ENTERPRISE PARTNERSHIP
York / North Yorkshire / East Riding
Business Inspired Growth

LABOUR MARKET ANALYSIS December 2019

Developed in consultation with Department for Education

Executive Summary

EXECUTIVE SUMMARY

Introduction

This document is an executive summary of a full report that sets out an assessment of York, North Yorkshire and the East Riding's (YNYER's) skills needs based on a detailed analysis of the supply and demand of skills, together with evidence of mismatch and market failure. It identifies employment and skills priorities and sets out high level recommendations for action.

The key purpose of the analysis is to inform the deliberations of the LEP's Skills Advisory Panel. Skills Advisory Panels comprise employers, skills providers and local government, working together to understand and address local skills challenges. The analysis also has wider applications; for example it can be used to inform the curriculum strategies of local institutions and to underpin local careers information and advice practice.

The content of the analysis takes account of the LEP's existing policy context and priorities around workforce skills, apprenticeships, social inclusion and enterprise in education.

The local landscape

Local action on employment and skills aims to contribute to improvements in wider economic performance, particularly around productivity, earnings and employment. It also seeks to foster greater inclusion around opportunities to participate and benefit from economic growth. This report provides an overview of the current performance of the economy and labour market in these areas.

The analysis shows that YNYER faces a significant and widening gap in its **productivity** performance. Output per hour worked in the LEP area is only 86% of the UK average (from a position of parity in 2004). Bringing local productivity up to the UK average would grow the local economy by £4.2 billion. There is a strong association between the relative performance of local areas on skills and their productivity performance.

Pay levels also lag behind the national average, reflecting this weak productivity performance. At £12.55 per hour, gross median pay for full-time jobs in the LEP area is only 87% of the national average of £14.49. The LEP area faces a significant low pay challenge with 28% of jobs paying below the Real Living Wage, rising to 37% in Scarborough and much higher than the national average of 23%. YNYER's pay deficit largely reflects a gap at the upper end of the pay distribution: well-paid workers in the LEP area are paid less than their national counterparts.

On the face of it, the LEP area has performed positively in getting people into jobs. **The local employment rate**, expressed as the proportion of the population aged 16-64 who are in work, is two percentage points above the national average at 79%, versus 77%. The local rate has been consistently higher than average over the last 15 years. However, unlike many parts of the country the LEP area has seen slow growth in its working age population, meaning that a fairly small increase in the number of people in employment has been sufficient to drive up the employment rate.

Moreover, the LEP area has relied on **self-employment** and part-time employment as sources of employment growth to a greater extent than is the case nationally. Non-permanent employment is high in some districts, including York and Scarborough, and this reflects the importance of the tourism sector and its reliance on casual and seasonal employment.

Acute **deprivation** is not widespread in the LEP area. Only 3 per cent of neighbourhoods fall within the 10% most deprived nationally; however, its isolated nature, with coastal communities particularly affected, means that outcomes are often poorer than in areas where it is more commonplace. Education, training and skills deprivation is a more significant issue than other forms of deprivation in the LEP area.

Table 1: Key facts about the York, North Yorkshire and the East Riding labour market	
Key fact	**Notes and source**
Mapping the landscape	
Size of total resident population – **1,164,000**	Mid-year Population Estimates 2018, Office for National Statistics
Size of working age population (aged 16-64) – **697,000**	Source: Annual Population Survey, Jan – Dec 2018
Productivity level, gross value added per hour worked, in YNYER – **£28.78** (national average – £33.65)	Source: Subregional productivity: labour productivity indices by Local Enterprise Partnership, Office for National Statistics
Average pay – **£12.55 per hour** (national average – £14.49)	Median gross hourly pay for full-time jobs. Source: Annual Survey of Hours and Earnings
Size of gender pay gap in YNYER – **17%** (national average –19%)	The gender pay gap is the difference between average hourly earnings of men and women as a proportion of average hourly earnings of men's earnings. Source: Annual Survey of Hours and Earnings, 2018
Employment rate in YNYER –**79%** (national average –77%)	Proportion of people aged 16-64 in employment. Source: Annual Survey of Hours and Earnings, 2018
Number of people in YNYER who are unemployed or inactive (but would like a job) – **40,000**	Source: Annual Population Survey, Jan – Dec 2018
Demand	
Number of workplace jobs in YNYER – **611,000**	Workplace jobs comprise employee jobs, self-employed, government-supported trainees and HM Forces. Source: Office for National Statistics, 2017
Proportion of people in employment working in high skilled occupations – **43%** (national average – 47%)	Source: Annual Population Survey, Jan – Dec 2018
Proportion of workers in YNYER that are employed in five lowest paid occupations – **28%** (national average – 24%)	Source: Annual Population Survey, Jan – Dec 2018
Proportion of projected job openings in YNYER that are due to replacement demands rather than net job growth – **91%**	Source: Working Futures, 2014 -2024
Supply	
Total further education learners, aged 16-18 – **17,160**	Figure relates to YNYER residents in learning in 2017/18 academic year. Source: Education and Skills Funding Agency
Total adult learners in further education – **38,500**	Figure relates to YNYER residents in learning in 2017/18 academic year, includes Community Learning and Education and Training. Source: Education and Skills Funding Agency
Estimated Adult Education Budget spend in YNYER in 2017/18 (excluding Community Learning) – **£10m**	Education and Skills Funding Agency
Total apprenticeship starts in YNYER – **12,220**	Figure relates to YNYER residents starting an apprenticeship in 2017/18 academic year, includes British Army. Source: Education and Skills Funding Agency
Number of students enrolled at YNYER higher education institutions – **25,000**	2017/18 academic year. Source: HESA
Proportion of YNYER employers who have high performance working practices in place – **4%** (national average – 9%)	Source: Employer Skills Survey 2017
Proportion of YNYER employers who offer work experience opportunities – **37%** (national average – 38%)	Source: Employer Perspectives Survey, 2016
Mismatches	
Proportion of vacancies in YNYER that are skill shortage vacancies – **25%** (national average – 22%)	Source: Employer Skills Survey 2017
Proportion of employers in YNYER who have one or more staff with a skills gap – **14%** (national average – 13%)	Source: Employer Skills Survey 2017
Proportion of YNYER employers who say the skills of their staff are underutilised – **35%** (national average – 34%)	Source: Employer Skills Survey 2017

Demand for skills

The report provides an overview of the demand for skills in the area, based on the profile of jobs locally and the skills required to do those jobs. It considers the current picture and the way in which the pattern of demand is expected to develop in the future. The fundamental question that it addresses is: what skills are needed by employers and the local economy, both now and in the future?

The four **biggest sectors** in the LEP area's employment base are Wholesale and retail (16%), Health and social care (12%), Accommodation and food services (11%) and Manufacturing (11%).

In absolute terms, Elementary administration and service occupations and Caring personal services are the **largest occupational groups**, employing more than 50,000 and around 35,000 people respectively. Corporate managers and Administrative roles also each employ more than 30,000 people.

The local employment base has several distinct **sectoral specialisms**. Relative to the structure of the national economy, Agriculture and Manufacturing (particularly food manufacturing), together with Accommodation and food services are key strengths of the local employment base.

There is also a major concentration of energy sector employment in Selby. The key area of under-representation is knowledge-intensive services, which in proportionate terms accounts for only two-thirds of employment seen at national level. The local share of employment accounted for by the public sector is in line with the national average.

Overall, the LEP area has a **deficit of high skilled employment** and a disproportionate reliance on low-skilled jobs. This deficit of workers in higher skilled occupations extends to employment in the majority of industry sectors in the LEP area, reflecting relatively low value business activities, low productivity and an associated weak demand for skills locally.

In terms of specific occupational specialisms, the LEP area's employment base is distinguished by relatively large numbers of people employed in agriculture trades and protective service roles. The latter reflects the considerable presence of the British Army locally. The key areas where employment is under-represented include the higher skilled occupational categories of Science, research and technology professionals (which is likely to be due to low employment in digital roles) and also in Business and media professional roles, reflecting the comparatively small size of knowledge-intensive service activities locally.

In recent years **employment in the LEP area has grown much less quickly** than nationally. The number of employee and self-employed jobs in the LEP area increased by 49,000 or 9% between 2012 and 2017, compared with a national rate of growth of 12%.

The bulk of recent **sectoral employment growth** has been in service activities (both business and consumer-facing). Most notable was Hospitality (Accommodation and food services) (+14,000; +33%), followed by the two business service categories of Administrative and support services (+13,000; +57%) and Professional scientific and technical activities (+11,000; +39%). But the number of manufacturing jobs also increased, growing by 8,000 or 17% over this period.

Occupational employment growth has mainly been concentrated in higher skilled occupations. The number of people employed in management, professional and associate professional roles has grown by 46,000 in the LEP area since the period before the recession (2004). This represents growth of 30%, three times the rate seen for overall employment. Care occupations were the most prominent among lower-skilled areas of growth.

The occupations which have seen the most pronounced **declines** in employment are exclusively middle and lower-skilled occupations, including administrative and secretarial occupations, drivers, elementary manual roles and routine operatives.

With regard to current labour demand, as reflected in employer requirements expressed in **online job postings**, communication is the baseline (or generic) skill that is in the greatest demand by far, followed by skills such as organisation skills, attention to detail, planning, creativity and problem solving. So far as **digital skill requirements** are concerned an ability to use packages within the Microsoft Office suite is in widespread demand, particularly Excel.

Around two-thirds of employers have **upskilling needs** in the LEP area. Employers are most likely to say that managers are in need of upskilling.

Labour market projections indicate that higher skilled occupations will continue to see the **strongest net growth in employment in future**, whilst middle-skilled administrative and manual roles will continue to see net decline. Caring roles will be a second key source of net job growth.

Replacement demands will reinforce net growth in higher skilled occupations and caring roles, leading to strong recruitment needs in these areas. However, because replacement demands are expected to generate 10 times as many job openings as net growth over the next decade, they will also serve to offset net declines in other occupational areas, ensuring that most occupational areas will see a positive recruitment requirement over the next decade. The broad-based nature of the future recruitment requirement is a key message for those planning education and training provision within institutions and for individuals making careers choices.

The impact of **automation** could disrupt the labour market, rendering some types of skill obsolete, particularly those that relate to routine tasks. In broad terms the influence of new technologies is expected to reinforce the existing pattern of change, with low and middle skilled occupations most susceptible to automation whilst higher skilled roles and caring roles face less risk of displacement. Locally, just over a third of current jobs are at high risk of automation over the next 20 years, in line with the national picture. In sectoral terms, agriculture, accommodation and wholesale / retail are most susceptible to the effect of automation.

As technology alters the importance of some tasks and jobs in the labour market, there will be a need to invest in **re-skilling** to enable workers to adapt to changes in the design of their existing jobs and to help them to move jobs or even occupations in order to benefit from more sustainable opportunities.

Supply of skills

This section of the report provides an assessment of the current profile of skills and qualifications in the local area and considers the quality and responsiveness of the skills “pipeline” provided by apprenticeships, higher education, workforce development and other sources of skills supply.

With regard to local **demography**, the LEP area faces a challenge of a declining and ageing population. The size of the local labour force is projected to decline over the next 20 years, in contrast with expected growth nationally. This has important implications for future skills supply. With a limited number of young people entering the labour market and an increasing dependency ratio, there is added urgency to the task of investing in the skills of existing members of the workforce in order to boost productivity.

A key characteristic of the LEP area is its **rural nature and remote locations**. Combined with a lack of transport options, this presents a particular challenge to local employers in addressing their skilled labour needs and results in hard-to-fill vacancies.

The LEP area is characterised by strong inward and outward **commuting flows**. Commuting links are strongest with Hull and Leeds in terms of both inward and outward flows. Overall, the LEP area is a net exporter of labour, with a net commuting outflow of 24,000 based on Census data. Much of this net outflow comprises higher skilled workers.

YNYER has the highest rate of **home / remote working** of any LEP area, with 23% of all workers falling into this category. This kind of flexible working plays an important role in improving work-life balance, supporting health and well-being and enabling individuals to combine productive work with caring responsibilities.

A key strength of the LEP area is the **qualification profile** of its labour force. With 40% of workers qualified at level 4 and above and only 6% with no formal qualifications, it outperforms the national average at both ends of the spectrum. The picture within the LEP area is not uniform, however, and although York and North Yorkshire perform strongly, the East Riding lags behind the national average on higher level qualifications.

There is strong overall performance at **Key Stage 4** within the LEP area. This means there is less pressure on the local post-16 skills system to bring people up to the qualification / skill level required for basic employability. Most districts outperform the national average against most Key Stage 4 indicators, with the key exception being Scarborough, which consistently underperforms. By the age of 19 close to 90% of young people in the LEP area have achieved a qualification at level 2 and more than 60% have reached level 3.

The national apprenticeship reforms had a negative effect on apprenticeship take-up in 2017/18 academic year, reflected in a 28% decline in starts, above the national average of 24%. The elements of apprenticeship provision that were hardest hit include intermediate apprenticeships (-40%), adult (25+) apprenticeships (-38%) and Health and social care apprenticeships (-38%). Female apprenticeship starts fell particularly sharply, contracting by 34% versus a 21% fall for male starts. Decline was not uniform across subjects: Construction saw growth in starts of 16% and Information and communication grew by a third.

Higher apprenticeship provision is narrowly concentrated in subject terms, with 78 per cent of all higher level starts falling within Business, administration and law and Health, public services and care. The number of higher apprenticeships is small in construction and engineering, both occupational areas within which apprenticeships are a staple part of people development arrangements at intermediate and advanced levels. This situation limits progression opportunities and the general responsiveness of the apprenticeship system.

There are issues around the **inclusiveness of apprenticeships** with regard to access for the disadvantaged and gender segregation. Disadvantaged pupils are less likely than other pupils to enter apprenticeships in the East Riding, Scarborough, Richmondshire and Ryedale (although disadvantaged pupils in Hambleton, Harrogate and Selby have higher entry rates). Apprenticeships are highly segregated by gender and subject, reflecting a broader national pattern. For example, 86% of starts on health, public services and care apprenticeships were for females but the proportion of female starts in Construction, planning and the built environment was only 4%.

In line with the national trend, overall **participation on FE and skills programmes has seen a significant decline in recent years** (falling by 16% between 2014/15 and 20-17/18) with almost all aspects of provision sharing in this contraction.

During 2017/18 academic year, more than 30,000 adults participated in classroom-based further education courses, representing an estimated investment of £10m. In addition, 8,290 people participated in Community Learning.

Adult education provision in the LEP area is weighted towards qualifications at or below level 2 (three-quarters of learners are studying at these levels) and is concentrated in subjects like Health and social care and Retail and commercial enterprise. Within **Community Learning**, Crafts, creative arts and design accounts for a quarter of all CL learners.

Performance on **apprenticeship achievement rates** shows that residents of the LEP area have access to provision of a relatively high quality. The overall achievement rate of YNYER is six points higher than the national average (73% versus 67%). The only area in which the LEP underperforms is higher apprenticeship achievement rates, where there is a deficit relative to the national average of eight points.

Positive destination rates for apprenticeships and other FE / skills provision are relatively strong locally. All districts in the LEP area, with the exception of Craven, have sustained positive destination rates for apprenticeships that are equal to or ahead of the national average, with local rates consistently at or above the 90% level. For adult education provision two districts, the East Riding and Scarborough, fall below the national average but several have positive destination rates that are more than 10 points higher than the national average.

The LEP area has a **significant higher education footprint** with 25,000 student enrolments at its two higher education institutions in the 2017/18 academic year. Relative to the national benchmark HE provision in local institutions (in terms of graduate profile) is strongly focused on biological, physical and mathematical sciences, together with social studies, languages and historical and philosophical studies. There is a relatively small representation of qualifiers in computer science, engineering and technology, architecture, building and planning, as well as business and administrative studies, mass communications and documentation and creative arts and design.

In 2016/17, around 51% of leavers from YNYER institutions were in employment in Yorkshire and the Humber six months after graduation. This **retention rate** is lower than other LEP areas in the North; for example the equivalent rate for Leeds City Region is 56%, for Greater Birmingham and Solihull 60%, for Greater Manchester 68% and for Liverpool City Region 68%. The main employment destinations outwith Yorkshire and the Humber for YNYER leavers are London (12%), the North West (7%) and the North East (7%).

Local entry rates into **higher education** are relatively strong. However, a low proportion of pupils eligible for free school meals in the LEP area go on to higher education and the gap in entry rates between these disadvantaged pupils and other pupils is wider than the national average.

Inclusive access to employment is central to fostering opportunities for individuals and broadening the supply of labour available to employers. In line with its strong general employment performance, disadvantaged groups perform well relative to the national average in terms of accessing employment. For example, the employment rate for disabled people is 7 points higher locally than nationally. However, disabled people and older workers still face marked employment rate gaps of 22 points and 15 points respectively.

With YNYER businesses making an estimated £700m annual investment in staff skills and a majority of the 2030 workforce already in employment, it is clear that employers' activity on **workforce development** is central to improving the local skills base. Whilst 64% of local employers provide training to their staff, 57% of workers receive training. However, it is important to view training behaviour in the context of business need: around two-fifths of local employers acknowledge that they under-invest in training from this perspective. The key constraints relate to a lack of funds for training and an inability to spare staff time for training. The key challenge is to make the case for training as a business investment that will deliver suitable returns in the form of improved business performance.

Another key challenge relating to workforce development is **unequal access to job-related training**. Workers who are less qualified are less likely to receive training than those qualified at a higher level, as are part-time workers relative to their full-time counterparts and workers in production and private sector services relative to the public sector.

High Performance Working (HPW) practices provide an important means of stimulating more effective employee involvement and commitment in order to achieve high levels of performance and therefore serve as an important transmission mechanism between workforce skills and enhanced productivity at firm level. In particular, they support the effective utilisation of skills. Only 4% of local employers are estimated to have adopted these high performance working practices, lower than the national average of 9%.

The **physical accessibility of education and training services** is a particular issue within the YNYER LEP area. Travel times to further education colleges within the LEP area are considerably longer than for comparator areas. Meanwhile, 29% of learners resident in YNYER travel outside the LEP area entirely to study, in addition to the 13% who travel between districts within the LEP area.

Access to **work experience and work inspiration** opportunities offered by employers is key to developing the career readiness and employability of individuals. Although a majority of employers consider candidates' work experience as being critical or significant to their recruitment decisions, only 37% offer work experience placements and only 10% take part in work inspiration.

Mapping of skills demand and supply

The main focus here is on **skills mismatches**, which reflect an imbalance between supply and demand in the labour market, between the skills available and the skills needed by employers. These mismatches represent one of the key barriers to business growth and improved productivity for firms and to career progression for individuals.

Skill shortages are vacancies that are difficult to fill due to a lack of candidates with the required skills. The prevalence of skill shortages in the LEP area is relatively high, with 25% of all vacancies in the LEP area being skill shortage vacancies, somewhat higher than the national average of 22%. Shortages are particularly acute in the East Riding and North Yorkshire and somewhat lower in York.

Shortages are most prevalent in the Construction, Primary / utilities and Information and communication sectors. In occupational terms, shortages are acute in some professional occupations, including digital and engineering roles and are widespread among skilled trades occupations. The skills that employers find most difficult to identify in candidates are specialist, job-specific skills but also complex analytical skills, such as problem solving and digital skills.

One in seven employers in the LEP area are affected by **skills gaps** - a lack of proficiency among existing staff. Wholesale / retail and hospitality are the two sectors with the highest prevalence of gaps. Lower-skilled elementary and sales / customer service occupations, together with administrative roles, are most susceptible to gaps.

People in higher skilled roles are less likely, on the whole, to have skills gaps, but **a lack of proficiency among managers is quite widespread**. The skills that need improving among managers include core management skills, complex-problem solving skills, as well as operational skills. This has important implications for wider workforce development and business performance.

Many skills gaps pertain to operational skills and are caused by staff turnover and the need to train new recruits. In sectors like hospitality employers say they face difficulties with **staff retention**. However, some gaps are driven by deficits of complex analytical skills and digital skills and are driven by the introduction of new technologies and new working practices. Many workers with skills gaps need to improve their **soft skills**, in areas such as time management, team working, customer handling skills and persuading / influencing others.

Mismatches are not just caused by a deficit of workers' skills. Around **one third of local employers say that they have staff whose skills are underutilised**, a similar proportion to the national average. Underutilisation is particularly widespread among organisations in public administration, hospitality and manufacturing. This issue matters because an inability to use acquired skills and knowledge has a de-motivating effect on workers and represents a missed opportunity for employers to maximise productivity.

A structural mismatch between the occupational background and skills of the jobless and the requirements of the labour market acts as a barrier to employment for this group. Compared with the occupational profile of current employment **the unemployed and inactive are much more likely to have an occupational background in lower-skilled occupations**, principally elementary and sales, customer service and operative roles (plus caring roles in the case of the inactive). Moreover, the jobless are disadvantaged by their qualification profile. Both the unemployed and the inactive are less likely to hold a qualification at tertiary level than the employed and are more likely to hold a low-level qualification or have no formal qualifications at all.

The report provides an indicative **comparison of the subject profile of further education and skills provision, relative to the profile of demand in the labour market**, based on projections of future recruitment need by occupation. This shows a strong alignment between apprenticeship provision and labour market need, which is perhaps to be expected since apprenticeships are jobs with training. However, the subject profile of classroom FE (Education and Training) differs from the profile of labour market demand. There are a number of areas where the level of provision outweighs job openings, most notably Arts, media and publishing and Leisure, travel and tourism. Conversely, Business administration and law, Engineering and manufacturing and Retail and commercial enterprise appears under-represented relative to labour market demand.

Applying the same approach to higher education, **comparing the profile of HE achievements with the profile of labour market demand**, in the form of job openings in higher level occupations, highlights similar disparities. There are subject areas in which supply, reflected in the proportion of qualifiers relative to the proportion of openings, appears to be high. This is the case for Creative arts and design and Social studies.

Subject areas where supply is low relative to estimated demand include Computer science and Architecture, building and planning. As with the FE comparison, a key caveat to note is that skills developed in a particular subject area have transferability. This is a likely explanation for the fact that the proportion of people who qualify in Science, engineering and technology subjects outweighs the estimated recruitment requirement for directly related roles in the labour market.

Around 5% of people in employment across Yorkshire and the Humber are **EU migrants**. Although there is a good deal of uncertainty around the impact of Brexit and the implications for labour supply, there is already evidence that the influx of EU migrant workers is reducing.

Large numbers of EU migrants work in manufacturing, wholesale and retail, and health and social work. There is a high intensity of migrant employment in sectors such as food manufacturing, which are a key part of the YNYER economy.

Only a quarter of migrants work in higher skilled roles with many concentrated in routine roles; for example, a third of all workers in elementary process plant roles and a similar proportion of assembly operatives are EU migrants. Nonetheless, some employers could respond to Brexit by shifting to a more capital-intensive business model leading to increased demand for skills.

The number of people qualified at a higher level (level 4+) exceeds that of people employed in higher skilled occupations and has done so since the time of the last recession.

Using a typology of local labour markets, the LEP area shows some of the characteristics of an area that is in **"skills surplus"**, with relatively high local attainment and skills but low wages and low productivity. However, some of the negative effects associated with this, such as high unemployment among skilled workers seems to be tempered by strong commuting outflows. The aim should be to shift the area into a state of high skills equilibrium – where businesses use high skills to deliver sophisticated products and services, competing on the basis of quality rather than price and delivering high productivity and high wages.

Conclusions

In the concluding section of the report consideration is given to the main skills needs of the YNYER area together with the key issues relating to the responsiveness of the local skills system in meeting these needs. The key levers that are available to address these issues are summarised in the main document.

The **key skills needs** of the area can be summarised as follows:

- A broad-based requirement to develop skills to meet recruitment needs across a broad occupational spectrum, driven by replacement demands.
- Acute shortages of digital professionals and of a significant prevalence of digital skills gaps at a variety of levels among the wider workforce.
- Shortages of people with required technical skills in professional and skilled trades roles, including engineering, construction and health fields.
- Significant volumes of skills gaps in the service economy, including retail and hospitality, linked to high rates of staff turnover.
- Skills gaps among managers, with implications for business performance, productivity and wider workforce development capability.
- Strong demand from employers for key generic skills, including communication, planning skills and creativity.
- A strong recruitment need in respect of care workers.

The key challenges around the **responsiveness** of the local skills system relate to the following issues:

- Addressing the local "skills surplus" by raising the demand for skills and shifting the local business base to one that is founded on higher value market strategies through the LEP's local industrial strategy.
- Tackling the ageing population through a strong focus on developing skills for career adaptability and support for employers to retain older people within the workforce.
- Rebalancing the apparent misalignment between the profile of classroom-based further education and demand in the labour market. Similar imbalances also exist in respect of locally-delivered higher education provision, although higher education has less of an explicit focus on local needs. Nonetheless there is evidence of skills under-utilisation in the local workforce, suggesting a need for improved matching between the high level skills of individuals and the demands of the labour market.
- Ensuring there is sufficient capacity to address the wider re-skilling challenge, arising out of trends like automation, in view of the ongoing reduction in public investment in adult skills. Limited resources mean that the bulk of provision focuses on lower level skills with limited scope to address re-skilling needs at level 3 and above.
- Broadening the subject range of higher apprenticeships available locally to ensure that a comprehensive offer is available to meet high level skills needs and to provide suitable occupational progression routes.
- Helping local employers, including levy payers, to use apprenticeships to tackle their skills needs around leadership and management and in other higher level areas.
- Ensuring that a balanced approach is adopted in the way that the apprenticeship levy is used, between meeting employers' higher level skills needs (including management skills) and supporting entry into, and progression within, sustainable careers for lower-skilled workers.

Helping employers to adopt the high performance working practices that can enable them to translate enhanced workforce skills into better productivity and business performance. These same practices also provide an increased capacity to respond effectively to the human resource challenges arising out of automation and shorter term issues like Brexit. Businesses in lower productivity sectors linked to the visitor economy need support to make the most of their staff as part of strategies to develop a higher value service offer.