

States of Jersey

Skills Strategy 2017-2022



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1. Introduction

1.1 Background

Skills Jersey's vision is for: *"A confident, motivated and skilled society for Jersey"*. To work towards this goal, its mission is to ensure that: *"Local people of all ages to have the ability to choose and achieve positive career, life and learning goals, aligning with the needs of the island, in collaboration with industry."*

This Skills Strategy marks an important step in realising the ambitions of Skills Jersey and its partners. It is one of a suite of interlinked documents which share the aim of boosting productivity, innovation and growth, and in turn it will provide the framework for other skills related plans under development such as the Higher Education Strategy and sector specific action plans.

Skills Jersey does not have the resources to implement the strategy on its own and partnership working will be key to its successful implementation. The Strategy and accompanying Action Plan have been developed in close collaboration with employers, stakeholders, providers and partners in government and all will have a part to play in ensuring that the actions are implemented. If we are to achieve the goal of boosting productivity, as set out in the Jersey Strategic Plan 2015-18, then skills will be pivotal to our success. The evidence is clear: there is a pressing need for more highly skilled people, trained effectively, to support growth and diversification, whilst at the same time ensuring that no-one is left behind.

At present, the shift to the provision of higher level skills is not happening fast enough and without change, there will be a shortfall of local people with the higher level skills that employers need now and in the future. At the same time, there is a shortfall in applicants for work in key sectors in the economy such as hospitality, construction and social care where motivation, communication skills, customer service skills and team-working are key. Meeting these challenges means that we need to develop and promote pathways to higher skills that meet the needs of both employers and individuals in a variety of ways, from new higher education opportunities to new technical apprenticeship routes. We also need to boost the attractiveness of our priority sectors to young people and promote workforce development and lifelong learning to ensure that skills keep up with the pace of change. The scale of the challenge means that it is essential that the Strategy and Plan are kept under regular review to manage performance and appraise their focus in response to new opportunities, funds and challenges as they arise.

1.2 Evidence Base

The Strategy has been informed by an extensive evidence base presented in the *Jersey Skills Strategy Evidence Base Report*, (Marchmont Observatory (2017)). Work was carried out between January and March 2017. The Evidence Base Report draws together:

- A review of latest policy developments.
- Analysis from a wide range of data sources, including sector reports on Jersey's key sectors.
- Data from an online Employer Survey conducted in February 2017 which secured 222 completed responses.
- A series of extensive interviews with 31 stakeholders, together with a consultation event held in March 17 to discuss priorities and actions.

1.3 Strategic context

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

Currently under development, a framework for the vision has been developed around 10 strategic goals based around the 3 themes of economy, environment and community. Skills are a cross-cutting theme, inextricably linked to the success of the vision, from supporting health and well-being and promoting social inclusion under the community theme, to business growth and inward investment in the economy theme, to employment in the 'green' economy under the heading of environment. The implementation of the Skills Strategy may, therefore, be expected to contribute to progress against the ten outcomes and to the indicators selected to measure success which include, school leaver destinations; a skilled workforce and productivity amongst others.



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, two goals explicitly set out its 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 long-established and respected international financial centre with a valued reputation for stability.

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 that 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 – an objective our analysis shows has now been achieved - and to ensure that all young people have the best opportunities to succeed.

The themes of **innovation**, **competitiveness** and **productivity** are important strategic priorities and our Skills Strategy has identified actions to ensure that the Island has a skilled workforce aligned to the needs of productivity-led economic growth.

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.¹

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)

Interim Population Policy 2014-15

Actual net inward migration seen in 2014, 2015 and 2016 equated to 700, 1500 and 1300 people respectively. The Population Policy in force has a “planning assumption” of net migration of +325 per year (which equates to 150 households per year). In other words:

- The preferred direction of travel is for a stable working age population in the future;
- There is recognition that our long term reliance on migration will take time to change as we improve our skills base and incentives to work, and that limited migration is necessary if we are to grow and continue to create jobs;
- This goal represents a reduction in net migration in relation to recent trends.

¹ OECD Innovation Strategy 2015: An Agenda for Policy Action

1.4 Implications for the Skills Strategy

This strategic context sets a clear framework for the Skills Strategy. If the Island is to drive forward productivity - led growth then it needs a skilled workforce matched to the needs of local employers now and in the years ahead. At the same time, population policy is seeking to drive down inward migration, meaning that it is vital that the skills of local people are able to respond to the rising and changing needs of Jersey's employers.

Against this background our Skills Strategy:

- sets out the labour market opportunities and challenges of Jersey;
- identifies strategic priorities and actions;
- allows funding to be effectively targeted on local priorities; and
- can be used as a framework for ensuring that publicly-funded provision and private investment in skills and employment reflect local labour market requirements.

2. Where we are now?: Our challenges and opportunities

One of the key drivers for growth, innovation and competitiveness is skills and talent and in this section, we set out an overview of the latest evidence and challenges we face in ensuring that the workforce is fit for future growth. A more detailed analysis is available from the *Jersey Skills Strategy Evidence Base*.

Overview of the Jersey Labour Market

- 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 previously².
- 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%³.
- 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 qualifications⁴ 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 economy⁵.
- The Employer Survey 2017 identified a number of skills challenges facing employers.
- These include difficulties in 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. Growth in the finance sector is expected to impact on the demand for ever higher skills in that industry.
- The Survey also highlighted widespread concerns over the level of digital skills among the island's workforce.
- Between, April 2014 and May 2016 an estimated 2,500 Jersey residents were considered to be unemployed. In a separate category in December 2016 1,280 people were registered with the Social Security Department as 'Actively Seeking Work' (ASW).
- Unemployment on the Island is undoubtedly low and falling. The trend within the ASW category shows a reduction from 1,890 in June 2013 to 1,010 in June 2017.

² Since 1999.

³ Sectoral trends can only be observed on a strictly comparable level between December 2013 and December 2016 due to changes in the way the public sector headcount is constructed.

⁴ The 2011 Census across England & Wales revealed that the wholesale & retail, agriculture and manufacturing sectors all had higher than average proportions of employees with qualifications at Level 2 or below, at 56%, 49% and 47% respectively. The all industry average was 42%.

⁵ UKCES Working Futures, 2014 to 2024.

- The qualifications profile of the working age population in Jersey has a significantly lower share of the workforce whose highest qualification is at Level 3 (i.e. technician level) than in England and a significantly higher share who do not hold any formal qualifications at all⁶. 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
- In 2015/2016, 66% of pupils in Jersey attained a C or higher in both English and mathematics compared to 59% of pupils in England, following considerably improvements in this metric over the last four years.

An analysis of the Jersey labour market shows where Jersey's strengths and weaknesses lie, and the opportunities and threats that face it now and in the future. In broad terms, Jersey has a healthy labour market, but the nature of the challenges it faces means it will be a challenge to stand still in the globally competitive environment in which it operates. There are a number of complex reasons for this, but one thing is clear – a lack of high-level skills is a contributing factor, and without sustained action, this will constrain Jersey's future growth ambitions. For the many service sector companies outside the finance sector a different challenge is in attracting young people into the industry and enabling them to develop the softer skills such as communication skills and team-working. The pipeline of skills presents a further challenge, with few young people pursuing the technical⁷ skills needed for the workforce of the future.

2.1 Demand for Skills

The Jersey economy is dominated by finance

The industrial structure of Jersey is a key factor in its economic growth. Jersey is largely a service economy dominated by financial & legal activities (22%) which accounts for the largest share of employment⁸. This is followed by wholesale & retail trades (13%), private sector education, health & other services (13%) and the public sector⁹ (13%). Other substantial sectors include hotels, restaurants & bars (11%), construction & quarrying (9%) and miscellaneous business activities (8%). The Island also has a small but growing sector engaged in computer & related activities¹⁰.

Productivity has declined over the long-term

While the average economic standard of living in Jersey - measured by GVA per head of population - is high at £40,000 per head of population, it has fallen by more than a sixth (18%) in real terms since 2007¹¹ with this fall driven mainly by a downturn in the finance sector.

Productivity – the amount of output generated per labour input – has also fallen substantially, by 20%, in real terms between 2007 and 2015 (Figure 1).

⁶ 2011 Census, Jersey and Annual Population Survey, UK

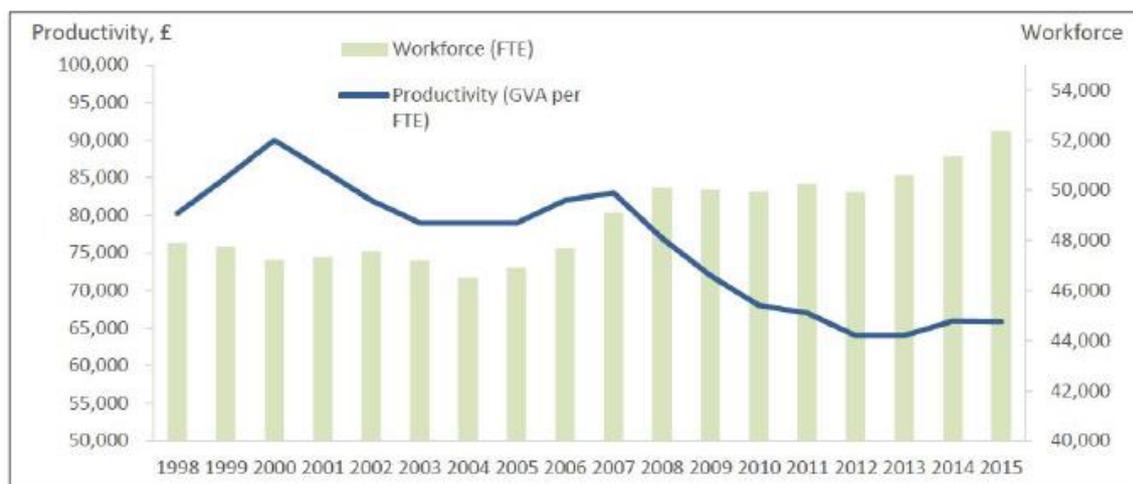
⁷ The term technical skills has been used throughout to include vocational skills.

⁸ Jersey Labour Market Statistics, June 2016.

⁹ Excluding former and current Trading Committees.

¹⁰ Ibid, p.g. 8

¹¹ Measuring Jersey's Economy GVA and GDP, 2015



Source: *States of Jersey, Measuring Jersey's economy, 2016*

Figure 1: Productivity (GVA per FTE) in real terms & total employment

Structural change is likely to continue

The rise in service sector employment and decline in production and manufacturing has been clearly evident from the trends highlighted in the Jersey Labour Market reports¹² and is typical of the long term trends seen in the UK labour market where these sectoral trends are accompanied with a rise in managerial, professional, associate professional & technical, caring, leisure & other service and elementary occupations and a decline in administrative & secretarial, skilled trades and process, plant and machine operatives¹³. Applying UKCES Working Futures forecasts 2014-2024 to the occupational estimates generated by the Jersey Opinions & Lifestyle survey indicates that future jobs growth will be centred on professionals, managers and associate professional staff, with the only other category likely to see growth being caring, leisure and other services. Job turnover and the need to replace workers who retire will mean there will still be a demand for relatively low-skilled jobs, but importantly, while personal service and retail jobs call for relatively low levels of qualifications, the nature of the skills they require is changing. Few of the jobs will call for no skills at all and many of these jobs require skills such as communication skills, team-working and customer care skills.

Rising demand for higher skills

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 on the typical qualification level required for a particular occupation). As might be expected, workers will be required to replace those leaving the labour market across all qualification levels, but the projected growth in the demand for people with higher education qualifications (Level 4+) is strongest. Unless there is a change in the numbers of people learning at that level and local graduates can be attracted back to the Island in greater numbers, then employers will increasingly need to meet their needs from migration.

Skills issues affect firms' growth potential

In our Employer Survey 2017, undertaken to support the evidence base, 27% of respondents had plans to grow their business over the next 3-5 years through, for instance, investment in new equipment, processes or entry into new markets. Of those employers,

¹² These present employment figures derived from manpower returns submitted by undertakings as required by the Control of Housing and Work (Jersey) Law 2012.

¹³ Annual Population Survey, Apr 2006-Mar 2007 to April 2016-Mar 2017 via NOMIS

skills was the main barrier identified with over half reporting that 'accessing the relevant know-how and skills' was a challenge to their plans.

2.2 The supply of skills

Full employment and low unemployment means that labour market conditions are tight

In 2016, the economic activity rate in Jersey was 86%, well above the British average of 78%¹⁴.

Jersey's ILO unemployment rate¹⁵ 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). 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.

Spare capacity in the labour market

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 this could represent around 7,800 people who would like to work longer hours. While encouragingly most of the increase in private sector jobs between December 2013 and December 2016 was for full time work, zero hour contracts are becoming more common, accounting for 11% of the employment headcount in December 2016, a rise of two percentage points on the same month 3 years previously.

A mixed picture on qualifications

The 2011 Census collected information about residents' highest qualification. The data shows that 1 in 5 residents have no qualifications - twice the English average and half as many (9%) attain only a Level 3 qualification. More positively, more than 1 in 3 possess Level 4+ qualifications. These proportions suggest that almost 25,300 Jersey residents of working age did not have a qualification at Level 2 or above: half of whom did not have a formal qualification at all. More detailed analysis shows that more than half of those who were not qualified to this level were in their 40s and 50s.

¹⁴ Jersey Opinions and Lifestyle Survey 2016

¹⁵ ILO Unemployment Rate refers to the percentage of economically active people who are unemployed by ILO standard. Under the ILO approach, those who are considered as unemployed are either 1. Out of work but are actively looking for a job or 2. Out of work and are waiting to start a new job in the next two weeks.

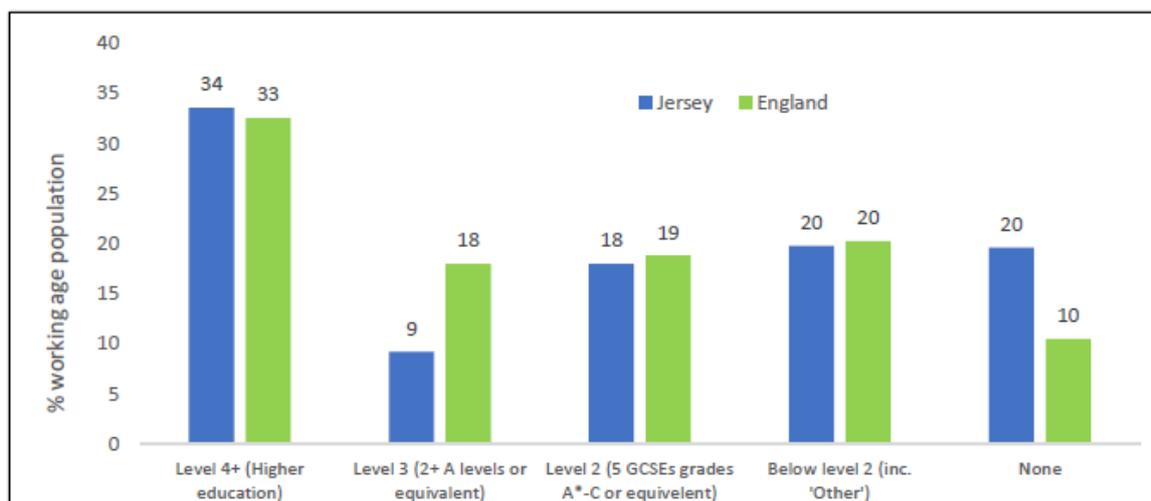


Figure 2 Highest level of qualification held (% of working age population, Jersey vs England, 2011)

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

The qualifications of young people have improved

In 2016, the U.K. 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 new U.K. DfE 2016 methodology). During 2015/2016, a higher proportion of pupils attained an A* to C grade in both English and mathematics in Jersey (65.7%) compared to in England (59.3%).

It should be noted that restrictions on qualifications that can be counted in performance measures in England and Jersey are not the same. Implementing the U.K. DfE restrictions in Jersey would result in a fall on this measure of around 1 percentage point.

Provisional GCSE results for 2016/7 have been published on a different basis than hitherto. These show that 70.6% of GCSEs awarded in Jersey were at grades 4/C¹⁶ or above compared to 66.1% for England¹⁷.

Fewer young people progress to Level 3 and there has been a decline in vocational learning at this level

In 2014/15, more than half (58%) of 'the potential end of Key Stage 5 cohort'¹⁸ in Jersey entered at least one substantial Level 3 qualification, well below the average for England of 64%.

Jersey's comparatively low participation rate at Level 3 is driven primarily by a very low participation rate for males in Jersey (45% compared to 59% in England). Fifteen percent of the potential KS5 the Jersey cohort sat at least one substantial vocational qualification at Level 3.

Of those that do enter Further Education at Highlands College, the main subject choices of Creative and Digital Industries; Care, Childcare, Health; Business and Management; and Tourism, Leisure and Travel Industries do relate to priority sectors in the local economy.

¹⁶ The way in which GCSEs are graded has changed. In 2016/17, English and mathematics GCSE were graded using a numerical system (9 to 1) where grade 9 is highest and a grade 4 is broadly equal to a grade C.

¹⁷ <https://www.gov.je/news/2017/pages/2017GCSEResults.aspx>

¹⁸ 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.

The Trackers Apprenticeship programme has grown strongly

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 offers Apprenticeships in 21 industry areas, with 3 new ones launched during 2016 (Cyber Security, Retail and Beauty).

Higher Education

The main provider of HE on the Island 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. Courses are offered across a broad range of subject areas including: business & management, financial services, information technology for business and human resource management; psychology & criminology, social sciences and childhood studies; construction, construction management and architectural technology; sport & management and art design.

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% and in 2016, over 95% of graduates had a graduate-level job to go to when they finished their degree.

Local provision accounted for 15% of undergraduate and postgraduate students in 2015/16¹⁹ and while these numbers remain small they have increased by 54% between 2011/12 and 2014/15. By contrast, the number of undergraduate and postgraduate students studying in the UK fell by 11% almost the same period²⁰. This is of particular concern, given the need to boost higher level skills.

Skills mismatches are significant

Around 70% of respondents to the Employer Survey 2017 had recruited or attempted to recruit a member of staff in the last 12 months. Of these respondents, 62% had some difficulty recruiting someone with relevant skills or qualifications. Furthermore, 20% of responding employers said that they had 1 or more members of staff who were not fully proficient in their job, equivalent to 26% of their workforce, with 16% being underqualified/under-skilled and 10% being overqualified/over-skilled. Aside from technical and jobs specific skills, main gaps were in digital skills, management and customer service skills.

Employers would like to invest more in skills development

70% of employer respondents had trained or developed their staff in the past 12 months with 4 out of 5 using an external provider. Around 60% of responding organisations who provided training would like to have been able to deliver more training and development, but were deterred by the inability to spare the additional staff time away from the workplace to undertake training and development; a perceived lack of suitable training courses on the island and the cost of training.

Employers' priorities for action centred on young people

Asked what they thought should be priorities for the Skills Jersey, the top priority was to promote Apprenticeships to young people, adults and employers (47% thought this should

¹⁹ Source: HESA and provider data supplied by Skills Jersey.

²⁰ 20 The number of undergraduate and postgraduates studying in the UK fell from 1,819 in 2011/12 to 1622 in 2015/16.

be a top priority, just 4% the lowest priority); 44% considered that providing work experience for young people should be a top priority and 37% thought that providing careers information, advice and guidance to young people should be prioritised.

3. Strategic Themes and Priority Actions

Through the review of the evidence and the feedback from stakeholders and partners, five strategic themes have been clearly identified:

- ❖ **Developing world-class skills:** Jersey has a number of world class businesses and one of the highest rates of GVA per person in the world; it has a small but growing digital sector and exciting opportunities to diversify into other high tech areas. But 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 are a key issue for employers, with attitude and aptitudes such as communication skills central to their concerns. Lack of such skills and literacy and numeracy can be a barrier to work for potential recruits, including young people and those unemployed who are actively seeking work. Driving up GCSE attainment in core subjects and addressing employability skills should therefore be a clear focus for schools, learning providers and employers alike and there need to be clear lines of responsibility running through the system. There is scope to review the Trident programme which provides work experience for young people and to remodel it to better meet young people's needs and to boost their understanding of the workplace. It would also be timely to look at alternative models of delivering employability and work-readiness skills.
- ❖ **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. In the context of high living (and particularly high housing) costs, there is an affordability challenge. Some young people struggle to enter the workforce, however, many others take on jobs on leaving full time education but are unlikely to be further forward 10 or 20 years later, by which time their options are much reduced. 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. With high economic activity rates and low unemployment, the existing workforce has a key role to play in boosting productivity. Learning new skills, upgrading existing ones and partaking 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. They also reported that entrepreneurship is 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. Learning institutions and

training providers need to have robust connections with employers. Skills provision, including part time learning, blended learning and apprenticeships, need to be available to support skills development.

Underpinning these strategic themes there is an urgent need to strengthen joint working and governance by establishing new Skills and Talent Action Groups comprising representatives of employers, partners, providers and sector groups. Its functions should include:

- The development of mechanisms to collate labour market intelligence
- Prioritisation of skills funding and investment
- Engagement with businesses and prospective learners to champion learning
- Avoidance of duplication of effort and to add value to sector bodies
- Monitoring the implementation of the Skills Strategy and Action Plan

The following sections take each of five strategic themes and identify priorities for action and the responsibilities of key stakeholders. The types of actions include:

- **Delivery** – of specific provision or projects to meet identified needs, both current and future.
- **Influencing and shaping** – actions which seek to share knowledge and build on best practice through effective partnership arrangements.
- **Building capacity** – measures which build the capacity of the skills and employment system within Jersey.

4. Developing 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, we will 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.

The Rationale

The proportion of jobs requiring higher-level skills has increased substantially through time and future demand for skills indicates that this trend will continue as the industrial and occupational profile of the economy changes. If our ambitions are to be met, then employers in Jersey will need more highly qualified people, and fewer people with low or no qualifications.

Higher-level skills drive growth, facilitate innovation and are crucial for world-class management and leadership. They are likely to increase rates of innovation, including capacity to adopt new processes, new working procedures and use of ICT. Jersey is currently a net importer of graduates and the numbers of young people opting for Higher Education has declined since the introduction of higher fees in the UK. Further, since most young people choose to attend university in the UK they do not return in sufficient numbers to fill the high skilled vacancies on the Island. Meeting this challenge means that we need to maximise the potential of the different routes into higher skills both for young people and for existing members of the workforce.

As well as developing our own higher skills we need to explore ways of benefitting from the qualifications our young people develop when in the UK. International best practice shows that it is relatively common practice for governments to leverage incentives to encourage students to return to the source country. For example, as part of the pan-EU funded Horizon 2020 initiatives, European bursaries are available for researchers based in Europe who wish to undertake postdoctoral studies overseas. The bursaries last for one to two years, and recipients are obliged to return to Europe to work for a minimum of one year following their overseas experience. Clearly, there is potential to use financial levers to secure a return on investment in Jersey students, drawing on international best practice.

Trackers Apprenticeships have been very successful in providing a high quality technical route for young people and adults alike. However, there are opportunities to do more to stimulate their uptake in priority and growth sectors where young people are traditionally employed such as hospitality, retail and customer services. Apprenticeships need to be seen not only as a one-off opportunity to train at Levels 2 and 3 but as a progression route to new higher-level and technical occupations which allow people to move along a pathway, through Higher and Degree Apprenticeships, into the jobs that employers are looking to fill, today and tomorrow. Presently Degree Apprenticeships available in the U.K. are part-funded by government and in so doing restricted to only UK residents, this excludes Jersey residents pursuing this option where on-Island learning is not available.

One way of enhancing and increasing the viability of local provision, boosting international ties and providing students who could fill seasonal vacancies/internships is the concept of educational tourism. This segment of the tourism market is steadily growing, especially in those destinations like Jersey that can offer a language, such as English, that is widely used internationally. Malta has established itself as one of the main centres for learning English as a foreign language and there is scope to explore Jersey's potential to combine sector

specific training (e.g. Hospitality/Digital/Finance) and work experience with English Language skills, making use of the excellent facilities on the Island.

One of Jersey's strategic priorities is to boost the growth of niche sectors with potential to grow such as fintech, meditech and cyber security. Fintech is changing the world of finance and since 2008 global investment in the industry has tripled. The UK and Ireland now account for over 50% of all European fintech investment. With its investment in digital infrastructure and strength in Financial Services, Jersey is well placed to take advantages of the opportunities the sector offers. Commentators²¹ suggest that *"It is only a matter of time before we see fintech pervasively change finance in the same way the Internet changed the music and newspaper industries."* The skills needed to support this growth include data analysts; scientists with expertise in Artificial Intelligence, technology, hardware and software specialist and financial expertise from degree level through to Masters and Doctorates. It is important that these skills are developed and training available to local employers to enable Jersey to remain ahead of the curve in these emerging sectors.

Priorities

Priority 1	Raise higher-level skills in the economy by: raising resident participation rates in HE, improving vocational pathways to higher-level skills through Higher and Degree Apprenticeships, and improving graduate retention.
Priority 2	Increase take-up of Apprenticeships, particularly in technical/STEM subjects at Advanced and Higher levels and in occupations aligned to the Island's priority sectors
Priority 3	Explore the potential for Jersey positioning itself as an International Centre for Excellence in training in Hospitality/Digital or Finance.
Priority 4	Address sector-specific skills requirements of new emerging high-growth sectors and service industries. Link employer and learner need to local provision to meet skills gaps and shortages.

²¹ The Rise of Fintech in Finance, Philippe Gelis and Timothy Woods, 2014

5. 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.

The Rationale

Whilst there has been significant progress in raising GCSE results, many of the employers contributing to the evidence base expressed concerns about the literacy and numeracy²² of our young people, and the college has to deliver significant amounts of English and mathematics to post 16 learners and adults. In 2015/16, just under 400 Year 11 pupils failed to achieve five or more GCSEs at grades A* -C including mathematics and English, widely considered to be the benchmark for employability. Research with employers and stakeholders backed up this analysis and reported prospective recruits to be lacking literacy and numeracy. The introduction of the Pupil Premium will bring new resource to tackle this issue and it will be important to ensure that effective interventions are in place for those pupils who need additional support, to monitor impact and share best practice so that standards are raised.

The issue of core skills does not only affect young people. With unemployment at very low levels, those unable to access work tend to be further from the labour market with more intensive support needs. Literacy and numeracy is seen as a key barrier amongst the unemployed, trapping people into a cycle of unemployment or low skilled work and without the core foundations to fully benefit from Back to Work initiatives. Improved basic skill levels are essential and it is important for Skills Jersey to work with the Social Security Department to ensure that there is adequate provision and funding for effective initiatives to improve adult literacy and numeracy levels.

Local employers and stakeholders have expressed concerns about young people lacking the right skills and attitudes for work. Too many have little or no experience of seeking, or being in, work and a limited understanding of the employment opportunities the Island offers. Careers advice is seen as patchy and failing to engage with parents as well as students. To address this we need high quality specialist careers advice and guidance to be made available to all pupils; a review of the Trident work experience programme and the development of an Education Business Partnership to create strong and lasting connections between local businesses and the schools/colleges in Jersey.

As in the UK, vocational or technical education remains the poor relation of academic education. A lack of information on post 16 destinations means it is not possible to identify young people's progression pathways, but it is clear that fewer young people than might be expected progress to Level 3 and this is especially the case amongst boys, where fewer than half progress to this level. Of those that do progress, just 15% of the cohort opted for a technical pathway at Level 3 compared with 27% in England, clearly this option is not attractive to young people or their parents. To address this, we need to promote technical options and to ensure that there are no gaps between the supply and demand for technical learning. There need to be clear progression pathways with a clear line of sight to occupations which require technical knowledge and a set of practical skills valued by local employers.

²² Concerns about regularly reported as an issue by employers

Priorities

Priority 1	Deliver a system which supports the delivery of high quality academic and technical learning across Jersey which raises aspirations and improves attainment, employability and progression.
Priority 2	Review the Trident programme to ensure that it is innovative and effective and support greater business engagement to increase the pool of employers providing work placements and engaging with schools, the college, UCJ, JIBS and other learning providers.
Priority 3	Improve the scale and quality of impartial IAG provision for young people.
Priority 4	Improve the opportunities for learning basic skills amongst the unemployed in parallel with efforts to identify and implement preventative initiatives.

6. Raise Employer and Individual Investment in Skills

Raising the productivity of Jersey's workforce requires a range of interlinked approaches and activities in support of business development, skills utilisation, creativity and innovation. Brought together, these will stimulate employer and individual investment in the skills, address prominent skills gaps and support planning for future skills requirements.

The Rationale

As noted in Chapter 2, employment and activity rates within Jersey are already high. This means that over the period of the Skills Strategy Plan, our existing workforce has a pivotal role to play in achieving our Vision. At 25, young people today have 43 years of working life ahead of them – we cannot leave them with the skills with which they left tertiary education. We need to encourage people already in work to upskill, recognising that learning and training must occur throughout an individual's working life.

We also need to recognise the value of older workers; demographic projections suggest that these will comprise an increasing proportion of the working population and many more will be willing and able to work for longer than in previous generations. In up-skilling the existing workforce, account must be taken of the skills that businesses are seeking, now and in the future. Society, individuals and employers all benefit from investment in skills and learning and there is general recognition that they should therefore share responsibility for bearing the costs. The Skills Accelerator programme was well-regarded and should be re-launched with a specific focus on the training needs of the priority sectors to address skills shortages and skills gaps; employers and employees should be eligible to apply for funding. It will also be important that adults have access to the information they need on career change and the availability of training provision, particularly part-time learning.

Through the Skills Strategy we need to articulate the business case for skills investment amongst employers, championing the argument for increased competitiveness through workforce development. Rapid technological transformations affecting our jobs and workplaces make skills development ever-more critical from when someone enters the workforce and throughout their career. Shortages are already impacting on business growth, particularly in some sectors. The vast majority of businesses recognise how important it is to invest in skills development and progression. Doing so helps to address specific skills gaps, retention and recruitment issues as well as the performance of the economy, but a significant minority say that the Island lacks the training they need. We need to make sure that public investment supports skills provision that meets employer needs by working closely with employer networks and developing mechanisms to share information on skills needs.

Simply raising the supply of skills does not lead to improved productivity. Skills utilisation is the vital link between skills acquisition and productivity. Skills utilisation is about ensuring the most effective application of skills in the workplace to maximise performance. Research shows that investing in 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 themselves invest in skills. The Island has commissioned a comprehensive study of leadership and management and this will provide a sound foundation for the development of policy.

Business development and growth require entrepreneurial skills, and these need to start at a young age. We need to encourage a new generation of entrepreneurs and business leaders, and we need to explain far better the opportunities that exist within Jersey. Addressing the

ambition gap requires early intervention to provide young people with hands-on enterprise experience. Mentoring schemes have proven success and this could be an area where the skills of the retired population could be used to support new entrepreneurs.

A lack of digital skills from basic to expert level was identified from the Employer Survey and this is a key area where more needs to be done to facilitate the Island's diversification into high tech sectors and to support the growth of the digital sector itself. Tackling this issue needs to start with schools and also address the availability of provision for employers and adults. This challenge is not unique to Jersey; the European Economic Area faces a similar critical skills shortage in the supply of both basic and specialist digital skills. In response to these employment pressures many jurisdictions have introduced incentives aimed at encouraging it's young to undertake their studies in disciplines aligned to the needs of the target sectors. One such example is Australia, where its income-contingent student loan scheme provides incentives to study mathematics, statistics and science and to take up related occupations by reducing the loan amount that an eligible graduate is obliged to repayments. In a similar vein, Jersey could extend its 'critical skills' list and use financial levers to boost the numbers pursuing learning in the areas the economy needs.

Priorities

Priority 1	Promote individual and employer investment in lifelong learning.
Priority 2	Improve leadership and management skills to promote better employer investment in skills.
Priority 3	Promote entrepreneurship skills.
Priority 4	Improve the uptake, funding and provision of digital learning for all ages

7. 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.

Rationale

Within Jersey, there are world class businesses both large and small, but many of these – particularly those in the finance and tech-based sectors – are struggling to recruit and retain the staff that they need. Businesses struggle to grow their workforce for three reasons: global and UK competition for staff leading to skills shortages; the ability of Jersey to ‘hold onto’ those individuals that do have the requisite skills; and the loss of highly educated young people to university in the UK who are not attracted back to Jersey until quality of life issues become a greater priority.

In respect of the latter, our challenge is to do more to build employer/learner relationships between students who leave, by keeping in contact with young people who attend university on the mainland to keep them apprised of local job and career openings; work experience and internships. In order to retain young people, we need to recognise and understand their specific aspirations – particularly in relation to the types of environment in which they want to live and work. We need to respond more fully to these aspirations, acknowledging that as both a place and an internationally connected economy, Jersey itself may need to evolve to do more to recruit young people.

The steps set out in this strategy are a long term project and in the interim, employers are facing skills shortages. In implementing its population policy, the States of Jersey Government needs a clear plan to ensure that the Island has the ability to retain, attract and access skilled workers to meet industry’s current needs, especially in respect of young graduates in their 20s and some of the higher level skills which are in short supply. Basing decisions on salaries tends to exclude young people from consideration and ignores international best practice, where approaches have overcome this, for example, by introducing a lower salary threshold for highly skilled staff.

Recruitment difficulties are also caused by the perception that many of the jobs in Jersey’s priority sectors are seen as ‘dead end’ jobs with limited appeal to local people. More needs to be done to develop the attractiveness of these sectors by promoting the long term prospects they offer to young people, women returners and those seeking work to enable businesses to better meet their needs from the local labour market. Despite the need for higher qualifications in the labour market, replacement demand means that there will always be a need for people in jobs requiring lower qualifications, for instance in retail, care, hospitality and personal and protective services. But even these jobs are requiring greater levels of numeracy, IT skills, customer service skills and it is important that a sharp focus on the priority sectors does not overlook the needs of employers and employees in these enabling sectors. The evidence suggests a need for a continuing policy emphasis on promoting opportunities for progression and training for those in lower skilled, entry-level positions. This issue is of particular importance given that many people leaving benefits take their first step on the ‘jobs ladder’ by accepting lower skilled, entry level work. The challenge is to consider how best to promote training, development and progression opportunities for those who are entering or are already employed in lower skilled positions.

There is significant evidence from the analysis of sectors that networking and business support will be critical in supporting many sectors with their growth and development. It will be important that the Skills Strategy gives sector groups a voice and sets a framework for

sectoral activities, identifying opportunities for cross-sectoral working and reducing duplication of effort.

Priorities

Priority 1	Maintain contact with undergraduates and postgraduates to promote local employment opportunities, work experience and internships
Priority 2	Improve the attractiveness of non-finance priority sectors to potential recruits
Priority 3	Review the flexibility of Population Policy to enable employers recruit young graduates

8. 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.

The Rationale

If we are to move towards a more employer-led, flexible and responsive delivery system then this shift needs to be matched by effective processes for understanding employers' needs, engaging business and planning to make the best use of public resources and maximize the impact of public investments. But short-term funding tied to the academic calendar makes it difficult for providers to plan ahead, or to develop short courses to meet identified needs. There is a need to develop a skills capital budget to prioritise investment. There are a number of potential developments in the pipeline and a priority will be to review of provision to fully understand where there is duplication or gaps in provision and how best to invest to meet emerging skills needs.

Matching the provision of skills with labour market demand requires labour market information systems to generate, analyse and disseminate reliable sectoral and occupational information. It is also about a long-term perspective, anticipating the skills that will be needed in the future and engendering a virtuous circle in which more and better education and training fuels innovation, investment, technological change, economic diversification and competitiveness, and thus job growth. There are valuable potential sources of information through the Business Tendency Survey and Licensing application data as well as links with sector skills organisations which could be used to develop useful intelligence. At the same time there is a need for data on success rates and destination data for post 16 and post 18 learners to better understand young learners' progression pathways. Data sharing agreements with providers will be important to fully understand trends and learning supply.

The presence of a network of excellent FE and private provision also provides an opportunity to support skills development and create the environment that enables businesses to develop and train their workforces. To this end, there is a need for a strategic and collaborative approach and forward planning between providers to secure good quality academic and technical provision across Jersey, with appropriate specialisation to improve attainment and progression.

Priorities

Priority 1	Develop and share business and labour market intelligence to support joint planning.
Priority 2	Develop a skills capital budget and review current supply to inform future investment decisions.