



Report 5: Education and Training

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This report summarises information on the delivery of education and skills in the D2N2 area and the participation and attainment of young people and adults in skills development. It investigates evidence on careers outcomes, especially of recent graduates, and on employer views of the work readiness of young leavers from education. It also provides an overview of the barriers to employment experienced by leavers from education, looking at young people Not in Education, Employment or Training (NEET) and the impact of the recession on youth employment rates.

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D2N2 Local Enterprise Partnership Capacity Fund Project: Evidence Reports

Report 5: Education and Training

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5.1 Introduction

An area's supply of workforce skills is determined by, among other things, the quality of education and training available and the levels of participation and attainment of young people and adults. However, the relationships are complex. Aggregate workforce skill levels are a product of participation and attainment over a number of generations, meaning that changes in provision can take many years to feed into labour market outcomes. It may take a significant amount of time for individuals to progress into careers that utilise the skills they gained in education (e.g. it can take up to seven years for many graduates to secure employment relevant to their degrees¹). Furthermore, individuals may leave an area, or an employer, after completing their courses, meaning that the benefits of an investment in education are experienced elsewhere.

Despite these complex relationships, the provision of education and training is clearly something LEP partners can influence. Therefore it is important to get an overall picture of this activity – covered in this section through the following areas of focus:

- Trends and variation in the participation and attainment of young people (16-18) in school, Further Education and work-based learning;

¹ See Section 5.4.1 on employment in 'graduate occupations'.

- Trends in Apprenticeships;
- Progression to Higher Education and the volume of HE students in the D2N2 area;
- Subject choice in schools, Further Education and Higher Education and likely employment outcomes (especially of recent graduates);
- Employer views of the work readiness of recent leavers from education;
- Trends in those Not in Education, Employment or Training (NEET), the unemployment of young people, and current barriers and weaknesses in accessing the labour market and in the availability and quality of Information, Advice and Guidance (IAG); and
- Participation of adults (19+) in Further Education and in training in the workplace.

5.2 Participation and Attainment in Compulsory and Further Education

The 2008 Education and Skills Act stipulates that all young people should participate in education or training until their 18th birthday. The participation age is being raised in two stages, to 17 from 2013 and to 18 from 2015. Up until 2013, all young people are required to be in full-time education until they are 16.² From 16 until at least 18, there is strong evidence that post compulsory education or training significantly increases an individual's employability and earnings potential. Therefore it has been an objective of both the last and the current Governments to raise the participation of young people in full-time and part-time education and 'work based learning' (which describes vocationally focused learning, completed within the workplace).

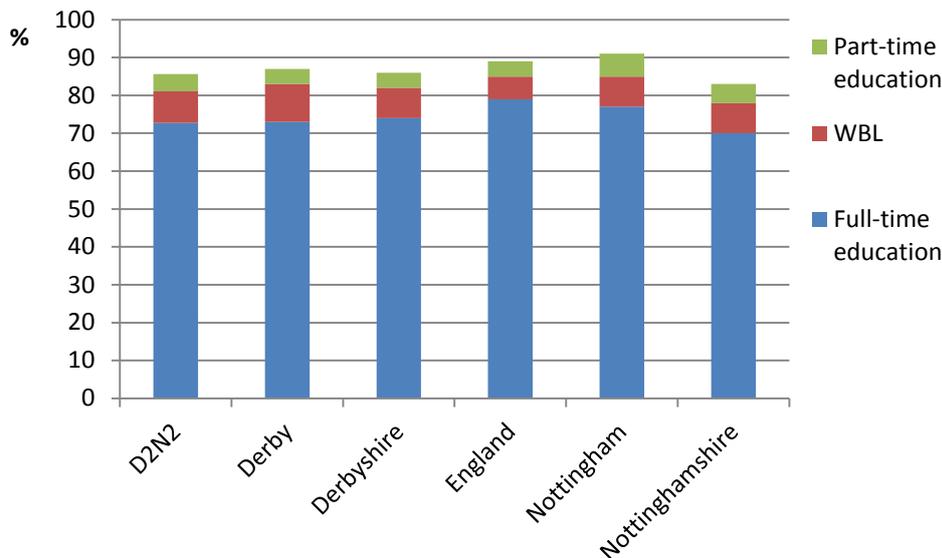
Chart 1 presents participation rates for 16 and 17 years olds in education and work-based learning for the Local Authorities (City and County) in the D2N2 area. This shows that:

- With the exception of Nottingham City, participation rates in all the Local Authority areas in the D2N2 LEP are below the average for England. The average for the D2N2 area was 86% in 2009, compared to 89% in England overall;
- In Nottingham, 91% of 16 and 17 year olds were participating in education or work-based learning, the highest in the LEP area and above the national average. The lowest participation rate in 2009 was in Nottinghamshire, at 83%;
- Of the three modes of education (full-time, part-time and work-based learning), full-time education accounted for by far the largest share of 16 and 17 year olds in all areas, but all Local Authorities in D2N2 were below the average for England in this case (79% of 16 and 17 year olds). The highest proportion was again in Nottingham, at 77%, and the lowest was in Nottinghamshire, at 70%; and

² Full-time education covers maintained schools, independent schools (city technology colleges, academies and pupil referral units), sixth form colleges and Further Education Colleges (general, tertiary and specialist colleges). For both Child Benefit and Child Tax Credit, full-time education means a course where the average time spent during term time is more than 12 hours a week and is not advanced or linked to employment or any office held. (<http://www.hmrc.gov.uk/manuals/ccmmanual/CCM18030.htm>)

- All D2N2 Local Authorities had higher proportions of young people in work-based learning than the English average (6%), with the highest proportion in Derby City, at 10%. Nottinghamshire, Derbyshire and Nottingham City all had 8% of young people in work-based learning.

Chart 1: Participation Rate in Formal Education and Work Based Learning (WBL) of 16 and 17 year olds (% all 16-17 year olds), 2009



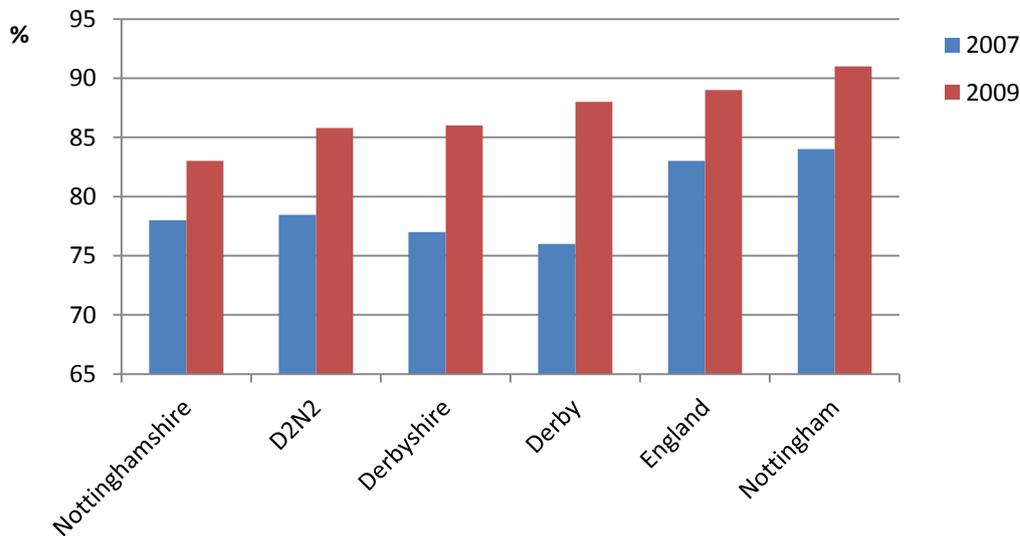
Source: Department for Education, 'Participation in education and work based learning (WBL) of 16 and 17 year olds', Local Authority Tables for 2009. 2011

Note: Bars show the total participation rate which is the sum of participation rate of full-time education, part-time education and WBL. Therefore full-time, part-time and WBL categories are mutually exclusive.

Chart 2 shows that education and work-based learning participation rates for young people have increased significantly in all areas in the D2N2 LEP between 2007 and 2009:

- In 2007, Nottingham City had the highest participation rate, at 84%, which increased by 8 percentage points between 2007 and 2009;
- However, the largest increase was experienced in Derby, where participation increased from 76% to 88% between 2007 and 2009 (a 12 percentage point change). Nottinghamshire experienced the smallest increase, of 5 percentage points from 78% in 2007; and
- In all areas, this change in overall participation was driven by increases in full-time education. In many areas, the proportion participating in part-time education or work-based learning actually decreased. For example, in Derby City the proportion of 16 and 17 year olds in part-time education fell by 2 percentage points, whilst in Nottinghamshire the proportion of young people in work-based learning fell by 1 percentage point (as it did in England overall).

Chart 2: Total Participation Rate in Formal Education and Work Based Learning (WBL) of 16 and 17 year olds (% all 16-17 year olds), 2007 and 2009



Source: Department for Education, 'Participation in education and work based learning (WBL) of 16 and 17 year olds', Local Authority Tables for 2007 and 2009. 2011

The performance of an area's compulsory education system, in terms of its contribution to workforce skills, is often assessed in terms of attainment in GCSEs or equivalent level qualifications - with 5 GCSE passes at grades A*-C being equivalent to a Level 2 qualification (the minimum standard of qualification required to enter and progress in the labour force, according to the 2006 Leitch Review of Skills³). This is generally achieved by the end of an individual's compulsory education, at the age of 15-16 (the end of Key Stage 4).

Chart 3 shows attainment at GCSE for pupils in the 2009/10 school year in the Local Authorities within the D2N2 area. Two proportions are shown: for pupils achieving 5 GCSE passes at grades A*-C (equivalent to a Level 2 on the National Qualifications Framework); and 5 GCSE passes at grades A*-C including English and Mathematics – which were identified as priority subjects by the previous Government, and are thus recorded in attainment statistics.⁴ The chart shows that:

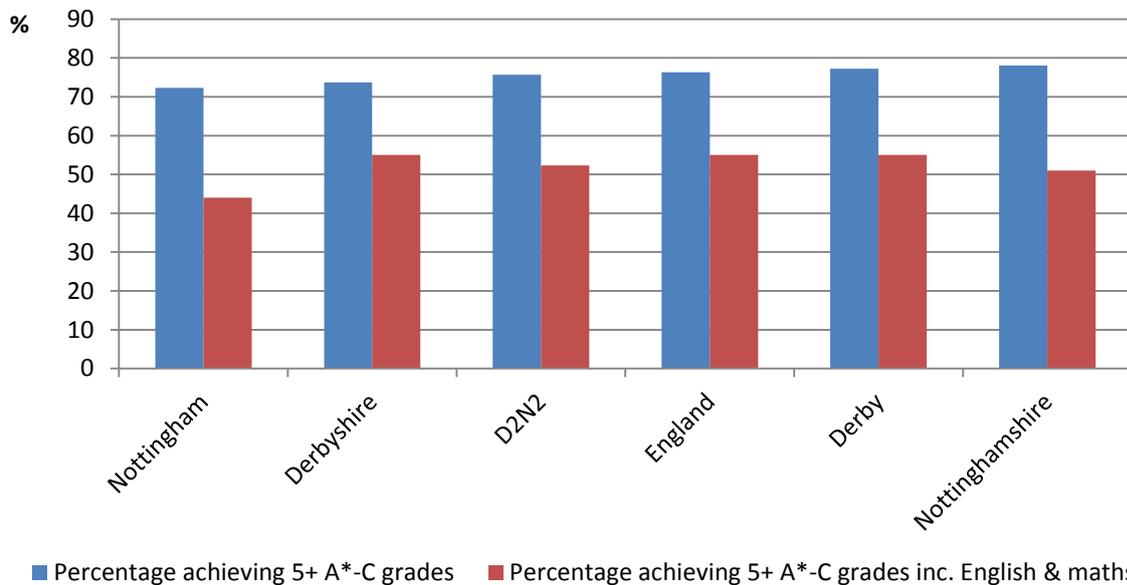
- Although participation rates for 16 and 17 year olds are highest in Nottingham City, attainment for 15 year olds is generally higher in the Counties and in Derby City and significantly lower in Nottingham City;

³ The Leitch Review of Skills, 'Prosperity for All in the Global Economy – World Class Skills: Final Report', December 2006.

⁴ In the future, pupil attainment statistics will include those who achieve the equivalent of a new English Baccalaureate (announced by the current Government in late 2010) which would be awarded to students who achieved grades A*-C in English, Mathematics, two Sciences, a Foreign Language, and either History or Geography.

- In 2009/10, Nottinghamshire had the highest proportion of pupils attaining 5 GCSE passes at grades A*-C, at 78% - which exceeded the average for England (76%) and for the D2N2 area overall (also 76%). However, when attainment in English and Maths are taken into account, Nottinghamshire performs significantly less well, with 51% of pupils attaining 5 GCSEs at A*-C including these subjects, below the average for England (55%) and the D2N2 area overall (52%);
- When English and maths are included, Derby City and Derbyshire have the highest proportions attaining 5 GCSE passes at grades A*-C, at 55% in both cases, which is level with the national average; and
- The proportion attaining 5 GCSEs passes at A*-C is lowest in Nottingham City, at 72% for all GCSE subjects and 44% including English and maths.

Chart 3: Percentage of Pupils Achieving 5+ Grades A*-C and 5+ Grades A*-C including English and Maths, 2009/10



Source: Department for Education, 'Achievements at GCSE and equivalent for pupils at the end of Key Stage 4', 2009/10.

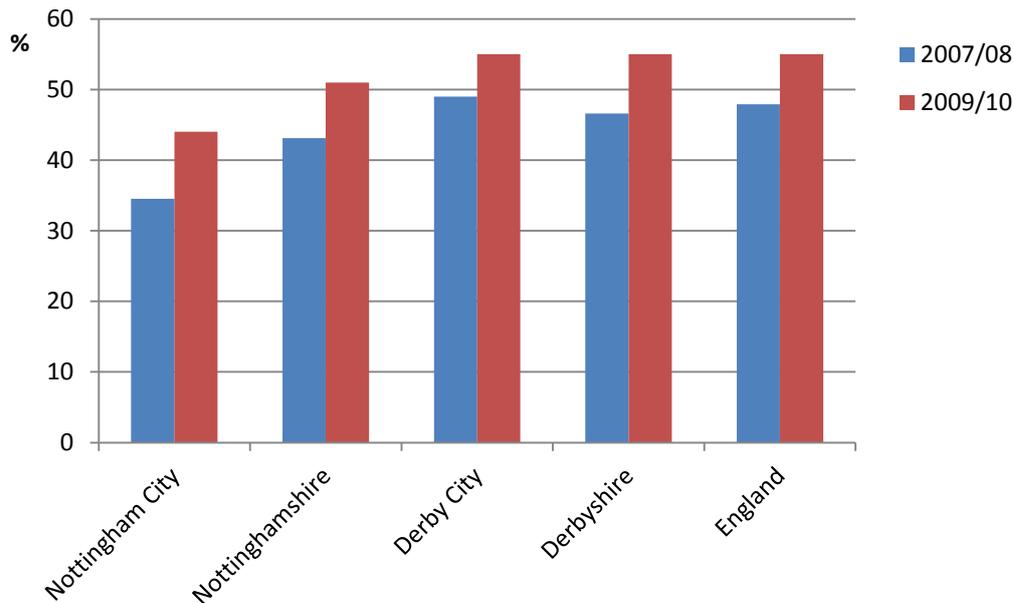
Between 2007/08 and 2009/10, the education attainment of 15 year old pupils improved significantly across England. Chart 4 shows how the proportion of pupils attaining 5 GCSEs passes at grades A*-C (including English and maths) has changed within the D2N2 area compared to the national average:

- All D2N2 County and City Local Authorities experienced a significant increase in the proportion of pupils attaining 5 GCSE passes at grades A*-C, including English and maths. The largest increase was in Nottingham City, where the proportion increased by 9.5 percentage points from 35% in 2007/08 (compared to an increase of 7 percentage points in England overall). This means that, although attainment rates in Nottingham were still

comparatively low in 2009/10, the gap with the national average and other Local Authority areas in D2N2 has closed significantly; and

- Derbyshire also experienced a significant increase of 8.4 percentage points from 47% in 2007/08 to 55% in 2009/10 (from below to level with the national average). The smallest increase was in Derby City – although this was from a relatively high base.

Chart 4: Percentage of Pupils Achieving 5+ Grades A*-C including English and Maths, 2007/08 and 2009/10



Source: Department for Education, 'Achievements at GCSE and equivalent for pupils at the end of Key Stage 4', 2007/08 and 2009/10.

Note: an average for D2N2 is not available for 2007/08 due to a lack of historic numerators/denominators for Local Authorities in Department for Education releases (meaning that an average cannot be accurately calculated).

Data is not available at a Local Authority level on the distribution of GCSEs by subject, which can provide an idea of alignment with the needs or priorities of employers. However, as part of the work to inform the National Skills Strategy in autumn 2010, data for the 2008/09 school year was provided by the Skills Funding Agency (SFA) at an East Midlands regional level (covering all of the D2N2 area along with Leicester and Leicestershire, Rutland, Northamptonshire and Lincolnshire). This provides some useful headline messages:

- In the East Midlands overall in 2008/09, the top five most popular GCSE subject areas were: Science and Maths; Language and Literature; Business Admin and Law; Social Science; and Arts and Media Studies. These subjects accounted for the vast majority of total GCSEs in the 2008/09 school year;
- Engineering and Manufacturing Technologies was the 6th most popular GCSE subject area and ICT was the 8th most popular out of the 13 subjects; and

- At GCE A/AS level, the five most popular subject areas were: Science and Maths; Language and Literature; Business Admin and Law; Arts and Media studies; and Social Sciences. These accounted for more than four-fifths of subjects at this level in 2008/09. Engineering and Manufacturing Technologies represented the 11th most popular A/AS subject area whilst ICT was the 8th most popular out of the 13 subject areas for which data was available.⁵

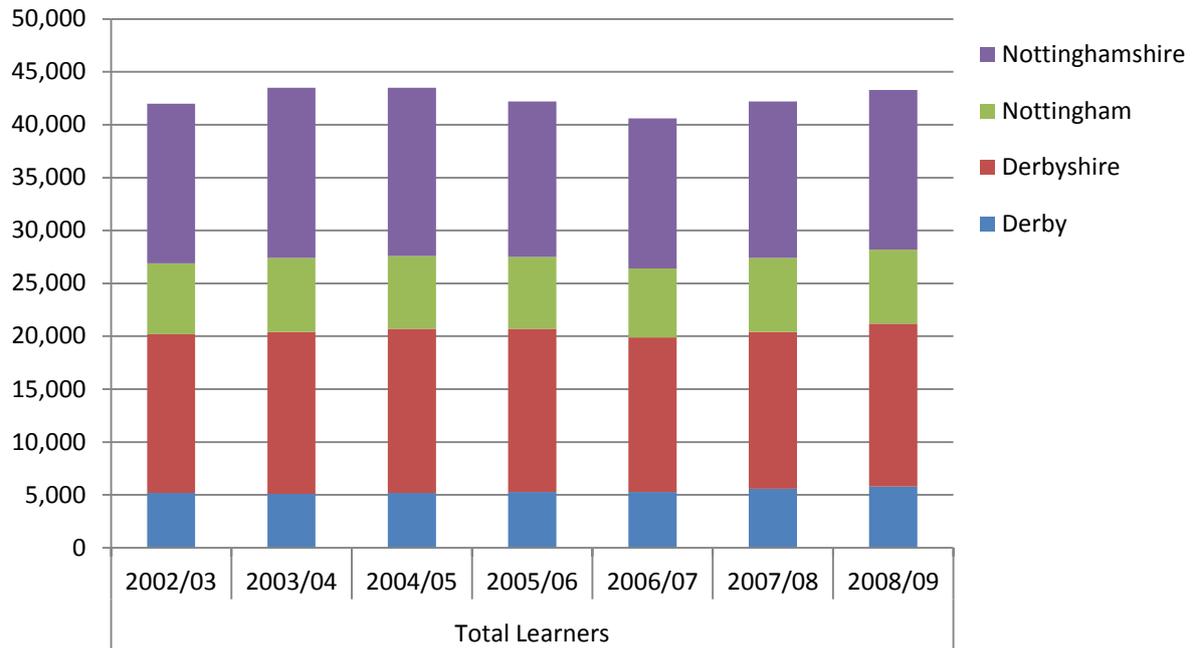
Summary

- By 2015, it will be compulsory for all young people to participate in education or training up until their 18th birthday. Currently young people are required to be in full-time education until they are 16, but there is strong evidence on the benefits of staying in education until at least 18 - in terms of increased employability and earnings.
- With the exception of Nottingham, total participation of 16 and 17 years olds in education and work-based learning is below the national average in the D2N2 area. The highest participation rate was in Nottingham, at 91% in 2009, and the lowest was in Nottinghamshire, at 83%, compared to a national average of 89%.
- Participation rates for young people have increased in all areas of the D2N2 LEP between 2007 and 2009, with the largest increase experienced in Derby. In all areas this was driven by an increase in participation in full-time education.
- Attainment at GCSE is higher in Derby City and Derbyshire, with 55% of pupils achieving 5 GCSEs at grades A*-C including English and maths, and is lowest in Nottingham, at 44%. However, all local areas experienced a significant improvement in attainment between 2007/08 and 2009/10.
- In the East Midlands region in 2008/09, the most popular GCSE subjects were Science and Maths; Language and Literature; Business Admin and Law; Social Science; and Arts and Media Studies.

As demonstrated in Chart 1, the vast majority of young people remain in education between the ages of 16 and 18. Chart 5 presents the distribution of 16-18 year old learners enrolled in Further Education Institutions (including General Further Education Colleges, Sixth Form Colleges and Specialist Colleges) within the D2N2 area. The chart shows that learner volumes have remained fairly stable in recent years, at approximately 40,000 individuals. In the 2008/09 academic year, Derbyshire accounted for the largest share of 16-18 year olds enrolled in FE, at 15,400 (35.6% of the D2N2 total), followed by Nottinghamshire, at 15,100. FE institutions in Derby City accounted for the smallest share of 16-18 enrolments, with a total of 5,800 learners in 2008/09 (13.4% of the total in the D2N2 area).

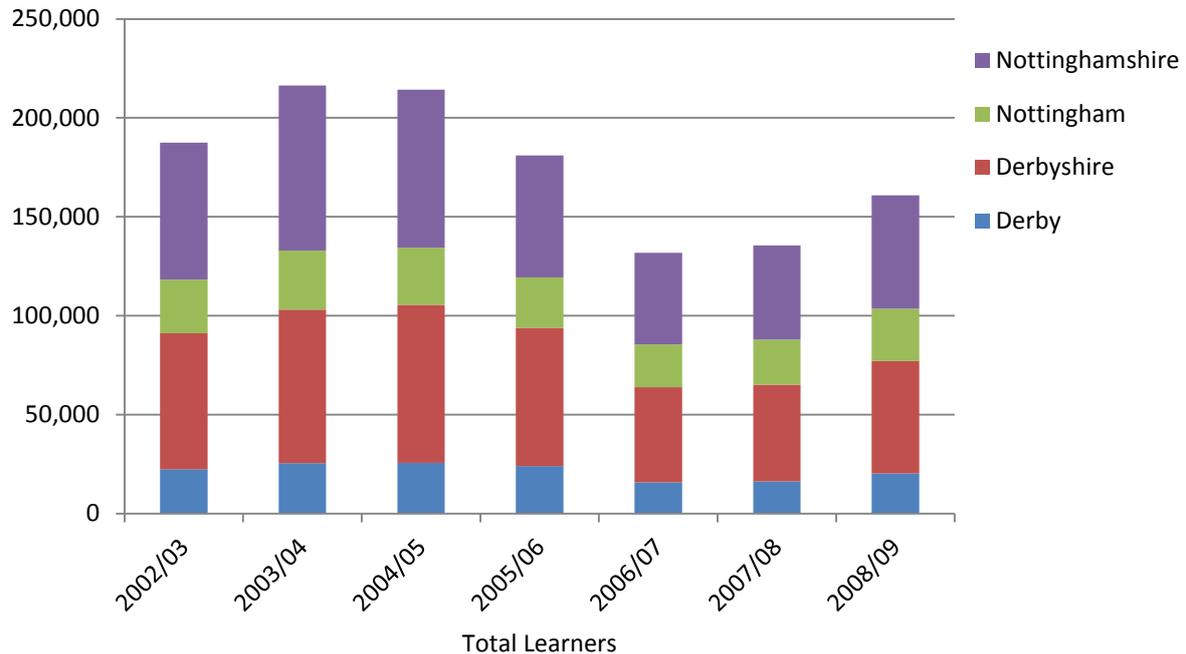
⁵ Lawton, C, Altorjai, S, and Haslam, D, *emda*, 'The East Midlands Regional Skills Priority Statement, 2011/12', September 2010.

Chart 5: Volume of FE Enrolments for Learners Aged 16-19, 2002/03 - 2008/09



Source: Skills Funding Agency Data Service, 'Statistical First Release Supplementary Tables: Overall FE and Skills Participation by Government Office and Local Authority', learner volumes. Enrolments by location of institution/provider. 2011.

Chart 6 shows that there is a far larger volume of adult learners (aged 19 and over) enrolled at FE institutions in the LEP area, but this number has generally decreased over time - from a high point of 216,300 in 2003/04 to 160,900 in the 2008/09 academic year (up from the lowest level of 131,800 in 2006/07). FE institutions in Nottinghamshire accounted for the largest share of adult learners, with 57,300 (35.6% of the D2N2 total), followed by Derbyshire, with 56,700. As in the case of young people, providers in Derby accounted for the smallest volume of adult enrolments, at 20,400 (12.7% of the total for the D2N2 area).

Chart 6: Volume of FE Enrolments for Adult Learners Aged 19+, 2002/03-2008/09

Source: Skills Funding Agency Data Service, 'Statistical First Release Supplementary Tables: Overall FE and Skills Participation by Government Office and Local Authority', learner volumes. Enrolments by location of institution/provider. 2011.

There are a number of reasons for the reduction in the number of adults enrolled in courses classed as 'Further Education':

- There have been several significant changes in the funding criteria, especially for Level 3 qualifications, whilst Apprenticeships have become the preferred route for much vocational learning;
- The increase in Higher Education participation, demonstrated later in this section, may also account for some of the decrease in the volume of 19+ enrolments in FE courses;
- The 'first Level 2 entitlement' also significantly affected the number of adult enrolments. This was introduced in the 2003 Skills Strategy '21st Century Skills: Realising our Potential', which provided full funding for adults aged 19 and over who did not have a full Level 2 qualification, significantly increasing adult FE places in 2003/04. This coincided with policy pressure to ensure that a greater share of publically funded courses led to accredited qualifications. For adults, this resulted in a steep reduction in the number of learners in non-accredited courses – leading to a net reduction in total adult learners (as non-accredited courses accounted for the bulk of adult learning – even with the increase in accredited qualifications, total adult learners across England fell from 4,399,800 in 2004/05 to 3,681,500 in 2008/09); and
- The final reason for the reduction in the total number of adults in FE courses was a shift towards 'employer-responsive' publically funded learning – under the 'Train to Gain'

programme, which was rolled out across England in 2006.⁶ From this point, a large share of fully funded first Level 2 provision for adults aged 25+ was delivered via employers. Train to Gain places are not recorded in the individual learner enrolment statistics shown in Chart 6, providing a further explanation for the steep drop in adult FE learners in 2006/07.

These changes in policy and funding also drive changes in the makeup of FE learners by level of course studied, both for young people aged 16 to 18 and for adults aged 19 and over. FE data is disaggregated for those studying towards a full Level 2 qualification, a full Level 3, or for Skills for Life qualifications⁷. Note that learners can be taking multiple courses at different levels (and are thus counted more than once), or may not be studying towards an accredited qualification (so are counted in the total volume of FE learners but not in the disaggregated data for each qualification level). Therefore proportions do not sum up to 100%. Also note that, as the data is based on the location of the FE Institution/colleges themselves, rather than the learner's home address, it also reflects the concentration and type/specialisation of colleges in different areas. Data for the 2002/03 and 2008/09 academic years show that:

- For young people (16-18), the proportion of learners studying towards full accredited qualifications has increased for Level 2, Level 3 and Skills for Life. In the D2N2 area overall, the proportion of all 16-18 year old learners studying towards a full Level 2 has increased from 26.9% in 2002/03 to 31.4% in 2008/09. This corresponds to an increase from 26.2% to 27.8% in England overall;
- Within the LEP area in 2008/09, the largest proportion of young FE learners studying towards a full Level 2 was in Nottinghamshire, at 33.1%, whilst the lowest was in Nottingham City, at 27.4%;
- The proportion of 16-18 year olds studying towards a full Level 3 has increased significantly in both the D2N2 area and in England overall, from 24% to 32.3% and from 28.6% to 34.9% respectively between 2002/03 and 2008/09; and
- Within the D2N2 area, Derbyshire accounts for the largest proportion of young FE students working towards a full Level 3, at 35.1%, whilst Nottingham City again has the lowest proportion, at 28.6%. The relatively high share of Level 3 learners in Derbyshire provides

⁶ **Train to Gain (T2G)** is a Government funded initiative to deliver vocational training to employed individuals in England. It began primarily as a delivery vehicle for the First Level 2 entitlement for the over 25 age band. From August 2008, it was mainstreamed into Skills Funding Agency activity as part of the 'Employer Responsive training model' and delivered to employers through the Business Link service (managed by the Regional Development Agencies). One of the Coalition Government's earliest actions in May 2010 was to announce a £200 million reduction in the programme. It is expected that the Train to Gain brand will be phased out, with the Government switching emphasis and funding to the Apprenticeship service (for young people and employed adults) and to the Jobcentre Plus-managed Work Programme (aimed at JSA claimants).

⁷ **Skills for Life** qualifications are aimed at learners aged 16 and over who have left compulsory, full-time education and do not have an up-to-date English or maths qualification at Level 2 of the NQF (i.e. GCSE at grades A*-C). Subjects include adult literacy, numeracy and ICT, and can also provide English for Speakers of Other Languages (ESOL). Skills for Life Certificates are awarded for entry level, Level 1 and Level 2 (equivalent to NQF levels) – although ICT is available at entry level only. 'Skills for Life' qualifications supersede previous 'Basic Skills' qualifications.

further confirmation of the demand for intermediate, 'technician level' qualifications in that area.

The proportion of learners aged 16-18 studying towards Skills for Life courses (which can be taken alongside courses towards a Level 2 or 3, depending on individual needs) has increased dramatically in both the D2N2 area and nationally (from 22.1% to 50.8% and from 26.7% to 47.4% respectively between 2002/03 and 2008/09). This is due to a number of factors. The Skills for Life strategy, launched by Tony Blair in 2001 (with an accompanying PSA target to "improve the basic skill levels of 2.25 million adults by 2010", and reiterated in the Leitch Review target to ensure that 95% of adults had functional literacy and numeracy by 2020) has led to significant investment in increasing provider capacity and learner participation in basic skills (e.g. the 'Gremlins' campaign for Learn Direct). Additionally, the large increase in net international migration to the UK following the 2004 enlargement of the EU has led to strong increases in demand for Skills for Life courses in ESOL from individuals and employers. This will have a greater impact on the distribution of courses for learners aged 19+ because the majority of migrants from EU Accession States are over 19.⁸

The highest proportions of learners aged 16-18 enrolled in Skills for Life courses were in Nottingham City (51.4%) and Derbyshire (51.9%). The lowest proportion is in Derby City (46.6%). Skills for Life qualifications accounted for a smaller proportion of adult learners aged 19+, but the proportion increased markedly after 2004/05, corresponding with the increased international migration that followed EU Enlargement. In the D2N2 area, 9% of adult learners were studying towards Skills for Life qualifications in 2002/03. This increased to 22.3% in 2008/09 (with a sharp increase between 2003/04 and 2004/05, from 12% to 16.7%). However, this is still below the share of adult learners studying towards Skills for Life in England overall. As in the case of 16-18 year olds, the highest proportion of adult learners studying towards Skills for Life qualifications was in Nottingham City, at 30.2% in 2008/09. This reflects both the higher proportion of international migrants resident in Nottingham requiring ESOL courses than elsewhere in the D2N2 area, and the high proportion of resident adults with low qualifications and lower school attainment rates.

The analysis undertaken to support the East Midlands Skills Priority Statement also covered subject choices in Further Education, both for 16-18 year olds and for adults aged 19+. This presents a rather different picture for the two age groups:

- For 16-18 year olds in FE across the East Midlands, FE course data are available for Sector Skills Councils/Sector Skills Bodies (SSC/SSB) Sector Qualification Footprints, which 'map' accredited qualifications agreed with SSCs and SSBs. Of those qualification footprints that are known, subject areas are fragmented and heterogenic. The most popular sector/subjects are described by the following Sector Qualification Footprints: creative and arts (Creative and Cultural Skills); fitness and sport (Skills Active); beauty and hairdressing (HABIA); ICT (e-skills); construction; and hospitality (People 1st). Given the structure of employment described in Report 4: Employment and Skills, this suggest that the subject choices of young

⁸ For more information on the volume and characteristics of the international migrant population, see: Green, A, et al, the Institute for Employment Research (IER), on behalf of *emda*, 'Migrant Labour in the East Midlands Labour Market', September 2010.

learners are influenced more by individual interests than an understanding of labour market opportunities; and

- For adults (19+) in FE across the East Midlands, the distribution of course choice by Sector Qualification Footprint appears to be much more closely aligned with employer priorities and the structure of the labour market/skills demand in the area. In 2008/09 the top five most popular subjects covered almost a fifth of all enrolments for adults. These were: ICT (e-Skills); Health; general professional development (ENTO); non-compulsory education (Lifelong Learning UK); electrical installation, plumbing, air conditioning etc. (Summit Skills) and hospitality (People 1st).⁹

Summary

- Volumes of young people (aged 16-19) in Further Education have remained fairly stable in the D2N2 recent years. Adult learners (aged 19+) make up a far larger volume of FE students, but have decreased sharply in recent years - due to changes in the funding criteria and delivery mechanisms, the increase in participation in Higher Education, and increased Government pressure to ensure that funded learning should lead to qualifications.
- The proportion of young people studying towards a Level 3 qualification in FE Institutions has increased significantly, from 24% to 32.3% in the D2N2 area between 2002/03 and 2008/09. The highest proportion studying towards qualifications at Level 3 was in Derbyshire, reflecting the demand for 'technician-level' skills associated with manufacturing employers in the area, whilst the lowest share was in Nottingham.
- The proportion of young people and adults studying towards Skills for Life qualifications has increased significantly across the D2N2 area, reflecting significant investment and awareness raising activities on behalf of the Government, its agencies and Local Authorities, as well as increased migration from 2004 - driving demand for ESOL courses.
- The highest proportions of both young and adult learners studying towards Skills for Life qualifications were in Nottingham, reflecting the high proportion of international migrants resident in the city as well as the high proportion of resident adults with low levels of qualifications and relatively low school attainment rates in the city.
- The subject choices of young people in FE in the East Midlands region were diverse, but tended to be more closely aligned with individual interests rather than labour market opportunities, with the five most popular subjects as follows: creative and arts (Creative and Cultural Skills); fitness and sport (Skills Active); beauty and hairdressing (HABIA); ICT (e-skills); construction; and hospitality (People 1st).
- The subject choices of adult learners appeared to be much more closely aligned to opportunities in the labour market (including ICT, Health, education, and electrical installation, plumbing and air conditioning).

⁹ Lawton, C, Altorjai, S, and Haslam, D, *emda*, 'The East Midlands Regional Skills Priority Statement, 2011/12', September 2010.

5.3 Apprenticeships

Apprenticeships have been increasingly advocated by the last and the current Governments as the “primary work-based learning route” for young people and adults to gain accredited vocational skills at an intermediate level – relevant to a range of technician, Associate Professional and advanced craft jobs.¹⁰ They are employer-led, in as far as they are designed by Sector Skills Councils (SSCs), who work with business representatives to develop course content. The learner is placed within a business as either a new or an existing employee, with funding available from the National Apprenticeship Service (NAS). Apprenticeships offer three qualification levels:

1. **Apprenticeships** (equivalent to five good GCSE passes – NQF Level 2) where learners work towards qualifications such as an NVQ Level 2, Key Skills and, in some cases, a relevant knowledge-based qualification such as a BTEC. These allow entry to an Advanced Apprenticeship;
2. **Advanced Apprenticeships** (equivalent to two A-level passes – NQF Level 3) where the learner should ideally have five GCSEs (grade C or above) or have completed a Level 2 Apprenticeship. Advanced Apprentices work towards qualifications such as NVQ Level 3, Key Skills and, in most cases, a relevant knowledge based certificate such as a BTEC; and
3. **Higher Apprenticeships**: equivalent to a work-based qualification at NQF Level 4 and, in some cases, a knowledge-based qualification such as a Foundation degree. Currently there are only a small number of Higher Apprenticeships available at Level 4, with existing frameworks covering only a limited number of occupations.

The Coalition Government has committed to increase the number of Apprenticeship places and to improve progression routes from Level 2 to Levels 3 and 4.

In the D2N2 area, data for Apprenticeship starts in the 2008/09 academic year (based on the location of the learner’s home address) shows that:

- There were a total of 11,600 Apprenticeship starts across the LEP area for all age groups and all levels; and
- Nottinghamshire had the largest share of total Apprenticeship starts, at 4,500 learners (39% of the total), followed by Derbyshire, at 36%. Nottingham had the smallest share, with 1,400 learners resident in the City (12% of the total).

Chart 7 shows how Apprenticeship starts are distributed by level of qualification, clearly illustrating that the majority are at Level 2:

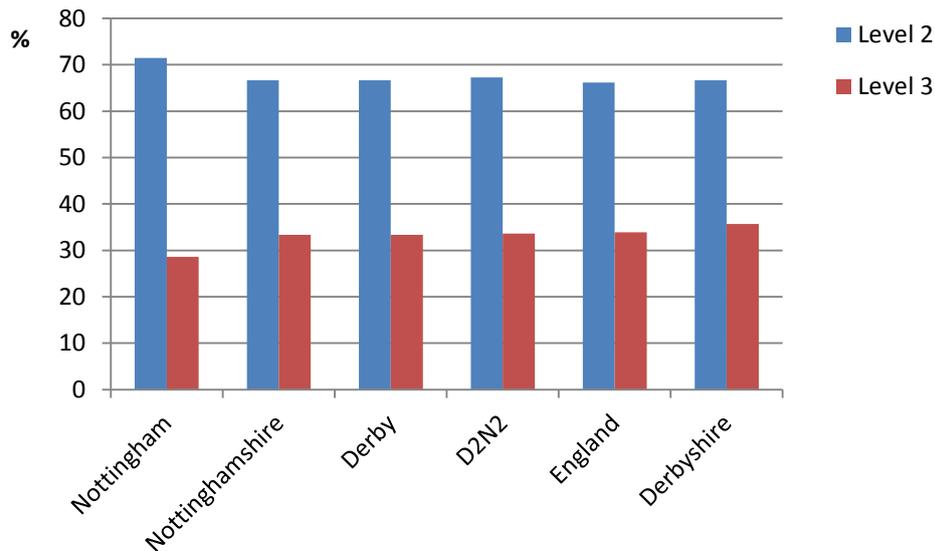
- In the D2N2 area, 67.2% of learners starting Apprenticeships in 2008/09 were working towards a Level 2 qualification, compared to 66.1% in England overall;
- In all the partner Local Authorities, with the exception of Derbyshire, the proportion of Apprenticeships at Level 3 was lower than the average for England. In the D2N2 area overall,

¹⁰ The Department for Business, Innovation & Skills, *Skills for Sustainable Growth – Consultation on the future direction of skills policy*, July 2010.

33.6% of Apprenticeship starts in 2008/09 were at Level 3, compared to 33.9% in England overall;

- In Derbyshire, 35.7% of learners started Level 3 Apprenticeships in 2008/09, exceeding the national average. Nottingham had the smallest proportion of Level 3 starts, at 28.6%; and
- Because of the small number of Level 4 Apprenticeships, data is not currently published at a Local Authority level.

Chart 7: Total Apprenticeship Starts by Level, 2008/09 (% of all Apprenticeships/All Ages)



Source: SFA Dataservice, Statistical First Release Supplementary Tables, 'Table S6.1: Apprenticeship Programme Starts by Local Authority, Level and Age (2003/04 to 2008/09)', 2011.

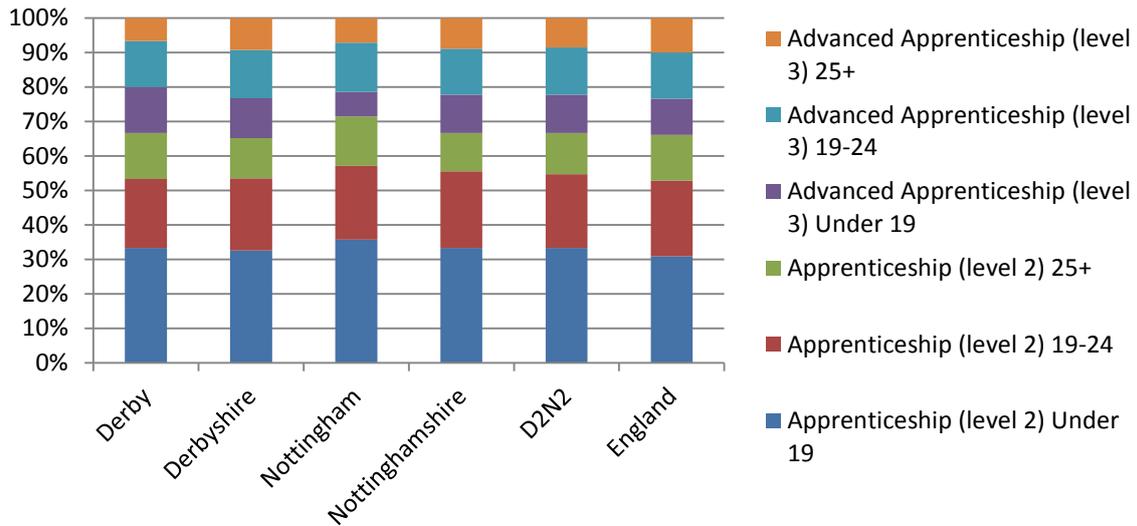
Chart 8 presents a detailed picture of Apprenticeship starts by level and age group, this shows that:

- The majority of Apprentices are young. Apprentices under the age of 19 starting courses at Level 2 make up the majority of starts in all Local Authority areas. The proportion in this group also exceeds the average for England in all parts of the D2N2 area. In the LEP area overall, 33.6% of all Apprenticeship starts were for under-19 year olds working towards a Level 2, compared to 31% in England. The highest share was in Nottingham, at 35.7%, with all other Local Authority areas being close to the LEP average; and
- Over 25 year olds account for a relatively small share of learners for Apprenticeships at both Levels, at 12.1% for Level 2 and 8.6% at Level 3 in the D2N2 area overall (below the national average in both cases). At Level 2, adult 25+ Apprenticeships are underrepresented in the Counties, but the proportion slightly exceeds the national average in Derby and Nottingham Cities. Derbyshire has the highest proportion of 25+ Apprentices working towards a Level 3.

In summary, the D2N2 area generally has a lower proportion of learners starting Level 3 Apprenticeships than elsewhere in England, and has a higher proportion of learners who are under 19 (and thus has lower proportions of adult Apprentices than nationally, with the exception of 19-24 year olds starting Apprenticeships at Level 3). Given the indicators of strong demand for intermediate technical skills associated with Apprenticeships in Derby and Derbyshire (especially

related to advanced manufacturing), it is unsurprising that Level 3 starts account for a larger share of Apprentices than elsewhere in the D2N2 area, although it is important to note that this proportion is still below the national average in Derby City. Indicators of a strong demand for lower levels of skill in Nottingham City however (related to retail, health, hotels and restaurants, etc.) are well reflected in the higher proportion of Apprenticeships at Level 2 in that area.

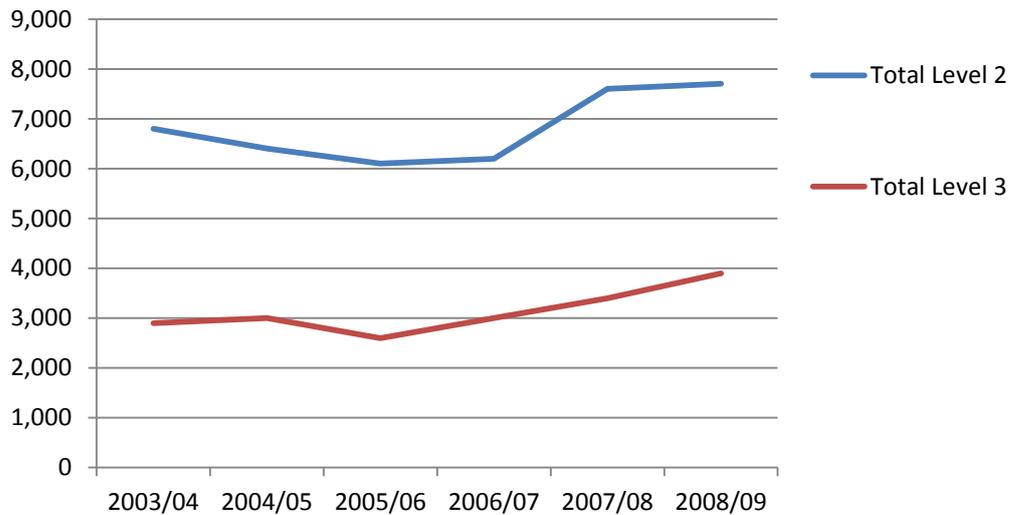
Chart 8: Apprenticeship Starts by Age and Level, 2008/09 (% of all Apprenticeships/All Ages)



Source: SFA Dataservice, Statistical First Release Supplementary Tables, 'Table S6.1: Apprenticeship Programme Starts by Local Authority, Level and Age (2003/04 to 2008/09)', 2011.

Charts 9 and 10 show trends in Apprenticeship starts over time. Chart 28 shows that the volume of Apprenticeship starts have increased at both Level 2 and Level 3 in the D2N2 area between 2003/04 and 2008/09. However, this trend has not been uniform across the period, with the volume of Level 2 starts falling between 2003/04 and 2005/06 (from 6,800 to 6,100), before recovering to the latest figure of 7,700. Level 3 starts were broadly stable until 2006/07, when they increased year-on-year from 3,000 to 3,900 in 2008/09.

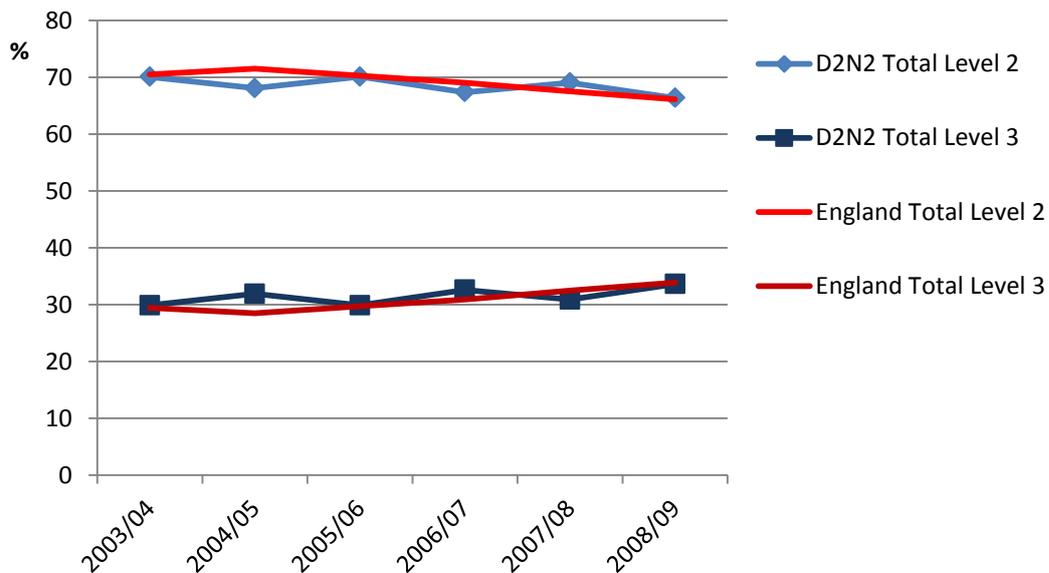
Chart 9: Total Apprenticeship Starts by Level in the D2N2 Area, 2003/04 – 2008/09



Source: SFA Dataservice, Statistical First Release Supplementary Tables, 'Table S6.1: Apprenticeship Programme Starts by Local Authority, Level and Age (2003/04 to 2008/09)', 2011.

Chart 10 shows that Level 3 starts have slowly increased as a proportion of all Apprenticeship starts, and Level 2 starts have slowly decreased, both in the D2N2 area and nationally. Although Level 3 starts still constitute the minority of total Apprenticeships, the share in the D2N2 area has grown from 29.9% in 2003/04 to 33.6% in 2008/09, and from 29.5% to 33.9% in England overall. Therefore the increase in the share of Level 3 Apprenticeships in the D2N2 area has been slightly smaller than the increase experienced in England overall.

Chart 10: Share of Total Apprenticeship Starts by Level (%), 2003/04 – 2008/09



Source: SFA Dataservice, Statistical First Release Supplementary Tables, 'Table S6.1: Apprenticeship Programme Starts by Local Authority, Level and Age (2003/04 to 2008/09)', 2011.

The analysis earlier Report 4: Employment and Skills suggests that the trend towards higher qualification levels in Apprenticeships should at least be maintained if not increased. Firstly, this is because of the significantly lower skills base in parts of the D2N2 area compared to elsewhere in England. Secondly, the demand for intermediate level skills is strong in areas such as Derby and Derbyshire, associated with advanced manufacturing. Jobs in these sectors represent high wage/high skill employment opportunities for young labour market entrants. Thirdly, the continuously changing demand for skills due to technological change, globalisation and other factors means that higher level skills – at Level 3 and above – are becoming ever more important across the labour market (as seen in the increasing proportion of employment in Professional Occupations demonstrated in Report 4).

The distribution of Apprenticeship starts in 2008/09 by sector is only available for the East Midlands region. 'Sector' in this case refers to two different classifications. The Sector Subject Area (SSA) classification is a broad sector area assigned to a given Apprenticeship framework rather than the sector of the employer.¹¹ These relate to the Sector Skills Council (SSC) or other Sector Skills Body (SSB) who lead on the development of the Apprenticeship course in question. The second classification maps directly onto the sector footprints of the accrediting body (i.e. SSC/SSB footprint). The regional data for 2008/09 shows that the most popular Apprenticeship by broad SSA sectors were:

- Public and private services (such as Childcare, Health and Social care/Children Workforce Development Council, Skills for Health; Hospitality and catering/People 1st; Hairdressing, beauty/HABIA etc.);
- Business administration and Accountancy;
- Construction;
- Engineering, such as SEMTA, Construction and Summit Skills; and
- Retail (Skillsmart Retail) includes employment opportunities for labour market entry for low-skilled individuals.

By SSC/SSB sector footprint, the most popular Apprenticeship subjects were:

- Customer service (Institute of Customer Service);
- Hospitality (People 1st);
- Childcare and adult services (Children and Workforce Development Council);
- Business and administration (Council for Administration); and
- Beauty and hairdressing (HABIA).¹²

However, between 2007/08 and 2008/09, the number of new Apprenticeships in Engineering and Construction decreased by over one-fifth in each case. This represents a significant challenge for technician level skills relevant to key sectors in the D2N2 area and may be an outcome of the fall in demand related to the recession.¹³

¹¹ Skills Funding Agency Learner & Sector Analysis, published in detail as Annex 3 of the '*The East Midlands Skills Priority Statement, 2011-2012*', September 2010.

¹² Skills Funding Agency Learner & Sector Analysis.

¹³ National Apprenticeship Service (NAS), data provided by East Midlands regional office.

Conversely, new Apprenticeships increased in Agriculture and Leisure, travel and tourism. However, these sectors employ relatively small numbers, and overall employment in Agriculture is declining.

Data from the 2009 National Employer Skills Survey provides some evidence that employers may be less able to engage with Apprenticeships due to the recession.¹⁴ In the East Midlands overall, 5% of employers¹⁵ stated that they currently had or offered Apprenticeships. However, almost a fifth of these employers (19%) reported that the recession had negatively impacted on the number of Apprentices and new trainees that had been recruited. The proportion of employers actually supplying training has not changed since 2005.

In the D2N2 area, 25% of employers in Nottinghamshire who had provided/were providing Apprenticeships felt that this activity had decreased as a result of the recession, followed by 22% of employers in Nottingham. The proportion was lower in Derbyshire (19%) and Derby City (14%), possibly representing the importance of Apprentices to employers in manufacturing sectors.

Summary

- The majority of Apprentices are working towards Level 2 qualifications. The D2N2 area generally has a lower proportion of Apprentices working towards Level 3 qualifications (Advanced Apprenticeships) compared to England overall.
- The highest proportion of learners working towards a Level 3 was in Derbyshire and the lowest proportion was in Nottingham. As in the case of FE in Derby, the higher proportion of Apprentices studying towards a Level 3 in Derbyshire could reflect the demand for technician-level skills associated with manufacturing employers.
- The majority of Apprentices are young (under the age of 19), and young Apprentices studying towards a Level 2 qualification make up the largest share of Apprenticeship starts in the D2N2 area and nationally. Apprentices aged over 25 make up a small share of learners at both Level 2 and Level 3.
- In recent years the proportion of Apprentices working towards a Level 3 has been growing, both nationally and in the D2N2 area,, but this increase has been slightly slower in the D2N2 area than elsewhere in England. Increasing the share of Apprentices working towards a Level 3 is important in order to meet increasing demand for higher level skills (due to industrial and technological change etc.) and to meet current requirements for technician-level skills related to manufacturing.
- Data for the East Midlands for 2007/08 and 2008/09 suggests that the number of Apprenticeships in Engineering and Construction have fallen, possibly as a result of the recession.
- In Nottinghamshire in 2009, 25% of employers who had provided/were providing Apprenticeships felt that this activity had decreased as a result of the recession, followed by 22% of employers in Nottingham. The proportion was lower in Derbyshire (19%) and Derby (14%), possibly reflecting the importance of Apprentices to manufacturing employers.

¹⁴BMG Research prepared for the YPLA and SFA East Midlands Region, *'The National Employer Skills Survey 2009: report of results for the East Midlands'*, October 2010.

¹⁵Ibid.

5.4 Higher Education

The 2006 Leitch Review recommended that, in order to close the ‘skills gap’ with international competitors (which in turn would contribute to closing the productivity gap - the UK workforce is estimated to be around 13-20% less productive than the US, Germany and France), the UK needed to dramatically increase the proportion of skilled people at all levels. In terms of higher-level skills, the Leitch Review recommended increasing the proportion of adults qualified to a degree level from 30% to 40% by 2020 (which would need 50% of 18-30 year olds participating in HE).¹⁶ The Coalition Government continue to broadly support this objective, although they have removed the formal target, whilst widening access to university-level education is a key objective behind the reforms recommended by Lord Browne in his 2010 review of Higher Education funding.¹⁷ However, the current decision to maintain a cap on the number of university places and the higher than expected number of Higher Education Institutions charging fees close to £9,000 per annum could potentially restrict this expansion, at least in the short term.

Participation in Higher Education has been increasing rapidly in the UK for a number of years, with the total number of students attaining qualifications from UK Higher Education Institutions increasing from 504,400 in 2000/01 to 716,900 2009/10, and more than doubling in the last thirty years.¹⁸ Given that that population of young people declined in the 1980s and 1990s, this expansion in numbers has driven even higher increases in rates of participation, from less than 10% of young people in 1975 to more than 30% by 2000. The impacts on workforce skill levels can be seen in the increasing proportions of working adults qualified to a Level 4 illustrated in Report 4.

Chart 11 shows the estimated proportion of pupils from maintained schools in each of the Local Authorities in the D2N2 area who have entered Higher Education by the age of 19. This demonstrates that participation in HE has increased across the LEP area, but significant local differences remain:

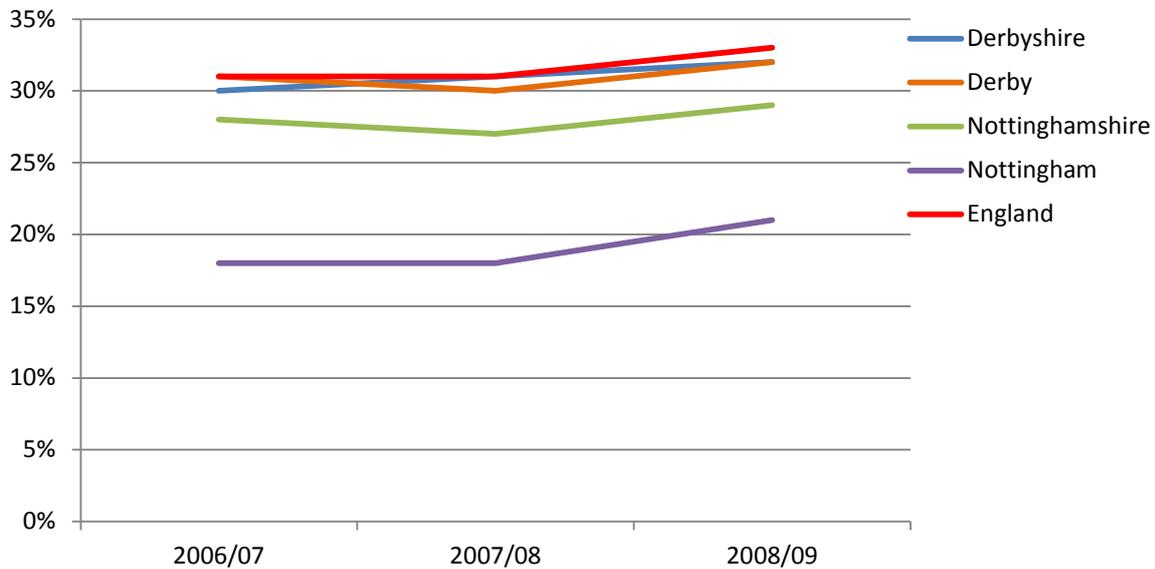
- The proportion of pupils entering HE by the age of 19 in Derbyshire and Derby has been very close to the national average. In England overall, the proportion remained stable at 31% in 2006/07 and 2007/08 before increasing to 33% in 2008/09, whilst in both Derbyshire and Derby it increased by a percentage point each year from 30% to 32%;
- The HE participation for pupils leaving maintained schools in Nottinghamshire has been slightly below the national average, at 28% in 2006/07 and 29% in 2008/09; and
- The proportion of leavers from maintained schools in Nottingham going on to HE is much lower than the national average and all other Local Authority areas in the LEP, at 18% in 2006/07 (13 percentage points below the national average) and 21% in 2008/09 (12 percentage points below the national average).

¹⁶ Leitch Review of Skills, on behalf of HM Treasury, ‘*Prosperity for all in the global economy – World Class Skills*’, Final Report, December 2006.

¹⁷ Lord Browne of Madingley et al, ‘*Securing a Sustainable Future for Higher Education – an independent review of Higher Education funding & student finance*’, October 2010.

¹⁸ Higher Education Statistics Agency (HESA), ‘*Statistical First Release 153*’, 2011.

Chart 11: Pupils from Maintained Schools Entering HE by the age of 19, 2006/07-2008/09 (%)



Source: Department for Business Innovation and Skills, 'Progress on Widening Participation in Higher Education', Table 2A: Estimated percentage of maintained school pupils aged 15 by Free School Meal status who entered HE by age 19 by Local Authority. Derived from HEFCE data. 2011.

Note: Local authority refers to the location of the school the pupil attended, rather than their home address.

The data on rates of entry to HE by pupils from maintained schools also includes indicators on the difference between pupils who had been eligible for free school meals (FSM) and non-FSM pupils, providing an indication of the accessibility of HE to individuals from more deprived backgrounds.¹⁹ The gap in HE entry rates between FSM and non-FSM pupils is significant, and has changed little over the three year time series available:

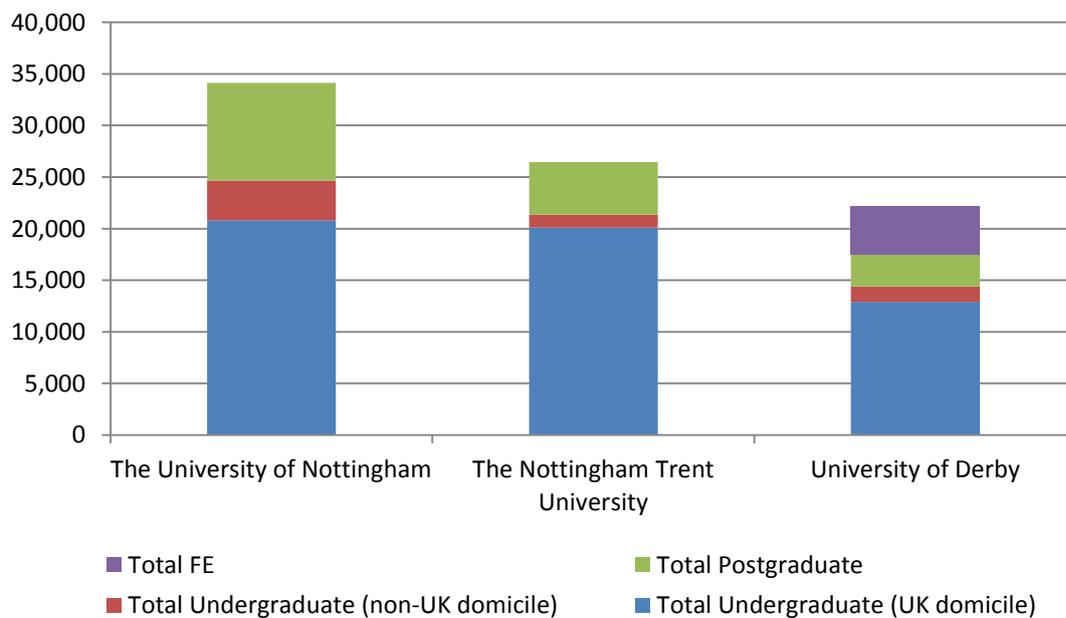
- In England overall in 2008/09, 35% of non-FSM pupils entered HE by the age of 19, compared to 17% of FSM pupils – a gap of 18 percentage points;
- Derbyshire, which has some of the highest HE participation rates for maintained school leavers in the D2N2 area, had the largest gap between FSM and non-FSM pupils, at 24 percentage points in 2008/09 (with only 11% of FSM pupils entering HE by the age of 19). This gap has remained stable over time. Nottinghamshire has a similarly large gap, at 23 percentage points - reflecting the variation in pupil background across the Counties (for example, Nottinghamshire includes very affluent areas, with high performing schools, such as in Rushcliffe, as well as more challenged schools in the former Coalfield areas in north of the County); and

¹⁹ Figures are estimates. Care should be taken when comparing progression rates across local authorities. In particular, it is not possible to conclude that the gaps in progression rates shown for different Local Authorities are a reflection of the performance of educational institutions in those Authorities. This is because the composition of the non-free school meal (FSM) group (and to a lesser extent the FSM group) will vary considerably in terms of levels of affluence and other factors that will impact on educational attainment and progression. The proportion of pupils with FSM varies considerably between authorities.

- The gap is smaller for Nottingham and Derby Cities, at 14 percentage points and 15 percentage points respectively. Given the relatively high participation rates in Derby City this is very positive. Derby had the highest proportion of FSM pupils entering HE in the D2N2 area in 2008/09, at 19% (exceeding the national average).

The D2N2 area is clearly well-represented in terms of Higher Education Institutions (HEIs), with three large Universities, the University of Nottingham, Nottingham Trent University and the University of Derby. Chart 12 illustrates the total student population in the 2009/10 academic year. The University of Nottingham accounts for the largest share of full-time and part-time undergraduate and postgraduate students (including non-UK domiciled students), with 34,120 students in total – 41.3% of the total D2N2 student population (82,700). The University of Nottingham has the largest undergraduate and postgraduate population (27.7% of its students being postgraduate, a higher share than 19.2% in Nottingham Trent and 13.9% in the University of Derby). Nottingham Trent accounts for a further 26,455 students, with the University of Derby accounting for the smallest share - at 22,125 students (4,650 being Further Education students).

Chart 12: Total Students at HEIs in the D2N2 Area, 2009/10



Source: Higher Education Statistics Agency (HESA), 'Table 1 - All students by HE institution, level of study, mode of study and domicile 2009/10', 2011.

Chart 13 shows the distribution of HE students (total first degree, postgraduate and other undergraduate courses) in the three D2N2 institutions by course subject. This shows a number of subject strengths relative to the total for all English HEIs:

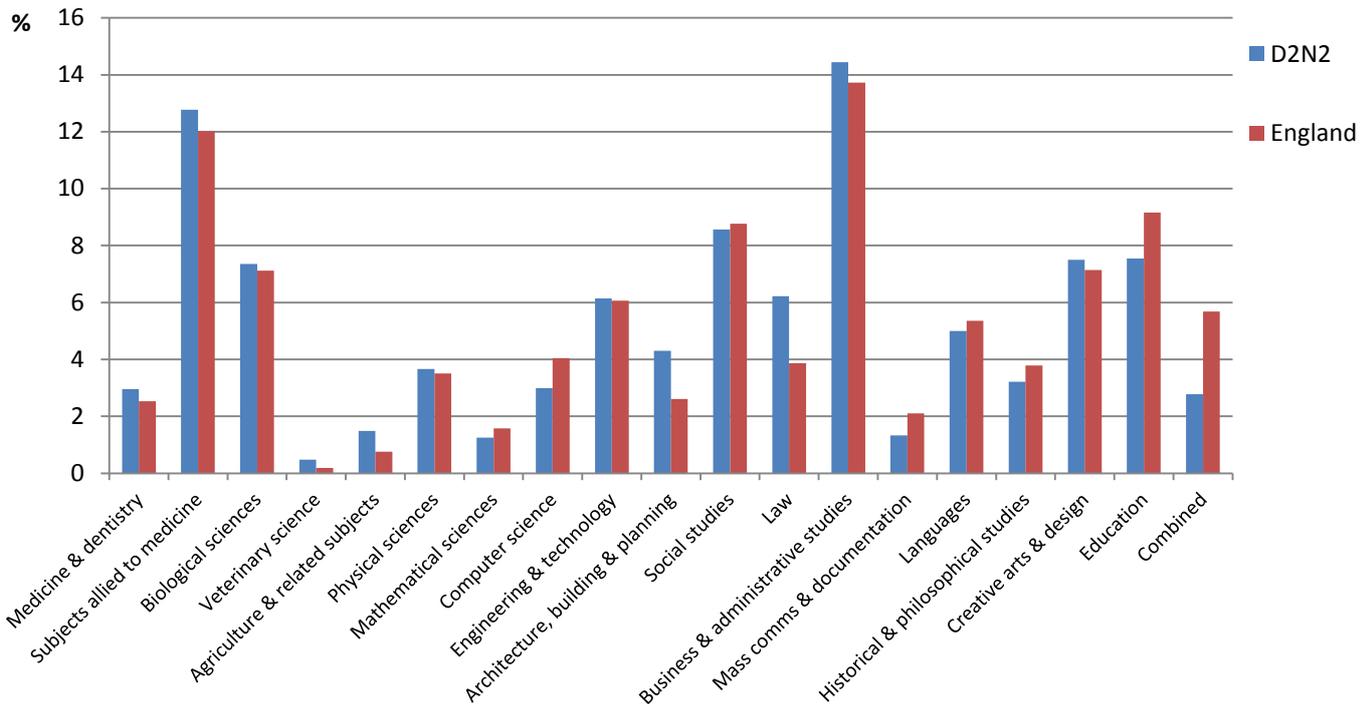
- There is a relative overrepresentation of students in D2N2 HEIs studying courses in **Medicine & Dentistry** and **Subjects allied to Medicine**, with a total of 15.7% of students studying courses in these subjects compared to 14.6% in England overall. The University of Nottingham accounts for the largest share of students in these subjects – it is the only one of the three to offer courses in Medicine & Dentistry (2,210 students) and has more than twice

as many students studying Subjects allied to Medicine than Derby (at 6,670 compared to 2,480);

- A significantly higher proportion of students in D2N2 HEIs study courses in **Architecture, building & planning**, at 4.3% compared to the national average of 2.6%. All three universities have schools of architecture, planning and the built environment;
- Courses in **Business & administrative studies** are strongly represented in all three institutions (accounting for 3,280, 2,960 and 4,580 students in Derby, Nottingham and Nottingham Trent respectively). This is equivalent to 14.4% of all students compared to 13.7% in England;
- **Law** is significantly more important in D2N2 institutions, accounting for 6.2% of all students compared to 3.9% nationally. This is principally due to the size of Nottingham Law School at Nottingham Trent University, which in 2008/09 had a total of 2,970 students, three times more than the University of Nottingham; and
- Although accounting for a relatively small number of students, the proportion studying courses in **Agriculture and Related Subjects** and **Veterinary science** is higher in D2N2 institutions than nationally, together accounting for 2% of students (compared to 1% in England overall). This is principally due to the University of Nottingham's Sutton Bonington Campus, which houses the School of Veterinary Medicine and Science and the School of Bioscience (including Divisions in Animal Sciences, Food Sciences, Plant and Crop Sciences, Nutritional Sciences and Agriculture and Environmental Sciences).

Chart 13 also indicates relative under-representations, notably in Computer Science, accounting for 3% of students compared to 4% nationally, and Education, accounting for 7.5% of students compared to 9.2% nationally.

Chart 13: The proportion of students (total first degree, postgraduate and other undergraduate students) by main subject areas (%), 2008/09



Source: HESA, 'Students in Higher Education Institutions', 2008/09.

5.4.1 Graduate Employment Outcomes

Leavers from Higher Education are a particularly mobile population group. This is because of both their generally young age (usually 21 years old), meaning that ties to spouses, dependents or property in an area are less of an issue than for older age groups, and also because of the opportunities for travel conferred by a degree - with employers recruiting graduates from all over the world. From regional analysis undertaken by the Higher Education Funding Council for England (HEFCE) and by Nottingham City Council for the Greater Nottingham area, it is apparent that universities in the East Midlands and the D2N2 area are particularly successful in attracting students from other regions. In 2007/08, 47% of students studying at East Midlands HEIs - the University of Nottingham being the largest - were from other UK regions, compared to an average of 36% for HEIs nationally. Areas that attract large numbers of students from elsewhere are likely to “retain” a smaller proportion of graduates compared to relatively self-contained areas (such as the North East) because the single greatest determinant of a graduate’s destination is their home region prior to study. Therefore, in the East Midlands overall, only 40% of recent graduates remain in the region to work, whilst for leavers from the University of Nottingham and Nottingham Trent this is lower still, at around 30%.²⁰

Despite the complex and indirect relationship between HE provision in the D2N2 area and the local stock of higher level skills, it is important to consider how well institutions in the area are preparing

²⁰ Nottingham City Council, analysis of bespoke HESA outputs from the 2007/08 Destinations of Leavers from Higher Education (DLHE) survey, in 'Graduate Retention in Greater Nottingham, 2007/08', 2010, and Higher Education Funding Council for England, 'Regional Profiles of Higher Education, 2007/08', June 2010.

students for work, and the impact of students' course choices on eventual employability, especially given the policy emphasis on freedom of choice.

Recent research by HEFCE suggests that, after controlling for factors such as institution and region of study, course choice has a very significant impact on the employability and quality of job of an individual graduate, especially in the first six months following course completion.²¹

A lot of information is available on the early careers experiences of university graduates because all HEIs are required to survey recent leavers via the annual Destinations of Leavers of Higher Education (DLHE) surveys, which contributes to performance assessment data on institutions submitted to and published by HEFCE and other agencies. A key indicator from the DLHE surveys is the overall proportion of degree leavers who are in employment or further study within six months' of graduation (this is one of the 'National Indicators' reported by Universities on graduate employability). Chart 14 shows that:

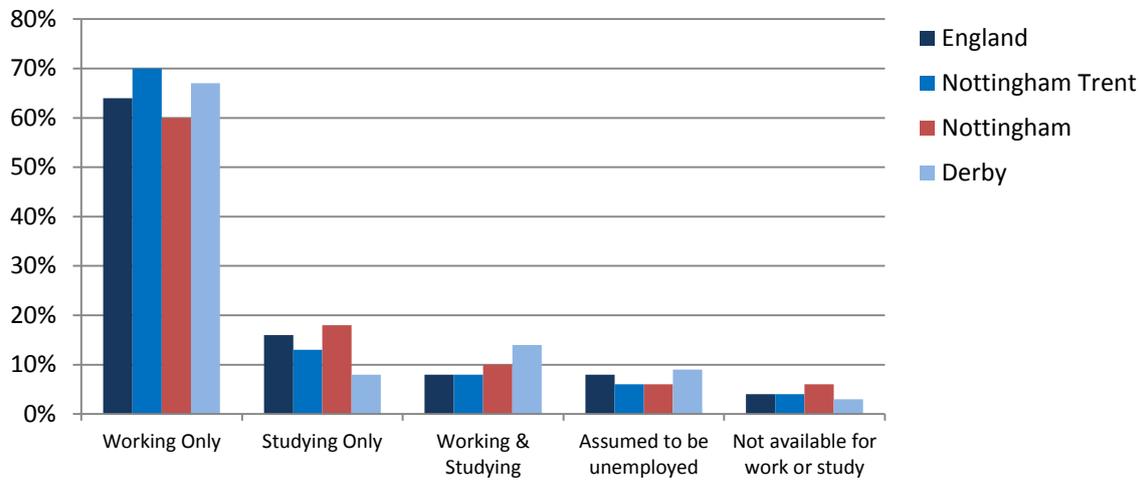
- The proportion of leavers from D2N2 universities who were in employment and/or further study (i.e. working only, studying only, and working and studying) was level or above the national average in all cases. In 2009/10, 88% of all leavers²² from English universities were working or studying. The proportion of leavers from Nottingham Trent in employment or further study exceeded this, at 91%, with Derby University at 89% and the University of Nottingham level with the national average at 88%;
- Nottingham Trent had the highest proportion of leavers in work only within six months of graduation, at 70%, compared to 64% in England overall and compared to 67% of leavers from the University of Derby and 60% of leavers from the University of Nottingham;
- Conversely, the University of Nottingham had the highest proportion of leavers in further study only, at 18%, compared to 16% in England, and 13% and 8% of Nottingham Trent and University of Derby leavers respectively. The University of Derby had the highest proportion of leavers who were both working and studying, at 14%; and
- The proportion of leavers from the University of Nottingham and Nottingham Trent 'assumed to be unemployed' was lower than the national average (8%), at 6% in both cases, whilst it was higher for leavers from the University of Derby, at 9%.

Nationally, time-series is available from 2005/06. This shows that the proportion of leavers from English universities (the total who had studied courses at all levels and all modes) in employment and further study has fallen from 89% in 2005/06 to 86% in 2008/09 (then increasing two percentage points to the current latest estimate for 2009/10 of 88%). Report 4 shows that employment rates for all adults did not begin to fall until late 2009, which suggests that the graduate labour market may have been particularly affected by recession.

²¹ HEFCE, *'Approaches to Measuring Employment Circumstances of Recent Graduates'*, Issues Paper, January 2011.

²² Note the data published for individual Higher Education Institutions on UNISTATS relates to leavers from all levels of study (postgraduate and undergraduate) and all modes whereas the National Indicator for the average of all English HEIs is for Full-time First Degree leavers only. Therefore the average for England cited in this report, 88%, exceeds the National Indicator for 2009/10 published elsewhere (86%) because it includes leavers from postgraduate courses, who tend to have higher rates of employment and further study.

Chart 14: Destinations of leavers from higher education (% in employment or further study), 2009/10



Source: HESA, Destinations of Leavers from Higher Education in the United Kingdom for the Academic Year 2009/10', Statistical First Release 162, and UNISTATS data for individual HEIs, Destination Data – Whole Institution, all levels, all modes, 2009/10.

If headline employment outcomes for leavers from universities in the D2N2 area appear to be relatively positive, it is also important to look at indicators of quality of graduate employment. The widely used measure of 'quality' graduate jobs was developed in 2004 by Peter Elias and Kate Purcell, who used Labour Force Survey data and a series of depth-interviews with a cohort of graduates to define categories of 'graduate occupations'. These included jobs that traditionally required degrees (e.g. the medical and legal professions) as well as newer and niche job-types that have become dominated by graduates over the last two decades (such as marketing managers, IT professionals, etc.).²³

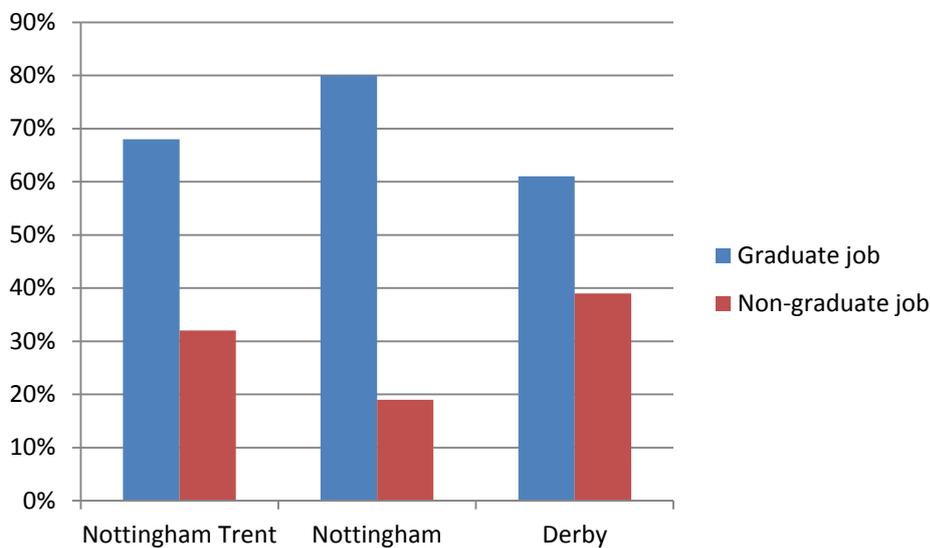
Chart 15 presents results from the DLHE survey for all employed leavers from D2N2 universities who are in 'graduate occupations' within six months of completing their courses. This shows that, of those in employment, the majority of leavers from all three institutions were categorised as being in 'graduate occupations'. The highest proportion was for leavers from the University of Nottingham, at 80%. Although Nottingham Trent had the highest proportion of leavers in employment overall in 2009/10, the proportion employed in 'graduate occupations' was somewhat lower, at 68%. The proportion was lower still for the University of Derby, at 61%. A consistent national comparator is not readily available. Early in 2011, HEFCE published detailed analysis of graduate employment outcomes, but this was for leavers from the 2007/08 academic year, and also related specifically to leavers from Full-time, First Degree courses. With these caveats in mind, the published average for

²³ For more information, see: Peter Elias and Kate Purcell, on behalf of the Economic and Social Research Council (ESRC) and the Higher Education Careers Service (HECSU), *'Seven Years' On: Graduate Careers in a Changing Labour Market – Summary Report'*, June 2004.

leavers from English HEIs in graduate occupations is 64%²⁴ - suggesting that leavers from the University of Nottingham significantly out-perform the national average in accessing graduate employment (whilst Nottingham Trent and the University of Derby are relatively close to the national average).

It is important to remember that these estimates of employment outcomes only relate to the early careers of graduates. In their cohort study, Elias and Purcell found that a similar proportion of leavers were in graduate occupations immediately after graduation (around 60%), but after seven years in employment, this proportion had increased to almost 80%, with the vast majority of respondents feeling that they were in appropriate employment for someone with their skills and qualifications and were using skills developed during their degree.²⁵

Chart 15: Leavers in ‘graduate occupations (%)’, 2009/10



Source: UNISTATs data for individual HEIs, Destination Data – Whole Institution, all levels, all modes, 2009/10.

Chart 16 illustrates how the proportions of leavers in ‘graduate occupations’ varies by the main subject studied across UK HEIs, based on a study undertaken by HEFCE in January 2011 using DLHE data for leavers in the 2007/08 academic year. The chart shows the proportion of leavers from Full-time, First Degrees employed in the ‘graduate occupations’ developed by Elias and Purcell in 2004 (labelled as “E&P”) compared to an occupational category directly based on responses to the DLHE survey (whether the respondent felt they needed their degree to get their current job and whether they were using their degree in that job – labelled “SOC”). This enables the original Elias and Purcell definition of graduate employment to be checked alongside a more timely self-classified definition, necessary in the light of the continuously changing graduate labour market. Finally, to assess whether graduates are achieving an above average salary, the chart also shows the proportion of

²⁴ HEFCE, ‘Approaches to Measuring Employment Circumstances of Recent Graduates’, Issues Paper, January 2011.

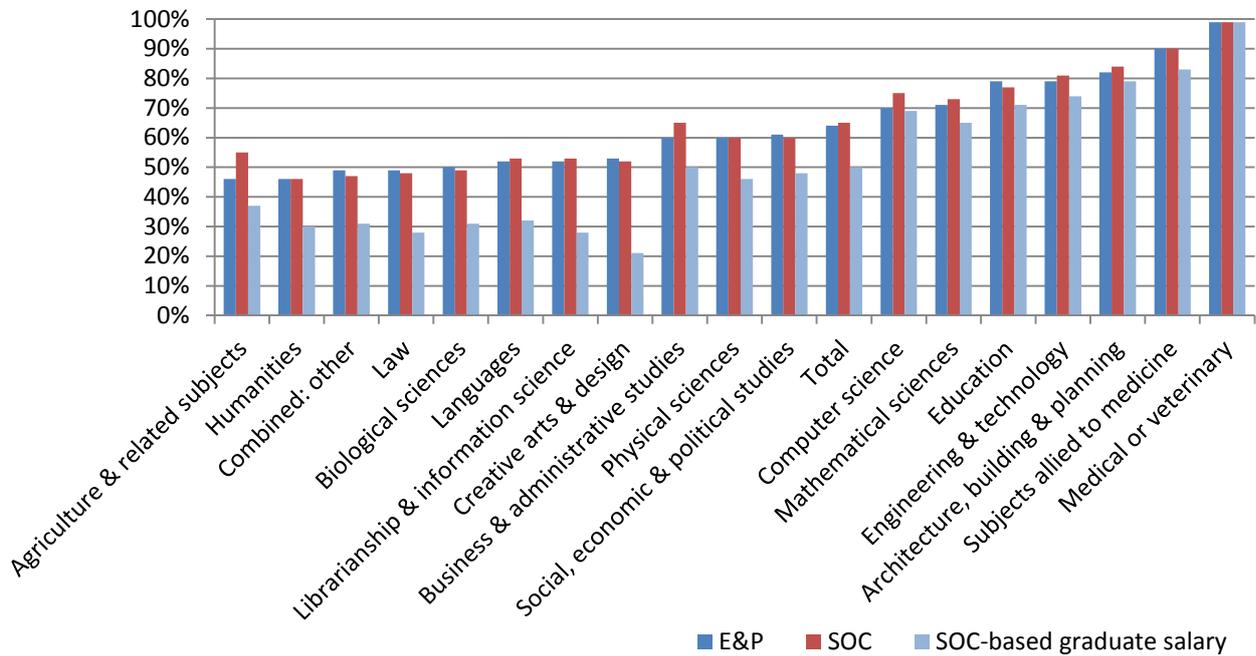
²⁵ Elias and Purcell, on behalf of the ESRC and HECSU, ‘Seven Years’ On: Graduate Careers in a Changing Labour Market – Summary Report’, June 2004.

respondents who earned a salary above the median for their occupation (labelled “SOC-based graduate salary”). This provides the following national picture of graduate employment:

- The proportion of leavers in ‘graduate-level’ jobs varies hugely by course subject, regardless of the measure used. In most cases, the proportions employed in Elias and Purcell’s (E&P) ‘graduate occupations’ and the DLHE-derived self-classification of graduate occupation (SOC) are very close – suggesting that Elias and Purcell’s 2004 work continues to accurately describe the graduate labour market;
- However, the chart also shows that, for many course subjects, leavers are far less likely to be on an above-median salary than they are to be in ‘graduate-level’ jobs – at least in the first six months after completing their courses;
- Graduates who studied ‘**Medical or Veterinary**’ subjects were most likely to be in a graduate occupation six-months after completing their courses, according to both the Elias and Purcell and the DLHE SOC definitions (99% in both cases). Graduates from these subjects were also most likely to be earning a graduate-level salary (also 99%);
- Other subject areas associated with clear vocational or professional career paths, such as ‘**Engineering & Technology**’, ‘**Education**’, and ‘**Architecture, Building & Planning**’ were considerably more likely to lead to a graduate occupation and a graduate-level salary;
- Less than half of employed respondents who studied either **Humanities** subjects or **Biological Sciences** were in graduate occupations according to either definition (e.g. 46% for Humanities graduates in both definitions). Only 30% of graduates in either subject area had attained graduate-level salaries six months after finishing their courses (20 percentage points lower than the average for all subjects);
- Although more than 50% of graduates from courses in ‘**Creative Arts & Design**’ were in graduate occupations, only 21% were earning salaries above the median for their occupation – the lowest proportion of all course subjects; and
- An exception to this picture is subjects related to ‘**Law**’, where only 49% and 48% of graduates were in graduate occupations six months after completing their courses according to the E&P and DLHE SOC definitions respectively, and 28% were on above-median salaries. This reflects the nature of career progression in the legal profession, which often requires time spent in junior, relatively low paid positions to gain experience and license to practice (e.g. in the UK, this means admission to the bar for barristers, or the completion of a two year apprenticeship, or ‘training contract’, for solicitors).²⁶

²⁶ Data from HEFCE, ‘*Approaches to Measuring Employment Circumstances of Recent Graduates*’, January 2011, presentation and interpretation by D2N2 report author from Nottingham Business School, October 2011.

Chart 16: Total employed UK graduates in a ‘graduate occupation’ by course subject, according to each occupation/salary classification (%), 2007/08



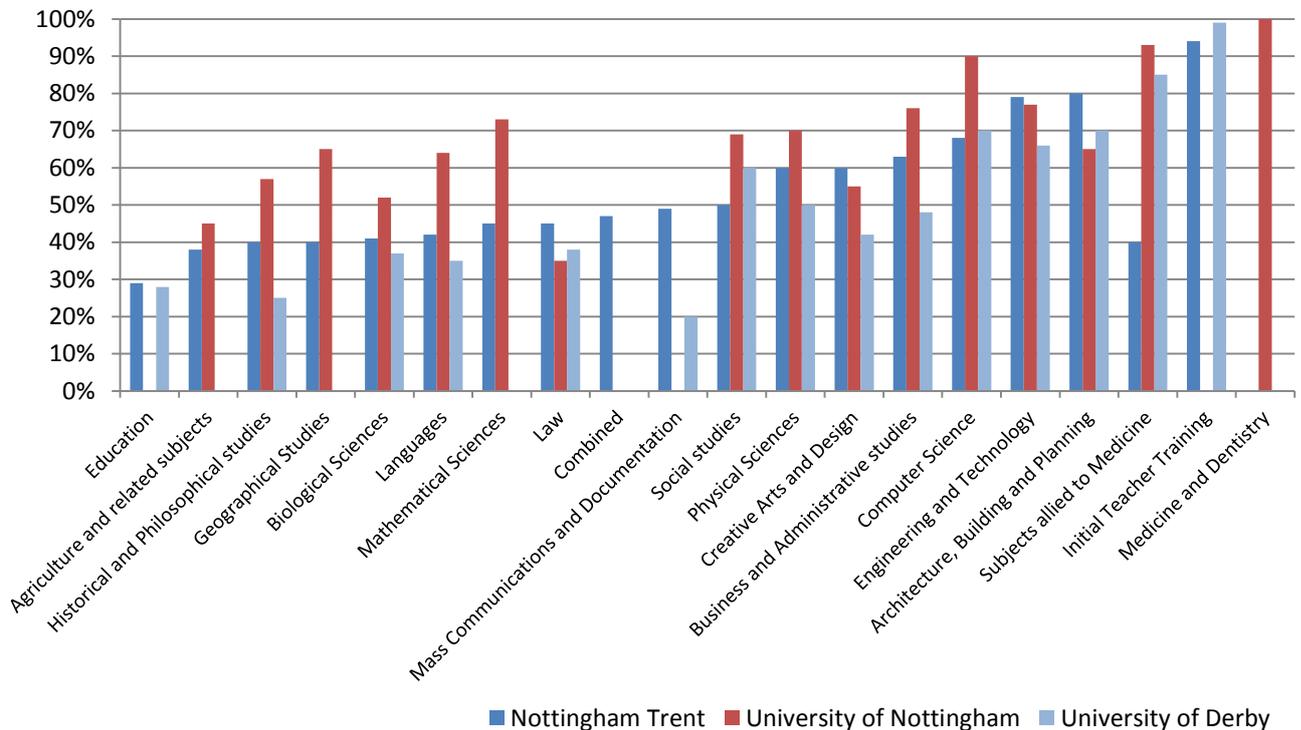
Source: analysis of the 2007-2008 DLHE survey in HEFCE, ‘Approaches to Measuring Employment Circumstances of Recent Graduates’, Issues Paper, January 2011.

Chart 17 shows the variation in the proportion of employed leavers working within the Elias and Purcell definition of ‘graduate occupations’ by main course subject for the HEIs in the D2N2 area. This is based on data published by UNISTATS for individual HEIs. In this case, it relates only to leavers from Full-time, First Degree courses, but applies to the academic year 2009/10 – so is not directly comparable to the national picture shown in Chart 16. As discussed earlier, the three universities in the D2N2 area do not all offer the same degree courses, so a number of subjects have entries missing for one or more of the institutions:

- Subjects in **Medicine and Dentistry**, taught only at the University of Nottingham, were associated with the highest proportions in graduate occupations, at 100% of those 2009/10 leavers surveyed (contributing to the higher proportions of leavers in graduate occupations from the University of Nottingham overall, show in Chart 15). This is in line with the national picture shown in Chart 16;
- **Subjects allied to medicine** (e.g. Nursing, Pharmacy) for leavers from the University of Nottingham and the University of Derby were also associated with high proportions in graduate occupations, at 93% and 85% respectively. The proportion is much lower for leavers from Nottingham Trent University (40%), which could be due to the nature of courses in the subject. Nottingham Trent principally offers BA Hons degrees less closely related to specific Professional and Associate Professional occupations, such as in Childcare and Health and Social Care, rather than the vocationally specific BSc Hons courses in Nursing or Pharmacy offered at the Universities of Nottingham and Derby;

- **Engineering and technology** courses are associated with high proportions of leavers in graduate occupations from all three D2N2 HEIs, with 66% from the University of Derby, 77% from the University of Nottingham, and 79% from Nottingham Trent;
- Courses in **Architecture, building and planning** are similarly associated with high proportions in graduate occupations, at 70%, 65% and 80% for leavers from the Universities of Derby, Nottingham and Nottingham Trent respectively. This is also the case of subjects in **Computer sciences**, where 90% of 2009/10 leavers from the University of Nottingham were in graduate occupations;
- As in the case nationally, the proportion of leavers from courses in **Agriculture, Humanities** (Historical and Philosophical Studies and Geographical Studies in the UNISTATS data), **Biological Sciences** and **Languages** subjects were less likely to be in graduate occupations. Agriculture and related subjects, offered by Nottingham Trent and the University of Nottingham, were associated with particularly low proportions of leavers in graduate occupations, at 38% and 45% respectively; and
- Leavers from courses related to **Business and Administration** from Nottingham Trent and the University of Nottingham were more likely to be in graduate occupations compared to the national picture, at 63% and 76% respectively.

Chart 17: Proportion of employed graduates in ‘graduate occupations’ (E&P) by HE Institution in the D2N2 Area (%), 2009/10



Source: UNISTATS data for individual HEIs, Job Categories by Level 1 Subject Classification– Leavers from Full-time, First Degrees, 2009/10.

5.5 Employers' Views of the Work Readiness of Leavers from Education

To ascertain how well education is preparing young people for the labour market, the National Employer Skills Survey (NESS) includes questions on whether employers have recruited young people directly after leaving school, college or university, and, if so, how 'well prepared' they were for work.

The proportion of employers who had recruited a young graduate (aged 21-23) in 2009 was highest in Nottingham and Derby (12% in both cases), and lower in Nottinghamshire (7%, in line with the average for the East Midlands but below the average for England, at 10%) and Derbyshire (6%). In the case of recruitment of 17-18 year old FE College Leavers, the highest proportion was in Derby (13%), followed by Nottingham and Nottinghamshire (10% in both cases and in line with the East Midlands average, but below the national average of 11%) and Derbyshire (9%). Similarly, employers in Derby were also more likely to have recruited a 16 year old school leaver (8%), followed by Nottingham (7%), Derbyshire (6%, in line with the average for the East Midlands and England) and Nottinghamshire (5%).

Because of sample size, it is not possible to present data on how well prepared graduates were in the Local Authorities in the D2N2 area – but this is available for the East Midlands region:

- Graduates performed significantly better than other young recruits. In 2009, 26% of employers in the East Midlands who had recruited young graduates thought they were 'very well prepared' for work and 58% thought they were 'well prepared'. Only 10% thought they were 'poorly prepared'. These proportions are in line with the average for England;
- Of those who had recruited 17-18 year old college leavers, only 6% of employers in the East Midlands and England thought there were 'very well prepared', whilst 18% and 17% in England and the East Midlands respectively thought they were 'poorly prepared' for work; and
- Perceptions of the preparedness of 16 year old school leavers were worse still. Of those employers who had recruited from this group, 14% in England and 12% in the East Midlands thought they were 'very well prepared' for work, whilst 23% and 26% respectively thought they were 'poorly prepared'.²⁷

These results could be interpreted in a number of ways. First of all, it could be concluded that Higher Education imparts skills and experience that better prepares the individual for the world of work compared to compulsory or Further Education – in terms of the generic skills employers say they value (communication, planning and organising, etc.) as well as any specialist and technical skills. Secondly, there could be an element of selection or signalling, with higher calibre students progressing further through the education system to Higher Education, whilst less capable students may be more likely to leave education at 16. Thirdly, this could illustrate the effect of increasing maturity. When asked to identify why young recruits were 'poorly prepared', employers cited issues such as time keeping, presentation, communication skills, reliability, etc. Such qualities may well improve as individuals mature and gain social experience and the skills needed to lead autonomous

²⁷ Philip Roe and David Godfrey, BMG Research, on behalf of the YPLA and SFA in the East Midlands, 'The National Employer Skills Survey 2009: A Report of Results for the East Midlands', October 2010.

lives. This in itself could reflect a less tangible benefit of a university education, where an individual is required to autonomously take responsibility for organising their domestic lives whilst maintaining their study commitments.

Summary

- The number of people entering Higher Education in the UK has more than doubled in the last thirty years. This has contributed to increasing proportions of the workforce who have qualifications at a Level 4 and above.
- The proportion of pupils at maintained schools in the D2N2 area who enter HE by the age of 19 is below the English average in all local areas. It is highest in Derbyshire and Derby and lowest in Nottingham.
- A higher proportion of students in HEIs in the D2N2 area study courses in Medicine & Dentistry, Subjects allied to Medicine, Architecture, building & planning, Business & administrative studies, Law, and Agriculture and related subjects and Veterinary Sciences compared to the national average. Computer Science and Education are relatively underrepresented compared to the national picture.
- The proportion of leavers from the University of Derby and Nottingham Trent University who were in employment or further study within six months of graduation exceeded the national average, at 89% and 91% respectively compared to 88%.
- However, the University of Nottingham had the highest proportion of leavers employed in 'graduate occupations', at 80%, compared to 68% for Nottingham Trent and 61% for the University of Derby.
- Nationally, the proportion of HE leavers in 'graduate occupations' and attaining above-median salaries was highest for those who studied subjects such as Medicine, Architecture, building & planning, and Engineering and technology. Particularly low proportions of graduates from courses in Creative arts and design had achieved above-median salaries within six months of graduation. This distribution was similar for leavers from HEIs in the D2N2 area, with graduates from Business and administration courses appearing to outperform the national average (although a direct comparison is not possible because of data issues).
- When asked about the work-readiness of leavers from school, FE colleges and universities, employers were much more likely to state that young graduates were 'very well prepared' or 'well prepared' for work. Conversely, they were more likely to feel that 16-year old school leavers and 17-18 year old college leavers were 'poorly prepared' for work. When asked why young people were 'poorly prepared' for work, employers cited issues such as time keeping, presentation and communication skills, and reliability.

5.6 Young People Not in Education, Employment or Training and Barriers to the Labour Market

Given the evidence on the benefits of education to earnings and employment, and on the improved employability of individuals the longer they remain in education, reducing the number of young people not in education have been consistent objectives for both the previous and the current Governments. The current measure is the proportion of young people, aged 16-18, who are 'Not in

Education, Employment or Training' (NEET). Nationally, this is measured quarterly from the Annual Population Survey/Labour Force Survey and published by the Department for Education in Statistical First Releases.

For most young people, being NEET is a temporary state as they move between different education and training options – surveys estimate that only 1 per cent of young people are NEET throughout the time between their 16th and 18th birthdays. The characteristics of the NEET group are diverse, although there are some groups that are at greater risk of becoming NEET. This includes those with few or no qualifications and those with a health problem or a disability. The East Midlands Regional 14-19 Strategic Analysis 2008-2010, produced by the Learning and Skills Council/Skills Funding Agency, identified a higher proportion of individuals with learning difficulties and/or disabilities within the NEET population than the total 16-18 cohort. Within this group, those with emotional and behavioural difficulties were represented twice as frequently as they were in the 16-18 population as a whole.²⁸

Nationally, the current proportion of young people aged 16-18 who are NEET is much lower than in the 1980s. However, NEET rates have remained stable since 2003, despite participation in education rising very significantly amongst 16-18 year olds over the same period. This is because the increase in the proportion of young people in education or training (up almost 7 percentage points between June 2003 and June 2010) has been counter-balanced by a fall in the proportion of 16-18 year olds in employment (down by almost 16 percentage points). The overall effect is for the NEET rate to remain stable (between 8 and 10% over the period). Data for the first quarter of 2011 shows that the proportion of 16-18 year olds who are NEET has decreased since the first quarter of 2010, from 10.1% to 8.3%.²⁹

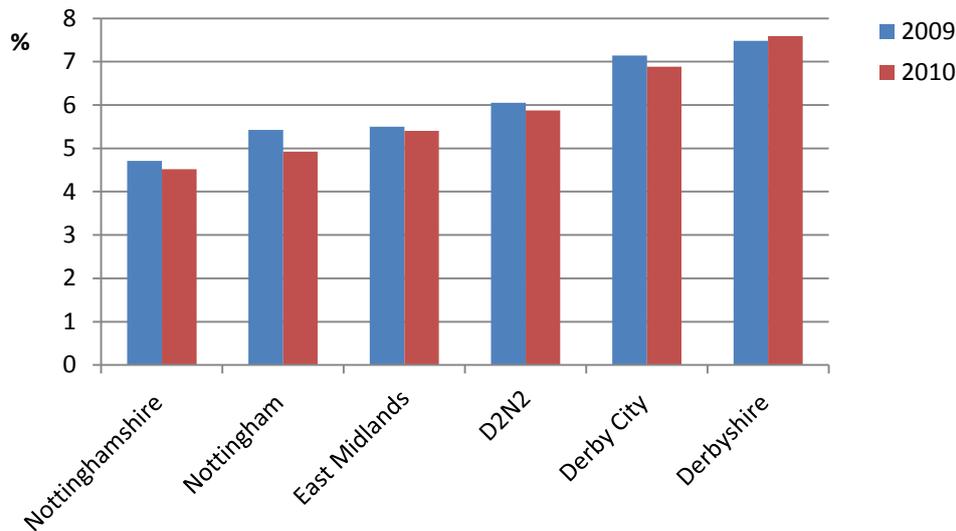
Locally, NEET estimates are based on records of young people known to the Local Authority. This data records their actual age rather than academic age and does not record as NEET young people who are taking a gap year or are in custody. As a result, the Local Authority measure tends to be significantly lower than that recorded nationally in the Statistical First Release. For this reason, local estimates are not compared with the national average in the following commentary.

Chart 18 shows that the proportion of 16-18 year olds who are NEET has fallen in most Local Authority areas in the D2N2 LEP between 2009 and 2010:

- In the D2N2 area overall, the proportion fell from 6.1% to 5.9% (from 4,060 to 3,870 16-18 year olds);
- The proportion was lowest in Nottinghamshire, at 4.5% in 2010 (down from 4.7% in 2009), but decreased most over the period in Nottingham City, from 5.4% to 4.9%; and
- Derbyshire and Derby City had the highest NEET rates in the D2N2 area. Derbyshire was the only area experience an increase, albeit very slight, between 2009 and 2010, from 7.5% to 7.6%. Although the number of 16-18 years olds who were NEET decreased in Derbyshire, from 1,580 to 1,490, this was in the context of a fall in the total number of young people known to the Local Authority – causing the rate to increase.

²⁸ Learning and Skills Council, *'Regional 14-19 Strategic Analysis 2008/2010'*, August 2010.

²⁹ Department for Education, *'Statistical Release – NEET Statistics, Quarterly Brief: May 2011'*, May 2011.

Chart 18: 16-18 year olds Not in Education, Employment or Training (NEET) (%), 2009-2010

Source: Department for Education, based on Local Authority and Connexions data, 'Proportion of 16-18 Year Olds who are NEET, 2009 and 2010', 2011.

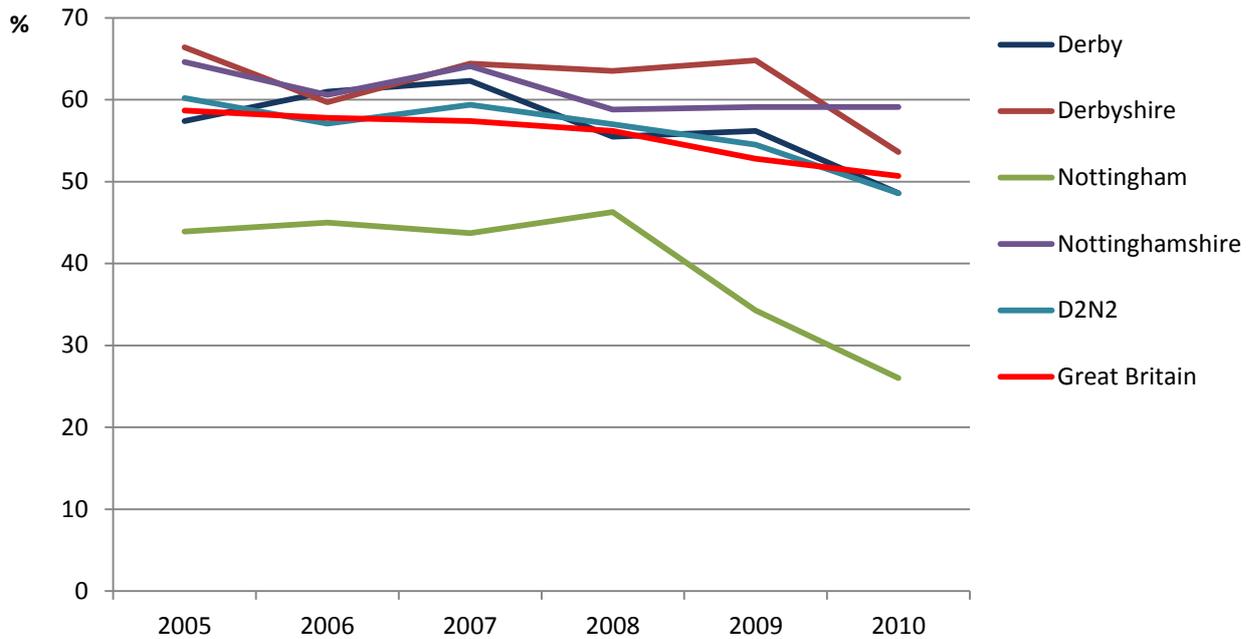
Nationally and locally, NEET rates have remained relatively stable, and have in fact fallen slightly in most local areas of the D2N2 LEP, due to the steady increase in the participation of young people in full-time education (see Chart 2) balanced out by a fall in young-people's employment rates. Nationally, there is a growing concern that, due to the recession, falling youth employment is no longer simply a function of increasing participation in education – and now reflects challenges to labour market entry that apply particularly to the young, both on the supply side (with poorly qualified young people facing greater barriers) and on the demand side (with falling vacancies and workforce jobs indicating a weakening demand for labour across the economy).

Chart 19 shows employment rates of young people (in this case 16 to 24 year olds, capturing leavers from school, FE and HE as well as NEETs) between 2005 and 2010. It shows that youth employment rates declined steadily throughout the period in Great Britain overall, reflecting the steady increase in education participation. But in some areas of the D2N2 LEP, rates fell very significantly between 2008 and 2010, at a level that cannot simply be explained by increases in education participation (especially in Nottingham City, where participation rates are already relatively high):

- In Great Britain overall, the employment rate of 16-24 year olds has fallen year-on-year from 58.7% in January-December 2005 to 50.7% in January-December 2010. Rates in the D2N2 area overall were more stable between 2005 and 2008, at 57-60% , before falling steeply in 2009 and 2010 to 54.5% and then 48.6%;
- In Derbyshire, employment rates for 16-24 year olds were significantly higher than average, at 66.4% in 2005 and 64.8% in 2009, before falling very steeply in 2010 to 53.6%. Rates in Derby City followed the national picture of steady falls, from 57.4% in 2005 to 48.6% in 2010, whilst Nottinghamshire maintained relatively stable rates over the period (between 64.6% and 59.1%); and
- Nottingham City had the lowest employment rates for 16-24 year olds in the area. Rates remained stable (between 44% and 46%) between 2005 and 2008. This is partly explained

by the high number of full-time students living in the city and the high participation rates of resident young people in Further Education. However, participation in education does not explain the steep falls in 2009, to 34.3%, and in 2010, to 26%. This is due to falling absolute number of young people in employment (from 27,400 16-24 year olds in employment in 2008 to 15,500 in 2010). This suggests that the labour market impacts of recession have affected young residents of Nottingham significantly more than elsewhere.

Chart 19: Employment rates of 16-24 year olds (%), 2005-2010



Source: ONS Crown Copyright, 'Annual Population Survey', January-December 2005 to January-December 2010.

In the light of the falling rates of youth employment, a number of recent studies have investigated the challenges facing young people with lower levels of skill – particularly when compared to graduates. The think-tank DEMOS published a report in February 2011 specifically looking at the challenges faced by the 50% of school leavers who will not go on to Higher Education, arguing that there are failures in both the education system and the quality of Information, Advice and Guidance available to them. DEMOS conclude that these challenges are particularly acute for the 'other 50%' because:

- On-going changes in the structure of the labour market across the UK has resulted in a squeeze in the number of semi-skilled and intermediate-skilled jobs (see Report 4). Skilled jobs in both manufacturing and services have increasingly moved towards the Associate Professional ('technician level') and Professional Occupations (i.e. jobs increasingly dominated by graduates), whilst employment in the Skilled Trades and Administrative & Secretarial Occupations have shrunk. This presents challenges for young people who do not have qualifications to at least a Level 3;
- Time-series analysis of Labour Force Survey data indicates a nationwide decline in the numbers of 16-18 year olds going into semi-skilled jobs in sales, retail or administrative and secretarial activities, and a rise in the numbers of young people going into unskilled

elementary jobs – which can offer few opportunities for training and progression, making low-skilled job holders more exposed to future unemployment;

- The kind of informal skills that employers value are more likely to be developed through the kind of learning offered in Higher Education (seminars, independent project work, group presentations, etc.), and less likely to be associated with learning below a Level 3 qualification; and
- Information, Advice and Guidance in schools and FE colleges can suffer from a number of failings compared to the support received by HE students. Many of the learners, stakeholders and employers DEMOS surveyed felt that the quality of careers advice was poor, often biased against vocational learning routes (and towards attending sixth form and university) and ill-informed on labour market developments and business needs. Little to no information was provided about Apprenticeships at many of the schools surveyed. Only a very small number of school and FE students had met their careers adviser, and no students had developed an on-going productive relationship with him or her. Current policy pressures on schools and colleges can constrain provision of ‘work-related’ learning. In all schools visited in case studies, work experience placements took place in isolation from careers advice, providing little opportunity for preparation, observation and reflection. Work experience placements were of variable quality and were often disconnected from other work-related learning activities.

The DEMOS research revealed little or no engagement from local employers or businesses in school or college ‘career fairs’ – which is in particularly stark contrast to the often well-attended careers events run by HEIs. This lack of contact between school and FE students with local industry may be one of the reasons for lower numbers of young people going into technician-level jobs, with many young people unaware of opportunities. Businesses surveyed described difficulty finding out who they needed to communicate with in schools. DEMOS raise a general concern that, although most of the young people in question are outside the NEET group, they may become increasingly at risk from periods of future unemployment in the current climate, and may become trapped in cycles of low-paid, low-skilled work. The report recommends a greater focus on the kind of skills required to progress in the labour market from an early-age – i.e. ‘work-related’ learning – and a greater focus on schools and colleges building meaningful relationships with local employers.³⁰

The City & Guilds Centre for Skills Development (CSD) published a study shortly after the above DEMOS report. This investigated the views of young people (aged 15-19) and their parents on the quality of careers guidance available to those in school and vocational learning routes through a survey and a series of follow-up focus groups. Overall, the report voiced concern about the lack of available information and advice on vocational pathways from compulsory education to employment, with current advice (from teachers, parents and careers advisors) heavily focused on academic pathways. The majority of young people surveyed (on both vocational and academic courses) felt that they had received little advice on how their course choices at school and FE would link to future careers or university. Therefore most (74%) stated that they had simply chosen courses in subjects in which they had a personal interest, and found it difficult to connect those interests to viable job prospects.

³⁰ Birdwell, J, Grist, M, and Margo, J, DEMOS, *The Forgotten Half: a Demos and Private Equity Foundation Report*, February 2011, www.demos.co.uk

Perhaps surprisingly therefore, a majority (61%) had a clear idea of what type of job or career they wanted to pursue, but only 23% of respondents who were on vocational learning routes chose their course because it would help them get a job. Many focus group participants felt they had little control over the job they would ultimately end up with.

Parents were the most widely accessed source of information and advice, but parents themselves felt much less confident on offering advice on vocational learning routes than they did about general and academic qualifications. Moreover, many parents felt that their children (and young people generally) were ill-equipped for the work-place. Both parents and young people believed that the best way to both gain the experience and skills relevant to employment and to raise awareness of vocational learning pathways was through work-placements. Work-placements were seen as much more useful than either information and advice services or media information campaigns.³¹

In a focus group for the D2N2 LEP Capacity Fund involving local Higher Education representatives, the practice of using 'market signals' to inform careers advice and guidance was discussed. This describes engagement with independent private sector specialists, such as representatives from financial services companies, who work with universities to improve the information provided to students on particular sectors, arrange work-placements and secure employer participation in events such as careers fairs.³² The delegates at this group were not aware of similar activity taking place in the FE sector, and suggested that economies of scale might be achieved at a LEP level.

Summary

- Nationally, rates of young people (16-18) who are Not in Education, Employment or Training (NEET) have remained stable since 2003, despite significant increases in the numbers of young people going into education. This is because increased participation in education has been counter-balanced by a fall in the number of young people in employment.
- In the D2N2 area, the proportion of young people in the NEET group has fallen in most local areas between 2009 and 2010. The proportion was lowest in Nottinghamshire, at 4.5%, and highest in Derbyshire, at 7.6%.
- The employment rates of 16-24 year olds have decreased year-on-year nationally between 2005 and 2010, from 58.7% to 50.7%.
- Youth employment in Derbyshire was significantly higher, but also decreased over the period, from 66.4% to 53.6%.
- Nottingham City had the lowest rates of youth employment, and also experienced very significant falls over the period, from 44% to 26%. This was driven by a fall in the absolute number of 16-24 year olds in employment in Nottingham, and cannot be explained simply by an increase in education participation.
- Research by DEMOS and City & Guilds found that young people at FE colleges and schools had little contact with careers advisors, and the majority chose to study subjects they were interested in, rather than subjects that may affect future employment or progression to university. Parents were seen as the main source of advice, but parents themselves were much more comfortable to advise on academic education routes rather than vocational

³¹ Chrysalis Research, on behalf of the City & Guilds Centre for Skills Development, '*New Directions: Young People's and Parents' Views of Vocational Education and Careers Guidance*', September 2011.

³² D2N2 LEP Capacity Fund Project Focus Group meeting at the University of Derby, Friday 9th of September, 2011.

pathways. Both reports recommend a greater focus on 'work-related' learning in schools and colleges, and better linkages between work placements and other work-related learning activities, as well as much improved contacts with local employers.

5.7 Participation of the Workforce and Employers in Training

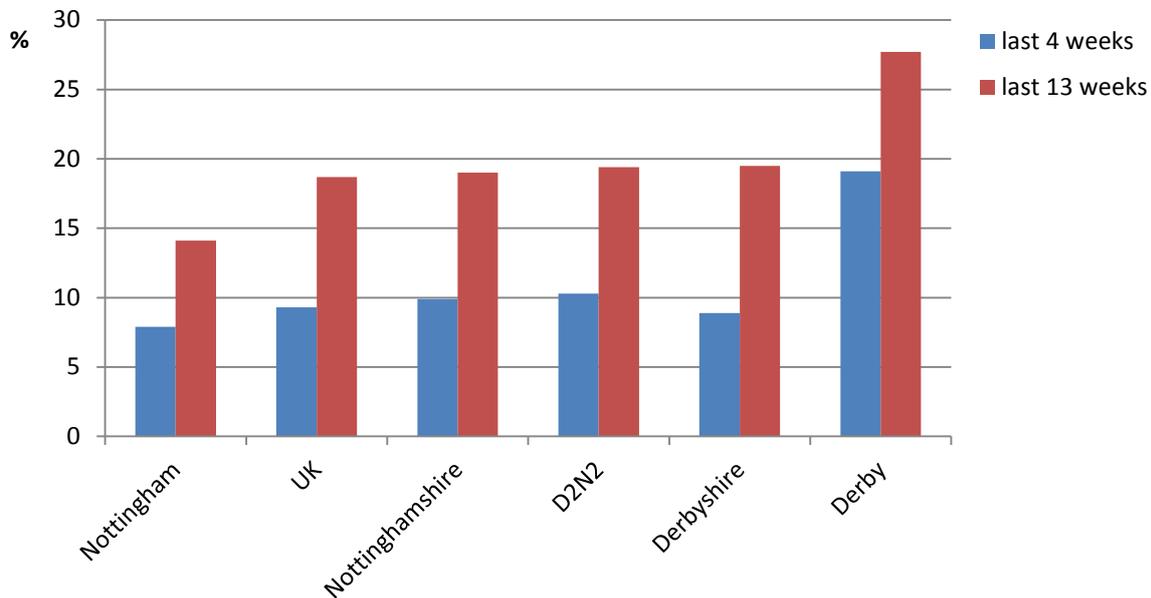
Young people and other new entrants to the labour market make up a relatively small share of the stock of workers available to employers. By far the largest group are those already in employment. This means that the participation of working age adults in education and training and the involvement of employers in providing training should be key concerns for the D2N2 LEP in developing skills policy.

Chart 20 illustrates the proportion of working age adults (16-64, including the economically inactive, unemployed³³, employed and self-employed, but excluding those in schools, government-training programmes or 'college-based' training) who have received job-related training within the last 4 weeks and the last 13 weeks of being surveyed. This shows that the levels of training received by resident adults in Derbyshire and Nottinghamshire are close to the national and LEP area average, but Nottingham and Derby City stand out:

- The D2N2 average for the period was 10.3% of working age adults receiving job-related training in the last 4 weeks and 19.4% in the last 13 weeks, exceeding the UK averages of 9.3% and 18.7% - suggesting that training activity in the LEP area overall is higher than the national average;
- Derby City has by far the highest proportions of adults receiving training in either measure (in the last 4 weeks or last 13 weeks). This was also the case in previous years. The difference with the national and sub-regional averages are also strongly statistically significant: 19.1% of adults in Derby surveyed during the period January-December 2010 had received job-related training in the last 4 weeks, and 27.7% had received training in the last 13 weeks (respectively 9.8 and a 9 percentage points higher than in the UK overall - with Confidence Intervals estimated to be +/- 2.4 and 2.8 percentage points); and
- Nottingham City has by far the lowest proportions of adults receiving training in either measure. Over the period January-December 2010, only 7.9% of adults resident in Nottingham City had received training in the last 4 weeks and 14.1% had received training in the last 13 weeks, which is 1.4 and 4.6 percentage points lower than the UK average respectively. This may not be statistically significant in the case of the 4 week variable (with a Confidence Interval estimated to be +/- 1.6 percentage points), but in the case of the 13 week variable, the difference between the national average and the value for Nottingham is strongly statistically significant, at more than double the estimated Confidence Interval of +/- 2 percentage points.

³³ This measure includes the economically inactive and unemployed because 'job-related training' can cover training provision accessed by those on out of work benefits, such as through the DWP/Jobcentre Plus Work Programme.

Chart 20: Adults who received job related training in last 4 weeks and last 13 weeks (% residents aged 16-64), 2010

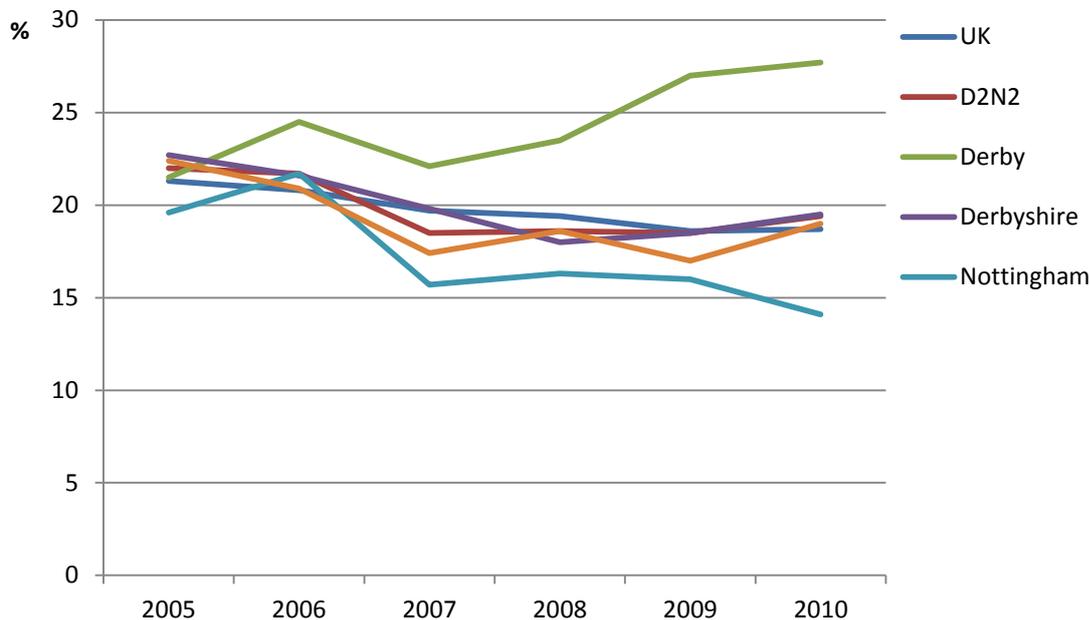


Source: ONS Crown Copyright, 'Annual Population Survey', January 2010-December 2010.

As mentioned above, the proportion receiving training has been consistently higher than average in Derby City and consistently lower than average in Nottingham City over time. Chart 21 illustrates the time series for adults receiving training in the last 13 weeks between 2005 and 2010. Not only has the proportion of training recipients in Derby City exceeded the national and LEP area average in every year except 2005, this proportion has increased over time whilst it has fallen across the rest of the D2N2 area and in the UK overall:

- The proportion of adults receiving job-related training in the 13 weeks prior to interview in Derby increased from 21.5% in 2005 to 27.7% in 2010 (a 6.2 percentage point increase), whilst it fell by 2.6 percentage points both nationally and in the D2N2 area over the same period; and
- In Nottingham, which also had the lowest level in the LEP area in 2005 (and each subsequent year with the exception of 2006), the proportion fell by 5.5 percentage points over the period from 19.6% to 14.1%.

Chart 21: Adults who received job-related training in last 13 weeks (% all residents aged 16-64), 2005-2010



Source: ONS Crown Copyright, 'Annual Population Survey', January 2005-December 2005 to January 2010-December 2010.

The significant differences between Nottingham and Derby are likely to be explained by differences in industrial structure as well as the occupational and qualifications profile of the resident workforce, as it is well established in the literature that individuals who already have higher levels of qualification and/or work in high skilled occupations are more likely to access training³⁴ (described by some commentators as a case of "skills begetting skills"³⁵). Chart 22 illustrates variations in proportions of training recipients by employment status, occupation, sector and qualification:

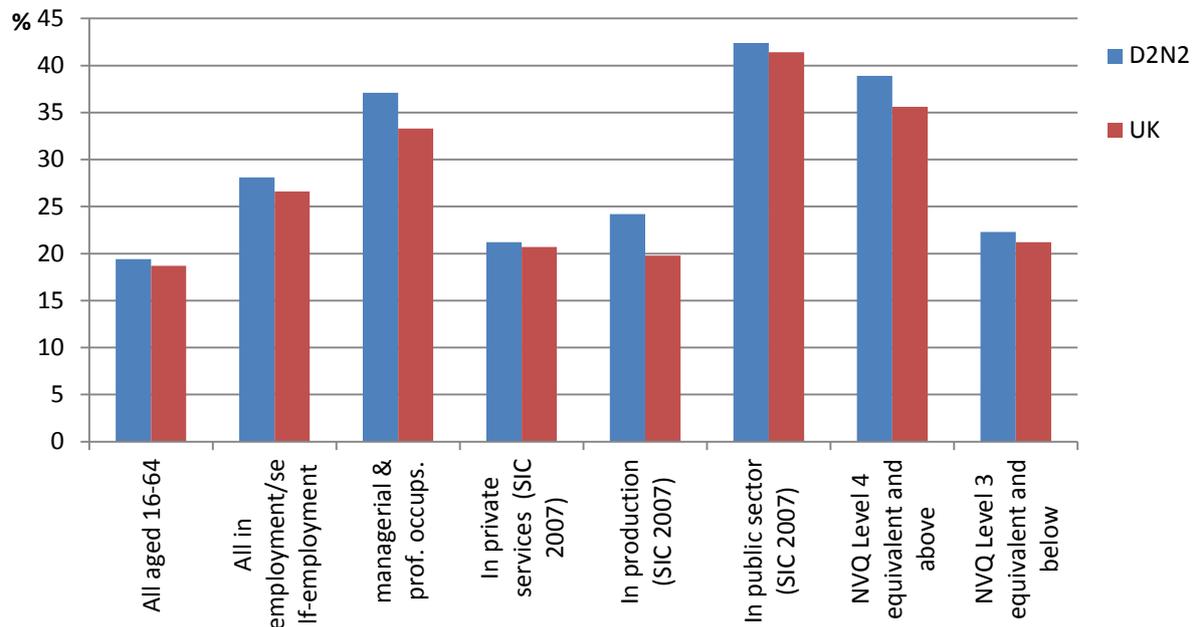
- For each of group of the workforce illustrated in the chart, the proportion receiving training in the last 13 weeks is higher in the D2N2 area than nationally (although the differences are not statistically significant in all cases);
- Unsurprisingly, in both the D2N2 area and in the UK overall, those who are either employed or self-employed are more likely to be recipients of job-related training than those who are not employed. In the D2N2 area, the proportion of employees and self-employees who had received training in the last 13 weeks was 28.1% (compared to 19.4% for all adult residents – including the unemployed and economically inactive). In the UK this was 26.6% (similarly higher than 18.7% for all adults aged 16-64);

³⁴ For summaries of relevant research, see: UK Commission for Employment and Skills, 'Skills for Jobs: Today and Tomorrow – The National Strategic Skills Audit for England 2010' Volume 2: Evidence Report, March 2010. For example, analysis of the LFS/APS for England as a whole suggests that workers with a Level 4 qualification or above are almost twice as likely to have received training in the last 4 weeks than those with a Level 3 qualification or below.

³⁵ For example, see: Atherton A, Price, E, et al, Lincoln University, on behalf of emda, 'Rurality, Skills and Productivity in the East Midlands', 2010.

- People working in Managerial or Professional Occupations were significantly more likely than average to have received training in the last 13 weeks, at 37.1% in the D2N2 area, exceeding the level in the UK overall (33.3%);
- For those in employment, receipt of training also varies significantly by sector. Those working in the 'Public Sector Services' (which groups Health, Education and Public Administration and Defence) were most likely to have received training in the 13 weeks prior to interview, at 42.4% in the D2N2 area and 41.4% in the UK. Production (which includes all of Manufacturing, Construction and coal, oil, mineral and gas extraction) is associated with higher levels of training in the D2N2 area than nationally, with 24.2% of employees in these sectors receiving training in the last 13 weeks compared to 19.8% nationally. Training in the Private Services (Retail, Distribution, Banking, Finance and other Business Services) is lower than in the Production sector in the D2N2 area, at 21.2%. However, in the UK overall, training in the Private Services is higher than in the Production sector, at 20.7%;
- As in the case of occupation, level of qualification held has a strong association with receipt of training, with 38.9% of adults with a Level 4 or higher in the D2N2 area receiving training in the last 13 weeks compared to 22.3% of adults qualified to a Level 3 or below (in the UK overall, the values are 35.6% and 21.2% respectively);
- In Derby City, those working in Production sectors were significantly more likely to have received training than the equivalent group in the D2N2 area overall and nationally, at 39.1%. The proportion of those receiving training in the Public Sector in Derby was also relatively high, at 55.9%. Derby also had very high proportions of residents who were Managers or Professionals receiving training (53.8%) and who had qualifications at Level 4 and above (57.2%). Given that employment in the Production sectors and in high-level occupations is higher than average in Derby, and there is also an overrepresentation of adults with a Level 4 and above, this provides explanations for the high and sustained level of training in the city. This suggests that the relatively high skills profile of employed residents in Derby could be self-reinforcing: skilled individuals working in highly-skilled activities with regular access to job-related training ; and
- In Nottingham, the proportion of employees in the Private Services who have received training is lower than average, at 19.1% (compared to 21.2% in D2N2 overall) , as is the proportion of employees receiving training in Public Sector Services, at 39.6% (compared to 42.4% in D2N2 overall). As these sectors are particularly important in Nottingham (i.e. account for a larger proportion of employment than elsewhere in the D2N2 area), this could explain the lower levels of training. Again, this suggests a self-reinforcing cycle in Nottingham: with lower skilled individuals, who are therefore already less likely to access training, working in sectors that have lower levels of training activity compared to the same sectors elsewhere .

Chart 22: Adults who received job-related training in last 13 weeks by employee/self-employee, occupation, sector of employment and highest qualification (%), 2010



Source: ONS Crown Copyright, 'Annual Population Survey', January 2005-December 2005 to January 2010-December 2010.

The other side of the picture is provided by the proportion of employers who fund or provide training. The 2009 National Employer Skills Survey provides data at a Local Authority level on the proportion of employers who have supplied training to their staff at any point in the year prior to interview. Confirming the local variations presented above, Nottingham City also had a relatively low proportion of employers who stated they had provided training to their staff, at 62% of establishments – compared to 68% in England overall. The proportion was highest in Nottinghamshire, also at 68%, followed by Derbyshire at 64%. However, in the case of Derby City, the proportion of establishments providing training is low, at 62%. This is level with the estimate for Nottingham, in apparent contrast with the high proportion of Derby's resident workforce who stated they received job-related training in the Annual Population Survey. This could be associated with the relative concentration of skilled employment in a small number of very large employers in Derby (98% of establishments employing over 200 people provided training in the East Midlands overall in 2009).³⁶

³⁶ Roe, P, and Godfrey, D, BMG Research, on behalf of YPLA and SFA East Midlands, 'The National Employer Skills Survey 2009: report of results for the East Midlands', 2010.

Summary

- The proportion of adults receiving training in the last 4 and the last 13 weeks was higher in the D2N2 area overall than the national average.
- Derby City had by far the highest proportions of resident adults receiving training in either measure (in the last 4 weeks or last 13 weeks), whilst Nottingham City had the lowest.
- Over time, the proportion receiving training has consistently exceeded the national average in Derby City. Moreover, the proportion receiving training has increased in Derby City whilst it has fallen nationally and across much of the D2N2 area.
- The significant differences between Nottingham and Derby are likely to be explained by both the differences in industrial structure and the different profiles of occupation and qualification. People working in Managerial or Professional Occupations were significantly more likely than average to have received training in the last 13 weeks as were people who were qualified to a Level 4 or above.
- Employees in the 'Production' sector were more likely to have received training in the D2N2 area than nationally, and this difference was particularly evident in Derby. Nottingham had lower proportions of employment in some sectors associated with high levels of training in the D2N2 area (i.e. Production) whilst training within sectors important to employment in Nottingham, such as Private Services, was lower than in the same sectors in the UK overall.
- The 2009 National Employer Skills Survey confirms this picture for Nottingham, with a lower proportion of employers in the city stating that they had funded or arranged training than the national average or other areas in the D2N2 LEP.