



**Skills Jersey
Evidence Base Report: Final report**

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SUMMARY

Demand for skills

- ❖ Currently, employment in Jersey is at an all-time high with headline figures for June 2016 (60,320) 2016 and December 2016 (58,560) both higher than those reported in the same months previously.
- ❖ The expansion in employment opportunities has been driven entirely by the private sector since December 2013, with the private sector headcount increasing by 3,850 or 8% over the last three years. By contrast, public sector employment decreased by 620 or 7% .
- ❖ Within the private sector, education, health and other services (+1,320 or 21%) and construction and quarrying (+830 or 17%) were the strongest performers between 2013 and 2016 in both absolute and relative terms but with financial and legal activities (+710) and miscellaneous business activities (+440) also generating large numbers of jobs. At the same time, the employment headcount in agriculture and fishing and electricity, gas and water contracted modestly, by 20 and 30 respectively.
- ❖ Structural changes, with job losses in sectors with higher proportions of workers with low skill levels and lesser qualifications suggest that future growth will tend to favour employment opportunities in the higher level occupations within the broad categories of managers, directors and senior officials, professionals and associate professionals. The only other category to show growth will be caring, leisure and other service occupations, although replacement demand means that there will be job openings in all sectors of the economy.

Employer feedback on skills challenges

- ❖ Responses from the online survey reveal that less than 1 in 5 respondents were planning to significantly change any aspect of their business in the next 3-5 years, with new products, services and processes being the most common changes planned. Where employers were planning changes, accessing the relevant know-how or skills was expected to be the main challenge to successfully delivering those changes.
- ❖ Questions relating to specific skills challenges resulted in responses covering a range of issues, with the following themes emerging:
 - Difficulty finding suitably skilled people from within the local labour force, particularly so for the hospitality sector, which clearly suffers from negative perceptions among local people regarding hours, conditions and pay. This is supported by qualitative findings from Visit Jersey and the Jersey Hospitality Association, who are struggling

to fill around 390 vacancies in the hospitality sector despite there being around 1,300 people who are actively seeking work in Jersey;

- An expected increase in the skills needed to work in the finance sector. This is supported by findings from interviews with Jersey Finance, which expects technology to be a significant driver for skills demand in the future, both in terms of the developing Fintech sector and also in more mainstream financial services;
- Concerns over the level of digital skills among the island's workforce. Digital Jersey highlight concerns over the quality of ICT provision in schools and the availability of post-16 courses locally.

❖ When asked to rank various Skills Jersey activities in order of priority, employers clearly thought that the three most important areas to pursue (in order of priority):

- Promoting Apprenticeships to young people, adults and employers
- Providing work experience for young people
- Providing careers information, advice and guidance to young people

❖ When asked to identify what activities / investments employers would like Skills Jersey to make, five main areas emerged:

- Employability skills of young people
- Better labour market intelligence (LMI)
- Literacy / Numeracy / Basic Skills
- Learning Provision
- Developing better links with employers

❖ In terms of what support employers might be willing to offer to Skills Jersey, the provision of work experience and work shadowing opportunities were most frequently mentioned. There were also several offers of advice and mentoring, especially to young people.

❖ Perceptions of Jersey's economic performance on a set of prescribed measures was mixed. The most positive perceptions were regarding digital connectivity and successful / productive businesses, although these measures only scored an average of 4.5 out of 7. The least positive perceptions were around new business, inward investment and competition (3.5 out of 7), workforce skills and innovation / creativity (both 3.7).

❖ In terms of final thoughts about skills issues in Jersey, employers again commented on a range of issues, but particularly on:

- Academic achievements in schools, and the need for balance between promoting academic and vocational options in their delivery of information, advice and guidance;
- There was much criticism of the 5 year residency rule and licencing system, which is affecting many employers' ability to recruit the skilled staff they need, and which is also perceived to be applied inconsistently;
- The need to diversify the economy and become less reliant on the finance sector.

Supply side analysis

- ❖ Population projections produced by the States of Jersey suggest that the Islands population is expected to grow under each of the scenarios investigated: from 2% in a nil migration scenario, up to 23% if net migration was around 2,000 per year. The size of the working age population would fall in a nil-migration scenario (by 2,900) people but would grow by around 14,000 if net migration was 2,000 people annually. If migration were to continue at a similar rate to recent years (around 700 per year) the working age population would grow by approximately 3,300 by 2025.
- ❖ While the economic activity rate in Jersey is high compared to Great Britain it has fallen over the last four years, wholly due to a decline in the participation of men. Women by contrast have rising levels of economic activity. The falling activity rate amongst men suggests that an increasing proportion of men are becoming discouraged from participating in the labour market, possibly due to their skills becoming obsolescent as demand continues to shift away from manual and semi-skilled labour to service sector employment.
- ❖ Unemployment on the Island is low and falling. Between, April 2014 and May 2016 and estimated 2,500 Jersey residents were thought to be unemployed. Administrative records of those that are claiming unemployment-related benefits suggest that 1,280 were registered with the Social Security Department as actively seeking work in December 2016. Young men (aged 16 to 24), women aged 30 to 39 and older men (50 to 59) and women (50 to 54) are over-represented in the population of income-support claimants suggest that they face particular barriers either entering or re-joining the labour market.
- ❖ The qualifications profile of the working age population in Jersey differs from that of England in two main respects: a significantly lower share of the workforce whose highest qualification is at Level 3 (i.e. technician level) and a significantly higher share who do not hold any formal qualifications at all. At one-third, the share of the workforce holding Level 4 qualifications or above (higher education) is marginally higher than England but this is largely due to a higher proportion holding higher education qualifications below degree level.

- ❖ We noted earlier that the net requirement for new workers is only positive at Level 2 or above and is greatest for qualifications at Level 4 or above. The corollary of this, is that the requirement for workers with qualifications below Level 2 will fall (although there will be a modest need for workers at this level to replace those leaving the labour force). In 2011, almost 25,300 Jersey residents did not have a qualification at Level 2 or above: half of whom did not have a formal qualification at all. More than half of those who were not qualified to this level were in their 40s and 50s.
- ❖ As might be expected the percentage of residents with no qualifications rise with age tends to rise with age although the data suggests that some 16 to 19 year olds attain higher qualifications in later life. Older workers aged 50 to 64 are most likely to have low or no qualifications: more than half do not have a qualification at Level 2 or above. All age groups are more likely to have low qualifications in Jersey than the national average – particularly older workers – although the difference for young people (aged 16 to 19) is marginal.
- ❖ More recent – but less robust – estimates of the qualifications stock of the Jersey workforce suggest a positive and consistent trend of rising qualification levels over time.
- ❖ The share of young people leaving state schools with 5 or more good GCSE passes in Jersey (66% in 2015/16) is higher than England (59%) following considerably improvements in this metric over the last four years. There are stark differences, however, in pupil attainment across Jersey's schools with the State non-fee paying and non-selective schools of Grainville, Le Rocquier and Les Quennevais but particularly, Haute Vallee reporting considering lower levels of attainment than other schools.
- ❖ Almost three-fifths (58%) of the potential end of Key Stage 5 cohort in Jersey entered at least one substantial level 3 qualification (2014/15). This is well below the average for England (64%). The low level of participation at Level 3 is driven mainly by a very low level of participation among males and in vocational qualifications in particular. In terms of results, average point score entries are higher in Jersey than the England average.
- ❖ Relatively few pupils choose to study vocational qualifications. Among those that do, the most popular courses are in accounting and finance, business management and sport, leisure and recreation.
- ❖ Apprenticeships are delivered through the Trackers programme. Apprenticeships are currently available across 21 industry areas. Just over 100 new apprentices were recruited in 2016 and 61 'graduates' most of whom achieved Level 2 qualifications. The retention rate of apprenticeships on the Island is high with high levels of satisfaction with the programme. The most popular apprenticeships are in electrical trades, wood occupations, care, hairdressing and apprenticeships at apprenticeship level.

- ❖ The main provider of HE locally is University College Jersey (UCJ), which is the HE department of Highlands College. UCJ has been delivering degree level education to Jersey students for over 20 years, and the department now has more than 200 full and part time students. Degrees are delivered in partnership with Plymouth University and London South Bank University.
- ❖ UCJ has a good record regarding degree results and the employability of its graduates, with 83.5% of graduates achieving a 2.1 and above, compared to the UK average of 70% (source: <https://www.highlands.ac.uk/university-college-jersey/>). UCJ offers an extended work-placement on all its degrees, allowing students to make connections with the world of work, as well as developing soft and transferable skills. UCJ believes this approach is key to its high rate of graduate employability – in 2016, over 95% of graduates had a graduate-level job to go to when they finished their degree.
- ❖ In 2015, the States of Jersey was supporting a total of 1,188 learners in HE. Just 11% of learners were based in Jersey, with the vast majority (89%) studying elsewhere. 86% were at universities in the UK, with 1% going to institutions in the EU, 1% to the USA, and 1% to Australia. The total number of HE students from Jersey will be slightly higher than the 1,188 referred to above, as not all students are eligible to receive funding support from the States. The States estimate that this would apply to approximately 400 additional students.
- ❖ Detailed data on what courses learners are taking outside of Jersey is only available for those UK-based learners, via the Higher Education Statistics Agency (HESA). In 2014/15, there were a total of 1,490 Jersey-domiciled HE learners studying at UK institutions, of which: 1,280 were studying undergraduate courses and 400 were first year undergraduates. In recent years, there has been a sizeable decline in the number of Jersey people studying higher education at UK institutions.
- ❖ Interestingly, the proportion of Jersey learners studying computer science and business / administrative studies (which includes finance-based courses) were both well below the UK average, suggesting that local learners' choices are not closely aligned with Jersey's key economic sectors.
- ❖ An online survey of Jersey graduates in 2011 sought to find out how many graduates had returned to Jersey and if so how long after completing their initial degree, how easy or how difficult it had been for them to find the type of employment they wanted when they returned to the island and why graduates who had not returned had made that decision. More than half of the 841 responses received said they would not have studied in Jersey, with the majority stating that moving off Island 'had given them a chance to mature and develop as people and that this is not something that would have happened if they had remained in Jersey to study.
- ❖ The graduate survey also found that around two thirds of respondents were living in Jersey at the time of the survey. Of these, around 40% (203 respondents) had lived

away from Jersey since graduating, primarily for employment reasons. Of this group, almost 70% had returned to Jersey within 5 years, and 94% within 10 years, as shown below.

Skills mismatches

- ❖ According to the results of the recent employer survey, just over three quarters of Jersey's workforce were deemed to be fully proficient in their current role. Around 10% were thought to have skills / qualifications that were higher than are required for their current role, while 16% of the workforce were not fully proficient in their current job.
- ❖ The vast majority of employers with a skills gap in their existing workforce said this was because of technical or job-specific skills, while ICT skills were an issue for around two-thirds, with sales and management skills also affecting a majority of those employers with skills gaps.
- ❖ Around a third of employers found that they had difficulty retaining staff, often in lower skilled roles. The main factor affecting local employers' ability to retain staff was that there are 'not enough people interested in doing this type of work', highlighting concerns about the expectations and work ethic of many local people.
- ❖ There were also concerns raised about the skills of the local population, and an ability to recruit suitably skilled people because of the restrictions imposed by the States' licencing system for bringing workers into Jersey.
- ❖ Around 70% of employers had delivered some form of training and development for their staff in the last year, around 60% of which would have liked to deliver more than they did. Specific areas identified where more training would have been desirable included ICT, management / leadership and customer service.
- ❖ Although local courses being over-subscribed was not the most significant issue in preventing the delivery of further training and development, there is evidence that courses run by Digital Jersey are frequently over-subscribed, in areas such as digital marketing and app development.
- ❖ Other than not having a training need for staff, the most common reasons for not providing training and development were costs and the inability to give staff time away from the workplace to train.
- ❖ Around 70% of employers had attempted to recruit in the last year, with 62% experiencing difficulty in doing so. The primary reason for recruitment difficulties was a lack of candidates with the relevant skills, with poor attitude and motivation also a significant factor.

- ❖ By far the most commonly lacking skills were technical / job-specific, which were cited by 71% of respondents. Sales / customer handling skills were the second most frequent areas of skill shortage (29%), with team working skills mentioned by 22%.

Transforming the labour market: Key recommendations

- ❖ Through the review of the evidence and the feedback from stakeholders and partners, five strategic themes have been clearly identified. These are:
- ❖ **Developing world-class skills:** Skills shortages can and are limiting the potential expansion of local businesses. Jersey's growth ambitions require a world-class workforce and the combined efforts of employers together with Jersey's schools, colleges, university provision and other training providers working together will be needed: to raise participation in higher-level skills; improve the provision and take-up of Apprenticeships; seek innovative solutions to the issues facing hospitality; and improve the alignment between the needs of business and skills delivery.
- ❖ **Transitions to employment:** Employability skills, literacy and numeracy are key issues for employers, with attitude and aptitudes such as communication skills central to their concerns. Driving up GCSE attainment in core subjects and addressing employability skills should therefore be a clear focus for schools, learning providers and employers alike. Innovative and effective work experience is also a priority.
- ❖ **Attracting and retaining talent:** Jersey is a dynamic economy and employment rates are high, but many jobs have limited prospects and little attraction for local people. Local sector bodies are best placed to develop solutions to these issues and there is a need to support their work, identify cross-cutting themes and add value to sector specific initiatives. Where particular skills are in very short supply, businesses need to be able to find sustainable solutions, recognising that this might sometimes require migration. For those who leave for Higher Education there is a need to do more to keep in touch and better communicate the expanding opportunities that exist in Jersey.
- ❖ **Raising business and individual investment in skills:** The majority of people who will be in the workforce in the next 20 years are already in work. Learning new skills, upgrading existing ones and taking part in lifelong learning can all help workers to maintain their employability and can help enterprises to adapt and remain competitive. Employers report they would like to train more frequently and that there need to be new ways of supporting this and new provision to meet their needs. Entrepreneurship is reported as being weak and there is a pressing need to support and encourage a new generation of entrepreneurs.
- ❖ **Responsive skills and employment system:** Matching the provision of skills to labour market demand requires the development of labour market information to generate, analyse and disseminate reliable sectoral and occupational information with partners. There is a need for a long-term perspective to help anticipate the skills that will be

needed in the future, as Jersey seeks to fuel innovation, investment, technological change and competitiveness, and job growth.

1. INTRODUCTION

1.1. Aim of the report

This report provides the evidence base for the revised *Skills Strategy for Jersey*, which aims to influence the delivery of skills which meet the needs of individuals and businesses on the Island. It was commissioned by Skills Jersey and the report produced by the Marchmont Observatory at the University of Exeter in partnership with Red Box Research and Crews Associates. This evidence base draws extensively on existing research and strategies, on a detailed review of the data and on the views of a wide range of employers, partners and other stakeholders.

1.2. Background

The intention to review and upgrade the existing 'funding-led' Skills Strategy was identified in the Jersey Strategic Plan 2015-2018. Skills Jersey were keen to develop an 'evidence-led' strategy and complementary action plans based on assessment of employer and resident needs which could be used to bid for funding and if necessary inform a reorganisation of their activities. It was also important to engage staff, business and stakeholders in the research process in order to promote wider ownership of the agenda and the resulting proposed actions.

1.3. Evidence Base

The research and analysis for this evidence base was carried out between January and March 2017. The process started with an inception meeting in Jersey which incorporated a short session with a small number of stakeholders to share expectations of the research and help refine its focus. The evidence base explored herewith draws together information from:

- Review of States of Jersey Strategy documents such as the "Vision for Jersey" consultation report, the Jersey Strategic Plan and the Jersey Innovation Review 2015 and action plan to develop a full understanding of the policy environment in which the Skills Strategy would support;
- Analysis of administrative and survey data created by States of Jersey such as the 2011 Census, the Annual Social Survey and the Jersey Opinions and Lifestyle survey, population projections; and administrative data on residents who are 'Actively Seeking Work', the qualifications achieved by school and college leavers and graduates and participation in the 'Trackers' apprenticeship programme. We have also drawn upon UK employment forecasts to illustrate the likely 'direction of travel' in terms of occupational change and the demand for workers with different qualification levels.

- A range of sector research reports produced by Third Phase Limited between 2012 and 2015: digital¹, finance², construction and hospitality³.
- An online survey which secured responses from 222 employers on the Island. The survey was designed generate a greater understanding of the skills issues facing local employers and as such elicited responses about the nature of any recruitment problems, skills deficiencies within the existing workforce, experiences sourcing training, plans for the future and what skills might be needed to effect these changes. The completed questionnaire covered a total workforce of 6,451 people, approximately 10% of the total employed on the Island.
- A series of telephone interviews with stakeholders nominated by Jersey Skills to explore their perspectives on the nature of the skills challenges facing the Islands. Thirty-two interviews were carried out, mainly during February and March 2017.

Furthermore, a consultation event was held at Highlands College on 23rd March to share the findings of the research and ‘sense test’ strategic objectives and associated actions.

1.4. Comparator Areas

At the project’s inception, it was suggested that it would be helpful to analyse the economic context of Jersey with a comparator area within the UK. The Isle of Wight was selected as a potential comparator, given its position as an island of a similar size and population.

However, initial analysis of some key economic and labour market datasets showed a number of significant differences between the two areas. In terms of the size of the economy and relative wealth, the two areas are poles apart. The table below shows that Jersey’s economy is almost 70% bigger than the Isle of Wight’s, and GVA per head is more than twice as high.

There are also some significant differences in the structure of the economy, with Jersey’s financial sector accounting for around 42% of total GVA, compared to just 2% for the Isle of Wight. While the Isle of Wight has a strong manufacturing base accounting for 12% of GVA, this is one of Jersey’s smallest sectors (contributing just 1% to total GVA).

¹ <http://www.skills.je/userfiles/files/The%20Digital%20Picture%20-%20a%20review%20of%20Jerseys%20digital%20skills%20FINAL.pdf>

² <http://www.skills.je/321-Skills-for-Finance-2014.php>

³ <http://www.skills.je/userfiles/files/Skills%20Study%20of%20the%20Hospitality%20Industry%20in%20Jersey%20-%20December%202015.pdf>

Table 1 **Headline economic indicators: Jersey and the Isle of Wight**

	Jersey	Isle of Wight
Total GVA (2015)	£4.11 bn	£2.47 bn
GVA per head of population (2015)	£40,000	£17,739
% of total GVA from		
Financial Services	42%	2%
Manufacturing	1%	12%

Sources: States of Jersey and Isle of Wight Council.

There are also differences in the degree of self-containment of the two islands' labour markets. While almost 10% of employed residents of the Isle of Wight commute to mainland England (particularly the major centres of employment of Southampton and Portsmouth, the greater distance of Jersey from mainland France means that Jersey is a much more self-contained labour market. Jersey is also in a fairly unique position, in that it has powers to regulate the migration and employment of labour.

Therefore, the remainder of the statistical analysis below will present Jersey's data in comparison with England as a whole, where data allows.

1.5. Report Structure

This *Jersey Skills Strategy Evidence Base* is structured as follows:

In Section 2, we look at the economic and policy context.

In Section 3, we look at the demand side of the economy, identifying the nature of employment and the demand for skills.

In Section 4, we examine the supply of labour and skills available in the Jersey economy and the flow of new skills into the economy due to new entrants into the labour market and skills development within the exiting workforce.

Section 5 draws examines mismatches between the demand and supply for skills describing the extent and nature of skills deficiencies within the existing workforce and the prevalence of recruitment and retention difficulties.

Section 6 – reviews employers' perspectives on the priorities for public intervention

Section 7 - looks at the transformation of the labour market in terms of employer investment in skills, employer utilisation of skills, productivity, leadership and management and entrepreneurship.

Section 8 - concludes the report by drawing together the main themes to emerge from the analysis of the evidence and stakeholder interviews with recommendations for the development of strategy.

2. CONTEXT

The global downturn of recent years and disappointing levels of growth have underlined the extent to which local economies are affected by international and national events. With ‘uncertainty’ the watchword of economic forecasts, it is important to understand the economic and policy context for the development of the Skills Strategy.

2.1 Economic Context

The global downturn of recent years and disappointing levels of growth have underlined the extent to which local economies are affected by international and national events. With ‘uncertainty’ the watchword of economic forecasts, it is important to understand the economic and policy context for the development of the Skills Strategy.

Perhaps the most significant difference from the period when the previous Skills Strategy was developed is that the economy has emerged from recession and the latest data shows that employment is now at record levels. Total employment in June 2016 was 60,320 – the highest on record and 2.1% higher than a year ago. Private sector employment was 3.1% higher in June 2016 than a year earlier, reaching 52,480 and also the highest on record.

Average earnings increased by 2.1% in the year to June 2016; this was the fourth successive year in which earnings increased faster than inflation. Real earnings have now returned to their pre-recession levels.

At the same time, GVA per head of the population increased slightly in 2015 – by 0.5% in real terms – for the second consecutive year. However, GVA per head is still about 20% below its peak in 2000, largely as a result of the fall in financial services profitability over that period. The volatility in financial services profits makes it difficult to interpret the underlying trends.

Despite these positive indicators, the outlook remains uncertain. The global economy has not grown as fast as expected and whilst the euro area has witnessed some improvements in growth, emerging economies continue to face pressure, with China having just recorded its slowest growth since 1990.

Looking ahead, the latest forecasts published by the International Monetary Fund (IMF) in October 2016 reflect the slowdown. The IMF has revised down their estimates of growth, compared with their forecasts six months earlier, as a consequence of the UK referendum result and weaker than expected growth in the US. Global economic growth is projected to slow to 3.1% in 2016, rising to 3.4% in 2017, both 0.1% lower than the April forecast. The IMF has concluded that the risks to global economic prospects make it more urgent that a broad-based policy response to raise growth and manage risks is put in place.

Locally, there is considerable uncertainty about the implications of Brexit, the terms of the UK exit from the EU and its potential impact on Jersey. As a consequence, the Fiscal Policy Panel has lowered its economic growth forecasts for Jersey for 2016 and 2017. The economy is now expected to grow by just below 0.5% in real terms in 2016 and be largely flat in 2017 and 2018⁴, although there is an even larger band of uncertainty around these forecasts than previously which is likely to remain so at least until negotiations are complete.

2.2. Employer perceptions of Jersey’s economic performance

Respondents were also asked to rate their perception of Jersey’s performance on a range of economic measures, on a scale of 1 to 7 (1 being ‘poor’ and 7 being ‘excellent’). Table 2 shows, that out of a possible maximum score of 7, the best rated areas of performance were in being digitally connected, and having successful and productive businesses, both with an average (mean) score of 4.5. The worst performing measure was in the encouragement of new business, investment and competition (3.5), closely followed by having a skilled workforce and being a place of innovation and creativity (both scored an average of 3.7).

Table 2: Perceptions of Jersey’s Economic Performance

Measure	Responses	Mean Score (max = 7)	Mean Score (General Population)
Jersey has a skilled workforce, aligned to the needs of businesses	208	3.7	4.3
Jersey is a digitally connected island	203	4.5	4.5
Jersey encourages new business, inward investment and competition	204	3.5	4.1
Jersey is a great place for businesses to innovate and be creative	203	3.7	4.0
Jersey has a fair, competitive and stable tax system	206	3.8	3.7
Jersey has a stable and low rate of inflation	205	4.0	3.9
Islanders can access rewarding jobs	205	4.1	4.0
Jersey businesses are successful and productive	204	4.5	4.4

Base: All

2.3. Jersey Policy Context

The national policy environment for skills and employment has also changed markedly in recent years.

⁴ Jersey’s Fiscal Policy Panel Report, August 2016

2.3.1. The Vision for Jersey

The Vision for Jersey, currently under development, provides an important strategic context for the Skills Strategy. It will set out the Island's long-term direction for the next 20 years with the aim of building on Jersey's strengths and tackling the challenges it faces such as:

- an ageing population
- rapid technological change
- economic uncertainty
- climate change
- a growing population

With public consultations complete, the aim of the Island vision will be to set out a statement of the community's aspirations for the future. A framework for the vision has been developed around 10 strategic goals based around the 3 themes of economy, environment and community. Whilst not explicit, skills and learning is a golden thread running through these goals, from supporting health and well-being and promoting social inclusion for instance, to business growth and inward investment in the economy theme, to employment in the 'green' economy and environmental awareness for a sustainable future. Skills underpins each of these goals and it is important that the Skills Strategy builds on the work that has been undertaken in this regard.

2.3.2. Jersey Strategic Plan 2015-18

The Strategic Plan sets out the Council of Ministers' social, environmental and economic aims for the Island. Whilst many of the goals indirectly relate to skills, 2 goals explicitly set out overarching ambitions for education and economic performance to:

- Provide a first class education service, supporting the development of skills, creativity and life-long learning.
- Increase the performance of the local economy, encourage economic diversification and improve job opportunities for local people.

The Plan highlights Jersey's strengths as an attractive place to live and work, with its well-established and respected international financial centre with a valued reputation for stability. The Island has one of the highest gross national incomes per capita in the world and is considered one of the most successful islands in the world⁵. Balanced against this are the challenges the Island faces in an uncertain global economy, with a priority being the need to strive for fiscal balance. The key aim of the Strategic Plan is to address the structural deficit by 2019.

⁵

<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Preparing%20for%20Our%20Future%2020140128%20LO.pdf>

Over the longer term, it notes that the ageing population will increasingly become an issue with a doubling of the over 65s in the next 20 years. The fiscal consequences of this shift are considerable and economic growth is needed to meet this and other fiscal challenges.

In order to deliver sustained economic growth the Plan prioritises action to drive **productivity** improvements so the Island can generate better returns from its resources. It states that, *“Jersey is internationally competitive because we have a highly skilled and experienced workforce. If we are to maintain that advantage and meet the needs of innovative and emerging sectors, our home-grown talent must be able to compete with the skills available elsewhere. A focus on improving education outcomes for Jersey’s young people has to be a priority.”*

Its ambition for skills and education is that, *“Jersey benefits from high levels of skills, educational achievement, environmental awareness and participation.”* Its objectives are to close the gap between Jersey’s GCSE results and those of the UK and to ensure that all young people have the best opportunities to succeed.

Within its Optimising Economic Growth priority the Plan’s ambition is that, *“Jersey achieves environmentally sustainable, productivity-led economic growth, providing rewarding job opportunities and rising living standards across society.”*

The Strategic Plan sets out how Council of Ministers aims to rectify its productivity performance and optimise economic growth by:

- Promoting jobs and growth in the technology sector, with a particular focus on Fintech.
- Delivering and further enhancing the existing Financial Services Policy Framework
- Promoting higher productivity in all economic strategies, including the new Tourism, Retail and Rural Economy Strategies
- Developing a new and challenging Enterprise Strategy, a new Innovation Strategy and attracting more inward investment
- Reviewing and upgrading the existing Skills Strategy
- Developing a new Competition Framework and reviewing opportunities to promote competition
- Identifying and addressing barriers to work for key groups

As can be seen, the themes of **innovation, competitiveness and productivity** are important strategic priorities and the forthcoming Skills Strategy will need to prioritise actions to ensure that the Island has a skilled workforce aligned to the needs of productivity-led economic growth.

2.3.3. The Fiscal Policy Panel

More recently, **The Fiscal Policy Panel (FPP)** has consistently highlighted concerns about Jersey's productivity performance in their annual reports and the fact that for a sustained period, productivity has shown no real increase.

2.3.4. Jersey Innovation Review 2015 and Action Plan

Stemming from the 2015-2018 Strategic Plan, the States of Jersey commissioned this review to consider Jersey's current innovation performance and to present recommendations for enhancing it.

Innovation, through the introduction of new, high value products and services, new processes and more efficient organisational structures or marketing techniques is a key way of improving productivity. Estimates from the OECD suggest that innovation accounts for 25 per cent to 50 per cent of productivity growth in developed economies.

The Review identifies 'Talent and Knowledge' as 2 areas of weakness and the Action Plan sets out a whole series of actions needed to promote innovation. These include, inter alia, a recommendation for:

"Education and skills policy needs to be set within the context of the States' economic objectives and in consultation with industry. The Education Department should work with businesses to create and implement an action plan to raise standards and align the curriculum with future skills requirements of innovative businesses, including problem solving, design, STEM subjects and entrepreneurship." (Recommendation 7)

The Review identifies **talent** as a vital part of the innovation system and suggests that an effective innovation system requires a wide range of skills. Basic literacy, numeracy, problem solving and critical thinking skills form a foundation for all types of business activity. Digital and IT skills are an increasingly important enabler and catalyst for product, service and process innovation. Creative and design skills are essential in crafting and communicating a superior customer experience. The initial stage of discovery and development will often require people with specific technical skills; and softer skills are equally critical for managing the process and maximising the economic impacts.

It concludes that *"access to the right talent and the skills of the workforce are a major constraining factor for Jersey's innovation performance."* To tackle this, requires changes relating to both the education system and migration policy. The education system should ensure it maintains high standards, builds skills that are relevant to innovation, enthuses students about entrepreneurship and continually adapts to meet the needs of businesses. Migration policy needs to prioritise skills required by innovative and growing businesses.

2.3.5. Economic Growth and Diversification Strategy, 2012

Written in a different economic context, when unemployment was at an all-time high and GVA growth had stalled, the Economic Growth and Diversification Strategy nevertheless identified some longer term structural challenges which are still pertinent today. The overarching goal of the Strategy is to “*deliver growth, improve competitiveness, diversify the local economy and create employment*”. This is supported by 4 main strategic aims:

Strategic Aim 1: Encourage innovation and improve Jersey’s international competitiveness – A key element of this strand was the launch of the Innovation Fund.

Strategic Aim 2: Grow and diversify the financial services sector, capacity and profitability - The Strategy acknowledges that the financial services sector will continue to be the main pillar of the local economy and continue to contribute to the future success of Jersey. It identified significant opportunities to generate even more value from this sector and create new market opportunities capable of supporting local employment.

Strategic Aim 3: Create new businesses and employment in high value sectors

Strategic Aim 4: Raise the productivity of the whole economy and reduce the reliance on inward migration

The Strategy identified the need to align the education and training of the current and future workforce, with the needs of employers and to invest in equipping the current and future workforce with skills that employers need now and in the future. The previous Skills Strategy arose out of this work.

2.3.6. Sector specific action plans

Jersey takes a sectoral approach to supporting its key sectors and has recent Strategies and Action Plans for:

- Construction Skills Strategy 2016
- Digital: Digital Jersey Business Plan 2016 and Proposals for Overcoming Jersey’s Digital Skills Shortage, 2017
- Hospitality Skills Strategy 2016

Each of these have a number of themes in common, variously including:

- Enhanced training provision
- Encouraging young people into the sector
- Improving productivity
- Tackling short term skills shortages

It will be important that the new Skills Strategy and Action Plan facilitates and supports this sectoral work and ensures that action on cross-cutting themes is streamlined and not duplicated.

2.4. UK Policy Context

2.4.1. UK Policy on Productivity and Innovation

Given the strategic emphasis on productivity and innovation it is worth setting out UK policy on these 2 key themes, which have also been prioritised by the UK government. **The HM Treasury Productivity Plan 2015 – ‘Fixing the Foundations: Creating a more prosperous nation’** is clear that there are 2 main drivers of productivity:

- encouraging long-term investment in economic capital, including infrastructure, **skills and knowledge**
- promoting a dynamic economy that encourages **innovation** and helps resources flow to their most productive use

It acknowledges that the UK’s skills weaknesses – and failure to grow a serious system of respected employer-led professional and technical qualifications – are of such long-standing, and such intractability, that only the most radical action can address them. To this end, the government has identified the following actions in relation to skills, as well as moves to open up and expand Higher Education:

- Target ‘coasting’ schools for improvement as well as outright school failure, improve teaching quality, and make schools funding fairer.
- Respond to businesses’ calls to improve work-ready skills. Reforms have been designed to increase the rigour of GCSEs and A levels, including in maths and science.
- The critical need for high numbers of new technical and professional skilled workers to enter the workforce in the coming years presents a strong case for a high quality apprenticeship system in the UK. The Plan introduced a new compulsory apprenticeship levy requiring large employers to invest in their own future so that the 3 million apprenticeships delivered during this Parliament will be well funded, high quality, and meet employers’ real needs.
- Radically simplify and streamline further education qualifications and move away from funding on a per qualification basis; invite local areas to participate in the reshaping and commissioning of local provision; and create a network of prestigious Institutes of Technology, focussed on the higher level skills employers demand.

2.4.2. Building our Industrial Strategy, Green Paper, Jan 2017, HM Government

Reflecting the same challenges as those facing Jersey, the objective of the industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the country. The Strategy establishes 10 'pillars' where issues need to be addressed these include, amongst others, innovation, infrastructure, affordable energy, world class sectors. Specifically in relation to learning one of the pillars is "Developing skills", i.e. ensuring people and businesses thrive by:

- making sure that everyone has the basic skills needed in a modern economy;
- building a new system of technical education to benefit the half of young people who do not go to university; and
- boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

It identifies poor performance in basic and technical skills as the key to the UK's persistently lower levels of productivity compared with other advanced economies. It acknowledges that a failure to tackle skills shortages has increased reliance on migrant labour and identifies concerns with technical education.

3. DEMAND SIDE ANALYSIS

In this section, we examine the demand for labour. The demand for skills derives from the industrial and occupational structure of the economy and how that is forecast to change in the future.

3.1. Employment and Industrial structure

Analysis of the industrial structure of the local economy is a useful measure of the quality of employment available. It also helps us to consider whether the area provides a sufficiently diverse and balanced spread of employment opportunities for all residents.

In December 2016, total employment on the island stood at 58,560⁶. The private sector accounted for 87% of employment (50,870 jobs) and the public sector, 13% (7,690 jobs). Even at this broad level comparisons with the UK are problematic due to differences in the classification of some employers. For example, the treatment of schools and colleges, and in the UK, the classification of banks in which the UK Government has a stake as public sector employers. In December 2016, the 'public sector' accounted for 17% of employment in the UK (or 16% if the effect of major reclassifications are excluded⁷)⁸.

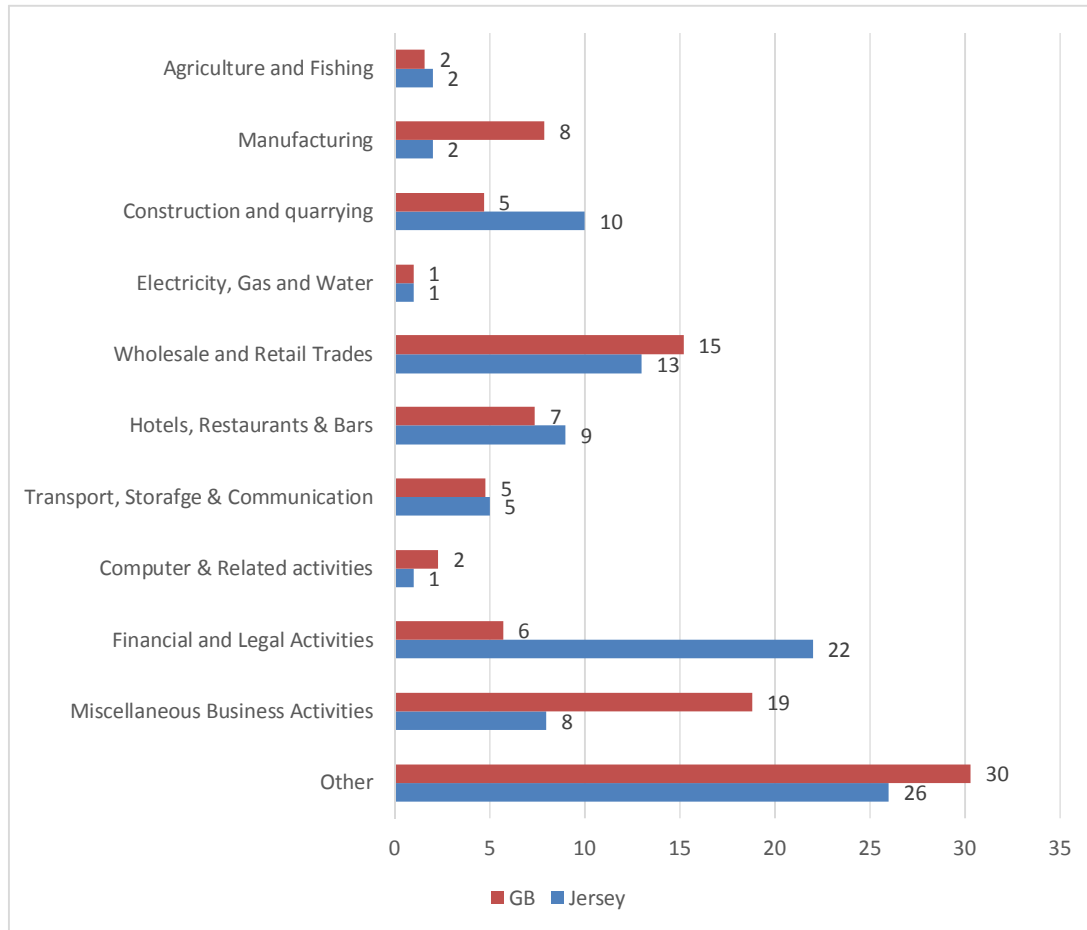
Figure 1 shows that the composite 'other' sector incorporating in Jersey, all aspects of the public sector and the private sector elements of education, health and other services accounts for more than one-quarter of the Island's jobs (26%). Beyond this, the largest private sector employers are financial and legal activities (22%), wholesale and retail trades (13%), construction and quarrying (10%), hotels, restaurants and bars (9%), and miscellaneous business activities (8%).

⁶ Jersey Labour Market report. December 2016. States of Jersey Statistics Unit
<https://www.gov.je/SiteCollectionDocuments/Government%20and%20administration/R%20Jersey%20Labour%20Market%20Dec%2016%202070427%20SU.pdf>

⁷ The reclassification considers further education and Sixth Form corporations and the (now nationalised) Royal Mail and Network Rail as private sector and banks in which the Government has a major stake as public sector.

⁸ Table EMP02: Public and private sector employment, ONS
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/publicandprivatesectoremploymentemp02>

Figure 1: Industrial structure of Jersey vs Great Britain (% of total employment) 2015/16



Note: 'Other' includes, for Jersey, the public sector and the private sector elements of health, education and other services. For Great Britain it includes health, education, public administration & defence and other services.

Source: *States of Jersey and BRES (via Nomis)*.

Jersey's employment structure differs from Great Britain in several notable respects. Financial and legal services accounts for a significantly greater share of employment on the Island than in the Great Britain – the local figure is almost four times that of the mainland and Jersey also has a greater share of employment in construction and quarrying, hotels, restaurants and bars and agriculture and fishing. All other sectors are under-represented locally, most significantly, the composite 'other' sector, miscellaneous business activities, computer and related activities and manufacturing.

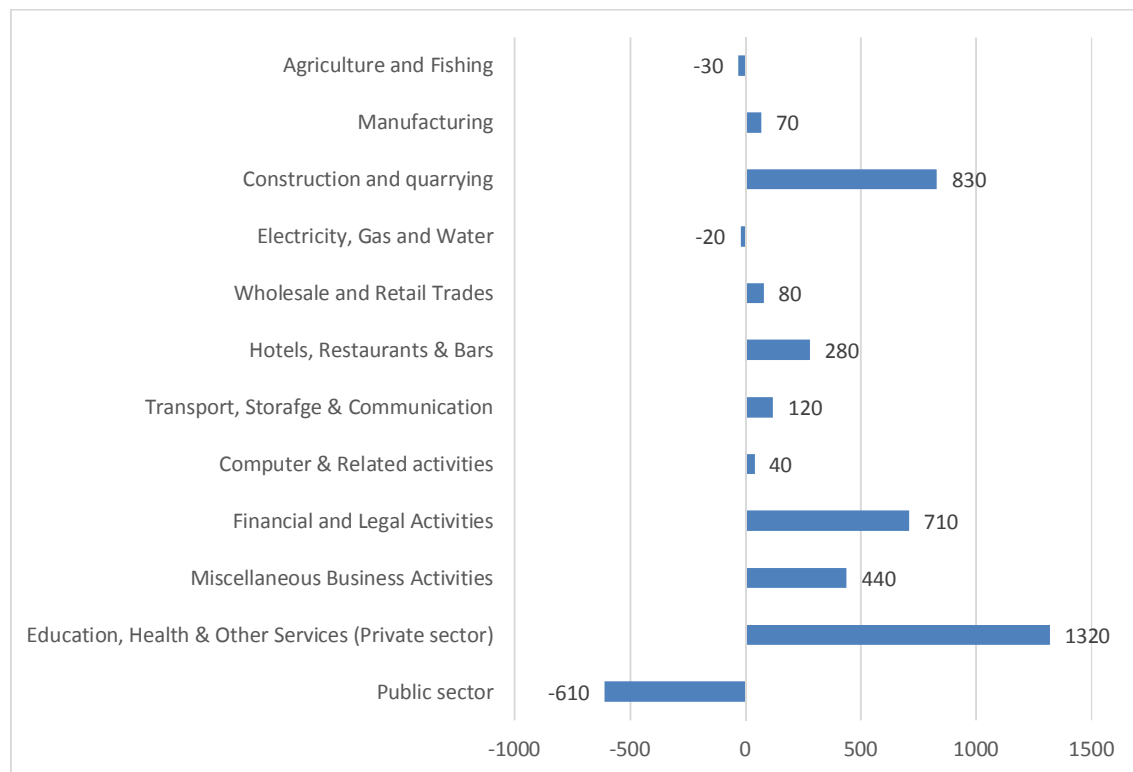
Total employment has increased by 3,240 over the last three years⁹ with this expansion in employment opportunities driven entirely by the private sector, with the private sector

⁹ December 2013 to December 2016. Table A2 Jersey Labour Market December 2016.

headcount increasing by 3,850 or 8% between December 2013 and December 2016. By contrast, public sector employment decreased by 620 or 7%.

Within the private sector, education, health and other services (+1,320 or 21%) and construction and quarrying (+830 or 17%) were the strongest performers between 2013 and 2016 in both absolute and relative terms but with financial and legal activities (+710) and miscellaneous business activities (+440) also generating large numbers of jobs. At the same time, the employment headcount in agriculture and fishing and electricity, gas and water contracted modestly, by 20 and 30 respectively (Figure 2).

Figure 2: Change in total jobs (headcount) by sector, Jersey, 2013 - 2016

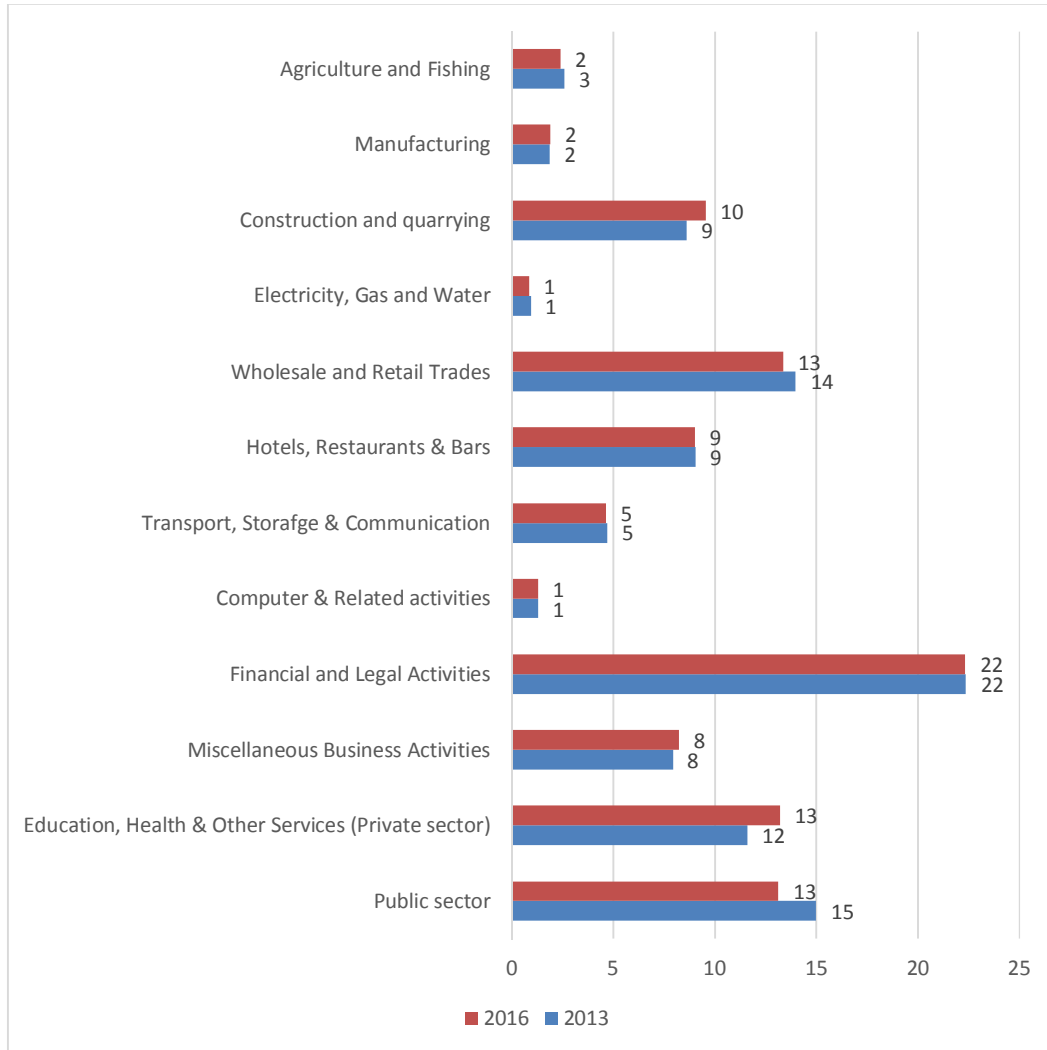


Source: States of Jersey

These changes have not changed the employment structure of Jersey to any great extent (

Figure 3).

Figure 3: Employment Structure of Jersey, 2013 and 2016, % of total jobs



Source: States of Jersey

3.2. Changes in the size of the workforce

The online employer survey commissioned as part of this study found that while three-fifths of respondents reported that their workforce had remained about the same size over the last 12 months, the remainder were more than three times more likely to report expansion (30%) than contraction (9%). Just 1% of respondents were new businesses that were not trading 12 months ago.

Table 3: Employment – now compared to 12 months ago

Compared to 12 months ago, has the number of people you employ at this establishment...?	Number	%
Decreased	25	9%
Increased	80	30%
Remained about the same	163	60%
Was not in business 12 months ago	2	1%
Total	270	100%

Base: 270 respondents

3.3. Projected changes in the structure of employment

The above trends in employment by sector suggest that Jersey is following a similar trend to Great Britain, with private sector employment in agriculture, manufacturing, wholesale and retail and financial and insurance becoming gradually less prevalent, and employment in most other service sectors becoming more important. These trends have implications for skills demand in terms of the different occupations that are most prevalent in growth sectors.

Unfortunately, Jersey does not have a dedicated economic forecasting model so it is not possible to generate bespoke projections for how Jersey's employment structure is likely to change in future. In the absence of a local model, it is helpful to examine how the structure of employment in Great Britain is predicted to change in the near future. For this, we draw on a set of forecasts produced by the UK Commission for Employment and Skills (UKCES) based on a model of the UK labour market called "Working Futures". This projects the future size and shape of the labour market by considering employment prospects by industry, occupation, qualification level and employment status. The most recent series of forecasts covers the period from 2014 - 2024.

Table 4 shows that the agriculture and engineering sectors are forecast to shed around a quarter of total employment over this period, while sectors such as ICT, construction, professional and support services are expected to grow significantly, which will further shift the sectoral make up of employment.

Table 4: Forecast Employment Change by Sector, Great Britain, 2014-2024

Sector	Forecast Employment 2024 (000s)	Change from 2014	
		000s	%
Agriculture	321	-99	-24%
Mining and quarrying	67	4	6%
Food drink and tobacco	398	-8	-2%
Engineering	301	-99	-25%
Rest of manufacturing	1,577	-124	-7%
Electricity and gas	137	20	17%
Water and sewerage	206	13	7%
Construction	2,328	290	14%
Wholesale and retail trade	5,025	324	7%
Transport and storage	1,516	-14	-1%
Accommodation and food	2,481	315	15%
Media	377	-5	-1%
Information technology	1,076	149	16%
Finance and insurance	1,141	29	3%
Real estate	553	10	2%
Professional services	3,217	395	14%
Support services	3,016	313	12%
Public admin. and defence	1,326	5	0%
Education	2,815	-7	0%
Health and social work	4,282	170	4%
Arts and entertainment	1,012	82	9%
Other services	966	31	3%
All industries	34,141	1,796	6%

Source: UKCES, Working Futures, 2014-2024

A changing sectoral composition will have a direct impact on the demand for skills and labour in different occupations. This trend is being reinforced by a longer-term trend towards upskilling of labour requirements within sectors, as businesses move towards increasing use of technology and boost productivity.

This will in turn have an impact on demand for different occupations.

Table 5 shows that employment growth in Great Britain will be strongly driven by employment in 'higher level occupations' i.e. managerial, professional and technical, with these occupations forecast to account for 1.88 million additional jobs by 2024, growth of around 13%.

While there is forecast growth in the number of elementary level (unskilled) jobs, there is predicted to be a continued erosion of employment in skilled trades and semi-skilled jobs such as administrative / secretarial and process / machine operative trades.

Table 5: Forecast Employment Change by Occupation, Great Britain, 2014-2024

Sector	Forecast Employment 2024 (000s)	Change from 2014	
		000s	%
Managers, directors and senior officials	3,728	489	15%
Professional occupations	7,297	857	13%
Associate professional and technical	5,065	529	12%
Administrative and secretarial	3,087	-383	-11%
Skilled trades occupations	3,408	-92	-3%
Caring, leisure and other service	3,440	402	13%
Sales and customer service	2,535	4	0%
Process, plant and machine operatives	1,895	-128	-6%
Elementary occupations	3,687	116	3%
All Occupations	34,141	1796	6%

Source: UKCES, *Working Futures, 2014-2024*

The British projections are broadly consistent with recent changes in Jersey's occupational structure which suggest the growing significance of professional and junior, middle and senior managerial occupations and declining significance of routine, semi-routine, manual or services occupations, technical or craft occupations and clerical or intermediate occupations (Table 6).

Applying the Annual Social Survey results to total employment statistics, we can estimate how many jobs have been gained and lost in each occupational category.

- Routine, semi-routine, manual etc. - net loss of 1,040 jobs between 2013 and 2016
- Technical or craft occupation - net loss of 760 jobs
- Clerical or intermediate occupation - net loss of 480 jobs
- Professional occupation - increase of 4,350 jobs
- Middle or junior manager - increase 2,210 jobs
- Senior manager - increase of 970 jobs

Table 6: Change in Employment by Occupation, Jersey 2013 - 2016 (% of employment)

Occupation	2013	2014	2015	2016	Change 2013 - 2016
Routine, Semi-routine, Manual or Service occupation e.g. <i>HGV or van driver, cleaner, porter, packer, sewing machinist, messenger, labourer, waiter/waitress, bar staff, postal worker, machine operative, security guard, caretaker, farm worker, catering assistant, receptionist, sales assistant</i>	19	19	18	16	-3
Technical or Craft occupation e.g. <i>motor mechanic, fitter, inspector, plumber, printer, tool maker, electrician, gardener</i>	11	9	7	9	-2
Clerical or intermediate occupation e.g. <i>secretary, personal assistant, clerical worker, office clerk, call centre agent, nursing auxiliary, nursery nurse</i>	18	17	16	16	-2
Professional occupation (normally requiring a professional qualification) e.g. <i>accountant, solicitor, medical practitioner, scientist, civil / mechanical engineer, teacher, nurse, physiotherapist, social worker, welfare officer, artist, musician, police officer (sergeant or above), software designer, fund administrator</i>	33	35	38	38	5
Middle or Junior Manager e.g. <i>office manager, retail manager, bank manager, restaurant manager, warehouse manager, publican</i>	10	11	11	13	3
Senior Manager (usually responsible for planning, organising and co-ordinating work) e.g. <i>finance manager, chief executive</i>	9	9	10	10	1
Total	100	100	100	100	-

Source: States of Jersey, Annual Social Survey, 2013 - 2016

3.4. Demand for Qualifications

The ongoing shift towards knowledge-based employment in higher skilled occupations will of course have implications for the qualifications required to meet the shift in labour market demand. Working Futures includes an analysis of likely changes in employment levels by qualification level required (based the typical qualification level required for a particular occupation).

Table 7 again derived from Working Futures, shows the level of total demand for labour by qualification level for Great Britain from 2014 to 2024, broken down by expansion demand (that is, growth in total jobs driven by economic trends) and replacement demand (the need to replace existing workers through retirement). It reveals a net requirement for almost 14.6 million workers in the UK over the 10 year period with the vast majority of these workers being needed to replace those leaving the workforce. Expansion demand is expected to be modest by comparison generating 1.8 million 'new' jobs.

The key message for Jersey within this, however, is not the overall volumes of workers required but how the demand is distributed across qualification levels. As might be expected, workers will be required to replace those leaving the labour market across all qualification levels, although crucially, the economy is only expected to generate 'new' jobs in occupations requiring a level 4 qualification or above. Jobs requiring lower levels of qualification than this will fall in number overall – although the total requirement for those requiring a qualification at Level 2 or Level 3 will rise, but only to replace workers who have left.

Table 7: Requirement for Labour by Qualification Level (millions), Great Britain, 2014-2024

Qual Level	Base year 2014	Expansion Demand 2014-2024	Replacement Demand 2014-2024	Net Requirement 2014-2024	Net Requirement as % of base year employment
L4+	13.34	5.20	6.07	11.28	85%
L3	6.48	-0.39	2.41	2.01	31%
L2	6.42	-0.47	2.44	1.97	31%
L1	4.39	-1.47	1.44	-0.03	-1%
No Quals	1.72	-1.08	0.43	-0.64	-37%
Total	32.35	1.80	12.79	14.58	45%

Source: UKCES Working Futures 2014-2024

Note on Qualification Levels

Working Futures uses qualification levels as defined by the Qualifications and Credit Framework (QCF). QCF levels are as follows:

Level 8 - Doctorate (PhD)

Level 7 - Masters Degree (MA / MSc / MPhil)

Level 4-6 -University Degree, (BA / BSc / Foundation Degree / HND / HNC)

Level 3 - A / AS Levels / Level 3 Diploma / National Diploma / National Certificate

Level 2 - GCSE grades A*-C / Level 2 Diploma

Level 1 - GCSE grades D-G / Level 1 (Foundation) Diploma

If it is assumed that the same rates of required qualifications are applicable to Jersey in order for it to maintain a competitively skilled workforce, some interesting data emerges that highlights the need for continual upskilling of the workforce. This is particularly the case with regard to qualifications at level 4 and above, where there could be a requirement for more than 1,370 workers annually qualified to this level to replace workers leaving the labour market and fill newly created positions.

Applying what we know from various sources regarding Jersey residents participating in HE (on the island or elsewhere), and their likelihood of returning to Jersey following their studies, current trends indicate that the local workforce qualified to this level is being increased by around 400 workers annually, based solely on the higher qualifications being achieved by Jersey residents, only around a third of the potential total required over the forecast period.

Table 8: Requirement for Labour by Qualification Level, Jersey, 2014-2024

Qual Level	Base year (2014)	Net Requirement 2014 - 2024	Annual Requirement 2014 - 2024
L4+	16,200	13,700	1,370
L3	11,500	3,600	360
L2	15,500	4,800	480
L1	4,700	0	0
No Quals	10,500	-3,900	-390
Total	58,400	18,100	1,810

Source: Modelled estimates based on Jersey labour market reports, 2014 Annual Social Survey, and Working Futures.

3.5. Demand for Skills in Key Sectors

This section pulls together the skills issues for some of the island's key economic sectors, based on previous studies carried out for the States of Jersey in recent years.

3.5.1. Hospitality

A skills study of the hospitality industry in Jersey was carried out in late 2015¹⁰. The study estimated that there were about 1,700 employers in the industry employing approximately 13,000 people, with the biggest sectors being:

- Retail with about 6,300 staff
- Hotels, Restaurants & Bars with between 5,000 and 6,000 staff, depending on the season
- Recreation, Culture & Sport with about 1,300

¹⁰ <http://www.skills.je/335-Hospitality-Review-2015.php>

- Land transport with about 660

The hospitality sector was estimated to contribute 11% of Jersey's total Gross Value Added (GVA), with the Wholesale & Retail sector contributing about 7% (of which about 10% is generated by visitors), and Hotels, Restaurants & Bars a further 4%.

There were 67 organisations running hotels, 42 guest houses, 26 self-catering businesses, 4 campsites and 2 hostels, 740 running shops and 250 involved in recreation, culture and sport. St Helier had 60 restaurants and 75 cafes.

There has been a decline of around 50% in the number of full-time seasonal staff employed in the sector, which have been being replaced by increasing numbers of part time staff and people on zero hour contracts. The percentage of Jersey- and UK-born people working in the sector has fallen significantly, particularly in retail and Hotels, Restaurants & Bars.

In the six months to August 2015 there were on average 180 hospitality vacancies advertised each week. In addition to relatively low wages, the tightening of immigration controls and difficulties in retaining staff who become entitled to work in other sectors (after 5 years residence) have been key drivers in increasing recruitment difficulties.

There were clear indications of a poor image of the sector among the island's young people. Students at Highlands College rated hospitality as one of the least popular sectors to work in, although over a quarter of full-time college leavers who went into employment, working in the sector.

Despite improvements, qualification levels in the sector remained relatively weak, with a high proportion of the workforce with no qualifications (50% higher than the Jersey average), and a low proportion qualified to HE level (two thirds of the Jersey average).

When asked to identify the sector's key current and future issues, employers highlighted that recruitment of staff was by far the most important current issue, with most businesses experiencing difficulty recruiting local (entitled) staff, and were restricted by the Control of Housing and Work Law from recruiting staff from abroad. High staff turnover was a key issue for about one third of respondents

3.5.2. Finance

In 2014, the Jersey Skills Board commissioned its first major review of the Island's finance sector¹¹, to identify what more could be done to promote the sector to local graduates and young people.

The study highlighted the importance of the sector to the local economy, employing 22% of the Island's workforce (12,000 people) and generating £1.5 billion of GVA (40% of Jersey's total).

¹¹ <http://www.skills.je/321-Skills-for-Finance-2014.php>

Although the qualifications held by finance staff have risen significantly over the last decade (with a 50% increase in the number of professional roles), this trend 'will need to continue if the sector is to meet the ongoing challenges presented by changing technology, regulation, market focus and global economic conditions'.

The study found that 350 new starters are projected to be required by finance firms each year for the next 10 years, with 70% needing to be graduates. With tightened control on licences for importing staff, the sector will need to attract a higher proportion of local graduates back to the island as well as doing more to encourage young people to consider finance as a career.

The recession and globalisation had a significant impact on finance businesses, and there is now an increased focus on risk management, productivity, compliance, and on delivering a world class service to clients. Local employers are seeking to improve the quality of their staff, and the study found that:

- Very few 16 year olds are recruited into the Sector; young people with good Level 3 qualifications are able to find jobs in finance, often on school leaver programmes leading to professional qualifications
- The majority (~80%) of young people joining the Sector are graduates; increasingly firms are looking for graduates in subjects that directly meet their business needs (e.g. business, finance or maths)
- Mature applicants from outside the Sector find it difficult to find suitable jobs. Mature jobseekers from within the Sector find it easier; in fact finance firms are finding it difficult to recruit experienced administrators and junior managers
- Although the Sector has not erected barriers to the recruitment of those who are unemployed or disabled, the percentage who manage to find work in the Sector is relatively small
- Older people who have been made redundant find it particularly difficult to find work, as it often necessitates retraining and a considerable drop in salary.
- Many senior staff are recruited from abroad (mainly from the UK). Over 62% of managers and professionals in the Sector were born abroad
- 16% of people in the Finance Sector were looking for another job and 23% had undertaken training with the aim of promotion or changing career (2013 Jersey Annual Social Survey)

Looking to the future, the study also predicted that changes in the business environment, such as globalisation, new regulations and developments in ICT, will further reduce the number of administrative jobs, increase the number of professionals and create the need for staff with the following skills:

- Critical thinking
- Creative intelligence

- Excellent interpersonal skills
- Team working
- Flexibility
- Learning

As the finance sector develops areas such as fund and asset management and becomes increasingly global, more staff will require:

- Cultural awareness
- Languages
- Advanced IT and numeracy skills
- Experience of working abroad

Many firms predict their number one issue will be recruiting and retaining the best people and that access to a highly skilled workforce will become one of the major determinants of where they locate.

3.5.3. The Digital Sector

In 2012, a review of the digital sector was commissioned by Skills Jersey and Digital Jersey with the aim of providing an evidence base to underpin future strategy and policy related to the skills and education needs of the sector locally.

The digital sector was defined as much wider than just the ICT and digital media sectors, and included business activities that make significant use of digital technology to support their primary function, estimated to cover around 80% of Jersey's total jobs.

The study found that the sector was composed of:

- 1,500 Digital Professionals whose work is related to the design, development or operations of software or hardware
- 12,000 intensive IT users (found across most sectors), who work is dependent on the use of IT to gather, analyse and / or use information
- 28,000 low level IT users who regularly use IT to record data and communicate information.

The IT sector itself is only a small element of the digital sector, employing 560 people in just over 200 organisations. Only 10 companies employ more than 10 staff. The main employer of digital professionals and intensive IT users was the finance sector.

The ever increasing importance of ICT in business processes has required digital professionals to develop a much wider understanding of the business environment and how they operate. The study found that 'the current school curriculum is not developing the full range of skills required by the digital sector', although some schools in Jersey were actively considering ways to improve what they deliver.

There were increasing demands for higher productivity of Jersey's digital workforce, with managers in Jersey needing to better understand how ICT can help their business and improve their implementation skills. Intensive IT Users need to develop the capability to increase their own productivity through better use of IT and a readiness to innovate.

In the next decade, increasing computing power and the ability to easily move vast amounts of data around the globe was expected to create new business opportunities and demand for digital skills; especially in areas such as information management, security, mathematical analysis, and architecture and infrastructure design.

The study concluded that digital industries are increasingly important to all economies, both as a source of high quality employment and in terms of underpinning the future competitiveness of most sectors. However, Jersey was producing too few digital professionals, restricting the growth the sector and deterring inward investment. In addition, many organisations in Jersey were failing to fully recognise the benefits that ICT can bring; leading to missed opportunities for growth and loss of international competitiveness.

3.6. Employer aspirations

The online survey included questions about employers' aspirations and growths plans over the next 3 to 5 years, and any issues, including those related to skills, which might to pose a challenge in realising these plans. Table 9 suggests that just over a quarter (27%) are planning to implement any significant changes to their operation in the near future. The most common plans were for the introduction of new products, services and processes (cited by 16% of employers), followed by 13% planning to introduce new organisation processes or structures. Just 7% were planning to enter new markets.

Table 9: Business Aspirations over the next 3 – 5 years

Plans for next 3-5 years	Number	%
Introducing a new product or service	95	16%
Introducing new processes	94	16%
Introducing a new organisation process or structure	78	13%
Entering new geographic market(s)	40	7%
Entering market(s) in new product or service area(s)	43	7%
Planning any of the above	156	27%

Base = ALL (586). Multiple response question

Employers with business aspirations and/or plans for growth were asked if a number of factors were likely to be a challenge to implementing their plans. Overall, 86% of these respondents identified at least one challenge, with accessing the relevant know-how and skills the most commonly identified (53%) closely followed by the availability of finance, meeting regulations and the level of market demand for the products or services. The availability of technology was least likely to be an issue.

Table 10: Likely challenges to implementing future plans

Challenge	Number	%
The availability of finance	72	46%
Accessing the relevant know-how or skills	83	53%
Meeting regulations	65	42%
Availability of technology	18	12%
Level of market demand	58	37%

Base = All employers with an identified business aspiration (156)

Respondents were also asked specifically about any skills challenges they anticipated for their business in Jersey will encounter over the next 3 to 5 years. This open-ended question generated a range of responses relating to different issues, most commonly regarding their ability to find suitable skilled people from within the local labour force. There were several comments regarding both skills and general attitudes to work in general, such as:

‘A market of people in the Island who are often generally below the standard of their UK equivalent for the roles they undertake.’

‘If we seek to expand, there will likely be a problem in finding qualified experienced people who do not have excessive pay demands.’

Some respondents attributed attitudes to working patterns in some sectors being influenced by the existence of better opportunities in other sectors of the local economy:

‘The moment you mention shift work, Saturdays or effort local people with 5 years residency are not interested in proceeding. Finance salaries and packages with a standard working week and no weekends are the obvious and easy choice for anyone with residency.’

Some respondents had concerns specifically about the skills and attitudes of young people:

‘Simple - getting the young people today to have a good and healthy work ethic’

‘With the lack of commitment shown by apprentices and also youngsters that have gained say 5 years’ experience and then decide to do leave and try something else, our committed workforce is ageing and therefore the high level of skills currently available will slowly be lost.’

There were comments suggesting some employers are frustrated that many of the most talented young people tend to leave Jersey due to a lack of opportunities:

Adequate qualified staff that have the right attitude to work and retaining them as the majority ... are studying at further education and leave the island once qualified.

'Not enough higher education opportunities on island for local talent. People leaving to go to higher education who do not return. High cost of living means younger people will want to leave the island.'

There were also a number of sector specific perspectives. In relation to **hospitality**, several respondents referred to skill shortages and difficulty of attracting people to work in the industry at all:

'Lack of interest of the local in the overall Hospitality business where long hours, flexibility and good customer skills are required for a wage which is not competitive.'

'Extreme lack of local skilled workforce in the hospitality and service industries, in particular catering and qualified chefs!'

Comments from respondents in the **finance** sector suggest that the skills required to work in the sector will increase, and that finding highly skilled people will become more challenging in the future:

'Both Fund Administrators and fund Accountants will be hard to recruit for because the demand for these skill sets is increasing continuously.'

'Finding suitable trainees and Fund Administrators might be a challenge as many graduates from Jersey are deciding to relocate to the UK for better opportunities.'

'Jersey has accountants and lawyers in abundance - these people will be useful for fund accountancy, administration, and legal/compliance roles. However we anticipate difficulties in hiring certain specialists e.g. an operations assistant with financial derivatives experience, or an economist/trading analyst. In London, these people could be more easily recruited out of banks or other financial firms.'

'We envisage that the entry level skills and qualifications in the finance industry will get higher as there are likely to be fewer positions in the industry as a result of external challenges.'

In the **care** sector, one of the main areas of employment growth in Jersey in recent years, skills issues are influenced by the perception of the industry among potential employees, and also legislative requirements:

'As the business grows with both Clients and Carers, specific training will be needed to be maintained according to States of Jersey Law, this list will constantly grow as health, safety and safeguarding awareness increases. Although the awareness is a good thing and necessary, it puts increasing pressure on how to fund the appropriate courses/training for the increasing number of staff.'

'Finding staff with the right attitudes for the care industry. The perception needs to be changed that the care industry is not a job to do until a 'proper' job comes up.'

A number of respondents raised concerns over the availability of **digital skills** among the island's workforce:

'All of the core skills we employ are in short supply in Jersey. Web and software development, web infrastructure management, information architecture design, graphic design, digital marketing. We aren't seeing any improvement in the position, although I see positive signs in the work of the best school IT teachers.'

'Looking for home grown talent in the IT/ICT sector... it is seriously lacking, hence why we tried bringing in talent from overseas with the hope of creating a mentoring programme.'

Other specific digital skills issues raised were a lack of JAVA developers and also of Search Engine Optimisation (SEO) analytics. One respondent also found it difficult to get places on courses provided by Digital Jersey due to the high demand for their provision.

Several respondents criticised Jersey's policy of labour control as directly impacting on their ability to recruit the skilled staff they need:

'The States of Jersey departments putting more restrictions in place so I am unable to recruit the staff my business requires.'

'We have found in the past that local applicants do not have the skills what our business needs but we are restricted by population to bring in staff to train local applicants.'

'There is considerable red tape and unnecessary regulation, with constant updating or regulations - it is difficult to keep up, especially for small organisations who cannot afford the cost of resourcing this additional workload; which is 'non-productive'. In addition there is a shortage of skilled workers required for the roles we envisage.'

'We have no problem finding the crew we need with the relevant experience - however, they are usually from off island and we have difficulty in sourcing employment licenses for them to work full time for us.'

3.7. Employer views on skills challenges

The final question within the online survey asked for any further comments or opinions respondents had regarding the skills challenges facing their establishment and/or the wider Jersey economy. Again, a wide range of responses were received, with some raising concerns over the rapid rise in the general cost of living and running a business in Jersey. Others concluded that skills issues were holding back growth:

'Our growth has been seriously restricted by lack of good skilled labour and certainly prevents us from expanding in Jersey. WE are growing and expanding our workforce in other jurisdictions because but not in Jersey because of poor work attitude and skill levels.'

Others raised concerns about schools, both in terms of academic achievements, and a perceived bias in approach to the information, advice and guidance given to pupils:

'Schools (especially the Colleges and Hautlieu) should put more weight on eventual careers and less on just getting pupils into any university course that takes their fancy. More encouragement could be provided for locally based degree courses and e-learning. Schools should also place more value on vocational qualifications because the island needs those skills.'

'Much more focus required on improving educational attainment by Jersey schoolchildren, including ALL secondary schools. Even the selective schools have only mediocre outcomes and should receive increased support from the States to help them achieve their goal (not less). We think that even great skills programmes will ultimately fail to deliver good results unless this is addressed.'

Several responses were received about issues caused by the 5-year residency rules and licencing system for workers, with several instances of criticism of the system as unfair and inconsistently applied:

'I think the 5 year employment ruling is a stupid law and unnecessary. Not everyone wants to work in Jersey believe it or not, the world is a big place and I think that the 5 year ruling puts off quality professionals from moving to the island.'

'The unfairness in licences is disgusting.'

'Job skills will be the single, most defining restriction that businesses will face over the next decade. If license restrictions continue it will encourage inventive ways of getting around the system and disenfranchise local businesses. Everyone wants a successful Jersey, to achieve this government must work with businesses and not drive them to apathy.'

'Licensing restrictions and lack of training for locals in my specific sector (barbering) makes it extremely difficult to find new staff should someone be off ill or leave. Jersey needs a wide range of support services on island - you can't get you hair cut on-line!'

'Need to get rid of the 5 year rule and allow highly trained individuals immunity if it stays.'

'Small businesses are not given sufficient support compared to big businesses. Draconian attitude to residency laws not in favour of work classification is not encouraging skilled people to stay. People who invest 8 years or so in island prevented from travelling or training for fear of losing residency years.'

'Whilst we understand (and agree with) competition in our area of work, we are angered that we do not have licences to employ people that have been in Jersey for less than 5 years however, our competitors do have licences?? This is not correct or fair on the local people already working as no doubt it will lead to a company like ours folding.'

'With the 5 year rule, it makes employment very difficult, with licenses only being given to non-Jersey based companies or the finance industry. No help appears to be given to the smaller local businesses within Jersey.'

Finally, some employers highlighted the need for the Jersey economy to diversify to be successful:

'The Island faces a lot of challenges in an ever increasing global economy. There is a need for a more diversified economy if it is to prosper in the future. This will require a more educated workforce and more job opportunities which add value to the economy as a whole. The island must not only continue to attract new talent but also try and keep talent on the island.'

'The Island's economy is almost wholly dependent upon the finance industry. There needs to be a balance between ensuring there are individuals who are able to service the requirements of the finance industry whilst also ensuring there are other career opportunities available for individuals - firstly because not everyone wants to work behind a desk, but also because it is essential to the long-term viability of our economy that it diversifies in order to reduce its dependency on the finance industry. Not an easy task.'

4. SUPPLY SIDE ANALYSIS

We now turn our attention to the Jersey labour market to look at the scale and nature of labour and skills available to meet the needs of employers identified in the previous chapter.

4.1. Population projections

In the context of skills planning, an important factor driving demand for skills provision is that of demographic change. Population projections (published by the States of Jersey) are based upon the assumption that recently observed demographic trends of births and deaths are to continue, but take no account of any future local development policy, economic factors or the capacity of areas to accommodate population.

The latest projections (based on population estimates for 2015) include a number of scenarios based on different levels of migration and through different controls that could be applied to the size of the registered population. Table 11 shows the projected short-term impact on the size of the working age population under each scenario to 2025. It shows that the total population is set to grow under all the scenarios, from growth of 2% in a nil migration scenario, up to 23% if net migration was around 2,000 people a year.

The size of the working age population would fall in a nil-migration scenario (by around 4%, or 2,900 people), but grow by around 14,100 (21%) if net migration was 2,000 people annually. If migration were to continue at a similar rate to recent years (around 700 a year), the working age population would grow by approximately 3,300 (just under 5%) by 2025.

Table 11: Jersey Population forecasts to 2025 under different scenarios

Scenario	Change in working age population compared to 2015	Total population Size, 2025	Change in total population size, relative to 2015
No inward or outward migration	-2,900	104,600	2%
Net nil migration	-2,500	104,900	2%
Net migration +325 people annually	200	108,400	6%
Net migration +700 people annually	3,300	112,500	10%
Net migration +1,000 people annually	5,800	115,700	13%
Net migration +1,500 people annually	10,000	121,200	18%
Net migration +2,000 people annually	14,100	126,600	23%
Maintain 2015 Registered population size	2,900	111,800	9%
Add 200 Registered workers per year for a decade	5,100	114,500	11%
Reduce Registered workers by 200 per year for a decade	800	109,200	6%

Source: States of Jersey, Jersey population projections, 2016 release

4.2. Economic Activity Rates

While the size of the working age population is an important factor in looking at the volume of labour supply on Jersey, we need also to look at how many people of working age are economically active in the labour force, that is either working, or looking for and available to start work.

In 2016, the economic activity rate in Jersey was 88%, compared with 77.8% for Great Britain. While this is well above the British average, Table 12 shows that in contrast to Great Britain, Jersey's economic activity rate has fallen since 2013, when it was 88%, and the gap between Jersey's rate and Great Britain's has closed from 11 percentage points in 2013 to 8 in 2016.

Table 12: Economic Activity Rates by Gender (aged 16-64), Jersey vs GB, 2013 - 2016

Year	Men	Women	All	GB (All)
2013	93	82	88	76.9
2014	92	83	88	77.2
2015	90	82	86	77.4
2016	87	85	86	77.8
Change 2013-2016	-6	3	-2	0.9

Source: 2016 Jersey Opinions and Lifestyle Survey (JOLS), and Jersey Annual Social Survey for previous years, Annual Population Survey (via Nomis) for GB data.

There are stark differences in the recent trend between men and women. The activity rate for working age men has fallen year on year since 2013, while the general trend is for increasing activity among women. This may reflect the changing nature of employment opportunities in Jersey in recent years - agricultural and manufacturing have both lost significant numbers of jobs locally in recent years, and are both sectors that have traditionally been male dominated. However, the sectors that have created the greatest numbers of jobs are education and health / care, which have traditionally largely been filled by women.

The falling male activity rate suggests an increasing proportion of men are becoming discouraged from participating in the labour market, possibly due to their skills becoming obsolescent as demand continues to shift away from manual and semi-skilled labour to knowledge-based employment.

Looking at economic activity rates among older people, the Jersey Census of 2011, showed that the economic activity rate of people aged 65 and over was 9%, compared to 8.5% in Great Britain (source: Annual Population Survey). There has been a clear and consistent trend in Great Britain of increasing activity rates among the over 65s, rising from 8.5% of this age group to 10.6% in 2016. This equates to a 40% increase in the number of people aged 65 and over who are economically active. However, the available data for Jersey doesn't demonstrate any clear trend - the Annual Social Survey and JOLS from 2012 to 2016 consistently indicate an economic activity rate for the over 65s of 10-11%.

This suggests that there may be a potential pool of older people (particularly men) who might have the desire to retrain in mid-to later life to enable career switching and have the ability to

take advantage of the kind of job opportunities likely to be created in the future. The data is not conclusive by any means, but suggests it might be an issue worthy of further investigation.

4.3. Unemployment

The official unemployment rate is defined by the ILO as the percentage of economically active people (aged 16-64) in an area who are without a job, have actively sought a job in the last four weeks and are available to start work in the next two weeks, or are out of work and are waiting to start a job in the next two weeks. This definition therefore includes some people who meet these criteria but who aren't registered as 'Actively Seeking Work' (ASW).

Jersey's ILO unemployment rate between April 2014 and May 2015 was estimated to be 4%. This rate corresponds to around 2,500 people being unemployed and looking for work. The recent trend has been for falling unemployment since 2013, when it reached a high for Jersey of 5.7% (around 3,200 unemployed people).

For Great Britain as a whole, a similar trend is evident, with the unemployment rate falling from 8% in the year to March 2013, to 6.1% in the year to March 2015 (the closest matching date to the Jersey figures. More recent data for Great Britain suggests a further fall in unemployment, to 5.1% in the year to September 2016.

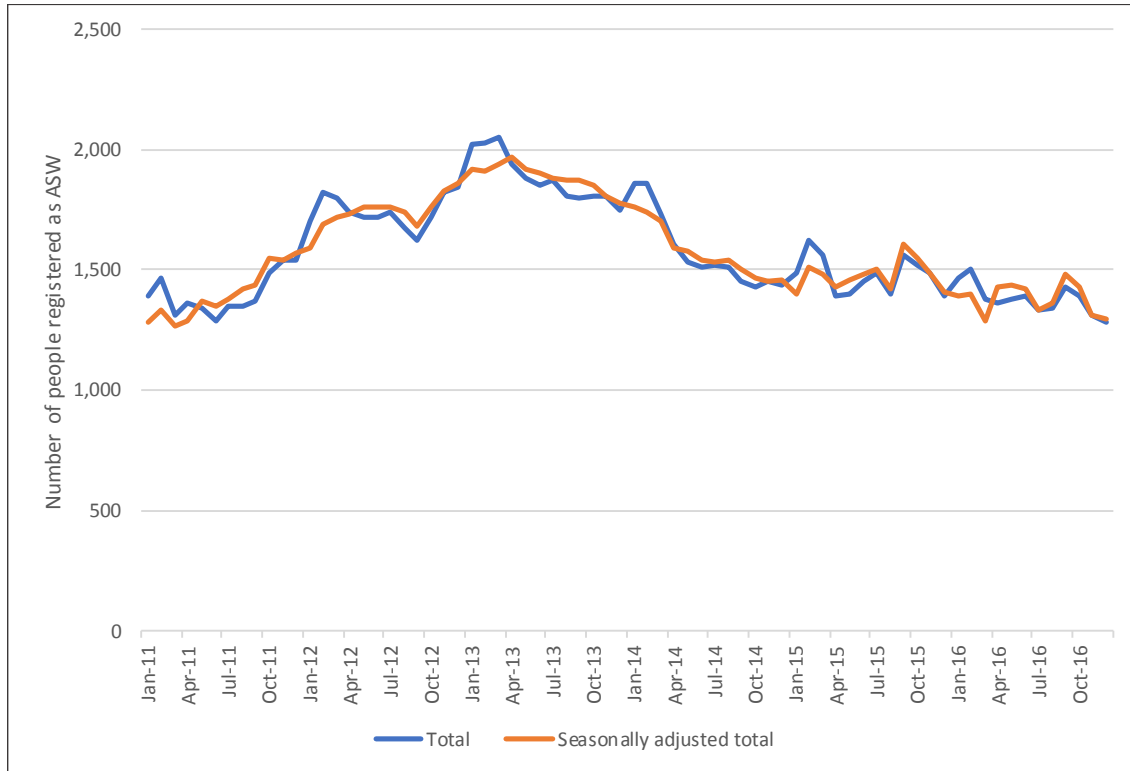
4.4. Actively Seeking Work

In Jersey, the official unemployment rate is only measured once a year through its annual household survey. More timely data on unemployed people is available through the States' register of people who are 'Actively Seeking Work' (ASW). Unemployed Jersey residents are not required to register as ASW, but there are certain requirements for those in receipt of an income support claim. ASW numbers also include people who are in paid employment but are working less than the 35 hours per week required under the terms of Income Support.

At the end of December 2016, 1,280 people were registered with the Social Security Department as actively seeking work (ASW), around 80% of whom (1,040 people) were receiving Income Support.

The total number of people registered as ASW has broadly followed the unemployment rate, with numbers generally falling since peaking at 2,050 in March 2013. Figure 4 shows that there have been several small 'spikes' where numbers have increased from month to month, outside of the usual seasonal variation. These increases have been largely driven by changes to the income support criteria, as well as certain administrative changes within Social Security, which have impacted on the total number of people being considered as ASW, particularly so for changes made in 2015 and 2016. Taking into account the estimated impacts of these changes (as published by the States), the indicative trend due to economic rather than policy / administrative change is more definitively downward in terms of the number of people registered as ASW.

Figure 4 : Number of People Registered as ASW, 2011-2016



Source: States of Jersey Registered ASW Report, December 2016

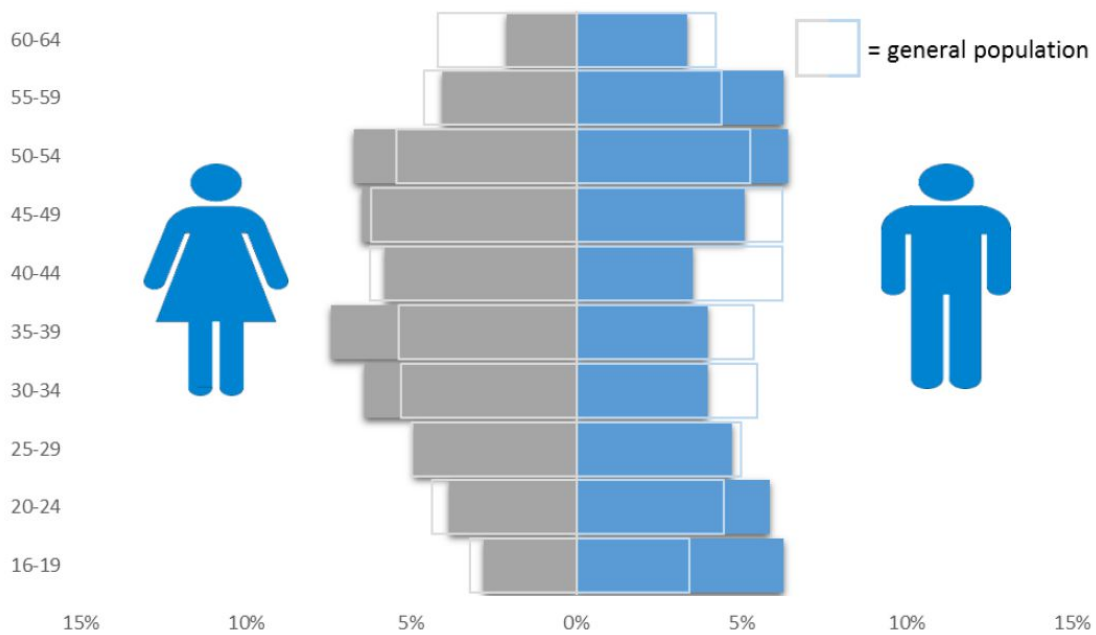
The over-representation of these groups within the population of ASW claimants suggests that they may face particular difficulties either establishing a foothold within the labour market (i.e. young men) or re-engaging following redundancy or time away from the labour market due to caring responsibilities although some of the female claimants aged 30 to 39 will be part time workers eligible for income support. For young men, their over-representation may be a function of few entry level opportunities in traditional 'male' dominated industries such as manufacturing and may also reflect the slightly poorer educational attainment of boys compared to girls. Older workers are less likely than average to hold formal qualifications and this could hinder their re-entry to the labour force.

Figure 5 shows that there are certain demographics that are over-represented within the ASW cohort compared the general population, namely:

- Young men aged 16-24
- Women aged 30-39
- Older men (aged 50 to 59) and women (aged 50-54)

The over-representation of these groups within the population of ASW claimants suggests that they may face particular difficulties either establishing a foothold within the labour market (i.e. young men) or re-engaging following redundancy or time away from the labour market due to caring responsibilities although some of the female claimants aged 30 to 39 will be part time workers eligible for income support. For young men, their over-representation may be a function of few entry level opportunities in traditional 'male' dominated industries such as manufacturing and may also reflect the slightly poorer educational attainment of boys compared to girls. Older workers are less likely than average to hold formal qualifications and this could hinder their re-entry to the labour force.

Figure 5: People registered as ASW by age, compared with general population, 2016



Source: States of Jersey Registered ASW Report, December 2016

4.5. Spare capacity in the labour market

Although the number of jobs in Jersey has risen to record levels and unemployment is falling, there remains a significant amount of spare capacity in the labour market, or underemployment. People who are working fewer hours than they would like, or who would like to change their current working situation, can be classified as 'underemployed'.

In December 2016, there were 370 underemployed people who were ASW, around 29% of the total. Women over the age 35 who are underemployed are strongly over-represented compared to the proportion of the population they account for. However, Jersey's Annual Household

Survey suggests a much greater degree of underemployment across the labour market as a whole. The 2016 Opinions and Lifestyle Survey found that one in eight (13%) workers would like to change their current working situation to work longer hours (with an extra 10 hours a week being the average preference). Based on the total number of jobs in Jersey (see section 1.?), this could represent around 7,800 people who would like to work longer hours.

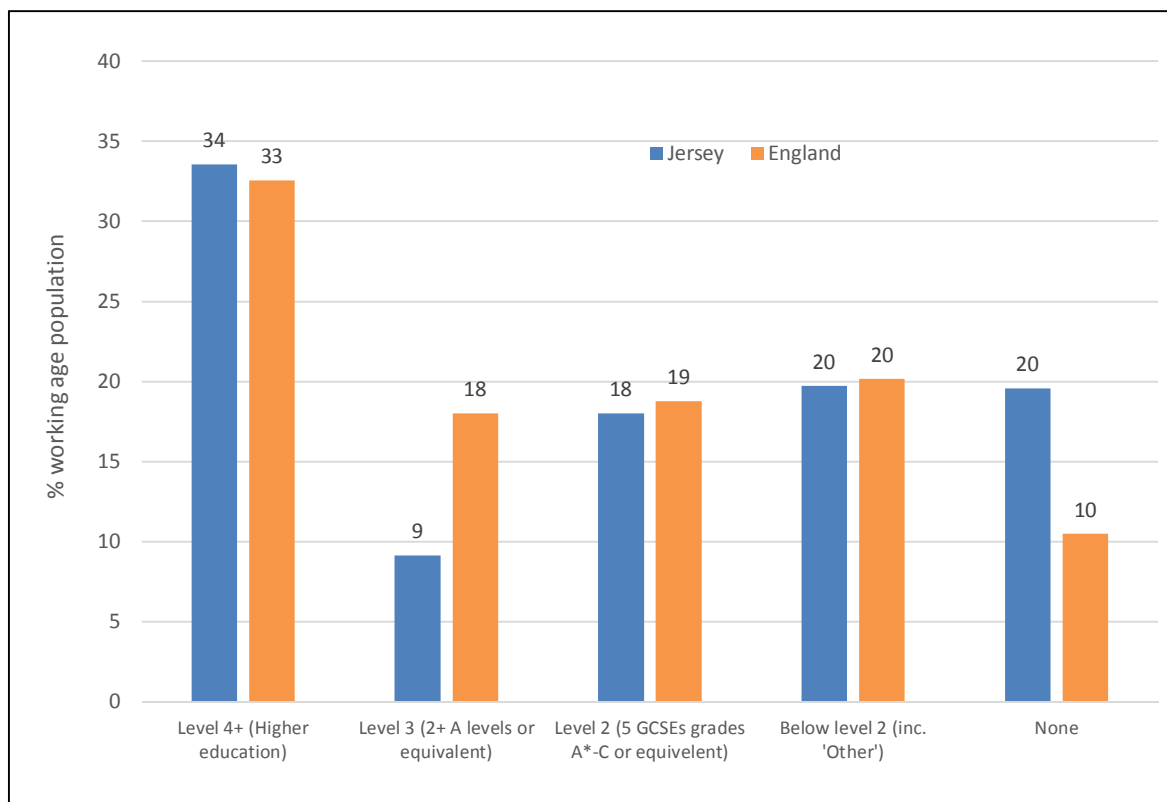
This level of underemployment has been fairly consistent in recent years, with both the 2014 and 2015 JASS surveys estimating the underemployment rate to be around 14%. JASS 2015 found that underemployment was highest in routine or manual occupations (such as cleaner, farm worker or catering assistant), at around 25% of workers.

4.6. Workforce Qualifications

This section looks at the stock of qualifications (a proxy for skills) within the local workforce, as an indicator of the health of the labour market from how easily it can respond to changing demand from employers, through the renewal and updating of the skills of the workforce.

The 2011 Census collected information about residents' highest qualification. Figure 6 shows that more than one third (34%) held a qualification at Level 4 or above: comprised of one fifth (20%) who had a degree level qualification or above and 14% who had achieved a higher education qualification below degree level. Less than one in ten had a qualification at Level 3 with the remaining three-fifths were broadly equally split between those whose highest qualification was at Level 2 (18%), below Level 2 (20%) or did not have any formal qualifications at all (20%).

Figure 6: Highest level of qualification held (% of working age population, Jersey vs England, 2011)



Source: Census 2011 (Jersey) and Annual Population Survey (England)

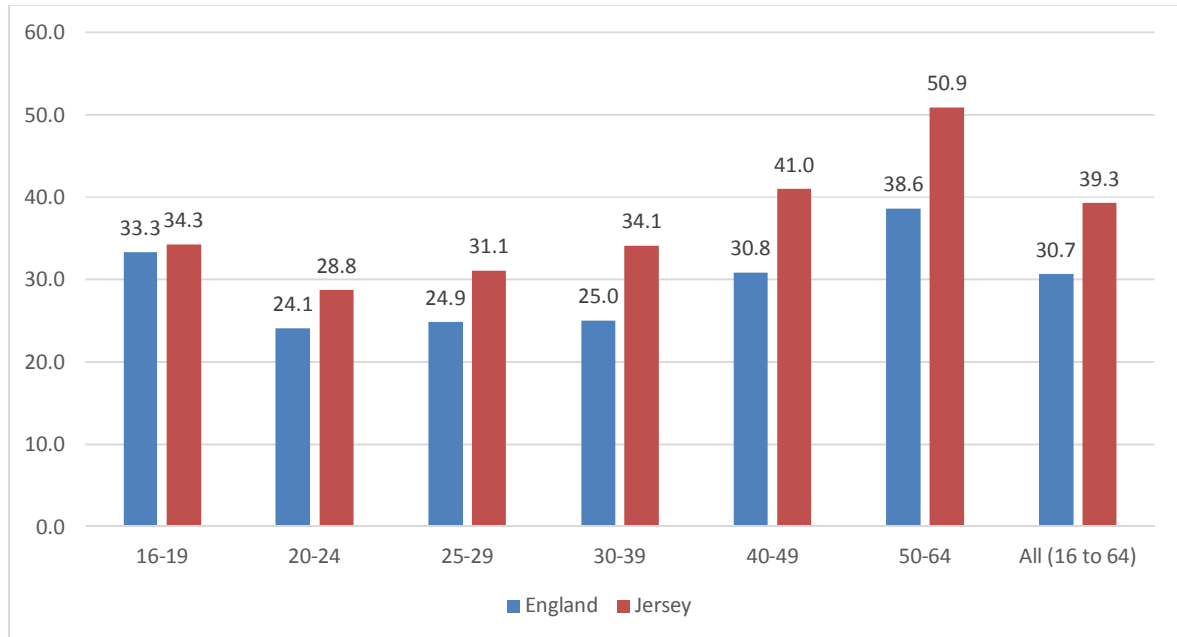
The qualification profile of Jersey residents mirrored that of the England in most respects but with an under-representation of residents with Level 3 qualifications and an over-representation of those with no formal qualifications at all. It is also the case that while Jersey had a marginally higher share of its working age population educated to at least Level 4, this was largely due to the higher share of residents with a higher education qualification below degree level. At 25%, England had a higher share of residents with a degree level qualification than Jersey (20%).

We noted earlier that the net requirement for new workers is only positive at Level 2 or above and is greatest for qualifications at Level 4 or above. The corollary of this, is that the requirement for workers with qualifications below Level 2 will fall (although there will be a modest need for workers at this level to replace those living the labour force). In 2011, almost 25,300 Jersey residents did not have a qualification at Level 2 or above: half of whom did not have a formal qualification at all. More than half of those who were not qualified to this level were in their 40s and 50s.

As might be expected the percentage of residents with no qualifications rise with age tends to rise with age although Chart 7 suggests that some 16 to 19 year olds attain higher qualifications in later life. Older workers aged 50 to 64 are most likely to have low or no qualifications: more than half do not have a qualification at Level 2 or above. All age groups are more likely to have

low qualifications in Jersey than the national average – particularly older workers – although the difference for young people (aged 16 to 19) is marginal.

Figure 7 Percentage of working age population with no formal qualifications or qualifications lower than Level 2; Jersey and England: 2011

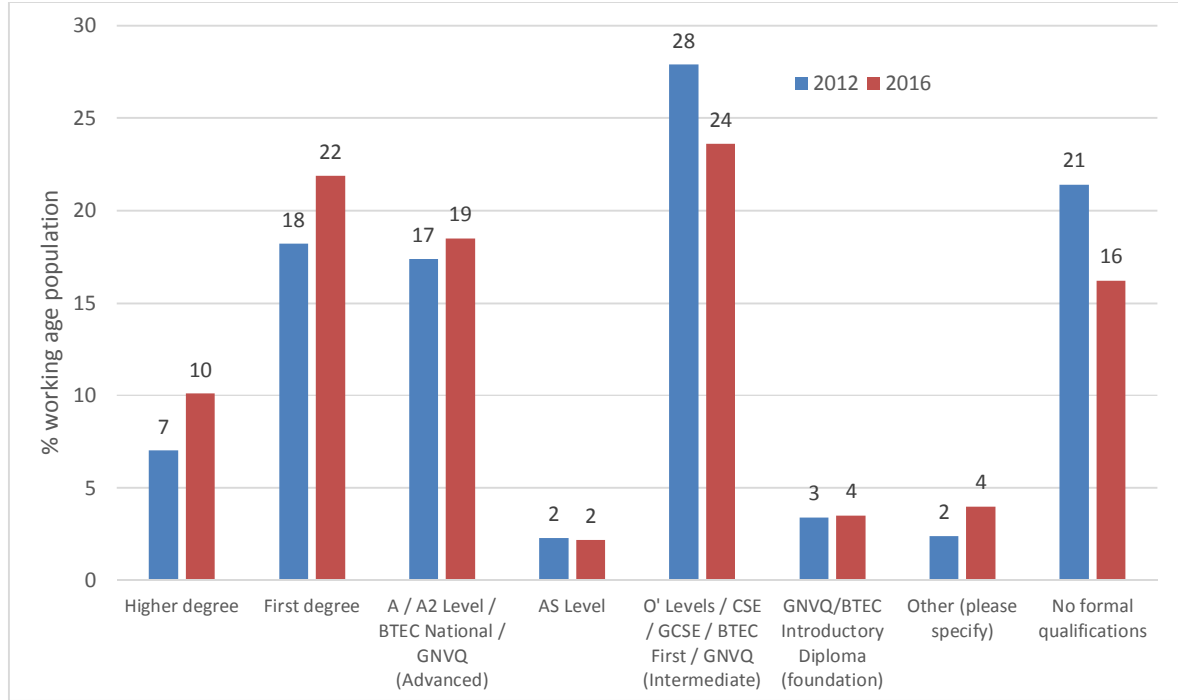


Source: Census 2011 (Jersey) and Annual Population Survey (England)

While the Census is the most robust measure of workforce qualifications, the Annual Social Survey (now renamed the Opinions and Lifestyle Survey) provides intercensal estimates on an annual basis. These estimates are based on a fairly small sample and therefore subject to fairly wide confidence intervals (typically around ± 2.5 percentage points for each estimate) but do nevertheless, suggest a positive and consistent trend of rising qualification levels over time.

The classifications used do now allow us to determine the proportion of residents whose highest qualification is at Level 3, Level 2 or Level 1 but Figure 8 does reveal that the percentage qualified to at least degree level (Level 4 or above) has risen from 25% in 2012 to 32% in 2016. There percentage of the working age population with no formal qualifications has also fallen: from a little more than a fifth in 2012 (21%) to 16% in 2016.

Figure 8: Highest level of qualification held (% of working age population, Jersey, 2012-2016)



Source: Annual Social Survey and JOLS 2016

4.7. Qualifications of young people

4.7.1. GCSEs

Performance over time

In 2015/16, 65.7% of pupils in Jersey's state-funded schools achieved five or more GCSEs at grades A* -C including Maths and English, well above the average for England of 59.3% (

Table 13). Similarly, Jersey outperforms England in terms of pupils achieving five or more A*-C grades regardless of subject, and the latest results suggest a significant improvement on recent years, when results had somewhat plateaued.

Table 13: GCSE Results, 2012/13 to 2015/16, Jersey vs England¹²

Academic Year	% of pupils achieving			
	5+ A* to C grades (incl. English and mathematics)		5+ A* to C grades (any subjects)	
	Jersey	England	Jersey	England
2012/2013	53.1	60.6	70.6	83.0
2013/2014	58.7	56.6	71	65.6
2014/2015	57.1	57.1	71.3	66.2
2015/2016*	65.7*	59.3*	74.2	66.5

Sources: States of Jersey, DfE SFR 48/2016. 2015/16 data supplied by States of Jersey in email dated 30 August 2017. Note: restrictions on qualification that can be counted in performance measures in England and Jersey are not the same. Implementing the UK DfE restrictions in Jersey would result in a fall on this measure of around 1 percentage point.

The States also publishes data on the percentage of pupils that make 'expected progress' between the end of Key Stage 2 (year 6) and the end of Key Stage 4 (year 11) in the key subjects of English and Mathematics.

Expected progress is calculated by comparing pupils' attainment in teacher assessments at the end of Key Stage 2 with their attainment in GCSE and equivalent qualifications at the end of Key Stage 4. For example, pupils working at a level 4 (age-expected attainment) at the end of Key Stage 2 in a particular subject are considered to have made 'expected progress' if they go on to attain a grade C or higher at Key Stage 4 in that subject. Similarly, pupils working at a level 5 (above age-expected attainment) at the end of Key Stage 2 are considered to have made 'expected progress' if they go on to attain a B or higher in their GCSE (sourced from GCSE and equivalent results in Jersey 2015/16).

Table 14 shows that in 2015/2016, 71% of pupils made the expected amount of progress in English, a similar level to that recorded in the previous two years. 75% of pupils made the expected amount of progress in mathematics in 2015/2016, down slightly from the previous year, but higher than in 2012/13.

Table 14: Percentage of pupils making expected progress between KS2 and KS4 in English and Mathematics, 2012/13 - 2015/16

Academic Year	English	Maths
2012/2013	66.5	72.1
2013/2014	71.3	73.3
2014/2015	71.2	75.3
2015/2016	70.9	74.8

¹² In 2016, the UK Department for Education implemented a new system of accountability for secondary schools which included the introduction of new headline measures and changes to existing methodology. Due to these changes it is now only possible to make a robust comparison of performance in Jersey and England in the subjects of English and mathematics (using the new UK methodology).

Source: States of Jersey, GCSE and equivalent results in Jersey 2015/16

There is a clear pattern of lower than expected progress in both subjects based on the level achieved at the end of KS2 (Table 15). It is expected that the recently implemented Jersey Premium will have an impact on these measures as one of its key aims is targeted additional support for improvement of English and Maths skills, and analysis of eligibility for the Premium showed that the majority of eligible pupils were 'generally clustered at the lowest attaining end'. However, it is too soon to evaluate any impact at this point in time.

Table 15: Percentage of pupils making expected progress in English and Mathematics by KS2 Teacher Assessment Level, 2015/16

KS2 Teacher Assessment Level	English	Maths
2 or below	33	11
3	60	49
4	68	76
5/6	79	86
No prior level available	88	93
All	71	75

Source: States of Jersey, GCSE and equivalent results in Jersey 2015/16

There are stark differences in performance between Jersey's secondary schools. Table 16 shows that the States-run fee paying schools are the best performing, followed by Hautlieu, the States-run selective school. The two independent schools had 80% and 77% of pupils achieving 5 or more A*-C grades including English and Maths, and the four States-run non-fee paying school have much lower performance on this measure, although the most recent data for Grainville and Les Quennevais suggest a significant improvement in results in the last year.

The gap in performance is largely due to the relative ability of the pupils at the end of Key Stage 2, with performance on value added measures¹³ published for States-run schools being much closer.

Table 16: GCSE Performance by School, Jersey, 2015/16

School	School Type	% attaining 5+ A* to C including English* and Maths 2015 / 2016	Approximate size of Year 11 cohort 2014 / 2015
JCG	States - Fee Paying	100%	105
Victoria College	States - Fee Paying	95.2%*	95
Hautlieu	States - Selective	91.3%	150
Beaulieu Convent School	Independent	80%	50
De La Salle	Independent	77%	80
Grainville	States	51.8%	85
Le Rocquier	States	34%*	155

¹³ The value added measures used by the Education Department to date have been 'Best 8', calculated using UK Department for Education methodology <https://www.gov.je/government/pages/statesreports.aspx?reportid=1911>

Les Quennevais	States	41%	110
Haute Vallee	States	25%*	80

Source: FOI Request and School Websites. * denotes data for 2014/15

Achievement of both English and Maths

A relatively new headline measure in England is the percentage of pupils who achieve an A* to C grade in both English and mathematics, reflecting their importance in the general employability skills of young people. In 2015/16 65.7% of pupils attained an A* to C grade in both English and mathematics in Jersey, compared to 59.3% in England (due to methodology changes, data is not comparable with earlier years).

Even taking into account differences in the qualifications that can be counted in performance measures in England and Jersey (which would result in a fall of around 1 percentage point on this measure for Jersey), Jersey still outperforms England on this measure.

GCSE Entries by Subject

According to the UKCES¹⁴, 'STEM skills are widely accepted to be of critical importance to the future international competitiveness of the UK and play a key role in driving productivity, growth and higher living standards'. Therefore, this section will look at subject breakdowns of examination entries to gauge the extent of engagement with the STEM agenda among Jersey's young people.

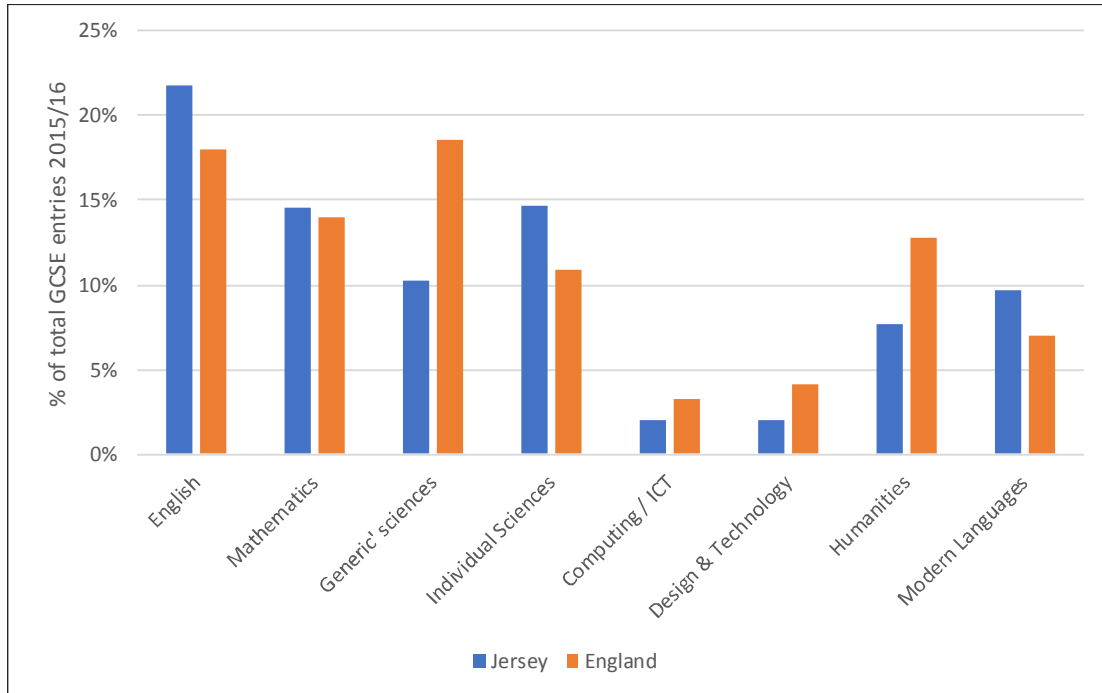
With Core Science and Maths being compulsory parts of the national curriculum up until the end of Key Stage 4 (GCSE), levels of engagement with STEM subjects could perhaps best be measured by focusing on numbers of pupils studying Design & Technology, Computing/ICT, Manufacturing/Engineering and additional subjects in Science and Maths.

Encouraging signs are the higher than average levels of entries in individual science and Maths options. There were relatively few entries among Jersey students in Design & Technology options, and none in Manufacturing or Engineering, but this might be expected given the small presence of manufacturing employment locally.

Entries in GCSEs in Computing / ICT accounted for a lower proportion of total entries in Jersey (2%, compared to 3% for England).

¹⁴ UKCES (2015) Reviewing the requirement for high level STEM skills, Evidence Report 94, July 2015, <https://www.gov.uk/government/publications/high-level-stem-skills-requirements-in-the-uk-labour-market>

Figure 9: % of total GCSEs entries in selected subjects, Jersey vs England, 2015/16



Sources: States of Jersey GCSE and equivalent results in Jersey 2015/16, DfE SFR 03/2017

4.7.2. A Levels / Level 3 qualifications

In 2014/15, more than half (57.5%) of ‘the potential end of Key Stage 5 cohort¹⁵’ in Jersey entered at least one substantial level 3 qualification (Table 17).

This was well below the average for England of 63.9%. Participation rates in both A level and academic qualifications increased compared to 2013/2014, but participation in vocational qualifications fell by 3.9 percentage points to 14.6% of the total cohort, compared to 27.3% in England.

Jersey’s comparatively low participation rate at Level 3 is driven primarily by a very low participation rate for males in Jersey (45.3% compared to 58.5% in England). Participation rates in each of the qualification types (A level, Academic and Vocational) were lower for males than for females.

The biggest difference between males in Jersey and England is in vocational qualifications. Just 10.2% of the Jersey cohort entered vocational qualifications, compared to 27.1% of the English cohort.

¹⁵ a proxy measure based on the number of Jersey pupils that completed Key Stage 4 in academic year 2012/2013, assuming that substantial level 3 qualifications take 2 years to complete.

Table 17: Participation rates in level 3 qualifications in Jersey and England by cohort and gender, 2014/2015

	Gender	Jersey	England
All Level 3 qualifications	All Pupils	57.5	63.9
	Males	45.3	58.5
	Females	71.5	69.5
A level	All Pupils	45.8	42.1
	Males	38.0	36.6
	Females	54.8	47.9
Academic	All Pupils	47.7	42.7
	Males	38.7	31.7
	Females	57.9	48.5
Vocational	All Pupils	14.6	27.3
	Males	10.2	27.1
	Females	19.6	27.5

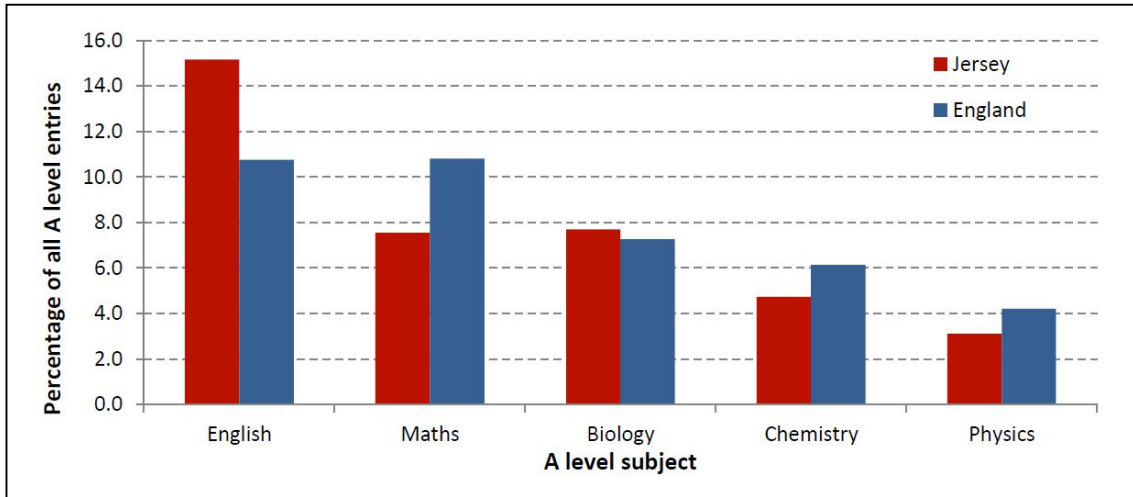
Source: *States of Jersey, A level and equivalent results in Jersey, 2014/15*

In terms of results, average point score per entry in all three qualification types was higher in Jersey than in England. Key measures for A Level results include:

- the average point score (APS) per A level entry (229.4) was equivalent to a B- grade and reflects an increase of 5.1 points compared to the previous year;
- the APS per entry for females (235.2) was higher than for males (222.2);
- more than a quarter (28.7%) of all A level entries resulted in an A* or A grade and around four-fifths (83.4%) of entries resulted in an A* to C;
- a higher proportion of females (11.0%) achieved 3 or more A levels at grades A* or A than males (8.6%);
- a higher proportion of females achieved grades AAB (or better) in A Level qualifications than males (21.3% and 17.2% respectively);

Figure 10 shows that English was by far the most popular choice of A Level subject in Jersey in 2014/15, accounting for 15% of total A Level entries, compared to around 10.7% in England. Although Biology accounted for a similar proportion of entries to England, (just under 8% of the total, Maths, Chemistry and Physics all accounted for a lower proportion of entries than in England, suggesting a lower overall level of engagement in STEM subjects compared to England.

Figure 10: Percentage of all A level entries in English, mathematics and science subjects in Jersey and England; 2014/15



Source: States of Jersey, A level and equivalent results in Jersey, 2014/15

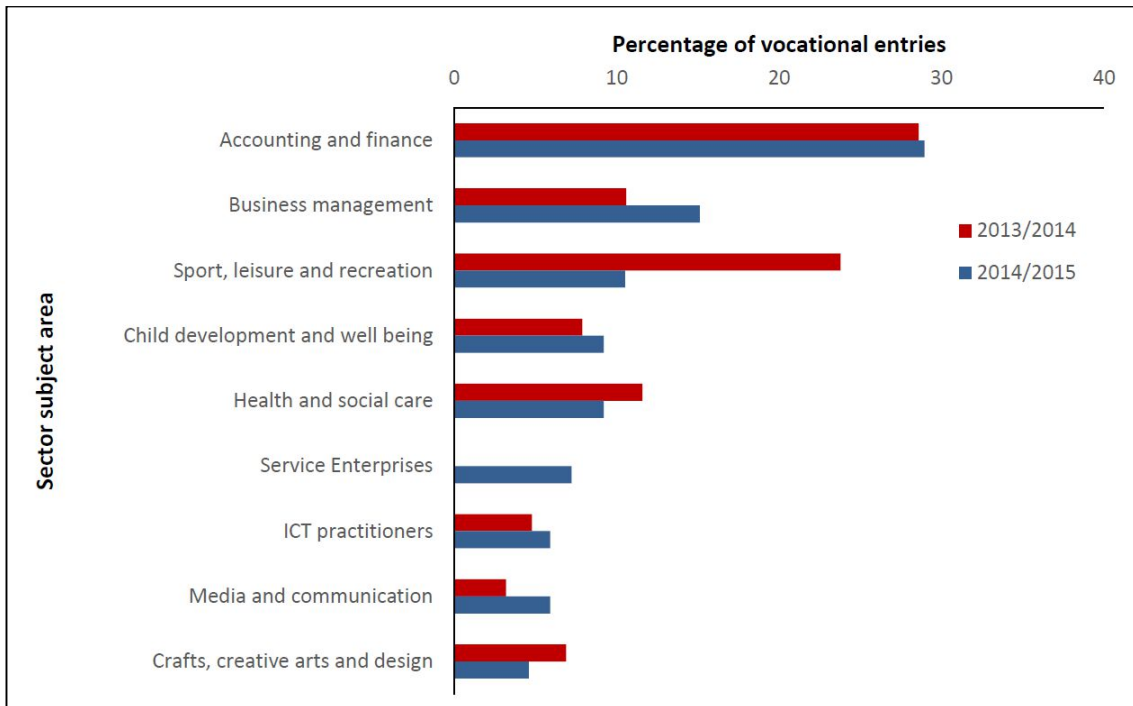
4.7.3. Vocational Qualifications

The number of pupils entering vocational qualifications at level 3 fell in 2014/15, to 150 down from 187 the previous year. The vast majority of pupils entered one vocational qualification each, resulting in the number of entries falling by a similar amount, from 189 to 152.

The average point score per entry for all pupils in the 2014/2015 Vocational cohort was 226.4, equivalent to a 'Distinction' grade, marginally higher than that recorded in the previous year. The average point score attained by males increased by 16.7 points compared to in the previous year, compared to a 7.3 point fall among females.

Figure 11 below shows that the most popular vocational 'sector subject area' was 'accounting and finance', which accounted for almost 30% of total entries, followed by 'business management', which accounted for 15%, up from around 10% in the previous year.

Figure 11 : Level 3 Vocational Qualification Entries (%) 2013/14 - 2014/15



Source: States of Jersey, A level and equivalent results in Jersey, 2014/15

4.7.4. Apprenticeships

Apprenticeships in Jersey are delivered through the Trackers Programme. Trackers financially supports apprentices' industry-specific training to a Level 3 qualification, plus literacy and numeracy to at least Level 2, and also provides funding for short training courses that will benefit apprentices and their employer.

- All Apprentices are given a dedicated, qualified, mentor to coach, support and guide them through their apprenticeship, who:
 - help develop soft skills
 - meet one to one with apprentices
 - help arrange employer, apprentice and tutor meetings
 - challenge and develop apprentices to reach their full potential
- Mentors use coaching and mentoring techniques including:
 - personal reflection
 - performance review
 - goal setting
 - action planning
- employer / apprentice appraisals

Trackers also offer a Foundation Apprenticeship, which is a one year full-time programme for 16 to 18 year olds, aimed at those who have an idea of which career path they would like to pursue but have not yet found employment, and those who are unsure of their career path and would like to gain experience in different industries.

The Trackers Programme has grown strongly since it was launched towards the end of 2012, and as of 1st January 2017 was mentoring 295 apprentices, up from 241 in January 2016. Trackers now offer Apprenticeships in 21 industry areas, with 3 new ones launched during 2016 (Cyber Security, Retail and Beauty).

102 new apprentices were taken on in 2016, down from 132 in 2015. There were 61 graduates (62 in 2015) almost three quarters of which were at Level 2. 13 apprentices completed the first Foundation Apprenticeship all leaving with a Level 2 qualification and moving into positive destinations.

The retention rate of Tracker Apprenticeships is high, with 98% retention achieved in both 2015 and 2016 (compared to just over 70% in England¹⁶). This is partly driven by the requirement for apprentices to pay back any fees if they are dismissed from their employment due to misconduct, or if they fail to complete their college course, but the relationship between mentors, apprentices and employers has been a key element of successful completion. Feedback is gathered regarding satisfaction levels with the mentoring process, with the following results in 2016:

- 93% of respondents were satisfied with the mentoring service provided by Trackers
- 93% of respondents felt the mentor was making a positive contribution to the apprenticeship
- 97% of respondents felt the mentors used a flexible approach to interacting with them
- 95% of respondents felt the mentors responded to enquiries in a timely manner
- 86% of respondents felt the mentors challenge and further develop the apprentices
- 85% of respondents felt the mentor provides a strong link between the apprentice, the employer and the course provider
- 85% of respondents felt that the mentors are well trained in coaching techniques
- 80% of respondents felt that the mentors tailor their communication to the industry they work in

(Source: Trackers Annual Report 2016)

Table 18 shows the breakdown of Apprentices by industry area, and shows the biggest areas of provision are in traditional occupations, including Electrical, Wood occupations, Hairdressing, Care, Plumbing and Motor Vehicle. There are some niche areas of provision with just one apprentice, such as Brewing and Green Keeping. Some of the newer apprenticeships have

¹⁶ <https://www.gov.uk/government/statistics/further-education-and-skills-january-2017>

grown well, including the Digital Apprenticeship launched in 2015, which has seen the number of apprentices double from 6 to 12.

Table 18: Number of Apprentices by Industry Area, Jersey, 2016-2017

Industry Area	2016	2017	Change
Beauty		8	8
Brewing	1	1	0
Bricklaying	4	5	1
Care	29	26	-3
Culinary	3	4	1
Dental Nursing	3	2	-1
Digital	6	12	6
Electrical	58	75	17
Foundation	22	9	-13
General building (Quantity Surveyor)	1		-1
Green Keeping	1	1	0
Hairdressing	25	40	15
Hospitality Management	9		-9
Motor Vehicle	10	17	7
Painting & decorating	6	4	-2
Plumbing	14	19	5
Retail		14	14
Veterinary Nursing	1	3	2
Welding & fabrication	12	11	-1
Wood occupations	36	44	8
Total	241	295	54

Source: Trackers Annual Reports. Numbers as of 1st January each year

6.7.5. Further Education - Highlands College

This section looks at full-time courses provided at Highlands College. Its 6th form college. courses are for 16 to 18 year-olds progressing from one of Jersey's secondary schools into Further Education, with the addition of two specialised courses for over 18-year-olds to access higher education in Art and Design, Humanities and Science. The college also offers further general education courses for school leavers to develop the skills and attributes required for future progression.

Table 19 shows that the number of full-time students at the college (excluding HE students) was 989 in 2016/17, down by around 10% from five years previously. The following four subject areas accounted for 80% of full-time students in 2016/17:

- Creative and Digital Industries
- Care, Childcare, Health

- Business and Management
- Tourism, Leisure and Travel Industries

Over recent years, there has been an increasing concentration of students in these four subjects, as numbers on creative, care and business courses have increased, while all other subjects have seen falling numbers. While the change in student numbers in many subjects is not dramatic, there have significant changes in foundation learning (down by 84 students, or 75%), and in hairdressing / beauty (a decline of 41, or 77%).

Table 19: Number of full-time students by subject area, Highlands College, 2012/13 – 2016/17

Subject Area	2016/17	Change from 2012/13	% change
Business and Management	130	28	27%
Care, Childcare, Health	206	26	14%
Construction and Engineering Industries	73	-21	-22%
Creative and Digital Industries	236	18	8%
Foundation Learning	28	-84	-75%
Hairdressing and Beauty Industries	12	-41	-77%
Hospitality and Catering Industries	18	-15	-45%
Humanities	24	-23	-49%
Special Educational Needs	17	-1	-6%
Tourism, Leisure and Travel Industries	115	-7	-6%
Total	989	-113	-10%

Source: Highlands College (excludes Higher Education students)

The college also offers a large range of long and short duration part-time courses. Many long part-time courses are industry-specific qualifications, and in 2016/17, provision in this area was dominated by construction (292 learners, 39% of the total of 741) and by basic skills (161 learners, 22% of the total). Over the last five years, the number of learners on long part-time courses has risen by 34%, with construction and basic skills accounting for the majority of this growth.

4.8. Higher Education

The section looks at engagement with various subjects in HE at a fairly broad level, with a particular interest in STEM subjects, given their importance in enhancing productivity, defined as the following JACS subject headings:

- Medicine & Dentistry
- Subjects Allied to Medicine
- Biological Sciences

- Veterinary Science
- Agriculture & related subjects
- Physical Sciences
- Mathematical Sciences
- Computer Science
- Engineering & Technology
- Architecture, Building & Planning

We look at both at the provision offered by local providers in Jersey and that taken by local people (whether in Jersey or elsewhere).

4.8.1. Local HE provision

The main provider of HE locally University College Jersey (UCJ), which is the HE department of Highlands College. UCJ has been delivering degree level education to Jersey students for over 20 years, and the department now has more than 200 full and part time students. Degrees are delivered in partnership with Plymouth University and London South Bank University.

UCJ has a good record regarding degree results and the employability of its graduates, with 83.5% of graduates achieving a 2.1 and above, compared to the UK average of 70% (source: <https://www.highlands.ac.uk/university-college-jersey/>). UCJ offers an extended work-placement on all its degrees, allowing students to make connections with the world of work, as well as developing soft and transferable skills. UCJ believes this approach is key to its high rate of graduate employability – in 2016, over 95% of graduates had a graduate-level job to go to when they finished their degree.

UCJ offers a mix of foundation, undergraduate and postgraduate degrees, as follows:

Foundation

- Access to Higher Education Diploma (Level 3) Ascentis
- Level 3 Certificate in Foundation Studies in Art & Design (approved by the University of Plymouth)
- FdA Business & Management
- FdA Financial Services
- FdA Childhood Studies
- FdSc Psychology and Criminology
- FdSc Information Technology for Business (with optional top-up to BSc (Hons) degree)
- FdA Sport & Management

Undergraduate

- BSc (Hons) Construction Management (part-time)
- BA (Hons) Business & Management
- BA (Hons) Financial Services
- BA (Hons) Childhood Studies
- BSc (Hons) Social Sciences

Postgraduate

- MSc Construction Project Management (part-time)
- Management: MBA, Master of Business Administration

The total number of full-time HE students at Highlands College was 130 in 2016/17. Numbers have fluctuated between around 120 and 140 in recent years.

4.8.2. Jersey learners in HE

In 2015, the States of Jersey was supporting a total of 1,188 learners in HE. Just 11% of learners were based in Jersey, with the vast majority (89%) studying elsewhere. 86% were at universities in the UK, with 1% going to institutions in the EU, 1% to the USA, and 1% to Australia.

The total number of HE students from Jersey will be slightly higher than the 1,188 referred to above, as not all students are eligible to receive funding support from the States. The States estimate that this would apply to approximately 400 additional students.

Detailed data on what courses learners are taking outside of Jersey is only available for those UK-based learners, via the Higher Education Statistics Agency (HESA). In 2014/15, there were a total of 1,490 Jersey-domiciled HE learners studying at UK institutions, of which:

- 1,280 (86%) were studying undergraduate courses
- 400 were first year undergraduates, of which 85% were aged 17-20.

In recent years, there has been a sizeable decline in the number of Jersey people studying HE at UK institutions. From 1,695 students in 2011/12, this fell by around 12% to the 2014/15 figure of 1,490. While the number of postgraduate students has risen slightly from 190 to 210 in this time, there was a 15% fall in the number of undergraduate students (a net fall of around 225 learners. The number of first year undergraduates fell from 580 to 400.

The States is of course already well aware of the need for Jersey to remain globally competitive with a highly skilled workforce. To that end, in the **Medium Term Financial Plan**, the Council of Ministers agreed an additional £2 million per year by 2019 to provide more financial support so more students to access University. In particular, the household income threshold for receiving a full student grant will be raised and the maximum amount paid for living expenses through the maintenance grant will increase, helping people on lower incomes. Specifically, the impacts of the additional funding are likely to be:

- The full maintenance grant will increase from £5,500 a year to £6,000.
- Up to 90 students are likely to qualify for the full maintenance grant and maximum tuition fees (usually £9,000) to be paid. This is because the lower household income threshold will increase from £26,750 to £34,500.
- Approximately 500 students in the middle income bands (above £34,500 but below the maximum of £99,000) will receive a larger financial contribution from the States.
- About 30 students who are currently not eligible for any States support will now receive an amount. This is because the household income threshold would rise from £91,000 to £99,000. If annual household income is above £99,000 the student would not be eligible for any States grant.

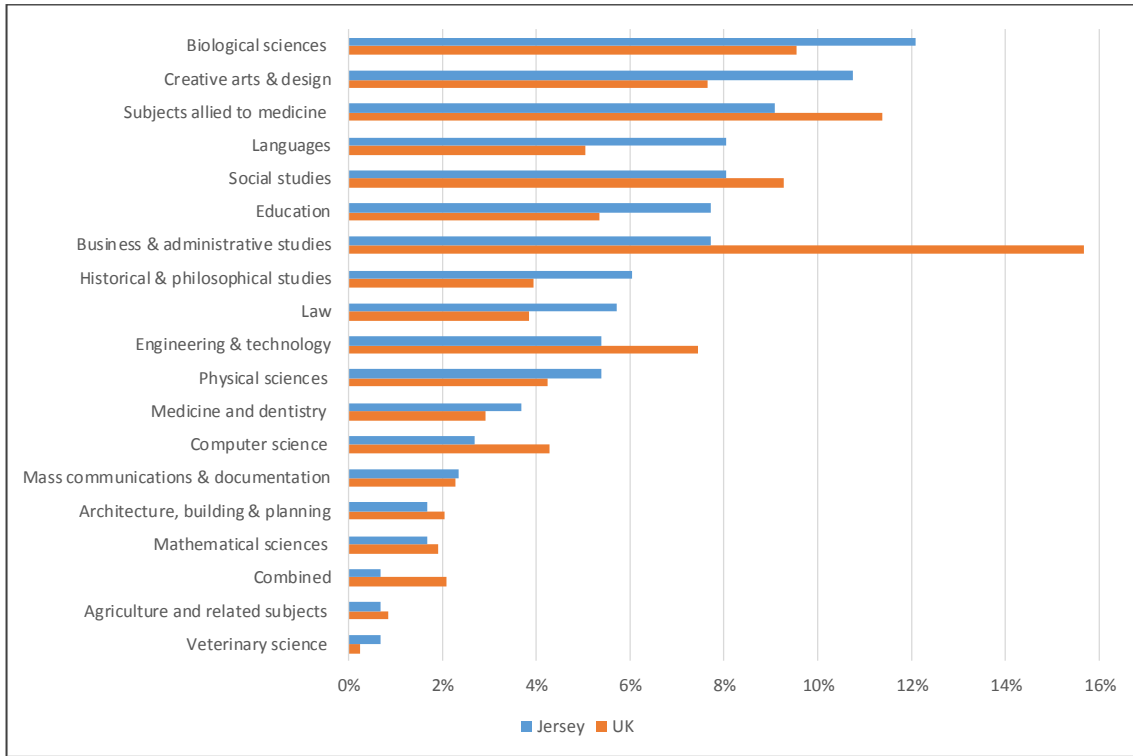
HE by subject

Figure 12 shows the subjects being studied by Jersey learners at UK institutions compared with the UK as a whole in 2014/15. It shows some interesting variations between the two, with the following subject areas being over-represented among Jersey learners:

- Creative arts & design
- Languages
- Biological sciences
- Education
- Historical & philosophical studies
- Law
- Physical sciences

Interestingly, the proportion of Jersey learners studying computer science and business / administrative studies (which includes finance-based courses) were both well below the UK average, suggesting that local learners' choices are not closely aligned with Jersey's key economic sectors.

Figure 12: HE Learners by Subject Area (% of total learners), Jersey vs England, 2014/15



Source: HESA (Jersey data supplied by States of Jersey Education Dept)

The decline in overall student numbers from Jersey has been mirrored across most subjects, although there was slight growth in the number of computer science and engineering / technology students, while the number of learners studying biological sciences and creative arts / design fell to a greater degree than average.

Graduates returning to Jersey to work

An online survey of Jersey graduates in 2011 sought to find out how many graduates had returned to Jersey and if so how long after completing their initial degree, how easy or how difficult it had been for them to find the type of employment they wanted when they returned to the island and why graduates who had not returned had made that decision. A total of 841 responses were received from graduates over the last 20 years.

Over 50% said they would not have studied in Jersey, with the majority stating that moving off Island 'had given them a chance to mature and develop as people and that this is not something that would have happened if they had remained in Jersey to study. Other graduates said that they felt other universities had teaching staff and facilities that would not have been available on Island'¹⁷

¹⁷ Careers Jersey (2013) Jersey Graduate Survey - What Have Our Graduates Been Doing Over The Last 20 Years?

The survey suggested that around two thirds of respondents were living in Jersey at the time of the survey. Of these, around 40% (203 respondents) had lived away from Jersey since graduating, primarily for employment reasons. Of this group, almost 70% had returned to Jersey within 5 years, and 94% within 10 years, as shown below.

Duration living away from Jersey before returning

- Less than 1 year 21%
- 1 to 5 years 48%
- 6-10 years 25%
- 11-15 years 6%

In terms of why graduates return to Jersey, the main reasons given include family living in Jersey and a better quality of life. By contrast, the main reason given for why graduates did not return to Jersey was that they could pursue their career better where they lived, cited by 75% of non-returning graduates.

5. SKILLS MISMATCHES

This section examines the extent and nature of skills mismatches on the island.

5.1. Recruitment and recruitment difficulties

Around 70% of survey respondents had recruited or attempted to recruit anyone in the last 12 months. Of these employers, 62% had some difficulty recruiting someone with local employment qualifications.

The main reasons for recruitment difficulties are shown in Table 20. The most commonly cited reason was that candidates lacked the relevant skills, with almost two-thirds giving this as one factor. Just over half said that poor attitude / motivation of candidates was an issue, with similar proportions citing a lack of work experience, and that there were insufficient people interested. A lack of relevant qualifications was the least frequently mentioned, although was still an issue for more than a third (37%) of those who had experienced recruitment difficulties.

Table 20 : Reasons for recruitment difficulties

Reason for difficulty	Number	%
Candidates had poor work attitude or motivation to work	57	53%
Candidates lacked relevant skills	70	65%
Candidates lacked relevant qualifications	40	37%
Candidates lacked relevant work experience	56	52%
Not enough people are interested in the kind of work involved	55	51%

Base = 108 respondents who stated they had difficulty recruiting in the last year.

102 employers provided details of 156 specific occupations that they had experienced difficulty recruiting for, along with details of the areas of skills that they thought were lacking in applicants.

Table 21 shows that by far the most commonly lacking skills were technical / job-specific, which were cited by 71% of respondents. Sales / customer handling skills were the second most frequent areas of skill shortage (29%), with team working skills mentioned by 22%. All other skill areas were cited by fewer than 1 in 5 respondents.

Table 21: Skills lacking in applicants for vacancies

Skill Area	Number	%
Computer skills	18	12%
Literacy skills	24	15%
Numeracy skills	16	10%
Language skills	26	17%
Technical or job-specific skills	111	71%
Management skills	25	16%
Sales or customer handling skills	46	29%
Team working	34	22%

Base = 102 respondents who provided details of 156 occupations that they had difficulty recruiting for.

5.2. Skills deficiencies within the existing workforce

Of the 6,451 workers covered by the survey responses, the vast majority (76%) were deemed to be fully proficient in their current role, while around 16% were not fully proficient. Around 10% of workers were deemed to be over-qualified for the role they were currently in.

Table 22: Skills Gaps of current workforce

Workers	Number	% of total workers
Total employed	6,451	-
are fully proficient in their job	4,913	76%
have skills and/or qualifications that are more advanced than required for their current job role	655	10%
are not fully proficient in their job	1,022	16%

Base: 269 employers with stated employee numbers

116 businesses stated that they had at least one worker who was not fully proficient in their current role, 20% of the total. The table below shows that technical or job specific skills were the most commonly cited reason for skills gaps, an issue for an estimated 90% of those businesses with skills gaps. Computer skills were cited by almost two thirds, while sales and management skills were also mentioned by a majority of those businesses with skills gaps/

Table 23: The extent of skills gaps by nature (% of businesses with skills gaps)

Skill Area	Number of Employers stating at least one skills gap	%
Computer skills	74	64%
Literacy skills	34	29%
Numeracy skills	27	23%
Language skills	39	34%
Technical or job-specific skills	104	90%
Management skills	67	58%
Sales or customer handling skills	68	59%
Team working	55	47%
No particular skills deficiencies	10	9%

Base: 116 employers stating they had at least one employee who was not fully proficient

5.3. Staff retention

Around a third of businesses stated that they had difficulties in retaining staff for particularly jobs (91 positive responses out of 268 in total). When asked which job roles in particular were difficult to retain staff in, there was a diverse mix of responses, with some roles in higher skilled jobs and many in lower skilled and lower paid jobs, such as:

- Administrative roles
- Sales
- Waiting staff / kitchen staff
- Manual labourers
- Hairdressers / beauty therapists
- Drivers
- Lifeguards
- Cleaners

Skilled roles referred to as difficult to retain people in were as follows:

- Chefs
- Nurses
- Associate Managers
- Architectural technicians
- Skilled construction trades
- Surveyors
- Complex regulatory analysis
- Senior Fund Administrator

- Digital marketing
- Trained researchers
- IT Technical
- Vehicle technician
- Senior Physiotherapists
- Level 3 childcare staff
- Transport, storage and communication
- Online Marketing & Website development

In terms of the main factors affecting local businesses' ability to retain staff, the most commonly cited reason was 'not enough people interested in doing this type of work', cited by 58% of those with retention difficulties (Table 24). Just under a quarter (23%) cited limited career progression opportunities, and 21% cited low wages relative to other organisations.

Table 24: Factors affecting ability to retain staff (% of businesses with retention difficulties)

Reason	Number of responses	%
Wages offered are lower than those offered by other organisations	19	21%
Low pay for the kind of work involved	10	11%
Geographic location of the site	11	12%
Unattractive physical work environment	13	14%
Limited career progression	21	23%
Long/unsocial hours	17	19%
Not enough people interested in doing this type of work	53	58%
Staff don't want long term commitment	14	15%

Base: 91 employers who stated they had difficulty retaining staff in certain job roles

Other specific reasons mentioned included a number relating to a lack of suitably skilled people to fill jobs:

'Big demand for this skill set - tend to move around to increase wages.'

'Jobs require a high level of training, competence and experience which is difficult to get on island. '

'Limited pool of candidates on the island and high demand for the candidates who work in this capacity.'

'No one on Island skilled enough for the job.'

'Not enough people trained in our field.'

'Not enough qualified people to be able to do the job. (No locals or 5 year plus residents).'

'Pay is generally higher than a living wage and in some cases double. There is such a shortage in the catering industry that people are being inferred jobs without the necessary skills.'

There were also a number of comments relating to issues specifically affecting Jersey, and the impact of some of the States' policies relating to the control of labour market issues:

'Cost of rent in Jersey is very high and with paying the tax and social and the high rent, people not interested in coming to jersey to work.'

'Overseas staff moving back following full impact on life and finance is realized.'

'Population control does not allow us to employ the skilled people we require.'

'They are skilled and we don't have licences to attract.'

'Very few individuals with the qualification for these roles in Jersey, with limited registered work licences we have had to outsource these roles to companies off island.'

5.4. Employer investment in skills

Over the past 12 months 70% of respondents had arranged or funded any training or development for their employees. As would be expected, the likelihood of providing training increases with the size of the organisation, with organisations employing less than 10 people being the least likely (57%).

The most common types of training offered was job specific, offered by three quarters of businesses providing training and development (Table 25). Company specific training and health & safety / first aid were also offered by more than half of respondents, closely followed by inductions and opportunities to attend conferences or events. 17% of respondents said they had provided Apprenticeship training, with just 8% providing internships.

Table 25 : Types of training provided (% of organisations providing training)

Type of training	Number	%
Induction training	86	47%
Health & safety or First Aid	96	52%
Company specific training	98	53%
Job specific training	138	75%
Apprenticeship	32	17%
Internship	14	8%
Job mentoring or coaching	62	34%
Away days or team building events	36	20%
Opportunities to attend conference or other events	85	46%

Base: 184 respondents who said they had provided training / development in last 12 months

More than 4 in 5 (81%) organisations providing or funding training had used an external provider.

Around 60% of organisations providing training would like to have been able to deliver more training and development than they did. In terms of what additional training organisations would like to deliver, the majority of responses were regarding specific jobs or occupations and were cited by only respondent. However, some areas of training were referred to by several respondents, including:

- Management and leadership
- Customer Service
- Professional qualifications
- Sales
- ICT Skills

The main factor that has prevented organisations from providing more training over the last 12 months, was the inability to spare the additional staff time away from the workplace to undertake training and development, cited by 45% of those who would have liked to deliver more. The second most common factor was a perceived lack of suitable training courses on the island (40%), closely followed by cost issues (39%).

Table 26: Factors preventing the delivery of more training and development (as % of organisations who would like to deliver more)

Reason	Number	%
Lack of funds for training / training expensive	58	39%
Can't spare more staff time (having them away on training)	67	45%
Staff now fully proficient / don't need it	4	3%
Staff not keen	7	5%
Lack of suitable training courses on the island	60	40%
Suitable provision on the island over subscribed	2	1%
Hard to find the time to organise training	37	25%
Lack of knowledge about training opportunities and/or suitable courses	13	9%
None of the above	3	2%
Don't know	1	1%

Base = 150 respondents who would have liked to deliver more training and development

Some respondents specifically referred to the difficulties and costs of providing training off-island, with one stating:

'It's specialist, based overseas and expensive'.

Other comments reinforced the perceived limitations of choice in the local skills infrastructure:

'Our company is quite pro-active however access to suitable courses in hospitality is limited!'

'Having courses provided that are relevant to the profession that have not already been on.'

In terms of reasons why local employers have not provided training, the most common response was that all staff were fully proficient / don't need training, pointed out by 36% of those organisations who hadn't delivered any in the last 12 months. The next most commonly mentioned factors were similar to those for businesses who wanted to deliver more training i.e. a lack of staff time, lack of funds and a lack of suitable local provision.

Table 27: Reasons why no training & development has been provided

Reason	Number	%
Lack of funds for training / training expensive	17	22%
Can't spare more staff time (having them away on training)	18	23%
Staff now fully proficient / don't need it	28	36%
Staff not keen	6	8%
Lack of suitable training courses on the island	14	18%
Suitable provision on the island oversubscribed	0	0%
Hard to find the time to organise training	15	19%
Lack of knowledge about training opportunities and/or suitable courses	11	14%
Don't know	1	1%
No particular reason	7	9%

Base = 78 respondents who had not arranged any training & development in the last 12 months

The survey asked all respondents who they thought should be responsible for funding training and development activity of workers. Table 28 shows that the majority (77%) thought that employers should fund training, with just under a third believing the state should, and more than a quarter (28%) felt that employees should fund their own training and development.

Table 28: Who do you think should be responsible for funding staff training and development?

Who should pay for funding?	Number	%
Employers	171	77%
Employees	62	28%
The state	71	32%
Depends	36	16%
Don't know	8	4%

Base = 222 completed responses. Respondents were asked to select all that apply, so totals will not equal 100%.

The survey also asked for further thoughts regarding under what circumstances should responsibility for funding staff training change, a question which generated a range of opinions, including:

- Co-operation with states and employers for training courses, especially for small business'
- Employees that leave employment shortly after a course should refund the employer
- Employers fund job specific training. State should fund literacy etc. to make candidates employable
- If new training is required due to new legislation, States should play a part in explaining it

- If the training is beneficial to the community
- If there is a real skills shortage area, incentives for businesses to train people in that area
- Industry supported training to sit alongside employer training is important
- Mandatory training required by the States should be funded
- Start-up and early stage businesses should receive State assistance for training
- State should pay in cases of benefit to the economy and to improve skills
- When we are not allowed a license to employ someone who has not been here five years.
- Where important industries cannot compete with finance for salary and packages.
- Where it is often difficult for employers to send staff off Island. The costs quadruple.
- Where lack of skills is a result of education received

6. EMPLOYERS' PRIORITIES FOR STATE FUNDED INTERVENTION

The questionnaire went on to ask employers for their views on the relative importance of various activities of Skills Jersey, and rank them in order of priority.

Table 29 shows that the views are fairly clear that three issues in particular should be prioritised:

- Promoting **Apprenticeships** to young people, adults and employers (47% thought this should be a top priority, just 4% the lowest priority)
- Providing **work experience** for young people (44% thought this should be a top priority, just 5% the lowest priority)
- Providing **careers information, advice and guidance** to young people (37% thought this should be a top priority, 5% the lowest priority)

Table 29: Views on the prioritisation of Skills Jersey Activity

Activity	Top Priority	High Priority	Lower Priority	Lowest Priority	Total responses
Providing work experience for young people	44%	38%	13%	5%	215
Promoting Apprenticeships to young people, adults and employers	47%	38%	12%	4%	217
Providing careers information, advice and guidance to young people	37%	39%	19%	5%	218
Providing careers information, advice and guidance to adults	23%	42%	23%	12%	212
Funding training for adults in the workplace	29%	40%	19%	11%	208
Arranging work shadowing opportunities	15%	37%	30%	17%	195
Arranging workshops to enhance people's employability skills	26%	32%	28%	13%	211

Base = All

Assigning relative weights to each of the activities listed in the questionnaire, employers' views suggest that they should be prioritised as follows (from most important to least important):

- 1st - Promoting Apprenticeships to young people, adults and employers
- 2nd - Providing work experience for young people
- 3rd - Providing careers information, advice and guidance to young people
- 4th - Funding training for adults in the workplace
- 5th - Providing careers information, advice and guidance to adults
- 6th - Arranging workshops to enhance people's employability skills
- 7th - Arranging work shadowing opportunities

The questionnaire also asked what activities and/or investments employers would like to see Skills Jersey make to ensure that the Island's workforce has skills that are aligned to the needs of businesses. This open-ended question generated a range of suggestions and ideas, with a number of themes emerging:

- Employability skills of young people
- Better labour market intelligence (LMI)
- Literacy / Numeracy / Basic Skills
- Learning Provision
- Developing better links with employers

The list above represent the topics covered by the largest numbers of respondents, but is by no means exhaustive, with smaller numbers of employers raising issues such as the need to upskill existing workers and provide funding to help small businesses with the costs of training (the Skills Accelerator scheme was referred to as a past example of a successful means of allowing some employers to provide training that might not otherwise have been possible), and there were several calls to encourage the development of digital skills, or develop very specific courses for various sectors of the economy that employers perceive are not currently provided on the island.

*In terms of the **employability skills of young people**, there were a range of opinions as to what could be done to improve the current situation, particularly with regard to young people's perceptions of the labour market and **attitudes** to work:*

'Workshops to give employees more project/goal-orientation. Currently, especially amongst younger employees, there is a definite 9-5 culture, rather than a 'get the job done, orientation', and this must make Jersey less competitive, internationally.'

'Better education at school level for service industry jobs and their values to the local economy. Encourage the next generation to have pride in working in hospitality industry.'

'Ensure young staff do not have such an attitude of entitlement.'

'For young people : understanding business and expectations'

'Engender some enthusiasm/drive into those entering the workforce.'

'Give them resilience training. Being part of a work force of any company involves work, not just turning up each morning. They want it all, top pay, top annual leave, top study budget, changing working hours to suit them but ignoring the fact that business need to generate money. they have to be engaged in their work.'

'I believe that Skills Jersey should help people strengthen their work ethic and understanding what an employer does to keep a company running.'

There were also several suggestions as to how to **improve the employability skills required** by businesses, which many felt are lacking among Jersey's young people:

'Go into schools with syllabuses for kids who a) want to be business owners / entrepreneurs b) want to be employees / have careers, c) don't know.'

'Jersey needs to create a scheme similar to the UK 'Youth Training Scheme' of the 80's/90's, which gave on the job training, but the salary was partly funded by the government. It gave the employee the chance of a job and the ability to gain skills and it gave the employer reduced cost labour.'

'Literacy and numeracy skills are lacking in many young people I interview, customer service skills are always valuable in every environment as it promotes the correct way to engage with customers and colleagues and employers, computer skills. Skills required but not trainable are common sense, good manners, diligence, politeness, work ethic, honesty and responsibility. Anyone with these skills will do well regardless of any training, and will be easier to teach when training is required.'

'School based 'basic skills' lessons: how to deal with colleagues and clients, time management and time keeping, writing a formal letter or email. It is often the simplest skills that cause the most problems and are also the hardest to rectify once bad habits are formed. There are too many vocational skills to focus on providing those.'

'The promotion of work experience within local businesses. Work experience is invaluable and it gives the person, whether young or an adult, exposure to the real working environment, which is something which cannot be experienced by solely studying. Education is so important but so too is practice and experience, they should go hand in hand to complement each other.'

'Timekeeping, and generally for younger people making sure that they understand the work ethic and ethos required'

'We need our young people to leave education with far more generic skills:- Communication, Presentation, Writing skills, Numeracy, etc ...skills that help improve an individual's Confidence.'

'Creating a dream of what success might look like - a Jersey version of the 'American dream', where all can aspire to be successful with the skills they possess. This should be an aim of schools but would be more powerful if it started with Government. Sadly, it seems, government in the shape of both politicians and civil servants are more concerned with not taking responsibility and protecting the status quo. Whether true or not, this is the impression which is generated. The three 'rs' are absolutely fundamental.'

Issues around employability are not solely applicable to young people, and a number of employers would like to see improvements in literacy, numeracy and basic skills needed for the workplace:

'Absolutely rock solid English in school. Of my 15 staff (and bearing in mind ALL are professionally qualified) I only have three whose work does not need to be proof read prior to sending out to the client. The straightforward process of constructing a report, properly numbered, appendixes attached with correct grammar and a polite, factual and

readable tone, seems entirely beyond most people - even those who are paid £90 per hour.'

'Basic ICT skills. Able to compose a correctly spelt e-mail. Appropriate business telephone manner. Reassurance for institutionalised employees (i.e. those who have only worked for 1 firm for many years), that they can work somewhere else with a little training.'

'Basic skills, teaching manners, social skills, customer service skills, interviewing skills, spelling to be able to write and express themselves clearly and interact in an adult manner.'

'Candidates need to be literate and numerate and with a good work ethic.'

'I believe they should be having a more proactive role in identifying areas within designated industries such as finance and setting up workshops for people to understand the jobs give them help and guidance on the construction of their CV s and teaching them the basics of interview technique and how to undertake the background work on a Company if they are successful in gaining an interview.'

There was also a perception that much more could be done in terms of providing **labour market intelligence and careers information** to develop greater awareness of the opportunities that exist in all sectors of the island's economy:

'A programme of awareness that delivers the belief that there are other just as rewarding employment opportunities other than purely the finance sector, particularly in relation to health.'

'Better careers guidance and inspiring young people to do something they are passionate about'

'Awareness to the advantages within tourism'

'Careers information needs to be accessible and available - not all young people want/can go to university or work in financial services.'

'Consider roles outside of finance. The States only seems to value one sector.'

'Don't just think finance is all important, it can't exist without suitable ranges of support activities for the staff employed in that industry.'

'More could be done to give the retail/ service sector a higher profile and thereafter entice more candidates into the non-finance sector'

'In hospitality there must be reality when encouraging young people to take it up. Honesty in portraying the seasonality of Jersey. Creating partnerships with hospitality industries elsewhere to compliment Jersey's season, i.e. Ski resorts, catering colleges etc'

'More emphasis on how a career in Hospitality & Catering could be very rewarding'

'More encouragement given in areas other than Finance. The incentives actually offered are not very cost effective.'

'More structured approach when it comes to working with schools and college to ensure graduates have understanding of options available to them. We think more work needs to be done with students to give them better understanding of prospects within Finance and outside of Finance.'

In terms of influencing the **range of learning opportunities** available on the island, there were a number of calls for the expansion of Apprenticeships, the development of new programmes and for support to enable small businesses to employ Apprentices. Some employers would like to see funding available to source specific training that is not available on the island.

There were also suggestions to increase funding available for people to obtain higher level qualifications, but to make funding conditional on graduates studying off island returning to work in Jersey:

'University funding that ties in students to bring their skills back to the Island for at least a three-year period.'

'Looking at degree availability on Island and if not provided on Island how to support students in order to retain them to come back to the Island to work.'

There were also suggestions for ways in which businesses can access training at low cost:

'Free training such as short workshops out of hours that staff can attend and gain some recognition for. Jersey business ambassador training perfect example but it failed to run.'

'Allow businesses access to/ take up of courses that are not filled i.e. Skills offer a course for unemployed on Emergency First Aid, allow businesses to join in if the course is under subscribed.'

Several respondents stated they would like to see Skills Jersey encouraging **closer links with employers and trade associations:**

'Discussions with employers and partnership led training events.'

'Employer/ company forums and focus groups.'

'For those who are working at Skills Jersey to spend time with Businesses to understand our demands.'

'Liaise with schools to ensure core IT skills, (Excel, Word, Powerpoint) are to sufficient standard, using (Jersey relevant) business scenarios to teach and demonstrate these skills.'

'More dialogue with businesses to find out their specific needs and you will never get 100% fit but work to a plan to find reasonably suitable candidates and candidates need

to also be willing to work and be flexible in their approach and keen to learn new skills etc...'

'Stronger links with associations such as Jersey Hospitality Association to identify industry specific skills shortages from front of house (customer care), to kitchen (food hygiene & chefs), administration to suppliers such as fish mongers and butchers. Create a well an uncomplicated and effective strategy to encourage our local young students supported by the skills and training opportunities into the tourism and hospitality industry as an exciting and rewarding career option. Offer apprenticeships, investigate bursaries for high achievers.'

'Set up organisation for each sector of business that fully understands their business needs.'

'To communicate with all types of businesses over here not only finance. We have approached her Jersey Careers before on recruiting problems but they have not been able to help.'

Respondents were also asked what support, financial or otherwise, they would be willing to contribute to help Skills Jersey bring education and business closer together. Offers of financial support were few, with many employers stating they already fund and manage the training of their own staff. The majority of offers were from employers willing to offer work experience and / or work shadowing opportunities, with this often being qualified that placements would only be offered to people who can demonstrate qualities such as enthusiasm, commitment and a willingness to learn, as typified by the comments below:

'We need people who are up and running because they want to learn, to progress, develop and hold a valuable role within our company. In order to do this they have to embrace and contribute to our culture by 'being' in the business and working. Unable to see a viable alternative. Happy to offer placements as and when suitable candidates need an opportunity.'

'We would be prepared to consider offering a placement to a trainee, subject to them have the right aptitude and levels of education.'

There were also a number of respondents who would be happy to provide advice and mentoring, particularly for young people.

7. TRANSFORMING THE LABOUR MARKET

The evidence base to date has focused on the analysis of trends in the data and an analysis of the implications of this for the Jersey economy, both now and in the future. In the previous section, we also looked at some of the trends in a small number of sectors, arising from a review of local reports on skills issues. Policy on skills tends to focus on the supply of skills and how the supply side can respond. Yet equally important is the demand side and the way that this shapes employers' demands for skills¹⁸.

A large body of evidence suggests that employers' skill needs are influenced by their product market strategies and the extent to which their skill strategies or policies are encompassed within those product market strategies, or whether they are expected to respond as and when various skills demands emerge.

Thus the demand side is influenced by the environment for business development.

7.1. Employer investment in skills

The Employer Survey shows that most employers have supplied training for their workers in the past year and the majority of them make use of external providers. But costs, availability of provision and the loss of time from the business were all barriers to training as much as they liked. Of course, for an economy such as Jersey's which is dominated by small firms, costs for companies are relatively higher in terms of managing training and workers being absent whilst training, which in turn results in the delivery of less training activity than in larger firms.

This strengthens the case for initiatives such as partnership arrangements within sectors, a Jersey-wide Apprenticeship Training Agency (ATA) and an International Centre for Excellence. The ATA model offers a number of benefits to employers which include:

- Support with recruitment – finding the right apprentice to meet the employers' needs
- Responsibility for the wages, tax, National Insurance as well as administration and performance management.
- Supervision of the apprentice during the Apprenticeship period
- Links with an approved training provider and support to both the apprentice and host employer throughout the Apprenticeship.

Also key is the flexibility the ATA can offer both to the employer and to the apprentice, with the ATA able to arrange apprenticeships across a number of employers who share the apprentice. This is especially useful in sectors where small firms dominate. Conventionally the host employer pays a management fee for the services.

¹⁸ Mason, 2003; Wilson et al., 2003

Similarly an International Centre for Excellence would have the opportunity to bring together partners within a sector to use their collective scale to achieve economies of scale, stimulate demand and encourage the development of learning that is co-designed to meet the needs of local employers and at the same time bring in students who could benefit from combining their learning with work experience, internships and work. In other words, businesses would be taking responsibility for building a skilled workforce now and into the future.

Ultimately, local growth depends on the ability of businesses, not government, to create more and better jobs and skills. It will depend on the strength of business networks to cluster expertise and drive up demand, share costs, spread best practice and innovation and to engage smaller firms and work with wider partners. Employers want 'skills' more than 'qualifications' and that may mean flexibility over how to measure outcomes from training. In Scotland a new suite of measures has been introduced which includes, jobs, progression and salaries which to assess how deliver meets local priorities.

For the States Government of Jersey, this signals a number of things:

- With diminishing public investment and growing pressures on individuals to adapt and update their skillsets in line with demographic, technological and global changes, the balance of responsibility for investing in workforce skills is shifting among employers, the state and learners.
- If employers are to take a lead, this is likely to signal a shift to short courses delivered in new ways which do not necessarily lead to qualifications. New ways will need to be found of measuring the impact of government investment in skills development such as employment, pay and progression.
- In this context, it is the Government's role is to create the right conditions and incentives to support employers, and employees, to work together on what's needed for long-term business or career development. This also means working with industry and providers to tailor them to employer need and keep the system as simple as possible.
- Skills policy has to be integrated with and can contribute to a wider range of strategies around inward investment, economic development, innovation, social security and population. The issues that Skills Jersey seeks to address are inter-connected across the economy and if demand for learning is to be boosted with finite resources, then the use of all levers across departments will be needed to maximise the impact of its work.

7.2. Skills utilisation

But skills development and investment is only a part of the equation. It is also important to create the demand for greater utilisation of skills: the Employer Survey showed both under and over-employment and a key concern expressed in the Vision for Jersey consultation was around work:life balance. A frequently cited reason for the lack of the effective use of skills is

that businesses are stuck in low-value product strategies. To grow and be more productive, they need to raise their game, thus in turn raising the demand for skills.

Skills utilisation as a concept encompasses a range of high performance work practices with a focus on “creating a working environment in which employee talents can be deployed for the optimal mutual benefit of themselves and their employer” (UKCES).

For businesses, underinvestment in skills may be a rational response in the face of risks such as the poaching of trained workers and those who cannot see the impact of the investment. Others wishing to invest in skills may lack capacity or capability to manage the process, do not know where to find appropriate provision, or generally lack understanding of how to deploy the skills that they have effectively.

A body of work which looks at the role of High Performing Workplaces (HPW) provides an important means to stimulate businesses to: review their business strategies; move up the value chain raise their demand for high skills; reorganise their work; and by so doing, improve skills utilisation in the workplace and, hence, firm performance. The work of other agencies supporting workplace growth and innovation thus impacts on the demand for skills

7.3. Leadership and Management Skills

Leadership and management has a greater impact on skills utilisation than any other factor. The choices that managers make and the working environments that they create influence the opportunities and motivations for skills to be used and the extent to which employers invest in skills.

Leadership and management skills play a significant role in influencing business performance and enhancing business competitiveness. Evidence¹⁹ shows that investment in leadership and management and improvements in management structures, resource planning and staff training and development can have a positive impact on ‘bottom line’ business performance.

Leadership and management skills are strongly correlated to business growth and success. Business planning skills are important in accessing finance, both from banks and public sources.

There is scope to improve these skills in Jersey, especially in SMEs with growth potential. Many of the businesses that need to develop these skills may, however, not recognise that, so incentives and peer support businesses are likely to be important.

¹⁹ *West Midlands Regional Skills Partnership Cross Cutting Issues 2006: Leadership and Management*, West Midlands Observatory, 2006.

7.4. Entrepreneurship

Entrepreneurship is important for future economic growth. Thus, a further strand of raising business investment in skills is raising entrepreneurial activity, which leads to new business development. Entrepreneurs make a considerable contribution to the economy and society. New and existing SMEs help drive economic growth by raising competition and stimulating innovation. Those that grow make a disproportionately large contribution to job creation²⁰.

The contribution of entrepreneurship to the European Union's economy has been acknowledged in the Lisbon Strategy (2000-2010) as well as in the Europe 2020 Strategy.

'... an individual's ability to turn ideas into action. It includes creativity, innovation and risk-taking, as well as the ability to plan and manage projects in order to achieve objectives. This supports individuals, not only in their everyday lives at home and in society, but also in the workplace in being aware of the context of their work and being able to seize opportunities, and is a foundation for more specific skills and knowledge needed by those establishing or contributing to social or commercial activity. This should include awareness of ethical values and promoting good governance'.²¹

Our consultations with stakeholders found that levels of enterprise ambition were lower than might be expected, largely due to the ease of accessing well-paid opportunities in the finance sector. Addressing the 'ambition gap' requires early intervention to provide young people with hands-on enterprise experience.

Experience of enterprise through education is key to this and helps give people the knowledge and awareness of what it means to run a business and the skills they will need in order to pursue new opportunities. Engaging young people in activities which help increase awareness of entrepreneurship and the realities of running a business are vital to increasing the proportion of those actively starting a business.

7.5. Productivity

Jersey has had no apparent growth in productivity since 2000. Whatever the underlying reasons for this, it is a concern for Jersey's sustained prosperity. Researchers have identified numerous examples of mechanisms by which skills can contribute positively to economic performance, in particular, the role of skills in supporting the introduction of new technologies and in facilitating knowledge transfer (between regions, countries and industries) and in fostering innovation of different kinds (Lundvall, 1992; Bresnahan et al, 2002; Chun, 2003)²². The research reports that, *"investment in skills development—in conjunction with many other kinds of investment (in both tangible and intangible assets)—has an important part to play in fostering productivity growth."*

²⁰ Anyadike-Danes and Hart (2011) Job Creation and Destruction in the UK: 1998 – 2010, October 2011

²¹ Recommendation of the European Parliament and of the Council of 18 December 2006 on key competences for lifelong learning, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32006H0962:EN:NOT>

²² BIS (2015) Education, Skills and Productivity: commissioned research.

In Jersey, stakeholders were clear that this means ensuring people and businesses prosper by:

- Ensuring that everyone has the basic literacy, numeracy and digital skills and self-reliance needed in a modern economy;
- Developing technical education pathways to benefit the majority of young people who do not go to university, including Apprenticeships;
- Further developing the Island's HE capacity; and
- Championing learning and ensuring that supply is responsive to demand.

Skills shortages and skills gaps are already high and a failure to tackle these issues and invest in local workforce development and the future pipeline of workers will simply increase pressures for migrant labour.

7.6. Innovation

NESTA²³ describes innovation as the:

“process by which new ideas turn into practical value in the world: new products, services, or ways of doing things. It is not just about new technologies or about scientific R&D”²⁴.

A substantial body of evidence exists in relation to the factors that influence innovation. This evidence points to the need to:

- Create the right conditions for innovation through adopting a clear strategic approach and strong evidence base.
- The importance of effective leadership which cuts across administrative boundaries.
- Connect innovation with the wider economy to spread the benefits through effective networking.

The NESTA report, *Measuring Sectoral Innovation*²⁵, further highlights the importance of innovation to economic growth. The research suggested that innovating firms grow significantly faster than those not undertaking innovation in each of the nine sectors surveyed. They also experienced four times the sales growth of non-innovators within the same sector.

²³ National Endowment for Science, Technology and the Arts

²⁴ *Plan I*, the case for innovation-led growth, 2012, NESTA

²⁵ Measuring sectoral innovation capability in nine areas of the UK economy, Report for NESTA, Innovation Index project, Nov 2009, NESTA.

More recent research²⁶ by NESTA concluded that they remain vital to the economy. It identified several conditions associated with innovation and growth that should be priorities for economic policymakers, including:

- Removing the obstacles to growth – e.g. land use planning.
- Ensuring access to finance to support growth, especially venture capital and expansion capital.
- Investing in a skilled and creative workforce.
- Using research and university funding to support strong networks between researchers and businesses.
- Harnessing government procurement to provide a market for innovation.

The lack of a university on the Island means that local businesses do not benefit from the knowledge transfer available to businesses in the UK. As the Jersey Innovation Review noted:

“While each of the institutions offering higher education are partnered with universities in the UK, there is no sense of these linkages being embedded into the economy – beyond providing accreditation of the locally-taught qualifications. It was clear from consultations that many thought Jersey should try to develop more linkages with top UK universities. The rationales for policy intervention to promote science–industry collaboration are strongly supported by evidence from a range of studies (Cunningham & Gök, 2012), so there is a strong rationale for Jersey to make more formal arrangements to give local firms the opportunity to exploit nearby resources.”

These linkages could also be fostered if an International Centre of Excellence was developed which, in turn, would help develop the Island’s capacity for research and development. For Jersey to thrive and transform its economy, innovation will be a major driver and implementation of the Innovation Review recommendations will require close collaboration with Skills Jersey.

²⁶ *Vital* growth: The Importance of High-Growth Businesses to the Recovery, 2011, NESTA.

8. KEY ISSUES AND RECOMMENDATIONS

In addition to the data analysis which comprises the main section of this report, we conducted interviews with 32 partners and stakeholders and held a workshop in March 2017. There was indeed a good deal of consensus on: the challenges facing Jersey and the nature of the priorities in terms of actions and investment.

The consultation process identified five strategic themes:

- Develop world-class skills.
- Transitions to employment.
- Raise individual and employer investment in skills.
- Retaining and attracting talent
- Develop a responsive skills and employment system.

Underpinning this will be a need for new structures and systems to address the need for cross-departmental working on skills; drive forward implementation and measure success.

The key issues are outlined below in line with these themes.

8.1. Develop World-Class Skills

Jersey's growth ambitions require a world-class workforce. Through the combined efforts of employers together with Jersey's schools, colleges, universities and other educational providers, there is a need to raise participation in higher-level skills, improve provision and take-up of Apprenticeships, explore the potential for educational tourism and support the skills required to diversify the economy.

Discussions focused on a number of themes:

8.1.1. Higher Education

Jersey is seen to have some excellent provision and it was suggested that the type of 2 year degrees offered by Jersey international Business School could be extended to other sectors. The ability to design and award degrees would help boost supply. It was said that, *"The true cost of university education is only just settling on 'middle jersey' which is a large proportion of the population. We need an intelligent response or the participation rate will get worse."*

It was acknowledged that student finance is an issue and there need to be ways of offering more affordable routes to higher skills through degree apprenticeships. It was suggested that there should be loans for young people who study on the Island or bursaries with work experience or tax/rent break with housing so that young people could return without going back

to the family home. Grants could be made available for people who study off-island providing that they come back for X years.

8.1.2. Apprenticeships

The Trackers programme were viewed positively and there are opportunities to grow and enhance provision. Apprenticeships are recognised as having a critical function, both in enabling employers to deliver the skills required by their businesses and for providing entry into employment for young people locally. Alongside this, employers need to work together to raise awareness of the opportunities that Apprenticeships provide for rewarding careers and progression.

8.1.3. An International Centre of Excellence

“Jersey could do more to be competitive in international education tourism”. There was interest in this proposal from the digital and hospitality sectors in particular. It was seen as an interesting option with Jersey “pushing itself as a jurisdiction to come and study”. “Students from the EEA can work and learn – so why not extend this to non-EEA students?” There would also be the option of offering residential ‘executive level’ training. Malta was cited as a comparison, noting that it has become very successful in educational tourism and it was thought that Jersey could easily compete on this front, given the international need for English language. Such a proposal may need student accommodation in the longer term, which could also be used to attract back graduate returners. Another issue that would need addressing is student visas to enable students to support themselves through working whilst studying.

“It can be difficult encouraging people to move to Jersey but having an education destination would bring more young people to the Island who may be willing to return if they have a positive experience. It would raise the profile of the Island internationally and perpetuate goodwill and positive PR.”

8.1.4. Emerging niche sectors

Jersey was seen as having great potential for economic diversification into niche areas such as technology/digital/cybercrime/fintech/risk-tech/offshore-tech. With the wealth available on the Island this potential was seen as untapped. Jersey *“could do with incubators and accelerator programmes and entrepreneurship money to develop businesses but I’m not aware of any.”* There is a perceived need to better understand and invest in *future* skills needs in local priority sectors, not just current ones. *“We tend to just follow industry, there is no investment yet in skills that could bring in new sectors and innovation”*

It was considered that the skills strategy needs a sectoral iteration, something like sector skills councils. Whilst there are sector groups they need a more formally recognised role.

8.2. Transitions to employment

Continue to drive up GCSE attainment in core subjects, ensure that technical pathways meet local needs and increase the employability of young people and the unemployed by providing literacy and numeracy development, better advice, guidance and opportunities and exposing young people to the world of work.

8.2.1. Improve literacy and numeracy/address vocational learning

There is consensus that there is a need to better develop the key basic skills of literacy and numeracy which are regularly reported as an issue by employers: *“So there is a need to push the basics and also an emerging need for digital skills and business – these latter are the ‘trend’ but the former are underpinning what is needed.”*

“We need to intervene sooner with schools to address the issue of work ethic/attitude”

“The education system is comfortable delivering education, but employers want skills.”

Stakeholders asserted that there needs to be a change of focus from academic learning: *“There is only one state selective 6th form and children are driven down academic route. Highlands does not have enough places”*. Whilst Highlands was well regarded, it was said that its courses are ‘supply led’ in that it can only offer courses in subjects where it has qualified teachers. *“It has fantastic training kitchens but hardly any students using them.”* It was acknowledged that economies of scale are limited with a small population and there can be issues over viability.

8.2.2. Review work experience support business to engage with education

Views on Trident were mixed: *“It has had its day. People are shoehorned into the employers that support it. It could do so much more, it is not student led.”* This contrasts with other views such as *“Trident could be more efficient but it is good.”* It was said that it is hard for businesses to get into schools and that there is little evaluation of activity to build on what works. Stakeholders wanted *“A more effective bridge between business and education provision.”*

Interviewees were clear that there needs to be a greater focus on work-readiness of school and college leavers, including work ethic, positive attitude, team-work, customer service and communication skills. These employability skills are a critical issue for businesses recruiting in Jersey. Addressing employability skills should be a clear focus for learning providers, schools and employers alike.

“We are trying ‘desperately’ to get into schools at a younger age. We need support to give us access. People don’t appreciate the broad range of opportunities within the industry. It would be good to get people who have worked within the industry to share their experiences”

8.2.3. Improve careers advice and guidance

“There is no ownership of careers provision and young people are not taught how to job search or the skills they need for a job.” Stakeholders thought that there needs to be more work with young people asking them about what they want to do and how they can best be supported. It was seen as particularly important to involve parents, especially for young people whose parents’ may not feel equipped to support them. Many thought that careers advice *“happens too late.”* It was also thought that there is inconsistent access, *“there are events but these tend to be at selective schools. It is a fragmented structure.”* *“There is masses of stuff out there but it’s confusing to wade through.”* It was said that schools should use advisors from Careers Jersey/private sector rather than teachers, supported by a central website of careers advice.

8.2.4. Improve the basic skills of those out of work

Too many people who are out of work lack basic skills *“Entry level employability skills should be built into the curriculum”*. The depth of the issue means that this cannot be addressed by short courses.

8.3. Raise individual and employer investment in skills

8.3.1. Promote lifelong learning

Stakeholders considered that there were *“Massive opportunities for adult re-skilling but no support or loans for this – even for basic and practical skills.”* And *“There are big opportunities to change career but it is under-developed.”* Another of the issues identified was a lack of a centralised system where people can find and be signposted to what is available.

The Skills Accelerator programme was well-regarded, but not enough people knew about it and it could be better managed. There would be scope to reduce the funding from a 70:30 split to 50:50. The Employer Survey showed that employers see finding largely as their responsibility and one stakeholder commented that, *“Employers are beginning to offer bursaries, I’ve never seen so many training vacancies” especially in financial services.”*

8.3.2. Improve leadership and management

This was a key issue for many: *“How we manage and lead teams and about behaviours how to be more productive. There is a need to refresh and reinvent experienced managers.”*

Leadership and management skills requirements are apparent across all sectors though the nature of the leadership and management requirements vary considerably by sector. In some sectors there are challenges laid down by the changing needs of the sector, such as legislation, risk management and technological change. Leadership and management skills are strongly correlated to business growth and success. Business planning skills are important in accessing finance.

Self-employment and small company structures predominate in many sectors and this poses challenges in terms of strategic management capabilities. The content and delivery of leadership and management skills needs to be reviewed to ensure that the sector needs can be met

8.3.3. Develop entrepreneurship

This was seen to be lacking and not supported by the current system: *“We want more entrepreneurs – but ‘home grown’ entrepreneurs won’t necessarily be best served by a traditional, academic curriculum. We need to change the way young people learn if they want entrepreneurs on Jersey.”*

8.3.4. Improve digital skills

This was the most commonly identified skills need at all levels. It was said that firms are moving out because of skills shortages. Courses run by Digital Jersey are oversubscribed and there is not enough digital training available on the Island.

For young people there is a need core basic skills in IT; the workforce needs digital literacy and to support the growth of the sector there is a need for high level skills. *“Older people may feel excluded within the workforce if they do not have IT skill. Those aged 60+ may feel tempted to leave labour market because they do not have IT knowledge – we need Government funding to plug these gaps.”* Whilst some people still do not know how to send an email, some companies are moving away from email and using instant messages and cloud computing which leaves people feeling that they are out of their depth. At a higher level, the shortages are more around software development, product development, digital marketing etc. Many companies are focused on support to banking sector so digital skills are vital to the wider economy.

8.4. Retaining and attracting talent

As an island economy Jersey faces specific issues and needs to work to attract inward investment and the skilled workers the economy needs whilst at the same time retaining and growing the talent that already exists on the Island.

8.4.1. Maintain contact with student leavers

“We are trying to raise awareness among young people about the range of careers available to them on the island.” “We need more communication as to the opportunities”. It was suggested that more needs to be done to stay connected with young people as they make their post-16 education and training choices. *“No one is reaching out to young people. Jersey has stopped paying people to study on the island but still pays people if they leave”*

8.4.2. Improve the attractiveness of priority sectors

In order for Skills Jersey to have a significant and sustained impact on skills development, it needs to instil in young people the skills, attitudes and aspiration to work and help inform them of the opportunities and benefits of different local careers. *“People don’t want to work in hospitality/construction/retail/care. They need customer service skills and the work is below their aspirations.”* The view was that industry needs to promote itself better and to develop career pathways so that people have progression opportunities.

“The biggest issue that we have is related to the image of working in hospitality against working in finance, which is the dominant industry. There’s a big difference in pay. Therefore hospitality is seen as a second choice. We struggle with image, so most of the positions are taken up by migrant workers.”

There is a need to send out a very clear, positive message that there are lots of opportunities for young people on Jersey – for those that do and do not go to university. It was said that a very negative message comes out that people have to go off island for the best opportunities. Whilst non-finance sectors struggled to compete with finance, the financial sector also felt that it needed to make young people aware of what opportunities are available.

“Too often young people are unaware of the diversity of jobs available in different sectors of the economy, which leads them to develop aspirations that are neither determined by their own ability nor based on a comprehensive understanding of the types of jobs available.”

It is also important to foster links between employers and local schools, so that young people can better understand and take advantage of growing employment opportunities.

8.4.3. Review Population Policy in relation to young graduates

“The perception is that there is a diminishing resource pool of candidates between the aged of 21 and 35 compared to 10 to 15 years ago. Realistically, that is the preferred age range within the technology industry.” And *“Businesses are experiencing difficulties recruiting in that “sweet spot” age range. Not about a lack of skills, it’s a lack of people”* Because of their age these young people do not command the salary levels deemed necessary for a license.

8.5. Develop a responsive skills and employment system

Create a skills delivery system which is increasingly flexible, co-ordinated and better able to respond to the changing needs of individuals and employers. Realise the full potential of Jersey’s FE and HE infrastructure and improve the alignment between the needs of business and skills delivery.

8.5.1. Develop and share business and labour market intelligence to support joint planning

Partnerships were seen as fragmented and there is scope for a new forum involving employers and partners to drive forward the actions arising from the Skills Strategy. *“There is some great*

stuff going on but not everyone knows what everybody else is up to. You find out by error rather than design.”

The lack of labour market information was raised and the need to share it more widely to support planning: *“Where are the indicators to show how we are doing? It is not clear enough”.*

8.5.2. Develop a skills capital budget and review current supply to inform future investment decisions

The presence of a network of schools, FE and private provision provides an opportunity to create an environment that enables businesses to develop and train their workforces, to access the support they need to succeed and to recruit from a workforce of local residents equipped to take up the new jobs that they offer. But this needs budgets that can support long term planning and an underpinning analysis to understand where gaps in provision are, duplication and clear progression pathways through the system which meets the needs of the economy and learners.

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