Enterprise M3 (including all of Surrey) Local Skills Improvement Plan

Economy and Labour Market Analysis

June 2024 Update

Contents

Overview

Economy - Business - Jobs

Major contributor to the Exchequer and regional economy

- Accounting for 1/4 of the South East region's output, the LSIP area contributed £91.7bn to UK GDP in 2022, of which £82.5bn was economic output (GVA).
- £9.7bn in indirect taxes on products (VAT and other taxes)*, marking a 14% increase from £8.6bn in the previous year.

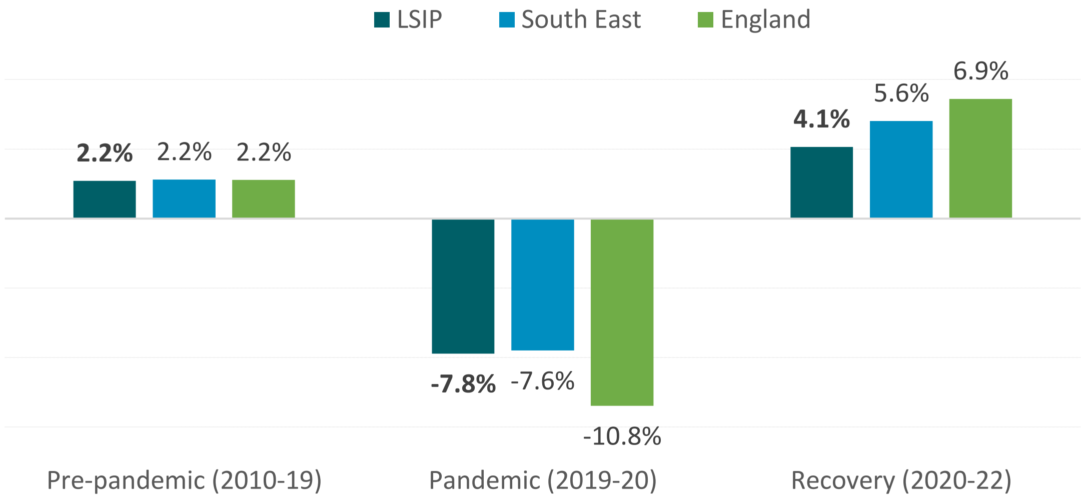
Strong resilience, yet recovery pace lags

- In the pre-pandemic decade GDP growth was on a average comparable to the regional and England average.
- More resilient than the national average during pandemic.
- Recovery more sluggish than both the regional and England average.

Economy (pounds million, 2022)

Note: Subsidies are £568 million

Real GDP growth (% per annum)



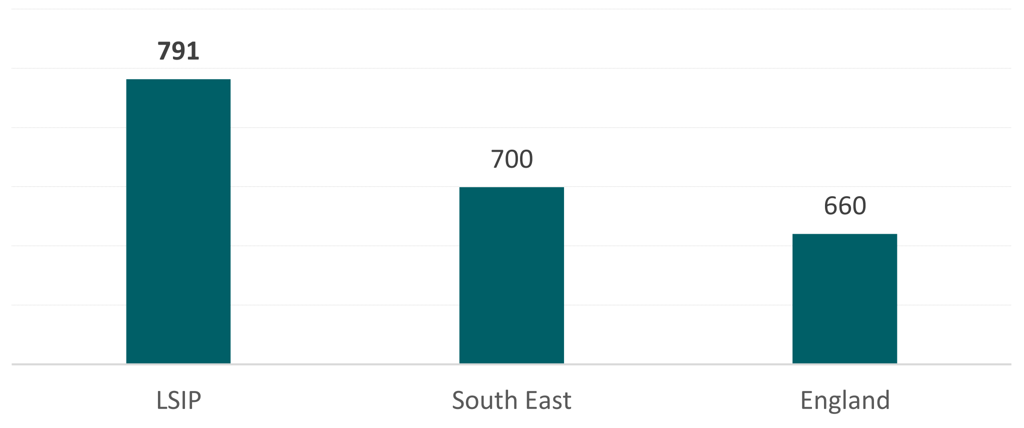
Above average business concentration, but ..

- Approximately 97,300 enterprises with over 110,000 local business units in 2023.
- Business density exceeded national and regional averages by 20% and 13%, respectively.
- Business distribution by size mirrors a trend seen nationwide, with mostly micro and small enterprises but most employment/turnover in SME and large.

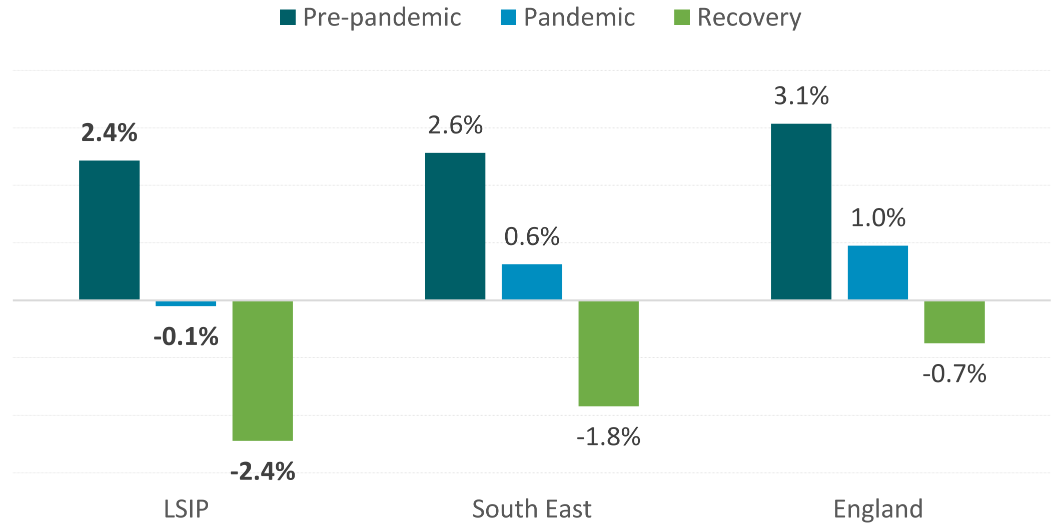
.. past business growth and post-pandemic data lag regional and England average

- Past business growth lagged the regional and England average.
- Relatively sharp fall in total business stock post pandemic but large businesses growth faster than the average (1.8% per annum growth) between March 2021 and March 2023.

Business density, 2023
(Enterprises per 10,000 people of working age)



Business growth (enterprise, % per annum)



Over 1m jobs but job density comparable to national average

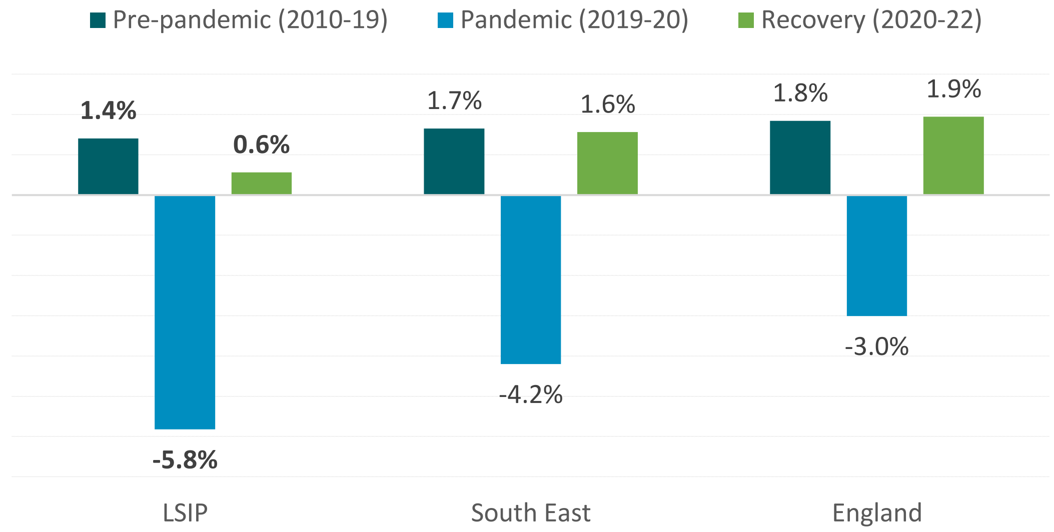
- 1.08 million jobs in 2022, equivalent to 0.88 jobs per working-age resident.
- Job density comparable to England but jobs quality is equally important.

Trend growth, recession and recovery lag the average

- Jobs growth pre-pandemic lags the average.
- Sharp fall in the number of total jobs during the pandemic.
- Recovery lags both the regional and England average.

Job density, 2022
(per resident of working age)

Jobs growth (% per annum)



Business Community

Mostly micro and small but economic significance in medium and large

- Comprising 90 out of every 100 businesses, micro-enterprises (0 to 9 employees) dominate business landscape, with notable sectoral variations.
- Relatively few medium and large businesses but contribute the most to employment and turnover (GVA).

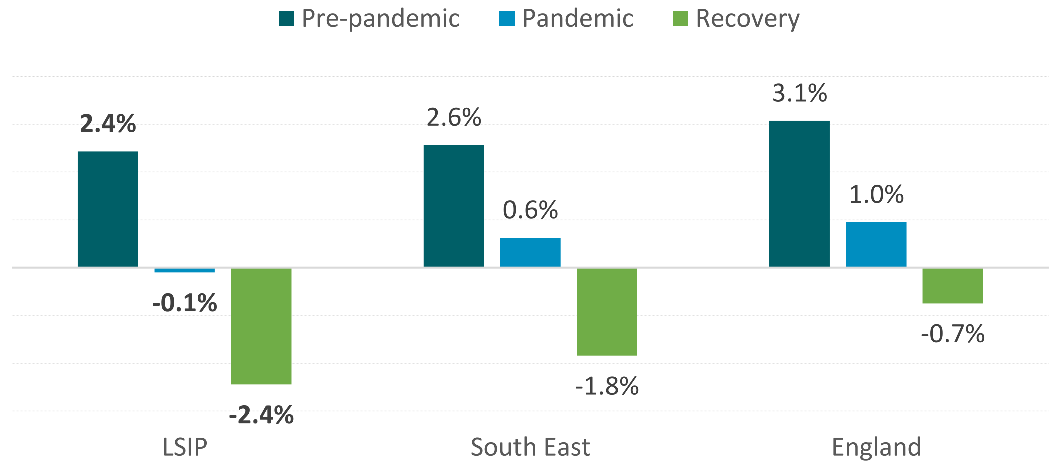
Business stock decreases post-pandemic

- Government measures supported businesses during pandemic.
- Sharper fall post-pandemic than in the region and nationally, driven by micro enterprises.
- Relatively strong performance of large businesses.

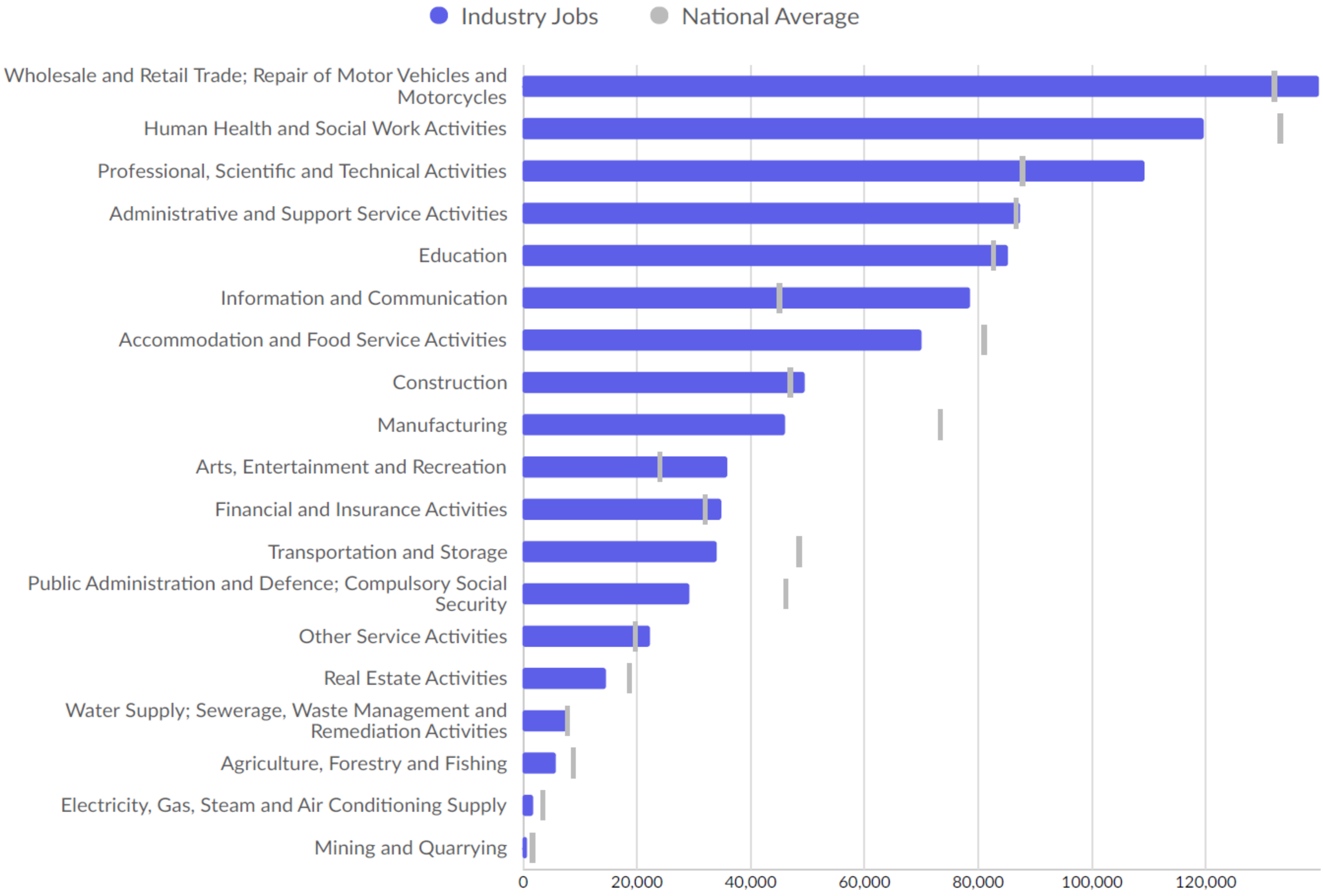
*Note: Business surveys are conducted every March. For analysis purposes, the pandemic period is defined as March 2019 to March 2021, not just until March 2020.

Business (enterprise) distribution	Micro	Small	Medium	Large
3 : Agriculture, forestry & fishing (A)	93.2%	5.6%	0.9%	0.2%
3 : Mining, quarrying & utilities (B,D and E)	86.2%	10.3%	2.3%	1.1%
3 : Manufacturing (C)	81.7%	14.1%	3.3%	0.9%
3 : Construction (F)	95.3%	4.2%	0.4%	0.1%
2A : Motor trades (Part G)	91.5%	7.4%	1.0%	0.2%
2A : Wholesale (Part G)	80.7%	15.2%	3.5%	0.6%
2A : Retail (Part G)	83.4%	15.8%	0.7%	0.2%
2A : Transport & storage (inc postal) (H)	90.8%	7.3%	1.5%	0.3%
2A : Accommodation & food services (I)	73.3%	23.5%	2.3%	0.9%
1 : Information & communication (J)	92.4%	6.3%	1.0%	0.3%
1 : Financial & insurance (K)	94.2%	3.9%	1.1%	0.7%
2A : Property (L)	95.1%	4.5%	0.3%	0.1%
1 : Professional, scientific & technical (M)	94.2%	4.8%	0.8%	0.2%
2A : Business admin & support services (N)	89.7%	8.2%	1.6%	0.5%
2B : Public administration & defence (O)	85.7%	4.1%	2.0%	8.2%
2B : Education (P)	76.6%	13.5%	6.9%	3.0%
2B : Health (Q)	72.9%	20.3%	5.5%	1.3%
2A : Arts, entertainment, etc (R,S,T and U)	89.1%	9.3%	1.3%	0.3%
Total	**89.6%**	**8.6%**	**1.4%**	**0.4%**

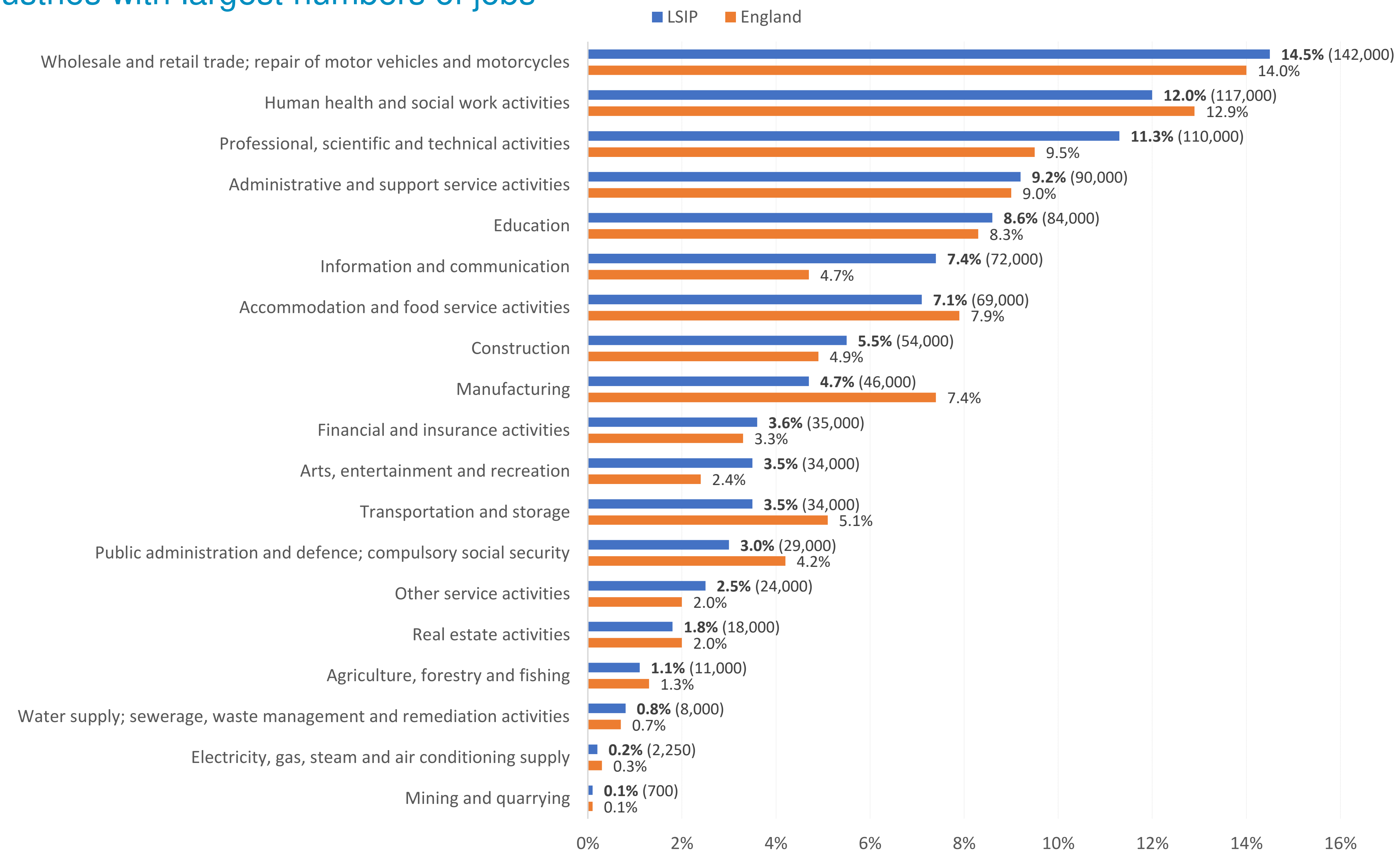
Business growth (enterprise) (% per annum)



Broad Industries with largest numbers of jobs



Broad industries with largest numbers of jobs



Selected Clusters across the LSIP area

Cluster	2020 Jobs	2023 Jobs	% Change	Average Wage (2023)	Employment Concentration	GVA (2019)	% Total of GVA
Digital	60,823	69,780	14.7%	£51,426	2.00	£4,487,878,392	7.94%
Forestry	1,473	1,411	-4.2%	£27,403	1.81	£30,041,533	0.05%
Sports and Leisure	20,323	28,772	41.6%	£28,112	1.59	£895,984,850	1.59%
Appliances and Personal Goods	10,170	9,209	-9.4%	£46,209	1.45	£950,389,726	1.68%
Professional Services	38,136	43,819	14.9%	£43,380	1.42	£3,382,764,090	5.99%
Production Technology	17,015	18,879	11.0%	£46,757	1.38	£1,276,144,470	2.26%
Household Goods and Services	35,151	38,706	10.1%	£28,729	1.36	£1,862,762,986	3.30%
Precision Technology	10,171	10,210	0.4%	£46,116	1.31	£806,868,657	1.43%
Automotive Services	17,858	22,257	24.6%	£34,895	1.26	£1,479,522,557	2.62%
Local Environmental Services	2,929	5,941	102.8%	£37,318	1.23	£236,828,567	0.42%
Air Transport	3,660	4,667	27.5%	£36,487	1.16	£218,341,841	0.39%

Micro business decline in Knowledge-Intensive services, partially offset by Construction growth

- Enterprise levels remain below pre-pandemic peak, particularly impacting micro enterprises.
- Micro enterprise drop driven by Knowledge-Intensive services, particularly '*ICT*' and '*Professional & technical services*', erasing pre-pandemic gains.
- Partially offset by business growth in '*Construction*', '*Accommodation & food services*' and '*Property*'.

Past growth relatively strong in all but two sectors

- Decline in '*Manufacturing*' and '*Wholesale*' sectors between March 2010 and March 2020, contrasting with growth in other sectors.
- Robust expansion in Knowledge-Intensive services (1), accompanied by rapid growth in large '*Accommodation & food services*' enterprises.

Growth since pre-pandemic peak (March 2020 - March 2023),% cumulative	Total	Micro	Small	Medium	Large
3 : Agriculture, forestry & fishing (A)	-6.3	-7.2	0.0	100.0	0.0
3 : Mining, quarrying & utilities (B,D and E)	7.4	8.7	0.0	0.0	0.0
3 : Manufacturing (C)	-2.8	-3.7	0.9	8.7	-12.5
3 : Construction (F)	7.5	7.8	1.7	9.1	0.0
2A : Motor trades (Part G)	0.8	1.7	-9.5	25.0	-50.0
2A : Wholesale (Part G)	-4.2	-4.5	-3.8	4.5	-20.0
2A : Retail (Part G)	-5.3	-8.1	13.1	-18.2	0.0
2A : Transport & storage (inc postal) (H)	4.3	4.3	10.3	-18.2	0.0
2A : Accommodation & food services (I)	9.6	8.9	12.8	5.9	0.0
1 : Information & communication - ICT (J)	-23.9	-25.6	8.0	0.0	0.0
1 : Financial & insurance (K)	-2.5	-2.5	-4.5	0.0	0.0
2A : Property (L)	9.4	9.9	0.0	0.0	0.0
1 : Professional, scientific & technical (M)	-14.5	-15.5	6.7	7.1	0.0
2A : Business admin & support services (N)	-4.0	-5.0	8.7	-6.5	0.0
2B : Public administration & defence (O)	2.1	2.4	0.0	0.0	0.0
2B : Education (P)	0.8	2.2	-3.9	-10.7	22.2
2B : Health (Q)	4.7	3.8	7.4	5.4	12.5
2A : Arts, entertainment, etc (R,S,T and U)	1.0	1.7	-6.3	6.3	33.3
Total	**-5.4**	**-6.4**	**4.8**	**-0.4**	**2.4**

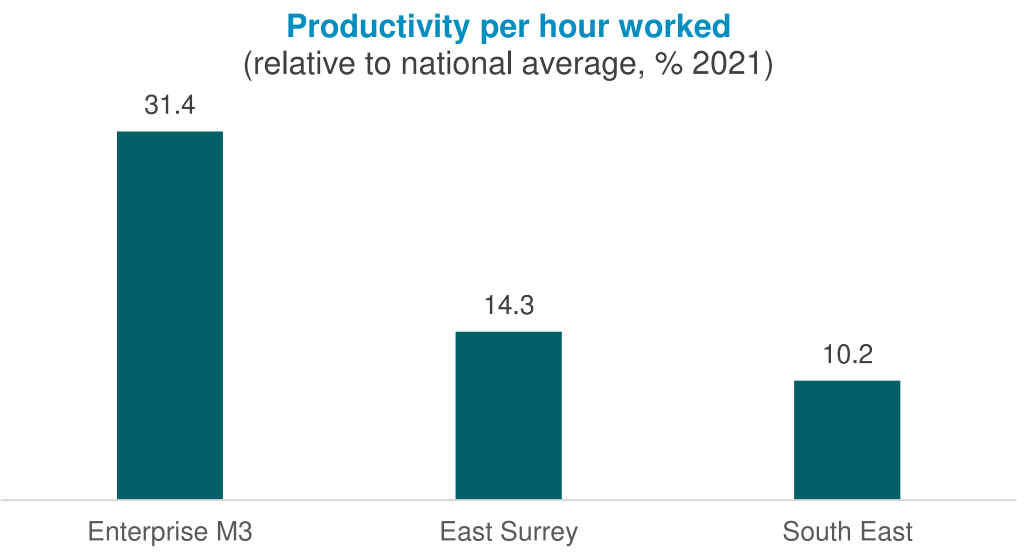
Enterprise trend growth (March 2010 - March 2020), % per annum	Total	Micro	Small	Medium	Large
3 : Agriculture, forestry & fishing (A)	1.3	1.3	1.8	0.0	100.0
3 : Mining, quarrying & utilities (B,D and E)	7.9	8.7	2.5	7.2	100.0
3 : Manufacturing (C)	-0.2	0.0	-1.0	-1.2	-2.2
3 : Construction (F)	2.1	2.2	0.0	0.0	0.0
2A : Motor trades (Part G)	0.5	0.6	0.2	-5.4	0.0
2A : Wholesale (Part G)	-1.2	-1.4	-0.5	2.0	0.0
2A : Retail (Part G)	2.0	1.5	6.0	4.6	0.0
2A : Transport & storage (inc postal) (H)	2.9	3.2	0.0	4.6	0.0
2A : Accommodation & food services (I)	0.6	-0.3	3.7	2.7	8.8
1 : Information & communication (J)	**3.4**	3.5	2.3	1.1	4.1
1 : Financial & insurance (K)	**4.5**	**4.8**	0.5	0.0	2.9
2A : Property (L)	2.8	2.9	2.3	-4.0	0.0
1 : Professional, scientific & technical (M)	3.0	3.1	1.6	2.9	2.9
2A : Business admin & support services (N)	3.4	3.6	1.7	1.8	0.0
2B : Public administration & defence (O)	**5.9**	**6.9**	0.0	100.0	0.0
2B : Education (P)	2.8	2.5	4.1	2.9	4.1
2B : Health (Q)	3.0	4.0	0.3	2.5	2.9
2A : Arts, entertainment, etc (R,S,T and U)	0.0	-0.2	2.0	1.3	0.0
Total	**2.2**	**2.3**	**1.7**	**1.8**	**1.6**

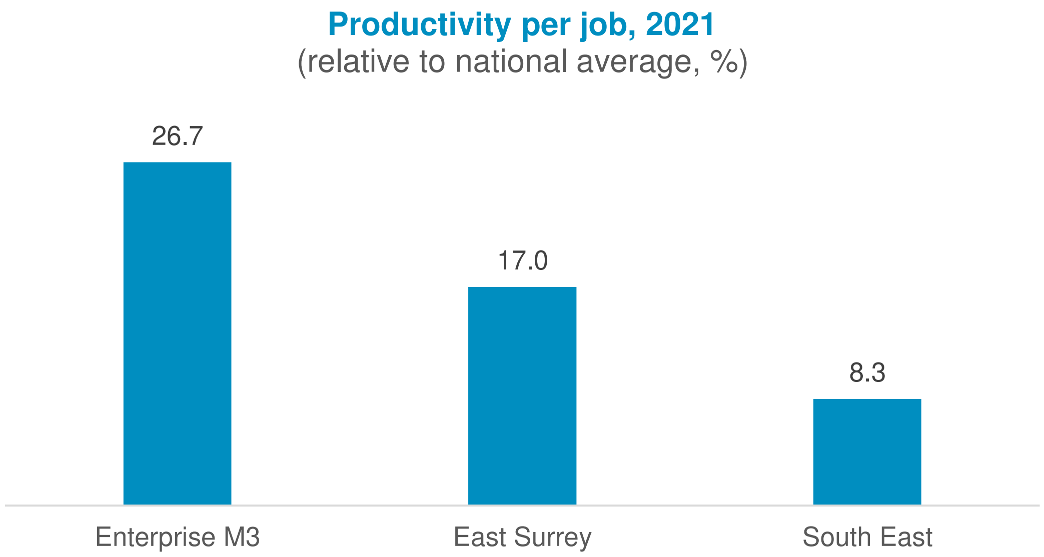
Headline productivity over ¼ above the national average

- Getting more productive relative to national average, yet substantial sub-area differences persist.
- North Hampshire ranks 3rd most productive in England, while West Surrey in top 10.
- Central Hampshire matches the England average, but East Surrey's productivity declines annually.

Slightly less strong in terms of per job product

- Productivity per job (~ £74,000) approximately a quarter higher than the national average and showing relative growth.
- However, Central Hampshire falls below the England average in terms of productivity per job.





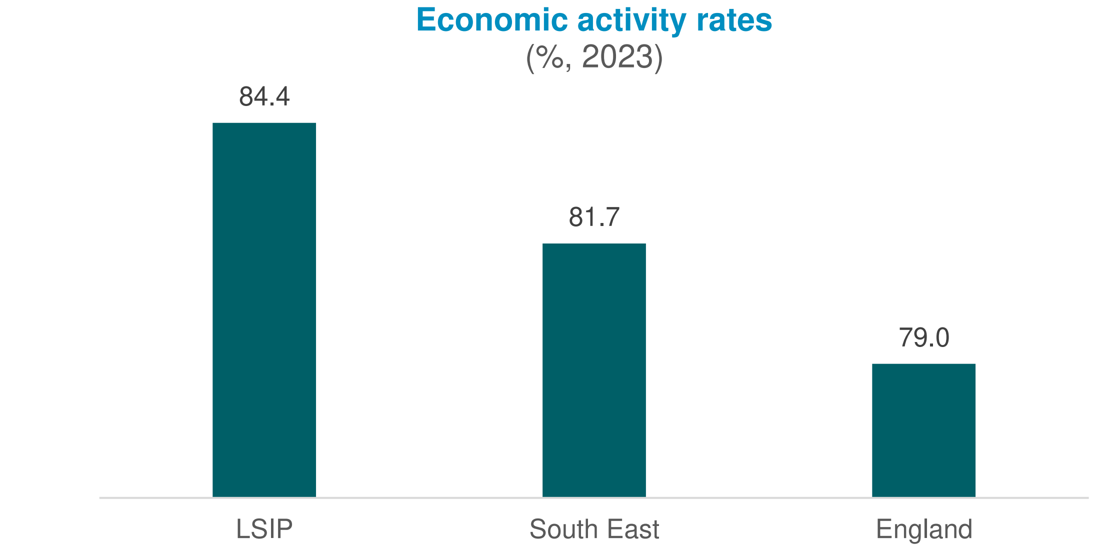
Employment Landscape

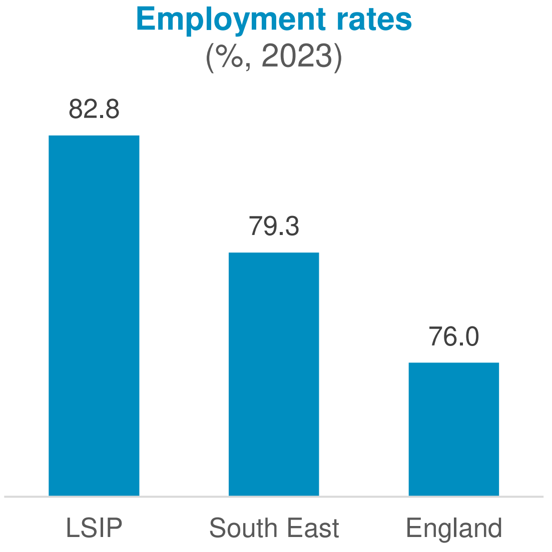
Exceptionally high economic activity

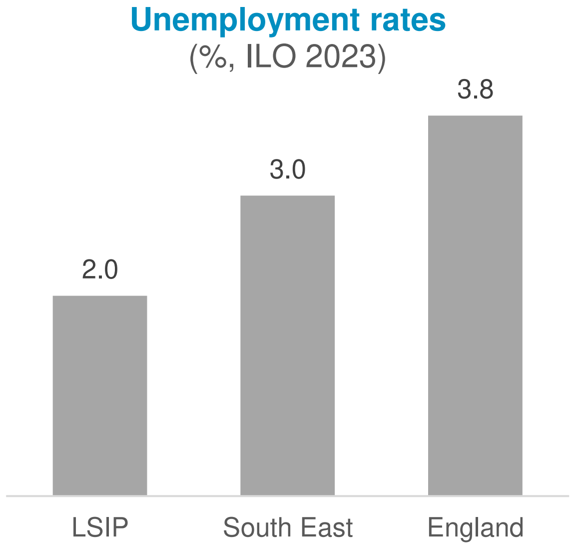
- Workforce of over 1 million, 85% of which is economically active.
- Extremely tight labour market and aging population.
- Limited opportunities for economic growth through increased economic activity and employment compared to other areas.

Near full employment levels

- 980,000 residents in employment, with only 20,000 unemployed, according to the headline measure.
- Employment and unemployment rates significantly outperform those in England and are much stronger than in the South East.
- Aging population and migration > a challenge for expanding the labour supply.





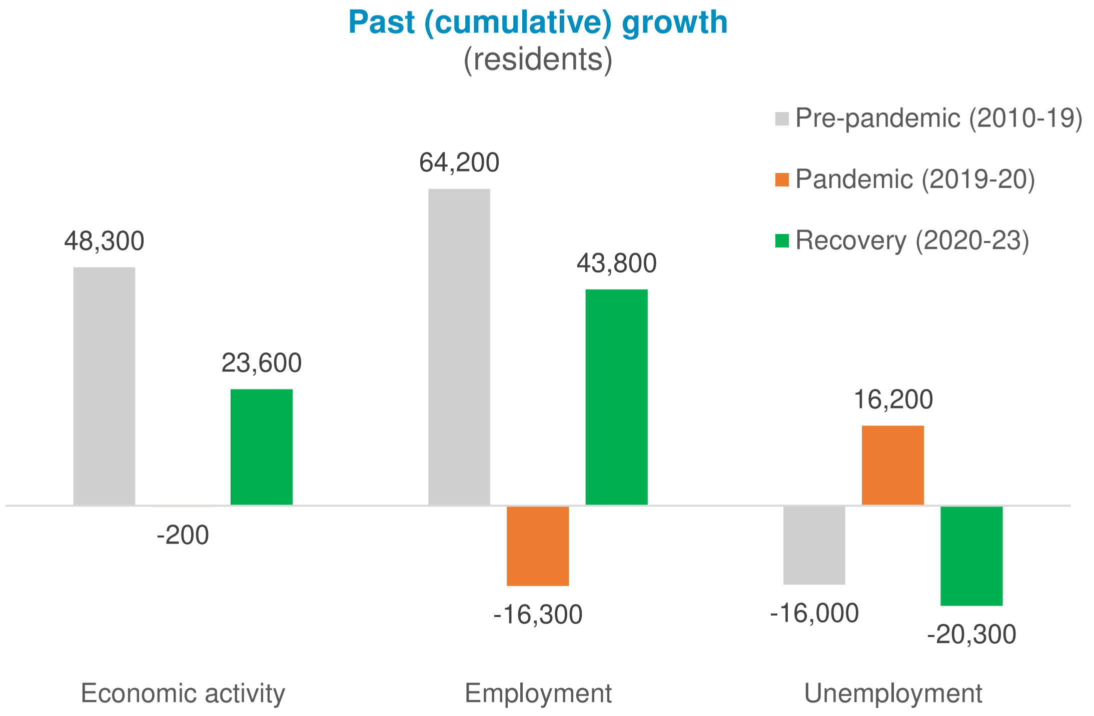


Robust labour market recovery

- Despite significant pandemic impact resident employment rebounded strongly post-pandemic.
- Faster employment growth than national and regional averages.
- Unemployment falls sharply > economy at about full employment level.

Future impact of ageing population in labour market

- Ageing population poses a challenge to labour market participation / supply and skills policy.
- Anticipated peak in labour supply – implications on retention, recruitment, investment and growth.



Concentrations of knowledge-intensive traded services (ICT, professional and financial services)

- Workplace employment (excluding self-employment) stands near 980,000.
- Over one-fifth (22%) of workplace jobs are in Knowledge-Intensive services, surpassing regional and national averages.
- Notable concentrations in *'ICT', 'Professional, scientific & technical services'*, surpassing national and regional averages.
- *'Finance & insurance'* sectors also exhibit higher concentrations compared to the regional average.
- Conversely, there is a low concentration in the relatively small *'Manufacturing'* sector, despite its high value-added nature.

Workplace employment by sector and sector concentrations
(relative to England and South East average, 2022)

	Workplace employment	% employment	Concentration (Eng.=1)	Concentration (S. East=1)
1 : Information & communication (J)	72,000	7.4	**1.6**	**1.2**
2A : Arts, entertainment, etc (R,S,T and U)	58,000	5.9	**1.3**	**1.2**
1 : Professional, scientific & technical (M)	110,000	11.3	**1.2**	**1.2**
2A : Motor trades (Part G)	21,000	2.1	**1.2**	1.0
2A : Wholesale (Part G)	42,000	4.3	1.1	1.0
3 : Construction (F)	54,000	5.5	1.1	1.0
1 : Financial & insurance (K)	35,000	3.6	1.1	**1.4**
2B : Education (P)	84,000	8.6	1.0	0.9
2A : Administrative & Support Activities (N)	90,000	9.2	1.0	1.0
2A : Retail (Part G)	79,000	8.1	1.0	0.9
2B : Health (Q)	117,000	12.0	0.9	1.0
3 : Mining, quarrying & utilities (B,D and E)	10,000	1.0	0.9	0.8
2A : Property (L)	18,000	1.8	0.9	1.0
2A : Accommodation & food services (I)	69,000	7.1	0.9	1.0
3 : Agriculture, forestry & fishing (A)	11,000	1.1	0.8	0.8
2B : Public administration & defence (O)	29,000	3.0	0.7	0.9
2A : Transport & storage (inc postal) (H)	34,000	3.5	0.7	0.7
3 : Manufacturing (C)	46,000	4.7	0.6	0.8

Note: sector classifications
1: higher-value added knowledge intensive traded services
2: local services (2A private and 2B mostly public)
3: traditional primary and secondary industries

Sector concentrations
1 = comparable to the benchmark average
1.2 = in terms of employment 20% more concentrated than the benchmark area

Sector color coding in the '% employment' (third) column indicates concentrations relative to England and South East averages. Green signifies above-average concentrations in both, amber denotes comparable concentrations, and red indicates below-average concentrations in both.

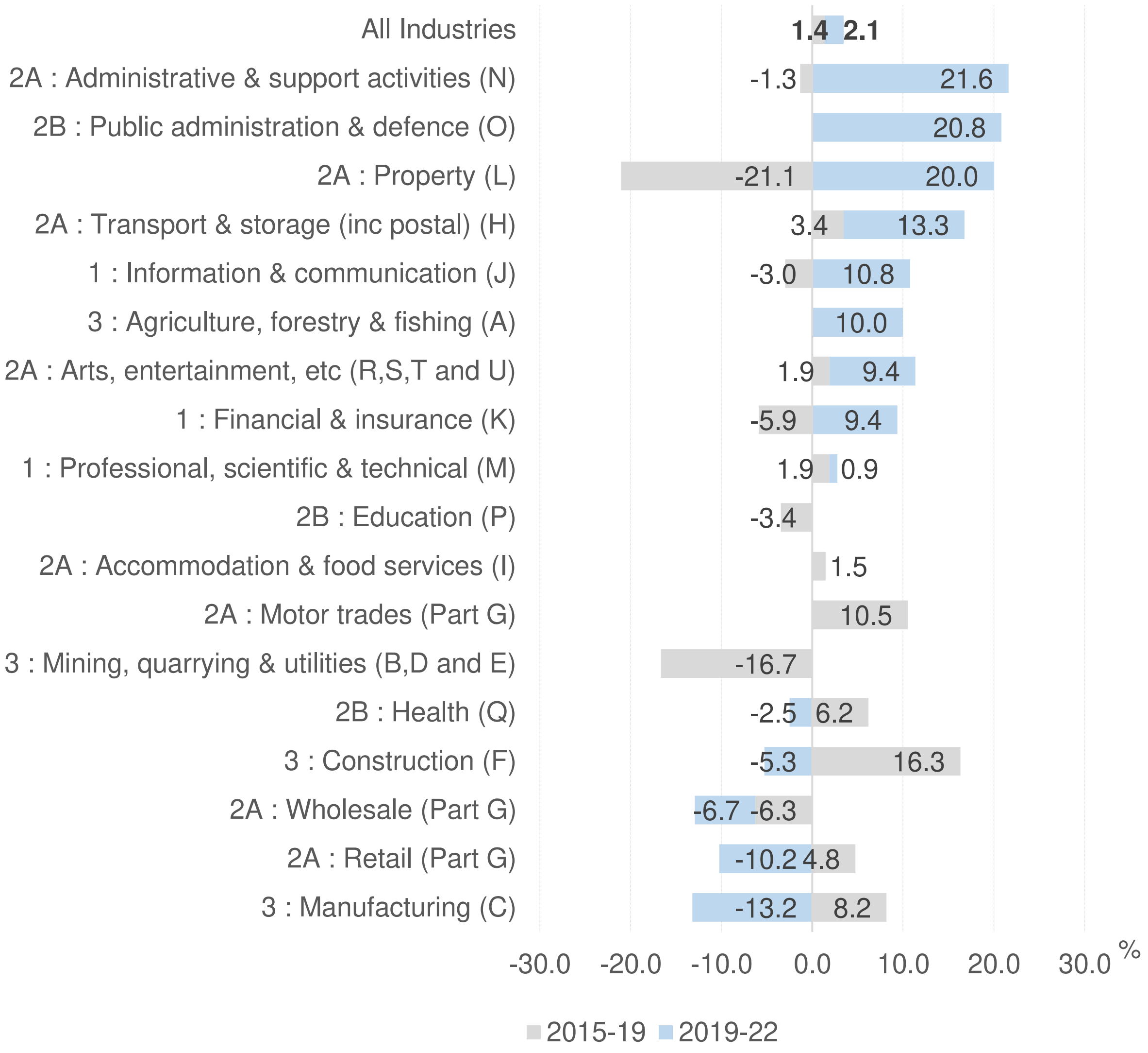
Sluggish growth between 2015 and 2019

- Between 2015 and 2019, workplace employment increased by 13,000, up by 1.4%.
- *'Construction', 'Motor trades' and 'Manufacturing'* experienced the fastest growth in employment.

Strong recovery post pandemic

- 20,000 or 2.1% more jobs in 2022 than in 2019. Some 40,000 more jobs in 2022 than 2021.
- Strong growth in '*Administrative & support activities'* (+16,000), particularly in supplying temporary workers. *ICT* performed well (+7,000), albeit at a slower pace than '*Administrative activities'.*
- However, '*Manufacturing', 'Retail', and 'Wholesale'* sectors still lag behind pre-pandemic peak employment levels.

Workplace employment growth
(2015-2019 and 2019-2022, cumulative %)



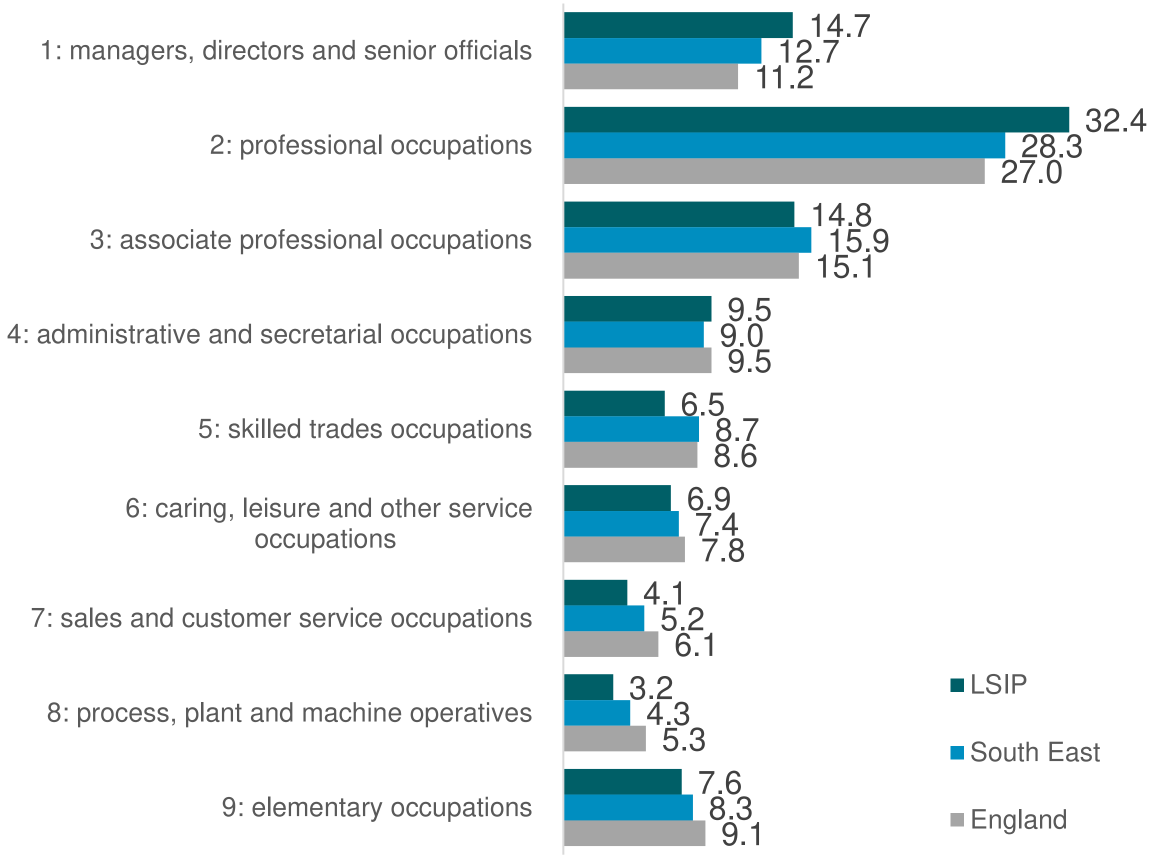
Concentration of advanced skills

- High-skilled occupations make up approximately 47% of the LSIP workforce, a slight increase from 2021 (45%).
- The highest concentration is observed in '*Professional occupations*' with nearly a third of the LSIP workforce (32%).
- Concentration of high-skilled occupations significantly exceeds both regional and national averages.

Intermediate and lower-skilled occupations underrepresented relative to average.

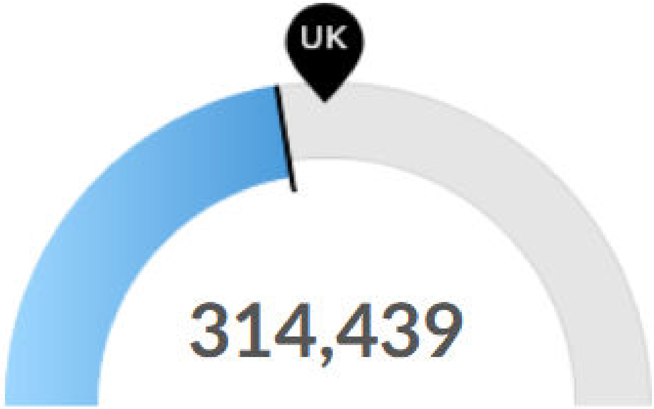
- Conversely, below-average concentration observed for lower intermediate (e.g., retail and hospitality) and elementary occupations.

High, Intermediate and Low-skill Occupations
(2023, % total)



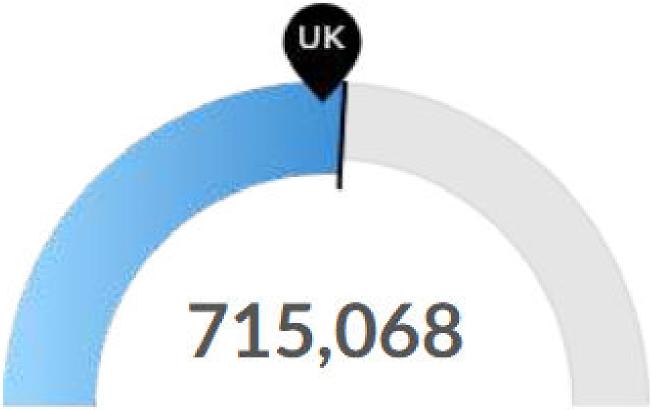
Demographics

1.99 MILLION PEOPLE – 1.23 MILLION OF WORKING AGE – 387,200 CHILDREN – 376,800 65+ YEAR OLDS



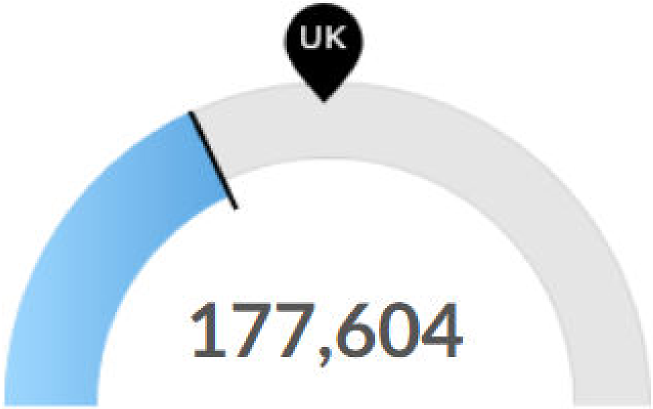
Millennials

Your area has 314,439 millennials (ages 25-39). The national average for an area this size is 365,513.



Retiring Soon

Retirement risk is about average in your area. The national average for an area this size is 676,460 people 55 or older, while there are 715,068 here.



Racial Diversity

Racial diversity is low in your area. The national average for an area this size is 274,841 racially diverse people, while there are 177,604 here.

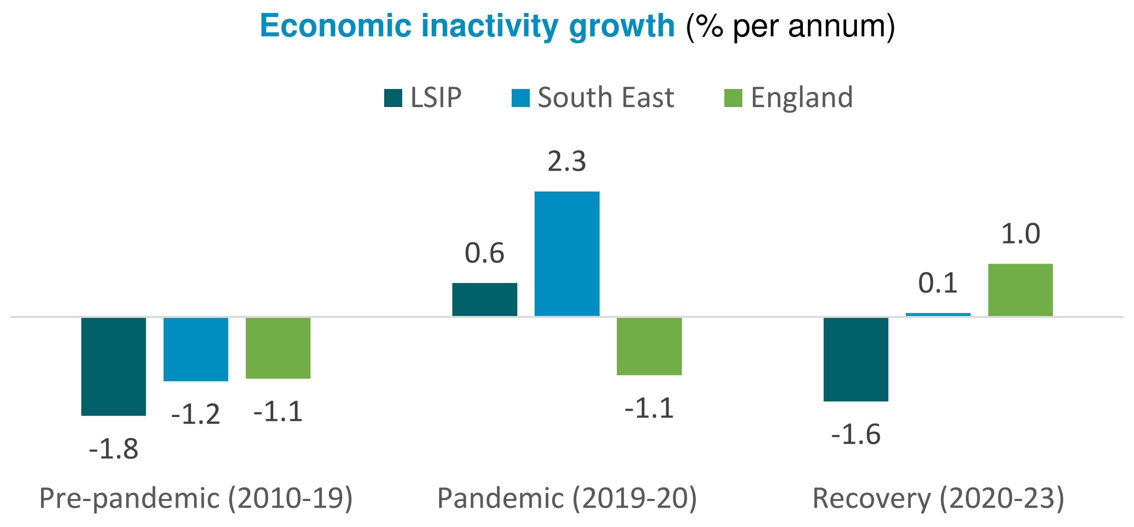
Source: Lightcast (2024)

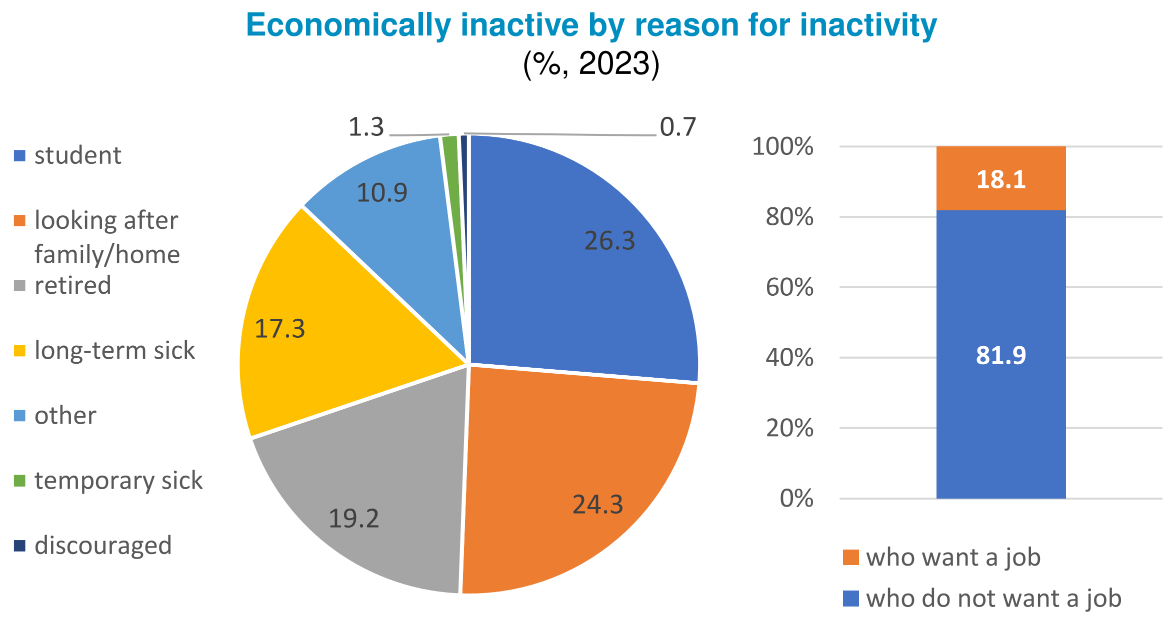
Economic inactivity lower than national average

- 184,000 economically inactive residents of working age (15.6% of working age population).
- Falling inactivity before and after pandemic, faster than in South East or England.
- Less scope than elsewhere to boost growth in working age population.

Relatively large proportion of early retirees

- Reasons for inactivity: Students (1/4), Family care (1/4) above the national average, Retirement (1/5), Long-term sickness (17%).
- Close to 1 in 5 (33,4000) want a job, higher than 16.2% in the South East and 17.8% in England.
- Possible interventions needed: childcare services, healthcare support and training programs.



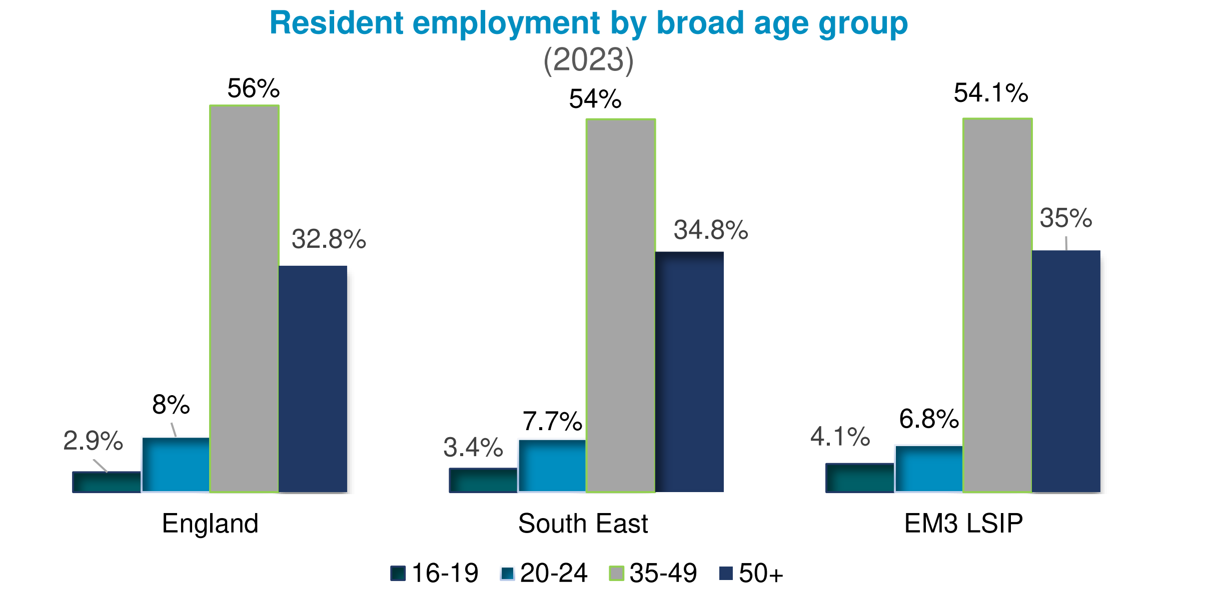


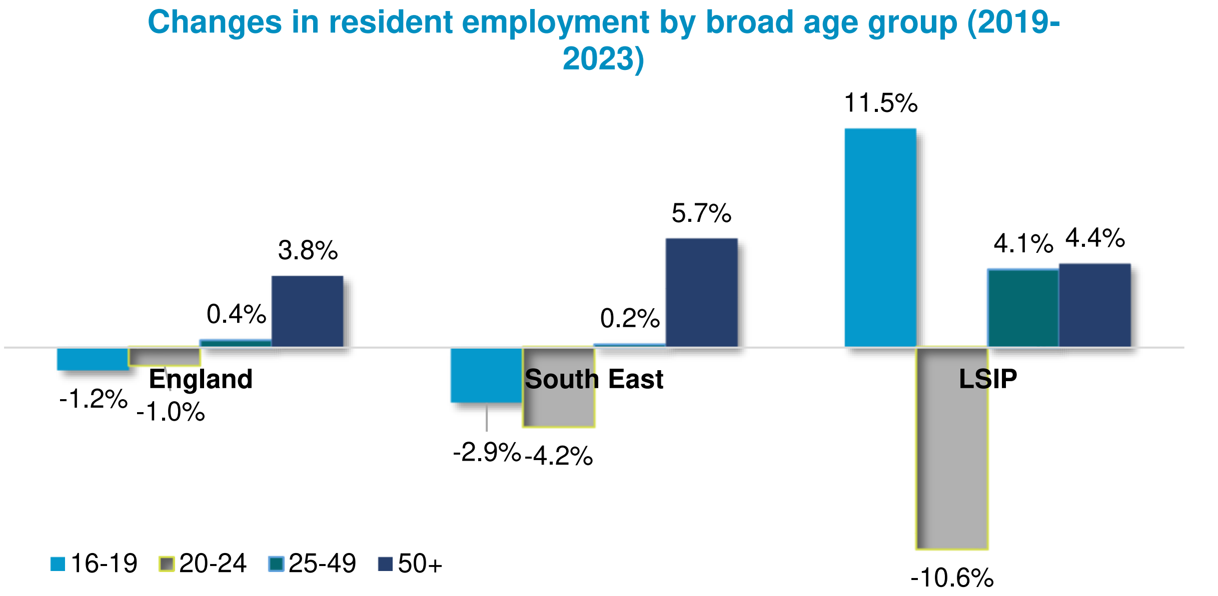
Concentration of older resident workers

- Around 360,000 older resident workers (50+) in Enterprise M3 and Surrey LSIP area in 2023.
- Above average concentrations of older workers and young workers (16-to-19-year-olds).
- Below average share of people in the prime age group (25-to-49-year-olds)

Sharp fall in 20-24-year-olds resident employment in the LSIP area

- Decreasing resident employment numbers for 20-24-year-olds across England and the South East, but most noticeable in the LSIP area 2019-2023.
- The LSIP area sees strong growth in resident employment in the prime age group.





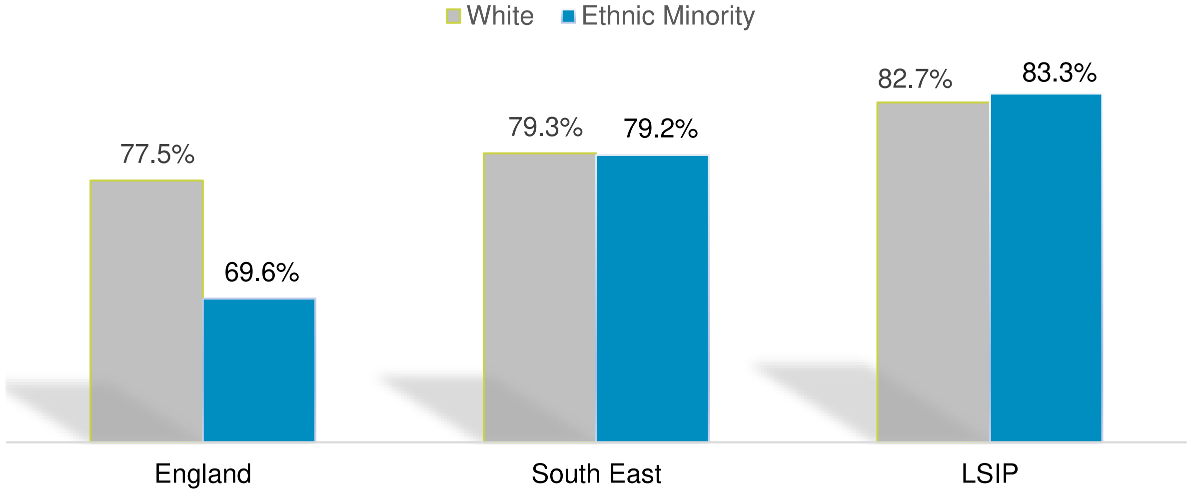
Increasing ethnic minority employment rates

- Employment rates among the LSIP area's ethnic minority groups are above rates in the South-East and well above the national average.
- LSIP ethnic minority employment rates are also slightly higher than white employment rates in 2023.
- Employment rates among ethnic minorities in the LSIP area increased by 3.2 percentage points 2019-2023.
- Employment rates on a national level shows a 7.9 percentage point gap between white and ethnic minorities, but not in the South-East and the LSIP area in 2023.

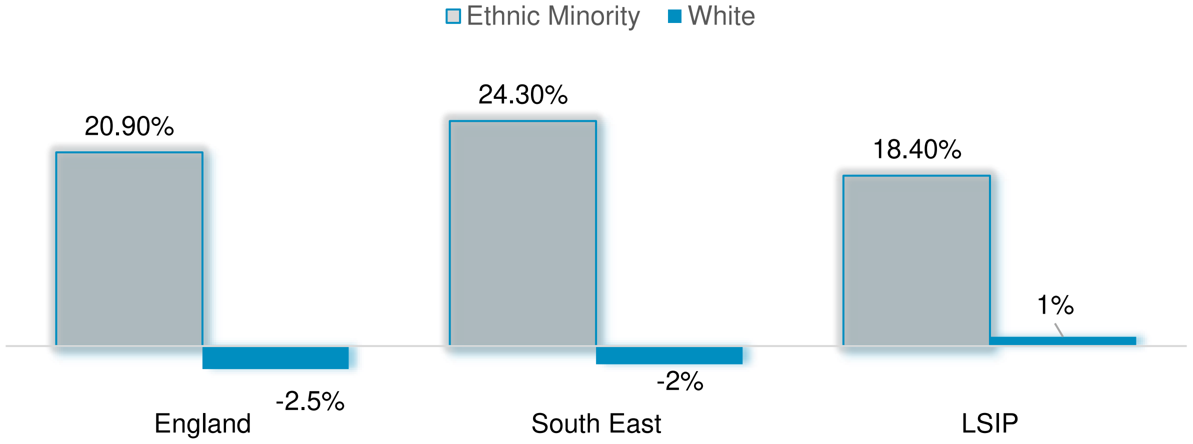
Changes in ethnic minority resident employment

- Number of ethnic minority residents in employment significantly increased nationally, regionally and in the LSIP between 2019 and 2023.

Residence employment rate by broad ethnic group (2023)



Change in resident employment by broad ethnic group (2019-2023)



Concentration of older workers

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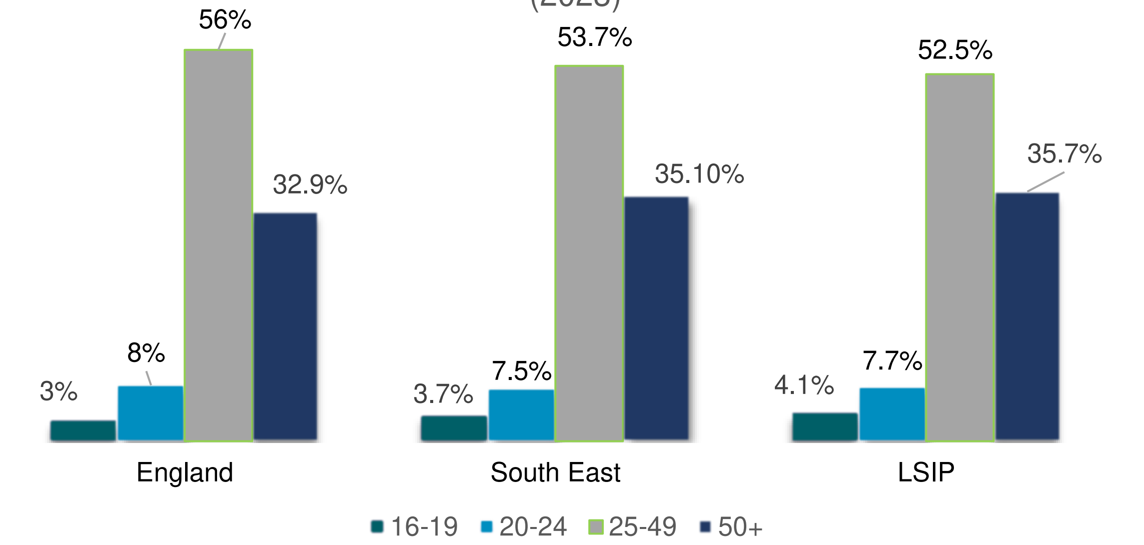
- Above average concentrations of older workers and young workers (16-to 19-year-olds).
- Relatively smaller share of people in the prime age group (25- to 49-year-olds).

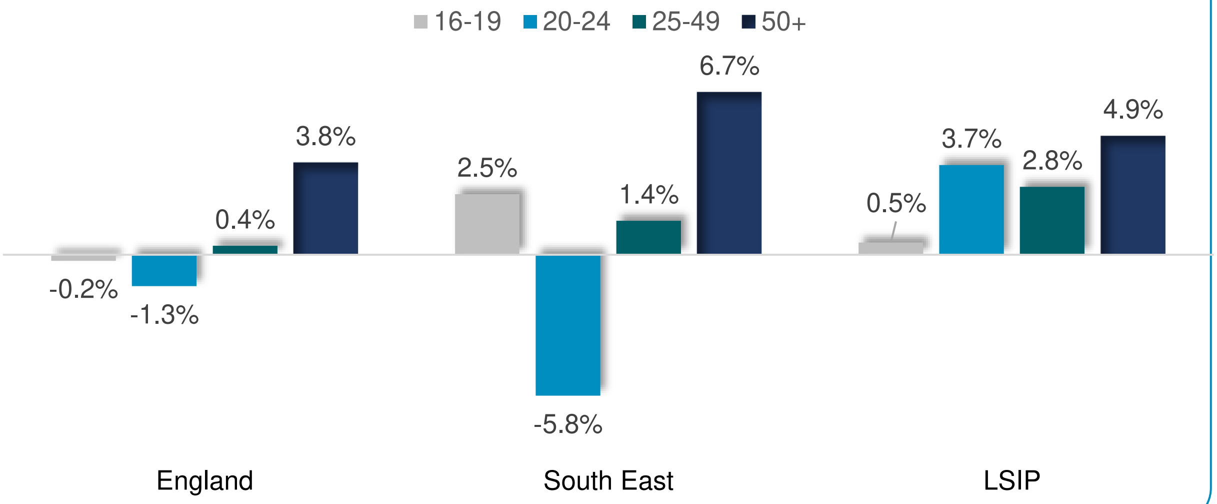
Relatively strong employment growth in the prime age and older workers groups

- Employment growth in the LSIP 20–24-year-old group but decrease nationally/SE in 2023.
- Employment growth in the prime age group considerably faster than in the region or England.
- The older age group sees the fastest increase in employment, but slower than in the region.

Workplace employment by broad age group
(2023)



Change in workplace employment by broad age group
(% 2019-2023)



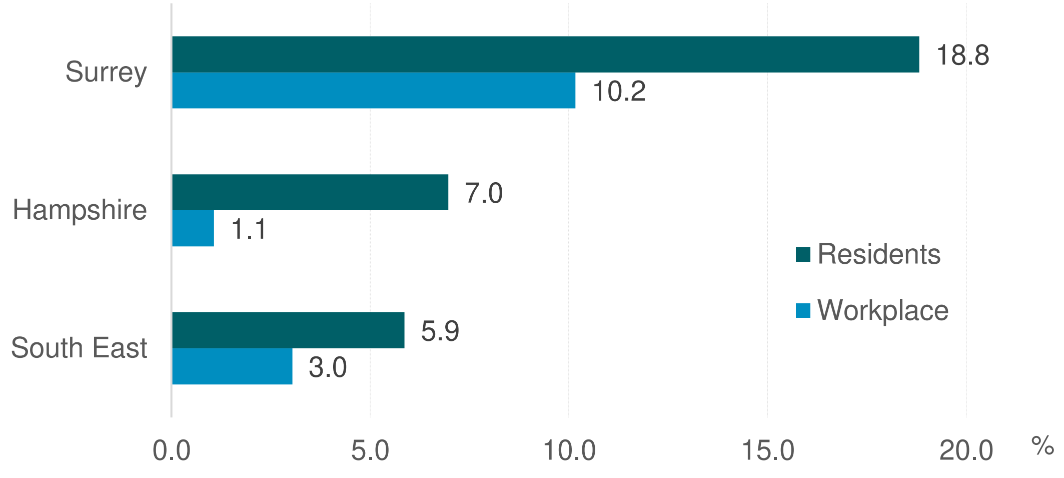
High wage levels

- Residence wages exceed both regional and national averages, while workplace wages are higher in Surrey but lag behind the regional average in Hampshire.
- Residence wages are approximately 19% higher than the national average in Surrey and 7% higher in Hampshire, while workplace wages are about 10% higher than the national average in Surrey but nearly comparable to the average in Hampshire.
- The gap attributed to elevated commuter incomes.

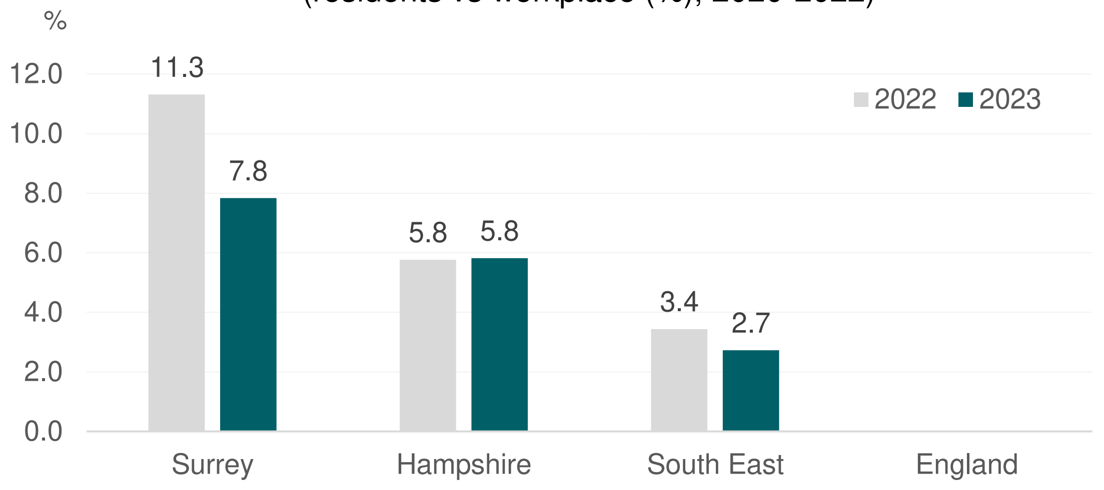
Narrowing wage gap between residents and workplaces in Surrey

- The wage gap in Surrey decreased from 11% to 8% between 2022 and 2023, while in Hampshire, it remained unchanged at 6%. Surrey experiences a wider gap but sees a reduction consistent with the regional average.

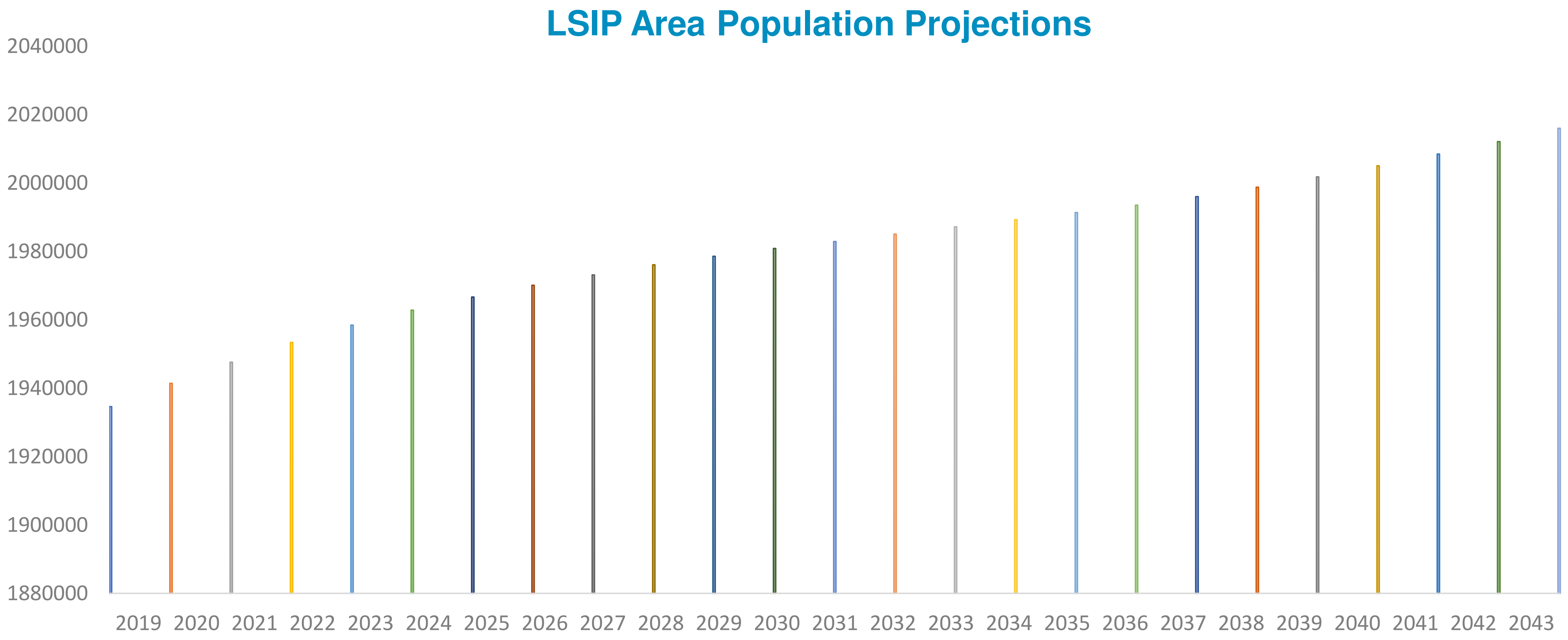
Wage levels
(relative to England average (%), 2022)



Wage gap
(residents vs workplace (%), 2020-2022)



Note that the chart shows total population projection data in numbers in the LSIP area only, not working age population.



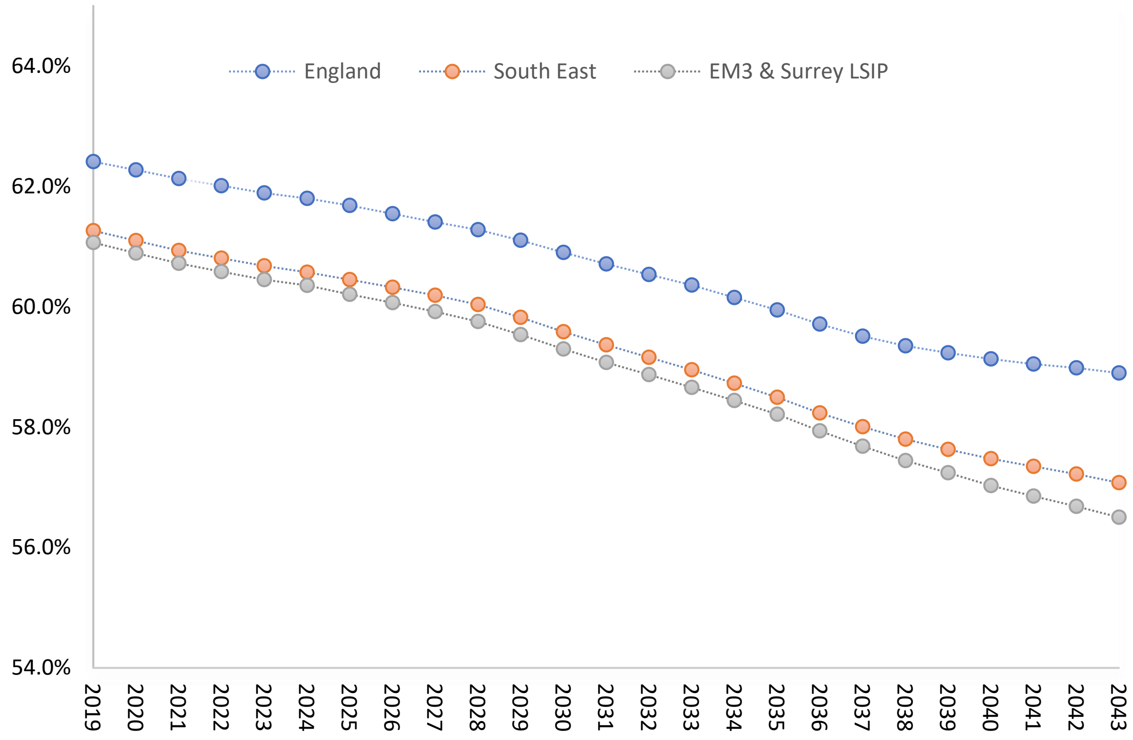
Source: ONS (2023)

Projected decrease in working age population

- The projected share of working age population (16-64) nationally/SE and LSIP area shows a decreasing trend per annum until at least 2043.
- The LSIP area forecast shows a greater fall in working age population share compared to SE/nationally.
- Retirement age has increased and is likely to keep increasing but this will have limited impact on the labour supply in the area.
- Growth in older workforce > rising demand for upskilling.

Projected share of working age population

(% 16-64 age group)



Note that population estimates/projections data from ONS/Nomis includes working population 16-64, it does not include working age population above 64.

Skills demand

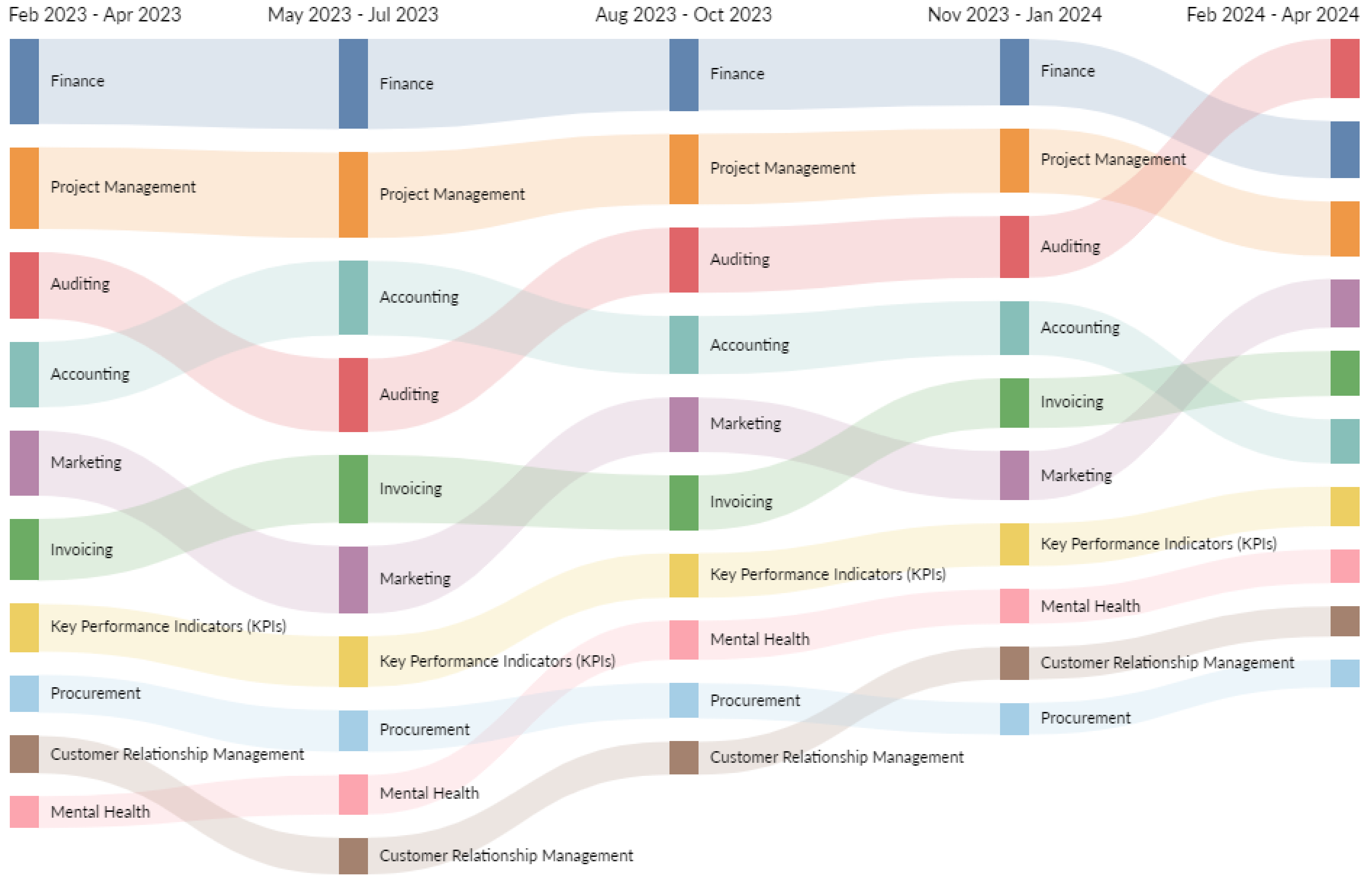
Headlines from over 263,239 unique postings

- Strong expansion and replacement demand in **care**, **hospitality**, and customer-facing occupations.
- Advertised salaries range from **£10k** - **£272k** (median: £28.6k)
- Top job postings activity in **Guildford** followed by **Basingstoke & Deane** and **Reigate & Banstead**.
- 80% postings do not list an education level.
- Top companies posting include **NHS** followed by **Surrey County Council** and **Hampshire County Council**.
- Top industries posting include **Human Health Activities** followed by **Food and Beverage Service Activities** and **Retail Trade, Except of Motor Vehicles and Motorcycles**.

Top 10 posted occupations and job titles
(LSIP area, Feb 2023 - April 2024)

Occupation	Total unique postings
Care workers and home carers	10,891
Cleaners and domestics	8,343
Sales related occupations n.e.c.	8,154
Chefs	5,786
Kitchen and catering assistants	5,429
Customer service occupations n.e.c.	5,278
Managers and directors in retail and wholesale	4,959
Programmers and software development professionals	4,490
Sales and retail assistants	4,176
Other registered nursing professionals	4,119

Job title (from posting)	Total unique postings
Support workers	3,082
Care assistants	3,048
Cleaners	2,808
Teaching assistants	1,604
Housekeepers	1,530
Kitchen assistants	1,509
Delivery drivers	1,432
Health care assistants	1,412
Nursery practitioners	1,372
Team members	1,333


Feb 2023 - Apr 2023
May 2023 - Jul 2023
Aug 2023 - Oct 2023
Nov 2023 - Jan 2024
Feb 2024 - Apr 2024
Finance
Project Management
Auditing
Accounting
Marketing
Invoicing
Key Performance Indicators (KPIs)
Procurement
Customer Relationship Management
Mental Health
Finance
Project Management
Accounting
Auditing
Invoicing
Marketing
Key Performance Indicators (KPIs)
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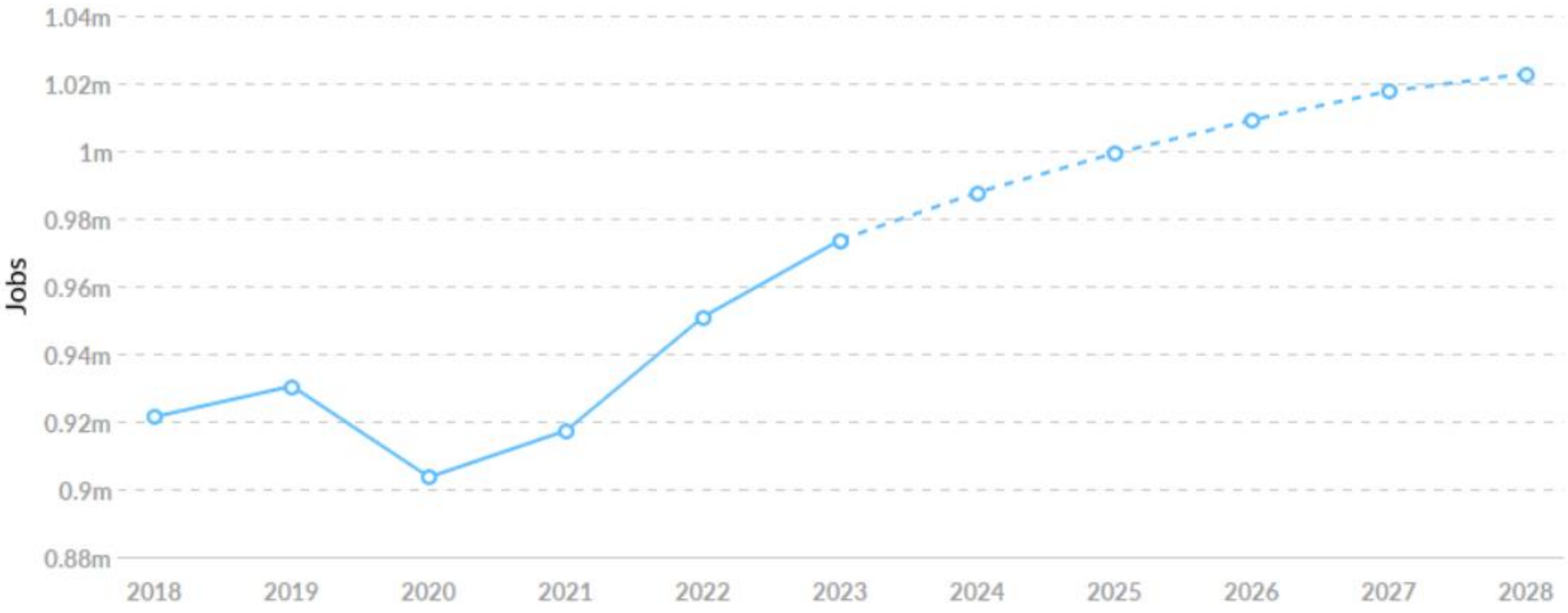
Mental Health
Procurement
Customer Relationship Management
Finance
Project Management
Auditing
Accounting
Invoicing
Marketing
Key Performance Indicators (KPIs)
Mental Health
Customer Relationship Management
Procurement

Forecast Job and Skills Demand

From 2018 to 2023, the number of jobs in the area increased by 5.7%, from 921,359 to 973,696. This change fell short of the national growth rate of 6.5%.

LSIP Jobs – Trend Growth and Projected Growth



Source: Lightcast (2024)

PROJECTED JOBS DEMAND

Expansion & Replacement job matters

- Between 2020 & 2035, the LSIP area is projected to have a *Total Jobs Demand* of 380,800 jobs.
- This consists of around 46,400 new jobs (*Expansion Demand)* and 334,400 replacements of the existing jobs (*Replacement Demand)*.
- *Replacement Demand* is expected to constitute some 88% of total job demand (*Total Requirement*).
- Total employment is projected to expand by 0.4% per annum (p.a.).

Anticipated job growth in Construction, Leisure and IT

- By 2035, the LSIP area will see new job creation particularly in '*Construction*', '*Leisure*' and '*IT*'.
- Meanwhile, '*Manufacturing*' (excluding food, drink & tobacco) and '*Non-marketed Services*' (e.g., public services) will have significant replacement demand.

Expansion and Replacement Demand by Industry

(Department for Education projections*, 2020-2035)

Broad Industrial Sectors (6 Industries)	Thousands					Percentage	
	2020	2035	Expansion Demand	Replacement Demand	Total Requirement	Growth (% per annum)	Replacement Demand (%)
Construction	54.8	63.9	**9.0**	24.8	33.8	1.0%	**73.3%**
Business and other services	256.5	280.1	**23.6**	127.6	151.2	0.6%	**84.4%**
Trade, accomod. and transport	154.3	165.9	**11.6**	74.7	86.3	0.5%	**86.5%**
Primary sector and utilities	11.9	12.4	**0.6**	5.5	6.1	0.3%	**90.9%**
Non-marketed services	165.5	171.9	**6.4**	90.4	96.7	0.3%	**93.4%**
Manufacturing	29.3	24.6	**-4.7**	11.4	6.7	-1.2%	**100.0%**
All Industries	**672.3**	**718.8**	**46.4**	**334.4**	**380.8**	**0.4%**	**87.8%**

Narrow Sectors (22 Industries)	Thousands					Percentage	
	2020	2035	Expansion Demand	Replacement Demand	Total Requirement	Growth (% per annum)	Replacement Demand (%)
Food drink and tobacco	2.4	2.9	**0.5**	1.2	1.7	1.2%	**71.6%**
Accommodation and food	40.7	49.0	**8.3**	21.9	30.1	1.2%	**72.6%**
Arts and entertainment	23.8	28.7	**4.9**	13.2	18.1	1.3%	**72.9%**
Information technology	38.0	44.6	**6.6**	18.0	24.6	1.1%	**73.1%**
Construction	54.8	63.9	**9.0**	24.8	33.8	1.0%	**73.3%**
Water and sewerage	3.5	4.0	**0.5**	1.6	2.1	0.9%	**75.7%**
Support services	51.9	58.0	**6.0**	25.5	31.5	0.7%	**80.9%**
Professional services	79.0	87.3	**8.3**	40.2	48.5	0.7%	**82.9%**
Real estate	12.4	13.6	**1.2**	6.3	7.5	0.6%	**83.6%**
Transport and storage	20.5	21.7	**1.2**	9.6	10.8	0.4%	**89.0%**
Agriculture	3.9	4.1	**0.3**	2.1	2.3	0.4%	**89.1%**
Health and social work	84.6	89.3	**4.7**	48.2	52.9	0.4%	**91.1%**
Wholesale and retail trade	93.1	95.3	**2.2**	43.2	45.4	0.2%	**95.2%**
Education	63.2	64.5	**1.3**	33.4	34.8	0.1%	**96.2%**
Public admin. and defence	17.7	18.1	**0.3**	8.8	9.1	0.1%	**96.6%**
Mining and quarrying	0.6	0.4	**-0.1**	0.2	0.1	-1.4%	**100.0%**
Electricity and gas	3.9	3.8	**-0.1**	1.7	1.5	-0.2%	**100.0%**
Media	5.0	4.7	**-0.3**	2.3	2.0	-0.4%	**100.0%**
Other services	23.6	22.2	**-1.4**	11.5	10.2	-0.4%	**100.0%**
Engineering	6.1	4.6	**-1.5**	2.3	0.8	-1.8%	**100.0%**
Finance and insurance	22.9	21.0	**-1.9**	10.6	8.7	-0.6%	**100.0%**
Rest of manufacturing	20.9	17.1	**-3.7**	7.9	4.2	-1.3%	**100.0%**

* DfE LM & Skills projections: 2020-2035. Definitions: '*Expansion Demand'* refers to newly created jobs. '*Replacement Demand*' is the need to replace departing employees due to retirement, career changes, or mortality. '*Total Requirement'* is the sum of expansion and replacement demand over the forecast period.

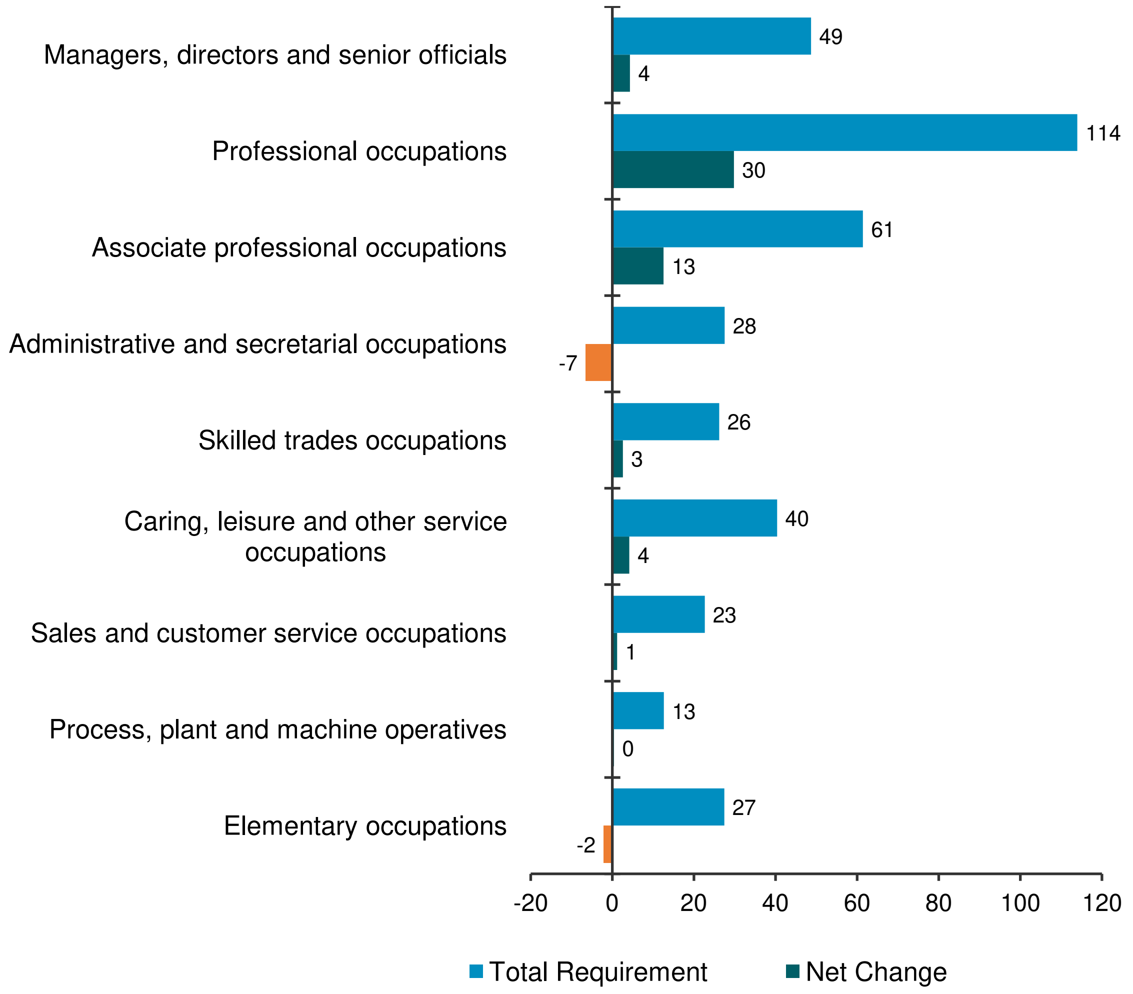
Strong demand projected for top three occupational groups

- 'Professionals and Associates' with 'Managers, Directors & Senior Officials', represent 58.8% of the Total Job Requirements (224,000 jobs) by 2035.
- 47,000 new jobs expected in these categories, driven by 'Science, Research, Engineering & Tech professionals' and 'Health & Social Care Associates'
- Total demand for 'Administrative & Secretarial occupations' and Elementary occupations entirely driven by replacement demand.

Aging population > main driver for Healthcare roles

- Projected strong growth among elderly population > highlighting the need for caring roles.
- Increasing focus on upskilling, talent attraction, migration, and tech adoption.

Expansion* and Replacement Demand by Occupations
(Department for Education projections, 2020-2035)



*Expansion Demand refers to Net Change in the chart. Expansion demand and Net Change are equivalent.

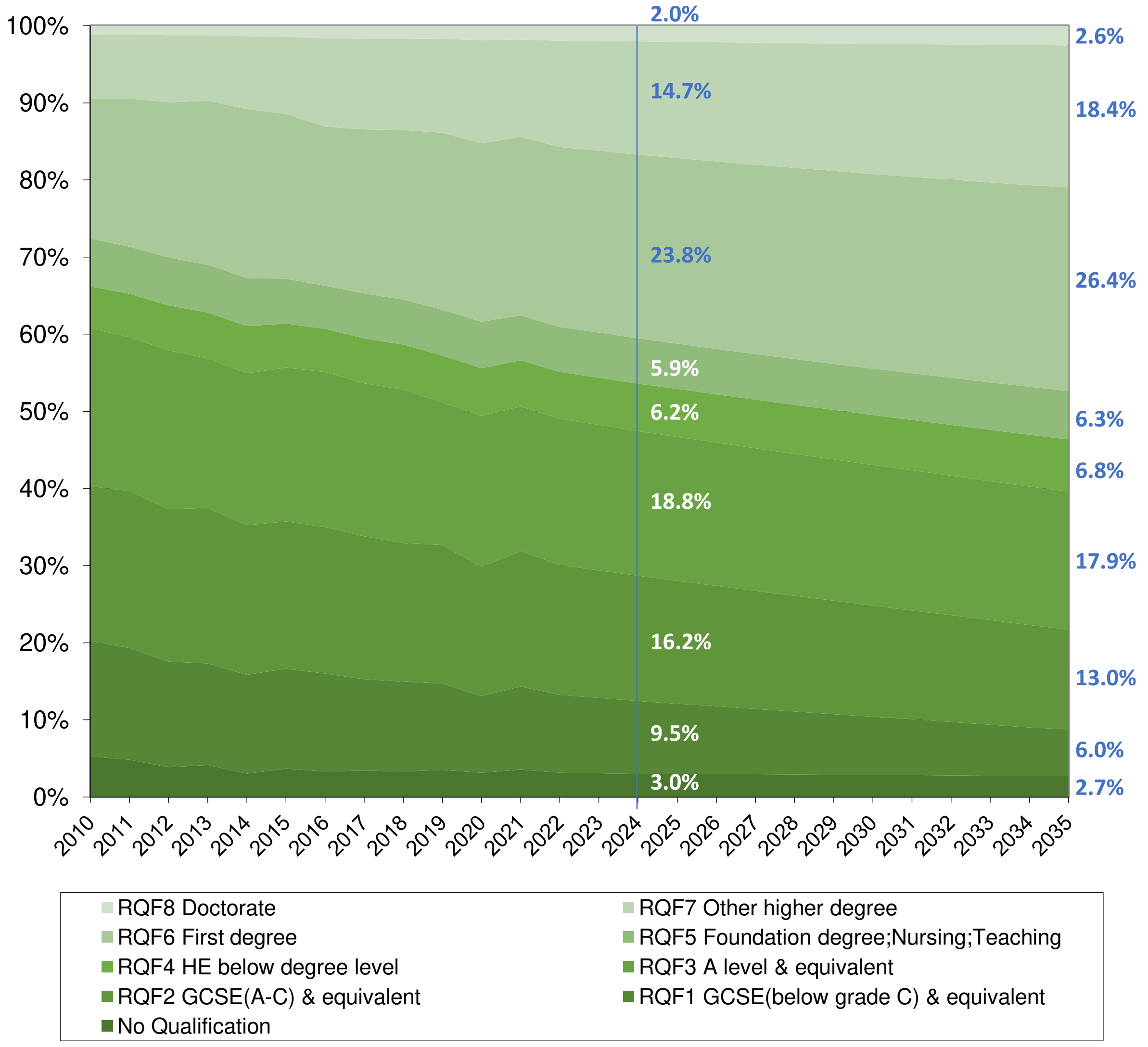
Highly skilled workforce growth

- By 2035, the LSIP area is projected to have 434,000 workers (60.4% of employment) with level 4+ qualifications (RQF4+), an increase of 73,000 high-skilled workers compared to 2024 levels (53%).
- Employment trends indicate that workers with first degree qualifications (RQF6) will make up 26.4% of total employment, while other higher degree holders (RQF7) will account for 18.4%, adding 26,000 and 31,000 workers, respectively.
- Workers with doctorates will make up 2.6% of the total employment landscape (+4,000 workers).

Decline in no qualifications

- In contrast, the number of workers with no qualifications in the LSIP area is projected to decrease from 20,400 (3% of total employment) in 2024 to 19,700 (2.7%) by 2035.

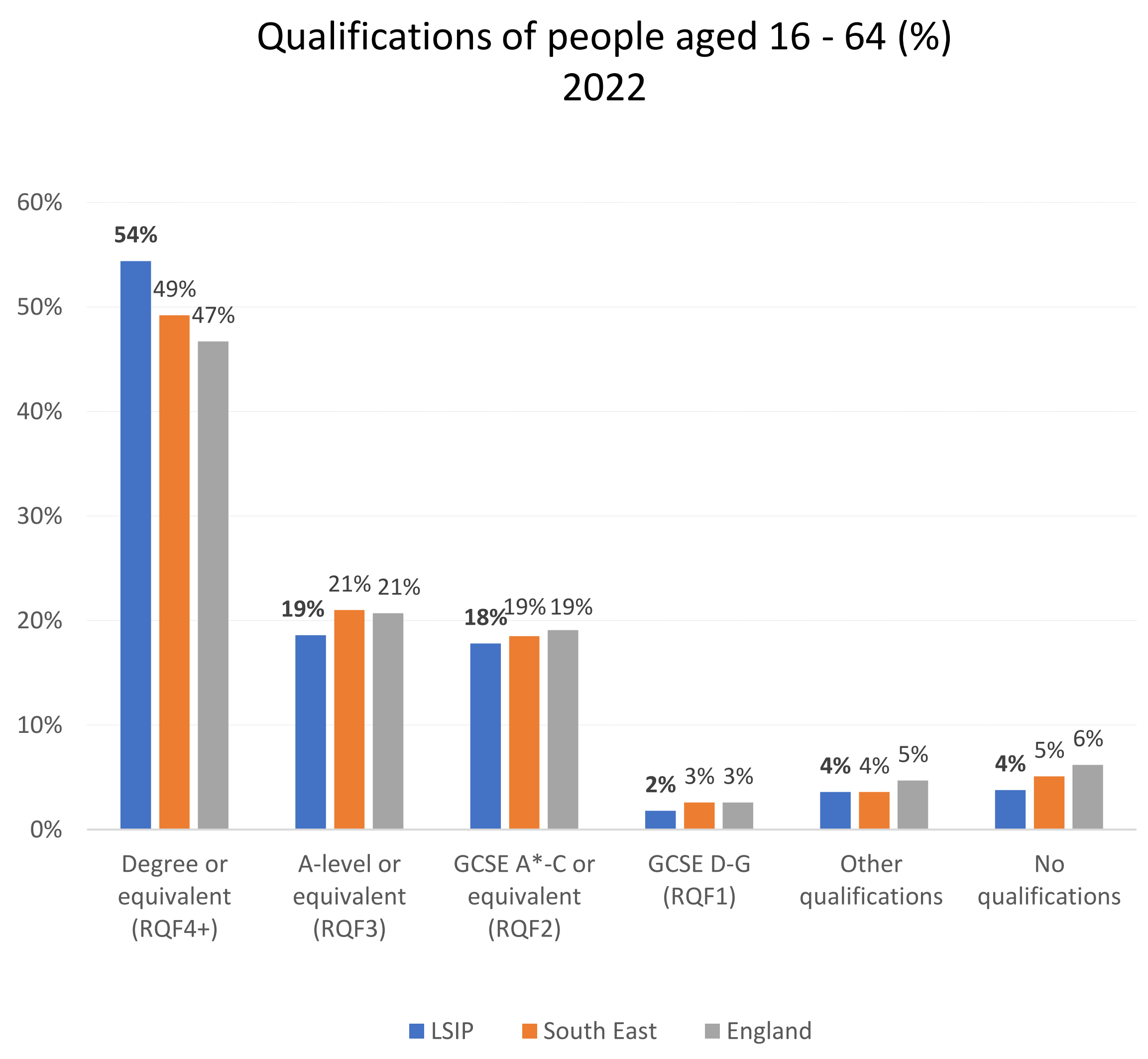
Employment by Qualifications
(Department for Education projections*, 2010-2035)



Skills Supply

Skilled resident workforce: a profile of high-quality talent

- Within the LSIP area, over half (54%) of residents possess a degree or its equivalent, surpassing national (47%) and regional (49%) averages.
- At the bottom end of the skills distribution some 4% of residents lack any qualifications, markedly lower than both national (6%) and regional (5%) averages.
- The journey towards higher education and increased earning potential often commences with Level 3 qualifications, such as A-levels and vocational equivalents.
- However, only 19% of residents in the LSIP area hold such qualifications, trailing behind national and regional averages, both at 21%.



Achievements in Further Education

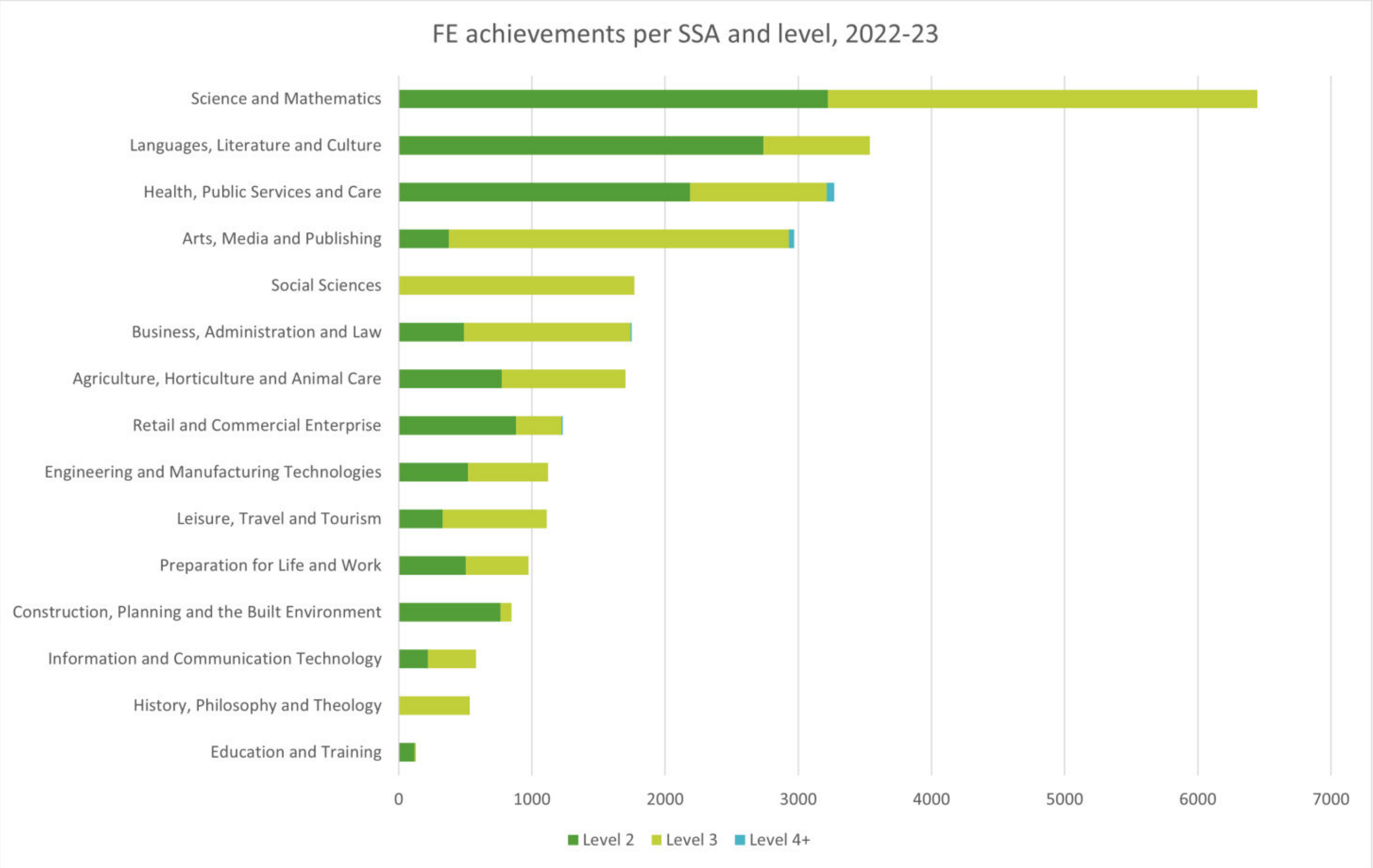
- **27,969** further education achievements at levels 2, 3 and 4+ for the academic year 2022-23.

- **13,132** (47.0%) at **level 2**
- **14,721** (52.6%) at **level 3**
- **116** (0.4%) at **level 4+**

- The '***Science and mathematics***' sector subject stood out, comprising the majority of achievements with **6,447**, accounting for nearly a quarter (23%) of the total.

- '***Languages, Literature and Culture***' accounted for **3,537** achievements (13%), and '***Health, Public Services and Care***' with 3,269 achievements (12%).

- It is concerning to note **small numbers for *'Information and Communication Technology'*** due to the significance of this sector in the local economy.



* Note: SSA stands for Sector Subject Area

Achievements in Further Education (2022-23): Level 2

SSA	Activate Learning*	BCOT	Brooklands College	East Surrey College	FCOT	HSDC**	NESCOT	Peter Symonds College	Sparsholt College Group	Windsor Forest Colleges Group***	TOTAL
Science and Mathematics	486	400	390	720	250	88	300	130	360	100	**3,224**
Languages, Literature and Culture	389	330	350	580	250	71	240	130	340	60	**2,740**
Health, Public Services and Care	56	720	30	530	210		510	50	50	30	**2,186**
Retail and Commercial Enterprise	72	230	90	120	180		150	10	30		**882**
Agriculture, Horticulture and Animal Care	154	40		10	10		100		460		**774**
Construction, Planning and the Built Environment	84	160	100	100	80		230		10		**764**
Engineering and Manufacturing Technologies	1	100	80	150	40	10	30		110		**521**
Preparation for Life and Work	73	110	30	10	90		150		30	10	**503**
Business, Administration and Law	1	180	40	70	60		90	30	10	10	**491**
Arts, Media and Publishing	63	10	30	80	40	35	60	30	10	20	**378**
Leisure, Travel and Tourism	53	20	20	40	30	16	90		40	20	**329**
Information and Communication Technology		60	20	80	10		30	20			**220**
Education and Training		20		10			90				**120**
History, Philosophy and Theology											**-**
Social Sciences											**-**
	1,432	**4,290**	**2,110**	**4,610**	**2,250**	**414**	**3,520**	**780**	**2,710**	**470**	**13,132**

*Surrey colleges only. ** Alton College campus. ***Strodes College only.

Achievements in Further Education (2022-23): Level 3

SSA	Activate Learning*	BCOT	Brooklands College	East Surrey College	FCOT	HSDC**	NESCOT	Peter Symonds College	Sparsholt College Group	Windsor Forest Colleges Group***	TOTAL
Science and Mathematics	61		50	30	90	362		2,140	170	320	**3,223**
Arts, Media and Publishing	141	110	50	360	270	389	90	690	250	200	**2,550**
Social Sciences	7				110	292		1,060	120	180	**1,769**
Business, Administration and Law	27	40	40	80	110	120	70	530	90	140	**1,247**
Health, Public Services and Care	61	170	80	120	150	56	120	100	140	30	**1,027**
Agriculture, Horticulture and Animal Care	208	40					30		650		**928**
Languages, Literature and Culture	13				20	84		590	20	70	**797**
Leisure, Travel and Tourism	49	60	50	90	90	64	50	150	120	60	**783**
Engineering and Manufacturing Technologies	17	60	50	120	160	84	30	60	20		**601**
History, Philosophy and Theology	3				10	60		390	20	50	**533**
Preparation for Life and Work	5					65		350	20	30	**470**
Information and Communication Technology		40	20	40		29	50	120	30	30	**359**
Retail and Commercial Enterprise	31	40	50	40	70		40	40	30		**341**
Construction, Planning and the Built Environment	3		30	10	10		30				**83**
Education and Training					10						**10**
	626	**560**	**420**	**890**	**1,100**	**1,605**	**510**	**6,220**	**1,680**	**1,110**	**14,721**

*Surrey colleges only. ** Alton College campus. ***Strodes College only.

Achievements in Further Education (2022-23): Level 4

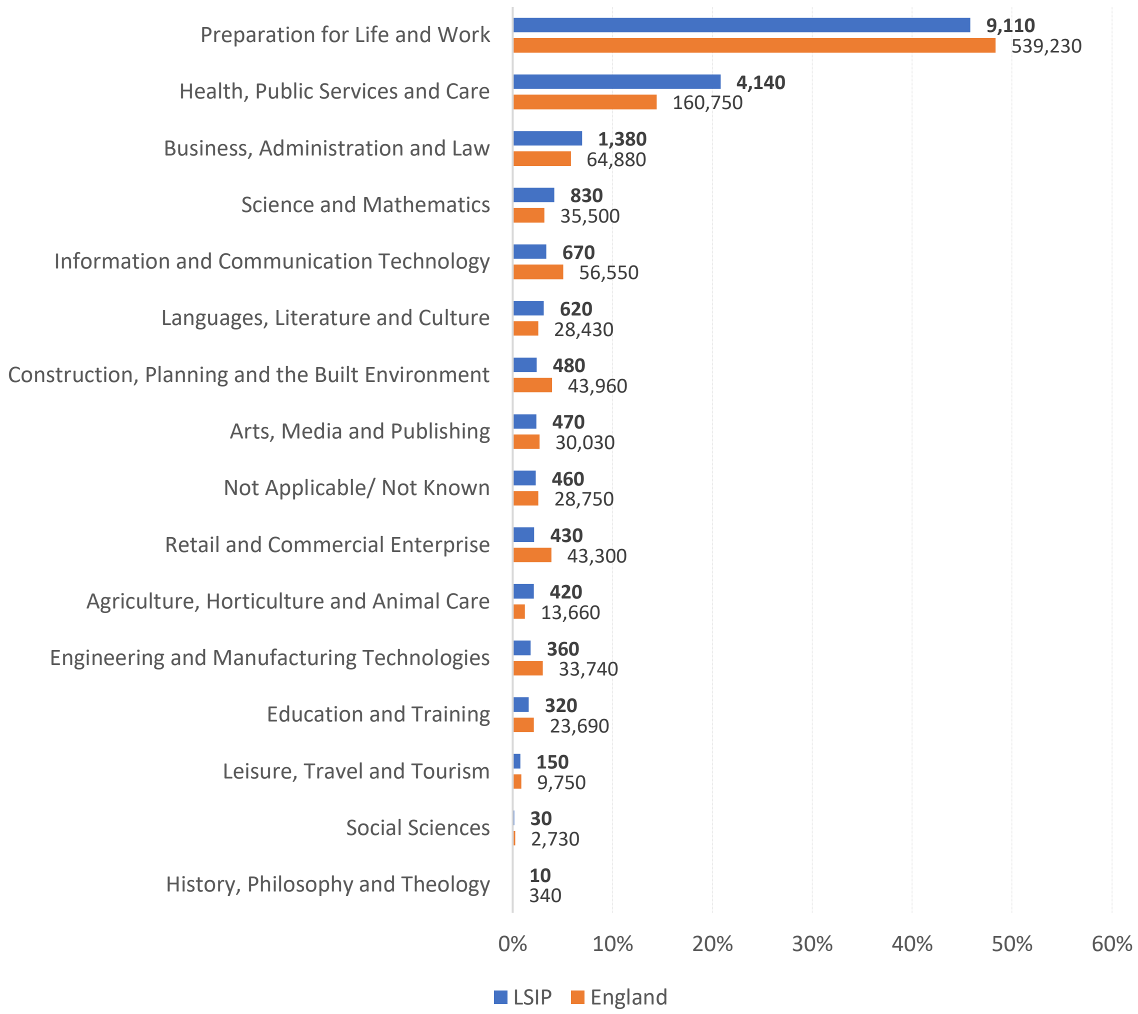
SSA	Activate Learning*	BCOT	Brooklands College	East Surrey College	FCOT	HSDC**	NESCOT	Peter Symonds College	Sparsholt College Group	Windsor Forest Colleges Group***	TOTAL
Health, Public Services and Care	16	10			20			10			**56**
Arts, Media and Publishing				40							**40**
Retail and Commercial Enterprise		10									**10**
Business, Administration and Law			10								**10**
Agriculture, Horticulture and Animal Care											**-**
Construction, Planning and the Built Environment											**-**
Education and Training											**-**
Engineering and Manufacturing Technologies											**-**
History, Philosophy and Theology											**-**
Information and Communication Technology											**-**
Languages, Literature and Culture											**-**
Leisure, Travel and Tourism											**-**
Preparation for Life and Work											**-**
Science and Mathematics											**-**
Social Sciences											**-**
	16	**20**	**10**	**40**	**20**	**-**	**-**	**10**	**-**	**-**	**116**

*Surrey colleges only. ** Alton College campus. ***Strodes College only.

Adult FE Education & Training enrolments

- In the LSIP area, there were approximately 20,000 enrolments for individuals aged 19 and above.
- Of these enrolments, nearly half were in the field of *'Preparation for Life & Work*',
- *'Health, Public Services & Care*' accounted for 21%.
- These enrollment patterns mirror national trends, with a noteworthy observation of a higher percentage of adults pursuing *'Health, Public Services & Care*' courses compared to the national average.
- Additionally, it is worth noting the higher proportions of learners opting for *'Business, Administration & Law*' courses (7%), as well as *'Science & Mathematics*' (4%), in comparison to national enrollment figures.

Adult FE Education & Training enrolments by sector subject area 2023-24 (LSIP & England)*

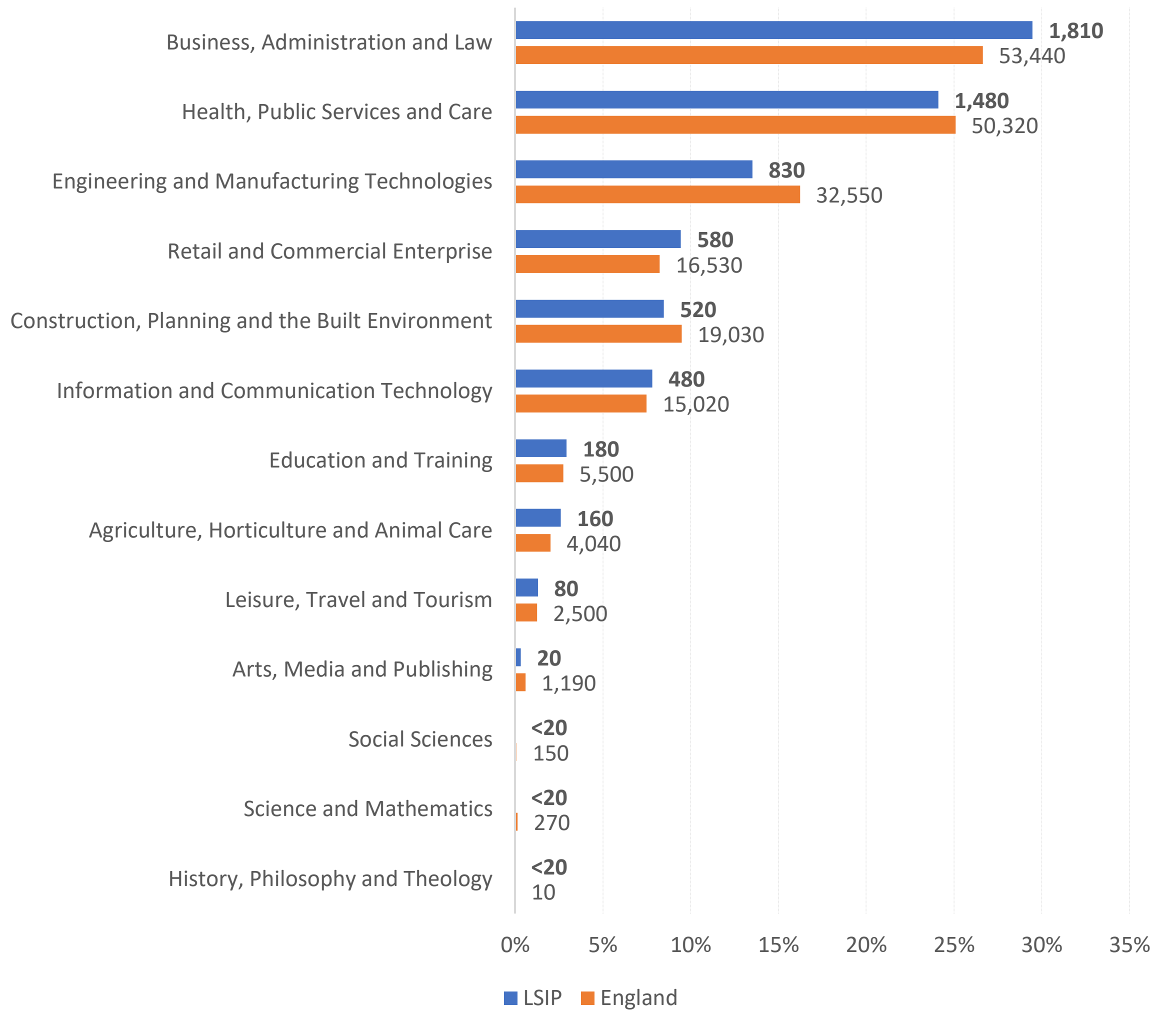


* Note: The horizontal axis indicates enrollment percentages (%), while data labels at the end of each bar denote the corresponding number of enrollments in the subject.

Apprenticeship starts by sector subject area

- In the 2023-24 academic year, the LSIP area witnessed nearly 6,200 apprenticeship starts.
- Apprenticeship start numbers are down compared to 2020-21 figures, possible related to the pandemic.
- '*Business Administration & Law*' are thelargest sector accounting for over one in four apprenticeships (29%) within the LSIP area, surpassing the national average of 27%.
- *'Health, Public Services & Care*' (24%) and *'Engineering & Manufacturing Technologies*' (13%). But their shares were relatively smaller compared to national figures.
- Small numbers for Science & Mathematics.

Apprenticeship starts by sector subject area 2023-24 (LSIP & England)*



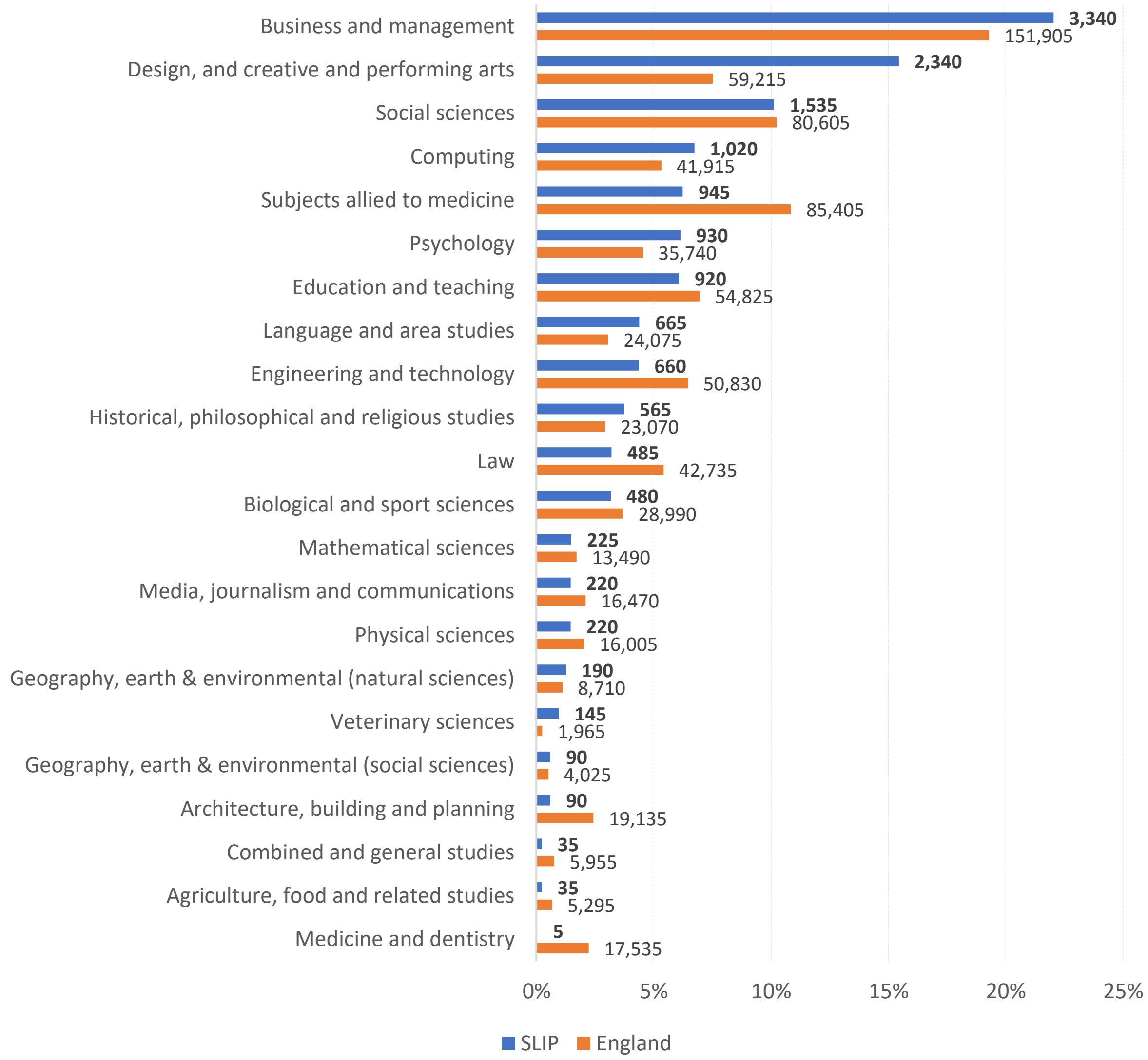
* Note: The horizontal axis indicates start percentages (%), while data labels at the end of each bar denote the corresponding number of starts in the subject.

HE qualifiers by sector subject area

- In 2021-22, the LSIP area witnessed the graduation of 15,200 students from local Higher Education institutions*, slightly fewer than the previous academic year's 15,450.
- Notably, 'Business and Management' accounted for the largest proportion of qualifiers, with more than one in five graduates (22%) in the LSIP area, above the national average of 19%.
- 'Design, Creative & Performing Arts’ saw a substantial presence, with 15% of graduates, almost double the national average of 8%.
- The area lagged the national average in ‘Engineering & Technology’ and 'Subjects Allied to Medicine’ but did better in ‘Computing’.

* Royal Holloway, The University of Surrey, The University of Winchester and University for the Creative Arts

HE qualifiers by sector subject area, 2021-22 (LSIP & England)

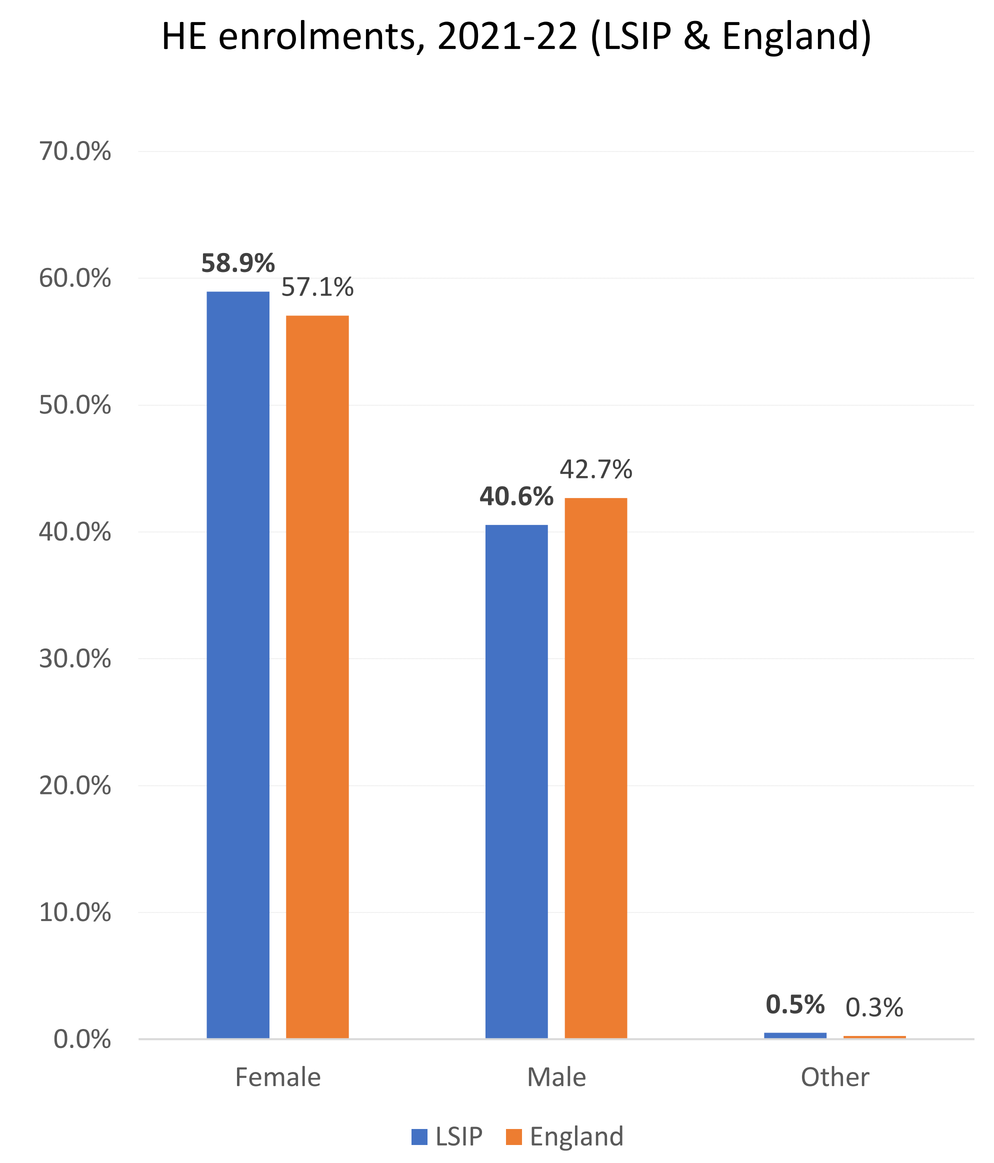


* Note: The horizontal axis indicates achievement percentages (%), while data labels at the end of each bar denote the corresponding number of achievements in the subject.

HE enrolments by gender

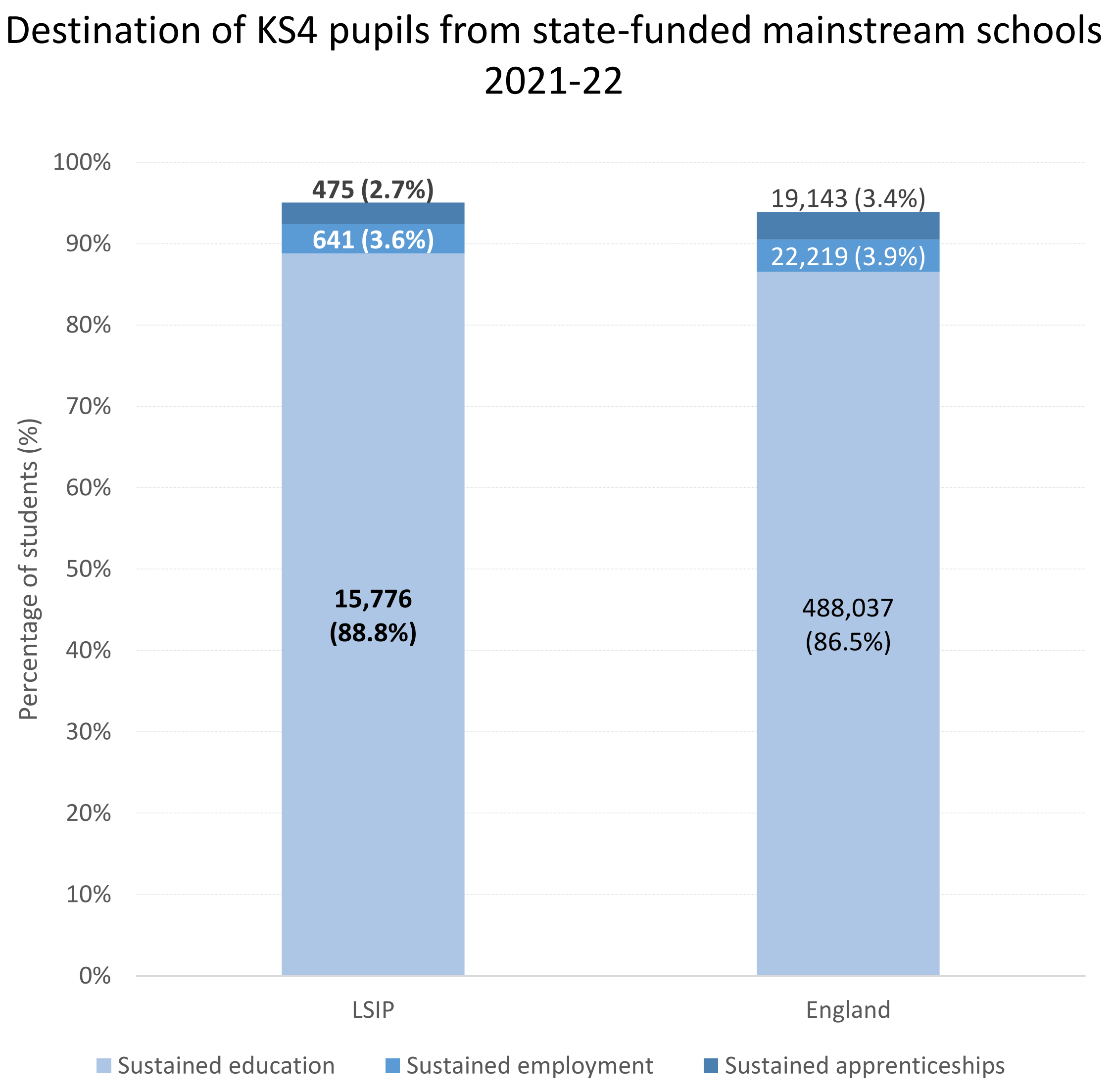
- In 2021-22, the LSIP area had approximately 45,800 enrollments at local higher education (HE) institutions*.
- While the proportion of female students (59%) was slightly higher compared to the national average (57%), the overall trend reflects a similar pattern, with a higher proportion of females pursuing university education.
- The University of Winchester boasted the highest percentage of female students, with over two in three students (67%) being female.
- Significant female representation was also observed at the University for the Creative Arts (62%), Royal Holloway (56%), and the University of Surrey (55%).

* Royal Holloway, The University of Surrey, The University of Winchester and University for the Creative Arts



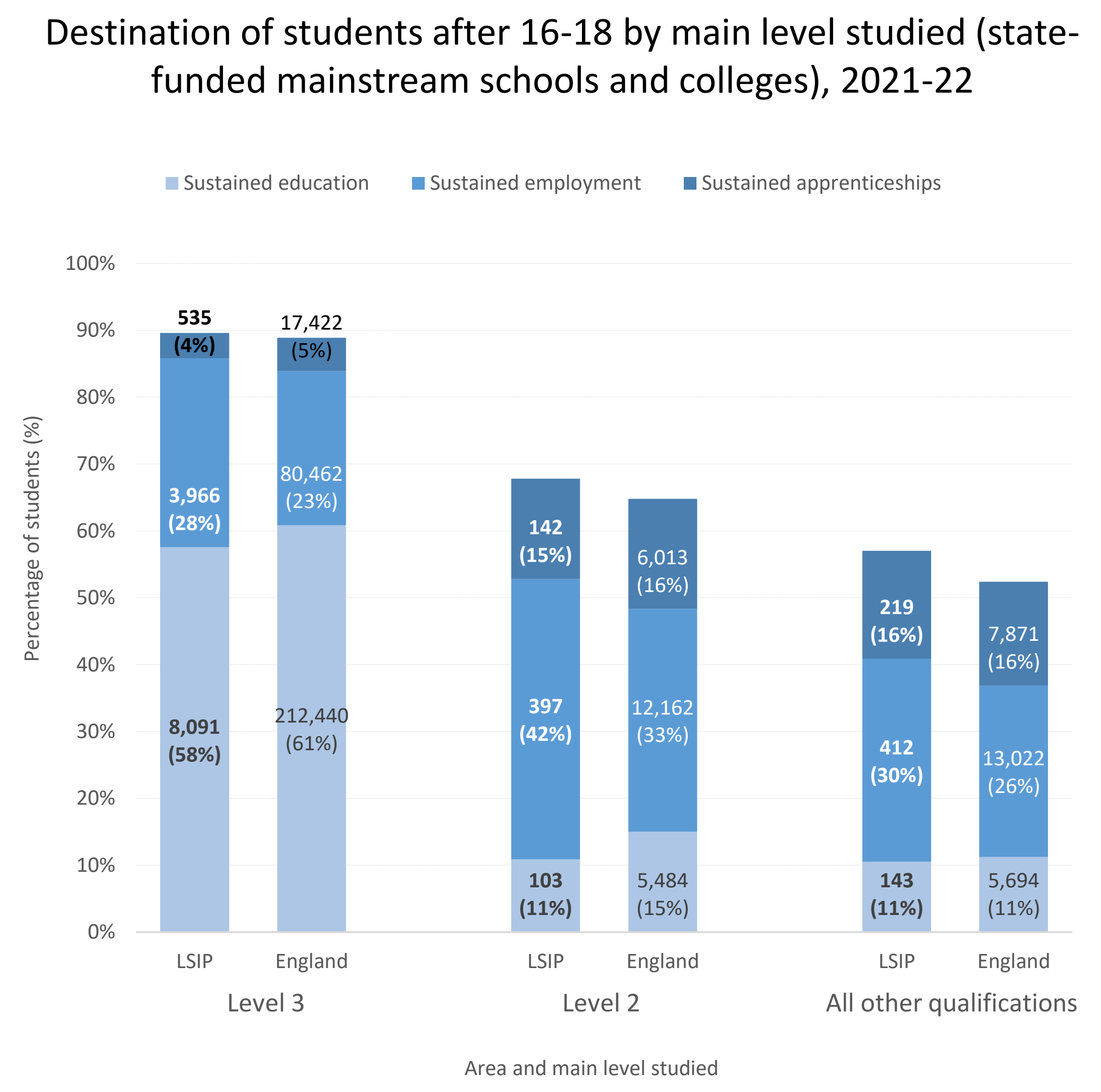
KS4 destinations

- During the 2021-22 academic year, around 17,800 Key Stage 4 (KS4) students were in the LSIP area.
- Approximately 89% pursued further education, while about 2.7% chose apprenticeships and 3.6% entered the workforce.
- Compared to the national average, the LSIP area had higher rates of continuing education, but slightly lower rates of apprenticeships and employment
- Most apprentices (60%) advanced to level 2, exceeding the national average of 56%.
- Student employment or apprenticeship rates increased compared to the previous academic year, nationally and in the LSIP area, driven by exceptionally strong labour demand.



16-18 destinations

- In 2021-22, the LSIP area had over 16,300 students aged 16-18. 14,000 (86%) pursued level 3 qualifications, while 2,300 (14%) pursued level 2 qualifications or other qualifications.
- Of those in level 3, more than half (58% or 8,100) continued education, 28% (4,000) entered employment, and 4% (500) started apprenticeships, including 155 undertaking level 4+ apprenticeships.
- Compared to the national average, more students in the LSIP area entered the workforce, while apprenticeship rates were similar.
- For 16-18-year-olds studying at level 2, a larger proportion transitioned into employment opportunities, driven by a strong labour demand. However, the proportion remaining in education (11%) was significantly lower than the previous year (32%).

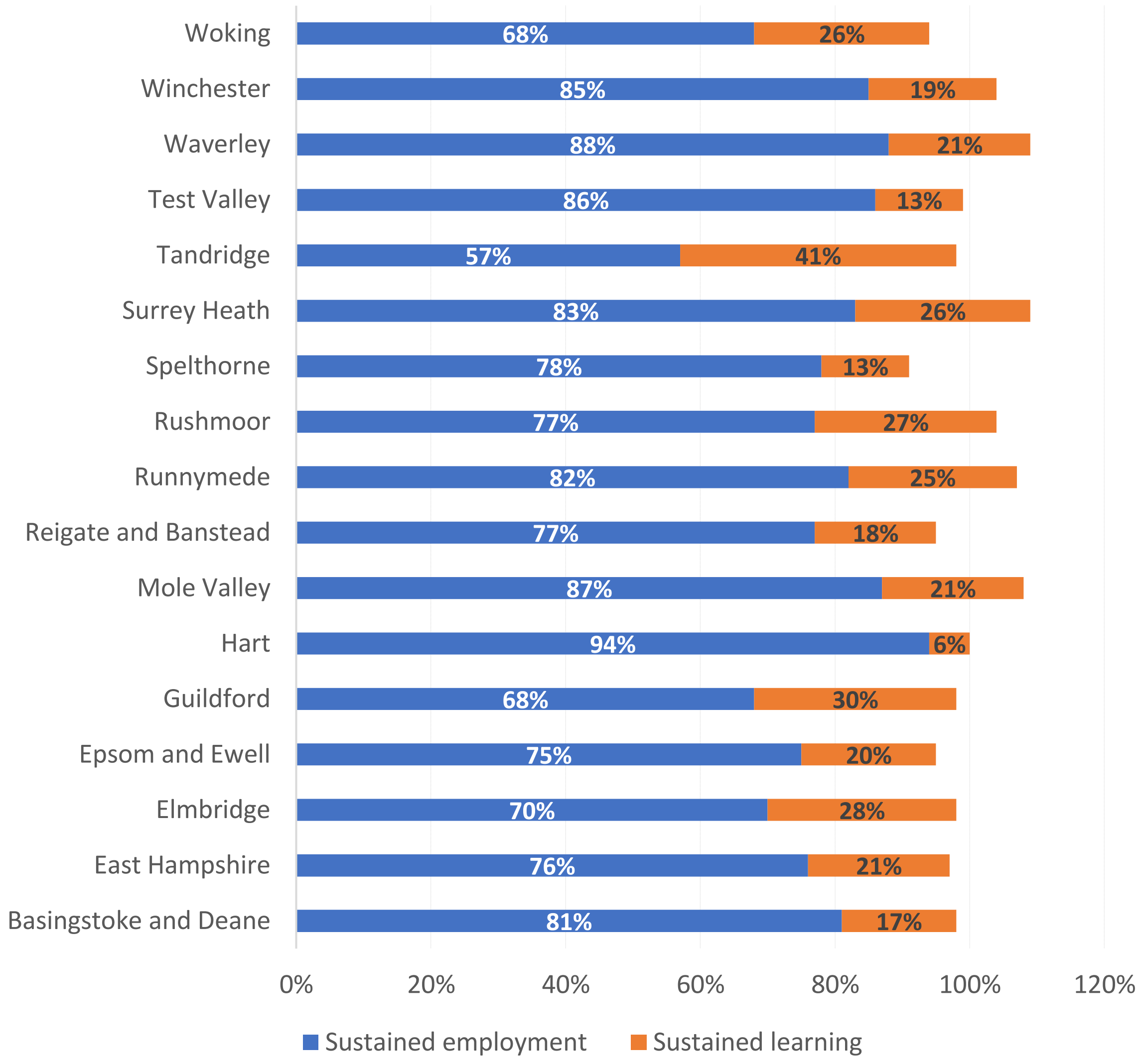


Destinations of adult FE and Skills learners

At local level:

- Hart saw the highest transition rate into sustained employment at 94%, while Tandridge had the lowest at 57%, well the national average of 70%.
- Tandridge, Woking and Guildford had the rates below the national average.
- In contrast, Tandridge led in sustained learning participation, with about 41% of learners engaged, notably higher than the national average of 24%.
- Spelthorne and Test Valley had relatively low rates for sustained learning participation, below the LSIP average and below the national average.

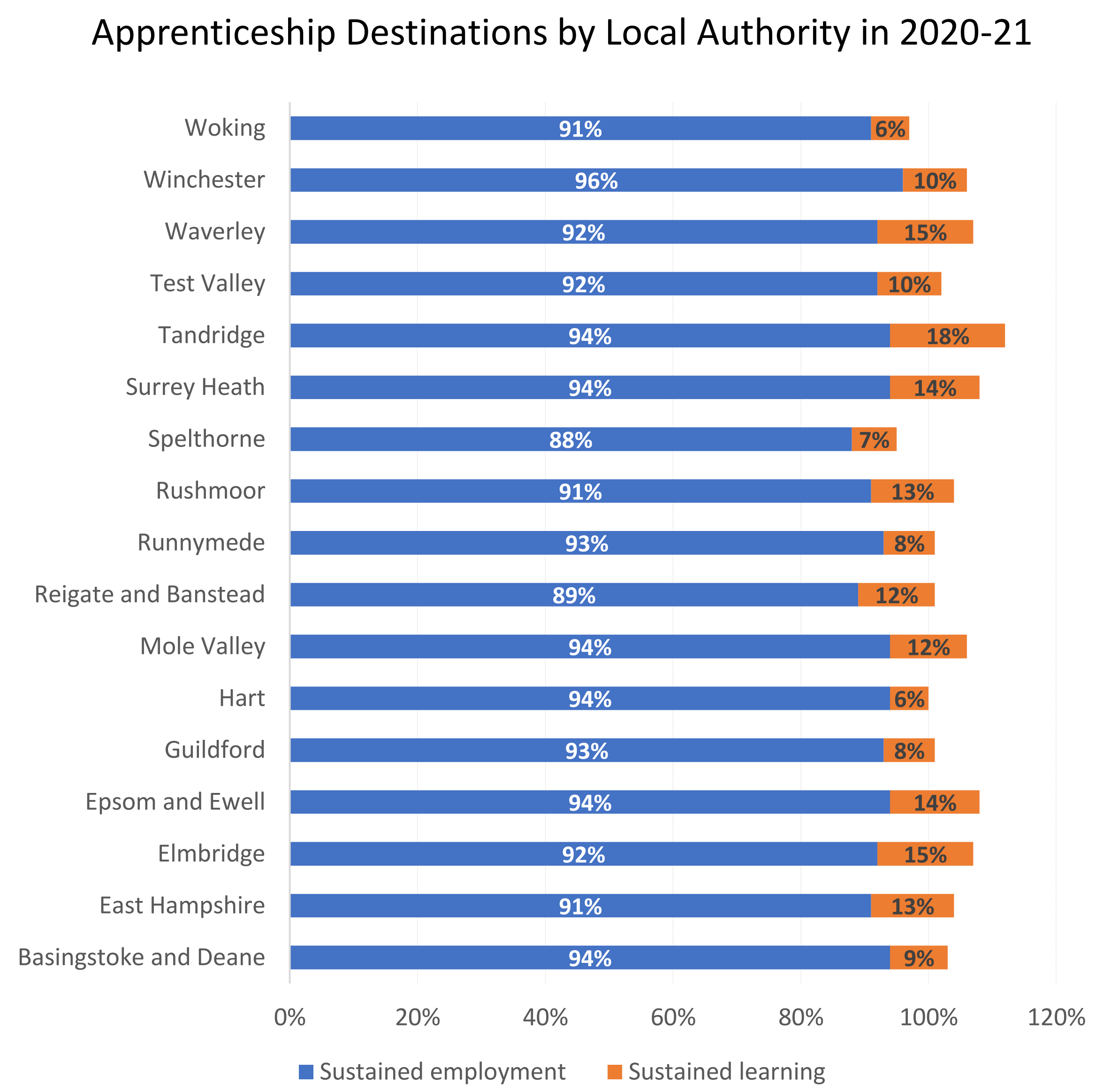
Destination of FE & Skills Learners by Local Authority in 2020-21



Apprenticeship destinations

At local level:

- Winchester leads with 96% of apprentices entering sustained employment, followed by six other districts at 94%, surpassing the national average of 92%.
- Spelthorne has the lowest proportion at 88%.
- Eleven districts showed an increase in apprenticeships entering sustained employment compared to the previous academic year.
- For sustained learning, all districts are below the national average of 15%, except for Tandridge (18%), Elmbridge, and Waverley, both at 15%.

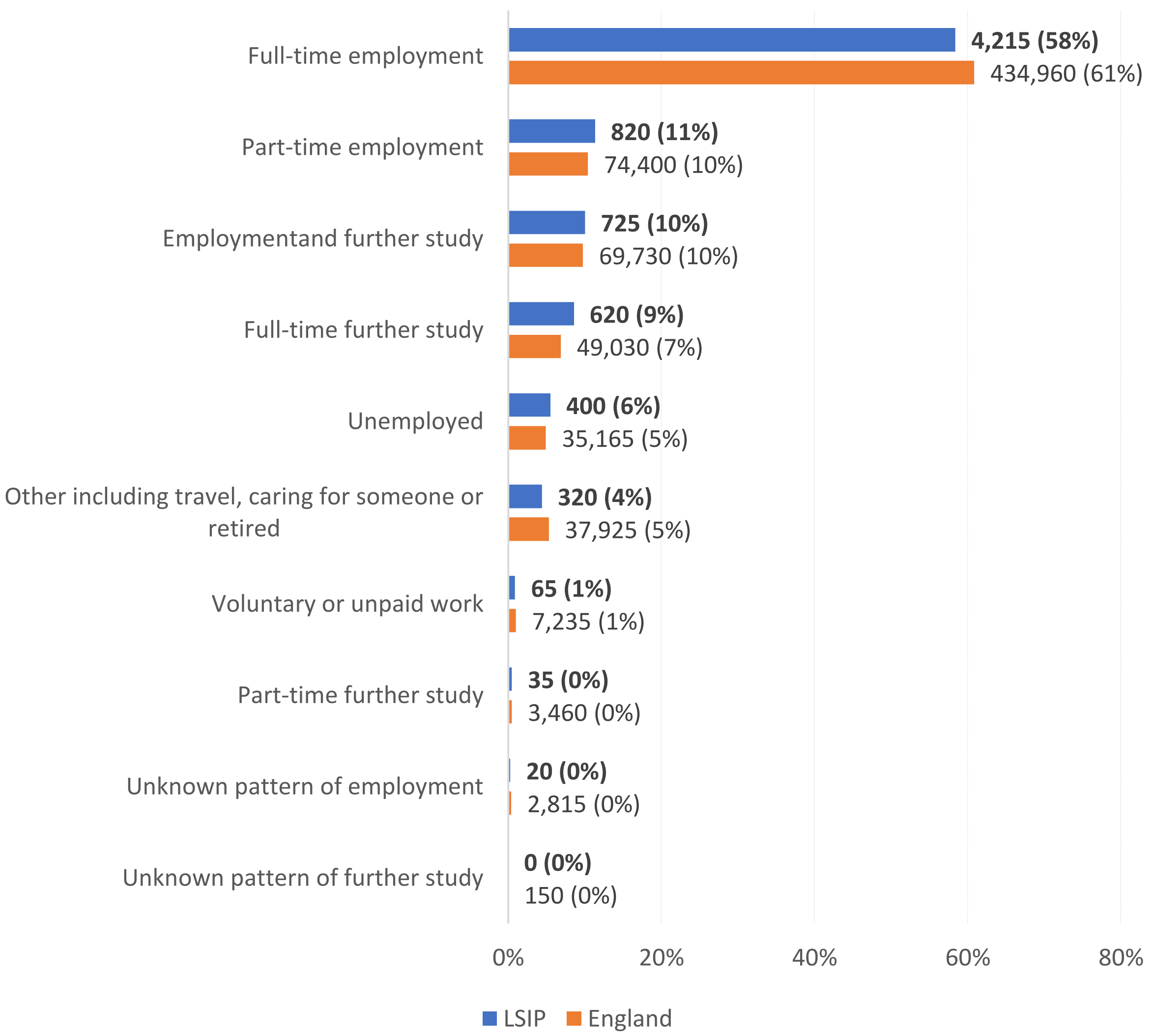


HE graduate destinations

- The profile of HE graduate destinations in the LSIP area mirrors the national trend, with most graduates (58%) securing full-time employment, a slight increase from the previous year (54%), though still below the national average (61%).
- This rise likely reflects increased labor demand post-Covid-19 pandemic.
- Additionally, a slightly higher proportion of LSIP graduates opted for part-time employment (11%) and full-time further education (9%) compared to the national figures (10% and 7% respectively).

* Royal Holloway, The University of Surrey, The University of Winchester and University for the Creative Arts

Graduate destinations for 2020-21 academic year

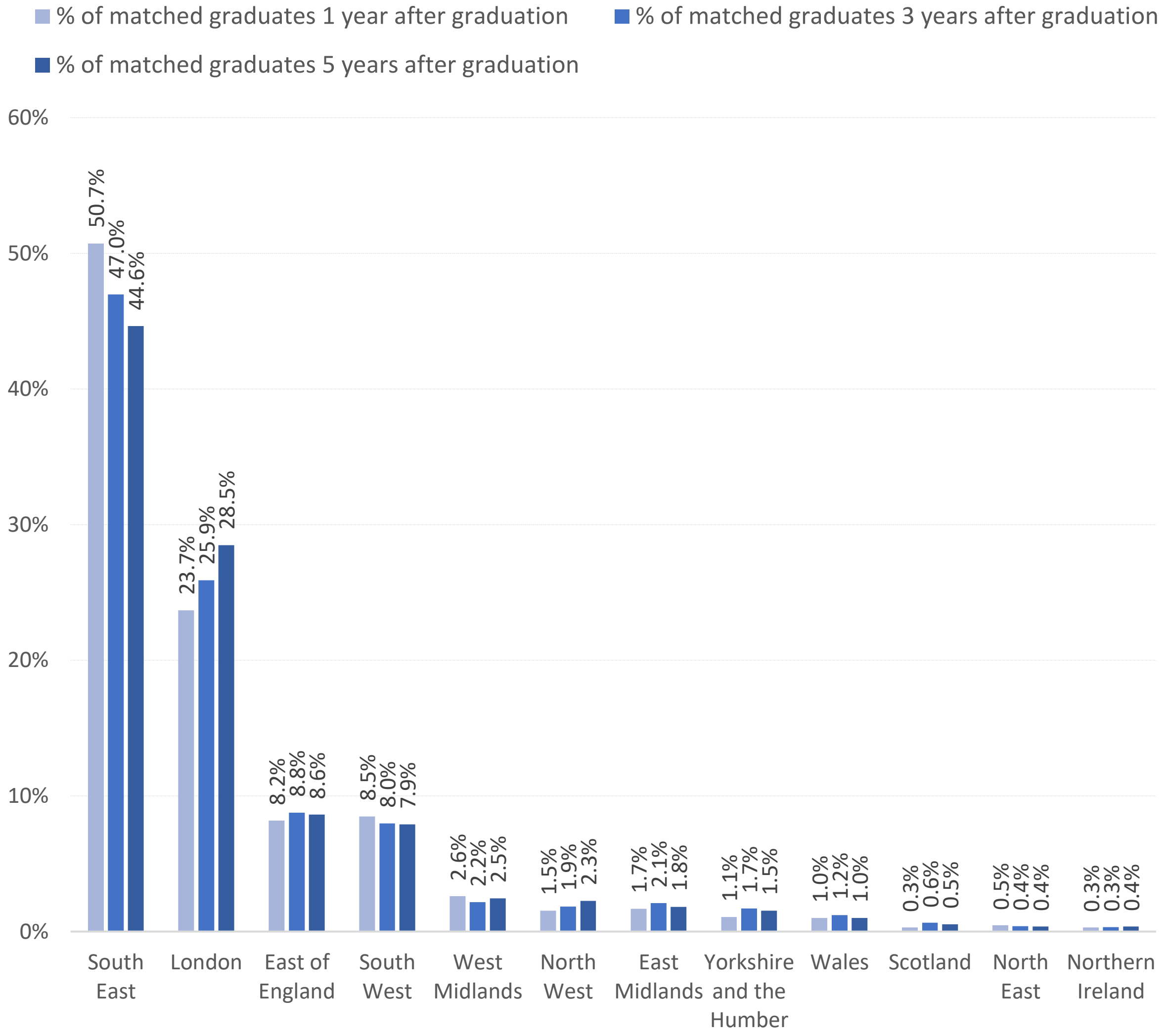


Graduate migration

- Initially, approximately half of LSIP HE graduates remain in the South East region (51%), with this proportion declining over time to 45% after five years.
- The shift away from the South East is primarily driven by graduates moving to London, a trend that remains consistent over time compared to the previous tax year.
- London's attractiveness to graduates is evident, influenced by factors like job prospects, higher salaries, lifestyle preferences, and individual situations. Graduates relocating to London increased from 24% after one year to 29% after five years.

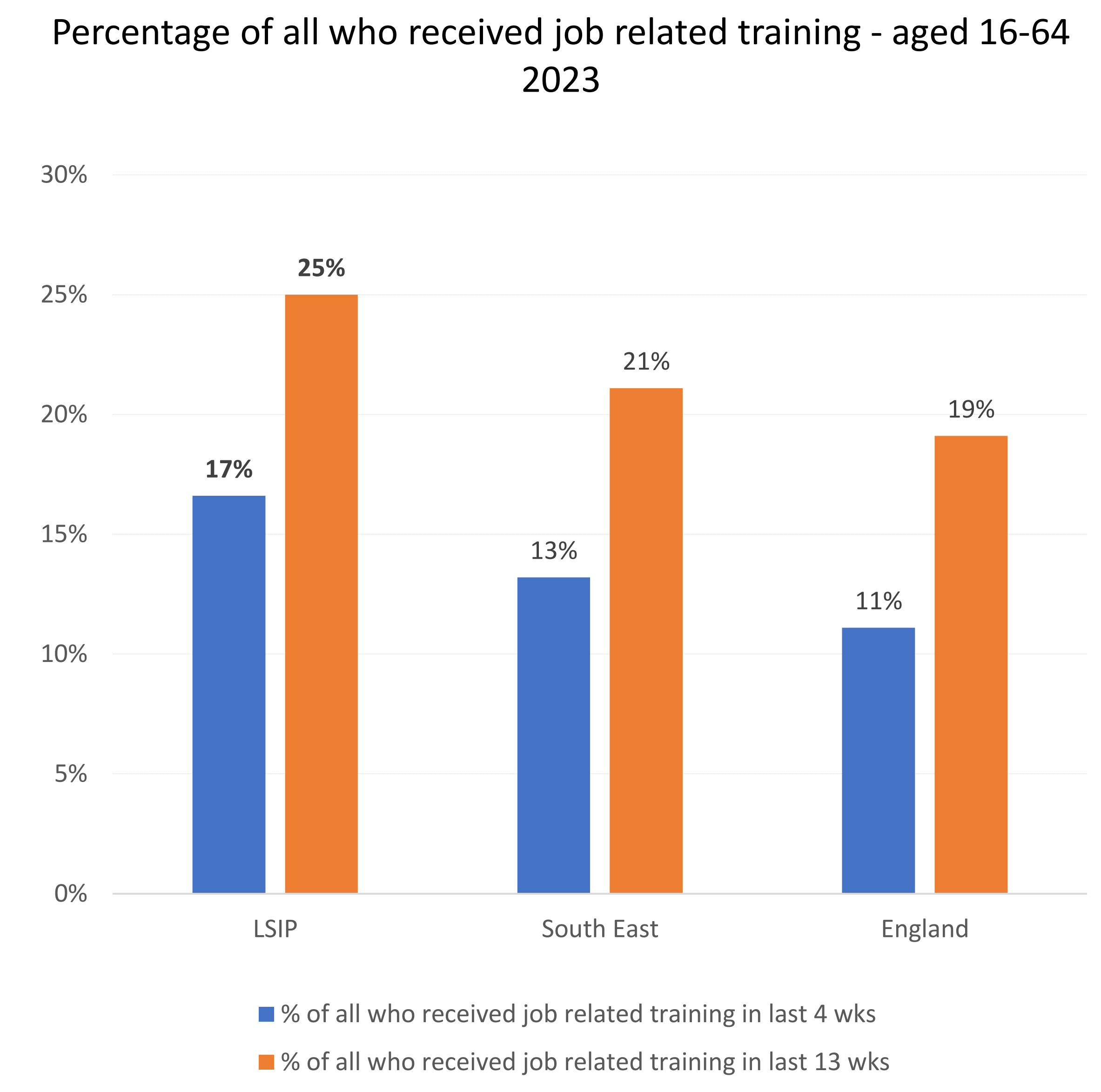
* Royal Holloway, The University of Surrey, The University of Winchester and University for the Creative Arts

Current region of residence of graduates from HEIs in LSIP, 2020-21



Proactive engagement in job-related training

- For the LSIP area, alongside apprenticeships, there is evidence of employers continuing to provide training to employees.
- Among the 1.2 million workers aged 16 to 64 in the LSIP area, around 196,000 (17%) engaged in job-related training within the past four weeks.
- An additional 300,000 (25%) trained within the last 13 weeks preceding the survey in 2023.
- However, the majority, three in four workers, could still benefit from job-related training in the area.



- **Overview** - UK Office for National Statistics (regional accounts, UK business counts survey, 2022-based population estimates and job density survey).
- **Business Community** – UK Office for National Statistics (UK business counts, BRES and productivity surveys) and Lightcast.
- **Employment Landscape** – UK Office for National Statistics (LFS/APS and BRES surveys).
- **Demographics** – UK Office for National Statistics (annual survey of hours & earnings and LFS/APS survey) and Lightcast.
- **Vacancies (online job postings)** – Lightcast.
- **Forecast Growth** – Bank of England, Office for Budget Responsibility (OBR), UK Office for National Statistics (2018-based population projections), Department for Education (DfE Labour market and skills projections: ‘2020 to 2035’) and Lightcast.
- **Skills Supply** – UK Office for National Statistics (LFS/APS survey), Department of Education (DfE Explore education statistics - EES) and Higher Education Statistics Agency (HESA).