LOCAL SKILLS REPORT ANNEX A: CORE INDICATORS

Contents

1. LOCAL LANDSCAPE

1.1. Overview

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

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

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

1.2. Employment by sector

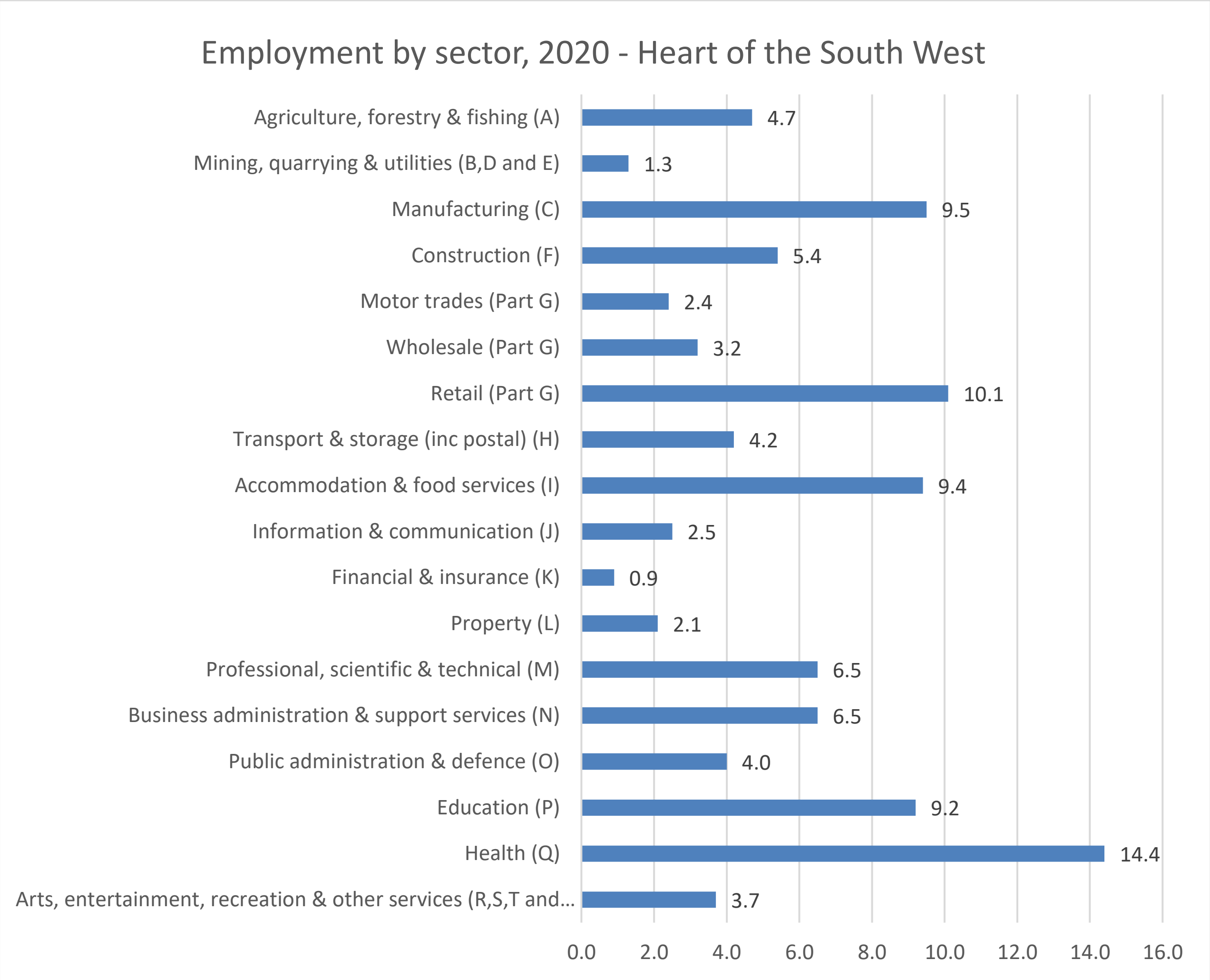
Sector is a key determinant of labour demand, affecting not only the number of jobs available but also the occupations required and the types of contract offered. Examination by industry sector reveals a distribution which broadly mirrors the England average and over a third of employment locally (34%) fits into three sectors: health (14.4%), retail (10.1%), and accommodation & food services (9.4%). This reflects, in part, the significance of the tourism industry locally and local market orientation of employers in the Heart of the South West[1].

Compared to the England average, the Heart of the South West is characterised by higher shares of employment in areas including *agriculture, forestry and fishing, motor trades,* and *accommodation and food services*; and lower shares in *financial & insurance*, *professional,*

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

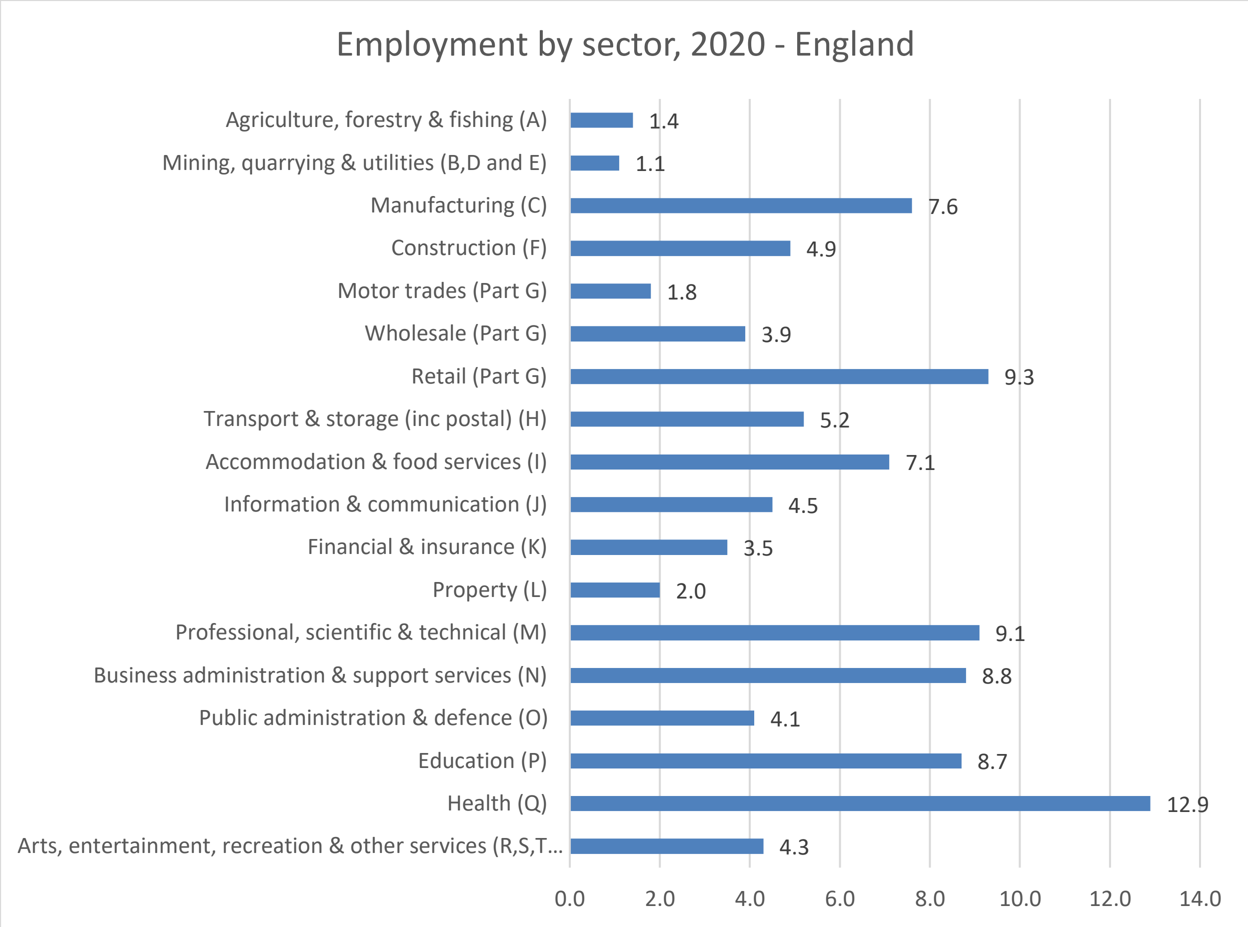
scientific and technical and *business administration and defence*[2]. These patterns are largely replicated across the Heart of the South West but with greater reliance on the following:

- *Agriculture, forestry & fishing* in Devon (7%) and Somerset (5%)
- *Manufacturing* in Plymouth (12%) and Somerset (12%)
- *Public administration and defence* in Plymouth (6%)
- *Health* in Torbay (23%) and Plymouth (18%)
- *Accommodation and food services* (15%) and *retail* (13%) in Torbay



Source: Business Register and Employment Survey, 2020 (published 2021), 2020 SAP boundaries

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



Source: Business Register and Employment Survey, 2020 (published 2021), 2020 SAP boundaries

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

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

The Heart of the South West LEP aims to focus on six ‘Golden Opportunities’, as described in the Devolution Prospectus[3] broadly described as marine, nuclear, aerospace and advanced engineering, data analytics, health and care, and rural productivity. While these do not correspond easily to Standard Industrial Classification, best-fit analysis suggest that these sectors accounted for 29% of all employment in the LEP area in 2020. While the Heart of the South already has higher concentrations of employment in “marine” and “rural productivity” and to a lesser extend “health and care”, the other sectors tend to be more concentrated in specific locations (i.e. “nuclear” in Somerset) and therefore have lower location quotients at the LEP level. Table 2 and Table 3 of Annex B illustrate these sectoral groups with location quotients for both the LEP overall and the four upper tier local authorities.

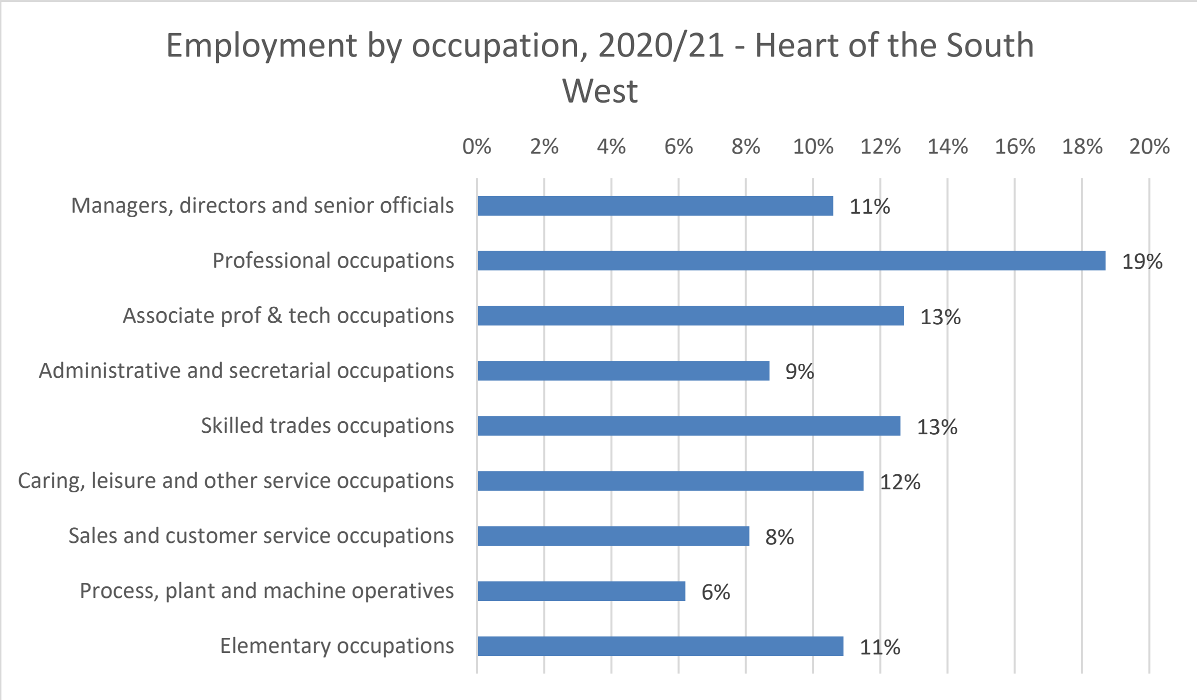
Our analysis (Annex B, Figure 1 and Table 1) also suggests that the Heart of the South West has been particularly exposed to the labour market impact of Covid-19 due to its reliance on those sectors that have been most affected by the pandemic. These include accommodation and food services; arts, entertainment, recreation, and other services; business administration & support services; motor trades; wholesale; and retail. Together these sectors account for 35% of employment across the LEP area, the same as the national average, but with higher concentrations in Torbay (41%) and Devon (36%).

1.3. Employment by occupation

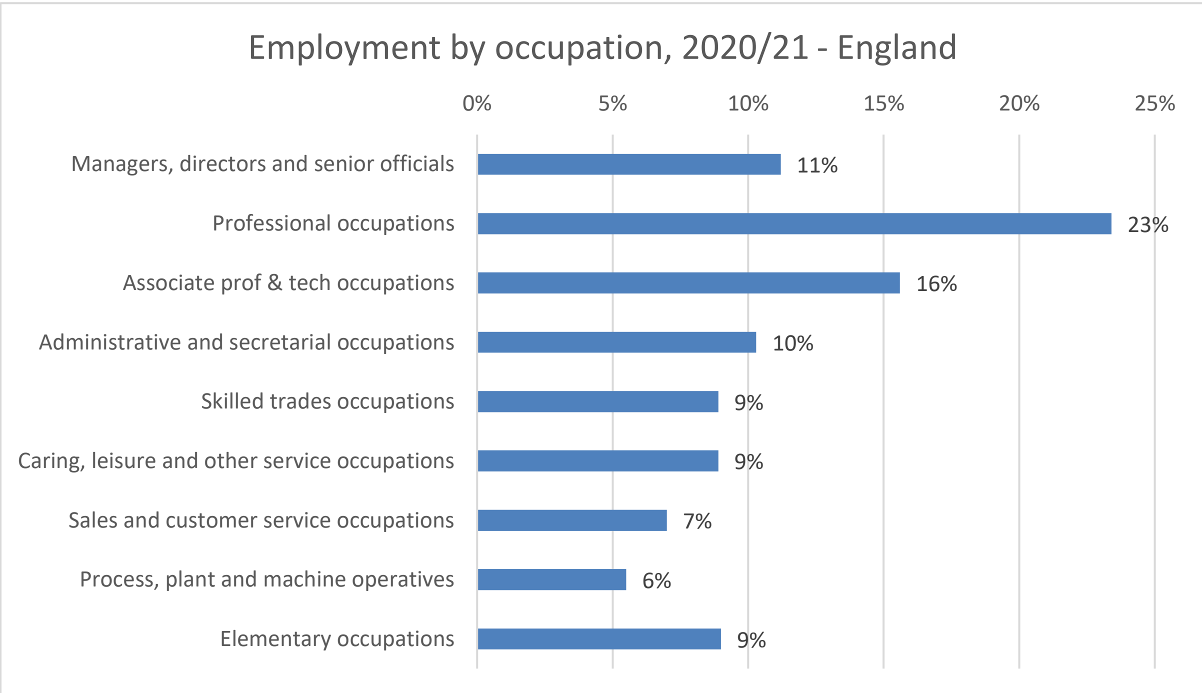
Since the jobs that people do influence the education and training that they need, it is important to understand the occupational structure of employment locally. In the Heart of the South West, employment is distributed across occupations in a similar proportion to the national average with ‘high skill’ occupations - a grouping incorporating managers and senior officials and professions and associate professionals accounting for more than two-fifths (43%) of all those in employment. The remainder is broadly equally distributed between:

- Middle-skill occupations (21%) comprising administrative and secretarial and skilled trades
- Service-intensive occupations (20%) including caring and personal services and sales and customer service occupations; and
- Labour-intensive service occupation (17%) comprising plant and machine operatives and elementary occupations.

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



Source: Annual Population Survey, July 2020 to June 2021, 2020 SAP boundaries



Source: Annual Population Survey, July 2020 to June 2021, 2020 SAP boundaries

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

- Skilled trades occupations and in particular skills agricultural and related trades, and construction and building trades
- Leisure, travel and related personal service occupations
- Sales occupations, alongside other managers and proprietors
- Caring personal service occupations
- Elementary occupations.

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

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

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

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

Since working practices and hours of work differ across occupations, the LEPs occupational structure also influences the nature of employment opportunities available locally. The over-representation of service–intensive occupations, for example, is likely to partly explain the greater significance of part-time working locally, particularly among women and in East Devon, North Devon, Torbay and Torridge and Devon overall[6]. The rate of temporary working is low (5%) and while slightly higher than the England average, not sufficiently so to be statistically significant. Local employment is also characterised by high levels of self-employment especially in rural areas[7] with a higher percentage (16%) of those in employment in the Heart of the South West working for themselves rather than as an employee (compared to 14% across England).

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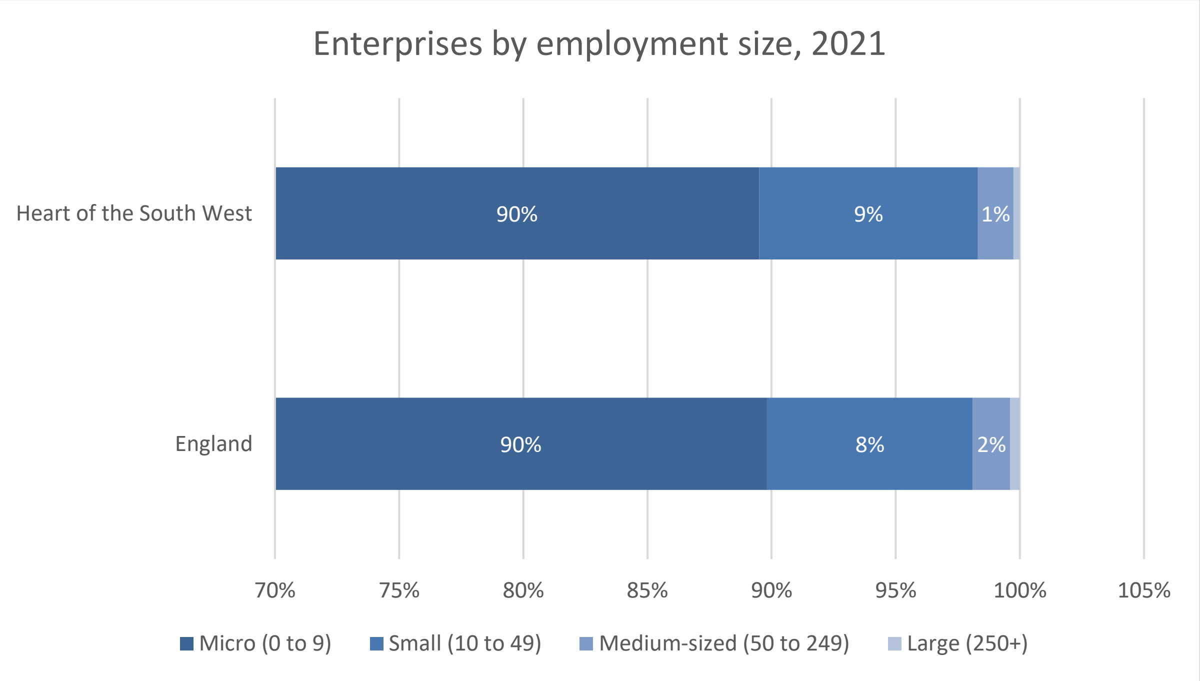
[4] Only includes differences that are statistically significant at the 96% confidence interval.
[5] Small sample sizes mean that most differences between the occupational profile of local authority areas in the Heart of the South West and the England average are not statistically significant even when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

1.4. Enterprises by size

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



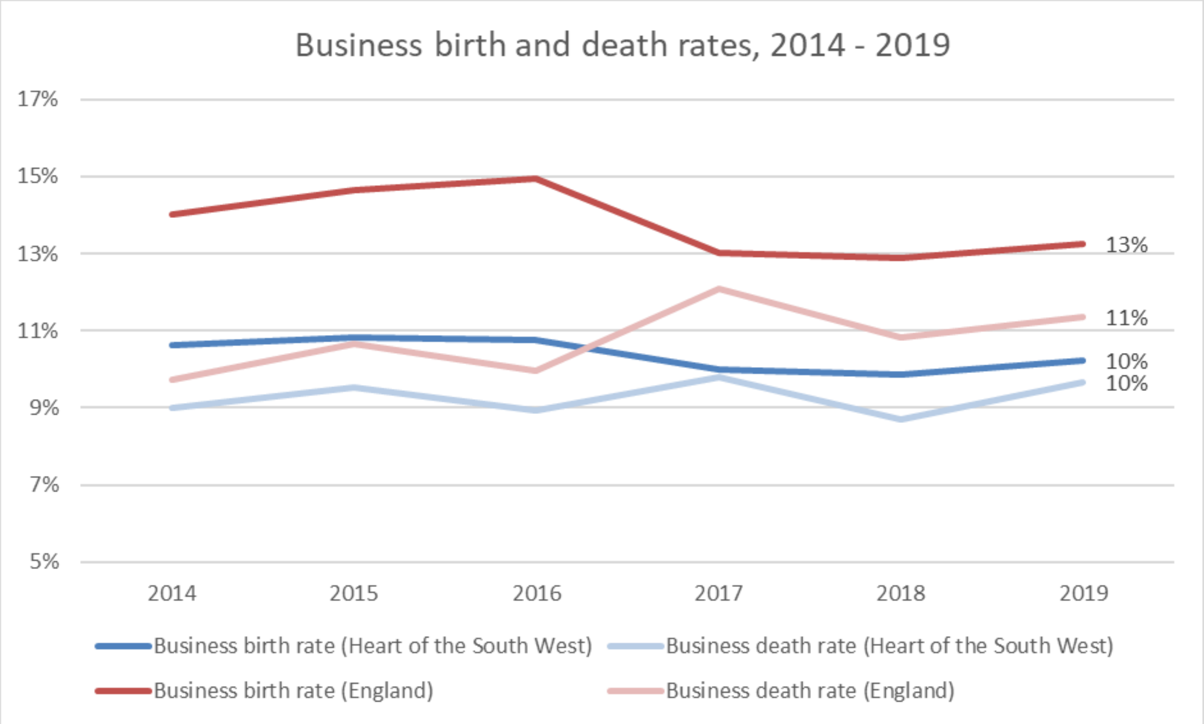
Source: UK Business Counts, 2021, 2020 SAP boundaries

Around one in ten enterprises in the Heart of the South West are either small or medium-sized employers with between 10 to 249 staff. Together this companies support around 30% of employment locally. The vast majority (90%) of enterprises locally, as nationally, are micro enterprises comprising businesses that are run solely by the owner-manager ('zero' employees) and those that employ between 1 and 9 other people. Micro enterprises are particularly important in rural districts of Devon such as West Devon (38%) Torridge (36%) where their contribution to total employment far exceeds the LEP (22%) and England average (18%).

[8] Enterprises employing 250+.
[9]https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/adhocs/12416heartofthesouthwestlocalenterprisepartnershipleplocalunitemploymentandemployeesbysize2020

1.5. Births and deaths of enterprises over time

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



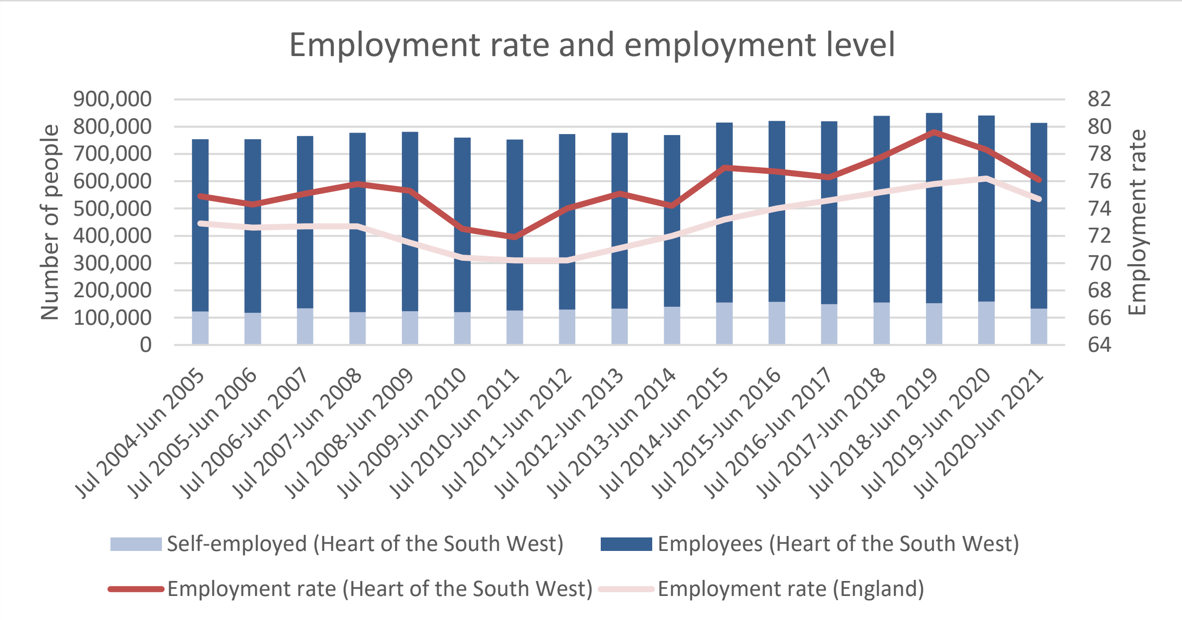
Source: ONS Business Demography, 2014 - 2019 (published 2020), 2020 SAP boundaries

Since both the business birth and death rates in the Heart of the South West are lower than the England average, this suggests a slightly lower level of business dynamism locally than is typical of the country as a whole. Business birth and death rates locally are both at 10%, whereas nationally there is a higher birth rate than death rate (2% difference). Locally, business survival rates compare favourably against the England average in most parts of the region although less so for longer durations in Plymouth and Torbay.

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

1.6. Employment level and rate

The Heart of the South West has an excellent track record in generating employment opportunities for local people. At 76.1%, the employment rate exceeds the national average, as it has done consistency in each of the last 16 years.



Source: Annual Population Survey, 2020 SAP boundaries

The employment rate followed a generally upward trajectory since 2010/11 although it is impossible to determine, whether, or to what extent, the decline in the employment rate between 2018/19 and 2019/20 captures early effects of Covid-19 as the change is well within the confidence interval associated with these point estimates[11]. However, the data going into 2021 as of the APS data that now covers an entire year of the pandemic indicates that employment did continue to fall: with the reopening of the economy this may have changed since the most recent data release. National trends suggest that employment has fallen most (and for some, continues to fall) among:

- Self-employed and part time employees. This is a particular concern locally, as the Heart of the South West has a greater incidence of self-employment (16%) than England (14%) average particularly in rural areas[12]. Additionally, part-time working, is also more common locally (27%, compared to England average of 23%) particularly among women and in East Devon, North Devon, Torridge and West Devon, and Devon overall[13].
- The youngest and oldest workers. Lockdown immediately reduced employment among those aged 16 to 24 and those aged 65 and over with the most dramatic changes evident for 16- to 17-year-olds. The number of working students has also

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

[12] Self-employment is particularly high in rural Devon but is only statistically higher than the England average in Somerset West and Taunton, South Hams, Teignbridge and Torridge.

[13] Part time working is lower than the national average in Somerset (22.5%), but not statistically different.

fallen. Take-up of the Government's furlough scheme, the CJRS, was also highest among the youngest, but proceeded to drop faster than among other age groups[14] and oldest workers and was slightly higher among men than women before the end of the scheme at the end of September.

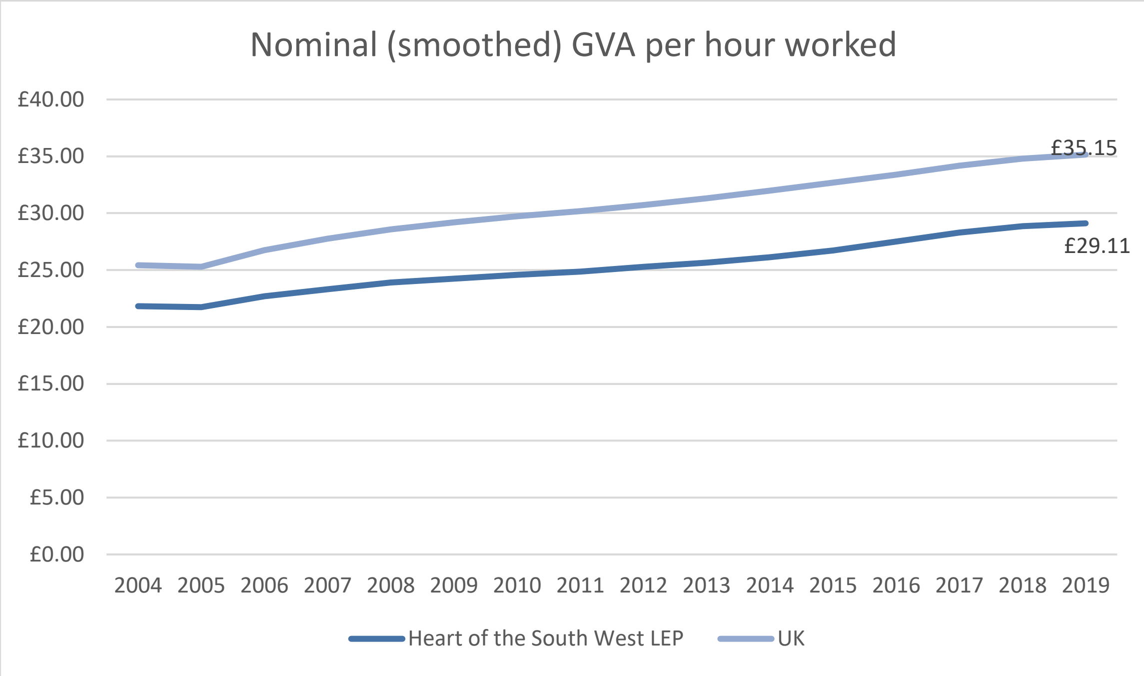
This reduction in employment opportunities for young people is likely to have long-term consequences[15]. Local providers have also expressed concern about young people's lack of access to work experience placements as a result of Covid-19. These opportunities are particularly valuable to young people from less advantaged backgrounds who may not benefit from the networks that are often available to their peers. The Heart of the South West also has a greater share of employment in sectors that have been most affected by the pandemic (see previous sections on industry and occupation).

Economic inactivity among the working age population locally (21%) is similar to the national average (21.2%), with no statistically significant difference. While low inactivity rates among those aged 25 to 49 should be viewed positively, low rates among young people can reflect lower levels of participation in full time education and training. Significantly, young people (aged 16 to 19) in the Heart of the South West have much higher economic activity rates (47%) than the England (36%) average. This is consistent with the lower progression rates locally. Residents aged 50 to 64 are most likely to be economically inactive (28%) after 16-19-year-olds, however, with this rising to 89% of those aged 65+. Economic inactivity among older people is marginally lower than the national average, but not statistically significant. The most common reasons for inactivity are long-term sick (28%) or students (25%), followed by retired (16%), and looking after a family or home (16%).

[14] The take up rate among workers aged under 18 was 2% and those aged 65 and over was 7% at the end of the CJRS scheme. Source: HMRC CJRS and APYE Real Time Information. https://www.gov.uk/government/statistics/coronavirus-job-retention-scheme-statistics-4-november-2021/coronavirus-job-retention-scheme-statistics-4-november-2021

[15] https://www.theguardian.com/society/2020/oct/07/covid-generation-uk-youth-unemployment-set-to-triple-to-80s-levels

1.7. Nominal (smoothed) GVA over time



Source: ONS Subregional Productivity, 2004 - 2019 (published 2021), 2018 LEP/MCA boundaries

Productivity, measured in terms of GVA per hour worked, was 17% lower in the Heart of the South West (£29.11) than the UK (£35.15) average in 2019. When ranked on this measure, the Heart of the South West features among several other rural enterprise regions with relatively low labour productivity including Cornwall & the Isles of Scilly, the Marshes, Stoke-on-Trent and Staffordshire, and Greater Lincolnshire, ranking 34th of 38 LEP areas overall[16].

Productivity is lower than the national average in all local authority districts within the LEP area except Exeter (£35.80), although this is by a very small amount (£0.60 difference with the national average). Torbay, the poorest performing district locally (£24.40), was among the lowest productivity local authority districts nationally[17].

Nominal productivity data suggests that the productivity gap with the UK widened between 2004 and 2015 but has now stabilised. The Heart of the South ranks in the lower half of the table (25th among LEPs) in terms of *real* productivity growth between 2004 and 2019: improving by 2.7% over this period, compared to 9.2% for the UK as a whole.

Recognising the Heart of the South West's growing productivity gap with the rest of the UK, the Heart of the South West LEP has agreed an ambitious Productivity Strategy[18]

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

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

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

underpinned by an evidence base exploring the drivers of productivity[19]. This and subsequent analysis identify local weakness in terms of:

- Skills – the proportion of residents[20] in employment with Level 4 qualifications or above is lower than the England average (37% compared to 43%)[21].
- Innovation - on numerous measures the LEP area performs at the lower end of the scale in terms of innovation. For example, business investment in research development as a proportion of GDP in Devon is typically less than half the UK average[22].
- Enterprise – the Heart of the South West tends to create fewer new businesses and has fewer foreign-owned business[23]. Productivity lags behind the national average in all sectors apart from public administration and in some sectors, such as finance and insurance and information and communication the gaps are very large. In addition, the LEP area has lower densities of employment in the highly productive financial and insurance and information and communication sectors and higher densities of employment in a number of relatively low productivity sectors[24].
- Competitiveness – a greater share of employers locally primarily serve their local area (52%) than the England (47%) average[25] and a lower share of GVA locally is exported (10% compared to 18%).[26]
- Infrastructure – located within the South West peninsula, it can take around 3½ hours to drive to London from Exeter and 4 hours from Plymouth. Transport and digital connectivity is one of four key priority areas identified in the Heart of the South West LEP area 2018 Productivity Strategy[27].

The Industrial Strategy Council recently identified three narratives that help to explain the deep roots of spatial productivity differences across the UK[28] in a paper published in 2020. The agglomeration narrative posits that “some places have been able to attract clusters of economic activity which have become self-sustaining as a result of a circular economic logic” due to localisation[29] and urbanisation economies[30]. According to this narrative, local

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

[20] Aged between16 to 64.

[21] Annual Population Survey, January to December 2020.

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

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

[24] Including: arts, entertaining & recreation; accommodation and food services; agriculture; and human and social work

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

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

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

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

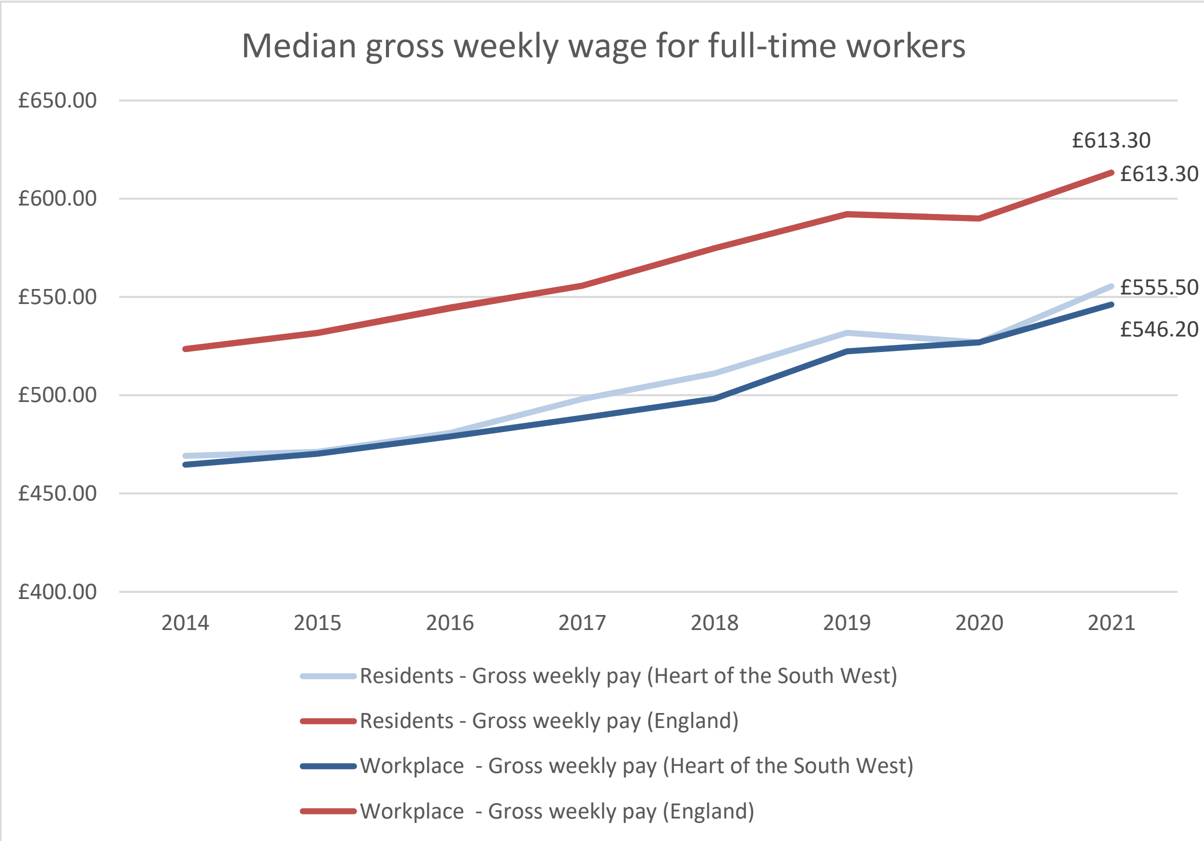
[29] Whereby specialised firms benefit from the ability to trade and interact with other firms in their industry that form part of the same cluster

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

strategies to develop clusters of activities that capitalise of the “Golden Opportunities” identified in the Devolution Prospectus will assist in the realisation of these economies but as yet, the Heart of the South West lacks business clusters of great scale, and its key cities are small by national standards[31]. It may therefore take time for these economies to be realised.

1.8. Median wages over time

There is a close relationship between productivity and earnings because “compensation of employees” accounts for the largest component of Gross Value Added (55%). In 2021, the median full-time weekly wage for people working in the Heart of the South West was £546[32], lower than the £556 weekly wage for people living in the Heart of the South West. Both estimates are lower than the England average (£613).



Source: Annual Survey of Hours and Earnings, 2014 - 2021, 2020 LEP boundaries

As the ASHE estimates are subject to fairly large confidence intervals, particularly at the local authority district level, and changes over time tend to be relatively small, variations within the LEP area and over time should be treated with a degree of caution. It is possible to conclude, however, that median earnings for full time employees *working* in the Heart of the South West are:

[31] The City of Plymouth is 17th and Exeter, 50th in the ranking of 112 major towns and cities in England based on 2020 population estimates.

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

- Higher in Exeter (£596) than most other local authorities but are not statistically different to those in South Somerset (£582), East Devon (£575), Mid Devon (£566), or South Hams (£564).

- Lower than the LEP average in large swathes of rural Devon[33], Sedgemoor (£519), Torbay (£529), Somerset West and Taunton (£539), Mendip (540), and Plymouth (£542).

- Higher in the Heart of the South West for 2021 than in previous years; but at 17.5%, the percentage change in nominal earnings between 2014 and 2021 is unlikely to be statistically different to the England average (17.2%).

Differences in residence and workplace-based earnings reflect commuting patterns within the LEP area, with higher-skilled employees choosing to commute to nearby cities to access higher-paid work from satellite towns and villages. The median full-time earnings of residents in West Devon (£530), Torridge (£521), and Mid Devon (£595), for example, far exceeds the wages earned by employees working in the district probably due to net commuter flows to Exeter and Plymouth from these districts.

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

- Accommodation and food service activities (39%), arts, entertainment, and recreation (27%), Construction (26%) and other services (20%).

- Process plant and machine operatives (26%), Sales and customer services 20%), caring, leisure and other service occupations (22%).

- 16 to 17 (29%) and 18 to 21 (22%) year olds.

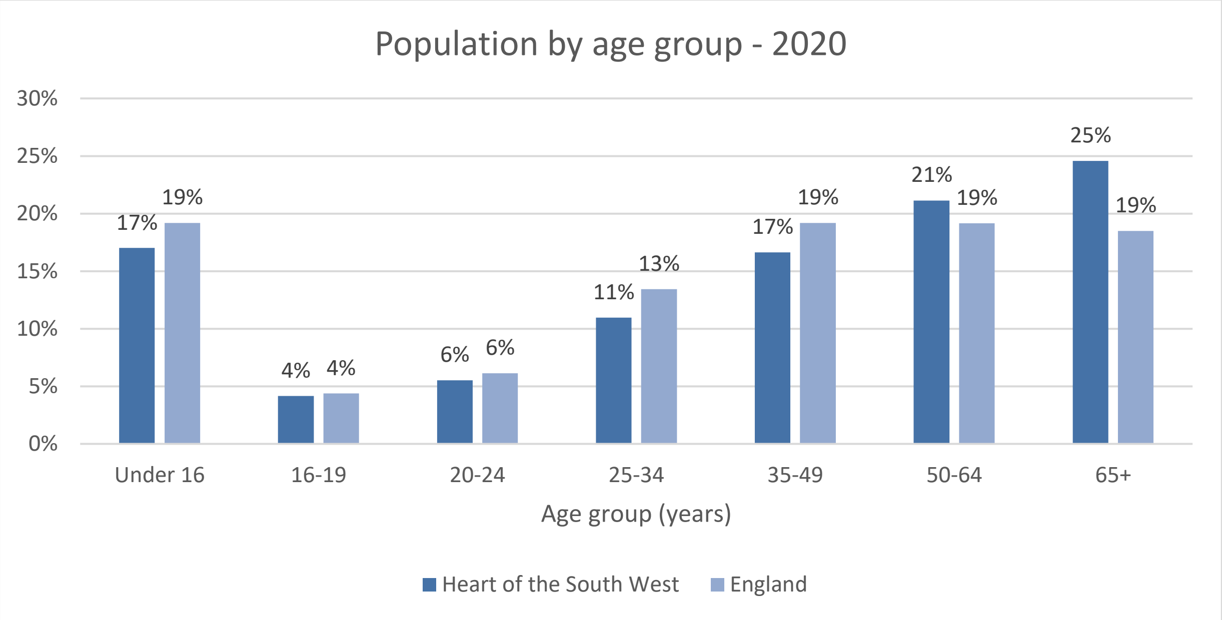
In October 2021 the Office for National Statistics highlighted the continued recovery of the labour market with record numbers of job vacancies between July and September 2021, which encourages upward pay growth, but also that annual growth in average employee pay has been artificially inflated at the headline level due to comparison with low base periods in the early days of the pandemic as well as changes in the composition of the workforce including a reduction in the number of lower-paid employee jobs[34].

[33] West Devon (£465), Torridge (£486), Teignbridge (£523), North Devon (£527)

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

1.9. Population by age group over time

The Heart of the South West is home to more than 1.4 million people aged 16 and over. Almost half the population (46%) is aged 50 and over with nearly a third (28%) aged between 25 and 49. Young adults aged between 16 and 24 account for 10% of adult residents. Compared the England as whole, the Heart of the South West has a higher share of its adult population in the oldest age groups and a lower share in the middle age groups. The share of the adult population aged 16 to 24 is the same as the England average.



Source: ONS Mid-Year Population Estimates, 2020, 2020 SAP Boundaries

Most of the local authorities in the Heart of the South West share a similar age structure, with Exeter and Plymouth being the notable exceptions. In common with other UK cities these have a younger age profile than average (and have fewer older residents). West Devon (72%), Torridge (60%), Teignbridge (59%) and Torbay, Mendip and South Hams (58%) have a higher share of older adult residents than the Heart of the South West average.

The Heart of the South West's working age population[35] has increased only modestly (3%) over the last 16 years and by a smaller percentage than the national average (8%). Within this sub-set of the population, as nationally, the number of 16- to 19-year-olds and 35- to 49-year-olds has declined although by a larger percentage than the national average, while all other age groups have increased. In addition, the number of residents aged 65 and over has also increased by over one-third (37%).

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

[35] Aged 16 to 64.

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

These characteristics pose several challenges:

- Labour shortages could constrain future economic growth if the working age population continues to grow only slowly. This is most likely to affect employers in rural areas, and those with older populations. Policy responses fall into three main camps, measures to (i) retain existing residents, particularly graduates in the area; (ii) attract workers into the area either permanently (i.e. relocations) or temporarily (i.e. commuters or home-workers); and (iii) reduce economic inactivity by supporting greater participation in the labour market.
- Fewer young people will have implications for education and training providers. A shrinking cohort of young learners, however, could be compensated by growing demand for learning among adults.
- Rurality poses problems for residents and employers alike. Young people in particular can struggle to access education and training opportunities. Access to affordable housing among young people is also an issue especially in popular tourist destinations. Employers in rural areas can find it difficult to find the staff they need, especially if they need specialist skills and/or are located in inaccessible or sparsely populated areas.
- Employers' Human Resources strategies and policies need to reflect the ageing population. The implications for corporate culture, recruitment, training, occupational health, and retention are wide-ranging and could include actions to facilitate inter-generational learning and the sharing of corporate knowledge.
- The rise in the number and share of people aged 65 and over is likely to pose a challenge in terms of both retirements and care needs. As this demographic leaves the labour market, replacement demand will increase. Additionally, this demographic is more likely to have complex medical and care needs, placing additional demand on both public services and other workers who will have caring responsibilities for ageing parents and other relatives.

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

1.10. Claimant count

Restrictions imposed to safeguard public health against Covid-19 have precipitated a substantial increase in joblessness despite the Government investing more than £52bn in furlough and self-employment income support schemes. The CJRS support scheme, also referred to as furlough, has now been withdrawn as of the 30th September, while the SEISS grants for the self-employed had applications close on the same date. While these individuals were potentially more vulnerable to unemployment, initial figures indicate no immediate spike in unemployment as a result.

The increase in joblessness has been fuelled by record numbers of people reported being made redundant[37] nationally, in the three months to September 2020 including surpassing the peak of the 2008/09 financial crisis[38]. Redundancy rates nationally were highest among young people (aged 16 to 24) and within large swathes of the private sector but particularly accommodation & food services and construction. As of the most recent national figures, redundancy figures have returned to their pre-pandemic levels and now stand at 3.6 per thousand as part of a rapid drop from the peak between September and November 2020[39].

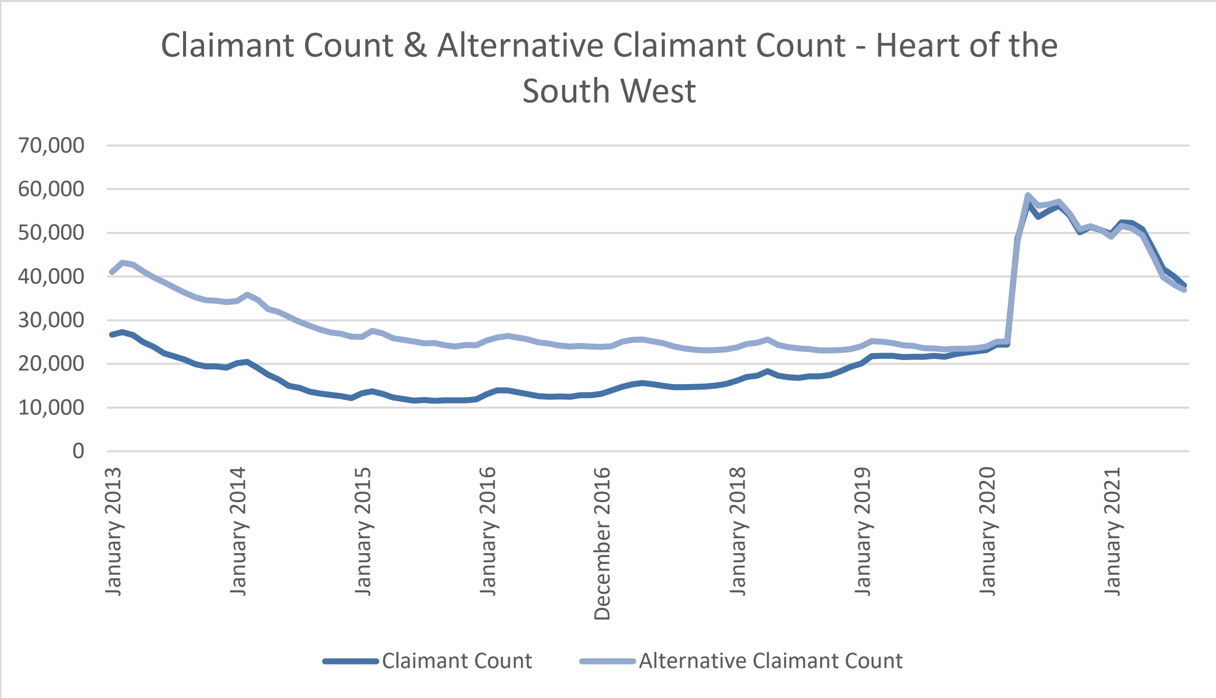
The rise in joblessness locally has been illustrated by the rapid rise in the 'claimant count': the headline measure of the number of people claiming benefits principally for the reason of being unemployed[40]. Whilst the rise in the count predates the pandemic, as a consequence of the first national lockdown the number of claimants nearly doubled between March and April 2020. The level has fluctuated since reaching a peak of 56,190 in August 2020 but has overall consistently fallen since February 2021. In September 2021, 36,610 people in the Heart of the South West were claiming unemployment-related benefits and it is likely that this figure may increase for October due to the end of the support schemes, but with the reopened economy, this impact is likely to be much smaller than it could have been.

[37] Or taking voluntary redundancy.

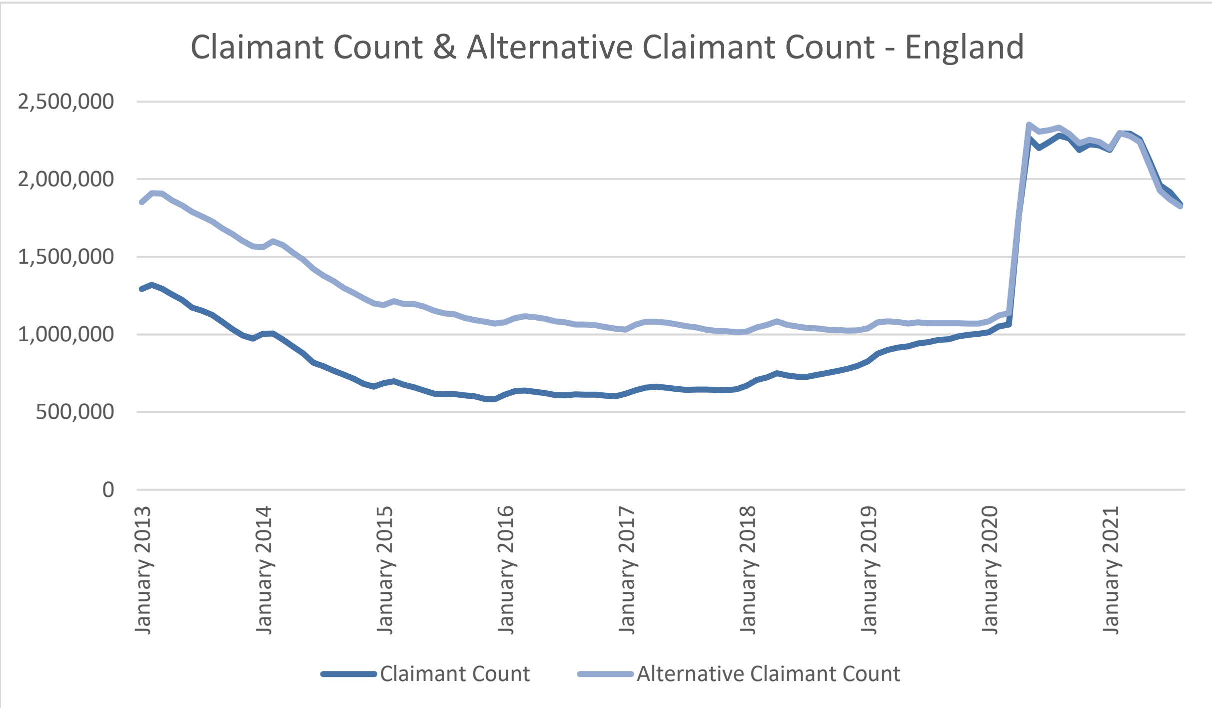
[38]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/november2020#redundancies

[39]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest#redundancies

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



Source: ONS claimant count & DWP Stat Xplore, January 2013 – August 2021, 2020 SAP boundaries



Source: ONS claimant count & DWP Stat Xplore, January 2013 – August 2021, 2020 SAP boundaries

The count has risen across the LEP area with higher rates of increase typically recorded in rural areas, where levels were originally low. As of September 2021, claimant count rates across the LEP area were lower than the England average (5.1%), with the lowest rate of claims in Devon (3.0%).

Unfortunately, claimant count statistics are not published as a rate by age group, however, the national Labour Force Survey reveals that the ILO unemployment rate has risen most among the group that already had the highest risks of unemployment: young people. The statistics suggest that, facing poor hiring possibilities, many individuals in the youngest and oldest age groups are becoming economically inactive: the former probably choosing to continue their education and the latter, taking a 'sabbatical' form work or early retirement. These trends pose two challenges for local policy makers: firstly, those individuals who are currently looking for work are probably doing so because other options such as further education & training or early retirement are either unattractive to them or simply not viable. Support in job search and in some cases, re-training to orientate around local opportunities will be crucial. Secondly, as the population projections reviewed earlier suggest a tightening in labour supply, when recovery comes, it will be important to provide routes back to employment to those that have withdrawn from the labour market in recent weeks. This is a particular issue for the Heart of the South West which has an older workforce than average.

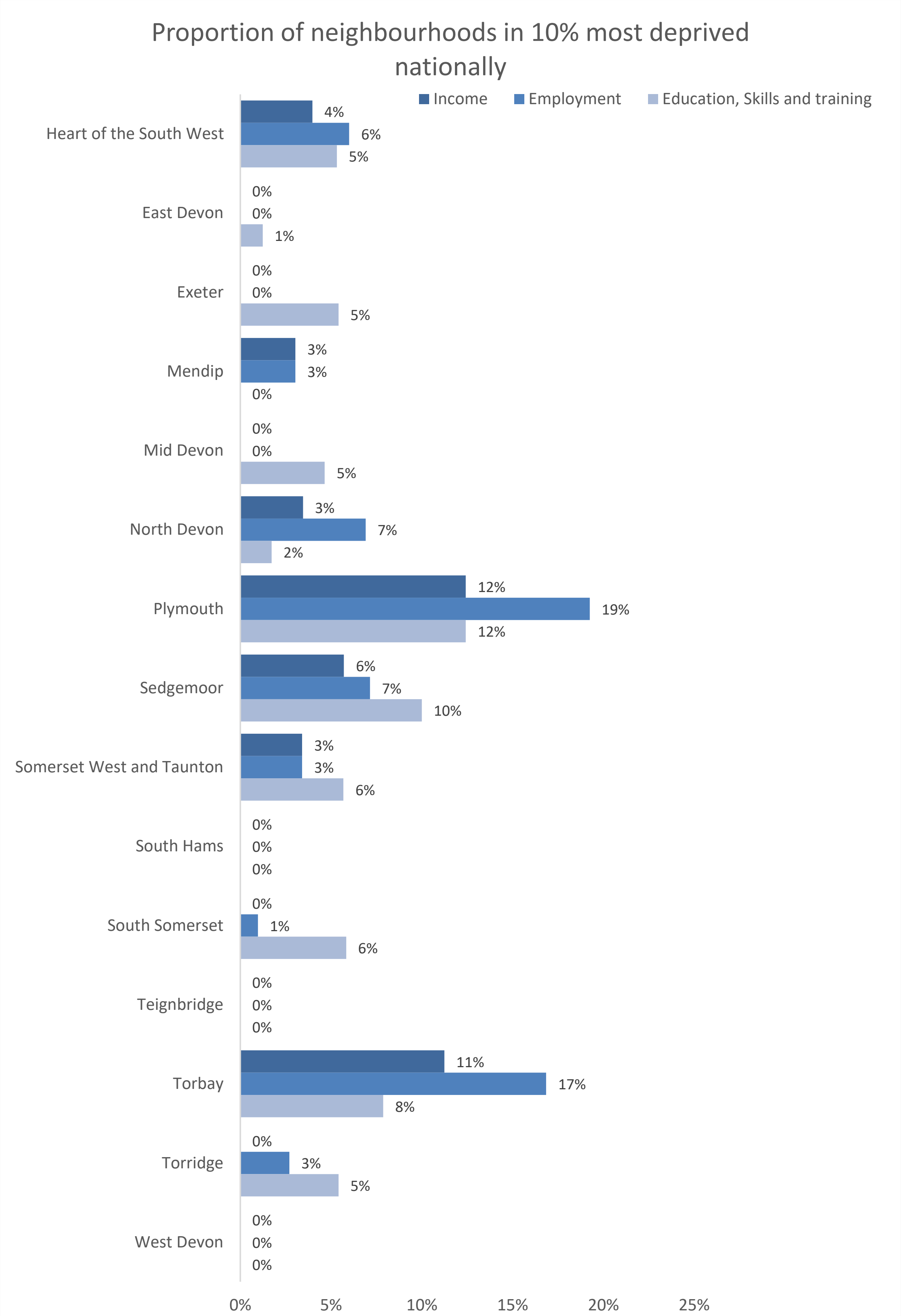
The outlook for unemployment is more positive than originally anticipated. Despite projections of major increases in unemployment around the end of the furlough scheme[41], as well as potential concerns around the fact that the support schemes were extended even further, the evidence is yet to suggest a new spike. However, the final data on the furlough scheme is yet to be released at the time of writing, and the withdrawal of the scheme is paired with the withdrawal of the £20 a week uplift of universal credit, the standard form of support for those on low income that works in a completely different way, based on current rather than pre-furlough earnings[42]. This situation is likely to be highly sensitive over the coming months.

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

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

[41] https://image.uk.info.pwc.com/lib/fe31117075640475701c74/m/3/65283d38-495c-4f3d-97fa-3fc3ba0d759e.pdf

[42] https://ifs.org.uk/publications/15501



Source: Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP boundaries

2. SKILLS SUPPLY

2.1. Overview

The education system is effective in ensuring that most young people attain a Level 2 qualification by age 19, although attainment at this level has fallen over the last five years and disadvantaged pupils are considerably less likely to achieve educationally than other pupils. National studies, however, show that many of those that do not achieve by age 19, do achieve Level 2 or 3 by age 25[43]. These 'second', or even 'third' chance opportunities are crucial for those individuals who did not achieve formal qualifications at school or college and will undoubtedly be important in supporting young learners in the months and years ahead.

In 2020, GCSE and A Level achievement for those aged 16-19 in the Heart of the South West was 48.5% for GCSEs and 29.0% for A Levels. This compares to the UK average of 27.1% and 51.5%, respectively. There are significant local differences within the Heart of the South West however, with A Level attainment varying between 18.4% and 59.4% and GCSE attainment ranging from 37.2% to 80.4% across the region's local authorities[44].

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

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

Progression into higher education is low, however, given attainment at Level 3, and graduate retention is a challenge as it is for many areas outside London and the South East. The further development of industrial clusters may aid this process and entice experienced workers into the area with the possibility of opportunities beyond the 'destination job'. While

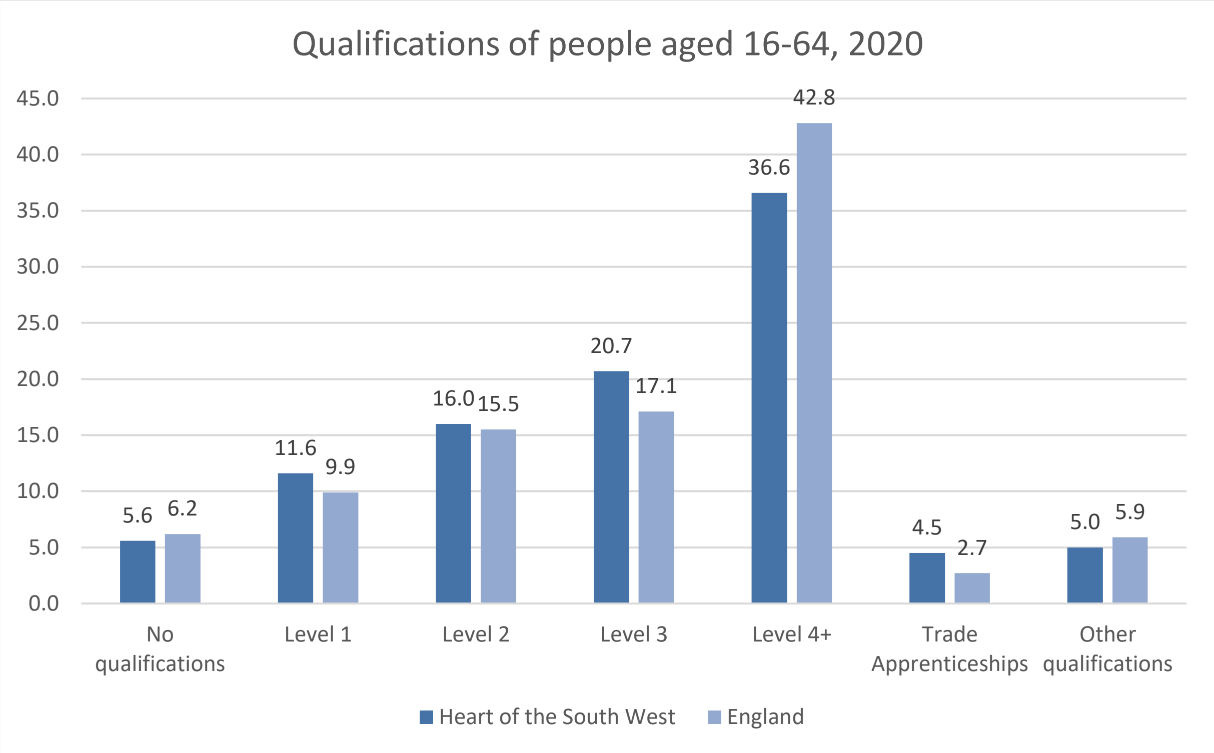
[43]https://explore-education-statistics.service.gov.uk/find-statistics/level-2-and-3-attainment-by-young-people-aged-19/2019-20

[44] Annual Population Survey, ONS, 2021

salaries are lower than the England average, the Heart of the South West performs well on various quality of life metrics including house prices and environmental quality.

2.2. Highest qualification

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



Source: Annual Population Survey, January 2020 – December 2020, 2020 SAP boundaries

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

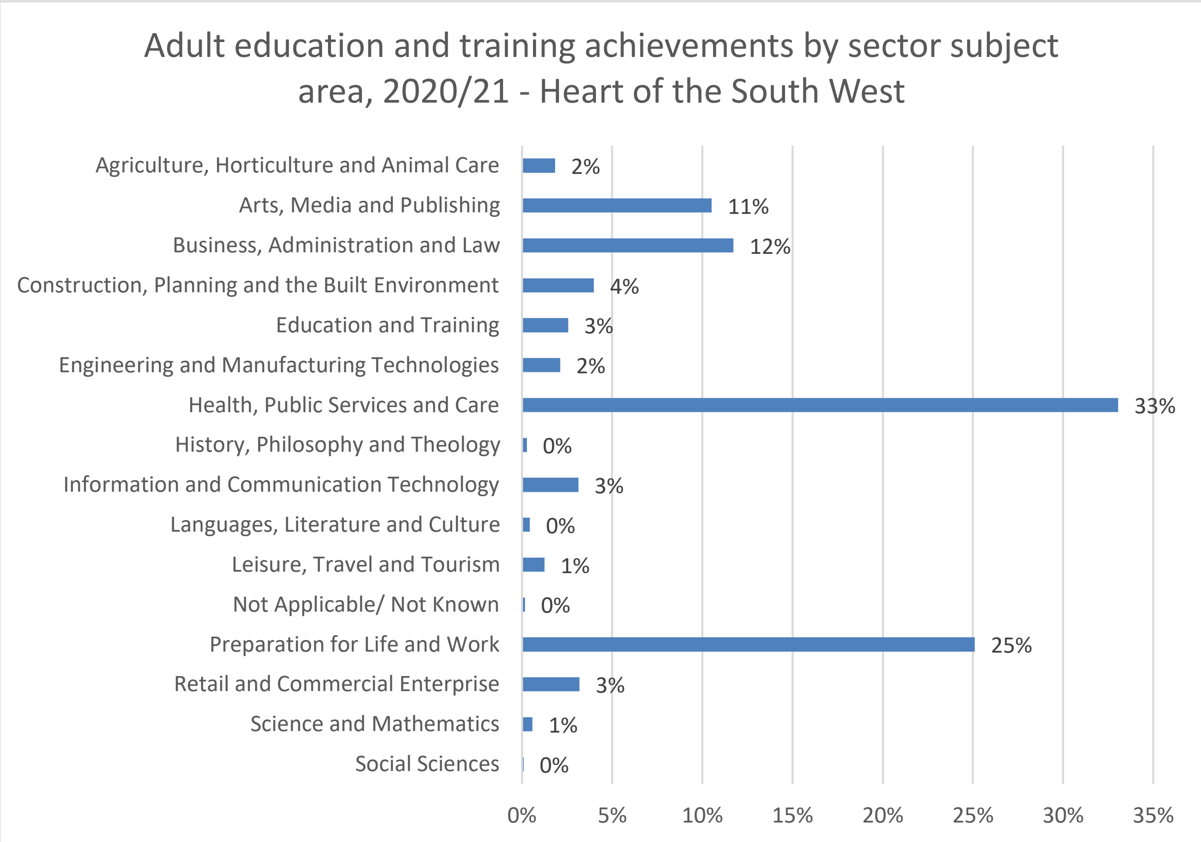
As nationally, economic activity, and especially employment, is associated with higher levels of qualification consistent with the lower levels of unemployment experienced by well-qualified people. The profile of qualifications is congruent with the greater emphasis on technician level occupations locally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

The recent Lifetime Skills Guarantee announced by the Government could potentially benefit around 335,300 adults locally, aged between 25 and 64 who have not already achieved a qualification at Level 3 or above. Within this group are 134,150 people who already hold a

Level 2[45] qualification and who therefore potentially offer the shortest progression journey. National research suggests however, that around half of the population in the lowest socio-economic group have not engaged in any learning activity since leaving school: engaging this group in learning will be a key challenge locally.

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

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

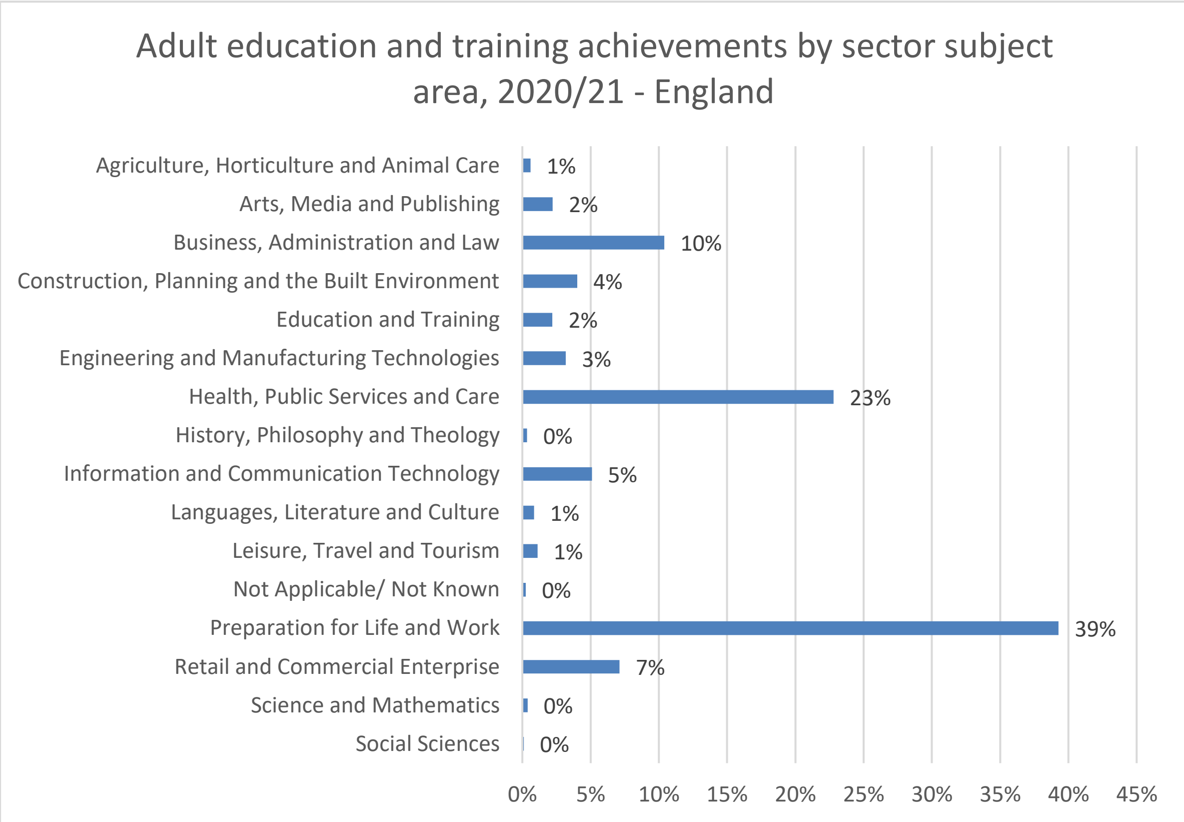


Source: Further Education & Skills data, DfE, (published 2021), 2020 SAP boundaries

Broadly, the distribution of achievements across Sector Skill Areas locally follows the England average. However, 'health, public services and care' accounting for the largest share followed by preparation for life and work., business, administration and law, and arts, media, and publishing. Health, public services and care has seen an 8-percentage point jump in achievements since 2019/20, with Retail and commercial enterprise achievements dropping by half as a percentage and a similar reduction in Construction, planning and the

[45] This is the sum of 115,000 already qualified to Level 2 and 50% of those with a Trade Apprenticeship (19,150).

built environment as part of the further education profile locally. Preparation for Life and Work remains the largest category at the national level.



Source: Further Education & Skills data, DfE, (published 2021), 2020 SAP boundaries

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

- Vocational subjects[46]: More than half (70%) of the achievements locally are in vocational subjects with the most popular being: health and social care; crafts, creative arts and design; administration, business management, building and construction, direct learning support, and service enterprises[47]. This has increased from 60% in 2019/20. Attainment is typically at either Level 2 or below for vocational subjects.
- Preparation for life and work: A quarter (25%) of qualifications are in 'preparation for life and work' locally: commonly in employability skills that help prepare learners for working life. Qualifications tend to be at a fairly low level with the vast majority (82%, an increase from 2019/20's 72%) below Level 2 with most of the remainder (17%, an

[46] This group includes: Agriculture, Horticulture and Animal Care; Arts, Media and Publishing; Business, Administration and Law; Education and Training; Construction, Planning and the Built Environment; Engineering and Manufacturing Technologies; Health, Public Services and Care; Information and Communications Technology for Practitioners; Leisure, Travel and Tourism; and Retail and Commercial Enterprise.

[47] Mainly hairdressing, barbering and beauty therapies.

almost 50% drop) at Level 2. These qualifications account for a smaller share of all government-funded training locally, than the England average (39%).

- Basic skills[48]: Just below one-in-twenty qualifications are in Maths & English or IT for users locally, slightly below than the England average (4% against 5%).
- Academic subjects (other than English and maths)[49]: There is a very small number of qualifications in other academic subjects (other than Maths and English).

Comparing the profile of achievements across vocational subjects with the profile of employment across sectors provides a crude assessment of the 'fit' between qualifications awarded and the needs of the local economy. This is illustrated in Figure 10 of Annex B, which compares adult FE education and training achievements against the distribution of employment in related occupations.

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

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

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

Adult participation in learning

Data from the Learning & Work Institute's Adult Participation in Learning Survey, which uses a broad definition of learning, shows that adult participation in learning has increased since the beginning of the pandemic. The South West saw a 35% participation rate in 2019, increasing to 64% in 2020 and remaining above pre-pandemic levels at 43% in 2021. This is similar to the figures for England at 33%, 61%, and 45%, respectively[50].

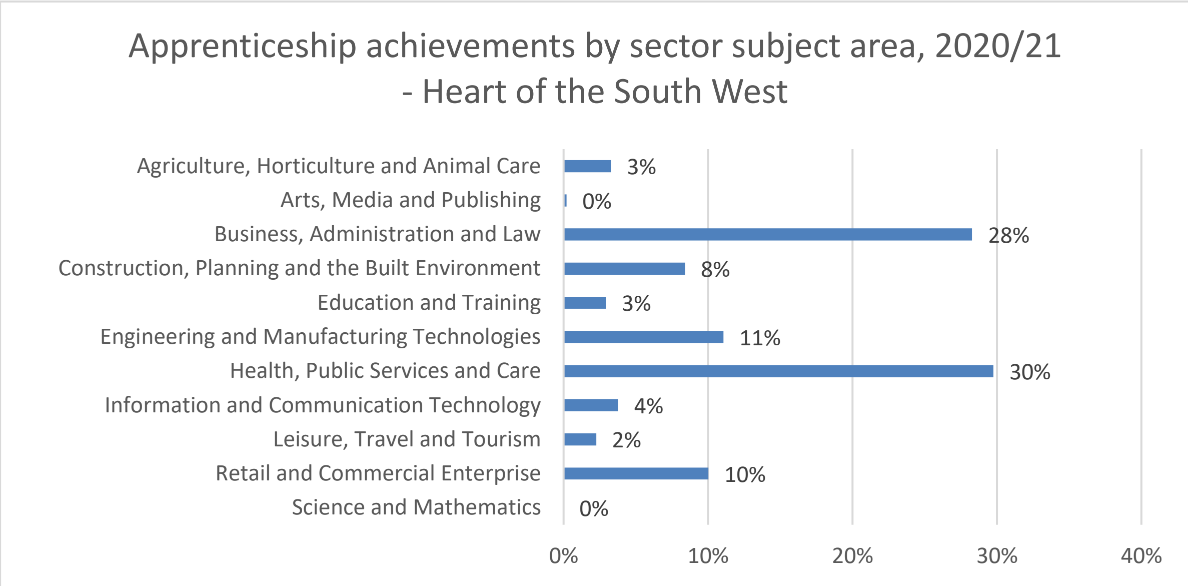
[48] This includes: Languages (English); Information Technology for Users; and Mathematics and Statistics

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

[50] Adult Participation in Learning Survey 2019, 2020, and 2021, Learning & Work Institute

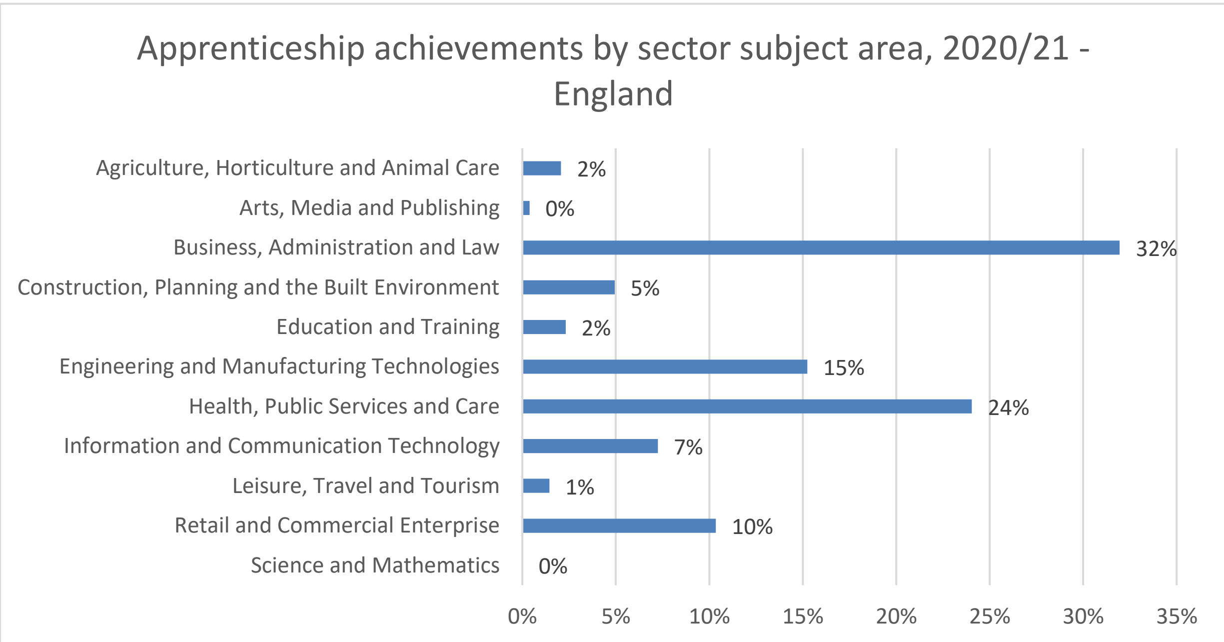
2.4. Apprenticeship achievements by subject area

The distribution of apprenticeship achievements across sector subject areas broadly follows the national patterns with most occurring within health, public services & care (30%), business, administration & law (28%) and engineering & manufacturing technologies (11%).



Source: Apprenticeships data, DfE, (published 2020), 2020 SAP boundaries

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



Source: Apprenticeships data, DfE, (published 2020), 2020 SAP boundaries

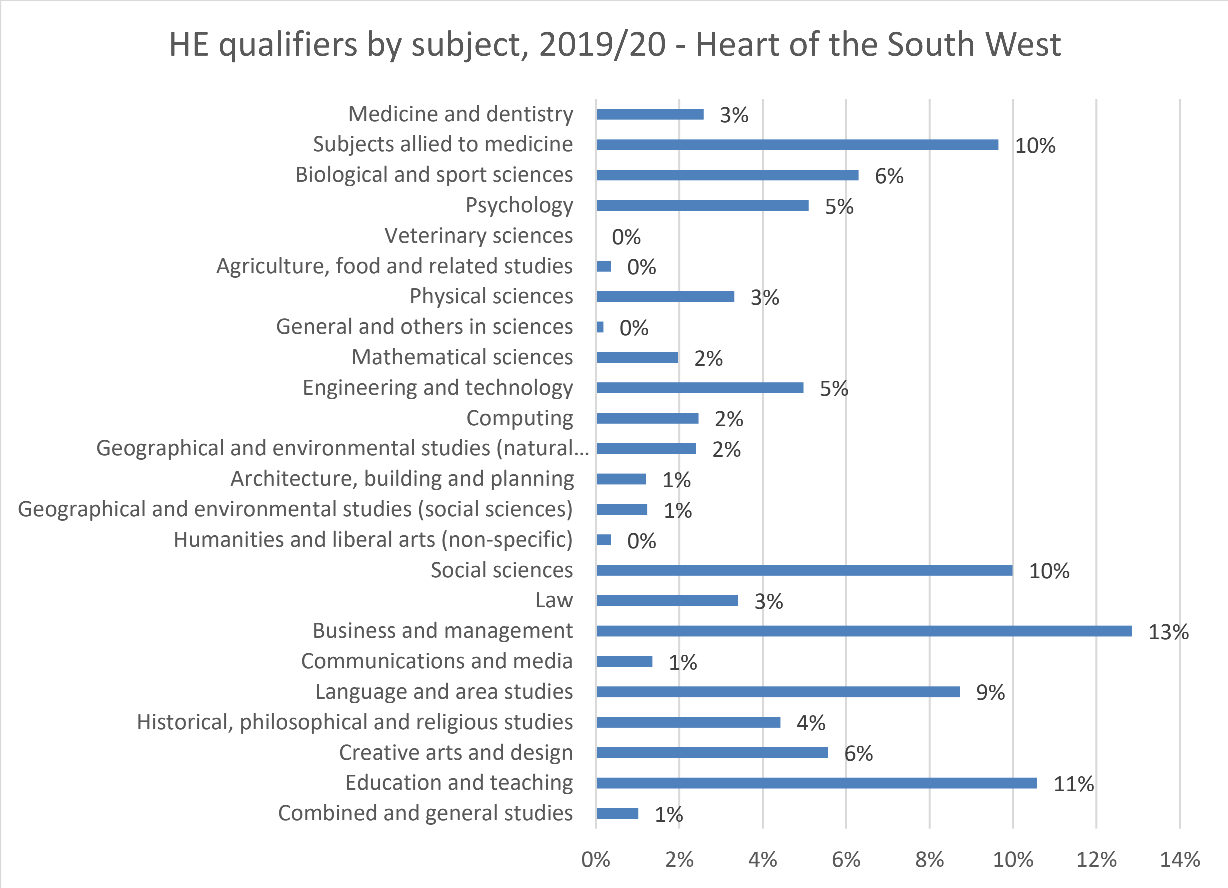
Comparing the profile of apprentices with the profile of employment at Level 1 to 3 in matched occupations suggests that the supply of apprenticeships aligns well against the current and future needs of the economy, particularly with respect to three most popular subject areas. This comparison is shown in detail in Figure 12 of Annex B. There is an under-representation within retail and commercial enterprise for apprenticeships, but this is set against an over-representation within adult further education.

The number of apprenticeship starts has fallen since the introduction of the apprenticeship levy and mainly among older apprentices (aged 25 and over) and those at intermediate level. Higher level apprenticeships have bucked the trend and while they still account for a relatively small share of all starts this has increased year-on-year, rising from 3% in 2014/15 to 19% in 2020/21.

Apprenticeships are popular locally, particularly in Plymouth which has among the highest levels of participation in apprenticeships at KS4 and Level 3 in the country. Apprenticeship vacancies advertised nationally have recovered to above pre-pandemic levels from a low point of 2,000 in May 2020[51]. The high point in recent years was July 2021 with 19,550 apprenticeships advertised, followed by June 2021 (18,950), August 2021 (17,210) and September 2021 (16,490). This change is also likely to have affected the availability of apprenticeships locally, and will particularly impact areas such as Plymouth, which rely on these opportunities to help young people make a firm foothold in the labour market. Based on the data earlier in the pandemic, the outlook on apprenticeships was bleak, but this option for training looks to be having a strong recovery, which is particularly important considering the severe impact of the pandemic on the employment of young people.

[51] https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2020-21

2.5. Higher Education qualifiers by Sector Subject Area

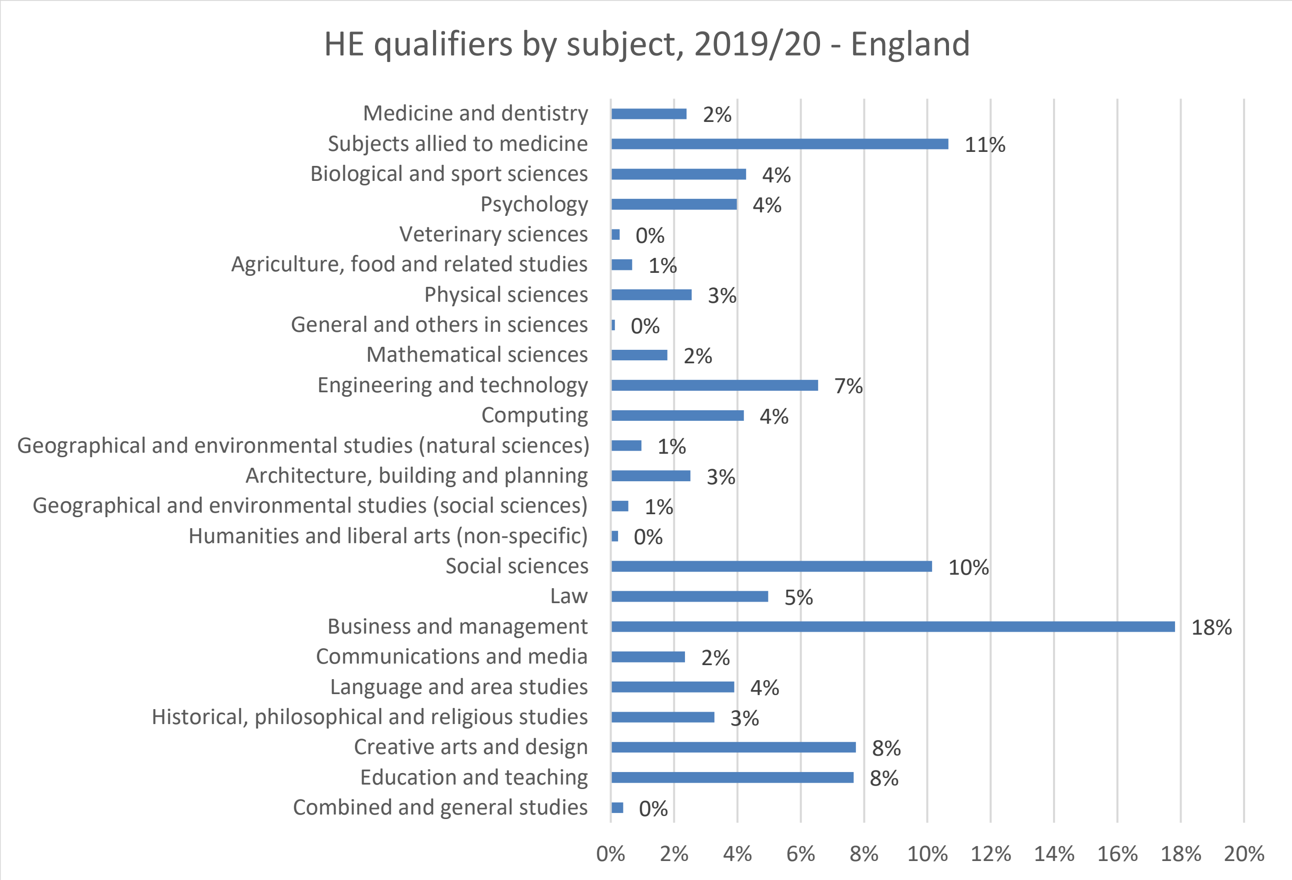


Source: HESA, 2019/20 qualifiers (published 2021), 2020 SAP boundaries

The Heart of the South West is endowed with four higher institutions located in the cities of Plymouth and Exeter, educating around 50,000 students at any one time. Plymouth is host to the University of Plymouth, the University of St Mark and St John, and Plymouth College while the University of Exeter is located 45 miles away in the administrative city of Devon. While the four institutions differ markedly in their offer, their combined offer displays a similar profile across courses as the national average. The most popular five subject areas locally are the same as those nationally but with some differences in ranking beyond the most popular: *business and administrative studies*. The LEP also has a very similar proportion of students to the UK average on STEM related courses at 41%. Differences in the share of students studying each subject area between the Heart of the South West and UK are generally small but with the most notable being:

- Higher proportion of students locally studying languages, education, biological sciences, physical sciences, and psychology

- Lower proportion of students locally studying business and administrative studies, creative arts and design, computing, engineering and technology, law, and architecture, building and planning.



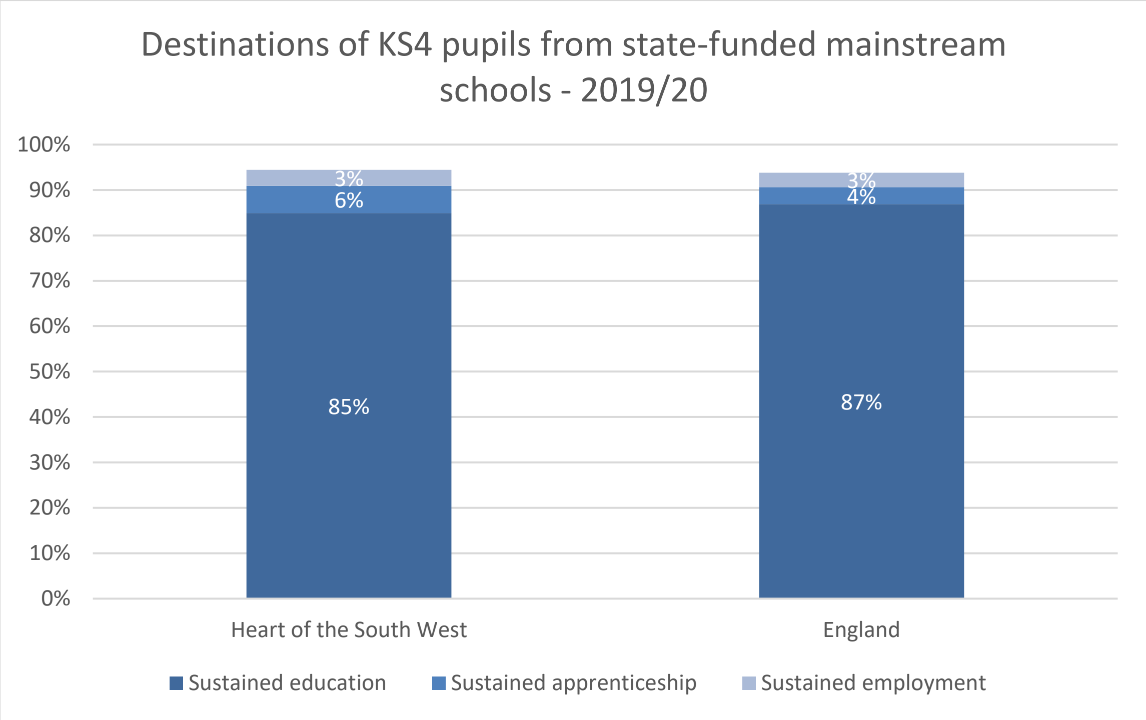
Source: HESA, 2019/20 qualifiers (published 2021), 2020 SAP boundaries

Comparing the distribution of students across subjects with the distribution of employment at RQF level 4 and above across selected professional and associate professional occupations provides a crude assessment of the degree of ‘fit’ between local provision and the needs of the local economy (Figure 18 of Annex B).

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

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

2.6. Key stage 4 destinations

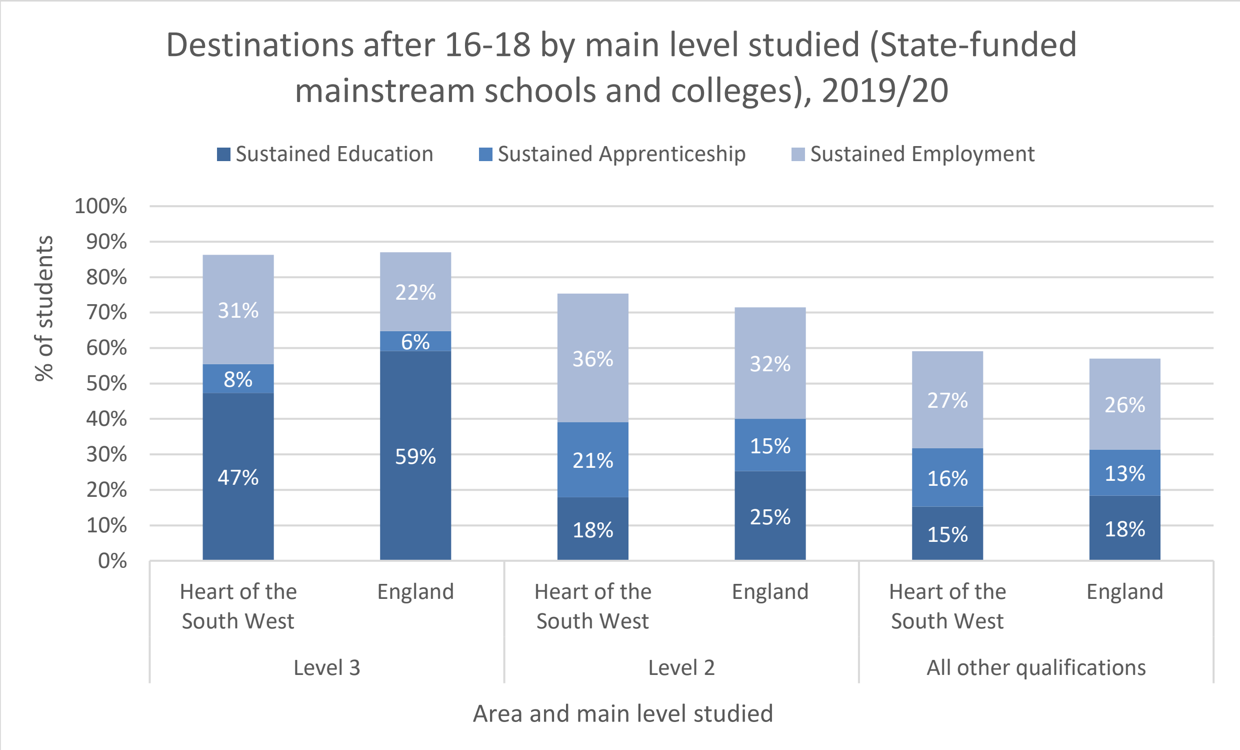


Source: KS4 and KS5 destinations of 2018/19 leavers, DfE (published 2020), 2020 SAP boundaries

As nationally, the vast majority (94%) of local pupils enter sustained destinations after key stage 4. The relative popularity of specific destinations – education, apprenticeships, and employment – follows the national pattern across each of the local authority areas of the Heart of the South West with most pupils electing to continue their education (85%). This is a particularly popular choice among pupils in Torbay (90%). Pupils eligible for free-school meals are typically less likely to remain in education than other pupils. This ‘gap’ in staying on rates is most pronounced locally in Exeter where the difference is 14/2 percentage points, followed by Somerset West and Taunton, where the gap is 11.6 percentage points.

In Devon, Plymouth and Somerset around one-in-ten pupils choose to enter employment with each of these areas successfully securing employment with training for most of these pupils through an Apprenticeship. These positive results notwithstanding, around 720 pupils across the LEP area - from a cohort of more than 15,000 - either entered employment (with or without learning) or had not secured a sustained destination at that time. These young people, who are probably entering the labour market with no or low-level qualifications, or who are possibly already unemployed, face an uncertain future in a labour market that increasing prizes and rewards higher level qualifications.

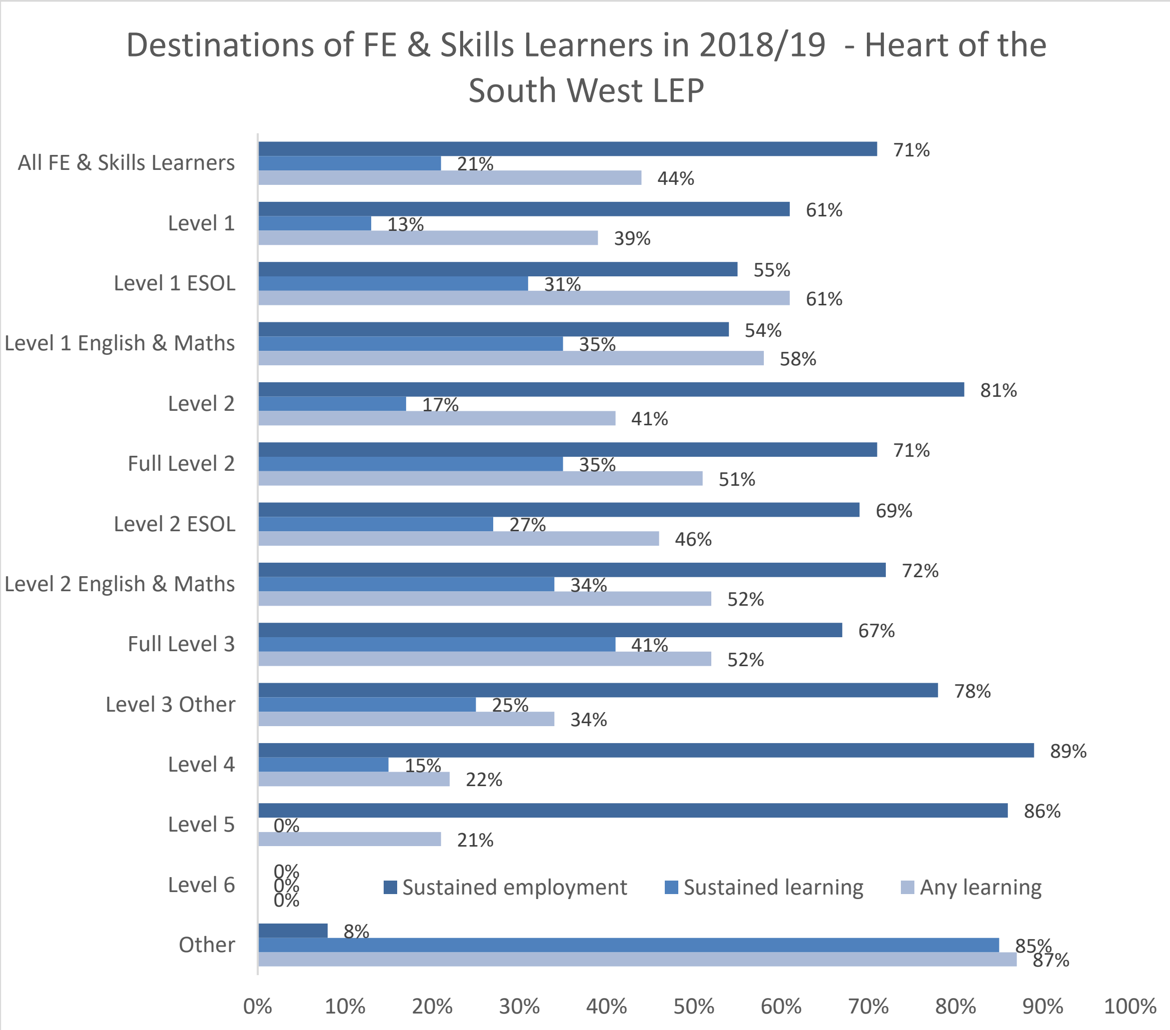
2.7. Key stage 5 destinations



Source: KS4 & KS5 destinations of 2019/20 leavers, DfE (published 2020)

The local area suffers from surprisingly low levels of progression into higher education: less than half (47%) of the Level 3 cohort progressed into higher education in 2019/20 compared to nearly three fifths (59%) of this cohort nationally. All areas within the Heart of the South West have lower than average level of progression into HE, but this is because a higher proportion of leavers are progressing into other sustained destinations rather than a less positive rate of sustained destinations. More than a quarter (26%) of the LEPs 227 MSOAs are in the bottom quintile of MSOAs nationally with the lowest rates of progression, and only 4% fall into the top quintile.

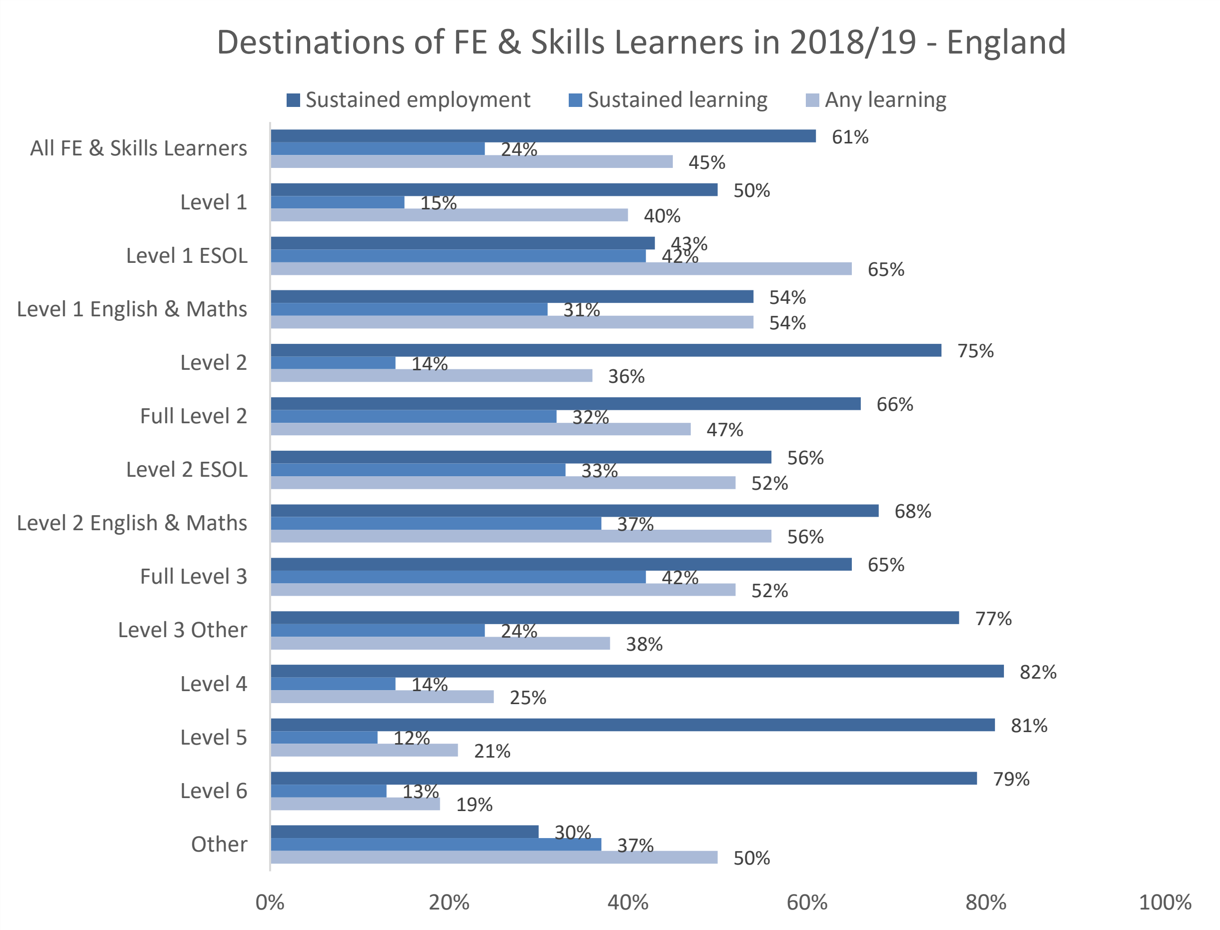
2.8. Outcomes for adult FE and Skills learners



Source: FE outcome-based success measures, 2017/18 achievements, DfE, (published 2020), 2018 LEP/MCA boundaries

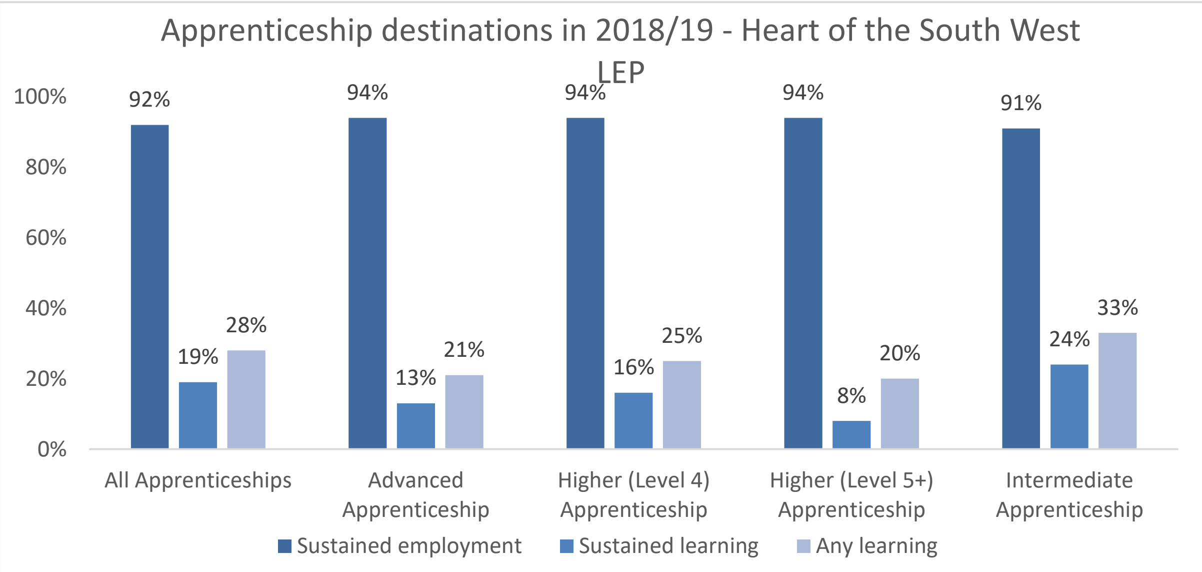
Most learners accessing government-funded further education and skills provision at ages 19 and over progress into sustained employment, with this outcome becoming progressively more likely with increases in the level of qualification studied. Thus, learners achieving a Level 4 qualification are significantly more likely (89%) to enter sustained employment than those achieving an Entry or Level 1 qualification (61%). At each level, learners in the Heart of the South West are more likely than the England average to be in sustained employment.

Almost half of learners (44%) participate in any learning – sustained or otherwise – and 21% enter sustained learning locally. Learners at almost all levels in the Heart of the South West are less likely to enter sustained or un-sustained learning than the national average.



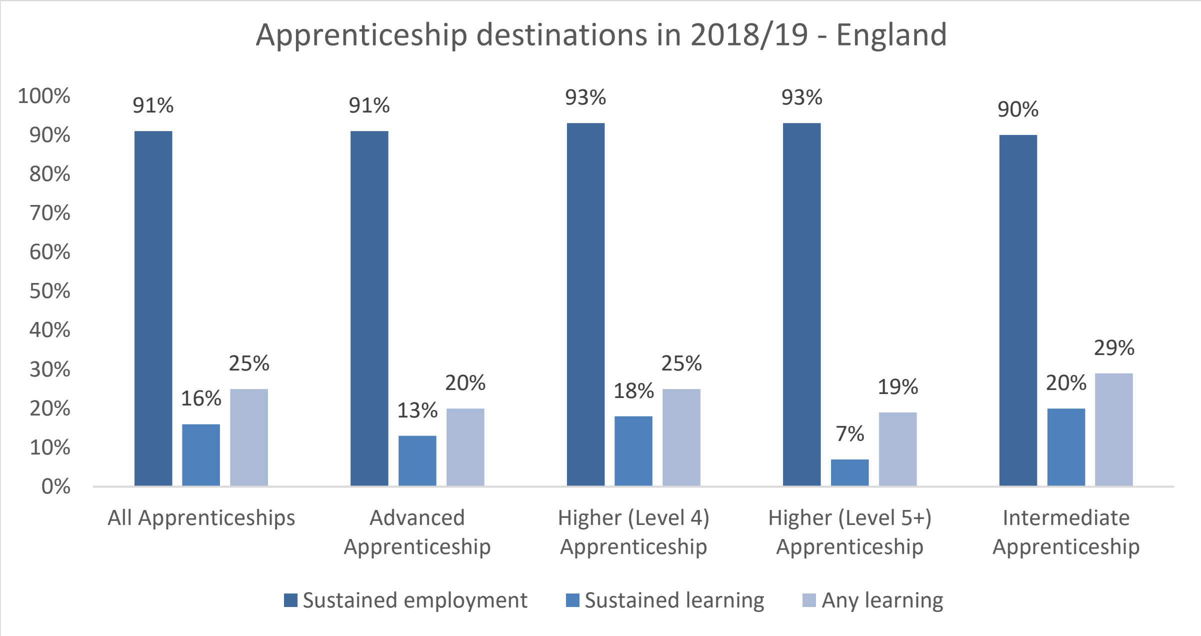
Source: FE outcome-based success measures, 2017/18 achievements, DfE, (published 2020), 2018 LEP/MCA boundaries

2.9. Outcomes for apprenticeships by level



Source: FE outcome-based success measures, 2017/18 achievements, DfE, (published 2020), 2018 LEP/MCA boundaries

The Apprenticeship programme is being delivered very successfully locally, as demonstrated by the high percentages of apprentices being in sustained employment following completion of their framework (92%). Data is not yet available to look at the impact of the pandemic on apprenticeship destinations.

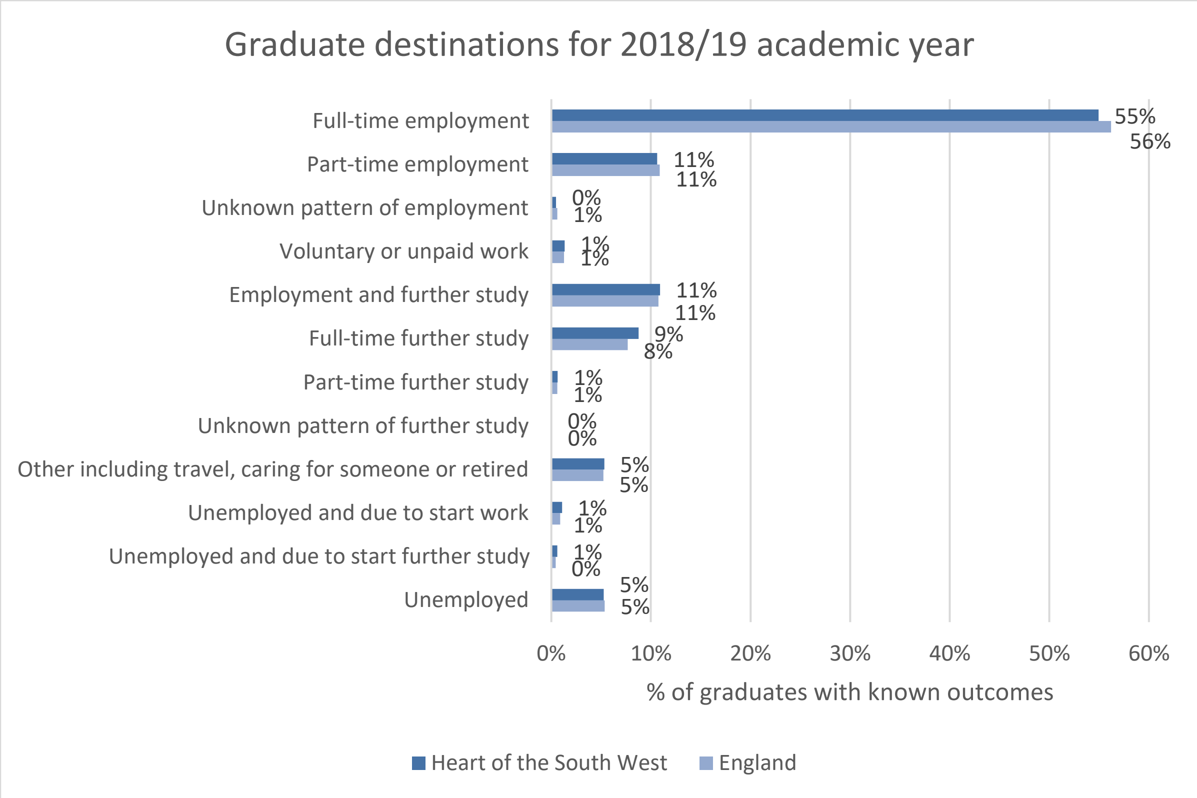


Source: FE outcome-based success measures, 2017/18 achievements, DfE, (published 2020), 2018 LEP/MCA boundaries

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

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

2.10. Higher Education graduate activities



Source: HESA, 2018/19 graduates (published 2021), 2020 SAP boundaries

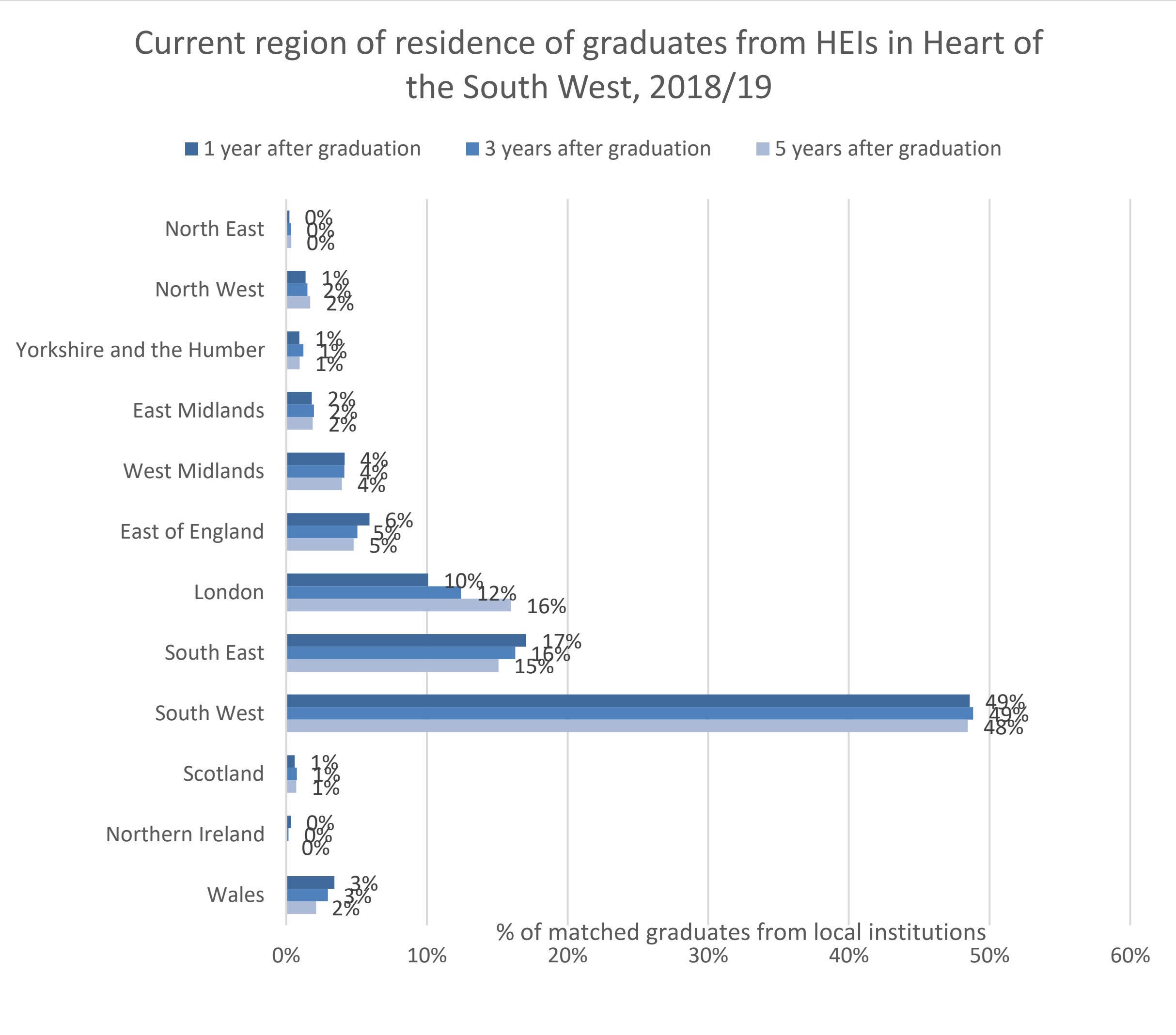
Destinations are known for around half (51.6%) of students graduating from HEIs in the Heart of the South West in 2018/19. As nationally, the vast majority of graduates were in work and/or further study 15 months after graduation (87%), although the patterns of destinations varied by institution reflecting in part the share of undergraduates among the cohort of leavers (since many of these will progress into further study rather than enter employment).

Salaries earned by graduates of HEIs in the Heart of the South West compare favourably with the England average. The median undergraduate salary is £24,000 to £26,000 a year, with almost one quarter (23%) of graduates from local HEIs earning this sum (compared to 21% of students nationally). Local graduates are as likely as those nationally to be earning more than the median salary (33%) and are less likely to be earning less than £24,000 a year (44% compared to 47%). Within the LEP area, median earnings were higher among University of Exeter graduates (£32,100) than those attending the University of Plymouth (£24,100) or The College of St Mark and St John Foundation (£21,500)[52].

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

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

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



Source: Graduate Outcomes in 2018/19, DfE, (published 2021), 2020 SAP boundaries

Analysis of graduate mobility flows undertaken by the Higher Education Funding Council for England in 2017 found that almost two-thirds of students move away from their home LEP area to study, but nearly 50% return after graduation. The fact that many graduates return to their home region to work explains some of the disparity in graduate retention rates by higher education institutions in the Heart of the South West, and in particular the finding that the Plymouth-based institutions retain a significantly greater share of graduates within the

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

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

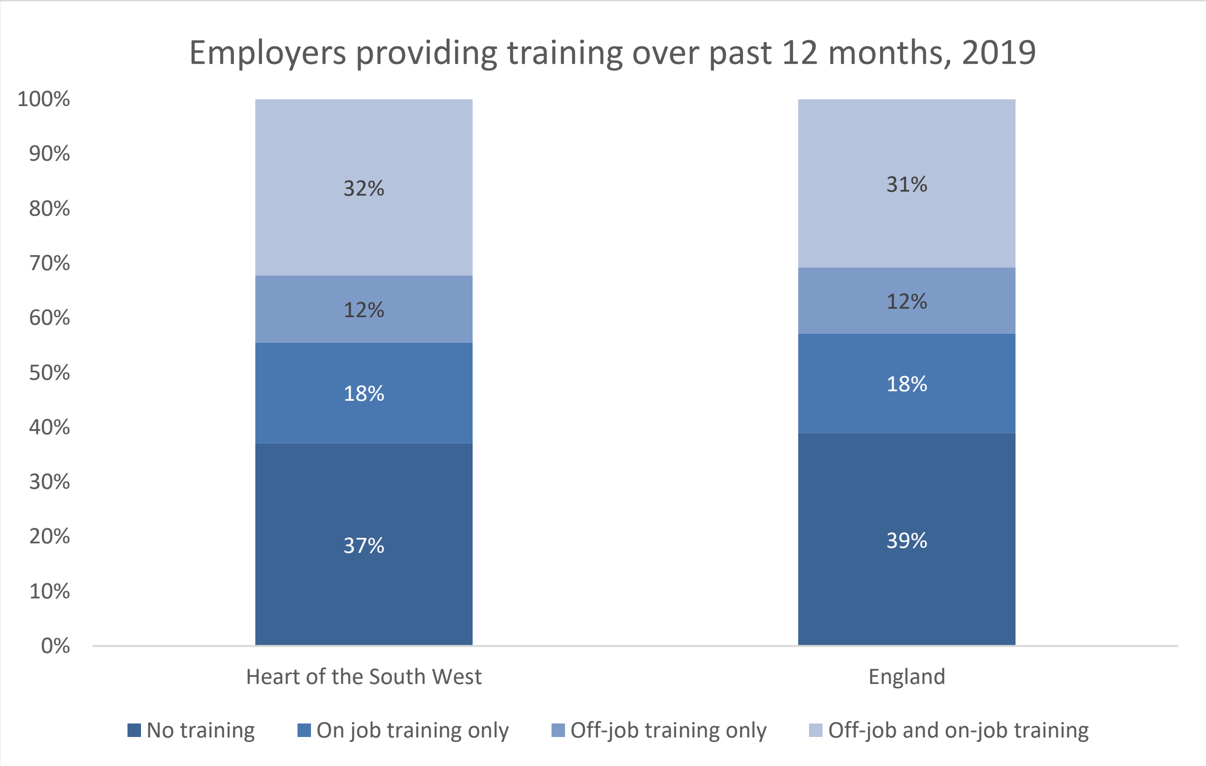
South West of England than the University of Exeter. For example, more than half (54%) of University of Exeter graduates in 2017/18 who had graduated five years prior, were living in London or the South East, compared to one-fifth (20%) of University of Plymouth graduates. Across all institutions in the Heart of the South West around half of graduates are retained within the wider region but almost a third (31%) are ‘lost’ to London and the South East.

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

2.12. Employer provided training over the last 12 months

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

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



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

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

Observations about the nature of this training includes:

- For the most part, training tends to be job-specific followed by health and safety or first aid training, and basic induction training. More specialised training (for example, training in technology or management) tends to be less commonly offered.
- Less than one-fifth (18%) of learners trained towards a nationally recognised qualification (a similar proportion to the national average), most often at Level 3 or 2.
- Almost all employers providing off-the job or external training used “non-public” providers to do so, most commonly commercial organisations such as consultants or private training providers. Employers are much less likely to have used “public” providers and were less likely to do so than the national average.
- Less than one-in ten (8%) employers had experienced any skills and training related issues in the last 12 months which may have required external information, advice or

practical help but had not sought or received any advice on these issues. Those that had received advice had most often sought this from private training providers or employer collectives or representatives.

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

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

3. SKILLS DEMAND

3.1. Overview

While it is too early to identify the long-term impact of the Covid-19 pandemic on local headline measures of *labour* demand, economic forecasts have moved from generally pessimistic to moderately optimistic[56][57]. In the short-term, skills demand has spiked noticeably across most sectors, in part due to economic disruption from both the pandemic's direct impact on businesses and the creation of the so-called 'Great Resignation'[58], as well as changes in the labour market. Redundancy rates and take-up of Government job retention support suggests that the pandemic disproportionately affected demand for customer-facing sectors but also construction and manufacturing. Demand for occupations related to health and care remains strong, especially in the face of reported problems with burnout across the sector[59]. The pandemic is likely to have further increased the need for digital competencies and pre-existing need for enhanced leadership and management skills. As technology plays a growing role in work, uniquely human personal skills will become increasingly important.

Longer-term, skills demand will continue to be shaped by mega trends such as technological change, globalization, climate change and demographic change with the pace of these changes potentially accelerated due to the Covid-19 pandemic. Employment projections for the Heart of the South West predict that while there will be a net requirement for workers with qualifications at all levels from Level 2 upwards, expansion demand is concentrated solely among occupations requiring higher education qualifications[60]. Opportunities for those with lower or no qualifications are expected to diminish.

Patterns of employment change by occupation are such that Health and social work is predicted to create more 'new' jobs than any other sector locally over the next 10 years, and has notable skills shortages and gaps within the sector even now. Professional[61] and support[62] services and information technology are predicted to be key source of job growth locally over the next 10 years. Accommodation & food and arts & entertainment, along with other services and wholesale & retail trade were also predicted to create new opportunities over the next 10 years. Construction, a sector that currently has the second highest redundancy rate, nationally is predicted to increase employment locally. Most of the increase is anticipated to be at professional and associate professional and managerial level, although demand for construction trades will also increase. Other sectors are

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

[57] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1017850/Forecomp_September_2021.pdf

[58] https://www.theguardian.com/money/2021/nov/01/the-great-resignation-almost-one-in-four-workers-planning-job-change

[59] https://committees.parliament.uk/publications/6158/documents/68766/default/

[60] At RQF Level 4 and above.

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

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

anticipated to reduce employment overall although there will still be replacement demand. For example, the total requirement for science, research, engineering and technology professionals and associate professionals is expected to increase by 19,000 and the requirement for skilled trades[63] by 10,000 over the 10-year period covered by the projections.

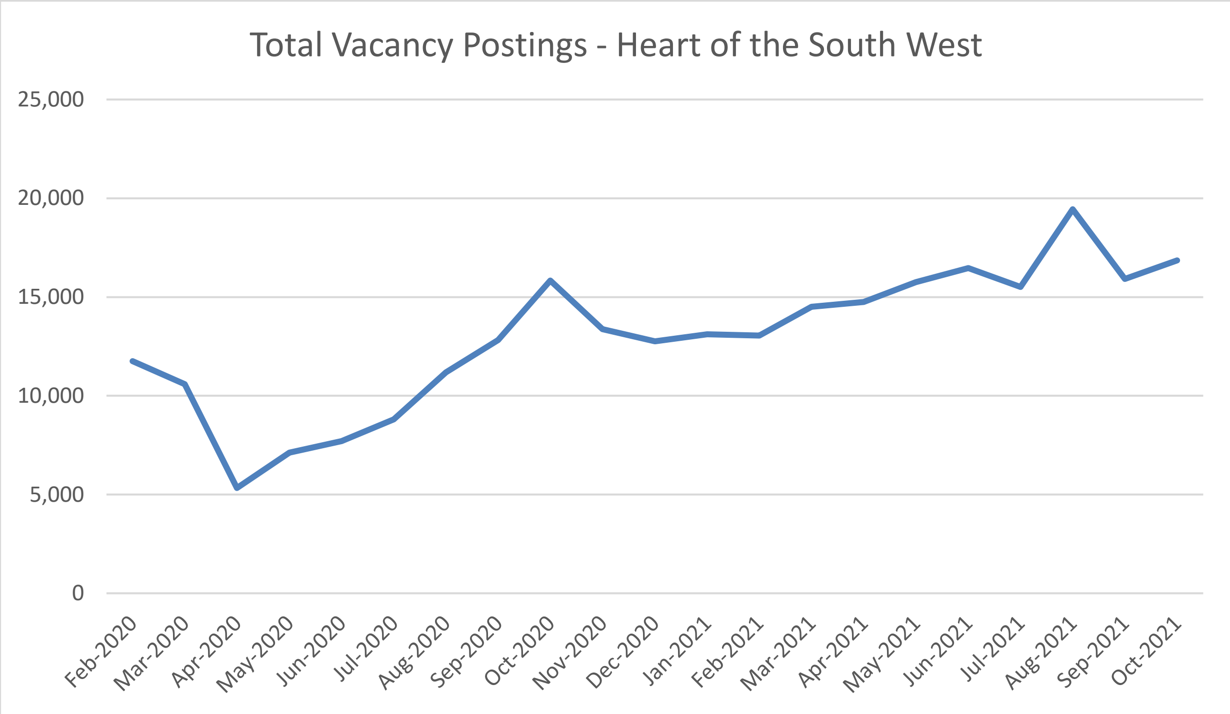
3.2. Number of vacancies by sector

The Employer Skills Survey 2019 shows that the rate of establishments with any vacancies in the Heart of the South West is in line with the national average (both at 17%)[64]. The number of vacancies as a percentage of all employment (3%), rate of establishments with a skills shortage vacancy (6%), and number of skills gaps as a percentage of employment (5%) are similarly equal to the English figure. However, the survey reveals that the Heart of the South West faces a higher rate of establishments with hard to fill vacancies (9% compared to 6% nationally) and rate of establishments with any staff that are not fully proficient (16% compared to 13% nationally). While the HotSW does not experience an overrepresentation of overall vacancies, the region does face more challenges than average around finding skilled recruits. Since figures for the amount of training provided are roughly the same as the national average, this suggests that employees in the HotSW require more training than average to bridge the skills gap, indicating a greater skills shortage than in the rest of England.

The sector breakdown in the ESS demonstrates that the sectors with a highest demand for skills are hotels & restaurants, health & social work, manufacturing, information & communications, and education. Around a third of establishments in the health & social work sector and hotels & restaurants in the Heart of the South West have vacancies. Over a quarter of education establishments, and a fifth of manufacturing, information & communications, and transport & storage establishments also had vacancies. Of these, the health & social work sector and hotels & restaurants reported the highest number of hard-to-fill vacancies at 19% and 17%, respectively. Hotels & restaurants also have the highest percentage of establishments with staff that are not fully proficient (26%), closely followed by the education sector at 24%. Other sectors reporting unproficiency of staff include financial services (19%), manufacturing (19%), wholesale & retail (18%) and transport & storage (17%).

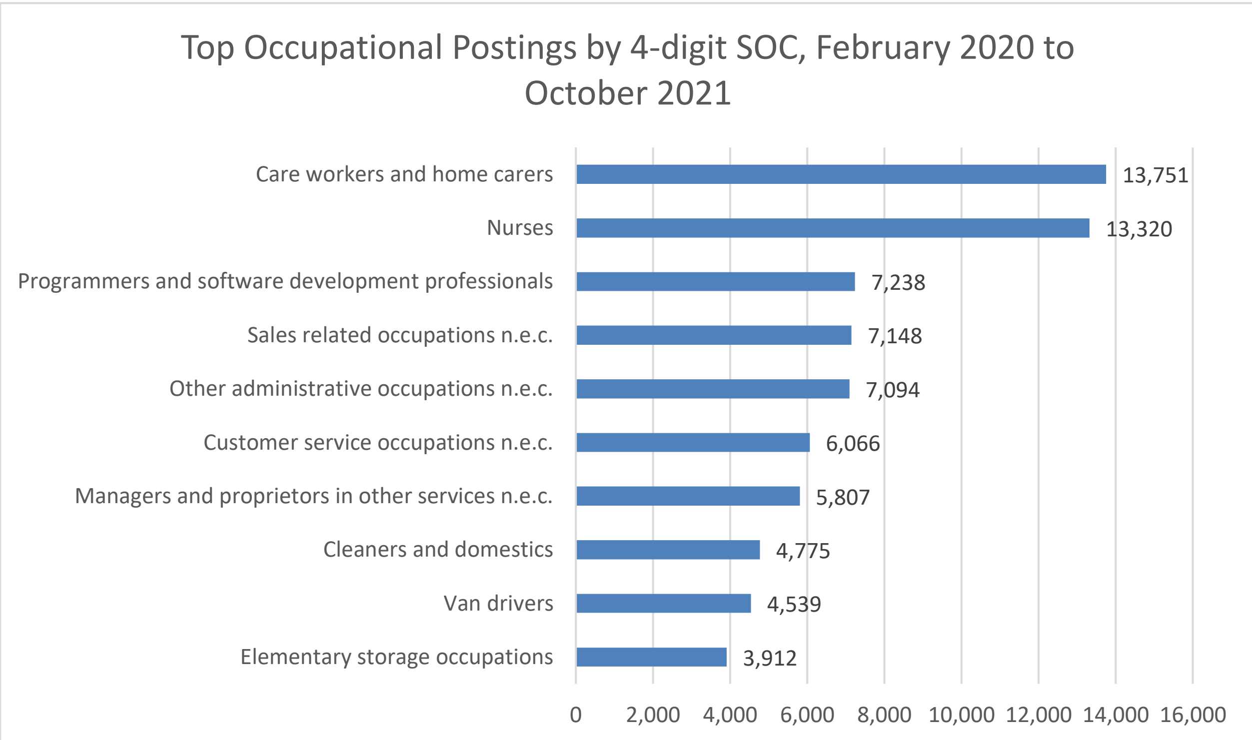
[63] other than construction and building trades.

[64] Employer Skills Survey, 2019



Source: Burning Glass – Labour Insights – February 2020 to October 2021

According to Labour Insights, an online vacancy data source, there were over 13,000 unique job postings in the Heart of the South West in January 2021. At this time, the most common job postings across the LEP area were:



Source: Burning Glass – Labour Insights – February 2020 to October 2021

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

While the number of job postings tends to fluctuate from month to month, the data suggests that recruitment activity across the Heart of the South West had slowed long before the Covid-19 pandemic precipitated a decline in the volume of vacancies in the weeks following the introduction of the national lockdown in March 2020. The progression of vacancy availability according to Labour Insights since 2012 is shown in Figure 36 of Annex B.

This decline in recruitment activity is also reflected in the UK ESS 2019 which identified almost 20% fewer vacancies in 2019, than two years previously[65]. Our analysis of job postings immediately after the first lockdown and the recovery period to September 2020 (See Annex B – Table 22) shows that while the number of jobs postings for each occupation fell between March and April, they have subsequently increased, and in most cases exceed pre-lockdown levels in September. Job areas that have recovered most strongly since lockdown include:

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

Despite the further lockdown measures, the recovery built on the trends observed in September 2020, and most sectors have recovered to above their pre-lockdown vacancy levels in the Heart of the South West, with the exception of personal services. Recent headlines have featured the dramatic upswing in vacancies and array of skills shortages across the country, with particular focus on HGV drivers, retail, and hospitality, on top of existing difficulties such as care recruitment. This directly contrasts with previous concerns about low vacancies and high unemployment in light of the pandemic.

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

3.3. Highest and lowest sectors by forecast growth

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

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

Employment projections published before the pandemic and based on assumptions of a managed Brexit expressed concern about the economic impact of Brexit, suggesting that the 'total requirement' for workers locally will increase employment by 321,000 between 2017 and 2027. The majority of the change stems from the need to replace existing workers (297,000) rather than 'expansion demand' (25,000) which increases the overall number of people in employment. Over the pandemic, the number of EU27 nationals working in the UK contracted by approximately 250,000, but the number of non-UK nationals working or looking for work had increased by approximately 100,000 compared to the quarter after the Brexit referendum.

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

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

Comparing data for workforce jobs for the South West between December 2019 and June 2021 reveals the impact of the pandemic on the number of jobs in each sector[66]. Sectors that have shrunk the most in terms of number of jobs are agriculture, forestry & fishing (-29%), arts, entertainment & recreation (-16%) and other service activities (-13%). The only sectors to have increased the overall number of jobs are real estate activities (25%), electricity, gas, steam and air conditioning supply (17%) and public administration and defence (6%). Although how lasting these changes will be remains to be seen, the figures

[66] Workforce jobs by region and industry, ONS, 2021 Accessed at: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05

reveal which sectors have experienced a growth in jobs and therefore have had the highest demand for skills during the pandemic.

3.4. Highest and lowest occupations by forecast growth

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

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

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

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

Due to its older than average demographic combined with a higher-than-average proportion of disabled people, the Heart of the South West has high demand for care, and this is projected to be a major increase in the coming years. Demand for other health related occupations is also expected to be high: additional impact may be expected from the coronavirus pandemic as well as the demographic shifts of an ageing population.

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

The projections described above reveal a growing 'total requirement' for qualifications at each qualification level at Level 2 and above but particularly at Level 6 and 7[67] (Annex B section 3.4.4). The demand for level 2 and 3 qualifications is solely to replace existing workers, however, with the total number of people in the workforce with these as their only qualifications expected to fall. Opportunities for workers with no qualifications or those at Level 2 is anticipated to reduce over time.

3.5. Skills that need developing

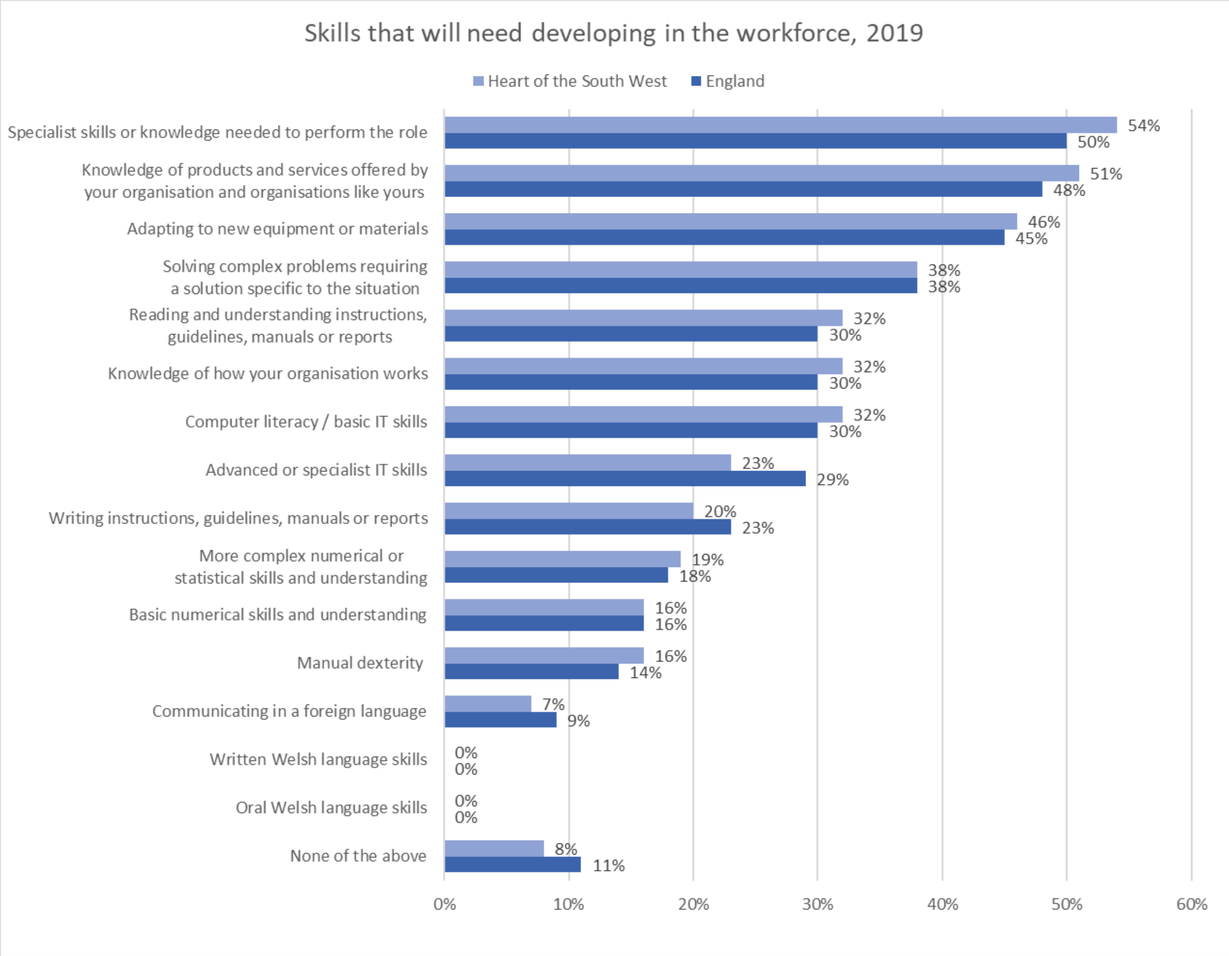
Most local employers (60%) participating in the UK Employer Skills Survey could identify at least one occupation area in which there was a need to develop skills and knowledge in future - most commonly Managers. The skills needing developing were numerous but were most commonly specific to the job or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

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

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

- New legislative or regulatory requirements (39% of all establishments)
- Introduction of new technologies or equipment (39%)
- Development of new products and services (33%)
- Introduction of new working practices (33%)
- Increased competitive pressure (21%)
- The UKs decision to leave the EU (16%)

[67] First and higher degree.



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

Our research brief on the future of work (Summarised in Annex B section 3.4.3) identifies strong demand nationally for skills in: data engineering, IT security systems, marketing research, app development and web development[68]. Furthermore, World Economic Forum (WEF) research[69] states that the Top 10 skills that will be in demand in the near future are: complex problem-solving; critical thinking; creativity; people management; coordinating with others; emotional intelligence; judgment and decision-making; service orientation; negotiation and cognitive flexibility.

The New Economics Foundation (NEF) reports on research conducted by the London School of Economics on the skills needs for a green recovery in Wales[70]. The report suggests that 20% of jobs in Wales are directly exposed to the shift to a zero-carbon economy, and that 9.6% will require some form of reskilling for the adjustment. Investment in green industries is expected to create at least 45,000 direct jobs and over 60,000 indirect jobs by 2022. These include engineering and construction jobs (e.g. retrofit insulation of housing, installing renewable energy systems), research and development, and land management roles supporting reforestation and natural flood defence. Many of these industries are ones with existing skills needs in the Heart of the South West, such as the

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

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

[70] Skills Through Crisis; Upskilling and (re)training for a green recovery in Wales, New Economics Foundation, December 2020

manufacturing and construction sectors. Data from the Employer Skills Survey shows that 21% of organisations in the manufacturing sector, and 13% of organisations in the construction sector had vacancies in 2019, higher than the average for England for both[71]. Around 1 in 10 vacancies in both sectors were hard to fill. In terms of proficiency of existing staff, the manufacturing sector reported more establishments with unproficient staff (19% compared to 12% in construction).

A report by the Green Jobs Taskforce, set up by the UK Government to help support the transition to a net-zero economy, classified three categories of green job: Directly Green, those that meet the needs of the green economy; Transition Green, existing jobs that require significant changes knowledge as a result of greening; and Boosted by Green, existing jobs in the supply chain that are likely to see greater demand but do not require skills changes[72]. Using the same evidence as the NEF,the report suggests that one in five jobs will experience a demand growth or reduction (~10 per cent growth and ~10 per cent reduction). The 10 per cent facing a reduction in demand will need to be retrained and upskilled.

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4. MATCHING SUPPLY AND DEMAND

4.1. Overview

The CIPD recently described the Heart of the South West as being in "skills surplus[73]": a situation of high supply and low demand for skills. Our analysis suggests that the picture is rather more complex than this with inter-dependencies between local labour markets highlighting the need for a strategic and nuanced approach to tackling weak demand for, and poor utilisation of skills across most – but not all – of the LEP area. These disparities largely consist of situations of: high supply and high demand for skills in Exeter (i.e. "High-skills equilibrium"); low demand and low demand for skills in Somerset, Plymouth, and Torbay (i.e. "Low skills equilibrium"); and high supply and low demand for skills across the rest of Devon (i.e. "Skills surplus").

ONS data shows that there are higher levels of qualifications in some areas of the Heart of the South West than others. The areas with the highest proportion of people educated to NVQ4+ level are Exeter (50.6%), Mendip (46.3%), South Hams (46.1%) and Somerset West and Taunton (43.6%)[74]. However, these areas also have higher rates of unemployment than the HotSW average of 4.0% at 4.6% in Exeter, 5.0% in Mendip, 6.6% in South Hams, and

[71] Employer Skills Survey, 2019

[72] Green Jobs Taskforce Report, The Green Jobs Taskforce, July 2021, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003570/gjtf-report.pdf

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

[74] Annual Population Survey, ONS, 2021

4.2% in Somerset West and Taunton[75]. This suggests that parts of the Heart of the South West have a skills surplus, with a high supply of but low demand for skills.

Skills gaps and skills shortages do exist locally but tend to be concentrated in specific occupations and industries. More specifically

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

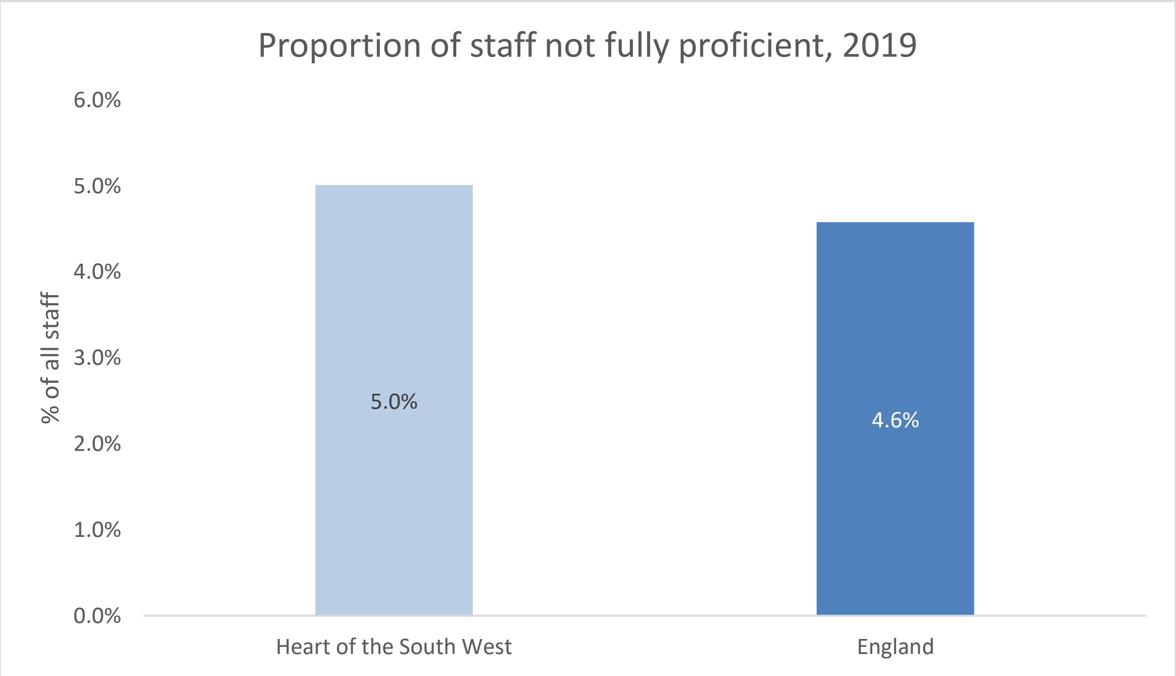
Most of the occupations and industries that have the highest incidence of skills shortages account for a relatively small share of the staff affected. The notable exceptions include *Health and social work* which accounts for a quarter of skills shortages followed up in the survey. Hotels & restaurants (15%) and wholesale and retail (14%) account for the next largest shares but have average incidence of skills shortages. Analysis of learner achievements suggests that there is potential to encourage more young people to access training opportunities that could lead to employment within health and social work. The share of apprenticeships already broadly mirrors the share of employment in these occupations but the number of adult FE achievements and higher education qualifications in somewhat lower.

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

[75] Annual Population Survey, ONS, 2021

4.2. Proficiency of the workforce

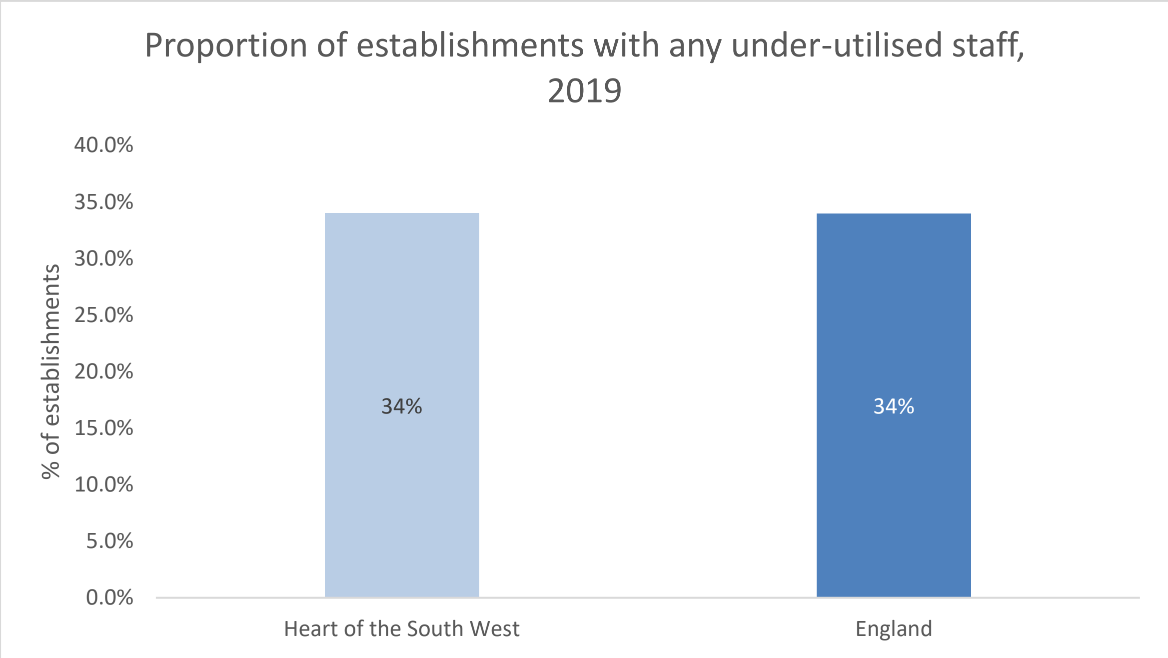
Possibly reflecting the lower qualification profile of the local workforce, local employers (16%) are more likely than the England (13%) average to report that they have a least one employee who lacks the required proficiency or proficiencies to fulfil their role effectively. Or in other words, they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



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

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

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



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

Further results from the Employer Skills Survey show that 41% of staff have qualifications more advanced than required for their current job role in the Heart of the South West, compared to 42% nationally.

Research by Keep [76] and Wright and Sissons[77] suggests that between 35 per cent and 45 percent of individual workers believe that they have skills that were not being fully used at work. The CIPD[78] notes that:

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

CIPD argues that Government policy that focuses on the supply-side is underpinned by the by the flawed assumption that simply delivering higher level skills into the local economy will result in employers offering employment that requires these skills, moving up the value chain

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

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

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

and enhancing productivity. The inference is that any response to regional skills challenges must go beyond exhorting or incentivising the supply side to behave differently and should extend to a consideration of management practices and the extent to which these fully exploit the skills already available.

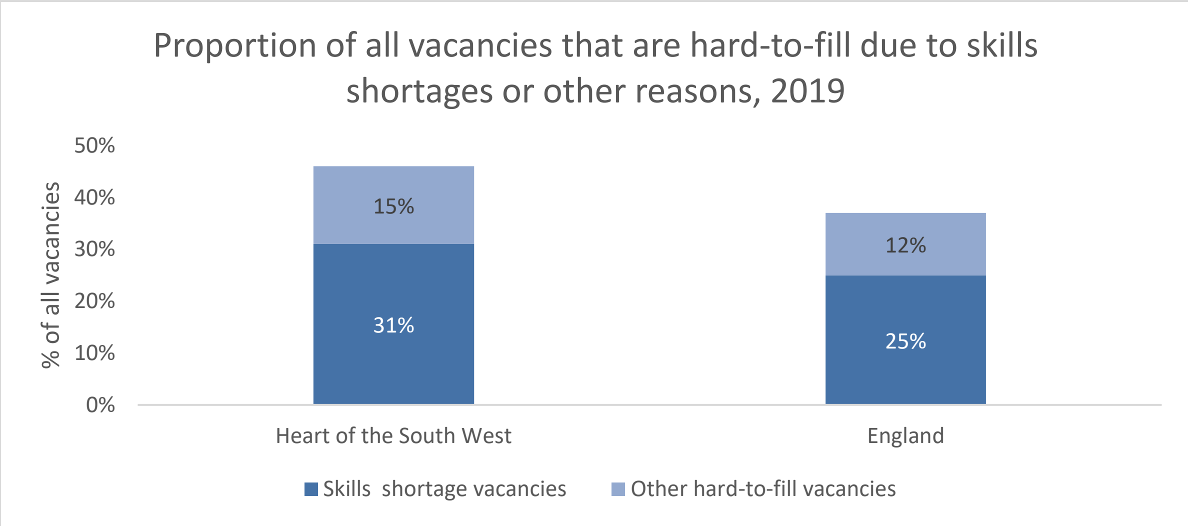
The OECD Local Economic and Employment Development programme has been particularly influential in pressing the case and has argued that policies to tackle skills mismatch include improved job design, human resource management and businesses' product market strategies. Further, these should be focused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

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

4.3. Hard-to-fill and skills shortage vacancies

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

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



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

While there were fewer SSVs in 2019 than in 2017 they account for a growing share of vacancies reflecting the tightening of the labour market at the time of the UK ESS in terms of a continued reduction in unemployment and reduced access to migrant labour since 2016. Contextual factors can also affect the ease with which an employer can appoint the staff they need. Prominent among these, is the issue of 'remote location or poor public transport' which is cited by more than one-fifth (22%) of employers experiencing recruitment difficulties[79]. Three factors may underpin the recruitment difficulties observed in the Employers Skills Survey:

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

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

costs relative to earnings can also prohibit young people from accessing employment opportunities and render part-time jobs uneconomic.

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