

Sectoral Analysis

2004



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Agriculture and Associated Industries Key Statistics

Sector Description

Agriculture¹ has faced major difficulties in recent years. There is little sign of an upturn, and in many areas the situation appears to be worsening². Farmers have undergone a dramatic reduction in their incomes. According to figures from Deloitte and Touche, net farm income fell by 90 per cent between 1995 and 2000 (after doubling between 1990 and 1995).

Employment:

- agriculture is unique in that while it supports less than 1 per cent of employment in the region, its activities operate over and directly influence 80 per cent of the region's land area
- employment in primary industries in rural areas has declined, while the number employed in the service sector, such as ICT and tourism have significantly increased bringing both opportunities and threats
- overall employment is higher in rural areas, as is the number of smaller businesses, than in urban areas and claimant unemployment is lower
- lack of access to transport creates disadvantage in rural areas and because of the generally high car ownership those without a car, usually on low incomes, need much greater support and help to be able to travel to basic facilities and find employment.

Table 1 provides an area and district employment change comparison for the agricultural sector.

Table 1: Agricultural sector employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	278538	248026	-11
North West	19852	16868	-15
Cheshire & Warrington	1174	1280	9
Chester	1249	1065	-14.7
Congleton	443	317	-28.4
Crewe & Nantwich	858	746	-13.1
Ellesmere Port & Neston	115	130	13.0
Macclesfield	1627	1474	-9.4
Vale Royal	698	530	-24.1
Warrington	249	235	-5.6

Source: Annual Business Inquiry 1998 - 2001.

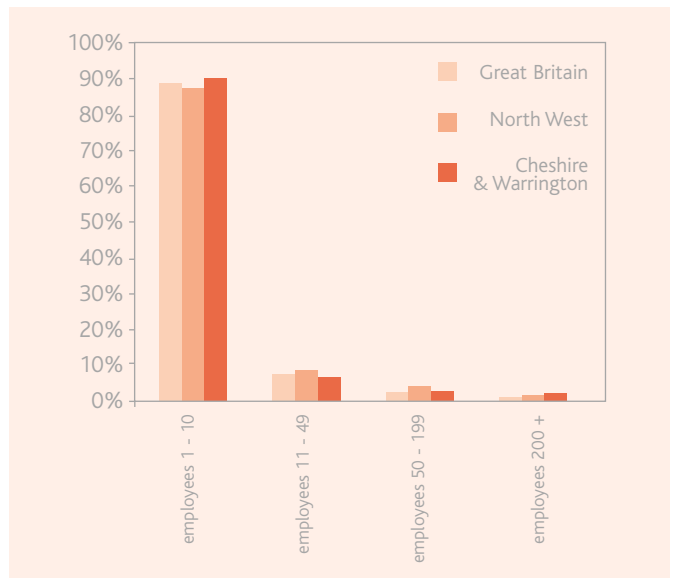
¹ Agriculture SIC 01- 02, 05

² Skills in England 2002.

Employment Sites:

- there are 134 agricultural sites across Cheshire and Warrington
- over 90 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- a third of the sector is concentrated in Macclesfield (1474) with a further 24 per cent accounted for in the district of Chester.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

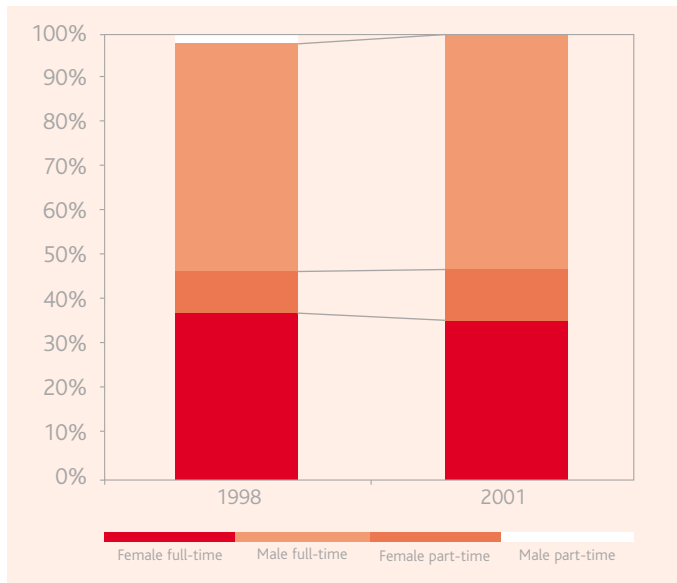
The countryside is a very significant element of Cheshire and Warrington. It supports the economy, landscape, environment, heritage and distinctive quality of life.

Workforce Characteristics:

- over half of the agricultural workforce in Cheshire and Warrington, are male full-time, which is marginally lower than the North West and Great Britain average
- over 35 per cent of the local workforce are females who work full time which is significantly higher than the national and regional average
- part time work is dominated by the females work representing 10 per cent of total workforce
- employment structure within the sector has altered marginally, during the period 1998 to 2001 the proportion in full time employment increased from by 9.4 per cent.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the Agricultural sector 1998 –2001.

Chart 2: Agriculture gender breakdown of employment



Source: Annual Business Inquiry 1998-2001.

Key Issues

Lantra (2001), even prior to the onset of the 2001 foot and mouth crisis, projected a continuing decline in employment in agriculture over the next few years (around 40,000 between 2001 and 2006), although it is likely that job losses will slow compared to previous trends. This is reported to be unsurprising, as globalisation and agricultural reforms are forcing the industry to search for even greater productivity gains, and slow output growth means that productivity improvements come at the expense of jobs.

The Cheshire Community Strategy 2002 'Thriving Rural Communities' acknowledges the changing way of life for people in rural areas as well as the changing nature of the economy. The recent FMD and BSE disease outbreaks have brought many rural issues to the fore of policy development. The Regional Rural Recovery Plan 2002, entitled 'Rural Renaissance' produced by the NWDA in partnership with Cheshire, Lancashire and Cumbria County Councils acknowledges that rural areas have been experiencing severe structural changes for some time. The outbreak of Foot and Mouth Disease added to these pressures having a particularly devastating impact on the region and to a large extent brought to a head sooner rather than later the need for change in the countryside. A series of studies undertaken by PION Economics³ has taken into account the likely loss of farming, agricultural and tourist incomes, and supply-chain expenditures. The latest assessment based on data/ evidence available as at February 2002 indicates that FMD has been responsible for:

- GVA4 losses to Cumbria in 2001 of broadly equivalent to 4 per cent of county GDP;
- GVA losses to Cheshire in 2001 of some 0.2 per cent of county GDP;
- GVA losses to Lancashire in 2001 of some 0.2 per cent/ 0.3 per cent of the county; and
- GVA losses to the region in 2001 of some 0.4 per cent and 0.5 per cent of regional GDP

Like many other sections of the economy, rural areas have been subjected to a series of pressures that have been responsible for driving the process of change.

Skill Gaps and Shortages

Small firms typically dominate agriculture and associated industries as approximately 90 per cent of business in agriculture employs between 1 and 5 workers, with 60 per cent of the workforce being owner-managers (self-employed). The concentration of such requires the individual to be multi-skilled, self-reliant, and self-managed. Most important the individual must have the ability to make decisions quickly and work unsupervised.⁵

Raising the skills base is vital to improving rural productivity and is also central to Defra's⁶ overall aim, which is sustainable development. Knowing how to make a profit is fundamental; knowing how to achieve this while respecting the environment and contributing to an area's regeneration requires different skills and knowledge.

For all:

The main drivers for change in skill demand in agriculture are:

- technological developments
- more knowledge- driven methods of working
- increases in productivity
- commercial pressures
- demand for higher quality products
- legislation (environmental and health & safety)
- diversification into non-farming activities.

These key drivers will have a significant impact upon occupational structure, indicating a continued decline in the demand for semi-skilled and unskilled agricultural workers. Furthermore these changes indicate a significant increase in the average level of qualifications required of agricultural workers, and greater demand for a range of specific craft, practical and technical skills.

In general IT is becoming prominent in the sector, particularly for managers, supervisors, owner-managers and secretaries and administrators.

³ Economic Impact of FMD in the North West of England, PION Economics, May 2001; Economic Impact of FMD in the North West of England- update, February 2002.

⁴ Gross Value Added.

⁵ Skills in England 2002.

⁶ Defra- Department for Environment, Food & Rural Affairs.

Among managers:

- IT is increasingly being used by managers for accounting, stock records and for automation of equipment on some larger forms, reflecting the increased need to build up sophisticated management information systems for the efficient running of businesses
- the increased importance of IT in the sector is reflected in the fact that among the 15 per cent that reported a skills gap, IT was their most pressing need (DfES, 2001a), followed closely by job-specific skills relating to skilled craft and trade workers
- there is a considerable increase in demand for managers and supervisors (excluding owner-managers, who are declining in number), sale and administration staff and, to a lesser extent, skilled manual workers
- management and business are increasingly emphasised within the sector as competition in the market place increases
- Increasingly there is a demand for a range of generic skills, notably communications, team working and problem solving.

Among technician and craft employees:

- a high proportion (approximately 40%) of the current workforce is made-up of skilled craft and trade workers, compared to around 10 per cent in the economy as a whole
- the use of more sophisticated farming machinery is reducing the proportion of manual skills demanded in these jobs, but at the same time is raising the level of technical skills required to utilise and maintain the equipment, and work within a more complex production environment
- workers consequently need a higher level of job-specific skills, combined with specific and environmental skills and knowledge, as agricultural policy is shifting towards more support for stewardship of the environment.

Future Trends

Diversification into non-farming activities has remained central to the Government's thinking, with the rural economy moving away from mainstream farming to an array of new, mainly service-sector businesses, such as farm-based tourism, retail outlets and other leisure activities.

Local measures in Cheshire and Warrington to support diversification include;

'Market Town Network'- development of a market town ICT network sharing learning, experiences and information. The project has applied a spatial approach to ensuring the viability of market towns and the range of issues affecting market town developments.

'Rural business space'- the purpose of which is to seek funding for the development of rural business space in rural areas to help attract high tech businesses on surplus brown field or other appropriate sites at the discretion of the local planning authority.

There is a diversity of small and micro business in rural areas but the survival rate is low, suggesting the need to boost planning and develop management skills in non-farming sectors. Defra announced in November 2002 a Skills and Learning Review to improve businesses. Defra will manage the project, which will involve key partners such as the Countryside Agency, Lantra, the Learning and Skills Council and others responsible for the assessment of learning needs and the design and delivery of learning opportunities.

The project will focus upon people entering and leaving rural industries and other groups facing radical change, including farmers.

The study will examine:

- the availability and take-up of business skills training and advice across rural area
- the extent to which learning opportunities match future needs, identifying issues which need further development
- the specialised learning needs of distinctly rural businesses, such as farming and rural tourism
- opportunities for people to acquire business and environmental management skills, both key to developing sustainable rural economies
- Defra's business and technical services, including the Farm Business Advice Service, on which an interim evaluation has recently been published
- ways of overcoming barriers to learning such as peer pressure, motivation, distance from colleges and other institutions, and the availability of e-learning.

Biotechnology Key Statistics

Sector Description

Biotechnology has been defined by the Biotechnology and Biological Science Research Council (BBSRC) as: 'the application of our advancing understanding of living organisms and their components to create industrial products and processes'. The sector is primarily divided into four segments:

- Agbio and environmental⁷
- Biopharmaceuticals and human healthcare;
- Diagnostics⁸
- Suppliers of biological reagents, such as enzymes and monoclonal antibodies, and other proteins- (in other words the raw materials for biotech, and service providers (equipment)).

Employment:

- in the UK, Biopharm is the biggest sub-sector, in terms of companies, revenue, R&D expenditure and employment. The UK has the world's second largest biotechnology industry, accounting for 30 per cent of the total European Biotechnology industry, with 260 companies, according to Ernst and Young
- a vigorous and successful biotech industry will be a major source of wealth and job creation in the Northwest in the next few years, benefiting the region and contributing to the UK's biotechnology industry at large
- the sector contributes less than 1 per cent to the overall employment in Cheshire and Warrington
- over eighty per cent of the employment is concentrated in Macclesfield and Chester⁹
- the sector has increased by 34.8 per cent, representing an increase of more than 650 employees.

Table 1 provides an area and district employment change comparison for the biotechnology sectors.

Table 1: Biotechnology employment change 1998 –2001

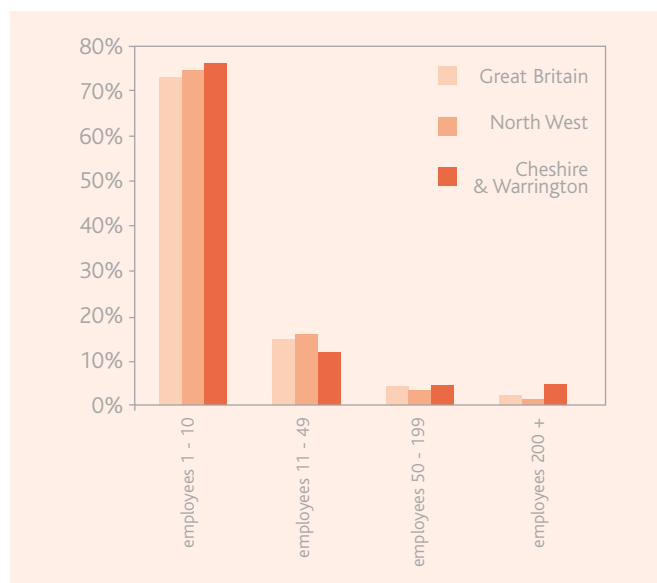
Area / District	1998	2001	% Change on 1998
Great Britain	122587	131924	7.6
North West	7098	8067	13.6
Cheshire & Warrington	1869	2519	34.8

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- in total the biotechnology sector occupies 81 sites in the Cheshire and Warrington area
- over 70 per cent of the total number of sites employ between 1-10 employees (Chart 1).

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

The Northwest is home to internationally renowned universities and research institutes, global pharmaceutical, chemicals and biotechnology companies, professional service industries, supportive local government and substantial public funding initiatives, and a huge range of commercial accommodation from greenfield sites to specialised incubators and science and technology parks.

Major employers in the sector in Cheshire and Warrington include:

- Protherics PLC, Macclesfield;
- AstraZeneca, Macclesfield;
- Advanced Medical Solutions Group plc, Winsford, Vale Royal;
- Cyprotex, Macclesfield
- Aventis Pharma, Holmes Chapel, Congleton;
- BAS Instruments Ltd, Congleton
- Transgenomic Ltd, Crewe
- Tessella Support Services plc, Warrington
- Eden Biopharm Ltd, Ellesmere Port & Neston (www.bionow.co.uk/company).

⁷ agriculture, horticulture, animal healthcare, and food technology;

⁸ biological-based systems with both clinical and industrial applications;

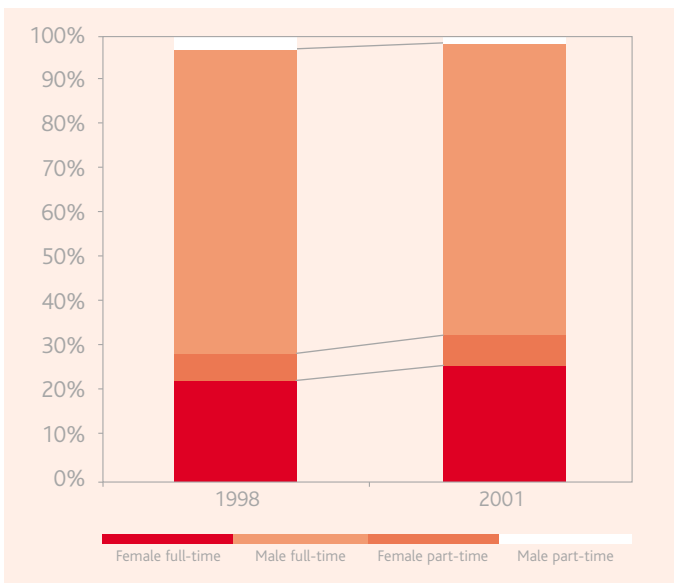
⁹ exact proportions cannot be disclosed.

Workforce Characteristics:

- the sector’s workforce has changed shape between 1998 and 2001 with marginal growth in both female full time and part time employment by 4.1 per cent
- the majority of the workforce are male full time (64.9%) with less than 1.2 per cent of males employed part time.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the biotechnology sector 1998 –2001.

Chart 2: Biotechnology gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

‘New technology industries’ exploit science and technology for industrial purpose. This approach requires a variety of refined engineering techniques applied to the knowledge of the fundamental materials and disciplines concerned, whether based in physics, chemistry or biology.

This fusion of sciences has important implications for skills. At the highest level, and especially during the early stages when the fundamental properties of the new technology are being worked out, scientists have to be able to work across disciplines. As the base science and technology become established, and companies start to solve the technical problems of making things, they need people who can work within the new technology and apply established production technologies and disciplines in fabrication and assembly.

This means a graduation of skills through NVQ levels 2-4, from clean room operations to project management and

process control. Though overall the numbers obtaining first degrees is growing by over 1 per cent a year, there has been a decline in first degrees in engineering and technology; architecture, building planning; and in education. This is paralleled by a decline in many technical subjects at sub-degree level, notably construction and engineering. However, the Policy Research Institute (PRI) indicates there is an increase in those achieving IT/computer business related qualifications.

Such skills development will rely particularly on in-company development to convert people from the pure disciplines they are likely to have been educated and trained in.

Skill Gaps and Shortages

Advanced technological developments bring together a number of disciplines based in biology and others more associated with engineering. At the initial stages of development this puts a premium on entrepreneurial and management skills. This has three aspects:

- the entrepreneurial inclination to commercialise basic science
- the ability to project-manage complex product developments and maintain ordinary management disciplines in a creative environment (this includes resource management, especially cash)
- the ability to develop external alliances (especially with large pharmaceutical companies in the Biopharm sector), which means negotiating skills
- there is increasing evidence of this in biotechnology and the ability to construct such alliances is crucial to success
- these sectors have a very high proportion of SMEs and they have difficulties locating the right people, they need people who can be flexible and they can be difficult for the training system to reach
- biotechnology clearly operates from a strong scientific base and is well-supported by its own research council and large companies in related product-market areas
- concern has been raised about the supply of graduates in biochemical engineering and bioinformatics
- the supply of biochemical engineers was seen as an acute problem by the Biochemical Society and the largest provider of UK graduates- University College London (only 50 graduates qualify each year, while fewer than 40 a year convert from these disciplines)
- these findings are supported by the North West Labour Market Partnership (June 2001, issue 21), whose findings clearly indicate, “Most employers are now looking for staff with at least a first degree in a related discipline, but in many cases a higher degree such as a Masters or PhD qualification is desirable”

- there remains an issue about the deficiencies of academic researchers: "the shortage of experienced technology transfer professionals is, like the shortage of experienced commercial managers for spinouts, a major constraint in identifying and commercialising UK life science discoveries". (Arthur Andersen, 1998:80).

For managers

Where problems arise is in the lack of management and commercial skills to complement technological training. The requirement for this differs according to the stage of development the industry is at but all three industries experience this problem in some respect – whether it is for project management, cost control, negotiation skills for alliance-building, marketing or the ability to recognise the commercial implications of research.

Among technician and craft employees

The situation for technician and intermediate level skills is patchy. Company attitudes to support NVQs at levels 3-4 are often a problem. In rapidly changing new technologies, however, in-house development of skills is often the only way and likely to be in advance of formally accredited skills. Companies will continue to look to build on a broad-based education and learning aptitudes.

Future Trends

Biotechnology is a growth sector in which the UK has a strong global position, on account of a strong science base and a relatively large population of new young firms. In overall employment terms this industry is in early stages of development, but this will change as successful products come through. Management is a critical skill at this time, as

the industry grows, and as new products get closer to production, skill shortages are likely to become more pressing.

The North West biotechnology cluster¹⁰ contains over 100 core and non-core companies employing over 17,500 people although many more who are key contributors to the cluster are employed in the public sector e.g. Universities, Research Institutes and Hospitals.

The North West has a number of key strengths, which add impetus to the emerging biotechnology sector. These include: a strong academic base, including large medical schools, centres of research excellence and leading clinical trials centres; specialist incubators, technology parks and infrastructure, a major research and development and manufacturing base; and the highest level of grant assistance available in mainland UK to support capital expenditure, relocation, recruitment and training.

The key strength and growth segment of the region's biotechnology sector is biomedical and biopharmaceutical biotechnology with sub-clusters in bio/pharmaceutical manufacturing and a mix of therapeutic, diagnostic and technologies amongst the biotechnology companies. Bionow has been established to encourage and nurture this growth through creating an active, progressive community based on the region's academic success and strong presence of international pharmaceutical and biotech companies and supporting service companies. Bionow predict that; "a vigorous and successful biotech industry will be a major source of wealth and job creation in the North West in the next few years, benefiting the region and contributing to the UK's biotechnology industry at large". (www.bionow.co.uk).

¹⁰ The cluster is related specifically to biomedical biotechnology companies and this was the focus of the study. The cluster study also included companies close to the Cheshire/Wales border, although they are outside the formal NWDA regional boundary.

Chemicals, Pharmaceutical and Plastics Key Statistics

Sector Description

The significance of the chemicals sector to the local economy is evident (chart 1). Combined, the chemicals, pharmaceuticals and plastics industry employs over 19,000 people within Cheshire and Warrington, representing 4.6 per cent of total employment.

Employment:

- N.W regions' chemicals sectors have undergone significant organisational change. Many sites previously owned by multi-national companies have fragmented into smaller dependent units
- there is also a high proportion of overseas ownership
- when Cheshire and Warrington's chemicals sector is benchmarked against the national average it has a location quotient of 3.58 (a figure greater than one indicates its significance to the area)
- the pharmaceuticals sector when benchmarked against the national average has a location quotient of 5.49 indicating further significance to the locality
- between 1998 and 2001 employment in across the sector in Cheshire and Warrington fell by -1821 representing a -9.1 per cent decrease
- over half (51.4%) of employment is based in Macclesfield followed by Vale Royal and Warrington with 14.7 per cent and 9.9 per cent respectively.

Table 1 provides an area and district employment change comparison for the chemical, pharmaceuticals and plastics sectors.

Table 1: Chemicals¹¹ sector employment change 1998 –2001

Area / District	1998	2001	% Change on 1998
Great Britain	499604	447736	-10.4
North West	89063	81588	-8.4
Cheshire & Warrington	20084	18262	-9.1
Chester	#	476	7.1
Congleton	2108	1693	-19.7
Crewe & Nantwich	448	649	44.7
Ellesmere Port & Neston	2281	1568	-31.3
Macclesfield	9362	9388	0.3
Vale Royal	3254	2690	-17.3
Warrington	2187	1799	-17.8

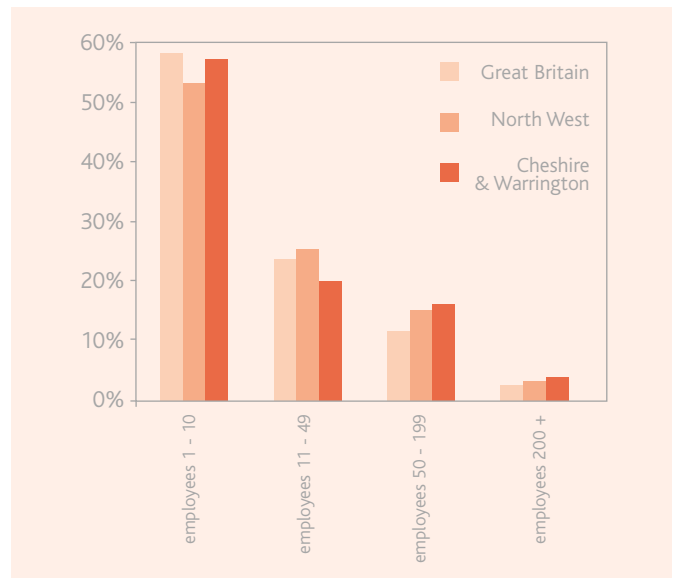
Source: Annual Business Inquiry 1998 - 2001.

¹¹ (includes; chemicals, pharmaceuticals and plastics).

Employment Sites:

- in total the chemicals sector occupies 269 sites in the Cheshire and Warrington area
- 56.9 per cent of the total number of sites employ between 1-10 employees (Chart 1).

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

The chemicals industry is a significant employer for Cheshire and Warrington. The sector represents a number of diverse sub-sectors located across the geography of Cheshire and Warrington;

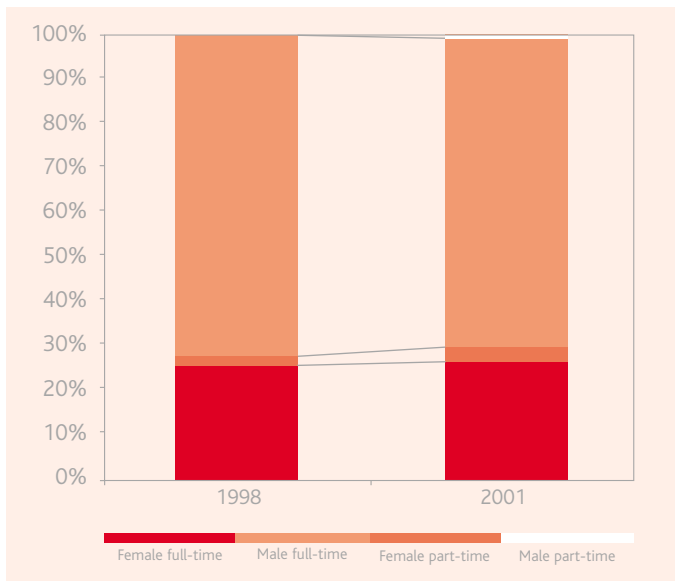
- Macclesfield is home to Astra Zeneca the largest pharmaceutical manufacturing R&D facility in the world
- Brunner Mond (UK) Ltd (chemicals), Northwich
- Ineos Silicate (chemicals), Warrington
- Kemira Agro UK Ltd (chemicals), Ellesmere Port
- Lever Faberge Ltd (chemicals), Warrington
- Solvay Interlox Ltd (chemicals), Warrington
- Henkel Consumer Adhesives (chemicals), Winsford
- Aventis Pharma, Holmes Chapel, Congleton
- H W Plastics Ltd, Macclesfield
- Jiffy Packaging Co Ltd, Winsford, Vale Royal
- Kemira Agro UK Limited (Cattle feeds/seeds, herbicides/pesticides).

Workforce Characteristics:

- the North West Chemical Cluster¹² comprises of some 470 manufacturing companies, and employs about 44,000 people
- over 23,000 people (53% of the industry workforce) are employed in operational roles. 28 per cent are over 50 and only 10 per cent are under 30
- overall employment within the sector has been declining over the past decade, however, the pharmaceutical industry is far less sensitive to cyclical fluctuations than most industries
- over 69.4 per cent of the workforce, are male full-time, which is marginally lower than the North West and Great Britain average
- overall 90 per cent of the workforce is employed full time.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the chemicals, pharmaceuticals and plastics sector 1998–2001.

Chart 2: Chemical¹³ gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The Chemical and Manufacturing NTO (2001) has found that the skills needs in the industry are increasing at a faster rate than the skills base of the workforce and of perhaps greater concern is the fact that many firms are becoming 'disillusioned with the numerous and poorly co-ordinated training initiatives'.

Skill Gaps and Shortages

A survey by the North West Chemicals Initiative (NWCI) was conducted between March and June 2002. It covered 48 in-depth interviews plus 7 telephone discussions, supported by 40 postal questionnaires. The findings are said to be authoritative and statistically significant within the chemicals cluster.

Findings from the demand side

Skill levels in the operational population are inadequate and limiting

Many companies (60 per cent) identified significant Key Skills gaps. The largest area was self-development (43 per cent of those reporting, followed by problem-solving and process knowledge (35 per cent) and the ability to communicate (33 per cent). IT skills (28 per cent) came next.

Employers saw these Skills shortages as significant limitations for the future development of their ways of working. The skills profile of this grouping, expressed as NVQ equivalents, shows that two thirds of staff are at level 2 or below. The North West Chemical Initiative survey highlighted repeatedly that companies saw level 3 as their objective if they were to achieve desired operating modes. Level 3 is becoming entry level for recruitment.

There is a disturbing lack of awareness of the actual job market

The NWCI survey suggests that 50% of companies had actually recruited at operational levels in the past 12 months; a similar number were expected to do so in the next 12 months. Of those who had recruited, half reported it had been 'difficult'. Experiences of the others ranged from 'easy' to time-consuming. Despite that, over 80 per cent of all respondents did not anticipate serious difficulties, in near to medium term recruitment.

Findings from the supply side

The experience of recruiting at graduate level is very mixed. Of those who recruited graduate chemists or engineers recently 60 per cent reported it was difficult. In the past few years there has also been an increasing tendency to disfavour technical careers. The number of chemistry undergraduates fell by 23% during 1995- 2000. Engineers fell by over 18 per cent during the same period.

A qualitative survey of a number of companies in the region (Autumn 2001) conducted by the NWCI indicated a general anxiety about future availability of skilled people, current

¹² defined as a "geographic proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities".

¹³ (includes; chemicals, pharmaceuticals and plastics).

staff levels and a disturbingly low level of positive action to address these issues. Typically there are no shortages of applicants, but the quality is variable and inconsistent. There are over 100 applications, short-listing 20 candidates, yet still failing to make an appointment.

Other issues:

- the Chemical and Manufacturing NTO has indicated that technology is growing faster than the ability to optimise its use
- computer literacy and ICT skills will affect employees at all levels, although the complexity of change increases with the occupational hierarchy as e-commerce evolves in the workplace
- the sector emphasises that managing the process of upgrading skills of the workforce is becoming more complex as the skills base moves up
- common to all sectors is that changing work patterns are raising the levels of skills needed
- employees at all levels need to be able to cope positively with this, whether through their general attitudes or ability to learn new skills
- team working and problem solving are essential
- ABPI indicates that the most frequently quoted problem in recruitment relates personal qualities of potential applicants
- competencies in areas such as business awareness and commercial skills, project management, team working and communication are important
- Polymers and Associated Industries NTO (2001) have identified that the perceived 'unattractiveness of the rubber & plastics industry to potential new recruits' is being reflected by the low number of people working in the industry, with a resulting negative impact on provision of a clear career structure
- the proportion of employees in process manufacturing with no qualifications has fallen, but in some industries is still high, particularly where there is no history of workplace qualifications for process operators.

Future Trends

The industry needs to look to (vocationally) qualified staff for its future needs. This should be supported by vocational qualifications under the new Matriculation Diploma as described in "14-19 Opportunities and Excellence". The NWCI suggests that one of the major challenges for the industry will be to engage wholeheartedly with vocational training. The NWCI survey highlighted that there was a disappointing number of companies who were reluctant to participate in formal vocational training. (close to 50 per cent of companies surveyed). The study indicated that many sites did not recognise that they were part of an extensive chemicals cluster, therefore opportunities for networking and collaborative training activity were missed. The suggestion is therefore that more needs to be done to convince companies of the advantages of working together.

There is possibly a mismatch between HE output and industry employability as employers and Further Education colleges complain that their potential recruits are diverting into HE, away from the more traditional school leaver entry to vocational courses. The suggestion is that these graduates have expectations of professional development however, employers frequently find that new graduates are not 'fit for purpose', and therefore seek experience in addition to academic qualifications. In general process industries use a variety of qualifications, from process operator to the highest professional levels and in a wide range of occupations.

Many employers, particularly larger ones, recognise that NVQs have a direct relevance to workplace competence and lead to measurable business benefits.

There is a move towards encouraging employees to take up greater responsibility for their own learning and development creating a learning culture focused upon demand-led learning. This emphasis places a higher demand for awareness of skills issues across all occupational groups.

Clothing, Textiles and Footwear Key Statistics

Sector Description

Textiles, clothing and leather¹⁴ are in long-term decline in the U.K. The sector has undergone significant changes over the past twenty years. Despite this, the clothing and textiles industries contribute approximately £7bn each year to the UK's gross domestic product and the footwear industry contributes just over £2bn.¹⁵

Employment:

- Nationally output and employment in the UK have fallen for many decades, and over the past couple of years have fallen sharply with the sector now employing over 200,000 people
- locally, the sector employs over 4,000 people representing the clothing, textiles and leather sector
- since 1998 employment in the textiles clothing & leather sector in Cheshire and Warrington has decreased by -23.1 per cent (-404)
- the sector contributes less than 2 per cent to the overall employment in Cheshire and Warrington
- 34.8 per cent of the employment is based in Congleton, followed by Macclesfield with 23.7 per cent of employment
- the district of Chester has the lowest employment share across Cheshire and Warrington representing 1.2 per cent.

Table 1 provides an area and district employment change comparison for the clothing, textiles and footwear sectors.

Table 1: Clothing, Textiles and Footwear employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	331771	212306	-36
North West	63905	43655	-31.7
Cheshire & Warrington	5780	4444	-23.1
Chester	72	52	-28.6
Congleton	1949	1545	-20.8
Crewe & Nantwich	930	434	-53.3
Ellesmere Port & Neston	749	347	-53.6
Macclesfield	1031	1052	2
Vale Royal	398	272	-31.6
Warrington	651	742	14

Source: Annual Business Inquiry 1998 - 2001.

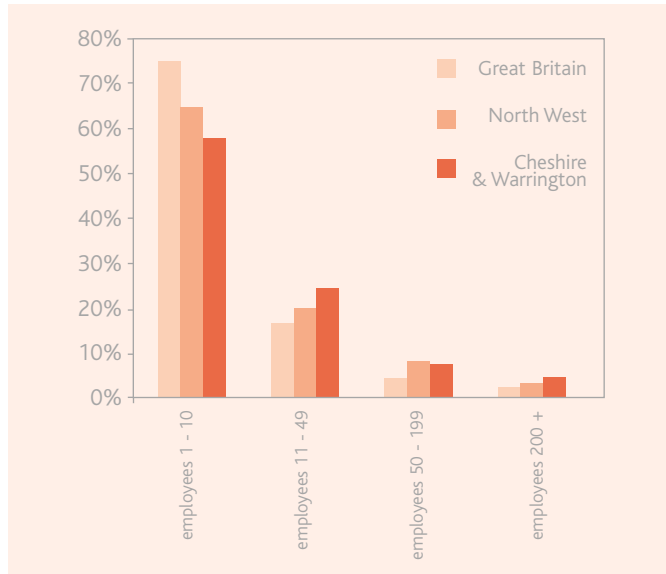
¹⁴ SIC headings 17- 19

¹⁵ ONS data (2001) as cited in CAPITB trust Skills Foresight 2002.

Employment Sites:

- in total the clothing, textiles and footwear sector occupies 152 sites in the Cheshire and Warrington area
- 59.2 per cent of the total number of sites employ between 1- 10 employees (Chart 1)
- Macclesfield has the largest number of sites which are less than 50.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

The core sectors are clothing, textiles and footwear;

- the UK clothing industry which produces a wide variety of attire ranging from high fashion to work apparel, including branded clothing. The industry incorporates other companies that manufacture allied products such as car airbags, tents, hats etc
- the textiles industry in the UK is responsible for a wide range of products, the main ones being woollen and worsted spinning and weaving, knitted fabrics, knitwear and carpets
- the footwear industry can be regarded as four distinct market sectors that encompass footwear manufacturing, leather goods manufacturing, leather production and shoe repair.

Major employers in the textiles, clothing and leather sector in Cheshire and Warrington include:

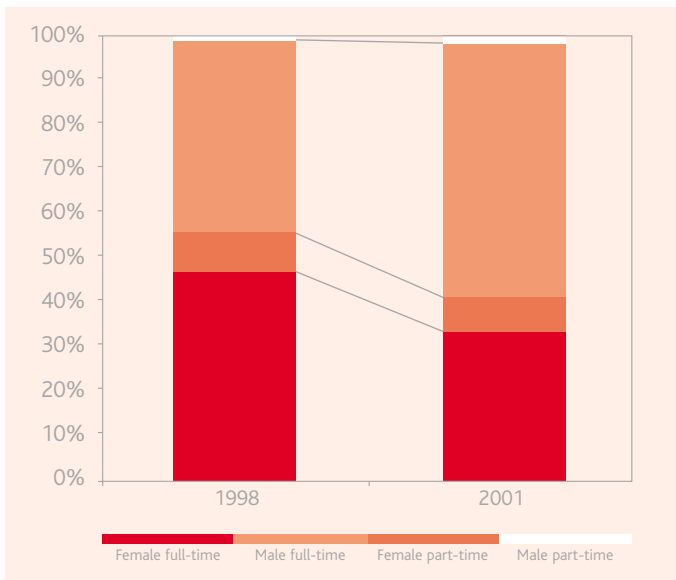
- Airbags Ltd, Congleton
- Cosmopolitan Textiles Company Ltd, Winsford
- Eagle Ottawa Leather Ltd, Warrington.

Workforce Characteristics:

- the sector’s workforce has changed in shape between 1998 and 2001 from being a largely female dominated sector (55.7%) to a swing towards male employment representing 58.5 per cent in comparison to 41.5 per cent
- full time male employment has increased from 44 per cent to 57 percent between 1998 and 2001
- the majority of the female workforce work full time (33.7%) with less than eight percent of females employed part time.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the textiles, clothing and leather sector 1998–2001.

Chart 2: Clothing, Textiles and Footwear gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

Increased globalisation brings with it new challenges to the industry as there is relentless pressure for them to adapt and modernise in order to remain competitive. There is no doubt that the clothing, textiles and footwear industries are emerging in the twenty-first century as leaner, more flexible industries.

The decline of textiles, clothing and leather in the UK has resulted in a loss of technical and managerial skills and not

enough emphasis has been placed on providing younger workers with a well-defined career path to create the next generation of senior technicians and managers (National Textile Training Association, 2001).

At a series of seminars, employers in the clothing, textiles and footwear sectors made the following points about skills demands issues:

- a major issue for all of the industries is the crucial skill shortage in technical skills
- older employees in the industries may have the relevant skills and experience but may lack management skills - there is great demand for people with a combination of technical and management skills along with 'soft skills', for example communication and interpersonal skills
- in recognition of the ageing workforce issue it should be possible to make use of experienced workers (specialist) in the industry to create a learning delivery programme and use the older workforce to mentor and to create a network of learning opportunities.

Skill Gaps and Shortages

The Skills in England 2002 report indicates that it is evident that the textiles, clothing and leather sector needs to create a framework that will enable individuals to progress and encompass the wider range of skills and knowledge necessary to lead firms in the sector.

For all:

- CAPITB Trust (2001) identified a chronic lack of technical, managerial, operative and supervisory skills across clothing manufacturers, this could hamper some UK firms that are seeking to maintain competitive advantage by re-focusing on low-volume, higher-margin niche products
- as a direct consequence, these industries are all becoming highly sophisticated in their use of overseas production facilities to achieve appropriate margins and quality.

For managers:

- across the sectors there is a lack of management skills, which is increasingly becoming a fundamental skills need in the industries.

Among technician and craft employees:

- transferable skills are a necessity to the industry and should be promoted as part of the need to develop a "learning culture".

Clothing:

- the occupational area in which the majority of companies have increased skills needs is in the apprenticeship/ trainee field, thus highlighting the lack of young people entering the industry
- there is increased demand for skills within the clothing industry¹⁶, this demand varies across occupations and size of business, in particular demand is greatest for apprentice trainees, garment technologist and engineering technicians.

Textiles:

- in the textiles industry as with the majority of other sectors, the growing use of technology requires an equal increase in skills from both the existing workforce and from people recruited into the industry
- employers in the textile industry also cited a lack of skilled applicants as being a major problem, although the research from the Employer Skills Survey shows that they do not place as great an importance on work experience as employers in the clothing industry
- further findings from the Employer Skills Survey 2001 indicates that low pay appears to have very little impact on recruitment.

Footwear:

- there is a growing need in the industry for existing management and technical specialists to improve their skills base, some 64 per cent of managers are currently adjudged by employers in the industry as not having sufficient relevant skills to perform their jobs effectively.¹⁷

Furniture, furnishing and interiors:

- more than half of all employers report that they regard problem solving skills as an important internal skills gap, other soft skills including communication and team working were featured highly in employers' concerns

- some employers in the sector have adopted new technologies, whilst others, such as those involved in furniture restoration or those supplying high quality niche markets use traditional hand craft techniques as their unique selling point.

Future Trends

The introduction of new technologies will certainly reduce the need for some of the manual skills currently utilised within the sector.

Up-skilling the workforce and improving the skills base of new recruits has major implications for training and development plans. According to the report of the People Skills Scoreboard, "the textile industry is still committed to training people from the very basic level through to degree level, but financial reality and the availability of labour will always play a part in the numbers of people recruited."¹⁸

According to the findings of the Employer Skills Survey 2001, by far the greatest skill requirement will be information technology. The skill need is at the more advanced end of the spectrum, as opposed to the basic computer literacy skills required by almost all employers.

Employers in the clothing and footwear industries are fully aware of the impact that advances in technology will have on their businesses in the short term. In the textiles industry, the picture will be similar, with advanced IT skills viewed as most important for the future. Employers in this industry see basic IT skills as less important in the future than technical and team working skills.

¹⁶ CAPITB Sector workforce development plan 2002- 2004 and CAPITB Trust Skills Foresight 2000.

¹⁷ FLNTO Skills Foresight 2001.

¹⁸ People Skills Scoreboard: Clothing, Textiles and Footwear.

Construction Key Statistics

Sector Description

Construction sector¹⁹ activity is particularly sensitive to the economic cycle but tends to suffer higher peaks and lower troughs. The industry is currently characterised by a shift from private to public work, this significant increase in government investment should mitigate the impact of the likely drop in commercial work in the short term. After falling throughout much of the 1990s, employment in the highly labour intensive industry has risen over the past few years.²⁰

Employment:

- employment in this highly labour-intensive industry has risen over the past few years
- the local area has experienced a significant increase in new inward investment which has contributed to this successful growth
- between 1998 and 2001 employment in construction rose by 3,658 (representing a 19.5 per cent increase)
- Warrington’s construction sector experienced significant growth between 1998 and 2001
- CITB (2002b) predict that the strongest proportionate growth in employment will be managerial, clerical, technical and professional occupations, with demand for trade/ craft occupation growing much more slowly
- the construction sector accounted for 5.4 per cent of the total employment in Cheshire and Warrington, marginally greater than the regional and national average.

Table 1 provides an area and district employment change comparison for the construction sector.

Table 1: Construction sector employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	1107990	1148508	3.7
North West	126269	133927	6.1
Cheshire & Warrington	18739	22397	19.5
Chester	2041	2770	35.7
Congleton	1226	1814	47.9
Crewe & Nantwich	2288	1923	-16
Ellesmere Port & Neston	2021	2572	27.3
Macclesfield	2212	3057	38.2
Vale Royal	3847	2712	-29.5
Warrington	5104	7549	47.9

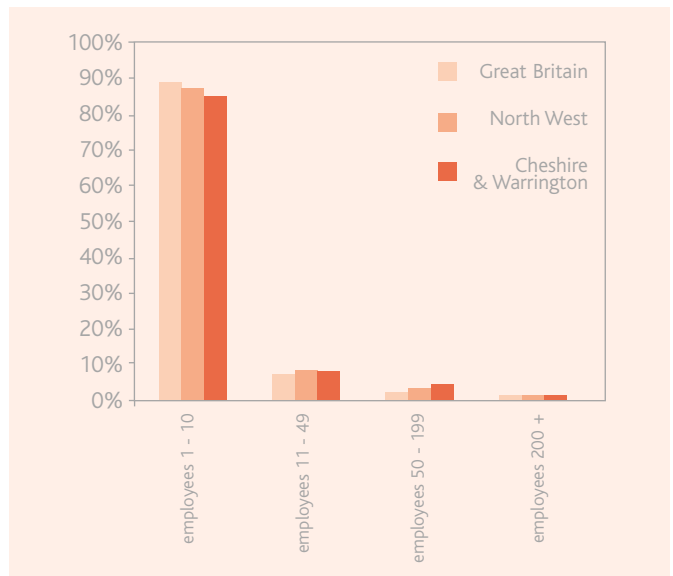
Source: Annual Business Inquiry 1998 - 2001.

¹⁹ Construction encompasses SIC 45.
²⁰ Skills in England 2002.

Employment Sites:

- construction occupies 2563 sites in Cheshire and Warrington
- 88 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- a third of the sector is concentrated in Warrington of sites accounting for over 7,500 people.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

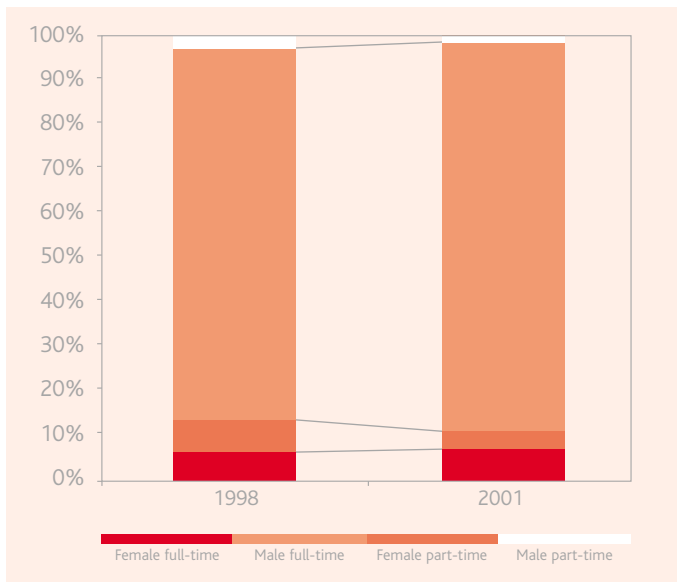
- Galliford Northern - based in Warrington
- The Emerson Group Limited,
- Sunley Turriff Construction Ltd
- Boulting Group PLC
- Dimension Data Advanced Infrastructure Ltd
- Pochin (Design & Build) Ltd – based in Middlewich, Cheshire dominates the construction sector in Cheshire and Warrington.

Workforce Characteristics:

- over 85 per cent of the workforce, are male full-time, marginally higher than the North West and Great Britain average
- 11 per cent of the workforce is female, of which 7 per cent work full time
- only 4 per cent of the female workforce are employed on a part time basis
- employment structure within the sector has altered significantly within the female part time sector
- during the period 1998 to 2001 the proportion in full time employment reduced from 7.3 per cent to 3.9 per cent.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the Construction sector 1998–2001.

Chart 2: Construction gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The traditional 'boom-bust' cycle of the construction sector has meant that a fall in activity tends to follow shortly after growth, which has resulted in an equally sharp decline in skills shortages as more labour becomes available. Consequently, skills shortages have not presented the industry with severe difficulties, as their duration has been temporary. Despite this, the CITB (2002), found that the longer term implications of the instability in construction output have been that firms have been reluctant to invest in training and this has impacted upon the number of new workers, particularly those under 25 years, that perceive the industry as being one which offers sustained, long term career prospects.

CITB estimates that approximately 80 per cent of the current workforce do not possess an NVQ or equivalent qualification. If construction output continues to grow in accordance with recent forecasts, this will present a significant challenge to the industry in terms of recruiting sufficient skilled craft operations and professionals. The construction sector needs to recruit 64,000 people each year simply to maintain the present workforce.

To address this issue the construction industry, led initially by the Major Contractors Group (and now most other Federations) is committed to Health and Safety and Lifelong Learning Strategies of which the central component is to aim

to have a qualified workforce by 2010. The initiative funded in partnership with the LSC involves workers being registered through the Construction Service Certification Scheme (CSCS), which is achieved by passing a Health and Safety test and being certified to NVQ Level 2 standard. Without this CSCS card workers will not be allowed to operate on MCG sites, and over time, most other sites. This will apply to a total workforce of some 1.5 million.

Skill Gaps and Shortages

For all:

- the introduction of new technology is also an important factor for clerical and secretarial staff, while the inability of older staff to acquire new skills is mentioned by many employers with regard to the deficiencies in their professional staff
- CITB estimates that approximately 80 per cent of the current workforce do not possess an NVQ or equivalent qualification and hence are not eligible to receive a CSCS card to operate in the industry
- it is estimated that over the next 8 years some 500,000 existing workers will need to be qualified through OSAT (On-Site Assessment and Training)
- overall employment is forecast to indicate that 1,460,000 will be required with the strongest growth in; professional, clerical, technicians and maintenance workers
- the diversity of the construction workforce is a huge issue as traditionally the construction industry has been a good provider of employment for young men, particularly school leavers
- the industry has recognised its poor performance in this area, and is actively taking steps to improve its image and redress the imbalance in recruitment and career progression.

A significant number of skill gaps in the construction and contracting sector also seem to arise from a broad range of human resource and management factors:

- half the firms blame the inability of the workforce to keep pace with change for lack of skills proficiency
- nearly as many blame high staff turnover rates
- over a third (38 per cent) of construction sector employers admit a failure to train staff to meet the skill needs of their company.

Among managers:

- occupations with strong absolute demand are managers, clerical staff, electricians and bricklayers, additionally a significant proportion of the labour requirement will be for carpenters and joiners
- it is these occupations therefore, in the North West that will have the highest training needs over the medium term.

Among technician and craft employees:

- there is an insufficient supply of young people entering construction and the built environment courses in higher education
- the last four years have seen a drop of between 40 per cent and 50 per cent in the number of applicants for these courses and significant shortages in the number and quality of young construction professionals and managers are now a threat.

Future Trends

If the construction industry is to address the recruitment challenge:

- the industry must engage with teachers, parents and school children if it is to broaden its appeal and enlarge the pool of potential new entrants
- efforts should be made to engage with and encourage underrepresented groups into the industry, most notably women and ethnic minorities
- further work is required to bring to the attention of smaller construction enterprises the extent of support available to assist them in recruitment and training
- the mismatch of supply and demand needs to be addressed through improving the qualifications of the existing workforce.

Distribution Key Statistics

Sector Description

The distribution sector encompasses the retail and wholesale distribution sub sectors.

Retail sub sector – covers the sale of food and drink, pharmaceuticals and toiletries, textiles and footwear, electrical, household goods and office equipment and petrol forecourt retailing. In addition to retail stores it also includes retail sales through mail order and market stalls. Some retail stores will be specialised (e.g. jewellers) while other will be mixed (e.g. M&S)²¹.

Wholesale distribution – covers the wholesaling of grocery products, clothing and footwear, household goods, toiletries, construction materials, office equipment and paper and the warehousing and distribution of products²².

Employment:

- the distribution sector contributes nearly 20 per cent to the overall employment in Cheshire and Warrington
- since 1998 the sector has grown by 8.3 per cent, which is above regional and Great Britain averages, 3.8 per cent and 4.0 per cent respectively
- over 27 per cent of the workforce is clustered in the Warrington area
- growth in the individual districts varies from 26.8 per cent in Vale Royal to only 0.1 per cent in Macclesfield.

Table 1 provides an area and district employment change comparison for the sector.

Table 1: Distribution sector employment change 1998-2001

Area / District	1998	2001	% Change on 1998
Great Britain	4342936	4518352	4.0
North West	513343	532721	3.8
Cheshire & Warrington	72599	78614	8.3
Chester	12014	13295	10.7
Congleton	5454	5764	5.7
Crewe & Nantwich	8403	9090	8.2
Ellesmere Port & Neston	4820	5933	23.1
Macclesfield	13567	13574	0.1
Vale Royal	7422	9413	26.8
Warrington	20918	21546	3.0

Source: Annual Business Inquiry 1998 - 2001.

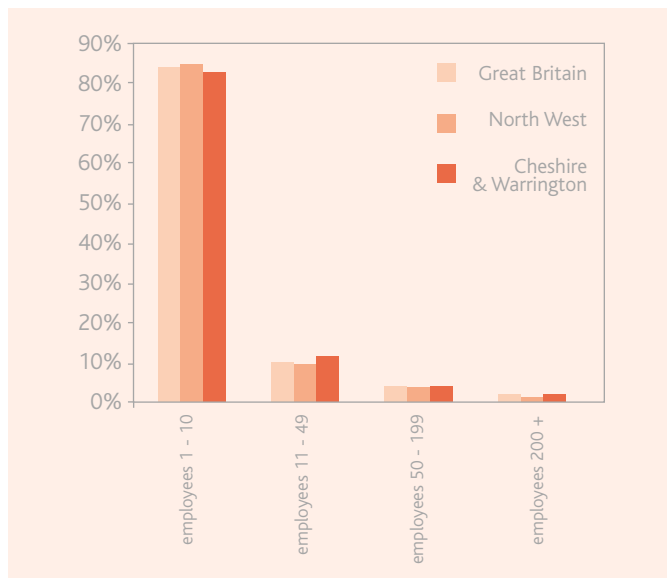
²¹ SIC 92 Codes: 50 & 52.

²² SIC 92 Code: 51.

Employment sites:

- the distribution sector occupies 8458 sites in Cheshire and Warrington – 24.8 per cent
- the profiles of sites in Cheshire and Warrington is similar to that of the North West and Great Britain
- eighty five per cent of sites employ between 1-10 employees (Chart 1).

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

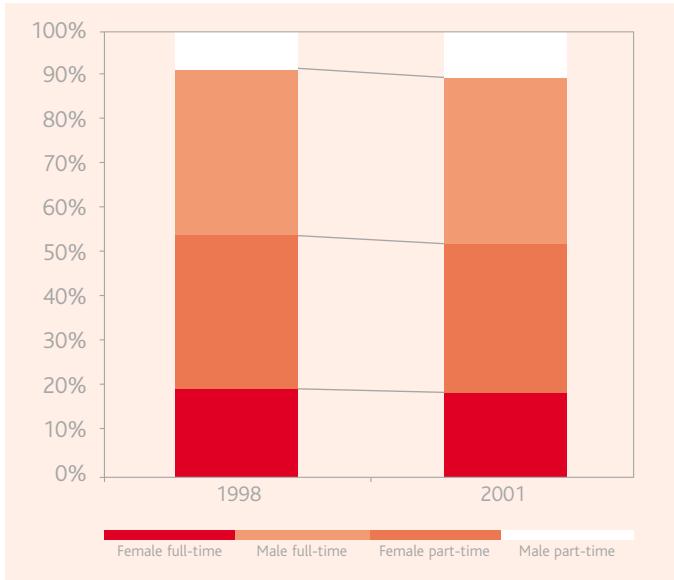
- Pets at Home – 1,200 employees, Wilmslow
- Topps Tiles – 1,200 employees, Handforth
- IKEA Ltd – 560 employees, Warrington
- Martin Dawes Ltd (Retail) – 450 employees, Warrington
- Arthur Chatwin Ltd – 400 employees, Nantwich.

Workforce Characteristics:

- nearly 53 per cent of the distribution workforce in Cheshire and Warrington is female and 47 per cent male
- forty three per cent of the workforce is employed part time – 62.6 per cent of females and 20.9 per cent of males.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the Distribution sector 1998-2001.

Chart 2: Distribution sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

A buoyant economy generally bodes well for the retail and wholesale distribution sector. The general upward trend in consumer expenditure, resulting from increased consumer

confidence, low unemployment and high house prices, is followed by a similar trend upwards in expenditure in retail, gaming & betting and hairdressing and beauty therapy. The trend for hire & rental and textiles & dry cleaning services is less clear, as higher disposable incomes have encouraged consumers to buy in more services, but give them less reason to rent or hire rather than buy.

In the past the sector has tended to rely upon young people to meet its employment demands. However, population dynamics, together with growth in numbers entering higher education means this pool is now shrinking. The sector has responded by recruiting older workers and employing significantly more part time workers and people from ethnic minority groups. However, due to the perception that wages are low, very little training is offered and that there are few career opportunities to be had the industry is struggling to change its image.

Skill Gaps and Shortages

The most cited skill gap in both retail and wholesale distribution sub sectors is communication skills, 43 per cent and 40 per cent respectively. In addition, 40 per cent of establishments in retail felt their staff were lacking in customer handling skills and 36 per cent of establishments in wholesale distribution felt their staff had skill gaps in other technical and practical skills.

Table 2 provides further analysis of skills lacking within both sectors.

Table 2: Skills lacking within all occupations

Retail	Rank	Wholesale Distribution (%)
Communication skill (42.8)	1	Communication skills (40.3)
Customer handling skills (39.6)	2	Other technical/practical skills (35.6)
Team working skills (33.2)	3	Customer handling skills (30.8)
Other technical/practical skills (31.3)	4	Problem solving skills (30.8)
Problem solving skills (31.2)	5	Management skills (29.2)
Management skills (27.5)	6	Advanced IT or software skills (28.2)
Basic computer literacy (25.5)	7	Team working skills (26.9)
Numeracy skills (16.4)	8	Basic computer skills (19.8)
Literacy skills (14.7)	9	Personal attributes (11.9)
Advanced IT or software skills (13.5)	10	Numeracy skills (8.6)
Foreign language skills (5.1)	11	Literacy skills (6.5)
Experience (1.6)	12	Experience (6.1)
Personal attributes (1.4)	13	Foreign language skills (5.1)
Sales, marketing, promotional skills (0.3)	14	Sale, marketing, promotional skills (1.3)
Time management (0.3)	15	Time management (0.4)
Other skills (-)	16	Other skills (0.1)
DK/NS (24.8)	17	DK/NS (14.4)

Source: Employers Skills Survey 2001/IER.

When looking at which occupations were most affected by skill gaps, 57 per cent of retail respondents stated that employees in sale occupations had substantial skill gaps. The same was reflected in the wholesale distribution results where 38 per cent of respondents felt that their sales personnel had substantial skill gaps. Employers from both sub sectors also identified managers and clerical occupations as experiencing significant skill gaps.

Regionally the North West stands out with the East and West Midlands as having the majority of establishments reporting skill gaps amongst their sales workforce.

The reasons given for this lack of proficiency amongst staff are set out in Table 3.

Some of the implications of these skill gaps within the workforce include:

- retail – loss of business and orders (34% of establishments), difficulties in meeting customer service objectives (30%) and required quality standards (24%)

- wholesale distribution – difficulties in meeting customer service objectives (45%), required quality standards (32%) and increased operating costs (36%) but

- 30 per cent in retail and 33 per cent in wholesale distribution felt they faced no particular problems.

The over whelming cause of skill shortages with the retail and wholesale distribution sector as a whole is cited as being the low number of applicants with the right skills. Although 36 per cent of respondents from the wholesale sub sector felt that it was the lack of applicants generally.

In retail skill shortages are likely to affect clerical and secretarial occupations (34%) the most, closely followed by associate professionals (30%). The picture for wholesale distribution is slightly different, 49 per cent of vacancies notified with associate professional occupations were skill related 'hard to fill' vacancies, and 47 per cent were in craft and related occupations. Some of the consequences of skills shortages on establishments are indicated in Table 4.

Table 3: Reasons for lack of proficiency within all occupations

Retail	Rank	Wholesale Distribution (%)
Failure to train and develop (33.6)	1	Failure to train and develop (39.0)
Recruitment problems (19.5)	2	Recruitment problems (26.3)
High staff turnover (17.1)	3	Inability of workforce to keep up with change (21.3)
Lack of motivation/interest/ commitment (17.0)	4	Lack of experience/still training (18.6)
Inability of workforce to keep up with change (14.3)	5	High staff turnover (17.2)
Lack of experience/still training (14.1)	6	Lack of motivation/interest/commitment (10.3)
High workload/no time (1.0)	7	Hours and pay (3.0)
Costs/funds for training/budgets (0.7)	8	Age/too young/too old (1.6)
Hours and pay (0.6)	9	High workload/no time
Other (0.6)	10	Lack of proficiency amongst managers (0.9)
Lack of proficiency amongst managers (0.4%)	11	Other (0.3)
Age/too young/too old (0.4)	12	Costs/funds for training/budgets (-)
Don't know (21.0)	13	Don't know (8.9)

Source: *Employers Skills Survey 2001/IER*.

Table 4: Implications of skills-related hard to fill vacancies within all occupations

	Retail	Wholesale Distribution (%)	Total (%)
Loss of business/orders	17.4	43.2	24.7
Delay in developing new products	16.5	36.0	22.0
Withdrawal of products/service	15.9	21.1	17.4
Difficulties meeting customer service objectives	30.7	46.2	35.1
Difficulties in meeting required quality standards	16.7	14.2	16.0
Increased operating costs	12.9	19.8	14.8
Difficulties introducing technological change	5.6	31.6	12.9
Difficulties introducing new work practices	19.1	23.0	20.2
DK/NS	51.8	11.8	40.6

Source: *Employers Skills Survey 2001/IER*.

Future Trends

In general, the largest retail & related industries sectors are forecast in the period up to 2005 to experience continued growth in employment whilst small sectors will see employment decline:

- hire & rental sub sector will suffer the largest fall in employment in the period up to 2005
- textiles experienced a small decline between 2000 and 2002, but should be relatively stable in the period to 2005
- all other sectors in retail & related industries are forecast to see an increase in employment levels albeit at different rates.

Education Key Statistics

Sector Description

In today's knowledge based economy education has become increasingly important. Recent budgets and spending reviews have provided substantial increases in funding.

The sector covers those in teaching learning at all levels:

- primary education²³
- secondary education²⁴
- higher education²⁵
- adult and other education i.e. private learning providers²⁶.

Employment:

- since 1998 employment in the education sector in Cheshire and Warrington has increased by just under 53 per cent (+11173)
- recruitment into primary and secondary education sub sectors have been highest
- the education sector contributes nearly 8 per cent to the overall employment in Cheshire and Warrington
- all districts have experienced growth in excess of North West and Great Britain averages
- Growth in the districts varies from 77.1 to 34 per cent, Warrington and Macclesfield respectively
- twenty two per cent of the employment is based in the Warrington area followed by Chester with 20.1 per cent.

Table 1 provides an area and district employment change comparison for the education sector.

Table 1: Education employment change 1998-2000

Area / District	1998	2001	% Change on 1998
Great Britain	1861155	2129767	14.4
North West	224655	249743	11.2
Cheshire & Warrington	21118	32291	52.9
Chester	4182	6505	55.5
Congleton	1957	2813	43.7
Crewe & Nantwich	2783	3928	41.1
Ellesmere Port & Neston	1586	2420	52.6
Macclesfield	3270	4383	34.0
Vale Royal	3321	5124	54.3
Warrington	4019	7118	77.1

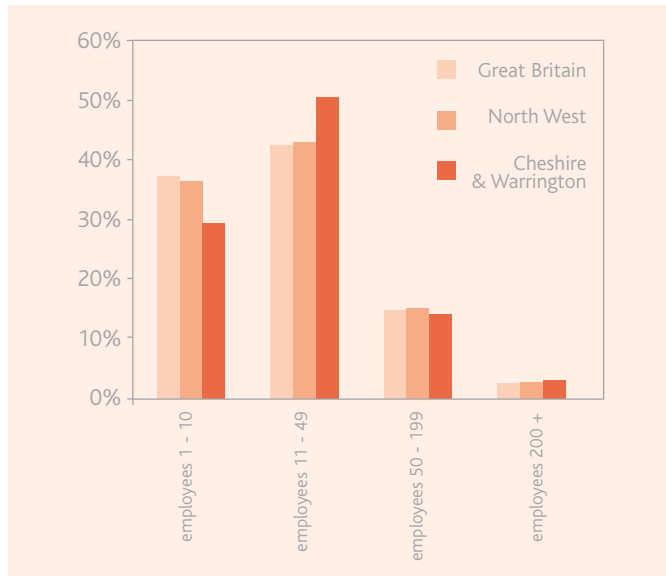
Source: Annual Business Inquiry 1998 - 2001.

23 SIC 92 Codes: 801.
 24 SIC 92 Codes: 802.
 25 SIC 92 Codes: 803.
 26 SIC 92 Codes: 804.

Employment Sites:

- in total the education sector occupies 799 sites in the Cheshire and Warrington area
- the proportion of sites which employ between 1-10 employees is significantly below North West and Great Britain averages, although this situation is reversed when sites employing between 11-49 are compared (Chart 1).

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

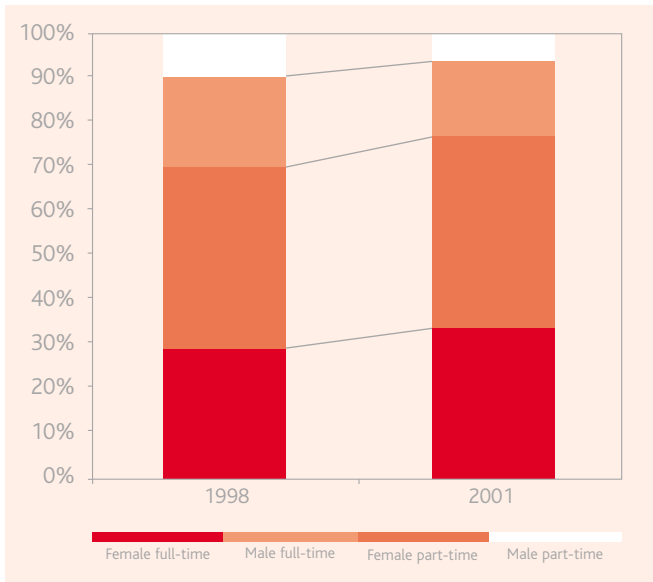
- 265 primary (3 special) and 69 secondary schools (19 special)
- Cheshire LEA & Warrington LEA
- 5 general Further Education colleges, 1 land-based and 2 VI Form Colleges
- Chester College of HE (plus Warrington site)
- Manchester Metropolitan University, (Crewe site).

Workforce Characteristics:

- the number of females working in the sector has increased by just over 10,000 since 1998, females now make up nearly 77 per cent of the education workforce in Cheshire and Warrington
- overall nearly 50 per cent of employees are employed on a part time basis, this varies from 55.8 per cent of females to 27.4 per cent of males
- the number of males working in this sector in Cheshire and Warrington is considerably lower than the North West and Great Britain averages, 23.3 per cent compared to 30.3 and 28.6 per cent respectively.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the education sector 1998-2001.

Chart 2: Education Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

The remainder of this section refers to Post 16 Education and Training only.

Key Issues

The government's proposed 14-19 agenda will have a significant impact on the post-16 education and training sector. Although the implications are not yet fully understood, there are likely to be issues in terms of accommodating and responding to younger age groups and new relationships between FE, schools and HE sectors which will in turn have many implications for the image and skill needs of this sector.

Funding will have a big influence on the sector, not only the level but also the nature. Much funding is provided on a short-term, bid-by-bid basis, which can distort activity and constrain long term planning, innovative responses and flexible operation.

One issue, which should be underlined above all others, is quality. Improved quality and systematic use of quality assurance systems will create considerable demands for the specific skills in the sector and will strongly reinforce the need for professionalism and mandatory qualifications for staff in some areas.

Skill Gaps and Shortages

Vacancies in the post-16 education and training sector have increased slowly but steadily over the last few years, while nationally the number of vacancies has remained stable. Nearly four out of ten vacancies within the sector are described as 'hard to fill' compared with over half across all sectors. However, further analysis shows that the number of vacancies that are 'hard to fill' due to skill related reasons is the same as the national average (one in five).

The particular skills that were difficult to obtain for 'hard to fill' jobs is shown in Table 2. The skills that were most commonly lacking were job specific and practical skills, with half of skill shortage vacancies being affected, followed by advanced IT or software skills (25%), communication skills (20%), and management skills (19%). Basic IT and computer literacy skills were rarely difficult to obtain.

Table 2: Skills found difficult to obtain in relation to skills shortage vacancies, 2000/01, England

	Percentage
Other technical/practical skills	50.0
Advanced IT or software skills	24.6
Communication skills	20.0
Management skills	19.4
Customer handling	16.4
Literacy skills	15.2
Team working skills	14.6
Numeracy skills	14.6
Don't know/not sure	12.9
Problem solving skills	12.4
Company or job specific skills	10.9
Experience	10.6
Other skills	7.7
Basic computer literacy	4.4
Personal attributes	3.1

Source: Employer Skills Survey, 2001.

Reasons for skill shortages included low number of skilled applicants (75%), low numbers of applicants generally (32.1%) and lack of qualifications (41.7%) and work experience (25.8%) among applicant for posts. However there are also other reasons, low pay has been raised as an issue particularly in the FE and community based learning

sectors. It was interesting to note that no post-16 education and training establishment reported 'poor career progression/lack of prospects', 'location of the organisation', or 'irregular hours' as a cause of skill shortages.

Delays in developing new services and difficulties in meeting required quality standards were the most serious effects of skills shortage vacancies. However there have also been other major impacts reported by a significant minority of establishments, including difficulties meeting customer/learner service objectives and withdrawal of services.

Internal skill gaps in the post-16 education and training sector are commonly reported among professional occupations (34%), followed by clerical and secretarial staff (24%), managers and administrators (18%) and associate professional staff (12%).

The skills that were most commonly lacking were communication skills, which accounted for 36 per cent of all instances of skill gaps, followed by advanced IT or software skills (33%) (Table 3).

The reasons given as to why staff were not fully proficient in their jobs were:

- high staff turnover (38%)
- inability of workforce to keep up with change (38%)
- recruitment problems (28%)
- failure to train and develop staff (25%).

Hours or pay were rarely reported as a cause of internal skill gaps.

Table 3: Skills reported as lacking in internal skills gaps, 2000/01, England

	Percentage
Communication skills	35.5
Advanced IT/software skills	32.7
Management skills	28.4
Problem solving skills	26.7
Team Working	24.6
Other technical/practical skills	21.7
Basic IT skills	19.4
Customer handling skills	14.6
Literacy	12.5
Numeracy	10.9
Other	5.7
Don't know	9.0

Source: *Employer Skills Survey, 2001*.

Future Trends

Employment in the post-16 education and training sector has grown at a faster rate than the overall growth in employment over the last three decades. This faster than average growth is projected to continue over the next decade and by 2010 employment in the sector is forecast to have grown by 195,000²⁷.

Employment growth is expected to be faster in the work-based learning and training sub sector than in the further, higher and other adult education sub-sectors. By occupation, the largest increases in employment are projected for professional and associate professional occupations, while the numbers of clerical and secretarial workers and elementary staff are projected to decrease.

The sector will also need to replace people who leave the sector, in addition to recruiting for expansion. The number of people the sector will need to recruit to replace leavers is likely to be 60 per cent higher than the level of employment growth in the sector, at 325,000. Therefore over the next decade the sector will need to recruit 520,000 new workers.

Recruitment on this scale will present significant problems for the sector. The forecasted increase of highly skilled individuals is only four times greater than the needs of this sector, therefore competition with other sectors will be high. The sector therefore needs to urgently address its existing problems regarding staff retention, clear career structures and improved reward packages.

²⁷ National predications.

Electricity, Gas and Water²⁸ Key Statistics

Sector Description

The sector encompasses Electricity generation, transmission, distribution and supply. Transportation, distribution and supply of gaseous fuels through a system of mains; manufacture of gaseous fuels with specified calorific value; production of gas for the purposes of gas supply from coal, by-products or waste; production, collection and distribution of steam and hot water for heating, power and other purposes.

Employment:

- employment in the region has increased marginally by 1550 between 1998 and 2001
- concentrated²⁹ mainly around the districts of Warrington, Crewe & Nantwich and Chester
- between 1996 and 2000, employment in water supply fell by an average of 4.7 per cent per year, compared to overall UK employment increasing by 1.3 per cent per year over the same period
- overall employment in Utilities has fallen by 205,000 between 1971 and 2000 driven by privatisation, radical restructuring and competition
- the fall in employment is forecast to continue and national employment will equal 108,000 in 2010.

Table 1 provides an area and district employment change comparison for the electricity, gas & water sector.

Table 1: Electricity, Gas & Water sector employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	132279	138107	4.4
North West	13471	17210	27.8
Cheshire & Warrington	3397	3804	12.0
Chester	720	239	-66.8
Congleton	0	2	0
Crewe & Nantwich	174	126	-27.6
Ellesmere Port & Neston	20	18	-10
Macclesfield	53	53	0
Vale Royal	102	115	12.7
Warrington	2326	3253	39.9

Source: Annual Business Inquiry 1998 - 2001.

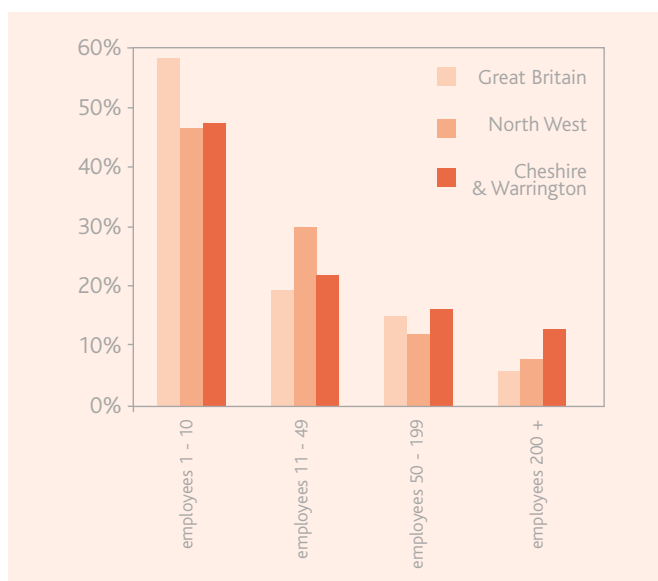
²⁸ Encompasses SIC 40 -41

²⁹ Greater than 15 per cent of employment structure

Employment Sites:

- there are 44 sites across Cheshire and Warrington
- over 80 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- the sector is primarily concentrated around Warrington.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

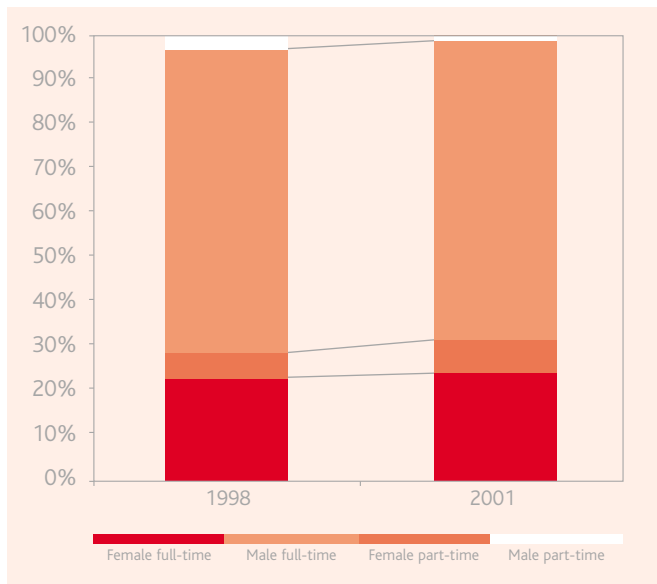
- United Utilities, Warrington
- Bechtel Water Technology, Warrington
- TXU Energi now PowerGen, (the UK's second largest energy supplier with around nine million customer accounts nationwide)
- Alstom Power UK, Knutsford Cheshire.

Workforce Characteristics:

- employment within the sector is predominantly full time – in 1999, 91 per cent of employees worked full time
- over 35 per cent of females work full time, this is significantly higher than the national and regional average
- part time work is predominantly female representing a further 7 per cent of total workforce
- employment structure within the sector has altered marginally
- during the period 1998 to 2001 the proportion in full time employment increased by 14 per cent.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the Electricity, Gas and Water sector 1998–2001.

Chart 2: Electricity, Gas and Water gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The liberalisation of energy and water markets has opened the way for a series of domestic and cross-border take-overs, joint ventures and strategic stake-building. Although the UK is the most liberalised energy market in the EU, UK companies are vulnerable to take-over by larger European companies. Since privatisation the number of electricity supply companies in the UK has fallen from 14 to 8. As the electricity, gas and water industries have consolidated over the past decade, there has been a sharp fall in employment, of around 7.5 per cent per annum between 1991 and 2001.

The age profile of the workforce is one of the most important issues facing the sector. According to the Labour Force Survey, around 30 per cent of the workforce is aged 45 and over, as new training programmes have not been funded to replenish the stock of skilled labour.³⁰

Skill Gaps and Shortages

Electricity

The age profile of the workforce is most acute in the administrative occupations and in skilled metal and electrical trades, although there is strong replacement demand for science and technology professionals, and elementary trade, plant and storage-related occupations. According to the Electricity Training Association's Employment and Skills

Survey report (2001), the sector needs increased recruitment of craft and apprenticeships and graduate trainees.

Gas

For the gas, water and electricity industry the two key words in relation to skills are multi-skilling and up-skilling. Restructuring and cost rationalisation have resulted in fewer people managing larger workloads and as a consequence job boundaries have widened and work roles across all occupations now involve greater autonomy. The need for individuals to have technical skills yet also be able to offer soft skills and the need for individuals to be multi-disciplined, this is, to be able to work across specialist areas. An example of multi-disciplinary work could be a registered gas engineer who is also a skilled plumber, or qualified electrician able to work across mechanical, electrical and instrumentation functions.

In the upstream industry, the gas transporters probably have enough knowledge of the overall state of the industry to be able to anticipate skills shortages. However, the Labour Market Investigation and Skills Foresight Report (February 2002) for the UK Gas Industry indicates, they do not exert the kind of strategic control over the industry that British Gas once exercised. To anticipate and plan for skills needs and changes in skills needs, it will therefore be necessary to develop strategic partnerships between gas transporters and contractors.

In the downstream industry and the installation sector, the current skills mismatch has been brought about by a variety of factors such as; age profile, the ACS arrangements and competition with other utilities. The age profile in the installation sector, and the lack of new entrants, may lead to a very sharp overall reduction in the number of registered installers.

This is likely to impact on consumers, as high prices in the registered part of the market may lead the less well-off to the black market, to the detriment of health and safety. High prices and concerns about health and safety may also lead customers to switch to electrical appliances, a trend that would be difficult to reverse.

For all companies, training is essential if they want to remain competitive. Indeed, the overlap between the occupations in which many employers are experiencing a skills gap and those in which they have been experiencing hard-to-fill vacancies demonstrates that employers cannot simply find the skilled people they require in the labour market.

Water

Upskilling- is not only around developing new skills, but also about enhancing the level of skills already present in the workforce to support business strategy. IT skills needs anticipated in the utilities industry include basic computer literacy skills, advanced IT and software skills. The demand for

³⁰ DfES (2002b), An Assessment of Skills Needs in the Gas, Water and Electricity Industries, Nottingham: DfES.

customer service skills and business awareness are increasingly becoming important, this has particularly been driven by customer expectation and competition.

Among managers:

- new skills particularly supply chain management and contractor management since privatisation are more significant as utilities change their business models and diversify into areas such as finance and communication
- indicators from British Water highlight that a shortage of process managers is having a limiting effect on business growth (process managers co-ordinate the logistics of water supply chain)
- such shortages impact on the ability of the business to manage overseas operations and to expand the business in other directions.

Among technician employees:

- across the sectors there is increased demand for technicians to manage teams of craft workers, which has been driven by the reduction in managerial employees
- in the water industry, the CITB estimates a shortfall of 29,000 plumbers over the period 2000 to 2005
- in the gas industry there is a current skills mismatch in the ACS measurement of safety competence. (ACS is an additional requirement to the normal NVQ

training qualification and an engineer cannot practice until he or she achieves the ACS, which allows the individual to undertake work as the representative of a CORGI Registered Installer)

- there is a general perception by many firms in the gas industry, 'that they are wasting money when they take on an apprentice, since they are training people that they cannot fully use for two- three years and who may well leave in any case, once they obtain their ACS competency'. (Ginto 2002)
- multi-skilling is not necessarily indicative of high level skills it is possible to envisage a structure for the gas industry in which retailers wishing to get into installation and maintenance require low-level multi-skilled workers, who are able to fix and install basic appliances
- upskilling in the upstream water industry, meeting EU directives for water quality, has necessitated significant investment in waste management
- testing the quality of water was once a physical, mechanical process and is now a complex chemical and biological process requiring strict monitoring of technical data.

Demand for electricity, gas and water is expected to grow at a much slower rate than for the economy as a whole over the next few years.

Engineering Key Statistics

Sector Description

The Engineering Skills Dialogue report (2000) estimated that some 2.5m workers in the UK use some engineering skills in their day-to-day work. Engineering³¹ encompasses mechanical engineering, electronics, electrical engineering and instruments. Nationally it accounts for 4.6% of UK GVA, and employs nearly 800,000 workers, although employment has declined for several decades and fell by 1.3% p.a between 1991 and 2001.

Employment:

- the sector has experienced significant growth over the last few years +6.5 per cent (505 employees) since 1998 compared to a decline regionally and nationally
- currently employs over 8,267 individuals accounting for nearly 6.5 per cent of the total employment in Cheshire and Warrington
- twenty-nine per cent of the employment is based in Warrington followed by Congleton and Macclesfield with 16.7 per cent and 15.5 per cent respectively
- the district of Chester has the lowest number employed in the chemicals sector, only 538 individuals - representing 6.5 per cent of employment.

Table 1 provides an area and district employment change comparison for the engineering sectors.

Table 1: Engineering sector employment change 1998–2001

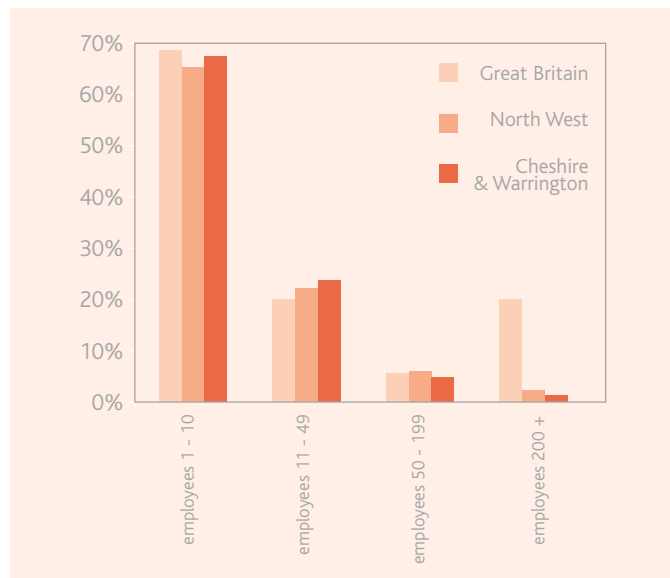
Area / District	1998	2001	% Change on 1998
Great Britain	873387	776410	-11.1
North West	81790	77752	-4.9
Cheshire & Warrington	7762	8267	6.5
Chester	384	534	40.1
Congleton	1791	1384	-22.7
Crewe & Nantwich	612	777	27.1
Ellesmere Port & Neston	784	753	-4
Macclesfield	1224	1278	4.4
Vale Royal	1162	1142	-1.7
Warrington	1805	2394	32.6

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- in total the engineering sector occupies 458 sites in the Cheshire and Warrington area
- 68.3 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- Warrington and Macclesfield are the main locations of employment sites – 26.5 per cent and 22.7 per cent respectively.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

- CHK Engineering Ltd, Crewe
- RO Defence Small Arms Ammunition, Crewe.

Further detail on the engineering sector can be found in Transport Equipment; Automotive, aerospace sector analysis.

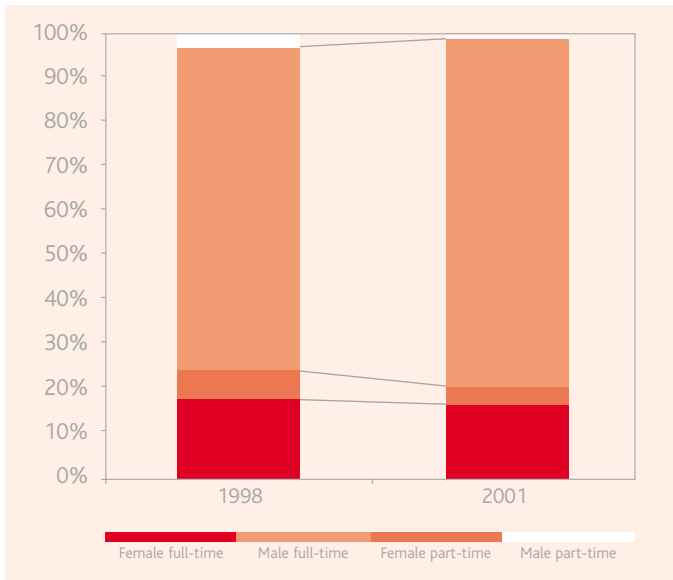
Workforce Characteristics:

- the Skills in England report has highlighted that the largest proportion of the sector is mechanical engineering (42%), with electronics and electrical engineering making up a further 21% and instruments 16%
- of the Mechanical equipment sector are integral parts of supply chain; they are subcontractors for aerospace, automotive and shipbuilding sectors
- over 79 per cent of the workforce, are typically male full-time, significantly higher than the North West Great Britain average
- sixteen percent of the workforce are female full time, with only 4 per cent of females employed on a part time basis, a decline of 2.2 per cent since 1998.

³¹ SIC headings 29-33

Chart 2 provides a Cheshire and Warrington gender breakdown of employment in the engineering sector 1998–2001.

Chart 2: Engineering gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The engineering sector is subject to two major forces; firstly, it is particularly sensitive to the business cycle and that explains why the poor performance of the first few years of the last decade were followed by renewed growth in the next five years as the UK and European economies recovered. Secondly, this has also meant for example, that suppliers of mechanical equipment can attract inward investment and the past decade has shown improvements through automation and restructuring with the help of foreign companies. The strength of the pound however, can be a problem for industries such as special purpose machinery, agricultural machinery and lifting equipment.

Skill Gaps and Shortages

According to the Engineering Employers' Federation (2001), over the past few decades, manufacturing has suffered from under-investment in new technology, research and development and modern manufacturing techniques. The Skills in England report 2002 indicates that this has fed through to mechanical engineering in particular. Lower levels of skills are often associated with under-investment in other areas, either because of skills deficiencies acting as a barrier to investment, or a lack of investment may be reflected in a lack of skills.

For all:

- greater task flexibility is being given more emphasis, as is the need for better 'soft' skills in all occupations, due to more team working, customer focus, new technology and other business changes
- new and specific technical skills - professional engineers, especially those involved in 'leading edge', need to keep up with innovations and developments in design, materials and other processes that can influence the nature of the product
- CNC and CAD have been identified as the most commonly used, specific new technologies which require a need for different skills (EMTA 2000)
- an increasing level of computer literacy is required of most engineering occupations
- in production activities, it is basic keyboard skills and the ability to operate computerised processing technology
- at more senior levels, ICT use is intrinsic in the product itself and its design process
- the ability to deal with change- employees at all levels need to be able to cope positively with this, whether through their general attitudes or ability to learn new skills
- it is especially important for senior managers to be able to effectively 'manage change' within the organisations
- the image of the engineering sector is also a key issue, SMEs and the industry as a whole need to promote themselves to local communities and schools.

For managers:

- with an increased emphasis on efficiency and competitiveness comes a need for many managers and supervisors to develop their skills, in particular more generic skills which make good managers and team leaders
- increased demand for a broader range and different blend of technical and non-technical skills, in particular good communication and people-handling skills.

Mechanical Engineering:

The disintegration of products from large firms into the supply chain has in industries such as automotive, aerospace and electronics been probably one of the most important trends in modern engineering. Disintegration has meant that many supply chain companies are driven by the quality requirements of the OEMs³² controlled in turn by practices such as Kaizan and 6 Sigma³³ to development improvements in quality, reduction in costs and improvements in delivery. The knock-on effect is an increased emphasis on higher skills demands in some areas and multi-skilling and flexibility.

³² Original Equipment Manufacturers.

³³ Kaizan is the Japanese concept for constant and continuous improvement and 6 Sigma is extensive bottom line improvement through data.

The 2002 labour market survey for mechanical equipment revealed that a quarter of employers faced problems in recruiting staff with appropriate skills. Specifically, eighty per cent of firms reported technical engineering skills gaps at all levels. 'Craftspersons' and 'Operators & Assemblers' were the two occupational groups, which were considered the most critical for business success.

Conversely, the use of new technologies had also caused some de-skilling and downsizing in some in some areas of manufacturing as computerised machines demand fewer skilled people to operate them.

Electronics

The Skills Needs in Electronics report (EMTA 2001) highlighted that the most pressing issue raised by employers when looking to recruit young people for science and engineering courses is the poor quality of 'basic' skills. Although, the percentage of electronics firms experiencing recruitment problems has fallen, technicians, a group more important to Electronics than to other sectors, are in short supply; this is also the case for Professional Engineers.

Future Trends

Across the sector it has been acknowledged that in order to tackle the skills gaps and shortages, the industry needs to develop a training and education culture that leads to lifelong learning and increased investment in high quality training facilities and courses. The majority of industry leaders feel that stronger links need to be made between SMEs and the industry as a whole to attract young people. Closer ties with schools and colleges would encourage and to a degree improve the quality of young people entering the industry.

Stronger links will also be necessary to provide facilities that will enthruse young people to consider a vocational GCSE in Engineering. It is vital that the industry focuses on developing a training and educational culture which leads to lifelong learning and high quality courses. By 2005, EMTA aims to have 80 per cent of schools offering GCSE in Engineering working with FE, Sixth Form Colleges and work-based training providers.

Financial Services Key Statistics

Sector Description

The financial services sector is extremely diverse but can be divided into four distinct sub sectors:

- banks, building societies, central banks and other financial intermediate (leasing, credit granting, investment trusts, unit trusts and venture capital)³⁴
- life assurance insurance, pension funding, non life insurance³⁵
- administration of financial markets, security broking, fund management, Lloyd's (agents and underwriters)³⁶
- call/contact centres.

Employment:

- 9th largest sector in Cheshire and Warrington, accounting for 4.8 per cent of the total employment
- employing in the region of 20,000 employees
- clustered mainly around the districts of Chester and Macclesfield
- 12.5 per cent increase in the numbers employed in the sector since 1998, higher than regional and national increases.

Table 1 provides an area and district employment change comparison for the financial services sector.

Table 1: Financial services employment change 1998–2001

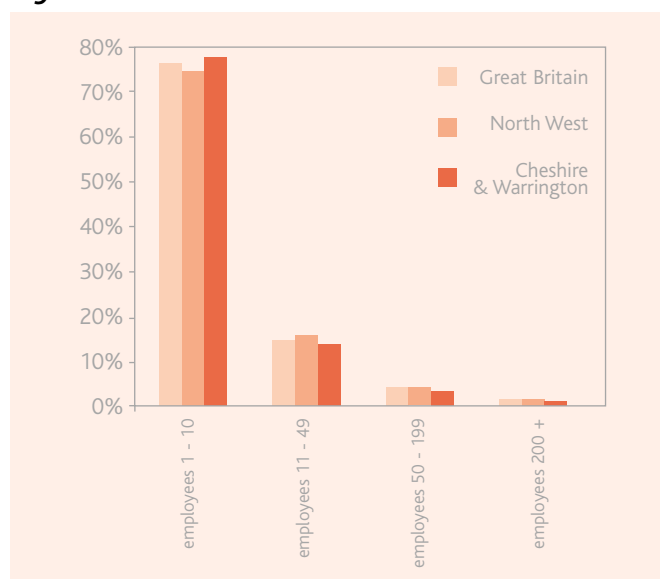
Area / District	1998	2001	% Change on 1998
Great Britain	1214834	1253873	3.2
North West	109829	114905	4.6
Cheshire & Warrington	17693	19898	12.5
Chester	7940	7557	-4.8
Congleton	582	450	-22.7
Crewe & Nantwich	902	920	2.0
Ellesmere Port & Neston	442	376	-14.9
Macclesfield	4772	7116	46.1
Vale Royal	859	1395	62.4
Warrington	2096	2084	-0.6

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- financial services occupies 1049 sites in Cheshire and Warrington
- nearly 79 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- 30 per cent of sites are located in the district of Macclesfield.

Chart 1: Number of Sites by size-band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

- HBOS – 4,500 employees, Chester
- Barclays Bank – 2,500 employees, Knutsford
- MBNA – 2,400 employees, Chester
- Marks & Spencer Financial Services – 1,500 employees, Chester
- Cheshire Building Society – 700 employees, Macclesfield.

Workforce Characteristics:

- in Cheshire and Warrington over 57 per cent of the workforce who work in the financial services sector are female, compared to 54 per cent and 52 per cent respectively for the North West and Great Britain
- over 18 per cent of employees are employed on a part time basis
- not surprisingly 27 per cent of females compared to 7 per cent of male work part time.

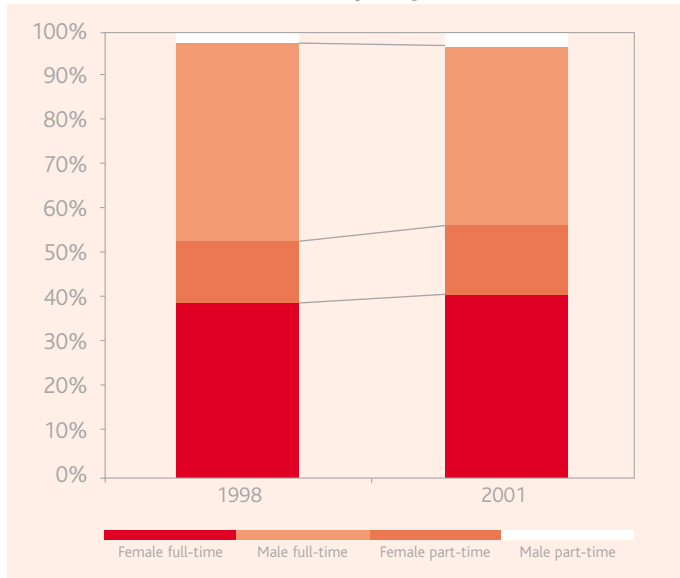
³⁴ SIC 65: financial intermediation, except insurance and pension funding.

³⁵ SIC 66: insurance and pension funding, except compulsory social security.

³⁶ SIC 67: activities auxiliary to financial intermediation.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the financial services sector 1998–2001.

Chart 2: Financial Services gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

Historically the financial services sector has been a major growth area and has encountered relatively few problems regarding supply and demand for skills. However there are a number of key changes, which are likely to affect the industry in the future.

Increased globalisation and competition – organisations need to become more market orientated and competitive while keeping their cost sustainable if they are to survive. This creates significant skills implications for the industry, in particular the recruitment, retention and training of key staff.

Changing consumer demand – as our population increases in terms of overall number and age expectancy increases the needs and requirements of consumers change as well. Consumers now have more money to put into savings and investments and the financial services sector needs to be able to respond.

ICT – the use of IT and particularly the internet has transformed the industry, this will result in a continued demand for individuals with high level IT skills and higher IT user skills more generally.

Customer focus – companies see customer service as a way of gaining an advantage in the increasingly competitive environment³⁷. Those organisations failing in terms of customer care and responsiveness will not survive in this new market.

Regulation – the financial services industry is highly regulated with a continuous stream of new laws and consultations being introduced, this has tightened the need for technically correct and competent selling and delivery of financial services.

Skill Gaps and Shortages

Recent evidence relating to turnover and recruitment suggests that while there are no apparent skill shortages in the Financial Services sector, the pool of labour available has not always been sufficient to meet the sectors needs. In addition, the quality of new employees has not always met up to expectations, resulting in leading employers in the sector lowering their requirements. In short skill shortages are having an impact of the quality of staff recruited and consequently on emerging skills gaps within the industry.

Key skill shortage areas in the future are likely to include ICT, technical and high quality managerial skills linked to corporate management, professional and associate professional occupations across the whole industry but especially in the insurance, accountancy and call centres sub sectors.

Turnover is still a major concern in some sub sectors of the industry especially for contact centre and branch staff. Figures reported for turnover in contact centres vary from low to 40 per cent. In part this concern is attributed to the time and money spent on induction, training and regulatory compliance before an individual begins to make a return on an investment. For branches turnover is strongly linked to wider opportunities in the labour market and increased pay. In other sub sectors it is a way of life, for example in a number of investment banks and brokerages, employee performance is constantly monitored and the lowest 10 per cent are regularly culled to maintain a highly competitive market.

According to the national Employers Skills Survey 2001 the number of skill gaps in the industries is 3.7 per cent of the total employment, just over the “all industries” level of 3.6 per cent. However research carried out on behalf of the Financial Services NTO suggested that skill gaps were not a real issue for the financial services sector although some evidence does point to the presence of some skill gaps within the workforce, these include:

- skill gaps among managers in contact centres – earlier research found that many supervisors in call centres have no previous supervisory or managerial experience³⁸ and the skills gaps of team leaders / first line supervisory managers
- literacy and numeracy skills gaps – an increasing issue as back office functions take on customer related administrative and secretarial tasks, previously undertaken in the branches, and written / electronic communications become important in maintaining brand image

³⁷ KPMG, “Financial Services Sector Dialogue”, April 2001.

³⁸ Belt, Richardson, Webster, Tijdens and van Klaveren, (1999), “Work Opportunities for Women in the Information Society: Call Centre Teleworking”, Final Report for the Information Society Project Office (DGIII and DGXIII), European Commission, Brussels.

- customer service / cross-selling skills among branch and contact staff
- leadership skills among senior managers
- people development skills among senior managers and team leaders
- project / contract management skills for senior managers
- change management for managers and employees at all levels.

Future Trends

Nationally employment losses over the last few years have been noticeable, but it is important to note that some organisations have shed employment as a means of reducing over capacity and not as a result of September 11th. Employment forecasts following the attacks were quite pessimistic and further evidence since has led to an upward revision of estimates. Interest rate cuts and stronger than expected consumer spending has buffered the economic

down turn and employment within the financial services sector is forecast to increase again.

Although a significant proportion of the financial services sector is concentrated in the south of England, the North West is also a regional hotspot for the industry. In 2000 the North West contributed 7.2 per cent of the output from the sector - the fourth largest behind Greater London (38.7%), the South East (13.4%) and Scotland (8.8%) (Table 2). Forecasts for 2010 show that these positions will remain unchanged although the region of Yorkshire & Humber will challenge the North West for its spot³⁹.

In terms of number employed in the sector the North West contributed 10.3 per cent of financial services employment in 1982, by 2000 this had fallen to 8.9 per cent and by 2010 this is forecast to fall again to 8.1 per cent. It will however remain one of the top four contributors to employment in the sector in the UK.

Table 2: Regional output in financial services

Regional output in financial services					
1982		2000		2010	
Region	% of UK	Region	% of UK	Region	% of UK
Greater London	38.4	Greater London	38.7	Greater London	38.3
South East	12.4	South East	13.4	South East	14.0
North West	8.8	Scotland	8.8	Scotland	9.5
Scotland	7.1	North West	7.2	North West	6.4
Eastern	6.1	Eastern	7.1	Yorkshire & Humber	6.4
West Midlands	5.9	South West	6.4	Eastern	6.3
South West	5.8	West Midlands	5.5	West Midlands	5.9
Yorkshire & Humber	5.3	Yorkshire & Humber	5.1	South West	5.8
East Midlands	3.5	East Midlands	3.0	East Midlands	2.9
North East	2.8	Wales	2.6	Wales	2.4
Wales	2.8	North East	1.3	Northern Ireland	1.2
Northern Ireland	1.1	Northern Ireland	1.0	North East	1.0

Source: *Business Strategies for FSNT0*, January 2002.

³⁹ Business Strategies, January 2002.

Food, Drink and Tobacco Key Statistics

Sector Description

The Food and Drink Manufacturing industry⁴⁰ is the single largest manufacturing sector in the UK, with a turnover of £66.2bn, accounting for 14.2% of the total manufacturing sector. Food and Drink remains the biggest spending category. In 2002 consumers' expenditure on food and drink came to nearly £141 bn, representing 21.2% of total consumers expenditure.

Employment:

- the Food and Drink Federation has indicated that the Industry employs some 500,000 people. This represents 12.9 per cent of all manufacturing workforce in the UK
- the key areas for employment are the manufacture of bread, meat & poultry, dairies and cheese making and other food products
- since 1998 employment in the food and drink sector in Cheshire and Warrington has increased by just under 1.9 per cent (+134)
- the food and drink sector contributes nearly 2 per cent to the overall employment in Cheshire and Warrington
- 33.3 per cent of the employment is based in Vale Royal followed by Crewe and Nantwich and Warrington, which have 20.2 cent and 16.6 per cent employment share respectively
- the district of Macclesfield has the lowest number employed share across Cheshire and Warrington at 5 per cent.

Table 1 provides an area and district employment change comparison for the food and drink sectors.

Table 1: Food Drink and Tobacco sector employment change 1998–2001

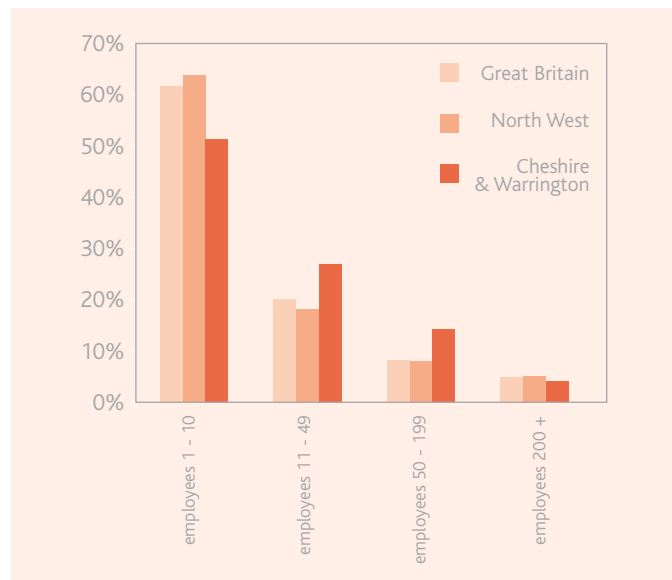
Area / District	1998	2001	% Change on 1998
Great Britain	483905	458572	-5.2
North West	68486	62187	-9.2
Cheshire & Warrington	7057	7190	1.9
Chester	617	619	0.4
Congleton	#	#	68.2
Crewe & Nantwich	1010	1455	44.1
Ellesmere Port & Neston	#	#	28.4
Macclesfield	224	363	61.8
Vale Royal	1821	2395	31.5
Warrington	2625	1158	-55.9

Source: Annual Business Inquiry 1998 - 2001. (# confidential data, cannot be passed to third person).

Employment Sites:

- in total the food and drink sector occupies 158 sites in the Cheshire and Warrington area
- 80 per cent of the total number of sites employ less than 50 employees (Chart 1)
- 28.5 per cent of sites employ between 11-49 employees, higher than the regional and national average.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

The sub-sector is diverse and has specialist areas which include Dairy, Meat and Seafish Training. The most significant employers in the area are in the food sector.

- Frank Roberts & Son Ltd, Northwich
- Hazlewood Chilled Meals, Warrington
- Nestle, Northwich, Vale Royal
- Primebake Ltd, Nantwich, Cheshire
- Burtonwood Brewery plc, Warrington
- Centura Foods Ltd, Middlewich, Congleton
- Harrisons (Poultry) Ltd, Warrington.

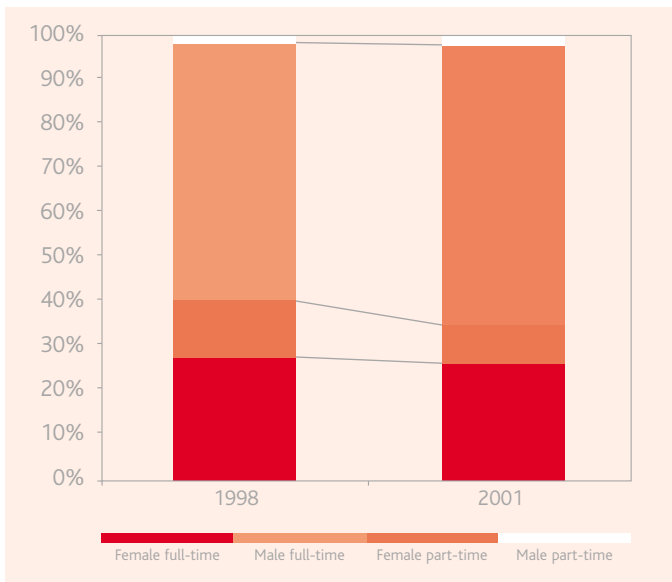
⁴⁰ SIC headings 15-16.

Workforce Characteristics:

- the sector’s workforce is predominantly full time, overwhelmingly taken by male workers as more than 62.9 per cent of the workforce is male full-time
- thirty-four per cent of the workforce are female, with more females employed part time than males
- employment structure has remained fairly static in the period 1998 and 2001. The main employment change has been around female part time work, which has experienced a 5 per cent reduction.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the food and drink sector 1998–2001.

Chart 2: Food and drink gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The trend in food and drink manufacturing has reflected that of manufacturing in general and has experienced a downward trend over the past thirty years. Skills In England 2002 report suggests that between 1996 and 2001 employment in food, drink and tobacco rose by 0.8 per cent p.a. Over the next few years, employment is expected to fall again across all occupational groups. Within production occupations, demand is expected to fall sharply for unskilled workers, although this could be offset to some degree in demand for skilled production process operatives (Food and Drink NTO, 2001).

The image of the industry as an employer is widely recognised as poor, as the nature of the work and working hours are often perceived to be unattractive, while pay and conditions do not always compensate sufficiently. However, the North West has one of the lowest levels of recruitment difficulties in the meat industry.

Skill Gaps and Shortages

Employers reported that skills shortages lead to increased operating costs, difficulties in meeting customers’ needs and problems in introducing new working practices that would increase profits.

Strong demand for multi-skilled workers has been a feature of the sector for many years. For example, skilled production workers have been required to possess sales and customer service skills. There is now a strong emphasis that craft workers should develop machinery operation and maintenance skills in addition to their traditional manual skills.

Internal skills gaps have been identified by many employers within the food, drink and tobacco sector as a constraint on both business expansion and competitiveness. For example, the Dairy Training NTO (2001) identified that skill gaps in the dairy sector are well above the average for manufacturing and for the UK as a whole. The findings indicated that 37 per cent of employers surveyed identified significant skill gaps compared to a reported 20 per cent for the UK as a whole. The principal cause of these gaps, according to dairy employers, is a failure among firms to train adequately and develop their workforce.

Throughout the industry there is thought to be widespread skill gaps reported in IT, especially among the more highly skilled occupations (particularly managers and clerical workers).

For managers

Skills gaps among managerial occupations are giving employers the most cause for concern. While the extent of skills gaps is not perceived to be greater than among other occupational groups, the impact among management is felt to exert the greatest effect on the overall competitiveness of the business sector.

For operatives

Job-specific skills are likely to remain as much a part of the industry in the near future as they have been in the past. The Skills in England report for 2002 gives the example, that boning meat and filleting fish require knife (craft) skills that are strong in demand, and technology does not yet offer any efficient alternatives.

For the bakery sector there are two specific issues that particularly need to be addressed. Firstly, the bakery sector the Skills Foresight report identifies that 18 per cent of businesses indicate basic skills problems to be a major factor in recruitment difficulties with unskilled workers. Secondly, more stringent regulation with regard to health and safety and food quality, requires a greater knowledge in food safety issues among workers in elementary (low-skilled) occupations, who currently make-up around one-fifth of the workforce.

Job-specific skills are likely to remain much a part of the industry in the near future as they have been in the past. The Skills in England report for 2002 gives the example that boning meat and filleting fish require knife (craft) skills that are strong in demand, and technology does not offer any efficient alternatives.

Future Trends

Investment in new technology to reduce production costs is reducing demand for some of the more traditional manual production and process skills, but it is also raising the level of machinery operational skills required among production workers.

The main driver for change in skill demand in food, drink and tobacco are:

- commercial pressures
- changing patterns of consumer demand
- regulation
- international drivers, such as changes in ownership, strategy or management.

Freight Logistics Key Statistics

Sector Description

The freight logistics industry touches every business in the UK and every individual, it covers the whole supply chain. There are a number of distinctive industries within the freight logistics sector. The most significant are:

- freight transport and distribution – bulk haulage, pallet networks, bulk liquids and powder, home delivery and temperature-controlled
- storage and warehousing – temperature-control, bonded, secure
- international trade – freight forwarding, import and export agencies and transport agencies
- courier and despatch – same-day, next-day, international via a variety of modes spread between independent companies and subsidiaries of broader-based firms
- removals and storage – for both commercial and domestic goods.

Employment:

- currently employs around 11,600 individuals , accounting for nearly one third of employment in the transport, storage and communications sector
- the sector has seen slight growth since 1998 (+3.1%, 348 individuals) compared to the North West and Great Britain, -0.3 per cent and +5.6 per cent respectively
- over 42 per cent of employment is based in Warrington.

Table 1 provides an area and district employment change comparison for the sector.

Table 1: Freight logistics employment change 1998-2001

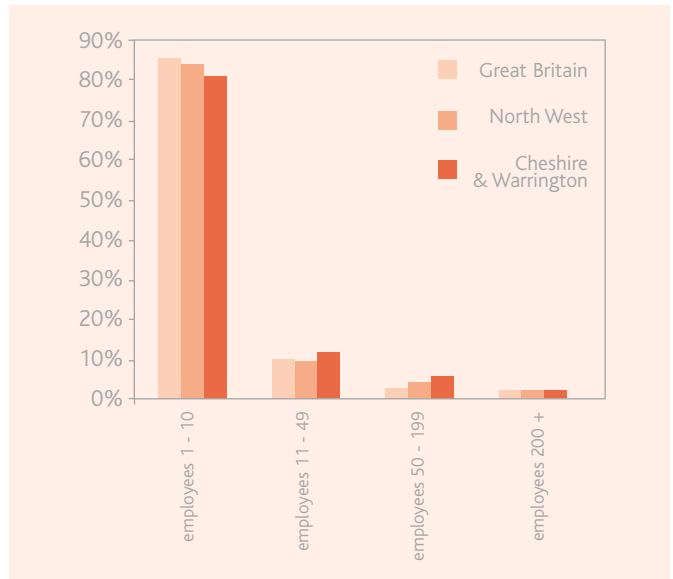
Area / District	1998	2001	% Change on 1998
Great Britain	620398	655420	5.6
North West	71366	71168	-0.3
Cheshire & Warrington	11296	11644	3.1
Chester	417	374	-10.3
Congleton	820	881	7.4
Crewe & Nantwich	1336	1289	-3.5
Ellesmere Port & Neston	591	1154	95.3
Macclesfield	1528	1627	6.5
Vale Royal	1672	1379	-17.5
Warrington	4932	4941	0.2

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- the majority of employment sites (82.1%) in Cheshire and Warrington employ between 1-10 employees
- proportionally Cheshire and Warrington has more sites employing between 11-199 employees than the North West and Great Britain (Chart 1).

Chart 1: Number of Sites by size-band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

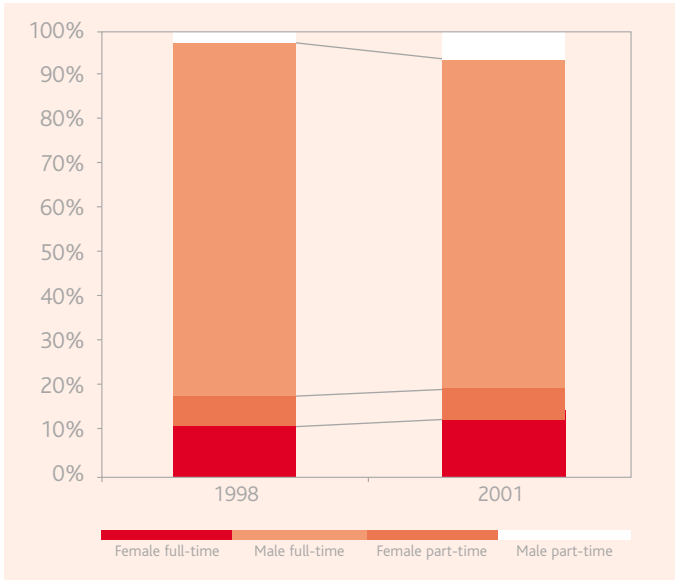
- Brit European Transport Ltd – Crewe
- James Irlam & Sons Ltd – Knutsford
- Sutton & Sons (St Helens) Ltd – Knutsford
- Target Express Parcels – Warrington.

Workforce Characteristics:

- although the number of females working in this sector has increased since 1998 (+13.7%), the number of males still far outnumbers the number of females, 80.7 per cent and 19.3 per cent respectively
- the North West provides a similar picture
- only 15 per cent of the workforce are employed on a part time basis, this ranges from 10.5 per cent of males to 36.2 per cent of females.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the logistics sector.

Chart 2: ICT Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

An ageing workforce has been identified as a critical issue across the logistics sector. The road and rail freight sub sectors have endured a period of low recruitment, resulting in an ageing workforce that will require rigorous recruitment of younger workers to account for retirement and early leavers. In addition there will be a rising demand for people produced by strong labour market conditions as well as the impact of new working time legislation⁴¹.

New technology is having an increasing impact on the industry but has highlighted the relatively low levels of basic and higher level skills within the workforce. Staff across the industry from warehouse staff to professional logisticians will all require skills at higher levels than are currently the norm. Recent research by the Basic Skills agency suggests the road freight industry has the greatest gap between current skills in numeracy and literacy and employers' anticipated needs.

The increased complexity of logistics and supply chain management and the need for compliance with environmental and safety legislation in a highly competitive market will place huge demands on the supervisory and management staff in the sector. Employers within the industry recognise the need for higher skill levels and career development routes that attract individuals into the sector. The sector is traditionally male and white but there are tremendous opportunities to address the current gaps and shortages through specially designed programmes to attract women and ethnic minorities.

Skill Gaps and Shortages

The tightening of the labour market over the last few years has resulted in over half of the vacancies in the transport sector being described as 'hard to fill' and one-fifth as 'skill shortage' vacancies⁴². The greatest difficulties were reported in drivers especially in road transport and associate professionals across the sector.

The Road Haulage and Distribution Training Council has identified a number of issues and the likely impact on the skills of workforce in the future as a result of the changes in markets, technology, environment and legislation. Table 2 summaries some of the main issues and their impact on skills.

⁴¹ The EU Working Time Directive, now applies to transport workers, its restrictions on overall hours and in particular control of night time working, will have major implications for what was a '24/7' industry.

⁴² DfES (2001e).

Table 2: Key issues and their impact on skills

Key issues	Impact on workforce and skills
Customers and markets	
<p>A 24 hour a day 7 day a week service. More precise timing and information on deliveries. Increase management and customer logistic, stock and other arrangements. Extended value added services such as cleaning and returning food trays. More information on goods in transit. Decrease in manual handling and increased focus on hygiene and safety. More customer involvement in environmental issues surrounding use of lorries.</p>	<p>Increasing importance of interpersonal and team-working skills. Broader range of skills required across employees with the need to have knowledge of a greater range of tasks. Greater flexibility of employees. Employees will need to have greater responsibility. Managers will need to develop ways of managing employees where direct supervision is not possible.</p>
Technology	
<p>Changes in vehicle design and equipment such as:</p> <ul style="list-style-type: none"> • in-cab technology • communications systems allowing direct contact between driver and customer • electronic tracking systems • more load assist equipment on vehicles. <p>Changes in infra-structure:</p> <ul style="list-style-type: none"> • networking of communication systems between sites • linking to customer computer systems • automation of warehouses • smarter systems for coding goods. <p>Changes in office side of business:</p> <ul style="list-style-type: none"> • integration of office, warehouse and delivery systems • the provision of customise delivery documentation. 	<p>All employees will need to cope with:</p> <ul style="list-style-type: none"> • managing change • cross-functional skilling. <p>De-skilling and reduction in warehouse jobs. Drivers will need to take more responsibility for collection and delivery and will need to deal with much higher amounts of data. Office staff will need to develop a broader range of skills and knowledge and be capable of analysing, interpreting and responding to a large amount of data. Managers will need to manage more technically and professionally qualified teams of IT literate staff who will require less direct supervision.</p>
Environment and Legislation	
<p>Road congestion is affecting route and delivery planning and causing companies to:</p> <ul style="list-style-type: none"> • consolidate loads • improve driving skills that reduce fuel and other costs • introduce fewer but larger lorries • undertake more efficient route planning. <p>UK and European Legislation such as the Working Time Directive and pollution and emission controls are also impacting the sector.</p>	<p>Office skills will include better planning and scheduling of deliveries and the monitoring of driver performance. The skills of the driver must be improved to maximise fuel consumption.</p>

Source: Road Haulage and Distribution Training Council, (2001), "Workforce Development Plan 2001-2004".

In summary the skill demands of the sector are intensifying, particular in areas such as customer liaison, dealing with a broader range of customers and their needs using appropriate interpersonal skills, team-working skills and flexibility and in technical and safety issues, and managing rapid change, for example, in technology.

With regard to the rail transport sector, increasing strict safety regulation is affecting the type of skills, which are in demand. The industry is trying to develop its current workforce or recruit greater numbers of engineers and other high level technicians⁴³. Development of managers working within the industry is also of particular importance as is improving the key skills of new entrants and the existing workforce. There is an increase in demand for highly-skilled operational, technical and professional employees, including such job roles as drivers, signallers and controllers etc.

In British Ports age and diversity issues must be addressed in order to improve recruitment and retention of individuals. Developments in cargo handling technology in ports have reduced the need for manual skills amongst the workforce but this offers the potential for greater participation in the workforce by women. Ways to improve career paths must be considered though the creation of suitable vacancies and qualification opportunities. With continued pressure to reduce costs, through stiff competition and the heavy burden of statutory training, smaller ports and other small employers in the sub sector need assistance in resource training.

Future Trends

The industry has experienced an increasing number of takeovers resulting in few but larger employers. This increasing 'concentration' particularly in the road haulage industry has been driven by high fuel costs, higher level of competition and increasing customer pressure on prices that reduce margins and force smaller firms to merge or be absorbed by larger firms.

Partly for this reason the road haulage sector feels that this increasing 'concentration' will lead to no increase in the number of employees over the next few years although the balance of employment within the industry will change.

⁴³ Rail Industry Training Council, (2000).

Health Care Key Statistics

Sector Description

The Health care sector is large, covering not only the National Health Service, but also the independent and voluntary sectors within the health field and the growing areas of complementary and alternative medicine.

The Health care sector incorporates the following sub sectors:

- hospital activities
- medical practice activities
- dental practice activities
- other human health activities.

Employment:

- the sector has seen significant growth over the last few years +19.3 per cent (3733 employees) since 1998, compared to 13.2 per cent in the North West and 8.5 per cent in Great Britain
- currently employs over 23,000 individuals accounting for nearly 6 per cent of the total employment in Cheshire and Warrington
- twenty three per cent of the employment is based in the Crewe & Nantwich district
- Crewe & Nantwich has also seen the largest increase proportionally in numbers employed since 1998
- the district of Ellesmere Port has the lowest number employed in the Health Care sector, only 720 individuals - a reduction of 16.1 per cent since 1998.

Table 1 provides an area and district employment change comparison for the financial services sector.

Table 1: Health care employment change 1998–2001

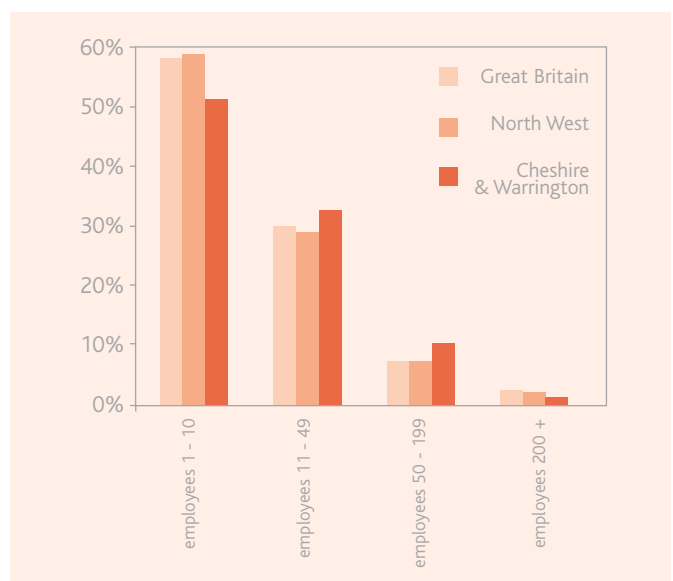
Area / District	1998	2001	% Change on 1998
Great Britain	1601745	1737456	8.5
North West	193527	219125	13.2
Cheshire & Warrington	19307	23040	19.3
Chester	4688	4821	2.8
Congleton	938	873	-6.9
Crewe & Nantwich	1157	5340	361.5
Ellesmere Port & Neston	858	720	-16.1
Macclesfield	5050	4921	-2.6
Vale Royal	1184	1999	68.8
Warrington	5433	4367	-19.6

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- in total the Health Care sector occupies 634 sites in the Cheshire and Warrington area
- Macclesfield and Chester are the main locations of employment sites – 22.9 per cent and 20.3 per cent respectively
- at 6 per cent Ellesmere Port has the lowest proportion of sites
- over 85 per cent of sites employ between 1 – 50 individuals (Chart 1).

Chart 1: Number of Sites by size-band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

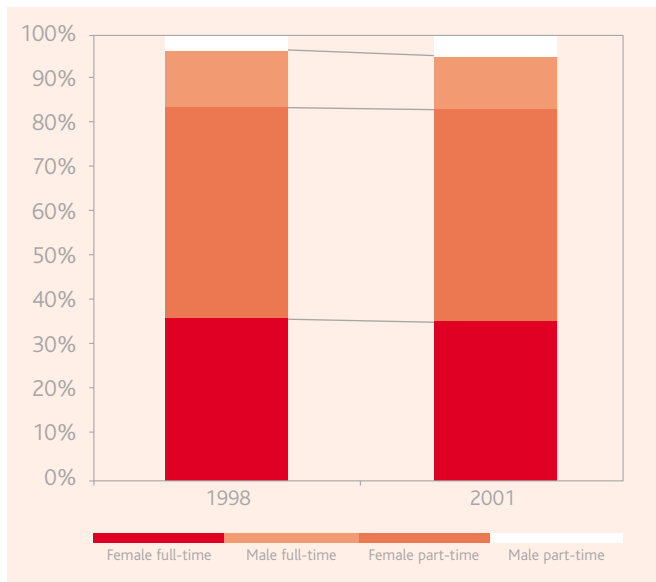
- Cheshire Community Healthcare Trust – 1,060 employees, Nantwich
- Warrington Community Healthcare Trust – 1,271 employees, Warrington
- Mid Cheshire Hospital NHS Trust – 2,400 employees, Crewe
- North Cheshire NHS Trust – 2,300 employees, Warrington
- East Cheshire NHS Trust – 2,000 employees, Macclesfield
- Countess of Chester NHS Trust – 900 employees, Chester.

Workforce Characteristics:

- the number of females working in the Health care sector in Cheshire and Warrington far outnumbers the number of males, over 83 per cent of the workforce is female
- over 56.6 per cent of females and 30.6 per cent of males are employed on a part time basis, compared to 50.7 per cent and 24 per cent regionally
- overall 52.2 per cent of the workforce is employed part time compared to 46.8 per cent and 45.7 per cent for Great Britain and North West.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the health care sector 1998-2001.

Chart 2: Health Care Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The main issue facing the health care sector is the requirement to develop new ways of working to reflect the change in the pattern of health care delivery. The sector urgently needs to recruit and train more staff in order to rise to this challenge. It also needs to improve retention rates amongst its existing workforce, whilst embedding a culture of life long learning.

Some of the key influencing factors on the organisation include:

- an increasing patient centred approach to health care delivery requiring new ways of working, emphasising increase flexibility amongst the workforce
- new and developing technology affecting individual work roles and training needs
- changes in medical knowledge will have an impact on the demand for staff in ways that are currently difficult to predict
- an increasing number of people expect services to be available on demand, rather than at set hours, with continuity of care, resulting in changes in ways of working and hours of staff
- the previous hierarchical working structure is disappearing, which requires a different set of skills and attitudes than have traditionally been found within the health service
- the demand for better regulation of non-professionally qualified 'support workers' will increase the need for staff to process NVQ's or other relevant qualifications.

Skill Gaps and Shortages

Shortages within the health care sector have been driven by a number of factors, which include:

- retirement bulges amongst nurses and GPs
- introduction of the European Union Working Time Directive placing restrictions on the number of hours that individuals can work
- the segregation of student nurses from being a formal part of the sector workforce in the early 1990's
- changes in life/work trends, resulting in more individuals retiring earlier, increases in part time working and also in the number of individuals taking career breaks or changing career direction totally
- the effects of increased stress within the sector affecting many health care jobs – increasing workloads, more violence, changes in public attitude have led to an increase in the numbers leaving the sector or choosing to take early retirement
- a growing independent sector, in particular nursing homes resulting in a two way flow of individuals between both sectors
- inconsistencies in public and private sector pay
- increased stay on rates in full time education, combined with growing opportunities for progression into further education
- less opportunities for individuals at the higher end of structural and pay scales, those who progress quickly through along the career path are subsequently turned off by professional and managerial 'glass ceilings' and consequently move out of the sector
- attitudes towards gender, ethnicity and age
- lack of workforce planning leading to a persistent underestimation for the demand for doctors and a serious decline in the number of nurses
- new and exciting opportunities overseas.

Specific skill gaps and shortages within the sector can be divided into two categories; those that highlight a clinical skill gap and shortage and those that are non-clinical. Clinical skill gaps and shortages are very specific to the health care sector and it's only through increasing the number of staff and upgrading the skills of existing staff that the sector will be able to start resolving the problems. A significant driver in this is the trend towards periodic registration and revalidation required by the statutory regulatory bodies. For example nurses, midwives and health visitors have a form of periodic registration that requires practitioners to demonstrate continuous professional development through a portfolio.

Non-clinical key skill gaps and shortages include:

- IT Skills – changing technologies have affected the range of skills and competences that staff need to have
- communication skills – particularly interpersonal communication skills for clinicians
- management and leadership skills – there is some evidence that senior managerial jobs are becoming harder to fill in the NHS and there is a known shortage in the voluntary sector

- other specific voluntary sector skills shortages concerning fundraising and trustee/board membership skills – there may be a link between the latter and the constant need for improving similar NHS skills as the membership of NHS trusts and other boards change
- work-based assessment / verification / clinical supervision / mentoring skills
- in some disciplines there is difficulty in recruiting academic / teaching staff and a need to upgrade the skills of those in the field
- research skills particularly in nursing, the allied health professions and complementary and alternative medicine
- there is a significant demand for counselling skills (and some other complementary and alternative medicine therapies) among conventional health care practitioners – how far demand reflects a skills shortage is not known
- the extent of basic skills gaps is also not known but the NHS and the rest of the sector is committed to work with the Basic Skills Agency to identify and remedy gaps, it is possible there may be basic skills gaps particularly among the staff of contractor organisations
- understanding of English as a second language may also be an issue in certain parts of the workforce.

Future Trends

The NHS has set ambitious targets to increase its workforce, particularly for key groups of staff by 2004. The targets set will mean 7,500 more consultants, 2,000 more GPs, 20,000 more nurses, midwives and health visitors and 6,500 more therapists and other health professionals than existed in 1999.

This demand is partly a consequence of an ageing population, which has increased the demand for both health and social care, but also partly because of technological

changes and the ability to treat more conditions and because, as individual prosperity increases, there is a tendency for individuals to spend more on their health care.

Taking into account all of this there is no doubt that numbers in the health care sector will continue to rise for the foreseeable future.

Forecasts for the North West show that Cheshire will have a 6 per cent increase in the numbers employed over the next ten years (Table 2). The highest growth will come in Cumbria and Lancashire.

Table 2: North West Healthcare employment forecasts

Sub-region	% growth
Cheshire	6%
Cumbria	9%
Greater Manchester	5%
Lancashire	8%
Merseyside	5%

Source: Cambridge Econometrics.

Note: The table shows net employment change only and does not include replacement demand which will create job opportunities in the sector.

Hospitality, Leisure and Tourism Key Statistics

Sector Description

The hospitality industry is huge. It is made up from 14 industries, each of which has its own sub sectors. Hospitality alone consists of hotels, restaurants, pubs, contract catering and hospitality services. Travel covers retail travel and business travel agents as well as tour operators.

The industries are: hotels, pubs, contract catering, events, travel services, visitor attractions, campsites and caravan parks, accommodation, restaurants, bars and nightclubs, membership clubs, gambling, tourist services, youth hostels, holiday parks, self catering.

Employment:

- the sector currently employs just over 38,300 individuals accounting for 9.2 per cent of the total employment in Cheshire and Warrington
- since 1998 the sector has experienced significant growth in the area +7.1 per cent (2524 individuals), although this is less than the growth in Great Britain as a whole, it is still ahead of the North West (2.4%)
- growth/decline within the individual districts of Cheshire and Warrington ranges from -6.7 per cent in Warrington to +19.7 per cent Crewe and Nantwich
- in terms of actual numbers the Macclesfield district employ the largest number of individuals, accounting for nearly 22 per cent.

Table 1 provides an area and district employment change comparison for the hospitality, leisure & tourism sector.

Table 1: Hospitality, leisure and tourism employment change 1998–2001

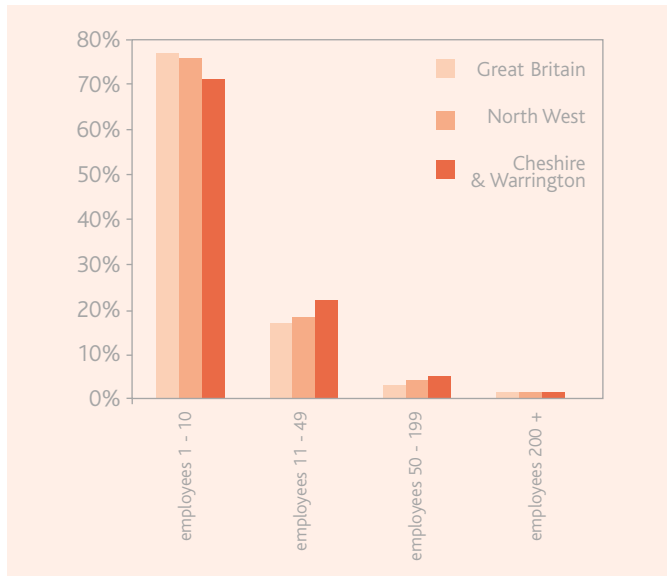
Area / District	1998	2001	% Change on 1998
Great Britain	2051908	2242814	9.3
North West	246460	252395	2.4
Cheshire & Warrington	35780	38304	7.1
Chester	7108	8199	15.3
Congleton	2454	2659	8.4
Crewe & Nantwich	3158	3779	19.7
Ellesmere Port & Neston	2430	2880	18.5
Macclesfield	7942	8319	4.7
Vale Royal	3958	4328	9.3
Warrington	8729	8141	-6.7

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- the hospitality, leisure, tourism and travel sector occupies 3136 sites (9.2%) in the Cheshire and Warrington area
- nearly 73 per cent of sites employ between 1-10 employees, marginally less than the regional and national averages (Chart 1).

Chart 1: Number of Sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington

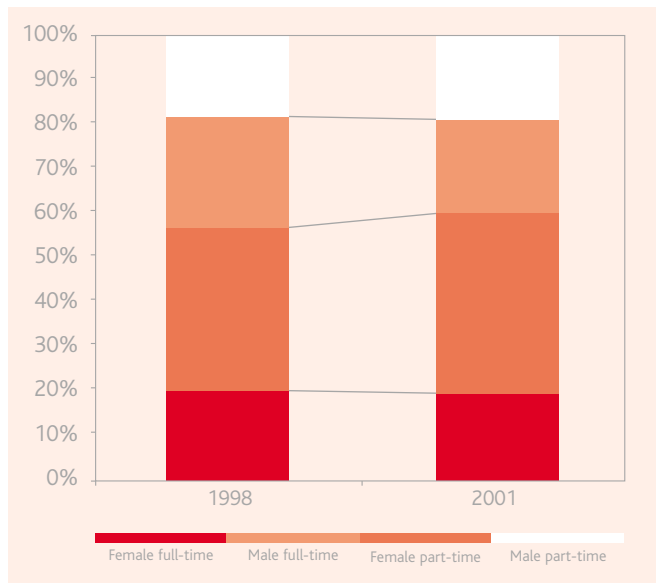
- Hanover International Hotel – 225 employees, Warrington
- Pinnickity Inns – 255 employees, Congleton
- Brunning & Price – 400 employees, Chester
- Holidaybreak plc, Camping Division UK – 420 employees, Hartford
- Shaw Catering Company Ltd – 1392 employees, Warrington.

Workforce Characteristics:

- the number of females working in this sector has increased by 13.3 per cent (2713) since 1998, compared to a decrease of -1.2 per cent (-188) in the number of males
- over 58 per cent of the workforce are employed on a part time basis, compared to 54.5 per cent and 56.5 per cent for Great Britain and the North West respectively
- in Cheshire and Warrington nearly 67 per cent of females are part time compared to 45.9 per cent of males.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in this sector.

Chart 2: Hospitality, leisure and tourism gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

Traditional perceptions of the hospitality industry are that it is one of low pay. To some extent this is true as shown by official statistics from the New Earnings Survey. The industry compared unfavourably with other industries in average gross annual earnings, particularly for operative level staff. An issue connected to this is that employers often do not link salary levels to attainment of qualifications. Average gross annual full time pay for workers across all industries was £21,842 (£411 per week) and in hospitality it was around £15,000 (£271). However, for many employees there are other factors such as accommodation allowances, free or subsidised meals and tips that add value to the overall remuneration package.

In general the picture of skills and employment in the North West looks more positive than can be found nationally. Factors such as labour turnover are lower, the training provided appears to be more structured and indeed more of it is provided.

The industry still manages to attract a large proportion of young people (40%), however, it seems to be unable to retain them. The general lack of a training culture not only discourages people from entering the industry but from staying if people perceive little opportunity for skills development and career progression.

Skill Gaps and Shortages

The North West Skills & Enterprise Network research report 2001 highlighted that 17 per cent of hotels and 19 per cent of restaurants identified skills gaps. In hotels the most common skills lacking were communication skills, initiative and flexibility. Restaurants on the other hand indicated that communication skills and customer care were their biggest problems.

Worryingly, a number of hotels and restaurants thought that chefs were lacking basic culinary skills. Waiting staff lacked communication skills and the ability to handle instructions. The high proportion of casual waiting staff may be a significant reason why these skills have been cited.

Additionally HtF research⁴⁴ also points to these fundamental skills. Employers expressed a larger concern for the lack of 'personality' skills rather than job-specific skills, as it was felt that the job-specific could be taught if the new entrant has the right personality.

A key theme arising from empirical research and anecdotal evidence supports the lack of basic or key skills in regard to skill shortages and skill gaps. Teaching these non-task based skills is traditionally undertaken off-the-job and the study found that employers do undertake more training on-the-job than was found nationally.

For all

Emerging strongly across both sectors were a number of skills which are thought to be lacking: ability to follow instructions, communication skills, customer care skills, flexibility and initiative.

Among technicians

As far as specialist skills were required, there is an emerging skills gap in the knowledge of wines and spirits, a technical skills area which many further and higher education departments have dropped from their hospitality curricula.

Only a minority of employers have referred to language skills, however, those operating at the top end of the market referred overtly to their importance.

Managers

The hotel sector nationally expressed concern about IT skills particularly for managers and reception staff.

The most critically reported skill gaps were associated with managerial skills, mainly 'people' and financial skills at departmental and supervisory level, and the technical skills now required of chefs- such as cost control, stock management and record keeping.

⁴⁴ Hospitality Training Foundation, (March 2001), "Bridging the Gap Final Report".

Future Trends

The Hospitality Training Foundation’s Employment Forecast Update 1995 - 2004 predicted a dip in employment levels. The report and other forecasts, predicted the numbers employed in the industry would be stable or decline marginally due to economic conditions but then increase again, beginning around 2001. In the next ten years employment forecasts by Cambridge Econometrics suggest growth of around 13 per cent (Table 2) the highest level of growth in the North West.

Table 2: North West Hospitality employment forecasts

Sub-region	% growth
Cheshire	13%
Cumbria	12%
Greater Manchester	11%
Lancashire	8%
Merseyside	5%

Source: Cambridge Econometrics.

Note: The table shows net employment change only and does not include replacement demand which will create job opportunities in the sector.

The changing trends seen in the industry over the past few years coupled with external economic factors require industry personnel to have up-to-date technical knowledge and skills for managers to appreciate the importance of an innovative approach among entrants to the industry. However, this does not seem to reflect in current provision: employers often report that colleges are not meeting their needs. This may be due to the content of NVQ programmes or it may be that current funding levels do not allow sufficient time to be spent developing practical skills.

On the supply side a lack of awareness of information on skills and labour market trends and statistics and the lack of comparable data between industries means that learning providers (including employers themselves) may not be shaping their programmes to meet changing industry trends. There is also the need to assess the range and quality of provision for the industry in order to promote good practice.

The Hospitality Training Foundation (HtF) workforce development strategy 2001- 2005 for action for the hospitality industry will address future skills gaps and shortages via five key strategic areas that aim to improve the stability of the workforce, raise the quality of learning provision and provide career progression for individuals.

Information and Communications Technology (ICT) Key Statistics

Sector Description

Definitions of the ICT industry can vary depending on the sources of data employed. In this section the ICT sector is described according to the international based 'Standard Industrial Classification' SIC92 codes and covers:

- Telecoms Manufacturing⁴⁵
- Telecoms Services⁴⁶
- IT Manufacturing⁴⁷
- IT Services⁴⁸.

Definitions of ICT staff can also vary but are defined by e-skills, the industry representative body responsible for addressing the IT and Telecoms skills needs of employers in the UK as being:

- Telecoms Engineers
- Line Repairers/Cable jointers
- ICT Managers
- IT Strategy and Planning Professionals
- Software Professionals
- IT Operations Technicians
- IT User Support
- Database Clerks
- Computer Engineers.

Employment:

- currently 12,131 individuals work in the ICT sector in Cheshire and Warrington
- since 1998 the sector has grown by 7.8 per cent (879 individuals), but this is low in comparison to regional growth of 37.6 per cent and GB growth of 29.5 per cent
- 49 per cent of employment is based in the Warrington area.

Table 1 provides an area and district employment change comparison for the sector.

Table 1: ICT employment change 1998-2001

Area / District	1998	2001	% Change on 1998
Great Britain	645973	836729	29.5
North West	52446	72169	37.6
Cheshire & Warrington	11252	12131	7.8
Chester	1343	1207	-10.1
Congleton	1599	683	-57.3
Crewe & Nantwich	757	767	1.3
Ellesmere Port & Neston	348	379	8.9
Macclesfield	2326	2323	-0.1
Vale Royal	915	887	-3.1
Warrington	3963	5884	48.5

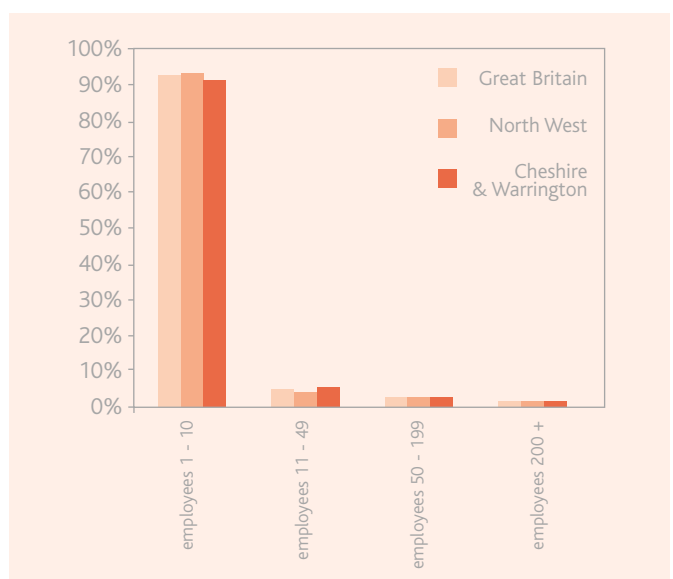
Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- the ICT sector occupies 2474 sites in Cheshire and Warrington
- Macclesfield and Warrington are the main locations of employment sites – 25.3 per cent and 21.5 per cent respectively.

Chart 1 provides a comparison by size band.

Chart 1: Number of Sites by size-band



Source: Annual Business Inquiry 2001.

⁴⁵ SIC 92 Codes: 32.2.
⁴⁶ SIC 92 Codes: 64.2.

⁴⁷ SIC 92 Codes: 22.33 & 30.02.
⁴⁸ SIC92 Codes: 72.1-72.6.

Major Employers in Cheshire and Warrington:

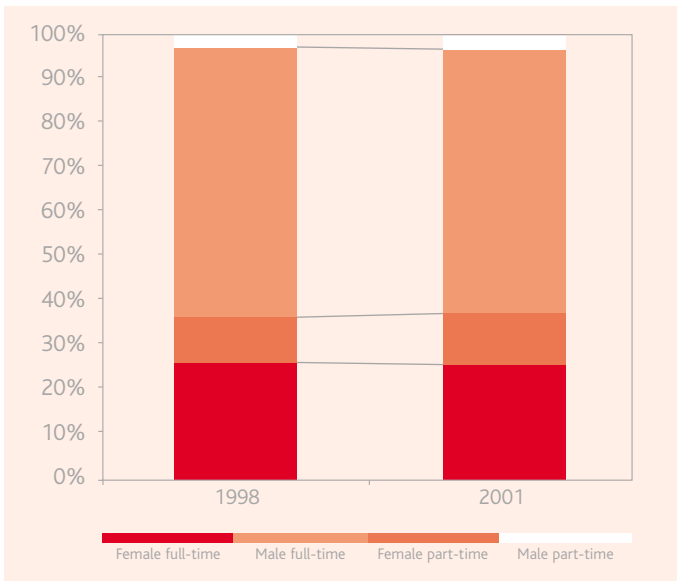
- Siemens
- ICL/Fujitsu
- Surfcontrol
- Geoworks
- Schlumberger Sema
- Entek Ird International.

Workforce Characteristics:

- sixty two per cent of the ICT workforce in Cheshire and Warrington is male
- just over 30 per cent of females are employed part time compared to only 5.4 per cent of males
- the proportion of females working in the sector has increased by 11.4 per cent since 1998 compared to only a 5.8 per cent increase in the number of males
- numerically the actual increases are comparable, 467 and 414 respectively.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the ICT sector 1998-2001.

Chart 2: ICT Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The economic growth in the UK is critically dependent on the "e-skills" of its workforce, however the UK is in danger of exporting its IT industry as developing nations are building in competence and securing IT contracts from companies within the UK and elsewhere. The winners and losers will be determined by access to skills. For the UK to retain a world

leadership it is essential that that IT sector is provided with the supply and calibre of individuals that it needs.

The ICT sector has felt the impact of negative stereotyping of jobs, this is due to a number of misconceptions surrounding job content and skills required to enter the industry. Women are particularly under represented in the sector, holding only 22 per cent of IT jobs⁴⁹; women entering IT at the same rate as men would address a major proportion of the recruitment shortages that the industry is facing.

The sector also needs new recruits who can provide the skills that the sector desires. Individuals with business, personal and technical skills are in demand but this leaves the IT industry in direct competition with other industries requiring the same skills.

More work is required to improve the linkage between education and employability and the increased relevance of training. Individuals entering the sector need access to the qualifications and skills that employers want, ranging from those developed on non-IT degree courses thorough to vocational college courses. Current qualifications often do not keep pace with the changes that are occurring within the industry and employers and individuals have difficulty understanding the relative merits of around 800 different IT qualifications. The sector urgently requires a core set of standards, which are attractive to employers and individuals alike.

Employee retention is a top issue; skill shortages within the industry are inflating salaries further impacting on competitiveness between employers.

Skill Gaps and Shortages

Research carried out by e-skills UK⁵⁰ indicates that the North West IT industry performs relatively well to other regions in terms of overall proficiency of its workforce. Sixty eight per cent of establishments consider their entire workforces as being fully proficient, this therefore leaves 32 per cent of organisations which suffer from a "skill gap". In terms of numbers, this affects some 4,000 establishments. Despite identifying that they had a skills gap many employees were unable to identify the specific types of skill that were inadequate, an issue in its own right.

Looking specifically at technical skills IT Operating Systems (11%), Networking (7%) and Database Skills (5%) were most commonly cited as missing. However 35 per cent stated of organisations stated that they had no technical problems.

Problem solving is considered to be the most important generic skill for individuals working in the IT profession to have, yet 12 per cent of employers identified it as missing amongst their workforces (Table 2).

⁴⁹ e-skills NTO, (2001), "A world of opportunity ...a strategic plan for e-skills in the UK, 2001-2004".
⁵⁰ The former NTO for the ICT sector, now an independent organisation.

Table 2: Generic Skills lacking amongst IT professionals

Percentage	Percentage of Establishments
Problem Solving	12%
General IT User Skills	8%
Awareness of IT industry issues	5%
Customer Handling Skills	4%
Leadership Skills	4%
Written Communication Skills	2%
Oral Communication Skills	2%
Self-improvement	2%

Source: e-skills UK, (2002), "Workforce Skills in IT – North West Region.

The industry is struggling to keep up with the rapid rate of technological change that encompasses it. Sixty nine per cent of employers felt that lack of skills in new technologies was one of the main reasons for skill gaps, with 36 per cent citing older staff unable to acquire new skills and 27 per cent failure to train / develop staff. Unequivocally the main course of action suggested by employers to remedy the skills gaps problem is to provide further training.

The e-skills UK survey also highlighted that not only had the North West more vacancies than most other regions but also experienced more difficulty in filling them.

Table 3 provides the reasons offered by businesses as to why IT vacancies in the North West are hard to fill.

Table 3: Reasons for hard to fill vacancies

Reasons for IT vacancies being hard to fill	Percentage of hard to fill vacancies affected
Low number of applicants with the right skills	94%
Low number of applicants (general)	68%
Insufficient interest in job / role	60%
Low number of applicants with the req'd outlook / personality	50%
Company does not pay enough	47%
Lack of req'd qualifications	27%
Competition from other employers	22%
Lack of req'd experience	11%

Source: e-skills UK, (2002), "Workforce Skills in IT – North West Region.

IT operating systems skills are most in demand with 27 per cent of vacancies requiring knowledge in this field. Tools (15%) and Database application (14%) are the other main requirements of employers.

These problems will continue to compromise business effectiveness, the Computer Services & Software Association estimates that IT skill shortages could start to cost the UK over £30 billion over the next three years.

Future Trends

The IT industry has undergone tremendous change and growth over the last few years. It is a £40 billion industry to UK, expanding by over 10 per cent per year. In 2001 more than one million people were employed as IT professionals in the UK. Soaring growth in the service sector is driven by the e-business revolution, with UK employment in the industry growing by over 38 per cent between 2000 and 2001.

Estimates by the E-skills NTO suggest that this growth will not subside in the near future. As the industry expands, the demand for IT professionals in other industries grows too and with continuing replacement demand with the industry, it is forecasted that between 150,000 and 200,000 additionally trained professionals are needed each year.

Manufactured Fuels Key Statistics

Sector Description

The manufacturing of fuels⁵¹ is a very small sector proportion of the UK economy, employing just over 26,000 workers in the manufacture of coke, refined petroleum products and nationally accounts for just over 0.3% of GVA.

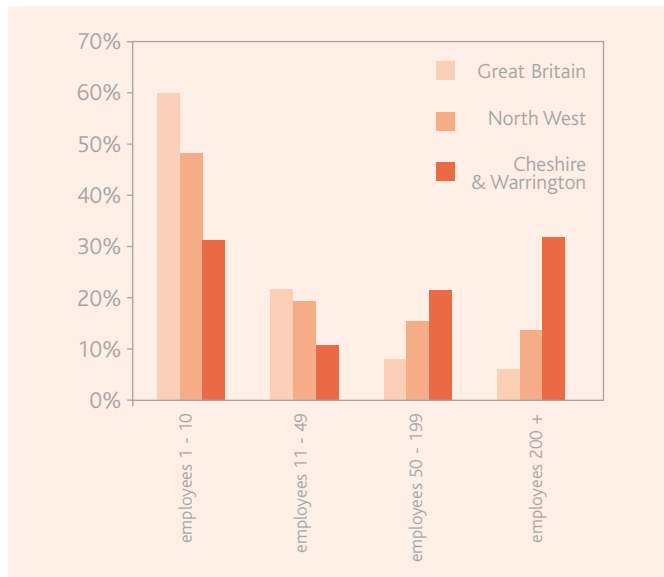
Employment:

- petroleum products account for around 50 per cent of all UK production of primary fuels, and it is therefore no surprise that petroleum is pre-eminent in terms of employment and gross output in manufactured fuels
- employment in the industry has remained fairly static over the past few years
- employment has risen slightly since the late 1990s as refinery throughput picked up
- it is reported that over a fifth of the workforce is made up of skilled trades people, around 17 per cent in process, plant and machine operation and some 13 per cent in elementary occupations
- between 1998 and 2001 employment in sector fuels reduced by 443 representing a -21.4 per cent decrease
- growth in the fuels sector occurred at a regional level (an increased of 146) between 1998 and 2001
- Ellesmere Port & Neston has experienced the sharpest decline, which is where the sector is mainly concentrated
- when benchmarked against the national average, Cheshire and Warrington has a location quotient of 5.5 for the manufacture of coke, refined petroleum products. (a figure greater than one indicates its significance for the locality and a higher than average employment concentration).

Employment Sites:

- the number of sites across Cheshire and Warrington is mainly distributed between two size bands 1-10 and 200+ employees (Chart 1)
- a third of manufactured fuels employment is concentrated around the West Cheshire of sites.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 1998 - 2001.

Major Employers in Cheshire and Warrington

UK Petroleum Industry is dominated by a few large multi-national operators. It comprises of over 200 companies involved in the refining, distribution and marketing of petroleum products.

They range from large multinational oil companies, supermarket chains, independent retail groups, through to the independent retailer with one site. The petroleum sub-sector, (BP, Shell, Exxon) are engaged in oil and gas extraction and forecourt retailing, whereas BNFL (British Nuclear Fuels Ltd) dominates output in nuclear processing. Major employers in the petroleum sector in Cheshire and Warrington includes:

- Associated Octel Company Ltd (Ellesmere Port)
- Shell Stanlow (Ellesmere Port)
- BNFL (Warrington (processing Cumbria).
- Corporate centre for BNFL –Daresbury Park (Halton).

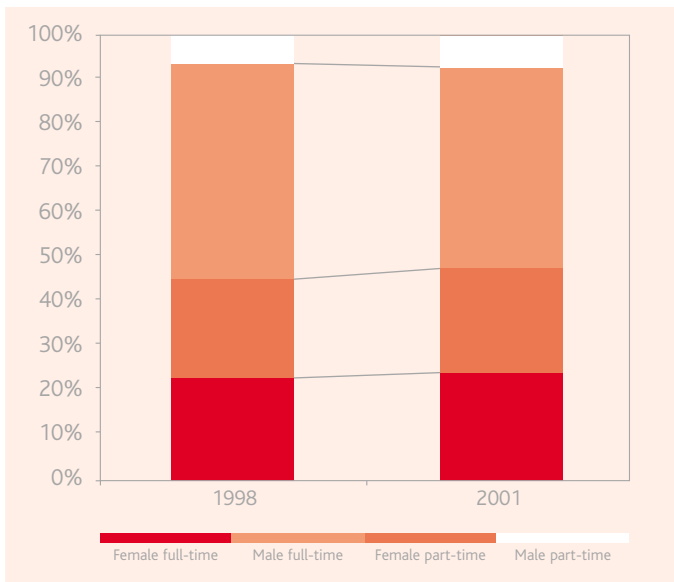
⁵¹ SIC 23 Manuf coke, refined petroleum products.

Workforce Characteristics:

- over 45 per cent of the workforce, are male full-time, which is marginally higher than the North West and Great Britain average
- the female workforce is evenly split between full and part- time work, (24.5% & 23.5%)
- only 6.7 per cent of the male workforce are employed on a part time basis.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the fuels manufacturing sector 1998–2001.

Chart 2: Manufactured Fuels gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The Skills in England 2002 report suggests that petroleum products account for around 50 per cent of all UK production of primary fuels, and it is therefore no surprise that petroleum is pre-eminent in terms of employment and gross output in manufactured fuels (representing around 90%). A significant characteristic of the sector is that the nuclear fuel sub-sector accounts for nearly 40 per cent of the sector's value-added, although it generates only a small turnover.

Skill Gaps and Shortages

- the sector relies heavily on skilled contractors (mainly engineering maintenance workers and laboratory technicians)
- PINTO⁵² (2000 and 2001) found that the workforce is highly skilled, and has a very low turnover (typically between 5% and 10% p.a.), however, a major issue is that a high proportion of the workforce is nearing retirement age and consequently labour turnover is expected to rise sharply over the next few years
- the increased use of technology is also resulting in skills mismatch among some of the older workers.
- PINTO (2000) has identified that the corporate strategies of the major global players exert the biggest influence on skills demand - as mergers and acquisitions develop, (e.g Total, and Fina, BP and Amoco) there is increased demand for managers to have transferable skills that can be applied across all sectors as well as a increased demand in generic management, creative and IT skills
- oil companies tend to express a preference for 'just-in-time' inventory management and driving demand for project management skills is the increasing strictness on clean fuel standards
- DTI Energy Group (2002) did identify a potential shortage in the nuclear sub-sector, due to lack of applicants in nuclear-related university courses.

Future Trends

In recent years external influencing factors have caused a threat to the industry. The volatility of crude oil prices has re-focused the Government's attention on energy policies. By addressing the somewhat complex choices relating to energy supply, economic growth and environmental quality the Government has encouraged the sector to play an active and constructive role in the regulatory process and dovetail this by supplying more environmentally friendly solutions, customer-orientated products and contribute to the design and geographical distribution of alternative diversification of energy.

⁵² PINTO- Petroleum Industry National Training Organisation.

Media and Creative Industries Key Statistics

Sector Description

The media and creative industries sector is a group of interlinked industries and covers:

- audio – visual industry (including broadcast, film, video and interactive media)
- design
- photo-imaging
- print and graphic communication
- publishing – books, journals, newspapers, magazines and electronic information services.

The media and creative sectors are interlinked industries, whilst they share common interests, needs and difficulties, they have widely different markets for their products and services.

Employment:

- currently 16375 individuals are employed in this sector in Cheshire and Warrington
- between 1998 and 2001 the sector has grown by just under 4 per cent, which is significantly below the averages for the North West and Great Britain
- the district of Congleton has seen the largest reduction (-25%) in the numbers employed in this sector since 1998, with Warrington experiencing the largest +17 per cent
- over half of the employment is clustered around Macclesfield and Warrington districts.

Table 1 provides an area and district employment change comparison for the media and creative industries sector.

Table 1: Media and Creative Industries employment change 1998–2001

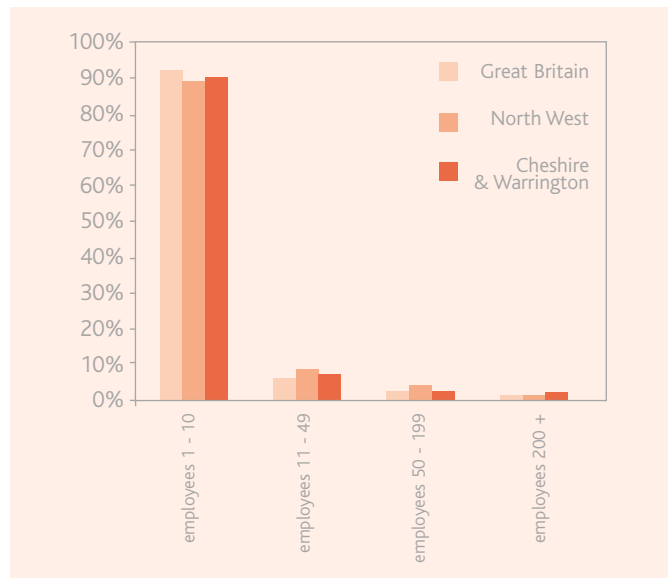
Area / District	1998	2001	% Change on 1998
Great Britain	1027120	1198594	16.7
North West	87350	101660	16.4
Cheshire & Warrington	15753	16375	3.9
Chester	2904	3100	6.7
Congleton	1573	1181	-24.9
Crewe & Nantwich	1497	1695	13.2
Ellesmere Port & Neston	711	659	-7.3
Macclesfield	4033	4079	1.1
Vale Royal	1298	1291	-0.5
Warrington	3735	4369	17.0

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- in Cheshire and Warrington nearly 92 per cent of sites in this sector employ between 1 – 10 employees, which is comparable to both the North West and Great Britain
- locally, regional and national less than 1 per cent of sites employ over 200 individuals (Chart 1)
- the main cluster of sites is in the Macclesfield district – 26.7 per cent.

Chart 1: Number of Sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

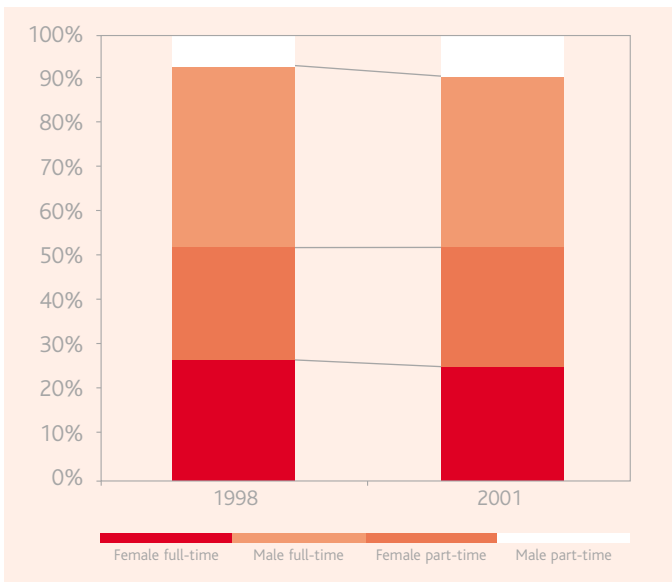
- Chester Chronicle & Associated Newspapers Ltd – 550 employees, Chester
- Newsquest (Cheshire & Merseyside) – 464 employees, Warrington
- North West Auto Trader – 350 employees, Warrington
- Quattroleisure Ltd – 172 employees, Warrington
- Cosmopolitan Textiles – 150 employees, Winsford.

Workforce Characteristics:

- the number of males working in this sector has increased by just over 4 per cent since 1998, over the same period the number of females increased by just 3.7 per cent
- more than half of the workforce are female (52.2%), with 51.6 per cent employed part time, compared to 19.6 per cent of males
- in total 36.3 per cent are employed part time, compared to 29.8 per cent and 34.8 per cent for the North West and Great Britain.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the media and creative industries sector 1998-2001.

Chart 2: Media and Creative Industries Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

There are several industry, political, technological and social issues affecting the UK media and creative industries.

Convergence – there is an increasing reliance on a workforce who need to be multi-skilled with the adaptability to work across media and sometimes across more than one media simultaneously. Convergence will lead to further consolidation in the market, ultimately resulting in a number of very large pan-European and even global media communications companies.

Technology – advances in technology have already had a dramatic impact on the industry and will continue to do so for the foreseeable future. Developments in equipment manufacture, the increasing reliance on information technology and new platforms for distribution mean that the industry constantly has to update its skills and invest in expensive new resources. The emergence of digital technology is the most significant issue to face the industry; it has implications for every part of the sector.

Regulation – the broadcast sector (television, radio, cable and satellite) is subject to regulation by the Government. At present franchises or licences are granted to companies to air programmes on TV and via cable and satellite and to

broadcast radio stations on predetermined frequencies to identified audiences in a specific region for a specified period of time. There are proposed plans for a merger of all existing regulators into one single regulator, OFCOM.

Ownership – previously the Government has ensured, that the ITV companies are not dominated by any one company. Under new legislation there may be the potential for a number of the ITV companies to merge, forming much larger and more powerful companies. The trend towards globalisation, with the industry dominated by fewer, larger multinational companies with a variety of interests, is set to grow.

Skills – historically the sector has been characterised by an oversupply of applicants seeking to enter the industry. However the high incidence of freelance working and the prevalence of SMEs has implications for the patterns of entry and individuals' development once they have joined the industry.

Skill Gaps and Shortages

Broadcasting/cable and satellite – Recent research⁵³ has revealed a range of roles where employers have experienced difficulty recruiting and a number of skill gaps within the broadcasting workforce. These include:

- broadcasting engineering
- graphic design
- web design and development
- producer – directors (as a dual role)
- production management
- sales and marketing
- business management
- health and safety.

Broadcast engineering is by far the most serious area, highlighted particularly by television broadcasters as a major and increasing problem in recent years. This problem has now reached such a level that in 2000 Skillset⁵⁴ conducted research specifically into the engineering sector⁵⁵. The main findings revealed:

- broadcasters are major employers of engineers – around 2,500 at any one time
- a serious skills shortage in broadcast engineering - the majority of recruits are graduates and the audio-visual industries are not receiving the supply of engineers that they need from the higher education system to remain competitive
- employers are often critical of the content of engineering degree courses, especially aptitude with equipment
- women are extremely underrepresented in broadcast engineering and it is still retains an image problem with many young people, the problem is further aggravated by increased competition from emerging sectors such as IT and the dotcom sector.

Film/commercials – Film and commercials companies have reported difficulties in recruiting appropriately skilled or qualified individuals in the following areas:

- production accountancy
- production managers and line producers
- script and development
- craft and technical grades
- specialist media lawyers
- health and safety.

Production accountancy is historically the area most often singled out by film producers as a recruitment problem.

Animation – A number of skill deficiencies have been highlighted by employers, including:

- basic drawing skills among graduates
- capability to exploit opportunities in digital content creation
- pre-production (including scriptwriting, design, storyboarding and layout)
- producers and production management
- trainers (as animation requires a high trainer – trainees ratio).

Interactive media, facilities and corporate production –

Key areas to emerge as recruitment problems in these sectors include:

- project management (including aptitude with particular software)
- IT
- sales and marketing
- 'people skills' e.g. client management
- quality assurance
- other business skills e.g. managing meetings
- specific technical skills e.g. in special effects.

An emerging theme within Interactive Media and Facilities companies is a perceived lack of key skills and preparedness for work at entry level.

Many of the skills, where there are perceived gaps, are business rather than industry-specific competences.

In summary the main areas of skill deficiency are:

- broadcast engineers, especially in television broadcasting
- production accountants in the film sector
- new entrant level craft and technical grades
- several skill areas in animation, from basic drawing through to shortage of trainers
- several skill areas in interactive media, facilities and corporate production including technical skills, but also new entrants' preparedness for work through to management skills.

Future Trends

The major issue likely to impact on the sector over the next decade is the increasingly complex interface with the information and communications technology industry and the likely growth of many roles that are key to this relationship.

There is a high degree of consensus among economic forecasters that the sector, as a key element of the emerging information and knowledge economy, is set to expand well into the next decade.

⁵³ Skillset: Skills for the New Millennium, Employer Panel.

⁵⁴ Skillset – Sector Skills Council for the Broadcasting, Film, Video and Interactive Media Industries.

⁵⁵ Skillset, (2000), "Survey of Employers of Engineering".

Other Business Services Key Statistics

Sector Description

Other business services encompass a wide range of high value added services. There are five distinct sub sectors:

- Real estate activities – includes the buying, selling and letting of real estate
- Renting of machinery and equipment – includes renting of automobiles and other land, water and air transport equipment, plus other machinery and equipment relating to agriculture, construction, office based, personal and household goods
- Computing services – includes hardware and software consultancy, data process and data base activities plus maintenance (see ICT)
- Research and Development
- Other business activities – includes law, accountancy, consultancy activities plus a varied collection of mainly lower value added services, such as industrial cleaning and security activities.

Employment:

- this sector accounts for nearly 16 per cent of the total employment in Cheshire and Warrington
- since 1998 the sector has seen an 8.6 per cent reduction in the numbers employed, this compares to an 8.5 per cent increase regionally and 13.2 per cent for Great Britain
- nearly 38 per cent of the employment is clustered in the Warrington area followed by Macclesfield which accounts for 20.2 per cent.

Table 1 provides an area and district employment change comparison for the sector.

Table 1: Other Business Services employment change 1998-2001

Area / District	1998	2001	% Change on 1998
Great Britain	3486494	3945988	13.2
North West	341879	370866	8.5
Cheshire & Warrington	72350	66162	-8.6
Chester	11266	10004	-11.2
Congleton	4267	3636	-14.8
Crewe & Nantwich	4767	4875	2.3
Ellesmere Port & Neston	3980	2796	-29.7
Macclesfield	15924	13378	-16.0
Vale Royal	7315	6501	-11.1
Warrington	24831	24972	0.6

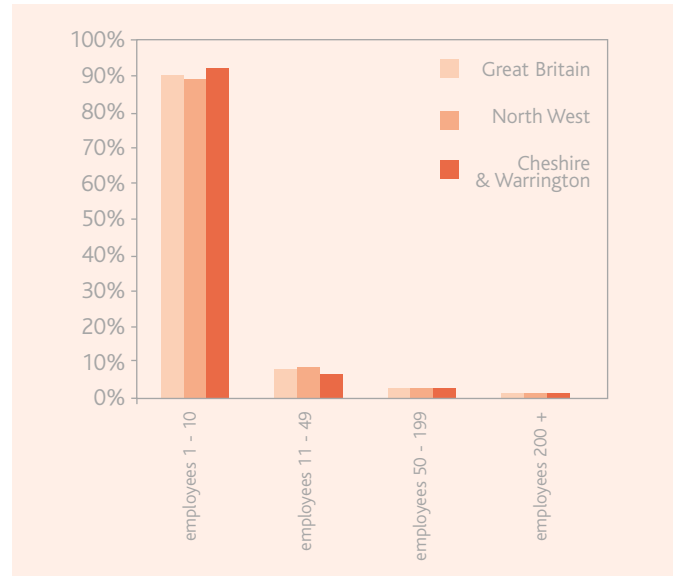
Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- the business service sector occupies nearly 10,500 employment sites in Cheshire and Warrington
- 92 per cent of sites employ between 1-10 employees, this is comparable to the North West and Great Britain.

Chart 1 provides a comparison of sites by size.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

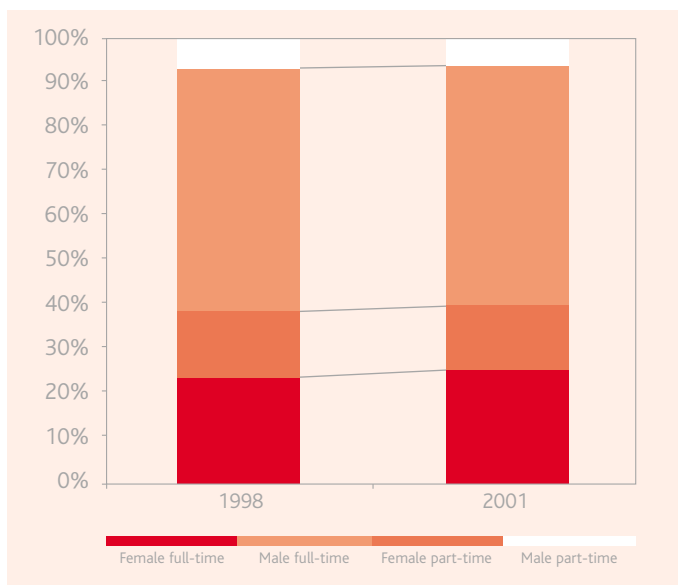
- Real Estate, renting- Bridgefords, Owen Knox, Robert Jordon & associates, Macmillans, Frank Marshall, A-Plant Ltd
- Other business services- IT- AEON Ltd (software consultants), 481 IT Consultancy, Cybermetrix Ltd., Renorth Ltd.

Workforce Characteristics:

- sixty per cent of the business services workforce in Cheshire and Warrington is male, this is slightly higher than the North West and Great Britain averages , 55.1 per cent and 53.9 per cent respectively
- the proportions of male and female employees has remained fairly static since 1998
- twenty one per cent of the workforce is employed part time - 37.5 per cent of females and 9.8 per cent of male.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the business services sector 1998-2001.

Chart 2: Business Services gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

Real Estate, renting – the sector is affected by many social and economic pressures, the key areas of concern are:

- changes in and the ability to deal with new legislation
- the need to respond to the effects of an ageing workforce, for many employers developing the skills of the existing employees will be a high priority than seeking new entrants from a smaller pool of young people
- increased home working and flexible working will have a direct impact on the industry - there will be increased pressure on employers to respond to the demand for flexible working patterns
- changes in technology - the increased use of the Internet and Email in business and at home is having a significant effect on the sector, the move towards e-conveying is gathering momentum.

Other Business Services - the main services considered here are management consultancy, advertising and market research. These services are important in terms of their impact on the economy more generally, including their contribution to international trade and to the performance of many other sectors.

In terms of work content, there has been a progressive shift within consultancy firms in Britain away from advice about short term cost reduction towards corporate strategy, organisational development and human resources' strategy. This has generated a need for a new set of skills in the fields of facilitation and coaching, but also increasing needs for people who can develop business strategies based upon IT and human resources' management – skills that currently are in particularly short supply. There has also been a strong tendency for management consultants to extend their remit into the traditional preserves of advertising agencies and market research firms.

Rapid salary increases, which have occurred in recent years have been in part a reflection of increasing shortages of experienced workers. There is currently a serious attempt on the part of firms to broaden recruitment and improve retention rates of staff.

Skill Gaps and Shortages

Real Estate, renting – The PSNTO LMI survey (2002)⁵⁶ revealed that the three major concerns of employers in the property sector are IT skills, management skills and technical skills at the technical/sales level at middle management level.

ICT – changes in working practices has brought about the need for higher levels of ICT skills, an example being the use of laptops by surveyors who can prepare their own reports on site rather than passing in written notes on return to the office for office staff to input. This change also challenges current roles and responsibilities within the sector. In social housing, there are opportunities to use ICT considerably to improve administrative systems.

The sector is faced with the difficulty of encouraging individuals to take appropriate ICT courses. Sometimes this is because employers have difficulties in assessing which courses are most suited to their needs, but often due to the negative attitude towards learning from staff. There is a need for a wide variety of courses, reflecting different learning styles and in 'safe' environments.

Employers need to be clear what their specific ICT needs are and ensure that individuals understand why they are undertaking them.

Management – in common with many other sectors, the sector has identified a problem amongst its surveyors, with some being promoted into management roles without adequate preparation for the role resulting in poor management of the workforce.

Communication – throughout the sector staff need to be sensitive to the needs of its customers; this requires high levels of communication and people handling skills. The need

⁵⁶ Property Services National Training Organisation (January 2002), "Labour Market Information Survey".

to communicate with external specialists, especially in relation to IT, is an additional communication need.

Technical skills – keeping skills up to date is a major issue for the sector.

Other Business Services

Management Consultancy - the progressive shift in management consultancy has generated a growing need for multi-skilling (this has always been a major feature of consultants' work). In particular, consultants need to sell themselves and to run their own businesses, Sagar (1999)⁵⁷ emphasised the need for entrepreneurial as well as professional skills consultancy. The ability to get business as well as to do business is a critical element in the 'often elaborate selection processes that consultants employ in recruiting staff'⁵⁸.

Despite very high levels of staff, they do not always find it easy to recruit the staff they want. Essentially, this is because consultants sell an intangible service and compete very much through reputation, rather than through the observable characteristics of what they offer. In some respects this makes them highly discriminating and risk averse in their recruitment decisions which significantly narrows their choice from an employer's perspective.

Advertising - few universities provide degrees in advertising and those degrees that are, are generally regarded as "far too academic" and not especially relevant to the ongoing skill needs of the sector.

As with consultancy there is strong evidence that new 'intermediate' skills, particularly associated with software production, database manipulation and the Internet are of increasing importance, and may be imposing more flexibility in recruitment than in the past.

In terms of qualifications there has traditionally been a bias towards arts and language degrees, but there is increasing interest in those with a more scientific and mathematical background, because of the increasing use of statistical methods in advertising.

Market Research - data processing has become a major skill within the sector. Traditionally this was performed by junior market research executives in the initial stages of their career, but recently there has developed an increasing need for personnel who can manipulate and merge different databases in order to extract far greater information on target groups or individuals. Associated with this is an

increasing need for expertise in statistical modelling. (Underlying both trends are the new databases such as the National Shoppers Survey and those based upon supermarket reward cards).

Market research firms increasingly need specialists in software development to help create and sustain their company-specific packages. The overall effect has been an increase in skills level and a tendency for these occupations to converge into higher professional level posts.

Future Trends

Real Estate, renting – the housing and property sector needs a much clearer vision of what it is, not only to enable it to tackle the economic and political challenges ahead but also to provide a more rational basis for defining its training and skills needs. The sector also realises that it is unlikely to feature at the top of lists of sectors that are seen as priorities for economic development, nationally and regionally, but that the work of the sector is vital to sustain a healthy infrastructure to support the activities of most other sectors.

The priority skill requirements for the next five years are:

Property sector:

- information and communication technology
- management
- legislation
- technical skills
- financial
- customer service.

Housing sector:

- legislation (including best value)
- social inclusion
- information technology
- customer care
- business planning
- management development.

Other Business Services - the sector makes a very important contribution to the UK economy. The sector has grown rapidly over the last twenty years with privatisation, the spread of ICT, and the contracting out of services generating much of the growth. It is expected that this trend will continue for the foreseeable future.

The sector is subject to considerable structural change which will in turn generate an increasing demand for multi-skilling amongst its workforce.

⁵⁷ Sagar P. (1999), "The Business of Consulting", National Public Accountant.

⁵⁸ Skills Task Force, Research Paper 16.

Passenger Transport Key Statistics

Sector Description

Transport is high on the Government’s agenda for improvement.

As defined by the Standard Industrial Classification, Passenger Transport covers a wide range of industries:

- Bus operators
- Civil Aviation (cabin service and ground service, excludes aircraft maintenance)
- Coach Operators (scheduled and non-scheduled)
- Community Transport Operators
- Driving Instructors (all modes – car, motor cycle, PCV/LGV)
- Private Hire Vehicle (PHV) Operators
- Taxi Operators
- Tramway Operators
- Transport Planners.

Employment:

- between 1998 and 2001 the sector has grown by nearly 40 per cent in the Cheshire and Warrington area, an additional 1,500 individuals
- this growth far exceeds the averages for the North West and Great Britain, which stand at 10 per cent and 11.3 per cent respectively
- locally the district of Crewe and Nantwich has experienced the largest growth (134.6 %, 541 individuals)
- nearly 30 per cent of the employment is clustered in the Warrington area, with the Congleton district employing the lowest (378).

Table 1 provides an area and district employment change comparison for the passenger transport industry.

Table 1: Passenger Transport Industry employment change 1998-2001

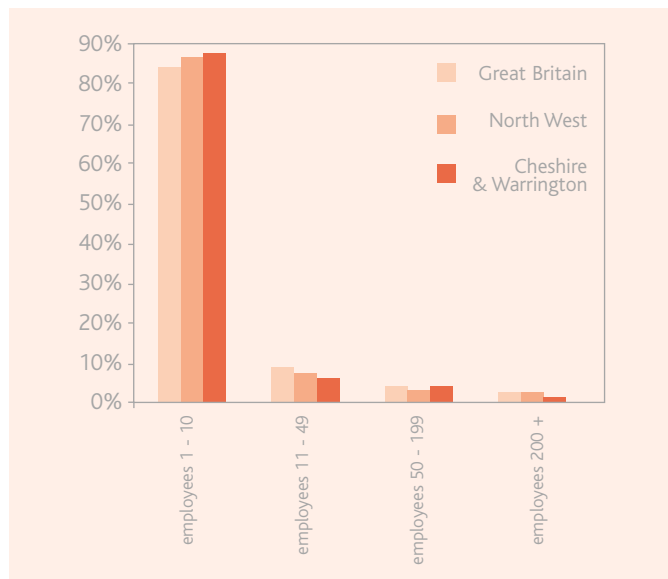
Area / District	1998	2001	% Change on 1998
Great Britain	468248	521357	11.3
North West	48551	53404	10.0
Cheshire & Warrington	4210	5757	36.7
Chester	619	623	0.6
Congleton	531	378	-28.8
Crewe & Nantwich	402	943	134.6
Ellesmere Port & Neston	302	525	73.8
Macclesfield	566	714	26.1
Vale Royal	554	869	56.9
Warrington	1235	1705	38.1

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- in total the passenger transport sector occupies 754 sites in Cheshire and Warrington
- over 89 per cent of sites employ between 1-10 employees (Chart 1)
- the main clusters of sites are in the Warrington and Macclesfield districts, 169 (22.4%) and 140 (18.6%) respectively.

Chart 1: Number of Sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

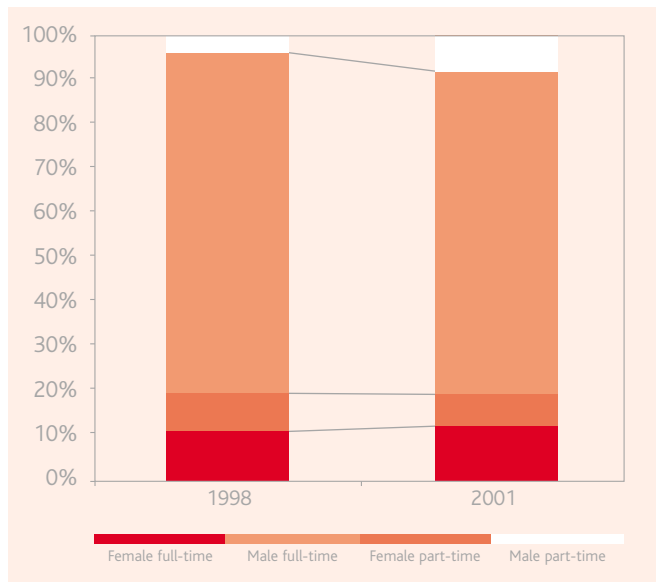
- Warrington Borough Transport Ltd – 235 employees, Warrington
- Chester City Transport – 140 employees, Chester
- Warrington Community Transport Dial a ride – 75 employees, Warrington
- Arriva Buses – 50 employees, Crewe.

Workforce Characteristics:

- the number of males working in the passenger transport sector in Cheshire and Warrington far out numbers the number of females, with just over 80 per cent of the workforce male
- the number of females has changed very little since 1998, although the number of females employed in the sector has increased by 33.5 per cent (282 individuals)
- overall 15.2 per cent of the workforce are employed part time, this equates to 37.5 per cent of females and 9.8 per cent of males.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the passenger transport industry 1998-2001.

Chart 2: Passenger transport sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The improvement of passenger transport is widely accepted as one of the key issues facing the UK. The Government is keen to ensure that public transports turns around the negative public opinions and perceptions and wins back the market share. This "modal shift" i.e. getting more individuals out of their cars and back onto public transport plays a central role in the Government's "10 year Transport Plan".

The industry urgently needs to:

- address current labour shortages so that buses run reliable schedules and companies can lay on new routes to stimulate demand
- up-skill passenger facing employers so that public transport presents a welcoming face to passengers
- stimulate managers to innovate in selling their organisation's services to new customers (taking the lead for budget airlines).

Skill Gaps and Shortages

Overall – The sector is diverse, it is estimated that there are over 17,100 employers with a workforce of 584,000. In addition there are an estimated 250,000 volunteers working predominately part time for community transport

organisations. With significant new legislation and regulation being introduced across the sector, it leaves many organisations confused or unaware of what impact this will have on their organisations - in particular the Working Time⁵⁹ and the Driver Training⁶⁰ Directives. Licensing and insurance requirements have partly resulted in a relatively aged workforce, one in ten is over 60 and a further quarter is aged 50 to 59. Less than one quarter of the workforce area aged under 35.

Although a high proportion of the workforce hold licences, they do not have qualification equivalents. Relatively few employers have recognised qualifications and it is also less likely that these are relevant to their job. Just under one in six of the workforce hold no qualification.

Bus and coach industry – One of the main issues affecting the organisations thorough out the UK is the recruitment and retention of bus and coach drivers. Recent research has shown that the sector needs to recruit an additional 32,500 drivers in 2003⁶¹ to replace drivers who are leaving the industry. Employers believe that the primary reason for the high turnover of staff is the increasingly competitive labour market with other industries offering better pay and conditions, and most importantly no requirement to work shifts. In order to address the sector needs to:

- increase driver retention rates through improved terms and conditions and by making the role more professional with a clear career route
- improve recruitment practices to ensure that all sources of labour are tapped and by ensuring that those individuals recruited are appropriate for the job they are undertaking so increasing retention
- increase the number of young people in the workforce.

The sector is facing a skills shortage in automotive fitters, engineers and managers. This is despite many operators not needing to recruit engineers and fitters very often but when they need to do so are experiencing many difficulties in recruiting trained and experienced staff. Skill requirements for the sector include greater electronic knowledge. In response employers are increasingly turning to the employment of young people on Modern Apprenticeships, however some operators are finding it difficult to attract young people into the role.

Driving Instructors – This industry is highly regulated by the Driving Standards Agency. Most instructors are self employed and other than the tests required to join the Approved Driving Instructors register there are low barriers to entry. Over the past few years the number of instructors has increased keeping prices low, although this has given rise to concerns that individuals do not have the commercial and management skills to available maintain a business long term.

⁵⁹ The EU Working Time Directive, now applies to transport workers, its restrictions on overall hours and in particular control of night time working, will have major implications for what was a '24/7' industry.

⁶⁰ The draft EU Driver Training Directive applies to LGV drivers and aims to regulate the initial and ongoing training of all goods vehicle drivers.

⁶¹ The Mackinnon Partnership, (April 2003), "TRANSfED Labour Market Intelligence Study", TRANSfED.

The growing market for driving instructors is the fleet training market and this is likely to continue as driving for work becomes more clearly linked to employer health and safety requirements. The skills required are very different to those required to teach learners, individuals require risk assessment and mentoring skills.

Taxi and private hire – Self employment accounts for 80 per cent of the workforce⁶² and is one of the key attractions to working in the industry. The main issues impacting the sector and its workforce include:

- legislation – particularly the introduction of the Disability Discrimination Act
- regulation – the differences in regulation requirements across the country
- changes in the market – the demand for this service is expected to continue to increase, although strongly influenced by economic conditions
- technology – the introduction of new technology such as computer dispatching and global positioning systems will greatly affect the industry, particularly within the private hire sector where the financial implications associated with the introduction of new technology will hit hardest.

This sector is also characterised by very little initial training for new recruits and virtually no updating of skills. As a result of this limited demand there is very little training available. Any training that is undertaken is required to obtain a licence and these requirements vary considerably between local authorities.

Community transport – There is very little known about the exact size and structure of organisations involved in community transport activities. It is estimated that there are 5,000 organisations employing 10,000 peoples and supported by 250,000 volunteers. The main issue for organisations is the recruitment of volunteers, although there are high

retention rates. Success in this respect seems to relate to the quality of the service offered and the skills of the person co-ordinating the service.

There is an increasing demand amongst paid employees for a higher-level qualification covering all aspects of management of a community transport organisation.

Transport Planners – The development of professional and technical skills in the industry will be a key component of delivering a more effective passenger transport system. Recent research by TPSI⁶³ indicates that around 2,000 additional transport planners will be required for the effective implementation of the 10 Year Plan.

Future Trends

There are a number of factors which the industry needs to address in order to meet its future skill requirements, they include:

- a perceived poor level of literacy and numeracy amongst the workforce, although this requires further exploration before it can be fully proven
- high staff turnover, particularly in parts of the country with low unemployment and where there is an abundance of higher paid job alternatives
- driver selection criteria needs to be changed in order to reflect the need for increased levels customer service and awareness skills
- a poor image combined with increased proportions of young people staying on in full time education therefore affecting dramatically the supply of young blood into the sector
- providing the training to meet regulatory requirements such as health and safety, whilst at the same time finding the resources to develop workplace skills in order to improve efficiency.

⁶² LFS Spring 2000 – Winter 2001 (ONS).

⁶³ TPSI -Transport Planning Industry.

Public Administration

Key Statistics

Sector Description

This sector is best described as,

“General public service activities, including the administration of central, regional and local bodies; business and government regulation agencies; foreign affairs, defence activities and judicial activities; police and fire services; and compulsory social security”⁶⁴.

For the purpose of this assessment the sector will be divided into two sub sectors:

- Local Government
- Central Government.

Employment:

- employment in the public administration sector in Cheshire and Warrington has increased by 28.9 per cent (3891 individuals) since 1998
- in comparison regionally there has only been slight growth 1.4 per cent and for Great Britain an overall decrease of 3.4 per cent
- employment in Cheshire and Warrington is clustered around the districts Warrington and Chester, they account for nearly half of the total employment in this sector – 25.4 per cent and 23.4 per cent respectively.

Table 1 provides an area and district employment change comparison for the sector.

Table 1: Public Administration sector employment change 1998-2001

Area / District	1998	2001	% Change on 1998
Great Britain	1365997	1319727	-3.4
North West	158396	160642	1.4
Cheshire & Warrington	13479	17370	28.9
Chester	3800	4068	7.1
Congleton	!	865	-
Crewe & Nantwich	1613	2396	48.5
Ellesmere Port & Neston	994	!	-
Macclesfield	2101	2555	21.6
Vale Royal	1431	1819	27.1
Warrington	3068	4407	43.6

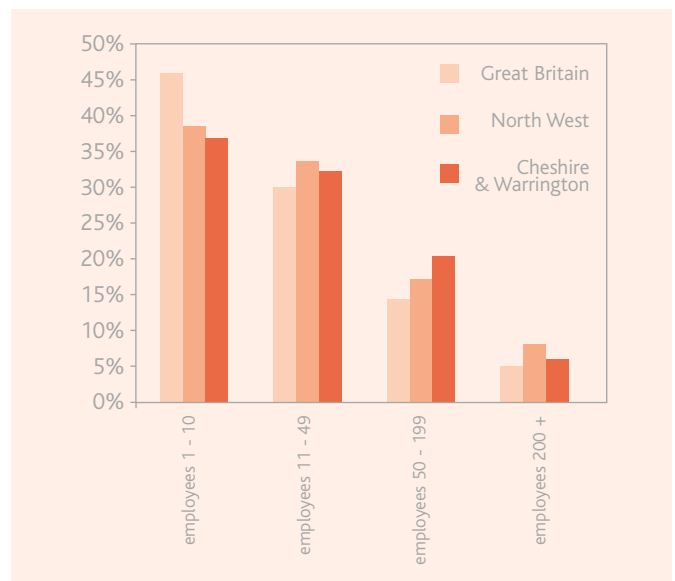
Source: Annual Business Inquiry 1998 - 2001. ! Confidential Data: 1947 Statistics of Trade Act.

⁶⁴ SIC 92 Code: 75.

Employment sites:

- the public administration sector occupies only 319 sites in Cheshire and Warrington
- thirty eight per cent of the public administration sector sites employed between 1-10 employees with a further 33.2 per cent employing between 11-49 Chart 1)
- Warrington and Chester are the main locations of employment sites – 23.8 per cent and 21.3 per cent respectively.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

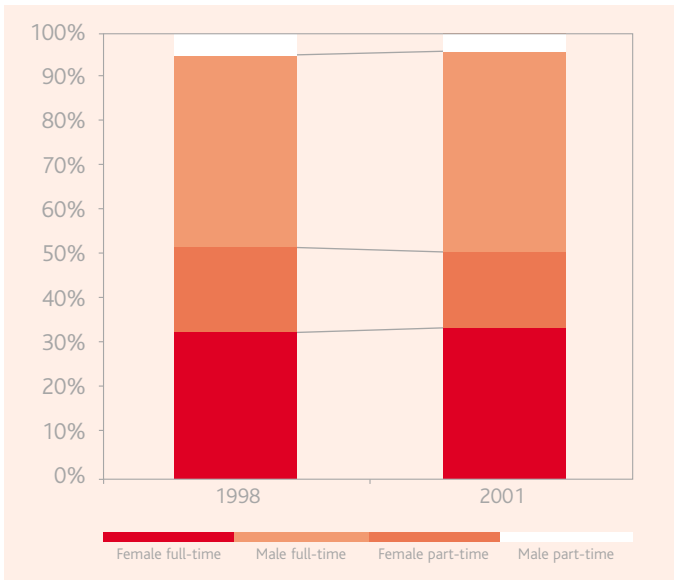
- six borough councils, within the county of Cheshire and the unitary authority of Warrington
- Cheshire Fire Service, Vale Royal
- Cheshire Constabulary, relocating to Vale Royal
- Cheshire Social Services, Education – HQ Chester
- North West Regional Development Agency, Warrington
- Department for Environment, Food and Rural Affairs (DEFRA), Crewe
- Department for Work and Pensions, Chester.

Workforce Characteristics:

- just over half of the public administration workforce in Cheshire and Warrington is female
- thirty one per cent of females are employed part time compared to only 7.6 per cent of males
- the proportion of part time employees has seen a slight reduction since 1998, 23.0 per cent down to 19.8 per cent.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the Public administration sector 1998-2001.

Chart 2: Public administration gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

Central Government- after decades of falling staff numbers, the Civil Service workforce has recently begun to grow again, due in part to a decline in early retirement and increased levels of recruitment. The rate and type of downsizing over the last two decades caused the loss of significant numbers of younger civil servants- the age bracket that tended to be better skilled in ICT. The Civil Service now faces the challenge of raising the IT skills base of a more middle-aged workforce.

While the general consensus is that ICT skills levels are a priority issue, it is worth noting that the extent of skills gaps and shortages will vary across departments and regions. Initially attention needs to be given to any cultural problems that exist, as staff at all grades are encouraged to be positive about their need to update and improve their existing skills throughout their working life, especially given the speed of technological change.

The challenges of e-government en-skilling require a multi-faceted response. This can involve developing e-learning resource centre, IT mentoring and coaching and incentivising the uptake of externally recognised IT qualifications.

Local Government - the "Modernising Government" Agenda has provided challenges at Local Government level whilst also presenting them with tremendous opportunities. Local authorities have recently been made responsible for providing the strategic lead for their communities. They are now empowered to promote economic, social and environmental well being for their area. Local authorities have been given new freedoms to be more innovative and adopt an entrepreneurial role in the communities they serve. This calls for a new outlook in the way that local authority staff approach their work, as well as the need for new skills.

Best value emphasises the need for local authorities to improve their services continuously. These changes call for new types of management arrangement and management skills, including better skills for procurement, contract management, project management and risk management. There is increasing difficulty in recruiting into certain occupations. Local government can offer a rewarding career and this needs to be marketed to potential recruits. In order to achieve cultural change authorities need to attract and retain people with ability, enthusiasm, skill and vision.

Skill Gaps and Shortages

Central Government - the drive towards being at the forefront of the new e-economy has wide ranging human resource implications for staff in central government.

There is an increased need for high ICT skills training across all departments and all grades, while up-skilling in this area of need has the wider remit of being firmly embedded in the employability and lifelong learning agenda.

Top quality management is key to the delivery of business objectives and the Civil Service needs to continue to improve peoples' management skills and experience. There is much scope for departments to be joined up in their procurement of management skills products, including those for 360-degree feedback and diversity awareness.

The Civil Service needs to accord high importance to generic skills. Priorities include new emphases on customer service, and prioritisation alongside skills of application of number, problem solving and team working.

Fresh emphasis is placed on service delivery, and therefore increased importance on project and risk management, policy and business skills, and managing stakeholder relationships.

There is a need to build a culture of lifelong learning among all staff, no matter how qualified they are. There is a need to invest in the generic and management skills of specialist staff, and to recognise their value. (i.e. Statisticians, Finance and personnel).

Local Government - the local government workforce has a significantly older age profile than the whole UK workforce and many authorities have reported difficulty in recruiting younger staff. Authorities need to retain the skills and experience of older workers. They also need to do more to promote a positive image of local government employment to young people.

Overall, the Local government Recruitment and Retention Survey 2002 indicates authorities are still encountering widespread recruitment and retention (R&R) problems. Changes on the 2001 levels indicate that there has been a continued growth in the incidence of difficulties, albeit that the rate of growth is lower than between 1999 and 2001.

Results from January's 2002 Employers Organisation survey of recruitment and retention difficulties identified the following occupations as being difficult to fill:

- Social services have considerable R&R difficulties with 81 per cent of Social Services Departments reporting difficulties with social workers, 43 per cent with Occupational Therapists and 16 per cent with social care work managers
- for local government dominated labour market groups, 34 per cent of authorities reported difficulties with Trading Standards Officers, 43 per cent with Environmental Health Officers, 37 per cent Planners and 28 per cent educational psychologists
- 28 per cent of education authorities reported difficulties for teachers
- 26 per cent of authorities reported difficulties with IT professionals and 35 per cent with accountants.

The Local Authorities Skill Gaps 2002 survey reported that 51 per cent of responding authorities cited that they did not have any skill gaps, a slight reduction on 2001. Of those who did identify skills gaps within their workforce, the top five skill gaps mentioned were:

- various IT skills (20%)
- range and depth of different skills (13%)
- unspecified skill gaps(13%)
- the need for 'full' professional or Technical skills/qualifications (8%)
- requirement for managerial/ business planning etc skills (8%).

'Unspecified' is interpreted as a general lacking in skills necessary to meet organisation objectives. A range of specific occupations (e.g. accountants, benefits officers, electricians, planners, social care) and the more general categories of professional were said by authorities to have these Gaps. The reporting of IT Skills Gaps was concentrated among professional and technical IT staff and the more general categories of professional, technical and clerical staff.

Future Trends

The Government has committed to ensure that all government services are deliverable electronically by the year 2005. This commitment is inextricably bound with the aim of improving service delivery to the public. This drive towards being at the forefront of the new e-economy has wide ranging human resource implications for staff in central government.

The Modernising Government White Paper commitment on Diversity is very clear in calling for a "Public Service that is part of, and not apart from, the society it serves".

The Local Government Association has identified the 10 major challenges facing local government over the next 20 years as:

- global changes
- new needs and new forms of exclusion
- rising expectations of citizens
- sustainability issues
- conflicting pressures to centralise and localise
- the need for joined up government structures
- new roles for councillors and new measures of success
- clarity about local government's future core business
- greater local financial autonomy and accountability
- how to attract and retain councillors and employees with the necessary calibre, vision and skills.

Social Care Key Statistics

Sector Description

Social care is the term given to a wide range of care and support for individuals in need, particularly elderly people, those with physical or learning disabilities, individuals with mental health problems, families with special needs and children in the looked after care system.

The sector covers: care homes, children’s homes, domiciliary care services and community support, adoption and fostering services, family support services and day centres and social work.

Confusion over the total number of individuals who are employed in this sector remains, particularly in the domiciliary care sector where many organisations do not distinguish between people “on the books” available for work and staff actually working at the time.

Employment:

- 13,659 individuals work in the social care sector in Cheshire and Warrington
- since 1998 the number of individuals working in the sector has increased by 27 per cent (2,902 individuals), compared to 11.9 per cent in the North West and 8.8 per cent in Great Britain
- twenty five per cent of the employment is based in Warrington, closely followed by 22 per cent in Macclesfield
- overall social care employment contributes just over 3 per cent to the total employment in Cheshire and Warrington.

Table 1 provides an area and district employment change comparison for the social care sector.

Table 1: Social care employment change 1998–2001

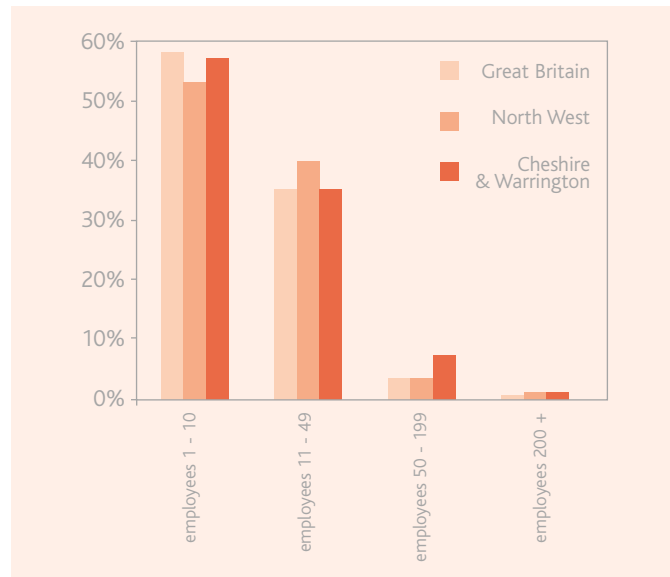
Area / District	1998	2001	% Change on 1998
Great Britain	893295	972144	8.8
North West	107692	120540	11.9
Cheshire & Warrington	10757	13659	27.0
Chester	1393	1817	30.4
Congleton	1042	1442	38.4
Crewe & Nantwich	1205	1578	31.0
Ellesmere Port & Neston	854	967	13.2
Macclesfield	2369	3027	27.8
Vale Royal	1331	1479	11.1
Warrington	2563	3348	30.6

Source: Annual Business Inquiry 1998 - 2001.

Employment Sites:

- the social care sector occupies 688 sites in the Cheshire and Warrington area
- 92 per cent of sites employ between 1-49 employees, with 55 per cent employing between 1-10 (Chart 1)
- Just over one quarter of the sites (178) are situated in the Warrington area.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

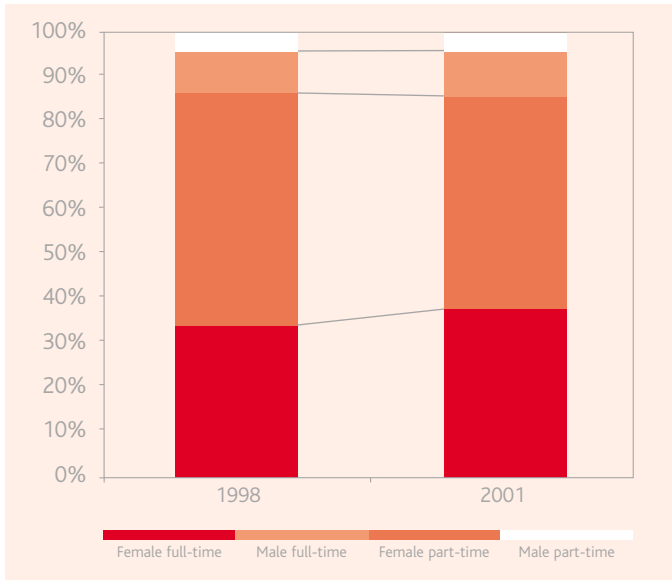
- Cheshire County Council Social Services & Health – 4,327 employees, Chester
- CLS Care Services – 2,200 employees, Nantwich
- The David Lewis Centre – 550 employees, Alderley Edge
- NCH North West Region – 350 employees, Warrington
- East Cheshire Hospice – 300 employees, Macclesfield.

Workforce Characteristics:

- 85 per cent of the social care workforce in Cheshire and Warrington are female, this is comparable to the North West (84%) and Great Britain averages (84.6%)
- over half of the workforce work part time, although this is more predominant amongst females rather than males
- the number of males working in the sector has increased by 35.6 per cent (+516) since 1998 compared to 25.7% (+2387) for female employees.

Chart 2 provides a Cheshire and Warrington gender comparison of employment in the social care sector 1998-2001.

Chart 2: Social Care Sector gender comparison of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

There have been many changes over the last ten years, which have affected the Social Care sector. There are a number of key drivers, which continue to affect the sector.

Demographic change resulting in an ageing population - the increasing numbers of ageing and elderly people raise the demand and need for social care.

Rising client expectations – as people have more access to information, knowledge, choice and service, their expectations of the service that they should receive is greater. With more knowledgeable clients wanting more information there is an increase emphasis on the communication skills of social care staff.

Changes in Government Policy – increased care in the community requires the need for more domiciliary care, with those staff involved in residential care requiring basic nursing care skills. Emphasis on value for money and the delivery of the most basic services at a minimum cost has led to a lack of funding for training. Changes in Health and Safety legislation have required basic thresholds to be surpassed resulting in basic skills becoming prerequisites. The working time directive has had an effect on the hours of work, holiday pay and benefits for staff including those on agency work resulting in higher delivery costs. Finally the introduction of

the national minimal wage has led to increased employment costs, especially in the North of England and has also created greater competition for low paid workers.

Technological change / new developments – advances in medical technology, give rise for the need for staff to be continually updating their skills. New ways of working has led to the need for the "broadening" of skills and the increased need for good communication skills.

Skill Gaps and Shortages

Recruitment and retention are generally problematic throughout the sectors. With recruitment there are similar problems for both the social care and social work occupations. Each suffers from low pay, poor image and lack of clarity about what the work involves. For social care one of the other barriers includes the lack of opportunity for career progression, with cost, funding and competition from other careers and courses affecting social care occupations.

Particular difficulties were experienced in recruiting:

- trained nurses for residential homes providing total nursing care, due to national shortage of trained staff, the lower wages offered within residential care compared with pay levels in agencies, as well as perceptions of the work as being "less exciting" than hospital care
- care assistants, due in part to the low wages and also perceptions of the role as low skilled, even though the work itself is often physical and emotionally demanding, for which all individuals must have the necessary attributes and skills
- catering staff in larger establishments, due to general shortages but also to relatively low wages and the need to work shifts
- occupational therapists
- part time frontline staff in several areas, due to lack of career opportunities and labour market competition and generally low levels of pay
- Diploma in Social Work (DipSW) holders, the number of new applicants is falling, plus there is increased uncertainty about the suitability of the qualification for some roles
- approved Social Workers, there is an acute need to recruit in this area in order to meet the community need agenda, the emphasis now being on encouraging individuals to remain in their own homes as long as possible before entering care
- managers at all levels, the need for IT, financial management, business and commercial human resource management, communication and continuous professional development skills
- individuals to work with drug and other substance misusers, the input of sizeable funding into this area is expected to cause a drain of skilled staff from other areas
- foster carers to work with older and more vulnerable children and young people, 10 per cent leave the service each year, there is a requirement for accessible and relevant training leading to recognised qualifications and awards.

The formal entry requirements into the social care sector are low in particular for care assistants and cleaners, resulting in internal skills gaps.

Basic skills - in particular literacy are lacking in a number of instances, which creates increased pressure on managers to ensure that the requirements for reporting are met. This has also led to staff having difficulties with some of the more basic care tasks, such as the moving and handling of patients in different settings. A basic medical knowledge is now required but due to limited training opportunities and staff capabilities many staff lack this knowledge.

Need for broader and higher level skills - care assistants are increasingly expected to have both nursing and caring skills. These skills are no longer seen as separate but intertwined.

Monitoring skills - effective performance in social care relies upon effective monitoring of client well being. Although formal health screening and monitoring plays a role, those providing regular social care, particularly domiciliary care, are in a unique position to monitor and review the clients' well being on an informal basis. In order to carry out this effectively requires the need for quite advanced use of a range of processes from situational awareness through to continual monitoring. The ability to monitor continuously is important in that care workers can be the first to pick up signs of the client developing problems.

Communication, counselling and negotiating skills - an increasingly important focus of the social care sector is the element of choice and ensuring that the individuals' needs are heard and addressed where possible. Many staff were perceived to lack communication skills particular contexts. The requirement for skills such as listening, understanding, negotiation, taking decisions and upon occasion acting as advocate for clients has not yet been fully recognised.

In the case of social workers the key factors cited for preventing Social Workers from carrying out their jobs effectively, are shortages of staff, work overload, reliance on temporary and/or inexperienced staff, bureaucracy, paperwork and prescriptive procedures and poor management. These factors form a vicious circle – staff shortages and work pressures lead to low morale and inability to deliver quality care, so job satisfaction suffers. Staff then leave, generating further shortages, agency staff are brought in creating further problems, and pressures on budgets lead to crisis management, lack of workforce planning and therefore more pressure on workload.

Future Trends

The social care sector is expected to remain a significant part of the national workforce, with forecasted growth until 2005 remaining at around 2.5 per cent to 3.0 per cent per year. Approximately 75 per cent of the growth is expected to be of female workers and concentrated in the 16-24 and the over 44 age groups. There is expected to be a significant fall in those aged 35-44. The numbers of part time workers and those who are self employed is expected to rise.

Transport Equipment; automotive, aerospace Key Statistics

Sector Description

Transport equipment⁶⁵ sub-sector employs over 300,000 workers in the motor vehicle, aerospace (SIC 34) and other transport equipment (such as rolling stock and shipbuilding) (SIC 35). Within the Cheshire and Warrington area there are over 10,000 people who are employed in the sector.

Employment:

- over three-quarters of the transport equipment workforce in Cheshire and Warrington are employed in the motor vehicle sector, which is higher than the national average
- the sector has seen significant decline over the last few years –5.1 per cent (-548 employees) since 1998. This decline is mirrored by a similar proportion regionally and nationally
- currently employs 10,307 individuals accounting for nearly 2.4 per cent of the total employment in Cheshire and Warrington
- 44.8 per cent of the employment is based in Crewe and Nantwich followed by Ellesmere Port and Congleton with 36.2 per cent and 12.3 per cent respectively
- the district of Chester has the lowest number employed in the sector.

Table 1 provides an area and district employment change comparison for the transport equipment sectors.

Table 1: Automotive and Aerospace sector employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	397738	370145	-6.9
North West	58294	55031	-5.6
Cheshire & Warrington	10856	10307	-5.1
Chester	83	46	-45
Congleton	1589	1269	-20.1
Crewe & Nantwich	3826	4620	20.7
Ellesmere Port & Neston	4756	3730	-21.6
Macclesfield	49	92	87.7
Vale Royal	177	178	0.6
Warrington	376	372	-1

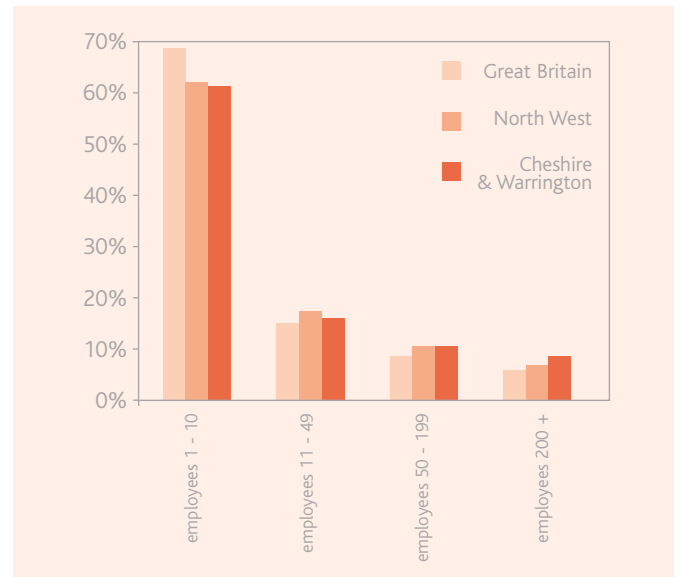
Source: Annual Business Inquiry 1998 - 2001.

⁶⁵ SIC headings 34 - 35.

Employment Sites:

- in total the automotive and aerospace sector occupies 90 sites in the Cheshire and Warrington area
- 63.3 per cent of the total number of sites employ between 1-10 employees (Chart 1)
- distribution of sites is focussed particularly upon Crewe, Congleton and Macclesfield.

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 2001.

Major Employers in Cheshire and Warrington:

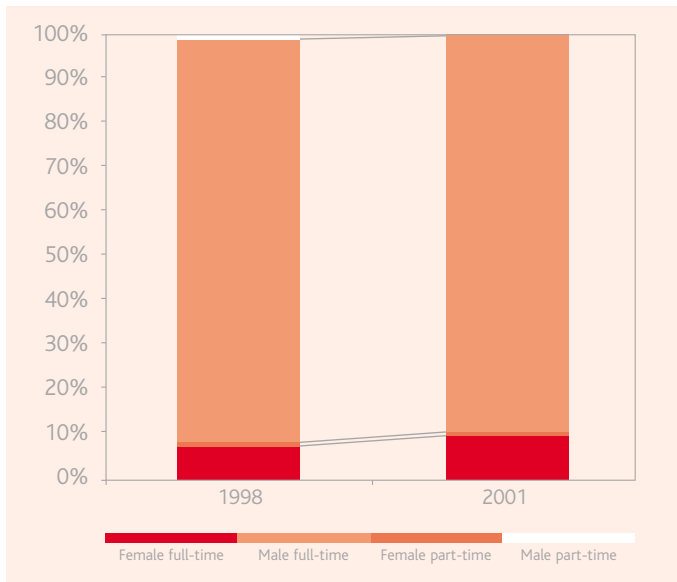
- Bentley Motors, Crewe
- Vauxhall Motors, Ellesmere Port
- Bombardier Transportation UK Ltd, Crewe.

Workforce Characteristics:

- the sector's workforce has traditionally been dominated by full time jobs, overwhelmingly taken by male workers. This is still the case as more than 90 per cent of the workforce is male full-time
- over 89.4 per cent of the workforce are typically male full-time, significantly higher than the North West or Great Britain average
- Skills in England 2002 suggests that a lack of flexible and family friendly employment practices in many manufacturing organisations may be a significant deterrent to women considering working in the sector
- 10 percent of the workforce are female with 9.7 per cent employed full time, (an increase of 2.4 per cent since 1998). with only 0.8 per cent of females employed on a part time basis.

Chart 2 provides a Cheshire and Warrington gender breakdown of employment in the automotive and aerospace sector 1998–2001.

Chart 2: Automotive and Aerospace gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

In terms of vehicle manufacture, measures to improve business competitiveness have changed the nature of the global motor industry. For example, leading edge operational and logistical methods, such as lean manufacturing and just-in-time delivery, have resulted in less vertical integration, and at the same time manufacturers and suppliers often undertake joint development of production platforms and subsystems, with a resulting impact on skills needs.

A direct impact of this has been that an estimated 50,000 workers have left the sector, partly due to business downsizing and re-structuring but also due to staff turnover/retention problems and the retirement of older workers and people moving on to other sectors. In many cases this will have left companies under-staffed in key occupations. Despite this, according to the Society of Motor Manufacturers and Traders (SMMT), UK car production was up 30 per cent in 2001.

The demands of lean manufacturing have impacted on training concerns as follows:

- decreased the time available to undertake training
- increased the actual cost of training in new technologies
- created a need for new formats and delivery methods and improved effectiveness in training.

Skill Gaps and Shortages

The workforce has a distinctive occupational structure, skilled trades occupations account for over 35 per cent of employment nationally, reflecting the increasingly sophisticated products and production processes.

For all:

- EMTA (2001) estimate that the net effect of downsizing and re-structuring has increased demand for multi-skilled workers, team working, supervisory skills, generic skills and highly-skilled technicians in product development
- new technologies has meant that all staff need to make full use of the opportunities for e-commerce and e-networks (i.e how to operate reverse auctions, how to collaborate with other locations to produce new design/ tools quickly)
- IT is becoming increasingly important in the motor vehicles production process, as almost all monitoring and control systems are now electronics-based, and there is a shortage of IT skills throughout the industry
- despite of the increased overall level of basic IT skills among new trainees in the aerospace sector, there is a widespread shortage of IT skills in the industry (particularly software engineers and technicians), reflecting increased competition from hi-tech firms in other sectors.

For managers:

- there is a need for managers to be able to devise global strategies and alliances
- a first tier component supplier⁶⁶ commented on the need for enhanced management skills –‘the customers require quality assurance and certification and that means we need people who can motivate and develop the staff to work in this way’.

Among technician and craft employees:

- difficulties in recruiting to skilled trades principally reflect shortages of individuals in the region’s labour market with the required, skills, experience and qualifications.

Automotive:

- there is an urgent need to acquire new skills to programme and maintain new technology. Nearly 70 per cent of firms will require their workforce to upgrade their skills in CNC machine operation in the future
- a further 50 per cent will require additional skills in computer aided design (CAD) more than 40 per cent will require higher level tool setting skills and a third will require additional skills in electronics, robotics, computer aided manufacturing (CAM) and computer aided engineering (CAE).

Aerospace:

- historically the aerospace sector has been characterised by cyclical swings in demand, which have been reflected in the stop-go-cycle of investment in training (as a consequence, the sector has failed to consistently upgrade the quality of its existing workforce).
- the Engineering Technologies and Skills, or 'Impact' report, published in 2001 involved detailed specialist interviews with Engineering specialists. A key finding in this report raised the issue that engineers need to think 'globally' and be aware of their engineering 'cultures'
- this requires an understanding of foreign markets, an ability to work with overseas engineers and an improvement in language skills
- the flatter hierarchical structure in aerospace has reflected a demand for workers with high-level technical skills to develop project management and team leadership skills.

Future Trends

Anecdotal evidence taken from The Skills in England report 2002 suggests that there is limited understanding and awareness among employers of various government training programmes and initiatives, along with a limited knowledge of the funding contributions available to employers and individuals. The constant changing of Government programme titles is unsettling for providers and confusing for employers, while further findings indicate that training activities overall appear to have declined since industrial training boards were replaced.

To address this the Government launched a new £45 million programme for the UK car industry in May 2002. Based on the report prepared by the Automotive Innovation and Growth Team (AIGT), chaired by Sir Ian Gibson, the key recommendations highlighted:

- the establishment of an Automotive Academy to take the lead in process improvement activities across the sector
- increased funding for the Supply Chain Groups, allowing them to work across regional boundaries
- the establishment of Centres of Excellence to take forward work in the key areas of new technologies
- setting up a pilot mobility services project in London and another city with the aim of accelerating environmental regulation compliance.

⁶⁶ Learning and Skills Council (Birmingham and Solihull).

Voluntary Sector

Sector Description

The voluntary sector is large and complex ranging from small community based organisations with no paid staff to large household names with hundreds of paid staff. In smaller organisations one member of staff will be responsible for a wide range of functions from management to fundraising and day-to-day administration. Large voluntary organisations often have a regional structure and a management structure with specialist managers for areas such as fundraising, human resources and service delivery. These variations mean that determining the skill needs of the sector is a complex task.

There are also problems to be overcome when trying to categorise the voluntary sector. The Standard Industry Classifications (SIC) and Standard Occupational Classifications (SOC) do not suit the industry and in order to have any meaning for the voluntary sector these codes need to be interpreted and adapted.

Key Issues

The voluntary sector is undergoing significant changes, many of which are not unique to this sector alone.

Funding – the sector is funded from a wide variety of sources: individual donations, memberships and subscriptions; sponsorship; grants and trusts; local authorities and government contracts to deliver services; grants for core funding and projects from local authorities, government and the European Union; as well as internally generated funds from the sales of goods and services and from investment funds. While large and small organisations show signs of modest growth, medium size organisations are beginning to feel the squeeze, as much income is related to specific projects, is often short term and there is much competition from other voluntary organisations.

Changes in government policy – the government continues to stress the potential for the sector to contribute to its modernisation agenda. This includes a drive to create more responsive public services. For service providers in the voluntary sector this will create challenges as the emphasis changes to “what works” rather than who is providing the service.

Efficiency – the expansion of the sector has led to the increased requirement for organisations to be aware of concepts such as efficiency and effectiveness. Voluntary organisations in order to tender to work, gain funding or raise public donations, have at the same time to conform to certain management practices in common with the public and private sectors and have opened up a more competitive environment for funding.

Knowledge based environment – the government is keen to promote the development of the knowledge economy. In its simplest form, the underlying proposition is that in a global

economy, with mobile capital and technology, the distinctive source of competitiveness advantage will be the knowledge, skills and creativity within organisations. The rapid growth of information and communication technology will be a key driver in the development of many new processes and products.

Skill Gaps and Shortages

The perceived image that individuals have of the voluntary sector is hampering recruitment. There is a misconception of the work that the sector does and that the salary structure is uncompetitive compared to that of other sectors.

Despite a strong commitment within the sector to training and development, skills gaps are occurring. This is the result of the inability of some organisations to fund or release staff for training, a problem which is not uncommon particularly amongst smaller employers. The main barriers are lack of time for training, the cost and, to a lesser extent, the availability of suitable training.

Where skill gaps do exist, they are varied, covering both management and wider organisational skills. Some organisations are (perhaps unrealistically) looking to recruit or develop multi-skilled staff and as a large number of voluntary organisations have fewer than 10 staff, this contributes further to this demand.

Management skills are widely cited as a barrier to maintaining full proficiency but this skill gap is not restricted to amongst managers. The ability to plan and organise is having a profound effect within the sector.

ICT has been a persistent skill gap over the last few years and other softer skills such as customer handling have become more widespread.

Skills shortages within the sector are identified by the apparent lack of qualified, experienced or skilled applicants, which is now the main cause of unfilled vacancies. In turn, these skill shortages are having an impact in terms of project delays and organisations being unable to meet their core objectives.

The voluntary sector's priority for skill needs in the future include management skills such as planning and organising, project management and strategic planning. Other skills in high demand will be; team working, partnership working, leadership, fundraising.

Future Trends

Some voluntary organisations are optimistic about future recruitment. This optimism partly stems from lower anticipated levels of recruitment and the prospect of a less competitive labour market (a likely scenario if an economic downturn results in more individuals seeking work). Although flow of labour into the sector might start to increase as other sectors downsize, many organisations anticipate strong competition for skilled staff over the next 2-3 years.

Wood, Paper and Publishing Key statistics

Sector Description

The sector includes⁶⁷ sawmilling and planing of wood; manufacture of builders' carpentry and joinery; manufacture of wooden containers, and other products of wood.

Manufacture of; pulp, paper and paperboard; articles of paper and paperboard, incl. Bags, stationery etc.

Printing and publishing of books, newspapers, periodicals and misc products; related services such as bookbinding; reproduction of recorded media incl. CDs, tapes, videos and computer media.

Employment:

- nationally total employment in publishing has grown over the last five years by about 12 per cent, to a current level of 184,000
- between 1998 and 2001 employment in the paper and publishing sector fell by 2,223 representing a 7 per cent reduction
- twenty per cent of the total employment is based in the Macclesfield area followed by Warrington with 19.8 per cent
- Ellesmere Port & Neston has experienced significant growth in the sector between 1998 and 2001
- the sector contributes 7 per cent to the overall employment in Cheshire and Warrington.

Table 1 provides an area and district employment change comparison for the wood, paper and publishing sector.

Table 1: Wood, Paper and Publishing sector employment change 1998–2001

Area / District	1998	2001	% Change on 1998
Great Britain	1629576	1723655	7.1
North West	226992	245546	8.8
Cheshire & Warrington	29360	27137	7
Chester	5800	4177	6.6
Congleton	2813	3327	10.4
Crewe & Nantwich	2772	3063	7.8
Ellesmere Port & Neston	2587	3285	10.1
Macclesfield	6703	5794	7.4
Vale Royal	1796	2115	4.9
Warrington	6888	5376	5.3

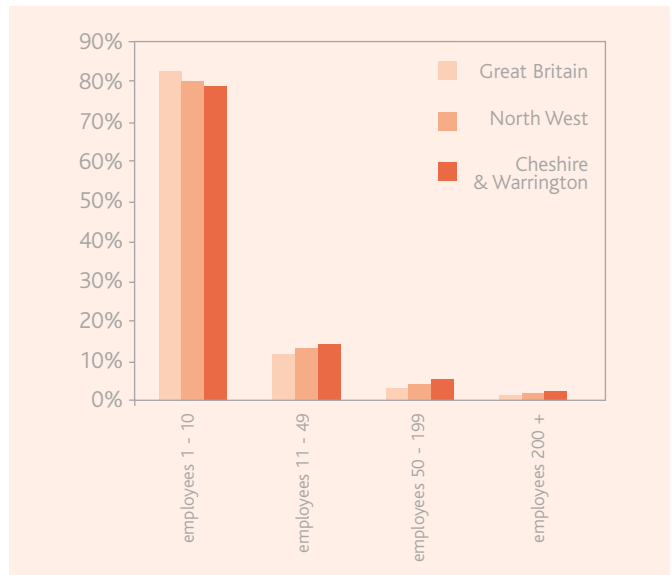
Source: Annual Business Inquiry 1998 - 2001.

⁶⁷Wood, paper and publishing SIC 20- 22.

Employment Sites:

- wood, paper and publishing occupies 2186 sites in Cheshire and Warrington
- 79.8 per cent of the total number of sites in Cheshire and Warrington employ between 1-10 employees (Chart 1).

Chart 1: Number of sites by size band



Source: Annual Business Inquiry 1998 - 2001.

Major Employers in Cheshire and Warrington:

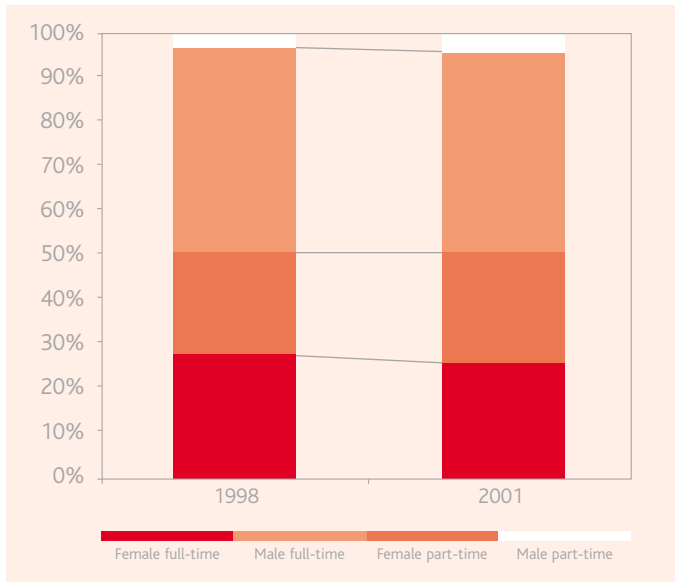
- Ilford Imaging Ltd, Macclesfield
- Bridgewater Paper in Ellesmere Port
- The Chester Chronicle and associated news groups
- Newsquest Ltd (Cheshire/ Merseyside) based in Warrington.

Workforce Characteristics:

- the number of females working in the sector has increased by just over 1074 since 1998. Females now make up nearly 50.4 per cent of the wood, paper & publishing workforce in Cheshire and Warrington
- the number of males and females working in this sector in Cheshire and Warrington is equally balanced, it is the trend in part time and full time that varies significantly
- a third of employees are employed on a part time basis, this varies from 24.4 per cent of females to 5.3 per cent of males
- over 44 per cent of the workforce, are male full-time, marginally lower than the North West and Great Britain average
- employment structure within the sector has altered marginally with the male part time increasing from 3.5 per cent to 5.3 per cent.

Chart 2 provides Cheshire and Warrington gender breakdown of employment in the Construction sector 1998–2001.

Chart 2: Wood, Paper and Publishing gender breakdown of employment



Source: Annual Business Inquiry 1998 - 2001.

Key Issues

The wood and paper sector is in a period of transition and uncertainty, and is also the least concentrated of all the major capital-intensive sectors, which makes firms particularly vulnerable to the business cycle. Conditions in timber processing have also been difficult for a number of years, as increased competition has led to a fall in prices in the workforce.

The publishing industry has changed significantly in the past ten years, becoming more accustomed to outsourcing the print side of the business, and turning its focus instead on the benefits and opportunities that a networked world can offer. The publishing industry's traditional structure enables the creation of content and the publishing of books, journals, newspapers and magazines; in recent years this footprint has also come to cover the creation of electronic information services.

Skill Gaps and Shortages

For all:

- new media and web skills are increasingly becoming important
- recent research indicates⁶⁸ that approximately 90 per cent of employers are content with their existing skills to do their job effectively although skill shortages were identified in several occupations, most notably in editorial, administrative and sales positions

- for the print industry the main challenge⁶⁹ is new entrants
- although the supply of journalists has increased, there is concern about the quality of new entrants and there is a shortage of more experienced people
- there is a need to create better marketing campaign for the industry, targeted at young people at school, those starting on their careers and those who influence their views
- increasingly, many printing jobs are part of the 'new economy', demanding high levels of IT skills and involve close contact with high-profile sectors such as media, e-commerce, advertising and marketing
- the Paper Manufacturing and Training Council (2001) highlighted that firms were failing to introduce 'new ways of working', this would involve; multi-skilling, greater application of IT knowledge and skills, including e-commerce
- as a direct consequence of this, there is said to be a lack of flexibility and innovation, which is what the industry demands
- as the industry moves towards a flatter organisation, there is a greater emphasis placed on work teams and greater devolved responsibility requiring the applicant to have basic and generic skills in all levels of activity.

It is not just that the footprint of the industry that is changing in publishing, the new marketplace will force publishers to develop and expand the skills of their staff to cover previously un-thought of areas. For example, the field of knowledge engineering draws software engineering and content creation together- these new skills will need to be integrated into publishing businesses to enable them to meet customers needs and compete effectively in the marketplace.

The extension of skills from the traditional skills base is marked in some areas of the profession (Table 2).

Future Trends:

- PGC NTO (2001) highlights that the print and graphic communications sector is currently experiencing the tight labour market in less marked ways than the economy as a whole
- more establishments report skills shortage vacancies than in the economy as a whole and a similar number report internal skills gaps
- skills and training issues are high on the list of business challenges, second only to not unrelated competitive pressures
- the skills currently most in short supply are IT skills and other skills needed to operate new processes and machinery.

Globally, this reflects the significant changes in technology that establishments in the sector have witnessed over the last few years. The print and graphic communications sector product strategy is likely to need to be underpinned by both new technologies and processes and by the skills that (will) support them. This suggests that the very skills that are currently most lacking- IT skills and other skills needed to operate new processes and machinery – are the same skills

⁶⁸ Publishing NTO (2001).

⁶⁹ Print and Graphic Communications NTO (2001).

that are likely to be increasingly in demand over the next few years. This is clearly the priority skills area for the sector at the moment.

These skills can be acquired in three ways:

- developing existing staff
- employing new staff with new skills, and training them to understand the publishing industry
- widening the management vision.

Among technician and craft employees

A major challenge for music publishers is the development of online music distribution. Although marginal at present, digital diffusion will become an important part of the

global market in the future. As a result, most major music companies are increasingly involved in channels through which music is either distributed or played.

The Paper Manufacturing and Training Council (2001) has identified that there was severe shortages of technical skills and specialist skills, and that these skills shortages are arising due to the difficulty in attracting new graduates for development into roles such as; sales, marketing, purchasing and finance. Added to this need is the continued difficulty in recruiting suitable mechanical and electrical skills, this problem is exacerbated by recent low levels of craft apprentices, while IT specialists are being lost to other high-profile sectors.

Table 2: The extended skills base in the publishing industry

	Traditional skills	Skills extension
Writer, journalists	writing for print	writing for a variety of different platforms and markets
Editors	selecting and editing content to be read in print	editing content for delivery to a variety of different platforms
Strategy, business development	-new print products development -understanding customer needs -market research into user behaviour	-electronic product development -managing multiple business models for profitability -understanding customer needs online -understanding new technologies, and possible usages -market research into user behaviour
Sales and marketing	utilising traditional sales and marketing channels	utilising online sales channels
Design, layout, artists	Print design skills	Designing for electronic environment
Information engineers	-	Developing taxonomies ⁷⁰ and ontologists ⁷¹
Software engineers	-	Web site and back end system development and maintenance
Content developers	-	maximising content for electronic delivery across multiple media

Source: *Electronic Publishing Services, 2002.*

⁷⁰ Taxonomies- to organize documents or web pages into logical groupings, based on their contents.

⁷¹ Ontologists- aim to define systems and procedures using specialised knowledge in this field.

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