements and other reasons for leaving the workforce. These suggest that, despite a forecast reduction in net employment in North Lincolnshire over the next decade, replacement demand will be strong in a number of sectors.

The total demand for new workers in the NLEDS priority sectors could amount to between 15,060 and 19,700 additional workers over the period from 2007-2017. The majority of this requirement will be for replacement demand generated by retirements or people leaving the labour market for other reasons. Based on the Working Futures forecasts, up to 65% of these jobs will be in Standard Occupational Groups 1 to 3 – typically requiring Level 3 or Level 4 skills.

At present, just 41.5% of the North Lincolnshire workforce is qualified to Level 3. **To increase the proportion of the adult workforce with Level 3 skills to 65%** - broadly equivalent to the target set out in the Leitch Review of Skills in 2006 – would require **a further 22,700 residents to achieve a Level 3 qualification by 2020. 70% of the 2020 workforce is already in work.**

5. North Lincolnshire Skills Survey

Introduction

A key component of the methodology used for this research has been a North Lincolnshire Skills Survey. The survey was carried out by telephone in February and March 2010. It is not an 'all sector' survey but has concentrated on North Lincolnshire's priority sectors. These are: transport and storage; construction and the built environment; business services; retail and leisure; mechanical engineering and advanced materials; environmental technologies; food; and chemicals. The survey did not include the health and social care sector. The numbers of businesses responding to the survey from each of sectors are given in the table.

The survey was designed to explore: skills gaps; vacancies and skills shortages; future drivers of learning and associated issues; training taking place; satisfaction with the provision of training and learning; and the impact of the recession. The target had been to survey 50 per sector and this was achieved in five sectors. The other three sectors do not contain as many as 50 businesses and some of the businesses were not available for the survey as they were needed to contribute to the qualitative research. Therefore, the much smaller numbers of responses for these three sectors mean that findings are interesting and helpful to the research, but they are not statistically significant.

Number of employees

The table identifies the number of respondent businesses and the number of employees represented for each key sector. The survey response was equivalent to 5.8% of all businesses in North Lincolnshire – equivalent to a confidence interval of 5.75% at the 95% confidence level; however, as the research focused on specific sectors the response rate for each sector is considerably higher and the confidence interval is lower. It is estimated that the survey response is representative of some 7,900 employees who account for 12% of employed workforce in North Lincolnshire.

Fig29: Survey respondents by sector and estimated no. of employees

Sector	Number of respondents	Total employees represented
Transport and storage	49	986
Construction and built environment	53	965
Business services	53	427
Retail and leisure	51	731
Mechanical engineering and advanced materials	46	639
Environmental technologies	6	-
Food manufacturing	7	-
Chemicals and petroleum	10	-
Total	275	7,900

Occupations of employees

The table overleaf identifies the numbers employed in each broad occupational category. The three smaller sectors are excluded because of risk of disclosure.

Fig 30:Broad occupations

Occupational Group	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Eight sector total
Administrative and secretarial staff	146	102	78	35	93	714
Managers and senior officials	115	103	85	90	107	648
Elementary occupations	87	168	17	45	96	1929
Process, plant, machine operators	130	239	93	0	24	2104
Sales and customer service	66	19	83	517	23	1038
Personal service	-	-	-	-	-	6
Skilled trades	426	263	22	35	285	1109
Associate professional & technical	13	33	32	5	11	97
Professional	1	37	17	4	10	233

The largest numbers of employees are employed in process, plant and machinery operations and in elementary occupations. Skilled trades and sales and customer service are the next largest groups. As would be expected there are only very small numbers of employees in the personal service occupational group.

Skills gaps

The number of businesses reporting training and learning needs, otherwise known as skills gaps, among their workforce is 47 overall (17.1%). The number of workers that exhibit skills gaps is estimated to be 1,550 (19.6%); it should be noted that this number is boosted by several large businesses that identify training needs among relatively large proportions of their key workers. Table 3 contains a fully detailed statement of the findings. For each sector it reports the number of businesses reporting skills gaps in each broad occupational category, the number of businesses that have workers in each occupational category, and the percentage of businesses with skills gaps. Where possible, the main outcomes of the employer survey are compared with the findings of the National Employer Skills Survey, summarised on page 57 of this report.

For most sectors the greatest numbers of workers with learning and training needs are from within the skilled trades category. However, proportionately, the skills gaps needs are highest among process and machine operatives and associate professional/ technical workers.

Businesses also report proportionately high levels of learning and training needs amongst

- managers in transport, construction and business services sectors
- process, plant and machine operators in transport, construction and food manufacturing sectors;
- skilled trades in transport, construction and environmental technologies.

On the other hand only a very low proportion of businesses in the retail and leisure sector recognise training needs for sales and customer service occupations and none of the respondents reported training needs among their managers! The mechanical engineering and advanced materials sector respondents believed that no-one in any of their main occupations had training needs.

Fig 30:Businesses reporting learning and training needs

Occupational Group	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Administrative and secretarial staff (number of businesses)	5	5	6	0	1	0	1	2	20
No. with this category of staff	36	43	32	16	35	3	5	9	179
% reporting learning/training needs	13.9	11.6	18.8	0	2.9	0	20.0	22.2	11.2
Managers and senior officials (no.)	2	5	6	0	0	2	0	2	17
No. with this category of staff	41	45	47	39	36	6	5	9	228
% reporting learning/training needs	4.9	11.1	12.8	0	0	33.3	0	22.2	7.5
Process, plant, machine operators	6	4	2	0	0	0	3	1	16
No. with this category of staff	16	14	3	0	5	0	4	8	50
% reporting learning/training needs	37.5	28.6	66.7	0	0	0	75.0	12.5	32.0
Sales and customer service (no.)	3	4	5	3	1	1	0	2	19
No. with this category of staff	19	13	19	46	7	2	3	4	113
% reporting learning/training needs	15.8	30.8	26.3	6.5	14.3	50.0	0.0	50.0	16.8
Skilled trades (no.)	8	8	2	0	0	1	0	0	19
No. with this category of staff	30	41	5	8	35	4	2	0	125
% reporting learning/training needs	26.7	19.5	40.0	0	0	25.0	0	0	15.2
Associate professional and technical	1	3	2	0	0	0	0	0	6
No. with this category of staff	4	11	5	1	2	1	0	1	25
% reporting learning/training needs	25.0	27.3	40.0	0	0	0	0	0	24.0
Professional (no.)	1	2	1	0	0	0	0	1	5
No. with this category of staff	1	6	6	1	2	1	0	4	21
% reporting learning/training needs	100.0	33.3	16.7	0	0	0	0	25.0	23.8

Source North Lincolnshire Employer Survey, February/March 2010. Grey shading identifies cells where sample sizes are too small for the findings to be fully relied on. Readers are also reminded that the '8 sectors' data are not representative of the whole of North Lincolnshire's business community and workforce.

Fig 31:Proportion of businesses expecting skills needs associated with business development

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Dev of new products/services	44.4%	58.0%	54.9%	37.3%	41.9%	100.0%	57.1%	60.0%	49.4%
Introduction of new working practices	48.9%	56.0%	49.0%	47.1%	55.8%	83.3%	71.4%	70.0%	53.2%
New technologies/equipment	48.9%	54.0%	51.0%	31.4%	53.5%	50.0%	71.4%	70.0%	49.0%
New legal or regulatory practices	62.2%	62.0%	70.6%	56.9%	62.8%	100.0%	28.6%	70.0%	63.1%
Increased competitive pressure	33.3%	30.0%	33.3%	19.6%	23.3%	50.0%	14.3%	40.0%	28.5%

Fig 32: Businesses anticipating the need for intermediate/higher level skills

Sector	Need level 3 (%)	Need level 4 (%)
Transport and storage	29	6
Construction and built environment	53	19
Business services	36	32
Retail and leisure	31	8
Mechanical engineering and advanced materials	65	33
Environmental technologies	50	67
Food manufacturing	29	14
Chemicals and petroleum	20	20
8 sectors	42	20

Figure 31 introduces another perspective. It reports business' views on the likelihood of change dictating that workforce training and development is required. Half the businesses anticipate skills needs associated with the introduction of new products and services, new working practices and new technology or equipment. There are sector differences; construction businesses are most likely to anticipate changes in skills needs while the retail sector is significantly less likely to anticipate skills needs associated with these types of change. Expectations of changing skills needs associated with new products/services, working practices and technology or equipment appear to be even higher in the environment, food and chemicals sectors.

Overall it is change in legal or regulatory practices that are most widely recognised as creators of skills needs. More than 60% of businesses anticipate skills needs as a consequence. Fewer businesses (29% overall) believe increased competitive pressure will lead to skills needs, although the proportion is much lower in retail and leisure sectors (20%) and, perhaps surprisingly, 23% in mechanical engineering and advanced materials.

The survey did explore the reasons for learning and training needs and found that many respondents were unable to give detailed answers. There were a high proportion of 'Don't know' and 'Nothing specific' responses. Less than 4% reported a failure to train as the cause while a similar proportion identified the workers' 'inability to change'.

The response to learning and training needs that was most widely identified was an increase in spend on training and an increase in the volume of training. A small proportion of respondents identified that head office requires there to be a continuous training scheme – also a characteristic exhibited by a very high proportion of the largest businesses that were interviewed face-to-face as opposed to through the telephone survey.

Nearly half the respondents identify developing leadership and management, and raising workforce skills and knowledge as important in their plans for developing the business over the next five years (a similar proportion intend to develop new products or services while a higher proportion, more that 60%, identify improving customer service as an important intended development). Subjects deemed to be important in all sectors are knowledge and skills related to the business and, to a lesser extent, keeping up to date with regulations. Subjects associated with specific sectors include knowledge of advanced technology (transport); product awareness (construction); IT/computing (business services); customer service and hospitality (retail and leisure). Clearly these tend to reflect what might be described as the (changing) 'tools of the trade'.

Recognising needs for intermediate and higher level skills

Respondents were asked to estimate their business' requirements for qualified workers (figure 32 refers). The responses suggest that 1,130 (14.3%) are qualified at level 3 and 280 (3.5%) at level 4 or above. (Respondents were invited to estimate their own numbers when actual were not known; hence the estimates reported here are based on the mix of actual and estimated responses).

The construction and mechanical engineering/advanced materials sectors are most likely to recognise the need for level 3 skills in their workforces while business services joins them as one of the sectors most likely to recognise the need for level 4 skills. Whilst the number of respondents identifying specific types of Level 3 or 4 learning or qualifications required in the future was too small to be statistically valid, the most popular were leadership/management skills and advanced IT skills.

Vacancies and skills shortages

Very few respondent businesses had vacancies at the time of the survey (February-March 2010) and there was almost nothing to suggest that vacancies were proving to be hard to fill. The exception was the very small number of sales and customer service positions in the business services sector that were reported as hard to fill even then.

In anticipation of few recruitment problems in a time of recession, the survey had also sought to identify hard to fill vacancies and skills shortage vacancies in the two to three years prior to the recession. The purpose of this was to create an understanding of the supply and demand for skills in more 'normal times'. The numbers of businesses reporting vacancies and hard to fill vacancies prior to the recession were also quite low. The table identifies the proportion of businesses in each sector that reported vacancies and the proportion that were hard to fill.

The fact that business services had a significantly lower number of companies reporting vacancies than any other sector immediately prior to the recession tends to suggest that it may not be able to deliver particularly high growth.

There were a small number of vacancies across most occupations, with the largest numbers being in sales and customer service occupations and the skilled trades. By far the greater proportion of sales vacancies were in the retail sector (with very small numbers in business services and transport) while the businesses with skilled trades vacancies were from the transport, construction and mechanical engineering sectors. Hard to fill vacancies were almost exclusively in these two occupations, primarily but not exclusively in the retail sector and in the transport and construction sectors for the skilled trades. Just three companies (but 27% of those with vacancies) reported hard to fill vacancies in the engineering and materials sector.

Half the customer service hard to fill vacancies were attributable to applicants being insufficiently experienced or qualified while the other half were due to 'lack of interest in this type of work'.

More than half of the skilled trades hard to fill vacancies were attributable to applicants having insufficient skill (45%) and/or insufficient qualifications (20%). The skills that were missing were often practical, technical or job specific (30.8% overall) but there were also signs that literacy, numeracy, communication and customer handling skills are weaknesses in some applicants for skilled trades employment.

Employers from all sectors identify recruiting from outside North Lincolnshire as a favoured solution should skills shortages become particularly difficult in the district. Skilled trades are the occupations that are most likely to be recruited from outside the district in these circumstances while the other occupations group where this is important appears to be sales and customer services, but in specialist sector roles rather than in retailing. Increasing training of existing workers was the clear second choice.

Fig 33: Vacancies and hard to fill vacancies (pre-recession)

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Businesses with vacancies in the 2 years prior to the recession	44.4%	36.0%	15.7%	43.1%	25.6%	33.3%	0.0%	20.0%	32.0%
Estimated numbers of vacancies	88	86	40	110	39	-	-	-	390
Proportion of businesses that found some vacancies hard to fill	65.0%	33.3%	37.5%	22.7%	27.3%	-	-	-	36.1%

Fig 34: Expectations of employment growth (%)

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Contraction	12.2	9.4	-	7.8	-	-	14.3	-	5.8
No change	34.7	43.4	47.2	66.7	50.0	33.3	14.3	20.0	46.2
Growth	51.0	43.4	50.9	23.5	45.7	66.7	71.4	60.0	44.7

Future drivers of learning for employees

Nearly two thirds of respondents (62.8%) believe that new legislation and regulations will lead to a need for more skills and knowledge while 52.6% believe that new working practices will lead to these needs. As many believe that new technologies and equipment will be associated with new learning needs as do not. Only 28.1% make a direct reference to competitive pressures leading to learning needs.

The businesses tend to the view that the size of their workforce will increase over the next five years and there is high confidence that North Lincolnshire has the capacity to meet the requirements for a skilled workforce. Table reports expectations of change in the size of the workforce.

North Lincolnshire's businesses appear to have a very positive outlook in relation to prospects for growing their workforces but it has to be recorder that this optimism is in conflict with the forecasting models that have informed other parts of this research.

Business' expectations of where their new recruits will come from are summarised in figure 35 overleaf. It shows that the retail and leisure sector is confident that skills needs can be met locally while only 70% of construction businesses feel the same way. It is noteworthy that 25% of the mechanical engineering businesses believe they will have to recruit outside the district.

Developing the workforce

Respondents were informed that North Lincolnshire Council is looking closely at ways of developing the district's workforce and the skills of local people to better meet the needs of the district's industry sectors, and then asked to say how useful alternative approaches would be in supporting this goal? Figure 36 presents the results in the form of the mean average for each question; respondents were asked to identify their preferred approach to developing their workforce using a scalar approach.

Access to information is seen to be an important issue but employers from most sectors are also interested in the concept of more sector-specific training establishments in the district, particularly in engineering, retail chemicals, food and environmental technologies. They also like the idea of more opportunities for employers to work with education to promote their sectors.

Investing in training

Some 63% of the businesses have invested in training for their workforce in the last year, although the figure is distinctly lower in the retail and leisure sector at 53%. The survey results are presented in figure 37 overleaf.

Looking to the training that employers might be commissioning in the future there are few surprises. They anticipate meeting the need for knowledge and skills directly relevant to their business; product awareness; legislation and regulation; and 'advanced technological knowledge'. The retail and business support sectors add customer care to this short list.

Most businesses identify the skilled trades as the group that they are most likely to invest in through training and managers come as a close second. Process, plant and machine operatives are next in line in most sectors although sales and customer service workers are inevitably more important in the retail and leisure sectors.

Fig 35: Expectations of origin of new recruits(%)

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
% believing that North Lincolnshire will be able to meet their skills needs	73.5%	69.8%	84.9%	98.%	71.7%	100.0%	85.7%	90.0%	80.7%
% recognising that some recruitment would be outside North Lincolnshire	16.3%	20.0%	16.7%	9.8%	25.0%	33.3%	42.9%	10.0%	18.0%

Fig 36: Preferred approaches to developing the workforce

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Many more degree courses	1.64	2.28	2.36	2.91	2.31	2.00	2.00	1.90	2.27
More sector specific training establishments in the district	2.45	3.31	3.06	3.55	3.70	3.17	3.29	3.30	3.23
Online directory of local training opportunities	2.09	2.71	2.92	3.51	3.33	2.33	2.71	2.40	2.88
More opportunities for employers to work with education to promote their sector	2.41	3.15	3.34	3.59	3.67	2.50	3.14	3.50	3.22
Easier access to information	2.59	3.21	3.40	3.62	3.65	3.50	3.43	3.20	3.30

Fig 37: % of businesses that have arranged or funded training for staff over the last three years

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
% supporting training	63.3%	64.2%	62.3%	52.9%	63.0%	83.3%	71.4%	100.0%	63.3%

Fig 38: Satisfaction with training provision in North Lincolnshire

(mean score: 1=highly dissatisfied, 5=highly satisfied)

	Transport & storage	Construction	Business services	Retail & leisure	Mechanical engineering & advanced materials	Environment	Food	Chemicals	8 sectors
Satisfaction with locally available training provision	3.85	4.18	4.00	4.50	4.27	3.67	3.25	4.75	4.13
Proportion highly satisfied or satisfied	42.9%	54.7%	22.6%	25.5%	43.5%				39.3%
Dissatisfied; highly dissatisfied	4.1%	3.8%	1.9%	-	2.2%				2.6%

Choices of external training organisations

North Lindsey College has been used by more respondents than any other training organisation and its Kingsway Centre is the second most widely used. John Leggott College, NLT, and the North Lincolnshire Adult Education Service are third, fourth and fifth on the basis of frequency of use by employers. Nearly forty other providers were identified as delivering training for North Lincolnshire businesses, either in the district or at centres in adjacent districts, for example on the north bank of the Humber.

Satisfaction with North Lincolnshire's training provision

The great majority of businesses across all the five larger sectors are satisfied or highly satisfied with learning and training provision in North Lincolnshire. The table reports respondents' mean scores based on a scale where 1 represented 'Highly dissatisfied' and 5 'Highly satisfied'. Figure 38 overleaf refers.

The table clearly shows that a very high proportion of the businesses are very happy with the service provided by training organisations within North Lincolnshire; only a very small proportion have been dissatisfied. However, it is important to note that more than half do not know, i.e. that are not using local provision enough to be able to make a judgment.

Barriers to participation in training are reported to be the usual ones of lack of funds and lack of time. This may point to some businesses not having an understanding of what is freely available at the present time.

The impact of the recession

While not strictly necessary in a survey researching skills needs, the questionnaire did include a number of questions concerning the effect of the recession on the business. Across all sectors the greatest effect appears to have been a reduction in the number of staff employed. In the three sectors where Apprenticeships are important in maintaining numbers of workers in the skilled trades, the reduction in Apprentice recruitment has been substantial. Respondents reported a number of reasons for this – ranging from an overall reduction in training investment to specific barriers to take-up of the Apprenticeships programme including cost, complexity and the long-term (3 year) duration of the scheme. he transport sector has also reduced the recruitment of under-24 year olds.

Fig 39: Impact of the recession

The table reports mean scores where 1 = increased; 0 = no change; -1 = decreased.

	Transport & storage	**Construction**	**Business services**	**Retail & leisure**	**Mechanical engineering & advanced materials**
Expenditure on training per employee	-0.17	-0.12	-0.10	0.00	-0.10
Proportion of employees provided with training	-0.17	-0.06	-0.04	0.00	-0.10
Proportion of training delivered by external providers	-0.19	-0.16	-0.04	0.00	-0.10
Emphasis placed on informal learning	-0.09	-0.06	-0.02	0.02	-0.08
Amount of training leading to recognised qualifications	-0.22	-0.06	-0.06	0.05	-0.08
Number of new apprentices/ trainees recruited	-0.36	-0.21	-0.06	-0.05	-0.18
Number aged up to 24 recruited to first job	-0.37	-0.16	-0.15	0.05	-0.15
Number of staff in total	-0.39	-0.27	-0.21	-0.24	-0.23

Comparison with the National Employer Skills Survey

It is inevitable that comparisons will be made between the findings of the North Lincolnshire Skills Survey with those of the most recent National Employers' Skills Survey (NESS, 2009) but it is essential to recognise the crucial factors that mean the surveys are not directly comparable. Firstly the NESS is an all-sector survey intended to be fully representative of all public and private sector organisations, whereas the North Lincolnshire Survey is representative of five of the district's key sectors and includes some representation of another three sectors, i.e. it is not an all-sector survey. Secondly, the surveys took place nearly a year apart (NESS March – July 2009; North Lincolnshire February - March 2010) in a period when business was having a great deal of difficulty in adapting to a major recession.

With these caveats, comparison between the surveys suggests:

- the proportions of businesses reporting skills gaps are of a similar order: 17% (North Lincolnshire) as compared with 19% (NESS)
- respondents to both surveys identified only small proportions of managers that lacked proficiency; since managers are usually the respondents in both surveys this finding may not be robust
- the North Lincolnshire survey found a much high proportion of workers with individual skills gaps than did the NESS (20% as compared with 7%), but note that the North Lincolnshire findings were heavily influenced by the responses from a small number of large companies
- NESS identified 'a particular concentration of skills gaps in skilled trades occupation in the ... construction sectors'; the North Lincolnshire findings were similar
- in North Lincolnshire 63% of businesses had provided training in the year prior to the survey; meanwhile the NESS findings were that 68% had provided training
- vacancies were reported by 12% of respondents to NESS and 11% to the North Lincolnshire Survey
- the North Lincolnshire survey found a total of just 6 hard to fill vacancies (20%) while NESS found the national all-sector level to be 3%; North Lincolnshire would have had to have a much larger number of vacancies in order for the hard to fill data to be relied on. In previous years NESS found the proportion of vacancies that were hard to fill to be 7- 8%.

In-depth sector research

Transport and warehousing

Prior to the recession the sector had been booming; employment had risen by 22.9% over 10 years and peaked at 5,900. Conflicting forecasts now suggest that the sector may grow a little or contract by nearly 16% to around 5,000 by 2017; half of the businesses surveyed believe that they will grow.

Skills gaps in the workforce are highest among process, plant and machine operators (37.5% reporting learning and training needs); skilled trades (26.7%); sales (15.8%); and administration and secretarial (13.9%). New regulations are expected to create training needs by 62% of the businesses while nearly half also expect new technologies, equipment and working practices to create training needs. The sector is quite active in training its staff; 63.3% had arranged or funded training between 2007 and 2010.

At the time of the survey (March 2010) 10% of transport businesses reported having vacancies. In the two years prior to the recession 44.4% of the transport businesses reported that they had had vacancies and 65% of these had found at least some of their vacancies hard to fill. All that were able to give reasons suggested that skills shortages were a factor, indicating that prior to the recession at least, the limited size of the pool of competent labour was a problem.

The proportion of businesses reporting current vacancies in the North Lincolnshire survey is very similar to the level identified by the National Employers Skills Survey in mid 2009 but the proportion reporting skills gaps is significantly higher in North Lincolnshire than nationally.

Construction and the built environment

Prior to the recession the construction sector had been doing extremely well; employment had risen by 21.1% over 10 years and peaked at 5,575. Conflicting forecasts now suggest that the sector may grow by as much as 8% or contract by nearly 16% to around 4,700 by 2017; 43% of the businesses surveyed believe that they will grow. In the meantime, anecdotal evidence suggests that the sector has been hit very hard by the recession.

Skills gaps in the workforce appear to be proportionately highest among professional staff but this is based on a very small number of businesses that employ professional grades. Among the rest of the workforce skills gaps are highest amongst sales staff (31% reporting learning and training needs); plant and machinery operators (28.6%); and associate professional and technical staff (27.3%). Twenty percent of respondents identified skills gaps among their skilled trades people.

New regulations are expected to create training needs by 62% of the businesses while between 50% and 60% also expect new products, services and working practices to create training needs. The sector is reasonably active in training its staff; 64% had arranged or funded training between 2007 and 2010.

In March 2010 5.7% of the construction businesses reported having vacancies. In the two years prior to the recession 36% reported that they had had vacancies and 33% of these had found at least some of their vacancies hard to fill. Approximately half of the reasons offered to explain the difficulties were indicative of skills shortages, this suggesting that the sector was at risk of being held back should it have had the potential for further growth.

The proportion of construction businesses reporting current vacancies in the North Lincolnshire survey is very similar to the level identified by the National Employers Skills Survey in mid 2009 but the proportion reporting skills gaps is nearly 5% higher in North Lincolnshire than nationally.

Business services

Prior to the recession North Lincolnshire's business services sector had been growing more or less at the same rate as that in the country as a whole; employment had risen by 31.8% over 10 years and peaked at 7,441. Forecasts suggest that the sector is likely to continue to grow, although expectations differ. For the period 2007

– 2017, one forecast suggests growth of 6.8% whereas the more optimistic one suggests 14.2%, leading to a workforce of around 8,500 by 2017; 51% of the businesses surveyed believe that they will grow.

Skills gaps in the workforce are proportionately highest among process, plant and machine operators (67% of the few businesses employing this category of worker reporting learning and training needs). Other occupations, where relatively high proportions of businesses report skills gaps, include sales and customer service (26%); administrative and secretarial (18.8%). New legal or regulatory practices are expected to create training needs by 71% of the businesses while more than half also expect new services and the adoption of new technologies and equipment to create training needs. The sector is reasonably active in training its staff; 62.3% had arranged or funded training between 2007 and 2010.

In March 2010 13.2% of business services businesses reported having vacancies. In the two years prior to the recession 15.7% of the business services businesses reported that they had had vacancies and 37.5% of these had found at least some of their vacancies hard to fill. In the case of vacancies for sales staff, skills shortages were usually the cause.

The proportion of businesses reporting current vacancies in the North Lincolnshire survey is a little higher than that identified in the National Employers Skills Survey in mid 2009 while the proportion reporting skills gaps is 5.8% higher in North Lincolnshire than nationally.

Retail and leisure

Prior to the recession the retail and leisure sector had been growing, but relatively slowly. Employment had risen by 4.1% over 10 years and peaked at 11,000. Conflicting forecasts now suggest that the sector may grow a little, by 1.6% or 6.5% to around 11,700 by 2017. Only 23.5% of the businesses surveyed believe that they will grow; this is a much smaller proportion than in any of the other key sectors.

The proportion of retail and leisure businesses that recognise and report skills gaps among their staff is very, very low. Only 6.5% report skills gaps amongst their sales and customer service staff and no other skills gaps are reported. New regulations are expected to create training needs by 57% of the businesses while new working practices and the introduction of new products are expected to lead to training needs by 47% and 37% respectively. A relatively low proportion of businesses (52.9%) had arranged or funded training for their workforce between 2007 and 2010. However, evidence from qualitative interviews confirmed the expectation that the larger businesses use comprehensive training programmes that fully meet their needs.

In March 2010 15.7% of retail and leisure businesses reported having vacancies. In the two years prior to the recession 43.1 % of the retail and leisure businesses reported that they had had vacancies and 22.7% of these had found at least some of their vacancies hard to fill. Some of difficulties in recruiting sales staff do appear to have been associated with skills shortages, most probably in areas where product knowledge requirements are very specific; evidence from the larger businesses that were visited suggests that skills shortages were negligible.

It is not possible to match the retail and leisure sector in North Lincolnshire with any single or combined sectors described in the NESS 2009. Therefore comparisons are not made in this case.

Mechanical engineering and advanced materials

Even prior to the recession the mechanical engineering and advanced materials sector had been declining, although much more slowly than in the country as a whole. Employment had fallen by 15.2% over 10 years to 4,900 in 2007. While alternative forecasts for the next 10 years do not agree, they both anticipate continuing contraction. One is for a 23% reduction; the other for 18.2%; the most optimistic suggesting a workforce of some 4,000 in 2017. Some encouragement may be drawn from the 46% of businesses surveyed that believe they will grow.

Forty six mechanical engineering and advance materials businesses responded to the telephone survey and virtually all reported that there were no skills gaps in their workforce. The exceptions were the reports of isolated learning needs for sales and administrative staff.

New regulations are expected to create training needs by 62.8% of the businesses while more than half expect training needs to be associated with the introduction of new working practices, technologies and equipment. The sector is reasonably active in training its staff; 63% had arranged or funded training between 2007 and 2010 while all the bigger companies have substantial training programmes.

In March 2010 6.5% of mechanical engineering and advanced materials businesses reported having vacancies. In the two years prior to the recession 25.6% of the mechanical engineering and advanced materials businesses reported that they had had vacancies and 27.3% of these had found at least some of their vacancies hard to fill. Lack of the necessary qualifications, applicable only in a very small number of cases, was the only substantial evidence of skills shortages. It appears likely that redundancies among larger companies in recent years have meant that relatively skilled workers are available to fill vacancies in smaller businesses.

The mechanical engineering and advanced materials sector in North Lincolnshire cannot be compared directly with any sector from the NESS 2009. The best possible match may still be misleading as it identifies that the proportion of businesses reporting current vacancies in the North Lincolnshire survey is 6.5% as compared to the 9% identified by the NESS. Skills gaps were reported in North Lincolnshire by 4.3% of businesses as compared to the 20% reporting gaps nationally in the previous summer.

Food manufacturing

Even prior to the recession the food manufacturing and packaging sector had been contracting at an extremely worrying rate. Employment had reduced by 41.7% from over 4,500 to 2,665 in the 10 years to 2007. Conflicting forecasts now suggest that the sector will continue to contract, by something between 15.7% and 6.4% by 2017. Thus the most optimistic forecast is for a workforce of around 2250 by 2017. Against that background 70% of the businesses surveyed believe that they will grow, but it should be noted that the sample was small (7 respondents out of a sector comprising some 25 businesses in North Lincolnshire).

Skills gaps in the workforce are highest amongst process, plant and machine operators; these were reported by three of the four companies that employ this category of worker. Otherwise acknowledged skills gaps are few and far between.

Seventy percent of respondents expect new working practices, technologies and equipment to lead to skills needs although the proportion expecting new regulation to have an effect on training needs is remarkably low at 29%.

On the basis of the small sample surveyed, the sector appears to be more active in training its staff than most of the other key sectors; 71% reported arranging or funding training between 2007 and 2010. Comprehensive training packages, often driven by customer and food safety requirements, were a characteristic of all the businesses that participated in the qualitative elements of this research.

In March 2010, none of the food manufacturing businesses reported having vacancies. Furthermore and perhaps surprisingly, none of them reported any vacancies in the two years prior to the recession. Several of the businesses that were visited used agency workers, both local and migrants, in a system that appeared to overcome all recruitment difficulties by supplying workers that were capable of quickly learning the basic skills of the job in in-company initial training.

Food sector data is not yet available from NESS 2009 so comparisons cannot be made.

Chemicals and petroleum

Prior to the recession the chemicals and petroleum sector's workforce had been shrinking. Employment had fallen from 3,355 to 2,993 (10.8%) over the 10 years to 2007, although this was a small reduction in comparison to the 26.2% in the country as a whole. Conflicting forecasts now suggest that the sector will continue to shrink its workforce; by 36.4% or 15.6% according to the source, in the period to 2017. The least threatening scenario suggests a workforce of 2,500 by 2017. This study's alternative sources of information unfortunately add to the uncertainty as 60% of the businesses responding to the survey believe that they will grow, while none of those interviewed in-depth as an alternative to the survey felt that growth was likely.

Only one or two of the ten respondents report skills gaps in their workforce. Proportionately sales is the area that most concerns the respondents while some gaps are also reported in managerial, administrative and process operating occupations. Change is recognised to be a major driver of training needs in this sector; 70% of respondents identify each of new working practices, new technologies and equipment, and legislation or regulatory practices as being expected to trigger training needs.

All the chemical and petroleum companies contacted through the survey and visited for qualitative interviews have structured training programmes that meet the regulatory requirements and, in the larger businesses at least, provide a coordinated approach to workforce development.

In March 2010 a very small number of the ten chemical and petroleum businesses reported having vacancies. In the two years prior to the recession 20% reported that they had had vacancies but none of them were described as hard to fill. Nevertheless, comments from some of the qualitative interviews suggest that some businesses in the sector do have problems attracting high caliber engineers and chemists.

The North Lincolnshire survey and NESS 2009 reported very similar levels of skills gaps.

Environmental technologies

The sector in North Lincolnshire is embryonic. In the event the survey identified six businesses in the sector, four of which are expecting to grow. As should be expected in a developing industry the indications are that levels of skills gaps are high among environmental businesses. Skills gaps are acknowledged among managers, sales and skilled trades people. Almost all the businesses have provided training in recent years.

New products and services and new regulations are expected to create training needs by all the companies responding to the survey. The majority also identify that new working practices will create training needs. This is the sector that is most aware of competitive pressures being key causes of training needs. Almost all respondents had arranged or funded training for their workforce in recent years.

In the two years prior to the recession survey responses only identified two vacancies. One was hard to fill. The effect of the recession on the sector is very difficult to judge, and while there will inevitably be recruitment it is not possible to forecast the local impact on employment on the basis of the available information.

6. Conclusions and recommendations for action

Economic performance

The North Lincolnshire economy has under-performed regional/national output and employment growth rates since 1998. Only three of North Lincolnshire's eight priority sectors demonstrated significant jobs growth (transport, construction, business services) over this period whilst a fourth (environmental technologies) grew very modestly. Employment declined sharply in the remaining four (chemicals/petro-chemicals, mechanical engineering and advanced materials, food and drink, and retail).

The recession has had a significant impact on employment across North Lincolnshire, with the JSA claimant count increasing by 135% between October 2007 and January 2010 – significantly higher than the regional average. A large proportion of the increase is accounted for by the rise in claimants aged 18-24.

Attainment

Although at least until 2009, North Lincolnshire has lagged the England average for GCSE attainment by some distance, the number of adults with no qualifications is below the regional average and attainment is at or just below average up to and including NVQ Level 2. There is a significant gap in attainment at Levels 3 and 4+ however.

Demand for skills

Previous research has suggested that North Lincolnshire suffers from a typical 'low skills equilibrium', with employers failing to generate a demand for intermediate/higher level skills which in turn disincentives individuals to acquire them. Testing this assumption has been an important focus for the research.

In 2009/10 just 2% of North Lincolnshire firms had had a skills diagnostic from Business Link. At face value this appears a very low proportion of the company base although in practice this level of market penetration is consistent with the regional average.

The vast majority of adult learning provision in North Lincolnshire is delivered through North Lindsey College or its Kingsway training subsidiary. Over 80% of provision is at Level 2 where a wide variety of courses are available to learners. There is much less provision at Level 3 and above where the College has a strong focus on health and social care, and only very limited provision of Level 3 courses in key areas of engineering, construction and retail. Low demand for Level 3 learning programmes from both individuals and businesses is clearly constraining supply.

The apparent lack of alignment between local Level 3 provision and the economic structure and needs of the North Lincolnshire economy is a key issue for the Council. North Lindsey College/Kingsway also deliver a significant proportion of Train to Gain support, particularly at Level 2, outside North Lincolnshire.

As part of the research the consultants undertook a **major telephone and face to face survey with 300 North Lincolnshire businesses**, concentrated in the eight priority sectors identified by the Council.

There were a small number of vacancies across most occupations, with the largest numbers being in sales and customer service occupations and the skilled trades. The greatest proportion of sales vacancies were in the retail sector (with very small numbers in business services and transport) while the businesses with skilled trades vacancies were from the transport, construction and mechanical engineering sectors.

Hard to fill vacancies were primarily but not exclusively in the retail sector and in the transport and construction sectors for the skilled trades. More than half of the skilled trades hard to fill vacancies were attributable to applicants having insufficient skill (45%) and/or insufficient qualifications (20%). The skills that were missing were often practical, technical or job specific (30.8% overall) but there were also signs that literacy, numeracy, communication and customer handling skills are weaknesses in some applicants for skilled trades employment.

Half the customer service hard to fill vacancies were attributable to applicants being insufficiently experienced or qualified while the other half were due to 'lack of interest in this type of work'.

Migrant workers are undoubtedly giving some employers (the examples tend to be large companies that use relatively lowly skilled workers) better value for money than the indigenous population; migrants are described as well educated and motivated. Some employers were less complimentary about the skills and attitudes of local workers, particularly in low skilled jobs.

There is evidence that North Lincolnshire employers recruit to higher skilled posts from a labour market catchment which extends well beyond North Lincolnshire, and that high earners are also more likely to live outside the area. Efforts are required to make North Lincolnshire more attractive to professional and other highly skilled workers.

The number of businesses reporting training and learning needs, otherwise known as skills gaps, among their workforce is 47 overall (17.1%). This is marginally lower than the findings of the National Employer Skills Survey (19%). **The number of workers that exhibit skills gaps is estimated to be 1,550 (19.6%)**; it should be noted that this number is boosted by several large businesses that identify training needs among relatively large proportions of their key workers.

For most sectors the greatest numbers of workers with learning and training needs are from within the skilled trades category. However, proportionately, the skills gaps needs are highest among process and machine operatives and associate professional/ technical workers. Businesses also report proportionately high levels of learning and training needs amongst

- managers in transport, construction and business services sectors
- process, plant and machine operators in transport, construction and food manufacturing sectors;
- skilled trades in transport, construction and environmental technologies.

Some 63% of the businesses have invested in training for their workforce in the last year, although the figure is distinctly lower in the retail and leisure sector at 53%. Nationally, the 2009 NESS suggested that 69% of firms had invested in training in the previous year.

Nearly half the respondents identify developing leadership and management, and raising workforce skills and knowledge as important in their plans for developing the business over the next five years. More than half of those businesses interviewed suggested that their employees would require new skills as a result of the introduction of new products and services, new working practices and new technology or equipment. These were seen as key drivers of future skills needs in the construction, environmental technologies, food and chemicals sectors in particular. Subjects associated with specific sectors include knowledge of advanced technology (transport); product awareness (construction); IT/computing (business services); customer service and hospitality (retail and leisure).

Most businesses identify the skilled trades as the group that they are most likely to invest in through training and managers come as a close second. Process, plant and machine operatives are next in line in most sectors although sales and customer service workers are inevitably more important in the retail and leisure sectors.

Employers from all sectors identify recruiting from outside North Lincolnshire as a favoured solution should skills shortages become particularly difficult in the district. Skilled trades are the occupations that are most likely to be recruited from outside the district in these circumstances while the other occupations group where this is important appears to be sales and customer services, but in specialist sector roles rather than in retailing. Increasing training of existing workers was the clear second choice.

Most respondents were generally satisfied with the learning/training provision on offer, although more specialised requirements tended to be satisfied beyond North Lincolnshire. However, it is important to note that more than half do not know, i.e. are not using local provision enough to be able to make a judgment.

North Lindsey College has been used by more respondents than any other training organisation and its Kingsway Centre is the second most widely used. John Leggott College, NLT, and the North Lincolnshire Adult Education Service are third, fourth and fifth on the basis of frequency of use by employers. Nearly forty other providers were identified as delivering training for North Lincolnshire businesses; many are located elsewhere in the sub region.

Future growth

Looking forward, the latest Regional Econometric Forecasts suggest that manufacturing employment will continue to decline sharply and that, despite forecast growth in business services and the health/social care sector, this will be insufficient to counter the decline in manufacturing jobs. Although the business services sector has performed reasonably well in employment and GVA terms, if North Lincolnshire's manufacturing base continues to erode it is unclear what will underpin long-term growth of the business services sector. However, North Lincolnshire's potential to attract investment in the manufacture, installation and maintenance of offshore wind turbines to serve the new North Sea sites could be critical in securing the long-term future of the residual base of mechanical/electrical engineering and other specialist firms.

The majority of the Council's priority economic sectors are expected to reduce 'net' employment (i.e. the total number of jobs), with the exception of business services, retail and leisure. However, demand to replace existing jobs is likely to be a significant factor as the North Lincolnshire workforce ages over the next decade. If the Working Futures forecasts are accurate the **total demand for new workers in the NLEDS priority sectors plus the health and social care sector could amount to between 15,070 and 19,700 additional workers over the period from 2007-2017.**

The majority of this requirement will be generated by retirements or people leaving the labour market for other reasons. **This should be considered in the context of forecast growth of just 4,600 in the working age population between 2007-2017, highlighting the importance of efforts to tackle worklessness and help those who are currently excluded from the labour market to re-enter and remain in work.**

Based on the Working Futures forecasts, up to 65% of these jobs will be in Standard Occupational Groups 1 to 3 – typically requiring Level 3 or Level 4 skills. **To increase the proportion of the adult workforce with Level 3 skills to 65%** - broadly equivalent to the target set out in the Leitch Review of Skills in 2006 – would require **a further 22,700 residents to achieve a Level 3 qualification by 2020.**

The retail sector will be the key driver of entry level/low skilled employment opportunities over the next decade. Health and social care will also important here although replacement demand rather than 'net' growth is most likely given tightening of public sector expenditure.

Recommendations for action

The report sets out 18 recommendations for North Lincolnshire Council and its partners. Appendix 1 presents a detailed Action Plan to take forward implementation of the Skills and Workforce Plan.

1: A clear leadership role for North Lincolnshire Council

The research highlights a number of challenges facing North Lincolnshire businesses, the workforce and those seeking to enter or re-enter the labour market, both now and looking to the future. Around 70% of the workforce in 2020 is already in or seeking work, highlighting the need for concerted and coordinated action – not just from the public sector agencies involved in employment and skills support but, most importantly from employers, from young people entering the labour market and from those already in it.

North Lincolnshire Council already has a strategic responsibility for 16-19 learning alongside the Young Persons Learning Agency and the incoming Government has inevitably created some uncertainties around the shape of the adult skills infrastructure in future at both national and regional level. Schools and Colleges are to have greater flexibility in developing provision to meet the needs of individuals and employers. In this context there is a significant opportunity for the Council to adopt a stronger leadership role around the adult skills agenda, facilitating a partnership approach to ensure that adult skills provision is aligned with the needs of the local economy.

Worklessness is inextricably linked with low skills in the adult workforce, which are at least in part driven by low levels of attainment at 16/Key Stage 4. Moving forward, North Lincolnshire Council should strengthen its leadership role across the 14-19 and adult employment and skills agendas and is best placed to integrate and coordinate policy and delivery within and across these areas.

Under the Local Government Act 2000, local authorities already have the power to take any steps which they consider are likely to promote the economic, social and environmental well-being of their area or their inhabitants; the Local Democracy, Economic Development and Construction Act 2009 creates a further statutory duty to prepare and maintain a local economic assessment. The Council should integrate the Skills and Workforce Plan with its strategic approach to tackling worklessness as a basis for

- establishing shared roles and objectives for partners
- local scrutiny and holding partners to account
- establishing a common approach to local commissioning, identifying appropriate responses to meet local needs alongside the national spine of provision

Recommendation 1:
North Lincolnshire Council should adopt a stronger leadership role across the skills and employment agendas and tie this to its established strategic role in 14-19 learning. This should be developed through preparation of a full Work and Skills Plan during 2010/11, with full engagement of key partners, to establish shared objectives; an agreed approach to local commissioning using 'Total Place' principles to optimise the use and effectiveness of local resources; and priorities and responsibilities for delivery. As explored in later recommendations, the Council should also act as an exemplar in its own approach to the skills needs of its workforce.

2: A vision for skills in North Lincolnshire
This Skills and Workforce Plan is focused on establishing employer skills needs, both now and in the future, and maps these against the current and anticipated supply of labour. It will provide an important input into the emerging Work and Skills Plan for North Lincolnshire which will set out in more detail how the Council and its partners will respond to a wide range of employment and skills challenges moving forward.

The landscape for the delivery of employment and skills support has changed significantly in recent years (e.g. through the creation of the Skills Funding Agency, National Apprenticeships Service and shifting responsibilities for funding 16-19 learning first to local authorities, and now to the YPLA. Whilst the new Government has yet to set out any detail on its policies for skills, it has already proposed a number of changes to the welfare to work programme and the Coalition Agreement notes that the new Government will

"set Colleges free from direct state control and abolish many of the further education quangos. Public funding should be fair and follow the choices of students"

Even more significantly, whilst the outgoing Government had already set out a programme of reductions in funding, in particular for adult learner responsive learning and higher education, further cuts seem inevitable over the next five years as public sector expenditure tightens in response to the budget deficit.

Looking forward, it seems clear that employers – and indeed learners – will have to invest more in skills. In exercising its strengthened leadership role during this period, it will be important for the Council to develop and agree a clear vision for skills and employment which will guide its role, and those of key partners, during this challenging period.

Recommendation 2:

As part of the proposed Work and Skills Plan North Lincolnshire Council should set out a clear vision for skills and employment in North Lincolnshire to provide a clear direction for the Council, funders and delivery partners, employers and individuals.

The vision should set out North Lincolnshire's long-term (10 year+) aspiration for a world class labour market and a series of short/medium-term (3-5 year) objectives to achieve this goal; for North Lincolnshire, a world class labour market would look like this

- **employers have the confidence to create more jobs, more highly skilled jobs and to invest in the skills of their workforce**

- **young people entering further or higher education, or indeed entering the labour market, are able to make more informed career and learning choices**

- **those in work, or seeking to return to the labour market, recognise the necessity of investing in developing their skills to ensure that they can stay in and progress in work**

- **learning providers (and funders) are more responsive to the learning needs of employers, and have more flexibility to direct their provision to meet employer needs**

- **effective provision of adult informal learning and basic skills has created a strong platform upon which efforts to improve progression from Level 2 to Level 3, and from Level 3 to Level 4, have been built, with at least 65% of the workforce qualified to Level 3**

- **the skills and attitudes of our workforce are a key driver in attracting inward investment and in retaining those key employers who are already based in North Lincolnshire**

- **as public expenditure tightens, the public sector uses public funding more effectively in response to the needs of employers, our workforce, and those not in work.**

3: Focusing support on target groups

Although levels of adult skills attainment in North Lincolnshire are comparable with the regional average to NVQ Level 2, looking forward the high level of replacement demand highlights the need for continued upskilling of some key groups in the population so that a greater proportion of jobs are filled by home-grown talent.

Both national research, and the employer skills survey undertaken as part of this study, highlight a reduction in low skilled jobs in the future – indeed evidence suggests that a number of the low skilled jobs lost during the recession may never return – and an increase in intermediate/higher skilled jobs over the next decade. Up to 65% of all new/replacement jobs created are likely to be at Level 3 or higher and there is a real risk that the North Lincolnshire workforce – both those in the labour market and those entering it for the first time - will not be able to compete effectively.

Recommendation 3:
The following learner groups should be identified as priorities for action:

- **young people (to compete with young people from out of the district for apprenticeships or other traineeships);**
- **relatively low skilled adults (typically without a Level 2 qualification) to help them compete with the migrant workforce**
- **people who are qualified to level 3 or above (so that local people can maintain their positions as technicians, supervisors and junior managers within North Lincolnshire's workforce)**
- **graduates from North Lincolnshire, who need encouragement and support to remain in or return to North Lincolnshire alongside efforts to encourage employers to create more higher skilled jobs**

The response for each of these learner groups is developed in subsequent recommendations.

4: Developing employer friendly skills and attitudes
Many employers and some stakeholders highlighted the need for the development of more ‘employer friendly’ skills and attitudes in full-time learners before they enter employment. This should be achieved on a cross-curricular basis. Recent research for the CBI[21] which suggested that 70% of employers wanted action to improve the employability of school leavers and over 63% to raise standards of literacy and numeracy. These findings were reinforced by the survey of North Lincolnshire employers.

A very high proportion of North Lincolnshire’s 16-18 learners – almost 17% of those in FE – have learning difficulties or a disability; whilst this is primarily a concern for the Council’s Children and Young People’s Strategy this does highlight the need for a range of supported learning, including foundation learning.

Comparatively low rates of self-employment in North Lincolnshire, particularly amongst women, also suggest that there is scope to review the current approach to enterprise education across 14-19 learning and to accelerate development of provision in this area.

At the same time, there is the potential to strengthen employer input into the design and delivery of the new vocational diplomas, particularly in North Lincolnshire’s key sectors, and to build on the work of the Education Business Partnership in raising awareness of the diverse range of opportunities available to young people entering the labour market.

There are some local examples of good practice in delivering effective, business focused core skills; in its 2009 report on South Park Enterprise College, which provides an alternative education programme for those students who are at risk of exclusion due to their challenging behaviour, Ofsted highlight the quality of the vocational curriculum and note that

“Careers advice runs throughout students’ time at the college, with careers planning a part of discrete leaning. The majority of students move on to work based training, for which the college prepares them very well, through, for example, work tasters.”

Recommendation 4:
As part of the ongoing development of the Key Stage 4 and Key Stage 5 (16-19) curriculum the Council should review the current approach to developing ‘employer friendly’ or ‘employability’ skills and attitudes. Working with the Humber Education Business Partnership, the Council should engage directly with a cross-section of local employers in developing the curriculum, including the design of new vocational diplomas currently scheduled to commence in 2011. This could be realised through the proposed Employer Forum (see Recommendation 7).

21 Education and Skills Survey, CBI May 2010

5: Strengthening information, advice and guidance

There is evidence to suggest that young people aged 16-19 often lack information on the range of employment opportunities available in the local economy or indeed may have pre-conceived ideas about particular jobs or sectors which may be inaccurate or out of date. Schools, Colleges and the Connexions service all have a critical role in providing young people with information, advice and guidance on careers, learning and the world of work.

The new Government has restated its commitment for funding to 'follow the choices of students' and in the context of tightening public expenditure this reinforces the needs to ensure that the learning and career choices made by young people are optimised. This would help to ensure that College and other learning provision is driven by employer needs and that the system does not generate an over-supply of young people with Level 2 or higher qualifications in subjects which are less likely to be valued by employers.

Adults also need effective IAG in a range of settings. The new Adult Advancement and Careers Service has been launched as a primarily online service and this could have implications for the delivery of IAG in the community.

Recommendation 5:
North Lincolnshire Council's Connexions Service are recommended to undertake further research on the information, advice and guidance received by a cohort of 16-19 year old learners to provide a consumer perspective on how IAG can be improved for young people. The Council should also work with adult IAG providers to establish a coherent and integrated approach to the implementing the new AACS and to ensure local provision remains in place across a range of settings.

6-8: Focusing skills on economic growth

A broad range of learning provision up to Level 2 is available to young people and adults in North Lincolnshire and this is broadly aligned with the area's economic structure with a significant number of Level 2 starts in key sectors including health and social care, food manufacture, warehousing/storage and construction. However, take up of Level 3 provision is comparatively low – in part driven by low levels of learner/employer demand – and heavily skewed towards health and social care activity. Whilst North Lindsey College delivers some higher education provision the majority of learners at Level 4 and above attend Universities elsewhere in the region.

As highlighted in section 2 of the report, the last Government's skills policy (and in particular New Industry New Jobs and Skills for Growth) had a strong focus on aligning skills investment with those sectors of the economy likely to demonstrate strongest growth in the future. This is also embodied in the regional statement of priorities for the Skills Funding Agency, which suggests that from 2010/11, the SFA should shift its funding for employer-responsive learning provision towards

- those growth sectors set out in New Industry New Jobs including engineering/construction and advanced manufacturing for the low carbon sector
- 'volume' employment sectors including health and social care, retailing, wholesaling, construction and business services
- other key sectors including financial services, distribution and logistics and tourism.

To date, the new Government has yet to fully articulate its position on skills policy or indeed the wider approach to ‘industrial activism’ adopted by the previous administration, although it has begun to set out an approach to reduce administrative burdens on Colleges and to ensure that learning provision is driven by the needs of learners. It is not yet clear whether the new administration will strike a different balance in funding for the provision of adult learner-responsive and employer-responsive learning. It is apparent that the new Government is seeking to create a more market-led approach which reduces the regulatory burdens on Colleges and other training providers; the previous administration’s proposals for devolution of powers and responsibilities to local authorities, which would have increased their influence over the funding decisions adopted by the Skills Funding Agency, seem unlikely to proceed.

This notwithstanding, as public sector funding tightens, there remains a strong rationale to increase the proportion of employer-responsive learning – and indeed adult-learner responsive provision - is focused on those sectors of the North Lincolnshire economy which are likely to generate output or employment growth in future. Whilst in future, employers (and individuals) will need to pay for a higher proportion of their training, in return, they should expect provision to be even more responsive to their needs. This reinforces the importance of strengthening partnership working between Colleges/training providers and key employers to improve access to market intelligence and as a mechanism to achieve greater alignment of learning provision with the needs of the local economy.

Recommendation 6:
North Lincolnshire Council should liaise with the Skills Funding Agency and Yorkshire Forward to ensure that the emerging Regional Skills Strategy – and/or whatever might replace it – highlights the importance of achieving an increase in commissioning of Train to Gain, Apprenticeships provision and adult learner focused provision, in the following sectors which have been identified as key to the future growth of the North Lincolnshire economy

- **business services**
- **advanced manufacturing and engineering**
- **construction**
- **retail and leisure**
- **health and social care**
- **offshore wind and the low carbon economy.**

Recommendation 7:
A number of prominent North Lincolnshire employers are already making a significant and ongoing investment in training and could play a critical advocacy role within their own organisations and wider networks, whilst providing an ‘employer voice’ to influence skills and employment strategy – including 14-19 provision- at the local level.

North Lincolnshire Council should liaise with the Chamber of Commerce and key employers on how they could strengthen their advocacy/ambassadorial role for skills and workforce development. One option could include the establishment of an Employer Forum – potentially reporting to both its Economic Development and Children and Young People’s Boards – to strengthen market intelligence links with Colleges/training providers and to provide employer input into the development of 14-19 learning provision.

Recommendation 8:
NLC and partners to undertake more detailed, qualitative research with largest employers in the mechanical engineering and advanced material sector to identify current and future levels of technology deployed; the role of innovation in driving processes and products; and current and future skills needs.

9: Low carbon skills
North Lincolnshire has emerged as a key location in the region's efforts to reduce $C0^2$ emissions and increase the supply of renewable energy. Recent research by BIS[22] identifies a number of challenges for the skills system in responding to the opportunities generated by the low carbon economy:

- delivering significantly higher volumes of generic Science, Technology, Engineering and Maths (STEM) skills at all levels
- developing and delivering rapidly the specialist skills solutions that will be needed for emerging sectors and technologies
- getting more young people and adults interested in low carbon careers, skills and qualifications
- stimulating employer demand for and investment in low carbon skills.

BIS note that

"the UK has a strong skills base to build on; our experience in offshore oil and gas, and our existing strengths in engineering and construction, will be valuable to the growing renewable energy sector. The wind industry is driven by project development and construction, with around two thirds of new jobs being at Level 5 or above."

For the offshore sector, RenewableUK is working with employers to tackle skills gaps at technician level and a Sector Skills Accord and Apprenticeship framework have been developed for the sector. The first Apprenticeship programme for the offshore sector is to be launched later in 2010.

Skills could be a key driver of future opportunities for North Lincolnshire across the low carbon economy, through:

- developing existing learning provision in construction, plumbing and other skilled trades to include a 'low carbon' dimension – including, for example, sustainable construction methods and retrofitting domestic low carbon energy systems
- developing larger scale renewable energy projects such as offshore wind, biomass and biofuels.

The existing skills base and capacity in engineering, construction and advanced materials could play a key role in attracting and retaining low carbon investment although the ageing workforce in some of these sectors will create a significant challenge.

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22 Meeting the Low Carbon Skills Challenge, BIS 2010

As offshore wind capacity comes onstream along the East Coast, the Working Futures forecasts suggest that there is also likely to be a requirement for substantial replacement demand in the engineering and construction sectors. This could lead to skills shortages.

John Leggott College is already a key provider of STEM courses at A level and North Lindsey College has also signalled its intention to develop a new STEM facility on campus, also offering A levels. Outside North Lincolnshire, the CATCH facility – currently focused on the process and engineering industries – and the University of Lincoln's new School of Engineering, developed in partnership with Siemens, should also play key roles in developing skills for the low carbon economy.

Recommendation 9:
With Yorkshire Forward, the Skills Funding Agency and other Humber local authorities, North Lincolnshire Council should commission further, detailed research on the options for accelerating the development of low carbon skills. The research should explore the extent to which low carbon skills can be developed as a cross-cutting component of existing engineering and construction training but also consider the specific requirements associated with offshore wind, biofuels, carbon capture and other specific opportunities.

The research should review both the generic STEM and specialist offer currently available in North Lincolnshire and adjoining areas (including John Leggott College, North Lindsey College, CATCH and the School of Engineering at the University of Lincoln) and set out options to accelerate provision of specialist skills for the offshore wind sector, particularly at Levels 3 through 5.

10-14: Raising employer/individual demand for learning

Across all six sectors highlighted in recommendation 6 above, the business survey identified the most significant skills gaps in the existing workforce in associate professional/technical workers and in skilled trades, and also in

- managers in the transport, construction and business services sectors

- process, plant and machine operators in transport, construction and food manufacturing sectors.

Looking forward, more than half of those businesses interviewed suggested that their employees would require new skills as a result of the introduction of new products and services, new working practices and new technology or equipment. Of these firms, 42% anticipated the need to increase the proportion of their workforce with Level 3 skills and 20% with Level 4 skills.

Raising employer demand for, and increasingly also investment in, skills at all levels will continue to be a key challenge for North Lincolnshire, particularly as some parts of the economy are still effectively in recession. At present, just over 60% of employers are investing or participating in some form of training but moving forwards it will be vital to sustain and indeed increase this figure – in the likelihood that public sector funding will be reduced and/or targeted.

The key challenge is to break the 'low skills equilibrium' where a lack of expressed demand from employers and individuals constrains the supply of learning opportunities.

Raising employer demand and investment in learning will happen in three ways; by concerted efforts to reduce or remove some of the current barriers to employer take-up; by public sector employers acting as an exemplar in their approach to workforce development; and through key private sector employers becoming advocates or champions for learning within their own organisations and networks. We deal with each of these in turn.

Dealing with the first of these issues, some of the specific barriers to employer take up of learning include

- the complexity of the funding arrangements and other aspects of the 'internal wiring' of the skills support system; sometimes employers can perceive that the effort involved in securing public-funded support outweighs the benefits

- the need for simpler and more streamlined access to the skills and employment system for employers, potentially via a single 'gateway' which brings together Business Link, Jobcentre Plus and Council business engagement activity; Business Link Yorkshire is leading this process

- the focus on achieving accredited qualifications rather than more flexible, modular/bite-sized learning which is tailored to the needs of the business and potentially less qualifications-driven; at present too much Train to Gain activity is focused on accrediting existing learning rather than achieving new skills or qualifications.

Employer take up of some programmes, most notably Apprenticeships, is low because many small businesses foresee significant risks in making a long-term (3 year) commitment to taking on individual Apprentices. Organisations like HETA and the Highways Alliance are now beginning to address this issue by acting as a 'host' employer. Many of these issues are not of course specific to North Lincolnshire.

The business survey indicated that some employers wished to see more sector-specific training programmes and facilities in place. Recommendation 8 considers this issue from the perspective of the low carbon economy but there are other opportunities including construction, engineering and the retail sector.

Recommendation 10:
Building on recommendation 6, in informing the emerging Regional Skills Strategy and related commissioning of employer and adult learner-driven provision, North Lincolnshire Council should highlight the importance of increasing the proportion of the existing workforce with a relevant Level 3 qualification in all six of the growth sectors. The Council should also reinforce the need to increase the supply of young people entering the labour market with relevant associate professional/technical and trade skills.

The Council should bring together North Lindsey College and other training providers with employers in all six priority sectors to review demand and supply-side barriers to take up of learning provision at Level 3 and beyond and to establish a clear 'routemap' of learning provision for each sector (see Recommendation 7).

Recommendation 11:
North Lincolnshire Council and its neighbouring local authorities should consider whether to develop skills and employment proposals in the context of the new Government's proposals for Local Enterprise Partnerships and the Regional Growth Fund.

In the meantime the Council should lobby the Skills Funding Agency and Yorkshire Forward on both the policy and delivery measures which could be introduced to reduce employer barriers to both mainsteam training programmes like Train to Gain and Apprenticeships and more flexible programmes like the Enhancement Fund.

Recommendation 12:
Although cuts in public spending will be challenging it is vital that the public sector continues to play an exemplary role in championing learning and workforce development. North Lincolnshire Council and a number of other public sector organisations have signed the Skills Pledge, committing employers to develop the skills of their employees, including all of those lacking basic skills or a first full Level 2 qualification.

The Council should review opportunities to increase the number of Apprenticeships it is able to host – potentially through partnerships with other public and voluntary sector agencies to share costs and risks - and consider how participants in the Future Jobs Fund programme can develop progression routes into Apprenticeships. This should include considering how to 'top up' Apprenticeships wage levels to match those of the FJF programme.

Recommendation 13:
North Lincolnshire Council and the Skills Funding Agency should commission further research with local employers to identify the barriers to Apprenticeships and support sector-based training organisations to address this challenge.

Individuals, including those who are not in the labour market can also face significant barriers to learning including stigma and negative perceptions, practical barriers relating to health or childcare and cost and barriers to workplace learning. This can reinforce a vicious circle where lack of skills/qualifications can act as a major barrier to those seeking to re-enter the labour market.

Recommendation 14:
Removing barriers to learning for those individuals who are excluded from the labour market is also an important priority for the Council and its partners. The Council, Jobcentre Plus and other stakeholders should review the approach adopted by the Government's emerging Work Programme – which is due to commence in summer 2011 - to integrate learning/training with employment support and to ensure that Work Programme contractors make appropriate and effective referrals to the Council's Adult Education provision and to North Lindsey College. Early engagement with the appointed contractors is vital.

15: Higher Education

Although North Lincolnshire Council has previously considered opportunities to develop additional Higher Education provision in the area – we understand that this is not now a priority for the Council. We do not believe that there is a strong case for additional HE provision in North Lincolnshire – primarily as the number of young people seeking to enter Higher Education both now and in the future is unlikely to be sufficient to sustain a wide range of additional courses. Nonetheless the provision made by North Lindsey College and its partner Universities is extremely important; John Leggott College also plays a critical role as a key feeder school for Universities across the region.

Recommendation 15:
North Lincolnshire Council, through its 14-19 role, should continue to support both North Lindsey and John Leggott Colleges. Where possible, it should use its influence to ensure that their curricula are complementary and avoid competition in provision.

16: Leadership and Management Skills

The employer survey undertaken to inform the Skills and Workforce Plan suggested a significant demand for leadership and management skills training across a range of different sectors and employers. North Lindsey College provides both NVQ based programmes and bespoke activity in this area; other employers have developed relationships with FE/HE providers outside North Lincolnshire.

Recommendation 16:
NLC to liaise with North Lindsey College/Hull University/University of Lincoln and the SFA regarding the development of bespoke and/or sector-based leadership and management programmes, targeting the five priority sectors identified in recommendation 6.

17: Hard to fill vacancies in key sectors

Recommendation 17
NLC/Jobcentre Plus/SFA to review hard to fill vacancies in light of evidence from employer skills survey which suggests they are concentrated in skilled trades posts in the retail, transport and construction sectors

18:Place marketing

The business survey highlighted that a number of North Lincolnshire employers face difficulties in attracting and retaining highly skilled staff, particularly in management or associate professional/technical positions; in some circumstances the labour market catchment extends well beyond North Lincolnshire. The Humber Bridge tolls [23] also impact on the mobility of the labour market on both sides of the Humber and reducing or removing the tolls could increase access to employment opportunities in North Lincolnshire for residents of Hull and the East Riding.

23 Humber Bridge Tolls Impact Assessment, Colin Buchanan & Partners for East Riding of Yorkshire, Hull, North Lincolnshire and North East Lincolnshire Councils 2008

Alongside the long-term issue of the Humber Bridge tolls, the Council must revitalise its efforts to make North Lincolnshire a more attractive place to live and work for professional and other highly skilled workers; this should embrace the range of educational, cultural and other opportunities available in North Lincolnshire and the adjoining area as well as widening housing choice and quality. This is of course closely related to the ongoing delivery of the Scunthorpe Urban Renaissance Programme and the scope to bring forward key developments including Lincolnshire Lakes. *How* these opportunities are 'sold' to an increasingly sophisticated and mobile audience of 'knowledge workers', who can exercise real choice in where they work and live, is also critical.

Recommendation 18
NLC to review current approach to place marketing to consider how to attract and retain young people, young families and skilled, mobile workers in North Lincolnshire.

Appendix 1: North Lincolnshire Skills and Workforce Action Plan

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
1. North Lincolnshire Council should adopt a stronger leadership role for adult skills and employment.	• review remit of Employment, Enterprise and Skills Group to ensure it is fit for purpose to drive forward adult skills and employment agenda in North Lincolnshire; future role should encompass wider range of activity including holding partners to account to deliver Skills and Workforce Plan and joint commissioning of employment support to address gaps in support around emerging national Work Programme • review membership of EESG; consider scope to strengthen input from key employers, NLC Children and Young People Services (14-19 agenda) Primary Care Trust and key voluntary sector providers • undertake full mapping of existing employment support provision to identify gaps in provision for key client groups and in rural areas arising from current reductions in public sector expenditure and the emerging Work Programme; • work with partners to adopt a 'Total Place' approach to identify mainstream health, housing, social care and other activities/spending where joint commissioning or improved integration could contribute to achieving employment outcomes • integrate Skills and Workforce Plan with interim Work and Skills Plan to create overarching Employment and Skills Strategy for North Lincolnshire • ensure adult skills and employment workstream is fully reflected in Directorate and Corporate Plans	• September 2010 • September 2010 • November 2010 • March 2011 • December 2010 • October 2010	• NLC • NLC • NLC/EESG • NLC/EESG • NLC • NLC

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
2. Set our clear vision for how North Lincolnshire could develop a world class labour market over the next decade.	• Build Employment and Skills Strategy and Action Plans around the seven objectives of the vision set out in Recommendation 2: • Objective 1: employers have the confidence to create more jobs, more highly skilled jobs and to invest in the skills of their workforce • Objective 2: young people entering further or higher education, or indeed entering the labour market, are able to make more informed career and learning choices • Objective 3: those in work, or seeking to return to the labour market, recognise the necessity of investing in developing their skills to ensure that they can stay in and progress in work • Objective 4: learning providers (and funders) are more responsive to the learning needs of employers, and have more flexibility to direct their provision to meet employer needs • Objective 5: effective provision of adult informal learning and basic skills has created a strong platform upon which efforts to improve progression from Level 2 to Level 3, and from Level 3 to Level 4, have been built • Objective 6: the skills and attitudes of our workforce are a key driver in attracting inward investment and in retaining those key employers who are already based in North Lincolnshire • Objective 7: as public expenditure tightens, the public sector uses public funding more effectively in response to the needs of employers, our workforce, and those not in work.	• December 2010	• NLC/EESG

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
3: Focusing support on target groups	Recommendations 4-8 address priorities for each of the following groups • young people (to compete with young people from out of the district for apprenticeships or other traineeships) and sometimes face access and other issues in rural areas; • relatively low skilled adults, typically without a Level 2 qualification, to help them compete with the migrant workforce • people who are qualified to level 3 or above (so that local people can maintain their positions as technicians, supervisors and junior managers within North Lincolnshire's workforce) • graduates from North Lincolnshire, who need encouragement and support to remain in or return to North Lincolnshire alongside efforts to encourage employers to create more higher skilled jobs	n/a	n/a
4: Developing 'employer friendly' skills and attitudes (supports Objectives 2, 4, 5 and 7)	• analyse current 'employability skills' content of KS4 and FE curriculum and identify transferable good practice; consider implications of above average levels of LDD learners in FE • review current timeframe for development and implementation of non-vocational Diplomas and scope to accelerate new courses linked to the North Lincolnshire economy (for example in advanced engineering); • bring together 'Task and Finish' group of North Lincolnshire employers – via proposed Employer Forum - and teachers to review and design new cross-curricular learning modules on employability skills and to input into the design and implementation of future diplomas	• December 2010 • March 2011 • March 2011	• NLC (C&YP)/ Humber EBP/ North Lindsey College • NLC (C&YP)/ HEBP • NLC (C&YP)/ HEBP

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
5: Strengthening information, advice and guidance for young people and adults (supports Objectives 2, 4, 5 and 7)	• undertake additional market research on the careers information, advice and guidance received by a cohort of 16-19 year old learners in North Lincolnshire's schools and North Lindsey College • work with Connexions Service and Humber Education and Business Partnership to review findings and draw up new 'service level agreement' setting out how IAG for young people will be aligned to current/future economic growth sectors in North Lincolnshire • review implications of new Adult Advancement and Careers Service for provision of IAG in community and outreach settings, including mobile services in rural areas • work with AACS and IAG providers to develop a 3 year IAG action plan which sets out how national online provision will be complemented by local IAG activity and how this will be funded	• October 2010 • March 2011 • September 2010 • March 2011	• NLC/Connexions Service/ HEBP • NLC/Connexions Service/ HEBP • NLC/AACS/IAG providers • NLC/AACS/IAG providers
6: Focusing skills on economic growth **(supports Objectives 1, 4 6 and 7)**	• EESG to endorse recommendations of Skills and Workforce Plan to target future adult skills provision towards six key sectors of the North Lincolnshire economy (business services, advanced manufacturing, construction, retail and leisure, health and social care and the low carbon economy, including offshore wind and biomass) • NLC to liaise with Skills Funding Agency and North Lindsey College to review scope to prioritise 2010/11 funding for employer-responsive learning towards agreed growth sectors and identify barriers to take-up; and to discuss how these priorities will be sustained in future	• July 2010 • September 2010	• EESG • NLC/SFA/North Lindsey College

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
7: Employer voice **(supports Objectives 1,2 and 4)**	• NLC to consider options to strengthen the employer input to the development of 14-19 education and adult skills planning with the dual aims of a) directly informing the development of employability and enterprise skills across both the 14-16 and 16-19 curriculum and b) strengthening the market intelligence available to local Colleges, Universities and other training providers on the future skills needs of North Lincolnshire employers • options include establishing an Employer Forum, reporting to both the Economic Development and Children and Young People's Boards; other options include strengthening the employer membership of the EESG or utilizing existing consultation arrangements with the Chamber/FSB and other relevant employer organisations • NLC to liaise with the Chamber of Commerce and other key business organisations to establish a network of up to ten 'skills ambassadors' in North Lincolnshire to act as advocates for workforce skills in their own organisations and networks • NLC to commission short, annual skills survey – building on the research undertaken for the Skills and Workforce Plan – to maintain an up to date perspective on employer skills issues	• December 2010 • June 2011 • June 2011 and then annually	• NLC • NLC/Chamber • NLC
8: Mechanical engineering and advanced materials **(supports Objectives 1, 4 and 7)**	• NLC and partners to undertake more detailed, qualitative research with largest employers in the mechanical engineering and advanced material sector to identify current and future levels of technology deployed; the role of innovation in driving processes and products; and current and future skills needs	• March 2011	• NLC/SFA/Yorkshire Forward

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
9: Low carbon skills **(supports Objectives 1, 4 and 7)**	• NLC to liaise with SFA/Yorkshire Forward/North Lindsey College/University of Lincoln to agree approach to developing low carbon skills modules as a cross-curricular component of existing engineering and construction training programmes, including Apprenticeships • North Lindsey College to pilot across a cross-section of existing courses • SFA/YF/Humber local authorities to develop study of options to deliver a skilled workforce to meet the demands of the low carbon economy over the next decade, including the opportunities associated with carbon capture and storage and the offshore wind sector; this should comprise a detailed review of existing employer labour market intelligence and skills/qualification requirements; a review of existing course provision within the Hull and Humber travel to learn area at Levels 3-5; and recommendations for new courses and/or new learning facilities	• December 2010 • March 2011 • March 2011	• NLC/SFA/YF/ North Lindsey College/University of Lincoln • North Lindsey College • SFA/YF/HEP
10: Sector routeways **(supports Objectives 1,5 4 and 7)**	• NLC, SFA and North Lincolnshire training providers to review supply/demand side barriers to take up of learning at Level 3+ across all six priority sectors of the North Lincolnshire economy; the proposed Employer Forum should also be engaged in this dialogue • NLC/SFA to agree a skills 'routemap' for all six of the priority sectors identifying current provision at Level 3+, gaps in provision (in terms of courses and facilities) and how these can be addressed within the North Lincolnshire travel to learn area; routemap to be widely circulated to relevant employers and individual learners	• March 2011 • March 2011	• NLC/SFA • NLC/SFA

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
11: Developing proposals for devolved skills and employment powers (supports Objectives 4 and 7)	• Once the initial announcement regarding the successful Local Enterprise Partnership bids is made in October, NLC to review its position and consider whether funding for skills and employment will feature as part of the core LEP/Regional Growth Fund proposals	• December 2010	• NLC/adjoining local authorities
12: Extending the public sector commitment to investing in learning **(supports Objectives 1, 2 and 7)**	• NLC to consider progression routes for Future Jobs Fund provision including provision into full-time employment with support via Train to Gain or Apprenticeships and identify the need for any transitional support to facilitate this; consider how 'top up' wages could be sustained • NLC/Primary Care Trust/local voluntary sector organisations to review scale of Apprenticeships programme for 2011 onwards in light of reduced public sector funding and explore opportunities to sustain provision through mechanisms including joint commissioning and other measures to share costs and benefits • NLC to consider its role as accountable body for informal adult learning under the *Learning Revolution* proposals and identify how it can maximise the availability of its internal learning resources for those people in the priority groups identified under recommendation 3	• October 2010 • December 2010 • March 2011	• NLC/FJF host employers/SFA • NLC/Primary Care Trust/Voluntary Action North Lincolnshire • NLC
13: Apprenticeships (supports Objectives 1,4,5 and 7)	• NLC and SFA to review major barriers to take-up of Apprenticeships by SMEs • NLC and SFA to review impact of 'Highways Alliance' and HETA programmes to scope potential for sector-based Apprenticeships programmes in priority sectors (see recommendations 6 and 10) • Consider business case for third party employers to de-risk take-up for SMEs	• September 2010 • March 2011 • March 2011	• NLC/SFA/providers • NLC/SFA/providers • NLC/SFA/providers

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
14: Work Programme **(supports Objectives 3,5 and 7)**	• use Local Economic Assessment analysis and consultation with Jobcentre Plus and other local providers of employment support to identify priorities for future employment support (both key client groups and priority neighbourhoods) • liaise with Jobcentre Plus and emerging prime contractors to review if/how these needs are to be met • identify potential gaps in provision and explore the potential to address these utilising existing sources of funding (e.g. LA/RSL housing support) or the emerging Regional Growth Fund • ensure that Work Programme contractors make appropriate and effective referrals to the Council's Adult Education provision and to North Lindsey College.	• November 2010 • January 2011 • January 2011 • March 2011	• NLC • NLC/Jobcentre Plus • NLC • NLC/Jobcentre Plus
15: Higher Education **(supports Objectives 2, 6 and 7)**	• North Lindsey College and John Leggott College to work together, via the EESG, to maintain complementary rather than competing course provision at A level and to work together to strengthen vocational and academic progression routes • NLC and North Lindsey College to review the potential for incremental expansion of Higher Education courses which will support the future higher level skills needs of the North Lincolnshire economy • NLC/proposed Employer Forum to engage with Hull University and University of Lincoln to review the alignment of Higher Education courses with the needs of the North Lincolnshire economy	• ongoing • December 2010 and then annually • March 2011	• EESG • NLC/North Lindsey College • NLC/Employer Forum

Recommendation	Actions/next steps	Timeframe/milestones – delivery by	Lead role(s)
16: Leadership and Management Skills **(supports Objectives 1,4 and 7)**	• NLC to liaise with North Lindsey College/Hull University/University of Lincoln/SFA regarding the development of bespoke and/or sector-based leadership and management programmes, targeting the six priority sectors identified in recommendation 6 • Develop pilot learning programmes for one sector (construction tbc) and market test with key employers	• February 2011 • September 2011	• NLC/SFA/ • NLC/SFA/
17: Hard to fill vacancies in key sectors **(supports Objectives 1 and 3)**	• NLC/Jobcentre Plus/SFA to review hard to fill vacancies in light of evidence from employer skills survey which suggests they are concentrated in skills trades posts in the retail, transport and construction sectors • NLC/Jobcentre Plus/SFA to review approach to employer-responsive learning in these sectors and identify the scope for changes in current provision to meet the needs of employers	• December 2010 • March 2011	• NLC/Jobcentre Plus/SFA • NLC/Jobcentre Plus/SFA
18:Place marketing **(supports Objectives 1 and 6)**	• NLC to review current approach to place marketing to consider how to attract and retain young people, young families and skilled, mobile workers in North Lincolnshire; the research should explore the overall messages and branding; identify target markets (young people with families, 'knowledge workers' etc); review the current perceptions of North Lincolnshire held by members of the target markets through market research; review how the opportunities in the local economy and housing market are currently portrayed and the impact of transformational development programmes including the Lincolnshire Lakes scheme.	• March 2011	• NLC