

**Open Report on behalf of Richard Wills,
Executive Director for Environment and Economy**

Report to:	Environment and Economy Scrutiny Committee
Date:	17 July 2017
Subject:	Future Skills and Employment Needs

Summary:

From 2014 – 2024 it is predicted that around 200,000 jobs will need to be filled locally. Businesses tell us now that 'skills gaps' are one of their barriers to growth, so ensuring that individuals have the right kinds of skills and qualities for local jobs is an important objective.

This paper provides members with an update on the work that officers have done to address this and highlights what still needs to be tackled for individuals to benefit from the job opportunities that will be available in the future.

Actions Required:

Members of the Environment and Economy Scrutiny Committee are invited to note the different factors that need to be tackled to address the 'skills gap' challenge, and:

- 1) Support and publicise the current programme that will support over 5,000 people;
- 2) Support the work being undertaken in continuing to tackle 'skills gaps', and to extend the existing central government and EU funded programmes that we commissioned if there is an opportunity to do so;
- 3) Consider what should be done when EU funding ceases.

1. Background

Ensuring that individuals have the right kinds of skills and qualities to fill local jobs is an important objective if we want the local economy to thrive. From 2014 – 2024 it is predicted that around 200,000 jobs will need to be filled locally, with fewer jobs available for people with no qualifications.

Businesses tell us that 'skills gaps' are one of their barriers to growth. When they say this they mean that they struggle to recruit people to fill vacancies with the right kind of skills and qualities.

Individuals, on the other hand, do not always make informed decisions or choices about their education and areas of study in relation to future jobs, because they lack good quality, accurate information about the world of work and current and future local job opportunities.

Furthermore, due to the way Further Education and Adult Education is nationally funded and measured, the education and training that is delivered may have little connection to the kinds of jobs that are available locally, because training courses tend to be delivered as a result of demand of the learner. Courses that have greatest demand are more financially viable to deliver.

The current emphasis on Apprenticeships changes this, and demand for training is placed with the employer and jobs.

Government has asked LEPs to consider developing outcome agreements with local Further Education Colleges to ensure that local community and employer needs are better met.

Around £12million of funding is available for training of Lincolnshire adults and around £14million for Apprenticeships annually. Lincolnshire County Council receives £1.6m of this and commissions a range of training to meet local need.

What are the future skills needs?

We know that there will be:

- Increased demand for qualifications that are higher than those currently held by the local population across all of these sectors. This challenge is exacerbated by an ageing workforce, as skilled and experienced workers retire. Whilst this is a national challenge it is a bigger one for Greater Lincolnshire.
- Fewer jobs available for those with no qualifications, particularly as the introduction of automation of manual and unskilled work gains pace. This is a UK-wide phenomenon but more acute in Greater Lincolnshire because it has a higher proportion of 16-34 year olds with no qualifications.
- Increased demand for machine operatives and skilled trade occupations, and for a range of level 3 technical and associate professional technical roles, generally in those industries that are also forecasting increased demand at level 4 and above, (manufacturing, health and care, transport and logistics, accommodation and food, agriculture and food, construction and retail).

Analysis of employer demand through advertised job vacancies during 2015/16, shows that 'technical' job vacancies amount to around four in ten (42%) of all of the skill-shortage vacancies in Greater Lincolnshire across all occupation groups. (Technical = Machine Operatives, Skilled Trades and those that are technical within the Associate Professional Standard Occupational Classification).

The challenge of filling skills trades occupations is cross-sector, and almost two out of three vacancies (64%) for skilled trades roles were hard to fill due to a lack of skilled applicants. This was far higher than the UK average of 43%.

What we are doing

To address this problem we therefore have three strands of work:

- Work with business and use our research resources to understand where the skills gaps will be;
- Provide young people and parents about future job opportunities and skills needs, including tackling perceptions that persist about some of our largest sectors;
- Commissioning and influencing training provision to tackle gaps;

The Employment and Skills Board (ESB) is part of the LEP, and Government sees LEPs as the way to communicate with local areas. The ESB provides a voice for local employers who want to make sure that national skills and training budgets better reflect what is needed to fill job vacancies.

Through the work of the Board we created a Skills Strategy, which highlights the challenges outlined in the previous section. This has resulted in us commissioning a number of training schemes and programmes locally using £12m EU funds and national training budgets as match funding.

These include:

Skills Support to the Workforce: training for employees to help them progress within the workplace. Around 300 employees a month are being signed up to this programme, and over 300 employers have participated since it began in December 2016.

The World of Work: a new website is due to be launched in October this year that will provide up to date and local information about employers, sectors and industry in Lincolnshire. The site is developing well and employers are actively contributing content for the site.

Specialist Skills Advisor Programme: in-depth practical support for employers to help them articulate their skills needs, and to solve some of the problems they have in overcoming persistent skills gaps.

Industry Teaching Programme: providing employers with the skills they need to deliver industry masterclasses in local Colleges, enhancing the curriculum, ensuring that training is up to date and relevant.

We work directly with the match funding body, the Skills Funding Agency, to monitor progress. Schemes like this often take time to build momentum, and we're pleased with progress of most of them so far.

These schemes will run until July 2018. We do not know if there will be an opportunity to extend them.

2. Conclusion

It is important that businesses and individuals take advantage of these programmes while they are available and support to promote them would be welcomed.

The skills challenge is not going away in the short term, but EU funds will stop. It is important that EU funds that should be available until 2020 are not frozen so that we can continue to share local training schemes.

3. Consultation

a) Have Risks and Impact Analysis been carried out??

N/A

b) Risks and Impact Analysis

N/A

4. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Justin Brown, Commissioner for Economic Growth, who can be contacted on 01522 550630 or Justin.Brown@lincolnshire.gov.uk .