



## **The Marches Skills Plan 2013 – 2015**

**Second Annual Review October 2014**

**Draft V1**

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## Introduction and Objectives

The Marches Local Enterprise Partnership Board adopted its Skills Action Plan for 2013-15 in December 2012. As part of the plan the LEP committed itself to undertaking annual reviews against a number of key indicators in order to determine the level of progress against the stated objective of the Skills Plan, namely:

**A GROWING ECONOMY SUPPORTED BY A SKILLED AND FLEXIBLE WORKFORCE WHERE YOUNG PEOPLE CAN REALISE THEIR POTENTIAL**

This document is the second in a series of three annual reviews which aim to:

- Review and comment upon the progress and activity against the plan to date;
- Provide a high-level review of any emerging new issues and evidence; and,
- Provide both the Employment & Skills Board and the LEP Board with an opportunity to consider what else needs to be done to realise the LEP's skills vision.

This document draws primarily on official data sources produced or recognised by the Office of National Statistics. In addition to commenting on the LEP area's performance against agreed benchmarks, this report also provides brief summary of a number of additional data sources published over the course of the last 12 months.

## Headline Findings

### Employment

- Total employment has grown strongly in the last year with 8,500 more people being employed in the local economy. Employment levels are up in all three local authority areas but most strongly in Herefordshire where there were 4,600 more people in employment than the previous year.
- Overall, the employment rate is 75.4% in The Marches area. This is higher than either the West Midlands (69.3%) or the rest of the UK (71.5%). Shropshire continues to have the highest employment rate (77.4%) of the three local authorities.
- The proportion of employment accounted for by the private sector fell from 78.9% to 77.5% over the last 12 months. The rate of private sector employment remains, however, slightly higher in The Marches than either the region or UK as a whole.

### Self-employment

- The rate of self-employment in The Marches (12.4%) has increased by 1.1 percentage points (4,200 jobs) in the last 12 months. The rate of self employment in The Marches remains significantly higher than that found in either the West Midlands or UK as a whole.

### Unemployment

- The unemployment rate in The Marches has decreased from 2.6% to 1.6% in the last 12 months. It remains significantly lower than the rates in either the West Midlands (2.9%) or the rest of the UK (2.3%).
- The 18-24 unemployment rate in The Marches has more than halved in the last two years from 7.6% to 3.3%. Telford and Wrekin continues to have the highest unemployment rate amongst young people, with 4.5% unemployed.
- The proportion of 18-24 year olds who are unemployed for more than six months has declined over the last two years, from 2.6% to 1.1%. Telford & Wrekin has the highest rate with 1.7% of 18-24 year olds unemployed for more than 6 months, although this has improved significantly from the 3.2% seen 12 months before.
- The proportion of all unemployed who have been out of work for 6 months or more has declined from 45.7% to 43.2% and the number of long term unemployed has decreased in absolute terms from 5,020 in 2012 to just 2,890 in 2014.
- The proportion of NEETs in The Marches has unfortunately increased from 6.1% to 6.5% in the last 12 months. Telford & Wrekin has the highest proportion of NEETs (8.8%), which is greater than the proportion for the West Midlands (6%) or the rest of the UK (5.2%).

### Skills

- The proportion of The Marches workforce with higher level qualifications (NVQ4+) has improved over the course of the last year, with 30% now holding

higher level qualifications. While better than the regional average this is still someway below the 35% seen nationally.

- The proportion of the workforce with only low level skills (i.e. below NVQ2) has increased marginally over the last year. However, the proportion of workers without any qualifications has continued to fall over the last two years with just 9.4% of 16-64 year olds now having no qualifications at all.
- Shropshire had the highest level of attainment for 5 A\*-C GCSEs, including English and Mathematics in the most recent year for which data is available. However, none of the three local authorities achieved or bettered the 60.4% seen across the UK as a whole.

### **Training and Developments**

- There was an increase of 2.6% in the total number of apprenticeship starts in The Marches area in 2012/13. This was made up of a 2.8% increase in 19+ starts and a 10% reduction in the number of 16-18 year old apprenticeship starts.
- The number and proportion of apprenticeships at advanced and higher level continued to increase last year with 15% more advanced and higher apprentices in 2012/13 than in 2011/12.
- The proportion of the workforce which had received training in the past 4 weeks prior to being surveyed fell slightly from 11.4% to 11.2% in the past 12 months. However, the proportion of the workforce which had received training in the past 13 weeks prior to being surveyed increased from 20.0% to 21.4% in the last 12 months.

### **A Review of New Evidence**

- The economy of The Marches area is continuing to grow. Recent surveys show that one-third (36%) of businesses in The Marches reported that their level of output was higher than the same time three months earlier, compared to 23% who reported a decline. The net figure was +13%, but this was slightly lower than the West Midlands (+17%) or England as a whole (+15%).
- Marches businesses were also slightly less confident about the future than those regionally or nationally. Data from the English Business Survey shows that a net (e.g. higher – lower) 17% of businesses are forecasting a growth in output over the next three months as compared with +21% for the West Midlands and +21% across England.
- There has been a net change of +2% of businesses increasing the size of their workforces. This is lower than either the West Midlands (+6%) or England (+5%) rates.
- The vast majority (65%) of local businesses report that they are satisfied with the utilisation of their workforce, although 9% report they have spare capacity and 24% believe their workforce is overstretched
- The Marches has experienced negative growth in economic output per head between 2011 & 2012 of -0.2%. The Marches was one of just six LEPS to witness a decline in GVA per head in that period.
- The Marches was one of just 14 LEP areas where employment in manufacturing actually grew over the period 2009- 2012.

- Three fifths (60%) of employers in The Marches had recruited at least one person into their organisation over the preceding 2-3 years. This was slightly lower than the 64% found nationally in England.
- Slightly fewer employers in The Marches were experiencing hard to fill vacancies than was the case across England. In total 4% of local employers had hard to fill vacancies at the time of the survey as opposed to 5% across England.
- Approximately one-in-seven employers (13%) in The Marches have at least some employees who are not fully proficient at their jobs. The rate of skills gaps in The Marches is slightly lower than that seen across England as a whole where 15% of employers report the existence of skills gaps.
- In total an estimated 10,800 workers in The Marches area were believed to have skills gaps. This equates to approximately 4% of the workforce and is slightly less than the 5% of the England-wide workforce believed to lack full proficiency.
- 64% of employers in The Marches had provided any of their employees with training over the previous 12 months. This was 2% lower than the 66% of employers which had provided training across England as a whole.
- Staff in The Marches receive an average of 4.4 days training per year. This was slightly higher than the 4.2 days average found nationally.

## Performance Indicators

Performance Indicator	Baseline Position	Update 2013	Update 2014	West Midlands	UK	Year and Source
<b>Employment</b>						
Employment change year on year	-0.4% (1,200)	<b>The Marches +0.3% (900);</b> Herefordshire -0.7% (-1,400); Shropshire +2.2% (4,000); Telford and Wrekin -0.6% (-1,700)	<b>The Marches +3.0% (8,500)</b> Herefordshire +6.1% (4,600); Shropshire +0.7% (1,000); Telford & Wrekin +4% (2,900)	+1.3% (31,100)	+1.3% (383,500)	April 2013 - March 2014 (APS)
Employment rate	72.7%	<b>The Marches 73.4%;</b> Herefordshire 71.8%; Shropshire 76.8%; Telford and Wrekin 69.0%	<b>The Marches 75.4%;</b> Herefordshire 75.3%; Shropshire 77.4%; Telford and Wrekin 71.8%	69.3%	71.5%	April 2013 - March 2014 (APS)
Private sector employment	78.0%	<b>The Marches 78.9%</b>	<b>The Marches 77.5%;</b> Herefordshire 81.5%; Shropshire 76%; Telford & Wrekin 75.7%	77%	76.8%	April 2013 - March 2014 (APS)
Rate of self-employment (aged 16-64)	11.4%	<b>The Marches 11.3%</b> (43,500)	<b>The Marches 12.4%</b> (47,700) Herefordshire 16.6%; Shropshire 12.6%; Telford & Wrekin 7.9%	9%	9.8%	April 13 - March 2014 (APS)
<b>Unemployment</b>						
Unemployment rate	3.1%	<b>The Marches 2.6% (10,500);</b> Herefordshire 2.0% (2,300); Shropshire 2.2% (4,200); Telford and Wrekin 3.7% (4,000)	<b>The Marches 1.6% (6,600);</b> Herefordshire 1.1% (1,200); Shropshire 1.5% (2,900); Telford & Wrekin 2.3% (2,500)	2.9%	2.3%	August 2014 (JSA Claimant count)
18-24 unemployment rate	7.6%	<b>The Marches 5.7% (3,010);</b> Herefordshire 4.9% (655);	<b>The Marches 3.3% (1,770);</b> Herefordshire 2.4% (325);	4.6% (25,110 people)	3.9% (231,755)	August 2014 (Claimant count)

		Shropshire 5.0% (1,185); Telford and Wrekin 7.5% (1,165)	Shropshire 3.1% (735); Telford & Wrekin 4.5% (710)			
18-24 long term unemployment rate (>6 months)	(2.6%) 1,290	<b>The Marches 2.2% (1,160);</b> Herefordshire 1.8% (250); Shropshire 1.7% (405); Telford and Wrekin 3.2% (505)	<b>The Marches 1.1% (590);</b> Herefordshire 0.7%(95); Shropshire 1% (230); Telford & Wrekin 1.7%(265)	1.7%	1.3%	August 2014 (Claimant count)
Proportion of all unemployed who have been out of work for more than 6 months	41.5% (5020)	<b>The Marches 45.7% (4,800);</b> Herefordshire 44.3% (1,015); Shropshire 44.3% (1,870); Telford and Wrekin 47.8% (1,915)	<b>The Marches 43.8% (2,890);</b> Herefordshire 40% (480); Shropshire 45% (1,305); Telford & Wrekin 44.2% (1,105)	51.6%	47.2%	August 2014 (Claimant count)
NEETs (%)	6.8% (1460)	<b>The Marches 6.1% (1,280);</b> Herefordshire 6.2% (360); Shropshire 5.4% (500); Telford and Wrekin 6.9% (420)	<b>The Marches 6.5% (1,350);</b> Herefordshire 6.4% (370); Shropshire 5.2% (490); Telford & Wrekin 8.8% (490)	6.0% (11,640)	5.2% (92010)	2013 (Dept for Education)
<b>Skills</b>						
% of workforce qualified to Level 4	28.5%	<b>The Marches 28.5%</b>	<b>The Marches 30%;</b> Herefordshire 30.9%; Shropshire 31.1%; Telford & Wrekin 27.1%	28.4%	35%	January-December 2013 (APS)
% of workforce qualified to below Level 2	30.7%	<b>The Marches 28.9%</b>	<b>The Marches 29.1%;</b> Herefordshire 29%; Shropshire 29%; Telford & Wrekin 29.5%	33.1%	27.7%	January-December 2013 (APS)
% of workforce with no qualifications	11.7%	<b>The Marches 10.6%</b>	<b>The Marches 9.4%;</b> Herefordshire	13.6%	9.5%	January-December 2013 (APS)



			12.2%; Shropshire 8.2%; Telford & Wrekin 8.6%			
% of young people attaining 5 GCSEs at A-C including English and Maths	Herefordshire 56.5% Shropshire 58.5% Telford & Wrekin 61.0%	Herefordshire 56.5%; Shropshire 58.5%; Telford & Wrekin 61.0%	Herefordshire 55.5%; Shropshire 60.1%; Telford & Wrekin 58.3%	59.3%	60.4%	SFR 40/2013 (Results for 2013)
<b>Workforce Development</b>						
Apprentices 19+	5170 starts	<b>The Marches +21% (6,260 starts)</b>	<b>The Marches +2.8% (6,440 starts);</b> Herefordshire 1,430; Shropshire 3,070; Telford & Wrekin 1,940	+11.2%	+1.2%	SFR starts May 2014 (relating to 2012/2013)
Apprentices 16 - 18	1650 starts	<b>The Marches +5.5% (1,740 starts)</b>	<b>The Marches -10% (1,570 starts);</b> Herefordshire 420 starts; Shropshire 740 starts; Telford & Wrekin 410 starts	-19.4%	- 12.1 %	SFR starts May 2014 (relating to 2012/2013)
Number of advanced and higher apprenticeships	2,840 starts	<b>The Marches +21% (3,430 starts)</b>	<b>The Marches +15.1% (3950 starts);</b> Herefordshire 850 starts; Shropshire 2,070 starts; Telford & Wrekin 1030 starts	+20.4%	+22.6 %	SFR starts May 2014 (relating to 2012/2013)
<b>Training</b>						
% who have received job related training in the last 4 weeks aged 16-64	9.6% (37,200 people) Herefordshire 8.8% Shropshire	<b>The Marches 11.4% (43,600);</b> Herefordshire 10.1%; Shropshire 12.3%;	<b>The Marches 11.2% (43,200);</b> Herefordshire 10.6%; Shropshire 10.9%; Telford	8.3%	9.6%	Baseline Position APS (April 2011- March 2012)  Updated

	re 9.3% Telford and Wrekin 11.1%	Telford and Wrekin 11.1%	& Wrekin 12.5%			2014 APS (April 2013 – March 2014)  NB These figures were not included in the original 'Marches Skills Plan 2013-2015'
% who have received job related training in the last 13 weeks	18.9% (72,800) Herefor dshire 16.8% Shropshi re 19.0% Telford and Wrekin 20.7%	<b>The Marches 20.0% (76,700);</b> Herefordshire 17.8%; Shropshire 21.2%; Telford and Wrekin 20.3%	<b>The Marches 21.4% (82,400);</b> Herefordshire 18.7%; Shropshire 22.8%; Telford & Wrekin 21.9%	16.5%	19.1%	Baseline Position APS (April 2011- March 2012  Updated 2013 APS (April 2012 – March 2013)

### Key

	Indicator shows improvement		No change or minor decline		Significant decline in indicator
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### Employment

Over the last 12 months total employment in The Marches LEP area has increased by approximately 8,500 jobs which equates to a rise of around 3%. Growth was strongest in Herefordshire where approximately 4,600 extra people were employed as compared with 1,000 additional jobs in Shropshire and 2,900 in Telford & Wrekin. The growth patterns were a reverse of the position last year where growth was strongest in Shropshire and weaker in Herefordshire and Telford & Wrekin.

As a whole, The Marches has had a much greater increase in the total number of people in employment (+3%) than either the rest of the West Midlands (+1.3%) or the UK (+1.3%).

The sectors which had the greatest increase in the numbers working in them were public admin, education and health (8,900) and transport & communications (2,600). The sectors with the greatest decrease in the numbers working in them were: agriculture (-1,900) and construction (-1,000).

Across the Marches, the most significant changes in the proportion employed in each broad industrial sector have been in the agriculture (-20%) and Transport & communications (+16%).

The employment rate also increased over the last 12 months with an additional 2% of the working age population across The Marches area being employed in March 2014, as compared to March 2013. The employment rate increased in all three local authority areas, although the rise was greatest in Herefordshire where it rose by 3.5 percentage points. Shropshire, however, continues to enjoy the highest employment rate (77.4%) of the three local authority areas.

The employment rate in The Marches, and in all three local authority areas, is higher than the rate in either the West Midlands (69.3%) or the UK as a whole (71.5%).

Private sector employment has decreased from the previous report; in March 2013, 78.9% were employed in the private sector, whilst in March 2014 that figure had declined to 77.5%. It is unclear why this might be the case given the continuing period of austerity facing the vast majority of public sector organisations. Private sector employment was highest in Herefordshire with 81.5% of all employment in the private sector as compared with 76% in Shropshire and 75.7% in Telford & Wrekin.

Whilst local authority figures are not available, regional figures calculated by the TUC for the West Midlands show that the number underemployed has risen slightly since 2012 and there are now 257,900 people regarded as underemployed. This is a rise of 4.5% between 2012 and 2014.

## **Self Employment**

The rate of self employment has increased since March 2013, with 4,200 more people self-employed in March 2014, meaning 47,700 are now self-employed. This year's rise in self employment reverses a pattern seen the year before when the rate of self employment in The Marches fell from 11.4% to 11.3%.

The rate of self employment is higher in The Marches than that in either the West Midlands or the UK as a whole. At a local authority level, the self employment rate in Herefordshire is significantly above that of either Shropshire or Telford & Wrekin. Only Telford & Wrekin has a rate of self-employment lower than the regional or national averages.

## **Unemployment**

The unemployment rate in The Marches has continued to decrease since the original report, from 3.1% in July 2012, to 2.6% in August 2013 and 1.6% in August 2014. This is evidence of the continuing improvement in the labour market as the recovery takes hold.

However, unemployment remains higher in Telford and Wrekin than in the other local authorities, standing at 2.3%. This is more than twice the rate in Herefordshire and appreciably higher than in Shropshire (1.1% and 1.5% respectively). The

unemployment rate in Telford & Wrekin is in line with the UK average and slightly better than the West Midlands average of 2.9%.

Whilst the proportion of people in The Marches suffering from long-term unemployment has increased from 41.5% to 43.8% since the baseline year, the actual number of individuals who have been out of work for more than six months has reduced by more than 40% from 5,020 in July 2012 to 2,890 in August 2014. This is further evidence that the environment facing those seeking to move back into employment following substantial periods of unemployment is improving. Shropshire has the highest proportion of its unemployed (45%) that have been out of work for more than six months. This is a change from last year when Telford & Wrekin had the highest proportion of long-term unemployed.

The proportion that have been out of work for longer than six months is lower in The Marches area and the three local authorities, than either the West Midlands (51.6%) or the rest of the UK (47.2%).

The rate of unemployment amongst 18-24 year olds has more than halved over the last two years, falling from 7.6% in August 2012 to 5.7% in August 2013 and now to 3.3% in August 2014. While this reduction is very welcome the proportion of young people unemployed remains twice the rate for the population as a whole. Across the three local authority areas Herefordshire has the lowest youth unemployment rate at just 2.4% and Telford & Wrekin the highest at 4.5%. This pattern has not changed over the last two years.

The West Midland unemployment rate amongst 18-24 year olds is almost one and a half times greater than the rate for The Marches (4.6% compared to 3.3% respectively). The Marches also has a lower rate of youth unemployment than the UK average.

The long term unemployment rate (those who have been unemployed for 6 months or more) for 18-24 year olds has more than halved from 2.6% in July 2012 to 2.2% in August 2013 and 1.1% in August 2014. There are now 700 fewer 18-24 year olds in long term unemployment across The Marches area than when the baseline for the skills plan was set.

The long term 18-24 unemployment rate is 0.6% higher in the West Midlands than The Marches (1.7% compared to 1.1% respectively). The Marches rate is also slightly better than the rate for the UK as a whole (1.1% v 1.3%).

The rate of long term youth unemployment varies between the local authorities in The Marches area with Herefordshire having the lowest rate of long term young unemployment at just 0.7%, closely followed by Shropshire with 1%. Telford & Wrekin continues to have the highest rate of youth unemployment which now stands at 1.7%.

Whilst Telford & Wrekin accounts for 45% of the long term youth unemployment in The Marches area, it is the local authority which has seen the greatest improvement over the last 12 months with the rate of youth unemployment dropping from 3.2% to 1.7%.

While there has been a reduction in unemployment amongst 18-24 year olds in The Marches area, there has been an increase in the number and percentage of NEETs (young people aged 16-24). The NEET rate fell over the first year of the plan from 6.8% to 6.1% but in the last year it has climbed again to 6.5%. In total 1,350 young people were identified as NEET at the end of 2013 as compared with 1,280 the year before.

The proportion of NEETs varies between each local authority; whilst Shropshire has the highest number of NEETs (490), it has the lowest proportion, with only 5.2% of its young people believed to be NEETs. Telford and Wrekin has the highest proportion of young people regarded as NEETs, with 8.8%, which is 2.4% higher than the proportion in Herefordshire (6.4%). Only in Shropshire has the proportion and number of NEETS fallen in the last 12 months.

The Marches has a higher rate of NEETs as compared with both the West Midlands and UK averages (6% and 5.2% respectively). The NEET rate in The Marches went up marginally last year whereas it fell in the West Midlands and UK as a whole.

## **Skills**

Since the original report, there has been an overall improvement in the level of qualification attainment. The proportion of the workforce with no qualifications has decreased from 11.7% in 2011 to 9.4% in 2013, which indicates that the supply of new recruits entering the labour market are, on average, better qualified than those leaving. It may also indicate that older workers in the workforce recognise the need to up-skill in order to be able to effectively compete for work in the future.

At a local authority level Herefordshire appears to have the greatest proportion of its employees with no qualifications. An estimated 12.2% have no qualification in Herefordshire which is significantly worse than the level in either Shropshire or Telford & Wrekin.

The proportion of the workforce with low level qualifications (below NVQ Level 2) increased marginally over the last 12 months from 28.9% to 29.1%. While this is within the statistical margin of error, it will be important to monitor this next year as all indications are that the proportion of jobs requiring people with only low level qualifications is likely to continue to contract.

The proportion of The Marches workforce with higher level skills has risen over the last 12 months from 28.5% in 2012 to 30% in 2013. The Marches continues to enjoy a slightly higher proportion of its workforce qualified to NVQ4+ than the regional average, but remains somewhat below the average for the UK as a whole.

At a local authority level Telford & Wrekin has approximately four percentage points fewer of its workforce educated to NVQ4+ than the levels found in either Herefordshire or Shropshire.

Evidence on the proportion of young people attaining 5 or more GCSEs at A\*-C including English and Maths shows a rather mixed picture across the three local authority areas. Performance improved in Shropshire over the last year but declined marginally in Herefordshire and by slightly more in Telford & Wrekin schools.

None of the three local authority areas achieved the same or better than the English average, although Shropshire was just 0.3% below.

## **Training and Development**

Over the last three years the total number of apprentices in The Marches area has increased from 6,820 in 2010/11 to 8,000 in 2011/12 and to 8,210 in 2012/13. While the number of additional apprentices continued to rise in the most recent year the rate of increase has slowed from 17% to 2.6%.

In 2012/2013, there were 170 fewer apprenticeship starts amongst 16-18 year olds than in 2011/2012. This represents a decrease of approximately 10%. This was, however, better than the performance across the West Midlands or UK as a whole where the number of young apprentices fell by 19.4% and 12.1% respectively.

In 2012/2013, there were 6,440 apprenticeship starts by people aged 19+, compared to 6,260 in 2011/12. This represents an increase of just 2.9%. This is substantially down on the rate of growth seen in previous years and may be a reflection of how an improving economy may be reducing the demand for apprenticeships amongst older groups.

The number of advanced/higher apprentices has continued to increase over the last year, with an additional 520 starts (representing 15.1%) from 2011/12 to 2012/2013. Encouragingly, over the last two three years the total number of higher/advanced apprenticeships has increased by 39%. At a local authority level Shropshire appears to perform best in terms of proportion of higher/advanced apprenticeships with the county accounting for 52% of all higher/advanced apprenticeships in The Marches area.

According to data from the Annual Population Survey for the period April 2012-March 2013, 11.2% of The Marches workforce had received job related training in the previous 4 weeks, whilst just over one-fifth (21.4%) had received training in the preceding 13 weeks.

The proportion of employees receiving training in the previous four weeks had reduced slightly over the last year from 11.4% to 11.2%, whereas those receiving training in the last 13 weeks had increased from 20% to 21.4%.

The proportions of the workforce who have received job related training recently differs between the local authorities. Employees in Herefordshire get lower levels of training on both indicators than those found in either Shropshire or Telford & Wrekin.

A higher proportion of the workforce have received training in The Marches, both in the last four and 13 weeks, compared to the West Midlands and the rest of the UK. In the last four weeks, 11.2% of the workforce in The Marches received training, compared to only 8.3% in the West Midlands and 9.6% in the rest of the UK. In the last 13 weeks, just over one-fifth of local workers in have received training, compared to only 16.5% of workers in the West Midlands and 19.1% of workers across the UK. This pattern of higher levels of workforce training in The Marches than in the region of country has been a feature for some years now. It may bode well for the future

economic performance of the area as many believe there to be a strong link between workforce development and economic growth.

## **A Review of New Evidence**

### **The Marches' Economy**

Data from the English Business Survey for the fourth quarter of 2013 showed evidence that the economy of The Marches area was continuing to grow. One third (36%) of businesses reported that their level of output was higher than the same time three months before, as compared with 23% which reported a decline in output over the same period. The net position was therefore +13% (36% -23%). This was, however, slightly lower than the corresponding figures for either the West Midlands region (+17%) or England as a whole (+15%).

Marches businesses were also slightly less confident about the future than those regionally or nationally. Data from the English Business Survey shows that a net (e.g. higher – lower) 17% of businesses are forecasting a growth in output over the next three months as compared with +21% for the West Midlands and +21% across England.

While the local economy has seen growth in output over the last few months, employment growth has been much more modest. Approximately 17% of local businesses have seen a growth in employment over the last three months with 15% witnessing a contraction. There has been, therefore, a net change of just 2% of businesses increasing their workforces over the period which is lower than either the West Midlands (+6%) or England (+5%) averages.

In terms of utilisation of the workforce businesses in The Marches there appears to have been little change over the last year. Data for the fourth quarter of 2013 shows that 65% of employers believed their workforce was being used at a satisfactory level, 9% believed they had spare capacity and the 24% believed their workforce was overstretched. This data was very similar to that found a year earlier.

According to the LEP Network 'Review of Local Enterprise Partnership area economies in 2014,' The Marches had experienced negative growth in economic output per capita between 2011 and 2012 of -0.2%. The Marches was just one of six LEPs to witness a decline in GVA per head in that period. GVA per head stood at £16,300 in 2012 in The Marches area, with the area being ranked 31<sup>st</sup> out of 39 LEPs.

While overall across England the number of people employed in manufacturing declined by 3.5% between 2009 and 2012, The Marches was one of just 14 LEP areas where manufacturing employment actually grew. Total manufacturing employment in The Marches grew from 36,000 to 36,700 during that period. Data on the percentage of people employed in high and medium technology manufacturing also corroborates The Marches strong position with 4.6% of workers employed in high or medium technology manufacturing as compared with an England average of 3.2%.

Employment in export intensive industries was higher in The Marches LEP area than the England average, with 17.7% of all employees working in sectors where export activity was common as compared with 15.2% of all employees in England.

### **UK Commission Employer Skills Survey 2013**

The UK Commission's Employer Skills Survey is one of the primary sources of intelligence on employer skills needs and training investment, and provides an unrivalled basis for analysis. As the survey involves 91,000 employers across the UK, data for The Marches can be analysed by sector and size, as well as benchmarked against other similar LEP areas.

#### **Recruitment**

- Three fifths (60%) of employers in The Marches had recruited at least one person into their organisation over the preceding 2-3 years. This was slightly lower than the 64% found nationally in England.
- One quarter of employers in The Marches had recruited a young person directly from school, college or university over the previous 2-3 years. This too was slightly less than the 27% of employers which had done so nationally.
- At the time of the survey 13% of employers in The Marches had at least one vacancy they were seeking to recruit into. This compares to a figure of 15% found across England as a whole.
- Slightly fewer employers in The Marches were experiencing hard to fill vacancies than was the case across England. In total 4% of local employers had hard to fill vacancies at the time of the survey as opposed to 5% across England.
- In total there were an estimated 1,680 hard to fill vacancies in The Marches area.

#### **Skills gaps**

- Approximately one-in-seven employers (13%) in The Marches have at least some employees who are not fully proficient at their jobs. The rate of skills gaps in The Marches is slightly lower than that seen across England as a whole where 15% of employers report the existence of skills gaps.
- In total an estimated 10,800 workers in The Marches area were believed to have skills gaps. This equates to approximately 4% of the workforce and is slightly less than the 5% of the England-wide workforce believed to lack full proficiency.
- The main ways in which skills gaps adversely affect employers in The Marches area are: increasing the workload on other staff; creating difficulties meeting quality standards; increasing operating costs and delaying the introduction of new working practices.

#### **Training & Workforce Development**

- Slightly fewer employers in The Marches had a business plan, training plan or training budget than was found across England, and just 18% of Marches' employers had all three of these planning tools in place.
- 64% of employers in The Marches had provided any of their employees with training over the previous 12 months. This was 2% lower than the 66% of employers which had provided training across England as a whole.



- An estimated 62% of the workforce of The Marches area had received at least some training over the preceding 12 months before the survey. This was exactly the same as was found across England.
- Just over one-third (35%) of employers in The Marches had provided any training that led to formal qualifications in the previous year. This was four percentage points higher than the national rate.
- The main reason cited by employers for not training was that all staff were fully proficient and did not require any additional training.
- Staff in The Marches receive an average of 4.4 days training per year. This was slightly higher than the 4.2 days average found nationally.
- In total 61% of employers in The Marches were in a training equilibrium where they were training at the level they desired. The remaining 39% would have liked to have undertaken more training if certain conditions had existed, such as more financial resources or access to the right types of training.

## Local Authority: Positives and Negatives

### Herefordshire

#### Positives

- Total employment in Herefordshire grew at the strongest rate of any of the three local authority areas over the last year, with 4,600 additional people in work than a year earlier.
- The employment rate rose by 3.5 percentage points in the last year.
- The rate of private sector employment (81.5%) is the highest of the three local authorities in The Marches area.
- The rate of self-employment in Herefordshire is significantly higher than in either of the other two local authorities.
- Herefordshire has the lowest unemployment rate in the Marches, only 1.1% compared to the Marches' average of 1.6%. Herefordshire's unemployment rate is also lower than either the West Midlands (2.9%) or the UK (2.3%).
- The long term unemployment rate (more than six months) in Herefordshire is 40%, which is lower than the Marches average of 43.8%. Herefordshire's long term unemployment rate is also less than the West Midlands (51.6%) or UK (47.2%) average.
- Herefordshire has the lowest rate of youth long term unemployment in the Marches (0.7% compared to The Marches 1.1%).
- Herefordshire has more people qualified to NVQ4 and above than The Marches average.

#### Negatives

- The employment rate in Herefordshire (75.3%) is lower than that in either Shropshire (77.4%) or the Marches average (75.4%).
- Herefordshire has a higher NEET rate (6.4%) than Shropshire (5.2%), the West Midlands (6%) or the UK as a whole (5.2%).
- Of the benchmark areas, Herefordshire has the lowest rate of attainment for five GCSEs grade A\*-C, including English and Mathematics (55.5%). It is almost 5% lower than Shropshire, and that of the UK average.
- The county has the highest proportion of its workforce without any qualifications out of the three Marches local authorities.
- Herefordshire had the smallest number of 19+ apprenticeship starts of the three local authorities. It also had the fewest number of advanced/higher apprenticeship starts

### Shropshire

#### Positives

- Shropshire has the highest employment rate of any of the areas (77.4%). This is higher than the average for the Marches (75.4%) or either of the other local authorities in it. It is 5.6% higher than the rate in the lowest, Telford and Wrekin. It is also higher than either the West Midlands (69.3%) or the UK as a whole (71.5%).
- The rate of self employment in Shropshire (12.6%) is higher than that found regionally or nationally.

- The unemployment rate in Shropshire (1.5%) is lower than both Telford & Wrekin (2.3%) and the Marches average (1.6%). It is also substantially lower than the rates in the West Midlands (2.9%) and the UK (2.3%).
- Shropshire has a youth unemployment rate of only 3.1%. This is lower than the proportion in either Telford and Wrekin (4.5%) or the Marches (5.7%). It is also lower than both the West Midlands (4.6%) and the UK (3.9%).
- Shropshire is the only local authority in The Marches where the number and percentage of NEETs has fallen over the last year.
- The rate of attainment for 5 GCSEs at grade A\*-C, including English and Mathematics, is 60.1% in Shropshire, which is higher than Herefordshire (55.5%) Telford & Wrekin (58.3) and the West Midlands (59.3%).
- Shropshire had the largest number of new apprentices in the last year as well as more than 52% of all advanced/higher apprenticeship starts in The Marches area.
- Shropshire has the lowest proportion of its workforce lacking any qualifications. Just 8.2% have no qualifications as compared with 13.6% regionally and 9.5% across the UK.

### **Negatives**

- While total employment grew in the last 12 months in Shropshire it was the lowest rate of growth of the three local authority areas.
- Shropshire has a marginally lower level of private sector employment than The Marches, West Midlands or UK as a whole.
- Shropshire now has the highest proportion of its youth unemployment that has been out of work six months or more. 45% of those aged 18-14 who are unemployed have been out of work more than six months.
- The proportion of employees who have received training in the last four weeks is lower than the average for The Marches as a whole. It is, however, higher than either the West Midlands or UK averages.

### **Telford and Wrekin**

#### **Positives**

- Telford & Wrekin experienced strong employment growth over the last year with 4,000 extra people in employment than one year earlier.
- Telford and Wrekin has an employment rate of 71.8%, which is higher than the employment rate for the West Midlands (69.3%) or the UK (71.5%).
- The unemployment rate in Telford & Wrekin is 2.3%, and this has fallen by the most of any of the three Marches local authorities over the last year.
- Telford and Wrekin has a lower long term unemployment rate (44.2%) (proportion all who have been unemployed for more than six months) than Shropshire (45%) the West Midlands (51.6%) and the UK (47.2%).
- The proportion of the Telford & Wrekin workforce without any qualifications (8.6%) is lower than the average for The Marches (9.4%), West Midlands (13.6%) or UK (9.5%)
- The proportion of the workforce in Telford and Wrekin which had received training in the four weeks prior to being surveyed was 12.5%. This was the highest proportion in the Marches area; in Herefordshire, only 10.6% had

received training and in Shropshire the figure was 10.9%. It was also higher than the rates in both the West Midlands (8.3%) and the UK (9.6%)

- The proportion of the workforce in Telford & Wrekin which had received training in the thirteen weeks prior to being surveyed was 21.9%. This was the second highest proportion in the Marches area; in Herefordshire only 18.7% had received training. It was higher than the rates in both the West Midlands (16.5%) and the UK (19.1%).

## **Negatives**

- Telford & Wrekin has the lowest employment rate in The Marches LEP (71.8%). This is 3.6 percentage points lower than the Marches average and 5.6 percentage points lower than the rate in Shropshire.
- Telford & Wrekin has the lowest rate of private sector employment in The Marches area and is lower than either the West Midlands or UK averages.
- The rate of self employment in Telford & Wrekin (7.9%) is substantially lower than the average for The Marches overall (12.4%). It is also lower than the regional (9%) or UK averages (9.8%).
- The unemployment rate in Telford and Wrekin is 2.3%, which is higher than both of the other areas in the Marches; Herefordshire's unemployment rate is only 1.1%, whilst Shropshire's is only 1.5%.
- Telford & Wrekin continues to have the highest youth unemployment and long-term youth unemployment rates in The Marches area. Progress has, however, been made on both indicators over the last 12 months.
- Telford and Wrekin has the second highest long term unemployment rate (proportion of all unemployed, who have been unemployed for more than 6 months) in the Marches area (44.2%). Herefordshire has only 40% of unemployed out of work for more than six months.
- Telford and Wrekin has the highest proportion of NEETs of any of the benchmark areas, with 8.8% of young people not in employment, education or training. The overall rate in the Marches is 6.5%, 2.3 percentage points lower than Telford & Wrekin. The rate of NEETs in the West Midlands is 6% and the UK 5.2%, both significantly lower than the proportion in Telford & Wrekin.
- Telford & Wrekin has the smallest proportion of its workforce qualified to NVQ4+ (27.1%) of any local authority in The Marches and the rate is also lower than the West Midlands or UK averages.
- The % of young people achieving 5 or more good GCSE passes including English and Mathematics has fallen over the last year from 61% to 58.3%. This was below the West Midlands and UK averages of 59.3% and 60.4% respectively.