



South East Diamonds for Investment and Growth
Employability and Skills Strategy

February 2010





Meeting the Challenge, Making the Change

Employability and Skills Strategy
for the
South East Diamonds for Investment and Growth

2010-2014



Foreword

The most important driver of economic success is a highly skilled workforce. It is people's skills, knowledge and attitudes that enable them to participate, to progress through the labour market and to secure sustainable employment. Higher skills enable people to take on more complex jobs and produce higher value-added products and services. The businesses that offer these jobs are able to better withstand economic turbulence and to compete effectively in an increasingly competitive global market. Equally important is the ability to provide the full range of technical, managerial, work-ready and entry level skills, to support all aspects of business operation.

This is something that the South East Diamonds for Investment & Growth are acutely aware of. The south east region is a key driver of the UK economy and one of the world's highest performing economies. The region's combination of skilled labour, access to international markets and excellent quality of life makes it well placed for highly skilled people to live and work, helping to grow successful businesses. The Diamonds, as the economic powerhouses of the region, are aiming to deliver almost half of the GVA growth in the south east by 2016, as set out in our Prospectus for Prosperity (April 2009).

However, we are well aware that we won't be able to deliver on this ambitious target without a formulated approach to delivering high skills and increased employability. Across the Diamonds there exist a diverse range of skills and employability challenges, opportunities, blockers and drivers. These must be addressed if the Diamonds, and the wider south east, are to make the most of their potential to build on previous successes and push the UK into a renewed period of sustained growth.

With this in mind, the Diamonds have commissioned and produced a Skills & Employability Strategy and Action Plan, to define priorities and shape delivery in this important area of work. Our approach seeks to promote stability and consistency in a landscape which changes all too quickly for learners and businesses. It also supports the important work taking place in sub-regions, whilst providing a platform for the Diamonds to work together in tackling common challenges and to work with the emerging Skills Funding Agency and others to ensure our businesses and communities are properly supported to fulfill their potential.

This strategy has benefitted from the strong input of a number of key players across the south east. The support of the SEEDA economic research team, who developed the evidence base, has been crucial. The work of Step Ahead Research Ltd, who have taken forward the consultation and strategy development work, has been just as important. Last but not least, the guidance and oversight of the Learning and Skills Council, who have led the project steering group, has been crucial in ensuring that the final document is relevant, focused and adds value to wider work within the region.

I hope you find the strategy valuable, and look forward to working with you and your partners in delivering against the priorities it sets out. By working together, we can ensure the Diamonds fulfil their potential for sustainable growth and perform their important role in delivering renewed economic growth for the south east and the country as a whole.



Cllr Andrew Finney
Chair, South East Diamonds for Investment & Growth

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Executive Summary

This strategy has been commissioned by the Diamonds Group of local authorities to improve the co-ordination of approaches to addressing shared employability and skills issues across the Diamonds. It has been developed by Step Ahead Research, in partnership with SEEDA's Research and Economics team and has been overseen by the Diamonds Skills and Employability Group.

Diamonds of Difference

The eight Diamonds for Investment and Growth are the urban centres that have been identified as the main catalysts to drive the South East region's sustainable economic growth.¹

Improving the employability and skills of residents and workers is part of the overall aim to support the Diamonds to become the main drivers of the region's economy. SEEDA intends to direct core funding to sub-regional partnerships within the Diamonds and make them the main focus of inward investment activities, support for high growth businesses and the development of carbon reduction plans.

However, they are at different stages of development – some have established structures and identified priorities, but others are yet to identify a workable economic geography that engages partners around an agreed set of priorities.

Furthermore, the Diamonds are not an homogenous group of urban centres. As a group, they need further support and investment if they are to fully reach their potential as catalysts for the region's growth. The average employment rate, level of productivity, skills level, employment growth, business density and the business start up rate of the Diamonds as a whole are currently no higher than the average for the South East region as a whole.

This is because in some Diamonds, notably Thames Gateway and Urban South Hampshire, there are significant regeneration issues that need to be addressed if they are to fulfil their catalytic potential. In other areas, such as Reading and Basingstoke, where employment rates and productivity levels are high, there are potential capacity constraints and the challenge is to ensure that high quality individuals and businesses are retained to maintain their strong market position.

Local First Approach

This mixed picture means that developing employability and skills initiatives across the Diamonds needs to take a 'local first' approach.

Regional structures need to complement those that already exist and to acknowledge, identify and share much of the good work that is already taking place within individual Diamonds. They need to support local Diamonds to identify and deliver their own priorities, and deliver at a regional level those priorities that are

¹ The eight Diamonds are: Basingstoke (embracing the wider North Hampshire economy adjacent to London and the Thames Valley), Brighton & Hove, Central Oxfordshire; the Gatwick Diamond; Milton Keynes & Aylesbury Vale; Reading; Thames Gateway; and Kent Urban South Hampshire.

identified as collective needs across the Diamonds or amongst groups of Diamonds with shared challenges.

Priority sectors have not been identified in all the Diamonds and the more challenging economic conditions have forced a re-think about which sectors will deliver future growth. With exceptions, such as the strength of the marine sector in Urban South Hampshire; digital media in Brighton & Hove and science in Oxfordshire, there is still some debate about which sectors to prioritise.

However, SEEDA has identified six key sectors that will drive the region's economic growth: advanced engineering (including marine); ICT and digital media; life sciences and health; financial services; environmental technologies; and aerospace and defence. Aligned to these are four pillars of technology activity: advanced materials; communications technologies; healthcare technologies; and sustainability technologies. These should help the Diamonds to identify their own distinctive strengths and sector priorities.

Further Simplify the System and Build Upon Links Between Learning Providers and Employers

Within the Diamonds, there is some frustration with the employment and skills landscape, which confuses businesses that try to engage with it and potential learners that want to see clear pathways to different levels of learning. There is a perception that changes to the skills offer can disengage employers and act as a disincentive to learners who cannot always see how to make learning worthwhile. Whilst recent changes have begun to simplify this landscape, there is still work to do.

A simpler and more responsive system will enable businesses to participate more effectively through enhanced education-business links, help employers to shape the curriculum and improve understanding of the workplace amongst students and staff in schools and colleges.

There are some areas of good practice emerging in some Diamonds, including Urban South Hampshire, where the skills system is increasingly focused on the needs of the sub-regional economy and the skills of the resident workforce, with take up of vocational learning significantly higher than in other diamonds. This reflects the work of their Employment and Skills Board, established in July 2008, which seeks to secure a well coordinated, multi-organisational approach to skills and training provision that meets the needs of employers and the economy

Improve Work Readiness and Employability Skills

Over the past decade, there were many people who had a loose attachment to the labour market despite the record employment levels. These were mainly people with poor qualifications and low levels of skills, many of whom have not developed the generic and attitudinal skills that employers are looking for in their staff. Pockets of worklessness and deprivation within many of the Diamonds have resulted in low aspirations that can transcend generations, and make it difficult for businesses to recruit and train the staff that they need to enable them to compete effectively.

The aspirations of some young people and those outside or at the margins of the labour market need to be raised and their behaviours, attitudes and motivation developed, to enable them to compete effectively in the labour market and understand workplace expectations.

Re-focus the Skills Agenda Towards Science Technology, Engineering and Maths and Management and Leadership Skills

The Diamonds are operating in a competitive international environment, with China and India, in particular, developing increasingly sophisticated products and services at a fraction of UK costs. Technological changes have created international supply chains and weakened competitive advantages in some sectors in developed economies. Diamonds need to respond to this by developing a much stronger technical skills base, supporting innovation and improving business processes through more effective leadership and management.

Businesses and stakeholders have commonly identified a need to focus the skills agenda more closely on technician level vocational skills, particularly those that have science technology, engineering and maths (STEM) at their core. These skills are considered to be particularly hard to find amongst young people.

There is a strong call from businesses to re-engage people in learning technical skills, to expand apprenticeship opportunities and to enhance the status of vocational pathways by increasing the collaboration between higher education and further education, perhaps through joint campuses or University Technical Colleges.

There is already a higher education presence in all but two of the Diamonds and links between universities and businesses need to be deepened to foster more productive knowledge exchange activities.

Utilise Existing Structures and Deliver at the Right Spatial Level

The economic development landscape is perceived to be cluttered, with Employment & Skills Boards, Economic Partnerships, Growth Areas and Local and Multi Area Agreements. Diamonds need to operate within these, complementing existing structures, so as not to complicate the environment further, particularly within a more constrained public spending environment.

'Partnerships for Growth'² stresses the need for decisions to be made at the right spatial level, combining the essential elements of local expertise with the regional co-ordinating role of the Regional Development Agencies.

Although the diversity of the Diamonds means that much of the activity will be done at a sub-regional Diamond level, there are some things that are better delivered regionally. These include lobbying central Government to address the common issues that have been identified; co-ordinating joint funding bids for projects to address shared challenges; sharing best practice approaches that have been effective in one Diamond across to others; taking a co-ordinated and strategic approach to employment and skills responses to inward investment, and taking a regional approach to attracting and retaining high level talent.

This strategy presents five employability and skills priorities for the South East Diamonds for Investment and Growth (SEdfIG) group to take forward. These strategic priorities are underpinned by primary and secondary actions that are outlined in the Action Plan and eight strategic 'Asks'.

² Partnerships for Growth: A National Framework for Regional and Local Economic Development: HM Government. December 2009

SEDFIG recognises that there is already considerable activity taking place within the Diamond to address many of the priorities that have been identified. Therefore, the first two priorities focus mainly on where there a regional approach can make the most impact, whilst many of the actions contained within the remaining three priorities are more focused on supporting sub-regional Diamonds to deliver local actions.

The SEDFIG group has identified eight strategic 'Asks' under the five priorities. These outline the actions that it would like to see Government departments and agencies take in order to support the implementation of the strategy.

Strategic Priority 1: Provide Regional Diamond Leadership and Co-ordination

Strategic Ask 1: Improve the links between the Diamonds and UKTI and SEEDA's Inward Investment team in response to the global competitiveness challenge

Strategic Ask 2: Recognise the Diamonds Group as the collective voice of the Diamonds on employability and skills issues.

Strategic Priority 2: Develop Science, Technology, Engineering and Maths (STEM) skills and improve Business Leadership and Management

Strategic Ask 3: Ensure that there is funding to encourage greater development of STEM skills and take up of Apprenticeships, in support of SMEs

Strategic Priority 3: Simplify the Skills System to Make it Easier for Employers and Learners to Engage

Strategic Ask 4: Ensure that national skills and employment funding programmes can continue to be applied flexibly across all Diamonds to respond effectively to identified sub-regional needs

Strategic Ask 5: Maintain mechanisms to support employment and skills needs in priority sectors, amongst key employers and potential inward investors

Strategic Ask 6: Build upon recent progress to ensure that changes to the vocational learning landscape further simplify the system

Strategic Priority 4: Strengthen Education – Business Links, from School to Adult Learning

Strategic Ask 7: Lobby for increased resources to encourage greater involvement of employers in curriculum development and other education business link activities, e.g: work experience.

Strategic Priority 5: Improve the Work Readiness of Young People and Adults

Strategic Ask 8: Maintain funding for programmes that improve the employability skills of low skilled residents

1.0 Introduction

1.1 Developing the Strategy and Action Plan

The development of this strategy has been funded by the Diamonds Group of local authorities to improve the co-ordination of approaches to addressing shared skills and employability skills issues across the Diamonds.

The strategy and action plan has been developed by Step Ahead Research, in partnership with SEEDA's Research and Economics team and has been overseen by the Diamonds Skills and Employability Group. The Skills and Employability Group is one of three policy groups that have been established by the SEDfIG Partnership, the others being the Knowledge Economy and Ecological Footprint policy groups.

It is based on desk research that has identified the main economic trends and positions of each of the Diamonds and a substantial consultation exercise, which included an e-survey and interviews with key partners and stakeholders within each of the Diamonds. Both activities identified key trends and priorities within each Diamond, including the strength of sub-regional partnership structures, skills and employability challenges and an investigation into the areas which the Diamonds could most effectively collaborate on.

The emerging findings were presented and refined at the Skills and Employability workshop at the Leading the Way to Recovery event on 9 November 2009.

1.2 Background

The South East region is a key driver of the UK economy and one of the world's highest performing economies. Its combination of skilled labour, access to international markets and excellent quality of life mean that it continues to be able to attract and retain ambitious individuals and innovative and forward-thinking businesses that put it at the vanguard of the knowledge intensive world economy.

The South East of England Development Agency's (SEEDA) Regional Economic Strategy (2006-2016) identifies the region's vision to become "a world class region, achieving sustainable prosperity"³. This vision is underpinned by three objectives: achieving global competitiveness; spreading the benefits of competitiveness (smart growth); and ensuring that growth is consistent with the principles of sustainable development.

Each of these objectives is underpinned by a series of targets and aims. These include:

- Increasing the region's share of UK Foreign Direct Investment (FDI);
- Increasing the level of university-business knowledge exchange activity;
- Increasing the overall business stock;

³ Regional Economic Strategy 2006-2016: SEEDA.

- Maximising the number of people who are ready for employment at all levels and continuing to ensure that they are equipped to progress in the labour market;
- Improving the productivity of the workforce and increasing the economic activity rate by bringing an additional 110,000 people into the labour market; and
- Reducing the polarisation between communities within the region.

The strategy recognises that the South East is a “region of contrasts” with thriving urban centres; diversifying rural communities and significant pockets of deprivation and under-performance, particularly in its coastal areas. SEEDA has identified eight concentrations of growth potential, or Diamonds for Investment and Growth, which can act as the economic catalysts across the region as a whole. These Diamonds are:

- Basingstoke (embracing the wider North Hampshire economy adjacent to London and the Thames Valley);
- Brighton & Hove;
- Gatwick Diamond;
- Milton Keynes and Aylesbury Vale;
- Central Oxfordshire;
- Reading;
- Thames Gateway Kent; and
- Urban South Hampshire.

It is the concentrations of people, employment, built assets, knowledge, transport, creativity, culture and diversity in the Diamonds that give them the potential to drive economic prosperity across the region as a whole. As a consequence, these areas have been designated by SEEDA as the region’s priority areas for investment and support in both the Regional Economic Strategy (Refreshed) and in its Corporate Plan.

At sub-regional level, the priorities for each Diamond are being developed and pursued by partnerships of local authorities that recognise the mutual benefits of actions that transcend administrative boundaries.

At a regional level, the South East Diamonds for Investment and Growth (SEDfIG) Partnership of participating local authorities has been established to identify common goals, lead research on shared issues, exchange best practice, raise the profile of the Diamonds, and to provide a forum for lobbying on issues of mutual interest. The partnership, which is supported by SEEDA and other regional agencies, provides responses to statutory consultations on behalf of the Diamonds and monitors attainment of economic and housing growth targets within the Diamond areas.

The SEDFIG Partnership business case, '*A Prospectus of Prosperity*' (2009), outlines three strategic objectives for the Diamonds collectively:

- To generate 45% of the South East region's GVA growth;
- To deliver 50% of the South East region's planned housing growth by 2026; and
- To stabilise their ecological footprint by 2014 and secure a 30% reduction by 2026⁴.

With the high level of housing growth being targeted at the Diamonds, and the untapped potential in several of them, creating jobs and improving employment opportunities at all levels of the labour market are key priorities for SEDFIG. It is not just about jobs, however. It is increasingly the quality of these jobs that will enable the region to continue to compete on the international stage.

Sustainable prosperity depends on increasing levels of productivity, which in turn, means ensuring that the Diamond's workforce is equipped with the right skills at the right levels. Reflecting this, SEEDA has identified six priority sectors which will drive the region's growth⁵:

- Advanced engineering (including marine);
- ICT and digital media;
- Life sciences and health;
- Financial services;
- Environmental technologies; and
- Aerospace and defence.

Aligned to these are four pillars of technology activity:

- Advanced materials;
- Communications technologies;
- Healthcare technologies; and
- Sustainability technologies.

The SEDFIG Partnership has established three policy groups, focused around:

- Ecological Footprint;
- Skills and Employability; and
- The Knowledge Economy.

These groups have begun to deliver an increasing amount of joint work across the Diamond areas. These include: leading on research and strategy development work; developing a 'No Nonsense' Guide to tackling ecological footprint, supported by robust research into ecological footprint across the Diamonds; and, so far, obtaining £1.5m of European funding for skills, employability and carbon reduction programmes.

An increasing level of regional activity is being focused on the Diamonds. They are the spatial focus for the new Innovation & Growth Teams that will provide specialist support to high growth and high growth potential businesses within the region. A series of local area propositions are being developed so the Diamonds can become

⁴ A Prospectus for Prosperity, South East Diamonds for Investment and Growth: April 2009.

⁵ Collaborate, Catalyse, Connect, Choose: SEEDA's Current Innovation Programme (Sept 2009)

the main focus of SEEDA's inward investment activities, and they have been designated as priority areas for some of the European Social Fund (ESF) and European Regional Development Fund (ERDF) bidding rounds.

There are a series of more specific initiatives that aim to improve technical skills and innovation within the region. A network of science and innovation campuses is being established at Harwell (Oxfordshire); the Thames Gateway and at another, as yet, undetermined location.

The Harwell Campus will be run by a public-private partnership and will include a minimum of 100,000 sq.m of laboratory, high technology industrial and office accommodation, with up to 5,000 high value knowledge-based jobs expected to be created. The Thames Gateway campus, The Institute for Sustainability, was launched in 2008, following an investment of £7 million by SEEDA. Its entire focus is on creating practical, commercial innovations to measurably reduce the environmental impact of the built environment. The third campus is yet to be developed, but will focus on the region's strengths in communications and security technology



2.0 The Employability and Skills Context

This section considers the policy context for the development of the strategy, focusing on the main issues that are driving the employment and skills agenda nationally and regionally.

2.1 The Employability Context

It is now widely recognised that employment is central to improving the quality of people's lives and improving social cohesion, as well as contributing to greater economic prosperity. Britain has had considerable success in increasing the number of people in work over the past decade. There were 2.2m more working age people in employment in Britain in 2008 than there were ten years earlier and in the South East there were over 230,000 more employed people⁶.

However, this increase has not been shared by everyone across the country or the region. Indeed, between 2000 and 2008, the number of people claiming out-of-work benefits fell by just 625,000 in Britain and by just 14,000 across the South East⁷. In short, the period of record employment levels did not reach those who were most at risk of labour market exclusion, despite the wide range of active labour market initiatives and programmes. Indeed, one third (34%) of out-of-work benefit claimants across the region have been claiming benefits for more than five years⁸.

In the last year, this sustained period of growth came to an abrupt halt. The banking crisis which led to the so-called 'credit crunch' sent the world economy into reverse, resulting in Governments taking emergency measures to prevent potentially catastrophic decline. As at the end of 2009, there appear to be tentative signs of recovery, with Germany, France, Japan and the United States all reporting increases in output. Indeed, of the major European economies, only the UK and Spain were still recording declining output. However, the economy remains fragile. Volatile oil prices and low levels of confidence mean that future shocks could result in a 'double dip' or further reversal of economic conditions.

The recession has resulted in a 6% fall in the UK's output since its pre-recession peak and an injection of £178bn of Government funds to stimulate lending. Inevitably this, in turn, has had a negative impact on employment and has resulted in a much tighter public spending environment for the foreseeable future. Across Britain, unemployment has reached nearly 2.5m, with youth unemployment (18%) at its highest level since 1992⁹.

The South East region tends to be more resilient than most other regions in the UK, because of its high skills base and concentration of knowledge-intensive businesses. In September 2009, the economic activity rate (82.1%) remained amongst the highest in the country. However, there were 87,000 fewer people in work in the region in September 2009 than there had been a year earlier and the employment rate had fallen to 77.0%¹⁰ from 79.1%

⁶ Source: Annual Population Survey and Labour Force Survey, ONS via NOMISWEB.

⁷ Source: Office for National Statistics via NOMISWEB.

⁸ Source: Office for National Statistics via NOMISWEB (May 2009)

⁹ Inflation Report, Bank of England November 2009).

¹⁰ Source: Annual Population Survey ONS via NOMISWEB.

The employment impacts of the recession have not been evenly distributed geographically across the region or amongst different population groups. The Gatwick (+178%) and Reading (+179%) Diamonds have seen a much sharper rise in JSA claimants between June 2008 and June 2009 than Brighton & Hove (+60%), Thames Gateway, Kent (+97%) and Basingstoke (+100%), for example. The recession is disproportionately affecting people with low skills, and young people, particularly young men, because they tend to leave school with lower levels of qualifications and are more likely to seek work in industries like manufacturing and construction that have been quite badly affected.¹¹

Future prospects remain unclear. Although the UK is expected to return to growth early in 2010, it is likely to take considerably longer to return to pre-recession output levels, resulting in continuing labour market slack. The high debt levels are likely to impact on public spending priorities, with a risk that private sector employment gains could be offset by reductions in public sector employment over the medium term. Indeed, the Institute for Public Policy Research (IPPR) suggests that employment levels across the UK may only reach pre-recession levels in 2016, with 200,000 fewer jobs in the public sector.¹²

This climate makes tackling worklessness amongst people with the weakest attachment to the labour market an even greater challenge. The Welfare Reform Act (2009) provides a framework to enable many people who are outside the labour market back into employment. This includes placing more emphasis on preparing lone parents for work, providing work experience and employment support for people who are long-term unemployed and piloting an approach whereby substance mis-users will be required to attend drug rehabilitation programmes in order to receive their benefit.¹³

Building Britain's Recovery: Achieving Full Employment outlines the Government's proposals to tackle the effects of the recession and to get back to full employment. The White Paper re-iterates the Government's commitment to achieving an 80% employment rate and sets an ambition to get over one million more people into work over the next five years. The proposed measures in the White Paper include providing a dedicated personal adviser for newly unemployed people, providing a £2,500 subsidy for employers who take on 16-17 year old apprentices; developing a new employment/training placement guarantee for 18-24 year olds who have been out of work for more than six months; and providing support for graduates who have been out of work for more than six months¹⁴.

2.2 The Skills Context

The ability of individuals and businesses to emerge from the recession stronger will depend on investment in research and development, developing high quality infrastructure and improving skills and generating high quality job opportunities.

Economic participation is widely recognised to have positive impacts on people's physical and mental health and their economic and social well-being. However, it is their skills, knowledge and attitudes that enable them to participate, to progress through the labour market and to secure sustainable employment.

¹¹ Source: Impact of the Recession on the Labour Market in the South East: Institute for Employment Studies (2009).

¹² Source: Tomorrow's Capitalism: Building a Better Balanced UK Economy – Where will jobs be created in the next economic cycle: Institute for Public Policy Research (July 2009).

¹⁴ Building Britain's Recovery: Achieving Full Employment: Department for Work and Pensions. December 2009

Higher skills, if they are effectively deployed, enable individuals to take on more complex tasks and produce higher value-added products and services, enabling businesses to better withstand economic turbulence and to compete effectively in an increasingly competitive international environment.

Whilst the UK has had a good record on creating jobs, its record on skills has been less impressive. The emergence of China and India at the international top table presents advanced economies with an intense competitive challenge that will only be met by improving skills and developing new, higher-value added products and services. Globalisation and technological change present both opportunities and challenges: Opportunities for high skilled people to compete in an international labour market and for innovative, outward-looking businesses to trade on a global scale; but challenges for people whose labour can be supplied more cost-effectively in emerging economies and for businesses whose products and services can be provided more efficiently and cheaply elsewhere.

In recognition of this, addressing low levels of productivity and poor management and leadership have long been a pre-occupation of UK Governments. In 2007 the Government set challenging 2020 ambitions for UK skill levels: More than 90% of the working age population would have at least a Level 2 qualification; 68 per cent were to have achieved at least a level 3 qualification; 'over 40 per cent' at least a Level 4 qualification; 95 per cent of people were to have at least literacy at Level 1; and 95 per cent to have numeracy at least at entry Level 3¹⁵.

The Government set targets for 50% of 18-30 year olds to have participated in higher education by the end of the decade; plans to raise the compulsory learning participation age to 18; and engage one million people in learning programmes through Train to Gain. Seventeen new Diplomas at Foundation, Higher and Advanced levels will be available to 14-19 year olds from 2011, in a further attempt to bridge the divide between academic and vocational learning programmes. Of all these, it is the Level 3 target that is proving to be the most challenging, which is why there is a clear intention in the new National Skills Strategy, *Skills for Growth*, to focus strongly on improving advanced technician and vocational skills. This will be done by:

- Broadening and extending the higher education participation target so that 75% of 18-30 year olds will have participated in Higher Education or undertaken technician level vocational training;
- Promoting the creation of University Technical Colleges;
- Expanding the Advanced Apprenticeship programme; and
- Developing an Apprenticeship Scholarship Fund to improve progression through vocational routes¹⁶.

The National Skills Strategy recognises the limitations of measuring skills by qualifications alone. It proposes a 'balanced scorecard' approach to measuring the achievements of the skills system that focuses on economic and earnings value of the skills supplied, as well as qualifications achieved; and introducing a public rating, "traffic-light" system for colleges and courses that includes course quality, customer satisfaction and the record in helping people to find jobs.

¹⁵ Prosperity for All in the Global Economy – World Class Skills - Leitch Review of Skills December 2006.

¹⁶ Source: Skills for Growth – The National Skills Strategy. Department for Business, Innovation and Skills (2009).

Alongside this, 14-19 reform presents major opportunities and challenges for vocational learning. From 2013, 14-16 year olds will have an entitlement to pursue one of 14 Diplomas, and 16-19 year olds one of 17 Diplomas. Young people will be required to continue in education or training until they are seventeen and by 2015 the participation age will rise to eighteen. The 14-19 Reform agenda is likely to significantly increase the demand for vocational learning programmes that are both relevant to employers and attractive to learners. Local 14-19 Partnerships will have a key role in advising local authorities on commissioning provision for 16-19 year olds and, are therefore likely to be significant partners in delivering the priorities within this strategy. However, the learning and skills landscape is acknowledged to be too complicated, so there are proposals to reduce the number of government-funded agencies and to simplify the funding and monitoring arrangements for providers¹⁷. Whilst progress is already being made towards this end, there is still further work to be done.

Within a tighter public spending environment, resources need to be targeted more effectively, reducing duplication and spending only on those areas where there will be the most impact. This means focusing skills budgets on sectors with the greatest potential to provide economic and employment growth, such as life sciences, digital media and technology, advanced manufacturing, engineering, construction and low carbon energy; providing Regional Development Agencies with the responsibility for developing Regional Skills Strategies that align skills with economic development priorities; and streamlining funding arrangements for employment support and skills programmes for people on out-of-work benefits.

The National Skills Strategy recognises that there is a need for a strong commitment from employers and businesses to participate in the learning agenda, if the UK is going to make the required improvement in vocational skills. This means creating a system that is demand-led, where employers “have more power to shape the provision of training through their priorities and choices”¹⁸ and raising the recognition among more businesses of the value of investing in the skills of their workforce.

A key component in vocational skills is The National Apprenticeship Service, set up in April 2009 and with a dedicated employer services team operating within the South East. Part of the team’s responsibility is to proactively help employers, brokering the links with Apprenticeship programmes and providers. Recent investment has also produced a web based vacancy matching service linking learners to employers. Developing skills and improving employability are both central to economic development, the responsibility for which is increasingly being devolved to sub-regional partnerships. This reflects an acknowledgment that it is often local partnerships that can identify and most effectively respond to skills and employability challenges.

In order to facilitate this, the Local Democracy, Economic Development and Construction Bill places a new duty on county councils and unitary district councils to prepare an assessment of the economic conditions of their area from April 2010. The aim of the assessment is to provide a comprehensive and robust diagnosis of local economic conditions and linkages that will inform the interventions of local authorities and partners. This includes an assessment of competitiveness and innovation, local business needs, skills and tackling worklessness based on “real economic geographies or functional economic market areas”.¹⁹

¹⁷ Skills for Growth: The National Skills Strategy Department for Business Innovation and Skills November 2009

¹⁸ Skills for Growth: The National Skills Strategy. Department for Business, Innovation and Skills. November 2009

¹⁹ Local Economic Assessments: Draft Statutory Guidance: Department for Communities and Local Government. August 2009

3.0 The Diamonds

This section provides an overview of how the Diamonds as a group compare with the South East region as a whole, using a range of economic indicators. More detailed background information about each Diamond is shown in Annex I.

3.1 The Socio-Economic Position

The eight Diamonds for Investment and Growth have been identified as the key catalysts for growth in the wider South East region. Between them, they are expected to contribute 45% of the region's growth in GVA by 2016 and around half of its housing growth. Collectively, they have a broad economic base containing large multi-national and internationally competitive businesses, high quality teaching and research institutions and they have excellent access to London and international markets.

However, the success of the Diamonds will depend on the willingness of the public, private and voluntary sectors to develop effective partnerships that transcend sectoral and administrative boundaries to meet the needs of their functional economic areas. This means partnerships of local authorities working together to pursue common goals; and businesses and learning providers collaborating so that the workforce is equipped for the challenges of the global market place.

Currently Diamonds are at different stages of development. Some, such as the Gatwick Diamond and the Partnership for Urban South Hampshire (PUSH) have formal structures and allocated resources in place to support joint initiatives. Others, such as Thames Gateway Kent and Milton Keynes & Aylesbury Vale have been identified as Growth Areas by central Government, so have particular mechanisms in place to deliver government housing and economic development priorities.

However, other Diamonds are less well developed and have had some challenges in securing the political will to develop agreed approaches and joint actions. Actions to support this strategy need to reflect the different stages of development and the different political climates within each of the Diamonds. They must identify where there are common themes and issues that transcend all Diamonds; where there are common themes between groups of Diamonds and where there are issues that are Diamond specific. The issues around geographies are also important, as the success of the Diamonds will influence and be influenced by links with their wider hinterlands.

The differences in the economic performance between the Diamonds means that, as a group, they broadly match the performance of the South East as a whole across many measures (see Figure 3.1). Workplace earnings, population growth and the proportion of the population employed in professional or managerial occupations are, on average, higher. However, productivity per worker is below the South East regional average; recent employment growth has been slower; and business density, business start up rates and levels of self employment are also all lower.

Figure 3.1: The Economic Performance of the Diamonds

Economic Indicator	Diamonds Average	South East Average	Difference
Working Age Population Employed in Professional and Managerial Occupations (%)	47.6%	45.6%	+2.0%
Median Workplace Earnings (£)	£509.50	£499.80	+£9.70
% Change in Working Age Population 1997-2007	7.6%	6.2%	+1.4%
Forecast Annual Average Growth Rate - 2015 (%)	0.45%	0.42%	+0.03%
Working Age Population with NVQ4+ (%)	31%	31.5%	-0.5%
Job Density	0.88	0.86	+0.02
Working Age Population with no Qualifications (%)	8.9%	8.9%	0.0%
Productivity (£ per worker)	£45,811	£46,203	-£392
Employment Growth (2004-2007) %	1.2%	2.0%	-0.8%
Business Stock per 10,000 population	399.4	444.4	-45
Business Births per 10,000 population	49.7	54.0	-4.3
GCSE A*C grades (inc English and Maths) (%)	50.4	51.7	-1.3
Self Employed (%)	8.8	10.4	-1.6

Sources: Annual Population Survey; Annual Survey of Hours and Earnings; Mid-Year Population Estimates, Office for National Statistics.

There are likely to be many reasons for this and many indicators may not necessarily reflect modest economic performance. Larger businesses are more likely to be located in urban centres and this reduces levels of business density and rates of self-employment, but not necessarily economic dynamism. Weaker recent employment growth may be symptomatic of a tight labour market where high levels of employment constrain further growth.

However, lower productivity per worker across the Diamonds as a whole suggests that they are not all characterised by high value-added employment. Both across and within Diamonds, there continue to be significant numbers of jobs in lower value added sectors and large numbers of people with insufficient skills to improve levels of productivity.

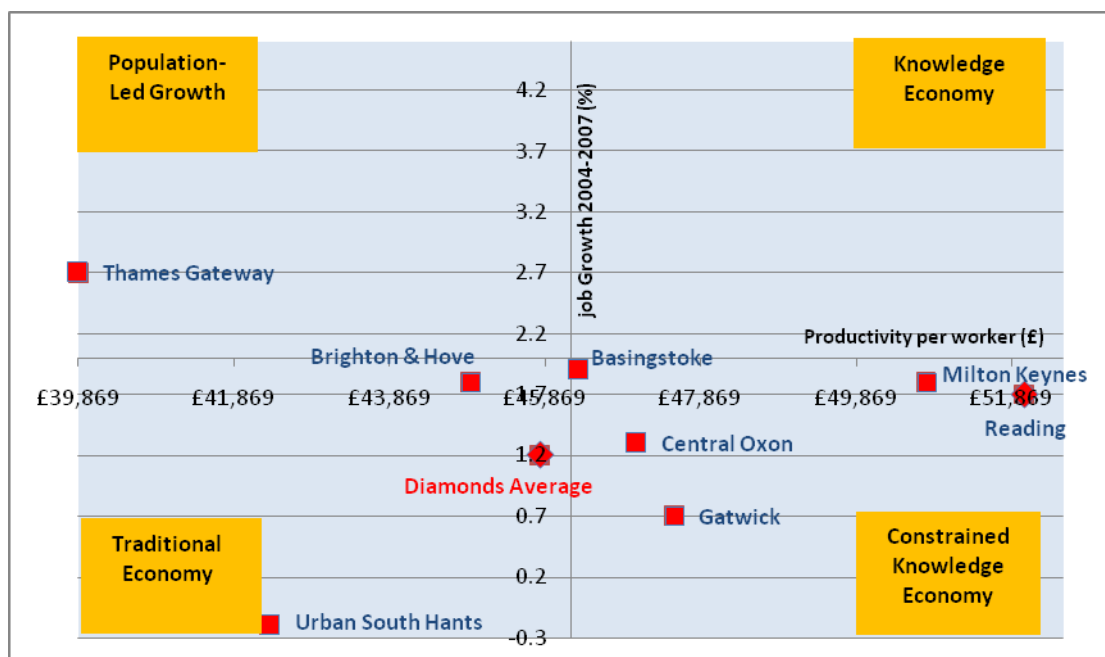
The Diamonds are not self-contained units, however. They have links to their wider hinterlands and most are also influenced by London, in terms of both labour and supply chains. This means that many Diamonds may not be benefitting fully from the skills of their higher qualified residents, many of whom commute into London to work. Across the Diamonds as a whole, one quarter (24%) of working residents are employed outside their own Diamond. This rises to around three out of ten in Milton Keynes & Aylesbury Vale, Reading, Basingstoke and Gatwick Diamond.

Indeed, from a labour market perspective, Urban South Hampshire is the most self-contained, with 90% of people working within the Diamond also living within it. Whilst this self-containment may lend itself more readily to developing joint solutions to agreed sub-regional challenges, its distance from London may inhibit business development and inward investment opportunities compared with Diamonds that have much closer links to the capital.

Each of the Diamonds has its own distinct characteristics and challenges. Some Diamonds have tight labour markets, a high skills base and levels of productivity that are above the regional average; in others, the reverse is the case. Figures 3.2 and

3.3 illustrate the diversity of the Diamonds and compare their performance with the average for the South East as a whole²⁰, based on four indicators: Figure 3.2 shows job growth 2004-2007 and productivity per worker and Figure 3.3 shows the employment rate and the percentage of working age residents with qualifications at Level 4 or above). Economic conditions have changed considerably since 2007, and this is likely to have had a negative impact on the employment growth trends shown in Figure 3.2 and other economic indicators that have been used in the analysis of the Diamonds.

Figure 3.2: The Diamonds Compared with the South East as a Whole (1)



Source: Step Ahead, adapted from Annual Business Inquiry (2007) and SEEDA.

Five of the Diamonds have higher productivity levels than the regional average and in two Diamonds (Milton Keynes & Aylesbury Vale and Reading) there is a significant difference. Although in three of the Diamonds productivity levels are below the average for the South East, it is mainly in the Thames Gateway and Urban South Hampshire where productivity levels are particularly low.

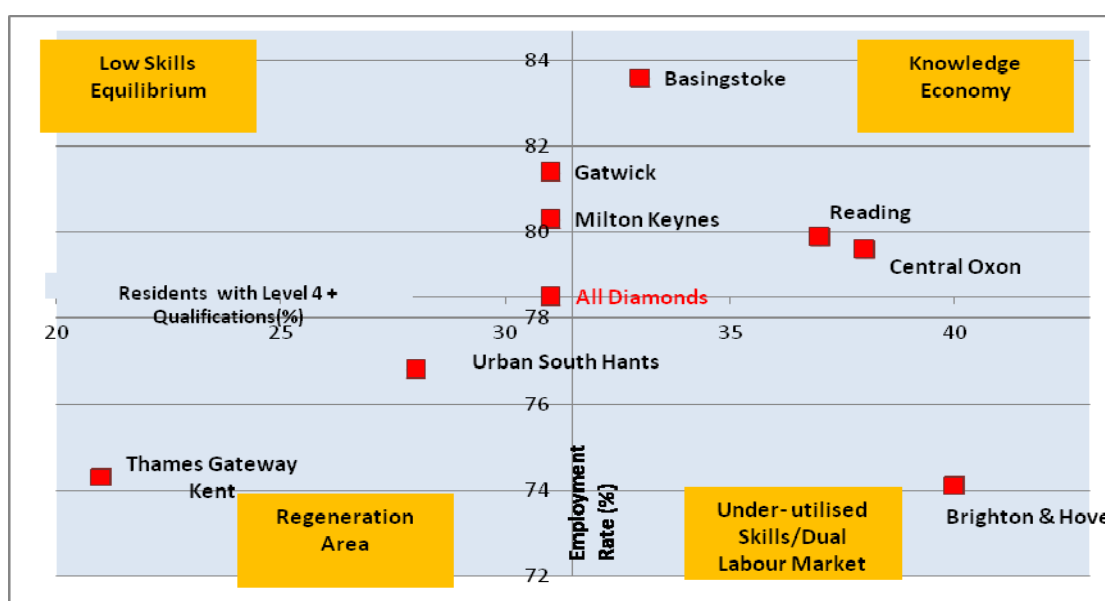
Growth in Milton Keynes & Aylesbury Vale, Reading, Central Oxfordshire, Basingstoke and Gatwick Diamond may be restricted by capacity constraints, with their low recent employment growth, being attributable to tight labour markets and a limited labour supply. Improving access to a wider pool of labour for businesses in these Diamonds may be central to helping them to grow and maintain their competitiveness.

Although productivity levels are low in both the Thames Gateway and Urban South Hampshire, their recent employment trends are different. There has been strong employment growth in the Thames Gateway, but these jobs may not yet be of sufficiently high value to drive growth. Urban South Hampshire lost jobs between 2004 and 2007, perhaps reflecting its strong reliance on manufacturing. In both these Diamonds, employment rates and qualification levels are low, suggesting that they have considerable untapped potential. However, there has been recent progress in attainment of lower-level skills in both of these locations, reflecting the efforts of

²⁰ The South East average is shown at the intersection of the Axes

decision makers and service providers. Future regeneration support will need to build upon this to further improve both job opportunities and the skills levels of residents. Figure 3.3 compares the employment rates and skills levels of the Diamonds with those of the South East region as a whole. Those with a high proportion of residents with Level 4+ qualifications and a high employment rate could be considered to have strong knowledge economies; those that have high employment rates, but a low proportion of residents with higher level qualifications may be in a low skills equilibrium; those with both a low employment rate and a low proportion of residents with higher level qualifications could be defined as regeneration areas that need to focus on both skills and job creation; and those Diamonds that have a well-qualified resident population, but a low employment rate may not be making best use of their human capital and may have a particularly divided labour market.

Figure 3.3: The Diamonds Compared with the South East Region as a Whole (2)



Sources: Step Ahead, Adapted from Annual Population Survey 2008 – figures produced by SEEDA.

This again shows that the collective performance of the Diamonds currently is similar to the South East average. The high skills profile in Reading, Central Oxfordshire and Brighton & Hove are offset by the lower skills of residents in Thames Gateway (Kent) and, to a lesser extent, Urban South Hampshire. The high employment rates in Reading, Basingstoke, Gatwick Diamond and Milton Keynes & Aylesbury Vale, are offset by low employment rates in Thames Gateway (Kent), Urban South Hampshire and Brighton & Hove. Figure 3.4 compares the Diamonds by all the four variables.

Figure 3.4: Diamond Comparisons

	Employment Rate	Skills Levels	Productivity	Recent Job Growth
Basingstoke	High	High	Moderate	Moderate
Brighton & Hove	Low	High	Low	Moderate
Central Oxon	High	High	High	Low
Gatwick Diamond	High	Moderate	High	Low
Milton Keynes & Aylesbury Vale	High	Moderate	High	Moderate
Reading	High	High	High	Moderate
Urban South Hampshire	Low	Low	Low	Low
Thames Gateway	Low	Low	Low	High

Sources: Step Ahead, Adapted from Annual Population Survey 2008 and figures produced by SEEDA

It is noted that within Urban South Hampshire, since the agreement of the MAA and publication of the South Hampshire Sub Regional Strategy (SHSRS), some significant progress has been made, despite a period of economic downturn. PUSH report that the proportion of the working age population with a Level 2 qualification has improved to 2.1 percentage points above the national average. Over the same period the gap between South Hampshire and the South East region as a whole had narrowed from 4.4 percentage points below to 1.6 percentage points below, reflecting the continued commitment to focus on strengthening the skills base, promoting and growing the strongest business sectors and tackling under-performance in others.

Although all Diamonds have their own distinctive challenges, it may be possible to group them into the following categories:

Higher Performing Diamonds:	Reading and Central Oxfordshire
Middle Performing Diamonds:	Basingstoke and Milton Keynes & Aylesbury Vale, Gatwick
Lower Performing Diamonds:	Urban South Hampshire and Thames Gateway and Brighton & Hove.

This may help to identify common challenges amongst groups of Diamonds. Reading and Central Oxfordshire may have to cope with capacity constraints, labour supply and maintaining a strong international market position. In Thames Gateway (Kent), Urban South Hampshire and Brighton & Hove there is a need for more and better quality jobs (and in the case of the first two, significant skills challenges). In the 'middle performing' Diamonds, improving skills levels may be a common priority.

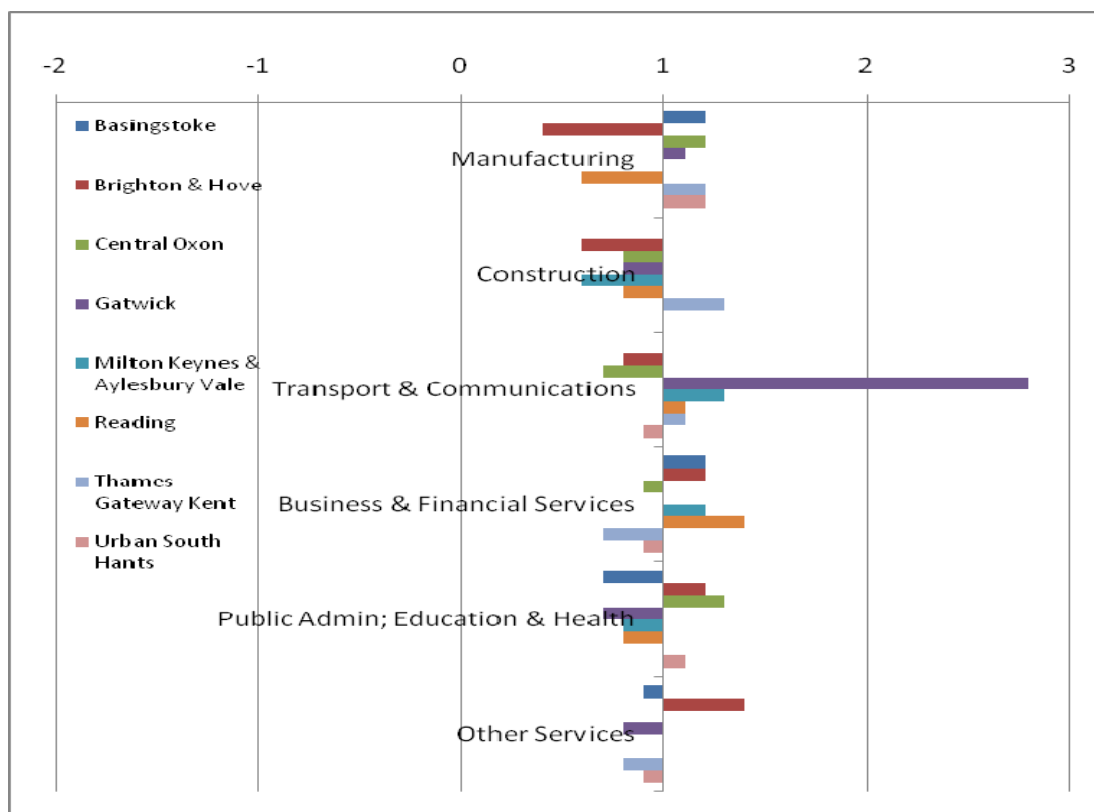
The types of skills provision that is needed in each Diamond is likely to depend on the structure of the sub-regional economy and it is important to acknowledge that this is different in each Diamond. Figure 3.5 shows where there are sector strengths relative to the South East region as a whole^{21 22}.

Figure 3.5: Sector Employment Concentrations

See Overleaf

²¹ The distribution, hotels and restaurants sector has been removed from the analysis, as this sector is equally important to all Diamond areas.

²² The axis (1) shows the average share of employment in each sector in the South East as a whole. Where the bars are to the right of the axis, this shows a higher concentration of employment, where they are to the left, this shows a lower concentration of employment.



Source: Annual Business Inquiry 2007.

Most of the Diamonds do not have a high dependency on public services. The main exceptions to this are Brighton & Hove and Central Oxfordshire, and, to a lesser extent Urban South Hampshire. All three of these Diamonds have a strong university presence, providing higher value added public sector employment.

Five of the Diamonds have concentrations of manufacturing, which, at an advanced level is a key driver of economic growth. Only Brighton & Hove and Reading have low concentrations of employment in this sector.

Long-term reductions in employment in manufacturing have been driven by improvements in productivity and a shift to higher value added products. The level and nature of the manufacturing base in each Diamond is important to understand in order to determine what the employment and skills responses should be. Lower and intermediate level manufacturing activity is likely to continue to decline and Diamonds where this is a strong feature may need to develop strategies to move activity up the value chain. However, in other Diamonds, advanced engineering is already a key economic driver and the demand for technical skills may be higher than in other parts of the South East region.

Business & financial services have been key drivers of employment and economic prosperity across the country and there are particular concentrations of employment in four of the Diamonds: Basingstoke, Brighton & Hove, Milton Keynes and Reading. However, in the remaining four Diamonds the concentration of employment in this sector is below the regional average. Businesses that have adopted new technologies and been able to access wider international markets are likely to be more resilient and become stronger drivers of the Diamonds' future economic development.

There are distinct concentrations of employment in transport & communications within the Gatwick Diamond, reflecting the presence of the airport, and Other Services in Brighton & Hove, which has a strong cultural and creative industries sector.

Diamond-level analysis can lead to a dilution of key characteristics *within* Diamonds. The wider the geographical area of analysis, the more balanced and mixed the economy is likely to be. Pockets of low skills and worklessness in one part of a Diamond are sometimes offset by higher level skills in another. This may be the case in Milton Keynes & Aylesbury Vale, for example, where tackling low skills may be more of a challenge in the former and providing high quality local jobs for existing London commuters may be the focus in the latter. In the Gatwick Diamond too, Crawley's low skilled adult population is not reflected in the other districts that make up the Diamond.

Diamond-level strategies will need to reflect these within-Diamond issues, which can be as important as pan-Diamond and regional Diamond ones. Furthermore at the outer fringes of the South East region, functional economic geographies span regional boundaries, so economic development priorities need to reflect this. The Milton Keynes and South Midlands area, for example, has an Economic Development Implementation Plan that is supported by three Regional Development Agencies.

3.2 Vocational Learning Skills Supply

The consultation with businesses and stakeholders has revealed a strong need to improve the quality and relevance of vocational training within the Diamonds, with particular emphasis on technician level skills.

This section provides an analysis of the participation in Train to Gain and Apprenticeships in the Diamonds between August 2008 and July 2009. Although Train to Gain and Apprenticeship starts account for only a proportion of employer responsive vocational learning that takes place within the Diamonds, the data provides an indication of the take up of vocational learning by sector and by level within each of the Diamonds.

Train to Gain

Train to Gain aims to provide businesses of all sizes with the training support that they need, from basic level skills through to level 2, level 3, and higher level skills, such as Leadership and Management. The main focus of the service is on small and medium sized businesses.

Between August 2008 and July 2009 47,500 people in the Diamonds started a Train to Gain learning programme. Two-thirds (66%) of all starts were at level 2 and nearly one fifth (18%) were at level 3. Virtually all the remaining starts were at basic skills level.

More than half of all the Train to Gain starts (51%) were in the Thames Gateway and Urban South Hampshire Diamonds, the weakest performing Diamonds in the region, whilst Brighton & Hove, Basingstoke and Gatwick Diamond accounted for only around one in six (17%) of starts between them.

Six subject areas account for nearly three-quarters of all Train to Gain starts: health, public services & care; business administration & law; preparation for life & work, engineering & manufacturing; and construction, planning and built environment (Figure 3.6).

Figure 3.6: Main Train to Gain Programme Starts

	Starts	Skills for Life	Level 2	Level 3	Level 4
Health, Public Services & Care	8712 (18%)	0	4861	3519	332
Business Administration & Law	7882 (17%)	0	6236	1472	173
Retail & Commercial Enterprise	4642 (10%)	0	4225	417	0
Engineering & Manufacturing	4176 (9%)	0	3849	327	0
Construction, Planning & Built Environment	3143 (7%)	0	2877	348	43
<i>Preparation for Life and Work</i>	5613 (12%)	5613	0	0	0

Source: National / ILR0809 E_AIMS

Health, public service & care accounted for more than half (52%) of all starts at level 3 and more than half (59%) of starts at level 4. By contrast, engineering &

manufacturing accounted for just 5% of starts at level 3 and none of the level 4 starts. Indeed, it appears that starts in technical subjects, such as construction and engineering are more likely to be at level 2 than starts in many service sector subjects, such as health, public services & care and business administration & law. If the perceived shortage of technician level skills is to be addressed, there may need to be more of an emphasis on level 3 training in these areas.

The balance of Train to Gain starts differs between the Diamonds by both level and by subject area. More than four out of ten (43%) of all the Level 4 starts were in Urban South Hampshire, whilst in Central Oxfordshire there was a greater focus on 'preparation for work' training than in other Diamonds. Figure 3.7 shows each Diamond's overall share of Train to Gain starts and the subject areas where there is a particularly high concentration of starts.

Figure 3.7: Share of Train to Gain Starts

	Overall Share of Starts	High Share of all Starts in across the Diamonds²³
Basingstoke	4%	Information & Communications Technology (14%) Engineering & Manufacturing (8%)
Brighton & Hove	7%	Health, Public Services & Care (10%) Education & Training (9%)
Central Oxfordshire	9%	Retail & Commercial Enterprise (15%); Preparation for Work (14%)
Gatwick Diamond	6%	Health, Public Services & Care (8%)
Milton Keynes & Aylesbury Vale	11%	Retail & Commercial Enterprise (15%); Business Administration and Law (14%)
Reading	12%	Health, Public Services & Care (14%) Education & Training (17%)
Thames Gateway	20%	Construction, Planning And The Built Environment (31%) Education & Training (33%) Information & Communications Technology (28%)
Urban South Hampshire	31%	Engineering And Manufacturing Technologies (42%)

Source: National / ILR0809 E_AIMS

Thames Gateway (Kent) has a particularly strong focus on construction, planning & the built environment and Urban South Hampshire has a disproportionate number of starts in engineering & manufacturing. In most of the other Diamonds, there tends to be more of a focus on service sector-related Train to Gain starts, rather than those that develop technical skills.

Train to Gain appears to have been strongly focused on supporting service sector industries in 2008/09 and this is particularly the case in the take up of higher intermediate level (level 3) training. Although large numbers of people gain skills on full-time, college based learning programmes, this profile of starts does not appear to strongly support the perceived need to raise the level of technical vocational skills within the Diamonds, or to support SEEDAs priority sectors. It may be that the balance of Train to Gain starts needs to be shifted more towards level 3 technical vocational training than currently appears to be the case.

²³ Does not include subject areas where the overall number of starts across the region is less than 1,000.

Apprenticeships

Stakeholders consistently emphasised the value of Apprenticeships as a way of providing training that is relevant for employers. Between August 2008 and July 2009 16,483 people started Apprenticeships in the Diamonds. Of these, 6,129 (37%) were started by 16-18 year olds and 10,354 (63%) were started by people aged 19+. There were twice as many starts on level 2 Apprenticeships (68%) as on level 3 Apprenticeships (32%).

Over half 56% of all Apprenticeship starts were in two Diamonds – Urban South Hampshire and Reading. Thames Gateway (Kent) which accounted for one in five Train to Gain starts, provided just 12% of the Apprenticeship starts

The level of training was broadly similar across all Diamonds, except for Reading, where more than four out of ten (43%) starts were on level 3 programmes and Urban South Hampshire, where more than three quarters (77%) of all starts were at level 2. There was a similar distribution of starts by age group in all Diamonds, except for Thames Gateway (Kent), where more than four out of ten (42%) starts were 16-18 year olds and 58% were aged 19+.

Four sectors accounted for more than two-thirds (68%) of all Apprenticeship starts: engineering & manufacturing; business administration & law; retail & commercial enterprise; and health, public service & social care (see Figure 3.8)

Figure: 3.8: Apprenticeship Starts

	Starts	Level 2	Level 3		16-18	19+
Engineering & Manufacturing	4451 (28%)	2597	1854		1987	2464
Business Administration & Law	3077 (19%)	2215	862		464	2613
Retail & Commercial Enterprise	2902 (18%)	2375	526		1223	1678
Health, Public Service & Social Care	2108 (13%)	1386	722		809	1299

Source: National / ILR0809 E_AIMS

Engineering & manufacturing accounted for more than a quarter (28%) of all Apprenticeship starts and more than a third (36%) of all level 3 starts. The distribution of 16-18 year old and 19+ year old starts was similar across most areas. However, 19+ apprentices were much more likely to start business administration & law programmes than 16-18 year olds, whilst 16-18 year olds were more likely people aged 19+ to start construction, planning & built environment and engineering & manufacturing programmes.

The balance of Apprenticeship starts differs between the Diamonds by level and by subject area. More than half (53%) of all the level 3 starts were in Reading and Urban South Hampshire.

Figure 3.9 shows each Diamond's overall share of Apprenticeship starts and the subject areas where there was a particularly high concentration of starts.

Figure 3.9: Share of Apprenticeship Starts

	Overall Share of Starts	High Share of Starts²⁴
Basingstoke	4%	Information Technology (10%)
Brighton & Hove	6%	Construction, Planning & Built Environment (7%) Health, Public Administration & Social Care (8%)
Central Oxfordshire	8%	Construction, Planning & Built Environment (14%)
Gatwick Diamond	7%	Leisure, Travel & Tourism (20%)
Milton Keynes & Aylesbury Vale	9%	Retail & Commercial Enterprise (16%)
Reading	22%	Engineering & Manufacturing (48%)
Thames Gateway	12%	Construction, Planning & Built Environment (26%); Information & Communications Technology (23%) Business Administration & Law (20%)
Urban South Hampshire	34%	Information & Communications Technology (38%)

Source: National / ILR0809 E_AIMS

Nearly half (48%) of the engineering & manufacturing Apprenticeship starts were in the Reading Diamond and a quarter (26%) of construction, planning & built environment Apprenticeships were in Thames Gateway (Kent).

There does not always appear to be a strong link between the profile of apprenticeships and the profile of Train to Gain starts in some of the Diamonds. Leisure, travel and tourism are a strong feature of apprenticeships in the Gatwick Diamond, but do not appear to be a strong feature of Train to Gain, for example.

Although starts may reflect local demand, there may be more need to take a more strategic and joined up approach to the different elements of vocational learning so that it better supports sub-regional strengths.

²⁴ Does not include subject areas where the overall number of starts across the region is less than 1,000. NB: 3489 of the 16067 starts were in 'unknown' subject areas, with 97.5% of these being in one Diamond.

4.0 The Employment and Skills Issues

This section outlines the employment and skills issues both across and within the South East Diamonds for Growth and Investment. It provides a short summary of the main characteristics and local issues that have been identified within each Diamond. More detailed analysis and data is given in Appendix One

Basingstoke

Basingstoke has the highest employment rate of all the Diamonds and has above average productivity levels, driven by concentrations of advanced manufacturing and business services. It has high business start up and business density levels compared with the Diamonds average and median workplace earnings are the second highest of all the Diamonds.

Basingstoke hosts the back office functions of several large multinationals, providing significant levels of employment, but which may be vulnerable to off-shoring to more cost effective locations. Forecast employment growth is faster than the average for all the Diamonds, but these jobs may be difficult to service without drawing labour from elsewhere, given the tightness of the labour market.

Four per cent (594) of all the Diamonds' apprenticeship starts and 4% (2006) of all Train to Gain starts were in Basingstoke, but there was a greater concentration of Information Technology training.

Employers have found it difficult to recruit people with intermediate level technical skills in the engineering sector, which stakeholders attributed to the decline in traditional apprenticeships and the perception that engineering skills are no longer taught in schools. This situation has eased in the more difficult economic climate, but this will not affect the longer term underlying difficulties in recruiting staff to technical roles.

Brighton & Hove

Brighton & Hove has the most highly qualified working age residents of all the Diamonds, but it also has the lowest employment rate and the lowest level of GCSE attainment. The skills of its resident population appear to be under-utilised, with many higher skilled people under-employed, making it difficult for lower skilled residents to compete for entry level jobs. The Diamond has a strong service sector economy, with little manufacturing and a continued reliance on lower value added activities. However, business dynamism in the Diamond is strong, with high business start ups and business density levels. The Diamond has developed a strong cultural and creative sector, with a particular strength in Digital Media that is expected to contribute to its future economic growth.

Six per cent (980) of all the Diamonds' apprenticeship starts and 7% (3190) of all Train to Gain starts were in Brighton & Hove. There was a greater concentration of construction, planning & built environment and health, public service and care apprenticeship starts and a greater concentration of education & training and health, public service and care Train to Gain starts.

Organisationally, the Brighton & Hove Diamond is under-developed, with limited cross-border partnerships and a lack of clarity about the appropriate economic geography. However, addressing low poor school performance, retaining and effectively utilising its highly skilled population by supporting and attracting high value added businesses and improving vocational skills provision are seen as key employment and skills priorities within the Diamond.

Central Oxfordshire

Central Oxfordshire has a strong dependence on public sector employment - much of which is associated with the higher education sector; and manufacturing - much of which is higher value-added. It has a highly skilled workforce, above average productivity levels, but a business start up rate that is amongst the lowest of all the Diamonds. Central Oxfordshire has maintained a healthy employment rate despite seeing its working age population increase more rapidly than most other Diamonds over the past decade. As in Brighton & Hove, there is a difference between the high qualification levels of the working age population and the low levels of GCSE attainment within its schools. This may mean that the labour market is divided between high skilled people who move into the Diamond and lower skilled people who have been brought up within it.

Eight per cent (1273) of all the Diamonds' apprenticeship starts and 9% (4483) of all Train to Gain starts were in Central Oxfordshire. There was a greater concentration of construction, planning & built environment and retail & commercial enterprise apprenticeship starts and a greater concentration of retail & commercial enterprise and preparation for work Train to Gain starts.

Local priorities include ensuring that there is a sufficient supply of technicians to meet the needs of the local science businesses and to improve the behaviours, attitudes and mindsets of local people leaving full-time education, so that they are better equipped to enter employment.

Gatwick Diamond

The Gatwick Diamond has the highest number of jobs per working age resident of all the Diamonds and the second highest employment rate. This means that Gatwick is likely to have to rely on external labour more than other Diamonds. Productivity is amongst the highest of all the Diamonds as is GCSE attainment within its schools. However, one in ten (10%) working age residents holds no qualifications and many fill a plentiful supply of lower and intermediate level jobs that are related to airport activities.

It has a high employment rate, but its fairly poorly qualified resident population, means that its higher quality jobs are often filled by labour that is drawn from outside the Diamond. It has excellent transport links both to London and, through Gatwick Airport, to international markets, but recent employment growth has been amongst the lowest of all the Diamonds.

Seven per cent (1077) of all the Diamonds' apprenticeship starts and 7% (2842) of all Train to Gain starts were in the Gatwick Diamond. There was a greater

concentration of leisure, travel and tourism apprenticeship starts and a greater concentration of health, public administration and care Train to Gain starts.

Organisationally, the Gatwick Diamond is well established and resourced through a partnership of local authorities in West Sussex and Surrey. It has strong links to Croydon and the south London fringe to the north and the Brighton & Hove Diamond to the south.

There is an overarching priority within the Gatwick Diamond to take forward a proposed University Centre and to address low skills amongst local residents, particularly amongst 18-24 year olds. This may be a way of helping to reduce the need for local employers to recruit staff from elsewhere and to ensure that it is able to respond to the needs of potential inward investors.

Milton Keynes & Aylesbury Vale

Milton Keynes & Aylesbury Vale has been identified as a priority growth area by the Government. There has been a significant increase in the working age population over the past ten years and it is projected to continue at a much faster pace than average into the future. Despite this, the employment rate and productivity are amongst the highest of all the Diamonds, suggesting that it is one of the higher value added economies in region. The high level of business start ups and business density suggest good levels of local enterprise.

However, the qualification levels of its workforce are moderate and it has amongst the highest level of local working age residents (10%) who hold no qualifications. This may be concentrated in the Milton Keynes part of the Diamond, in particular. This, and low levels of GCSE attainment at schools is likely to mean that addressing low end skills is a key priority for the Diamond. There is a new University Centre in Milton Keynes which is being developed around seven faculties, including Digital Age; Health & Well-Being; Advanced Engineering; Creative Technologies; Sustainable Development; Leadership & Management; and Education. Although Aylesbury Vale has higher qualified residents, significant numbers commute into London to work.

Nine per cent (1440) of all the Diamonds' apprenticeship starts and 11% (5213) of all Train to Gain starts were in the Milton Keynes & Aylesbury Vale. There was a greater concentration of retail & commercial enterprise apprenticeship starts and a greater concentration of business administration & law and retail & commercial enterprise Train to Gain starts.

Future employment may be based on housing growth, which could result in a high proportion of low value added service sector and public sector employment, unless there is a clear sector strategy for the Diamond, which will make the skills needs clearer.

The main skills challenges appear to be around developing the business and communication skills that employers need, and improving school performance. Economic development priorities within this Diamond need to reflect the Economic Development Implementation Plan for Milton Keynes and South Midlands that is supported by three Regional Development Agencies.

Reading

Reading is the highest performing of the Diamonds, in terms of productivity and GCSE attainment in schools. Median earnings are higher than all the other Diamonds; qualification levels; the employment rate; job density; business start ups and business density are all high. Despite its strong economic profile, Reading has been affected more than any other Diamond in terms of increases in claimant count unemployment.

The high job density and employment rate mean that businesses in Reading need to draw on labour from outside the Diamond and this is likely to continue given the low level of projected growth in the working age population. Transport infrastructure, is therefore, seen as a key local priority to ensure that Reading is able to retain its existing high level employers and to attract new inward investment.

Twenty-two percent (3548) of all the Diamonds' apprenticeship starts and 12% (5213) of all Train to Gain starts were in Reading. There was a greater concentration of engineering & manufacturing apprenticeship starts and a greater concentration of education & training and public administration, health and care Train to Gain starts.

Reading's major priorities relate to ensuring that it can maintain its competitive advantages and identifying what its future sector priorities should be, rather than what they have been in the past. Many of Reading's companies compete on a global stage and they need to be able to respond to the challenges from the emergence of China. Beyond this, low level non technical, customer service and administrative skills are also seen as a key local priority in Reading.

Thames Gateway Kent

Thames Gateway Kent has the highest proportion of jobs in lower value added service sector activities, and its relatively low levels of productivity and business start up rates emphasise the need to invest in regeneration within the Diamond.

It has the lowest employment rate, the lowest proportion of working age residents with higher level qualifications and the highest proportion of unqualified residents. Many of its higher qualified residents may also commute London to fill higher level jobs than they can secure locally. However, between 2004 and 2007, employment grew at a faster rate than in any other Diamond, and GCSE attainment and median workplace earnings are only marginally below the Diamonds average.

Thames Gateway Kent is part of the wider Thames Gateway that has been identified as a key growth area by Government. There is a Multi Area Agreement that focuses on tackling worklessness and developing high level skills. This means that structures and partnerships are in place to support economic development. Like Urban South Hampshire, much of the focus for Thames Gateway Kent is on regeneration activities, including raising aspirations of local people and tackling low skills levels.

Twelve percent (2026) of all the Diamonds' apprenticeship starts and 20% (9699) of all Train to Gain starts were in Thames Gateway Kent. There was a greater concentration of construction, planning & built environment, information & communications technology and business administration & law apprenticeship starts

and a greater concentration of education & training, information & communications technology and construction, planning & built environment Train to Gain starts.

The projected population growth in the Diamond is expected to increase the demand for people to work in the public sector, whilst there are priorities to build on existing strengths in Ports & Logistics, Advanced Engineering and Construction. The emerging Thames Gateway Economic Strategy suggests that there may also be opportunities in environmental technologies, leisure and tourism, the creative industries and business and financial services.

Urban South Hampshire

Urban South Hampshire has a relatively poorly qualified working age population, low productivity levels and low levels of business dynamism compared with the Diamonds average. It is the only one of the Diamonds that saw the number of people in work fall between 2004 and 2007 and forecasts suggest that employment will grow at a slower pace than in all the other Diamonds over the next few years, whilst the working age population is projected to grow faster. This presents major challenges for Urban South Hampshire, particularly since the employment rate is already relatively low.

The Marine sector is particularly strong in Urban South Hampshire, and diversification of activities from the Defence industry in Portsmouth has left the Diamond with a strong technical base upon which to grow. However, new sectors, such as environmental technologies, the creative industries and tourism may also become more important to the Diamond. Thirty-five percent (5539) of all the Diamonds' apprenticeship starts and 31% (14595) of all Train to Gain starts were in Urban south Hampshire. There was a greater concentration of information & communications technology apprenticeship starts and a greater concentration of education & training, engineering & manufacturing Train to Gain starts.

The Partnership for Urban South Hampshire has been established and the area now has a Multi Area Agreement, securing local flexibilities to collectively address identified local issues, so local partnerships appear to be strong. Tackling youth unemployment and deprivation, raising aspirations and improving employability skills may be more acute in Urban South Hampshire than in many other Diamonds, given its socio-economic profile. However, the priorities are not only focused on regeneration issues. There is a need to ensure that there are sufficient higher level skills available to fill jobs that are created by inward investment.

The PUSH strategy 'Skills for Employability & Growth', sets out a vision that by 2026 the PUSH area will be a highly productive, dynamic economy with a cohesive and prosperous society driven by a talented and growing workforce. To ensure a well coordinated, multi-organisational approach to skills and training provision that meets the needs of employers and the economy they have created an Employment and Skills Board (ESB), with 50% employer membership. They are now seeking for it to be made a specified body under Section 24A of the Learning and Skills Act in order that it can take the lead for coordinating and aligning resources and policy and the delivery of the employment and skills strategy. Work to date suggests that the PUSH ESB is well placed to secure a role which is primarily strategic rather than operational - and that it is capable of articulating and positively influencing current and future employment and skills demand, in order to formulate a strategy which will shape supply side provision in the sub-region going forward.

5.0 The Diamonds' Employability and Skills Challenges

Delivering the Strategy at the Right Spatial Level

The diverse nature of the Diamonds means that some issues are best addressed at individual Diamond level. However, there is real value in taking a collective approach to common issues as a pan-Diamond partnership and for groups of Diamonds to work collaboratively where there is mutual benefit. Actions should, therefore, be taken at the appropriate spatial level. This means that, where possible, the approach should be to support local actions and to take a regional, pan-Diamonds approach only where this is needed.

This approach is reflected in 'Partnerships for Growth'²⁵, which recognises the importance of getting the right balance between central government, regions, cities and localities to drive up economic performance. Local expertise and knowledge are seen to be crucial in identifying and responding to their own priorities, but Regional Development Agencies have extensive experience of joining up policies relating to skills, employment and business development. This means that the right decisions need to be made at the right spatial level, with regional bodies taking a co-ordinating role, identifying where there are common issues and ensuring that local, sub-regional and national priorities are joined-up. RDAs will also be responsible for skills advocacy, partnership building, and spearheading multi-agency action in support of employers to identify and resolve gaps and mismatches in the supply of skills to meet new employer demand.

The economic development landscape is seen by many to be complicated, so Diamonds need to operate within and through existing structures, rather than creating new ones. Local and Multi-Area Agreements; local Economic Partnerships, and their regional group, South East Economic Partnerships (SEEPs) and Employment and Skills Boards (ESBs) are already well-established in many parts of the region. Furthermore, the devolution of responsibility for many economic development functions to local authorities, the political, financial and organisational uncertainty that exists at the end of 2009, makes the landscape for delivering economic development priorities complex.

The Diamonds are clearly at different stages of development. Some have well-established structures through Multi-Area Agreements or longstanding partnerships that are supported by resources from partners and have agreed terms of reference. Others are still developing an agreed partnership model that extends across boundaries and covers an identified functional economic geography. Part of this may be inevitable. The outer fringes of some Diamonds are pulled in different directions both politically and economically and the impact of the London labour market on the Diamonds should not be under-estimated. However, there is a strong focus on partnerships that span administrative boundaries and future ESF/ERDF funding streams are likely to increasingly require multi-area applications from 2010.

As detailed in the introduction, the SEDfIG Partnership provides a formal, regional link across the Diamond areas. The partnership has enjoyed success in developing

²⁵ Partnerships for Growth: A National Framework for Regional and Local Economic Development

shared approaches to tackling the ecological footprint, obtaining EU funding and articulating a collective voice of the Diamonds in statutory consultations. However, beyond this strategic level there is scope for greater co-operation between core Diamonds authorities. The SEDFIG Partnership provides two networking events each year, which seek to share best practice between the Diamonds and develop links across the region. Beyond this, however, formal linkages at the delivery level tend to be limited. This could be addressed through more formalised regional events, better use of electronic communication, with the Diamonds Group acting as the conduit for policy responses and funding opportunities, for example.

Responding to International Competition

The South East of England is a global region and needs to operate within this context, with the Diamonds being magnets for Inward Investment. The emergence of China and India as major international economies producing increasingly sophisticated goods and services, and the development and application of new technologies that make supply chains international and companies footloose, means that there need to be co-ordinated responses to high level inward investment opportunities. This includes making better use of the intelligence that is held by UK Trade and Investment (UKTI); identifying priority sectors for investment within each of the Diamonds; and focusing skills provision towards technical and vocational learning at Level 3 and above.

Sector priorities have not been defined in all the Diamonds and the changed economic conditions have forced a rethink about the sectors that are likely to generate local wealth and jobs. However, SEEDAs six sector priorities and pillars of technology activity²⁶ should help Diamonds to identify their own local strengths more clearly. In some Diamonds, these are more clear than others – the marine sector in Urban South Hampshire, digital media in Brighton & Hove; science in Central Oxfordshire, transport in the Gatwick Diamond and information technology in Reading, for example. However, the priority sectors are still being reviewed in other Diamonds and the Regional Diamond Partnership may be able to contribute to this process.

Creating Clarity in the System

Businesses and individuals are often confused by the learning and skills landscape. This prevents businesses from engaging with the learning and skills system and potentially discourages learners, who cannot identify a clear learning pathway, from engaging. This, and on-going academic/vocational divide is acknowledged in the National Skills Strategy²⁷.

There is a need to break down the barriers between higher and further education; and academic and vocational learning, to simplify the landscape and to work with businesses as partners to deliver what is needed. Learning needs to be curriculum focused and business-relevant, rather than institution-led. This may mean taking an integrated, multi-agency approach to delivery, enabling learners to switch between academic and vocational models and to identify clear learning routes to different levels throughout their working lives.

²⁶ SEEDA's Priority Sectors: advanced engineering (including marine); ICT and digital media; life sciences and health; financial services; environmental technologies; aerospace and defence; SEEDAs pillars of technology activity: advanced materials; communications technologies; healthcare technologies; sustainability technologies

²⁷ Skills for Growth – The National Skills Strategy; Department for Business, Innovation and Skills (2009)

Raising Aspirations and Improving Education-Business Links

In several of the Diamonds, worklessness, low skills and low aspirations continue to weaken the potential for economic growth. Low levels of GCSE attainment, high levels of NEETs and a low skilled adult workforce keep earnings low and contribute to the low productivity rates that exist within several Diamonds.

At entry level, the lack of basic skills of many school/college leavers continues to be a challenge for many employers within all Diamonds. This is not just about improving literacy and numeracy skills, however. It is about equipping people with the right behaviours, attitudes and mindsets so that they can operate effectively in the labour market and learn the technical skills that they need to progress through it.

There is a need to bring education and business closer together, to overcome misunderstandings and to deliver joint solutions to identified challenges. In some Diamonds, education-business partnerships are working effectively to do this and there is a sense that these should be actively supported so that there is a better understanding of employer needs throughout the education system.

Developing Technical Skills and Leadership and Management

The skills challenges that are faced by businesses in many of the Diamonds are not always at the higher level, where labour is often drawn from a national or international labour pool. It is at the technician level, where businesses find it difficult to recruit people with the technical skills that they need. Different styles of learning are perceived not to be well-served by the current system, with limited routes for vocational learners, who are still considered to be the system's poor relations. There is a strong sense that this needs to be addressed and that learning and skills within the Diamond should focus on promoting science, technology, engineering & maths (STEM)²⁸. This may mean actively supporting initiatives like University Technical Colleges and re-branding learning campuses as technical campuses, so that there are clear paths through to higher levels of learning through a vocational route, as well as an academic one. It also means ensuring that provision is relevant to the needs of the local economy and encourages greater take up by learners.

Attracting and retaining higher skilled people and fostering a culture of innovation and knowledge exchange to the region are essential for it to maintain its competitive advantage. Higher education has a key role within Diamonds and has a presence in all except two – Basingstoke and the Gatwick Diamond. Higher Education Institutions (HEIs) help to raise the profile of learning raise aspirations amongst local people, attract and retain new talent, support innovation amongst the Diamonds' businesses through effective knowledge exchange activities, and have a key role in producing people with relevant and valuable skills for the immediate and future demands of employers.

There is evidence of strong collaboration between HEIs and local businesses in many of the Diamonds and this should be extended, so that universities become key drivers of the Diamonds. This is not just in terms of supplying high quality labour with relevant skills for local businesses, but also in supporting businesses to innovate,

²⁸ Employer surveys conducted in Oxfordshire, Buckinghamshire, Greater Reading and Slough have all found that science and technology skills, and especially technician skills, are in short supply in the Thames Valley areas, for example (Employer Skills Needs in the Thames Valley, Step Ahead Research, July 2009).

identify new markets and to improve their business processes. Indeed, SEEDA will be working with the Vice-Chancellors of the region's universities to identify how the universities can drive economic growth in the South East region.²⁹

Sharing Good Practice

There is limited knowledge within the Diamonds as to what is happening in different parts of the region. Partnerships are often at the development stage locally, but the mechanisms for sharing best practice across the Diamonds or to identify joint solutions need to be further developed.

Although in many cases solutions may be found within each Diamond, successful initiatives need to be communicated so that, where appropriate, they can be implemented across Diamonds. The regional network and the SEDFIG Skills & Employability group can facilitate this through more formalised structures and events.

²⁹ Going for Growth: Lord Mandelson's speech to The Work Foundation January 2010

Annex I Strategic Priorities and Action Plan

The Diamonds group needs to be able to add value to each of the Diamonds involved, and to be recognised by both the Diamonds and central Government departments as the conduit through which information sharing, networking and lobbying take place. The successful delivery of the strategy will depend on recognising sub-regional diversity, being sensitive to political and organisational contexts, and ensuring that solutions are delivered at the right spatial level.

This means that the role for the regional Diamonds group will often be concerned with supporting local priorities, rather than imposing uniform regional ones. It means identifying and reviewing priorities that are common across Diamonds and taking these forward to central Government as the collective voice; ensuring that information and knowledge that is held within one Diamond is shared across the Diamond network; promoting best practice, facilitating pan-Diamond partnerships and identifying opportunities for joint funding bids, where there are issues that can best be addressed jointly.

The priorities that have been identified in this strategy have been based on an analysis of socio-economic evidence; consultation with partners and stakeholders within each of the Diamonds; discussions with the SEDfIG Skills and Employability policy group; a workshop held at the 'Leading the Way to Recovery' Diamonds Conference on 9 November 2009; and regular discussions with the Steering Group for this piece of work.

The five strategic priorities that have been identified are:

Strategic Priority 1: Provide Regional Diamond Leadership and Co-ordination.

Strategic Priority 2: Develop Science, Technology, Engineering and Maths (STEM) skills; and Improve Business Leadership and Management; and

Strategic Priority 3: Simplify the Skills System to Make it Easier for Employers and Learners to Engage;

Strategic Priority 4: Strengthen Education – Business Links, from School to Adult Learning;

Strategic Priority 5: Improve the Work Readiness of Young People and Adults,

These five priorities are underpinned by proposed primary and secondary actions and specific 'strategic asks' that aim to ensure that the supporting infrastructure is in place to deliver them. Progress will be overseen and reviewed on an annual basis by the SEDFIG Skills and Employability policy group.

In developing these priorities, the SEDFIG Skills and Employability policy group acknowledges that there is already considerable existing activity taking place within Diamonds to address many of the issues that have been identified. The first two priorities, in particular, focus strongly on where most impact can be made at a regional level, working through the Skills & Employability policy group. Elements of this work (particularly 2.1b, 2.1d and 2.2a) relate to higher level skills, and can be taken forward through the Diamonds Knowledge Economy policy group. The latter three priorities relate, in the main, to activity that can be pursued at a 'local-first' level, with the Skills & Employability group monitoring and reporting activity and sharing good practice where appropriate.

Strategic Priority 1: Provide Regional Diamond Leadership and Co-ordination

Rationale

If the Diamonds group is to become a genuine network, there needs to be good pan-Diamonds understanding of the priorities, initiatives and actions within each of them. This does not mean that approaches need to be regionally uniform. However, it does mean Forums should be established to showcase achievements, share best practice and intelligence. Initiatives need to be delivered collectively where this is appropriate and there is a perceived to be a strong regional role to share intelligence and create linkages between Diamonds and supporting organisations. Stakeholders value the opportunity to learn from each other and to identify how best practice in one part of the region can be applied to their own Diamond.

Vision for 2014

By 2014, the Diamonds employment and skills group will be recognised by all Diamonds, across the region and by national Government as the key consultative body for employment and skills related issues for the Diamonds network. The group will be a principal vehicle through which intelligence and best practice is shared and where there is a collective Diamond view on employment and skills related issues, this will be articulated through the regional structures.

Objective 1.1

Facilitate inter-Diamond knowledge exchange and develop opportunities to showcase and share best practice on addressing employment and skills challenges between Diamonds

Primary Actions	Description	When
1.1a	Revise and consult on terms of reference and aims for the employability and skills group to deliver the employability and skills plan.	By April 2010
1.1b	Establish an Employment and Skills Best Practice and Intelligence web-page on the SEDFIG website to share best practice, disseminate policy developments and funding opportunities and publicise employment and skills Diamonds events.	By March 2011
Secondary Actions	Description	
1.1c	Develop an annual programme of planned and timetabled activities/events, which may include: creating effective education-business partnerships; innovative approaches to raising aspirations; influencing local skills provision; and developing university-business knowledge exchange activities.	From April 2010

Objective 1.2: Act as a Conduit for Communicating and Lobbying Employment and Skills between Central Government Departments and the Diamonds		
Primary Actions	Description	
1.2a	Develop a regional ‘<i>Funding Watch</i>’ facility to enable groups of Diamonds to adopt collaborative approaches to bids for ESF/ERDF funding to address shared employment and skills issues.	From April 2010
Secondary Actions	Description	
1.2b	Develop an on-going ‘Diamonds Policy Response’ facility so that a collective Diamonds view on employment and skills announcements can be articulated to central Government where appropriate.	<i>From April 2010</i>
1.2c	Produce an annual ‘Issue and Response’ report at the end of each financial year to summarise the lobbying activities of the Diamond Employment and Skills group and their impacts.	<i>From March 2010</i>
Strategic Ask 1:	Improve the links between the Diamonds and UKTI and SEEDA’s Inward Investment team in response to the global competitiveness challenge	
Strategic Ask 2:	Recognise the Diamonds Group as the collective voice of the Diamonds on employability and skills issues.	

Strategic Priority 2: Develop Science, Technology, Engineering and Maths (STEM) Skills, and Enhance Business Leadership and Management

Rationale

Many of the region's businesses are operating in an increasingly competitive international environment. This requires more technical innovation and effective leadership, but stakeholders suggest that businesses find it difficult to recruit people with science, technology, engineering and maths (STEM) skills, whilst people with leadership and management skills are also hard to find. Some Diamonds have specialisms in marine engineering & defence, ICT & advanced engineering, digital media and science, for example, but there can be a lack of vocational pathways to intermediate and higher levels to ensure that there is a good supply of new staff. Train to Gain data suggests that vocational learning may not be sufficiently focused on the development of the intermediate technical skills that stakeholders identify as a key priority. This threatens the region's competitiveness and means that businesses often need to look to international labour pools to fill technical posts, weakens the links between businesses and their local learning providers.

Vision for 2014

By 2014, the development of STEM skills will be embedded into the Regional Skills Strategy; the distinction between vocational and academic learning will become more blurred; there will be Apprenticeship and vocational learning opportunities that reflect the skills needs of employers within the Diamonds; and there will be good take up of relevant and accessible leadership and management programmes in each of the Diamonds.

Objective 2.1

Improve the quality and quantity of relevant STEM and leadership and management learning programmes in each Diamond

Primary Actions	Description	When
2.1a	STEM and Leadership and Management skills identified as Diamond priorities in the Regional Skills Strategy.	From July 2010
2.1b	Develop two pan-or joint Diamond proposals for funding to tackle common approaches STEM skills development and/or Leadership & Management.	By March 2012
2.1c	Building upon existing good practice, identify innovative ways of encouraging employer placements and increasing the number of STEM apprenticeships	From April 2010
2.1d	Identify how universities and HEIs can best contribute to economic growth in each Diamond	By March 2013

Secondary Actions	Description	
2.1c	Support, publicise and promote initiatives that lead to better collaboration between HE and FE institutions, including joint campuses or premises and progression accords to enhance the status of vocational progression routes.	From April 2010

Objective 2.2
Share best practice and mainstream regionally and locally developed approaches to addressing STEM and Leadership and Management skills needs.

Primary Actions	Description	When
2.2a	Develop a Diamonds university-business knowledge exchange database, outlining areas of specialisms across the Diamonds and facilitating closer links between HE institutions and Diamond employers.	By March 2011
2.2b	Hold at least 2 regional Meeting Priority Skills Needs Best Practice seminars held.	From March 2011

Strategic Ask 3:	Ensure that there is funding to encourage greater development of STEM skills and take up of Apprenticeships, in support of SMEs
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Objective 2.3
Improve Awareness of Career Opportunities for People Who Acquire STEM Skills

Primary Actions	Description	When
2.3c	Identify/develop and disseminate STEM career opportunity materials for young people and Connexions Personal Advisers	From July 2010
Secondary Actions		
2.3d	Host a STEM careers events for Connexions Advisers and Careers Co-ordinators	By March 2012

Strategic Priority 3: Simplify the Skills System to Make it Easier for Employers and Learners to Engage

Rationale

The landscape of skills services and providers, initiatives and changing funding regimes can be confusing and alienating to employers and learners. This inhibits engagement and undermines employers' confidence in the skills system. Stakeholders consistently reported that constant changes to the skills system make it difficult for businesses to understand the relationship between skills and qualifications and there is a perception that vocational learning supply does not always closely reflect the local economic development and business priorities. Efforts are being made to simplify the system for business: these include local and regional approaches which provide a single point of contact for employment and skills services. These approaches are valued by stakeholders and businesses, but a more transparent system would encourage greater business involvement and increase belief in the quality and relevance of what is being provided.

Vision for 2014

In 2014, the Diamonds' businesses will have a clear understanding of a streamlined skills system that is responsive to their needs and which provides clear learning pathways that enable learners to progress seamlessly and from one level to the next throughout their working lives.

Objective 3.1

Ensure that key Diamonds employers (existing and inward investors) are engaged and supported through SEEDA's Strategic Account Management system and the sector consortia or similar services, liaising appropriately with local partners in the Diamonds to provide a single point of contact and tailored employment and skills offer.

Primary Actions	Description	When
3.1a	Working with SEEDA, develop a central database of employers that are of strategic importance in each of the Diamonds and establish how their employment and skills needs are currently being met at sub-regional Diamond level.	By Sept. 2010
3.1b	Establish a protocol for 'employers of strategic importance' account management in each Diamond by sector consortia, Strategic Account Management and individual Diamond partnerships, complementing existing activity, through the Innovation and Growth Teams, for example,	By June 2010
3.1c	Working with SEEDA, use the engagement protocol support 10% of employers that are strategic importance located in the Diamonds through sector consortia and Strategic Account Management or their successor, to identify and respond to their employment and skills needs through a single point of	By March 2011

	contact.	
Secondary Actions	Description	
3.1d	Undertake an audit of Employment and Skills Board or other local relevant partnership activities to identify and share different models of engagement across the Diamonds.	By March 2011
3.1e	Maintain and update a central database of 'key employer' engagement activities and evaluate effectiveness of the single point of contact system.	From June 2010
3.1f	Extend engagement activities, in accordance with protocols developed under 3.1c, so that 20% of the region's employers of strategic importance have been supported through the Strategic Account Management system and single point of contact.	By June 2012
Objective 3.2 Support local initiatives to simplify the skills and employment system from the employer's perspective by taking advantage of opportunities for greater local flexibility, aligning resources across organisations and sharing local best practice in simplification.		
Primary Actions	Description	When
3.2a	Build upon and utilise existing shared funding opportunities, such as Joint Investment Frameworks, so that Skills Funding Agency and Job Centre Plus monies are pooled to support agreed activities in at least two Diamonds.	By March 2011
3.2b	Where appropriate, utilise existing and new opportunities for devolution of commissioning responsibilities for employment and skills initiatives to Diamond Partnerships, to ensure better recognition of local needs.	From April 2010
Secondary Actions	Description	
3.2c	Undertake an audit of local employment and skills flexibilities that have been secured through Local Area Agreements and Multi Area Agreements and secure agreement as to the most important common flexibilities that need to be secured across all Diamonds	By June 2010
3.2d	Support local co-funding and information-sharing initiatives that improve the employment and skills offer in each Diamond.	From April 2010
Strategic Ask 4:	Ensure that national skills and employment funding programmes can continue to be applied flexibly across all Diamonds to respond effectively to identified sub-regional needs	
Strategic Ask 5:	Maintain mechanisms to support employment and skills needs in priority sectors, amongst key employers and potential inward investors	
Strategic Ask 6:	Build upon recent progress to ensure that changes to the vocational learning landscape further simplify the system	

Strategic Priority 4: Strengthen Education – Business Links, from School to Adult Learning

Rationale

Education and skills provision does not reflect the needs of employers closely enough. Young people and adults often lack sufficient information and understanding of work opportunities and the expectations that employers have of new recruits. Employers believe that they need additional influence over the education and skills offer so that people can acquire the right skills, in the right way, and be more work ready. Education – business links are best handled locally by partnerships between providers and employers, but regional action can help share good practice and intelligence on employers needs.

Vision for 2014

In 2014, effective education business link activities will be operating in all the Diamonds leading to more business influence over the curriculum and a better understanding of the business requirements amongst learners.

Objective 3.1

Establish a Diamonds Good Practice Forum on Education – Business Links to share local approaches on curriculum development, involving employers in local skills planning and developing education – business link services.

Primary Actions	Description	When
4.1a	Two Forum meetings and three best practice updates on SEDfIG website, based on Forum outcomes.	By March 2012
4.1b	Identify key businesses as education-business link ambassadors to use as case studies to promote the business benefits of links with education to the business community.	By March 2011
4.1c	Identify and share best practice in delivering business engagement activities across the Diamonds Partnership.	By March 2011 and on-going
Secondary Actions	Description	When
4.1d	Co-ordinate an education-business link Peer Review system, to identify gaps and make recommendations for further development within each Diamond.	From April 2011
4.1e	Develop a 'Diamond education-business link Activity Award' Scheme to showcase the most innovative and effective activities from within each Diamond.	By March 2012

Strategic Ask 7:

Lobby for increased resources to encourage greater involvement of employers in curriculum development and other education–business link activities

Strategic Priority 5: Improve the Work Readiness of Young People and Adults

Rationale

Evidence from this project suggests that many businesses in the Diamonds find it difficult to recruit staff with the right attitudes and understanding of what is required at work. In several Diamonds, employment rates and educational attainment are low and those without high level skills can have low aspirations, and may be unable to benefit from the job opportunities that do exist. Businesses can feel that they have little influence over the curriculum and that there is an understanding gap between learning providers and businesses, which needs to be bridged. The Welfare Reform Act (2009) goes some way towards removing disincentives to work, but aspirations need to be raised to improve the quality of Diamond residents' lives and to provide employers with the skills that they need to improve regional competitiveness. The employment rate in the Diamonds is 78.4%, but it is lower in Urban South Hampshire, Thames Gateway Kent and Brighton & Hove. In many Diamonds, education attainment is low and stakeholders report a culture of low aspirations that holds back the Diamonds' economic performance.

Vision for 2014

By 2014, preparation for work programmes will be embedded into Diamonds' employability and skills strategies there will be a clear focus on improving the pathways into work for school and college leavers and workless adults.

Objective 5.1

Undertake regional action and lobbying to ensure that it is possible to prioritise funding for work readiness initiatives

Primary Actions	Description	When
5.1a	Work readiness to be identified as a Diamonds priority in the Regional Skills Strategy.	From July 2010
5.1b	Local flexibilities secured in at least two of the Diamonds to improve work readiness and employability support to be tailored to individual Diamond circumstances	By March 2012
5.1c	Develop two pan- or joint Diamond proposals for funding to develop common approaches to support work-readiness.	By March 2012
5.1d	Utilise existing opportunities, such as Joint Investment Frameworks, to align DWP/SFA funding to support joined up approaches to improve employability	From March 2010
5.1e	Identify and share where public sector procurement has been used effectively to address worklessness and improve employability skills of disadvantaged residents.	From March 2010

Objective 5.2**Share best practice and mainstream regionally and locally developed approaches to addressing work readiness**

Secondary Actions	Description	When
5.2b	Hold a knowledge exchange seminar on developing innovative approaches to improving work readiness	From March 2011
5.2c	Showcase initiatives through a 'Best Practice' guide that highlights approaches to work readiness	From March 2012

Strategic Ask 8:**Maintain and enhance funding programmes that improve the employability and skills of low skilled residents, including focusing on activities that are linked to raising aspirations**

Annex II Diamond Summaries

These Diamond summaries have been produced by SEEDAs Research and Economics Team. They provide an overview of the main economic indicators and key characteristics for each of the Diamonds

Basingstoke (embracing the wider North Hampshire economy adjacent to London and the Thames Valley) – Summary

Summary of main characteristics

- Above average labour productivity, linked to a concentration of employment in manufacturing and financial and business services.
- Business density and job density similar to the regional average, but relatively low levels of entrepreneurship.
- Strong labour market with the highest employment rate and lowest unemployment rate of any Diamond, relatively strong forecast employment growth over the medium term, highly qualified resident population and above average earnings.
- However, slow growth in working age population and below average GCSE results could impact on rates of economic and employment growth over the medium to long term.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£20,520	£21,382	£20,531	6
Productivity (GVA per worker) 2008	£46,311	£45,811	£46,203	5
Percentage change in total employment (workplace-based), 2004-2007	1.9	1.2	2.0	2
Job density	0.88	0.88	0.86	5
Business stock per 10,000 population, 2007	438.1	399.4	444.4	4
Business births per 10,000 population, 2007	55.9	49.7	54.0	4
% of working age population who are self-employed	7.5	8.8	10.4	8
Forecast average annual growth rate in employment, 2008-2011	-0.99	-0.82	-0.85	7
Forecast average annual growth rate in employment, 2008-2015	0.51	0.45	0.42	3

- GVA per head in Basingstoke / North Hampshire is below the Diamonds average and marginally below the South East average, while labour productivity is above the Diamonds average and marginally above the South East average.
- This is related to a good sectoral mix with above average concentration of employment in manufacturing and financial & business services. However, the Diamond is home to the back offices of a number of large multinationals in the financial & business services sector, which could be vulnerable to off-shoring.

- Over the short term employment within the Diamond is expected to contract faster than the Diamonds or South East average but over the medium term it is projected to increase faster than the average for the region or the diamonds.
- The sectors forecast to see the strongest growth in employment over the medium term are construction and financial & business services, while the transport & manufacturing sectors are expected to see a decline in employment.
- Business density, business start-up rate and job density are similar to the regional average, while the self-employment rate is well below the regional or Diamonds average. Relatively low levels of entrepreneurial activity could be linked to the Diamond's historically relatively low levels of private investment and innovation, which could constrain further economic and employment growth.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ³⁰ 2007	Forecast employment growth (% p.a.) 2007-2012 ³¹	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	1.1	1.0	-0.7	-0.5
Energy and water	0.7	1.6	-1.4	-0.8
Manufacturing	10.4	1.2	-1.3	-1.5
Construction	4.6	1.0	2.4	2.0
Distribution, hotels and restaurants	24.7	1.0	0.6	0.6
Transport and communications	6.1	1.0	-1.3	-1.1
Business and financial services	29.4	1.2	1.2	1.4
Public admin, education and health	18.1	0.7	1.0	0.7
Other services	4.8	0.9	--	--

- Growth in the working age population has been well below the average for the region and diamonds in the past decade and over the next 20 years Basingstoke / North Hampshire is expected to under-perform the Diamonds average. This suggests that population growth in the Diamond may not keep pace with its relatively strong forecast employment growth over the medium to long term.
- Basingstoke / North Hampshire has a strong labour market, with the highest employment rate of all Diamonds and the lowest unemployment rate.
- However, over the past year Basingstoke / North Hampshire has seen a faster increase in JSA claimants than the Diamonds average or the region – a reflection of a high concentration of manufacturing activities, which have been hit hard by the recession.

³⁰ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

³¹ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

- Basingstoke / North Hampshire has a favourable skills profile with an above average proportion of people with NVQ 2+ and NVQ4+, but its GCSE performance is slightly poorer than the regional average.
- Average earnings, particularly workplace-based earnings, in Basingstoke are above the regional average, with those working in the Diamond tending to earn more than those living there, which suggests that the quality of jobs available in the Diamond is generally good.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	4.9	7.6	6.2	6
Projected percentage change in working age population, 2006-2031	14.8	15.8		5
Employment rate 2008	83.6	78.4	78.5	1
Unemployment rate 2008	2.9	4.7	4.6	1
Percentage increase in JSA claimants, June 2008-June 2009	133.2	110.6	119.3	6
% of working age population with NVQ 4+, 2008	33.0	31.0	31.5	4
% of working age population with NVQ 2+, 2008	71.2	68.6	68.8	3
% of working age population with no qualifications, 2008	7.7	8.9	8.9	2
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	51.3	50.4	51.7	3
% of working age resident population employed in professional and managerial occupations, 2008	47.9	47.6	45.6	5
Median weekly earnings (residence based), 2008	£523.3	£527.7	£523.2	5
Median weekly earnings (workplace based), 2008	£556.4	£509.5	£499.8	2
Percentage of commuters living in Diamond who also work within Diamond, 2008	64	76	--	1

Brighton and Hove Diamond – Summary

Summary of main characteristics

- Scores well on a number of residence based indicators (such as qualifications and employment in higher skilled occupations) but scores relatively badly on a number of workplace based indicators, including productivity and job density.
- Tourism and lower value added activities are over-represented and manufacturing and production activities are under-represented in the Diamond.
- Working age population growing relatively rapidly, but jobs growth may not keep pace with this.
- Employment rate well below the regional average and unemployment rate well above the regional average.
- Relatively high levels of out-commuting of better skilled workers, with a significant number of lower value jobs within the Diamond itself.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£21,219	£21,382	£20,531	5
Productivity (GVA per worker) 2008	£44,919	£45,811	£46,203	6
Percentage change in total employment, 2004-2007	1.8	1.2	2.0	3
Job density	0.84	0.88	0.86	6
Business stock per 10,000 population, 2007	479.7	399.4	444.4	1
Business births per 10,000 population, 2007	61.1	49.7	54.0	1
% of working age population who are self-employed	9.8	8.8	10.4	3
Forecast average annual growth rate in employment, 2008-2011	-0.54	-0.82	-0.85	2
Forecast average annual growth rate in employment, 2008-2015	0.42	0.45	0.42	5

- GVA per head and productivity marginally below the all-Diamonds average. Likely to be related in part to the concentration of relatively low value and/or less productive activities in the area (eg. public services, lower value added business and tourism orientated activities and to an extent lower value added financial services). Manufacturing sector is under-represented in the Diamond relative to the SE average.
- Underperformance is also related to the fact that Brighton and Hove has a low concentration of higher value added (high productivity) manufacturing activities and an employment rate which is well below the South East average and the lowest of all Diamonds. Since there is a relatively low concentration of highly paid jobs in Brighton, a significant proportion of residents commute to neighbouring labour markets or to London. (One quarter of people living in the Diamond work outside it).
- Employment is forecast to continue to fall over the short term (at a rate which is well below the South East average) and will show a similar rate of increase to the Diamonds and regional average over the medium term (to 2015).
- The sectors forecast to see the strongest growth in employment over the medium term are financial & business services, public services and

construction. Over the longer-term financial & business services and retail and hospitality are projected to outperform the other sectors.

- Business density and business start-up rate are the highest of any Diamond, yet jobs density is amongst the lowest of all the Diamonds, suggesting that businesses on the whole tend to be smaller in Brighton and Hove than in many other Diamonds.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ³² 2007	Forecast employment growth (% p.a.) 2007-2012 ³³	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.1	0.1	-4.1	-3.3
Energy and water	1.3	2.9	-1.2	-0.8
Manufacturing	3.1	0.4	-1.2	-1.3
Construction	2.7	0.6	0.9	0.7
Distribution, hotels and restaurants	23.0	0.9	0.8	1.0
Transport and communications	4.7	0.8	-1.0	-1.0
Banking, finance and insurance	28.2	1.2	1.1	1.5
Public admin, education and health	29.4	1.2	0.9	0.8
Other services	7.4	1.4	--	--

- Working age population has grown significantly faster than the Diamonds or regional average and is projected to grow at a faster rate than the Diamonds average. The challenge will be to ensure that employment growth keeps pace with the rise in the working age population.
- Brighton and Hove has the lowest employment rate and highest unemployment rate of any Diamond. The former could be a reflection of the large number of students and early retirees in Brighton. Over the past year claimant count unemployment has not risen as fast as in most other Diamonds.
- Qualification levels in Brighton compare very favourably with the Diamonds and regional averages. Brighton is the best performing Diamond on the proportion of people qualified to NVQ 4+ and NVQ 2+. However, maintaining this strong performance could be challenging in future, given that GCSE performance in Brighton and Hove is the poorest of all Diamonds. Also, there is a need to ensure that the large numbers of graduates amongst the resident population are able to utilise their skills to the full, preferably by staying on to work in the Diamond itself.
- Brighton scores well on the proportion of people employed in professional and managerial occupations (the best performing Diamond); however, many of its

³² The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

³³ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

more highly skilled residents hold jobs outside Brighton. This is reflected in a large gap between residence and workplace based earnings.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	10.4	7.6	6.2	2
Projected percentage change in working age population, 2006-2031	16.7	15.8		3
Employment rate 2008	74.1	78.4	78.5	8
Unemployment rate 2008	7.3	4.7	4.6	8
Percentage increase in JSA claimants, June 2008-June 2009	60.0	110.6	119.3	1
% of working age population with NVQ 4+, 2008	40.3	31.0	31.5	1
% of working age population with NVQ 2+, 2008	74.7	68.6	68.8	1
% of working age population with no qualifications, 2008	8.2	8.9	8.9	4
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	44.7	50.4	51.7	8
% of working age resident population employed in professional and managerial occupations, 2008	52.6	47.6	45.6	1
Median weekly earnings (residence based), 2008	£514.3	£527.7	£523.2	6
Median weekly earnings (workplace based), 2008	£479.9	£509.5	£499.8	6
Percentage of commuters living in Diamond who also work within Diamond, 2008	74	76	--	5

Central Oxfordshire Diamond – Summary

Summary of main characteristics

- Highly productive economy, reflecting the Diamond's relative concentration of employment in high-value, knowledge intensive manufacturing and service industries.
- Almost as many jobs as residents, with an employment rate above average and an unemployment rate amongst the lowest of any Diamond.
- Business start up rates below average and the proportion of people in self employment marginally below average.
- A highly skilled workforce which is expected to grow faster than the regional or diamonds averages.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£24,542	£21,382	£20,531	4
Productivity (GVA per worker) 2008	£47,055	£45,811	£46,203	4
Percentage change in total employment (workplace-based), 2004-2007	1.3	1.2	2.0	6
Job density	0.94	0.88	0.86	3
Business stock per 10,000 population, 2007	419.9	399.4	444.4	6
Business births per 10,000 population, 2007	44.8	49.7	54.0	6
% of working age population who are self-employed	10.3	8.8	10.4	2
Forecast average annual growth rate in employment, 2008-2011	-0.7	-0.82	-0.85	4
Forecast average annual growth rate in employment, 2008-2015	0.46	0.45	0.42	4

- GVA per head and productivity in Central Oxfordshire are above the Diamonds and regional averages.
- This is related to a significant concentration of hi-tech manufacturing and a good mix of highly productive service activities.
- Employment growth within the Diamond has been relatively muted in recent years, and employment is expected to contract over the short term (at a rate which is below the South East figure) and is projected to increase faster than the South East average over the medium term (to 2015).
- The sectors forecast to see the strongest growth in employment over the medium term are financial and business services and distribution and hotels and catering activities. Meanwhile the manufacturing sector, which is relatively more important to the Diamond's economy than it is in the South East, is forecast to see the fastest fall in employment. This could be related to the contraction in the motor vehicle industry which is quite heavily concentrated in Central Oxfordshire, thereby making the Diamond vulnerable to any shocks in this sub-sector.
- Business density and business start-up rate are below the regional average but job density is above the Diamonds and regional averages (an indication of a concentration of relatively large employers).
- The self-employment rate amongst residents is one of the highest amongst the Diamonds, but still marginally below the regional average.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ³⁴ 2007	Forecast employment growth (% p.a.) 2007-2012 ³⁵	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.9	0.8	-0.7	-0.5
Energy and water	0.5	1.0	-1.2	-0.8
Manufacturing	10.0	1.2	-0.9	-1.1
Construction	3.8	0.8	0.8	0.6
Distribution, hotels and restaurants	21.7	0.9	0.6	0.8
Transport and communications	3.9	0.7	-0.4	-0.4
Business and financial services	21.3	0.9	1.4	1.8
Public admin, education and health	32.5	1.3	0.7	0.7
Other services	5.5	1.0	--	--

- Working age population in Central Oxfordshire has grown significantly faster than the Diamonds or regional average and is projected to grow at a faster rate than the Diamonds average.
- The employment rate in Central Oxfordshire is above the regional average, while the unemployment rate is one of the lowest of all Diamonds. More recently, claimant count unemployment has risen faster than the Diamonds average and marginally faster than the regional average (albeit from a small base).
- Qualification levels in Central Oxfordshire compare favourably with the Diamonds and regional averages, with the second highest proportion of people with NVQ 4+ and NVQ 2+ and the lowest percentage of residents with no qualifications of all the Diamonds. However, GCSE performance in Central Oxfordshire is below average, suggesting that it may be challenging to maintain the Diamond's strong skills base in the future.
- Central Oxfordshire scores well on the proportion of people employed in professional and managerial occupations (50% are employed in these more highly skilled occupational groups).
- Residence based median earnings in Central Oxfordshire are above the South East average, with median workplace based earnings below the average.

³⁴ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

³⁵ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	9.6	7.6	6.2	3
Projected percentage change in working age population, 2006-2031	18.7	15.8		2
Employment rate 2008	79.6	78.4	78.5	5
Unemployment rate 2008	3.7	4.7	4.6	3
Percentage increase in JSA claimants, June 2008-June 2009	125.9	110.6	119.3	5
% of working age population with NVQ 4+, 2008	37.8	31.0	31.5	2
% of working age population with NVQ 2+, 2008	72.1	68.6	68.8	2
% of working age population with no qualifications, 2008	5.3	8.9	8.9	1
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	49.3	50.4	51.7	5
% of working age resident population employed in professional and managerial occupations, 2008	50.0	47.6	45.6	3
Median weekly earnings (residence based), 2008	£525.3	£527.7	£523.2	3
Median weekly earnings (workplace based), 2008	£488.9	£509.5	£499.8	5
Percentage of commuters living in Diamond who also work within Diamond, 2008	84	76	--	7

Gatwick Diamond – Summary

Summary of main characteristics

- A relatively strong and growing economy, with a good supply of jobs and high business density.
- Heavy concentration of employment in the transport sector, reflecting close links to London and the rest of the world via Gatwick Airport.
- Relatively slow employment growth expected over the medium term, with working age population growth projected to be the slowest of all Diamonds.
- Qualification levels relatively low.
- Above average earnings and employment in professional and managerial occupations, but evidence that many highly skilled, higher paid workers commute out of the Diamond.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£24,813	£21,382	£20,531	3
Productivity (GVA per worker) 2008	£47,539	£45,811	£46,203	3
Percentage change in total employment, 2004-2007	0.7	1.2	2.0	7
Job density	1.00	0.88	0.86	1
Business stock per 10,000 population, 2007	449.9	399.4	444.4	2
Business births per 10,000 population, 2007	51.9	49.7	54.0	5
% of working age population who are self-employed	11.0	8.8	10.4	1
Forecast average annual growth rate in employment, 2008-2011	-0.77	-0.82	-0.85	5
Forecast average annual growth rate in employment, 2008-2015	0.29	0.45	0.42	7

- Strong economic performance, with GVA per head and productivity in excess of the SE and all-Diamonds averages.
- Employment structure more heavily skewed towards the transport sector than any other Diamond (reflecting the Gatwick Diamond's good connections to London and internationally via Gatwick Airport). Although employment overall has grown relatively slowly in recent years, there has been significant expansion in the transport sector.
- Jobs density in the Gatwick Diamond is the highest of all the Diamonds, with one job for every resident. This can be explained in part by the relatively high density of businesses as well as the presence of significant numbers of large employers.
- Although the business birth rate is below the regional average, the self employment rate is the highest of any Diamond, suggesting relatively strong entrepreneurial activity.
- Employment is projected to fall in the short term, though at a slower rate than the SE average, while in the medium term employment growth is expected to be amongst the slowest of any Diamond. Employment growth is forecast to be strongest in business & financial services and construction, while the Diamond's dominant transport sector is expected to see falling employment, as are the manufacturing and utilities sectors.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ³⁶ 2007	Forecast employment growth (% p.a.) 2007-2012 ³⁷	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.7	0.6	-2.5	-2.1
Energy and water	0.5	1.1	-1.9	-1.3
Manufacturing	9.4	1.1	-0.8	-1.0
Construction	3.6	0.8	0.8	0.7
Distribution, hotels and restaurants	23.7	1.0	0.2	0.5
Transport and communications	16.8	2.8	-0.3	-0.4
Business and financial services	23.3	1.0	1.2	1.5
Public admin, education and health	17.5	0.7	0.4	0.4
Other services	4.5	0.8	--	--

- Growth in the working age population has been and is projected to continue to be the slowest of any Diamond, which could constrain investment and further jobs growth.
- This is compounded by a relatively low skills base in the Gatwick Diamond, with the high proportion of people with no qualifications being a particular cause for concern. There are reasonably good prospects for the future, though, with the Diamond's performance at GCSE level being above both the regional and all-Diamond averages.
- The employment rate is one of the highest of any Diamond and the unemployment rate one of the lowest (although recent months have seen a sharp increase in claimant count unemployment, particularly in Crawley). There is also an above average proportion of people employed in higher skilled occupations and earnings are well above the regional and all-Diamond averages.
- However, these are all residence-based measures, and it would seem from the large discrepancy between residence-based and workplace-based earnings that many higher skilled and better paid residents commute outside of the Diamond for work. This is borne out by the relatively small proportion of commuters who both live and work within the Diamond.

³⁶ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

³⁷ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	4.0	7.6	6.2	8
Projected percentage change in working age population, 2006-2031	10.5	15.8		8
Employment rate 2008	81.4	78.4	78.5	2
Unemployment rate 2008	3.6	4.7	4.6	2
Percentage increase in JSA claimants, June 2008-June 2009	178.3	110.6	119.3	7
% of working age population with NVQ 4+, 2008	30.9	31.0	31.5	5
% of working age population with NVQ 2+, 2008	69.5	68.6	68.8	5
% of working age population with no qualifications, 2008	10.2	8.9	8.9	7
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	56.7	50.4	51.7	2
% of working age resident population employed in professional and managerial occupations, 2008	49.6	47.6	45.6	4
Median weekly earnings (residence based), 2008	£551.4	£527.7	£523.2	2
Median weekly earnings (workplace based), 2008	£513.1	£509.5	£499.8	3
Percentage of commuters living in Diamond who also work within Diamond, 2008	70	76	--	2

Milton Keynes and Aylesbury Vale Diamond – Summary

Summary of main characteristics

- Strong economic performance with GVA per head and productivity amongst the highest of all Diamonds.
- High business density and business start-up rate, ensuring relatively high levels of job creation.
- Skill levels of resident population lower than average, which could act as a constraint on further inward investment and retention of high value, knowledge intensive businesses.
- Strongest forecast growth of any Diamond for both working age population and employment numbers, which suggests that job density should remain high. However, important to ensure that higher skilled workers don't continue to be lost to the area through out-commuting.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£26,793	£21,382	£20,531	2
Productivity (GVA per worker) 2008	£50,781	£45,811	£46,203	2
Percentage change in total employment (workplace-based), 2004-2007	1.8	1.2	2.0	4
Job density	0.92	0.88	0.86	4
Business stock per 10,000 population, 2007	445.9	399.4	444.4	3
Business births per 10,000 population, 2007	60.5	49.7	54.0	2
% of working age population who are self-employed	8.8	8.8	10.4	5
Forecast average annual growth rate in employment, 2008-2011	-0.19	-0.82	-0.85	1
Forecast average annual growth rate in employment, 2008-2015	1.14	0.45	0.42	1

- GVA per head and productivity the second highest of all the Diamonds and well above the regional average.
- Explained in part by the concentration of high value services in the Diamond. Both the business & financial services sector (especially consultancy, accountancy and banking) and the transport & communications sector are more heavily concentrated in the Diamond in employment terms than in the region as a whole.
- Business density is relatively high, and the business birth rate well above the regional average.
- Partly as a reflection of this, availability of jobs in the Diamond is relatively good, with jobs density above the regional average and employment growth above the Diamond average (though below the regional average) between 2004 and 2007. Self-employment is a less common option amongst residents than it is in the SE as a whole.
- Given its location within a Growth Area, it is not surprising that Milton Keynes / Aylesbury Vale is forecast to see the strongest employment growth of any Diamond in both the short and medium term.

- Employment growth is projected to be fastest in business and financial services, which have seen strong growth in recent years, as well as the construction sector (partly due to high expected levels of house building).

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ³⁸ 2007	Forecast employment growth (% p.a.) 2007-2012 ³⁹	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.3	0.3	-2.5	-2.0
Energy and water	0.1	0.3	-3.2	-2.1
Manufacturing	8.8	1.0	-0.9	-1.2
Construction	2.8	0.6	1.6	1.4
Distribution, hotels and restaurants	25.9	1.0	0.6	0.8
Transport and communications	8.0	1.3	-1.3	-1.2
Business and financial services	27.7	1.2	1.7	2.1
Public admin, education and health	21.2	0.8	0.8	0.7
Other services	5.1	1.0	--	--

- Again given its status as a Growth Area, the Diamond has seen the fastest growth in the working age population of any Diamond over the past decade (well above the SE rate of growth) and is projected to continue to demonstrate the most rapid growth in this age group over the next 20 years or so.
- The Diamond's employment rate is relatively high and unemployment rate lower than the SE and all Diamonds average (one of the factors which has contributed to high rates of economic growth in recent years). Despite rapid rises in the claimant count in recent months in Milton Keynes in particular, over the past year the percentage increase in JSA claimants has been below the regional figure.
- One of the challenges for the Diamond is its weaker performance on skills measures. The proportion of people qualified to NVQ 4 and NVQ 2 is below the SE and all-Diamond averages while the percentage of people with no qualifications is higher than average.
- Average earnings for residents are significantly higher than for those working in the area, suggesting that many higher paid residents commute to work outside the Diamond. This is borne out by commuting data, which shows that almost 30% of people who live in the Diamond and commute to work outside their local authority of residence travel to places outside the Diamond.

³⁸ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

³⁹ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	14.1	7.6	6.2	1
Projected percentage change in working age population, 2006-2031	24.2	15.8		1
Employment rate 2008	80.3	78.4	78.5	3
Unemployment rate 2008	4.2	4.7	4.6	4
Percentage increase in JSA claimants, June 2008-June 2009	113.6	110.6	119.3	4
% of working age population with NVQ 4+, 2008	30.7	31.0	31.5	6
% of working age population with NVQ 2+, 2008	65.1	68.6	68.8	7
% of working age population with no qualifications, 2008	10.0	8.9	8.9	6
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	46.7	50.4	51.7	7
% of working age resident population employed in professional and managerial occupations, 2008	43.2	47.6	45.6	7
Median weekly earnings (residence based), 2008	£524.8	£527.7	£523.2	4
Median weekly earnings (workplace based), 2008	£477.4	£509.5	£499.8	7
Percentage of commuters living in Diamond who also work within Diamond, 2008	71	76	--	3

Reading Diamond – Summary

Summary of main characteristics

- One of the best performing diamonds on a number of measures.
- A significant concentration of highly productive sectors, contributing to Reading having the highest GVA per head and productivity of any Diamond.
- Employment rates well above regional average.
- High concentration of businesses (including significant numbers of large multinationals), above average business start up rate and good resident skills base.
- Slower growth in working age population could impact on investment and rates of GVA growth in the future, while recent sharp rise in unemployment is of concern if it persists beyond the recession.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£28,371	£21,382	£20,531	1
Productivity (GVA per worker) 2008	£52,044	£45,811	£46,203	1
Percentage change in total employment (workplace based), 2004-2007	1.7	1.2	2.0	5
Job density	0.97	0.88	0.86	2
Business stock per 10,000 population, 2007	438.0	399.4	444.4	5
Business births per 10,000 population, 2007	56.5	49.7	54.0	3
% of working age population who are self-employed	7.7	8.8	10.4	7
Forecast average annual growth rate in employment, 2008-2011	-0.79	-0.82	-0.85	6
Forecast average annual growth rate in employment, 2008-2015	0.64	0.45	0.42	2

- GVA per head and productivity in Reading are significantly above the Diamonds and regional averages, and it is the best performing Diamond on these measures.
- This is related to a significant concentration of highly productive business and financial services activities in the area and above average concentration of employment in the productive transport and communications sector. Spending in Reading is still boosted by a significant out commuting to London.
- Employment is expected to contract over the short term (at a rate which is below the South East average) and will increase significantly faster than the Diamonds or South East averages over the medium term (to 2015).
- The sectors forecast to see the strongest growth in employment over the medium term are financial and business services and to a lesser extent construction. Meanwhile the utilities and transport sectors, which are both more heavily concentrated in Reading than in the South East, are expected to see falls in employment.
- Business density and business birth rate are above the regional average and given the high concentration of large employers the availability of jobs in the Diamond is good. Reading has one of the highest job densities of any Diamond, with almost as many jobs as residents.

- The self-employment rate amongst residents is below both the Diamonds and regional averages.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ⁴⁰ 2007	Forecast employment growth (% p.a.) 2007-2012 ⁴¹	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.6	0.5	-1.8	-1.3
Energy and water	1.1	2.5	-1.9	-1.2
Manufacturing	5.3	0.6	-1.1	-1.0
Construction	3.5	0.8	0.9	0.7
Distribution, hotels and restaurants	23.3	0.9	0.4	0.5
Transport and communications	6.5	1.1	-0.3	-0.5
Business and financial services	32.9	1.4	1.6	1.9
Public admin, education and health	21.6	0.8	0.7	0.6
Other services	5.3	1.0	--	--

- Working age population has grown significantly slower than the Diamonds or regional averages in the past decade and is projected to grow at a slower rate than the Diamonds average over the next 20 years or so. Employment growth in the future could outstrip the growth in the working age population.
- The employment rate is above the regional and all-Diamond averages while the unemployment rate is below average. More recently, claimant count unemployment has risen much faster than in other Diamonds and in the SE as a whole (albeit from a relatively small base).
- Qualification levels in Reading compare favourably with the Diamonds and regional averages. Reading is one of the better performing Diamonds when considering the proportion of residents qualified to NVQ 4+ (helped by the presence of the University of Reading) and NVQ 2+. Prospects for further improvements in residents' skill levels look promising, as GCSE performance in Reading is the best of all the Diamonds.
- Reading scores well on the proportion of people employed in the higher-skilled professional and managerial occupations (second best after Brighton and Hove).
- Average earnings in Reading are higher than in any other Diamond and workplace based earnings are higher than residence-based. This contrasts with a number of other Diamonds, and provides further evidence that the quality of jobs available in the Reading Diamond is higher than in many other Diamonds.

⁴⁰ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

⁴¹ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	4.6	7.6	6.2	7
Projected percentage change in working age population, 2006-2031	11.2	15.8		7
Employment rate 2008	79.9	78.4	78.5	4
Unemployment rate 2008	4.3	4.7	4.6	5
Percentage increase in JSA claimants, June 2008-June 2009	178.7	110.6	119.3	8
% of working age population with NVQ 4+, 2008	36.7	31.0	31.5	3
% of working age population with NVQ 2+, 2008	69.6	68.6	68.8	4
% of working age population with no qualifications, 2008	7.8	8.9	8.9	3
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	57.5	50.4	51.7	1
% of working age resident population employed in professional and managerial occupations, 2008	52.4	47.6	45.6	2
Median weekly earnings (residence based), 2008	586.7	£527.7	£523.2	1
Median weekly earnings (workplace based), 2008	599.9	£509.5	£499.8	1
Percentage of commuters living in Diamond who also work within Diamond, 2008	72	76	--	4

Thames Gateway Kent – Summary

Summary of main characteristics

- The poorest performing economy of any of the diamonds, as measured by GVA per head, productivity, job density and qualifications.
- Also performs badly on labour market indicators, and entrepreneurial activity appears low.
- Manufacturing and construction are more heavily concentrated in the Diamond relative to the SE average.
- Working age population growing relatively rapidly, but jobs growth unlikely to keep pace.
- Relatively self-contained labour market.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£14,300	£21,382	£20,531	8
Productivity (GVA per worker) 2008	£39,869	£45,811	£46,203	8
Percentage change in total employment, 2004-2007	2.7	1.2	2.0	1
Job density	0.71	0.88	0.86	8
Business stock per 10,000 population, 2007	318.8	399.4	444.4	8
Business births per 10,000 population, 2007	40.1	49.7	54.0	8
% of working age population who are self-employed	9.0	8.8	10.4	4
Forecast average annual growth rate in employment, 2008-2011	-0.68	-0.82	-0.85	3
Forecast average annual growth rate in employment, 2008-2015	0.42	0.45	0.42	6

- GVA per head and productivity are well below the regional average and the lowest of all Diamonds. Likely due in part to the relative lack of high value added industries in business and financial services. The Diamond has significant concentrations of employment in manufacturing, construction, distribution and transport.
- Total employment rose at the fastest rate of all Diamonds between 2004 and 2007. This was most likely due to a significant increase in population over this period.
- Employment is expected to fall over the short term, but to a lesser extent than the South East average. In the medium term (to 2015), employment is forecast to rise at a similar rate to the regional average.
- The sectors forecast to see the strongest growth in employment over the medium term are construction, business and financial services, and retail and hospitality, with the utilities and manufacturing sectors expected to decline.
- Business density and business start-up rates are the lowest of all the Diamonds and well below the SE average. Clearly this is an area where the Diamond is underperforming, suggesting that improvements to the business environment are needed. The self-employment rate amongst residents is relatively low, indicating that there may be lower levels of entrepreneurial activity than the SE average.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ⁴² 2007	Forecast employment growth (% p.a.) 2007-2012 ⁴³	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	1.7	1.4	-0.6	-0.4
Energy and water	0.5	1.1	-1.9	-1.3
Manufacturing	10.2	1.2	-0.9	-1.2
Construction	5.9	1.3	2.4	2.0
Distribution, hotels and restaurants	27.0	1.1	0.7	1.0
Transport and communications	6.5	1.1	-0.2	0.1
Business and financial services	17.3	0.7	1.4	1.8
Public admin, education and health	26.5	1.0	0.8	0.7
Other services	4.5	0.8	--	--

- The working age population has been growing and is projected to grow at a faster rate than the SE average (reflecting the Diamond's position within a Growth Area). However, employment growth looks unlikely to keep pace with the rise in the working age population.
- The employment rate is well below the regional average and the unemployment rate is well above. On both of these measures, the area is among the worst performing of the Diamonds. More recently, claimant count unemployment has not risen as fast as in most other Diamonds, although the claimant count rate has risen faster in parts of the Thames Gateway than in most other parts of the South East in recent months.
- In skills terms the Diamond performs poorly, with qualification levels well below the regional average and the lowest of all the Diamonds. However, GCSE performance is closer to the average for the Diamonds, suggesting that improvements may be possible in the future.
- With low skill levels, it is not surprising that the area also has the lowest proportion of residents employed in professional and managerial positions of all the Diamonds, well below the regional average. Average earnings (which can be used as a measure of the quality of employment) are below the regional average for residents, but slightly above average when a workplace based measure is used.
- Average earnings for residents are higher than those for workers, suggesting that higher paid residents are more likely to commute outside the Diamond for work. This would likely be people working in London in higher paid jobs. Nevertheless, overall a larger proportion of Thames Gateway residents than average both live and work in the Diamond.

⁴² The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

⁴³ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	6.6	7.6	6.2	5
Projected percentage change in working age population, 2006-2031	14.2	15.8		6
Employment rate 2008	74.3	78.4	78.5	7
Unemployment rate 2008	7.0	4.7	4.6	7
Percentage increase in JSA claimants, June 2008-June 2009	96.9	110.6	119.3	2
% of working age population with NVQ 4+, 2008	21.2	31.0	31.5	8
% of working age population with NVQ 2+, 2008	62.1	68.6	68.8	8
% of working age population with no qualifications, 2008	12.4	8.9	8.9	8
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	49.6	50.4	51.7	4
% of working age resident population employed in professional and managerial occupations, 2008	39.8	47.6	45.6	8
Median weekly earnings (residence based), 2008	£507.8	£527.7	£523.2	7
Median weekly earnings (workplace based), 2008	£504.4	£509.5	£499.8	4
Percentage of commuters living in Diamond who also work within Diamond, 2008	79	76	--	6

Urban South Hampshire - Summary

Summary of main characteristics

- One of the poorest performing economies of any of the diamonds, as measured by GVA per head, productivity, employment change and business density.
- Manufacturing and public services more heavily concentrated in the Diamond relative to the SE average.
- Working age population growing relatively rapidly, but jobs growth unlikely to keep pace.
- Underperforms the SE average on all measures of skill (qualifications, occupational profile and average earnings).
- Relatively self-contained labour market.

Table 1: Economy and Business

Indicator	Value	All Diamonds average	South East average	Rank
GVA per head 2008	£18,587	£21,382	£20,531	7
Productivity (GVA per worker) 2008	£42,330	£45,811	£46,203	7
Percentage change in total employment (workplace based), 2004-2007	-0.2	1.2	2.0	8
Job density	0.80	0.88	0.86	7
Business stock per 10,000 population, 2007	349.8	399.4	444.4	7
Business births per 10,000 population, 2007	44.4	49.7	54.0	7
% of working age population who are self-employed	8.1	8.8	10.4	6
Forecast average annual growth rate in employment, 2008-2011	-1.28	-0.82	-0.85	8
Forecast average annual growth rate in employment, 2008-2015	0.14	0.45	0.42	8

- GVA per head and productivity below regional average and amongst the lowest of all Diamonds. Likely to be related in part to the concentration of relatively low value and/or less productive industries in the area (eg. public services, distribution and hotels and catering). Service sector is under-represented in the Diamond relative to the SE average.
- Underperformance is also related to the fact that Urban South Hampshire was the only Diamond to see employment fall between 2004 and 2007. Mostly due to a decline in manufacturing employment.
- Employment is expected to continue to fall over the short term (to a greater degree than SE average) and will show the smallest rate of increase of all Diamonds over the medium term (to 2015).
- The sectors forecast to see the strongest growth in employment over the medium term are utilities, construction, and financial and business services, while the manufacturing, transport and agriculture sectors are expected to continue to see falling employment.
- Business density and business start-up rate are amongst the lowest of all the Diamonds and significantly below the SE average. This is compounded by relatively low levels of private investment in the area, suggesting further improvements to the business environment are needed to attract more

investment. The self-employment rate amongst residents is relatively low, suggesting lower levels of entrepreneurial activity than the SE average.

Table 2: Employment by sector

Sector	Percentage of total employment, 2007	Location quotient ⁴⁴ 2007	Forecast employment growth (% p.a.) 2007-2012 ⁴⁵	Forecast employment growth (% p.a.) 2012-2017
Agriculture and fishing	0.5	0.5	-1.1	-0.7
Energy and water	0.4	0.8	-1.6	2.5
Manufacturing	10.3	1.2	-2.4	-1.6
Construction	4.7	1.0	2.4	2.0
Distribution, hotels and restaurants	23.9	1.0	0.6	0.9
Transport and communications	5.5	0.9	-0.7	-0.7
Business and financial services	21.8	0.9	1.1	1.5
Public admin, education and health	28.3	1.1	0.7	0.6
Other services	4.6	0.9	--	--

- Working age population has been growing and is projected to grow at a faster rate than the SE average. However, employment growth looks unlikely to keep pace with the rise in the working age population.
- Employment rate is below the regional average and unemployment rate just above (though in line with the Diamonds average). More recently, claimant count unemployment has not risen as fast as in most other Diamonds. However, this masks disparities within Urban South Hampshire – Portsmouth and Southampton have seen marked increases in unemployment since the recession began.
- Qualification levels in USH are below the regional average, and prospects for improvement in future do not seem promising, as GCSE performance in USH is amongst the poorest of all the Diamonds.
- To bear out the picture of more poorly qualified residents on average, the proportion of people employed in professional and managerial occupations is just below the regional average, while average earnings (which can be used as a measure of the quality of employment) are significantly below the regional average – for both residents and workers.
- Average earnings for residents are higher than those for workers, suggesting that higher paid residents are more likely to commute outside the Diamond for work. However, USH has the highest level of ‘self containment’ of any Diamond, with 90% of residents who commute working in another district within the Diamond (which could be in part a reflection of the large size of the diamond, as well as its greater distance from London compared to some of the other diamonds).

⁴⁴ The location quotient is a measure of the concentration of a given sector in the Diamond in employment terms, *relative* to the presence of that sector in the South East as a whole. A LQ equal to 1 means that the sector's share of total employment is the same in the Diamond as it is in the South East. A LQ below 1 means that the sector accounts for a smaller proportion of the workforce in the Diamond than it does regionally (and thus is *relatively less* important to the local economy), and above 1 means it accounts for a greater proportion (and thus is *relatively more* important to the local economy).

⁴⁵ Note that these forecasts were produced by Cambridge Econometrics so are not strictly comparable to the Experian forecasts for total employment used in Table 1. The Cambridge forecasts were produced in Spring 2008, before the full extent of the economic downturn was known, and as such they are likely to over estimate employment over the short term, though should be more accurate when looking over the medium term.

Table 3: Population, employment and skills

Indicator	Value	All Diamonds average	South East average	Rank
Percentage change in working age population, 1997-2007	8.4	7.6	6.2	4
Projected percentage change in working age population, 2006-2031	16.4	15.8		4
Employment rate 2008	76.8	78.4	78.5	6
Unemployment rate 2008	4.7	4.7	4.6	6
Percentage increase in JSA claimants, June 2008-June 2009	99.7	110.6	119.3	3
% of working age population with NVQ 4+, 2008	27.9	31.0	31.5	7
% of working age population with NVQ 2+, 2008	68.2	68.6	68.8	6
% of working age population with no qualifications, 2008	9.1	8.9	8.9	5
% of pupils achieving 5+ GCSEs A*-C (inc. English and Maths), 2007/08	48.6	50.4	51.7	6
% of working age resident population employed in professional and managerial occupations, 2008	45.1	47.6	45.6	6
Median weekly earnings (residence based), 2008	£488.1	£527.7	£523.2	8
Median weekly earnings (workplace based), 2008	£456.4	£509.5	£499.8	8
Percentage of commuters living in Diamond who also work within Diamond, 2008	90	76	--	8



Annex III List of Consultees

Martin Dennison	Executive Director, PUSH Partnership
Chris Dodson	Chair, Institute of Directors, South East
David Doughty	Chief Executive, Oxfordshire Economic Partnership
Peter Grant	Skills Manager, Hampshire Economic Partnership
John Gregory	Chair, SE Sub-regional Partnerships and Hants. Sub-regional Partnership
Graham Grover	Chief Executive, Buckinghamshire Economic and Learning Partnership
Sally Lynskey	Chief Executive, Business Southampton
David Liston-Jones	Chief Executive, Thames Gateway Kent Partnership
Richard Longman	North Kent MAA Director, Thames Gateway Kent Partnership
Tony Mernagh	Director, Brighton & Hove Economic Partnership
Paul Thompson	Managing Director, APPH Basingstoke Ltd
Cheryl Palmer	Regional Corporate Manager, Skills South East
Mark Pearson	Chief Executive, Surrey Economic Partnership
David Seall	Regional Director, Engineering Employers Federation
Barbara Smith	Director of Employment & Skills, SEEDA
Tim Smith	Executive Director, Reading UK CIC
Keith Straughton	Dean, University College, Milton Keynes
Jeremy Taylor	Chief Executive, CADIA
Kishor Tailor	Economic Development Director, PUSH Partnership

Diamonds Skills & Employability Group:

Anne-Marie Mountifield	Partnership Director, LSC
Clem Smith	Head of Economic Development, Medway Council
Grant Thornton	Head of Community Regeneration, Reading BC
Denise Vine	Regeneration Manager, Portsmouth CC
Alan Cufley	Head of Community Housing & Regeneration, Portsmouth CC
Elizabeth Verner	Economic Prosperity & Culture Manager, Basingstoke & Deane Borough Council
Matt Smith	Project Director, South East Diamonds for Investment & Growth
Sumit Chakraborty	Policy Officer, South East Diamonds for Investment & Growth

In addition a number of representatives from the South East Diamonds attended the Skills and Employability Workshop at the Leading the Way to Recovery Event on 9 November 2009 at St. Mary's Stadium, Southampton:

Cllr Andrew Finney,	Leader, Basingstoke & Deane BC
Cheryl Finella	Economic Development Lead Officer, Brighton & Hove City Council
Cameron Branston	Inward Investment Manager, Bucks Economic & Learning Partnership
Jeremy Taylor	Chief Executive, CADIA
Hannah Brown	Senior Research Manager, Centre for Cities
Kieran McNamara	Head of Strategic Economic Development & Skills, East Sussex County Council
Ian Coates	Deputy Regional Director, Government Office for the South East (GOSE)
Graham Ellis	Managing Director, Ellis International Transport Consulting Ltd
Nigel Fitzsimmons	Business Development Assistant, Horsham District Council
Dr Ephraidge Rinomhota	Senior Economic Research Officer, Milton Keynes Council
Anita Cacchioli	Corporate Director, ENCAS, Reading BC
Oona Muirhead	Group Executive Director, SEEDA
Rob Douglas	Chairman, SEEDA
Caroline Wood	Deputy Area Director, SEEDA



