

## **BUSINESS SKILLS AND TRAINING REVIEW**

### **1.0 Purpose**

- 1.1 To provide Scrutiny members with an overview of the skills levels and gaps within Buckinghamshire, including Aylesbury Vale, and identified needs of businesses arising from a recent skills audit undertaken by the Buckinghamshire Business First (BBF).
- 1.2 To hear from our most recent inward investment business, Arla Dairies, on its plan for recruitment and what it needs to establish the production plant here in Aylesbury Vale, describing its experience and progress to-date.
- 1.3 To understand what a range of local providers are doing to respond to the skills and training needs of our future workforce and preparing them for business, as well as how they are currently responding to existing business and workforce development needs.

### **Recommendation**

That Scrutiny Committee is asked to:

- 1.1 Explore further with partners what the significant gaps are in the skills pool in Buckinghamshire and Aylesbury Vale, and how that might impede the growth of existing businesses located in the Vale and deter future inward investors from locating to the Vale  
  
Examine what the Council and other stakeholders need to do to further assist in delivering education and skills training, which is 'fit for purpose' and ensures young people have appropriate 'work readiness' skills
- 1.2 Propose what else the Council and partners might consider addressing by way of support or intervention now and in the future.

### **2.0 Summary**

- 2.1 Members received a report at the last scrutiny committee on 4<sup>th</sup> February 2013 which set out the proposed focus for the discussion at the 25<sup>th</sup> March 2013 meeting. This was to provide information on the current provision of education and skills training in Buckinghamshire and hear from a major business, following reports that local businesses were finding it difficult to recruit staff with suitable skills. Some Members reported that anecdotal evidence suggested that many applicants lacked even the basic literacy skills.

To determine the true position, it was proposed to conduct a scrutiny review that identified the skills needs of Aylesbury Vale businesses and examined the type and level of education and skills training that were provided by our local education institutions and skills training organisations. The intended outcome being to understand the most significant education and skills training issues impeding future employment growth. Other matters discussed during the meeting on 4<sup>th</sup> February will be considered at a future skills review meeting.

As discussed previously, it is proposed that the partners will set the scene as to what they are doing to respond to issues and business needs. The running order for the skills session is as follows, with each partner aiming to give a short overview:

1. Overview of Buckinghamshire education and skills, including issues BTVLEP are addressing - Heather Dean, representing BTVLEP and Bucks Business First (BBF)
  2. Christopher Edwards, Technical Competence Development Manager, Arla Dairies – plans and experience to-date of establishing themselves here in Aylesbury Vale
  3. Pauline Odulinski, Principal and CEO Aylesbury College – overview of activity the college is engaged in
  4. Bev Flanagan, Principal, Aylesbury University Technical College (UTC) – aims and progress of the UTC
  5. Ian Harper, CEO Aylesbury Training Group (ATG) – the focus of their activity and achievements
  6. Open forum discussion - All
- 2.2 AVDC's Refreshed Economic Development Strategy, published in 2012, has a chapter dedicated to 'Growing our own knowledge economy workforce'. The aims set out are to ensure that the current and future workforce skills are appropriate for the 21<sup>st</sup> century global marketplace, as well as finding ways in which to offer young people alternative career paths, all of which should help retain professionals, graduates, apprentices and qualified technicians in the local economy

*"Like any fundamental economic shift, the knowledge economy has caused disruption and uncertainty for many people, especially those without the higher-level skills that the knowledge economy demands. The challenge is to create a knowledge economy that provides jobs for everyone, both high-skilled and low-skilled, in all parts of the country. The starting point for this is to return the UK to balanced prosperity, by focusing on the areas we are good at, and taking advantage of new economic trends".(Work Foundation 2011)*

- 2.3 The availability of an appropriately skilled workforce is identified as a key underpinning theme to economic development. There is a good base in Aylesbury Vale, but skill levels will need to continue to improve to ensure that Aylesbury Vale keeps pace with the increasing demand for higher skilled occupations and new and emerging market opportunities.

In the ED strategy, AVDC's specific objectives were to garner support in the following areas:

- entrepreneurship and apprenticeships
- providing alternative career paths, including vocational education (University Technical Centres)
- skills to support our key sectors, including advanced manufacturing and engineering

- developing multi- and cross-disciplinary workforce skills to support the future knowledge economy
- collaborative R&D with knowledge assets, colleges and Universities

Examples of progress, which the Scrutiny Committee will hear more about from partners, include:

- Following a recent skills audit of over 700 businesses across Buckinghamshire, BTVLEP and BBF have a clear action plan to support both 'work readiness' of the future workforce and the business skills and training agenda
- AVDC, Aylesbury College and Bucks New University (BNU) are in dialogue about proceeding to build and develop a Waterside Academy for entrepreneurial education, as well as raising awareness of students of alternative career options locally, a good example of this being the recent 'Workwise week'
- Aylesbury University Technical Centre opens in September 2013 focusing on IT and construction; AVDC is engaging with the UTC to support aspects of curriculum development and considering the sponsorship of a construction student until 2015
- Together with Bucks Business First (BBF), AVDC and a range of partners continue to support businesses with the awareness of apprenticeship funding opportunities (joint event with the National Apprenticeship Service in March 2013)
- Arla Dairies, a major player in the food and drink sector, is working closely with Aylesbury College for its workforce training and development and apprenticeships
- Collaboration is being undertaken between Stoke Mandeville NSIC and the Centre for Telehealth and Assisted Living (CETAL) and BNU/Aylesbury College around innovation and telehealth training

### 3.0 Background

#### 3.1 Buckinghamshire Labour market context

- Despite having some of the best performing schools and best educated workforce in the Country, Buckinghamshire still has some skills and employability issues that are stifling the growth of the local economy.
- Whilst evidence suggests that we possess a well qualified workforce, many employers that operate in 'high growth' sectors within the county would appear to complain of a lack of good technician skills.

Whilst 38.9% of the workforce are qualified to NVQ level 4, which is a University degree or higher (**Table 1**), the percentage of the workforce qualified at the more intermediary technical levels required by businesses is considerably less. Aylesbury Vale comes 262<sup>nd</sup> out of 380 local authority areas for the percentage of the workforce qualified at NVQ level 2 and 271<sup>st</sup> for NVQ level 1. (**Table 2**)

- Aylesbury Vale's residents are most commonly employed in jobs requiring higher skill levels, with 44.3 per cent being in managerial, professional or technical occupations SOC's 1-3 (**Table 4 and Chart 1**).
- At 1.8 per cent of working age residents, Aylesbury Vale's claimant count rate in October 2012 was the 54th lowest of all 380 local authority districts. (**Table 3**). Despite falling 4.5 per cent over the last year, the claimant count remains 125 per cent above pre-recessions levels (111 per cent for men and 220 per cent for women).

While the claimant count has now been comparatively steady since 2009, there has been a marked change in the profile of claimants. Those looking for working as retail and sales assistants now account for over a fifth of all claimants in Aylesbury Vale, having increased by 235 since 2009. Since 2011, the claimants looking for work in sales and personal service occupations has risen but fallen for all the other seven occupation types.

### 3.2 Buckinghamshire Business First skills survey

BTVLEP undertook a business skills audit of over 700 businesses in 2012, supported by Warwick University. Broader conclusions regarding trends have been extrapolated out from this 'significant' sample to produce the key findings of this report, which are as follows:

- A relatively favourable outlook for employment in Buckinghamshire
- A demand for relatively highly skilled workers willing and able to fulfil a range of tasks
- Levels of satisfaction with training providers being relatively high
- An acknowledgement that skills are part of the mix, but not the single fix for companies going forward. It is more the case that skills issues needs to be considered alongside access to capital and a range of other issues, including housing and transport

#### 3.2.1 Impacts on new entrants to the employment market

- A significant number of companies had either reduced working hours or frozen recruitment over the last year or so, which impacted particularly hard on young people seeking employment for the first time. Only 8% of respondents recruited young people aged 16 – 18
- 80% of young people still continue in education post 16, but this is likely to drop as a result of the increase in University fees and the fact that UCAS are reporting a drop in applications to universities by an average of 9.9%
- Nationally, it would seem that Arts, Humanities and Social Sciences have been hardest hit, with vocational subjects and degrees that lead directly to well-paid professional careers faring better. Another trend would appear to be that institutions offering business-related courses,

including some leading private colleges and Universities like Buckingham, were among those that gained most

- Contrary to much 'anecdotal' criticism of youths not being ready for work, it would seem that 76% of employers are satisfied with their apprentices' work readiness at the outset and 85% are satisfied with recent graduates recruited
- 79% of employers are unlikely to make use of apprenticeships over the next 2 years, with only 5% "very likely" to do so. On the other hand, a significant number of companies across Bucks are "likely" or "very likely" to recruit graduates over the next two years

**See Appendix 1 for Aylesbury Vale specific findings from the survey**

### 3.2.2. Hard to fill vacancies

- Buckinghamshire's manufacturers and engineering companies experience particular difficulties in recruiting skilled staff, struggling to attract new entrants to the sector and replace experienced personnel. This mirrors the national picture reported in the Government's Plan for Growth. A lack of skills, work experience and qualifications are the main reasons for these hard to fill vacancies
- Approximately 1,200 businesses in Buckinghamshire are having problems in developing new products and services due to these hard to fill vacancies, which result in inhibited company growth
- Despite the importance attached to this sector in rebalancing the economy, it now employs fewer people in the country than at any other time. In Buckinghamshire, employment in the sector is forecast to fall 25 per cent from pre-recession levels by 2021, with output rising 10 per cent. That said, it is important to focus on the high value added end of the manufacturing and engineering sector in global 'niche' markets but hence the need for a 'work ready' and multi-disciplined workforce

### 3.3 Skills related support from Local Enterprise Partnerships

3.3.1 Bucks Thames Valley LEP has a key objective of ensuring the supply of skilled, flexible workforce needed by our firms. It is hoped that by providing the support set out below, the LEP and partners will provide our indigenous vocational population with higher-value skills, which will in turn support and maintain our high-value employment base and make us more attractive to high value inward investors and retaining businesses in the Vale as they expand. Objectives include:

- Delivering customised enterprise-focused advice and guidance to school leavers, providing information and advice on alternative career paths

- Leading the way in work experience opportunities and business involvement with schools to enhance 'work readiness'
- Fixing the shortage of technical skills in key local growth sectors; by
  - a) encouraging schools to promote careers in higher economic performing sectors (particularly STEM sectors)
  - b) supporting the emerging University Technical Colleges
  - c) stimulating increased numbers of Apprenticeships supporting the development of more people with higher value technician skills.

It is hoped to raise the potential of the existing and future workforce of the Buckinghamshire economy through a demand-driven approach to providing skills as well as matching existing skills to future job opportunities.

3.3.2 The South East Midlands LEP has an objective of working with secondary, further, higher, voluntary and community, private sector education and training providers across SEMLEP to ensure skills outcomes match business and social enterprise needs. There have been several informal gatherings of interested parties to-date and it is expected that the next steps will be the development of a SEMLEP focused skills strategy for 2013/14.

#### **4.0 Resource implications**

These are addressed through the operating budgets of the partner institutions and AVDC's Economic Development function

#### **5.0 Response to Key Aims and Objectives**

Economic Development functions of the council contribute to the corporate plan objectives of Growing the Economy of the Vale and Deliver Efficient and Economic Services.

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Background Documents	None

## Recruitment Trends

- 40% of AV firms had either reduced working hours, or frozen recruitment over the last year (c.4,000 firms).
- Only 5.7% of respondents have recruited young people aged 16 – 18. (However, 80% continue in education post 16)
- 0.4% of firms had recruited apprentices, the lowest in Buckinghamshire
- 81% of AV companies unlikely to make use of apprenticeships over the next 2 years, with only 3.5% “very likely” to do so
- 81% of AV companies also unlikely to recruit graduates in the next two years, with 4.8% very likely (c.450 companies, rising to 1,500 when “likely is added)
- 38% of AV companies offer no training
- Capital more commonly cited than skills for constraining development of new markets (27% to 6% and 15% both and 53% neither)

### **Skills trends in BTVLEP skills audit for Aylesbury Vale**

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**Table 1: Selected economic indicators**

	Earnings				Educational Attainment				Enterprise		Employment			
	Workplace Annual Full Time Median (£), 2012	Rank	Residence Annual Full Time Median (£), 2012	Rank	Working Age Population Qualified to NVQ4+ (%), 2011	Rank	Working Age Population With No Qualifications (%), 2011	Rank	New Business Registration Rate (per 10,000 residents), 2011	Rank	Working Age Employment Rate (%), Year to Sept 2012	Rank	16+ Unemployment Rate (%), Year to Sept 2012	Rank
Aylesbury Vale	27,820	74	29,988	73	38.9	75	3.3	2	59.9	86	73.7	161	5.6	101
Chiltern	-	-	-	-	58.7	5	4.2	15	82.0	24	78.5	54	4.3	25
South Bucks	31,990	26	34,148	23	41.2	52	7.1	79	105.7	8	81.6	13	3.6	4
Wycombe	28,864	54	32,001	44	42.5	44	3.5	5	67.5	56	77.0	81	5.4	88
Buckinghamshire	28,581	4	32,258	2	44.0	2	4.0	1	72.7	2	76.7	6	5.1	4
BTVLEP	28,581		32,258		44.0	3	4.0	1	72.7	3	76.7	3	5.0	4
Hertfordshire	28,692		31,531		38.5	6	7.5	8	70.3	4	75.2	11	5.9	17
London	34,894		32,509		45.9	1	9.3	3	93.4	1	68.6	31	8.9	30
Northamptonshire	24,941		26,017		29.1	23	11.9	25	52.1	11	75.8	6	7.1	12
Oxfordshire	28,800		29,134		44.8	2	6.9	4	52.4	9	76.6	4	4.6	2
SEMLEP	Not currently available for LEPs				31.9	13	10.3	19	54.1	8	74.4	15	6.8	19
TV Berkshire	Not currently available for LEPs				38.8	5	7.6	9	73.8	2	75.5	8	5.3	5
Enterprise M3	Not currently available for LEPs				39.5	4	6.5	3	69.4	5	77.5	2	4.3	1
South East	28,181	2	29,491	2	36.2	3	7.9	1	58.2	2	74.6	1	5.8	1
England	26,800	-	26,804	-	32.7	-	10.4	-	54.0	-	70.7	-	7.9	-

Source: ASHE, ONS, 2012; APS, ONS, 2012; Business Demography, ONS, 2012

**Table 2: Educational attainment, 2012**

	NVQ4+			NVQ3			NVQ2			NVQ1			No Quals		
	No.	%	Rank	No.	%	Rank	No.	%	Rank	No.	%	Rank	No.	%	Rank
Aylesbury Vale	41,600	38.9	75	26,960	25.2	45	19,410	18.1	262	15,530	14.5	271	3,500	3.3	374
Chiltern	32,200	58.7	5	9,690	17.7	314	8,015	14.6	344	2,595	4.7	375	2,300	4.2	360
South Bucks	16,600	41.2	52	5,340	13.3	364	10,390	25.8	17	5,170	12.8	323	2,900	7.2	292
Wycombe	43,400	42.5	44	26,730	26.1	33	17,355	17.0	291	11,215	11.0	358	3,600	3.5	372
Buckinghamshire	133,800	44.0	2	68,720	22.6	10	55,170	18.1	24	34,510	11.3	27	12,200	4.0	27
BTVLEP	133,800	44	3	68,720	22.6	12	55,170	18.1	36	34,510	11.3	39	12,200	4.0	39
Enterprise M3	400,100	39.5	4	214,170	21.2	22	179,995	17.8	37	152,335	15.0	34	65,600	6.5	37
Hertfordshire	272,900	38.5	6	133,060	18.8	38	135,510	19.1	29	113,930	16.1	31	53,200	7.5	33
Oxfordshire	184,700	44.8	2	86,040	20.9	25	56,640	13.7	39	56,420	13.7	38	28,300	6.9	36
London	2,457,400	45.9	1	773,660	14.5	39	818,760	15.3	38	804,680	15.0	35	495,100	9.3	25
Northamptonshire	127,300	29.1	23	88,570	20.2	31	90,995	20.8	13	78,735	18.0	14	51,900	11.9	13
SEMLEP	348,300	31.9	13	227,840	20.9	26	215,990	19.8	22	187,770	17.2	22	111,900	10.2	21
TV Berkshire	222,100	38.8	5	110,040	19.2	37	104,140	18.2	35	91,720	16.0	32	43,700	7.6	30
South East	1,936,800	36.2	3	1,131,240	21.1	8	987,540	18.4	10	876,620	16.4	8	423,100	7.9	12
Great Britain	12,705,700	32.9		7,920,930	20.5		7,457,955	19.3		6,455,615	16.7		4,096,300	10.6	

Source: APS, ONS, 2012



**Table 3: JSA claimant count, January 2013**

	No.	%	Rank	Annual Change
Aylesbury Vale	2,024	1.8	54 of 380	-4.5
Chiltern	924	1.7	44 of 380	-4.0
South Bucks	633	1.5	26 of 380	-5.1
Wycombe	2,530	2.3	105 of 380	-3.1
Buckinghamshire	6,111	1.9	4 of 27	-3.9
BTVLEP	6,111	1.9	3 of 39	-3.9
Enterprise M3	17,253	1.7	2 of 39	-6.3
Hertfordshire	17,582	2.4	6 of 39	-6.8
Northamptonshire	15,648	3.5	26 of 39	0.5
Oxfordshire	6,842	1.6	1 of 39	-12.9
SEMLEP	34,657	3.1	18 of 39	-7.0
TV Berkshire	13,587	2.4	6 of 39	-3.7
London	221,127	3.9	28 of 39	-6.0
South East	137,436	2.5	1 of 12	-4.5
Great Britain	1,515,843	3.8	-	-4.1

Source: Job Centre Plus, 2013

**Table 4: Occupational structure, year ending September 2012**

	SOC1	SOC2	SOC3	SOC4	SOC5	SOC6	SOC7	SOC8	SOC9
Aylesbury Vale	12.2	17.1	15.0	11.3	11.3	9.4	10.3	4.7	8.8
Chiltern	13.5	29.9	20.4	10.6	4.0	7.5	5.3	-	6.7
South Bucks	27.1	17.3	14.8	11.8	6.8	4.7	7.7	4.1	0.0
Wycombe	12.9	18.4	15.9	10.5	10.1	4.2	10.7	7.1	9.0
Buckinghamshire	14.9	19.9	16.3	11.0	8.9	6.6	9.1	4.8	8.0
BTVLEP	14.9	19.9	16.3	11.0	8.9	6.6	9.1	4.8	8.0
Enterprise M3	13.3	23.5	16.2	11.5	8.6	7.8	7.5	3.4	8.1
Hertfordshire	13.6	22.5	16.8	12.1	8.8	8.7	6.1	3.4	7.6
London	11.6	24.7	18.3	10.7	7.3	7.1	6.3	4.5	9.0
Northamptonshire	10.7	13.5	14.2	12.2	10.7	11.1	6.2	8.0	13.3
Oxfordshire	13.1	26.3	16.1	10.5	9.3	7.0	6.7	3.9	7.1
South East Midlands	10.3	17.9	14.7	11.5	10.7	9.3	7.4	6.8	11.3
Thames Valley Berkshire	11.9	21.6	17.1	12.3	8.7	7.4	7.2	4.7	8.8
South East	11.7	20.8	15.5	11.0	10.0	9.0	7.9	4.4	9.4
Great Britain	10.1	19.2	14.2	10.9	10.7	9.0	8.2	6.3	10.9

Source: APS, ONS, 2012

Standard Occupational Classification. There are nine top level SOC's:

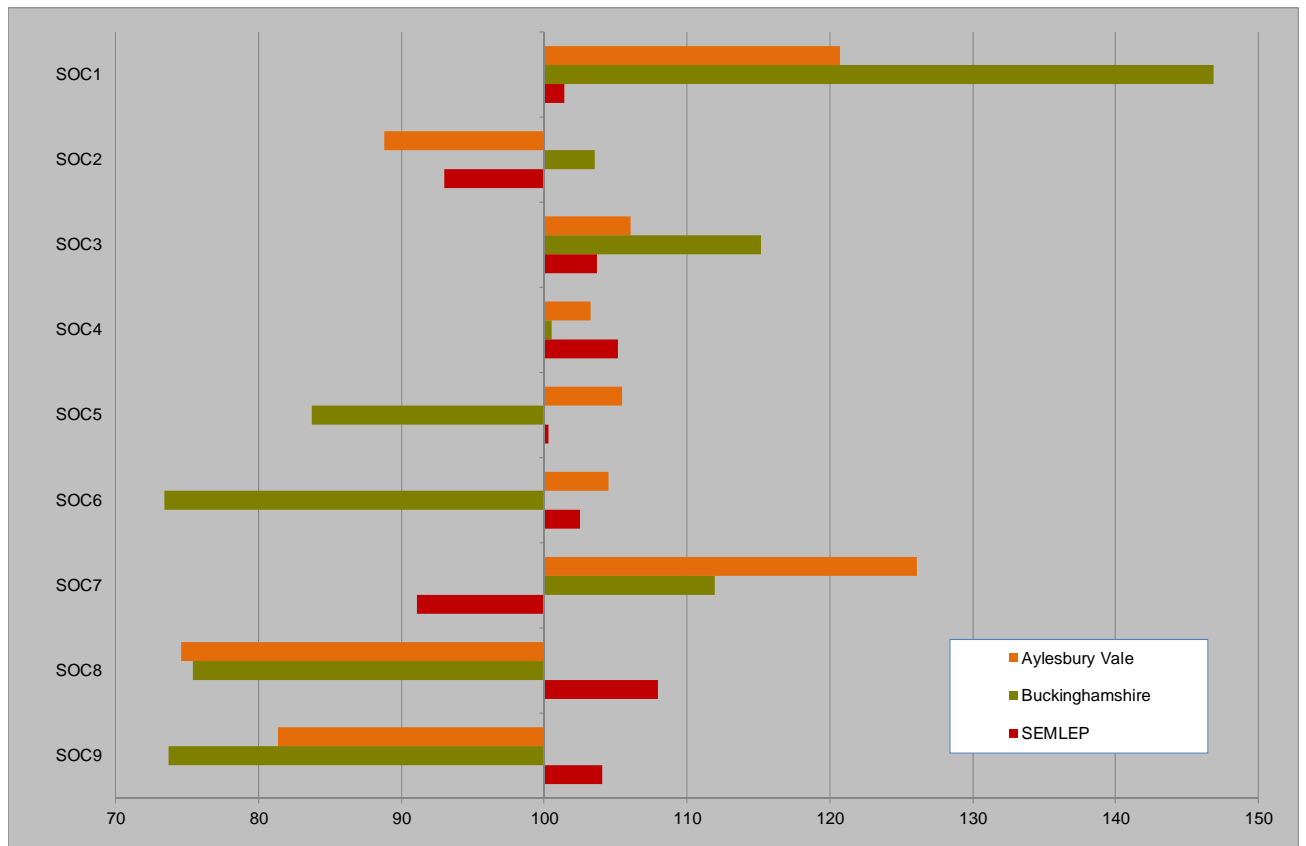
- 1 : Managers and Senior Officials
- 2 : Professional Occupations
- 3 : Associate Professional and Technical Occupations
- 4 : Administrative and Secretarial Occupations
- 5 : Skilled Trades Occupations

- 6 : Personal Service Occupations
- 7 : Sales and Customer Service occupations
- 8 : Process, Plant and Machine Operatives
- 9 : Elementary Occupations

1-3 are the ones requiring the highest level of qualification.

As an example, 1 would be NHS management, 2 doctors and 3 nurses.

**Chart 1: Occupational structure, year ending September 2012 (GB=100)**



Source: APS, ONS, 2012