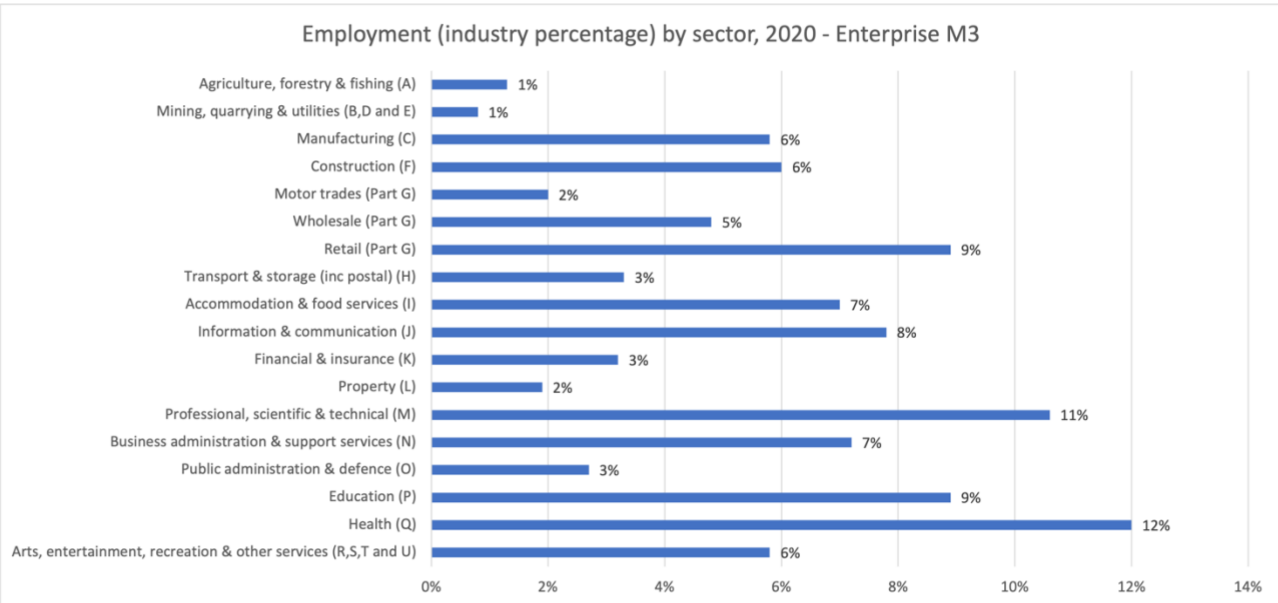
ANNEX. A: CORE INDICATORS

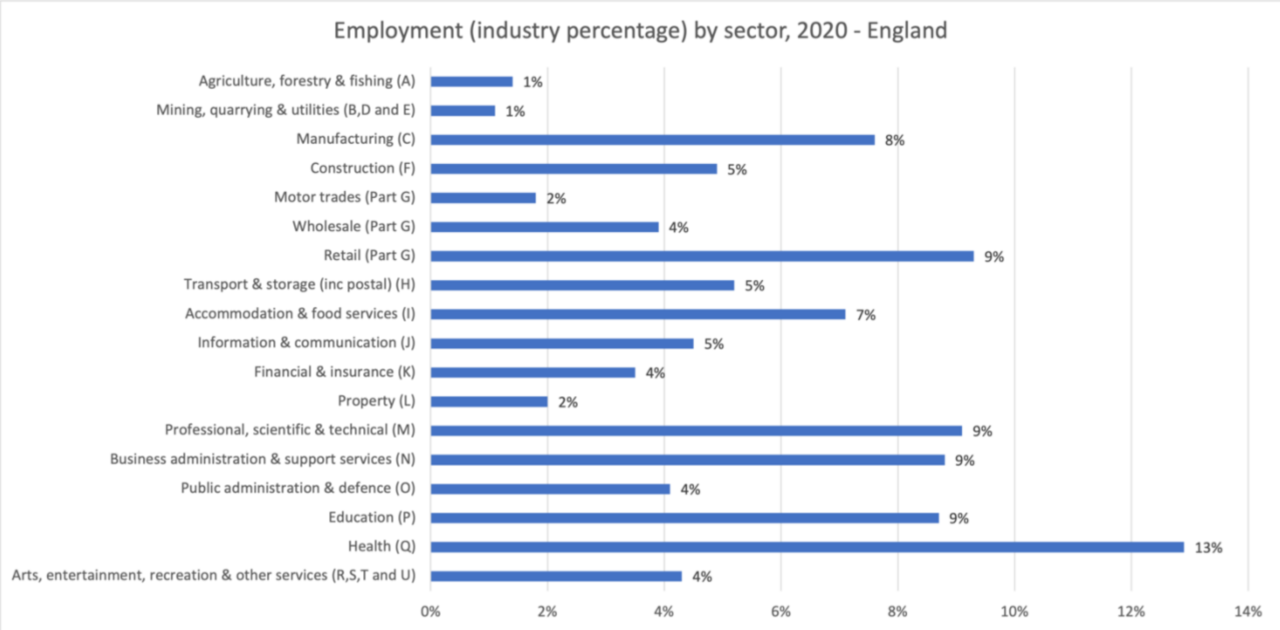
LOCAL CONTEXT

SUMMARY: Local Context

- The EM3 area is comprised of a “twin track” economy with specialisms in knowledge-based sectors and a strong service industry, powered by a high-skilled, highly productive mainly resident workforce.
- 9 / 10 businesses in EM3 are micro-businesses although the majority of the workforce are employed by large organisations. Businesses that grow here have a strong chance of survival and with dedicated support across numerous business network organisations.
- EM3 has strong employment but new jobs growth has stalled in recent years. There remains good evidence for jobs in productive, high value sectors – we just need more.
- EM3 is highly productive economy, with continued growth. This productivity is spatially concentrated – particularly in rural areas although the area’s prosperity is influenced by significant commuting links to London and towns/cities in neighbouring LEPs.
- Although COVID19 has impacted on the EM3 labour market, the area continues to demonstrate some resilience to economic shocks – particularly when compared to other LEP areas and the Southeast region.
- Although EM3 is relatively prosperous, there is evidence of pockets of deprivation that are and will continue to impact on prosperity across some of our residents.



Graph 1a: Employment by sector, 2020 – Enterprise M3. **Source**: Business Register and Employment Survey, 2020 (published 2021), 2020 LEP boundaries



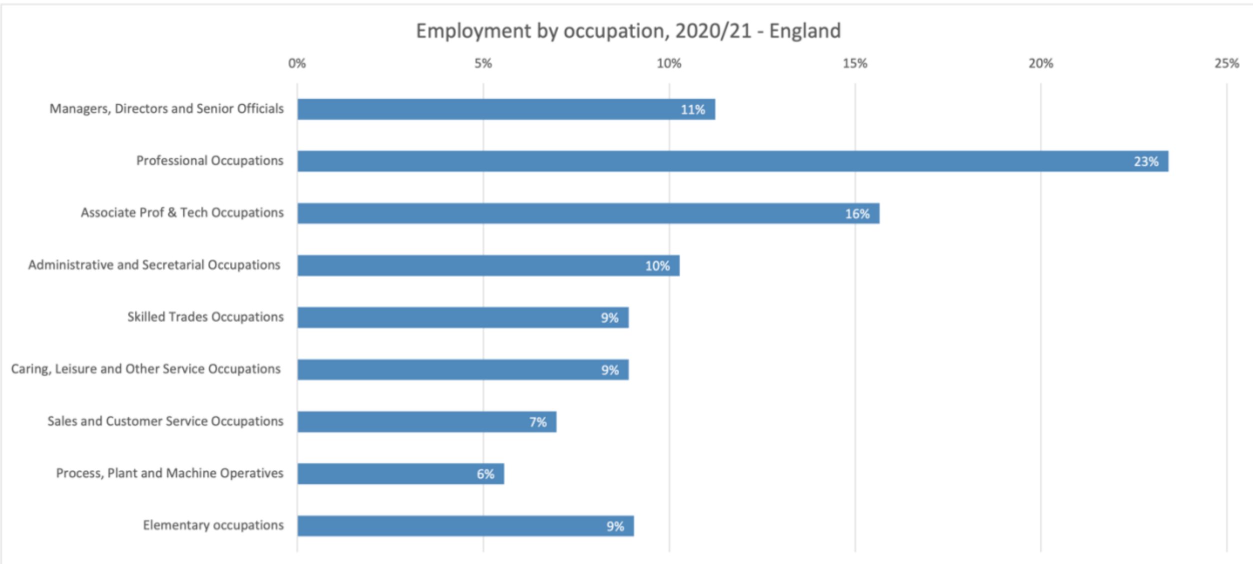
Graph 1b: Employment by sector, 2020 – England. **Source**: Business Register and Employment Survey, 2020 (published 2021), 2020 LEP boundaries

Employment by sector

The five largest sectors of employment in EM3 show comparable or higher concentrations to national levels: **Health** (12% for EM3 and 13% nationally); **Professional, scientific & technical** (11% versus 9%); **Retail** (9% for both); **Education** (9% for both) and then **Information and communication** (8% versus 5%).

With concentrations of employment in sectors such as **Professional, scientific & technical** and **Information and communication**, EM3 continues to show signs of being able to deliver the conditions and skills necessary for high-value growth – all of which are attractive for business.

Graph 2a: Employment by occupation, 2020/21 – Enterprise M3. **Source**: Annual Population Survey, October 2020 – September 2021, 2020 LEP boundaries



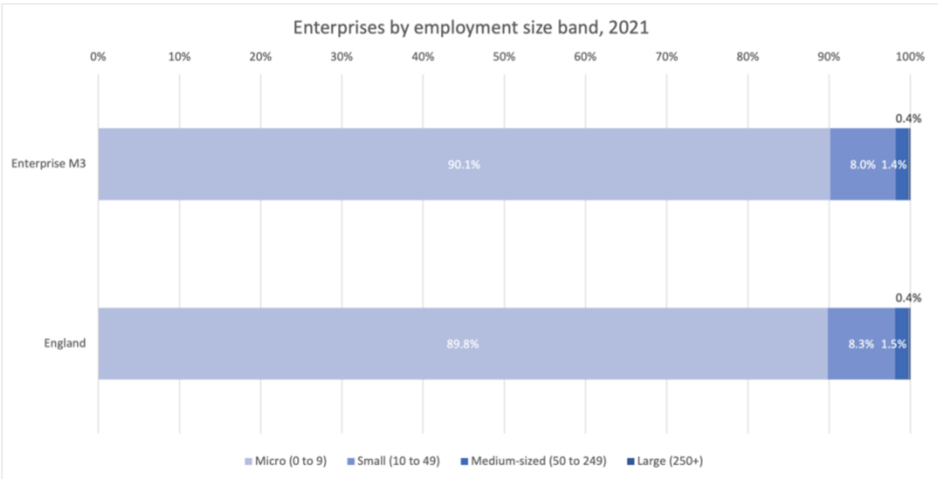
Graph 2b: Employment by occupation, 2020/21 – England. **Source**: Annual Population Survey, October 2020 – September 2021, 2020 LEP boundaries

Employment by occupation

EM3 has a concentrated **professional** and **technical** resident workforce. Between 2020-21, **58%** of EM3 residents were employed in **managerial**, **professional** and **technical** skilled occupations, although not all of them in EM3 (around a third of residents commute to roles outside of the area[1]). The **educational quality** of the resident workforce together with **low unemployment levels**, suggests a tight labour market for local, high-skilled roles.

Comparing this to the national profile, EM3 has **higher proportions of professional and technical occupations** amongst its resident workforce and lower proportions of lower skilled occupations such as those in Skilled Trades and Elementary occupations.

Revive and Renew[2] highlighted significant job losses during COVID19 across the EM3 patch in many parts of the economy, including high productivity, frontier sectors, suggesting the area was at risk of losing its relative competitive edge. Job losses were hitting hardest in a number of high-volume employment sectors such as those in the service industry.

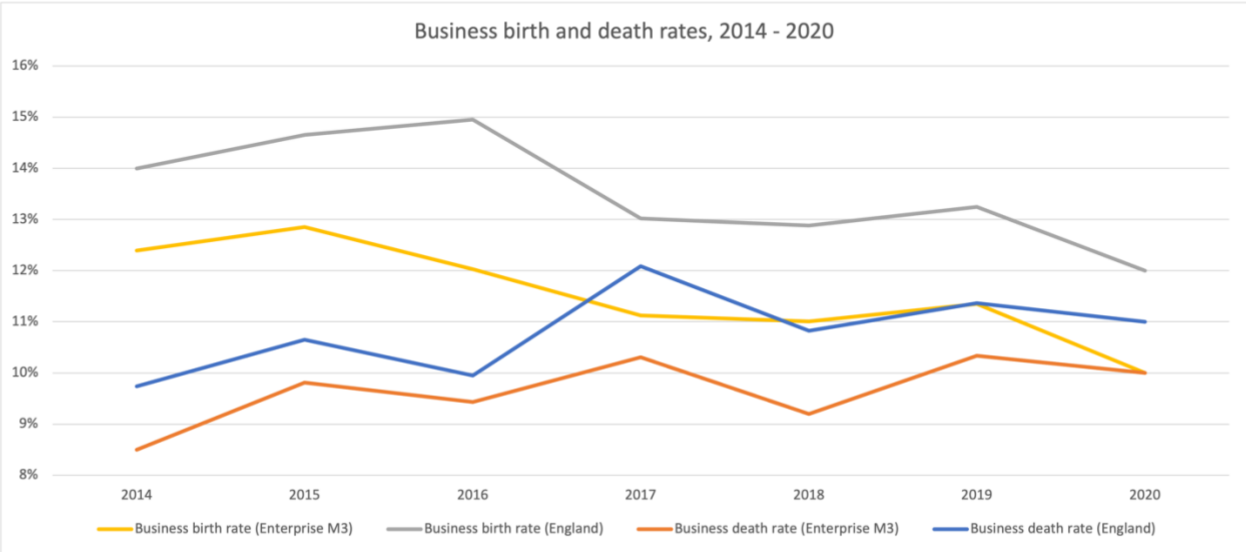


Graph 3: Enterprises by employment size band, 2021. **Source**: UK Business Counts, 2021, 2020 LEP boundaries

Enterprises by employment size band

The EM3 local business landscape is almost identical to the national position with mostly **micro businesses**, each comprised of less than 10 employees. This can make direct engagement with them incredibly difficult although we have strong working relationships with the two County **Chambers of Commerce** (Hampshire and Surrey), together with the **Federation of Small Businesses** – all represented on the **Enterprise M3 Skills Advisory Panel**.

[1] Skills and Labour Market Analysis: https://www.enterprisem3.org.uk/hub/skills-businesses
[2] Revive and Renew: https://enterprisem3.org.uk/revive-and-renew

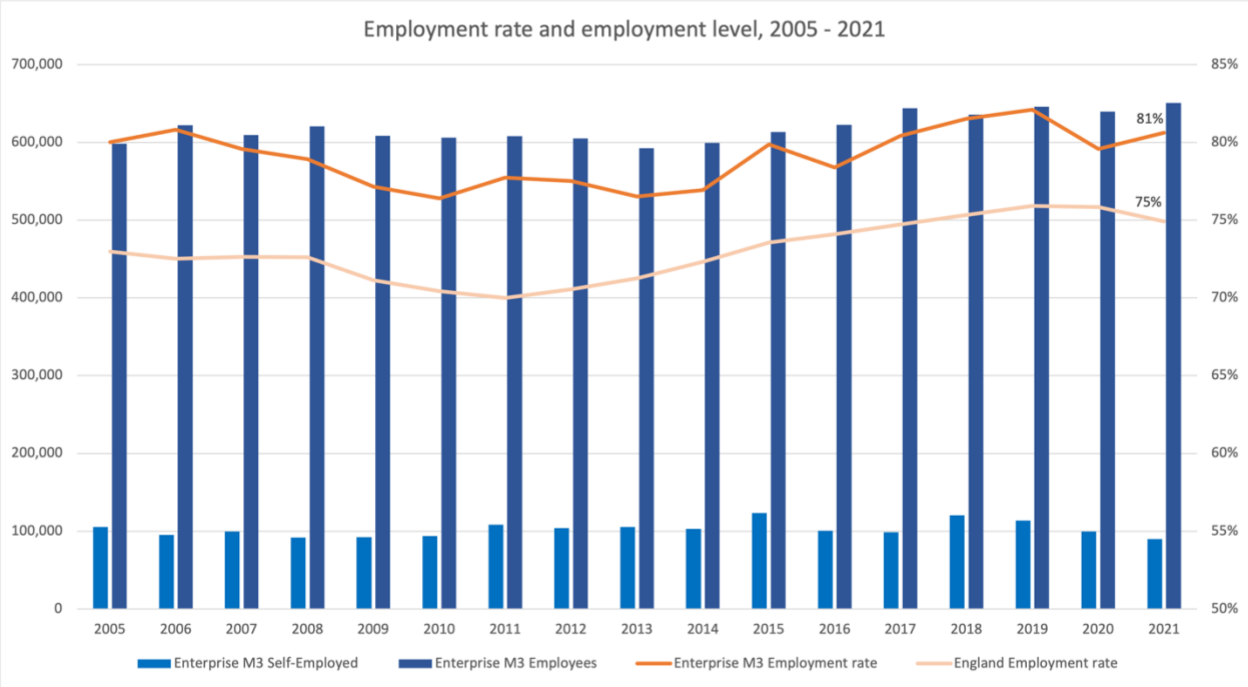


Graph 4: Business birth and death rates, 2014-2020. **Source**: ONS Business Demography, 2014-2020 (published 2021), 2020 LEP boundaries

Business birth and death rates

Taken together with data presented in the **Local Industrial Strategy**, overall, there has been a positive net business birth rate in EM3 where the size of EM3's business base has grown since 2012, although growth has slowed since 2015 (shown above).

The picture of business birth and death rates during COVID19 in EM3 continues to change although there is evidence of diversification and support initiatives such as those from the **Growth Hub** and the **Chambers of Commerce** should make real differences to business resilience.



Graph 5: Employment rate and employment level, 2005 - 2021. **Source**: Annual Population Survey, 2020 LEP boundaries

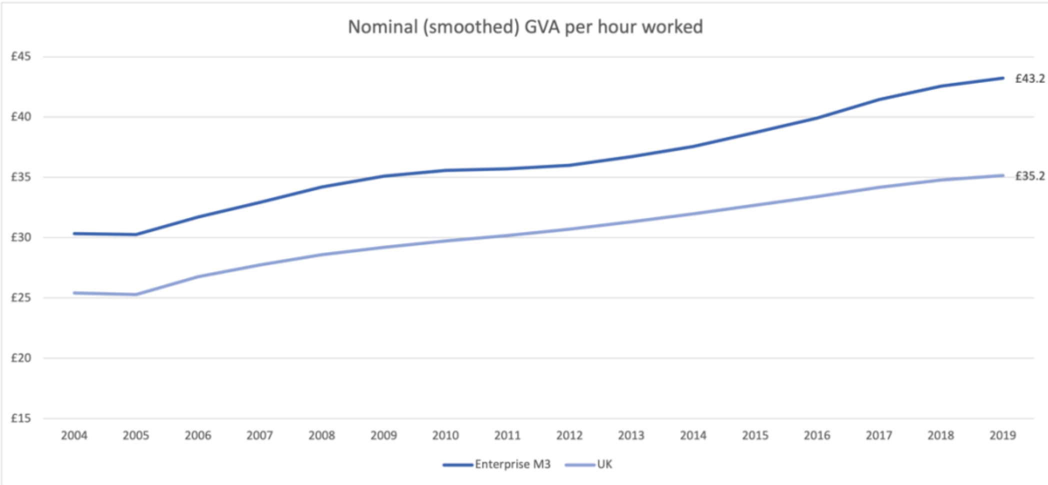
Employment rate and employment level

In 2019[3], EM3 was the **11th largest labour market** and had the **highest employment rate** (**82%; UK rate was 75%**) among all LEPs.

The pandemic has disrupted the regional labour market massively, seeing it shift from one of almost full employment to rising levels of unemployment. In 2021, the EM3 employment rate currently sits at 81% compared to 75% for England.

Preventing long term unemployment is critical to avoiding permanent scarring to prospects for individuals and the regional and national economies. Analysis[4] suggests the groups most vulnerable to sustained unemployment are those made redundant from middle skilled occupations, those aged 50+ and younger people, hoping to enter the permanent jobs market for the first time – including those on Apprenticeships.

[3] Local Industrial Strategy: https://enterprisem3.org.uk/local-industrial-strategy
[4] Revive and Renew: https://enterprisem3.org.uk/revive-and-renew



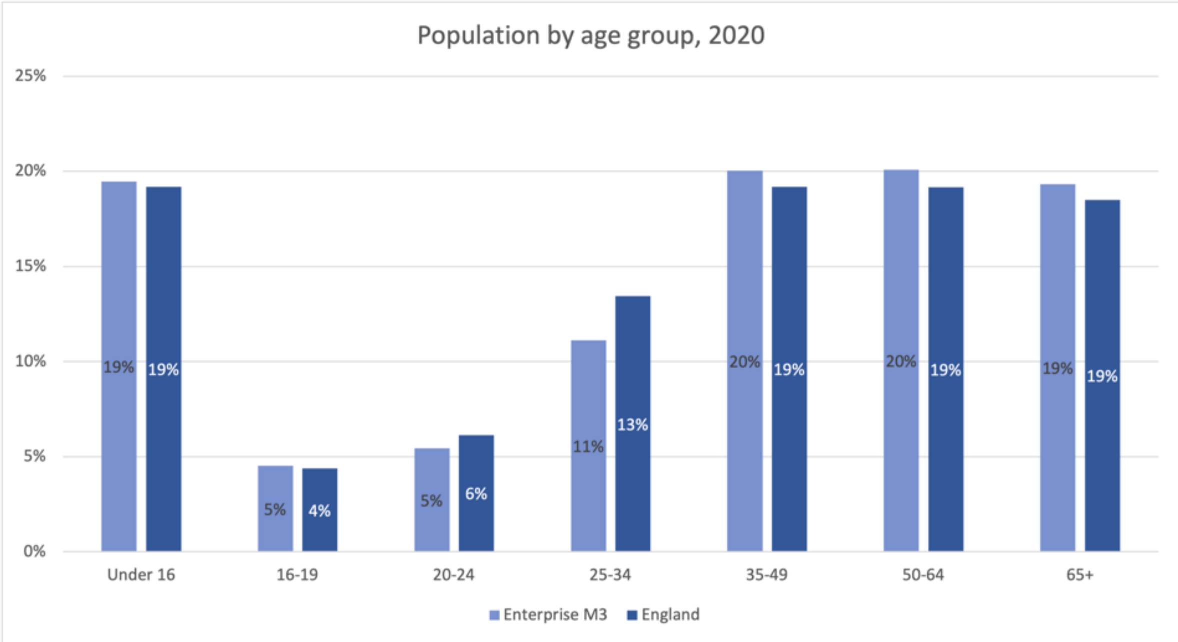
Graph 6: Nominal (smoothed) GVA per hour worked (Productivity). **Source**: ONS Subregional Productivity, 2004-2019 (published 2021) 2020 LEP boundaries

Nominal GVA per hour worked

Taking the data above, together with insights from the **Local Industrial Strategy**[5], EM3 is the **third most productive LEP** area (£43.20) behind only Thames Valley Berkshire (£48.20) and London (£46.40) and well above national (£35.20).

A distinctive feature in EM3's **high productivity economy** is that this productivity is spatially concentrated in small areas – perhaps as a result of the numerous micro-businesses. In contrast to some other rural parts of the country, EM3's **rural areas tend to have high productivity**. Larger urban centres tend to have a lower GVA per job; perhaps due to their more mixed pattern of production and residential housing.

[5] Local Industrial Strategy: https://enterprisem3.org.uk/local-industrial-strategy

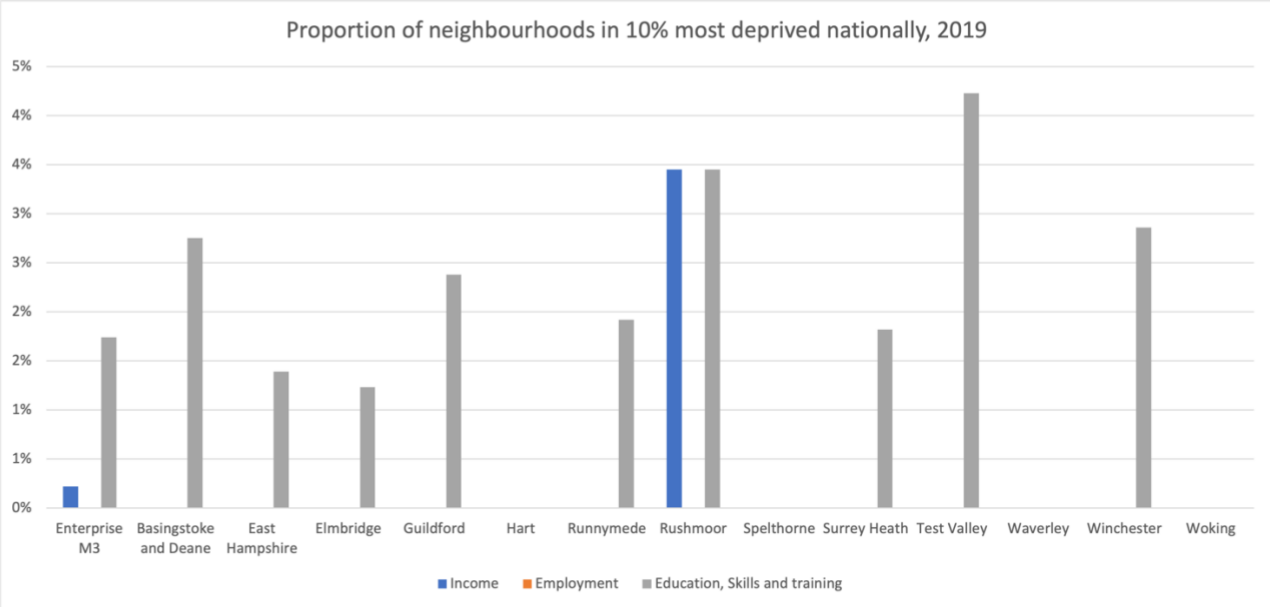


Graph 7: ONS Mid-Year Population Estimates, 2020. **Source**: ONS Estimates of the Population, 2020 LEP boundaries

Population by age group

Compared to England, EM3 has an older population profile with higher percentages of people in 35+ age categories than nationally. Historic data from 2005 suggests EM3 has had this older population profile for quite some time[6]. For those industries with ageing workforces – particularly where the industry is at risk of automation – this presents opportunities for reskilling.

[6] Local Industrial Strategy: https://enterprisem3.org.uk/local-industrial-strategy



Graph 8: Proportion of neighbourhoods in 10% most deprived nationally. **Source**: Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP boundaries

Income, Employment and Education Deprivation

Although the EM3 area as a whole is a relatively prosperous area, **high levels of varied measures of deprivation** exist in small pockets of four boroughs / districts in particular[7]; Basingstoke & Deane, Guildford, Rushmoor and Test Valley. Rushmoor is identified as an area with some **income** deprivation and Test Valley, Rushmoor, Winchester, Basingstoke & Deane and Guildford have high proportions of deprivation related to **Education, skills and training**.

However, **barriers to housing and services** affects some residents in *every* district across the EM3 area. **1 in 5 EM3 residents** (close to **310,000**) do not have physical and / or financial access to suitable homes or local services such as post offices, primary schools, general stores / supermarkets and GP surgeries. The level (**20.6%** of residents) is marginally above the South East average of 20.3%.

The problem is most acute in five EM3 districts where the proportion of Lower Layer Super Output Areas (LSOA) of housing and services deprivation is worse and higher than the national average at 20%: Runnymede (35%), Spelthorne (32%), Test Valley (27%), Basingstoke & Deane (26%), and Winchester (24%).

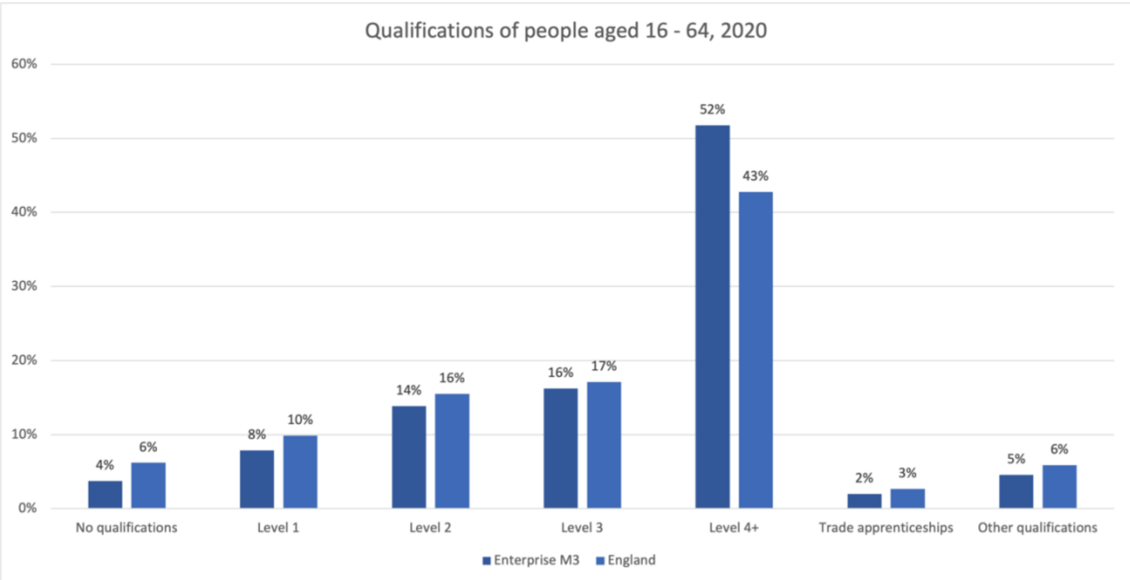
Taken together, these examples of deprivation in EM3 have significant implications for education attainment, reduced employment opportunities and also wider effects on things like health and positive engagement with society.

7 Local Industrial Strategy: https://enterprisem3.org.uk/local-industrial-strategy

SKILLS SUPPLY

SUMMARY: Skills Supply

- Enterprise M3 has a well-educated, slightly older workforce; typically following the academic route before entering employment.
- Although there are high numbers of achievers in Health and Social Care sectors, there are opportunities in Digital, Construction and emerging Low Carbon sectors – particularly through higher technical skills provision, perhaps via Apprenticeships.
- There is some strong higher education provision in the area although there is evidence of students leaving the area and perhaps not returning until later in their careers.

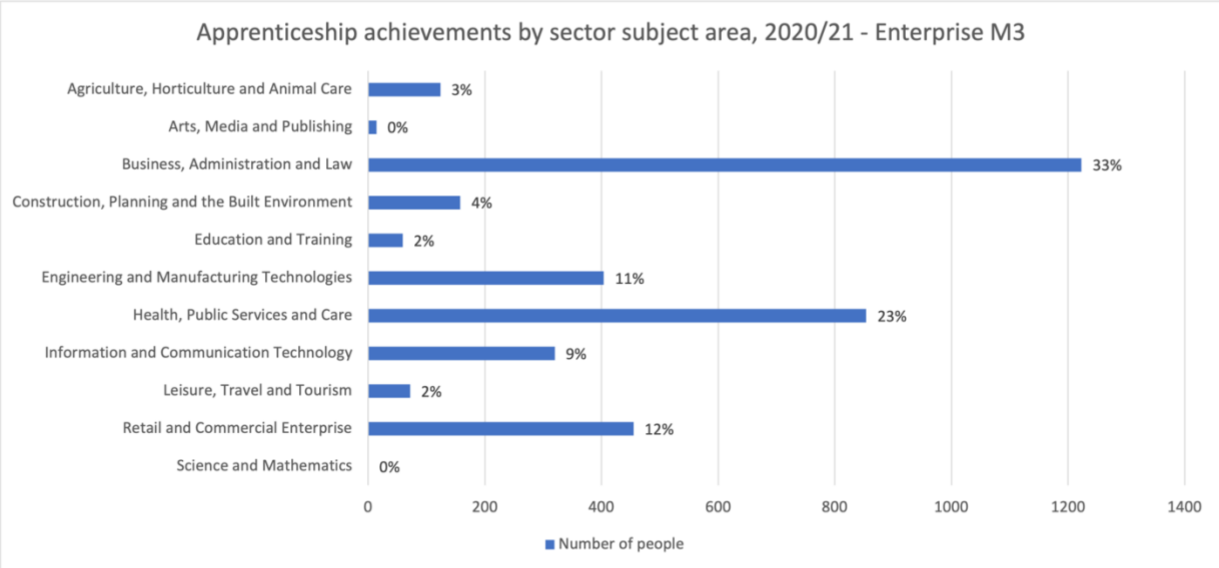


Graph 9: Qualifications of people aged 16-64, 2020. **Source:** Annual Population Survey, January 2020 – December 2020, 2020 LEP boundaries

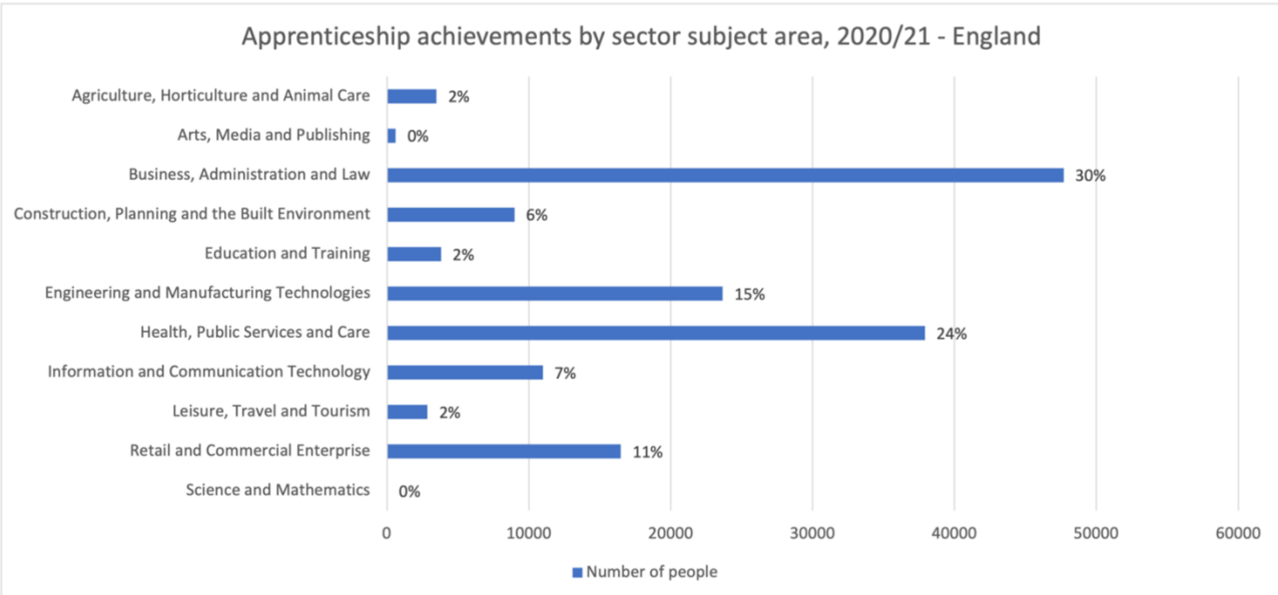
Qualification levels

EM3 has long been a **relatively well-educated region**: Between 2004-2017, the number of working age people educated to degree level or higher rose from 23 to 39%; the number with no qualifications halved from 8 to 4%.

In 2020, **52% of EM3 residents aged 16-64 have qualifications at level 4 or greater** – well above the national average (43%).



Graph 10a: Apprenticeship achievements by sector subject area, 2020/21, Enterprise M3. **Source**: DfE, Apprenticeships data, 2020 LEP boundaries.



Graph 10b: Apprenticeship achievements by sector subject area, 2020/21, England. **Source**: DfE, Apprenticeships data, 2020 LEP boundaries.

Apprenticeship Achievements

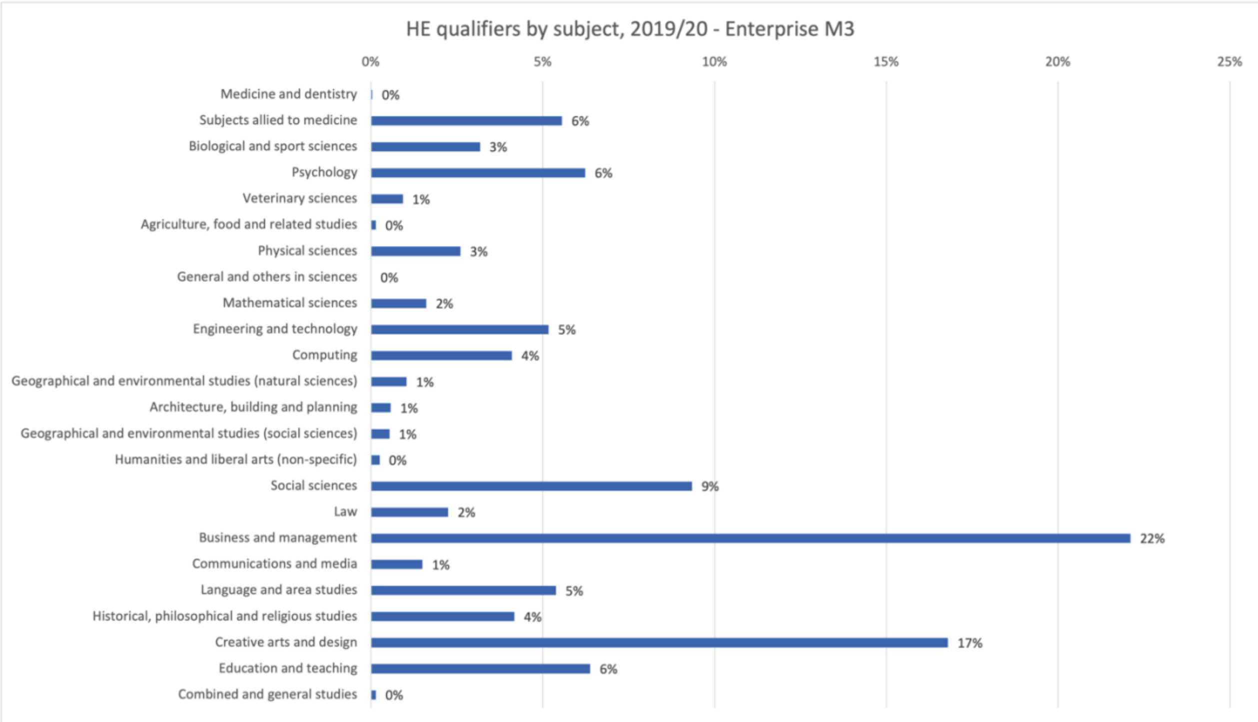
The EM3 area has strengths in the academic route and university-level participation which all have an impact on apprenticeship uptake and achievements. Learner destination data for Key Stages 4 and 5, below, reflect this.

The data, above, shows apprenticeship achievements are concentrated in **Business, administration and law** followed by **Health, public services and care**, **Retail and**

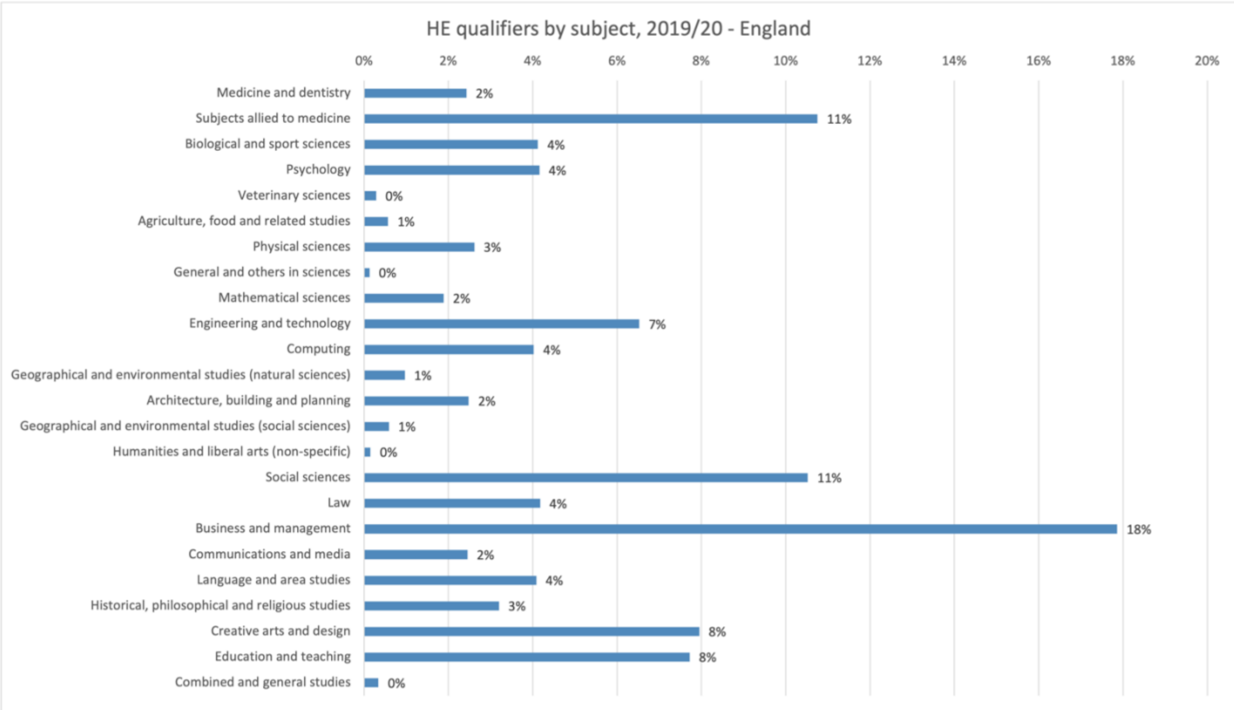
Commercial Enterprise and **Engineering and Manufacturing Technologies**. A similar pattern is shown in the national data although there are more in **Engineering and Manufacturing Technologies**.

High numbers of apprentices in health and social care align with LEP sector priorities. Over the next few years, we would like to see more uptake and success to address skills gaps in **Digital** and **Low Carbon** sectors – particularly to support growth in **sustainable construction**.

There remains work to be done with apprenticeship uptake (both from employers and individuals) in EM3 and we continue to support the work of the Apprenticeship and Skills Hub to help address this.



Graph 11a: HE qualifiers by sector subject area, 2019/20 Enterprise M3. **Source**: [HESA, 2019/2020 qualifiers (published 2021), 2020 LEP boundaries]

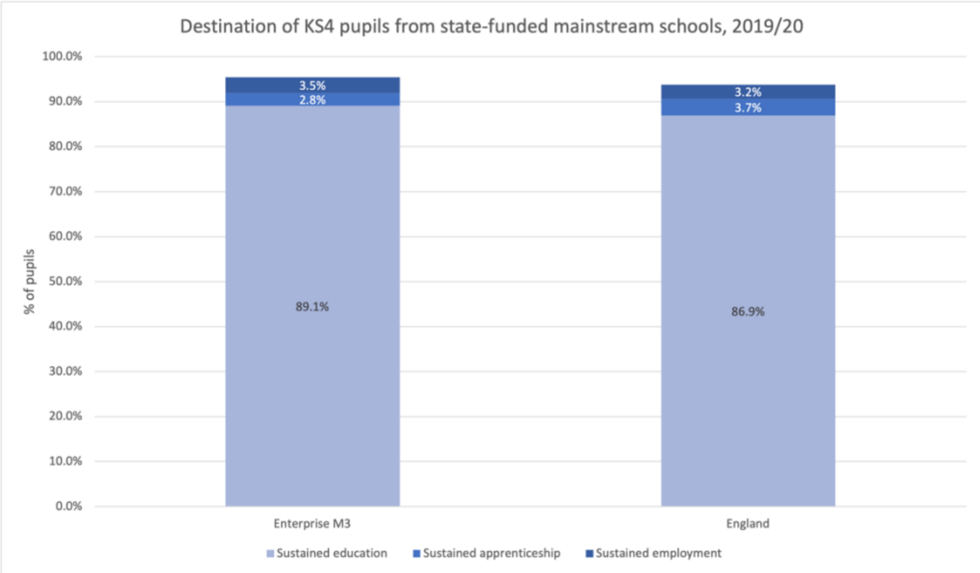


Graph 11b: HE qualifiers by sector subject area, 2019/20 England. **Source**: HESA, 2019/2020 qualifiers (published 2021)

HE Qualifiers

The high level of participation in higher education may also explain a distinctive pattern of subject choice, not really aligned with the composition of the local labour market[8]. Despite importance in the local economy, subjects including those **allied to medicine** and **engineering and technology** all have lower shares in EM3 than nationally. Conversely, there are more graduates from **creative arts and design** courses in EM3 (17%) than national (8%).

[8] Skills and Labour Market Analysis: https://www.enterprisem3.org.uk/hub/skills-businesses



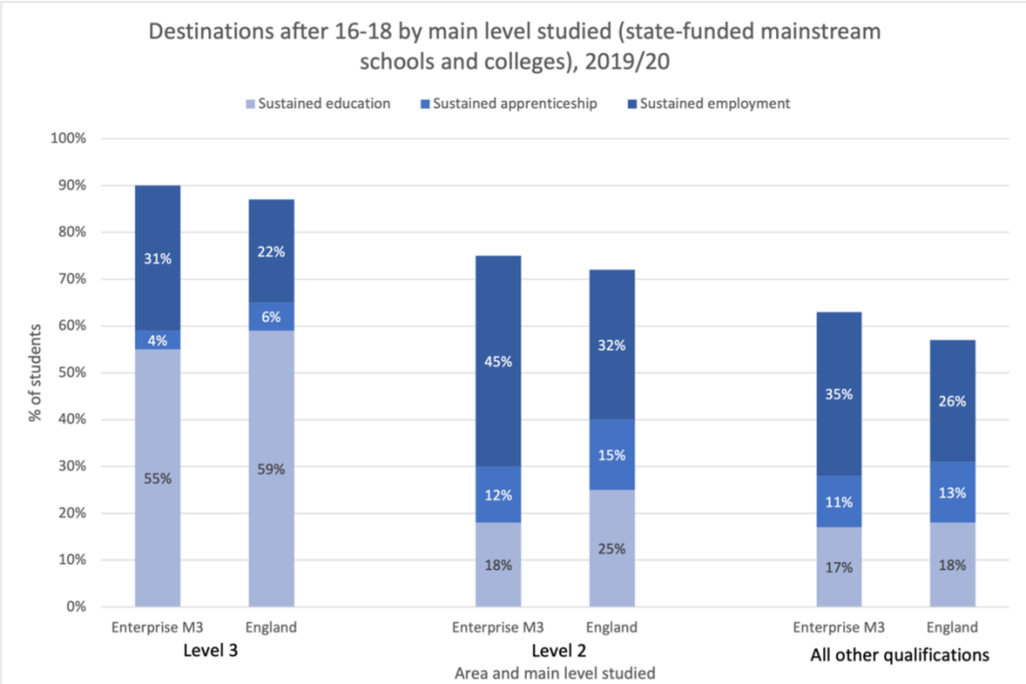
Graph 12: Key Stage 4 destinations - state-funded mainstream schools, 2019-20. **Source**: DfE, KS4 destination measures 2019/2020 (published 2021), 2020 LEP boundaries

Key Stage 4 Destinations

As mentioned, EM3 has strengths in the academic route. Learner destination data for Key Stage 4, above, reflects this. Moreover, more remain in sustained education in EM3 (89%) compared to national (87%). It is important to note the lower take-up of Apprenticeships, post Key Stage 4, in EM3 (3%) compared to national (4%).

Although there are very few sixth forms attached to schools in EM3, there is wide provision of Sixth Form and General Further Education Colleges – most of which remain following the outcomes of the Further Education Area Reviews[9].

[9] Further Education Area Reviews: https://www.gov.uk/government/collections/post-16-education-and-training-area-reviews

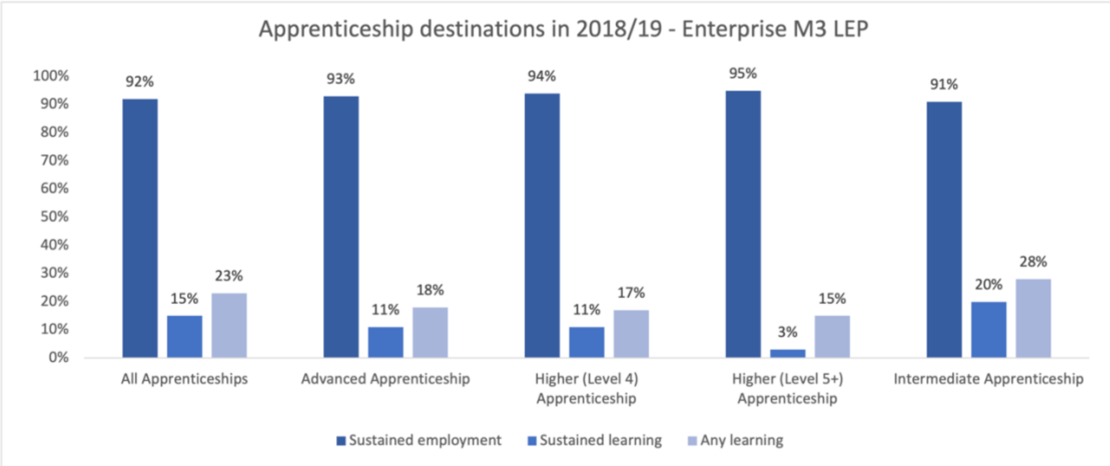


Graph 13: 16 to 18 destination measures – state-funded mainstream schools and colleges, 2019-20. **Source**: DfE, 16-18 Destination Measures, 2019/20, (published 2021), 2020 LEP boundaries

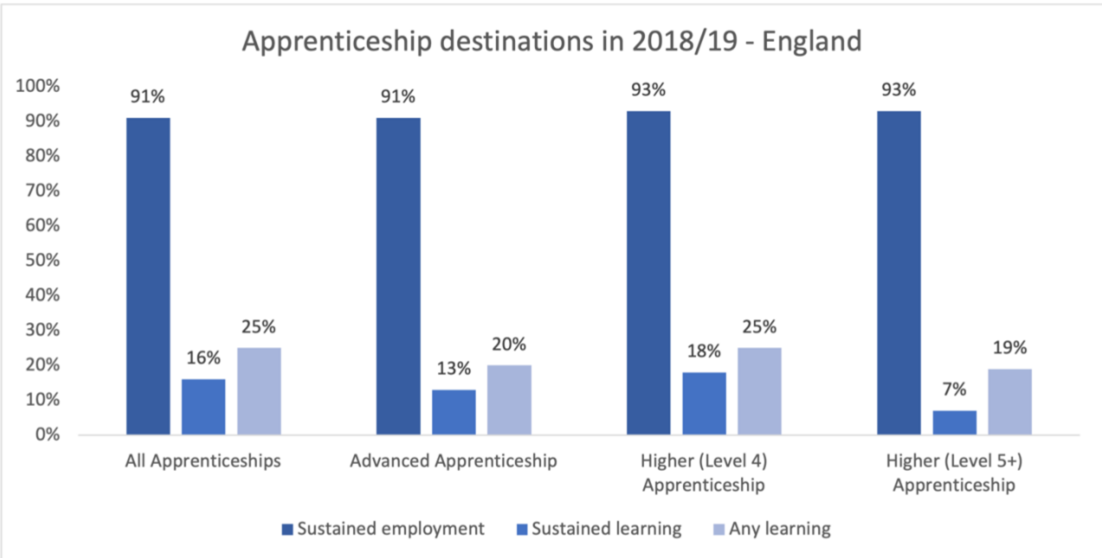
Key Stage 5 Destinations

For EM3 learners completing level 3 qualifications, over half (55%) progress into sustained education – slightly less than nationally (59%) – but more progress into sustained employment (31% versus 22%). Fewer progress into sustained apprenticeships (4%) than nationally (6%), similar to the KS4 Destination data, above.

This pattern changes slightly for Level 2 qualifiers where more learners from EM3 progress into sustained employment (45%) or an apprenticeship (12%) compared to continuing in sustained education (18%). This is similar for level 2 qualifiers from England where although fewer continue to sustained employment (32%), more progress into an apprenticeship (15%) or remain in sustained education (25%).



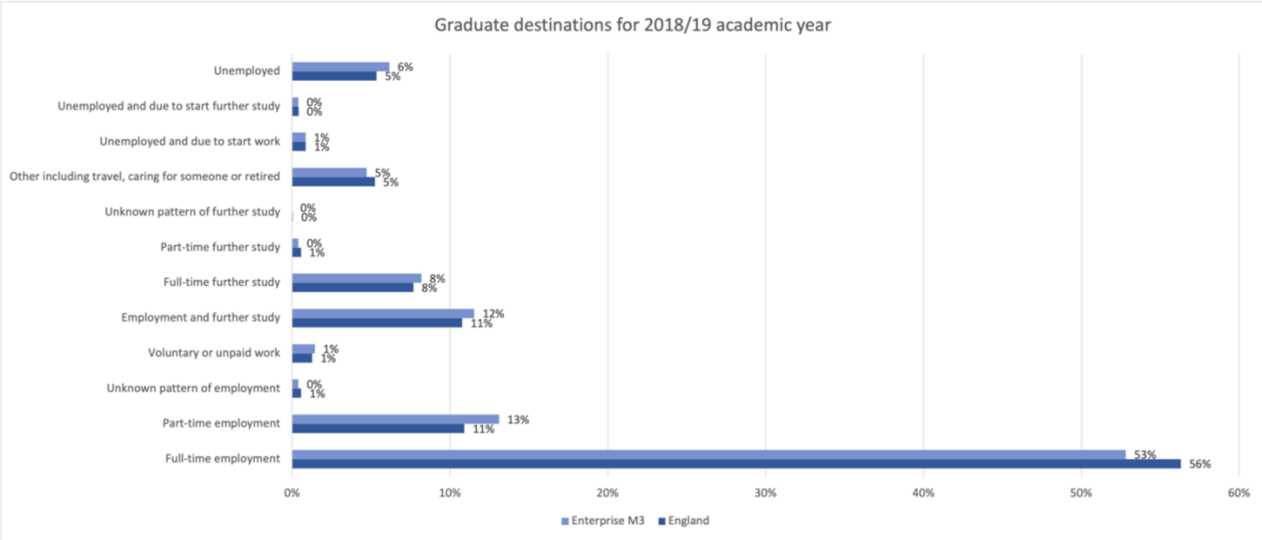
Graph 14a: Apprenticeship destinations 2018-19 – Enterprise M3. **Source**: DfE, FE outcome based success measures, 2018/19 destinations, (published 2020), 2018 LEP boundaries



Graph 14b: Apprenticeship destinations 2018-19 – England. **Source**: DfE, FE outcome based success measures, 2018/19 destinations, (published 2020), 2018 LEP boundaries

Apprenticeship destinations

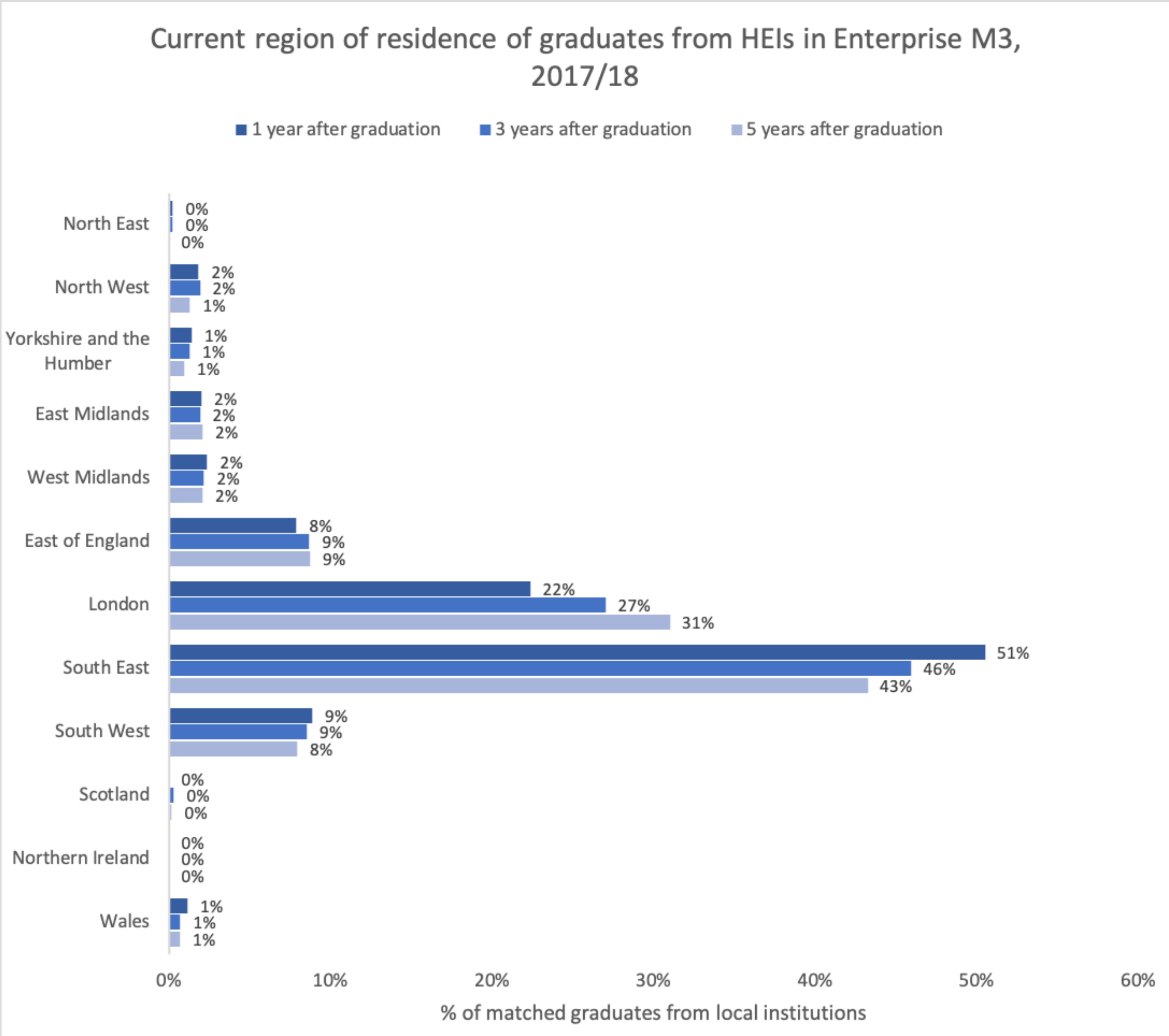
These data indicate **92% of apprentices sustained employment after completion** across all levels, compared to 89% for the previous year. This is in line with national data. Again, we would like to see more upskill opportunities for those in mid-skill occupations to support employment long term.



Graph 15: HE Graduate Destinations 2018-19. **Source**: HESA, 2018/19 graduates (published 2021), 2020 LEP boundaries

HE graduate destinations

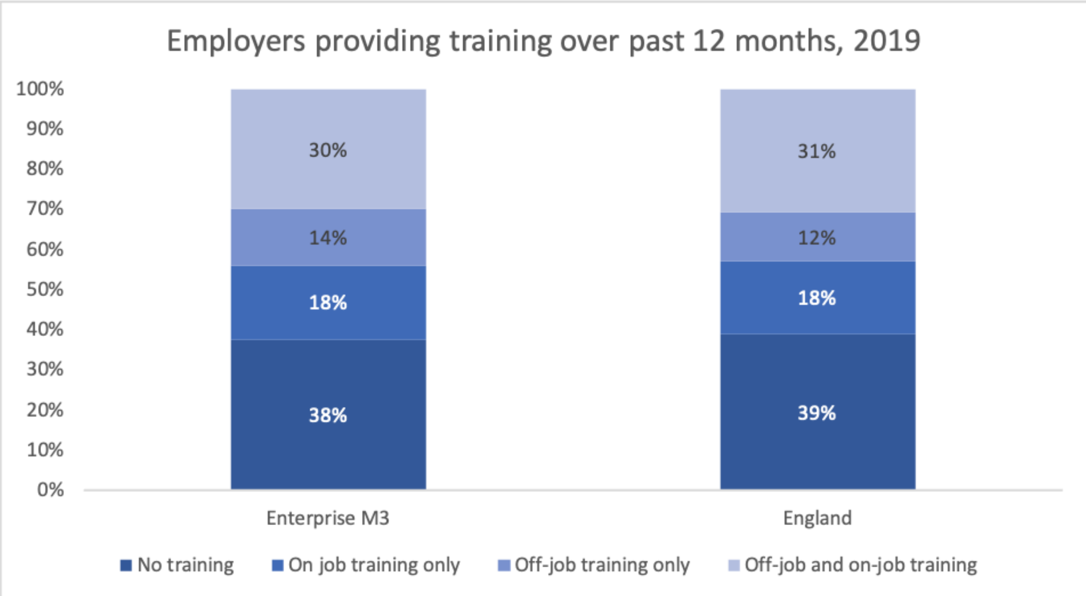
Destination data for our graduates is similar to national, with nearly **80% moving into full-time or part-time employment**.



Graph 16: Higher Institution graduates by current region – 1, 3 and 5 years after graduation.
Source: DfE, Graduate Outcomes in 2017/18, (published 2020), 2020 SAP boundaries

Graduate retention

Similar to other LEP areas, EM3 graduates tend to remain in the South East or London. Although employment opportunities are high in EM3, there is the previously mentioned tight labour market for high-skilled jobs meaning this, together with living costs and availability of affordable housing, are all likely to impact on graduate retention – particularly in the first few years after graduation. We have other data to suggest some of these graduates may return to the area between 30 – 45 years old[10].



Graph 17: Employers providing training over past 12 months, 2019. **Source**: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

Employer provided training

Alongside apprenticeships, there is evidence of **employers continuing to provide training to employees**. In 2019 EM3, employers offered this as on-job (18%), off-job (14%) or a mixture (30%). 38% of employers did not offer any training; slightly below the figure for England (39%).

In EM3 during 2021 as businesses emerged from lockdown, there was evidence from colleges of the positive impact of financial incentives for apprenticeships from some employers – particularly in those sectors less impacted by the pandemic.

SKILLS DEMAND

[10] Skills and Labour Market Analysis: https://www.enterprisem3.org.uk/hub/skills-businesses

SUMMARY: Skills Demands

- Businesses report a number of barriers to growth including some related to skills and occupations.
- The area shows robust recruitment activity with high diversity of skills demands and reliance on analytic skills.
- These reflect the area's strengths in hi-tech, knowledge-based industries and moderate reports of skills shortages.
- Lockdown impacted on recruitment across the UK but locally, recruitment activity has quickly recovered but this activity also highlights difficulties in finding staff.

Enterprise M3 LEP	
Sectors with highest forecast growth (2017-2027)	**Sectors with lowest forecast growth (2017-2027)**
1. Health and social work	1. Engineering
2. Arts and entertainment	2. Rest of manufacturing
3. Water and sewerage	3. Food, drink and tobacco
4. Professional services	4. Public admin. and defence
5. Real estate	5. Finance and insurance

Table 1: Sectors with highest and lowest forecast growth, 2017-2027. **Source**: Working Futures LEP workbooks

Sector growth forecasts

The **Health and social work** sector has continued to feature in recruitment activity – particularly demands for **Nurses** and **Care workers & home carers**. Therefore, we expect to see continued growth, in line with the forecast.

Professional services and **Arts and entertainment** align to EM3's "twin track" economy, with specialisms in knowledge-based sectors and a strong service industry. It is interesting to note the **Public admin. and defence** amongst low growth; this is an industry that has a high concentration (particularly in Winchester) and has continued to recruit throughout the pandemic.

Job losses have hit hardest in several high-volume employment sectors, which have both a particularly strong/significant presence in the EM3 area and are also industries with high levels of furloughed staff. These are **tourism**, the **arts, entertainment and recreation**, **wholesale and retail**, **accommodation and food services**. Although the latest recruitment activity data suggest recovery, many postings go unfilled and are subject to repeated postings.

Enterprise M3 LEP	
Occupations with highest forecast growth (2017-2027)	**Occupations with lowest forecast growth (2017-2027)**

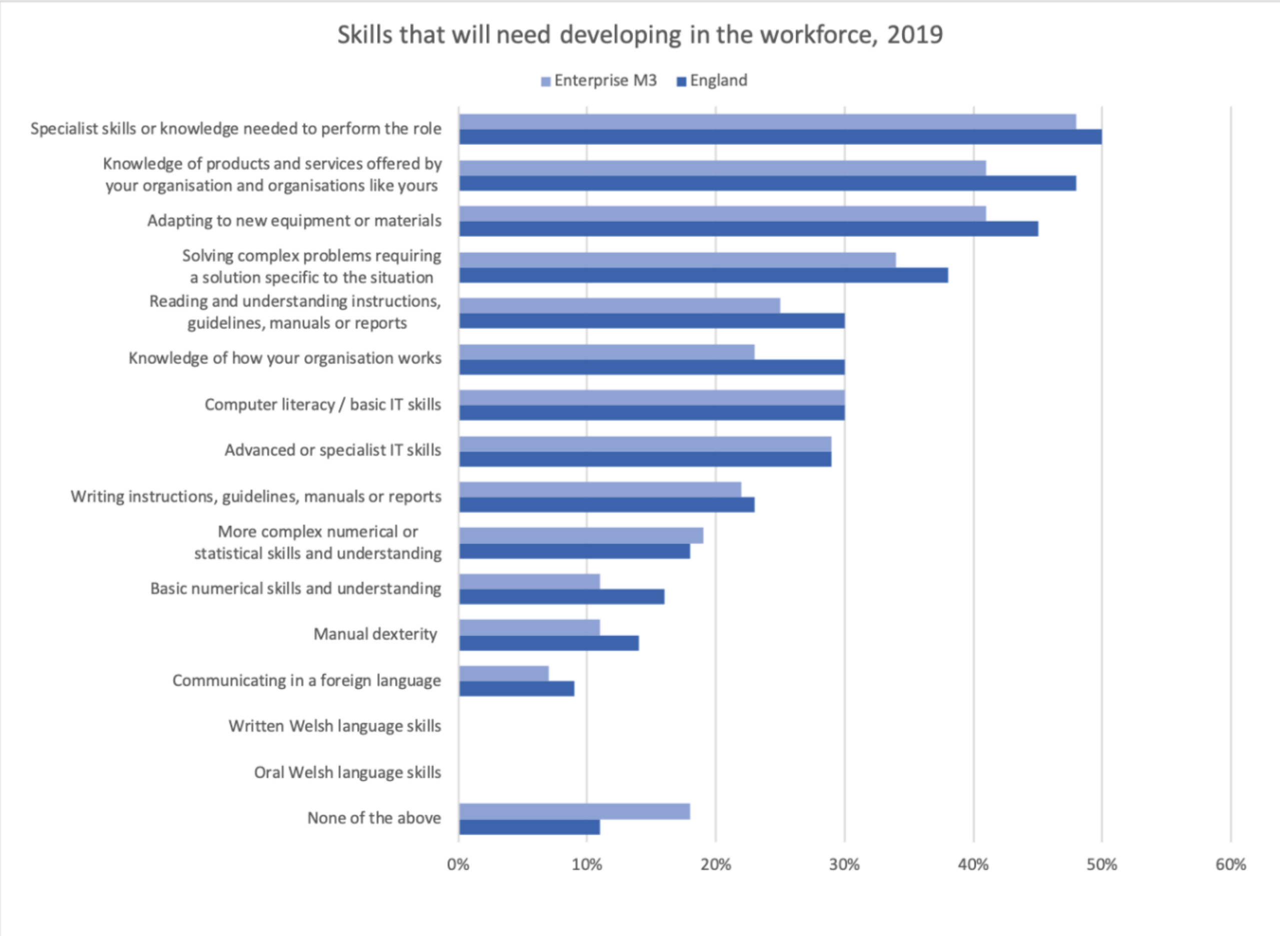
1. Caring personal service occupations	1. Secretarial and related occupations
2. Teaching and educational professionals	2. Process, plant and machine operatives
3. Health and social care associate professionals	3. Skilled metal, electrical and electronic trades
4. Health professionals	4. Textiles, printing and other skilled trades
5. Corporate managers and directors	5. Administrative occupations

Table 2: Occupations with highest and lowest forecast growth, 2017-2027. **Source**: Working Futures LEP workbooks

Occupation growth forecasts

As outlined, the EM3 area has a **concentrated professional and technical resident workforce** with lower proportions of lower skilled occupations such as those in Skilled Trades and Elementary occupations. The growth forecasts reflect this with professional and technical occupations (also aligned to two of the forecast high growth industries) showing to grow and mainly lower skilled occupations forecast to show the least growth.

Job losses hit hardest in a number of high-volume employment sectors but the latest recruitment activity data suggest recovery.



Graph 18: Skills that will need developing in the workforce, 2019. **Source**: Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries

Skills that need developing

Employer-reported levels of skills shortage are relatively moderate in EM3[11]. Top reported skills shortages, above, focus on specific skills and knowledge related to roles (48%) or organisations (41%); adapting to new equipment or materials (41%) and complex problem-solving (34%). Computer literacy also remains a top reported shortage for EM3 employers (31%). Most of these are mirrored in the National Data with greater demands, suggesting EM3 is able to find and retain these skills more readily – a reflection of the diversity of skills demands, mentioned before.

[11] Skills and Labour Market Analysis: https://www.enterprisem3.org.uk/hub/skills-businesses

MAPPING SKILLS SUPPLY AND DEMAND

SUMMARY: Mapping Skills Supply and Demand

- When mapping the supply (i.e. learner achievements) and demand of skills (i.e. job postings data), there is generally positive alignment at the major occupation group level.
- Focusing on high-skilled occupations, there is evidence for strong alignment, based on a diverse but high skills base. There are some gaps (e.g. Teachers) although these can be filled by other routes into the profession.
- For middle-skill roles, there is evidence of gaps for different occupations, particularly administrative and in hospitality. Future migration trends will also impact on some of these.