Stoke-on-Trent & Staffordshire Enterprise Partnership

Skills Action Plan

Priority Sectors Evidence Summary

Insight, Planning and Performance

January 2016

Contents

Executive Summary

There are currently around three jobseekers to every job vacancy nationally, which has seen skill shortages across the economy at record lows. However, at sectoral level there are still major concerns that a lack of the right sort of skills in priority areas could hold back economic recovery and damage future UK competitiveness.

As consumer demand evolves and technological change creates new markets and ways of working, the skills required to deliver effective performance also change. Employers will increasingly have to find new ways of ensuring that prospective and existing employees possess the required skills.

It is recognised that there is a major opportunity for businesses in Stoke-on-Trent and Staffordshire to improve their competitiveness through developing the skills of their workforce. It is important to recognise that the type of skills needed to drive up the competitiveness of individual businesses will depend on the type of business and what sector they are in.

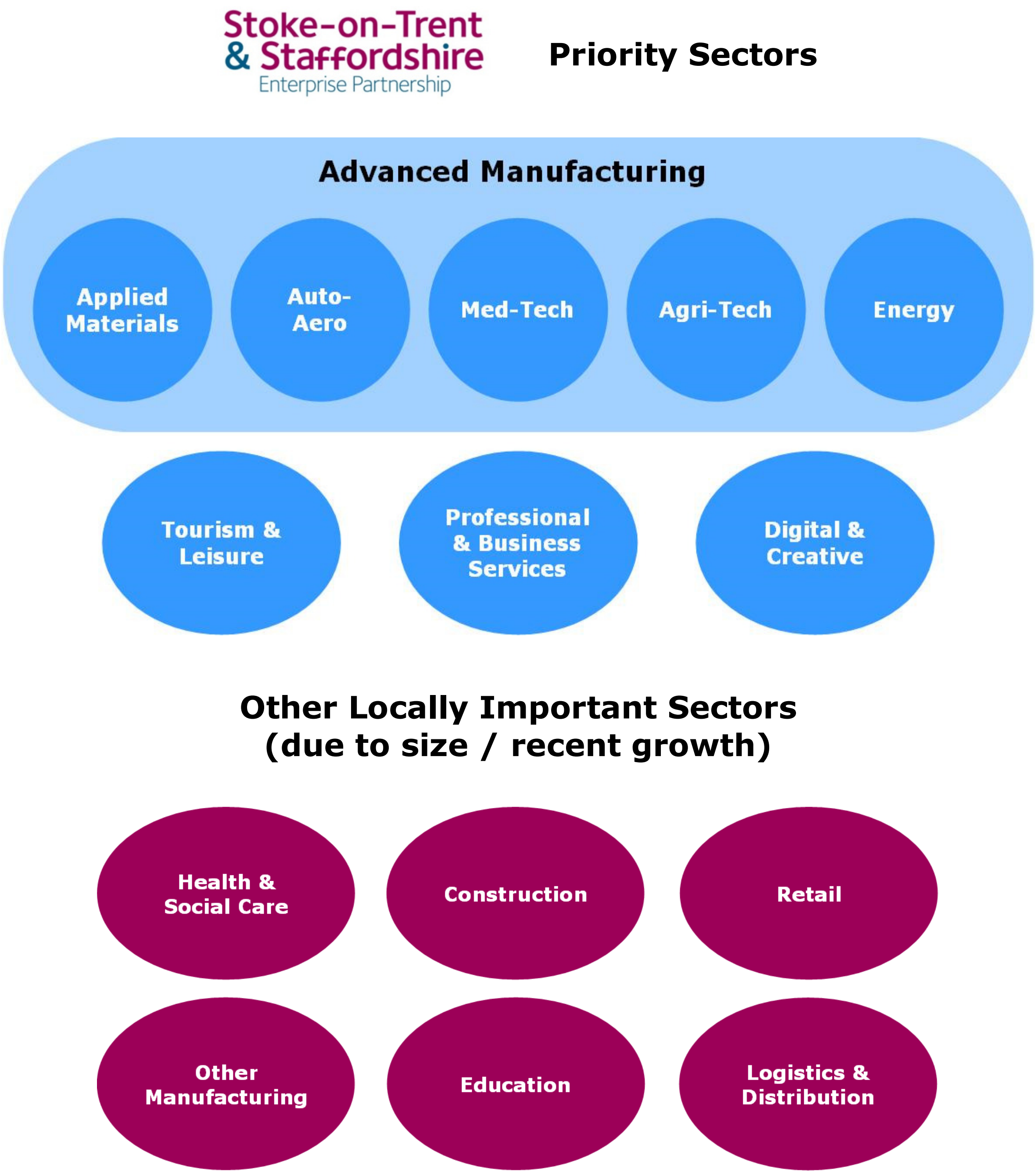
The Stoke-on-Trent and Staffordshire LEP has identified a number of priority industrial sectors seen as having the greatest growth potential locally, including advanced manufacturing; tourism & leisure; professional & business services; and digital & creative. As well as these priority growth sectors there are also other locally important sectors in the LEP economy due to their size and recent growth such as health & social care; retail; construction; and logistics & distribution.

To ensure that these potential growth sectors and existing significant sectors have the skills in the local workforce to drive economic growth, seven key sector skills areas have been identified as priorities for skills development locally.

This report sets out why these sectors are important to the LEP economy in terms of output and job numbers; the skills needs and skills supply in these sectors locally; and the predicted future growth in these sectors. There is also consideration of the particular challenges being faced in each sector and how these may impact on skills needs now and in the future.

It is important that this supplementary report is considered alongside the full Stoke-on-Trent and Staffordshire Skills Plan Evidence Base document which provides a comprehensive overview of the economy and associated skills issues in the LEP area.

LEP Priority & Other Locally Important Sectors



The emerging Strategic Economic Plan for Stoke-on-Trent & Staffordshire outlines a number of key sectors that the Local Enterprise Partnership will work to develop, as shown in the diagram above. The plan and chosen sectors take into account the UK government's Industrial Strategy[1] and the sectors in which the government feels there are the best opportunities to compete and grow.

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[1] UK government's industrial strategy - https://www.gov.uk/government/collections/industrial-strategy-government-and-industry-in-partnership

We have taken an evidence-based approach[2] to understanding where we have industrial strengths and a comparative advantage over other areas. We have a strong set of businesses with growth potential in key sectors which sit centre-stage in our plans for the future. Our business growth agenda is based on recognised strengths in key aspects of advanced manufacturing:-

- **Energy Generation**: building on the long standing presence of Alstom in Stafford, ABB, Siemens Wind Power, GE Power Conversion and the sustainable energy programme centred around Stoke-on-Trent and beyond, to meet growing local and international demand by diversifying into geothermal, anaerobic digestion, biomass and energy-from-waste.
- **Auto-Aero**: capitalising on the supply-chain opportunities emerging from global businesses such as JCB, Michelin, Jaguar Land Rover, Moog, and Zytek in our patch.
- **Medical Technologies**: in which Keele University and its Science Park are internationally recognised leaders.
- **Agri-Tech**: drawing on our agricultural back-drop and Harper Adams University on our border to capitalise on an increased global focus on food security and the agri-plant capacity at JCB.
- **Applied Materials**: building upon our recognised heritage in metals and ceramics in both Stoke-on-Trent and Staffordshire to exploit opportunities in polymers, ceramics, glasses and composites.

These sectors each have recognised growth potential and can draw upon knowledge assets to sustain their competitiveness. Alongside this focus, we are committed to a diverse economy and supporting business growth across all our sectors, including local hot spots. Our focus on advanced manufacturing is complemented with a longer-term interest in strengthening the important [barometer] sectors of:-

- **Tourism**: national attractions such as Alton Towers and Drayton Manor book-end a series of offers which can draw in day visitors and help retain families living locally such as Cannock Chase, the National Forest, and the Peak District.
- **Business/Professional Services**: the growth ambitions for our urban centres, and in Stoke-on-Trent in particular (including by creating a new central business district with a strong professional services offer), will draw in a growing base of professionals looking to support our indigenous businesses and capitalise on our excellent connectivity North to Liverpool & Manchester and South to Birmingham & London.
- **Digital & Creative**: there have recently been a number of success stories within this sector, with local companies growing significantly and quickly. This is largely being driven by young, local talent being taught at our local universities, and our close proximity to the new BBC centre at Salford and the wider MediaCityUK development.

These priority sectors have been chosen due to their potential for growth over the coming years, and a requirement to align policy and funding to make this happen.

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[2] Full analysis of our industrial sectors can be found in:-
The Strength of Industrial Sectors & Clusters report, Staffordshire County Council, March 2012, http://www.staffordshireobservatory.org.uk/documents/Economy/Sectors/SectorsClusters-MainReportv02.pdf

However, there are a number of other sectors that form an integral part of the Stoke-on-Trent and Staffordshire economy, and it will be vital to continue to recognise the importance of the these sectors going forward, particularly in terms of providing an appropriately skilled workforce.

- All areas across the country have large **health & social care**, **education** and **retail** sectors. This is due to the nature of these sectors and a desire / need to have local amenities such as doctors, supermarkets and schools close to residential developments. The sheer scale of employment within these sectors therefore needs to be considered.
- Manufacturing across Stoke-on-Trent & Staffordshire has been in decline over recent decades, largely due to globalisation, the knock-on effect of deindustrialisation and many manufacturers taking advantage of cheaper production costs abroad. However, the decline in manufacturing employment in the local area has been due to a fall in low-value manufacturing employment, while advanced manufacturing employment has increased significantly in recent years. Despite this decline, **other manufacturing** industries remain major employers in Stoke-on-Trent & Staffordshire. The recent repatriation of many manufacturing companies, as a result of increasing production costs abroad, presents an opportunity to attract manufacturing industries back to the UK and further increase manufacturing employment opportunities within the local area.
- **Logistics & distribution** has been a particular success story in Stoke-on-Trent & Staffordshire in recent years, providing a significant number of jobs, often in areas where they have been most needed. For example, the Lymedale Business Park in Newcastle-under-Lyme currently provides over 4,000 jobs for local residents, four times the number of jobs, primarily in logistics & distribution, than when the site was a coal mine. The strategic location of Stoke-on-Trent & Staffordshire will present opportunities to further increase employment within this sector.

Across all of these sectors it will be important to consider the issue of replacement demand. The majority of employment opportunities arising with the local area will be due to retirement, migration, etc. Therefore the general churn of employment and succession planning will be vital to ensuring that all sectors and associated industries have an appropriately skilled workforce.

Priority Sector Skills Areas

The diverse nature of Stoke-on-Trent & Staffordshire means that there are clearly a number of sectors that will form an important part of our future economy. However, whilst industrial sectors are distinct and separate from each other, they also have numerous commonalities. One of these commonalities may be the skills of the workforce. As an example, the LEPs focus on advanced manufacturing will mean that there is a need to train more engineers and generally have greater levels of the workforce with Science, Technology, Engineering & Mathematics (STEM) qualifications.

The fact that skills requirements will cut across sectors makes the analysis of skills needed by the priority sectors outlined in the previous section more difficult. This is also true due to varying definitions of industrial sectors. For example, the Sector Subject Area (SSA) classification system used to analyse learners aims does not align to the Standard Industrial Classification (SIC), used to determine the nature of businesses. To attempt to align skills requirements, the needs of local industries and the skills needed by sectors we are aiming to develop, we will focus on seven key sectors as outlined below and the focus of the rest of this document.

Health & Social Care

- Largest sector in Stoke-on-Trent & Staffordshire (over 60,000 jobs) and higher proportion of jobs compared to nationally
- Seen significant growth since 2011
- Dominated by the professional occupation groups
- Recently there has been a decline in Education Funding Agency (EFA) learning aims, although remains the third highest SSA and Skills Funding Agency (SFA) apprenticeships have increased significantly
- Predicted to continue to grow strongly in the coming years, although this needs to be considered in the context of public sector spending cuts and potential changes in service delivery

The public sector, including health and social care accounts for £3.5 billion or 21.5%[3] of the total GVA of the LEP economy, the second highest proportion of all industries in the area. The sector has almost doubled (+98%) in terms of generation of GVA between 1997 and 2010 and has clearly been a key driver of prosperity locally.

The health sector is the largest employment sector in Staffordshire and Stoke-on-Trent, with 63,200[4] employee jobs accounting for 14.4% of all employee jobs in the area in 2014 and is higher than the national average of 12.9%. The sector has seen growth in employee job numbers since 2011 with an additional 2,400 jobs created, particularly in hospital activities, social work and other human health activities.

The occupational structure[5] of the public sector in Staffordshire and Stoke-on-Trent is dominated by the top three occupation groups of managers and senior officials; professional occupations; and associate professional and technical occupations. As would be expected personal service occupations also play a key role in the sector.

There is huge demand for high level skills and caring skills, with opportunities at all levels. There are also promotion opportunities for people who have the right skills. To support the sector there is a local higher education student population of 33,000 and Keele University is renowned for the high calibre of its Faculty of Health. Employers look for:

- the ability to manage ongoing change
- commitment and compassion
- reliability and flexibility
- the ability to stay calm under pressure
- the ability to relate to people from a wide range of backgrounds.

In terms of skills supply, the LEP area has seen a 9.5% decline in the delivery of health, public services and care EFA learning aims between 2010/11 and 2012/13. However, this sector subject area still remains the third highest of all sector subject areas for

[3] Regional Gross Value Added (GVA), 2010, ONS
[4] Business Register and Employment Survey, 2014, ONS
[5] Annual Population Survey, 2013, ONS

young people, with 6,700 learning aims delivered in 2012/13 equivalent to 10.2% of all learning aims. In contrast to EFA learning aims, there has been a 142% increase in health, public services and care SFA apprenticeships between 2009/10 and 2011/12, with 2,300 delivered in 2011/12 equal to 18.4% of all apprenticeships.

Between 2013 and 2025, in the health and social care sector there is predicted[6] to be significant growth, largely due to the ageing population and increased demand for health and care services. Output from the sector is forecast to increase by 29.4% between 2013 and 2025, with a potential 20.5% (+6,700 jobs) increase in employment within the sector during the same period. However, the increase of employment within this sector should perhaps be tempered given the Government's public sector spending reduction. This particularly true of Local Government, the primary source of social care services. Spending pressures mean that many social care providers are looking towards alternative models of service delivery in an effort to reduce the overall spend, largely set in the context of ensuring people can live independently within their own home. How successful these moves towards different service delivery models are will ultimately determine the required number of employees within the sector in future years.

Looking forward the UK Commission for Employment and Skills[7] has identified a number of **key skills challenges** in the sector including:

- **Doing more with less** – as the NHS faces major restructuring and spending cuts, there will be a need for greater management skills in order to improve efficiency and financial performance while at the same time achieving better patient outcomes.
- **Attracting and retaining the necessary talent** – an ageing population, and an ageing workforce produce a combination of increasing demand for services coupled with high rates of retirement of existing employees. There are expected to be up to 1.7 million job openings across the sector in the UK by 2020, including new demand and replacement of retiring staff which will need to be filled with skilled and proficient staff.
- **Reducing skills gaps among the existing workforce** – in order to meet quality standards there is a need to address skill gaps in strategic management, team working and communications skills. At the same time new assistive technology is expected to shift the delivery of care towards the home and local providers and will increase demand for high level skills.

As with the rest of the public sector there will need to be investment in the skills and training that will be required to support a more efficient health and social care sector, while at the same time making best use of new technological developments that will meet the needs of a changing population. It will be important that stakeholders in this sector work together in order to meet these challenges.

[6] Cambridge Econometrics: Local Economy Forecasting Model (LEFM), 2013 – the LEFM uses past performance and predicted national and regional forecasts into the future to provide an insight into the possible make-up of the LEP economy of the future.
[7] UK Commission for Employment and Skills http://www.ukces.org.uk/

Retail

- One of the largest sectors in Stoke-on-Trent & Staffordshire (over 49,000 jobs)
- Seen one of the largest increases in jobs since 2011
- Dominated by sales and customer service and elementary occupations
- Recently there has been a decline in EFA learning aims, however SFA apprenticeships have more than doubled over recent years making it the second highest SSA for apprenticeships
- Predicted to see a slight decline in jobs in the coming years, likely to be due to changing consumer demands and technological developments in the sector. However, a number of planned retail developments across the LEP area may offset the forecast job losses

Retail is an important aspect of the LEP economy, with Stoke-on-Trent the primary retail destination for the north of the county. Stoke-on-Trent already has a popular retail offer, with a large catchment of over 364,000 people living within a 20 minute drive time of the city centre.

The retail sector in the LEP area has seen an increase of 12% or 5,200 jobs between 2011 and 2014. However, in terms of employment the sector is still one of the largest of all the sectors in the area and accounts for some 49,300 jobs, equivalent to 11.2% of all employees in the area which is higher than the national average of 9.9%.

As expected the occupational structure for the retail sector is dominated by sales and customer service occupations and elementary occupations. There is also a demand for managers and senior officials in the retail industry.

The sector offers a range of roles, from buying to visual merchandising. It is a dynamic and fast paced industry, which aims to maximise sales, appeal to customers and compete with rival stores. Future challenges will be around new technology and more knowledgeable customers. Employers look for:

- customer sales and service skills
- the ability to manage ongoing change
- problem solving skills
- management potential.

In the LEP area there has been a recent decline in the delivery of retail and commercial enterprise EFA learning aims, with a 9.1% decrease between 2010/11 and 2012/13. Latest figures show that there were 3,668 retail and commercial enterprise EFA learning aims delivered in 2012/13, which was 5.6% of all learning aims. However, there has been a 109% increase in retail and commercial enterprise SFA apprenticeships between 2009/10 and 2011/12, the second highest increase in the actual number of apprenticeships of all sector subject areas and delivery standing at 2,720 apprenticeships in 2011/12, equivalent to 21.8% of all apprenticeships.

The retail sector in Staffordshire and Stoke-on-Trent is predicted to see a potential 11.4% increase in output between 2013 and 2025, however it is forecast that there may be a -4.4% (-2,200 jobs) decrease in employment within the sector. This may be in part due to changing consumer demands and technological developments such as internet shopping causing a shift in some jobs from retail to distribution. However, new retail developments in the area, such as the new £350 million City Sentral shopping centre in Stoke-on-Trent; the Riverside and Kingsmead retail sites in Stafford; and the Ryecroft site in Newcastle-under-Lyme will attract a number of new retail companies to the area and therefore may possibly offset the forecast job losses.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

- Increasing consumer affluence has enabled greater access to retailers especially via the internet and this has made them more demanding of customer service and less loyal to particular retailers. Therefore retailers will need to increasingly attract and retain customers and skills of staff will be an important aspect in improving competitiveness of retailers.
- The sector is dependent upon sales and customer service workers and demand from growth in the sector will mean that there will be a need for greater training provision to improve the quality of labour available, the attractiveness of the sector and to help with staff retention.
- The sector also needs a supply of highly skilled and qualified employees given the increasingly sophisticated systems used by manage supply chains, logistics, internet shopping, in-store operations, target marketing, etc.
- Skills lie at the heart of how retailers will respond to product market and technological developments to ensure that the customer offer is one which continues to appeal to the shopper, both in the UK and further afield.

Manufacturing

- The second largest sector in Stoke-on-Trent & Staffordshire (over 58,000 jobs) with significant recent job gains and still far higher proportion of jobs compared to nationally
- Advanced manufacturing is taking on increasing significance
- Dominated by skilled trade occupations and process, plant and machine operatives
- Recent decline in EFA learning aims, however the sector has seen the second highest growth in SFA apprenticeships
- Predicted increase in output but decline in jobs in the coming years, indicating the potential growth in high value advanced manufacturing jobs while lower value jobs continue to decline

Manufacturing in the LEP area has seen a slight decline of 2% in total GVA between 1997 and 2010, and has seen its share of the total economy in the LEP area decline from 30% in 1997 to 19% in 2010. However, the sector is still worth just over £3 billion to the LEP economy and is therefore a significant industry in Staffordshire and Stoke-on-Trent.

In line with national trends, the manufacturing sector in Staffordshire and Stoke-on-Trent has seen the loss of some 25,100 jobs between 2003 and 2011. However, since 2011 the LEP area has seen an increase of just over 4,000 jobs up to 2014. The sector remains significant for the LEP economy, with still the second highest number of jobs (58,400) and accounts for 13.3% of all employee jobs which is significantly higher than the national average of 8.3%. In particular advanced manufacturing is taking on increasing significance in the LEP area.

As would be expected the manufacturing sector occupational structure in Staffordshire and Stoke-on-Trent is dominated by skilled trades occupations, process, plant and machine operatives and to a lesser extent elementary occupations.

Companies in the sector require the supply of a wide range of skills, specifically highly specialised skills in automotive and aerospace engineering, mechanical engineering, and electronics. There will also be a greater need for skills in digital techniques, computing, numeracy, analytical thinking, machine ergonomics and interface development, risk analysis and understanding methodologies (including design for manufacture, design for assembly and design for automation).

Advanced manufacturing requires highly specialised skills in STEM fields of study, which include science, technology, engineering and mathematics. Staffordshire University and Keele University have widely respected engineering and computing faculties which can provide local businesses in advanced manufacturing with access to highly skilled new recruits.

The LEP area has seen a 9% decline in the delivery of engineering and manufacturing technologies EFA learning aims between 2010/11 and 2011/12, with 3,718 delivered in

2011/12 equal to 5.6% of all learning aims. However, this has been partly offset by a small 1% increase in the delivery of science and mathematics aims which are key to the manufacturing sector. SFA apprenticeships in the sector have increased by 174% between 2009/10 and 2011/12, with 2,030 delivered in 2011/12 which was 16.3% of all apprenticeships.

In the LEP area the manufacturing sector as a whole is predicted to see an increase in output of 26.1% between 2013 and 2025, however the number of jobs in the sector is forecast to see a decline of -6.3% (-3,700 jobs) over the same period. This predicted increase in output and decrease in jobs follows the recent trend of lower value manufacturing job losses and growth in high value advanced manufacturing jobs across Staffordshire and Stoke-on-Trent. The Government and the LEP have identified the advanced manufacturing sector as a priority for growth in the coming years based on existing strengths and capabilities.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

The sector faces strong international competition and its survival will depend on increased productivity and innovation. It will be important to improve the learning supply to ensure the workforce possesses the skills that enable them to:

- innovate through design and the use of smart technologies and materials.
- improve productivity and be skills rich in areas of leadership, technology, craft and business, all of which are required to meet market needs and innovate effectively.

There have also been several **key industry drivers** identified:

- the recruitment of high calibre new entrants
- achieving workforce competence and culture change
- reducing costs, releasing cash and improving customer service
- managing performance, change and effective supply chain relationships
- developing a cadre of high quality Engineers who can lead change

Construction

- One of the largest sectors in Stoke-on-Trent & Staffordshire (over 40,000 jobs) and higher proportion of jobs compared to nationally
- Seen a small decline in jobs since 2011, although this needs to be considered in the context of the ongoing effects of the economic dowturn
- Dominated by skilled trades occupations
- Recently there has been a slight increase in EFA learning aims, however there has been a significant decline in SFA apprenticeships which is likely to be due to the impact of the economic downturn on the sector
- As the economy strengthens following the recession, the sector is predicted to grow strongly in the coming years, both in terms of output and jobs

The construction industry has seen growth in GVA output of 57% between 1997 and 2010. The sector now accounts for 7.7% of the total economy in Staffordshire and Stoke-on-Trent and is worth £1.2 billion.

The closely correlated 'building technologies' cluster is concentrated throughout the Midlands. The construction of residential and non-residential properties, and all associated supporting industries, is particularly important to the Staffordshire and Stoke-on-Trent economy. Although the cluster has seen an 3.8% decline in the number of jobs between 2011 and 2014, the cluster is still one of the largest in the area with some 40,200 jobs making up 9.2% of total employee jobs and is higher than the national average of 6.5%.

The occupational structure of the construction sector is dominated by skilled trades occupations, with mangers and senior officials also making up a significant proportion of occupations.

There are likely to be roles at all levels, but many more opportunities within skilled trades and at higher level occupations. Employers look for:

- reliability and flexibility
- specific technical skills
- the ability to follow plans
- organisational skills
- teamwork skills
- the ability to stay calm under pressure
- the ability to follow health and safety guidelines.

There has been a slight increase of 2.1% in the delivery of construction, planning and the built environment EFA learning aims between 2010/11 and 2012/13, with 2,841 delivered in 2012/13 equal to 4.3% of all learning aims. However, there has been a 40% decline in SFA apprenticeships in this sector subject area, with only 330 delivered in 2011/12 which was only 2.6% of all apprenticeships.

The construction industry in Staffordshire and Stoke-on-Trent is predicted to see an increase of 28.1% in output between 2013 and 2025, while employment in the sector is forecast to rise by 16.4% (+5,300 jobs) during the same period. As the economic downturn further easies it is expected that the construction industry will take on increasing importance in the LEP economy. It is also predicted that there will be a focus on adopting new technologies, and the need for energy efficiency.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

- The sector is **highly cyclical** – after every recession the sector tends to lay off skilled workers who then prove difficult to recruit during the recovery period. This gives rise to skill shortages and wage inflation which, in turn, can inhibit recovery. Cyclical effects are exacerbated by the high levels of self-employment in the sector.
- A key challenge for the sector is to maintain its **supply of skills**, especially during periods of weak demand. The signals to individuals are generally positive – that skills acquisition in construction skills is associated with relatively high rates of return. The evidence suggests that employers recoup their training investments quite quickly once apprentices complete their training. Investing in training is a win-win for employers and employees.
- Whilst the evidence should not be exaggerated, the **age profile of the sector** suggests that there are relatively fewer younger people in the workforce, and that the number of entry level training positions has declined following the recession. The key challenge, therefore, is to even out the supply of, and demand for, construction skills - the importance of this should not be under-estimated given the significance of the construction sector to economic recovery.

Tourism & Leisure

- A large sector (over 24,000 jobs) and has seen continued recent growth in Stoke-on-Trent & Staffordshire
- Dominated by sales and customer service occupations
- Recent decline in EFA learning aims, while in contrast there has been a rise in apprenticeships
- Predicted to see significant growth both in terms of output and employment over the coming years, this growth is likely to be based on further development of the area's already existing tourism and leisure assets

Tourism and leisure is a wide ranging sector containing traditional industries such as accommodation establishments, museums, historical buildings, gardens and theme parks. It also contains primarily leisure based industries such as libraries and sport / fitness facilities that will largely cater for local people rather than visitors to the area. The sector contributes around £1.6 billion to the local economy.

The tourism and leisure sector has seen recent growth in terms of employee jobs with an additional 1,600 jobs created in the sector between 2011 and 2014. The sector had a total of 23,900 jobs in the LEP area in 2014 and accounted for 5.4% of all employee jobs, which is slightly lower than the national average of 6.6%.

The most common occupations in the tourism and leisure sector are sales and customer service occupations, elementary occupations and to a lesser extent mangers and senior officials.

Specific skills demands in this sector include technology professional such as web designers, communications and marketing, chefs, and customer service skills.

The delivery of leisure, travel and tourism EFA learning aims in Staffordshire and Stoke-on-Trent has seen an 8.2% decline between 2010/11 and 2012/13, with 4,153 delivered in 2012/13 equal to 6.3% of all learning aims. There were 350 leisure, travel and tourism SFA apprenticeships delivered in 2011/12, showing an increase of 29.6% since 2009/10 and equivalent to 2.8% of all apprenticeships.

'Accommodation and food services' in the LEP area are predicted to see a 27.9% growth in output between 2013 and 2025 and output from 'other service' including arts and recreational services is forecast to increase by 25.3% over the same period. As well as growth in output there is also predicted to be significant growth in employment with 'accommodation and food services' seeing a potential 14.7% (+4,200 jobs) increase between 2013 and 2025 and 'other services' a 9.7% (+2,800 jobs) increase.

Given Stoke-on-Trent and Staffordshire's natural assets and major tourism attractions such as Alton Towers, Drayton Manor Theme Park, Trentham Gardens, the new National FA Centre, SnowDome, the National Memorial Arboretum, Mercian Trail and the Potteries Museum & Art Gallery (including the Staffordshire Hoard), the area has all of the ingredients to be a major national tourism destination.

In order to further develop this sector we will need to increase the county's 'staycation' offer, creating a wider range of accommodation in order to allow more visitors to stay within the area for multiple days. We will also aim to develop our business tourism offer by developing high quality conferencing and meeting facilities.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

- **Productivity** – labour productivity performance in the tourism and leisure sector is strongly linked to demand, as employers need to retain core staff even when demand falls. There will need to be effective and efficient management skills that can help predict demand and improve staff scheduling that reduces downtime and increases productivity.
- **Employee engagement** – customers are recognised as becoming more demanding which is driving up the level of service expected. Staff engagement can help create a culture of continuous improvement in customer service that can help meet these increasing expectations.
- **Employee turnover and retention** – tourism has the highest turnover rate of any sector. Businesses will have to overcome the poor perception of parts of the sector (low pay and unsociable hours) which make it difficult to attract staff. There are a high proportion of transient workers which can be useful in matching staffing levels to demand, but this makes long-term workforce planning more difficult.
- **Training and workforce skills investment** – a large proportion of training expenditure is on induction training due to the high staff turnover in the sector. This high labour turnover has led to skills gaps among elementary staff, although there are also managerial and customer service skills lacking in the sector. Employers who invest in staff can change this situation, and create a 'virtuous circle' where workforce upskilling (particularly in customer handling skills) and engagement results in greater levels of motivation and satisfaction, a more stable workforce, and improved business performance.

Business & Professional Services

- The sector is important to the local economy as it provides high value jobs and supports other industries that form an important part of the local economy
- Seen some growth in employee jobs since 2011
- Dominated by the professional occupation groups
- Seen the greatest growth in both EFA learning aims and apprenticeships over recent years, and is now the largest sector subject area for apprenticeships
- Predicted to continue to grow both in terms of output and employment in the coming years, this is likely to be based on our strategic location and strong links with surrounding major urban centres, and key developments such as Smithfield Stoke-on-Trent

Business and professional services is a broad sector and can include financial and insurance activities; real estate activities and business service activities. The sector has doubled in terms of GVA output between 1997 and 2010 and now accounts for 21.5% of the total economy in Staffordshire and Stoke-on-Trent or £3.3 billion.

The business and professional services sector has seen a 4.2% increase in employee jobs between 2011 and 2014, which is nearly an additional 800 jobs created. The sector had grown to nearly 20,000 jobs in 2014, accounting for 4.5% of all jobs in the LEP area.

The occupational structure of the business and professional services sector is dominated by the top three occupations of managers and senior officials; professional occupations; and associate professional and technical occupations. There is also a demand for administrative and secretarial occupations.

There is a strong demand for specialist job skills in the sector and the sector also values the 'life skills' that older entrants offer. Employers look for:

- good communication skills
- strong IT skills
- attention to detail and accuracy
- ability to focus on and meet customers' needs.

There has been a 13.1% increase in business, administration and law EFA learning aims between 2010/11 and 2012/13, with 4,417 delivered in 2012/13 equivalent to 6.7% of all learning aims. There has also been a 65.6% increase in SFA apprenticeships in this sector subject area, with 4,090 delivered in 2011/12 accounting for nearly a third (32.7%) of all apprenticeships.

The financial and business services sector is predicted to see a 36.1% increase in output between 2013 and 2025, while employment is forecast to grow by 13.1% (+10,100 jobs) during the same period.

Given the peri-urban characteristics of much of Stoke-on-Trent and Staffordshire, being largely rural in nature but heavily influenced by surrounding major cities, there is an opportunity to take advantage of our strategic location to further develop the business & professional services sector. To do this we will need to position ourselves to take full advantage of the opportunities that arise to develop the services that will support economic activity in Birmingham, Manchester, Stoke-on-Trent, Derby and Nottingham in particular.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

- **Adapting to increased regulation** - following the financial crisis and growing pressures for public accountability, leading to increasing demands for knowledge and skills to ensure firms meet regulatory requirements.
- **Attracting talented individuals** – the sector recruits from Higher Education and employers have relied on access to a global talent pool. Future migration policy and increased fees for higher education have potential implications for the supply of skills to the sector.
- **Overcoming skills shortages** – investing in the workforce will be important to ensure that the sector has the skills to remain agile in an increasingly competitive and uncertain environment. Managerial and professional skills are of key importance and other areas commonly needing improvement include specialist or job-specific skills, planning and organisational and customer handling skills. There is increasing emphasis on Apprenticeships in financial services, accountancy, real estate and facilities management.
- **Global competition and technology** – Acquisition of the right skills to remain globally competitive, alongside technological advances which change the way in which transactions are carried out and where services are delivered are also important for future growth in the sector.

Logistics & Distribution

- An important sector that has seen one of the greatest levels of growth since 2011 and there is an higher proportion of jobs compared to nationally
- Dominated by sales and customer services; process, plant and machine operatives; and elementary occupations
- The supply of skills in the sector is predominately through apprenticeships and work based learning
- Transport and storage is predicted to see significant growth both in terms of output and employment, whereas distribution is expected to see less growth in output and potentially a slight decline in jobs.
- The future of this sector will largely be determined by the availability of sites and premises that can attract further inward investment, driven by the areas strategic location at the heart of the country

Stoke-on-Trent and Staffordshire have recently won a significant amount of investment from this activity including Amazon, Gap and Palletforce. There has been large scale growth in the logistics and distribution sector driven both by demand and also structural changes in the market, with the recent shifts in distribution and logistics being led by the consumer goods and retail sectors rather than the manufacturing sector, although JCB have recently taken the Blue Planet distribution facility at Chatterley Valley, highlighting that manufacturing distribution may be an opportunity given the areas manufacturing renaissance. The drivers for growth have resulted in an increased demand for 'large sheds' (100,000ft^2 and above) and a sharp increase in demand for 'mega sheds' has also emerged.

The transport and storage cluster in the LEP area has seen a growth in employee jobs of 10% between 2011 and 2014, which saw an additional 2,300 jobs located in the area. The cluster had 25,500 jobs in 2014 and accounted for 5.8% of all employee jobs in Staffordshire and Stoke-on-Trent, which is higher than the national average of 4.6%.

The occupational structure of the logistics and distribution sector is dominated by sales and customer service occupations; process, plant and machine operatives; and elementary occupations. There is also a significant demand for managers and senior officials in the sector.

Key skills for the logistics sector include;

- team working skills
- customer service skills
- adaptability
- driving skills.

In 2010/11 there were 400 intermediate level apprenticeship starts in freight logistics and wholesale in the LEP area, with a further 10 advanced level apprenticeships. Combined this represented 3.5% of all intermediate and advanced apprenticeships in the LEP area, which was a higher proportion than the 2.6% seen nationally. For the same period there were also 80 further education and training courses and 1,340 work based learning courses in the sector.

The 'transport and storage' sector is predicted to see 31.1% increase in output between 2013 and 2025, and employment in the sector is forecast to grow by 21.3% (+6,700 jobs) over the same period. The 'distribution' sector is also expected to see growth in output of 12.3% between 2013 and 2025, however the sector is forecast to see a -1.4% (-1,200 jobs) decrease in jobs during the same period.

Stoke-on-Trent and Staffordshire's central UK position, cost effective base and availability of large development sites for this sector presents further opportunities to attract investment in this activity.

Looking forward the UK Commission for Employment and Skills has identified a number of **key skills challenges** in the sector including:

- As has been the case for a number of years now, the logistics and distribution sector has seen a trend for greater automation of distribution together with an increase in individuals with specific responsibilities, against a background of just-in-time deliveries, increasing imports into the UK, and increasing customer sovereignty.
- These recent developments have seen and continue to see significant occupational changes in the sector. Elementary groups, such as warehouse operatives and skilled trades are seeing a decline, although replacement demand ensures that people are still needed. There has been growth in occupations such as managers and senior officials, administrative roles, personal services and sales and customer service operatives. These changes are expected to continue and so it will be important that training and skills providers ensure that skills supply meets demand in these areas.
- There are also issues relating to the image of the sector and the need to increase awareness and interest in it.

Future Skills Development and Training

It is recognised that developing skills and aspirations in current growth sectors across Stoke-on-Trent and Staffordshire, particularly the skills needed in higher occupation roles (e.g. skilled manual and technical occupations for advanced manufacturing) will see the potential for greater economic productivity.

It is also important that skills development and training provides the transferable skills (such as management skills and team working) which tend to be well valued by employers. The need to promote improvements in basic skills, particularly in terms of numeracy and literacy, are important implications for the local economy, both in terms of helping individuals to progress through the different levels of skills and qualifications attainment, but also in providing for the skills base to support the needs of more elementary occupations and to meet the demand for replacements to existing staff.

Implications for Skills Stakeholders

It will be important that skills stakeholders across the LEP area including public bodies, local businesses and training providers work together on a range of skills issues, including:

- working with employers to identify future skills needs
- developing skills and training solutions
- setting occupational standards
- influencing and shaping the future development of qualifications
- designing apprenticeship frameworks
- encouraging greater investment in training
- providing labour market information that assists in long-term business planning.

By working in these areas it is hoped that the LEP area will see:

- reduced skills gaps and skills shortages
- improved productivity, business and public service performance
- increased opportunities to boost skills and productivity of the workforce
- improved learning supply through National Occupational Standards, apprenticeships and further/higher education