

North West Annual Statement of Skills Priorities 2006/07

FOREWORD

On behalf of the Regional Skills Partnership, we are delighted to introduce this, a revised North West Statement of Skills Priorities for 2006/07, which seeks to identify and prioritise the skills needed by employers and the economy in general.

This revised Statement builds upon last year's Statement. It has a rigorous evidence base that reflects the views and priorities of regional stakeholders, and has been updated to reflect the changing national, regional and sub-regional policy environment, as well as the changing economic landscape of the region. In particular, we have sought to align the Statement to the key priorities emerging from the development of the North West's Economic Strategy.

In producing this year's Statement, the Partnership has worked to develop a Statement that not only builds on the key strengths of previous work, but also seeks to address a number of key areas of improvement.

The sector dimension is stronger in this year's Statement, drawing on the work of the Sector Skills Councils and our regional sector structures. We are pleased that this document now includes a detailed section that articulates the learning and skills needs of our priority sectors. The RSP recognises the significant employment changes taking place within the region's priority sectors and the vital role they play within the regional economy. This year's Statement has been revised to include a stronger commitment to developing intermediate and higher level skills, as the means by which we can create the conditions for a more competitive regional economy.

The Partnership is keen to ensure that this Statement leads to actions that can be quantified and evaluated in terms of their impact on the economic landscape of the region. Strategic partners have committed to responding to this Statement in a way that details precisely how their actions will impact on the success of this region.

The Partnership is, more than ever, resolved to driving forward the learning and skills agenda and to create an increased synergy with the business and productivity agenda. Our continued targeted intervention of time and considerable resources will ensure that individuals and employers are able to access high quality provision that enables them to succeed and that ensures a vibrant and successful North West regional economy.



David Pickering, Chair, Regional Skills Partnership (December 2005)



**GOVERNMENT OFFICE
FOR THE NORTH WEST**



Contents

- 1. Summary Statement of Priorities**
- 2. Purpose and Scope of the Regional Statement of Priorities**
- 3. Shaping the Statement of Priorities**
- 4. Regional Priorities- the detail**
- 5. Priority Sectors**
- 6. Monitoring progress and assessing impact**
- 7. Appendices**

1. Summary Statement of Priorities

The North West Regional Skills Partnership (RSP) has identified eight Skills Priorities for 2006/07 that will drive the planning, purchasing and investment activities of key partners and stakeholders in the North West within the next 12 months and beyond.

As with last year's Statement, two of the priorities are underpinning priorities – changes required to make the skills development process in the region work more effectively. The others address specific supply or demand issues. Within all of the priorities we recognise that effectively addressing issues of equality and diversity will be central.

The key priorities for 2006/ 07 are:

- **Increasing the proportion of young people with the skills and qualifications needed for employment, and fostering progression to Higher Education**
- **Equipping adults with the skills required for employability, including the Skills for Life of literacy, language and numeracy**
- **Addressing employers' skills needs:**
 - **Equipping individuals with the level 3 skills required within the economy, particularly in key regional sectors**
 - **Ensuring that the skills needs of the regional economy, and in key sectors in particular, are addressed at level 4**
- **Tackling cross-sectoral leadership and management skills gaps**
- **Developing innovation and enterprise skills**
- **Tackling worklessness by linking people, jobs and training**

Underpinning priorities

- **Stimulating the demand for investment in skills from employers and individuals**
- **Providing high quality responsive support to meet regional skills priorities**

The successful tackling of these priorities will be dependent upon:

- Suitable finance for learners' support
- Practical support for learners and job seekers appropriate to their needs
- Best use of technology to deliver skills and support learners
- Appropriate information, advice and guidance.

2. Purpose and Scope of the Regional Statement of Priorities

Purpose

The purpose of this Regional Statement of Priorities is to ensure that the region is provided with a sound basis and rationale – based on robust evidence – to establish priorities for the region to influence the planning and purchasing of skills provision. It will also influence other key investment decisions of key partners.

During the autumn of 2004, the RSP for the North West published its Regional Statement of Priorities for 2005/06. An extensive Skills Stocktake in relation to learning and skills underpinned the original Statement. This Statement has also been an influential input into the revision of the Regional Economic Strategy (RES) and the evidence base established as part of this review.

Whilst much of the Skills Stocktake remains valid, this new Statement builds upon, and revises, the Statement of Priorities produced for 2004/05 in light of new emerging priorities, changes in the national, regional and sub-regional policy and economic landscapes, and in light of new market intelligence such as the evidence based being established as part of the process for revising the RES.

As part of developing the Statement of Priorities for 2006/07, the RSP has worked to ensure that a clearer articulation of the skills requirements of the key sectors in the North West; more detail can be found in section five.

Scope

This Statement is about learning and skills. Its scope was agreed by the partnership at the outset of the process. The scope covers:

- The learning and skills agenda from 14-19 issues through to the adult workforce
- All skill/ qualification levels (from basic skills to higher level skills)
- All provision for skills development – with a particular focus on that which is publicly funded (especially the LSC, Jobcentre Plus, NWDA, and Higher Education)

The Statement of Priorities does not cover those business development issues which are not directly skills or workforce development related.

This Statement continues to be set in the context of the Region's rolling 20 year Strategy – the RES – and will be informed by the current review of this Strategy.

What do we mean by Regional Priorities?

It is important to be clear what is meant by a regional priority (as opposed to a local or sub-regional priority). In this Statement, priorities are taken to be of two types:

- Firstly, a regional priority is one where collective action at a regional level is the most effective way of addressing the issue (whether solely or in conjunction with sub-regional/ local or national action)
- Secondly, where the scale and nature of the issue is one which is so important for the region's economic competitiveness that it should be a priority addressed by partners in their investment decisions, or which makes a major contribution to the region's share of national targets.

Inevitably, there will be more fine-grained local and sub-regional issues that do not feature in this Statement of Priorities, and these nevertheless continue to remain important.

Delivering the Statement: Ensuring Impact

Priorities are nothing without action, which will need to be taken forward at two main levels:

- In some instances there is a need for collective action across partners at a regional level
- More commonly, the priorities will need to be taken up in a range of sub-regional actions. It will be common also for many of these actions to be delivered across partners.

The RSP has identified that a gap in last year's process was the absence of a formal mechanism for the Partnership to understand how key stakeholders planned to address the priorities or the extent to which these were achieved. In considering this issue, the RSP has been mindful of the complexities involved. However, measuring the extent to which priority issues have been addressed is a key purpose of the Regional Statement of Priorities.

The key delivery partners have therefore each agreed to produce an individual organisation response to this revised Regional Statement of Priorities, to be shared with the RSP, which will articulate how each will deliver against these priorities. This will enable the Partnership to assess what has been achieved through a process that better links together the activities and outcomes of key stakeholders.

Section 6 explores in more detail precisely how the RSP will monitor progress against the priorities, within an agreed strategic indicator framework.

3. Shaping the Statement of Priorities

Background

This revised Statement builds upon last year's Statement, and continues to be based upon a rigorous evidence base that reflects the views and priorities of regional stakeholders.¹ It has been revised and updated to reflect more fully the changing national, regional and sub-regional policy environment, as well as the changing economic landscape of the region. This year's revision of the RES and the development of the evidence base for this review have been key inputs into this revised Statement.

The Partnership has this year identified eight priorities for 2006/ 07, removing some and adding or rewording others to better reflect this current environment. The priorities and the context for this revision is explored in greater detail in Section 4, however the key headline revisions are briefly explored below.

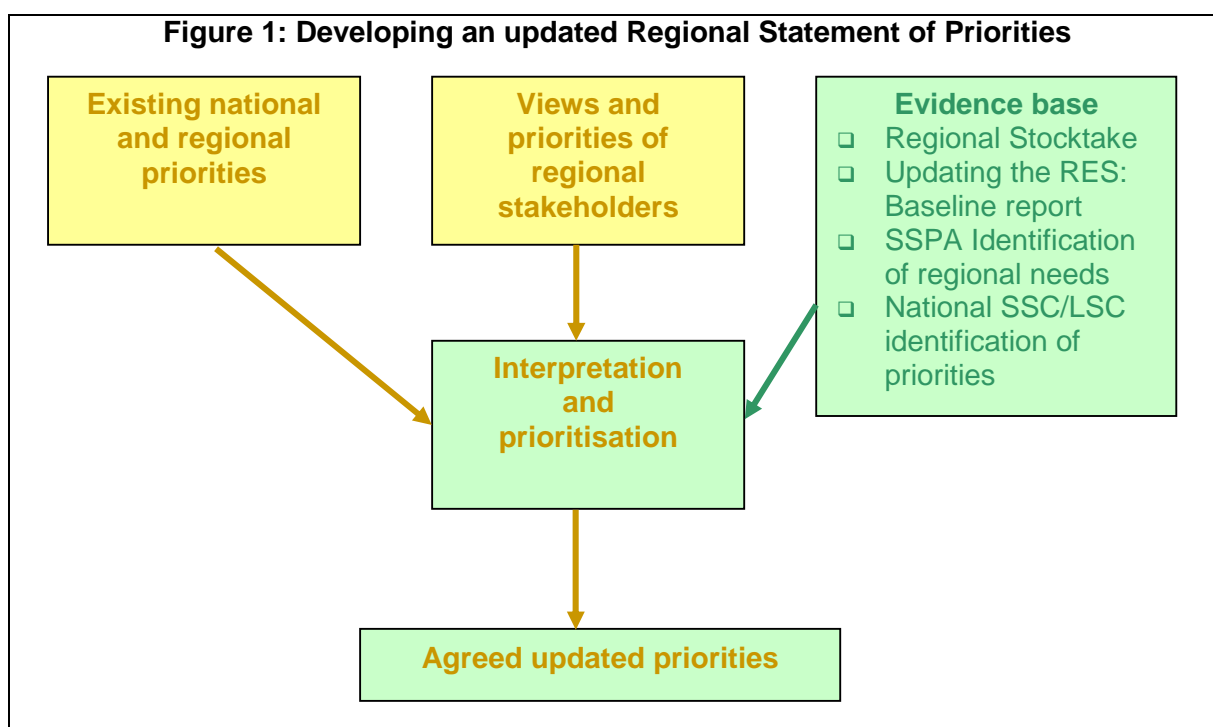
Key Headline revisions:

- The priority within the 2005/06 Statement that sought to address the demographic challenge has been removed. The RSP feels that this is a challenge that cuts across many of the priorities and so should be embedded as an underlying consideration for addressing all the priorities.
- Vocational relevance and employability skills have been identified as a key issue for the Partnership this year, both for adults and young people. For young people this is reflected in the inclusion of a specific priority related to the continued development of a broad, relevant 14-19 offer.
- Adults also need to be equipped with the skills required for employability. The North West has a high proportion of adults without the required basic employability skills required by employers, significant numbers of adults who have skill for life issues, and large numbers without a first full level 2 qualification. These include some black and minority ethnic groups, people with disabilities, offenders, lone parents, those living in deprived communities and those aged over 50 years (priority groups). For this reason we have this year strengthened our focus on Skills for Life provision and provision associated with first full level 2 qualifications – a focus that more fully reflects the national focus on level 2 as the 'Gateway' to employability.
- As well as having too many individuals in the region with low or no qualifications, there remains a significant skills gap at higher skills levels. If the North West is to become a competitive, high added value, knowledge- based economy, then addressing this gap in higher level skills is a key priority. New jobs created are now more than ever likely to require

¹ Appendix B contains the 2005/06 Summary Priorities

level 4 skills, and most replacement jobs will require level 2 and level 3 skills.

- Key to addressing the skills and productivity gap will be the role of sectors as drivers of a successful regional economy. The RSP believes that level 3 skills provision should continue to be a priority and that it should have a strong sectoral focus.
- In addition, a new priority has this year been added that reflects the importance afforded to level 4 skills within the draft RES. The region is one of the largest producers of graduates in the UK, and the region has the single largest number of individuals with graduate level skills outside of London and the South East. This is a significant factor in attracting and retaining businesses, and therefore also in creating the conditions for a regional economy transformed by innovative, competitive and high added value businesses.



Existing National and Regional Priorities

The UK has the fourth largest economy in the world, yet our productivity still lags behind other leading economies. Despite recent growth, the level of GDP per capita in the UK is still below most other advanced economies. The UK cannot compete on labour costs in the face of increased competition from the Far East and other developing economies; to compete more effectively we need to add more value and develop an economy built on innovation and high-level skills.

Demand for skills is growing. It is important, however, that the response to this growing demand is high quality provision which is focused on increasing the competitiveness of our economy, and on better meeting the needs of

individuals and employers to be part of a successful economy and prosperous society. Whilst there will continue to be significant replacement demand for level 2 skills, most new jobs created in the future will be at level 3 and level 4.

For young people, the Government is committed to meeting its ambition set out in the 14-19 White Paper to raise participation levels and, in particular, for 90 per cent of 17 year olds to be participating in learning by 2015. It is also vital that the skills of young people are driven up so that they are able to enter the workplace with the skills and qualifications demanded by employers (including employability skills) and that they are able also to further their studies and, in particular, access Higher Education.

For adults, we need to ensure that the significant numbers who are unemployed or are economically inactive, and have no or low qualifications, are able to access skills training that facilitates access to sustainable employment opportunities. Significant numbers of adults also have Skills for Life needs, many of whom are within the workplace currently, and we need to work effectively with employers to better assist those in the workplace who have low or no qualifications. Since last year's Statement, labour force statistics suggest an improvement in the North West position with the regional and England positions having now converged. However, there remain areas within our sub-regions where large numbers of adults have Skills for Life issues.

The Gross Value Added (GVA or output) per head of the North West is still 12 per cent lower than in England, resulting in an output gap of £13bn. If the North West is to achieve its ambition of transforming itself into a competitive, high added value economy, innovation together with high-level skills provision is essential. Employment change within sectors is a key driver for the demand for skills. As the composition and structure of sectors changes within a dynamic economy, key providers of learning and skills provision must put in place appropriate responses and utilise sector market intelligence to best meet this changing demand.

The Statement of Priorities must therefore clearly nest within, and show its relation to, wider national and regional priorities for key agencies. At a national level, this means that the Statement must resonate with the main aspirations of the Learning & Skills Council and show a demonstrable contribution to the LSC's PSA targets. Likewise, the Statement must sit squarely with the national priorities of Job Centre Plus and with the national PSA target on narrowing regional economic growth rate differential (to which the RDAs will make a major contribution).

The Statement must also complement the draft RES, the Northern Way Strategy and the wider framework which guides the work of the RSP.

A full overview of both the national and regional policy drivers is provided in Appendix A. Taking the national and policy context together, two dominant themes emerge:

- Improving the economic competitiveness of the North West in terms of productivity and overall GVA per capita to close the performance gap

- Ensuring greater access to sustainable employment and effective participation in the labour market for those currently workless or in marginal employment.

These themes have been influential as we have developed this Statement, and are embodied in the priorities that we have collectively agreed on.

Inputs from Key Stakeholders

In undertaking this revision, the choice of priorities has been influenced by the thinking of all the key stakeholders, and by their interpretation of the key messages and challenges emerging from the evidence base provided by last year's Statement, current national, regional and local priorities, and by the sectoral needs of the region.

Key inputs have come from:

- A Regional Statement of Priorities Working Group comprising senior representation from all five local LSCs, NWDA, Jobcentre Plus, NWUA and the RSP;
- A sub-group of the RSP Board (containing the organisations above, plus representation from the Skills for Business Network, and the AOC);
- Submissions from each of the North West Sector Skills and Productivity Alliances, and national inputs from Sector Skills Councils to the LSC; and
- Meetings of the RSP Board.

This Statement was launched formally in December 2005.

4. Regional Priorities- the detail

Priority	Context and Scope
<ul style="list-style-type: none"> • Increasing the proportion of young people with the skills and qualifications needed for employment, and fostering progression to Higher Education 	<p>Across the region there are areas of low levels of participation and correlating high levels of young people not in education, employment or training (NEET). Regional achievement levels at both 16 and 19 are below the national average. Significant numbers of young people do not achieve level 2 standards in maths and English, and many lack basic employability skills.</p> <p>Regionally, there is a priority to continue the development of coherent vocational pathways across the 14-19 continuum, ensuring young people can access vocational learning that is relevant to the needs of the North West economy.</p>
<ul style="list-style-type: none"> • Equipping adults with the skills required for employability, including the Skills for Life of literacy, language and numeracy 	<p>In the North West there are a significant proportion of adults without a level 2 qualification, and high numbers of adults with poor basic skills. For many adults that have been workless for long periods, there are issues about their general employability, and spatially there are strong links to areas of social exclusion and deprivation. From a regional perspective, this leads to a significantly reduced labour pool and provides a drag on competitiveness. Given that we know that there will continue to be large scale replacement demand at level 2, it is important that those without skills are supported to meet that continuing demand at level 2 and access sustainable employment.</p> <p>To address these issues, the emphasis will need to be on enabling and encouraging adults without Skills for Life and level 2 qualifications to access learning leading to these qualifications. In addition, employers want employees to have basic employability skills, linked to e.g. communication, customer care, and attitudes. In designing and developing responses to these issues, partners will need to take into account spatial, sectoral and priority group factors.</p>

Priority	Context and Scope
<p>Addressing employers' skills needs</p> <ul style="list-style-type: none"> – Equipping individuals with the level 3 skills required within the economy, particularly in key regional sectors – Ensuring that the skills needs of the regional economy, and in key sectors in particular, are addressed at level 4 	<p>Labour market projections suggest that there are high levels of both replacement and expansion demand at level 3. Although the proportion of adults with level 3 skills is close to the national percentage, as a nation we lag behind competitor nations. Level 3 is also important as a platform for adults to progress to level 4. Within particular sectors there are key issues about the availability of intermediate level skills, and the RSP has a specific responsibility to identify level 3 sector priorities. The RSP's approach to sectors is set out in section 5.</p> <p>In addition, all assessments of future employment expansion indicate that most demand will be for level 4 skills and occupations. In the North West the proportion of adults with a level 4 qualification is lower than nationally. This impacts on both the capacity of existing business to grow and add value, and on the ability of the region to attract in high value added industries and employers. As for level 3 skills, there is felt to be a sectoral dimension to level 4 needs, and the RSP has prioritised a number of sectors for the forthcoming year (see section 5).</p> <p>In considering this issue RSP partners will need to look at progression to HE at 19; the relevance of level 4 qualifications to employers; and the appropriateness of standard HE/level 4 delivery methodologies for workforce development.</p>
<ul style="list-style-type: none"> • Tackling cross-sectoral leadership and management skills gaps 	<p>Leadership and management have been identified by employers as area in which there are significant skills gap within their existing workforces. These areas are critical to both accelerating growth in SMEs and the avoidance of business failure; they embrace both first level supervisory skills and higher level management and leadership skills, and relate to organisations of all sizes.</p>

Priority	Context and Scope
<ul style="list-style-type: none"> • Developing innovation and enterprise skills 	<p>The level of innovation and enterprise skills in the North West is seen as a significant contributor to the current regional productivity gap. It impacts both on business density and business start-up/self-employment levels, and on the ability of existing businesses to innovate and grow.</p> <p>Responses to this issue will need to be on different levels, including enterprise for young people (14-19 and graduates); enterprise and innovation skills for the workforce to support business growth; enterprise skills for business start-up and social enterprises (employment creation linked to worklessness); innovation/enterprise skills to support wealth/job creating spin-offs.</p>
<ul style="list-style-type: none"> • Tackling worklessness by linking people, jobs and training 	<p>The high levels of worklessness within the North West represent a particular skills challenge, with geographic concentrations of economic inactivity, low skills, poor employability skills, high degree of literacy, language and numeracy needs, and poorer economic opportunities. Alongside this, there are concentrations of worklessness in particular groups irrespective of geography. There is also a trend for worklessness to be apparent from a much younger age, with more NEET young people on non-JSA benefits, and evidence that persistent NEETs are progressing to Incapacity Benefit.</p> <p>Responses to this issue will need to recognise the strong spatial focus (both concentrations of worklessness and opportunity and the often significant distance between them) and priority group focus. They will also need to reflect the mismatch between the low skills of the workless group and high level skills required by employers, and therefore look to create sector progression routes to up-skill the existing workforce and free up entry level opportunities. As large local employers, public sector organisations have a significant contribution to make to this agenda. There is also an issue about how we better support people who work in declining industry sectors to enable them to retrain and avoid becoming part of the workless group.</p>

Priority	Context and Scope
<ul style="list-style-type: none"> • Stimulating the demand for investment in skills (underpinning) 	<p>There is some evidence of under investment by employers in training when we compare the UK to our international competitors, and a significant proportion of employers provide no training. RSP partners will need to recognise the resourcing issues facing small employers in particular. The low level of demand from individuals is evidenced by the low qualification levels in the North West.</p> <p>There are opportunities to link this into actions to address leadership and management as a means of stimulating demand from employers; the roll- out of the new Skills Brokerage service will also address lack of awareness of the availability of training/ training routes and lack of capacity in many companies to address skill needs.</p>
<ul style="list-style-type: none"> • Providing high quality responsive support to meet employer and individual needs (underpinning) 	<p>There is evidence that employers in the North West are underutilising the existing skills/training infrastructure, and that there are mismatches between current level 2 and 3 publicly funded provision and current/future needs.</p> <p>In addressing this priority RSP partners will need to consider the whole of the education and training sector, looking at not just direct responsiveness to employers- and the role of skills brokerage in supporting this, but also the extent to which individuals are being equipped with skills that have currency with potential future employers.</p>

5. Priority Sectors

Analysis of the regional economy clearly demonstrates that there is a significant skills deficit in the North West compared to the rest of the country, and that gap is wider in comparison to the UK's international competitors. The need for more people with skills at all levels within the regional economy, from skills for life through to higher level skills, is well recognised. It is the RSP's view that all young people and adults should be supported and enabled to develop skills up to and including level 2 skills, irrespective of the sectors within which they currently work, or they wish to work in the future.

In particular, it is crucial that partners continue to work with those sectors that have high volume employment growth opportunities, as these are the sectors that have the highest level of replacement demand at level 2, and can offer entry level opportunities for those adults currently outside the workforce. The new draft RES has identified a number of sectors that are important to the regional economy because of the employment opportunities they offer. Examples of such sectors are retail, the public sector and care/healthcare².

The RSP also recognises that all sectors of the economy will have a continuing demand for new employees and the upskilling of existing employees, and at all levels. Both the further and higher education sector will continue to provide a wide range of provision to meet the demand from all sectors of the economy.

However, the RSP is tasked with identifying the sectoral skill priorities for the North West at levels 3 and 4. To support this, the RSP asked the Sector Skills and Productivity Alliances to set out their skills priorities in formal submissions to the RSP. These submissions are both a significant input into the development of this Statement and a basis for further partnership working through the Alliance structure. Whilst the sector dimension of this Statement focuses on the level 3 and 4 priorities articulated by the Alliances, the other issues and priorities highlighted by each Alliance will need to be considered as part of the existing working arrangements between partners on the Alliance. A summary of the priorities highlighted by each Alliance is attached at Annex C.

To establish the level 3 and 4 priorities for the region, we have considered two key factors. Firstly, we have taken the sectors identified in the draft RES as priority sectors. As well as the key employment sectors described above, the draft RES identifies a number of knowledge based sectors that have international growth potential and contribute significantly to the North West's

² The key employment growth sectors listed in the draft RES are logistics, construction, the visitor economy, retail, the public sector and care/healthcare.

GVA³. These sectors have then been overlaid with an analysis of the Alliance submissions to identify which of those sectors have highlighted level 3 or 4 priorities⁴.

Regional priority sectors for level 3:

- Advanced engineering and materials (specifically automotive, chemicals, aerospace and engineering)
- Energy and environmental technologies
- Construction
- Digital and creative industries
- Retail
- Care/ Healthcare
- Visitor economy (specifically tourism)

Regional priority sectors for level 4:

- Advanced engineering and materials (specifically chemicals, aerospace and engineering)
- Energy and environmental technologies
- Construction
- Digital and creative industries
- Financial and professional services
- Care/ Healthcare

The action being taken by partners to respond to specific skill needs of these sectors will be captured as part of the process set out in section 6.

³ The key sectors with international growth potential listed in the draft RES are biomedical, energy and environmental technologies, advanced engineering and materials, food and drink, digital and creative industries and business and professional services.

⁴ Level 3 and 4 priorities excludes for the purpose of sector analysis supervisory, leadership and management skills, as that is addressed through a separate priority for the region.

6. Monitoring progress and assessing impact

This Statement, by setting out the key skills priorities for the North West, provides a key input to the planning processes of the key strategic partners with whom the responsibility lies for funding and planning skills provision. It is important that the RSP understands the extent to which its priorities are being addressed and the nature of the contribution being made by the key partners.

To support the RSP in assessing progress towards its key priorities, a strategic monitoring framework has been developed. These strategic indicators are designed to measure the general direction of travel in relation to each key priority, and are set out in Appendix D.

Each of the key strategic partners will make a formal response to this Statement, in line with their own planning timetables. This response will set out the key actions that each partner will make in the forthcoming year to address each priority, the resources supporting those actions and the quantifiable outcomes they expect to deliver. The quantifiable element of these plans will form a suite of supporting performance indicators that will enable the RSP to understand how each partner is making its unique contribution.

Partners will also be asked to identify the freedoms and flexibilities they would like to have to enable them to better tackle the priorities set out in this document. The RSP has a role in influencing the work of Government departments to better enable partners to deliver the changes required to address the region's skills priorities.

The strategic partners asked to respond are:

- North West Development Agency, including the contribution from the Business Link network.
- Government Office for the North West
- The LSC
- Jobcentre Plus
- North West Universities Association, on behalf of HEFCE, HEIs and the AOC (for HE in FE)
- Skills for Business Network on behalf of sectors/employers

Each strategic partner is asked to respond by the end of May 2006, with an update on progress informing the development of the 2007/8 Statement of Priorities in Autumn 2006.

As well as measuring the contribution that individual agencies and organisations are making to the achievement of the RSP's priorities, the RSP is keen to understand the satisfaction of employers with both the Statement itself and the actions supporting it. Over the forthcoming year we will work with

SSPAs, employers' organisations and business intermediaries to secure employers' views.

Appendix A

National Priorities

At a national level we have considered the main Public Service Agreement (PSA) targets for the key public sector agencies funding and planning skills provision in the region. These are: the LSC, Job Centre Plus (JCP) and the North West Development Agency (NWDA). We have also considered the role of the national Skills for Business Network.

The Learning and Skills Council

There are six current LSC National priorities for 2006/07 detailed in the National Statement of Priorities:

- Ensure that all 14-19 year olds have access to high quality relevant learning opportunities
- Make learning truly demand led so that it better meets the needs of employers, young people and adults
- Transform the learning and skills sector through Agenda for Change
- Strengthen the role of the LSC in economic development to provide the skills needed to help all individuals into jobs
- Improve the skills of public service workers (especially in health, care, local authorities, schools and FE)
- Strengthen the capacity of the LSC to lead change nationally, regionally and locally.

The LSC operates under targets, including PSA targets, which are:

For young people

- Increase the proportion of 19 year olds who achieve at least level 2 by 3 percentage points between 2004 and 2006, and a further two percentage points between 2006 and 2008 (**PSA target**)
- Improve attainment at level 3

For apprenticeships:

Underpinning both of the above priorities, the LSC has agreed a new Performance Indicator for Apprenticeships. The aim is for 75 per cent more people to complete their apprenticeships in 2007/8 compared to 2002/03.

For adults:

- Improve basic skills of 2.25 million adults between 2001 and 2010 (**PSA target**), with a milestone of 1.5 million in 2007.
- Reduce by at least 40% number of adults in workforce lacking NVQ2 or equivalent by 2010 (**PSA target**).

The Secretary of State for Education issued a Grant Letter for 2006/07 to the LSC. As well as the achievement of targets, this letter also highlights five priorities for 2006/07:

- Boosting participation, increasing choice and improving attainment for young people
- Skills and engaging employers
- Reshaping the learning and skills sector
- Strong financial and performance management to drive out poor provision and accelerate quality improvement
- Tackling inequality in delivery systems

Job Centre Plus

For JCP the current key PSA targets are:

- To reduce the rate of unemployment and increase the employment rate (PSA 3)
- To increase the relative employment rate in target areas (30 worst local authorities) and target groups (PSA 4). The target groups are:
 - Lone parents
 - Black and minority ethnic groups
 - Over 50 year olds
 - Those with lowest qualifications.
- To improve the rights of people with disabilities and remove obstacles which prevent them from fully taking part in society

In addition, JCP, through their district managers, are also involved in working with local authorities on their local PSA targets, which are seen as contributors to the overall JCP PSA targets with the Department for Work and Pensions.

Following the publication of the National Skills Strategy – 21st Century Skills “Realising Our Potential”, Ministers commissioned the National Employer Panel (NEP) to review how the LSC and JCP work. In March 2004 the NEP published their report, Welfare to Workforce Development. The report provided the opportunity for more systematic collaboration between local LSCs and JCP Districts through joint local delivery planning.

Local LSCs and JCP have now developed local Welfare to Workforce Development Strategies and local joint delivery plans to create a more seamless service to JCP clients

Regional Development Agencies (RDAs)

RDAs are expected to make a major contribution to the national PSA target on narrowing regional economic growth rate differentials. In practice this means raising the rate of growth of GVA per capita in the North West relative to the national average.

The Department of Trade and Industry, (DTI), working in partnership with the RDAs and other Government Departments, has been coordinating the development of a new RDA Tasking Framework to help Departments and the RDAs to work together on regional priorities in way that also serves national interests more effectively. This new approach to 'tasking' came into effect from April 2005.

The New RDA Tasking framework requires each RDA to show in its Corporate Plan for 2005-08, how, in support of its statutory role and responsibilities, it will address the priorities identified in the RES for the region and contribute to the Governments PSA targets on Regional Economic Performance, Sustainable Development and Productivity/ Rural Productivity and through these to the delivery of a range of other PSA targets.

Skills for Business Network

The Skills for Business network (SfBn) is made up of the SSDA and 25 Sector Skills Councils (SSCs). Each SSC is an employer-led, independent organisation that covers a specific sector across the UK. The four key goals are:

- To reduce skills gaps and shortages
- Improve productivity, business and public service performance
- Increase opportunities to boost the skills and productivity of everyone in the sector's workforce
- Improve learning supply including apprenticeships, higher education and National Occupational Standards (NOS).

Together, the SSCs cover approximately 85 per cent of the UK workforce. The Sector Skills Development Agency (SSDA) has responsibility for providing cover for those industries that fall outside the SSCs and actively engages with trade unions and professional bodies in this role.

The SfBn is also responsible for developing Sector Skills Agreements for all Sectors. SSAs will provide a means whereby employers and employees in each sector identify skills and productivity needs, the action they will take to meet those needs, and how they will collaborate with providers of education and training so that skills demand can influence the nature of supply.

Overall

In summary, the national targets most relevant to the Statement of Priorities can be condensed to the following:

- Raise the GVA performance of less well performing regions (such as the North West)
- Tackle Skills for Life
- Increase the number of young people getting NVQ 2 qualifications

- Increase the number of adults with at least an NVQ 2 qualification
- Improve attainment at level 3
- Improve and extend access to HE
- Raise the employment rate amongst lone parents, black and minority ethnic groups, people with disabilities, over 50 year olds and those with the lowest qualifications.

Regional Priorities

The Northern Way Strategy launched in 2004 ('Moving Forward: The Northern Way') sets out ambitious plans for the development of the three northern regions: The strategy is built around:

- Raising GVA
- Closing the performance gap

A business plan has now been developed that contains ten investment priorities, and three of these are directly relevant to the learning and skills agenda:

- Bringing more people into employment
- Meeting employer skills needs
- Building a more entrepreneurial North

The current RES was published in 2003. This Strategy is now in the process of being revised, in line with the three year review cycle. The updated RES will be published in March 2006 following a comprehensive consultation and review process.

The draft Strategy, within an overall vision, is structured around five key themes and objectives within these themes to deliver the overall vision, and contains detailed sections on skills and education and people and jobs both of which relate directly to this Statement.

Appendix B

2005/06 Summary Statement of Priorities

1. Tackling low skills and basic skills gaps to improve employability
2. Providing entry routes for job seekers and the economically inactive to target employment areas
3. Addressing the demographic challenge
4. Ensuring the skills and employability needs of disadvantaged groups are addressed (e.g. ethnic minorities, lone parents, disabled)
5. Providing the skills to meet sectoral challenges:
 - A. Static or declining employment sectors
 - B. Growth sectors with high GVA potential and knowledge content
 - C. Major public sector employment sectors
 - D. Large volume private sector employment sectors
 - E. Physical supporting activity sectors
6. Tackling cross-sectoral leadership and management skills
7. Developing enterprise skills
8. Supporting and ensuring access to key employment growth hotspots

Underpinning Priorities

9. Providing high quality, responsive support to meet the needs of both employers and individuals
10. Stimulating the demand for further investment in skills

Appendix C

Summary of SSPA Responses

Automotive

- Up Skilling ~ Business Improvement Techniques (BIT), Team Leader and Automotive Retail Management Standards at level 4 (ARMS)
- Entry level ~ Entry level & part-time opportunities available in the distribution and after care sector
- Apprenticeships ~ Technical Apprenticeships in the aftercare sector are in demand. Evaluate the Higher Engineering Apprenticeship being piloted through the Automotive Academy.

Aviation

- Entry level ~ Entry level opportunities exist across this sector but there is a requirement for H&S and Security training so pre recruitment training is essential to allow more unemployed people to gain employment.
- Up-Skilling (level 2 & 3) ~ ITC, Customer handling, Supervisory Skills and Team Building
- Apprenticeships ~ Need to raise awareness with Airports about availability and then ensure providers have capacity to deliver

Care/ Healthcare

- Up-skilling ~ level 2, Skills for Life & ICT Training
- Pre-recruitment ~ Flexibilities within the sector available
- Graduates ~ need for competency based programmes, placements for graduates
- Apprenticeships ~ need for programme led provision for 16-18 year olds

Chemicals

- Level 3 ~ BIT, Supervisory Management/Team Leader, Process Skills also conversion courses for individuals transferring from other sectors
- Apprenticeships ~ Programmed led model required in this sector ~ develop through CoVE and build capacity for Apprenticeships
- Image/14-19 ~ Increase the numbers of young people taking science qualification from GCSEs to BSc

Construction

- Provision ~ Full time vocational verses Apprenticeships ~ courses are full of individuals undertaking full time courses who then do not go into the industry leaving little room for day release students working in the industry

~ potential for programme led provision linked to targets for full time employment.

- Capacity ~ Assessors/Trainers needed ~ could link to JC+ and incapacity issue
- Up-Skilling (level 3) ~ Technical, Supervisory Management & Professional and IT
- 19+ Funding ~ Need a clear offer of funding available to individuals so that access to appropriate provision is not restricted

Contact Centres

- Pre -recruitment ~ The sector does have the ability to offer flexible working but need Pre recruitment training including basic IT, literacy, numeracy and communication skills, hold specialist recruitment events and support employers in taking returners
- Graduates ~ Graduates with good IT, marketing and customer service skills will be required. Roll out specialist courses to more NW universities
- Level 3 ~ promote take up of level 3 through NW pilot and include team leader & supervisory skills
- 14-19/Apprenticeships ~ Programme led apprenticeships

Creative

- Graduates ~ Soft skills Required, funded post graduate entrepreneurship, support for new entrants in developing new business ideas including product development & market testing
- Apprenticeship ~ Capacity building required to deliver new apprenticeships
- Up-Skilling (level 3) ~ Technical & Sales ~ develop and implement modular/flexible delivery to meet the needs of the sector

Digital

- ITQ ~Build capacity and promote the delivery of the ITQ across this and other sectors
- Shortages ~ networking, network architecture & web development
- Entry level ~ Entry level opportunities exist within the sector but there needs to be sector specific pre recruitment training to allow more unemployed people to gain employment (IT Ambition), include more women into IT
- The Concept (pilot) ~ Post 16 to HE Progression learning programme
- Apprenticeships/14-19 ~ Support development & Delivery of the IT Diploma, Explore potential for developing higher apprenticeships, pilot vendor specific qualification to apprenticeship framework
- Level 3 ~ IT user and IT Professional qualifications offered as part of pilot

Energy

- Up-skilling (level 2 & 3) ~ in Gas, Water and Electrical Engineering also marketing
- Level 4 ~ Technical First Line Management
- Graduates ~ include Business Skills, Project Management in Science & Engineering courses, develop new modules to include Fuel Cells, Micro-generation and Renewables
- Apprenticeships/14-19 ~ More Electrical Engineers and roll out of 'Grow your future Workforce'

Engineering & Aerospace

- Graduates ~ lack of graduate engineers, also lack of graduates with specific Technical Skills (BIT, Marketing & Project Management)
- Level 3 ~ acute shortage at level 3 ~ SEMTA SSA
- Up-Skilling ~ Skills for Life, IT and bite sized training needs to be available offered through flexible funding arrangement, migrant workers lack recognised qualification
- Apprenticeships ~ required for 19+

Environmental Technologies & Services

- Graduates ~ Encourage more SET graduates, develop general Business modules for delivery in graduate programmes and encourage more graduate placements
- Up-skilling ~ level 3 & 4 ~ BIT qualifications
- Pre- recruitment ~ opportunities within the Waste Water sub sector exist but pre employment training would be required

Financial & Professional Services

- Pre- recruitment ~ potential for women returners (IFA) ~ potential to pilot through ESF
- Graduates ~ include Communication Skills, General Business Skills and Employability Skills as part of graduate programmes. More mentoring and graduate placements required.
- Up-skilling ~ Modular/flexible delivery for CPD/ICT etc.
- Apprenticeships ~ Evaluate Professional Apprenticeships ~ potential to pilot through ESF new qualifications as they become available through the SSC

Food & Drink

- Management ~ Operational Management, Supervisory Skills specific to F&D and delivered in the workplace
- Up skilling ~ H&S, Hygiene, Language skills (Migrant workers ~ sector specific ESOL, literacy and numeracy training)
- Pre-recruitment ~ Pre employment training (include use of skills passport)
- Apprenticeships ~ age 20+ needed in Electrical & Mechanical engineering
- Skills Gaps ~ Food Technologies & Scientists, Technical Operators

Landbased

- Up-skilling ~ ICT needs to be more flexible in delivery, Skills for Life, language skills for migrant workers who also lack recognised qualifications.
- Graduates ~ need for Technical Skills & High levels of Communication, Employability Skills and practical experience
- Level 3 ~ 25+

Logistics

- Management ~ Marketing, ICT, Business Planning, Workforce Development & Diversity Awareness needed
- Pre -recruitment ~ Pre employment training needed along with licence acquisition, need to develop strategies to increase diversity in the sector
- 14-19 ~ Issues around capacity to deliver Transport Diploma
- Apprenticeships ~ Roll out delivery of ~Young drivers Scheme & Experience Booster

Maritime

- Pre- recruitment~ Pre employment training & work trials needed
- Graduates ~ Development of 'softer skills' such as communication within Graduate programmes also embed Leadership & Management and sector specific qualification such as port operations.
- Up Skilling ~ IT, technical level 4/5, Adult Apprenticeships
- 14-19/Apprenticeships ~ Introduce sector related GCSEs, develop E2E programme and build capacity for delivery of apprenticeships through work-based learning

Retail

- Pre-recruitment /Recruitment ~ Co-ordinated support package for new developments, pre employment training (including sector specific ESOL if required), literacy and numeracy and development of Skills Shops

- Up Skilling ~ Target Awards Team Leader,
- Level 3 ~ First Line Management, BIT
- 14-19/Apprenticeships ~ Need to build capacity for delivery of apprenticeships, Pilot Young Apprenticeships

Sport & Active Leisure

- Pre- recruitment ~ More funded pre entry and level 1 provision in Health & Fitness and Coaching, Work with professional sports clubs and disadvantage groups as a catalyst to tackle worklessness
- Graduates ~ Roll out graduate Apprenticeship Programme and work on more flexible delivery of Foundation Degrees. Include national Governing body awards as part of Sport Science Degrees
- Up Skilling ~ Workforce Development for volunteers at level 2, pilots for sport specific, Skills for Life in Cumbria, Greater Manchester & Greater Merseyside
- Level 3 ~ level 3 required in Coaching, Teaching and Instructing Courses
- 14-19/Apprenticeships ~ Roll out of Young Apprenticeship programme, more opportunities for Adult Apprenticeship and additional funding for Employer demanded vocational qualification within the Apprenticeship Framework

Tourism

- Pre-recruitment ~ Pre employment training in readiness for the potential Regional Casino in particular Customer Service skills
- Up Skilling ~ Demand for Skills for Life and level 2 across the sector, a need to improve the skills of inspectors, ICT training, language and cultural awareness training
- Level 3 ~ need for more level 3 provision for 25+ linked to the development of new occupational standards that are being developed
- 14-19/Apprenticeships ~ Grow your own-Young Apprenticeship, need for more Apprentices in Hospitality ~ need to raise awareness and demand with young people and employers

Textiles

- Graduates ~ need for more commercial training courses which specialise in merchandising, sourcing and off-shore manufacturing. Encourage NW universities to develop a better system to recognise level 3 vocational qualifications and WBL achievements.
- Up skilling ~ there is a need in the sector for more level 2 & 3 training

Appendix D

Strategic Indicator Framework

The RSP recognises the need to measure and demonstrate the impact it has on the region's performance. To support this, the RSP is developing a baseline of economic indicators against which they will measure their own performance. These baseline economic indicators will also form the strategic framework within which the key strategic partners will need to set out their own contribution. This framework will be further developed and expanded over the forthcoming year.

A Employment data

1. Overall employment rate: working age population

	2004/05		2003/04	2002/03	2001/02
	Working age population (000s)	%	%	%	%
North West	4,086	72.9	72.8	71.5	71.2
England	30,360	74.8	74.6	74.5	74.8

Note: working age: Men aged 16-64 and women aged 16-59

Source: Local Labour Force Survey, National Statistics

2. Unemployment rate (16+) March 2003-February 2004

	16+ population	ILO Unemployment	%
North West	3,221,000	154,700	4.8
England	24,613,200	1,187,600	4.8
UK	29,233,200	1,444,100	4.9

Source: Local Labour Force Survey, National Statistics

3. Benefit claimants – working age client group

	Active JSA			Inactive		
	Feb 2003	Feb 2004	% change	Feb 2003	Feb 2004	% change
North West	120,400	107,500	-11%	621,200	616,700	-0.72%
England	781,500	735,400	-6%	3,302,700	3,317,300	+0.44%
Great Britain	935,800	883,900	-6%	4,045,900	4,052,300	+0.16%

Source: Jobcentre Plus

B Qualification data

1. Percentage of 19 year olds educated to level 2 or higher, 2004

Per cent	NW	Eng
	64%	67%

2. Economically active adults qualified to at least a level 4

	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/05		
	%	%	%	%	Economically active adults (000s)	No. with at least a level 4 (000s)	%
North West	25.6	25.7	25.8	27.7	3,043	856	28.1
England	27.0	27.5	27.9	29.2	23,211	7,025	30.3

Source: Local Labour Force Survey, National Statistics

3. Economically active adults qualified to at least a level 3

	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/05		
	%	%	%	%	Economically active adults (000s)	No. with at least a level 3 (000s)	%
North West	46.2	46.3	46.1	46.5	3,043	1,489	48.0
England	46.2	46.7	47.7	48.9	23,211	11,569	49.8

Source: Local Labour Force Survey, National Statistics

4. Economically active adults qualified to at least a level 2

	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/05		
	%	%	%	%	Economically active adults (000s)	No. with at least a level 2 (000s)	%
North West	68.2	68.0	68.8	70.1	3,043	2,154	70.8
England	67.6	68.2	69.4	70.2	23,211	16,463	70.9

Source: Local Labour Force Survey, National Statistics

5. Working age economically active with no qualifications

	Working age economically active	Working age economically active with no qualifications	%
North West	3,130,100	379,700	12.1
England	23,774,900	2,487,500	10.5
UK	28,254,100	3,060,100	10.8

Source: Local Labour Force Survey, National Statistics

C Participation and success rate data

1. 16-18 Participation (FE, WBL and School Sixth Forms)

2001/02	2004/5	Diff	% diff
160,699	166,632	6,133	3.82

Source: LSC Scorecard 31 August 2005

2. Percentage of young people classified as NEET

	March 2004	March 2005	% pt diff	% diff
North West	9.3	8.6	-0.7	-7.5
England	7.8	7.6	-0.2	-3.0

Source: LSC Scorecard 31 August 2005

3. Percentage of 15 year old pupils achieving no passes at GCSE

	1999/2000	2003/4	% pt diff	% diff
North West	5.2	4.3	-0.9	-17.3
England	5.2	3.8	-1.4	-26.9

Sources: Statistics of Education: Public examinations GCSE/GNVQ in England 2000; GCSE and equivalent Results and Associated Value Added Measures for Young People In England 2003/4 (Final), DfES

4. Percentage of 15 year old pupils achieving 5+ A*-C grade GCSEs or equivalent

	1999/2000	2003/4	% pt diff	% diff
North West	45.7	50.7	6.5	14.7
England	47.0	52.0	5.0	11.1

Sources: Statistics of Education: Public examinations GCSE/GNVQ in England 2000; GCSE and equivalent Results and Associated Value Added Measures for Young People In England 2003/4 (Final), DfES

5. Average point score per candidate by candidates achieving GCE/VCE A/AS and Key Skills at Level 3 qualifications*

	1999/2000	2003/4	Diff	% diff
North West	246.7	264.7	18.0	7.3
England (maintained schools)	240.7	256.5	15.8	6.6
England (all schools and FE colleges)	254.7	269.2	14.5	5.7

* Average point score of 16-18 year old students entered for GCE/VCE A/AS

Sources: GCE/VCE A/AS Examination Results for Young People in England 2001/2; GCE/VCE A/AS Examination results for Young People in England 2003/4 (Final), DfES

6. Learners counting towards the Skills for Life target, 2001-2004

	Learners	Target	Diff	% diff
North West	114,388	106,130	8,258	7.8
England	746,988	763,306	-16,318	-2.1

Source: LSC

7. FE overall success rates

	2001/02	2003/04	% pt diff	% diff
North West	65%	71%	6.0	9.0%
England	63%	69%	6.0	9.5%

Source: LSC Scorecard 31 August 2005

8. WBL Apprenticeship success rates

	2001/02	2003/04	% pt diff	% diff
North West	33%	44%	11.0	33.3%
England	35%	46%	11.0	31.0%

Source: LSC Scorecard 31 August 2005; 2004/5 to Period 6

9. WBL Apprenticeship framework success rates

	2001/02	2003/04	% pt diff	% diff
North West	21%	32%	11.0	52.4%
England	24%	33%	9.0	38.0%

Source: LSC Scorecard 31 August 2005; 2004/5 to Period 6